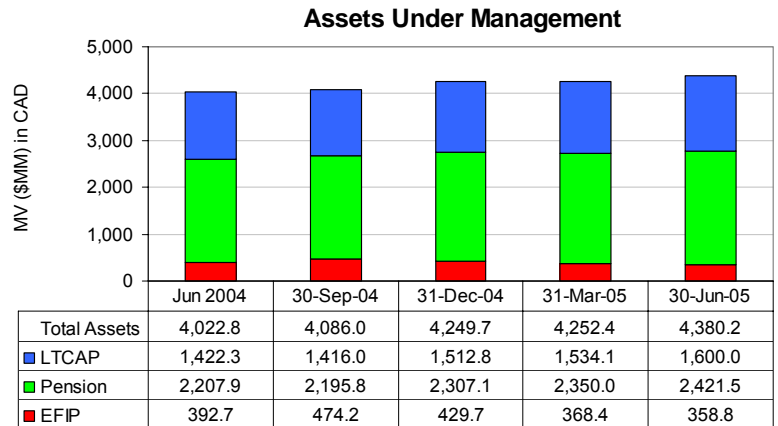


## Quarterly Report - June 2005

Felix Chee, President and CEO, *August 5, 2005*

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### Investment Performance Review

Markets were positive in June with modest gains for the S&P 500 (0.14%) and the Russell 3000 (0.7%) respectively. The Canadian market exhibited stronger performance with the S&P/TSX index gaining 3.3% in June alone. Fixed Income markets also rallied with a 1.45% gain in the Scotia Bond Universe. Overall the markets appear to be more constructive and have put aside concerns such as Fed rate hikes, continued surging in oil prices and geopolitical issues. It should be noted that in July, it shrugged off the London bombings and the positive tone has continued into August.

Our defensive posture remains but we have benefited from the updraft. LTCAP and Pension made up significant ground in June and are only 2 bps and 9 bps respectively behind the year to date benchmarks. EFIP continues strong and is now 116 bps ahead of its benchmark. Our Canadian and US equity managers posted strong gains (+44 bps and +83 bps over benchmark for LTCAP) but International Equity continues to lag. The Absolute Return Funds had a good month in June and all but one beat the benchmark. Overall the Absolute Return Funds beat the benchmark by 71 bps (LTCAP) in June. Given our defensive posture in Fixed Income, performance lagged with the rally in rates. Nevertheless, it is still in absolute return terms one of the best performing asset classes in 2005. As stated previously, we remain cautiously optimistic for 2005 performance now that our portfolio restructuring is gaining momentum.

Karen Coll, the new Managing Director for Public Investments, started in mid-July and is already immersed in the restructuring. John Hsu, the new Managing Director for Risk Management and Operations starts on August 22. We are also in the midst of replacing one analyst position, given a recent departure. Finally, Jeff Sutcliffe, the Director

### Performance Summary<sup>1</sup> Net Returns and Comparison to Benchmark

	1 month	YTD	Benchmark YTD	Value Added
LTCAP	1.15%	4.19%	4.21%	-0.02%
Pension	1.39%	4.83%	4.92%	-0.09%
EFIP	0.77%	2.83%	1.67%	1.16%
S&P 500 <sup>2</sup>	0.14%	-0.81%	<sup>1</sup> Marketable portion only <sup>2</sup> In USD	
Russell 3000 <sup>2</sup>	0.70%	-0.01%		
MSCI EAFE	-1.01%	1.36%		
S&P / TSX	3.33%	8.10%		

of Fixed Income, has left UTAM and all portfolios are being transitioned by Karen to TD Asset Management and UBS who are currently managing similar mandates. Over time we will diversify our Fixed Income portfolio with more focused mandates.

The transition to our new account structure with State Street and the new performance system with Russell Mellon is going smoothly. This is the first month that the new systems are being used, and while there were some minor "teething" problems, the transitions overall have been trouble-free.

Plans for the move to the new premises continue to progress well and it is anticipated that we will make the move at the end of October. There should be no impact on the budget, given offsetting savings realized.

I would like to take this opportunity to thank the Board for their involvement and support, given the significant changes that have taken place this year. I would also like to welcome Dr. David Naylor to the Board and wish all directors a great summer.

