



UNIVERSITY
OF
CALIFORNIA

Endowment Investment Performance for Periods ending June 30, 2015

Office of the Chief Investment Officer
September 9, 2015

Contents

Market Update

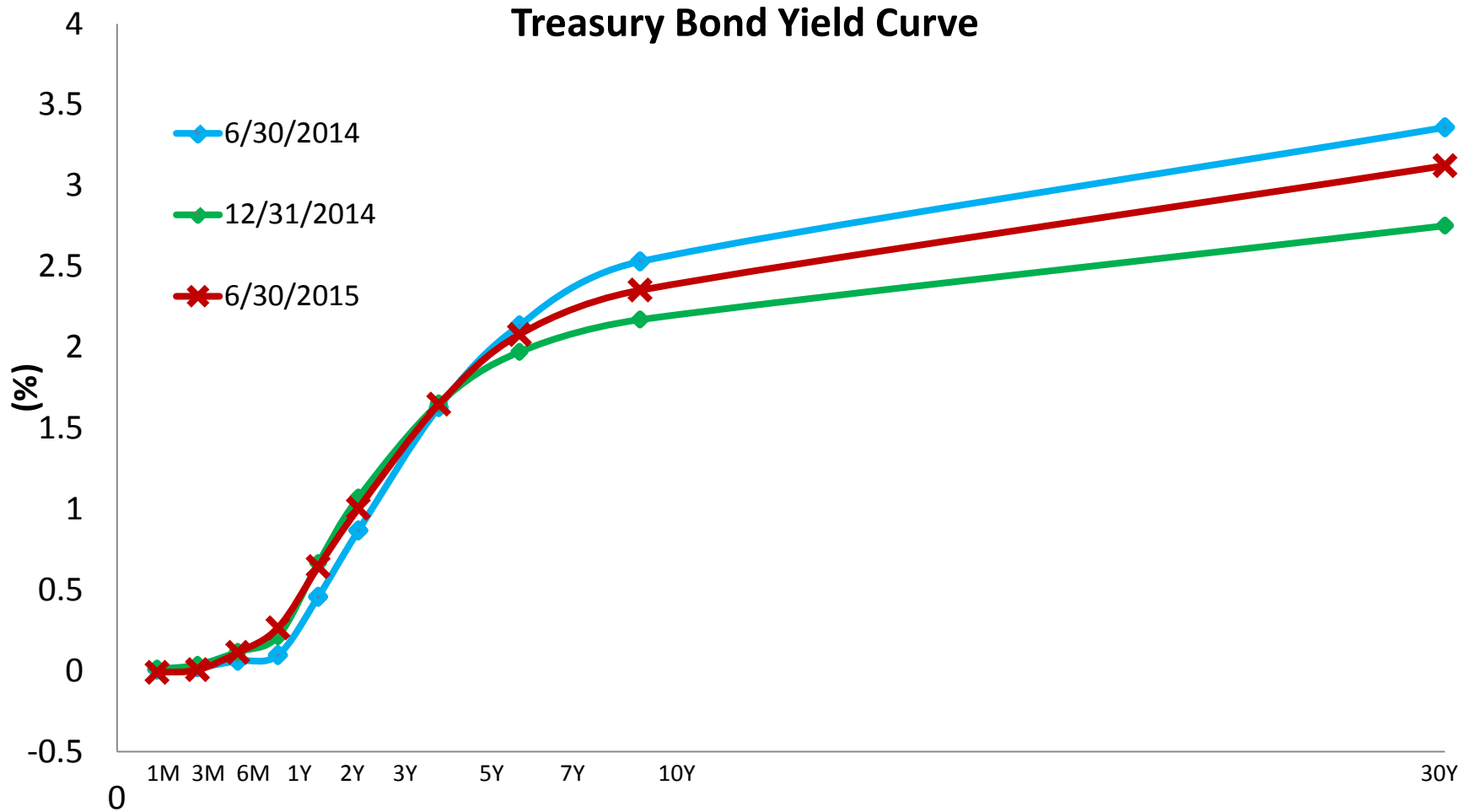
Investment Highlights

Risk Management

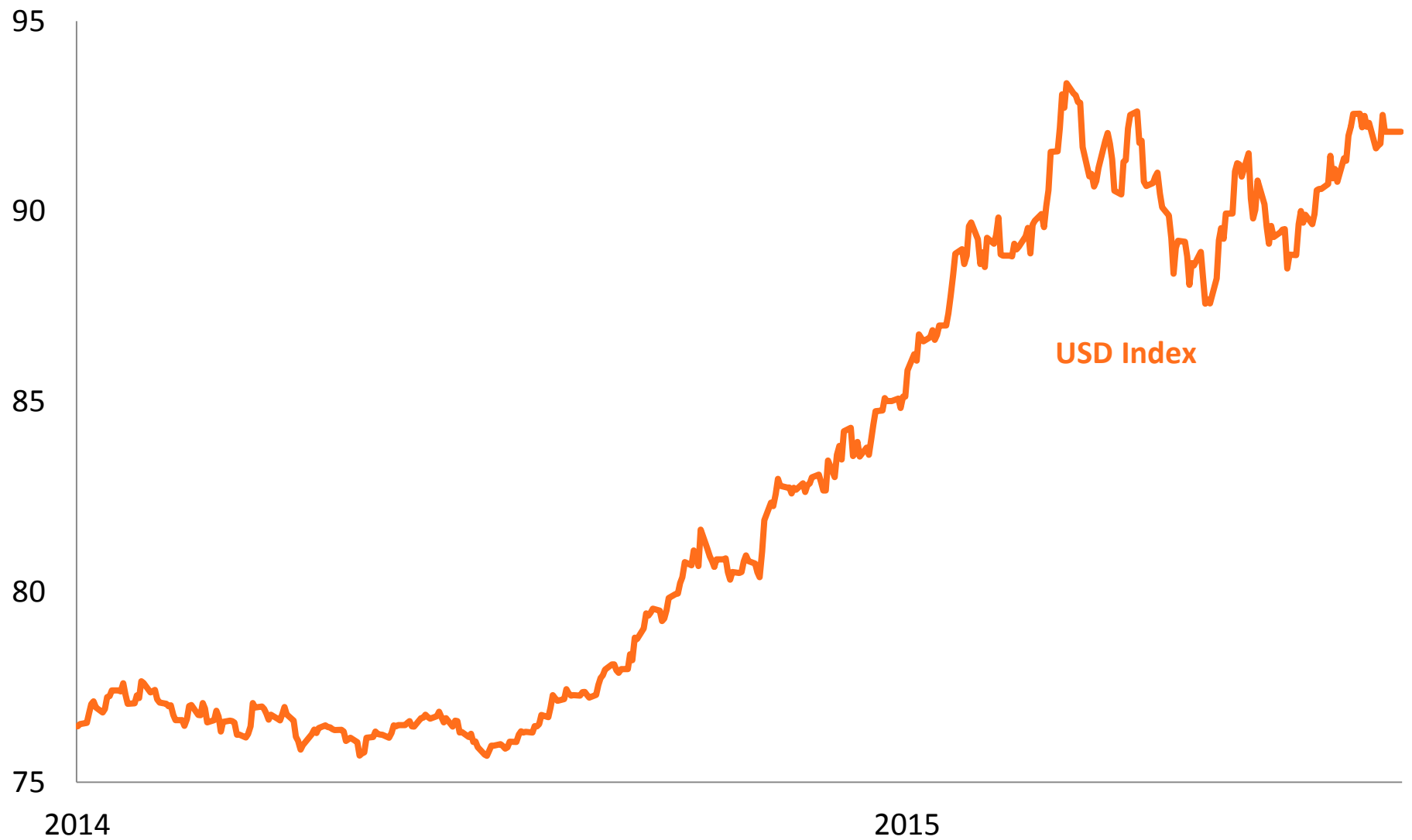
Asset Class Summary

Market Update

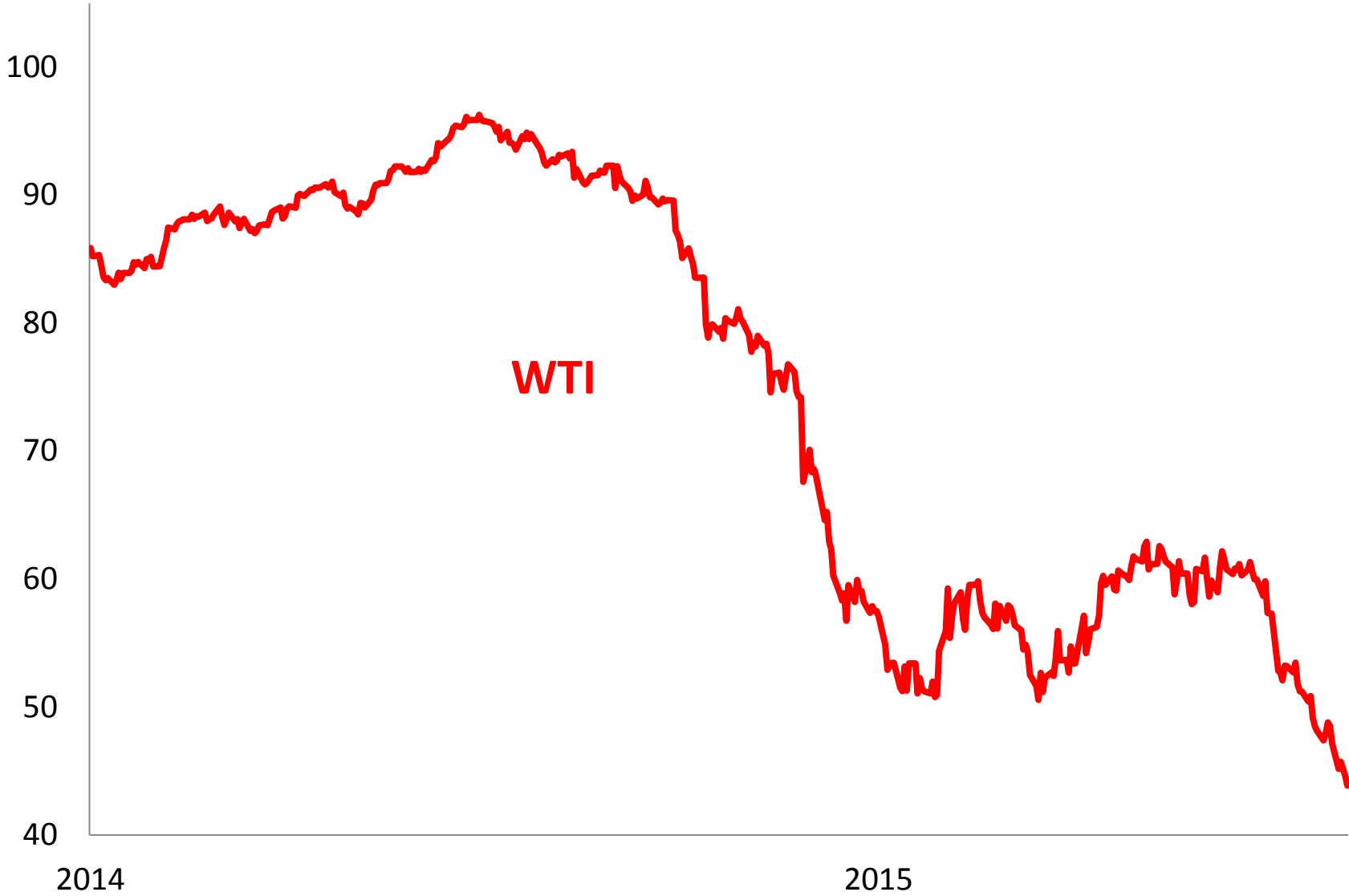
Yield Curve



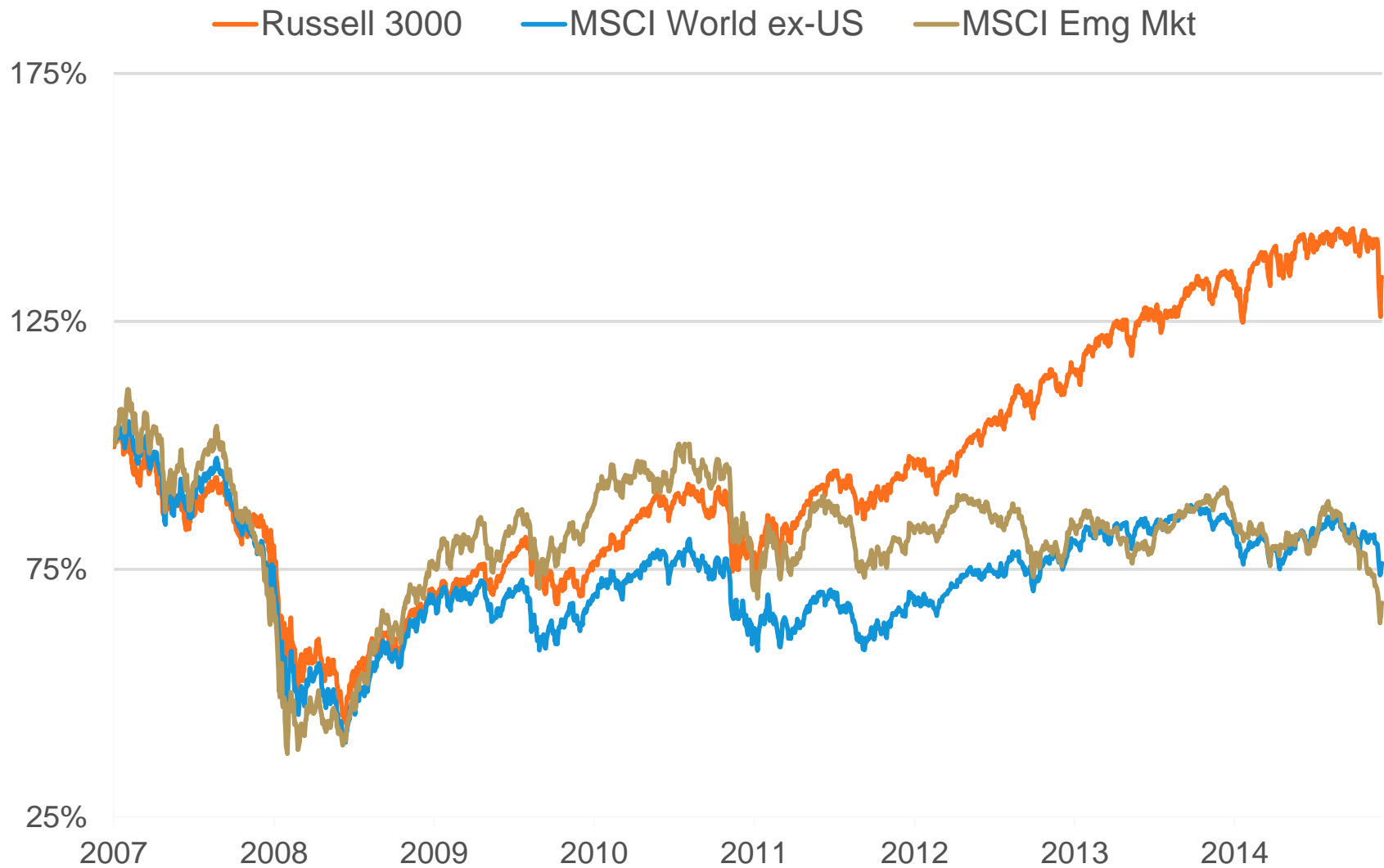
US Dollar



Oil Prices

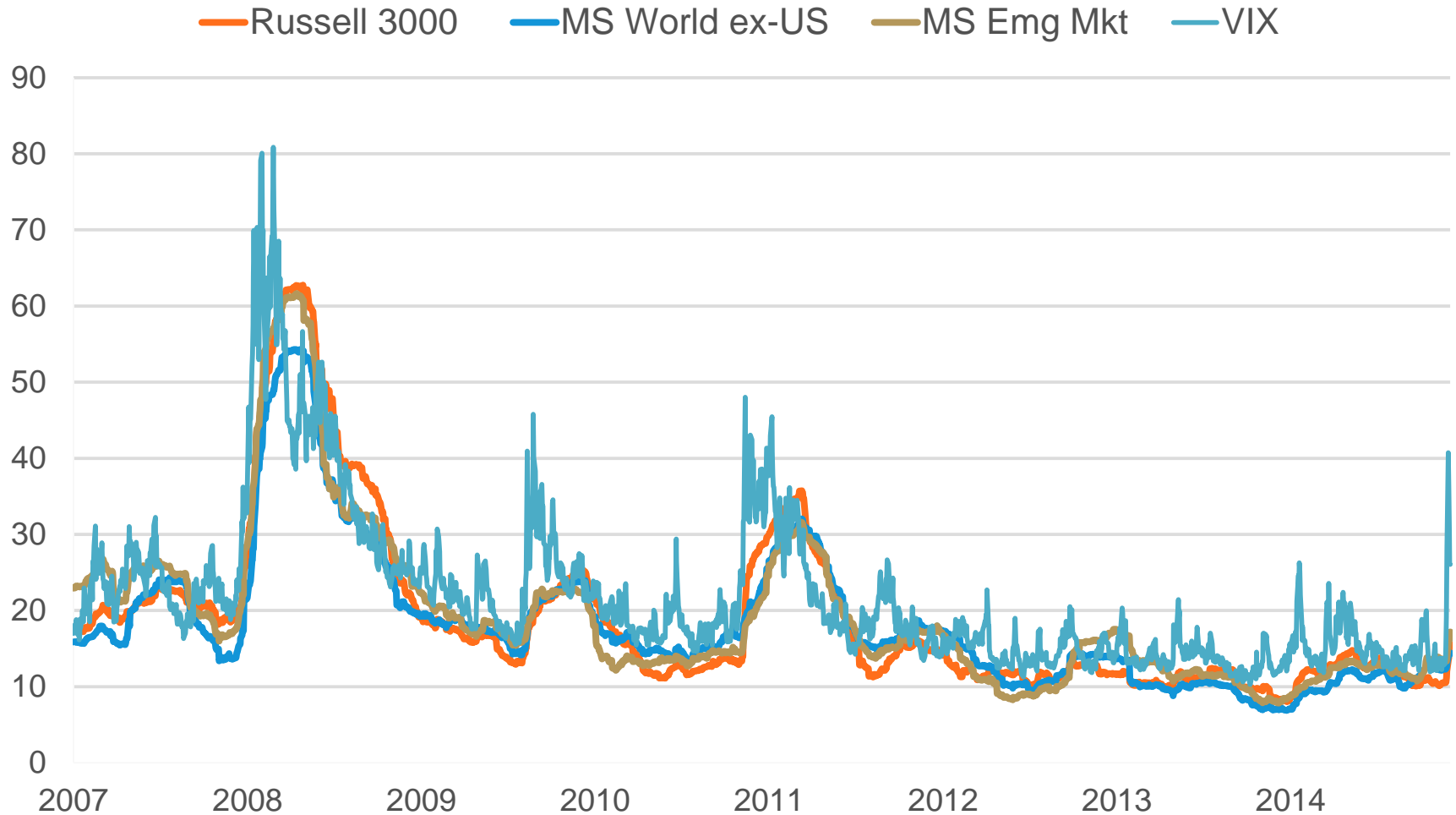


Equity Index Performance



Equity Volatility

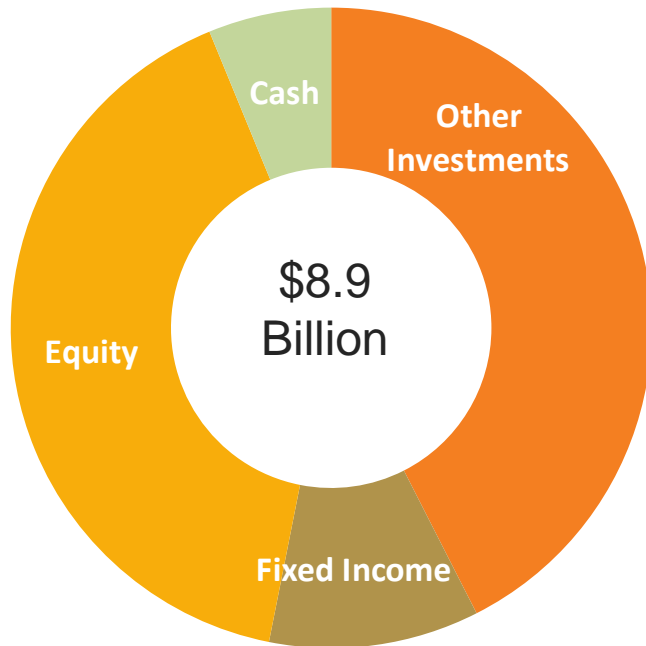
Market Volatility



Investment Highlights

Endowment

Endowment Asset Allocation



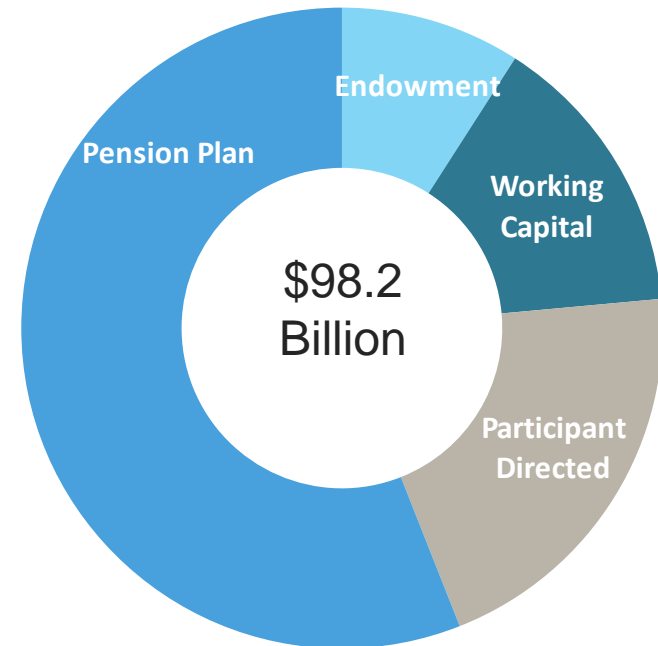
● Equity: 41%
\$3.6B

● Fixed Income: 10%
