INVESTMENT MANAGEMENT TRUST INC.
The University of British Columbia

University of British Columbia

Investment Management Trust Inc.

2014 Annual Report

a place of mind
THE UNIVERSITY OF BRITISH COLUMBIA

Contents

Message from the Board Chair

Last year, IMANT's focus was on the in-depth review of investment policies. This year, we continued strengthening our risk management function. Capital markets have been extremely strong, yet still volatile since the 2008-2009 financial crisis, highlighting the importance of diversification and risk management as markets become more fully valued and the market cycle starts shifting to the next phase. As risk is always at the forefront of the IMANT Board's discussions, further enhancements were made to the risk dashboard and a new *IMANT Risk Appetite Statement* was developed.

After consultation with UBC's faculty and donor representatives, peer institutions and experts in responsible investing, we are pleased that UBC has adopted a new *Responsible Investment Policy* for the Endowment Fund. While the entire industry cautiously embraces the movement to integrate environmental, social and governance factors into the investment process, the path to the end goal will be an evolving process. It is exciting that both UBC and IMANT have the opportunity to become engaged market participants over time on this front.

I would like to acknowledge the IMANT staff and thank them for their dedication and efforts in delivering value added to the Endowment Fund and the Staff Pension Plan during the year, which exceeded the Funds' respective return objectives and with a prudent level of risk. To my fellow directors, thank you for your commitment and support. I would also like to recognize the contributions of our retiring Board Chair, Dale Parker. We truly appreciated Dale's extensive industry experience and outstanding leadership during his term on the IMANT Board.

Lastly, to the UBC community and stakeholders, thank you for entrusting your portfolio assets with UBC IMANT. It is important that we share the same long term vision and objective of delivering the investment returns commensurate with each fund's objectives, liability requirements and risk parameters, while exercising the highest standard of prudence. We will continue striving to enhance the risk/return characteristics of all investment portfolios, while strengthening our relationship with you through regular reporting and other communications.

Martin Glynn
Chair of the IMANT Board of Directors

Message from the President

It is my pleasure to present UBC Investment Management Trust's 2014 Annual Report on the University of British Columbia's investment portfolios for the fiscal year ended March 31, 2014. The assets under IMANT's management were $2.9 billion at March 31, 2014.

The Endowment Fund returned 15.6% for the year, net of external investment management fees, compared to its benchmark return of 15.4%, adding $2 million of value for the Fund. The Staff Pension Plan returned 10.4% for the year, net of external investment management fees, compared to its benchmark return of 8.7%, adding $18 million of value for the Plan. For the last three years, the combined value added for the two portfolios over policy benchmarks totaled $50 million.

At UBC IMANT, we continue to focus on long term value creation for the UBC Endowment Fund, Staff Pension Plan and other portfolios to support the University's research, scholarships and pension benefits. This includes a preference for stable cash flows from investments in low volatility strategies and yield generating real estate and infrastructure assets. In addition, we can use the nimbleness of our size to the University's advantage in deploying investment capital, while also engaging with like-minded investors on long term co-investment opportunities and risk mitigation strategies.

2013/2014 was another fruitful year for UBC IMANT. We developed a set of asset class guidelines for the Endowment and Staff Pension Plan private equity programs and amended the currency hedging policy. With the appropriate policies and guidelines in place, we are gradually implementing long term policy allocations for the Endowment and Staff Pension Plan while taking into consideration the necessary diversification aspects of long term alternative investments. New commercial mortgage managers were hired for the Endowment's new mortgage allocation. In building out the infrastructure equity program, further investment commitments were made to global infrastructure equity funds.

Further governance improvements were made through the adoption of a new *IMANT Risk Appetite Statement*. This document communicates the types of risk IMANT is willing to take on in pursuit of achieving its corporate mission and also sets out boundaries for risk-taking. The Endowment and Staff Pension Plan portfolios are evaluated on a quarterly basis with respect to established risk limits.

A new *Responsible Investment Policy* was approved by the UBC Board of Governors in April 2014 promoting responsible investment practices for the Endowment Fund. IMANT continued discussions with external investment managers in assessing the integration of environmental, social and governance

(ESG) factors into their investment processes and we expect within the next three years, all public equity managers to incorporate ESG principles in their portfolios.

I would like to thank the IMANT Board of Directors and staff for their commitment and support this past year in achieving our investment and business objectives. I would also like to thank the UBC Board of Governors, Staff Pension Plan Board and the greater University community for their support as we continue our efforts in achieving the University's investment objectives and stakeholders' needs.

Jai Parihar, CFA, ICD.D
President and Chief Executive Officer

Overview of IMANT

UBC Investment Management Trust Inc. (IMANT), a wholly owned subsidiary of the University of British Columbia (UBC), was established in 2003 in order to provide comprehensive portfolio management services and related advice to UBC. IMANT's mission is to deliver the investment returns agreed upon with our clients, commensurate with each fund's objectives, liability requirements and risk parameters, while exercising the highest standard of prudence.

Governance Structure

The University, through its Board of Governors (BOG), is the Administrator of the investment portfolios and is responsible for the overall management of the UBC Plans and funds. The BOG has established a governance structure and delegated certain responsibilities and powers for investing the portfolios to the IMANT Board of Directors.

The IMANT Board is comprised of ten directors - seven unrelated members from the business community and three UBC-related members. Board members unrelated to UBC are appointed by the UBC BOG on recommendation of the IMANT Board. UBC-related directors, including those who are UBC senior executives and representatives from the UBC BOG, are appointed directly by the UBC BOG. The Board meets at least quarterly and provides oversight and governance to IMANT through its three standing committees: Investment Committee, Audit Committee, and the Governance and Human Resources Committee.

The IMANT Board discharges its investment related responsibilities through its Investment Committee, which consists of the entire Board. The responsibilities of the Investment Committee include:

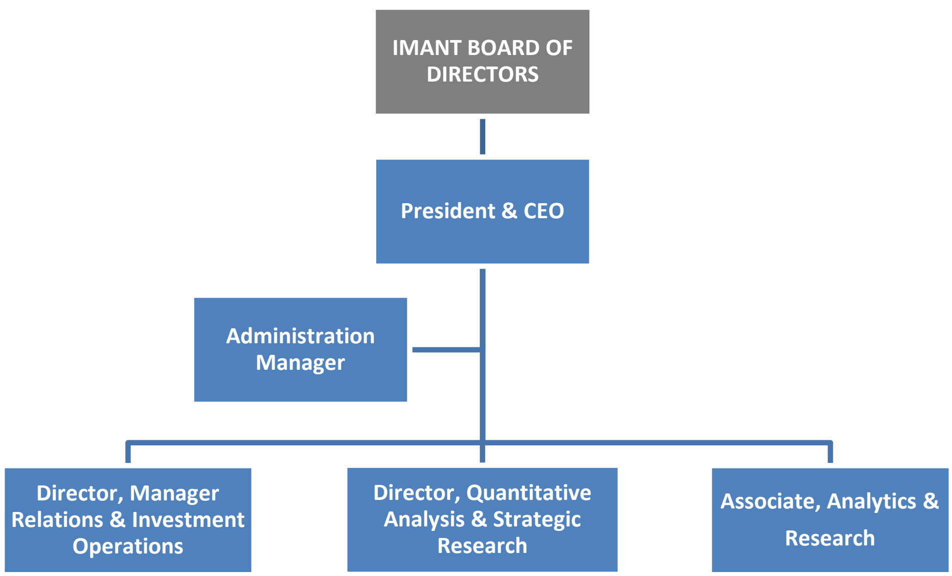
- Formulating investment beliefs to guide the development of investment policies
- Recommending investment policies for the UBC funds to the UBC BOG (with the exception of the Staff Pension Plan), taking into account each fund’s objectives and risk tolerances. This includes asset allocation with ranges, benchmarks, and the currency hedging policy
- Ensuring the appropriateness of long term policy asset mixes relative to obligations/liabilities and to return objectives and advising the University if they are not aligned
- Approving overall investment manager structure, asset class guidelines, and certain investment transactions
- Approving the manager selection process and manager appointment/termination recommendations brought forward by the President and CEO
- Monitoring and evaluating investment performance and cost effectiveness against objectives and benchmarks
- Delegating responsibilities to the President

IMANT's Responsibilities and Organizational Structure

Return requirements and risk preferences are established by the client (various groups at the University) and factored into the investment policy recommendation. The investment policies for all portfolios are recommended by IMANT's President to the IMANT Board with the exception of the Staff Pension Plan (SPP). The SPP's investment policy is prepared by the SPP Board with assistance from their investment and pension consultants and with input from IMANT. The policies are then reviewed by the IMANT Board and submitted to the UBC BOG for approval.

After a fund's investment policy is approved by the UBC BOG, IMANT is responsible for implementing the investment policy asset mix. Rather than making direct investments, IMANT concentrates on evaluating, hiring, monitoring, and replacing external investment managers as required. This "manager of managers" approach is both best practice and the most cost effective for the size of assets under management.

At March 31, 2014, IMANT managed $2.9 billion of UBC and UBC-related portfolio assets. IMANT'S team of investment professionals works under the direction of the President and CEO with oversight by the IMANT Board of Directors.



