

VII. STANDING COMMITTEES

B. Finance, Audit and Facilities Committee

Investment Performance Report, Second Quarter Fiscal Year 2012

For information only.

Attachment

UW Investment Performance Report, Second Quarter Fiscal Year 2012

UNIVERSITY OF WASHINGTON

Investment Performance Report

Second Quarter Fiscal Year 2012

As of December 31, 2011

Treasurer, Board of Regents
Treasury Office

Published February 2012

UNIVERSITY OF WASHINGTON
INVESTMENT PERFORMANCE REPORT
SECOND QUARTER FISCAL YEAR 2012

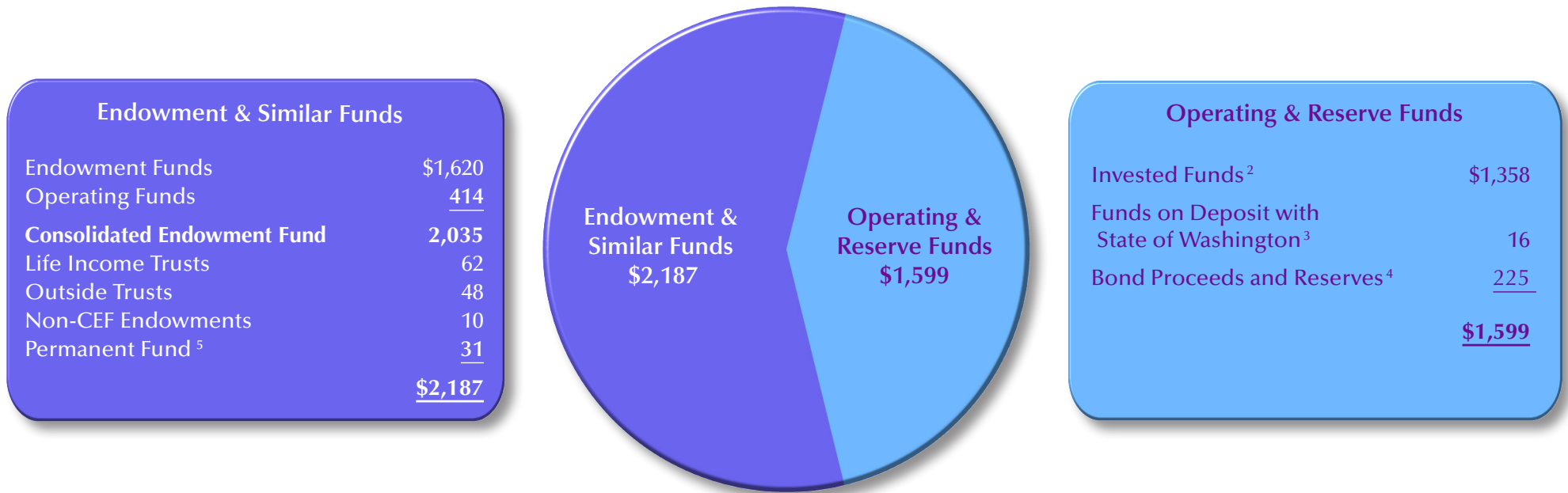
As of December 31, 2011

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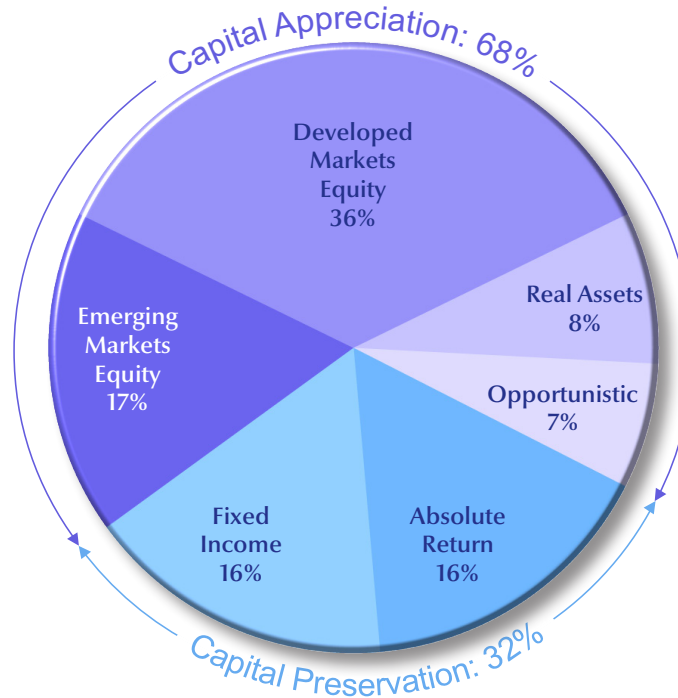
TREASURY ASSETS¹ AS OF DECEMBER 31, 2011

