University of Toronto Asset Management Corporation

Report to the Business Board - June 30, 2006

Felix Chee, President and CEO *September 15, 2006*

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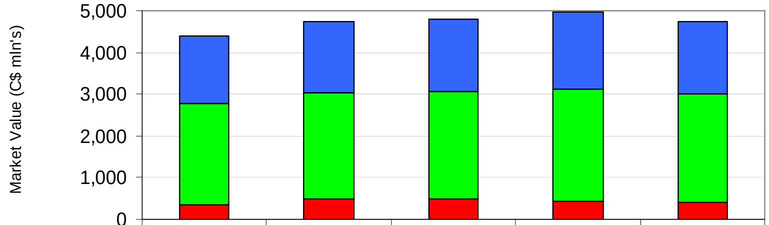
Assets Under Management



	30-Jun-05	30-Sep-05	31-Dec-05	31-Mar-06	30-Jun-06
Total Assets	4,380.2	4,744.4	4,796.5	4,981.7	4,744.2
LTCAP	1,600.0	1,697.8	1,739.3	1,850.9	1,746.2
Pension	2,421.5	2,540.9	2,579.6	2,693.6	2,584.8
EFIP	358.8	505.7	477.5	437.1	413.2

Executive Summary - June

Global markets had another difficult month in June. The tenor of the market was nervous and driven by inflation concerns and commodity prices. The Canadian equity market had a negative month, losing almost 1%, while in the US the Russell 3000 was essentially flat. EAFE was also flat (in USD terms). Fixed income continues to be negative, with the Scotia Universe losing another 46 bps in June. Year-to-date the Scotia Universe is down 4.5%.

Against the backdrop of two significant negative months, all three funds lost ground in June. Year-to-date, LTCAP is 31bps behind benchmark. Pension is 131 bps behind, reflecting the one time transition earlier in the year, while EFIP is 58 bps behind benchmark. In terms of performance versus the University's targets, there was strong out performance in Q1 by LTCAP and Pension (EFIP was at target), but all 3 portfolios lost ground in Q2 as noted. On a 1-year basis, LTCAP and Pension exceeded target by 1.56% and 0.43% respectively, while EFIP was below target by 0.60%.

With regards to specific asset classes, Canadian Equities are ahead of benchmark while US equities and fixed income are flat against their benchmarks. International equities are behind, primarily because of adverse manager performance. A number of new managers have been identified for both International and US equities as part of the manager restructuring initiative and active due diligence is underway. Absolute return hedge funds continue to be behind benchmark, but this is more a function of a static benchmark based on the 2003 Asset Allocation assumptions. When compared with a relevant market index (the HFR Conservative Fund of Funds Index), the category is 3 bps better than the index. The return year-to-date at 4.3 % compares favourably to US equities (2.4%) and fixed income (-3.1%), with significantly less volatility. Overall, we expect the latter half of 2006 will show improved performance from manager restructuring and the expansion of the Alpha Transport program. In addition, we have made some tactical shifts in the asset mix within the discretionary limits allowed. The view is that a 'stay at home' position is favoured, and in this regard we have increased the allocation to domestic equities and fixed income, and reduced the weight in US equities. This also reduces our foreign exchange exposure, and on that front we have tightened our risk limits for Pareto, the currency overlay manager. In a volatile currency environment, a trend following/momentum approach such as that used by Pareto is subject to being whipsawed. This is evidenced by Pareto's performance, which year-to-date is 43 bps behind benchmark for LTCAP. In perspective, if benchmark currency performance was achieved, LTCAP would be ahead of benchmark. Accordingly, we have reduced Pareto's risk budget by 33%, which should result in their being closer to benchmark hedge ratios for the remainder of 2006.

Performance Summary (1)
Net Returns and Comparison to Benchmarks

	1 Month	YTD	Benchmark YTD	Value Added
LTCAP	0.20%	0.84%	1.15%	-0.31%
Pension	0.02%	-0.16%	1.15%	-1.31%
EFIP	-0.09%	1.24%	1.82%	-0.58%
S&P 500 (2)	0.14%	2.71%	Note:	
Russell 3000 (2)	0.18%	3.23%	(1) Marketables portion only.	
MSCI EAFE	1.01%	4.88%	(2) In USD.	
S&P/ TSX	-0.82%	4.19%		

Organizationally, we have hired a replacement analyst for Private Markets. One additional position remains open but we are considering using this position to strengthen risk management and portfolio analysis.

