

ANNUAL ENDOWMENT REPORT

Fiscal Year Ended June 30, 2007

University of California, Berkeley Foundation

UC Davis Foundation

University of California, Irvine Foundation

The UCLA Foundation

University of California, Merced Foundation

UC Riverside Foundation

U.C. San Diego Foundation

University of California, San Francisco Foundation

The UCSB Foundation

U.C. Santa Cruz Foundation



Compiled by the Office of the Treasurer of The Regents

UNIVERSITY OF CALIFORNIA ANNUAL ENDOWMENT REPORT

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BACKGROUND

The history of reporting total University and Foundation endowments dates back to October 1978 when The Regents' Committee on Educational Policy adopted a policy for University Support Groups. In subsequent years, The Regents charged the Treasurer's Office with obtaining pertinent information regarding the UC Foundations' investments and presenting an annual report to The Regents. The annual report includes the investment philosophy, policies and performance of each Foundation's endowment assets, as well as those of The Regents' endowment assets.

PURPOSE

The Regents' policy on Support Groups articulates the permissible activities by affiliated fund-raising organizations to be:

"Gifts to a University Support Group for the benefit of the University may be accepted and administered only in accordance with University policies and, except as otherwise specified in this policy, may not be invested as endowments and shall be transferred to the University in an expeditious manner to fulfill the intentions of the donor for allocation and disbursement by the University."

The Treasurer's Office is the designated recipient and investment manager of The Regents' endowment assets.

However, in October 1978, The Regents included an exception in this policy for Foundations only that states:

"A Campus Foundation may hold and invest endowments and funds functioning as endowments on a long-term basis. Such investments must be consistent with the terms of the gift instrument. Investment operations shall be conducted in accordance with prudent, sound practices to insure that gift assets are protected and enhanced and that a reasonable return is achieved, and with due regard for the fiduciary responsibilities of the Foundation's governing board...."

As a result of the above exception, donors can designate either The Regents or the Campus Foundations as the recipient of their gift assets. Foundations may then choose The Regents (the Treasurer's Office) and/or external investment managers to manage their endowment investments. The Treasurer's Office acts as a resource to the Foundations and offers its investment management services and counsel on endowment fund management issues. This report's goal is to provide The Regents with a comprehensive overview of all of the University's endowment assets.

DATA SOURCES

State Street Bank is the University's official "book of record" and calculates performance of the General Endowment Pool (GEP) and High Income Endowment Pool (HIP) supplemented with data from the University of California Office of the President's (UCOP) Endowment and Investment Accounting office. Beginning in fiscal year 2005-2006, all relevant investment performance data for Foundation assets managed by external investment managers is being supplied by State Street Bank. Prior to fiscal year 2005-2006, the Foundations supplied investment performance data for assets managed by external investment managers. Policy benchmark composition was provided by the Foundations. All annual benchmark returns used in this report were calculated by The Regents' Investment Consultant, Richards & Tierney, Inc. Each Foundation supplied a copy of its audited annual financial report. For the purpose of reporting investment performance, each Foundation received the same exhibit formats and guidance, and any inconsistencies in definition and reporting are noted in the charts, tables and discussion.

Annual Foundation performance results in this document are self-reported by each Foundation and are neither audited nor calculated by the Treasurer's Office or State Street Bank. On a quarterly basis, State Street Bank reports Foundation performance to The Regents and those quarterly reports serve as official "book of record" to The Regents. Any differences between recent fiscal year returns in this report and in the 6/30/2007 Quarterly Foundation Report are noted.

PERFORMANCE PRESENTATION

This report focuses primarily on the Foundations' endowment assets and their investment performance. Section IX—Individual Foundation Reports—displays endowed assets by investment manager. Totals for non-endowed assets and pledges are provided in Section VIII—Total Foundation Gift Assets. The glossary at the end of this report includes definitions for these asset categories.

PERFORMANCE COMPARISONS

General Endowment Pool: The General Endowment Pool (GEP), established in 1933 and unitized in 1958, is The Regents' primary investment vehicle for endowed gift funds. GEP is a balanced portfolio of equities, fixed-income securities and alternative investments in which all Regental endowment funds participate, unless payout needs require otherwise. The GEP's return is based on unit value.

Cambridge Endowment Pool Median: Cambridge Associates measures returns on 130 college and university endowment pools in its endowment study.

Benchmark: For details regarding each individual Foundation's benchmark, see Sections IX and XII.

I. Total University Endowment Assets



Table 1 outlines the University's total endowment assets by donor designation to either The Regents for the benefit of the campus or to the campus Foundation.

Overall, total endowment assets increased 18.2% over the last fiscal year, with The Regents' endowment assets increasing 16.2% and Foundation endowment assets increasing 22.4%. These increases incorporate both new gifts accepted during the fiscal year and the return on total endowed assets.

The Treasurer's Office also manages endowment assets of \$1.2 billion for the benefit of systemwide programs and administration, including education and research programs, support services and administration. These assets appear in the table as part of The Regents' endowment assets.

Table 1 Total University Endowment Assets by Donor Designation to Regents and Foundation (Excluding Pledges) (Market Value \$000)						
Campus	June 30, 2007			June 30, 2006		
	Regents*	Foundation	Total	Regents*	Foundation	Total
Berkeley	\$2,055,595	\$839,337	\$2,894,932	\$1,763,734	\$700,375	\$2,464,109
Davis	\$510,024	\$140,667	\$650,691	\$436,394	\$115,609	\$552,003
Irvine	\$59,955	\$166,783	\$226,738	\$52,177	\$137,224	\$189,401
Los Angeles	\$1,342,062	\$956,449	\$2,298,511	\$1,125,539	\$786,532	\$1,912,071
Merced	\$20,743	\$3,220	\$23,963	\$17,579	\$1,581	\$19,160
Riverside	\$40,136	\$80,405	\$120,541	\$29,685	\$65,967	\$95,652
San Diego	\$166,190	\$358,493	\$524,683	\$144,692	\$277,762	\$422,454
San Francisco	\$893,682	\$468,974	\$1,362,656	\$774,164	\$383,665	\$1,157,829
Santa Barbara	\$83,021	\$107,017	\$190,038	\$69,944	\$81,892	\$151,836
Santa Cruz	\$62,488	\$55,286	\$117,774	\$51,765	\$45,685	\$97,450
Total Campus Endowments	\$5,233,896	\$3,176,631	\$8,410,527	\$4,465,673	\$2,596,292	\$7,061,965
Systemwide Programs and Administration	\$1,205,540	\$0	\$1,205,540	\$1,076,256	\$0	\$1,076,256
Total Endowment Assets	\$6,439,436	\$3,176,631	\$9,616,067	\$5,541,929	\$2,596,292	\$8,138,221

* Includes GER, HIP, STIP and separately invested assets, as well as annuity and life income funds. Excludes security lending balances and other accounts receivable and payable.

For the purpose of this report, we focus on the managed endowment assets held by The Regents and the Foundations, which include those assets managed by The Regents (Treasurer's Office) or external managers. Managed endowment assets do not include those assets categorized as "other endowment assets", such as separately invested assets, mortgages, real estate and receivables.

Table 2
Total Managed Endowment Assets by Foundation
 (Excluding Pledges)
 (Market Value \$'000)

Campus	June 30, 2007			June 30, 2006		
	Managed	Other*	Total	Managed	Other*	Total
Berkeley	\$836,399	\$2,938	\$839,337	\$693,571	\$6,804	\$700,375
Davis	\$136,453	\$4,214	\$140,667	\$114,553	\$4,120	\$115,609
Irvine**	\$164,183	\$2,600	\$166,783	\$138,535	(\$1,311)	\$137,224
Los Angeles***	\$956,679	(\$230)	\$956,449	\$783,532	\$3,000	\$786,532
Merced	\$3,220	\$0	\$3,220	\$1,581	\$0	\$1,581
Riverside	\$80,351	\$54	\$80,405	\$65,913	\$54	\$65,967
San Diego	\$356,652	\$1,841	\$358,493	\$277,738	\$24	\$277,762
San Francisco	\$468,974	\$0	\$468,974	\$383,665	\$0	\$383,665
Santa Barbara	\$107,017	\$0	\$107,017	\$81,892	\$0	\$81,892
Santa Cruz	\$55,286	\$0	\$55,286	\$45,685	\$0	\$45,685
Regents****	\$5,932,345	\$507,091	\$6,439,436	\$5,024,974	\$516,955	\$5,541,929
Total	\$9,097,558	\$518,508	\$9,616,067	\$7,608,575	\$529,646	\$8,138,221

* Includes separately invested assets, HIP (Regents only), mortgages, real estate, receivables and other.

** Negative amount represents endowment payout not yet withdrawn from endowment assets.

*** Includes net receivables, real estate, securities and other assets.

**** Includes GER, HIP, STIP and separately invested assets, as well as annuity and life income funds. Excludes security lending balances and other accounts receivable and payable.

II

II. Managed Endowment Funds by Asset Class

Because asset allocation is the primary driver of a portfolio's total return over the long run—with sector and individual security selection the primary drivers over the short term—any comparison of endowment fund performance should be viewed in the context of the portfolio's asset class holdings.

Table 3 is a snapshot of the managed endowment funds by asset class as of June 30, 2007 for endowment investment portfolios held by each Foundation, as well as for The Regents' GEP. Table 3 also includes an overall weighted average allocation of all endowment funds by asset class, as well as the net total returns by campus.

Section IX, beginning on page 15, contains detailed information for each Foundation. These exhibits include a detailed list of the Foundation's investment managers and the type of funds they manage.

Table 3 Allocation of Managed Endowment Funds by Asset Class <i>As of June 30, 2007</i>									
Asset Class Allocation									
Campus	U.S. Equity	Non-U.S. Equity	Alternative Equities*	U.S. Fixed Inc.	Non-U.S. Fixed Inc.	Cash Equiv.	Absolute Return	Total	Net Total Return
Berkeley	23.0%	27.7%	14.5%	14.4%	0.0%	2.9%	17.5%	100.0%	20.2%
Davis **	28.0%	27.6%	7.9%	15.6%	4.9%	0.2%	15.8%	100.0%	19.7%
Irvine	36.4%	23.2%	7.5%	10.5%	3.1%	1.5%	17.8%	100.0%	19.1%
Los Angeles	21.6%	24.3%	21.1%	8.6%	0.0%	0.0%	24.5%	100.0%	17.8%
Merced **	28.0%	27.6%	7.9%	15.7%	4.9%	0.2%	15.8%	100.0%	19.8%
Riverside	21.0%	34.7%	16.6%	15.2%	0.0%	0.0%	12.6%	100.0%	21.7%
San Diego **	40.6%	20.4%	8.8%	11.6%	3.8%	0.2%	14.7%	100.0%	19.2%
San Francisco	38.5%	21.9%	3.6%	15.8%	1.0%	8.4%	10.8%	100.0%	18.3%
Santa Barbara **	27.0%	27.2%	7.5%	15.0%	4.7%	3.4%	15.1%	100.0%	20.1%
Santa Cruz **	28.0%	27.6%	7.9%	15.6%	4.9%	0.3%	15.8%	100.0%	19.8%
Regents' GEP	28.0%	27.6%	7.9%	15.7%	4.9%	0.2%	15.8%	100.0%	19.8%
Weighted Avg.	28.0%	26.7%	9.6%	14.6%	3.7%	0.8%	16.5%	100.0%	19.5%

* Alternative Equities consist largely of private equity funds, real estate, natural resources and other asset types.

** Foundation endowment assets invested primarily in The Regents' GEP, HIP and/or STIP funds.

Note that the method of rounding may produce the appearance of minor inconsistencies in various totals and percentages, but the differences do not affect the accuracy of the data.

III

III. Endowment Fund Investment Performance

Investment performance for University endowment assets is presented on a net basis, defined as total return after investment management fees but prior to any gift fees and administrative charges. While investment management fees vary across managers and asset classes, the net total return represents the annual experience of a donor's gift. Table 4 displays net total returns for fiscal 2006 for The Regents, each Foundation, and the Cambridge Endowment Pool Median for Colleges and Universities, reported for periods of one, three, five and ten years. For comparison, the table also includes the overall 1-, 3-, 5-, and 10-year weighted average returns for all University endowment assets.

Table 4 Average Annualized Total Returns Fiscal Year ended June 30, 2007				
Campus	1 Year	3 Years	5 Years	10 Years
Berkeley	20.2%*	15.4%	13.4%	10.0%
Davis	19.7%	13.8%	12.2%	9.6%
Irvine	19.1%*	12.5%	11.9%	8.4%
Los Angeles	17.8%	13.6%	12.0%	7.9%
Merced	19.8%	13.4%	N/A	N/A
Riverside	21.7%	15.6%	13.7%	10.3%
San Diego	19.2%*	13.6%	12.0%	9.1%
San Francisco	18.3%	13.2%	12.5%	10.6%
Santa Barbara	20.1%	13.9%	12.3%	8.4%
Santa Cruz	19.8%*	13.8%	12.2%	9.2%
Regent's GEP	19.8%	13.8%	12.2%	9.2%
Weighted Average	19.5%	13.9%	12.3%	9.2%
Cambridge Median	19.3%	15.1%	12.9%	9.7%

* Returns shown above are self-reported. Noted returns vary from those reported to The Regents by State Street in the 6/30/2007 Quarterly Foundation Report: Berkeley 20.3%, Irvine 18.7%, San Diego 19.3%, and Santa Cruz 19.5%.

IV

IV. Endowment Fund Investment Management

Each Foundation selects the investment manager(s) for its endowment assets. Their choices may include The Regents (GEP, HIP, STIP, UC Vintage Equity Fund), external managers and/or the Foundation. Table 5 (below) provides the percentage of endowment assets managed by The Regents, external managers, the Foundation (Internal), or “Other” (usually assets held separately at the donor’s request).

Table 5
Foundation Endowment Assets by Investment Manager
at June 30, 2007
(Market Value \$000)

Campus/Foundation	Regents		External		Internal		Other	
Berkeley	\$25,318	3%	\$811,081	97%	\$0	N/A	\$2,938	0%
Davis	\$136,453	97%	\$0	N/A	\$0	N/A	\$4,214	3%
Irvine	\$42,758	26%	\$121,425	72%	\$0	N/A	\$2,600	2%
Los Angeles*	\$7,033	1%	\$949,646	99%	\$0	N/A	-\$230	0%
Merced	\$3,220	100%	\$0	N/A	\$0	N/A	\$0	0%
Riverside	\$0	0%	\$80,351	100%	\$0	N/A	\$54	0%
San Diego	\$278,196	77%	\$1	0%	\$78,455	22%	\$1,841	1%
San Francisco	\$0	N/A	\$468,974	100%	\$0	N/A	\$0	0%
Santa Barbara	\$105,121	98%	\$1,896	2%	\$0	N/A	\$0	0%
Santa Cruz	\$55,286	100%	\$0	N/A	\$0	N/A	\$0	0%
Overall	\$653,385	21%	\$2,433,374	77%	\$78,455	2%	\$11,417	0%

At the end of fiscal 2007, the Treasurer’s Office managed the majority of the endowment gift assets for five of the ten UC Foundations and 21% of the UC Foundations’ total endowment gift assets.

* Negative amount represents endowment payout not yet withdrawn from endowment assets.



V. Endowment Fund Investment Management Fees

As noted in Section III, investment performance for endowment assets should be presented on a net basis—after investment management costs but before gift and administration fees. (See Section VI for gift fees and recurring charges.) Each Foundation was asked to provide an investment management fee schedule for each external manager. State Street Bank verified the reasonableness of each Foundations' fee data and the fee data of the GEP, HIP, and STIP. The last line in the table below is a weighted average fee based on the information provided and the assets under management at June 30, 2007.

Table 6 provides a decomposition of each Foundation's investment management fees between Regentally-managed and externally-managed endowment gift assets.

Table 6 Endowment Management Fees by Foundation as a Percentage of Market Value at June 30, 2007			
Campus	Regents	External	Wtd. Average
Berkeley	.07	.83	.81
Davis	.74	-	.74
Irvine	.91	.61	.69
Los Angeles	.85	.79*	.80
Merced	.74	-	.74
Riverside	-	1.65	1.65
San Diego	.78	.18	.64
San Francisco	-	.50	.50
Santa Barbara	.72	1.75	.74
Santa Cruz	.74	-	.74
Overall	.62	.90	.81

The total cost of managing the GEP is 74 basis points of average market value. This consists of approximately 0.65% (65.0 basis points) attributable to external managers (evidenced as the difference between their gross and net returns), plus 0.03% (3.0 basis points) attributable to investment management and custodial expenses, and 0.6% (6.0 basis points) attributable to administrative costs. The cost of the HIP fund cover actual expenses and total 0.09% (9 basis points) of average market value. Within these costs, approximately 0.03% (3.0 basis points) is attributable to investment management and custodial expenses, with the remaining 0.6% (6.0 basis points) attributable to administrative costs. For funds invested in STIP, approximately 0.07% (7 basis points) of average market value is charged to the pool, with 0.03% (3.0 basis points) attributable to investment management and custodial expenses, and 0.04% (4.0 basis points) attributable to administrative costs associated with the pool.

* Fees on alternative investments are same estimates used by Treasurer's Office for GEP.

VI

VI. Gift Fees and Recurring Charges

Table 7 provides a synopsis of The Regents' and each campus' practices for assessing fees on new gifts, as well as any recurring administrative charges. As noted in the table, gift fees apply to endowment gifts whether given to the Foundation or The Regents and to current fund gifts (for use by the campus in the near term). At most campuses, gift fees and recurring charges support discretionary funds available to the Chancellor, for such efforts as fund-raising, communications, government and community relations and administrative services associated with these efforts.

