

**MEMORANDUM**

**To:** Banking Committee  
**From:** Board Office  
**Subject:** Annual Investment and Cash Management Reports  
**Date:** October 8, 2001

**Recommended Action:**

Receive the Investment and Cash Management Reports for the fiscal year ended June 30, 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 June 30, 2001**

	<b><u>Operating</u></b>	<b><u>Endowment/ Quasi-Endowment</u></b>
University of Iowa <sup>1</sup>	\$525,454	\$197,242 <sup>2</sup>
Iowa State University	275,804	93,196 <sup>3</sup>
University of Northern Iowa	46,762	-
Iowa School for the Deaf	2,688	-
Iowa Braille and Sight Saving School	<u>835</u>	<u>-</u>
Total	<u>\$851,543</u>	<u>\$290,438</u>

<sup>1</sup> Includes UIHC.

<sup>2</sup> Includes UNI.

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

This report was originally scheduled to be presented at the September Banking Committee meeting. Due to the closing of all national airports, Mark Brubaker of Wilshire Associates in Pennsylvania was unable to travel to present the quarterly report.

As of June 30, 2001, total Regent combined operating and endowment portfolios exceeded \$1 billion for the sixth quarter in a row.

The market value of the combined operating portfolios, as reported by the Regent institutions, totaled \$851.5 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 \$290.4 million. The combined investment managers' returns for the University of Iowa (excluding the quasi-endowment) and Iowa State University endowment portfolios were each 3.3% for the year. The blended asset allocation benchmark posted returns of 3.7% for the year. 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 year ended June 30, 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.

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. The new fixed income benchmarks will be reflected in the quarterly investment and cash report presented in December.

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.

Wilshire Associates has been the investment advisor to the Board and Regent institutions since May 1996. Although the contract with Wilshire Associates is open ended, the annual contract service fee amount is subject to change December 31, 2001. At its July 2001 meeting, the Board authorized the issuance of a Request for Proposals (RFP) for the Board's investment advisor. A screening committee will review the proposals and make a recommendation to the Banking Committee no later than the November 2001 meeting.

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.

## 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 June 30, 2001, the institutions reported the following:

<b>Operating Portfolios</b>				
<b>Market Value (Thousands of Dollars)</b>				
<b>As of June 30, 2001</b>				
	<u><b>Unrestricted</b></u>	<u><b>Restricted</b></u>	<u><b>BlackRock</b></u>	<u><b>Total</b></u>
University of Iowa	\$332,453	\$101,293	\$91,708	\$525,454
Iowa State University	153,542	93,983	28,279	275,804
University of Northern Iowa	17,605	19,082	10,075	46,762
Iowa School for the Deaf	2,473	4	211	2,688
Iowa Braille and Sight Saving School	835	N/I	N/I	835
<b>Total</b>	<b>\$506,908</b>	<b>\$214,362</b>	<b>\$130,273</b>	<b>\$851,543</b>

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.

<b>Operating Portfolios</b>			
<b>Rates of Return</b>			
<b>For the Quarter Ended June 30, 2001</b>			
	<u><b>Unrestricted</b></u>	<u><b>Restricted</b></u>	<u><b>BlackRock</b></u>
University of Iowa	1.22%	1.17%	1.05%
Iowa State University	1.14%	1.09%	1.11%
University of Northern Iowa	1.17%	1.16%	1.11%
Iowa School for the Deaf	1.50%	1.49%	1.11%
Iowa Braille and Sight Saving School	1.04%	N/I	N/I

N/I No investments of this type.

The comparable industry standard rates of return for the quarter ended June 30, 2001, include the Merrill Lynch 1-3 year Government/Agency Index rate of 1.21% and the 91-day T-bill rate of 1.09%. The rates for Iowa School for the Deaf funds were significantly higher than the standard return rate. The School reports that it is fortunate enough to be locked into a high rate of return until October. 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 June 30, 2001**

