

Contact: Andrea Anania

INVESTMENT AND CASH MANAGEMENT REPORT
FOR THE QUARTER ENDED JUNE 30, 2008

Recommended Action: Receive the Investment and Cash Management Report for the quarter ended June 30, 2008.

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

Institutional Investment Portfolios
Market Value
(in thousands)
As of June 30, 2007, and June 30, 2008

	<u>Operating</u>		<u>Endowment/ Quasi-Endowment</u>	
	<u>Jun 2007</u>	<u>Jun 2008</u>	<u>Jun 2007</u>	<u>Jun 2008</u>
University of Iowa ¹	\$751,393	\$896,557	\$363,281 ²	\$336,048 ²
Iowa State University	325,839	367,860	176,958 ³	156,991 ³
University of Northern Iowa	81,095	97,877	-	-
Iowa School for the Deaf	1,731	1,977	-	-
Iowa Braille & Sight Saving School	1,346	1,361	-	-
Total	\$1,161,404	\$1,365,632	\$540,239	\$493,039

¹ Includes UIHC.

² Includes UNI.

³ Includes ISD and IBSSS.

As of June 30, 2008, the Regent combined operating and endowment portfolios totaled over \$1.8 billion.

OPERATING

The Merrill Lynch 1-3 year Government/Corporate Index rate for the quarter was -0.55%. Internal managers, BlackRock, and Wellington outperformed the benchmark; Commonfund underperformed the benchmark.

ENDOWMENT

The combined endowment managers' returns for the quarter were -1.3% for SUI and -1.4% for ISU, while the blended asset allocation benchmark posted returns of -1.3%. The SUI quasi-endowment returned -0.7% for the quarter ended June 30, 2008, which outperformed the benchmark of -1.0%. The endowment fund manager performance overview for the quarter ended June 30, 2008, may be found on page 3 in the Wilshire Executive Summary report.

COMPLIANCE

The Director of Internal Audit reported that SUI's operating and endowment activities and ISU's endowment portfolio for the quarter ended March 31, 2008, were in compliance with Board policies. The June 30, 2008, compliance reports will be available at the next Committee meeting.

Internal audit compliance reports for operating investment purchases and holdings of ISU, UNI and ISD for the quarter ended June 30, 2008, noted that investments were in compliance with respective Board and institutional investment policies.

Background and Analysis:

The Board monitors institutional investment, treasury management practices, performance, and compliance with policy. 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). Board policy requires university internal auditors to verify operating investment transactions and holdings for compliance at their respective universities.

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 assists with the evaluation of the Board's investment policies and provides quarterly endowment portfolio summary reports.

The Board authorized the following fund managers (See page 7 for values):

Artisan Partners, a small capitalization fund manager, was authorized by the Board in December 2004.

BlackRock, a fixed income manager, was authorized by the Board in February 1996.

Commonfund (CF), a short-term manager, was authorized by the Board in September 2005.

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.

Lehman Brothers Asset Management, a private equity manager, was authorized by the Board in November 2005.

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

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

Post Advisory (a subsidiary of Iowa's Principal Financial Group), a high-yield bonds manager, was authorized by the Board in November 2005.

Principal Group (based in Iowa), a real estate manager, was authorized by the Board in November 2005.

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.

Vanguard, a large capitalization core index fund manager, was authorized by the Board in February 2008.

Wellington, a short duration fixed income manager, was authorized by the Board in 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 June 30, 2008**

	<u>Restricted</u>	<u>Unrestricted</u>				<u>Total</u>
	<u>Internal</u>	<u>Internal</u>	<u>BlackRock</u>	<u>Wellington</u>	<u>Commonfund</u>	
SUI	\$142,124	\$379,013	\$163,541	\$160,231	\$51,648	\$896,557
ISU	89,216	198,500	N/I	N/I	80,144	367,860
UNI	32,761	44,147	N/I	N/I	20,969	97,877
ISD	12	1,696	N/I	N/I	269	1,977
IBSSS	N/I	1,361	N/I	N/I	N/I	1,361
Total	\$264,113	\$624,717	\$163,541	\$160,231	\$153,030	\$1,365,632

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.

**Quarterly Rates of Return
For the Quarter Ended June 30, 2008**

	<u>Restricted</u>	<u>Unrestricted</u>				<u>Total</u>
	<u>Internal</u>	<u>Internal</u>	<u>BlackRock</u>	<u>Wellington</u>	<u>Commonfund</u>	
SUI	0.36%	0.67%	0.59%	-0.04%	-0.61%	0.39%
ISU	0.17%	0.37%	N/I	N/I	-0.61%	0.09%
UNI	0.22%	0.61%	N/I	N/I	-0.62%	0.21%
ISD	0.32%	0.52%	N/I	N/I	-0.61%	0.37%
IBSSS	N/I	0.49%	N/I	N/I	N/I	0.49%

N/I = No investments of this type.

The comparable industry standard rate of return for the quarter ended June 30, 2008, includes the Merrill Lynch 1-3 year Government/Corporate Index rate of -0.55%. Internal managers, BlackRock, and Wellington outperformed the benchmark; Commonfund underperformed the benchmark.

Operating Investment Summary
Unrestricted, Restricted, BlackRock, Wellington, and Commonfund
(in thousands)
As of June 30, 2008

	<u>Market Value</u>	<u>Percent Market Value</u>
University of Iowa		
Money Market / Cash Equivalents	\$489,140	54.6%
Corporate Notes and Bonds	53,511	6.0%
Agency Securities	111,509	12.4%
Asset Backed	145,995	16.3%
Commonfund	51,648	5.7%
U.S. Obligations	43,109	4.8%
Municipals	<u>1,645</u>	<u>0.2%</u>
Total	\$896,557	100.0%
Iowa State University		
Money Market / Cash Equivalents	\$160,490	43.6%
Agency Securities	86,678	23.6%
Commonfund	80,144	21.8%
U.S. Obligations	<u>40,548</u>	<u>11.0%</u>
Total	\$367,860	100.0%
University of Northern Iowa		
Money Market / Cash Equivalents	\$23,777	24.3%
Corporate Notes and Bonds	989	1.0%
Agency Securities	38,186	39.0%
Commonfund	20,969	21.4%
U.S. Obligations	<u>13,956</u>	<u>14.3%</u>
Total	\$97,877	100.0%
Iowa School for the Deaf		
Money Market / Cash Equivalents	\$1,708	86.4%
Commonfund	<u>269</u>	<u>13.6%</u>
Total	\$1,977	100.0%
Iowa Braille & Sight Saving School		
Money Market / Cash Equivalents	\$11	0.8%
Repurchase Agreements	<u>1,350</u>	<u>99.2%</u>
Total	\$1,361	100.0%
Regent Composite		
Money Market / Cash Equivalents	\$675,126	49.4%
Corporate Notes and Bonds	54,500	4.0%
Agency Securities	236,373	17.3%
Asset Backed	145,995	10.7%
Commonfund	153,030	11.2%
U.S. Obligations	97,613	7.2%
Repurchase Agreements	1,350	0.1%
Municipals	<u>1,645</u>	<u>0.1%</u>
Total	\$1,365,632	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.

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.

Endowment Asset Class Allocation Policy*
As of June 30, 2008

	<u>Target</u>	<u>Range</u>
Domestic Stocks (U.S. equities)	45%	-5/+15%
Domestic Bonds (U.S. fixed income)	30%	+/-5%
International Stocks (foreign equities)	15%	+/-5%
Real Estate	5%	+/-5%
Private Equity	5%	-5/+2%
	100%	

Endowment Manager Allocations*
As of June 30, 2008

<u>Asset Class</u>	<u>Target</u>	<u>Allowable Range</u>	<u>Benchmark</u>
<u>Domestic Stocks</u>	45%	40-60%	Wilshire 5000
Large Cap Core	80%	75-85%	S&P 500 Index
Large Cap Index	0%	n/a	n/a
Small / Mid Cap Growth	10%	5-15%	Russell 2500 Growth
Small / Mid Cap Value	10%	5-15%	Russell 2500 Value
<u>Domestic Bonds</u>	30%	25-35%	Lehman Aggregate
Investment Grade Core	83%	75-100%	Lehman Aggregate
High Yield	17%	0-25%	Merrill Lynch HY Master II
<u>International Stocks</u>	15%	10-20%	MSCI EAFE
International Developed	95%	95-100%	MSCI EAFE
International Emerging Markets	5%	0-5%	MSCI Emerging Markets
<u>Real Estate</u>	5%	0-10%	NACREIF
<u>Private Equity</u>	5%	0-7%	Wilshire 5000

*Approved at the September 2005 meeting.

