

UNIVERSITY OF WASHINGTON

INVESTMENT PERFORMANCE REPORT

FIRST QUARTER FISCAL YEAR 2008

As of September 30, 2007



TREASURER, BOARD OF REGENTS
TREASURY OFFICE

Published November 2007

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TREASURY ASSETS¹

As of 9/30/07—\$3.4 Billion

Dollars in Millions



Endowment & Similar Funds

Endowment Funds	\$1,737
Operating Funds	<u>429</u>
Consolidated Endowment Fund	2,166
Life Income Trusts	104
Outside Trusts	60
Non-CEF Endowments	24
Permanent Fund ⁶	<u>27</u>
	<u>\$2,381</u>

Operating & Reserve Funds

Invested Funds ^{2,3}	\$889
Bond Retirement Fund ⁴	10
Building Fund ⁴	17
Debt Service Reserve Funds ⁵	6
Bond Proceeds ⁷	<u>111</u>
	<u>\$1,033</u>

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 \$429. 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(PBI). The previous insurance vehicle, the Self Insurance Revolving Fund(SIRF), will close after existing claims are resolved. Current balances: PBI \$70.9 SIRF \$3.1.
4. General obligation bond reserve fund on deposit with the state of Washington.
5. Required reserve funds for locally issued bonds (2002 Housing & Dining \$1.5, 2004 Housing & Dining \$0.6, 2004 Parking \$1.5, 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 \$7.8, Genome/R&T \$13.4, Parking \$11.5, Global Health Labs \$0.7, 2007 General Revenue Bond \$77.4, Housing \$0.06).

ASSET ALLOCATION

As of September 30, 2007

Consolidated Endowment Fund¹—\$2,166 MM



Dollars in Millions

	Current Allocation	Policy Target	Policy Range
Domestic Equity	\$326 15%	18%	10%–40%
International Developed Markets	\$457 21%	20%	10%–35%
International Emerging Markets	\$325 15%	10%	5%–15%
Marketable Alternatives	\$356 16%	16%	5%–25%
Non-Marketable Alternatives	\$250 11%	12%	5%–20%
Equity Fund	\$1,714 79%	76%	60%–90%
Real Assets Fund	\$261 12%	12%	5%–20%
Fixed Income Fund ²	\$191 9%	12%	5%–35%
Total Consolidated Endowment Fund	\$2,166 100%		

¹ Total international exposure: 44%; estimated net foreign currency exposure: 42% ² Includes allocation to cash

CONSOLIDATED ENDOWMENT FUND (CEF)

For the Quarter ending September 30, 2007

Total Returns As of 9/30/07 ¹ (%)

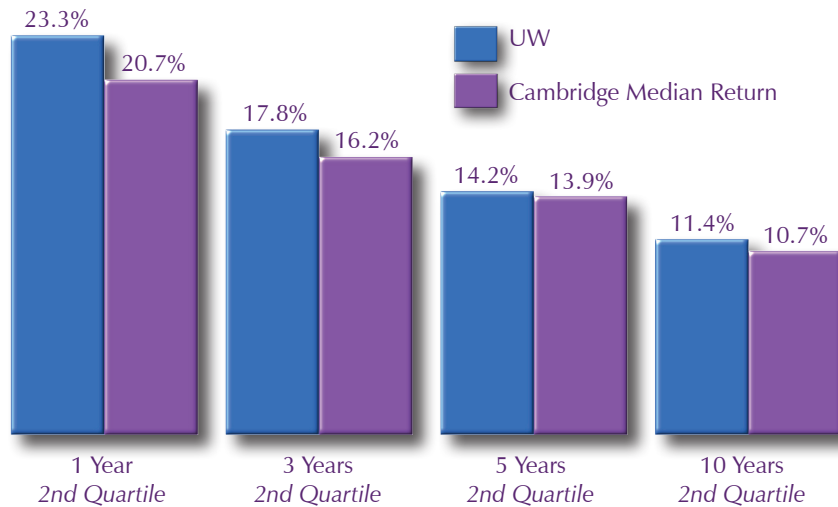
	1 st Qtr FY 2008	1-Year	5-Year	10-Year
Total CEF Return	4.4	25.7	17.1	11.1
Strategy Weighted Policy Benchmark	4.5	20.5	15.4	10.1
Equity Fund	4.7	28.6	19.6	11.9
Weighted Policy Benchmark	4.4	24.4	18.0	10.6
Real Assets Fund	3.5	22.5	—	—
Policy Benchmark	5.6	11.8	—	—
Fixed Income Fund	2.8	8.3	4.9	6.5
Policy Benchmark (LB Govt Bond)	3.6			

