

Contact: Patrice Sayre

FUND MANAGER ISSUE

Action Requested: Receive the recommendation to add Adams Street Partners-2012 Global Private Equity Program (the “Program” or the “2012 Program”) to expand Private Equity investments.

Executive Summary: At the September 2008 Audit/Compliance and Investment Committee meeting, the Board updated the asset allocation for the endowment portfolio to include an increased investment in Private Equity from 5% to 10%.

In March 24, 2010, following an analysis of Private Equity candidates with distinct strategies, the Board approved adding Adams Street Partners-2010 Global Private Equity Program as a fund manager for private equity assets. Since then, the general pace of capital being called by underlying investment funds in the 2010 Program has been slow, reflective of the market environment. Therefore, Adams Street Partners-2011 Global Private Equity Program was not recommended to the Board (i.e. limiting exposure to investments of the same vintages).

At a July 7, 2011, meeting with Wilshire, Chair Evans, investment staff at the universities, and Board office staff, it was recommended that the Regent institutions participate in a new offering – Adams Street Partners 2012 Global Private Equity Program. Consistent with prior participation, Wilshire recommends investments via the Program’s US Fund, Developed Markets Fund, and Emerging Markets Fund in proportions specified for the Program (but excluding the Direct Fund¹). Similar to Adams Street Partners-2010 Global Private Equity Program, the 2012 Program will offer primary exposures in buyout and venture capital spaces, but will also include smaller investments in mezzanine debt, restructuring/distressed debt situations, and special situations. The commitment levels recommended by Wilshire for each institution are as follows:

- University of Iowa: \$12.7 million
- Iowa State University: \$5.6 million

Wilshire’s ongoing due diligence of the private equity marketplace and analysis of the long-term endowment portfolios is the basis for this recommendation, which will be subject to approval by the Board of Regents as well as due diligence and document review by the universities. In accord with current practices, staff at the universities maintain funds in other asset classes – primarily equities – until such time that capital calls are received from Adams Street.

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¹ The Direct Fund’s investment practices, including permitted usage of derivatives, could be inconsistent with investment policy and Iowa Code. Therefore, this component which may represent up to 10% of the Program will be excluded. Earlier investment in the Adams Street Partners-2010 Global Private Equity Program was specified in the same manner.