BRANDON UNIVERSITY
RETIREMENT PLAN

ANNUAL REPORT - 2009

Incorporating the Annual Financial Statements

BRANDON
UNIVERSITY
Founded 1899

June 2010

Dear Member:

Enclosed is a detailed report on the operation of the Brandon University Retirement Plan this past year. Its purpose is to provide general information to the membership, particularly with regard to the financial operation and performance of the Plan. Full audited financial statements for the year ended December 31, 2009 are included in this report.

The Plan, under the guidance of Connor, Clark & Lunn Investment Management Ltd., had a rate of return of 16.8% in 2009 (-16.7% in 2008). The December 31, 2007 Brandon University Retirement Plan valuation completed by the Plan actuary, Eckler Ltd. determined that the Plan had a solvency deficiency of Plan assets over calculated Plan obligations (liabilities) of $2,209,000. The solvency ratio is 0.979. "Solvency Valuation" assumes the unlikely scenario that Brandon University would cease operations and all pension benefit obligations would immediately have to be fully paid to every plan member using annuities purchased at today's unusually low interest rates.

A "Going-Concern Valuation" assumes Brandon University will continue to operate and the Retirement Plan will continue to operate and pension benefit obligations will come due through member retirement, termination of employment or death. The Going-Concern or Aggregate funding method for December 31, 2007 shows a surplus of $5,369,000.

Two amendments were made to the Retirement Plan in 2009. One amendment took effect April 1, 2009 and increased the maximum allowable pension from $1,722.22 per year of service to $1,975. Also on April 1, 2009, there was a 0.5% increase in Plan member contributions.

In January 2009, Brandon University filed an election to be exempt from making solvency deficiency special payments in accordance with the University Pension Plans Exemption Regulation. As a result of the election, the University is exempt from making special payments should solvency deficiencies arise.

The next required valuation of the Plan is December 31, 2010.

The Board of Trustees of the Retirement Plan welcomes any comments or questions from all members.

Sincerely,

Dr. Todd Fugleberg, B.Sc., M.Sc., Ph.D
Chair, Board of Trustees
Brandon University Retirement Plan

Mr. Scott J. B. Lamont, FCGA, MBA
Vice-President (Administration & Finance)
Brandon University

BRANDON UNIVERSITY RETIREMENT PLAN

Annual Report for the year ended December 31, 2009

Members of the Board of Trustees (as of December 31, 2009):

Consultant/Actuary	Eckler Ltd.
Investment Manager	Connor, Clark & Lunn Investment Management Ltd.
Investment Sector Managers	CC&L Canadian Q Core Fund (Canadian Equities) Scheer Rowlett and Associates (Canadian Equity Fund) PCJ Canadian Equity Fund New Star EAFE Fund CC&L USA Equities Fund CC&L Bond Fund
Custodian	CIBC Mellon Global Securities Services Company
Plan Administrator	Eckler Ltd.

General Information

a) The Brandon University Retirement Plan is a final average, defined benefit plan, which provides a benefit to all eligible employees of Brandon University upon retirement, termination or death. The Plan is administered by the Board of Trustees of the Brandon University Retirement Plan. A full description of the Plan is contained in the official Plan document and is available on the Brandon University website or from the Human Resources Office.

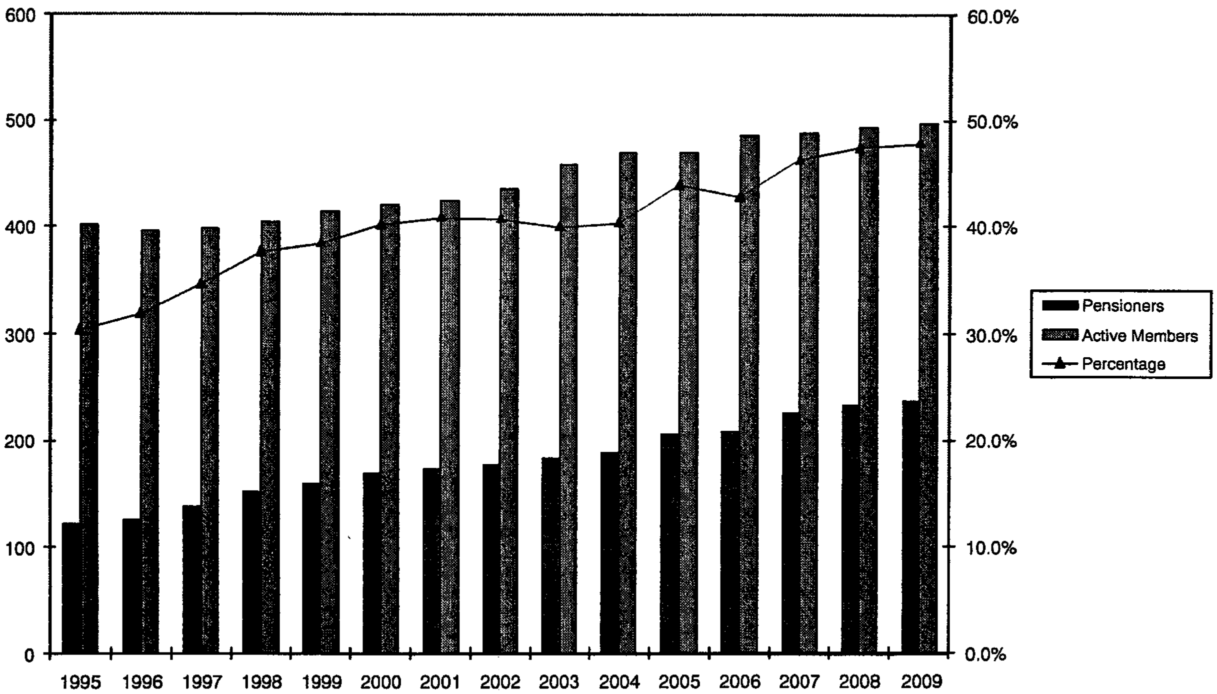
b) The Plan is fully funded by contributions from Plan members and the University, as well as the income from investments. Net assets in the plan, at market value, at December 31 were:

2009	$98.7 million
2008	85.8 million
2007	103.9 million
2006	103.3 million
2005	92.8 million

c) Similar to many other maturing pension plans in Canada, the number of pensioners is increasing relative to the number of active contributing members of the Plan. Over the past fourteen years, the number of pensioners has increased from 30% of the active members to 48% in 2009. This is a factor in the calculated estimates of the ability of the Defined Benefit Plan to cover the accrued benefits in future years. Brandon University Retirement Plan membership at December 31:

	2009	**2008**
Active members	497	493
Pensioners	238	234
Deferred, inactive and Pending Election	64	55

Pensioners as a Percentage of Active Members



A further impact of increasing numbers of pensioners relative to active contributing members is the decreasing ability of the annual contributions from Plan members and the University to cover the annual cost of pensions, and the increasing requirement for investment income of the Plan to fund future requirements. In 1997, the cost of pensions paid out totaled 50% of what was being contributed annually by the Plan Members and the University. In 2007 the annual cost of pensions were 119% of the annual contributed amounts from active Plan members and the University. Significant increases in contributions by both the Plan members and the University in 2008 and 2009 have reduced the ratio of pensions paid to contributions collected to 98%. In 2009, the investment returns were substantially better than those of 2008, although previous highs were not achieved.

Plan member transactions:

	2009	**2008**
Member and University contributions to the Plan	$4,505,018	$3,726,634
Transfers from other plans	220,747	235,121
Pensions paid to retired members	4,428,912	4,165,019
Death benefits and refund settlements due to terminations	1,178,824	448,732

d) The Brandon University Retirement Plan is subject to a periodic valuation by an independent actuary to determine whether the Plan assets and contribution level are adequate to provide future benefits. The Pension Benefits Act of Manitoba requires that such a study be done at least every three years. The most recent valuation was performed by Eckler Ltd. as at December 31, 2007. Using the solvency valuation method, the results of the valuation show that the Plan had a deficiency of assets over actuarial (calculated) liabilities of $8,340,000 when adjusted for the pension benefit improvement amendments of November 10, 2008 and April 1, 2009. Using the going-concern method, the results of the valuation show that the Plan had a surplus of assets over actuarial liabilities. The final amount of that surplus has not yet been determined, pending the outcome of discussions between the University and the Brandon University Faculty Association.

The next valuation is required as at December 31, 2010.

e) If the net investment return on the Fund, as determined by the Actuary using smoothed asset values, exceeds 6.0% per annum, each pensioner who was receiving a pension at the end of that year, is entitled to receive an increase in that pension effective from July 1 in the following calendar year. The details of this entitlement are recorded in article 7.3 of the Brandon University Retirement Plan document. The result of this calculation over the past 10 years is as follows.

Brandon University
Historical Increases (Article 7.3 - Supplementary Pension)

	(1)	(2)	(3)	(4)	(5)	
Year	**Gross Actuarial Return**	**Net Actuarial Return**	**Excess of Net over 6%**	**CPI**	**Actual COLA given**	**Effective Date of COLA Increase**
2000	10.12%	9.61%	3.61%	3.20%	3.20%	1 July 2001
2001	4.81%	4.30%	Nil	0.70%	Nil	1 July 2002
2002	-3.75%	-4.19%	Nil	3.90%	Nil	1 July 2003
2003	7.73%	7.25%	1.25%	2.00%	1.30%	1 July 2004
2004	2.42%	1.87%	Nil	2.10%	Nil	1 July 2005
2005	6.70%	6.20%	0.20%	2.20%	0.20%	1 July 2006
2006	15.80%	16.30%	10.30%	1.60%	1.60%	1 July 2007
2007	9.20%	8.68%	2.68%	2.40%	2.40%	1 July 2008
2008	-11.42%	-11.85%	Nil	1.20%	Nil	1 July 2009
2009	16.80%	16.15%	10.15%	1.30%	1.30%	1 July 2010

COLA = lower of columns (3) or (4)

Investment Management Objectives

On December 30, 1994, the current Investment Manager (Connor, Clark & Lunn, Investment Management Ltd.) was appointed. Since that time the plan investment management has been diversified by making use of several investment sector specialists within the family of companies working with CC&L, under the general management of CC&L.