	<u>Market Value</u>	<u>Percent Market Value</u>
<b>University of Iowa</b>		
Money Market	\$150,640,784	28.7%
U.S. Obligations	133,785,105	25.4%
Agency Securities	206,455,758	39.3%
Other - Mostly Corporate	9,262,935	1.8%
Mortgage-Backed	640,677	0.1%
Asset-Backed	<u>24,669,000</u>	<u>4.7%</u>
Total	\$525,454,259	100.0%
<b>Iowa State University</b>		
Money Market	\$122,223,916	44.3%
U.S. Obligations	55,160,157	20.0%
Agency Securities	87,721,187	31.8%
Other – Mostly Corporate	<u>10,698,272</u>	<u>3.9%</u>
Total	\$275,803,532	100.0%
<b>University of Northern Iowa</b>		
Money Market	\$6,631,800	14.2%
U.S. Obligations	20,147,755	43.0%
Agency Securities	16,167,482	34.6%
Other - Mostly Corporate	<u>3,814,703</u>	<u>8.2%</u>
Total	\$46,761,740	100.0%
<b>Iowa School for the Deaf</b>		
Money Market	\$2,487,144	92.5%
U.S. Obligations	110,404	4.1%
Agency Securities	10,636	0.4%
Other - Mostly Corporate	<u>79,977</u>	<u>3.0%</u>
Total	\$2,688,161	100.0%
<b>Iowa Braille &amp; Sight Saving School</b>		
Repurchase Agreements	\$823,164	98.5%
Cash/Savings Account	<u>12,150</u>	<u>1.5%</u>
Total	\$835,314	100.0%
<b>Regent Composite</b>		
Money Market	\$281,983,644	33.1%
U.S. Obligations	209,203,421	24.6%
Agency Securities	310,355,063	36.4%
Other - Mostly Corporate	23,855,887	2.8%
Mortgage-Backed	640,677	0.1%
Asset-Backed	24,669,000	2.9%
Repurchase Agreements	12,150	0.0%
Cash/Savings Account	<u>823,164</u>	<u>0.1%</u>
Total	\$851,543,006	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 has authorized to manage a balanced portfolio investing in U.S. equity and fixed income markets since April 1989;

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

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

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.

## 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%

The Board's current 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.

### Manager Allocation Policy

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

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.

**Endowment Asset Allocations  
Net of Fees  
June 30, 2001**

Investments	<u>University of Iowa</u>		<u>Iowa State University</u>		Target Range (percent)
	Value (thousands)	Value (percent)	Value (thousands)	Value (percent)	
US Stocks (equities)	\$55,220	62.9%	\$56,444	60.6%	63%(+/-10%)
US Bonds (fixed income)	27,561	31.3%	30,120	32.3%	30%(+/-10%)
International Stocks (equities)	<u>5,063</u>	<u>5.8%</u>	<u>6,632</u>	<u>7.1%</u>	<u>7%(+/-3%)</u>
Total Fund	\$87,844	100.0%	\$93,196	100.0%	100%

Assets are shown as allocated.

The University of Iowa's Quasi I endowment portfolio was within the Board-established asset target ranges.

**University of Iowa  
Quasi I Investments  
June 30, 2001**

	Value (thousands)	Value (percent)	Target Range (percent)
US Stocks	\$25,779	54.4%	50%(+/-10%)
US Bonds	<u>21,645</u>	<u>45.6%</u>	<u>50%(+/-10%)</u>
Total Fund	\$47,424	100.0%	100%

The fund manager asset allocations were within the Board-established target ranges.

**Endowment Manager Allocations  
Net of Fees  
June 30, 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	\$41,394	63.1%	\$44,854	62.5%	(+5%/-10%) around 58%
US Bonds	<u>24,228</u>	36.9%	<u>26,860</u>	37.5%	(+10%/-5%) around 42%
<b>Invesco Total</b>	\$65,622	74.7%	\$71,714	77.0%	74%(+/-7%)
<b>Seneca</b>	17,159	19.5%	14,850	15.9%	19%(+/-4%)
<b>Alliance Bernstein</b>	<u>5,063</u>	<u>5.8%</u>	<u>6,632</u>	<u>7.1%</u>	<u>7%(+/-3%)</u>
Total	\$87,844	100.0%	\$93,196	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 June 30, 2001, with the established benchmarks. The portfolios were slightly behind the benchmark for the quarter, but mostly ahead of the benchmarks for the year.

<b>Endowment Portfolios (Net of Fees) As of June 30, 2001</b>			
	<b>Assets</b>	<b>Returns</b>	
	(thousands)	Quarter	One Year
SUI	\$87,844	3.3%	-2.1%
ISU	93,196	3.3%	-2.3%
Asset Allocation Benchmark *		3.7%	-8.0%
SUI Quasi I	47,424	2.6%	3.7%
Balanced Benchmark **		3.1%	-2.2%
SUI Quasi II	<u>61,974</u>	0.1%	10.0%
Fixed Income Benchmark		0.3%	11.1%
Total	\$290,438		

\* 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 will be reflected in the quarterly investment and cash report presented in December.

### *University of Iowa Endowment*

The University of Iowa endowment assets (excluding quasi-endowment assets) totaled \$87.8 million as of June 30, 2001, a \$2.8 million dollar increase from the previous quarter.

For the quarter ended June 30, 2001, investment gains totaled \$2.9 million, net contributions equaled \$1.5 million while net distributions and fees amounted to \$1.6 million.

The endowment assets held by the University of Iowa earned a return of 3.3% for the quarter, underperforming the benchmark by 0.4%. Returns for the endowment over the one-year period were -2.1%, which were better than the benchmark of -8.0%.

