

MEMORANDUM

To: Banking Committee
From: Board Office
Subject: Quarterly Investment and Cash Management Reports
Date: March 4, 2002

Recommended Actions:

Receive the Investment and Cash Management Reports for the quarter ended December 31, 2001.

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 (Thousands of Dollars)

As of December 31, 2001

	<u>Operating</u>	<u>Endowment/ Quasi-Endowment</u>
University of Iowa ¹	\$530,006	\$230,016 ²
Iowa State University	236,349	89,182 ³
University of Northern Iowa	55,956	-
Iowa School for the Deaf	2,350	-
Iowa Braille & Sight Saving School	<u>576</u>	<u>-</u>
Total	\$825,237	\$319,198

¹ Includes UIHC.

² Includes UNI.

³ Includes ISD and IBSSS.

As of December 31, 2001, total Regent combined operating and endowment portfolios exceeded \$1.1 billion.

The market value of the combined operating portfolios, as reported by the Regent institutions, totaled \$825.2 million. The university operating investment portfolios performed in line with comparable industry standards.

Wilshire Associates, the Board's investment advisor, prepares the summary report on the endowment portfolio, which totals \$319.2 million. The combined investment managers' returns for the University of Iowa (excluding the quasi-endowment) and Iowa State University endowment portfolios were -5.9% and -5.7%, respectively, for the year.

The blended asset allocation benchmark posted returns of -6.2% for the year. The quarterly returns were 8.0% and 7.5% respectively, with the benchmark for the quarter at 7.2%. Wilshire reported that the three endowment investment managers were close to their respective benchmarks.

University internal auditors verified that investment purchases and holdings of the institutional portfolios during the quarter ended December 31, 2001, 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 investments were reviewed by the University of Iowa internal auditors, while the Iowa Braille and Sight Saving School investments were reviewed by the Iowa State University internal auditors. The University of Iowa internal auditors also verify 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.

In September 1996, the Banking Committee authorized the Regent universities to adopt an asset allocation policy of 60% domestic equity, 30% fixed income, and 10% international equity.

In May 1997, the Banking Committee adopted a process to manage the asset allocation close to the established targets and agreed to annually review the investment structure.

In April 1999, the Board modified the asset allocation policy to 63% equities, 30% fixed income, and 7% international equities and added specific investment manager asset allocations and target ranges.

At its May 2001 meeting, the Board changed the fixed income performance benchmark from the Lehman Government/Corporate Index to the Lehman Aggregate Index effective July 1, 2001.

At its June 2001 meeting, the Board selected a second fixed income manager, Reams Asset Management, for the University of Iowa to use for new deposits into its quasi-endowment portfolios beginning July 1, 2001.

At its January 2002 meeting, the Board adopted policy changes as a result of a comprehensive review of its investment policy and a significant endowment investment pursuant to the Principal demutualization (Table 4 on page 13). None of the new investment policies are reflected in this quarter's information.

**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 manage the remaining operating funds.

For the quarter ended December 31, 2001, the institutions reported the following:

Operating Portfolios
Market Value (Thousands of Dollars)
As of December 31, 2001

	<u>Unrestricted</u>	<u>Restricted</u>	<u>BlackRock</u>	<u>Total</u>
SUI	\$338,438	\$95,998	\$95,570	\$530,006
ISU	145,378	56,514	34,457	236,349
UNI	22,627	22,833	10,496	55,956
ISD	2,121	10	219	2,350
IBSSS	<u>576</u>	<u>N/I</u>	<u>N/I</u>	<u>576</u>
Total	\$509,140	\$175,355	\$140,742	\$825,237

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; historical rates are presented in Table 1 on page 11.

Operating Portfolios
Rates of Return

For the Quarter Ended December 31, 2001

	<u>Unrestricted</u>	<u>Restricted</u>	<u>BlackRock</u>
SUI	0.74%	0.65%	0.50%
ISU	0.63%	0.77%	0.46%
UNI	0.68%	0.72%	0.51%
ISD	1.56%	1.44%	0.46%
IBSSS	0.52%	N/I	N/I

N/I No investments of this type.

