#### AUDIT/COMPLIANCE AND INVESTMENT COMMITTEE 2 MARCH 13, 2013

#### Contact: Andrea Anania

#### INVESTMENT AND CASH MANAGEMENT REPORT FOR THE QUARTER ENDED DECEMBER 31, 2012

#### **Recommended Action:** Receive the report.

**Executive Summary:** The Regent institutions maintain the following investment portfolios:

UNIVERSITY OF IOWA   Polliars (007%)   %   Outarts of Visad   Visad     Cash and Daily Liquidity   \$170.23   13.8%   0.06%   0.23%   0.18%     01-bar (157)   1.8%   0.06%   0.23%   0.18%   10%     Internally Managed Short-Torm Securities and Bank CDs   \$151.00   2.0%   0.02%   0.08%   1.0%     Memil Lynch 1-3 Trassury/Agency   515.01   2.0%   0.61%   5.5%   1.0%     Memil Lynch 1-3 Covernment/Corporate   \$11.040.76   8.3.2%   0.51%   5.5%   1.0%     Memil Lynch 1-3 Covernment/Corporate   \$11.20.07%   0.47%   4.69%   1.00.07%   0.29%   0.51%     Valid Operating   \$1251.112   100.07%   0.07%   0.29%   0.51%     Memil Lynch 1-3 Trassury/Agency   1.133%   12.61%   0.08%   0.51%   1.000.07%   0.29%   0.51%     Binded Accounts   \$312,170   2.23%   0.15%   0.1%   1.01%   0.15%   0.15%   0.1%   0.1%   0.1%   0.15%   0.1%   0.1% <th></th> <th>Market V</th> <th>Ret</th> <th rowspan="2">Current</th>		Market V	Ret	Current		
Dollars (000's)   %   Quarter   1 Year   Year     Cash and Dally Liquidity   \$17.0232   13.6%   0.08%   0.18%     91-Day 7-Bil   1.2%   0.04%   0.12%   0.08%   0.18%     Memil Lynch 1-3 Treasury/Agency   1.2%   0.08%   0.51%   1.2%     Externally Managed Short-Term Bond Fund (fundel 8/12)   \$25,100   2.0%   1.48%   1.2%     Memil Lynch 1-3 GovernmentCorporate   0.02%   0.18%   1.48%   1.48%     Externally Managed Diversitied Operating Pool   \$1.261,112   100.0%   0.47%   4.66%     Total Operating   \$1.251,112   100.0%   0.47%   4.66%     Incla Operating   \$31.26,07   0.07%   0.23%   0.51%     Incla Operating   \$32.2607   0.07%   8.66%   1.28%     Incla Operating Pool   \$32.2670   2.23%   0.51%   1.26%     Incla Operating Pool   \$32.2677   0.07%   8.7%   0.21%   4.22%     Memil Uprint 1-3 Treasury/Agency   0.13%   0.21%   0.21%	UNIVERSITY OF IOWA					
Cash and Daily Liquidity   \$170.232   13.6%   0.06%   0.23%   0.16%     91-Day 7-Bit   0.04%   0.27%   1.00%     Memil Lynch 1-3 Treasury/Agency   0.06%   0.26%   0.02%   1.00%     Memil Lynch 1-3 Treasury/Agency   0.06%   0.18%   n'a     Memil Lynch 1-3 Government/Corporate   51:00.10%   0.26%   0.27%   1.00%     Memil Lynch 1-3 Government/Corporate   0.20%   0.27%   1.48%   0.27%   0.27%   0.51%     Total Operating   51:20.1172   10.07%   0.29%   0.51%   0.51%     Memil Lynch 1-3 Covernment/Corporate   51:20.117%   0.04%   0.51%   0.51%     Memil Lynch 1-3 Treasury/Agency   0.04%   0.12%   0.51%   0.51%     Bended Proling Index   5312,170   2.23%   0.21%   0.21%     SUI has additional investreent account at Chicago Equity Partners with a balance of 22.45 million for the lowa Medical Mutual Insurance Company     Intermaly Managed Short-Term Securities and Bank CDs   515,207   3.4%   0.13%   0.13%   0.13%   0.13%   0.13% </th <th></th> <th>Dollars (000's)</th> <th>%</th> <th>Quarter</th> <th>-</th> <th></th>		Dollars (000's)	%	Quarter	-	
Internally Managed Short-Term Sountiles and Bank CDs   \$15,102   0.04%   0.12%     Internally Managed Short-Term Bond Fund (lunde 8/12)   \$25,100   2.0%   0.18%   0.05%     Externally Managed Short-Term Bond Fund (lunde 8/12)   \$25,100   2.0%   0.18%   na     Memill Lynch 1-3 Treasury/Agency   0.00%   0.51%   1.2%   0.20%   1.4%6     Externally Managed Diversing Pool   \$1,251,112   100.0%   0.47%   4.69%     Memil Lynch 1-3 Gowmment Corporate   0.04%   0.12%   4.69%   0.51%     Festincted Bond Accounts   \$322,677   0.07%   0.02%   0.51%   0.51%     Incorp-Term Endowment   \$312,170   2.23%   12.1%5   1.12%   1.12%   1.21%   1.12%   1.12%   1.11%   1.11%   1.12%   1.12%   1.12%   1.21%   1.21%   1.21%   1.21%   1.21%   1.21%   1.21%   1.21%   1.21%   1.21%   1.21%   1.21%   1.21%   1.21%   1.21%   1.21%   0.13%   0.13%   0.13%   0.13%   0.15% </td <td>Cash and Daily Liquidity</td> <td>\$170,232</td> <td>13.6%</td> <td>0.06%</td> <td>0.23%</td> <td></td>	Cash and Daily Liquidity	\$170,232	13.6%	0.06%	0.23%	
Memil Lynch 1-3 TreasuryAgency   0   0.01%   0.51%     Externally Managed Short-Term Bond Fund (lundel 8/12)   \$25,100   2.0%   0.18%   n/a     Memil Lynch 1-3 GovermmentCorporate   0.20%   1.48%   0.20%   1.48%     Externally Managed Diversified Operating Pool   \$1,040,678   83.2%   0.51%   5.28%     Memil Lynch 1-3 GovermmentCorporate   0.20%   1.48%   0.46%   0.47%   4.66%     Total Operating   \$12,251,112   100.0%   0.47%   4.66%   0.51%     Bended Policy Index   1.03%   1.2%   1.2%   0.51%   0.51%     Intermediate Term Pool   \$212,676   1.28%   8.78%   0.21%   4.2%     Parclays Agregate   0.21%   4.2%   0.21%   4.2%   0.21%   4.2%     SUthas an additional investment account at Chicago Equity Partners with a balance of \$24.5 million for the lowa Medical Mitual Insurance Company   0.04%   0.13%   0.13%   0.13%   0.13%   0.13%   0.13%   0.13%   0.13%   0.13%   0.13%   0.13%   0.13%   0.13%				0.04%	0.12%	
Memil Lynch 1-3 TreasuryAgency   0   0.01%   0.51%     Externally Managed Short-Term Bond Fund (lundel 8/12)   \$25,100   2.0%   0.18%   n/a     Memil Lynch 1-3 GovermmentCorporate   0.20%   1.48%   0.20%   1.48%     Externally Managed Diversified Operating Pool   \$1,040,678   83.2%   0.51%   5.28%     Memil Lynch 1-3 GovermmentCorporate   0.20%   1.48%   0.46%   0.47%   4.66%     Total Operating   \$12,251,112   100.0%   0.47%   4.66%   0.51%     Bended Policy Index   1.03%   1.2%   1.2%   0.51%   0.51%     Intermediate Term Pool   \$212,676   1.28%   8.78%   0.21%   4.2%     Parclays Agregate   0.21%   4.2%   0.21%   4.2%   0.21%   4.2%     SUthas an additional investment account at Chicago Equity Partners with a balance of \$24.5 million for the lowa Medical Mitual Insurance Company   0.04%   0.13%   0.13%   0.13%   0.13%   0.13%   0.13%   0.13%   0.13%   0.13%   0.13%   0.13%   0.13%   0.13%	Internally Managed Short-Term Securities and Bank CDs	\$15,102	1.2%	0.26%	0.92%	1.00%
Image of the second s	Merrill Lynch 1-3 Treasury/Agency			0.08%	0.51%	
Image of the second s	Externally Managed Short-Term Bond Fund (funded 8/12)	\$25,100	2.0%	0.18%	n/a	
Image: Instruct Urple 1-3 Government/Corporate   0.20%   1.48%     Total Operating   \$1,251,112   100.0%   0.47%   4.66%     Restricted Bond Accounts   \$382,607   0.07%   0.29%   0.29%     97-Day T-Bill   0.04%   0.12%   0.04%   0.12%     Memil Lynch 1-3 Treasury/Agency   0.08%   0.51%   0.51%     Long-Term Endowment   \$312,170   2.23%   12.17%     Binded Policy Index   1.93%   12.81%   8.78%     Itermediate Term Pool   \$212,676   1.28%   8.78%     Banckey Aggregate   0.21%   4.22%   Variational book instance of \$47.7 million with Wells Fargo Corporate Trust.   -     • SUI has an additional bond trustee balances of \$47.7 million with Wells Fargo Corporate Trust.   -   Rolling   Current     IOWA STATE UNIVERSITY   Market Value   Rolling   0.04%   0.13%   0.13%     Memil Lynch 1-3 Treasury/Agency   0.04%   0.13%   0.85%   0.85%     Memil Lynch 1-3 Treasury/Agency   0.04%   0.13%   0.85%   0.85%   0.85%   0.8				0.20%	1.48%	
Image: Instruct Urple 1-3 Government/Corporate   0.20%   1.48%     Total Operating   \$1,251,112   100.0%   0.47%   4.66%     Restricted Bond Accounts   \$382,607   0.07%   0.29%   0.29%     97-Day T-Bill   0.04%   0.12%   0.04%   0.12%     Memil Lynch 1-3 Treasury/Agency   0.08%   0.51%   0.51%     Long-Term Endowment   \$312,170   2.23%   12.17%     Binded Policy Index   1.93%   12.81%   8.78%     Itermediate Term Pool   \$212,676   1.28%   8.78%     Banckey Aggregate   0.21%   4.22%   Variational book instance of \$47.7 million with Wells Fargo Corporate Trust.   -     • SUI has an additional bond trustee balances of \$47.7 million with Wells Fargo Corporate Trust.   -   Rolling   Current     IOWA STATE UNIVERSITY   Market Value   Rolling   0.04%   0.13%   0.13%     Memil Lynch 1-3 Treasury/Agency   0.04%   0.13%   0.85%   0.85%     Memil Lynch 1-3 Treasury/Agency   0.04%   0.13%   0.85%   0.85%   0.85%   0.8	Externally Managed Diversified Operating Pool	\$1,040,678	83.2%	0.51%	5.28%	
Total Operating   \$1,251,112   100.0%   0.47%   4.66%     Restricted Bond Accounts   \$382,607   0.07%   0.29%   0.51%     91-Day 7-Bill   0.04%   0.12%   0.04%   0.29%     Long-Term Endowment   \$312,170   2.23%   12.17%     Banded Policy Index   1.93%   12.61%     Intermediate Term Pool   \$212,676   1.28%   8.78%     Bardeys Aggregate   0.21%   4.22%      > SUI has an additional investment account at Chicago Equity Partners with a balance of \$24.6 million for the lowa Medical Mutual Insurance Company   Current   Yeeld     Itemaly Liquidity   \$566,161   12.9%   0.04%   0.13%   0.13%     91-Day 7-Bill   Dolars (000%)   %   Quarter   Yeeld   Yeeld     Kerner 1   Year   12.8%   8.78%   0.33%   0.33%   0.35%     Gash and Daily Liquidity   \$566,161   12.9%   0.04%   0.13%   0.13%     Intermally Managed Short-Term Securities and Bank CDs   \$152,075   34.9%   0.06%   0.51%				0.20%	1.48%	
Restricted Bond Accounts   \$382,607   0.07%   0.29%   0.51%     91-Day T-Bill   0.04%   0.12%   0.04%   0.12%     Memil Lynch 1-3 Treasury/Agency   2.23%   12.17%   2.23%   12.17%     Blanded Policy Index   1.93%   12.61%   1.93%   12.61%   1.18%   8.78%     Barclays Aggregate   0.21%   4.22%   0.21%   4.22%   1.22%   1.28%   8.78%     SUI has additional bord rustee balances of \$47.7 million with Wells Fargo Corporate Trust   Not and the second se		\$1,251,112	100.0%	0.47%	4.66%	
91-Day 7-Bill   0.04%   0.12%     Merrill Lynch 1-3 Treasury/Agency   0.08%   0.51%     Long-Term Endowment   \$312,170   2.23%     Biended Policy Index   1.33%   12.61%     Intermediate Term Pool   \$212,676   1.28%   8.78%     Barclays Aggregate   0.21%   4.22%   1.21%     * SUI has an didtional investment account at Chicago Equity Partners with a balance of \$24.6 million for the lowa Medical Mutual Insurance Company   Current   Yee     IOWA STATE UNIVERSITY   Market Value   Return   Current     Iowa State University   \$55,161   12.9%   0.04%   0.13%   0.13%     91-Day 7-Bill   010%   0.28%   0.51%   Externally Managed Diversified Operating Pool   \$226,945   52.1%   0.66%   0.56%     Merrill Lynch 1-3 Government/Corporate   0.08%   0.51%   Externally Managed Diversified Operating Pool   \$226,945   52.1%   0.66%   0.56%     Merrill Lynch 1-3 Government/Corporate   0.08%   0.51%   Externally Managed Diversified Operating Pool   \$226,945   52.1%   0.66%   0.56%				0.07%	0.29%	0.51%
Merrill Lynch 1-3 Treasury/Agency   0.08%   0.51%     Long-Term Endowment   \$312,170   2.23%   12.17%     Bended Policy Index   1.93%   12.61%	91-Day T-Bill			0.04%	0.12%	
Long-Term Endowment   \$312,170   2.23%   12.17%     Blended Policy Index   1.93%   12.61%   1.93%   12.61%     Intermediate Term Pool   \$212,676   1.28%   8.78%   0.21%   4.22%     Y BUI has an additional investment account at Chicago Equity Partners with a balance of \$24.6 million for the lowa Medical Mutual Insurance Company   Market Value   Return   Current     IOWA STATE UNIVERSITY   Dollars (000's)   %   Quarter   1.98%   0.13%   0.13%     91-Day T-Bill   Stol, has an additional bond trustee balances of \$47.7 million with Wells Fargo Corporate Trust.   Nument 1.97%   Quarter   1.98%   1.18%   Current     91-Day T-Bill   Stol, has an additional bond trustee balance of \$24.6 million for the lowa Medical Mutual Insurance Company   0.04%   0.13%   0.13%   0.13%   0.13%   0.13%   0.13%   0.13%   0.13%   0.25%   0.04%   0.13%   0.13%   0.13%   0.13%   0.13%   0.25%   0.04%   0.12%   0.04%   0.15%   0.29%   1.48%   0.04%   0.16%   0.51%   0.20%   1.148%   0.04% <td>· · · · ·</td> <td></td> <td></td> <td>0.08%</td> <td>0.51%</td> <td></td>	· · · · ·			0.08%	0.51%	
