

COMMITTEE MEMORANDUM

TO: Investment Committee Members
Board of Regents, State of Iowa

FROM: Andrea Anania

DATE: June 1, 2005 *ASN*

SUBJ: Investment and Cash Management Report for the Quarter Ended
March 31, 2005

Recommended Action:

Receive the Investment and Cash Management Report for the quarter ended March 31, 2005.

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, 2004 and March 31, 2005

	<u>Operating</u>		<u>Endowment/ Quasi-Endowment</u>	
	<u>Mar 2004</u>	<u>Mar 2005</u>	<u>Mar 2004</u>	<u>Mar 2005</u>
University of Iowa ¹	\$570,531	\$643,628	\$286,666 ²	\$288,518 ²
Iowa State University	285,660	298,089	120,458 ³	150,577 ³
University of Northern Iowa	92,639	81,279	-	-
Iowa School for the Deaf	2,669	2,451	-	-
Iowa Braille & Sight Saving School	451	559	-	-
Total	\$951,950	\$1,026,006	\$407,124	\$439,095

¹ Includes UIHC.² Includes UNI.³ Includes ISD and IBSSS.

As of March 31, 2005, the Regent combined operating and endowment portfolios totaled nearly \$1.5 billion.

**Operating
Portfolio**

The market value of the combined operating portfolios, as reported by the Regent institutions, total over \$1.0 billion as of March 31, 2005, and represent a point in time during operations.

Internally and externally managed restricted and unrestricted operating portfolios outperformed the Merrill Lynch 1-3 year Government/Corporate Index rate of -0.28%.

Endowment Portfolio

Wilshire Associates, the Board's investment advisor, prepares the summary report on the endowment/quasi-endowment portfolio, which totaled \$439.1 million for the quarter.

The University of Iowa (excluding the quasi-endowment) and Iowa State University endowment portfolios totaled \$197.0 million and \$150.6 million, respectively, as of March 31, 2005.

The combined investment managers' returns for the quarter were -0.9% for SUI and -0.6% for ISU, while the blended asset allocation benchmark posted returns of -1.6%.

The SUI quasi-endowment totaled \$91.5 million and returned -0.7% for the quarter ended March 31, 2005, which slightly underperformed the benchmark of -0.5%.

Compliance

Internal audit compliance reports for operating investment purchases and holdings of ISU, UNI and IBSSS for the quarter ended March 31, 2005, noted that investments were in compliance with respective Board and institutional investment policies.

The University of Iowa internal auditor indicated that March 31, 2005, compliance reports for SUI's operating and endowment activities, ISU's endowment, and ISD's operating portfolio will be available at the September 2005 Investment Committee meeting.

For the quarter ended December 31, 2004, University of Iowa internal auditors reported that investment activity was found in compliance with Board policies except SUI and ISU Large Cap Index (Vanguard) and Large Cap Core (Invesco Equity) asset classes of the endowment fund were not in compliance with policy allowable ranges for specific fund manager allocations. This was a direct result from the transfer of the Invesco domestic equity portfolio into Vanguard, which was approved by the Board in February 2004.

Dashboard

At its December 2004, meeting, the Committee requested an overview of endowment fund manager performance as illustrated below:

<u>Inception</u>	<u>Fund Manager</u>	<u>Assets</u> <u>(thousands)</u>	<u>Net Return</u> <u>3/31/05</u>	<u>Benchmark</u> <u>3/31/05</u>	<u>Perf.</u> <u>Variance</u>
SUI					
3/31/04	Dodge and Cox	\$29,889	-0.4	-0.5	0.1
9/30/01	Reams	28,303	-0.9	-0.5	-0.4
3/31/05	Lotsoff Capital	47,447	*	*	*
3/31/05	Goldman Sachs	46,925	*	*	*
3/31/05	Artisan	19,442	*	*	*
3/31/04	Grantham, Mayo	14,127	-0.9	-0.2	-0.7
6/30/02	LSV	10,911	-1.8	-2.1	0.3
6/30/95	Seneca	1			
	Total	\$197,045			
SUI-Quasi					
3/31/04	Dodge and Cox	\$45,543	-0.4	-0.5	0.1
9/30/01	Reams	45,930	-0.9	-0.5	-0.4
	Total	\$91,473			
ISU					
3/31/04	Dodge and Cox	\$18,899	-0.4	-0.5	0.1
9/30/01	Reams	16,249	-0.8	-0.5	-0.3
3/31/05	Lotsoff Capital	37,903	*	*	*
3/31/05	Goldman Sachs	38,087	*	*	*
3/31/05	Artisan	18,954	*	*	*
3/31/04	Grantham, Mayo	12,387	-0.9	-0.2	-0.7
6/30/02	LSV	8,097	-1.5	-2.1	0.6
6/30/95	Seneca	1			
	Total	\$150,577			

* Investments were made during the quarter; no full quarter to report.

Background and Analysis:

The Board delegates the authority for monitoring institutional investment, treasury management practices, performance, and compliance with policy to the Investment Committee. 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.

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:

- Selected Grantham, Mayo, Van Otterloo & Co. as the new international equity fund manager.
- Selected Dodge and Cox as a new fixed income fund manager.
- Transferred Invesco's domestic equity portfolio to Vanguard, the Board's large capitalization index fund manager. (This action maintained compliance with the Board's overall investment policies. The portfolio would then be evaluated in several months, with an emphasis on the domestic equity component.)
- Provided the institutions with an option of splitting its fixed income portfolios between the two managers, given the relative size and risk of the portfolios.
- Selected BlackRock as a contingent fixed income manager, should a new fixed income manager be necessary within the next year, with the utilization of this manager subject to further approvals.

In September 2004, the Board approved immediate implementation of modifications to the investment policy (Chapter 7.03 - Investment Activity; Section F - Endowment Funds Investment Guidelines; and Subsection 5 - Asset Allocation Guidelines) and also approved the following changes to the institutional endowment portfolios:

- Selection of Goldman Sachs Asset Management as the new large capitalization domestic equity fund manager with an enhanced index philosophy.
- Selection of Lotsoff Capital Management as the large capitalization domestic equity fund manager with an active, fundamental, bottom-up philosophy.
- Termination of Vanguard, the Board's current large capitalization index fund manager. Modification to the manager allocation section of the Board's investment policy.
- Immediate modification to the manager allocation section of the Board's investment policy as illustrated on page 7.

In December, 2004, the Board approved:

- Termination of Seneca Capital Management, a U.S. stock portfolio fund manager with a mid-capitalization growth orientation.
- Selection of Artisan Partners as the new small capitalization fund manager with a growth-oriented, fundamental bottom-up approach.

In February, 2005, the Board gave final approval of investment policy changes regarding soft dollars.

In March 2005, the Board gave final approval of investment policy changes regarding the level of authorized initial common stock offerings sold to the public held in a Regent portfolio.

**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, 2005

	<u>Internally Managed</u>		<u>Externally Managed</u>		<u>Total</u>
	<u>Unrestricted</u>	<u>Restricted</u>	<u>BlackRock</u>	<u>Wellington</u>	
SUI	\$177,498	\$129,411	\$168,156	\$168,563	\$643,628
ISU	153,961	73,425	70,703	N/I	298,089
UNI	33,105	29,159	19,015	N/I	81,279
ISD	2,201	7	243	N/I	2,451
IBSSS	<u>559</u>	<u>N/I</u>	<u>N/I</u>	<u>N/I</u>	<u>559</u>
Total	\$367,324	\$232,002	\$258,117	\$168,563	\$1,026,006

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 11 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, 2005

	<u>Unrestricted</u>				<u>Restricted</u>
	<u>Internal</u>	<u>BlackRock</u>	<u>Wellington</u>	<u>Combined</u>	<u>Internal</u>
SUI	0.52%	-0.04%	-0.11%	0.09%	0.17%
ISU	0.08%	-0.06%	N/I	0.04%	0.00%
UNI	0.23%	0.03%	N/I	0.16%	-0.04%
ISD	0.41%	-0.06%	N/I	0.36%	0.34%
IBSSS	0.57%	N/I	N/I	0.57%	N/I

N/I No investments of this type.