**Endowment Allocations
Net of Fees
As of June 30, 2008**

MANAGER	University of Iowa			Iowa State University		
	Value (thousands)	Value (percent)	Fees (thousands)	Value (thousands)	Value (percent)	Fees (thousands)
<u>Domestic Stocks</u>						
Artisan	\$10,365	4.2%	\$29	\$7,918	5.0%	\$22
Lotsoff Capital	46,201	18.9%	41	26,438	16.8%	23
LSV	9,739	4.0%	18	7,406	4.7%	13
Vanguard	45,682	18.7%	8	27,187	17.3%	5
Subtotal	\$111,987	45.8%	\$96	\$68,949	43.8%	\$63
<u>Domestic Bonds</u>						
Dodge and Cox	\$29,992	12.3%	\$34	\$21,091	13.4%	\$24
Reams	30,561	12.5%	19	21,950	14.0%	16
Post Advisory	14,000	5.7%	21	9,246	5.9%	14
Subtotal	\$74,553	30.5%	\$74	\$52,287	33.3%	\$54
<u>International Stocks</u>						
GMO Foreign Fund	\$38,938	16.0%	\$73	\$23,080	14.7%	\$43
<u>Real Estate</u>						
Principal Group	\$14,944	6.1%	\$45	\$10,396	6.6%	\$31
<u>Private Equity</u>						
Lehman Brothers	\$3,239	1.3%	\$14	\$2,024	1.3%	\$9
CF Int'l Partners VI*	153	0.1%	0	102	0.1%	0
CF Private Equity VII*	156	0.1%	0	104	0.1%	0
CF Venture Capital VIII*	81	0.1%	0	49	0.1%	0
Subtotal	\$3,629	1.6%	\$14	\$2,279	1.6%	\$9
Total Fund	\$244,051	100.0%	\$302	\$156,991	100.0%	\$200

* No fees were reported.

**Endowment Performance
Net of Fees
As of June 30, 2008**

	Assets (thousands)	Net Returns	
		Quarter	One Year
SUI	\$244,051	-1.3%	-8.3%
ISU	156,991	-1.4%	-8.3%
Asset Allocation Benchmark*		-1.3%	-5.3%
SUI Quasi-Endowment	91,997	-0.7%	6.0%
Fixed Income Benchmark **		-1.0%	7.1%
Total	\$493,039		

* 50% Wilshire 5000, 30% Lehman Aggregate, 15% MSCI EAFE (N), 5% NCREIF Property Index.

** 100% Lehman 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 June 30, 2008**

	Value (thousands)	Value (percent)	Fees (thousands)	Net Returns	
				Quarter	Year
Dodge and Cox	\$45,428	49.4%	\$51	-0.3%	3.7%
Reams	46,569	50.6%	30	-1.1%	8.4%
Total Fund	\$91,997	100.0%	\$81		
Fixed Income Benchmark **				-1.0%	7.1%

**100% Lehman Aggregate.

Endowment / Quasi-Endowment Portfolios
Market Value - Accrual Basis
(in thousands)
As of June 30, 2008

Portfolio Manager	Endowment Market Value	Quasi-Endowment Market Value	Total Market Value	Percent of Total
Reams Asset Management				
SUI	\$30,561	\$46,569	\$77,130	
ISU	<u>21,950</u>	<u>-</u>	<u>21,950</u>	
Total	\$52,511	\$46,569	\$99,080	20.1%
Dodge and Cox				
SUI	\$29,992	\$45,428	\$75,420	
ISU	<u>21,091</u>	<u>-</u>	<u>21,091</u>	
Total	\$51,083	\$45,428	\$96,511	19.5%
Vanguard				
SUI	\$45,682	-	\$45,682	
ISU	<u>27,187</u>	<u>-</u>	<u>27,187</u>	
Total	\$72,869	-	\$72,869	14.8%
Lotsoff Capital				
SUI	\$46,201	-	\$46,201	
ISU	<u>26,438</u>	<u>-</u>	<u>26,438</u>	
Total	\$72,639	-	\$72,639	14.7%
GMO Foreign Fund				
SUI	\$38,938	-	\$38,938	
ISU	<u>23,080</u>	<u>-</u>	<u>23,080</u>	
Total	\$62,018	-	\$62,018	12.6%
Principal Group				
SUI	\$14,944	-	\$14,944	
ISU	<u>10,396</u>	<u>-</u>	<u>10,396</u>	
Total	\$25,340	-	\$25,340	5.1%
Post Advisory				
SUI	\$14,000	-	\$14,000	
ISU	<u>9,246</u>	<u>-</u>	<u>9,246</u>	
Total	\$23,246	-	\$23,246	4.7%
Artisan				
SUI	\$10,365	-	\$10,365	
ISU	<u>7,918</u>	<u>-</u>	<u>7,918</u>	
Total	\$18,283	-	\$18,283	3.7%
LSV Asset Management				
SUI	\$9,739	-	\$9,739	
ISU	<u>7,406</u>	<u>-</u>	<u>7,406</u>	
Total	\$17,145	-	\$17,145	3.5%
Lehman Brothers				
SUI	\$3,239	-	\$3,239	
ISU	<u>2,024</u>	<u>-</u>	<u>2,024</u>	
Total	\$5,263	-	\$5,263	1.0%
Commonfund Private Equity VII				
SUI	\$156	-	\$156	
ISU	<u>104</u>	<u>-</u>	<u>104</u>	
Total	\$260	-	\$260	0.1%
Commonfund International Partners VI				
SUI	\$153	-	\$153	
ISU	<u>102</u>	<u>-</u>	<u>102</u>	
Total	\$255	-	\$255	0.1%
Commonfund Venture Capital VIII				
SUI	\$81	-	\$81	
ISU	<u>49</u>	<u>-</u>	<u>49</u>	
Total	\$130	-	\$130	0.1%
TOTAL				
SUI	\$244,051	\$91,997	\$336,048	
ISU	<u>156,991</u>	<u>-</u>	<u>156,991</u>	
Total	\$401,042	\$91,997	\$493,039	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 June 30, 2008**

University of Iowa	\$45,787
Iowa State University	25,786
University of Northern Iowa	7,504
Iowa School for the Deaf	321
Iowa Braille and Sight Saving School	163
Board Office	52
Total	<u>\$79,613</u>



Board of Regents, State of Iowa

Wilshire Consulting

***Board of Regents, State of Iowa
Executive Summary of Investment Performance
Quarter Ending June 30, 2008***



210 Sixth Avenue, Suite 3720

Pittsburgh, PA 15222

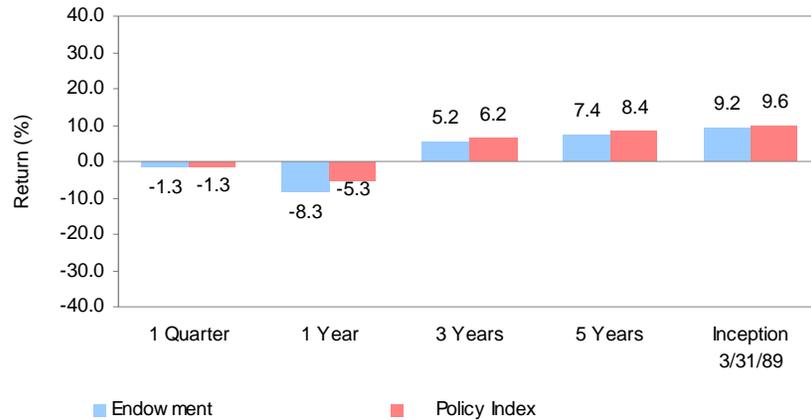
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Total Endowment Fund Results

