

Contact: Andrea Anania

INVESTMENT AND CASH MANAGEMENT REPORT
FOR THE QUARTER ENDED DECEMBER 31, 2009

Recommended Action: Receive the Investment and Cash Management Report for the quarter ended December 31, 2009.

Executive Summary: The Regent institutions maintain two investment portfolios — operating and endowment/quasi-endowment.

Institutional Investment Portfolios
Market Value
(in thousands)
As of December 31, 2008, and December 31, 2009

	<u>Operating</u>		<u>Endowment/ Quasi-Endowment</u>	
	<u>Dec 2008</u>	<u>Dec 2009</u>	<u>Dec 2008</u>	<u>Dec 2009</u>
University of Iowa ¹	\$868,154	\$1,070,816	\$269,144 ²	\$296,448 ²
Iowa State University	326,403	474,370	117,380 ³	131,127 ³
University of Northern Iowa	107,865	147,933	-	-
Iowa School for the Deaf	1,900	2,090	-	-
Iowa Braille & Sight Saving School	620	829	-	-
Total	\$1,304,942	\$1,696,038	\$386,524	\$427,575

¹ Includes UIHC.

² Includes UNI.

³ Includes ISD and IBSSS.

As of December 31, 2009, the Regent combined operating and endowment portfolios totaled over \$2.1 billion.

OPERATING

The Merrill Lynch 1-3 year Government/Corporate Index rate for the quarter was 0.37%. BlackRock, Wellington, and the Diversified Pool all outperformed the benchmark, while all internal returns underperformed the benchmark.

ENDOWMENT

The combined endowment managers' returns for the quarter ended December 31, 2009, were 2.6% for SUI and 2.5% for ISU; the blended asset allocation benchmark was 3.1%. The SUI quasi-endowment returned 1.0% for the quarter; the benchmark was 0.2%. Endowment and quasi-endowment fund manager performance overviews can be found in the *Wilshire Consulting Executive Summary of Investment Performance* report.

COMPLIANCE

Beginning with the quarter ended September 30, 2008, investment policies allow Internal Audit Director Todd Stewart to perform compliance audits at his discretion or by special request.

SUI's Internal Audit Department recently completed an assessment of the University of Iowa Treasury Office investment management processes in accordance with Regent Policy Manual Chapter 7.04. The evaluation period was FY 2009 with an emphasis on the quarter ending June 30, 2009.

The following items were reviewed:

- ◆ Roles and Responsibilities of Vice Presidents for Finance/Treasurers
- ◆ Nature of Assets for Investment
- ◆ Asset Classes
- ◆ Investment Pools
- ◆ Permitted Investments
- ◆ Other Provisions including Investment Management Factors, Restrictions on Borrowing, Gifts of Investments, and Fees

Based on audit procedures performed, Director Stewart reported that investment processes conducted by the University of Iowa Treasury Office for the period under review were in compliance with Board of Regents policies as related to investment activity.

Background and Analysis: The Board: (1) delegates authority for monitoring institutional investment activities and recommending investment policy to its Investment Committee; (2) delegates management and oversight authority for investment activities to the vice presidents for finance at each institution; and (3) appoints the treasurers for each institution, who are delegated authority by the vice presidents for finance, to manage investment and treasury activities within the policies defined by the Board of Regents and by the individual institutions.

The Board's objective is to preserve principal, ensure liquidity sufficient for anticipated needs, and maintain purchasing power of investable assets while obtaining a reasonable return for a prudent level of risk. The institutions, and any designated investment advisor or investment manager, shall exercise the judgment and care which persons of prudence, discretion and intelligence exercise in accordance with applicable state law.

The Board of Regents employs an investment advisor and money managers to guide its policy of active, diversified investment management. Wilshire Consulting has been the investment advisor to the Board and Regent institutions since May 1996. Wilshire assists with the evaluation of the Board's investment policies and provides quarterly endowment portfolio summary reports.

Below are the Board authorized fund managers (See page 8 for values):

<u>MANAGER</u>	<u>TYPE</u>	<u>AUTHORIZED</u>
BlackRock	Short-Term Fixed Income Manager	February 1996
Commonfund Capital International Partners VI, L.P. (CF Int'l Partners VI)	International Private Equity Manager	March 2007
Commonfund Capital Private Equity Partners VII, L.P. (CF Private Equity VII)	Domestic Private Equity Manager	March 2007
Commonfund Capital Venture Partners VIII, L.P. (CF Venture Capital VIII)	Primarily Domestic Venture Capital Manager	March 2007
Commonfund Capital Natural Resources Partners VIII, L.P. (CF NR Partners VIII)	Diversified Real Assets and Natural Resources Fund	September 2008
Delaware Investments	Small Cap Core Domestic Fund Manager	December 2008
Dodge & Cox	Fixed Income Fund Manager	February 2004
Grantham, Mayo, Van Otterloo & Co. (GMO Foreign Fund)	International Equity Fund Manager	February 2004
NB Crossroads XVIII	Private Equity Fund Manager	November 2005
Lotsoff Capital Management	Large Cap Core Domestic Equity Fund	September 2004
Post Advisory (subsidiary of Iowa's Principal Financial Group)	High-Yield Bonds Fund Manager	November 2005
Principal Financial Group (based in Iowa)	Real Estate Fund Manager	November 2005
Reams Asset Management	Fixed Income Fund Manager	
	SUI Quasi Endowment	July 2001
	Institutional Endowments	January 2002
State Street Global Advisors (State Street)	International Equity Index Fund Manager	April 2009
Vanguard Index Fund	Large Cap S&P 500 Index Fund	February 2008
Wellington Management Company	Short-Term Fixed Income Manager	March 2003

OPERATING PORTFOLIOS

The primary goals for investment prudence of the operating portfolio include safety of principal, maintenance of liquidity to match expected liabilities, and a reasonable return. The operating portfolio is to be managed to ensure funds are available to support operational needs.

**Market Value
(in thousands)
As of December 31, 2009**

	<u>Restricted</u>	<u>Unrestricted</u>				<u>Total⁶</u>
	<u>Internal^{1, 2}</u>	<u>Internal</u>	<u>BlackRock³</u>	<u>Wellington⁴</u>	<u>Diversified Pool⁵</u>	
SUI	\$221,242	\$345,971	\$80,914	\$0	\$422,689	\$1,070,816
ISU	118,696	355,674	N/I	N/I	N/I	474,370
UNI	41,131	106,802	N/I	N/I	N/I	147,933
ISD	11	2,079	N/I	N/I	N/I	2,090
IBSSS	N/I	829	N/I	N/I	N/I	829
Total	\$381,080	\$811,355	\$80,914	\$0	\$422,689	\$1,696,038

N/I = No investments of this type.

1. SUI has additional bond trustee balances of \$55.4 million with Wells Fargo, Des Moines.
2. ISU has additional bond trustee balances of \$29.6 million with Wells Fargo, Des Moines.
3. SUI has an additional Blackrock investment account with a balance of \$22.9 million for the Iowa Medical Mutual Insurance Company.
4. SUI had money in Wellington during the quarter, but not at December 31, 2009; the quarterly rate of return is reported in the table below to provide an accurately weighted total for the entire quarter.
5. Changed from "Vanguard Diversified Pool" to "Diversified Pool". Beginning in January 2010, SUI began using external money markets for a portion of the 40% cash asset allocation. This change was instituted as a result of Wilshire's analysis of institutional risk with Vanguard and to provide adequate daily liquidity for cash management purposes.
6. See operating investment summary on the following page.

Total rate of return measures all income and market valuation changes in the portfolios during the period. Rates of return for the quarter are provided in the following table.

**Quarterly Rates of Return
For the Quarter Ended December 31, 2009**

	<u>Restricted</u>	<u>Unrestricted</u>				<u>Combined</u>
	<u>Internal</u>	<u>Internal</u>	<u>BlackRock</u>	<u>Wellington</u>	<u>Diversified Pool</u>	
SUI	0.09%	0.14%	0.80%	1.00%	1.58%	0.90%
ISU	0.01%	0.18%	N/I	N/I	N/I	0.18%
UNI	0.07%	0.17%	N/I	N/I	N/I	0.17%
ISD	0.11%	0.11%	N/I	N/I	N/I	0.11%
IBSSS	N/I	0.09%	N/I	N/I	N/I	0.09%

N/I = No investments of this type.

The comparable industry standard rate of return for the quarter ended December 31, 2009, includes the Merrill Lynch 1-3 year Government/Corporate Index rate of 0.37%. BlackRock, Wellington, and the Diversified Pool all outperformed the benchmark, while all internal returns underperformed the benchmark.

Operating Investment Summary
Restricted and Unrestricted Internal, BlackRock, Wellington, Vanguard, and Commonfund
(in thousands)
As of December 31, 2009

	<u>Market Value</u>	<u>Percent Market Value</u>
University of Iowa		
Money Market / Cash Equivalents	\$506,477	47.3%
Diversified Pool	422,689	39.5%
Agency Securities	24,214	2.3%
U.S. Obligations	52,431	4.9%
Corporate Notes and Bonds	38,739	3.6%
Asset Backed	19,744	1.8%
Mortgage Backed	<u>6,522</u>	<u>0.6%</u>
Total	\$1,070,816	100.0%
Iowa State University		
Money Market / Cash Equivalents	\$251,654	53.1%
Agency Securities	158,609	33.4%
U.S. Obligations	<u>64,107</u>	<u>13.5%</u>
Total	\$474,370	100.0%
University of Northern Iowa		
Money Market / Cash Equivalents	\$34,772	23.5%
Agency Securities	92,864	62.8%
U.S. Obligations	<u>20,297</u>	<u>13.7%</u>
Total	\$147,933	100.0%
Iowa School for the Deaf		
Money Market / Cash Equivalents	\$2,090	100.0%
Iowa Braille & Sight Saving School		
Money Market / Cash Equivalents	\$19	2.3%
Repurchase Agreements	<u>810</u>	<u>97.7%</u>
Total	\$829	100.0%
Regent Composite		
Money Market / Cash Equivalents	\$795,012	46.9%
Diversified Pool	422,689	24.9%
Agency Securities	275,687	16.3%
U.S. Obligations	136,835	8.0%
Corporate Notes and Bonds	38,739	2.3%
Asset Backed	19,744	1.1%
Mortgage Backed	6,522	0.4%
Repurchase Agreements	<u>810</u>	<u>0.1%</u>
Total	\$1,696,038	100.0%

ENDOWMENT PORTFOLIOS

Two primary endowment portfolios are maintained – the University of Iowa and Iowa State University. The University of Northern Iowa endowment portfolio is invested through the University of Iowa. The Iowa School for the Deaf and the Iowa Braille and Sight Saving School endowment portfolios are invested through Iowa State University.

The Board’s investment policy defines endowment funds as primarily donor gifts and other funds received for specific purposes. The purpose of endowment funds is to provide: (1) intergenerational equity of income in perpetuity; and (2) a stable income sufficient to meet the reasonable spending needs of the component endowments by keeping pace with inflation and not degrading the real value of the corpus over time.

