

Investment Committee
Board of Regents, State of Iowa

Subject: Investment and Cash Management Report for the Quarter Ended March 31, 2004

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Date Submitted: June 7, 2004

Recommended Action:

Receive the Investment and Cash Management Report for the quarter ended March 31, 2004.

Executive Summary:

The Regent institutions maintain two investment portfolios — operating and endowment/Quasi-endowment. Both portfolios include restricted and unrestricted funds.

Institutional Investment Portfolios

Market Value (in thousands)

For the Quarters Ended March 31, 2003 and March 31, 2004

	<u>Operating</u>		<u>Endowment/ Quasi-Endowment</u>	
	<u>Mar 2003</u>	<u>Mar 2004</u>	<u>Mar 2003</u>	<u>Mar 2004</u>
University of Iowa ¹	\$570,157	\$570,531	\$255,501 ²	\$286,666 ²
Iowa State University	286,932	285,660	96,184 ³	120,458 ³
University of Northern Iowa	89,021	92,639	-	-
Iowa School for the Deaf	2,365	2,669	-	-
Iowa Braille & Sight Saving School	517	451	-	-
Total	\$948,992	\$951,950	\$351,685	\$407,124

¹ Includes UIHC.

² Includes UNI.

³ Includes ISD and IBSSS.

As of March 31, 2004, the Regent combined operating and endowment portfolios total \$1.4 billion.

Operating Portfolio

The market value of the combined operating portfolios, as reported by the Regent institutions, total \$952.0 million as of March 31, 2004, and represent a point in time during operations.

The internally managed restricted operating portfolios for SUI, ISU, and ISD were within industry standards while UNI outperformed industry standards. The internally managed and BlackRock operating portfolios were within industry standards. Wellington, one of the two external fund managers, outperformed industry standards.

Endowment Portfolio	<p>As a result of actions taken by the Board in December 2003 and February 2004, endowment funds were transferred to new and different fund managers during this quarter.</p> <p>Wilshire Associates, the Board's investment advisor, prepares the summary report on the endowment/quasi-endowment portfolio, which totaled \$407.1 million for the quarter.</p> <p>The University of Iowa (excluding the quasi-endowment) and Iowa State University endowment portfolios totaled \$192.2 million and \$120.4 million, respectively, as of March 31, 2004.</p> <p>The combined investment managers' returns for the quarter were 1.9% for SUI and 2.1% for ISU, while the blended asset allocation benchmark posted returns of 2.7%.</p> <p>The SUI quasi-endowment totaled \$94.5 million and returned 2.2% for the quarter ended March 31, 2004, which underperformed the benchmark of 2.7%.</p> <p>Wilshire reported that, for the quarter, LSV Asset Management outperformed its benchmark, Vanguard equaled its benchmark; Reams equaled or underperformed its benchmark, and Seneca underperformed its benchmark. Performance for the new managers was not measured since funds were transferred at the end of the quarter.</p>
Compliance	<p>Internal audit compliance reports for operating investment purchases and holdings of ISU, UNI and IBSSS for the quarter ended March 31, 2004, were in compliance with respective Board and institutional investment policies. The compliance reports for the endowment investments and the operating portfolio investments for SUI and ISD will be available at the September Investment Committee meeting.</p>
Investment Issues	<p>In November 2003, the Security and Exchange Commission began a routine examination of Wellington Management, one of the Board's fixed income managers for the operating portfolios. Wellington does not believe that the probe has anything to do with market timing or late trading alleged at other firms, and they are cooperating with the SEC to bring this matter to a satisfactory conclusion. Wilshire's manager research group is monitoring the situation.</p>

Background and Analysis:

The Board delegates the authority for monitoring institutional investment, treasury management practices, performance, and compliance with policy to the Investment Committee, per Board action taken at its May 2004 meeting. The Board's policies identify broad investment strategy to be followed in the investment of the assets and any general limitations on the discretion given to the institutions' investment managers (both internal and external).

The institutions maintain two types of investment portfolios – operating and endowment. Both portfolios include unrestricted assets as well as assets restricted by donors, bond covenants, or funding agencies.

