

Contact: Andrea Anania

**INVESTMENT AND CASH MANAGEMENT REPORT**  
**FOR THE QUARTER ENDED JUNE 30, 2010**

**Recommended Action:** Receive the Investment and Cash Management Report for the quarter ended June 30, 2010.

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

Because the September 2010 Committee meeting was cancelled, the June 30, 2010, quarterly report is presented this month. Wilshire Consulting plans to update the Committee with information as of September 30, 2010. That information was not available at the time of this mailing, but will be mailed to the Committee and posted on the Regents web site as soon as possible.

**Institutional Investment Portfolios**  
**Market Value**  
**(in thousands)**  
**As of June 30, 2009, and June 30, 2010**

	<b><u>Operating</u></b>		<b><u>Endowment/ Quasi-Endowment</u></b>	
	<u>Jun 2009</u>	<u>Jun 2010</u>	<u>Jun 2009</u>	<u>Jun 2010</u>
University of Iowa <sup>1</sup>	\$951,365	\$1,135,383	\$276,083 <sup>2</sup>	\$299,824 <sup>2</sup>
Iowa State University	388,440	441,548	118,529 <sup>3</sup>	122,224 <sup>3</sup>
University of Northern Iowa	128,597	137,317	-	-
Iowa School for the Deaf	2,372	2,800	-	-
Iowa Braille & Sight Saving School	1,538	1,638	-	-
<b>Total</b>	<b>\$1,472,312</b>	<b>\$1,718,686</b>	<b>\$394,612</b>	<b>\$422,048</b>

<sup>1</sup> Includes UIHC.

<sup>2</sup> Includes UNI.

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

As of June 30, 2010, the Regent combined operating and endowment portfolios totaled over \$2.1 billion.

**OPERATING**

The Merrill Lynch 1-3 year Government/Corporate Index rate for the quarter was 1.01%. BlackRock slightly outperformed the benchmark, while all other returns underperformed the benchmark.

**ENDOWMENT**

The combined endowment managers' returns for the quarter ended June 30, 2010, were -6.7% for SUI and -7.5% for ISU; the blended asset allocation benchmark was -6.4%.

The SUI quasi-endowment returned 2.8% for the quarter; the benchmark was 3.5%.

Endowment and quasi-endowment fund manager performance overviews can be found in the *Wilshire Consulting Executive Summary of Investment Performance* report.

COMPLIANCE

Investment policies allow the Director of Internal Audit to perform compliance audits at his discretion or by special request.

The Office of Internal Audit at UNI completed an assessment of UNI's investment and treasury management processes for the quarter ended December 31, 2009, which included review of the following:

- ◆ Roles and responsibilities of Vice Presidents for Finance/Treasurers
- ◆ Nature of Assets for Investment
- ◆ Asset Classes
- ◆ Investment Pools
- ◆ Permitted Investments
- ◆ Other Provisions including Investment Management Factors, Restrictions on Borrowing, Gifts of Investments, and Fees

The Office of Internal Audit at UNI concluded that investment and treasury processes for the period under review were in compliance with Board of Regents policies as related to investment activity.

**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.

Below are the Board authorized fund managers (See page 8 for values):

<u>MANAGER</u>	<u>TYPE</u>	<u>AUTHORIZED</u>
Adams Street Partners - 2010 Global Offering (Adams Street Partners )	Private Equity Fund Manager	March 2010
BlackRock	Short-Term Fixed Income Manager	February 1996
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
NB Crossroads XVIII	Private Equity Fund Manager	November 2005
Landmark Equity Partners XIV, L.P.	Private Equity Fund Manager	March 2010
Lotsoff Capital Management	Large Cap Core Domestic Equity Fund	September 2004
Metropolitan Real Estate Partners Global III Fund (MREP Global III)	Real Estate Fund Manager	September 2009
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	July 2001
	Institutional Endowments	January 2002
State Street Global Advisors (State Street)	International Equity Index Fund Manager	April 2009
Vanguard Index Fund	Large Cap S&P 500 Index Fund	February 2008

**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 June 30, 2010**

	<u>Restricted</u> <u>Internal</u> <sup>1, 2</sup>	<u>Internal</u>	<u>Unrestricted</u> <u>BlackRock</u> <sup>3</sup>	<u>Diversified Pool</u>	<u>Total</u> <sup>4</sup>
SUI	\$194,109	\$271,569	\$82,645	\$587,060	\$1,135,383
ISU	95,650	276,822	N/I	68,076	441,548
UNI	34,665	102,652	N/I	N/I	137,317
ISD	10	2,790	N/I	N/I	2,800
IBSSS	N/I	1,638	N/I	N/I	1,638
Total	\$325,434	\$655,471	\$82,645	\$655,136	\$1,718,686

N/I = No investments of this type.

1. SUI has additional bond trustee balances of \$111 million with Wells Fargo, Des Moines.
2. ISU has additional bond trustee balances of \$30 million with Wells Fargo, Des Moines.
3. SUI has an additional Blackrock investment account with a balance of \$22.5 million for the Iowa Medical Mutual Insurance Company.
4. See operating investment summary on the following page.

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 June 30, 2010**

	<u>Restricted</u> <u>Internal</u>	<u>Internal</u>	<u>Unrestricted</u> <u>BlackRock</u>	<u>Diversified Pool</u>	<u>Combined</u>
SUI	0.41%	0.15%	0.94%	0.14%	0.22%
ISU	0.34%	0.70%	N/I	0.14%	0.59%
UNI	1.00%	0.61%	N/I	N/I	0.61%
ISD	0.11%	0.11%	N/I	N/I	0.11%
IBSSS	N/I	0.25%	N/I	N/I	0.25%

N/I = No investments of this type.

The comparable industry standard rate of return for the quarter ended June 30, 2010, includes the Merrill Lynch 1-3 year Government/Corporate Index rate of 1.01%. BlackRock slightly outperformed the benchmark, while all other returns underperformed the benchmark.

**Operating Investment Summary**  
**Restricted and Unrestricted Internal, BlackRock, and Diversified Pool**  
**(in thousands)**  
**As of June 30, 2010**

	<u>Market Value</u>	<u>Percent Market Value</u>
<b>University of Iowa</b>		
Money Market / Cash Equivalents	\$408,333	36.0%
Diversified Pool	587,060	51.7%
Agency Securities	22,803	2.0%
U.S. Obligations	56,099	4.9%
Corporate Notes and Bonds	35,722	3.2%
Asset Backed	22,909	2.0%
Mortgage Backed	<u>2,457</u>	<u>0.2%</u>
Total	<u>\$1,135,383</u>	100.0%
<b>Iowa State University</b>		
Money Market / Cash Equivalents	\$140,745	31.9%
Diversified Pool	68,076	15.4%
Agency Securities	163,457	37.0%
U.S. Obligations	<u>69,270</u>	<u>15.7%</u>
Total	<u>\$441,548</u>	100.0%
<b>University of Northern Iowa</b>		
Money Market / Cash Equivalents	\$31,409	22.9%
Agency Securities	87,616	63.8%
U.S. Obligations	<u>18,292</u>	<u>13.3%</u>
Total	<u>\$137,317</u>	100.0%
<b>Iowa School for the Deaf</b>		
Money Market / Cash Equivalents	\$2,800	100.0%
<b>Iowa Braille &amp; Sight Saving School</b>		
Money Market / Cash Equivalents	\$88	5.4%
Repurchase Agreements	<u>1,550</u>	<u>94.6%</u>
Total	<u>\$1,638</u>	100.0%
<b>Regent Composite</b>		
Money Market / Cash Equivalents	\$583,375	34.0%
Diversified Pool	655,136	38.1%
Agency Securities	273,876	15.9%
U.S. Obligations	143,661	8.4%
Corporate Notes and Bonds	35,722	2.1%
Asset Backed	22,909	1.3%
Mortgage Backed	2,457	0.1%
Repurchase Agreements	<u>1,550</u>	<u>0.1%</u>
<b>Total</b>	<b><u>\$1,718,686</u></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 June 30, 2010**

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

**Endowment Manager Allocations\***  
**As of June 30, 2010**

<u>Asset Class</u>	<u>Target</u>	<u>Allowable Range</u>	<u>Benchmark</u>
<u>Public Equity</u>	50%	45-55%	<i>(Public equity is not measured on a combined basis)</i>
U.S. Equity	25%	20-30%	Wilshire 5000
Non U.S. Equity	25%	20-30%	MSCI EAFE (N)
<u>Fixed Income</u>	30%	25-35%	Barclays Aggregate <i>(formerly Lehman Aggregate)</i>
Core Fixed Income	25%	20-30%	Barclays Aggregate <i>(formerly Lehman Aggregate)</i>
High Yield Fixed Income	5%	0-10%	Merrill Lynch HY Master II
<u>Real Assets</u>	10%	5-15%	US CPI + 5% Annually
Public	0%	N/A	N/A
Private	10%	5-15%	NACREIF Property Index <i>(for private real estate)</i> US CPI + 5% Annually <i>(for other private real assets)</i>
<u>Private Equity</u>	10%	0-15%	Wilshire 5000

\*Approved at the September 2008 meeting; revised at the December 2008 meeting.

**Endowment Allocations  
Net of Fees  
As of June 30, 2010**

MANAGER	University of Iowa			Iowa State University		
	Value (thousands)	Value (percent)	Fees (thousands)	Value (thousands)	Value (percent)	Fees (thousands)
<u>Public Equity</u>						
U.S. Equity						
Delaware Investments	\$13,372	6.0%	\$19	\$7,046	5.8%	\$10
Lotsoff Capital	25,441	11.5%	25	14,375	11.8%	13
Vanguard	<u>23,525</u>	<u>10.7%</u>	<u>4</u>	<u>14,823</u>	<u>12.1%</u>	<u>3</u>
Subtotal	\$62,338	28.2%	\$48	\$36,244	29.7%	\$26
Non U.S. Equity						
GMO Foreign Fund	\$29,327	13.3%	\$55	\$15,887	13.0%	\$30
State Street	<u>29,722</u>	<u>13.5%</u>	<u>20</u>	<u>20,263</u>	<u>16.6%</u>	<u>13</u>
Subtotal	\$59,049	26.8%	\$75	\$36,150	29.6%	\$43
<u>Fixed Income</u>						
Dodge & Cox	\$36,506	16.6%	\$41	\$16,421	13.4%	\$18
Reams Asset Management	36,803	16.7%	18	16,734	13.7%	13
Post Advisory	<u>13,042</u>	<u>5.9%</u>	<u>20</u>	<u>8,057</u>	<u>6.6%</u>	<u>12</u>
Subtotal	\$86,351	39.2%	\$79	\$41,212	33.7%	\$43
<u>Real Assets</u>						
Principal Group	\$7,013	3.2%	\$21	\$4,878	4.0%	\$15
CF NR Partners VIII	978	0.4%	*	652	0.5%	*
MREP Global III	<u>44</u>	<u>0.1%</u>	<u>*</u>	<u>26</u>	<u>0.1%</u>	<u>*</u>
Subtotal	\$8,035	3.7%	\$21	\$5,556	4.6%	\$15
<u>Private Equity</u>						
NB Crossroads XVIII	\$3,812	1.7%	\$14	\$2,383	1.9%	\$19
CF Int'l Partners VI	317	0.1%	*	212	0.2%	*
CF Private Equity VII	452	0.2%	*	301	0.2%	*
CF Venture Capital VIII	<u>276</u>	<u>0.1%</u>	<u>*</u>	<u>166</u>	<u>0.1%</u>	<u>*</u>
Subtotal	\$4,857	2.1%	\$14	\$3,062	2.4%	\$19
Total Fund	\$220,630	100.0%	\$237	\$122,224	100.0%	\$136

\* No fees reported.

