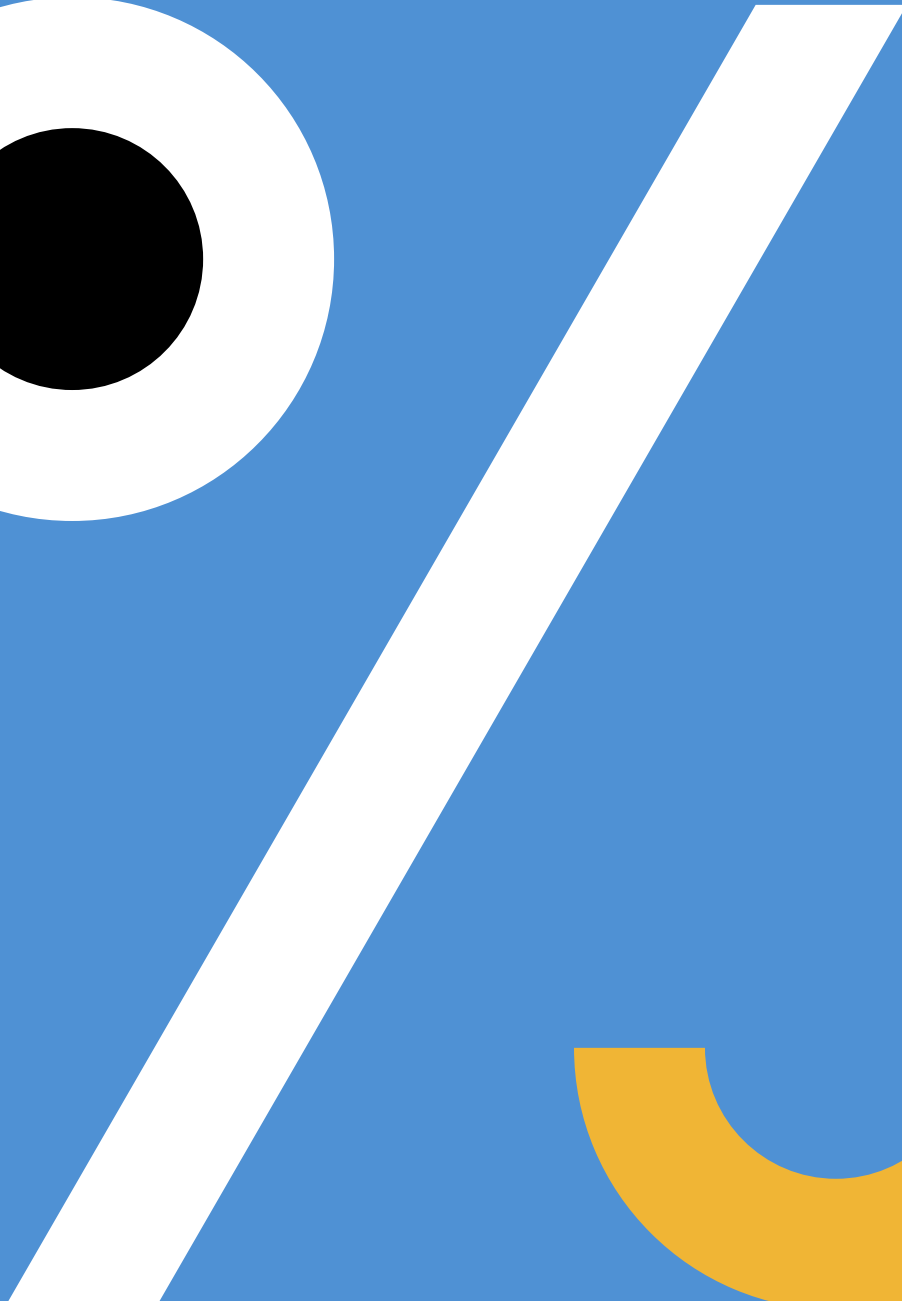
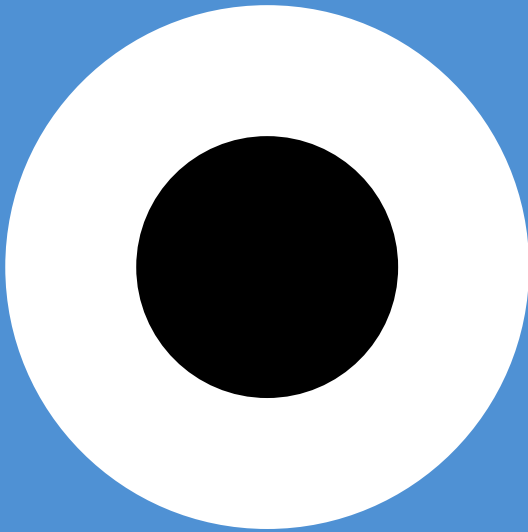


What Matters Most

UC Investments
2020 — 2021

Office of the Chief Investment
Officer of the Regents



What Matters Most

Every year that we create this report, we aim to make it about more than just numbers and charts. We take time to reflect on larger issues and dynamics, and on what really happened in the frame of our fiscal year.

With the global pandemic still bearing down on our economy and our psyches, this year's process was a bit different, and our reflections a bit deeper.

As it has for so many others, the pandemic has changed how we work — and how we think about work. It made us take stock. It sharpened our focus on what's really important to the university we serve, to the culture of our office, and to our team members as individuals.

We're well aware that the pandemic has dealt a devastating blow to millions of people and institutions around the world. And so while we are happy to share the positive results in this year's report with you, we do so with humility and gratitude for the trust placed in us as stewards of the university's money, especially in chaotic times such as these.

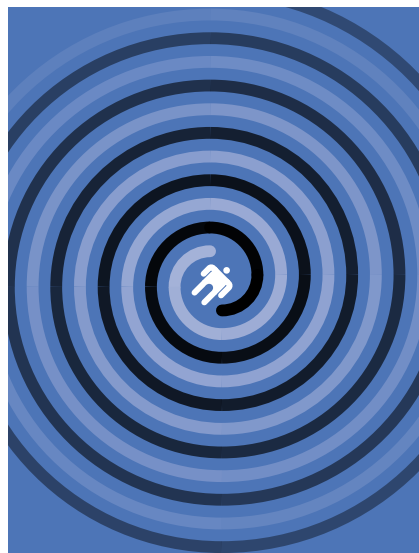
No one knows what the future holds, neither in the markets nor in life. But with our 10 foundational pillars, a culture of partnerships, innovation and resilience and a rock-solid commitment to investing for the long-term — we know we will be ready for anything.

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UC Investments Team

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Jagdeep Singh Bachher Chief Investment Officer



When the global pandemic effectively shut down life as we knew it, few of us imagined an upside. We were scared and confused, looking for answers that might keep us safe, or maybe in denial that a lethal and wildly unpredictable virus could upend the world.

Still vivid in my memory is the afternoon of March 11, 2020, when a county health directive effectively ordered us to quarantine. We grabbed our laptops and other essential items as we left our offices; we didn't want to miss a beat as we worked from home.

We thought, of course, that our hiatus from the office would be temporary. Because surely the work of managing billions of dollars for the University of California could only be done in tall buildings among colleagues who dressed a certain way and who came in very early and left very late.

But as the pandemic dragged on — and on — we had to recalibrate what we meant by “work.” Instead of hopping on a plane to take a meeting in New York or New Delhi, we hopped on Zoom and hoped the dog wouldn't bark. Instead of spending an hour commuting to our office, we used that extra time to send an email to a partner we hadn't touched based with in a while. Instead of business dinners at the latest “in” restaurant, we cooked in our own kitchens with our families by our side (or underfoot).

This recalibration centered on more than about how we work, but also on how we make investment decisions. This past year, we made some bold moves to capture the unique opportunities provided by the market.

But it wasn't a “shoot first, aim later” strategy. We stayed calm, stayed the course and stayed true to our 10 pillars of the UC Investments Way. And I drew heavily on my 20 years of experience — amplified by my team's expertise and valuable real-time data — to support our decisions.

It's worked out fine; in fact, better than fine. During this pandemic year, we added \$37.7 billion to our assets under management — the biggest jump ever. And today, the UC pension is estimated to be 94 percent funded on a market value basis. The story is the same for the endowment, which was \$8.3 billion when I got here; today, it's \$19 billion. Likewise, the \$14.7 billion we held in our working capital pools in 2014 has grown to \$22.6 billion today.

I report these figures with humility because I believe our relative good fortune is due in large part to the strong culture we've built in the office, one that grounded us during this long year of working entirely remotely. Our culture and our people have shown themselves to be resilient and strong, even in the midst of great change. They've kept their focus on our centennial performance, which pays dividends to us all.

I'll end by affirming that we do not take our privilege for granted. Not for a second. The pandemic has taken millions of lives — including some within our own families — and many more millions of jobs. In these uncertain and sometimes chaotic times we are the lucky ones. And I am deeply grateful for the opportunity to continue to serve this great university as we find our way through the fog and into the light.

Michael V. Drake, M.D.

President, University of California

When I returned to the University of California in August 2020 to become its 21st president, our great institution was five months into the pandemic and facing a crisis of epic proportions. As a physician, I immediately understood the hurdles inherent in protecting our students, faculty, and staff from a lethal virus the likes of which we hadn't seen before. The heroic efforts of our medical and public health professionals, as well as the scientists who quickly pivoted to developing diagnostics, treatments, and vaccines have been second to none. And, quite frankly, I expected nothing less. This is how we operate at UC — medical and scientific heroics are not isolated events. Rather, they are part of a continuum exemplifying how our public service mission informs and inspires what we do. Across our system, the UC community pulls together to invest in solutions for a host of local and global challenges — social, environmental, medical, political, the list goes on — in the short, medium, and longer term. The Covid-19 virus will not be the last crisis we face.

Helping to fuel this confidence in UC's strength is our solid and sustainable investment strategy. When the virus abruptly upended the entire business model of public higher education, Chief Investment Officer Jagdeep Singh Bachher and his team acted quickly to help bridge our short-term funding gaps. Over the ensuing months, Jagdeep offered wise counsel that helped us lessen the pain of precipitous revenue drops.

UC Investments, and the University itself, take the long view. We don't go for fads or take speculative risks. Just as our students, faculty, and staff have entrusted their education and careers to our world-class university system, UC Investments has earned the trust of its internal and external partners. Only 10 years from now, the UC endowment plan will mark 100 years. And our campuses, faculty, staff, and students have benefited directly from the well-managed investments

UC Investments has made on their behalf. Beyond the immediate financial challenges brought on by the pandemic, it's clear that UC Investments also shares a commitment to my top priorities for our university:

Diversity, Equity, and Inclusion

As our national reckoning over social injustice has laid bare, we must be more inclusive in everything we do, from hiring excellent staff and admitting qualified students, to engaging with diverse vendors, to educating our entire community about the benefits of intentionally embracing diversity, equity, and inclusion. UC Investments has seen first-hand how diverse teams consistently produce superior investment returns. Change is not only possible, it's essential and structural changes can — and will — make a positive difference.

Climate Change

As a planet and as a nation, it's critically important that we band together to reverse climate change. Our very lives, and the lives of those yet to come, depend on it. At UC Investments, a "fossil free" portfolio also delivers strong returns. As our country's preeminent public research university, the University of California is meant to be a leader in the fight against this existential threat.

Public Health

I believe UC must create the opportunities that lift up our communities more broadly. As we do, the health of the people we serve will improve. At UC Investments, we back innovation in health care and new biotechnology that will make life better.

One of the great hallmarks of the University of California is the collaborative spirit that threads through everything we do, inseparable from our education, research and public service missions. We are here because we want to be a part of something larger than ourselves. And we work together to not only make our university better, but to improve our communities, our state, our nation, and the world.



Richard Sherman
UC Board of Regents,
Chair of the Investments
Committee



What are the biggest lessons — investing or otherwise — you’ve learned from the pandemic?

As long-term investors, we don’t try to be “market timers.” But this past year really tested our mettle on this philosophy, especially because of the market downdraft created by the pandemic. We had to stay calm and not panic. And we eventually ended up significantly changing our allocation — by increasing our equity exposure — in the middle of the pandemic. It proved to be the right move.

The other thing I saw during the pandemic was just how much resilience our team has. Jagdeep and his staff were able to adapt to the new remote work environment without missing a beat, and that’s really a testament to the strength of the office from top to bottom.

At the Regents level, there’s been a positive byproduct of the pandemic: because we had to move our meetings to Zoom, it meant more people from UC — and the greater community — could participate and have input. Doing meetings virtually is also a big cost savings for the university.

If you had to shrink your investing philosophy into a “soundbite,” what would it be?

If you’re going to be a long-term investor, you have to own companies. You have to have equity exposure, both public and private.

In the investing sphere, what’s one thing you used to believe, but have changed your mind about?

You can’t protect yourself from every unknown. As we’ve seen, things come out of the blue. You never see the punch that knocks you out. Exogenous events — a tsunami in Japan, a financial crisis in Greece, a global pandemic — happen and cause serious damage to major financial institutions. It’s humbling to realize that you’re never going to be able to think of and plan for every risk. As it’s said: “Man plans, God laughs.”

What is one of the best or most worthwhile investments you’ve ever made?

The investments I’ve made in young companies that changed the dynamic of a particular industry or changed the way things are done.

“We had to stay calm and not panic. And we eventually ended up significantly changing our allocation — by increasing our equity exposure — in the middle of the pandemic. It proved to be the right move.”

Outside of the strict pandemic lens, were there any other changes this year you want to call out?

Recently we aligned the asset allocation of the Blue and Gold Pool to be more in line with the General Endowment Pool (GEP). It gives the campuses some flexibility without having to commit long-term dollars to GEP, giving them more equity exposure and better liquidity.

How does your role as CEO at Geffen affect your role as a Regent — and vice versa?

In my role at Geffen, I have exposure to the best and brightest minds in the investment world. The relationships I have with these private and public equity investment managers inform my point of view and give me a sense of where the world is going: for example, helping us determine whether it’s worthwhile to have active management versus passive. Also, my diverse background — including 40+ years as a CPA, 40+ years as a real estate broker and previously as a registered investment advisor — allows me to pull from my experience to provide input on a wide variety of issues.

What advice would you give to a smart, driven college student about to enter the “real world”? What advice should they ignore?

My advice is to try different things while you’re young. You’ve got nothing to lose. When you’re older, you start accumulating obligations — family, mortgage, etc. — and you’re less apt to try something new. But when you have the freedom to try different things, it allows you to find something you’re excited about waking up every morning to do. And if you do something you love, it’s not necessarily “work.” I’ve been doing the same thing (basically) for 48 years, and I still love it.

One more piece of advice: Don’t always go for the biggest paycheck. Do something you’re really going to enjoy. The biggest paycheck may not be the best thing for you in the long run.

What lessons from the pandemic do you hope we’ll take into what comes next?

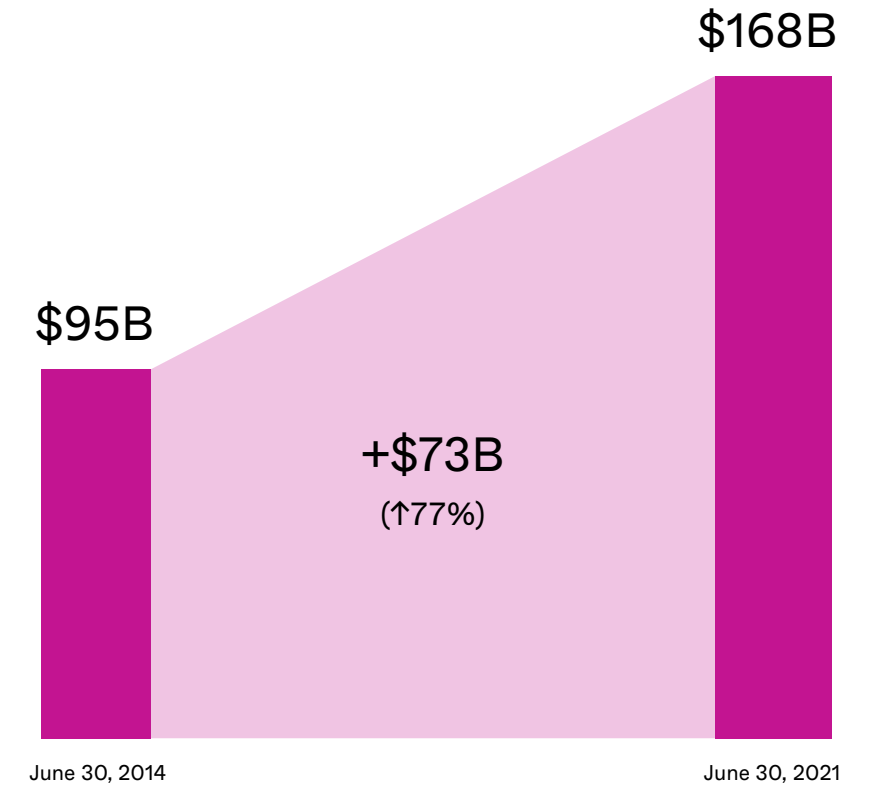
The pandemic has been a major priority setter. I hope this new mindset of really thinking about and acting on what’s most important to us continues.

\$168B

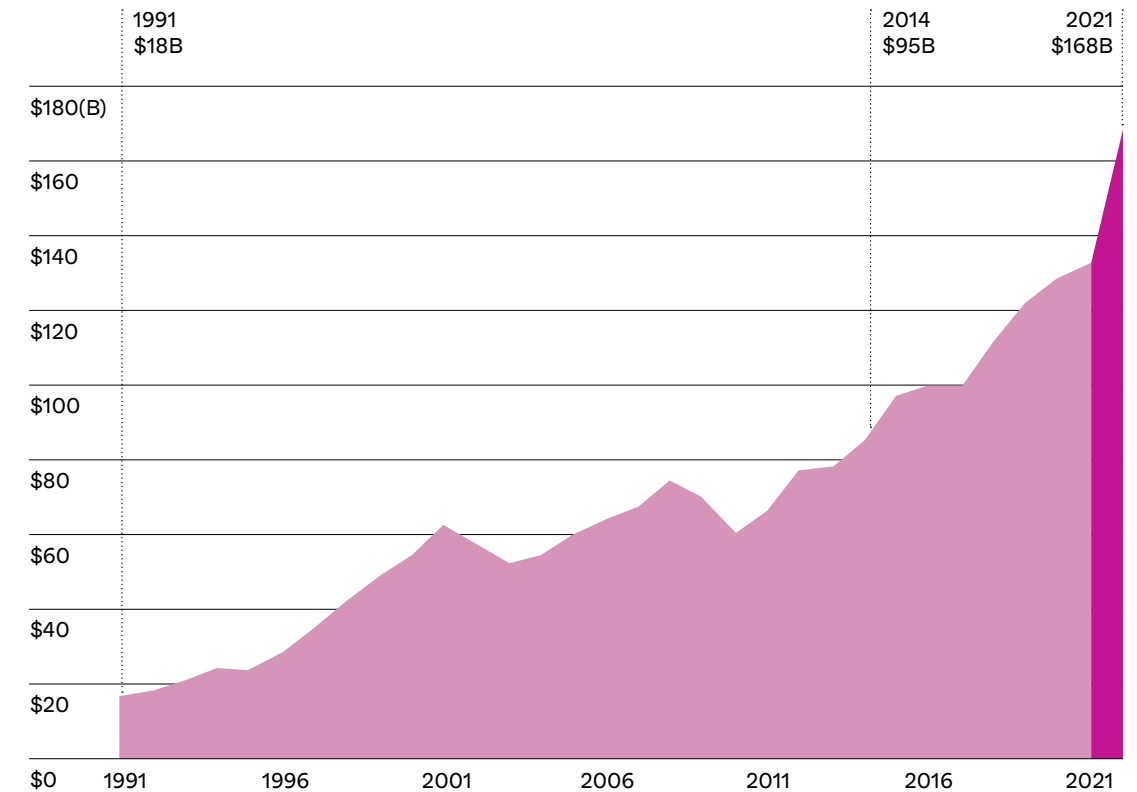
Biggest Annual Gain Ever

UC Investments' assets under management jumped \$37.7 billion this year, a 28.9% increase. That's our biggest annual gain ever.

↑ \$37.7B



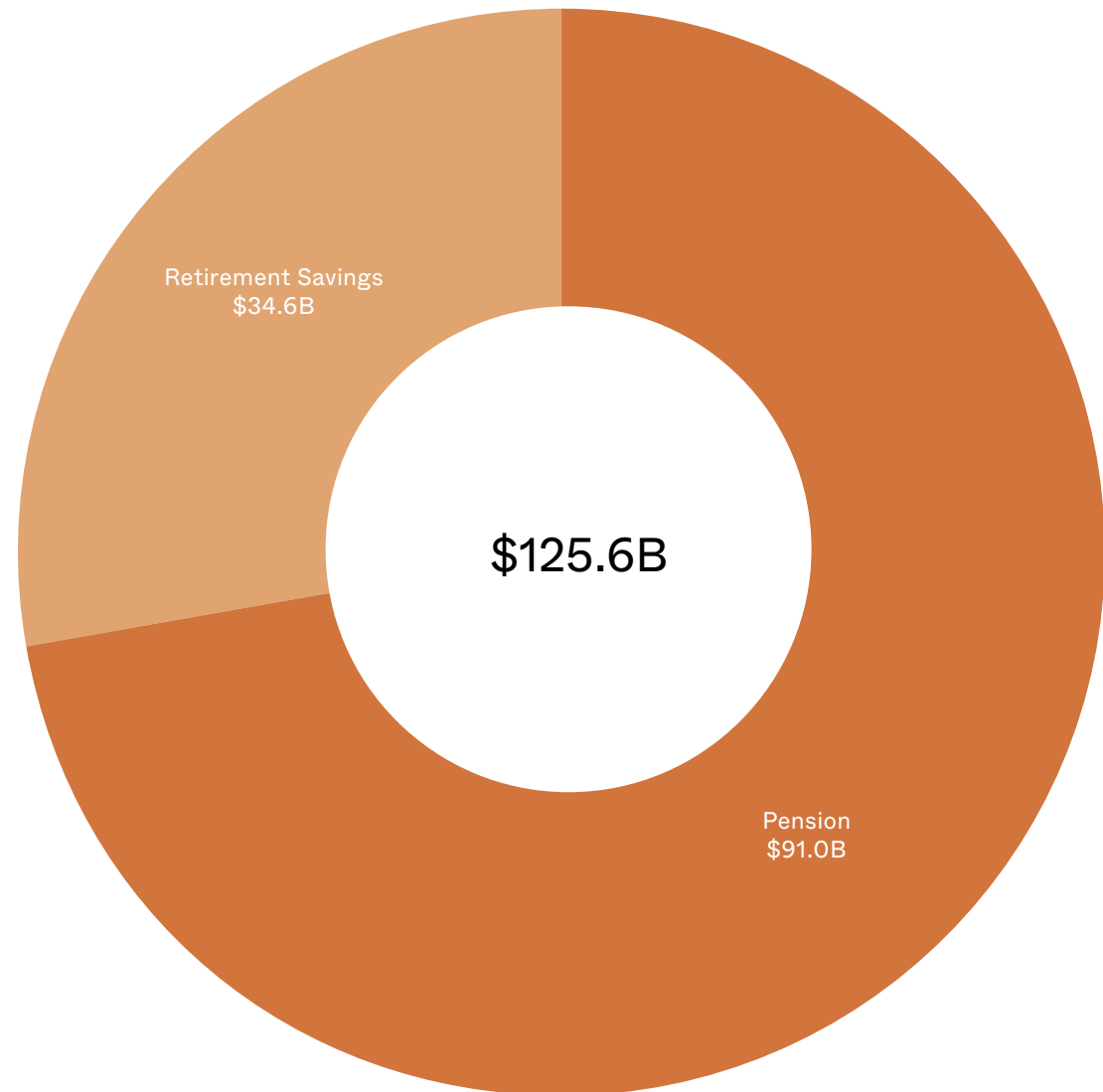
\$150B Growth in 30 Years



UC Investments

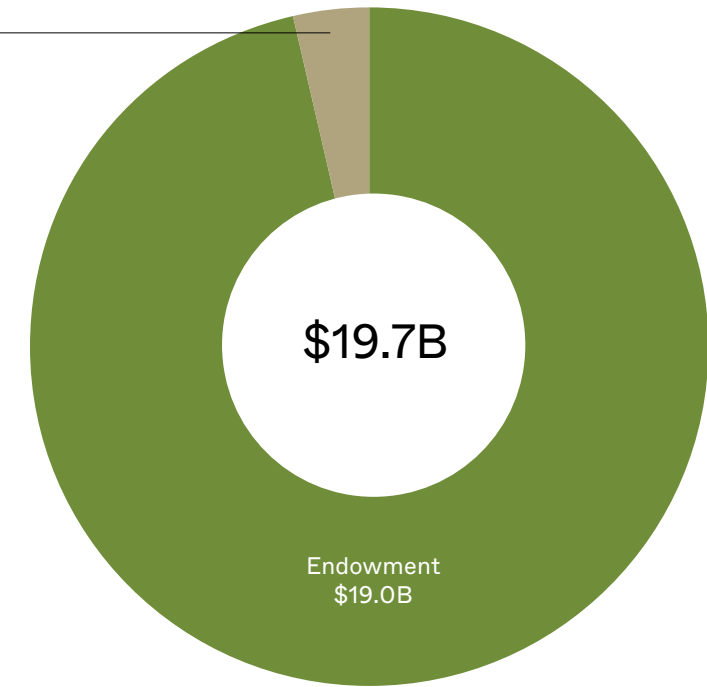
Our financial products address the needs of our clients: our students, staff, retirees, and the University of California's 10 campuses and five medical centers.