Board policy requires university internal auditors to verify operating investment transactions and holdings for compliance at their respective universities. Iowa School for the Deaf operating investments are reviewed by the University of Iowa internal auditors, while the Iowa Braille and Sight Saving School operating investments are reviewed by the Iowa State University internal auditors. The University of Iowa internal auditors also verify the endowment investment transactions and holdings for the Regent institutions.

Investment Policy
History

Since FY 1989, the Board has employed an investment advisor and fund managers to guide its active investments of endowment funds. Wilshire Associates has been the Board's investment advisor since May 1996.

In December 2003, the Board approved an updated investment policy. (Regent Policy Manual §7.03, Investment Activity) and also moved to sever the investment relationships with Invesco and Alliance Bernstein.

In February 2004, the Board approved the selection of two new fund managers:

- Grantham, Mayo, Van Otterloo & Co. as the new international equity fund manager
- Dodge & Cox as a new fixed income manager

The Board also agreed that the domestic equity portfolio held by Invesco would be transferred to Vanguard, the Board's large capitalization index fund manager, until a search was conducted for an active domestic equity fund manager. That search is expected to be conducted prior to the September Investment Committee meeting.

**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.

Since December 1996, the institutions have invested a portion of their unrestricted operating portfolios with BlackRock, an external fund manager. In March 2003, the Board authorized the optional use of Wellington Management Company as a short duration fixed income manager for institutional operating portfolios. The institutions manage the remaining operating funds utilizing banks and brokers services.

Operating Portfolios
Market Value (in thousands)
As of March 31, 2004

	<u>Internally Managed</u>		<u>Externally Managed</u>		<u>Total</u>
	<u>Unrestricted</u>	<u>Restricted</u>	<u>BlackRock</u>	<u>Wellington</u>	
SUI	\$196,000	\$99,388	\$142,366	\$132,777	\$570,531
ISU	94,708	80,721	110,231	N/I	285,660
UNI	36,890	36,856	18,893	N/I	92,639
ISD	2,419	9	241	N/I	2,669
IBSSS	<u>451</u>	<u>N/I</u>	<u>N/I</u>	<u>N/I</u>	<u>451</u>
	\$330,468	\$216,974	\$271,731	\$132,777	\$951,950

Total

N/I No investments of this type.

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. Table 1 on page 12 contains the rates for the current quarter and for the four previous quarters.

Operating Portfolios
Quarterly Rates of Return
For the Quarter Ended March 31, 2004

	<u>Unrestricted</u>				<u>Restricted</u>
	<u>Internal</u>	<u>BlackRock</u>	<u>Wellington</u>	<u>Combined</u>	<u>Internal</u>
SUI	0.43%	1.06%	1.38%	0.89%	1.01%
ISU	0.48%	1.00%	N/I	0.76%	1.04%
UNI	0.62%	1.03%	N/I	0.76%	1.19%
ISD	0.41%	1.00%	N/I	0.46%	0.47%
IBSSS	0.24%	N/I	N/I	0.24%	N/I

N/I No investments of this type.

The comparable industry standard rates of return for the quarter ended March 31, 2004, include the Merrill Lynch 1-3 year Government/Corporate Index rate of 1.12% and the 91-day T-bill rate of 0.24%.

Operating Investment Portfolios Summary
Unrestricted, Restricted, BlackRock, and Wellington
For the Quarter Ended March 31, 2004