In March 1998, The Regents adopted a policy to allow the campuses to recover the reasonable and actual costs related to campus administration of Regents' endowments, with the amount to be determined by historical cost data. As such, each campus listed below collected endowment cost recovery fees on Regents' gifts of 25 basis points of the 60-month rolling average market value of funds invested in GEP. This fee is in addition to the fees and recurring charges listed below. The Campus Foundations may also assess an administrative endowment cost recovery fee on funds which they administer.

Table 7 Gift Fees and Recurring Charges by Regents and Foundation*		
	Fees	Recurring Charges
The Regents	None	None
Berkeley	One-time charge of 2.5% of the initial value of all non-research gifts.	100% of all STIP income on non-endowed funds for UC Berkeley Foundation.
Davis	6% on all gifts given on or before October 1, 2004.	The campus and Foundation charge up to 100% of STIP income on current fund balances.
Irvine	5% of initial value of all gifts.	Annual charge of 0.5% of the market value, plus all interest on current use private gifts and grants.
Los Angeles	5% of initial value of all gifts.	100% of all short-term interest on campus current fund balances, with some exceptions.
Merced	5% of initial value of all gifts.	The campus charges up to 100% of STIP income on current fund balances.
Riverside	5% of initial value of all gifts.	Annual charge of 1.5% against all existing endowments and gift fund balances of \$1,000 or more.
San Diego	4% of initial value of all gifts.	100% of all annual earnings on Foundation and Regents' current use gift and grant funds are swept. In addition, 1% per annum fee on gifts-in-kind to be converted to cash and on deferred gifts is assessed.
San Francisco	4% of initial value of all gifts.	Quarterly charge of 75% of STIP income earned on all Regental and Foundation gifts and endowment income. Annual fee of 35 basis points on all endowment fund assets. A 1% spending fee is charged on all Regental and Foundation funds at the time they are spent for donor intended purpose.
Santa Barbara	None	100% of STIP income on all Regental and Foundation current use balances.
Santa Cruz	3% of initial value of endowment gifts and 5% of initial value of current use gifts.	100% of all STIP income earned by gifts in all Regental accounts. 0.3% of the 4.5% endowment expenditures is allocated for administrative expenses.

* For more information on Foundation policies on gift fees and recurring charges, see the individual Foundation reports in section IX.

VII

VII. Endowment Spending Policies

Table 8 (below) provides a synopsis of The Regents' and each Foundation's endowment spending policy. It is important to note that a Foundation choosing to invest in The Regents' GEP, HIP, Private Equity Vintage Year Program, Real Estate Vintage Year Program and/or Absolute Return Unitized Program funds may apply its Foundation spending policy to those gift assets.

Table 8 Endowment Spending Policies by Regents and Foundation*	
The Regents (GEP)	Long-term target spending rate of 4.75% of a 60-month (5-year) rolling average market value. In May 2006, The Regents adopted a rate of 4.75% for expenditure in fiscal year 2006/2007. In May 2007, The Regents adopted a rate of 4.75% for expenditure in fiscal year 2007/2008.
Berkeley	5.0% of twelve-quarter moving average market value.
Davis	Long-term target spending rate of 4.75% of a 60-month (5-year) rolling average market value. A spending rate of 4.75% of a 60-month rolling average market value was used in fiscal 2006/2007 for distribution to the Davis campus in fiscal year 2007/2008.
Irvine	4.5% of moving average market value of last 36 months.
Los Angeles	The spending policy for fiscal 2006 is 4.75% of a rolling 36-month average market value calculated monthly.
Merced	Long-term target spending rate of 4.75% of a 60-month (5-year) rolling average market value. A spending rate of 4.75% was adopted in May 2006 for expenditure in fiscal year 2006/2007.
Riverside	4.75% on a 12-quarter moving average of the market value of eligible endowment assets.
San Diego	4.75% of the moving average market value of the last five-years, with 4.50% paid to the endowment funds and 0.25% used to recover endowment administration costs.
San Francisco	5% of the market value of the endowment pool, calculated on a 36-month rolling average of the market value.
Santa Barbara	60-month rolling average of the share value for the General Endowment Pool and the payout is 5.0% of that adjusted market value for fiscal year 2005-2006.
Santa Cruz	4.5% of three-year moving average market value.

* For more information on Foundation spending policies, see the individual Foundation reports in section IX.

VIII

VIII. Total Foundation Gift Assets

Table 9 provides total Foundation gift assets by campus, split into endowed, non-endowed assets and pledges, for fiscal 2007 and fiscal 2006. Non-endowed assets include current gift assets (i.e., assets for use in the current year) and trust/life income assets, but exclude pledges. Note, pledges introduce potential volatility to the asset growth rates.

As Table 9 shows, the Foundations held \$3.18 billion in endowment gift assets at June 30, 2007, a 22.4% increase from the \$2.60 billion held at the end of fiscal 2006. Including all non-endowed assets (current assets and trusts/life income assets) and pledges, the Foundations' total assets were \$4.72 billion, a 18.1% increase over fiscal 2006's total of \$4.00 billion.

Table 9
Total Foundation Gift Assets by Campus
(Market Value \$000; totals rounded)

Campus	June 30, 2007				June 30, 2006			
	Endowed	Non-Endowed	Pledges	Total	Endowed	Non-Endowed	Pledges	Total
Berkeley	\$839,337	\$275,009	\$40,421	\$1,154,767	\$700,375	\$239,448	\$44,906	\$984,729
Davis	\$140,667	\$88,174	\$9,218	\$238,059	\$115,609	\$79,803	\$8,961	\$204,373
Irvine	\$166,783	\$50,683	\$58,276	\$275,742	\$137,224	\$37,607	\$35,756	\$210,587
Los Angeles	\$956,449	\$332,589	\$190,334	\$1,479,372	\$786,532	\$310,256	\$207,570	\$1,304,358
Merced	\$3,220	\$254	\$631	\$4,105	\$1,581	\$460	\$930	\$2,971
Riverside	\$80,405	\$21,881	\$1,970	\$104,256	\$65,967	\$12,574	\$3,457	\$81,998
San Diego	\$358,493	\$133,170	\$43,013	\$534,676	\$277,762	\$124,026	\$42,611	\$444,398
San Francisco	\$468,974	\$184,529	\$91,904	\$745,407	\$383,665	\$162,360	\$80,031	\$626,056
Santa Barbara	\$107,017	\$6,767	\$13,532	\$127,316	\$81,892	\$5,889	\$5,058	\$92,839
Santa Cruz	\$55,286	\$3,182	\$1,043	\$59,511	\$45,685	\$2,617	\$255	\$48,557
Total Foundation Assets	\$3,176,631	\$1,096,238	\$450,342	\$4,723,211	\$2,596,292	\$975,040	\$429,535	\$4,000,866

IX. Individual Foundation Reports

IX

The following section of the report contains a two-page summary for each Foundation. Each summary includes the Foundation's Investment Objectives, Spending Policy and Gift Fee Policy, Total Assets and Performance Data.

Foundation assets are categorized as endowed or non-endowed, with endowed assets further broken down by investment manager. Non-endowed assets include life income and annuity funds, current funds and pledges. Only endowed assets are shown, and investment results for all Foundations exclude non-endowed assets. The glossary in Section XIII provides definitions of these asset categories.

In order to provide more meaningful performance comparisons and enable The Regents and other fiduciaries to better perform their investment oversight responsibilities, the Treasurer, with the Regents' Investment Consultant, has augmented the Annual Endowment Report with investment policy and performance benchmarks for each Foundation, as well as for the GEP.

We have included 10 years of annual fiscal net total returns for each Foundation both in graphical presentation and tabular form. In addition, we have included a chart of the performance of a hypothetical \$10,000 gift invested with the Foundation, the Benchmark and in GEP, at the beginning of the 10-year period, and have outlined the ending gift values and annualized net total returns for the period. The bottom graph assumes all income is reinvested in the fund (or benchmark) and no distributions are made from it.

Benchmarks

- The most important determinant of fund performance and risk is the asset allocation policy established by Fund fiduciaries.
- A fund performance benchmark is usually stated in term of percentages (adding to 100%) of a number of market indexes, such as the Russell 3000 Index for U.S. stocks or the Lehman Aggregate Index for U.S. bonds. A performance benchmark may change over time as policy changes both the asset mix and the performance objectives, or benchmarks, for each asset class.
- The Foundations provided the asset allocation and benchmark information summarized in Section XII. Based on the Foundations' reported policy, the Regents' Investment Consultant computed annual and cumulative benchmark returns. They are shown in Section X, Table 11, along with the Foundations' annual and cumulative returns, Table 10. In some cases, detailed information on investment policy in earlier years was not available, and the Treasurer approximated benchmark composition based on the available information supplied by the Foundations.
- In addition, the *Active Return*, or difference between Fund and benchmark return, is shown in Table 11. Active return is a measure of the value added by Fund fiduciaries and managers over the policy objective.
- The accompanying measures of risk and risk-adjusted returns in Section IX are approximate. In investment analysis, risk is often measured as volatility, or the variability in returns. It is customary to use monthly returns for these computations. Since only annual Fund returns were available, these measures of risk and risk-adjusted returns should be viewed as indicative only; relative rankings may change slightly if monthly returns were used.

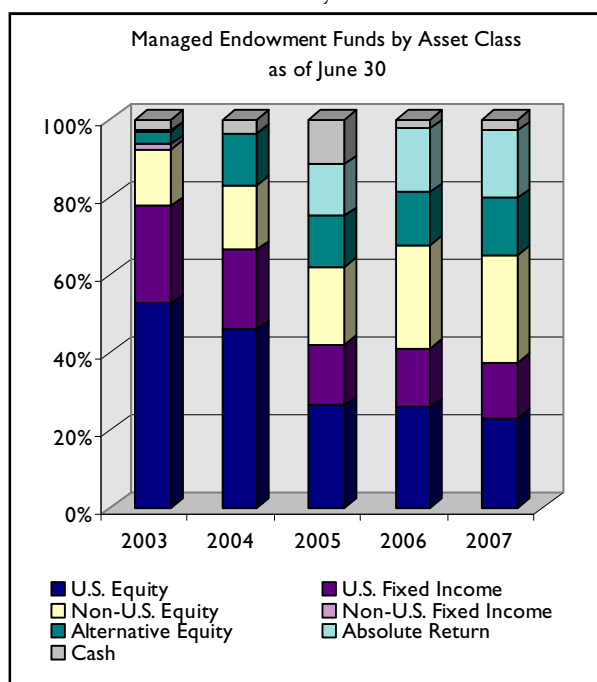
University of California, Berkeley Foundation

	6/30/07 Market Value (\$ 000)	% Endowment Funds
ENDOWED ASSETS		
Externally Managed Funds		
U.S. Equity		
Dodge & Cox-Equity	\$102,814	12.2%
Ark Asset Mgmt. - lg growth	60,384	7.2%
Ark Asset Mgmt. - sm value	10,860	1.3%
TimesSquare Asset Mgmt.	18,658	2.2%
International Equity Funds		
Harbor International Fund	62,024	7.4%
Litman/Gregory Masters' Select Intl	60,585	7.2%
Sanderson International Value	32,907	3.9%
Emerging Markets		
Alliance Bernstein	37,220	4.4%
City of London	39,224	4.7%
Real Estate		
Adelante Capital	33,852	4.0%
Metropolitan Real Estate	1,455	0.2%
Fixed Income		
Pimco Total Return Fund	12,816	1.5%
Dodge & Cox-Bond	12,891	1.5%
SSgA 3-10 Year Treasury Index	83,573	10.0%
SSgA Long Treasury Index	9,236	1.1%
Alternative Assets		
Common Fund (VC II - VII)	10,783	1.3%
TCV IV, LP	1,731	0.2%
Horsely Bridge, VII	3,130	0.4%
Summit Venture VI	3,626	0.4%
Sequoia Cap Seed Fund	1,311	0.2%
Horsely Bridge, VIII	1,543	0.2%
Horsely Bridge Growth, VIII	1,280	0.2%
Horsely Bridge International III	3,638	0.4%
Horsely Bridge International IV	194	0.0%
Capital Private Equity VI	2,039	0.2%
Capital Private Equity VII	45	0.0%
TPG Partners IV,LP	1,328	0.2%
Blackstone Capital Partners V	3,267	0.4%
OCM Opportunities Fund VII	527	0.1%
Legacy Venture IV	916	0.1%
Cerberus International Partners Ser	2,591	0.3%
Marketable Alternatives	146,568	17.5%
Energy/Commodities/Other		
Wellington Energy	17,499	2.1%
Wellington Diversified Infl. Hedges	19,337	2.3%
PIMCO Commodity Real Return	8,741	1.0%
Commonfund Natural Resources VI	182	0.0%
Commonfund Natural Resources VII	656	0.1%
Park Street Cap Nat Resources III	1,650	0.2%
Total Externally Managed Funds	\$811,081	96.6%
Regentally Managed Funds		
High Income Endowment Pool	\$819	0.1%
Short Term Investment Pool	24,499	2.9%
Total Regentally Managed Funds	\$25,318	3.0%
Other Endowed Assets		
Cash	\$408	0.1%
Other Receivables	852	0.1%
Separately Invested Funds	521	0.1%
SAM Mortgages	1,157	0.1%
Total Other Endowed Assets	\$2,938	0.4%
TOTAL ENDOWED ASSETS	\$839,337	100.0%

Endowment Investment Objectives: Maintain the purchasing power of the current assets and all future contributions; maximize return within reasonable and prudent levels of risk; maintain an appropriate asset allocation policy that is compatible with the objectives of GEP, while still having the potential to produce positive real returns; control costs of administering the GEP assets and managing the investments; provide investment results equal or superior to an appropriate peer universe; limit the risk of large losses by diversification among broad asset classes (e.g. domestic stocks, international stocks, fixed income) and among the various styles within individual asset classes (e.g. "growth" and "value" within domestic equity); achieve a rate of return which exceeds that of a target-weighted composite index based on the target asset allocation policy adopted as follows: 29% U.S. Equity, 17% Non-U.S. Equity, 5% Emerging Markets, 15% Marketable Alternatives, 4% Private Equity, 5% Real Estate, 5% Energy/Commodities/Other and 20% Fixed Income; and produce a sufficient total fund return to provide an annual 5.0% payout (based on a twelve quarter moving average of market value of endowment principal) to GEP beneficiaries.

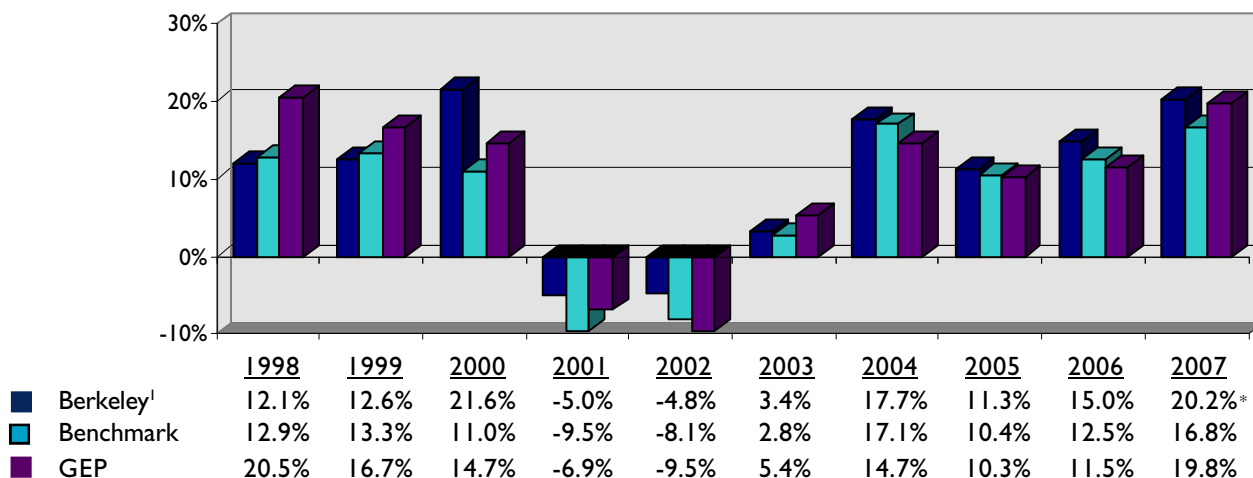
Endowment Spending Policy: The UC Berkeley Foundation pays out 5.0% of the twelve-quarter moving average market value of the endowment.

Policy for Gift Fees and Administrative Expenses: (1) One time-charge of 2.5% of the initial value of all non-research gifts to the Regents and Foundation (including endowments). The fee is taken from the gift principal unless the specified department elects to pay the fee from another allowable source. (2) Recurring charge of 100% of STIP income on non-endowed gifts is split 40% to an unrestricted fund administered by the Chancellor and 60% to Vice Chancellors and Deans. VC's and Deans may redistribute their portion of STIP income to departments or activities within their control unit. STIP income earned on new endowment gifts kept in suspense for six months is paid to the Chancellor's fund to benefit campus development. (3) An annual administrative fee of 50 basis points is charged on endowment funds administered by the Foundation.



