Attachment “B” to Report Number 2 of the Pension Committee – April 6, 2011

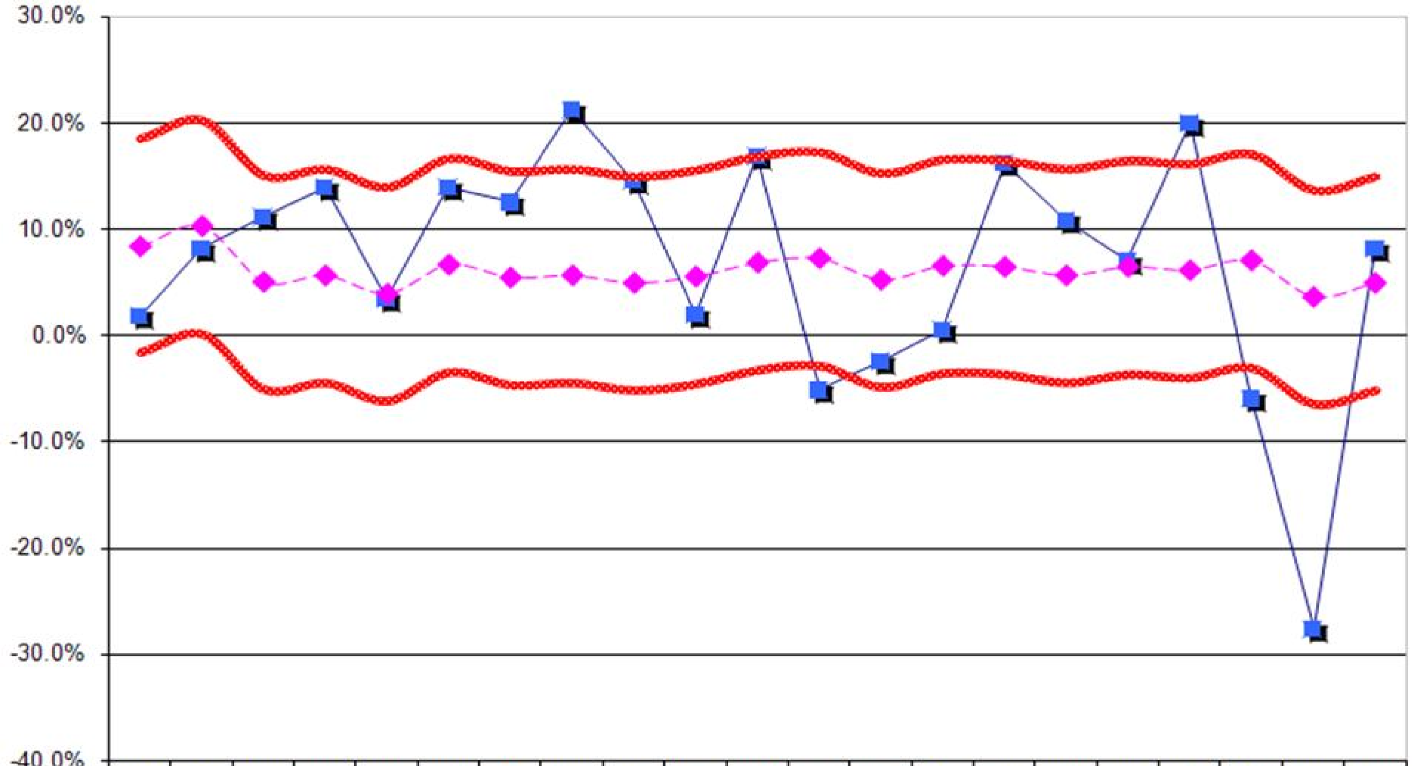
Portfolio Performance Review

University of Toronto
Pension Committee

Wednesday, April 06, 2011

William W. Moriarty, CFA
President and CEO, UTAM

Pension Master Trust
1-Year Annual Rates of Return

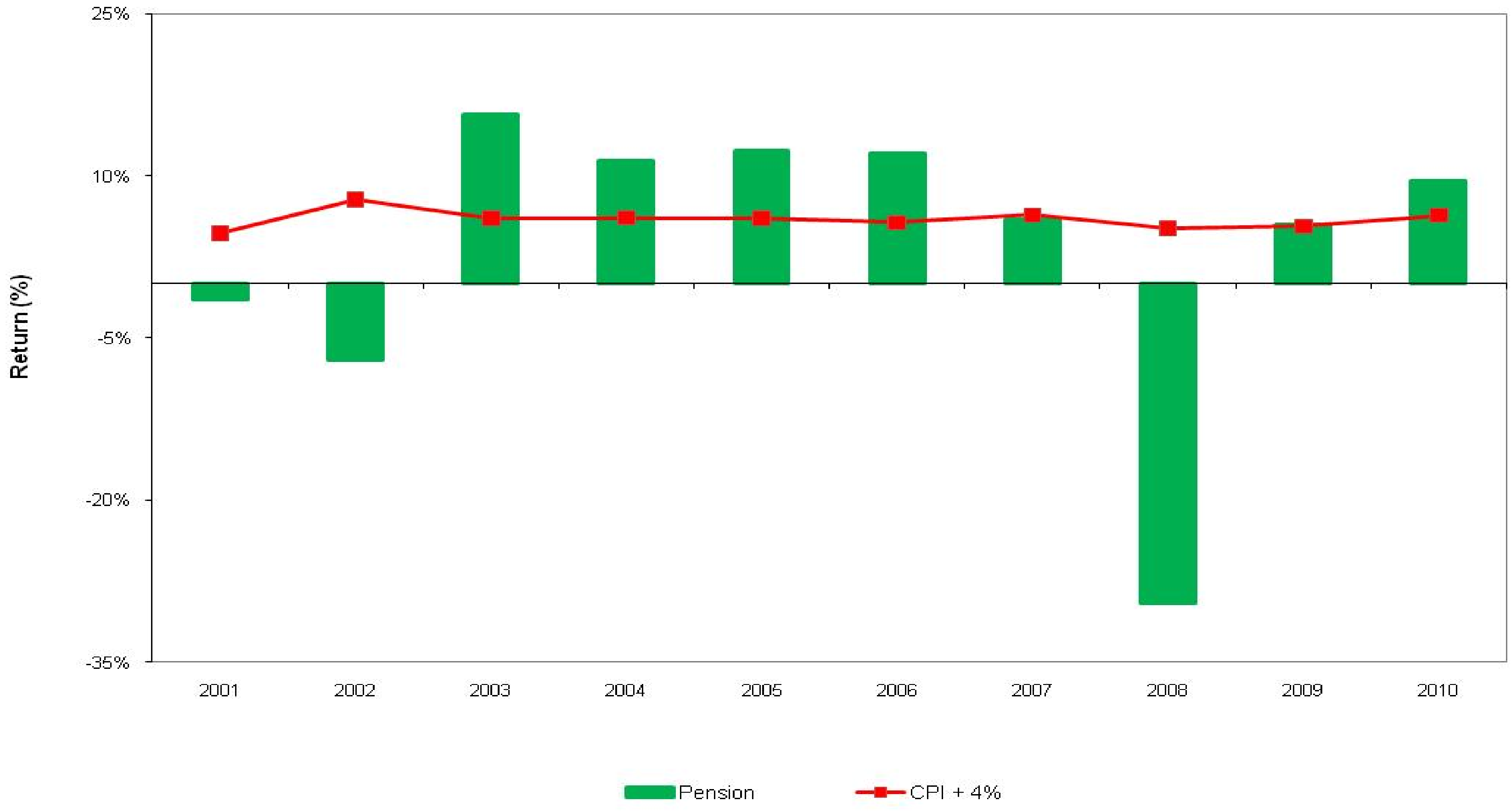


	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Actual investment return *	1.9%	8.2%	11.2%	14.0%	3.5%	14.0%	12.6%	21.3%	14.6%	2.0%	16.9%
Target return **	8.4%	10.3%	5.1%	5.7%	4.0%	6.7%	5.5%	5.7%	5.0%	5.6%	6.9%
Standard deviation +10%	18.4%	20.3%	15.1%	15.7%	14.0%	16.7%	15.5%	15.7%	15.0%	15.6%	16.9%
Standard deviation -10%	-1.6%	0.3%	-4.9%	-4.3%	-6.0%	-3.3%	-4.5%	-4.3%	-5.0%	-4.4%	-3.1%

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Actual investment return *	-5.1%	-2.4%	0.6%	16.3%	10.9%	7.0%	20.0%	-5.9%	-27.6	8.2%
Target return **	7.3%	5.3%	6.6%	6.5%	5.7%	6.5%	6.2%	7.1%	3.7%	5.0%
Standard deviation +10%	17.3%	15.3%	16.6%	16.5%	15.7%	16.5%	16.2%	17.1%	13.7%	15.0%