**Endowment Performance  
Net of Fees  
As of June 30, 2010**

	Assets (thousands)	Net Returns	
		Quarter	One Year
SUI	\$220,630	-6.7%	10.3%
ISU	122,224	-7.5%	9.3%
Asset Allocation Benchmark*		-6.4%	11.8%
SUI Quasi-Endowment	<u>79,194</u>	2.8%	13.1%
Fixed Income Benchmark **		3.5%	9.5%
Total	\$422,048		

\* 35% Wilshire 5000; 25% MSCI EAFE (N); 25% Barclays Aggregate; 10% U.S. CPI + 5% Annually; 5% ML HY Master II.

\*\* 100% Barclays 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 June 30, 2010**

	Value (thousands)	Value (percent)	Fees (thousands)	Net Returns	
				Quarter	Year
Dodge & Cox	\$27,587	34.8%	\$31	1.9%	12.1%
Reams Asset Management	<u>51,607</u>	<u>65.2%</u>	<u>31</u>	3.3%	13.7%
Total Fund	\$79,194	100.0%	\$62		
Fixed Income Benchmark **				3.5%	9.5%

\*\*100% Barclays Aggregate.

Endowment / Quasi-Endowment Portfolios  
Market Value - Accrual Basis  
(in thousands)  
As of June 30, 2010

Portfolio Manager	Endowment Market Value	Quasi-Endowment Market Value	Total Market Value	Percent of Total
Reams Asset Management				
SUI	\$36,803	\$51,607	\$88,410	
ISU	<u>16,734</u>	<u>-</u>	<u>16,734</u>	
Total	\$53,537	\$51,607	\$105,144	24.9%
Dodge & Cox				
SUI	\$36,506	\$27,587	\$64,093	
ISU	<u>16,421</u>	<u>-</u>	<u>16,421</u>	
Total	\$52,927	\$27,587	\$80,514	19.1%
State Street				
SUI	\$29,722	-	\$29,722	
ISU	<u>20,263</u>	<u>-</u>	<u>20,263</u>	
Total	\$49,985	-	\$49,985	11.8%
GMO Foreign Fund				
SUI	\$29,327	-	\$29,327	
ISU	<u>15,887</u>	<u>-</u>	<u>15,887</u>	
Total	\$45,214	-	\$45,214	10.7%
Lotsoff Capital				
SUI	\$25,441	-	\$25,441	
ISU	<u>14,375</u>	<u>-</u>	<u>14,375</u>	
Total	\$39,816	-	\$39,816	9.4%
Vanguard				
SUI	\$23,525	-	\$23,525	
ISU	<u>14,823</u>	<u>-</u>	<u>14,823</u>	
Total	\$38,348	-	\$38,348	9.1%
Post Advisory				
SUI	\$13,042	-	\$13,042	
ISU	<u>8,057</u>	<u>-</u>	<u>8,057</u>	
Total	\$21,099	-	\$21,099	5.0%
Delaware Investments				
SUI	\$13,372	-	\$13,372	
ISU	<u>7,046</u>	<u>-</u>	<u>7,046</u>	
Total	\$20,418	-	\$20,418	4.8%
Principal Group				
SUI	\$7,013	-	\$7,013	
ISU	<u>4,878</u>	<u>-</u>	<u>4,878</u>	
Total	\$11,891	-	\$11,891	2.8%
NB Crossroads XVIII				
SUI	\$3,812	-	\$3,812	
ISU	<u>2,383</u>	<u>-</u>	<u>2,383</u>	
Total	\$6,195	-	\$6,195	1.5%
CF NR Partners VIII				
SUI	\$978	-	\$978	
ISU	<u>652</u>	<u>-</u>	<u>652</u>	
Total	\$1,630	-	\$1,630	0.4%
CF Private Equity VII				
SUI	\$452	-	\$452	
ISU	<u>301</u>	<u>-</u>	<u>301</u>	
Total	\$753	-	\$753	0.2%
CF Int'l Partners VI				
SUI	\$317	-	\$317	
ISU	<u>212</u>	<u>-</u>	<u>212</u>	
Total	\$529	-	\$529	0.1%
CF Venture Capital VIII				
SUI	\$276	-	\$276	
ISU	<u>166</u>	<u>-</u>	<u>166</u>	
Total	\$442	-	\$442	0.1%
MREP Global III				
SUI	\$44	-	\$44	
ISU	<u>26</u>	<u>-</u>	<u>26</u>	
Total	\$70	-	\$70	0.1%
TOTAL				
SUI	\$220,630	\$79,194	\$299,824	
ISU	<u>122,224</u>	<u>-</u>	<u>122,224</u>	
Total	\$342,854	\$79,194	\$422,048	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 June 30, 2010**

University of Iowa	\$35,449
Iowa State University	20,330
University of Northern Iowa	5,877
Iowa School for the Deaf	256
Iowa Braille and Sight Saving School	143
Board Office	<u>41</u>
Total	\$62,096



**Board of Regents, State of Iowa**

# Wilshire Consulting

***Board of Regents, State of Iowa  
Executive Summary of Investment Performance  
Quarter Ending June 30, 2010***



210 Sixth Avenue, Suite 3720

Pittsburgh, PA 15222

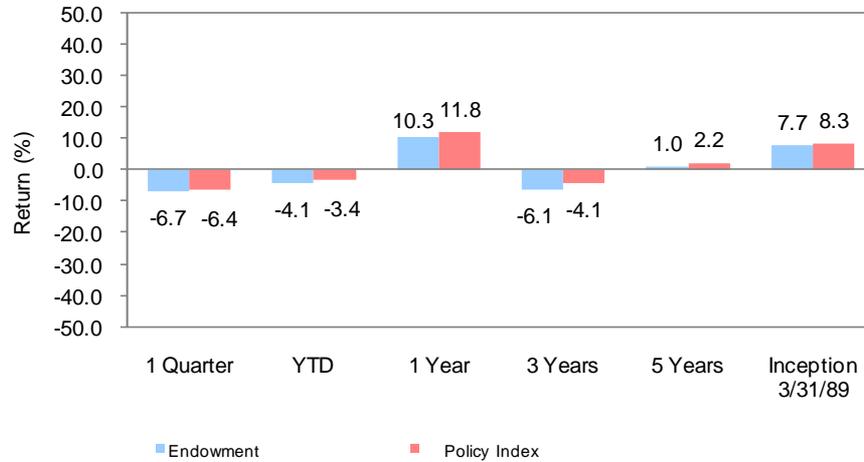
T: 412-434-1580 F: 412-434-1584

# Total Endowment Fund Results

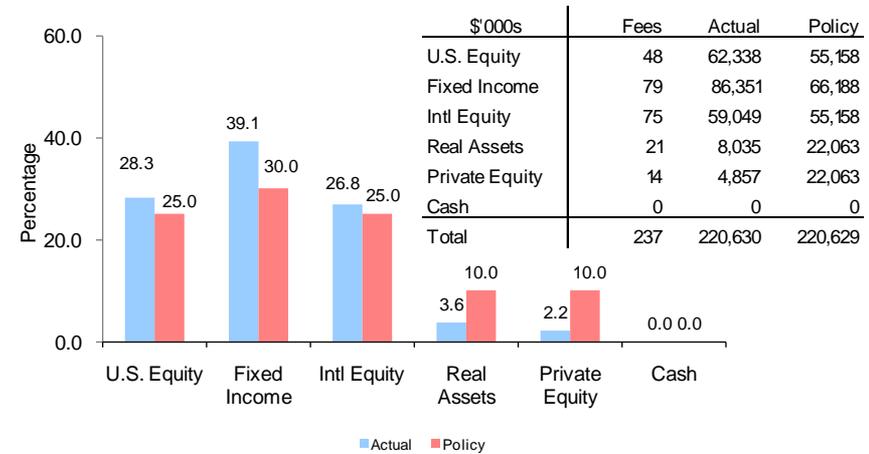
University of Iowa



## Investment Performance



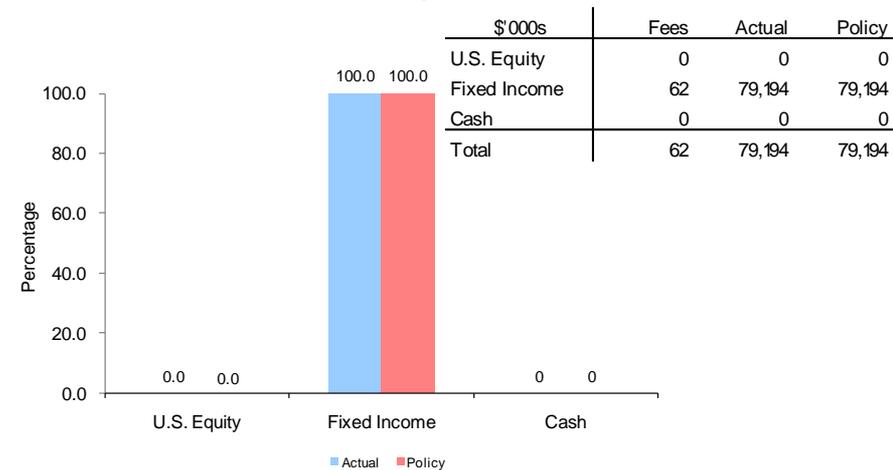
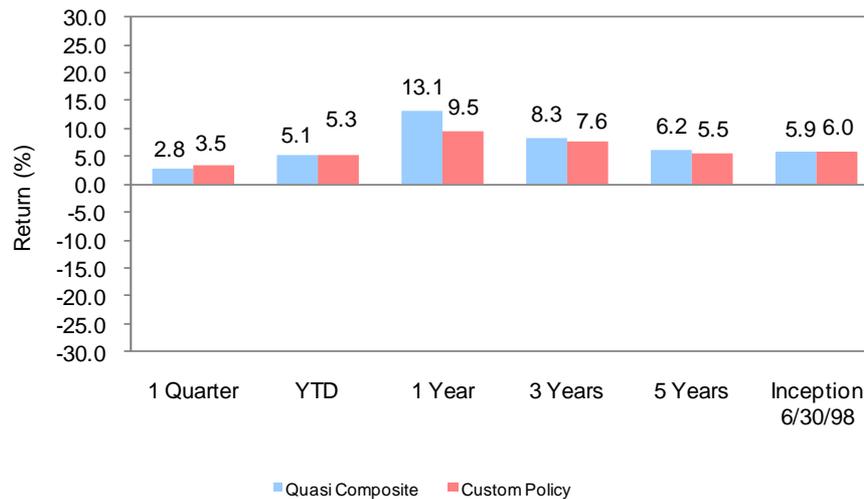
## Asset Allocation vs. Policy



	\$'000s	Fees	Actual	Policy
U.S. Equity	48	62,338	55,158	
Fixed Income	79	86,351	66,188	
Intl Equity	75	59,049	55,158	
Real Assets	21	8,035	22,063	
Private Equity	14	4,857	22,063	
Cash	0	0	0	
<b>Total</b>		<b>237</b>	<b>220,630</b>	<b>220,629</b>

