

MEMORANDUM

To: Banking Committee
From: Board Office
Subject: Quarterly Investment and Cash Management Report
Date: March 3, 2003

Recommended Action:

Receive the Investment and Cash Management Reports for the quarter ended December 31, 2002.

Executive Summary:

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

Institutional Investment Portfolios

Market Value (in thousands)

As of December 31, 2002

	<u>Operating</u>	<u>Endowment/ Quasi-Endowment</u>
University of Iowa ¹	\$566,686	\$260,113 ²
Iowa State University	252,934	100,239 ³
University of Northern Iowa	75,621	-
Iowa School for the Deaf	2,304	-
Iowa Braille & Sight Saving School	<u>462</u>	<u>-</u>
Total	<u>\$898,007</u>	<u>\$360,352</u>

¹ Includes UIHC.

² Includes UNI.

³ Includes ISD and IBSSS.

As of December 31, 2002, total Regent combined operating and endowment portfolios were over \$1.2 billion.

Operating

The market value of the combined operating portfolios, as reported by the Regent institutions, totaled \$898.0 million. The university operating portfolios performed in line with industry standards.

Endowment

Wilshire Associates, the Board's investment advisor, prepares the summary report on the endowment/quasi-endowment portfolio, which totaled \$360.4 million.

The combined investment managers' returns for the University of Iowa (excluding the quasi-endowment) and Iowa State University endowment portfolios were 5.8% and 5.5%, respectively, for the quarter. The blended asset allocation benchmark posted returns of 5.9% for the quarter.

The quasi-endowment totaled \$94.6 million and returned 1.6% as of December 31, 2002, which equaled the benchmark for the quarter.

Wilshire reported that Alliance Bernstein outperformed their benchmark, Seneca underperformed their benchmark, and the remaining four endowment investment managers were comparable to their respective benchmarks.

Investment Issues Two corporate bonds, El Paso Corp. and PDVSA Finance, held by Reams Asset Management were downgraded below investment grade. Wilshire recommended that Reams retain El Paso for the near term. Regarding PDVSA Finance, Reams indicated they are confident that all principal and interest will ultimately be paid in full.

The internal auditors verified that remaining investment purchases and holdings during the year ended December 31, 2002, were in compliance with respective Board and institutional investment policies.

Background and Analysis:

The Board delegates the authority for monitoring institutional investment and treasury management practices and performance to the Banking Committee. 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).

The policy of the Board of Regents is to maintain the financial health of the institutions it governs by ensuring compliance with investment practices that preserve principal, ensure liquidity sufficient for anticipated needs, and maintain purchasing power of investment assets.

The institutions maintain two types of investment portfolios – operating and endowment. Both portfolios include unrestricted assets as well as assets restricted by donors, bond covenants, or funding agencies.

As required by Board policy, university internal auditors verified operating investment transactions and holdings for compliance at their respective universities. Iowa School for the Deaf operating investments were reviewed by the University of Iowa internal auditors, while the Iowa Braille and Sight Saving School operating investments were reviewed by the Iowa State University internal auditors. The University of Iowa internal auditors also verified the endowment investment transactions and holdings for the Regent institutions.

Investment Policy
History

Since FY 1989, the Board has employed an investment advisor and fund managers to guide its active investments of endowment funds. Wilshire Associates has been the Board's investment advisor since May 1996.

The Banking Committee established an asset allocation policy of 63% equities, 30% fixed income, and 7% international equities with specific investment manager allocations and target ranges. The policy is reviewed annually.

**OPERATING
PORTFOLIOS**

Board policies permit the institutions to invest operating funds in short-term, cash equivalent investments such as U.S. government bills, money market accounts, and secure commercial paper, as well as U.S. government notes, agency securities, and corporate notes with maturities not to exceed 63 months.

Since December 1996, the institutions have invested a portion of their unrestricted operating portfolios with BlackRock, an external fund manager. The institutions currently manage the remaining operating funds utilizing banks and brokers services.

As noted in B.C. 4, Selection of Short Duration Fixed Income Manager, the Banking Committee is being requested to recommend the selection of a new fund manager for the institutions to utilize for their operating portfolios.

