

Office of the Chief Investment Officer of the Regents (UC Investments)

TO MEMBERS OF THE INVESTMENTS COMMITTEE:

DISCUSSION ITEM

For Meeting of May 14, 2024

REVIEW OF PERFORMANCE FOR THE THIRD QUARTER OF FISCAL YEAR 2023–2024 OF UC PENSION, ENDOWMENT, BLUE AND GOLD POOL, WORKING CAPITAL, AND RETIREMENT SAVINGS

EXECUTIVE SUMMARY

The University of California’s investment portfolios ended the third quarter of fiscal year 2023–24 at \$177 billion, an \$18.2 billion increase over the previous year. The UC pension was up 9.7 percent, while the rate of return for the combined UC Endowment and Blue & Gold Pool was 9.7 percent and working capital, 7.9 percent. Since 2014, the University’s total investment assets have grown by 86.3 percent.

UC Investments manages the University’s retirement, endowment, and working capital portfolios, with each of its six financial products tailored to the needs of UC students, faculty, staff, retirees, and the ten campuses and five medical centers.

GENERAL ENDOWMENT POOL AS OF MARCH 31, 2024

As of March 31, 2024	Market Value in Millions (\$)	Fiscal YTD 9 Months	Annualized Returns								
			1 Year	3 Year	5 Year	10 Year	15 Year	20 Year	25 Year	30 Year	32 Year
Endowment	\$22,559	8.5	13.5	5.5	9.8	8.3	9.9	7.7	7.0	9.1	9.0
Policy Benchmark		12.4	17.4	6.5	9.5	7.6	8.9	7.1	6.3	8.5	8.6
Value Added		(3.9)	(3.9)	(1.0)	0.3	0.7	1.0	0.6	0.7	0.6	0.4
Public Equity	\$10,489	17.7	25.1	6.1	11.6	9.0	12.2	8.1	6.3	9.0	-
Public Equity Policy Benchmark		15.8	22.8	5.8	10.3	8.4	11.6	7.9	6.6	9.6	-
Value Added		1.9	2.3	0.3	1.3	0.6	0.6	0.2	(0.3)	(0.6)	-
Total Fixed Income	\$1,677	3.9	3.6	0.3	1.8	2.3	4.1	4.1	4.8	6.0	-
Fixed Income Policy Benchmark		3.8	3.2	(0.4)	2.1	2.6	4.4	4.2	4.9	5.6	-
Value Added		0.1	0.4	0.7	(0.3)	(0.3)	(0.3)	(0.1)	(0.1)	0.4	-
Private Assets											
Private Equity	\$4,597	(1.9)	6.4	6.2	17.3	18.6	17.2	16.6	16.6	19.5	-
Private Equity Policy Benchmark		22.0	32.5	12.7	17.1	17.2	16.3	13.7	10.7	14.1	-
Value Added		(23.9)	(26.1)	(6.5)	0.2	1.4	0.9	2.9	5.9	5.4	-
Absolute Return	\$894	5.9	6.4	3.1	5.7	5.0	6.3	5.4	-	-	-
Absolute Return Policy Benchmark		8.1	9.9	2.9	5.0	2.5	2.5	3.6	-	-	-
Value Added		(2.2)	(3.5)	0.2	0.7	2.5	3.8	1.8	-	-	-
Real Estate	\$2,677	5.8	6.9	15.2	10.4	10.5	7.4	-	-	-	-
Real Estate Policy Benchmark		(9.4)	(12.0)	2.5	2.8	6.1	4.9	-	-	-	-
Value Added		15.2	18.9	12.7	7.6	4.4	2.5	-	-	-	-
Real Assets	\$615	1.2	1.2	7.0	8.6	3.6	-	-	-	-	-
Private Credit	\$988	7.2	10.4	7.4	-	-	-	-	-	-	-
Private Credit Policy Benchmark		10.2	13.4	6.3	-	-	-	-	-	-	-
Value Added		(3.0)	(3.0)	1.1	-	-	-	-	-	-	-
Cash	\$622	3.9	5.0	2.4	-	-	-	-	-	-	-
Cash Policy Benchmark		4.0	5.2	2.6	-	-	-	-	-	-	-
Value Added		(0.1)	(0.2)	(0.2)	-	-	-	-	-	-	-

The UC Endowment, which comprises the General Endowment Pool and the Blue & Gold Pool, stood at a combined \$29.3 billion as of March 31, 2024, up from \$22.9 billion the year before. UC's investment office has been investing the General Endowment Pool for 92 years. Since 2014, its assets have grown by 266 percent.