# Total Quasi-Endowment Fund Results

University of Iowa



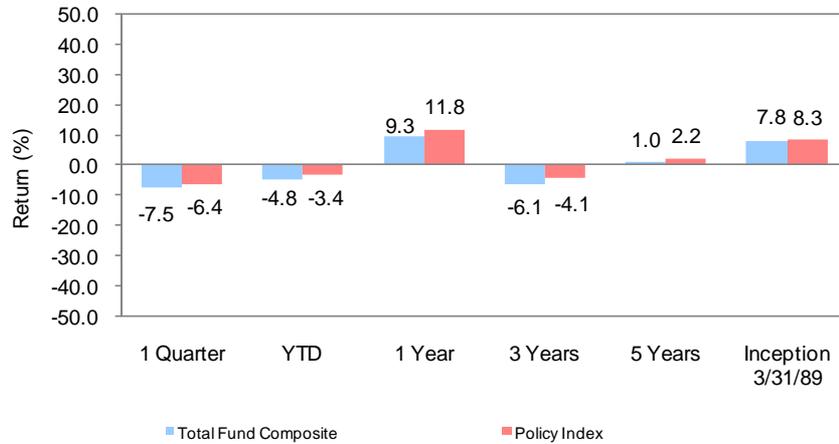
	\$'000s	Fees	Actual	Policy
U.S. Equity	0	0	0	0
Fixed Income	62	79,194	79,194	
Cash	0	0	0	
<b>Total</b>		<b>62</b>	<b>79,194</b>	<b>79,194</b>

(Periods Ending June 30, 2010)

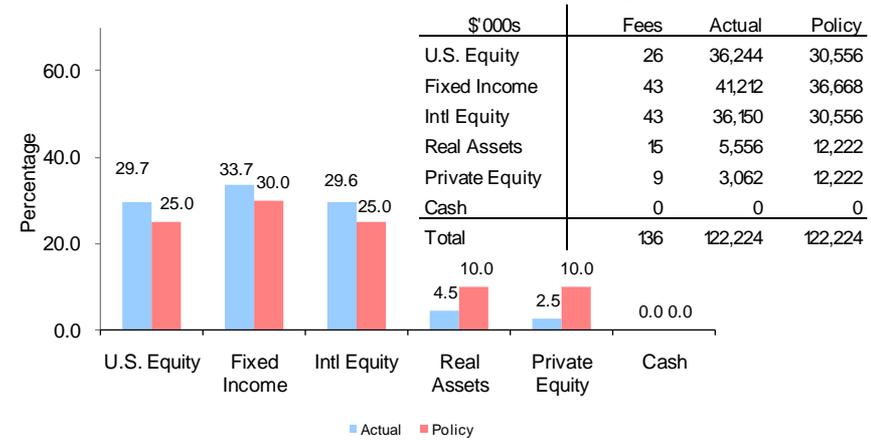
Note: At the direction of the Board of Regents, slight adjustments have been made to composite market values to account for rounding.

# Total Endowment Fund Results

## Investment Performance



## Asset Allocation vs. Policy



(Periods Ending June 30, 2010)

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>											
		\$62,338	-11.5%	-11.2%	-30	14.8%	15.7%	-84	-1.7%	-0.3%	-146
3/31/2005	Lotsoff Capital	\$25,441	-12.7%	-11.4%	-130	12.9%	14.4%	-146	-1.9%	-0.8%	-113
3/31/2008	Vanguard	\$23,525	-11.5%	-11.4%	-2	14.4%	14.4%	2	--	--	--
3/31/2009	Delaware Investments	\$13,372	-9.1%	-9.9%	82	18.9%	21.5%	-263	--	--	--
<b>International Equity</b>											
		\$59,049	-13.7%	-14.0%	28	6.4%	5.9%	45	1.0%	0.9%	15
3/31/2004	GMO Foreign Fund	\$29,327	-14.9%	-14.0%	-92	2.6%	5.9%	-335	0.3%	0.9%	-59
6/30/2009	State Street	\$29,722	-12.5%	-12.3%	-23	10.2%	10.9%	-70	--	--	--
<b>Fixed Income</b>											
		\$86,351	2.2%	3.5%	-132	14.4%	9.5%	487	6.0%	5.5%	48
3/31/2004	Dodge & Cox	\$36,506	1.9%	3.5%	-162	12.1%	9.5%	256	5.9%	5.5%	32
9/30/2002	Reams Asset Management	\$36,803	3.2%	3.5%	-28	13.6%	9.5%	411	6.2%	5.5%	64
3/31/2006	Post Advisory	\$13,042	0.1%	-0.1%	20	21.4%	27.5%	-616	--	--	--
<b>Real Assets</b>											
		\$8,035	-2.6%	1.5%	-405	-33.4%	6.3%	-3,974	--	--	--
3/31/2006	Principal Group	\$7,013	-1.0%	0.8%	-176	-33.6%	-9.6%	-2,395	--	--	--
9/30/2006	CF NR Partners VIII	\$978	-11.5%	1.5%	-1,295	28.8%	6.3%	2,249	--	--	--
3/31/2010	MREP Global III	\$44	-43.9%	0.8%	-4,461	--	--	--	--	--	--
<b>Private Equity</b>											
		\$4,857	-1.3%	-11.2%	994	8.2%	15.7%	-753	--	--	--
12/31/2006	NB Crossroads XVIII	\$3,812	2.0%	-11.2%	1,323	13.8%	15.7%	-185	--	--	--
3/31/2007	CF Int'l Partners VI	\$317	-14.1%	-11.2%	-289	-1.4%	15.7%	-1,706	--	--	--
3/31/2007	CF Private Equity VII	\$452	-9.3%	-11.2%	187	-10.3%	15.7%	-2,598	--	--	--
6/30/2007	CF Venture Capital VIII	\$276	-14.9%	-11.2%	-375	-18.2%	15.7%	-3,391	--	--	--
<b>Total Endowment</b>											
		\$220,630	-6.7%	-6.4%	-32	10.3%	11.8%	-150	1.0%	2.2%	-120

## 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>											
		\$36,244	-11.6%	-11.2%	-38	14.6%	15.7%	-105	-2.0%	-0.3%	-171
3/31/2005	Lotsoff Capital	\$14,375	-13.1%	-11.4%	-166	12.4%	14.4%	-196	-1.9%	-0.8%	-109
3/31/2008	Vanguard	\$14,823	-11.4%	-11.4%	-1	14.4%	14.4%	2	--	--	--
3/31/2009	Delaware Investments	\$7,046	-9.0%	-9.93%	98	19.3%	21.5%	-221	--	--	--
<b>International Equity</b>											
		\$36,150	-13.6%	-14.0%	41	6.6%	5.9%	72	1.1%	0.9%	17
3/31/2004	GMO Foreign Fund	\$15,887	-14.9%	-14.0%	-92	2.6%	5.9%	-335	0.3%	0.9%	-62
6/30/2009	State Street	\$20,263	-12.5%	-12.3%	-23	10.2%	10.9%	-71	--	--	--
<b>Fixed Income</b>											
		\$41,212	2.1%	3.5%	-135	14.9%	9.5%	537	6.2%	5.5%	62
3/31/2004	Dodge & Cox	\$16,421	1.9%	3.5%	-162	12.1%	9.5%	255	5.8%	5.5%	30
9/30/2002	Reams Asset Management	\$16,734	3.4%	3.5%	-10	14.8%	9.5%	525	6.5%	5.5%	99
3/31/2006	Post Advisory	\$8,057	0.1%	-0.1%	20	21.4%	27.5%	-612	--	--	--
<b>Real Assets</b>											
		\$5,556	-2.6%	1.5%	-404	-33.4%	6.3%	-3,974	--	--	--
3/31/2006	Principal Group	\$4,878	-1.1%	0.8%	-184	-33.6%	-9.6%	-2,401	--	--	--
9/30/2006	CF NR Partners VIII	\$652	-11.5%	1.5%	-1,295	28.8%	6.3%	2,249	--	--	--
3/31/2010	MREP Global III	\$26	-43.8%	0.8%	-4,460	--	--	--	--	--	--
<b>Private Equity</b>											
		\$3,062	-1.3%	-11.2%	986	8.0%	15.7%	-769	--	--	--
12/31/2006	NB Crossroads XVIII	\$2,383	2.0%	-11.2%	1,323	13.8%	15.7%	-185	--	--	--
3/31/2007	CF Int'l Partners VI	\$212	-14.1%	-11.2%	-289	-1.4%	15.7%	-1,706	--	--	--
3/31/2007	CF Private Equity VII	\$301	-9.4%	-11.2%	184	-10.3%	15.7%	-2,601	--	--	--
6/30/2007	CF Venture Capital VIII	\$166	-14.9%	-11.2%	-375	-18.5%	15.7%	-3,422	--	--	--
<b>Total Endowment</b>											
		\$122,224	-7.5%	-6.4%	-109	9.3%	11.8%	-256	1.0%	2.2%	-126

(Periods Ending June 30, 2010)

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

# University of Iowa Operating Account

	Inception Date	Mkt. Value \$'000	Comp %	Qtr %	YTD %	1 Yr %	3 Yrs %	5 Yrs %	Inception %	Qtr. Inv. Fee \$'000
<b>University of Iowa Quasi Composite</b>	<b>(6/30/98)</b>	<b>79,194</b>	<b>100.0%</b>	<b>2.8</b>	<b>5.1</b>	<b>13.1</b>	<b>8.3</b>	<b>6.2</b>	<b>5.9</b>	<b>62</b>
<i>Custom Policy</i>				3.5	5.3	9.5	7.6	5.5	6.0	
Dodge & Cox Income Fund Quasi	(3/31/04)	27,587	34.8%	1.9	4.1	12.1	7.6	5.9	5.3	31
<i>Barclays Aggregate</i>				3.5	5.3	9.5	7.6	5.5	5.1	
Reams Asset Management Core Quasi	(9/30/01)	51,607	65.2%	3.3	5.7	13.7	8.6	6.4	5.7	31
<i>Barclays Aggregate</i>				3.5	5.3	9.5	7.6	5.5	5.6	