Operating Portfolios
Market Value (in thousands)
As of December 31, 2002

	<u>Unrestricted</u>	<u>Restricted</u>	<u>BlackRock</u>	<u>Total</u>
SUI	\$362,635	\$102,162	\$101,889	\$566,686
ISU	138,151	72,711	42,072	252,934
UNI	38,069	26,337	11,215	75,621
ISD	2,066	4	234	2,304
IBSSS	462	N/I	N/I	462
Total	\$541,383	\$201,214	\$155,410	\$898,007

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. Table 1 on page 14 contains the rates for the current quarter and for the four previous quarters.

Operating Portfolios
Quarterly Rates of Return
For the Quarter Ended December 31, 2002

	<u>Unrestricted</u>	<u>Restricted</u>	<u>BlackRock</u>
SUI	0.83%	0.83%	0.97%
ISU	0.62%	0.62%	0.94%
UNI	0.82%	0.55%	1.02%
ISD	0.42%	0.52%	0.94%
IBSSS	0.37%	N/I	N/I

N/I No investments of this type.

The comparable industry standard rates of return for the quarter ended December 31, 2002, include the Merrill Lynch 1-3 year Government/Agency Index rate of 0.9% and the 91-day T-bill rate of 0.4%. Table 2 on page 15 contains investment yields for the current quarter and for the four previous quarters.

Operating Investment Portfolios Summary
Unrestricted, Restricted, and BlackRock
For the Quarter Ended December 31, 2002

	<u>Market Value</u>	<u>Percent Market Value</u>
University of Iowa		
Money Market / Cash Equivalents	\$175,203,117	30.9%
U.S. Obligations	120,598,090	21.3%
Agency Securities	237,275,393	41.9%
Mortgage-Backed	445,596	0.1%
Asset-Backed	<u>33,163,712</u>	<u>5.8%</u>
Total	\$566,685,908	100.0%
Iowa State University		
Money Market / Cash Equivalents	\$84,673,536	33.4%
U.S. Obligations	66,317,109	26.2%
Agency Securities	90,289,276	35.7%
Other – Mostly Corporate	11,527,636	4.6%
Mortgage-Backed	<u>125,935</u>	<u>0.1%</u>
Total	\$252,933,492	100.0%
University of Northern Iowa		
Money Market / Cash Equivalents	\$16,986,740	22.5%
U.S. Obligations	20,427,956	27.0%
Agency Securities	34,845,564	46.1%
Other - Mostly Corporate	<u>3,361,350</u>	<u>4.4%</u>
Total	\$75,621,610	100.0%
Iowa School for the Deaf		
Money Market / Cash Equivalents	\$2,087,732	90.6%
U.S. Obligations	109,196	4.7%
Agency Securities	41,351	1.8%
Other - Mostly Corporate	64,055	2.8%
Mortgage-Backed	<u>802</u>	<u>0.1%</u>
Total	\$2,303,136	100.0%
Iowa Braille & Sight Saving School		
Money Market / Cash Equivalents	\$10,696	2.3%
Repurchase Agreements	<u>451,283</u>	<u>97.7%</u>
Total	\$461,979	100.0%
Regent Composite		
Money Market / Cash Equivalents	\$278,961,821	31.0%
U.S. Obligations	207,452,351	23.1%
Agency Securities	362,451,584	40.3%
Other - Mostly Corporate	14,953,041	1.7%
Mortgage-Backed	572,333	0.1%
Asset-Backed	33,163,712	3.7%
Repurchase Agreements	<u>451,283</u>	<u>0.1%</u>
Total	\$898,006,125	100.0%

The top three investment categories for the combined Regent operating portfolios included Agency Securities, Money Markets, and U.S. Obligations.

**ENDOWMENT/
QUASI-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 Iowa Braille and Sight Saving School endowment portfolios are invested through Iowa State University.

Board policies permit endowment funds to be invested in investment grade, long-term fixed income securities and high quality equities that may produce both income and growth, with a targeted return to exceed inflation by 2% to 3% for bonds, by 4% to 6% for domestic stocks, and by 7% for foreign stocks (after exchange transactions and currency conversions).

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 Associates assists with the evaluation of the Board's investment policies and provides quarterly endowment portfolio summary reports which review the allocation of endowment assets relative to the Board's policies, compare the returns of the portfolios to the established benchmarks, and evaluate individual fund manager performance.

