

VII. STANDING COMMITTEES

B. Finance, Audit and Facilities Committee

Investment Performance Report, Third Quarter Fiscal Year 2012

For information only.

*Attachment*

UW Investment Performance Report, Third Quarter Fiscal Year 2012

# UNIVERSITY OF WASHINGTON

## Investment Performance Report

Third Quarter Fiscal Year 2012

As of March 31, 2012

Treasurer, Board of Regents  
Treasury Office

Published May 2012

UNIVERSITY OF WASHINGTON  
INVESTMENT PERFORMANCE REPORT  
THIRD QUARTER FISCAL YEAR 2012

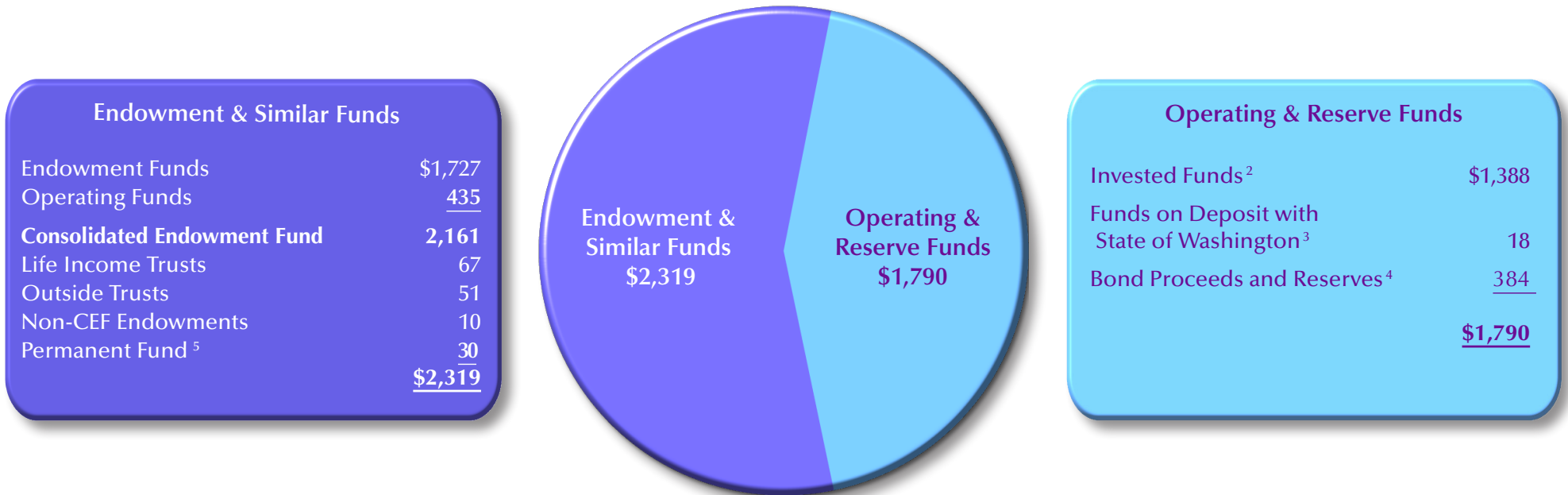
As of March 31, 2012

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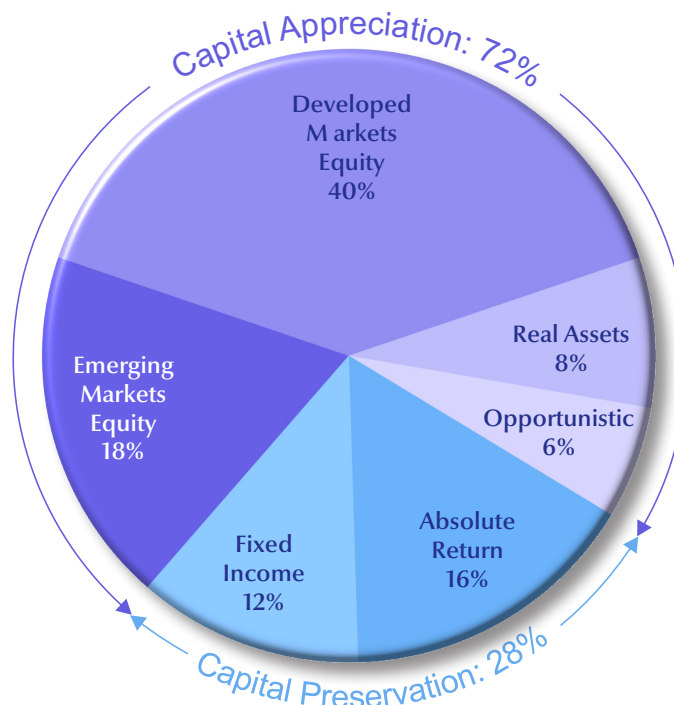
# TREASURY ASSETS<sup>1</sup> AS OF MARCH 31, 2012

