

Contact: Andrea Anania

INVESTMENT AND CASH MANAGEMENT REPORT
FOR THE QUARTER ENDED SEPTEMBER 30, 2010

Recommended Action: Receive the Investment and Cash Management Report for the quarter ended September 30, 2010.

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, 2009, and September 30, 2010

	<u>Operating</u>		<u>Endowment/ Quasi-Endowment</u>	
	<u>Sep 2009</u>	<u>Sep 2010</u>	<u>Sep 2009</u>	<u>Sep 2010</u>
University of Iowa ¹	\$995,693	\$1,210,566	\$296,657 ²	\$329,891 ²
Iowa State University	434,323	524,202	130,672 ³	129,668 ³
University of Northern Iowa	134,342	126,055	-	-
Iowa School for the Deaf	2,263	2,411	-	-
Iowa Braille & Sight Saving School	1,356	1,833	-	-
Total	\$1,567,977	\$1,865,067	\$427,329	\$459,559

¹ Includes UIHC.

² Includes UNI.

³ Includes ISD and IBSSS.

As of September 30, 2010, the Regent combined operating and endowment portfolios totaled over \$2.3 billion.

OPERATING

The Merrill Lynch 1-3 year Government/Corporate Index rate for the quarter was 0.92%. Restricted and unrestricted internal returns underperformed the benchmark, while BlackRock and diversified pool returns outperformed the benchmark.

ENDOWMENT

The combined endowment managers' returns for the quarter ended September 30, 2010, were 9.2% for SUI and 9.8% for ISU; the blended asset allocation benchmark was 9.2%.

The SUI quasi-endowment returned 2.5% for the quarter; the benchmark was also 2.5%.

Endowment and quasi-endowment fund manager performance overviews can be found in *Wilshire Consulting's Preliminary Report of Investment Performance*.

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.

Below are the Board authorized fund managers (See page 8 for values):

<u>MANAGER</u>	<u>TYPE</u>	<u>AUTHORIZED</u>
Adams Street Partners - 2010 Global Offering (Adams Street Partners)	Private Equity Fund Manager	March 2010
BlackRock Short Duration	Short-Term Fixed Income Manager	February 1996
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 (Income Fund)	Fixed Income Fund Manager	February 2004
Grantham, Mayo, Van Otterloo & Co. (GMO Foreign Fund)	International Equity Fund Manager	February 2004
NB Alternative Advisors (NB Crossroads XVIII)	Private Equity Fund Manager	November 2005
Landmark Partners (Landmark Equity Partners XIV, L.P.)	Private Equity Fund Manager	March 2010
Lotsoff Capital Management	Large Cap Core Domestic Equity Fund	September 2004
Metropolitan Real Estate Partners Global III Fund (MREP Global III)	Real Estate Fund Manager	September 2009
Post Advisory High Yield (subsidiary of Iowa's Principal Financial Group)	High-Yield Bonds Fund Manager	November 2005
Principal Financial Group (Enhanced Property Fund)	Real Estate Fund Manager	November 2005
Reams Asset Management	Fixed Income Fund Manager	
	SUI Quasi Endowment	July 2001
	Institutional Endowments	January 2002
State Street Global Advisors (SSGA ACWI ex-U.S. Index)	International Equity Index Fund Manager	April 2009
Vanguard Group (Institutional Index Fund)	Large Cap S&P 500 Index Fund	February 2008

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, 2010**

	<u>Restricted</u> <u>Internal</u> ^{1, 2}	<u>Internal</u>	<u>Unrestricted</u> <u>BlackRock</u> ³	<u>Diversified Pool</u>	<u>Total</u> ⁴
SUI	\$146,700	\$259,307	\$83,705	\$720,854	\$1,210,566
ISU	132,716	322,172	N/I	69,314	524,202
UNI	31,648	94,407	N/I	N/I	126,055
ISD	9	2,402	N/I	N/I	2,411
IBSSS	N/I	1,833	N/I	N/I	1,833
Total	\$311,073	\$680,121	\$83,705	\$790,168	\$1,865,067

N/I = No investments of this type.

