PORTFOLIO MANAGER REPORT

UWO LIQUIDATING TRUST
QUARTER ENDING 31 DECEMBER 2012

Preamble

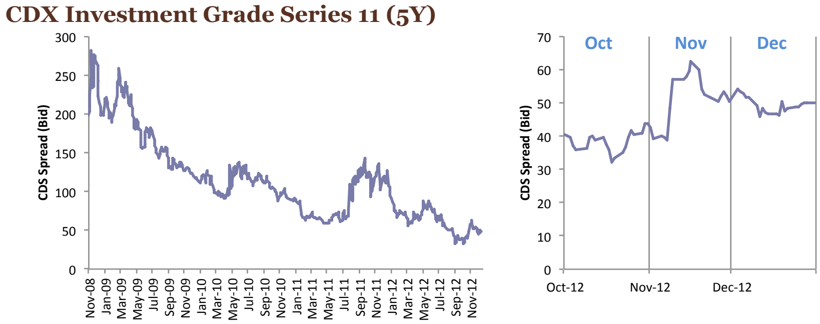
The University of Western Ontario Liquidating Trust ('UWO LT') holds a portfolio of Asset Backed Notes ('AB Notes') that resulted from the restructuring of Non-Bank Asset Backed Commercial Paper ('ABCP') that was completed in January 2009. Kilgour Williams Group (KWG) is a specialist risk management firm retained by UWO LT to provide portfolio valuation, risk management and reporting, and market liaison. KWG reports quarterly with commentary on credit markets, description of the margin triggers and reference indices, discussion of events affecting UWO LT's holdings, summary of secondary markets, and valuation of the portfolio.

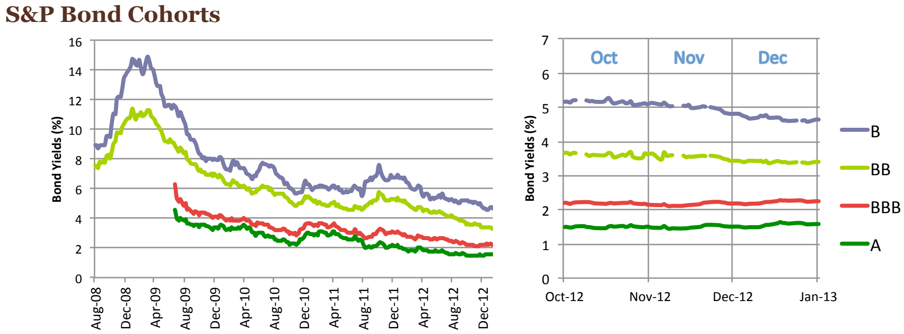
These reports are limited to the confidential use of University of Western Ontario and its external audit and legal advisors and are not to be circulated beyond that group or be publicly published without consent of KWG except as disclosure may be required by regulatory or self-regulatory agencies having jurisdiction.

Credit Markets

Some volatility returned to the credit markets during the fourth quarter of 2012. Markets were choppy but relatively neutral during the run-up to the November 6th US election but traded wider thereafter and through to the end of the year. With the re-election of President Obama and the renewed Republican control of Congress, uncertainty over whether the US has the political wherewithal to address the 'fiscal cliff' and other budgetary issues sent credit and bond market wider. In Europe, active intervention by the European Central Bank has aided sovereign issuers and kept credit spreads tighter than otherwise but deep-seeded issues persist and continue to hamper economic recovery.

The developments in the North American credit default swap market can be observed in the upper charts below. On the right, credit spreads were somewhat volatile during October and then widened considerably in November before ending the year at wider levels. When viewed over a longer period of time, spreads are still at historically low levels, as can be seen in the chart on the left.





Changes in bond yields were more muted over the quarter, with Investment Grade (A and BBB) bond yields rising (bottom right chart above) while High Yield groups (B and BB in the chart) actually fell somewhat. Bond yields, too, are at or near historically low levels (see lower left chart above).