The President's responsibilities include:

- Preparing the long term investment policies appropriate for the funds' obligations and risk tolerance for recommendation to the IMANT Board (for submission to the UBC BOG)
- Implementing the long term policy asset mixes by recommending the overall investment manager structure, asset class guidelines, and appointment/termination of external investment managers

- Evaluating the investment performance of portfolios to ensure efficient implementation of the long term policy asset mix
- Evaluating the appropriateness of the long term policy asset mixes relative to liabilities and return objectives
- Monitoring and evaluating external investment managers
- Reporting regularly to the IMANT Board and UBC BOG

Market Commentary

Most asset classes ended the past fiscal year with strong one year returns, with the exception of long term and real return bonds. In the Canadian bond market, yields increased slightly, resulting in negative returns on longer term securities, even as the Bank of Canada held the overnight rate target at 1.0%. US equities had the highest return in Canadian dollar terms in midst of debt-ceiling threats, legislation in early 2013 that temporarily warded off the fiscal cliff, a 16-day US government shutdown in October 2013, the US Federal Reserve's tapering process, and a bankruptcy protection filing by Detroit (the largest municipality to do so in US history). Global equity markets wavered with concerns over economic growth as well as an anticipation of rising interest rates while global central banks continued to fight slowing economies with accommodative monetary policies. Slowing growth expectations and inflation pressures in China and emerging markets and fears over the Russia/Ukraine conflict are reflected in the modest performance of emerging markets equities. Decreased demand for commodities also resulted in comparatively weaker Canadian equity markets and a weakened Canadian dollar against most major foreign currencies.

Returns to March 31, 2014 (in Canadian Dollars)				
Asset Class	**Index**	**1 Year**	**4 Year**	**10 Year**
Cash	DEX 91 Day T-Bills	1.0%	0.9%	2.0%
Universe Bonds	DEX Universe Bond	4.5%	6.1%	6.1%
Long Bonds	DEX Long Bond	-1.1%	7.7%	6.9%
Real Return Bonds	DEX Real Return Bond	-6.0%	5.4%	6.0%
Mortgages	DEX Mortgage	4.1%	4.8%	5.8%
Canadian Equities	S&P/TSX	16.0%	7.5%	8.1%
US Equities	S&P 500	32.6%	17.4%	5.6%
International Equities	MSCI EAFE	27.9%	10.3%	4.7%
Emerging Market Equities	MSCI Emerging	7.3%	4.3%	8.2%
Private Equity	Cambridge Assoc. Private Equity	29.4%	21.2%	16.9%
Real Estate	IPD Canada	10.7%	13.0%	11.9%
Hedge Fund of Funds	HFRI FOF: Conservative	5.9%	3.1%	2.6%
	CAD/USD Change	-8.1%	-8.1%	18.6%
	CAD/EUR Change	-14.4%	-9.8%	5.8%
	CAD/JPY Change	0.7%	1.3%	17.2%
	CAD/GBP Change	-16.3%	-16.3%	30.8%

Note: Asset class returns shown are annualized returns. Currency returns shown are cumulative returns, not annualized, and are based on Bank of Canada Noon Rates.

Within alternative investments, demand for real estate and infrastructure assets remained strong, reflecting the increasing need and preference by institutional investors for additional yield. There continues to be a great deal of competition amongst institutional investors for infrastructure investments. Investors have also increasingly emphasized private equities with the hopes of earning a premium over public equities via management control, operational improvements and minimized distractions from the public markets. Private equity managers are making strategic exits on underlying portfolio companies and distributing proceeds to investors, who are looking for the next opportunities to redeploy investment capital.

In this difficult, low yielding market environment, IMANT remains focused on the University's long term objectives and continues to explore strategies to reduce risk and enhance net of fee returns across UBC portfolios.

Funds under Management

At March 31, 2014, IMANT provided oversight on $2.9 billion of assets across seven portfolios (listed in the table below). Each portfolio has different risk and return objectives and varies in policy asset mix as well as corresponding performance results. Some of the portfolios are part of the University's working capital and are shorter term fixed income portfolios. Others are balanced funds that contain traditional public investments in bonds and equities, as well as alternative investments such as private equity, real estate, and infrastructure.

		Market Value ($ millions)	
Portfolio	Mandate	March 31, 2014	March 31, 2013
Endowment Fund	Balanced	1,199.3	1,044.9
Endowments with Investment Restrictions	Various	129.0	116.7
Staff Pension Plan	Balanced	1,150.5	1,020.7
Supplemental Arrangement Plan	Balanced	70.5	62.1
Income Replacement Plan	Balanced	-	10.6
Core Working Capital Fund	Fixed Income	325.4	384.5
Centre for Hip Health Fund	Immunized fixed income	-	0.7
Brain Research Centre Fund	Immunized fixed income	12.0	28.5
Special Working Capital Fund	Fixed Income	2.3	5.1
Total		**$ 2,889.0**	**$ 2,673.9**

Note: Changes in market values reflect investment earnings as well as external cash flows made into and out of the portfolios.

Portfolios are constructed with multiple asset classes for risk diversification and to match assets to liabilities. Client preferences, time horizon, and other factors such as investment management fees are also considered during the asset allocation process.

Endowment Fund ($1,199 million)

The Endowment Fund is the result of the accumulation of over 100 years of philanthropy from generous donors as well as prepaid endowment land lease sale proceeds. The Endowment Fund benefits over 3,000 specific areas throughout all faculties, helping to support learning, teaching, and research for the current and future generations.

Long Term Policy Asset Mix

The Endowment funds are invested in financial assets to generate annual distributions for various programs in accordance with the *Statement of Policies and Procedures* approved by the UBC Board of Governors. As an outcome of an asset mix review completed in mid-2013, a new long term policy asset mix was recommended by the IMANT Board and approved by the Board of Governors.

Changes to the asset mix include a new 5% allocation to mortgages from a 5% reduction in Canadian universe bonds, increased allocations for each of real estate and infrastructure to 12.5% (from 10% and 5% respectively) from a 10% reduction to public equities. In addition, US and international equities were consolidated into a global equity allocation. The previous policy mix, new long term policy mix and the actual mix at March 31, 2014 are presented in the table below. Given the allocation changes involve the real estate and infrastructure asset classes, the transition to the new long term Endowment policy asset mix is expected to be completed over the next three to five years to allow for diversification by vintage year and investment type.

Asset Class	Previous Policy Mix	New Long Term Policy Mix (July 2013)	Actual Mix
Fixed Income	**20.0%**	**20.0%**	**19.0%**
Cash and Net Currency Forwards	2.0%	2.0%	0.6%
Universe Bonds	18.0%	13.0%	12.7%
Mortgages	0.0%	5.0%	5.7%
Equities	**55.0%**	**45.0%**	**61.1%**
Canadian Equities	22.5%	15.0%	23.1%
U.S. Equities	11.3%	0.0%	0.0%
International Equities	11.3%	0.0%	0.0%
Global Equities	0.0%	20.0%	28.6%
Emerging Market Equities	10.0%	10.0%	9.3%
Alternatives	**25.0%**	**35.0%**	**20.0%**
Private Equity	10.0%	10.0%	9.3%
Real Estate	10.0%	12.5%	6.1%
Infrastructure	5.0%	12.5%	4.0%
Hedge Funds	0.0%	0.0%	0.5%
Total	**100.0%**	**100.0%**	**100.0%**

Implementation of the new long term asset mix progressed during the year. The 5% allocation to mortgages was fully invested with two managers. In real estate, one of the portfolio's close-ended Canadian core funds ($10 million) converted into an open-ended fund structure allowing the Endowment to continue holding those properties for income. In infrastructure, a $25 million commitment was made to a global core infrastructure fund and an additional $20 million commitment was made to an existing core infrastructure program managed by a large Canadian public sector pension plan. Combining actual investments and outstanding commitments, the Endowment has 7.5% allocated to real estate and 10.3% allocated to infrastructure equity compared to policy weights of 12.5% and 12.5% respectively. Additional real estate and infrastructure funds are under review by IMANT's investment team. Pacing of new investments (particularly for infrastructure), continues to be slow as external managers have not identified as many opportunities that satisfy their investment criteria.

As infrastructure equity and real estate investment commitments are called by investment managers, funds will be provided from the overweights in Canadian equities and global equities.

During the year, the Endowment also received $5 million of hedge fund proceeds, reducing the asset class weight to 0.5%.

Below is a table summarizing major transactions completed and opportunities reviewed in 2013/2014.

Public Equities and Fixed Income	Alternatives
• invested $68 million in two commercial mortgage funds	• one of the portfolio's close-ended Canadian core funds ($10 million) converted into an open-ended fund structure • commited $25 million to a global core infrastructure fund • commited an additional $20 million to a core developed country infrastructure program managed by a large Canadian public sector pension plan • received $5 million hedge fund redemption proceeds

Actual Return Compared to Required Return

For the Endowment Fund to be sustainable and be able to achieve intergenerational equity, its long-term returns must equal or exceed its required rate of return. The Endowment's current required return objective is equal to the sum of the University's spend rate of 3.5%, administrative expenses of 0.65%, and annual inflation (as proxied by CPI, the Canadian Consumer Price Index).

	1 Year	2 Year	3 Year	4 Year	10 Year
Actual Return	15.6%	13.2%	9.7%	10.0%	5.8%
Required Return*	5.7%	5.5%	5.7%	6.2%	7.1%
	9.9%	**7.7%**	**4.0%**	**3.8%**	**-1.3%**

*The Endowment required return is equal to Spend Rate + Expenses + Inflation (1 Year = 3.5% + 0.65% + 1.55% = 5.7%).

