

VII. STANDING COMMITTEES

B. Finance, Audit and Facilities Committee

Investment Performance Report, Third Quarter Fiscal Year 2011

For information only.

Attachment

University of Washington Investment Performance Report, Third Quarter Fiscal Year 2011

UNIVERSITY OF WASHINGTON
INVESTMENT PERFORMANCE REPORT
THIRD QUARTER FISCAL YEAR 2011

As of March 31, 2011

Published May 2011

Treasurer, Board of Regents
Treasury Office

UNIVERSITY OF WASHINGTON

INVESTMENT PERFORMANCE REPORT

THIRD QUARTER FISCAL YEAR 2011

As of March 31, 2011

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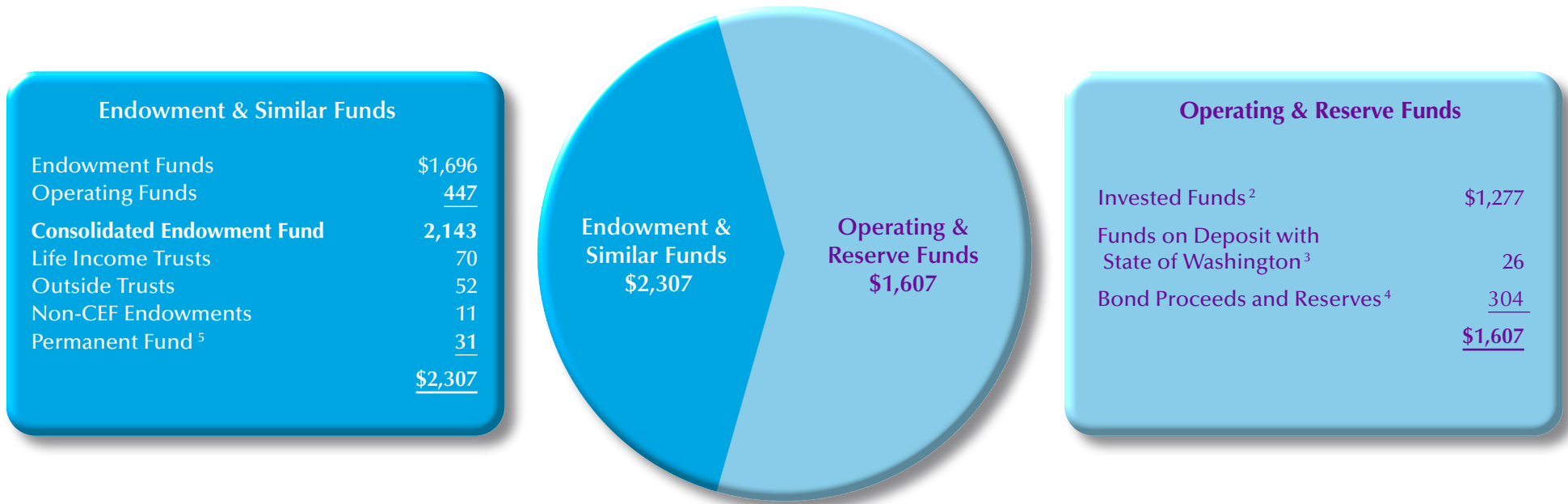
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TREASURY ASSETS¹ AS OF MARCH 31, 2011: \$3.9B

(\$m)



1. Includes assets whose management falls under the auspices of the Finance, Audit & Facilities Committee of the Board of Regents. Excludes Metro Tract and Forest Trust Lands. All dollar amounts are expressed in millions and represent market values.