\$0.9B

● Other Investments: 43%
\$3.8B

● Cash: 6%
\$0.6B

Entity



● Pension Plan: 56%
\$55.0B

● Endowment: 9%
\$8.9B

● Participant Directed: 21%
\$20.1B

● Working Capital: 14%
\$14.2B

Endowment

Investment Highlights

Assets Under Management
June 30, 2014

\$8.3 billion

Market Gains

\$0.3 billion

Value Added

\$0.3 billion

Cash Inflow

\$0.3 billion

Cash Outflow

(\$0.3) billion

Assets Under Management
June 30, 2015

\$8.9 billion

Endowment

Performance

Net Returns



7.2%

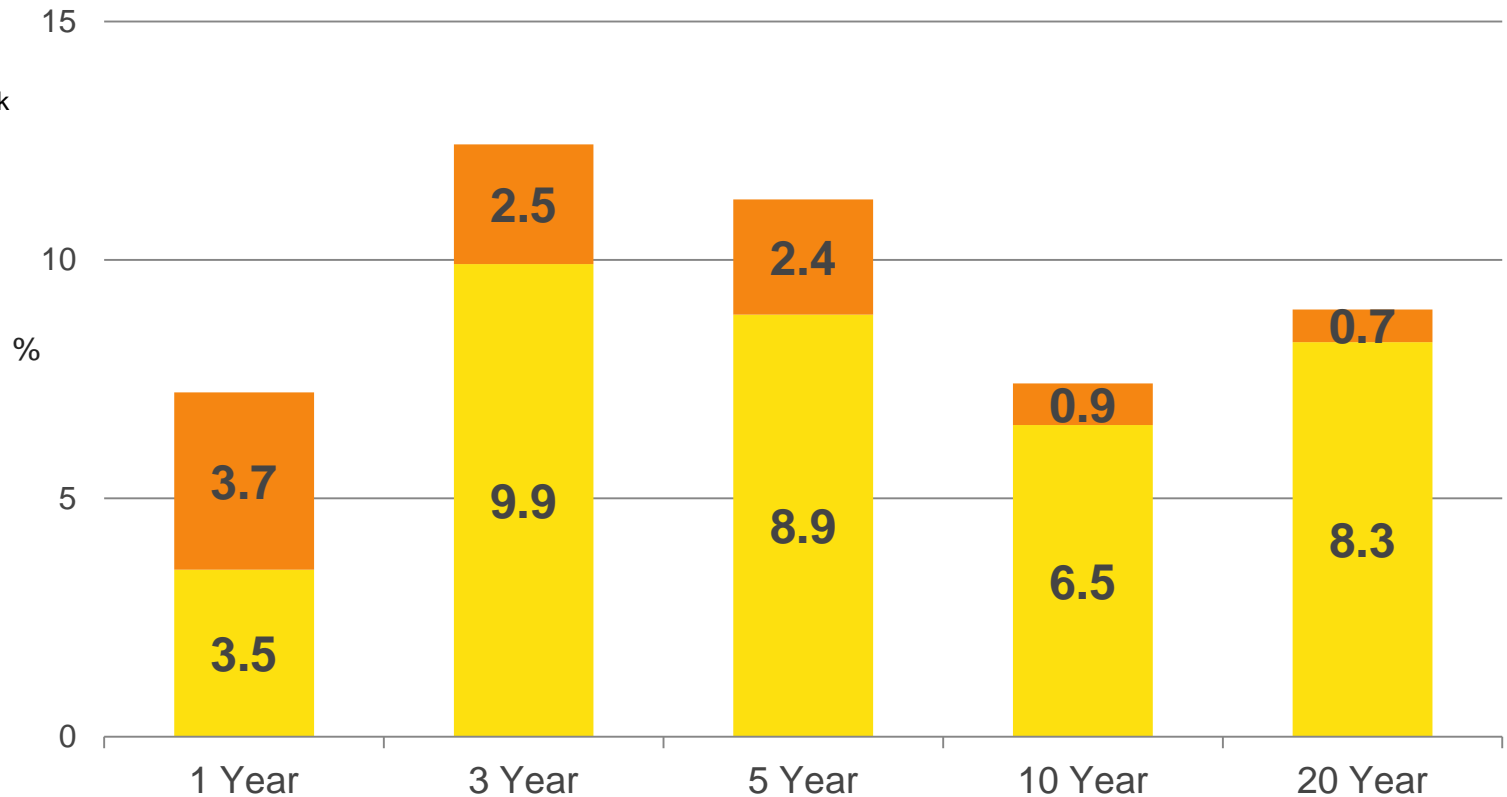
12.4%

11.3%

7.4%

9.0%

 Value Added
 Policy Benchmark

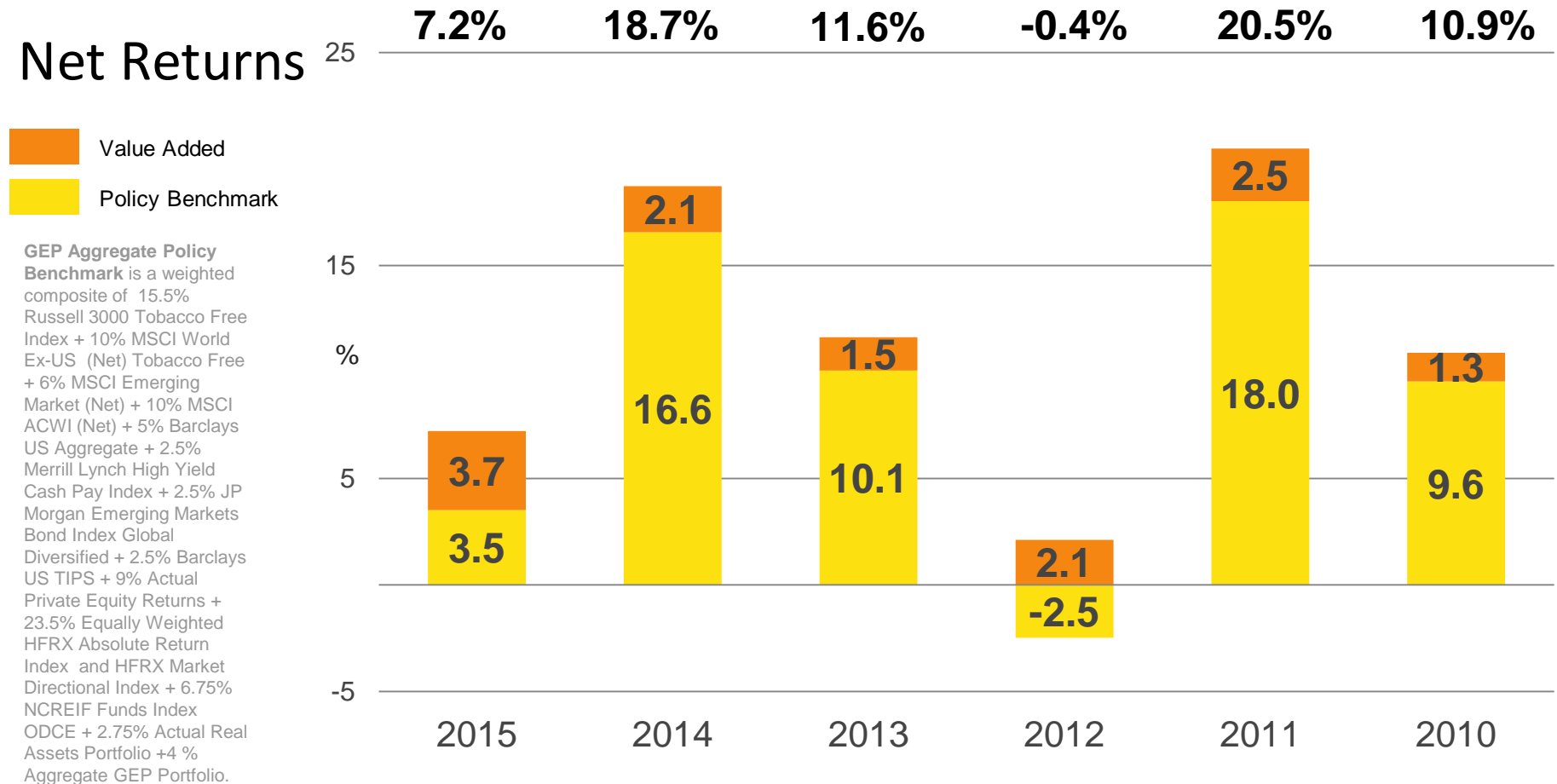