Note: Returns are reported net of external investment management fees starting January 2010. Returns stated are annualized for periods greater than one year. Numbers may not add due to rounding.

Returns of the Endowment Fund portfolio for one year and four years ending March 31, 2014 were 15.6% and 10.0% respectively, which met the required return objectives for the Fund. However, on a 10-year basis, the Fund has not met the required return objective partly due to the 2008 financial crisis and higher spend rate requirements prior to 2009.

The University continues to maintain the long term sustainability of the Endowment by reviewing and managing the balance between the needs of the current and future generations. Significant policy changes to the Endowment Fund over the last five years include:

1. Reducing the University's spend rate from 5% to 3.5% (April 2009)
2. Approving changes to the investment policy asset mix (Fall 2010 and Spring 2013)
3. Reducing the administrative charge of the Endowment from 0.9% to 0.65% (April 2011)

Actual Return Compared to Policy Benchmark

The Endowment Fund return is also compared to its policy benchmark portfolio return to gauge the effectiveness of asset mix implementation. The policy benchmark portfolio serves as a proxy for a passively invested portfolio and consists of a policy weighted average return of different asset class benchmarks. For public investments, public market indices are used. For alternatives, where investable indices are not available, other industry indices, combinations of relevant public indices and inflation plus premium benchmarks are used. For the components of the Endowment investment policy portfolio benchmark, please see page 30.

	1 Year	2 Year	3 Year	4 Year	10 Year
Actual Return	15.6%	13.2%	9.7%	10.0%	5.8%
Inv. Policy Benchmark	15.4%	12.9%	9.0%	9.1%	5.9%
Value Added	**0.2%**	**0.3%**	**0.7%**	**0.9%**	**-0.1%**

For the year, the Endowment Fund returned 15.6% and was 0.2% ahead of the policy benchmark return of 15.4%. Over a four year period, the Fund exceeded its benchmark portfolio return by 0.9% and over a ten year period, the Fund lagged by 0.1%.

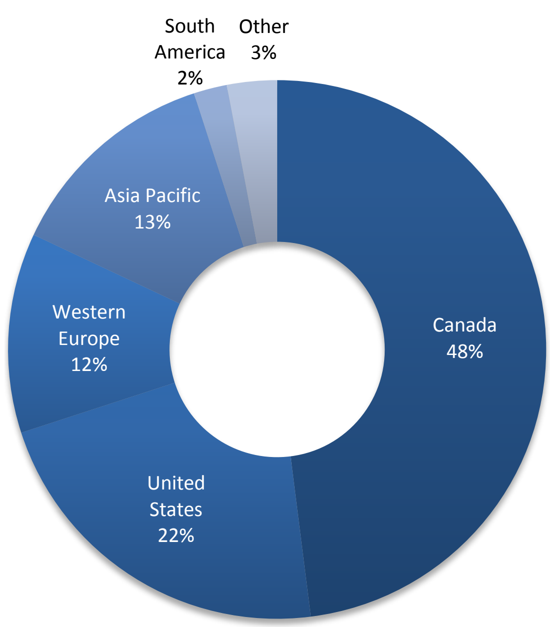
For one year, the value added of 0.2% over the investment policy benchmark resulted from asset allocation decisions by IMANT and value added by external managers. The Fund's return was helped by slight underweights in Canadian bonds and slightly lower hedging ratios in foreign currencies as bonds did not perform as strongly as equities and foreign currencies appreciated against the Canadian dollar. For the year, external managers detracted value overall, with the greatest underperformance coming from private equity managers and foreign public equity managers who could not keep up with very strong public market benchmarks. The overall manager underperformance was partially offset by outperformance of Canadian equity managers.

Since 2005, the Endowment Fund has had a policy to hedge 50% of its foreign currency exposure from non-Canadian investments through currency forwards. After a review by the IMANT Board that concluded Canadian-based investors do not lower volatility of their foreign equity portfolios by hedging the foreign currency exposure over the longer term, the UBC Board of Governors approved a new currency hedging policy effective July 2014 in which only non-equity foreign investment currency exposures will be hedged back to Canadian dollars (e.g. foreign real estate and infrastructure investments). Currency hedging will continue to be managed passively by an external manager through currency forward contracts on major developed market currencies (e.g. US dollar, Euro, Pound Sterling, and Japanese Yen) with investment grade counterparties.

Endowment Fund Exposures

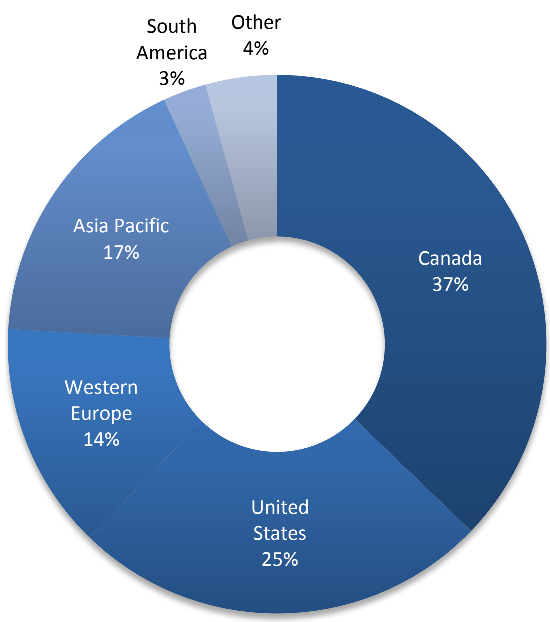
In 2013/2014, IMANT continued to collect information on market exposures of the Endowment Fund, aggregated from the underlying holdings in external manager pooled funds. Exposures at March 31, 2014 are provided for information below.

Endowment Total Fund Exposure by Geographical Region



Endowment Public Equity Exposure

Geography



Sector Breakdown

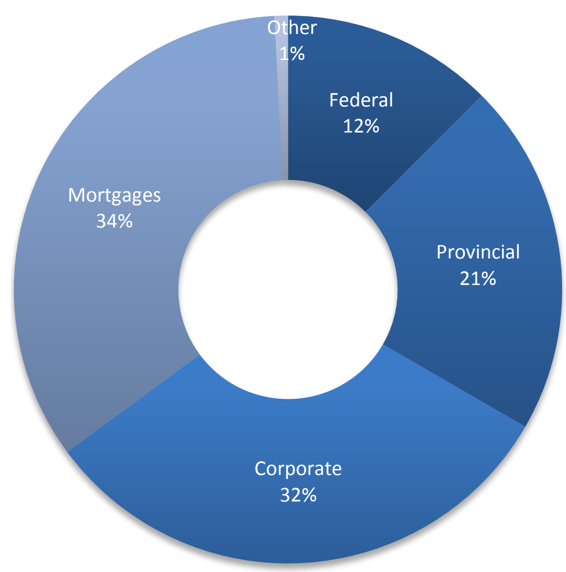
Sector	
Financials	24%
Consumer Staples	16%
Energy	12%
Consumer Discretionary	11%
Industrials	11%
Materials	8%
Technology	8%
Healthcare	5%
Utilities	5%
Telecommunications	4%

Endowment Fixed Income Exposure

Credit Rating

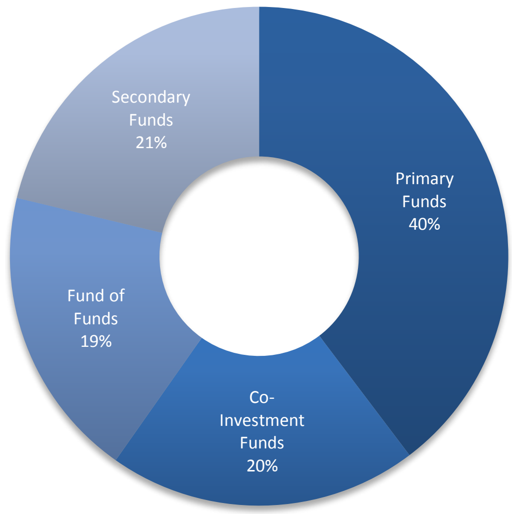
Credit Rating	
AAA	15%
AA	24%
A	16%
BBB	10%
BB/B	1%
Mortgages (unrated)	34%

