

Contact: Andrea Anania

**INVESTMENT AND CASH MANAGEMENT REPORT**  
**FOR THE QUARTER ENDED DECEMBER 31, 2008**

**Recommended Action:** Receive the Investment and Cash Management Report for the quarter ended December 31, 2008.

**Executive Summary:** The Regent institutions maintain two investment portfolios — operating and endowment/quasi-endowment.

**Institutional Investment Portfolios**  
**Market Value**  
**(in thousands)**  
**As of December 31, 2007, and December 31, 2008**

	<u>Operating</u>		<u>Endowment/ Quasi-Endowment</u>	
	<u>Dec 2007</u>	<u>Dec 2008</u>	<u>Dec 2007</u>	<u>Dec 2008</u>
University of Iowa <sup>1</sup>	\$821,043	\$868,154	\$356,312 <sup>2</sup>	\$269,144 <sup>2</sup>
Iowa State University	325,341	326,403	176,612 <sup>3</sup>	117,380 <sup>3</sup>
University of Northern Iowa	95,421	107,865	-	-
Iowa School for the Deaf	1,951	1,900	-	-
Iowa Braille & Sight Saving School	1,211	620	-	-
<b>Total</b>	<b>\$1,244,967</b>	<b>\$1,304,942</b>	<b>\$532,924</b>	<b>\$386,524</b>

<sup>1</sup> Includes UIHC.

<sup>2</sup> Includes UNI.

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

As of December 31, 2008, the Regent combined operating and endowment portfolios totaled over \$1.6 billion.

**OPERATING**

The Merrill Lynch 1-3 year Government/Corporate Index rate for the quarter was 2.36%. UNI's internal manager outperformed the benchmark for the restricted return; all other returns underperformed the benchmark.

**ENDOWMENT**

The combined endowment managers' returns for the quarter ended December 31, 2008, were -14.8% for SUI and -14.5% for ISU; both underperformed the blended asset allocation benchmark of -13.1%. The SUI quasi-endowment returned -0.2% for the quarter, which underperformed the benchmark of 4.6%. Endowment and quasi-endowment fund manager performance overviews may be found in the Wilshire Consulting Executive Summary of Investment Performance report.

**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.

The Board authorized the following fund managers (See page 7 for values):

<u>MANAGER</u>	<u>TYPE</u>	<u>AUTHORIZED</u>
Artisan Partners	Small Cap Growth Domestic Fund Manager	December 2004
BlackRock	Short-Term Fixed Income Manager	February 1996
Commonfund	Short-Term Fixed Income Manager	September 2005
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	Fixed Income Fund Manager	February 2004
Grantham, Mayo, Van Otterloo & Co. (GMO Foreign Fund)	International Equity Fund Manager	February 2004
Lehman Brothers Asset Management	Private Equity Fund Manager	November 2005
Lotsoff Capital Management	Large Cap Core Domestic Equity Fund	September 2004
LSV Asset Management	Small Cap Value Manager	January 2002
Post Advisory (subsidiary of Iowa's Principal Financial Group)	High-Yield Bonds Fund Manager	November 2005
Principal Financial Group (based in Iowa)	Real Estate Fund Manager	November 2005
Reams Asset Management	Fixed Income Fund Manager SUI Quasi Endowment Institutional Endowments	July 2001 January 2002
Vanguard Index Funds	Large Cap S&P 500 Index Fund	February 2008
Wellington Management Company	Short-Term Fixed Income Manager	March 2003

At its December 2008 meeting, the Board removed from the Small Cap Core portfolio two fund managers, LSV Asset Management and Artisan Partners, and replaced them with Delaware Investment; funds will transition to Delaware Investment.

**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 December 31, 2008**

	<u>Restricted</u>		<u>Unrestricted</u>			<u>Total</u>
	<u>Internal</u>	<u>Internal</u>	<u>BlackRock</u>	<u>Wellington</u>	<u>Commonfund</u>	
SUI	\$163,856	\$362,020	\$159,684	\$154,529	\$28,065	\$868,154
ISU	110,317	172,535	N/I	N/I	43,551	326,403
UNI	36,110	60,362	N/I	N/I	11,393	107,865
ISD	10	1,890	N/I	N/I	0	1,900
IBSSS	N/I	620	N/I	N/I	N/I	620
Total	\$310,293	\$597,427	\$159,684	\$154,529	\$83,009	\$1,304,942

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.

**Quarterly Rates of Return  
For the Quarter Ended December 31, 2008**

	<u>Restricted</u>		<u>Unrestricted</u>			<u>Total</u>
	<u>Internal</u>	<u>Internal</u>	<u>BlackRock</u>	<u>Wellington</u>	<u>Commonfund</u>	
SUI	1.49%	0.66%	-0.55%	-2.00%	-8.40%	-0.69%
ISU	0.80%	1.43%	N/I	N/I	-8.47%	-0.57%
UNI	3.23%	1.58%	N/I	N/I	-8.47%	-0.02%
ISD	0.27%	0.27%	N/I	N/I	0.00%	0.27%
IBSSS	N/I	0.25%	N/I	N/I	N/I	0.25%

N/I = No investments of this type.

The comparable industry standard rate of return for the quarter ended December 31, 2008, includes the Merrill Lynch 1-3 year Government/Corporate Index rate of 2.36%. UNI's internal manager outperformed the benchmark for the restricted return; all other returns underperformed the benchmark.

**Operating Investment Summary**  
**Unrestricted, Restricted, BlackRock, Wellington, and Commonfund**  
**(in thousands)**  
**As of December 31, 2008**

	<u>Market Value</u>	<u>Percent Market Value</u>
<b>University of Iowa</b>		
Money Market / Cash Equivalents	\$493,315	56.8%
Agency Securities	114,746	13.2%
Commonfund	28,065	3.2%
Asset Backed	106,229	12.2%
U.S. Obligations	84,475	9.8%
Corporate Notes and Bonds	39,656	4.6%
Municipals	<u>1,668</u>	<u>0.2%</u>
Total	\$868,154	100.0%
<b>Iowa State University</b>		
Money Market / Cash Equivalents	\$151,858	46.5%
Agency Securities	99,089	30.4%
Commonfund	43,551	13.3%
U.S. Obligations	<u>31,905</u>	<u>9.8%</u>
Total	\$326,403	100.0%
<b>University of Northern Iowa</b>		
Money Market / Cash Equivalents	\$32,695	30.3%
Agency Securities	43,816	40.6%
Commonfund	11,393	10.6%
U.S. Obligations	<u>19,961</u>	<u>18.5%</u>
Total	\$107,865	100.0%
<b>Iowa School for the Deaf</b>		
Money Market / Cash Equivalents	\$1,900	100.0%
<b>Iowa Braille &amp; Sight Saving School</b>		
Money Market / Cash Equivalents	\$20	3.2%
Repurchase Agreements	<u>600</u>	<u>96.8%</u>
Total	\$620	100.0%
<b>Regent Composite</b>		
Money Market / Cash Equivalents	\$679,788	52.1%
Agency Securities	257,651	19.7%
Commonfund	83,009	6.4%
Asset Backed	106,229	8.1%
U.S. Obligations	136,341	10.5%
Corporate Notes and Bonds	39,656	3.0%
Municipals	1,668	0.1%
Repurchase Agreements	<u>600</u>	<u>0.1%</u>
<b>Total</b>	<b>\$1,304,942</b>	<b>100.0%</b>

**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 December 31, 2008**

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

**Endowment Manager Allocations\*  
As of December 31, 2008**

<u>Asset Class</u>	<u>Target</u>	<u>Allowable Range</u>	<u>Benchmark</u>
<u>Public Equity</u>	<u>50%</u>	45-55%	Wilshire 5000
US Equity	25%	20-30%	Wilshire 5000
Non US Equity	25%	20-30%	MSCI EAFE (N)
<u>Fixed Income</u>	<u>30%</u>	25-35%	Lehman Aggregate
Core Fixed Income	25%	20-30%	Lehman Aggregate
High Yield FI	5%	0-10%	Merrill Lynch HY Master II
<u>Real Assets</u>	<u>10%</u>	5-15%	NACREIF
Public	0%	N/A	N/A
Private	10%	5-15%	NACREIF
<u>Private Equity</u>	<u>10%</u>	0-15%	Wilshire 5000

\*Approved at the September 2008 meeting; revised at the December 2008 meeting. A transition period is expected as assets are reallocated to this new plan.

