

Contact: Andrea Anania

**INVESTMENT AND CASH MANAGEMENT REPORT**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2009**

**Recommended Action:** Receive the Investment and Cash Management Report for the quarter ended September 30, 2009.

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

**Institutional Investment Portfolios**  
**Market Value**  
**(in thousands)**  
**As of September 30, 2008, and September 30, 2009**

	<u>Operating</u>		<u>Endowment/ Quasi-Endowment</u>	
	<u>Sep 2008</u>	<u>Sep 2009</u>	<u>Sep 2008</u>	<u>Sep 2009</u>
University of Iowa <sup>1</sup>	\$899,657	\$995,693	\$308,386 <sup>2</sup>	\$296,657 <sup>2</sup>
Iowa State University	381,700	434,323	142,106 <sup>3</sup>	130,672 <sup>3</sup>
University of Northern Iowa	120,040	134,342	-	-
Iowa School for the Deaf	1,830	2,263	-	-
Iowa Braille & Sight Saving School	506	1,356	-	-
<b>Total</b>	<b>\$1,403,733</b>	<b>\$1,567,977</b>	<b>\$450,492</b>	<b>\$427,329</b>

<sup>1</sup> Includes UIHC.

<sup>2</sup> Includes UNI.

<sup>3</sup> Includes ISD and IBSSS.

As of September 30, 2009, the Regent combined operating and endowment portfolios totaled over \$1.9 billion.

**OPERATING**

The Merrill Lynch 1-3 year Government/Corporate Index rate for the quarter was 1.44%. BlackRock, Wellington, and Vanguard all outperformed the benchmark, while all internal returns underperformed the benchmark.

**ENDOWMENT**

The combined endowment managers' returns for the quarter ended September 30, 2009, were 12.4% for SUI and 12.2% for ISU; the blended asset allocation benchmark was 12.3%. The SUI quasi-endowment returned 6.5% for the quarter, which outperformed the benchmark of 3.7%. Endowment and quasi-endowment fund manager performance overviews can be found in the *Wilshire Consulting Executive Summary of Investment Performance* report.

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

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

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

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

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

\*All three universities liquidated their investments in the Commonfund Intermediate Fund as of August 10, 2009.

**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 September 30, 2009**

	<u>Restricted</u>		<u>Unrestricted</u>			<u>Total</u> <sup>2</sup>
	<u>Internal</u>	<u>Internal</u>	<u>BlackRock</u>	<u>Wellington</u>	<u>Vanguard</u> <sup>1</sup>	
SUI	\$173,574	\$388,742	\$80,457	\$50,661	\$302,259	\$995,693
ISU	120,171	314,152	N/I	N/I	N/I	434,323
UNI	44,242	90,100	N/I	N/I	N/I	134,342
ISD	12	2,251	N/I	N/I	N/I	2,263
IBSSS	N/I	1,356	N/I	N/I	N/I	1,356
Total	\$337,999	\$796,601	\$80,457	\$50,661	\$302,259	\$1,567,977

N/I = No investments of this type.

1. This is the second full quarter for investments in Vanguard, which began on March 1, 2009.

2. See operating investment summary on the following page.

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

**Quarterly Rates of Return  
For the Quarter Ended September 30, 2009**

	<u>Restricted</u>		<u>Unrestricted</u>			<u>Total</u>
	<u>Internal</u>	<u>Internal</u>	<u>BlackRock</u>	<u>Wellington</u>	<u>Vanguard</u>	
SUI	0.42%	0.20%	2.47%	5.58%	5.64%	2.75%
ISU	0.24%	0.44%	N/I	N/I	N/I	0.44%
UNI	0.64%	0.75%	N/I	N/I	N/I	0.75%
ISD	0.10%	0.10%	N/I	N/I	N/I	0.10%
IBSSS	N/I	0.10%	N/I	N/I	N/I	0.10%

N/I = No investments of this type.

The comparable industry standard rate of return for the quarter ended September 30, 2009, includes the Merrill Lynch 1-3 year Government/Corporate Index rate of 1.44%. BlackRock, Wellington, and Vanguard all outperformed the benchmark, while all internal returns underperformed the benchmark.

**Operating Investment Summary**  
**Restricted and Unrestricted Internal, BlackRock, Wellington, Vanguard, and Commonfund**  
**(in thousands)**  
**As of September 30, 2009**

	<u>Market Value</u>	<u>Percent Market Value</u>
<b>University of Iowa</b>		
Money Market / Cash Equivalents	\$514,289	51.6%
Agency Securities	57,488	5.8%
U.S. Obligations	62,880	6.3%
Vanguard Diversified Pool	302,259	30.4%
Asset Backed	26,712	2.7%
Corporate Notes and Bonds	23,924	2.4%
Mortgage Backed	7,137	0.7%
Municipals	<u>1,004</u>	<u>0.1%</u>
Total	\$995,693	100.0%
<b>Iowa State University</b>		
Money Market / Cash Equivalents	\$214,705	49.4%
Agency Securities	151,252	34.8%
U.S. Obligations	<u>68,366</u>	<u>15.8%</u>
Total	\$434,323	100.0%
<b>University of Northern Iowa</b>		
Money Market / Cash Equivalents	\$33,383	24.8%
Agency Securities	81,668	60.8%
U.S. Obligations	<u>19,291</u>	<u>14.4%</u>
Total	\$134,342	100.0%
<b>Iowa School for the Deaf</b>		
Money Market / Cash Equivalents	\$2,263	100.0%
<b>Iowa Braille &amp; Sight Saving School</b>		
Money Market / Cash Equivalents	\$16	1.2%
Repurchase Agreements	<u>1,340</u>	<u>98.8%</u>
Total	\$1,356	100.0%
<b>Regent Composite</b>		
Money Market / Cash Equivalents	\$764,656	48.8%
Agency Securities	290,408	18.5%
U.S. Obligations	150,537	9.6%
Vanguard Diversified Pool	302,259	19.3%
Asset Backed	26,712	1.7%
Corporate Notes and Bonds	23,924	1.5%
Mortgage Backed	7,137	0.4%
Municipals	1,004	0.1%
Repurchase Agreements	<u>1,340</u>	<u>0.1%</u>
<b>Total</b>	<b>\$1,567,977</b>	<b>100.0%</b>

**ENDOWMENT PORTFOLIOS**

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

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

**Endowment Asset Class Allocation Policy\***  
**As of September 30, 2009**

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

**Endowment Manager Allocations\***  
**As of September 30, 2009**

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

\*Approved at the September 2008 meeting; revised at the December 2008 meeting. A transition period is expected as assets are reallocated to this new plan.

**Endowment Allocations  
Net of Fees  
As of September 30, 2009**

MANAGER	University of Iowa			Iowa State University		
	Value (thousands)	Value (percent)	Fees (thousands)	Value (thousands)	Value (percent)	Fees (thousands)
<b>Public Equity</b>						
<b>U.S. Equity</b>						
Delaware Investments	\$13,484	6.2%	\$31	\$8,141	6.2%	\$11
Lotsoff Capital	27,689	12.8%	29	16,252	12.4%	14
Vanguard	<u>27,806</u>	<u>12.8%</u>	<u>5</u>	<u>16,402</u>	<u>12.6%</u>	<u>3</u>
Subtotal	\$68,979	31.8%	\$65	\$40,795	31.2%	\$28
<b>Non U.S. Equity</b>						
GMO Foreign Fund	\$33,846	15.6%	\$63	\$21,275	16.3%	\$40
State Street	<u>36,113</u>	<u>16.6%</u>	<u>14</u>	<u>21,981</u>	<u>16.8%</u>	<u>8</u>
Subtotal	\$69,959	32.2%	\$77	\$43,256	33.1%	\$48
<b>Fixed Income</b>						
Dodge & Cox	\$26,141	12.0%	\$29	\$14,762	11.3%	\$17
Reams Asset Management	27,039	12.5%	19	15,650	12.0%	12
Post Advisory	<u>11,905</u>	<u>5.5%</u>	<u>18</u>	<u>7,354</u>	<u>5.6%</u>	<u>11</u>
Subtotal	\$65,085	30.0%	\$66	\$37,766	28.9%	\$40
<b>Real Assets</b>						
Principal Group	\$8,762	4.0%	\$32	\$6,095	4.7%	\$22
CF NR Partners VIII*	<u>246</u>	<u>0.1%</u>	<u>*</u>	<u>164</u>	<u>0.1%</u>	<u>*</u>
Subtotal	\$9,008	4.1%	\$32	\$6,259	4.8%	\$22
<b>Private Equity</b>						
NB Crossroads XVIII	\$3,310	1.5%	\$14	\$2,069	1.6%	\$9
CF Int'l Partners VI*	256	0.1%	*	170	0.1%	*
CF Private Equity VII*	350	0.2%	*	233	0.2%	*
CF Venture Capital VIII*	<u>207</u>	<u>0.1%</u>	<u>*</u>	<u>124</u>	<u>0.1%</u>	<u>*</u>
Subtotal	\$4,123	1.9%	\$14	\$2,596	2.0%	\$9
<b>Total Fund</b>	<b>\$217,154</b>	<b>100.0%</b>	<b>\$254</b>	<b>\$130,672</b>	<b>100.0%</b>	<b>\$147</b>

\* No fees were reported.

**Endowment Performance  
Net of Fees  
As of September 30, 2009**

	Assets (thousands)	Net Returns	
		Quarter	One Year
SUI	\$217,154	12.4%	0.6%
ISU	130,672	12.2%	0.8%
Asset Allocation Benchmark*		12.3%	1.2%
SUI Quasi-Endowment	<u>79,503</u>	6.5%	17.2%
Fixed Income Benchmark **		3.7%	10.6%
<b>Total</b>	<b>\$427,329</b>		

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

\*\* 100% Barclays Aggregate.

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

**University of Iowa Quasi-Endowment (100% Fixed Income)  
As of September 30, 2009**

	Value (thousands)	Value (percent)	Fees (thousands)	Net Returns	
				Quarter	Year
Dodge & Cox	\$30,178	38.0%	\$41	5.9%	17.9%
Reams Asset Management	<u>49,325</u>	<u>62.0%</u>	<u>30</u>	6.9%	15.6%
<b>Total Fund</b>	<b>\$79,503</b>	<b>100.0%</b>	<b>\$71</b>		
<b>Fixed Income Benchmark **</b>				<b>3.7%</b>	<b>10.6%</b>

\*\*100% Barclays Aggregate.

