

VII. STANDING COMMITTEES

B. Finance, Audit and Facilities Committee

Investment Performance Report, First Quarter, Fiscal Year 2013

For information only.

*Attachment*

UW Investment Performance Report, First Quarter, Fiscal Year 2013

# UNIVERSITY OF WASHINGTON

## Investment Performance Report

First Quarter Fiscal Year 2013

As of September 30, 2012

Treasurer, Board of Regents  
Treasury Office

Published November 2012

# UNIVERSITY OF WASHINGTON

## INVESTMENT PERFORMANCE REPORT

FIRST QUARTER FISCAL YEAR 2013

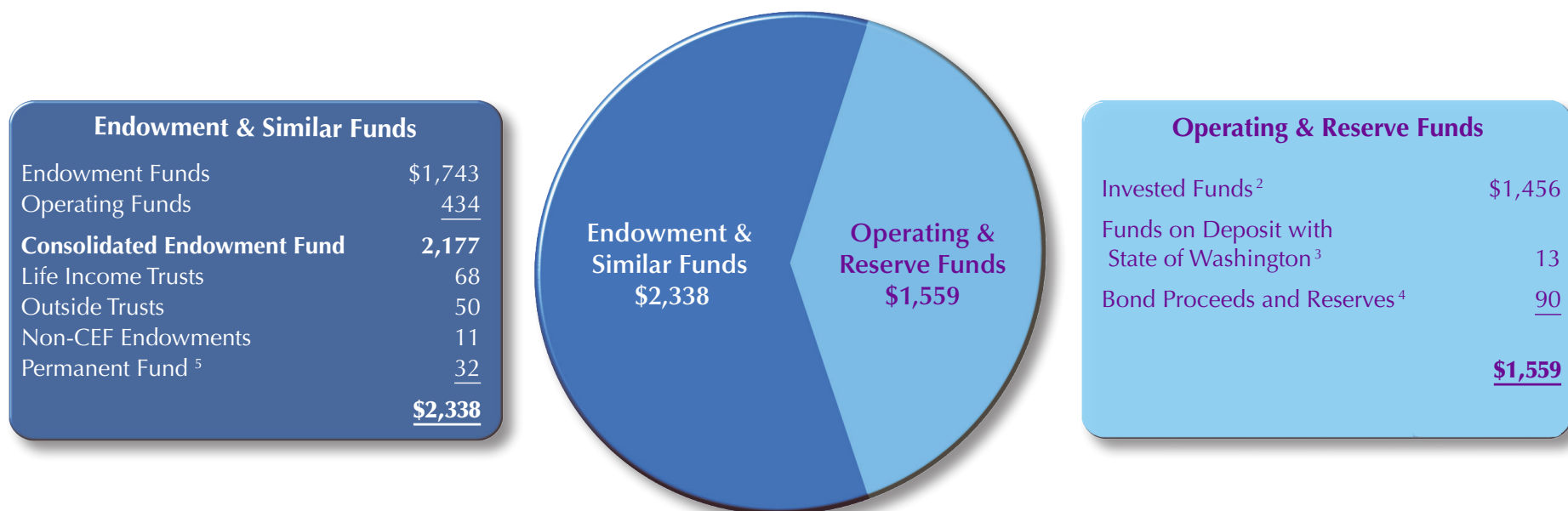
As of September 30, 2012

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

\$ = millions



<sup>1</sup> 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.