Risk Assessment

Credit Risk

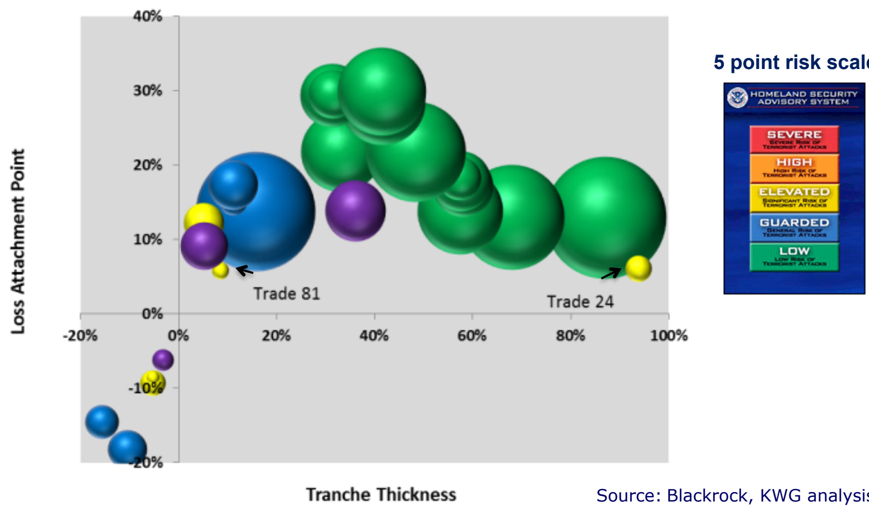
The risk and the leverage continue to decrease in the MAV2 Pool[1]. Our LSS Pool risk segmentation classifies each portfolio of credit default swaps by its relative risk. In the fourth quarter, there were no new defaults of any entity referenced by any LSS trade and therefore none of the LSS trades were downgraded to higher risk categories. $1.1Bn of 'yellow' (Elevated risk) and $1.9Bn of 'green' (Low risk) LSS exposures matured without loss on 20 December, along with $225MM of short LSS risk.

The risk segmentation chart[2] below shows the LSS portfolio on the day before the maturity of those LSS trades. The now-matured trades are highlighted in purple. As can be seen, there are no 'Severe' or 'High' risk trades remaining in the LSS pool.

[1] When the original non-bank asset-backed commercial paper was restructured, all eligible LSS trades and their collateral were pooled. Currently, there are 41 LSS trades with a total notional value at risk of $53.4 Bn; these are collateralized by the $9.95 Bn of assets in the collateral pool.

[2] As detailed in previous reports, the vertical axis gives the loss attachment point as a percentage of total risk for each individual LSS portfolio; this can be thought of as the distance to first dollar of loss. The horizontal

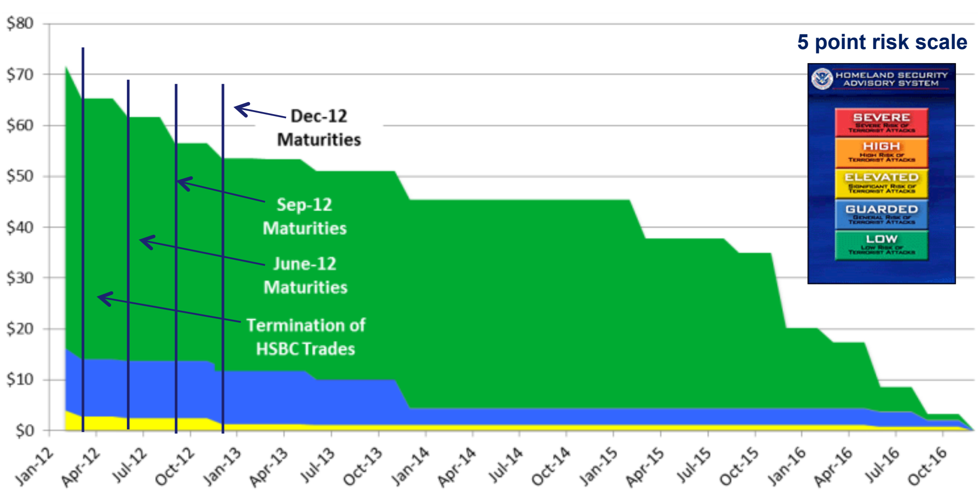
LLS Pool Risk Segmentation
As at 19Dec12 – Purple bubbles denote maturing exposures



Source: Blackrock, KWG analysis

With the 20-December maturities, the total exposure of the LSS pool has reduced from its starting point of over $70 Bn to the current level of $53.4 Bn. Most significantly, the one 'Severe' risk exposure matured without loss in June and, with the most recent maturities, the amount of 'Elevated' risk has been halved. Looking forward, the pool will be stable in size until there are some relatively modestly sized maturities in the latter part of 2013.