The Investment Manager operates with the general objective to maximize long-term total returns while protecting the capital value of the fund. The Manager is to attain an average rate of return of 3% over the CPI increase for the same period. Secondary objectives are to generate returns in excess of the return of the Benchmark Fund over rolling four-year periods and to perform in the top third of investment managers as measured by a nationally recognized service. RBC Dexia Benchmark Investment Analytics (BIA) was used as the measurement service for this report.

The Brandon University Retirement Plan investment performance met the objective of CPI plus 3% for 2009 (BU Plan was 16.8% vs. 4.3%). It did not meet the objective for the four year rolling average ending in 2009 (BU Plan was 3.7% vs. 4.7%). The Plan did not meet the rolling four year average benchmark return (BU Plan 3.7% vs. Benchmark 3.9%). Although the top third of managers is not reported by BIA, the BU Plan annual return (16.8%) was higher than the median (16.2%) and lower than the top 25% (18.0%) of balanced fund investment managers in 2009. The BU Plan four year rolling average return (3.7%) was higher than the median (3.4%) and lower than the top 25% (3.9%) of balanced fund investment managers. Lastly, despite the good returns in 2009, the portfolio at $98.4 million is lower than the December 31, 2007 balance of $103.9 million.

Investment Performance

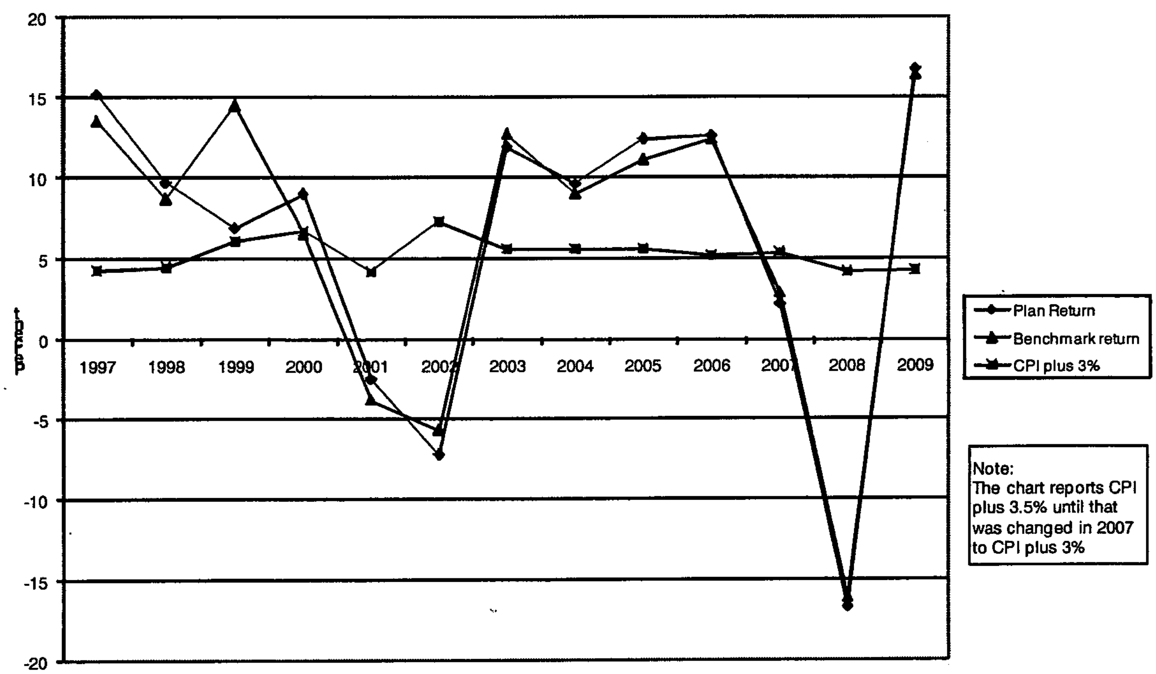
Period Ending December 31	Total Return	Annual Rate of Increase in CPI
2009	16.8%	1.3%
2008	-16.7%	1.2%
2007	2.2%	2.4%
2006	12.6%	1.7%
2005	12.4%	2.1%

Benchmark return for 2009	16.4%
Four year rolling average ending 2009	
Retirement plan performance	3.73%
Benchmark performance	3.90%