The Board has authorized the following fund managers for the Regent endowment portfolios:

Invesco, a Regent fund manager since April 1989, manages large capitalization core domestic equity portfolios and market core domestic fixed income portfolios separately. Until January 2002, Invesco had managed balanced portfolios of U.S. equity and fixed income.

Vanguard, authorized by the Board in September 2002, manages a large capitalization index portfolio.

Seneca Capital Management has managed U.S. stock portfolios with a mid-capitalization growth orientation since May 1995.

LSV Asset Management, authorized by the Board in January 2002, manages small value domestic stock portfolios.

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 its endowments.

Alliance Bernstein has managed the international value equity portfolios since June 1999.

**ALLOCATION OF
ENDOWMENT
ASSETS**

The Banking Committee maintains the endowment asset allocation close to the established targets and periodically reviews its investment structure.

The Board approved designated specific manager allocations and ranges to assist institutional officials in maintaining the Board's asset allocation policy.

Asset Allocation
Policy

Institutional officials are authorized to maintain the appropriate portfolio asset allocations, and if, at the end of a quarter, rebalancing is required, the institutional officials are to rebalance the portfolio during the following quarter.

Asset Allocation Policy

	<u>Target Range</u>	<u>Range</u>
Domestic Stocks (US equities)	63%	+/-5%
Domestic Bonds (US fixed income)	30%	+/-5%
International Stocks (foreign equities)	7%	+/-3%

The Board's target range for the asset allocation is plus or minus 5% of the established asset allocation policy for domestic equities and fixed income and plus or minus 3% for international equities.

Asset Allocations

Endowment Asset Allocations

Net of Fees
December 31, 2002

Investments	<u>University of Iowa</u>		<u>Iowa State University</u>		Target Range (percent)
	Value (thousands)	Value (percent)	Value (thousands)	Value (percent)	
U.S. Stocks	\$101,847	61.5%	\$63,081	62.9%	63%(+/-5%)
U.S. Bonds	52,016	31.4%	30,302	30.2%	30%(+/-5%)
International Stocks	<u>11,665</u>	<u>7.1%</u>	<u>6,856</u>	<u>6.9%</u>	<u>7%(+/-3%)</u>
Total Fund	\$165,528	100.0%	\$100,239	100.0%	100%

Asset allocations of the endowment portfolios were within the Board-established target ranges.

SUI Quasi-
Endowment

The quasi-endowment fund is 100% fixed income investments.

University of Iowa – Quasi-Endowment (100% Fixed Income)

December 31, 2002

	Value (thousands)	Value (percent)	Returns	
			<u>Quarter</u>	<u>One Year</u>
Invesco	\$49,471	52.3%	1.4%	9.1%
Reams	<u>45,114</u>	<u>47.7%</u>	<u>1.7%</u>	<u>7.4%</u>
Total Fund	\$94,585	100.0%	1.6%	8.5%
100% Lehman Aggregate			1.6%	10.3%

There is no Board-established fund manager allocations target ranges for the quasi-endowment.

Manager
Allocation Policy

The following manager allocations, adopted by the Board in January 2002, generate the new target endowment asset allocation when all managers are at policy targets (rounded to the nearest percent). The specific manager targets are designed to maintain the allocations within domestic equities and domestic bonds.

<u>Manager</u>	<u>Style</u>	<u>Policy</u>	<u>Rebalancing Ranges</u>
Domestic Stocks			
Invesco	Large Core	35%	+/-5%
Vanguard	Large Index	13%	+/-3%
Seneca	Mid Growth	10%	+/-2%
LSV Asset Management	Small Value	<u>5%</u>	+/-2%
Total		63%	+/-5%
Domestic Bonds			
Invesco	Core	15%	+/-5%
Reams	Core	<u>15%</u>	+/-5%
Total		30%	+/-5%
International Stocks			
Alliance Bernstein	Value	<u>7%</u>	+/-3%
Total		7%	+/-3%
Total Fund		100%	

The manager allocations of the endowment portfolios were within the Board-established target ranges

