

UNIVERSITY OF WASHINGTON

INVESTMENT PERFORMANCE REPORT

FOURTH QUARTER FISCAL YEAR 2007

As of June 30, 2007



TREASURER, BOARD OF REGENTS
TREASURY OFFICE

Published September 2007

TABLE OF CONTENTS

Treasury Assets	1
Asset Allocation	2
Consolidated Endowment Fund	3
Performance Update	4
Invested Funds	5
Actions Taken	6-7

TREASURY ASSETS¹

As of 6/30/07—\$3.2 Billion

Dollars in Millions



Endowment & Similar Funds

Consolidated Endowment Fund ²	\$2,074
Life Income Trusts	105
Outside Trusts	59
Non-CEF Endowments	25
Permanent Fund ⁶	27
	<u>\$2,290</u>

Operating & Reserve Funds

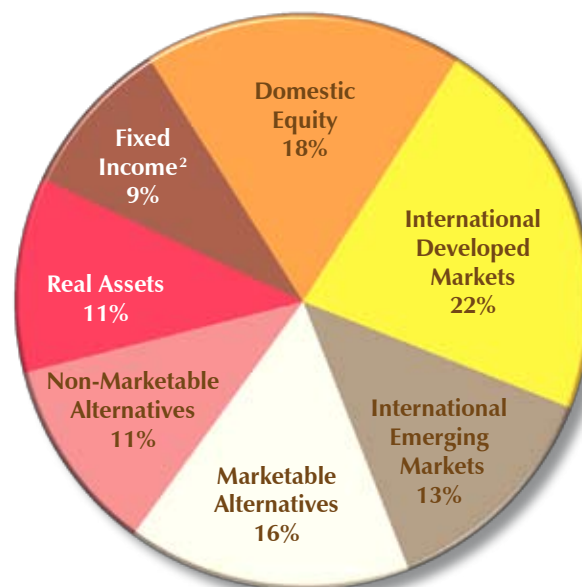
Invested Funds ^{2,3}	\$796
Bond Retirement Fund ⁴	10
Building Fund ⁴	19
Debt Service Reserve Funds ⁵	6
Bond Proceeds ⁷	34
	<u>\$865</u>

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 \$414. 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 \$47.6, SIRF \$19.1.
4. General obligation bond reserve fund on deposit with the state of Washington.
5. Required reserve funds for locally issued bonds (2002 Housing & Dining \$1.6, 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 \$7.7, Genome/R&T \$13.8, Parking \$11.4, Global Health Labs \$0.8)

ASSET ALLOCATION

As of June 30, 2007

Consolidated Endowment Fund¹—\$2,074 MM



Dollars in Millions

	Current Allocation		Policy Target	Policy Range
Domestic Equity	\$371	18%	18%	10%–40%
International Developed Markets	\$453	22%	20%	10%–35%
International Emerging Markets	\$258	13%	10%	5%–15%
Marketable Alternatives	\$334	16%	16%	5%–25%
Non-Marketable Alternatives	\$236	11%	12%	5%–20%
Equity Fund	\$1,652	80%	76%	60%–90%
Real Assets Fund	\$235	11%	12%	5%–20%
Fixed Income Fund ²	\$186	10%	12%	5%–35%
Total Consolidated Endowment Fund	\$2,074	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 June 30, 2007

Total Returns As of 6/30/07 ¹ (%)

	4 th Qtr FY 2007	1-Year	5-Year	10-Year
Total CEF Return	6.9	23.3	14.2	11.4
Strategy Weighted Policy Benchmark	4.8	19.1	12.3	10.4
Equity Fund	7.9	26.2	15.5	12.2
Weighted Policy Benchmark	6.4	23.6	13.7	11.0
Real Assets Fund	5.2	18.8	—	—
Policy Benchmark	-0.2	6.0	—	—
Fixed Income Fund	1.1	7.9	5.4	6.6
Policy Benchmark (LB Govt Bond)	-0.3	5.6	4.1	5.9

