

VII. STANDING COMMITTEES

B. Finance, Audit and Facilities Committee

Investment Performance Report, First Quarter Fiscal Year 2012

For information only.

Attachment

UW Investment Performance Report, First Quarter Fiscal Year 2012

UNIVERSITY OF WASHINGTON

Investment Performance Report

First Quarter Fiscal Year 2012

As of September 30, 2011

Treasurer, Board of Regents
Treasury Office

Published November 2011

UNIVERSITY OF WASHINGTON
INVESTMENT PERFORMANCE REPORT
FIRST QUARTER FISCAL YEAR 2012

As of September 30, 2011

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TREASURY ASSETS¹ AS OF SEPTEMBER 30, 2011

\$ = millions



¹ Total market value of assets at 9/30/11: \$3.7 billion. Includes assets whose management falls under the auspices of the Finance & Audit Committee of the Board of Regents, excluding Metro Tract and Forest Trust Lands.

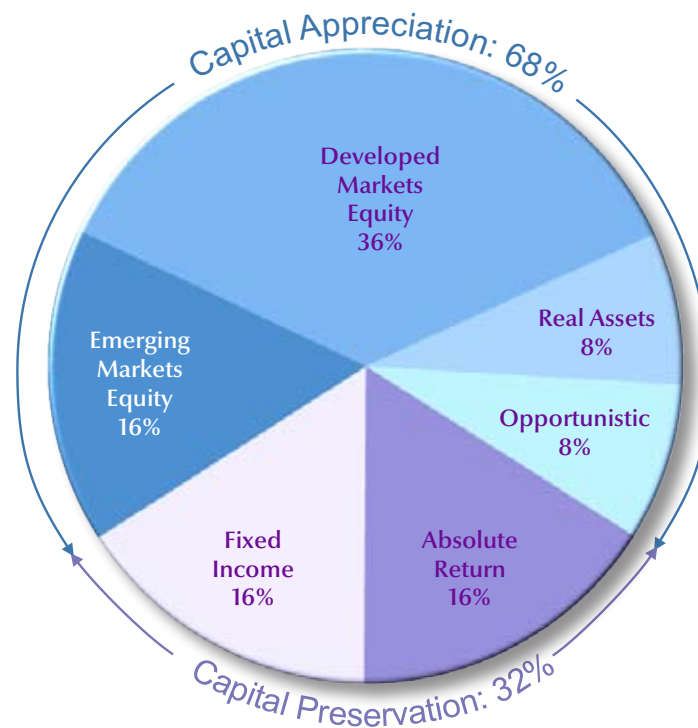
² The Invested Funds holds Consolidated Endowment Fund units valued at \$412 million. To avoid double counting, the dollars are included only in the CEF totals.

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 SEPTEMBER 30, 2011



Current Allocation (\$ = millions)			Policy Target	Policy Range
Emerging Markets Equity	\$325	16%	17%	
Developed Markets Equity	\$725	36%	36%	
Real Assets	\$163	8%	11%	
Opportunistic	\$151	8%	6%	
Capital Appreciation ²	\$1,364	68%	70%	55%–85%
Absolute Return	\$323	16%	15%	
Fixed Income ³	\$327	16%	15%	
Capital Preservation	\$650	32%	30%	15%–45%
Total CEF	\$2,014	100%		

¹ Exposures at 9/30/11: International: 34%, Foreign Currency: 32%

² Private Investments: current exposure: 28%, uncalled capital commitments: 11%

³ Includes allocation to cash.