Annual Endowment Returns for Years Ending June 30

Berkeley Foundation, Foundation Benchmark and GEP

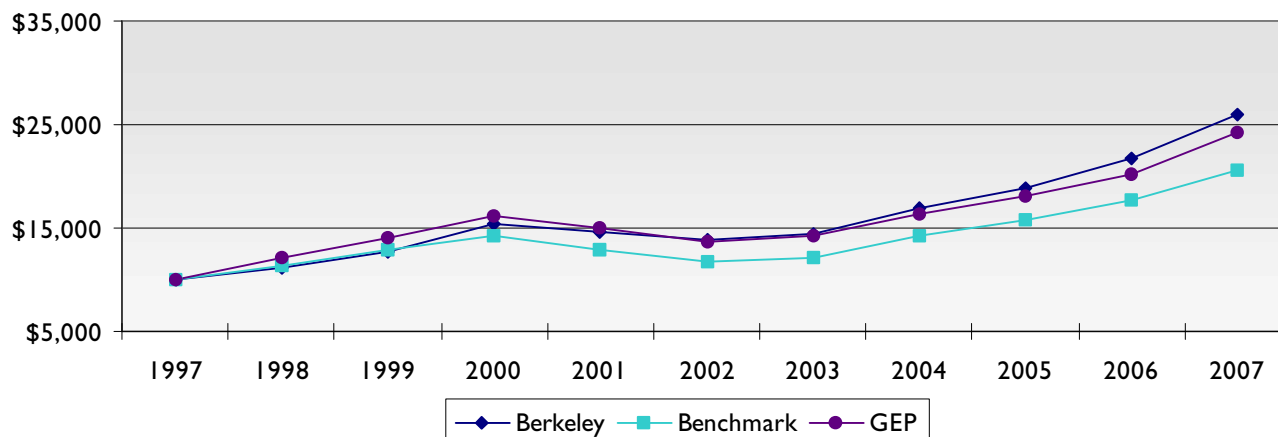


¹ The UC Berkeley Foundation's net total return data excludes the High Income Endowment Pool (a separately managed asset) and Other Endowed Assets for all periods.

* Returns shown above are self-reported. Noted return varies from 20.3% reported to The Regents by State Street in the 6/30/2007 Quarterly Foundation Report.

Ten-Year Performance of a \$10,000 Gift

Berkeley Foundation, Foundation Benchmark and GEP



Ending Values 2007		
Berkeley	Benchmark	GEP
\$26,012	\$20,622	\$24,200

Annualized Returns 1998-2007		
Berkeley	Benchmark	GEP
10.0%	7.5%	9.2%

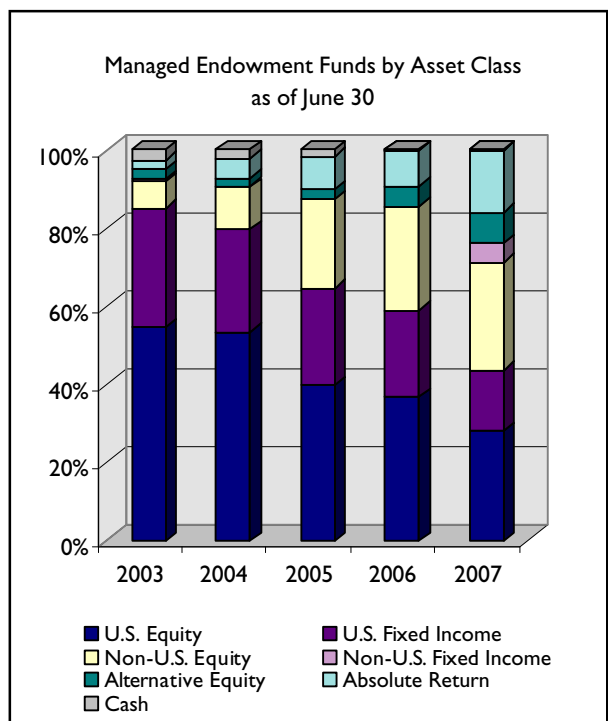
UC Davis Foundation

	6/30/07 <u>Market Value</u> (\$ 000)	% <u>Endowment</u> <u>Funds</u>
ENDOWED ASSETS		
<u>Regentally Managed Funds</u>		
General Endowment Pool	\$136,409	97.0%
Short Term Investment Pool	44	0.0%
Total Regentally Managed Funds	\$136,453	97.0%
Total Other Endowed Assets	\$4,214	3.0%
TOTAL ENDOWED ASSETS	\$140,667	100.0%

Endowment Investment Objectives: The investment objective of the UC Davis Foundation is to maximize the long-term total return, while assuming an appropriate level of risk, and to provide spendable income to sufficiently support the University activities designated by the endowed funds. The investment policy matches that of the GEP: 57% Public Equity, 23% Public Fixed-Income, 20% All Alternatives.

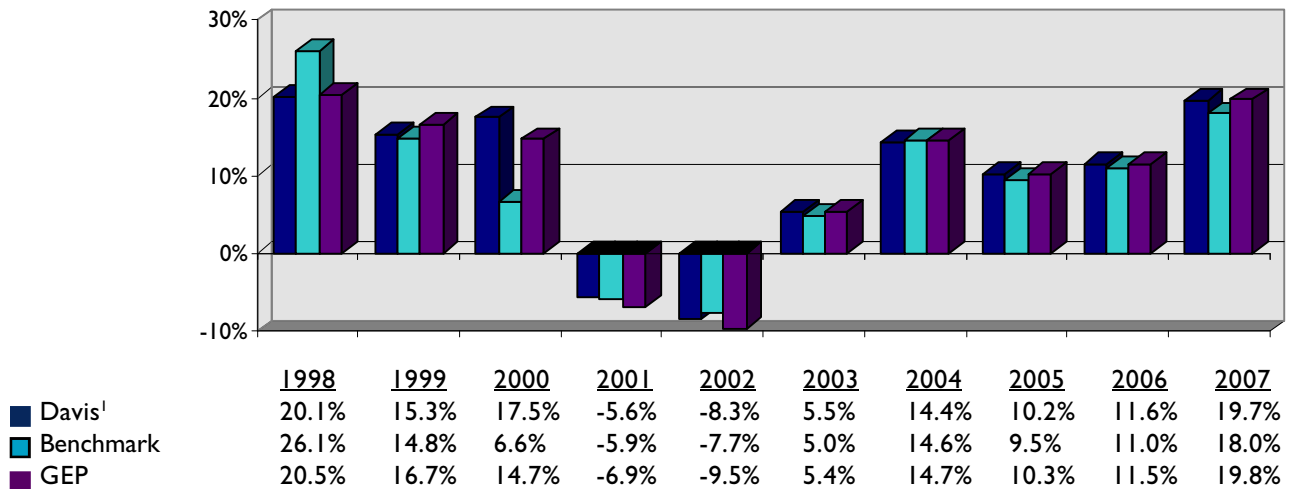
Endowment Spending Policy: Long-term target spending rate of 4.75% of a 60-month (5-year) rolling average market value. Effective spending rate of 4.75% of a 60-month rolling average market value used in fiscal 2007.

Policy for Gift Fees and Administrative Expenses: UC Davis assesses a one-time fee of 6% on all gifts given on or after October 1, 2004. The campus and Foundation charge up to 100% of STIP income on current fund balances. Endowment Funds and Funds functioning as endowments are charged an annual administration fee of 25 basis points (0.25%).



Annual Endowment Returns for Years Ending June 30

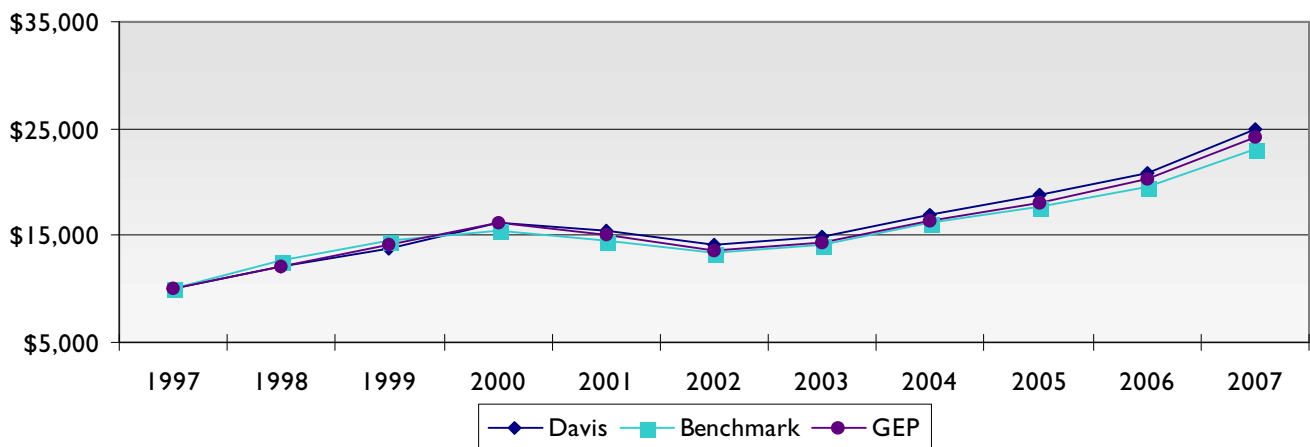
UC Davis Foundation, Foundation Benchmark and GEP



¹The UC Davis Foundation's net total return data excludes Other Endowed Assets for all periods.

Ten-Year Performance of a \$10,000 Gift

UC Davis Foundation, Foundation Benchmark and GEP



Ending Values 2007			Annualized Returns 1998-2007		
Davis	Benchmark	GEP	Davis	Benchmark	GEP
\$25,008	\$23,131	\$24,200	9.6%	8.7%	9.2%

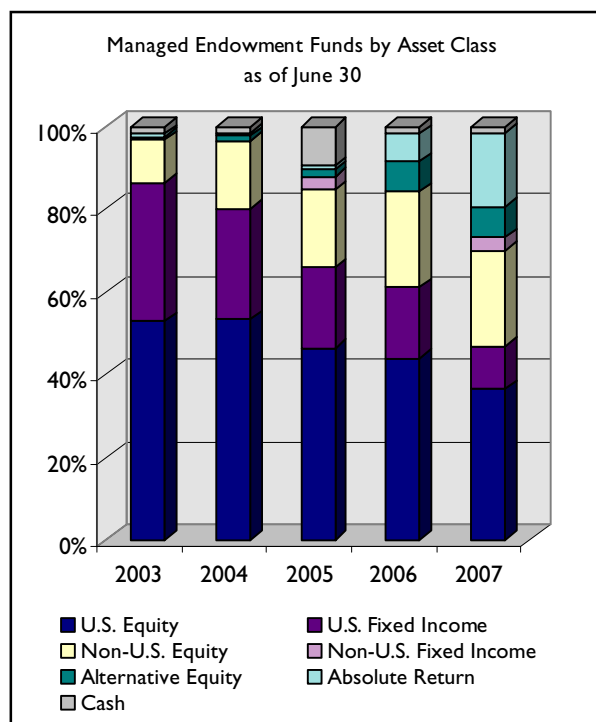
University of California, Irvine Foundation

	6/30/07 Market Value (\$ 000)	% Endowment Funds
ENDOWED ASSETS		
<u>Externally Managed Funds</u>		
Large-Cap Equity Funds		
Vanguard Windsor II Fund	\$25,359	15.2%
Cadence Capital Mgmt	15,093	9.0%
Small-Cap Equity Funds		
Thompson, Siegel & Walmsley	4,666	2.8%
AG Asset Management	4,971	3.0%
Balanced Equity Funds		
Berkshire Hathaway	1,365	0.8%
Global Equity Funds		
Brandes	17,797	10.7%
William Blair	12,970	7.8%
Bond Funds		
Pimco Instl.Total Return	7,123	4.3%
Pimco Instl.High Yield	530	0.3%
Pimco Instl.Low Duration	5,033	3.0%
Evergreen	3,695	2.2%
Real Estate		
TIAA-CREF	6,062	3.6%
Alternative Equity		
Common Fund	15,420	9.2%
Drum Capital Mgmt	1,341	0.8%
Total Externally Managed Funds	\$121,425	72.7%
<u>Regentally Managed Funds</u>		
UC Vintage Year	\$927	0.6%
UC Absolute Return	10,713	6.4%
General Endowment Pool	29,475	17.7%
Short Term Investment Pool	1,643	1.0%
Total Regentally Managed Funds	\$42,758	25.7%
<u>Other Endowment Assets</u>		
(includes notes and donated securities)	\$2,600	1.6%
TOTAL ENDOWED ASSETS	\$166,783	100.0%

Endowment Investment Objective: The UC Irvine Foundation's investment objective for its endowment portfolio is to maximize long-term total return, with a total return objective (net of fees), measured over a full market cycle, of not less than the rate of inflation as measured by the CPI, plus 500 basis points. Ideally, total return should exceed market performance. The investment policy is 43% U.S. Equity, 19% Non-U.S. Equity, 10% Alternative Equity, 17% Fixed Income, 11% Real Estate and 0% Cash.

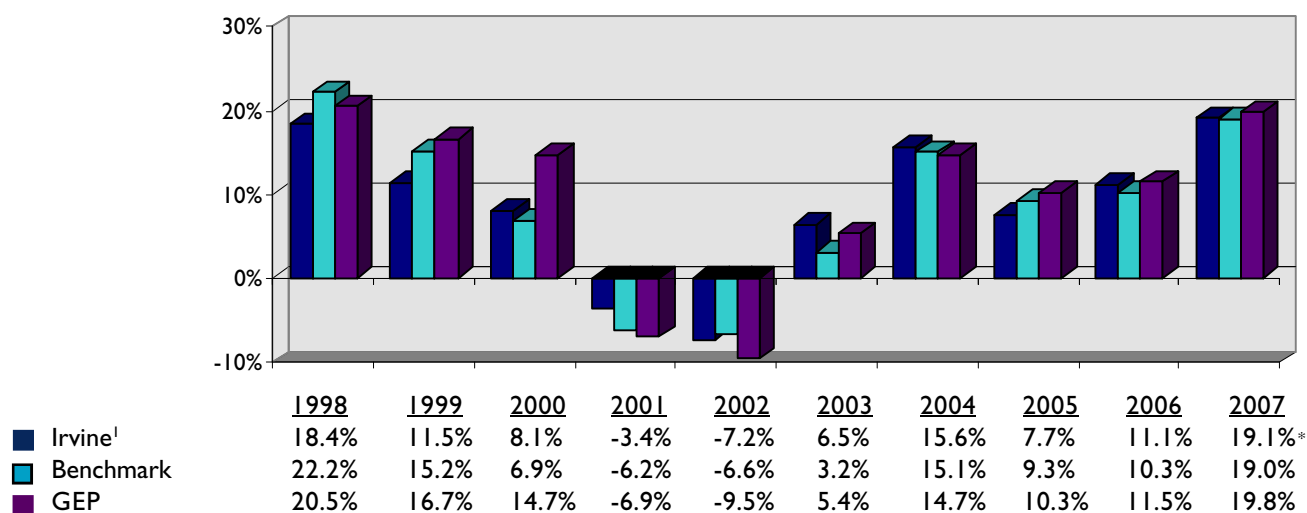
Endowment Spending Policy: The endowment fund spending policy allows for allocation of income equivalent to 4.5% of the moving average market value of the endowment portfolio. This average market value is computed using the previous 36 months of portfolio activity. Income earned in excess of the spending rate may be reinvested in endowment principal. Income available for expenditure is calculated according to a predetermined formula.

Policy for Gift Fees and Administrative Expenses: The Irvine Campus charges a one-time fee of 5% of the initial value of all Foundation and Regents' gifts. The fee may be taken (1) from the principal if specified by the donor, (2) by holding gift in a suspense account until fee is earned, or (3) from another acceptable fund source. There is also a recurring charge of 0.5% of the market value of Foundation endowment funds used to offset the operating costs of managing the endowment for the Foundation. All interest earned on the balances of current use private gifts and private grants is credited to the Chancellor's Discretionary Fund and used to support ongoing fundraising efforts at UC Irvine.



Annual Endowment Returns for Years Ending June 30

Irvine Foundation, Foundation Benchmark and GEP

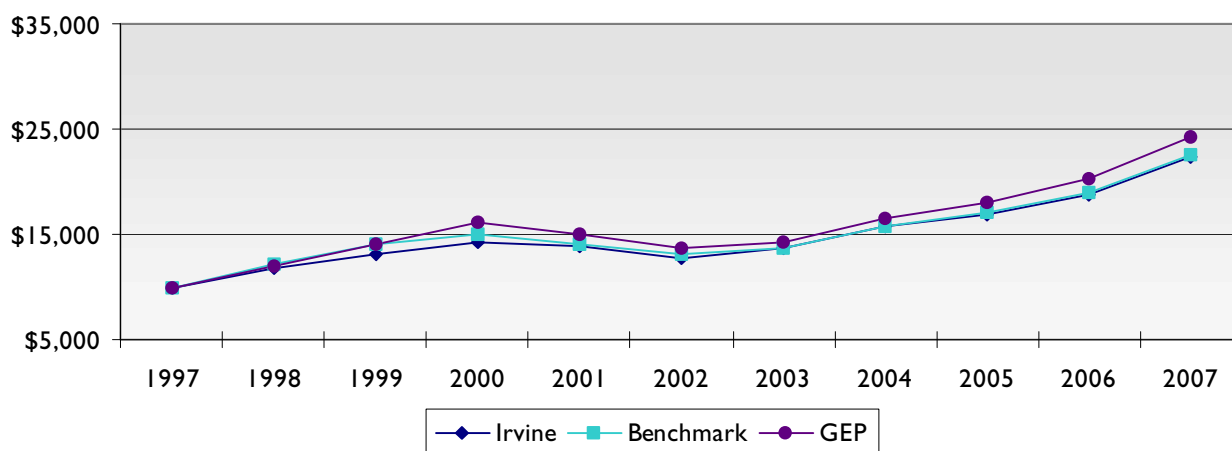


¹The UC Irvine Foundation's net total return data includes a portion of Other Endowed Assets for all periods.

