

ANNUAL ENDOWMENT REPORT

Fiscal Year Ended June 30, 2008

University of California, Berkeley Foundation

UC Davis Foundation

The University of California, Irvine Foundation

The UCLA Foundation

University of California, Merced Foundation

UC Riverside Foundation

U.C. San Diego Foundation

University of California, San Francisco Foundation

UC Santa Barbara Foundation

U.C. Santa Cruz Foundation



Compiled by the Office of the Treasurer of The Regents

UNIVERSITY OF CALIFORNIA ANNUAL ENDOWMENT REPORT

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BACKGROUND

The history of reporting total University and Foundation endowments dates back to October 1978 when The Regents' Committee on Educational Policy adopted a policy for University Support Groups. In subsequent years, The Regents charged the Treasurer's Office with obtaining pertinent information regarding the UC Foundations' investments and presenting an annual report to The Regents. The annual report includes the investment philosophy, policies and performance of each Foundation's endowment assets, as well as those of The Regents' endowment assets.

PURPOSE

The Regents' policy on Support Groups articulates the permissible activities by affiliated fund-raising organizations to be:

"Gifts to a University Support Group for the benefit of the University may be accepted and administered only in accordance with University policies and, except as otherwise specified in this policy, may not be invested as endowments and shall be transferred to the University in an expeditious manner to fulfill the intentions of the donor for allocation and disbursement by the University."

The Treasurer's Office is the designated recipient and investment manager of The Regents' endowment assets.

However, in October 1978, The Regents included an exception in this policy for Foundations only that states:

"A Campus Foundation may hold and invest endowments and funds functioning as endowments on a long-term basis. Such investments must be consistent with the terms of the gift instrument. Investment operations shall be conducted in accordance with prudent, sound practices to insure that gift assets are protected and enhanced and that a reasonable return is achieved, and with due regard for the fiduciary responsibilities of the Foundation's governing board...."

As a result of the above exception, donors can designate either The Regents or the Campus Foundations as the recipient of their gift assets. Foundations may then choose The Regents (the Treasurer's Office) and/or external investment managers to manage their endowment investments. The Treasurer's Office acts as a resource to the Foundations and offers its investment management services and counsel on endowment fund management issues. This report's goal is to provide The Regents with a comprehensive overview of all of the University's endowment assets.

DATA SOURCES

State Street Bank is the University's official "book of record" and calculates performance of the General Endowment Pool (GEP) and High Income Endowment Pool (HIP) supplemented with data from the University of California Office of the President's (UCOP) Endowment and Investment Accounting office. Annual Foundation performance results in this document prior to 2006 were provided by each Foundation and were neither audited nor calculated by the Treasurer's Office or State Street Bank. Returns for 2006 and later were provided by State Street Bank, except in extraordinary circumstances. On a quarterly basis, State Street Bank reports Foundation performance to The Regents and those quarterly reports serve as official "book of record" to The Regents. Policy benchmark composition was provided by the Foundations. All annual benchmark returns used in this report were calculated by The Regents' Investment Consultant, Richards & Tierney, Inc. Each Foundation supplied a copy of its audited annual financial report. For the purpose of reporting investment performance, each Foundation received the same exhibit formats and guidance, and any inconsistencies in definition and reporting are noted in the charts, tables and discussion.

The Cambridge Associates Endowment Pool Median cannot be reproduced or redistributed without the express written consent of Cambridge Associates LLC.

PERFORMANCE PRESENTATION

This report focuses primarily on the Foundations' endowment assets and their investment performance. Section IX—Individual Foundation Reports—displays endowed assets by investment manager. Totals for non-endowed assets and pledges are provided in Section VIII—Total Foundation Gift Assets. The glossary at the end of this report includes definitions for these asset categories.

PERFORMANCE COMPARISONS

General Endowment Pool: The General Endowment Pool (GEP), established in 1933 and unitized in 1958, is The Regents' primary investment vehicle for endowed gift funds. GEP is a balanced portfolio of equities, fixed-income securities and alternative investments in which all Regental endowment funds participate, unless payout needs require otherwise. The GEP's return is based on unit value.

Cambridge Endowment Pool Median: Cambridge Associates measures returns on 130 college and university endowment pools in its endowment study.

Benchmark: For details regarding each individual Foundation's benchmark, see sections IX and XII.



I. Total University Endowment Assets

Table 1 outlines the University's total endowment assets by donor designation to either The Regents for the benefit of the campus or to the campus Foundation.

Overall, total endowment assets decreased 0.1% over the last fiscal year, with The Regents' endowment assets decreasing 3.4% and Foundation endowment assets increasing 6.8%. These changes incorporate both new gifts accepted during the fiscal year and the return on total endowed assets.

The Treasurer's Office also manages endowment assets of \$1.2 billion for the benefit of systemwide programs and administration, including education and research programs, support services and administration. These assets appear in the table as part of The Regents' endowment assets.

Table I Total University Endowment Assets by Donor Designation to Regents and Foundation (Excluding Pledges) (Market Value \$000)						
	June 30, 2008			June 30, 2007		
Campus	Regents*	Foundation	Total	Regents*	Foundation	Total
Berkeley	\$1,964,426	\$920,926	\$2,885,352	\$2,055,595	\$839,337	\$2,894,932
Davis	\$494,993	\$157,005	\$651,998	\$510,024	\$140,667	\$650,691
Irvine	\$55,486	\$186,514	\$242,000	\$59,955	\$166,783	\$226,738
Los Angeles	\$1,301,233	\$1,057,371	\$2,358,604	\$1,342,062	\$956,449	\$2,298,511
Merced	\$20,333	\$4,372	\$24,705	\$20,743	\$3,220	\$23,963
Riverside	\$41,038	\$81,552	\$122,590	\$40,136	\$80,405	\$120,541
San Diego	\$169,283	\$356,272	\$525,555	\$166,190	\$358,493	\$524,683
San Francisco	\$850,381	\$468,493	\$1,318,874	\$893,682	\$468,974	\$1,362,656
Santa Barbara	\$84,176	\$106,880	\$191,056	\$83,021	\$107,017	\$190,038
Santa Cruz	\$62,204	\$53,548	\$115,752	\$62,488	\$55,286	\$117,774
Total Campus Endowments	\$5,043,553	\$3,392,933	\$8,436,486	\$5,233,896	\$3,176,631	\$8,410,527
Systemwide Programs and Administration	\$1,173,781	\$0	\$1,173,781	\$1,205,540	\$0	\$1,205,540
Total Endowment Assets	\$6,217,334	\$3,392,933	\$9,610,267	\$6,439,436	\$3,176,631	\$9,616,067

* Includes GER, HIP, STIP, and separately invested assets, as well as annuity and life income funds. Excludes security lending balances and other accounts receivable and payable.

For the purpose of this report, we focus on the managed endowment assets held by The Regents and the Foundations, which include those assets managed by The Regents (Treasurer's Office) or external managers. Managed endowment assets do not include those assets categorized as "other endowment assets," such as separately invested assets, mortgages, real estate, and receivables.

Table 2 Total Managed Endowment Assets by Foundation (Excluding Pledges) (Market Value \$000)						
June 30, 2008				June 30, 2007		
Campus	Managed	Other*	Total	Managed	Other*	Total
Berkeley	\$886,707	\$34,219	\$920,926	\$836,399	\$2,938	\$839,337
Davis	\$152,617	\$4,388	\$157,005	\$136,453	\$4,214	\$140,667
Irvine	\$185,852	\$662	\$186,514	\$164,183	\$2,600	\$166,783
Los Angeles**	\$1,051,184	\$6,187	\$1,057,371	\$956,679	(\$230)	\$956,449
Merced	\$4,372	\$0	\$4,372	\$3,220	\$0	\$3,220
Riverside	\$81,530	\$22	\$81,552	\$80,351	\$54	\$80,405
San Diego	\$354,606	\$1,666	\$356,272	\$356,652	\$1,841	\$358,493
San Francisco	\$468,493	\$0	\$468,493	\$468,974	\$0	\$468,974
Santa Barbara	\$106,880	\$0	\$106,880	\$107,017	\$0	\$107,017
Santa Cruz	\$53,548	\$0	\$53,548	\$55,286	\$0	\$55,286
Regents***	\$5,734,040	\$483,294	\$6,217,334	\$5,932,345	\$507,091	\$6,439,436
Totals	\$9,079,829	\$530,438	\$9,610,267	\$9,097,558	\$518,508	\$9,616,067

* Includes separately invested assets, HIP (Regents only), mortgages, real estate, receivables and other.

** Includes net receivables, real estate, securities and other assets.

*** Includes GER, HIP, STIP and separately invested assets, as well as annuity and life income funds. Excludes security lending balances and other accounts receivable and payable.

II

II. Managed Endowment Funds by Asset Class

Because asset allocation is the primary driver of a portfolio's total return over the long run—with sector and individual security selection the primary drivers over the short term—any comparison of endowment fund performance should be viewed in the context of the portfolio's asset class holdings.

As of June 30, 2008, the allocation of managed endowment funds by asset class for endowment investment portfolios held by each Foundation, as well as for The Regents' GEP, are shown below. Table 3 also includes an overall weighted average allocation of all endowment funds by asset class, as well as the net total returns by campus.

Section IX, beginning on page 15, contains detailed information for each Foundation. These exhibits include a detailed list of the Foundation's investment managers and the type of funds they manage.

Table 3 Allocation of Managed Endowment Funds by Asset Class <i>As of June 30, 2008</i>									
Asset Class Allocation									
Campus	U.S. Equity	Non-U.S. Equity	Alternative Equities*	U.S. Fixed Inc.	Non-U.S. Fixed Inc.	Cash Equiv.	Absolute Return	Total	Net Total Return
Berkeley	18.8%	23.2%	18.6%	11.3%	2.7%	6.4%	18.9%	100.0%	-0.3%
Davis **	18.6%	24.3%	11.8%	19.1%	5.4%	0.1%	20.7%	100.0%	-1.4%
Irvine	24.4%	20.6%	18.8%	12.2%	3.6%	3.2%	17.1%	100.0%	-2.9%
Los Angeles	18.4%	22.4%	25.7%	7.6%	0.0%	0.0%	25.9%	100.0%	0.1%
Merced **	18.6%	24.3%	11.8%	19.1%	5.4%	0.1%	20.7%	100.0%	-1.5%
Riverside	24.4%	26.7%	18.9%	8.6%	0.9%	9.6%	10.9%	100.0%	2.8%
San Diego **	27.6%	18.3%	14.1%	14.3%	4.3%	0.1%	21.3%	100.0%	-1.5%
San Francisco	30.3%	23.6%	5.6%	16.5%	0.0%	7.0%	17.0%	100.0%	-7.5%
Santa Barbara	24.7%	28.9%	10.6%	19.1%	0.1%	-0.2%	16.7%	100.0%	-9.0%
Santa Cruz **	18.5%	24.2%	11.8%	19.0%	5.4%	0.6%	20.6%	100.0%	-1.4%
Regents' GEP	18.6%	24.3%	11.8%	19.1%	5.4%	0.1%	20.7%	100.0%	-1.5%
Weighted Avg.	19.7%	23.7%	13.9%	16.6%	4.2%	1.1%	20.8%	100.0%	-1.6%

* Alternative Equities consist of private equity funds, real estate, natural resources and other asset types.

** Foundation endowment assets invested primarily in The Regents' GEP, HIP and/or STIP funds.

Note that the method of rounding may produce the appearance of minor inconsistencies in various totals and percentages, but the differences do not affect the accuracy of the data.

III

III. Endowment Fund Investment Performance

Investment performance for University endowment assets is presented on a net basis, defined as total return after investment management fees but before any gift fees and administrative charges. While investment management fees vary across managers and asset classes, the net total return represents the annual experience of a donor's gift. Table 4 displays net total returns for fiscal 2008 for The Regents, each Foundation, and the Cambridge Endowment Pool Median for Colleges and Universities, reported for periods of one, three, five and 10 years. For comparison, the table also includes the overall one-, three-, five-, and 10-year weighted average returns for all University endowment assets.

Table 4 Average Annualized Total Returns Fiscal Year ended June 30, 2008				
Campus	1 Year	3 Years	5 Years	10 Years
Berkeley	-0.3%	11.3%	12.5%	8.7%
Davis	-1.4%	9.6%	10.6%	7.5%
Irvine	-2.9%	8.5%	9.7%	6.2%
Los Angeles	0.1%	10.0%	11.1%	6.4%
Merced	-1.5%	9.6%	10.7%	N/A
Riverside	2.8%	12.6%	13.4%	8.8%
San Diego	-1.5%	9.5%	10.6%	7.0%
San Francisco	-7.5%	6.8%	9.4%	7.2%
Santa Barbara	-9.0%	6.8%	8.9%	5.4%
Santa Cruz	-1.4%	9.5%	10.6%	7.0%
Regents' GEP	-1.5%	9.6%	10.7%	7.1%
Weighted Average	-1.6%	9.6%	10.8%	7.1%
Cambridge Median	0.1%	10.9%	12.6%	8.9%

* Returns prior to 2006 were provided by the individual Foundations. Returns for 2006 and later were provided by State Street Bank, except in extraordinary circumstances.

IV

IV. Endowment Fund Investment Management

Each Foundation selects the investment manager(s) for its endowment assets. Their choices may include The Regents (GEP, HIP, STIP, UC Private Equity and Real Estate Vintage Equity Programs, and UC Absolute Return Unitized Program), external managers, and/or the Foundation. Table 5 (below) provides the percentage of endowment assets managed by The Regents, external managers, the Foundation (Internal), or “Other” (usually assets held separately at the donor’s request).

Table 5 Foundation Endowment Assets by Investment Manager at June 30, 2008 (Market Value \$000)								
Campus/Foundation	Regents		External		Internal		Other	
Berkeley	\$36,231	4%	\$850,476	92%	\$0	0%	\$34,219	4%
Davis	\$152,617	97%	\$0	0%	\$0	0%	\$4,388	3%
Irvine	\$64,861	35%	\$120,991	65%	\$0	0%	\$662	0%
Los Angeles	\$8,949	1%	\$1,042,235	99%	\$0	0%	\$6,187	1%
Merced	\$4,372	100%	\$0	0%	\$0	0%	\$0	0%
Riverside	\$0	0%	\$81,530	100%	\$0	0%	\$22	0%
San Diego	\$295,729	83%	\$57,849	16%	\$1,028	0%	\$1,666	0%
San Francisco	\$0	0%	\$468,493	100%	\$0	0%	\$0	0%
Santa Barbara	-\$469	-0%	\$107,350	100%	\$0	0%	\$0	0%
Santa Cruz	\$53,548	100%	\$0	0%	\$0	0%	\$0	0%
Overall	\$615,837	18%	\$2,728,924	80%	\$1,028	0%	\$47,144	1%

At the end of fiscal 2008, the Treasurer’s Office managed the majority of the endowment gift assets for four of the 10 UC Foundations and 18% of the UC Foundations’ total endowment gift assets.



V. Endowment Fund Investment Management Fees

As noted in Section III, investment performance for endowment assets should be presented on a net basis, after investment management costs but before gift and administration fees. (See Section VI for gift fees and recurring charges.) Each Foundation was asked to provide an investment management fee schedule for each external manager. State Street Bank verified the reasonableness of each Foundations' fee data and the fee data of the GEP, HIP, and STIP. The last line in the table below is a weighted average fee based on the information provided and the assets under management at June 30, 2008.

An itemization of each Foundation's investment management fees—between externally managed endowment gift assets and assets managed by The Regents—is provided in Table 6.

Table 6 Endowment Management Fees by Foundation as a Percentage of Market Value at June 30, 2008			
Campus	Regents	External	Wtd.Average
Berkeley	0.07	0.95	0.92
Davis	1.08	-	1.08
Irvine	1.34	0.62	0.87
Los Angeles	1.57	1.24*	1.24
Merced	1.08	-	1.08
Riverside	-	1.50	1.50
San Diego	1.23	0.27	1.10
San Francisco	-	0.62	0.62
Santa Barbara	-	0.60	0.60
Santa Cruz	1.08	-	1.08
Overall	1.06	0.83	1.01

The total cost of managing the GEP is 108 basis points of average market value. This consists of approximately 0.99% (99.0 basis points) attributable to external managers (evidenced as the difference between their gross and net returns), plus 0.03% (3.0 basis points) attributable to investment management and custodial expenses, and 0.06% (6.0 basis points) attributable to administrative costs. The cost of the HIP fund cover actual expenses and total 0.09% (9.0 basis points) of average market value. Within these costs, approximately 0.03% (3.0 basis points) is attributable to investment management and custodial expenses, with the remaining 0.06% (6.0 basis points) attributable to administrative costs. For funds invested in STIP, approximately 0.07% (7 basis points) of average market value is charged to the pool, with 0.03% (3.0 basis points) attributable to investment management and custodial expenses, and 0.04% (4.0 basis points) attributable to administrative costs associated with the pool.

* Fees on alternative investments are same estimates used by Treasurer's Office for GEP.

VI

VI. Gift Fees and Recurring Charges

A synopsis of The Regents' and each campus' practices for assessing fees on new gifts, as well as any recurring administrative charges, are provided in Table 7. As noted in the table, gift fees apply to endowment gifts whether given to the Foundation or The Regents and to current fund gifts (for use by the campus in the near term). At most campuses, gift fees and recurring charges support discretionary funds available to the Chancellor, for such efforts as fund-raising, communications, government and community relations and administrative services associated with these efforts.

In March 1998, The Regents adopted a policy to allow the campuses to recover the reasonable and actual costs related to campus administration of Regents' endowments, with the amount to be determined by historical cost data. As such, each campus listed below collected endowment cost recovery fees on Regents' gifts of 40 basis points of the 60-month rolling average market value of funds invested in GEP. This fee is in addition to the fees and recurring charges listed below. The Campus Foundations may also assess an administrative endowment cost recovery fee on funds which they administer.

Table 7 Gift Fees and Recurring Charges by Regents and Foundation*		
	Fees	Recurring Charges
The Regents	None	None
Berkeley	One-time charge of 2.5% of the initial value of all non-research gifts.	100% of all STIP income on non-endowed funds for UC Berkeley Foundation.
Davis	6% on all gifts given on or after October 1, 2004.	The campus and Foundation charge up to 100% of STIP income on current fund balances.
Irvine	5% of initial value of all gifts.	Annual charge of 0.5% of the market value, plus all interest on current use private gifts and grants.
Los Angeles	5% of initial value of all gifts.	100% of all short-term interest on campus current fund balances, with some exceptions.
Merced	5% of initial value of all gifts.	The campus charges up to 100% of STIP income on current fund balances.
Riverside	5% of initial value of all gifts.	Annual charge of 1.5% against all existing endowments and gift fund balances of \$1,000 or more.
San Diego	4% of initial value of all gifts.	100% of all annual earnings on Foundation and Regents' current use gift and grant funds are swept.
San Francisco	4% of initial value of all gifts.	Quarterly charge of 75% of STIP income earned on all Regental and Foundation gifts and endowment income. Annual fee of 35 basis points on all endowment fund assets. A 1% spending fee is charged on all Regental and Foundation funds at the time they are spent for donor intended purpose.
Santa Barbara	None	100% of STIP income on all Regental and Foundation current use balances.
Santa Cruz	3% of initial value of endowment gifts and 5% of initial value of current use gifts.	100% of all STIP income earned by gifts in all Regental accounts. 0.3% of the 4.5% endowment expenditures is allocated for administrative expenses.