Maturity Profile of Long LSS Trades By Risk Segmentation
Billions, As at 20Dec12



Source: Blackrock, KWG analysis

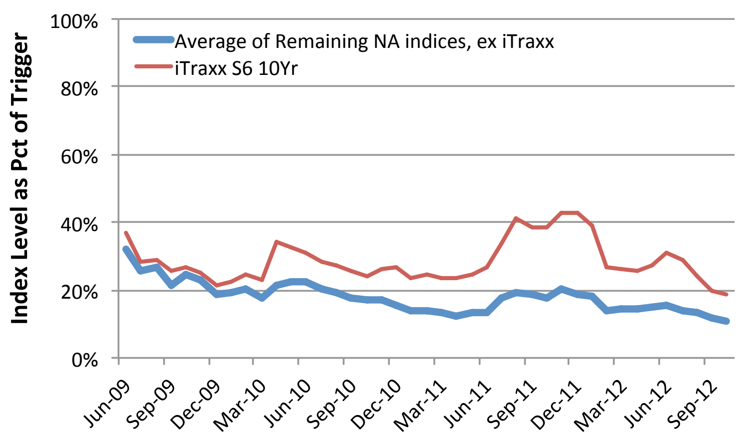
axis gives the tranche thickness; this is the distance from losing the first dollar to losing the last dollar. The size of the bubble indicates the relative amount of dollars at risk in the trade. And the risk category is indicated by colour, referencing the scale on the right. The MAV is long risk (or has written protection) for the trades in the upper-right quadrant; it is short risk (or the buyer of protection) for the trades in the lower-left quadrant.

Note that the MAV2 Pooled Notes will repay principal only upon final maturity in 2017. The interim maturity of the LSS deals does not result in cash flow to noteholders but rather all collateral is retained in the comingled pool until final maturity.

Margin Trigger Risk

Margin trigger risk is insignificant. Notably, the European iTraxx credit index is now at 12% of its trigger, largely in line with the average of the North American indices, which are at 10.3% of their triggers. The iTraxx index was at over 40% of trigger level a year ago but this measure has narrowed considerably due to both tightening in the index and also due to the fact that the trigger level itself has increased with the passage of time and absence of losses.

Trigger Indices as Percentage of Trigger Levels



Source: Blackrock, KWG analysis

There have been no recent defaults in any of the reference indices. Absent defaults, the trigger levels continue to move higher making them increasingly remote. [3]

Collateral Risk

The Leveraged Super Senior pool is supported by $9.95 Bn of collateral. These assets are available to the LSS counterparties in the case that an LSS trade defaults. At the maturity of the