Retirement

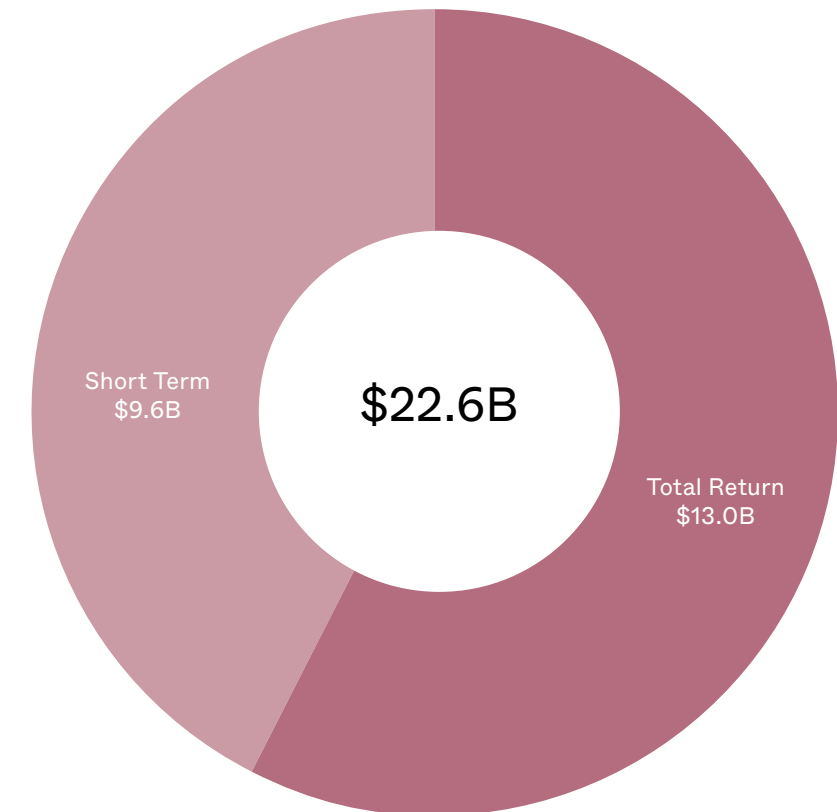


Endowment

Blue & Gold
\$0.7B



Working Capital



Value added over 7 years

↑ \$5.2B

Fees saved over 7 years

↓ \$2.2B

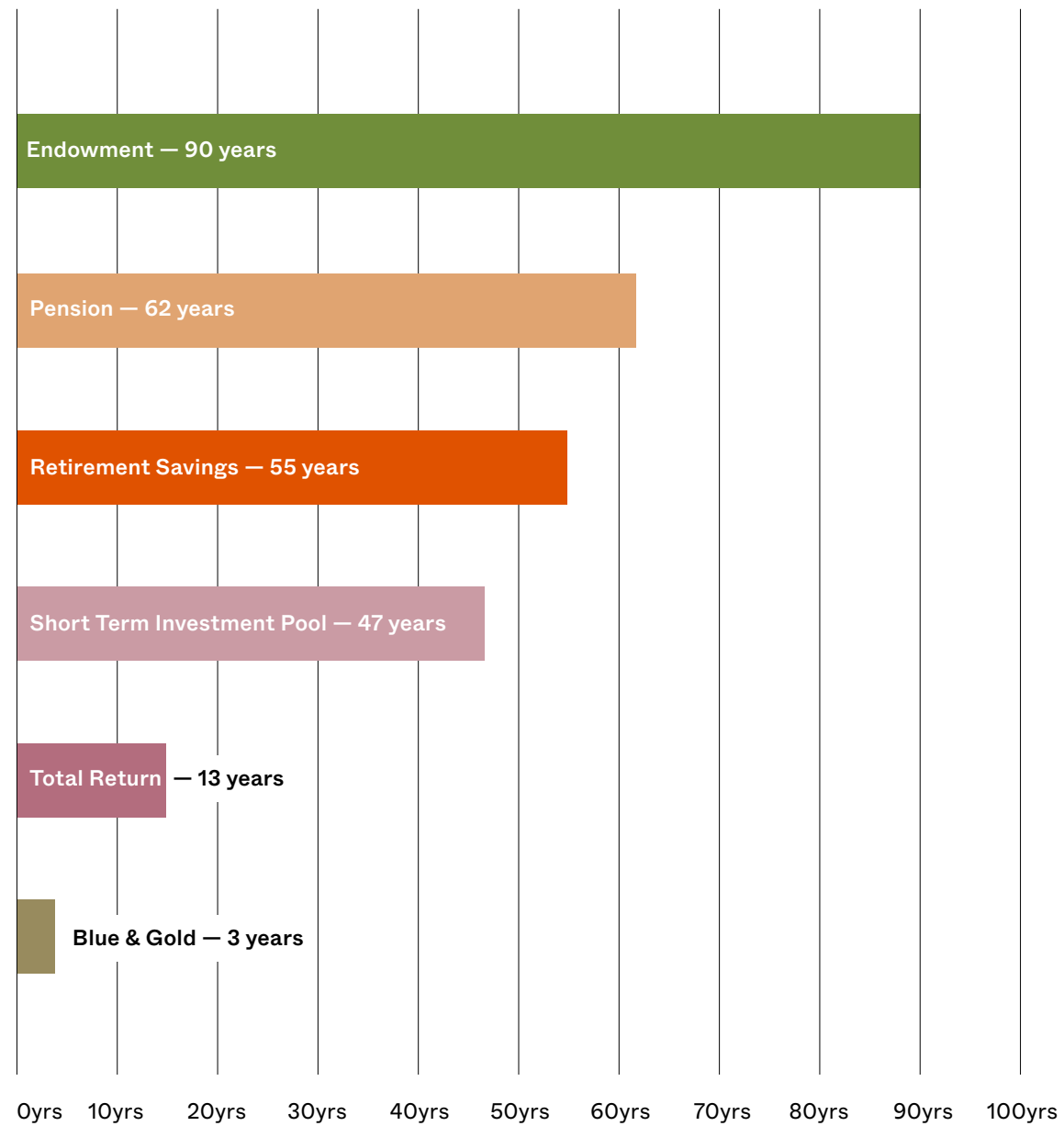
While this year's returns were extraordinary, we keep our focus on the long-term.

Our focus will always be in the best interests of the University of California. The pension and retirement savings program, the endowment, and the working capital pools provide financial security for our staff and retirees. These funds also directly support our students and give our campuses operating liquidity and a financial lifeline in times of stress.

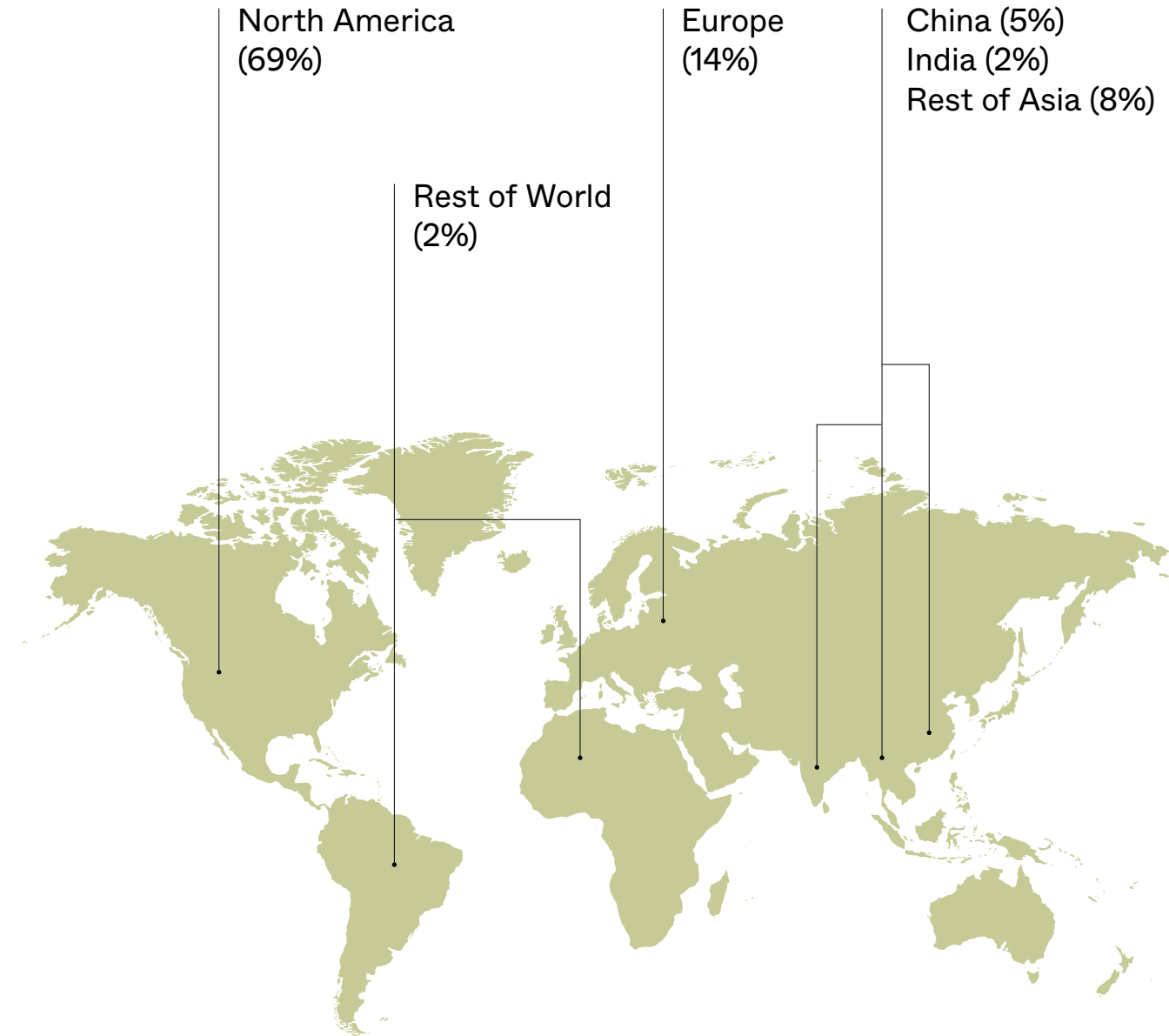
The global pandemic put this into sharp relief. When our campuses abruptly pivoted to remote work and instruction, we drew down our working capital pools and temporarily liquidated our Blue and Gold Pool to offer relief. When the market reached its nadir last year, the advice we gave to our 316,000 retirement savings participants to make a plan and stay the course proved its worth. And, most critically, we worked with the UC Board of Regents to revise our overall asset allocation, allowing us to buy more shares in public and private companies.

That's been key to bringing our UC pension to \$91 billion, or about 94 percent funded on a market value basis, and increasing the endowment to \$19 billion.

Investing for the next 100 years



Where we Invest *As of June 30, 2021*

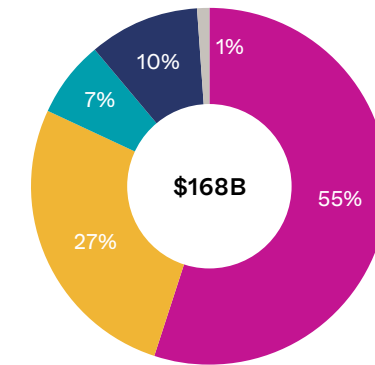


Asset Allocation Drives Returns
As of June 30, 2021

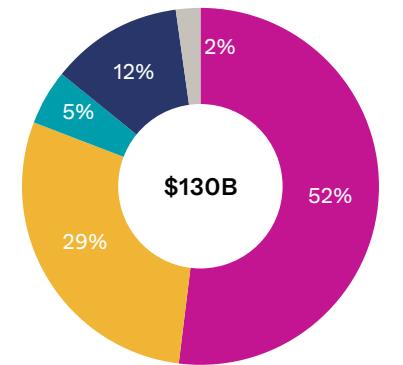
| | Market Value (\$M) | Weight (%) |
|------------------------|--------------------|-------------|
| Public Equity | 91,902 | 54.7 |
| Fixed Income | 45,156 | 26.9 |
| Private Markets | 29,523 | 17.6 |
| Private Equity | 11,635 | 6.9 |
| Absolute Return | 7,683 | 4.6 |
| Real Estate | 5,468 | 3.3 |
| Real Assets | 3,640 | 2.2 |
| Private Credit | 1,095 | 0.7 |
| Cash | 1,381 | 0.8 |
| Total | \$167,961M | 100% |

- Public Equity
- Fixed Income
- Private Equity
- Other Investments
- Cash

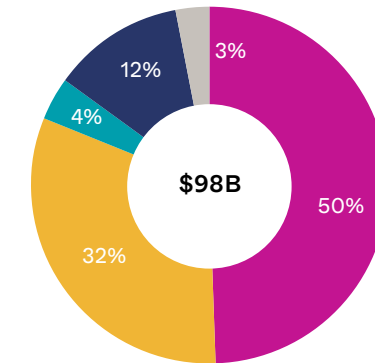
This Year
June 30, 2021



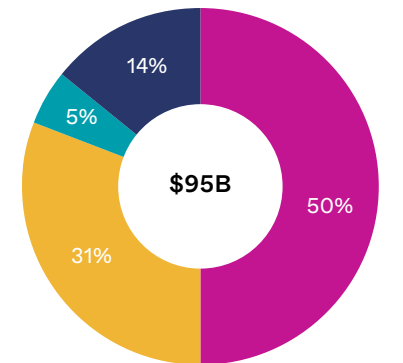
1 Yr Ago
June 30, 2020



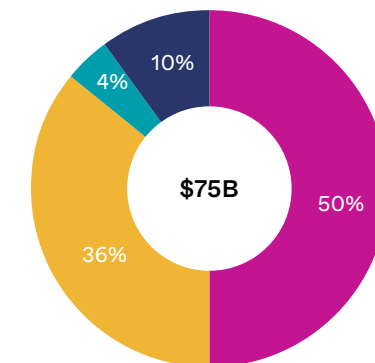
5 Yrs Ago
June 30, 2016



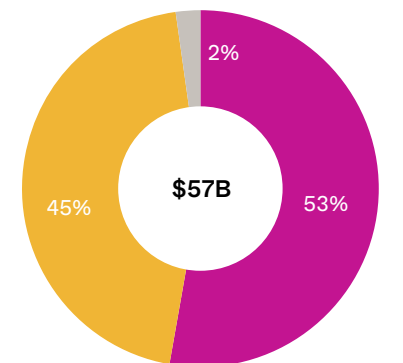
7 Yrs Ago
June 30, 2014



10 Yrs Ago
June 30, 2011

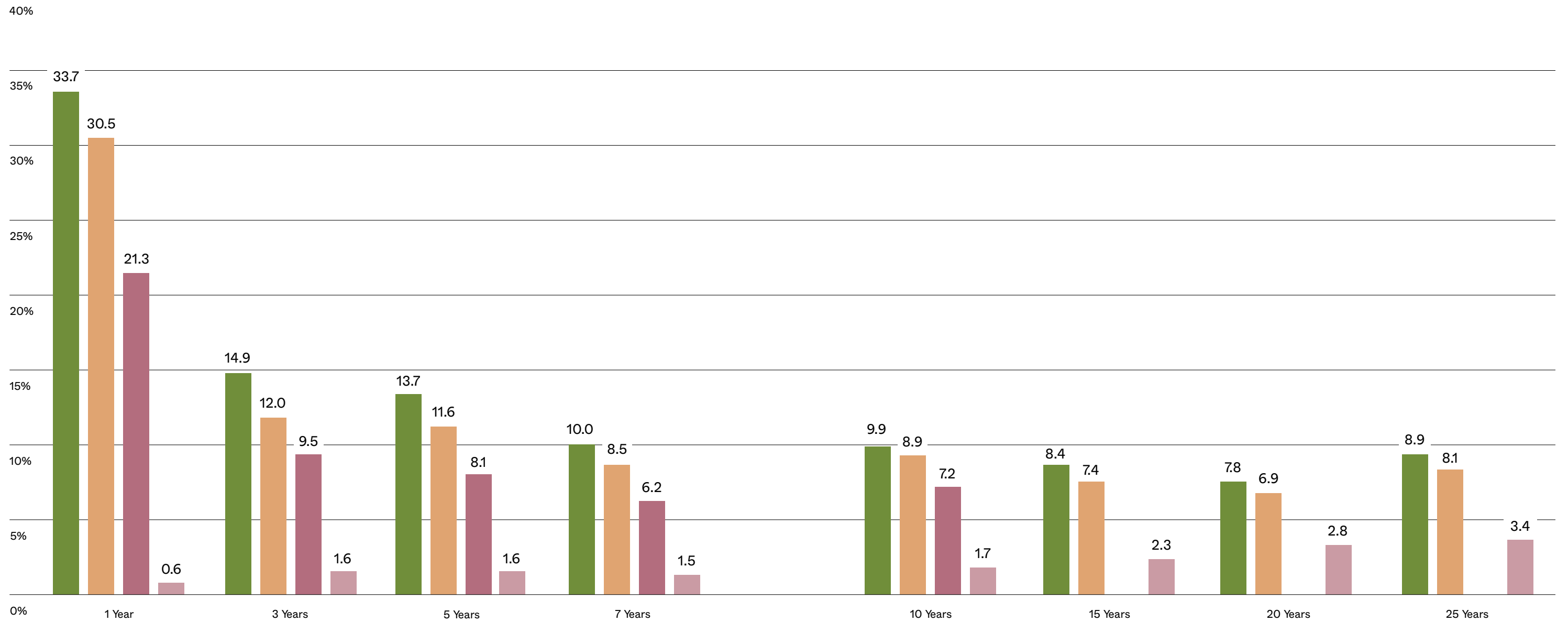


20 Yrs Ago
June 30, 2001



UC Investments Net Returns: A Quarter Century
As of June 30, 2021

| 1 Year Returns | |
|----------------|-------|
| Endowment | 33.7% |
| Pension | 30.5% |
| Total Return | 21.3% |
| Short Term | 0.6% |



📅 We have been investing the endowment for **90 years**.

📊 The endowment is **\$19 billion** in assets, divided among **6,300+** funds.

👤 It supports **285,862** UC students.

🏛️ The 2021 payout to campuses is **\$430 million**.

Net return: **33.7%**

Gross return: **35.2%**

25-year annualized net return: **8.9%**

Since 2014, this amounts to **\$2.1 billion** in value added (over the benchmark) with asset growth of **\$11 billion** and **\$592 million** in fees saved.

📅 We have been investing the pension for **62 years**.

📍 The pension stands at **\$91 billion**.

👤 Supporting **250,976** members, **53.8%** of them active.

% Employer contribution: **14.5%**

% Employee contributions: **7% to 9%**

Net return: **30.5%**

Gross return: **31.1%**

25-year annualized net return: **8.1%**

Funded ratio (market value): **94%**

Discount Rate: **6.75%**

Since 2014, we added **\$2.1 billion** in value (over the benchmark) and grew assets by **\$38.9 billion** while saving **\$1.4 billion** in fees.

📅 We have been investing working capital for **47 years**.

📊 Working capital is **\$22.6 billion**:
\$9.6 billion in short term
and **\$13 billion** in total return.

🏛️ Our **10** campuses and **five** medical centers rely on working capital to pay for the mission-critical projects and programs that make UC the gold standard of U.S. public universities.

Total Return

Net return: **21.3%**

Gross return: **21.4%**

10-year annualized net return: **7.2%**

Short Term

Net return: **0.6%**

Gross return: **0.6%**

25-year annualized net return: **3.4%**

- 👤 The Retirement Savings plan serves **316,000+** members, making it the second largest U.S. public defined contribution plan, behind the federal government.
- % The plan offers participants the best choices, at the lowest cost — **0.04%** — of any plan in the nation.
- ➊ Total assets: **\$34.6B** over **three** plans.

We make investing for retirement simple. Since 2014, we've streamlined investment choices from **75** to **14**.

We are always innovating. We have launched a low-cost way to guarantee an uninterrupted income stream for participants **78** and older.

We've introduced a fossil free fund with a management fee of only **0.01%**.

Since 2014, we've added **\$695** million in value (over the benchmark) for our participants, saved them **\$65** million in fees, and grown assets by **\$15** billion.

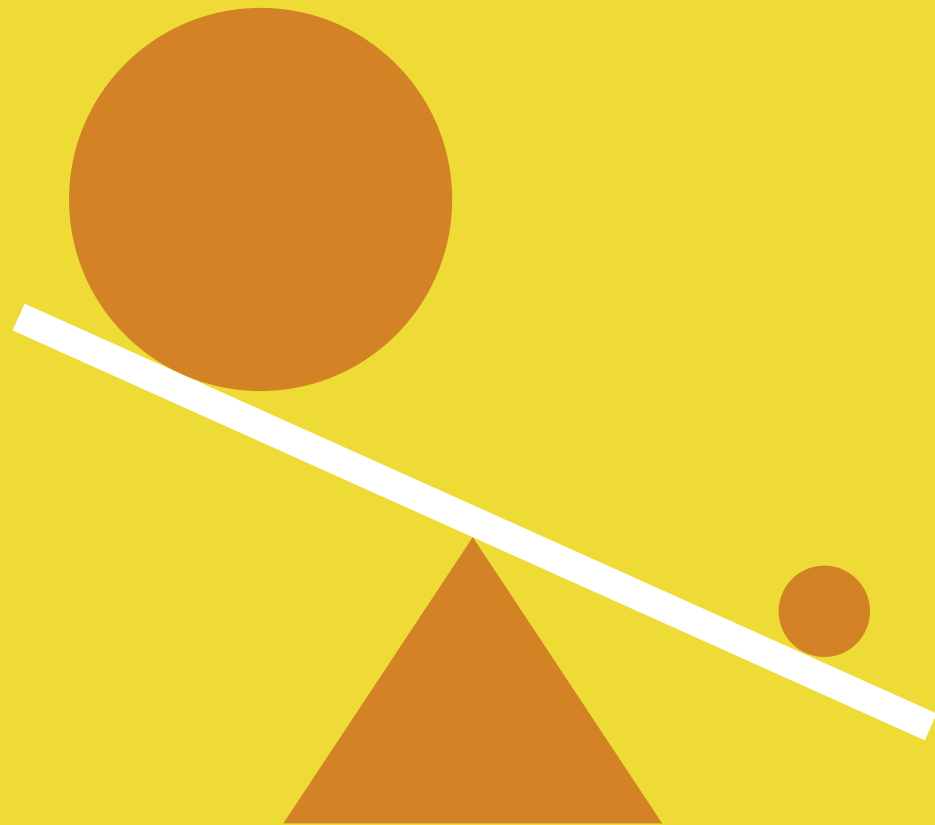
- 01 Less is More
- 02 Risk Rules
- 03 Concentrate
- 04 Creativity Pays
- 05 Build Knowledge
- 06 Team Up
- 07 What Makes UC, UC
- 08 Perfect Alignment
- 09 Human Meets Machine
- 10 Centennial Performance

The UC Investments Way

We created the 10 pillars of what we call the UC Investments Way to guide our long-term investment strategy. In the midst of epic uncertainty and market turbulence due to the global pandemic, we relied on our pillars more than ever before.

The 10 pillars gave us the strength and confidence to respond thoughtfully — not react defensively — as we made investment decisions in this unusually chaotic time. The pillars are our office’s common language and our guiding light. We wouldn’t be where we are today without them.

The 10 Pillars



1. Less is More

Fewer assets, higher quality, better performance. Experience has shown us the value of lean, high-performance teams working collaboratively to manage a concentrated, high-conviction portfolio. We've greatly reduced the number of external managers we use and the number of line items on our books. That makes it easier to understand what we own — especially in a crisis — and gives us fewer decisions to make. The result is a small, agile team laser-focused on areas where we can outperform the market.

—
“You have to work hard to get your thinking clean to make it simple. But it’s worth it in the end because once you get there, you can move mountains.”

—
Steve Jobs



2. Risk Rules

With opportunity, there is always risk. We've instilled that truism into our team members, and now we think of ourselves as risk managers, not asset managers. To bridge perspectives among asset classes, we speak the same "risk language." From our partners, we demand transparency into the assets we hold, which allows us to assess the risks we're taking across all our portfolios. We don't just measure risk, we manage it with a forward-looking approach. That's why we understand that risk is dynamic, human, and long-term.

—
"In investing, what is comfortable is rarely profitable."

—
Robert Arnott



3. Concentrate

Know what you own, well. We construct our portfolios from a concentrated set of assets that we understand deeply, as opposed to many assets that we would be hard pressed to describe to our mothers. By limiting the number of investments in our portfolios, we believe we can reduce risk and increase returns.

—
“Wide diversification is only required when investors do not understand what they are doing.”

—
Warren Buffet



4. Creativity Pays

We believe that building a culture of innovation means opening your mind and sometimes, charting new paths toward performance. We think like entrepreneurs, celebrating the wins and learning from the flops.

We're developing a dedicated innovation team within our organization – a rarity in institutional investment – to incubate, validate and develop creative vehicles that leverage our competitive advantages.

—
“The person who goes farthest is generally the one who is willing to do and dare. The sure-thing boat never gets far from shore.”

—
Dale Carnegie

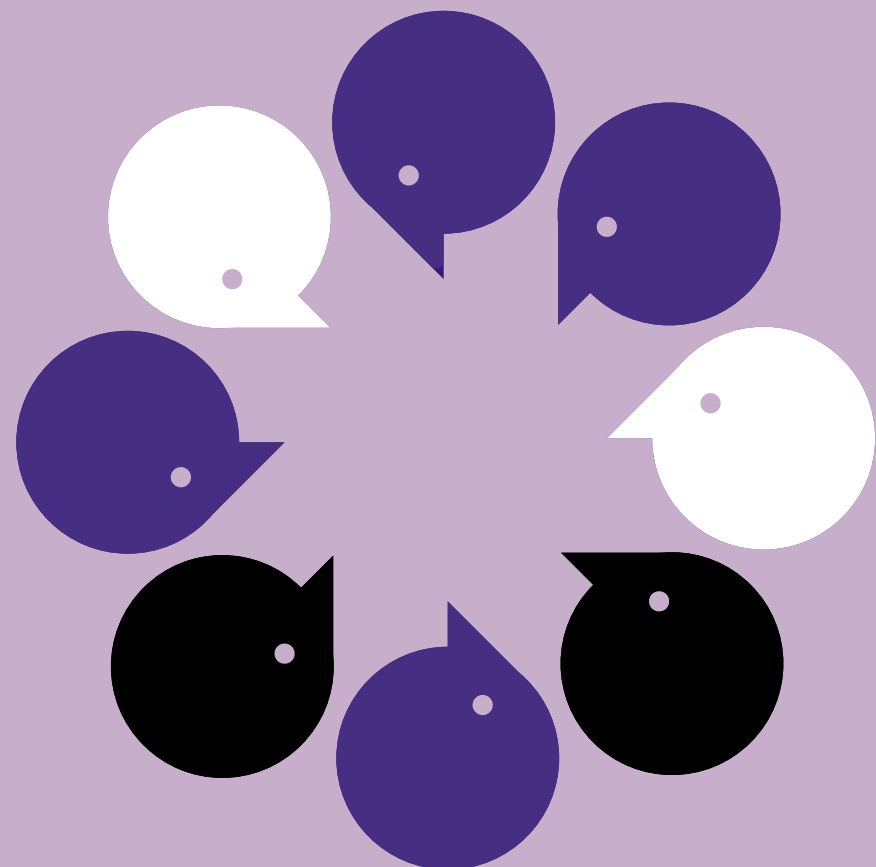


5. Build Knowledge

We are always on the look-out for opportunities that others might not have noticed or simply passed by. That's why it's critical to build knowledge – through connections, collaborations, and the occasional deep dive into research – that can give us an edge. We're fortunate to operate within one of the world's most knowledge-rich university systems and we're delighted to capitalize on that.

