

MEMORANDUM

To: Board of Regents
From: Board Office
Subject: Report of the Investment Committee
Date: March 2, 2005

Recommended Action:

Receive the report and consider recommendations of the Investment Committee.

Executive Summary:

Minutes At its meeting on March 14, 2005, the Board of Regents' Investment Committee is expected to approve the minutes from the December 15, 2004, Committee meeting (INV 1).

Quarterly Investment Report The Investment Committee is expected to receive the Investment and Cash Management Report on the operating and endowment portfolios for the quarter ended December 31, 2004 (INV 2).

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

As of December 31, 2004, the Regent combined operating and endowment portfolios total nearly \$1.4 billion.

The market value of the combined operating portfolios, as reported by the Regent institutions, total \$973.0 million as of December 31, 2004, and represent a point in time during operations. Return were consistent with the benchmark.

Wilshire Associates, the Board's investment advisor, prepares the summary report on the endowment/quasi-endowment portfolio, which totaled \$417.1 million for the quarter.

The combined endowment portfolio investment managers' returns for the quarter were 8.0% for SUI and 8.3% for ISU, while the blended asset allocation benchmark posted returns of 7.8%.

The SUI quasi-endowment totaled \$92.8 million and returned 1.1% for the quarter ended December 31, 2004, which slightly outperformed the benchmark of 1.0%.

Performance Review The Investment Committee is scheduled to accept the Performance Reviews of three fund managers: Reams, BlackRock, and LSV (INV 3).

Policy Manual
Change

The Investment Committee is expected to recommend that the Board approve the immediate modification of the Board's investment policy regarding initial common stock offerings sold to the public. (INV 4).

Updated
Committee
Work Plan

It is anticipated that the Investment Committee will review an updated work plan (INV 5).


Jean A. Friedrich

Approved: 
Gregory S. Nichols

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