	<u>Market Value</u>	<u>Percent Market Value</u>
University of Iowa		
Money Market / Cash Equivalents	\$205,659,792	36.0%
U.S. Obligations	131,061,500	23.0%
Agency Securities	118,993,464	20.9%
Corporate Notes and Bonds	113,548,387	19.9%
Municipals	<u>1,267,920</u>	<u>0.2%</u>
Total	\$570,531,063	100.0%
Iowa State University		
Money Market / Cash Equivalents	\$84,073,243	29.4%
U.S. Obligations	110,357,449	38.6%
Agency Securities	64,759,914	22.7%
Corporate Notes and Bonds	25,862,977	9.1%
Municipals	<u>605,977</u>	<u>0.2%</u>
Total	\$285,659,560	100.0%
University of Northern Iowa		
Money Market / Cash Equivalents	\$33,202,221	35.8%
U.S. Obligations	22,146,940	23.9%
Agency Securities	32,001,572	34.6%
Corporate Notes and Bonds	5,182,800	5.6%
Municipals	<u>106,013</u>	<u>0.1%</u>
Total	\$92,639,546	100.0%
Iowa School for the Deaf		
Money Market / Cash Equivalents	\$2,471,565	92.6%
U.S. Obligations	110,255	4.1%
Agency Securities	29,146	1.1%
Corporate Notes and Bonds	56,648	2.1%
Municipals	<u>1,327</u>	<u>0.1%</u>
Total	\$2,668,941	100.0%
Iowa Braille & Sight Saving School		
Money Market / Cash Equivalents	\$10,697	2.4%
Repurchase Agreements	<u>440,428</u>	<u>97.6%</u>
Total	\$451,125	100.0%
Regent Composite		
Money Market / Cash Equivalents	\$325,417,518	34.2%
U.S. Obligations	263,676,144	27.7%
Agency Securities	215,784,096	22.6%
Corporate Notes and Bonds	144,650,812	15.2%
Municipals	1,981,237	0.2%
Repurchase Agreements	<u>440,428</u>	<u>0.1%</u>
Total	\$951,950,235	100.0%

The top three investment categories for the combined Regent operating portfolios included Money Market / Cash Equivalents, U.S. Obligations, and Agency Securities.

**ENDOWMENT/
QUASI-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 Iowa Braille and Sight Saving School endowment portfolios are invested through Iowa State University.

In recognition of their long-term charter, the Board's investment policy indicates that these funds shall be managed actively with the intention of obtaining the highest possible total return while accepting only prudent risk. These funds are to be managed to maintain and preserve over time the real value of the funds and shall consist of a prudent, diversified investment portfolio.

The Board of Regents employs an investment advisor and money managers to guide its policy of active, diversified investment management. Wilshire Associates has been the investment advisor to the Board and Regent institutions since May 1996.

Wilshire Associates assists with the evaluation of the Board's investment policies and provides quarterly endowment portfolio summary reports which review the allocation of endowment assets relative to the Board's policies, compare the returns of the portfolios to the established benchmarks, and evaluate individual fund manager performance.

The Board authorized the following fund managers for the Regent endowment portfolios:

Seneca Capital Management has managed U.S. stock portfolios with a mid-capitalization growth orientation since May 1995.

Reams Asset Management, a market core fixed income manager, began handling SUI quasi-endowment funds in July 2001. In January 2002, the Board authorized the use of Reams for institutional endowments.

LSV Asset Management, authorized by the Board in January 2002, manages small value domestic stock portfolios.

Vanguard, authorized by the Board in September 2002, manages a large capitalization index portfolio.

The Board moved to sever its investment relationships with Alliance Bernstein and Invesco in December 2003. The majority of the transition to new fund managers took place during the quarter ended March 31, 2004. Residual balances with Alliance Bernstein and Invesco should be liquidated during the next quarter.

Dodge & Cox, a fixed income manager, was authorized by the Board in February 2004.

Grantham, Mayo, Van Otterloo & Co. (GMO Foreign Fund), an international equity fund manager, was authorized by the Board in February 2004.

**ALLOCATION OF
ENDOWMENT
ASSETS**

The Investment Committee expects the endowments to be maintained close to the established asset allocation targets and periodically reviews its investment structure.

The Board approved specific manager allocations and ranges to assist institutional officials in maintaining the Board's asset allocation policy.

Asset Allocation
Policy

Institutional officials are authorized to maintain the appropriate portfolio asset allocations, and if, at the end of a quarter, rebalancing is required, the institutional officials are to rebalance the portfolio during the following quarter.