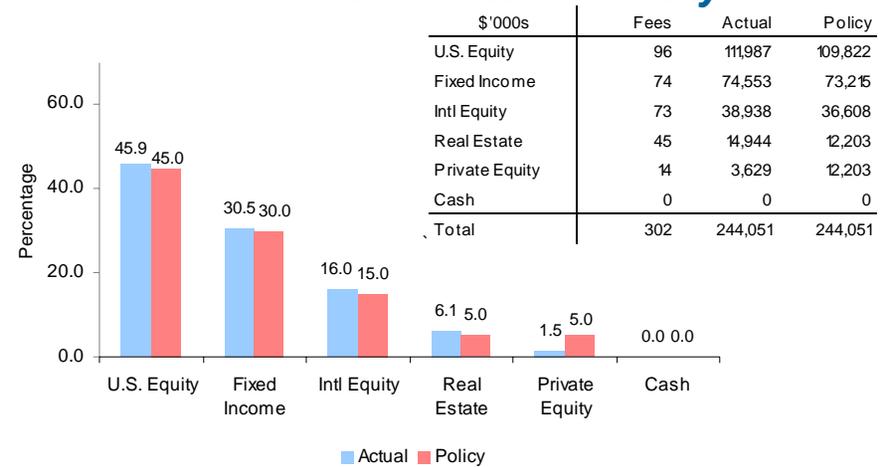
University of Iowa



Investment Performance



Asset Allocation vs. Policy

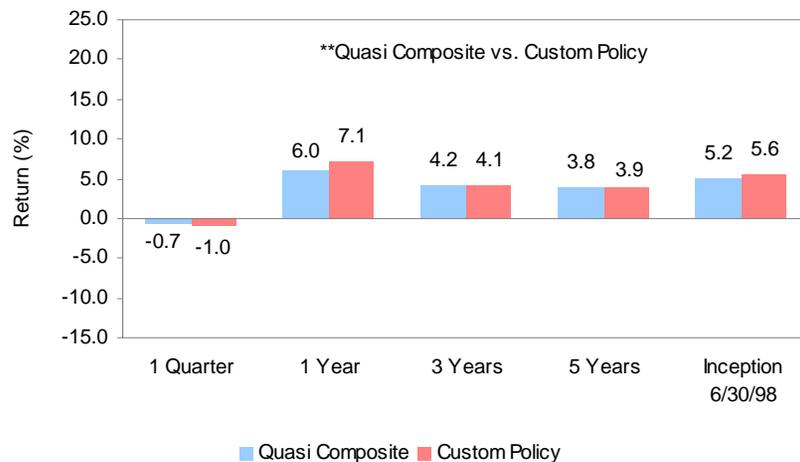


	\$'000s	Fees	Actual	Policy
U.S. Equity		96	111,987	109,822
Fixed Income		74	74,553	73,215
Intl Equity		73	38,938	36,608
Real Estate		45	14,944	12,203
Private Equity		14	3,629	12,203
Cash		0	0	0
Total		302	244,051	244,051

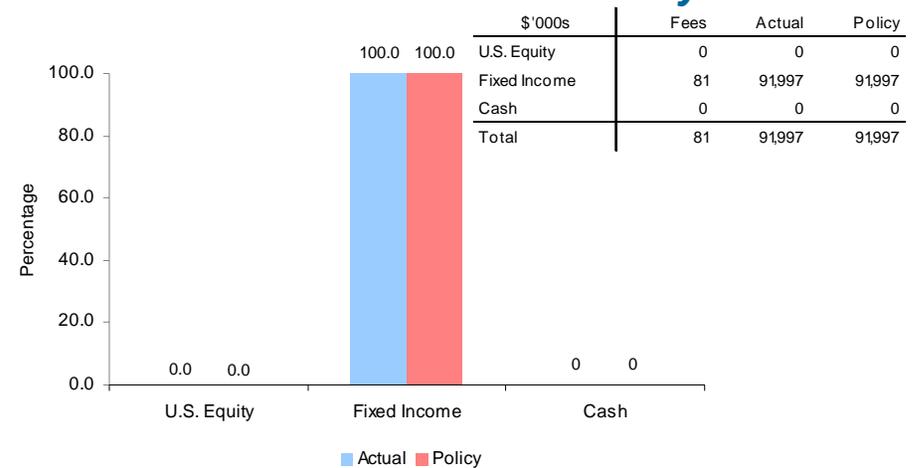
Total Quasi-Endowment Fund Results

University of Iowa

Investment Performance



Asset Allocation vs. Policy



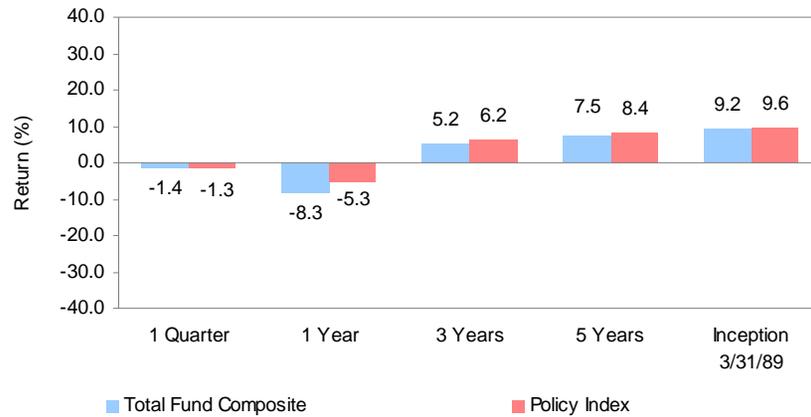
	\$'000s	Fees	Actual	Policy
U.S. Equity		0	0	0
Fixed Income		81	91,997	91,997
Cash		0	0	0
Total		81	91,997	91,997

(Periods Ending June 30, 2008)

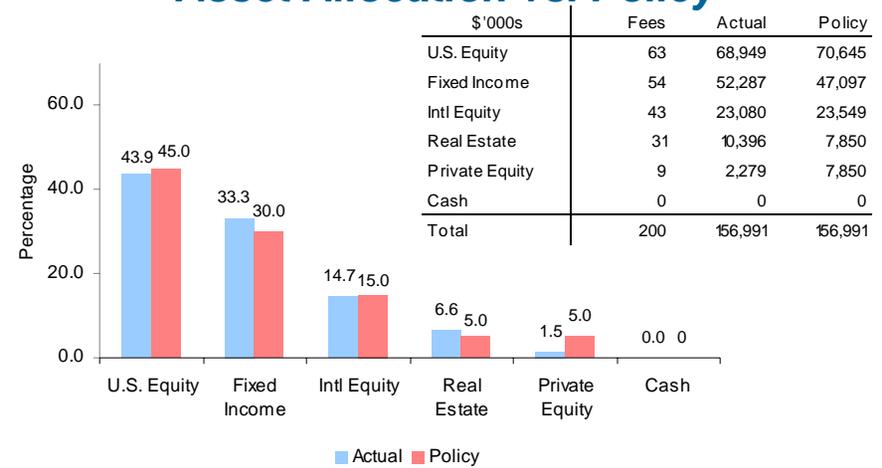
Note: At the direction of the Board of Regents, slight adjustments have been made to composite market values to account for rounding.

Total Endowment Fund Results

Investment Performance



Asset Allocation vs. Policy



	\$'000s	Fees	Actual	Policy
U.S. Equity	63	68,949	70,645	
Fixed Income	54	52,287	47,097	
Intl Equity	43	23,080	23,549	
Real Estate	31	10,396	7,850	
Private Equity	9	2,279	7,850	
Cash	0	0	0	
Total		200	156,991	156,991

(Periods Ending June 30, 2008)