	Inception Date	Mkt. Value \$'000	Comp %	Qtr %	YTD %	1 Yr %	3 Yrs %	5 Yrs %	Inception %	Investment Fee \$'000
<b>University of Iowa External Mg. Composite</b>	<b>(12/31/96)</b>	<b>82,645</b>	<b>12.7%</b>	<b>0.9</b>	<b>2.1</b>	<b>6.5</b>	<b>3.4</b>	<b>3.5</b>	<b>4.6</b>	<b>91</b>
<i>Merrill Lynch 1-3 Yr. G/C</i>				1.0	1.9	3.8	5.1	4.5	5.0	
<i>Merrill Lynch 1-5 Yr. Govt/Corp</i>				1.7	3.0	5.7	6.0	4.9	5.4	
BlackRock Short Duration	(12/31/96)	82,645	12.7%	0.9	2.1	5.5	4.4	4.1	4.8	91
<i>Merrill Lynch 1-3 Yr. G/C</i>				1.0	1.9	3.8	5.1	4.5	5.0	
<i>Merrill Lynch 1-5 Yr. Govt/Corp</i>				1.7	3.0	5.7	6.0	4.9	5.4	
<b>University of Iowa Diversified Pool Composite</b>	<b>(3/31/09)</b>	<b>587,060</b>	<b>89.0%</b>	<b>0.1</b>	<b>2.0</b>	<b>9.4</b>	<b>--</b>	<b>--</b>	<b>11.5</b>	<b>95</b>
<i>Policy Index</i>				0.1	1.9	9.3	--	--	11.9	
Blackrock Money Market	(3/31/10)	79,259	11.8%	0.0	0.1	--	--	--	0.1	0
<i>T-Bill</i>				0.0	0.1	--	--	--	0.1	
Diversified Pool Money Market	(3/31/10)	70,037	10.5%	0.0	0.1	--	--	--	0.1	0
<i>T-Bill</i>				0.0	0.1	--	--	--	0.1	
Vanguard Prime Money Market Fund Inst.	(3/31/09)	86,317	12.9%	0.0	0.1	0.2	--	--	0.3	27
<i>T-Bill</i>				0.0	0.1	0.2	--	--	0.2	
<b>University of Iowa Diversified Pool Composite Ex Cash</b>	<b>(3/31/09)</b>	<b>351,447</b>	<b>53.8%</b>	<b>0.2</b>	<b>3.1</b>	<b>15.3</b>	<b>--</b>	<b>--</b>	<b>19.1</b>	<b>68</b>
<i>Policy Index</i>				0.1	3.2	15.7	--	--	20.1	
Vanguard Total Stock Market Index	(3/31/09)	40,678	7.1%	-11.3	-6.0	16.0	--	--	27.7	6
<i>MSCI US Broad Market Index</i>				-11.3	-5.9	16.0	--	--	27.6	
Vanguard FTSE All World Ex US Index	(3/31/09)	10,606	1.9%	-13.0	-11.5	9.5	--	--	31.1	4
<i>FTSE All World Ex US Index</i>				-12.3	-10.9	10.9	--	--	32.6	
Vanguard REIT Index Fund Inst.	(3/31/09)	27,670	4.5%	-4.0	5.8	55.3	--	--	75.4	7
<i>MSCI U.S. REIT Index</i>				-4.0	5.7	55.2	--	--	75.6	
Vanguard Total Bond Market Index	(3/31/09)	180,792	26.4%	3.6	5.4	9.5	--	--	9.0	23
<i>Barclays Aggregate Index</i>				3.5	5.3	9.5	--	--	9.1	
Vanguard High Yield Corp Fund Adm.	(3/31/09)	31,678	4.9%	0.0	3.6	20.4	--	--	29.3	14
<i>Barclays High Yield Index</i>				-0.1	4.5	26.8	--	--	42.7	
Vanguard Infla-Protected Sec Inst.	(3/31/09)	60,023	9.0%	3.9	4.4	9.7	--	--	7.9	14
<i>Barclays U.S. TIPS Index</i>				3.8	4.4	9.5	--	--	8.1	

(Periods Ending June 30, 2010)

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 13 for policy specifications.

# Iowa State University Operating Account

	Inception Date	Mkt. Value \$'000	Comp %	Qtr %	YTD %	1 Yr %	3 Yrs %	5 Yrs %	Inception %	Investment Fee \$'000
<b>Iowa State University Diversified Pool Composite</b>	<b>(12/31/09)</b>	<b>68,076</b>	<b>100.0%</b>	<b>0.1</b>	<b>2.0</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>2.0</b>	<b>10</b>
<i>Policy Index</i>				<i>0.1</i>	<i>1.9</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>1.9</i>	
Diversified Cash	(12/31/09)	27,000	39.7%	0.2	0.2	--	--	--	0.2	0
<i>T-Bill</i>				<i>0.0</i>	<i>0.1</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>0.1</i>	
<b>Iowa State University Diversified Pool Composite Ex Cash</b>	<b>(12/31/09)</b>	<b>41,076</b>	<b>60.3%</b>	<b>0.1</b>	<b>3.2</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>3.2</b>	<b>10</b>
<i>Policy Index</i>				<i>0.1</i>	<i>3.2</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>3.2</i>	
Vanguard Total Stock Market Index	(12/31/09)	4,933	7.2%	-11.3	-6.0	--	--	--	-6.0	1
<i>MSCI US Broad Market Index</i>				<i>-11.3</i>	<i>-5.9</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>-5.9</i>	
Vanguard FTSE All World Ex US Index	(12/31/09)	1,149	1.7%	-13.1	-11.5	--	--	--	-11.5	1
<i>FTSE All World Ex US Index</i>				<i>-12.3</i>	<i>-10.9</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>-10.9</i>	
Vanguard REIT Index Fund Inst.	(12/31/09)	3,541	5.2%	-4.0	5.7	--	--	--	5.7	1
<i>MSCI U.S. REIT Index</i>				<i>-4.0</i>	<i>5.7</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>5.7</i>	
Vanguard Total Bond Market Index	(12/31/09)	21,053	30.9%	3.6	5.4	--	--	--	5.4	4
<i>Barclays Aggregate Index</i>				<i>3.5</i>	<i>5.3</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>5.3</i>	
Vanguard High Yield Corp Fund Adm.	(12/31/09)	3,446	5.1%	0.0	3.6	--	--	--	3.6	1
<i>Barclays High Yield Index</i>				<i>-0.1</i>	<i>4.5</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>4.5</i>	
Vanguard Infla-Protected Sec Inst.	(12/31/09)	6,954	10.2%	3.9	4.4	--	--	--	4.4	2
<i>Barclays U.S. TIPS Index</i>				<i>3.8</i>	<i>4.4</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>4.4</i>	

(Periods Ending June 30, 2010)

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 13 for policy specifications.

# Total Endowment Fund Results

	Inception Date	Mkt. Value \$'000	Comp %	QTR %	YTD %	1 Year %	3 Years %	5 Years %	Inception %	Qtr. Inv. Fee \$'000
<b>University of Iowa Total Endowment</b>	<b>(3/31/89)</b>	<b>220,630</b>	<b>100.0%</b>	<b>-6.7</b>	<b>-4.1</b>	<b>10.3</b>	<b>-6.1</b>	<b>1.0</b>	<b>7.7</b>	<b>237</b>
<b>Iowa State University Total Endowment</b>	<b>(3/31/89)</b>	<b>122,224</b>	<b>100.0%</b>	<b>-7.5</b>	<b>-4.8</b>	<b>9.3</b>	<b>-6.1</b>	<b>1.0</b>	<b>7.8</b>	<b>136</b>
<i>Policy Index</i>				<b>-6.4</b>	<b>-3.4</b>	<b>11.8</b>	<b>-4.1</b>	<b>2.2</b>	<b>8.3</b>	
<b>University of Iowa Domestic Equity Composite</b>	<b>(3/31/89)</b>	<b>62,338</b>	<b>28.2%</b>	<b>-11.5</b>	<b>-6.1</b>	<b>14.8</b>	<b>-11.2</b>	<b>-1.7</b>	<b>8.1</b>	<b>48</b>
<b>Iowa State University Domestic Equity Composite</b>	<b>(3/31/89)</b>	<b>36,244</b>	<b>29.7%</b>	<b>-11.6</b>	<b>-6.2</b>	<b>14.6</b>	<b>-11.4</b>	<b>-2.0</b>	<b>7.9</b>	<b>26</b>
<i>Wilshire 5000</i>				<b>-11.2</b>	<b>-5.8</b>	<b>15.7</b>	<b>-9.4</b>	<b>-0.3</b>	<b>8.4</b>	
University of Iowa: Vanguard	(3/31/08)	23,525	10.7%	-11.5	-6.7	14.4	--	--	-8.3	4
Iowa State University: Vanguard	(3/31/08)	14,823	12.1%	-11.4	-6.7	14.4	--	--	-8.3	3
<i>S&amp;P 500</i>				<b>-11.4</b>	<b>-6.7</b>	<b>14.4</b>	<b>--</b>	<b>--</b>	<b>-8.4</b>	
University of Iowa: Lotsoff Capital	(3/31/05)	25,441	11.5%	-12.7	-8.0	12.9	-11.7	-1.9	-1.5	25
Iowa State University: Lotsoff Capital	(3/31/05)	14,375	11.8%	-13.1	-8.4	12.4	-11.6	-1.9	-1.5	13
<i>S&amp;P 500</i>				<b>-11.4</b>	<b>-6.7</b>	<b>14.4</b>	<b>-9.8</b>	<b>-0.8</b>	<b>-0.5</b>	
University of Iowa: Delaware Investments	(3/31/09)	13,372	6.0%	-9.1	-0.9	18.9	--	--	33.4	19
Iowa State University: Delaware Investments	(3/31/09)	7,046	5.8%	-9.0	-0.7	19.3	--	--	33.7	10
<i>Russell 2000</i>				<b>-9.9</b>	<b>-2.0</b>	<b>21.5</b>	<b>--</b>	<b>--</b>	<b>35.8</b>	
<b>University of Iowa International Equity Composite</b>	<b>(9/30/94)</b>	<b>59,049</b>	<b>26.8%</b>	<b>-13.7</b>	<b>-13.3</b>	<b>6.4</b>	<b>-13.5</b>	<b>1.0</b>	<b>4.4</b>	<b>75</b>
<b>Iowa State University International Equity Composite</b>	<b>(9/30/94)</b>	<b>36,150</b>	<b>29.6%</b>	<b>-13.6</b>	<b>-13.1</b>	<b>6.6</b>	<b>-13.5</b>	<b>1.1</b>	<b>4.3</b>	<b>43</b>
<i>MSCI EAFE (N) Index</i>				<b>-14.0</b>	<b>-13.2</b>	<b>5.9</b>	<b>-13.4</b>	<b>0.9</b>	<b>3.7</b>	
University of Iowa: GMO Foreign Fund	(3/31/04)	29,327	13.3%	-14.9	-15.3	2.6	-14.6	0.3	2.3	55
Iowa State University: GMO Foreign Fund	(3/31/04)	15,887	13.0%	-14.9	-15.3	2.6	-14.6	0.3	2.3	30
<i>MSCI EAFE (N) Index</i>				<b>-14.0</b>	<b>-13.2</b>	<b>5.9</b>	<b>-13.4</b>	<b>0.9</b>	<b>2.8</b>	
University of Iowa: State Street	(6/30/09)	29,722	13.5%	-12.5	-11.2	10.2	--	--	10.2	20
Iowa State University: State Street	(6/30/09)	20,263	16.6%	-12.5	-11.2	10.2	--	--	10.2	13
<i>MSCI ACWI Ex. U.S. (G) Index</i>				<b>-12.3</b>	<b>-10.8</b>	<b>10.9</b>	<b>--</b>	<b>--</b>	<b>10.9</b>	
<b>University of Iowa Fixed Income Composite</b>	<b>(3/31/89)</b>	<b>86,351</b>	<b>39.2%</b>	<b>2.2</b>	<b>4.7</b>	<b>14.4</b>	<b>7.6</b>	<b>6.0</b>	<b>7.4</b>	<b>79</b>
<b>Iowa State University Fixed Income Composite</b>	<b>(3/31/89)</b>	<b>41,212</b>	<b>33.7%</b>	<b>2.1</b>	<b>4.8</b>	<b>14.9</b>	<b>7.9</b>	<b>6.2</b>	<b>7.0</b>	<b>43</b>
<i>Custom Policy</i>				<b>3.5</b>	<b>5.3</b>	<b>9.5</b>	<b>7.6</b>	<b>5.5</b>	<b>7.5</b>	
University of Iowa: Dodge & Cox	(3/31/04)	36,506	16.6%	1.9	4.0	12.1	7.6	5.9	5.3	41
Iowa State University: Dodge & Cox	(3/31/04)	16,421	13.4%	1.9	4.0	12.1	7.6	5.8	5.2	18
<i>Barclays Aggregate</i>				<b>3.5</b>	<b>5.3</b>	<b>9.5</b>	<b>7.6</b>	<b>5.5</b>	<b>5.1</b>	
University of Iowa: Reams Asset Management	(9/30/02)	36,803	16.7%	3.2	5.6	13.6	8.5	6.2	5.6	18
Iowa State University: Reams Asset Management	(9/30/02)	16,734	13.7%	3.4	6.1	14.8	9.1	6.5	5.8	13
<i>Barclays Aggregate</i>				<b>3.5</b>	<b>5.3</b>	<b>9.5</b>	<b>7.6</b>	<b>5.5</b>	<b>5.2</b>	
University of Iowa: Post Advisory	(3/31/06)	13,042	5.9%	0.1	3.9	21.4	5.2	--	6.3	20
Iowa State University: Post Advisory	(3/31/06)	8,057	6.6%	0.1	3.9	21.4	5.2	--	6.4	12
<i>Merrill Lynch High Yield Master II</i>				<b>-0.1</b>	<b>4.7</b>	<b>27.5</b>	<b>6.4</b>	<b>--</b>	<b>7.3</b>	

(Periods Ending June 30, 2010)

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 13 for policy specifications.