**Endowment / Quasi-Endowment Portfolios**  
**Market Value - Accrual Basis**  
**(in thousands)**  
**As of September 30, 2009**

Portfolio Manager	Endowment Market Value	Quasi-Endowment Market Value	Total Market Value	Percent of Total
Reams Asset Management				
SUI	\$27,039	\$49,325	\$76,364	
ISU	<u>15,650</u>	-	<u>15,650</u>	
Total	\$42,689	\$49,325	\$92,014	21.5%
Dodge & Cox				
SUI	\$26,141	\$30,178	\$56,319	
ISU	<u>14,762</u>	-	<u>14,762</u>	
Total	\$40,903	\$30,178	\$71,081	16.6%
State Street				
SUI	\$36,113	-	\$36,113	
ISU	<u>21,981</u>	-	<u>21,981</u>	
Total	\$58,094	-	\$58,094	13.6%
GMO Foreign Fund				
SUI	\$33,846	-	\$33,846	
ISU	<u>21,275</u>	-	<u>21,275</u>	
Total	\$55,121	-	\$55,121	12.9%
Vanguard				
SUI	\$27,806	-	\$27,806	
ISU	<u>16,402</u>	-	<u>16,402</u>	
Total	\$44,208	-	\$44,208	10.4%
Lotsoff Capital				
SUI	\$27,689	-	\$27,689	
ISU	<u>16,252</u>	-	<u>16,252</u>	
Total	\$43,941	-	\$43,941	10.3%
Delaware Investments				
SUI	\$13,484	-	\$13,484	
ISU	<u>8,141</u>	-	<u>8,141</u>	
Total	\$21,625	-	\$21,625	5.0%
Post Advisory				
SUI	\$11,905	-	\$11,905	
ISU	<u>7,354</u>	-	<u>7,354</u>	
Total	\$19,259	-	\$19,259	4.5%
Principal Group				
SUI	\$8,762	-	\$8,762	
ISU	<u>6,095</u>	-	<u>6,095</u>	
Total	\$14,857	-	\$14,857	3.5%
NB Crossroads XVIII				
SUI	\$3,310	-	\$3,310	
ISU	<u>2,069</u>	-	<u>2,069</u>	
Total	\$5,379	-	\$5,379	1.3%
CF Private Equity VII				
SUI	\$350	-	\$350	
ISU	<u>233</u>	-	<u>233</u>	
Total	\$583	-	\$583	0.1%
CF Int'l Partners VI				
SUI	\$256	-	\$256	
ISU	<u>170</u>	-	<u>170</u>	
Total	\$426	-	\$426	0.1%
CF NR Partners VIII				
SUI	\$246	-	\$246	
ISU	<u>164</u>	-	<u>164</u>	
Total	\$410	-	\$410	0.1%
CF Venture Capital VIII				
SUI	\$207	-	\$207	
ISU	<u>124</u>	-	<u>124</u>	
Total	\$331	-	\$331	0.1%
TOTAL				
SUI	\$217,154	\$79,503	\$296,657	
ISU	<u>130,672</u>	-	<u>130,672</u>	
Total	\$347,826	\$79,503	\$427,329	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 September 30, 2009**

University of Iowa	\$37,785
Iowa State University	21,704
University of Northern Iowa	6,238
Iowa School for the Deaf	274
Iowa Braille and Sight Saving School	148
Board Office	43
Total	<u>\$66,192</u>



**Board of Regents, State of Iowa**

# *Wilshire Consulting*

***Board of Regents, State of Iowa  
Executive Summary of Investment Performance  
Quarter Ending September 30, 2009***



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Pittsburgh, PA 15222

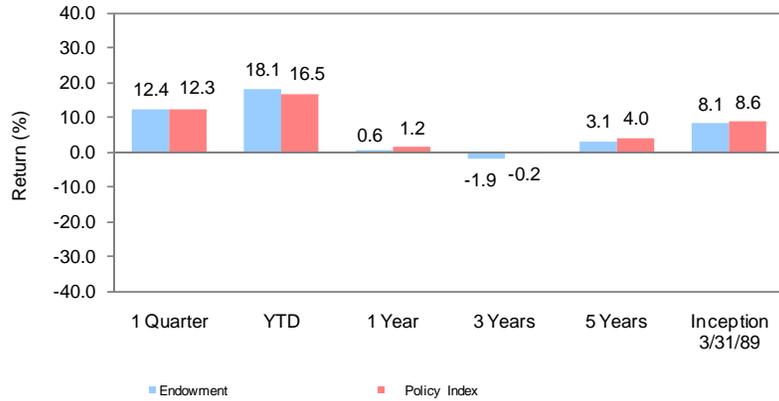
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# Total Endowment Fund Results

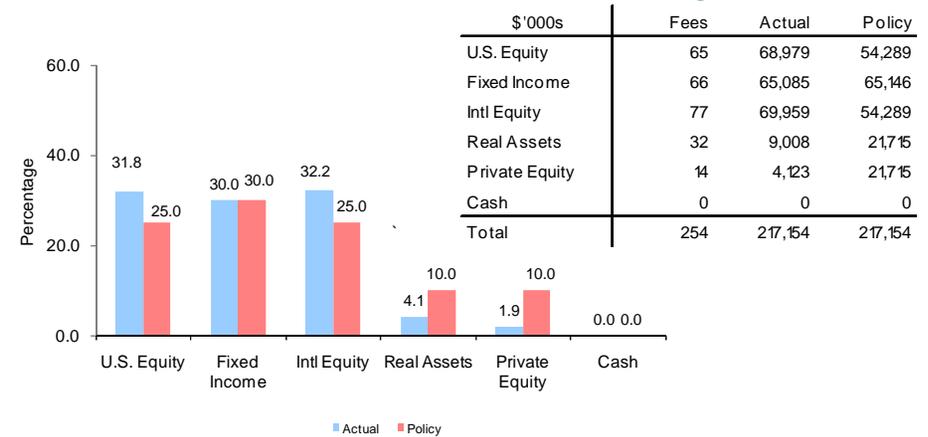
University of Iowa



## Investment Performance



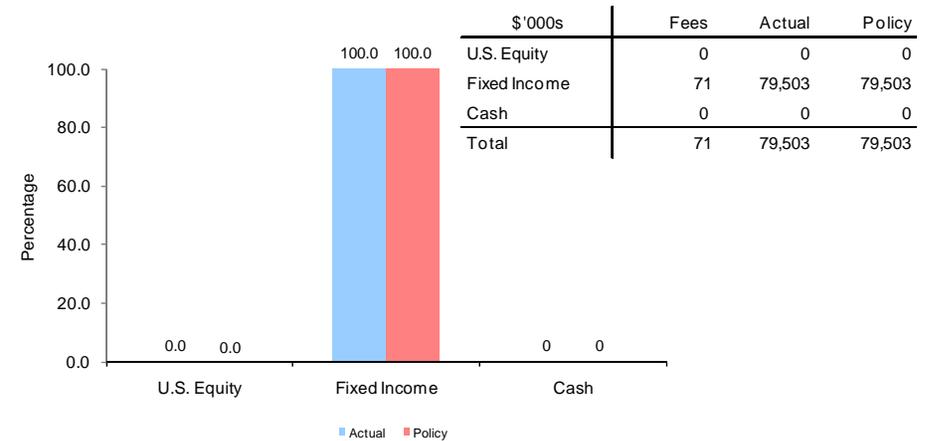
## Asset Allocation vs. Policy



\$'000s	Fees	Actual	Policy
U.S. Equity	65	68,979	54,289
Fixed Income	66	65,085	65,146
Intl Equity	77	69,959	54,289
Real Assets	32	9,008	217 <sup>15</sup>
Private Equity	14	4,123	217 <sup>15</sup>
Cash	0	0	0
<b>Total</b>	<b>254</b>	<b>217,154</b>	<b>217,154</b>

# Total Quasi-Endowment Fund Results

University of Iowa



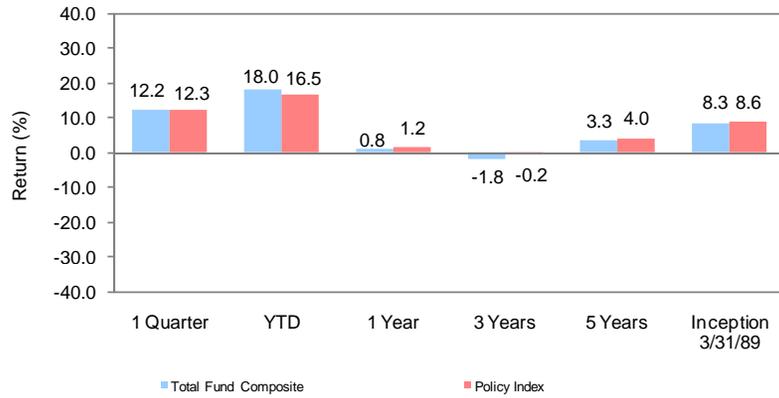
\$'000s	Fees	Actual	Policy
U.S. Equity	0	0	0
Fixed Income	71	79,503	79,503
Cash	0	0	0
<b>Total</b>	<b>71</b>	<b>79,503</b>	<b>79,503</b>

(Periods Ending September 30, 2009)

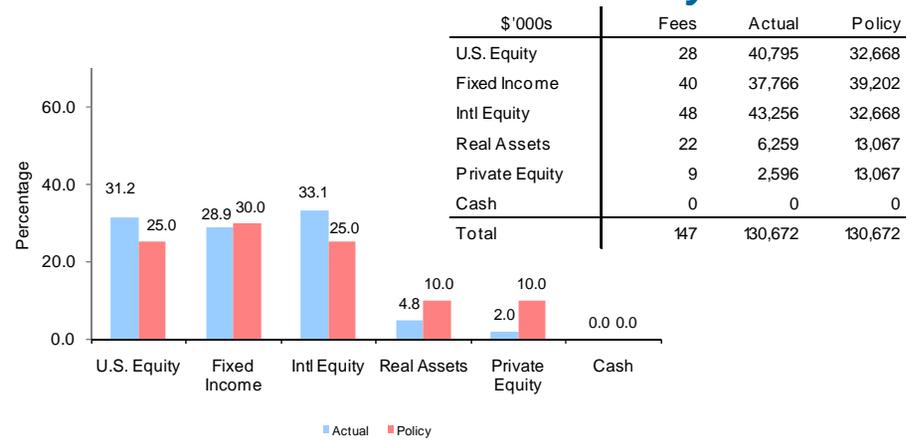
Note: At the direction of the Board of Regents, slight adjustments have been made to composite market values to account for rounding.