* Returns shown above are self-reported. Noted return varies from 18.7% reported to The Regents by State Street in the 6/30/2007 Quarterly Foundation Report.

Ten-Year Performance of a \$10,000 Gift

Irvine Foundation, Foundation Benchmark and GEP



Ending Values 2007			Annualized Returns 1998-2007		
Irvine	Benchmark	GEP	Irvine	Benchmark	GEP
\$22,445	\$22,467	\$24,200	8.4%	8.4%	9.2%

The UCLA Foundation

	6/30/07 MarketValue (\$ 000)	% Endowment Funds		6/30/07 MarketValue (\$ 000)	% Endowment Funds
ENDOWED ASSETS					
Externally Managed Funds					
Equity Funds					
DFA International Small Co	\$38,081	4.0%	Private Equity continued	Three Arch Capital, IV	1,604 0.2%
DFA Emerging Markets Core	21,340	2.2%		TIAA CREF	9,755 1.0%
DFA Emerging Markets Value	24,279	2.5%		Timbervest Partners	6,523 0.7%
Heitman R/E	12,772	1.3%		Welsh, Carson, Anderson & Stowe X	2,566 0.3%
UCLA I shares Russell Midcap	20,255	2.1%		Welsh, Carson, Anderson & Stowe IV	1,638 0.2%
Prudential Invest Mgt	27,520	2.9%		Welsh, Carson, Anderson & Stowe IX	7,852 0.8%
State Street G.A. - Russell 1000	129,323	13.5%		Welsh, Carson, Anderson & Stowe VIII	6,436 0.7%
Timesquare - Corp. Stocks	32,793	3.4%			
PIMCO Fundamental Index Plus	20,123	2.1%			
Absolute Return / Hedge					
Global Equity Funds					
Capital Guardian	47	0.0%	Atticus Global Ltd	4,875 0.5%	
Hansberger Global Investors, Inc.	99,261	10.4%	Aurora Offshore Fund II	49,145 5.1%	
State Street G.A. - MSCI	49,309	5.2%	Avenue Special Situation	131 0.0%	
Bond Funds					
OCM Mezzanine Fund	167	0.0%	Bernstein Global	5,749 0.6%	
PIMCO Total Return Fund	72,017	7.5%	Blackstone Kailix Offshore Ltd	4,957 0.5%	
PIMCO All Asset	9,906	1.0%	Carl Marks Strategic Inv	2,937 0.3%	
Private Equity					
Bain Capital IX	3,880	0.4%	Carl Marks Strategic Opp	31 0.0%	
Blackstone Capital Partners V	1,127	0.1%	Davidson Kempner Instl Partners	7,772 0.8%	
Brentwood Partners III	5,350	0.6%	Davidson Kempner Distressed Opp	4,889 0.5%	
Brentwood Partners IV	5,764	0.6%	EOS Partnership	13,707 1.4%	
Charter Oak Partners	3,859	0.4%	Grosvenor Institutional Partners LP	48,410 5.1%	
Clearstone	2,287	0.2%	Ivy Rising Stars Offshore Fund	3,520 0.4%	
CSAM	14,479	1.5%	Maverick Fund	8,342 0.9%	
GMO Forestry Fund 8-B LP	5,645	0.6%	Oaktree High yield plus-Cayman	6,406 0.7%	
Lexington Partners	3,489	0.4%	Oaktree Japan Fund	5,451 0.6%	
Lightspeed Venture	2,772	0.3%	O'Connor Global Fundamental	6,897 0.7%	
Morgenthaler Partners VII	2,712	0.3%	OZ Asia Overseas	5,625 0.6%	
Morgenthaler Partners VIII	1,419	0.1%	OZ Europe Overseas Fund Ltd II	5,045 0.5%	
MPM Bio IV	1,009	0.1%	OZ Overseas Fund II, Cayman	5,958 0.6%	
Northgate Private Equity II	2,204	0.2%	Sirios Overseas Fund CL B	3,603 0.4%	
Northgate Private Equity III	653	0.1%	Sirios Overseas Fund	3,703 0.4%	
Northgate Venture Partners III	846	0.1%	St. Albans Partners Ltd/Barnet Ptnrs	2,291 0.2%	
Oaktree Capital 2	2,751	0.3%	The Canyon Value Realization Ltd	12,662 1.3%	
Oaktree Capital 3	11,456	1.2%	Tiger Asia Overseas Fund	6,511 0.7%	
Oaktree Capital 4	2,632	0.3%	Vicis Capital Fund Intl	8,080 0.8%	
Oaktree Capital 5	5,137	0.5%	Winton Diversified Futures	5,095 0.5%	
Oaktree Capital 6	6,672	0.7%	Zaxis Offshore Limited	2,467 0.3%	
Oaktree Capital 7	1,057	0.1%	Total Externally Managed Funds	\$949,646 99.3%	
Oaktree Opportunities Fund 4	1,158	0.1%	Regentally Managed Funds		
Oaktree Asia Principal Fund	1,528	0.2%	UC Private Equity Vintage Fund	\$3,071 0.3%	
Oaktree/ GFI Power Opp fund II	972	0.1%	General Endowment Pool	3,962 0.4%	
Pantheon USA Fund VI	5,477	0.6%	Total Regentally Managed Funds	\$7,033 0.7%	
Permal Private Equity Holding IV	2,111	0.2%	Other Endowed Assets*		
Polaris Venture Partners IV	4,047	0.4%		(\$230) 0.0%	
RCP Fund III	1,201	0.1%	TOTAL ENDOWED ASSETS		
Realty Associates VIII	2,000	0.2%		\$956,449 100.0%	
Sevin Rosen	1,095	0.1%			
Sigular & Guff	903	0.1%			
Sigular & Guff Sm Buyout Opp	1,308	0.1%			
Thomas H. Lee Equity V	7,902	0.8%			
Thomas H. Lee Equity VI	1,268	0.1%			
Three Arch Capital, LP	3,650	0.4%			
* Includes net receivables, real estate, securities and other assets.					

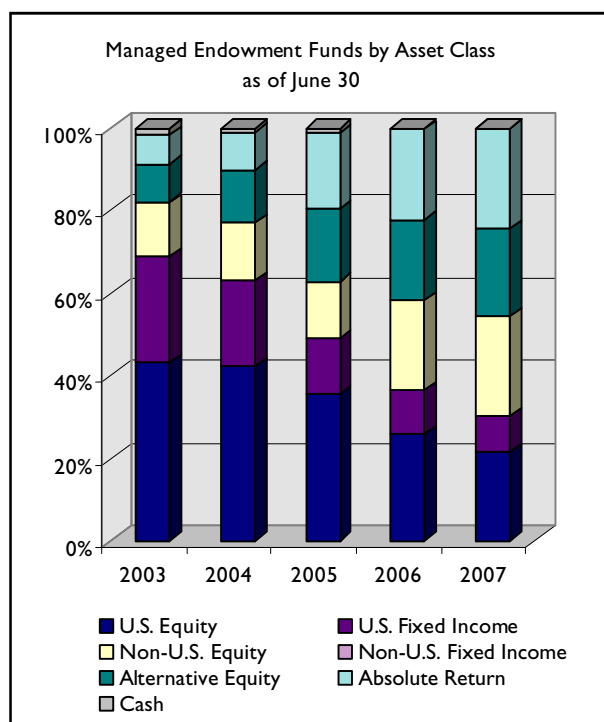
* Includes net receivables, real estate, securities and other assets.

The UCLA Foundation

Endowment Investment Objective: The Foundation's investment objective is to maximize long-term total returns consistent with prudent levels of risk. Investment returns are expected to preserve or enhance the real value of the endowment, and to provide adequate funds to support designated University activities. The endowment's portfolio is expected to generate a total annualized rate of return, net of fees and spending, greater than the rate of inflation over a rolling five-year period. The investment policy consists of: 19% U.S. Equity, 19% Non-U.S. Equity, 23% Private Equity, 4% Real Estate, 25% Absolute Return, and 10% Fixed-Income.

Endowment Spending Policy: The UCLA Foundation Endowment Pool made available for expenditure by fund holders an amount equal to 4.75% of a rolling 36-month average market value in fiscal year 2007, calculated monthly.

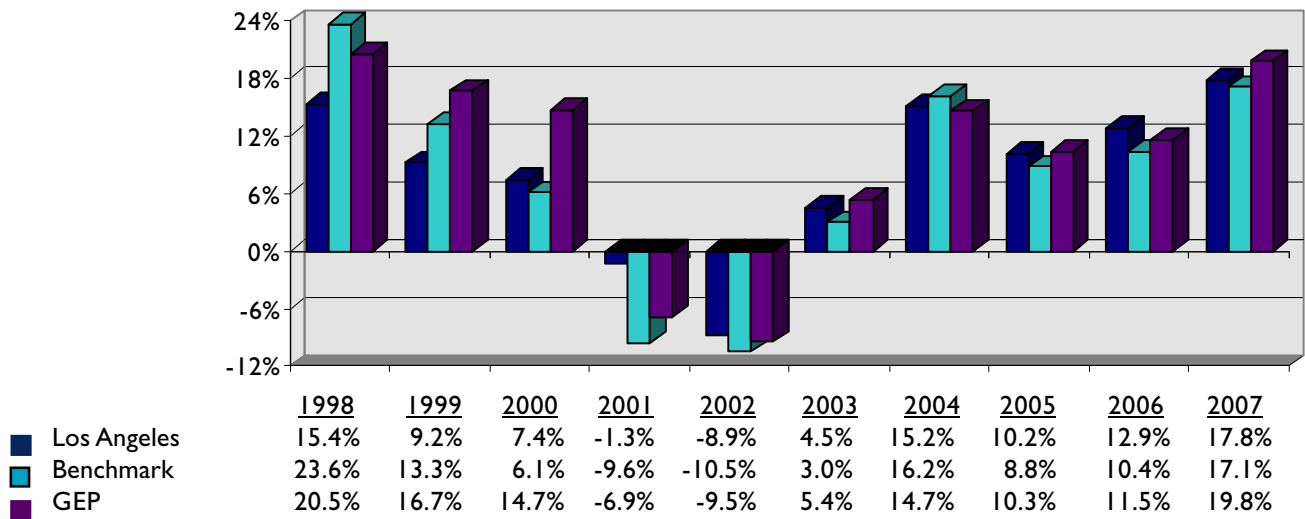
Policy for Gift Fees and Administrative Expenses: The UCLA Foundation charges a one-time fee of 5% of the initial value of all gifts.



Note: Balanced fund decomposed into constituent asset classes.

Annual Endowment Returns for Years Ending June 30

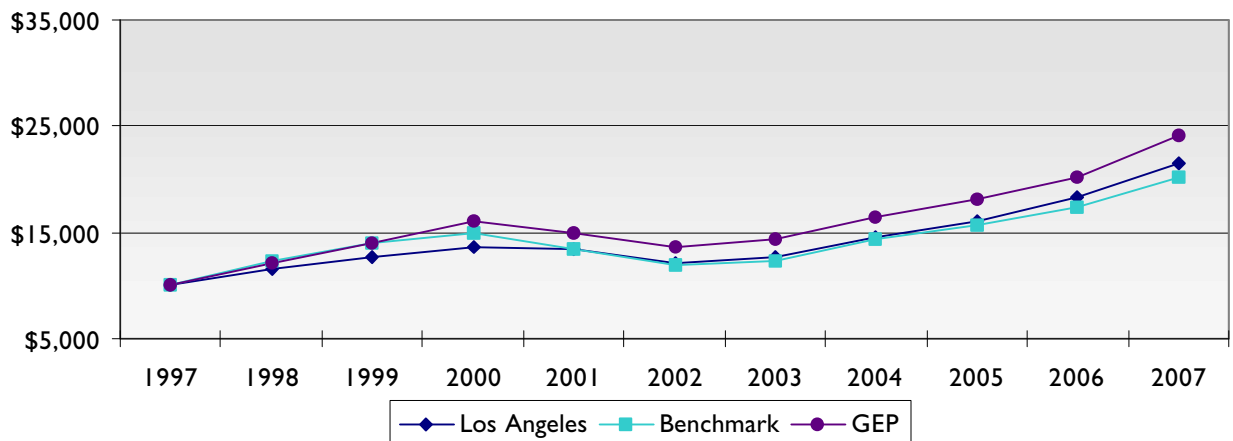
The UCLA Foundation, Foundation Benchmark and GEP



¹The UCLA Foundation's net total return data excludes Other Endowed Assets for all periods.

Ten-Year Performance of a \$10,000 Gift

The UCLA Foundation, Foundation Benchmark and GEP



Ending Values 2007			Annualized Returns 1998-2007		
Los Angeles	Benchmark	GEP	Los Angeles	Benchmark	GEP
\$21,478	\$20,237	\$24,200	7.9%	7.3%	9.2%

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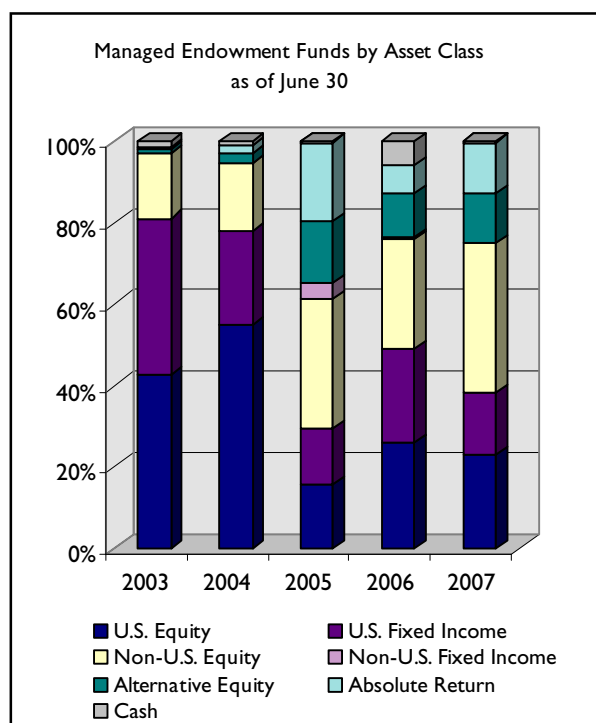
UC Riverside Foundation

	6/30/07 Market Value (\$ 000)	% Endowment Funds
ENDOWED ASSETS		
Externally Managed Funds		
International Equity Funds		
Fidelity Latin America	\$1,571	2.0%
Matthews India	1,692	2.1%
Oberweis China	3,598	4.5%
Oberweis International	1,868	2.3%
US Global Region East	104	0.1%
Balanced Funds		
TIFF Multi Asset Fund	67,529	83.9%
Other Equities		
Park Street Natural Resources	307	0.4%
RS Global Natural Resources	1,031	1.3%
US Global Resources	2,478	3.1%
Cash - Short Term Funds		
Fidelity Institutional Money Market	173	0.2%
Total Externally Managed Funds	\$80,351	99.9%
Other Endowed Assets	\$54	0.1%
(primarily real estate, art and receivables)		
TOTAL ENDOWED ASSETS	\$80,405	100.0%

Endowment Investment Objective: The Riverside Foundation's investment objectives of the endowment fund are to generate a total return (before spending) net of all fees that (1) over rolling periods of 10 years or longer, will support the spending from the endowment fund while preserving or growing the purchasing power of the corpus on a per unit basis after spending and inflation, (2) over rolling three- to five-year periods, will compare favorably with the median returns of peer college and university endowments and/or global, balanced fund of funds with investment objectives similar to the UCRF's, and (3) over rolling one-year periods, will compare favorably with the policy benchmark designated for that period. The investment policy consists of allowable ranges: 50 - 90% Global Equity and 10-50% Global Bonds.

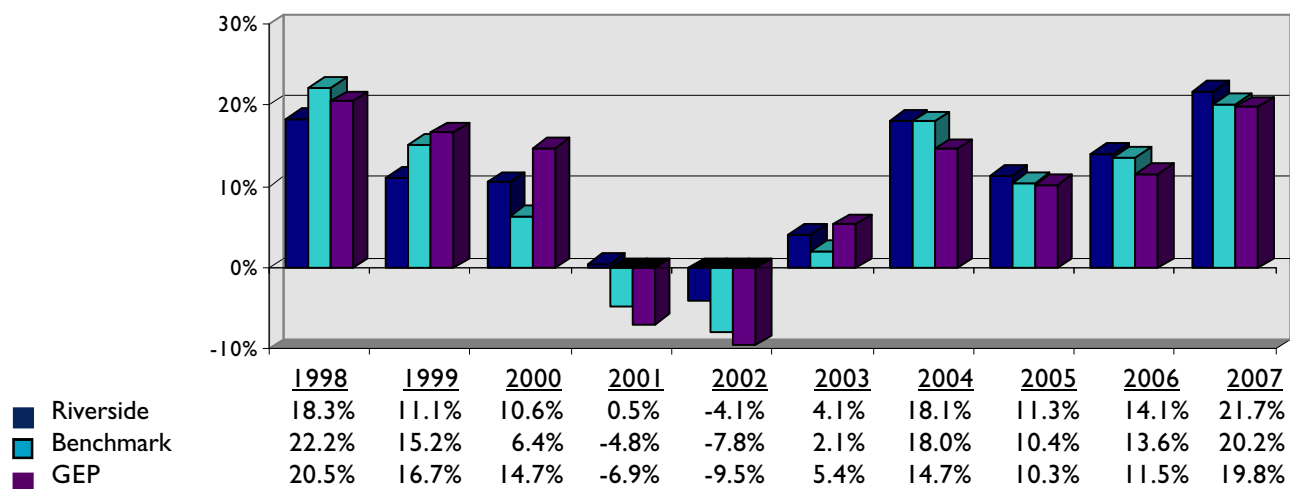
Endowment Spending Policy: The endowment fund payout policy is 4.75% of the average endowment fund market value computed using the previous 12 quarters of portfolio activity, the last of which ended on March 31 of such fiscal year. Payout amounts available for expenditure are calculated according to a predetermined formula.