* For more information on Foundation policies on gift fees and recurring charges, see the individual Foundation reports in Section IX.

VII

VII. Endowment Spending Policies

A summary of the endowment spending policies for The Regents' and each university Foundation is shown in Table 8. It is important to note that a Foundation choosing to invest in The Regents' GEP, HIP, Private Equity Vintage Year Program, Real Estate Vintage Year Program and/or Absolute Return Unitized Program funds may apply its Foundation spending policy to those gift assets.

Table 8
Endowment Spending Policies by Regents and Foundation*

The Regents (GEP)	Long-term target spending rate of 4.75% of a 60-month (five-year) rolling average market value. In May 2007, The Regents adopted a rate of 4.75% for expenditure in fiscal year 2007-2008. In May 2008, The Regents adopted a rate of 4.75% for expenditure in fiscal year 2008-2009.
Berkeley	5.0% of 12-quarter moving-average market value.
Davis	Long-term target spending rate of 4.75% of a 60-month (five-year) rolling average market value. A spending rate of 4.75% of a 60-month rolling average market value was used in fiscal 2007-2008 for distribution to the Davis campus in fiscal year 2008-2009.
Irvine	4.5% of moving average market value of last 36 months.
Los Angeles	The spending policy for fiscal 2007-2008 is 4.6% of a rolling 36-month average market value calculated monthly.
Merced	Long-term target spending rate of 4.75% of a 60-month (five-year) rolling average market value. A spending rate of 4.75% was adopted in May 2006 for expenditure in fiscal year 2007-2008.
Riverside	4.75% on a 12-quarter moving average of the market value of eligible endowment assets.
San Diego	4.75% of the five-year average unitized average market value.
San Francisco	5% of the market value of the endowment pool, calculated on a 36-month rolling average of the market value.
Santa Barbara	60-month rolling average of the share value for the General Endowment Pool and the payout is 5.0% of that adjusted market value as of December 31, 2006.
Santa Cruz	4.5% of three-year moving-average market value.

* For more information on Foundation spending policies, see the individual Foundation reports in Section IX.

VIII

VIII. Total Foundation Gift Assets

Table 9 provides total Foundation gift assets by campus, split into endowed, non-endowed assets and pledges, for fiscal 2008 and fiscal 2007. Non-endowed assets include current gift assets (i.e., assets for use in the current year) and trust/life income assets, but exclude pledges. Note, pledges introduce potential volatility to the asset growth rates.

As Table 9 shows, the Foundations held \$3.39 billion in endowment gift assets at June 30, 2008, a 6.8% increase from the \$3.18 billion held at the end of fiscal 2007. Including all non-endowed assets (current assets and trusts/life income assets) and pledges, the Foundations' total assets were \$4.85 billion, a 2.6% increase over the total of \$4.72 billion for fiscal year 2007.

Table 9 Total Foundation Gift Assets by Campus (Market Value \$000; totals rounded)								
Campus	June 30, 2008				June 30, 2007			
	Endowed	Non-Endowed	Pledges	Total	Endowed	Non-Endowed	Pledges	Total
Berkeley	\$920,926	\$196,101	\$30,642	\$1,147,669	\$839,337	\$275,009	\$40,421	\$1,154,767
Davis	\$157,005	\$95,397	\$13,620	\$266,022	\$140,667	\$88,174	\$9,218	\$238,059
Irvine	\$186,514	\$41,056	\$66,499	\$294,069	\$166,783	\$50,683	\$58,276	\$275,742
Los Angeles	\$1,057,371	\$360,033	\$179,815	\$1,597,219	\$956,449	\$332,589	\$190,334	\$1,479,372
Merced	\$4,372	\$594	\$1,308	\$6,274	\$3,220	\$254	\$631	\$4,105
Riverside	\$81,552	\$19,807	\$1,088	\$102,447	\$80,405	\$21,881	\$1,970	\$104,256
San Diego	\$356,272	\$118,688	\$45,797	\$520,756	\$358,493	\$133,170	\$43,013	\$534,676
San Francisco	\$468,493	\$186,231	\$67,437	\$722,161	\$468,974	\$184,529	\$91,904	\$745,407
Santa Barbara	\$106,880	\$12,300	\$13,299	\$132,480	\$107,017	\$6,767	\$13,532	\$127,316
Santa Cruz	\$53,548	\$2,498	\$1,239	\$57,285	\$55,286	\$3,182	\$1,043	\$59,511
Total Foundation Assets	\$3,392,933	\$1,032,706	\$420,744	\$4,846,383	\$3,176,631	\$1,096,238	\$450,342	\$4,723,211

IX

IX. Individual Foundation Reports

The following section of the report contains a summary for each Foundation. Each summary includes the Foundation's Investment Objectives, Spending Policy and Gift Fee Policy, Total Assets, and Performance Data.

Foundation assets are categorized as endowed or non-endowed, with endowed assets further broken down by investment manager. Non-endowed assets include life income and annuity funds, current funds and pledges. Only endowed assets are shown, and investment results for all Foundations exclude non-endowed assets. The glossary in Section XIII provides definitions of these asset categories.

In order to provide more meaningful performance comparisons and enable The Regents and other fiduciaries to better perform their investment oversight responsibilities, the Treasurer, with the Regents' Investment Consultant, has augmented the Annual Endowment Report with investment policy and performance benchmarks for each Foundation, as well as for the GEP.

We have included 10 years of annual fiscal net total returns for each Foundation both in graphical presentation and tabular form (five years for Merced). In addition, we have included a chart of the performance of a hypothetical \$10,000 gift invested with the Foundation, the Benchmark and in GEP, at the beginning of the 10-year period, and have outlined the ending gift values and annualized net total returns for the period. The bottom graph assumes all income is reinvested in the fund (or benchmark) and no distributions are made from it.

Benchmarks

- The most important determinant of fund performance and risk is the asset allocation policy established by Fund fiduciaries.
- A fund performance benchmark is usually stated in term of percentages (adding to 100%) of a number of market indexes, such as the Russell 3000 Index for U.S. stocks or the Lehman Aggregate Index for U.S. bonds. A performance benchmark may change over time as policy changes both the asset mix and the performance objectives, or benchmarks, for each asset class.
- The Foundations provided the asset allocation and benchmark information summarized in Section XII. Based on the Foundations' reported policy, the Regents' Investment Consultant computed annual and cumulative benchmark returns. They are shown in Section X, Table II, along with the Foundations' annual and cumulative returns, Table I0. In some cases, detailed information on investment policy in earlier years was not available, and the Treasurer approximated benchmark composition based on the available information supplied by the Foundations.
- In addition, the *Active Return*, or difference between Fund and benchmark return, is shown in Table II. Active return is a measure of the value added by Fund fiduciaries and managers over the policy objective.
- The accompanying measures of risk and risk-adjusted returns in Section IX are approximate. In investment analysis, risk is often measured as volatility, or the variability in returns. It is customary to use monthly returns for these computations. Because only annual Fund returns were available, these measures of risk and risk-adjusted returns should be viewed as indicative only; relative rankings may change slightly if monthly returns were used.

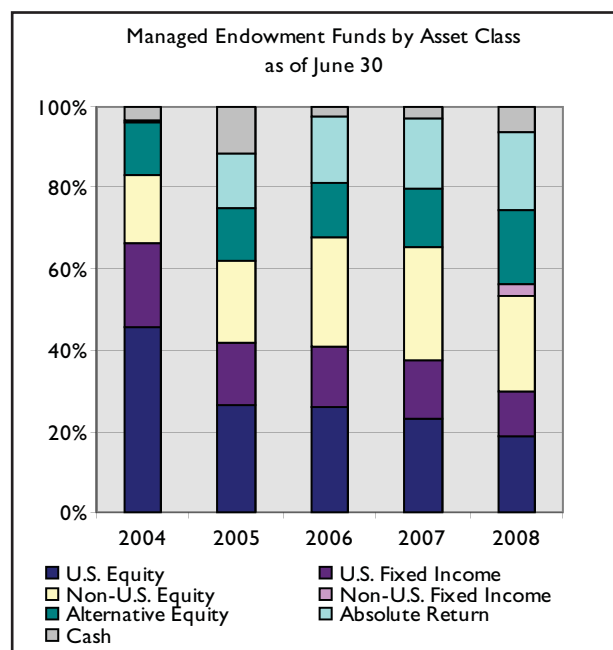
University of California, Berkeley Foundation

	6/30/08 Market Value (\$ 000)	% Endowment Funds
ENDOWED ASSETS		
Externally Managed Funds		
U.S. Equity		
Dodge & Cox-Equity	50,687	5.5%
Ark Asset Mgmt. - lg growth	71	0.0%
Ark Asset Mgmt. - sm value	8	0.0%
TimesSquare Asset Mgmt.	16,875	1.8%
Wellington Trust Appreciation	17,000	1.8%
SSgA Russell 1000 Growth	16,027	1.7%
Adage Capital	45,000	4.9%
DSM Large Cap Growth	16,721	1.8%
Advisory Research	8,602	0.9%
International Equity Funds		
Harbor International Fund	53,385	5.8%
Litman/Gregory Masters' Select Intl	53,527	5.8%
Sanderson International Value	28,681	3.1%
Acadian - Old Mutual Asset Mgmt	9,650	1.0%
Emerging Markets		
Alliance Bernstein	33,857	3.7%
City of London	32,192	3.5%
Real Estate		
Adelante Capital	19,903	2.2%
Metropolitan Real Estate	4,779	0.5%
E I I Int'l Property	13,736	1.5%
Fixed Income		
Dodge & Cox-Bond	12,675	1.4%
SSgA 3-10 Year Treasury Index	79,714	8.7%
SSgA Long Treasury Treasury Index	8,848	1.0%
Brandywine Global	14,982	1.6%
Mondrian Global Fixed Income	9,833	1.1%
Private Equity/Venture Capital		
Common Fund (VC II - VIII)	5,344	0.6%
TCV IV, LP	2,127	0.2%
Horsely Bridge, VII	3,691	0.4%
Summit Venture VI	4,271	0.5%
Sequoia Cap Seed Fund	1,538	0.2%
Horsely Bridge, VIII	4,919	0.5%
Horsely Bridge Growth, VIII	3,113	0.3%
Horsely Bridge International III	7,300	0.8%
Horsely Bridge International IV	1,904	0.2%
Horsely Bridge, IX	100	0.0%
CF Endowment Venture II - VI	8,894	1.0%
TPG Partners V & VI	4,143	0.4%
Blackstone Capital Partners V	3,393	0.4%
OCM Opportunities Fund VII	2,379	0.3%
Legacy Venture IV & V	3,148	0.3%
Cerberus International Partners Ser	5,355	0.6%
Foundation Capital VI LP	133	0.0%
Lone Star Fund VI (US) LP	942	0.1%
Varde Fund IX LP	1,250	0.1%
Marketable Alternatives		
Energy/Commodities/Other		
Wellington Energy	23,910	2.6%
Wellington Diversified Infl. Hedges	23,950	2.6%
PIMCO Commodity Real Return	12,848	1.4%
Commonfund Natural Resources VI	913	0.1%
Commonfund Natural Resources VII	1,250	0.1%
Natural Gas Partners IX LP	333	0.0%
Park Street Cap Nat Resources III	4,047	0.4%
Total Externally Managed Funds	850,476	92.4%
Regentally Managed Funds		
High Income Endowment Pool	841	0.1%
Short Term Investment Pool	35,390	3.8%
Total Regentally Managed Funds	\$36,231	3.9%
Other Endowed Assets		
Cash/Cash Equivalent	23,006	2.5%
Other Receivables	834	0.1%
Separately Invested Funds	9,562	1.0%
SAM Mortgages	817	0.1%
Total Other Endowed Assets	\$34,219	3.7%
TOTAL ENDOWED ASSETS	\$920,926	100.0%

Endowment Investment Objectives: Maintain the purchasing power of the current assets and all future contributions; maximize return within reasonable and prudent levels of risk; maintain an appropriate asset allocation policy that is compatible with the objectives of GEP, while still having the potential to produce positive real returns; control costs of administering the GEP assets and managing the investments; provide investment results equal or superior to an appropriate peer universe; limit the risk of large losses by diversification among broad asset classes (e.g., domestic stocks, international stocks, fixed income) and among the various styles within individual asset classes (e.g., "growth" and "value" within domestic equity); achieve a rate of return which exceeds that of a target-weighted composite index based on the target asset allocation policy adopted as follows: 40% Global Equity, 20% Marketable Alternatives, 10% Private Equity, 9% Real Estate, 9% Energy/Commodities/Other and 12% Fixed Income; and produce a sufficient total fund return to provide an annual 5.0% payout (based on a 12-quarter moving average of market value of endowment principal) to GEP beneficiaries.

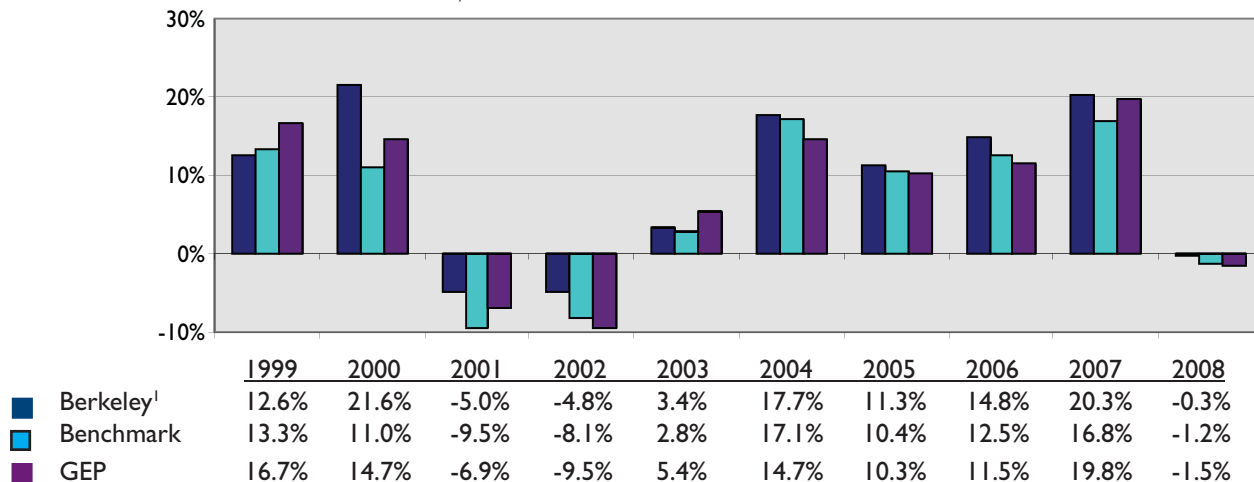
Endowment Spending Policy: The UC Berkeley Foundation pays out 5.0% of the 12-quarter moving average market value of the endowment.

Policy for Gift Fees and Administrative Expenses: 1) One-time charge of 2.5% of the initial value of all non-research gifts to the Regents and Foundation (including endowments). The fee is taken from the gift principal unless the specified department elects to pay the fee from another allowable source. 2) Recurring charge of 100% of STIP income on non-endowed gifts is split 50% to an unrestricted fund administered by the Chancellor and 50% to Vice Chancellors and Deans. VC's and Deans may redistribute their portion of STIP income to departments or activities within their control unit. STIP income earned on new endowment gifts kept in suspense for six months is paid to the Chancellor's fund to benefit campus development. 3) An annual administrative fee of 50 basis points is charged on endowment funds administered by the Foundation.



Annual Endowment Returns for Years Ending June 30

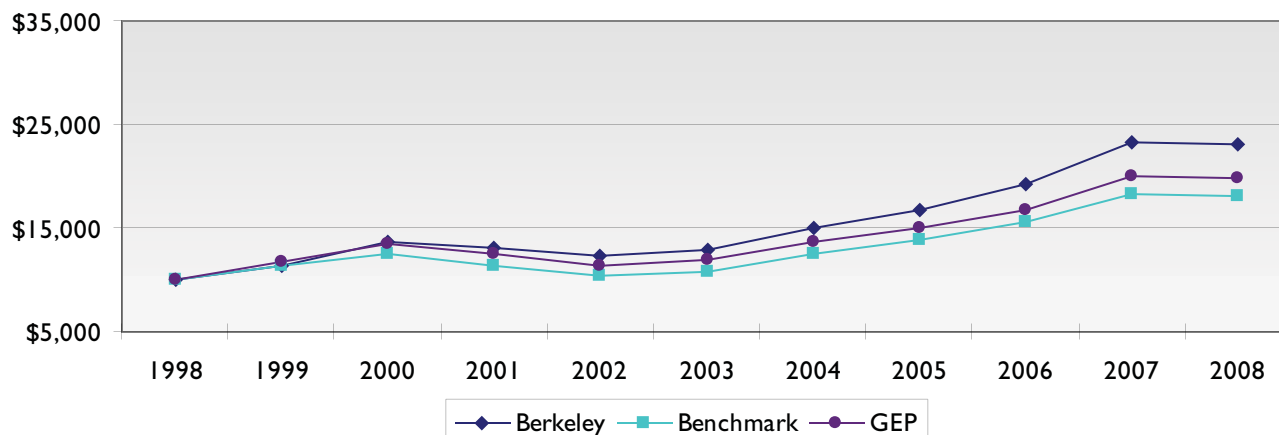
Berkeley Foundation, Foundation Benchmark and GEP



¹ The UC Berkeley Foundation's net total return data excludes the High Income Endowment Pool (a separately managed asset) and Other Endowed Assets for all periods.