Blended Policy Index   1.93%   12.61%     Intermediate Term Pool   \$212,676   1.28%   8.78%     Barclays Aggregate   0.21%   4.22%   -     * SUI has a additional investment account at Chicago Equity Partners with a balance of \$24.6 million for the lowa Medical Mutual Insurance Company   Market Value   Return   Current     IOWA STATE UNIVERSITY   Market Value   Return   Current   Yield     Cash and Daily Liquidity   \$56,161   12.9%   0.04%   0.13%   0.13%     91-Day T-Bill   552,075   34.9%   0.10%   0.83%   0.85%     Merrill Lynch 1-3 Treasury/Agency   0.04%   0.12%   0.45%   52.1%   0.56%   5.36%     Externally Managed Diversified Operating Pool   \$226,945   52.1%   0.56%   5.36%   Featricted Bond Accounts   577,822   0.04%   0.12%   1.48%   1.010.0%   0.51%   51%   0.56%   5.36%   Featricted Bond Accounts   577,822   0.04%   0.12%   1.01%   1.01%   1.01%   1.01%   1.03%   1.01%   1.01%   1.01% <td></td> <td>\$312.170</td> <td></td> <td></td> <td></td> <td></td>		\$312.170				
Intermediate Term Pool   \$212,676   1.28%   8.78%     Barclays Aggregate   0.21%   4.22%     * SUI has an additional bond trustee balances of \$47.7 million with Wells Fargo Corporate Trust.   *   *     * SUI has an additional investment account at Chicago Equity Partners with a balance of \$24.6 million for the Iowa Medical Mutual Insurance Company   Current   Yield   Current   Current   Yield	5					
Barclays Aggregate   0.21%   4.22%     * SUI has an additional bond rustee balances of \$47.7 million with Wells Fargo Corporate Trust.   Image: Corporate Trust.   Current   Current   Yeild   Current   Yeild   Current   Yeild   Image: Corporate Trust.		\$212.676				
SUI has additional bond trustee balances of \$47.7 million with Wells Fargo Corporate Trust. Return   SUI has an additional investment account at Chicago Equity Partners with a balance of \$24.6 million for the lowa Medical Mutual Insurance Company   IOWA STATE UNIVERSITY Market Value Return Current   011ars (000's) % Quarter 1 Year Yield   Cash and Daily Liquidity \$56,161 12.9% 0.04% 0.13% 0.13%   91-Day 7-Bill 0.047% 0.10% 0.83% 0.85%   Internally Managed Short-Term Securities and Bank CDs \$152,075 34.9% 0.10% 0.83% 0.85%   Kettmally Managed Diversified Operating Pool \$226,945 52.1% 0.68% 0.51%   Externally Managed Diversified Operating Pool \$226,945 52.1% 0.40% 0.15%   Merrill Lynch 1-3 Treasury/Agency 0.04% 0.16% 0.51% 0.51%   I total Operating \$435,181 100.0% 0.34% 0.65%   Restricted Bond Accounts \$17,822 0.04% 0.16% 0.51%   I total Operating \$143,351 2.12% 12.30% 12.61% 12.61% 12.61%	Barclavs Aggregate	· /· /·				
IOWA STATE UNIVERSITY   Market Value   Return Quarter   Rolling 1 Year   Current Yield     Cash and Daily Liquidity   \$56,161   12.9%   0.04%   0.13%   0.13%     2 (ash and Daily Liquidity   \$56,161   12.9%   0.04%   0.13%   0.13%     91-Day T-Bill   0.04%   0.13%   0.13%   0.13%   0.13%     Merrill Lynch 1-3 Treasury/Agency   0.06%   0.51%   0.85%   0.85%     Merrill Lynch 1-3 Government/Corporate   0.20%   1.48%   0.44%   0.16%   0.51%     Externally Managed Diversified Operating Pool   \$226,945   52.1%   0.56%   5.36%   0.46%   0.16%   0.51%     External Doperating   \$435,181   100.0%   0.34%   2.65%   Restricted Bond Accounts   977,822   0.04%   0.16%   0.51%     91-Day T-Bill   0.04%   0.12%   1.33%   12.33%   12.33%   12.61%     Y ISU has additional bond trustee balances of \$5.7 million with Wells Fargo Corporate Trust.   Rolling   Current   Yield     Cash and Daily Liquidity		ells Fargo Corporate Tru	st.			
IOWA STATE UNIVERSITY   Dollars (000's)   %   Quarter   1 Year   Current Yield     Cash and Daily Liquidity   \$56,161   12.9%   0.04%   0.13%   0.13%     91-Day T-Bill   0.04%   0.12%   0.04%   0.13%   0.13%     Internally Managed Short-Term Securities and Bank CDs   \$152,075   34.9%   0.00%   0.51%     Externally Managed Diversified Operating Pool   \$226,945   52.1%   0.65%   5.36%     Merrill Lynch 1-3 Government/Corporate   0.20%   1.48%      Total Operating   \$435,181   100.0%   0.34%   2.65%     Restricted Bond Accounts   \$77,822   0.04%   0.12%     Merrill Lynch 1-3 Treasury/Agency   0.04%   0.12%      Inernet Bodownent   \$143,331   2.12%   12.30%      Biended Policy Index   1   19.3%   12.61%   Yield     YIED has additional bond trustee balances of \$5.7 million with Wells Fargo Corporate Trust   Yield   Yield     Quarter   1 Year   Yield   Yield   Yield	SUI has an additional investment account at Chicago Equity Partn	ers with a balance of \$2	4.6 million for	the lowa Medica	I Mutual Insura	nce Company
IOWA STATE UNIVERSITY   Dollars (000's)   %   Quarter   1 Year   Yeid     Cash and Daily Liquidity   \$56,161   12.9%   0.04%   0.13%   0.13%     91-Day T-Bill   0.04%   0.12%   0.04%   0.13%   0.13%     Internally Managed Short-Term Securities and Bank CDs   \$152,075   34.9%   0.00%   0.51%     Externally Managed Diversified Operating Pool   \$226,945   52.1%   0.56%   5.36%     Mernil Lynch 1-3 Government/Corporate   0.20%   1.48%   0.11%   0.15%     Total Operating   \$435,181   100.0%   0.34%   2.65%     Restricted Bond Accounts   \$77,822   0.04%   0.15%     Isended Policy Index   1   0.04%   0.12%     Isended Policy Index   1   12.3%   12.30%     Isended Policy Index   1   12.3%   12.61%     Isended Policy Index   1   19.46   Yead     Isended Policy Index   1   19.46   10.04%   0.12%     Isended Policy Index   1 <td< td=""><td></td><td>Market V</td><td>alue</td><td>Ret</td><td>urn</td><td></td></td<>		Market V	alue	Ret	urn	
Cash and Daily Liquidity   S66,161   12.9%   0.04%   0.13%   0.13%     91-Day T-Bill   0.04%   0.12%   0.04%   0.12%   0.04%   0.12%     Internally Managed Short-Term Securities and Bank CDs   \$152,075   34.9%   0.06%   0.83%   0.85%     Merrill Lynch 1-3 Treasury/Agency   0.08%   0.51%   0.56%   5.36%     Merrill Lynch 1-3 Government/Corporate   0.20%   1.48%   0.20%   1.48%     Total Operating   \$435,181   100.0%   0.34%   2.65%     Restricted Bond Accounts   \$77,822   0.04%   0.12%   0.51%     Isto Parametic Deparating   0.04%   0.12%   0.51%   0.51%     Biended Policy Index   \$1143,351   2.12%   12.30%   1.93%   12.61%   V     V ISU has additional bond trustee balances of \$5.7 million with Wells Fargo Corporate Trust.   Note of the context of the	IOWA STATE UNIVERSITY					Current
91-Day T-Bill   0.04%   0.12%     Internally Managed Short-Term Securities and Bank CDs   \$152,075   34.9%   0.10%   0.83%   0.85%     Merrill Lynch 1-3 Treasury/Agency   0.08%   0.51%   0.85%   0.08%   0.51%     Externally Managed Diversified Operating Pool   \$226,945   52.1%   0.56%   5.36%     Merrill Lynch 1-3 Government/Corporate   0.20%   1.48%   0.04%   0.11%     Total Operating   \$435,181   100.0%   0.34%   2.65%   0.51%     Restricted Bond Accounts   \$77,822   0.04%   0.12%   0.01%   0.51%     91-Day T-Bill   0.04%   0.12%   0.04%   0.12%   0.04%   0.51%     Long-Term Endowment   \$143,351   2.12%   12.30%   1.93%   12.61%     Is Uhas additional bond trustee balances of \$5.7 million with Wells Fargo Corporate Trust.   Norther Year   Yield     Cash and Daily Liquidity   \$15,406   20.4%   0.07%   0.22%   0.28%     91-Day T-Bill   0.04%   0.12%   0.04%   0.12%		Dollars (000's)	%	Quarter	1 Year	Yield
Internally Managed Short-Term Securities and Bank CDs   \$152,075   34.9%   0.10%   0.83%   0.85%     Merrill Lynch 1-3 Treasury/Agency   0.08%   0.51%   0.08%   0.51%     Externally Managed Diversified Operating Pool   \$226,945   52.1%   0.66%   5.36%     Merrill Lynch 1-3 Government/Corporate   0.20%   1.48%   0.10%   0.16%   0.51%     Total Operating   \$435,181   100.0%   0.34%   2.65%   0.51%   0.68%   0.51%   0.68%   0.51%   0.68%   0.51%   0.51%   0.51%   0.68%   0.51%   0.68%   0.51%   0.68%   0.61%   0.68%   0.61%   0.68%   0.61%   0.68%   0.61%   0.68%   0.61%   0.68%   0.61%   0.68%   0.61%   0.68%   0.61%   0.28%   0.28%   0.28% </td <td>Cash and Daily Liquidity</td> <td>\$56,161</td> <td>12.9%</td> <td>0.04%</td> <td>0.13%</td> <td>0.13%</td>	Cash and Daily Liquidity	\$56,161	12.9%	0.04%	0.13%	0.13%
Merrill Lynch 1-3 Treasury/Agency   0.08%   0.51%     Externally Managed Diversified Operating Pool   \$226,945   52.1%   0.56%   5.36%     Merrill Lynch 1-3 Government/Corporate   0.20%   1.48%   0.20%   1.48%     Total Operating   \$435,181   100.0%   0.34%   2.65%   0.51%     Restricted Bond Accounts   \$77,822   0.04%   0.16%   0.51%     91-Day T-Bill   0.04%   0.12%   0.04%   0.12%     Merrill Lynch 1-3 Treasury/Agency   0.08%   0.51%   0.08%   0.51%     Long-Term Endowment   \$143,351   2.12%   12.30%   12.61%     Isended Policy Index   1.93%   12.61%   1.93%   12.61%     IsUNIVERSITY OF NORTHERN IOWA   Market Value   Rolling   Current     91-Day T-Bill   \$15,406   20.4%   0.07%   0.22%   0.28%   1.07%     Internally Managed Short-Term Securities and Bank CDs   \$14,091   18.7%   0.08%   0.63%   1.07%     Merrill Lynch 1-3 Treasury/Agency   0.08%   0.51%	91-Day T-Bill			0.04%	0.12%	
Externally Managed Diversified Operating Pool   \$226,945   52.1%   0.56%   5.36%     Merrill Lynch 1-3 Government/Corporate   0.20%   1.48%   1.48%     Total Operating   \$435,181   100.0%   0.34%   2.65%     Restricted Bond Accounts   \$77,822   0.04%   0.16%   0.51%     91-Day T-Bill   0.04%   0.16%   0.51%   0.06%   0.51%     Merril Lynch 1-3 Treasury/Agency   0.08%   0.51%   12.30%   12.30%   12.61%   12.30%   12.61% <td>Internally Managed Short-Term Securities and Bank CDs</td> <td>\$152,075</td> <td>34.9%</td> <td>0.10%</td> <td>0.83%</td> <td>0.85%</td>	Internally Managed Short-Term Securities and Bank CDs	\$152,075	34.9%	0.10%	0.83%	0.85%
Merrill Lynch 1-3 Government/Corporate   0.20%   1.48%     Total Operating   \$435,181   100.0%   0.34%   2.65%     Restricted Bond Accounts   \$77,822   0.04%   0.16%   0.51%     91-Day T-Bill   0.04%   0.12%   0.04%   0.12%     Merrill Lynch 1-3 Treasury/Agency   0.08%   0.51%   0.08%   0.51%     Long-Term Endowment   \$143,351   2.12%   12.30%   1.93%   12.61%     Blended Policy Index   1.93%   12.61%    1.93%   12.61%     INIVERSITY OF NORTHERN IOWA   Market Value   Return   Current   Yield     Cash and Daily Liquidity   \$15,406   20.4%   0.07%   0.22%   0.28%     91-Day T-Bill   0.04%   0.12%   1.07%   Vield   Yield     Internally Managed Short-Term Securities and Bank CDs   \$14,091   18.7%   0.08%   0.63%   1.07%     Merrill Lynch 1-3 Treasury/Agency   0.08%   0.51%   5.28%   1.07%     Externally Managed Diversified Operating Pool   \$45,949 </td <td>Merrill Lynch 1-3 Treasury/Agency</td> <td></td> <td></td> <td>0.08%</td> <td>0.51%</td> <td></td>	Merrill Lynch 1-3 Treasury/Agency			0.08%	0.51%	
Total Operating   \$435,181   100.0%   0.34%   2.65%     Restricted Bond Accounts   \$77,822   0.04%   0.16%   0.51%     91-Day T-Bill   0.04%   0.12%   0.04%   0.12%     Merrill Lynch 1-3 Treasury/Agency   0.08%   0.51%   0.08%   0.51%     Long-Term Endowment   \$143,351   2.12%   12.30%   1.93%   12.61%     Biended Policy Index   1.93%   12.61%   1.93%   0.22%   0.28%   0.28%   0.28%   0.28%   0.28%   0.28%   0.28%   0.28%   0.28%   0.28% <td>Externally Managed Diversified Operating Pool</td> <td>\$226,945</td> <td>52.1%</td> <td>0.56%</td> <td>5.36%</td> <td></td>	Externally Managed Diversified Operating Pool	\$226,945	52.1%	0.56%	5.36%	