¹ Average Annual Compound Return

Activity (\$ in Millions)

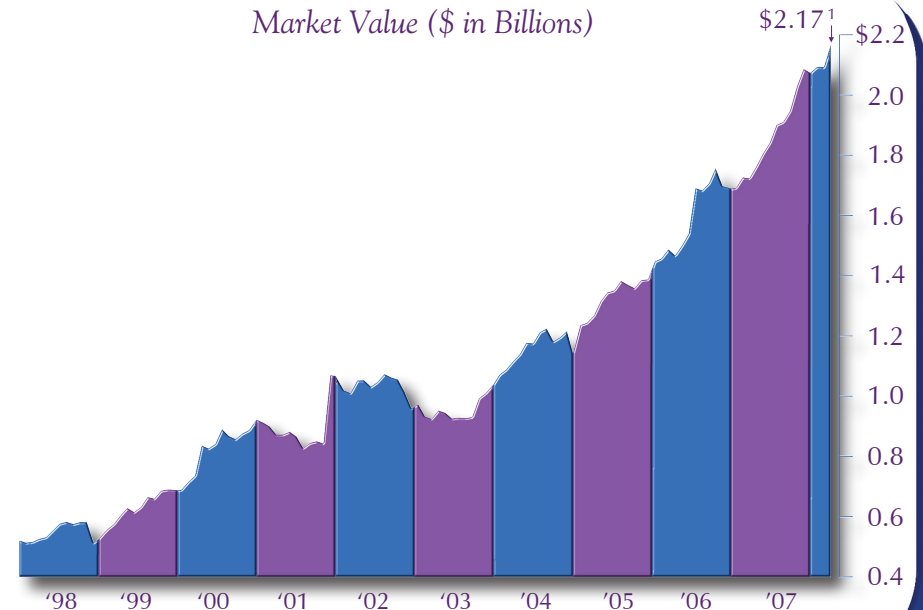
	FYTD 2008	FY 2007	FY 2006	Five Years	Ten Years
Beginning Balance	\$2,074	\$1,690	\$1,388	\$932	\$521
Gifts	21	66	114	322	513
Transfers	1	9	22	53	99
Total Additions	\$21	\$75	\$137	\$374	612
Operating Funds purchases	1	15	0	103	317
Net Investment Return	97	392	250	1,175	1,317
Distributions	(22)	(81)	(70)	(349)	(510)
Administrative Fees	(1)	(4)	(3)	(14)	(22)
Development Support	(4)	(14)	(12)	(56)	(69)
Ending Balance	\$2,166	\$2,074	\$1,690	\$2,166	\$2,166
Net Change	\$93	\$384	\$302	\$1,234	\$1,645

UW & Cambridge Associates ¹ Returns for periods ending 6/30/07



¹ Cambridge Associates College and University Investment Pool Top 50
(by Investment Pool Market Value)

Market Value (\$ in Billions)



¹ Reflects inclusion of IF units in CEF starting 7/01—value without would be \$1.74

PERFORMANCE UPDATE

Total Return¹ As of 9/30/07

	1 st Qtr FY '08	1 Year	3 Years	5 Years	10 Years
Consolidated Endowment Fund	4.4	25.7	19.1	17.1	11.1
Equity Fund	4.7	28.6	21.9	19.6	11.9
Domestic Equity	1.8	18.8	13.8	15.7	9.5
Core Equity	1.3	17.0	14.5	16.0	9.1
Value Equity	-1.7	14.5	10.7	13.5	9.9
Growth Equity	5.0	28.1	18.1	20.8	10.0
International Developed Markets	1.5	23.0	22.0	22.9	8.2
International Emerging Markets	14.9	74.5	43.7	39.7	14.4
Marketable Alternatives	1.9	19.1	14.8	14.4	12.0
Non-Marketable Alternatives ²	7.0	27.0	23.2	15.4	13.7
Real Assets Fund	3.5	22.5	19.7	—	—
Fixed Income Fund	2.8	8.3	5.9	4.9	6.5
Market Indices					
<i>Equity Indices</i>					
S&P 500	2.0	16.4	13.1	15.5	6.6
Russell 3000	1.5	16.5	13.7	16.2	6.8
Russell 2000	-3.1	12.3	13.4	18.7	7.2
Dow Jones	4.2	21.6	13.9	15.4	7.8
NASDAQ	3.8	19.6	12.5	18.2	4.8
MSCI ACWI ex US	4.7	31.1	26.5	26.3	9.2
Emerging Markets (IFCG)	15.2	58.6	42.1	38.8	12.9
<i>Fixed Income Indices</i>					
LB Government Bond	3.6	5.6	3.8	3.5	5.9
JP Morgan Global Hedged Bond Index	3.2	4.0	4.4	3.9	5.9

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.