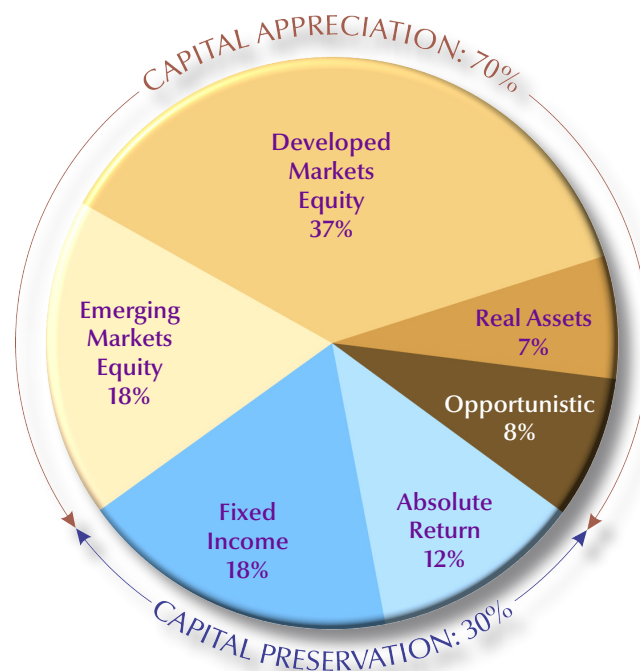
2. The Invested Funds holds Consolidated Endowment Fund units valued at \$447. To avoid double counting, the dollars are included only in the CEF totals.

3. Bond Retirement Fund and Building Fund.

4. Debt service reserve funds and construction project funds which have not yet been disbursed.

5. Proceeds from sale of land grants and subsequent investment returns on deposit with the state of Washington.

CEF ASSET ALLOCATION¹ FOR THE QUARTER ENDING MARCH 31, 2011: \$2,143M



	Current Allocation (\$m)		Target	Policy Range
Emerging Markets Equity	\$380	18%	17%	
Developed Markets Equity	\$791	37%	36%	
Real Assets	\$154	7%	11%	
Opportunistic	\$166	8%	6%	
Capital Appreciation ²	\$1,491	70%	70%	55%–85%
Absolute Return	\$260	12%	15%	
Fixed Income ³	\$393	18%	15%	
Capital Preservation	\$652	30%	30%	15%–45%
Total CEF	\$2,143	100%		

¹ At 3/31/11: International Exposure: 36%, Foreign Currency Exposure: 34%

² Private Investments: current exposure: 25%, uncalled capital commitments: 11%

³ Includes allocation to cash.

CEF PERFORMANCE SUMMARY FOR THE QUARTER ENDING MARCH 31, 2011: \$2,143M

Rolling Year Returns¹ (%)

	3 rd Qtr	Rolling Years		
	FY 2011	1-Year	5-Year	10-Year
Total CEF Return	2.8	11.3	4.4	6.9
Strategy Weighted Policy Benchmark	4.1	12.6	5.6	6.7
Capital Appreciation	3.6	13.5	4.2	6.8
MSCI ACWI	4.5	14.6	3.5	5.5
Capital Preservation	0.6	3.8	4.4	6.3
BC Government Bond	-0.1	4.3	5.6	5.2

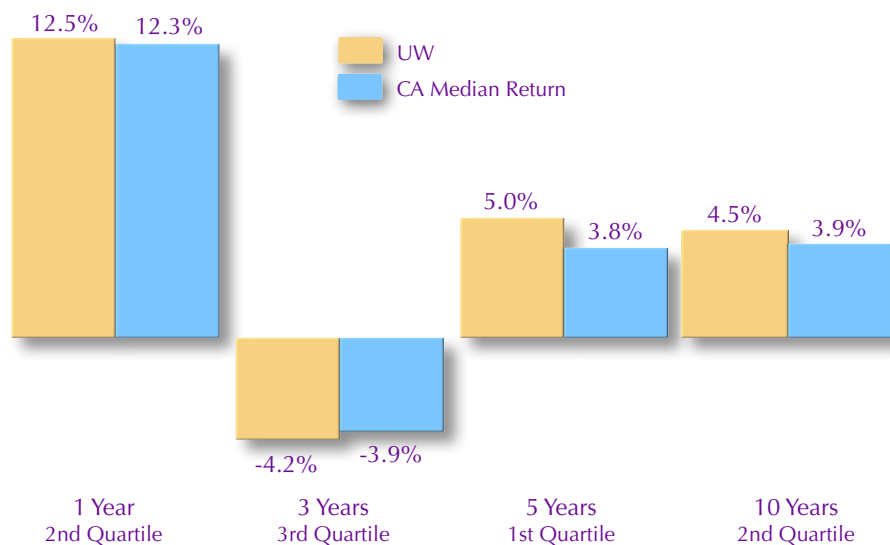
¹Total Return: average annual compound return (dividend or interest plus capital appreciation or depreciation)