1. SUI has additional bond trustee balances of \$102 million with Wells Fargo, Des Moines.
2. ISU has additional bond trustee balances of \$6.9 million with Wells Fargo, Des Moines.
3. SUI has an additional Blackrock investment account with a balance of \$23.0 million for the Iowa Medical Mutual Insurance Company.
4. 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, 2010**

	<u>Restricted</u> <u>Internal</u>	<u>Internal</u>	<u>Unrestricted</u> <u>BlackRock</u>	<u>Diversified Pool</u>	<u>Combined</u>
SUI	0.23%	0.14%	1.30%	3.06%	2.21%
ISU	0.26%	0.30%	N/I	3.30%	0.84%
UNI	0.62%	0.26%	N/I	N/I	0.26%
ISD	0.11%	0.11%	N/I	N/I	0.11%
IBSSS	N/I	0.10%	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, 2010, includes the Merrill Lynch 1-3 year Government/Corporate Index rate of 0.92%. Restricted and unrestricted internal returns underperformed the benchmark, while BlackRock and diversified pool returns outperformed the benchmark.

Operating Investment Summary
Restricted and Unrestricted Internal, BlackRock, and Diversified Pool
(in thousands)
As of September 30, 2010

	<u>Market Value</u>	<u>Percent Market Value</u>
University of Iowa		
Money Market / Cash Equivalents	\$354,114	29.2%
Diversified Pool	720,854	59.6%
Agency Securities	18,698	1.5%
U.S. Obligations	55,710	4.6%
Corporate Notes and Bonds	35,753	3.0%
Asset Backed	23,210	1.9%
Mortgage Backed	<u>2,227</u>	<u>0.2%</u>
Total	<u>\$1,210,566</u>	100.0%
Iowa State University		
Money Market / Cash Equivalents	\$192,575	36.7%
Diversified Pool	69,314	13.2%
Agency Securities	188,115	35.9%
U.S. Obligations	<u>74,198</u>	<u>14.2%</u>
Total	<u>\$524,202</u>	100.0%
University of Northern Iowa		
Money Market / Cash Equivalents	\$37,529	29.8%
Agency Securities	70,131	55.6%
U.S. Obligations	<u>18,395</u>	<u>14.6%</u>
Total	<u>\$126,055</u>	100.0%
Iowa School for the Deaf		
Money Market / Cash Equivalents	\$2,411	100.0%
Iowa Braille & Sight Saving School		
Money Market / Cash Equivalents	\$1,833	100.0%
Repurchase Agreements	<u>0</u>	<u>0.0%</u>
Total	<u>\$1,833</u>	100.0%
Regent Composite		
Money Market / Cash Equivalents	\$588,462	31.5%
Diversified Pool	790,168	42.4%
Agency Securities	276,944	14.9%
U.S. Obligations	148,303	8.0%
Corporate Notes and Bonds	35,753	1.9%
Asset Backed	23,210	1.2%
Mortgage Backed	2,227	0.1%
Repurchase Agreements	<u>0</u>	<u>0.0%</u>
Total	<u>\$1,865,067</u>	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.

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, 2010

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

Endowment Manager Allocations*
As of September 30, 2010

<u>Asset Class</u>	<u>Target</u>	<u>Allowable Range</u>	<u>Benchmark</u>
<u>Public Equity</u>	50%	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>	30%	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>	10%	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>	10%	0-15%	Wilshire 5000

*Approved at the September 2008 meeting; revised at the December 2008 meeting.