Restricted Bond Accounts   \$77,822   0.04%   0.16%   0.51%     91-Day T-Bill   0.04%   0.12%   0.04%   0.12%   0.04%   0.12%   0.08%   0.51%     Long-Term Endowment   \$143,351   2.12%   12.30%   12.30%   1.93%   12.61%   1.93%   12.61%   1.93%   12.61%   1.93%   12.61%   1.93%   12.61%   1.93%   12.61%   1.93%   12.61%   1.93%   12.61%   1.93%   12.61%   1.93%   12.61%   1.93%   12.61%   1.93%   12.61%   1.93%   12.61%   1.93%   12.61%   1.93%   12.61%   1.93%   12.61%   1.93%   12.61%   1.93%   12.61%   1.01%   1.01%   1.01%   1.01%   1.93%   12.61%   1.93%   12.61%   1.01%   1.93%   12.61%   1.93%   12.61%   1.01%   1.93%   12.61%   1.01%   1.93%   12.61%   1.01%   1.93%   1.01%   1.93%   1.93%   1.93%   1.91%   1.01%   1.91%   1.91	Merrill Lynch 1-3 Government/Corporate			0.20%	1.48%	
91-Day T-Bill   0.04%   0.12%     Merrill Lynch 1-3 Treasury/Agency   0.08%   0.51%     Long-Term Endowment   \$143,351   2.12%   12.30%     Blended Policy Index   1.93%   12.61%   1.93%     Is U has additional bond trustee balances of \$5.7 million with Wells Fargo Corporate Trust.   Rolling   Current     UNIVERSITY OF NORTHERN IOWA   Market Value   Rolling   Current     91-Day 7-Bill   0.04%   0.07%   0.22%   0.28%     Gash and Daily Liquidity   \$15,406   20.4%   0.07%   0.22%   0.28%     91-Day 7-Bill   0.04%   0.12%   0.04%   0.12%   0.04%   0.12%     Internally Managed Short-Term Securities and Bank CDs   \$14,091   18.7%   0.08%   0.63%   1.07%     Merrill Lynch 1-3 Treasury/Agency   0.08%   0.51%   5.28%   0.20%   1.48%     Total Operating   \$75,446   100.0%   0.34%   2.75%   0.28%   1.24%     91-Day T-Bill   0.04%   0.12%   0.72%   1.24%   1.24%	Total Operating	\$435,181	100.0%	0.34%	2.65%	
Merrill Lynch 1-3 Treasury/Agency   0.08%   0.51%     Long-Term Endowment   \$143,351   2.12%   12.30%     Blended Policy Index   1.93%   12.61%   12.61%     ISU has additional bond trustee balances of \$5.7 million with Wells Fargo Corporate Trust.   Rolling   Current     UNIVERSITY OF NORTHERN IOWA   Market Value   Rolling   Vield     0.12%   0.04%   0.07%   0.22%   0.28%     91-Day T-Bill   0.04%   0.12%   1.07%   Netwill Lynch 1-3 Treasury/Agency   0.08%   0.61%   1.07%     Externally Managed Diversified Operating Pool   \$45,949   60.9%   0.51%   5.28%   1.07%     Merrill Lynch 1-3 Government/Corporate   0.02%   1.48%   1.07%   1.48%   1.07%     Netrill Lynch 1-3 Government/Corporate   0.01%   0.51%   5.28%   1.07%   1.24%     Merrill Lynch 1-3 Government/Corporate   0.02%   0.12%   1.24%   1.24%     91-Day T-Bill   0.04%   0.12%   1.24%   1.24%   1.24%   1.24%   1.24%   1.24%   <	Restricted Bond Accounts	\$77,822		0.04%	0.16%	0.51%
Long-Term Endowment Blended Policy Index\$143,3512.12%12.30%ISU has additional bond trustee balances of \$5.7 million with Wells Fargo Corporate Trust.Market ValueReturn YieldUNIVERSITY OF NORTHERN IOWAMarket ValueRolling QuarterCurrent YieldCash and Daily Liquidity\$15,40620.4%0.07%0.22%0.28%91-Day T-Bill0.04%0.12%1.07%0.28%0.063%1.07%Internally Managed Short-Term Securities and Bank CDs\$14,09118.7%0.08%0.63%1.07%Merrill Lynch 1-3 Treasury/Agency0.01\$45,94960.9%0.51%5.28%1.07%Total Operating\$75,446100.0%0.34%2.75%1.24%Producting\$34,5020.12%0.72%1.24%Merrill Lynch 1-3 Treasury/Agency0.08%0.51%5.28%1.24%Dotat Operating\$75,446100.0%0.34%2.75%1.24%Merrill Lynch 1-3 Treasury/Agency0.01%0.12%1.24%1.24%Data Depending\$75,446100.0%0.34%2.75%1.24%Depending\$75,446100.0%0.51%1.24%Depending\$77,7872.23%12.17%1.24%	91-Day T-Bill			0.04%	0.12%	
Blended Policy Index   1.93%   12.61%     ISU has additional bond trustee balances of \$5.7 million with Wells Fargo Corporate Trust.   Return   Current     UNIVERSITY OF NORTHERN IOWA   Market Value   Return   Current     Dollars (000's)   %   Quarter   1 Year   Current     Cash and Daily Liquidity   \$15,406   20.4%   0.07%   0.22%   0.28%     91-Day T-Bill   0.04%   0.12%   0.04%   0.12%   0.04%   0.12%     Internally Managed Short-Term Securities and Bank CDs   \$114,091   18.7%   0.08%   0.63%   1.07%     Merrill Lynch 1-3 Treasury/Agency   0.08%   0.51%   5.28%   0.20%   1.48%     Total Operating   \$75,446   100.0%   0.34%   2.75%   1.24%     91-Day T-Bill   0.04%   0.12%   0.12%   1.24%     Merrill Lynch 1-3 Government/Corporate   \$34,502   0.12%   0.72%   1.24%     91-Day T-Bill   0.04%   0.12%   0.12%   1.24%     Merrill Lynch 1-3 Treasury/Agency   0.08% <th< td=""><td>Merrill Lynch 1-3 Treasury/Agency</td><td></td><td></td><td>0.08%</td><td>0.51%</td><td></td></th<>	Merrill Lynch 1-3 Treasury/Agency			0.08%	0.51%	
Isu has additional bond trustee balances of \$5.7 million with Wells Fargo Corporate Trust. Return Current   UNIVERSITY OF NORTHERN IOWA Market Value Return Current   Dollars (000's) % Quarter 1 Year Yield   Cash and Daily Liquidity \$15,406 20.4% 0.07% 0.22% 0.28%   91-Day T-Bill 0.04% 0.12% 0.04% 0.12% 0.08% 0.63% 1.07%   Internally Managed Short-Term Securities and Bank CDs \$14,091 18.7% 0.08% 0.63% 1.07%   Kerrill Lynch 1-3 Treasury/Agency 0.08% 0.51% 5.28% 0.20% 1.48%   Kerrill Lynch 1-3 Government/Corporate 0.20% 1.48% 0.20% 1.24%   Total Operating \$75,446 100.0% 0.34% 2.75%   Restricted Bond Accounts \$34,502 0.12% 0.72% 1.24%   91-Day T-Bill 0.08% 0.51% 1.24%   Understructure \$7,787 2.23% 12.17%	Long-Term Endowment	\$143,351		2.12%	12.30%	
UNIVERSITY OF NORTHERN IOWAMarket ValueReturn Rolling QuarterCurrent YieldCash and Daily Liquidity\$15,40620.4%0.07%0.22%0.28%91-Day T-Bill0.04%0.12%0.04%0.12%0.04%0.12%Internally Managed Short-Term Securities and Bank CDs\$14,09118.7%0.08%0.63%1.07%Merrill Lynch 1-3 Treasury/Agency0.08%0.51%5.28%0.20%1.48%0.20%1.48%Total Operating\$75,446100.0%0.34%2.75%0.22%1.24%91-Day T-Bill0.04%0.12%0.72%1.24%0.04%0.12%Merrill Lynch 1-3 Government/Corporate\$34,5020.12%0.72%1.24%91-Day T-Bill0.04%0.12%0.12%1.24%91-Day T-Bill0.04%0.12%1.24%91-Day T-Bill0.04%0.12%1.24%91-Day T-Bill0.08%0.51%1.24%91-Day T-Bill0.08%0.51%1.24%91-Day T-Bill0.08%0.51%1.24%Merrill Lynch 1-3 Treasury/Agency0.08%0.51%1.24%Long-Term Endowment\$7,7872.23%12.17%	Blended Policy Index			1.93%	12.61%	
UNIVERSITY OF NORTHERN IOWACurrent YeidDollars (000's)%QuarterRolling QuarterCurrent YieldCash and Daily Liquidity\$15,40620.4%0.07%0.22%0.28%91-Day T-Bill0.04%0.12%0.04%0.12%0.04%0.12%Internally Managed Short-Term Securities and Bank CDs\$14,09118.7%0.08%0.63%1.07%Merrill Lynch 1-3 Treasury/Agency060.9%0.51%5.28%0.22%Externally Managed Diversified Operating Pool\$45,94960.9%0.51%5.28%0.12%Merrill Lynch 1-3 Government/Corporate00.02%1.48%0.275%1.24%Total Operating\$75,446100.0%0.34%2.75%1.24%91-Day T-Bill0.04%0.12%1.24%1.24%Merrill Lynch 1-3 Treasury/Agency060.08%0.51%1.24%91-Day T-Bill0.08%0.51%1.24%1.24%Merrill Lynch 1-3 Treasury/Agency0\$7,7872.23%12.17%	ISU has additional bond trustee balances of \$5.7 million with We	Ils Fargo Corporate Trus	st.			
Dollars (000's)   %   Quarter   1 Year   Yield     Cash and Daily Liquidity   \$15,406   20.4%   0.07%   0.22%   0.28%     91-Day T-Bill   0.04%   0.12%   0.04%   0.12%   0.04%   0.12%     Internally Managed Short-Term Securities and Bank CDs   \$14,091   18.7%   0.08%   0.63%   1.07%     Merrill Lynch 1-3 Treasury/Agency   0.08%   0.51%   5.28%   0.22%   0.22%   0.28%     Merrill Lynch 1-3 Government/Corporate   0.08%   0.51%   5.28%   0.22%   0.22%   0.28%     Total Operating   \$75,446   100.0%   0.34%   2.75%   1.24%     91-Day T-Bill   \$34,502   0.12%   0.72%   1.24%     91-Day T-Bill   0.04%   0.12%   0.12%   1.24%     91-Day T-Bill   0.04%   0.12%   1.24%     91-Day T-Bill   0.04%   0.12%   1.24%     Merrill Lynch 1-3 Treasury/Agency   0.08%   0.51%   1.24%     Long-Term Endowment   \$7,787		Market V	alue	Ret	urn	
Cash and Daily Liquidity   \$15,406   20.4%   0.07%   0.22%   0.28%     91-Day T-Bill   0.04%   0.12%   0.04%   0.12%   0.12%   0.12%   0.12%   0.12%   0.12%   0.12%   0.12%   0.12%   0.12%   0.12%   0.12%   0.12%   0.12%   0.12%   0.12%   0.12%   0.12%   0.12%   0.17%   0.12%   0.17%   0.08%   0.63%   1.07%   0.12%   0.17%   0.08%   0.51%   5.28%   0.12%   0.20%   1.48%   0.00%   0.51%   5.28%   0.12%   0.20%   1.48%   0.00%   0.14%   0.12%   0.12%   0.72%   1.24%   0.12%   <	UNIVERSITY OF NORTHERN IOWA				Rolling	Current
91-Day T-Bill 0.04% 0.12%   Internally Managed Short-Term Securities and Bank CDs \$14,091 18.7% 0.08% 0.63% 1.07%   Merrill Lynch 1-3 Treasury/Agency 0.08% 0.51% 0.51% 5.28%   Externally Managed Diversified Operating Pool \$45,949 60.9% 0.51% 5.28%   Merrill Lynch 1-3 Government/Corporate 0.20% 1.48% 100.0% 0.34% 2.75%   Total Operating \$75,446 100.0% 0.34% 2.75% 1.24%   91-Day T-Bill 0.04% 0.12% 1.24%   91-Day T-Bill 0.08% 0.51% 1.24%   Long-Term Endowment \$7,787 2.23% 12.17%		Dollars (000's)	%	Quarter	1 Year	Yield
Internally Managed Short-Term Securities and Bank CDs   \$14,091   18.7%   0.08%   0.63%   1.07%     Merrill Lynch 1-3 Treasury/Agency   0.08%   0.51%   0.08%   0.51%   0.08%   0.51%   0.08%   0.51%   0.08%   0.51%   0.08%   0.51%   0.08%   0.51%   0.08%   0.01%   0.08%   0.01%	Cash and Daily Liquidity	\$15,406	20.4%	0.07%	0.22%	0.28%
Merrill Lynch 1-3 Treasury/Agency   0.08%   0.51%     Externally Managed Diversified Operating Pool   \$45,949   60.9%   0.51%   5.28%     Merrill Lynch 1-3 Government/Corporate   0.20%   1.48%   0.20%   1.48%     Total Operating   \$75,446   100.0%   0.34%   2.75%     Restricted Bond Accounts   \$34,502   0.12%   0.72%   1.24%     91-Day T-Bill   0.04%   0.12%   0.12%   0.12%     Merrill Lynch 1-3 Treasury/Agency   0.08%   0.51%   10.07%   1.24%     Long-Term Endowment   \$7,787   2.23%   12.17%   10.17%	91-Day T-Bill			0.04%	0.12%	
Externally Managed Diversified Operating Pool   \$45,949   60.9%   0.51%   5.28%     Merrill Lynch 1-3 Government/Corporate   0.20%   1.48%   100.0%   0.34%   2.75%     Total Operating   \$75,446   100.0%   0.34%   2.75%   1.24%     Restricted Bond Accounts   \$34,502   0.12%   0.72%   1.24%     91-Day T-Bill   0.04%   0.12%   0.12%   0.12%     Merrill Lynch 1-3 Treasury/Agency   0.08%   0.51%   1.24%     Long-Term Endowment   \$7,787   2.23%   12.17%	Internally Managed Short-Term Securities and Bank CDs	\$14,091	18.7%	0.08%	0.63%	1.07%
Merrill Lynch 1-3 Government/Corporate   0.20%   1.48%     Total Operating   \$75,446   100.0%   0.34%   2.75%     Restricted Bond Accounts   \$34,502   0.12%   0.72%   1.24%     91-Day T-Bill   0.04%   0.12%   0.12%   0.12%     Merrill Lynch 1-3 Treasury/Agency   0.08%   0.51%   1.24%     Long-Term Endowment   \$7,787   2.23%   12.17%				0.08%	0.51%	
Total Operating   \$75,446   100.0%   0.34%   2.75%     Restricted Bond Accounts   \$34,502   0.12%   0.72%   1.24%     91-Day T-Bill   0.04%   0.12%   0.12%   1.24%     Merrill Lynch 1-3 Treasury/Agency   0.08%   0.51%   1.21%     Long-Term Endowment   \$7,787   2.23%   12.17%	Externally Managed Diversified Operating Pool	\$45,949	60.9%	0.51%	5.28%	
Restricted Bond Accounts   \$34,502   0.12%   0.72%   1.24%     91-Day T-Bill   0.04%   0.12%   0.12%   1.24%     Merrill Lynch 1-3 Treasury/Agency   0.08%   0.51%   1.24%     Long-Term Endowment   \$7,787   2.23%   12.17%	Merrill Lynch 1-3 Government/Corporate			0.20%	1.48%	
91-Day T-Bill   0.04%   0.12%     Merrill Lynch 1-3 Treasury/Agency   0.08%   0.51%     Long-Term Endowment   \$7,787   2.23%   12.17%	Total Operating	\$75,446	100.0%	0.34%	2.75%	
Merrill Lynch 1-3 Treasury/Agency   0.08%   0.51%     Long-Term Endowment   \$7,787   2.23%   12.17%	Restricted Bond Accounts	\$34,502		0.12%	0.72%	1.24%
Long-Term Endowment \$7,787 2.23% 12.17%	91-Day T-Bill			0.04%	0.12%	
	Merrill Lynch 1-3 Treasury/Agency			0.08%	0.51%	
Blended Policy Index 1.93% 12.61%	Long-Term Endowment	\$7,787		2.23%	12.17%	
	Blended Policy Index			1.93%	12.61%	