All returns mentioned in this report are in Canadian dollar terms, unless otherwise stated.

# Net Performance Measurement Summary

## Fund Rates of Return (%) and Comparison to Benchmarks

as at June 30, 2005

	1 Mth	3 Mths	YTD	1 Yr	2 Yrs	3 Yrs
<b>LTCAP</b>						
Actual	1.15%	3.04%	4.19%	9.45%	14.01%	7.69%
Benchmark	0.37%	2.90%	4.20%	9.34%	13.61%	7.18%
Value Added	0.78%	0.14%	-0.01%	0.11%	0.40%	0.51%
<b>Pension</b>						
Actual	1.39%	3.59%	4.83%	10.87%	13.54%	9.05%
Benchmark	0.66%	3.42%	4.92%	10.71%	12.81%	8.37%
Value Added	0.73%	0.18%	-0.08%	0.16%	0.74%	0.68%
<b>EFIP</b>						
Actual	0.77%	1.96%	2.83%	5.18%	4.26%	2.59%
Benchmark	0.26%	1.11%	1.67%	3.52%	3.56%	3.82%
Value Added	0.51%	0.85%	1.16%	1.66%	0.70%	-1.23%

LTCAP Policy Benchmarks is Ex- Private Equities & Real Assets as of 01/01/05.

Pension Policy Benchmarks is Ex- Private Equities & Real Assets as of 01/01/04.

EFIP Policy Benchmarks is SC 365 Day T-Bills + 50bps/yr.

Gross-Net Performance Return as at June 30, 2005	YTD
<b>LTCAP</b>	
<b>GROSS</b>	<b>4.49%</b>
External Management Fee	0.25%
Custody Fees	0.02%
UTAM Fees	0.03%
<b>NET as reported by UTAM</b>	<b>4.19%</b>
Benchmark	4.21%
<b>Value Added as reported by UTAM</b>	<b>-0.01%</b>
University Levies	0.19%
<b>NET after University Levies</b>	<b>4.01%</b>
<b>Value Added after University Levies</b>	<b>-0.20%</b>
<b>PENSION</b>	
<b>GROSS</b>	<b>5.04%</b>
External Management Fee	0.18%
Custody Fees	0.01%
UTAM Fees	0.02%
<b>NET as reported by UTAM</b>	<b>4.83%</b>
Benchmark	4.92%
<b>Value Added as reported by UTAM</b>	<b>-0.09%</b>
University Levies	0.01%
<b>NET after University Levies</b>	<b>4.82%</b>
<b>Value Added after University Levies</b>	<b>-0.10%</b>
<b>EFIP</b>	
<b>GROSS</b>	<b>3.06%</b>
External Management Fee	0.20%
Custody Fees	0.01%
UTAM Fees	0.03%
<b>NET as reported by UTAM</b>	<b>2.83%</b>
Benchmark	1.67%
<b>Value Added as reported by UTAM</b>	<b>1.16%</b>
University Levies	0.01%
<b>NET after University Levies</b>	<b>2.82%</b>
<b>Value Added after University Levies</b>	<b>1.14%</b>

	RBC Global Services Fund Universe Percentile Ranking as at March 31, 2005					
	YTD	1 Yr	2 Yrs	3 Yrs	4 Yrs	5 Yrs
<b>LTCAP</b>						
	<b>95</b>	<b>53</b>	<b>15</b>	<b>88</b>	<b>95</b>	<b>92</b>
Canadian Equity	11	24	17	11	15	58
US Equity*	52	72	37	45	40	50
International Equity*	68	57	20	43	39	27
Fixed Income	15	9	4	4	3	4
<b>PENSION</b>						
	<b>94</b>	<b>52</b>	<b>24</b>	<b>57</b>	<b>70</b>	<b>79</b>
Canadian Equity	19	30	32	17	20	67
US Equity*	60	64	53	54	49	53
International Equity*	63	53	28	50	44	37
Fixed Income	15	10	11	9	14	13

\* Unhedged \$CDN ROR

#### LTCAP Returns

-- From Jan 2001 refers to the Marketable portion only.

-- Prior to Jan 2001 refers to the Marketable, Real Assets and Private Equities.