Ten-Year Performance of a \$10,000 Gift

Berkeley Foundation, Foundation Benchmark and GEP



Ending Values 2008		
Berkeley	Benchmark	GEP
\$23,118	\$18,043	\$19,784

Annualized Returns 1999-2008		
Berkeley	Benchmark	GEP
8.7%	6.1%	7.1%

UC Davis Foundation

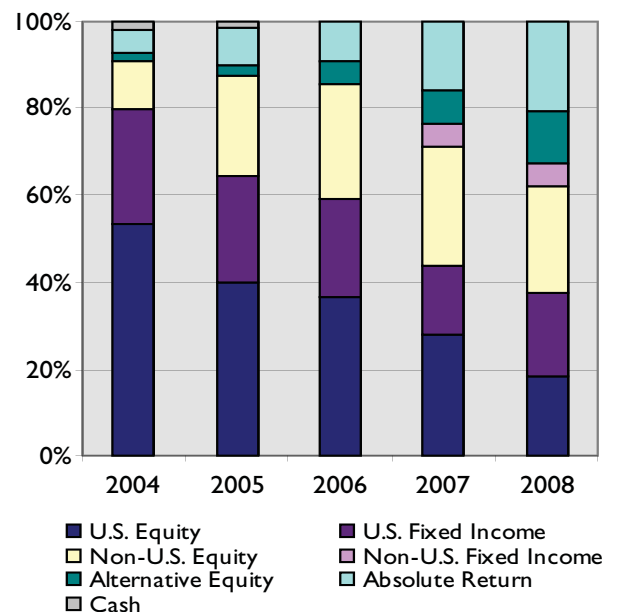
	6/30/08 <u>Market Value</u> (\$ 000)	% Endowment <u>Funds</u>
ENDOWED ASSETS		
<u>Regentally Managed Funds</u>		
General Endowment Pool	\$152,547	97.2%
Short Term Investment Pool	70	0.0%
Total Regentally Managed Funds	\$152,617	97.2%
Total Other Endowed Assets	\$4,388	2.8%
TOTAL ENDOWED ASSETS	\$157,005	100.0%

Endowment Investment Objectives: The investment objective of the UC Davis Foundation is to maximize the long-term total return, while assuming an appropriate level of risk, and to provide spendable income to sufficiently support the University activities designated by the endowed funds. The investment policy matches that of the GEP: 47% Public Equity, 23% Public Fixed-Income, 30% All Alternatives.

Endowment Spending Policy: Long-term target spending rate of 4.75% of a 60-month (five-year) rolling average market value. Effective spending rate of 4.75% of a 60-month rolling average market value was used in fiscal 2008.

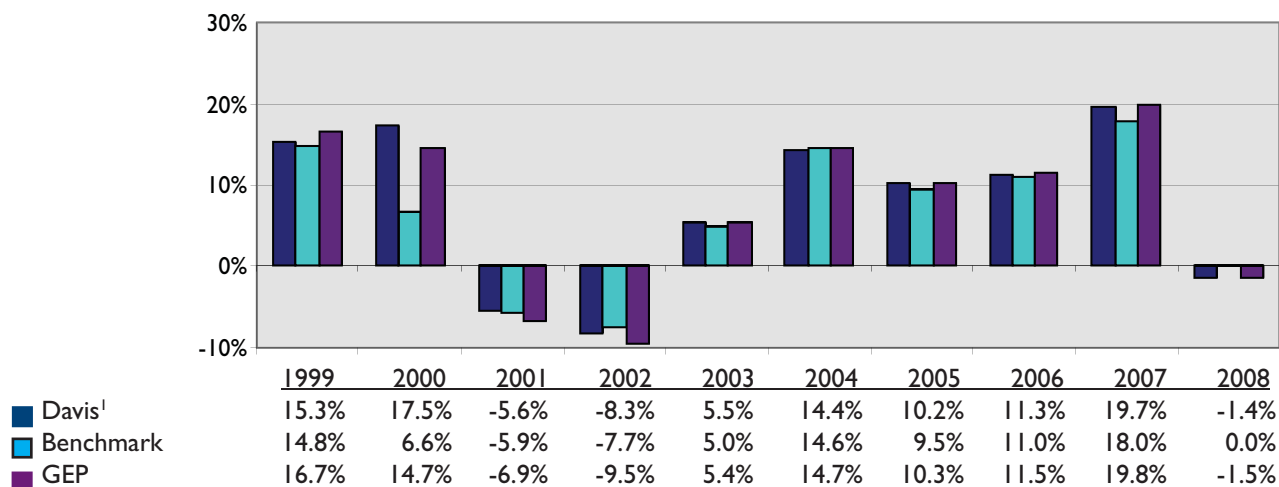
Policy for Gift Fees and Administrative Expenses: UC Davis assesses a one-time fee of 6% on all gifts given on or after October 1, 2004. The campus and Foundation charge up to 100% of STIP income on current fund balances. Endowment Funds and Funds functioning as endowments are charged an annual administration fee of 25 basis points (0.25%).

Managed Endowment Funds by Asset Class
as of June 30



Annual Endowment Returns for Years Ending June 30

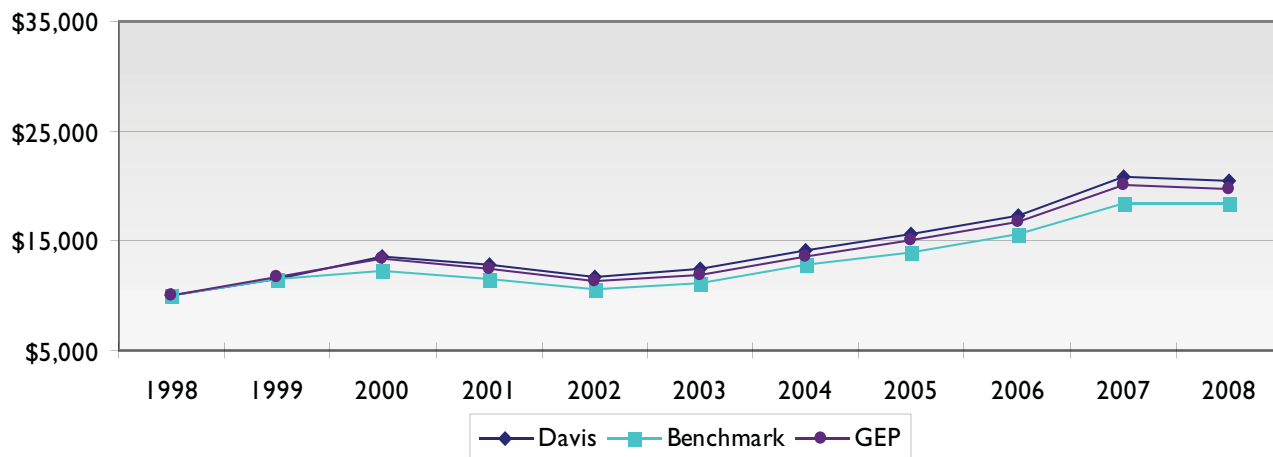
UC Davis Foundation, Foundation Benchmark and GEP



¹The UC Davis Foundation's net total return data excludes Other Endowed Assets for all periods.

Ten-Year Performance of a \$10,000 Gift

UC Davis Foundation, Foundation Benchmark and GEP



Ending Values 2008			Annualized Returns 1998-2008		
Davis	Benchmark	GEP	Davis	Benchmark	GEP
\$20,497	\$18,344	\$19,784	7.5%	6.3%	7.1%

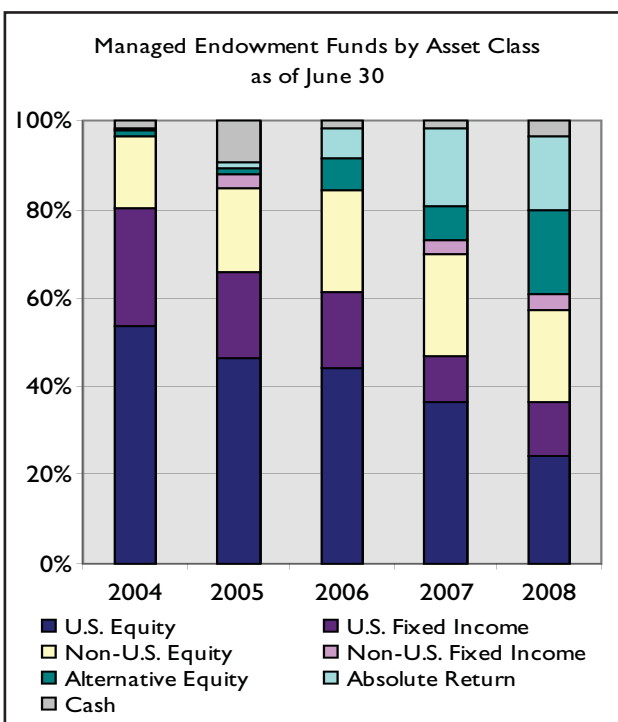
University of California, Irvine Foundation

	6/30/08 <u>Market Value</u> (\$ 000)	% Endowment <u>Funds</u>
ENDOWED ASSETS		
<u>Externally Managed Funds</u>		
Large-Cap Equity Funds		
Vanguard Windsor II Fund	10,368	5.6%
JPMorgan	5,139	2.8%
Cadence Capital Mgmt	12,367	6.6%
Small-Cap Equity Funds		
Thompson, Siegel & Walmsley	3,718	2.0%
AG Asset Management	3,791	2.0%
Balanced Equity Funds		
Berkshire Hathaway	1,475	0.8%
Global Equity Funds		
Brandes	\$15,088	8.1%
William Blair	\$12,179	6.5%
Bond Funds		
Pimco Instl.Total Return	\$7,894	4.2%
Pimco Instl.High Yield	\$528	0.3%
Pimco Instl.Low Duration	\$5,418	2.9%
Evergreen	\$4,215	2.3%
Real Estate		
TIAA-CREF	\$6,833	3.7%
Alternative Equity		
Common Fund	\$26,536	14.2%
PIMCO Bank Loan Opportunities	\$3,809	0.0%
Drum Capital Mgmt	<u>\$1,633</u>	<u>0.9%</u>
Total Externally Managed Funds	\$120,991	64.9%
<u>Regentally Managed Funds</u>		
UC Vintage Year	\$1,482	0.8%
UC Real Estate	\$212	0.1%
UC Absolute Return	\$11,208	6.0%
General Endowment Pool	\$46,191	24.8%
Short Term Investment Pool	<u>\$5,768</u>	<u>3.1%</u>
Total Regentally Managed Funds	\$64,861	34.8%
<u>Other Endowment Assets</u>		
(includes notes and donated securities)	\$662	0.4%
TOTAL ENDOWED ASSETS	\$186,514	100.0%

Endowment Investment Objective: The University of California, Irvine Foundation's investment objective for its endowment portfolio is to maximize long-term total return, with a total return objective (net of fees), measured over a full market cycle, of not less than the rate of inflation as measured by the CPI, plus 500 basis points. Ideally, total return should exceed market performance. The investment policy is 22% U.S. Equity, 22% Non-U.S. Equity, 20% Hedge Funds, 15% Fixed Income, 8% Private Equity & Venture Capital, 8% Real Estate, 5% Commodities, and 0% Cash.

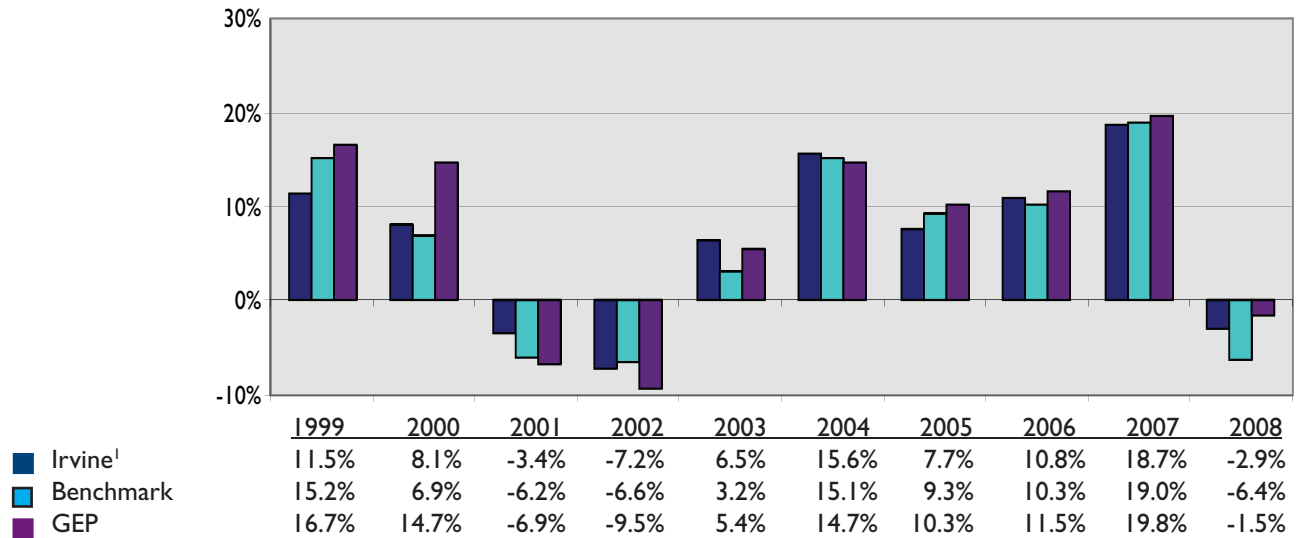
Endowment Spending Policy: The endowment fund spending policy allows for allocation of income equivalent to 4.5% of the moving average market value of the endowment portfolio. This average market value is computed using the previous 36 months of portfolio activity. Income earned in excess of the spending rate may be reinvested in endowment principal. Income available for expenditure is calculated according to a predetermined formula.

Policy for Gift Fees and Administrative Expenses: The Irvine Campus charges a one-time fee of 5% of the initial value of all Foundation and Regents' gifts. The fee may be taken 1) from the principal if specified by the donor, 2) by holding gift in a suspense account until fee is earned, or 3) from another acceptable fund source. There is also a recurring charge of 0.5% of the market value of Foundation endowment funds used to offset the operating costs of managing the endowment for the Foundation. All interest earned on the balances of current use private gifts and private grants is credited to the Chancellor's Discretionary Fund and used to support ongoing fundraising efforts at UC Irvine.



Annual Endowment Returns for Years Ending June 30

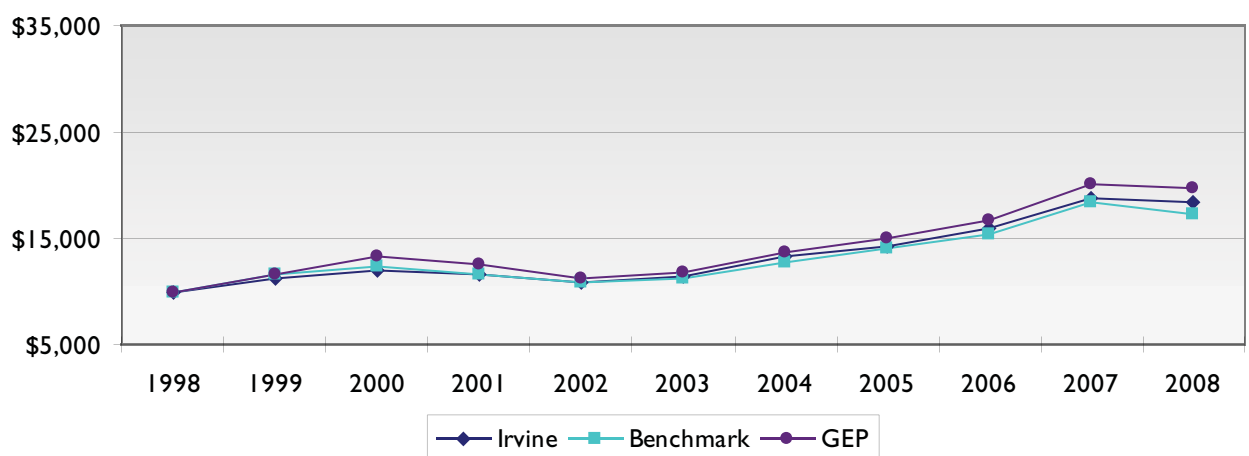
Irvine Foundation, Foundation Benchmark and GEP



¹The UC Irvine Foundation's net total return data includes a portion of Other Endowed Assets for all periods.

Ten-Year Performance of a \$10,000 Gift

Irvine Foundation, Foundation Benchmark and GEP



Ending Values 2008			Annualized Returns 1999-2008		
Irvine	Benchmark	GEP	Irvine	Benchmark	GEP
\$18,295	\$17,213	\$19,784	6.2%	5.6%	7.1%