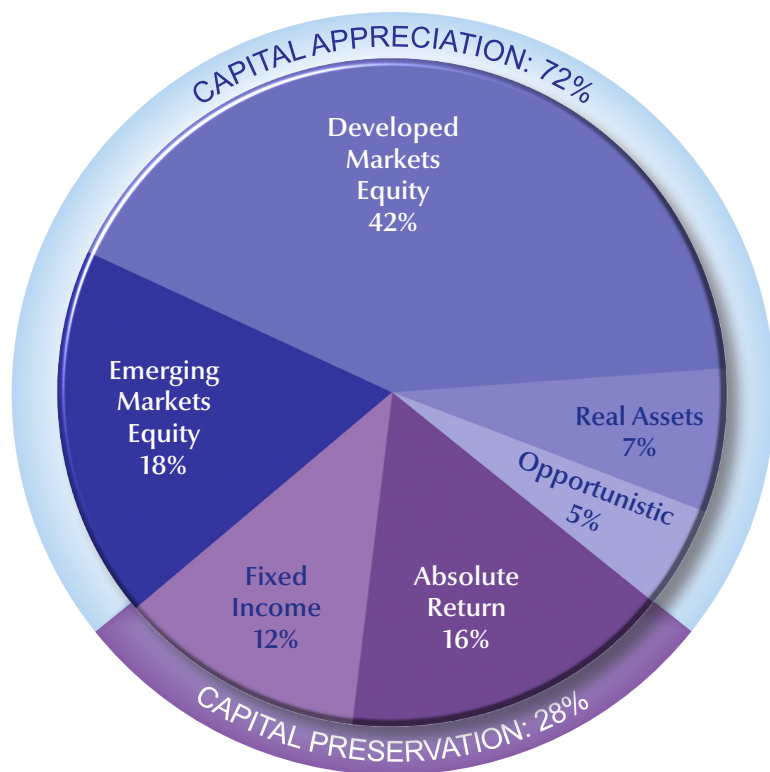
<sup>2</sup> The Invested Funds holds Consolidated Endowment Fund units valued at \$434. To avoid double counting, the dollars are included only in the CEF totals.

<sup>3</sup> Bond Retirement Fund and Building Fund.

<sup>4</sup> Debt service reserve funds and construction project funds which have not yet been disbursed.

<sup>5</sup> Proceeds from sale of land grants and subsequent investment returns on deposit with the state of Washington.

## CONSOLIDATED ENDOWMENT FUND (CEF) ASSET ALLOCATION FOR THE QUARTER ENDING SEPTEMBER 30, 2012



Current Allocation (\$ = millions)			Policy Target	Range
Emerging Markets Equity	\$389	18%	17%	
Developed Markets Equity	\$907	42%	36%	
Real Assets	\$162	7%	11%	
Opportunistic	\$104	5%	6%	
<b>Capital Appreciation<sup>1</sup></b>	<b>\$1,562</b>	<b>72%</b>	<b>70%</b>	<b>55%-85%</b>
Absolute Return	\$359	16%	15%	
Fixed Income <sup>2</sup>	\$256	12%	15%	
<b>Capital Preservation</b>	<b>\$614</b>	<b>28%</b>	<b>30%</b>	<b>15%-45%</b>
<b>Total CEF<sup>3</sup></b>	<b>\$2,177</b>	<b>100%</b>		

<sup>1</sup> Includes 24% current exposure to private equity investment and 10% uncalled capital commitments.

<sup>2</sup> Includes allocation to cash.

<sup>3</sup> Exposures at 9/30/12: International: 32%, Foreign Currency: 32%.

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

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

	1 <sup>st</sup> Qtr FY 2013	Rolling Years		
		1-Year	3-Year	10-Year
<b>Total CEF Return</b>	<b>3.9</b>	<b>10.6</b>	<b>7.6</b>	<b>8.3</b>
Strategy Weighted Policy Benchmark	3.6	12.9	8.1	8.8
70% MSCI ACWI/30% BC Govt Bond	5.0	16.2	7.4	8.2
<b>Capital Appreciation</b>	<b>5.2</b>	<b>13.9</b>	<b>8.9</b>	<b>9.2</b>
MSCI ACWI	7.0	21.7	7.8	9.2
<b>Capital Preservation</b>	<b>1.3</b>	<b>3.7</b>	<b>4.0</b>	<b>5.2</b>
BC Government Bond	0.6	2.9	5.2	4.7