**Endowment Allocations
Net of Fees
As of September 30, 2010**

MANAGER	University of Iowa			Iowa State University		
	Value (thousands)	Value (percent)	Fees (thousands)	Value (thousands)	Value (percent)	Fees (thousands)
<u>Public Equity</u>						
<u>U.S. Equity</u>						
Delaware Investments	\$14,830	6.0%	\$18	\$7,814	6.0%	\$11
Lotsoff Capital	28,532	11.5%	22	16,134	12.4%	14
Vanguard	<u>30,648</u>	<u>12.3%</u>	<u>5</u>	<u>16,497</u>	<u>12.7%</u>	<u>3</u>
Subtotal	\$74,010	29.8%	\$45	\$40,445	31.1%	\$28
<u>Non U.S. Equity</u>						
GMO Foreign Fund	\$34,360	13.8%	\$64	\$18,614	14.4%	\$35
SSGA ACWI	<u>38,606</u>	<u>15.5%</u>	<u>16</u>	<u>18,991</u>	<u>14.7%</u>	<u>11</u>
Subtotal	\$72,966	29.3%	\$80	\$37,605	29.1%	\$46
<u>Fixed Income</u>						
Dodge & Cox	\$36,217	14.6%	\$41	\$16,777	12.9%	\$19
Reams Asset Management	37,686	15.1%	23	17,164	13.2%	13
Post Advisory	<u>13,803</u>	<u>5.6%</u>	<u>21</u>	<u>8,527</u>	<u>6.6%</u>	<u>13</u>
Subtotal	\$87,706	35.3%	\$85	\$42,468	32.7%	\$45
<u>Real Assets</u>						
Principal Group	\$7,419	3.0%	\$21	\$5,161	4.0%	\$15
CF NR Partners VIII	1,183	0.5%	*	789	0.6%	*
MREP Global III	<u>114</u>	<u>0.0%</u>	<u>*</u>	<u>68</u>	<u>0.1%</u>	<u>*</u>
Subtotal	\$8,716	3.5%	\$21	\$6,018	4.7%	\$15
<u>Private Equity</u>						
NB Crossroads XVIII	\$3,632	1.5%	\$14	\$2,237	1.7%	\$9
CF Int'l Partners VI	392	0.2%	*	261	0.2%	*
CF Private Equity VII	614	0.2%	*	410	0.3%	*
CF Venture Capital VIII	<u>374</u>	<u>0.2%</u>	<u>*</u>	<u>224</u>	<u>0.2%</u>	<u>*</u>
Subtotal	\$5,012	2.1%	\$14	\$3,132	2.4%	\$9
Total Fund	\$248,410	100.0%	\$245	\$129,668	100.0%	\$143

* No fees reported.

**Endowment Performance
Net of Fees
As of September 30, 2010**

	Assets (thousands)	Net Returns	
		Quarter	One Year
SUI	\$248,410	9.2%	7.3%
ISU	129,668	9.8%	7.0%
Asset Allocation Benchmark*		9.2%	8.8%
SUI Quasi-Endowment	<u>81,481</u>	2.5%	8.8%
Fixed Income Benchmark **		2.5%	8.2%
Total	\$459,559		

* 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, 2010**

	Value (thousands)	Value (percent)	Fees (thousands)	Net Returns	
				Quarter	Year
Dodge & Cox	\$28,607	35.1%	\$32	2.5%	8.5%
Reams Asset Management	<u>52,874</u>	<u>64.9%</u>	<u>32</u>	2.5%	9.0%
Total Fund	\$81,481	100.0%	\$64		
Fixed Income Benchmark **				2.5%	8.2%

**100% Barclays Aggregate.

Endowment / Quasi-Endowment Portfolios
Market Value - Accrual Basis
(in thousands)
As of September 30, 2010

Portfolio Manager	Endowment Market Value	Quasi-Endowment Market Value	Total Market Value	Percent of Total
Reams Asset Management				
SUI	\$37,686	\$52,874	\$90,560	
ISU	<u>17,164</u>	<u>-</u>	<u>17,164</u>	
Total	\$54,850	\$52,874	\$107,724	23.4%
Dodge & Cox				
SUI	\$36,217	\$28,607	\$64,824	
ISU	<u>16,777</u>	<u>-</u>	<u>16,777</u>	
Total	\$52,994	\$28,607	\$81,601	17.8%
SSGA ACWI				
SUI	\$38,606	-	\$38,606	
ISU	<u>18,991</u>	<u>-</u>	<u>18,991</u>	
Total	\$57,597	-	\$57,597	12.5%
GMO Foreign Fund				
SUI	\$34,360	-	\$34,360	
ISU	<u>18,614</u>	<u>-</u>	<u>18,614</u>	
Total	\$52,974	-	\$52,974	11.5%
Vanguard				
SUI	\$30,648	-	\$30,648	
ISU	<u>16,497</u>	<u>-</u>	<u>16,497</u>	
Total	\$47,145	-	\$47,145	10.3%
Lotsoff Capital				
SUI	\$28,532	-	\$28,532	
ISU	<u>16,134</u>	<u>-</u>	<u>16,134</u>	
Total	\$44,666	-	\$44,666	9.7%
Delaware Investments				
SUI	\$14,830	-	\$14,830	
ISU	<u>7,814</u>	<u>-</u>	<u>7,814</u>	
Total	\$22,644	-	\$22,644	5.0%
Post Advisory				
SUI	\$13,803	-	\$13,803	
ISU	<u>8,527</u>	<u>-</u>	<u>8,527</u>	
Total	\$22,330	-	\$22,330	4.9%
Principal Group				
SUI	\$7,419	-	\$7,419	
ISU	<u>5,161</u>	<u>-</u>	<u>5,161</u>	
Total	\$12,580	-	\$12,580	2.7%
NB Crossroads XVIII				
SUI	\$3,632	-	\$3,632	
ISU	<u>2,237</u>	<u>-</u>	<u>2,237</u>	
Total	\$5,869	-	\$5,869	1.3%
CF NR Partners VIII				
SUI	\$1,183	-	\$1,183	
ISU	<u>789</u>	<u>-</u>	<u>789</u>	
Total	\$1,972	-	\$1,972	0.4%
CF Private Equity VII				
SUI	\$614	-	\$614	
ISU	<u>410</u>	<u>-</u>	<u>410</u>	
Total	\$1,024	-	\$1,024	0.2%
CF Int'l Partners VI				
SUI	\$392	-	\$392	
ISU	<u>261</u>	<u>-</u>	<u>261</u>	
Total	\$653	-	\$653	0.1%
CF Venture Capital VIII				
SUI	\$374	-	\$374	
ISU	<u>224</u>	<u>-</u>	<u>224</u>	
Total	\$598	-	\$598	0.1%
MREP Global III				
SUI	\$114	-	\$114	
ISU	<u>68</u>	<u>-</u>	<u>68</u>	
Total	\$182	-	\$182	0.1%
TOTAL				
SUI	\$248,410	\$81,481	\$329,891	
ISU	<u>129,668</u>	<u>-</u>	<u>129,668</u>	
Total	\$378,078	\$81,481	\$459,559	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, 2010**