**Endowment Allocations  
Net of Fees  
As of December 31, 2008**

MANAGER	University of Iowa			Iowa State University		
	Value (thousands)	Value (percent)	Fees (thousands)	Value (thousands)	Value (percent)	Fees (thousands)
<u>Public Equity</u>						
<u>US Equity</u>						
Artisan Partners	\$7,131	3.9%	\$20	\$5,447	4.6%	\$15
Lotsoff Capital	30,400	16.6%	35	17,456	14.9%	15
LSV Asset Management	7,354	4.0%	17	5,635	4.8%	10
Vanguard	<u>32,699</u>	<u>17.8%</u>	<u>6</u>	<u>19,460</u>	<u>16.6%</u>	<u>4</u>
Subtotal	\$77,584	42.3%	\$78	\$47,998	40.9%	\$44
<u>Non US Equity</u>						
GMO Foreign Fund	\$26,427	14.4%	\$49	\$15,657	13.3%	\$29
<u>Fixed Income</u>						
<u>Dodge &amp; Cox</u>						
Dodge & Cox	\$24,221	13.2%	\$27	\$15,151	12.9%	\$17
Reams Asset Management	26,992	14.8%	18	19,168	16.4%	14
Post Advisory	<u>9,915</u>	<u>5.4%</u>	<u>15</u>	<u>7,083</u>	<u>6.0%</u>	<u>11</u>
Subtotal	\$61,128	33.4%	\$60	\$41,402	35.3%	\$42
<u>Real Assets</u>						
<u>Principal Group</u>						
Principal Group	\$14,160	7.7%	\$45	\$9,851	8.4%	\$31
CF NR Partners VIII*	<u>165</u>	<u>0.1%</u>	<u>*</u>	<u>110</u>	<u>0.1%</u>	<u>*</u>
Subtotal	\$14,325	7.8%	\$45	\$9,961	8.5%	\$31
<u>Private Equity</u>						
<u>Lehman Brothers</u>						
Lehman Brothers	\$3,224	1.8%	\$14	\$2,015	1.7%	\$9
CF Int'l Partners VI*	194	0.1%	*	130	0.1%	*
CF Private Equity VII*	205	0.1%	*	136	0.1%	*
CF Venture Capital VIII*	<u>134</u>	<u>0.1%</u>	<u>*</u>	<u>81</u>	<u>0.1%</u>	<u>*</u>
Subtotal	\$3,757	2.1%	\$14	\$2,362	2.0%	\$9
Total Fund	\$183,221	100.0%	\$246	\$117,380	100.0%	\$155

\* No fees were reported.

**Endowment Performance  
Net of Fees  
As of December 31, 2008**

	Assets (thousands)	Net Returns	
		Quarter	One Year
SUI	\$183,221	-14.8%	-27.8%
ISU	117,380	-14.5%	-27.1%
Asset Allocation Benchmark*		-13.1%	-24.9%
SUI Quasi-Endowment	<u>85,923</u>	-0.2%	-3.1%
Fixed Income Benchmark **		4.6%	5.2%
Total	\$386,524		

\* 50% Wilshire 5000, 30% Lehman Aggregate, 15% MSCI EAFE (N), 5% NCREIF Property Index.

\*\* 100% Lehman 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 December 31, 2008**

	Value (thousands)	Value (percent)	Fees (thousands)	Net Returns	
				Quarter	Year
Dodge & Cox	\$43,877	51.1%	\$49	3.4%	-0.3%
Reams	<u>42,046</u>	<u>48.9%</u>	<u>28</u>	-3.7%	-6.0%
Total Fund	\$85,923	100.0%	\$77		
Fixed Income Benchmark **				4.6%	5.2%

\*\*100% Lehman Aggregate.

**Endowment / Quasi-Endowment Portfolios**  
**Market Value - Accrual Basis**  
**(in thousands)**  
**As of December 31, 2008**

Portfolio Manager	Endowment Market Value	Quasi-Endowment Market Value	Total Market Value	Percent of Total
Reams Asset Management				
SUI	\$26,992	\$42,046	\$69,038	
ISU	<u>19,168</u>	-	<u>19,168</u>	
Total	\$46,160	\$42,046	\$88,206	22.8%
Dodge & Cox				
SUI	\$24,221	\$43,877	\$68,098	
ISU	<u>15,151</u>	-	<u>15,151</u>	
Total	\$39,372	\$43,877	\$83,249	21.6%
Vanguard				
SUI	\$32,699	-	\$32,699	
ISU	<u>19,460</u>	-	<u>19,460</u>	
Total	\$52,159	-	\$52,159	13.5%
Lotsoff Capital Management				
SUI	\$30,400	-	\$30,400	
ISU	<u>17,456</u>	-	<u>17,456</u>	
Total	\$47,856	-	\$47,856	12.4%
GMO Foreign Fund				
SUI	\$26,427	-	\$26,427	
ISU	<u>15,657</u>	-	<u>15,657</u>	
Total	\$42,084	-	\$42,084	10.9%
Principal Group				
SUI	\$14,160	-	\$14,160	
ISU	<u>9,851</u>	-	<u>9,851</u>	
Total	\$24,011	-	\$24,011	6.2%
Post Advisory				
SUI	\$9,915	-	\$9,915	
ISU	<u>7,083</u>	-	<u>7,083</u>	
Total	\$16,998	-	\$16,998	4.4%
LSV Asset Management				
SUI	\$7,354	-	\$7,354	
ISU	<u>5,635</u>	-	<u>5,635</u>	
Total	\$12,989	-	\$12,989	3.3%
Artisan Partners				
SUI	\$7,131	-	\$7,131	
ISU	<u>5,447</u>	-	<u>5,447</u>	
Total	\$12,578	-	\$12,578	3.2%
Lehman Brothers				
SUI	\$3,224	-	\$3,224	
ISU	<u>2,015</u>	-	<u>2,015</u>	
Total	\$5,239	-	\$5,239	1.3%
CF Private Equity VII				
SUI	\$205	-	\$205	
ISU	<u>136</u>	-	<u>136</u>	
Total	\$341	-	\$341	0.1%
CF Int'l Partners VI				
SUI	\$194	-	\$194	
ISU	<u>130</u>	-	<u>130</u>	
Total	\$324	-	\$324	0.1%
CF NR Partners VIII				
SUI	\$165	-	\$165	
ISU	<u>110</u>	-	<u>110</u>	
Total	\$275	-	\$275	0.1%
CF Venture Capital VIII				
SUI	\$134	-	\$134	
ISU	<u>81</u>	-	<u>81</u>	
Total	\$215	-	\$215	0.1%
<b>TOTAL</b>				
SUI	\$183,221	\$85,923	\$269,144	
ISU	<u>117,380</u>	-	<u>117,380</u>	
Total	\$300,601	\$85,923	\$386,524	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 December 31, 2008**

University of Iowa	\$34,296
Iowa State University	19,556
University of Northern Iowa	5,639
Iowa School for the Deaf	250
Iowa Braille and Sight Saving School	128
Board Office	39
Total	<u>\$59,908</u>





**Board of Regents, State of Iowa**

# *Wilshire Consulting*

***Board of Regents, State of Iowa  
Executive Summary of Investment Performance  
Quarter Ending December 31, 2008***



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Pittsburgh, PA 15222

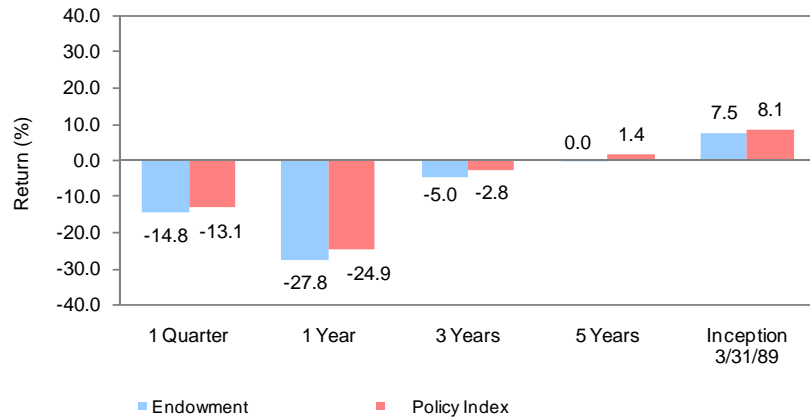
T: 412-434-1580 F: 412-434-1584

# Total Endowment Fund Results

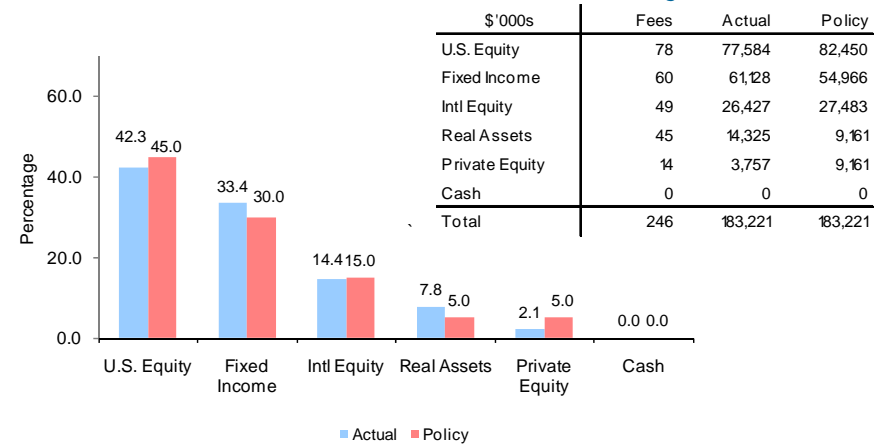
University of Iowa



## Investment Performance



## Asset Allocation vs. Policy

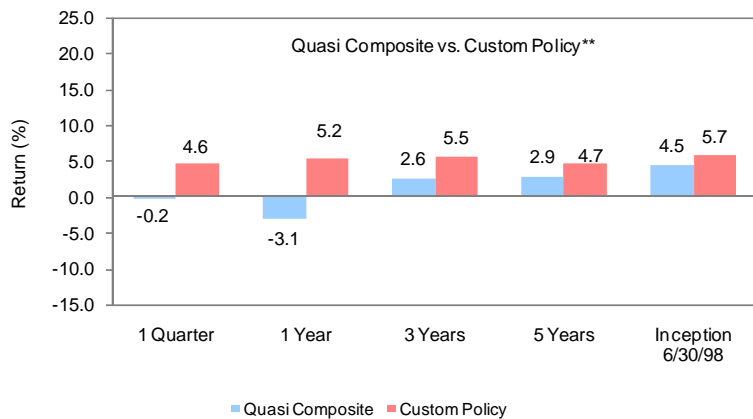


\$'000s	Fees	Actual	Policy
U.S. Equity	78	77,584	82,450
Fixed Income	60	61,228	54,966
Intl Equity	49	26,427	27,483
Real Assets	45	14,325	9,161
Private Equity	14	3,757	9,161
Cash	0	0	0
<b>Total</b>	<b>246</b>	<b>183,221</b>	<b>183,221</b>