#### PENSION Returns

-- From Jan 2001 refers to the Marketable portion only.

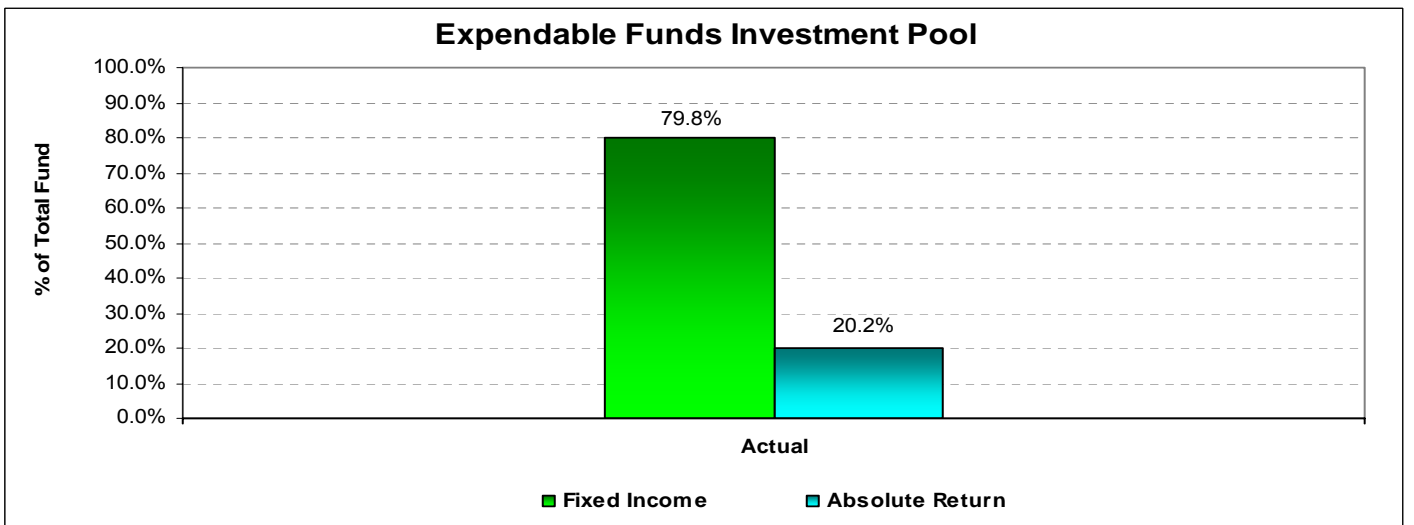
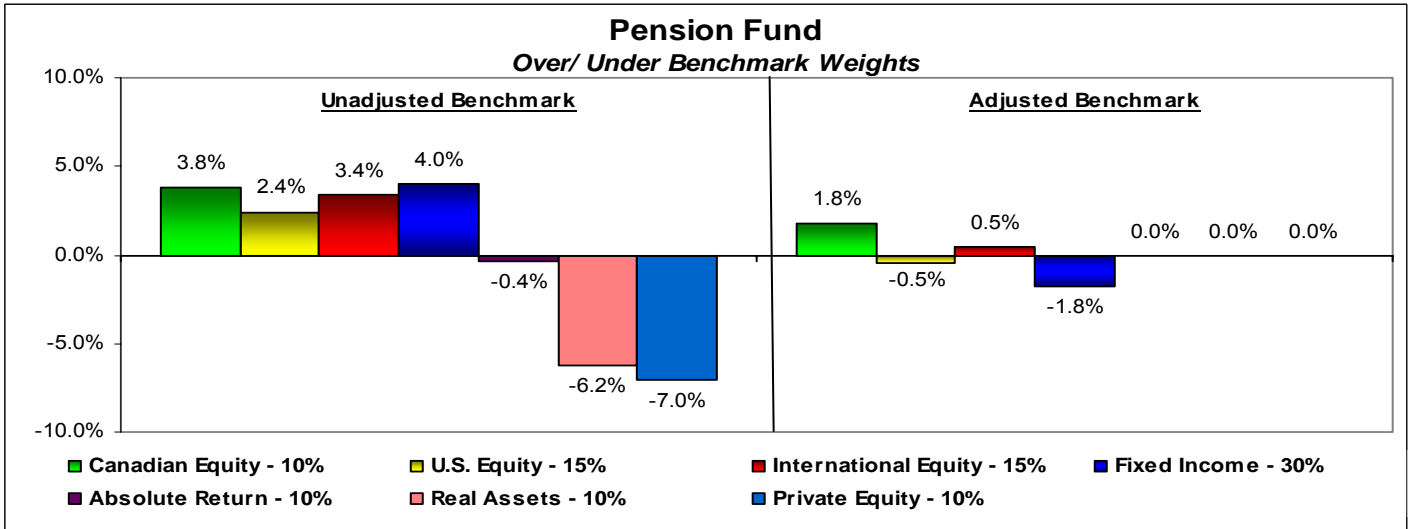