University of Iowa	\$38,575
Iowa State University	21,980
University of Northern Iowa	6,311
Iowa School for the Deaf	279
Iowa Braille and Sight Saving School	157
Board Office	<u>44</u>
Total	\$67,346



Board of Regents, State of Iowa

Wilshire Consulting

***Board of Regents, State of Iowa
Preliminary Report of Investment Performance
Quarter Ending September 30, 2010***



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University of Iowa Operating Account

	Inception Date	Mkt. Value \$'000	Comp %	Qtr %	YTD %	1 Yr %	3 Yrs %	5 Yrs %	Inception %	Qtr. Inv. Fee \$'000
University of Iowa Quasi Composite	(6/30/98)	81,481	100.0%	2.5	7.7	8.8	8.2	6.8	5.9	64
<i>Custom Policy</i>				2.5	7.9	8.2	7.4	6.2	6.1	
Dodge & Cox Income Fund Quasi	(3/31/04)	28,607	35.1%	2.5	6.6	8.5	7.7	6.4	5.4	32
<i>Barclays U.S. Aggregate Bond Index</i>				2.5	7.9	8.2	7.4	6.2	5.3	
Reams Asset Management Core Quasi	(9/30/01)	52,874	64.9%	2.5	8.4	9.0	8.3	6.9	5.9	32
<i>Barclays U.S. Aggregate Bond Index</i>				2.5	7.9	8.2	7.4	6.2	5.7	