Standard deviation -10%	-2.7%	-4.7%	-3.4%	-3.5%	-4.3%	-3.5%	-3.8%	-2.9%	-6.3%	-5.0%

Source: University of Toronto Pension Plans, 2010 Annual Financial Report

Calendar Year Pension Master Trust Returns vs. University Target



Calendar Year Returns

	2010	5-Yr (2006-10)	10-Yr (2001-10)
	PENSION	PENSION	PENSION
University Target Return[1]	**6.4%**	**5.8%**	**6.0%**
Reference Portfolio Return[2]	10.5%	4.1%	4.6%
Benchmark Portfolio Return[3]	9.4%	0.8%	2.6%
Actual Net Return[2]	**9.5%**	**-0.7%**	**2.5%**
Assets (December 31st; millions)			
2010	$2,336		
2009	$2,161		

Foonotes: See 2010 Annual Report, page 3.

Asset Mix Differences Impact Performance

(Percentage Weights --2010 CY Average)

		Reference Portfolio	2010 Policy Portfolio*	Pension Benchmark Portfolio
Public Markets				
Equity:	Canadian	30	12.5	13.2
	U.S.	15	12.5	14.1
	International	15	15	16.4
Fixed Income		35	17.5	18.6
Real Return Bonds		5		
Alternative Assets				
Hedge Funds			17.5	16.1
Private Equity			10	15.6
Real Assets			15	5.9
Total		100	100	100