GEP Aggregate Policy Benchmark is a weighted composite of 15.5% Russell 3000 Tobacco Free Index + 10% MSCI World Ex-US (Net) Tobacco Free + 6% MSCI Emerging Market (Net) + 10% MSCI ACWI (Net) + 5% Barclays US Aggregate + 2.5% Merrill Lynch High Yield Cash Pay Index + 2.5% JP Morgan Emerging Markets Bond Index Global Diversified + 2.5% Barclays US TIPS + 9% Actual Private Equity Returns + 23.5% Equally Weighted HFRX Absolute Return Index and HFRX Market Directional Index + 6.75% NCREIF Funds Index ODCE + 2.75% Actual Real Assets Portfolio + 4 % Aggregate GEP Portfolio.

Endowment

Performance – Fiscal Year

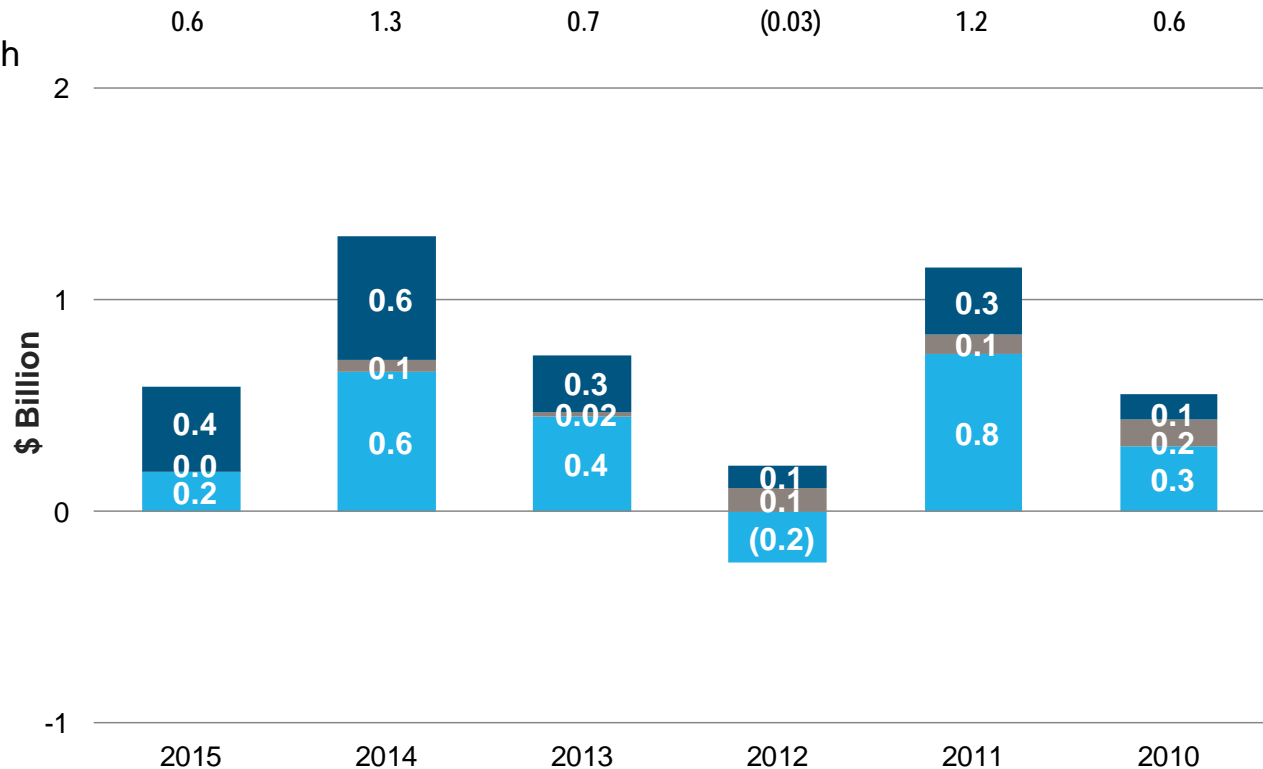
Net Returns



Endowment

Fiscal Year Dollar Value Added (\$ Billion)

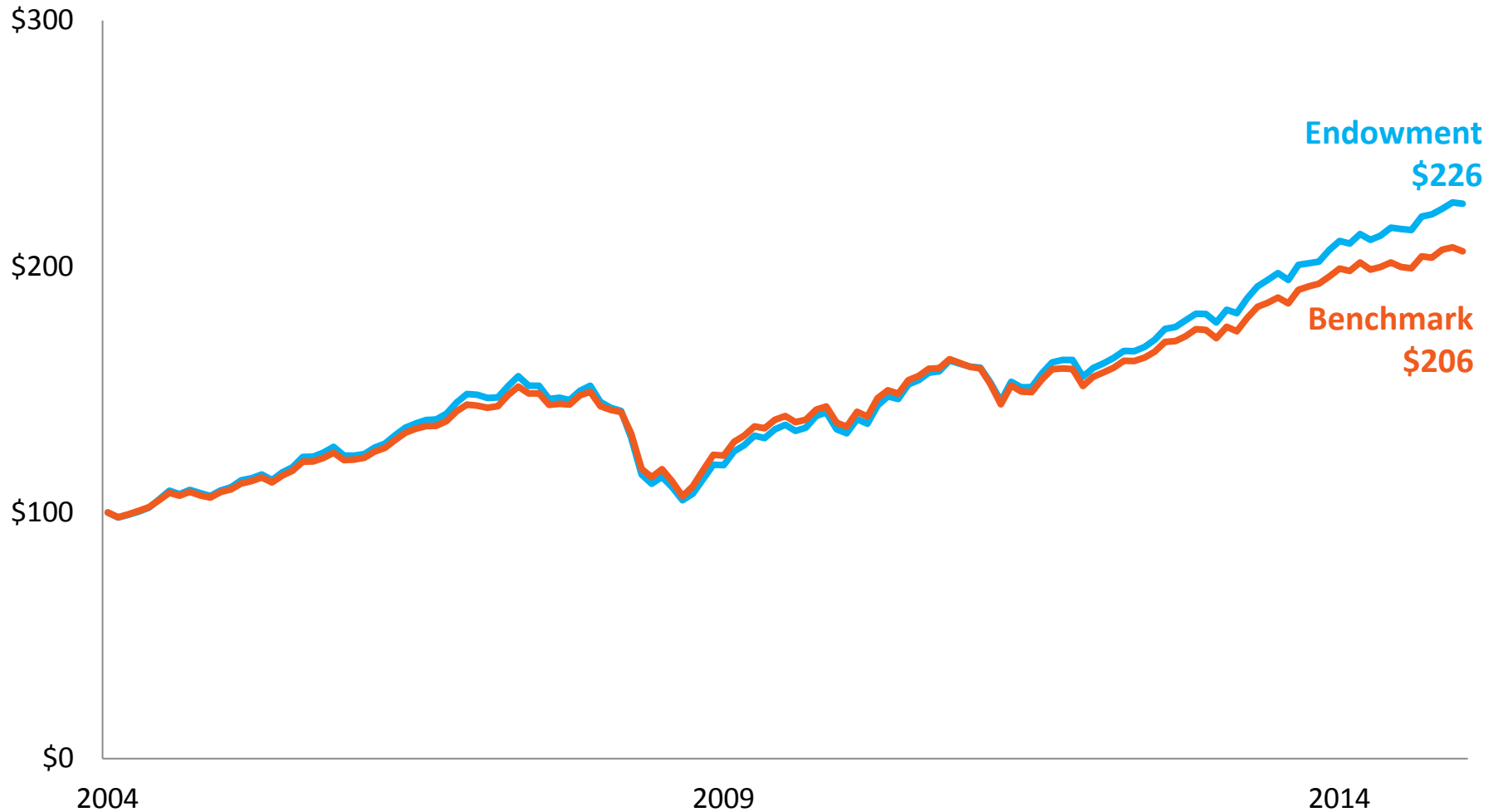
- Other Investments
- Fixed Income & Cash
- Equity



Added \$3.8 Billion over the past 5 years.