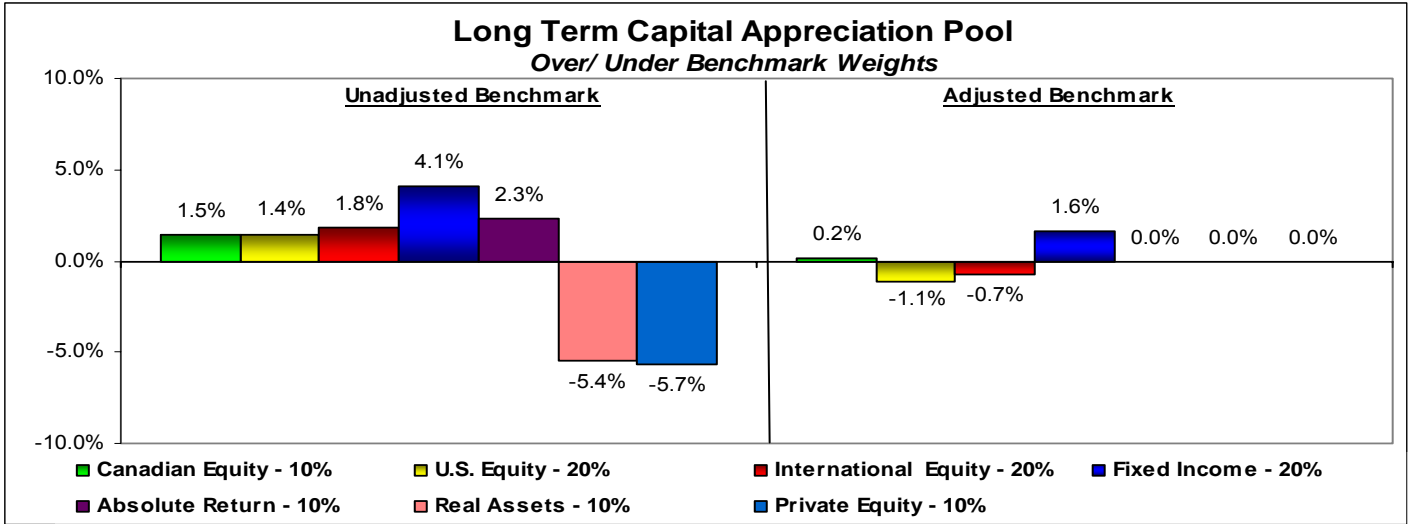
-- Prior to Jan 2001 refers to the Marketable, Real Assets and Private Equities.