Continued on the following page.

#### AUDIT/COMPLIANCE AND INVESTMENT COMMITTEE 2 PAGE 2

	Market V	Market Value		Return	
IOWA SCHOOL FOR THE DEAF				Rolling	Current
	Dollars (000's)	%	Quarter	1 Year	Yield
Cash and Daily Liquidity	\$1,970	100.0%	0.01%	0.05%	0.06%
	Market V	Market Value		Return	
IOWA BRAILLE AND SIGHT SAVING SCHOOL				Rolling	Current
	Dollars (000's)	%	Quarter	1 Year	Yield
Cash and Daily Liquidity	\$589	100.0%	0.21%	0.21%	0.21%
ISD and IBSSS invest in ISU's Long-Term Endowment.					

#### Background:

Board of Regents investment policy: <u>http://www.regents.iowa.gov/Policies/Chapter%207/chapter7.04.htm</u>

The Board of Regents employs an investment advisor for periodic review and evaluation of investment policy, strategy, and performance. 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 portfolio summary reports on fund and investment manager performance.

The Regent institutions maintain the following investment portfolios:

#### **OPERATING PORTFOLIOS**

The primary goals for investment prudence of the operating portfolios 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.

#### **RESTRICTED BOND ACCOUNTS**

Bonds accounts include proceeds from bond issues. Accounts include project construction funds, sinking funds, and reserves. Each individual bond has specific investment restrictions which may vary by type of account with reserve accounts being the most restrictive as to types of authorized investment.

#### INTERMEDIATE TERM PORTFOLIOS

Intermediate term pools provide added flexibility for long-duration asset investment including quasi endowments, which are longer-term in nature but have no externally-imposed restriction that the principal remain intact.

#### **ENDOWMENT PORTFOLIOS**

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:

- Intergenerational equity of income in perpetuity; and
- ➤ 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.

#### BOARD OF REGENTS STATE OF IOWA

#### AUDIT/COMPLIANCE AND INVESTMENT COMMITTEE 2 PAGE 3

Below are the Board authorized fund managers:

Manager	TYPE	AUTHORIZED
Adams Street Partners 2010 Global Offering	Private Equity Fund Manager	March 2010
Adams Street Partners 2012 Global Offering	Private Equity Fund Manager	September 2011
Adams Street Partners 2013 Global Offering	Private Equity Fund Manager	September 2012
Chicago Equity Partners	Fixed Income Fund Manager	December 2010
Commonfund Capital, Inc. Natural Resource Partners IX	Private Real Assets Fund Manager	April 2012
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)	Private Real Assets Fund Manager	September 2008
Delaware Investments	Small Cap Core Domestic Fund Manager	December 2008
Dimensional Fund Advisors (DFA)	Short-Term Fixed Income Manager	February 2012
Dodge & Cox (Income Fund)	Fixed Income Fund Manager	February 2004
Grantham, Mayo, Van Otterloo & Co. (GMO Foreign Fund)	International Equity Fund Manager	February 2004
Neuberger Berman	High Yield Bond Fund Manager	August 2011
NB Alternative Advisors (NB Crossroads XVIII)	Private Equity Fund Manager	November 2005
NB Alternative Advisors (NB Crossroads XX)	Private Equity Fund Manager	September 2012
Landmark Partners (Landmark Equity Partners XIV, L.P.)	Private Equity Fund Manager	March 2010
Landmark Partners (Landmark Equity Partners XV, L.P.)	Private Equity Fund Manager	September 2012
Metropolitan Real Estate Partners Global III Fund (MREP Global III)	Private Real Estate Fund Manager	September 2009
Metropolitan Real Estate Partners Global VI Fund (MREP Global VI)	Private Real Estate Fund Manager	April 2012
PIMCO	Short-Term Fixed Income Manager	February 2012
Principal Financial Group (Enhanced Property Fund)	Private Real Estate Fund Manager	November 2005

Continued on the following page.

#### BOARD OF REGENTS STATE OF IOWA

#### AUDIT/COMPLIANCE AND INVESTMENT COMMITTEE 2 PAGE 4

Manager	TYPE	AUTHORIZED
Reams Asset Management	Fixed Income Fund Manager Institutional Endowments SUI Intermediate Term Endowment	January 2002 July 2001
State Street Global Advisors	Short-Term Fixed Income Manager	February 2012
(SSGA ACWI ex-U.S. Index)	Diversified Investment Options (Intermediate Portfolio) International Equity Index Fund Manager	February 2011 April 2009
Vanguard Group	Short-Term Fixed Income Manager Diversified Investment Options (Operating Portfolio)	February 2012 September 2008
(Institutional Index Fund)	Large Cap S&P 500 Index Fund	February 2008

#### Intermediate Term Portfolios Asset Class Allocation Policy

Approved at the February 2011 meeting

Asset Class	<u>Target</u>	Allowable Range
Public Equity	<u>20%</u>	14-26%
U.S. Equity	10%	7-13%
Non U.S. Equity	10%	7-13%
Fixed Income	<u>55%</u>	50-60%
Core Fixed Income	40%	35-45%
High Yield Fixed Income	5%	3-7%
TIPS	10%	7-13%
<u>Cash</u>	<u>15%</u>	12-18%
<u>REITs</u>	<u>10%</u>	7-13%

#### Endowment Portfolios Asset Class Allocation Policy

Approved at the September 2008 meeting; revised at the December 2008 meeting

Asset Class	<u>Target</u>	Allowable Range
<u>Public Equity</u>	<u>50%</u>	45-55%
U.S. Equity	25%	20-30%
Non U.S. Equity	25%	20-30%
<u>Fixed Income</u>	<u>30%</u>	25-35%
Core Fixed Income	25%	20-30%
High Yield Fixed Income	5%	0-10%
<u>Real Assets</u>	<u>10%</u>	5-15%
Public	0%	N/A
Private	10%	5-15%
Private Equity	<u>10%</u>	0-15%

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## **Board of Regents – State of Iowa**

Executive Summary of Investment Performance Quarter Ending December 31, 2012



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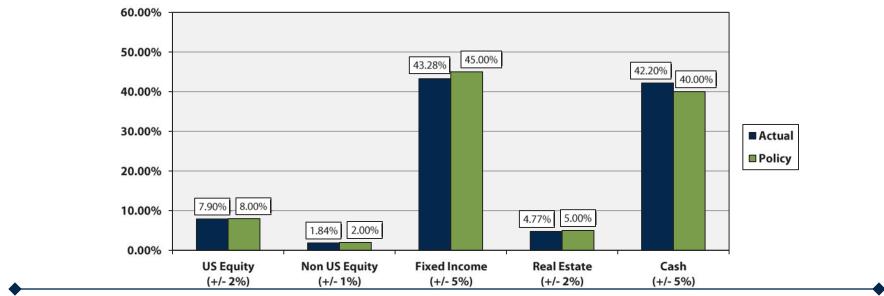
# **Section 1** Operating Portfolios

## Asset Allocation

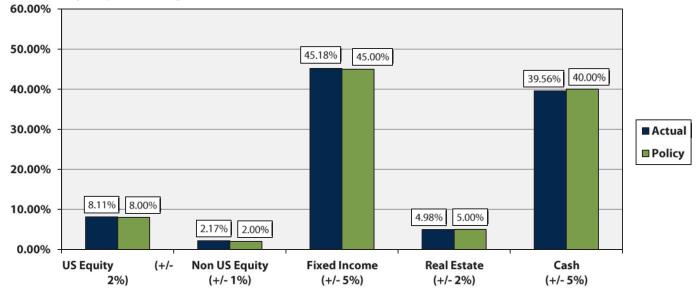


### Quarter Ending December 31, 2012

#### University of Iowa Operating Portfolio



#### Iowa State University Operating Portfolio





Iowa State University Operating Portfolio

### Quarter Ending December 31, 2012

#### University of Iowa Operating Portfolio

		Asset Allocation		n			As	set Allocatio	n
Manager / Asset Class	Market Value	Total I	Fund	Structure	Manager / Asset Class	Class Market Value (000's)	Total I	Fund	Structure
	(000's)	Actual	Policy	Actual			Actual	Policy	Actual
Vanguard Total Stock Market	\$85,896	7.90%		100.00%	Vanguard Total Stock Market	\$18,399	8.11%		100.00%
TOTAL US EQUITY	\$85,896	7.90%	8.00%	100.00%	TOTAL US EQUITY	\$18,399	8.11%	8.00%	100.00%
	\$00,000	10070		10010070		<i><i><i>ϕ</i> 10,000</i></i>	011170	0.0070	10010070
Vanguard AW Ex-US Index	\$20,041	1.84%		100.00%	Vanguard AW Ex-US Index	\$4,930	2.17%		100.00%
TOTAL NON-US EQUITY	\$20,041	1.84%	2.00%	100.00%	TOTAL NON-US EQUITY	\$4,930	2.17%	2.00%	100.00%
Vanguard High Yield	\$55,324	5.09%	5.00%	11.76%	Vanguard High Yield	\$11,727	5.17%	5.00%	11.44%
Vanguard Inflation Protected	\$105,219	9.68%	10.00%	22.38%	Vanguard Inflation Protected	\$22,795	10.04%	10.00%	22.23%
Vanguard Total Bond Market	\$309,709	28.51%	30.00%	65.86%	Vanguard Total Bond Market	\$68,022	29.97%	30.00%	66.33%
TOTAL FIXED INCOME	\$470,252	43.28%	45.00%	100.00%	TOTAL FIXED INCOME	\$102,544	45.18%	45.00%	100.00%
	<b>0</b> 54,000	4 770/		400.000/		<b>.</b>	4.000/		400.000/
Vanguard REIT	\$51,869	4.77%		100.00%	Vanguard REIT	\$11,294	4.98%		100.00%
TOTAL REAL ESTATE	\$51,869	4.77%	5.00%	100.00%	TOTAL REAL ESTATE	\$11,294	4.98%	5.00%	100.00%
TOTAL CASH <sup>1</sup>	\$458,569	42.21%	40.00%	100.00%	TOTAL CASH <sup>2</sup>	\$89,778	39.56%	40.00%	100.00%
TOTAL FUND	\$1,086,627	100.00%	100.00%		TOTAL FUND	\$226,945	100.00%	100.00%	

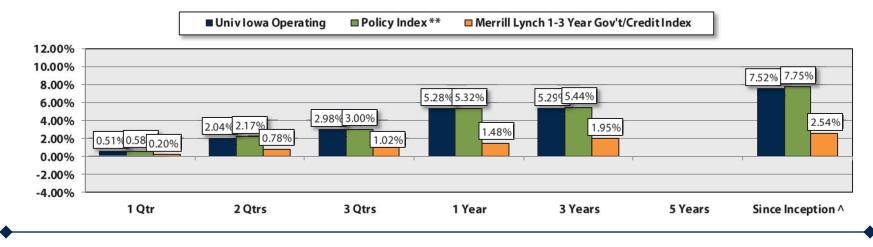
<sup>1</sup>Total Cash is comprised of four cash accounts: Vanguard Prime Money Market, BlackRock Money Market, Federated Prime Value Obligations Money Market, and SSGA Liquid Reserves Money Market.

<sup>2</sup>Total Cash is comprised of two cash accounts: Vanguard Prime Money Market and Great Western Bank Money Market.



### Quarter Ending December 31, 2012

#### University of Iowa Operating Portfolio



#### Iowa State University Operating Portfolio



\* Net of Fees

\*\* 8.0% MSCI US Broad Market, 2.0% FTSE All World Ex-US, 30.0% Barclays US Aggregate, 10.0% Barclays US TIPS, 5.0% Barclays High Yield, 5.0% MSCI US REIT, 40% 91-Day US Treasury Bill

^ University of Iowa Operating Inception 03/31/2009

## Investment Performance – US Equity \*



Manager	1 Quarter	2 Quarters	3 Quarters	1 Year	3 Years	5 Years	10 Years	Since Inception		
								Return	Date	
UNIVERSITY OF IOWA OPERATING PORTFOLIO	)									
Vanguard Total Stock Market Fund	0.21%	6.46%	3.07%	16.42%	11.32%			20.15%	03/31/09	
MSCI US Broad Market Index	0.20%	6.45%	3.09%	16.43%	11.35%			20.15%		
Value Added	<b>+0.0</b> 1%	+0.01%	-0.02%	<b>-0.01%</b>	-0.03%			+0.00%		
IOWA STATE UNIVERSITY OPERATING PORTE										
Vanguard Total Stock Market Fund	0.19%	6.44%	3.06%	16.40%	11.32%			11.32%	12/31/09	
MSCI US Broad Market Index	0.20%	6.45%	3.09%	16.43%	11.35%			11.35%		
Value Added	-0.01%	<b>-0.0</b> 1%	-0.03%	-0.03%	-0.03%			-0.03%		

## Investment Performance – Non-US Equity \*



Manager	1 Quarter	2 Quarters	3 Quarters	1 Year	3 Years	5 Years	10 Years	Since Inception		
								Return	Date	
UNIVERSITY OF IOWA OPERATING PORTFOLIO										
Vanguard AW Ex-US Index Fund	7.00%	14.43%	5.95%	18.57%	4.41%			17.04%	03/31/09	
FTSE All World Ex-US Index	6.10%	14.20%	5.63%	17.80%	4.44%			17.36%		
Value Added	+0.90%	+0.23%	+0.32%	+0.77%	-0.03%			-0.32%		
IOWA STATE UNIVERSITY OPERATING PORTFO										
Vanguard AW Ex-US Index Fund	7.03%	14.42%	5.87%	18.46%	4.26%			4.26%	12/31/09	
FTSE All World Ex-US Index	6.10%	14.20%	5.63%	17.80%	4.44%			4.44%		
Value Added	+0.93%	+0.22%	+0.24%	+0.66%	-0.18%			-0.18%		

## Investment Performance – Fixed Income \*



Manager	1 Quarter	2 Quarters	3 Quarters	1 Year	3 Years	5 Years	10 Years	Since In	ception
								Return	Date
UNIVERSITY OF IOWA OPERATING PORTFOL	Ю								
Vanguard High Yield Fund	3.07%	7.38%	9.69%	14.47%	11.36%			17.60%	03/31/09
Barclays High Yield Index	3.29%	7.97%	9.95%	15.81%	11.86%			21.71%	
Value Added	-0.22%	-0.59%	-0.26%	-1.34%	-0.50%			-4.11%	
Vanguard Inflation Protected Sec Fund	0.57%	2.76%	6.09%	6.87%	8.81%			8.49%	03/31/09
Barclays US TIPS Index	0.69%	2.82%	6.07%	6.98%	8.90%			8.62%	
Value Added	-0.12%	-0.06%	+0.02%	<b>-0.</b> 11%	-0.09%			<b>-0.13%</b>	
Vanguard Total Bond Market Fund	0.14%	1.71%	3.92%	4.22%	6.17%			6.46%	03/31/09
Barclays Aggregate Index	0.21%	1.80%	3.90%	4.22%	6.19%			6.51%	
Value Added	-0.07%	-0.09%	+0.02%	+0.00%	-0.02%			-0.05%	
IOWA STATE UNIVERSITY OPERATING PORTI									
Vanguard High Yield Fund	3.07%	7.38%	9.67%	14.45%	11.36%			11.36%	12/31/0
Barclays High Yield Index	3.29%	7.97%	9.95%	15.81%	11.86%			11.86%	
Value Added	-0.22%	-0.59%	-0.28%	-1.36%	-0.50%			-0.50%	
Vanguard Inflation Protected Sec Fund	0.57%	2.76%	6.09%	6.87%	8.82%			8.82%	12/31/09
Barclays US TIPS Index	0.69%	2.82%	6.07%	6.98%	8.90%			8.90%	
Value Added	-0.12%	-0.06%	+0.02%	<b>-0.11%</b>	-0.08%			<b>-0.08%</b>	
Vanguard Total Bond Market Fund	0.13%	1.69%	3.90%	4.19%	6.16%			6.16%	12/31/0
Barclays Aggregate Index	0.21%	1.80%	3.90%	4.22%	6.19%			6.19%	
Value Added	-0.08%	-0.11%	+0.00%	-0.03%	-0.03%			-0.03%	