Endowment

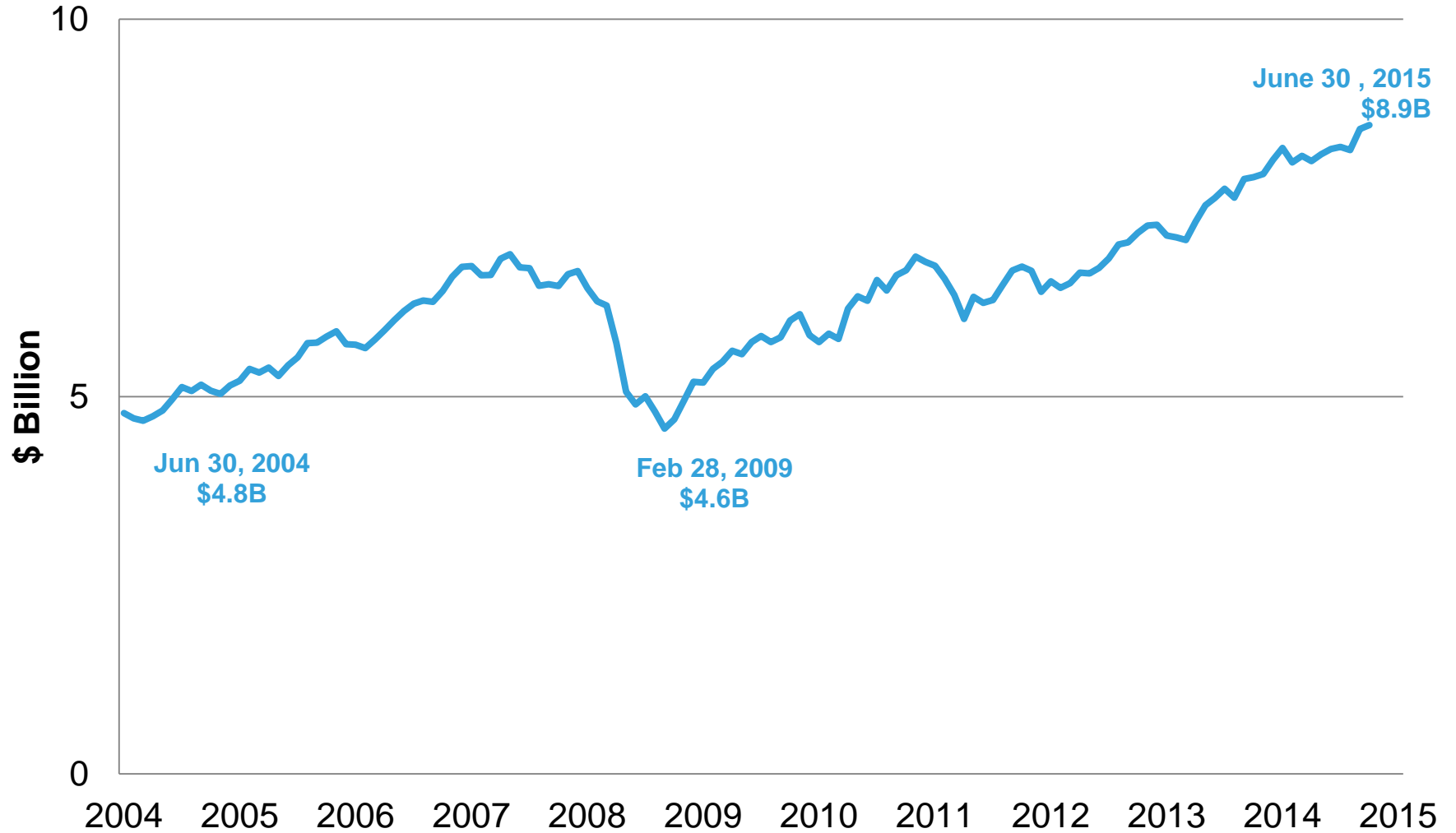
Growth of One Hundred Dollar



GEP Aggregate Policy Benchmark is a weighted composite of 15.5% Russell 3000 Tobacco Free Index+10% MSCI World Ex-US (Net) Tobacco Free+ 6% MSCI Emerging Market (Net) + 10% MSCI ACWI (Net) + 5% Barclays US Aggregate+2.5% Merrill Lynch High Yield Cash Pay Index+2.5% JP Morgan Emerging Markets Bond Index Global Diversified + 2.5% Barclays US TIPS + 9% Actual Private Equity Returns + 23.5% Equally Weighted HFRX Absolute Return Index and HFRX Market Directional Index +6.75% NCREIF Funds Index ODCE+2.75% Actual Real Assets Portfolio+4% Aggregate GEP Portfolio.

Endowment

Asset Growth



Endowment

Allocation Shifts

- Equity
- Fixed Income
- Other Investments
- Cash

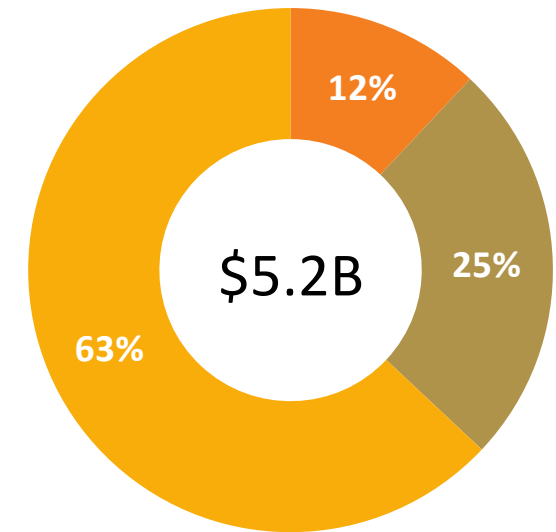
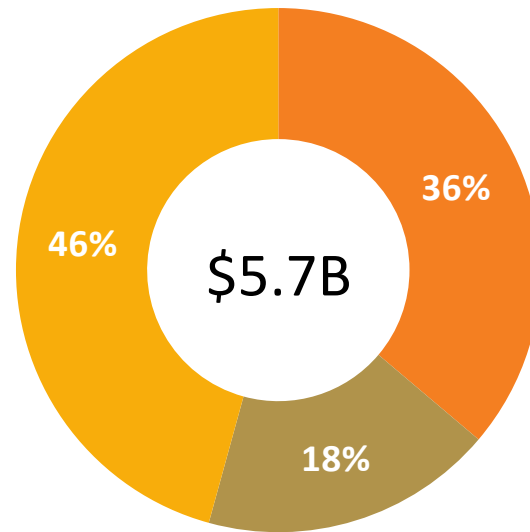
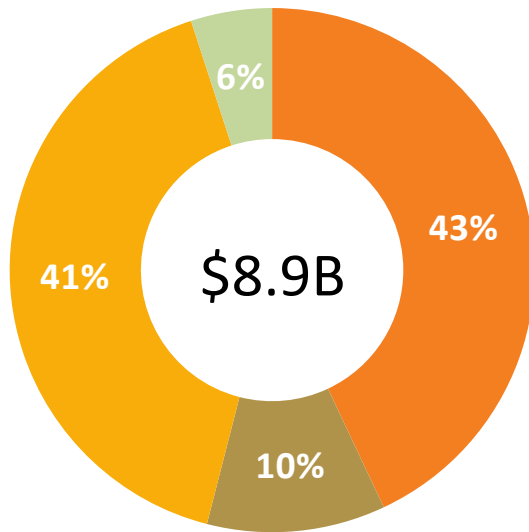
5 Years Ago

10 Years Ago

June 30, 2015

June 30, 2010

June 30, 2005



Endowment

Asset Allocation

	Market Value in \$ Billions	Percentage	Current Policy	Over or Underweight Relative to Policy	Policy Allocation Range
Equity	3.6	40.5	41.5	(1.0%)	31.5% - 51.5%
Fixed Income	0.9	10.1	12.5	(2.4%)	7.5% - 17.5%
Other Investments	3.8	42.7	46.0	(3.3%)	36.0% - 56.0%
Cash	0.6	6.7	0.0	+6.7%	0.0% - 10.0%
Total	\$8.9 Billion	100.0%	100.0%	0.0%	100.0%

Endowment

Asset Allocation

	Market Value in \$ Billions	Percentage	Over/ Underweight Relative to Policy	Quarter End Changes since March 31, 2015	Fiscal Year End Changes since June 30, 2014
Equity					
U.S.	1.1	12.4	(3.1)	(1.0)	(3.6)
Non-U.S. Developed	0.9	10.1	+0.1	+0.3	(1.0)
Emerging Markets	0.5	5.6	(0.4)	(0.5)	(0.9)
Opportunistic	1.1	12.4	+2.4	(0.3)	+3.1
Total	3.6	40.5%	(1.0%)	(1.5%)	(2.4%)
Fixed Income					
Core	0.3	3.5	(1.5)	(0.4)	(0.0)
High Yield	0.2	2.2	(0.3)	+0.2	(0.0)
Emerging Markets	0.2	2.2	(0.3)	(0.2)	(0.4)
TIPS	0.2	2.2	(0.3)	+0.4	+0.3
Total	0.9	10.1%	(2.4%)	0.0%	(0.2%)
Other Investments					
Absolute Return	2.1	23.6	+0.1	+1.1	+1.1
Private Equity	0.8	9.0	+0.0	(0.6)	(1.3)
Real Estate	0.7	7.9	+1.1	(0.1)	+0.1
Real Assets	0.2	2.2	(0.5)	(0.2)	(0.5)
Cross Asset Class	0.0	0.0	(4.0)	(0.8)	(2.7)
Total	3.8	42.7%	(3.3%)	(0.6%)	(3.3%)
Cash	0.6	6.7%	+6.7%	+2.1%	+5.9%
Total	8.9	100.0%	0.0%	0.0%	0.0%

