

Contact: Andrea Anania

**INVESTMENT AND CASH MANAGEMENT REPORT FOR THE  
QUARTER ENDED JUNE 30, 2005**

**Recommended Action:** Receive the Investment and Cash Management Report for the quarter ended June 30, 2005.

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

<b>Institutional Investment Portfolios</b>				
Market Value (in thousands)				
For the Quarters Ended June 30, 2004 and June 30, 2005				
	<u>Operating</u>		<u>Endowment/ Quasi-Endowment</u>	
	<u>Jun 2004</u>	<u>Jun 2005</u>	<u>Jun 2004</u>	<u>Jun 2005</u>
University of Iowa <sup>1</sup>	\$572,903	\$626,133	\$281,112 <sup>2</sup>	\$292,567 <sup>2</sup>
Iowa State University	273,620	251,314	117,110 <sup>3</sup>	151,324 <sup>3</sup>
University of Northern Iowa	63,406	54,629	-	-
Iowa School for the Deaf	2,719	2,363	-	-
Iowa Braille & Sight Saving School	424	842	-	-
Total	<b>\$913,072</b>	<b>\$935,281</b>	<b>\$398,222</b>	<b>\$443,891</b>

<sup>1</sup> Includes UIHC.

<sup>2</sup> Includes UNI.

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

As of June 30, 2005, the Regent combined operating and endowment portfolios totaled nearly \$1.4 billion.

External manager, Blackrock, outperformed the Merrill Lynch 1-3 year Government/Corporate Index rate of 1.23%, while Wellington underperformed the benchmark.

The combined endowment managers' returns for the quarter were 2.2% for SUI and 2.4% for ISU, while the blended asset allocation benchmark posted returns of 2.3%.

The SUI quasi-endowment returned 2.5% for the quarter ended June 30, 2005, which underperformed the benchmark of 3.0%.

Internal audit compliance reports for operating investment purchases and holdings of ISU, UNI and IBSSS for the quarter ended June 30, 2005, noted that investments were in compliance with respective Board and institutional investment policies.

The University of Iowa internal auditor reported that operating and endowment fund activity for SUI's operating and endowment activities, ISU's endowment, and ISD's operating portfolio for the quarter ended March 31, 2005, was in compliance with Board policies, except for certain asset classes of ISU's endowment, which were outside the allowable policy ranges. Board policy requires treasurers to rebalance during the following quarter. The June 30, 2005, compliance reports will be available at the next Investment Committee meeting.

An overview of endowment fund manager performance is illustrated below:

<u>Inception</u>	<u>Fund Manager</u>	<u>Assets</u> <u>(thousands)</u>	<u>Net Return</u> <u>6/30/05</u>	<u>Benchmark</u> <u>6/30/05</u>	<u>Perf.</u> <u>Variance</u>
<b>SUI</b>					
3/31/04	Dodge and Cox	\$28,875	2.0	3.0	-1.0
6/30/02	Reams	29,140	2.9	3.0	-0.1
3/31/05	Lotsoff Capital	48,285	1.7	1.4	0.3
3/31/05	Goldman Sachs	47,819	1.8	1.4	0.4
3/31/05	Artisan	20,615	5.8	3.5	2.3
3/31/04	Grantham, Mayo	13,974	-1.3	-1.0	-0.3
6/30/02	LSV	<u>11,327</u>	3.6	5.3	-1.7
	Total	<b>\$200,035</b>			
<b>SUI-Quasi</b>					
3/31/04	Dodge and Cox	\$46,515	2.0	3.0	-1.0
9/30/01	Reams	<u>46,017</u>	2.9	3.0	-0.1
	Total	<b>\$92,532</b>			
<b>ISU</b>					
3/31/04	Dodge and Cox	\$20,432	2.0	3.0	-1.0
6/30/02	Reams	19,740	2.9	3.0	-0.1
3/31/05	Lotsoff Capital	37,621	1.8	1.4	0.4
3/31/05	Goldman Sachs	37,903	2.0	1.4	0.6
3/31/05	Artisan	16,032	5.6	3.5	2.1
3/31/04	Grantham, Mayo	11,153	-1.3	-1.0	-0.3
6/30/02	LSV	<u>8,443</u>	4.1	5.3	-1.2
	Total	<b>\$151,324</b>			

**Background and Analysis:**

The Board delegates the authority for monitoring institutional investment, treasury management practices, performance, and compliance with policy to the Investment 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). Board policy requires university internal auditors to verify operating investment transactions and holdings for compliance at their respective universities.

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 assists with the evaluation of the Board's investment policies and provides quarterly endowment portfolio summary reports.

The Board authorized the following fund managers:

- For the Regent operating portfolios (See page 4 for values):

*BlackRock*, a fixed income manager, was authorized by the Board in February 2004.

*Wellington*, a short duration fixed income manager, was authorized by the Board in March 2003.

- For the Regent endowment portfolios (See page 9 for values):

*Dodge & Cox*, a fixed income manager, was authorized by the Board in February 2004.

*Reams Asset Management*, a market core fixed income manager, began handling SUI quasi-endowment funds in July 2001. In January 2002, the Board authorized the use of Reams for institutional endowments.

*Lotsoff Capital Management*, a large capitalization domestic equity fund manager, was authorized by the Board in September 2004.

*Goldman Sachs Asset Management*, a large capitalization domestic equity fund manager, was authorized by the Board in September 2004.

*Artisan Partners*, a small capitalization fund manager, was authorized by the Board in December 2004.

*Grantham, Mayo, Van Otterloo & Co. (Grantham, Mayo)*, an international equity fund manager, was authorized by the Board in February 2004.

*LSV Asset Management* manages mid cap value domestic stock portfolios and was authorized by the Board in January 2002.

REVISED

**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.

**Operating Portfolios**

Market Value (in thousands)

As of June 30, 2005

	<u>Internally Managed</u>		<u>Externally Managed</u>		<u>Total</u>
	<u>Unrestricted</u>	<u>Restricted</u>	<u>BlackRock</u>	<u>Wellington</u>	
SUI	\$162,822	\$162,599	\$150,187	\$150,525	\$626,133
ISU	117,229	62,525	71,560	N/I	251,314
UNI	13,938	21,440	19,251	N/I	54,629
ISD	2,111	6	246	N/I	2,363
IBSSS	842	N/I	N/I	N/I	842
Total	\$296,942	\$246,570	\$241,244	\$150,525	\$935,281

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. Table 1 on page 8 contains the rates for the current quarter and for the four previous quarters.

**Operating Portfolios**

Quarterly Rates of Return

For the Quarter Ended June 30, 2005

	<u>Unrestricted</u>			<u>Combined</u>	<u>Restricted</u>
	<u>Internal</u>	<u>BlackRock</u>	<u>Wellington</u>		<u>Internal</u>
SUI	0.76%	1.24%	1.16%	1.10%	0.88%
ISU	1.17%	1.26%	N/I	1.20%	0.94%
UNI	1.00%	1.24%	N/I	1.14%	0.99%
ISD	0.41%	1.26%	N/I	0.50%	0.57%
IBSSS	0.70%	N/I	N/I	0.70%	N/I

N/I No investments of this type.

The comparable industry standard rate of return for the quarter ended June 30, 2005, includes the Merrill Lynch 1-3 year Government/Corporate Index rate of 1.23%.

External manager, Blackrock, outperformed the benchmark, while Wellington underperformed the benchmark.

**Operating Investment Portfolios Summary**  
Unrestricted, Restricted, BlackRock, and Wellington  
For the Quarter Ended June 30, 2005

	<u>Market Value</u>	<u>Percent Market Value</u>
<b>University of Iowa</b>		
Money Market / Cash Equivalents	\$222,770,544	35.6%
U.S. Obligations	98,293,760	15.7%
Agency Securities	125,805,721	20.1%
Corporate Notes and Bonds	177,901,227	28.4%
Municipals	<u>1,362,319</u>	<u>0.2%</u>
Total	\$626,133,571	100.0%
<b>Iowa State University</b>		
Money Market / Cash Equivalents	\$36,374,026	14.5%
U.S. Obligations	59,515,034	23.7%
Agency Securities	113,084,041	45.0%
Corporate Notes and Bonds	41,870,782	16.6%
Municipals	<u>469,276</u>	<u>0.2%</u>
Total	\$251,313,159	100.0%
<b>University of Northern Iowa</b>		
Money Market / Cash Equivalents	\$7,487,214	13.7%
U.S. Obligations	11,898,037	21.8%
Agency Securities	24,659,901	45.2%
Corporate Notes and Bonds	10,504,811	19.2%
Municipals	<u>79,036</u>	<u>0.1%</u>
Total	\$54,628,999	100.0%
<b>Iowa School for the Deaf</b>		
Money Market / Cash Equivalents	\$2,123,651	89.8%
U.S. Obligations	23,591	1.0%
Agency Securities	70,248	3.0%
Corporate Notes and Bonds	143,616	6.1%
Municipals	<u>1,610</u>	<u>0.1%</u>
Total	\$2,362,716	100.0%
<b>Iowa Braille &amp; Sight Saving School</b>		
Money Market / Cash Equivalents	\$17,054	2.0%
Repurchase Agreements	<u>825,219</u>	<u>98.0%</u>
Total	\$842,273	100.0%
<b>Regent Composite</b>		
Money Market / Cash Equivalents	\$268,772,489	28.7%
U.S. Obligations	169,730,422	18.2%
Agency Securities	263,619,911	28.2%
Corporate Notes and Bonds	230,420,436	24.6%
Municipals	1,912,241	0.2%
Repurchase Agreements	<u>825,219</u>	<u>0.1%</u>
Total	\$935,280,718	100.0%

The top three investment categories for the combined Regent operating portfolios included Money Market / Cash Equivalents, Agency Securities, and Corporate Notes and Bonds.

**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.

In recognition of their long-term charter, the Board’s investment policy indicates that these funds shall be managed actively with the intention of obtaining the highest possible total return while accepting only prudent risk. These funds are to be managed to maintain and preserve, over time, the real value of the funds and shall consist of a prudent, diversified investment portfolio.

**Endowment Portfolios**  
Asset Class Allocation Policy

	<u>Target Range</u>	<u>Range</u>
Domestic Stocks (US equities)	63%	+/-5%
Domestic Bonds (US fixed income)	30%	+/-5%
International Stocks (foreign equities)	7%	+/-3%

**Endowment Portfolios**  
Manager Allocations

<u>Asset Class</u>	<u>Target</u>	<u>Allowable Range</u>	<u>Benchmark</u>
<u>U.S. Equities</u>	63%	58-68%	Wilshire 5000
Large Cap Core (Active)	24%	19-29%	S&P 500 Index
Large Cap <u>Enhanced</u> Index	24%	19-29%	S&P 500 Index
Mid Cap Growth	10%	8-12%	Russell 2500 Growth
Small Cap Value	5%	3-7%	Russell 2500 Value
<u>U.S. Bonds</u>	30%	25-35%	
Core	30%	25-35%	Lehman Aggregate
<u>International Equities</u>	7%	4-10%	MSCI EAFE
Other*	0%	0-15%	

\* Other asset classes to be added in the future.

**Endowment Portfolios**  
Allocations Net of Fees  
June 30, 2005

	<u>University of Iowa</u>		<u>Iowa State University</u>	
	Value (thousands)	Value (percent)	Value (thousands)	Value (percent)
<b>MANAGER</b>				
<u>Domestic Stocks</u>				
Artisan	\$20,615	10.3%	\$16,032	10.6%
Goldman Sachs	47,819	23.9%	37,903	25.0%
Lotsoff Capital	48,285	24.1%	37,621	24.9%
LSV	11,327	5.7%	8,443	5.6%
Subtotal	\$128,046	64.0%	\$99,999	66.1%
<u>Domestic Bonds</u>				
Dodge and Cox	\$28,875	14.4%	\$20,432	13.5%
Reams	29,140	14.6%	19,740	13.0%
Subtotal	\$58,015	29.0%	\$40,172	26.5%
<u>International</u>				
Grantham, Mayo	\$13,974	7.0%	\$11,153	7.4%
Subtotal	\$13,974	7.0%	\$11,153	7.4%
<b>Total Fund</b>	\$200,035	100.0%	\$151,324	100.0%

*Assets are shown as invested.*

Asset and manager allocations for the endowment portfolios were within the Board-established target ranges.

The quasi-endowment fund is 100% fixed income investments.

**University of Iowa – Quasi-Endowment (100% Fixed Income)**

June 30, 2005

	Value (thousands)	Value (percent)	Fees (thousands)	Net Returns	
				Quarter	One Year
Dodge and Cox	\$46,515	50.3%	\$52	2.0%	5.6%
Reams	46,017	49.7%	35	2.9%	6.6%
Total Fund	\$92,532	100.0%	\$87		
100% Lehman Aggregate.				3.0%	6.8%

There are no Board-established fund manager allocations target ranges for the quasi-endowment. Both Dodge and Cox and Reams' net returns underperformed the benchmarks for the quarter and for the year.

**Endowment Portfolios**

Performance Net of Fees

As of June 30, 2005

	Assets (thousands)	Net Returns	
		Quarter	One Year
SUI	\$200,035	2.2%	8.8%
ISU	151,324	2.4%	9.3%
Asset Allocation Benchmark*		2.3%	8.3%
SUI Quasi-Endowment	<u>92,532</u>	2.5%	6.0%
Fixed Income Benchmark **		3.0%	6.8%
Total	\$443,891		

\* 63% Wilshire 5000, 30% Lehman Aggregate, 7% MSCI EAFE (N).