The University of Iowa quasi-endowments had a total market value of \$109.4 million as of June 30, 2001. The returns for both of the quasi-endowments underperformed their benchmarks for the quarter. Returns for the Quasi I endowment outperformed the benchmark for the one-year period, while the Quasi II return of 10.0% was below the benchmark of 11.1% for the same period.

*Iowa State University Endowment*

Iowa State University endowment assets totaled \$93.2 million as of June 30, 2001, a \$2.5 million increase from the previous quarter.

For the quarter, investment gains were \$3.1 million, while net distributions and fees were \$643,000. Net contributions totaled \$95,000.

The Iowa State University endowment assets earned a return of 3.3% for the quarter underperforming the policy benchmark return of 3.7% by 0.4%. The one-year return for ISU was -2.3%, which was better than the one-year benchmark of -8.0%.

*Investment Managers*

**INVESCO**  
**(Net of Fees)**  
**June 30, 2001**

	<b>Assets</b> (Thousands)	<b>Quarter</b>	<b>Returns</b> One Year	Three Years
SUI	\$65,622	3.0%	2.9%	4.9%
ISU	57,436	2.9%	2.7%	4.9%
ISU 93 Trust	14,278	3.1%	3.3%	4.9%
Balanced Benchmark <sup>1</sup>		3.5%	-4.2%	5.4%
SUI Quasi I	47,424	2.6%	3.7%	5.6%
Balanced Benchmark <sup>2</sup>		3.1%	-2.2%	6.1%
SUI Quasi II	<u>61,974</u>	0.1%	10.0%	5.4%
Balanced Benchmark <sup>3</sup>		0.3%	11.1%	6.0%
Total	\$246,734			

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

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

<sup>3</sup> 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 returned 3.0% for the SUI endowment, 2.9% for the ISU endowment, and 3.1% for the ISU 93 Trust during the quarter. These returns underperformed the balanced benchmark of 3.5%. For the one-year period, the SUI endowment, the ISU endowment, and the ISU 93 Trust earned 2.9%, 2.7%, and 3.3%, respectively. Returns for the year outperformed the balanced benchmark of -4.2%.

Underperformance was primarily due to stock selection coupled with an underweight to the technology sector. The equity component of the balanced composite underperformed the benchmark. Stock selection within the financial sector added value to the portfolio.

**Seneca Capital Management  
(Net of Fees)  
June 30, 2001**

	<b>Assets</b>	Quarter	<b>Returns</b>	
	(Thousands)		One Year	Three Years
SUI	\$17,159	4.5%	-18.5%	16.1%
ISU	11,994	4.9%	-20.1%	17.1%
ISU 93 Trust	<u>2,856</u>	4.7%	-19.8%	16.6%
Total	\$32,009			
S&P 400 Mid Cap Index		13.2%	1.0%	9.0%
Wilshire Mid Cap Growth Index		21.5%	-6.2%	-28.6%

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

Seneca Capital Management returned 4.5% for the SUI endowment and 4.9% for the ISU endowment during the quarter. These returns significantly underperformed the Wilshire Mid Cap Growth Index return of 21.5% as well as the S&P 400 Mid Cap Index, which returned 13.2% for the quarter.

Sector weighting and stock selection contributed to Seneca's underperformance for the quarter, primarily underweightings to the materials and services and technology sectors. Poor stock selection within materials and services, technology, and consumer non-durable sectors significantly detracted from the portfolio's performance.

For the one-year period, Seneca Capital Management returned -18.5% for SUI and -20.1% for ISU, which underperformed the S&P 400 Mid Cap Index as well as the Wilshire Mid Cap Growth Index; the three-year returns were almost double the S&P 400 Mid Cap Index and significantly outperformed the Wilshire Mid Cap Growth Index.

**Alliance Bernstein  
(Net of Fees)  
June 30, 2001**

	<b>Assets</b>	Quarter	<b>Returns</b>
	(Thousands)		One Year
SUI	\$5,063	3.0%	-7.7%
ISU	<u>6,632</u>	3.1%	-7.7%
Total	\$11,695		
MSCI EAFE Index		-1.1%	-14.6%

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

Returns for the quarter outperformed the -1.1% 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.

Outperformance during the quarter was mainly attributable to stock selections in the United Kingdom and Japan.