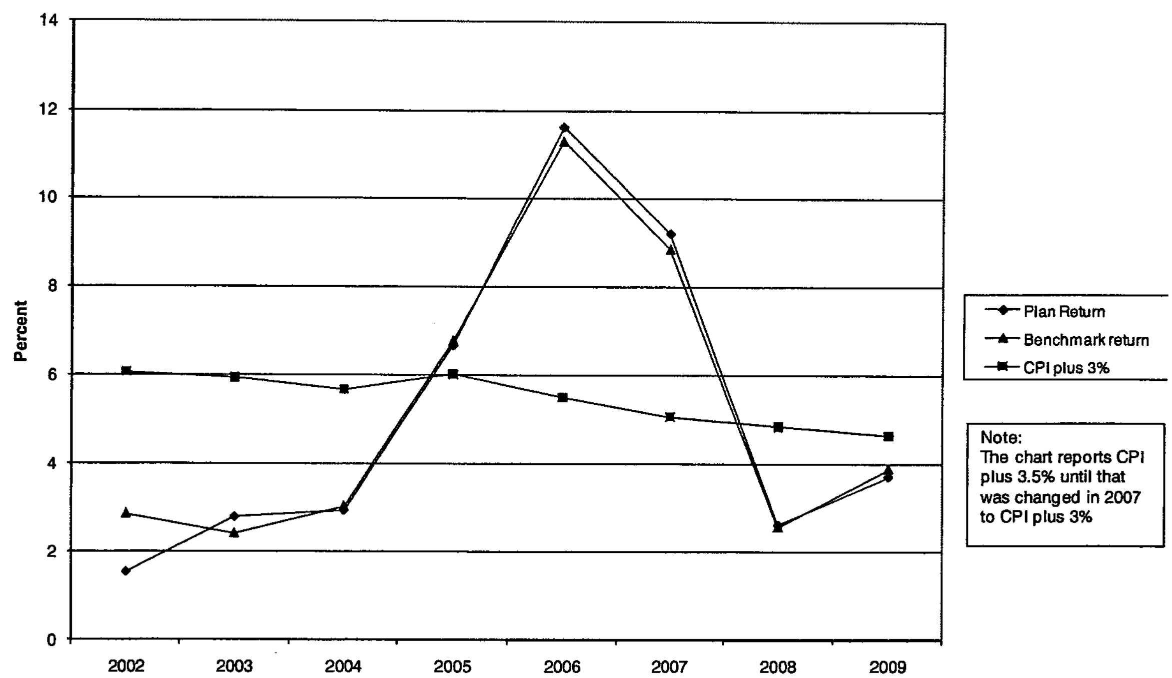
BIA Balanced Fund Performance Summary
For the Period Ending December 31, 2009

Top quartile (12 months)	18.0%
Median (12 months)	16.2%
BU Retirement Plan (12 months)	16.8%
Top quartile (4 year rolling)	3.9%
Median (4 year rolling)	3.4%
BU (4 year rolling)	3.7%

Annual Investment Performance



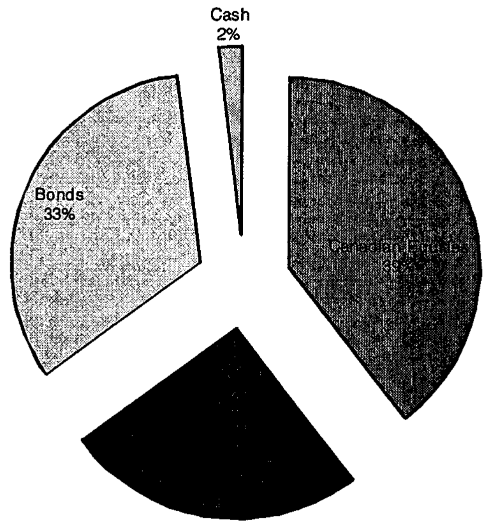
Rolling Four Year Average Investment Returns



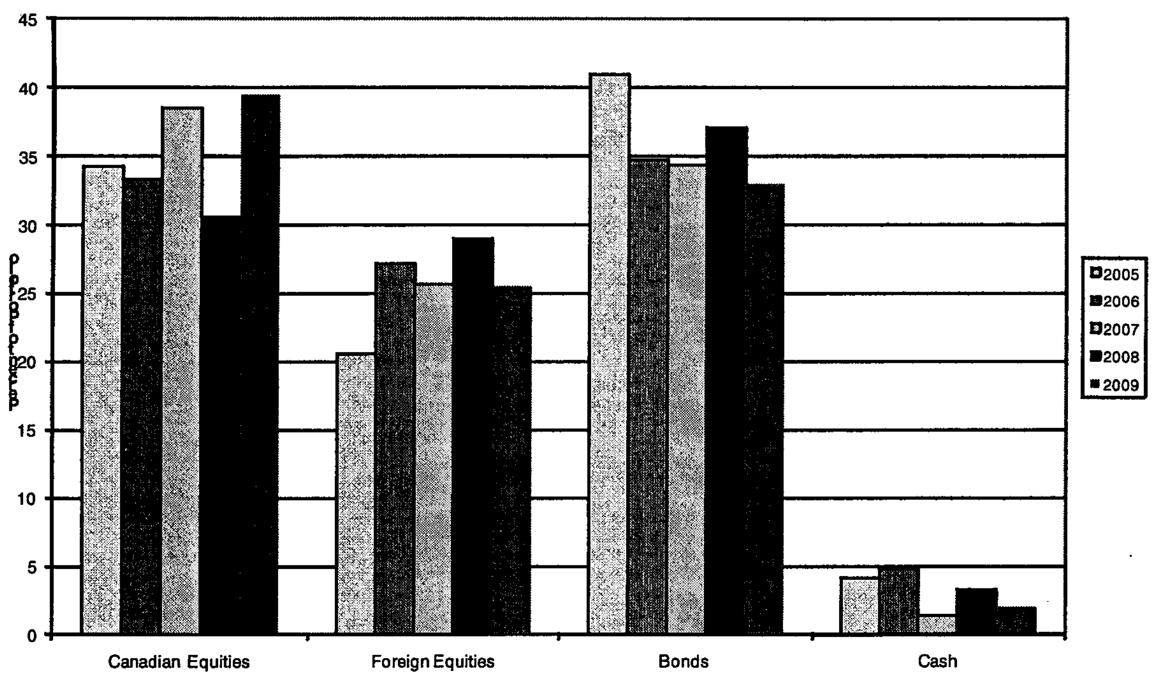
The investment mix of the Brandon University Retirement Plan is established by the investment manager based on market expectations within guidelines authorized by the Trustees of the Plan. On December 31, 2009 the asset mix and the annual performance in each sector follows:

	% of Portfolio	12 month return	Benchmark return
Canadian Equities	39.5%	34.4%	35.1%
Foreign Equities	25.5%	6.3%	10.2%
Bonds	33.0%	10.9%	5.4%
Cash	2.0%	1.1%	0.6%
TOTAL FUND	100.0%	16.8%	16.4%

Fund Asset Mix - December 31, 2009



Asset Mix Trend



Responsibility for Financial Reporting

The Board of Trustees of the Brandon University Retirement Plan are responsible for the preparation and presentation of the financial statements and the accompanying notes. The Board of Trustees relies upon the accounting and financial systems established by Brandon University. The financial statements are prepared in conformity with the accounting policies noted in the financial statements, and are reviewed and approved by the Board of Trustees of the Brandon University Retirement Plan. An independent financial auditor whose opinion is included herein examines the statements.

To fulfil its responsibility, Brandon University maintains internal control systems to provide reasonable assurance that relevant and reliable financial information is produced.

Dr. Todd Fugleberg, B.Sc., M.Sc., Ph.D. Chair, Board of Trustees Brandon University Retirement Plan	Scott J. B. Lamont, CGA, MBA Vice-President (Administration & Finance) Brandon University

May 10, 2010

OFFICE OF THE
AUDITOR GENERAL
MANITOBA

AUDITORS' REPORT

To the Legislative Assembly of Manitoba
To the Board of Trustees of Brandon University Retirement Plan

We have audited the statement of net assets available for pension benefits of Brandon University Retirement Plan as at December 31, 2009, and the statement of changes in net assets available for pension benefits for the year then ended. These financial statements are the responsibility of the Plan's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the net assets of the Plan available for pension benefits as at December 31, 2009, and the changes in net assets available for pension benefits for the year then ended in accordance with Canadian generally accepted accounting principles.

Office of the Auditor General

Office of the Auditor General

Winnipeg, Manitoba
May 10, 2010

500 - 330 Portage Avenue Winnipeg, Manitoba R3C 0C4 office: (204) 945-3790 fax: (204) 945-2169
www.oag.mb.ca

BRANDON UNIVERSITY RETIREMENT PLAN

Statement of Net Assets Available for Pension Benefits as at December 31, 2009

Statement A

	2009	2008
ASSETS		
Accounts receivable	$ 380,505	$ 505,691
Investments (note 2 b))		
Cash and short-term investments	2,169,902	2,767,342
Bonds and debentures	32,386,196	31,685,268
Canadian equities	38,841,476	26,145,529
Foreign equities	25,006,792	24,724,534
	98,404,366	85,322,673
Total Assets	98,784,871	85,828,364
LIABILITIES		
Accounts payable	44,749	52,830
Prepaid pension contributions	18,460	
Total Liabilities	63,209	52,830
NET ASSETS AVAILABLE FOR PENSION BENEFITS, Statement B	**$ 98,721,662**	**$ 85,775,534**

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

BRANDON UNIVERSITY RETIREMENT PLAN

Statement of Changes in Net Assets Available for Pension Benefits for the year ended December 31, 2009

Statement B

	2009	2008
INCREASE IN ASSETS		
Contributions		
Members	$ 1,792,267	$ 1,587,679
University	2,712,751	2,138,955
Transfers from other plans	220,747	235,121
	4,725,765	3,961,755
Investment income/(loss), Schedule 1	(3,485,820)	4,110,829
Total Increase in Assets	1,239,945	8,072,584
DECREASE IN ASSETS		
Benefit payments		
Retirements	4,428,912	4,165,019
Refunds	1,178,824	448,732
Total Decrease in Assets	5,607,736	4,613,751
Current period change in market value of investments	17,777,546	(21,180,345)
Administrative expenses		
Actuarial and consulting fees	65,996	45,575
Custodian and plan administration fees	97,011	102,823
Legal and audit fees	5,573	4,960
Investment management fees	294,168	302,764
Trustee expenses	879	2,601
	463,627	458,723
Net Increase/(Decrease) in Assets Available for Pension Benefits	12,946,128	(18,180,235)
Net Assets Available For Pension Benefits At Beginning of Year	85,775,534	103,955,769
Net Assets Available For Pension Benefits At End of Year, Statement A	$ 98,721,662	$ 85,775,534