—
“An investment in knowledge pays the best interest.”

—
Benjamin Franklin

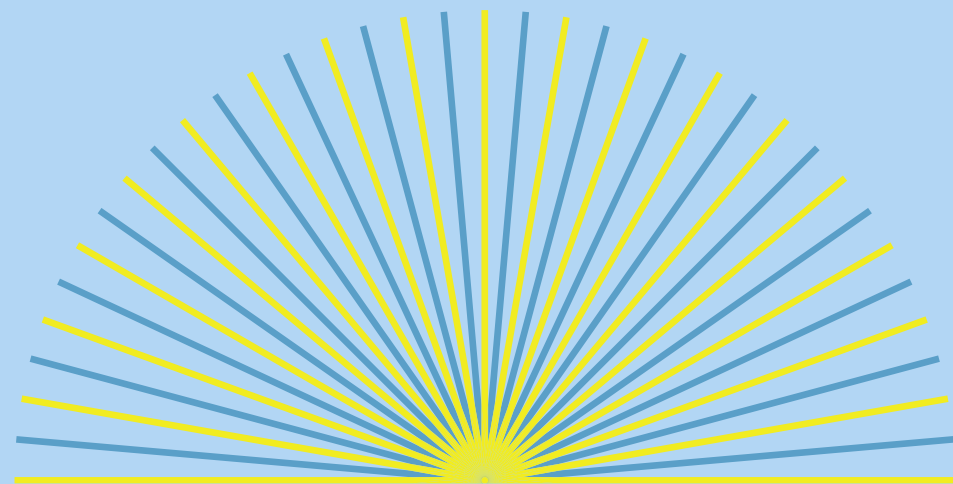


6. Team Up

We're a collaborative bunch. And we realize that to be successful, we must attract the highest-caliber people aligned with that culture of honesty, humility and respect. We put people first, not lone wolves. We prize diversity of thought and background and share the University of California's core values. That makes it an honor, and pleasure, to work in service of the university's long-term investment goals.

—
"Talent wins games, but teamwork and intelligence wins championships."

—
Michael Jordan

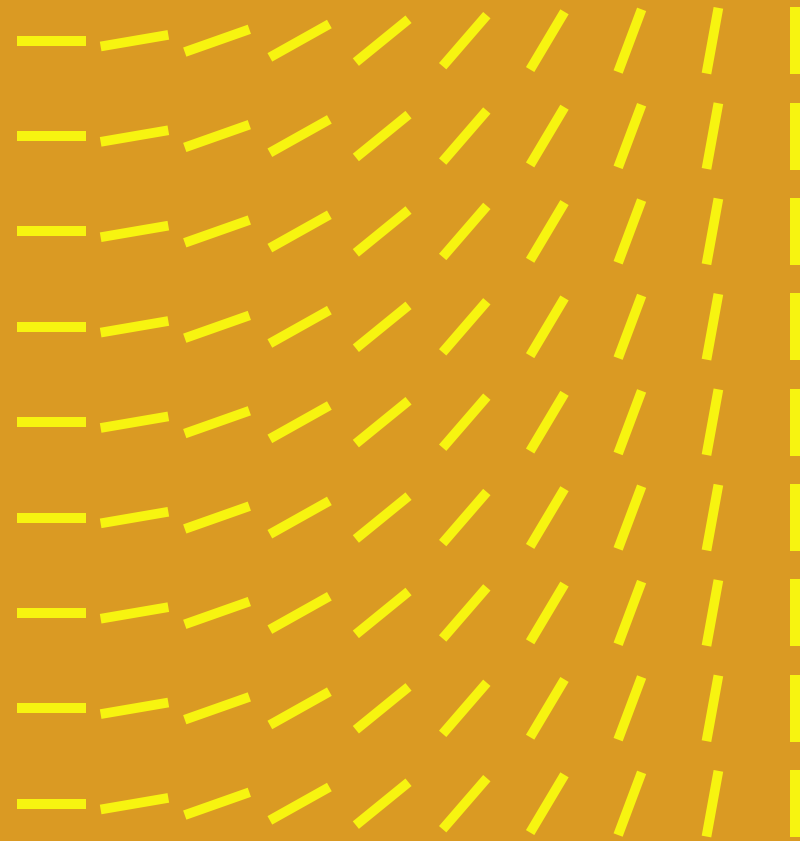


7. What Makes UC, UC

We are integrated within one of the world's premier public research universities. We manage its money, while its students, faculty, staff and alumni discover and create. This unparalleled innovation ecosystem is a steady source of high-quality investment opportunities we can mine, while its people — including world-class experts in every discipline and field — offer knowledge and insights that bolster our success.

—
“If you don't have a competitive advantage, don't compete.”

—
Jack Welch

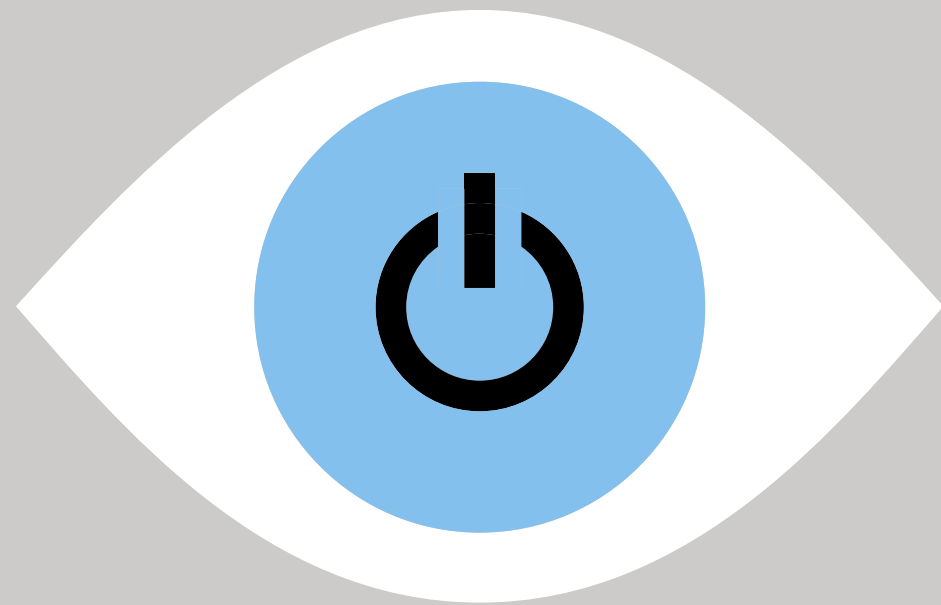


8. Perfect Alignment

As long-term investors, we choose our partners with particular care. Without trust and transparency, a long-term relationship won't work. Costs matter, of course. If external managers won't provide us with a detailed accounting of how they make their money from our money, we pull our capital and walk. Perfect alignment means win-win — in performance, collaboration and goals — and the costs tend to take care of themselves. By demanding complete transparency, which gives us understanding of our risks, we avoid a misalignment of interests and relationships cut short.

—
“Control your expenses better than your competition. This is where you can always find the competitive advantage.”

—
Sam Walton



9. Human Meets Machine

With a small team investing large sums of money, we rely on technology to gather data that drives our returns and blends our human intelligence with that of machines. It makes us better, and faster. We're just a short drive from Silicon Valley and fully recognize the benefits, and near limitless future, of tech. Now we're working with innovative startups to better understand and manage our portfolios and gain more access to unique markets around the world.

—
"You are cruising along, and then technology changes. You have to adapt."

—
Marc Andreessen



10. Centennial Performance

We think of ourselves as an organization that invests for the next 100 years. We're not in this to make a quick buck. Instead, we are always mindful of our fiduciary duty to help ensure the success of the University of California for generations to come. Our centennial orientation means our decision-making considers the long-term, fundamental challenges and risks facing society such as climate change, human rights, and corporate governance.

—
“We should all be concerned about the future because we will have to spend the rest of our lives there.”

—
Charles Franklin Kettering

Less
is
more

We keep it simple because Less is More. Simplicity means lower costs and more focus. That adds up to better returns. We reduced the number of key partnerships from 280 in 2014 to 50 today.

~~280~~
↓
50

As our assets have grown, our active investments have declined. That's meant higher returns, fewer external managers and far less money spent on fees.

In 2014, our portfolios had \$30 billion in passive investments. Today, that number is \$108 billion. Out of our total portfolio of **\$168 billion**, we have \$60 billion actively invested today, as compared to the \$65 billion we actively invested in 2014 when our total portfolio stood at **\$95 billion**. The bottom line: where we believe we can do better than the market, we actively invest. Otherwise, we earn returns while paying only minimal fees.

2014 Passive Investments

\$30B →

2021 Passive Investments

\$108B

2014 Active Investments

\$65B →

2021 Active Investments

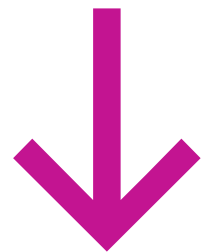
\$60B

We do more for less.

At UC Investments, we manage \$7 billion per person. The industry standard is \$1.1 billion. To do this work, our peers charge an average of 0.3%. That's more than 10 times what our clients pay at 0.023%. In other words, instead of \$504 million a year, our clients pay \$39 million.

There are far fewer of us as well. We manage \$168 billion. Most portfolios of that size have staffs at least five times larger.

~~0.3%~~



0.023%

UC Investments Team



By Jagdeep Singh Bachher, Michael V. Drake,
Cecilia V. Estolano & Richard Sherman



Diversity drives returns

The start of a new fiscal year at UC Investments means we take stock of the year in the rear-view and establish goals for the time ahead. Our top mandate — performance — never changes. As fiduciaries of the University of California’s \$168 billion in investments, our stakeholders trust us to always act in their best financial interest. That’s why we intentionally work to integrate diversity, equity, and inclusion into all that we do.

We have seen first-hand how diversity can help us perform better, how inclusion makes us stronger and that equity lays the foundation for long-term success. UC Investments made solid gains around diversity, equity, and inclusion in FY2020–2021 and we will build on those in the coming year and beyond. Diverse teams bring broader perspectives and new ways of thinking — and that can translate into higher performance and better investment returns.

This past year, we continued to expand our Diversified Returns program, which aims to increase our access to and inclusion of diverse talent when we invest, when we hire, and when we exercise our rights as a company shareholder. Among other things, we added several new investment partners led by women or people of color — two of whom have already returned outsized gains that directly benefit the University of California’s bottom line. When the freeze on our internal hiring lifts, we will implement our protocol of recruiting from a broad and diverse base to ensure we don’t overlook talent in places we may not have looked before.

We also put in place annual DEI goals for our leaders and collaborated with other institutional investors to advance diversity and inclusion at the companies in which we invest. As we did in 2019, we surveyed our investment partners to learn their ownership demographics and spoke with our top investment partners about diversity, equity, and inclusion at their firms. In 2020, we broadened the scope of these interviews and demographic surveys to include our top business partners, consultants and outside counsel.

Mindful of contributing to broader UC efforts to expand opportunities for too-often overlooked groups, 2021 also marked the second year that UC Investments funded fellowships for UC student scientists to participate in the Lindau Nobel Laureate Meetings. While the pandemic upended plans for in-person summer meetings,

the select group of graduate students and postdocs can participate in virtual seminars with Nobel laureates and peers from around the world. Of the two-year total of 50 UC fellows who attended the meetings — including from the national labs — 22 were from underrepresented groups and 20 were women.

Our internal dialogue around diversity, equity, and inclusion is woven into our day-to-day interactions at UC Investments. And there has been a lot to discuss. For the second time in as many years, we’ve given UC Investments staff a day off to celebrate — and reflect on — Juneteenth, the day that honors the official end of slavery in the United States.

So are we done? Absolutely not. We’re just getting started — and within the financial industry especially, there is a long way to go. The latest data show that of some \$69 trillion in assets under management in the U.S. as of January 2019, only 1.3 percent were managed by women and underrepresented minorities.

With the pandemic receding and talk of returning to “normal” accelerating, at UC Investments we’re hopeful our progress around diversity, equity, and inclusion will pick up speed. And to be clear, when we speak of normal, we don’t mean a return to the past. The past was not good enough. We recognize that intentional, concerted effort around advancing diversity, equity, and inclusion is the most effective way to make progress. Merely hoping for things to change is no way to run an organization nor effect a culture shift.

That shift begins with each of us and it will succeed based on the strength of our resolve. At UC Investments, we operate at the intersection of public higher education and the financial industry, which places us squarely in the trust business. Our clients — the students, faculty, staff, foundations, and retirees of the University of California — trust us to implement investment strategies that will ensure the vibrancy and excellence of the best public research university in the world for the next 100 years.

That means we have critical work to do on diversity, equity, and inclusion. Our performance will ultimately validate the measure of our success.

Jagdeep Singh Bachher is the University of California’s chief investment officer. *Michael V. Drake, M.D.*, is president of the University of California. *Cecilia V. Estolano* is chair of the University of California Board of Regents. *Regent Richard Sherman* is chair of its Investments Committee.

Living our 10 Pillars.

“A strong professional culture — one that’s adaptable and sustainable — doesn’t happen on its own. Its values must be clearly communicated and then demonstrated in the day-to-day. That’s what we aim to do at UC Investments, and it’s working.”



Dianne Klein
Chief of Staff



Living our 10 Pillars

“We bring more than capital to our investments, we bring solutions. Our unique network at the University of California makes us entrepreneurial, nimble, and creative, and our investment partners appreciate our ability to add value and grow the economic pie for all. This fiscal year, the Absolute Return program generated more income and gains from our economic interests – revenue shares, profit participation, and equity ownership – than we paid in fees. That leads directly to excess returns for UC.”



Edmond Fong
*Senior Managing Director,
Absolute Return*

“When the pandemic hit, the U.S. bond market ended a 40-year bull run, which led us to restructure our fixed income holdings to preserve capital rather than generate return. The Federal Reserve’s massive participation in the market changed the old “rules.” We reduced our fixed income allocation, lowered our sensitivity to higher interest rates, and for the first time, moved from active to passive management. At the same time, we bought more stocks. Risk is dynamic, and so is our strategy.”



Satish Swamy
*Senior Managing Director,
Fixed Income & Head of Asia Investments*

“At UC Investments, we operate in real-time with daily updates on everything from asset allocation, to holdings, to performance. With better data, we make better decisions. This past year of working remotely, we didn’t miss a beat and productivity soared. We did it with a great team, strong operational processes, and effective use of technology.”



Arthur Guimaraes
Chief Operating Officer

“We started the fiscal year with an over diversified real estate portfolio that was cumbersome to manage. We ended the year by reducing the number of our investments by more than 20 percent and adding value. We took advantage of dynamics created by the pandemic. If assets were too expensive to buy, that meant it was a good time to sell.”



Jessica Hans
Investment Director, Real Estate

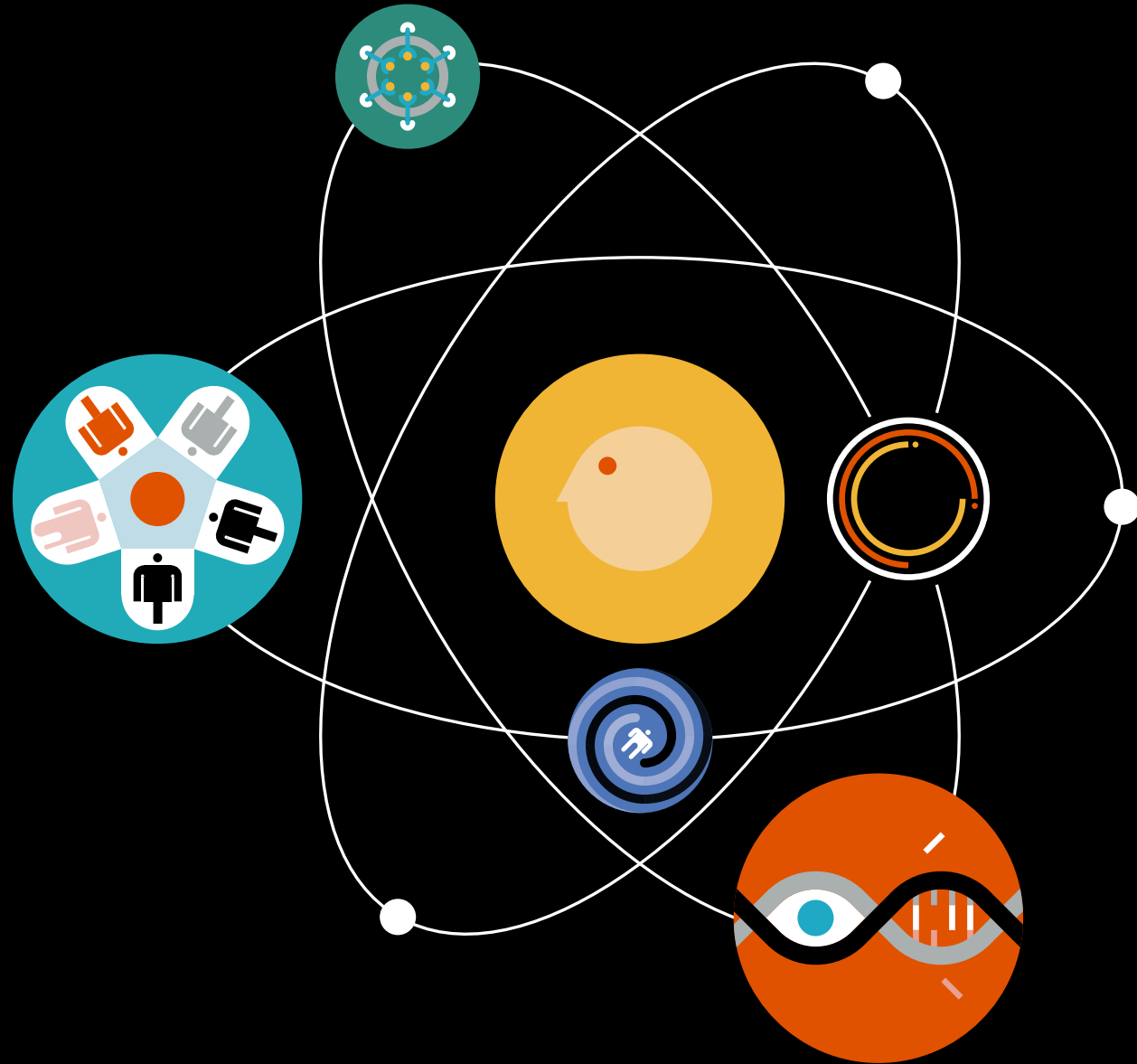
“By focusing on a select set of quality investments alongside our strongest partners, we’re able to scale up, lower our risk, and increase our returns. We invest not only our capital, but also our time to deeply understand each opportunity. Diligence, nimble decision-making, and patience reward us.”



Matthew Webster
Investment Director, Private Equity



- 01 Jennifer A. Doudna, PhD
- 02 Shinya Yamanaka, MD, PhD
- 03 Andrea Ghez, PhD
- 04 Randy Schekman, PhD
- 05 Barry Barish, PhD



Five UC Nobel Prize Winners Answer our Big Questions



Jennifer A. Doudna, PhD
The 2020 Nobel Prize in Chemistry
for the discovery of CRISPR*.

UC Berkeley

—
Professor of Chemistry

—
Professor of Biochemistry
& Molecular Biology

—
Li Ka Shing Chancellor's
Chair in Biomedical
and Health Sciences

What is the mother of invention?

I believe support for basic research is the mother of invention. Time and time again, the ability to pursue fundamental questions in science leads to innovations that propel society forward and improve our world. And for me personally, without support for curiosity-driven science, the development of CRISPR genome editing would not have happened.

What's something significant that you've changed your mind about — and what caused you to change it?

The pandemic changed my mind about how much more quickly science can move to take on huge problems when the times demand it. The mRNA vaccines that are so effectively fighting back against the coronavirus were created in record-breaking time. And I saw this firsthand at the Innovative Genomics Institute, where we established a clinical testing lab in just three weeks, and multiple labs pivoted to research on next-generation diagnostics and therapies for COVID-19. Moving forward, I don't think we need a crisis to achieve results like this; we need to invest in science and think of it as a team sport.

*Clustered Regularly Interspaced Short Palindromic Repeats



Shinya Yamanaka, MD, PhD
The 2012 Nobel Prize in Physiology or Medicine for the discovery that mature cells can be reprogrammed to become pluripotent.

UC San Francisco
—
Professor of Anatomy,
UCSF School of Medicine

What will be the biggest change in our society post-pandemic?

One of the big lessons learned from COVID-19 is that infectious diseases can never be dealt with by one country alone. We have had many epidemics in the past several years, and COVID-19 is likely just one of many pandemics in the future. The world is more connected than we could ever have imagined. This pandemic cannot be stopped and future ones prevented without information sharing and international cooperation. In fact, the rapid speed at which we developed COVID-19 vaccines was because of international cooperation.

So the pandemic has shown us how much we need world solidarity. Closing borders is not the answer. A global problem requires global effort. Much like climate change, we need to work together.



Andrea Ghez, PhD
 The 2020 Nobel Prize in physics for the discovery of a supermassive compact object at the center of our galaxy.

UCLA

—

**Lauren B. Leichtman
 & Arthur E. Levine Chair
 in Astrophysics**

—

**Director of UCLA Galactic
 Center Group**

What will be the biggest change in our society post-pandemic?

I believe it will be a reprioritization of what's important to us, and we'll emerge with a stronger sense of how we want to spend our time. The pandemic has caused a massive shift in how we do our work and how we live our lives. I have a career that has been quite dependent on international travel. But the pandemic has been a wonderful opportunity to be more home-based. It's shown us we can continue to do our jobs effectively without getting on so many planes, the cost of which is incredibly high, for the climate and otherwise. Of course, there are important conversations that happen in face-to-face settings that are impossible to do over Zoom. But these viruses are not going to go away; we're going to be living with them for the foreseeable future. I think we'll continue to reevaluate how and where we spend our time, both professionally and personally.

What do you think is most likely to make the world better in the coming decade?

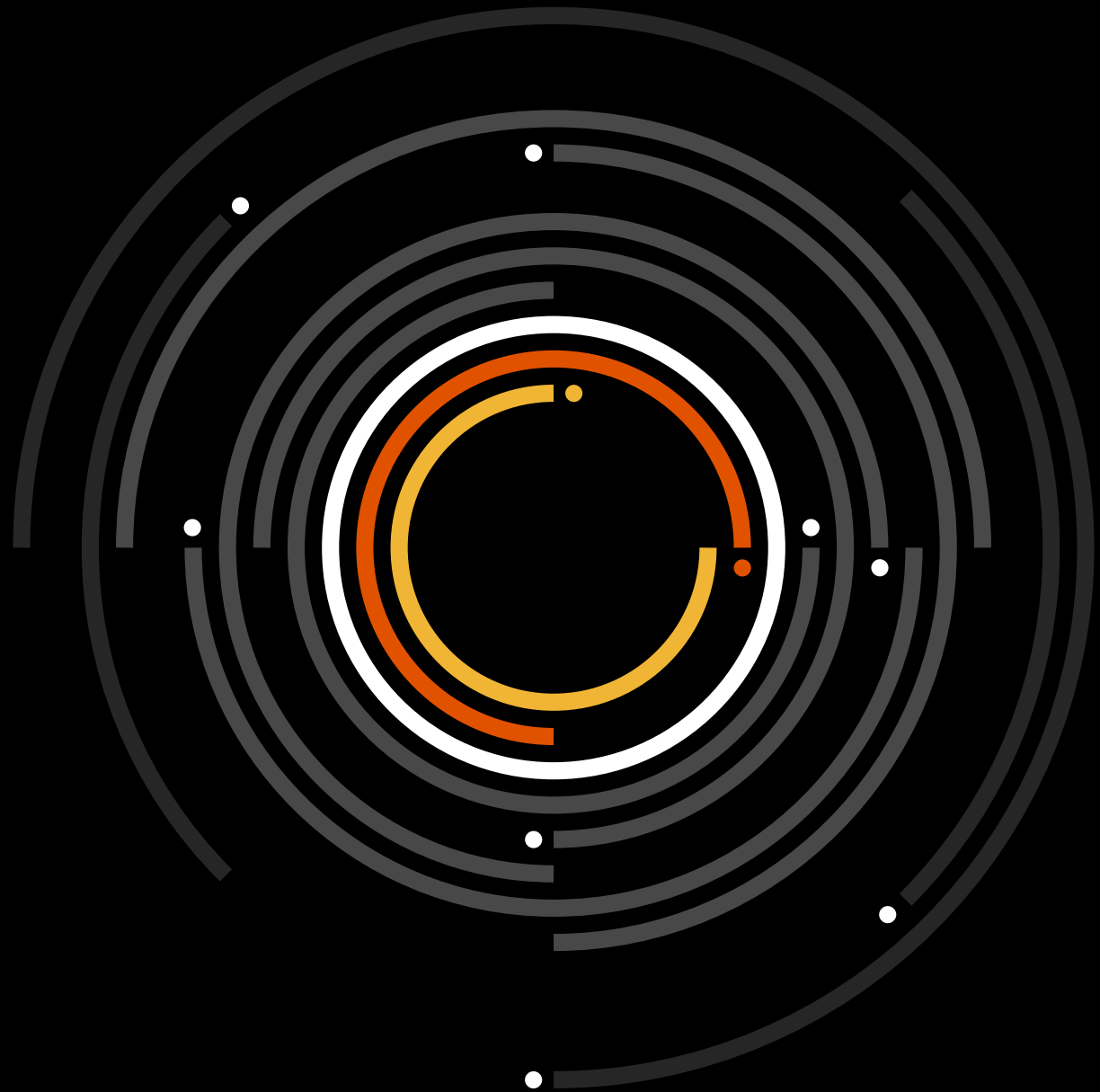
One of the biggest challenges in the world right now is misinformation. Because of technology, our ability to communicate with each other has increased. The flip side is people can influence us in ways we're not aware of because information is disseminated in an unregulated ecosystem. It's imperative we think deeply about how to get on top of the propagation of misinformation. If we can create solutions to address this issue, it would have a huge impact on improving our lives.