Endowment

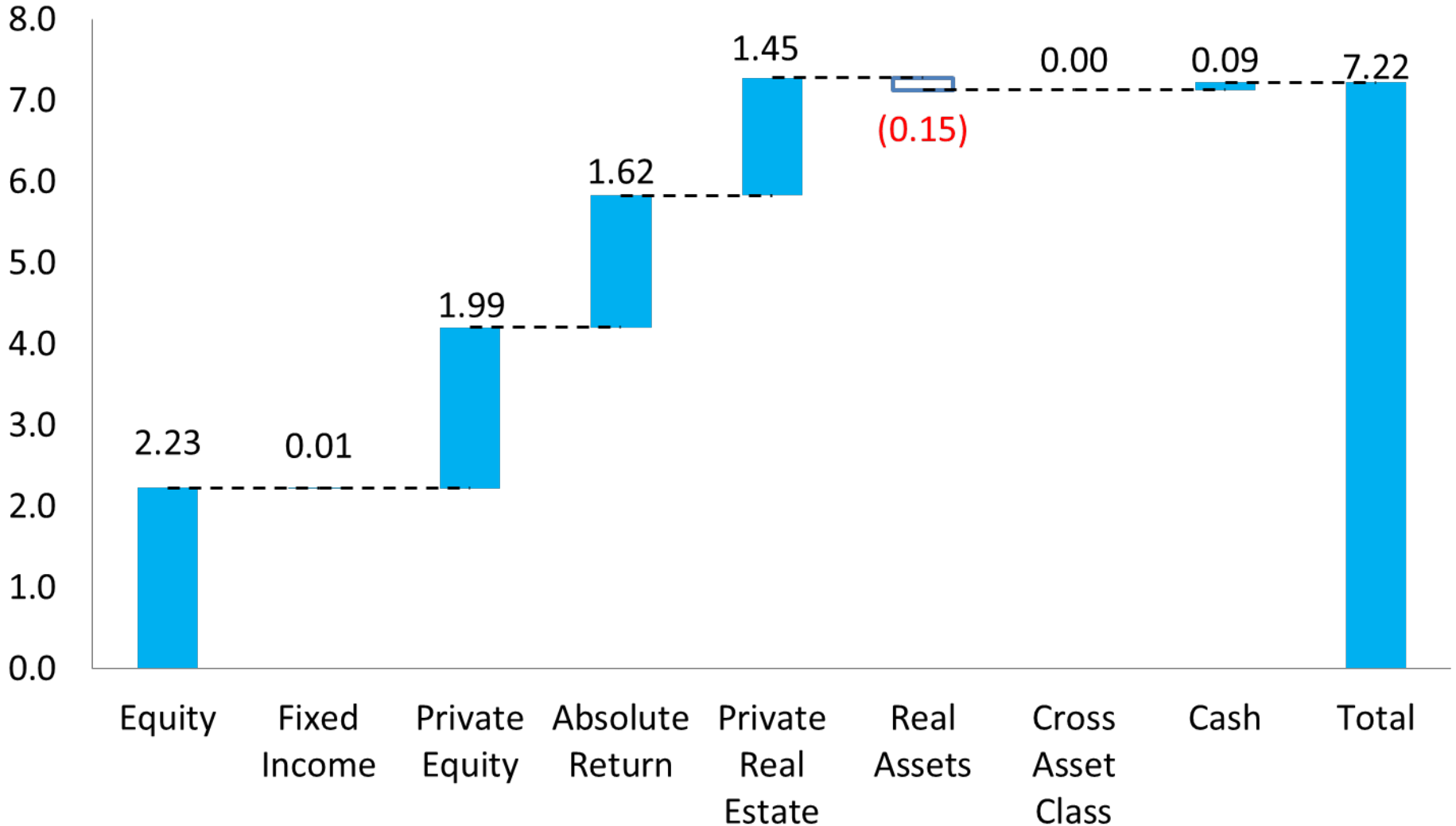
Investment Performance

	Market Value in Billions (\$)	% Allocation	3 Month	6 Month	1 Year	3 Year	5 Year	10 Year	20 Year
UC Endowment	\$ 8.9	100.0%	2.0	4.8	7.2	12.4	11.3	7.4	9.0
UC Endowment Benchmark			1.3	3.2	3.5	9.9	8.9	6.5	8.3
Equity	\$ 3.6	40.5%	1.3	5.5	5.4	15.2	13.5	7.1	8.2
U.S.	\$ 1.1	12.4%	0.7	3.4	8.3	18.3	17.8	8.0	8.5
Non-U.S. Developed	\$ 0.9	10.1%	0.2	5.3	(2.8)	12.2	9.7	5.9	-
Emerging Markets	\$ 0.5	5.6%	3.4	6.0	1.1	5.8	5.7	8.7	7.8
Opportunistic	\$ 1.1	12.4%	1.7	8.1	11.6	-	-	-	-
Fixed Income	\$ 0.9	10.1%	(0.9)	0.8	(0.1)	3.0	5.2	4.4	6.8
Core	\$ 0.3	3.5%	(1.5)	0.1	1.7	2.7	3.8	4.3	6.8
High Yield	\$ 0.2	2.2%	(0.1)	2.4	0.1	7.4	9.0	-	-
Emerging Markets	\$ 0.2	2.2%	(1.0)	0.4	(1.8)	2.3	5.2	-	-
TIPS	\$ 0.2	2.2%	(0.8)	0.7	(1.4)	(0.6)	3.5	4.4	-
Other Investments	\$ 3.8	42.7%	3.6	5.5	11.3	12.7	11.1	7.1	20.2
Absolute Return	\$ 2.1	23.6%	1.5	3.3	6.7	10.1	8.0	6.4	-
Private Equity	\$ 0.8	9.0%	10.6	12.1	22.6	20.9	17.5	11.8	20.2
Real Estate	\$ 0.7	7.9%	4.8	10.2	17.7	14.1	15.6	4.1	-
Real Assets	\$ 0.2	2.2%	(6.3)	(12.9)	(6.3)	2.9	3.1	-	-
Cash	\$ 0.6	6.7%	0.3	0.7	1.4	1.5	2.1	-	-

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Endowment

Total Return Contribution (12 Months)



Endowment

Active Return Attribution (12 Months)

	Weight	Active Weight	1 Year Active Return	Allocation Attribution	Selection Attribution	Total Attribution	Allocation Attribution (%)	+ Selection Attribution (%)	= Total Attribution (%)
Equity									
U.S.	15.0	(0.5)	+1.0	+0.0	+0.1	+0.2	+0.6	+4.0	+4.6
Non-U.S. Developed	10.0	(0.7)	+2.5	+0.1	+0.3	+0.3	+1.8	+7.1	+8.9
Emerging Markets	6.2	+0.2	+6.2	+0.0	+0.4	+0.4	+0.1	+9.6	+9.8
Opportunistic	10.9	+1.6	+10.9	+0.1	+1.0	+1.1	+3.9	+26.4	+30.3
Total	42.1%	+0.6%	+1.0%	+0.2%	+1.8%	+2.0%	+6.4%	+47.2%	+53.5%
Fixed Income									
Core	3.6	(1.4)	(0.2)	+0.0	(0.0)	+0.0	+0.8	(0.3)	+0.6
High Yield	2.2	(0.3)	+0.7	+0.0	+0.0	+0.0	+0.4	+0.4	+0.8
Emerging Markets	2.5	(0.0)	(2.3)	+0.0	(0.1)	(0.1)	+0.2	(1.6)	(1.4)
TIPS	2.0	(0.5)	+0.3	+0.0	+0.0	+0.0	+0.7	+0.2	+0.9
Total	10.3%	(2.2%)	(0.5%)	+0.1%	(0.1%)	+0.0%	+2.0%	(1.2%)	+0.8%
Other Investments									
Absolute Return	22.4	(1.1)	+3.1	+0.0	+0.7	+0.7	+0.9	+18.9	+19.8
Private Equity	10.0	+1.0	+0.0	+0.1	+0.0	+0.1	+3.9	+0.0	+3.9
Real Estate	8.2	+1.4	+5.2	+0.3	+0.3	+0.5	+6.7	+7.8	+14.5
Real Assets	2.6	(0.1)	+6.0	+0.0	+0.1	+0.2	+1.2	+3.4	+4.6
Cross Asset Class	1.6	(2.4)	+0.7	(0.0)	+0.0	+0.0	(0.2)	+0.8	+0.6
Total	44.8%	(1.2%)	+4.6%	+0.5%	+1.1%	+1.6%	+12.6%	+30.9%	+43.5%
Cash	2.8%	+2.8%	+1.2%	+0.1%	+0.0%	+0.1%	+2.2%	+0.0%	+2.2%
TOTAL	100%	0.0%	+3.7%	+0.9%	+2.8%	+3.7%	+23.2%	+76.8%	+100.0%

Active Return attribution describes the relative contribution of each asset class to the total plan. Allocation measures how decisions to under or overweight specific asset classes affect the overall plan. Selection measures how the asset classes' relative performance benefit or hurt the overall plan. Average weights shown.

Endowment

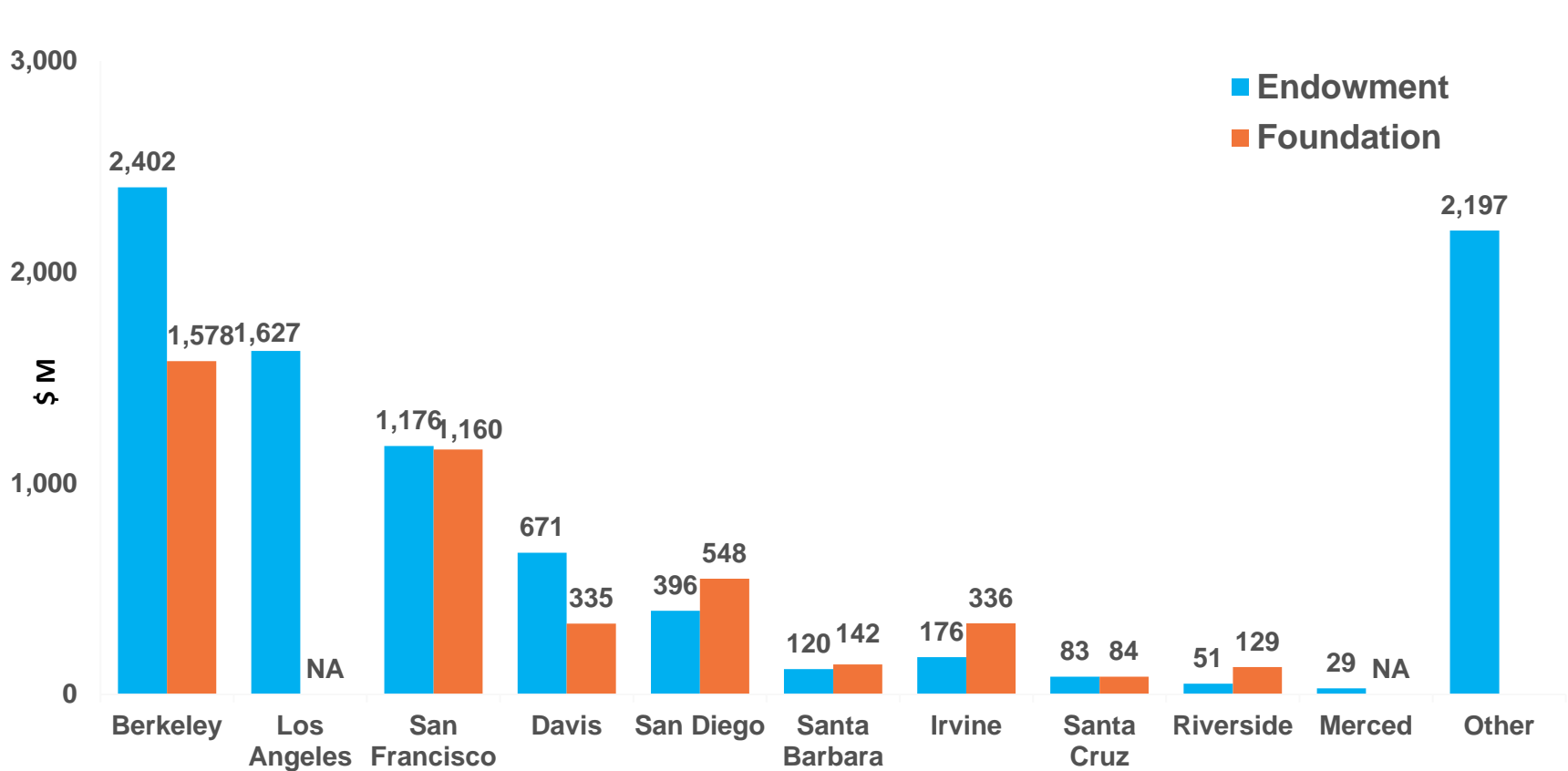
Policy Benchmark

Asset Class	Benchmark Component	Ranges	Target
Total Public Equity			41.50%
U.S. Equity	Russell 3000 Tobacco Free Index	+/-5%	15.50%
Developed Equity	MSCI World ex-U.S. (net dividends) Tobacco Free	+/-5%	10.00%
Emerging Market Equity	MSCI Emerging Market (net dividends)	+/-2%	6.00%
Opportunistic Equity	MSCI All Country World Index (net dividends)	+/-3%	10.00%
Total Fixed Income			12.50%
U.S. Core Fixed Income	Barclays U.S. Aggregate Bond Index	+/-3%	5.00%
High Yield Debt	Merrill Lynch High Yield Cash Pay Index	+/-1%	2.50%
Emerging Market Debt	JP Morgan Emerging Markets Bond Index Global Diversified	+/-1%	2.50%
TIPS	Barclays U.S. TIPS	+/-2%	2.50%
Total Other Investments			46.00%
Private Equity	Actual Private Equity Returns	+/-3%	9.00%
Absolute Return	50% HFRX Absolute Return Index + 50% HFRX Market Directional Index	+/-5%	23.50%
Real Estate (Private)	NCREIF Funds Index-Open End Diversified Core Equity Index (lagged 3 months)	+/-3%	6.75%
Real Assets	Commodities: S&P GSCI Reduced Energy Index; All other: Actual Real Assets Portfolio Returns	+/-1%	2.75%
Cross-Asset Class Strategy	Aggregate GEP Policy Benchmark	+/-3%	4.00%