Fiscal Year Returns¹ (%)

	FYTD	Fiscal Years		
	2011	2010	2009	2008
Total CEF Return	14.7	12.5	-23.5	2.0
Strategy Weighted Policy Benchmark	18.2	9.8	-16.5	1.1
Capital Appreciation	19.8	13.7	-29.2	1.0
MSCI ACWI	30.2	12.3	-28.9	-8.8
Capital Preservation	3.1	10.8	-9.6	4.0
BC Government Bond	0.0	6.5	6.6	9.7

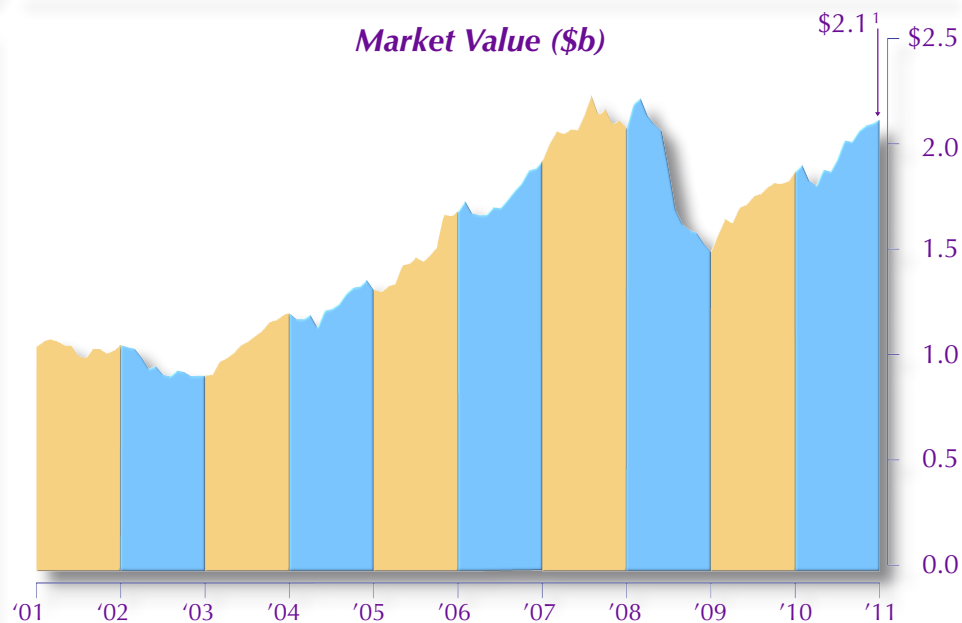
¹Total Return: average annual compound return (dividend or interest plus capital appreciation or depreciation)

UW & Cambridge Associates¹ Returns for periods ending 6/30/10



F-5.1/206-11
6/9/11 Cambridge Associates College and University Investment Pool

Market Value (\$b)



¹ Reflects inclusion of IF units in CEF starting 7/01—value without would be \$1.7