\$ = millions



1. Total market value of assets at 12/31/11: \$3.8 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 \$414. 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 DECEMBER 31, 2011



Current Allocation (\$ = millions)			Policy Target Range	
Emerging Markets Equity	\$352	17%	17%	
Developed Markets Equity	\$723	36%	36%	
Real Assets	\$161	8%	11%	
Opportunistic	\$135	7%	6%	
Capital Appreciation ²	\$1,371	68%	70%	55%-85%
Absolute Return	\$329	16%	15%	
Fixed Income ³	\$334	16%	15%	
Capital Preservation	\$663	32%	30%	15%-45%
Total CEF	\$2,035	100%		

¹ Exposures at 12/31/11: International: 33%, Foreign Currency: 31%

² Includes 26% current exposure to private investment and 10% uncalled capital commitment

³ Includes allocation to cash

CEF PERFORMANCE SUMMARY FOR THE QUARTER ENDING DECEMBER 31, 2011

ROLLING YEAR RETURNS¹ (%)

	Rolling Years			
	2 nd Qtr FY 2012	1-Year	5-Year	10-Year
Total CEF Return	1.8	-1.5	1.6	6.3
Strategy Weighted Policy Benchmark	3.2	1.2	2.9	6.2
70% MSCI ACWI/30% BC Govt Bond	5.5	-1.9	1.5	5.4
Capital Appreciation	1.9	-3.2	0.7	6.1
MSCI ACWI	7.3	-6.9	-1.4	4.8
Capital Preservation	1.5	1.5	3.0	5.9
BC Government Bond	0.8	9.0	6.6	5.6

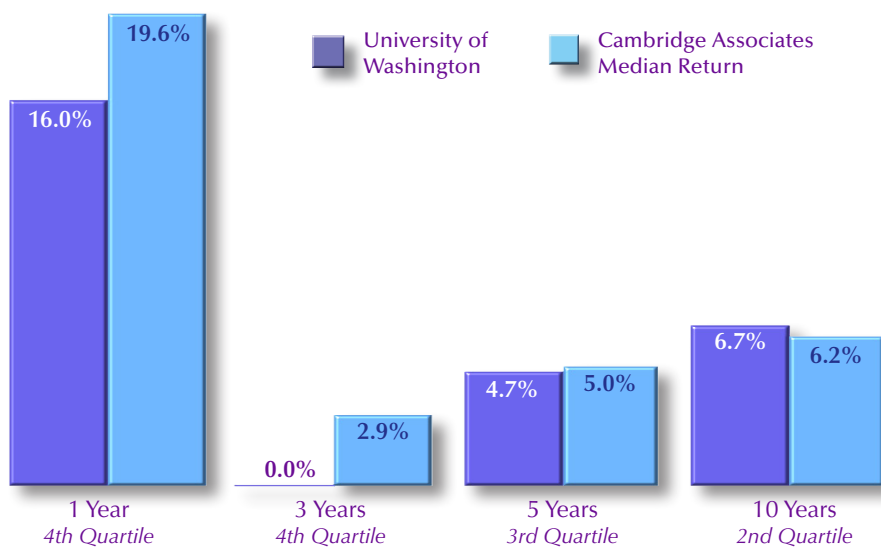
¹Total Return: average annual compound return (dividend or interest plus capital appreciation or depreciation)

FISCAL YEAR RETURNS¹ (%)

	FYTD	Fiscal Years			
	2012	2011	2010	2009	2008
Total CEF Return	-5.2	16.0	12.5	-23.3	1.9
Strategy Weighted Policy Benchmark	-4.2	19.9	9.8	-16.9	0.9
70% MSCI ACWI/30% BC Govt Bond	-5.9	21.8	10.9	-18.6	-3.2
Capital Appreciation	-7.8	21.5	13.7	-29.3	1.0
MSCI ACWI	-11.3	30.8	12.3	-28.9	-8.8
Capital Preservation	0.4	3.6	10.8	-9.6	4.0
BC Government Bond	6.7	2.3	6.5	6.6	9.7