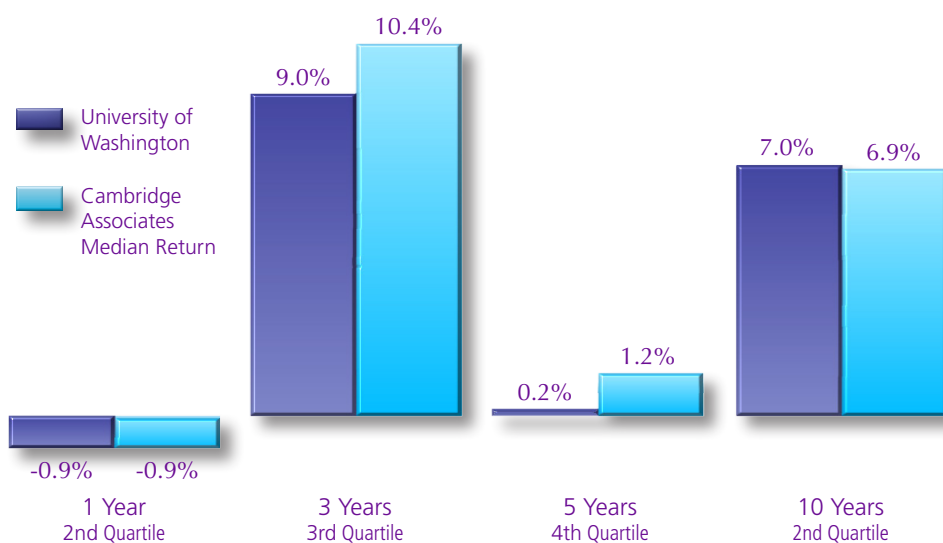
<sup>1</sup> Total Return: average annual compound return (dividend or interest plus capital appreciation or depreciation)

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

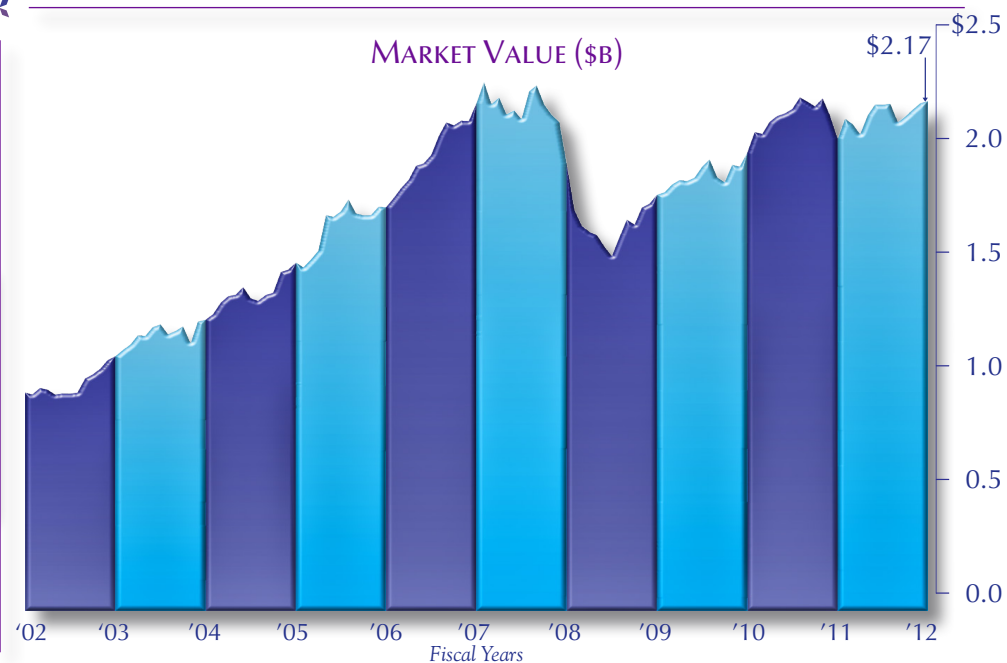
	FYTD 2013	Fiscal Years			
		2012	2011	2010	2009
<b>Total CEF Return</b>	<b>3.9</b>	<b>-0.9</b>	<b>16.0</b>	<b>12.5</b>	<b>-23.5</b>
Strategy Weighted Policy Benchmark	3.6	1.2	19.9	9.8	-16.5
70% MSCI ACWI/30% BC Govt Bond	5.0	-1.3	21.8	10.9	-18.6
<b>Capital Appreciation</b>	<b>5.2</b>	<b>-1.9</b>	<b>21.5</b>	<b>13.7</b>	<b>-29.3</b>
MSCI ACWI	7.0	-6.0	30.8	12.3	-28.9
<b>Capital Preservation</b>	<b>1.3</b>	<b>1.2</b>	<b>3.6</b>	<b>10.8</b>	<b>-14.0</b>
BC Government Bond	0.6	8.3	2.3	6.5	6.6