\$ = millions



1. Total market value of assets at 3/31/12: \$4.1 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 \$435. 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 ALLOCATION<sup>1</sup> FOR THE QUARTER ENDING MARCH 31, 2012



Current Allocation (\$ = millions)	Policy	
	Target	Range
Emerging Markets Equity      \$398      18%	17%	
Developed Markets Equity      \$860      40%	36%	
Real Assets      \$166      8%	11%	
Opportunistic      \$126      6%	6%	
Capital Appreciation <sup>2</sup> \$1,550      72%	70%	55%-85%
Absolute Return      \$353      16%	15%	
Fixed Income <sup>3</sup> \$258      12%	15%	
Capital Preservation      \$611      28%	30%	15%-45%
<b>Total CEF</b> <b>\$2,161</b> <b>100%</b>		

<sup>1</sup> Exposures at 3/31/12: International: 36%, Foreign Currency: 33%

<sup>2</sup> Includes 25% current exposure to private investments

<sup>3</sup> Includes allocation to cash

# CEF PERFORMANCE SUMMARY FOR THE QUARTER ENDING MARCH 31, 2012

## ROLLING YEAR RETURNS<sup>1</sup> (%)

	Rolling Years			
	3 <sup>rd</sup> Qtr FY 2012	1-Year	5-Year	10-Year
<b>Total CEF Return</b>	<b>6.3</b>	<b>1.8</b>	<b>1.8</b>	<b>6.7</b>
Strategy Weighted Policy Benchmark	6.9	4.0	3.6	6.9
70% MSCI ACWI/30% BC Govt Bond	8.0	2.7	2.6	6.2
<b>Capital Appreciation</b>	<b>8.9</b>	<b>1.8</b>	<b>1.4</b>	<b>6.6</b>
MSCI ACWI	12.0	-0.2	0.3	5.9
<b>Capital Preservation</b>	<b>0.9</b>	<b>1.8</b>	<b>1.5</b>	<b>5.4</b>
BC Government Bond	-1.1	7.9	6.0	5.5

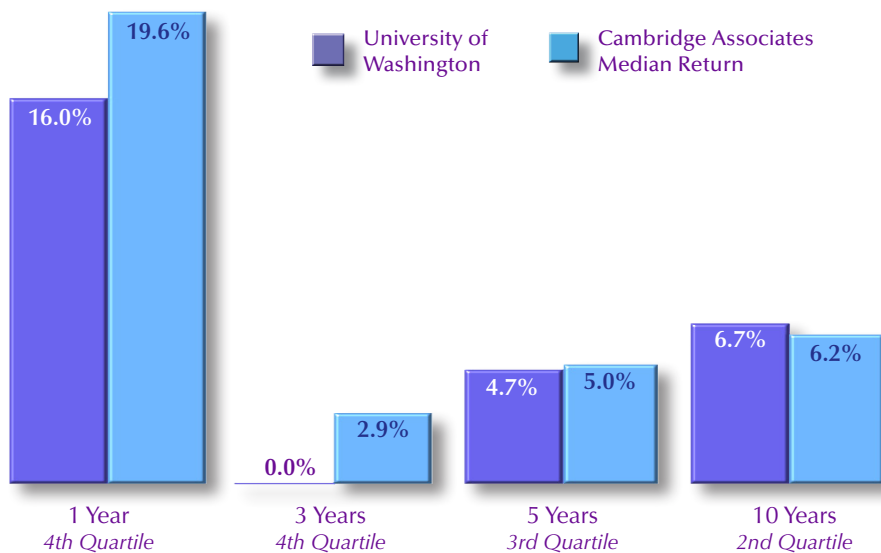
<sup>1</sup>Total Return: average annual compound return (dividend or interest plus capital appreciation or depreciation)