The comparable industry standard rates of return for the quarter ended December 31, 2001, include the Merrill Lynch 1-3 year Government/Agency Index rate of 0.78% and the 91-day T-bill rate of 0.63%. Table 2 on page 12 contains current 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, 2001

	<u>Market Value</u>	<u>Percent Market Value</u>
University of Iowa		
Money Market/Cash Equivalents	\$167,302,176	31.6%
U.S. Obligations	86,562,265	16.3%
Agency Securities	237,707,583	44.8%
Other - Mostly Corporate	10,321,956	1.91%
Mortgage-Backed	562,965	0.1%
Asset-Backed	<u>27,549,025</u>	<u>5.2%</u>
Total	\$530,005,970	100.0%
Iowa State University		
Money Market/Cash Equivalents	\$45,118,417	19.19%
U.S. Obligations	56,376,027	23.9%
Agency Securities	122,187,567	51.7%
Other – Mostly Corporate	<u>12,666,905</u>	<u>5.3%</u>
Total	\$236,348,916	100.0%
University of Northern Iowa		
Money Market/Cash Equivalents	\$13,374,564	23.9%
U.S. Obligations	18,895,907	33.8%
Agency Securities	19,494,973	34.8%
Other - Mostly Corporate	<u>4,190,361</u>	<u>7.5%</u>
Total	\$55,955,805	100.0%
Iowa School for the Deaf		
Money Market/Cash Equivalents	\$2,145,686	91.3%
U.S. Obligations	98,948	4.2%
Agency Securities	24,895	1.1%
Other - Mostly Corporate	<u>80,578</u>	<u>3.4%</u>
Total	\$2,350,107	100.0%
Iowa Braille & Sight Saving School		
Repurchase Agreements	\$564,576	98.1%
Money Market/Cash Equivalents	<u>11,189</u>	<u>1.9%</u>
Total	\$575,765	100.0%
Regent Composite		
Money Market/Cash Equivalents	\$227,952,032	27.6%
U.S. Obligations	161,933,147	19.6%
Agency Securities	379,415,018	46.09%
Other - Mostly Corporate	27,259,800	3.3%
Mortgage-Backed	562,965	0.1%
Asset-Backed	27,549,025	34.3%
Repurchase Agreements	<u>564,576</u>	<u>0.1%</u>
Total	\$825,236,563	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.

The University of Iowa also has two separately maintained quasi-endowment portfolios. Quasi I is a mix of equity and fixed income, while Quasi II is only fixed income.

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 money managers for the Regent endowment portfolios include:

Invesco, which the Board authorized to manage a balanced portfolio investing in U.S. equity and fixed income markets since April 1989;

Seneca Capital Management, which the Board authorized to manage U.S. equity portfolios with a mid-capitalization growth orientation since May 1995; and

Alliance Bernstein, which the Board authorized to manage its international equity portfolio since June 1999. The Board selected Sanford C. Bernstein & Co., Inc. to manage its international equity portfolio. Alliance Capital Management acquired Sanford C. Bernstein & Co., Inc. in 2000.

Reams Asset Management, which is the second fixed income manager for the University of Iowa quasi-endowment portfolios, began handling SUI funds in July 2001.

**ALLOCATION OF
ENDOWMENT
ASSETS**

In May 1997, the Banking Committee adopted a process to manage the endowment asset allocation close to the established targets and agreed to review annually the investment structure. In FY 1997, a benchmark with the asset mix of 60% domestic equities, 30% bonds, and 10% international equities was used to reflect the Regent asset allocation policy. In April 1999, the Board modified the asset allocation policy beginning with the quarter ended September 30, 1999, as follows:

Asset Allocation Policy

	<u>Target Range</u>	<u>Range</u>
Domestic Stocks (US equities)	63%	+/-10%
Domestic Bonds (US fixed income)	30%	+/-10%
International Stocks (foreign equities)	7%	+/-3%

**Asset Allocation
Policy**

The Board's target range for the asset allocation is plus or minus 10% of the established asset allocation policy for domestic equities and fixed income and plus or minus 3% for international equities. 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.