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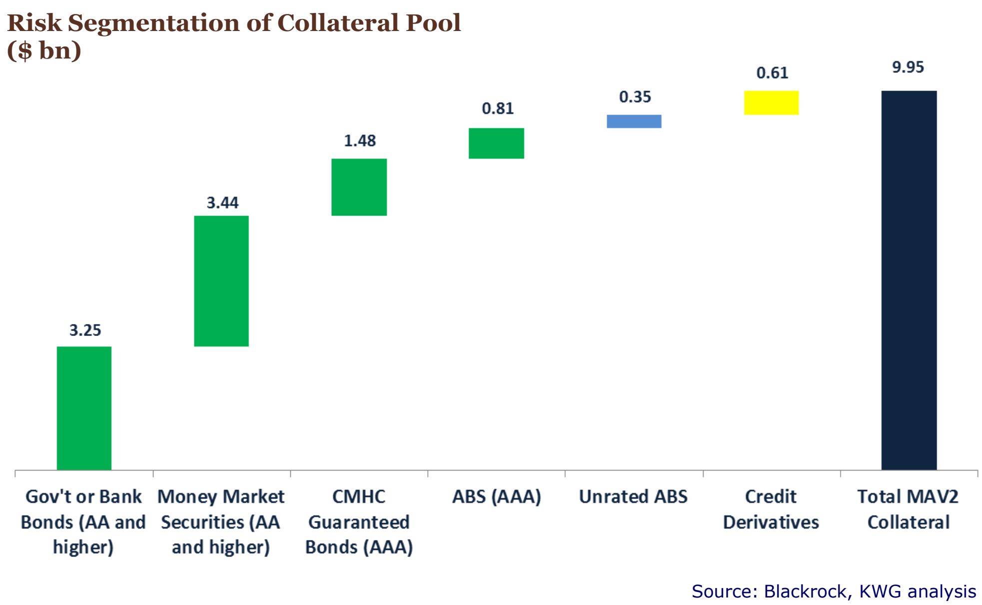
[3] The margin triggers for the Pooled Notes take the form of 'spread-loss' triggers whereby a limit is defined in terms of the market spread of four reference indice (e.g. CDX IG7) and determined within a matrix of actual loss and remaining time to maturity. Losses within the reference indices have the impact of lowering the 'margin trigger' spread limit, thereby increasing the risk of margin calls. The passage of time – and resulting decrease in time to maturity – has the effect of increasing the spread limit and, all else being equal, reduces the risk of a margin call. The margin triggers are important because if the market spread on two reference indices exceeds their trigger levels, MAV2 must draw upon its margin funding facility to post margin. If credit markets deteriorate significantly, there is a possibility that the margin funding facility will not be large enough to post margin. This would result in the underlying assets in MAV2 defaulting and would entail significant losses to noteholders.

notes, the remaining collateral will be released and distributed to the noteholders as return of principal. Therefore, it is important to monitor the quality of the collateral pool itself in order to be assured that funds will be available to investors at maturity.

In Q4/12, there were no disclosed material changes to the quality or performance of the collateral. The large majority of the MAV2 Pooled collateral is of Low or Guarded risk (see segmentation chart below). The credit derivative CDO-squared transactions are rated Elevated risk but have been stable for some time and are scheduled to mature in September 2014.



Structuring Risk

KWG monitors for adverse effects of 'structuring risk', which is a hold-all category for errors in drafting or application of legal documents, changes in regulatory environment, etc.

There were no announcements made regarding the progress of the 'optional redemption unwind'[4]. As you will recall, the proposed amendment was approved by a super-majority vote of the Class A-1 and A-2 notes in August. Final negotiations and supporting legal documentation is underway and ongoing but no timeline has been disclosed for the first redemption unwind auction.

[4] This concept is to provide investors wishing to divest of their MAV2 Pooled Notes with a periodic option to redeem their notes rather than selling to another investor. Each period and for the portion of the total outstanding notes that are to be redeemed, a vertical 'slice' of the MAV2 LSS exposures and collateral would be liquidated and the net proceeds paid out to investors choosing to redeem. Any investor that chooses not to submit their notes for redemption should be left in an identical position in terms of risk and potential return.

Risk Assessment – MAV2 Class 13 Notes

UWO LT predominantly holds MAV2 Pooled Notes but also has a relatively small - almost 4% of notional value of its portfolio – position in the MAV2 Class 13s.

The Class 13s are comprised of one senior exposure to an equally-weighted portfolio of 120 Credit Default Swaps that is collateralized by a US$96MM 'TABS note', which is the senior note of a credit structure with exposure to US sub-prime residential mortgages. The original design of the trade was for the TABS note to mature or be liquidated at the maturity of the CDS exposure; if there were no losses on the CDS, then the cash proceeds of the TABS note would be returned as principal to the Class 13 noteholders. Therefore, the key questions for valuation are whether the CDS will survive without losses and, if so, what value of collateral will be available to repay the notes at maturity.