## FISCAL YEAR RETURNS<sup>1</sup> (%)

	FYTD 2012	Fiscal Years			
		2011	2010	2009	2008
<b>Total CEF Return</b>	<b>0.7</b>	<b>16.0</b>	<b>12.5</b>	<b>-23.3</b>	<b>1.9</b>
Strategy Weighted Policy Benchmark	2.5	19.9	9.8	-16.9	0.9
70% MSCI ACWI/30% BC Govt Bond	1.6	21.8	10.9	-18.6	-3.2
<b>Capital Appreciation</b>	<b>0.4</b>	<b>21.5</b>	<b>13.7</b>	<b>-29.3</b>	<b>1.0</b>
MSCI ACWI	-0.6	30.8	12.3	-28.9	-8.8
<b>Capital Preservation</b>	<b>1.3</b>	<b>3.6</b>	<b>10.8</b>	<b>-14.0</b>	<b>4.0</b>
BC Government Bond	5.5	2.3	6.5	6.6	9.7

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

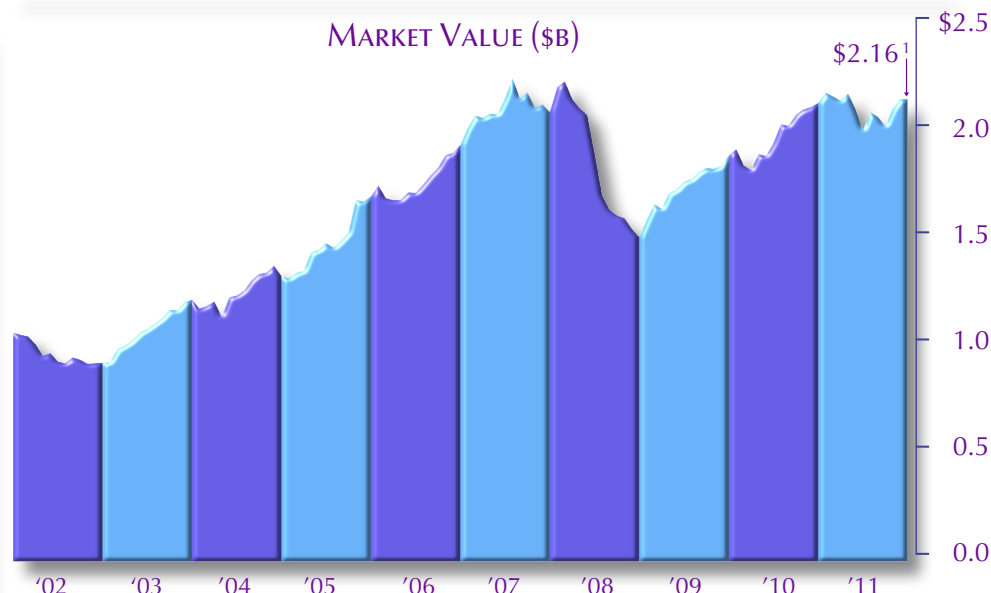
## CAMBRIDGE ASSOCIATES ENDOWMENT UNIVERSE<sup>1</sup>



F-8.1/206-12  
6/7/12

<sup>1</sup>For periods ending 6/30/2011

## MARKET VALUE (\$B)



<sup>1</sup>Reflects inclusion of IF units in CEF, starting 2001. Value without IF units would be \$1.73