In April 1999, the Board also approved the designation of specific manager allocations and ranges to assist the institutional officials in maintaining the Board's asset allocation policy.

The asset allocations of the primary endowment portfolios were within the Board-established target ranges.

Endowment Asset Allocations

Net of Fees
December 31, 2001

	<u>University of Iowa</u>		<u>Iowa State University</u>		Target Range (percent)
	Value (thousands)	Value (percent)	Value (thousands)	Value (percent)	
Investments					
US Stocks	\$58,158	63.3%	\$54,007	60.6%	63%(+/-10%)
US Bonds	29,067	31.6%	29,028	32.5%	30%(+/-10%)
International Stocks	<u>4,704</u>	<u>5.1%</u>	<u>6,147</u>	<u>6.9%</u>	<u>7%(+/-3%)</u>
Total Fund	\$91,929	100.0%	\$89,182	100.0%	100%

Assets are shown as allocated.

The University of Iowa's Quasi I endowment portfolio allocation is to be half stocks and half bonds. The portfolio was within the Board-established asset target ranges.

**University of Iowa
Quasi I Investments**

December 31, 2001

	Value (thousands)	Value percent)	Target Range (percent)
US Stocks	\$23,036	50.0%	50%(+/-10%)
US Bonds	<u>23,037</u>	<u>50.0%</u>	<u>50%(+/-10%)</u>
Total Fund	\$46,073	100.0%	100%

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

**University of Iowa
Quasi II Investments (100% Fixed Income)**

December 31, 2001

	Value (thousands)	Value (percent)
Invesco	\$59,863	65.1%
Reams	<u>32,151</u>	<u>34.9%</u>
Total Fund	\$92,014	100.0%

Manager Allocation Policy

The manager allocations generate the 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 for large-cap/small-cap mix approximately equal to the broad market (70% large-cap and 30% small-cap).

The Board has authorized the establishment of two separately maintained quasi-endowments as investment options for the University of Iowa, Quasi I established in 1989 and Quasi II established in April 1998. Quasi I has an asset allocation mix of 50% equity and 50% fixed income investments, plus or minus 10%, approved by the Board in June 1999. Previously, the Quasi I asset mix portfolio had been 58% equity and 42% fixed income, plus or minus 10%, similar to the balanced endowment portfolio. Quasi II allows the University of Iowa to retain a quasi-endowment pool with 100% fixed income investments.

The asset allocations of primary endowment portfolios were within the Board-established target ranges.

Manager Allocation Policy

	<u>Target Range</u>	<u>Range</u>
Invesco	74%	+/- 7%
Domestic Stocks	58% of 74%	+5% to -10% around 58%
Domestic Bonds	42% of 74%	+10% to -5% around 42%
Seneca (US mid-cap equities)	19%	+/-4%
Alliance Bernstein (foreign equities)	7%	+/-3%

Endowment Manager Allocations

Net of Fees

December 31, 2001

Investment Managers	<u>University of Iowa</u>		<u>Iowa State University</u>		Target Range (percent)
	Value (thousands)	Value (percent)	Value (thousands)	Value (percent)	
Invesco					
US Stocks	\$44,200	63.9%	\$43,465	62.9%	58% (+5%/-10%)
US Bonds	<u>25,007</u>	36.1%	<u>25,649</u>	37.1%	42% (+10%/-5%)
Invesco Total	\$69,207	75.3%	\$69,114	77.5%	74%(+/-7%)
Seneca	18,018	19.6%	13,921	15.6%	19%(+/-4%)
Alliance Bernstein	<u>4,704</u>	<u>5.1%</u>	<u>6,147</u>	<u>6.9%</u>	<u>7% (+/-3%)</u>
Total	\$91,929	100.0%	\$89,182	100.0%	100%

Cash is considered fixed income for the purpose of asset allocation. Assets are shown as invested.

**ENDOWMENT
PERFORMANCE**

The following table compares the returns of the endowment portfolios for the quarter ended December 31, 2001, with the established benchmarks. The portfolios were slightly behind the benchmark for the quarter, but mostly ahead of the benchmarks for the year.