#### Universe Median Asset Size (\$Mil)

Total Fund	\$	55.7
Canadian Equity	\$	80.7
US Equity		NA
NNA Equity		NA
Fixed Income	\$	106.5

# Asset Mix

As at June 30, 2005



**Unadjusted Benchmark** — This benchmark reflects the Asset Mix as stated in the University Investment Policy.

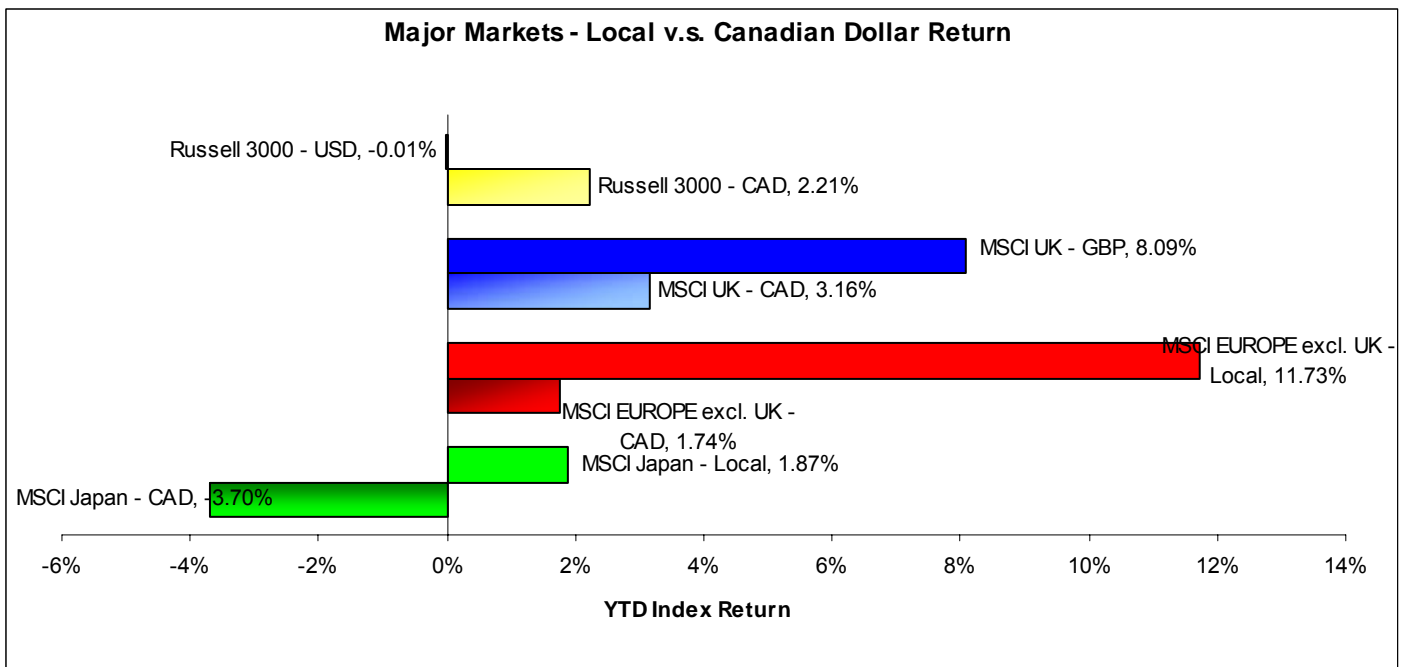
**Adjusted Benchmark** — This benchmark is adjusted for Real Assets, Private Equity & Absolute Returns that are not fully invested. The Benchmark weight for the 3 asset classes will be set to its actual weight, and the uninvested exposure is pro-rated to the other four asset classes.

# Currency Exposure

As at June 30, 2005

Currency Exposure Summary					
	U.S. Dollar	Euro	British Pounds Sterling	Japanese Yen	Total
<b>LTCAP</b>					
Foreign Currency Exposure	678.9	182.9	69.1	80.7	1011.5
Currency Hedge	512.0	174.2	47.8	39.8	773.9
<b>Hedge as % of Foreign Currency</b>	<b>75.4%</b>	<b>95.3%</b>	<b>69.2%</b>	<b>49.4%</b>	<b>76.5%</b>
<i>Benchmark Hedge</i>	<i>59.6%</i>	<i>50.0%</i>	<i>50.0%</i>	<i>50.0%</i>	<i>n/a</i>
<b>PENSION</b>					
Foreign Currency Exposure	773.7	231.6	91.1	101.9	1198.4
Currency Hedge	545.4	212.3	61.2	50.9	869.8
<b>Hedge as % of Foreign Currency</b>	<b>70.5%</b>	<b>91.6%</b>	<b>67.2%</b>	<b>50.0%</b>	<b>72.6%</b>
<i>Benchmark Hedge</i>	<i>57.8%</i>	<i>50.0%</i>	<i>50.0%</i>	<i>50.0%</i>	<i>n/a</i>
<b>EFIP</b>					
Foreign Currency Exposure	71.6	n/a	n/a	n/a	71.6
Currency Hedge	71.5	n/a	n/a	n/a	71.5
<b>Hedge as % of Foreign Currency</b>	<b>99.8%</b>	<b>0.0%</b>	<b>n/a</b>	<b>n/a</b>	<b>99.8%</b>
<i>Benchmark Hedge</i>	<i>100.0%</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>