***Adopted as of March 2010**

Actual Asset Mix

	Pension	
(AS AT DECEMBER 31st)	**2009**	**2010**
Canadian Equity[1]	12.2%	**14.0%**
US Equity[1,2]	17.7%	**13.9%**
International Equity[1]	17.5%	**16.7%**
Fixed Income - Nominal Bonds[1]	17.6%	**19.5%**
Hedge Funds	14.0%	**15.0%**
Private Investments	14.7%	**15.0%**
Real Assets	5.5%	**6.0%**
Cash (including notional offsets)[3]	0.7%	**0.0%**
Total	100.0%	**100.0%**
Cash (actual)[4]	18.4%	**13.4%**

Footnotes: See 2010 Annual Report, Table 2.

CY2010 Asset Class Performance

	Benchmark Index	2010 BM	2010 Pension	Difference
Canadian Equity	S&P/TSX Composite Index	17.6%	**16.6%**	(102)
US Equity (USD)	Russell 3000 Index (USD)	16.9%	**16.3%**	(65)
International Equity (Local)	MSCI EAFE Index (Local)	4.8%	**5.5%**	69
Fixed Income	Dex Universe	6.7%	**6.9%**	15
Hedge Funds (USD)	HFRI FoF Conservative True -up Index (USD)	5.3%	**7.6%**	235
Private Investments (Local)	Benchmark = actual return	n.a.	**19.6%**	n.a
Real Assets (Local)	Benchmark = actual return	n.a.	**13.2%**	n.a