\*\* 100% Lehman Aggregate.

<i>University of Iowa Endowment</i>	<u>Sep 2004</u>	<u>Dec 2004</u>	<u>Mar 2005</u>	<u>Jun 2005</u>
Assets - Qtr.	\$187.0 million	\$198.9 million	\$197.0 million	\$200.0 million
Gains/Losses - Qtr.	-\$9,000	\$14.9 million	-\$1.9 million	\$4.6 million
Fees/Distributions - Qtr.	\$2.7 million	\$3.1 million	\$175,000	\$1.9 million
Contributions - Qtr.	\$818,000	\$154,000	\$246,000	\$248,000
Returns - Quarter	-0.6%	8.0%	-0.9%	2.2%
Benchmark - Quarter	-0.2%	7.8%	-1.6%	2.3%
Returns - Year	10.4%	9.5%	6.4%	8.8%
Benchmark - Year	12.0%	10.6%	6.0%	8.3%
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<i>University of Iowa Quasi-Endowment</i>	<u>Sep 2004</u>	<u>Dec 2004</u>	<u>Mar 2005</u>	<u>Jun 2005</u>
Assets - Quarter	\$93.0 million	\$92.8 million	\$91.5 million	\$92.5 million
Gains/Losses - Qtr.	\$2.9 million	\$1.1 million	-\$590,000	\$2.3 million
Fees/Distributions - Qtr.	\$1.3 million	\$1.3 million	\$785,000	\$1.4 million
Contributions - Qtr.	\$35,000	\$87,000	\$86,000	\$87,000
Returns - Quarter	3.1%	1.1%	-0.7%	2.5%
Benchmark - Quarter	3.2%	1.0%	-0.5%	3.0%
Returns - Year	3.9%	4.3%	1.0%	6.0%
Benchmark - Year	3.7%	4.3%	1.2%	6.8%
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<i>Iowa State University Endowment</i>	<u>Sep 2004</u>	<u>Dec 2004</u>	<u>Mar 2005</u>	<u>Jun 2005</u>
Assets - Qtr.	\$116.2 million	\$125.3 million	\$150.6 million	\$151.3 million
Gains/Losses - Qtr.	-\$867,000	\$9.8 million	-\$2.4 million	\$3.7 million
Fees/Distributions - Qtr.	\$90,000	\$1.6 million	\$4.3 million	\$165,000
Contributions - Qtr.	\$53,000	\$1.0 million	\$31.9 million	-\$2.8 million
Returns - Quarter	-0.8%	8.3%	-0.6%	2.4%
Benchmark - Quarter	-0.2%	7.8%	-1.6%	2.3%
Returns - Year	10.6%	9.7%	6.8%	9.3%
Benchmark - Year	12.0%	10.6%	6.0%	8.3%

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

*Unrestricted Funds (Internal)*

	<u>6/30/04</u>	<u>9/30/04</u>	<u>12/31/04</u>	<u>03/31/05</u>	<u>6/30/05</u>
University of Iowa	0.01%	0.44%	0.42%	0.52%	0.76%
Iowa State University	-0.02%	0.99%	0.48%	0.08%	1.17%
University of Northern Iowa	-0.99%	0.95%	0.27%	0.23%	1.00%
Iowa School for the Deaf	0.41%	0.41%	0.41%	0.41%	0.41%
Iowa Braille & Sight Saving School	0.24%	0.34%	0.47%	0.57%	0.70%

*BlackRock*

	<u>6/30/04</u>	<u>9/30/04</u>	<u>12/31/04</u>	<u>03/31/05</u>	<u>6/30/05</u>
University of Iowa	-0.84%	1.18%	0.25%	-0.04%	1.24%
Iowa State University	-0.85%	1.19%	0.29%	-0.06%	1.26%
University of Northern Iowa	-0.84%	1.19%	0.28%	0.03%	1.24%
Iowa School for the Deaf	-0.85%	1.19%	0.29%	-0.06%	1.26%
Iowa Braille & Sight Saving School	N/I	N/I	N/I	N/I	N/I

N/I = No investments of this type.

*Wellington*

	<u>6/30/04</u>	<u>9/30/04</u>	<u>12/31/04</u>	<u>03/31/05</u>	<u>6/30/05</u>
University of Iowa	-1.11%	1.25%	0.52%	-0.11%	1.16%

*Combined Unrestricted Funds*

	<u>6/30/04</u>	<u>9/30/04</u>	<u>12/31/04</u>	<u>03/31/05</u>	<u>6/30/05</u>
University of Iowa	-0.59%	0.98%	0.39%	0.09%	1.10%
Iowa State University	-0.48%	1.07%	0.41%	0.04%	1.20%
University of Northern Iowa	-0.91%	1.04%	0.27%	0.16%	1.14%
Iowa School for the Deaf	0.30%	0.50%	0.40%	0.36%	0.50%
Iowa Braille & Sight Saving School	0.24%	0.34%	0.47%	0.57%	0.70%

*Restricted Funds (Internal)*

	<u>6/30/04</u>	<u>9/30/04</u>	<u>12/31/04</u>	<u>03/31/05</u>	<u>6/30/05</u>
University of Iowa	-0.89%	1.01%	0.19%	0.17%	0.88%
Iowa State University	-0.90%	1.03%	0.06%	0.00%	0.94%
University of Northern Iowa	-0.96%	1.16%	0.17%	-0.04%	0.99%
Iowa School for the Deaf	0.27%	0.49%	0.39%	0.34%	0.57%
Iowa Braille & Sight Saving School	N/I	N/I	N/I	N/I	N/I

N/I = No investments of this type.

*Benchmark: Merrill Lynch 1-3 year Government/Corporate Index*

	-1.13%	1.13%	0.10%	-0.28%	1.23%
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**Table 2**  
**Endowment / Quasi-Endowment Portfolios**  
Market Value - Accrual Basis  
(In thousands)  
June 30, 2005

Portfolio Manager	Endowment Market Value	Quasi-Endowment Market Value	Total Market Value	Percent of Total
Dodge and Cox				
SUI	\$28,875	\$46,515	\$75,390	
ISU	<u>20,432</u>	-	<u>20,432</u>	
Total	\$49,307	\$46,515	\$95,822	21.6%
Reams Asset Mgmt.				
SUI	\$29,140	\$46,017	\$75,157	
ISU	<u>19,740</u>	-	<u>19,740</u>	
Total	\$48,880	\$46,017	\$94,897	21.4%
Lotsoff Capital				
SUI	\$48,285	-	\$48,285	
ISU	<u>37,621</u>	-	<u>37,621</u>	
Total	\$85,906	-	\$85,906	19.4%
Goldman Sachs				
SUI	\$47,819	-	\$47,819	
ISU	<u>37,903</u>	-	<u>37,903</u>	
Total	\$85,722	-	\$85,722	19.3%
Artisan				
SUI	\$20,615	-	\$20,615	
ISU	<u>16,032</u>	-	<u>16,032</u>	
Total	\$36,647	-	\$36,647	8.3%
Grantham, Mayo				
SUI	\$13,974	-	\$13,974	
ISU	<u>11,153</u>	-	<u>11,153</u>	
Total	\$25,127	-	\$25,127	5.6%
LSV				
SUI	\$11,327	-	\$11,327	
ISU	<u>8,443</u>	-	<u>8,443</u>	
Total	\$19,770	-	\$19,770	4.4%
TOTAL				
SUI	\$200,035	\$92,532	\$292,567	
ISU	<u>151,324</u>	-	<u>151,324</u>	
Total	\$351,359	\$92,532	\$443,891	100.0%

**Table 3**  
**Principal Demutualization Funds**  
(In thousands)  
June 30, 2005

University of Iowa	\$46,726
Iowa State University	26,008
University of Northern Iowa	7,537
Iowa School for the Deaf	309
Iowa Braille and Sight Saving School	178
Board Office	<u>52</u>
Total	\$80,810



**Board of Regents, State of Iowa**

## **Executive Summary of Investment Performance**

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*Second Quarter 2005*



# Capital Markets Review

Second Quarter 2005

## *Market Observations*

Oil price fluctuations were extreme during the second quarter, gyrating from troughs as low as \$47/barrel to peaks near \$61/barrel. Concerns over emerging market demand, supply fears, and an increase in speculative activity all contributed to oil price volatility.

Consumer confidence rose to a three year high in June, which can be seen in many facets of the market. Residential real estate activity continued to increase at a dramatic pace. During the second quarter, house sales reached record levels with 7.18 million units sold in April followed by 7.13 million in May. The Institute for Supply Management index reached 53.8 at quarter-end, which indicates healthy business expansion. This expansion contributed to an unemployment level of 5.1%, down from 5.6% in May of 2004. Business expansion coupled with the soaring consumer confidence level caused an increase in the GDP, which rose 3.8%. Inflation continues to remain at a low with May showing an annual increase of 2.8%. The Federal Reserve continued its campaign to increase the Federal Funds rate, with two major increases during the quarter to finish at 3.25%.

## *US Stock Market*

U.S. equity markets completed the second quarter reasonably higher than the first quarter, with the Dow Jones Wilshire 5000 at 2.32%. After a mid-month downturn in April, the market quickly rebounded in May and June. Although the quarter saw significant gains, the U.S. equity market, year to date, remains at a stagnant 0.04%. Small capitalization stocks outperformed large ones substantially. The Wilshire Small Cap 1750 index completed the quarter up 3.93%, while the Wilshire Large Cap 750 finished up 1.59%. Microcap stocks rallied this quarter to return 1.38%, but have yet to fully rebound from the first quarter. Year to date, the Wilshire Microcap 2500 Index has returned -5.99%. REITS had an outstanding quarter and offset the steep decline of the first quarter. Dow Jones Wilshire REIT Index returned 15.22%, bringing the year to date return to 6.81%.

Finance and health care were top performers for the second quarter, finishing up 5.0% and 5.1% respectively. These sectors were outpaced, however, by the utilities sector, which returned 9.4% for the quarter. Distinguished underperformers were the materials sector, down -8.5%, and the industrials sector, down -1.8%.



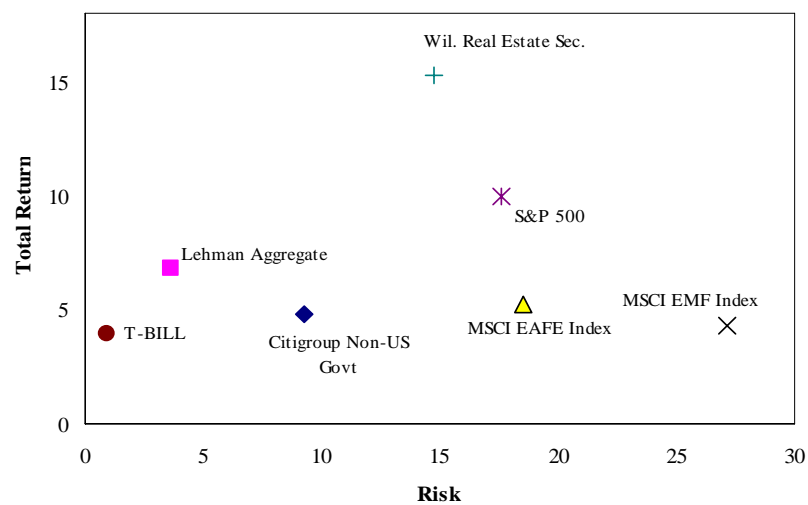
# Market Review

## Major Asset Class Returns

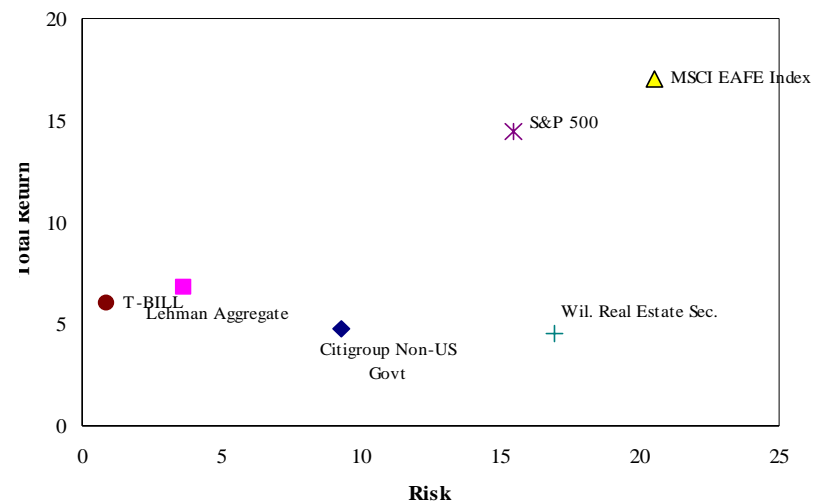
(%)

	QTR	1 yr	3 yr	5 yr	10yr
<b>Equity</b>					
Dow Jones - Wilshire 5000	2.3	8.2	9.9	-1.3	10.0
Standard and Poor's 500	1.4	6.3	8.3	-2.4	9.9
International Stock (MSCI EAFE)(USD)	-1.0	13.7	12.1	-0.6	5.2
Emerging Markets (MSCI EMF)(USD)	4.2	34.9	24.4	7.7	4.3
Dow Jones - Wilshire Real Estate Securities	14.1	34.3	21.4	20.5	15.3
<b>Fixed Income</b>					
Lehman Aggregate Bond	3.0	6.8	5.8	7.4	6.8
First Boston High Yield	-1.1	7.8	12.5	8.2	8.0
International Bonds (Citigroup Non-US)	-2.7	7.7	11.0	7.9	4.8
Treasury Bills (91 Day)	0.7	2.2	1.6	2.6	4.0
<b>Consumer Price Index</b>					
	0.6	2.5	2.6	2.4	2.5