Endowment Portfolios (Net of Fees)

As of December 31, 2001

	Assets (thousands)	Returns	
		Quarter	One Year
SUI	\$91,929	8.0%	-5.9%
ISU	89,182	7.5%	-5.7%
Asset Allocation Benchmark *		7.2%	-6.2%
SUI Quasi I	46,073	5.1%	0.5%
Balanced Benchmark **		5.4%	-1.3%
SUI Quasi II	<u>92,014</u>	0.2%	--
Fixed Income Benchmark		0.0%	--
Total	\$319,198		

* From 7/1/99 → 63% S&P 500 Index + 30% Lehman Government/Corporate Bond Index + 7% MSCI EAFE Index to reflect the new Board asset allocation policy.

** From 7/1/99 → 50% S&P 500 Index + 50% Lehman Government/Corporate Bond Index.

At its May 2001 meeting, the Board changed the fixed income benchmark from the Lehman Government/Corporate Index to the Lehman Aggregate Index effective July 1, 2001. The Lehman Aggregate represents more of the total U.S. fixed income market and will allow the fixed income managers more opportunity to add value and reduce risk. The new fixed income benchmarks are reflected in the quarterly investment and cash report presented for the quarter ended September 2001.

*University of Iowa
Endowment*

The University of Iowa endowment assets (excluding quasi-endowment assets) totaled \$91.9 million as of December 31, 2001, a \$6.3 million dollar increase from the previous quarter.

For the quarter ended December 31, 2001, investment gains totaled \$7.0 million, net contributions equaled \$836,000 million while net distributions and fees amounted to \$1.5 million.

The endowment assets held by the University of Iowa earned a return of 8.0% for the quarter, outperforming the benchmark by 0.8%. Returns for the endowment over the one-year period were -5.9%, which were better than the benchmark of -6.2%.

The University of Iowa quasi-endowments had a total market value of \$138.1 million as of December 31, 2001. Returns for the Quasi I endowment of 5.1% underperformed the benchmark for the quarter of 5.4% and were better than the benchmark for the one-year period. The Quasi II return of 0.2% outperformed the benchmark for the quarter of 0.0%.

*Iowa State
University
Endowment*

Iowa State University endowment assets totaled \$89.2 million as of December 31, 2001, a \$6.4 million increase from the previous quarter. For the quarter, investment gains totaled \$6.2 million, while net distributions and fees were \$39,000. Net contributions totaled \$224,000.

The Iowa State University endowment assets earned a return of 7.5% for the quarter outperforming the policy benchmark return of 7.2% by 0.3%. The one-year return for ISU was -5.7%, which was better than the one-year benchmark of -6.2%.

Investment
Managers

INVESCO
(Net of Fees)
December 31, 2001

	<u>Assets</u> (Thousands)	<u>Returns</u>		
		Quarter	One Year	Three Years
SUI	\$69,207	6.0%	-0.4%	2.0%
ISU	55,920	5.9%	-0.4%	2.1%
ISU 93 Trust	13,194	6.0%	-0.1%	2.1%
Balanced Benchmark ¹		6.2%	-3.0%	2.3%
SUI Quasi I	46,073	5.1%	0.5 %	3.0%
Balanced Benchmark ²		5.4%	-1.3%	3.3%
SUI Quasi II	<u>59,863</u>	0.2%	7.1%	5.2%
Balanced Benchmark ³		0.0%	8.3%	5.8%
Total	\$244,257			

¹ From 7/1/97 → 58% S&P index + 42% Lehman Government /Corporate Bond Index.

² From 7/1/99 → 50% S&P index + 50% Lehman Government/Corporate Bond Index.

³ From 4/98 → 100% Lehman Government/Corporate Bond Index.

Invesco manages a balanced portfolio of U.S. equity and fixed income markets and applies a core value approach to equity investing, and a yield curve and sector selection approach to fixed income.