Asset Allocation Policy

	<u>Target Range</u>	<u>Range</u>
Domestic Stocks (US equities)	63%	+/-5%
Domestic Bonds (US fixed income)	30%	+/-5%
International Stocks (foreign equities)	7%	+/-3%

The Board's target range for the asset allocation is plus or minus 5% of the established asset allocation policy for domestic equities and fixed income and plus or minus 3% for international equities.

Asset Allocations

Endowment Asset Allocations

Net of Fees
March 31, 2004

Investments	<u>University of Iowa</u>		<u>Iowa State University</u>		Target Range (percent)
	Value (thousands)	Value (percent)	Value (thousands)	Value (percent)	
U.S. Stocks	\$121,353	63.1%	\$80,163	66.5%	63%(+/-5%)
U.S. Bonds	57,231	29.8%	30,902	25.7%	30%(+/-5%)
International Stocks	<u>13,584</u>	<u>7.1%</u>	<u>9,393</u>	<u>7.8%</u>	<u>7%(+/-3%)</u>
Total Fund	\$192,168	100.0%	\$120,458	100.0%	100%

Asset allocations of the endowment portfolios were within the Board-established target ranges.

SUI Quasi-
Endowment

The quasi-endowment fund is 100% fixed income investments.

University of Iowa – Quasi-Endowment (100% Fixed Income)

March 31, 2004

	Value (thousands)	Value (percent)	<u>Returns</u>	
			<u>Quarter</u>	<u>One Year</u>
Invesco	\$2	0.0%	2.3%	4.6%
Reams	48,271	51.1%	2.1%	5.4%
Dodge and Cox	<u>46,225</u>	<u>48.9%</u>		
Total Fund	\$94,498	100.0%	2.2%	5.0%
100% Lehman Aggregate.			2.7%	5.4%

There is no Board-established fund manager allocations target ranges for the quasi-endowment. Invesco underperformed the benchmarks of 2.7% for the quarter and 5.4% for the year. Reams underperformed the benchmark for the quarter and equaled the benchmark for the year. Investments with Dodge and Cox were made at the end of the quarter, therefore, there are no returns reported.

**Manager Allocation
Policy**

The following manager allocations, adopted by the Board in January 2002, generate the target endowment asset allocation when all managers are at policy targets (rounded to the nearest percent). The manager targets are designed to maintain the allocations within general allocation policy.

At its December 2003 meeting, the Board moved to sever its investment relationships with Invesco and Alliance Bernstein.

During the quarter ended March 31, 2004:

- Invesco's domestic equity portfolio was transferred to Vanguard and Invesco's fixed income portfolio was transferred to Dodge & Cox.
- The international equity portfolio was transferred from Alliance Bernstein to Grantham, Mayo, Van Otterloo & Co. (GMO Foreign Fund)

In February 2004, the Board also authorized an option on whether the institution must split its endowment fixed income portfolio, given its relative size and risk, between the two authorized fund managers.

<u>Manager</u>	<u>Style</u>	<u>Policy</u>	<u>Target Ranges</u>
<u>Domestic Stocks (equities)</u>			
(Not yet selected)	Large Core	35%	+/-5%
Vanguard	Large Index	13%	+/-3%
Seneca	Mid Growth	10%	+/-2%
LSV Asset Management	Small Value	<u>5%</u>	+/-2%
Total		63%	+/-5%
<u>Domestic Bonds (fixed income)</u>			
Dodge & Cox	Core	15%	+/-5%
Reams	Core	<u>15%</u>	+/-5%
Total		30%	+/-5%
<u>International Stocks</u>			
GMO Foreign Fund	Value	<u>7%</u>	+/-3%
Total		7%	+/-3%
Total Fund		100%	