Risk versus Return ( 6/30/95 - 6/30/05)



Risk versus Return ( 6/30/85 - 6/30/95)



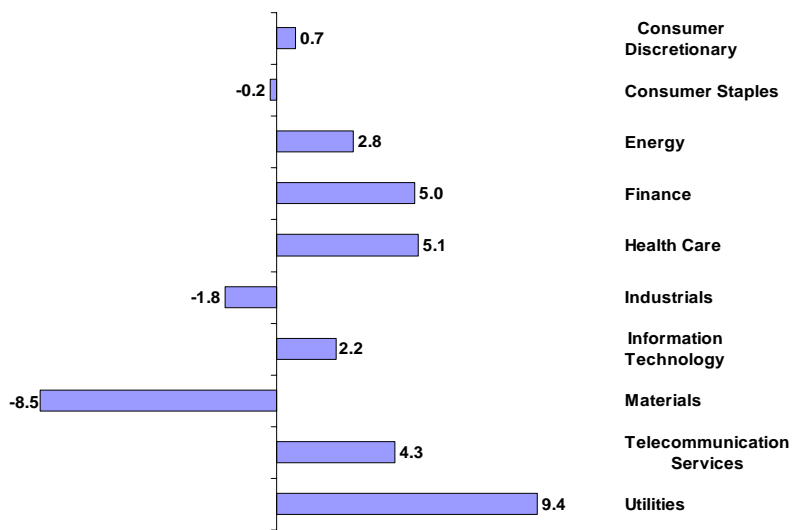


# Domestic Equity Markets

## US Equity Returns

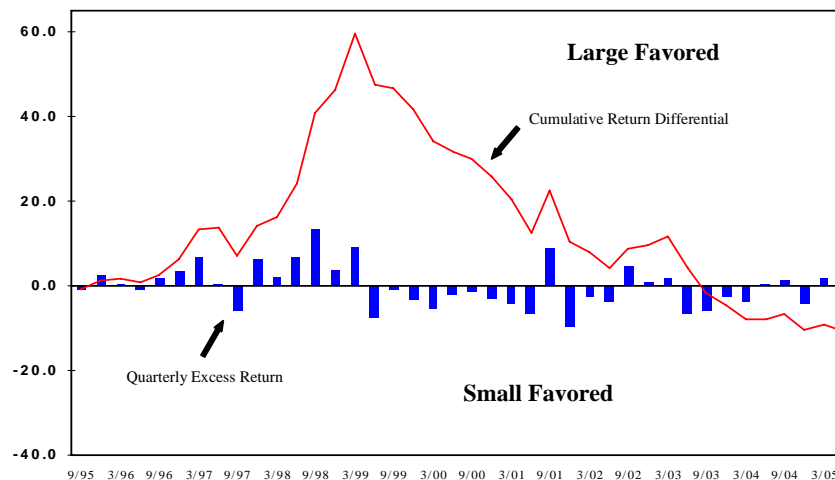
	QTR	1 yr	3 yr	5 yr	10yr
Dow Jones - Wilshire 4500	5.4	13.5	15.7	1.6	10.4
Dow Jones - Wilshire 5000	2.3	8.2	9.9	-1.3	10.0
Wilshire Internet Index	7.5	-6.8	17.7	-23.3	N/A
Wilshire Large Cap 750	1.6	6.8	8.8	-2.5	9.8
Wilshire Small Cap 1750	3.9	10.7	14.6	5.4	11.1
Wilshire Micro Cap 2500	1.4	4.5	23.5	15.2	16.7
Wilshire Venture Capital	1.4	4.5	23.5	15.2	16.7
Wilshire Large Growth	0.9	0.1	6.1	-10.7	7.6
Wilshire Large Value	2.2	13.3	11.3	4.8	10.8
Wilshire Mid Growth	3.4	12.7	15.2	-3.3	9.7
Wilshire Mid Value	4.6	18.5	17.9	16.7	15.2
Wilshire Small Growth	3.7	6.7	13.0	-7.0	6.2
Wilshire Small Value	4.2	14.6	16.1	16.3	13.9

## Wilshire 5000 Quarterly GICS Sector Returns

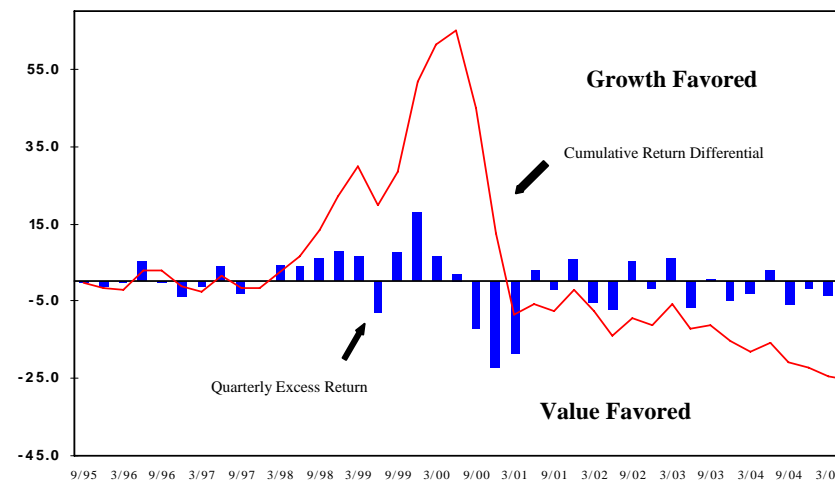


Wilshire Consulting Group • Executive Summary of Investment Per

## Small Cap vs. Large Cap Quarterly Returns



## Value vs. Growth Stocks Quarterly Returns



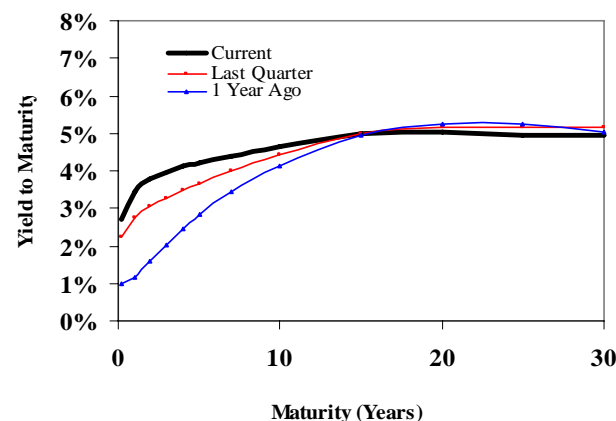


# Fixed Income

## Fixed Income

	QTR	1 yr	3 yr	5 yr	10yr
Lehman Aggregate	3.0	6.8	5.8	7.4	6.8
Lehman ABS	1.9	4.2	4.2	6.8	6.4
Lehman Credit	3.6	8.2	7.8	8.6	7.3
Lehman Gov't	3.4	6.6	5.4	7.1	6.6
Lehman Gov / Credit	2.5	4.8	5.1	6.9	6.3
Lehman Long Treasury	7.7	16.8	10.2	9.9	8.6
Lehman Mortgage	2.3	6.1	4.7	6.8	6.7
Lehman Agency	2.7	5.7	5.0	7.2	6.6
First Boston High Yield	1.9	10.1	14.1	8.5	7.6
Salomon Bros World Gov't Bond	-1.4	7.6	9.8	7.9	5.5
Salomon Bros Non-US Bond	-2.7	7.7	11.0	7.9	4.8
Lehman US TIPS	3.1	9.3	9.4	10.0	N/A

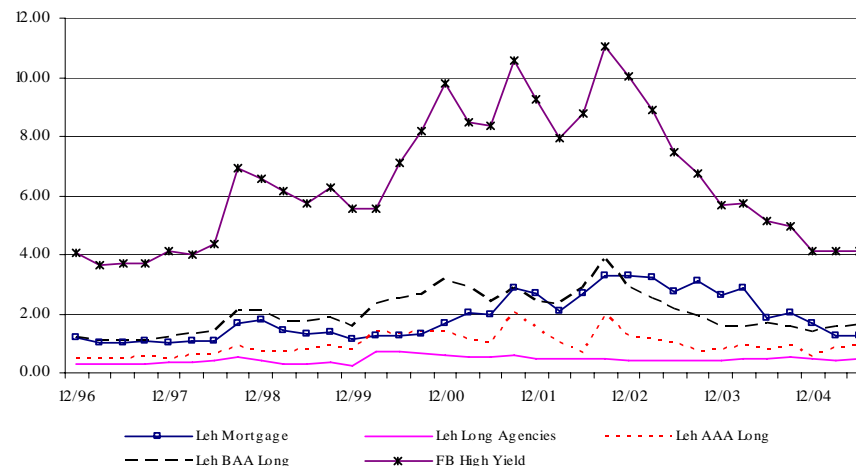
## Treasury Yield Curve



## Market Commentary

The big news in the fixed income market, again, was the Federal Reserve's continued series of rate increases. Since their initial increase last June, the Fed has increased short-term interest rates nine times to a level of 3.25%, including two 25 basis point hikes in the second quarter. The yield curve continued to flatten in the second quarter, which has led to a vigorous debate on the economic implications of the Fed's policy. Dallas Reserve Bank President, Richard Fisher used a baseball analogy to describe the Fed's tightening cycle by saying "We're clearly in the eighth inning of a tightening cycle." However, many bond-watchers are wondering if this is only the beginning of the increases.

## Yield Spread To Treasuries





## International Equity Markets

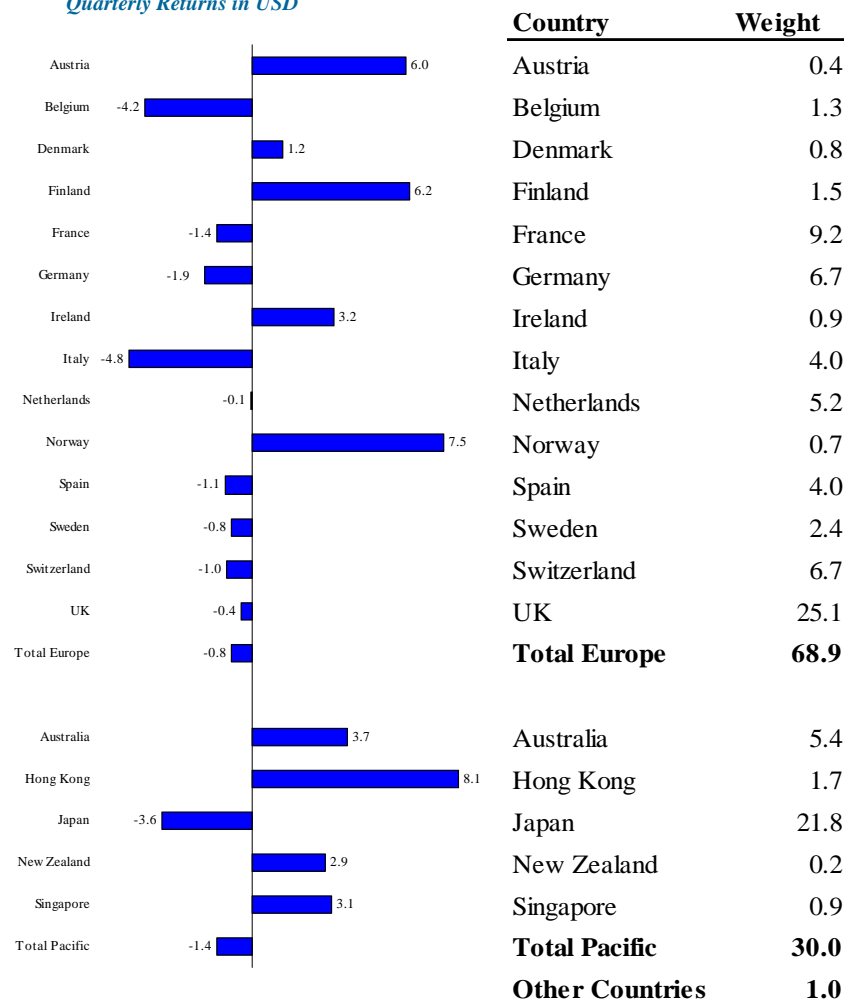
Equity (in U.S. \$)	QTR	1 yr	3 yr	5 yr	10yr
Non U.S. (ACWI X U.S)	0.0	17.0	14.1	0.8	5.8
Developed (EAFE)	-1.0	13.7	12.1	-0.6	5.22
Emerging (EMF)	4.2	34.9	24.4	7.7	4.3
Europe	-0.8	16.9	12.6	0.6	9.2
Pacific	-1.4	6.7	10.8	-3.1	-0.4
France	-1.4	15.4	11.3	-1.6	9.4
Germany	-1.9	12.4	8.8	-2.9	5.9
Japan	-3.6	-1.5	7.1	-6.6	-2.1
United Kingdom	-0.4	16.8	12.7	3.1	8.8
<b>Currencies (% change)</b>					
Euro vs Dollar	-6.9	-0.5	7.0	4.8	N/A
Yen vs Dollar	-3.5	-1.5	2.7	-0.9	-2.6
Pound vs Dollar	-5.1	-1.2	5.6	3.4	1.2

### Market Commentary

Non-U.S. equity markets staged a solid advance when measured in local currency. On a U.S. dollar basis, however, the non-U.S. markets look much less favorable. Currency movements wiped out the gain in Europe, and made Japan's losses considerably more severe. Emerging markets were affected as well, but to a much lesser extent as their local return was only slightly greater than their U.S. dollar return. Currency markets were disrupted by the rejection of the European Union constitution by France and the Netherlands. The result led to a continued strength of the U.S. dollar.