CEF PERFORMANCE BY STRATEGY

Total Return¹ as of March 31, 2011

		3 rd Qtr FY '11	1 Year	3 Years	5 Years	10 Years
Consolidated Endowment Fund		2.8	11.3	-0.2	4.4	6.9
Capital Appreciation	Capital Appreciation	3.6	13.5	-1.1	4.2	6.8
	MSCI ACWI	4.5	14.6	0.9	3.5	5.5
	Emerging Markets Equity	0.1	19.9	5.2	14.6	19.2
	MSCI EMF	2.1	18.8	4.6	11.0	16.9
	Developed Markets Equity	4.7	13.9	-0.2	3.1	5.8
	MSCI World	4.9	14.0	0.3	2.6	4.7
	Real Assets ²	5.8	10.4	-8.3	1.4	--
	NCREIF Property Index ²	4.6	13.1	-4.2	3.5	--
	CA Natural Resources ²	9.2	18.5	6.0	14.6	--
	Opportunistic ³	4.1	--	--	--	--
MSCI ACWI	4.5	--	--	--	--	
Capital Preservation	Capital Preservation	0.6	3.8	1.6	4.4	6.3
	BC Government Bond	-0.1	4.3	3.7	5.6	5.2
	Absolute Return (including historic MAS returns)	1.2	7.1	3.6	6.2	8.2
	HFRI Conservative plus historic MAS benchmark)	1.5	4.7	3.6	4.8	5.5
	Fixed Income	0.2	1.7	1.0	3.1	4.2
BC Government Bond	-0.1	4.3	3.7	5.6	5.2	
Public Market Indices						
S&P		5.9	15.6	2.4	2.6	3.3
MSCI EAFE		3.4	10.9	-2.5	1.8	5.8
CG World Bond Index(unhedged to USD)		0.7	7.3	3.2	7.3	7.4

¹ Total Return: average annual compound return (dividend or interest plus capital appreciation or depreciation)

² Reported on a quarter lag.

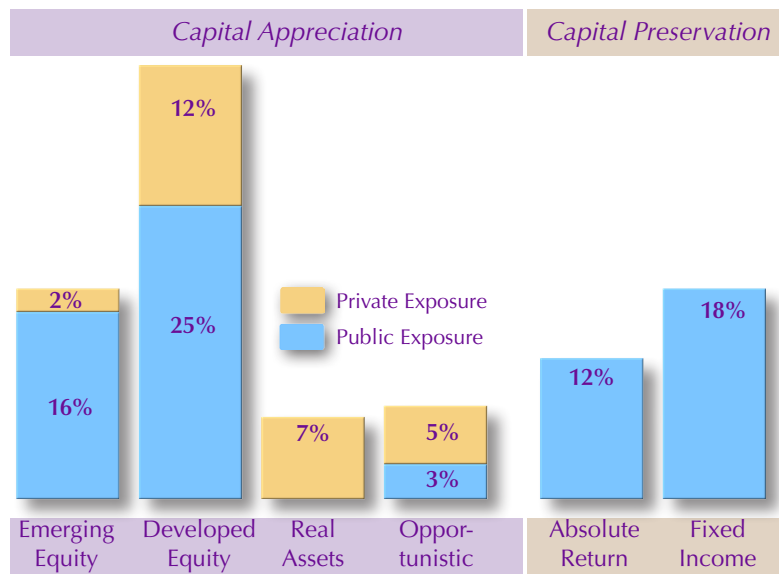
³ New strategies reflecting data starting 7/1/2010.

CEF ACTIVITY AS OF MARCH 31, 2011

	(\$m)				
	<u>FYTD 2011</u>	<u>FY 2010</u>	<u>FY 2009</u>	<u>5 Years</u>	<u>10 Years</u>
Beginning Balance*	\$1,830	\$1,649	\$2,161	\$1,707	\$1,065
Gifts	51	43	84	353	630
Transfers	4	5	10	39	84
Total Additions	\$55	\$48	\$94	\$392	\$713
Operating Funds Purchases	50	8	3	121	207
Net Investment Return	278	201	(515)	401	992
Distributions	(55)	(59)	(75)	(383)	(686)
Administrative Fees	(3)	(4)	(4)	(19)	(30)
Advancement Support	(12)	(14)	(14)	(75)	(118)
Ending Balance	\$2,143	\$1,830	\$1,649	\$2,143	\$2,143
Net Change	\$313	\$181	(\$512)	\$437	\$1,078