The comparable industry standard rate of return for the quarter ended March 31, 2005, includes the Merrill Lynch 1-3 year Government/Corporate Index rate of -0.28%.

Operating Investment Portfolios Summary
 Unrestricted, Restricted, BlackRock, and Wellington
 For the Quarter Ended March 31, 2005

	<u>Market Value</u>	<u>Percent Market Value</u>
University of Iowa		
Money Market / Cash Equivalents	\$195,557,741	30.4%
U.S. Obligations	126,380,524	19.6%
Agency Securities	135,234,387	21.1%
Corporate Notes and Bonds	185,099,657	28.7%
Municipals	<u>1,355,713</u>	<u>0.2%</u>
Total	\$643,628,022	100.0%
Iowa State University		
Money Market / Cash Equivalents	\$67,206,368	22.5%
U.S. Obligations	60,245,731	20.2%
Agency Securities	129,148,125	43.3%
Corporate Notes and Bonds	41,020,942	13.8%
Municipals	<u>467,609</u>	<u>0.2%</u>
Total	\$298,088,775	100.0%
University of Northern Iowa		
Money Market / Cash Equivalents	\$17,714,389	21.8%
U.S. Obligations	15,542,439	19.1%
Agency Securities	38,342,416	47.2%
Corporate Notes and Bonds	9,600,914	11.8%
Municipals	<u>78,755</u>	<u>0.1%</u>
Total	\$81,278,913	100.0%
Iowa School for the Deaf		
Money Market / Cash Equivalents	\$2,210,653	90.2%
U.S. Obligations	22,571	0.9%
Agency Securities	75,807	3.1%
Corporate Notes and Bonds	140,701	5.7%
Municipals	<u>1,604</u>	<u>0.1%</u>
Total	\$2,451,336	100.0%
Iowa Braille & Sight Saving School		
Money Market / Cash Equivalents	\$19,392	3.5%
Repurchase Agreements	<u>539,241</u>	<u>96.5%</u>
Total	\$558,633	100.0%
Regent Composite		
Money Market / Cash Equivalents	\$282,708,543	27.6%
U.S. Obligations	202,191,265	19.7%
Agency Securities	302,800,735	29.5%
Corporate Notes and Bonds	235,862,214	22.9%
Municipals	1,903,681	0.2%
Repurchase Agreements	<u>539,241</u>	<u>0.1%</u>
Total	\$1,026,005,679	100.0%

The top three investment categories for the combined Regent operating portfolios included Agency Securities, Money Market / Cash Equivalents, and Corporate Notes and Bonds.

**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 (Listed by total market value. See page 12 for values):

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

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.

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

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

Goldman Sachs Asset Management, a large capitalization domestic equity fund manager, was authorized by the Board in September 2004.

Lotsoff Capital Management, a large capitalization domestic equity fund manager, was authorized by the Board in September 2004.

Seneca Capital Management managed U.S. stock portfolios with a mid-capitalization growth orientation since May 1995. The Board terminated its relationship with Seneca in December 2004. This will be the last report that includes Seneca.

Artisan Partners, a small capitalization fund manager, was authorized by the Board in December 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.

**Manager Allocation
Policy**

In February 2004, the Board allowed the institutions a choice on whether they split their endowment fixed income portfolios based on the relative size and risk of the portfolios.

In September 2004, the Board adopted the following manager allocations to generate the target endowment asset allocation when all managers are at policy targets (rounded to the nearest percent). The manager targets are intended to serve as a guide to the individual institutions in formulating asset mixes for their portfolios and may in the future be changed.