### MSCI EAFE Index

Quarterly Returns in USD



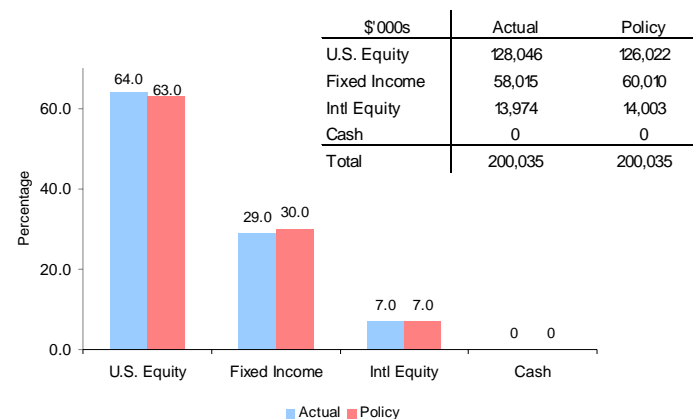
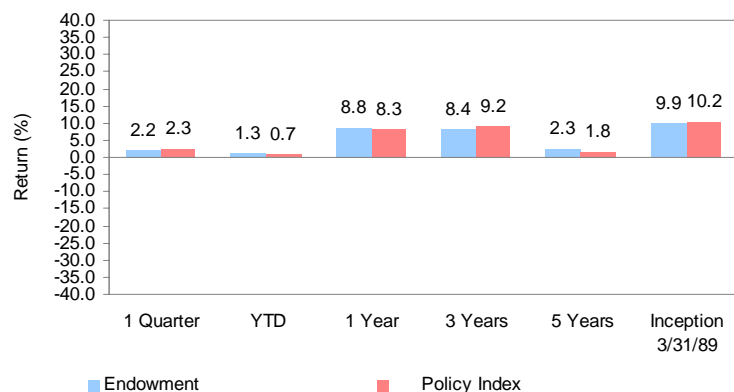


# Total Fund Results

# The University of Iowa Endowment

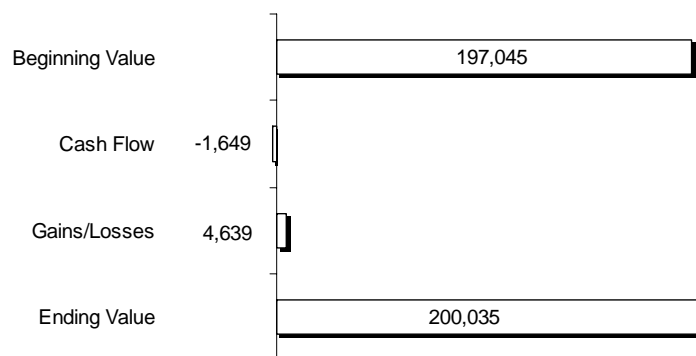
## Investment Performance

## Asset Allocation vs. Policy



	\$'000s	Actual	Policy
U.S. Equity		128,046	126,022
Fixed Income		58,015	60,010
Intl Equity		13,974	14,003
Cash		0	0
<b>Total</b>		<b>200,035</b>	<b>200,035</b>

## Quarter Results (\$'000)



- The University of Iowa Endowment assets totaled \$200.0 million at the close of the second quarter.
- During the quarter, investment gains totaled \$4.6 million.
- Total contributions totaled \$248,000.
- Total distributions and fees totaled \$1.9 million.
- The Endowment fund returned 2.23% for the second quarter, underperforming the benchmark by 0.06%.

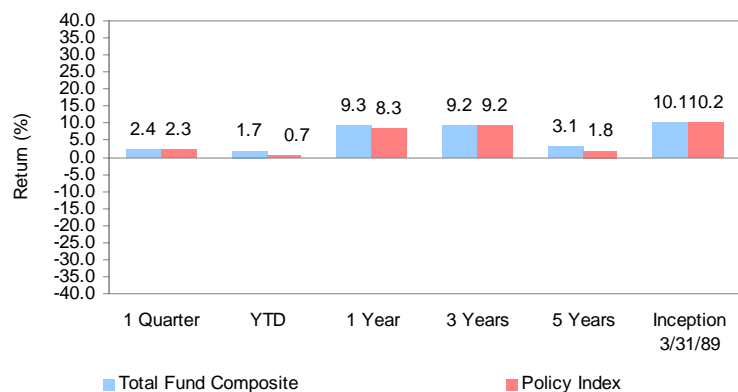




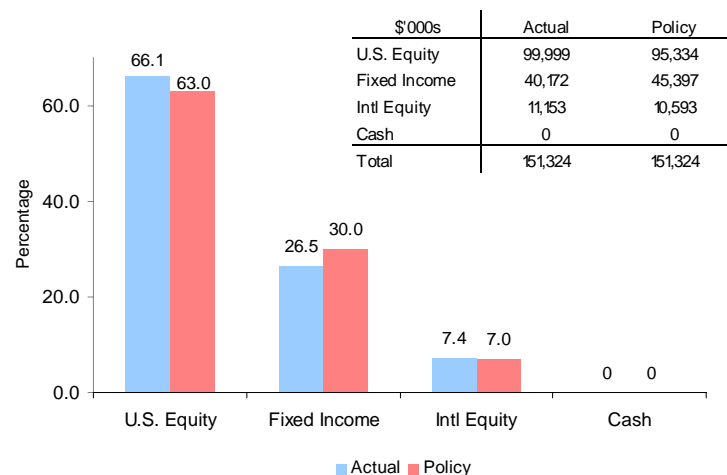
# Total Fund Results

# Iowa State University Endowment

## Investment Performance

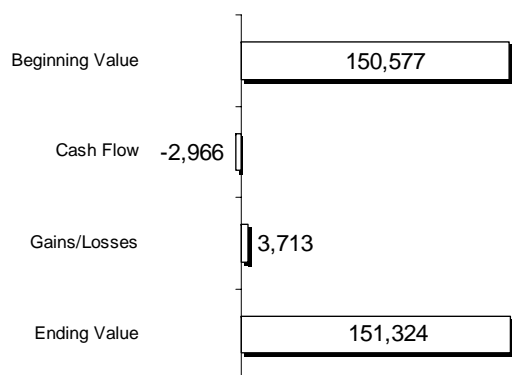


## Asset Allocation vs. Policy



## Quarter Results

(\$'000)



- The Iowa State Endowment assets totaled \$151.3 million at the close of the second quarter.
- During the quarter, investment gains totaled \$3.7 million.
- Total contributions were -\$2.8 million.
- Total fees and distributions were \$165,000.
- The Endowment fund returned 2.36% for the second quarter, outperforming the benchmark by 0.07%.



# Total Fund Results

## University of Iowa

	\$'000	Qtr %	YTD %	1 Yr %	3 Yrs %	5 Yrs %	Inception %
Domestic Equity Composite (3/31/89) <i>Wilshire 5000</i>	128,046	2.5 2.3	1.5 0.0	9.4 8.2	7.9 9.9	-0.5 -1.3	11.4 11.3
Fixed Income Composite (3/31/89) <i>Custom Policy*</i>	58,015	2.4 3.0	1.8 2.5	6.1 6.8	5.2 5.8	6.8 7.4	7.8 8.0
Int'l Equity Composite (9/30/94) <i>MSCI EAFE (N)</i>	13,974	-1.3 -1.0	-2.2 -1.2	12.9 13.7	14.7 12.1	6.4 -0.6	6.0 5.0
<b>Total Endowment (3/31/89)</b> <i>Policy Index**</i>	<b>200,035</b>	<b>2.2</b> 2.3	<b>1.3</b> 0.7	<b>8.8</b> 8.3	<b>8.4</b> 9.2	<b>2.3</b> 1.8	<b>9.9</b> 10.2

\* 6/94 -- 6/01 100% Lehman Govt / Credit  
9/01 -- Present 100% Lehman Aggregate

\*\* 6/89 -- 6/99 60% S&P 500 30% Lehman Govt / Credit 10% MSCI EAFE (n)  
9/99 -- 6/01 63% S&P 500 30% Lehman Govt / Credit 7% MSCI EAFE (n)  
9/01 -- 3/02 63% S&P 500 30% Lehman Aggregate 7% MSCI EAFE (n)  
3/02 -- Present 63% Wilshire 5000 30% Lehman Aggregate 7% MSCI EAFE (n)

## Iowa State

	\$'000	Qtr %	YTD %	1 Yr %	3 Yrs %	5 Yrs %	Inception %
Domestic Equity Composite (3/31/89) <i>Wilshire 5000</i>	99,999	2.8 2.3	2.2 0.0	10.2 8.2	7.9 9.9	-1.1 -1.3	11.3 11.3
Fixed Composite (3/31/89) <i>Custom Policy*</i>	40,172	2.4 3.0	1.8 2.5	6.1 6.8	5.4 5.8	6.8 7.4	7.2 8.0
Int'l Equity Composite (9/30/94) <i>MSCI EAFE (N)</i>	11,153	-1.3 -1.0	-2.2 -1.2	12.8 13.7	13.8 12.1	5.9 -0.6	5.8 5.0
<b>Total Endowment (3/31/89)</b> <i>Policy Index**</i>	<b>151,324</b>	<b>2.4</b> 2.3	<b>1.7</b> 0.7	<b>9.3</b> 8.3	<b>9.2</b> 9.2	<b>3.1</b> 1.8	<b>10.1</b> 10.2

\* 6/94 -- 6/01 100% Lehman Govt / Credit  
9/01 -- Present 100% Lehman Aggregate

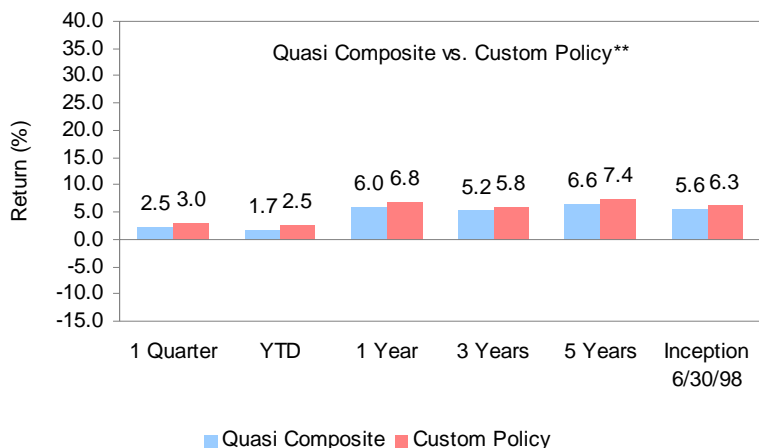
\*\* 6/89 -- 6/99 60% S&P 500 30% Lehman Govt / Credit 10% MSCI EAFE (n)  
9/99 -- 6/01 63% S&P 500 30% Lehman Govt / Credit 7% MSCI EAFE (n)  
9/01 -- 3/02 63% S&P 500 30% Lehman Aggregate 7% MSCI EAFE (n)  
3/02 -- Present 63% Wilshire 5000 30% Lehman Aggregate 7% MSCI EAFE (n)



# Total Fund Results

# University of Iowa Quasi-Endowment

## Investment Performance



\* 6/94 -- 6/01 100% Lehman Govt / Credit  
 9/01 -- Present 100% Lehman Aggregate

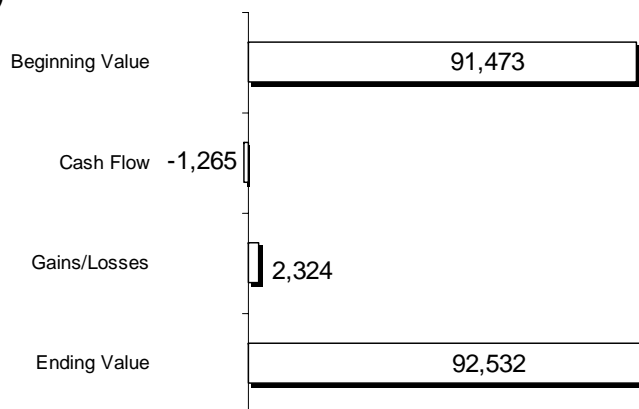
## Asset Allocation



\$'000s	Actual	Policy
U.S. Equity	0	0
Fixed Income	92,532	92,532
Cash	0	0
<b>Total</b>	<b>92,532</b>	<b>92,532</b>

## Quarter Results

(\$'000)



- The Quasi Endowment portfolio returned 2.45% during the second quarter, underperforming the benchmark by 0.56%.
- The Quasi total fund has total assets of \$92.5 million.
- Total contributions were \$87,000.
- Total distributions and fees totaled \$1.4 million.
- The Quasi fund had investment gains of \$2.3 million.



