VII. STANDING COMMITTEES

B. Finance and Asset Management Committee

Investment Performance Report – Fourth Quarter Fiscal Year, as of June 30, 2015

For information only.

Attachment
Investment Performance Report – Fourth Quarter Fiscal Year 2015, as of June 30, 2015
University of Washington
Investment Performance Report
Fourth Quarter Fiscal Year 2015

As of June 30, 2015

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TREASURY ASSETS\textsuperscript{1} AS OF JUNE 30, 2015

$5,053 (\$ = Millions)

\begin{table}[h]
\centering
\begin{tabular}{|l|c|}
\hline
Endowment & Similar Funds & \\
\hline
Endowment Funds & $2,270 & \\
Operating Funds\textsuperscript{2} & 806 & \\
Consolidated Endowment Fund & $3,076 & \\
Life Income Trusts & 83 & \\
Outside Trusts & 111 & \\
Non-CEF Endowments & 16 & \\
Permanent Fund\textsuperscript{3} & 36 & \\
\hline
\end{tabular}
\end{table}

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Non-CEF Endowments & 16 & \\
Permanent Fund\textsuperscript{3} & 36 & \\
\hline
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\begin{table}[h]
\centering
\begin{tabular}{|l|c|}
\hline
Endowment & Similar Funds & \\
\hline
\multicolumn{2}{|c|}{$3,322$} & \\
\hline
\end{tabular}
\end{table}

\begin{table}[h]
\centering
\begin{tabular}{|l|c|}
\hline
Operating & Reserve Funds & \\
\hline
Invested Funds & \\
Cash & Liquidity Pools\textsuperscript{2} & $1,526 & \\
Invested Funds & \\
Capital Assets Pool\textsuperscript{4} & 127 & \\
Funds on Deposit with & \\
State of Washington\textsuperscript{5} & 16 & \\
Bond Proceeds and Reserves\textsuperscript{6} & 62 & \\
\hline
\end{tabular}
\end{table}

\begin{table}[h]
\centering
\begin{tabular}{|l|c|}
\hline
Operating & Reserve Funds & \\
\hline
Operating & Reserve Funds & \\
$1,731$ & \\
\hline
\end{tabular}
\end{table}

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\begin{tabular}{|l|c|}
\hline
Endowment & Similar Funds & \\
\hline
Consolidated Endowment Fund & $3,076 & \\
Life Income Trusts & 83 & \\
Outside Trusts & 111 & \\
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Permanent Fund\textsuperscript{3} & 36 & \\
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\multicolumn{2}{|c|}{$3,322$} & \\
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\end{tabular}
\end{table}

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\hline
Invested Funds & \\
Cash & Liquidity Pools\textsuperscript{2} & $1,526 & \\
Invested Funds & \\
Capital Assets Pool\textsuperscript{4} & 127 & \\
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State of Washington\textsuperscript{5} & 16 & \\
Bond Proceeds and Reserves\textsuperscript{6} & 62 & \\
\hline
\end{tabular}
\end{table}

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\centering
\begin{tabular}{|l|c|}
\hline
Operating & Reserve Funds & \\
\hline
Operating & Reserve Funds & \\
$1,731$ & \\
\hline
\end{tabular}
\end{table}

\textsuperscript{1} Assets whose management falls under the auspices of the Finance & Asset management Committee of the Board of Regents, excluding Metro Tract and Forest Trust Lands.

\textsuperscript{2} The Invested Funds Diversified Investment Pool holds Consolidated Endowment Fund units valued at $806 million. To avoid double counting, the dollars are included only in the Consolidated Endowment Fund (CEF) total.

\textsuperscript{3} Proceeds from sale of land grants and subsequent investment returns on deposit with the state of Washington.

\textsuperscript{4} Capital Assets Pool (CAP) consists of UW internally financed projects.

\textsuperscript{5} Bond Retirement Fund and Building Fund.