**Asset and Manager
Allocations**

<u>Asset Class</u>	<u>Target</u>	<u>Allowable Range</u>	<u>Benchmark</u>
<u>U.S. Equities</u>	63%	58-68%	Wilshire 5000
Large Cap Core (Active)	24%	19-29%	S&P 500 Index
Large Cap <u>Enhanced</u> Index	24%	19-29%	S&P 500 Index
Mid Cap Growth	10%	8-12%	Russell 2500 Growth
Small Cap Value	5%	3-7%	Russell 2500 Value
<u>U.S. Bonds</u>	30%	25-35%	
Core	30%	25-35%	Lehman Aggregate
<u>International Equities</u>	7%	4-10%	MSCI EAFE
Other*	0%	0-15%	

* Other asset classes to be added in the future.

Endowment
Allocations

Endowment Allocations

Net of Fees
March 31, 2005

	<u>University of Iowa</u>		<u>Iowa State University</u>	
MANAGER	Value (thousands)	Value (percent)	Value (thousands)	Value (percent)
<u>Domestic Stocks</u>				
Artisan	\$19,442	9.9%	\$18,954	12.6%
Goldman Sachs	46,925	23.8%	38,087	25.3%
Lotsoff Capital	47,447	24.1%	37,903	25.2%
LSV	10,911	5.5%	8,097	5.4%
Seneca	1	0.0%	1	0.0%
Subtotal	\$124,726	63.3%	\$103,042	68.5%
<u>Domestic Bonds</u>				
Dodge and Cox	\$29,889	15.2%	\$18,899	12.5%
Reams	28,303	14.3%	16,249	10.8%
Subtotal	\$58,192	29.5%	\$35,148	23.3%
<u>International</u>				
Grantham, Mayo	\$14,127	7.2%	\$12,387	8.2%
Subtotal	\$14,127	7.2%	\$12,387	8.2%
Total Fund	\$197,045	100.0%	\$150,577	100.0%
<i>Assets are shown as invested.</i>				

Asset and manager allocations for the endowment portfolios were within the Board-established target ranges with the exception of domestic stocks and bonds for ISU; stocks were 68.5%, slightly higher than the range of 58-68%; and bonds were 23.3%, under the range of 25-35%.

SUI Quasi-
Endowment

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

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

March 31, 2005

	Value (thousands)	Value (percent)	Fees (thousands)	Net Returns	
				Quarter	One Year
Dodge and Cox	\$45,543	49.8%	\$51	-0.4%	1.3%
Reams	45,930	50.2%	34	-0.9%	0.9%
Total Fund	\$91,473	100.0%	\$85		
100% Lehman Aggregate.				-0.5%	1.2%

There are no Board-established fund manager allocations target ranges for the quasi-endowment. Reams' net returns underperformed the benchmarks of -0.5% for the quarter and 1.2% for the year. Dodge and Cox's net returns slightly outperformed the benchmarks for the quarter and for the year. This is the first full year with Dodge and Cox.

**ENDOWMENT
PERFORMANCE**

The following table compares the returns of the endowment portfolios for the period ended March 31, 2005, with the established benchmarks.

Endowment Portfolios

Net of Fees

As of March 31, 2005

	Assets (thousands)	Net Returns	
		Quarter	One Year
SUI	\$197,045	-0.9%	6.4%
ISU	150,577	-0.6%	6.8%
Asset Allocation Benchmark*		-1.6%	6.0%
SUI Quasi-Endowment	<u>91,473</u>	-0.7%	1.0%
Fixed Income Benchmark **		-0.5%	1.2%
Total	\$439,095		