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

## PEER COMPARISON AS OF JUNE 30, 2012



## MARKET VALUE (\$B)



## CEF PERFORMANCE BY STRATEGY

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

		1 <sup>st</sup> Qtr FY '13	1 Year	3 Years	5 Years	10 Years
<b>Consolidated Endowment Fund</b>		<b>3.9</b>	<b>10.6</b>	<b>7.6</b>	<b>0.1</b>	<b>8.3</b>
Capital Appreciation	Capital Appreciation	5.2	13.9	8.9	-0.6	9.2
	MSCI ACWI	7.0	21.7	7.8	-1.5	9.2
	Emerging Markets Equity	7.4	15.8	10.4	1.6	19.1
	MSCI EMF	7.9	17.3	6.0	-1.0	17.4
	Developed Markets Equity	5.5	16.5	10.1	0.0	8.6
	MSCI World	6.8	22.3	8.1	-1.6	8.6
	Real Assets <sup>2</sup>	-1.4	0.4	4.2	-5.2	4.0
	NCREIF Property Index <sup>2</sup>	2.7	12.0	8.8	2.5	8.3
	CA Natural Resources <sup>2</sup>	-3.2	6.5	13.3	8.2	18.6
	Opportunistic <sup>3</sup>	5.2	12.3	—	—	—
MSCI ACWI	7.0	21.7	—	—	—	
Capital Preservation	Capital Preservation	1.3	3.7	4.0	0.5	5.2
	BC Government Bond	0.6	2.9	5.2	6.0	4.7
	Absolute Return (including historic MAS returns)	2.2	6.4	6.7	2.8	8.5
	HFRI Conservative plus historic MAS benchmark)	1.8	2.6	1.8	1.3	5.4
	Fixed Income	0.4	1.4	1.8	1.4	3.0
BC Government Bond	0.6	2.9	5.2	6.0	4.7	
Public Market Indices						
	S&P	6.4	30.2	13.2	1.1	8.0
	NASDAQ	6.2	29.0	13.7	2.0	9.8
	MSCI EAFE	7.0	14.3	2.6	-4.8	8.7
	BC High Yield	4.5	19.4	12.9	9.3	11.0
	Citigroup World Bond (unhedged to USD)	3.0	3.3	4.3	6.5	6.7