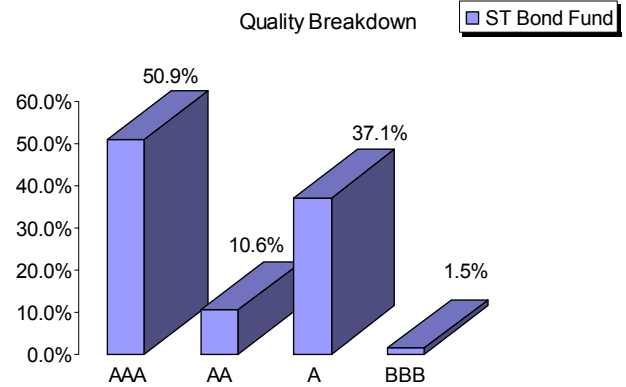
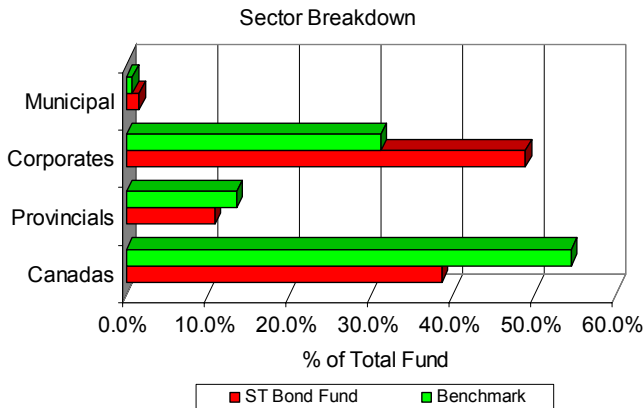
Performance Contribution Summary (Gross of Fees)						
TOTAL	YTD			Current Month		
	LTCAP	Pension	EFIP	LTCAP	Pension	EFIP
Benchmark Currency Hedge	0.37%	0.26%	-0.23%	1.16%	0.91%	0.42%
Active Currency Management Value Added	0.11%	0.13%	0.08%	0.09%	0.07%	0.02%
<b>GROSS: Contribution of Overlay</b>	<b>0.48%</b>	<b>0.39%</b>	<b>-0.15%</b>	<b>1.26%</b>	<b>0.98%</b>	<b>0.44%</b>
YTD FEES	0.02%	0.01%	0.01%	-	-	-
<b>NET: Active Currency Management Value Added</b>	<b>0.09%</b>	<b>0.12%</b>	<b>0.07%</b>	<b>-</b>	<b>-</b>	<b>-</b>



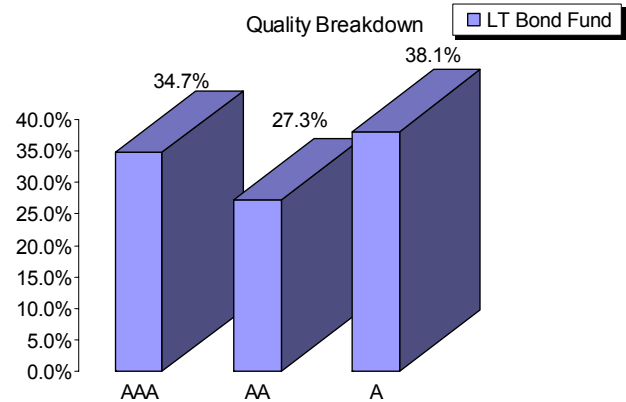
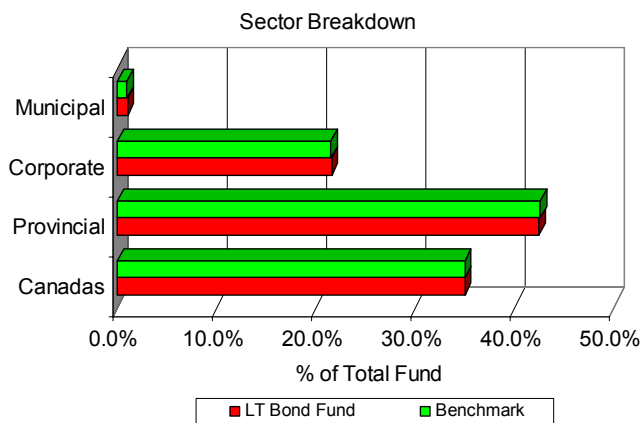
# Bond Summary