The CDS portfolio again experienced no additional losses during the quarter and its 'attachment point' – the remaining cushion before the Class 13 notes realize losses – remains at 5.5% of the remaining portfolio. The maturity date of the CDS is 20 March 2013; there is now less than 3 months remaining to maturity. Given this short time to maturity and given the remaining attachment point and given the quality of the underlying portfolio, KWG expects that this portfolio will mature with no losses.

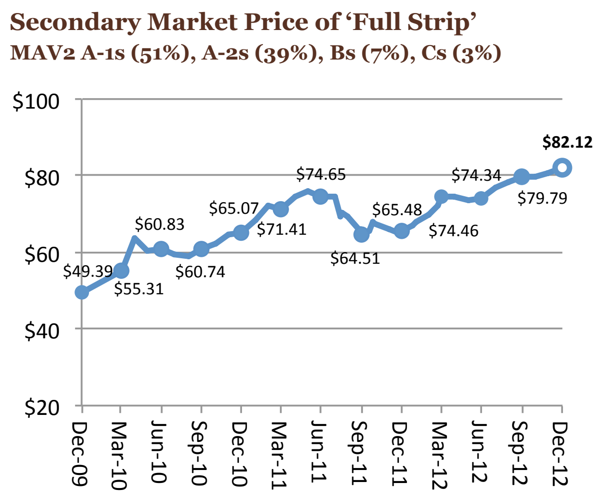
There was little change in the TABS note during Q4. It has now been paid down by almost 63% and therefore there is $59.9MM in cash collateral. The remaining $36.3MM outstanding on the TABS note is exposed to very poor performing sub-prime mortgage programs and is being valued by Blackrock at $3.1MM. KWG expects that Class 13 will mature but the loss on the TABS collateral will reduce principal repaid at maturity to as little as $0.63 with a conservatively projected range of $0.65 to $0.67 per dollar of notional.

[Subsequent event notice: On 28 January 2013, Blackrock disclosed that a TABS note position held as collateral for a different MAV2 Ineligible Asset Tracking Note was liquidated to provide note proceeds at maturity of $0.70 per dollar of par value.]

AB Notes Secondary Market

Secondary market for the MAV2 Pooled Notes continued to climb during the fourth quarter (see chart below), with the price of the 'strip' adding $2.33 per $100 par value. The strip price ended the quarter at $82.12.

The continued strong secondary market performance can be attributed to factors specific to the MAV, namely the continued de-risking and de-levering (see above) as the notes continue to accrete towards par. Market prices and liquidity are further buoyed by the near-term potential for the implementation of the optional redemption, which is expected to provide an exit option for MAV investors – and especially for large-scale holders of the notes – at prices above current trading levels. On the other side of the coin, if negative news about the implementation of the option redemption comes to light, it is likely that prices and liquidity will fall.



UWO LT did not sell any notes during the fourth quarter.

Portfolio Valuation

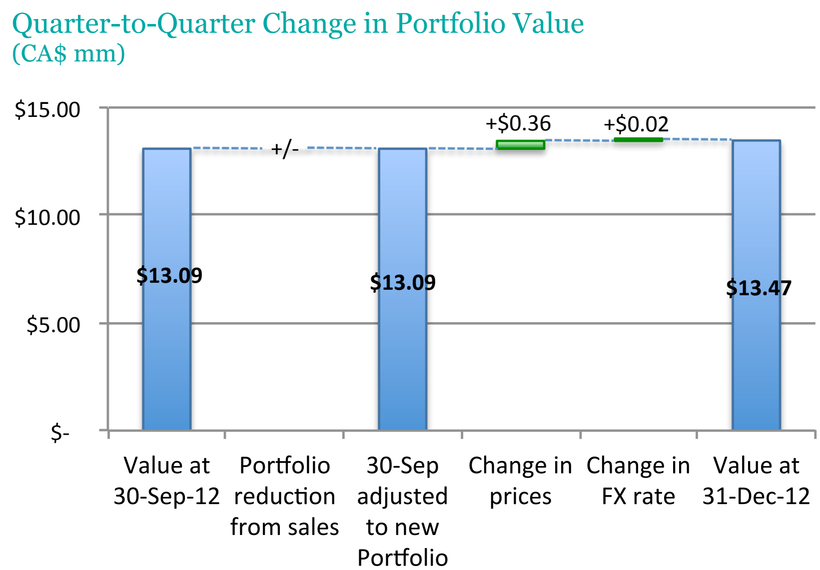
The Fair Market Value ('FMV') of the Portfolio as at 31 December 2012 was $13.468MM, up from $13.087MM as at 30 September. The Weighted Average Price ('WAP') of the Portfolio at end of Q4 was $81.71, up from $79.51 at end of Q3. The Canadian dollar weakened over the quarter. The full portfolio and note-by-note pricing for the last four months is listed in the table below.