# Total Endowment Fund Results

## Investment Performance



## Asset Allocation vs. Policy



\$'000s	Fees	Actual	Policy
U.S. Equity	28	40,795	32,668
Fixed Income	40	37,766	39,202
Intl Equity	48	43,256	32,668
Real Assets	22	6,259	13,067
Private Equity	9	2,596	13,067
Cash	0	0	0
<b>Total</b>	<b>147</b>	<b>130,672</b>	<b>130,672</b>

(Periods Ending September 30, 2009)

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

# Endowment Fund Manager Performance Overview



## University of Iowa

Inception	Asset Class / Manager	Assets (thousands)	Net Return 1 Quarter	Benchmark 1 Quarter	Variance (bps) 1 Quarter	Net Return 1 Year	Benchmark 1 Year	Variance (bps) 1 Year	Net Return 5 Years	Benchmark 5 Years	Variance (bps) 5 Years
	<b>Domestic Equity</b>	<b>\$68,979</b>	<b>16.2%</b>	<b>16.1%</b>	<b>5</b>	<b>-6.7%</b>	<b>-6.4%</b>	<b>-30</b>	<b>0.5%</b>	<b>1.8%</b>	<b>-123</b>
3/31/2005	Lotsoff Capital	\$27,689	16.9%	15.6%	132	-5.6%	-6.9%	134	--	--	--
3/31/2008	Vanguard	\$27,806	15.6%	15.6%	1	-6.8%	-6.9%	17	--	--	--
3/31/2009	Delaware Investments	\$13,484	15.8%	19.3%	-350	--	--	--	--	--	--
	<b>International Equity</b>	<b>\$69,959</b>	<b>19.3%</b>	<b>19.5%</b>	<b>-18</b>	<b>1.2%</b>	<b>3.2%</b>	<b>-201</b>	<b>5.9%</b>	<b>6.1%</b>	<b>-18</b>
3/31/2004	GMO Foreign Fund	\$33,846	19.0%	19.5%	-52	0.9%	3.2%	-237	5.8%	6.1%	-25
6/30/2009	State Street	\$36,113	19.5%	19.8%	-22	--	--	--	--	--	--
	<b>Fixed Income</b>	<b>\$65,085</b>	<b>7.3%</b>	<b>3.7%</b>	<b>353</b>	<b>16.3%</b>	<b>10.6%</b>	<b>576</b>	<b>5.3%</b>	<b>5.1%</b>	<b>16</b>
3/31/2004	Dodge & Cox	\$26,141	5.8%	3.7%	210	17.9%	10.6%	732	5.3%	5.1%	12
9/30/2002	Reams Asset Management	\$27,039	7.0%	3.7%	330	15.4%	10.6%	485	5.6%	5.1%	42
3/31/2006	Post Advisory	\$11,905	11.1%	14.8%	-370	12.6%	22.4%	-976	--	--	--
	<b>Real Assets</b>	<b>\$9,008</b>	<b>-16.4%</b>	<b>1.4%</b>	<b>-1,784</b>	<b>-40.9%</b>	<b>-14.0%</b>	<b>-2,690</b>	<b>--</b>	<b>--</b>	<b>--</b>
3/31/2006	Principal Group	\$8,762	-17.3%	-5.2%	-1,207	-41.6%	-19.6%	-2,198	--	--	--
9/30/2006	CF NR Partners VIII	\$246	31.7%	1.4%	3,027	--	--	--	--	--	--
	<b>Private Equity</b>	<b>\$4,123</b>	<b>7.4%</b>	<b>16.1%</b>	<b>-869</b>	<b>-12.2%</b>	<b>-6.4%</b>	<b>-579</b>	<b>--</b>	<b>--</b>	<b>--</b>
12/31/2006	NB Crossroads XVIII	\$3,310	8.1%	16.1%	-805	-12.4%	-6.4%	-599	--	--	--
3/31/2007	CF Int'l Partners VI	\$256	8.9%	16.1%	-719	-12.4%	-6.4%	-597	--	--	--
3/31/2007	CF Private Equity VII	\$350	5.9%	16.1%	-1,019	-4.5%	-6.4%	194	--	--	--
6/30/2007	CF Venture Capital VIII	\$207	-2.1%	16.1%	-1,818	-12.3%	-6.4%	-591	--	--	--
	<b>Total Endowment</b>	<b>\$217,154</b>	<b>12.4%</b>	<b>12.3%</b>	<b>4</b>	<b>0.6%</b>	<b>1.2%</b>	<b>-67</b>	<b>3.1%</b>	<b>4.0%</b>	<b>-92</b>

## 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
	<b>Domestic Equity</b>	<b>\$40,795</b>	<b>16.2%</b>	<b>16.1%</b>	<b>8</b>	<b>-6.9%</b>	<b>-6.4%</b>	<b>-42</b>	<b>0.4%</b>	<b>1.8%</b>	<b>-137</b>
3/31/2005	Lotsoff Capital	\$16,252	16.9%	15.6%	133	-5.5%	-6.9%	143	--	--	--
3/31/2008	Vanguard	\$16,402	15.6%	15.6%	1	-6.8%	-6.9%	18	--	--	--
3/31/2009	Delaware Investments	\$8,141	15.9%	19.28%	-334	--	--	--	--	--	--
	<b>International Equity</b>	<b>\$43,256</b>	<b>19.3%</b>	<b>19.5%</b>	<b>-22</b>	<b>1.2%</b>	<b>3.2%</b>	<b>-205</b>	<b>5.9%</b>	<b>6.1%</b>	<b>-22</b>
3/31/2004	GMO Foreign Fund	\$21,275	19.0%	19.5%	-52	0.9%	3.2%	-238	5.8%	6.1%	-29
6/30/2009	State Street	\$21,981	19.5%	19.8%	-22	--	--	--	--	--	--
	<b>Fixed Income</b>	<b>\$37,766</b>	<b>7.5%</b>	<b>3.7%</b>	<b>373</b>	<b>16.9%</b>	<b>10.6%</b>	<b>638</b>	<b>5.4%</b>	<b>5.1%</b>	<b>23</b>
3/31/2004	Dodge & Cox	\$14,762	5.9%	3.7%	211	17.9%	10.6%	733	5.2%	5.1%	11
9/30/2002	Reams Asset Management	\$15,650	7.5%	3.7%	373	16.9%	10.6%	637	5.8%	5.1%	67
3/31/2006	Post Advisory	\$7,354	11.2%	14.8%	-367	12.6%	22.4%	-973	--	--	--
	<b>Real Assets</b>	<b>\$6,259</b>	<b>-16.5%</b>	<b>1.4%</b>	<b>-1,787</b>	<b>-40.9%</b>	<b>-14.0%</b>	<b>-2,690</b>	<b>--</b>	<b>--</b>	<b>--</b>
3/31/2006	Principal Group	\$6,095	-17.3%	-5.2%	-1,207	-41.6%	-19.6%	-2,198	--	--	--
9/30/2006	CF NR Partners VIII	\$164	31.7%	1.4%	3,027	--	--	--	--	--	--
	<b>Private Equity</b>	<b>\$2,596</b>	<b>7.5%</b>	<b>16.1%</b>	<b>-867</b>	<b>-12.2%</b>	<b>-6.4%</b>	<b>-576</b>	<b>--</b>	<b>--</b>	<b>--</b>
12/31/2006	NB Crossroads XVIII	\$2,069	8.1%	16.1%	-805	-12.4%	-6.4%	-599	--	--	--
3/31/2007	CF Int'l Partners VI	\$170	8.9%	16.1%	-719	-12.4%	-6.4%	-597	--	--	--
3/31/2007	CF Private Equity VII	\$233	5.9%	16.1%	-1,019	-4.5%	-6.4%	194	--	--	--
6/30/2007	CF Venture Capital VIII	\$124	-2.1%	16.1%	-1,818	-12.3%	-6.4%	-591	--	--	--
	<b>Total Endowment</b>	<b>\$130,672</b>	<b>12.2%</b>	<b>12.3%</b>	<b>-13</b>	<b>0.8%</b>	<b>1.2%</b>	<b>-47</b>	<b>3.3%</b>	<b>4.0%</b>	<b>-73</b>

(Periods Ending September 30, 2009)

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

# University of Iowa Operating Account



	Inception Date	Mkt. Value \$'000	Comp %	Qtr %	YTD %	1 Yr %	3 Yrs %	5 Yrs %	Inception %	Investment Fee \$'000
<b>University of Iowa External Mg. Composite</b>	<b>(12/31/96)</b>	<b>131,118</b>	<b>30.3%</b>	<b>3.8</b>	<b>8.1</b>	<b>5.9</b>	<b>3.6</b>	<b>3.3</b>	<b>4.7</b>	<b>0</b>
<i>Merrill Lynch 1-3 Yr. G/C</i>				1.4	3.5	5.9	5.4	4.2	5.1	
<i>Merrill Lynch 1-5 Yr. Govt/Corp</i>				2.2	4.4	7.6	5.8	4.4	5.5	
BlackRock Short Duration	(12/31/96)	80,457	18.6%	2.5	7.3	6.7	4.5	3.8	4.9	
<i>Merrill Lynch 1-3 Yr. G/C</i>				1.4	3.5	5.9	5.4	4.2	5.1	0
<i>Merrill Lynch 1-5 Yr. Govt/Corp</i>				2.2	4.4	7.6	5.8	4.4	5.5	
Wellington Short Bond	(3/31/03)	50,661	11.7%	5.6	9.5	7.3	3.9	3.5	3.2	0
<i>Merrill Lynch 1-3 Yr. G/C</i>				1.4	3.5	5.9	5.4	4.2	3.7	
<i>Merrill Lynch 1-5 Yr. Govt/Corp</i>				2.2	4.4	7.6	5.8	4.4	4.0	
CF Intermediate Term Fund <sup>1</sup>	(12/31/06)	0	0.0%	--	--	--	--	--	--	--
<i>Merrill Lynch 1-3 Yr. Treasury</i>				--	--	--	--	--	--	--
<b>University of Iowa Diversified Pool Composite</b>	<b>(3/31/09)</b>	<b>302,259</b>	<b>69.7%</b>	<b>5.6</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>10.7</b>	<b>74</b>
<i>Policy Index</i>				5.6	--	--	--	--	11.1	
Vanguard Total Stock Market Index	(3/31/09)	26,947	6.2%	16.5	--	--	--	--	36.3	4
<i>MSCI US Broad Market Index</i>				16.5	--	--	--	--	36.2	
Vanguard FTSE All World Ex US Index	(3/31/09)	7,100	1.6%	19.9	--	--	--	--	53.6	3
<i>FTSE All World Ex US Index</i>				20.1	--	--	--	--	54.0	
Vanguard REIT Index Fund Inst.	(3/31/09)	19,069	4.4%	34.6	--	--	--	--	75.0	5
<i>MSCI U.S. REIT Index</i>				34.6	--	--	--	--	75.2	
Vanguard Total Bond Market Index	(3/31/09)	88,872	20.5%	3.8	--	--	--	--	5.6	11
<i>Barclays Aggregate Index</i>				3.7	--	--	--	--	5.6	
Vanguard High Yield Corp Fund Adm.	(3/31/09)	16,040	3.7%	10.6	--	--	--	--	26.6	7
<i>Barclays High Yield Index</i>				14.2	--	--	--	--	40.6	
Vanguard Inflation-Protected Sec Inst.	(3/31/09)	29,684	6.8%	3.1	--	--	--	--	3.4	7
<i>Barclays U.S. TIPS Index</i>				3.1	--	--	--	--	3.8	
Vanguard Prime Money Market Fund Inst.	(3/31/09)	114,547	26.5%	0.1	--	--	--	--	0.3	37
<i>T-Bill</i>				0.1	--	--	--	--	0.1	

<sup>1</sup>CF Intermediate Term fund was eliminated from all university plans on August 10, 2009

(Periods Ending September 30, 2009)

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

\*Please see page 11 for policy specifications.