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

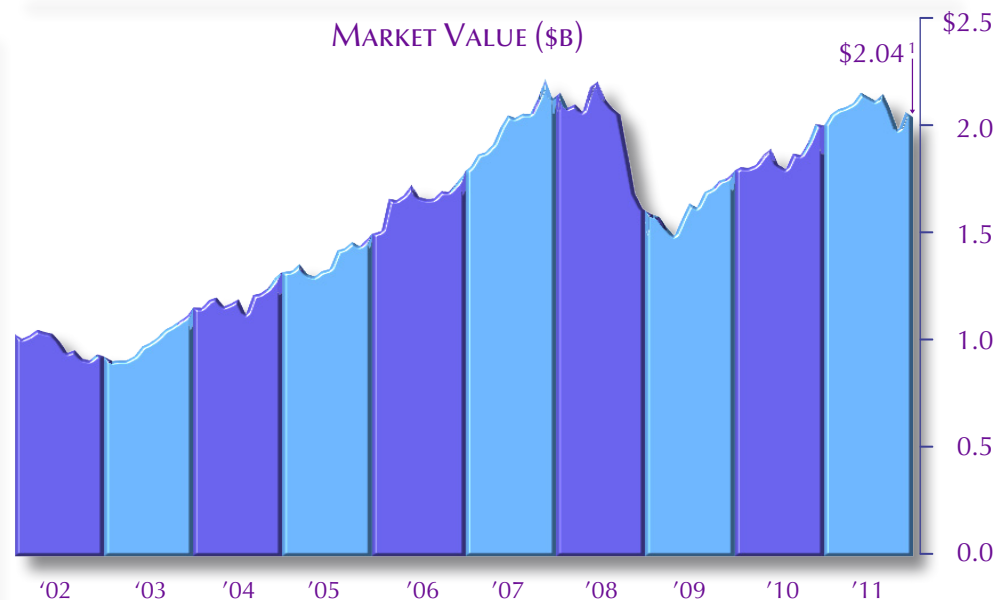
CAMBRIDGE ASSOCIATES ENDOWMENT UNIVERSE¹



¹For periods ending 6/30/2011

F-5.1/203-12
3/8/12

MARKET VALUE (\$B)



¹Reflects inclusion of IF units in CEF, starting 2001. Value without IF units would be \$1.62

CEF PERFORMANCE BY STRATEGY

Total Return¹ As of December 31, 2011

		2 nd Qtr FY '12	1 Year	3 Years	5 Years	10 Years
Consolidated Endowment Fund		1.8	-1.5	7.9	1.6	6.3
Capital Appreciation	Capital Appreciation	1.9	-3.2	8.1	0.7	6.1
	MSCI ACWI	7.3	-6.9	12.6	-1.4	4.8
	Emerging Markets Equity	1.9	-15.3	22.5	6.8	16.9
	MSCI EMF	4.4	-18.2	20.4	2.7	14.2
	Developed Markets Equity	3.1	-0.3	8.0	0.3	5.3
	MSCI World	7.7	-5.0	11.8	-1.8	4.2
	Real Assets ²	-1.4	11.6	-5.0	-0.3	—
	NCREIF Property Index ²	3.3	16.1	-1.5	3.4	—
	CA Natural Resources ²	-3.7	13.3	5.5	10.8	—
	Opportunistic ³	-1.0	-0.6	—	—	—
MSCI ACWI	7.3	-6.9	—	—	—	
Capital Preservation	Capital Preservation	1.5	1.5	6.9	3.0	5.9
	BC Government Bond	0.8	9.0	4.0	6.6	5.6
	Absolute Return (including historic MAS returns)	2.5	1.5	11.7	4.4	7.9
	HFRI Conservative plus historic MAS benchmark)	-0.1	-3.7	3.6	2.2	4.5
	Fixed Income	0.5	1.6	2.1	2.4	3.8
BC Government Bond	0.8	9.0	4.0	6.6	5.6	
Public Market Indices						
	S&P	11.8	2.1	14.1	-0.3	2.9
	NASDAQ	7.9	-1.8	18.2	0.6	2.5
	NAREIT	3.3	16.1	-1.5	3.4	7.8
	MSCI EAFE	3.4	-11.7	8.2	-4.3	5.1
	BC High Yield	3.7	2.3	23.0	7.0	8.6
	CG World Bond Index(unhedged to USD)	-0.1	6.4	4.7	7.1	7.8

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.