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	\$111,987	-2.4%	-1.6%	-83	-16.5%	-12.5%	-398	6.9%	8.7%	-184
3/31/2005	Lotsoff Capitol	\$46,201	-0.7%	-2.7%	203	-13.4%	-13.1%	-30	--	--	--
6/30/2002	LSV	\$9,739	-6.0%	-1.2%	-479	-26.9%	-19.9%	-698	7.5%	10.9%	-343
3/31/2005	Artisan	\$10,365	-4.7%	4.5%	-917	-22.5%	-10.8%	-1,163	--	--	--
3/31/2008	Vanguard	\$45,682	-2.7%	-2.7%	-1	--	--	--	--	--	--
	International Equity	\$38,938	-2.1%	-2.3%	12	-11.5%	-10.6%	-85	16.5%	16.7%	-20
3/31/2004	GMO Foreign Fund	\$38,938	-2.1%	-2.3%	12	-11.5%	-10.6%	-85	--	--	--
	Fixed Income	\$74,553	0.0%	-1.0%	105	4.9%	7.1%	-228	3.8%	3.9%	-8
3/31/2004	Dodge & Cox	\$29,992	-0.3%	-1.0%	70	3.7%	7.1%	-344	--	--	--
9/30/2002	Reams	\$30,561	-1.1%	-1.0%	-12	8.3%	7.1%	116	4.4%	3.9%	51
3/31/2006	Post Advisory	\$14,000	3.5%	1.8%	168	-0.0%	-2.1%	205	--	--	--
	Real Estate	\$14,944	0.6%	1.6%	-96	10.2%	13.6%	-338	--	--	--
3/31/2006	Principal Group	\$14,944	0.6%	1.6%	-96	10.2%	13.6%	-338	--	--	--
	Private Equity	\$3,629	3.2%	-1.6%	470	0.0%	-12.5%	1,254	--	--	--
12/31/2006	Lehman Brothers	\$3,239	1.0%	-1.6%	256	2.4%	-12.5%	1,488	--	--	--
3/31/2007	CF Int'l Partners VI	\$153	16.6%	-1.6%	1,818	-51.5%	-12.5%	-3,897	--	--	--
3/31/2007	CF Private Equity VII	\$156	28.1%	-1.6%	2,965	-91.6%	-12.5%	-7,902	--	--	--
6/30/2007	CF Private Equity VIII	\$81	73.3%	-1.6%	7,487	-77.3%	-12.5%	-6,475	--	--	--
	Total Endowment	\$244,051	-1.3%	-1.3%	2	-8.3%	-5.3%	-301	7.4%	8.4%	-102

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	\$68,949	-2.5%	-1.6%	-90	-17.2%	-12.5%	-467	6.6%	8.7%	-209
3/31/2005	Lotsoff Capitol	\$26,438	-0.4%	-2.7%	234	-13.0%	-13.1%	8	--	--	--
6/30/2002	LSV	\$7,406	-6.8%	-1.2%	-553	-28.7%	-19.9%	-879	7.3%	10.9%	-362
3/31/2005	Artisan	\$7,918	-4.7%	4.5%	-917	-22.5%	-10.8%	-1,163	--	--	--
3/31/2008	Vanguard	\$27,187	-2.8%	-2.7%	-3	--	--	--	--	--	--
	International Equity	\$23,080	-2.2%	-2.3%	8	-11.5%	-10.6%	-90	16.2%	16.7%	-50
3/31/2004	GMO Foreign Fund	\$23,080	-2.2%	-2.3%	8	-11.5%	-10.6%	-90	--	--	--
	Fixed Income	\$52,287	-0.0%	-1.0%	99	5.0%	7.1%	-217	3.8%	3.9%	-9
3/31/2004	Dodge & Cox	\$21,091	-0.3%	-1.0%	70	3.7%	7.1%	-347	--	--	--
9/30/2002	Reams	\$21,950	-1.2%	-1.0%	-13	8.3%	7.1%	119	4.4%	3.9%	52
3/31/2006	Post Advisory	\$9,246	3.5%	1.8%	168	-0.0%	-2.1%	205	--	--	--
	Real Estate	\$10,396	0.6%	1.6%	-96	10.2%	13.6%	-338	--	--	--
3/31/2006	Principal Group	\$10,396	0.6%	1.6%	-96	10.2%	13.6%	-338	--	--	--
	Private Equity	\$2,279	3.2%	-1.6%	475	-0.1%	-12.5%	1,240	--	--	--
12/31/2006	Lehman Brothers	\$2,024	1.0%	-1.6%	256	2.4%	-12.5%	1,488	--	--	--
3/31/2007	CF Int'l Partners VI	\$102	16.6%	-1.6%	1,818	-51.5%	-12.5%	-3,897	--	--	--
3/31/2007	CF Private Equity VII	\$104	28.1%	-1.6%	2,965	-91.5%	-12.5%	-7,901	--	--	--
6/30/2007	CF Private Equity VIII	\$49	73.3%	-1.6%	7,486	-77.3%	-12.5%	-6,474	--	--	--
	Total Endowment	\$156,991	-1.4%	-1.3%	-2	-8.3%	-5.3%	-300	7.5%	8.4%	-94

(Periods Ending June 30, 2008)

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

Operating Account Review (External Managers)

	Inception Date	Mkt. Value \$'000	Comp %	Qtr %	1 Yr %	3 Yrs %	5 Yrs %	Inception %	Investment Fee \$'000
University of Iowa External Mgr. Composite	(12/31/96)	375,419	100%	0.1	3.5	3.7	2.8	4.8	162
<i>Merrill Lynch 1-3 Yr. G/C</i>				-0.6	6.8	4.7	3.4	5.1	
<i>Merrill Lynch 1-5 Yr. Govt/Corp</i>				-1.0	7.1	4.6	3.4	5.4	
BlackRock Short Duration	(12/31/96)	163,540	43.6%	0.6	5.6	4.3	3.2	5.0	86
<i>Merrill Lynch 1-3 Yr. G/C</i>				-0.6	6.8	4.7	3.4	5.1	
<i>Merrill Lynch 1-5 Yr. Govt/Corp</i>				-1.0	7.1	4.6	3.4	5.4	
Wellington Short Bond	(3/31/03)	160,231	42.7%	-0.1	2.5	3.5	2.7	2.8	65
<i>Merrill Lynch 1-3 Yr. G/C</i>				-0.6	6.8	4.7	3.4	3.4	
<i>Merrill Lynch 1-5 Yr. Govt/Corp</i>				-1.0	7.1	4.6	3.4	3.5	
CF Intermediate Term Fund	(12/31/06)	51,648	13.8%	-0.6	0.6	--	--	1.8	11
<i>Merrill Lynch 1-3 Yr. Treasury</i>				-0.9	7.3	--	--	6.3	

	Inception Date	Mkt. Value \$'000	Comp %	Qtr %	1 Yr %	3 Yrs %	5 Yrs %	Inception %	Investment Fee \$'000
Iowa State University External Mgr. Composite	(6/30/05)	80,144	100%	-0.6	0.6	2.8	--	2.8	14
<i>Operating Benchmark</i>				-0.9	7.3	4.8	--	4.8	
CF Intermediate Term Fund	(9/30/05)	80,144	100.0%	-0.6	0.6	--	--	3.1	14
<i>Merrill Lynch 1-3 Yr. Treasury</i>				-0.9	7.3	--	--	5.1	

	Inception Date	Mkt. Value \$'000	Comp %	Qtr %	1 Yr %	3 Yrs %	5 Yrs %	Inception %	Investment Fee \$'000
University of Northern Iowa External Mgr. Composite	(12/31/04)	20,969	100%	-0.6	0.6	2.9	--	2.8	7
<i>Operating Benchmark</i>				-0.9	7.3	4.7	--	4.3	
CF Intermediate Term Fund	(12/31/05)	20,969	100.0%	-0.6	0.6	--	--	3.0	7
<i>Merrill Lynch 1-3 Yr. Treasury</i>				-0.9	7.3	--	--	5.4	

(Periods Ending June 30, 2008)