CEF PERFORMANCE SUMMARY FOR THE QUARTER ENDING SEPTEMBER 30, 2011

ROLLING YEAR RETURNS¹ (%)

	Rolling Years			
	1* Qtr FY 2012	1-Year	5-Year	10-Year
Total CEF Return	-6.8	1.5	2.7	6.6
Strategy Weighted Policy Benchmark	-7.2	3.3	3.5	6.5
70% MSCI ACWI/30% BC Govt Bond	-10.7	-2.0	1.7	5.5
Capital Appreciation	-9.3	1.3	2.0	6.5
MSCI ACWI	-17.3	-5.5	-1.1	5.0
Capital Preservation	-1.1	1.1	3.7	5.9
BC Government Bond	5.8	5.6	6.6	5.4

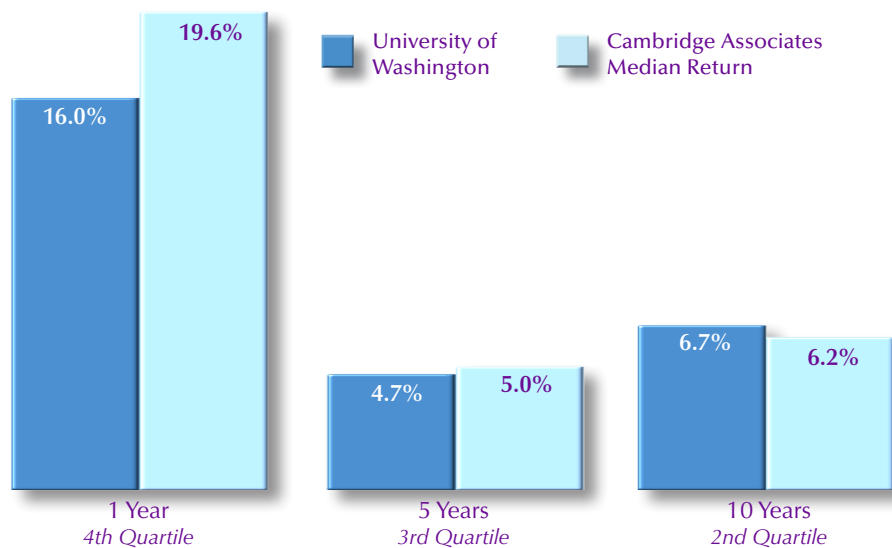
¹Total Return: average annual compound return (dividend or interest plus capital appreciation or depreciation)

FISCAL YEAR RETURNS¹ (%)

	FYTD 2012	Fiscal Years			
		2011	2010	2009	2008
Total CEF Return	-6.8	16.0	12.5	-23.3	1.9
Strategy Weighted Policy Benchmark	-7.2	19.9	9.8	-16.9	0.9
70% MSCI ACWI/30% BC Govt Bond	-10.7	21.8	10.9	-18.6	-3.2
Capital Appreciation	-9.3	21.5	13.7	-29.2	1.0
MSCI ACWI	-17.3	30.8	12.3	-28.9	-8.8
Capital Preservation	-1.1	3.6	10.8	-9.6	4.0
BC Government Bond	5.8	2.3	6.5	6.6	9.7

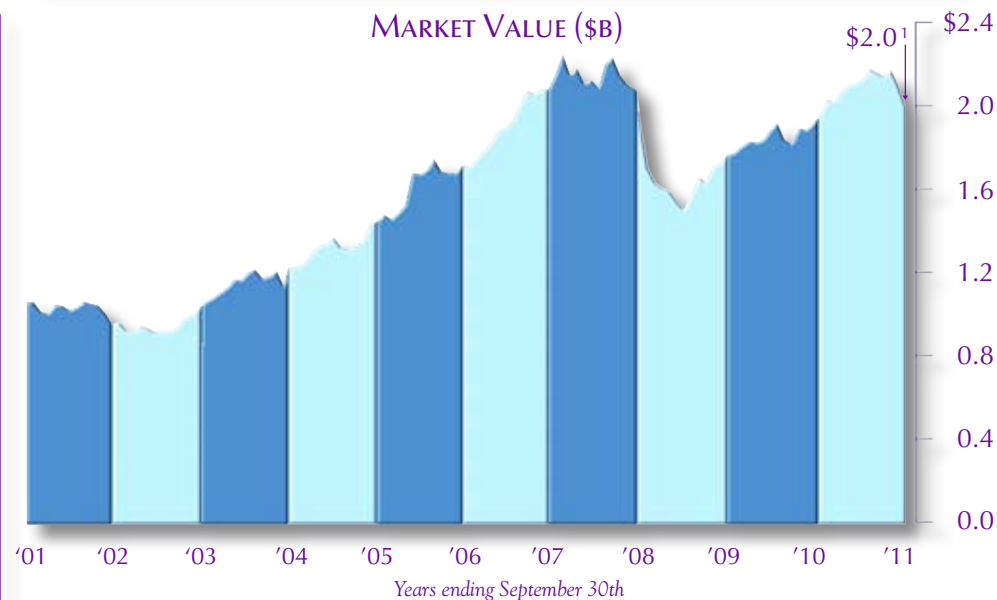
¹Total Return: average annual compound return (dividend or interest plus capital appreciation or depreciation)

