

Mid-Year Investment Review

Business Board Meeting
Monday, September 26, 2011



William W. Moriarty
President & CEO, UTAM

Asset Class Performance

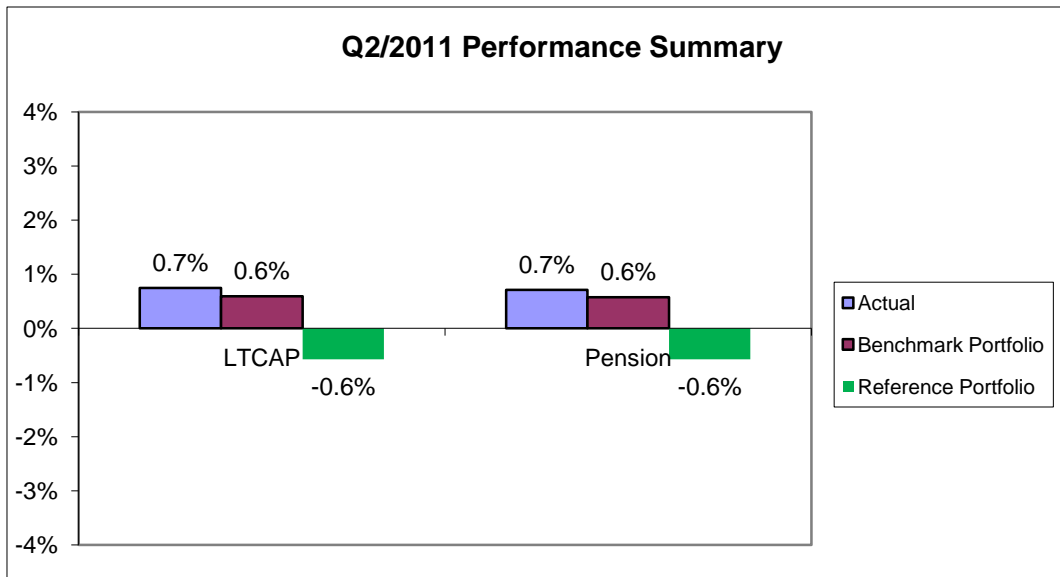
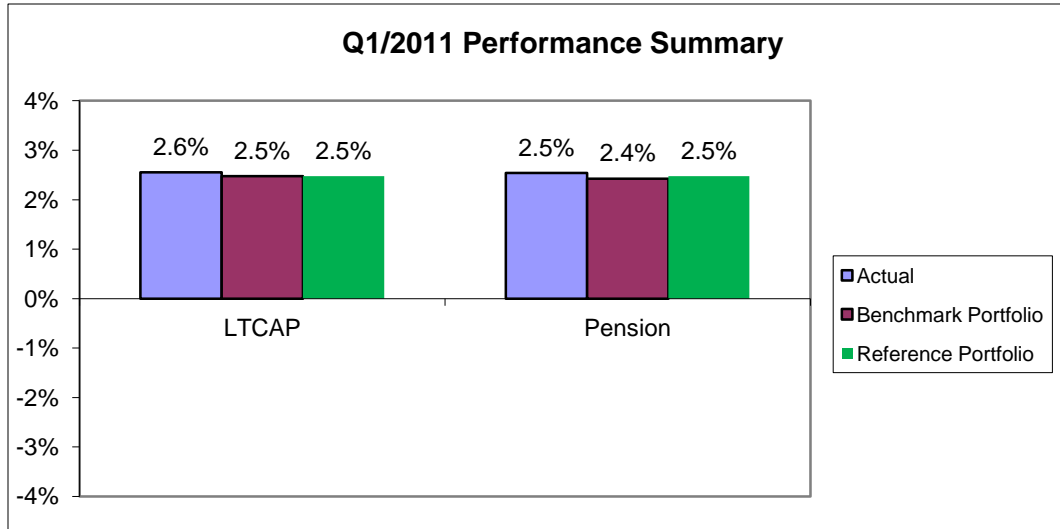
(Local Currency Basis)