Endowment and Foundation Assets (\$ Millions)

Return Dispersion

	1 Year	3 Years	5 Years	10 Years
UC Foundations, and Endowments (ending June 30, 2015)	0.4 – 7.4%	8.7 – 12.2%	8.3 - 11.0%	7.3 -10.6%
GEP (ending June 30, 2015)	7.2%	12.4%	11.3%	7.4%

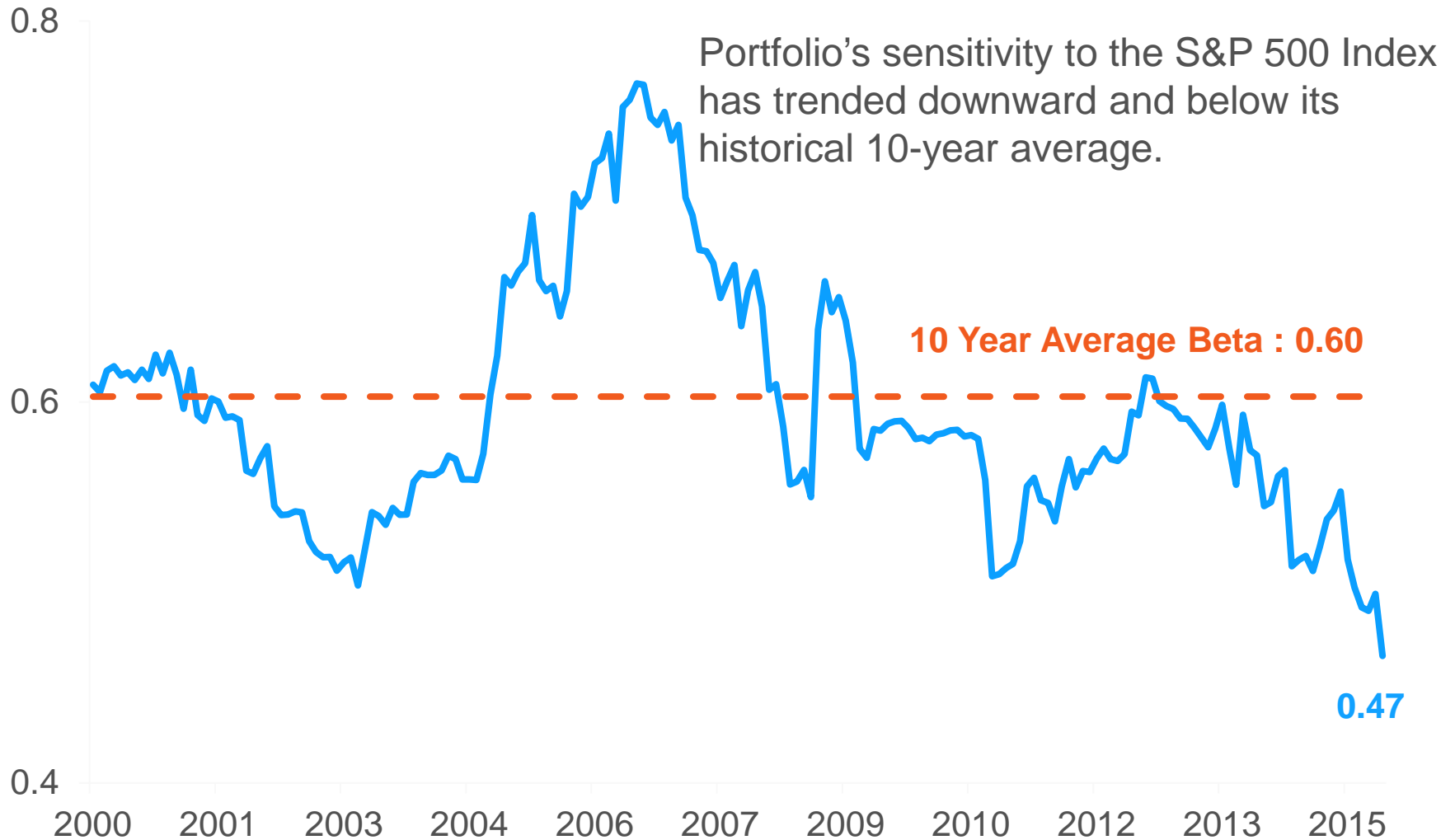


Assets as of June 30, 2015; Foundations' asset does not include separately invested assets, mortgages, real estate, operational accounts, receivables, and other.

Risk Management

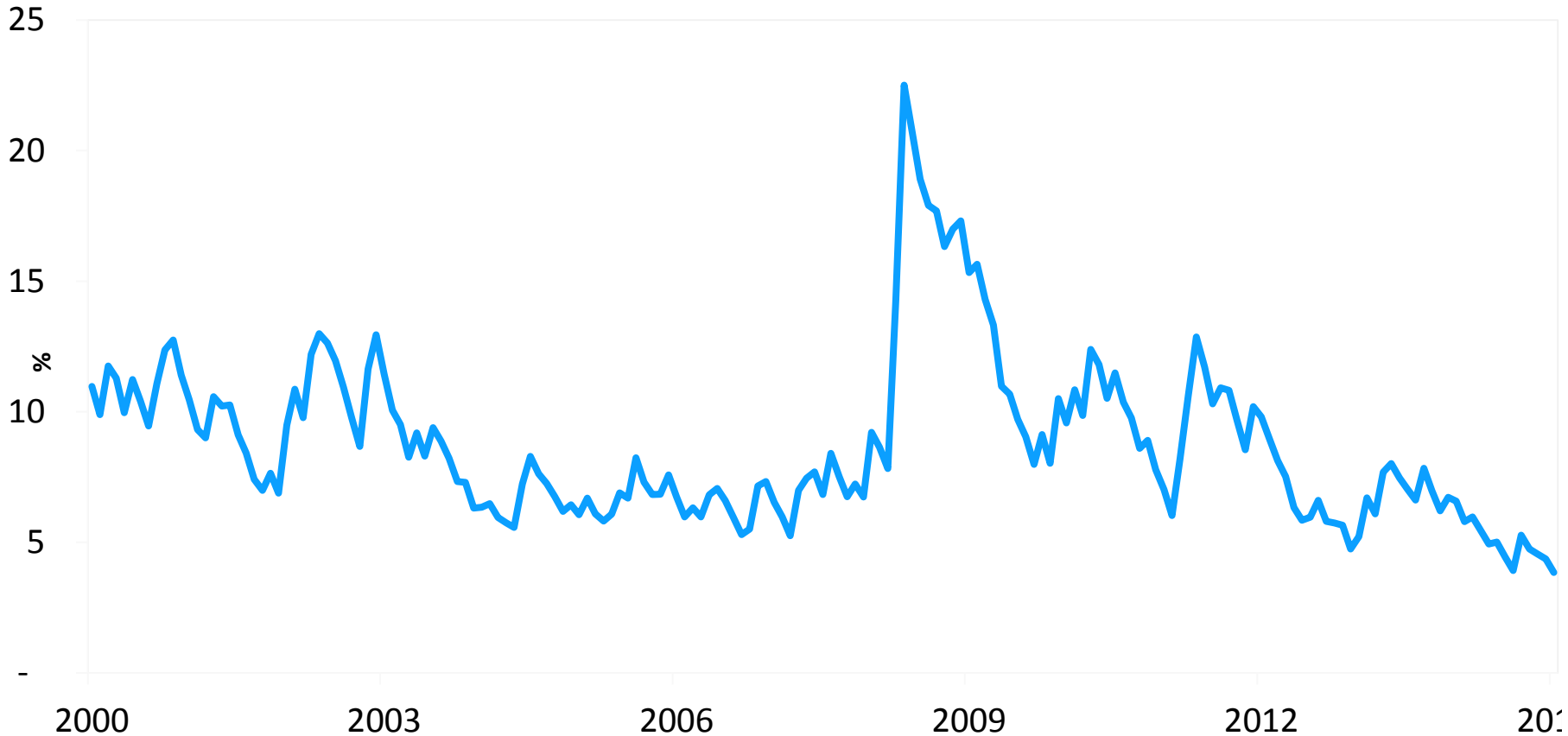
Endowment

Beta (S&P 500)



Endowment

Risk Measures: Total

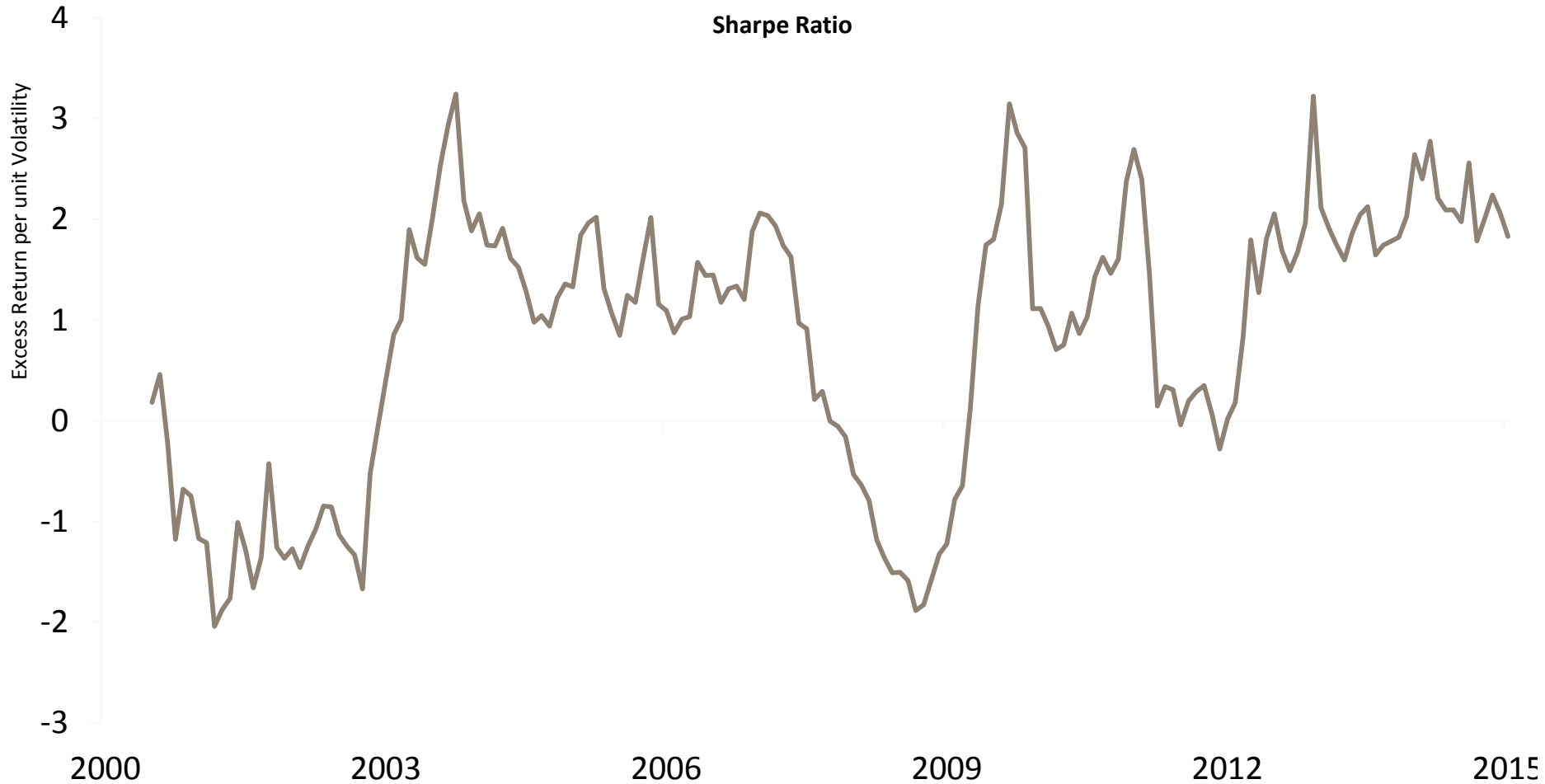


Total risk is measured by standard deviation of monthly **total** returns; each point or bar shows a 12 month measurement period. A standard deviation of 12% means that roughly 2/3 of the time, the realized return will be within $\pm 12\%$ points from the average return.

At the end of the month total risk was 3.8% for the Endowment and 4.0% for the benchmark.

Endowment

Risk Adjusted Total Return: Sharpe Ratio



Sharpe ratio is “excess” return (total return less risk-free rate) divided by total risk; each point or bar shows a 12 month measurement period.