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 10 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)	244,051	100.0%	-1.3	-8.3	5.2	7.4	9.2	302
Iowa State University Total Endowment	(3/31/89)	156,991	100.0%	-1.4	-8.3	5.2	7.5	9.2	200
<i>Policy Index</i>				<i>-1.3</i>	<i>-5.3</i>	<i>6.2</i>	<i>8.4</i>	<i>9.6</i>	
University of Iowa Domestic Equity Composite	(3/31/89)	111,987	45.9%	-2.4	-16.5	3.0	6.9	10.0	96
Iowa State University Domestic Equity Composite	(3/31/89)	68,949	43.9%	-2.5	-17.2	2.5	6.6	9.8	63
<i>Dow Jones Wilshire 5000</i>				<i>-1.6</i>	<i>-12.5</i>	<i>5.0</i>	<i>8.7</i>	<i>10.3</i>	
University of Iowa: Vanguard S&P 500 Index	(3/31/08)	45,682	18.7%	-2.7	--	--	--	-2.7	8
Iowa State University: Vanguard S&P 500 Index	(3/31/08)	27,187	17.3%	-2.8	--	--	--	-2.8	5
<i>S&P 500</i>				<i>-2.7</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>-2.7</i>	
University of Iowa: Lotsoff Large Cap Equity	(3/31/05)	46,201	18.9%	-0.7	-13.4	4.5	--	4.7	41
Iowa State University: Lotsoff Large Cap Equity	(3/31/05)	26,438	16.8%	-0.4	-13.0	4.7	--	4.9	23
<i>S&P 500</i>				<i>-2.7</i>	<i>-13.1</i>	<i>4.4</i>	<i>--</i>	<i>4.5</i>	
University of Iowa: LSV Asset Management	(6/30/02)	9,739	4.0%	-6.0	-26.9	-1.4	7.5	5.5	18
Iowa State University: LSV Asset Management	(6/30/02)	7,406	4.7%	-6.8	-28.7	-2.0	7.3	5.4	13
<i>Russell 2500 Value</i>				<i>-1.2</i>	<i>-19.9</i>	<i>2.2</i>	<i>10.9</i>	<i>8.9</i>	
University of Iowa: Artisan Small Cap Growth	(3/31/05)	10,365	4.2%	-4.7	-22.5	-1.5	--	0.4	29
Iowa State University: Artisan Small Cap Growth	(3/31/05)	7,918	5.0%	-4.7	-22.5	-1.4	--	0.4	22
<i>Russell 2000 Growth</i>				<i>4.5</i>	<i>-10.8</i>	<i>6.1</i>	<i>--</i>	<i>6.7</i>	
University of Iowa International Equity Composite	(9/30/94)	38,938	16.0%	-2.1	-11.5	13.0	16.5	7.5	73
Iowa State University International Equity Composite	(9/30/94)	23,080	14.7%	-2.2	-11.5	12.9	16.2	7.3	43
<i>MSCI EAFE (N) Index</i>				<i>-2.3</i>	<i>-10.6</i>	<i>12.8</i>	<i>16.7</i>	<i>6.7</i>	
University of Iowa: GMO Foreign Fund	(3/31/04)	38,938	16.0%	-2.1	-11.5	13.0	--	12.4	73
Iowa State University: GMO Foreign Fund	(3/31/04)	23,080	14.7%	-2.2	-11.5	12.9	--	12.3	43
<i>MSCI EAFE (N) Index</i>				<i>-2.3</i>	<i>-10.6</i>	<i>12.8</i>	<i>--</i>	<i>12.3</i>	
University of Iowa Fixed Income Composite	(3/31/89)	74,553	30.5%	0.0	4.9	4.1	3.8	7.2	74
Iowa State University Fixed Income Composite	(3/31/89)	52,287	33.3%	0.0	5.0	4.0	3.8	6.7	54
<i>Custom Policy</i>				<i>-1.0</i>	<i>7.1</i>	<i>4.1</i>	<i>3.9</i>	<i>7.4</i>	
University of Iowa: Dodge & Cox Income Fund	(3/31/04)	29,992	12.3%	-0.3	3.7	3.4	--	3.3	34
Iowa State University: Dodge & Cox Income Fund	(3/31/04)	21,091	13.4%	-0.3	3.7	3.4	--	3.3	24
<i>Lehman Aggregate</i>				<i>-1.0</i>	<i>7.1</i>	<i>4.1</i>	<i>--</i>	<i>3.9</i>	
University of Iowa: Reams Asset Management	(9/30/02)	30,561	12.5%	-1.1	8.3	4.6	4.4	4.6	19
Iowa State University: Reams Asset Management	(9/30/02)	21,950	14.0%	-1.2	8.3	4.6	4.4	4.6	16
<i>Lehman Aggregate</i>				<i>-1.0</i>	<i>7.1</i>	<i>4.1</i>	<i>3.9</i>	<i>4.3</i>	
University of Iowa: Post Advisory High Yield	(3/31/06)	14,000	5.7%	3.5	0.0	--	--	5.0	21
Iowa State University: Post Advisory High Yield	(3/31/06)	9,246	5.9%	3.5	0.0	--	--	5.0	14
<i>Merrill Lynch High Yield Master II</i>				<i>1.8</i>	<i>-2.1</i>	<i>--</i>	<i>--</i>	<i>4.2</i>	

(Periods Ending June 30, 2008)

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 10 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 Estate Composite	(03/31/06)	14,944	6.1%	0.6	10.2	--	--	14.6	45
Iowa State University Real Estate Composite <i>NCREIF Property Index Lagged</i>	(03/31/06)	10,396	6.6%	0.6 <i>1.6</i>	10.2 <i>13.6</i>	-- <i>--</i>	-- <i>--</i>	14.6 <i>15.1</i>	31
University of Iowa: Principal Enhanced Property Fund	(03/31/06)	14,944	6.1%	0.6	10.2	--	--	14.6	45
Iowa State University: Principal Enhanced Property Fund <i>NCREIF Property Index</i>	(03/31/06)	10,396	6.6%	0.6 <i>1.6</i>	10.2 <i>13.6</i>	-- <i>--</i>	-- <i>--</i>	14.6 <i>15.1</i>	31
University of Iowa Private Equity Composite	(12/31/06)	3,629	1.5%	3.2	0.0	--	--	2.7	14
Iowa State University Private Equity Composite <i>Dow Jones Wilshire 5000</i>	(12/31/06)	2,279	1.5%	3.2 <i>-1.6</i>	-0.1 <i>-12.5</i>	-- <i>--</i>	-- <i>--</i>	2.6 <i>-4.0</i>	9
University of Iowa: Lehman Brothers Crossroads XVII	(12/31/06)	3,239	1.3%	1.0	2.4	--	--	4.3	14
Iowa State University: Lehman Brothers Crossroads XVII <i>Dow Jones Wilshire 5000</i>	(12/31/06)	2,024	1.3%	1.0 <i>-1.6</i>	2.4 <i>-12.5</i>	-- <i>--</i>	-- <i>--</i>	4.3 <i>-4.0</i>	9
University of Iowa: CF Int'l Partners VI	(3/31/07)	153	0.1%	16.6	-51.5	--	--	-44.0	--
Iowa State University: CF Int'l Partners VI <i>Dow Jones Wilshire 5000</i>	(3/31/07)	102	0.1%	16.6 <i>-1.6</i>	-51.5 <i>-12.5</i>	-- <i>--</i>	-- <i>--</i>	-44.0 <i>-5.8</i>	--
University of Iowa: CF Private Equity VII	(3/31/07)	156	0.1%	28.1	-91.6	--	--	-86.1	--
Iowa State University: CF Private Equity VII <i>Dow Jones Wilshire 5000</i>	(3/31/07)	104	0.1%	28.1 <i>-1.6</i>	-91.5 <i>-12.5</i>	-- <i>--</i>	-- <i>--</i>	-86.1 <i>-5.8</i>	--
University of Iowa: CF Venture Capital VIII	(6/30/07)	81	0.0%	73.3	-77.3	--	--	-77.3	--
Iowa State University: CF Venture Capital VIII <i>Dow Jones Wilshire 5000</i>	(6/30/07)	49	0.0%	73.3 <i>-1.6</i>	-77.3 <i>-12.5</i>	-- <i>--</i>	-- <i>--</i>	-77.3 <i>-12.5</i>	--

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

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 <i>Custom Policy</i>	(6/30/98)	91,997	100%	-0.7 <i>-1.0</i>	6.0 <i>7.1</i>	4.2 <i>4.1</i>	3.8 <i>3.9</i>	5.2 <i>5.6</i>	81
Dodge & Cox Income Quasi <i>Lehman Aggregate</i>	(3/31/04)	45,428	49.4%	-0.3 <i>-1.0</i>	3.7 <i>7.1</i>	3.5 <i>4.1</i>	-- <i>--</i>	3.3 <i>3.9</i>	51
Reams Asset Management Quasi <i>Lehman Aggregate</i>	(9/30/01)	46,569	50.6%	-1.1 <i>-1.0</i>	8.4 <i>7.1</i>	4.8 <i>4.1</i>	4.5 <i>3.9</i>	4.9 <i>4.9</i>	30

(Periods Ending June 30, 2008)

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 10 for policy specifications.

Manager Overview

Goldman Sachs Asset Management

- **Style:** Large Capitalization U.S. Core Equity
- **Construction Process:** Optimization
- **Investment Philosophy:** Enhanced 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

LSV Asset Management

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

Artisan Partners

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

GMO International

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

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 Asset Management

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

Manager Overview

Principal Enhanced Property Fund

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

Lehman Brothers Crossroads Fund 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 +

Common Fund Int'l Partners VI

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

Common Fund Private Equity VII

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

Common Fund Venture Capital VIII

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

Quarterly Manager Attribution

Lotsoff Capital Management

- Lotsoff Large Cap Equity posted a -0.69% return for the 2nd quarter, outperforming the S&P 500 Index by 203 bps.
- Strong stock selection within the energy and industrial sectors added significant value to the portfolio during the quarter.
- Stock selection within the financials and health care sectors detracted from overall performance.