### Investment Performance – Real Estate \*



Manager	1 Quarter	2 Quarters	3 Quarters	1 Year	3 Years	5 Years	10 Years	Since In	ception
								Return	Date
UNIVERSITY OF IOWA OPERATING PORTFOLIO									
Vanguard REIT Index Fund	2.50%	2.46%	6.34%	17.74%	18.06%			35.69%	03/31/09
MSCI US REIT Index	2.51%	2.52%	6.36%	17.78%	18.04%			35.73%	
Value Added	-0.01%	-0.06%	-0.02%	-0.04%	+0.02%			-0.04%	
IOWA STATE UNIVERSITY OPERATING PORTFO	LIO								
Vanguard REIT Index Fund	2.50%	2.46%	6.34%	17.74%	18.03%			18.03%	12/31/09
MSCI US REIT Index	2.51%	2.52%	6.36%	17.78%	18.04%			18.04%	
Value Added	-0.01%	-0.06%	-0.02%	-0.04%	-0.01%			-0.01%	

### Investment Performance – Cash \*



Manager	1 Quarter	2 Quarters	3 Quarters	1 Year	3 Years	5 Years	10 Years	Since In	ception
								Return	Date
UNIVERSITY OF IOWA OPERATING PORTFOLIC									
Vanguard Prime Money Market Fund	0.03%	0.05%	0.09%	0.10%	0.15%			0.20%	03/31/09
91-Day Treasury Bill	0.04%	0.07%	0.10%	0.11%	0.11%			0.13%	
Value Added	-0.01%	-0.02%	-0.01%	-0.01%	+0.04%			+0.07%	
BlackRock Money Market	0.05%	0.08%	0.12%	0.16%	0.16%			0.16%	03/31/10
91-Day Treasury Bill	0.04%	0.07%	0.10%	0.11%	0.11%			0.11%	
Value Added	+0.01%	+0.01%	+0.02%	+0.05%	+0.05%			+0.05%	
Federated Prime Value Obligations	0.04%	0.09%	0.14%	0.20%	0.18%			0.18%	03/31/10
91-Day Treasury Bill	0.04%	0.07%	0.10%	0.11%	0.11%			0.11%	
Value Added	+0.00%	+0.02%	+0.04%	+0.09%	+0.07%			+0.07%	
SSGA Liquid Reserves	0.05%	0.10%	0.15%	0.20%				0.19%	09/30/11
91-Day Treasury Bill	0.04%	0.07%	0.10%	0.11%				0.07%	
Value Added	+0.01%	+0.03%	+0.05%	+0.09%				+0.12%	
IOWA STATE UNIVERSITY OPERATING PORTFO	DLIO	1							
Great Western Bank Money Market	0.08%	0.18%	0.28%	0.39%	0.39%			0.39%	12/31/09
91-Day Treasury Bill	0.04%	0.07%	0.10%	0.11%	0.11%			0.11%	
Value Added	+0.04%	+0.11%	+0.18%	+0.28%	+0.28%			+0.28%	
Vanguard Prime Money Market Fund	0.03%	0.05%	0.08%	0.11%				0.11%	09/30/11
91-Day Treasury Bill	0.04%	0.07%	0.10%	0.11%				0.07%	
Value Added	-0.01%	-0.02%	-0.02%	+0.00%				+0.04%	

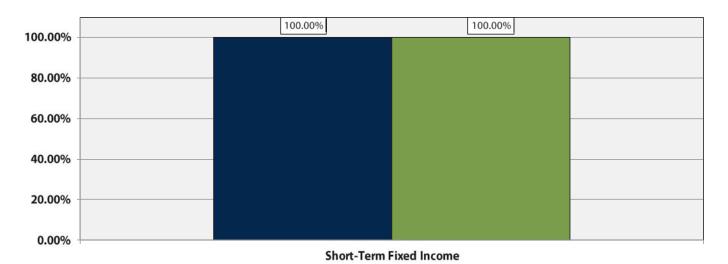
# Section 2 Short-Term Fixed Income Portfolio

## Asset Allocation



### Quarter Ending December 31, 2012

#### University of Iowa Short-Term Fixed Income Portfolio



## Asset Allocation



### Quarter Ending December 31, 2012

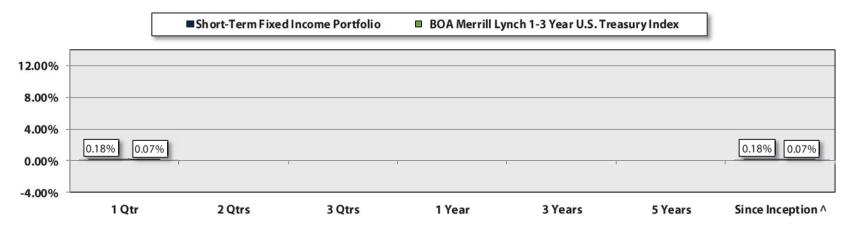
#### University of Iowa Short-Term Fixed Income Portfolio

		А	sset Allocatio	n
Manager / Asset Class	Market Value	Total	Fund	Structure
	(000's)	Actual	Policy	Actual
PIMCO Low Duration Fund II	\$5,028	20.04%		20.04%
Vanguard Short-Term Investment Grade Fund	\$5,051	20.13%		20.13%
DFA One-Year Fixed Income Portfolio	\$15,013	59.83%		59.83%
TOTAL SHORT-TERM FIXED INCOME	\$25,092	100.00%	100.00%	100.00%
TOTAL FUND	\$25,092	100.00%	100.00%	

## Investment Performance – Total Fund \*

### Quarter Ending December 31, 2012

University of Iowa Short-Term Fixed Income Portfolio



Wilshire

W

## Investment Performance – Fixed Income \*



Manager / Composite	1 Quarter	2 Quarters	3 Quarters	1 Year	3 Years	5 Years	10 Years	Since In	ception
	i quartor		o quartoro	i iou	e reare	U TOULO	it it it it	Return	Date
Intermediate Term Portfolio									
PIMCO Low Duration Fund II	0.19%							0.19%	09/30/12
BOA Merrill Lynch 1-3 Year U.S. Treasury Index	0.07%							0.07%	
Value Added	+0.12%							+0.12%	
Vanguard Short-Term Investment Grade Fund	0.58%							0.58%	09/30/12
Barclays U.S. 1-5 Year Credit Index	0.58%							0.58%	
Value Added	+0.00%							+0.00%	
DFA One-Year Fixed Income Portfolio	0.04%						200000000000000000000000000000000000000	0.04%	09/30/12
BOA Merrill Lynch 1 Year Treasury Note Index	0.06%							0.06%	
Value Added	-0.02%							-0.02%	
Short-Term Fixed Income Composite	0.18%							0.18%	09/30/12
BOA Merrill Lynch 1-3 Year U.S. Treasury Index	0.07%							0.07%	
Value Added	+0.11%							<b>+0.</b> 11%	

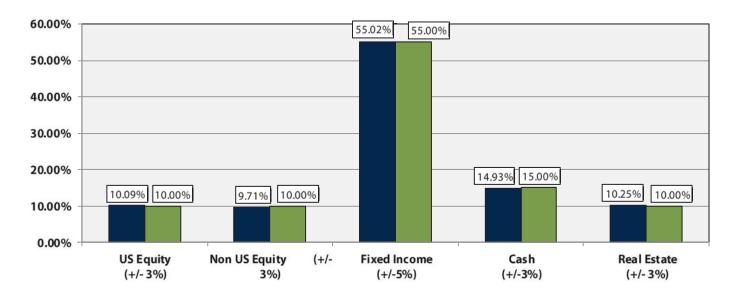
# **Section 3** Intermediate Term Portfolios

## Asset Allocation



### Quarter Ending December 31, 2012

#### University of Iowa Intermediate Term Portfolio



A new policy asset allocation was approved by the Board of Regents on 2/2/2011 reflecting the intermediate term investment horizon for the Quasi-Endowment portfolio. Upon implementation the asset allocation policy will be as followed commencing on June 30, 2011: 10% Dow Jones U.S. Total Stock Market Index, 10% MSCI ACWI ex-US Index, Dow Jones U.S. Select REIT Index, 40% Barclays U.S. Aggregate Bond Index, 5% Barclays U.S. High Yield Index, 10% Barclays U.S. TIPS Index, and 15% 91-Day T-Bill Index.

## Asset Allocation



### Quarter Ending December 31, 2012

#### University of Iowa Intermediate Term Portfolio

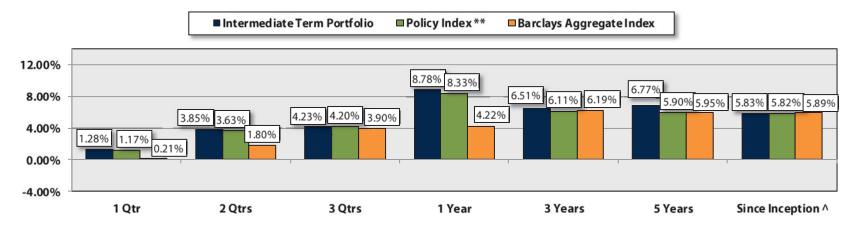
		As	set Allocatio	n
Manager / Asset Class	Market Value	Total F	Fund	Structure
	(000's)	Actual	Policy	Actual
SSGA U.S. Total Market Index	\$21,464	10.09%		100.00%
TOTAL US EQUITY	\$21,464	10.09%	10.00%	100.00%
SSGA MSCI ACWI ex-U.S. Index	\$20,650	9.71%		100.00%
TOTAL NON-US EQUITY	\$20,650	9.71%	10.00%	100.00%
SSGA U.S. High Yield Bond Index	\$10,717	5.04%	5.00%	9.16%
SSGA U.S. TIPS Index	\$21,126	9.93%	10.00%	18.05%
SSGA U.S. Aggregate Bond Index	\$42,551	20.01%	20.00%	36.36%
Dodge & Cox Income	\$42,629	20.04%	20.00%	36.43%
TOTAL FIXED INCOME	\$117,023	55.02%	55.00%	100.00%
SSGA U.S. REIT Index	\$21,802	10.25%		100.00%
TOTAL REAL ESTATE	\$21,802	10.25%	10.00%	100.00%
TOTAL CASH	\$31,737	14.93%	15.00%	100.00%
TOTAL FUND	\$212,676	100.00%	100.00%	

## Investment Performance – Total Fund \*



### Quarter Ending December 31, 2012

University of Iowa Intermediate Term Portfolio



\* Net of Fees

\*\* 10% Wilshire 5000 Index, 10% MSCI ACWI ex-US Index, 10% Wilshire REIT Index, 40% Barclays U.S. Aggregate Bond Index, 5% Barclays U.S. High Yield 2% Issuer Cap Index, 10% Barclays U.S. TIPS Index, and 15% 91-Day T-Bill Index from June 30, 2011 till Present; 100.0% Barclays Aggregate from June, 30. 2001 until March 31, 2011; 100% Barclays Gov't / Credit Index from Inception until June 30, 2001 ^ Quasi / Intermediate Term Pool Inception 06/30/1998

## Investment Performance – US Equity \*



Manager / Composite	1 Quarter	er 2 Quarters	3 Quarters	s 1 Year	1 Year 3 Years	5 Years	10 Years	Since Inception	
								Return	Date
Intermediate Term Portfolio									
SSGA U.S. Total Market Index	0.20%	6.34%	2.99%	16.29%				6.87%	06/30/11
Wilshire 5000 Index	0.10%	6.26%	2.93%	16.06%				6.86%	
Value Added	+0.10%	+0.08%	+0.06%	+0.23%				+0.01%	

## Investment Performance – Non-US Equity \*



Manager / Composite	1 Quarter	arter 2 Quarters	3 Quarters	s 1 Year	1 Year 3 Years	5 Years	10 Years	Since Inception	
								Return	Date
Intermediate Term Portfolio									
SSGA MSCI ACWI ex-U.S. Index	5.86%	13.65%	4.98%	16.65%				-2.02%	06/30/11
MSCI ACW Ex-US Index	5.89%	13.83%	5.43%	17.39%				-1.52%	
Value Added	-0.03%	<b>-0.18%</b>	-0.45%	-0.74%				-0.50%	

## Investment Performance – Fixed Income \*



### Quarter Ending December 31, 2012

Manager / Composite	1 Quarter	2 Quarters	3 Quarters	1 Year	3 Years	5 Years	10 Years	Since Inception	
	, duartor		o quartoro	i ioui	e reare	e reare	ite reare	Return	Date
Intermediate Term Portfolio									
Dodge & Cox	0.98%	3.38%	4.61%	7.58%	6.22%	6.76%		5.42%	03/31/04
Barclays Aggregate Index	0.21%	1.80%	3.90%	4.22%	6.19%	5.95%		5.14%	
Value Added	+0.77%	+1.58%	+0.71%	+3.36%	+0.03%	+0.81%		+0.28%	
SSGA U.S. Aggregate Bond Index	0.24%	1.81%	3.89%	4.16%				6.10%	06/30/11
Barclays Aggregate Index	0.21%	1.80%	3.90%	4.22%				6.18%	
Value Added	+0.03%	+0.01%	-0.01%	-0.06%				-0.08%	
SSGA U.S. TIPS Index	0.69%	2.81%	6.05%	6.92%				9.61%	06/30/11
Barclays U.S. TIPS	0.69%	2.82%	6.07%	6.98%				9.65%	
Value Added	+0.00%	-0.01%	-0.02%	-0.06%				-0.04%	
SSGA U.S. High Yield Bond Index**	2.84%	6.94%	8.85%	13.19%				10.00%	06/30/11
Barclays U.S. High Yield 2% lss. Cap Index	3.22%	7.74%	9.85%	15.00%				10.63%	
Value Added	-0.38%	-0.80%	-1.00%	-1.81%				-0.63%	
Fixed Income Composite	0.82%	3.02%	4.97%	6.69%	6.90%	7.01%	5.84%	6.06%	03/31/01
Policy Index	0.61%	2.61%	4.93%	5.89%	6.81%	6.32%	5.37%	5.86%	
Value Added	+0.21%	+0.41%	+0.04%	+0.80%	+0.09%	+0.69%	+0.47%	+0.20%	

\*\* The benchmark for SSGA U.S. High Yield Bond Index, Barclays High Yield \$200M Very Liquid Index (Non-144A New), is not contained in Wilshire's reporting system.

