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UC Investments

TO MEMBERS OF THE INVESTMENTS COMMITTEE:

DISCUSSION ITEM

For Meeting of September 14, 2026

REVIEW OF INVESTMENT PERFORMANCE FOR FISCAL YEAR 2025–26

EXECUTIVE SUMMARY

As of June 30, 2026, the University of California's investment assets under management ended fiscal year 2025–26 at $235.9 billion, a $37.9 billion increase over the previous fiscal year.

Since the appointment of Chief Investment Officer Jagdeep Singh Bachher on March 31, 2014, the value of the University's investment assets has grown by $143 billion, up from $93.3 billion, an increase of more than 150 percent. For the first time since 2007, the UC pension is now 101 percent funded on a market value basis and 88 percent on an actuarial basis.

UC Investments manages the University of California's endowment; retirement, pension, and savings; working capital; and captive insurance assets.

Its six financial products support UC's 301,098 students, 72,000 faculty members and other academics, 194,800 staff, more than 82,487 retirees, and the ten UC campuses and six academic health centers.

The University of California's retirement pension is the third largest public pension plan in California, and its Retirement Savings Program is the nation's second-largest public defined contribution plan, behind only the federal government. Its endowment is among the world's ten largest university endowments.

BACKGROUND

Fiscal Year Market Environment

Fiscal year 2025–26 was a strong year for global equities. Markets outside the United States caught up after a decade of U.S. leadership, supported by investment related to artificial intelligence (AI), easing monetary conditions, and resilient corporate earnings. Global equities (the MSCI ACWI IMI ex Tobacco & Fossil), UC Investments' strategic public equity benchmark, returned 24.3 percent for the year. Across public equities, the pension returned 27.4 percent, and the General Endowment returned 33.8 percent, both above the 24.3 percent global equity benchmark.

Fixed income presented a different backdrop. The Federal Reserve continued cutting interest rates through the fall of 2025, but inflation later accelerated and geopolitical shocks to energy markets pushed yields higher, making the path of rates less certain. UC Investments has maintained shorter duration to capture income while limiting interest rate risk since July 2020. The result was solid outperformance in both the pension and the endowment. In fixed income, the pension returned 4.2 percent versus 3.5 percent for its benchmark, while the General Endowment returned 8.2 percent versus three percent for its benchmark. The fiscal year has combined unusually robust equity markets with disciplined risk management in fixed income, resulting in strong overall returns.

These results are the work of a small team of 22 investors who manage $236 billion across four mandates: the pension, the endowment, working capital, and the nation's second largest public defined contribution program. Organizations responsible for portfolios of comparable size typically manage one. Across UC Investments' full staff of 50, the office brings nearly 550 years of service to the University of California, an average of 11 years each. Almost half of the team have tenures a decade or longer, 13 for more than 15 years, one for 33 years. Senior investors average 14 years, and the analysts and investment officers behind them have approximately six years of experience, cross-trained across asset classes.

The UC Endowment

As of June 30, 2026, the UC endowment, which includes the **General Endowment** and the **Blue and Gold Endowment**, stood at $37.2 billion, up from $31.1 billion in the prior fiscal year—an increase of $6.1 billion.

Over the past 12 years, the endowment has almost quintupled in value, growing from $7.9 billion on March 31, 2014 to $37.2 billion on June 30, 2026 and paid out $6 billion to benefit UC students, faculty, and various academic programs.

The UC Blue and Gold Endowment

UC Investment has been investing the Blue and Gold Endowment for seven years.

The **Blue and Gold Endowment**, which launched on March 31, 2019 with $250 million, stood at $7.9 billion as of June 30, 2026, up from $7 billion in the prior fiscal year—an increase of $900 million.

For seven years, the UC Blue and Gold Endowment has had the highest performance of all the University's financial products.

- **One-year net return: 23 percent (FY 2025–26)**
- Three-year annualized net return: 18.2 percent
- Five-year annualized net return: 9.7 percent
- Seven-year annualized net return: 12 percent
- Annualized net return since inception (March 31, 2019): 11.3 percent.