Manager Allocations
Endowment Manager Allocations

Net of Fees
March 31, 2004

<u>MANAGER</u>	<u>University of Iowa</u>		<u>Iowa State University</u>	
	<u>Value</u> <u>(thousands)</u>	<u>Value</u> <u>(percent)</u>	<u>Value</u> <u>(thousands)</u>	<u>Value</u> <u>(percent)</u>
<u>Domestic Stocks</u>				
Invesco	\$61	0.0%	\$38	0.0%
Vanguard	91,518	47.6%	58,973	49.0%
Seneca	19,056	9.9%	14,036	11.7%
LSV Asset Mgmt.	<u>10,718</u>	<u>5.6%</u>	<u>7,116</u>	<u>5.9%</u>
Total	\$121,353	63.1%	\$80,163	66.6%
<u>Domestic Bonds</u>				
Invesco	\$1	0.0%	\$16	0.0%
Reams	28,728	15.0%	16,035	13.3%
Dodge and Cox	<u>28,502</u>	<u>14.8%</u>	<u>14,851</u>	<u>12.3%</u>
Subtotal	\$57,231	29.8%	\$30,902	25.6%
<u>International</u>				
Alliance Bernstein	\$99	0.1%	\$133	0.1%
GMO Foreign Fund	<u>13,485</u>	<u>7.0%</u>	<u>9,260</u>	<u>7.7%</u>
Subtotal	\$13,584	7.1%	\$9,393	7.8%
Total Fund	\$192,168	100.0%	\$120,458	100.0%

Assets are shown as invested.

The manager allocations were within the Board established targets.

**ENDOWMENT
PERFORMANCE**

The following table compares the returns of the endowment portfolios for the period ended March 31, 2004, with the established benchmarks.

Endowment Portfolios
Net of Fees
As of March 31, 2004

	Assets (thousands)	Returns	
		Quarter	One Year
SUI	\$192,168	1.9%	28.3%
ISU	120,458	2.1%	29.0%
Asset Allocation Benchmark*		2.7%	29.7%
SUI Quasi-Endowment	<u>94,498</u>	2.2%	5.0%
Fixed Income Benchmark **		2.7%	5.4%
Total	\$407,124		

* 63% Wilshire 5000, 30% Lehman Aggregate, 7% MSCI EAFE (N).

** 100% Lehman Aggregate.

*University of Iowa
Endowment*

The University of Iowa endowment assets totaled \$192.2 million as of March 31, 2004, a \$0.5 million increase over the previous quarter. For the quarter ended March 31, 2004, investment gains totaled \$3.7 million, net contributions equaled \$54,000, and net distributions and fees amounted to \$3.1 million.

The endowment assets held by the University of Iowa earned a return of 1.9% for the quarter, underperforming the benchmark return of 2.7%. Returns for the endowment over the one-year period were 28.3%, which underperformed the benchmark of 29.7%.

*University of Iowa
Quasi-Endowment*

The University of Iowa quasi-endowment assets totaled \$94.5 million as of March 31, 2004, a \$0.7 million increase from the previous quarter. For the quarter ended March 31, 2004, investment gains totaled \$2.1 million, net contributions totaled \$14,000, and net distributions and fees amounted to \$1.3 million.

The quasi-endowment earned a return of 2.2% for the quarter, underperforming the benchmark of 2.7%. The return of 5.0% for the year underperformed the benchmark of 5.4%.

*Iowa State
University
Endowment*

Iowa State University endowment assets totaled \$120.5 million as of March 31, 2004, a \$0.1 million increase over the previous quarter. For the quarter, investment gains totaled \$2.4 million, while net distributions and fees were \$2.4 million. Net contributions totaled \$36,000.

The Iowa State University endowment assets earned a return of 2.1% for the quarter, underperforming the policy benchmark return of 2.7%. The one-year return for ISU was 29.0%, which slightly underperformed the benchmark of 29.7%.

Vanguard			
Net of Fees			
March 31, 2004			
	<u>Assets</u>	<u>Returns</u>	
	(thousands)	<u>Quarter</u>	<u>One Year</u>
SUI	\$91,518	1.7%	34.9%
ISU	<u>58,973</u>	1.7%	34.9%
Total	\$150,491		
Benchmark: S&P 500		1.7%	35.1%

Vanguard performance

Vanguard is a large cap index fund manager that was approved by the Board in September 2002 to provide diversification.

Returns for the quarter for both SUI and ISU equaled the S&P 500 benchmark of 1.7%. Returns for the year slightly underperformed the benchmark of 35.1%.