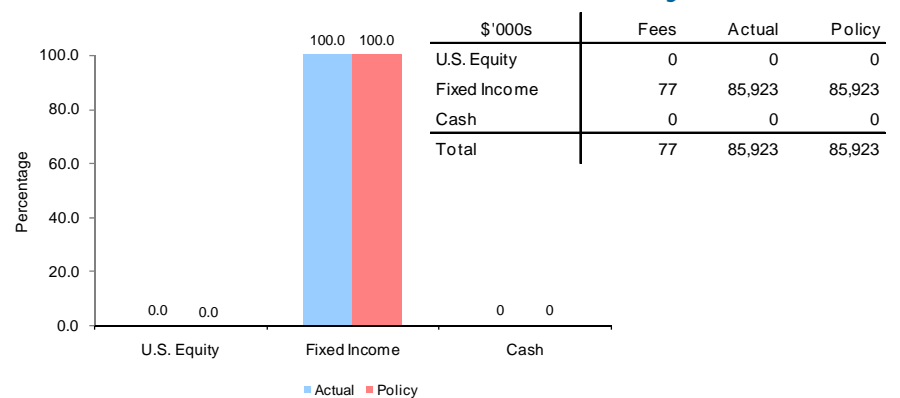
# Total Quasi-Endowment Fund Results

University of Iowa

## Investment Performance



## Asset Allocation vs. Policy



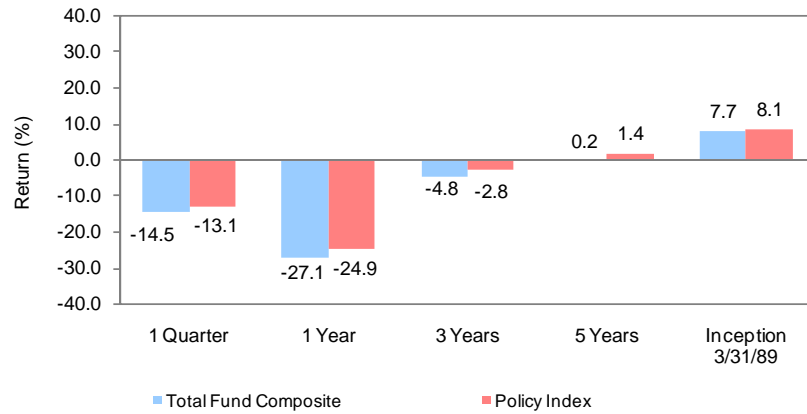
\$'000s	Fees	Actual	Policy
U.S. Equity	0	0	0
Fixed Income	77	85,923	85,923
Cash	0	0	0
<b>Total</b>	<b>77</b>	<b>85,923</b>	<b>85,923</b>

(Periods Ending December 31, 2008)

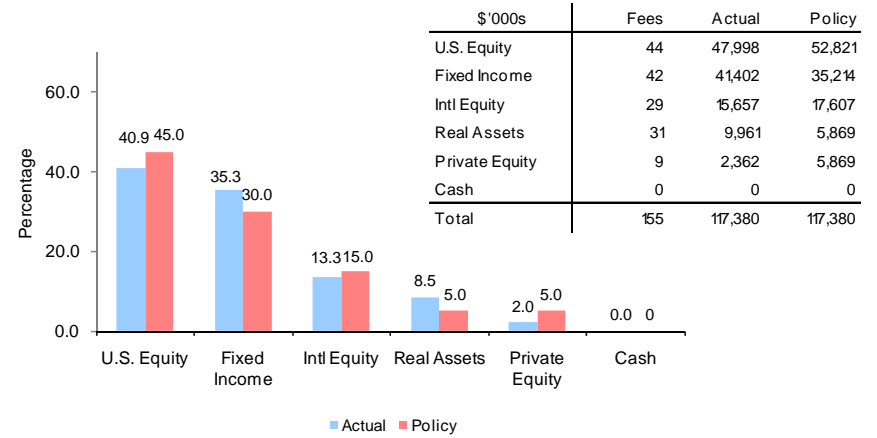
Note: At the direction of the Board of Regents, slight adjustments have been made to composite market values to account for rounding.

# Total Endowment Fund Results

## Investment Performance



## Asset Allocation vs. Policy



(Periods Ending December 31, 2008)

Note: At the direction of the Board of Regents, slight adjustments have been made to composite market values to account for rounding.

# Endowment Fund Manager Performance Overview



University of Iowa											
Inception	Asset Class / Manager	Assets (thousands)	Net Return 1 Quarter	Benchmark 1 Quarter	Variance (bps) 1 Quarter	Net Return 1 Year	Benchmark 1 Year	Variance (bps) 1 Year	Net Return 5 Years	Benchmark 5 Years	Variance (bps) 5 Years
<b>Domestic Equity</b>		<b>\$77,584</b>	<b>-23.8%</b>	<b>-22.9%</b>	<b>-92</b>	<b>-39.1%</b>	<b>-37.2%</b>	<b>-188</b>	<b>-3.5%</b>	<b>-1.7%</b>	<b>-177</b>
3/31/2005	Lotsoff Large Cap Equity	\$30,400	-24.6%	-22.0%	-259	-41.8%	-37.0%	-478	--	--	--
6/30/2002	LSV Small/Mid Cap Value	\$7,354	-24.6%	-24.9%	30	-33.9%	-32.0%	-196	-2.3%	-0.2%	-211
3/31/2005	Artisan Small Cap Growth	\$7,131	-27.7%	-27.4%	-30	-43.9%	-38.5%	-540	--	--	--
3/31/2008	Vanguard S&P 500 Index	\$32,699	-21.9%	-22.0%	5	--	--	--	--	--	--
<b>International Equity</b>		<b>\$26,427</b>	<b>-16.1%</b>	<b>-20.0%</b>	<b>383</b>	<b>-39.8%</b>	<b>-43.4%</b>	<b>362</b>	<b>3.3%</b>	<b>1.7%</b>	<b>165</b>
3/31/2004	GMO Foreign Fund	\$26,427	-16.1%	-20.0%	383	-39.8%	-43.4%	362	--	--	--
<b>Fixed Income</b>		<b>\$61,128</b>	<b>-3.7%</b>	<b>4.6%</b>	<b>-825</b>	<b>-7.0%</b>	<b>5.2%</b>	<b>-1,221</b>	<b>2.0%</b>	<b>4.7%</b>	<b>-262</b>
3/31/2004	Dodge & Cox Income Fund	\$24,221	3.4%	4.6%	-121	-0.3%	5.2%	-554	--	--	--
9/30/2002	Reams Core Fixed Income	\$26,992	-3.9%	4.6%	-843	-6.3%	5.2%	-1,150	2.5%	4.7%	-219
3/31/2006	Post Traditional High Yield	\$9,915	-19.1%	-17.6%	-142	-23.3%	-26.4%	311	--	--	--
<b>Real Assets</b>		<b>\$14,325</b>	<b>-4.6%</b>	<b>-0.2%</b>	<b>-445</b>	<b>-2.5%</b>	<b>5.3%</b>	<b>-779</b>	<b>--</b>	<b>--</b>	<b>--</b>
3/31/2006	Principal Enhanced Property	\$14,160	-4.7%	-0.2%	-448	-2.5%	5.3%	-781	--	--	--
9/30/2006	CF Natural Resource Partners VIII	\$165	0.0%	-0.2%	17	--	--	--	--	--	--
<b>Private Equity</b>		<b>\$3,757</b>	<b>-13.4%</b>	<b>-22.9%</b>	<b>941</b>	<b>-14.7%</b>	<b>-37.2%</b>	<b>2,256</b>	<b>--</b>	<b>--</b>	<b>--</b>
12/31/2006	Lehman Bros. Crossroads XVIII	\$3,224	-14.5%	-22.9%	839	-17.3%	-37.2%	1,994	--	--	--
3/31/2007	CF Int'l Partners VI	\$194	-11.2%	-22.9%	1,166	13.5%	-37.2%	5,073	--	--	--
3/31/2007	CF Private Equity VII	\$205	-5.6%	-22.9%	1,725	-20.2%	-37.2%	1,707	--	--	--
6/30/2007	CF Venture Partners VIII	\$134	-3.0%	-22.9%	1,982	37.7%	-37.2%	7,494	--	--	--
<b>Total Endowment</b>		<b>\$183,221</b>	<b>-14.8%</b>	<b>-13.1%</b>	<b>-173</b>	<b>-27.8%</b>	<b>-24.9%</b>	<b>-296</b>	<b>-0.0%</b>	<b>1.4%</b>	<b>-142</b>
Iowa State University											
Inception	Asset Class / Manager	Assets (thousands)	Net Return 1 Quarter	Benchmark 1 Quarter	Variance (bps) 1 Quarter	Net Return 1 Year	Benchmark 1 Year	Variance (bps) 1 Year	Net Return 5 Years	Benchmark 5 Years	Variance (bps) 5 Years
<b>Domestic Equity</b>		<b>\$47,998</b>	<b>-23.9%</b>	<b>-22.9%</b>	<b>-101</b>	<b>-39.0%</b>	<b>-37.2%</b>	<b>-176</b>	<b>-3.6%</b>	<b>-1.7%</b>	<b>-188</b>
3/31/2005	Lotsoff Large Cap Equity	\$17,456	-24.5%	-22.0%	-256	-41.4%	-37.0%	-440	--	--	--
6/30/2002	LSV Small/Mid Cap Value	\$5,635	-24.4%	-24.9%	45	-35.0%	-32.0%	-301	-2.2%	-0.2%	-205
3/31/2005	Artisan Small Cap Growth	\$5,447	-27.7%	-27.4%	-30	-43.9%	-38.5%	-540	--	--	--
3/31/2008	Vanguard S&P 500 Index	\$19,460	-21.9%	-22.0%	5	--	--	--	--	--	--
<b>International Equity</b>		<b>\$15,657</b>	<b>-16.1%</b>	<b>-20.0%</b>	<b>383</b>	<b>-39.8%</b>	<b>-43.4%</b>	<b>357</b>	<b>3.2%</b>	<b>1.7%</b>	<b>151</b>
3/31/2004	GMO Foreign Fund	\$15,657	-16.1%	-20.0%	383	-39.8%	-43.4%	357	--	--	--
<b>Fixed Income</b>		<b>\$41,402</b>	<b>-3.8%</b>	<b>4.6%</b>	<b>-839</b>	<b>-7.1%</b>	<b>5.2%</b>	<b>-1,233</b>	<b>2.0%</b>	<b>4.7%</b>	<b>-268</b>
3/31/2004	Dodge & Cox Income Fund	\$15,151	3.4%	4.6%	-121	-0.3%	5.2%	-554	--	--	--
9/30/2002	Reams Core Fixed Income	\$19,168	-4.0%	4.6%	-852	-6.4%	5.2%	-1,165	2.4%	4.7%	-223
3/31/2006	Post Traditional High Yield	\$7,083	-19.1%	-17.6%	-142	-23.3%	-26.4%	311	--	--	--
<b>Real Assets</b>		<b>\$9,961</b>	<b>-4.6%</b>	<b>-0.2%</b>	<b>-445</b>	<b>-2.5%</b>	<b>5.3%</b>	<b>-779</b>	<b>--</b>	<b>--</b>	<b>--</b>
3/31/2006	Principal Enhanced Property	\$9,851	-4.7%	-0.2%	-448	-2.6%	5.3%	-782	--	--	--
9/30/2006	CF Natural Resource Partners VIII	\$110	0.0%	-0.2%	17	--	--	--	--	--	--
<b>Private Equity</b>		<b>\$2,362</b>	<b>-13.4%</b>	<b>-22.9%</b>	<b>944</b>	<b>-14.6%</b>	<b>-37.2%</b>	<b>2,259</b>	<b>--</b>	<b>--</b>	<b>--</b>
12/31/2006	Lehman Bros. Crossroads XVIII	\$2,015	-14.5%	-22.9%	839	-17.3%	-37.2%	1,994	--	--	--
3/31/2007	CF Int'l Partners VI	\$130	-11.2%	-22.9%	1,166	13.5%	-37.2%	5,073	--	--	--
3/31/2007	CF Private Equity VII	\$136	-5.6%	-22.9%	1,725	-20.2%	-37.2%	1,707	--	--	--
6/30/2007	CF Venture Partners VIII	\$81	-3.0%	-22.9%	1,983	37.7%	-37.2%	7,494	--	--	--
<b>Total Endowment</b>		<b>\$117,380</b>	<b>-14.5%</b>	<b>-13.1%</b>	<b>-147</b>	<b>-27.1%</b>	<b>-24.9%</b>	<b>-222</b>	<b>0.2%</b>	<b>1.4%</b>	<b>-123</b>

