

VII. STANDING COMMITTEES

B. Finance, Audit and Facilities Committee

Investment Performance Report, Fourth Quarter Fiscal Year 2012

For information only.

*Attachment*

UW Investment Performance Report, Fourth Quarter Fiscal Year 2012

# UNIVERSITY OF WASHINGTON

## Investment Performance Report Fourth Quarter Fiscal Year 2012

As of June 30, 2012

Treasurer, Board of Regents  
Treasury Office

Published August 2012

UNIVERSITY OF WASHINGTON  
INVESTMENT PERFORMANCE REPORT  
FOURTH QUARTER FISCAL YEAR 2012

As of June 30, 2012

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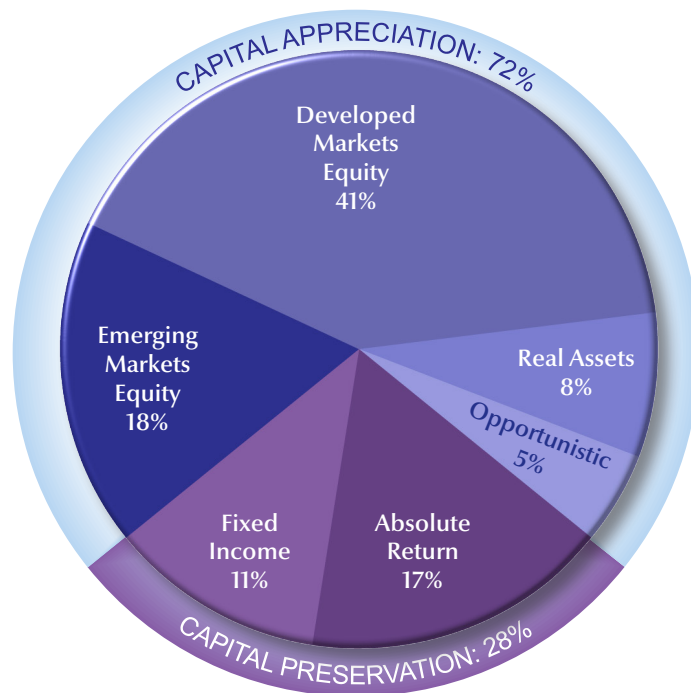
# TREASURY ASSETS<sup>1</sup> AS OF JUNE 30, 2012

\$ = millions



1. Total market value of assets at 6/30/12: \$3.9 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 \$423. 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 JUNE 30, 2012



Current Allocation (\$ = millions)			Policy Target	Policy Range
Emerging Markets Equity	\$370	18%	17%	
Developed Markets Equity	\$868	41%	36%	
Real Assets	\$169	8%	11%	
Opportunistic	\$105	5%	6%	
<b>Capital Appreciation<sup>2</sup></b>	<b>\$1,513</b>	<b>72%</b>	<b>70%</b>	<b>55%-85%</b>
Absolute Return	\$356	17%	15%	
Fixed Income <sup>3</sup>	\$243	11%	15%	
<b>Capital Preservation</b>	<b>\$598</b>	<b>28%</b>	<b>30%</b>	<b>15%-45%</b>
<b>Total CEF</b>	<b>\$2,111</b>	<b>100%</b>		

<sup>1</sup> Exposures at 6/30/12: International: 33%, Foreign Currency: 30%

<sup>2</sup> Private Non-Marketable Investments: current exposure: 26%, uncalled capital commitments: 10%

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

# CEF PERFORMANCE SUMMARY FOR THE QUARTER ENDING JUNE 30, 2012

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

	4 <sup>th</sup> Qtr	Rolling Years		
	FY 2012	1-Year	5-Year	10-Year
<b>Total CEF Return</b>	<b>-1.6</b>	<b>-0.9</b>	<b>0.2</b>	<b>7.0</b>
Policy Benchmark	-1.3	1.3	2.4	7.5
70% MSCI ACWI/30% BC Gov't Bond	-2.9	-1.3	1.0	6.4
<b>Capital Appreciation</b>	<b>-2.3</b>	<b>-1.9</b>	<b>-0.6</b>	<b>7.1</b>
MSCI ACWI	-5.4	-6.0	-2.2	6.3
<b>Capital Preservation</b>	<b>-0.1</b>	<b>1.2</b>	<b>0.8</b>	<b>5.3</b>
BC Government Bond	2.6	8.3	6.6	5.4