	Inception Date	Mkt. Value \$'000	Comp %	Qtr %	YTD %	1 Yr %	3 Yrs %	5 Yrs %	Inception %	Investment Fee \$'000
University of Iowa External Mg. Composite	(12/31/96)	83,704	10.4%	1.3	3.5	4.0	3.3	3.7	4.6	46
<i>Merrill Lynch 1-3 Yr. G/C</i>				0.9	2.9	3.3	4.6	4.6	4.9	
<i>Merrill Lynch 1-5 Yr. Govt/Corp</i>				1.7	4.8	5.2	5.6	5.3	5.4	
BlackRock Short Duration	(12/31/96)	83,704	10.4%	1.3	3.5	4.3	4.2	4.3	4.8	46
<i>Merrill Lynch 1-3 Yr. G/C</i>				0.9	2.9	3.3	4.6	4.6	4.9	
<i>Merrill Lynch 1-5 Yr. Govt/Corp</i>				1.7	4.8	5.2	5.6	5.3	5.4	
University of Iowa Diversified Pool Composite	(3/31/09)	720,854	89.6%	3.1	5.1	6.7	--	--	11.8	105
<i>Policy Index</i>				3.3	5.3	6.9	--	--	12.2	
Blackrock Money Market	(3/31/10)	118,306	14.7%	0.1	0.1	--	--	--	0.1	0
<i>91 Day T-Bill</i>				0.0	0.1	--	--	--	0.1	
Diversified Pool Money Market	(3/31/10)	115,087	14.3%	0.1	0.1	--	--	--	0.1	0
<i>91 Day T-Bill</i>				0.0	0.1	--	--	--	0.1	
Vanguard Prime Money Market Fund Inst.	(3/31/09)	86,371	10.7%	0.1	0.2	0.2	--	--	0.3	28
<i>91 Day T-Bill</i>				0.0	0.1	0.1	--	--	0.0	
University of Iowa Diversified Pool Composite Ex Cash	(3/31/09)	401,090	49.9%	5.3	8.5	11.2	--	--	19.8	77
<i>Policy Index</i>				5.4	8.8	11.6	--	--	20.7	
Vanguard Total Stock Market Index	(3/31/09)	53,550	6.7%	11.6	5.0	11.1	--	--	31.9	8
<i>MSCI US Broad Market Index</i>				11.6	5.0	11.2	--	--	31.9	
Vanguard FTSE All World Ex US Index	(3/31/09)	12,491	1.6%	17.8	4.2	7.6	--	--	39.8	5
<i>FTSE All World Ex US Index</i>				16.9	4.2	8.0	--	--	40.4	
Vanguard REIT Index Fund Inst.	(3/31/09)	34,256	4.3%	13.1	19.6	30.5	--	--	73.4	9
<i>MSCI U.S. REIT Index</i>				13.2	19.6	30.5	--	--	73.6	
Vanguard Total Bond Market Index	(3/31/09)	200,375	24.9%	2.5	8.0	8.1	--	--	9.2	25
<i>Barclays U.S. Aggregate Bond Index</i>				2.5	7.9	8.2	--	--	9.3	
Vanguard High Yield Corp Fund Adm.	(3/31/09)	33,768	4.2%	6.6	10.5	16.1	--	--	29.3	15
<i>Barclays High Yield Index</i>				6.7	11.5	18.4	--	--	40.5	
Vanguard Infla-Protected Sec Inst.	(3/31/09)	66,650	8.3%	2.6	7.1	9.1	--	--	8.4	15
<i>Barclays U.S. TIPS Index</i>				2.5	7.0	8.9	--	--	8.5	

(Periods Ending September 30, 2010)

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 7 for policy specifications.

Iowa State University Operating Account

	Inception Date	Mkt. Value \$'000	Comp %	Qtr %	YTD %	1 Yr %	3 Yrs %	5 Yrs %	Inception %	Investment Fee \$'000
Iowa State University Diversified Pool Composite	(12/31/09)	69,314	100.0%	3.3	5.3	--	--	--	5.3	10
<i>Policy Index</i>				<i>3.3</i>	<i>5.3</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>5.3</i>	
Diversified Cash	(12/31/09)	26,071	37.6%	0.1	0.3	--	--	--	0.3	0
<i>T-Bill</i>				<i>0.0</i>	<i>0.1</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>0.1</i>	
Iowa State University Diversified Pool Composite Ex Cash	(12/31/09)	43,243	62.4%	5.3	8.6	--	--	--	8.6	10
<i>Policy Index</i>				<i>5.4</i>	<i>8.8</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>8.8</i>	
Vanguard Total Stock Market Index	(12/31/09)	5,505	7.9%	11.6	5.0	--	--	--	5.0	1
<i>MSCI US Broad Market Index</i>				<i>11.6</i>	<i>5.0</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>5.0</i>	
Vanguard FTSE All World Ex US Index	(12/31/09)	1,353	2.0%	17.7	4.2	--	--	--	4.2	1
<i>FTSE All World Ex US Index</i>				<i>16.9</i>	<i>4.2</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>4.2</i>	
Vanguard REIT Index Fund Inst.	(12/31/09)	4,006	5.8%	13.1	19.6	--	--	--	19.6	1
<i>MSCI U.S. REIT Index</i>				<i>13.2</i>	<i>19.6</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>19.6</i>	
Vanguard Total Bond Market Index	(12/31/09)	21,570	31.1%	2.5	8.0	--	--	--	8.0	4
<i>Barclays Aggregate Index</i>				<i>2.5</i>	<i>7.9</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>7.9</i>	
Vanguard High Yield Corp Fund Adm.	(12/31/09)	3,674	5.3%	6.6	10.5	--	--	--	10.5	1
<i>Barclays High Yield Index</i>				<i>6.7</i>	<i>11.5</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>11.5</i>	
Vanguard Infla-Protected Sec Inst.	(12/31/09)	7,135	10.3%	2.6	7.1	--	--	--	7.1	2
<i>Barclays U.S. TIPS Index</i>				<i>2.5</i>	<i>7.0</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>7.0</i>	