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

BRANDON UNIVERSITY RETIREMENT PLAN

Schedule of Investment Income
for the year ended December 31, 2009

Schedule 1

	Interest and Dividends	Realized Gains/(Losses)	Total 2009	Total 2008
Investment income/(loss) (note 2 c))				
Cash and short-term investments	$ 12,513	$ 1,471	$ 13,984	$ 116,057
Bonds and debentures	1,615,818	(210,797)	1,405,021	1,949,227
Canadian equities	884,230	(4,587,520)	(3,703,290)	1,816,724
Foreign equities	684,804	(1,886,339)	(1,201,535)	657,552
Forward foreign exchange contracts				(428,731)
Investment income/(loss), Statement B	$ 3,197,365	$ (6,683,185)	$ (3,485,820)	$ 4,110,829

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

BRANDON UNIVERSITY RETIREMENT PLAN

Notes to the Financial Statements
for the year ended December 31, 2009

1. Description of the Plan

The following description of the Brandon University Retirement Plan is only a summary. More complete information is contained in the official Plan document.

a) General

The Brandon University Retirement Plan is a final average contributory defined benefit pension plan established April 1, 1974 for the benefit of the employees of Brandon University. The assets of the Plan are held in trust in the name of ten Trustees - eight elected by and from the Plan membership and two appointed by the Board of Governors. The Trustees oversee the administration of the Plan and set forth the investment guidelines. Their obligations and responsibilities are defined in a trust agreement with Brandon University. An asset manager invests the Plan assets based on the approved investment guidelines and according to the terms of the Managed Account Agreement. The Plan is registered with the Pension Commission of Manitoba and meets the requirements of the Pension Benefits Act of Manitoba and the Income Tax Act (Canada).

b) Membership

Unless otherwise stated, all Brandon University employees are eligible to become members of the Plan on their date of employment. Full-time and certain part-time employees are required to join the Plan. Membership is optional for other part-time and certain specified employees.

c) Funding

The Plan receives its funds from:

i) the contributions of members
ii) the required and special contributions of Brandon University
iii) the income from investments

An actuarial valuation is performed at least once every three years to determine the adequacy of the funding for pension benefits (see note 2g).

d) Plan Benefits

The Plan provides for the payment of benefits to a member upon retirement, death, or termination of employment with Brandon University.

Retirement benefits are determined by a formula which takes into consideration the member's pensionable earnings, term of employment with Brandon University and a percentage of the Canada Pension Plan earnings. Benefits are payable for the lifetime of the member. Full benefits are payable (a) upon normal retirement; (b) upon early retirement for members who qualify. Reduced benefits are provided to members who retire early and do not qualify for full benefits.

Death and termination benefits are based on the value of the member's pension as determined by the Plan Administrator at the time of death or termination of employment. The options available to beneficiaries and terminating members are outlined in the official Plan document.

2. Significant Accounting Policies

a) General

The Brandon University Retirement Plan follows Canadian generally accepted accounting principles.

b) Investments

Investments are recorded at market value on a trade date basis.
Fair values of investments are determined as follows:

Fixed Income
Short term investments are recorded at cost which approximates market value.
Bonds and debentures are valued at market by an independent securities valuation company.

Equity
Publicly traded securities are recorded at year end market prices or the average of the latest bid and ask prices quoted by an independent securities valuation company.

c) Investment Income

Dividend income is recognized on the ex-dividend date and interest income is recognized on the accrual basis as earned. Investment income also includes realized gains and losses, which are recognized when investments are sold.

d) Foreign Currency Translation

The fair value of investments denominated in foreign currencies is translated into Canadian dollars at the exchange rate in effect at year end and the resulting change is included in the change in fair value of investments. Revenue and expense transactions are translated at the exchange rates prevailing on the dates of the transactions and are included in investment income at the translated amounts.

e) Contributions

Contributions from the members and the University are recorded on an accrual basis. Cash received from members as transfers from other pension plans is recorded when received.

f) Financial Instruments

The financial instruments of the Plan consist of cash, accounts receivable, investments and accounts payable. The market value of these financial instruments approximates their carrying values.

g) **Funding for Pension Benefits**

An actuarial valuation performed by the Plan's actuary, Eckler Ltd., to determine the Plan's funding status as required by The Pension Benefits Act of Manitoba, was prepared as at December 31, 2007. The financial statements do not take into account the actuarial valuation on funding status.

The actuarial valuation indicated an actuarial surplus of $816,000 as at that date using the accrued benefit method, and reflecting the impact of a Plan amendment formally adopted by the University on December 10, 2008. The valuation is based on actuarial assumptions with regard to demographics, rate of return on investments and salary increases to compare the Plan's actuarial assets with its actuarial liabilities.