CEF EXPOSURES FOR THE QUARTER ENDING MARCH 31, 2011: \$2,143M

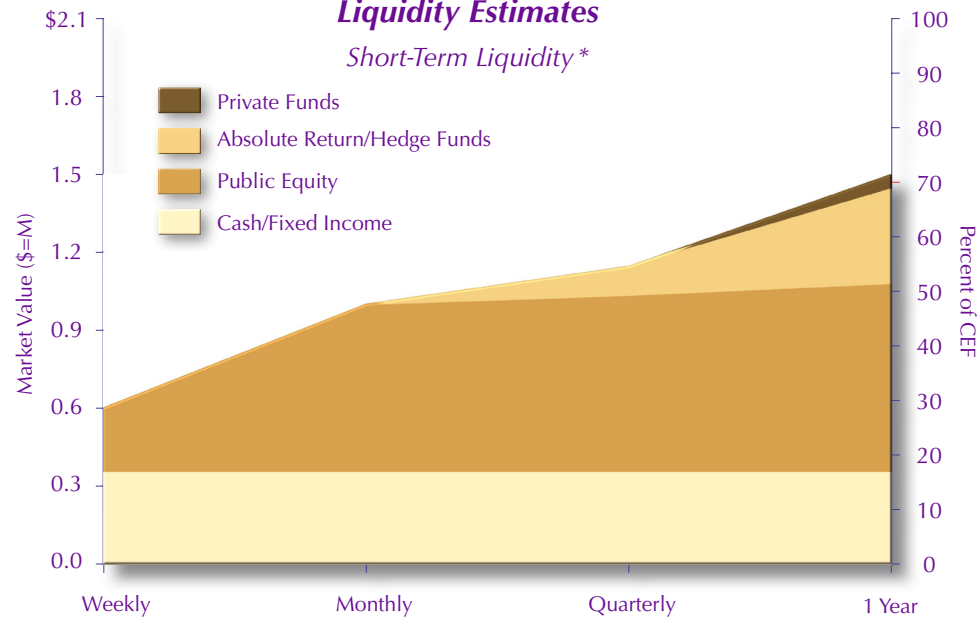
Public/Private Exposure by Strategy *



*Private investment: uncalled capital commitments: 11%

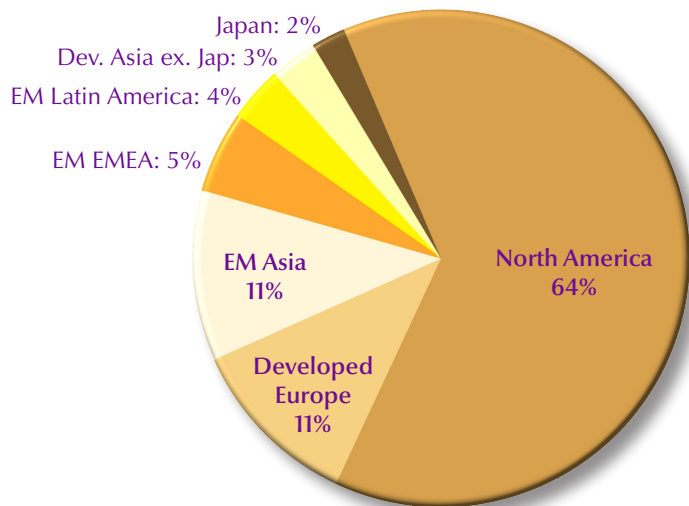
Liquidity Estimates

Short-Term Liquidity *



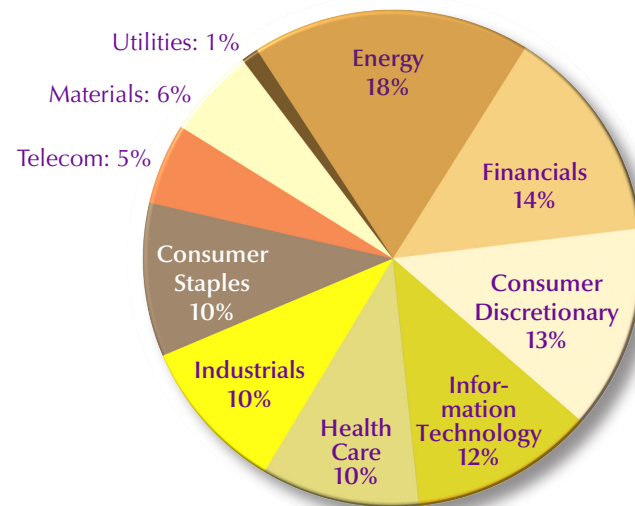
*72% of the CEF liquid within one year.

Geographic Exposure *



* Foreign currency exposure as of March 31, 2011: 34%

Equity Sector Exposure *



* Emerging Markets, Developed Markets, Real Assets and select Absolute Return equity.

INVESTED FUNDS FOR THE QUARTER ENDING MARCH 31, 2011: \$2,143M

