

Office of the Chief Investment Officer of the Regents (UC Investments)**TO MEMBERS OF THE INVESTMENTS COMMITTEE:****DISCUSSION ITEM***For Meeting of May 16, 2023***REVIEW OF PERFORMANCE FOR THE THIRD QUARTER OF FISCAL YEAR 2022-2023 OF UC PENSION, ENDOWMENT, BLUE AND GOLD POOL, WORKING CAPITAL, AND RETIREMENT SAVINGS****EXECUTIVE SUMMARY****UC Investments Manages \$159 Billion as of March 31, 2023**

The Office of the Chief Investment Officer (UC Investments) managed \$158.6 billion in assets as of March 31, 2023, compared to \$152.2 billion on June 30, 2022, an increase of \$6.4 billion over the prior fiscal year. Since 2014, the portfolios have grown by \$63.7 billion, or 67.1 percent. UC Investments will provide a review of all investment products as of the third quarter of the 2022-2023 fiscal year.

The University's investment portfolios contain public and private assets spread across six unique financial products, each of which addresses the needs of its students, staff, retirees, and the ten UC campuses and five medical centers. Retirement, which includes the traditional pension and the Retirement Savings Plan, a defined contribution program, stood at a combined \$116.6 billion on March 31, 2023. The endowment, which includes the General Endowment and Blue and Gold Pools, stood at \$22.9 billion. Working capital, which includes the Total Return and Short-Term Investment Pools, ended the quarter at \$19.1 billion.

In the nine months from the end of the prior fiscal year on June 30, 2022 to March 31, 2023, the General Endowment Pool returned 3.4 percent, compared to its benchmark of 7.2 percent, with total assets of \$20.3 billion. The UC Retirement Plan returned 5.7 percent compared to its benchmark of 7.1 percent, with total assets of \$84.5 billion. The Blue and Gold Pool returned 8.0 percent, compared to its benchmark of 8.0 percent, with total assets of \$2.6 billion. In working capital, the Total Return Investment Pool returned 5.4 percent, compared to its benchmark of 5.4 percent, with total assets of \$13.1 billion, while the Short-Term Investment Pool returned 2.6 percent, compared to its benchmark of 2.0 percent, with total assets of \$6.0 billion.

What follows are the investment performance results for each financial product as of March 31, 2023.

GENERAL ENDOWMENT POOL REVIEW FOR PERIOD ENDING MARCH 31, 2023

The General Endowment Pool stood at \$20.3 billion as of March 31, 2023, up \$2.1 billion from the prior fiscal year, which represents an increase of \$12 billion since 2014 (a 144 percent increase). The fiscal-year-to-date net return was 3.4 percent (3.8 percent under the benchmark), the one-year return was negative 6.9 percent the three-year return was 11.8 percent, the five-year return was 8.1 percent, the nine-year return was 7.8 percent, and the 10-year return was 8.3 percent. The 20-year return was 8.4 percent, the 25-year return was 7.0 percent, and the 30-year rate was 8.7 percent.