UWO Liquidating Trust

Re-Structured Asset Backed Notes

Valuation as of:	28-Sep-12			31-Oct-12			30-Nov-12			31-Dec-12		
			CAD:USD 0.98395			CAD:USD 0.99950			CAD:USD 0.99335			CAD:USD 0.99570
Notes	**Par Value (Local currency)**	**Price (Local currency)**	**Market Value (CAD)**	**Par Value (Local currency)**	**Price (Local currency)**	**Market Value (CAD)**	**Par Value (Local currency)**	**Price (Local currency)**	**Market Value (CAD)**	**Par Value (Local currency)**	**Price (Local currency)**	**Market Value (CAD)**
Class A-1	7,771,074	82.77	6,432,183	7,771,074	82.75	6,430,564	7,771,074	83.63	6,498,561	7,771,074	84.58	6,572,386
Class A-2	5,112,916	78.88	4,032,812	5,112,916	78.94	4,036,008	5,112,916	79.75	4,077,551	5,112,916	81.03	4,142,740
Class B	928,151	74.38	690,312	928,151	75.15	697,505	928,151	76.25	707,715	928,151	77.65	720,709
Class C	427,472	54.75	234,041	427,472	58.45	249,857	427,472	61.00	260,758	427,472	66.30	283,414
IA Tracking Note Class 13	316,001	63.00	199,081	316,001	63.00	199,081	316,001	63.00	199,081	316,001	63.00	199,081
Class A-1 (USD)	1,554,382	82.77	1,265,925	1,554,382	82.75	1,285,608	1,554,382	83.63	1,291,208	1,554,382	84.58	1,308,966
Class C (USD)	48,236	54.75	25,985	48,236	58.45	28,180	48,236	61.00	29,228	48,236	66.30	31,843
IA Tracking Note Class 13 (USD)	333,292	63.00	206,604	333,292	63.00	209,869	333,292	63.00	208,578	333,292	63.00	209,071
Total (Local currency)	$16,491,524			$16,491,524			$16,491,524			$16,491,524		
Total (CAD)	$16,460,453		$ 13,086,944	$16,490,556		$ 13,136,672	$16,478,650		$ 13,272,679	$16,483,200		$ 13,468,210
Wtd Average (CAD)		79.51			79.66			80.54			81.71	

Through the quarter, the value of the portfolio was increased primarily by the increase in the market prices of the notes and secondarily the weakening of the Canadian dollar (which increases the CAD value of the USD denominated notes).



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In summary, the fourth quarter of 2012 saw a return of some volatility to North American and global credit markets due to concerns over the ongoing issues in Europe and the ability – and will – of the US to address its fiscal issues. Further maturities in the MAV2 LSS pool reduced total exposure to $53.4Bn and, importantly, have halved the 'Elevated' risk trades since the beginning of the year. UWOLT did not sell any notes during the quarter. The Weighted Average Price of the portfolio increased by $2.20 to $81.71 per $100 of par.