Endowment

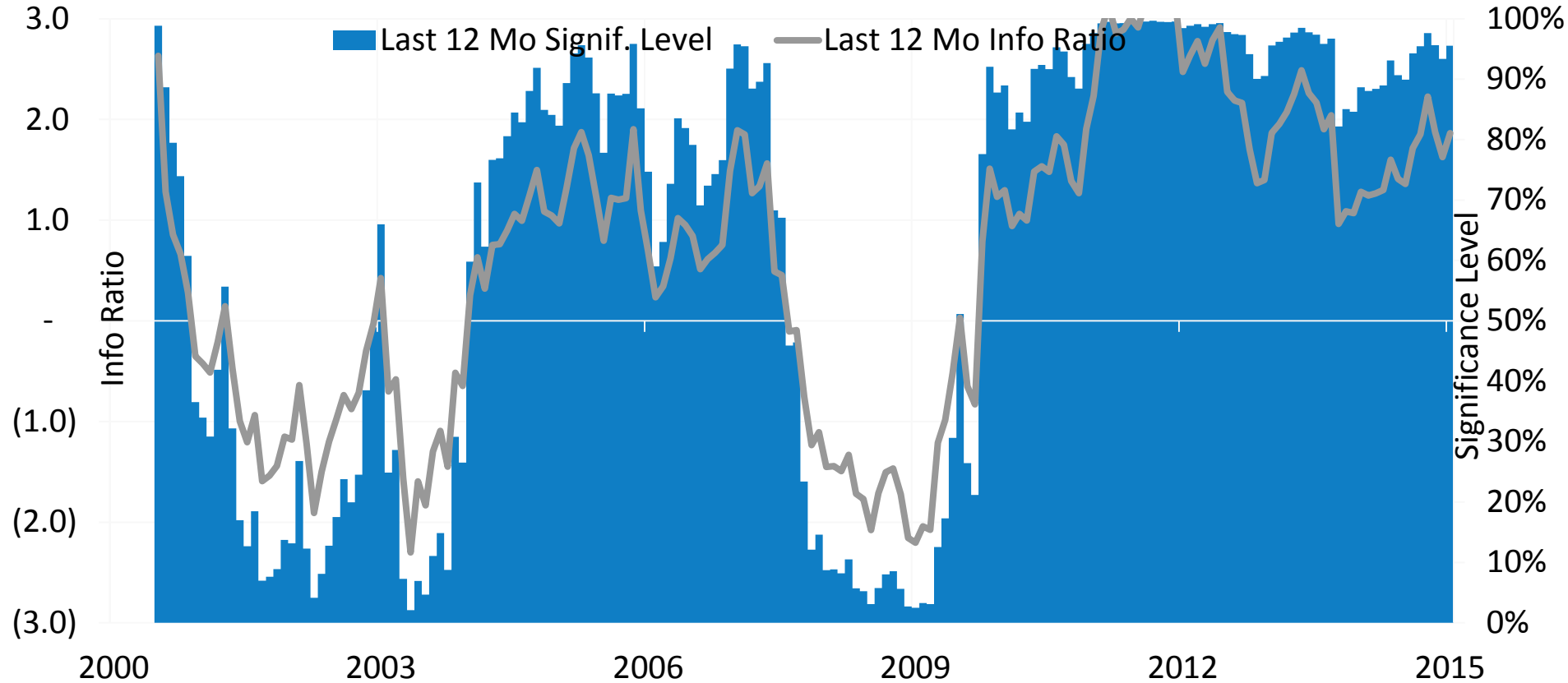
Risk Measures: Active



Active risk is measured by standard deviation of monthly **active** returns; each point or bar shows a 12 month measurement period. A standard deviation of 3% means that roughly 2/3 of the time, the realized active return will be within $\pm 3\%$ points from the average active return.

Endowment

Risk Adjusted Active Return: Information Ratio



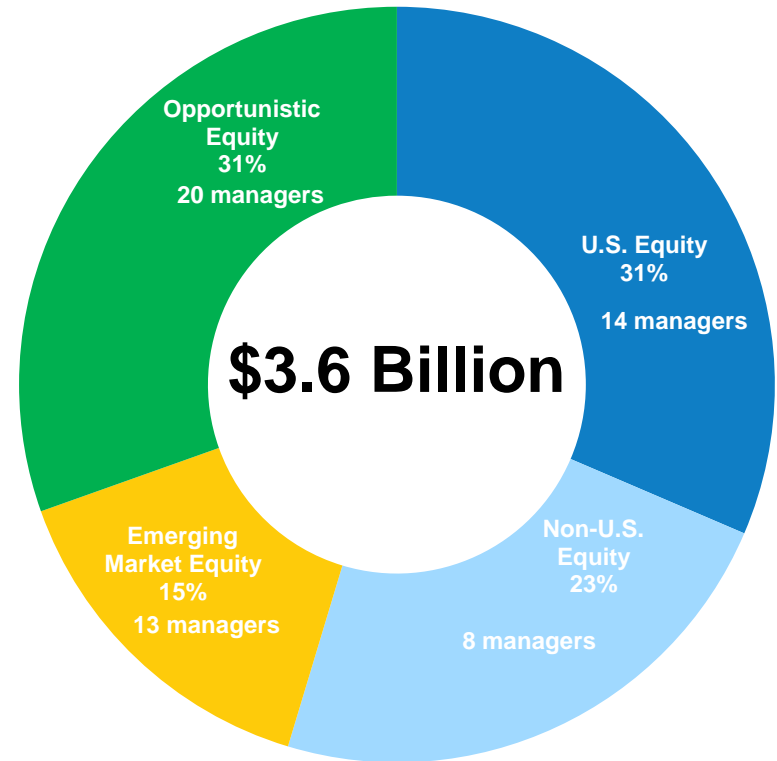
Information ratio is active return (total return less benchmark) divided by active risk; each point shows a 12 month measurement period. The Significance level is the probability that results are due to skill, with 50% being a neutral measure (e.g., “0% sure,” “100% sure,” “50/50”).

Information ratio (risk adjusted active return) is the result of both asset weighting decisions and active selection performance. It is higher when the returns are more consistent (less volatile).

Asset Class Summary

Public Equity

Program inception	2004
Top 20 active managers	52% of net asset value
Top 20 companies	9% of net asset value
Active / Passive	~83% / ~17%



Public Equity

GEP

As of June 30, 2015	Market Value (\$ Million)	% Allocation	Annualized Performance(%)					
			1 Year	3 Year	5 Year	7 Year	10 Year	20 Year
Public Equity	3,632	100%	5.4	15.2	13.5	6.2	7.1	8.2
U.S.	1,142	31%	8.3	18.3	17.8	9.9	8.0	8.5
<i>Russell 3000 Tobacco Free Index</i>			7.3	17.9	17.5	9.6	8.0	9.2
<i>Value Added</i>			1.0	0.5	0.4	0.3	-0.1	-0.7
Non-U.S. Developed	843	23%	-2.8	12.2	9.7	2.7	5.9	0.0
<i>MSCI World ex-U.S.</i>			-5.3	11.2	8.9	1.6	5.1	0.0
<i>Value Added</i>			2.5	1.0	0.9	1.1	0.8	0.0
Emerging Markets	541	15%	1.1	5.8	5.7	2.0	8.7	7.8
<i>MSCI Emerging Market</i>			-5.1	3.7	3.7	0.9	8.1	6.1
<i>Value Added</i>			6.2	2.1	2.0	1.2	0.5	1.7
Opportunistic	1,106	30%	11.6	-	-	-	-	-
<i>MSCI All Country World Index</i>			0.7	-	-	-	-	-
<i>Value Added</i>			10.9	-	-	-	-	-

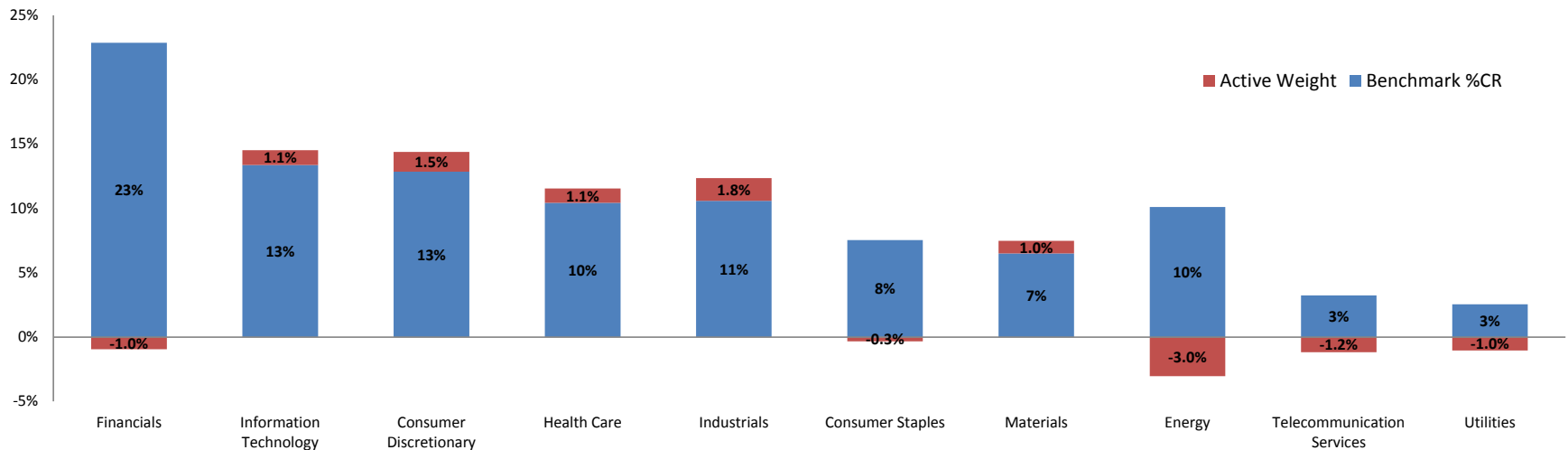
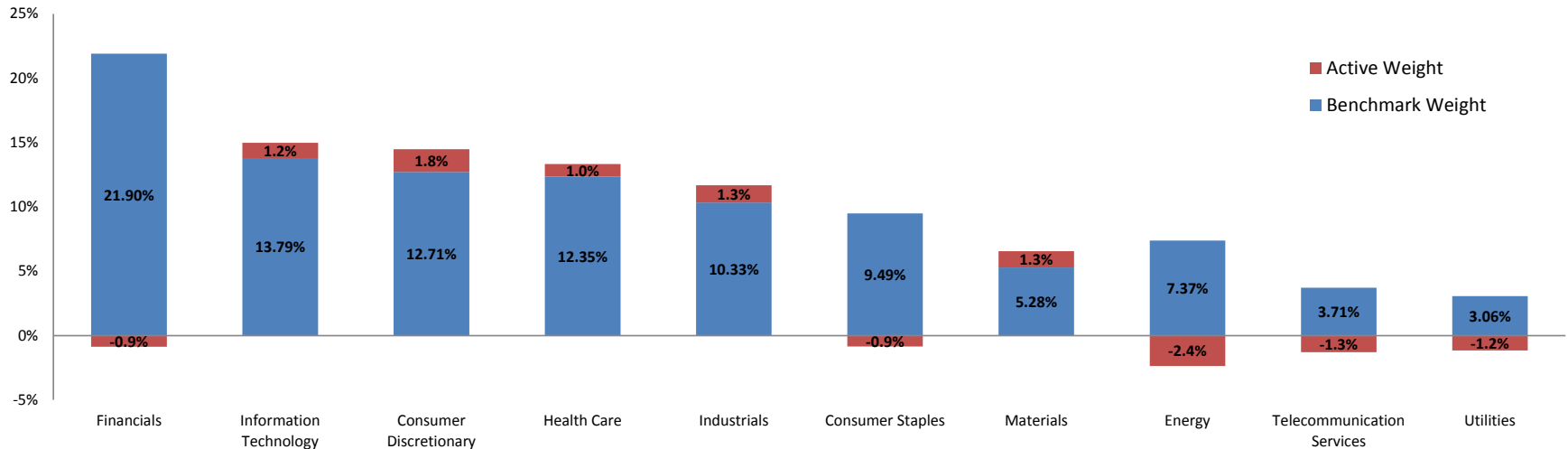
Numbers may not add due to rounding.