(Periods Ending September 30, 2010)

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 7 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
University of Iowa Total Endowment	(3/31/89)	248,410	100.0%	9.2	4.7	7.3	-3.6	2.0	8.1	245
Iowa State University Total Endowment	(3/31/89)	129,668	100.0%	9.8	4.6	7.0	-3.4	2.0	8.2	143
<i>Policy Index</i>				<i>9.2</i>	<i>5.6</i>	<i>8.8</i>	<i>-1.9</i>	<i>3.4</i>	<i>8.6</i>	
University of Iowa Domestic Equity Composite	(3/31/89)	74,010	29.8%	11.6	4.8	10.3	-7.8	-0.6	8.6	45
Iowa State University Domestic Equity Composite	(3/31/89)	40,445	31.1%	11.5	4.6	10.0	-7.9	-0.9	8.4	28
<i>Wilshire 5000</i>				<i>11.5</i>	<i>5.0</i>	<i>11.1</i>	<i>-6.5</i>	<i>1.1</i>	<i>8.9</i>	
University of Iowa: Vanguard Group (Institutional Index Fund)	(3/31/08)	30,648	12.3%	11.3	3.8	10.1	--	--	-3.5	5
Iowa State University: Vanguard Group (Institutional Index Fund)	(3/31/08)	16,497	12.7%	11.3	3.8	10.1	--	--	-3.5	3
<i>S&P 500 Index</i>				<i>11.3</i>	<i>3.9</i>	<i>10.2</i>	<i>--</i>	<i>--</i>	<i>-3.5</i>	
University of Iowa: Lotsoff Capital Management	(3/31/05)	28,532	11.5%	12.2	3.2	8.3	-8.6	-0.7	0.7	22
Iowa State University: Lotsoff Capital Management	(3/31/05)	16,134	12.4%	12.1	2.7	7.8	-8.6	-0.7	0.7	14
<i>S&P 500 Index</i>				<i>11.3</i>	<i>3.9</i>	<i>10.2</i>	<i>-7.2</i>	<i>0.6</i>	<i>1.5</i>	
University of Iowa: Delaware Investments	(3/31/09)	14,830	6.0%	10.9	9.9	13.8	--	--	36.2	18
Iowa State University: Delaware Investments	(3/31/09)	7,814	6.0%	10.8	10.0	13.9	--	--	36.4	11
<i>Russell 2000 Index</i>				<i>11.3</i>	<i>9.1</i>	<i>13.3</i>	<i>--</i>	<i>--</i>	<i>38.6</i>	
University of Iowa International Equity Composite	(9/30/94)	72,966	29.3%	16.7	1.2	4.0	-9.5	2.1	5.4	80
Iowa State University International Equity Composite	(9/30/94)	37,605	29.1%	16.7	1.4	4.4	-9.5	2.1	5.2	46
<i>MSCI EAFE (N) Index</i>				<i>16.5</i>	<i>1.1</i>	<i>3.3</i>	<i>-9.5</i>	<i>2.0</i>	<i>4.6</i>	
University of Iowa: GMO Foreign Fund	(3/31/04)	34,360	13.8%	16.9	-1.0	0.8	-10.5	1.4	4.7	64
Iowa State University: GMO Foreign Fund	(3/31/04)	18,614	14.4%	16.9	-1.0	0.8	-10.6	1.4	4.7	35
<i>MSCI EAFE (N) Index</i>				<i>16.5</i>	<i>1.1</i>	<i>3.3</i>	<i>-9.5</i>	<i>2.0</i>	<i>5.2</i>	
University of Iowa: SSGA ACWI ex-U.S. Index	(6/30/09)	38,606	15.5%	16.5	3.4	7.3	--	--	22.1	16
Iowa State University: SSGA ACWI ex-U.S. Index	(6/30/09)	18,991	14.7%	16.5	3.4	7.3	--	--	22.1	11
<i>MSCI ACWI Ex. U.S. (G) Index</i>				<i>16.7</i>	<i>4.1</i>	<i>8.0</i>	<i>--</i>	<i>--</i>	<i>22.9</i>	
University of Iowa Fixed Income Composite	(3/31/89)	87,706	35.3%	2.9	7.7	9.7	7.9	6.7	7.5	85
Iowa State University Fixed Income Composite	(3/31/89)	42,468	32.7%	3.1	8.1	10.2	8.2	6.9	7.0	45
<i>Custom Policy</i>				<i>2.5</i>	<i>7.9</i>	<i>8.2</i>	<i>7.4</i>	<i>6.2</i>	<i>7.5</i>	
University of Iowa: Dodge & Cox (Income Fund)	(3/31/04)	36,217	14.6%	2.5	6.6	8.5	7.7	6.4	5.4	41
Iowa State University: Dodge & Cox (Income Fund)	(3/31/04)	16,777	12.9%	2.5	6.6	8.5	7.7	6.4	5.4	19
<i>Barclays U.S. Aggregate Bond Index</i>				<i>2.5</i>	<i>7.9</i>	<i>8.2</i>	<i>7.4</i>	<i>6.2</i>	<i>5.3</i>	
University of Iowa: Reams Asset Management	(9/30/02)	37,686	15.1%	2.4	8.1	8.7	8.2	6.7	5.7	23
Iowa State University: Reams Asset Management	(9/30/02)	17,164	13.2%	2.5	8.7	9.4	8.8	7.1	6.0	13
<i>Barclays U.S. Aggregate Bond Index</i>				<i>2.5</i>	<i>7.9</i>	<i>8.2</i>	<i>7.4</i>	<i>6.2</i>	<i>5.4</i>	
University of Iowa: Post Advisory High Yield	(3/31/06)	13,803	5.6%	5.7	9.8	15.4	6.9	--	7.3	21
Iowa State University: Post Advisory High Yield	(3/31/06)	8,527	6.6%	5.7	9.8	15.4	7.0	--	7.3	13
<i>Merrill Lynch High Yield Master II Index</i>				<i>6.7</i>	<i>11.8</i>	<i>18.5</i>	<i>8.6</i>	<i>--</i>	<i>8.4</i>	