# Total Endowment Fund Results

	Inception Date	Mkt. Value \$'000	Comp %	QTR %	YTD %	1 Year %	3 Years %	5 Years %	Inception %	Qtr. Inv. Fee \$'000
<b>University of Iowa Total Endowment</b>	<b>(3/31/89)</b>	<b>217,154</b>	<b>100.0%</b>	<b>12.4</b>	<b>18.1</b>	<b>0.6</b>	<b>-1.9</b>	<b>3.1</b>	<b>8.1</b>	<b>254</b>
<b>Iowa State University Total Endowment</b>	<b>(3/31/89)</b>	<b>130,672</b>	<b>100.0%</b>	<b>12.2</b>	<b>18.0</b>	<b>0.8</b>	<b>-1.8</b>	<b>3.3</b>	<b>8.3</b>	<b>147</b>
<i>Policy Index</i>				<i>12.3</i>	<i>16.5</i>	<i>1.2</i>	<i>-0.2</i>	<i>4.0</i>	<i>8.6</i>	
<b>University of Iowa Domestic Equity Composite</b>	<b>(3/31/89)</b>	<b>68,979</b>	<b>31.8%</b>	<b>16.2</b>	<b>22.4</b>	<b>-6.7</b>	<b>-6.9</b>	<b>0.5</b>	<b>8.5</b>	<b>65</b>
<b>Iowa State University Domestic Equity Composite</b>	<b>(3/31/89)</b>	<b>40,795</b>	<b>31.2%</b>	<b>16.2</b>	<b>22.3</b>	<b>-6.9</b>	<b>-7.1</b>	<b>0.4</b>	<b>8.3</b>	<b>28</b>
<i>Wilshire 5000</i>				<i>16.1</i>	<i>21.3</i>	<i>-6.4</i>	<i>-4.8</i>	<i>1.8</i>	<i>8.8</i>	
University of Iowa: Vanguard	(3/31/08)	27,806	12.8%	15.6	19.4	-6.8	--	--	-11.6	5
Iowa State University: Vanguard	(3/31/08)	16,402	12.6%	15.6	19.4	-6.8	--	--	-11.6	3
<i>S&amp;P 500</i>				<i>15.6</i>	<i>19.3</i>	<i>-6.9</i>	<i>--</i>	<i>--</i>	<i>-11.7</i>	
University of Iowa: Lotsoff Capital	(3/31/05)	27,689	12.8%	16.9	25.1	-5.6	-6.4	--	-1.0	29
Iowa State University: Lotsoff Capital	(3/31/05)	16,252	12.4%	16.9	25.2	-5.5	-6.2	--	-0.8	14
<i>S&amp;P 500</i>				<i>15.6</i>	<i>19.3</i>	<i>-6.9</i>	<i>-5.4</i>	<i>--</i>	<i>-0.4</i>	
University of Iowa: Delaware Investments	(3/31/09)	13,484	6.2%	15.8	--	--	--	--	39.6	31
Iowa State University: Delaware Investments	(3/31/09)	8,141	6.2%	15.9	--	--	--	--	39.8	11
<i>Russell 2000</i>				<i>19.3</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>44.0</i>	
<b>University of Iowa International Equity Composite</b>	<b>(9/30/94)</b>	<b>69,959</b>	<b>32.2%</b>	<b>19.3</b>	<b>20.7</b>	<b>1.2</b>	<b>-4.0</b>	<b>5.9</b>	<b>5.5</b>	<b>77</b>
<b>Iowa State University International Equity Composite</b>	<b>(9/30/94)</b>	<b>43,256</b>	<b>33.1%</b>	<b>19.3</b>	<b>20.6</b>	<b>1.2</b>	<b>-4.0</b>	<b>5.9</b>	<b>5.3</b>	<b>48</b>
<i>MSCI EAFE (N) Index</i>				<i>19.5</i>	<i>29.0</i>	<i>3.2</i>	<i>-3.6</i>	<i>6.1</i>	<i>4.7</i>	
University of Iowa: GMO Foreign Fund	(3/31/04)	33,846	15.6%	19.0	20.3	0.9	-4.1	5.8	5.5	63
Iowa State University: GMO Foreign Fund	(3/31/04)	21,275	16.3%	19.0	20.2	0.9	-4.1	5.8	5.4	40
<i>MSCI EAFE (N) Index</i>				<i>19.5</i>	<i>29.0</i>	<i>3.2</i>	<i>-3.6</i>	<i>6.1</i>	<i>5.5</i>	
University of Iowa: State Street	(6/30/09)	36,113	16.6%	19.5	--	--	--	--	19.5	14
Iowa State University: State Street	(6/30/09)	21,981	16.8%	19.5	--	--	--	--	19.5	8
<i>MSCI ACWI Ex. U.S. (G) Index</i>				<i>19.8</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>19.8</i>	
<b>University of Iowa Fixed Income Composite</b>	<b>(3/31/89)</b>	<b>65,085</b>	<b>30.0%</b>	<b>7.3</b>	<b>20.8</b>	<b>16.3</b>	<b>6.6</b>	<b>5.3</b>	<b>7.4</b>	<b>66</b>
<b>Iowa State University Fixed Income Composite</b>	<b>(3/31/89)</b>	<b>37,766</b>	<b>28.9%</b>	<b>7.5</b>	<b>21.6</b>	<b>16.9</b>	<b>6.8</b>	<b>5.4</b>	<b>6.9</b>	<b>40</b>
<i>Custom Policy</i>				<i>3.7</i>	<i>5.7</i>	<i>10.6</i>	<i>6.4</i>	<i>5.1</i>	<i>7.5</i>	
University of Iowa: Dodge & Cox	(3/31/04)	26,141	12.0%	5.8	14.1	17.9	6.6	5.3	4.9	29
Iowa State University: Dodge & Cox	(3/31/04)	14,762	11.3%	5.9	14.1	17.9	6.5	5.2	4.9	17
<i>Barclays Aggregate</i>				<i>3.7</i>	<i>5.7</i>	<i>10.6</i>	<i>6.4</i>	<i>5.1</i>	<i>4.8</i>	
University of Iowa: Reams Asset Management	(9/30/02)	27,039	12.5%	7.0	20.1	15.4	7.1	5.6	5.3	19
Iowa State University: Reams Asset Management	(9/30/02)	15,650	12.0%	7.5	21.7	16.9	7.5	5.8	5.5	12
<i>Barclays Aggregate</i>				<i>3.7</i>	<i>5.7</i>	<i>10.6</i>	<i>6.4</i>	<i>5.1</i>	<i>5.0</i>	
University of Iowa: Post Advisory	(3/31/06)	11,905	5.5%	11.1	39.1	12.6	4.8	--	5.1	18
Iowa State University: Post Advisory	(3/31/06)	7,354	5.6%	11.2	39.1	12.6	4.8	--	5.1	11
<i>Merrill Lynch High Yield Master II</i>				<i>14.8</i>	<i>48.5</i>	<i>22.4</i>	<i>5.2</i>	<i>--</i>	<i>5.7</i>	

(Periods Ending September 30, 2009)

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

\*Please see page 11 for policy specifications.

# Total Endowment Fund Results

	Inception Date	Mkt. Value \$'000	Comp %	QTR %	YTD %	1 Year %	3 Years %	5 Years %	Inception %	Qtr. Inv. Fee \$'000
<b>University of Iowa Real Assets Composite</b>	(3/31/06)	<b>9,008</b>	<b>4.1%</b>	<b>-16.4</b>	<b>-38.0</b>	<b>-40.9</b>	<b>-10.8</b>	<b>--</b>	<b>-6.3</b>	<b>32</b>
<b>Iowa State University Real Assets Composite</b>	(3/31/06)	<b>6,259</b>	<b>4.8%</b>	<b>-16.5</b>	<b>-38.0</b>	<b>-40.9</b>	<b>-10.8</b>	<b>--</b>	<b>-6.3</b>	<b>22</b>
<i>Policy Index</i>				<i>1.4</i>	<i>-13.8</i>	<i>-14.0</i>	<i>3.3</i>	<i>--</i>	<i>5.0</i>	
University of Iowa: Principal Group <sup>1</sup>	(3/31/06)	8,762	4.0%	-17.3	-38.7	-41.6	-11.1	--	-6.6	32
Iowa State University: Principal Group <sup>1</sup>	(3/31/06)	6,095	4.7%	-17.3	-38.7	-41.6	-11.1	--	-6.6	22
<i>NCREIF Property Index Lagged</i>				<i>-5.2</i>	<i>-19.4</i>	<i>-19.6</i>	<i>1.0</i>	<i>--</i>	<i>3.0</i>	
University of Iowa: CF NR Partners VIII	(9/30/2008)	246	0.1%	31.7	4.6	4.6	--	--	4.6	--
Iowa State University: CF NR Partners VIII	(9/30/2008)	164	0.1%	31.7	4.6	4.6	--	--	4.6	--
<i>U.S. CPI +5%</i>				<i>1.4</i>	<i>6.7</i>	<i>3.8</i>	<i>--</i>	<i>--</i>	<i>3.8</i>	
<b>University of Iowa Private Equity Composite</b>	(12/31/06)	<b>4,123</b>	<b>1.9%</b>	<b>7.4</b>	<b>5.0</b>	<b>-12.2</b>	<b>--</b>	<b>--</b>	<b>-4.5</b>	<b>14</b>
<b>Iowa State University Private Equity Composite</b>	(12/31/06)	<b>2,596</b>	<b>2.0%</b>	<b>7.5</b>	<b>5.0</b>	<b>-12.2</b>	<b>--</b>	<b>--</b>	<b>-4.5</b>	<b>9</b>
<i>Wilshire 5000</i>				<i>16.1</i>	<i>21.3</i>	<i>-6.4</i>	<i>--</i>	<i>--</i>	<i>-7.6</i>	
University of Iowa: NB Crossroads XVIII	(12/31/06)	3,310	1.5%	8.1	6.7	-12.4	--	--	-3.8	14
Iowa State University: NB Crossroads XVIII	(12/31/06)	2,069	1.6%	8.1	6.7	-12.4	--	--	-3.8	9
<i>Wilshire 5000</i>				<i>16.1</i>	<i>21.3</i>	<i>-6.4</i>	<i>--</i>	<i>--</i>	<i>-7.6</i>	
University of Iowa: CF Int'l Partners VI	(3/31/07)	256	0.1%	8.9	-1.4	-12.4	--	--	-31.3	--
Iowa State University: CF Int'l Partners VI	(3/31/07)	170	0.1%	8.9	-1.4	-12.4	--	--	-31.3	--
<i>Wilshire 5000</i>				<i>16.1</i>	<i>21.3</i>	<i>-6.4</i>	<i>--</i>	<i>--</i>	<i>-8.9</i>	
University of Iowa: CF Private Equity VII	(3/31/07)	350	0.2%	5.9	1.2	-4.5	--	--	-63.9	--
Iowa State University: CF Private Equity VII	(3/31/07)	233	0.2%	5.9	1.2	-4.5	--	--	-63.9	--
<i>Wilshire 5000</i>				<i>16.1</i>	<i>21.3</i>	<i>-6.4</i>	<i>--</i>	<i>--</i>	<i>-8.9</i>	
University of Iowa: CF Venture Capital VIII	(6/30/07)	207	0.1%	-2.1	-9.6	-12.3	--	--	-49.7	--
Iowa State University: CF Venture Capital VIII	(6/30/07)	124	0.1%	-2.1	-9.6	-12.3	--	--	-49.7	--
<i>Wilshire 5000</i>				<i>16.1</i>	<i>21.3</i>	<i>-6.4</i>	<i>--</i>	<i>--</i>	<i>-12.1</i>	

