

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

TO MEMBERS OF THE INVESTMENTS COMMITTEE:

DISCUSSION ITEM

For Meeting of May 13, 2025

REVIEW OF THIRD QUARTER 2024–25 FISCAL YEAR PERFORMANCE FOR UC RETIREMENT, ENDOWMENT, AND WORKING CAPITAL ASSETS

EXECUTIVE SUMMARY

The University of California’s investment portfolios ended the third quarter of the 2024–25 fiscal year at \$184.7 billion, a \$4.9 billion increase over the previous fiscal year. The UC endowment was up 4.2 percent, while the pension returned 3.6 percent and working capital returned 4.1 percent. Since 2014, the University’s total investment assets have doubled.

UC Investments manages the University’s retirement, endowment, and working capital assets. Its six financial products support UC’s 299,407 students, 73,000 faculty members and other academics, 173,300 staff, more than 77,000 retirees, and the ten UC campuses and six academic health centers.

As of March 31, 2025, the UC endowment, which includes the General Endowment Pool and the Blue and Gold Endowment Pool, stood at \$29.8 billion, up from \$29.5 billion in the prior fiscal year. Over the past 11 years, the endowment has more than tripled in value—growing from \$8 billion to \$30 billion—and paid out \$4.5 billion to support UC students, faculty, and various academic programs.

The Blue and Gold Endowment Pool, which was launched on March 31, 2019 with \$250 million, stood at \$6.5 billion as of March 31, 2025, down from \$6.9 billion in the prior fiscal year.

UC’s retirement assets, which include the pension and the Retirement Savings Program, currently stand at \$141.8 billion, having grown from \$71.9 billion in 2014. Over those eleven years, the pension grew by 96 percent, from \$52 billion to \$101.8 billion as of March 31, 2025. Even with a relatively high discount rate of 6.75 percent, today the pension is 87 percent funded on a market value basis and 85 percent on an actuarial basis. Despite not having had the benefit of funding from State government, UC’s pension is the best funded of the three State plans.

For its part, the UC Retirement Savings Program has added 63,000 participants since 2014—from 301,000 in 2014 to 364,000 today, a 21 percent increase—and its assets have doubled, growing from \$19.8 billion to \$40 billion. The plan is the second largest public defined contribution program behind the federal government and continues to have the lowest

management fee in the nation, only 0.05 percent.

The **General Endowment Pool** stood at \$23.3 billion as of March 31, 2025, up from \$22.6 billion in the fiscal year before. The one-year net return was 7.3 percent, the five-year return was 11.2 percent, the ten-year return was 8.1 percent, the 20-year return was 7.7 percent, and the 30-year return was 8.9 percent. UC’s investment office has been investing the General Endowment Pool for 93 years.

Figure 1. General Endowment Pool as of March 31, 2025

As of March 31,2025	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
Endowment	\$23,316	4.3	7.3	4.3	11.2	8.1	8.6	7.7	6.5	8.9
Total Plan Policy Benchmark		4.4	6.4	6.2	12.2	7.6	7.6	7.1	6.1	8.3
Value Added		(0.1)	0.9	(1.9)	(1.0)	0.5	1.0	0.6	0.4	0.6
Public Equity	\$10,571	3.5	6.9	7.2	15.2	8.8	9.4	8.0	5.6	8.7
Public Equity Policy Benchmark		3.6	6.2	6.2	14.7	8.4	8.7	7.8	6.1	9.3
Value Added		(0.1)	0.7	1.0	0.5	0.4	0.7	0.2	(0.5)	(0.6)
Total Fixed Income	\$1,484	5.1	6.1	3.3	1.8	2.5	3.6	4.2	5.0	6.2
Fixed Income Policy Benchmark		4.8	5.7	2.8	1.5	2.8	3.7	4.3	5.1	5.6
Value Added		0.3	0.4	0.5	0.3	(0.3)	(0.1)	(0.1)	(0.1)	0.6
Private Assets										
Private Equity - Total	\$5,832	3.2	6.2	(1.4)	12.9	17.2	17.0	14.0	12.1	19.0
Private Equity Policy Benchmark		6.2	9.8	11.3	21.2	16.4	16.4	13.4	10.2	13.7
Value Added		(3.0)	(3.6)	(12.7)	(8.3)	0.8	0.6	0.6	1.9	5.3
Absolute Return	\$351	11.8	15.4	7.5	9.8	5.5	6.1	5.9	-	-
Absolute Return Policy Benchmark		3.7	4.1	3.9	7.1	2.6	2.1	3.6	-	-
Value Added		8.1	11.3	3.6	2.7	2.9	4.0	2.3	-	-
Real Estate	\$2,933	5.9	10.3	7.4	11.1	10.0	11.6	7.1	-	-
Real Estate Policy Benchmark		1.8	1.2	(5.1)	2.2	5.1	7.9	4.5	-	-
Value Added		4.1	9.1	12.5	8.9	4.9	3.7	2.6	-	-
Real Assets	\$590	2.7	0.7	4.3	6.5	3.1	5.1	-	-	-
Private Credit	\$871	6.3	7.8	6.7	-	-	-	-	-	-
Private Credit Policy Benchmark		6.3	8.4	8.0	-	-	-	-	-	-
Value Added		0.0	(0.6)	(1.3)	-	-	-	-	-	-
Cash	\$685	4.3	4.9	3.9	-	-	-	-	-	-
Cash Policy Benchmark		3.6	5.0	4.2	-	-	-	-	-	-
Value Added		0.7	(0.1)	(0.3)	-	-	-	-	-	-