What's your most interesting "unpopular opinion?"

As a woman in science, I've worked to increase the presence of women and minorities in our field, especially in physics where the numbers are especially low. It's a value I firmly believe in. While I support important movements like Me, Too, and Black Lives Matter, I've noticed over the past few years that academia in general has become hypersensitive — almost intolerant — around these issues, creating more adversity and squashing conversation. To be clear, I'm not talking about major transgressions, or even microaggressions — I understand "death by a thousand cuts." But I worry the pendulum has swung too far and our need to always be generating soundbites is diminishing our ability to discuss very complex issues. How do we have tolerance and robust conversations about our differences, which is what the university is for, if we can't talk to each other as a trusted community?

What advice did you get that changed your world?

"When something goes wrong, write the angry letter then tear it up and help people do their jobs better." Advice from Professor Mike Jura, (UCLA professor of astronomy (1947-2016))





Randy Schekman, PhD
The 2013 Nobel Prize in Physiology or Medicine for the discovery of machinery-regulating vesicle traffic.

UC Berkeley

Howard Hughes Institute
Investigator and Professor of
Molecular and Cell Biology

What do you think is most likely to make the world better in the coming decade?

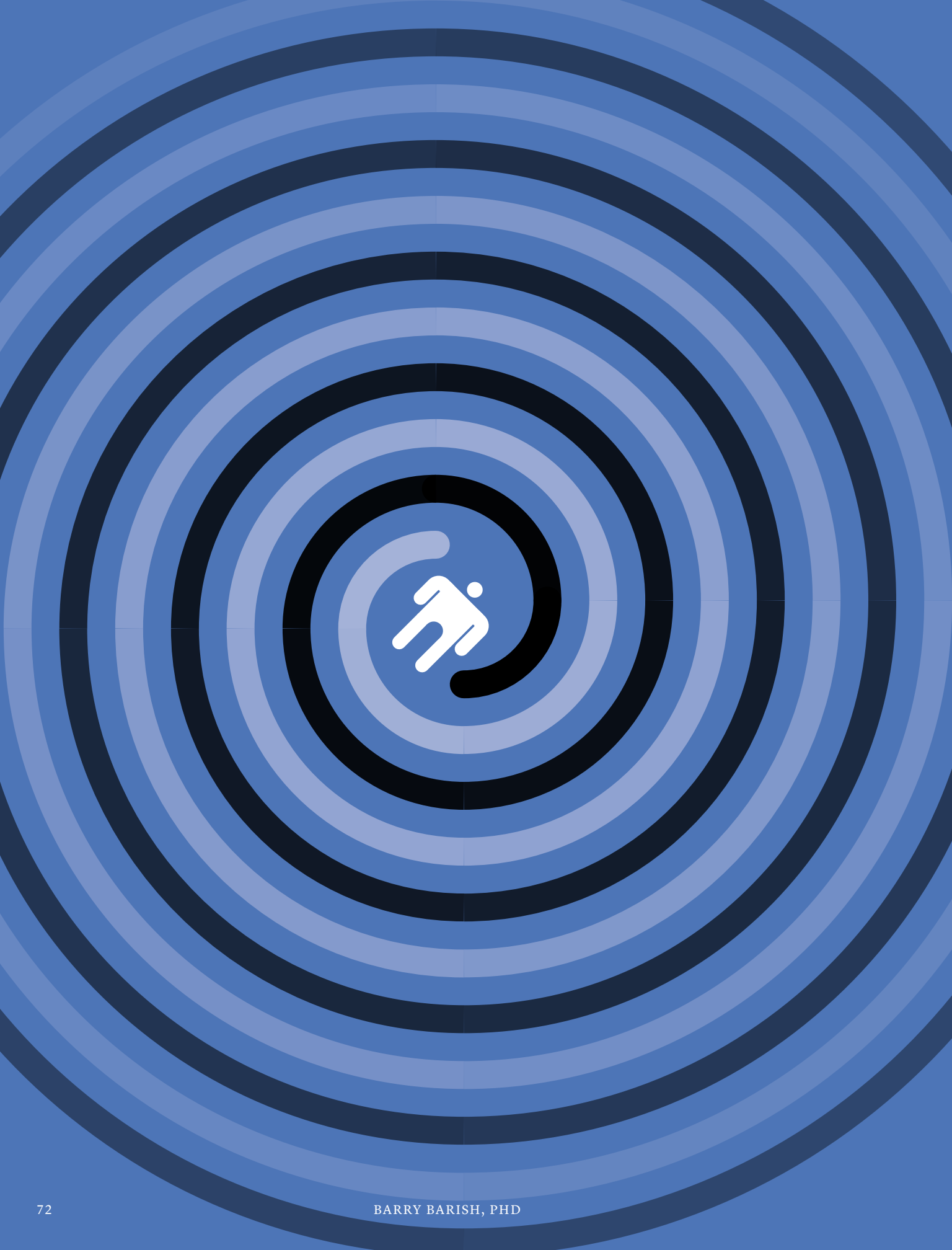
I believe we are coming into an age of even more profound benefits of science and technology. We will see continuing improvement in our effort to control carbon emissions. And as we emerge from the pandemic, the power of biotech to deliver treatments and cures to the major killers will advance dramatically. There will be an increase in new investments and a shift of the PhD-trained workforce from academia to industry.

What is the mother of invention?

Basic science!

What's something significant that you've changed your mind about — and what caused you to change it?

Climate change. At first I thought that humans could not be responsible, but the inexorable climb in CO₂, the corresponding decline of the glaciers, and the rise in temperatures around the world make a compelling case for anthropogenic change.



Barry Barish, PhD
The 2017 Nobel Prize in Physics for contributions to the LIGO* detector and the observation of gravitational waves.

UC Riverside

—
Distinguished Professor
of Physics and Astronomy

What is the mother of invention?

The human quality that I believe is truly the mother of invention is, interestingly, one that's not only underappreciated, but is also, to a large extent, feared and discouraged: curiosity.

As children, curiosity is perhaps the driving force for learning and making our way in the world. But do we appreciate this wonderful quality in children? Not usually. In fact, young children are often considered pests if they ask too many questions. And our schools mostly teach by prescribed methods rather than educating through stimulating students' natural curiosity.

Back in the mid-1950s, Albert Einstein said in a Life magazine interview that "The important thing is not to stop questioning. Curiosity has its own reason for existing. One cannot help but be in awe when he contemplates the mysteries of eternity, of life, of the marvelous structure of reality. It is enough if one tries merely to comprehend a little of this mystery every day."

Astrophysicist Carl Sagan agreed with Einstein: "Every kid starts out as a natural-born scientist, and then we beat it out of them. A few trickle through the system with their wonder and enthusiasm for science intact."

As a child, I was left alone enough to pursue my insatiable curiosity and somehow I managed to maintain it into adulthood. And to this day, my approach to science is based on following my curiosity — it's at the heart of what I do. So in a sense, I am still a kid, and that is true of many of my scientific colleagues.

*Laser Interferometer Gravitational-Wave Observatory

What Keep Us Up At Night?

Climate Change

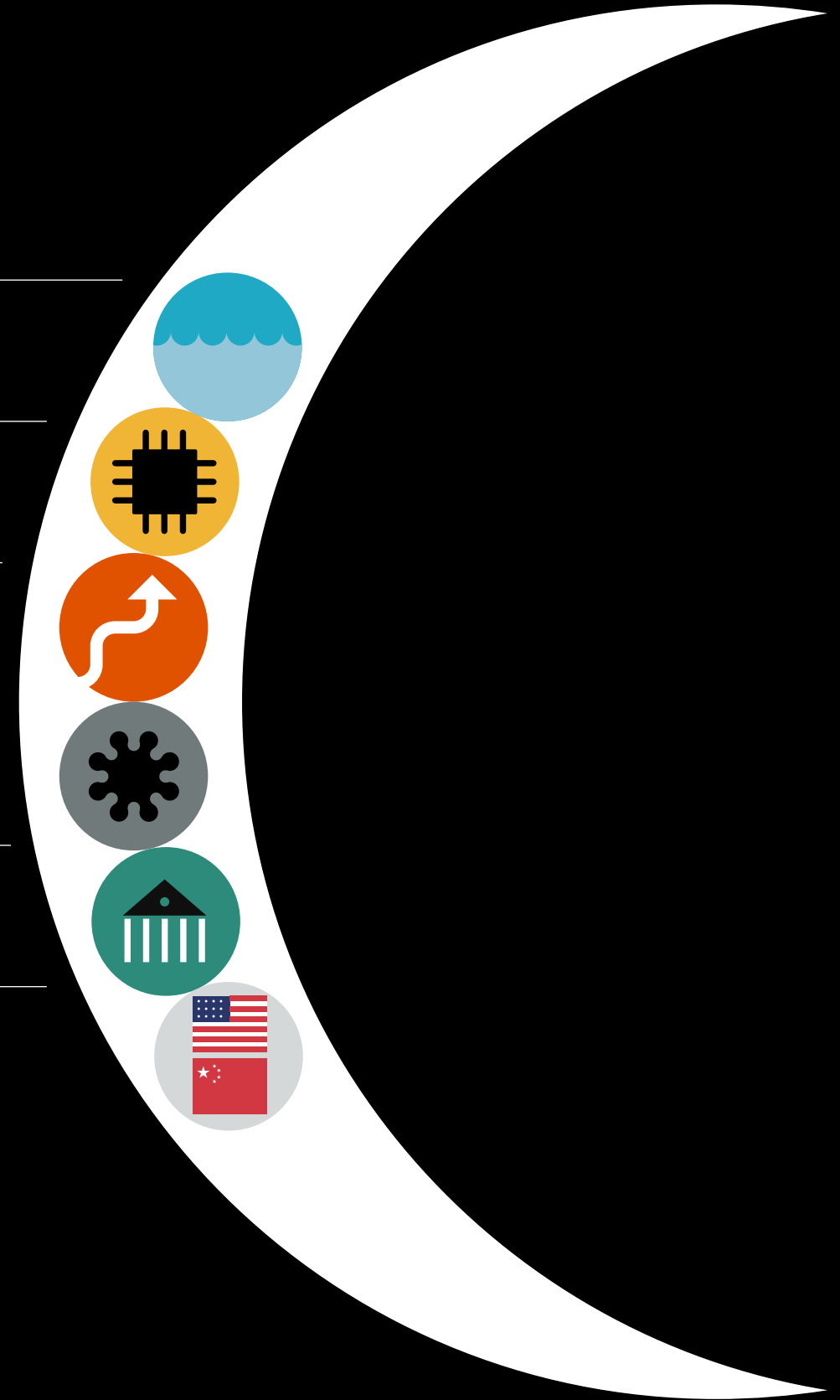
Technology Companies

Inflation

COVID

Fed Action

US-China Tensions



Public Equity Markets

Despite the real-world disruption of the global pandemic, stocks performed exceptionally well during the past year. At the time of this writing (June 30, 2021), the global index—MSCI ACWI—was up 40.9 percent over the past fiscal year, and the S&P 500, which tracks the 500 most significant publicly traded stocks in the U.S., was up 40.8 percent.

Behind these strong gains were interest rates that are still close to zero; large fiscal stimulus packages—about \$5.8 trillion in the U.S. and some \$16 trillion globally; and businesses coming back to life as economies open up around the world. Not surprisingly, the businesses most hurt by the lockdowns have seen their stock prices recover significantly in 2021, and these cyclical and value stocks have outperformed growth and tech stocks; small cap companies have also done well. Geographically, all regions have done well, with the United States and India as the top performers. China and Japan have been the largest underperformers so far this fiscal year. Investor sentiment weakened as the Chinese central bank began tapering monetary stimulus and increased regulations against large tech companies. While there are regulatory pressures on Big Tech companies in the U.S. as well, the impact on their stocks has been modest so far.

Where does that leave us now? Global equity valuations are above historical averages, especially in the U.S. where markets are at all-time highs. As is typical in bull markets, we continue to see examples of speculation in the financial system: day trading by retail investors, SPAC/IPO activity and hedge funds blowing up. However, stepping back from this, equities continue to be attractive versus fixed income, and investor flows into equities remain supportive. This may not change until we see a

significant uptick in inflation expectations, and possibly higher interest rates. A new covid scare could also dampen the outlook.

How this played out at UC Investments

We invest in equities via passive index exposure and through active external managers; our public equity exposure in the pension (UCRP) was held 71% in passive indexes and 29% was actively managed (via 17 active funds). As of June 30, 2021, our performance in the pension beat the global index benchmark by 0.9 percent. In the endowment, we outperformed the benchmark by 0.24 percent by holding 55% in passive and 45% in active (via 10 funds, nearly all of them also in UCRP).

We have seen large dispersion in returns across our managers. In UCRP, several of our larger managers have a value and cyclical bias, which has helped since November 2020, when the first news about vaccines came out. On the flip side, some of our managers focus on China or biotech, both of which have been out of favor recently. This has affected the endowment more than the pension. In the U.S., our small cap value managers have done very well and we have also seen strong stock selection returns from our larger cap U.S. funds. In India, our overweight has added value this fiscal year despite the recent volatility there due to covid.

We have not had any major changes on the active side. We added a China focused manager and increased our allocations to some of our existing managers (especially in small cap and value). We also took some profits by reducing our allocations to some of our largest managers. We continue to be most excited about stock picking opportunities outside the U.S., or in smaller companies or specific sectors.

● US Equities (S&P 500)
● Global Equities (MSCI ACWI IMI)

Source: Bloomberg



Fixed Income Markets

Largely attributed to the market pricing in inflation, interest rates in long maturity bonds have significantly increased this fiscal year. The Federal Reserve Bank has continued its monthly purchase of \$80 billion worth of U.S. Treasury bonds and \$40 billion in mortgage-backed securities. That has doubled the Fed's balance sheet, from \$4 trillion before the start of the pandemic to \$8 trillion today. The global negative yielding debt in developed markets still stands around \$16 trillion, making U.S. Treasuries an attractive investment even at low yields. U.S. high yield bonds have been the year's best performing sector so far due to its high correlation to the roaring public equity market. Any exposure to long maturity bonds (10 years or longer) netted negative returns.

How this played out at UC Investments

The low interest rate trend continued through the year, making it increasingly difficult to generate added value in the fixed income asset class, even as inflation fears grew. As such, UC Investments moved the bulk of its \$45 billion in fixed income assets to a passive

strategy, reducing the allocation to the asset class and repositioned the portfolio in anticipation of higher rates. The result as of June 30, 2021 was a return of 0.1% in core fixed income. The UC pension, however, benefitted from our allocation to U.S. high yield bonds and emerging market debt, which returned 15% and 7.5%, respectively. Overall, the fixed income returns in the pension stood at 3%.

We were well positioned in all our investment products and avoided long maturity bonds. Our new benchmark, the 1-5 Government/Credit index implemented at the start of the fiscal year, has only shorter maturity bonds. This is a shift compared to our previous benchmark, the U.S. Aggregate Bond index, which has a higher sensitivity to longer maturity bonds.

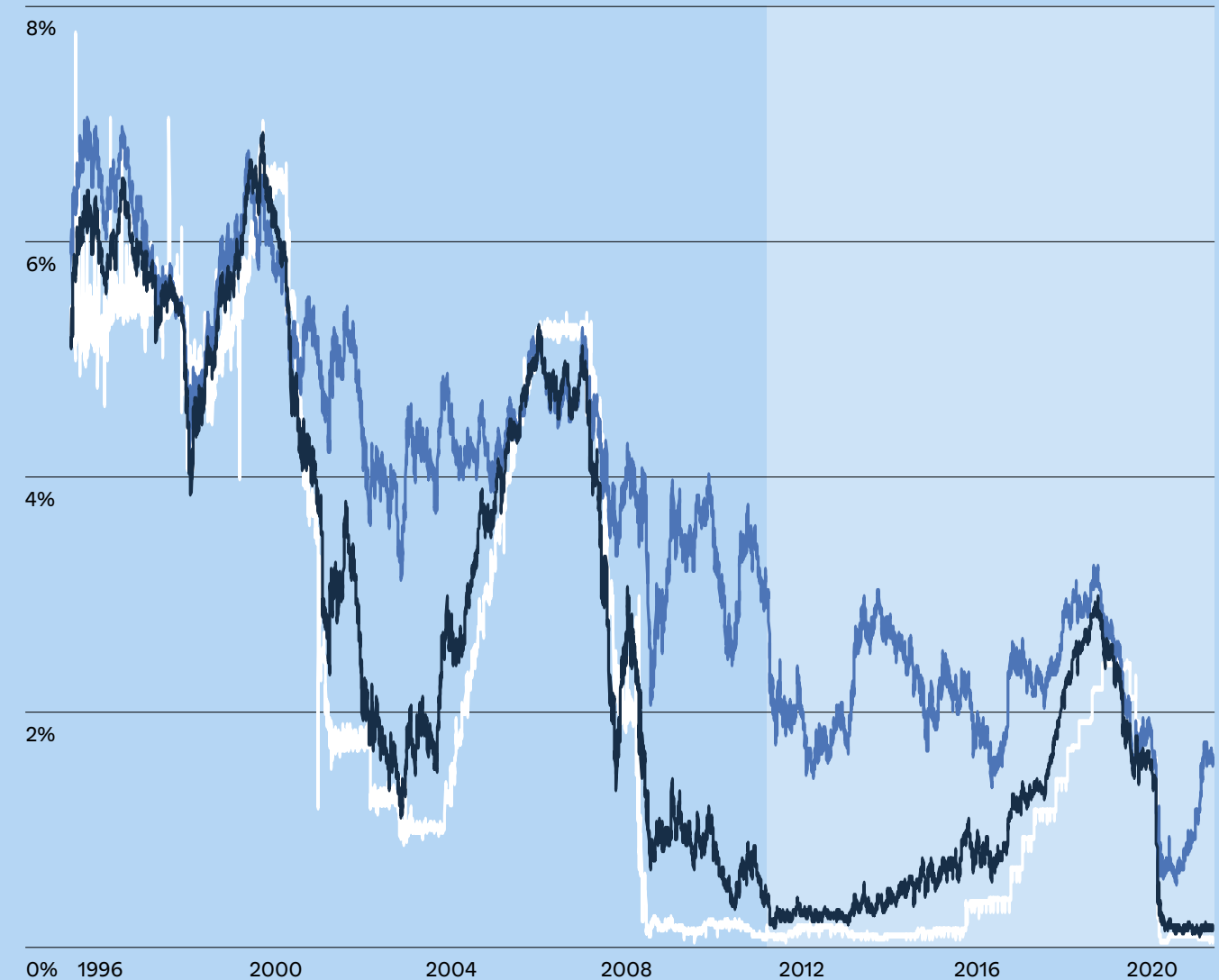
The risk of higher rates still exists, especially with market expectations of an "economic reflation." We agree with the Fed's inflation forecast of 3.0% in 2021 and 2.1% in 2022. Interest rates will either remain very low or move higher as market prices in reflation. We are appropriately positioned for either scenario.

↗ \$16 Trillion of Global Stimulus

Lower rates for longer

- Federal Funds Rate
- 10 Year Treasury
- 2 Year Treasury

Source: Board of Governors of the Federal Reserve System (US)

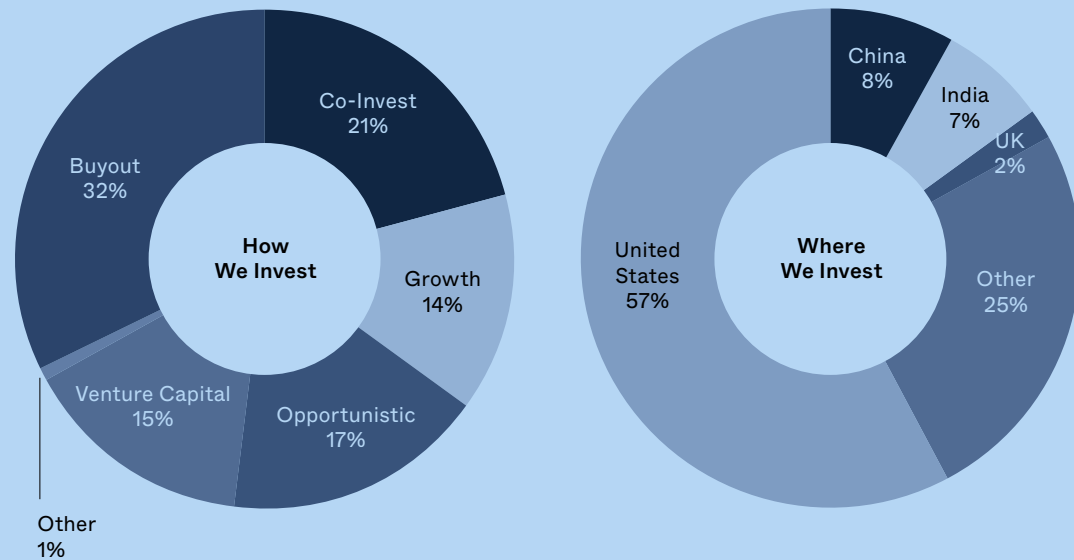


UC Investments' Private Equity at \$12 Billion

Private equity assets returned nearly 59% in the endowment and almost 55% in the pension.

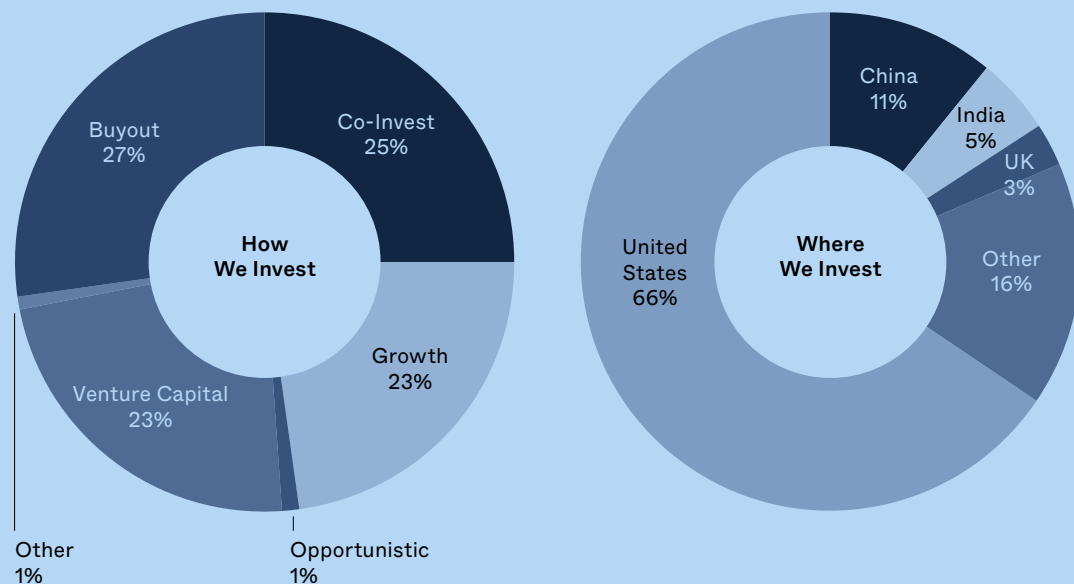
Pension

\$7.5 Billion of Private Equity



Endowment

\$4.1 Billion of Private Equity



UC Investments began investing in private equity more than 40 years ago as one of the early backers of Silicon Valley's Sequoia Capital, now a premier global venture and growth investor. We started small, but we learned big — from our partners, from inventors, scientists, entrepreneurs and from the ever expanding innovation ecosystem that is the University of California. We grew, and we're planning to grow bigger.

Our vision at UC Investments is as simple as it is bold. We strive to own between 10 to 20 great companies by 2030 and hold onto them for a long time. We'd like to get in early, perhaps leveraging our vantage point from within one of the world's top research university systems, or through our key partnerships. We hope to provide capital to nurture the very best ideas from wherever they may come. And we are highly selective for a reason. We aim to generate strong returns for our campuses, students, staff, and retirees — for at least the next 100 years.

After our initial foray into private equity investing through the fund offered by Sequoia Capital, UC Investments has been on an uphill climb. We now write much bigger checks than we did 40 years ago, and even bigger than we did a year ago. We've branched out into directly investing in companies alongside partners with specific market and business expertise to boost company earnings at a higher rate than their public peers.

By co-investing with partners, we don't pay fees, helping this strategy consistently beat the returns of our funds program. As we did with fund investing, we started small, co-investing in the range of \$15 million into companies in which we had confidence. In 2015, we took another step by making our first direct investment — \$175 million in Duff & Phelps, which generated a 35% internal rate of return when we sold it in 2017.

Today UC Investments' private equity program sums to almost \$12 billion in net asset value, with a total of \$17 billion committed to date as we continue to execute a successful co-invest and funds strategy. We plan to commit an additional \$2 billion to university innovation and an additional \$4 billion to healthcare by 2030 as well. In the endowment, the size of our private equity holdings has already grown by 379% since 2014 and by 118% in the pension.

And thanks to our size and scale, we are able to offer all our 10 UC campuses and five medical centers access to private equity — at no additional cost.

As of June 30, 2021, UC's private equity investments posted a one-year return of 58.7% in the endowment, a three-year rate of 35.1%, a five-year rate of 29.6%, a seven-year rate of 26.3%, a 10-year rate of 23.2%, a 20-year rate of 15%, and a 25-year of 20.6%.