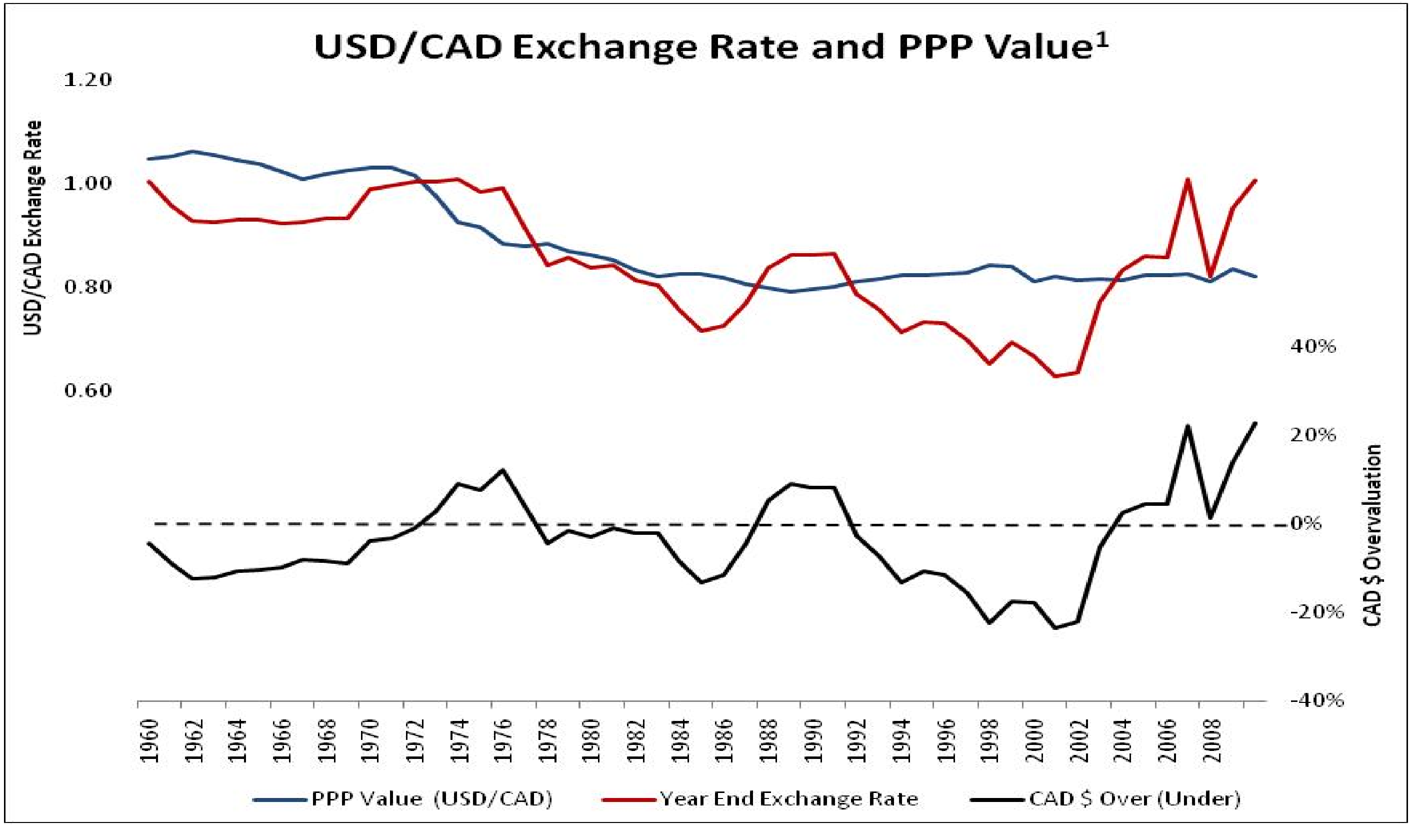
Returns for the 4 Public Markets asset classes are for LTCAP. Pension returns are expected to be only marginally different.