CAMBRIDGE ASSOCIATES ENDOWMENT UNIVERSE¹



¹For periods ending 6/30/2011

MARKET VALUE (\$B)



¹Reflects inclusion of IF units in CEF, starting 2001. Value without IF units would be \$1.6

CEF PERFORMANCE BY STRATEGY

Total Return¹ as of September 30, 2011

		1 st Qtr FY '12	1 Year	3 Years	5 Years	10 Years
Consolidated Endowment Fund		6.8	1.5	1.8	2.7	6.6
Capital Appreciation	Capital Appreciation	-9.3	1.3	1.1	2.0	6.5
	MSCI ACWI	-17.3	-5.5	1.1	-1.1	5.0
	Emerging Markets Equity	-17.3	-10.2	10.3	10.4	19.2
	MSCI EMF	-22.5	-15.9	6.6	5.2	16.4
	Developed Markets Equity	-9.0	3.6	1.3	1.1	5.5
	MSCI World	-16.5	-3.8	0.5	-1.7	4.2
	Real Assets ²	3.6	16.7	-7.5	1.5	—
	NCREIF Property Index ²	3.9	16.7	-2.6	3.4	—
	CA Natural Resources ²	3.1	26.3	5.1	13.0	—
	Opportunistic ³	-4.2	2.7	—	—	—
MSCI ACWI	-17.3	-5.5	—	—	—	
Capital Preservation	Capital Preservation	-1.1	1.1	3.0	3.7	5.9
	BC Government Bond	5.8	5.6	6.4	6.6	5.4
	Absolute Return (including historic MAS returns)	-2.7	1.7	5.6	5.1	7.9
	HFRI (conservative plus historic MAS benchmark)	-4.1	-1.2	2.4	3.0	4.9
	Fixed Income	0.5	1.0	1.4	2.7	3.7
BC Government Bond	5.8	5.6	6.4	6.6	5.4	
Public Market Indices						
	S&P	-13.9	1.1	1.2	-1.2	2.8
	NASDAQ	-12.9	2.0	3.5	0.4	4.4
	NAREIT	3.9	16.7	-2.6	3.4	7.6
	MSCI EAFE	-19.0	-8.9	-0.7	-3.0	5.5
	BC High Yield	-2.9	5.2	15.1	7.8	9.1
	CG World Bond Index(unhedged to USD)	2.4	4.6	7.7	7.5	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 strategy reflecting data starting 7/1/2010.