The **Blue and Gold Endowment Pool** stood at \$6.5 billion as of March 31, 2025, down from \$6.9 billion in the fiscal year before. The pool’s one-year net return was 6.5 percent, and the three-year return was 5.8 percent. To increase campuses’ liquidity during the COVID-19 pandemic, all assets of the Blue and Gold Endowment Pool were withdrawn in April 2020. The pool, which is 100 percent passively invested and extremely low-cost to manage, was relaunched on March 31, 2021 with \$200 million. See [Attachment 1 – UC Endowment](#).

Figure 2. Blue and Gold Endowment Pool as of March 31, 2025

As of March 31,2025	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
Blue & Gold	\$6,480	4.0	6.5	5.8	-	-	-	-	-	-
Total Plan Policy Benchmark		4.0	6.2	5.7	-	-	-	-	-	-
Value Added		0.0	0.3	0.1	-	-	-	-	-	-
Public Equity	\$5,856	3.9	6.6	6.6	-	-	-	-	-	-
Public Equity Policy Benchmark		3.6	6.2	6.2	-	-	-	-	-	-
Value Added		0.3	0.4	0.4	-	-	-	-	-	-
Fixed Income	\$624	5.0	5.9	2.9	-	-	-	-	-	-
Fixed Income Policy Benchmark		4.8	5.7	2.8	-	-	-	-	-	-
Value Added		0.2	0.2	0.1	-	-	-	-	-	-

The **pension** stood at \$101.8 billion as of March 31, 2025, up from \$98.6 billion in the fiscal year before. The one-year net return was six percent, the five-year return was 10.3 percent, the ten-year return was 6.9 percent, the 20-year return was 6.7 percent, and the 30-year return was 8.2 percent. UC Investments has been investing the pension for 65 years. The pension has 279,697 members, 54 percent of whom are currently active.

Figure 3. Pension as of March 31, 2025

As of March 31,2025	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
Pension	\$101,824	3.6	6.0	4.7	10.3	6.9	7.8	6.7	5.8	8.2
Total Plan Policy Benchmark		4.2	6.1	5.6	11.5	7.2	7.6	6.6	5.6	8.0
Value Added		(0.6)	(0.1)	(0.9)	(1.2)	(0.3)	0.2	0.1	0.2	0.2
Public Equity	\$62,178	3.5	6.4	6.8	15.0	8.8	9.3	7.6	5.4	8.4
Public Equity Policy Benchmark		3.6	6.2	6.2	14.7	8.4	8.8	7.8	6.1	9.3
Value Added		(0.1)	0.2	0.6	0.3	0.4	0.5	(0.2)	(0.7)	(0.9)
Fixed Income	\$12,661	5.1	6.2	3.1	2.5	2.8	3.7	4.3	5.1	6.3
Fixed Income Policy Benchmark		5.2	6.1	3.2	2.5	2.9	3.7	4.3	5.1	5.7
Value Added		(0.1)	0.1	(0.1)	0.0	(0.1)	0.0	0.0	0.0	0.6
Core	\$9,942	5.0	6.1	3.1	1.7	2.5	3.3	3.8	4.7	6.0
Core Policy Benchmark		4.8	5.7	2.8	1.5	2.4	3.1	3.8	4.6	5.3
Value Added		0.2	0.4	0.3	0.2	0.1	0.2	0.0	0.1	0.7
High Yield	\$2,719	6.2	7.4	5.0	6.8	4.9	6.2	-	-	-
High Yield Policy Benchmark		6.5	7.6	4.8	7.0	4.8	6.0	-	-	-
Value Added		(0.3)	(0.2)	0.2	(0.2)	0.1	0.2	-	-	-
Private Assets										
Private Equity	\$12,497	3.8	7.1	0.5	12.0	12.3	12.9	11.2	9.5	17.0
Private Equity Policy Benchmark		6.2	9.8	11.3	21.2	14.3	14.3	12.2	9.3	12.9
Value Added		(2.4)	(2.7)	(10.8)	(9.2)	(2.0)	(1.4)	(1.0)	0.2	4.1
Absolute Return	\$590	10.6	14.3	7.1	9.8	5.3	5.9	-	-	-
Absolute Return Policy Benchmark		4.1	4.6	4.1	7.2	3.1	2.4	-	-	-
Value Added		6.5	9.7	3.0	2.6	2.2	3.5	-	-	-
Real Estate	\$7,005	2.6	5.0	3.5	5.9	7.3	9.6	5.0	-	-
Real Estate Policy Benchmark		1.8	1.2	(5.1)	2.2	5.1	7.7	3.7	-	-
Value Added		0.8	3.8	8.6	3.7	2.2	1.9	1.3	-	-
Real Assets	\$3,106	1.3	(1.3)	3.0	5.1	2.7	5.1	-	-	-
Private Credit	\$2,438	5.5	6.6	6.4	-	-	-	-	-	-
Private Credit Policy Benchmark		6.3	8.4	8.0	-	-	-	-	-	-
Value Added		(0.8)	(1.8)	(1.6)	-	-	-	-	-	-
Cash	\$1,350	3.9	4.5	3.7	-	-	-	-	-	-

