



UNIVERSITY
OF
CALIFORNIA

ATTACHMENT 1

Investment Highlights

Periods Ending March 31, 2015

Office of the Chief Investment Officer
27 May 2015

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Investment Highlights

Market Update

Investment Portfolios

Opportunities

Investment Highlights

7.1%

Net UC Return

Assets Under
Management
March 31, 2014

\$92.4 billion

Market Gains

\$5.1 billion

Value Added

\$1.1 billion

Net Cash Flow

\$0.9 billion

Assets Under
Management
March 31, 2015

\$99.5 billion

Opportunities for 2014/2015

Review long-term asset allocation

Optimize portfolios for the different plan objectives

Manage costs in a low-return environment

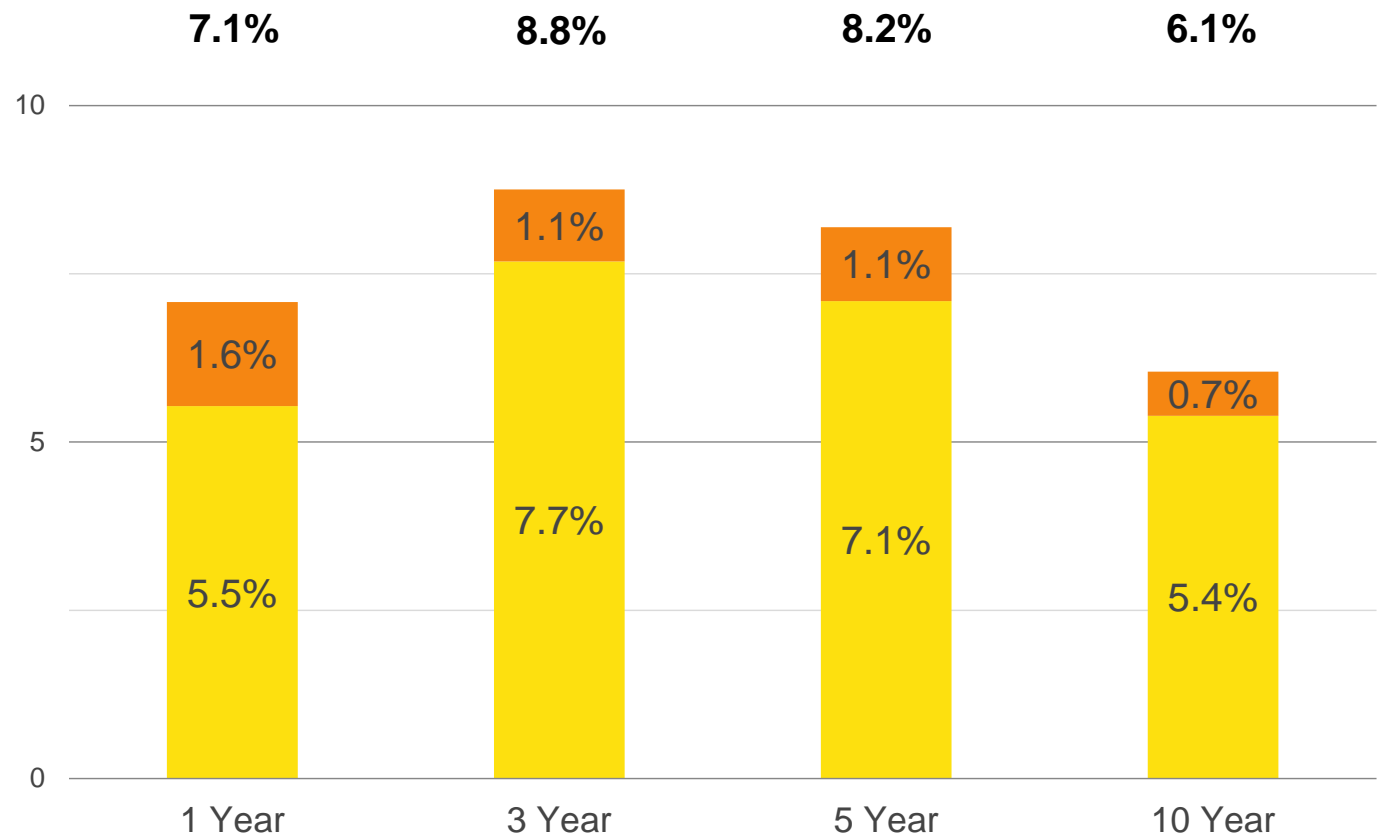
Active management will play an increasing role in seeking returns