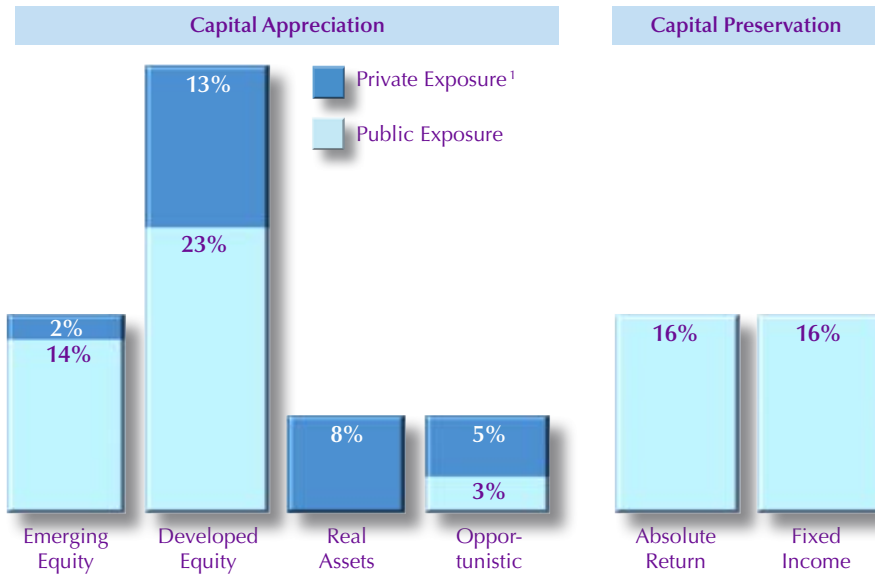
CEF ACTIVITY AS OF SEPTEMBER 30, 2011

\$ = millions

	<u>FYTD 2012</u>	<u>FY 2011</u>	<u>FY 2010</u>	<u>5 Years</u>	<u>10 Years</u>
Beginning Balance	\$2,154	\$1,830	\$1,649	\$1,723	\$1,022
Gifts	32	63	43	371	656
Transfers	4	5	5	39	87
Total Additions	\$36	\$68	\$48	\$410	\$743
Operating Funds Purchases	0	51	8	121	208
Net Investment Return	(150)	301	201	243	907
Distributions	(21)	(76)	(59)	(387)	(708)
Administrative Fees	(1)	(4)	(4)	(19)	(31)
Advancement Support	(4)	(16)	(14)	(77)	(126)
Ending Balance	\$2,014	\$2,154	\$1,830	\$2,014	\$2,014
Net Change	(\$140)	\$325	\$181	\$291	\$992

CEF EXPOSURES FOR THE QUARTER ENDING SEPTEMBER 30, 2011

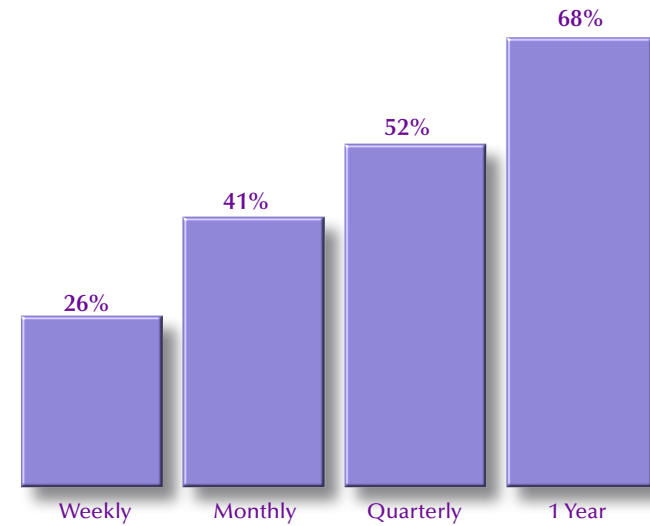
PUBLIC/PRIVATE EXPOSURE BY STRATEGY



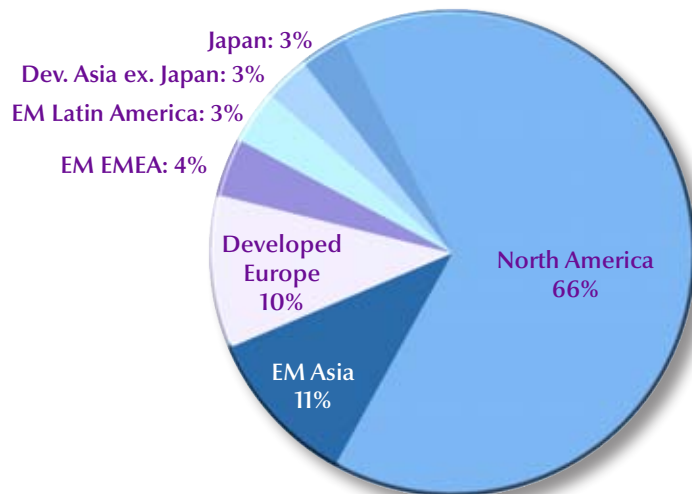
¹ 28% current exposure to private investment and 11% uncalled capital commitments.