The UCLA Foundation

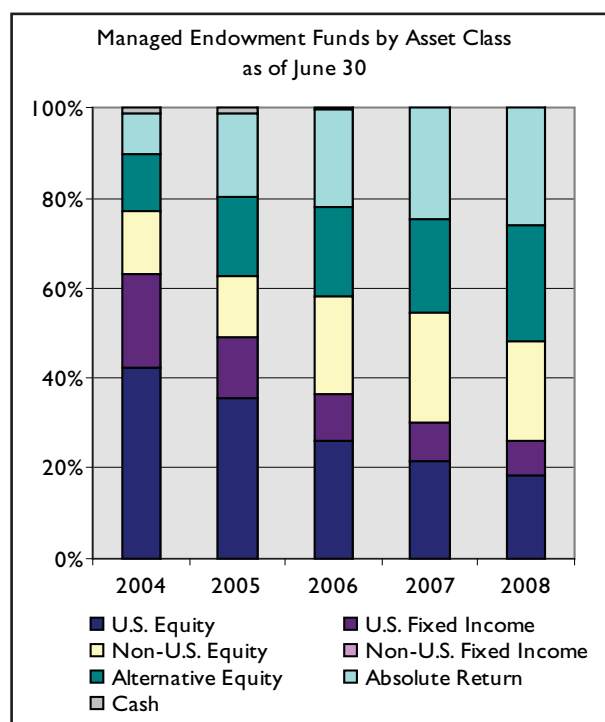
	6/30/08 Market Value (\$ 000)	% Endowment Funds		6/30/08 Market Value	% Endowment Funds
ENDOWED ASSETS					
Externally Managed Funds					
Equity Funds					
DFA International Small Co	\$32,550	3.1%	Sigular & Guff	1,807	0.2%
DFA Emerging Markets Core	21,259	2.0%	Sigular & Guff II	1,920	0.2%
DFA Emerging Markets Value	28,571	2.7%	Sigular & Guff Small Buyout Opp.	1,078	0.1%
Heitman R/E	10,656	1.0%	Thomas H. Lee Equity V	6,974	0.7%
UCLA I shares Russel Midcap	20,286	1.9%	Thomas H. Lee Equity VI	2,511	0.2%
Prudential Invest Mgt	29,219	2.8%	Three Arch Capital , LP	3,659	0.3%
State Street G.A. - Russell 1000	34,817	3.3%	Three Arch Capital, IV	1,888	0.2%
Timesquare - Corp. Stocks	31,787	3.0%	TIAA CREF	11,291	1.1%
PIMCO Fundamental Index Plus	33,201	3.1%	Timbervest Partners	7,305	0.7%
Analytics Core Equity Plus	15,836	1.5%	Timbervest Partners II	8,103	0.8%
J P Morgan 130/30 Large Cap	16,133	1.5%	Welsh, Carson,Anderson & Stowe X	4,118	0.4%
T Rowe Price Structured Research	36,329	3.4%	Welsh, Carson,Anderson & Stowe IV	2,081	0.2%
PIMCO International Stocks Plus TR	14,372	1.4%	Welsh, Carson,Anderson & Stowe IX	6,824	0.6%
Rockpoint Real Estate III	357	0.0%	Welsh, Carson,Anderson & Stowe VIII	4,228	0.4%
Global Equity Funds					
Capital Guardian	8	0.0%	Individual Share Holdings	457	0.0%
Hansberger Global Investors, Inc.	94,191	8.9%	Misc other Assets	441	0.0%
State Street G.A. - MSCI	44,509	4.2%	Absolute Return/Hedge		
Bond Funds					
OCM Mezzanine Fund	182	0.0%	All Blue	13,079	1.2%
PIMCO Total Return Fund	65,852	6.2%	AQR Capital Management	7,853	0.7%
PIMCO All Asset	14,475	1.4%	Atticus Global Ltd	6,891	0.7%
Private Equity					
Bain Capital IX	6,891	0.7%	Avenue Special Situation	64	0.0%
Bain Capital X	1,148	0.1%	BGI Global Ascent	11,953	1.1%
Blackstone Capital Partners V	4,295	0.4%	Black River Global Multi Strategy	11,781	1.1%
Brentwood Partners III	5,608	0.5%	Blackstone Kailix Offshore Ltd	10,009	0.9%
Brentwood Partners IV	3,537	0.3%	Brevan Howard	10,259	1.0%
Charter Oak Partners	3,708	0.4%	Canyon Value Realisation	12,585	1.2%
Clearstone	3,573	0.3%	Carl Marks Strategic Inv	2,841	0.3%
CSAM	25,997	2.5%	Carl Marks Strategic Opp	257	0.0%
GMO Forestry Fund 8-B LP	6,001	0.6%	Davidson Kempner Instl. Partners	7,752	0.7%
Lexington Partners	7,854	0.7%	Davidson Kempner Distressed Opp.	4,424	0.4%
Lehman Strategic Commodities	10,870	1.0%	EOS Partnership	14,154	1.3%
Lightspeed Venture	1,992	0.2%	Eton Park Overseas	11,876	1.1%
Morgenthaler Partners VII	2,840	0.3%	Fontana	4,472	0.4%
Morgenthaler Partners VIII	2,515	0.2%	Highbridge Capital Corporation	15,138	1.4%
MPM Bio IV	1,841	0.2%	Ivy Rising Stars Offshore Fund	3,297	0.3%
Northgate Private Equity II	3,188	0.3%	Maverick Fund	9,645	0.9%
Northgate Private Equity III	1,663	0.2%	Oaktree High yield plus-Cayman	6,183	0.6%
Northgate Venture Partners III	1,476	0.1%	Oaktree Japan Fund	4,220	0.4%
Oaktree Capital 2	2,542	0.2%	O'Connor Global Fundamental	8,224	0.8%
Oaktree Capital 3	10,917	1.0%	OZ Asia Overseas	5,453	0.5%
Oaktree Capital 4	6,194	0.6%	OZ Europe Overseas Fund Ltd II	5,197	0.5%
Oaktree Capital 5	1,065	0.1%	OZ Overseas Fund II, Cayman	6,179	0.6%
Oaktree Capital 6	6,482	0.6%	Platinum Grove	12,088	1.1%
Oaktree Capital 7	4,384	0.4%	Taconic Opportunity Fund	4,985	0.5%
Oaktree Capital 7 B	375	0.0%	Temujin	7,181	0.7%
Oaktree Opportunities Fund 4	66	0.0%	Tiger Asia Overseas Fund	17,951	1.7%
Oaktree Asia Principal Fund	2,096	0.2%	Tree Line Asia	7,476	0.7%
Oaktree/ GFI Power Opp fund II	2,569	0.2%	Vicis Capital Fund Intl	11,492	1.1%
Panorama Capital	1,956	0.2%	Winton Diversified Futures	11,366	1.1%
Pantheon USA Fund VI	9,291	0.9%	Zaxis Offshore Limited	6,181	0.6%
Permal Private Equity Holding IV	2,479	0.2%	Total Externally Managed Funds \$1,042,235		
Polaris Venture Partners IV	5,077	0.5%	Regentally Managed Funds		
RCP Fund III	2,230	0.2%	UC Vintage Equity Fund	4,503	0.4%
Realty Associates VIII	6,560	0.6%	General Endowment Pool	3,810	0.4%
Sevin Rosen	1,174	0.1%	Regents Real Estate	636	0.1%
			Total Regentally Managed Funds \$8,949		
			Other Endowed Assets		
				6,187	0.6%
			TOTAL ENDOWED ASSETS \$1,057,371		
					100.0%

The UCLA Foundation

Endowment Investment Objective: The Foundation's investment objective is to maximize long-term total returns consistent with prudent levels of risk. Investment returns are expected to preserve or enhance the real value of the endowment, and to provide adequate funds to sufficiently support designated University activities. The endowment's portfolio is expected to generate a total annualized rate of return, net of fees and spending, greater than the rate of inflation over a rolling five-year period. The investment policy consists of: 16% U.S. Equity, 18% Non-U.S. Equity, 24% Private Equity, 9% Real Estate, 25% Absolute Return, and 8% Fixed-Income.

Endowment Spending Policy: The UCLA Foundation Endowment Pool made available for expenditure by fund holders an amount equal to 4.6% of a rolling 36-month average market value in fiscal year 2008, calculated monthly.

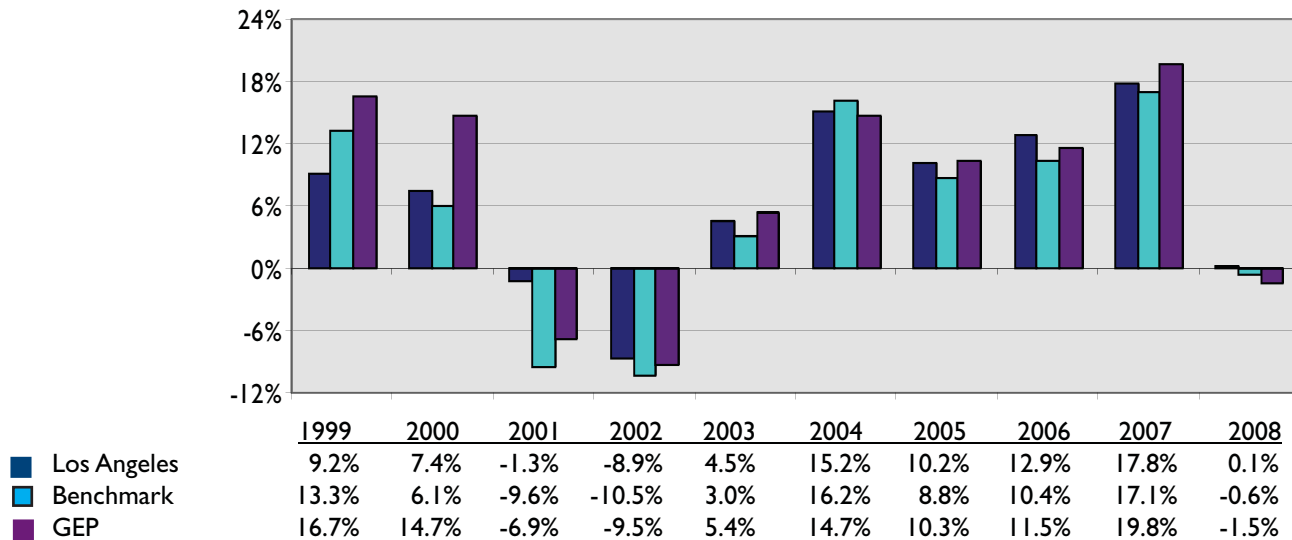
Policy for Gift Fees and Administrative Expenses: The UCLA Foundation charges a one-time fee of 5% of the initial value of all gifts.



Note: Balanced fund decomposed into constituent asset classes.

Annual Endowment Returns for Years Ending June 30

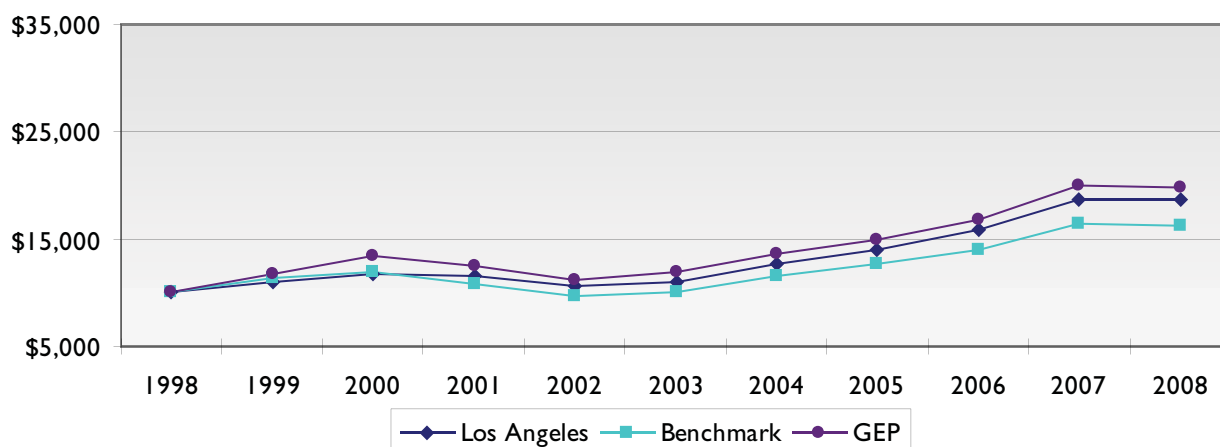
The UCLA Foundation, Foundation Benchmark and GEP



¹The UCLA Foundation's net total return data excludes Other Endowed Assets for all periods.

Ten-Year Performance of a \$10,000 Gift

The UCLA Foundation, Foundation Benchmark and GEP



Ending Values 2008			Annualized Returns 1999-2008		
Los Angeles	Benchmark	GEP	Los Angeles	Benchmark	GEP
\$18,628	\$16,278	\$19,784	6.4%	5.0%	7.1%

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University of California, Merced Foundation

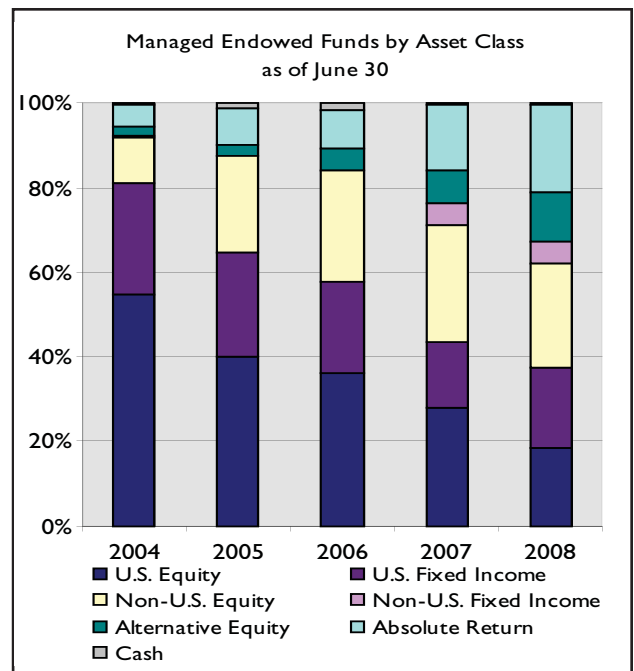
	6/30/08 <u>Market Value</u> (\$ 000)	% Endowment <u>Funds</u>
ENDOWED ASSETS		
<u>Regentally Managed Funds</u>		
General Endowment Pool	\$4,372	100.0%
Total Regentally Managed Funds	\$4,372	100.0%
TOTAL ENDOWED ASSETS	\$4,372	100.0%

Endowment Investment Objective: The UC Merced Foundation's investment objectives are: (1) provide investment earnings adequate to secure the benefits promised and the financial obligations created by the endowment, and (2) secure, preserve, and increase the inflation-adjusted value of the Fund. The investment policy matches that of the GEP: 47% Public Equity, 23% Public Fixed-Income, and 30% All Alternatives.

Endowment Spending Policy: Long-term total return target spending rate of 4.75% of a 60-month (five-year) rolling average market value. A spending rate of 4.75% was adopted in May 2006 for expenditures in fiscal year 2007-2008.

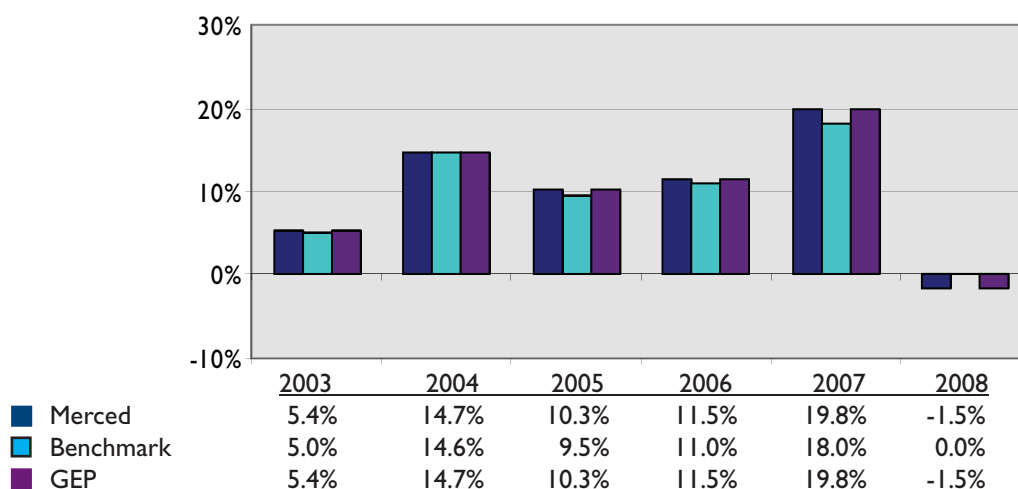
Policy for Gift Fees and Administrative Expenses: The University expects that funds privately raised shall support the development activities of the Chancellor and his staff. Currently the University policy to effectuate this principle is the following: Upon the receipt of all gifts to UCM or the UCM Foundation, a fee of 5% of the initial value of the gift shall be assessed and deposited in the Chancellor's Discretionary Fund and shall support the necessary operations for the development function within the Chancellor's campus administration. The fee may be taken (1) from the principal if specified by the donor, (2) by holding the gift in a suspense account until fee is earned, or (3) from another acceptable fund source. Additionally, all of the STIP income earned on endowments, funds functioning as endowments and non-endowment gifts shall also be deposited into the Chancellor's Discretionary Fund. The Vice President for Administration shall provide for a scheduled annual distribution of income and shall assess initial fees on gifts for deposit in the Chancellor's Discretionary Fund. The Chancellor shall waive the assessment of the off-the-top fee on ongoing interest earnings only in the event that a donor organization has a written policy which prohibits such fees.

Any waiver shall be communicated in writing from the Chancellor to the Vice Chancellor for Administration. It is the responsibility of the Vice Chancellor for Advancement to establish an appropriate method for notifying donors to the University and the University Foundation of the fee assessment and its purposes.



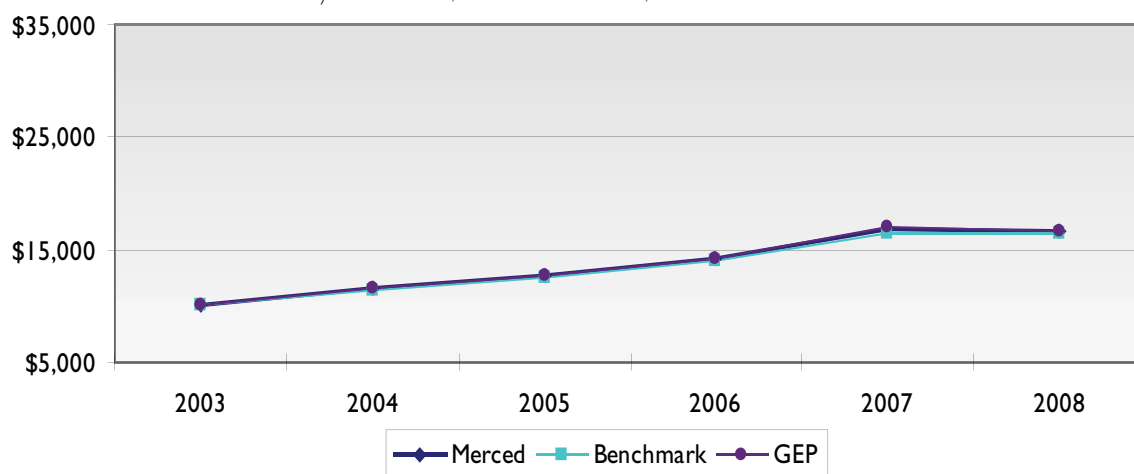
Annual Endowment Returns for Years Ending June 30

University of California, Merced Foundation, Foundation Benchmark and GEP



Five -Year Performance of a \$10,000 Gift

University of California, Merced Foundation, Foundation Benchmark and GEP



Ending Values 2008

Merced	Benchmark	GEP
\$16,649	\$16,442	\$16,655

Annualized Returns 2003-2008

Merced	Benchmark	GEP
10.7%	10.5%	10.7%

UC Riverside Foundation

	6/30/08 <u>Market Value</u> (\$ 000)	% Endowment <u>Funds</u>
ENDOWED ASSETS		
<u>Externally Managed Funds</u>		
International Equity Funds		
Fidelity Latin America	\$917	1.1%
Goldman Sachs BRIC	1,564	1.9%
US Global Region East	113	0.1%
Balanced Funds		
TIFF Multi Asset Fund	41,578	51.0%
Ivy Asset Strategy	12,261	15.0%
First Eagle Global	13,636	16.7%
Other Equities		
Park Street Natural Resources	409	0.5%
CGM Focus	5,163	6.3%
Fidelity Leveraged Co Stock	2,242	2.7%
Guinness Atkinson Alternative Energy	580	0.7%
US Global Resources	2,647	3.2%
Cash - Short Term Funds		
Fidelity Institutional Money Market	420	0.5%
Total Externally Managed Funds	\$81,530	100.0%
<u>Other Endowed Assets</u>	\$22	0.0%
(primarily real estate, art and receivables)		
TOTAL ENDOWED ASSETS	\$81,552	100.0%

Endowment Investment Objective: The UC Riverside Foundation's long-term investment objectives of the endowment fund are to produce a relatively predictable and stable payout stream each year and to grow both the payout stream and the corpus over time at least as fast as the general rate of inflation, as measured by the Consumer Price Index. The investment policy consists of allowable ranges: 50-90% Global Equity and 10-50% Global Bonds.