At the next Board meeting in September, we will be presenting our new risk budgeting framework. We will also have on the agenda: (i) a report clarifying the governance issues between UTAM and the University, which will serve as the basis for the revised service agreement; and (ii) a framework for performance measurement and attribution and its implications for Compensation Policy.

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, 2006	1 Mth	YTD	1 Yr
LTCAP			
Actual	0.20%	0.84%	8.08%
Benchmark	0.34%	1.15%	9.31%
Value Added	-0.14%	-0.31%	-1.23%
PENSION			
Actual	0.02%	-0.16%	6.95%
Benchmark	0.34%	1.15%	8.43%
Value Added	-0.32%	-1.31%	-1.48%
EFIP			
Actual	-0.09%	1.24%	2.21%
Benchmark	0.22%	1.82%	2.81%
Value Added	-0.31%	-0.58%	-0.60%

RBC GS Fund Universe Percentile Ranking (Gross of fees) as at June 30, 2006	YTD	1 Yr	2 Yrs	3 Yrs	4 Yrs	5 Yrs
LTCAP	**38**	**18**	**38**	**21**	**66**	**95**
Canadian Equity	16	45	33	14	7	11
US Equity*	50	60	74	49	53	50
NNA Equity*	74	54	66	38	46	43
Fixed Income	89	7	14	2	8	8
PENSION	**75**	**36**	**40**	**30**	**50**	**76**
Canadian Equity	15	28	30	18	17	13
US Equity*	65	71	70	59	64	60
NNA Equity*	80	62	72	55	60	49
Fixed Income	89	24	14	11	16	14