# Total Endowment Fund Results

	Inception Date	Mkt. Value \$'000	Comp %	QTR %	YTD %	1 Year %	3 Years %	5 Years %	Inception %	Qtr. Inv. Fee \$'000
<b>University of Iowa Real Assets Composite</b>	<b>(3/31/06)</b>	<b>8,035</b>	<b>3.7%</b>	<b>-2.6</b>	<b>-9.2</b>	<b>-33.4</b>	<b>-19.8</b>	<b>--</b>	<b>-10.1</b>	<b>21</b>
<b>Iowa State University Real Assets Composite</b>	<b>(3/31/06)</b>	<b>5,556</b>	<b>4.6%</b>	<b>-2.6</b>	<b>-9.1</b>	<b>-33.4</b>	<b>-19.8</b>	<b>--</b>	<b>-10.1</b>	<b>15</b>
<i>Policy Index</i>				<i>1.5</i>	<i>3.6</i>	<i>6.3</i>	<i>1.0</i>	<i>--</i>	<i>5.3</i>	
University of Iowa: Principal Group <sup>1</sup>	(3/31/06)	7,013	3.2%	-1.0	-8.0	-33.6	-19.9	--	-10.2	21
Iowa State University: Principal Group <sup>1</sup>	(3/31/06)	4,878	4.0%	-1.1	-8.1	-33.6	-20.0	--	-10.2	15
<i>NCREIF Property Index Lagged</i>				<i>0.8</i>	<i>-1.4</i>	<i>-9.6</i>	<i>-4.3</i>	<i>--</i>	<i>1.3</i>	
University of Iowa: CF NR Partners <sup>2</sup> VIII	(9/30/2008)	978	0.4%	-11.5	-4.2	28.8	--	--	1.3	--
Iowa State University: CF NR Partners <sup>2</sup> VIII	(9/30/2008)	652	0.5%	-11.5	-4.2	28.8	--	--	1.3	--
<i>U.S. CPI +5%</i>				<i>1.5</i>	<i>3.6</i>	<i>6.3</i>	<i>--</i>	<i>--</i>	<i>5.0</i>	
University of Iowa: MREP Global III	(3/31/2010)	44	0.1%	-43.9	--	--	--	--	-43.9	--
Iowa State University: MREP Global III	(3/31/2010)	26	0.1%	-43.8	--	--	--	--	-43.8	--
<i>NCREIF Property Index Lagged</i>				<i>0.8</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>0.8</i>	<i>--</i>
<b>University of Iowa Private Equity Composite<sup>2</sup></b>	<b>(12/31/06)</b>	<b>4,857</b>	<b>2.1%</b>	<b>-1.3</b>	<b>11.0</b>	<b>8.2</b>	<b>-5.2</b>	<b>--</b>	<b>-3.3</b>	<b>14</b>
<b>Iowa State University Private Equity Composite<sup>2</sup></b>	<b>(12/31/06)</b>	<b>3,062</b>	<b>2.4%</b>	<b>-1.3</b>	<b>10.8</b>	<b>8.0</b>	<b>-5.3</b>	<b>--</b>	<b>-3.4</b>	<b>9</b>
<i>Wilshire 5000</i>				<i>-11.2</i>	<i>-5.8</i>	<i>15.7</i>	<i>-9.4</i>	<i>--</i>	<i>-6.1</i>	
University of Iowa: NB Crossroads XV <sup>2</sup> VIII	(12/31/06)	3,812	1.7%	2.0	17.2	13.8	-3.1	--	-1.5	14
Iowa State University: NB Crossroads XV <sup>2</sup> VIII	(12/31/06)	2,383	1.9%	2.0	17.2	13.8	-3.1	--	-1.5	9
<i>Wilshire 5000</i>				<i>-11.2</i>	<i>-5.8</i>	<i>15.7</i>	<i>-9.4</i>	<i>--</i>	<i>-6.1</i>	
University of Iowa: CF Int'l Partners <sup>2</sup> VI	(3/31/07)	317	0.1%	-14.1	-15.3	-1.4	-29.2	--	-27.3	--
Iowa State University: CF Int'l Partners <sup>2</sup> VI	(3/31/07)	212	0.2%	-14.1	-15.3	-1.4	-29.2	--	-27.3	--
<i>Wilshire 5000</i>				<i>-11.2</i>	<i>-5.8</i>	<i>15.7</i>	<i>-9.4</i>	<i>--</i>	<i>-7.0</i>	
University of Iowa: CF Private Equity <sup>2</sup> VII	(3/31/07)	452	0.2%	-9.3	-2.8	-10.3	-59.5	--	-56.6	--
Iowa State University: CF Private Equity <sup>2</sup> VII	(3/31/07)	301	0.2%	-9.4	-2.9	-10.3	-59.5	--	-56.6	--
<i>Wilshire 5000</i>				<i>-11.2</i>	<i>-5.8</i>	<i>15.7</i>	<i>-9.4</i>	<i>--</i>	<i>-7.0</i>	
University of Iowa: CF Venture Capital <sup>2</sup> VIII	(6/30/07)	276	0.1%	-14.9	-9.2	-18.2	-43.7	--	-43.7	--
Iowa State University: CF Venture Capital <sup>2</sup> VIII	(6/30/07)	166	0.1%	-14.9	-9.6	-18.5	-43.8	--	-43.8	--
<i>Wilshire 5000</i>				<i>-11.2</i>	<i>-5.8</i>	<i>15.7</i>	<i>-9.4</i>	<i>--</i>	<i>-9.4</i>	

<sup>1</sup>Principal Enhanced Property Fund & NCREIF Property Index is lagged one quarter

<sup>2</sup>For reporting purposes, valuations of investments are shown on a quarter lag, but include current quarter cash flows

(Periods Ending June 30, 2010)

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 13 for policy specifications.

# Manager Overview

## Vanguard

- **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 with Qualitative Overlay

## Delaware Investments

- **Style:** Small Capitalization U.S. Core Equity
- **Construction Process:** Optimization
- **Investment Philosophy:** Active- Bottom Up
- **Selection Method:** Quantitative & Qualitative Valuation

## 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, Relative value analysis

## Reams Asset Management

- **Style:** Market Core Fixed Income
- **Construction Process:** Conviction Weighted based upon fundamental analysis
- **Investment Philosophy:** Active-Bottom Up
- **Selection Method:** Relative value analysis on credit and mortgage securities

## Post Advisory

- **Style:** High Yield Fixed Income
- **Construction Process:** Conviction Weighted based upon fundamental credit analysis
- **Investment Philosophy:** Active-Bottom Up
- **Selection Method:** Scoring Model Based on Quantitative & Qualitative Inputs

## GMO Foreign Fund

- **Style:** International Value Non-U.S. Equity
- **Construction Process:** Valuation measures with optimization focus
- **Investment Philosophy:** Active-Bottom Up
- **Selection Method:** Fundamental Earnings Forecast, Proprietary Dividend Discount Model

## State Street

- **Style:** International Core Non-U.S. Equity
- **Construction Process:** Replication
- **Investment Philosophy:** Passive Index
- **Selection Method:** Quantitative Valuation

# Manager Overview

## Principal Group

- **Style:** Open-End Private Real Estate Fund
- **Investment Philosophy:** Primarily Core Real Estate but strategically utilizes value-added real estate, development projects, and forward commitments.
- **Selection Method:** Quantitative & Qualitative Valuation
- **Fund Size:** \$1.5 Billion

## CF NR 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

## NB Crossroads XVIII

- **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 +

## CF Int'l Partners VI

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

## CF Private Equity VII

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

## CF Venture Capital VIII

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

## Metropolitan Real Estate Partners Global III

- **Style:** Real Estate Fund of Funds
- **Selection Method:** Value-Added and Opportunistic Strategies
- **Fund Size:** \$0.2 Billion

## Landmark Equity Partners XIV

- **Style:** Private Equity Secondary Investments
- **Selection Method:** Top-Down & Bottom-Up Valuation
- **Fund Size:** \$2.0 billion.

## Adams Street Partners – 2010 Global Offering

- **Style:** Private Equity Fund of Funds
- **Asset Allocation %:** Broadly Diversified Venture Capital & Buyouts
- **Geographic Diversification %:** 50-55% U.S., 30-35% Non-U.S. Developed Markets, 10-15% Non-U.S. Emerging Markets
- **Fund Size:** \$5.0 billion.

# Quarterly Active Manager Attribution

## Lotsoff Capital

- Lotsoff Capital Management posted a ~ (12.73)% return for the quarter, underperforming the S&P 500 index by ~1.30%.
- Poor stock selection within the energy and consumer staples sectors detracted ~26 bps and ~29 bps respectively during the second quarter.
- Poor stock selection within utilities combined with an underweight to that sector detracted ~25 bps from the portfolio.
- Financial stocks contributed ~6 bps, with this being the highest additive sector to the portfolio.

## Delaware Investments

- Delaware Small Core posted a ~ (9.11)% return for the quarter, outperforming the Russell 2000 by ~0.82%.
- Stock selection within the consumer discretionary sector was the main driver of outperformance during the 2<sup>nd</sup> quarter.
- Financials and industrials also added value, contributing ~29 bps and ~25 bps to the portfolio during the quarter.

## GMO Foreign Fund

- The GMO Foreign fund posted a ~ (14.89)% return for the quarter, underperforming the MSCI EAFE Index by ~0.92%.
- Overweight positions relative to the index within Italy and Finland detracted ~30 bps and ~27 bps from the portfolio during the quarter.
- Poor stock selection within both Japan and United Kingdom detracted ~17 bps from each of the respective countries.
- An overweight to the German markets combine with strong stock selection added ~22 bps during the 2<sup>nd</sup> quarter.

## Dodge & Cox

- The Dodge & Cox Income fund posted a ~ 1.87% return for the quarter, underperforming the Barclays Aggregate by ~ 1.62%.
- An overweight to the corporate sector detracted significant value from the portfolio as this sector underperformed as a whole.
- Agency-guaranteed MBS holdings, primarily premium coupon Fannie Mae pools, detracted value compared to similar duration alternatives.
- Financial bonds, specifically AIG, Ally Financial, and Wells Fargo also detracted value from the portfolio during 2<sup>nd</sup> quarter.
- Both the nominal yield advantage and taxable municipal holdings posted solid returns.

## Reams Asset Management

- Reams Core Fixed Income posted a ~ 3.21% return for the quarter, underperforming the Barclays Aggregate by ~ 0.28%.
- An overweight to both the corporate sector and ABS was the main driver of underperformance during the quarter.
- An overweight position to Treasury securities relative to the index aided performance as investors sought a flight to quality as spreads widened during the 2<sup>nd</sup> quarter.