Our competitive advantages are size, scale and patience

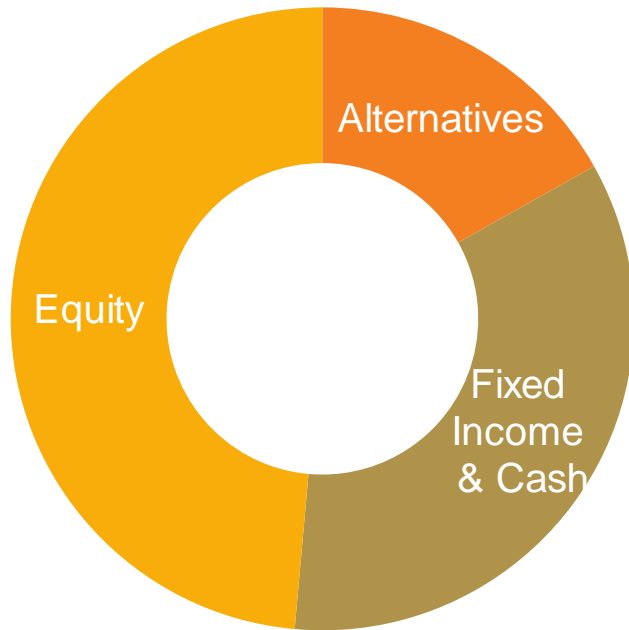
Investing for the Long Term

Annualized Net Returns

- Value Added
- Benchmark



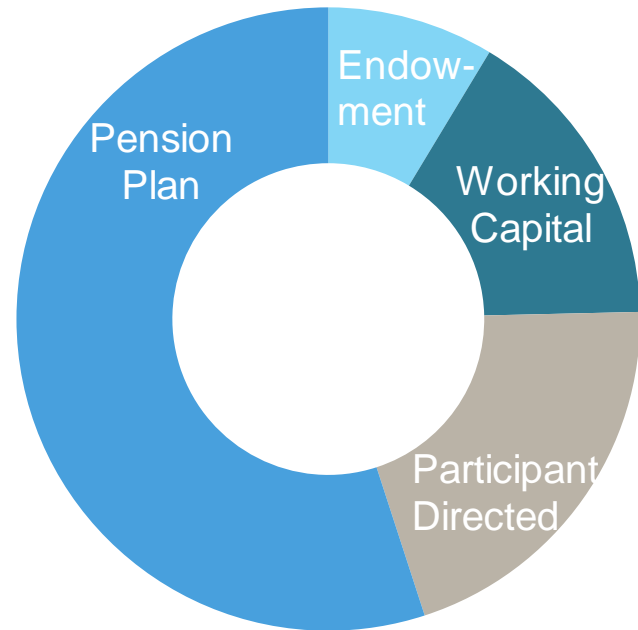
Investing Globally \$99.5 Billion



● Equity: 49%
\$48.3B

● Fixed Income & Cash: 34%
\$34.4B

● Alternatives: 17%
\$16.8B



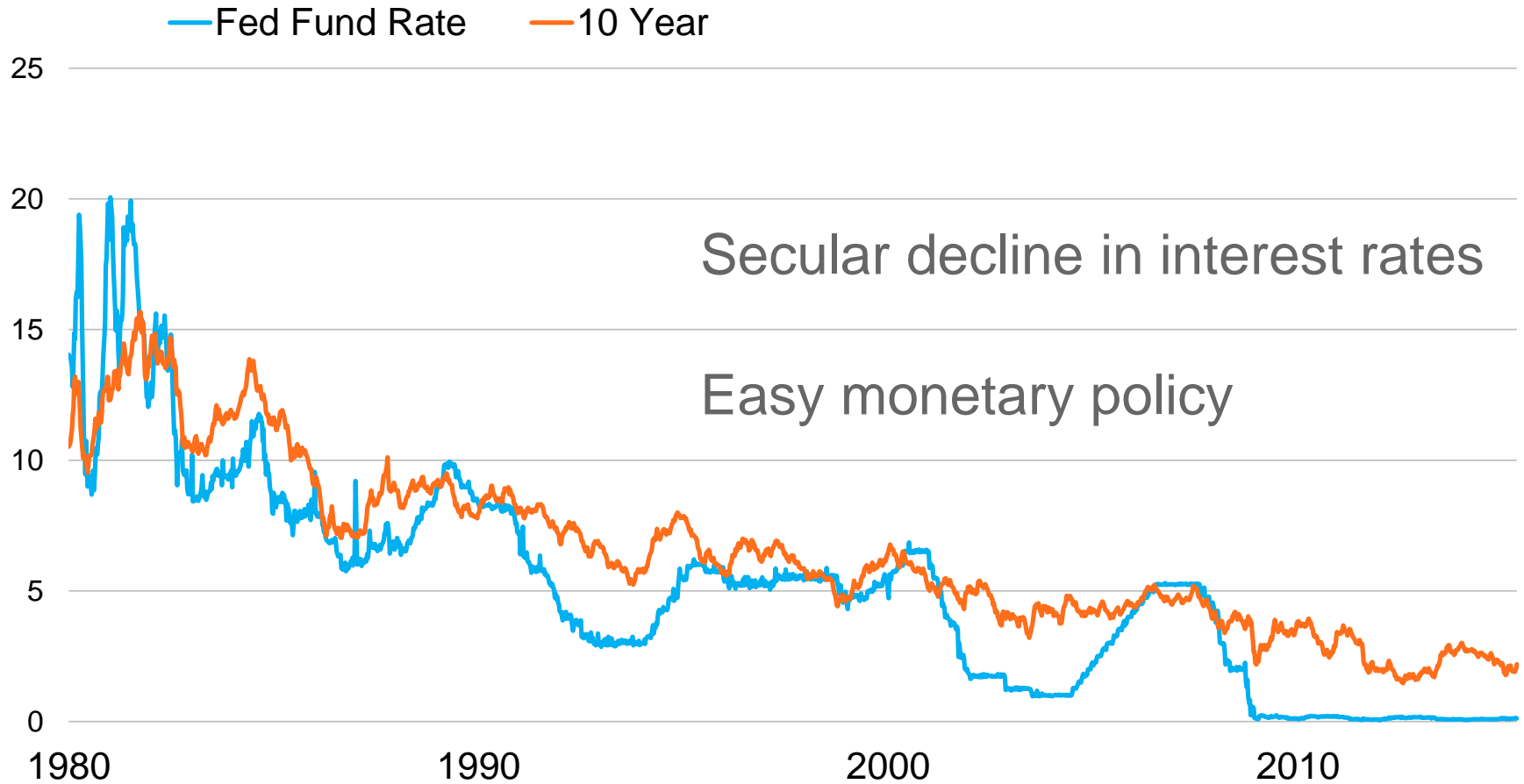
● Pension Plan: 55%
\$54.7B

● Endowment: 9%
\$8.6B

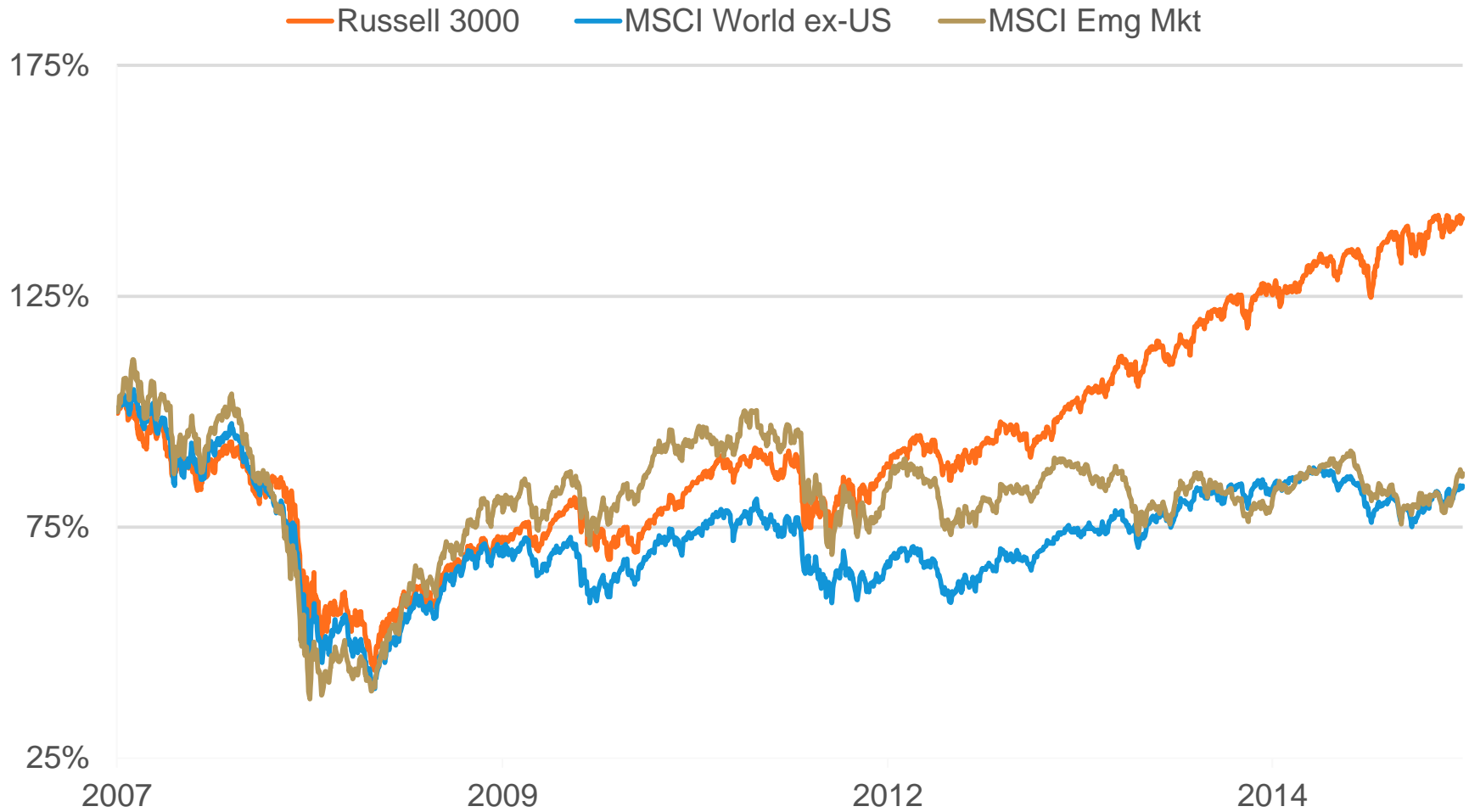