Endowment Asset Class Allocation Policy*
As of December 31, 2009

	<u>Target</u>	<u>Range</u>
Public Equity	50%	+/-5%
Fixed Income	30%	+/-5%
Real Assets	10%	+/-5%
Private Equity	10%	+5/-10%
	100%	

Endowment Manager Allocations*
As of December 31, 2009

<u>Asset Class</u>	<u>Target</u>	<u>Allowable Range</u>	<u>Benchmark</u>
<u>Public Equity</u>	50%	45-55%	<i>(Public equity is not measured on a combined basis)</i>
U.S. Equity	25%	20-30%	Wilshire 5000
Non U.S. Equity	25%	20-30%	MSCI EAFE (N)
<u>Fixed Income</u>	30%	25-35%	Barclays Aggregate <i>(formerly Lehman Aggregate)</i>
Core Fixed Income	25%	20-30%	Barclays Aggregate <i>(formerly Lehman Aggregate)</i>
High Yield Fixed Income	5%	0-10%	Merrill Lynch HY Master II
<u>Real Assets</u>	10%	5-15%	US CPI + 5% Annually
Public	0%	N/A	N/A
Private	10%	5-15%	NACREIF Property Index <i>(for private real estate)</i> US CPI + 5% Annually <i>(for other private real assets)</i>
<u>Private Equity</u>	10%	0-15%	Wilshire 5000

*Approved at the September 2008 meeting; revised at the December 2008 meeting.

**Endowment Allocations
Net of Fees
As of December 31, 2009**

MANAGER	University of Iowa			Iowa State University		
	Value (thousands)	Value (percent)	Fees (thousands)	Value (thousands)	Value (percent)	Fees (thousands)
Public Equity						
U.S. Equity						
Delaware Investments	\$13,969	6.3%	\$18	\$8,447	6.4%	\$12
Lotsoff Capital	29,074	13.0%	24	17,077	13.0%	15
Vanguard	<u>24,036</u>	<u>10.7%</u>	<u>4</u>	<u>17,396</u>	<u>13.3%</u>	<u>3</u>
Subtotal	\$67,079	30.0%	\$46	\$42,920	32.7%	\$30
Non U.S. Equity						
GMO Foreign Fund	\$34,483	15.4%	\$64	\$18,695	14.3%	\$35
State Street	<u>33,459</u>	<u>14.9%</u>	<u>13</u>	<u>22,810</u>	<u>17.4%</u>	<u>9</u>
Subtotal	\$67,942	30.3%	\$77	\$41,505	31.7%	\$44
Fixed Income						
Dodge & Cox	\$32,316	14.4%	\$36	\$15,041	11.5%	\$17
Reams Asset Management	32,143	14.3%	17	15,750	12.0%	12
Post Advisory	<u>12,519</u>	<u>5.6%</u>	<u>19</u>	<u>7,734</u>	<u>5.9%</u>	<u>12</u>
Subtotal	\$76,978	34.3%	\$72	\$38,525	29.4%	\$41
Real Assets						
Principal Group	\$7,650	3.4%	\$26	\$5,322	4.1%	\$18
CF NR Partners VIII*	<u>297</u>	<u>0.1%</u>	<u>*</u>	<u>198</u>	<u>0.1%</u>	<u>*</u>
Subtotal	\$7,947	3.5%	\$26	\$5,520	4.2%	\$18
Private Equity						
NB Crossroads XVIII	\$3,310	1.5%	*	\$2,069	1.5%	*
CF Int'l Partners VI*	304	0.1%	*	203	0.2%	*
CF Private Equity VII*	372	0.2%	*	248	0.2%	*
CF Venture Capital VIII*	<u>228</u>	<u>0.1%</u>	<u>*</u>	<u>137</u>	<u>0.1%</u>	<u>*</u>
Subtotal	\$4,214	1.9%	*	\$2,657	2.0%	*
Total Fund	\$224,160	100.0%	\$221	\$131,127	100.0%	\$133

* No fees reported.

**Endowment Performance
Net of Fees
As of December 31, 2009**

	Assets (thousands)	Net Returns	
		Quarter	One Year
SUI	\$224,160	2.6%	21.1%
ISU	131,127	2.5%	20.9%
Asset Allocation Benchmark*		3.1%	20.0%
SUI Quasi-Endowment	<u>72,288</u>	1.0%	18.6%
Fixed Income Benchmark **		0.2%	5.9%
Total	\$427,575		

* 35% Wilshire 5000; 25% MSCI EAFE (N); 25% Barclays Aggregate; 10% U.S. CPI + 5% Annually; 5% ML HY Master II.

** 100% Barclays Aggregate.

The quasi-endowment fund is 100% fixed income investments. There are no Board-established fund manager allocations target ranges for the quasi-endowment.

**University of Iowa Quasi-Endowment (100% Fixed Income)
As of December 31, 2009**

	Value (thousands)	Value (percent)	Fees (thousands)	Net Returns	
				Quarter	Year
Dodge & Cox	\$23,509	32.5%	\$26	1.8%	16.1%
Reams Asset Management	<u>48,779</u>	<u>67.5%</u>	<u>31</u>	0.6%	20.7%
Total Fund	\$72,288	100.0%	\$57		
Fixed Income Benchmark **				0.2%	5.9%

**100% Barclays Aggregate.

Endowment / Quasi-Endowment Portfolios
Market Value - Accrual Basis
(in thousands)
As of December 31, 2009

Portfolio Manager	Endowment Market Value	Quasi-Endowment Market Value	Total Market Value	Percent of Total
Reams Asset Management				
SUI	\$32,143	\$48,779	\$80,922	
ISU	<u>15,750</u>	-	<u>15,750</u>	
Total	\$47,893	\$48,779	\$96,672	22.6%
Dodge & Cox				
SUI	\$32,316	\$23,509	\$55,825	
ISU	<u>15,041</u>	-	<u>15,041</u>	
Total	\$47,357	\$23,509	\$70,866	16.6%
State Street				
SUI	\$33,459	-	\$33,459	
ISU	<u>22,810</u>	-	<u>22,810</u>	
Total	\$56,269	-	\$56,269	13.2%
GMO Foreign Fund				
SUI	\$34,483	-	\$34,483	
ISU	<u>18,695</u>	-	<u>18,695</u>	
Total	\$53,178	-	\$53,178	12.4%
Lotsoff Capital				
SUI	\$29,074	-	\$29,074	
ISU	<u>17,077</u>	-	<u>17,077</u>	
Total	\$46,151	-	\$46,151	10.8%
Vanguard				
SUI	\$24,036	-	\$24,036	
ISU	<u>17,396</u>	-	<u>17,396</u>	
Total	\$41,432	-	\$41,432	9.7%
Delaware Investments				
SUI	\$13,969	-	\$13,969	
ISU	<u>8,447</u>	-	<u>8,447</u>	
Total	\$22,416	-	\$22,416	5.2%
Post Advisory				
SUI	\$12,519	-	\$12,519	
ISU	<u>7,734</u>	-	<u>7,734</u>	
Total	\$20,253	-	\$20,253	4.7%
Principal Group				
SUI	\$7,650	-	\$7,650	
ISU	<u>5,322</u>	-	<u>5,322</u>	
Total	\$12,972	-	\$12,972	3.0%
NB Crossroads XVIII				
SUI	\$3,310	-	\$3,310	
ISU	<u>2,069</u>	-	<u>2,069</u>	
Total	\$5,379	-	\$5,379	1.3%
CF Private Equity VII				
SUI	\$372	-	\$372	
ISU	<u>248</u>	-	<u>248</u>	
Total	\$620	-	\$620	0.2%
CF Int'l Partners VI				
SUI	\$304	-	\$304	
ISU	<u>203</u>	-	<u>203</u>	
Total	\$507	-	\$507	0.1%
CF NR Partners VIII				
SUI	\$297	-	\$297	
ISU	<u>198</u>	-	<u>198</u>	
Total	\$495	-	\$495	0.1%
CF Venture Capital VIII				
SUI	\$228	-	\$228	
ISU	<u>137</u>	-	<u>137</u>	
Total	\$365	-	\$365	0.1%
TOTAL				
SUI	\$224,160	\$72,288	\$296,448	
ISU	<u>131,127</u>	-	<u>131,127</u>	
Total	\$355,287	\$72,288	\$427,575	100.0%

PRINCIPAL DEMUTUALIZATION FUNDS

In November 2001, the Board established an endowment with proceeds from the demutualization of Principal Mutual Holding Company for the benefit of employees and the institutions. The balances of the proceeds are reported on a quarterly basis.

**Market Value
(in thousands)
As of December 31, 2009**

University of Iowa	\$38,153
Iowa State University	21,918
University of Northern Iowa	6,307
Iowa School for the Deaf	281
Iowa Braille and Sight Saving School	151
Board Office	44
Total	<u>\$66,854</u>



Board of Regents, State of Iowa

Wilshire Consulting

***Board of Regents, State of Iowa
Executive Summary of Investment Performance
Quarter Ending December 31, 2009***



210 Sixth Avenue, Suite 3720

Pittsburgh, PA 15222

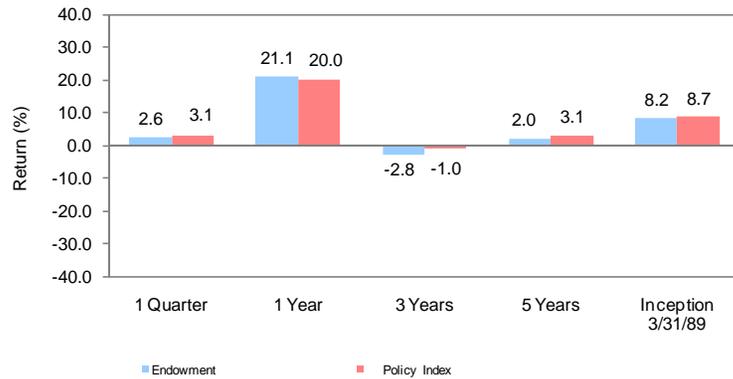
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Total Endowment Fund Results

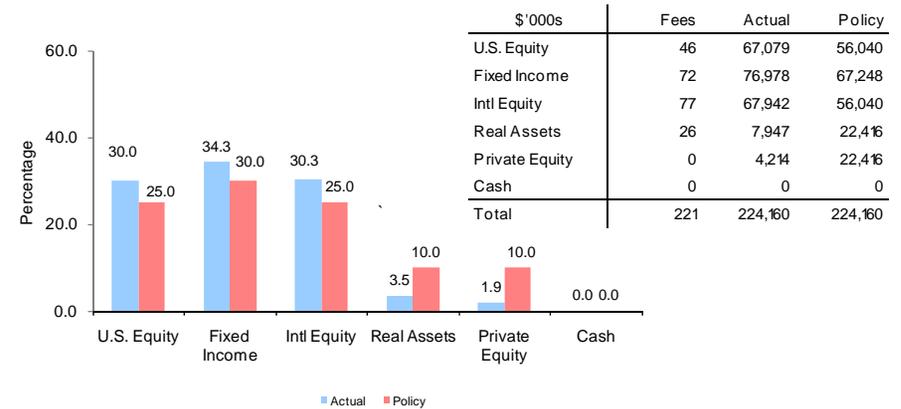
University of Iowa



Investment Performance



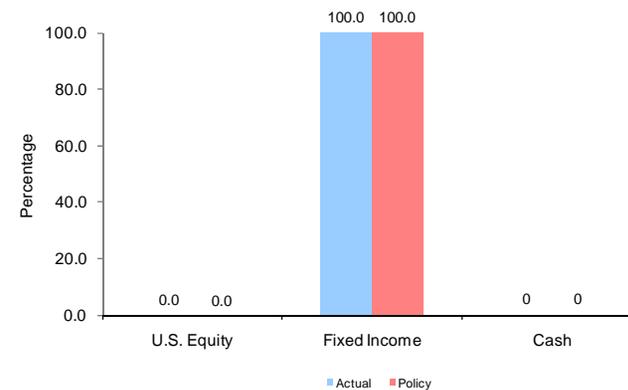
Asset Allocation vs. Policy



	\$'000s	Fees	Actual	Policy
U.S. Equity		46	67,079	56,040
Fixed Income		72	76,978	67,248
Intl Equity		77	67,942	56,040
Real Assets		26	7,947	22,416
Private Equity		0	4,214	22,416
Cash		0	0	0
Total		221	224,160	224,160