## Post Advisory

- The Post High Yield Fund posted a ~ 0.13%, outperforming the Merrill Lynch High Yield II Total Return by ~ 0.20%.
- Security selection within the healthcare sector added value as M&A activity aided several companies performance.
- The telecommunications sector detracted from relative performance as the Italian company (Wind Acquisition) suffered from the depreciation of the Euro and potential default of sovereign debt in the Euro zone.

# Private Equity Analysis

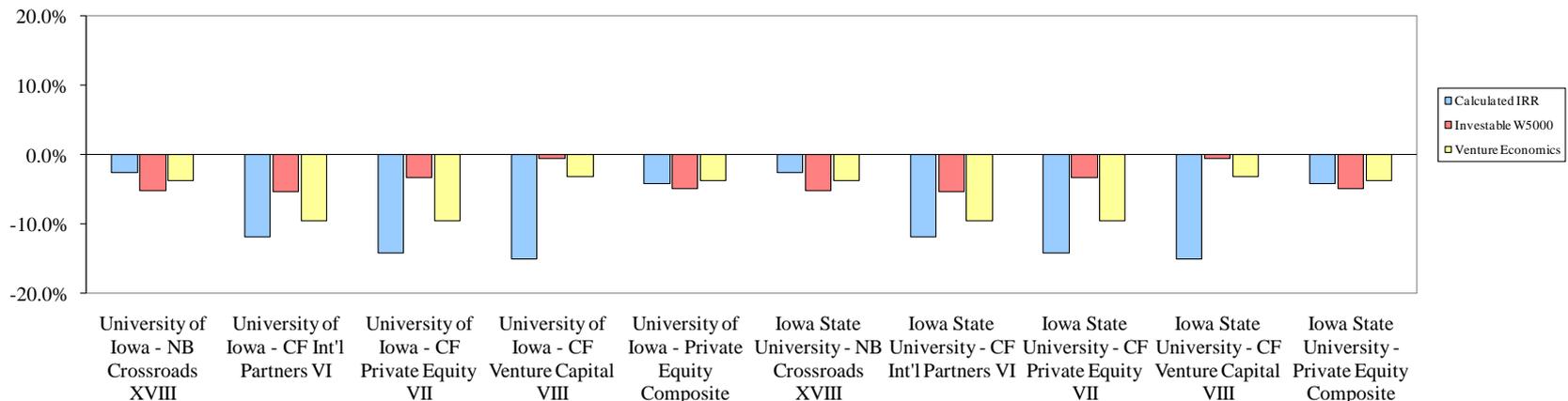
Fund	Inception	Total Commitment	Capital Called		Distributions*	Investment Gain/Loss	Market Value	Performance			
								Calculated IRR	Investable W5000	Venture Economics	
University of Iowa - NB Crossroads XVIII	4q2006	6,000,000	4,200,000	70%	323,235	-64,647	3,812,118	-2.7%	-5.1%	-3.3%	1
University of Iowa - CF Int'l Partners VI	2q2007	1,200,000	384,000	32%	220	-66,354	317,426	-11.9%	-5.4%	-2.1%	2
University of Iowa - CF Private Equity VII	2q2007	2,400,000	548,400	23%	159	-96,673	451,568	-14.2%	-3.3%	-2.1%	3
University of Iowa - CF Venture Capital VIII	3q2007	1,000,000	332,500	33%	0	-56,001	276,499	-15.1%	-0.5%	-12.7%	4
<b>University of Iowa - Private Equity Composite</b>	<b>4q2006</b>	<b>10,600,000</b>	<b>5,464,900</b>	<b>52%</b>	<b>323,614</b>	<b>-283,675</b>	<b>4,857,611</b>	<b>-4.2%</b>	<b>-4.9%</b>	<b>-4.3%</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 - NB Crossroads XVIII	4q2006	3,750,000	2,625,000	70%	201,859	-40,566	2,382,575	-2.7%	-5.1%	-3.3%	1
Iowa State University - CF Int'l Partners VI	2q2007	800,000	228,000	29%	148	-12,080	215,772	-11.9%	-5.4%	-2.1%	2
Iowa State University - CF Private Equity VII	2q2007	1,600,000	333,600	21%	107	-34,200	299,293	-14.2%	-3.3%	-2.1%	3
Iowa State University - CF Venture Capital VIII	3q2007	600,000	175,500	29%	0	-7,482	168,018	-15.1%	-0.5%	-12.7%	4
<b>Iowa State University - Private Equity Composite</b>	<b>4q2006</b>	<b>6,750,000</b>	<b>3,362,100</b>	<b>50%</b>	<b>202,114</b>	<b>-94,328</b>	<b>3,065,658</b>	<b>-4.2%</b>	<b>-4.9%</b>	<b>-4.3%</b>	<b>5</b>

\*Sum of distributions, expenses, and investment fees

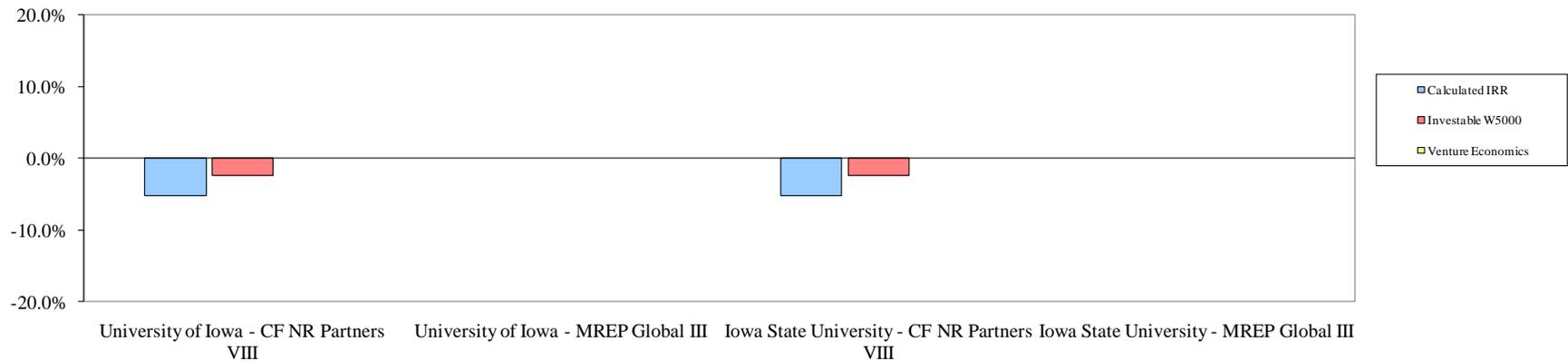
- (1) Venture Economics – Median return of all private equity funds with vintage year 2006
- (2) Venture Economics – Median return of all buyout funds with vintage year 2007
- (3) Venture Economics – Median return of all buyout funds with vintage year 2007
- (4) Venture Economics – Median return of all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



# Private Real Assets Analysis

Fund	Inception	Total Commitment	Capital Called		Distributions*	Investment Gain/Loss	Market Value	Performance		
								Calculated IRR	Investable W5000	Venture Economics
University of Iowa - CF NR Partners VIII	4q2008	6,000,000	1,005,000	17%	74	-27,162	977,764	-5.2%	-2.5%	--
University of Iowa - Metropolitan Real Estate Partners Global III	1q2010	5,000,000	165,000	3%	0	-121,267	43,733	--	--	--
Fund	Inception	Total Commitment	Capital Called		Distributions*	Investment Gain/Loss	Market Value	Calculated IRR	Investable W5000	Venture Economics
Iowa State University - CF NR Partners VIII	4q2008	4,000,000	670,000	17%	51	-18,107	651,842	-5.2%	-2.5%	--
Iowa State University - Metropolitan Real Estate Partners Global III	1q2010	3,000,000	99,000	3%	0	-72,760	26,240	--	--	--

\*Sum of distributions, expenses, and investment fees



**Endowment Policy Index**

<u>Quarter Start - Quarter End</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 - 09/09	50.00	Wilshire 5000
	30.00	Barclays Aggregate
	15.00	MSCI EAFE (N)
	5.00	NCREIF Property Index Lagged
09/09-Present	35.00	Wilshire 5000
	25.00	MSCI EAFE (N)
	25.00	Barclays Aggregate
	10.00	U.S. CPI +5% Annually
	5.00	ML HY Master II

**Fixed Income/ Quasi Policy**

<u>Quarter Start - Quarter End</u>	<u>%</u>	<u>Description</u>
9/98 -6/01	100.00	Lehman Gov't/Credit
9/01 - Present	100.00	Barclays Aggregate

**Real Assets Policy Index**

<u>Quarter Start - Quarter End</u>	<u>%</u>	<u>Description</u>
03/06-06/09	100.00	NCREIF Property Index Lagged
09/09 - Present	100.00	U.S. CPI +5% Annually

**Diversified Pool Policy Index**

<u>Quarter Start - Quarter End</u>	<u>%</u>	<u>Description</u>
3/09-Present	40.00	91 Day Tbill
	30.00	Barclays Aggregate
	10.00	Barclays U.S. TIPS
	8.00	MSCI U.S. Broad Market Index
	5.00	Barclays High Yield
	5.00	MSCI REIT Index
	2.00	FTSE AW EX-U.S. Index



# Appendix

---

## U.S. Equity

After four consecutive quarters of gains, the U.S. stock market suffered a significant correction during the second quarter as the Wilshire 5000 Index<sup>SM</sup> retreated -11.2%. With the exception of a -22.9% pounding in Q4 2008, this marks the index's worst quarterly loss since Q3 2002. The second quarter began with a respectable 2.1% return in April before selling off sharply in May and June.

Large cap stocks suffered the deepest losses during the second quarter's sell-off while both the growth and value style segments were caught up in the downdraft. All sectors were down for the quarter, but the Utilities and Telecom Services groups held up best with total returns of -3.6% and -5.1%, respectively. Materials and Energy stocks took the biggest hits with Q2 declines of -15.2% and -12.4%, respectively.

Consumer confidence has been shaken recently from a combination of factors including European sovereign debt issues, the BP oil spill off the Gulf Coast and a continued elevated level of unemployment. The sovereign crisis in Greece, Spain and other European periphery countries, in particular, has triggered renewed concerns of a sustained credit crisis and a broader contagion across the Eurozone. Along with negative equity returns this crisis of confidence has had a detrimental impact on the value of the Euro currency, which has fallen -14.6% versus the US\$ so far this year.

