

Contact: Patrice Sayre

FUND MANAGER ISSUES

Action Requested: Receive the recommendation to add Chicago Equity Partners as a manager for Fixed Income investments.

Executive Summary: A review of fund managers' performances was held during the month of November under the leadership of Chair Jack Evans, including President Miles, Regent Downer, institutional staff, and Board Office staff. The interviews were facilitated by financial advisor Mike Dudkowski of Wilshire Consulting

Participating in this review was Reams Asset Management, an incumbent manager for the long-term endowment pools, as well as three potential candidates; Chicago Equity Partners, JP Morgan Asset Management, and PIMCO. This review was in part prompted by an announcement that Reams Asset Management would be acquired by Scout Investment Advisors, a subsidiary of UMB Financial Corporation.

It was decided to pursue a core fixed income strategy consisting of a 50% allocation target for Reams Asset Management and a 50% allocation target for Chicago Equity Partners. In addition, Wilshire Associates provided analysis demonstrating the complementary nature of the investment approaches represented by Chicago Equity Partners and Reams Asset Management. The recommended strategy in this space also serves to reduce the expected tracking error of the core fixed income portfolio versus the Barclays Capital Aggregate Index from approximately 3% to 2%, consistent with a lower overall level of active risk.

If this fund manager is approved by the Board of Regents, subject to finalization of due diligence by the universities, Wilshire will continue to work with staff at the universities to efficiently transition assets.