As of March 31, 2023	Market Value in Millions (\$)	Fiscal YTD 9 Months	Annualized Returns							
			1 Year	3 Year	5 Year	9 Year	10 Year	20 Year	25 Year	30 Year
Endowment	\$20,265	3.4	(6.9)	11.8	8.1	7.8	8.3	8.4	7.0	8.7
Policy Benchmark		7.2	(4.2)	12.4	6.8	6.5	7.0	7.6	6.2	8.0
Value Added		(3.8)	(2.7)	(0.6)	1.3	1.3	1.3	0.8	0.8	0.7
Public Equity	\$7,826	9.4	(7.7)	15.0	7.0	7.4	8.3	8.7	6.0	8.2
Public Equity Policy Benchmark		9.6	(8.3)	15.0	6.2	6.9	7.8	8.4	6.4	8.9
Value Added		(0.2)	0.6	0.0	0.8	0.5	0.5	0.3	(0.4)	(0.7)
Total Fixed Income	\$1,459	1.0	0.2	(0.2)	1.8	1.9	2.1	4.3	4.9	6.1
Fixed Income Policy Benchmark		0.8	(0.3)	(0.4)	2.4	2.6	2.3	4.4	5.1	5.6
Value Added		0.2	0.5	0.2	(0.6)	(0.7)	(0.2)	(0.1)	(0.2)	0.5
Private Assets										
Private Equity	\$4,324	(3.8)	(14.5)	17.7	20.3	19.9	20.8	16.7	18.0	20.0
Private Equity Policy Benchmark		12.2	(5.4)	21.6	12.9	15.6	16.9	13.8	10.5	13.3
Value Added		(16.0)	(9.1)	(3.9)	7.4	4.3	3.9	2.9	7.5	6.7
Absolute Return	\$1,100	3.4	1.1	9.1	5.5	4.8	5.2	-	-	-
Absolute Return Policy Benchmark		2.1	(1.9)	7.2	3.1	1.7	2.1	-	-	-
Value Added		1.3	3.0	1.9	2.4	3.1	3.1	-	-	-
Real Estate	\$2,693	(1.2)	5.0	12.9	10.7	11.0	11.2	-	-	-
Real Estate Policy Benchmark		(8.1)	(3.9)	7.7	7.0	8.3	8.8	-	-	-
Value Added		6.9	8.9	5.2	3.7	2.7	2.4	-	-	-
Real Assets	\$742	4.8	11.4	10.3	8.5	3.8	4.2	-	-	-
Private Credit	\$1,081	3.6	2.1	-	-	-	-	-	-	-
Private Credit Policy Benchmark		8.1	2.4	-	-	-	-	-	-	-
Value Added		(4.5)	(0.3)	-	-	-	-	-	-	-
Cash	\$1,040	1.6	1.9	-	-	-	-	-	-	-
Cash Policy Benchmark		2.4	2.5	-	-	-	-	-	-	-
Value Added		(0.8)	(0.6)	-	-	-	-	-	-	-

UNIVERSITY OF CALIFORNIA RETIREMENT PLAN REVIEW FOR PERIOD ENDING MARCH 31, 2023

The UC Retirement Plan stood at \$84.5 billion as of March 31, 2023, up \$3.6 billion from the prior fiscal year, and up \$32.4 billion since 2014 (a 62 percent increase). The fiscal-year-to-date net return was 5.7 percent (1.4 percent under the benchmark), the one-year return was negative 5.3 percent, the three-year return was 10.5 percent, the five-year return was 5.9 percent, the nine-year return was 6.4 percent, and the 10-year return was 6.9 percent. The 20-year return was 7.4 percent, the 25-year return was 6.1 percent, and the 30-year rate was 8.0 percent.

