

VII. STANDING COMMITTEES

B. Finance, Audit and Facilities Committee

Investment Performance Report, Third Quarter Fiscal Year 2013

For information only.

Attachment

Investment Performance Report, Third Quarter Fiscal Year 2013

UNIVERSITY OF WASHINGTON

Investment Performance Report Third Quarter Fiscal Year 2013

As of March 31, 2013

Treasurer, Board of Regents
Treasury Office

Published May 2013

UNIVERSITY OF WASHINGTON
INVESTMENT PERFORMANCE REPORT
THIRD QUARTER FISCAL YEAR 2013

As of March 31, 2013

TABLE OF CONTENTS

Treasury Assets1
CEF Asset Allocation2
CEF Performance Summary3
CEF Performance by Strategy4
CEF Activity5
CEF Exposures6
Invested Funds7

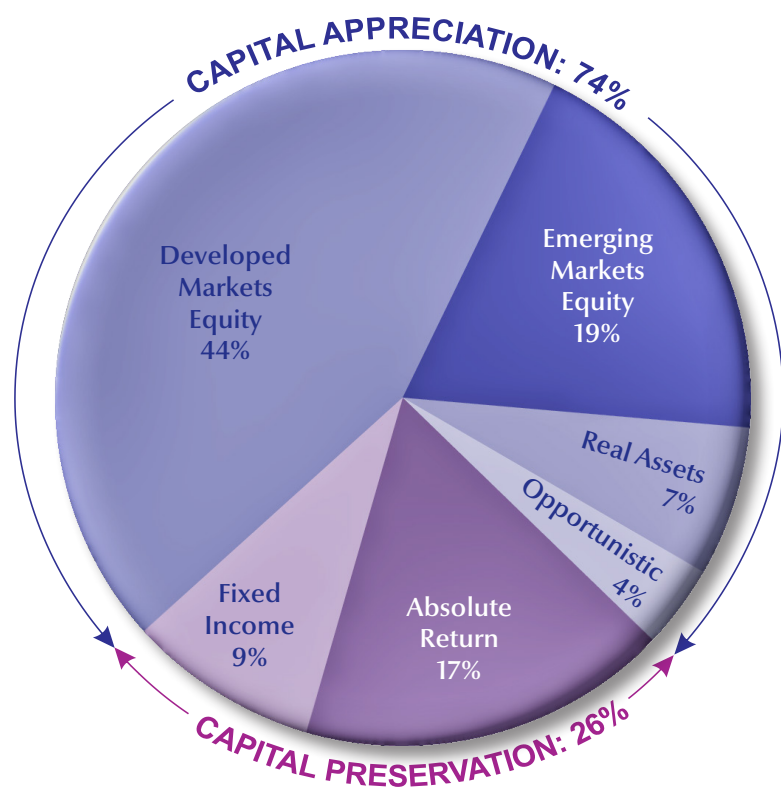
TREASURY ASSETS¹ AS OF MARCH 31, 2013

\$ = M



1. Total market value of assets at 3/31/13: \$4.3 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 \$470. 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.

CONSOLIDATED ENDOWMENT FUND (CEF) ASSET ALLOCATION FOR THE QUARTER ENDING MARCH 31, 2013



	Current Allocation (\$ =M)		Policy Target	Range
Emerging Markets Equity	\$435	19%	17%	
Developed Markets Equity	\$1,045	44%	36%	
Real Assets	\$165	7%	11%	
Opportunistic	\$87	4%	6%	
Capital Appreciation¹	\$1,732	74%	70%	55%-85%
Absolute Return	\$393	17%	15%	
Fixed Income²	\$223	9%	15%	
Capital Preservation	\$616	26%	30%	15%-45%
Total CEF³	\$2,348	100%		

¹ At 3/31/13, international look-through exposure: 36%, foreign currency exposure: 34%

² Allocation to cash is included in Fixed Income.

³ Current exposure to total private investments: 22%; uncalled capital commitments: 8%

Note: Percentages may not sum due to rounding.