Manager
Allocations

Endowment Manager Allocations

Net of Fees
December 31, 2002

MANAGER	<u>University of Iowa</u>		<u>Iowa State University</u>	
	<u>Value (thousands)</u>	<u>Value (percent)</u>	<u>Value (thousands)</u>	<u>Value (percent)</u>
<u>Domestic Stocks</u>				
Invesco	\$57,413	34.6%	\$36,084	36.0%
Vanguard	20,854	12.6%	13,222	13.1%
Seneca	15,502	9.4%	9,720	9.6%
LSV Asset Mgmt.	<u>8,078</u>	<u>4.9%</u>	<u>4,055</u>	<u>4.0%</u>
Total	\$101,847	61.5%	\$63,081	62.7%
<u>Domestic Bonds</u>				
Invesco	\$26,245	15.9%	\$15,381	15.7%
Reams	<u>25,771</u>	<u>15.6%</u>	<u>14,921</u>	<u>14.8%</u>
Subtotal	\$52,016	31.5%	\$30,302	30.5%
<u>International</u>				
Alliance Bernstein	\$11,665	7.0%	\$6,856	6.8%
Total Fund	\$165,528	100.0%	\$100,239	100.0%

Assets are shown as invested.

**ENDOWMENT
PERFORMANCE**

The following table compares the returns of the endowment portfolios for the period ended December 31, 2002, with the established benchmarks. The portfolios were close to the benchmarks for the quarter and were behind the benchmarks for the year.

Endowment Portfolios
Net of Fees
As of December 31, 2002

	<u>Assets</u> (thousands)	<u>Returns</u>	
		<u>Quarter</u>	<u>One Year</u>
SUI	\$165,528	5.8%	-12.6%
ISU	100,239	5.5%	-13.4%
Asset Allocation Benchmark*		5.9%	-11.8%
SUI Quasi-Endowment	94,585	1.6%	8.5%
Fixed Income Benchmark **		1.6%	10.3%
Total	\$360,352		

* 63% S&P 500, 30% Lehman Aggregate, 7% MSCI EAFE.

** 100% Lehman Aggregate.

*University of Iowa
Endowment*

The University of Iowa endowment assets totaled \$165.5 million as of December 31, 2002, a \$6.8 million increase over the previous quarter. For the quarter ended December 31, 2002, investment gains totaled \$9.2 million, net contributions equaled \$347,000 while net distributions and fees amounted to \$2.7 million.

The endowment assets held by the University of Iowa earned a return of 5.8% for the quarter, slightly underperforming the benchmark return of 5.9%. Returns for the endowment over the one-year period were -12.6%, which were just under the benchmark of -11.8%.

*University of Iowa
Quasi-
Endowment*

The University of Iowa quasi-endowment assets totaled \$94.6 million as of December 31, 2002, a \$0.2 million increase over the previous quarter. For the quarter ended December 31, 2002, investment gains totaled \$1.5 million, net contributions totaled \$0.0, and net distributions and fees amounted to \$1.2 million.

The quasi-endowment earned a return of 1.6% for the quarter and 8.5% for the year. The returns were equal with the benchmark of 1.6% for the quarter and under the 10.3% benchmark for the year.

*Iowa State
University
Endowment*

Iowa State University endowment assets totaled \$100.2 million as of December 31, 2002, a \$3.4 million increase over the previous quarter. For the quarter, investment gains totaled \$5.3 million, while net distributions and fees were \$5.9 million. Net contributions totaled \$4.0 million.

The Iowa State University endowment assets earned a return of 5.5% for the quarter underperforming the policy benchmark return of 5.9%. The one-year return for ISU was -13.4%, which was lower than the one-year benchmark of -11.8%.

Investment
Managers

		Invesco			
		Net of Fees			
		December 31, 2002			
		<u>Assets</u>	<u>Returns</u>		
		(thousands)	Quarter	One Year	Three Years
SUI					
	U.S. Stocks	\$57,413	9.6%	-22.5%	-10.9%
	U.S. Bonds	<u>26,245</u>	1.4%	8.6%	9.4%
		\$83,658			
SUI Quasi-Endowment					
	U.S. Bonds	\$49,471	1.4%	9.1%	9.2%
ISU					
	U.S. Stocks	29,591	9.6%	-22.5%	-10.9%
	U.S. Bonds	<u>11,217</u>	1.4%	8.7%	9.3%
		\$40,808			
ISU 93 Trust					
	U.S. Stocks	6,493	9.7%	-22.5%	-11.1%
	U.S. Bonds	<u>4,164</u>	1.3%	8.9%	9.5%
		\$10,657			
	Total	\$184,594			
	Benchmark – U.S. Stocks ¹		8.4%	-22.1%	-14.6%
	Benchmark – U.S. Bonds ²		1.6%	10.3%	10.1%

¹ S&P 500.