## Quasi Endowment Review

	\$'000	Investment Fee \$'000	Comp %	Qtr %	YTD %	1 Yr %	3 Yrs %	5 Yrs %	Inception %
Dodge & Cox (3/31/04)	46,515	52	50.3%						
Gross of Fee Return				2.1	1.7	5.8	--	--	2.9
Net of Fee Return				2.0	1.6	5.6	--	--	2.7
<i>Lehman Aggregate</i>				3.0	2.5	6.8	--	--	3.4
Reams Asset Management Quasi (9/30/01)	46,017	35	49.7%						
Gross of Fee Return				3.1	2.2	7.0	5.5	--	5.2
Net of Fee Return				2.9	2.0	6.6	5.2	--	4.9
<i>Lehman Aggregate</i>				3.0	2.5	6.8	5.8	--	5.6
<b>Quasi Composite (6/30/98)</b>	<b>92,532</b>	<b>87</b>	<b>100%</b>	<b>2.5</b>	<b>1.7</b>	<b>6.0</b>	<b>5.2</b>	<b>6.6</b>	<b>5.6</b>
<i>Custom Policy**</i>				3.0	2.5	6.8	5.8	7.4	6.3

\*\* 9/98 -- 6/01    100% Lehman Govt / Credit  
 9/01 -- Present    100% Lehman Aggregate



## Domestic Equity Composite Review

### Manager Returns – University of Iowa

University of Iowa	\$'000 Investment Fee \$'000	Comp %	Qtr %	YTD %	1 Year %	3 Years %	5 Years %	Inception %	
Goldman Sachs Large Cap (3/31/05)	47,819	50	37.3%						
Gross of Fee Return			1.9	--	--	--	--	1.9	
Net of Fee Return			1.8	--	--	--	--	1.8	
<i>S&amp;P 500</i>			1.4	--	--	--	--	1.4	
Lotsoff Large Cap Equity (3/31/05)	48,285	42	37.7%						
Gross of Fee Return			1.9	--	--	--	--	1.9	
Net of Fee Return			1.7	--	--	--	--	1.7	
<i>S&amp;P 500</i>			1.4	--	--	--	--	1.4	
LSV Asset Mgm't (6/30/02)	11,327	20	8.8%						
Gross of Fee Return			3.8	2.1	15.8	13.6	--	13.6	
Net of Fee Return			3.6	1.8	15.0	12.9	--	12.9	
<i>Russell 2500 Value</i>			5.3	3.1	17.4	16.1	--	16.1	
Artisan Small Cap Growth (3/31/05)	20,615	52	16%						
Gross of Fee Return			6.0	--	--	--	--	6.0	
Net of Fee Return			5.8	--	--	--	--	5.8	
<i>Russell 2000 Growth</i>			3.5	--	--	--	--	3.5	
<b>Domestic Equity Composite (3/31/89)</b>	<b>128,046</b>	<b>164</b>	<b>100%</b>	<b>2.7</b>	<b>1.6</b>	<b>9.7</b>	<b>8.2</b>	<b>0.0</b>	<b>11.8</b>
<i>Wilshire 5000</i>				2.3	0.0	8.2	9.9	-1.3	11.3

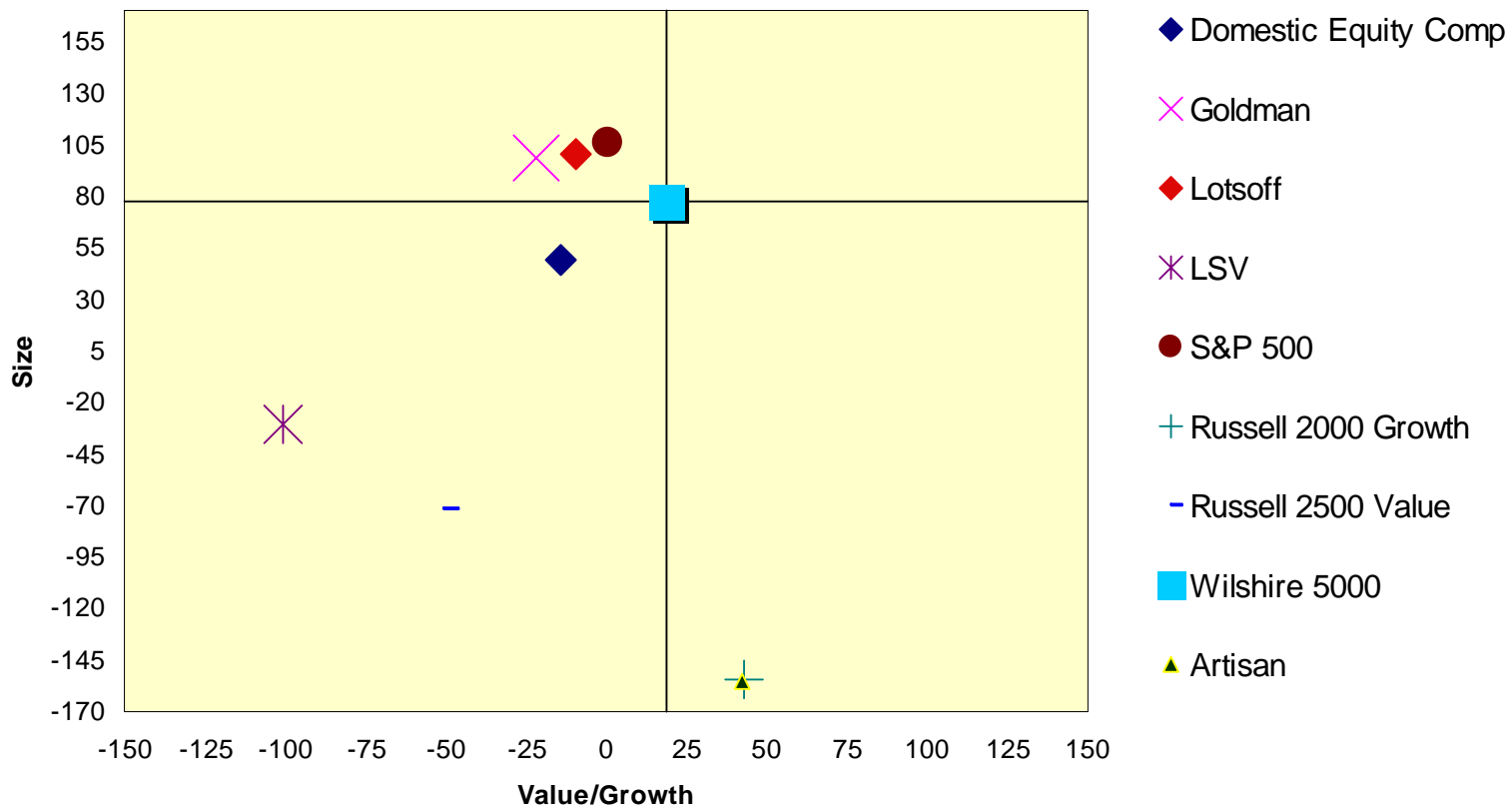
### Manager Returns – Iowa State University

Iowa State University	\$'000 Investment Fee \$'000	Comp %	Qtr %	YTD %	1 Year %	3 Years %	5 Years %	Inception %	
Goldman Sachs Large Cap (3/31/05)	37,903	40	37.9%						
Gross of Fee Return			2.1	--	--	--	--	2.1	
Net of Fee Return			2.0	--	--	--	--	2.0	
<i>S&amp;P 500</i>			1.4	--	--	--	--	1.4	
Lotsoff Large Cap Equity (3/31/05)	37,621	33	37.6%						
Gross of Fee Return			1.9	--	--	--	--	1.9	
Net of Fee Return			1.8	--	--	--	--	1.8	
<i>S&amp;P 500</i>			1.4	--	--	--	--	1.4	
LSV Asset Mgm't (6/30/02)	8,443	15	8.4%						
Gross of Fee Return			4.3	2.9	16.9	14.1	--	14.1	
Net of Fee Return			4.1	2.5	16.1	13.4	--	13.4	
<i>Russell 2500 Value</i>			5.3	3.1	17.4	16.1	--	16.1	
Artisan Small Cap Growth (3/31/05)	16,032	17							
Gross of Fee Return			6.0	--	--	--	--	6.0	
Net of Fee Return			5.6	--	--	--	--	5.6	
<i>Russell 2000 Growth</i>			3.5	--	--	--	--	3.5	
<b>Domestic Equity Composite (3/31/89)</b>	<b>99,999</b>	<b>105</b>	<b>100.0%</b>	<b>2.8</b>	<b>2.2</b>	<b>10.2</b>	<b>7.9</b>	<b>-1.1</b>	<b>11.3</b>
<i>Wilshire 5000</i>				2.3	0.0	8.2	9.9	-1.3	11.3



# Domestic Equity Composite Review

## Style Map

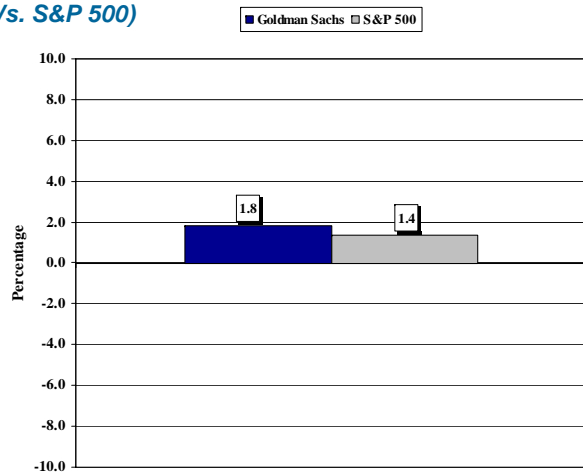




## Domestic Equity Review – Goldman Sachs

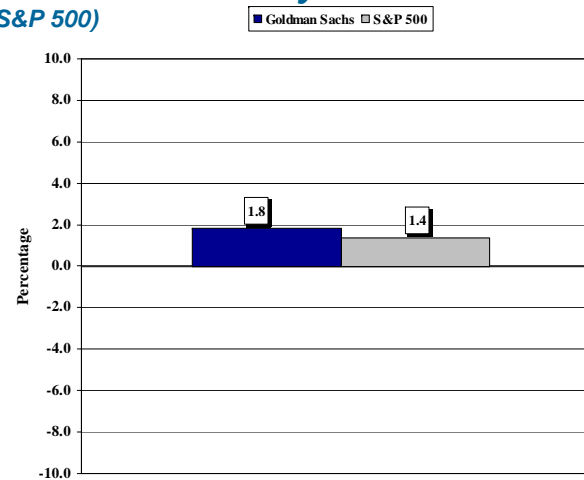
### University of Iowa -- Value Added

(Vs. S&P 500)



### Iowa State University -- Value Added

(Vs. S&P 500)



### Attribution

- Stock selection within the energy and financials sectors contributed to Goldman's outperformance for the quarter.
- Stock selection within industrials and telecommunication services had a slight positive impact on performance.
- Stock selection within the consumer discretionary sector had a negative impact on performance for the quarter.

### Manager Overview

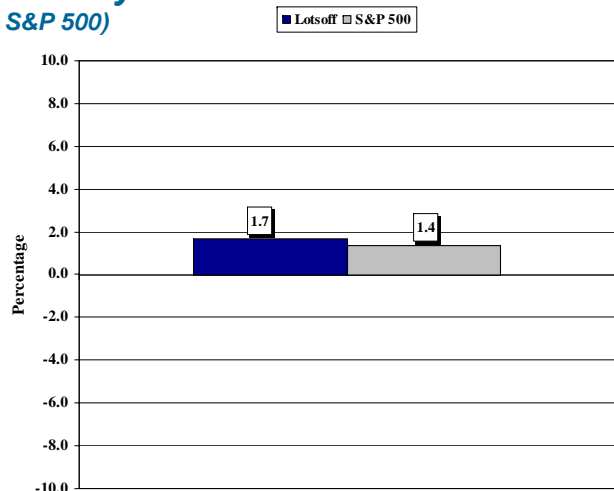
- **Style:** Large Capitalization Core Equity
- **Construction Process:** Optimization
- **Investment Philosophy:** Enhanced Index
- **Selection Method:** Quantitative valuation



## Domestic Equity Review – Lotsoff

### University of Iowa -- Value Added

(Vs. S&P 500)

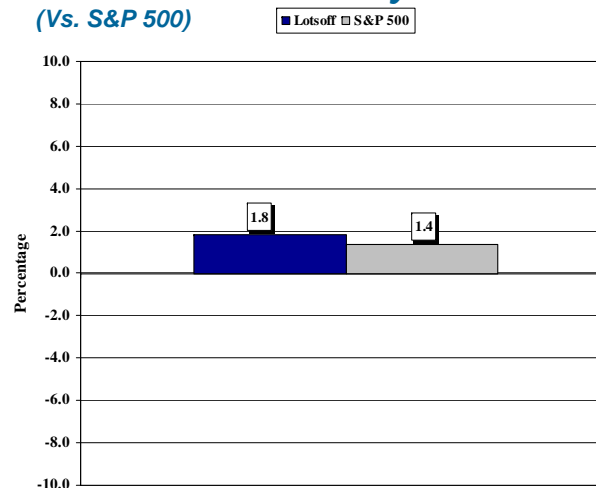


#### Attribution

- Stock selection within the consumer discretionary and financials sectors were the main contributors to Lotsoff's outperformance for the quarter.
- Stock selection within consumer staples and information technology detracted from performance.
- Stock selection within the energy sector also had a slight positive impact on performance.