	2010	Q1/2011	Q2/2011
CDN EQUITIES (TSX Composite)	17.6	5.6	-5.1
US EQUITIES (R3000)	16.9	6.4	0.0
INT'L EQUITIES (MSCI EAFE)	4.8	1.0	-0.8
EM EQUITIES (MSCI EM)	14.1	0.7	-2.7
DEX UNIVERSE (Dex Universe)	6.7	-0.3	2.5
TBILLS (Dex 91-day Tbills)	0.5	0.3	0.2
HEDGE FUNDS* (LTCAP)	7.4	1.7	0.5
PRIVATE INVESTMENTS* (LTCAP)	20.2	5.0	7.1
REAL ASSETS* (LTCAP)	13.1	2.7	3.1
CURRENCIES (in C\$)			
US DOLLAR	-5.2	-2.1	-0.8
EURO	-11.4	3.6	1.4
YEN	8.8	-4.2	1.8
POUND	-8.1	0.2	-0.6

*Actual LTCAP Portfolio Returns.



Quarterly Performance Summary



Summary of Performance and Comparison to Benchmarks

	Q2/2011	Q1/2011	YTD 2011	1 Yr	2003 - 2010
Endowment (LTCAP)					
Actual Return ⁽¹⁾	0.7%	2.6%	3.3%	12.9%	3.3%
Reference Portfolio Return	-0.6%	2.5%	1.9%	14.3%	6.1%
University Target Return ⁽²⁾	n.a.	n.a.	n.a.	7.2%	5.8%
Value Added:					
Actual vs Reference	1.32%	0.08%	1.43%	-1.39%	-2.85%
Pension					
Actual Return ⁽¹⁾	0.7%	2.5%	3.3%	12.7%	2.9%
Reference Portfolio Return	-0.6%	2.5%	1.9%	14.3%	6.1%
University Target Return ⁽²⁾	n.a.	n.a.	n.a.	7.2%	5.8%
Value Added:					
Actual vs Reference	1.28%	0.07%	1.38%	-1.65%	-3.17%
EFIP					
Actual Return	0.7%	0.3%	1.0%	2.0%	3.3%
University Target Return ⁽³⁾	0.7%	0.6%	1.3%	2.0%	3.8%
Value added: Actual vs Target	0.02%	-0.33%	-0.31%	0.00%	-0.44%



Portfolio Asset Allocation -- LTCAP

(Percentages)

	Current		Actual	
	Reference	Policy		
	Portfolio	Target	12/2010	6/2011
Public Markets:				
Cdn. Equity	30.0	12.5	14.6	14.4
U.S. Equity	15.0	12.5	14.6	14.1
Int'l Equity	15.0	15.0	17.4	17.5
Fixed Income	40.0	17.5	20.4	20.7
Alternative Assets:				
Hedge Funds	-	17.5	14.6	13.8
Private Investments	-	10.0	13.0	12.7
Real Assets	-	15.0	5.6	6.0



Factors Influencing LTCAP Portfolio Performance

(Calendar 2011 YTD)

	%
Reference Portfolio Return (in C\$ & 50% hedged)	1.89
Impact of LTCAP Portfolio Differences:	
-O/W Private Investments & Real Assets	1.84
-U/W Fixed Income	(0.56)
-Manager Selection	0.33
-Other	<u>0.18</u>
	1.79
Incremental Unhedged FX Exposure (50%)	(0.16)
Unexplained	(0.20)
Actual LTCAP Performance (in C\$)	3.32



Factors Influencing Pension Portfolio Performance

(Calendar 2011 YTD)