SHORT-TERM LIQUIDITY ESTIMATES

AS % OF CEF

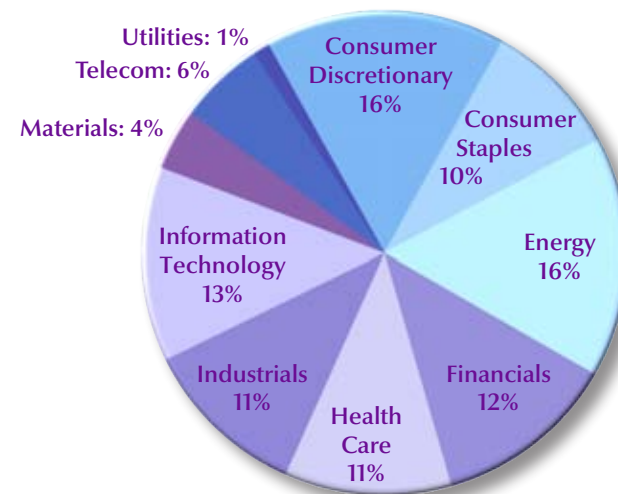


GEOGRAPHIC EXPOSURE¹



¹ At 9/30/11 foreign currency exposure: 32%.

EQUITY SECTOR EXPOSURE¹



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

INVESTED FUNDS FOR THE QUARTER ENDING SEPTEMBER 30, 2011

TOTAL RETURN¹ (%)

	1 st Qtr FY 2012	1-Year	5-Year	10-Year
IF including CEF units	-0.6	2.1	3.8	4.8
Weighted Benchmark	-0.4	2.8	4.5	5.0
IF excluding CEF units	1.9	2.4	4.4	4.0
Weighted Benchmark	2.1	2.4	4.8	4.1
Cash	0.1	0.3	3.1	3.1
Cash Benchmark ²	0.0	0.1	2.9	2.9
Liquidity	3.0	3.8	5.2	4.5
LB Intermediate Govt Bond	3.2	3.7	5.9	4.8

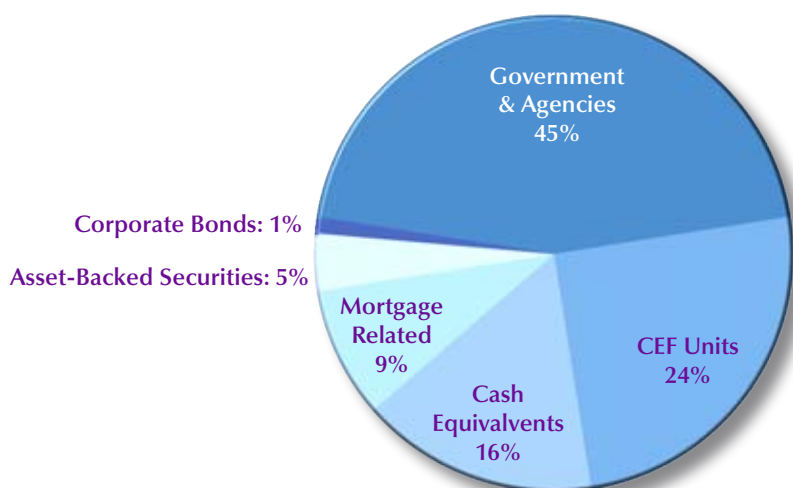
¹ Total Return: average annual compound return (dividend or interest plus capital appreciation or depreciation)

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	\$491	29%	10%–40%	0.5	3.0
Liquidity Pool	\$783	46%	30%–60%	3.5	4.1
Total Cash & Liquidity Pool	\$1,274	76%			
CEF Units held by IF	\$412	24%	15%–40%		
Total Invested Funds	\$1,685	100%			

MIX OF INVESTMENTS



MARKET VALUE (\$B)