Total Return¹ (%)

	3 rd Qtr FY 2011	1-Year	5-Year	10-Year
IF including CEF units	0.9	5.2	4.3	5.1
Weighted Benchmark	1.1	5.3	5.0	5.0
IF excluding CEF units	0.2	2.9	4.4	4.3
Weighted Benchmark	0.0	2.6	4.8	4.3
Cash Pool	0.1	0.3	3.6	3.6
Cash Benchmark ²	0.0	0.1	3.4	3.3
Liquidity Pool	0.2	4.4	4.8	4.6
Barclays Intermediate Govt Bond	0.0	3.8	5.5	4.8

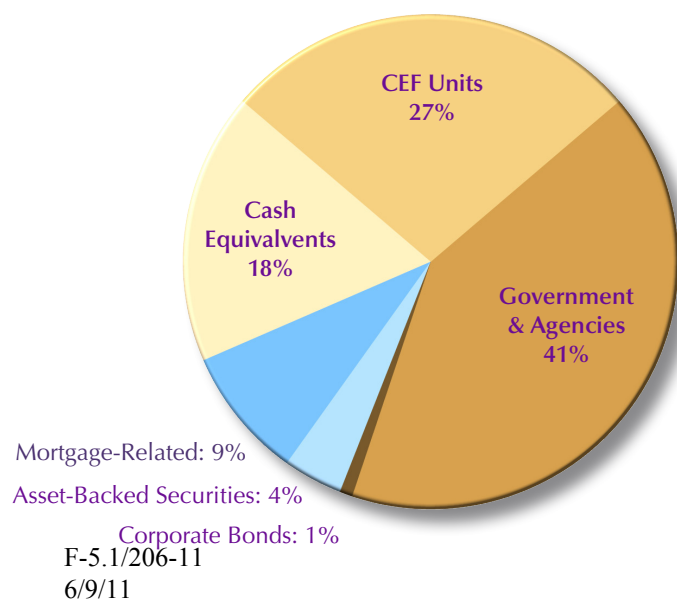
¹ Total Return: average annual compound return (dividend or interest plus capital appreciation or depreciation)

² Citi 2-year Treasury prior to 10/1/2008; 3 month T-Bill thereafter.