Policy for Gift Fees and Administrative Expenses: A one-time Gift Service Fee of 5% is charged on all cash gifts received by the University based on the principal value of the gift. The fee is collected either from the initial interest/income earned by the gift, directly from the gift principal, or the recipient of the gift may provide the fee from another acceptable fund source. An Administrative Service Fee is charged against all existing endowments book value balances and gift fund balances of \$1,000 or greater at an annual rate of 1.5%. The fee is collected from the interest/income earnings of the fund balance. All proceeds from fees become a Chancellorial resource intended to help defray development and gift administration costs.



Annual Endowment Returns for Years Ending June 30

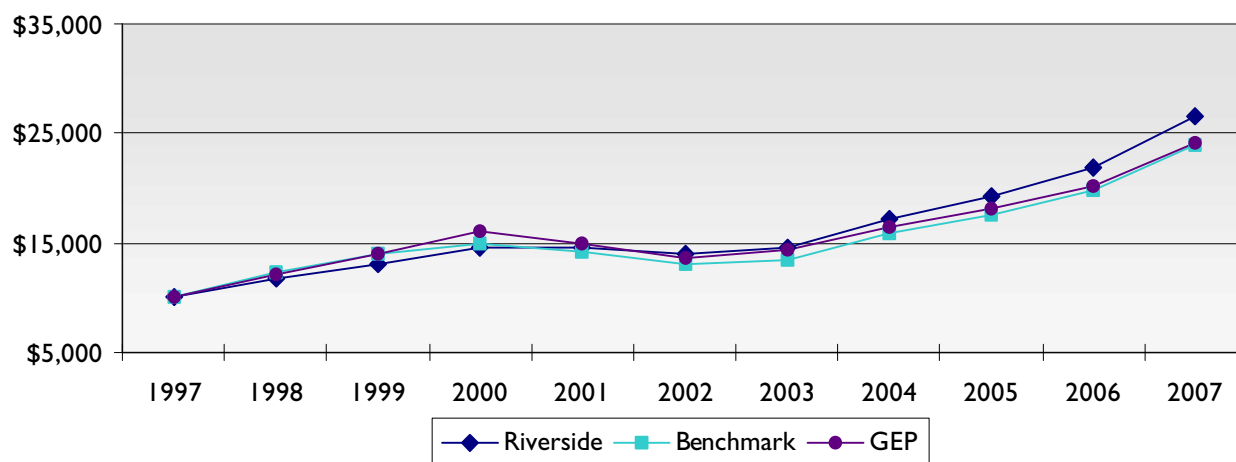
UC Riverside Foundation, Foundation Benchmark and GEP



¹The Riverside Foundation's net total return data excludes a portion of Other Endowed Assets for all periods.

Ten-Year Performance of a \$10,000 Gift

UC Riverside Foundation, Foundation Benchmark and GEP



Ending Values 2007			Annualized Returns 1998-2007		
Riverside	Benchmark	GEP	Riverside	Benchmark	GEP
\$26,632	\$23,878	\$24,200	10.3%	9.1%	9.2%

U.C. San Diego Foundation

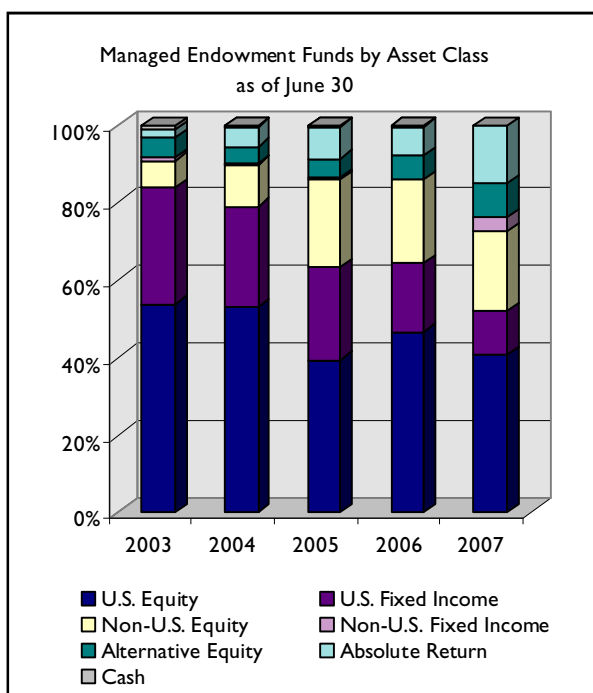
	6/30/07 <u>Market Value</u> (\$ 000)	% Endowment <u>Funds</u>
ENDOWED ASSETS		
<u>Externally Managed Funds</u>		
Short-Term Funds		
Common Fund Short Term	\$1	0.0%
Total Externally Managed Funds	\$1	0.0%
<u>Internally Managed Funds</u>		
Common stocks	\$280	0.1%
Stocks-ETF's	70,943	19.8%
PEMEX Bond	621	0.2%
Money market accounts	35	0.0%
Real Property	6,573	1.8%
Other	3	0.0%
Total Internally Managed Funds	\$78,455	21.9%
<u>Regentally Managed Funds</u>		
General Endowment Pool	\$263,129	73.4%
Regents Absolute Return Fund	10,713	3.0%
Regents Real Estate Fund	1,212	0.3%
STIP	111	0.0%
Vintage Equity Fund	3,031	0.8%
Total Regentally Managed Funds	\$278,196	77.6%
<u>Other Endowed Assets</u>		
Accounts Receivable	\$3	0.0%
Art Work	18	0.0%
Partnership	1,821	0.5%
Total Other Endowed Assets	\$1,841	0.5%
TOTAL ENDOWED ASSETS	\$358,493	100.0%

Endowment Investment Objective: The UC San Diego Foundation's primary investment goal for its endowment is to maximize long-term total return, utilizing a diversified portfolio of securities that deliver return in the form of both asset appreciation and income. Endowment portfolio performance is expected to preserve or enhance the real value of the endowment and the purchasing power of the endowment spending, including administrative costs. The investment policy targets as of June 30, 2007 are: 32% U.S. Equity, 17% Non-U.S. Equity, 5% Private Equity, 16% Absolute Return, 10% Real Estate, and 20% Fixed Income.

Endowment Spending Policy: The endowment spending rate is 4.75% of market value, with 4.50% paid to the endowment funds and .25% used to recover endowment administration costs. Market value is defined as the five-year average unitized value of the endowment investment pool. Distributions to fund holders may be from income and realized or unrealized capital gains.

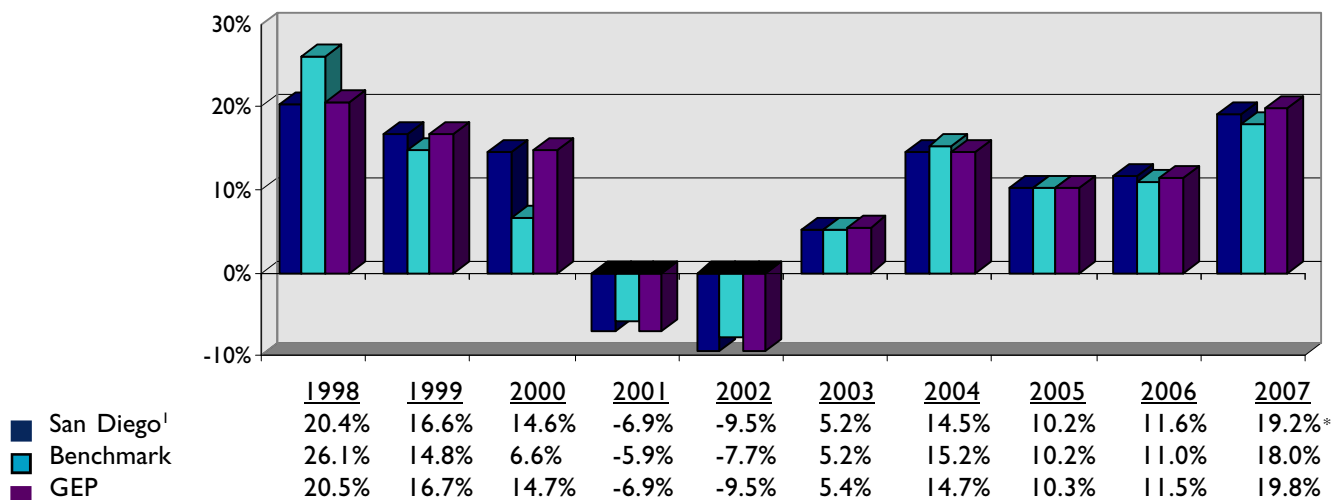
Policy for Gift Fees and Administrative Expenses:

UC San Diego assesses a one-time charge of 4% on all gifts to the Foundation or to The Regents to support the operations of External Relations. In addition, the Foundation assesses an administrative fee of 1% per annum on gifts-in-kind to be converted to cash and deferred giving vehicles to cover expenses associated with the management of those assets. This fee is recovered upon the sale of the item, or maturity of the deferred giving vehicle.



Annual Endowment Returns for Years Ending June 30

U.C. San Diego Foundation, Foundation Benchmark and GEP

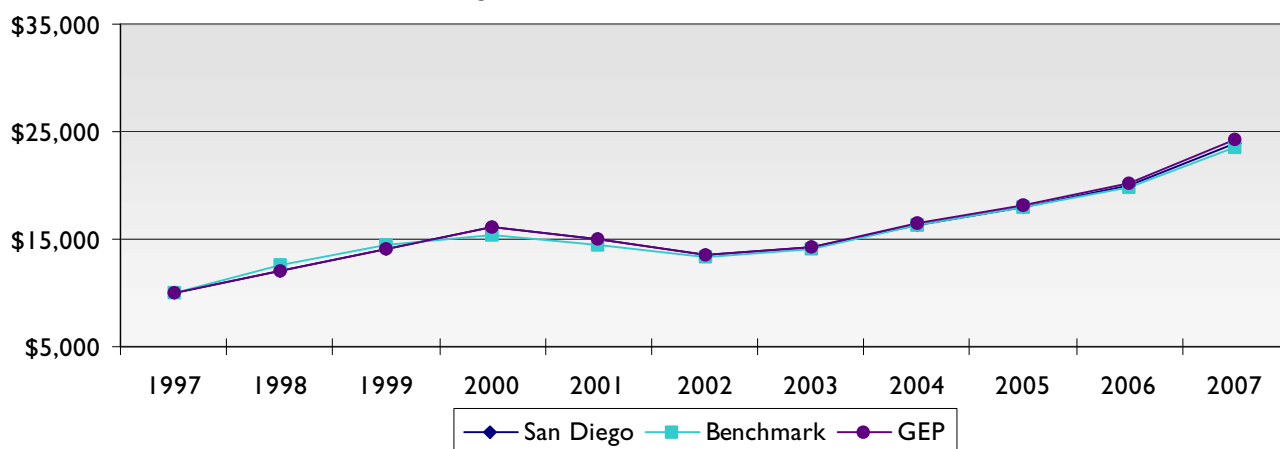


¹The U.C. San Diego Foundation's net total return data excludes Other Endowed Assets for all periods.

* Returns shown above are self-reported. Noted return varies from 19.3% reported to The Regents by State Street in the 6/30/2007 Quarterly Foundation Report.

Ten-Year Performance of a \$10,000 Gift

U.C. San Diego Foundation, Foundation Benchmark and GEP



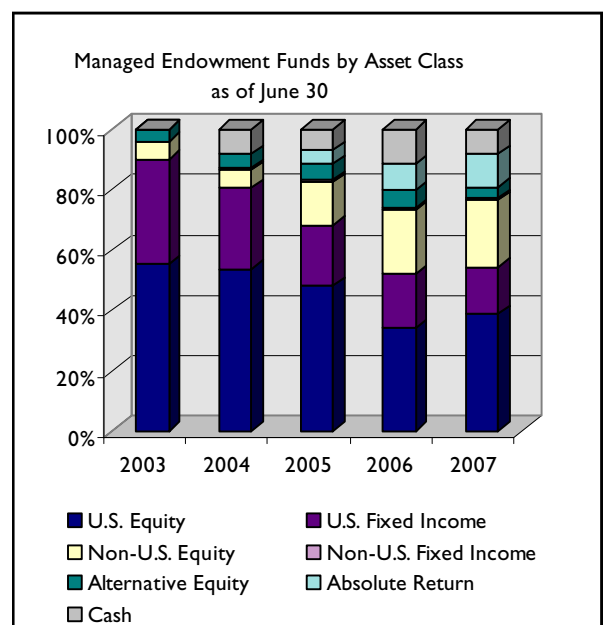
Ending Values 2007			Annualized Returns 1998-2007		
San Diego	Benchmark	GEP	San Diego	Benchmark	GEP
\$23,927	\$23,446	\$24,198	9.1%	8.9%	9.2%

	6/30/07 Market Value (\$ 000)	% Endowment Funds
ENDOWED ASSETS		
Externally Managed Funds		
Large Cap Value		
Dodge & Cox	\$56,394	12.0%
Vanguard S&P 500 Index	30,215	6.4%
Mid Cap		
Russell Midcap Growth iShares	19,078	4.1%
Advisory Research, Inc	12,438	2.7%
ValueAct	11,835	2.5%
Mazama	27,248	5.8%
All Cap		
Eagle Capital Management	23,462	5.0%
International Equity Funds		
Capital Guardian Trust	43	0.0%
Gryphon International	29,414	6.3%
Silchester	28,947	6.2%
Dodge & Cox International Fund	28,836	6.1%
International Emerging Equity		
GMO Emerging Markets	15,669	3.3%
Real Estate		
Adelante (Public REIT Account)	11	0.0%
Metropolitan RE Partners III	2,592	0.6%
Private Equity—Venture Capital, Distressed Debt		
Oaktree—Distressed Debt for Control	6,348	1.4%
Oaktree—Principal Opportunity Fnd III	801	0.2%
CommonFund Capital EVP IV	1,852	0.4%
CommonFund Capital EVP V	2,978	0.6%
CommonFund Capital CVP VI	2,082	0.4%
Burrill Biotech Capital Fund LP	2,154	0.5%
CommonFund Capital Natural Res. V	1,934	0.4%
TIFF Private Equity Partners 2007	481	0.1%
Hedge Fund		
Protégé Partners LTD	7,146	1.5%
TIFF Absolute Return Fund II	14,079	3.0%
Farallon Capital Partners	9,544	2.0%
Canyon Value Realization Fund	9,162	2.0%
Forrester Offshore - Long/Short	10,796	2.3%
Bond Fund		
Dodge & Cox	74,210	15.8%
Cash		
	39,225	8.4%
Total Externally Managed Funds	\$468,974	100.0%
TOTAL ENDOWED ASSETS	\$468,974	100.0%

Endowment Investment Objective: The San Francisco Foundation's primary investment objective for its endowment portfolio is growth of principal sufficient to preserve purchasing power and to provide income to support current and future University activities. Over the long term, it is the goal of the Foundation that the total return on investment assets should equal the rate of inflation, plus the payout rate (which is used to support current activities), plus an amount reinvested to support future activities. The investment policy consists of: 45% U.S. Equity; 15% Non-U.S. Equity-Developed; 5% Private Equity; 10% Hedge Funds; 5% Real Estate and 20% Fixed Income.

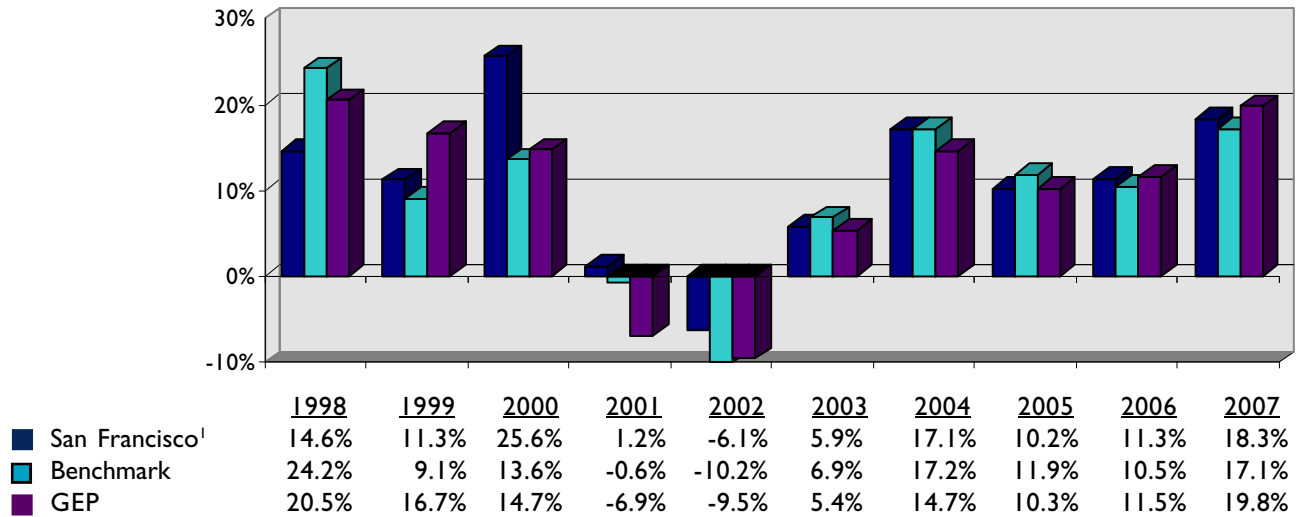
Endowment Spending Policy: A portion of the endowment pool will be expended annually. The amount of the distribution will be determined by the payout policy of the Foundation, modified by donors' wishes where applicable. The Foundation policy is to distribute 5% of the market value of the endowment pool, calculated on a 36-month rolling average of the market value. The payout will be reviewed annually, which may result in modification. The payout will be distributed once a year following the close of the fiscal year. Undistributed income and gains from investment activities are reinvested in the Endowment Pool.