In the pension, the performance was much the same with returns also beating our private equity benchmark — the Russell 3000 index, plus 3% — every year. The Russell 3000 tracks the performance of the 3,000 largest U.S.-traded stocks, which represent about 98% of all U.S. incorporated equity securities.

The private equity one-year rate of return in the pension was 54.7%, the three-year 24.4%, the five-year 21.2%, the seven-year 17.7%, the 10-year 16.6%, the 20-year 11.5%, the 25-year 17.5%, and the 29-year rate 19.2%.

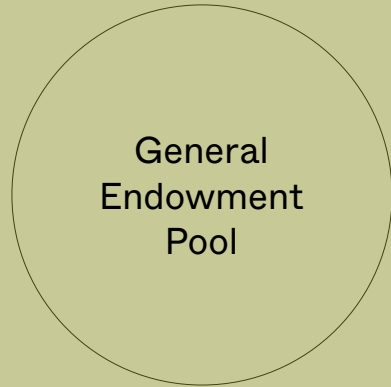
Private equity aims to find the best entrepreneurs and business models across all sectors and around the globe, then provide capital and operational/strategic expertise to create market-leading enterprises. This may take as few as two years, or up to 10, before there is an outcome that benefits all stakeholders. Once a private equity firm has completed its goal of creating a company that generates significantly more earnings and cash flow, it seeks to sell it to the right owner for the next leg of growth.

As UC Investments' private equity program continues to grow, we remain true to our core investment pillars of "Less is More" and "Concentration." We maintain a concentrated portfolio of great managers and underlying portfolio companies. By focusing on fewer than 20 key partners — such as Sequoia, Blackstone, Blackrock, Thoma Bravo, Arsenal, and EQT, where with each, we have more than \$500 million invested — we gain exposures to their best companies. We had as many as 98 partners when CIO Jagdeep Singh Bachher arrived in 2014, far too many to effect the strategic changes he had in mind. Now we can almost count our partners on our fingers and toes. UC Investments provides these partners a combination of speed, certainty and clarity of process, gaining us a reputation of providing creative and reliable capital solutions. We help our partners clinch deals and de-risk transactions on a level that many U.S. pensions or endowments simply can't do.

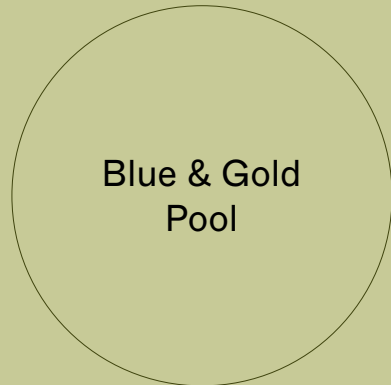
UC Investments will continue making larger investments in and alongside our core private equity partners. We are at our target of 24% private equity investments in the endowment, and \$3.3 billion away from our target of 12% in the pension. In the interim, we invest any un-deployed capital earmarked for private equity in the Russell 3000.

The coming decade looks especially auspicious for UC's private equity program as we execute on our bold goals. Universities are the epicenters of innovation and entrepreneurship, and we are positioning ourselves to take advantage of what we believe is a promising new asset class.

Endowment
Critical financial support for the programs and initiatives that make our public research university system the best in the world.



+



Highlights

As of June 30, 2021

Gross Return **35.2%** Assets **\$19.0B**

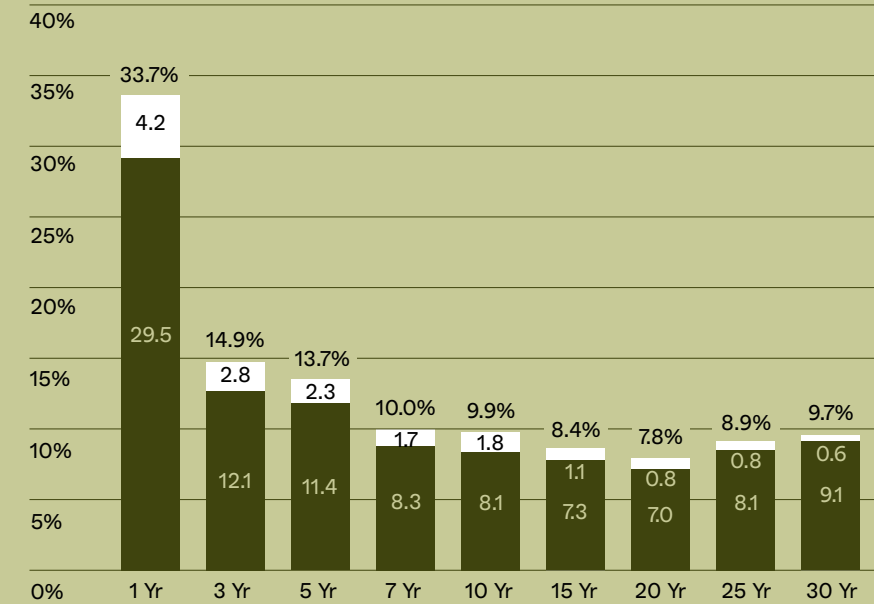
Net Return **33.7%**

Fiscal Year To Date

| | |
|------------------------|---------|
| Beginning Market Value | \$14.0B |
| Market Gains | \$4.2B |
| Value Added | \$0.6B |
| Net Cash Flow | \$0.2B |
| Ending Market Value | \$19.0B |

Net Returns

● Value-Add
 ● Benchmark



Performance

As of June 30, 2021

| | Market Value in Billions (\$) | 1 Yr (%) | 3 Yr (%) | 5 Yr (%) | 7 Yr (%) | 10 Yr (%) | 15 Yr (%) | 20 Yr (%) | 25 Yr (%) | 30 Yr (%) |
|------------------------|-------------------------------|-------------|-------------|-------------|-------------|-------------|------------|------------|-------------|------------|
| Endowment | 19.0 | 33.7 | 14.9 | 13.7 | 10.0 | 9.9 | 8.4 | 7.8 | 8.9 | 9.7 |
| Policy Benchmark | | 29.5 | 12.1 | 11.4 | 8.3 | 8.1 | 7.3 | 7.0 | 8.1 | 9.1 |
| Value Added | | 4.2 | 2.8 | 2.3 | 1.7 | 1.8 | 1.1 | 0.8 | 0.8 | 0.6 |
| Public Equity | 8.9 | 41.1 | 16.1 | 16.6 | 10.7 | 10.7 | 8.2 | 7.3 | 8.4 | |
| Fixed Income | 1.4 | 0.0 | 4.2 | 3.2 | 2.6 | 3.5 | 4.9 | 5.3 | 6.2 | |
| Private Markets | 8.6 | 33.7 | 17.1 | 14.5 | 12.1 | 11.4 | 9.0 | 6.9 | 13.7 | |
| Private Equity | 4.1 | 58.7 | 35.1 | 29.6 | 26.3 | 23.2 | 17.8 | 15.0 | 20.6 | |
| Absolute Return | 2.5 | 21.2 | 8.6 | 7.4 | 5.5 | 6.0 | 5.7 | — | — | |
| Private Credit | 0.3 | 15.2 | — | — | — | — | — | — | — | |
| Real Estate | 1.1 | 14.0 | 6.9 | 7.8 | 9.6 | 10.4 | 4.8 | — | — | |
| Real Assets | 0.5 | 10.5 | 8.6 | 7.6 | 2.1 | 2.9 | — | — | — | |
| Cash | 0.2 | 0.7 | — | — | — | — | — | — | — | |

Asset Allocation

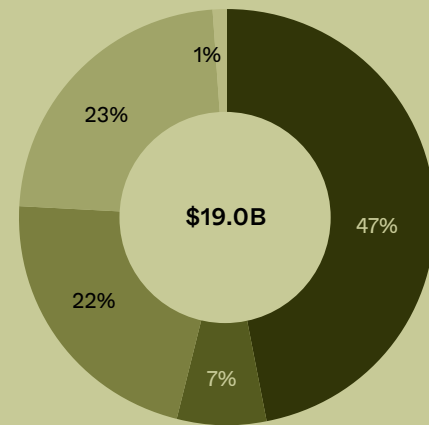
As of June 30, 2021

| | Market Value in Billions (\$) | Portfolio Weight (%) | Interim Policy Weight (%) | Long Term Policy Weight (%) |
|------------------------|-------------------------------|----------------------|---------------------------|-----------------------------|
| Public Equity | 8.9 | 46.7 | 48.5 | 40.0 |
| Fixed Income | 1.4 | 7.5 | 8.0 | 8.0 |
| Private Markets | 8.6 | 45.1 | 41.5 | 50.0 |
| Private Equity | 4.1 | 21.6 | 15.5 | 24.0 |
| Absolute Return | 2.5 | 13.2 | 10.0 | 10.0 |
| Private Credit | 0.3 | 1.8 | 4.0 | 4.0 |
| Real Estate | 1.0 | 5.6 | 8.0 | 8.0 |
| Real Assets | 0.5 | 2.9 | 4.0 | 4.0 |
| Cash | 0.2 | 0.7 | 2.0 | 2.0 |
| Total | 19.0 | 100 | 100 | 100 |

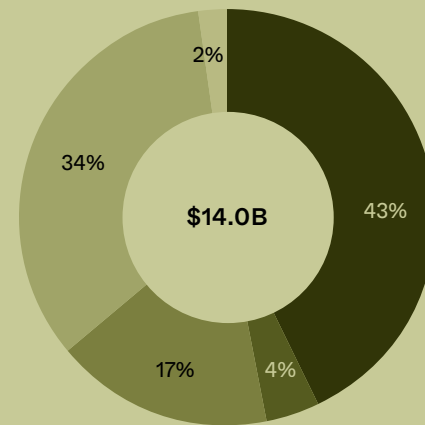
Asset Allocation Over Time

- Public Equity
- Fixed Income
- Private Equity
- Other Investments
- Cash

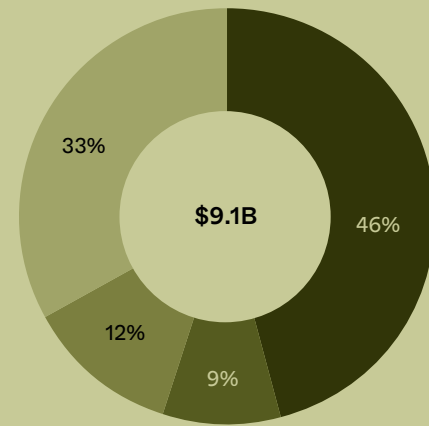
June 30, 2021



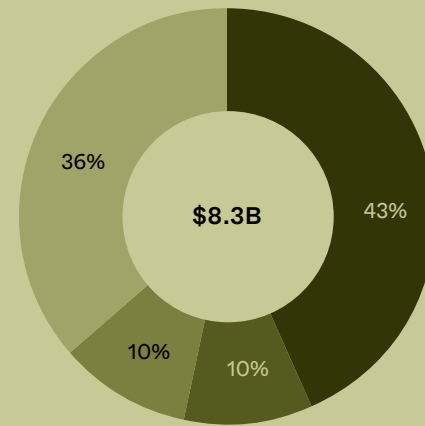
1 Yr Ago
June 30, 2020



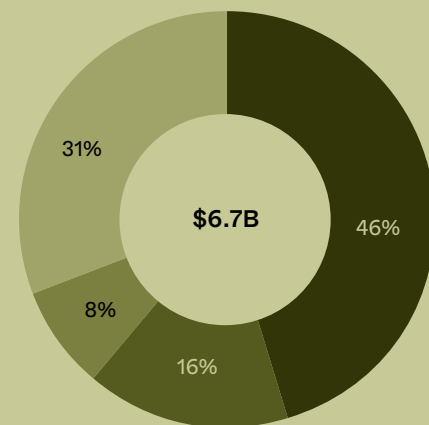
5 Years Ago
June 30, 2016



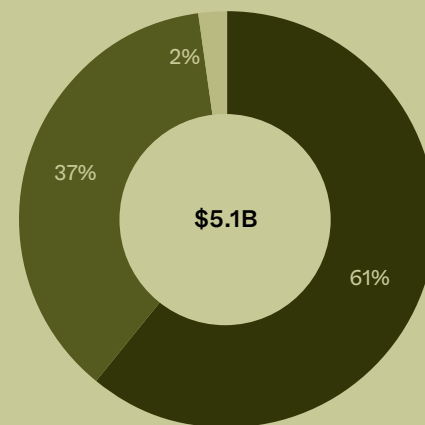
7 Years Ago
June 30, 2014



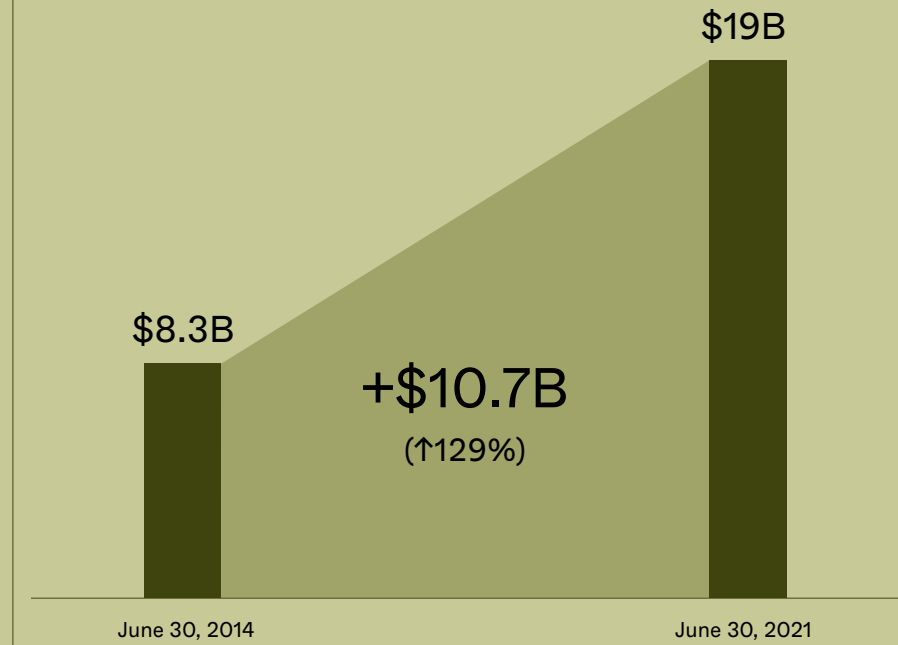
10 Yrs Ago
June 30, 2011



20 Yrs Ago
June 30, 2001

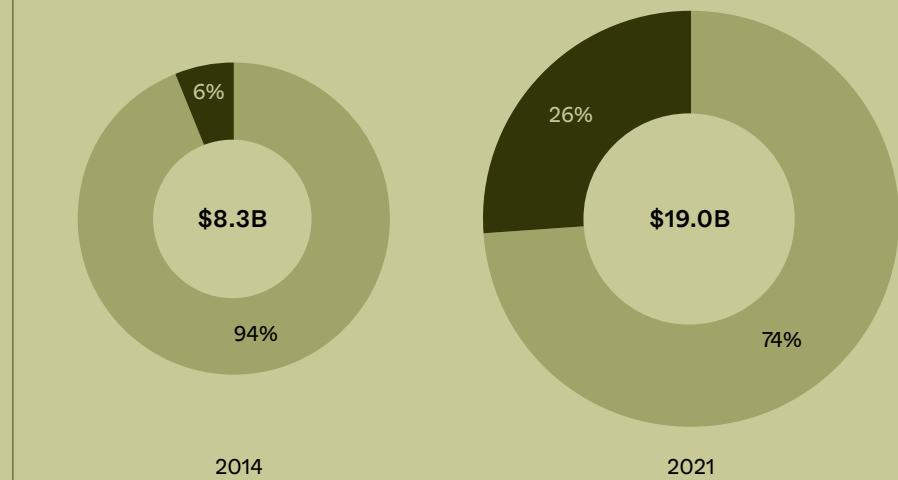


Assets Over 7 Years



Passive Investments Increased by 20%

- Active
- Passive



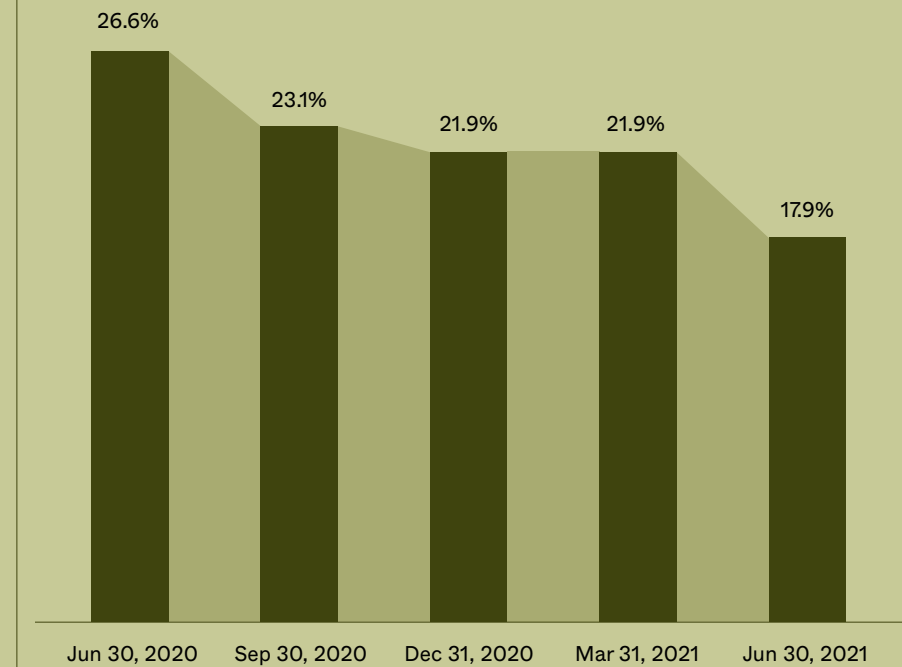
\$4.5 Billion From New Clients Since 2014



Policy Benchmarks *June 30, 2021*

| | | Target (%) | Minimum (%) | Maximum (%) |
|------------------------|--|------------|-------------|-------------|
| Public Equity | MSCI All Country World Index (ACWI) Investable Market Index (IMI) Tobacco and Fossil Fuel Free – Net Dividends | 40 | 30 | 50 |
| Fixed Income | Bloomberg Barclays 1-5 Year US Government/Credit Index | 8 | 5 | 15 |
| Private Equity | Russell 3000 Index + 2.5% | 24 | 10 | 30 |
| Absolute Return | HFRI Fund of Funds Composite | 10 | 5 | 15 |
| Private Credit | 75% Credit Suisse Leveraged Loan Fossil Free Index / 25% Merrill Lynch U.S. High Yield BB-B Constrained Fossil Free Index + 1.5% | 4 | 0 | 6 |
| Real Estate | NCREIF Fund Index – Open End Diversified Core Equity (ODCE) non lagged | 8 | 4 | 12 |
| Real Assets | Actual Real Assets Portfolio Return | 4 | 0 | 8 |
| Cash | Bank of America 3-Month US Treasury Bill Index | 2 | 1 | 5 |

Risk Volatility



Risk Allocation

| | |
|------------------------|-------|
| Economic Growth | 85.6% |
| Residual | 12.6% |
| Commodity | 0.8% |
| Other | 0.6% |
| Credit | 0.4% |

Blue & Gold
An investment vehicle created in March 2019 that helps our campuses increase their revenues while reducing reliance on state funds.

Highlights

As of June 30, 2021

| | | | |
|---------------------|-------------|---------------|---------------|
| Gross Return | 5.8% | Assets | \$714M |
|---------------------|-------------|---------------|---------------|

| | |
|-------------------|-------------|
| Net Return | 5.8% |
|-------------------|-------------|

Fiscal Year To Date

| | |
|-------------------------------|--------|
| Beginning Market Value | \$400M |
| Market Gains | \$19M |
| Value Added | \$0M |
| Net Cash Flow | \$295M |
| Ending Market Value | \$714M |

Performance

As of June 30, 2021

| | Market Value in Millions (\$) | 3 Mo (%) | 1 Yr (%) | 3 Yr (%) | 5 Yr (%) | 7 Yr (%) | 10 Yr (%) |
|-----------------------------|-------------------------------|------------|----------|----------|----------|----------|-----------|
| Blue & Gold Pool | 714 | 5.8 | — | — | — | — | — |
| Policy Benchmark | | 5.7 | — | — | — | — | — |
| Value Added | | 0.1 | — | — | — | — | — |
| Public Equity | 575 | 7.2 | — | — | — | — | — |
| Fixed Income | 139 | 0.2 | — | — | — | — | — |

Asset Allocation

As of June 30, 2021

| | Market Value in Millions (\$) | Weight (%) | Policy (%) | Over/Underweight (%) |
|----------------------|-------------------------------|-------------|-------------|----------------------|
| Public Equity | 575 | 80 | 80 | 0 |
| Fixed Income | 139 | 20 | 20 | 0 |
| Total | \$714M | 100% | 100% | |

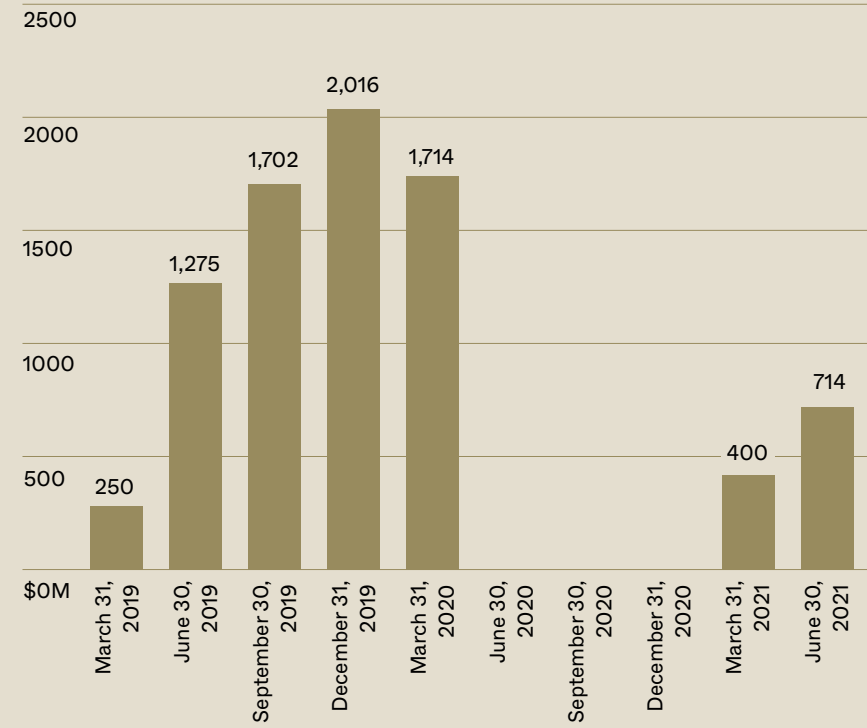
Policy Benchmarks

June 30, 2021

| | | Target (%) | Minimum (%) | Maximum (%) |
|----------------------|--|------------|-------------|-------------|
| Public Equity | MSCI All Country World Index (ACWI) Investable Market Index (IMI) Tobacco and Fossil Fuel Free – Net Dividends | 80 | 60 | 90 |
| Fixed Income | Bloomberg Barclays 1-5 Year US Government/Credit Index | 20 | 10 | 40 |

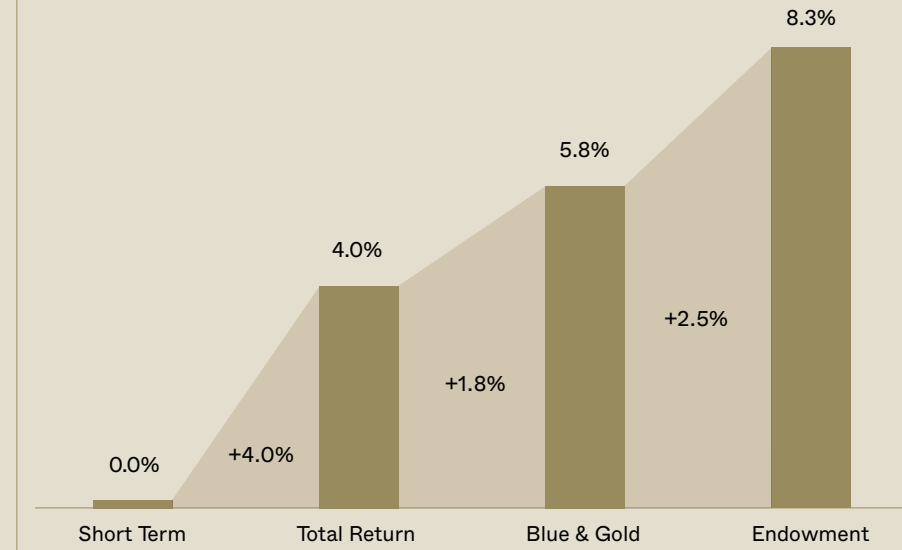
Assets

As of June 30, 2021



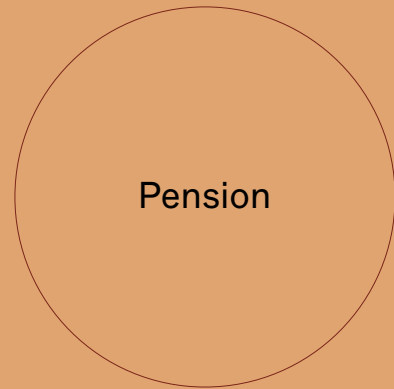
UC Campuses Have Choices

Net Returns (March 31, 2021 to June 30, 2021)



Pension

A plan that invests across a broad range of asset types to provide retirement income security for all our members.