(Periods Ending December 31, 2008)

Note: At the direction of the Board of Regents, slight adjustments have been made to composite market values to account for rounding.

# Operating Account Review (External Managers)

	Inception Date	Mkt. Value \$'000	Comp %	Qtr %	1 Yr %	3 Yrs %	5 Yrs %	Inception %	Investment Fee \$'000
<b>University of Iowa External Mgr. Composite</b>	<b>(12/31/96)</b>	<b>342,278</b>	<b>100%</b>	<b>-2.4</b>	<b>-3.6</b>	<b>1.9</b>	<b>1.9</b>	<b>4.3</b>	<b>150</b>
<i>Merrill Lynch 1-3 Yr. G/C</i>				2.4	4.7	5.3	3.7	5.1	
<i>Merrill Lynch 1-5 Yr. Govt/Corp</i>				3.0	4.7	5.4	3.8	5.4	
BlackRock Short Duration	(12/31/96)	159,684	46.7%	-0.6	-0.7	3.1	2.6	4.6	86
<i>Merrill Lynch 1-3 Yr. G/C</i>				2.4	4.7	5.3	3.7	5.1	
<i>Merrill Lynch 1-5 Yr. Govt/Corp</i>				3.0	4.7	5.4	3.8	5.4	
Wellington Short Bond	(3/31/03)	154,529	45.1%	-2.0	-3.1	2.0	1.9	2.0	64
<i>Merrill Lynch 1-3 Yr. G/C</i>				2.4	4.7	5.3	3.7	3.6	
<i>Merrill Lynch 1-5 Yr. Govt/Corp</i>				3.0	4.7	5.4	3.8	3.7	
CF Intermediate Term Fund	(12/31/06)	28,065	8.2%	-8.4	-12.4	--	--	-4.6	0
<i>Merrill Lynch 1-3 Yr. Treasury</i>				2.7	6.6	--	--	7.0	

	Inception Date	Mkt. Value \$'000	Comp %	Qtr %	1 Yr %	3 Yrs %	5 Yrs %	Inception %	Investment Fee \$'000
<b>Iowa State University External Mgr. Composite</b>	<b>(6/30/05)</b>	<b>43,551</b>	<b>100%</b>	<b>-8.4</b>	<b>-12.4</b>	<b>-1.6</b>	<b>--</b>	<b>-1.1</b>	<b>0</b>
<i>Operating Benchmark</i>				2.7	6.6	6.0	--	5.4	
CF Intermediate Term Fund	(9/30/05)	43,551	100.0%	-8.4	-12.4	-1.5	--	-1.1	0
<i>Merrill Lynch 1-3 Yr. Treasury</i>				2.7	6.6	5.8	--	5.6	

	Inception Date	Mkt. Value \$'000	Comp %	Qtr %	1 Yr %	3 Yrs %	5 Yrs %	Inception %	Investment Fee \$'000
<b>University of Northern Iowa External Mgr. Composite</b>	<b>(12/31/04)</b>	<b>11,393</b>	<b>100%</b>	<b>-8.4</b>	<b>-12.5</b>	<b>-1.5</b>	<b>--</b>	<b>-0.6</b>	<b>0</b>
<i>Operating Benchmark</i>				2.7	6.6	5.8	--	4.8	
CF Intermediate Term Fund	(12/31/05)	11,393	100.0%	-8.4	-12.5	-1.6	--	-1.6	0
<i>Merrill Lynch 1-3 Yr. Treasury</i>				2.7	6.6	5.8	--	5.8	

(Periods Ending December 31, 2008)

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 11 for policy specifications.