Total Quasi-Endowment Fund Results

University of Iowa

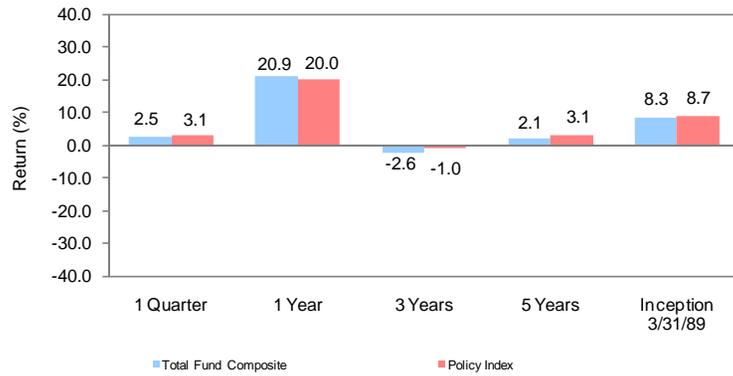


(Periods Ending December 31, 2009)

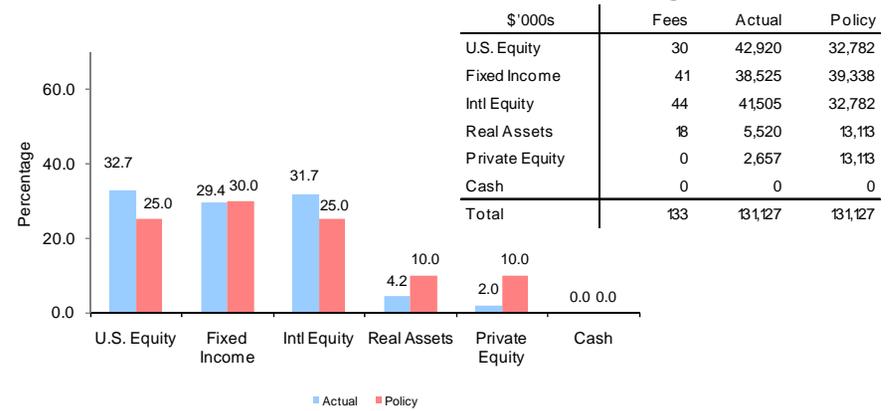
Note: At the direction of the Board of Regents, slight adjustments have been made to composite market values to account for rounding.

Total Endowment Fund Results

Investment Performance



Asset Allocation vs. Policy



\$'000s	Fees	Actual	Policy
U.S. Equity	30	42,920	32,782
Fixed Income	41	38,525	39,338
Intl Equity	44	41,505	32,782
Real Assets	18	5,520	13,113
Private Equity	0	2,657	13,113
Cash	0	0	0
Total	133	131,127	131,127

(Periods Ending December 31, 2009)

Note: At the direction of the Board of Regents, slight adjustments have been made to composite market values to account for rounding.

Endowment Fund Manager Performance Overview



University of Iowa

Inception	Asset Class / Manager	Assets (thousands)	Net Return 1 Quarter	Benchmark 1 Quarter	Variance (bps) 1 Quarter	Net Return 1 Year	Benchmark 1 Year	Variance (bps) 1 Year	Net Return 5 Years	Benchmark 5 Years	Variance (bps) 5 Years
	Domestic Equity	\$67,079	5.2%	5.8%	-57	28.7%	28.3%	44	-0.4%	0.9%	-136
3/31/2005	Lotsoff Capital	\$29,074	5.0%	6.0%	-104	31.4%	26.5%	494	--	--	--
3/31/2008	Vanguard	\$24,036	6.1%	6.0%	2	26.6%	26.5%	18	--	--	--
3/31/2009	Delaware Investments	\$13,969	3.5%	3.9%	-34	--	--	--	--	--	--
	International Equity	\$67,942	2.8%	2.2%	66	24.1%	31.8%	-766	3.5%	3.5%	-2
3/31/2004	GMO Foreign Fund	\$34,483	1.9%	2.2%	-33	22.5%	31.8%	-930	3.3%	3.5%	-29
6/30/2009	State Street	\$33,459	3.8%	3.8%	-1	--	--	--	--	--	--
	Fixed Income	\$76,978	1.8%	0.2%	164	23.0%	5.9%	1,706	5.4%	5.0%	47
3/31/2004	Dodge & Cox	\$32,316	1.8%	0.2%	156	16.1%	5.9%	1,013	5.4%	5.0%	40
9/30/2002	Reams Asset Management	\$32,143	0.5%	0.2%	33	20.7%	5.9%	1,475	5.5%	5.0%	48
3/31/2006	Post Advisory	\$12,519	5.2%	6.0%	-88	46.3%	57.5%	-1,125	--	--	--
	Real Assets	\$7,947	-12.3%	1.3%	-1,351	-45.6%	-12.7%	-3,285	--	--	--
3/31/2006	Principal Group	\$7,650	-12.7%	-3.3%	-938	-46.5%	-22.1%	-2,437	--	--	--
9/30/2006	CF NR Partners VIII	\$297	2.1%	1.3%	83	--	--	--	--	--	--
	Private Equity	\$4,214	-1.2%	5.8%	-697	3.8%	28.3%	-2,451	--	--	--
12/31/2006	NB Crossroads XVIII	\$3,310	0.0%	5.8%	-579	6.7%	28.3%	-2,158	--	--	--
3/31/2007	CF Int'l Partners VI	\$304	6.9%	5.8%	110	5.4%	28.3%	-2,287	--	--	--
3/31/2007	CF Private Equity VII	\$372	-12.9%	5.8%	-1,865	-11.8%	28.3%	-4,013	--	--	--
6/30/2007	CF Venture Capital VIII	\$228	-8.0%	5.8%	-1,382	-16.9%	28.3%	-4,516	--	--	--
	Total Endowment	\$224,160	2.6%	3.1%	-47	21.1%	20.0%	115	2.0%	3.1%	-104

Iowa State University

Inception	Asset Class / Manager	Assets (thousands)	Net Return 1 Quarter	Benchmark 1 Quarter	Variance (bps) 1 Quarter	Net Return 1 Year	Benchmark 1 Year	Variance (bps) 1 Year	Net Return 5 Years	Benchmark 5 Years	Variance (bps) 5 Years
	Domestic Equity	\$42,920	5.1%	5.8%	-66	28.6%	28.3%	32	-0.6%	0.9%	-154
3/31/2005	Lotsoff Capital	\$17,077	5.0%	6.0%	-109	31.4%	26.5%	493	--	--	--
3/31/2008	Vanguard	\$17,396	6.1%	6.0%	2	26.7%	26.5%	20	--	--	--
3/31/2009	Delaware Investments	\$8,447	3.6%	3.88%	-27	--	--	--	--	--	--
	International Equity	\$41,505	2.9%	2.2%	69	24.1%	31.8%	-768	3.5%	3.5%	-5
3/31/2004	GMO Foreign Fund	\$18,695	1.9%	2.2%	-32	22.5%	31.8%	-930	3.2%	3.5%	-32
6/30/2009	State Street	\$22,810	3.8%	3.8%	-2	--	--	--	--	--	--
	Fixed Income	\$38,525	2.0%	0.2%	176	24.0%	5.9%	1,804	5.5%	5.0%	57
3/31/2004	Dodge & Cox	\$15,041	1.8%	0.2%	156	16.1%	5.9%	1,013	5.4%	5.0%	39
9/30/2002	Reams Asset Management	\$15,750	0.6%	0.2%	44	22.5%	5.9%	1,660	5.7%	5.0%	75
3/31/2006	Post Advisory	\$7,734	5.2%	6.0%	-88	46.3%	57.5%	-1,121	--	--	--
	Real Assets	\$5,520	-12.3%	1.3%	-1,353	-45.6%	-12.7%	-3,285	--	--	--
3/31/2006	Principal Group	\$5,322	-12.7%	-3.3%	-938	-46.5%	-22.1%	-2,437	--	--	--
9/30/2006	CF NR Partners VIII	\$198	2.1%	1.3%	83	--	--	--	--	--	--
	Private Equity	\$2,657	-1.2%	5.8%	-699	3.8%	28.3%	-2,454	--	--	--
12/31/2006	NB Crossroads XVIII	\$2,069	0.0%	5.8%	-579	6.7%	28.3%	-2,158	--	--	--
3/31/2007	CF Int'l Partners VI	\$203	6.9%	5.8%	110	5.4%	28.3%	-2,287	--	--	--
3/31/2007	CF Private Equity VII	\$248	-12.9%	5.8%	-1,865	-11.8%	28.3%	-4,013	--	--	--
6/30/2007	CF Venture Capital VIII	\$137	-8.0%	5.8%	-1,382	-16.9%	28.3%	-4,516	--	--	--
	Total Endowment	\$131,127	2.5%	3.1%	-53	20.9%	20.0%	93	2.1%	3.1%	-93

(Periods Ending December 31, 2009)

Note: At the direction of the Board of Regents, slight adjustments have been made to composite market values to account for rounding.