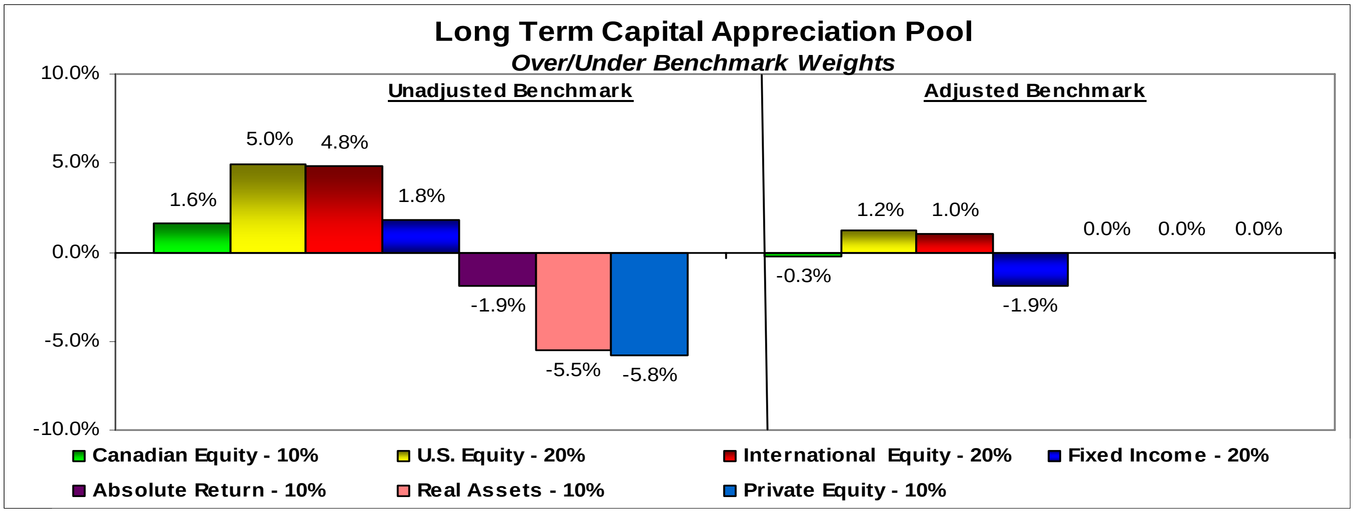
** Unhedged $CDN returns.*

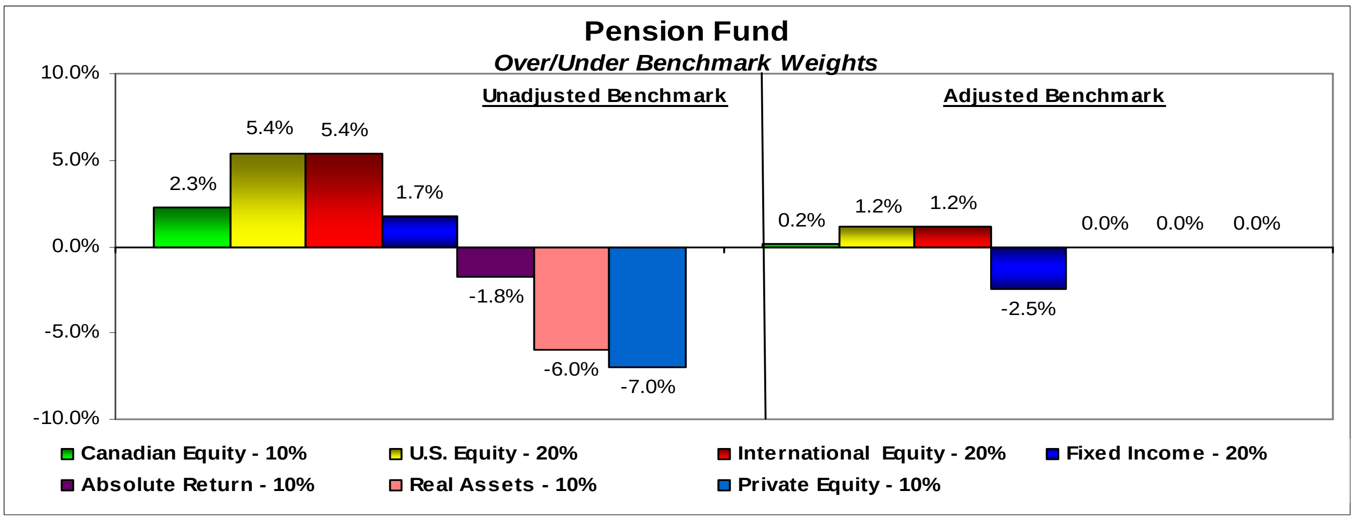
LTCAP & PENSION returns are for Marketables only.

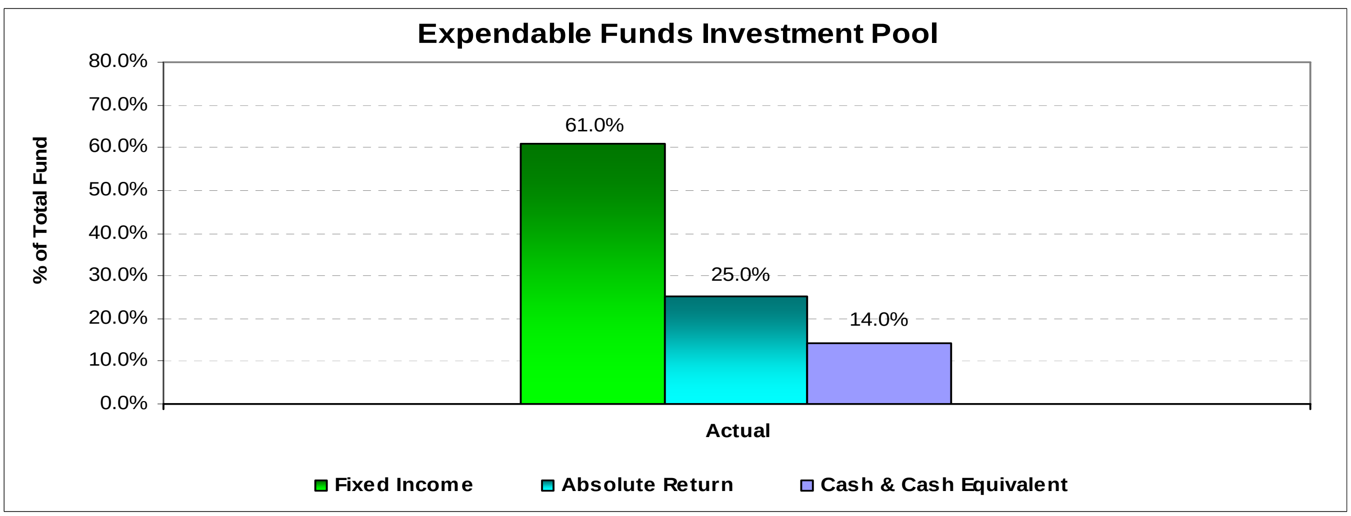
Universe Median Asset Size (C$ mln's)