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

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

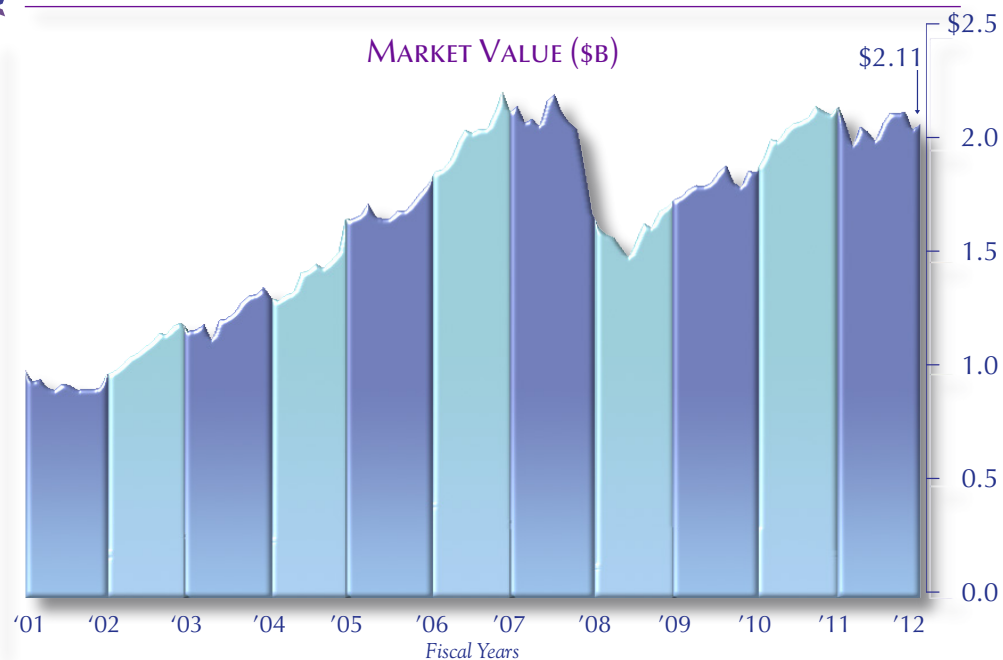
	Fiscal Years				
	2012	2011	2010	2009	2008
<b>Total CEF Return</b>	<b>-0.9</b>	<b>16.0</b>	<b>12.5</b>	<b>-23.5</b>	<b>2.0</b>
Policy Benchmark	1.3	19.9	9.8	-16.5	1.1
70% MSCI ACWI/30% BC Gov't Bond	-1.3	21.8	10.9	-18.6	-3.2
<b>Capital Appreciation</b>	<b>-1.9</b>	<b>21.5</b>	<b>13.7</b>	<b>-29.3</b>	<b>1.0</b>
MSCI ACWI	-6.0	30.8	12.3	-28.9	-8.8
<b>Capital Preservation</b>	<b>1.2</b>	<b>3.6</b>	<b>10.8</b>	<b>-14.0</b>	<b>4.0</b>
BC Government Bond	8.3	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)

## PEER COMPARISON

Data not available  
at press time

## MARKET VALUE (\$B)



<sup>1</sup>Reflects inclusion of IF units in CEF, starting 2001. Value without IF units would be \$1.7

## CEF PERFORMANCE BY STRATEGY

Total Return<sup>1</sup> as of June 30, 2012

		4 <sup>th</sup> Qtr FY '12	1 Year	3 Years	5 Years	10 Years
<b>Consolidated Endowment Fund</b>		<b>-1.6</b>	<b>-0.9</b>	<b>9.0</b>	<b>0.2</b>	<b>7.0</b>
Capital Appreciation	Capital Appreciation	-2.3	-1.9	10.7	-0.6	7.1
	MSCI ACWI	-5.4	-6.0	11.4	-2.2	6.3
	Emerging Markets Equity	-6.2	-10.9	14.5	3.0	16.5
	MSCI EMF	-8.8	-15.7	10.1	0.2	14.4
	Developed Markets Equity <sup>2</sup>	-1.7	0.4	11.7	-0.5	6.4
	MSCI World	-4.9	-4.4	11.6	-2.4	5.7
	Real Assets <sup>2</sup>	0.2	4.7	4.6	-4.3	4.8
	NCREIF Property Index <sup>2</sup>	2.6	13.4	6.0	2.9	8.2
	CA Natural Resources <sup>2</sup>	4.3	13.5	15.2	10.0	19.2
	Opportunistic <sup>2,3</sup>	1.8	2.3	—	—	—
MSCI ACWI	-5.4	-6.0	—	—	—	
Capital Preservation	Capital Preservation	-0.1	1.2	5.1	0.8	5.3
	BC Government Bond	2.6	8.3	5.6	6.6	5.4
	Absolute Return (including historic MAS returns)	-0.5	1.3	8.5	2.7	8.1
	HFRI Conservative plus historic MAS benchmark	-1.3	-2.8	2.7	1.4	4.8
	Fixed Income	0.3	1.5	2.2	1.9	3.5
BC Government Bond	2.6	8.3	5.6	6.6	5.4	
Public Market Indices						
	S&P	-2.8	5.4	16.4	0.2	5.3
	NASDAQ	-5.1	5.8	16.9	1.5	6.7
	MSCI EAFE	-6.9	-13.4	6.5	-5.6	5.6
	BC High Yield	1.8	7.3	16.3	8.4	10.2
	Citigroup World Bond (unhedged to USD)	0.9	2.7	5.4	7.3	6.8

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

<sup>2</sup> Private non-marketable investments and related indices are reported on a quarter lag.