### Iowa State University -- Value Added

(Vs. S&P 500)



#### Manager Overview

- **Style:** Large Capitalization Core Equity
- **Construction Process:** Optimization
- **Investment Philosophy:** Active Bottom Up
- **Selection Method:** Quantitative valuation

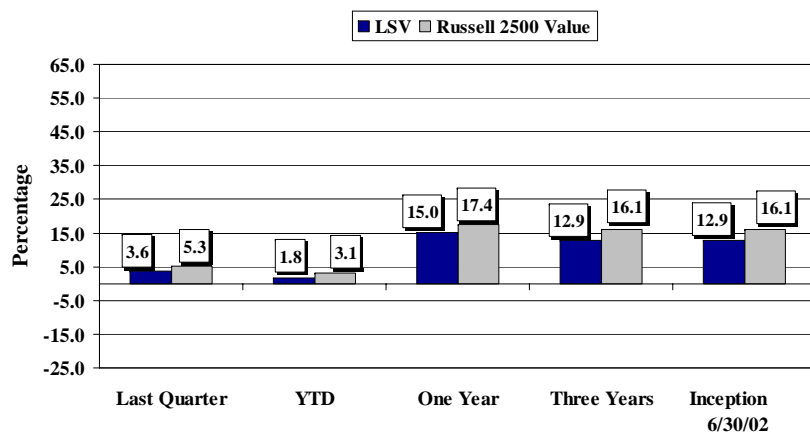




## Domestic Equity Review -- LSV Asset Management

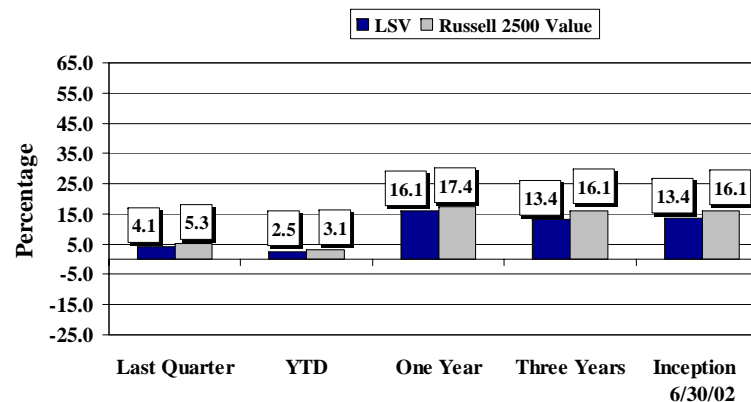
### University of Iowa -- Value Added

(Vs. Russell 2500 Value)



### Iowa State University -- Value Added

(Vs. Russell 2500 Value)



### Attribution

- Stock selection within the consumer staples, financials, industrials and health care sectors were the main contributors to LSV's underperformance for the quarter.
- An underweighting to financials and an overweighting to consumer staples also detracted from performance.
- Stock selection within the energy sector had a positive impact on performance.

### Manager Overview

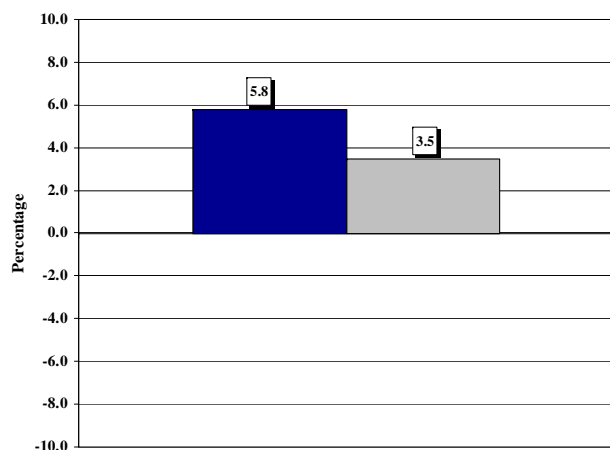
- **Style:** Mid Capitalization Value Equity
- **Construction Process:** Optimization
- **Investment Philosophy:** Active - Bottom up
- **Selection Method:** Quantitative valuation



## Domestic Equity Review -- Artisan

### University of Iowa -- Value Added

(Vs. Russell 2000 Growth) ■ Artisan □ Russell 2000 Growth

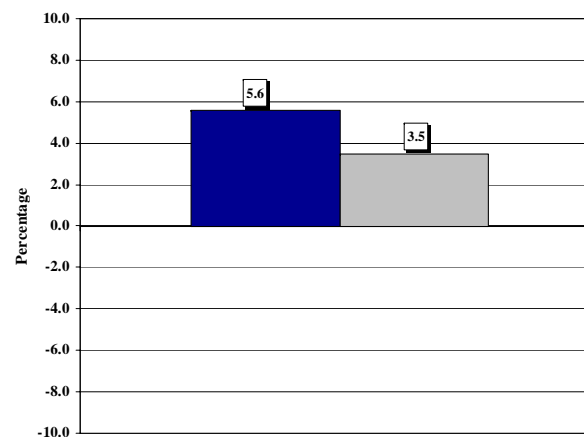


### Attribution

- Stock selection within the consumer discretionary and health care sectors were the main contributors to Artisan's outperformance for the quarter.
- An underweighting to the materials sector also added to performance.
- Stock selection within the energy and financials sectors had a negative impact on performance.

### Iowa State University -- Value Added

(Vs. Russell 2000 Growth) ■ Artisan □ Russell 2000 Growth



### Manager Overview

- **Style:** Small Capitalization Growth Equity
- **Construction Process:** Optimization
- **Investment Philosophy:** Active - Bottom up
- **Selection Method:** Fundamental valuation



# International Equity Composite Review

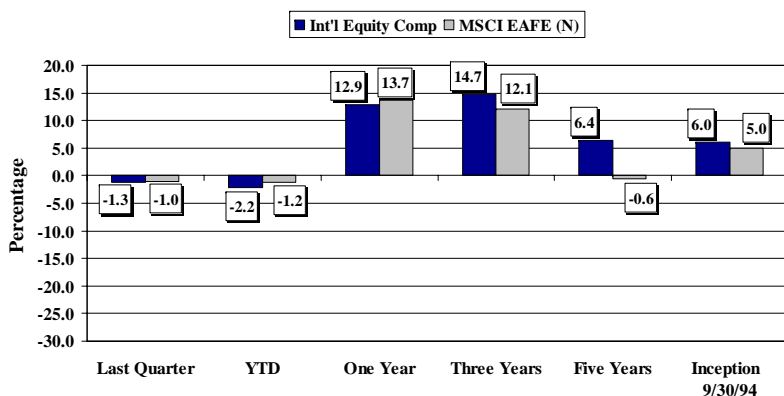
## University of Iowa -- Manager Returns

University of Iowa	\$'000 Investment	Fee \$'000	Qtr %	YTD %	1 Yr %	3 Yrs %	5 Yrs %	Inception %
Grantham, Mayo, Van Otterloo Foreign Fund (3/31/04)	13,974	29	-1.2	-2.1	13.0	--	--	10.9
Gross of Fee Return			-1.3	-2.2	12.9	--	--	10.8
Net of Fee Return			-1.0	-1.2	13.7	--	--	11.0
MSCI EAFE Index (N)								
<b>Int'l Equity Composite (9/30/94)</b>	<b>13,974</b>	<b>29</b>	<b>-1.3</b>	<b>-2.2</b>	<b>12.9</b>	<b>14.7</b>	<b>6.4</b>	<b>6.0</b>
MSCI EAFE Index (N)			-1.0	-1.2	13.7	12.1	-0.6	5.0

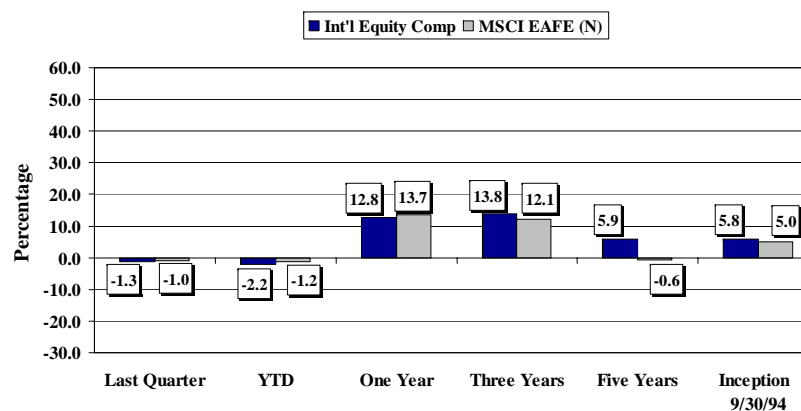
## Iowa State University -- Manager Returns

Iowa State University	\$'000 Investment	Fee \$'000	Qtr %	YTD %	1 Yr %	3 Yrs %	5 Yrs %	Inception %
Grantham, Mayo, Van Otterloo Foreign Fund (3/31/04)	11,153	23	-1.2	-2.1	13.0	--	--	10.9
Gross of Fee Return			-1.3	-2.2	12.9	--	--	10.8
Net of Fee Return			-1.0	-1.2	13.7	--	--	11.0
MSCI EAFE Index (N)								
<b>Int'l Equity Composite (9/30/94)</b>	<b>11,153</b>	<b>23</b>	<b>-1.3</b>	<b>-2.2</b>	<b>12.8</b>	<b>13.8</b>	<b>5.9</b>	<b>5.8</b>
MSCI EAFE Index (N)			-1.0	-1.2	13.7	12.1	-0.6	5.0

## University of Iowa -- Value Added (Vs. MSCI EAFE (N))



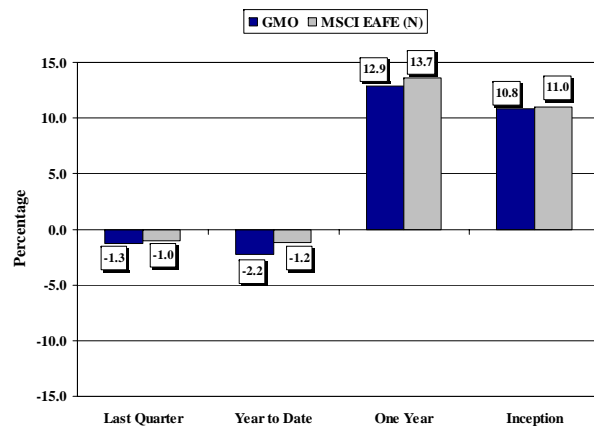
## Iowa State University -- Value Added (Vs. MSCI EAFE (N))



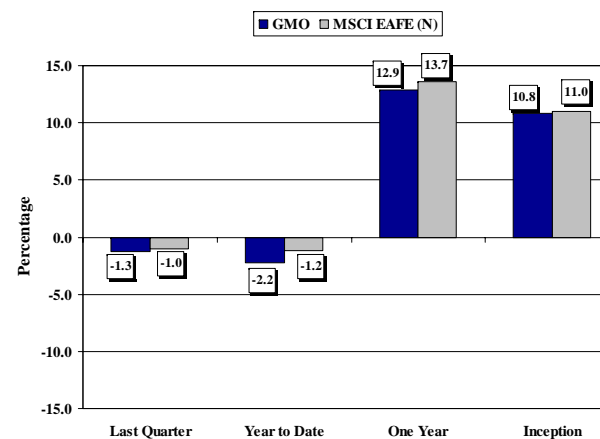


## International Equity Review – Grantham, Mayo, Van Otterloo

### University of Iowa -- Value Added (Vs. MSCI EAFE Index)



### Iowa State University -- Value Added (Vs. MSCI EAFE Index)



### Attribution

- Grantham, Mayo, Van Otterloo underperformed the benchmark by 0.27% in the second quarter.
- Sector weighting within Germany, along with stock selection in Norway was the primary contributor to the underperformance.
- Stock selection within Japan had a positive impact on performance.

### Manager Overview

- **Style:** International Value Equity
- **Construction Process:** Valuation measures
- **Investment Philosophy:** Active - Bottom up
- **Selection Method:** Fundamental Earnings Forecast



## Fixed Income Composite Review

University of Iowa	\$'000 Investment	Comp	Qtr	YTD	1 Yr	3 Yrs	5 Yrs	Inception	
	Fee \$'000	%	%	%	%	%	%	%	
Dodge & Cox Income Fund (3/31/04)	28,875	32	49.8%						
Gross of Fee Return				2.1	1.7	5.8	--	--	2.9
Net of Fee Return				2.0	1.6	5.6	--	--	2.7
<i>Lehman Aggregate</i>				3.0	2.5	6.8	--	--	3.4
Reams Asset Mgm't (6/30/02)	29,140	22	50.2%						
Gross of Fee Return				3.1	2.2	7.1	--	--	4.8
Net of Fee Return				2.9	2.0	6.6	--	--	4.5
<i>Lehman Aggregate</i>				3.0	2.5	6.8	--	--	4.6
<b>Fixed Income Composite (3/31/89)</b>	<b>58,015</b>	<b>54</b>	<b>100%</b>	<b>2.4</b>	<b>1.8</b>	<b>6.1</b>	<b>5.2</b>	<b>6.8</b>	<b>7.8</b>
<i>Custom Policy**</i>				3.0	2.5	6.8	5.8	7.4	8.0

\*\* 6/94 -- 6/01 100% Lehman Govt / Credit  
9/01 -- Present 100% Lehman Aggregate