Total Fund	$ 44
Canadian Equity	$ 80
US Equity	n/a
International Equity	n/a
Fixed Income	$ 115

Asset Mix
As at June 30, 2006







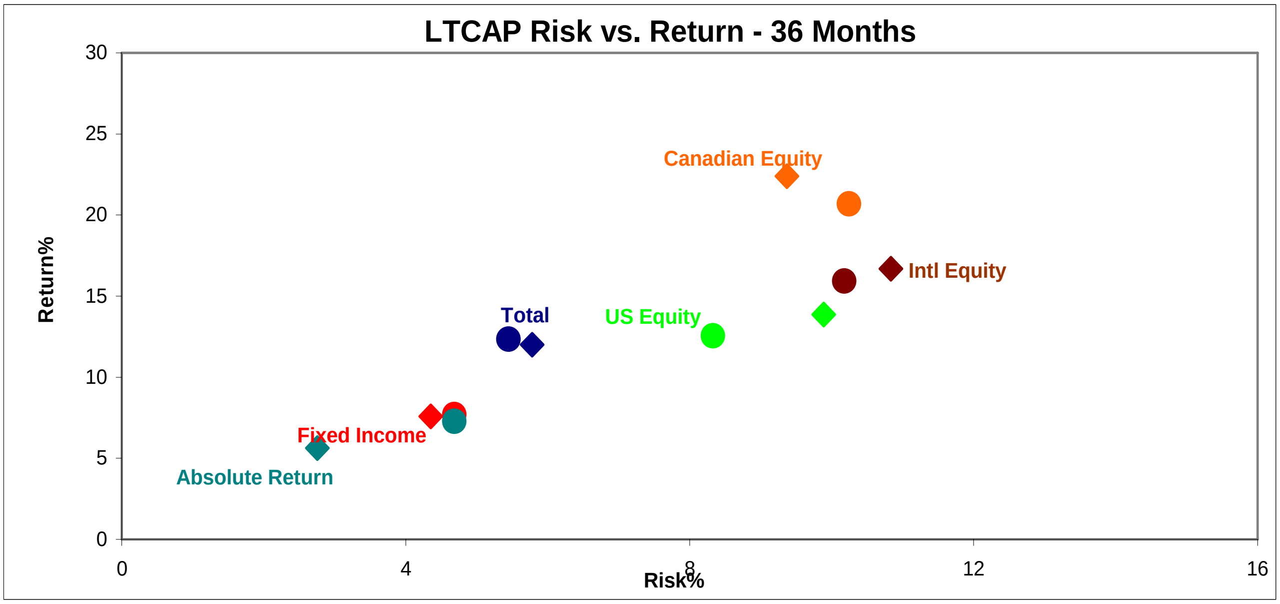
Unadjusted Benchmark-- This benchmark reflects the Asset Mix as stated in the University Investment Policy.
Adjusted Benchmark-- This benchmark reflects pro rata reallocation to Public Investments of any underweight in Real Assets, Private Equity and Absolute Return.