LSV Asset Management

- LSV Small/Mid Cap Value portfolio posted a -6.02% return for the 2nd quarter, underperforming the Russell 2500 Value Index by ~479 bps.
- The main driver of underperformance was poor stock selection within both the energy and consumer discretionary sectors.
- An underweight to utilities combined with an overweight to the consumer discretionary sector also detracted value from the portfolio.
- Strong stock selection within the information technology and materials added value to the portfolio during the 2nd quarter.

Artisan Partners

- The Artisan Small Cap Growth Fund underperformed the Russell 2000 Growth Index by 917 bps during the 2nd quarter.
- Poor stock selection within the industrial sector was the main driver of underperformance during the quarter.
- Poor stock selection within the energy and financial sectors also detracted value from the portfolio.
- Strong stock selection within the health care sector, combined with an overweight to the industrial sector added value to the portfolio during the 2nd quarter.

GMO International

- GMO Foreign Fund posted a -2.13% return for the 2nd quarter, outperforming the MSCI EAFE Index by 12 bps .
- Strong stock selection within Japan and Finland added value to the portfolio during the quarter.
- An underweight to both Australia and Switzerland detracted value from the portfolio.

Dodge & Cox

- Dodge & Cox Income Fund posted a -0.32% return for the 2nd quarter, outperforming the Lehman Aggregate Index by 70 bps.
- An overweight to the corporate sector added significant value to the portfolio during the 2nd quarter.
- The portfolio's duration of 3.84 years, versus the benchmark's duration of 4.68 years added value to the portfolio as treasury yields rose.

Reams Asset Management

- Reams Core Fixed Income posted a -1.14% return for the 2nd quarter, underperforming the Lehman Aggregate Index by ~12 bps.
- An overweight to MBS and yield curve exposure detracted value from the portfolio during the quarter.
- An overweight to CMBS and the credit sector added value to the portfolio as spreads narrowed.

Post Asset Management

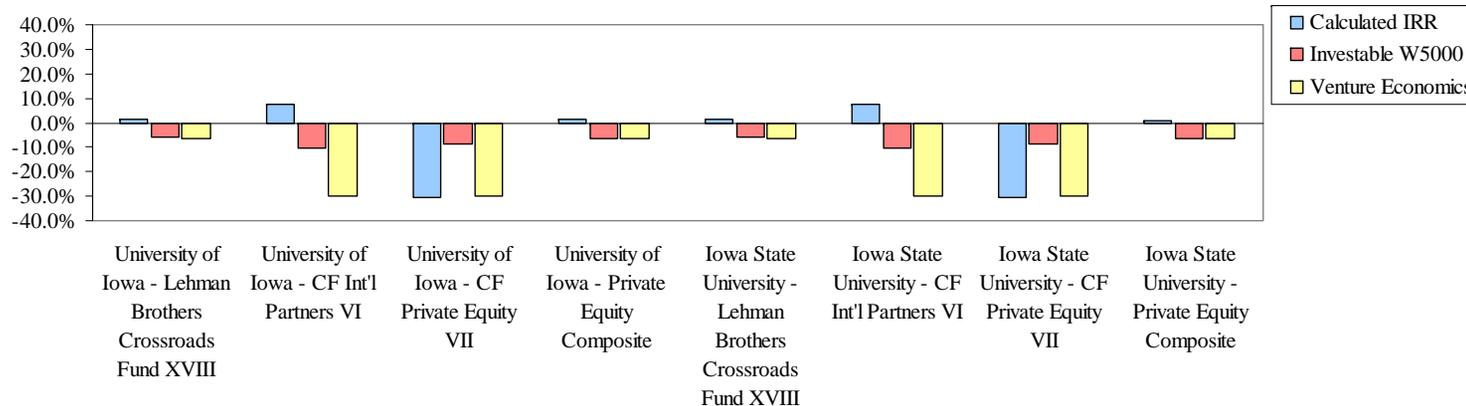
- Post Advisory High Yield outperformed the Merrill Lynch High Yield Master II Index by 168 bps during the 2nd quarter.
- The portfolio's underweight to cyclical companies and good credit selection added significant value to the portfolio during the quarter.
- An underweight to the auto sector, homebuilders, and financials also added value to the portfolio.

Private Equity Composite Review

Fund	Inception	Total Commitment	Capital Called	Distributions	Investment Gain/Loss	Market Value	Performance				
							Calculated IRR	Investable W5000	Venture Economics		
University of Iowa - Lehman Brothers Crossroads Fund XVIII	4q2006	6,000,000	3,300,000	55%	56,985	171,222	3,238,733	1.5%	-5.9%	-6.5%	1
University of Iowa - CF Int'l Partners VI	2q2007	1,200,000	147,000	12%	220	6,082	152,862	7.7%	-10.5%	-30.2%	2
University of Iowa - CF Private Equity VII	2q2007	2,400,000	176,400	7%	159	-20,052	156,189	-30.4%	-8.5%	-30.2%	3
University of Iowa - CF Venture Capital VIII	3q2007	1,000,000	77,500	8%	0	3,769	81,269	15.9%	-8.7%	-27.2%	4
University of Iowa - Private Equity Composite	4q2006	10,600,000	3,700,900	35%	57,364	161,021	3,629,053	1.1%	-6.2%	-6.5%	5

Fund	Inception	Total Commitment	Capital Called	Distributions	Investment Gain/Loss	Market Value	Performance				
							Calculated IRR	Investable W5000	Venture Economics		
Iowa State University - Lehman Brothers Crossroads Fund XVIII	4q2006	3,750,000	2,062,500	55%	35,616	107,011	2,024,207	1.5%	-5.9%	-6.5%	1
Iowa State University - CF Int'l Partners VI	2q2007	800,000	98,000	12%	148	4,056	101,908	7.7%	-10.5%	-30.2%	2
Iowa State University - CF Private Equity VII	2q2007	1,600,000	117,600	7%	107	-13,368	104,125	-30.4%	-8.5%	-30.2%	3
Iowa State University - CF Venture Capital VIII	3q2007	600,000	46,500	8%	0	2,261	48,761	15.9%	-8.7%	-27.2%	4
Iowa State University - Private Equity Composite	4q2006	6,750,000	2,324,600	34%	35,871	99,960	2,279,001	1.1%	-6.2%	-6.5%	5

- (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 June 30, 2008)

<u>Endowment Policy Index</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 - Present	50.00	Wilshire 5000
	30.00	Lehman Aggregate
	15.00	MSCI EAFE (N)
	5.00	NCREIF Property Index Lagged
<u>Fixed Income/ Quasi Policy</u>	<u>%</u>	<u>Description</u>
9/98 -6/01	100.00	Lehman Gov't/Credit
9/01 - Present	100.00	Lehman Aggregate



Appendix

Market Review (Periods Ending June 30, 2008)

Market Observations

After lowering the Federal funds rate by a quarter-point to 2% in April, the Federal Reserve kept rates unchanged in their June meeting. Despite the Fed's additional easing, 10-year Treasury yields moved notably higher; entering the second quarter at 3.45% and closing as high as 4.27% on June 13th before ending the quarter at 3.99%.

In the first quarter Real GDP grew 1% refuting calls by many economists that the U.S. had entered into a recession in early 2008. However, coupled with soft GDP growth of 0.6% in the fourth quarter of 2007, the first quarter GDP stats confirmed the economy has slowed.

Commodity prices continued to soar during the quarter with oil prices in particular grabbing the national spotlight. The price of a barrel of oil rose 38.7% spiking from \$101.58 to \$140.00 in the quarter. CPI reflected the impact of rising food and energy costs as it increased from the 2% to 4% range over the past year.

May brought the largest one-month jump in unemployment since February 1986, as the jobless rate went from 5.0% to 5.5%, reaching its highest level since October of 2004.

The housing market deteriorated even further with the S&P Case-Schiller Index down -8.2% year-to-date through April 30th.

US Stock Market

After posting an impressive 7.18% return through the first two months of the quarter, the U.S. equity market suffered its worst monthly loss since a -10.03% sell-off in September 2002 with the DJ Wilshire 5000 retreating -8.14% in June. The -1.55% return in the second quarter furthered a dismal -9.52% pullback during the first three months of the year to bring market losses to -10.92% through the midpoint of 2008; its worst first-half return since a -12.59% drop in the first half of 1974. Credit stress and deleveraging continued to weigh heavily on the financial sector, which, combined with a surge in commodity prices to dizzying heights, dragged the overall stock market lower.