\textsuperscript{6} Debt service reserve funds and construction project funds which have not yet been disbursed.
**Consolidated Endowment Fund (CEF) Asset Allocation for the Quarter Ending June 30, 2015**

### Current Allocation ($ = Millions)

<table>
<thead>
<tr>
<th>Investment Category</th>
<th>Current Allocation</th>
<th>Policy Target</th>
<th>Policy Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emerging Markets Equity</td>
<td>$541</td>
<td>18%</td>
<td>17%</td>
</tr>
<tr>
<td>Developed Markets Equity</td>
<td>$1,156</td>
<td>38%</td>
<td>28%</td>
</tr>
<tr>
<td>Private Equity</td>
<td>$325</td>
<td>11%</td>
<td>15%</td>
</tr>
<tr>
<td>Real Assets</td>
<td>$191</td>
<td>6%</td>
<td>7%</td>
</tr>
<tr>
<td>Opportunistic</td>
<td>$44</td>
<td>1%</td>
<td>3%</td>
</tr>
<tr>
<td>Capital Appreciation</td>
<td>$2,256</td>
<td>73%</td>
<td>70%</td>
</tr>
<tr>
<td>Absolute Return</td>
<td>$510</td>
<td>17%</td>
<td>19%</td>
</tr>
<tr>
<td>Fixed Income</td>
<td>$310</td>
<td>10%</td>
<td>11%</td>
</tr>
<tr>
<td>Capital Preservation</td>
<td>$820</td>
<td>27%</td>
<td>30%</td>
</tr>
<tr>
<td><strong>Total CEF</strong></td>
<td><strong>$3,076</strong></td>
<td><strong>100%</strong></td>
<td><strong>30%</strong></td>
</tr>
</tbody>
</table>

1. **Uncalled capital commitments: 11%
2. Note: Percentages may not sum due to rounding
CEF PERFORMANCE SUMMARY FOR THE QUARTER ENDING JUNE 30, 2015

ROLLING YEAR RETURNS\(^1\) (%)

<table>
<thead>
<tr>
<th></th>
<th>4th Qtr FY 2015</th>
<th>1-Year</th>
<th>3-Year</th>
<th>5-Year</th>
<th>10-Year</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total CEF Return</strong></td>
<td>1.5</td>
<td>6.8</td>
<td>11.9</td>
<td>10.0</td>
<td>7.5</td>
</tr>
<tr>
<td>70% MSCI ACWI/30% BC Govt Bond</td>
<td>-0.1</td>
<td>1.6</td>
<td>9.8</td>
<td>9.7</td>
<td>6.4</td>
</tr>
<tr>
<td><strong>Capital Appreciation</strong></td>
<td>2.0</td>
<td>8.1</td>
<td>14.5</td>
<td>12.4</td>
<td>8.4</td>
</tr>
<tr>
<td>MSCI ACWI</td>
<td>0.5</td>
<td>1.2</td>
<td>13.6</td>
<td>12.5</td>
<td>7.0</td>
</tr>
<tr>
<td><strong>Capital Preservation</strong></td>
<td>0.0</td>
<td>2.7</td>
<td>5.5</td>
<td>4.2</td>
<td>4.3</td>
</tr>
<tr>
<td>BC Government Bond</td>
<td>-1.5</td>
<td>2.3</td>
<td>0.9</td>
<td>2.6</td>
<td>4.0</td>
</tr>
</tbody>
</table>

FISCAL YEAR RETURNS\(^1\) (%)

<table>
<thead>
<tr>
<th></th>
<th>FY ’15</th>
<th>FY ’14</th>
<th>FY ’13</th>
<th>FY ’12</th>
<th>FY ’11</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total CEF Return</strong></td>
<td>6.8</td>
<td>15.8</td>
<td>13.5</td>
<td>-0.9</td>
<td>16.0</td>
</tr>
<tr>
<td>70% MSCI ACWI/30% BC Govt Bond</td>
<td>1.6</td>
<td>16.8</td>
<td>11.3</td>
<td>-1.3</td>
<td>21.8</td>
</tr>
<tr>
<td><strong>Capital Appreciation</strong></td>
<td>8.1</td>
<td>18.8</td>
<td>17.0</td>
<td>-1.9</td>
<td>21.5</td>
</tr>
<tr>
<td>MSCI ACWI</td>
<td>1.2</td>
<td>23.6</td>
<td>17.2</td>
<td>-6.0</td>
<td>30.8</td>
</tr>
<tr>
<td><strong>Capital Preservation</strong></td>
<td>2.7</td>
<td>8.0</td>
<td>5.9</td>
<td>1.2</td>
<td>3.6</td>
</tr>
<tr>
<td>BC Government Bond</td>
<td>2.3</td>
<td>2.1</td>
<td>-1.5</td>
<td>8.3</td>
<td>2.3</td>
</tr>
</tbody>
</table>

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

NACUBO/COMMONFUND ENDOWMENT STUDY\(^1\)

Information will not be available until January 2016.