2010 Main Performance Factors -- 6 mos. Ending Dec. 31, 2010

Reference Portfolio Return (in C$)		**12.18**
Impact of LTCAP Portfolio Differences:		
-U/W Cdn Eq & O/W Private Investments	(2.67)	
-U/W Fixed Income & O/W Hedge Funds & Real Assets	0.61	
-Active Managers (+) & Value Bias (-)	0.43	
Other	(0.36)	(1.98)
Incremental Unhedged FX Exposure (50%)		(1.04)
Unexplained		(0.07)
Actual Portfolio Performance (in C$)		**9.09**

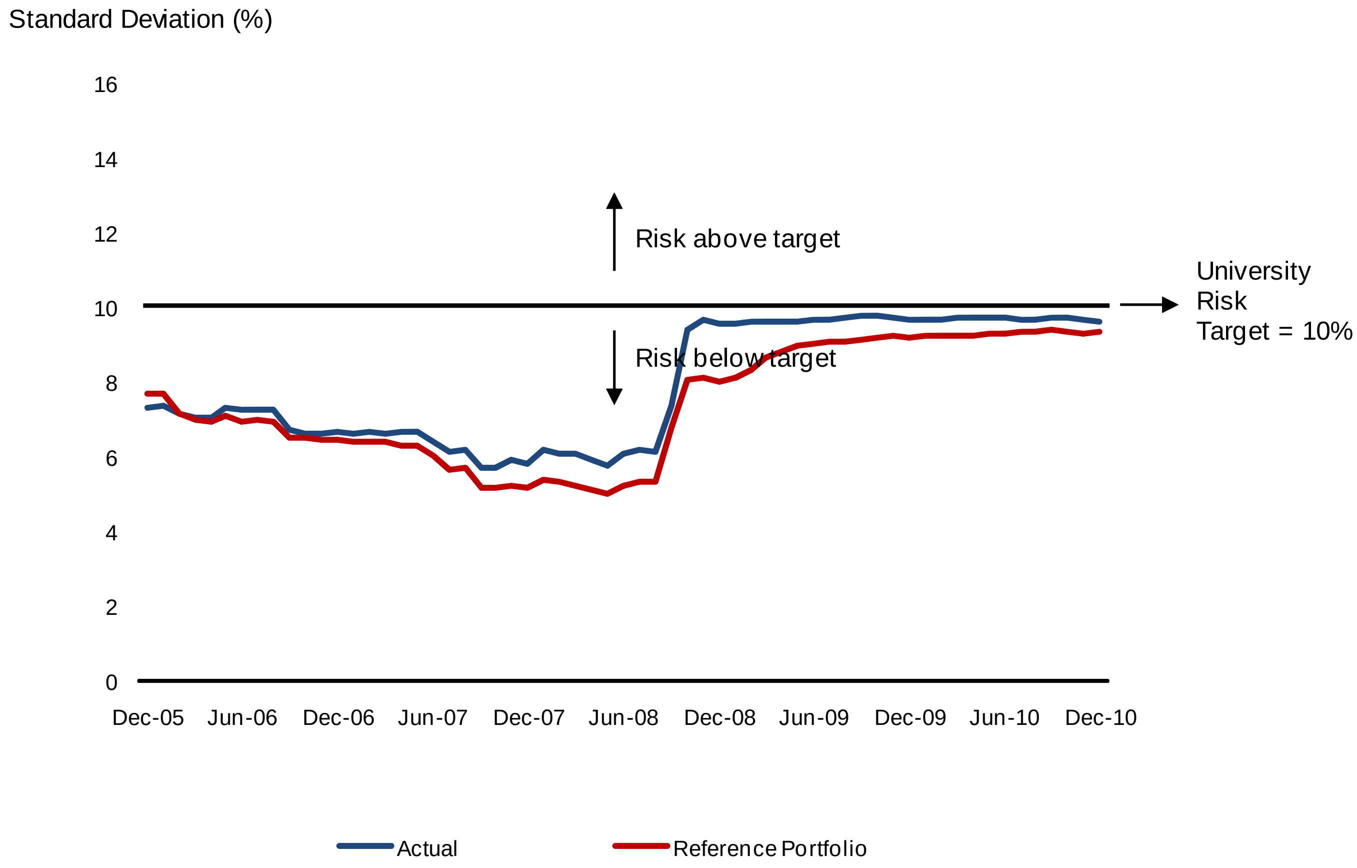
Calendar 2010 Main Performance Factors

Reference Portfolio Return (in C$)		**10.49**
Impact of LTCAP Portfolio Differences:		
-U/W Cdn Eq & O/W Private Investments	-	
-U/W Fixed Income & O/W Hedge Funds & Real Assets	(0.02)	
-Active Managers (+) & Value Bias (-)	0.50	
Other	(0.18)	0.30
Incremental Unhedged FX Exposure (50%)		(1.27)
Unexplained		(0.02)
Actual Portfolio Performance (in C$)		**9.50**



1. PPP Value is the exchange rate between two currencies that makes purchasing power the same in each of the two countries.

PORTFOLIO VOLATILITY OVER TIME(1)



(1) Rolling 60-month standard deviation of returns. Includes private investments and real assets starting in January 2007.

Current Investment Environment

-- Recovery bumpy and less vigorous than usual.

-- Developed economies will remain constrained by unwinding of prior
fiscal and monetary stimulus and deleveraging.

--Developing economies face headwinds due to rising inflationary pressures.

--The 30-year bull market in bonds appears to have ended.

-- Low dividend yields and constrained earnings growth
imply a high probability of range bound equity markets.

-Suggests a challenging environment for portfolios comprised of traditional assets and strategies.

A Year of Transition and Progress

-- Infrastructure Development

-- Portfolio Restructuring

-- Risk Management

-- Operations

Final Thoughts

-- Improved performance

-- Enhanced capability more in keeping with original vision for UTAM.

-- 2011 focus is a better balance between offence and defence.

Appendix 1

HISTORICAL POLICY ASSET MIX

(start of period weight)