# Total Endowment Fund Results

	Inception Date	Mkt. Value \$'000	Comp %	QTR %	1 Year %	3 Years %	5 Years %	Inception %	Qtr. Inv. Fee \$'000
<b>University of Iowa Total Endowment</b>	(3/31/89)	<b>183,221</b>	<b>100.0%</b>	<b>-14.8</b>	<b>-27.8</b>	<b>-5.0</b>	<b>0.0</b>	<b>7.5</b>	<b>246</b>
<b>Iowa State University Total Endowment</b>	(3/31/89)	<b>117,380</b>	<b>100.0%</b>	<b>-14.5</b>	<b>-27.1</b>	<b>-4.8</b>	<b>0.2</b>	<b>7.7</b>	<b>155</b>
<i>Policy Index</i>				<i>-13.1</i>	<i>-24.9</i>	<i>-2.8</i>	<i>1.4</i>	<i>8.1</i>	
<b>University of Iowa Domestic Equity Composite</b>	(3/31/89)	<b>77,584</b>	<b>42.3%</b>	<b>-23.8</b>	<b>-39.1</b>	<b>-10.9</b>	<b>-3.5</b>	<b>7.7</b>	<b>78</b>
<b>Iowa State University Domestic Equity Composite</b>	(3/31/89)	<b>47,998</b>	<b>40.9%</b>	<b>-23.9</b>	<b>-39.0</b>	<b>-11.3</b>	<b>-3.6</b>	<b>7.5</b>	<b>44</b>
<i>Dow Jones Wilshire 5000</i>				<i>-22.9</i>	<i>-37.2</i>	<i>-8.4</i>	<i>-1.7</i>	<i>8.1</i>	
University of Iowa: Vanguard S&P 500 Index	(3/31/08)	32,699	17.8%	-21.9	--	--	--	-30.4	6
Iowa State University: Vanguard S&P 500 Index	(3/31/08)	19,460	16.6%	-21.9	--	--	--	-30.4	4
<i>S&amp;P 500</i>				<i>-22.0</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>-30.4</i>	
University of Iowa: Lotsoff Large Cap Equity	(3/31/05)	30,400	16.6%	-24.6	-41.8	-11.3	--	-6.9	35
Iowa State University: Lotsoff Large Cap Equity	(3/31/05)	17,456	14.9%	-24.5	-41.4	-11.1	--	-6.8	15
<i>S&amp;P 500</i>				<i>-22.0</i>	<i>-37.0</i>	<i>-8.4</i>	<i>--</i>	<i>-5.0</i>	
University of Iowa: LSV Asset Management	(6/30/02)	7,354	4.0%	-24.6	-33.9	-11.6	-2.3	0.6	17
Iowa State University: LSV Asset Management	(6/30/02)	5,635	4.8%	-24.4	-35.0	-12.0	-2.2	0.6	10
<i>Russell 2500 Value</i>				<i>-24.9</i>	<i>-32.0</i>	<i>-8.8</i>	<i>-0.2</i>	<i>3.3</i>	
University of Iowa: Artisan Small Cap Growth	(3/31/05)	7,131	3.9%	-27.7	-43.9	-14.7	--	-9.2	20
Iowa State University: Artisan Small Cap Growth	(3/31/05)	5,447	4.6%	-27.7	-43.9	-14.7	--	-9.2	15
<i>Russell 2000 Growth</i>				<i>-27.4</i>	<i>-38.5</i>	<i>-9.3</i>	<i>--</i>	<i>-4.7</i>	
<b>University of Iowa International Equity Composite</b>	(9/30/94)	<b>26,427</b>	<b>14.4%</b>	<b>-16.1</b>	<b>-39.8</b>	<b>-5.5</b>	<b>3.3</b>	<b>4.4</b>	<b>49</b>
<b>Iowa State University International Equity Composite</b>	(9/30/94)	<b>15,657</b>	<b>13.3%</b>	<b>-16.1</b>	<b>-39.8</b>	<b>-5.6</b>	<b>3.2</b>	<b>4.2</b>	<b>29</b>
<i>MSCI EAFE (N) Index</i>				<i>-20.0</i>	<i>-43.4</i>	<i>-7.4</i>	<i>1.7</i>	<i>3.1</i>	
University of Iowa: GMO Foreign Fund	(3/31/04)	26,427	14.4%	-16.1	-39.8	-5.5	--	2.3	49
Iowa State University: GMO Foreign Fund	(3/31/04)	15,657	13.3%	-16.1	-39.8	-5.6	--	2.3	29
<i>MSCI EAFE (N) Index</i>				<i>-20.0</i>	<i>-43.4</i>	<i>-7.4</i>	<i>--</i>	<i>0.8</i>	
<b>University of Iowa Fixed Income Composite</b>	(3/31/89)	<b>61,128</b>	<b>33.4%</b>	<b>-3.7</b>	<b>-7.0</b>	<b>1.2</b>	<b>2.0</b>	<b>6.6</b>	<b>60</b>
<b>Iowa State University Fixed Income Composite</b>	(3/31/89)	<b>41,402</b>	<b>35.3%</b>	<b>-3.8</b>	<b>-7.1</b>	<b>1.2</b>	<b>2.0</b>	<b>6.1</b>	<b>42</b>
<i>Custom Policy</i>				<i>4.6</i>	<i>5.2</i>	<i>5.5</i>	<i>4.7</i>	<i>7.4</i>	
University of Iowa: Dodge & Cox Income Fund	(3/31/04)	24,221	13.2%	3.4	-0.3	3.2	--	2.8	27
Iowa State University: Dodge & Cox Income Fund	(3/31/04)	15,151	13.0%	3.4	-0.3	3.1	--	2.8	17
<i>Barclays Aggregate</i>				<i>4.6</i>	<i>5.2</i>	<i>5.5</i>	<i>--</i>	<i>4.3</i>	
University of Iowa: Reams Asset Management	(9/30/02)	26,992	14.8%	-3.9	-6.3	1.8	2.5	2.9	18
Iowa State University: Reams Asset Management	(9/30/02)	19,168	16.3%	-4.0	-6.4	1.8	2.4	2.9	14
<i>Barclays Aggregate</i>				<i>4.6</i>	<i>5.2</i>	<i>5.5</i>	<i>4.7</i>	<i>4.6</i>	
University of Iowa: Post Advisory High Yield	(3/31/06)	9,915	5.4%	-19.0	-23.3	--	--	-5.5	15
Iowa State University: Post Advisory High Yield	(3/31/06)	7,083	6.0%	-19.1	-23.3	--	--	-5.5	11
<i>Merrill Lynch High Yield Master II</i>				<i>-17.6</i>	<i>-26.4</i>	<i>--</i>	<i>--</i>	<i>-7.1</i>	

(Periods Ending December 31, 2008)

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\*Please see page 11 for policy specifications.

# Total Endowment Fund Results

	Inception Date	Mkt. Value \$'000	Comp %	QTR %	1 Year %	3 Years %	5 Years %	Inception %	Qtr. Inv. Fee \$'000
<b>University of Iowa Real Assets Composite</b>	(03/31/06)	<b>14,325</b>	<b>7.8%</b>	<b>-4.6</b>	<b>-2.5</b>	<b>--</b>	<b>--</b>	<b>9.6</b>	<b>45</b>
<b>Iowa State University Real Assets Composite</b> <i>NCREIF Property Index Lagged</i>	(03/31/06)	<b>9,961</b>	<b>8.5%</b>	<b>-4.6</b> <i>-0.2</i>	<b>-2.5</b> <i>5.3</i>	<b>--</b> <i>--</i>	<b>--</b> <i>--</i>	<b>9.6</b> <i>12.4</i>	<b>31</b>
University of Iowa: Principal Enhanced Property Fund	(03/31/06)	14,160	7.7%	-4.7	-2.5	--	--	9.6	45
Iowa State University: Principal Enhanced Property Fund <i>NCREIF Property Index Lagged</i>	(03/31/06)	9,851	8.4%	-4.7 <i>-0.2</i>	-2.5 <i>5.3</i>	-- <i>--</i>	-- <i>--</i>	9.6 <i>12.4</i>	31
University of Iowa: CF Natural Resource Partners VIII	(09/30/2008)	165	0.1%	0.0	--	--	--	0.0	--
Iowa State University: CF Natural Resource Partners VIII <i>NCREIF Property Index Lagged</i>	(09/30/2008)	110	0.1%	0.0 <i>-0.2</i>	-- <i>--</i>	-- <i>--</i>	-- <i>--</i>	0.0 <i>-0.2</i>	--
<b>University of Iowa Private Equity Composite</b>	(12/31/06)	<b>3,757</b>	<b>2.1%</b>	<b>-13.4</b>	<b>-14.7</b>	<b>--</b>	<b>--</b>	<b>-6.7</b>	<b>14</b>
<b>Iowa State University Private Equity Composite</b> <i>Dow Jones Wilshire 5000</i>	(12/31/06)	<b>2,362</b>	<b>2.0%</b>	<b>-13.4</b> <i>-22.9</i>	<b>-14.6</b> <i>-37.2</i>	<b>--</b> <i>--</i>	<b>--</b> <i>--</i>	<b>-6.8</b> <i>-18.6</i>	<b>9</b>
University of Iowa: Lehman Brothers Crossroads XVII	(12/31/06)	3,224	1.8%	-14.5	-17.3	--	--	-6.2	14
Iowa State University: Lehman Brothers Crossroads XVII <i>Dow Jones Wilshire 5000</i>	(12/31/06)	2,015	1.7%	-14.5 <i>-22.9</i>	-17.3 <i>-37.2</i>	-- <i>--</i>	-- <i>--</i>	-6.2 <i>-18.6</i>	9
University of Iowa: CF Int'l Partners VI	(3/31/07)	194	0.1%	-11.2	13.5	--	--	-41.0	--
Iowa State University: CF Int'l Partners VI <i>Dow Jones Wilshire 5000</i>	(3/31/07)	130	0.1%	-11.2 <i>-22.9</i>	13.5 <i>-37.2</i>	-- <i>--</i>	-- <i>--</i>	-41.0 <i>-21.6</i>	--
University of Iowa: CF Private Equity VII	(3/31/07)	205	0.1%	-5.6	-20.2	--	--	-76.8	--
Iowa State University: CF Private Equity VII <i>Dow Jones Wilshire 5000</i>	(3/31/07)	136	0.1%	-5.6 <i>-22.9</i>	-20.2 <i>-37.2</i>	-- <i>--</i>	-- <i>--</i>	-76.8 <i>-21.6</i>	--
University of Iowa: CF Venture Capital VIII	(6/30/07)	134	0.1%	-3.0	37.7	--	--	-61.8	--
Iowa State University: CF Venture Capital VIII <i>Dow Jones Wilshire 5000</i>	(6/30/07)	81	0.1%	-3.0 <i>-22.9</i>	37.7 <i>-37.2</i>	-- <i>--</i>	-- <i>--</i>	-61.8 <i>-27.6</i>	--

# Total Quasi-Endowment Fund Results

	Inception Date	Mkt. Value \$'000	Comp %	Qtr %	1 Yr %	3 Yrs %	5 Yrs %	Inception %	Qtr. Inv. Fee \$'000
<b>University of Iowa Quasi Composite</b> <i>Custom Policy</i>	(6/30/98)	<b>85,923</b>	<b>100%</b>	<b>-0.2</b> <i>4.6</i>	<b>-3.1</b> <i>5.2</i>	<b>2.6</b> <i>5.5</i>	<b>2.9</b> <i>4.7</i>	<b>4.5</b> <i>5.7</i>	<b>77</b>
Dodge & Cox Income Quasi <i>Barclays Aggregate</i>	(3/31/04)	43,877	51.1%	3.4 <i>4.6</i>	-0.3 <i>5.2</i>	3.2 <i>5.5</i>	-- <i>--</i>	2.8 <i>4.3</i>	49
Reams Asset Management Quasi <i>Barclays Aggregate</i>	(9/30/01)	42,046	48.9%	-3.7 <i>4.6</i>	-6.0 <i>5.2</i>	2.0 <i>5.5</i>	2.6 <i>4.7</i>	3.4 <i>5.2</i>	28

(Periods Ending December 31, 2008)

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\*Please see page 11 for policy specifications.



