

VII. STANDING COMMITTEE

B. Finance, Audit and Facilities Committee

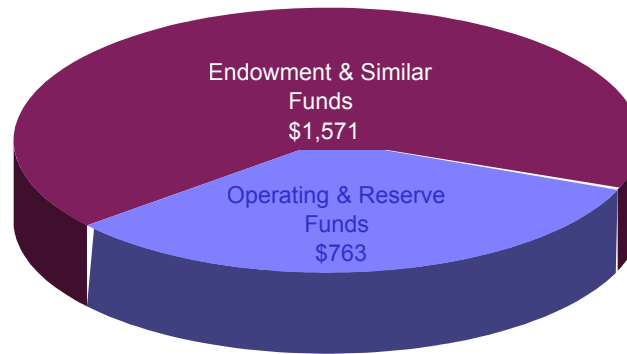
Quarterly Investment Report, 4th Quarter FY 2005

Please see Attachment.

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Treasury Assets ¹

As of June 30, 2005 -- \$2.3 Billion



\$'s in Millions

Endowment & Similar Funds	
Consolidated Endowment Fund ²	\$1,388
Life Income Trusts	\$82
Outside Trusts	52
Non-CEF Endowments	23
Permanent Fund ⁶	26
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	\$1,571

Operating & Reserve Funds	
Invested Funds ²	\$630
Portage Bay Insurance/SIRF ³	45
Bond Retirement Fund ⁴	10
Building Fund ⁴	19
Debt Service Reserve Funds ⁵	6
Bond Proceeds ⁷	53
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	\$763

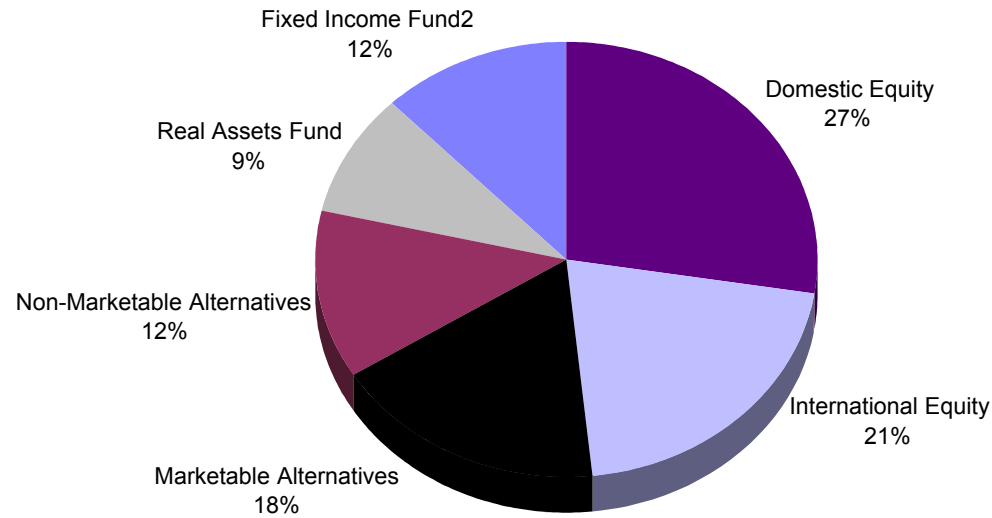
1. Includes assets whose management falls under the auspices of the Finance & Audit Committee of the Board of Regents. Excludes Metro Tract and Forest Trust Lands. All dollar amounts are expressed in millions and represent market values.
2. The Invested Funds holds Consolidated Endowment Fund units valued at \$338. To avoid double counting, the dollars are included only in the CEF totals.
3. In June 2002, the Board of Regents authorized the establishment of a captive insurance company, Portage Bay Insurance. The previous insurance vehicle, the Self Insurance Revolving Fund (SIRF), will close after existing claims are resolved.
4. General obligation bond reserve fund on deposit with the state of Washington.
5. Required reserve funds for locally issued bonds (2002 Housing & Dining \$1.6, 2004 Housing & Dining \$0.6, 2004 Parking \$1.4, Roosevelt \$2.0).
6. Proceeds from sale of land grants and subsequent investment returns on deposit with the state of Washington
7. Construction project funds which have not yet been disbursed (IMA \$7.9, Genome/R&T \$33.2, Parking \$12.3)