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

** 100% Lehman Aggregate.

*University of Iowa
Endowment*

	<u>Mar 2005</u>	<u>Dec 2004</u>	<u>Sep 2004</u>	<u>Jun 2004</u>
Assets - Qtr.	\$197.0 million	\$198.9 million	\$187.0 million	\$189.8 million
Gains/Losses - Qtr.	-\$1.9 million	\$14.9 million	-\$9,000	\$9,000
Fees/Distributions - Qtr.	\$175,000	\$3.1 million	\$2.7 million	\$2.7 million
Contributions - Qtr.	\$246,000	\$154,000	\$818,000	\$103,000
Returns - Quarter	-0.9%	8.0%	-0.6%	-0.02%
Benchmark - Quarter	-1.6%	7.8%	-0.2%	0.13%
Returns - Year	6.4%	9.5%	10.4%	13.5%
Benchmark - Year	6.0%	10.6%	12.0%	15.5%

*University of Iowa
Quasi-Endowment*

	<u>Mar 2005</u>	<u>Dec 2004</u>	<u>Sep 2004</u>	<u>Jun 2004</u>
Assets - Quarter	\$91.5 million	\$92.8 million	\$93.0 million	\$91.4 million
Gains/Losses - Qtr.	-\$590,000	\$1.1 million	\$2.9 million	\$2.2 million
Fees/Distributions - Qtr.	\$785,000	\$1.3 million	\$1.3 million	\$1.3 million
Contributions - Qtr.	\$86,000	\$87,000	\$35,000	\$17,000
Returns - Quarter	-0.7%	1.1%	3.1%	-2.3%
Benchmark - Quarter	-0.5%	1.0%	3.2%	-2.4%
Returns - Year	1.0%	4.3%	3.9%	0.8%
Benchmark - Year	1.2%	4.3%	3.7%	0.3%

*Iowa State University
Endowment*

	<u>Mar 2005</u>	<u>Dec 2004</u>	<u>Sep 2004</u>	<u>Jun 2004</u>
Assets - Qtr.	\$150.6 million	\$125.3 million	\$116.2 million	\$117.1 million
Gains/Losses - Qtr.	-\$2.4 million	\$9.8 million	-\$867,000	\$69,000
Fees/Distributions - Qtr.	\$4.3 million	\$1.6 million	\$90,000	\$3.5 million
Contributions - Qtr.	\$31.9 million	\$1.0 million	\$53,000	\$92,000
Returns - Quarter	-0.6%	8.3%	-0.8%	0.06%
Benchmark - Quarter	-1.6%	7.8%	-0.2%	0.13%
Returns - Year	6.8%	9.7%	10.6%	14.0%
Benchmark - Year	6.0%	10.6%	12.0%	15.5%

**Table 1
Operating Portfolios
Quarterly Rates of Return**

Unrestricted Funds (Internal)

	<u>3/31/04</u>	<u>6/30/04</u>	<u>9/30/04</u>	<u>12/31/04</u>	<u>03/31/05</u>
University of Iowa	0.43%	0.01%	0.44%	0.42%	0.52%
Iowa State University	0.48%	-0.02%	0.99%	0.48%	0.08%
University of Northern Iowa	0.62%	-0.99%	0.95%	0.27%	0.23%
Iowa School for the Deaf	0.41%	0.41%	0.41%	0.41%	0.41%
Iowa Braille & Sight Saving School	0.24%	0.24%	0.34%	0.47%	0.57%

BlackRock

	<u>3/31/04</u>	<u>6/30/04</u>	<u>9/30/04</u>	<u>12/31/04</u>	<u>03/31/05</u>
University of Iowa	1.06%	-0.84%	1.18%	0.25%	-0.04%
Iowa State University	1.00%	-0.85%	1.19%	0.29%	-0.06%
University of Northern Iowa	1.03%	-0.84%	1.19%	0.28%	0.03%
Iowa School for the Deaf	1.00%	-0.85%	1.19%	0.29%	-0.06%
Iowa Braille & Sight Saving School	N/I	N/I	N/I	N/I	N/I

N/I = No investments of this type.

Wellington

	<u>3/31/04</u>	<u>6/30/04</u>	<u>9/30/04</u>	<u>12/31/04</u>	<u>03/31/05</u>
University of Iowa	1.38%	-1.11%	1.25%	0.52%	-0.11%

N/I = No investments of this type.