CEF PERFORMANCE SUMMARY FOR THE QUARTER ENDING MARCH 31, 2013

ROLLING YEAR RETURNS¹ (%)

	3 rd Qtr FY 2013	Rolling Years		
		1-Year	3-Year	10-Year
Total CEF Return	4.8	10.7	7.9	9.1
Strategy Weighted Policy Benchmark	4.2	8.8	8.4	9.0
70% MSCI ACWI/30% BC Govt Bond	4.6	8.9	7.8	8.7
Capital Appreciation	6.2	13.3	9.4	10.4
MSCI ACWI	6.6	11.2	8.4	9.9
Capital Preservation	1.6	4.8	3.5	5.2
BC Government Bond	-0.2	3.0	5.0	4.5

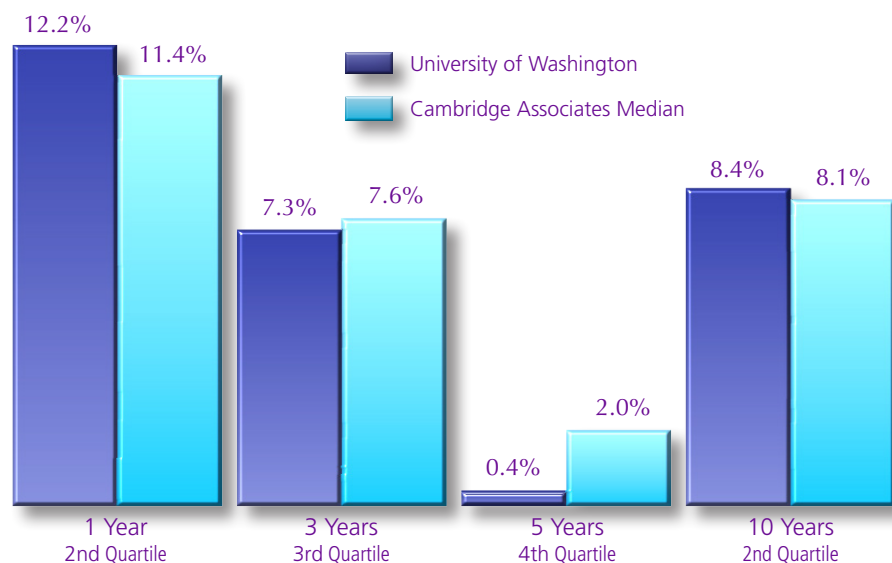
¹ Total Return: average annual compound return (dividend or interest plus capital appreciation or depreciation)

FISCAL YEAR RETURNS¹ (%)

	FYTD 2013	Fiscal Years			
		2012	2011	2010	2009
Total CEF Return	12.5	-0.9	16.0	12.5	-23.5
Strategy Weighted Policy Benchmark	10.3	1.2	19.9	9.8	-16.5
70% MSCI ACWI/30% BC Govt Bond	12.1	-1.3	21.8	10.9	-18.6
Capital Appreciation	16.1	-1.9	21.5	13.7	-29.3
MSCI ACWI	17.5	-6.0	30.8	12.3	-28.9
Capital Preservation	4.9	1.2	3.6	10.7	-13.9
BC Government Bond	0.4	8.3	2.3	6.5	6.6