## Investment Performance – Real Estate \*



Manager / Composite	1 Quarter	Quarter 2 Quarters	3 Quarters	s 1 Year	1 Year 3 Years	fears 5 Years	10 Years	Since Inception	
			•					Return	Date
Intermediate Term Portfolio									
SSGA U.S. REIT Index**	2.30%	1.88%	5.65%	16.90%				9.90%	06/30/11
Wilshire REIT Index	2.48%	2.33%	6.14%	17.59%				10.31%	
Value Added	<b>-0.18%</b>	<b>-0.45%</b>	-0.49%	-0.69%				-0.41%	

## Investment Performance – Cash \*



Manager / Composite	1 Quarter	2 Quarters	3 Quarters	1 Year	3 Years	5 Years	10 Years	Since Inception	
								Return	Date
Intermediate Term Portfolio									
SSGA Liquid Reserves Fund	0.05%	0.10%	0.15%	0.18%				0.17%	06/30/11
91-Day Treasury Bill	0.04%	0.07%	0.10%	0.11%				0.09%	
Value Added	+0.01%	+0.03%	+0.05%	+0.07%				+0.08%	

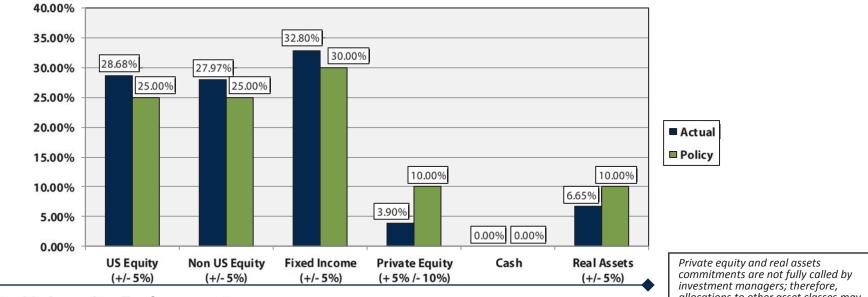
# **Section 4** Endowment Portfolios

## Asset Allocation

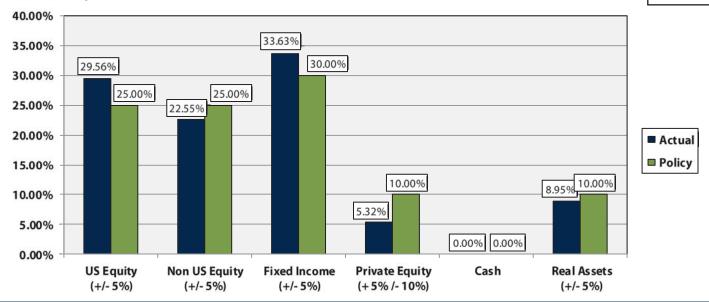


### Quarter Ending December 31, 2012

#### **University of Iowa Endowment**



#### Iowa State University Endowment



allocations to other asset classes may be temporarily outside policy ranges.



### Quarter Ending December 31, 2012

#### University of Iowa Endowment

#### Iowa State University Endowment

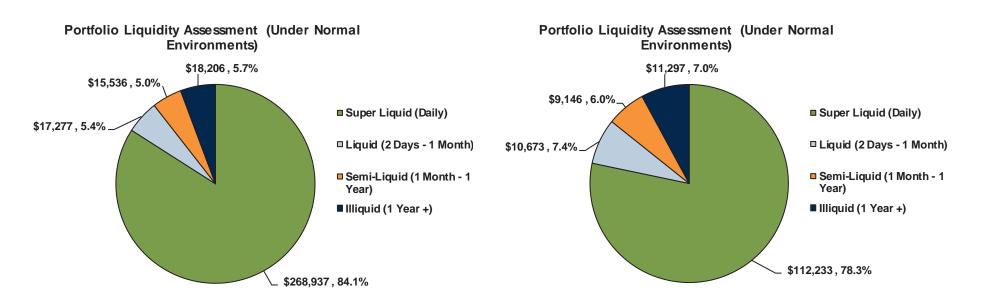
		Asset Allocation					Asset Allocation		
Manager / Asset Class	Market Value (000's)	Total Fund		Structure Manager / Asset Class		Market Value	Total Fund		Structure
		Actual	Policy	Actual		(000's)	Actual	Policy	Actual
Vanguard S&P 500	\$73,056	22.83%		79.62%	Vanguard S&P 500	\$33,690	23.50%		79.50%
Delaw are Investments	\$18,703	5.85%		20.38%	Delaw are Investments	\$8,687	6.06%		20.50%
TOTAL US EQUITY	\$91,759	28.68%	25.00%	100.00%	TOTAL US EQUITY	\$42,377	29.56%	25.00%	100.00%
GMO Foreign Fund	\$42,993	13.45%		48.03%	GMO Foreign Fund	\$16,535	11.53%		51.15%
SSgA ACW Ex-US Index	\$46,514	14.54%		51.97%	SSgA ACW Ex-US Index	\$15,791	11.02%		48.85%
TOTAL NON-US EQUITY	\$89,507	27.97%	25.00%	100.00%	TOTAL NON-US EQUITY	\$32,326	22.55%	25.00%	100.00%
Neuberger Berman High Yield	\$17,277	5.41%	5.00%	16.46%	Neuberger Berman High Yield	\$10,673	7.45%	5.00%	22.14%
Chicago Equity Partners	\$43,757	13.68%		41.69%	Chicago Equity Partners	\$18,528	12.92%		38.44%
Reams Asset Management	\$43,914	13.72%		41.84%	Reams Asset Management	\$19,002	13.26%		39.42%
TOTAL FIXED INCOME	\$104,948	32.80%	30.00%	100.00%	TOTAL FIXED INCOME	\$48,203	33.63%	30.00%	100.00%
TOTAL PRIVATE EQUITY	\$12,463	3.90%	10.00%	100.00%	TOTAL PRIVATE EQUITY	\$7,621	5.32%	10.00%	100.00%
TOTAL REAL ASSETS	\$21,280	6.65%	10.00%	100.00%	TOTAL REAL ASSETS	\$12,824	8.94%	10.00%	100.00%
TOTAL CASH	\$0	0.00%	0.00%		TOTAL CASH	\$0	0.00%	0.00%	
	<i>\$</i> 0	0.0070	0.0070			<b>\$</b>	0.0070	010070	
TOTAL FUND	\$319,957	100.00%	100.00%		TOTAL FUND	\$143,351	100.00%	100.00%	

# Liquidity Chart



#### Quarter Ending December 31, 2012

#### University of Iowa Endowment



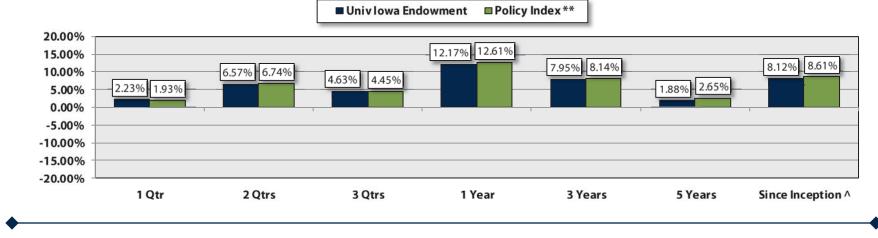
#### Iowa State University Endowment

## Investment Performance – Total Fund \*

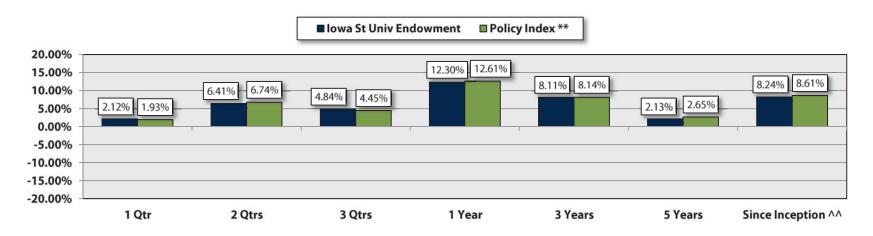


#### Quarter Ending December 31, 2012

#### University of Iowa Endowment



Iowa State University Endowment



\* Net of Fees

\*\* 25.0% Wilshire 5000, 25.0% MSCI EAFE (N), 25.0% Barclays Aggregate, 5.0% ML High Yield II Total Return, 10.0% CPI +5% (Annualized), 10% Private Equity Benchmark (Wilshire 5000 Index)

^ University of Iowa Endowment Inception 03/31/1989

^^ Iowa State Endowment Inception 03/31/1989

## Investment Performance – US Equity \*



Manager / Composite	1 Quarter	2 Quarters	3 Quarters	1 Year	3 Years	5 Years	10 Years	Since In	ception
								Return	Date
UNIVERSITY OF IOWA ENDOWMENT									
Vanguard S&P 500 Index Fund	-0.39%	5.93%	2.98%	15.95%	10.77%			3.88%	03/31/08
S&P 500 Index	-0.38%	5.94%	3.02%	15.98%	10.86%			3.89%	
Value Added	-0.01%	-0.01%	-0.04%	-0.03%	-0.09%			<b>-0.0</b> 1%	
Delaware Investments	1.13%	6.37%	3.16%	16.51%	15.10%			23.46%	03/31/09
Russell 2000 Index	1.85%	7.19%	3.47%	16.34%	12.25%			22.11%	
Value Added	-0.72%	-0.82%	-0.31%	<b>+0.17%</b>	+2.85%			+1.35%	
US Equity Composite	-0.08%	6.03%	3.03%	16.07%	11.53%	1.69%	6.91%	9.02%	03/31/89
Wilshire 5000 Index	0.10%	6.26%	2.93%	16.06%	11.15%	2.03%	7.85%	9.22%	
Value Added	-0.18%	-0.23%	+0.10%	+0.01%	+0.38%	-0.34%	-0.94%	-0.20%	
IOWA STATE UNIVERSITY ENDOWMENT									
Vanguard S&P 500 Index Fund	-0.43%	5.89%	2.96%	15.89%	10.76%			3.87%	03/31/08
S&P 500 Index	-0.38%	5.94%	3.02%	15.98%	10.86%			3.89%	
Value Added	-0.05%	-0.05%	-0.06%	-0.09%	-0.10%			-0.02%	
Delaware Investments	1.26%	6.49%	3.30%	16.56%	15.14%			23.55%	03/31/09
Russell 2000 Index	1.85%	7.19%	3.47%	16.34%	12.25%			22.11%	
Value Added	-0.59%	-0.70%	-0.17%	+0.22%	+2.89%			+1.44%	
US Equity Composite	-0.08%	6.07%	3.09%	16.09%	11.49%	1.69%	6.80%	8.82%	03/31/89
Wilshire 5000 Index	0.10%	6.26%	2.93%	16.06%	11.15%	2.03%	7.85%	9.22%	
Value Added	-0.18%	-0.19%	+0.16%	+0.03%	+0.34%	-0.34%	-1.05%	-0.40%	

## Investment Performance – Non-US Equity \*



Manager / Composite	1 Quarter	2 Quarters	3 Quarters	1 Year	3 Years	5 Years	10 Years	Since In	ception
			o quartoro	i ioui	U TOULO	e reare	it it it it	Return	Date
UNIVERSITY OF IOWA ENDOWMENT	1	1							
GMO Foreign Fund	6.57%	12.29%	4.91%	16.16%	1.82%	-4.87%		4.26%	03/31/04
MSCI EAFE Index (N)	6.57%	13.94%	5.82%	17.31%	3.56%	-3.69%		4.92%	
Value Added	+0.00%	-1.65%	-0.91%	-1.15%	-1.74%	-1.18%		-0.66%	
SSgA ACW Ex-US Index Fund	5.83%	13.60%	4.93%	16.61%	3.65%			9.67%	06/30/09
MSCIACW Ex-US Index	5.89%	13.83%	5.43%	17.39%	4.33%			10.35%	
Value Added	-0.06%	-0.23%	-0.50%	-0.78%	-0.68%			-0.68%	
Non-US Equity Composite	6.19%	12.83%	4.73%	16.07%	2.63%	-4.17%	8.33%	5.08%	09/30/04
MSCI EAFE Index (N)	6.57%	13.94%	5.82%	17.31%	3.56%	-3.69%	8.20%	4.57%	
Value Added	-0.38%	-1.11%	-1.09%	-1.24%	-0.93%	-0.48%	+0.13%	+0.51%	
IOWA STATE UNIVERSITY ENDOWM ENT									
GMO Foreign Fund	6.58%	12.31%	4.93%	16.17%	1.85%	-4.88%		4.24%	03/31/04
MSCI EAFE Index (N)	6.57%	13.94%	5.82%	17.31%	3.56%	-3.69%		4.92%	
Value Added	+0.01%	-1.63%	-0.89%	-1.14%	-1.71%	-1.1 <mark>9</mark> %		-0.68%	
SSgA ACW Ex-US Index Fund	5.86%	13.65%	4.97%	16.67%	3.66%			9.68%	06/30/09
MSCIACW Ex-US Index	5.89%	13.83%	5.43%	17.39%	4.33%			10.35%	
Value Added	-0.03%	-0.18%	-0.46%	-0.72%	-0.67%			-0.67%	
Non-US Equity Composite	6.23%	12.85%	4.75%	16.08%	2.90%	-4.04%	8.23%	4.96%	09/30/04
MSCI EAFE Index (N)	6.57%	13.94%	5.82%	17.31%	3.56%	-3.69%	8.20%	4.57%	
Value Added	-0.34%	-1.09%	-1.07%	-1.23%	-0.66%	-0.35%	+0.03%	+0.39%	
value Added	-0.34%	-1.09%	-1.07%	-1.23%	-0.66%	-0.35%	+0.03%	+0.39%	

## Investment Performance – Fixed Income \*



Manager / Composite	1 Quarter	2 Quarters	3 Quarters	1 Year	3 Years	5 Years	10 Years	Since Inc	ception
						• • • • • •		Return	Date
UNIVERSITY OF IOWA ENDOWMENT									
Chicago Equity Partners	-0.06%	0.95%	3.57%	2.89%				6.66%	03/31/1 <sup>-</sup>
Barclays Aggregate Index	0.21%	1.80%	3.90%	4.22%				6.65%	
Value Added	-0.27%	-0.85%	-0.33%	-1.33%				+0.01%	
Reams	0.54%	2.53%	4.42%	6.27%	6.97%	6.72%	5.66%	5.69%	09/30/0
Barclays Aggregate Index	0.21%	1.80%	3.90%	4.22%	6.19%	5.95%	5.18%	5.21%	
Value Added	+0.33%	+0.73%	+0.52%	+2.05%	+0.78%	+0.77%	+0.48%	+0.48%	
Neuberger Berman High Yield	3.11%	7.51%	9.54%	15.15%				18.27%	09/30/1
ML High Yield II Total Return Index	3.18%	7.95%	9.92%	15.58%				17.80%	
Value Added	-0.07%	-0.44%	-0.38%	-0.43%				+0.47%	
Fixed Income Composite	0.71%	2.67%	4.89%	6.20%	7.75%	7.44%	5.86%	7.41%	03/31/8
Policy Index	0.21%	3.68%	4.00%	5.16%	6.19%	6.53%	5.33%	7.29%	01/07/0
Value Added	+0.50%	-1.01%	+0.89%	+1.04%	+1.56%	+0.91%	+0.53%	+0.12%	
IOWA STATE UNIVERSITY ENDOWMEN	т								
Chicago Equity Partners	-0.03%	0.90%	3.53%	2.76%				6.62%	03/31/1
Barclays Aggregate Index	0.21%	1.80%	3.90%	4.22%				6.65%	
Value Added	-0.24%	-0.90%	-0.37%	-1.46%				-0.03%	
Reams	0.64%	2.65%	4.50%	6.45%	7.23%	7.18%	5.91%	5.93%	09/30/0
Barclays Aggregate Index	0.21%	1.80%	3.90%	4.22%	6.19%	5.95%	5.18%	5.21%	
Value Added	+0.43%	+0.85%	+0.60%	+2.23%	+1.04%	+1.23%	+0.73%	+0.72%	
Neuberger Berman High Yield	3.11%	7.51%	9.69%	15.15%				18.25%	09/30/1
ML High Yield II Total Return Index	3.18%	7.95%	9.92%	15.58%				17.80%	
Value Added	-0.07%	-0.44%	-0.23%	-0.43%				+0.45%	
Fixed Income Composite	0.94%	3.02%	5.24%	6.77%	8.16%	7.83%	6.05%	7.05%	03/31/8
Policy Index	0.21%	3.68%	4.00%	5.16%	6.19%	6.53%	5.33%	7.29%	
Value Added	+0.73%	-0.66%	+1.24%	+1.61%	+1.97%	+1.30%	+0.72%	-0.24%	

## **Private Market Allocation Summary**



#### Quarter Ending December 31, 2012

	UNIVERSITY OF IOW	A ENDOWMENT	IOWA STATE UNIVERSIT	Y ENDOWM ENT
	Thousands (\$)	Allocation (%)	Thousands (\$)	Allocation (%)
Total Portfolio Assets	\$319,957	100.0%	\$143,351	100.0%
Private Equity Target Allocation	\$31,996	10.0%	\$14,335	10.0%
Private Equity Market Value	\$12,463	3.9%	\$7,621	5.3%
Unfunded Commitments	\$19,550	6.1%	\$9,780	6.8%
Market Value + Unfunded	\$32,013	10.0%	\$17,401	12.1%
Remaining Allocation	-\$18	0.0%	-\$3,066	-2.1%
Private Real Assets Target Allocation	\$31,996	10.0%	\$14,335	10.0%
Private Real Assets Market Value	\$21,280	6.7%	\$12,824	8.9%
Unfunded Commitments	\$25,110	7.8%	\$11,233	7.8%
Market Value + Unfunded	\$46,390	14.5%	\$24,057	16.8%
Remaining Allocation	-\$14,394	-4.5%	-\$9,722	-6.8%

For reporting purposes, Private Equity and Private Real Asset manager valuations are displayed on a one quarter lag, but reflect current quarter cash flows.