GROWTH OF $10,000: CEF VS. PASSIVE ALTERNATIVES

As of June 30

$20,608
$18,970
$ = 000’s
# CEF Performance Update

## Total Return

<table>
<thead>
<tr>
<th>Fund Type</th>
<th>4th Qtr FY '15</th>
<th>1 Year</th>
<th>3 Years</th>
<th>5 Years</th>
<th>10 Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consolidated Endowment Fund</td>
<td>1.5</td>
<td>6.8</td>
<td>11.9</td>
<td>10.0</td>
<td>7.5</td>
</tr>
<tr>
<td>70% MSCI ACWI &amp; 30% BC Gov’t Bond</td>
<td>-0.1</td>
<td>1.6</td>
<td>9.8</td>
<td>9.7</td>
<td>6.4</td>
</tr>
<tr>
<td>Capital Appreciation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MSCI ACWI</td>
<td>2.0</td>
<td>8.1</td>
<td>14.5</td>
<td>12.4</td>
<td>8.4</td>
</tr>
<tr>
<td>Emerging Markets Equity</td>
<td>0.5</td>
<td>1.2</td>
<td>13.6</td>
<td>12.5</td>
<td>7.0</td>
</tr>
<tr>
<td>Developed Markets Equity</td>
<td>0.5</td>
<td>5.2</td>
<td>16.6</td>
<td>14.3</td>
<td>7.2</td>
</tr>
<tr>
<td>Opportunistic (started 7/1/2010)</td>
<td>4.3</td>
<td>8.8</td>
<td>17.7</td>
<td>13.1</td>
<td>--</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td><strong>1.9</strong></td>
<td><strong>7.2</strong></td>
<td><strong>15.3</strong></td>
<td><strong>12.6</strong></td>
<td>--</td>
</tr>
<tr>
<td>MSCI ACWI</td>
<td>0.5</td>
<td>1.2</td>
<td>13.6</td>
<td>12.5</td>
<td>7.0</td>
</tr>
<tr>
<td>Private Equity</td>
<td>3.3</td>
<td>14.8</td>
<td>14.7</td>
<td>13.5</td>
<td>11.6</td>
</tr>
<tr>
<td>PE Benchmark</td>
<td>3.0</td>
<td>13.9</td>
<td>14.9</td>
<td>15.3</td>
<td>11.9</td>
</tr>
<tr>
<td>Real Assets</td>
<td>0.4</td>
<td>4.4</td>
<td>10.0</td>
<td>9.6</td>
<td>4.3</td>
</tr>
<tr>
<td>RA Benchmark</td>
<td>0.4</td>
<td>3.1</td>
<td>6.5</td>
<td>10.3</td>
<td>7.6</td>
</tr>
<tr>
<td><strong>Capital Preservation</strong></td>
<td><strong>0.0</strong></td>
<td><strong>2.7</strong></td>
<td><strong>5.5</strong></td>
<td><strong>4.2</strong></td>
<td><strong>4.3</strong></td>
</tr>
<tr>
<td>BC Government Bond</td>
<td>-1.5</td>
<td>2.3</td>
<td>0.9</td>
<td>2.6</td>
<td>4.0</td>
</tr>
<tr>
<td>Absolute Return</td>
<td>0.0</td>
<td>3.3</td>
<td>7.8</td>
<td>6.4</td>
<td>6.8</td>
</tr>
<tr>
<td>Policy Benchmark</td>
<td>0.2</td>
<td>2.6</td>
<td>5.5</td>
<td>3.6</td>
<td>4.3</td>
</tr>
<tr>
<td>Fixed Income</td>
<td>0.1</td>
<td>1.6</td>
<td>1.8</td>
<td>1.6</td>
<td>2.5</td>
</tr>
<tr>
<td>BC Government Bond</td>
<td>-1.5</td>
<td>2.3</td>
<td>0.9</td>
<td>2.6</td>
<td>4.0</td>
</tr>
<tr>
<td><strong>Market Indices</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>S&amp;P</td>
<td>0.3</td>
<td>7.4</td>
<td>17.3</td>
<td>17.3</td>
<td>7.9</td>
</tr>
<tr>
<td>Russell 2000</td>
<td>0.4</td>
<td>6.5</td>
<td>17.8</td>
<td>17.1</td>
<td>8.4</td>
</tr>
<tr>
<td>MSCI EAFE</td>
<td>0.8</td>
<td>-3.8</td>
<td>12.5</td>
<td>10.0</td>
<td>5.6</td>
</tr>
<tr>
<td>MSCI EMF</td>
<td>0.8</td>
<td>-4.8</td>
<td>4.1</td>
<td>4.0</td>
<td>8.5</td>
</tr>
<tr>
<td>BC High Yield</td>
<td>0.0</td>
<td>-0.4</td>
<td>6.8</td>
<td>8.6</td>
<td>7.9</td>
</tr>
</tbody>
</table>