Combined Unrestricted Funds

	<u>3/31/04</u>	<u>6/30/04</u>	<u>9/30/04</u>	<u>12/31/04</u>	<u>03/31/05</u>
University of Iowa	0.89%	-0.59%	0.98%	0.39%	0.09%
Iowa State University	0.76%	-0.48%	1.07%	0.41%	0.04%
University of Northern Iowa	0.76%	-0.91%	1.04%	0.27%	0.16%
Iowa School for the Deaf	0.46%	0.30%	0.50%	0.40%	0.36%
Iowa Braille & Sight Saving School	0.24%	0.24%	0.34%	0.47%	0.57%

N/I = No investments of this type.

Restricted Funds (Internal)

	<u>3/31/04</u>	<u>6/30/04</u>	<u>9/30/04</u>	<u>12/31/04</u>	<u>03/31/05</u>
University of Iowa	1.01%	-0.89%	1.01%	0.19%	0.17%
Iowa State University	1.04%	-0.90%	1.03%	0.06%	0.00%
University of Northern Iowa	1.19%	-0.96%	1.16%	0.17%	-0.04%
Iowa School for the Deaf	0.47%	0.27%	0.49%	0.39%	0.34%
Iowa Braille & Sight Saving School	N/I	N/I	N/I	N/I	N/I

N/I = No investments of this type.

Benchmark: Merrill Lynch 1-3 year Government/Corporate Index

	1.12%	-1.13%	1.13%	0.10%	-0.28%
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Table 2
Endowment / Quasi-Endowment Portfolios
Market Value - Accrual Basis
(In thousands)
March 31, 2005

Portfolio Manager	Endowment Market Value	Quasi-Endowment Market Value	Total Market Value	Percent of Total
Dodge and Cox				
SUI	\$29,889	\$45,543	\$75,432	
ISU	<u>18,899</u>	<u>-</u>	<u>18,899</u>	
Total	\$48,788	\$45,543	\$94,331	21.5%
Reams Asset Mgmt.				
SUI	\$28,303	\$45,930	\$74,233	
ISU	<u>16,249</u>	<u>-</u>	<u>16,249</u>	
Total	\$44,552	\$45,930	\$90,482	20.6%
Lotsoff Capital				
SUI	\$47,447	-	\$47,447	
ISU	<u>37,903</u>	<u>-</u>	<u>37,903</u>	
Total	\$85,350	-	\$85,350	19.4%
Goldman Sachs				
SUI	\$46,925	-	\$46,925	
ISU	<u>38,087</u>	<u>-</u>	<u>38,087</u>	
Total	\$85,012	-	\$85,012	19.4%
Artisan				
SUI	\$19,442	-	\$19,442	
ISU	<u>18,954</u>	<u>-</u>	<u>18,954</u>	
Total	\$38,396	-	\$38,396	8.8%
Grantham, Mayo				
SUI	\$14,127	-	\$14,127	
ISU	<u>12,387</u>	<u>-</u>	<u>12,387</u>	
Total	\$26,514	-	\$26,514	6.0%
LSV				
SUI	\$10,911	-	\$10,911	
ISU	<u>8,097</u>	<u>-</u>	<u>8,097</u>	
Total	\$19,008	-	\$19,008	4.3%
Seneca Capital Mgmt.				
SUI	\$1	-	\$1	
ISU	<u>1</u>	<u>-</u>	<u>1</u>	
Total	\$2	-	\$2	0.0%
TOTAL				
SUI	\$197,045	\$91,473	\$288,518	
ISU	<u>150,577</u>	<u>-</u>	<u>150,577</u>	
Total	\$347,622	\$91,473	\$439,095	100.0%

Table 3 Principal Demutualization Funds (In thousands) March 31, 2005	
SUI	\$46,303
ISU	25,718
UNI	7,459
ISD	303
IBSSS	183
Board Office	<u>52</u>
Total	\$80,018

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