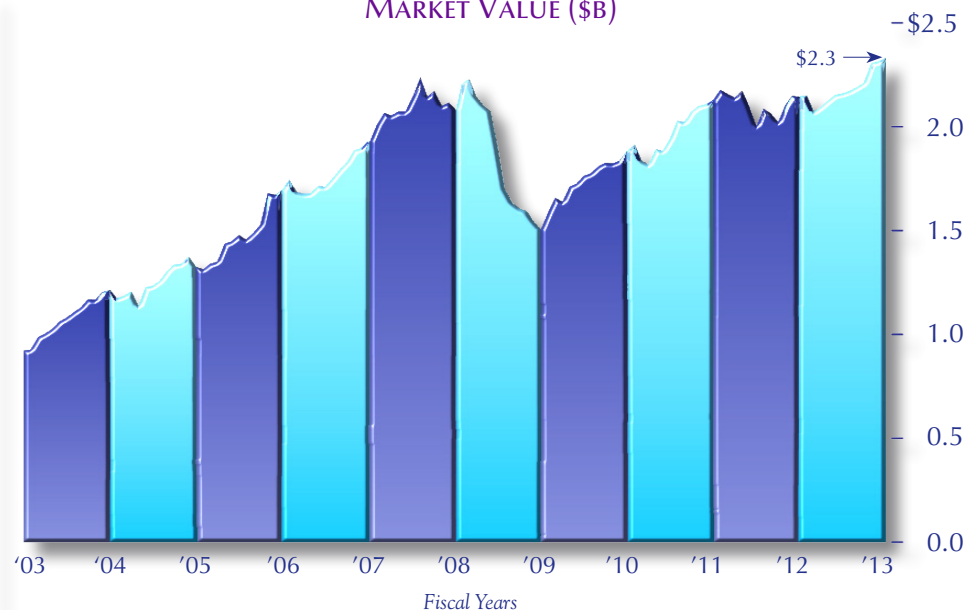
¹ Total Return: average annual compound return (dividend or interest plus capital appreciation or depreciation)

PEER COMPARISON¹



F-4.1/206-13
6/13/13 ¹ For periods ending December 31, 2012

MARKET VALUE (\$B)



¹ Reflects inclusion of IF units in CEF, starting 2001. Value without IF units would be \$1.9

CEF PERFORMANCE BY STRATEGY

Total Return¹ as of March 31, 2013

		3 rd Qtr FY '13	1 Year	3 Years	5 Years	10 Years
Consolidated Endowment Fund		4.8	10.7	7.9	2.3	9.1
Capital Appreciation	Capital Appreciation	6.2	13.3	9.4	2.2	10.4
	MSCI ACWI	6.6	11.2	8.4	2.6	9.9
	Emerging Markets Equity	3.7	11.3	8.6	4.4	19.8
	MSCI EMF	-1.6	2.3	3.6	1.4	17.4
	Developed Markets Equity	7.8	14.8	10.7	3.4	9.8
	MSCI World	7.9	12.5	9.1	2.8	9.5
	Real Assets ²	4.1	5.9	7.1	-4.3	4.7
	NCREIF Property Index ²	2.5	10.5	12.6	2.1	8.4
	CA Natural Resources ²	3.1	5.7	12.5	7.4	17.5
	Opportunistic ³	6.2	19.2	—	—	—
MSCI ACWI	6.6	11.2	—	—	—	
Capital Preservation	Capital Preservation	1.6	4.8	3.5	1.3	5.2
	BC Government Bond	-0.2	3.0	5.0	4.4	4.5
	Absolute Return (including historical MAS returns)	2.4	7.2	5.5	4.0	8.5
	HFRI Conservative plus historical MAS benchmark	2.8	4.5	2.2	2.5	5.5
	Fixed Income	0.6	1.8	1.7	1.3	2.9
BC Government Bond	-0.2	3.0	5.0	4.4	4.5	
Public Market Indices						
	S&P	10.6	14.0	12.7	5.8	8.5
	NASDAQ	8.2	5.7	10.9	6.5	8.8
	MSCI EAFE	5.2	11.8	5.5	-0.4	10.2
	BC High Yield	2.9	13.1	11.2	11.6	10.1
	Citigroup World Government Bond (unhedged to USD)	-2.8	-0.7	3.9	2.8	5.4

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.