● Participant Directed: 20%
\$20.3B

● Working Capital: 16%
\$15.9B

Improving Global Economic Conditions but Geopolitical Tensions Escalating



The Rally in Global Equities Continues



Endowment

Investment Highlights

9.8%

Net Return

11.5%

Gross Return

Assets Under
Management
March 31, 2014

\$7.9 billion

Market Gains

\$0.5 billion

Value Added

\$0.1 billion

Net Cash Flow

\$0.1 billion

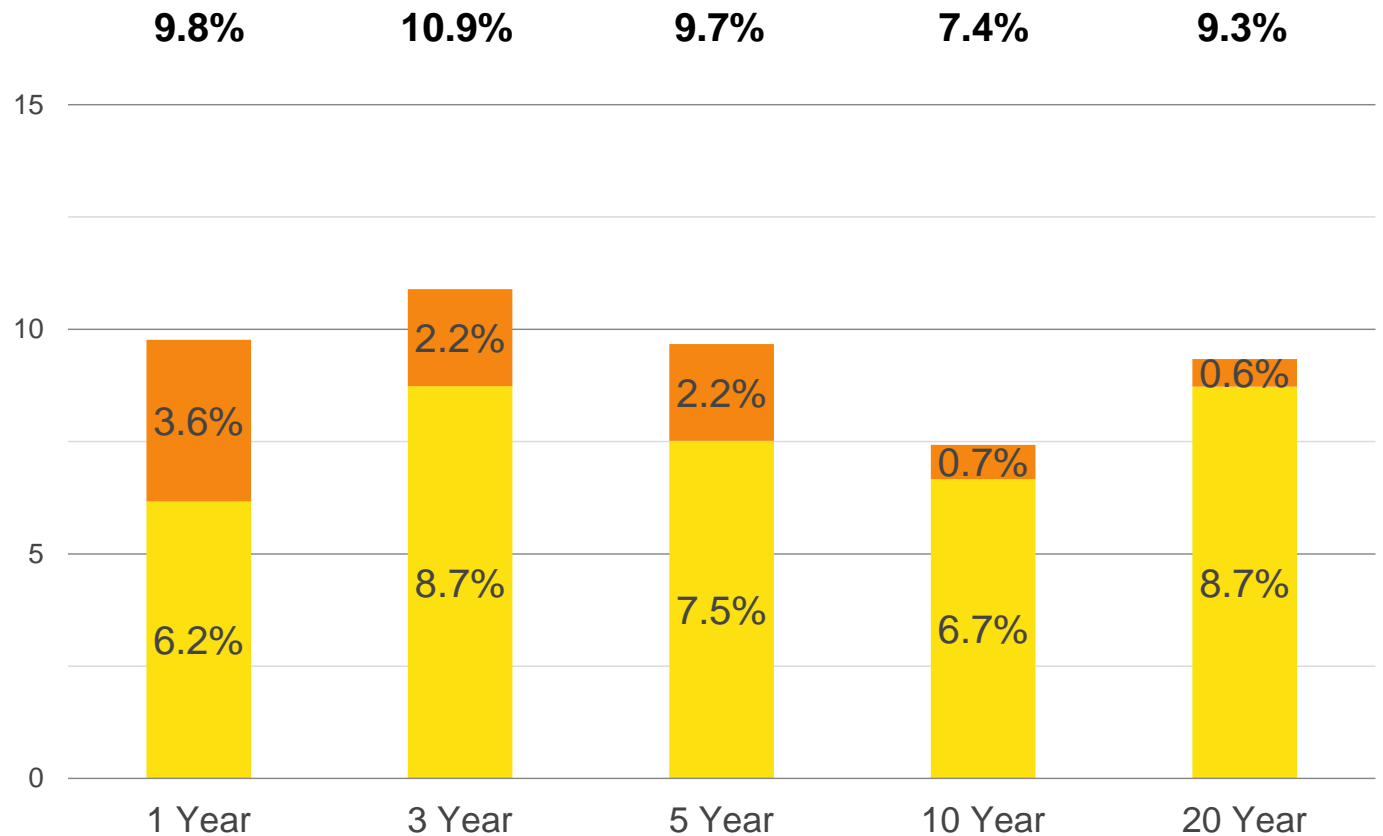
Assets Under
Management
March 31, 2015

\$8.6 billion

Endowment has been Invested for 80 Years

Annualized Net Returns

- Value Added
- Benchmark



Endowment

Asset Allocation

	Market Value in \$ Billions	Percentage	Current Policy	Over/Underweight Relative to Policy	Policy Allocation Range
Equity	3.6	42.0	41.5	+0.5%	31.5% - 51.5%
Fixed Income	0.9	10.1	12.5	(2.4%)	7.5% - 17.5%
Alternatives	3.7	43.3	46.0	(2.7%)	36.0% - 56.0%
Cash	0.4	4.6	0.0	+4.6%	0.0% - 10.0%
Total	\$8.6 Billion	100.0%	100.0%	0.0%	100.0%