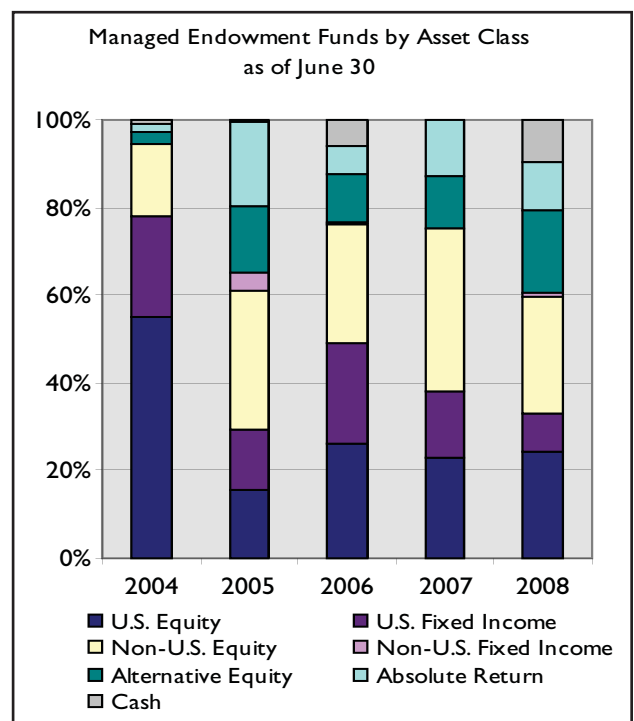
Endowment Spending Policy: The endowment fund payout policy is 4.75% of the average endowment fund market value computed using the previous 12 quarters of portfolio activity the last of which ended on the March 31 of such fiscal year.

Policy for Gift Fees and Administrative Expenses: A one-time Gift Service Fee of 5% is charged on all cash gifts received by the University, based on the principal value of the gift. The fee is collected either from the initial interest/income earned by the gift, directly from the gift principal, or the recipient of the gift may provide the fee from another acceptable fund source.

In FYE08 an Administrative Service Fee was charged against all existing endowments book value balances and gift fund balances of \$1,000 or greater at an annual rate of 1.5%. The fee was collected from the interest/income earnings of the fund balance.

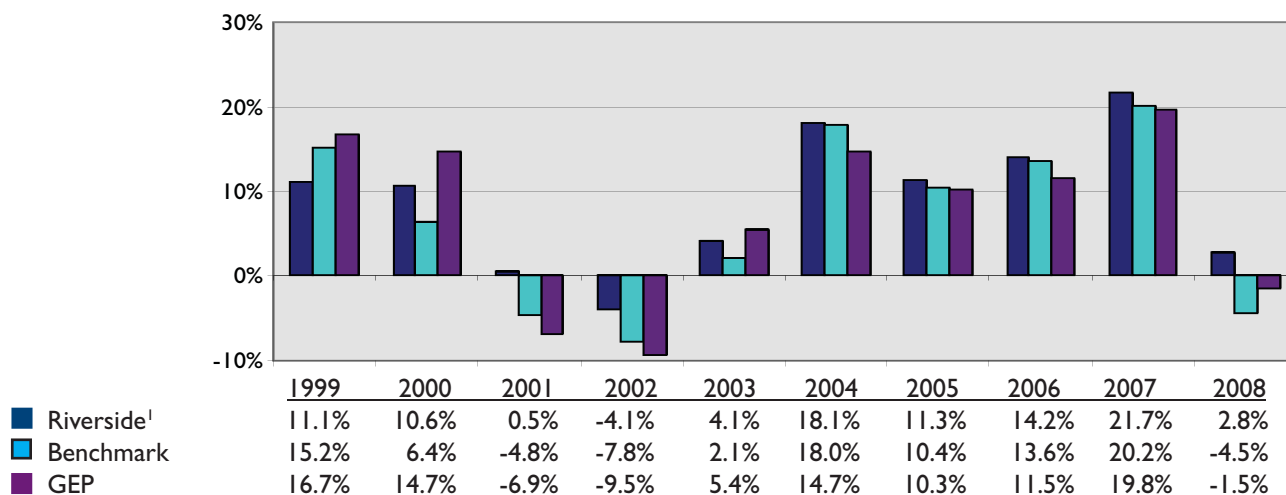
Effective July 1, 2008, the Administrative Service Fee was replaced by an Administration Cost Recovery Fee which will be charged against all existing endowments and endowment-related gift funds at an annual rate of 0.5% of the average rolling market value of funds eligible invested assets as calculated per the UCR Foundation spending policy. The campus will charge 100% of short term ordinary income on campus and Foundation current fund balances.

All proceeds from fees become a Chancellorial resource intended to help defray development and gift administration costs.



Annual Endowment Returns for Years Ending June 30

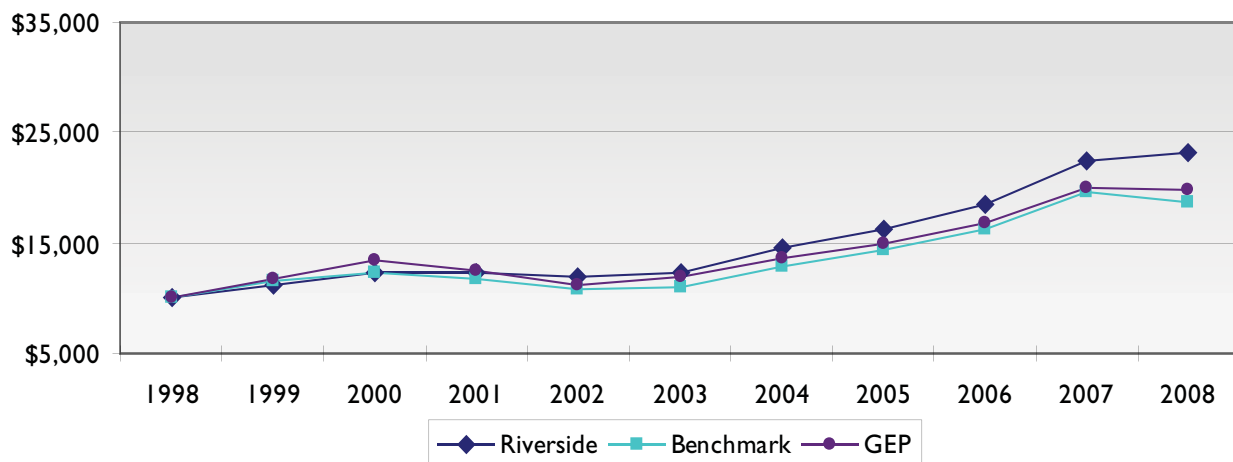
UC Riverside Foundation, Foundation Benchmark and GEP



¹The Riverside Foundation's net total return data excludes a portion of Other Endowed Assets for all periods.

Ten-Year Performance of a \$10,000 Gift

UC Riverside Foundation, Foundation Benchmark and GEP



Ending Values 2008		
Riverside	Benchmark	GEP
\$23,174	\$18,666	\$19,784

Annualized Returns 1999-2008		
Riverside	Benchmark	GEP
8.8%	6.4%	7.1%

U.C. San Diego Foundation

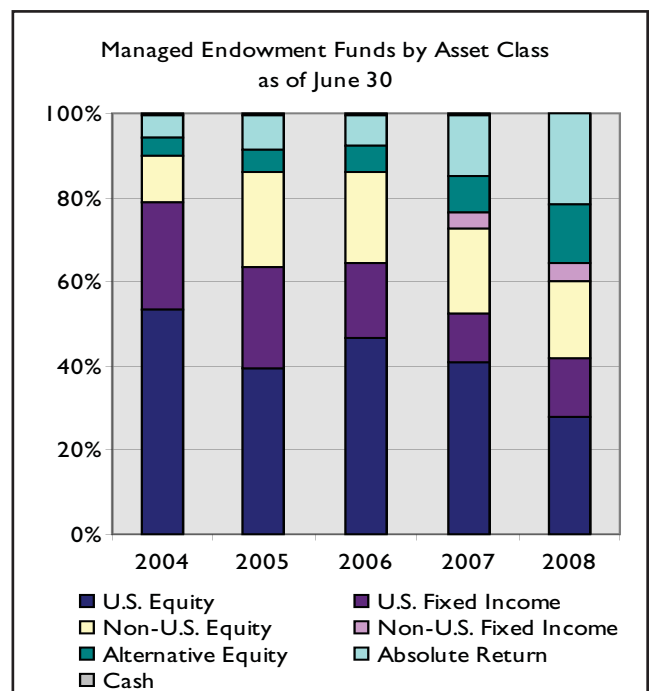
	6/30/08 <u>Market Value</u> (\$ 000)	% Endowment <u>Funds</u>
ENDOWED ASSETS		
<u>Externally Managed Funds</u>		
Large-Cap U.S. Equity Funds		
iShares S&P 500 Index	\$15,254	4.3%
Mid & Small-Cap U.S. Equity Funds		
Vanguard MidCap Index Institutional Shares	9,261	2.6%
Vanguard SmallCap Index Fund Instl Shares	9,081	2.5%
Emerging Market Equity Funds		
Vanguard Emerging Market	6,761	1.9%
Other Equities		
iShares Cohen & Steers Realty Majors REIT	7,769	2.2%
Fixed Income		
PEMEX Bond	619	0.2%
Real Estate		
Prudential PRISA Fund	9,073	2.5%
Cash		
Cash equivalents held in managed accounts	32	0.0%
Total Externally Managed Funds	\$57,849	16.2%
<u>Internally Managed Funds</u>		
Individual Securities	\$118	0.0%
Real Property	910	0.3%
Total Internally Managed Funds	\$1,028	0.3%
<u>Regentally Managed Funds</u>		
General Endowment Pool	\$266,962	74.9%
UC Absolute Return Fund	20,197	5.7%
UC Real Estate Fund	3,430	1.0%
Short Term Investment Pool	(10)	0.0%
UC Vintage Equity Fund	5,150	1.4%
Total Regentally Managed Funds	\$295,729	83.0%
<u>Other Endowed Assets</u>		
Art Work	\$18	0.0%
Partnership	1,642	0.5%
Other	6	0.0%
Total Other Endowed Assets	\$1,666	0.5%
TOTAL ENDOWED ASSETS	\$356,272	100.0%

Endowment Investment Objective: The U.C. San Diego Foundation's primary investment goal for its endowment is to maximize long-term total return, utilizing a diversified portfolio of securities that deliver return in the form of both asset appreciation and income. Endowment portfolio performance is expected to preserve or enhance the real value of the endowment and the purchasing power of the endowment spending, including administrative costs. The investment policy targets, as of June 30, 2008, are: 24% U.S. Equity; 22% Non-U.S. Equity; 7% Private Equity; 20% Absolute Return; 10% Real Estate; and 17% Fixed Income.

Endowment Spending Policy: The endowment spending rate is 4.75% of market value. Market value is defined as the five-year average unitized value of the endowment investment pool. Distributions to fund holders may be from income and realized or unrealized capital gains.

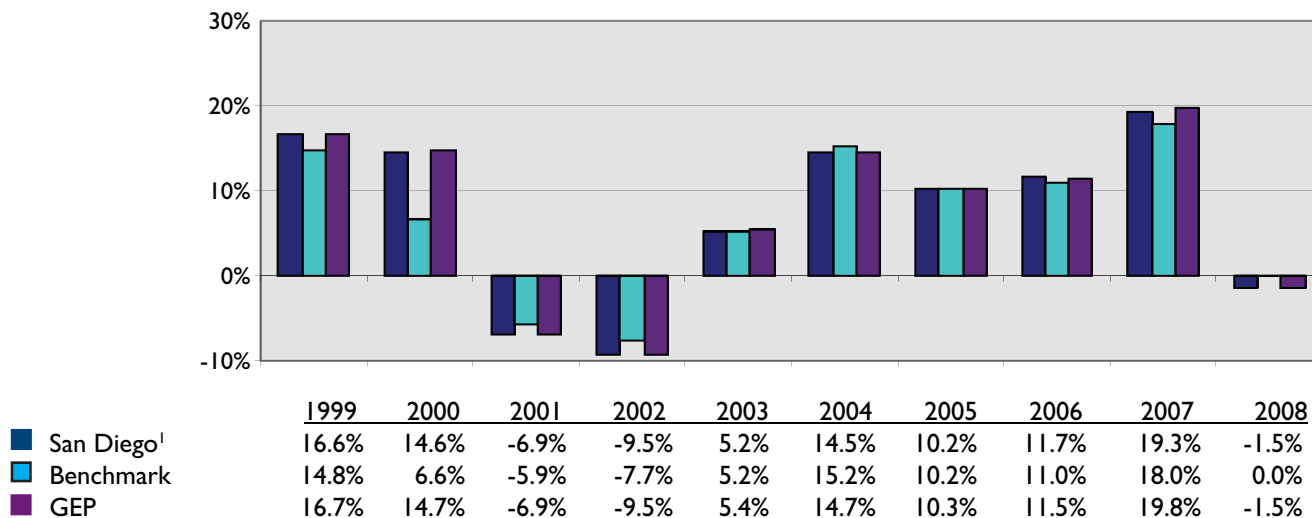
Policy for Gift Fees and Administrative Expenses:

UC San Diego assesses a one-time charge of 4% on all gifts to the Foundation or to The Regents to support the operations of External Relations. An endowment administrative fee of .40% is assessed against all endowment and quasi-endowment gift funds. 100% of all annual earnings on Foundation and Regents' current use gift and grant funds are swept.



Annual Endowment Returns for Years Ending June 30

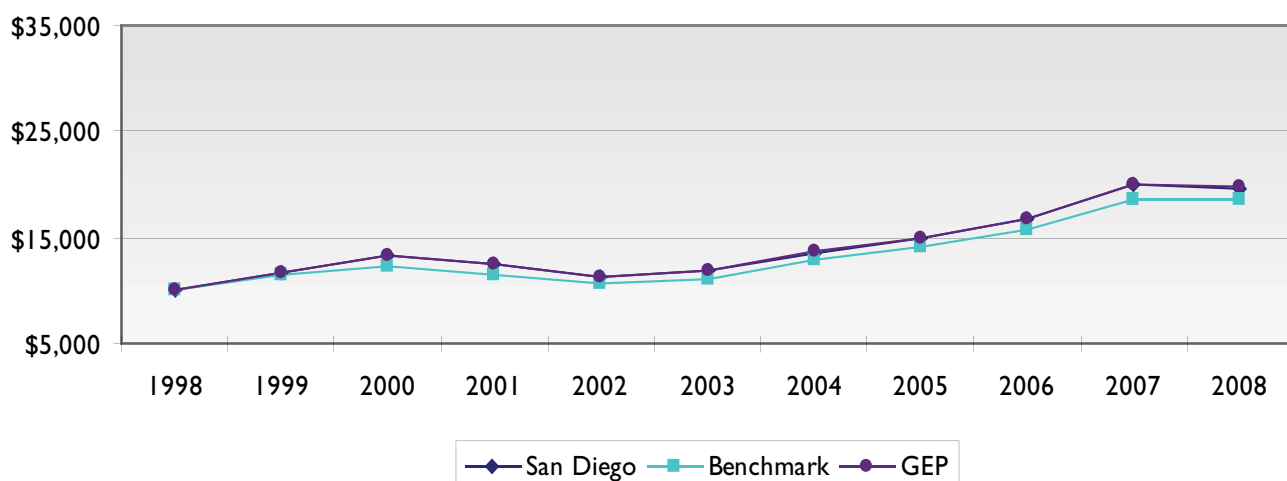
U.C. San Diego Foundation, Foundation Benchmark and GEP



¹The U.C. San Diego Foundation's net total return data excludes Other Endowed Assets for all periods.

Ten-Year Performance of a \$10,000 Gift

U.C. San Diego Foundation, Foundation Benchmark and GEP



Ending Values 2008			Annualized Returns 1999-2008		
San Diego	Benchmark	GEP	San Diego	Benchmark	GEP
\$19,606	\$18,593	\$19,784	7.0%	6.4%	7.1%

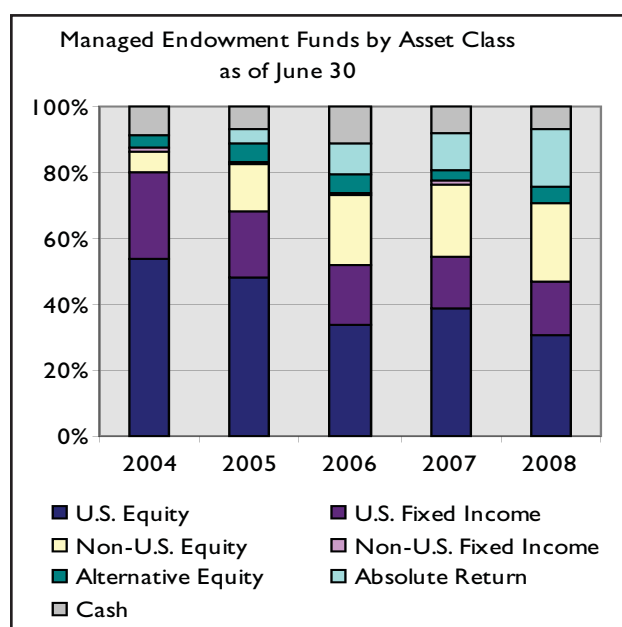
University of California, San Francisco Foundation

	6/30/08 Market Value (\$ 000)	% Endowment Funds
ENDOWED ASSETS		
Externally Managed Funds		
Large Cap Value		
Dodge & Cox	\$36,332	7.8%
Vanguard S&P500 Index	\$26,250	5.6%
Mid Cap		
Russell Midcap Growth iShares	\$17,821	3.8%
Advisory Research	\$10,643	2.3%
ValueAct Capital Intl II	\$10,095	2.2%
Mazama	\$19,416	4.1%
All Cap		
Eagle Capital Management	\$21,497	4.6%
International Equity Funds		
Capital Guardian Trust	\$5	0.0%
Gryphon International	\$28,623	6.1%
Silchester	\$29,309	6.3%
Dodge & Cox International Fund	\$28,552	6.1%
International Emerging Equity		
GMO Emerging Markets	\$15,648	3.3%
Tiedemann Long Duration	\$8,335	1.8%
Real Estate & Hard Assets		
Metropolitan RE Partners III	\$3,847	0.8%
Metropolitan RE Partners Intl II	\$452	0.1%
Shorenstein SRI Nine REIT	\$1,787	0.4%
CommonFund Capital Natural Res.V	\$2,166	0.5%
Denham Commodity FundV	\$462	0.1%
Private Equity-Venture Capital, Distressed Debt		
Oaktree Principal Opportunity Fnd III	\$5,783	1.2%
Oaktree Principal Opportunity Fnd IV	\$1,970	0.4%
CommonFund Capital EVP IV	\$1,801	0.4%
CommonFund Capital EVPV	\$2,895	0.6%
CommonFund Capital CVPVI	\$2,567	0.5%
Burrill Biotech Capital Fund LP	\$1,282	0.3%
TIFF Private Equity Partners 2007	\$811	0.2%
TIFF Private Equity Partners 2008	\$221	0.0%
Hedge Fund		
Protégé Partners LTD	\$7,795	1.7%
TIFF Absolute Return Fund II	\$13,492	2.9%
Farallon Capital Partners	\$12,204	2.6%
Canyon Value Realization Fund	\$12,082	2.6%
Forrester Offshore - Long/Short	\$11,678	2.5%
Watershed Institutional Partners	\$11,191	2.4%
Sankaty-Prospect Harbor Fund	\$11,148	2.4%
Regiment Capital Special Situations IV	\$194	0.0%
Bond Fund		
Dodge & Cox	\$77,150	16.5%
Cash		
	\$32,990	7.0%
Total Externally Managed Funds	\$468,493	100.0%
TOTAL ENDOWED ASSETS	\$468,493	100.0%

Endowment Investment Objective: The San Francisco Foundation's primary investment objective for its endowment portfolio is growth of principal sufficient to preserve purchasing power and to provide income to support current and future University activities. Over the long term, it is the goal of the Foundation that the total return on investment assets should equal the rate of inflation, plus the payout rate (which is used to support current activities), plus an amount reinvested to support future activities. The investment policy consists of: 45% U.S. Equity; 15% International Developed Equity; 5% Private Equity; 10% Hedge Funds; 5% Real Estate; and 20% Fixed Income.

