

VII. STANDING COMMITTEES

B. Finance, Audit & Facilities Committee

Market Update

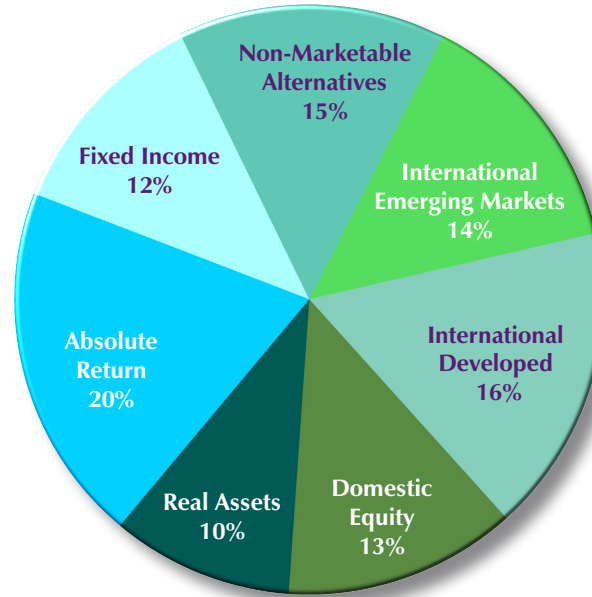
For information only.