(Periods Ending September 30, 2010)

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*Please see page 7 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
University of Iowa Real Assets Composite	(3/31/06)	8,716	3.5%	7.4	-2.5	-14.4	-19.0	--	-8.1	21
Iowa State University Real Assets Composite	(3/31/06)	6,018	4.7%	7.4	-2.4	-14.4	-19.0	--	-8.1	15
<i>Policy Index</i>				<i>1.5</i>	<i>5.1</i>	<i>6.4</i>	<i>0.0</i>	<i>--</i>	<i>5.3</i>	
University of Iowa: Principal Group ¹ (Enhanced Property Fund)	(3/31/06)	7,419	3.0%	5.5	-3.0	-15.3	-19.6	--	-8.6	21
Iowa State University: Principal Group ¹ (Enhanced Property Fund)	(3/31/06)	5,161	4.0%	5.5	-3.0	-15.4	-19.6	--	-8.6	15
<i>NCREIF Property Index Lagged</i>				<i>3.3</i>	<i>1.9</i>	<i>-1.5</i>	<i>-4.7</i>	<i>--</i>	<i>2.0</i>	
University of Iowa: CF NR Partners VIII ²	(9/30/2008)	1,183	0.5%	21.0	15.9	18.4	--	--	11.3	--
Iowa State University: CF NR Partners VIII ²	(9/30/2008)	789	0.6%	21.0	15.9	18.4	--	--	11.3	--
<i>U.S. CPI +5%</i>				<i>1.5</i>	<i>5.1</i>	<i>6.4</i>	<i>--</i>	<i>--</i>	<i>5.1</i>	
University of Iowa: MREP Global III	(3/31/2010)	114	0.0%	13.5	--	--	--	--	-36.2	--
Iowa State University: MREP Global III	(3/31/2010)	68	0.1%	13.6	--	--	--	--	-36.2	--
<i>Wilshire Global Real Estate Securities Index</i>				<i>18.8</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>10.8</i>	<i>--</i>
University of Iowa Private Equity Composite ²	(12/31/06)	5,012	2.1%	3.0	14.3	3.7	-3.3	--	-2.4	14
Iowa State University Private Equity Composite ²	(12/31/06)	3,132	2.4%	3.0	14.1	3.5	-3.3	--	-2.4	9
<i>Wilshire 5000</i>				<i>11.5</i>	<i>5.0</i>	<i>11.1</i>	<i>-6.5</i>	<i>--</i>	<i>-3.0</i>	
University of Iowa: NB Crossroads XVIII ²	(12/31/06)	3,632	1.5%	0.0	17.3	5.4	-3.5	--	-1.4	14
Iowa State University: NB Crossroads XVIII ²	(12/31/06)	2,237	1.7%	0.0	17.3	5.4	-3.5	--	-1.4	9
<i>Wilshire 5000</i>				<i>11.5</i>	<i>5.0</i>	<i>11.1</i>	<i>-6.5</i>	<i>--</i>	<i>-3.0</i>	
University of Iowa: CF Int'l Partners VI ²	(3/31/07)	392	0.2%	7.6	-8.9	-2.6	16.6	--	-24.1	--
Iowa State University: CF Int'l Partners VI ²	(3/31/07)	261	0.2%	7.6	-8.9	-2.6	16.6	--	-24.1	--
<i>Wilshire 5000</i>				<i>11.5</i>	<i>5.0</i>	<i>11.1</i>	<i>-6.5</i>	<i>--</i>	<i>-3.6</i>	
University of Iowa: CF Private Equity VII ²	(3/31/07)	614	0.2%	11.0	7.9	-6.0	2.8	--	-52.5	--
Iowa State University: CF Private Equity VII ²	(3/31/07)	410	0.3%	11.0	7.8	-6.0	2.8	--	-52.5	--
<i>Wilshire 5000</i>				<i>11.5</i>	<i>5.0</i>	<i>11.1</i>	<i>-6.5</i>	<i>--</i>	<i>-3.6</i>	
University of Iowa: CF Venture Capital VIII ²	(6/30/07)	374	0.2%	20.8	9.7	0.9	-40.1	--	-37.7	--
Iowa State University: CF Venture Capital VIII ²	(6/30/07)	224	0.2%	20.8	9.2	0.4	-40.1	--	-37.7	--
<i>Wilshire 5000</i>				<i>11.5</i>	<i>5.0</i>	<i>11.1</i>	<i>-6.5</i>	<i>--</i>	<i>-5.6</i>	