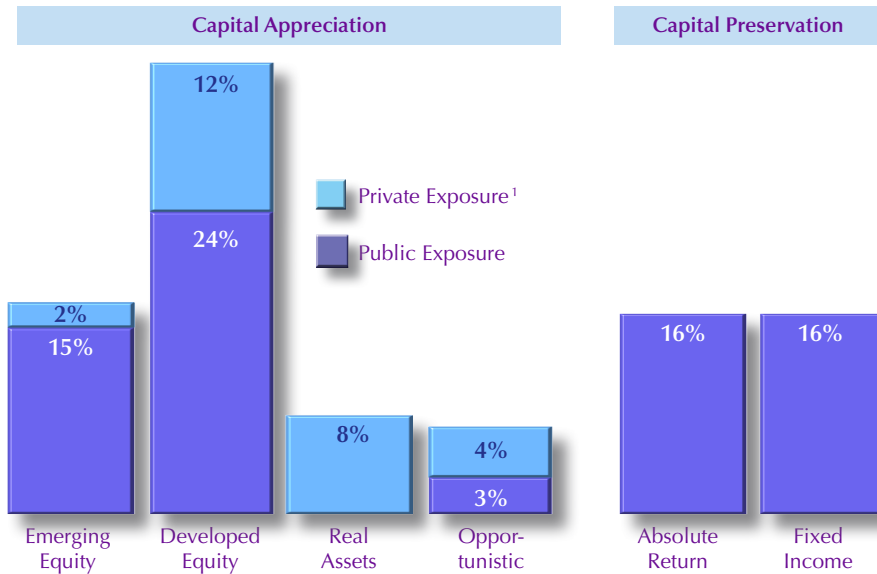
CEF ACTIVITY AS OF DECEMBER 31, 2011

\$ = 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	\$1,841	\$1,051
Gifts	41	63	43	373	661
Transfers	5	5	5	38	87
Total Additions	<u>\$46</u>	<u>\$68</u>	<u>\$48</u>	<u>\$411</u>	<u>\$748</u>
Operating Funds Purchases	1	51	8	122	208
Net Investment Return	(114)	301	201	146	902
Distributions	(42)	(76)	(59)	(388)	(715)
Administrative Fees	(2)	(4)	(4)	(19)	(32)
Advancement Support	(8)	(16)	(14)	(77)	(128)
Ending Balance	<u>\$2,035</u>	<u>\$2,154</u>	<u>\$1,830</u>	<u>\$2,035</u>	<u>\$2,035</u>
Net Change	(\$120)	\$325	\$181	\$194	\$984

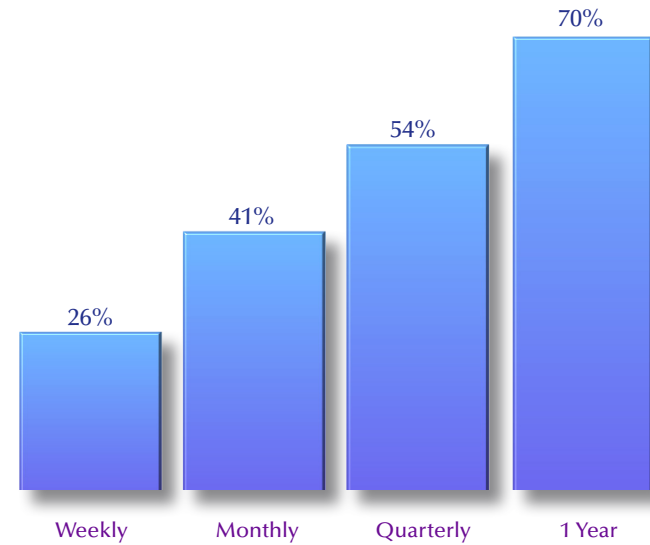
CEF EXPOSURES FOR THE QUARTER ENDING DECEMBER 31, 2011