The next actuarial valuation of the Plan will be effective December 31, 2010 and will be completed in 2011.

h) **Use of Estimates**

Preparation of the financial statements requires management to make estimates and assumptions that primarily affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of changes in net assets available during the year. Actual results could differ from these estimates.

i) **New Accounting Policy Adopted**

Disclosure and Presentation of Financial Instruments
In 2009, Brandon University Retirement Plan adopted CICA standards, Section 3862 Financial Instruments - Disclosures and Section 3863 Financial Instruments - Presentation. These standards are intended to enhance the abilities of users of financial statements to evaluate the significance of financial instruments of an entity, related exposures and the management of these risks.

In June 2009, the CICA amended Financial Instruments - Recognition Disclosures, Section 3862, to enhance disclosure requirements about liquidity risk of financial instruments. The amended section also includes new disclosure requirements about fair value measurements of financial instruments based on the following fair value hierarchy:
i) quoted prices (unadjusted) in active markets for identical assets or liabilities - Level 1.
ii) inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) - Level 2.
iii) inputs for the asset or liability that are not based on observable market data (unobservable inputs) - Level 3.

Adoption of these new standards has resulted in additional note disclosure (Note 3 and Note 5).

3. Financial Risk Management

Management of investments is governed by the managed account agreement between the Brandon University Retirement Plan and Connor, Clark & Lunn Management Ltd. The investment management objective of the Plan is to maximize the long-term total return while protecting the capital value of the fund from major market fluctuations through prudent management of asset allocation and prudent selection of investments. The investment manager is to attain an average rate of return of 3% over the CPI increase for the same period.

The Plan's investments are publicly traded.

There have been no substantive changes in the Plan's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

a) **Market Risk**

Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk.

i) Interest rate risk is the risk that fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The value of the Plan's fixed income investments is directly affected by changes in nominal and real interest rates. There are guidelines in the managed account agreement for the fixed income investment portfolio related to permitted investments, diversification and quality restrictions, and duration management which are designed to mitigate the risks of interest rate volatility.

ii) Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Forward foreign exchange contracts are used to manage currency exposure in connection with securities purchased in foreign currency. Forward foreign exchange contracts are contractual agreements to exchange specified securities at an agreed upon exchange rate and at a settlement date in the future.

The Plan's exposure, in cash and investments, to foreign currencies reported in Canadian dollars are as follows:

	(in thousands of dollars)			
	2009		2008	
Canadian cash and short term investments	$ 2,170	2.2 %	$ 2,767	3.2 %
Canadian bonds	32,386	32.9 %	31,685	37.1 %
Canadian equities	38,842	39.5 %	26,145	30.6 %
	73,398	74.6 %	60,597	70.9 %
US equities	12,347	12.5 %	14,605	17.1 %
Non-North American equities	12,659	12.9 %	10,121	12.0 %
	$ 98,404	100.0 %	$ 85,323	100.0 %

A 10 percent increase or decrease in exchange rates, with all other variables held constant, would result in a change in unrealized gains (losses) of $ 2,500,679 (2008 - $ 2,472,453).

iii) Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or currency risk. To manage its price risk arising from investments in equity securities, by policy, the portfolio is diversified. The managed account agreement sets out the limits of investments in any one security.

The Plan's target asset mix based on market value is:

Fixed income	35 %
Canadian equity	35 %
Foreign equity	25 %
Cash	5 %

Total exposure to equities is to be no less than 35% of the Pension Fund and no more than 70% of the Pension Fund.

b) Liquidity Risk

Liquidity risk is the risk that the Plan will encounter difficulty in having available sufficient funds to meet its commitments. It is the Pension Plan's policy to ensure that it will have sufficient cash and short term investments to allow it to meet its liabilities when they come due.

The term to maturity and the related market values of bonds and debentures are as follows:

	(in thousands of dollars) 2009	2008
Term to Maturity		
Less than one year	$ 3,547	$ 8,444
One to five years	9,563	6,580
Over five years	19,277	16,661
Total bonds and debentures	$ 32,387	$ 31,685

c) Credit Risk

Credit risk arises from the possibility that a loss may occur from the failure of another party to perform according to the terms of a contract. The Plan limits credit risk through a managed account agreement with its investment manager that details the mandate including, objectives, guidelines and asset mix policy.

At December 31, 2009, the Plan's maximum credit risk exposure related to cash and short-term investments and bonds and debentures is $ 34,556,098 (2008 - $ 34,452,610), and accounts receivable is $ 380,505 (2008 - $ 505,691). The Plan limits credit risk by acquiring high quality securities and following the managed account agreement. The managed account agreement establishes limits for ownership of investments and acceptable credit ratings. In the case of bonds and debentures, all must be rated BBB or higher.