Small and mid-capitalization stocks remained steady during the quarter with the DJ Wilshire 4500 Index having a positive return of 2.19%, versus a -1.76% decline for the DJ Wilshire Large-Cap Index. Large value stocks suffered the heaviest losses due to their significant exposure to Financials; with the DJ Wilshire Large Value Index down -6.59%. On a relative basis, quarterly performance of industries encapsulated a general economic trend that has been in place since last year; commodity-based stocks, benefiting from a sharp increase in commodity prices, performed best. Oil & Gas and Basic Materials led all groups with quarterly gains of 18.07% and 13.90%, respectively. Conversely, Consumer Goods and Financials were down -8.65% and -15.43% respectively for the second quarter.

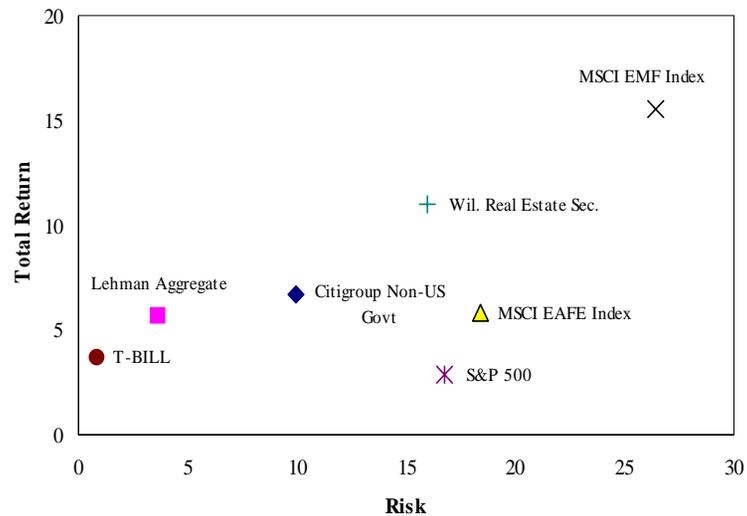
The Federal Reserve has been aggressive in lowering the Federal funds rate from 5.25% to 2%. CPI inflation has doubled from 2% to 4% since the Fed's easing cycle began last summer. The Federal Reserve is now in a "wait and see" posture as it examines whether the broader economic slowdown will alleviate inflationary pressures that are beginning to spread from headline CPI to consumer expectations or whether a more hawkish posture is needed.

Capital Markets Review (Periods Ending June 30, 2008)

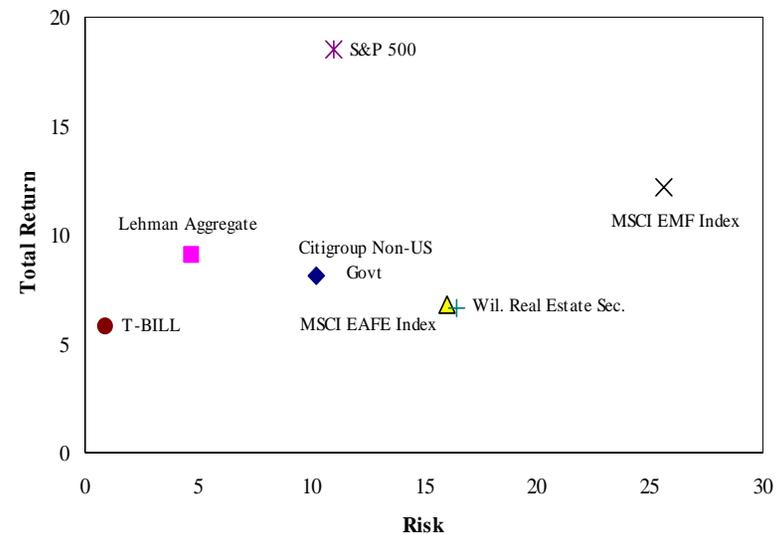
Major Asset Class Returns (%)

	QTR	YTD	1 yr	3 yr	5 yr	10yr
Equity						
Dow Jones - Wilshire 5000	-1.6	-10.9	-12.5	5.0	8.7	3.6
Standard and Poor's 500	-2.7	-11.9	-13.1	4.4	7.6	2.9
International Stock (MSCI EAFE)(USD)	-2.3	-11.0	-10.6	12.8	16.7	5.8
Emerging Markets (MSCI EMF)(USD)	-0.8	-11.6	4.9	27.5	30.1	15.5
Dow Jones - Wilshire Real Estate Securities	-5.4	-3.4	-15.4	4.8	14.9	11.0
Fixed Income						
Lehman Aggregate Bond	-1.0	1.1	7.1	4.1	3.9	5.7
First Boston High Yield	1.8	-1.1	-2.1	4.9	7.2	5.5
International Bonds (Citigroup Non-US)	-4.7	5.7	18.7	6.7	7.1	6.7
Treasury Bills (91 Day)	0.3	1.2	3.6	4.3	3.2	3.6
Consumer Price Index						
	2.5	4.2	5.0	4.0	3.6	3.0

Risk versus Return (6/30/98 – 6/30/08)



Risk versus Return (6/30/88 – 6/30/98)

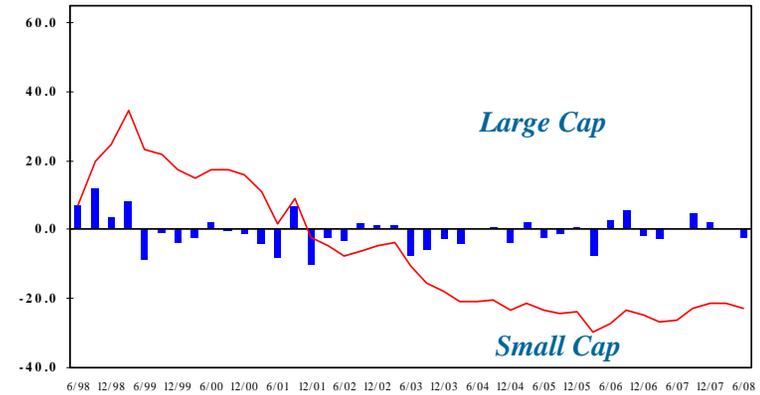


Domestic Equity Markets (Periods Ending June 30, 2008)

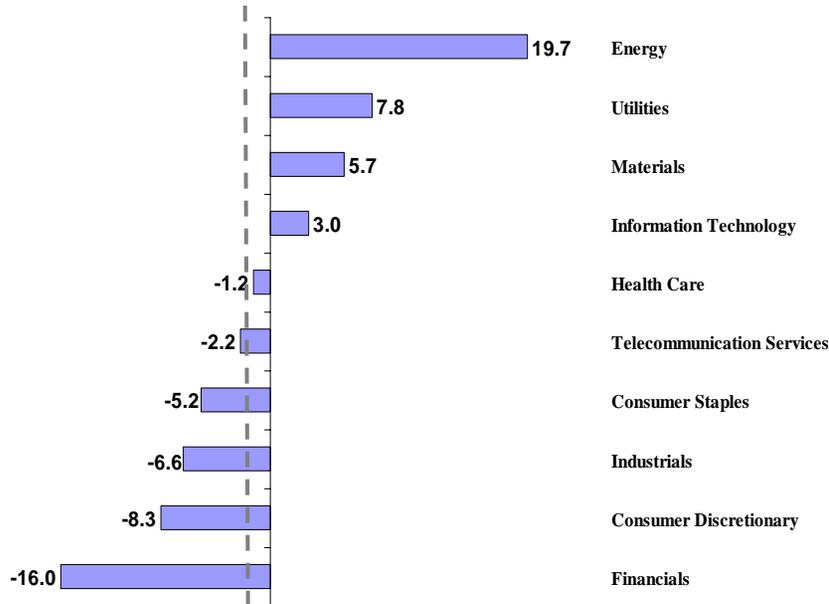
US Equity Returns (%)