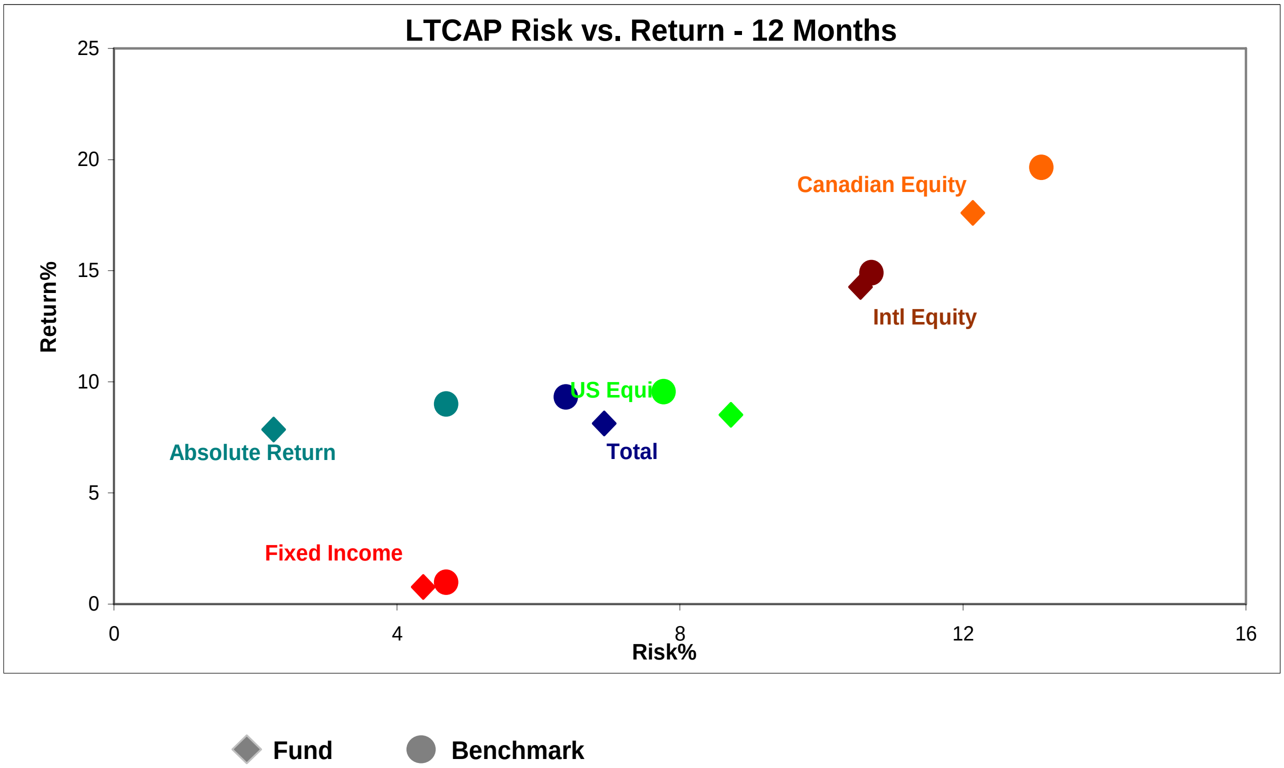
Portfolio Risk*

As at June 30, 2006

Fund	36 Months		12 Months	
	Actual	Benchmark	Actual	Benchmark
LTCAP	5.78	5.45	6.93	6.39