## Non-U.S. Equity

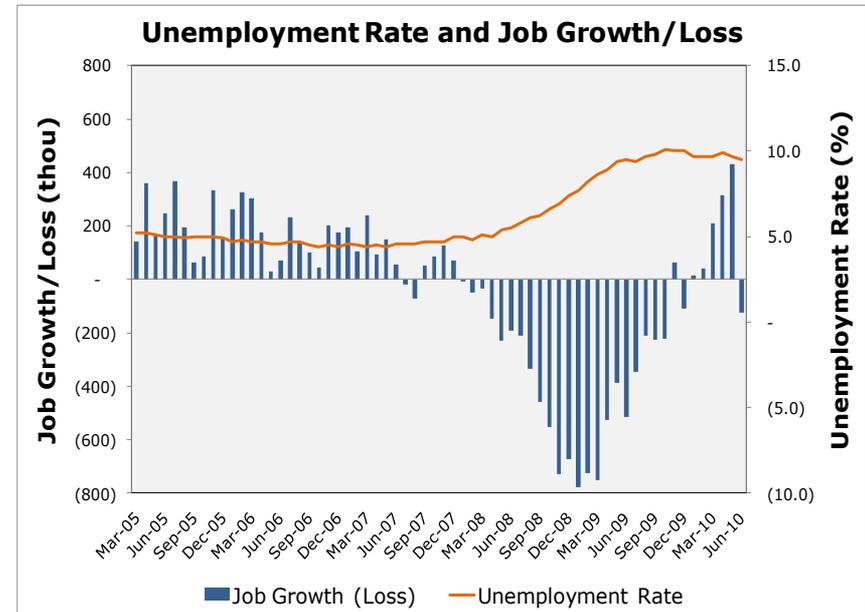
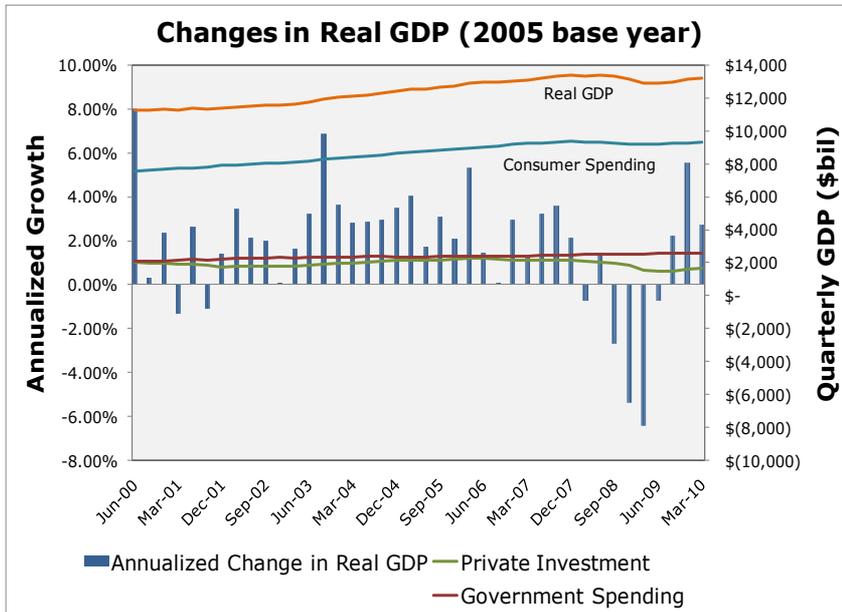
Global equity markets yielded to strong sell pressure during Q2 2010. The sovereign debt crisis has threatened to undermine global confidence in the Euro and, indeed, the very business model of the European Union. Emerging markets swooned in the face of crude oil and non-gold commodity price weakness combined with a tumble in the Chinese stock market. China, one of the shining stars of the emerging world economies, is facing a developing real estate bubble and the possibility of much higher inflation. Investors fear this could lead to the Chinese government tightening fiscal policy to slow down the economy.

## Fixed Income

The second quarter presented a classic, remarkable flight to safety as investors rotated out of stocks and lower-quality corporate bonds and into longer-term US Treasuries. The Federal Reserve maintained their aggressively accommodative stance and many analysts are predicting that the key Fed Funds rate of 0.0-0.25% may be kept in place through the end of 2010. Credit spreads widened during the quarter, especially in high yield where the rally that started during Q1 2009 may finally be running out of momentum. The European sovereign debt crisis dampened global bond performance, especially in US\$ terms.

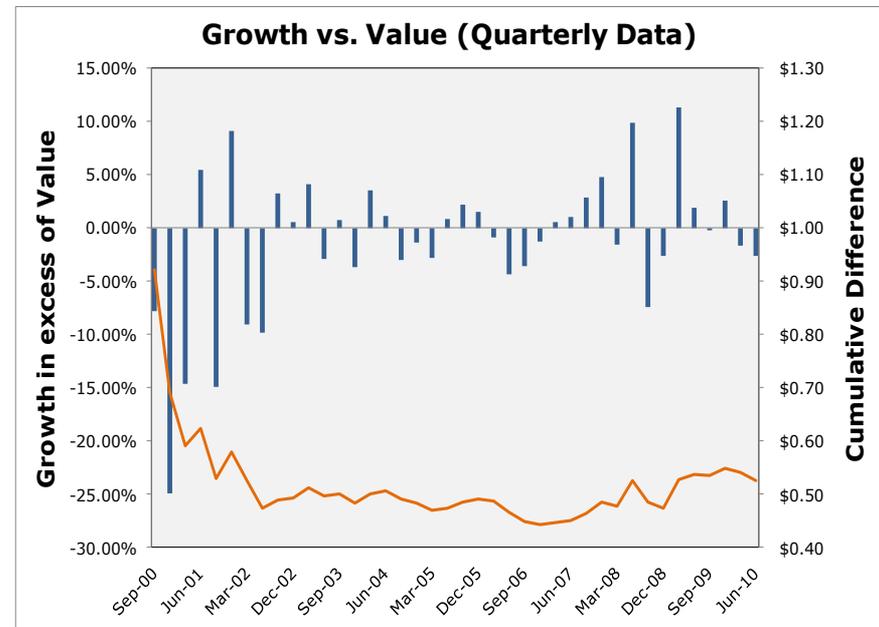
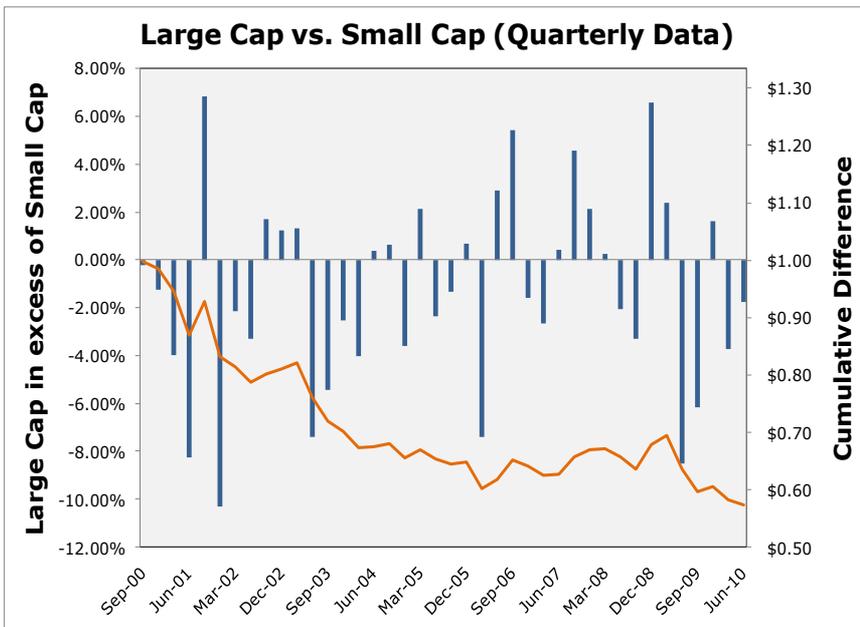
# Economic Review

June 30, 2010	Key Economic Indicators			
<b>CPI (all items)</b> Seasonally adjusted	Monthly Change		Cumulative Change	
	Jun-10	-0.1	3-Month	-0.4
	May-10	-0.2	12-Month	1.1
	Apr-10	-0.1	10-Yr Annual	2.3
Breakeven Inflation	10-Year	1.9		
<b>Consumer Sentiment</b> Unv. of Michigan Survey	Jun-10	76.0		
	May-10	73.6		
	1-Yr Ago	70.8	10-Yr Avg	84.3
<b>Manufacturing</b> Inst. for Supply Mgmt Purchasing Mngrs' Idx	Jun-10	56.2	Change in Manufacturing Sector	
	May-10	59.7	>50	Expansion
	1-Yr Avg	55.7	<50	Contraction



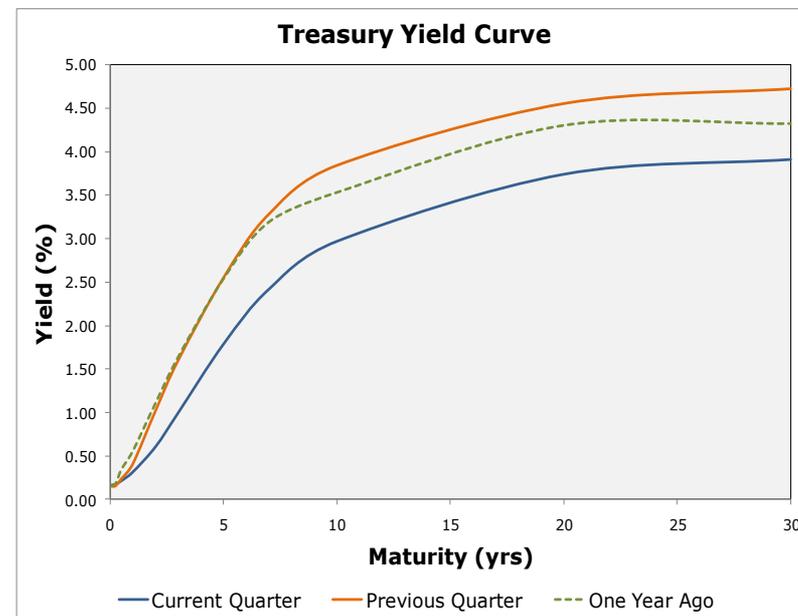
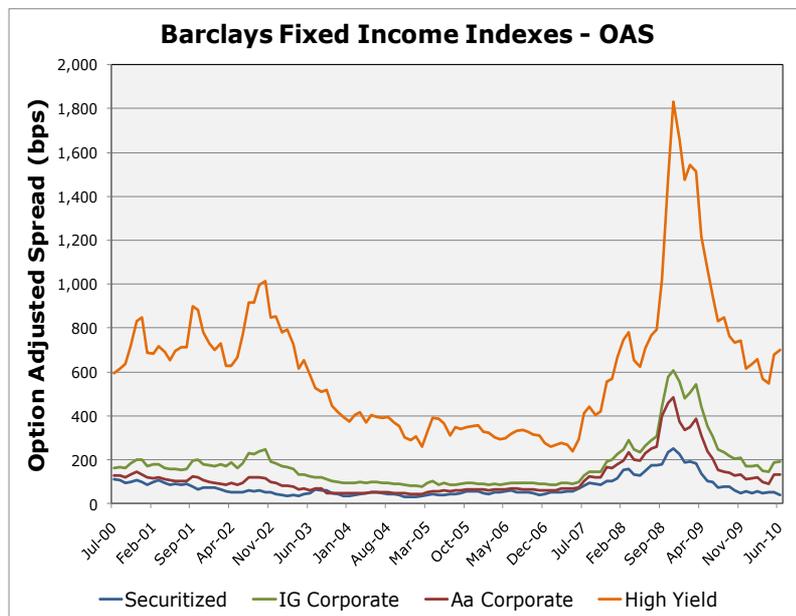
# U.S. Capital Markets: Equity

June 30, 2010	Qtr	Ytd	1 Yr	3 Yr	5 Yr	10 Yr
Wilshire 5000	-11.2	-5.8	15.7	-9.4	-0.3	-0.8
Wilshire U.S. Large Cap	-11.4	-6.4	14.4	-9.5	-0.5	-1.4
Wilshire U.S. Small Cap	-9.8	-1.0	26.9	-6.7	2.2	4.3
Wilshire U.S. Large Growth	-12.9	-8.7	13.4	-7.1	0.5	-4.6
Wilshire U.S. Large Value	-9.9	-4.1	15.3	-12.1	-1.6	2.0
Wilshire U.S. Small Growth	-8.4	-0.8	23.6	-6.4	2.7	0.1
Wilshire U.S. Small Value	-11.1	-1.3	30.3	-7.1	1.7	8.3
Wilshire REIT Index	-4.2	5.2	55.5	-10.3	-0.4	9.7
Dow Jones UBS Commodity Index	-4.8	-9.6	2.7	-8.4	-1.3	4.4