# Manager Overview

## Vanguard Group Inc.

- **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

## LSV Asset Management

- **Style:** Small / Mid Capitalization U.S. Value Equity
- **Construction Process:** Optimization
- **Investment Philosophy:** Active-Bottom Up
- **Selection Method:** Quantitative Valuation

## Artisan Partners

- **Style:** Small Capitalization U.S. Growth Equity
- **Construction Process:** Optimization
- **Investment Philosophy:** Active-Bottom Up
- **Selection Method:** Fundamental Valuation

## GMO International

- **Style:** International Value Non-U.S. Equity
- **Construction Process:** Valuation Measures
- **Investment Philosophy:** Active-Bottom Up
- **Selection Method:** Fundamental Earnings Forecast

## Dodge & Cox

- **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

## Reams Asset Management

- **Style:** Market Core Fixed Income
- **Construction Process:** Optimization
- **Investment Philosophy:** Active-Bottom Up
- **Selection Method:** Quantitative & Qualitative Valuation

## Post Asset Management

- **Style:** High Yield Fixed Income
- **Construction Process:** Fundamental Evaluation / Selection
- **Investment Philosophy:** Active-Bottom Up
- **Selection Method:** Scoring Model Based on Quantitative & Qualitative Inputs



# Manager Overview

## Principal Enhanced Property Fund

- **Style:** Value-Added Private Real Estate Fund
- **Selection Method:** Quantitative Valuation
- **Fund Size:** \$1.0 Billion

## Common Fund Natural Resource 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

## Lehman Brothers Crossroads Fund XVII

- **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 +

## Common Fund Int'l Partners VI

- **Style:** Private Equity Fund of Funds
- **Asset Allocation %:** 100% Int'l Buyout
- **Fund Size:** \$0.5 Billion - \$0.75 Billion

## Common Fund Private Equity VII

- **Style:** Private Equity Fund of Funds
- **Asset Allocation %:** 100% U.S. Buyout
- **Fund Size:** \$0.75 Billion - \$1 Billion

## Common Fund Venture Capital VIII

- **Style:** Private Equity Fund of Funds
- **Asset Allocation %:** 100% Venture Capital
- **Fund Size:** \$0.5 Billion – \$0.65 Billion

# Quarterly Manager Attribution

## Lotsoff Capital Management

- Lotsoff Capital Management posted a -24.47% return for the 4<sup>th</sup> quarter, underperforming the S&P 500 by ~251 bps.
- Poor stock selection in the energy sector was the main detractor of relative performance during the 4<sup>th</sup> quarter.
- Poor stock selection in the materials sector also detracted value from the portfolio
- Strong stock selection coupled with an overweight to the health care sector contributed to relative performance during the quarter.

## LSV Asset Management

- LSV Small/Mid Cap Value portfolio posted a -24.39% return for the 4<sup>th</sup> quarter, outperforming the Russell 2500 Value Index by ~47 bps.
- Strong stock selection in the energy sector was the main contributor to relative performance in the 4<sup>th</sup> quarter.
- Positive stock selection in the industrials, health care, and consumer discretionary also contributed to relative performance.
- Poor stock selection in the information technology sector was the main detractor from relative performance.

## Artisan Partners

- The Artisan Small Cap Growth Fund posted a -27.54% return, underperforming the Russell 2000 Growth Index by ~10 bps during the 4<sup>th</sup> quarter.
- Poor stock selection coupled with an underweight to the Health Care sector significantly detracted from relative performance during the quarter.
- Poor stock selection in the consumer staples sector also detracted value from the portfolio.
- Strong stock selection within the Industrials and Information Technology sectors added value to the portfolio during the 3<sup>rd</sup> quarter.

## GMO International

- GMO Foreign Fund posted a -15.96% return for the 4<sup>th</sup> quarter outperforming the MSCI EAFE Index by ~399 bps.
- Overall Country weighting and stock selection both added value in the 4<sup>th</sup> quarter.
- An underweight position Japan and U.K. markets were the main drivers of outperformance.

## Dodge & Cox

- Dodge & Cox Income Fund posted a 3.48% return for the 4<sup>th</sup> quarter, underperforming the Barclays Aggregate Index by ~109bps.
- An overweight to the corporate sector hampered relative returns given that sector as a whole underperformed U.S. Treasuries by 5.6%.
- An underweight to short-maturity Treasuries detracted from relative performance as Treasuries continued to outpace the rest of the bond market.

## Reams Asset Management

- Reams Core Fixed Income posted a -3.80% return for the quarter underperforming the Barclays Aggregate Index by ~837bps
- Overweight's to investment grade credit and CMBS detracted the most from relative performance during the 4<sup>th</sup> quarter.
- Underweight to government securities also significantly detracted from relative performance.

## Post Asset Management

- Post Advisory High Yield posted a -18.92% return, underperforming the Merrill Lynch High Yield Master II Index by ~129 bps during the 4<sup>th</sup> quarter.
- A lack of exposure to GM & GMAC significantly detracted from relative performance in the 4<sup>th</sup> quarter.
- Poor stock selection (through an overweight) to Charter Communications and Nortel also detracted from relative performance.

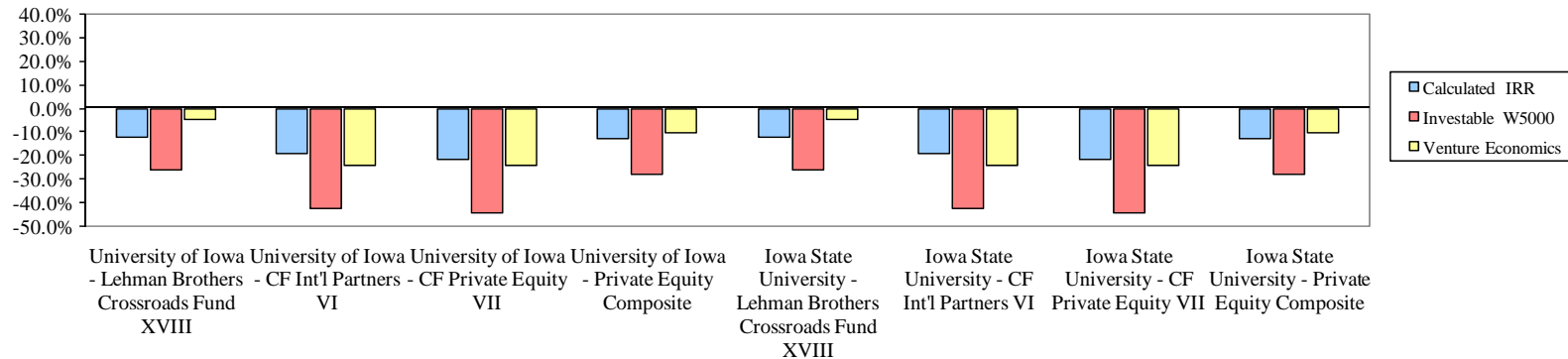
# Private Equity Composite Review

Fund	Inception	Total Commitment	Capital Called	Distributions	Investment Gain/Loss	Market Value	Performance			
							Calculated IRR	Investable W5000	Venture Economics	
University of Iowa - Lehman Brothers Crossroads Fund XVIII	4q2006	6,000,000	3,900,000 65%	56,985	-619,264	3,223,751	-12.5%	-26.2%	-4.6%	1
University of Iowa - CF Int'l Partners VI	2q2007	1,200,000	228,000 19%	220	-33,491	194,289	-19.0%	-42.5%	-24.0%	2
University of Iowa - CF Private Equity VII	2q2007	2,400,000	242,400 10%	159	-37,542	204,699	-21.7%	-44.2%	-24.0%	3
University of Iowa - CF Venture Capital VIII	3q2007	1,000,000	127,500 13%	0	6,807	134,307	9.4%	-44.8%	-15.1%	4
<b>University of Iowa - Private Equity Composite</b>	<b>4q2006</b>	<b>10,600,000</b>	<b>4,497,900 42%</b>	<b>57,364</b>	<b>-683,490</b>	<b>3,757,046</b>	<b>-12.8%</b>	<b>-28.0%</b>	<b>-10.5%</b>	<b>5</b>

Fund	Inception	Total Commitment	Capital Called	Distributions	Investment Gain/Loss	Market Value	Performance			
							Calculated IRR	Investable W5000	Venture Economics	
Iowa State University - Lehman Brothers Crossroads Fund XVIII	4q2006	3,750,000	2,437,500 65%	35,616	-387,040	2,014,844	-12.5%	-26.2%	-4.6%	1
Iowa State University - CF Int'l Partners VI	2q2007	800,000	152,000 19%	148	-22,324	129,528	-19.0%	-42.5%	-24.0%	2
Iowa State University - CF Private Equity VII	2q2007	1,600,000	161,600 10%	107	-25,028	136,465	-21.7%	-44.2%	-24.0%	3
Iowa State University - CF Venture Capital VIII	3q2007	600,000	76,500 13%	0	4,085	80,585	9.4%	-44.8%	-15.1%	4
<b>Iowa State University - Private Equity Composite</b>	<b>4q2006</b>	<b>6,750,000</b>	<b>2,827,600 42%</b>	<b>35,871</b>	<b>-430,307</b>	<b>2,361,422</b>	<b>-12.8%</b>	<b>-28.0%</b>	<b>-10.5%</b>	<b>5</b>