As at June 30, 2005

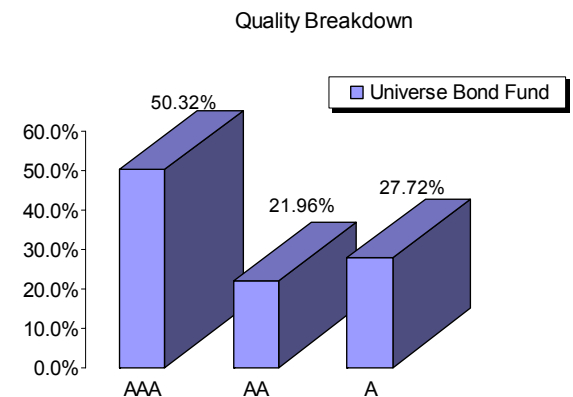
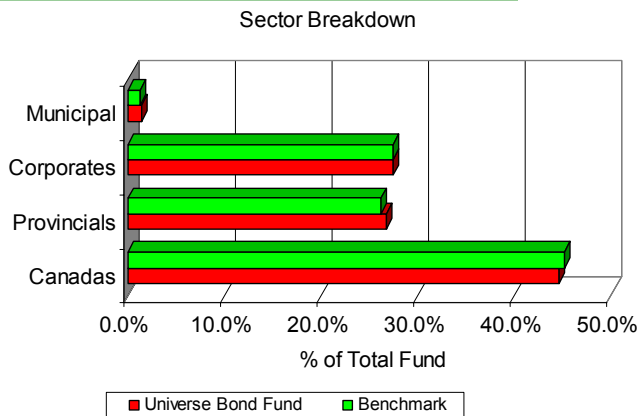
## UBS Short Term Bond Fund (actively managed)



## TD Long Term Bond Fund (indexed)



## TD Universe Bond Fund (indexed)



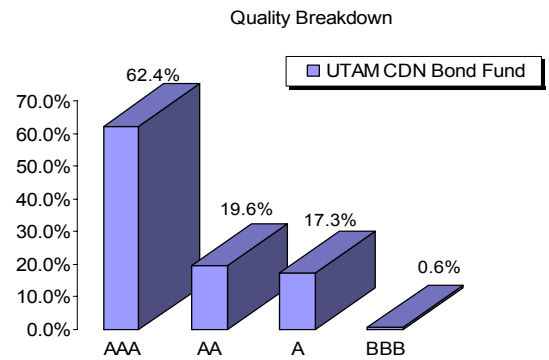
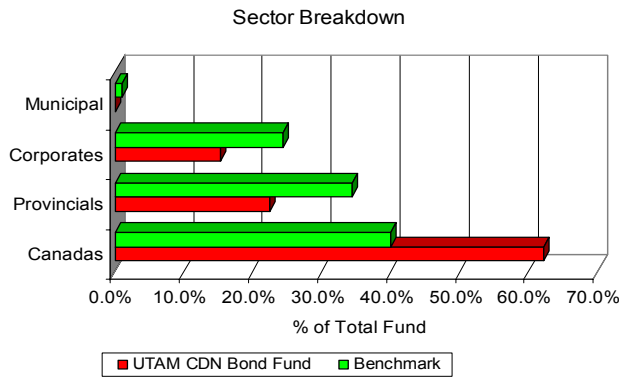
Duration (years)	Fund	Benchmark
UBS ST Bond	2.6	2.8
TD LT Bond	12.5	12.5
TD Universe	6.4	6.4

Duration (years)	Fund	Benchmark
UTAM Cdn Bond	8.6	9.5
UTAM ST Bond	2.7	2.8
UTAM RR Bond	16.1	16.0
UTAM US MBS	0.3	0.3

