

**MEMORANDUM**

**To:** Board of Regents  
**From:** Board Office  
**Subject:** Report of the Investment Committee  
**Date:** September 1, 2004

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**Recommended Action:**

Receive the report and consider recommendations of the Investment Committee.

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**Executive Summary:**

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

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**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 June 30, 2004 (INV 2).

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

As of June 30, 2004, the Regent combined operating and endowment portfolios total \$1.3 billion.

The market value of the combined operating portfolios, as reported by the Regent institutions, total \$913.1 million as of June 30, 2004, and represent a point in time during operations.

Wilshire Associates, the Board's investment advisor, prepares the summary report on the endowment/quasi-endowment portfolio, which totaled \$398.2 million for the quarter.

The University of Iowa (excluding the quasi-endowment) and Iowa State University endowment portfolios totaled \$189.8 million and \$117.1 million, respectively, as of June 30, 2004.

The combined investment managers' returns for the quarter were -0.02% for SUI and 0.06% for ISU, while the blended asset allocation benchmark posted returns of 0.13%.

The SUI quasi-endowment totaled \$91.3 million and returned -2.3% for the quarter ended June 30, 2004, which slightly outperformed the benchmark of -2.4%.

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Fund Managers The Investment Committee is expected to recommend that the Board approve:

- Selection of Goldman Sachs Asset Management as the new large capitalization domestic equity fund manager with an enhanced index philosophy.
  - Selection of Lotsoff Capital Management as the large capitalization domestic equity fund manager with an active, fundamental, bottom-up philosophy.
  - Termination of Vanguard, the Board's current large capitalization index fund manager. Modification to the manager allocation section of the Board's investment policy as included in Attachment A.
  - Immediate modification to the manager allocation section of the Board's investment policy as included on page 4 of INV 3.
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Banking and  
Broker  
Relationships

The Investment Committee is expected to recommend that the Board approve:

- Increasing the maximum deposit for Iowa State University at Bankers Trust – Des Moines from \$75 million to \$100 million.
  - The list of financial institutions, subject to the limitations specified as to purpose and maximum amount, as detailed on pages 4 and 5 of memorandum INV 4.
  - The list of brokers as listed on page 5 of memorandum INV 4.
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Pamela M. Elliott

Approved:   
Gregory S. Nichols

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