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Asset Allocation

As of June 30, 2005

Consolidated Endowment Fund¹ -- \$1,388 Million



\$'s in Millions

	Current Allocation		Interim Target	Policy Target	Policy Range
Domestic Equity	\$381	27%	25%	30%	25%-35%
International Equity	292	21%	20%	15%	10%-20%
Marketable Alternatives	246	18%	20%	15%	10%-20%
Non-Marketable Alternatives	173	12%	15%	15%	10%-20%
Equity Fund	\$1,092	79%	80%	75%	70%-80%
Real Assets Fund	128	9%	8%	8%	5%-10%
Fixed Income Fund²	168	12%	12%	17%	12%-22%
Total Consolidated Endowment Fund	\$1,388	100%			

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Performance Update

	Total Return ¹ as of 6/30/05				
	4Q FY05	1-Year	3-Year	5-Year	10-Year
CONSOLIDATED ENDOWMENT FUND	1.7	12.5	10.1	4.0	11.4
EQUITY FUND	1.3	12.6	10.9	3.3	12.6
Domestic Equity	1.6	7.5	9.0	3.6	12.5
Core Equity	2.1	11.8	10.2	2.8	12.5
Value Equity	-1.4	3.7	7.2	9.1	13.3
Growth Equity	5.9	6.0	12.0	-7.4	11.1
International Equity	-0.1	19.9	16.0	4.0	8.9
Marketable Alternatives	2.0	11.3	12.0	8.3	--
Non-Marketable Alternatives ²	1.8	16.1	5.8	-4.4	14.4
REAL ASSETS FUND	3.9	24.5	--	--	--
FIXED INCOME FUND	2.9	6.9	5.6	7.0	6.9
MARKET INDICES					
<i>Equity Indices</i>					
S&P 500	1.4	6.3	8.3	-2.4	9.9
Russell 3000	2.2	8.1	9.5	-1.4	10.1
Russell 2000	4.3	9.5	12.8	5.7	9.9
Dow Jones	-1.6	0.8	5.9	1.7	10.6
NASDAQ	2.9	0.5	12.0	-12.3	8.2
MSCI ACWI ex US	0.0	17.0	14.1	0.8	5.8
Emerging Markets (IFCG)	7.5	39.5	25.3	9.4	--
<i>Fixed Income Indices</i>					
LB Government Bond	3.4	6.6	5.4	7.1	6.6
JP Morgan Global Hedged Bond Index	3.3	8.9	5.7	6.4	7.5

Sources: Cambridge Associates and Northern Trust

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

2. Provided by Cambridge Associates on a quarter lag.

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Consolidated Endowment Fund (CEF)

For the Quarter Ending June 30, 2005

Total Return¹ (%)

	4Q FY05	1-Year	5-Year	10-Year
Total CEF Return	1.7	12.5	4.0	11.4
Strategy Weighted Policy Benchmark	1.8	11.4	1.2	11.1
Equity Fund	1.3	12.6	3.3	12.6
Weighted Policy Benchmark	1.3	11.5	-0.9	12.0
Real Assets Fund	3.9	24.5	--	--
Policy Benchmark	4.9	22.8	--	--
Fixed Income Fund	2.9	6.9	7.0	6.9
Policy Benchmark (LB Govt Bond)	3.4	6.6	7.1	6.6

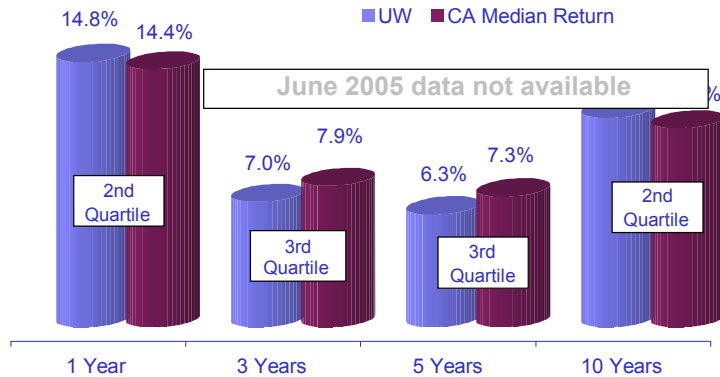
1. Average Annual Compound Return

Activity (\$ in Millions)

	FY2005	FY2004	FY2003	Ten Year
Beginning Balance	1,216	1,010	1,013	319
Gifts	60	33	39	374
Transfers	11	6	5	72
Total Additions	71	39	44	446
IF purchase of CEF units	30	57	0	326
Net Investment Return	160	179	19	728
Distributions*	(76)	(57)	(57)	(375)
Administrative Fees	(3)	(2)	(2)	(17)
Development Support	(10)	(9)	(8)	(38)
Ending Balance	1,388	1,216	1,010	1,388
Net Change	172	206	(4)	1,069