---

1. **Total Return**: Average Annual Compound Return (dividend or interest plus capital appreciation or depreciation)
2. **Reported on a quarter lag**
## CEF Activity and Campus Support from Investments as of June 30, 2015

$ = Millions

<table>
<thead>
<tr>
<th></th>
<th>FYTD 2015</th>
<th>FY 2014</th>
<th>FY 2013</th>
<th>Rolling Years 5 Years</th>
<th>Rolling Years 10 Years</th>
<th>Rolling Years 15 Years</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Beginning Balance</strong></td>
<td>$2,833</td>
<td>$2,347</td>
<td>$2,111</td>
<td>$1,830</td>
<td>$1,359</td>
<td>$1,129</td>
</tr>
<tr>
<td><strong>Gifts</strong></td>
<td>52</td>
<td>71</td>
<td>48</td>
<td>310</td>
<td>716</td>
<td>934</td>
</tr>
<tr>
<td><strong>Transfers</strong></td>
<td>8</td>
<td>7</td>
<td>6</td>
<td>33</td>
<td>87</td>
<td>117</td>
</tr>
<tr>
<td><strong>Operating Funds Purchases</strong></td>
<td>121</td>
<td>146</td>
<td>11</td>
<td>331</td>
<td>401</td>
<td>487</td>
</tr>
<tr>
<td><strong>Total Additions</strong></td>
<td>$181</td>
<td>$224</td>
<td>$66</td>
<td>$674</td>
<td>$1,204</td>
<td>$1,539</td>
</tr>
<tr>
<td><strong>Net Investment Return</strong></td>
<td>194</td>
<td>379</td>
<td>279</td>
<td>1,133</td>
<td>1,542</td>
<td>1,759</td>
</tr>
<tr>
<td><strong>Distributions</strong></td>
<td>(105)</td>
<td>(94)</td>
<td>(87)</td>
<td>(447)</td>
<td>(827)</td>
<td>(1,102)</td>
</tr>
<tr>
<td><strong>Advancement Support</strong></td>
<td>(21)</td>
<td>(19)</td>
<td>(17)</td>
<td>(90)</td>
<td>(162)</td>
<td>(198)</td>
</tr>
<tr>
<td><strong>Administrative Fees</strong></td>
<td>(5)</td>
<td>(5)</td>
<td>(4)</td>
<td>(23)</td>
<td>(41)</td>
<td>(51)</td>
</tr>
<tr>
<td><strong>Ending Balance</strong></td>
<td>$3,076</td>
<td>$2,833</td>
<td>$2,347</td>
<td>$3,076</td>
<td>$3,076</td>
<td>$3,076</td>
</tr>
</tbody>
</table>

## Campus Support from Investments

<table>
<thead>
<tr>
<th></th>
<th>FYTD 2015</th>
<th>FY 2014</th>
<th>FY 2013</th>
<th>5 Years</th>
<th>10 Years</th>
<th>15 Years</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CEF Distributions to Unit Holders</strong></td>
<td>$105</td>
<td>$94</td>
<td>$87</td>
<td>$447</td>
<td>$827</td>
<td>$1,102</td>
</tr>
<tr>
<td><strong>Advancement Support from CEF</strong></td>
<td>21</td>
<td>19</td>
<td>17</td>
<td>90</td>
<td>162</td>
<td>198</td>
</tr>
<tr>
<td><strong>Invested Funds Distributions</strong>¹</td>
<td>34</td>
<td>36</td>
<td>38</td>
<td>194</td>
<td>419</td>
<td>654</td>
</tr>
<tr>
<td><strong>Total Campus Support</strong></td>
<td>$160</td>
<td>$148</td>
<td>$143</td>
<td>$731</td>
<td>$1,408</td>
<td>$1,954</td>
</tr>
</tbody>
</table>

Note: Numbers may not sum due to rounding

¹ Invested Funds Distributions occur annually at fiscal year end.
CEF Exposures for the Quarter Ending June 30, 2015