Pension

Investment Highlights

7.8%
Net Return

8.7%
Gross Return

Assets Under
Management
March 31, 2014

\$49.9 billion

Market Gains

\$3.2 billion

Value Added

\$0.7 billion

Net Cash Flow

\$0.9 billion

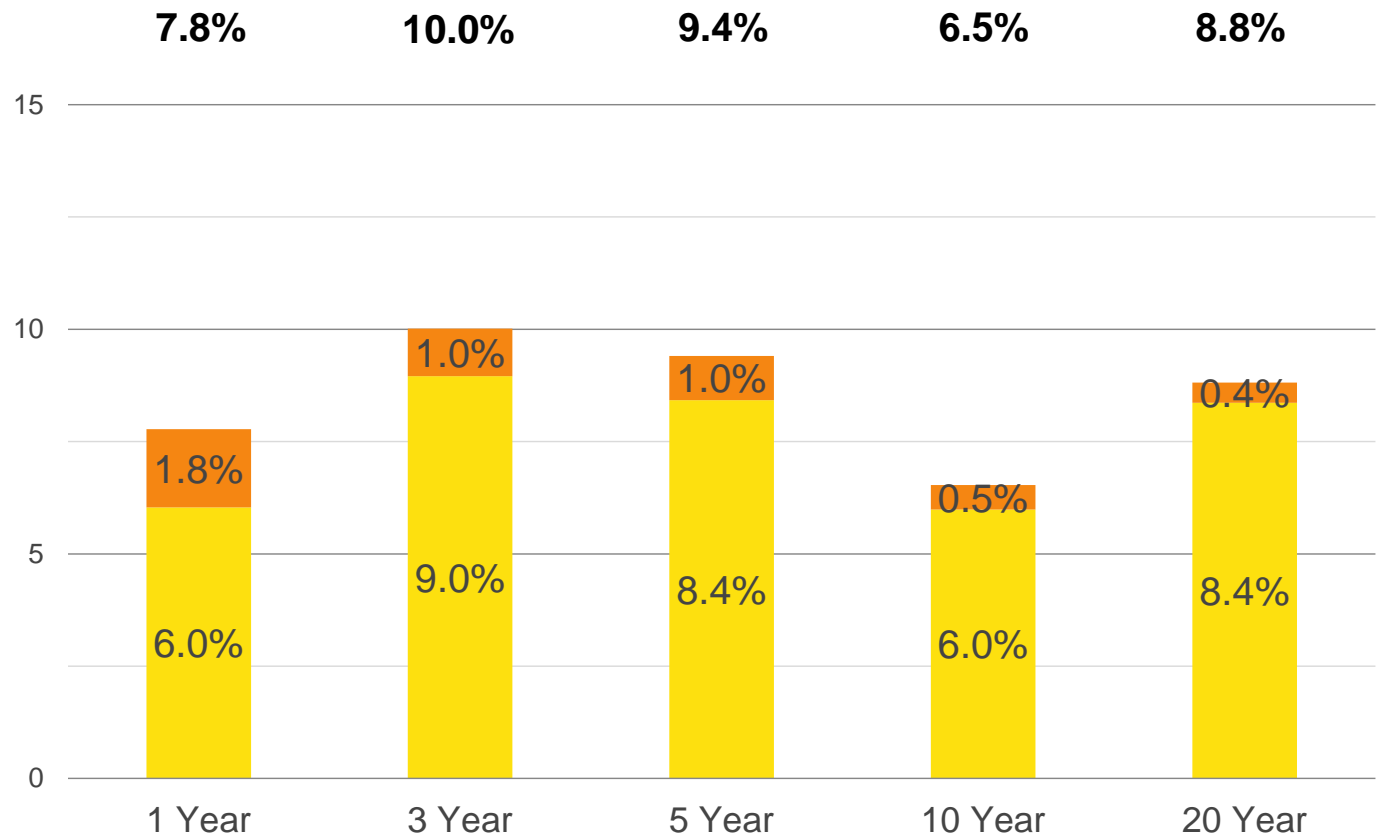
Assets Under
Management
March 31, 2015

\$54.7 billion

Pension has been Invested for 52 Years

Annualized Net Returns

- Value Added
- Benchmark