University of Iowa Operating Account



	Inception Date	Mkt. Value \$'000	Comp %	Qtr %	1 Yr %	3 Yrs %	5 Yrs %	Inception %	Investment Fee \$'000
University of Iowa External Mg. Composite	(12/31/96)	80,914	16.0%	0.5	8.6	3.4	3.3	4.6	0
<i>Merrill Lynch 1-3 Yr. G/C</i>				0.4	3.8	5.1	4.3	5.0	
<i>Merrill Lynch 1-5 Yr. Govt/Corp</i>									
BlackRock Short Duration	(12/31/96)	80,914	16.0%	0.8	8.2	4.4	3.9	4.8	0
<i>Merrill Lynch 1-3 Yr. G/C</i>				0.4	3.8	5.1	4.3	5.0	
<i>Merrill Lynch 1-5 Yr. Govt/Corp</i>									
Wellington Short Bond ¹	(3/31/03)	0	0.0%	--	--	--	--	--	0
<i>Merrill Lynch 1-3 Yr. G/C</i>				--	--	--	--	--	
<i>Merrill Lynch 1-5 Yr. Govt/Corp</i>									
University of Iowa Diversified Pool Composite	(3/31/09)	422,689	84.0%	1.6	--	--	--	12.4	103
<i>Policy Index</i>				1.6	--	--	--	12.9	
Vanguard Total Stock Market Index	(3/31/09)	36,146	7.2%	5.9	--	--	--	44.3	5
<i>MSCI US Broad Market Index</i>				5.9	--	--	--	44.2	
Vanguard FTSE All World Ex US Index	(3/31/09)	9,379	1.9%	3.2	--	--	--	58.5	4
<i>FTSE All World Ex US Index</i>				3.7	--	--	--	59.8	
Vanguard REIT Index Fund Inst.	(3/31/09)	22,517	4.5%	9.1	--	--	--	90.9	6
<i>MSCI U.S. REIT Index</i>				9.1	--	--	--	91.2	
Vanguard Total Bond Market Index	(3/31/09)	132,263	26.3%	0.1	--	--	--	5.7	17
<i>Barclays Aggregate Index</i>				0.2	--	--	--	5.8	
Vanguard High Yield Corp Fund Adm.	(3/31/09)	23,568	4.7%	5.1	--	--	--	33.0	11
<i>Barclays High Yield Index</i>				6.2	--	--	--	49.3	
Vanguard Infla-Protected Sec Inst.	(3/31/09)	47,583	9.4%	1.9	--	--	--	5.4	11
<i>Barclays U.S. TIPS Index</i>				1.8	--	--	--	5.6	
Vanguard Prime Money Market Fund Inst.	(3/31/09)	151,233	30.0%	0.1	--	--	--	0.3	49
<i>T-Bill</i>				0.0	--	--	--	0.2	

¹Wellington Short Bond was eliminated from the platform during 4Q2009

(Periods Ending December 31, 2009)

Note: At the direction of the Board of Regents, slight adjustments have been made to composite market values to account for rounding.

*Please see page 11 for policy specifications.

Total Endowment Fund Results

	Inception Date	Mkt. Value \$'000	Comp %	QTR %	1 Year %	3 Years %	5 Years %	Inception %	Qtr. Inv. Fee \$'000
University of Iowa Total Endowment	(3/31/89)	224,160	100.0%	2.6	21.1	-2.8	2.0	8.2	221
Iowa State University Total Endowment	(3/31/89)	131,127	100.0%	2.5	20.9	-2.6	2.1	8.3	133
<i>Policy Index</i>				<i>3.1</i>	<i>20.0</i>	<i>-1.0</i>	<i>3.1</i>	<i>8.7</i>	
University of Iowa Domestic Equity Composite	(3/31/89)	67,079	30.0%	5.2	28.7	-7.2	-0.4	8.7	46
Iowa State University Domestic Equity Composite	(3/31/89)	42,920	32.7%	5.1	28.6	-7.3	-0.6	8.4	30
<i>Wilshire 5000</i>				<i>5.8</i>	<i>28.3</i>	<i>-5.3</i>	<i>0.9</i>	<i>9.0</i>	
University of Iowa: Vanguard	(3/31/08)	24,036	10.7%	6.1	26.6	--	--	-6.9	4
Iowa State University: Vanguard	(3/31/08)	17,396	13.3%	6.1	26.7	--	--	-7.0	3
<i>S&P 500</i>				<i>6.0</i>	<i>26.5</i>	<i>--</i>	<i>--</i>	<i>-7.1</i>	
University of Iowa: Lotsoff Capital	(3/31/05)	29,074	13.0%	5.0	31.4	-6.8	--	0.1	24
Iowa State University: Lotsoff Capital	(3/31/05)	17,077	13.0%	5.0	31.4	-6.6	--	0.2	15
<i>S&P 500</i>				<i>6.0</i>	<i>26.5</i>	<i>-5.6</i>	<i>--</i>	<i>0.9</i>	
University of Iowa: Delaware Investments	(3/31/09)	13,969	6.3%	3.5	--	--	--	44.6	18
Iowa State University: Delaware Investments	(3/31/09)	8,447	6.4%	3.6	--	--	--	44.8	12
<i>Russell 2000</i>				<i>3.9</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>49.5</i>	
University of Iowa International Equity Composite	(9/30/94)	67,942	30.3%	2.8	24.1	-6.2	3.5	5.6	77
Iowa State University International Equity Composite	(9/30/94)	41,505	31.7%	2.9	24.1	-6.3	3.5	5.4	44
<i>MSCI EAFE (N) Index</i>				<i>2.2</i>	<i>31.8</i>	<i>-6.0</i>	<i>3.5</i>	<i>4.8</i>	
University of Iowa: GMO Foreign Fund	(3/31/04)	34,483	15.4%	1.9	22.5	-6.7	3.3	5.6	64
Iowa State University: GMO Foreign Fund	(3/31/04)	18,695	14.3%	1.9	22.5	-6.7	3.2	5.5	35
<i>MSCI EAFE (N) Index</i>				<i>2.2</i>	<i>31.8</i>	<i>-6.0</i>	<i>3.5</i>	<i>5.6</i>	
University of Iowa: State Street	(6/30/09)	33,459	14.9%	3.8	--	--	--	24.1	13
Iowa State University: State Street	(6/30/09)	22,810	17.4%	3.8	--	--	--	24.1	9
<i>MSCI ACWI Ex. U.S. (G) Index</i>				<i>3.8</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>24.3</i>	
University of Iowa Fixed Income Composite	(3/31/89)	76,978	34.3%	1.8	23.0	6.6	5.4	7.4	72
Iowa State University Fixed Income Composite	(3/31/89)	38,525	29.4%	2.0	24.0	6.8	5.5	6.9	41
<i>Custom Policy</i>				<i>0.2</i>	<i>5.9</i>	<i>6.0</i>	<i>5.0</i>	<i>7.4</i>	
University of Iowa: Dodge & Cox	(3/31/04)	32,316	14.4%	1.8	16.1	6.6	5.4	5.0	36
Iowa State University: Dodge & Cox	(3/31/04)	15,041	11.5%	1.8	16.1	6.6	5.4	5.0	17
<i>Barclays Aggregate</i>				<i>0.2</i>	<i>5.9</i>	<i>6.0</i>	<i>5.0</i>	<i>4.6</i>	
University of Iowa: Reams Asset Management	(9/30/02)	32,143	14.3%	0.5	20.7	6.8	5.5	5.2	17
Iowa State University: Reams Asset Management	(9/30/02)	15,750	12.0%	0.6	22.5	7.3	5.7	5.4	12
<i>Barclays Aggregate</i>				<i>0.2</i>	<i>5.9</i>	<i>6.0</i>	<i>5.0</i>	<i>4.8</i>	
University of Iowa: Post Advisory	(3/31/06)	12,519	5.6%	5.2	46.3	5.2	--	6.1	19
Iowa State University: Post Advisory	(3/31/06)	7,734	5.9%	5.2	46.3	5.2	--	6.2	12
<i>Merrill Lynch High Yield Master II</i>				<i>6.0</i>	<i>57.5</i>	<i>5.8</i>	<i>--</i>	<i>7.0</i>	

(Periods Ending December 31, 2009)

Note: At the direction of the Board of Regents, slight adjustments have been made to composite market values to account for rounding.

*Please see page 11 for policy specifications.

Total Endowment Fund Results

	Inception Date	Mkt. Value \$'000	Comp %	QTR %	1 Year %	3 Years %	5 Years %	Inception %	Qtr. Inv. Fee \$'000
University of Iowa Real Assets Composite	(3/31/06)	7,947	3.5%	-12.3	-45.6	-15.4	--	-9.1	26
Iowa State University Real Assets Composite	(3/31/06)	5,520	4.2%	-12.3	-45.6	-15.4	--	-9.1	18
<i>Policy Index</i>				1.3	-12.7	2.5	--	5.0	
University of Iowa: Principal Group ¹	(3/31/06)	7,650	3.4%	-12.7	-46.5	-15.9	--	-9.5	26
Iowa State University: Principal Group ¹	(3/31/06)	5,322	4.1%	-12.7	-46.5	-15.9	--	-9.5	18
<i>NCREIF Property Index Lagged</i>				-3.3	-22.1	-1.3	--	1.9	
University of Iowa: CF NR Partners VIII ²	(9/30/2008)	297	0.1%	2.1	6.8	--	--	5.4	--
Iowa State University: CF NR Partners VIII ²	(9/30/2008)	198	0.1%	2.1	6.8	--	--	5.4	--
<i>U.S. CPI +5%</i>				1.3	8.0	--	--	4.1	
University of Iowa Private Equity Composite ²	(12/31/06)	4,214	1.9%	-1.2	3.8	-4.5	--	-4.5	0
Iowa State University Private Equity Composite ²	(12/31/06)	2,657	2.0%	-1.2	3.8	-4.5	--	-4.5	0
<i>Wilshire 5000</i>				5.8	28.3	-5.3	--	-5.3	
University of Iowa: NB Crossroads XVIII ²	(12/31/06)	3,310	1.5%	0.0	6.7	-3.5	--	-3.5	--
Iowa State University: NB Crossroads XVIII ²	(12/31/06)	2,069	1.5%	0.0	6.7	-3.5	--	-3.5	--
<i>Wilshire 5000</i>				5.8	28.3	-5.3	--	-5.3	
University of Iowa: CF Int'l Partners VI ²	(3/31/07)	304	0.1%	6.9	5.4	--	--	-27.1	--
Iowa State University: CF Int'l Partners VI ²	(3/31/07)	203	0.2%	6.9	5.4	--	--	-27.1	--
<i>Wilshire 5000</i>				5.8	28.3	--	--	-27.1	
University of Iowa: CF Private Equity VII ²	(3/31/07)	372	0.2%	-12.9	-11.8	--	--	-62.3	--
Iowa State University: CF Private Equity VII ²	(3/31/07)	248	0.2%	-12.9	-11.8	--	--	-62.3	--
<i>Wilshire 5000</i>				5.8	28.3	--	--	-6.2	
University of Iowa: CF Venture Capital VIII ²	(6/30/07)	228	0.1%	-8.0	-16.9	--	--	-47.9	--
Iowa State University: CF Venture Capital VIII ²	(6/30/07)	137	0.1%	-8.0	-16.9	--	--	-47.9	--
<i>Wilshire 5000</i>				5.8	28.3	--	--	-9.0	

¹Principal Enhanced Property Fund & NCREIF Property Index is lagged one quarter

²For reporting purposes, valuations of investments are shown on a quarter lag, but include current quarter cash flows

Total Quasi-Endowment Fund Results

	Inception Date	Mkt. Value \$'000	Comp %	Qtr %	1 Yr %	3 Yrs %	5 Yrs %	Inception %	Qtr. Inv. Fee \$'000
University of Iowa Quasi Composite	(6/30/98)	72,288	100%	1.0	18.6	6.9	5.5	5.7	57
<i>Custom Policy</i>				0.2	5.9	6.0	5.0	5.8	
Dodge & Cox Income Fund Quasi	(3/31/04)	23,509	32.5%	1.8	16.1	6.6	5.4	5.0	26
<i>Barclays Aggregate</i>				0.2	5.9	6.0	5.0	4.6	
Reams Asset Management Core Quasi	(9/30/01)	48,779	67.5%	0.6	20.7	6.9	5.6	5.4	31
<i>Barclays Aggregate</i>				0.2	5.9	6.0	5.0	5.3	

(Periods Ending December 31, 2009)

Note: At the direction of the Board of Regents, slight adjustments have been made to composite market values to account for rounding.