As of March 31, 2023	Market Value in Millions (\$)	Fiscal YTD 9 Months	Annualized Returns							
			1 Year	3 Year	5 Year	9 Year	10 Year	20 Year	25 Year	30 Year
Pension	\$84,548	5.7	(5.3)	10.5	5.9	6.4	6.9	7.4	6.1	8.0
Policy Benchmark		7.1	(4.8)	11.7	6.2	6.2	6.8	7.1	5.8	7.7
Value Added		(1.4)	(0.5)	(1.2)	(0.3)	0.2	0.1	0.3	0.3	0.3
Public Equity	\$41,631	10.1	(7.5)	15.1	6.6	7.4	8.4	8.4	5.8	8.0
Public Equity Policy Benchmark		9.6	(8.3)	15.0	6.2	6.9	7.8	8.3	6.4	8.9
Value Added		0.5	0.8	0.1	0.4	0.5	0.6	0.1	(0.6)	(0.9)
Fixed Income	\$12,356	3.0	(1.6)	0.6	1.8	2.4	2.1	4.2	4.9	6.2
Fixed Income Policy Benchmark		2.1	(1.3)	0.6	2.3	2.5	2.2	4.2	4.9	5.6
Value Added		0.9	(0.3)	0.0	(0.5)	(0.1)	(0.1)	0.0	0.0	0.6
Core	\$9,353	0.9	(0.5)	(0.4)	1.8	2.3	2.1	3.8	4.6	5.9
Core Policy Benchmark		0.8	(0.3)	(0.4)	2.4	2.3	2.1	3.8	4.6	5.3
Value Added		0.1	(0.2)	0.0	(0.6)	0.0	0.0	0.0	0.0	0.6
High Yield	\$2,585	8.4	(2.8)	5.4	3.1	3.7	4.1	-	-	-
High Yield Policy Benchmark		7.1	(3.6)	5.5	2.9	3.5	3.9	-	-	-
Value Added		1.3	0.8	(0.1)	0.2	0.2	0.2	-	-	-
Emerging Market Debt	\$418	4.8	(7.3)	0.0	(0.6)	1.5	1.1	-	-	-
Emerging Market Debt Policy Benchmark		5.1	(6.9)	(0.0)	(0.6)	2.2	2.0	-	-	-
Value Added		(0.3)	(0.4)	0.0	0.0	(0.7)	(0.9)	-	-	-
Private Assets										
Private Equity	\$8,801	(1.1)	(9.0)	17.5	15.2	14.1	15.0	13.6	15.2	18.0
Private Equity Policy Benchmark		12.2	(5.4)	21.6	12.9	12.6	13.7	12.6	9.5	12.5
Value Added		(13.3)	(3.6)	(4.1)	2.3	1.5	1.3	1.0	5.7	5.5
Absolute Return	\$2,026	3.4	1.1	9.5	5.4	4.8	5.1	-	-	-
Absolute Return Policy Benchmark		2.1	(1.9)	7.2	3.1	2.2	2.6	-	-	-
Value Added		1.3	3.0	2.3	2.3	2.6	2.5	-	-	-
Real Estate	\$7,833	(3.0)	8.1	9.1	8.3	9.4	9.7	-	-	-
Real Estate Policy Benchmark		(8.1)	(3.9)	7.7	7.0	8.3	8.8	-	-	-
Value Added		5.1	12.0	1.4	1.3	1.1	0.9	-	-	-
Real Assets	\$4,020	4.5	10.1	9.0	7.6	3.7	4.1	-	-	-
Private Credit	\$3,325	3.9	1.5	-	-	-	-	-	-	-
Private Credit Policy Benchmark		8.1	2.4	-	-	-	-	-	-	-
Value Added		(4.2)	(0.9)	-	-	-	-	-	-	-
Cash	\$4,556	1.7	2.0	-	-	-	-	-	-	-
Cash Policy Benchmark		2.4	2.5	-	-	-	-	-	-	-
Value Added		(0.7)	(0.5)	-	-	-	-	-	-	-

BLUE AND GOLD POOL REVIEW FOR PERIOD ENDING MARCH 31, 2023

The UC Blue and Gold Pool stood at \$2.6 billion as of March 31, 2023, up \$0.6 billion from the prior fiscal year. The fiscal-year-to-date net return was 8.0 percent (even with the benchmark) and the one-year return was negative 6.3 percent. During the pandemic, in April 2020, campuses used the Blue and Gold pool to increase their liquidity and all assets were withdrawn. The pool was re-launched on March 31, 2021, with funding of \$0.2 billion. The Blue and Gold Pool was first launched on March 31, 2019, with \$250 million in assets. By December 31, 2019, assets had grown to \$2 billion from campuses.