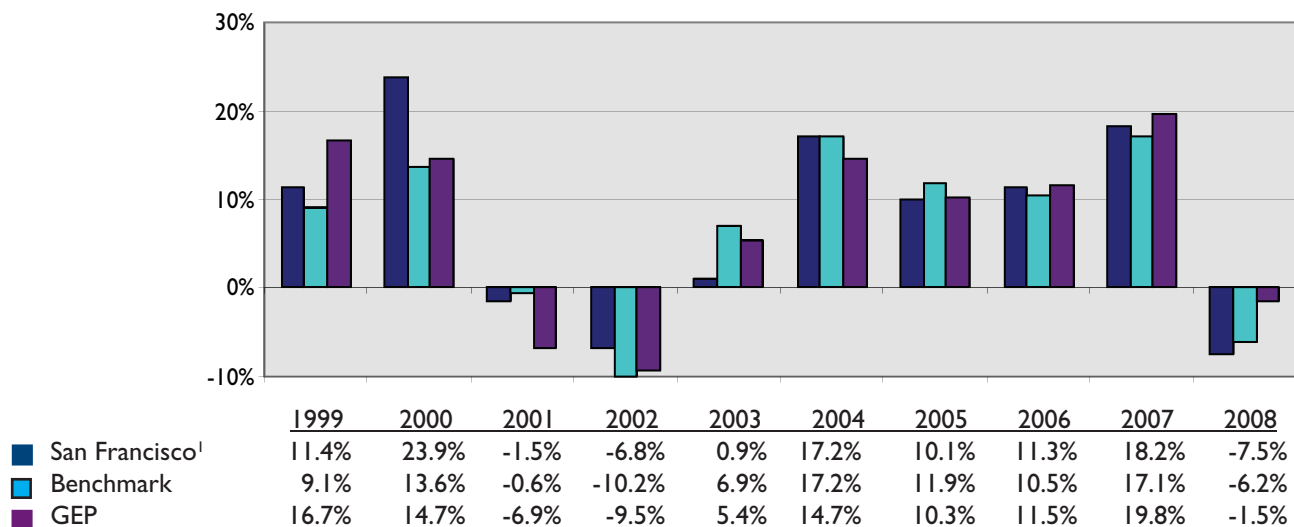
Endowment Spending Policy: A portion of the endowment pool will be expended annually. The amount of the distribution will be determined by the payout policy of the Foundation, modified by donors' wishes where applicable. The Foundation policy is to distribute 5% of the market value of the endowment pool, calculated on a 36-month rolling average of the market value. The payout will be reviewed annually, which may result in modification. The payout will be distributed once a year following the close of the fiscal year. Undistributed income and gains from investment activities are reinvested in the Endowment Pool.

Policy for Gift Fees and Administrative Expenses: The University of California, San Francisco Foundation charges a one-time fee of 4% of the initial value gifts. In addition, the campus assesses a recurring charge of 75% of STIP income earned on current funds, which is assessed quarterly against income. An annual administrative fee of 35 basis points is charged on current and endowment funds administered by the Foundation. The Foundation also charges a 1% spending fee at the time that funds are spent for purpose. No fees are charged on gifts for student aid. Fees are used to cover development costs.



Annual Endowment Returns for Years Ending June 30

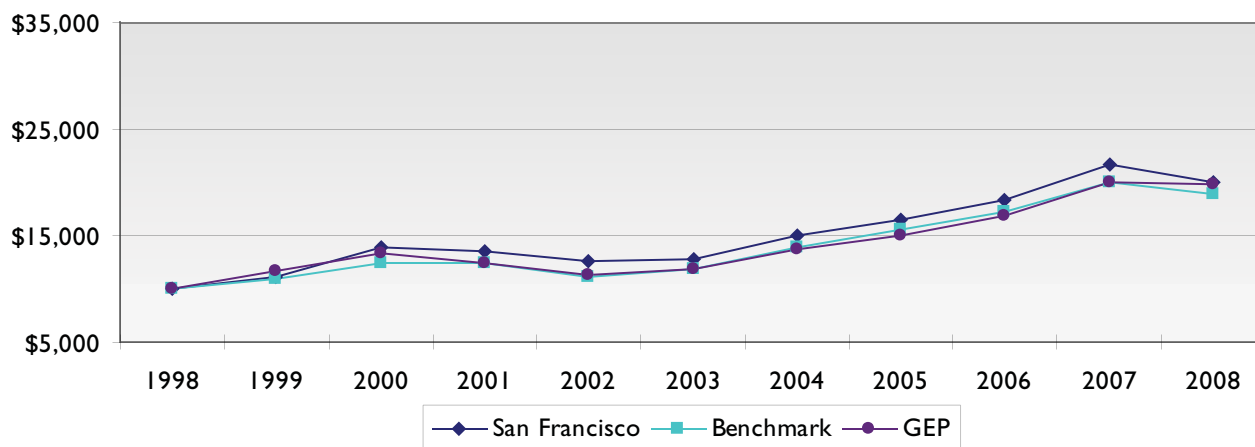
San Francisco Foundation, Foundation Benchmark and GEP



¹The UC San Francisco Foundation's net total return data excludes Other Endowed Assets for all periods.

Ten-Year Performance of a \$10,000 Gift

San Francisco Foundation, Foundation Benchmark and GEP



Ending Values 2008			Annualized Returns 1999-2008		
San Francisco	Benchmark	GEP	San Francisco	Benchmark	GEP
\$20,080	\$18,824	\$19,784	7.2%	6.5%	7.1%

UC Santa Barbara Foundation

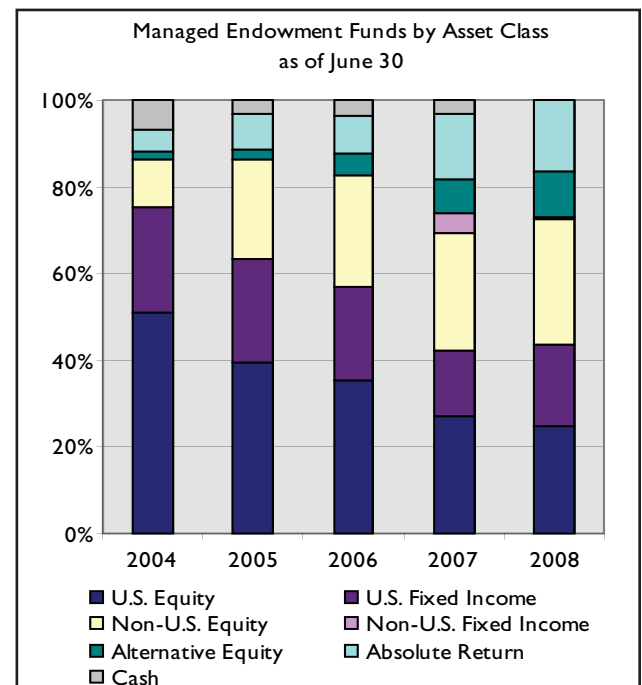
	6/30/08 <u>Market Value</u> (\$ 000)	% Endowment <u>Funds</u>
ENDOWED ASSETS		
<u>Externally Managed Funds</u>		
Equity Funds		
American Fund	\$206	0.2%
Andron Fund	1,654	1.5%
Long Term Investment Pool	<u>105,490</u>	<u>98.7%</u>
Total Externally Managed Funds	\$107,350	100.4%
<u>Regentally Managed Funds</u>		
Short Term Investment Pool	(469)	-0.4%
Total Regentally Managed Funds	(469)	-0.4%
TOTAL ENDOWED ASSETS	\$106,880	100.0%

Endowment Investment Objective: All new endowment gifts are deposited into the Foundation's Long Term Investment Pool (LTIP), held primarily at Goldman Sachs with State Street Bank & Trust serving as master custodian. Endowment funds are invested in accordance with the Uniform Management of Institutional Funds Act (UMIFA) and the Endowment Investment Spending Policies and Guidelines, as adopted by the Board of Trustees. The Foundation's investment objects are: 1) Preserve investment capital and its purchasing power; 2) Generate sufficient resources to meet spending needs (payouts); and 3) Attain reasonable capital appreciation through prudent acceptance of risk to enhance the future purchasing power of the investment capital.

Endowment Spending Policy: The Santa Barbara Foundation adopted UMIFA at the Board meeting held on October 25, 1997. At their February 2007 Board meeting, the Foundation adopted a total return spending policy for the 2007-2008 Fiscal Year based on the 60-month rolling average share value as of December 31, 2006, for the General Endowment Pool multiplied by the number of shares held by each endowment which is then multiplied by the board-approved 5% payout rate.

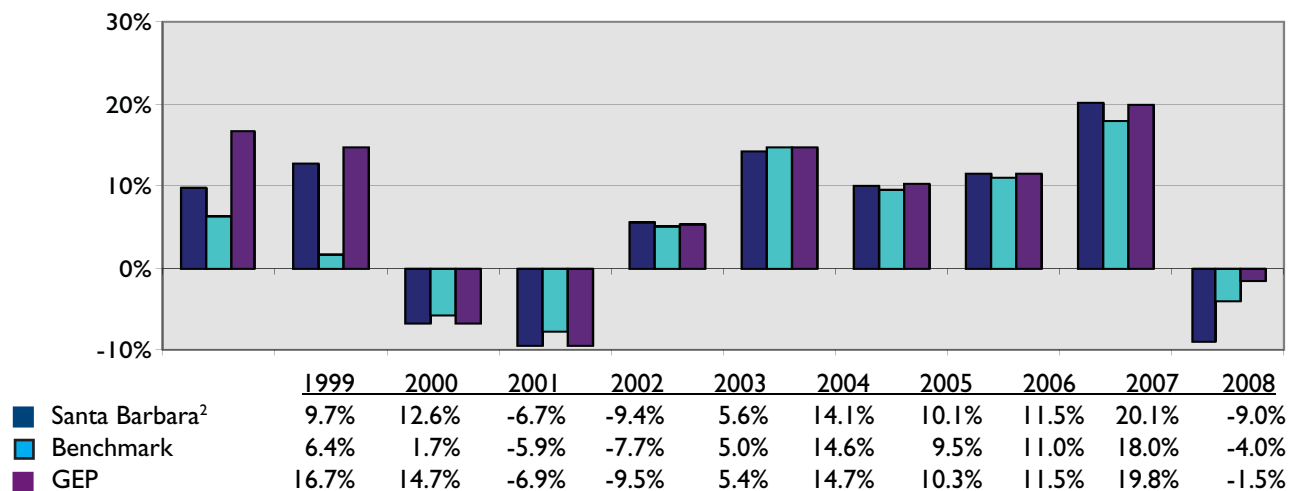
Policy for Gift Fees and Administrative Expenses:

Through June 30, 2000, the UC Santa Barbara campus charged a one-time fee of 5% of the initial value of all restricted gifts to the Foundation and The UC Regents, excluding non-convertible gifts in-kind. The fee was assessed to offset a portion of the direct costs related to gift processing and accounting. Effective July 1, 2000, all Short Term Investment Pool (STIP) earnings on gift funds accrue to the Chancellor to be used to support Institutional Advancement. In addition, Endowment Funds and Funds Functioning as Endowments were charged an annual Endowment Cost Recovery Fee of .15% (15 basis points). For 2006-07, the board adjusted the Endowment Cost Recovery Fee to .25% (25 basis points) of the Fair Market Value as of June 30, 2006. For 2007-08, the board kept the Endowment Cost Recovery Fee at .25% (25 basis points) of the Fair Market Value as of June 30, 2007. In their May 2008 meeting, the board set the Endowment Cost Recovery Fee at .40% (40 basis points) of the Fair Market Value as of June 30, 2008 for the 2008-09 year.



Annual Endowment Returns for Years Ending June 30¹

UC Santa Barbara Foundation, Foundation Benchmark and GEP

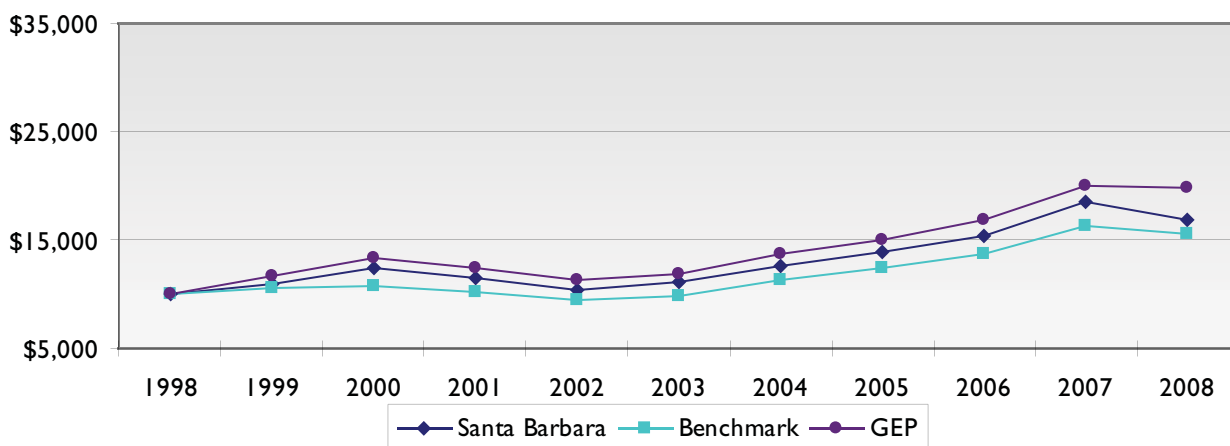


¹ UCSB Endowments were invested 60% in the High Income Pool through 2000.

² The UCSB Foundation's net total return data excludes Other Endowed Assets for all periods.

Ten-Year Performance of a \$10,000 Gift

UC Santa Barbara Foundation, Foundation Benchmark and GEP



Ending Values 2008

Santa Barbara	Benchmark	GEP
\$16,866	\$15,566	\$19,784

Annualized Returns 1999-2008

Santa Barbara	Benchmark	GEP
5.4%	4.5%	7.1%

U.C. Santa Cruz Foundation

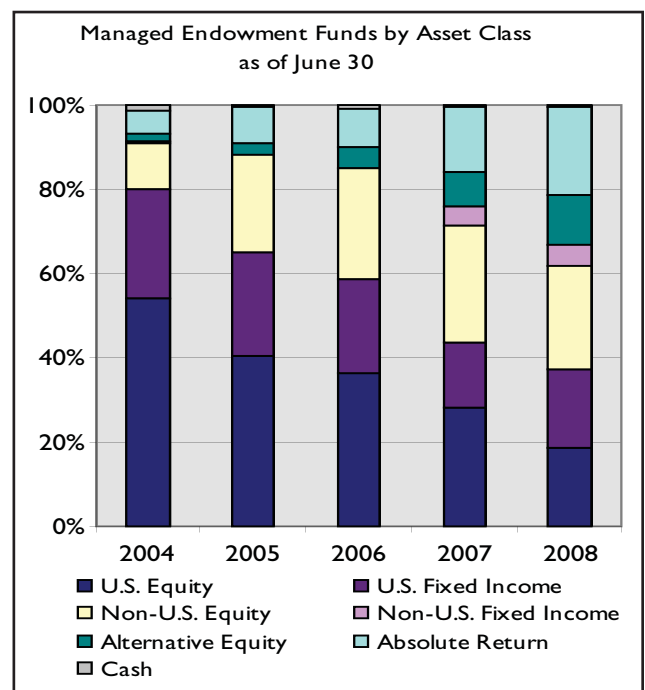
	6/30/08 <u>Market Value</u> (\$ 000)	% Endowment <u>Funds</u>
ENDOWED ASSETS		
<u>Regentally Managed Funds</u>		
General Endowment Pool	\$53,254	99.4%
Short Term Investment Pool	<u>259</u>	<u>0.5%</u>
Total Regentally Managed Funds	\$53,513	99.9%
Cash in operating (unprocessed gifts)	\$35	0.1%
TOTAL ENDOWED ASSETS	\$53,548	100.0%

Endowment Investment Objective: The U.C. Santa Cruz Foundation's investment objective for its endowment portfolio is to maximize long-term total return with a prudent level of risk, to provide inflation protection through reinvestment of an appropriate level of realized and unrealized earnings, and to maximize the real rate of return over the long term. The investment policy matches that of the GEP: 47% Public Equity, 23% Public Fixed-Income, 30% All Alternatives.

Endowment Spending Policy: The U.C. Santa Cruz Foundation endowment expenditure rate is 4.5% times a three-year moving average of June 30 market values. The endowment expenditure formula is reviewed annually and adjusted accordingly with respect to prudent concern for campus needs, donor expectations, and current market conditions. In no event will the corpus be reduced below the amount of the original gift, adjusted by the Gross Domestic Product (GDP) price index, unless specific language of the endowment agreement so allows.

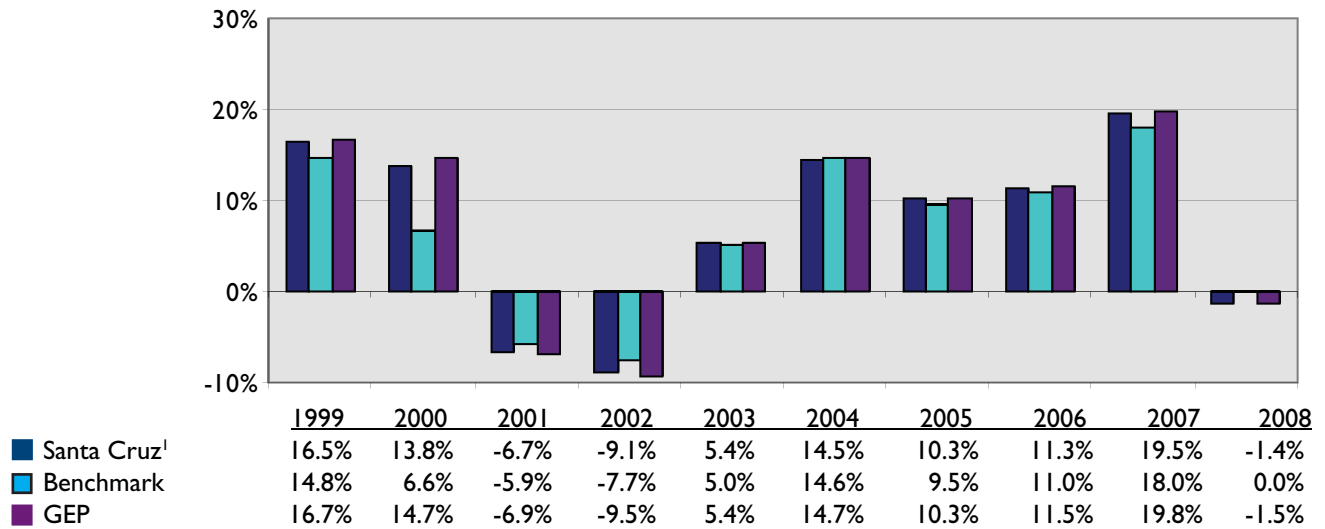
Policy for Gift Fees and Administrative Expenses:

The U.C. Santa Cruz Foundation allocates STIP earnings to uninvested endowment balances when it is earned. The UCSC campus assesses a gift fee of 3% of initial value of endowment gifts and 5% of initial value of current use gifts. Of the 4.5% endowment expenditures, 0.3% is allocated for administrative expenses of the Foundation.