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

## CEF ACTIVITY AS OF JUNE 30, 2012

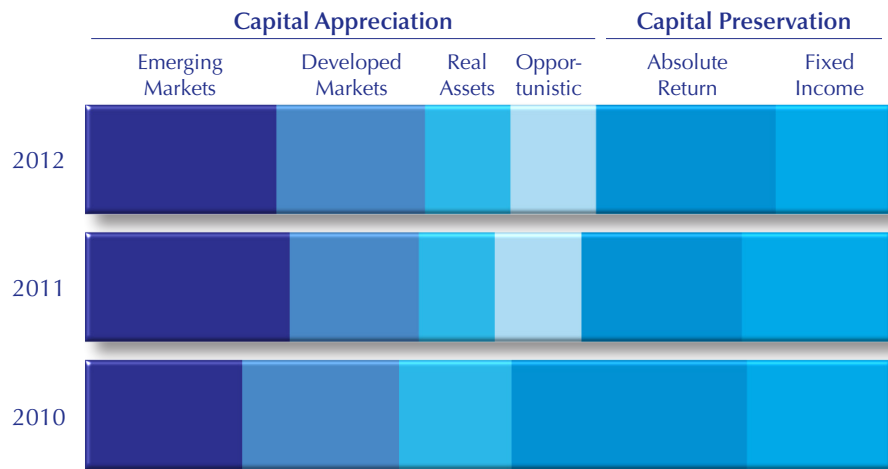
*\$ = millions*

	<u>FY 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	\$2,074	\$1,013
Gifts	75	63	43	364	677
Transfers	8	5	5	36	89
<b>Total Additions</b>	<b>\$83</b>	<b>\$68</b>	<b>\$48</b>	<b>\$400</b>	<b>\$766</b>
Operating Funds Purchases	2	51	8	107	209
Net Investment Return	(21)	301	201	18	1,019
Distributions	(85)	(76)	(59)	(390)	(730)
Administrative Fees	(4)	(4)	(4)	(20)	(33)
Advancement Support	(17)	(16)	(14)	(78)	(132)
<b>Ending Balance</b>	<b>\$2,111</b>	<b>\$2,154</b>	<b>\$1,830</b>	<b>\$2,111</b>	<b>\$2,111</b>
Net Change	(\$43)	\$325	\$181	\$38	\$1,098



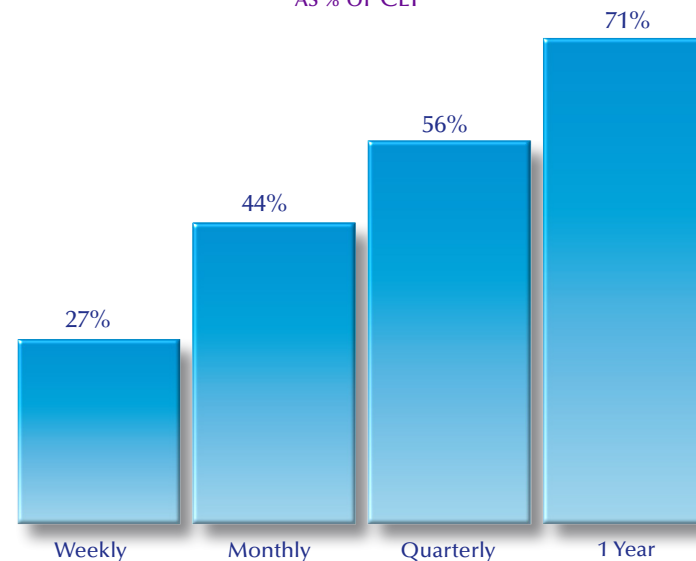
# CEF EXPOSURES FOR THE QUARTER ENDING JUNE 30, 2012