<sup>1</sup>Principal Enhanced Property Fund & NCREIF Property Index is lagged one quarter

# Total Quasi-Endowment Fund Results

	Inception Date	Mkt. Value \$'000	Comp %	Qtr %	YTD %	1 Yr %	3 Yrs %	5 Yrs %	Inception %	Qtr. Inv. Fee \$'000
<b>University of Iowa Quasi Composite</b>	(6/30/98)	<b>79,503</b>	<b>100%</b>	<b>6.5</b>	<b>17.4</b>	<b>17.2</b>	<b>7.1</b>	<b>5.6</b>	<b>5.7</b>	<b>71</b>
<i>Custom Policy</i>				<i>3.7</i>	<i>5.7</i>	<i>10.6</i>	<i>6.4</i>	<i>5.1</i>	<i>5.9</i>	
Dodge & Cox Income Fund Quasi	(3/31/04)	30,178	38.0%	5.9	14.1	17.9	6.6	5.3	4.9	41
<i>Barclays Aggregate</i>				<i>3.7</i>	<i>5.7</i>	<i>10.6</i>	<i>6.4</i>	<i>5.1</i>	<i>4.8</i>	
Reams Asset Management Core Quasi	(9/30/01)	49,325	62.0%	6.9	20.0	15.6	7.3	5.7	5.5	30
<i>Barclays Aggregate</i>				<i>3.7</i>	<i>5.7</i>	<i>10.6</i>	<i>6.4</i>	<i>5.1</i>	<i>5.4</i>	

(Periods Ending September 30, 2009)

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

\*Please see page 11 for policy specifications.

# Manager Overview

## Vanguard

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

## Lotsoff Capital Management

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

## Delaware Investments

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

## Dodge & Cox

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

## Reams Asset Management

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

## Post Advisory

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

## GMO Foreign Fund

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

## State Street

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

# Manager Overview

## Principal Group

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

## CF NR Partners VIII

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

## NB Crossroads XVII

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

## CF Int'l Partners VI

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

## CF Private Equity VII

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

## CF Venture Capital VIII

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

# Quarterly Active Manager Attribution

## Lotsoff Capital

- Lotsoff Capital Management posted a 16.92% return for the 3<sup>rd</sup> quarter, outperforming the S&P 500 by ~ 132 bps.
- The strongest areas of outperformance were a result of strong stock selection in the energy, materials, consumer discretionary, and telecommunication sectors.
- The strategy continued to significantly underweight large integrated oil companies, while overweighting the smaller specialized E&P's which once again added to relative performance.
- Poor stock selection in the information technology and financial sectors detracted from relative returns.

## Delaware Investments

- Delaware Small Core posted a 15.78% return for the 3<sup>rd</sup> quarter, underperforming the Russell 2000 by ~ 350 bps.
- Stock selection in the information technology and industrial sectors were main drags on relative performance.
- Overweight positions in Huron Consulting (HURN), Synaptics (SYNA), and Iconix Brand Group (ICON) all detracted from relative performance.
- Strong stock selection in the health care, financial, and utilities sectors all contributed to relative returns.

## GMO Foreign Fund

- The GMO Foreign fund posted a 18.95% return for the 3<sup>rd</sup> quarter, underperforming the MSCI EAFE Index (N) by ~ 52 bps.
- Poor country selection (most notably an underweight to Australia, and overweight to Finland) detracted from relative performance.
- An underweight to financials in France also subtracted from relative returns.
- Strong stock selection in Japan, Germany, Finland, and emerging markets contributed to relative performance.

## Dodge & Cox

- The Dodge & Cox Income fund posted a 5.84% return for the 3<sup>rd</sup> quarter, outperforming the Barclays Aggregate by ~ 210 bps.
- The fund's significant corporate sector overweight was the main contributor to relative performance during the quarter.
- A sizable nominal yield advantage (vs.. the benchmark) enhanced returns, as did an underweight to U.S. Treasuries (both on a market value and duration basis).
- The fund's lack of holdings in CMBS and very little ABS were the main detractors from relative performance.

## Reams Asset Management

- Reams Core Fixed Income posted a 7.04% return for the 3<sup>rd</sup> quarter, outperforming the Barclays Aggregate by ~ 330 bps.
- An overweight to investment grade credit was the largest contributor to relative performance throughout the quarter.
- An increase investment in high coupon mortgage securities during the quarter contributed to returns.
- The strategy has increased its position in the mortgage-backed sector (through increased investments in high coupon mortgages) despite reducing its weighting in CMBS.

## Post Advisory

- The Post High Yield Fund posted a 11.12% return for the 3<sup>rd</sup> quarter, underperforming the ML High Yield Master II by ~370 bps.
- Having a significantly shorter duration than the index hurt relative performance over the course of the quarter.
- Superior security selection and carrying very little cash during the quarter contributed to relative returns.

# Private Equity Analysis

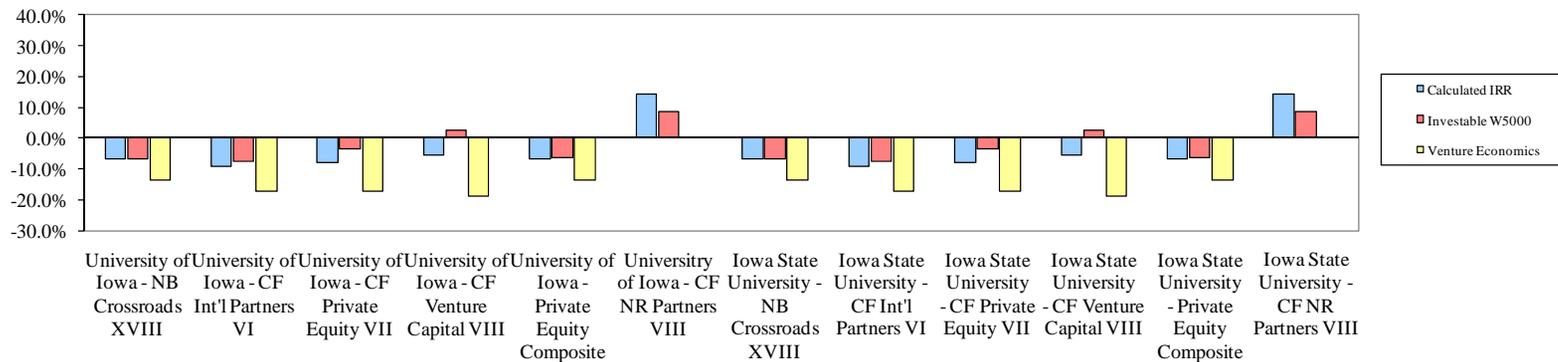
Fund	Inception	Total Commitment	Capital Called		Distributions*	Investment Gain/Loss	Market Value	Performance			
								Calculated IRR	Investable W5000	Venture Economics	
University of Iowa - NB Crossroads XVIII	4q2006	6,000,000	3,900,000	65%	307,648	-282,441	3,309,911	-6.6%	-6.8%	-13.8%	1
University of Iowa - CF Int'l Partners VI	2q2007	1,200,000	288,000	24%	220	-32,182	255,598	-9.3%	-7.4%	-17.2%	2
University of Iowa - CF Private Equity VII	2q2007	2,400,000	380,400	16%	159	-30,390	349,851	-8.1%	-3.6%	-17.2%	3
University of Iowa - CF Venture Capital VIII	3q2007	1,000,000	217,500	22%	0	-10,734	206,766	-5.5%	2.5%	-18.8%	4
<b>University of Iowa - Private Equity Composite</b>	<b>4q2006</b>	<b>10,600,000</b>	<b>4,785,900</b>	<b>45%</b>	<b>308,027</b>	<b>-355,747</b>	<b>4,122,126</b>	<b>-6.8%</b>	<b>-6.5%</b>	<b>-13.8%</b>	<b>5</b>
<b>University of Iowa - CF NR Partners VIII</b>	<b>4q2008</b>	<b>6,000,000</b>	<b>225,000</b>	<b>4%</b>	<b>0</b>	<b>21,022</b>	<b>246,022</b>	<b>14.2%</b>	<b>8.7%</b>	<b>-</b>	<b>-</b>

Fund	Inception	Total Commitment	Capital Called		Distributions*	Investment Gain/Loss	Market Value	Calculated IRR	Investable W5000	Venture Economics	
											Iowa State University - NB Crossroads XVIII
Iowa State University - CF Int'l Partners VI	2q2007	800,000	192,000	24%	148	-21,450	170,402	-9.3%	-7.4%	-17.2%	2
Iowa State University - CF Private Equity VII	2q2007	1,600,000	253,600	16%	107	-20,259	233,234	-8.1%	-3.6%	-17.2%	3
Iowa State University - CF Venture Capital VIII	3q2007	600,000	130,500	22%	0	-6,440	124,060	-5.5%	2.5%	-18.8%	4
<b>Iowa State University - Private Equity Composite</b>	<b>4q2006</b>	<b>6,750,000</b>	<b>3,013,600</b>	<b>45%</b>	<b>192,373</b>	<b>-224,838</b>	<b>2,596,389</b>	<b>-6.8%</b>	<b>-6.5%</b>	<b>-13.8%</b>	<b>5</b>
<b>Iowa State University - CF NR Partners VIII</b>	<b>4q2008</b>	<b>4,000,000</b>	<b>150,000</b>	<b>4%</b>	<b>0</b>	<b>14,014</b>	<b>164,014</b>	<b>14.2%</b>	<b>8.7%</b>	<b>-</b>	<b>-</b>

\*Sum of distributions, expenses, and investment fees

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



(Periods Ending September 30, 2009)

**Endowment Policy Index**

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

**Fixed Income/ Quasi Policy**

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

**Real Assets Policy Index**

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

**Diversified Pool Policy Index**

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



# Appendix

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## U.S. Equity

The U.S. stock market rallied strongly in the third quarter, climbing 16.1% to extend its rally since the March 9<sup>th</sup> low. This represented the second consecutive quarterly gain for the Wilshire 5000<sup>SM</sup> Index and the highest back to back quarterly gain since 1975. This performance follows a six-quarter losing streak that stretched from Q4 2007 through Q1 2009.

Small capitalization stocks continued their relative performance advantage from the second quarter with a 22.9% advance for the Wilshire U.S. Small Cap Index versus a respectable 15.3% gain for the Wilshire U.S. Large Cap Index. Both the growth and value style segments delivered solid returns for the quarter with a relatively negligible difference between the two groups.