## Investment Performance – Private Equity\*



Manager / Composite	1 Quarter	2 Quarters	3 Quarters	1 Year	3 Years	5 Years	10 Years	Since Inc	eption
								Return	Date
UNIVERSITY OF IOWA ENDOWMENT									
NB Crossroads XVIII	6.87%	7.11%	11.95%	15.27%	17.89%	4.51%		4.80%	12/31/06
CF Int'l Partners VI	5.19%	3.80%	10.48%	11.69%	4.08%	6.17%		-12.23%	03/31/07
CF Private Equity VII	1.85%	1.38%	6.21%	11.07%	8.71%	-1.99%		-34.49%	03/31/07
CF Venture Partners VIII	-1.54%	-1.32%	1.79%	2.31%	10.60%	9.14%		-21.41%	06/30/07
Landmark Equity Partners XIV	3.27%	6.64%	6.05%	7.58%				21.36%	03/31/10
Adams Street 2010 U.S. Fund	3.54%	2.80%	7.45%	12.08%				13.52%	06/30/10
Adams Street 2010 Non-U.S. Developed Fund	4.18%	1.51%	6.25%	12.76%				-11.99%	06/30/10
Adams Street 2010 Emerging Markets	-1.58%	-5.51%	-10.04%	-16.52%				-14.94%	03/31/11
Adams Street 2012 U.S. Fund	4.39%	-0.05%	-20.27%					-20.27%	03/31/12
Adams Street 2012 Non-U.S. Developed Fund	16.60%	6.95%	-21.24%					-21.24%	03/31/12
Adams Street 2012 Emerging Markets	2.35%	-9.64%						-9.64%	06/30/12
Private Equity Composite	4.46%	4.76%	8.24%	11.13%	15.68%	3.96%		3.63%	12/31/00
Wilshire 5000 Index	0.10%	6.26%	2.93%	16.06%	11.15%	2.03%		2.62%	
Value Added	+4.36%	-1.50%	+5.31%	-4.93%	+4.53%	+1.93%		+1.01%	
IOWA STATE UNIVERSITY ENDOWM ENT									
NB Crossroads XVIII	6.89%	7.13%	11.97%	15.29%	17.90%	4.51%		4.80%	12/31/06
CF Int'l Partners VI	5.19%	3.80%	10.48%	11.69%	4.08%	6.17%		-12.23%	03/31/07
CF Private Equity VII	1.83%	1.35%	6.19%	11.04%	8.70%	-2.00%		-34.49%	03/31/07
CF Venture Partners VIII	-1.55%	-1.32%	1.79%	2.30%	10.56%	9.12%		-21.43%	06/30/07
Landmark Equity Partners XIV	3.27%	6.64%	6.05%	7.58%				21.36%	03/31/10
Adams Street 2010 U.S. Fund	3.54%	2.80%	7.45%	12.08%				13.52%	06/30/10
Adams Street 2010 Non-U.S. Developed Fund	4.18%	1.51%	6.25%	12.76%				-11.99%	06/30/10
Adams Street 2010 Emerging Markets	-1.58%	-5.51%	-10.04%	-16.52%				-14.79%	03/31/11
Adams Street 2012 U.S. Fund	4.39%	-0.05%	-20.27%					-20.27%	03/31/12
Adams Street 2012 Non-U.S. Developed Fund	16.59%	6.95%	-21.24%					-21.24%	03/31/12
Adams Street 2012 Emerging Markets	2.35%	-9.65%						-9.65%	06/30/12
Private Equity Composite	4.46%	4.77%	8.40%	11.32%	15.59%	3.94%		3.58%	12/31/06
Wilshire 5000 Index	0.10%	6.26%	2.93%	16.06%	11.15%	2.03%		2.62%	
Value Added	+4.36%	-1.49%	+5.47%	-4.74%	+4.44%	+1.91%		+0.96%	

# Commitment Schedule – Private Equity \*



## Quarter Ending December 31, 2012

Manager / Composite	Inception Date	Current Market Value	Commitment Value	Capital Called	% Called	Distributed Capital <sup>1</sup>	TVPI (Total Value / Paid-In) <sup>2</sup>	IRR Since Inception
UNIVERSITY OF IOWA ENDOWMENT								
NB Crossroads XVIII	11/15/2006	\$4,997,250	\$6,000,000	\$4,980,000	83%	\$1,268,290	1.26	5.7%
CF Int'l Partners VI	4/15/2007	\$883,428	\$1,200,000	\$852,000	71%	\$61,462	1.11	4.3%
CF Private Equity VII	4/15/2007	\$1,370,310	\$2,400,000	\$1,352,400	56%	\$164,376	1.13	5.5%
CF Venture Partners VIII	9/15/2007	\$872,371	\$1,000,000	\$755,487	76%	\$34,543	1.20	7.9%
Landmark Equity Partners XIV	4/15/2010	\$2,414,717	\$4,400,000	\$2,657,314	60%	\$806,114	1.21	20.2%
Adams Street 2010 U.S. Fund	6/15/2010	\$839,443	\$2,440,000	\$814,960	33%	\$102,363	1.16	12.5%
Adams Street 2010 Non-U.S. Developed Fund	6/15/2010	\$375,986	\$1,470,000	\$403,515	27%	\$42,360	1.04	3.5%
Adams Street 2010 Emerging Markets	6/15/2011	\$88,272	\$490,000	\$101,920	21%	\$0	0.87	-19.3%
Adams Street 2012 U.S. Fund	3/30/2012	\$398,834	\$7,050,000	\$405,375	6%	\$0		
Adams Street 2012 Non-U.S. Developed Fund	2/6/2012	\$127,600	\$4,240,000	\$127,200	3%	\$0		
Adams Street 2012 Emerging Markets	6/15/2012	\$94,909	\$1,410,000	\$99,405	7%	\$0		
Private Equity Composite	11/15/2006	\$12,463,120	\$32,100,000	\$12,549,576	39%	\$2,479,508	1.19	6.8%
IOWA STATE UNIVERSITY ENDOWMENT								
NB Crossroads XVIII	11/15/2006	\$3,123,282	\$3,750,000	\$3,112,500	83%	\$792,681	1.26	5.7%
CF Int'l Partners VI	4/15/2007	\$588,957	\$800,000	\$568,000	71%	\$40,976	1.11	4.3%
CF Private Equity VII	4/15/2007	\$913,535	\$1,600,000	\$1,001,600	63%	\$209,585	1.12	5.5%
CF Venture Partners VIII	9/15/2007	\$523,422	\$600,000	\$459,000	77%	\$26,434	1.20	7.9%
Landmark Equity Partners XIV	4/15/2010	\$1,426,880	\$2,600,000	\$1,570,232	60%	\$476,343	1.21	20.2%
Adams Street 2010 U.S. Fund	6/15/2010	\$496,097	\$1,442,000	\$481,628	33%	\$60,495	1.16	12.5%
Adams Street 2010 Non-U.S. Developed Fund	6/15/2010	\$222,266	\$869,000	\$238,542	27%	\$25,041	1.04	3.5%
Adams Street 2010 Emerging Markets	6/15/2011	\$52,061	\$289,000	\$60,112	21%	\$0	0.87	-19.3%
Adams Street 2012 U.S. Fund	3/30/2012	\$175,375	\$3,110,000	\$178,250	6%	\$0		
Adams Street 2012 Non-U.S. Developed Fund	2/6/2012	\$56,275	\$1,870,000	\$56,100	3%	\$0		
Adams Street 2012 Emerging Markets	6/15/2012	\$42,405	\$620,000	\$44,415	7%	\$0		
Private Equity Composite	11/15/2006	\$7,620,555	\$17,550,000	\$7,770,379	44%	\$1,631,555	1.19	6.7%

<sup>1</sup>Distributions less expenses and investment fees

<sup>2</sup>Sum of current market value and distributed capital, divided by capital called

## Investment Performance – Private Real Assets \*



## Quarter Ending December 31, 2012

Manager / Composite	1 Quarter	2 Quarters	3 Quarters	1 Year	3 Years	5 Years	10 Years	Since Ince	ption
<b>.</b>								Return	Date
UNIVERSITY OF IOWA ENDOWMENT					L			1 1	
Principal Enhanced Property <sup>1</sup>	3.18%	6.71%	10.23%	12.84%	10.49%	-6.79%		-1.09%	03/31/06
NCREIF Property Index (Lagged)	2.34%	5.08%	7.80%	11.00%	10.90%	2.26%		5.80%	
Value Added	+0.84%	+1.63%	+2.43%	+1.84%	-0.41%	-9.05%		-6.89%	
CF Natural Resource Partners VIII	0.72%	-1.81%	-0.28%	4.17%	13.68%			11.18%	09/30/08
CPI +5%	0.44%	2.52%	3.82%	6.86%	7.22%			6.28%	
Value Added	+0.28%	-4.33%	-4.10%	-2.69%	+6.46%			+4.90%	
MREP Global III	3.10%	1.94%	1.91%	3.97%				-45.40%	03/31/10
NCREIF Property Index (Lagged)	2.34%	5.08%	7.80%	11.00%				12.82%	
Value Added	+0.76%	-3.14%	-5.89%	-7.03%				-58.22%	
CF Natural Resource Partners IX									
CPI +5%									
Value Added									
MREP Global VI								0.00%	06/30/12
NCREIF Property Index (Lagged)									
Value Added									
Real Assets Composite	2.79%	4.97%	7.85%	10.65%	9.19%	-7.14%		-1.37%	03/31/06
Policy Index	0.44%	2.52%	3.82%	6.86%	7.22%	2.51%		6.00%	
Value Added	+2.35%	+2.45%	+4.03%	+3.79%	+1.97%	-9.65%		-7.37%	
IOWA STATE UNIVERSITY ENDOWM ENT									
Principal Enhanced Property <sup>1</sup>	3.18%	6.71%	10.23%	12.85%	10.46%	-6.81%		-1.11%	03/31/06
NCREIF Property Index (Lagged)	2.34%	5.08%	7.80%	11.00%	10.90%	2.26%		5.80%	
Value Added	+0.84%	+1.63%	+2.43%	+1.85%	-0.44%	-9.07%		-6.91%	
CF Natural Resource Partners VIII	0.71%	-1.82%	-0.29%	4.16%	13.69%			11.18%	09/30/08
CPI +5%	0.44%	2.52%	3.82%	6.86%	7.22%			6.28%	
Value Added	+0.27%	-4.34%	-4.11%	-2.70%	+6.47%			+4.90%	
MREP Global III	3.10%	1.91%	1.91%	3.97%		*****		-45.40%	03/31/10
NCREIF Property Index (Lagged)	2.34%	5.08%	7.80%	11.00%				12.82%	
Value Added	+0.76%	-3.17%	-5.89%	-7.03%				-58.22%	
CF Natural Resource Partners IX									06/30/12
CPI +5%									
Value Added									
MREP Global VI									06/30/12
NCREIF Property Index (Lagged)									
Value Added									
Real Assets Composite	2.74%	4.83%	7.68%	10.51%	9.21%	-7.14%		-1.37%	03/31/06
Policy Index	0.44%	2.52%	3.82%	6.86%	7.22%	2.51%		6.00%	
Value Added	+2.30%	+2.31%	+3.86%	+3.65%	+1.99%	-9.65%		-7.37%	

<sup>1</sup>Principal Enhanced Property Fund's valuations and cash flows are lagged one quarter due to the availability of mangaer's data on a quarterly basis.

# Commitment Schedule – Private Real Assets \*



## Quarter Ending December 31, 2012

Manager / Composite	Inception Date	Current Market Value	Commitment Value	Capital Called	% Called	Distributed Capital <sup>1</sup>	TVPI (Total Value / Paid-In) <sup>2</sup>	IRR Since Inception
UNIVERSITY OF IOWA ENDOWM ENT								
Principal Enhanced Property <sup>3,4</sup>	6/15/2006	\$15,535,663						
CF NR Partners VIII	12/15/2008	\$3,369,563	\$6,000,000	\$3,375,000	56%	\$511,818	1.15	10.8%
Metropolitan Real Estate Partners Global III	3/15/2010	\$2,266,378	\$5,000,000	\$2,407,500	48%	\$80,000	0.97	-2.0%
CF NR Partners IX			\$11,000,000					
Metropolitan Real Estate Partners Global VI	6/30/2012	\$108,000	\$9,000,000	\$108,000	1%	\$0		
Private Real Assets Composite	6/15/2006	\$21,279,604	\$31,000,000	\$5,890,500	19%	\$591,818	1.08	0.76%
IOWA STATE UNIVERSITY ENDOWMENT								
Principal Enhanced Property <sup>3,4</sup>	6/15/2006	\$9,145,615						
CF NR Partners VIII	12/15/2008	\$2,246,374	\$4,000,000	\$2,250,000	56%	\$341,213	1.15	10.8%
Metropolitan Real Estate Partners Global III	3/15/2010	\$1,359,827	\$3,000,000	\$1,444,500	48%	\$48,000	0.97	-2.0%
CF NR Partners IX			\$4,000,000					
Metropolitan Real Estate Partners Global VI	6/30/2012	\$72,219	\$4,000,000	\$72,219	2%	\$0		
Private Real Assets Composite	6/15/2006	\$12,824,035	\$15,000,000	\$3,766,719	25%	\$389,213	1.08	0.76%

<sup>1</sup>Distributions less expenses and investment fees

<sup>2</sup>Sum of current market value and distributed capital, divided by capital called

<sup>3</sup>Certain statistics are not applicable because Principal Enhanced Property strategy is an open-ended fund.

<sup>4</sup>Principal Enhanced Property Fund's valuation is lagged one quarter.

# Section 5 Capital Market Update



#### **U.S. Equity**

The U.S. stock market posted a modest 0.1% return during the fourth quarter of 2012, as investors weighed the cross currents from the economic effects of Superstorm Sandy, results of the U.S. presidential election, additional Fed stimulus and the potential impacts from the impending fiscal cliff. U.S. equities concluded 2012 with a solid gain of 16.1%, marking its fourth consecutive year of positive returns and a 76.2% advance since the end of 2008.