+



Highlights

As of June 30, 2021

Gross Return **31.1%** **Assets** **\$91.0B**

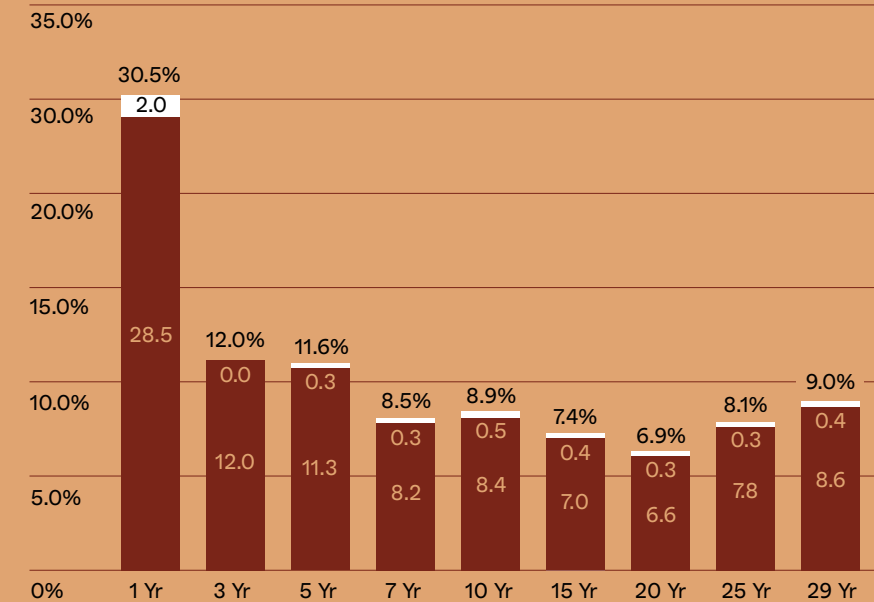
Net Return **30.5%**

Fiscal Year To Date

| | |
|-------------------------------|----------|
| Beginning Market Value | \$70.2B |
| Market Gains | \$20.0B |
| Value Added | \$1.3B |
| Net Cash Flow | (\$0.6B) |
| Ending Market Value | \$91.0B |

Net Returns

● Value-Add
● Benchmark



Performance

As of June 30, 2021

| | Market Value in Billions (\$) | 1 Yr (%) | 3 Yr (%) | 5 Yr (%) | 7 Yr (%) | 10 Yr (%) | 15 Yr (%) | 20 Yr (%) | 25 Yr (%) | 29 Yr (%) |
|------------------------|-------------------------------|-------------|-------------|-------------|-------------|-------------|------------|------------|-------------|-------------|
| Pension | 91.0 | 30.5 | 12.0 | 11.6 | 8.5 | 8.9 | 7.4 | 6.9 | 8.1 | 9.0 |
| Policy Benchmark | | 28.5 | 12.0 | 11.3 | 8.2 | 8.4 | 7.0 | 6.6 | 7.8 | 8.6 |
| Value Added | | 2.0 | 0.0 | 0.3 | 0.3 | 0.5 | 0.4 | 0.3 | 0.3 | 0.4 |
| Public Equity | 52.7 | 41.8 | 15.5 | 15.9 | 10.7 | 10.8 | 8.1 | 7.0 | 8.1 | 9.2 |
| Fixed Income | 16.2 | 3.0 | 5.3 | 3.8 | 3.5 | 4.0 | 5.2 | 5.6 | 6.6 | 7.1 |
| Core | 12.7 | 0.1 | 4.7 | 3.1 | 3.3 | 3.6 | 4.6 | 5.1 | 6.2 | 6.7 |
| High-Yield | 1.4 | 15.0 | 7.1 | 7.0 | 5.3 | 6.7 | — | — | — | — |
| Emerging Market Debt | 2.1 | 7.5 | 6.6 | 4.7 | 4.1 | 4.4 | — | — | — | — |
| TIPS | — | — | — | — | — | — | — | — | — | — |
| Private Markets | 20.9 | 25.7 | 11.7 | 10.9 | 9.4 | 9.8 | 7.7 | 7.5 | 14.1 | 16.2 |
| Private Equity | 7.5 | 54.7 | 24.4 | 21.2 | 17.7 | 16.6 | 13.4 | 11.5 | 17.5 | 19.2 |
| Absolute Return | 5.2 | 21.8 | 8.3 | 7.2 | 5.3 | 5.8 | — | — | — | — |
| Private Credit | 0.7 | 14.1 | — | — | — | — | — | — | — | — |
| Real Estate | 4.4 | 8.2 | 4.3 | 5.9 | 8.4 | 9.6 | 3.4 | — | — | — |
| Real Assets | 3.1 | 11.5 | 6.9 | 7.7 | 2.1 | 3.1 | — | — | — | — |
| Cash | 1.2 | 1.8 | — | — | — | — | — | — | — | — |

Asset Allocation

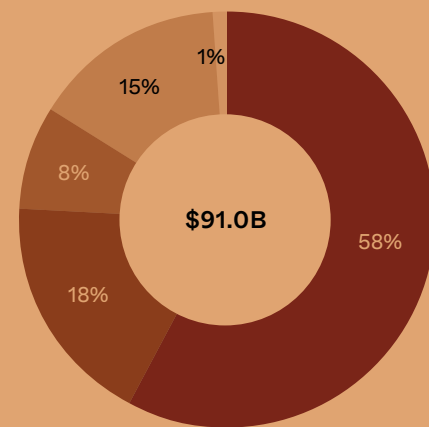
As of June 30, 2021

| | Market Value in Billions (\$) | Portfolio Weight (%) | Interim Policy Weight (%) | Long Term Policy Weight (%) |
|------------------------|-------------------------------|----------------------|---------------------------|-----------------------------|
| Public Equity | 52.7 | 57.9 | 58.9 | 53.0 |
| Fixed Income | 16.2 | 17.8 | 17.0 | 17.0 |
| Core | 12.7 | 14.0 | 13.0 | 13.0 |
| High-Yield | 1.4 | 1.5 | 2.5 | 2.5 |
| Emerging Market Debt | 2.1 | 2.3 | 1.5 | 1.5 |
| TIPS | 0.0 | 0.0 | 0.0 | 0.0 |
| Private Markets | 20.9 | 23.0 | 24.1 | 30.0 |
| Private Equity | 7.5 | 8.3 | 6.1 | 12.0 |
| Absolute Return | 5.2 | 5.7 | 3.5 | 3.5 |
| Private Credit | 0.7 | 0.8 | 3.5 | 3.5 |
| Real Estate | 4.4 | 4.8 | 7.0 | 7.0 |
| Real Assets | 3.1 | 3.4 | 4.0 | 4.0 |
| Cash | 1.2 | 1.3 | 0.0 | 0.0 |
| Total | 91.0 | 100 | 100 | 100 |

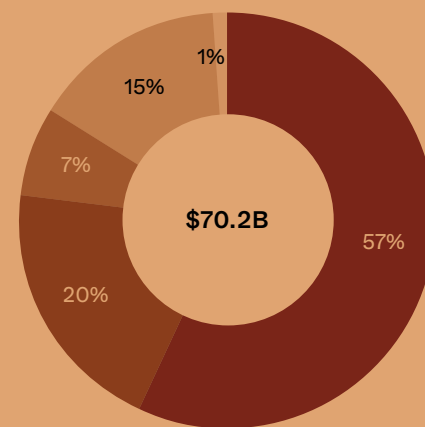
Asset Allocation Over Time

- Public Equity
- Fixed Income
- Private Equity
- Other Investments
- Cash

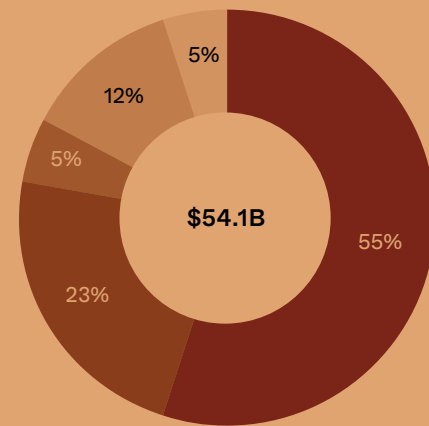
June 30, 2021



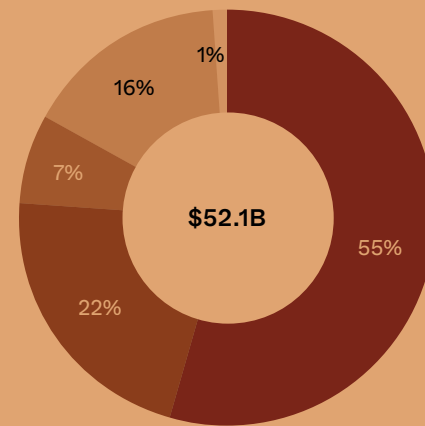
1 Yr Ago
June 30, 2020



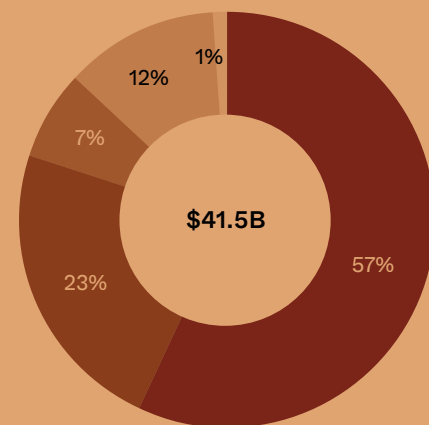
5 Yrs Ago
June 30, 2016



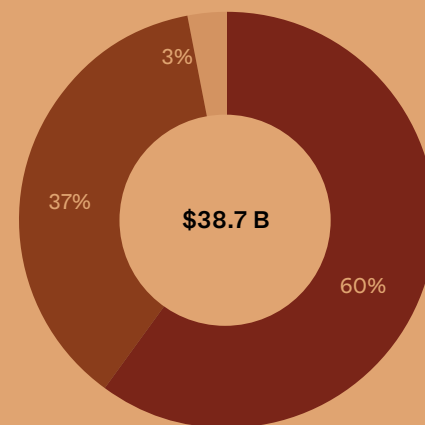
7 Yrs Ago
June 30, 2014



10 Yrs Ago
June 30, 2011



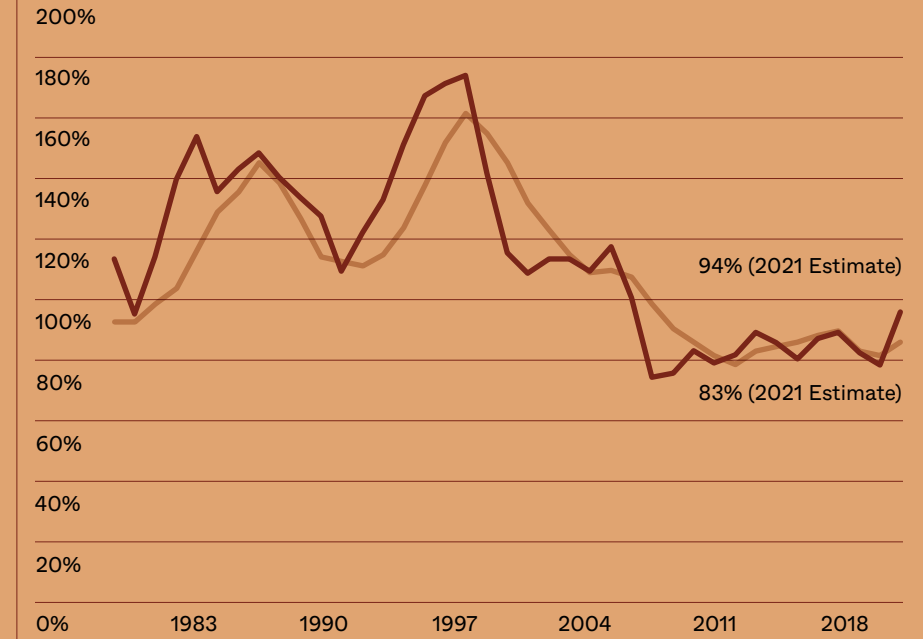
20 Yrs Ago
June 30, 2001



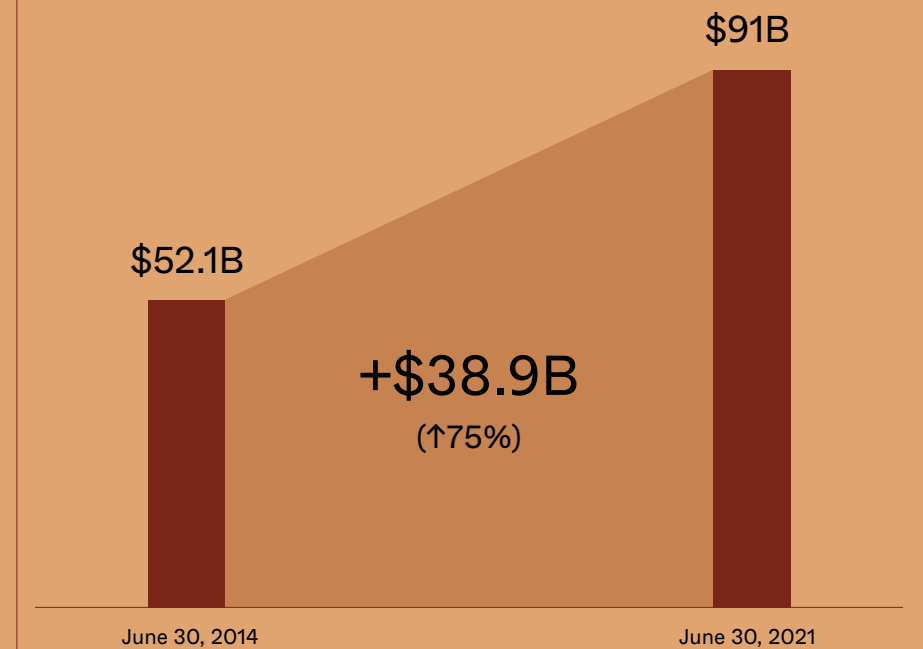
Pension Funded Ratio

Pension is 94% Funded on a Market Value Basis in 2021

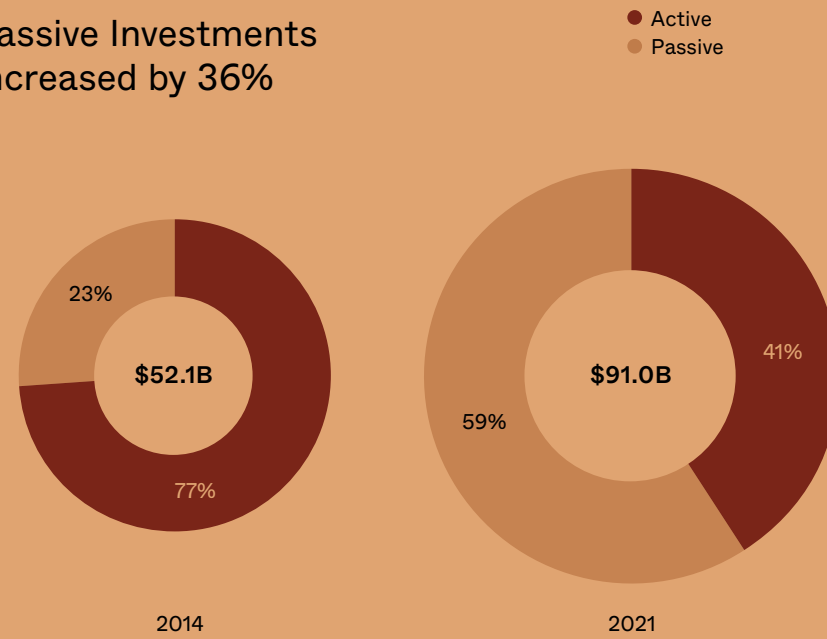
- Funded Ratio (Market Value)
- Funded Ratio (Actuarial)



Assets Over 7 Years



Passive Investments Increased by 36%

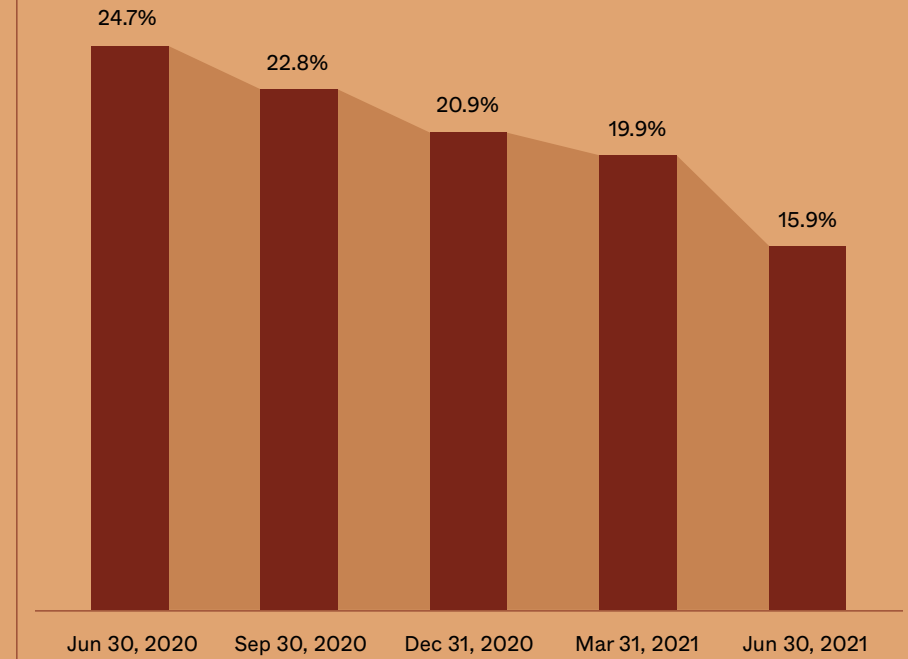


Policy Benchmarks

June 30, 2021

| | | Target (%) | Minimum (%) | Maximum (%) |
|-----------------------------|--|------------|-------------|-------------|
| Public Equity | MSCI All Country World Index (ACWI) Investable Market Index (IMI) Tobacco and Fossil Fuel Free – Net Dividends | 53 | 43 | 63 |
| Fixed Income | Bloomberg Barclays 1-5 Year US Government/Credit Index | 13 | 10 | 16 |
| High-Yield | Merrill Lynch High Yield Cash Pay Index Fossil Free | 2.5 | 0 | 5 |
| Emerging Market Debt | JP Morgan Emerging Markets Bond Index Global Diversified Fossil Free | 1.5 | 0 | 3 |
| Private Equity | Russell 3000 Index + 2.5% | 12 | 7 | 17 |
| Absolute Return | HFRI Fund of Funds Composite | 3.5 | 0 | 5.5 |
| Private Credit | 75% Credit Suisse Leveraged Loan Fossil Free Index / 25% Merrill Lynch U.S. High Yield BB-B Constrained Fossil Free Index + 1.5% | 3.5 | 0 | 7 |
| Real Estate | NCREIF Fund Index – Open End Diversified Core Equity (ODCE) non lagged | 7 | 2 | 12 |
| Real Assets | Actual Real Assets Portfolio Return | 4 | 0 | 8 |
| Cash | Bank of America 3-Month US Treasury Bill Index | 0 | 0 | 5 |

Risk Volatility



Risk Allocation

| | |
|-------------------------|-------|
| Economic Growth | 91.6% |
| Residual | 6.9% |
| Other | 0.6% |
| Currency | 0.5% |
| Emerging Markets | 0.4% |

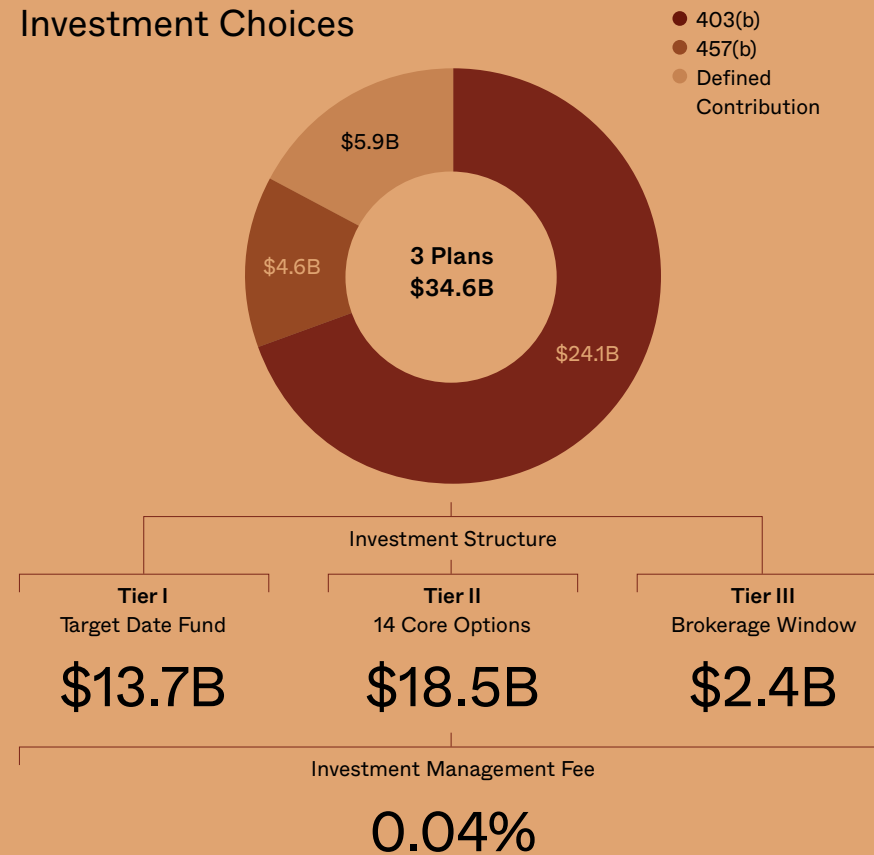
Retirement Savings
The Retirement Savings Program serves 316,000+ members, making it the second largest U.S. public defined contribution plan behind the federal government.

Highlights

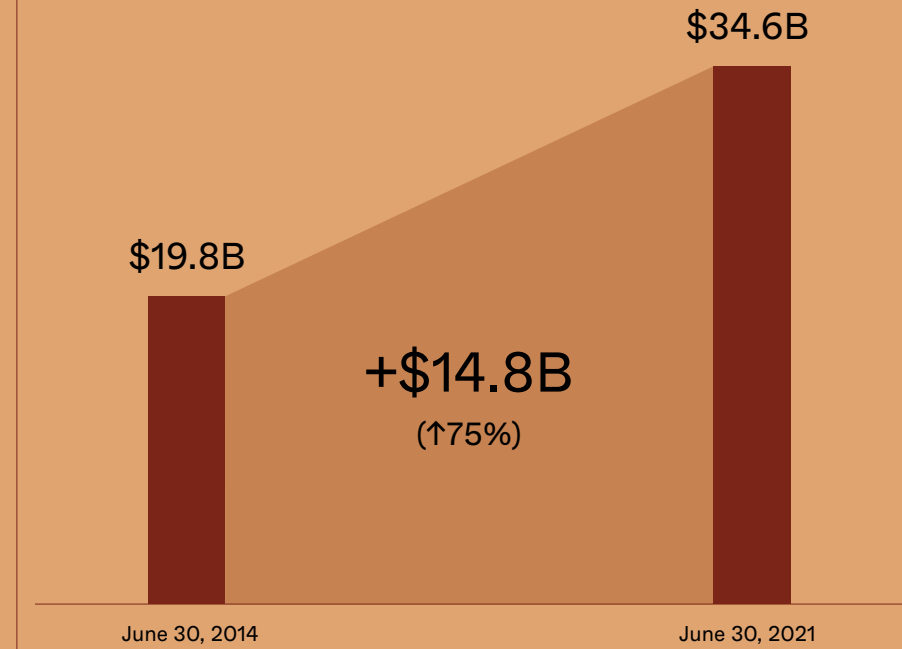
As of June 30, 2021

| | 2014 | 2021 |
|--------------------|-----------------|------------|
| Participants | 301,000 | 316,000 |
| Assets | \$19.8B | \$34.6B |
| Default | UC Savings Fund | UC Pathway |
| Target Date Assets | \$3.1B | \$13.7B |
| Investment Choices | 75 | 14 |
| Management Fee | 0.14% | 0.04% |
| Management Fee | \$26M | \$14M |