*Please see page 11 for policy specifications.

Manager Overview

Vanguard

- **Style:** Large Capitalization U.S. Core Equity
- **Construction Process:** Replication
- **Investment Philosophy:** Passive Index
- **Selection Method:** Quantitative Valuation

Lotsoff Capital Management

- **Style:** Large Capitalization U.S. Core Equity
- **Construction Process:** Optimization
- **Investment Philosophy:** Active-Bottom Up
- **Selection Method:** Quantitative Valuation

Delaware Investments

- **Style:** Small Capitalization U.S. Core Equity
- **Construction Process:** Optimization
- **Investment Philosophy:** Active- Bottom Up
- **Selection Method:** Quantitative Valuation

Dodge & Cox

- **Style:** Market Core Fixed Income
- **Construction Process:** Fundamental, Favors Securities with Yield Greater than the Market
- **Investment Philosophy:** Active-Bottom Up
- **Selection Method:** Quantitative & Qualitative Valuation

Reams Asset Management

- **Style:** Market Core Fixed Income
- **Construction Process:** Optimization
- **Investment Philosophy:** Active-Bottom Up
- **Selection Method:** Quantitative & Qualitative Valuation

Post Advisory

- **Style:** High Yield Fixed Income
- **Construction Process:** Fundamental Evaluation / Selection
- **Investment Philosophy:** Active-Bottom Up
- **Selection Method:** Scoring Model Based on Quantitative & Qualitative Inputs

GMO Foreign Fund

- **Style:** International Value Non-U.S. Equity
- **Construction Process:** Valuation Measures
- **Investment Philosophy:** Active-Bottom Up
- **Selection Method:** Fundamental Earnings Forecast

State Street

- **Style:** International Core Non-U.S. Equity
- **Construction Process:** Replication
- **Investment Philosophy:** Passive Index
- **Selection Method:** Quantitative Valuation

(Periods Ending December 31, 2009)

Manager Overview

Principal Group

- **Style:** Value-Added Private Real Estate Fund
- **Selection Method:** Quantitative Valuation
- **Fund Size:** \$1.0 Billion

CF NR Partners VIII

- **Style:** Real Asset Fund of Funds
- **Asset Allocation %:** 40% Oil & Gas PE, 19% Oilfield Serv., 14% Oil Infrastructure, 10% Oil & Gas Acquisition., 10% Clean energy, 7% Other
- **Fund Size:** \$0.8 Billion

NB Crossroads XVII

- **Style:** Private Equity Fund of Funds
- **Asset Allocation %:** 20-30% Venture Capital, 45-65% Buyouts, 15-25% Distressed Securities, <20% Secondary & Direct Co-Investments
- **Fund Size:** \$1.0 Billion +

CF Int'l Partners VI

- **Style:** Private Equity Fund of Funds
- **Asset Allocation %:** 100% Int'l Buyout
- **Fund Size:** \$0.5 Billion - \$0.75 Billion

CF Private Equity VII

- **Style:** Private Equity Fund of Funds
- **Asset Allocation %:** 100% U.S. Buyout
- **Fund Size:** \$0.75 Billion - \$1 Billion

CF Venture Capital VIII

- **Style:** Private Equity Fund of Funds
- **Asset Allocation %:** 100% Venture Capital
- **Fund Size:** \$0.5 Billion – \$0.65 Billion

Quarterly Active Manager Attribution

Lotsoff Capital

- Lotsoff Capital Management posted a 5.0% return for the quarter, underperforming the S&P 500 index by ~ 1.0%.
- Stock selection was the main detractor from relative performance during the quarter, most notably the portfolios poor selection in the Consumer Discretionary, Healthcare, and Financial sectors.
- Poor selection in the Utilities, Energy, and Consumer staples sectors also detracted from performance.
- The portfolio added value relative to its benchmark with strong stock selection in the Information Technology, and Industrial sectors.

Delaware Investments

- Delaware Small Core posted a 3.5% return for the quarter, underperforming the Russell 2000 by ~ 0.3%.
- Adverse stock selection in the Consumer Services, Technology, and Healthcare sectors had the largest negative impacts to relative performance.
- Overweight positions in Digital River (DRIV), ValueClick (VCLK), and Susser Holdings (SUSS) detracted from performance.
- Stock selection in the Finance, Consumer Discretionary and Energy sectors contributed positively to performance during the quarter.

GMO Foreign Fund

- The GMO Foreign fund posted a 1.9% return for the quarter, underperforming the MSCI EAFE Index by ~ 0.33%.
- Country selection was a detractor from relative performance during with the quarter, with an overweight position to Italian securities being the primary driver.
- Holdings in securities from Greece also detracted from performance during the quarter.
- Stock selection during the quarter was positive, with holdings in Japan being the most significant outperformers.

Dodge & Cox

- The Dodge & Cox Income fund posted a 1.8% return for the quarter, outperforming the Barclays Aggregate by ~ 1.6%.
- The Fund's Corporate sector overweight added significantly to relative returns during the quarter.
- A shorter relative duration position and nominal yield advantage also helped bolster returns over the period.
- Holdings in the State of California's taxable municipal bonds detracted from returns during the quarter.

Reams Asset Management

- Reams Core Fixed Income posted a 0.5% return for the quarter, outperforming the Barclays Aggregate by ~ 0.3%.
- The largest contributor to relative performance during the quarter was superior security selection in the investment grade credit sector.
- Recently the portfolio has underweighted their MBS holdings for the purpose of making room for curve positioning, and also a result on their perception of poor future performance in this sector relative to governments.

Post Advisory

- The Post High Yield Fund posted a 5.2%, underperforming the Merrill Lynch High Yield II Total Return by ~ 0.8%.
- Underweight positions to the Financial and Insurance sectors have been significant detractors from the portfolio.
- Strong security selections in the Pharmaceutical and Healthcare sectors had proved advantageous to performance in recent periods. Most notably, holdings in Elan Pharmaceuticals, and US Oncology continued to drive returns.

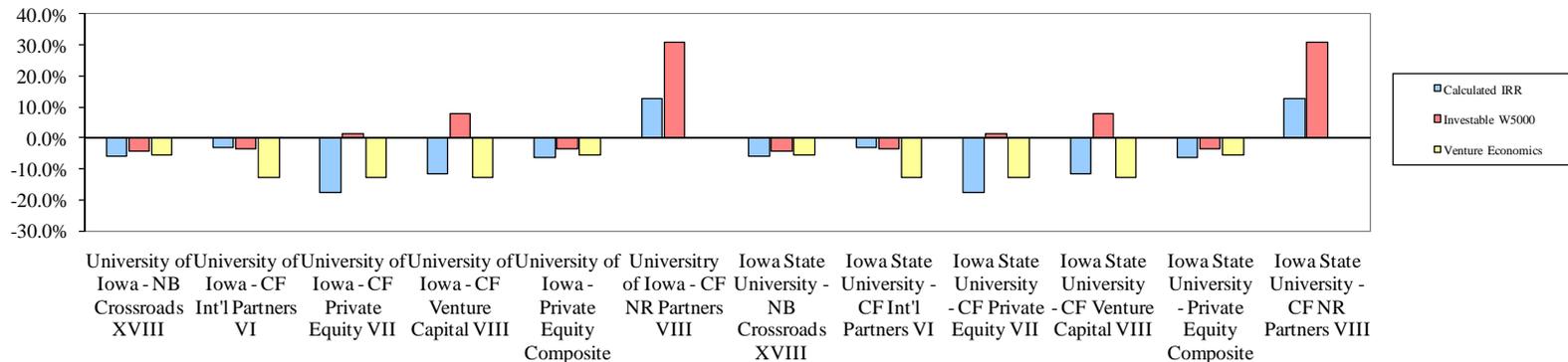
Private Equity Analysis

Fund	Inception	Total Commitment	Capital Called		Distributions*	Investment Gain/Loss	Market Value	Performance			
								Calculated IRR	Investable W5000	Venture Economics	
University of Iowa - NB Crossroads XVIII	4q2006	6,000,000	3,900,000	65%	307,648	-282,441	3,309,911	-5.9%	-4.3%	-5.4%	1
University of Iowa - CF Int'l Partners VI	2q2007	1,200,000	318,000	27%	220	-13,524	304,256	-3.2%	-3.5%	-12.9%	2
University of Iowa - CF Private Equity VII	2q2007	2,400,000	452,400	19%	159	-80,330	371,911	-17.6%	1.2%	-12.9%	3
University of Iowa - CF Venture Capital VIII	3q2007	1,000,000	257,500	26%	0	-29,022	228,478	-11.7%	7.7%	-12.8%	4
University of Iowa - Private Equity Composite	4q2006	10,600,000	4,927,900	46%	308,027	-405,317	4,214,556	-6.5%	-3.6%	-5.4%	5
University of Iowa - CF NR Partners VIII	4q2008	6,000,000	270,000	5%	74	26,606	296,532	12.8%	30.7%	--	

Fund	Inception	Total Commitment	Capital Called		Distributions*	Investment Gain/Loss	Market Value	Calculated IRR	Investable W5000	Venture Economics	
											Iowa State University - NB Crossroads XVIII
Iowa State University - CF Int'l Partners VI	2q2007	800,000	212,000	27%	148	-9,010	202,842	-3.2%	-3.5%	-12.9%	2
Iowa State University - CF Private Equity VII	2q2007	1,600,000	301,600	19%	107	-53,553	247,940	-17.6%	1.2%	-12.9%	3
Iowa State University - CF Venture Capital VIII	3q2007	600,000	154,500	26%	0	-17,413	137,087	-11.7%	7.7%	-12.8%	4
Iowa State University - Private Equity Composite	4q2006	6,750,000	3,105,600	46%	192,373	-256,665	2,656,562	-6.5%	-3.6%	-5.4%	5
Iowa State University - CF NR Partners VIII	4q2008	4,000,000	180,000	5%	51	17,738	197,687	12.8%	30.7%	--	

*Sum of distributions, expenses, and investment fees

- (1) Venture Economics – Median return of all private equity funds with vintage year 2006
- (2) Venture Economics – Median return of all buyout funds with vintage year 2007
- (3) Venture Economics – Median return of all buyout funds with vintage year 2007
- (4) Venture Economics – Median return of all venture capital funds with vintage year 2007
- (5) Venture Economics – Median return of all private equity funds with vintage year 2006



(Periods Ending December 31, 2009)

Endowment Policy Index

<u>Quarter Start - Quarter End</u>	<u>%</u>	<u>Description</u>
6/89 -6/99	60.00	S&P 500
	30.00	Lehman Gov't/Credit
	10.00	MSCI EAFE Index (N)
9/99 -6/01	63.00	S&P 500
	30.00	Lehman Gov't/Credit
	7.00	MSCI EAFE Index (N)
9/01 -3/02	63.00	S&P 500
	30.00	Lehman Aggregate
	7.00	MSCI EAFE Index (N)
6/02 -3/06	63.00	Wilshire 5000
	30.00	Lehman Aggregate
	7.00	MSCI EAFE Index (N)
6/06 - 09/09	50.00	Wilshire 5000
	30.00	Barclays Aggregate
	15.00	MSCI EAFE (N)
	5.00	NCREIF Property Index Lagged
09/09-Present	35.00	Wilshire 5000
	25.00	MSCI EAFE (N)
	25.00	Barclays Aggregate
	10.00	U.S. CPI +5% Annually
	5.00	ML HY Master II

Fixed Income/ Quasi Policy

<u>Quarter Start - Quarter End</u>	<u>%</u>	<u>Description</u>
9/98 -6/01	100.00	Lehman Gov't/Credit
9/01 - Present	100.00	Barclays Aggregate

Real Assets Policy Index

<u>Quarter Start - Quarter End</u>	<u>%</u>	<u>Description</u>
03/06-06/09	100.00	NCREIF Property Index Lagged
09/09 - Present	100.00	U.S. CPI +5% Annually

Diversified Pool Policy Index

<u>Quarter Start - Quarter End</u>	<u>%</u>	<u>Description</u>
3/09-Present	40.00	91 Day Tbill
	30.00	Barclays Aggregate
	10.00	Barclays U.S. TIPS
	8.00	MSCI U.S. Broad Market Index
	5.00	Barclays High Yield
	5.00	MSCI REIT Index
	2.00	FTSE AW EX-U.S. Index



Appendix

U.S. Equity

The U.S. stock market finished the year strong with the Wilshire 5000SM Index posting a gain of 5.8% for the quarter. For the year, the market shook off a -24.5% selloff through its March 9th low to rally 69.9% and close the year with an impressive 28.3% return – its highest yearly gain since 2003.