Policy for Gift Fees and Administrative Expenses: The University of California, San Francisco Foundation charges a one-time fee of 4% of the initial value gifts. In addition, the campus assesses a recurring charge of 75% of STIP income earned on current funds, which is assessed quarterly against income. An annual administrative fee of 35 basis points is charged on current and endowment funds administered by the Foundation. The Foundation also charges a 1% spending fee at the time that funds are spent for purpose. No fees are charged on gifts for student aid. Fees are used to cover development costs.



Annual Endowment Returns for Years Ending June 30

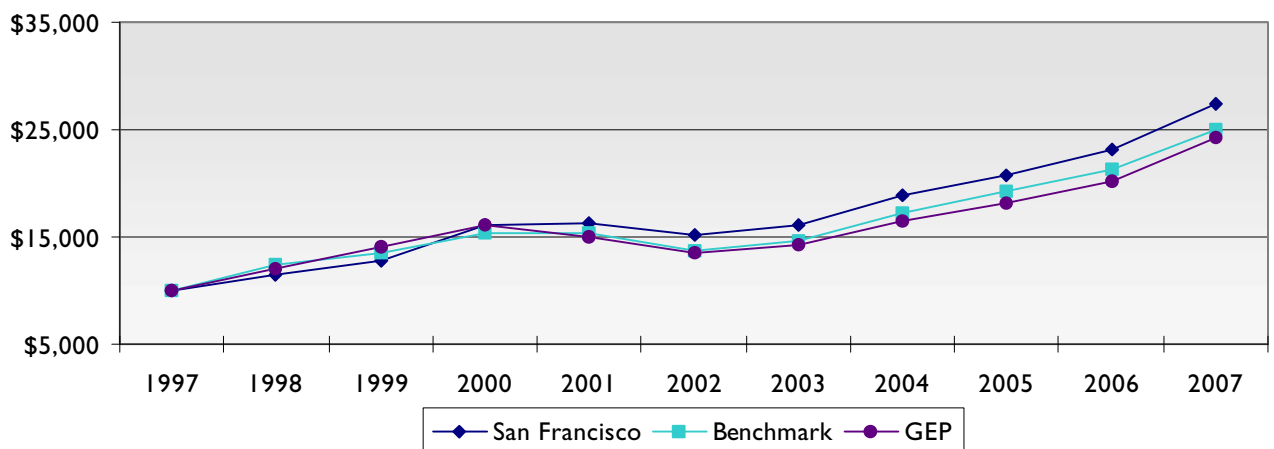
San Francisco Foundation, Foundation Benchmark and GEP



¹The UC San Francisco Foundation's net total return data excludes Other Endowed Assets for all periods.

Ten-Year Performance of a \$10,000 Gift

San Francisco Foundation, Foundation Benchmark and GEP



Ending Values 2007		
San Francisco	Benchmark	GEP
\$27,397	\$24,925	\$24,200

Annualized Returns 1998-2007		
San Francisco	Benchmark	GEP
10.6%	9.6%	9.2%

The UCSB Foundation (UC Santa Barbara)

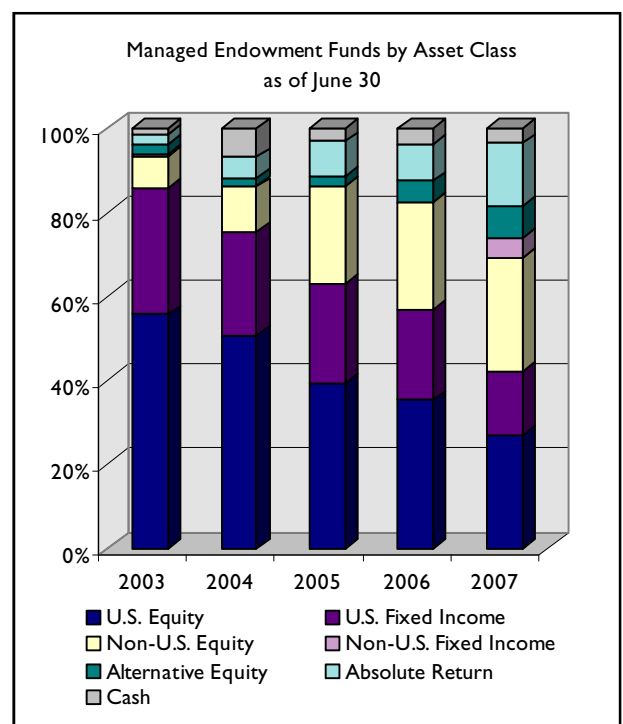
	6/30/07	% Endowment
	Market Value	Funds
	(\$ 000)	
ENDOWED ASSETS		
<u>Externally Managed Funds</u>		
Equity Funds		
American Fund	\$236	0.2%
Andron Fund	<u>1,660</u>	<u>1.6%</u>
Total Externally Managed Funds	\$1,896	1.8%
<u>Regentally Managed Funds</u>		
General Endowment Pool	\$102,396	95.7%
Short Term Investment Pool	<u>2,725</u>	<u>2.5%</u>
Total Regentally Managed Funds	\$105,121	98.2%
TOTAL ENDOWED ASSETS	\$107,017	100.0%

Endowment Investment Objective: The UC Santa Barbara Foundation's investment objective is to obtain a return consistent with the requirements of each fund, while protecting the fund from unnecessary risk. Endowment funds are invested with an emphasis on principal growth and income growth rather than on current income, as allowed under the Uniform Management of Institutional Funds Act (UMIFA). All new endowment gifts are deposited to GEP. The investment policy matches that of the GEP: 57% Public Equity, 23% Public Fixed-Income, 20% All Alternatives.

Endowment Spending Policy: The UC Santa Barbara Foundation adopted UMIFA at the Board meeting held on October 25, 1997. At their May 2006 Board meeting, the Foundation adopted a total return spending policy for the 2006-2007 Fiscal Year based on the 60-month rolling average for a June 30, 2006 share value for the General Endowment Pool multiplied by the number of shares held by each endowment which is then multiplied by the board-approved 5% payout rate. In February 2007, the board modified this calculation to be based on the share value as of December 31, 2006 for the 2007-08 payout.

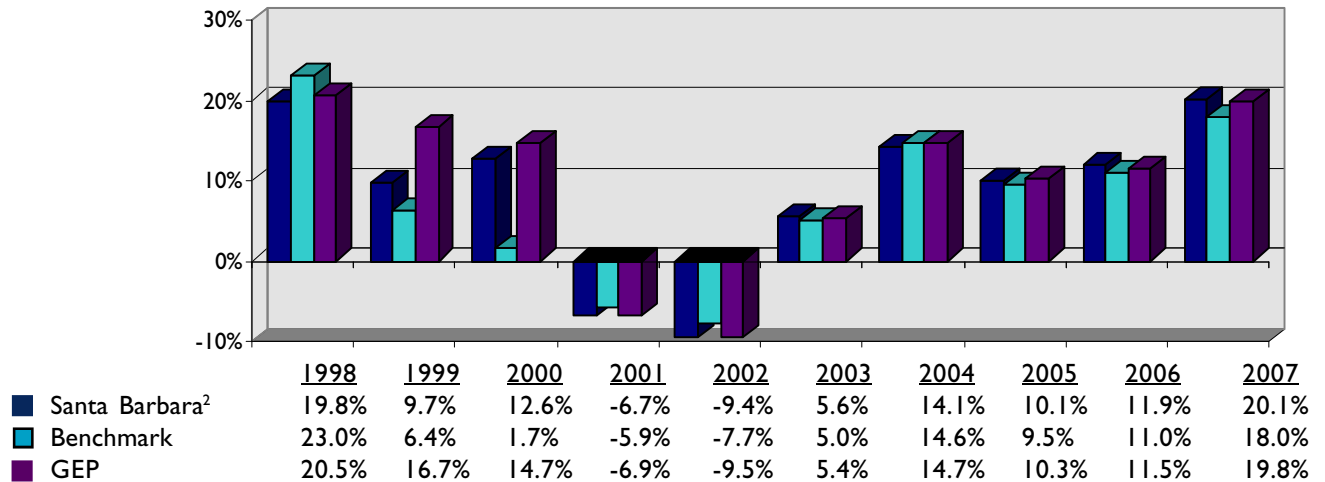
Policy for Gift Fees and Administrative Expenses:

Through June 30, 2000, the UC Santa Barbara campus charged a one-time fee of 5% of the initial value of all restricted gifts to the Foundation or The Regents, excluding non-convertible gifts in-kind. The fee was assessed to offset a portion of the direct costs related to gift processing and accounting. Beginning July 1, 2000, this front-end fee was eliminated. Instead, any investment earnings held in the Short Term Investment Pool (STIP) will accrue to the Chancellor to be used to support Institutional Advancement. In addition, Endowment Funds and Funds Functioning as Endowments are charged an annual administrative fee of .15% (15 basis points). For 2006-07 the board approved adjusting the administrative fee to .25% (25 basis points) of the Fair Market Value as of June 30, 2006.



Annual Endowment Returns for Years Ending June 30¹

The UCSB Foundation, Foundation Benchmark and GEP

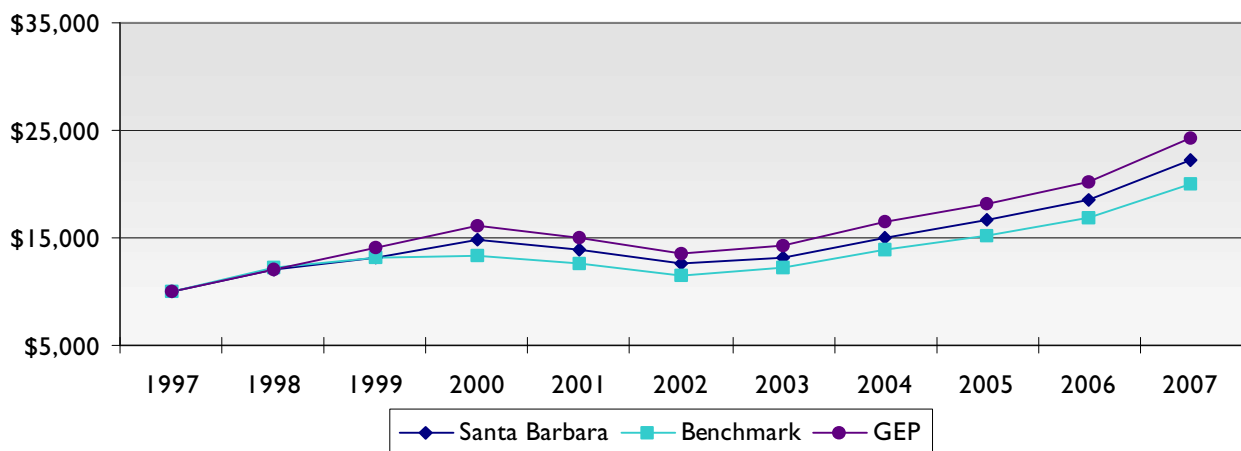


¹ UCSB Endowments were invested 60% in the High Income Pool through 2000.

² The UCSB Foundation's net total return data excludes Other Endowed Assets for all periods.

Ten-Year Performance of a \$10,000 Gift

The UCSB Foundation, Foundation Benchmark and GEP



Ending Values 2007			Annualized Returns 1998-2007		
Santa Barbara	Benchmark	GEP	Santa Barbara	Benchmark	GEP
\$22,295	\$19,950	\$24,200	8.3%	7.2%	9.2%

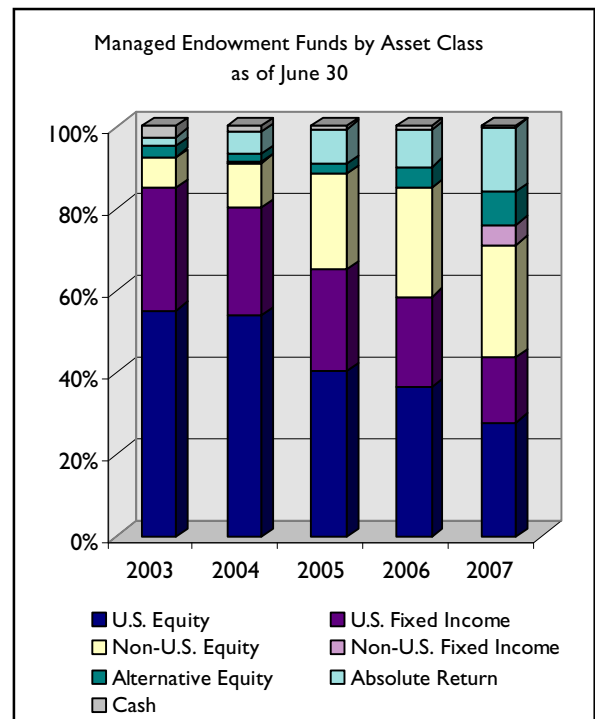
U.C. Santa Cruz Foundation

	6/30/07 Market Value (\$ 000)	% Endowment Funds
ENDOWED ASSETS		
<u>Regentally Managed Funds</u>		
General Endowment Pool	\$55,185	99.8%
High Income Endowment Pool	0	0.0%
Short Term Investment Pool	57	0.1%
Total Regentally Managed Funds	\$55,242	99.9%
Cash in operating (unprocessed gifts)	\$44	0.1%
TOTAL ENDOWED ASSETS	\$55,286	100.0%

Endowment Investment Objective: The U.C. Santa Cruz Foundation's investment objective for its endowment portfolio is to maximize long-term total return with a prudent level of risk, to provide inflation protection through reinvestment of an appropriate level of realized and unrealized earnings, and to maximize the real rate of return over the long term. The investment policy matches that of the GEP: 57% Public Equity, 23% Public Fixed-Income, 20% All Alternatives.

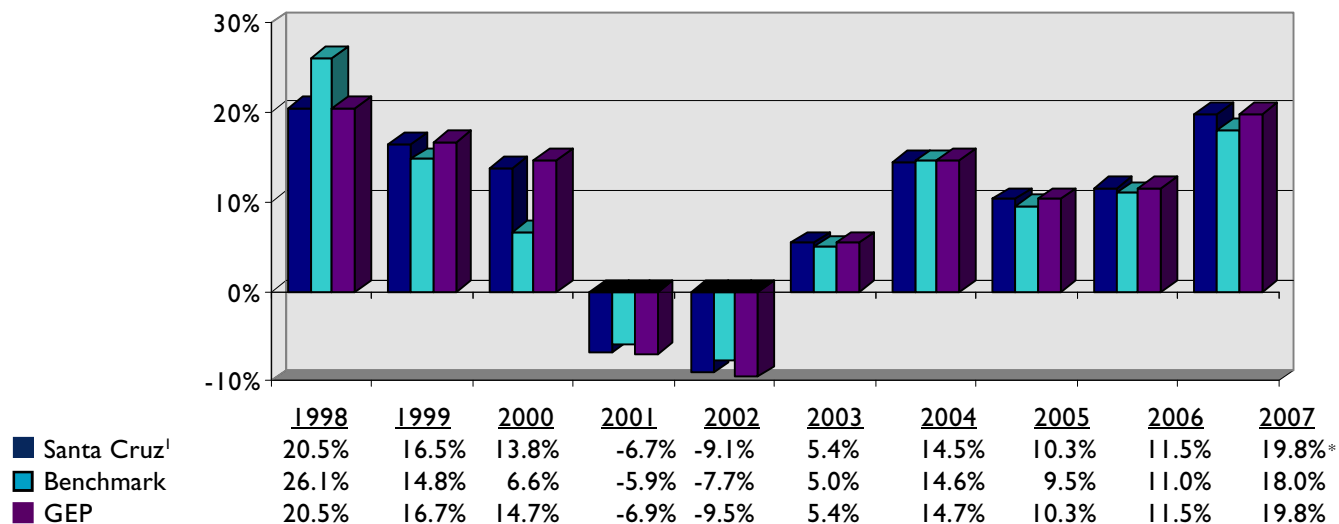
Endowment Spending Policy: The U.C. Santa Cruz Foundation endowment expenditure rate is 4.5% times a three-year moving average of June 30 market values. The endowment expenditure formula is reviewed annually and adjusted accordingly with respect to prudent concern for campus needs, donor expectations, and current market conditions. In no event will the corpus be reduced below the amount of the original gift, adjusted by the Gross Domestic Product (GDP) price index, unless specific language of the endowment agreement so allows.

Policy for Gift Fees and Administrative Expenses: The U.C. Santa Cruz Foundation allocates all STIP earnings to uninvested endowment balances when it is earned. The UCSC campus assesses a gift fee of 3% of initial value of endowment gifts and 5% of initial value of current use gifts. Of the 4.5% endowment expenditures, 0.3% is allocated for administrative expenses of the Foundation.