The UC Blue and Gold Endowment is 100 percent passive and extremely low-cost to manage, while providing daily liquidity.

UC General Endowment

UC's investment office has been investing the General Endowment for 94 years.

The **General Endowment** stood at $29.3 billion as of June 30, 2026, up from $24.1 billion in the prior fiscal year—an increase of $5.2 billion.

- **One-year net return: 22.6 percent (FY 2025–26)**
- Three-year annualized net return: 15.4 percent
- Five-year annualized net return: 9.0 percent
- Ten-year annualized net return: 11.3 percent
- 12-year annualized net return: 9.6 percent
- 20-year annualized net return: 8.5 percent
- 30-year annualized net return: 8.9 percent

UC Retirement Pension and Savings

UC's retirement assets, which include the **pension** and the **Retirement Savings Program**, currently stand at $183.5 billion, having grown from $69.2 billion in 2014.

UC Pension

UC Investments has been investing the **pension** for 66 years. The pension has 292,084 members, 54 percent of whom are currently active.

The UC pension stood at $130.5 billion as of June 30, 2026, up from $110.5 billion in the prior fiscal year—an increase of $20 billion.

Over those 12 years, the value of the pension assets increased by 162 percent, from $49.9 billion (March 31, 2014) to $130.5 billion (June 30, 2026).

With a discount rate of 6.75 percent, today the pension is 101 percent funded on a market value basis and 88 percent on an actuarial basis. UC's pension is the best funded of the three California State plans.

- **One-year net return: 19.5 percent (FY 2025–26)**
- Three-year annualized net return: 14.7 percent
- Five-year annualized net return: 8.2 percent
- Ten-year annualized net return: 9.9 percent
- 12-year annualized net return: 8.4 percent
- 20-year annualized net return: 7.6 percent
- 30-year annualized net return: 8.1 percent

UC Retirement Savings

The **UC Retirement Savings Program** is the second largest public defined contribution program in the country, behind only the federal government.

The Retirement Savings Program has added 81,000 participants since 2014, from 301,000 to 382,000 today, a 27 percent increase.

The UC Retirement Savings Program stood at $53 billion as of June 30, 2026, up from $43.9 billion the fiscal year before and $19.3 billion in 2014.

In keeping with "Less is More," the first of the ten pillars of the UC Investments Way, over that same 12-year period, the number of investment funds in the program was reduced from 75 to 16, and the management fee to participants dropped by 57 percent to today's 0.06 percent, the lowest in the nation.

As of July 1, 2024, all 382,000 Retirement Savings Program participants have the same opportunity to invest in the UC Blue and Gold Endowment in which the University itself invests.

UC Working Capital

UC Working Capital, which comprises the **Total Return Investment Pool (TRIP)** and **Short-Term Investment Pool (STIP)**, stood at a combined $15.2 billion as of June 30, 2026, up from $12.5 billion in the prior fiscal year—an increase of $2.7 billion.

TRIP stood at $10.5 billion as of June 30, 2026, up from $9.8 billion in the fiscal year—an increase of $700 million.

- **One-year net return: 11.6 percent (FY 2025–26)**
- Three-year annualized net return: 11.9 percent
- Five-year annualized net return: 6.2 percent
- Five-year annualized net return: 7.1 percent
- 12-year annualized net return: 6.2 percent
- 15-year annualized net return: 6.9 percent
- Since inception (August 2008) annualized net return: 7.1 percent

STIP stood at $4.7 billion as of June 30, 2026, up from $2.7 billion in the prior fiscal year—an increase of $2 billion.

- **One-year net return: 4.4 percent (FY 2025–26)**
- Three-year annualized net return: 4.8 percent
- Five-year annualized net return: 3.7 percent
- Ten-year annualized net return: 2.6 percent
- 12-year annualized net return: 2.4 percent
- 20-year annualized net return: 2.7 percent

- 30-year annualized net return: 3.5 percent

ATTACHMENTS

1. UC Investments Products