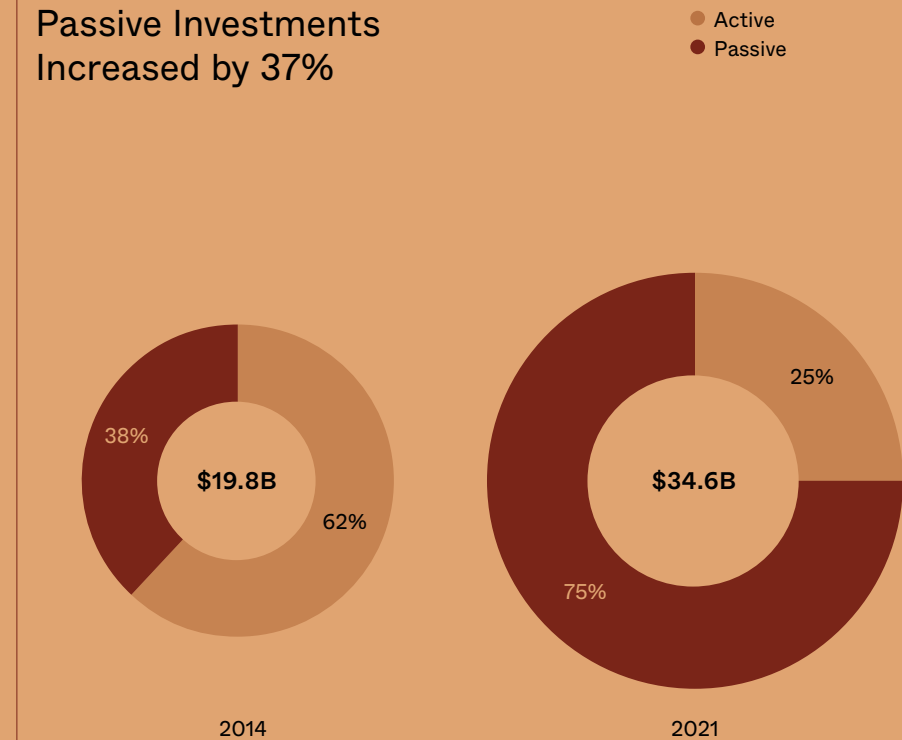
Investment Choices



Assets Over 7 Years



Passive Investments Increased by 37%



Performance Target Date Funds

As of June 30, 2021

| | Market Value (\$M) | % of Program | Annualized Total Return (%) | | | | |
|------------------------|--------------------|--------------|-----------------------------|------|------|------|-------|
| | | | 1 Yr | 3 Yr | 5 Yr | 7 Yr | 10 Yr |
| UC Pathway Income Fund | \$1,880 | 5.4% | 15.5 | 7.9 | 6.8 | 5.1 | 4.5 |
| Policy Benchmark | | | 15.4 | 8.0 | 6.8 | 5.0 | 4.3 |
| Value Added | | | 0.1 | -0.1 | 0.0 | 0.1 | 0.2 |
| UC Pathway Fund 2020 | \$1,757 | 5.1% | 19.7 | 9.6 | 8.6 | 6.5 | 6.3 |
| Policy Benchmark | | | 19.6 | 9.7 | 8.6 | 6.5 | 6.1 |
| Value Added | | | 0.0 | -0.1 | 0.0 | 0.0 | 0.2 |
| UC Pathway Fund 2025 | \$2,059 | 6.0% | 24.0 | 11.4 | 10.1 | 7.4 | 7.1 |
| Policy Benchmark | | | 24.0 | 11.5 | 10.2 | 7.4 | 7.0 |
| Value Added | | | 0.0 | -0.1 | -0.1 | 0.0 | 0.1 |
| UC Pathway Fund 2030 | \$2,126 | 6.2% | 27.1 | 12.5 | 11.2 | 8.1 | 7.7 |
| Policy Benchmark | | | 27.0 | 12.6 | 11.3 | 8.1 | 7.7 |
| Value Added | | | 0.0 | -0.1 | -0.1 | 0.0 | 0.0 |
| UC Pathway Fund 2035 | \$1,527 | 4.4% | 29.8 | 13.0 | 12.0 | 8.6 | 8.2 |
| Policy Benchmark | | | 29.8 | 13.2 | 12.1 | 8.6 | 8.2 |
| Value Added | | | 0.0 | -0.2 | -0.1 | 0.0 | 0.1 |
| UC Pathway Fund 2040 | \$1,396 | 4.0% | 32.6 | 13.5 | 12.7 | 9.0 | 8.7 |
| Policy Benchmark | | | 32.5 | 13.6 | 12.9 | 9.0 | 8.6 |
| Value Added | | | 0.1 | -0.1 | -0.1 | 0.0 | 0.1 |
| UC Pathway Fund 2045 | \$1,103 | 3.2% | 35.2 | 13.9 | 13.4 | 9.3 | 9.1 |
| Policy Benchmark | | | 35.1 | 13.9 | 13.6 | 9.4 | 9.0 |
| Value Added | | | 0.1 | 0.0 | -0.2 | -0.1 | 0.1 |
| UC Pathway Fund 2050 | \$955 | 2.8% | 36.7 | 14.2 | 14.0 | 9.6 | 9.5 |
| Policy Benchmark | | | 36.6 | 14.2 | 14.2 | 9.7 | 9.4 |
| Value Added | | | 0.1 | 0.0 | -0.2 | -0.1 | 0.1 |
| UC Pathway Fund 2055 | \$491 | 1.4% | 36.7 | 14.2 | 14.2 | 9.7 | 9.7 |
| Policy Benchmark | | | 36.6 | 14.2 | 14.3 | 9.7 | 9.6 |
| Value Added | | | 0.1 | 0.0 | -0.1 | 0.0 | 0.1 |
| UC Pathway Fund 2060 | \$385 | 1.1% | 36.7 | 14.2 | 14.2 | 9.7 | 9.8 |
| Policy Benchmark | | | 36.6 | 14.2 | 14.3 | 9.7 | 9.7 |
| Value Added | | | 0.1 | 0.0 | -0.1 | 0.0 | 0.1 |

Performance Equities Core Lineup

As of June 30, 2021

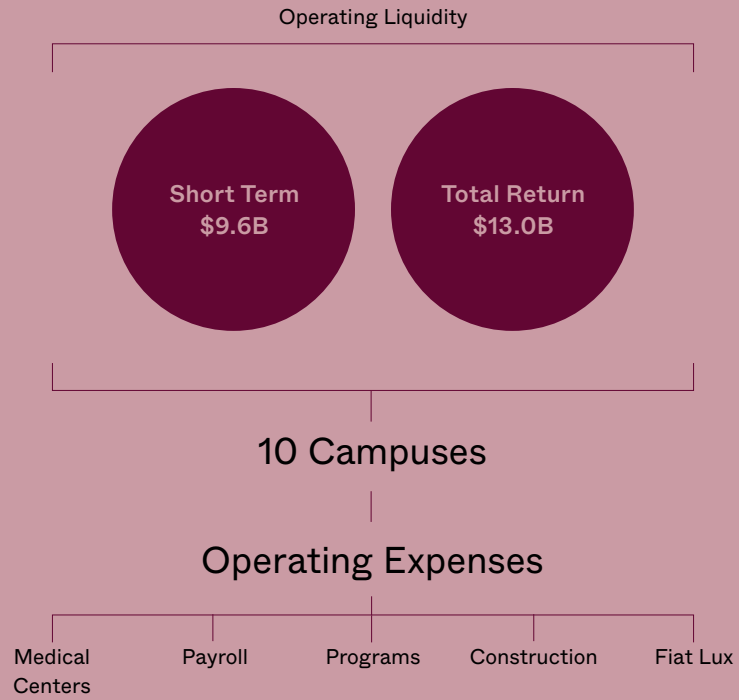
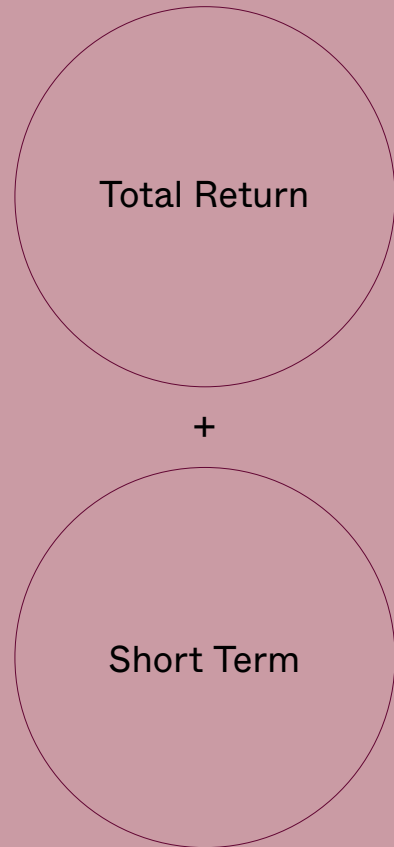
| | Market Value (\$M) | % of Program | Annualized Total Return (%) | | | | |
|---|--------------------|--------------|-----------------------------|------|------|------|-------|
| | | | 1 Yr | 3 Yr | 5 Yr | 7 Yr | 10 Yr |
| US Large Equity | | | | | | | |
| UC Domestic Equity Index Fund | \$7,088 | 20.5% | 44.3 | 19.0 | 18.2 | 14.1 | 14.9 |
| Russell 3000 TF Index | | | 44.2 | 18.8 | 18.1 | 14.0 | 14.7 |
| Value Added | | | 0.1 | 0.2 | 0.1 | 0.1 | 0.2 |
| UC Social Index Fund | \$685 | 2.0% | 42.1 | 20.8 | 19.9 | 15.4 | 16.2 |
| Spliced Social Index | | | 42.3 | 20.8 | 19.9 | 15.5 | 16.3 |
| Value Added | | | -0.2 | 0.0 | 0.0 | -0.1 | -0.1 |
| US Small/Mid Cap Equity | | | | | | | |
| UC Domestic Small Cap Index Fund | \$702 | 2.0% | 62.4 | 14.3 | 15.7 | 11.3 | 12.8 |
| Small Cap Spliced Index | | | 62.0 | 14.0 | 15.5 | 11.2 | 12.6 |
| Value Added | | | 0.4 | 0.3 | 0.2 | 0.1 | 0.2 |
| Global/World ex-US Equity | | | | | | | |
| UC International Equity Index Fund | \$1,118 | 3.2% | 35.0 | 9.2 | 11.1 | 5.4 | 6.1 |
| MSCI World ex-US TF Index | | | 35.0 | 8.7 | 10.7 | 5.0 | 5.8 |
| Value Added | | | 0.0 | 0.5 | 0.4 | 0.4 | 0.4 |
| Growth Large Cap Equity | | | | | | | |
| UC Growth Company Fund | \$2,361 | 6.8% | 57.5 | 32.8 | 31.9 | 23.6 | 21.5 |
| Russell 3000 Growth | | | 43.0 | 24.5 | 23.3 | 18.2 | 17.5 |
| Value Added | | | 14.5 | 8.3 | 8.6 | 5.4 | 4.0 |
| World ex-US Equity | | | | | | | |
| UC Diversified International Fund MSCI EAFE | \$202 | 0.6% | 30.3 | 13.2 | 12.7 | 7.7 | 8.0 |
| | | | 32.4 | 8.3 | 10.3 | 5.0 | 6.0 |
| Value Added | | | -1.9 | 4.9 | 2.4 | 2.7 | 2.0 |
| UC Emerging Markets Fund | \$277 | 0.8% | 41.1 | 10.3 | 11.7 | 5.7 | 4.0 |
| MSCI Emerging Markets Index | | | 40.9 | 11.3 | 13.0 | 6.4 | 4.3 |
| Value Added | | | 0.2 | -1.0 | -1.3 | -0.7 | -0.3 |
| Real Estate | | | | | | | |
| UC Real Estate Fund | \$278 | 0.8% | 38.2 | 10.1 | 6.0 | 8.1 | 9.2 |
| REIT Spliced Index | | | 38.1 | 9.9 | 6.0 | 8.1 | 9.2 |
| Value Added | | | 0.1 | 0.2 | 0.0 | 0.0 | 0.0 |

Performance
Fixed Income Core Lineup

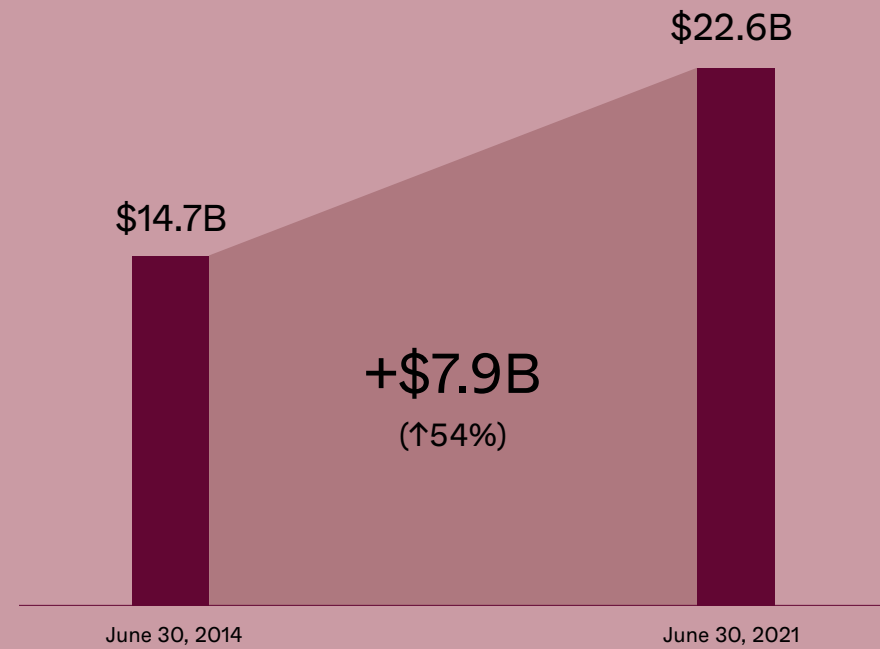
As of June 30, 2021

| | Market Value (\$M) | % of Program | Annualized Total Return (%) | | | | |
|--|--------------------|--------------|-----------------------------|------|------|------|-------|
| | | | 1 Yr | 3 Yr | 5 Yr | 7 Yr | 10 Yr |
| Capital Preservation | | | | | | | |
| UC Savings Fund | \$3,886 | 11.2% | 0.6 | 1.3 | 1.4 | 1.3 | 1.3 |
| Two-Year U.S. Treasury Notes Income Return | | | 0.1 | 1.3 | 1.4 | 1.2 | 0.9 |
| Value Added | | | 0.5 | 0.0 | 0.0 | 0.1 | 0.4 |
| Inflation Sensitive | | | | | | | |
| UC Short Term TIPS Fund | \$86 | 0.3% | 5.7 | 3.8 | 2.8 | 1.9 | |
| Barclays 1-3 Year U.S. TIPS Index | | | 5.7 | 3.7 | 2.6 | 1.6 | |
| Value Added | | | 0.0 | 0.1 | 0.2 | 0.3 | |
| UC TIPS Fund | \$360 | 1.0% | 6.7 | 6.5 | 4.4 | 3.5 | 3.6 |
| Barclays US TIPS Index | | | 6.5 | 6.5 | 4.2 | 3.3 | 3.4 |
| Value Added | | | 0.2 | 0.0 | 0.2 | 0.2 | 0.2 |
| Diversified Fixed Income | | | | | | | |
| UC Bond Fund | \$1,420 | 4.1% | -0.2 | 5.3 | 3.2 | 3.4 | 3.7 |
| Barclays Aggregate Fixed Income Benchmark | | | -0.3 | 5.3 | 3.0 | 3.3 | 3.4 |
| Value Added | | | 0.1 | 0.0 | 0.2 | 0.1 | 0.3 |

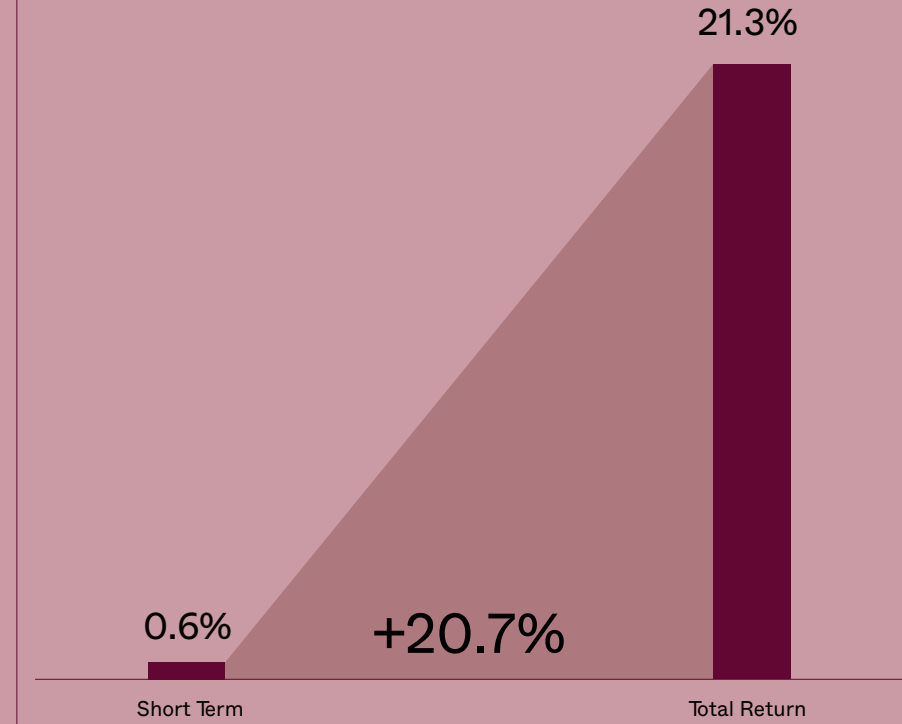
Working Capital
Capital, working.



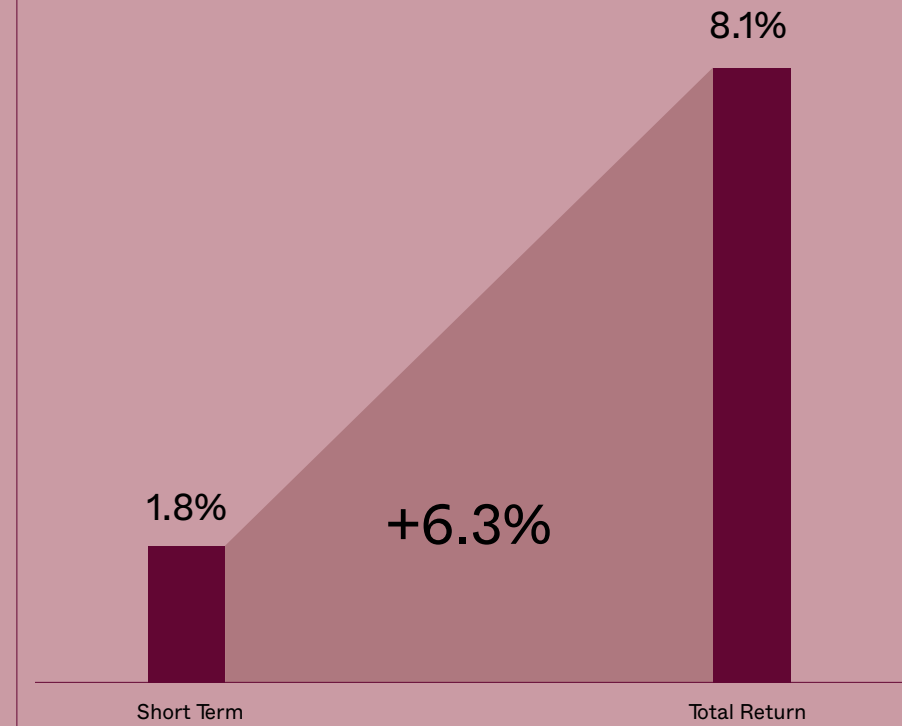
Assets Over 7 Years



1 Year Net Returns
June 30, 2021



12 Year Net Returns
June 30, 2021



Total Return Investment Pool
A working capital portfolio created in August 2008 with an asset and risk allocation geared to an intermediate-term horizon.

Highlights

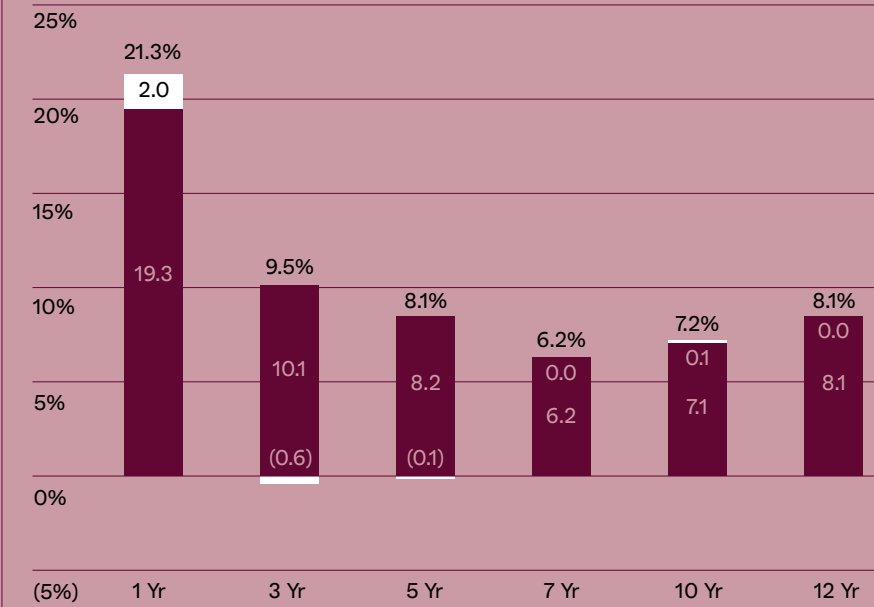
As of June 30, 2021

| | | | |
|---------------------|--------------|---------------|----------------|
| Gross Return | 21.4% | Assets | \$13.0B |
| Net Return | 21.3% | | |

| Fiscal Year To Date | |
|-------------------------------|---------|
| Beginning Market Value | \$7.4B |
| Market Gains | \$1.7B |
| Value Added | \$0.2B |
| Net Cash Flow | \$3.8B |
| Ending Market Value | \$13.0B |

Net Returns

● Value-Add
 ● Benchmark



Performance

As of June 30, 2021

| | Market Value in Billions (\$) | 1 Yr (%) | 3 Yr (%) | 5 Yr (%) | 7 Yr (%) | 10 Yr (%) | 12 Yr (%) |
|-------------------------------------|-------------------------------|-------------|------------|-------------|------------|------------|-------------|
| Total Return Investment Pool | 13.0 | 21.3 | 9.8 | 8.1 | 6.2 | 7.2 | 8.1 |
| Policy Benchmark | | 19.3 | 10.1 | 8.2 | 6.2 | 7.1 | 8.1 |
| Value Added | | 2.0 | (0.6) | (0.1) | 0.0 | 0.1 | 0.0 |
| Public Equity | 6.5 | 40.9 | 9.8 | 12.1 | 8.1 | 9.8 | 11.4 |
| Fixed Income | 6.4 | 0.4 | 4.9 | 3.4 | 3.4 | 4.3 | 5.3 |
| Cash | 0.1 | 0.6 | 1.6 | 1.6 | 1.5 | 1.7 | 1.8 |

Asset Allocation

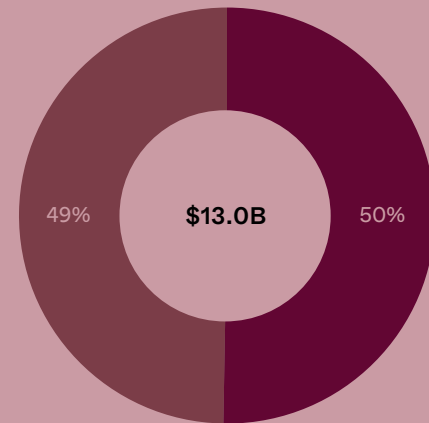
As of June 30, 2021

| | Market Value in Billions (\$) | Portfolio Weight (%) | Long Term Policy Weight (%) |
|------------------------|-------------------------------|----------------------|-----------------------------|
| Public Equity | 6.5 | 50.3 | 50.0 |
| Fixed Income | 6.4 | 49.2 | 50.0 |
| Private Markets | 0.0 | 0.0 | 0.0 |
| Cash | 0.1 | 0.5 | 0.0 |
| Total | 13.0 | 100 | 100 |