<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 SEPTEMBER 30, 2012

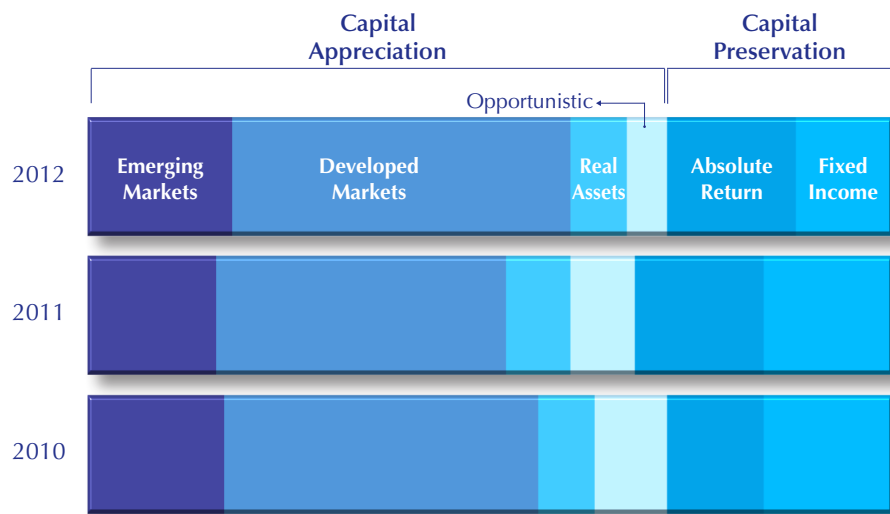
*\$ = millions*

	<u>FYTD 2013</u>	<u>FY 2012</u>	<u>FY 2011</u>	<u>3 Years</u>	<u>10 Years</u>
<b>Beginning Balance</b>	<b>\$2,111</b>	<b>\$2,154</b>	<b>\$1,830</b>	<b>\$1,777</b>	<b>\$932</b>
Gifts	10	75	63	181	675
Transfers	1	8	5	18	89
<b>Total Additions</b>	<b>12</b>	<b>83</b>	<b>68</b>	<b>199</b>	<b>764</b>
Operating Funds Purchases	0	2	51	58	209
Net Investment Return	80	(21)	301	430	1,177
Distributions	(22)	(85)	(76)	(227)	(738)
Administrative Fees	(1)	(4)	(4)	(12)	(34)
Advancement Support	(4)	(17)	(16)	(48)	(134)
<b>Ending Balance</b>	<b>\$2,177</b>	<b>\$2,111</b>	<b>\$2,154</b>	<b>\$2,177</b>	<b>\$2,177</b>
<b>Net Change</b>	<b>\$65</b>	<b>(\$43)</b>	<b>\$325</b>	<b>\$400</b>	<b>\$1,244</b>