- (1) Venture Economics – Median return of all private equity funds with vintage year 2006
- (2) Venture Economics – Median return of all buyout funds with vintage year 2007
- (3) Venture Economics – Median return of all buyout funds with vintage year 2007
- (4) Venture Economics – Median return of all venture capital funds with vintage year 2007
- (5) Venture Economics – Median return of all private equity funds with vintage year 2006



(Periods Ending December 31, 2008)

<u>Endowment Policy Index</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 - Present	50.00	Wilshire 5000
	30.00	Barclays Aggregate
	15.00	MSCI EAFE (N)
	5.00	NCREIF Property Index Lagged
<u>Fixed Income/ Quasi Policy</u>	<u>%</u>	<u>Description</u>
9/98 -6/01	100.00	Lehman Gov't/Credit
9/01 - Present	100.00	Barclays Aggregate



# Appendix

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## *Market Observations*

The U.S. Federal Reserve essentially concluded its rate reduction cycle by cutting the target Fed Funds rate to a 0.00%-0.25% floor range. In all, the Fed Funds rate has been slashed by more than 5% since the summer of 2007 when the Federal Reserve's battle against the credit crisis began in earnest.

Real GDP contracted at an annual rate of -0.5% in the third quarter, marking the second quarter of negative growth in the past year. In late November, the National Bureau of Economic Research formally declared that the U.S. economy had entered into a recession in December 2007.

Consumer prices fell rapidly during the quarter with record level declines in October and November CPI of -1.0% and -1.7%, respectively. Oil prices continued their collapse, falling from summer highs near \$150 to below \$40 before closing the year at \$43.70.

The employment picture worsened dramatically in the fourth quarter. November saw a loss of 533,000 jobs, the worst such decline since the December of 1974, bringing the unemployment rate to 6.7%, its highest level in 15 years.

The S&P Case-Shiller index reported accelerating declines in an already battered housing market. Through October, the 20-city index was off -18% from a year earlier and -23.7% since its peak in May of 2006. The decline has brought national home prices back to their March 2004 levels.

## *US Stock Market*

The U.S. stock market suffered its worst quarterly loss since the fourth quarter of 1987 and its worst calendar-year loss since 1931 as the Dow Jones Wilshire 5000 posted total returns of -22.85 and -37.23% for the quarter and year, respectively. The steepest losses were sustained early in the quarter with a -17.57% sell-off in October, the largest monthly decline since the crash of October 1987. Stocks ended the year on an up note, rallying 21.97% from their November 20<sup>th</sup> low to close the year -40.93% below the market high on October 9, 2007. The market was down -51.57% from the 10/9/07 peak to the 11/20/08 trough.

All size and style segments were battered in the fourth quarter, each suffering total return declines in excess of -20%. While the small and micro cap segments experienced the largest quarterly retreats, with pullbacks of -27.01 and -30.49%, respectively, smaller stocks led the late-year rally as the DJ Wilshire Small Cap index rose 5.29% in December versus 1.32% for the DJ Wilshire Large Cap index. For the year, large and small cap stocks had comparable losses; -37.06% and -37.76%, respectively.

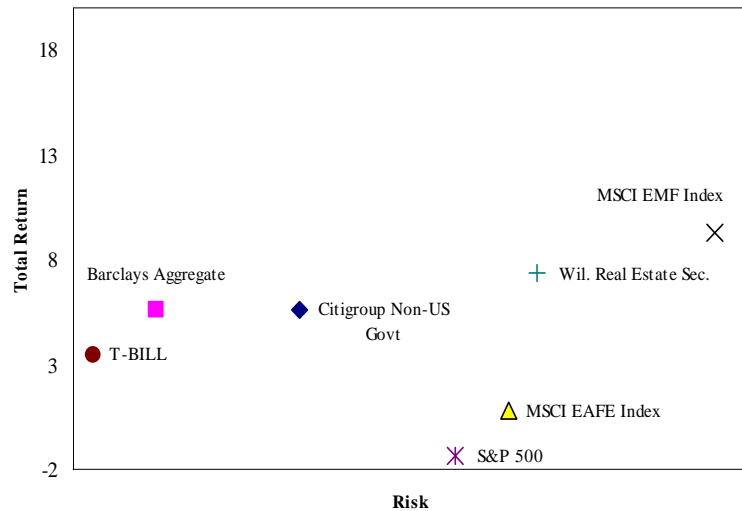
The Basic Materials and Financials industries had the most disappointing performance in 2008, posting losses of -50.51% and -48.32%, respectively. Returns to Financials, in particular, reflected the housing and credit market turmoil that triggered the bear market of 2008.

It has become apparent that 2008 was a tale of two distinct cycles for commodities in general and oil specifically. The steep decline in oil prices and their subsequent impact on prices at the pump may be just what the U.S. and world consumer needs to buoy some of the recessionary pressures stemming from the current economic slowdown. At a daily consumption rate of 20 million barrels per day, the \$100 drop in oil prices represents an approximate savings to the U.S. economy of \$2 billion per day; or a staggering \$700+ billion annual savings.

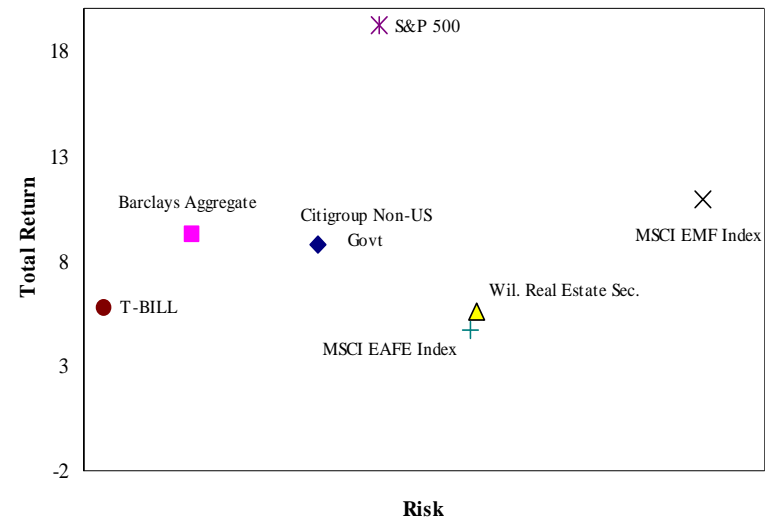
## Major Asset Class Returns (%)

	QTR	1 yr	3 yr	5 yr	10yr
<b>Equity</b>					
Dow Jones - Wilshire 5000	-22.9	-37.2	-8.5	-1.7	-0.6
Standard and Poor's 500	-21.9	-37.0	-8.3	-2.2	-1.4
International Stock (MSCI EAFE)(USD)	-20.0	-43.4	-7.4	1.7	0.8
Emerging Markets (MSCI EMF)(USD)	-27.6	-53.2	-4.6	8.0	9.3
Dow Jones - Wilshire Real Estate Securities	-40.4	-39.8	-12.4	0.6	7.3
<b>Fixed Income</b>					
Barclays Capital - Aggregate Bond Index	4.6	5.2	5.5	4.7	5.6
Credit Suisse - High Yield Index (\$)	-18.8	-26.2	-5.3	-0.6	2.9
International Bonds (Citigroup Non-US)	8.8	10.1	9.5	6.0	5.6
Treasury Bills (91 Day)	0.2	2.1	4.0	3.3	3.5
<b>Consumer Price Index</b>					
	-3.9	0.1	2.2	2.7	2.5

Risk versus Return (12/31/98 – 12/31/08)



Risk versus Return (12/31/88 – 12/31/98)

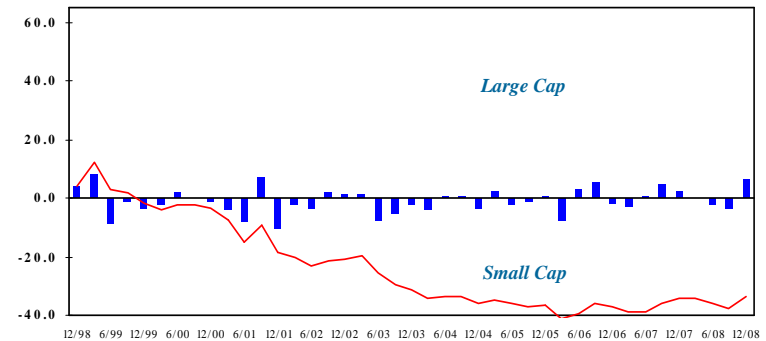


# Domestic Equity Markets (Periods Ending December 31, 2008)

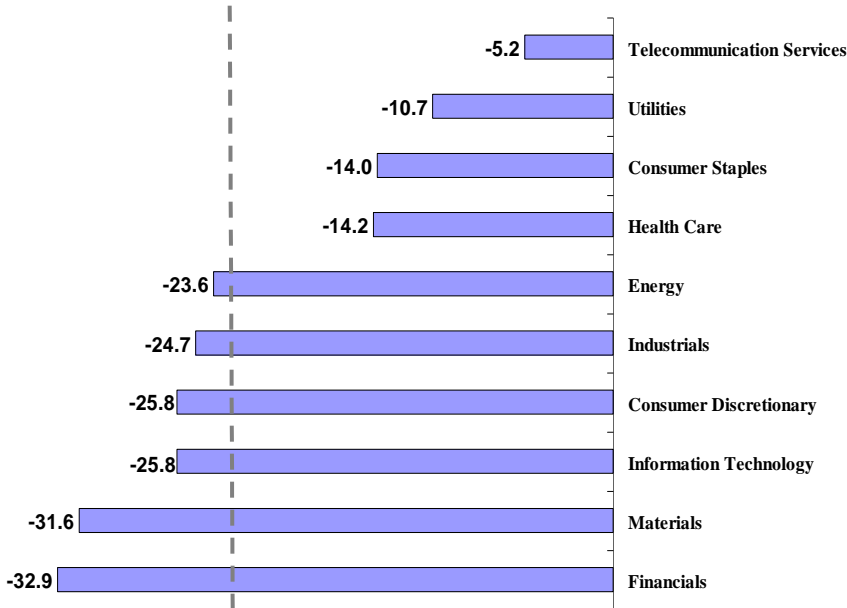
## US Equity Returns (%)