The General Endowment Pool was at \$22.6 billion as of March 31, 2024, up from \$20.3 billion the year before. The 30-year annualized net return was 9.1 percent, the 20-year return was 7.7 percent, the ten-year return was 8.3 percent, the five-year return was 9.8 percent, and the one-year net return was 13.5 percent.

BLUE & GOLD POOL AS OF MARCH 31, 2024

As of March 31, 2024	Market Value in Millions (\$)	Fiscal YTD 9 Months	Annualized Returns				
			1 Year	3 Year	5 Year	10 Year	15 Year
Blue & Gold	\$6,737	13.0	18.6	4.7	-	-	-
Policy Benchmark		13.4	18.8	4.7	-	-	-
Value Added		(0.4)	(0.2)	0.0	-	-	-
Public Equity	\$5,781	16.2	23.5	6.2	-	-	-
Public Equity Policy Benchmark		15.8	22.8	5.8	-	-	-
Value Added		0.4	0.7	0.4	-	-	-
Fixed Income	\$956	3.8	3.2	(0.4)	-	-	-
Fixed Income Policy Benchmark		3.8	3.2	(0.4)	-	-	-
Value Added		0.0	0.0	0.0	-	-	-

The Blue & Gold Pool, which was launched on March 31, 2019 with \$250 million, stood at \$6.7 billion as of March 31, 2024, up from \$2.6 billion the year before. The three-year return was 4.7 percent, the one-year return was 18.6 percent, and the fiscal year net return was 13 percent. To increase campuses' liquidity during the COVID-19 pandemic, all assets of the Blue & Gold pool were withdrawn in April 2020. The pool, which is 100 percent passive and extremely low-cost to manage, was re-launched on March 31, 2021 with \$200 million.

UC RETIREMENT SAVINGS PROGRAM AS OF DECEMBER 31, 2023

The UC Retirement Savings Program, the nation's second largest public defined contribution plan behind the federal government, stood at \$38 billion as of March 31, 2024, up from \$32.1 billion the year before and \$19.8 billion in 2014. As of March 31, 2024, the program counted with 335,000 UC participants, up from 301,000 in 2014. In keeping with the ethos of the UC Investments' pillar of "Less is More," over that same period, the number of investment funds in the program fell from 75 to 14, and the management fee to participants dropped by 64 percent to 0.05 percent, the lowest in the nation.

UC PENSION AS OF MARCH 31, 2024

As of March 31, 2024	Market Value in Millions (\$)	Fiscal YTD 9 Months	Annualized Returns								
			1 Year	3 Year	5 Year	10 Year	15 Year	20 Year	25 Year	30 Year	31 Year
Pension	\$95,419	9.7	14.2	4.8	8.1	7.1	9.6	6.8	6.3	8.4	8.2
Policy Benchmark		11.8	16.5	5.5	8.8	7.2	9.4	6.6	5.9	8.2	8.0
Value Added		(2.1)	(2.3)	(0.7)	(0.7)	(0.1)	0.2	0.2	0.4	0.2	0.2
Public Equity	\$55,393	16.6	23.8	5.8	10.9	9.0	12.2	7.7	6.2	8.8	8.5
Public Equity Policy Benchmark		15.8	22.8	5.8	10.3	8.4	11.7	7.9	6.5	9.6	9.3
Value Added		0.8	1.0	0.0	0.6	0.6	0.5	(0.2)	(0.3)	(0.8)	(0.8)
Fixed Income	\$13,673	4.8	5.0	0.1	2.0	2.6	4.3	4.1	4.9	6.2	6.1
Fixed Income Policy Benchmark		5.0	5.0	(0.1)	2.3	2.8	4.2	4.1	4.9	5.6	5.6
Value Added		(0.2)	0.0	0.2	(0.3)	(0.2)	0.1	0.0	0.0	0.6	0.5
Core	\$11,898	4.2	3.9	(0.1)	1.8	2.4	3.6	3.6	4.5	5.9	5.8
Core Policy Benchmark		3.8	3.2	(0.4)	2.1	2.4	3.1	3.6	4.5	5.3	5.2
Value Added		0.4	0.7	0.3	(0.3)	0.0	0.5	0.0	0.0	0.6	0.6
High Yield	\$1,774	9.0	10.8	2.3	4.2	4.4	8.6	-	-	-	-
High Yield Policy Benchmark		9.2	11.0	2.0	3.8	4.3	8.6	-	-	-	-
Value Added		(0.2)	(0.2)	0.3	0.4	0.1	0.0	-	-	-	-
Private Assets											
Private Equity	\$9,543	(2.4)	6.8	9.4	14.5	13.3	13.5	13.6	13.8	17.5	17.6
Private Equity Policy Benchmark		22.0	32.5	12.7	17.1	14.5	14.3	12.5	9.8	13.3	13.1
Value Added		(24.4)	(25.7)	(3.3)	(2.6)	(1.2)	(0.8)	1.1	4.0	4.2	4.5
Absolute Return	\$1,607	5.7	6.1	3.3	5.6	4.9	6.2	-	-	-	-
Absolute Return Policy Benchmark		8.1	9.9	2.9	5.0	2.9	2.8	-	-	-	-
Value Added		(2.4)	(3.8)	0.4	0.6	2.0	3.4	-	-	-	-
Real Estate	\$6,795	(1.1)	(2.3)	10.1	6.2	8.2	5.5	-	-	-	-
Real Estate Policy Benchmark		(9.4)	(12.0)	2.5	2.8	6.1	4.1	-	-	-	-
Value Added		8.3	9.7	7.6	3.4	2.1	1.4	-	-	-	-
Real Assets	\$3,294	0.8	0.4	6.4	7.3	3.4	-	-	-	-	-
Private Credit	\$2,901	8.4	11.2	7.5	-	-	-	-	-	-	-
Private Credit Policy Benchmark		10.2	13.4	6.3	-	-	-	-	-	-	-
Value Added		(1.8)	(2.2)	1.2	-	-	-	-	-	-	-
Cash	\$2,212	3.6	4.6	2.5	-	-	-	-	-	-	-