² 100% Lehman Aggregate.

Invesco
Performance

Invesco manages the Regent portfolio of U.S. stocks and U.S. bonds separately, as approved by the Board in January 2002.

Stocks

For the quarter ended December 31, 2002, Invesco's performance in U.S. stocks included returns of 9.6% for the SUI endowment, 9.6% for the ISU endowment, and 9.7% for the ISU 93 Trust. These returns outperformed the benchmark of 8.4%.

Wilshire reported that stock selection within the consumer discretionary and health care sectors primarily contributed to the portfolio for the quarter. Underweighting to the consumer staples sector had a positive impact performance while underweighting to the technology sector had a negative impact on the portfolio's performance. Stock selection within the financials sector detracted from performance.

For the year ended December 31, 2002, Invesco's performance in U.S. stocks included returns of -22.5% for the SUI endowment, the ISU endowment, and the ISU 93 Trust. These returns slightly underperformed the benchmark of -22.1%.

Bonds

For the quarter ended December 31, 2002, Invesco's U.S. bond performance included returns of 1.4% for the SUI endowment, the SUI quasi-endowment, and the ISU endowment, and 1.3% for the ISU 93 Trust. These returns were close to the benchmark of 1.6%.

For the year ended December 31, 2002, Invesco's U.S. bond performance included returns of 8.6% for the SUI endowment, 9.1% for the SUI quasi-endowment, 8.7% for the ISU endowment, and 8.9% for the ISU 93 Trust. All the portfolios underperformed the benchmark of 10.3%.

Vanguard		
Net of Fees		
December 31, 2002		
	<u>Assets</u>	<u>Returns</u>
	(thousands)	(Quarter)
SUI	\$20,854	8.5%
ISU	<u>13,222</u>	8.4%
Total	\$34,076	
Benchmark: S&P 500		8.4%

Vanguard performance

Vanguard is a large cap index fund manager that was approved by the Board to provide diversification.

This was the first full quarter for investments with Vanguard. The Board approved the selection of Vanguard as a new index fund manager at its September 19, 2002, meeting.

Seneca Capital Management				
Net of Fees				
December 31, 2002				
	<u>Assets</u>	<u>Returns</u>		
	(thousands)	<u>Quarter</u>	<u>One Year</u>	<u>Three Years</u>
SUI	\$15,502	0.3%	-31.8%	-16.3%
ISU	8,039	0.3%	-32.4%	-15.7%
ISU 93 Trust	<u>1,681</u>	0.2%	-32.4%	-15.6%
Total	\$25,222			
Benchmark: Wilshire Mid Cap Growth Index		5.5%	-23.7%	-17.4%

Seneca performance

Seneca Capital Management manages U.S. equity portfolios with a mid-capitalization growth orientation.

For the quarter, Seneca Capital Management returned 0.3% for the SUI endowment, 0.3 % for the ISU endowment, and 0.2% for the ISU 93 Trust. These returns underperformed the Wilshire Mid Cap Growth Index return of 5.5%.

Wilshire reported that stock and sector selection contributed to Seneca's underperformance for the quarter. Underperformance was primarily due to stock selection within the information technology and consumer discretionary sectors, along with an underweighting to the telecommunications sector. Overweighting in the health care sector detracted from performance.

For the one-year period, Seneca Capital Management returned -31.8% for SUI, -32.4% for ISU and -32.4% for the ISU 93 Trust; all underperformed the Wilshire Mid Cap Growth Index of -23.7%. The three-year returns all outperformed the Wilshire Mid Cap Growth Index.

LSV Asset Management

Net of Fees

December 31, 2002

	<u>Assets</u> (thousands)	<u>Returns</u> <u>Quarter</u>
SUI	\$8.078	5.5%
ISU	<u>4,055</u>	5.1%
Total	\$12,133	
Benchmark: Russell 2500 Value		5.4%

LSV Asset Mgmt.
performance

LSV Asset Management manages small value domestic stocks.

This was the second quarter for investments with LSV. Returns for the quarter were close to the Russell 2500 Value benchmark of 5.4%.