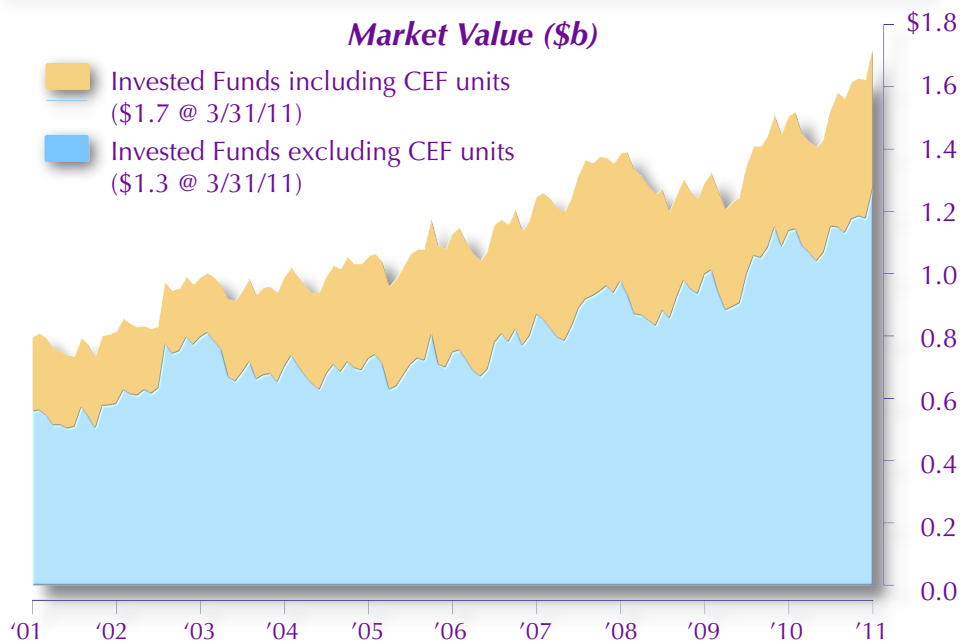
Fund Allocation by Pool (\$m)

	Fund Allocation		Range	Duration in Years	
				Actual	Maximum
Cash Pool	\$579	34%	10%–40%	0.5	3.0
Liquidity Pool	\$698	40%	30%–60%	3.4	4.2
Total Cash & Liquidity Pool	\$1,277	74%			
CEF Units held by IF	\$447	26%	15%–40%		
Total Invested Funds	\$1,724	100%			

Mix of Investments



Market Value (\$b)



CEF SPENDING UPDATE FOR THE QUARTER ENDING MARCH 31, 2011: \$2,143M

New Policy, Approved October 21, 2010

Distributions to programs are equal to 4% of a five-year rolling average. The five-year averaging period will be implemented incrementally. The administrative fee of 1%, which supports Investments (.2%) and Advancement (.8%), are based on the same average value as program distributions.

Historical and Projected Results of Spending Policy Decisions (\$k)

	FY 2008	Interim		FY 2011 (est.) ³
		FY 2009	FY 2010	
Beginning Market Value	\$2,073,519	\$2,161,438	\$1,649,159	\$1,829,868
Distributions ¹	\$94,314	\$75,478	\$59,015	\$75,600
Effective Spending Rate	4.5%	3.5%	3.6%	4.1%
Administrative Fees ²	\$21,331	\$18,004	\$17,908	\$19,700
Effective Spending Rate Including Fees	5.6%	4.3%	4.7%	5.1%
Total Return	2.0%	-23.3%	12.5%	

¹ Actual distributions are administered on a quarterly and per unit basis. New gifts are added quarterly and receive payouts at the next distribution date.

² Administrative fees supporting Advancement (80 bps) and Treasury (20 bps) were based on prior quarters' market value prior to the new spending policy.

³ New spending policy effective with the December 2010 payouts.

Fiscal Year Additions(\$k)

Fiscal Years	Additions Excluding Operating Funds	Additions as of Beginning Market Value
2008	\$106,989	5.1%
2009	\$93,501	4.3%
2010	\$48,331	2.9%
2011	\$67,364	3.7%

Per Unit Distributions FY '08–FY '11

	Year-Over-Year Payout Per Unit	Change
FY08 Four Quarter Total	\$4.176	NA
FY09 Four Quarter Total	\$3.132	-25%
FY10 Four Quarter Total	\$2.349	-25%
FY11 Four Quarter Total (est.)	\$2.852	+20%