Financials was the best performing sector for the quarter and year with returns of 4.9% and 26.4%, respectively. For the year, all sectors posted positive total returns with Consumer Discretionary stocks (23.9%) following Financials for top honors, while the Energy (3.9%) and Utilities (2.2%) sectors lagged other groups.

Despite modest employment growth, the U.S. unemployment rate has dropped from a recent high of 10% in Oct 2009 to its current rate of 7.8%. However, some of the improvement have resulted from a discouraged worker effect. The BLS U6 rate, which includes marginally attached workers and those in part time positions for economic reasons, remains at an elevated 14.4%.

#### Non-U.S. Equity

Despite the continued fiscal turmoil in continental Europe, 2012 proved to be a good year for global stocks overall. The euro received additional support from the European Central Bank, preventing a breakup of the Eurozone and providing a boost to the stocks of safer bourses such as Germany and France. Markets in the Asia-Pacific region enjoyed very strong performance for the quarter and year, despite giving up some return for U.S. dollar-based investors. The global economic slowdown dampened performance for emerging markets for the quarter, although gains for the year were resilient.

#### **Fixed Income**

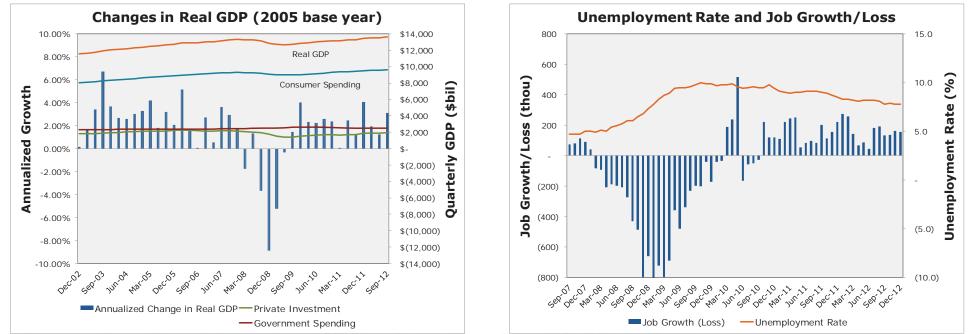
Fixed income markets stayed true to the trends as driven by Federal Reserve policy: Rock-bottom Treasury yields pushing investors to seek additional basis points of yield in riskier asset space. Although short and long Treasury yields barely moved during calendar 2012, intermediateterm yields fell slightly, thereby easing the overall slope of the yield curve. Corporate bonds, especially high-yield paper, outperformed government issuance during the quarter and for 2012.

# **W** Wilshire

# **Economic Review**

December 31, 2012	Key Economic Indicators								
CPI (all items)	Monthly Cha	ange	Cumulat	ive Change					
Seasonally adjusted	Dec-12	0.0	3-Mont	h -0.2					
	Nov-12	-0.3	12-Mont	h 1.7					
	Oct-12	0.1	10-Yr Annua	al 2.4					
Breakeven Inflation	10-Year	2.6							
Consumer Sentiment	Dec-12	72.9							
Unv. of Michigan Survey	Nov-12	82.7							
	1-Yr Ago	69.9	10-Yr Av	g 79.0					
Manufacturing	Dec-12	50.7	Change in Manufa	cturing Sector					
Inst. for Supply Mgmt	Nov-12	49.5	>50	Expansion					
Purchasing Mngrs' Idx	1-Yr Avg	51.7	<50	Contraction					

Note: Seasonally adjusted CPI data is utilized to better reflect short-term pricing activity.



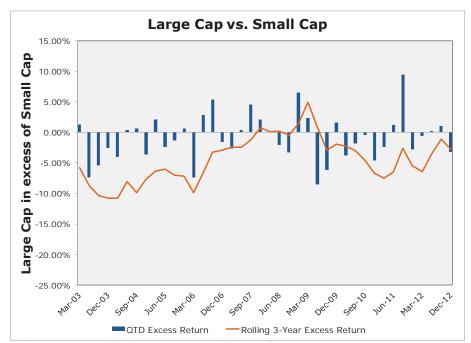
Data sources: Bureau of Economic Analysis, Bureau of Labor Statistics, Federal Reserve Bank of St. Louis, Barclays Capital

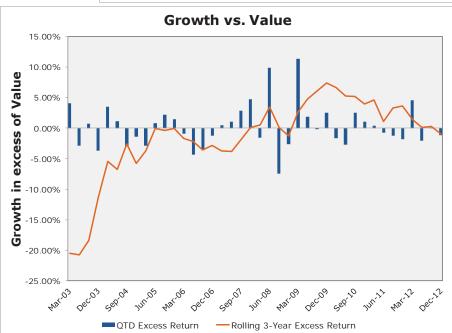


## U.S. Capital Markets: Equity

December 31, 2012	Qtr	Ytd	1 Yr	3 Yr	5 Yr	10 Yr
Wilshire 5000	0.1	16.1	16.1	11.1	2.0	7.9
Wilshire U.S. Large Cap	-0.2	15.7	15.7	10.8	1.7	7.4
Wilshire U.S. Small Cap	3.1	18.8	18.8	13.9	5.5	11.5
Wilshire U.S. Large Growth	-0.7	16.9	16.9	10.1	2.7	7.5
Wilshire U.S. Large Value	0.3	14.6	14.6	11.5	0.5	7.2
Wilshire U.S. Small Growth	1.7	15.7	15.7	14.3	5.1	12.0
Wilshire U.S. Small Value	4.3	21.5	21.5	13.4	5.8	10.9
Wilshire REIT Index	2.5	17.6	17.6	18.2	5.2	11.6
MSCI USA Minimum Volatility Index	-1.8	10.2	10.2	12.0	3.5	6.9
FTSE RAFI U.S. 1000 Index	2.2	17.2	17.2	12.1	3.7	n.a.



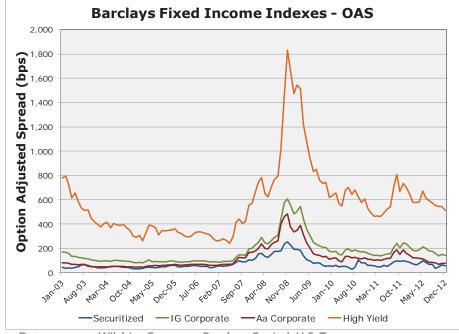




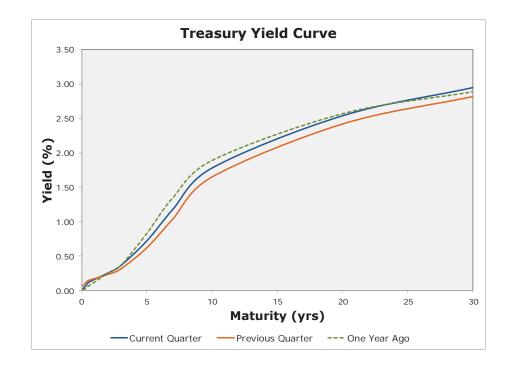
Data sources: Wilshire Compass, Wilshire Atlas



December 31, 2012	Qtr	Ytd	1 Yr	3 Yr	5 Yr	10 Yr
Barclays Aggregate Bond Index	0.2	4.2	4.2	6.2	5.9	5.2
Barclays Treasury Index	-0.1	2.0	2.0	5.8	5.4	4.7
Barclays Govt-Related Index	0.5	4.9	4.9	5.5	5.5	4.9
Barclays Securitized Index	-0.1	3.0	3.0	5.2	5.6	5.0
Barclays Corporate IG Index	1.1	9.8	9.8	9.0	7.9	6.3
Barclays LT Govt/Credit Index	0.5	8.8	8.8	13.6	10.2	8.0
Barclays Long-Term Treasury Index	-0.8	3.6	3.6	13.7	9.7	7.6
Barclays U.S. TIPS Index	0.7	7.0	7.0	8.9	7.0	6.7
Barclays High Yield Index	3.3	15.8	15.8	11.9	10.3	10.6
Treasury Bills	0.0	0.1	0.1	0.1	0.5	1.8



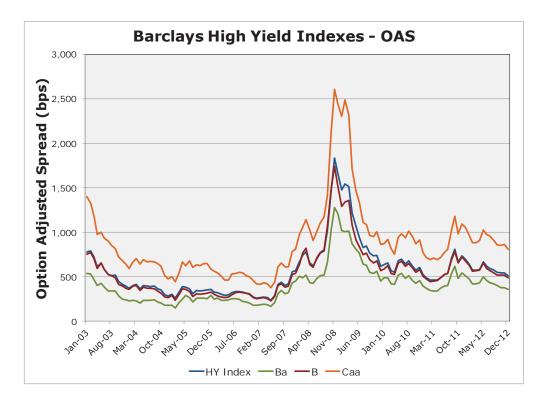






# High Yield by Quality

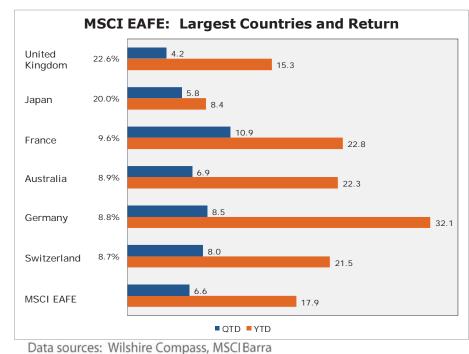
December 31, 2012	Weight	Qtr	Ytd	1 Yr	3 Yr
Barclays High Yield Index	100%	3.3	15.8	15.8	11.9
Quality Distribution					
Ba U.S. High Yield	36.6%	2.8	14.6	14.6	11.9
B U.S. High Yield	46.1%	3.6	15.5	15.5	11.5
Caa U.S. High Yield	15.9%	3.3	18.3	18.3	11.7
Ca to D U.S. High Yield	1.1%	7.0	29.7	29.7	14.3
Non-Rated U.S. High Yield	0.4%	1.9	22.4	22.4	13.6



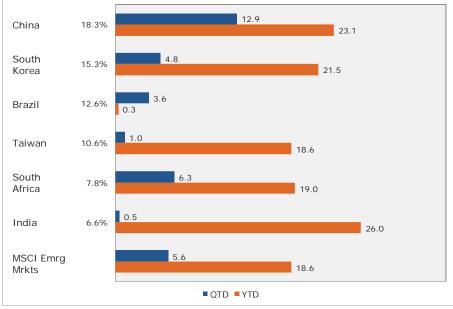


## Non-U.S. Capital Markets

December 31, 2012	Qtr	Ytd	1 Yr	3 Yr	5 Yr	10 Yr
MSCI ACWI ex-US (\$g)	5.9	17.4	17.4	4.3	-2.4	10.2
MSCI EAFE (\$g)	6.6	17.9	17.9	4.0	-3.2	8.7
MSCI Emerging Markets (\$g)	5.6	18.6	18.6	5.0	-0.6	16.9
MSCI Frontier Markets (\$g)	3.1	9.2	9.2	3.5	-10.2	8.7
MSCI EAFE Minimum Volatility Idx	0.3	12.0	12.0	7.0	0.7	11.0
FTSE RAFI Developed ex-US Index	7.5	15.9	15.9	2.2	-2.9	n.a.
JPM Non US Global Bond	-2.8	0.8	0.8	4.5	5.7	6.6
JPM Non US Global Bond Hedged	1.1	5.6	5.6	5.0	5.0	4.6
JPM EMBI Global	3.3	18.5	18.5	12.9	10.5	11.6
Euro vs. Dollar	2.5	1.6	1.6	-2.8	-2.1	2.3
Yen vs. Dollar	-10.0	-11.0	-11.0	2.5	5.3	3.2
Pound vs. Dollar	0.7	4.6	4.6	0.2	-4.0	0.1



MSCI EM: Largest Countries and Return

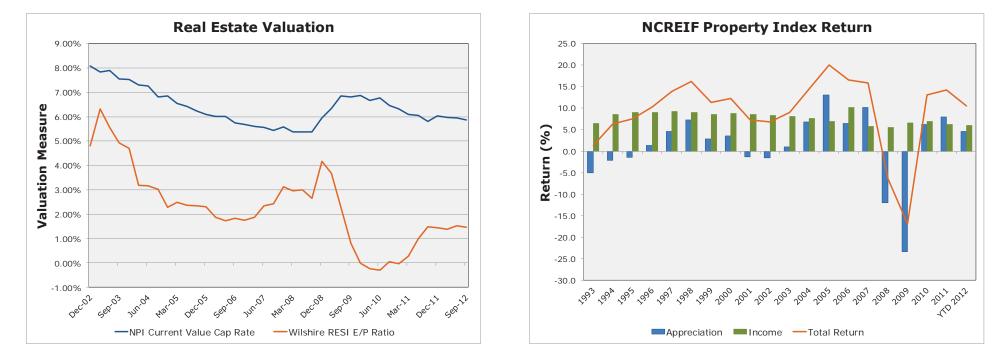


## **Real Assets**



December 31, 2012	Qtr	Ytd	1 Yr	3 Yr	5 Yr	10 Yr
Barclays U.S. TIPS Index	0.7	7.0	7.0	8.9	7.0	6.7
Dow Jones UBS Commodity Index	-6.3	-1.0	-1.0	0.1	-5.2	4.1
Global Public Real Estate*	3.8	23.4	23.4	16.8	3.7	12.4
NCREIF Property Index	2.5	10.5	10.5	12.6	2.1	8.4
NCREIF Timberland Index	5.9	7.8	7.8	3.0	2.7	8.2
Alerian MLP Index (Oil & Gas)	-3.4	4.8	4.8	17.5	12.5	16.5

\* Wilshire Global Real Estate Securities from December 2002 to December, 2004. Wilshire Global REITs from 2004 to present.



Data sources: Wilshire Compass, National Council of Real Estate Investment Fiduciaries



	Annual Asset	Class Returns ·	Best to Worst	
2008	2009	2010	2011	2012
Core Bond	Emrg Mrkts	REITs	U.S. TIPS	Emrg Mrkts
5.2%	79.0%	28.6%	13.6%	18.6%
T-Bills	High Yield	Emrg Mrkts	REITs	Developed
2.0%	58.2%	19.2%	9.2%	17.9%
U.S. TIPS	Developed	U.S. Equity	Core Bond	REITs
-2.3%	32.5%	17.2%	7.8%	17.6%
High Yield	REITs	Commodities	High Yield	U.S. Equity
-26.2%	28.6%	16.8%	5.0%	16.1%
Commodities	U.S. Equity	High Yield	U.S. Equity	High Yield
-35.6%	28.3%	15.1%	1.0%	15.8%
U.S. Equity	Commodities	Developed	T-Bills	U.S. TIPS
-37.2%	18.9%	8.2%	0.1%	7.0%
REITs	U.S. TIPS	Core Bond	Developed	Core Bond
-39.2%	11.4%	6.5%	-11.7%	4.2%
Developed	Core Bond	U.S. TIPS	Commodities	T-Bills
-43.1%	5.9%	6.3%	-13.3%	0.1%
Emrg Mrkts	T-Bills	T-Bills	Emrg Mrkts	Commodities
-53.2%	0.2%	0.1%	-18.2%	-1.0%

Annualized 5-Year 2008-2012 **High Yield** 10.3% U.S. TIPS 7.0% Core Bond 5.9% **REITs** 5.2% U.S. Equity 2.0% **T-Bills** 0.5% **Emrg Mrkts** -0.6% Developed -3.2% Commodities

-5.2%

Data sources: Wilshire Compass

Note: Developed asset class is developed markets ex-U.S., ex-Canada.