** Annualized Standard Deviations*



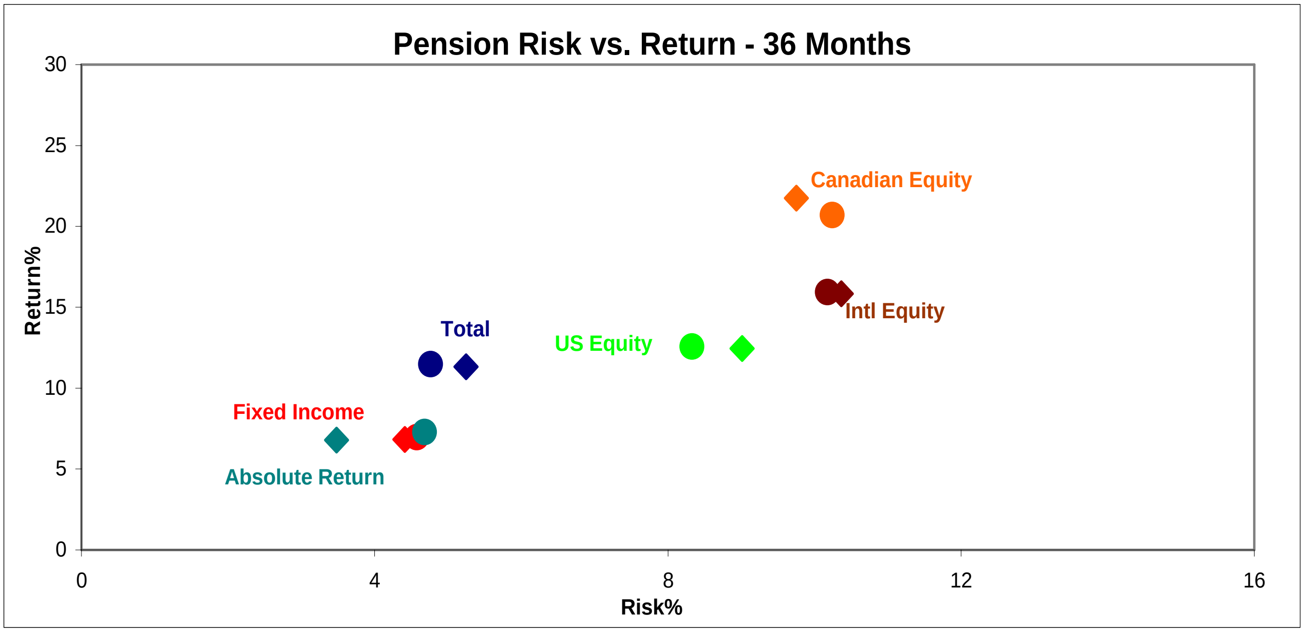


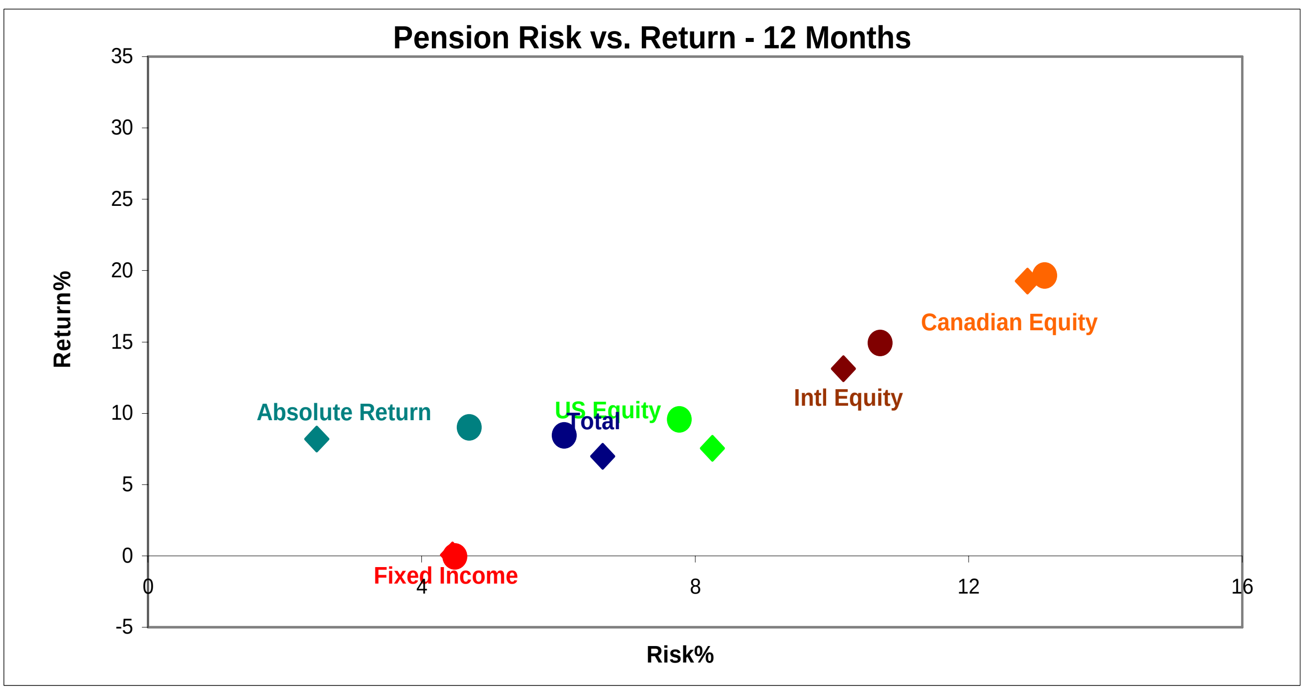
*** US Equities & Absolute Returns are in USD, rest in CAD.*

Portfolio Risk*
As at June 30, 2006

Fund	36 Months		12 Months	
	Actual	Benchmark	Actual	Benchmark
Pension	5.24	4.76	6.65	6.09

** Annualized Standard Deviations*





Fund Benchmark

*** US Equities & Absolute Returns are in USD, rest in CAD.*