Exposure by Strategy

Capital Appreciation

Emerging Markets
Developed Markets
Private Equity
Real Assets

Opportunistic

Capital Preservation

Fixed Income

Absolute Return

Equity Sector Exposure

Information Technology: 14%
Information Technology: 14%
Information Technology: 14%
Information Technology: 14%

Industrials: 12%

Financials: 17%

Healthcare: 12%

Consumer Discretionary: 12%

Consumer Staples: 8%

Cash & Other: 9%

Energy: 8%

Consumer Discretionary: 12%

Information Technology: 14%

Financials: 17%

EM Latin America: 3%

EM Asia: 15%

Developed Europe: 11%

Japan: 4%

Dev. Asia ex. Japan: 3%

Note: Percentages may not sum due to rounding

Geographic Exposure

North America: 61%

EM EMEA: 3%

EM Latin America: 3%

Developed: 11%

EM Asia: 15%

Capital Appreciation

Emerging Markets
Developed Markets
Private Equity
Real Assets

Opportunistic

Capital Preservation

Fixed Income

Absolute Return

Short-Term Liquidity Estimates as % of CEF

Weekly: 27%
Monthly: 41%
Quarterly: 61%
1 Year: 79%

Absolute Return

Fixed Income

Real Assets

Private Equity

Emerging Markets
Developed Markets

Equity Sector Exposure

Financials: 17%

EM Latin America: 3%

EM EMEA: 3%

Developed Asia: 3%

Capital Appreciation

Emerging Markets
Developed Markets
Private Equity
Real Assets

Opportunistic

Capital Preservation

Fixed Income

Absolute Return

Note: Percentages may not sum due to rounding

1 At 6/30/15 foreign currency exposure: 39%
F–9.1/209-15
9/10/15

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

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

<table>
<thead>
<tr>
<th>Pool</th>
<th>4th Qtr FY 2015</th>
<th>1-Year</th>
<th>3-Year</th>
<th>5-Year</th>
<th>10-Year</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash &amp; Liquidity Pools</strong></td>
<td>-0.1</td>
<td>0.9</td>
<td>1.0</td>
<td>1.6</td>
<td>3.0</td>
</tr>
<tr>
<td>Weighted Benchmark</td>
<td>-0.2</td>
<td>1.3</td>
<td>0.7</td>
<td>1.4</td>
<td>3.0</td>
</tr>
<tr>
<td><strong>IF including DIP Units</strong></td>
<td>0.4</td>
<td>2.7</td>
<td>3.7</td>
<td>3.7</td>
<td>4.1</td>
</tr>
<tr>
<td>Weighted Benchmark</td>
<td>-0.2</td>
<td>1.5</td>
<td>2.8</td>
<td>3.5</td>
<td>4.3</td>
</tr>
<tr>
<td><strong>IF including DIP &amp; CAP</strong></td>
<td>0.4</td>
<td>2.8</td>
<td>3.7</td>
<td>3.7</td>
<td>4.1</td>
</tr>
</tbody>
</table>

1. Total Return: average annual compound return (dividend or interest plus capital appreciation or depreciation).
2. DIP: Diversified Investment Pool is designed to improve the risk profile and/or enhance the IF performance through investment in CEF units or other investment vehicles.

**Fund Allocation by Pool**

<table>
<thead>
<tr>
<th>Pool</th>
<th>Fund Allocation</th>
<th>Range</th>
<th>Duration in Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash Pool</td>
<td>$679</td>
<td>28%</td>
<td>10%–40%</td>
</tr>
<tr>
<td>Liquidity Pool</td>
<td>$847</td>
<td>34%</td>
<td>30%–60%</td>
</tr>
<tr>
<td>Diversified Investment Pool</td>
<td>$806</td>
<td>33%</td>
<td>15%–45%</td>
</tr>
<tr>
<td>IF Excluding CAP</td>
<td>$2,333</td>
<td>95%</td>
<td></td>
</tr>
<tr>
<td>Capital Assets Pool</td>
<td>$127</td>
<td>5%</td>
<td>0%–15%</td>
</tr>
<tr>
<td>Total Invested Funds</td>
<td>$2,460</td>
<td>100%</td>
<td></td>
</tr>
</tbody>
</table>

1. Diversified Investment Pool (DIP) currently consists of CEF units which are included in the CEF market value.
2. Capital Assets Pool consists of UW internally financed projects.

**Growth of $10,000: Impact of Diversified Asset Pool (DIP)**

- IF Including DIP: Growth from $13,640 to $15,200
- IF Excluding DIP: Growth from $9,200 to $10,800

As of June 30