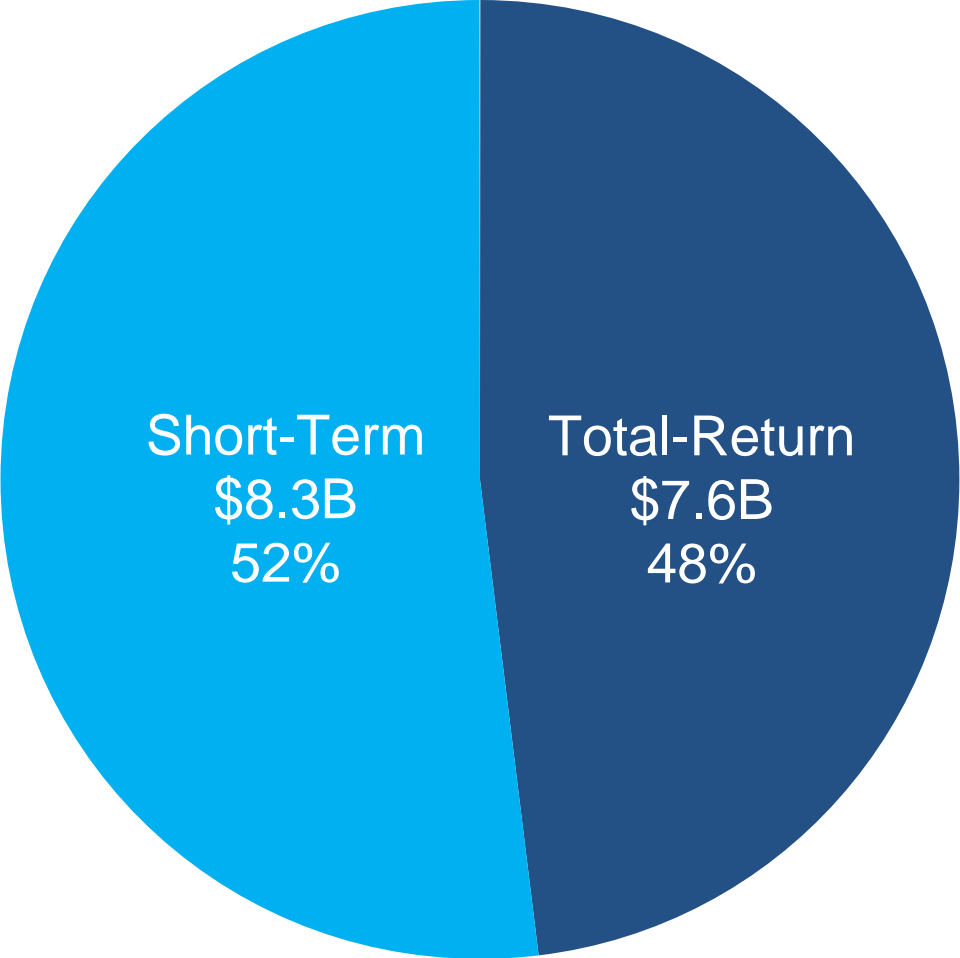


Pension

Asset Allocation

	Market Value in \$ Billions	Percentage	Current Policy	Over/Underweight Relative to Policy	Policy Allocation Range
Equity	29.6	54.1	53.0	+1.1%	43.0% - 63.0%
Fixed Income	12.2	22.2	21.5	+0.7%	16.5% - 26.5%
Alternatives	11.1	20.3	25.5	(5.2%)	18.5% -32.5%
Cash	1.8	3.3	0.0	+3.3%	0.0% - 10.0%
Total	\$54.7 Billion	100.0%	100.0%	0.0%	100.0%