The equity market's third quarter rally was broad with all sectors climbing 6.5% or more. Financial stocks continued their rebound and were the best performing sector with a rise of 23.3%. The Materials, Industrials and Consumer Discretionary sectors were also top performers, posting returns of 23.0%, 21.3% and 20.7%, respectively.

The U.S. dollar continued to weaken significantly during the quarter relative to other major currencies. The greenback's decline has contributed to the climb in commodity prices. Gold and oil, for example, have risen to \$1008.00 and \$70.61, respectively, from \$922.60 and \$49.66 at the end of March.

## Non-U.S. Equity

In non-U.S. markets, the falling U.S. dollar contributed a large tailwind to USD versus LC return performance. Returns across all major indices, and most time periods, reflect this currency enhancement. For the quarter, equity markets in many regions and countries returned in the double digits except Japan and China, which lagged but were still positive. Emerging markets led developed equity indices with a 21.0% return for the quarter while frontier markets lagged all others.

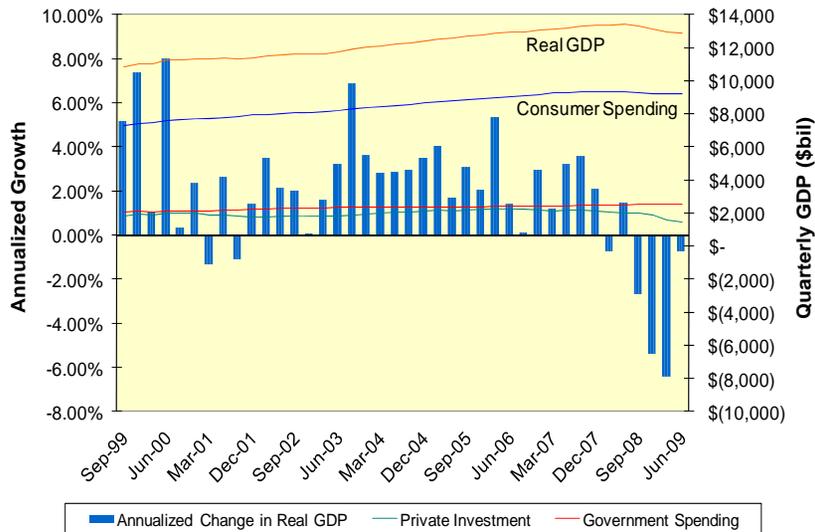
## Fixed Income

Credit continued its rally during the third quarter as U.S. Credit option adjusted spreads (OAS) tightened at a meaningful pace, although slower than during Q2. U.S. Corporate High Yield returns swelled 14.2% for the quarter, the third highest historical quarterly return – the highest ever was during Q2 of 2009. The U.S. Long-term Treasury Index returned 4.5%, posting its first quarterly gain of the year. U.S. TIPS returned a substantial 3.1% quarterly return, reflecting the continuing increase in inflation forecasts since the start of year. Non-U.S. debt was up and emerging market local currency debt benefited from a renewed interest in non-dollar assets.

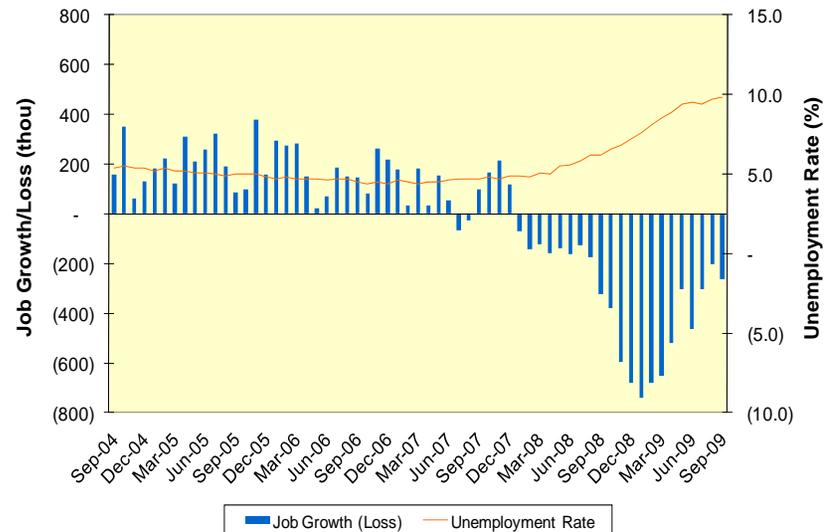
# Economic Review

September 30, 2009		Key Economic Indicators			
<b>CPI (all items)</b> Seasonally adjusted	Monthly Change			Cumulative Change	
	Sep-09	0.2	3-Month		0.6
	Aug-09	0.4	12-Month		-1.3
	Jul-09	0.0	10-Yr Annual		2.5
<b>Consumer Sentiment</b> Unv. of Michigan Survey	Sep-09	73.5			
	Aug-09	65.7			
	1-Yr Ago	70.3	10-Yr Avg		86.9
<b>Manufacturing</b> Inst. for Supply Mgmt Purchasing Mngrs' Idx	Sep-09	52.6	Change in Manufacturing Sector		
	Aug-09	52.9	>50		Expansion
	1-Yr Avg	41.5	<50		Contraction

Changes in Real GDP (2005 base year)



Unemployment Rate and Job Growth/Loss

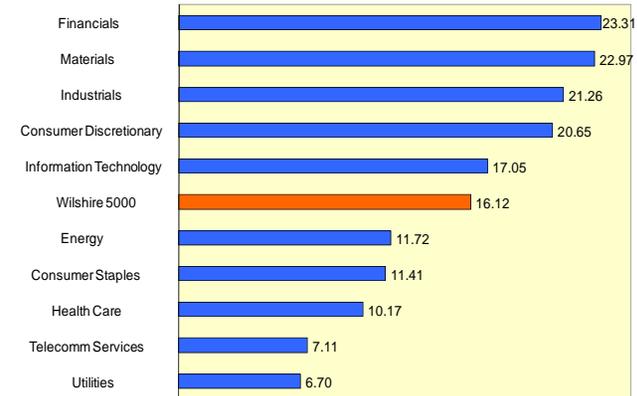


Data sources: Bureau of Economic Analysis, Bureau of Labor Statistics, Federal Reserve Bank of St. Louis

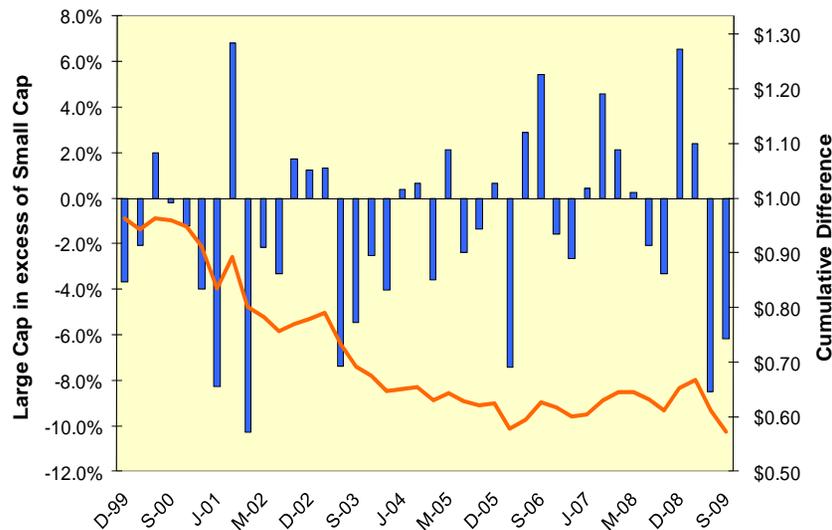
# U.S. Capital Markets: Equity

September 30, 2009	Qtr	Ytd	1 Yr	3 Yr	5 Yr	10 Yr
Wilshire 5000	16.1	21.3	-6.4	-4.8	1.8	0.9
Wilshire U.S. Large Cap	15.3	19.5	-7.1	-5.0	1.5	0.2
Wilshire U.S. Small Cap	22.9	35.9	-0.8	-2.2	4.2	6.0
Wilshire U.S. Large Growth	15.5	27.2	-2.3	-2.1	2.3	-2.0
Wilshire U.S. Large Value	15.1	11.9	-11.8	-8.0	0.6	2.3
Wilshire U.S. Small Growth	19.9	40.9	0.6	-1.0	5.0	2.8
Wilshire U.S. Small Value	25.9	31.2	-2.2	-3.3	3.5	8.4
Wilshire REIT Index	35.4	17.8	-29.3	-13.7	1.2	9.7
Dow Jones AIG Commodity Index	4.2	9.0	-23.7	-4.9	-0.7	6.3

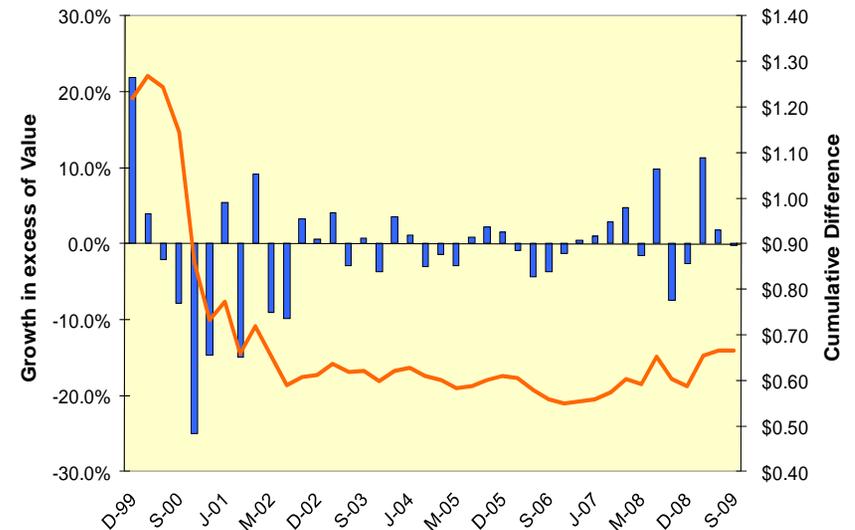
Wilshire 5000 Quarterly Sector Returns (%)



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



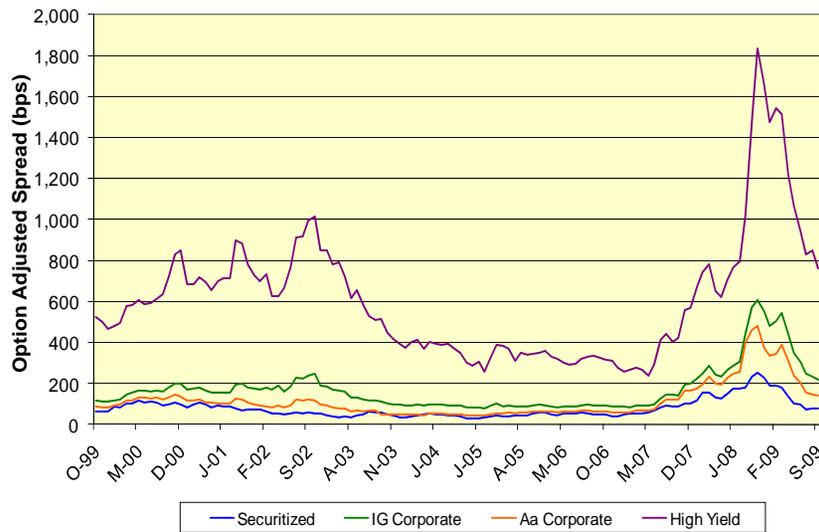
Growth vs. Value: 10 Years of Quarterly Observations