As of March 31, 2023	Market Value in Millions (\$)	Fiscal YTD 9 Months	Annualized Returns				
			1 Year	3 Year	5 Year	9 Year	10 Year
Blue & Gold	\$2,590	8.0	(6.3)	-	-	-	-
Policy Benchmark		8.0	(6.5)	-	-	-	-
Value Added		0.0	0.2	-	-	-	-
Public Equity	\$2,082	9.8	(7.9)	-	-	-	-
Public Equity Policy Benchmark		9.6	(8.3)	-	-	-	-
Value Added		0.2	0.4	-	-	-	-
Fixed Income	\$508	0.7	(0.4)	-	-	-	-
Fixed Income Policy Benchmark		0.8	(0.3)	-	-	-	-
Value Added		(0.1)	(0.1)	-	-	-	-

WORKING CAPITAL REVIEW FOR PERIOD ENDING MARCH 31, 2023

UC working capital stood at \$19.1 billion as of March 31, 2023, down \$1.7 billion from the prior fiscal year and representing an increase of \$4.5 billion since 2014 (a 30.3 percent increase).

The UC Total Return Investment Pool, which was created in August 2008, stood at \$13.1 billion as of March 31, 2023, up \$1.4 billion from the prior fiscal year, representing an increase of \$5.6 billion since 2014 (a 73.2 percent increase). The fiscal-year-to-date net return was 5.4 percent (even with the benchmark), the one-year return was negative 3.8 percent, the three-year return was 6.2 percent, the five-year return was 4.3 percent, the nine-year return was 4.5 percent, the 10-year rate was 4.9 percent, and the 14-year return was 7.1 percent.

The UC Short-Term Investment Pool stood at \$6.0 billion as of March 31, 2023, down \$3.1 billion from the prior fiscal year, which represents a decrease of \$1.1 billion since 2014 (a 15.5 percent decrease). The fiscal-year-to-date net return was 2.6 percent (0.6 percent over the benchmark), the one-year return was 2.8 percent, the three-year return was 1.2 percent, the five-year return was 1.6 percent, the nine-year return was 1.5 percent, and the 10-year return was 1.5 percent. The 20-year return was 2.5 percent, the 25-year return was 3.1 percent, and the 30-year rate, 3.6 percent.

As of March 31, 2023	Market Value in Millions (\$)	Fiscal YTD 9 Months	Annualized Returns					
			1 Year	3 Year	5 Year	9 Year	10 Year	14 Year
Total Return	\$13,142	5.4	(3.8)	6.2	4.3	4.5	4.9	7.1
Policy Benchmark		5.4	(4.0)	6.7	4.5	4.4	4.8	7.1
Value Added		0.0	0.2	(0.5)	(0.2)	0.1	0.1	0.0
Public Equity	\$6,879	9.8	(8.0)	9.7	3.9	5.7	7.0	10.2
Public Equity Policy Benchmark		9.6	(8.3)	15.0	6.2	7.7	8.4	9.8
Value Added		0.2	0.3	(5.3)	(2.3)	(2.0)	(1.4)	0.4
Fixed Income	\$6,224	0.8	(0.3)	(0.4)	2.0	2.5	2.4	4.7
Fixed Income Policy Benchmark		0.8	(0.3)	(0.4)	2.4	2.3	2.1	3.2
Value Added		0.0	0.0	0.0	(0.4)	0.2	0.3	1.5
Cash	\$39	2.6	2.8	1.2	1.6	1.5	1.5	1.8

As of March 31, 2023	Market Value in Millions (\$)	Fiscal YTD 9 Months	Annualized Returns							
			1 Year	3 Year	5 Year	9 Year	10 Year	20 Year	25 Year	30 Year
Short Term	\$5,997	2.6	2.8	1.2	1.6	1.5	1.5	2.5	3.1	3.6
Policy Benchmark		2.0	2.3	0.8	1.4	1.1	1.0	1.5	2.1	2.8
Value Added		0.6	0.5	0.4	0.2	0.4	0.5	1.0	1.0	0.8

ATTACHMENTS

[Attachment 1: UC Endowment \(General Endowment Pool and Blue and Gold Pool\)](#)

[Attachment 2: Pension \(UC Retirement Plan\)](#)

[Attachment 3: Working Capital \(Total Return Investment Pool and Short-term Investment Pool\)](#)

[Attachment 4: UC Retirement Savings Program](#)