Annual Endowment Returns for Years Ending June 30

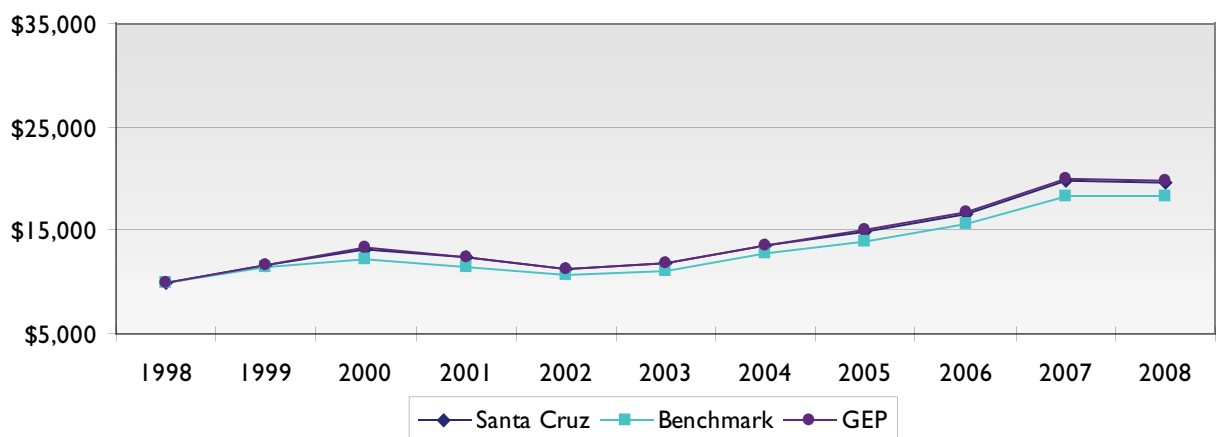
U.C. Santa Cruz Foundation, Foundation Benchmark and GEP



¹ The Santa Cruz Foundation's net total return data excludes Other Endowed Assets for all periods.

Ten-Year Performance of a \$10,000 Gift

U.C. Santa Cruz Foundation, Foundation Benchmark and GEP



Ending Values 2008			Annualized Returns 1999-2008		
Santa Cruz	Benchmark	GEP	Santa Cruz	Benchmark	GEP
\$19,631	\$18,344	\$19,784	7.0%	6.3%	7.1%

The General Endowment Pool (GEP)

The General Endowment Pool (GEP), established in 1933 and unitized in 1958, is The Regents' primary investment vehicle for endowed gift funds. GEP is a balanced portfolio of equities and fixed-income securities in which all Regental endowment funds participate, unless payout needs require otherwise.

In March 1998, GEP payout policy moved from income-only to a set expenditure rate. In May 2007, The Regents adopted a rate of 4.75% for expenditure in fiscal year 2007-2008. The average annual unit value total return for GEP for the 10-year period ending June 30, 2008, was 7.06%.

Investment Strategy

The Regents adopted the following asset allocation policy effective July 1, 2007:

Asset Class	Current Policy	Minimum	Maximum
Public Equity	47%	40%	54%
Public Fixed Income	23%	18%	28%
All Alternatives*	30%	25%	35%
Liquidity	0%	0%	10%

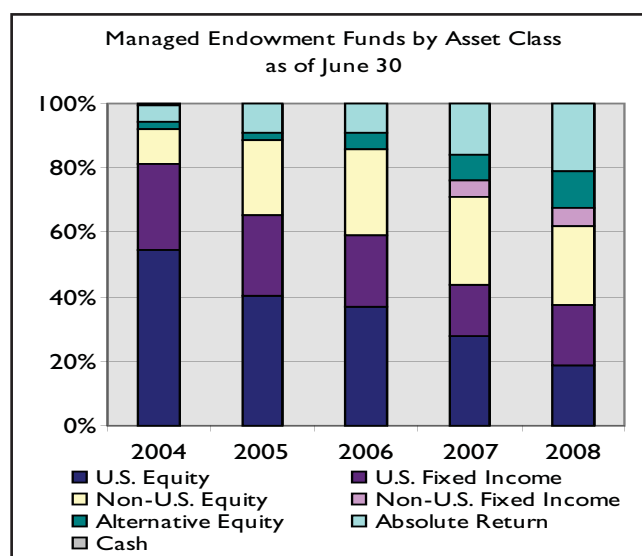
*Including, but not limited to: Real Estate, Private Equity, and Absolute Return Strategies.

The asset allocation benchmarks and portfolio guidelines are designed to manage risk and ensure portfolio diversification. The benchmarks for the individual asset classes are: Russell 3000 Tobacco Free (TF) Index for U.S. Equity; MSCI World Index ex-U.S. TF (Net) Index for Non-U.S. Equity-Developed Markets; MSCI Emerging Markets (Net) Index for Non-U.S. Equity-Emerging Markets; Lehman Aggregate Index for Fixed Income; Merrill Lynch High-Yield Cash Pay Index for High-Yield Debt; Citigroup World Government Bond Index Non-U.S. for Non-U.S. Fixed Income; J.P. Morgan Emerging Market Bond Index "Plus" for Emerging Market Fixed Income; Lehman TIPS Index for TIPS; 30-Day Treasury Bill + 4.5% for Absolute Return; Actual Real Estate returns; and Actual Private Equity returns. The total fund benchmark is a policy-weighted average of the individual asset-class benchmarks.

In September 2008, The Regents' Committee on Investments and Investment Advisory Committee approved a new asset allocation for the GEP (effective October 1, 2008). Details of the new policy are available on The Regent's Web site (<http://www.universityofcalifornia.edu/regents/aar/septi.pdf>).

Asset Mix

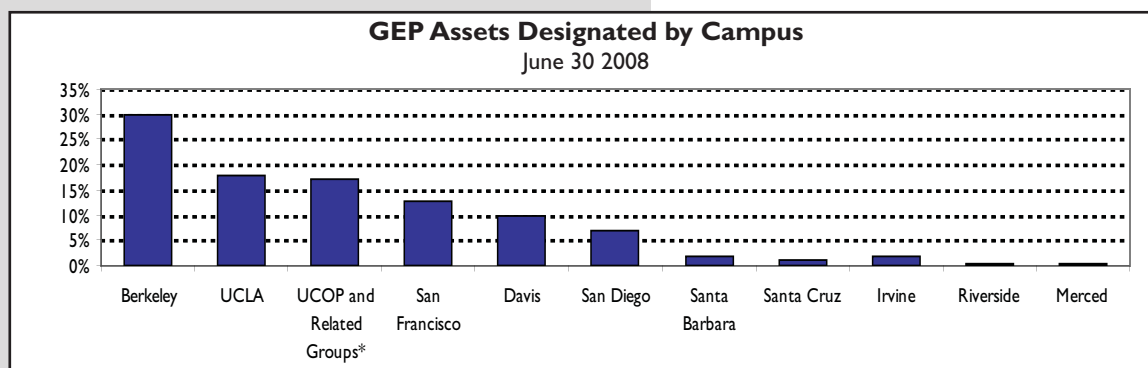
The following represents GEP's asset mix as of each of the past five fiscal-year ends.



Asset Designation by Campus and Purpose

A donor has two avenues for making a gift to or establishing an endowment at the University: either directly to The Regents for a specific campus and/or purpose, or directly to a campus through its Foundation. The campus Foundation trustees have discretion in their choice of investment managers and may use the Treasurer's Office or external investment managers.

The Regents' endowment pools include assets that were gifted directly to The Regents, as well as Foundation assets where the Treasurer was retained as the investment manager. The chart below illustrates the breakdown of GEP's assets among the campuses. Not surprisingly, a higher proportion of the assets is dedicated to the older campuses, which have a more established alumni and donor base. Development efforts at the younger campuses aim to leverage the growth of their alumni base, as well as cultivate donors.

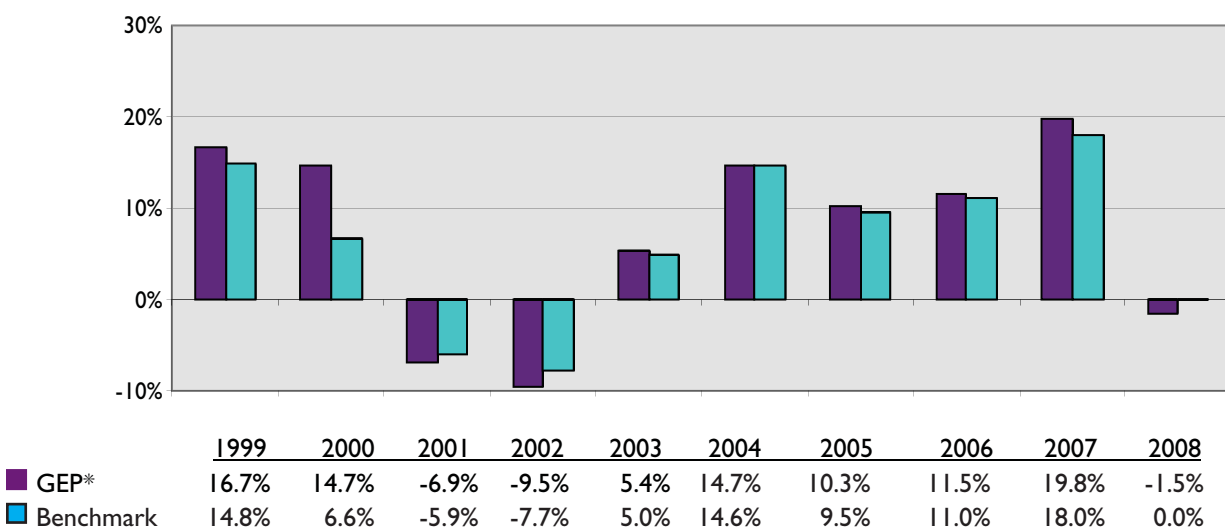


¹ University of California Office of the President (UCOP) administered programs and multi-campus gifts.

The General Endowment Pool (GEP)

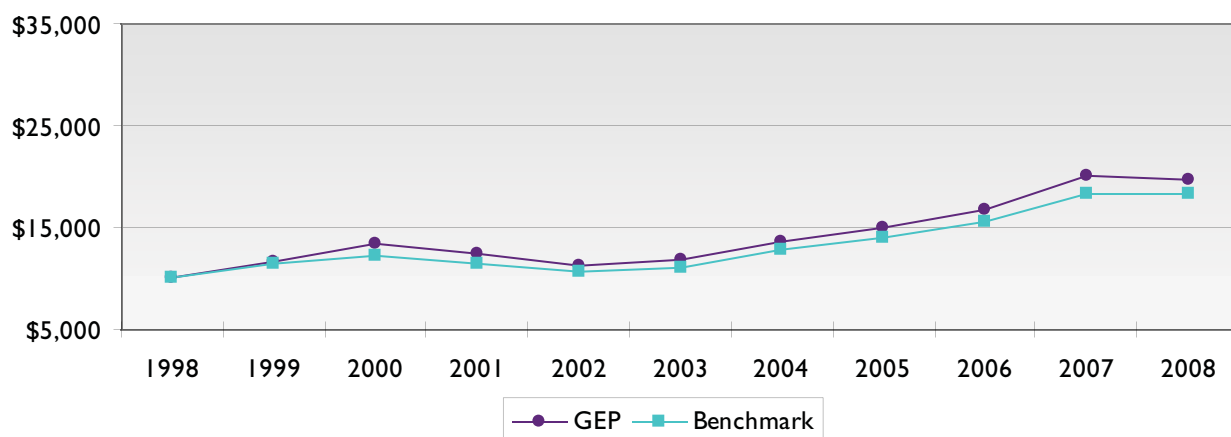
Annual Endowment Returns for Years Ending June 30

GEP and Benchmark



Ten-Year Performance of a \$10,000 Gift

GEP and Benchmark



Ending Values 2008		Annualized Returns 1999-2008	
GEP	Benchmark	GEP	Benchmark
\$19,784	\$18,355	7.1%	6.3%

* Unit value total return.



X. 10-Year Historical Performance

Table 10											
10-Year Foundation Investment Performance											
(periods ending June 30)											
Annual Total Returns - Foundations											
Year	Berkeley	Davis	Irvine	Los Angeles	Merced	Riverside	San Diego	San Francisco	Santa Barbara	Santa Cruz	Regents' GEP
2008	-0.3%	-1.4%	-2.9%	0.1%	-1.5%	2.8%	-1.5%	-7.5%	-9.0%	-1.4%	-1.5%
2007	20.3%	19.7%	18.7%	17.8%	19.8%	21.7%	19.3%	18.2%	20.1%	19.5%	19.8%
2006	14.8%	11.3%	10.9%	12.9%	11.5%	14.2%	11.7%	11.3%	11.5%	11.3%	11.5%
2005	11.3%	10.2%	7.7%	10.2%	10.3%	11.3%	10.2%	10.1%	10.1%	10.3%	10.3%
2004	17.7%	14.4%	15.6%	15.2%	14.7%	18.1%	14.5%	17.2%	14.1%	14.5%	14.7%
2003	3.4%	5.5%	6.5%	4.5%	5.4%	4.1%	5.2%	0.9%	5.6%	5.4%	5.4%
2002	-4.8%	-8.3%	-7.2%	-8.9%		-4.1%	-9.5%	-6.8%	-9.4%	-9.1%	-9.5%
2001	-5.0%	-5.6%	-3.4%	-1.3%		0.5%	-6.9%	-1.5%	-6.7%	-6.7%	-6.9%
2000	21.6%	17.5%	8.1%	7.4%		10.6%	14.6%	23.9%	12.6%	13.8%	14.7%
1999	12.6%	15.3%	11.5%	9.2%		11.1%	16.6%	11.4%	9.7%	16.5%	16.7%
Average Annualized Total Returns - Foundations											
# Year	Berkeley	Davis	Irvine	Los Angeles	Merced	Riverside	San Diego	San Francisco	Santa Barbara	Santa Cruz	Regents' GEP
2008	-0.3%	-1.3%	-2.9%	0.1%	-1.5%	2.8%	-1.5%	-7.5%	-9.0%	-1.4%	-1.5%
('07-'08)	9.5%	8.7%	7.4%	8.6%	8.6%	11.9%	8.4%	4.6%	4.5%	8.6%	8.6%
('06-'08)	11.3%	9.6%	8.5%	10.0%	9.6%	12.6%	9.5%	6.8%	6.8%	9.5%	9.6%
('05-'08)	11.3%	9.7%	8.3%	10.1%	9.8%	12.3%	9.7%	7.6%	7.6%	9.7%	9.8%
('04-'08)	12.5%	10.6%	9.7%	11.1%	10.7%	13.4%	10.6%	9.4%	8.9%	10.6%	10.7%
('03-'08)	11.0%	9.8%	9.2%	9.9%	9.8%	11.8%	9.7%	8.0%	8.3%	9.7%	9.8%
('02-'08)	8.6%	7.0%	6.7%	7.0%		9.4%	6.7%	5.7%	5.6%	6.8%	6.8%
('01-'08)	6.8%	5.3%	5.4%	5.9%		8.2%	4.9%	4.8%	4.0%	5.0%	5.0%
('00-'08)	8.3%	6.6%	5.7%	6.1%		8.5%	5.9%	6.8%	4.9%	6.0%	6.0%
('99-'08)	8.7%	7.5%	6.2%	6.4%		8.8%	7.0%	7.2%	5.4%	7.0%	7.1%
Cumulative Total Returns - Foundations											
# Year	Berkeley	Davis	Irvine	Los Angeles	Merced	Riverside	San Diego	San Francisco	Santa Barbara	Santa Cruz	Regents' GEP
2008	-0.3%	-1.3%	-2.9%	0.1%	-1.5%	2.8%	-1.5%	-7.5%	-9.0%	-1.4%	-1.5%
('07-'08)	19.9%	18.1%	15.2%	17.9%	18.0%	25.2%	17.4%	9.4%	9.2%	17.9%	18.0%
('06-'08)	37.7%	31.5%	27.8%	33.1%	31.6%	42.9%	31.2%	21.7%	21.8%	31.2%	31.6%
('05-'08)	53.3%	45.0%	37.6%	46.7%	45.2%	59.1%	44.6%	34.0%	34.1%	44.7%	45.2%
('04-'08)	80.4%	65.8%	59.0%	69.0%	66.5%	87.9%	65.5%	57.1%	53.0%	65.6%	66.5%
('03-'08)	86.5%	75.0%	69.3%	76.6%	75.5%	95.6%	74.1%	58.5%	61.6%	74.6%	75.5%
('02-'08)	77.6%	60.4%	57.2%	60.9%		87.5%	57.6%	47.7%	46.4%	58.7%	58.8%
('01-'08)	68.7%	51.5%	51.8%	58.8%		88.5%	46.7%	45.4%	36.6%	48.1%	47.9%
('00-'08)	105.1%	78.0%	64.1%	70.5%		108.5%	68.1%	80.3%	53.8%	68.5%	69.6%
('99-'08)	131.0%	105.2%	83.0%	86.2%		131.6%	96.1%	100.8%	68.7%	96.3%	97.9%

Returns shown above prior to 2006 were provided by the individual Foundations. Returns for 2006 and later were provided by State Street Bank, except in extraordinary circumstances.