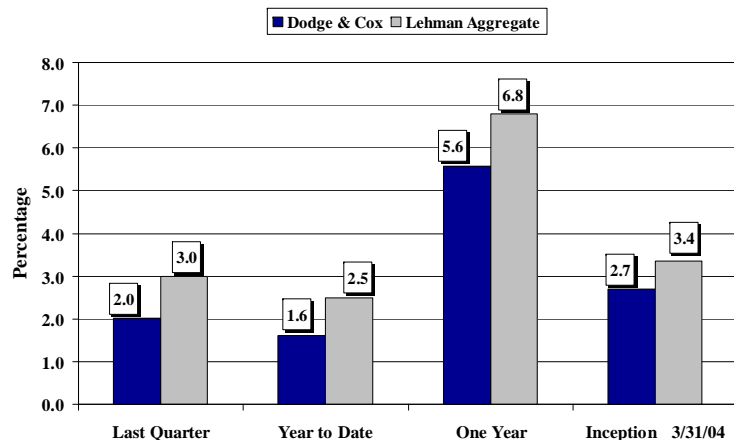
Iowa State University	\$'000 Investment	Comp	Qtr	YTD	1 Yr	3 Yrs	5 Yrs	Inception	
	Fee \$'000	%	%	%	%	%	%	%	
Dodge & Cox Income Fund (3/31/04)	20,432	23	50.9%						
Gross of Fee Return				2.1	1.7	5.8	--	--	2.9
Net of Fee Return				2.0	1.6	5.6	--	--	2.7
<i>Lehman Aggregate</i>				3.0	2.5	6.8	--	--	3.4
Reams Asset Mgm't (6/30/02)	19,740	15	49.1%						
Gross of Fee Return				3.0	2.3	7.1	--	--	4.9
Net of Fee Return				2.9	2.1	6.8	--	--	4.6
<i>Lehman Aggregate</i>				3.0	2.5	6.8	--	--	4.6
<b>Fixed Income Composite (3/31/89)</b>	<b>40,172</b>	<b>38</b>	<b>100%</b>	<b>2.4</b>	<b>1.8</b>	<b>6.1</b>	<b>5.4</b>	<b>6.8</b>	<b>7.2</b>
<i>Custom Policy**</i>				3.0	2.5	6.8	5.8	7.4	8.0

\*\* 6/94 -- 6/01 100% Lehman Govt / Credit  
9/01 -- Present 100% Lehman Aggregate



# Fixed Income Review – Dodge & Cox

## University of Iowa -- Value Added (Vs. Lehman Aggregate)

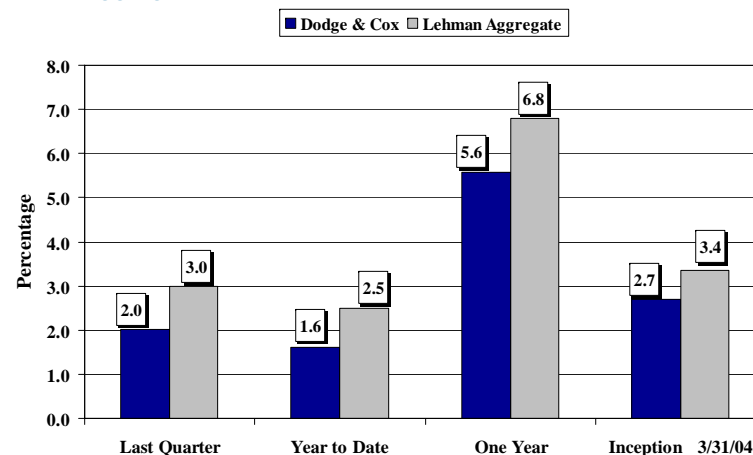


### Attribution

- Dodge & Cox underperformed the benchmark by 0.99% in the second quarter.
- The quality of bonds within the portfolio is AA, versus the Lehman Aggregate’s average quality of AA.
- The portfolio has a duration of 3.52 years, versus the Lehman Aggregate’s duration of 4.16 years.

## Iowa State University -- Value Added (Vs. Lehman Aggregate)

(Vs.)



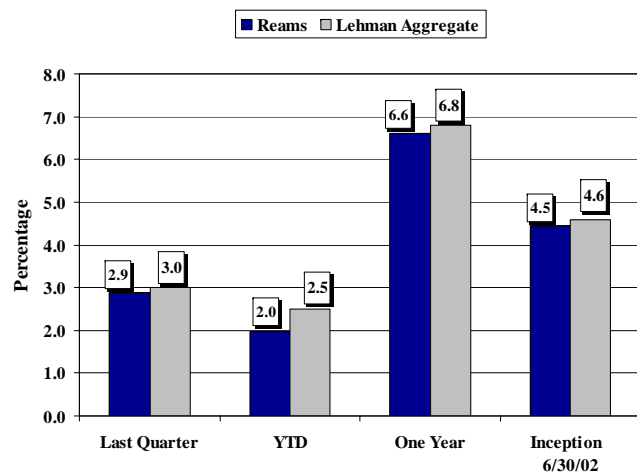
### Manager Overview

- **Style:** Market Core
- **Construction Process:** Build Portfolios with Higher Yield than Market Portfolio
- **Investment Philosophy:** Active - Bottom up
- **Selection Method:** Quantitative and Qualitative valuation



## Fixed Income Review -- Reams Asset Management

### University of Iowa -- Value Added (Vs. Lehman Aggregate)

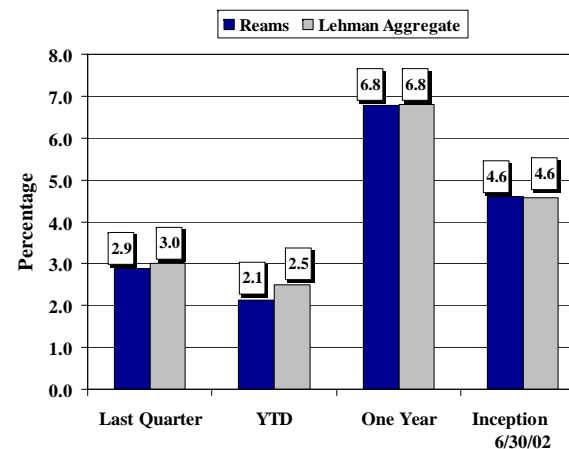


### Attribution

- Reams underperformed the benchmark by 0.13% in the second quarter.
- The average quality of bonds within the portfolio is AA, versus the Lehman Aggregate's average quality of AA.
- The portfolio has a duration of 3.29 years, versus the Lehman Aggregate's duration of 4.16 years.

### Iowa State University -- Value Added (Vs. Lehman Aggregate)

(Vs.)



### Manager Overview

- **Style:** Market Core
- **Construction Process:** Optimization
- **Investment Philosophy:** Active - Bottom up
- **Selection Method:** Quantitative and Qualitative valuation

# Appendix

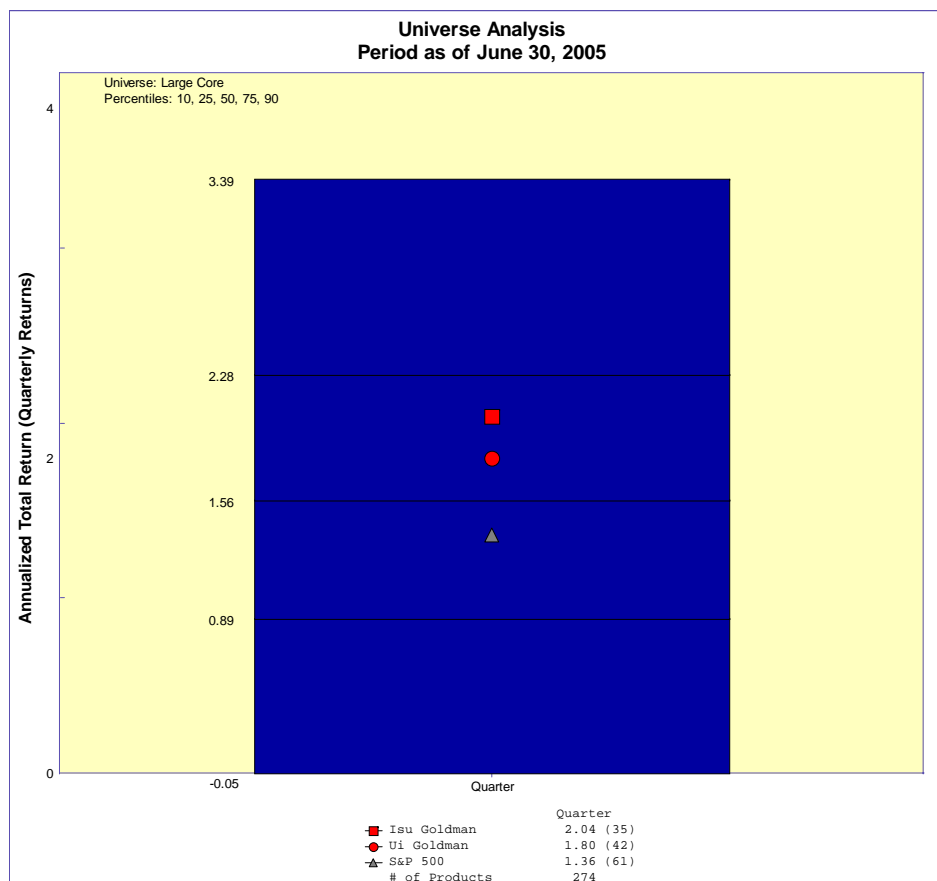
Manager Detail





# Domestic Equity Manager Detail – Goldman Sachs

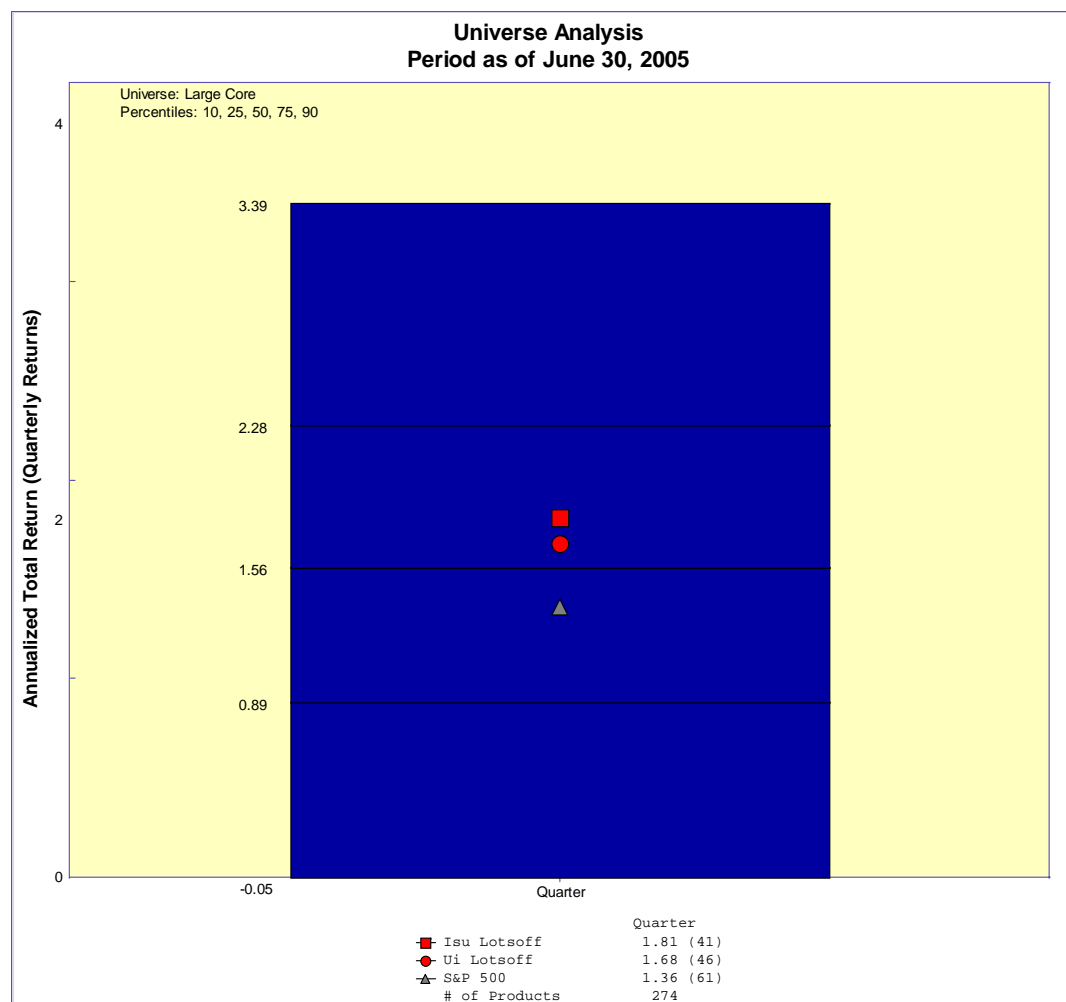
## Performance Comparison Active Large Core U.S. Equity Portfolios