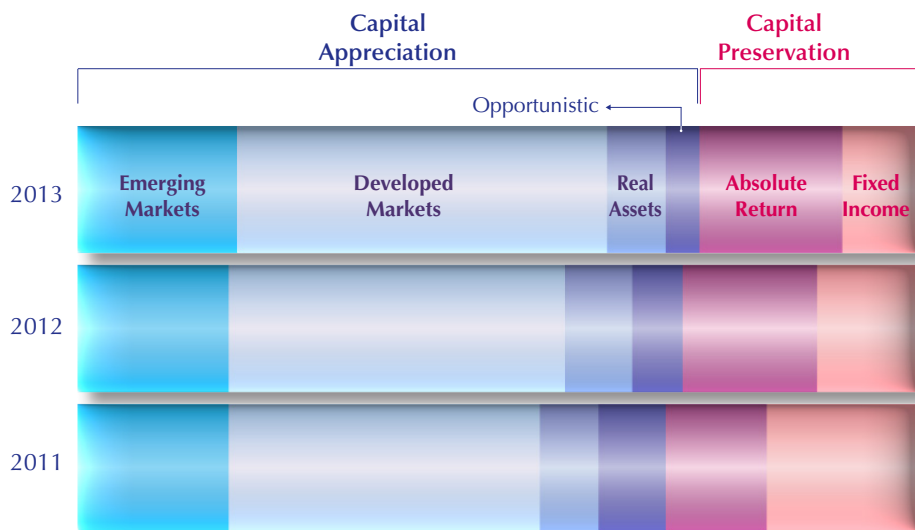
CEF ACTIVITY AS OF MARCH 31, 2013

\$ = M

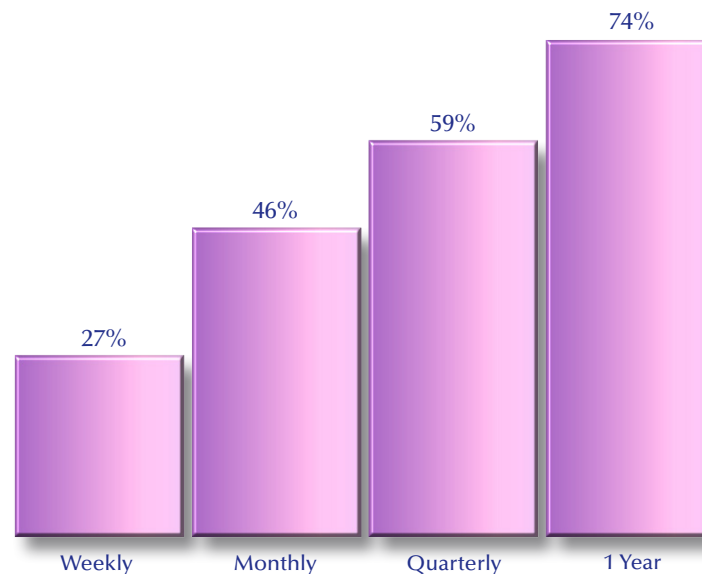
	<u>FYTD 2013</u>	<u>FY 2012</u>	<u>FY 2011</u>	<u>3 Years</u>	<u>10 Years</u>	<u>15 Years</u>
Beginning Balance	\$2,111	\$2,154	\$1,830	\$1,897	\$928	\$772
Gifts	41	75	63	189	687	886
Transfers	5	8	5	19	91	135
Operating Funds Purchases	11	2	51	63	220	220
Total Additions	\$56	\$84	\$119	\$271	\$998	\$1,241
Net Investment Return	262	(21)	301	483	1,350	1,467
Distributions	(65)	(85)	(76)	(241)	(753)	(933)
Administrative Fees	(3)	(4)	(4)	(12)	(35)	(43)
Advancement Support	(13)	(17)	(16)	(50)	(139)	(156)
Ending Balance	\$2,348	\$2,111	\$2,154	\$2,348	\$2,348	\$2,348
Net Change	\$237	(\$43)	\$325	\$451	\$1,420	\$1,576