# CEF PERFORMANCE BY STRATEGY

Total Return<sup>1</sup> As of March 31, 2012

		3 <sup>rd</sup> Qtr FY '12	1 Year	3 Years	5 Years	10 Years
<b>Consolidated Endowment Fund</b>		<b>6.3</b>	<b>1.8</b>	<b>12.8</b>	<b>1.8</b>	<b>6.7</b>
Capital Appreciation	<b>Capital Appreciation</b>	<b>8.9</b>	<b>1.8</b>	<b>15.3</b>	<b>1.4</b>	<b>6.6</b>
	MSCI ACWI	12.0	-0.2	21.4	0.3	5.9
	Emerging Markets Equity	12.8	-4.4	28.3	8.3	16.6
	MSCI EMF	14.1	-8.5	25.4	5.0	14.5
	<b>Developed Markets Equity</b>	<b>8.8</b>	<b>3.6</b>	<b>15.4</b>	<b>1.0</b>	<b>5.8</b>
	MSCI World	11.7	1.1	20.9	-0.1	5.3
	<b>Real Assets<sup>2</sup></b>	<b>3.2</b>	<b>8.0</b>	<b>1.0</b>	<b>-1.0</b>	<b>—</b>
	NCREIF Property Index <sup>2</sup>	3.0	14.3	2.4	3.1	—
	CA Natural Resources <sup>2</sup>	8.2	12.0	12.7	10.1	—
	<b>Opportunistic<sup>3</sup></b>	<b>5.9</b>	<b>1.2</b>	<b>—</b>	<b>—</b>	<b>—</b>
MSCI ACWI	12.0	-0.2	—	—	—	
Capital Preservation	<b>Capital Preservation</b>	<b>0.9</b>	<b>1.8</b>	<b>7.6</b>	<b>1.5</b>	<b>5.4</b>
	BC Government Bond	-1.1	7.9	4.0	6.0	5.5
	<b>Absolute Return (including historic MAS returns)</b>	<b>2.1</b>	<b>2.4</b>	<b>13.2</b>	<b>4.0</b>	<b>7.9</b>
	HFRI Conservative plus historic MAS benchmark)	2.4	-2.3	4.9	2.3	4.6
	<b>Fixed Income</b>	<b>0.2</b>	<b>1.7</b>	<b>2.5</b>	<b>2.0</b>	<b>3.9</b>
	BC Government Bond	-1.1	7.9	4.0	6.0	5.5
<i>Public Market Indices</i>						
	S&P	12.6	8.5	23.4	2.0	4.1
	NASDAQ	18.7	11.2	26.5	4.1	4.8
	NAREIT	3.0	14.3	2.4	3.1	8.1
	MSCI EAFE	11.0	-5.3	17.7	-3.0	6.2
	BC High Yield	5.5	6.6	23.9	8.1	9.3
	CG World Bond Index(unhedged to USD)	-0.5	5.1	6.2	6.8	7.9

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

<sup>2</sup> Reported on a quarter lag.

<sup>3</sup> New strategy reflecting data starting 7/1/2010.