Issuer Type



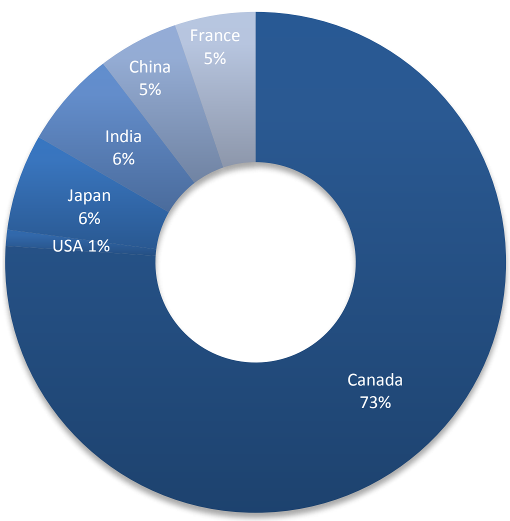
Endowment Private Equity Exposure

Fund Type

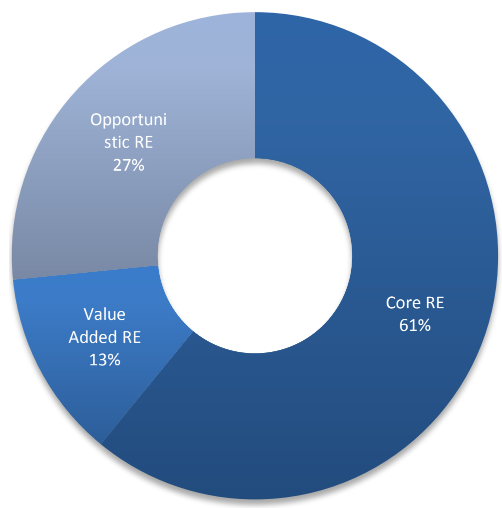


Endowment Real Estate Exposure

Geography



Fund Type

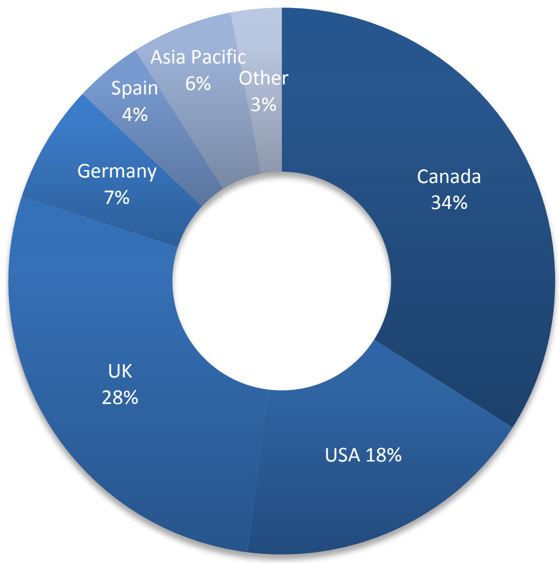


Property Type

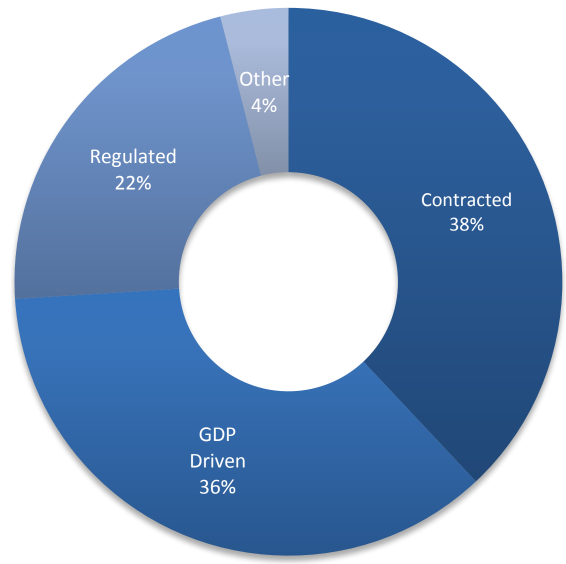
Property Type	
Industrial	40%
Retail	15%
Office	14%
Residential	14%
Hospitality	10%
Mixed Use	4%
Other	3%

Endowment Infrastructure Equity Exposure

Geography



Revenue Type



Industry Sector

Industry Sector	
Transportation	41%
Telecommunications	24%
Electric + Gas	12%
Water	10%
Healthcare Services	6%
Other	7%

Responsible Investing

UBC has a fiduciary responsibility (legal obligation) to manage the Endowment prudently so as to best optimize returns and diversify risk relative to spending requirements and investment return targets in order to meet existing and future obligations. Within the framework of its fiduciary obligation, the UBC Board of Governors Responsible Investment Task Force worked with peer institutions, leaders in the responsible investment field and IMANT staff to develop a new *Responsible Investment Policy* promoting responsible investment practices for the Endowment Fund. It was subsequently approved by the UBC Board of Governors in April 2014.

UBC commits to incorporating Environmental, Social and Governance (ESG) factors into its investment process in the following ways:

1. Manager selection - When selecting and evaluating investment managers, UBC commits to integrate ESG factors. The university will expect all of their public equity managers to incorporate ESG principles in their portfolios within the next three years.
2. Investor engagement - UBC does not invest in companies directly, but rather through pooled funds, managed by external fund managers. Wherever possible, UBC will encourage its fund managers to use their proxy votes to encourage transparency on ESG policies, procedures, and other activities.
3. Direct engagement - While direct engagement with individual companies is not a practical option (as UBC does not invest directly in specific companies), where there is significant exposure to a company, industry, or nation that is facing a considerable ESG issue, UBC will encourage their investment managers to engage directly through available channels.
4. Collective engagement - On a selective basis, UBC will engage issuers, regulators, and industry groups (through third parties) where it is believed that a collective approach to engagement will be more effective than direct engagement.

As one of the practical steps to implementing UBC's *Responsible Investment Policy*, IMANT joined the Canadian Coalition for Good Governance, which better positions IMANT to participate in collective engagement. With respect to investment manager selection and evaluation, IMANT conducted a survey of existing public equity investment managers covering a range of responsible investing considerations and added the integration of ESG considerations as one of IMANT's selection criteria for new investment managers. We will continue to assess the effectiveness of investment managers in integrating ESG considerations in their investment processes and further discuss their progress in this developing area.

Endowments with Investment Restrictions ($129.0 million)

Endowments with Investment Restrictions refer to the endowments specified for UBC at the Vancouver Foundation, UBC Foundation, and Jarislowsky Fraser Limited Investment Counsel. IMANT reviews their respective performance results on behalf of the University but does not have discretion over these investments. At March 31, 2014, they totaled $129.0 million.

		Market Value ($ millions)	
Endowments Held At	**Mandate**	**March 31, 2014**	**March 31, 2013**
UBC Foundation	Canadian Equity common shares	77.6	70.5
Vancouver Foundation	Balanced	48.0	43.2
Jarislowsky Fraser	Balanced	3.4	3.1
Total		**$ 129.0**	**$ 116.8**

UBC Foundation

Assets held at the UBC Foundation consist of a donation of publicly traded common shares for Wall Financial Corporation, a Canadian real estate investment and development company. The assets were valued at $77.6 million on March 31, 2014. UBC did not receive any dividends in fiscal 2013/2014.

Vancouver Foundation

At March 31, 2014, there was $48.0 million of endowment assets at Vancouver Foundation which were invested in Vancouver Foundation's Consolidated Trust Fund, a balanced fund. The policy and actual asset mixes are provided in the table below along with performance information.

Asset Class	Long Term Policy Mix	Actual Mix
Fixed Income	**29.5%**	**28.0%**
Cash and Cash Equivalents	0.0%	0.7%
Fixed Income	24.0%	21.9%
Mortgages	5.5%	5.4%
Equities	**53.5%**	**56.8%**
Canadian Equities	21.5%	23.5%
Global Equities	32.0%	33.3%
Alternatives	**17.0%**	**15.2%**
Real Estate	7.0%	5.4%
Absolute Return Strategy	10.0%	9.8%
Total	**100.0%**	**100.0%**

	1 Year	2 Year	3 Year	4 Year	10 Year
Actual Return	16.8%	13.3%	9.6%	9.7%	6.4%
Inv. Policy Benchmark	13.6%	11.2%	8.8%	9.1%	5.9%
Value Added	**3.3%**	**2.1%**	**0.8%**	**0.6%**	**0.5%**

Note: Returns are reported gross of investment management fees. Returns stated are annualized for periods greater than one year. Numbers may not add due to rounding.

Jarislowsky Fraser

Assets at Jarislowsky Fraser are invested in the JF Global Balanced Fund. The policy and actual asset mixes are provided in the table below along with performance information.

Asset Class	Long Term Policy Mix	Actual Mix
Fixed Income	**46.0%**	**34.6%**
Cash and Cash Equivalents	6.0%	2.9%
Canadian Bonds	40.0%	31.7%
Equities	**54.0%**	**65.4%**
Canadian Equities	22.0%	22.0%
U.S. Equities	16.0%	23.6%
International Equities	16.0%	19.8%
Total	**100.0%**	**100.0%**

	1 Year	2 Year	3 Year	4 Year	10 Year
Actual Return	16.5%	14.3%	11.2%	10.5%	6.6%
Inv. Policy Benchmark	13.0%	10.4%	7.9%	8.3%	5.9%
Value Added	**3.5%**	**3.9%**	**3.2%**	**2.2%**	**0.8%**

Note: Returns are reported gross of investment management fees. Returns stated are annualized for periods greater than one year. Numbers may not add due to rounding.

Staff Pension Plan ($1,150 million)

Established January 1, 1972, the Staff Pension Plan (SPP) is a defined benefit with fixed contributions pension plan that provides retirement, termination, and death benefits for eligible staff of UBC and related employers. The Plan is funded by fixed contributions from Plan members and the University and serves over 10,000 UBC staff employees and retirees. The University has delegated the day-to-day administration of the Plan to the SPP Board. Assets are the property of the plan members and beneficiaries.

Long Term Policy Asset Mix

The SPP funds are invested to provide stable lifetime retirement pensions in accordance with the *Statement of Policies and Procedures* most recently approved by the UBC Staff Pension Plan Board and UBC Board of Governors in April 2013. The following table contains the previous policy mix, new long term policy mix and the actual mix at March 31, 2014. Investment in real estate and infrastructure equity assets will continue to be made over a period of three to five years to achieve a diversified portfolio by vintage year and investment type.