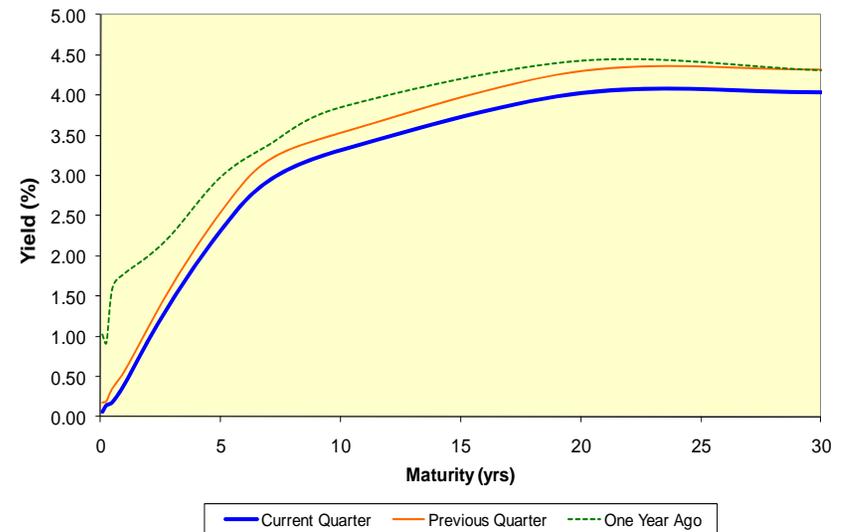
# U.S. Capital Markets: Fixed Income

September 30, 2009	Qtr	Ytd	1 Yr	3 Yr	5 Yr	10 Yr
Barclays Aggregate Bond Index	3.7	5.7	10.6	6.4	5.1	6.3
Barclays Treasury Index	2.1	-2.3	6.3	6.9	5.2	6.2
Barclays Govt-Related Index	2.6	2.7	8.5	6.8	5.3	6.5
Barclays Securitized Index	3.2	6.9	9.4	6.6	5.4	6.2
Barclays Corporate IG Index	8.1	17.0	21.7	5.7	4.6	6.4
Barclays LT Govt/Credit Index	8.5	4.7	18.3	6.9	6.0	7.8
Barclays Long-Term Treasury Index	4.5	-8.0	9.1	8.0	6.6	8.0
Barclays U.S. TIPS Index	3.1	9.5	5.7	5.6	4.8	7.5
Barclays High Yield Index	14.2	49.0	22.3	5.3	6.1	6.3
Treasury Bills	0.1	0.2	0.4	2.8	3.1	3.1

Barclays Fixed Income Indexes - OAS



Treasury Yield Curve

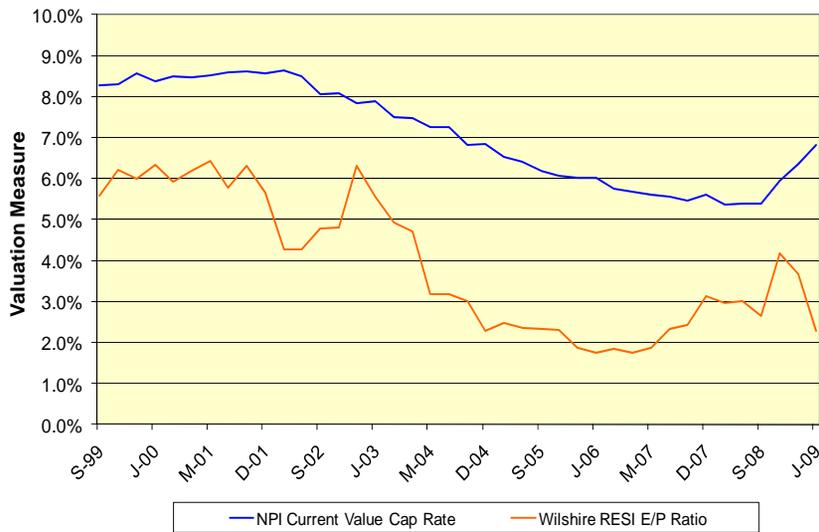


# Real Assets

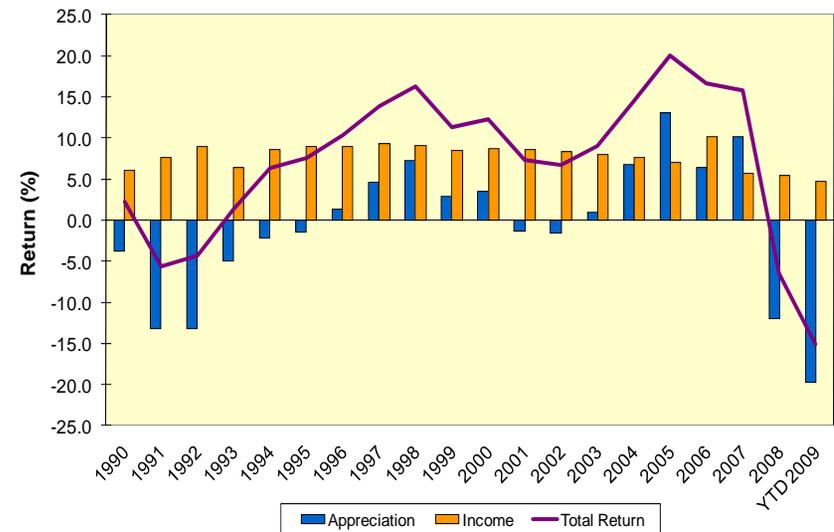
September 30, 2009	Qtr	Ytd	1 Yr	3 Yr	5 Yr	10 Yr
Barclays U.S. TIPS Index	3.1	9.5	5.7	5.6	4.8	7.5
Dow Jones UBS Commodity Index	4.2	9.0	-23.7	-4.9	-0.7	6.3
Global Public Real Estate*	33.6	26.9	-19.8	-11.1	2.9	9.2
NCREIF Property Index	-3.3	-15.1	-22.1	-1.3	6.2	7.8
NCREIF Timberland Index	0.3	-0.2	2.5	11.3	13.2	8.5
S&P MLP Index (Oil & Gas)	11.2	50.2	19.3	3.5	6.4	n.a.

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

Real Estate Valuation



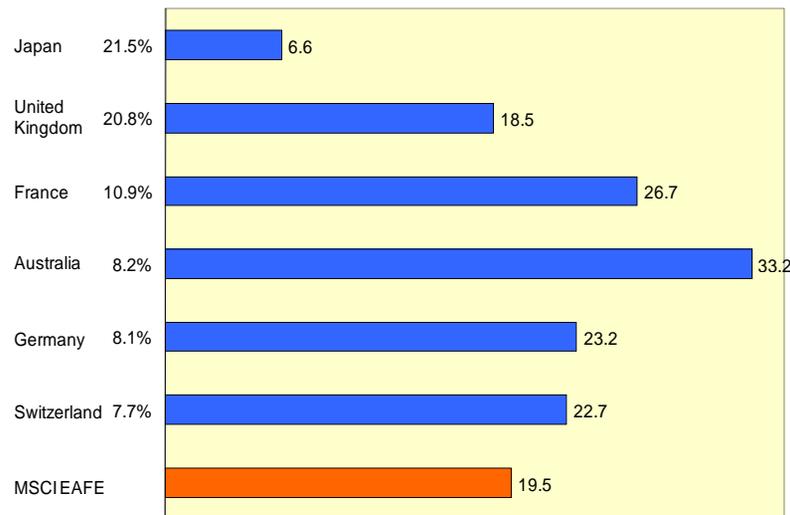
NCREIF Property Index Returns



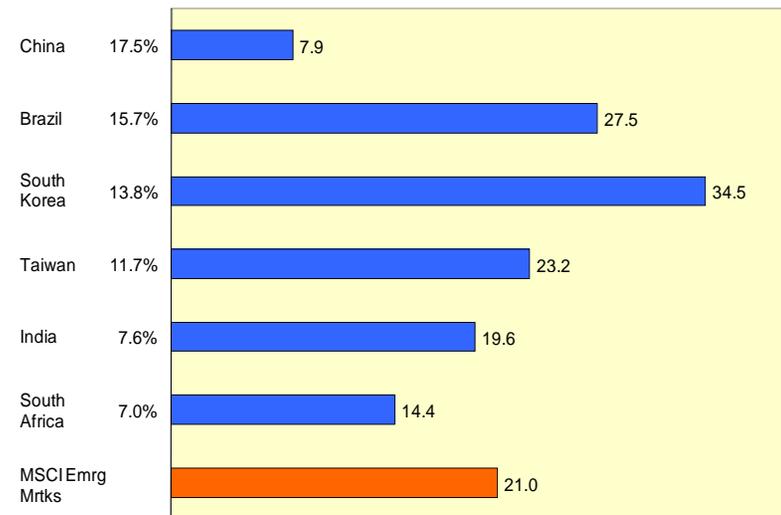
# Non-U.S. Capital Markets

September 30, 2009	Qtr	Ytd	1 Yr	3 Yr	5 Yr	10 Yr
MSCI ACWI ex-US (\$g)	19.8	36.9	6.4	-0.8	8.6	4.5
MSCI EAFE (\$g)	19.5	29.6	3.8	-3.1	6.6	3.0
MSCI Emerging Markets (\$g)	21.0	64.9	19.4	8.3	17.7	11.7
MSCI Frontier Markets (\$g)	14.2	27.3	-24.6	-4.7	8.2	n.a.
JPM Non US Global Bond	7.3	6.2	16.8	10.3	7.1	6.7
JPM Non US Global Bond Hedged	2.0	2.0	7.6	5.2	5.2	5.4
JPM EMBI Global	10.2	26.3	18.7	7.5	8.8	11.5
Euro vs. Dollar	4.0	4.9	3.8	4.8	3.2	3.2
Yen vs. Dollar	7.8	1.3	18.6	9.7	4.2	1.8
Pound vs. Dollar	-2.9	11.2	-10.3	-5.1	-2.5	-0.3