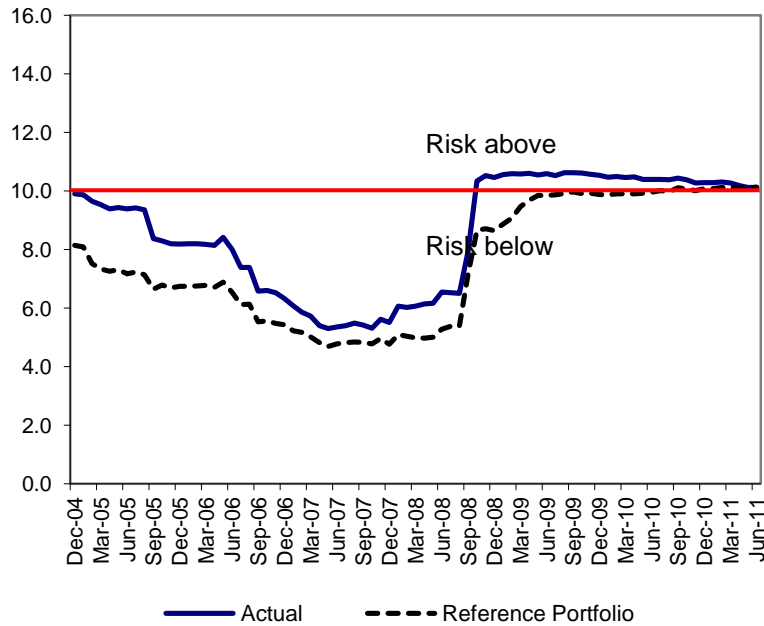
	%
Reference Portfolio Return (in C\$ & 50% hedged)	1.89
Impact of PMT Portfolio Differences:	
-O/W Private Investments & Real Assets	1.91
-U/W Fixed Income	(0.56)
-Manager Selection	0.37
-Other	<u>0.10</u>
	1.82
Incremental Unhedged FX Exposure (50%)	(0.24)
Unexplained	(0.19)
Actual PMT Performance (in C\$)	3.28



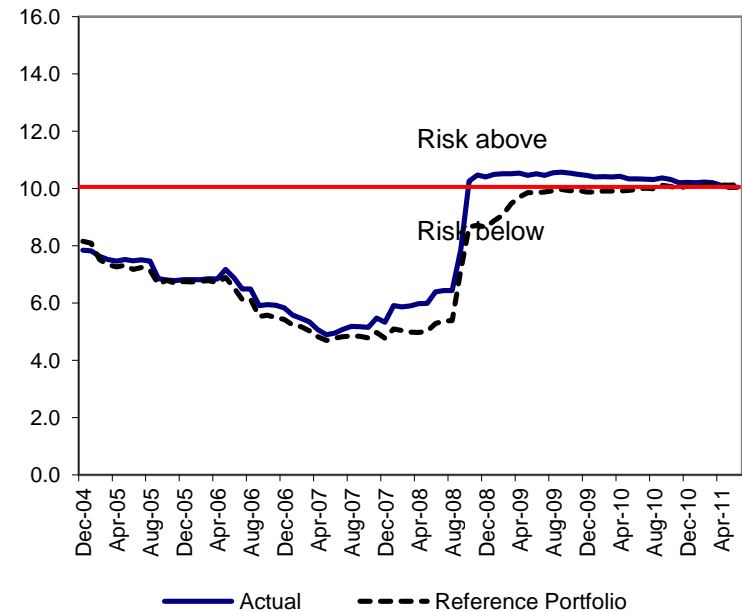
Volatility versus University Target

(Rolling 48-month standard deviation of returns)

Endowment



Pension



Current Investment Environment

- Many impediments to a return to ‘business as usual’.
- Recovery in developed world will remain below average.
- Inflation likely to remain moderate but medium term risks to the upside.
- Higher interest rate risk is less of an issue in the short term but needs to be watched.
- Credit still appears attractive but need for a selective approach.
- Equities not expensive compared to 2000 and 2007 but not cheap in a long term context, except in comparison to interest rates. Suggests a continuation of range bound markets.
- Suggests a challenging environment for portfolios comprised solely of traditional assets and strategies.



Questions?