¹Principal Enhanced Property Fund & NCREIF Property Index is lagged one quarter

²For reporting purposes, valuations of investments are shown on a quarter lag, but include current quarter cash flows

(Periods Ending September 30, 2010)

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*Please see page 7 for policy specifications.

Manager Overview

Vanguard Group (Institutional Index Fund)

- **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 with Qualitative Overlay

Delaware Investments

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

Dodge & Cox (Income Fund)

- **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, Relative value analysis

Reams Asset Management

- **Style:** Market Core Fixed Income
- **Construction Process:** Conviction Weighted based upon fundamental analysis
- **Investment Philosophy:** Active-Bottom Up
- **Selection Method:** Relative value analysis on credit and mortgage securities

Post Advisory High Yield

- **Style:** High Yield Fixed Income
- **Construction Process:** Conviction Weighted based upon fundamental credit analysis
- **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 with optimization focus
- **Investment Philosophy:** Active-Bottom Up
- **Selection Method:** Fundamental Earnings Forecast, Proprietary Dividend Discount Model

SSGA ACWI ex-U.S. Index Fund

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

Manager Overview

Principal Group (Enhanced Property Fund)

- **Style:** Open-End Private Real Estate Fund
- **Investment Philosophy:** Primarily Core Real Estate but strategically utilizes value-added real estate, development projects, and forward commitments.
- **Selection Method:** Quantitative & Qualitative Valuation
- **Fund Size:** \$1.5 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 XVIII

- **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

Metropolitan Real Estate Partners Global III

- **Style:** Real Estate Fund of Funds
- **Selection Method:** Value-Added and Opportunistic Strategies
- **Fund Size:** \$0.2 Billion

Landmark Equity Partners XIV

- **Style:** Private Equity Secondary Investments
- **Selection Method:** Top-Down & Bottom-Up Valuation
- **Fund Size:** \$2.0 billion.

Adams Street Partners – 2010 Global Offering

- **Style:** Private Equity Fund of Funds
- **Asset Allocation %:** Broadly Diversified Venture Capital & Buyouts
- **Geographic Diversification %:** 50-55% U.S., 30-35% Non-U.S. Developed Markets, 10-15% Non-U.S. Emerging Markets
- **Fund Size:** \$5.0 billion.

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