# CEF ACTIVITY AS OF MARCH 31, 2012

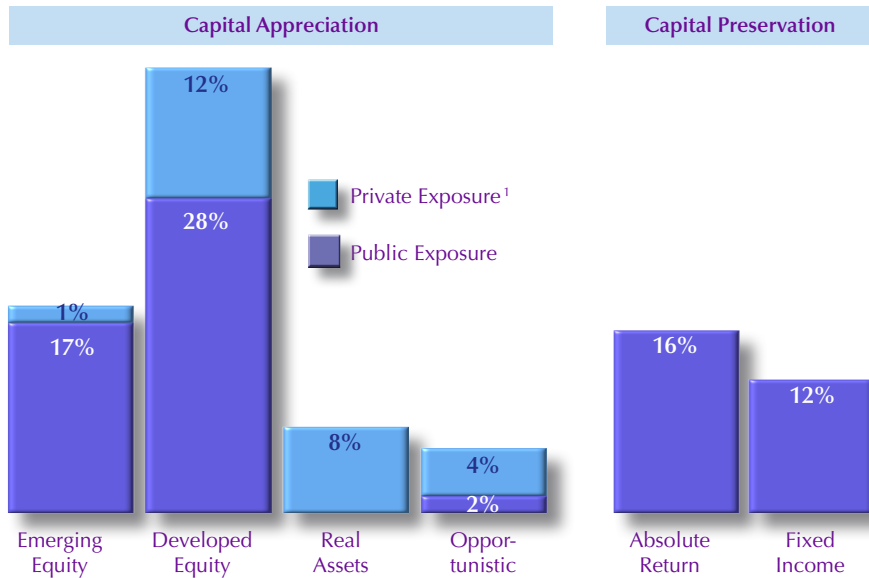
*\$ = millions*

	<u>FYTD 2012</u>	<u>FY 2011</u>	<u>FY 2010</u>	<u>5 Years</u>	<u>10 Years</u>
<b>Beginning Balance</b>	<b>\$2,154</b>	<b>\$1,830</b>	<b>\$1,649</b>	<b>\$1,947</b>	<b>\$1,073</b>
Gifts	65	63	43	377	674
Transfers	7	5	5	36	88
<b>Total Additions</b>	<b><u>\$72</u></b>	<b><u>\$68</u></b>	<b><u>\$48</u></b>	<b><u>\$413</u></b>	<b><u>\$763</u></b>
Operating Funds Purchases	1	51	8	107	208
Net Investment Return	14	301	201	181	1,003
Distributions	(64)	(76)	(59)	(389)	(723)
Administrative Fees	(3)	(4)	(4)	(20)	(33)
Advancement Support	(13)	(16)	(14)	(78)	(130)
<b>Ending Balance</b>	<b><u>\$2,161</u></b>	<b><u>\$2,154</u></b>	<b><u>\$1,830</u></b>	<b><u>\$2,161</u></b>	<b><u>\$2,161</u></b>
Net Change	\$7	\$325	\$181	\$214	\$1,088



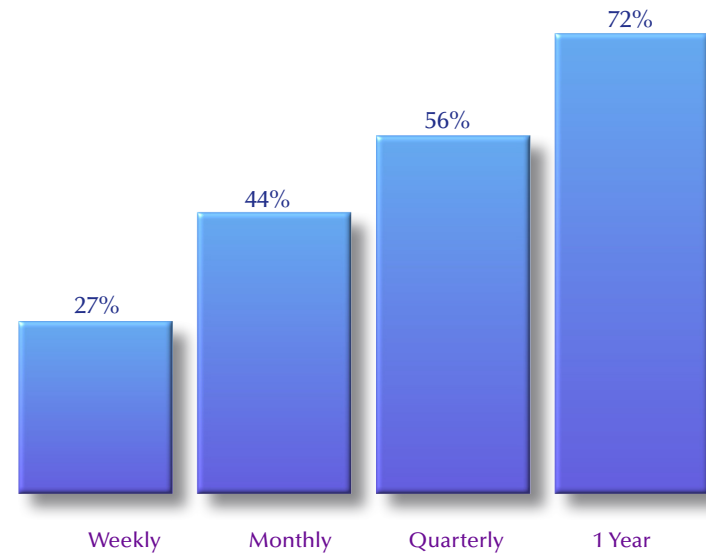
# CEF EXPOSURES FOR THE QUARTER ENDING MARCH 31, 2012