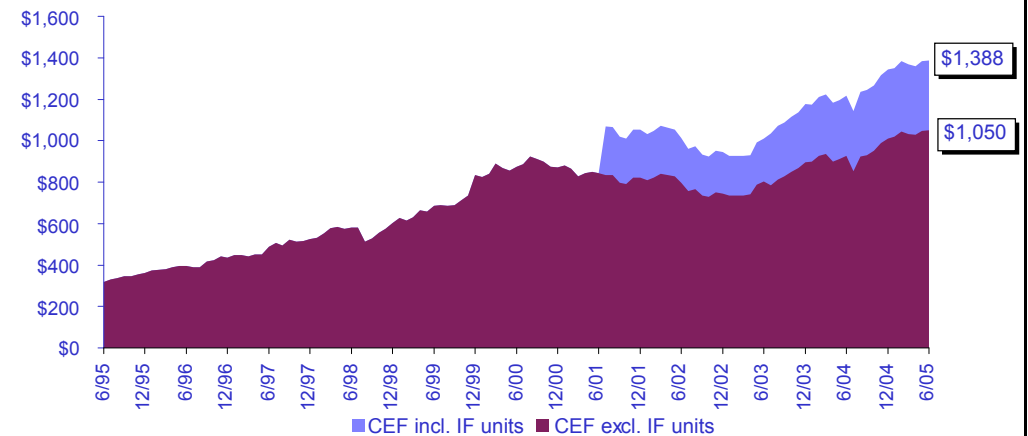
* FY2005 reflects five quarter's distributions due to a timing change.

Cambridge Associates Top 50* Universe Performance for periods ending 3/31/05



* Cambridge Associates College and University Investment Pool Top 50 (by Investment Pool Market Value)

Market Value (\$ in Millions)



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Invested Funds (IF)

For the Quarter Ending June 30, 2005

Total Return¹ (%)

	4Q FY05	1-Year	5-Year	10-Year
Cash	1.2	2.1	4.8	5.4
Citi 2 Yr Treasury	1.1	1.7	4.6	5.0
Liquidity	2.2	4.3	6.4	6.4
LB Intermediate Govt Bond	2.3	4.1	6.2	6.0
IF excluding CEF units	1.9	3.7	6.0	6.1
Weighted Benchmark	1.9	3.4	5.8	5.7
IF including CEF units	1.8	6.5	5.4	7.6
Weighted Policy Benchmark	2.0	4.4	4.5	6.5

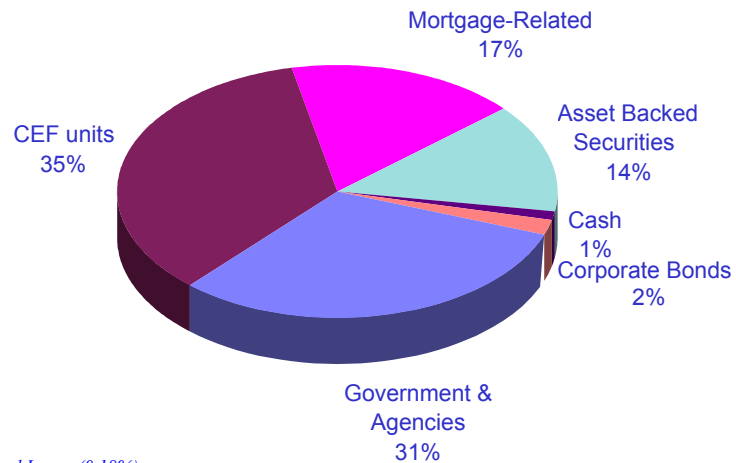
1. Average Annual Compound Return

Fund Allocation By Pool (\$ in Millions)

	Fund Allocation		Range	Fixed Income Duration	
				Actual	Max
Cash Pool	\$153	16%	20% - 40%	1.8	3.0 yrs
Liquidity Pool¹	478	49%	30% - 60%	3.1	4.1 yrs
Total Cash & Liq. Pool	\$630	65%			
CEF Units held by IF		35%	15% - 40%		
Total Invested Funds		100%			

1. Include Interfund Loans

Mix of Investments¹



1. Not shown - Interfund Loans (0.18%)

Market Value (\$ in Millions)