# Domestic Equity Manager Detail – Lotsoff

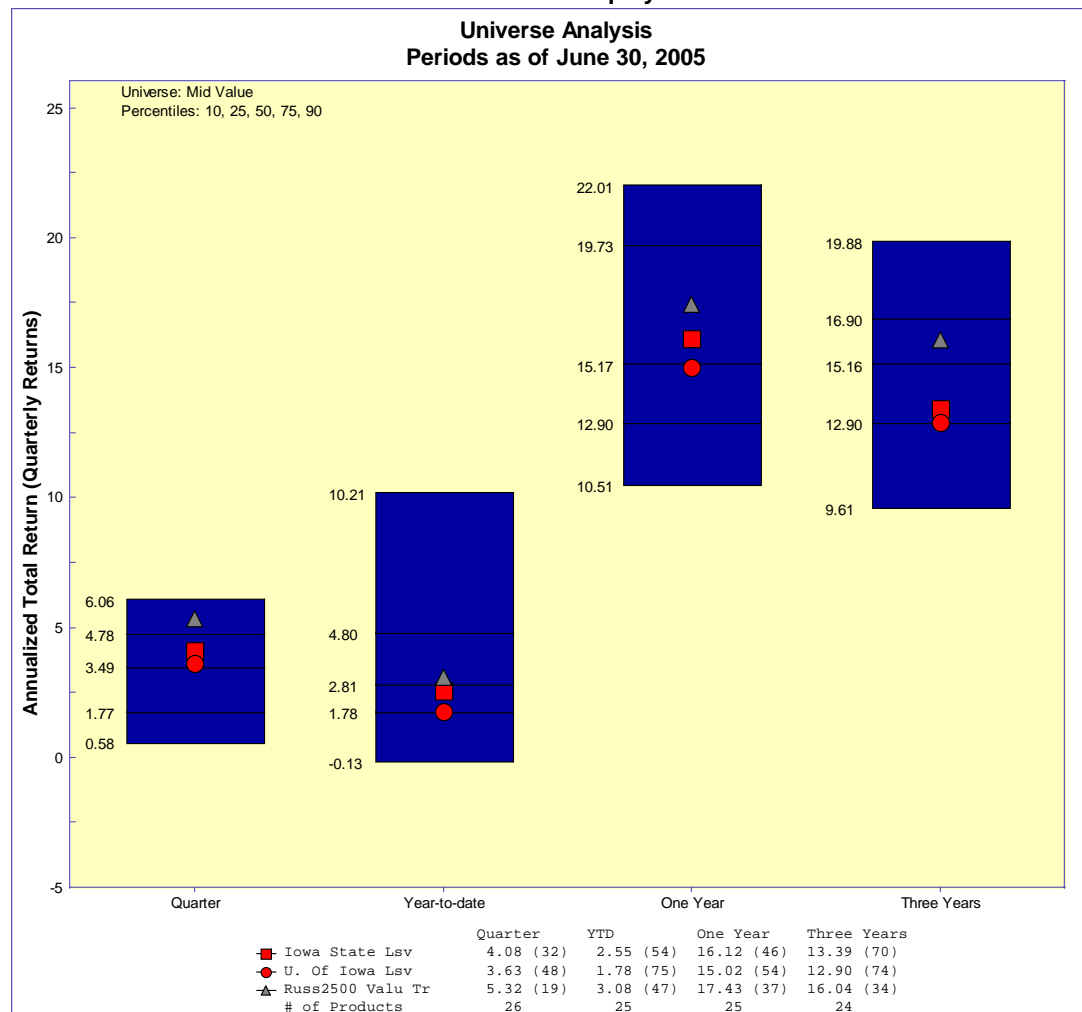
## Performance Comparison Active Large Core U.S. Equity Portfolios





# Domestic Equity Manager Detail - LSV Asset Management

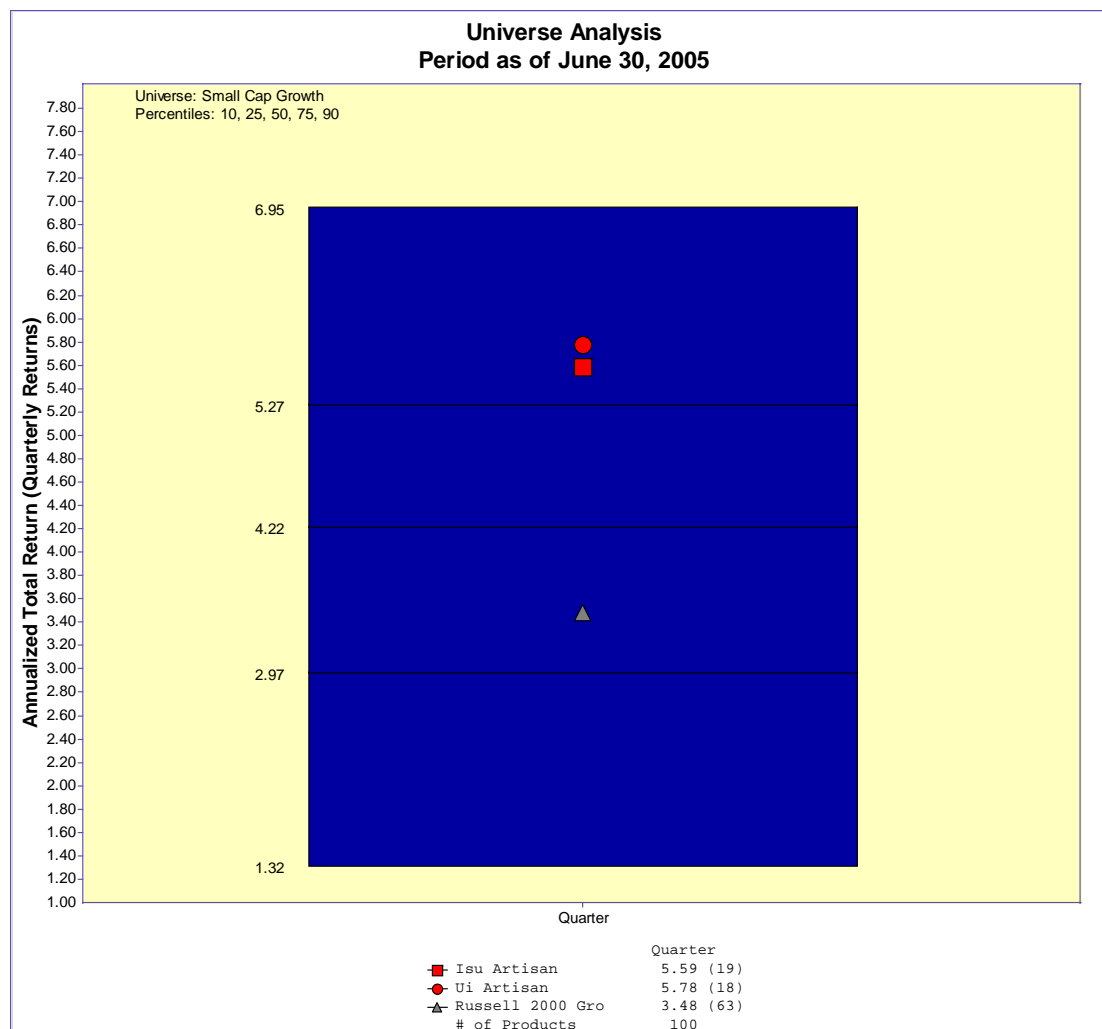
## Performance Comparison Active Mid Value U.S. Equity Portfolios





# Domestic Equity Manager Detail - Artisan

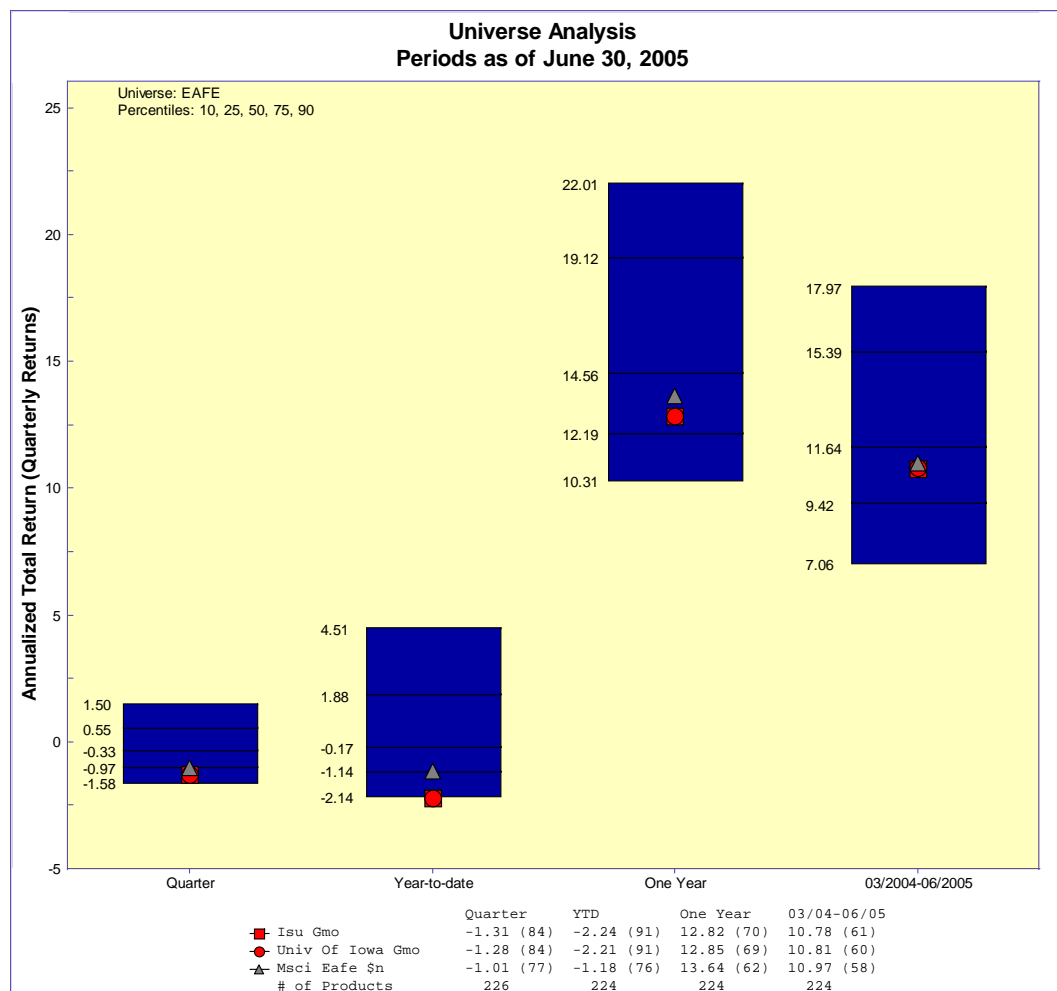
## Performance Comparison Active Small Growth U.S. Equity Portfolios





# International Equity Manager Detail – Grantham, Mayo, Van Otterloo

## Performance Comparison Active EAFE International Equity Portfolios

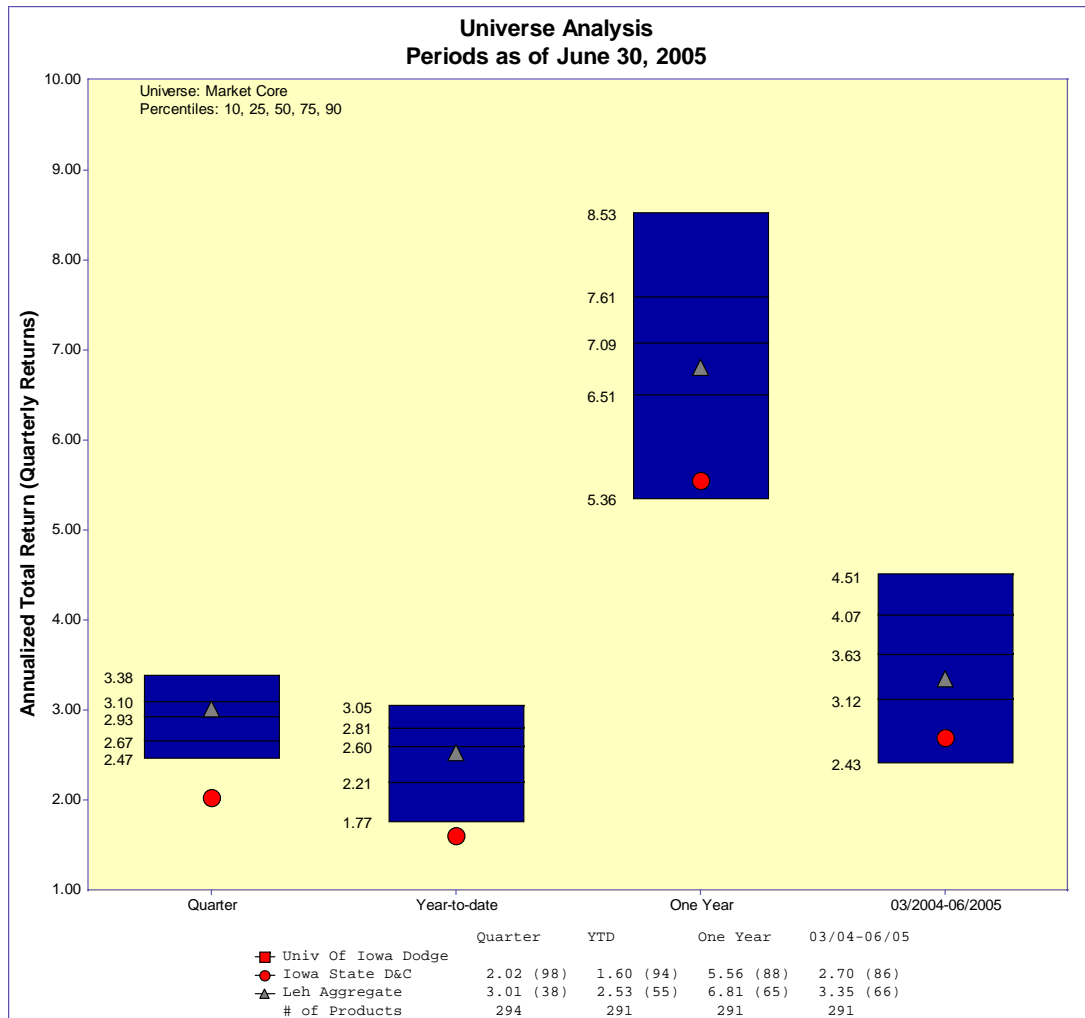




# Fixed Income Manager Detail – Dodge & Cox

## Performance Comparison

Active Market Core Fixed Income Portfolios





# Fixed Income Manager Detail – Reams Asset Management

## Performance Comparison Active Market Core Fixed Income Portfolios