Invesco slightly
underperformed
benchmark

Invesco returned 6.0% for the SUI endowment, 5.9% for the ISU endowment, and 6.0% for the ISU 93 Trust during the quarter. These returns slightly underperformed the balanced benchmark of 6.2%.

The most negative impact on the portfolio was stock selection within the consumer nondurables and utilities sectors. The equity component of the balanced composite underperformed the benchmark. An overweighting to the materials and services sector added value to the portfolio.

For the one-year period, the SUI endowment, the ISU endowment, and the ISU 93 Trust earned -0.4%, -0.4%, and -0.1%, respectively. Returns for the year were better than the balanced benchmark of -3.0%.

Reams Asset Management
(Net of Fees)
December 31, 2001

	<u>Assets</u> (Thousands)	<u>Quarter</u>
SUI – Quasi II	\$32,151	0.0%

Reams
consistent with
benchmark

This was only the second quarter for investments with Reams. Its return for the quarter was consistent with the Lehman Aggregate benchmark for the quarter was 0.0%.

Seneca Capital Management

(Net of Fees)

December 31, 2001

	Assets (Thousands)	Returns		
		Quarter	One Year	Three Years
SUI	\$18,018	17.8%	-24.5%	8.7%
ISU	11,450	18.1%	-25.4%	9.6%
ISU 93 Trust	<u>2,471</u>	18.2%	-25.3%	8.9%
Total	\$31,939			
S&P 400 Mid Cap Index		18.0%	-0.6%	10.3%
Wilshire Mid Cap Growth Index		22.3%	-12.7%	6.2%

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

Seneca
underperformed
benchmark

Seneca Capital Management returned 17.8% for the SUI endowment and 18.1% for the ISU endowment during the quarter. These returns underperformed the Wilshire Mid Cap Growth Index return of 22.3% and were consistent with the S&P 400 Mid Cap Index, which returned 18.0% for the quarter.

Stock selection trading and timing as well as sector weighting, primarily underweighting to the technology sector, contributed to Seneca's underperformance for the quarter. Poor stock selection within finance, materials, and services detracted from the portfolio's performance. The largest positive impact was from the technology sector.

For the one-year period, Seneca Capital Management returned -24.5% for SUI and -25.4% for ISU, which significantly underperformed the S&P 400 Mid Cap Index and the Wilshire Mid Cap Growth Index; the three-year returns underperformed the S&P 400 Mid Cap Index and performed better than the Wilshire Mid Cap Growth Index.

Alliance Bernstein

(Net of Fees)

December 31, 2001

	Assets (Thousands)	Returns	
		Quarter	One Year
SUI	\$4,704	5.0%	-12.1%
ISU	<u>6,147</u>	4.7%	-13.4%
Total	\$10,851		
MSCI EAFE Index		7.0%	-21.5%

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

Alliance Bernstein
underperformed
benchmark

Returns for the quarter underperformed the 7.0% return of the MSCI EAFE benchmark. Three-year data are not available since managing the international equity component of the portfolio began in June 1999.

Underperformance during the quarter was mainly attributable to stock selection in Japan. The highest positive impact on the portfolio was due to overweighting within Finland; the highest negative impact was due to overweighting within Japan.

Table 1
Operating Portfolios
Quarterly Rates of Return

Unrestricted Funds

	<u>12/31/00</u>	<u>3/31/01</u>	<u>6/30/01</u>	<u>9/30/01</u>	<u>12/31/01</u>
University of Iowa	2.40%	2.11%	1.22%	2.19%	0.74%
Iowa State University	2.84%	2.10%	1.14%	2.64%	0.63%
University of Northern Iowa	2.00%	1.78%	1.17%	1.94%	0.68%
Iowa School for the Deaf	1.38%	1.53%	1.50%	1.51%	1.56%
Iowa Braille & Sight Saving School	1.55%	1.30%	1.04%	0.86%	0.52%

Restricted Funds

	<u>12/31/00</u>	<u>3/31/01</u>	<u>6/30/01</u>	<u>9/30/01</u>	<u>12/31/01</u>
University of Iowa	1.90%	1.98%	1.17%	1.80%	0.65%
Iowa State University	2.00%	1.88%	1.09%	2.07%	0.77%
University of Northern Iowa	2.23%	2.04%	1.16%	2.55%	0.72%
Iowa School for the Deaf	1.53%	1.64%	1.49%	1.71%	1.44%
Iowa Braille & Sight Saving School	N/I	N/I	N/I	N/I	N/I

N/I No investments of this type.