## EXPOSURE BY STRATEGY

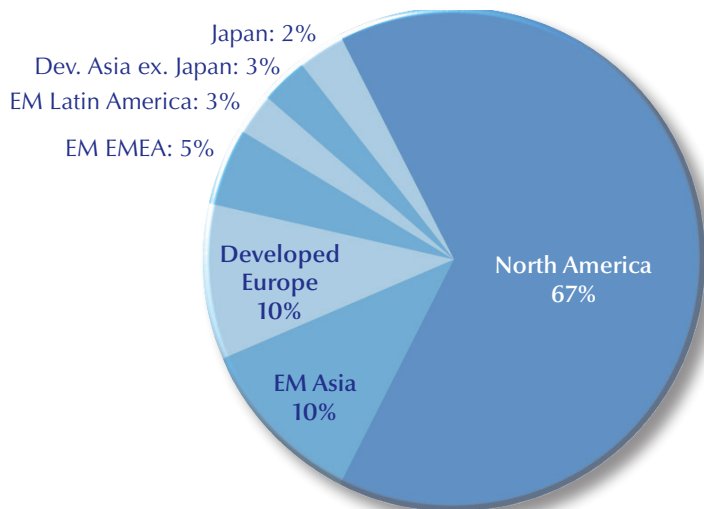


## SHORT-TERM LIQUIDITY ESTIMATES

AS % OF CEF



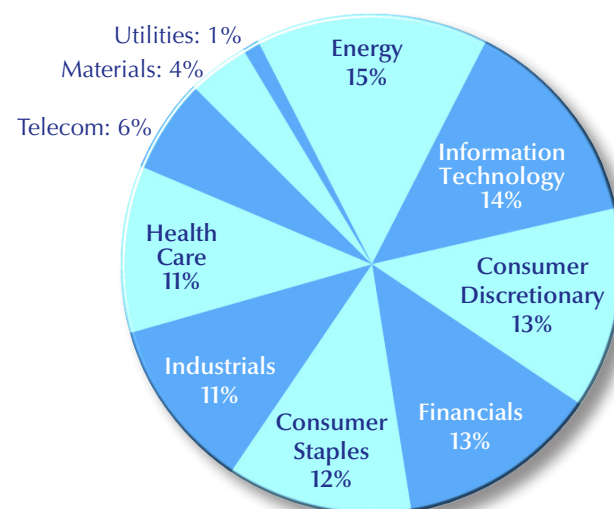
## GEOGRAPHIC EXPOSURE<sup>1</sup>



<sup>1</sup> At 6/30/12 foreign currency exposure: 30%

F-7.1/209-12  
9/13/12

## 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 JUNE 30, 2012

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

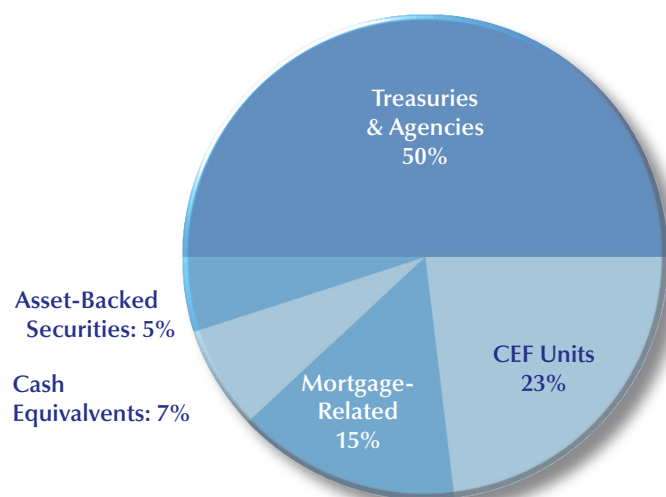
	4 <sup>th</sup> Qtr FY 2012	1-Year	5-Year	10-Year
<b>IF including CEF units</b>	<b>0.3</b>	<b>1.9</b>	<b>2.7</b>	<b>4.7</b>
Weighted Benchmark	0.4	2.7	3.8	5.0
<b>IF excluding CEF units</b>	<b>0.8</b>	<b>3.2</b>	<b>4.1</b>	<b>3.8</b>
Weighted Benchmark	0.8	3.1	4.5	3.9
<b>Cash</b>	<b>0.0</b>	<b>0.0</b>	<b>2.4</b>	<b>2.8</b>
Cash Benchmark	0.0	0.0	2.3	2.5
<b>Liquidity</b>	<b>1.4</b>	<b>5.1</b>	<b>5.1</b>	<b>4.3</b>
LB Intermediate Govt Bond	1.5	5.0	5.8	4.6

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

## FUND ALLOCATION BY POOL (\$M)

	Fund Allocation		Range	Duration in Years	
				Actual	Maximum
Cash Pool	\$573	32%	10%–40%	0.5	3.0
Liquidity Pool	\$814	45%	30%–60%	3.5	4.5
<b>Total Cash &amp; Liquidity Pool</b>	<b>\$1,387</b>	<b>77%</b>			
CEF Units held by IF	\$423	23%	15%–40%		
<b>Total Invested Funds</b>	<b>\$1,809</b>	<b>100%</b>			

## MIX OF INVESTMENTS



## MARKET VALUE (\$B)