PUBLIC/PRIVATE EXPOSURE BY STRATEGY

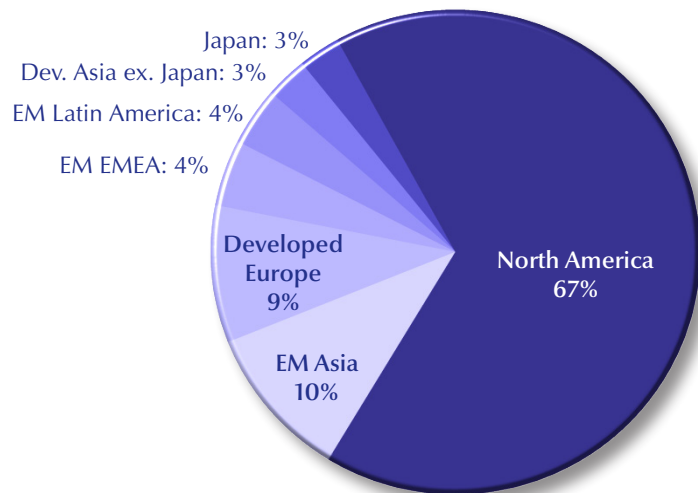


¹ Includes 26% current exposure to private investment and 10% uncalled capital commitment

LIQUIDITY AS A PERCENTAGE OF THE CEF

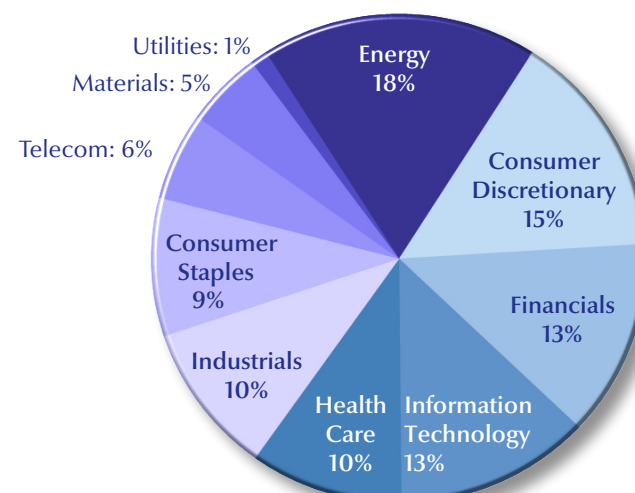


GEOGRAPHIC EXPOSURE¹



¹ At 12/31/11 foreign currency exposure: 31%

EQUITY SECTOR EXPOSURE¹



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

INVESTED FUNDS FOR THE QUARTER ENDING DECEMBER 31, 2011

TOTAL RETURN¹ (%)

	2 nd Qtr FY 2012	1-Year	5-Year	10-Year
IF including CEF units	0.1	1.5	3.2	4.7
Weighted Benchmark	1.1	3.2	4.2	4.9
IF excluding CEF units	-0.4	2.8	4.1	4.0
Weighted Benchmark	0.4	3.8	4.7	4.2
Cash	0.0	0.3	2.9	3.0
Cash Benchmark ²	0.0	0.1	2.7	2.8
Liquidity	0.6	5.8	5.1	4.6
LB Intermediate Govt Bond	0.7	6.1	5.9	4.9

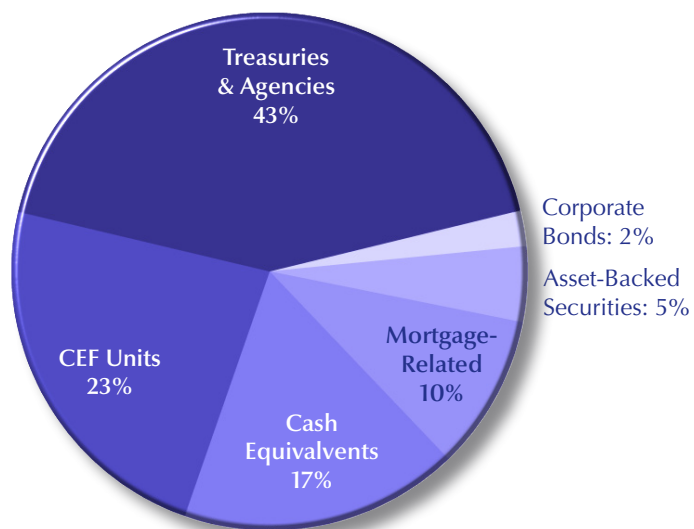
¹ Total Return: average annual compound return (dividend or interest plus capital appreciation or depreciation)

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	\$571	32%	10%–40%	0.4	3.0
Liquidity Pool	\$787	44%	30%–60%	3.6	4.5
Total Cash & Liquidity Pool	\$1,358	77%			
CEF Units held by IF	\$414	23%	15%–40%		
Total Invested Funds	\$1,772	100%			

MIX OF INVESTMENTS



MARKET VALUE (\$B)