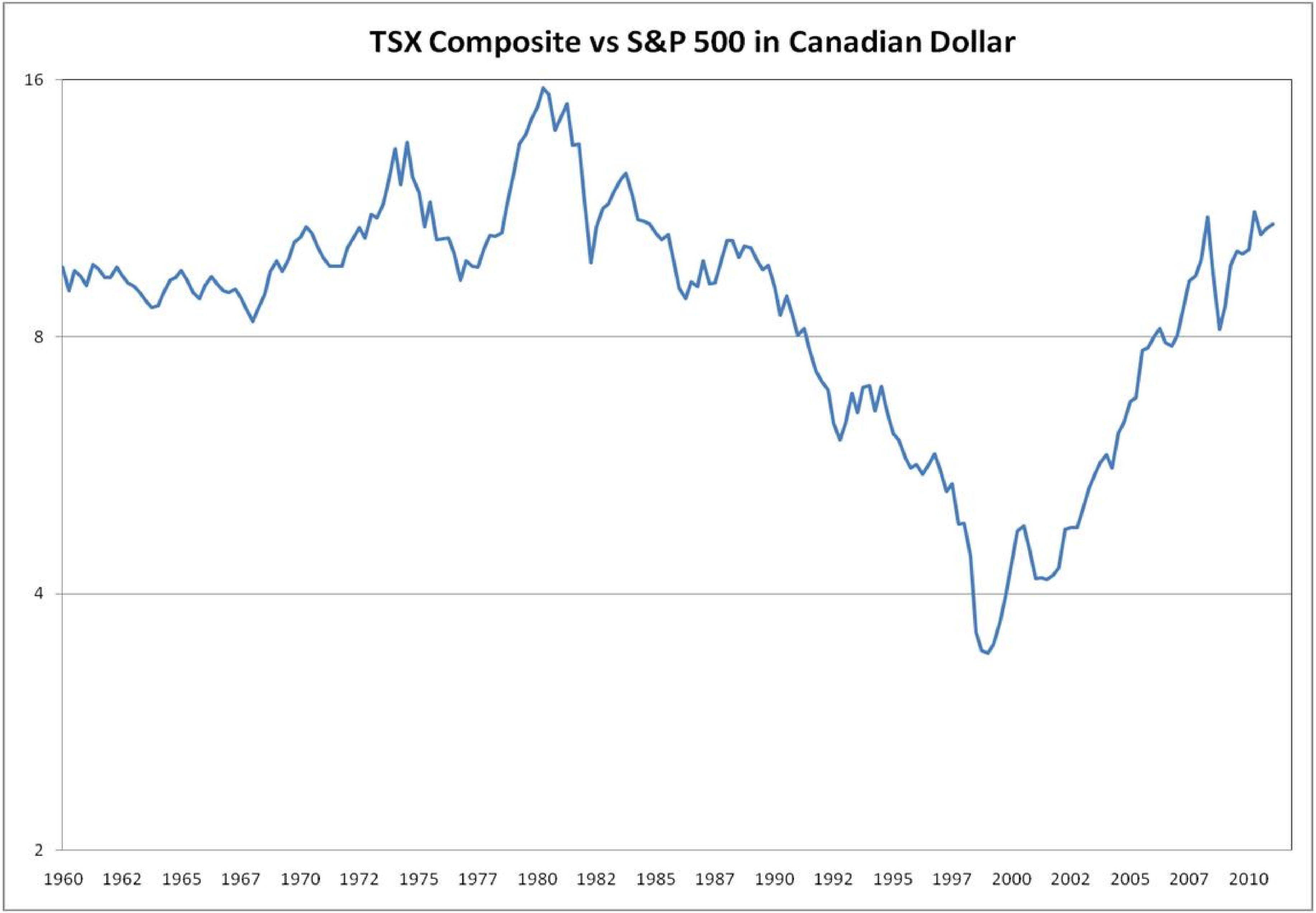
	OLD*	2001	2002	2003	2004	2005	2006	2007	2008	2009
Public Markets:										
Canadian Equity	40	10	10	10	10	10	10	10	10	10
U.S. Equity	10	25	25	25	15	15	20	15	15	15
International Equity	10	25	25	25	15	15	20	15	15	15
Fixed Income	40	40	40	40	30	30	20	15	15	15
Total Public Market	**100**	**100**	**100**	**100**	**70**	**70**	**70**	**55**	**55**	**55**
Alternative Assets:										
Hedge Funds					10	10	10	15	15	15
Private Equity					10	10	10	15	15	15
Real Assets					10	10	10	15	15	15
Total Alternatives		**0**	**0**	**0**	**30**	**30**	**30**	**45**	**45**	**45**
Cash		0	0	0	0	0	0	0	0	0
Total		**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**

***** Business Board Memo from Robert White for Meeting of Nov. 20, 2000

**UTAM assumed respnsibility for Asset Mix at the end of 2003.

Note: In 2001-2003, Alternative Investments were included in the Public Markets asset classes