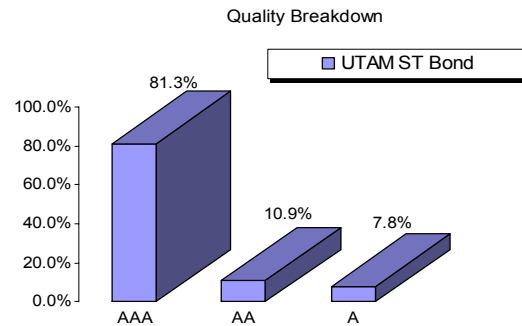
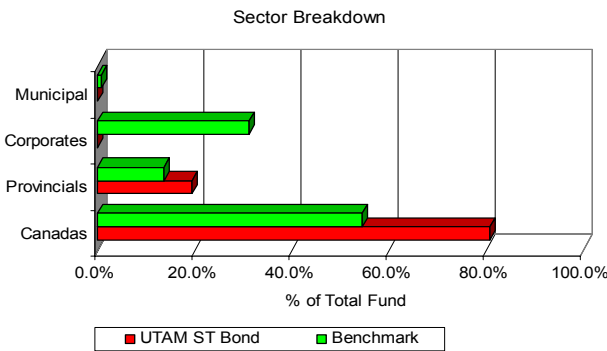
# Bond Summary

As at June 30, 2005

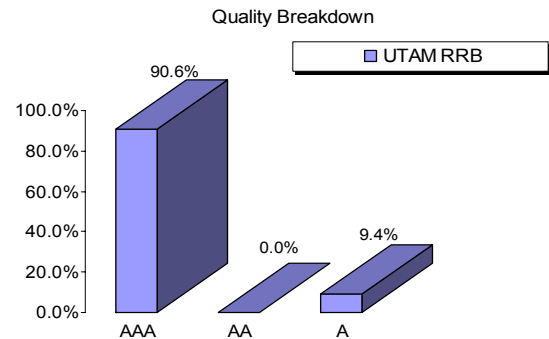
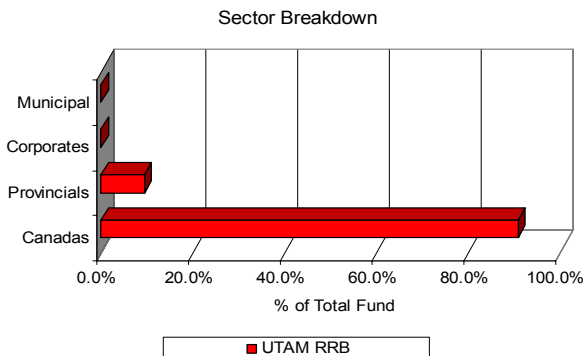
## UTAM Canadian Bond Fund (actively managed)



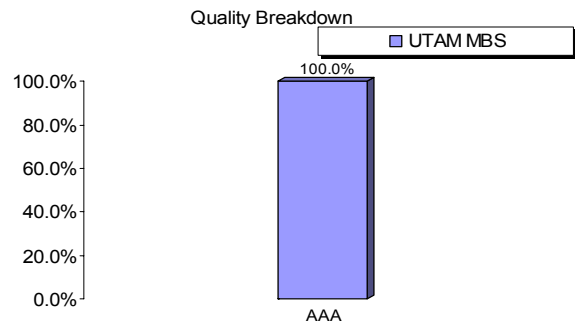
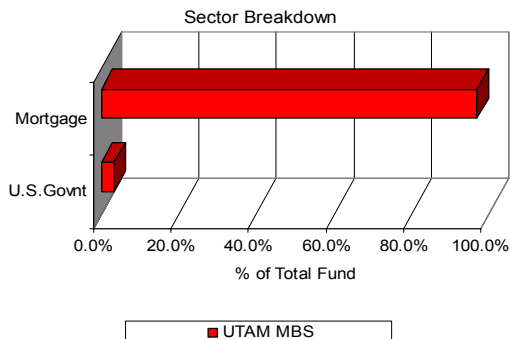
## UTAM Short Term Bond Fund (actively managed)



## UTAM Real Return Bond Fund (actively managed)



## UTAM US MBS Fund (actively managed)



# Geographical Distribution of Equity Investments

As at June 30, 2005