Asset Class	Previous Policy Mix	New Long Term Policy Mix (Apr 2013)	Actual Mix
Fixed Income	**45.0%**	**45.0%**	**42.5%**
Cash and Net Currency Forwards	1.0%	1.0%	0.8%
Long Bonds	24.0%	24.0%	23.3%
Real Return Bonds	5.0%	5.0%	3.7%
Mortgages	5.0%	5.0%	4.7%
Infrastructure Debt	10.0%	10.0%	10.0%
Equities	**30.0%**	**25.0%**	**38.2%**
Canadian Equities	15.0%	10.0%	15.8%
U.S. Equities	7.5%	0.0%	0.0%
International Equities	7.5%	0.0%	0.0%
Global Equities	0.0%	10.0%	17.6%
Emerging Market Equities	0.0%	5.0%	4.8%
Alternatives	**25.0%**	**30.0%**	**19.4%**
Private Equity	5.0%	5.0%	5.7%
Real Estate	8.0%	12.5%	8.4%
Infrastructure Equity	12.0%	12.5%	4.9%
Hedge Funds	0.0%	0.0%	0.4%
Total	**100.0%**	**100.0%**	**100.0%**

During the year, IMANT continued implementing the portfolio’s transition plan. The emerging market equity allocation was invested with one fundamental manager and one low volatility manager. In real estate, two of the portfolio’s close-ended Canadian core funds converted into an open-ended fund structure, allowing the SPP to continue holding those properties for income. At March 31, 2014, combining actual investments and outstanding commitments, the Staff Pension Plan has 10.0% allocated to real estate, compared to a policy weight of 12.5%. In infrastructure equity, a $15 million commitment was made to a global core infrastructure fund. At the end of March 2014, infrastructure equity investments had an actual weight of 4.9% in the portfolio compared to a policy weight of 12.5%. Combining actual investments and outstanding commitments, the Staff Pension Plan has 11.8% allocated to infrastructure equity investments. Additional real estate and infrastructure funds are being reviewed by the investment team.

As infrastructure equity and real estate investment commitments are called by investment managers, funds will be provided from the overweights in Canadian equities and global equities.

During the year, the Fund received $5 million of hedge fund proceeds, reducing the asset class weight to 0.4%.

Below is a table summarizing major transactions completed and opportunities reviewed in 2013/2014.

Public Equities and Fixed Income	Alternatives
• invested additional $20 million in listed infrastructure debt • invested 5% emerging market equity allocation with a fundamental manager ($35 million) and with a low volatility strategy manager ($17.5 million)	• two of the portfolio's close-ended Canadian core funds $28 million) converted into an open-ended fund structure • committed $15 million to a global core infrastructure fund • pursued infrastructure equity co-investment opportunities • received $5 million hedge fund redemption proceeds

Actual Return Compared to Policy Benchmark

	1 Year	2 Year	3 Year	4 Year	10 Year
Actual Return	10.4%	10.2%	9.2%	9.4%	6.0%
Inv. Policy Benchmark	8.7%	9.2%	8.1%	8.4%	6.0%
Value Added	**1.7%**	**1.0%**	**1.0%**	**1.0%**	**-0.0%**

Note: Returns are reported net of external investment management fees starting January 2010. Returns stated are annualized for periods greater than one year. Numbers may not add due to rounding.

The SPP return is compared to its benchmark portfolio return to gauge the effectiveness of asset mix implementation. For the year, the Staff Pension Plan returned 10.4% and was 1.7% ahead of the policy benchmark return of 8.7%. Over a four year period, the Plan outperformed the benchmark portfolio by

1.0% and over a ten year period, the Plan return matched the benchmark return. For the components of the Staff Pension Plan investment policy portfolio benchmark, please see page 30.

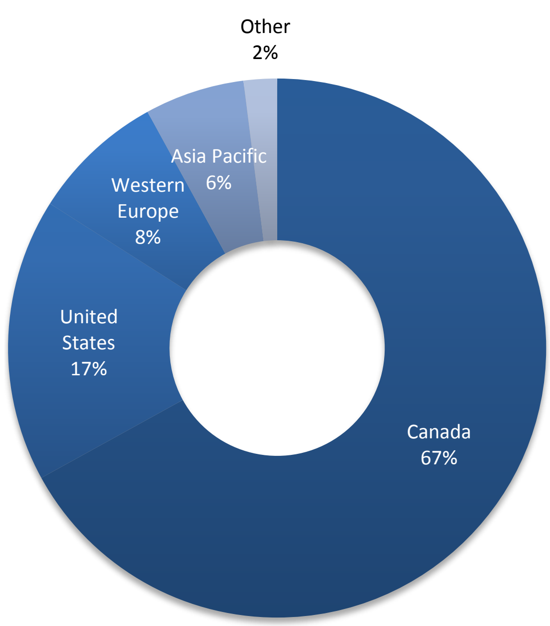
Asset allocation contributed to the value added during the year from an underweight in bonds, an overweight in private equity and slightly lower hedging ratios in foreign currencies. Canadian equity managers again led in manager outperformance but this was partially offset by the underperformance by foreign equity and private equity managers relative to very strong public market benchmarks.

Since 2005, the Staff Pension Plan has followed the same currency hedging policy as the Endowment Fund to hedge 50% of its foreign currency exposure. After a review by the IMANT Board that concluded Canadian-based investors do not lower volatility of their foreign equity portfolios by hedging the foreign currency exposure over the longer term, the Staff Pension Plan Board and UBC Board of Governors approved a new currency hedging policy effective July 2014 in which only non-equity foreign investment currency exposures will be hedged back to Canadian dollars (e.g. foreign real estate and infrastructure investments). Currency hedging will continue to be managed passively by an external manager through currency forward contracts on major developed market currencies (e.g. US dollar, Euro, Pound Sterling, and Japanese Yen) with investment grade counterparties.

Staff Pension Plan Risk Exposures

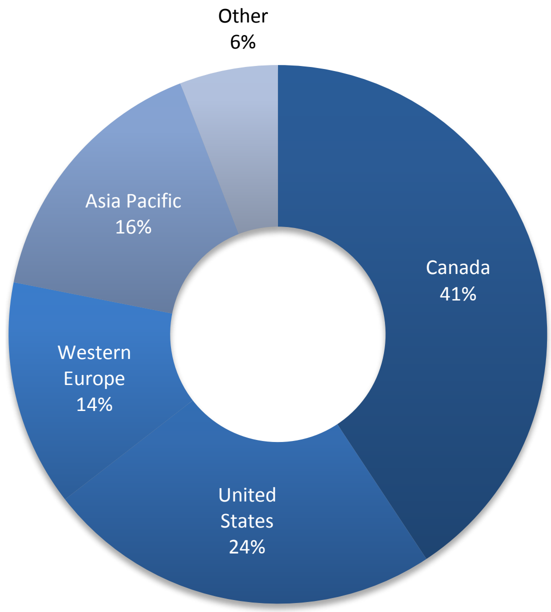
In 2013/2014, IMANT continued to collect information on the market exposures of the Staff Pension Plan, aggregated from the underlying holdings in external manager pooled funds. Exposures at March 31, 2014 are provided for information below.

Staff Pension Plan Total Fund Exposure by Geographical Region



Staff Pension Plan Public Equity Exposure

Geographical Region



Sector Breakdown

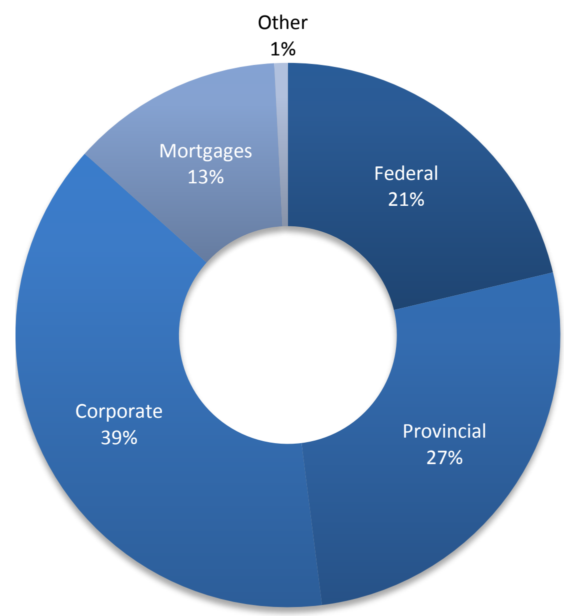
Sector	
Financials	25%
Energy	13%
Industrials	12%
Consumer Staples	10%
Consumer Discretionary	10%
Materials	8%
Technology	8%
Healthcare	5%
Utilities	5%
Telecommunications	4%

Staff Pension Plan Fixed Income Exposure

By Credit Rating

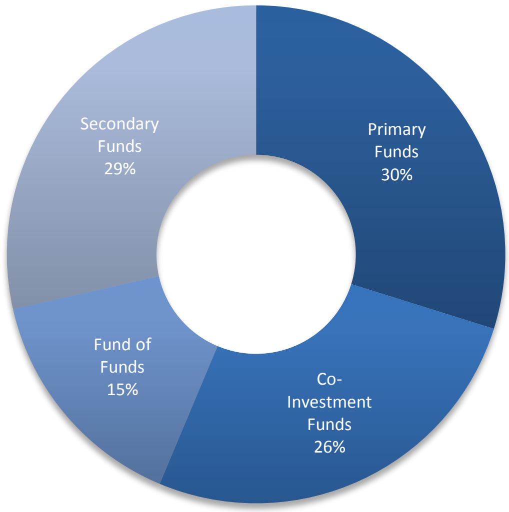
Credit Rating	
AAA	25%
AA	19%
A	25%
BBB	6%
Other (mortgages/unrated)	25%