Appendix 2



TSX Composite vs S&P 500 in Canadian Dollar
16
8
4
2
1960
1962
1965
1967
1970
1972
1975
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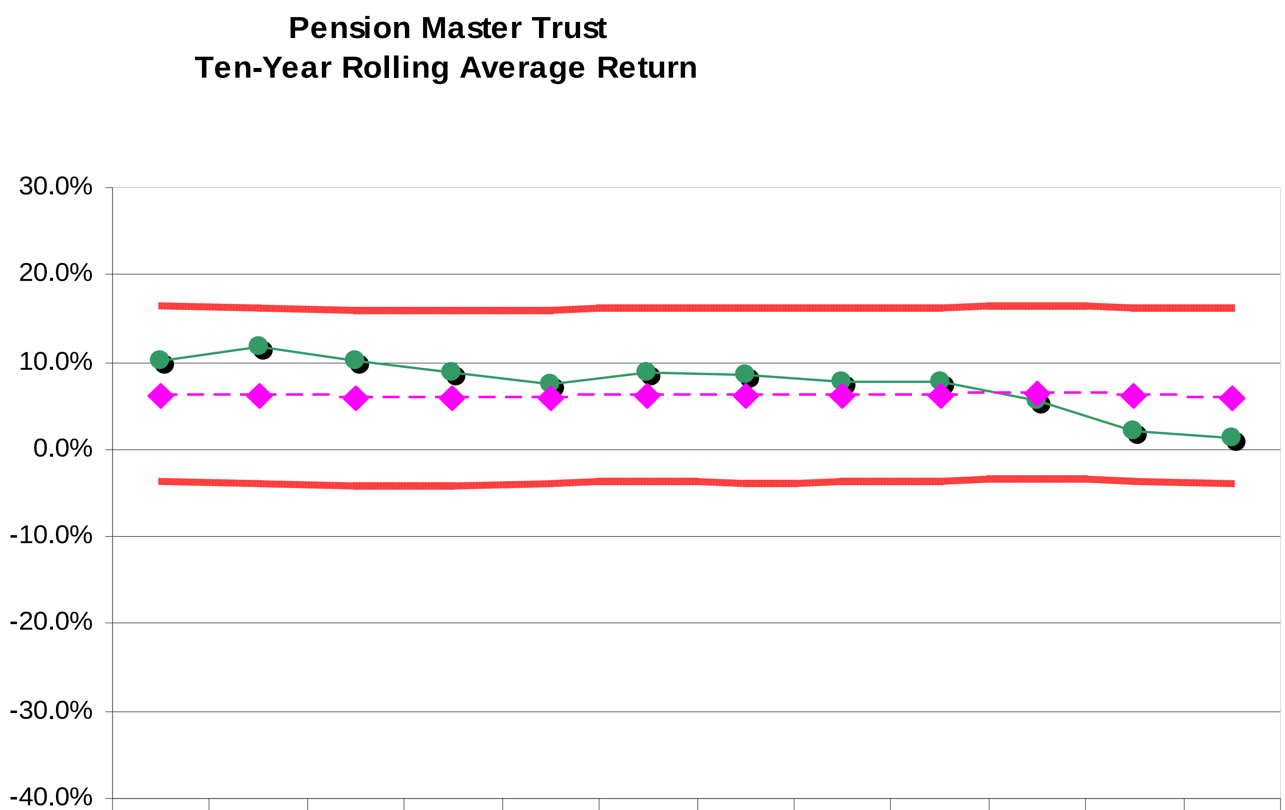
1987
1990
1992
1995
1997
2000
2002
2005
2007
2010

Appendix 3



	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Ten-Year rolling average return	10.2%	11.7%	10.2%	8.8%	7.5%	8.7%	8.4%	7.9%	7.7%	5.6%	2.1%	1.3%
Ten-Year rolling target return	6.2%	6.1%	5.8%	5.8%	5.9%	6.1%	6.0%	6.1%	6.2%	6.4%	6.2%	6.0%
Ten-Year rolling Standard deviation +10%	16.2%	16.1%	15.8%	15.8%	15.9%	16.1%	16.0%	16.1%	16.2%	16.4%	16.2%	16.0%
Ten-Year rolling Standard deviation - 10%	-3.8%	-4.0%	-4.3%	-4.2%	-4.1%	-3.9%	-4.0%	-3.9%	-3.8%	-3.6%	-3.8%	-4.0%