Annual Endowment Returns for Years Ending June 30

U.C. Santa Cruz Foundation, Foundation Benchmark and GEP

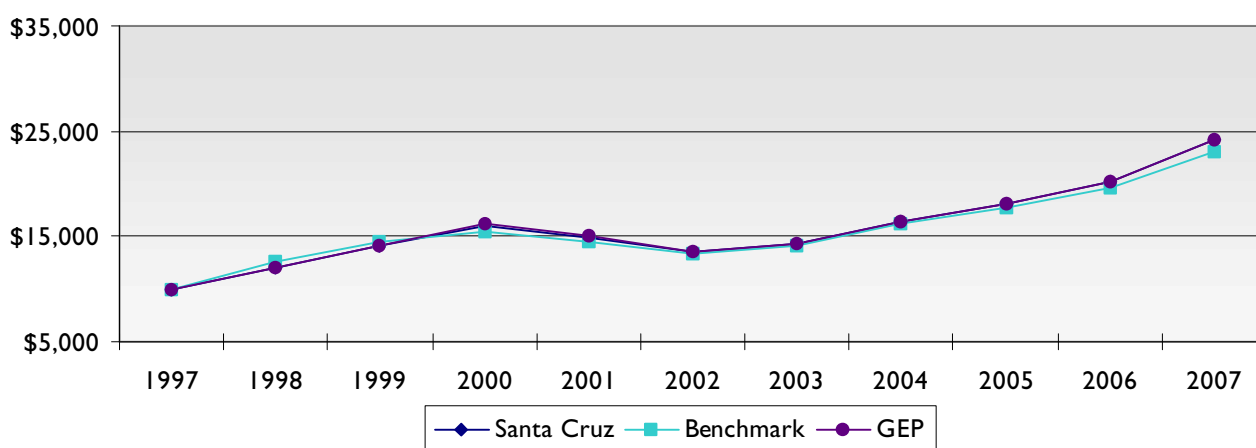


¹ The Santa Cruz Foundation's net total return data excludes Other Endowed Assets for all periods.

* Returns shown above are self-reported. Noted return varies from 19.5% reported to The Regents by State Street in the 6/30/2007 Quarterly Foundation Report.

Ten-Year Performance of a \$10,000 Gift

U.C. Santa Cruz Foundation, Foundation Benchmark and GEP



Ending Values 2007			Annualized Returns 1998-2007		
Santa Cruz	Benchmark	GEP	Santa Cruz	Benchmark	GEP
\$24,670	\$24,562	\$25,085	9.2%	8.7%	9.2%

The General Endowment Pool (GEP)

The General Endowment Pool (GEP), established in 1933 and unitized in 1958, is The Regents' primary investment vehicle for endowed gift funds. GEP is a balanced portfolio of equities and fixed-income securities in which all Regental endowment funds participate, unless payout needs require otherwise.

In March 1998, GEP payout policy moved from income-only to a set expenditure rate. In May 2006, The Regents adopted a rate of 4.75% for expenditure in fiscal year 2006/2007. The average annual unit value total return for GEP for the 10-year period ending June 30, 2007 was 9.23%.

Investment Strategy

The Regents adopted the following asset allocation policy effective July 1, 2006:

Asset Class	Current Policy	Minimum	Maximum
Public Equity	57%	42%	72%
Public Fixed Income	23%	8%	38%
All Alternatives*	20%	5%	35%
Liquidity	0%	0%	10%

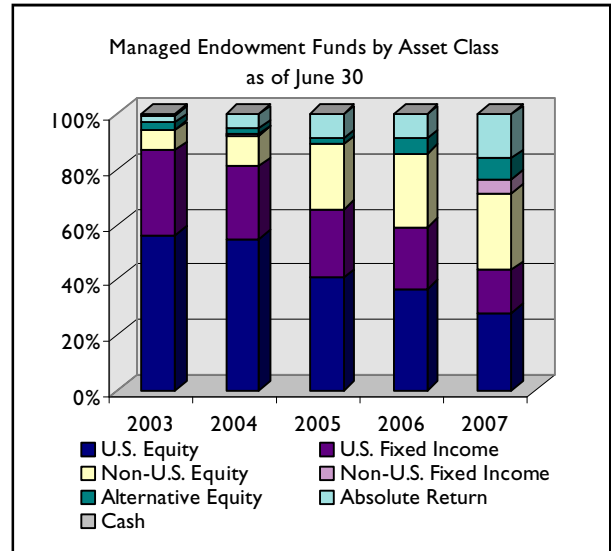
*Including, but not limited to: Real Estate, Private Equity, and Absolute Return Strategies.

The asset allocation benchmarks and portfolio guidelines are designed to manage risk and ensure portfolio diversification. The benchmarks for the individual asset classes are: Russell 3000 Tobacco-Free (TF) Index for U.S. Equity; MSCI World ex-U.S. TF (Net) TF Index for Non-U.S. Equity-Developed Markets; MSCI Emerging Markets (Net) Index for Non-U.S. Equity-Emerging Markets; Lehman Aggregate Index for Fixed Income; Lehman TIPS Index for TIPS; 30-Day Treasury Bill + 4.5% for Absolute Return; and NCREIF Property Index for Private Real Estate and the Dow Jones-Wilshire REIT Index for Public Real Estate. The total fund benchmark is a policy-weighted average of the individual asset class benchmarks.

In May 2007, The Regents' Committee on Investments and Investment Advisory Committee approved a new asset allocation for the GEP (effective July 1, 2007). Details of the new policy are available on The Regent's website (<http://www.universityofcalifornia.edu/regents/aar/may1.pdf>).

Asset Mix

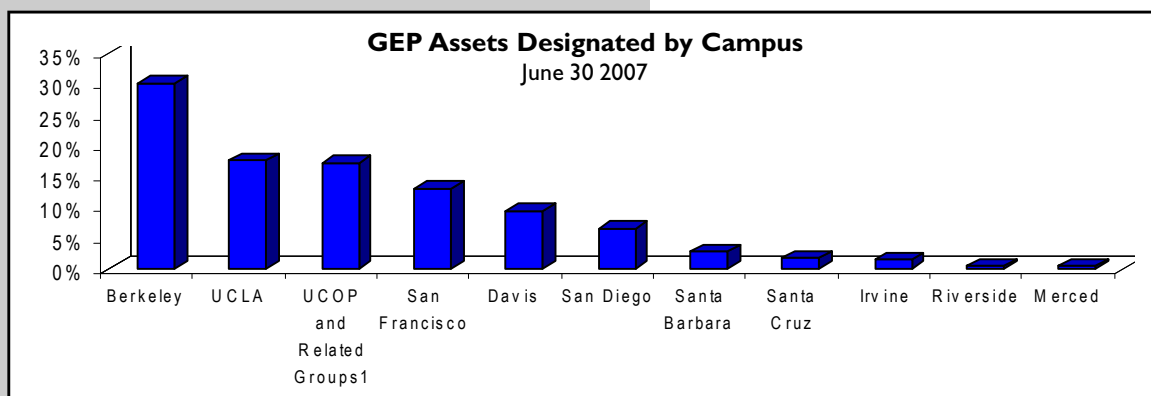
The following represents GEP's asset mix as of each of the past five fiscal year ends.



Asset Designation by Campus and Purpose

A donor has two avenues for making a gift to or establishing an endowment at the University: either directly to The Regents for a specific campus and/or purpose, or directly to a campus through its Foundation. The campus Foundation trustees have discretion in their choice of investment managers and may use the Treasurer's Office or external investment managers.

The Regents' endowment pools include assets that were gifted directly to The Regents, as well as Foundation assets where the Treasurer was retained as the investment manager. The chart below illustrates the breakdown of GEP's assets among the campuses. Not surprisingly, a higher proportion of the assets is dedicated to the older campuses, which have a more established alumni and donor base. Development efforts at the younger campuses aim to leverage the growth of their alumni base, as well as cultivate donors.

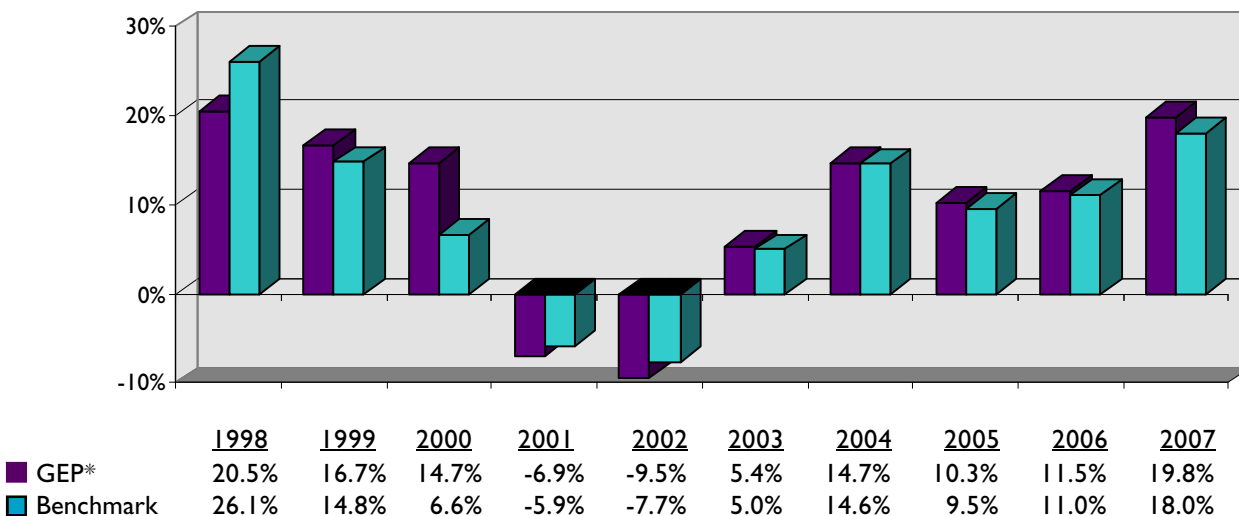


¹ University of California Office of the President (UCOP) administered programs and multi-campus gifts.

The General Endowment Pool (GEP)

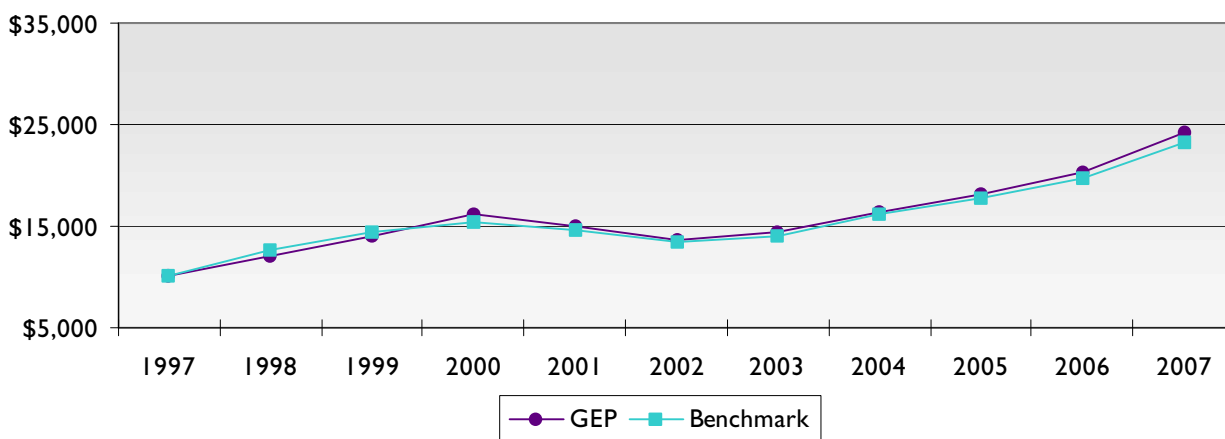
Annual Endowment Returns for Years Ending June 30

GEP and Benchmark



Ten-Year Performance of a \$10,000 Gift

GEP and Benchmark



Ending Values 2007		Annualized Returns 1998-2007	
GEP	Benchmark	GEP	Benchmark
\$24,200	\$23,145	9.2%	8.8%

* Unit value total return.



X. 10-Year Historical Performance

Table 10
10-Year Foundation Investment Performance
(periods ending June 30)

Annual Total Returns - Foundations										
Year	Berkeley	Davis	Irvine	Los Angeles	Riverside	San Diego	San Francisco	Santa Barbara	Santa Cruz	Regents' GEP
2007	20.2%*	19.7%	19.1%*	17.8%	21.7%	19.2%*	18.3%	20.1%	19.8%*	19.8%
2006	15.0%	11.6%	11.1%	12.9%	14.1%	11.6%	11.3%	11.9%	11.5%	11.5%
2005	11.3%	10.2%	7.7%	10.2%	11.3%	10.2%	10.2%	10.1%	10.3%	10.3%
2004	17.7%	14.4%	15.6%	15.2%	18.1%	14.5%	17.1%	14.1%	14.5%	14.7%
2003	3.4%	5.5%	6.5%	4.5%	4.1%	5.2%	5.9%	5.6%	5.4%	5.4%
2002	-4.8%	-8.3%	-7.2%	-8.9%	-4.1%	-9.5%	-6.1%	-9.4%	-9.1%	-9.5%
2001	-5.0%	-5.6%	-3.4%	-1.3%	0.5%	-6.9%	1.2%	-6.7%	-6.7%	-6.9%
2000	21.6%	17.5%	8.1%	7.4%	10.6%	14.6%	25.6%	12.6%	13.8%	14.7%
1999	12.6%	15.3%	11.5%	9.2%	11.1%	16.6%	11.3%	9.7%	16.5%	16.7%
1998	12.1%	20.1%	18.4%	15.4%	18.3%	20.4%	14.6%	19.8%	20.5%	20.5%
Average Annualized Total Returns - Foundations										
# Year	Berkeley	Davis	Irvine	Los Angeles	Riverside	San Diego	San Francisco	Santa Barbara	Santa Cruz	Regents' GEP
1 2007	20.2%	19.7%	19.1%	17.8%	21.7%	19.2%	18.3%	20.1%	19.8%	19.8%
2 ('06-'07)	17.6%	15.6%	15.0%	15.3%	17.8%	15.3%	14.7%	15.9%	15.6%	15.6%
3 ('05-'07)	15.4%	13.8%	12.5%	13.6%	15.6%	13.6%	13.2%	13.9%	13.8%	13.8%
4 ('04-'07)	16.0%	13.9%	13.3%	14.0%	16.2%	13.8%	14.2%	14.0%	14.0%	14.0%
5 ('03-'07)	13.4%	12.2%	11.9%	12.0%	13.7%	12.0%	12.5%	12.3%	12.2%	12.2%
6 ('02-'07)	10.1%	8.5%	8.5%	8.2%	10.5%	8.1%	9.1%	8.3%	8.3%	8.3%
7 ('01-'07)	7.8%	6.3%	6.7%	6.8%	9.0%	5.8%	8.0%	6.0%	6.0%	6.0%
8 ('00-'07)	9.4%	7.7%	6.9%	6.9%	9.2%	6.9%	10.0%	6.8%	7.0%	7.0%
9 ('99-'07)	9.8%	8.5%	7.4%	7.1%	9.4%	7.9%	10.2%	7.1%	8.0%	8.1%
10 ('98-'07)	10.0%	9.6%	8.4%	7.9%	10.3%	9.1%	10.6%	8.4%	9.2%	9.2%
Cumulative Total Returns- Foundations										
# Year	Berkeley	Davis	Irvine	Los Angeles	Riverside	San Diego	San Francisco	Santa Barbara	Santa Cruz	Regents' GEP
2007	20.2%	19.7%	19.1%	17.8%	21.7%	19.2%	18.3%	20.1%	19.8%	19.8%
('06-'07)	38.2%	33.6%	32.3%	33.0%	38.9%	33.0%	31.7%	34.3%	33.6%	33.6%
('05-'07)	53.8%	47.3%	42.4%	46.5%	54.5%	46.6%	45.1%	48.0%	47.3%	47.4%
('04-'07)	81.1%	68.5%	64.7%	68.8%	82.5%	67.9%	70.0%	68.8%	68.7%	69.0%
('03-'07)	87.2%	77.7%	75.4%	76.4%	90.0%	76.6%	80.0%	78.3%	77.8%	78.2%
('02-'07)	78.3%	63.0%	62.7%	60.7%	82.2%	59.8%	69.0%	61.5%	61.6%	61.2%
('01-'07)	69.3%	53.9%	57.2%	58.6%	83.1%	48.8%	71.0%	50.7%	50.8%	50.1%
('00-'07)	105.9%	80.8%	69.9%	70.4%	102.5%	70.5%	114.8%	69.7%	71.6%	72.2%
('99-'07)	131.9%	108.4%	89.5%	86.0%	125.0%	98.8%	139.1%	86.1%	99.9%	100.9%
('98-'07)	159.9%	150.3%	124.3%	114.7%	166.2%	139.4%	174.0%	123.0%	140.9%	142.1%

* Returns shown above are self-reported. Noted returns vary from those reported to The Regents by State Street in the 6/30/2007 Quarterly Foundation Report: Berkeley 20.3%, Irvine 18.7%, San Diego 19.3%, and Santa Cruz 19.5%.