Wilshire reported that stock selection within the financials and health care sectors, along with an underweighting to the financials sector contributed to the positive performance. Stock selection within the consumer discretionary and industrials sectors detracted from performance.

Reams Asset Management

Net of Fees

December 31, 2002

	<u>Assets</u> (thousands)	<u>Returns</u> <u>Quarter</u>	<u>One Year</u>
SUI	\$25,771	1.7%	–
SUI – Quasi-Endowment	45,114	1.7%	7.4%
ISU	<u>14,921</u>	1.7%	–
Total	\$85,806		
Benchmark: Lehman Aggregate		1.6%	10.3%

Reams
performance

This was the sixth quarter for the University of Iowa's quasi-endowment investments with Reams. Returns for the quarter of 1.7% outperformed the benchmark of 1.6%. Returns for the year of 7.4% underperformed the benchmark of 10.3%.

This was the second full quarter for endowment investments with Reams. Returns for the University of Iowa of 1.7% and Iowa State University of 1.7% slightly outperformed the benchmark of 1.6%. No benchmark is reported for the year.

Alliance Bernstein			
Net of Fees			
December 31, 2002			
	<u>Assets</u>		<u>Returns</u>
	(thousands)	<u>Quarter</u>	<u>One Year</u>
SUI	\$11,665	10.1%	-5.5%
ISU	<u>6,856</u>	9.6%	-6.5%
Total	\$18,521		
Benchmark: MSCI EAFE Index		6.5%	-15.9%

Alliance Bernstein performance Alliance Bernstein manages an international equity portfolio that utilizes a value philosophy and intensive research in constructing portfolios.

Wilshire reported returns for the quarter of 10.1% for the SUI endowment and 9.6% for the ISU endowment, which outperformed the MSCI EAFE Index of 6.5%. Wilshire reported returns for the year of -5.5% for SUI and -6.5% for ISU, which outperformed the MSCI EAFE benchmark of -15.9%.

Positive contributors to the outperformance include stock selection within Japan, France, the United Kingdom and the Netherlands, sector weighting with France, and an underweighting to Japan were primary contributors to the portfolio's outperformance. Sector weightings within the Netherlands and Germany detracted from performance for the quarter.

Table 1
Operating Portfolios
Quarterly Rates of Return

Unrestricted Funds

	<u>12/31/01</u>	<u>3/31/02</u>	<u>6/30/02</u>	<u>9/30/02</u>	<u>12/31/02</u>
University of Iowa	0.74%	0.16%	2.06%	1.51%	0.83%
Iowa State University	0.63%	0.22%	2.11%	1.12%	0.62%
University of Northern Iowa	0.68%	0.10%	1.90%	1.43%	0.82%
Iowa School for the Deaf	1.56%	1.00%	0.80%	0.42%	0.42%
Iowa Braille & Sight Saving School	0.52%	0.41%	0.42%	0.42%	0.37%

Restricted Funds

	<u>12/31/01</u>	<u>3/31/02</u>	<u>6/30/02</u>	<u>9/30/02</u>	<u>12/31/02</u>
University of Iowa	0.65%	0.41%	1.64%	2.01%	0.83%
Iowa State University	0.77%	0.15%	1.58%	1.43%	0.62%
University of Northern Iowa	0.72%	0.26%	1.53%	2.33%	0.55%
Iowa School for the Deaf	1.44%	0.87%	1.03%	0.69%	0.52%
Iowa Braille & Sight Saving School	N/I	N/I	N/I	N/I	N/I

N/I = No investments of this type.

BlackRock

	<u>12/31/01</u>	<u>3/31/02</u>	<u>6/30/02</u>	<u>9/30/02</u>	<u>12/31/02</u>
University of Iowa	0.50%	0.23%	2.62%	2.73%	0.97%
Iowa State University	0.46%	0.17%	2.59%	2.59%	0.94%
University of Northern Iowa	0.51%	0.22%	2.56%	2.74%	1.02%
Iowa School for the Deaf	0.46%	0.17%	2.59%	2.59%	0.94%
Iowa Braille & Sight Saving School	N/I	N/I	N/I	N/I	N/I

N/I = No investments of this type.