Small capitalization stocks lead through much of the market recovery but trailed during the fourth quarter. Growth stocks also performed well for the year, particularly within the large cap segment relative to value.

Information Technology, Materials and Consumer Discretionary stocks lead all sectors for both the year and quarter. The Financials sector was the only group to suffer a Q4 loss, falling -2.1% to close the year with a relatively lackluster 14.2% return.

Real GDP gained 2.2% during the third quarter, which was the first increase in GDP since a 1.5% advance during the second quarter of 2008. While economic conditions remain tenuous, the rise in GDP along with narrowing job losses and a stabilizing housing market are beginning to paint a picture of economic recovery. However, the recent increases in realized and expected inflation suggest that elevated levels of government stimulus, which have provided support for a recovery, may also be starting to pressure consumer prices higher.

Non-U.S. Equity

Despite a modest recovery in the US dollar over the fourth quarter, major global equity markets continued their 2009 rallies through year-end, with European shares finding strong favor with global investors. Japan continued to struggle against the worldwide trade slowdown, dragging down Pacific region shares relative to other world markets. Emerging-market stocks enjoyed sterling performance throughout the year. Investors now look to 2010 as a more challenging market environment as world governments and central banks unwind stimulus measures designed to avert global financial collapse.

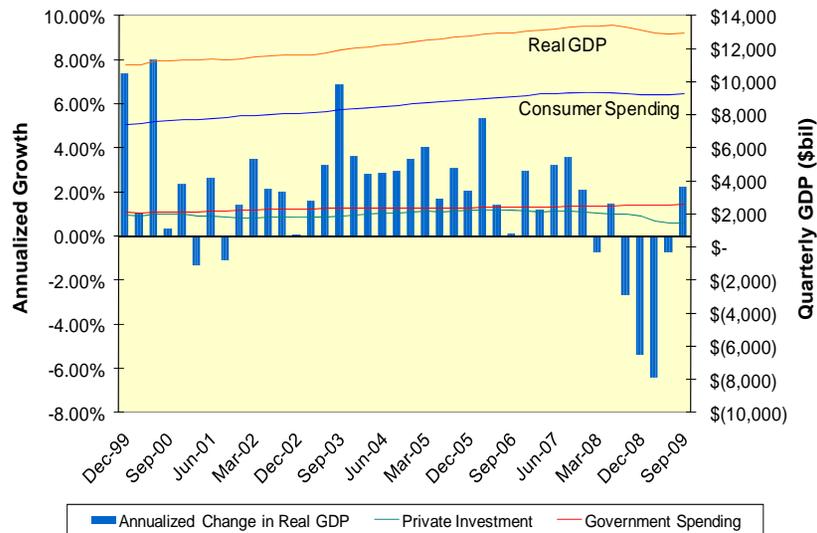
Fixed Income

The 2009 rally in US credit markets, fueled in large part by government liquidity stimulus programs, hit a headwind in the form of inflation anticipation. A year-end rotation out of US Treasuries pushed long-term yields sharply higher and made long-term Treasuries the worst-performing market sector year-to-date. US Credits continued to find overall favor with investors as risk stayed in fashion. Investment-grade Credit spreads fell almost 21% (to 157 bps) while High-Yield Credit spreads fell 19% (to 617 bps) during the quarter. The strong performance of US TIPS reflects continued higher inflation forecasts for 2010 since mid-year.

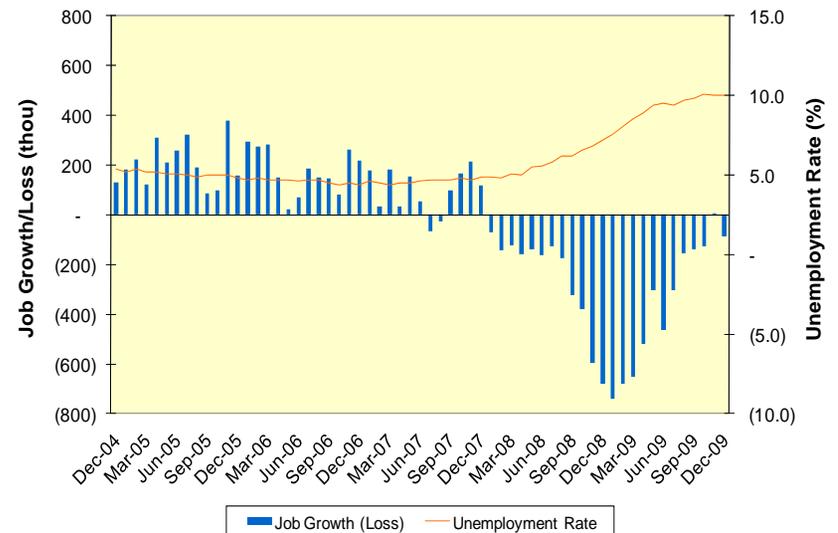
Economic Review

December 31, 2009		Key Economic Indicators			
CPI (all items) Seasonally adjusted	Monthly Change			Cumulative Change	
	Dec-09	0.1		3-Month	0.8
	Nov-09	0.4		12-Month	2.8
	Oct-09	0.3		10-Yr Annual	2.6
Breakeven Inflation	10-Year	2.4			
Consumer Sentiment Unv. of Michigan Survey	Dec-09	72.5			
	Nov-09	67.4			
	1-Yr Ago	60.1		10-Yr Avg	86.1
Manufacturing Inst. for Supply Mgmt Purchasing Mngrs' Idx	Dec-09	55.9	Change in Manufacturing Sector		
	Nov-09	53.6	>50	Expansion	
	1-Yr Avg	46.3	<50	Contraction	

Changes in Real GDP (2005 base year)



Unemployment Rate and Job Growth/Loss

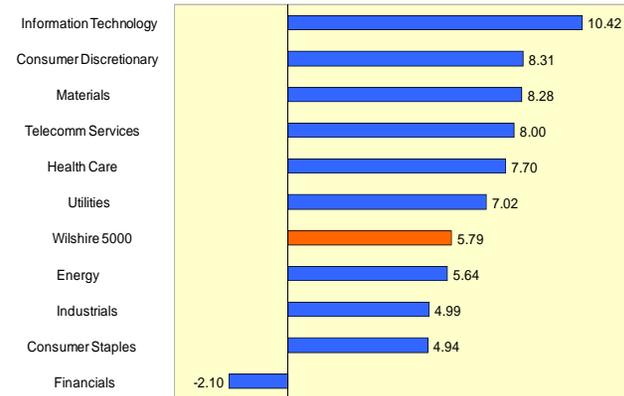


Data sources: Bureau of Economic Analysis, Bureau of Labor Statistics, Federal Reserve Bank of St. Louis

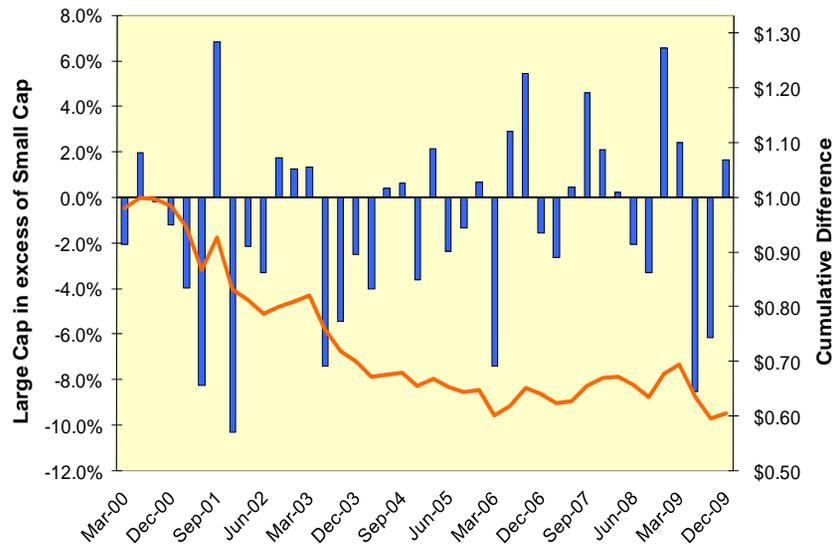
U.S. Capital Markets: Equity

December 31, 2009	Qtr	Ytd	1 Yr	3 Yr	5 Yr	10 Yr
Wilshire 5000	5.8	28.3	28.3	-5.3	0.9	-0.3
Wilshire U.S. Large Cap	6.0	26.7	26.7	-5.3	0.9	-0.8
Wilshire U.S. Small Cap	4.3	41.8	41.8	-3.5	2.5	4.3
Wilshire U.S. Large Growth	7.6	36.9	36.9	-1.7	2.1	-3.7
Wilshire U.S. Large Value	4.5	17.0	17.0	-8.9	-0.5	2.2
Wilshire U.S. Small Growth	3.9	46.4	46.4	-2.4	3.0	-0.1
Wilshire U.S. Small Value	4.8	37.5	37.5	-4.5	1.9	8.6
Wilshire REIT Index	9.2	28.6	28.6	-13.6	0.0	10.7
Dow Jones UBS Commodity Index	9.0	18.9	18.9	-3.8	1.9	7.1