CEF EXPOSURES FOR THE QUARTER ENDING MARCH 31, 2013

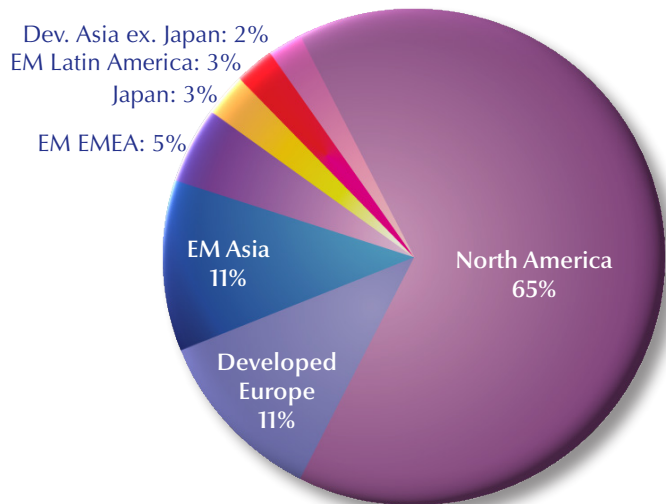
EXPOSURE BY STRATEGY



SHORT-TERM LIQUIDITY ESTIMATES AS % OF CEF

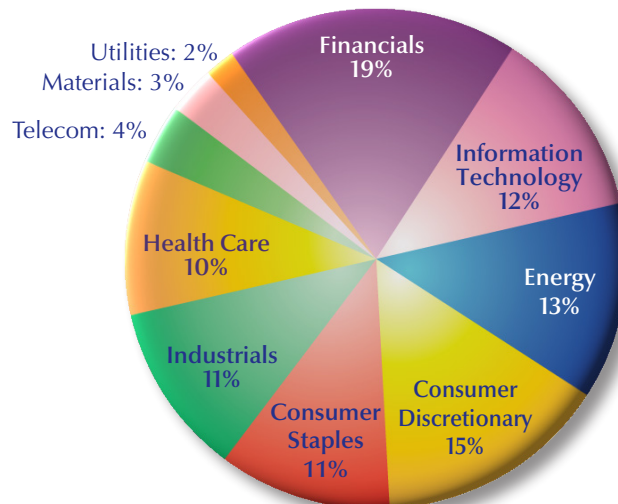


GEOGRAPHIC EXPOSURE¹



¹ At 3/31/13 foreign currency exposure: 36%

EQUITY SECTOR EXPOSURE¹



¹ Emerging Markets, Developed Markets and Real Assets

INVESTED FUNDS FOR THE QUARTER ENDING MARCH 31, 2013

TOTAL RETURN¹ (%)

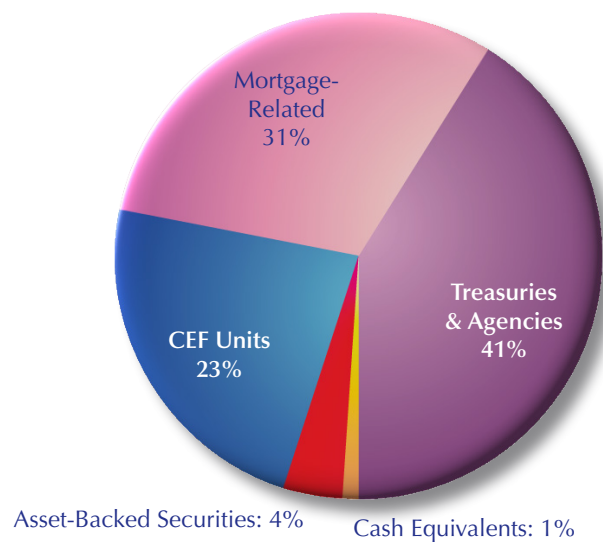
	3 rd Qtr FY 2013	1-Year	3-Year	10-Year
IF including CEF units	1.3	4.2	4.0	4.8
Weighted Benchmark	1.1	3.2	4.0	5.0
IF excluding CEF units	0.2	2.2	2.8	3.3
Weighted Benchmark	0.1	1.4	2.5	3.3
Cash	0.1	0.4	0.3	2.3
Cash Benchmark	0.1	0.4	0.2	2.1
Liquidity	0.2	3.4	4.5	3.9
BC Intermediate Govt Bond	0.1	2.3	3.9	4.0

¹ 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	\$496	25%	10%–40%	1.1	3.0
Liquidity Pool	\$1,036	52%	30%–60%	3.4	4.5
Total Cash & Liquidity Pool	\$1,532	77%			
CEF Units held by IF	\$470	23%	15%–40%		
Total Invested Funds	\$2,002	100%			

MIX OF INVESTMENTS



MARKET VALUE (\$B)