¹ Average Annual Compound Return

Activity (\$ in Millions)

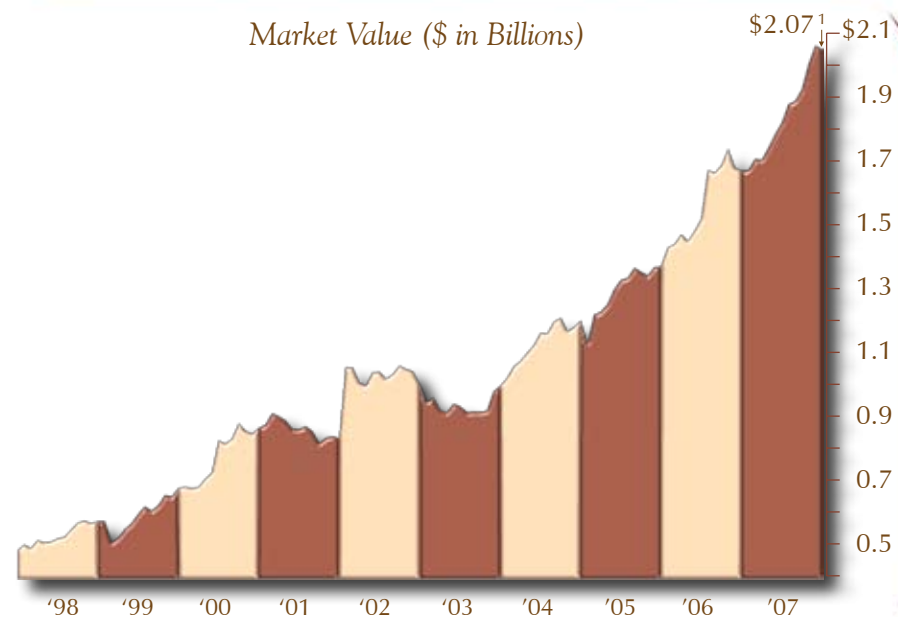
	FY 2007	FY 2006	FY 2005	Five Years	Ten Years
Beginning Balance	\$1,690	\$1,388	\$1,216	\$1,013	\$489
Gifts	66	114	60	313	496
Transfers	24	22	11	68	114
Total Additions	\$90	\$137	\$71	\$381	\$609
IF purchase of CEF units	0	0	30	87	326
Net Investment Return	392	250	160	1,000	1,228
Distributions*	(81)	(70)	(76)	(341)	(493)
Administrative Fees	(4)	(3)	(3)	(13)	(22)
Development Support	(14)	(12)	(10)	(54)	(64)
Ending Balance	\$2,074	\$1,690	\$1,388	\$2,074	\$2,074
Net Change	\$384	\$302	\$172	\$1,060	\$1,585

¹ FY 2005 reflects five quarters' distributions due to a change in distribution date

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

Data Not Available at Press Time

Market Value (\$ in Billions)



¹ Reflects inclusion of IF units in CEF starting 7/01—value without would be \$1.66

PERFORMANCE UPDATE

Total Return¹ As of 6/30/07

	4 th Qtr FY '07	1 Year	3 Years	5 Years	10 Years
Consolidated Endowment Fund	6.9	23.3	17.8	14.2	11.4
Equity Fund	7.9	26.2	19.7	15.5	12.2
Domestic Equity	6.6	19.3	12.5	11.4	10.3
Core Equity	5.4	19.7	14.0	12.1	10.1
Value Equity	8.8	21.1	10.9	10.2	11.1
Growth Equity	9.5	20.8	13.9	14.3	10.4
International Developed Markets	5.9	24.8	22.0	18.0	8.5
International Emerging Markets	20.7	57.9	40.7	31.7	12.8
Marketable Alternatives	5.7	19.8	14.5	13.7	12.8
Non-Marketable Alternatives ²	4.1	21.5	20.7	12.4	14.1
Real Assets Fund	5.2	18.8	21.1	—	—
Fixed Income Fund	1.1	7.9	5.8	5.4	6.6
Market Indices					
<i>Equity Indices</i>					
S&P 500	6.3	20.6	11.7	10.7	7.1
Russell 3000	5.8	20.1	12.4	11.5	7.6
Russell 2000	4.4	16.4	13.4	13.9	9.1
Dow Jones	9.1	23.0	11.2	10.2	7.8
NASDAQ	7.5	19.8	8.3	12.2	6.1
MSCI ACWI ex US	8.4	30.1	25.0	19.9	8.6
Emerging Markets (IFCG)	16.3	43.4	39.2	30.6	10.2
<i>Fixed Income Indices</i>					
LB Government Bond	-0.3	5.6	3.6	4.1	5.9
JP Morgan Global Hedged Bond Index	-0.8	4.3	4.2	4.2	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 June 30, 2007