Seneca Capital Management				
Net of Fees				
March 31, 2004				
	<u>Assets</u>	<u>Returns</u>		
	(thousands)	<u>Quarter</u>	<u>One Year</u>	<u>Three Years</u>
SUI	\$19,056	2.2%	32.8%	-6.7%
ISU	11,798	2.3%	32.0%	-7.3%
ISU 93 Trust	<u>2,238</u>	2.3%	32.9%	-7.0%
Total	\$33,092			
Benchmark: Russell 2500 Growth		5.5%	59.5%	6.8%

Seneca performance

Seneca Capital Management manages U.S. equity portfolios with a mid-capitalization growth orientation.

For the quarter, Seneca Capital Management returned 2.2% for the SUI endowment, and 2.3% for the ISU endowment and the ISU 93 Trust. These returns underperformed the Russell 2500 Growth Index return of 5.5%.

For the one-year period, Seneca Capital Management returned 32.8% for SUI, 32.0% for ISU and 32.9% for the ISU 93 Trust. One-year returns significantly underperformed the Russell 2500 Growth Index of 59.5%. Three-year returns significantly underperformed the Russell 2500 Growth Index of 6.8%.

Wilshire reported that stock selection within the industrials, health care and information technology sectors primarily contributed to the underperformance for the quarter. Overweighting to the information technology sector detracted from performance while stock selection within the financials sectors positively impacted performance.

LSV Asset Management

Net of Fees
March 31, 2004

	<u>Assets</u> (thousands)	<u>Returns</u>	
		<u>Quarter</u>	<u>One Year</u>
SUI	\$10,718	6.3%	55.4%
ISU	<u>7,116</u>	6.7%	55.1%
Total	\$17,834		
Benchmark: Russell 2500 Value		6.2%	61.6%

LSV Asset Mgmt.
performance

LSV Asset Management has managed small value domestic stocks since January 2002.

Returns for the quarter outperformed the Russell 2500 Value benchmark of 6.2%, while returns for the year underperformed the benchmark of 61.6%.

Wilshire reported that stock selection within the industrials, health care and consumer staples primarily contributed to the outperformance. Stock selection within the consumer discretionary and financials sectors detracted from performance.

Reams Asset Management

Net of Fees
March 31, 2004

	<u>Assets</u> (thousands)	<u>Returns</u>	
		<u>Quarter</u>	<u>One Year</u>
SUI	\$28,728	2.1%	5.3%
SUI – Quasi-Endowment	48,271	2.1%	5.4%
ISU	<u>16,035</u>	2.7%	6.0%
Total	\$93,034		
Benchmark: Lehman Aggregate		2.7%	5.4%

Reams
performance

For the quarter, Reams returned 2.1% for the SUI endowment and for the SUI quasi-endowment, and 2.7% for the ISU endowment. Returns for both SUI endowments underperformed the Lehman Aggregate benchmark of 2.7%, while returns for the ISU endowment equaled the benchmark.

For the year, Reams returned 5.3% for the SUI endowment, 5.4% for the SUI quasi-endowment, and 6.0% for the ISU endowment. Returns for both SUI endowments were similar to the Lehman Aggregate benchmark of 5.4%, while the one year return for ISU outperformed the benchmark.