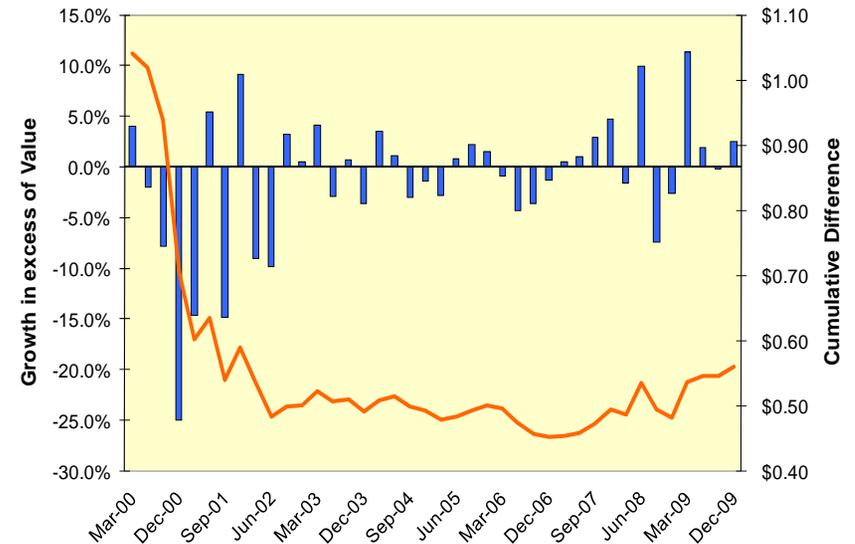
Wilshire 5000 Quarterly Sector Returns (%)



Large Cap vs. Small Cap: 10 Years of Quarterly Observations



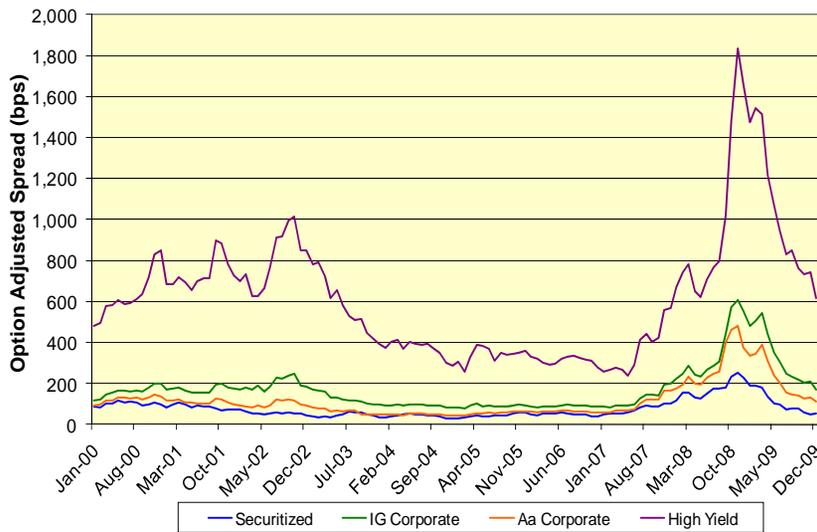
Growth vs. Value: 10 Years of Quarterly Observations



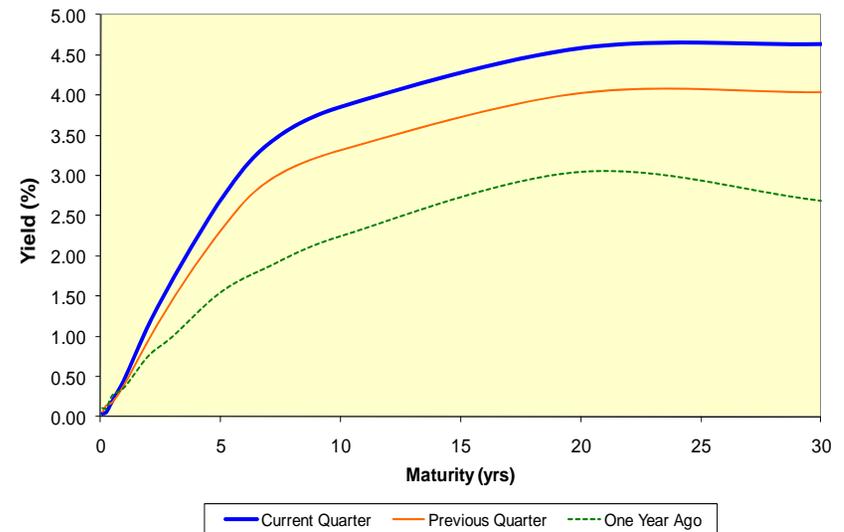
U.S. Capital Markets: Fixed Income

December 31, 2009	Qtr	Ytd	1 Yr	3 Yr	5 Yr	10 Yr
Barclays Aggregate Bond Index	0.2	5.9	5.9	6.0	5.0	6.3
Barclays Treasury Index	-1.3	-3.6	-3.6	6.1	4.8	6.2
Barclays Govt-Related Index	-0.2	2.5	2.5	6.3	5.1	6.5
Barclays Securitized Index	0.8	7.8	7.8	6.3	5.3	6.3
Barclays Corporate IG Index	1.1	18.4	18.4	5.6	4.5	6.6
Barclays LT Govt/Credit Index	-2.6	1.9	1.9	5.6	5.0	7.7
Barclays Long-Term Treasury Index	-5.3	-12.9	-12.9	5.8	5.2	7.6
Barclays U.S. TIPS Index	1.8	11.4	11.4	6.7	4.6	7.7
Barclays High Yield Index	6.2	58.2	58.2	6.0	6.5	6.7
Treasury Bills	0.0	0.2	0.2	2.4	3.0	3.0

Barclays Fixed Income Indexes - OAS



Treasury Yield Curve



Real Assets

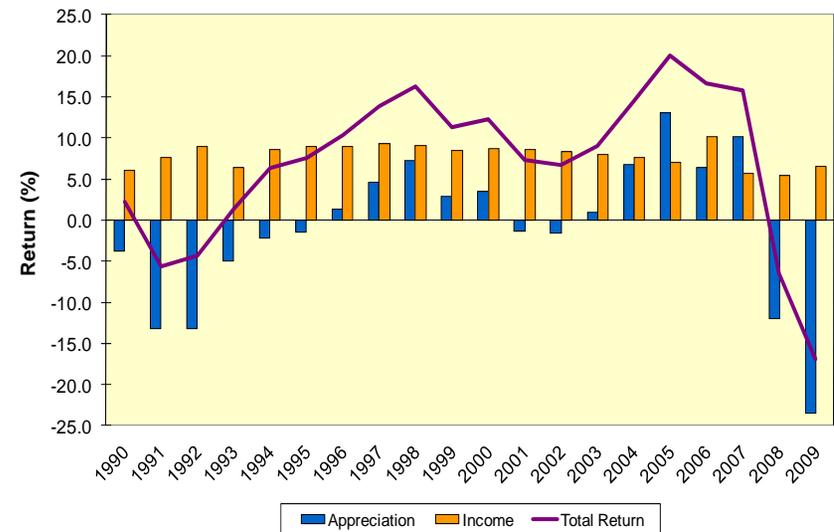
December 31, 2009	Qtr	Ytd	1 Yr	3 Yr	5 Yr	10 Yr
Barclays U.S. TIPS Index	1.8	11.4	11.4	6.7	4.6	7.7
Dow Jones UBS Commodity Index	9.0	18.9	18.9	-3.8	1.9	7.1
Global Public Real Estate*	5.3	33.6	33.6	-13.0	0.5	9.8
NCREIF Property Index	-2.1	-16.9	-16.9	-3.4	4.7	7.3
NCREIF Timberland Index	-4.6	-4.8	-4.8	7.3	10.9	7.3
S&P MLP Index (Oil & Gas)	19.0	78.8	78.8	5.8	9.2	n.a.

* Wilshire Global Real Estate Securities from December, 1999 to December, 2004. Wilshire Global REITs from 2004 to present.

Real Estate Valuation



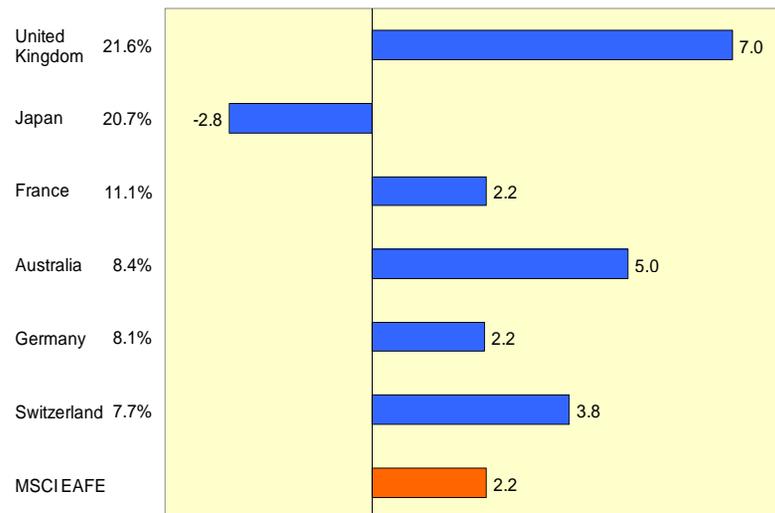
NCREIF Property Index Returns



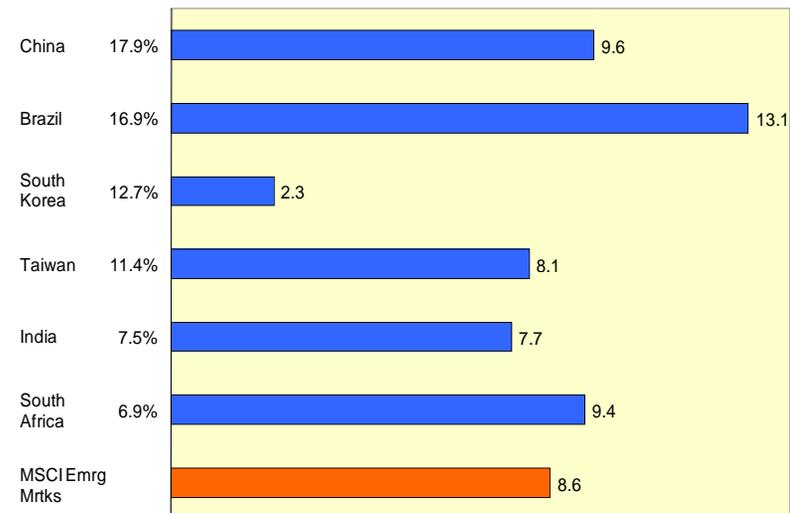
Non-U.S. Capital Markets

December 31, 2009	Qtr	Ytd	1 Yr	3 Yr	5 Yr	10 Yr
MSCI ACWI ex-US (\$g)	3.8	42.1	42.1	-3.0	6.3	3.1
MSCI EAFE (\$g)	2.2	32.5	32.5	-5.6	4.0	1.6
MSCI Emerging Markets (\$g)	8.6	79.0	79.0	5.4	15.9	10.1
MSCI Frontier Markets (\$g)	-9.6	15.1	15.1	-9.1	3.4	n.a.
JPM Non US Global Bond	-2.2	3.9	3.9	8.8	4.5	6.7
JPM Non US Global Bond Hedged	0.2	2.3	2.3	5.1	4.8	5.3
JPM EMBI Global	1.5	28.2	28.2	6.7	8.1	10.5
Euro vs. Dollar	-1.8	3.0	3.0	2.8	1.0	3.6
Yen vs. Dollar	-3.9	-2.6	-2.6	8.6	1.9	0.9
Pound vs. Dollar	1.0	12.3	12.3	-6.3	-3.4	-0.1