Total Return¹ (%)

	4 th Qtr FY 2007	1-Year	5-Year	10-Year
Cash	0.5	5.2	3.1	4.9
Citi 2 Yr Treasury	0.6	5.0	2.8	4.4
Liquidity	0.1	5.4	3.6	5.5
LB Intermediate Govt Bond	0.0	5.4	3.5	5.3
IF excluding CEF units	0.2	5.4	3.5	5.3
Weighted Benchmark	0.2	5.4	3.3	5.1
IF including CEF units	2.3	10.8	6.7	7.2
Weighted Benchmark	1.7	9.6	6.2	6.8

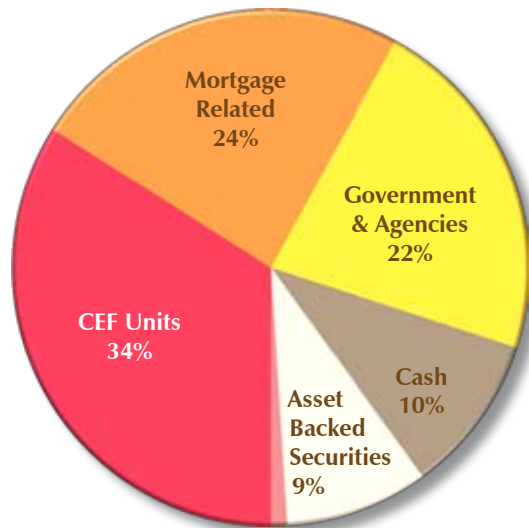
¹ Average Annual Compound Return

Fund Allocation by Pool (\$ in Millions)

	Fund Allocation		Range	Duration	
				Actual	Maximum
Cash Pool	\$244	20%	10%–40%	1.7	3.0 yrs
Liquidity Pool ¹	552	46%	30%–60%	3.2	4.0 yrs
Total Cash & Liq. Pool	<u>\$796</u>	<u>66%</u>			
CEF Units held by IF		<u>34%</u>	15%–40%		
Total Invested Funds		<u>100%</u>			