BlackRock

	<u>12/31/00</u>	<u>3/31/01</u>	<u>6/30/01</u>	<u>9/30/01</u>	<u>12/31/01</u>
University of Iowa	2.70%	2.83%	1.05%	3.69%	0.50%
Iowa State University	2.73%	2.76%	1.11%	3.62%	0.46%
University of Northern Iowa	2.73%	2.86%	1.11%	3.69%	0.51%
Iowa School for the Deaf	2.73%	2.82%	1.16%	3.62%	0.46%
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>12/31/00</u>	<u>3/31/01</u>	<u>6/30/01</u>	<u>9/30/01</u>	<u>12/31/01</u>
University of Iowa	6.13%	5.87%	5.34%	4.92%	4.37%
Iowa State University	6.24%	5.87%	5.16%	4.75%	4.62%
University of Northern Iowa	6.39%	5.77%	5.65%	3.74%	3.82%
Iowa School for the Deaf	5.59%	5.83%	5.76%	5.60%	6.04%
Iowa Braille & Sight Saving School	6.29%	4.87%	3.92%	3.27%	1.78%

<i>Restricted Funds</i>					
	<u>12/31/00</u>	<u>3/31/01</u>	<u>6/30/01</u>	<u>9/30/01</u>	<u>12/31/01</u>
University of Iowa	6.03%	5.82%	5.35%	5.17%	3.79%
Iowa State University	5.74%	5.19%	4.51%	4.89%	4.61%
University of Northern Iowa	6.03%	5.95%	5.79%	5.69%	4.51%
Iowa School for the Deaf	6.08%	6.67%	5.90%	6.78%	5.75%
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>12/31/00</u>	<u>3/31/01</u>	<u>6/30/01</u>	<u>9/30/01</u>	<u>12/31/01</u>
University of Iowa	6.23%	5.73%	5.82%	5.53%	5.51%
Iowa State University	6.20%	5.93%	5.94%	5.55%	5.64%
University of Northern Iowa	6.25%	5.93%	5.91%	5.69%	5.67%
Iowa School for the Deaf	6.20%	5.93%	5.94%	5.55%	5.64%
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 Market Value of Institutional Portfolios
Accrual Basis
(In thousands)
December 31, 2001

	<u>Endowment Market Value</u>	<u>1993 Trust Market Value</u>	<u>Quasi-Endowment Market Value</u>	<u>Total Market Value</u>	<u>Percent of Total</u>
INVESCO					
SUI	\$69,207	-	\$105,936	\$175,143	
ISU	<u>55,920</u>	<u>\$13,194</u>	<u>-</u>	<u>69,114</u>	
Total	\$125,127	\$13,194	\$105,936	\$244,257	76.5%
Reams Asset Management					
SUI	-	-	\$32,151	\$32,151	10.1%
Seneca Capital Management					
SUI	\$18,018	-	-	\$18,018	
ISU	<u>11,450</u>	<u>\$2,471</u>	<u>-</u>	<u>13,921</u>	
Total	\$29,468	\$2,471	-	\$31,939	10.0%
Alliance Bernstein					
SUI	\$4,704	-	-	\$4,704	
ISU	<u>6,147</u>	<u>-</u>	<u>-</u>	<u>6,147</u>	
Total	\$10,851	-	-	\$10,851	3.4%
TOTAL					
SUI	\$91,929	-	\$138,087	\$230,016	
ISU	<u>73,517</u>	<u>15,665</u>	<u>-</u>	<u>89,182</u>	
Total	\$165,446	\$15,665	\$138,087	\$319,198	100.0%

Table 4
Principal Demutualization Funds
(In thousands)

SUI	\$54,139
ISU	36,511
UNI	<u>10,952</u>
	\$101,602