MSCIEAFE's Largest Countries: Market Weights and Quarterly Returns (%)



MSCIEM's Largest Countries: Market Weights and Quarterly Returns (%)



Asset Class Performance

Annual Asset Class Returns - Best to Worst

2004	2005	2006	2007	2008	YTD 2009
REITs 33.2%	Emrg Mrkts 34.5%	REITs 36.0%	Emrg Mrkts 39.8%	Core Bond 5.2%	Emrg Mrkts 79.0%
Emrg Mrkts 25.9%	Commodities 21.4%	Emrg Mrkts 32.6%	Commodities 16.2%	T-Bills 2.0%	High Yield 58.2%
Developed 20.7%	Developed 14.0%	Developed 26.9%	U.S. TIPS 11.6%	U.S. TIPS -2.3%	Developed 32.5%
U.S. Equity 12.5%	REITs 13.8%	U.S. Equity 15.8%	Developed 11.6%	High Yield -26.2%	REITs 28.6%
High Yield 11.2%	U.S. Equity 6.4%	High Yield 11.9%	Core Bond 7.0%	Commodities -35.6%	U.S. Equity 28.3%
Commodities 9.2%	T-Bills 3.1%	T-Bills 4.8%	U.S. Equity 5.6%	U.S. Equity -37.2%	Commodities 18.9%
U.S. TIPS 8.5%	U.S. TIPS 2.8%	Core Bond 4.3%	T-Bills 5.0%	REITs -39.2%	U.S. TIPS 11.4%
Core Bond 4.3%	High Yield 2.7%	Commodities 2.1%	High Yield 1.9%	Developed -43.1%	Core Bond 5.9%
T-Bills 1.3%	Core Bond 2.4%	U.S. TIPS 0.4%	REITs -17.5%	Emrg Mrkts -53.2%	T-Bills 0.2%

Annualized
5-Year

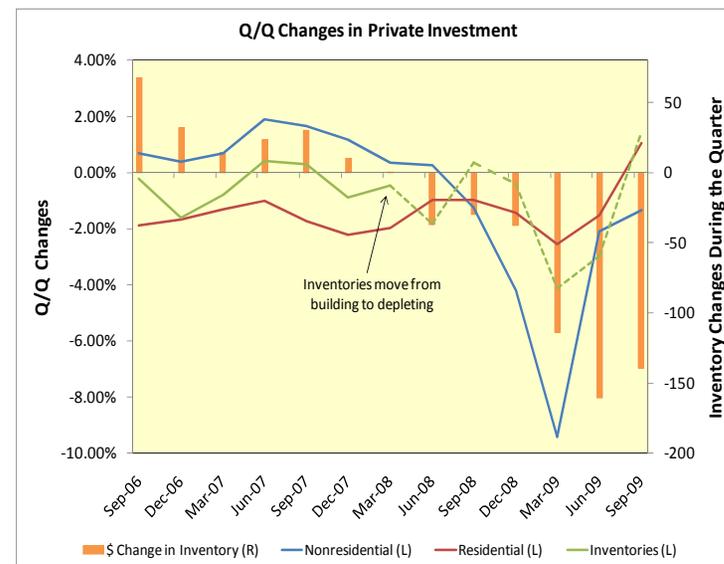
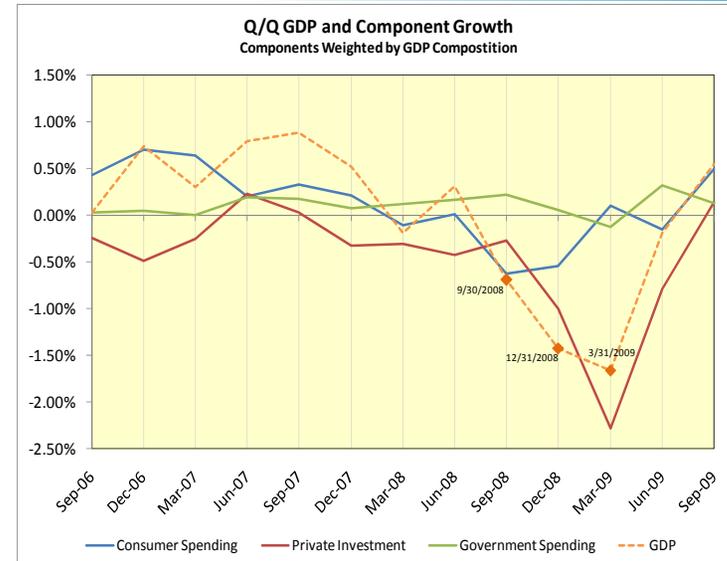
2005-2009
Emrg Mrkts 15.9%
High Yield 6.5%
Core Bond 5.0%
U.S. TIPS 4.6%
Developed 4.0%
T-Bills 3.0%
Commodities 1.9%
U.S. Equity 0.9%
REITs 0.0%



Fourth Quarter Focus

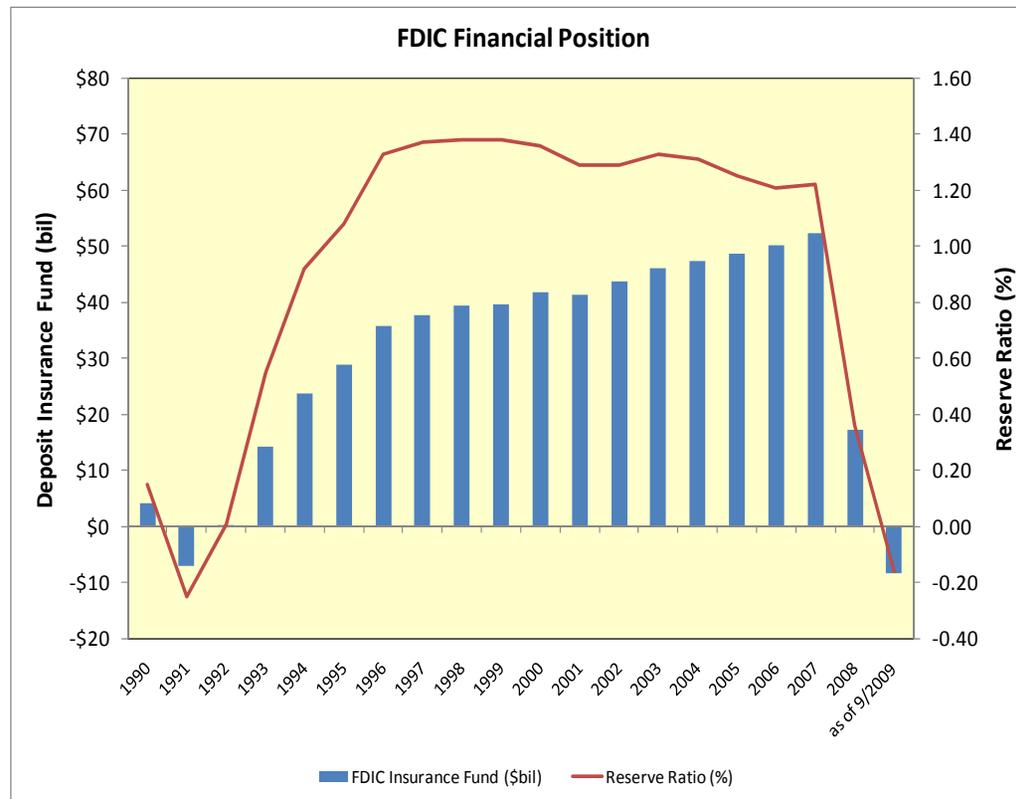
Closer Look at GDP

- The above chart to the right tracks quarter-over-quarter changes in GDP and its components. Each component's growth rate is weighted by its proportion of total GDP.
- Overall growth has been closely tied to private sector investment.
- The bottom chart is a similar analysis for just the private sector.
- Private investment measures business spending (Nonres.), home purchases and inventory changes.
- Results are mixed as recent improvement is due to residential investment and a decreasing pace in decreasing inventories.



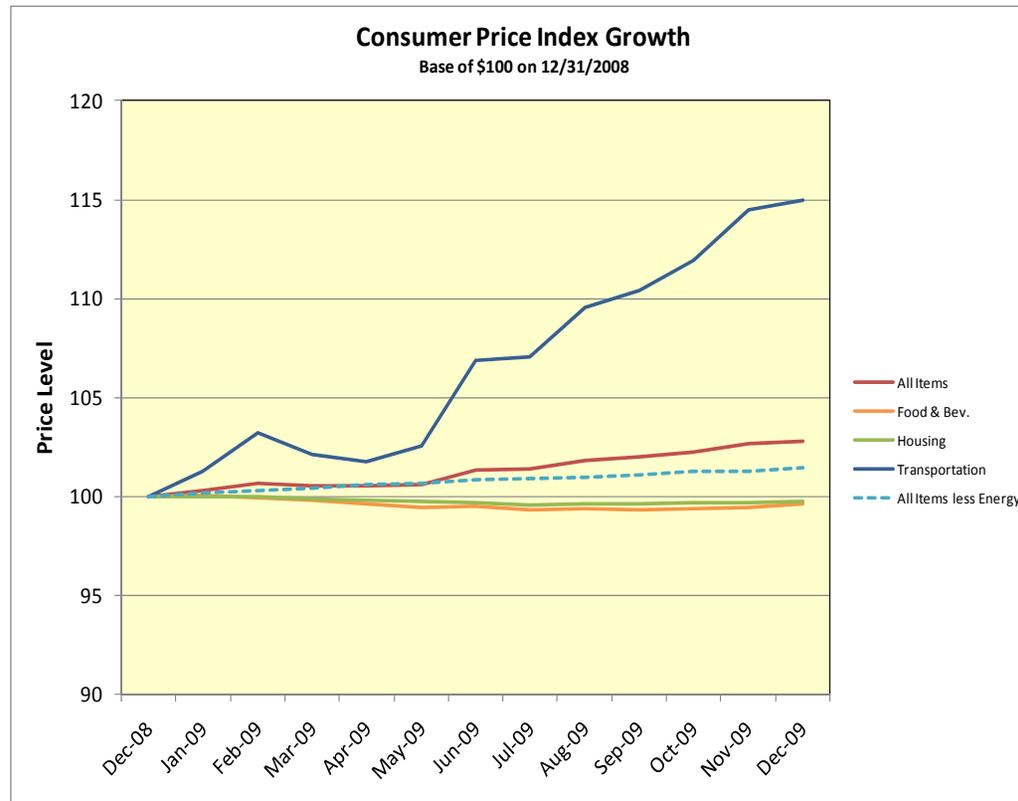
FDIC Concerns

- During 2009, 140 banks failed (26 in 2008) putting pressure on the financial position of the FDIC not seen since the S&L crisis.
- As of the last report (9/09) the Deposit Insurance Fund (essentially the FDIC's equity) was negative.
- The reserve ratio, fund insurance to insured funds, is also negative.



CPI Components

- On a seasonally adjusted basis, CPI-All Items was up for 2009 by 2.8%.
- Oil nearly doubled in price, from \$42 a barrel to \$79.
- Food and housing were down slightly for the year.
- CPI less energy was more tame, up 1.4% for the year.



Source: BLS