Working Capital



Working Capital Investment Highlights

Total-Return Investment Pool

7.6%
Net Return

8.0%
Gross Return

Assets Under
Management
March 31, 2014

\$7.1 billion

Market Gains

\$0.5 billion

Value Added

\$0.2 billion

Net Cash Flow

(\$0.2 billion)

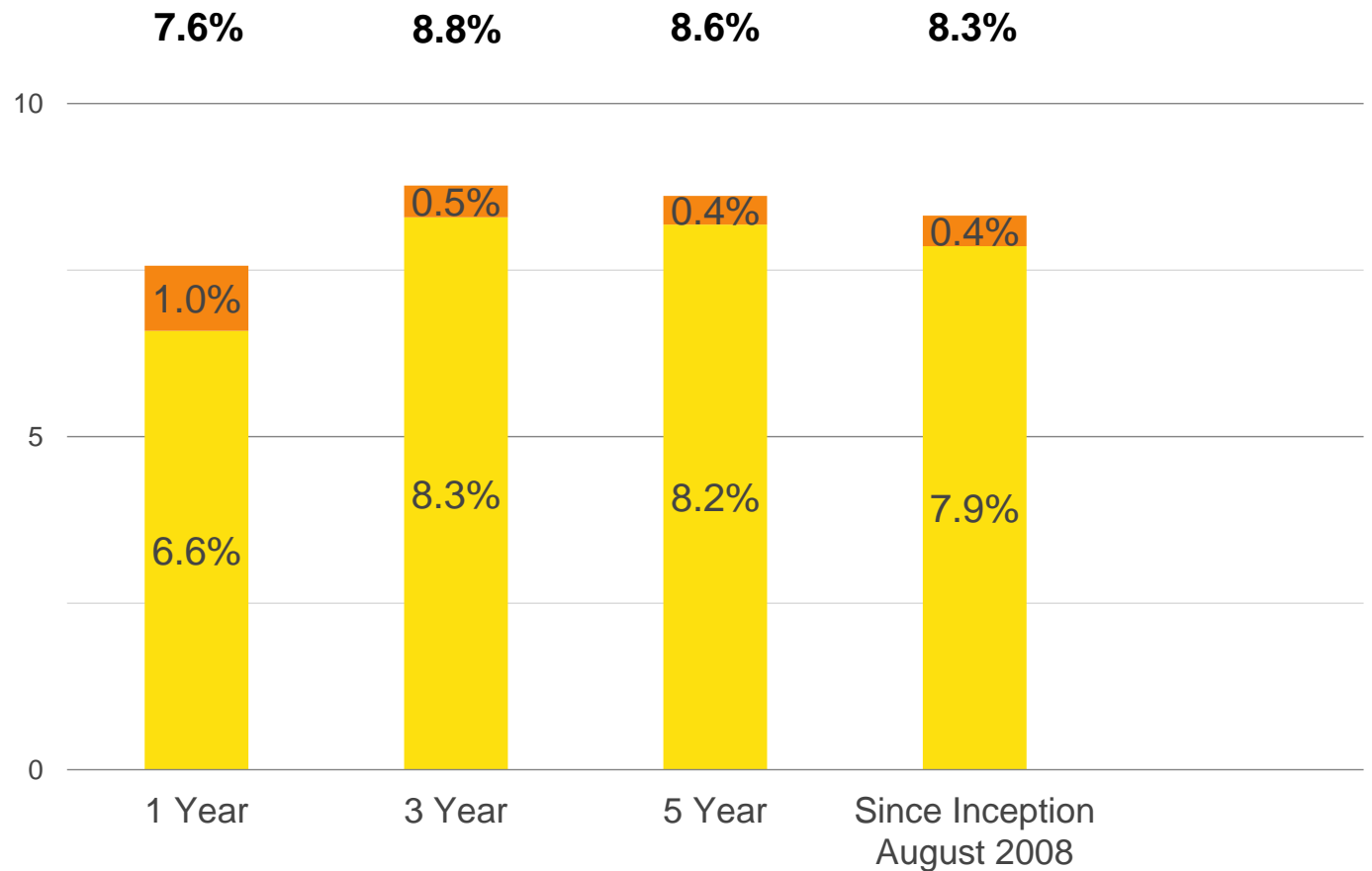
Assets Under
Management
March 31, 2015

\$7.6 billion

Total-Return Investment Pool has been Invested for 6 Years

Annualized Net Returns

- Value Added
- Benchmark



Total-Return Investment Pool (TRIP)