PUBLIC/PRIVATE EXPOSURE BY STRATEGY

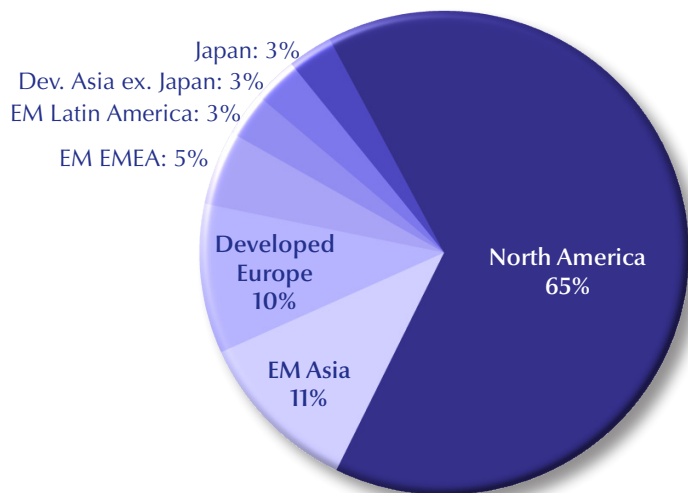


<sup>1</sup> Excludes 10% uncalled capital commitment

LIQUIDITY AS A PERCENTAGE OF THE CEF

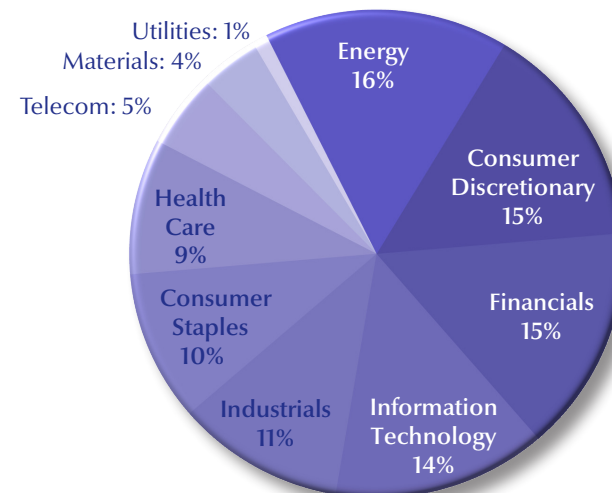


GEOGRAPHIC EXPOSURE<sup>1</sup>



<sup>1</sup> Foreign currency exposure: 33%

EQUITY SECTOR EXPOSURE<sup>1</sup>



<sup>1</sup> Emerging Markets, Developed Markets, Real Assets and select Absolute Return equity

# INVESTED FUNDS FOR THE QUARTER ENDING MARCH 31, 2012

## TOTAL RETURN<sup>1</sup> (%)

	3 <sup>rd</sup> Qtr FY 2012	1-Year	5-Year	10-Year
<b>IF including CEF units</b>	<b>1.5</b>	<b>2.7</b>	<b>3.1</b>	<b>4.8</b>
Weighted Benchmark	1.5	3.5	4.1	5.1
<b>IF excluding CEF units</b>	<b>0.0</b>	<b>3.4</b>	<b>4.0</b>	<b>4.1</b>
Weighted Benchmark	-0.2	3.5	4.4	4.2
<b>Cash</b>	<b>-0.2</b>	<b>0.1</b>	<b>2.5</b>	<b>3.0</b>
Cash Benchmark <sup>2</sup>	0.0	0.0	2.4	2.8
<b>Liquidity</b>	<b>0.1</b>	<b>5.6</b>	<b>4.8</b>	<b>4.6</b>
LB Intermediate Govt Bond	-0.4	5.7	5.5	4.9

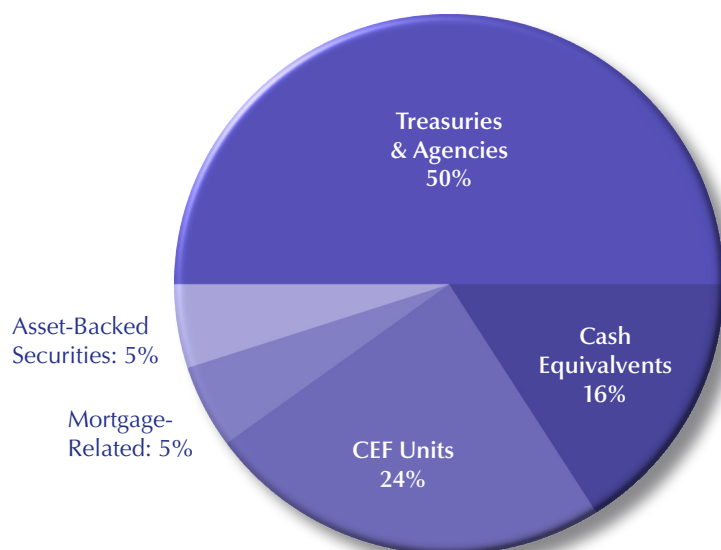
<sup>1</sup> Total Return: average annual compound return (dividend or interest plus capital appreciation or depreciation)

<sup>2</sup> 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	
	\$M	%		Actual	Maximum
Cash Pool	\$600	33%	10%–40%	0.5	3.0
Liquidity Pool	\$788	43%	30%–60%	3.6	4.5
<b>Total Cash &amp; Liquidity Pool</b>	<b>\$1,388</b>	<b>76%</b>			
CEF Units held by IF	\$435	24%	15%–40%		
<b>Total Invested Funds</b>	<b>\$1,823</b>	<b>100%</b>			

## MIX OF INVESTMENTS



## MARKET VALUE (\$B)