Table 1
Operating Portfolios
Quarterly Rates of Return

<i>Unrestricted Funds</i>					
	<u>3/31/03</u>	<u>6/30/03</u>	<u>9/30/03</u>	<u>12/31/03</u>	<u>3/31/04</u>
University of Iowa	0.50%	0.56%	0.32%	0.17%	0.43%
Iowa State University	0.44%	0.44%	0.40%	0.37%	0.48%
University of Northern Iowa	0.58%	0.78%	0.10%	0.23%	0.62%
Iowa School for the Deaf	0.41%	0.41%	0.42%	0.42%	0.41%
Iowa Braille & Sight Saving School	0.29%	0.30%	0.25%	0.24%	0.24%
<i>Restricted Funds</i>					
	<u>3/31/03</u>	<u>6/30/03</u>	<u>9/30/03</u>	<u>12/31/03</u>	<u>3/31/04</u>
University of Iowa	0.67%	0.89%	-0.13%	0.22%	1.01%
Iowa State University	0.63%	0.75%	0.17%	0.05%	1.04%
University of Northern Iowa	0.64%	0.95%	0.21%	0.01%	1.19%
Iowa School for the Deaf	0.39%	0.51%	0.42%	0.38%	0.47%
Iowa Braille & Sight Saving School	N/I	N/I	N/I	N/I	N/I
N/I = No investments of this type.					
<i>BlackRock</i>					
	<u>3/31/03</u>	<u>6/30/03</u>	<u>9/30/03</u>	<u>12/31/03</u>	<u>3/31/04</u>
University of Iowa	0.76%	1.05%	0.42%	0.15%	1.06%
Iowa State University	0.75%	1.05%	0.45%	0.15%	1.00%
University of Northern Iowa	0.75%	1.03%	0.47%	0.14%	1.03%
Iowa School for the Deaf	0.70%	1.00%	0.45%	0.15%	1.00%
Iowa Braille & Sight Saving School	N/I	N/I	N/I	N/I	N/I
N/I = No investments of this type.					
<i>Wellington</i>					
	<u>3/31/03</u>	<u>6/30/03</u>	<u>9/30/03</u>	<u>12/31/03</u>	<u>3/31/04</u>
University of Iowa	N/I	N/I	0.40%	0.35%	1.38%
N/I = No investments of this type.					

Table 2
Endowment / Quasi-Endowment Portfolios
Market Value - Accrual Basis
(In thousands)
March 31, 2004

Portfolio Manager	Endowment Market Value	1993 Trust Market Value	Quasi-Endowment Market Value	Total Market Value	Percent of Total
Vanguard					
SUI	\$91,518	-	-	\$91,518	
ISU	<u>58,973</u>	-	-	<u>58,973</u>	
Total	\$150,491	-	-	\$150,491	37.0%
Reams Asset Mgmt.					
SUI	\$28,728	-	\$48,271	\$76,999	
ISU	<u>16,035</u>	-	<u>-</u>	<u>16,035</u>	
Total	\$44,763	-	\$48,271	\$93,034	22.9%
Dodge and Cox					
SUI	\$28,502	-	\$46,225	\$74,727	
ISU	<u>14,851</u>	-	<u>-</u>	<u>14,851</u>	
Total	\$43,353	-	\$46,225	\$89,578	22.0%
Seneca Capital Mgmt.					
SUI	\$19,056	-	-	\$19,056	
ISU	<u>11,798</u>	<u>\$2,238</u>	<u>-</u>	<u>14,036</u>	
Total	\$30,854	\$2,238	-	\$33,092	8.1%
GMO Foreign Fund					
SUI	\$13,485	-	-	\$13,485	
ISU	<u>9,260</u>	-	-	<u>9,260</u>	
Total	\$22,745	-	-	\$22,745	5.6%
LSV					
SUI	\$10,718	-	-	\$10,718	
ISU	<u>7,116</u>	-	-	<u>7,116</u>	
Total	\$17,834	-	-	\$17,834	4.3%
Alliance Bernstein					
SUI	\$99	-	-	\$99	
ISU	<u>133</u>	-	-	<u>133</u>	
Total	232	-	-	\$232	0.1%
Invesco					
SUI	\$62	-	\$2	\$64	
ISU	<u>48</u>	<u>\$6</u>	<u>-</u>	<u>54</u>	
Total	110	\$6	\$2	\$118	0.1%
TOTAL					
SUI	\$192,168	-	\$94,498	\$286,666	
ISU	<u>118,214</u>	<u>\$2,244</u>	<u>-</u>	<u>120,458</u>	
Total	\$310,382	\$2,244	\$94,498	\$407,124	100.0%

Table 3 Principal Demutualization Funds (In thousands) March 31, 2004	
SUI	\$46,397
ISU	25,555
UNI	7,435
ISD	300
IBSSS	174
Board Office	<u>52</u>
Total	\$79,913

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