Attachment

DRAFT

Asset Allocation as of December 31, 2009

Consolidated Endowment Fund—\$1,838 Million

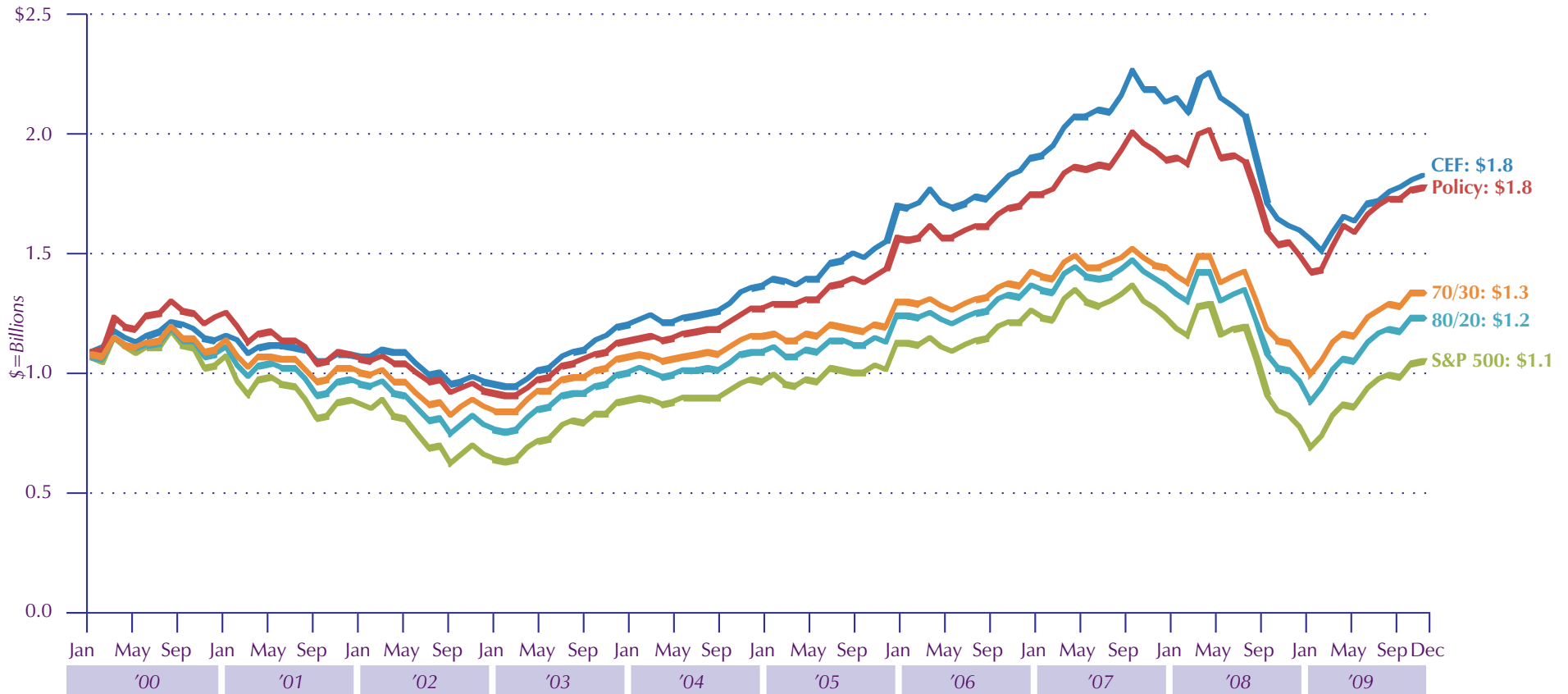


Dollars in Millions

	Current Allocation		Policy Target	Policy Range
Non-Marketable Alternatives	\$268	15%	12%	5%–25%
International Emerging Markets	261	14%	13%	5%–35%
International Developed Markets	304	16%	16%	5%–35%
Domestic Equity	234	13%	15%	5%–35%
Equity Fund	\$1,067	58%	56%	45%–75%
Real Assets Fund	\$178	10%	15%	5%–25%
Absolute Return	372	20%	18%	5%–25%
Fixed Income Fund	221	12%	11%	5%–35%
Total Consolidated Endowment Fund	\$1,838	100%		

Comparative Growth of Endowment

10 years ending December 2009—Beginning value \$1,104 Million



<u>AACR</u>	<u>CEF</u>	<u>Policy</u>	<u>S&P 500</u>	<u>80/20</u>	<u>70/30</u>
5-year	5.7%	6.2%	0.4%	1.5%	2.1%
10-year	4.9%	4.5%	-0.9%	0.7%	1.5%
10-year Sharpe Ratio	0.08	0.03	-0.32	-0.27	-0.24

Note: AACR is Average Annual Compound Return. 80/20 refers to 80% S&P 500 and 20% Lehman Govt. 70/30 refers to 70% S&P500 and 30% Lehman Govt. Data as of 12/31/09

