BOARD MEMORANDUM

TO: Board of Regents, State of Iowa

FROM: Jean Friedrich

DATE: June 1, 2005

SUBJ: Report of the Investment Committee

Recommended Action:

Receive the report and consider recommendations of the Investment Committee.

Executive Summary:

Minutes

At its meeting on June 14, 2005, the Board of Regents’ Investment Committee is expected to approve the minutes from the March 14, 2005, Committee meeting (INV 1).

Quarterly Investment Report

The Investment Committee is expected to receive the Investment and Cash Management Report on the operating and endowment portfolios for the quarter ended March 31, 2005 (INV 2).

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

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

The market value of the combined operating portfolios, as reported by the Regent institutions, total $1.0 billion million as of March 31, 2005, and represent a point in time during operations. Returns were consistent with the benchmark.

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 combined endowment portfolio 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 –0.3%.
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%.

| FY 2006 Committee Work Plan | It is anticipated that the Investment Committee will approve the FY 2006 work plan (INV 3). |

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