	QTR	1 yr	3 yr	5 yr	10yr
DJ Wilshire 4500	-26.5	-39.0	-9.5	-0.8	1.7
DJ Wilshire 5000	-22.9	-37.2	-8.5	-1.7	-0.6
DJ Wilshire Real Est. Secs	-40.4	-39.8	-12.4	0.6	7.3
DJ Wilshire Large Cap	-22.2	-37.1	-8.2	-1.7	-1.2
DJ Wilshire Mid Cap	-25.9	-38.9	-9.9	-0.8	3.4
DJ Wilshire Small Cap	-27.0	-37.7	-9.5	-1.0	3.4
DJ Wilshire Micro Cap	-30.5	-45.0	-16.7	-7.3	5.1
DJ Wilshire Large Growth	-23.2	-37.5	-8.9	-2.3	-3.7
DJ Wilshire Large Value	-21.2	-36.6	-7.7	-1.1	1.1
DJ Wilshire Mid Growth	-27.1	-41.6	-10.2	0.1	0.5
DJ Wilshire Mid Value	-24.5	-34.8	-9.4	-1.5	4.8
DJ Wilshire Small Growth	-28.6	-41.3	-10.3	-1.2	0.2
DJ Wilshire Small Value	-25.5	-33.9	-8.7	-0.9	5.8

## Large Cap Vs. Small Cap

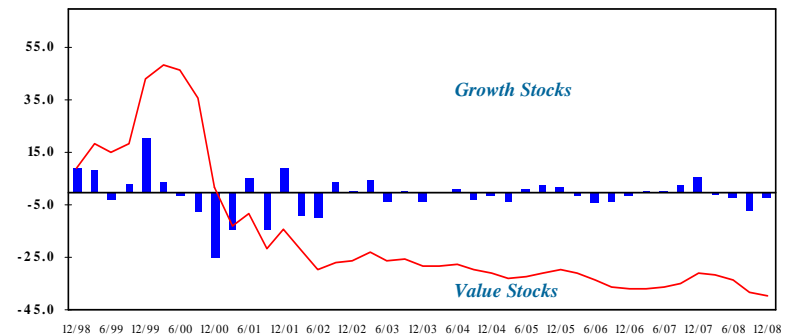


## DJ Wilshire 5000 Sector Returns (%)



--- Represents DJ Wilshire 5000 Quarterly Return

## Growth Stocks Vs. Value Stocks



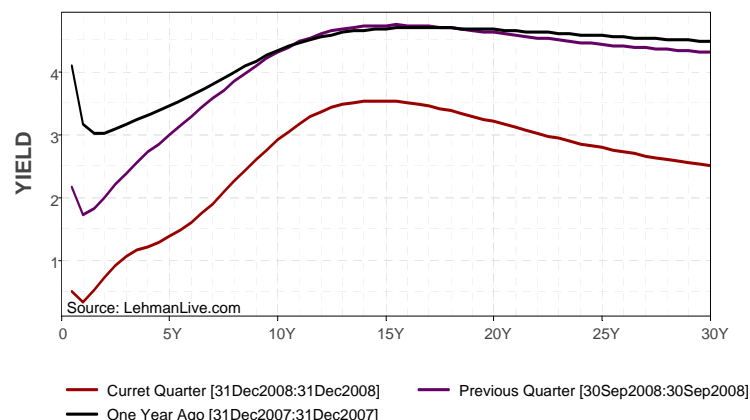


# Domestic Fixed Income Markets (Periods Ending December 31, 2008)

## US Fixed Income Returns (%)

	QTR	1 yr	3 yr	5 yr	10yr
Barclays Capital - Aggregate Bond Index	4.6	5.2	5.5	4.7	5.6
Barclays Capital - Asset Backed Securities Index	-6.8	-12.7	-2.2	-0.4	3.2
Barclays Capital - Credit Index	4.0	-3.1	2.0	2.7	4.9
Barclays Capital - Government Index	8.0	12.4	8.1	6.1	6.2
Barclays Capital - Government/Credit Index	6.4	5.7	5.6	4.6	5.7
Barclays Capital - Long-Term Treasury Index	18.7	24.0	11.5	9.7	8.1
Barclays Capital - MBS Index	4.3	8.3	6.8	5.5	6.0
Barclays Capital - Agency Index	6.3	9.2	7.2	5.4	6.0
Credit Suisse - High Yield Index (\$)	-18.8	-26.2	-5.3	-0.6	2.9
Citigroup Global Markets - Wrld Gvt Bd Index (\$)	8.8	10.9	9.3	6.1	5.9
Citigroup Global Markets - Non US Govt Bond Index (\$)	8.8	10.1	9.5	6.0	5.6
Barclays Capital - U.S. Tips Index	-3.5	-2.4	3.1	4.1	6.8
Barclays Capital - US Inflation Linked Bond Index	-2.7	-1.7	3.3	4.2	6.9

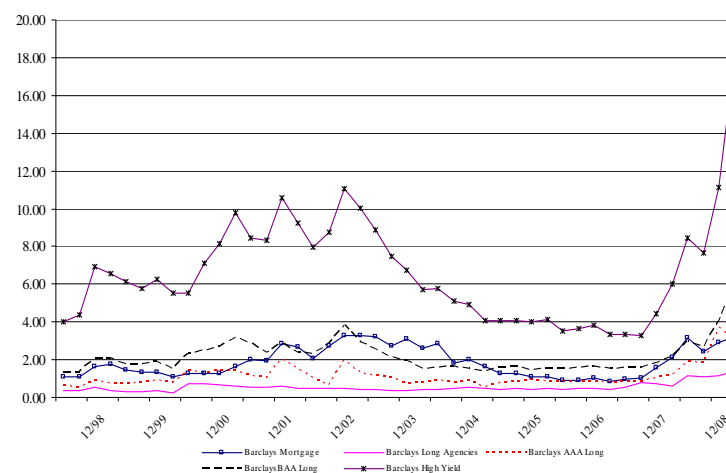
## Treasury Yield Curve



## Market Commentary

The U.S. Federal Reserve cut its key interest rate in mid-December to target a yield range between zero and 0.25%. Reflecting signs of deflation, U.S. CPI swaps currently trade at yields implying negative inflation for periods as far out as four years. December performance lifted all U.S. fixed income indices while quarterly returns displayed a preference for cash flow and higher credit quality. High Yield bond spreads broke through historic highs early in the quarter while default rates remained surprisingly low; suggesting a liquidity premium in current pricing.

## Historical Yield Spread Comparison to Treasuries



# International Equity Markets (Periods Ending December 31, 2008)

## International Index Returns (%)

Equity (in U.S. \$)	QTR	1 yr	3 yr	5 yr	10yr
Non U.S. (ACWI X U.S)	-22.3	-45.5	-7.0	2.6	1.9
Developed (EAFE)	-20.0	-43.4	-7.4	1.7	0.8
Emerging (EMF)	-27.6	-53.3	-4.9	7.7	9.0
Europe	-22.8	-46.4	-6.6	1.5	0.4
Pacific	-13.9	-36.4	-9.1	1.9	1.9
France	-20.5	-43.3	-4.8	2.4	1.8
Germany	-20.9	-45.9	-0.2	4.9	0.9
Japan	-9.0	-29.2	-10.4	0.9	0.5
United Kingdom	-26.4	-48.3	-9.9	-1.3	-1.1
<b>Currencies (% change)</b>					
Euro vs Dollar	-1.0	-4.9	5.6	2.0	1.7
Yen vs Dollar	17.1	23.2	9.2	3.4	2.2
Pound vs Dollar	-19.3	-27.8	-5.7	-4.3	-1.5

## Market Commentary

No region was spared in the global deleveraging process underway in the broad investment markets. Fourth quarter returns for all non-U.S. equity indices were negative in both local currency and USD-based terms, while monthly returns in December were positive in USD and selectively positive in local currency. This currency effect results from the USD's early rally against the Euro and reversal towards quarter end and the Yen's consistent gains against the USD during the quarter. Overall, despite a positive bounce in December, 2008 was a dismal year for non-U.S. stocks as both the MSCI EAFE and Emerging markets indices recorded their worst calendar losses in their respective histories; down -43.38% and -53.33%.

## MSCI EAFE Index