The UC Pension stood at \$95.4 billion as of March 31, 2024, up from \$84.5 billion the year before. The 30-year annualized net return was 8.4 percent, the 20-year return was 6.8 percent, the ten-year return was 7.1 percent, the five-year return was 8.1 percent, and the one-year net return was 14.2 percent. UC's investment office has been investing the pension for 64 years. It is currently funded on an actuarial basis of 83 percent. The pension has 267,847 members, with 141,416 of them currently active.

WORKING CAPITAL REVIEW FOR PERIOD ENDING MARCH 31, 2024

As of March 31, 2024	Market Value in Millions (\$)	Fiscal YTD 9 Months	Annualized Returns				
			1 Year	3 Year	5 Year	10 Year	15 Year
Total Return	\$10,145	10.1	13.4	3.3	6.1	5.3	7.5
Policy Benchmark		9.8	12.8	2.9	6.4	5.3	7.5
Value Added		0.3	0.6	0.4	(0.3)	0.0	0.0
Public Equity	\$5,657	16.1	23.5	6.2	7.7	7.3	11.1
Public Equity Policy Benchmark		15.8	22.8	5.8	10.3	9.1	10.6
Value Added		0.3	0.7	0.4	(2.6)	(1.8)	0.5
Fixed Income	\$4,446	3.8	3.3	(0.2)	1.7	2.5	4.6
Fixed Income Policy Benchmark		3.8	3.2	(0.4)	2.1	2.4	3.2
Value Added		0.0	0.1	0.2	(0.4)	0.1	1.4
Cash	\$43	4.1	5.3	2.7	2.2	1.9	2.1

As of March 31, 2024	Market Value in Millions (\$)	Fiscal YTD 9 Months	Annualized Returns								
			1 Year	3 Year	5 Year	10 Year	15 Year	20 Year	25 Year	30 Year	31 Year
Short Term	\$3,974	4.1	5.3	2.7	2.2	1.9	2.1	2.6	3.1	3.6	3.7
Policy Benchmark		3.5	4.6	2.5	1.9	1.4	1.1	1.7	2.1	2.8	2.8
Value Added		0.6	0.7	0.2	0.3	0.5	1.0	0.9	1.0	0.8	0.9

UC Working Capital, which comprises the Total Return Investment Pool and the Short Term Investment Pool, stood at a combined \$14.1 billion as of March 31, 2024, down from \$19.1 billion the year before.

The Total Return Investment Pool stood at \$10.1 billion as of March 31, 2024, down from \$13.1 billion the year before. The 15-year annualized net return was 7.5 percent, the ten-year return was 5.3 percent, the five-year return was 6.1 percent, and the one-year net return was 13.4 percent.

The Short-Term Investment Pool stood at \$4 billion as of March 31, 2024, down from \$6 billion the year before. The 30-year annualized net return was 3.6 percent, the 20-year return was 2.6 percent, the ten-year return was 1.9 percent, the five-year return was 2.2 percent, and the one-year net return was 5.3 percent.

ATTACHMENTS:

1. [UC Endowment](#)
2. [UC Retirement](#)
3. [Working Capital](#)