The breakdown of the fixed income investment portfolio by credit rating from various rating agencies are as follows:

	(market value in thousands of dollars) 2009		2008	
Bonds and debentures investments				
Credit Rating				
AAA	$ 12,914	39.9 %	$ 6,772	21.4 %
AA	9,558	29.5 %	15,586	49.2 %
A	7,893	24.4 %	8,080	25.5 %
BBB	2,021	6.2 %	1,247	3.9 %
	32,386	100.0 %	31,685	100.0 %
Cash and short-term investments	2,170		2,767	
	$ 34,556		$ 34,452	

4. Capital Management

The capital of the Brandon University Retirement Plan is comprised of the net assets available for pension benefits. Externally imposed capital requirements relate to the administration of the Plan in accordance with the terms of the Plan, The Pension Benefits Act of the Province of Manitoba and the provisions of the Income Tax Act (Canada) and to the fact that the combined assets are held in the name of the Trustees of the Plan as described in note 1 a).

The Trustees, as the administrators of the Plan, on behalf of Brandon University, have developed appropriate risk management strategies, as described in note 3, to preserve the net assets available for pension benefits.

There have been no significant changes to the University's capital management objectives, policies and processes in the year nor have there been any changes in what the Trustees consider to be the Plan's capital. The pension plan has complied with externally imposed capital requirements during the year.

5. Valuation of Financial Instruments at Market Value

The Plan measures market values using the following market value hierarchy that reflects the significant inputs used in making the measurements:

Level 1: Quoted market price (unadjusted) in an active market for an identical investment.
Level 2: Valuation technique based on observable inputs, either directly (prices) or indirectly (derived

from prices). This category includes investments valued using quoted market prices in active markets for similar investment; quoted prices for identical or similar investments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
Level 3: Valuation techniques using significant unobservable inputs. This category includes all investments where the valuation technique includes inputs not based on observable market data and the unobservable inputs have a significant effect on the investment's valuation.

			2009
	Level 1	Level 2	Total
Cash	$ 221,059	$	$ 221,059
Short-term investments	1,948,843		1,948,843
Bonds and debentures		32,386,196	32,386,196
Canadian equities	38,841,476		38,841,476
Foreign equities	25,006,792		25,006,792
	$ 66,018,170	$ 32,386,196	$ 98,404,366

6. Obligation for Pension Benefits

The actuarial present value of accrued pension benefits was determined using the accrued benefit method prorated on service and using assumptions recommended by the actuary and approved by the Trustees. An actuarial valuation was made as at December 31, 2007 and completed in March 2009 by Eckler Ltd., a firm of consulting actuaries and the results of this valuation have been extrapolated by them to December 31, 2009.

The actuarial present value of accrued pension benefits as at December 31, and the principal components of changes in the actuarial present values during the year, were as follows:

	(in thousands of dollars) 2009	2008
Actuarial present value of accrued pension benefits at beginning of the year	$ 107,641	$ 96,125
Interest accrued on benefits	6,160	5,860
Benefits accrued	4,604	4,363
Benefits paid	(5,608)	(4,614)
Actuarial gain		800
Changes in assumptions		5,107
Actuarial present value of accrued pension benefits at end of year	$ 112,797	$ 107,641

The assumptions used in determining the actuarial value of accrued pension benefits were developed by reference to expected long-term market conditions. Significant actuarial assumptions used in the valuation at December 31, 2007 were:

Rate of return on investments	5.75 %
Rate of salary increase	4.00 %

The next valuation of the plan will be effective December 31, 2010 and will be completed in 2011.

The actuarial value of net assets available for pension benefits has been determined at amounts that reflect long-term market trends (consistent with the assumptions underlying the valuation of accrued pension benefits). The valuation is based on a four-year moving average market method with the market value being the underlying basis. The market value is adjusted by amortizing over a four year period the differences in each year between the fund's actual rate of return and a 5.75% return. The excess of the actuarial value over the market value, if any, is limited to 5%.

The actuarial values of net assets as at December 31 were:

	(in thousands of dollars) 2009	2008
Market value of net assets available for pension benefits	$ 98,722	$ 85,776
Adjustment for the actuarial value of assets	4,936	4,288
Actuarial value of net assets available for pension benefits	$ 103,658	$ 90,064
Actuarial value as a percentage of market value	105.0 %	105.0 %

7. Election for Exemption from Special Payments

The Brandon University Retirement Plan is subject to the Manitoba Pension Benefits Act and Regulations. The University Pension Plans Exemption Regulation 141/2007 allows the University to make an election to be exempt from solvency and transfer deficiency payments. "2(1) An employer in relation to a university plan may, by filing a written election with the plan administrator, elect to be exempt from the solvency and transfer deficiency provisions."

On January 19, 2009 the University filed such an election.

With the exemption, the Plan will continue to be subject to the going-concern funding provisions of the Act. The University will be required to fund the matching contributions, as well as the actuarial cost of the defined benefits in excess of the matching costs; if applicable, and any funding deficits will have to be funded over a maximum of 15 years. The next going-concern valuation will be performed as at December 31, 2010 and completed in 2011.

8. Contributed Services

Brandon University provides staff and miscellaneous administrative services at no charge to the Plan. The cost of these services is not reflected in the Financial Statements.