Table 11
10-Year Benchmark and Active Performance

(periods ending June 30)

Annual Total Returns - Benchmarks

Year	Berkeley	Davis	Irvine	Los Angeles	Riverside	San Diego	San Francisco	Santa Barbara	Santa Cruz	Regents' GEP
2007	16.8%	18.0%	19.0%	17.1%	20.2%	18.0%	17.1%	18.0%	18.0%	18.0%
2006	12.6%	11.1%	10.3%	10.3%	13.6%	11.1%	10.5%	11.1%	11.1%	11.1%
2005	10.4%	9.5%	9.3%	8.8%	10.4%	10.2%	11.1%	9.5%	9.5%	9.5%
2004	17.1%	14.6%	15.1%	16.2%	18.0%	15.2%	17.1%	14.6%	14.6%	14.6%
2003	2.8%	5.0%	3.2%	3.0%	2.1%	5.2%	4.3%	5.0%	5.0%	5.0%
2002	-8.1%	-7.7%	-6.6%	-10.4%	-7.8%	-7.7%	-9.1%	-7.7%	-7.7%	-7.7%
2001	-9.5%	-5.9%	-6.2%	-9.6%	-4.8%	-5.9%	-6.1%	-5.9%	-5.9%	-5.9%
2000	11.0%	6.6%	6.9%	6.1%	6.4%	6.6%	6.2%	1.7%	6.6%	6.6%
1999	13.3%	14.8%	15.2%	13.3%	15.2%	14.8%	17.2%	6.4%	14.8%	14.8%
1998	12.9%	26.1%	22.2%	23.6%	22.2%	26.1%	24.2%	23.0%	26.1%	26.1%

Annual Active Returns (Foundation minus Benchmark) ¹

Year	Berkeley	Davis	Irvine	Los Angeles	Riverside	San Diego	San Francisco	Santa Barbara	Santa Cruz	Regents' GEP
2007	3.4%	1.7%	0.1%	0.7%	1.5%	1.2%	1.2%	2.0%	1.8%	1.8%
2006	2.4%	0.5%	0.8%	2.6%	0.5%	0.5%	0.8%	0.8%	0.4%	0.4%
2005	0.9%	0.8%	-1.6%	1.4%	0.9%	0.0%	-0.9%	0.7%	0.8%	0.9%
2004	0.6%	-0.2%	0.5%	-1.0%	0.1%	-0.7%	0.0%	-0.5%	-0.1%	0.1%
2003	0.6%	0.5%	3.3%	1.5%	2.0%	0.0%	1.6%	0.6%	0.4%	0.4%
2002	3.3%	-0.6%	-0.6%	1.5%	3.7%	-1.8%	3.0%	-1.7%	-1.4%	-1.8%
2001	4.5%	0.3%	2.8%	8.3%	5.3%	-1.0%	7.3%	-0.8%	-0.8%	-1.0%
2000	10.6%	10.9%	1.2%	1.3%	4.2%	8.0%	19.4%	10.9%	7.2%	8.1%
1999	-0.7%	0.5%	-3.7%	-4.1%	-4.1%	1.8%	-5.9%	3.3%	1.7%	1.9%
1998	-0.8%	-6.0%	-3.8%	-8.2%	-3.9%	-5.7%	-9.6%	-3.2%	-5.6%	-5.6%

Average Annualized Active Returns (Foundation minus Benchmark) ²

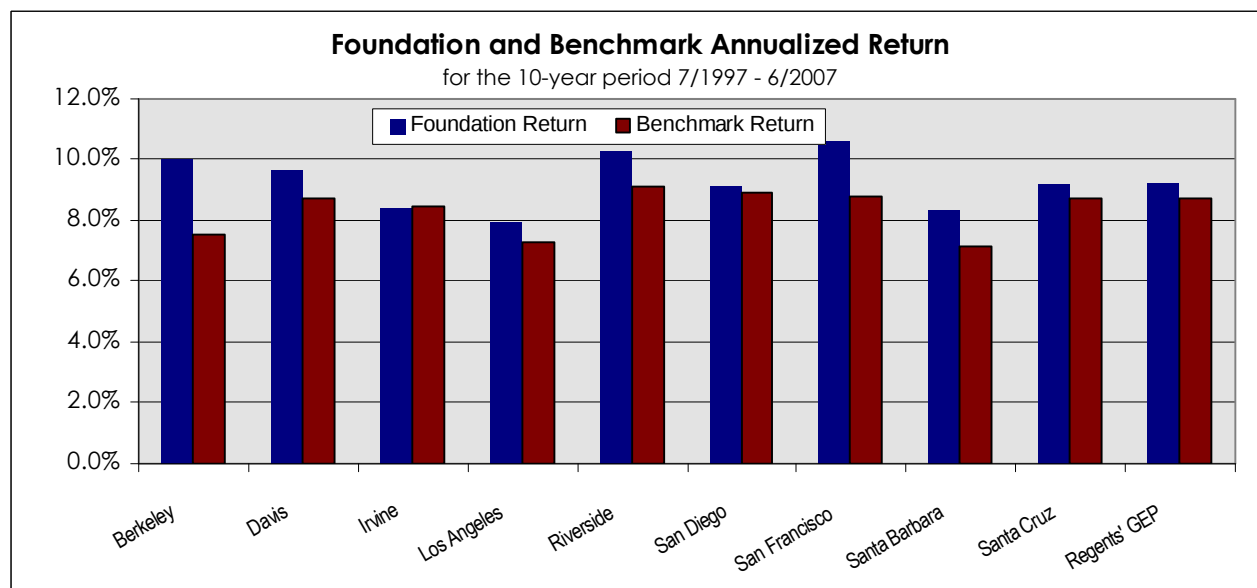
# Year	Berkeley	Davis	Irvine	Los Angeles	Riverside	San Diego	San Francisco	Santa Barbara	Santa Cruz	Regents' GEP
2007	2.9%	1.4%	0.1%	0.6%	1.2%	1.0%	1.1%	1.7%	1.5%	1.5%
('06-'07)	2.5%	0.9%	0.4%	1.4%	0.8%	0.7%	0.9%	1.2%	0.9%	0.9%
('05-'07)	2.0%	0.9%	-0.2%	1.4%	0.8%	0.5%	0.3%	1.0%	0.9%	0.9%
('04-'07)	1.6%	0.6%	-0.1%	0.8%	0.6%	0.2%	0.2%	0.7%	0.6%	0.7%
('03-'07)	1.4%	0.6%	0.6%	1.0%	0.9%	0.2%	0.5%	0.6%	0.6%	0.6%
('02-'07)	1.8%	0.4%	0.4%	1.1%	1.4%	-0.2%	0.9%	0.2%	0.2%	0.2%
('01-'07)	2.2%	0.4%	0.7%	2.2%	2.0%	-0.3%	1.9%	0.1%	0.1%	0.0%
('00-'07)	3.1%	1.6%	0.8%	2.1%	2.2%	0.6%	3.8%	1.4%	0.9%	0.9%
('99-'07)	2.7%	1.4%	0.3%	1.4%	1.6%	0.7%	2.8%	1.5%	1.0%	1.0%
('98-'07)	2.3%	0.8%	0.0%	0.6%	1.1%	0.2%	1.7%	1.1%	0.4%	0.5%

¹ Arithmetic difference

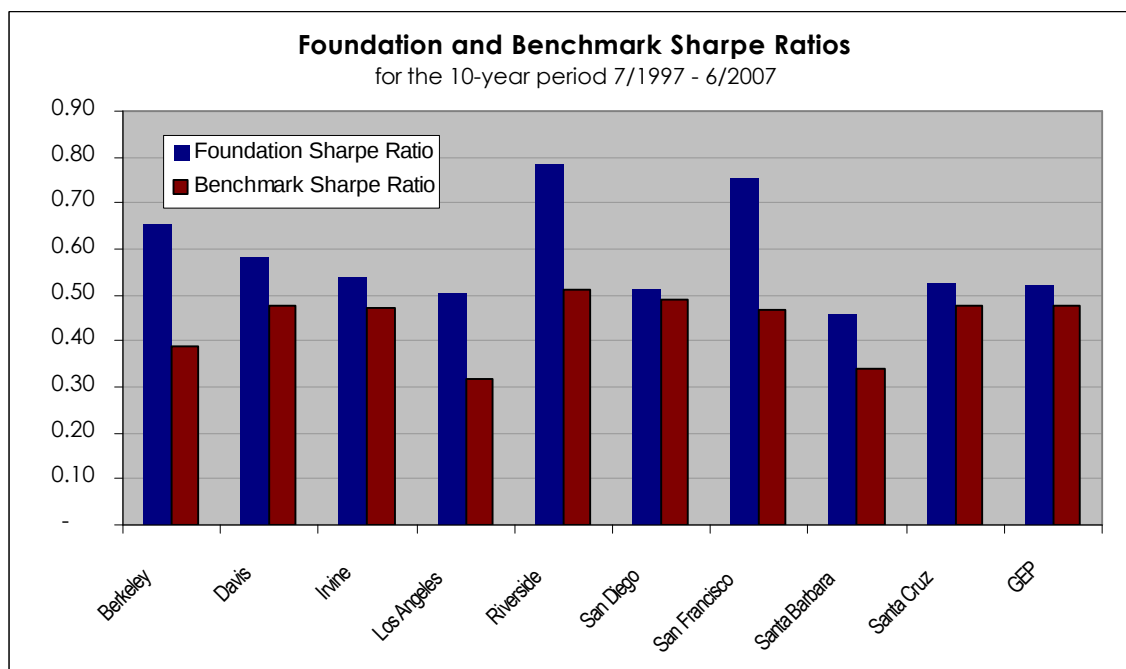
² Annualized geometric difference

XI

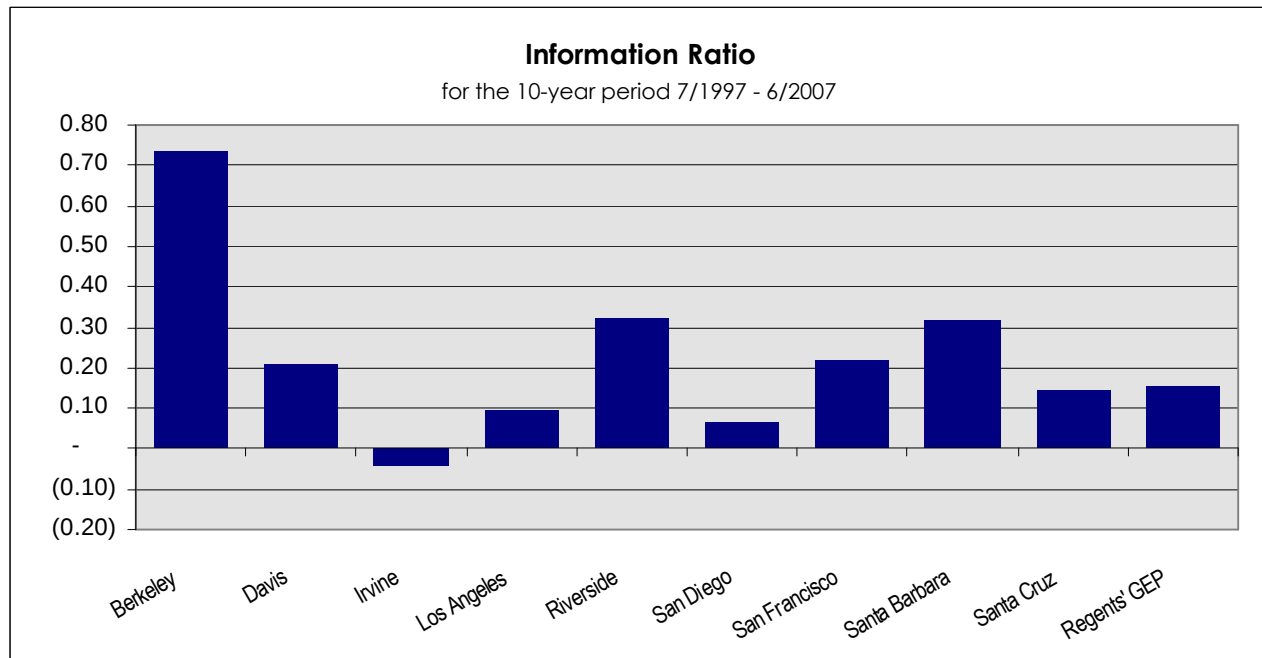
XI. Supplemental



The chart above compares the investment return for each Foundation with its benchmark, for the entire 10-year period 7/1997-6/2007. This information answers two questions: how well did the Fund perform relative to its stated policy, and how well did the choice of asset classes meet the fiduciaries' expectations for return and appetite for risk.



The chart above shows the Sharpe ratio for each Foundation and its respective benchmark, for the 10 year period 7/1997-6/2007. This measure of risk adjusted performance divides excess return (total return in excess of the risk free rate or cash return) by total volatility (standard deviation of returns). The results show how well each Foundation and the GEP outperformed their respective benchmarks on a risk adjusted basis.



The chart above shows the Information Ratio, a measure of risk-adjusted active return. It is defined as the ratio of Active Return to Active Risk. Active return is the difference between the annual Fund return and the Benchmark return for that year, and is here calculated as the arithmetic average of the ten one-year active returns shown in the middle panel of Table 11 in Section X. Active risk is the volatility of active returns, and is here calculated as the standard deviation of the ten one-year active returns. The Information Ratio is positive (good) if on average the fund return exceeds the benchmark over the period, and negative otherwise. It is larger (good) if the active return was produced with some consistency, i.e., if the volatility (in the denominator) is lower.

Note: As the second and third charts were computed with annual, rather than monthly returns (as is customary), they present approximations of risk and risk-adjusted returns.

Sources: **Annual investment returns were provided by the individual Foundations.** The Foundations also provided their investment policy and benchmark policy allocations, which are summarized in Section XII. Based on this information, the Regents' Investment Consultant computed annual benchmark returns and the measures of risk and risk-adjusted returns shown in the charts above.

XII. Investment Policies at 6/30/07

XII

ASSET CLASS	BENCHMARK COMPONENT	PERCENTAGE
UC Berkeley		
US Equity	Russell 3000	29%
Non US Equity	MSCI EAFE	17%
	MSCI EMF	5%
Marketable Alts	91-Day T-Bills + 4%	15%
Alternatives	CA Venture Capital Index	4%
Real Estate	Dow Jones-Wilshire REIT	5%
Energy/Commodities/Other	Wilshire 5000 Energy	2%
	DJAIGTR	1%
	CPI-U + 5%	2%
US Fixed Income	LB Aggregate	20%
Total		100%
UC Davis		
GEP	GEP Benchmark	100%
Total		100%
UC Irvine		
US Equity	Russell 3000	43%
Non US Equity	MSCI EAFE	19%
Private Equity	Russell 3000+3%	10%
US Fixed Inc	LB Aggregate	17%
Real Estate	NCREIF Total Property	11%
Total		100%
UC Los Angeles		
US Equity	Russell 3000	19%
Global Equity	MSCI World ex US	19%
Alternative Inv	91-Day T-Bill + 450 bp	52%
Fixed Income	LB Aggregate	10%
Total		100%
UC Riverside		
Global Equity	MSCI ACWI	71%
Absolute Return	Citigroup 3 month T-Bill + 4%	13%
Fixed Income	LB Aggregate	16%
Total		100%

ASSET CLASS	BENCHMARK COMPONENT	PERCENTAGE
UC San Diego		
US Equity	Blend of S&P 500 + R2000/2500/midcap +25bp	32%
Non US Equity	MSCI ACWI ex-US + 25 bp	17%
Private Equity	S&P 500 +5%	5%
Absolute Return	Lehman Aggregate Bond Index + 300 bp	16%
Real Estate	NCREIF + 50 bp	10%
Fixed Income	Lehman Aggregate Bond Index + 25 bp	20%
Total		100%
UC San Francisco		
US Equity	Russell 3000	45%
Int'l Dev. Equity	MSCI EAFE	15%
Hedge Funds	8% return	10%
Private Equity	S&P 500 + 7%	5.0%
REITS	NAREIT Equity	5.0%
US Fixed Inc	LB Aggregate	20.0%
Total		100%
UC Santa Barbara		
GEP	GEP Benchmark's broad asset class policy ranges	100%
Total		100%
UC Santa Cruz		
GEP	GEP Benchmark	100%
Total		100%
GEP		
US Equity	Russell 3000 TF	37%-actual wt. (PE) - 0.6 x actual wt. (RE)
Non-US Equity		
Developed	MSCI World ex US Net TF	20%
Emerging Mkt	MSCI Emg. Mkt. Free Net	5%
Fixed Income	Lehman Aggregate Bond Index	8%
High Yield Bond	Merrill Lynch High Yield Cash Pay Index	3%
Non-US Fixed Income	Citigroup World Government Bond Index ex-US	3%
Emerging Market Debt	JP Morgan Emerging Market Bond Plus Index	3%
TIPS	Lehman TIPS	6%
Absolute Return	30-Day US T-Bill + 4.5%	15%
Private Equity	Actual Return of PE Portfolio	actual wt
Real Estate	Public: DJ-Wilshire REIT; Private: NCREIF Property Index	actual wt
Total		100%

XIII

XIII. Glossary

Endowment Assets: True endowments, established by donor-restricted gifts to provide a permanent source of income, and Funds Functioning as Endowments (FFE's), established by donor-restricted gifts to provide income but principal may also be expended.

Trusts/Life Annuities: Assets donated by individuals or organizations, with the institution agreeing to pay a specific level of income to the donor, or designated beneficiary, for his or her lifetime. Subsequent to the beneficiary's death, the institution gains complete ownership of the donated assets. The donor may or may not have restricted the assets' purpose.

Current Assets: Assets for use in the near term to support the overall operations of the Foundation, where the donor may, or may not, have restricted their use. These assets typically include cash, accounts receivable, notes receivable, deferred charges, amounts due, prepaid expenses, etc.

Per the Support Group Policy, endowed gifts or restricted assets must be transferred to the University to be spent in accordance with the donors' terms. However, the existing policy does not specify the timing and/or frequency of transfers. Consequently, the timing/frequency decision varies among the Foundations.

Non-Endowed Assets: Current gift and trust/life income assets, excluding pledges.

Other Endowed Assets: Separately invested assets, mortgages, real estate, and receivables.