**Table 1**  
**Operating Portfolios**  
**Quarterly Rates of Return**

***Unrestricted Funds***

	<u>6/30/00</u>	<u>9/30/00</u>	<u>12/31/00</u>	<u>3/31/01</u>	<u>6/30/01</u>
University of Iowa	1.64%	1.90%	2.40%	2.11%	1.22%
Iowa State University	1.87%	2.26%	2.84%	2.10%	1.14%
University of Northern Iowa	1.70%	1.78%	2.00%	1.78%	1.17%
Iowa School for the Deaf	1.18%	1.18%	1.38%	1.53%	1.50%
Iowa Braille and Sight Saving School	1.50%	1.58%	1.55%	1.30%	1.04%

***Restricted Funds***

	<u>6/30/00</u>	<u>9/30/00</u>	<u>12/31/00</u>	<u>3/31/01</u>	<u>6/30/01</u>
University of Iowa	1.52%	1.77%	1.90%	1.98%	1.17%
Iowa State University	1.48%	1.69%	2.00%	1.88%	1.09%
University of Northern Iowa	1.59%	1.83%	2.23%	2.04%	1.16%
Iowa School for the Deaf	1.22%	1.31%	1.53%	1.64%	1.49%
Iowa Braille and Sight Saving School	N/I	N/I	N/I	N/I	N/I

N/I No investments of this type.

***BlackRock***

	<u>6/30/00</u>	<u>9/30/00</u>	<u>12/31/00</u>	<u>3/31/01</u>	<u>6/30/01</u>
University of Iowa	1.76%	2.30%	2.70%	2.83%	1.05%
Iowa State University	1.70%	2.31%	2.73%	2.76%	1.11%
University of Northern Iowa	1.75%	2.32%	2.73%	2.86%	1.11%
Iowa School for the Deaf	1.76%	2.31%	2.73%	2.82%	1.16%
Iowa Braille and 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**

<b><i>Unrestricted Funds</i></b>					
	<b><u>6/30/00</u></b>	<b><u>9/30/00</u></b>	<b><u>12/31/00</u></b>	<b><u>3/31/01</u></b>	<b><u>6/30/01</u></b>
University of Iowa	6.07%	6.11%	6.13%	5.87%	5.34%
Iowa State University	6.34%	6.34%	6.24%	5.87%	5.16%
University of Northern Iowa	6.50%	6.37%	6.39%	5.77%	5.65%
Iowa School for the Deaf	4.73%	4.55%	5.59%	5.83%	5.76%
Iowa Braille and Sight Saving School	6.77%	6.25%	6.29%	4.87%	3.92%

<b><i>Restricted Funds</i></b>					
	<b><u>6/30/00</u></b>	<b><u>9/30/00</u></b>	<b><u>12/31/00</u></b>	<b><u>3/31/01</u></b>	<b><u>6/30/01</u></b>
University of Iowa	6.13%	6.08%	6.03%	5.82%	5.35%
Iowa State University	5.73%	5.85%	5.74%	5.19%	4.51%
University of Northern Iowa	6.09%	6.09%	6.03%	5.95%	5.79%
Iowa School for the Deaf	4.91%	5.13%	6.08%	6.67%	5.90%
Iowa Braille and Sight Saving School	N/I	N/I	N/I	N/I	N/I

N/I No investments of this type.

<b><i>BlackRock</i></b>					
	<b><u>6/30/00</u></b>	<b><u>9/30/00</u></b>	<b><u>12/31/00</u></b>	<b><u>3/31/01</u></b>	<b><u>6/30/01</u></b>
University of Iowa	6.28%	6.23%	6.23%	5.73%	5.82%
Iowa State University	6.26%	6.25%	6.20%	5.93%	5.94%
University of Northern Iowa	6.26%	6.29%	6.25%	5.93%	5.91%
Iowa School for the Deaf	6.26%	6.25%	6.20%	5.93%	5.94%
Iowa Braille and 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**  
**(Thousands of Dollars)**  
**June 30, 2001**

	Endowment Market <u>Value</u>	Quasi- Endowment <u>Market</u> <u>Value</u>	1993 Trust <u>Market</u> <u>Value</u>	Total Market <u>Value</u>	Percent of Total
INVESCO					
SUI	\$65,622	\$109,398	-	\$175,020	
ISU	<u>57,436</u>	<u>-</u>	<u>\$14,278</u>	<u>71,714</u>	
Total	\$123,058	\$109,398	\$14,278	\$246,734	85.0%
Seneca Capital Management					
SUI	\$17,159	-	-	\$17,159	
ISU	<u>11,994</u>	<u>-</u>	<u>\$2,856</u>	<u>14,850</u>	
Total	\$29,153	-	\$2,856	\$32,009	11.0%
Alliance Bernstein					
SUI	\$5,063	-	-	\$5,063	
ISU	<u>6,632</u>	<u>-</u>	<u>-</u>	<u>6,632</u>	
Total	\$11,695	-	-	\$11,695	4.0%
TOTAL					
SUI	\$87,844	\$109,398	-	\$197,242	
ISU	<u>76,062</u>	<u>-</u>	<u>\$17,134</u>	<u>93,196</u>	
Total	\$163,906	\$109,398	\$17,134	\$290,438	100.0%