



Memorandum to: Business Board

From: Felix Chee

For: Meeting of April 7, 2003

Agenda Item: 3(a)

Item Identification: **Annual Report of the University of Toronto Asset Management Corporation (UTAM) for the year ended December 31, 2002**

Jurisdictional Information

This report is required by a Business Board resolution and the service agreement between the Governing Council of the University of Toronto and UTAM

Sponsors

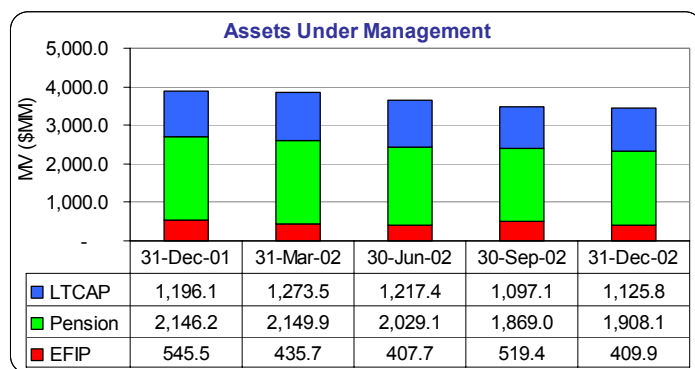
Felix Chee, Vice-President Business Affairs & Chief Financial Officer
Don Lindsey, President and Chief Executive Officer, UTAM

Action Sought

Receipt of the report for information.

Highlights

December 2002 was the second complete year of the asset management responsibilities being carried out by UTAM since its establishment on May 1, 2000.



The market value of both the Long-Term Capital Appreciation Pool (LTCAP) \$1,126 million and Pension Master Trust \$1,908 million, declined during the year due primarily to the decline in equity markets worldwide. The nominal rates of return earned (-9.59% and -6.96% respectively) were below the 8.88% and 7.88% rate required. The market value of the Expendable Funds Investment Pool (EFIP) declined from \$546 million at December 31, 2001 to \$410 million as at December 31, 2002 due primarily to net outflows for University expenditures and fund expenses.

The attached annual report provides details on the performance of the funds being managed. The audited financial statements for the operations of UTAM for the year ended December 31, 2002 are presented at the end of the report.