INVESTED FUNDS (IF)

For the Quarter ending September 30, 2007

Total Return¹ (%)

	1 st Qtr FY 2008	1-Year	5-Year	10-Year
Cash	2.3	5.5	2.9	4.9
Citi 2 Yr Treasury	2.7	5.8	2.8	4.5
Liquidity	2.9	5.5	3.3	5.5
LB Intermediate Govt Bond	3.4	5.9	3.2	5.4
IF excluding CEF units	2.7	5.5	3.2	5.4
Weighted Benchmark	3.2	5.9	3.1	5.2
IF including CEF units	3.2	11.6	7.2	7.1
Weighted Benchmark	3.6	10.4	6.7	6.8

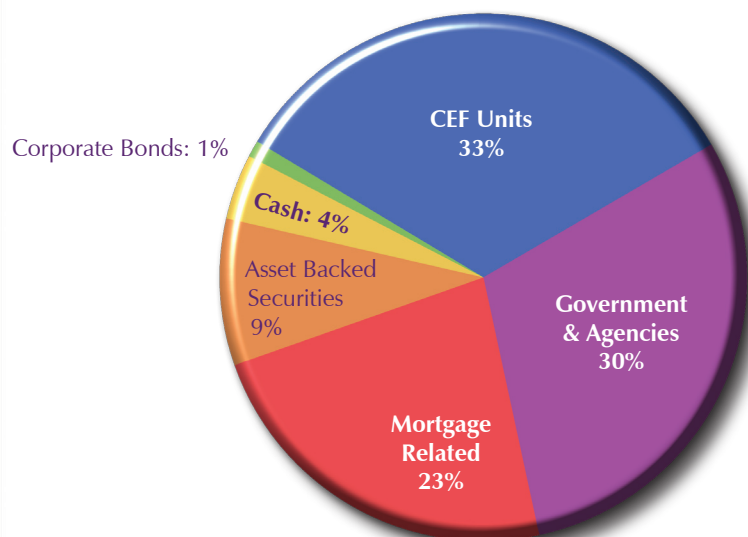
¹ Average Annual Compound Return

Fund Allocation by Pool (\$ in Millions)

	Fund Allocation		Range	Duration	
				Actual	Maximum
Cash Pool	\$321	24%	10%–40%	1.8	3.0 yrs
Liquidity Pool ¹	568	43%	30%–60%	3.2	4.0 yrs
Total Cash & Liq. Pool	\$889	67%			
CEF Units held by IF		33%	15%–40%		
Total Invested Funds		100%			

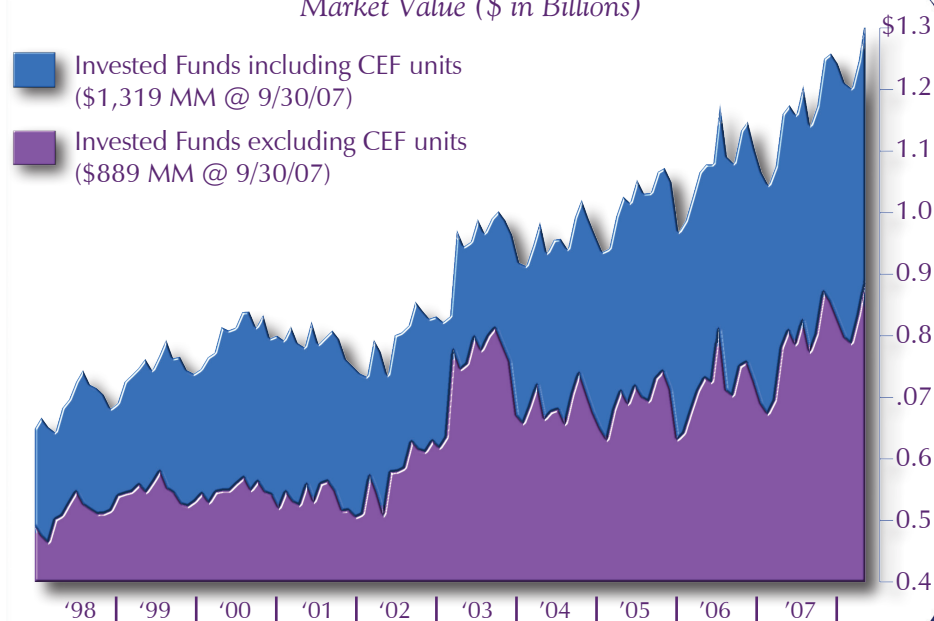
¹ Includes Interfund Loans

Mix of Investments¹



¹ Not shown—Interfund Loans (0.02%)