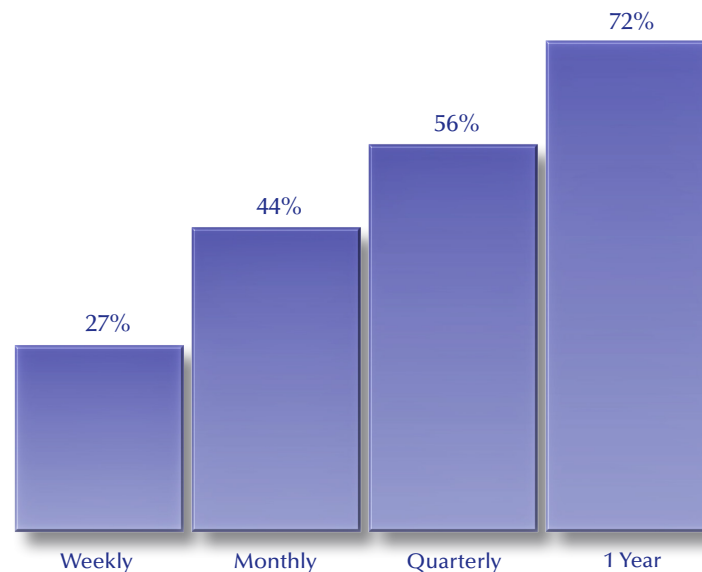


# CEF EXPOSURES FOR THE QUARTER ENDING SEPTEMBER 30, 2012

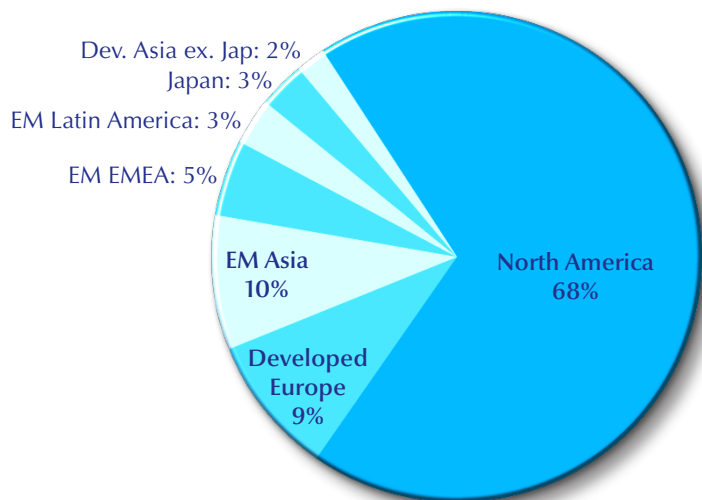
EXPOSURE BY STRATEGY



SHORT-TERM LIQUIDITY ESTIMATES AS % OF CEF

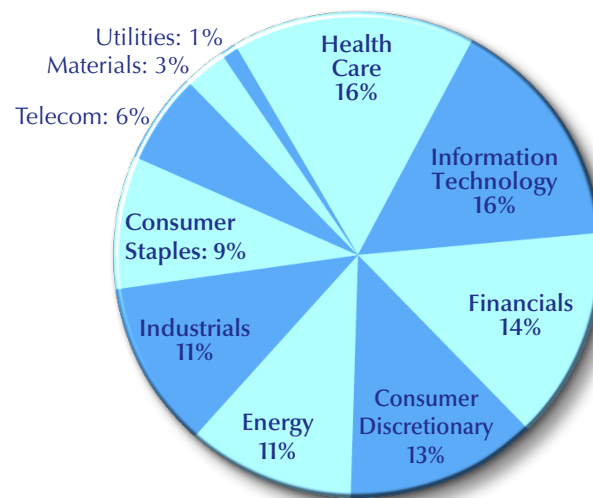


GEOGRAPHIC EXPOSURE<sup>1</sup>



<sup>1</sup> At 9/30/12 foreign currency exposure: 32%

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 SEPTEMBER 30, 2012

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

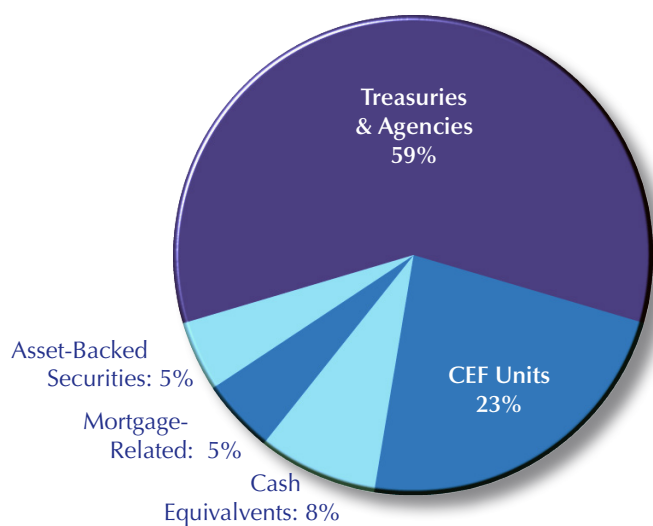
	1 <sup>st</sup> Qtr FY 2013	1-Year	3-Year	10-Year
<b>IF including CEF units</b>	<b>1.5</b>	<b>4.0</b>	<b>4.1</b>	<b>4.8</b>
Weighted Benchmark	1.2	4.2	4.1	5.0
<b>IF excluding CEF units</b>	<b>0.8</b>	<b>2.0</b>	<b>3.0</b>	<b>3.5</b>
Weighted Benchmark	0.5	1.5	2.6	3.5
<b>Cash</b>	<b>0.2</b>	<b>0.1</b>	<b>0.3</b>	<b>2.5</b>
Cash Benchmark	0.2	0.2	0.2	2.3
<b>Liquidity</b>	<b>1.3</b>	<b>3.3</b>	<b>4.7</b>	<b>4.0</b>
BC Intermediate Govt Bond	0.6	2.4	4.1	4.2

<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	\$632	33%	10%–40%	1.2	3.0
Liquidity Pool	\$824	44%	30%–60%	3.5	4.5
<b>Total Cash &amp; Liquidity Pool</b>	<b>\$1,456</b>	<b>77%</b>			
CEF Units held by IF	\$434	23%	15%–40%		
<b>Total Invested Funds</b>	<b>\$1,890</b>	<b>100%</b>			

## MIX OF INVESTMENTS



F-5.1/201-13  
1/10/13

## MARKET VALUE (\$B)