Table 2
Operating Portfolios
Quarterly Current Yield

<i>Unrestricted Funds</i>					
	<u>12/31/01</u>	<u>3/31/02</u>	<u>6/30/02</u>	<u>9/30/02</u>	<u>12/31/02</u>
University of Iowa	4.37%	4.19%	3.75%	3.57%	3.31%
Iowa State University	4.62%	4.44%	3.90%	3.34%	3.12%
University of Northern Iowa	3.82%	3.30%	3.85%	3.16%	2.80%
Iowa School for the Deaf	6.04%	2.17%	1.96%	1.65%	1.65%
Iowa Braille & Sight Saving School	1.78%	1.66%	1.69%	1.69%	1.20%

<i>Restricted Funds</i>					
	<u>12/31/01</u>	<u>3/31/02</u>	<u>6/30/02</u>	<u>9/30/02</u>	<u>12/31/02</u>
University of Iowa	3.79%	3.98%	3.46%	3.65%	3.21%
Iowa State University	4.61%	4.06%	3.95%	3.22%	3.30%
University of Northern Iowa	4.51%	4.74%	4.35%	4.32%	4.23%
Iowa School for the Deaf	5.75%	3.50%	4.09%	2.73%	2.05%
Iowa Braille & Sight Saving School	N/I	N/I	N/I	N/I	N/I

N/I = No investments of this type.

<i>BlackRock</i>					
	<u>12/31/01</u>	<u>3/31/02</u>	<u>6/30/02</u>	<u>9/30/02</u>	<u>12/31/02</u>
University of Iowa	5.51%	5.40%	4.91%	4.73%	4.47%
Iowa State University	5.64%	5.32%	4.81%	4.60%	4.36%
University of Northern Iowa	5.67%	5.51%	4.99%	4.72%	4.47%
Iowa School for the Deaf	5.64%	5.32%	4.81%	4.60%	4.36%
Iowa Braille & Sight Saving School	N/I	N/I	N/I	N/I	N/I

N/I = No investments of this type.

Table 3
Endowment / Quasi-Endowment Portfolios
Market Value - Accrual Basis
(In thousands)
December 31, 2002

Portfolio Manager	Endowment Market Value	1993 Trust Market Value	Quasi-Endowment Market Value	Total Market Value	Percent of Total
Invesco					
SUI	\$83,658	-	\$49,471	\$133,129	
ISU	<u>40,808</u>	<u>\$10,657</u>	<u>-</u>	<u>51,465</u>	
Total	\$124,466	\$10,657	\$49,471	\$184,594	51.2%
Reams Asset Mgmt.					
SUI	\$25,771	-	\$45,114	\$70,885	
ISU	<u>14,921</u>	<u>-</u>	<u>-</u>	<u>14,921</u>	
Total	\$40,692	-	\$45,114	\$85,806	23.8%
Vanguard					
SUI	\$20,854	-	-	\$20,854	
ISU	<u>13,222</u>	<u>-</u>	<u>-</u>	<u>13,222</u>	
Total	\$34,076	-	-	\$34,076	9.5%
Seneca Capital Mgmt.					
SUI	\$15,502	-	-	\$15,502	
ISU	<u>8,039</u>	<u>\$1,681</u>	<u>-</u>	<u>9,720</u>	
Total	\$23,541	\$1,681	-	\$25,222	7.0%
Alliance Bernstein					
SUI	\$11,665	-	-	\$11,665	
ISU	<u>6,856</u>	<u>-</u>	<u>-</u>	<u>6,856</u>	
Total	\$18,521	-	-	\$18,521	5.1%
LSV Asset Mgmt.					
SUI	\$8,078	-	-	\$8,078	
ISU	<u>4,055</u>	<u>-</u>	<u>-</u>	<u>4,055</u>	
Total	\$12,133	-	-	\$12,133	3.4%
TOTAL					
SUI	\$165,528	-	\$94,585	\$260,113	
ISU	<u>87,901</u>	<u>\$12,338</u>	<u>-</u>	<u>100,239</u>	
Total	\$253,429	\$12,338	\$94,585	\$360,352	100.0%

Table 4 Principal Demutualization Funds (In thousands) December 31, 2002	
SUI	\$39,830
ISU	21,628
UNI	6,360
ISD	263
IBSSS	153
Board Office	<u>45</u>
Total	\$68,279