Market Value (\$ in Billions)



SUMMARY OF ACTIONS TAKEN UNDER BOARD DELEGATED AUTHORITIES

January 1, 2007 through September 30, 2007 (\$ in Millions)

By the Chief Investment Officer

Private Markets

Approved	Action	Manager / Fund	Strategy	Investment (\$MM)
01/04/07	New	Greenbriar Capital Equity	Non-Marketable Alternatives	\$7.0
03/02/07	Addition	Morgan Stanley Special Situations	Real Assets	\$5.0
03/02/07	Reup	OCM Opportunities	Non-Marketable Alternatives	\$6.0
03/23/07	Reup	Matlin Patterson Partners	Non-Marketable Alternatives	\$6.0
03/23/07	Reup	Riverside European	Non-Marketable Alternatives	\$6.0
04/06/07	New	Redwood Grove International	Real Assets	\$12.0
05/04/07	Reup	Arclight Energy Partners	Real Assets	\$10.0
05/25/07	Reup	Thackeray Partners	Real Assets	\$5.0
06/14/07	Reup	Battery Ventures	Non-Marketable Alternatives	\$7.5
06/14/07	New	Bessemer Venture Partners	Non-Marketable Alternatives	\$15.0
06/22/07	New	Phoenix Asia Real Estate	Real Assets	\$8.0
06/22/07	New	Valinor Capital Partners	Marketable Alternatives	\$10.0
07/06/07	New	HIG - Brightpoint Capital	Marketable Alternatives	\$15.0
07/13/07	Reup	Chrys Capital	Non-Marketable Alternatives	\$4.0
07/13/07	Reup	LaSalle Asia Opportunities	Real Assets	\$10.0
08/06/07	Reup	Endeavor Capital	Non-Marketable Alternatives	\$7.0
08/06/07	Reup	TPG Asia	Non-Marketable Alternatives	\$6.0
08/24/07	Termination	Northsound Capital	Marketable Alternatives	-\$18.0
08/31/07	Reup	Frazier Healthcare	Non-Marketable Alternatives	\$6.0
08/31/07	Reup	General Catalyst	Non-Marketable Alternatives	\$4.5
08/31/07	Reup	Ignition Venture Partners	Non-Marketable Alternatives	\$3.0
09/14/07	New	CVI Specialized Ventures	Real Assets	\$20.0
09/14/07	Reup	Natural Gas Partners	Real Assets	\$10.0

SUMMARY OF ACTIONS TAKEN UNDER BOARD DELEGATED AUTHORITIES

January 1, 2007 through September 30, 2007 (\$ in Millions)

By the Chief Investment Officer

Public Markets

Approved	Action	Manager / Fund	Strategy	Investment (\$MM)
01/08/07	New	Arisaig Africa	International Emerging Markets	\$2.0
01/11/07	Addition	Morgan Stanley Best Ideas	Real Assets	\$20.0
01/11/07	New	Northern Trust	Domestic Equity	\$10.0
01/11/07	Reduction	PIMCO All Asset	Real Assets	-\$15.0
01/11/07	Addition	Tree Line	International Emerging Markets	\$3.0
01/11/07	Addition	Tygh Capital	Domestic Equity	\$10.0
01/11/07	Addition	Wellington Energy	Real Assets	\$10.0
01/18/07	New	Atlantis China	International Emerging Markets	\$5.0
02/22/07	Addition	SSGA EAFE	International Developed	\$12.0
03/02/07	New	Fidelity Real Estate	Real Assets	\$10.0
03/02/07	Termination	PIMCO All Asset	Real Assets	-\$17.0
03/23/07	New	Brandywine Global	Fixed Income	\$50.0
03/23/07	Addition	Goldman Sachs	International Emerging Markets	\$15.0
03/23/07	Termination	Payden & Rygel Global Fixed Income	Fixed Income	-\$44.0
03/23/07	Termination	Sands Capital Management	Domestic Equity	-\$45.0
04/06/07	New	Renaissance	Domestic Equity	\$50.0
05/17/07	Termination	Tukman Capital	Domestic Equity	-\$62.0
06/22/07	Addition	Arisaig Asia	International Emerging Markets	\$10.0
07/06/07	New	Matterhorn	International Emerging Markets	\$10.0
07/13/07	New	Mekong Capital	International Emerging Markets	\$3.0
08/27/07	Addition	Ward Ferry	International Emerging Markets	\$3.0
09/14/07	Addition	Arisaig Africa	International Emerging Markets	\$3.0
09/14/07	Termination	City of London China	International Emerging Markets	-\$26.7
09/20/07	Reduction	Northern Trust	Domestic Equity	-\$50.0