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



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



# Asset Class Performance

**Annual Asset Class Returns - Best to Worst**

2004	2005	2006	2007	2008	YTD 2009
REITs 33.2%	Emrg Mrkts 34.5%	REITs 36.0%	Emrg Mrkts 39.8%	Core Bond 5.2%	Emrg Mrkts 64.9%
Emrg Mrkts 25.9%	Commodities 21.4%	Emrg Mrkts 32.6%	Commodities 16.2%	T-Bills 2.0%	High Yield 49.0%
Developed 20.7%	Developed 14.0%	Developed 26.9%	U.S. TIPS 11.6%	U.S. TIPS -2.3%	Developed 29.6%
U.S. Equity 12.5%	REITs 13.8%	U.S. Equity 15.8%	Developed 11.6%	High Yield -26.2%	U.S. Equity 21.3%
High Yield 11.2%	U.S. Equity 6.4%	High Yield 11.9%	Core Bond 7.0%	Commodities -35.6%	REITs 17.8%
Commodities 9.2%	T-Bills 3.1%	T-Bills 4.8%	U.S. Equity 5.6%	U.S. Equity -37.2%	U.S. TIPS 9.5%
U.S. TIPS 8.5%	U.S. TIPS 2.8%	Core Bond 4.3%	T-Bills 5.0%	REITs -39.2%	Commodities 9.0%
Core Bond 4.3%	High Yield 2.7%	Commodities 2.1%	High Yield 1.9%	Developed -43.1%	Core Bond 5.7%
T-Bills 1.3%	Core Bond 2.4%	U.S. TIPS 0.4%	REITs -17.5%	Emrg Mrkts -53.2%	T-Bills 0.2%

Annualized  
5-Year

2004-2008
Emrg Mrkts 8.0%
Core Bond 4.7%
U.S. TIPS 4.1%
T-Bills 3.2%
Developed 2.1%
REITs 0.7%
Commodities 0.2%
High Yield -0.8%
U.S. Equity -1.7%

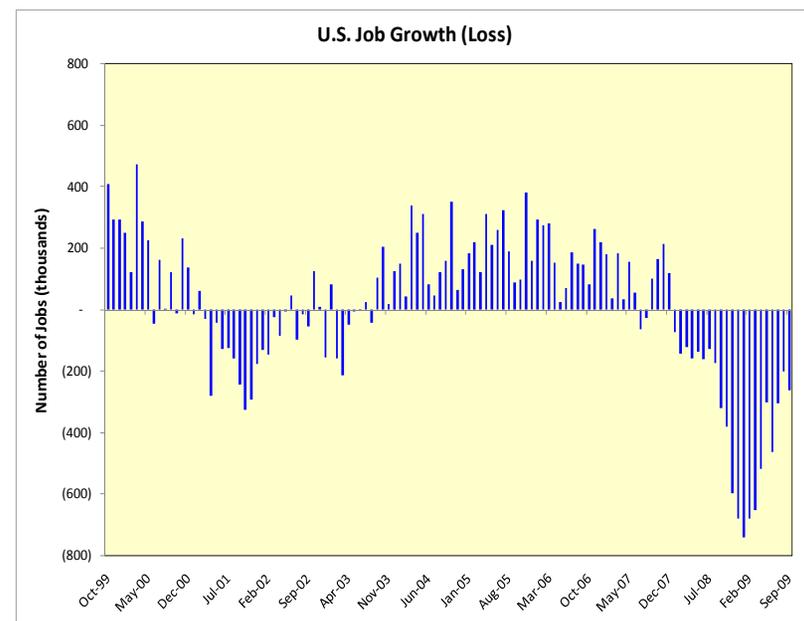
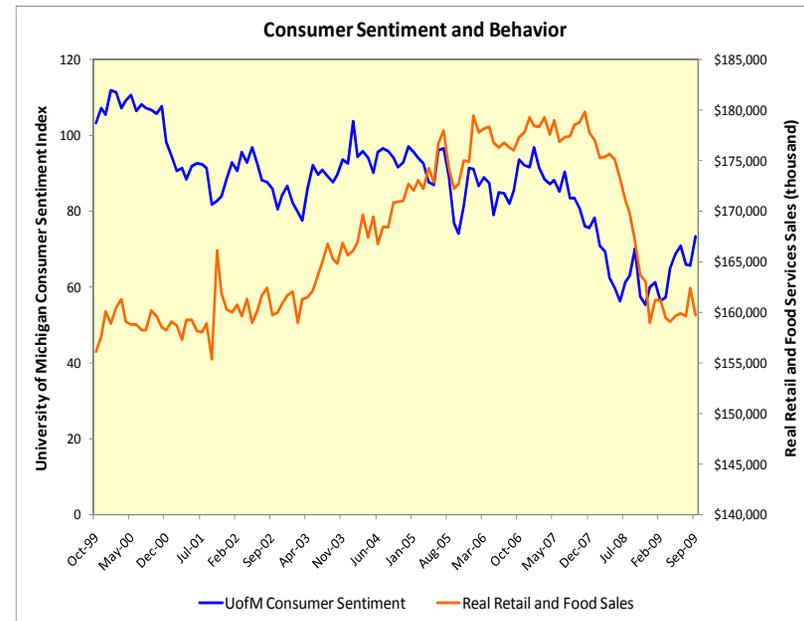


# Third Quarter Focus

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# The Consumer's Lost Decade?

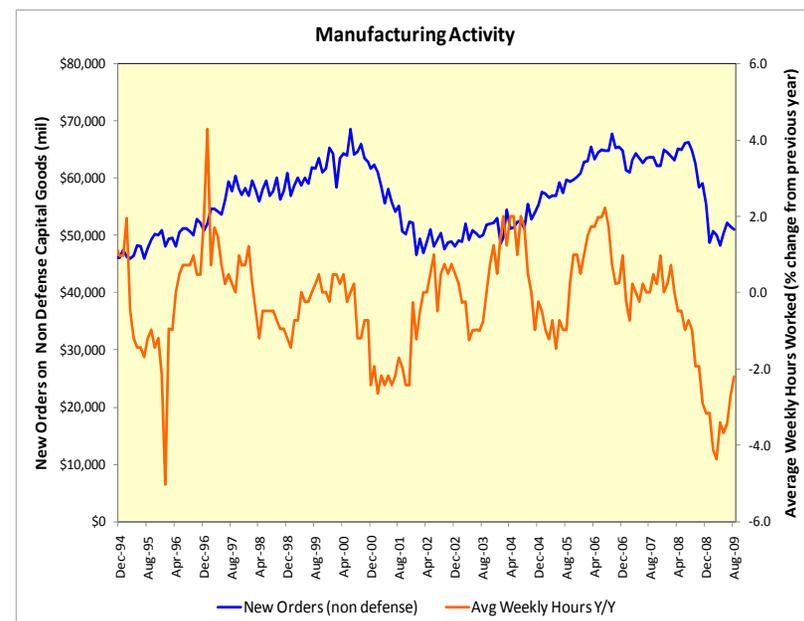
- Consumer sentiment is improving but still lower than where it has been for the past decade.
- Real spending is down 11% from a high at the end of 2007.
- In real dollar terms, spending is currently at levels very similar to the post-tech bubble period.
- During tech bubble aftermath, 1.5 millions jobs were lost.
- Since the market peak of fall 2007, 6.7 million jobs have been lost - which is nearly the number of jobs created (7.8 mil) during the tech bubble recovery period.



Source: St. Louis FRED, BLS

# Manufacturing Improving, but cautious

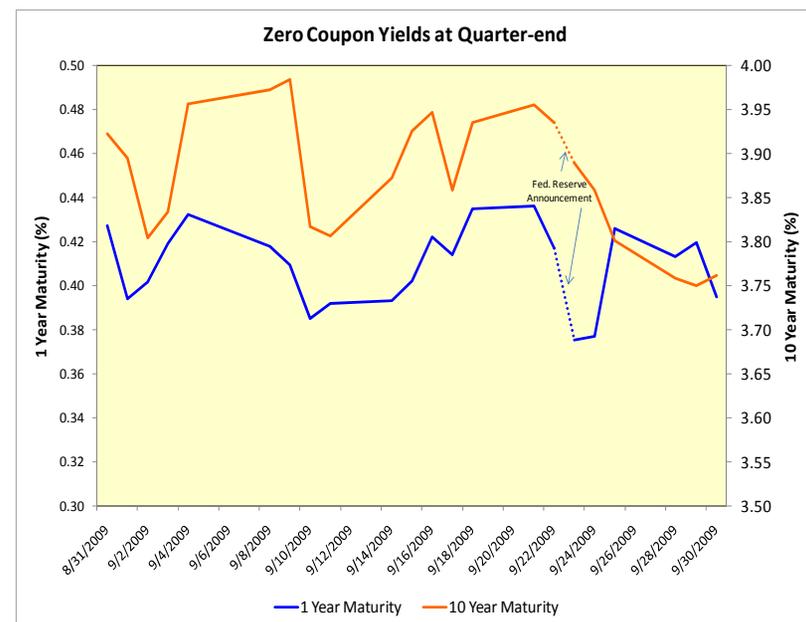
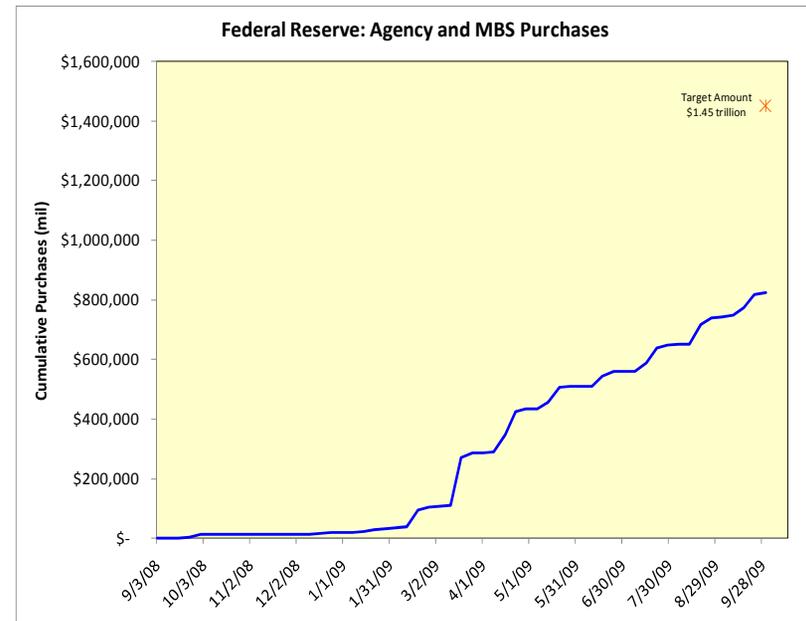
- Manufacturing activity is recovering well, as it has in the past.
- Manufacturing industry expanded in both August and September.
- However, other leading indicators within manufacturing suggests a cautious approach.
- New orders have improved only slightly as inventories are being depleted.



Source: St. Louis FRED

# Federal Reserve Activity

- On Sept. 23, 2009, the Fed announced they will slow their rate of MBS purchases and target the end of Q1 2010 to complete transactions.
- This move will decrease the amount of spending capital available throughout the economy should credit creation remain stagnant.
- The market's reaction to the news was a drop in equity prices and a rally for bonds.
- Final outcome still unknown as a significant amount yet to be purchased during the next six months.



Source: Federal Reserve, Barclays Capital