Issuer Type



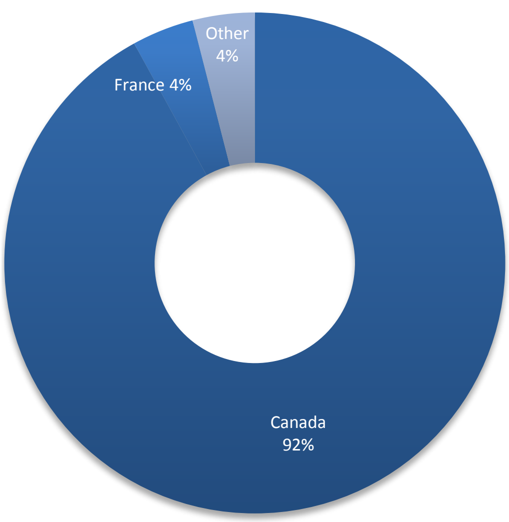
Staff Pension Plan Private Equity Exposure

Fund Type

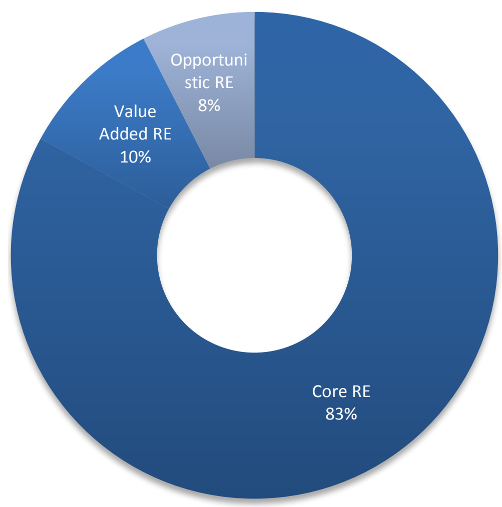


Staff Pension Plan Real Estate Exposure charts to be added

Geography



Fund Type

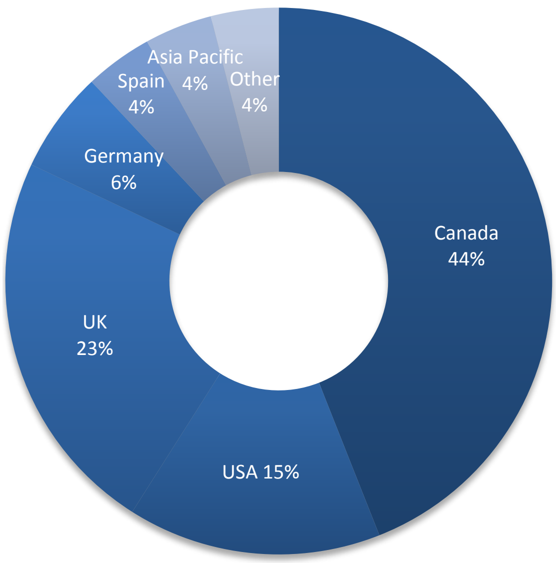


Property Type

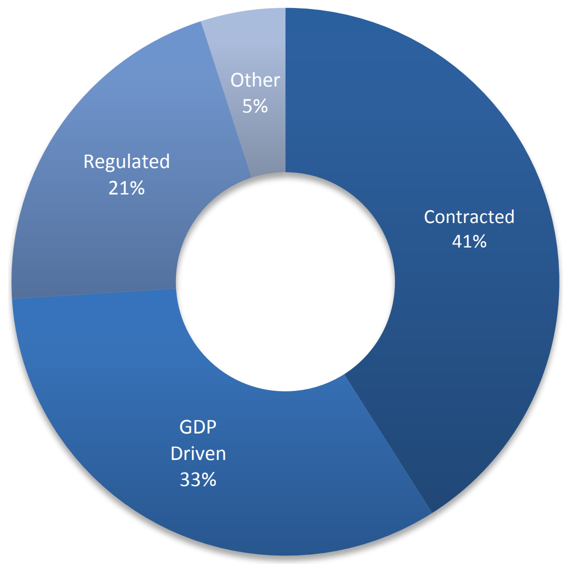
Property Type	
Industrial	31%
Retail	26%
Office	16%
Residential	16%
Hospitality	8%
Mixed Use	1%
Other	2%

Staff Pension Plan Infrastructure Exposure

Geography



Revenue Type



Industry Sector

Industry Sector	
Transportation	42%
Telecommunications	18%
Electric + Gas	13%
Healthcare Services	11%
Water	8%
Other	8%

Supplemental Arrangement ($70.5 million)

The Supplemental Arrangement, serving about 1,000 members, is a tax deferred benefits plan for UBC employees whose annual contributions exceed the limit allowed under the Income Tax Act for registered pension plans. The Plan is an extension of the UBC Faculty Pension Plan (FPP) and has a policy asset mix consisting of 60% equities and 40% fixed income.

The policy asset mix and actual asset mix at March 31, 2014 are presented below.

Asset Class	Policy Mix	Actual Mix
Fixed Income	**40.0%**	**39.6%**
Cash and Cash Equivalents	0.0%	0.2%
Bonds & Mortgages	40.0%	39.4%
Equities	**60.0%**	**60.4%**
Canadian Equities	20.0%	20.3%
Global Equities	35.0%	31.4%
Emerging Market Equities		3.8%
Real Estate (REITs)	5.0%	5.0%
Total	**100.0%**	**100.0%**

For the year, the Supplemental Arrangement returned 11.8% and was 0.1% behind the policy benchmark return of 11.9% (please see the following table). Over a four year period, the Fund returned 10.0% and was on par with the policy benchmark. There is no value add expected for the Fund as it is invested in an index fund structure to match the UBC Faculty Pension Plan asset mix to the extent possible.

	1 Year	2 Year	3 Year	4 Year	10 Year
Actual Return	11.8%	10.0%	6.9%	7.9%	6.1%
Inv. Policy Benchmark	11.9%	10.0%	7.0%	7.9%	6.2%
Value Added	**-0.1%**	**0.1%**	**-0.1%**	**-0.0%**	**-0.1%**

Note: Returns are reported gross of investment management fees. Returns stated are annualized for periods greater than one year. Numbers may not add due to rounding.

Core Working Capital Fund ($325.4 million)

The Core Working Capital Fund (CWCF) consists of monies from the reserves of the University's working capital pool. These include proceeds from provincial operating grants, tuition fees, private, corporate and government research grants, operating income, and funds for capital projects. The Fund is structured as a passive fixed income portfolio of Government of Canada, Provincial and agency bonds with a duration of approximately four years and a focus on capital preservation. Overall responsibility for the University's cash management rests with UBC Treasury.

The following table contains the policy asset mix and actual asset mix at March 31, 2014.

Asset Class	Policy Mix	Actual Mix
Fixed Income	**100.0%**	**100.0%**
Cash and Cash Equivalents		12.7%
Bonds and Mortgages		87.3%
Total	**0.0%**	**100.0%**

For the year, the CWCF returned 1.2% and was 0.2% behind the policy benchmark return of 1.4% (see the following table). Over a four year period, the Fund return exceeded the benchmark by 0.5%.

	1 Year	2 Year	3 Year	4 Year
Actual Return	1.2%	2.4%	3.8%	4.0%
Inv. Policy Benchmark	1.4%	2.0%	3.4%	3.5%
Value Added	**-0.2%**	**0.4%**	**0.4%**	**0.5%**

Note: Returns are reported gross of investment management fees. Returns stated are annualized for periods greater than one year. Numbers may not add due to rounding. The policy benchmark consists of the combined return of 50% 3-year Canada bond and 50% 5-year Canada bond.

Special Working Capital Fund ($2.3 million)

The Special Working Capital Fund is a workout portfolio of asset backed commercial paper (ABCP) securities. IMANT assumed responsibility for the portfolio in October 2007. The securities in this portfolio were restructured in the last several years and the remaining securities are not trading actively in the public markets. During the past fiscal year, $3.9 million of income and proceeds were realized and transferred to the Core Working Capital Fund.

Brain Research Centre Fund ($12.0 million)

The Brain Research Centre Fund (BRCF) consists of a pooling of monies received from the federal government and BC provincial government to fund laboratory and construction costs for a learning and research centre dedicated to major advances in brain research. The Fund is structured as a passive portfolio of shorter term fixed income securities designed to provide cash inflows to broadly match forecasted outlays required to cover operating and expected capital costs relating to the construction schedule. Approximately $17 million was withdrawn during the year for construction costs.

The following contains the policy asset mix and actual asset mix at March 31, 2014.

Asset Class	Policy Mix	Actual Mix
Fixed Income	**100.0%**	**100.0%**
Cash and Cash Equivalents		100.0%
Bonds and Mortgages		
Total	**100.0%**	**100.0%**

For the year, the BRCF returned 1.1% and was 0.1% ahead of the policy benchmark return of 0.9% (see the following table). Over a four year period, the Fund exceeded the benchmark by 0.6%.