# U.S. Capital Markets: Fixed Income

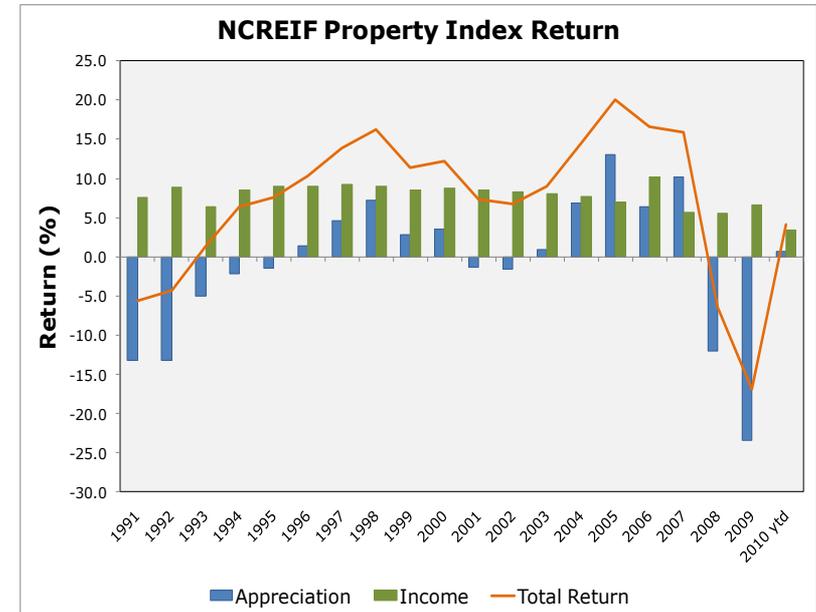
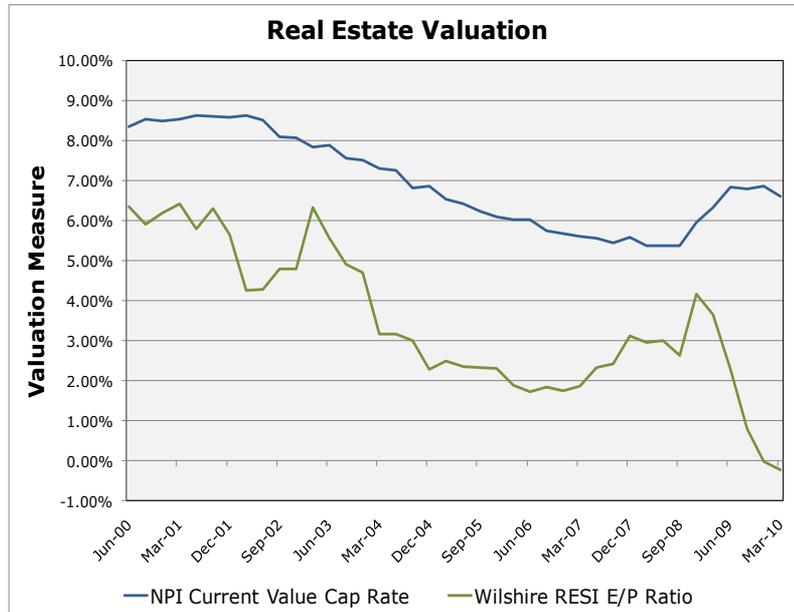
June 30, 2010	Qtr	Ytd	1 Yr	3 Yr	5 Yr	10 Yr
Barclays Aggregate Bond Index	3.5	5.3	9.5	7.6	5.5	6.5
Barclays Treasury Index	4.7	5.9	6.7	7.8	5.4	6.2
Barclays Govt-Related Index	2.6	4.1	6.7	7.3	5.5	6.5
Barclays Securitized Index	2.9	5.1	9.2	7.7	5.9	6.4
Barclays Corporate IG Index	3.2	5.5	15.4	7.2	5.2	6.9
Barclays LT Govt/Credit Index	8.6	10.2	16.5	9.4	5.6	8.0
Barclays Long-Term Treasury Index	12.2	13.2	12.0	10.6	6.1	8.0
Barclays U.S. TIPS Index	3.8	4.4	9.5	7.6	5.0	7.5
Barclays High Yield Index	-0.1	4.5	26.8	6.5	7.2	7.3
Treasury Bills	0.0	0.0	0.1	1.6	2.8	2.7



# Real Assets

June 30, 2010	Qtr	Ytd	1 Yr	3 Yr	5 Yr	10 Yr
Barclays U.S. TIPS Index	3.8	4.4	9.5	7.6	5.0	7.5
Dow Jones UBS Commodity Index	-4.8	-9.6	2.7	-8.4	-1.3	4.4
Global Public Real Estate*	-6.2	-1.2	39.0	-12.9	-0.9	9.1
NCREIF Property Index	3.3	4.1	-1.5	-4.7	3.8	7.2
NCREIF Timberland Index	1.1	0.8	-3.5	6.1	9.9	7.1
S&P MLP Index (Oil & Gas)	3.1	11.5	47.6	3.5	9.5	n.a.

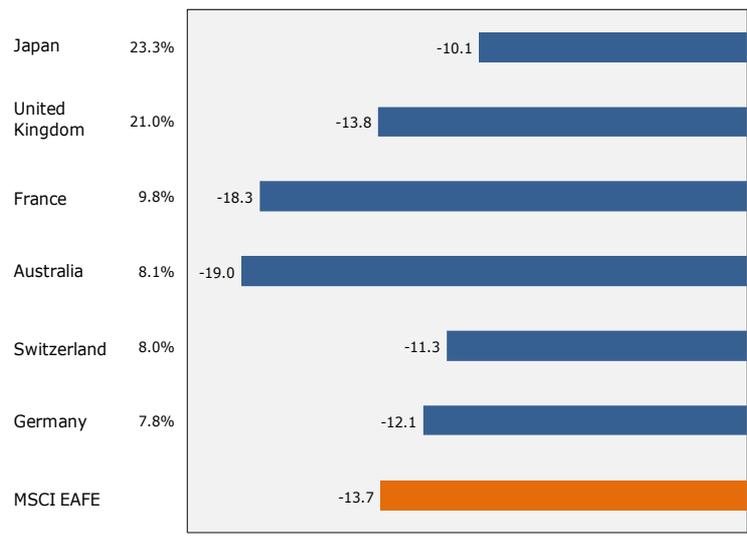
\* Wilshire Global Real Estate Securities from June, 2000 to December, 2004. Wilshire Global REITs from 2004 to present.



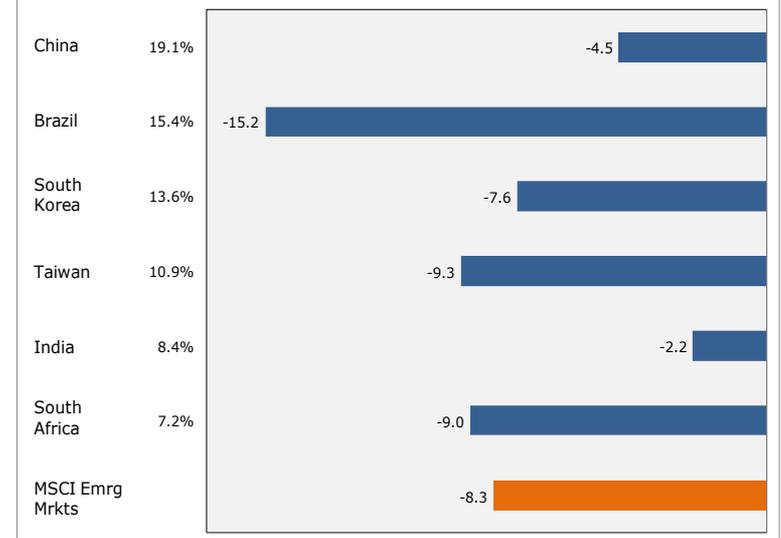
# Non-U.S. Capital Markets

<i>June 30, 2010</i>	Qtr	Ytd	1 Yr	3 Yr	5 Yr	10 Yr
MSCI ACWI ex-US (\$g)	-12.3	-10.8	10.9	-10.3	3.8	2.3
MSCI EAFE (\$g)	-13.7	-12.9	6.4	-12.9	1.3	0.6
MSCI Emerging Markets (\$g)	-8.3	-6.0	23.5	-2.2	13.1	10.3
MSCI Frontier Markets (\$g)	-9.7	0.7	3.9	-15.7	-5.5	n.a.
JPM Non US Global Bond	0.0	-1.9	2.9	8.5	5.3	6.7
JPM Non US Global Bond Hedged	2.3	3.5	5.8	6.3	4.6	5.3
JPM EMBI Global	1.2	5.4	17.9	8.2	8.2	10.4
Euro vs. Dollar	-9.5	-14.6	-12.9	-3.3	0.1	2.5
Yen vs. Dollar	5.6	5.2	9.0	11.8	4.6	1.9
Pound vs. Dollar	-1.4	-7.4	-9.2	-9.4	-3.6	-0.1

**MSCI EAFE: Largest Countries and Return**



**MSCI EM: Largest Countries and Return**



# Asset Class Performance

**Annual Asset Class Returns - Best to Worst**

2005	2006	2007	2008	2009	YTD 2010
Emrg Mrkts 34.5%	REITs 36.0%	Emrg Mrkts 39.8%	Core Bond 5.2%	Emrg Mrkts 79.0%	Core Bond 5.3%
Commodities 21.4%	Emrg Mrkts 32.6%	Commodities 16.2%	T-Bills 2.0%	High Yield 58.2%	REITs 5.2%
Developed 14.0%	Developed 26.9%	U.S. TIPS 11.6%	U.S. TIPS -2.3%	Developed 32.5%	High Yield 4.5%
REITs 13.8%	U.S. Equity 15.8%	Developed 11.6%	High Yield -26.2%	REITs 28.6%	U.S. TIPS 4.4%
U.S. Equity 6.4%	High Yield 11.9%	Core Bond 7.0%	Commodities -35.6%	U.S. Equity 28.3%	T-Bills 0.0%
T-Bills 3.1%	T-Bills 4.8%	U.S. Equity 5.6%	U.S. Equity -37.2%	Commodities 18.9%	U.S. Equity -5.8%
U.S. TIPS 2.8%	Core Bond 4.3%	T-Bills 5.0%	REITs -39.2%	U.S. TIPS 11.4%	Emrg Mrkts -6.0%
High Yield 2.7%	Commodities 2.1%	High Yield 1.9%	Developed -43.1%	Core Bond 5.9%	Commodities -9.6%
Core Bond 2.4%	U.S. TIPS 0.4%	REITs -17.5%	Emrg Mrkts -53.2%	T-Bills 0.2%	Developed -12.9%

**Annualized  
5-Year**

2005-2009
Emrg Mrkts 15.9%
High Yield 6.5%
Core Bond 5.0%
U.S. TIPS 4.6%
Developed 4.0%
T-Bills 3.0%
Commodities 2.0%
U.S. Equity 0.9%
REITs 0.0%