The **UC Retirement Savings Program** stood at \$40 billion as of March 31, 2025, up from \$39 billion in the fiscal year before and \$19.8 billion in 2014. In keeping with “Less is More,” the first of the ten pillars of the UC Investments Way, over that same eleven-year period, the number of investment funds in the program was reduced from 75 to 16, and the management fee to participants dropped by 64 percent to 0.05 percent, the lowest in the nation. As of July 1, 2024, all Retirement Savings Program participants have the same opportunity to invest in the Blue and Gold Endowment Pool as the University. See [Attachment 2 – UC Retirement](#).

UC Working Capital, which comprises the **Total Return Investment Pool** and the **Short-Term Investment Pool**, stood at a combined \$13.1 billion as of March 31, 2025, up from \$12.8 billion in the fiscal year before. The lower balances in these pools reflect the fact that campuses have moved their assets to other UC financial products, such as the Blue and Gold Endowment Pool. See [Attachment 3 – UC Working Capital](#).

The **Total Return Investment Pool** stood at \$9.5 billion as of March 31, 2025, down from \$9.8 billion in the fiscal year before. The one-year net return was 7 percent, the five-year return was 7.8 percent, the ten-year return was 5.3 percent, and the 15-year return was 6.4 percent.

The **Short-Term Investment Pool** stood at \$3.6 billion as of March 31, 2025, up from \$3 billion in the fiscal year before. The one-year net return was 4.9 percent, the five-year return was 2.8 percent, the ten-year return was 2.2 percent, the 20-year return was 2.7 percent, the 25-year return was three percent, and 30-year return was 3.6 percent.

Figure 4. Working Capital as of March 31, 2025

As of March 31,2025	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
Total Plan	\$9,498	5.1	7.0	5.3	7.8	5.3	6.4	-	-	-
Policy Benchmark		4.3	6.1	4.8	7.8	5.2	6.2	-	-	-
Value Added		0.8	0.9	0.5	0.0	0.1	0.2	-	-	-
Public Equity	\$4,792	5.2	7.8	7.0	11.9	7.3	8.6	-	-	-
Public Equity Policy Benchmark		3.6	6.2	6.2	14.7	8.2	8.4	-	-	-
Value Added		1.6	1.6	0.8	(2.8)	(0.9)	0.2	-	-	-
Fixed Income	\$3,535	4.8	5.7	2.9	1.5	2.5	3.9	-	-	-
Fixed Income Policy Benchmark		4.8	5.7	2.8	1.5	2.4	3.1	-	-	-
Value Added		0.0	0.0	0.1	0.0	0.1	0.8	-	-	-
Cash	\$46	3.5	4.9	4.3	2.8	2.2	2.2	-	-	-

As of March 31,2025	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
Short Term	\$3,569	3.5	4.9	4.3	2.8	2.2	2.2	2.7	3.0	3.6
Total Plan Policy		3.0	4.2	3.8	2.3	1.8	1.3	1.8	2.1	2.7
Value Added		0.5	0.7	0.5	0.5	0.4	0.9	0.9	0.9	0.9