	1 Year	2 Year	3 Year	4 Year
Actual Return	1.1%	1.1%	1.3%	1.4%
Inv. Policy Benchmark	0.9%	0.9%	0.9%	0.8%
Value Added	**0.1%**	**0.2%**	**0.3%**	**0.6%**

Note: Returns are reported gross of investment management fees. Returns stated are annualized for periods greater than one year. Numbers may not add due to rounding. The policy benchmark is the FTSE TMX Canada 30-day T-bill index.

Investment Management Fees

Investment management fees charged by IMANT's external investment managers can vary widely depending on the type of investments in the portfolios, the mandate size and whether there is an incentive fee. Below is a summary of total external investment management fees as a percentage of assets for the Endowment and Staff Pension Plan. The figures include base and incentive fees, some of which are invoiced and some of which are charged directly to the funds by investment managers.

	Endowment Fund	Staff Pension Plan
Traditional Assets		
Base Fees	0.27%	0.21%
Incentive Fees	0.01%	0.01%
Subtotal	**0.28%**	**0.22%**
Alternative Assets		
Base Fees	1.15%	0.97%
Incentive Fees	0.98%	1.08%
Subtotal	**2.13%**	**2.05%**
Overall	**0.69%**	**0.75%**

Below are the external investment management fees for the Supplemental Arrangement, Income Replacement Plan, and working capital portfolios.

	Supplemental Arrangement	Core Working Capital	Brain Research Centre	Special Working Capital
Base Fees	0.05%	0.03%	0.10%	0.15%

In addition to the above, UBC portfolios also pay for other expenses including IMANT's portfolio management fees, custody fees, transaction fees, performance measurement fees, and fund administration expenses. IMANT's portfolio management fees are charged to UBC portfolios on a cost recovery basis. For the fiscal year, IMANT's fees totaled $1.6 million, representing a cost of 7 basis points (0.07%) to UBC portfolio assets.

Endowment Fund and Staff Pension Plan Investment Policy Benchmarks

The Endowment Fund and Staff Pension Plan investment policy benchmarks are provided below for reference.

Endowment Fund

Asset Class	Investment Policy Portfolio Benchmark	Long Term Policy Allocation
Fixed Income		**20.0%**
Cash & Cash Equivalents	FTSE TMX Canada 91 Day T-Bill Index	2.0%
Universe Bonds	FTSE TMX Canada Universe Bond Index	13.0%
Mortgages	FTSE TMX Canada Short Term Bond Index + 1.0%	5.0%
Equities		**45.0%**
Canadian Equities	S&P/TSX Composite Index	15.0%
Global Equities	MSCI World Net Index (CAD)	20.0%
Emerging Market Equities	MSCI Emerging Markets Net Index (CAD)	10.0%
Alternatives		**35.0%**
Private Equity	MSCI World Net Index (CAD) + 2% (lagged 3 months)	10.0%
Real Estate	CPI + 4.0%	12.5%
Infrastructure	CPI + 4.5%	12.5%
Hedge Funds	HFRI Fund of Funds: Conservative Index (CAD)	0.0%
Total		**100.0%**

Staff Pension Plan

Asset Class	Investment Policy Portfolio Benchmark	Long Term Policy Allocation
Fixed Income		**45.0%**
Cash & Cash Equivalents	FTSE TMX Canada 91 Day T-Bill Index	1.0%
Long Bonds	FTSE TMX Canada Long Term Overall Bond Index	24.0%
Real Return Bonds	FTSE TMX Canada Real Return Bond Index	5.0%
Mortgages	65% FTSE TMX Canada Long Term Federal Bond Index/35% FTSE TMX Canada Mid Term Federal Bond Index + 1.35%	5.0%
Infrastructure Debt	FTSE TMX Canada Long Term Federal Bond Index + 1.9%	10.0%
Equities		**25.0%**
Canadian Equities	S&P/TSX Composite Index	10.0%
Global Equities	MSCI World Net Index (CAD)	10.0%
Emerging Market Equities	MSCI Emerging Markets Net Index (CAD)	5.0%
Alternatives		**30.0%**
Private Equity	MSCI World Net Index (CAD) + 2% (lagged 3 months)	5.0%
Real Estate	CPI + 4.0%	12.5%
Infrastructure Equity	CPI + 4.5%	12.5%
Hedge Funds	HFRI Fund of Funds: Conservative Index (CAD)	0.0%
Total		**100.0%**

Independent Auditor's Report

ROLFE, BENSON LLP CHARTERED ACCOUNTANTS

1500 – 1090 West Georgia Street
Vancouver, B.C. V6E 3V7
Telephone: 604-684-1101 Fax: 604-684-7937
E-mail: admin@rolfebenson.com

INDEPENDENT AUDITORS' REPORT

To the Directors,
UBC Investment Management Trust Incorporated

Report on the Financial Statements

We have audited the accompanying financial statements of UBC Investment Management Trust Incorporated, which comprise the balance sheet as at 31 March 2014, and the statements of retained earnings (deficit), earnings and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for private enterprises, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the management's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the management's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

INDEPENDENT AUDITORS' REPORT – Continued

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of UBC Investment Management Trust Incorporated as at 31 March 2014, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises.

Rolfe, Benson LLP

CHARTERED ACCOUNTANTS

Vancouver, Canada
30 May 2014

UBC INVESTMENT MANAGEMENT TRUST INCORPORATED
Balance Sheet
31 March 2014

		2014		2013
Assets				
Current				
Cash	**$**	**198,513**	$	246,494
Accounts receivable		**8,329**		20,572
Prepaid expenses		**25,041**		18,461
		231,883		285,527
Equipment and leasehold improvements (Note 3)		**39,242**		39,943
Security deposit		**5,941**		5,941
	$	**277,066**	$	331,411
Liabilities				
Current				
Accounts payable and accrued liabilities (Note 4)	**$**	**314,892**	$	336,457
Due to shareholder (Note 5)		**56,598**		56,877
		371,490		393,334
Due to shareholder (Note 5)		**-**		45,000
Deferred lease inducement (Note 6)		**7,101**		10,509
		378,591		448,843
Commitments (Note 7)				
Shareholder's Equity (Deficit)				
Share capital (Note 8)		**100**		100
Retained earnings (deficit)		**(101,625)**		(117,532)
		(101,525)		(117,432)
	$	**277,066**	$	331,411

APPROVED BY THE DIRECTORS:

_____________________ Director _____________________ Director

The accompanying notes are an integral part of these financial statements.

UBC INVESTMENT MANAGEMENT TRUST INCORPORATED
Statement of Retained Earnings (Deficit)
For the year ended 31 March 2014

		2014		2013
Balances - beginning of year	**$**	**(117,532)**	$	(192,228)
Net earnings for the year		**15,907**		74,696
Balance - end of year	**$**	**(101,625)**	$	(117,532)

The accompanying notes are an integral part of these financial statements.

UBC INVESTMENT MANAGEMENT TRUST INCORPORATED
Statement of Earnings
For the year ended 31 March 2014

		2014		2013
Revenue				
Portfolio management fees (Note 5)	**$**	**1,602,046**	$	1,672,640
Expenses				
Salaries and related benefits		**1,038,196**		1,097,990
Directors fees and expenses		**193,235**		175,182
Office lease		**103,916**		96,335
Computer support		**74,271**		64,646
Travel, conferences, and seminars		**59,686**		71,362
Office		**30,485**		26,026
Executive searches and consulting		**25,697**		6,203
Legal		**15,567**		13,672
Telephone		**10,842**		10,006
Audit and accounting		**9,200**		9,453
Dues and memberships		**7,004**		3,913
Bank charges and interest (Note 5)		**3,901**		3,585
Advertising and promotion		**2,710**		982
Repairs and maintenance		**299**		-
Insurance		**-**		5,314
Amortization of equipment		**11,130**		11,790
Amortization of intangible assets		**-**		1,485
		1,586,139		1,597,944
Net earnings for the year	**$**	**15,907**	$	74,696

The accompanying notes are an integral part of these financial statements.

UBC INVESTMENT MANAGEMENT TRUST INCORPORATED
Statement of Cash Flows
For the year ended 31 March 2014

	2014	2013
Cash provided by (used in):		
Operating activities		
Net earnings for the year	**$ 15,907**	$ 74,696
Items not involving cash		
Amortization of equipment and leasehold improvements	**11,130**	11,790
Amortization of intangible assets	**-**	1,485
Amortization of deferred lease inducement	**(3,408)**	(3,408)
	23,629	84,563
Changes in non-cash working capital balances		
Accounts receivable	**12,243**	(22)
Prepaid expenses	**(6,580)**	5,625
Accounts payable and accrued liabilities	**(21,565)**	(42,025)
	7,727	48,141
Investing activity		
Purchase of equipment and leasehold improvements, net	**(10,429)**	(13,456)
Financing activity		
Advances to shareholder	**(45,279)**	(45,279)
Net decrease in cash	**(47,981)**	(10,594)
Cash - beginning of year	**246,494**	257,088
Cash - end of year	**$ 198,513**	$ 246,494

The accompanying notes are an integral part of these financial statements.

1. Incorporation

The Company was incorporated on 28 March 2003 under the provisions of the Company Act of British Columbia and commenced operations on that date.

The Company is a wholly owned subsidiary of the University of British Columbia (UBC). The Company manages four of UBC's investment funds and the Company earns a portfolio management fee for its services.

2. Summary of significant accounting policies

(a) Financial instruments

(i) Measurement of financial instruments

The Company initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions.