Kilgour Williams Group
28 January 2013

GLOSSARY OF TERMS

Asset-Backed Notes or 'AB Notes'	Notes created through the restructuring of the former non-bank asset-backed commercial paper (ABCP) purchased by UWOLT in July 2008. The AB Notes are comprised of: 'Pooled Notes', 'Ineligible Asset Tracking Notes' and 'Traditional Asset Tracking Notes'.
Credit Default Swap or 'CDS'	Contract where Counterparty A pays financial consideration to a Counterparty B to assume the risk of default by a specific third party company. Analogous to insurance, where A pays a premium to B in return for a lump-sum payment should the specified third-party company go bankrupt or otherwise default. Credit default swaps can be done on an 'unfunded' basis since there is no requirement for either party to own the referenced credit. A CDS premium is quoted in terms of basis points (one-hundredths of a percent) of the notional value 'insured'. Portfolios of CDSs typically underlie 'Leveraged Super Senior' trades.
Credit Default Index e.g. 'CDX' or 'iTraxx'	A quoted market index of the Credit Default Swap premiums on one hundred representative corporate credits. The indices are renewed semi-annually; the vintage most relevant to the AB Notes is the CDX Investment Grade Series 7, which was issued in Sep-06. Indices also are quoted in terms of term to maturity – e.g. the CDX IG7 '5 Year' is based on prices for 5-year credit insurance. The CDX indices are comprised of North American companies; the iTraxx indices reference European credits.
Ineligible Asset ('IA') Tracking Notes	Notes created from the restructuring of ABCP assets that had exposure to US subprime mortgage securities. The Ineligible Assets were quarantined from the Pooled Notes and the IA Tracking Notes will directly track the performance of the underlying assets on a one-note-per-asset basis.
Leveraged Super-Senior or 'LSS'	A trade of a portfolio of Credit Default Swaps where the seller of the insurance/buyer of the risk receives a small premium in return for insuring the losses on the portfolio only above a certain amount, for example, the insurance might be for any losses above 30%. Thus, 'super senior'. LSS is partially funded in that the seller of insurance posts collateral ('Margin') for only a portion of the total amount of risk insured. In this way, the small premium is levered to provide a higher return on investment. There are many LSS trades underlying the MAV2 Pooled Notes whereby the MAV is the seller of credit insurance on a levered basis.

Margin	A reserve of cash or near-cash securities pledged as collateral to the insurance purchaser (swap counterparty) under an LSS trade. If the portfolio of CDS experiences losses or the market price of the CDS premiums increase, the counterparty may have the right to call for additional collateral to be posted (a 'margin call').
Margin Funding Facility or 'MFF'	A lending facility established by the federal government, Canadian banks, and some international banks to provide Margin funding should the Spread-Loss Triggers be breached. By making this additional collateral available, the MFF reduces the risk that the AB Notes will be terminated early and incur massive losses to investors.
Master Asset Vehicle or 'MAV'	The so-called Master Asset Vehicles are the issuers of the restructured AB Notes. Essentially, they are the legal entities holding the assets and issuing the Notes, receiving income on the assets and paying expenses and interest to the Noteholders. MAV1 is the vehicle for issuing Notes to the self-margin investors (e.g. the Caisse de Depot) and is not relevant to UWOLT. MAV2 issues the Pooled Notes and IA Tracking Notes held by UWOLT. MAV3 is the issuer of the Traditional Asset Tracking Notes.
Net Asset Value or 'NAV'	The value of a security or fund; equal to the market value of assets minus liabilities.
Pooled Notes	AB Notes created from the restructuring of ABCP containing both cash assets (loans, non-US residential mortgage backed securities, commercial mortgage backed-securities, etc.) and Leveraged Super Senior assets. These notes are comprised of classes A-1, A-2, B, and C, in order of seniority. These notes are supported by the Margin Funding Facility.

Spread-Loss Trigger	A 'margin trigger' is the metric by which it is judge whether an AB Note must provide additional collateral. A 'Spread-Loss' trigger provides a limit for a pre-determined CDX index's market price (the 'spread') above which additional margin must be posted (e.g. "if spreads on the CDX IG7 5Year exceed 550 basis points, then the note triggers."). The Spread-Loss Triggers are given within a matrix of the level of losses on the Index and the remaining term to maturity on the note. When the AB Notes were restructured, the triggers where changed from market price triggers to Spread-Loss Triggers and the overall levels of the triggers were raised; this reduces the likelihood of margin calls relative to current market conditions.
Traditional Asset ('TA') Tracking Notes	Notes created from the restructuring of ABCP assets that had exposure ONLY to cash assets (loans, non-US residential mortgage backed securities, commercial mortgage backed-securities, etc.). These notes will directly track the performance of the underlying assets on a one-note-per-asset basis.