	QTR	YTD	1 yr	3 yr	5 yr	10yr
DJ Wilshire 4500	2.2	-7.9	-11.4	6.6	12.2	5.9
DJ Wilshire 5000	-1.6	-10.9	-12.5	5.0	8.7	3.6
DJ Wilshire Real Est. Secs	-5.4	-3.4	-15.4	4.8	14.9	11.0
DJ Wilshire Large Cap	-1.8	-11.0	-11.8	5.2	8.4	3.3
DJ Wilshire Mid Cap	2.9	-6.5	-11.7	6.7	12.4	7.5
DJ Wilshire Small Cap	0.3	-9.4	-15.9	4.9	11.6	6.7
DJ Wilshire Micro Cap	-2.5	-14.7	-25.6	-1.1	8.0	8.5
DJ Wilshire Large Growth	2.7	-7.5	-4.9	6.7	8.3	1.3
DJ Wilshire Large Value	-6.6	-14.9	-18.8	3.3	8.2	4.8
DJ Wilshire Mid Growth	5.8	-4.6	-6.8	9.8	14.7	5.2
DJ Wilshire Mid Value	-1.5	-9.4	-18.1	2.9	9.5	8.0
DJ Wilshire Small Growth	5.1	-7.6	-11.1	7.3	12.9	4.4
DJ Wilshire Small Value	-4.5	-11.2	-20.6	2.5	10.2	8.1

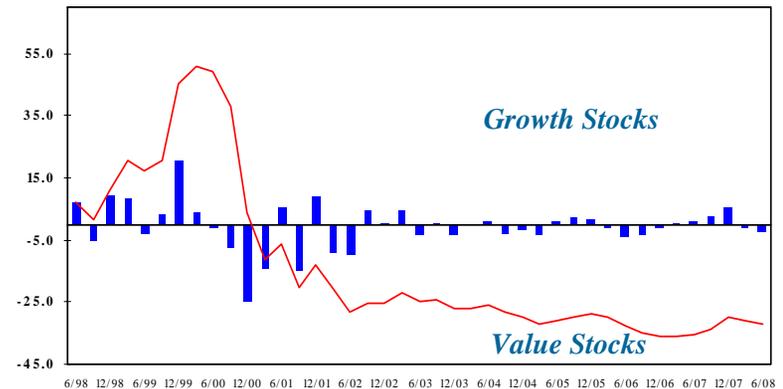
Large Cap Vs. Small Cap



DJ Wilshire 5000 Sector Returns (%)



Growth Stocks Vs. Value Stocks



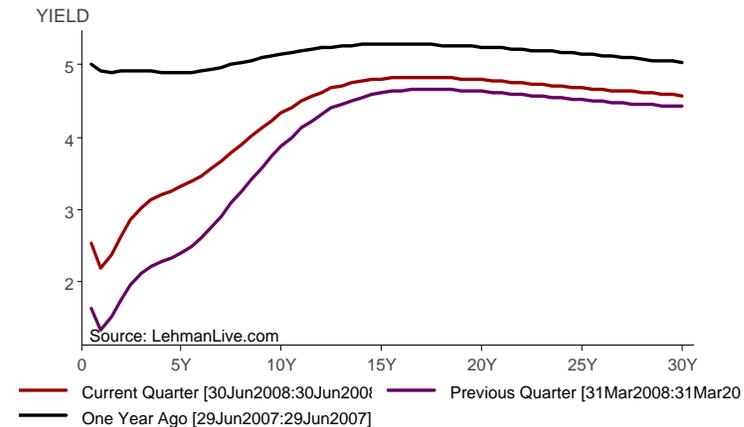
--- Represents DJ Wilshire 5000 Quarterly Return

Domestic Fixed Income Markets (Periods Ending June 30, 2008)

US Fixed Income Returns (%)

	QTR	YTD	1 yr	3 yr	5 yr	10yr
Lehman Aggregate	-1.0	1.1	7.1	4.1	3.9	5.7
Lehman ABS	-0.8	-2.7	-2.1	1.5	2.0	4.8
Lehman Credit	-0.9	-0.5	3.8	2.8	3.3	5.6
Lehman Gov't	-1.9	2.1	9.7	4.6	3.8	5.7
Lehman Gov / Credit	-1.5	1.0	7.2	3.8	3.6	5.7
Lehman Long Treasury	-2.2	1.7	12.7	3.8	4.6	6.7
Lehman Mortgage	-0.5	1.9	7.8	4.8	4.6	5.8
Lehman Agency	-1.5	1.7	8.3	4.6	3.7	5.7
Credit Suisse - High Yield	1.8	-1.1	-2.1	4.9	7.2	5.5
Citigroup World Gov't Bond	-4.2	5.0	17.0	6.2	6.4	6.6
Citigroup Non-US Bond	-4.7	5.7	18.7	6.7	7.1	6.7
Lehman US TIPS	-0.3	4.9	15.1	5.6	6.0	7.8
BGI Inflation-Linked Bond Index	-0.3	4.8	15.1	5.6	6.0	7.8

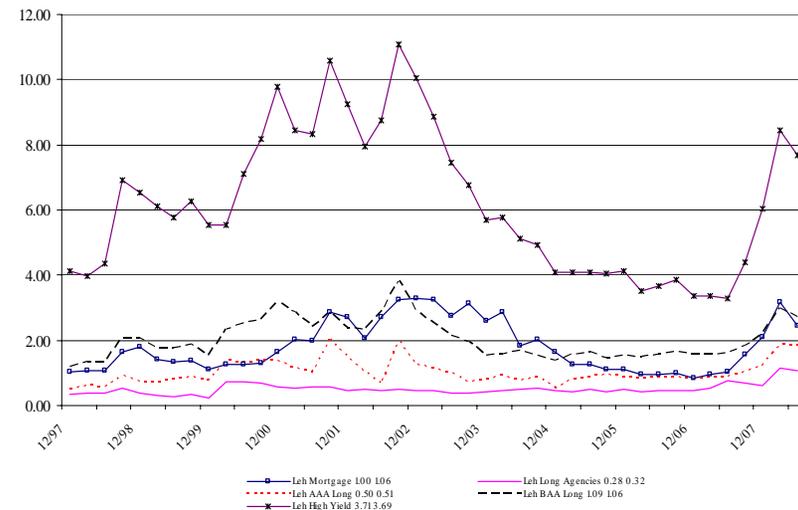
Treasury Yield Curve



Market Commentary

The Federal Reserve's Open Market Committee cut the Federal funds rate just once this quarter by 0.25%. The U.S. yield curve was on a steady climb during the quarter before pulling back, still finishing higher than at the close of the first quarter. It is no surprise, then, that long duration bonds underperformed their shorter-term counterparts. Corporate bond spreads were on the decline for much of the quarter. Although spreads started to push higher during the second half of June, the Lehman U.S. Credit outperformed the Aggregate Index. High yield bonds had a positive return for the quarter, indicated by the Lehman U.S. Corporate High Yield returning 1.76% for the quarter.

Historical Yield Spread Comparison to Treasuries



International Equity Markets (Periods Ending June 30, 2008)

International Index Returns (%)

Equity (in U.S. \$)	QTR	YTD	1 yr	3 yr	5 yr	10yr
Non U.S. (ACWI X U.S)	-1.1	-10.2	-6.6	15.7	18.9	--
Developed (EAFE)	-2.3	-11.0	-10.6	12.8	16.7	5.8
Emerging (EMF)	-0.9	-11.8	4.6	27.1	29.8	15.2
Europe	-4.2	-12.4	-11.3	13.6	17.1	5.6
Pacific	2.2	-7.6	-9.0	11.3	15.7	6.6
France	-3.9	-12.0	-11.7	13.6	17.1	6.6
Germany	-2.4	-13.9	-6.2	22.0	22.4	5.1
Japan	2.5	-5.5	-12.0	8.6	13.0	4.2
United Kingdom	-0.8	-11.2	-13.2	10.2	14.6	4.6
Currencies (% change)						
Euro vs Dollar	-0.6	7.8	16.7	9.2	6.5	--
Yen vs Dollar	-6.1	5.4	16.5	1.5	2.5	2.7
Pound vs Dollar	0.1	0.0	-0.8	3.6	3.8	1.8

Market Commentary

Foreign equity markets had recouped over half of their first quarter losses before large declines in June resulted in an overall negative quarter for diversified portfolios. Returns in local currency were better in developed markets as the U.S. dollar strengthened, particularly versus the Yen. Similar to the U.S., most European markets suffered during the second quarter from an uncertain economic outlook and inflation concerns. The Japanese equity market, although down in June, ended the second quarter in positive territory mainly from strong returns from the Industrials sector.

MSCI EAFE Index

Quarterly Returns in USD