The Company subsequently measures all of its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net income.

Financial assets measured at amortized cost include cash and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and amounts due to shareholder.

(ii) Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

(iii) Transaction costs

The Company recognizes its transaction costs in net income in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

2. Summary of significant accounting policies - Continued

(b) Revenue recognition

Fees for services are recognized as revenue when the services are rendered and billed.

(c) Equipment

Equipment is recorded at cost and is being amortized over its estimated useful life on the following basis. The annual amortization rates and methods are as follows:

Furniture and fixtures	20% Declining balance
Computer equipment	30% Declining balance

(d) Leasehold improvements

Leasehold improvements are recorded at cost and are amortized on a straight-line basis over six years.

(e) Intangible assets

Intangible assets are recorded at cost. The Company provides for amortization using the following methods at rates designed to amortize the cost of the intangible assets over their estimated useful lives. The annual amortization rates and methods are as follows:

Computer software	100% Declining balance

(f) Impairment of long-lived assets

The Company tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected undiscounted future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent carrying value exceeds its fair value.

(g) Income taxes

The Company follows the asset and liability method of accounting for income taxes. Under this method, current income taxes are recognized for the estimated income taxes payable for the current year. Future income tax assets and liabilities are recognized for the estimated tax consequences attributable to temporary differences between the amounts reported in the financial statements and their respective tax basis, using enacted income tax rates. The effect of a change in income tax rates on future income tax assets and liabilities is recognized in operations in the period that the rate becomes substantially enacted.

2. Summary of significant accounting policies - Continued

(h) Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for private enterprises requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

3. Equipment and leasehold improvements

	Cost	Accumulated Amortization	2014 Net	2013 Net
Furniture and fixtures	$ 89,125	$ 76,968	$ 12,157	$ 15,064
Computer equipment	62,529	51,925	10,604	15,049
Leasehold improvements	73,606	57,125	16,481	9,830
	$ 225,260	$ 186,018	$ 39,242	$ 39,943

4. Accounts payable and accrued liabilities

	2014	2013
Accounts payable and accrued liabilities	$ 301,592	$ 303,415
GST payable	13,301	33,043
	$ 314,892	$ 336,457

5. Shareholder transactions

(a) During the year the Company entered into the following transactions with UBC:

		2014		2013
Portfolio management fees	**$**	**1,602,046**	$	1,672,640
Operating expenses	**$**	**16,451**	$	21,122
Interest expense	**$**	**1,811**	$	2,926

(b) Due to shareholder

		2014		2013
Advances - UBC	**$**	**11,598**	$	11,877
Promissory note - UBC		**45,000**		90,000
		56,598		101,877
Less current portion		**56,598**		56,877
Due beyond one year	**$**	**-**	$	45,000

The promissory note is unsecured and bears interest at the greater of the Bank of Canada Prime Rate less 1% and 2.5%. The note is repayable at $45,000 per year for the next five years. The note is to be fully repaid by 31 March 2015, unless otherwise agreed to by the shareholder by 1 March 2015.

(c) Included in accounts payable are amounts due to:

		2014		2013
UBC	**$**	**44,598**	$	43,057

These transactions were in the normal course of operations and were measured at the exchange value which represented the amount of consideration established and agreed to by the related parties.

6. Deferred lease inducement

	2014	2013
Office lease	**$ 7,101**	$ 10,509

The Company received a lease inducement of $20,450 as part of its office lease agreement. This amount has been recorded as a deferred lease inducement and is being amortized as a reduction of rent expense on a straight-line basis over the term of the agreement. The deferred portion of the lease inducement will be amortized into income as follows:

2015	**$ 3,408**
2016	**3,408**
2017	**285**
	$ 7,101

7. Commitments

The Company is committed to the rental of office premises and equipment under long-term operating leases which expire at various dates to 2017. The minimum annual lease payments are as follows:

2015	$ 64,843
2016	64,638
2017	43,092
	$ 172,573

8. Share capital

Authorized

100,000 common shares without par value

Issued

	2014	2013
100 common shares	**$ 100**	$ 100

9. Financial instruments

The Company is exposed to various risks through its financial instruments. The following analysis provides a measure of the Company's risk exposure and concentrations at the balance sheet date, 31 March 2014.

(a) Liquidity risk

Liquidity risk is the risk that a Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company is exposed to liquidity risk mainly in respect of its accounts payable and accrued liabilities and amounts due to shareholder.

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's main credit risk relates to its accounts receivable. The Company provides credit to its clients in the normal course of the operations.

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Company is mainly exposed to interest rate risk.

(d) Interest rate risk

Interest rate risk is the risk that the fair market value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk on its floating interest rate financial instruments. Floating-rate instruments subject the Company to a cash flow risk.

10. Non-capital losses

The Company has non-capital losses carried forward of $79,188 which are available to reduce the taxable income of future years. If not utilized, these non-capital losses will expire as follows:

2030	$	57,420
2031		3,401
2032		10,032
2033		8,335
	$	79,188

Board of Directors

As at March 31, 2014

Ken Bancroft
President, Pathfinder Asset Management

Larry Blain
Corporate Director

Sarah Boatman
Director, Business Development & Strategy
Microsoft Studios

Martin Glynn
Corporate Director & Board Chair

Paul Haggis
Corporate Director

Brian Kenning
Corporate Director & Vice Chair

Alice Laberge
UBC Board of Governors

Pierre Ouillet
Vice President, Finance, Resources & Operations
University of British Columbia

Jay Parker
Executive Director
UBC Staff Pension Board

Cheryl Yaremko
Chief Financial Officer
BC Hydro

Investment Managers by Mandate

As at March 31, 2014 (Across All Portfolios)

Manager	Mandate(s)	Market Value ($ millions)
Canadian Fixed Income & Mortgages		**$ 940.4**
Cash	N/A	
ACM Advisors	Commerical Mortgages	
Addenda Capital	Commerical Mortgages	
Leith Wheeler Investment Counsel Ltd.	Cash Flow Matching Short Term Bond	
Phillips, Hager & North Investment Management	Universe Bond, Mortgages, Short Term Bond, Long Bond	
PIMCO	ABCP Workout Portfolio	
State Street Global Advisors	Universe Bond Index, Long Bond Index, Real Return Bond Index	
Infrastructure Debt		**115.4**
Fiera Capital Corporation	Infrastructure Debt - Canadian	
Stonebridge Financial Corporation	Infrastructure Debt - Canadian	
Canadian Equity		**536.4**
Beutel, Goodman & Company Ltd.	Canadian Dividend	
BlackRock Asset Management	Enhanced Canadian Index	
Leith Wheeler Investment Counsel Ltd.	Canadian Value	
UBC Foundation (Wall Financial Corporation)	Canadian Equity common shares	
Global Equity (including Emerging Markets)		**712.8**
AQR Capital Management	Emerging Markets Low Volatility	
Leith Wheeler (subadvised by Sprucegrove Investment Management)	International Value	
State Street Global Advisors	US Index	
TD Asset Management	Global Low Volatility	
Vontobel Asset Management	Emerging Markets Growth at a Reasonable Price	

Manager	Mandate(s)	Market Value ($ millions)
Private Equity		**176.9**
Fulcrum Capital Partners	Buyout/Mezzanine - Global	
GE Asset Management	Buyout - Global	
Hamilton Lane	Co-investment - Global	
Kern Partners Ltd.	Energy - North America	
Lexington Capital	Secondaries - Global	
MatlinPatterson Global Advisors	Distressed - Global	
NB Alternatives	Secondaries - Global	
Northleaf Capital	Fund of funds - Global	
Pantheon Ventures	Fund of funds - Global	
The Carlyle Group	Buyout - US and Asia	
Real Estate		**170.1**
Aetos Capital	Real Estate - Asia	
British Columbia Investment Management Corporation (bcIMC)	Real Estate - Canada	
Bentall Kennedy	Real Estate - Canada	
GPM Investment Management	Real Estate - Canada	
LaSalle Investment Management	Real Estate - Canada, Asia, Japan	
Fiera Properties Ltd.	Real Estate - Canada	
Starwood Capital	Real Estate - US, Asia, Europe	
Woodbourne Canada Management	Real Estate - Canada	
Infrastructure Equity		**103.9**
Direct co-investments (administered by Kindle Capital)	Infrastructure co-investments - Worldwide	
British Columbia Investment Management Corporation (bcIMC)	Infrastructure Equity - Global	
Fengate Capital Management	Infrastructure Equity - Canada (public-private partnerships)	
Macquarie	Infrastructure Equity - North America	
RREEF Infrastructure	Infrastructure Equity - Europe	
Hedge Fund of Funds		**11.2**
BlackRock Alternative Advisors	Hedge Fund of Funds	
Blackstone Alternative Asset Management	Mortgage Credit	
Diversified Global Asset Management	Hedge Fund of Funds	
Currency Hedging		**N/A**
State Street Global Advisors	Passive	
Balanced Funds		**121.9**
BlackRock Asset Management	Passive Index	
Jarislowsky Fraser	Balanced	
Vancouver Foundation	Balanced	
Total Assets Under Management		**$ 2,889.0**

Advisors/Service Providers

Auditor	Rolfe, Benson LLP Chartered Accountants
Custodians/Administrators	RBC Investor Services, Industrial Alliance
Legal Counsel	Bull, Housser & Tupper LLP
Performance Consultant	API Asset Performance Inc.

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