¹ Includes Interfund Loans

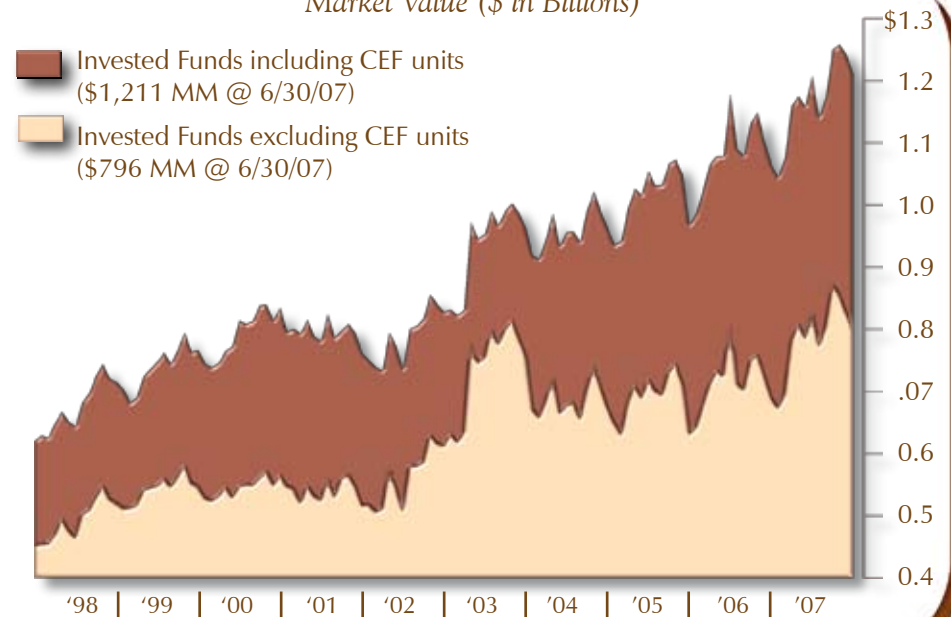
Mix of Investments¹



Corporate Bonds: 1%

¹ Not shown—Interfund Loans (0.02%)

Market Value (\$ in Billions)



SUMMARY OF ACTIONS TAKEN UNDER BOARD DELEGATED AUTHORITIES

JANUARY 1, 2007 THROUGH JUNE 30, 2007 (\$ IN MILLIONS)

By the Chief Investment Officer

Public Markets

Approved	Action	Manager / Fund	Strategy	Investment
01/08/07	New	Arisaig Africa Fund	International Emerging Markets	\$2.0
01/11/07	New	Northern Trust	Domestic Equity	\$10.0
01/11/07	Addition	Tygh	Domestic Equity	\$10.0
01/11/07	Addition	TreeLine	International Emerging Markets	\$3.0
01/11/07	Reduction	PIMCO All Asset Fund	Real Assets	-\$15.0
01/11/07	Addition	Wellington Energy Fund	Real Assets	\$10.0
01/11/07	Addition	Morgan Stanley Best Ideas Fund	Real Assets	\$20.0
01/18/07	New	Atlantis China	International Emerging Markets	\$5.0
02/22/07	Addition	SSGA EAFE	International Developed	\$12.0
03/02/07	Liquidation	PIMCO All Asset Fund	Real Assets	-\$17.0
03/02/07	New	Fidelity Real Estate Opportunistic Income Fund	Real Assets	\$10.0
03/23/07	Liquidation	Sands Capital Management	Domestic Equity	-\$45.0
03/23/07	Addition	Goldman Sachs	International Emerging Markets	\$15.0
03/23/07	Liquidation	Payden & Rygel Global Fixed Income	Fixed Income	-\$44.0
03/23/07	New	Brandywine Global Opportunistic Fixed Income	Fixed Income	\$45.0
04/06/07	New	Renaissance Institutional Equities Fund	Domestic Equity	\$50.0
05/17/07	Liquidation	Tukman Capital	Domestic Equity	-\$62.0
06/22/07	Addition	Arisaig Asia	International Emerging Markets	\$10.0

SUMMARY OF ACTIONS TAKEN UNDER BOARD DELEGATED AUTHORITIES

JANUARY 1, 2007 THROUGH JUNE 30, 2007 (\$ IN MILLIONS)

By the Chief Investment Officer

Private Markets

<u>Approved</u>	<u>Action</u>	<u>Manager / Fund</u>	<u>Strategy</u>	<u>Investment</u>
01/04/07	New	Greenbriar Capital	Non-Marketable Alternatives	\$7.0
03/02/07	Reup	OCM	Non-Marketable Alternatives	\$6.0
03/02/07	Addition	Morgan Stanley	Real Assets	\$5.0
03/23/07	Reup	MatlinPatterson	Non-Marketable Alternatives	\$6.0
03/23/07	Reup	Riverside	Non-Marketable Alternatives	\$6.0
04/06/07	New	Grove International Partners	Real Assets	\$12.0
05/04/07	Reup	Arclight	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	Valinor Capital	Marketable Alternatives	\$10.0
06/22/07	New	Phoenix Advisors	Real Assets	\$8.0