Table 11
10-Year Benchmark and Active Performance
(periods ending June 30)

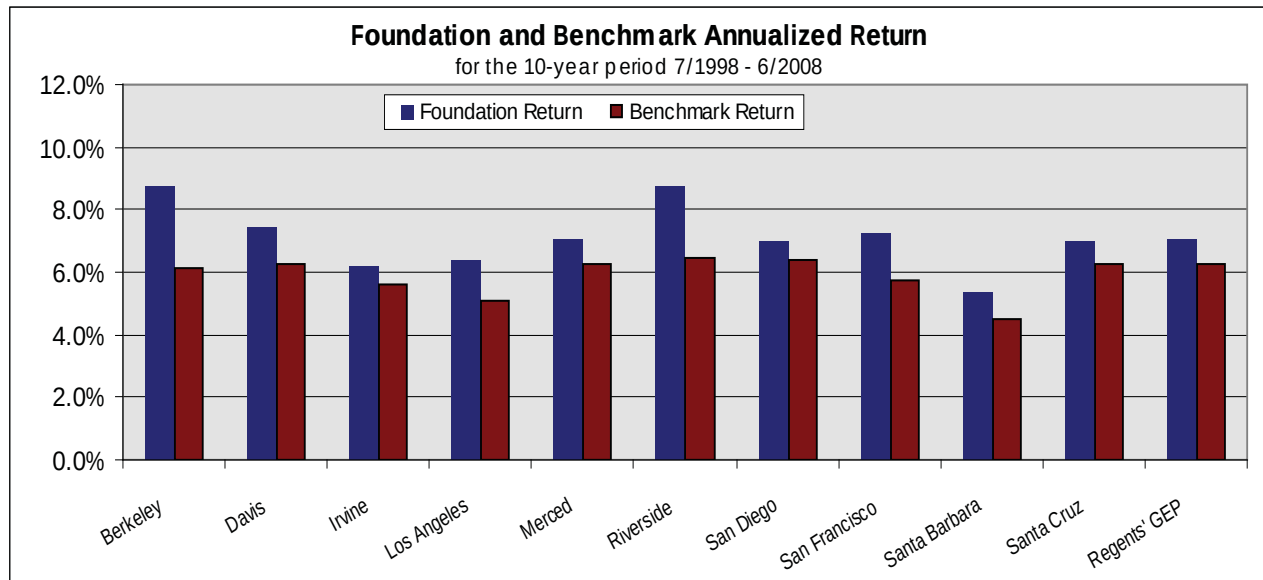
Annual Total Returns - Benchmarks											
Year	Berkeley	Davis	Irvine	Los Angeles	Merced	Riverside	San Diego	San Francisco	Santa Barbara	Santa Cruz	Regents' GEP
2008	-1.2%	-0.0%	-6.4%	0.6%	-0.0%	-4.5%	-0.0%	-6.2%	-4.0%	-0.0%	-0.0%
2007	16.9%	18.0%	19.0%	17.1%	18.0%	20.2%	18.0%	17.1%	18.0%	18.0%	18.0%
2006	12.7%	11.1%	10.3%	10.3%	11.1%	13.6%	11.1%	10.5%	11.1%	11.1%	11.1%
2005	10.3%	9.5%	9.3%	8.7%	9.5%	10.4%	10.3%	11.1%	9.5%	9.5%	9.5%
2004	17.1%	14.6%	15.1%	16.2%	14.6%	18.0%	15.2%	17.2%	14.6%	14.6%	14.6%
2003	2.8%	5.0%	3.2%	3.0%	5.0%	2.1%	5.2%	4.3%	5.0%	5.0%	5.0%
2002	-8.1%	-7.7%	-6.6%	-10.5%		-7.8%	-7.7%	-9.1%	-7.7%	-7.7%	-7.7%
2001	-9.5%	-5.9%	-6.2%	-9.6%		-4.8%	-5.9%	-6.1%	-5.9%	-5.9%	-5.9%
2000	11.0%	6.6%	6.9%	6.1%		6.4%	6.6%	6.2%	1.7%	6.6%	6.6%
1999	13.3%	14.8%	15.2%	13.3%		15.2%	14.8%	17.1%	6.4%	14.8%	14.8%
Annual Active Returns (Foundation minus Benchmark) ¹											
Year	Berkeley	Davis	Irvine	Los Angeles	Merced	Riverside	San Diego	San Francisco	Santa Barbara	Santa Cruz	Regents' GEP
2008	0.9%	-1.3%	3.4%	-0.5%	-1.5%	7.3%	-1.5%	-1.3%	-5.0%	-1.3%	-1.5%
2007	3.4%	1.7%	-0.2%	0.7%	1.7%	1.5%	1.2%	1.2%	2.0%	1.5%	1.8%
2006	2.2%	0.3%	0.6%	2.6%	0.5%	0.6%	0.6%	0.7%	0.4%	0.2%	0.4%
2005	1.0%	0.8%	-1.6%	1.4%	0.9%	0.9%	-0.1%	-1.1%	0.7%	0.8%	0.9%
2004	0.6%	-0.2%	0.5%	-1.0%	0.1%	0.1%	-0.7%	0.1%	-0.5%	-0.1%	0.1%
2003	0.6%	0.5%	3.3%	1.5%	0.4%	2.0%	0.0%	-3.4%	0.6%	0.4%	0.4%
2002	3.3%	-0.6%	-0.6%	1.6%		3.7%	-1.8%	2.3%	-1.7%	-1.4%	-1.8%
2001	4.5%	0.3%	2.8%	8.3%		5.3%	-1.0%	4.6%	-0.8%	-0.8%	-1.0%
2000	10.6%	10.9%	1.2%	1.3%		4.2%	8.0%	17.8%	10.9%	7.2%	8.1%
1999	-0.7%	0.5%	-3.7%	-4.1%		-4.1%	1.8%	-5.8%	3.3%	1.7%	1.9%
Average Annualized Active Returns (Foundation minus Benchmark) ²											
# Year	Berkeley	Davis	Irvine	Los Angeles	Merced	Riverside	San Diego	San Francisco	Santa Barbara	Santa Cruz	Regents' GEP
2008	0.9%	-1.3%	3.7%	-0.5%	-1.5%	7.7%	-1.5%	-1.4%	-5.2%	-1.3%	-1.5%
('07-'08)	1.9%	0.0%	1.7%	0.0%	-0.0%	4.4%	-0.2%	-0.2%	-1.8%	-0.1%	0.0%
('06-'08)	1.9%	0.1%	1.3%	0.8%	0.1%	3.1%	0.0%	0.1%	-1.1%	0.0%	0.1%
('05-'08)	1.6%	0.3%	0.6%	0.9%	0.3%	2.5%	0.0%	-0.2%	-0.7%	0.2%	0.3%
('04-'08)	1.4%	0.2%	0.6%	0.6%	0.3%	2.0%	-0.1%	-0.1%	-0.6%	0.2%	0.3%
('03-'08)	1.3%	0.2%	1.0%	0.7%	0.3%	2.0%	-0.1%	-0.7%	-0.4%	0.2%	0.3%
('02-'08)	1.6%	0.1%	0.8%	0.9%		2.3%	-0.4%	-0.2%	-0.6%	-0.1%	-0.0%
('01-'08)	2.0%	0.1%	1.0%	1.9%		2.7%	-0.4%	0.4%	-0.6%	-0.1%	-0.2%
('00-'08)	2.8%	1.2%	1.1%	1.8%		2.8%	0.4%	2.1%	0.6%	0.6%	0.7%
('99-'08)	2.5%	1.1%	0.6%	1.2%		2.2%	0.5%	1.4%	0.8%	0.7%	0.8%

¹ Arithmetic difference

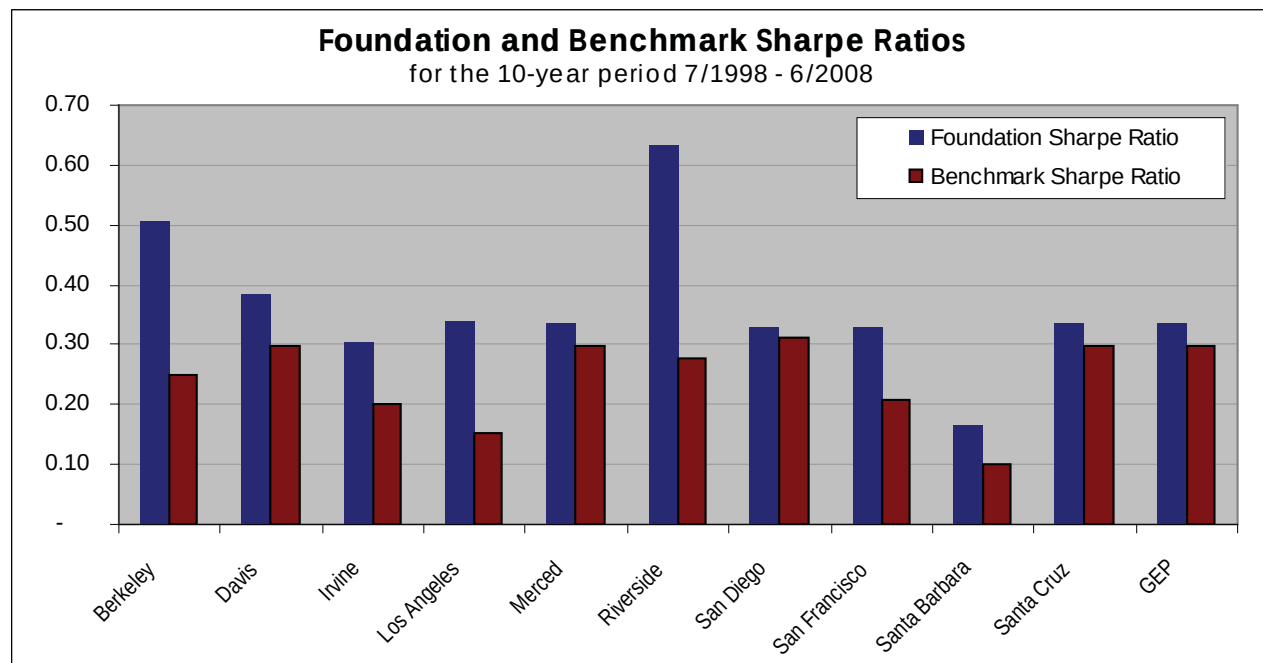
² Annualized geometric difference

XI

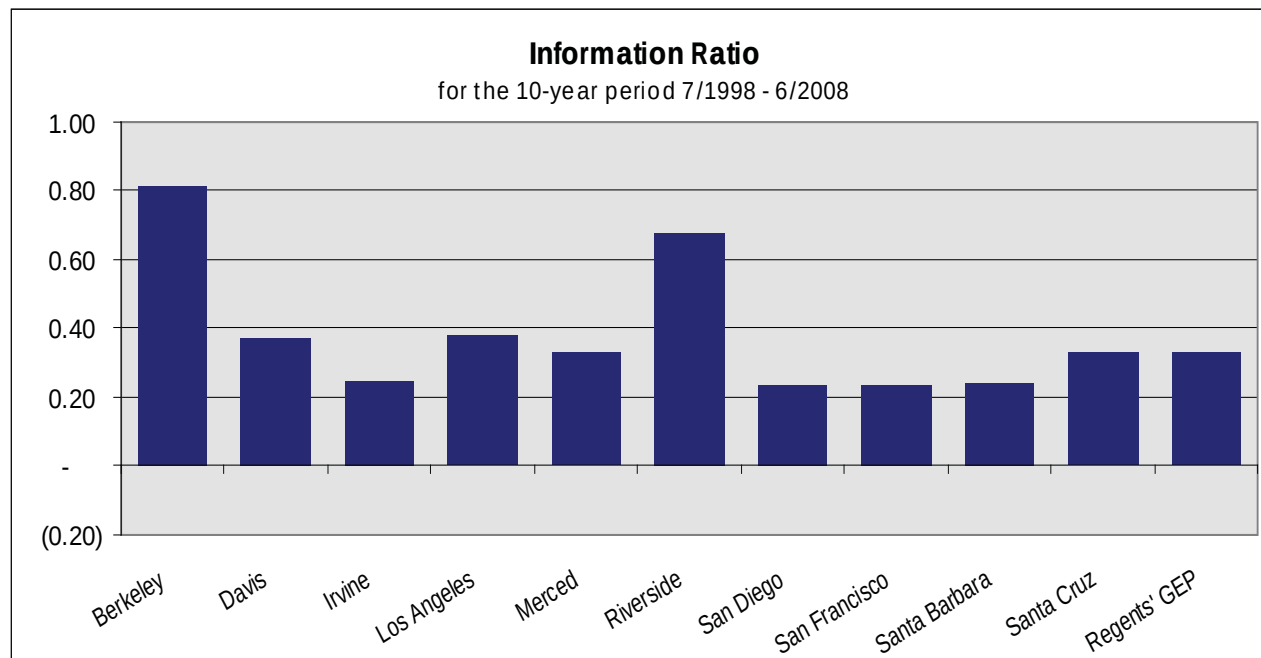
XI. Supplemental



The chart above compares the investment return for each Foundation with its benchmark, for the entire 10-year period June 1998–June 2008 (Merced uses GEP for full period). This information answers two questions: how well did the Fund perform relative to its stated policy, and how well did the choice of asset classes meet the fiduciaries' expectations for return and appetite for risk.



The chart above shows the Sharpe ratio for each Foundation and its respective benchmark, for the 10-year period, June 1998–June 2008. This measure of risk adjusted performance divides excess return (total return in excess of the risk free rate or cash return) by total volatility (standard deviation of returns). The results show how well each Foundation and the GEP outperformed their respective benchmarks on a risk-adjusted basis.



The Information Ratio, a measure of risk-adjusted active return, is shown in the graph above. It is defined as the ratio of Active Return to Active Risk. Active return is the difference between the annual Fund return and the Benchmark return for that year, and is here calculated as the arithmetic average of the ten one-year active returns shown in the middle panel of Table 11 in Section X. Active risk is the volatility of active returns, and is here calculated as the standard deviation of the 10 one-year active returns. The Information Ratio is positive (good) if on average the fund return exceeds the benchmark over the period, and negative otherwise. It is larger (good) if the active return was produced with some consistency, i.e., if the volatility (in the denominator) is lower.

Note: As the second and third charts were computed with annual, rather than monthly returns (as is customary), they present approximations of risk and risk-adjusted returns.

Sources: Returns prior to 2006 were provided by the individual Foundations. Returns for 2006 and later were provided by State Street Bank, except in extraordinary circumstances. The Foundations also provided their investment policy and benchmark policy allocations, which are summarized in Section XII. Based on this information, the Regents' Investment Consultant computed annual benchmark returns and the measures of risk and risk-adjusted returns shown in the charts above.

XII

XII. Investment Policies as of June 30, 2008

ASSET CLASS	BENCHMARK COMPONENT	PERCENTAGE
UC Berkeley		
Global Equity	[none provided]	40%
Marketable Alts	91-Day T-Bills + 4%	20%
Private Equity/Venture Cap	CA Venture Capital Index	10%
Real Estate	Dow Jones-Wilshire REIT	9%
Energy/Commodities/Other		9%
	Wilshire 5000 Energy	
	DJAIGTR	
	CPI-U + 5%	
US Fixed Income	LB Aggregate	<u>12%</u>
Total		100%
UC Davis		
GEP	GEP Benchmark	<u>100%</u>
Total		100%
UC Irvine		
US Equity	Russell 3000	22%
Non US Equity	MSCI EAFE	22%
Real Estate	NCREIF Total Property	8%
Commodities	DJ AIG Commodity Index	5%
Hedge Funds	T-Bills + 4%	20%
Private Equity & Ven Cap	Russell 3000+3%	8%
US Fixed Income	LB Aggregate	<u>15%</u>
Total		100%
UC Los Angeles		
US Equity	Russell 3000	16%
Non-US Equity	MSCI ACWI	18%
Private Equity	Actual PE Returns	24%
Real Estate	NCREIF	9%
Absolute Return	HFRI FOF Conservative Index	25%
Fixed Income	LB Aggregate	<u>8%</u>
Total		100%
UC Merced		
GEP	GEP Benchmark	<u>100%</u>
Total		100%

ASSET CLASS	BENCHMARK COMPONENT	PERCENTAGE
UC Riverside		
Global Equity	MSCI ACWI	71%
Absolute Return	Citigroup 3 month T-Bill + 4%	13%
Fixed Income	LB Aggregate	<u>16%</u>
Total		100%
UC San Diego		
US Equity	Blend of S&P 500 + R2000/2500/midcap +25bp	24%
Non US Equity	MSCI ACWI ex-US + 25 bp	22%
Private Equity	S&P 500 +5%	7%
Absolute Return	Lehman Aggregate Bond Index + 300 bp	20%
Real Estate	NCREIF + 50 bp	10%
Fixed Income	Lehman Aggregate Bond Index + 25 bp	<u>17%</u>
Total		100%
UC San Francisco		
US Equity	Russell 3000	45%
International Developed Equity	MSCI EAFE (NET)	15%
Hedge Funds	8% return	10%
Private Equity	S&P 500 + 7%	5%
REITS	NAREIT Equity	5%
US Fixed Income	LB Aggregate	<u>20%</u>
Total		100%
UC Santa Barbara		
Foundation LTIP (Beginning Oct. 2007)	Foundation LTIP	100%
Total		100%
UC Santa Cruz		
GEP	GEP Benchmark	100%
Total		100%
GEP		
US Equity	Russell 3000 TF	52%-actual wt (PE)-actual wt (RE)-actual wt (AR)
Non-US Equity Developed	MSCI World ex US Net TF	20%
Emerging Market Equity	MSCI Emerging Market Net	5%
US Core Fixed Income	Lehman Aggregate Bond Index	8%
High Yield Debt	Merrill Lynch High Yield Cash Pay Index	3%
Non-US Fixed Income	Citigroup World Government Bond Index ex-US	3%
Emerging Market Fixed Income	JP Morgan Emerging Market Bond Index “Plus”	3%
TIPS	Lehman Brothers TIPS	6%
Absolute Return	30-Day US T-Bill + 4.5%	actual wt
Private Equity	Actual PE Returns	actual wt
Real Estate	Closed End: Actual RE Returns	
	Open End: NCREIF Property Index (NPI)	<u>actual wt</u>
Total		100%

XIII

XIII. Glossary

Endowment Assets: True endowments, established by donor-restricted gifts to provide a permanent source of income, and Funds Functioning as Endowments (FEEs), established by donor-restricted gifts to provide income but principal may also be expended.

Trusts/Life Annuities: Assets donated by individuals or organizations, with the institution agreeing to pay a specific level of income to the donor, or designated beneficiary, for his or her lifetime. Subsequent to the beneficiary's death, the institution gains complete ownership of the donated assets. The donor may or may not have restricted the assets' purpose.

Current Assets: Assets for use in the near term to support the overall operations of the Foundation, where the donor may, or may not, have restricted their use. These assets typically include cash, accounts receivable, notes receivable, deferred charges, amounts due, prepaid expenses, etc.

In accordance with the Support Group Policy, endowed gifts or restricted assets must be transferred to the University to be spent in accordance with the donors' terms. However, the existing policy does not specify the timing and/or frequency of transfers. Consequently, the timing/frequency decision varies among the Foundations.

Non-Endowed Assets: Current gift and trust/life income assets, excluding pledges.

Other Endowed Assets: Separately invested assets, mortgages, real estate, and receivables.