Statement of Cash Flows

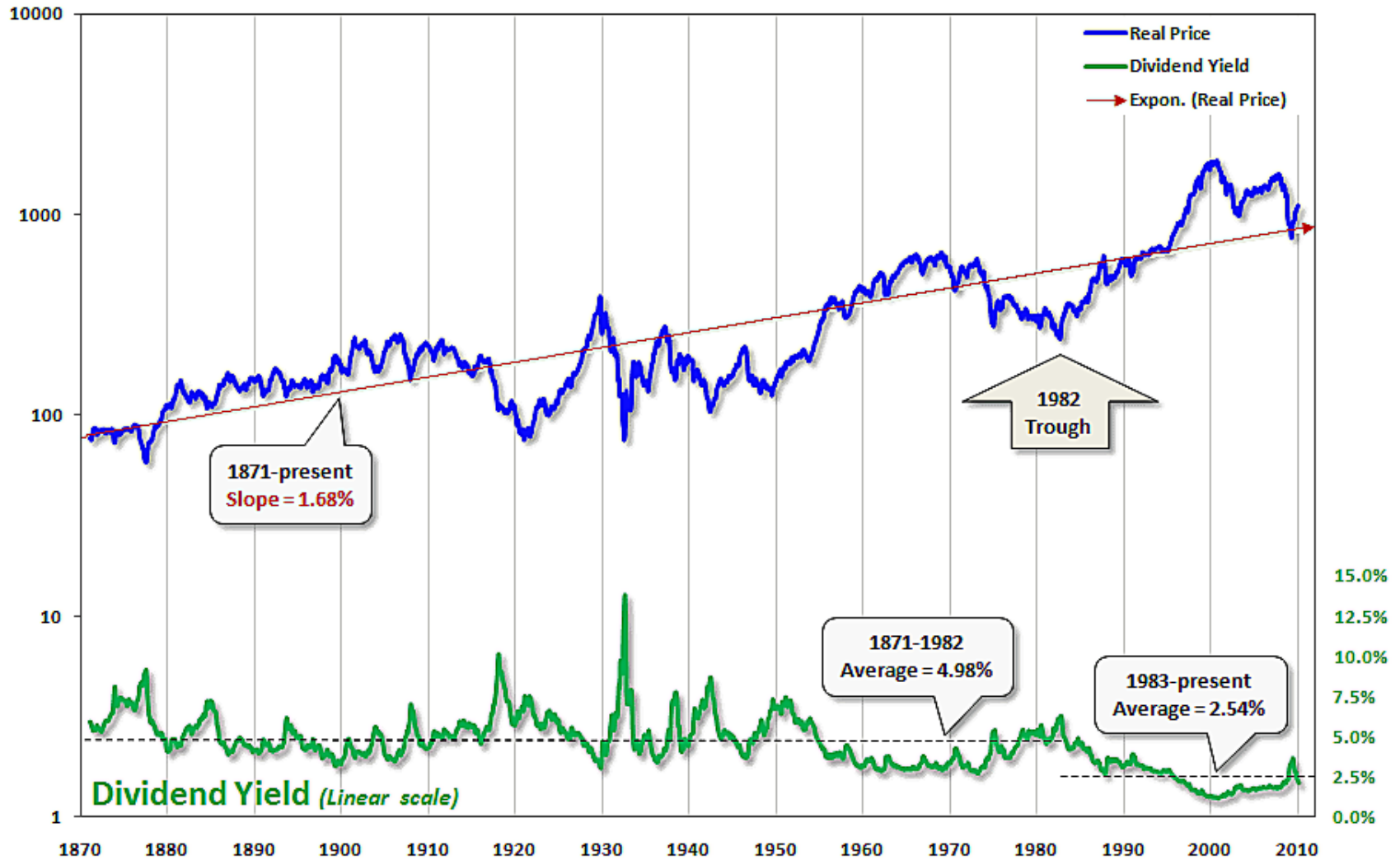
(in Millions)

	<u>FY '10</u>	<u>FY '09</u>	<u>FY '08</u>	<u>1 Year</u>	<u>5 Years</u>	<u>10 Years</u>
CEF Balance						\$835
DIP Balance						268
Beginning Balance	\$1,649	\$2,161	\$2,074	\$1,618	\$1,344	\$1,104
Gifts	17	84	99	46	409	624
Transfers	3	10	8	7	57	84
IF Transfers	5	3	44	8	67	100
Total Additions	25	97	151	61	534	809
Net Investment Return	202	(515)	53	230	429	692
Distributions	(29)	(75)	(94)	(54)	(381)	(638)
Administrative Fees	(2)	(4)	(4)	(3)	(18)	(28)
Advancement Support	(7)	(14)	(17)	(13)	(70)	(101)
Ending Balance	\$1,838	\$1,649	\$2,161	\$1,838	\$1,838	\$1,838

- Active portfolio management enhances long term returns.
- Global diversification adds value.

S&P Composite Index Since 1871*

Real (inflation-adjusted) Price and Dividend Yield



*Log scale with exponential regression trend line

Source: dshort.com

Mega-Bear Quartet Extended

The Dow Crash of 1929 and Great Depression



The Nikkei 225 Collapse in 1989, The NASDAQ post Tech Bubble and Today's S&P 500

Source: dshort.com