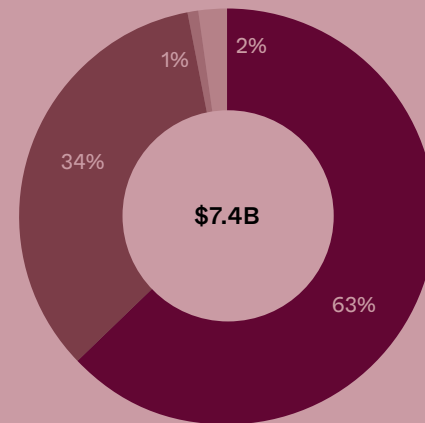
Asset Allocation Over Time

- Public Equity
- Fixed Income
- Other Investments
- Cash

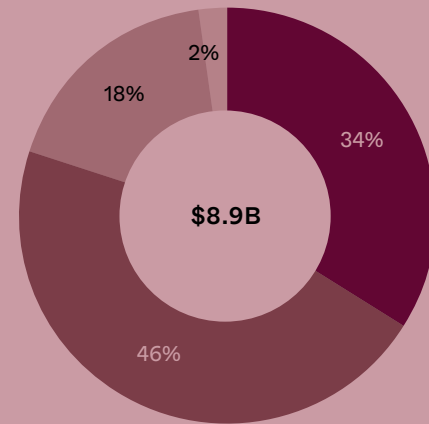
June 30, 2021



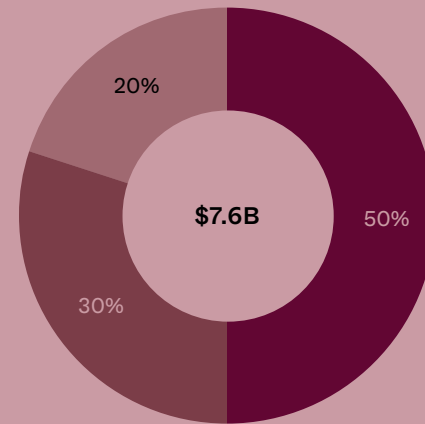
1 Yr Ago
June 30, 2020



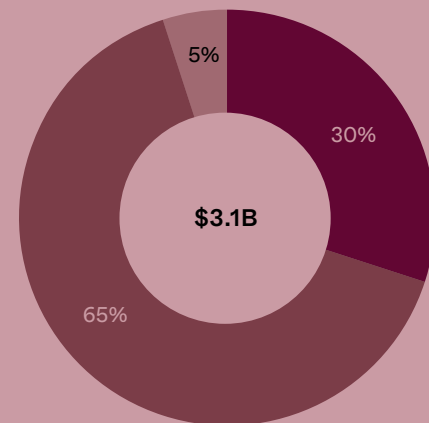
5 Yrs Ago
June 30, 2016



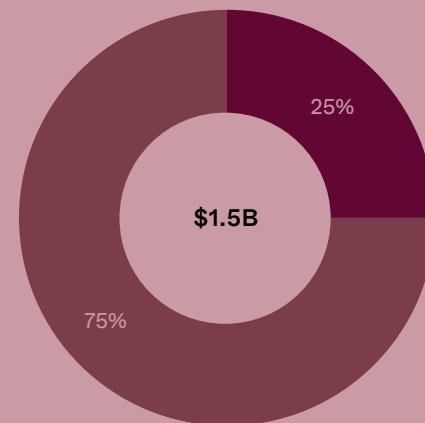
7 Yrs Ago
June 30, 2014



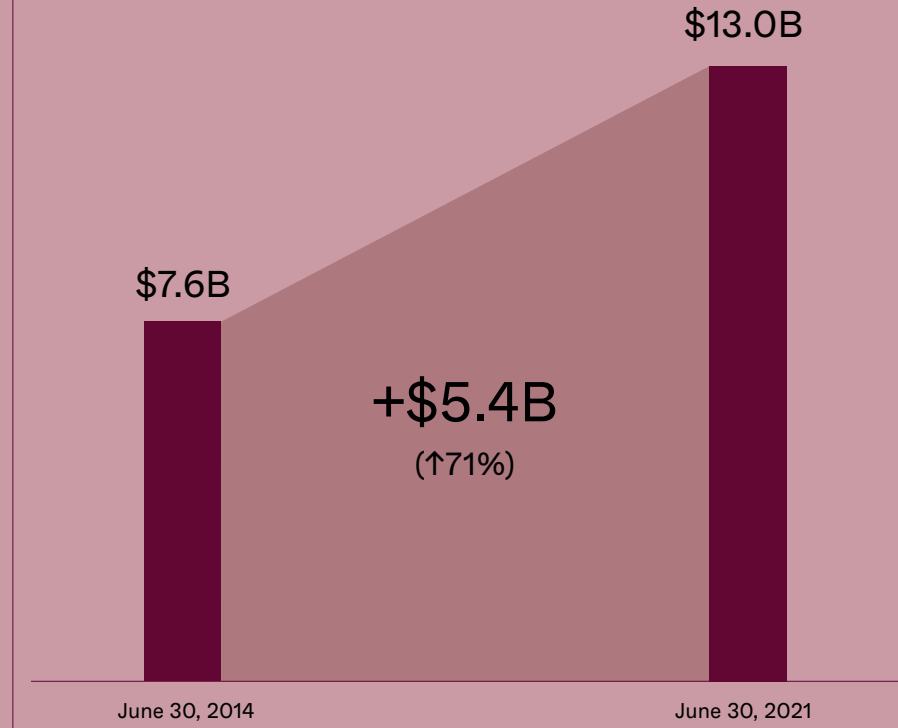
10 Yrs Ago
June 30, 2011



12 Yrs Ago
June 30, 2001

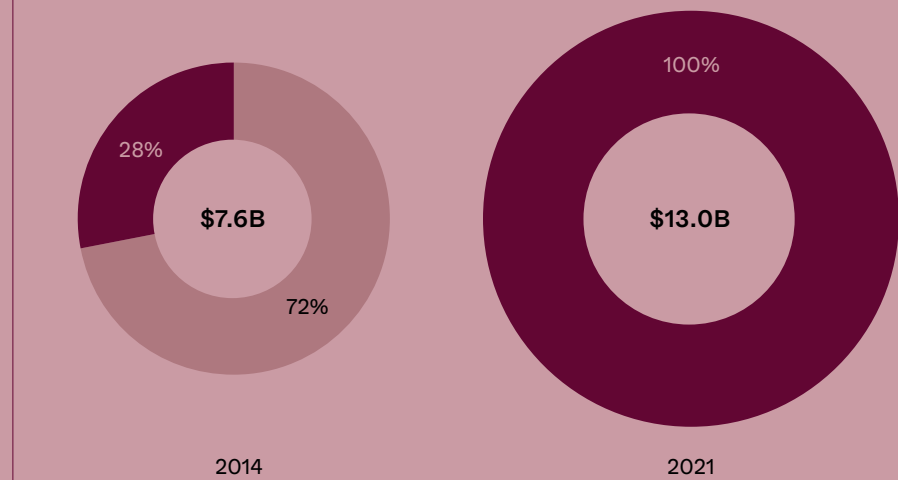


Assets Over 7 Years



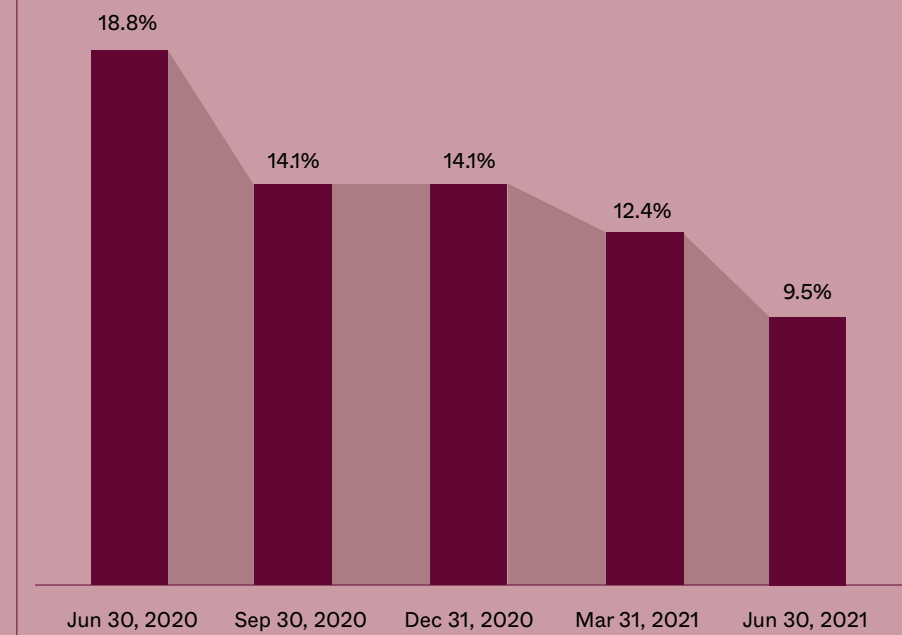
Passive Investments Increased by 72%

- Active
- Passive



| Policy Benchmarks <i>June 30, 2021</i> | | Target (%) | Minimum (%) | Maximum (%) |
|---|--|------------|-------------|-------------|
| Public Equity | MSCI All Country World Index (ACWI) Investable Market Index (IMI) Tobacco and Fossil Fuel Free – Net Dividends | 50 | 35 | 55 |
| Fixed Income | Bloomberg Barclays 1-5 Year US Government/Credit Index | 50 | 35 | 55 |
| Private Assets | Total TRIP Portfolio Benchmark | 0 | 0 | 10 |

Risk Volatility



Risk Allocation

| | |
|-------------------------|-------|
| Economic Growth | 93.7% |
| Residual | 5.0% |
| Currency | 0.8% |
| Emerging Markets | 0.4% |
| Other | 0.1% |

Short Term Investment Pool
A working capital portfolio managed to ensure adequate liquidity to meet our system's cash needs.

Highlights

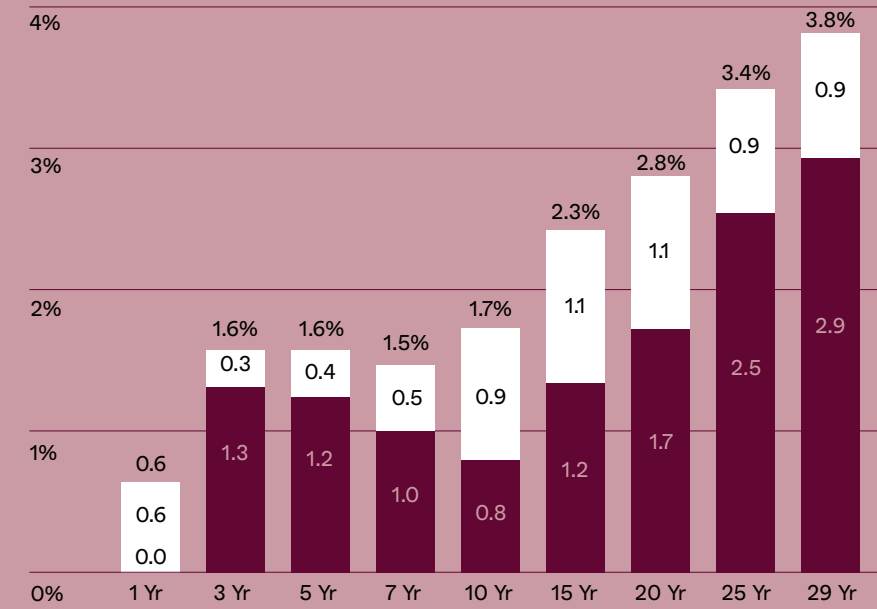
As of June 30, 2021

| | | | |
|---------------------|-------------|---------------|---------------|
| Gross Return | 0.6% | Assets | \$9.6B |
| Net Return | 0.6% | | |

| | Fiscal Year To Date |
|-------------------------------|---------------------|
| Beginning Market Value | \$10.5B |
| Market Gains | \$0.0B |
| Value Added | \$0.0B |
| Net Cash Flow | (\$0.9)B |
| Ending Market Value | \$9.6B |

Net Returns

● Value-Add
 ● Benchmark



Performance

As of June 30, 2021

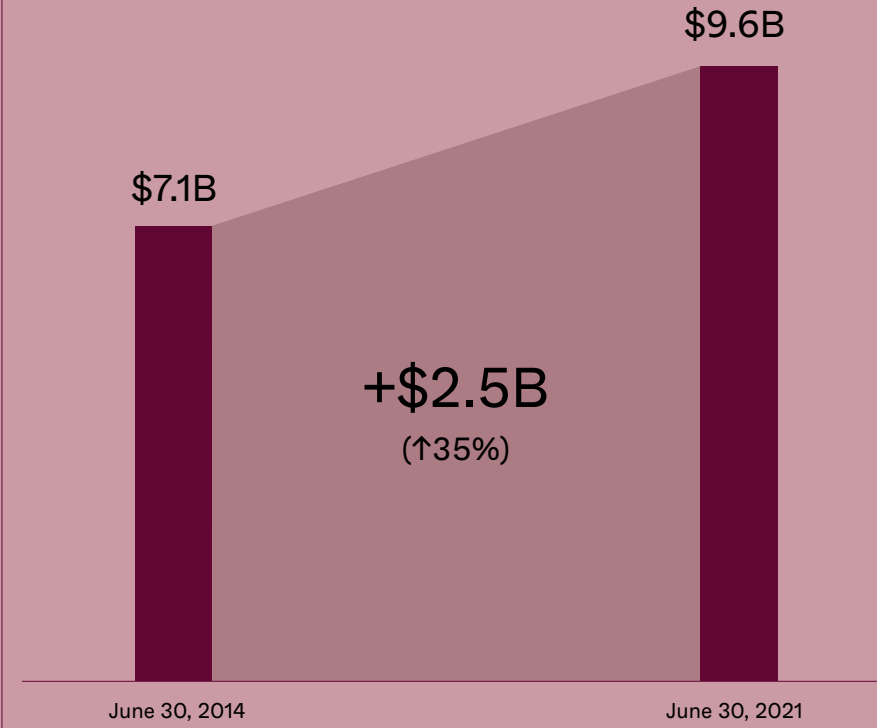
| | Market Value in Billions (\$) | 1 Yr (%) | 3 Yr (%) | 5 Yr (%) | 7 Yr (%) | 10 Yr (%) | 12 Yr (%) | 15 Yr (%) | 20 Yr (%) | 25 Yr (%) | 29 Yr (%) |
|-----------------------------------|-------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Short Term Investment Pool | 9.6 | 0.6 | 1.6 | 1.6 | 1.5 | 1.7 | 1.8 | 2.3 | 2.8 | 3.4 | 3.8 |
| Policy Benchmark | | 0.0 | 1.3 | 1.2 | 1.0 | 0.8 | 1.1 | 1.2 | 1.7 | 2.5 | 2.9 |
| Value Added | | 0.6 | 0.3 | 0.4 | 0.5 | 0.9 | 0.7 | 1.1 | 1.1 | 0.9 | 0.9 |

Asset Allocation

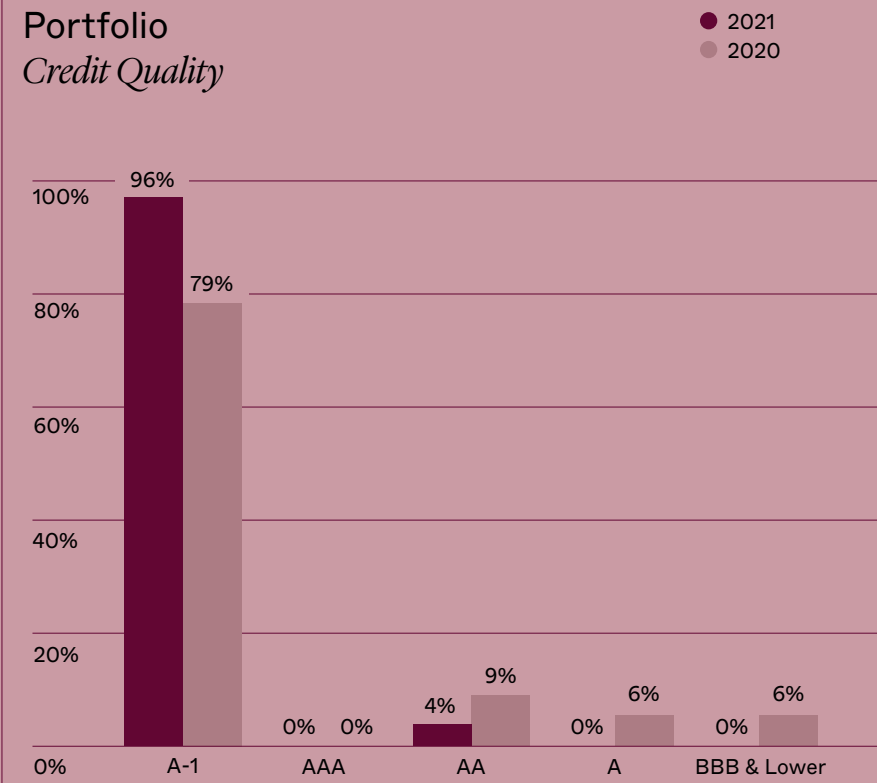
As of June 30, 2021

| | Market Value in Billions (\$) | Portfolio Weight (%) | Duration (Years) | Rating |
|-------------------------|-------------------------------|----------------------|------------------|------------|
| Governments | 4.6 | 48 | 0.22 | AA+ |
| Commercial Paper | 5.0 | 52 | 0.09 | A+ |
| Total | \$9.6B | 100% | 0.15 | AA- |

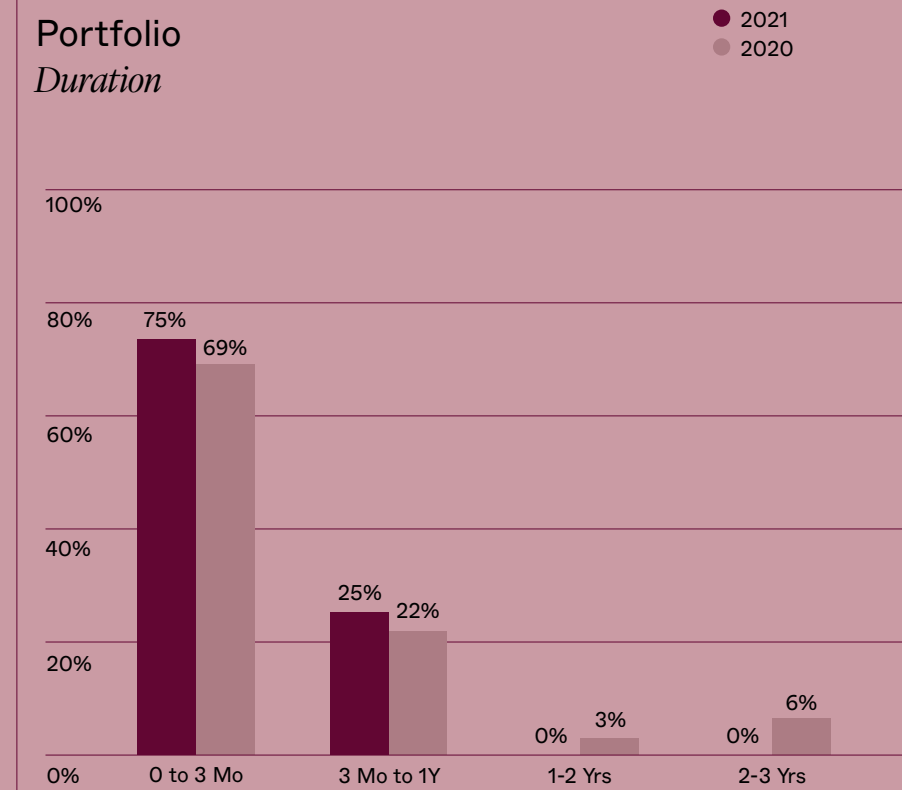
Assets Over 7 Years



Portfolio Credit Quality



Portfolio Duration



Policy Benchmarks June 30, 2021

| Category | Description | Target (%) |
|------------|---|------------|
| Short Term | 50/50 Weighted Average of the Yield on a Constant Maturity One Year US Treasury Note and US 30 Day Treasury Bills | 100 |

Fiat Lux Insurance
*The largest university
 captive insurance
 program in the country.*

Highlights

As of June 30, 2021

| | | | |
|--------------|--------------|--------|---------------|
| Gross Return | 12.1% | Assets | \$1.3B |
| Net Return | 12.1% | | |

Fiscal Year To Date

| | |
|------------------------|--------|
| Beginning Market Value | \$1.2B |
| Market Gains | \$0.1B |
| Value Added | \$0.0B |
| Net Cash Flow | \$0.0B |
| Ending Market Value | \$1.3B |

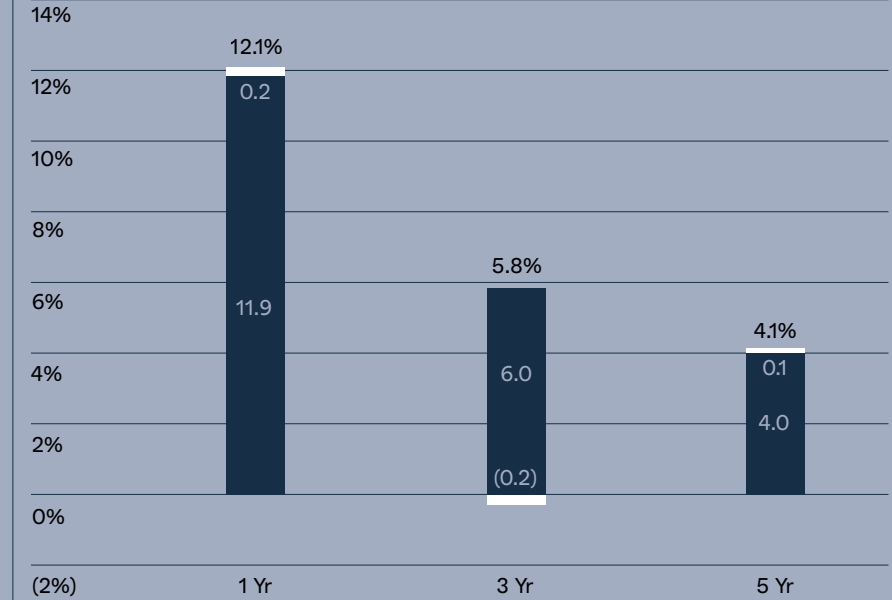
Assets

As of June 30, 2021

| | June 30, 2020 | September 30, 2020 | December 31, 2020 | March 31, 2021 | June 30, 2021 |
|---------------------|------------------|-----------------------|----------------------|-------------------|------------------|
| Cash | 1,169 | 1,169 | — | — | — |
| Short Term (STIP) | — | — | 41 | 41 | 41 |
| Total Return (TRIP) | — | — | 1,196 | 1,222 | 1,269 |
| Total | 1,169 | 1,169 | 1,237 | 1,263 | 1,310 |

Net Returns

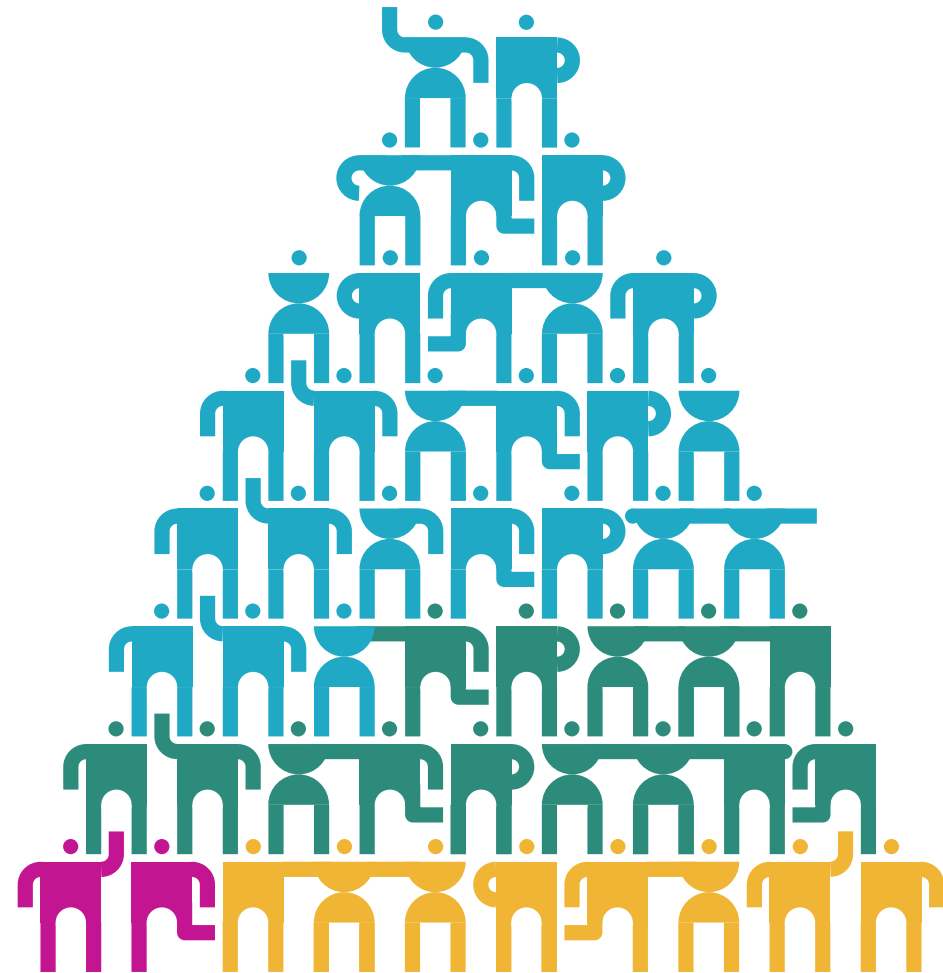
● Value Added
 ● Benchmark



Performance

As of June 30, 2021

| | Market Value in Billions (\$) | 1 Yr (%) | 3 Yr (%) | 5 Yr (%) Since Inception July, 2016 |
|------------------|----------------------------------|-------------|------------|---|
| Fiat Lux | 1.3 | 12.1 | 5.8 | 4.1 |
| Policy Benchmark | | 11.9 | 6.0 | 4.0 |
| Value Added | | 0.2 | (0.2) | 0.1 |



The year we have just lived through humbled and transformed us. We lost too many lives to a global pandemic and too much goodwill to political and social strife. There were many firsts, breaks with precedence and routine that breathed new life into the saying that we should take little, if anything, for granted. And there was a lot of noise.

At UC Investments, we tuned out the cacophony and focused inward, on intentionally reinforcing our culture based on 10 pillars that, taken together, illuminated a roadmap through even the darkest days of pandemic-induced devastation and despair. We ended the fiscal year with our best performance and highest asset growth to date.

We kept it simple, realizing that with risk comes opportunity. For the benefit of the University of California, we took advantage of a crisis by pushing forward, taking cues from history but aware that post-pandemic recovery would likely mean a normal we hadn't seen. When the Federal Reserve told us that interest rates would stay near zero, we weighed the risks and bought more stocks. When a climbing market steadily pushed those risks higher, we quickly took profits off the table.

We didn't outsmart the markets. We don't know that anyone can do that. Instead we trusted our people, our process, our experience — and science. In this year of working together while staying physically apart, we added value to the investment portfolios of one of the best public research university systems in the world. We are reminded over and over again, that that's what makes UC, UC. We are at the nexus of science, technology and the enduring spirit of public service. That is our competitive edge, as important as it is humbling.

This year, we grew as individuals, as investors, and as an organization. We have been investing the UC endowment for 90 years. The UC Investments Way has provided the framework this year and we believe for at least another 100 more.

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 Laphonza Butler
 Michael Cohen
 Gareth Elliott
 Cecilia Estolano
 Howard “Peter” Guber
 Sherry L. Lansing
 Richard Leib
 Hadi Makarechian
 Eloy Ortiz Oakley
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 Jonathan “Jay” Sures
 Alexis Atsilvsgi Zaragoza

Regents-Designate

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Student Regent Designate
 Amanda Pouchot
Treasurer, Alumni Associations of the University of California
 Sandra Timmons
Alumni Regent Designate

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Senior Vice President, Chief Compliance & Audit Officer
 Charles F. Robinson
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Chair, Academic Senate

Office of the President

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Chief Financial Officer
 Michael Brown
Provost & Executive Vice President, Academic Affairs
 Pamela Brown
Vice President, Institutional Research & Academic Planning
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Staff Advisor Designate
 Lucy Tseng
Staff Advisor

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President of the University of California
 Eleni Kounalakis
Lieutenant Governor of California
 Cheryl Lott
Vice President, Alumni Associations of the University of California
 Gavin Newsom
Governor of California
 Anthony Rendon
Speaker of the Assembly
 Tony Thurmond
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Investments

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Chief Investment Officer
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 John Beil
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 Lucy Chang
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Investment Director, Private Credit
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Director, Risk Management
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Chief Operating Officer
 Jim Castro
Director, Investment Transaction Services
 Sean Chiles
Operations Analyst, Public Investments
 John Dea
Operations Manager, Public Investments
 Michael Garcia
Operations Analyst, Private Investments
 Floyd Gazaway Jr.
Operations Analyst, Private Investments
 Navdeep Kaur
Manager, Investment Compliance & Operational Risk Management
 Mark MacDonald
Operations Analyst, Public Investments

Miguel Mendoza
Operations Analyst, Private Investments
 Wendy Pulling
Director, ESG Integration
 Chi Tu
Investment Performance Manager, Data Management & Analytics
 Talin Wauchope
Senior Data Analyst, Data Management & Analytics
 Trevor Woods
Operations Manager, Private Investments
 Albert Yong
Director, Data Management & Analytics

Investment Administration

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Client Officer, Private Investment
 William Byrd
Client Officer, Facilities Support
 Milkah Cunningham
Client Officer, Lead Public & Private Investments
 Diori Johnson
Manager, Investment Administration
 Lin Li
Client Officer, Public Assets
 Rosario Mendoza
Client Officer, Reception & Public Investments
 Marvis Walker
Client Officer, Executive Support
 Yanni Zhao
Analyst, Financial Services