Asset Allocation

	Market Value in \$ Billions	Percentage	Over/Underweight Relative to Policy	Policy Weight
Equity	3.8	50.2	+0.2%	50.0%
Fixed Income	2.3	29.8	+0.3%	20.0%
Alternatives	1.0	13.2	(7.3%)	30.0%
Cash	0.5	6.7	+6.7%	0.0%
Total	\$7.6 Billion	100.0%	0.0%	100.0%

Working Capital Investment Highlights

Short-Term Investment Pool

1.39%
Net Return

1.42%
Gross Return

Assets Under
Management
March 31, 2014

\$8.1 billion

Market Gains

\$29 million

Value Added

\$87 million

Net Cash Flow

\$100 million

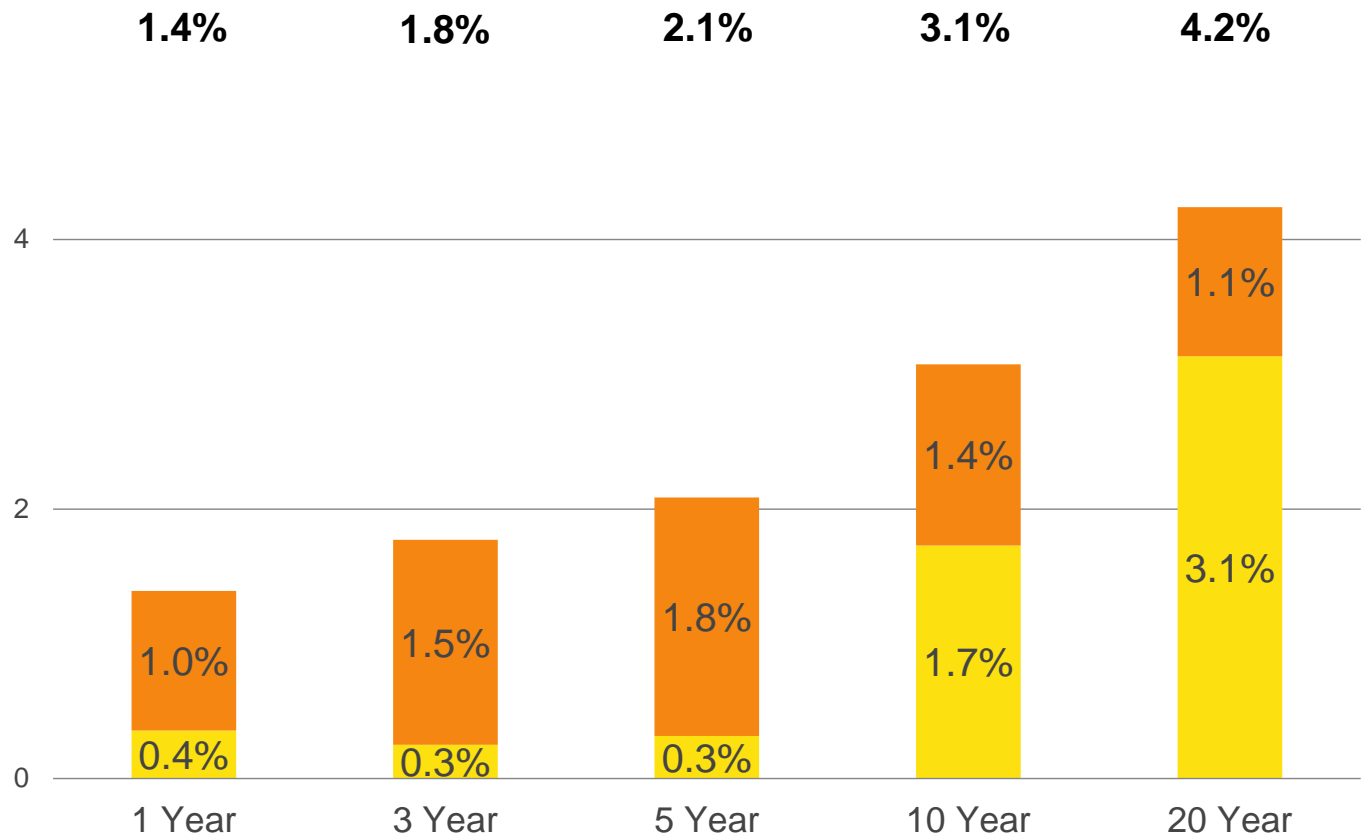
Assets Under
Management
March 31, 2015

\$8.3 billion

Short-Term Investment Pool has been Invested for 38 Years

Annualized Net Returns

- Value Added
- Benchmark



Opportunities for 2014/2015

Review long-term asset allocation

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Manage costs in a low-return environment

Active management will play an increasing role in seeking returns

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