GEP Public Equity

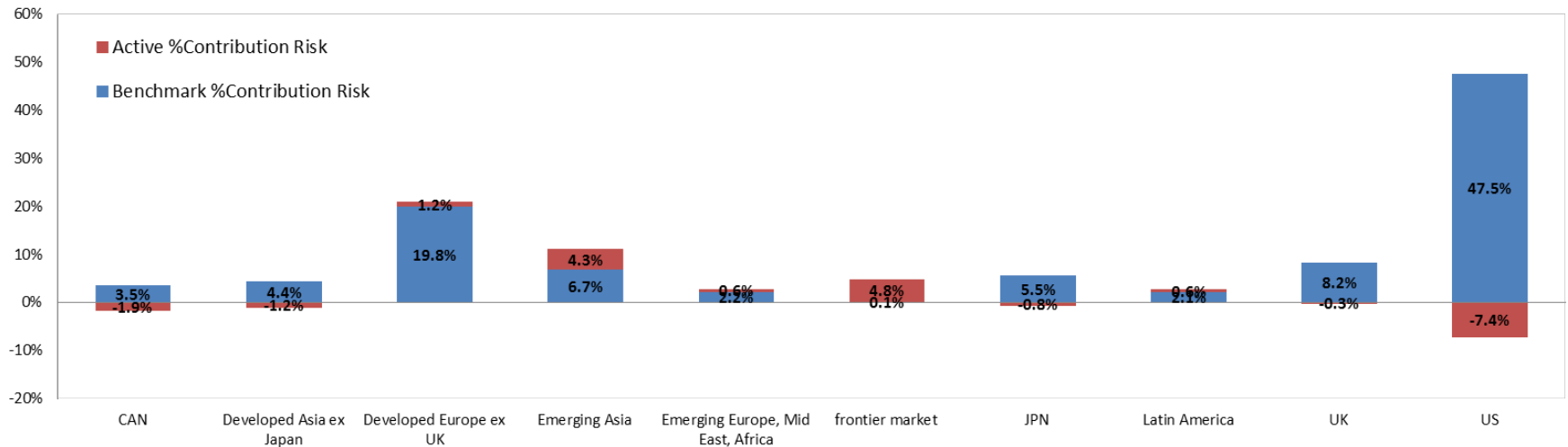
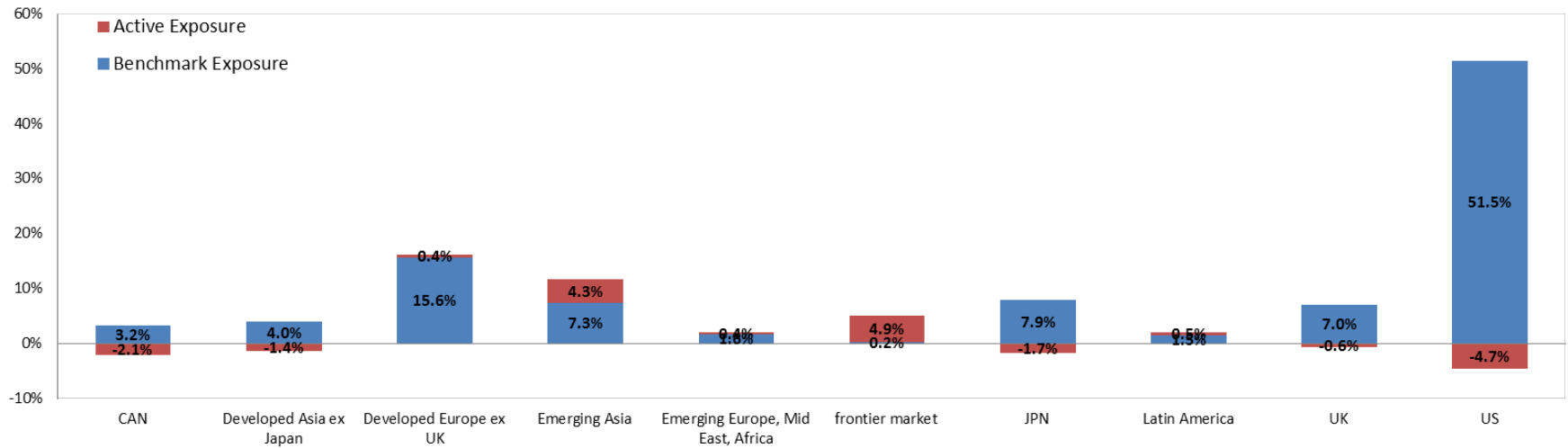
GEP June 30, 2015	Dividend Yield	Dividend per Share	EPS	Price/ Book Value	P/CE	Price/Earning	Price/Sales	Payout Ratio	ROE
Total Public Equity	2.07%	1.39	4.44	2.15	11.94	20.38	1.32	35.74%	18.66%
US Equity	1.56%	1.00	4.05	2.93	13.85	24.62	1.57	32.54%	20.37%
Non-US Equity	2.92%	1.91	3.84	1.65	9.49	17.61	1.04	53.64%	15.36%
EM Equity	2.04%	0.79	4.81	2.23	12.15	17.49	1.50	21.43%	18.29%
Opportunistic Equity	1.77%	1.46	5.16	2.24	13.09	21.95	1.39	27.49%	20.44%

MSCI ACWI	2.47%	1.71	4.52	2.14	10.79	18.51	1.36	54.22%	22.06%
S&P 500	2.10%	1.54	4.51	2.83	12.24	19.73	1.76	56.13%	27.06%
MSCI EM	2.59%	1.12	6.64	1.55	8.43	14.19	1.02	36.97%	16.21%
MSCI ACWI ex U.S.	2.93%	1.94	4.67	1.69	9.27	16.93	1.07	54.17%	16.31%

GEP Public Equity – Sector Exposure

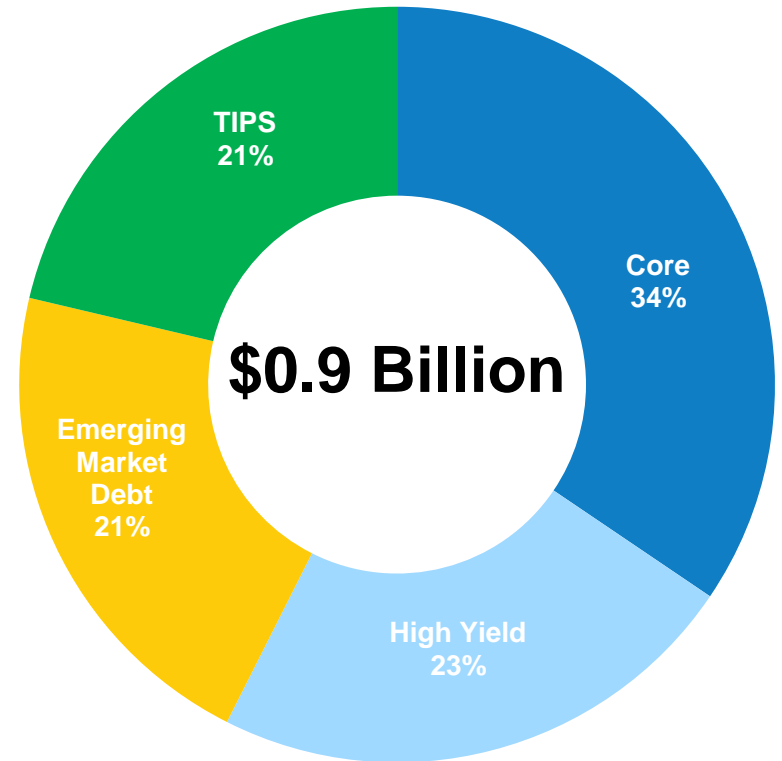


GEP Public Equity – Regional Exposure



Fixed Income

Program inception	1976
External managers	3
Internally managed	83%
Actively managed	95%



Fixed Income

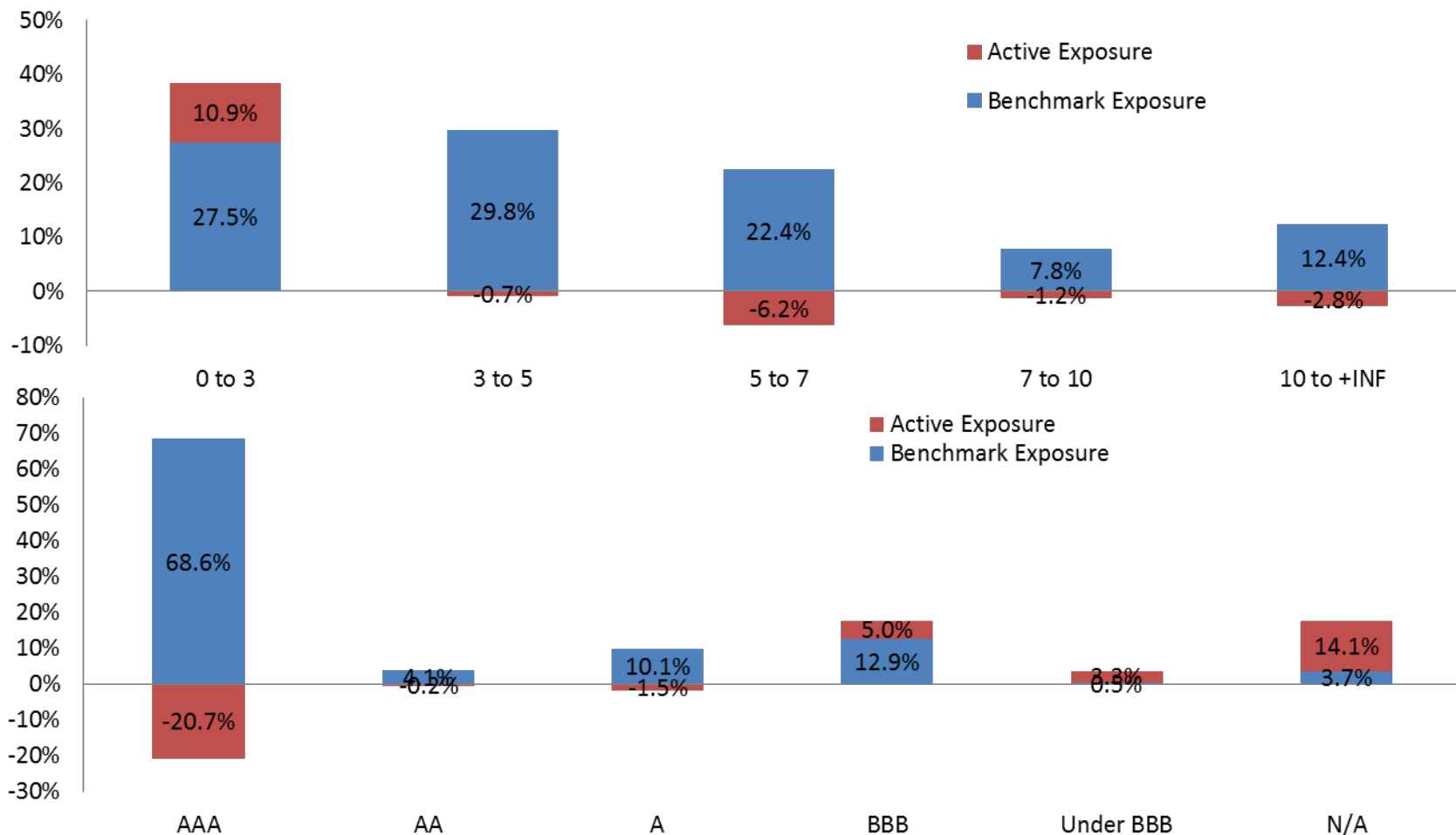
GEP

As of June 30,2015	Market Value (\$ Million)	% Allocation	Annualized Performance(%)				
			1 Year	3 Year	5 Year	7 Year	10 Year
Core	327	34%	1.7	2.7	3.8	4.7	4.3
<i>Barclays U.S. Aggregate Bond Index</i>			1.9	1.8	3.3	4.8	4.4
<i>Value Added</i>			-0.2	0.9	0.4	-0.1	-0.1
High Yield	218	23%	0.1	7.4	9.0	9.1	-
<i>Merrill Lynch High Yield Cash Pay</i>			-0.5	6.7	8.4	9.0	-
<i>Value Added</i>			0.7	0.6	0.6	0.0	-
Emerging Markets Debt	201	21%	-1.8	2.3	5.2	6.5	-
<i>JP Morgan Emerging Markets Bond</i>			0.5	4.2	6.2	7.5	-
<i>Value Added</i>			-2.3	-1.9	-1.0	-1.0	-
TIPS	202	21%	-1.4	-0.6	3.5	3.9	4.4
<i>Barclay U.S. TIPS</i>			-1.7	-0.8	3.3	3.5	4.1
<i>Value Added</i>			0.3	0.1	0.2	0.3	0.3

Numbers may not add due to rounding.

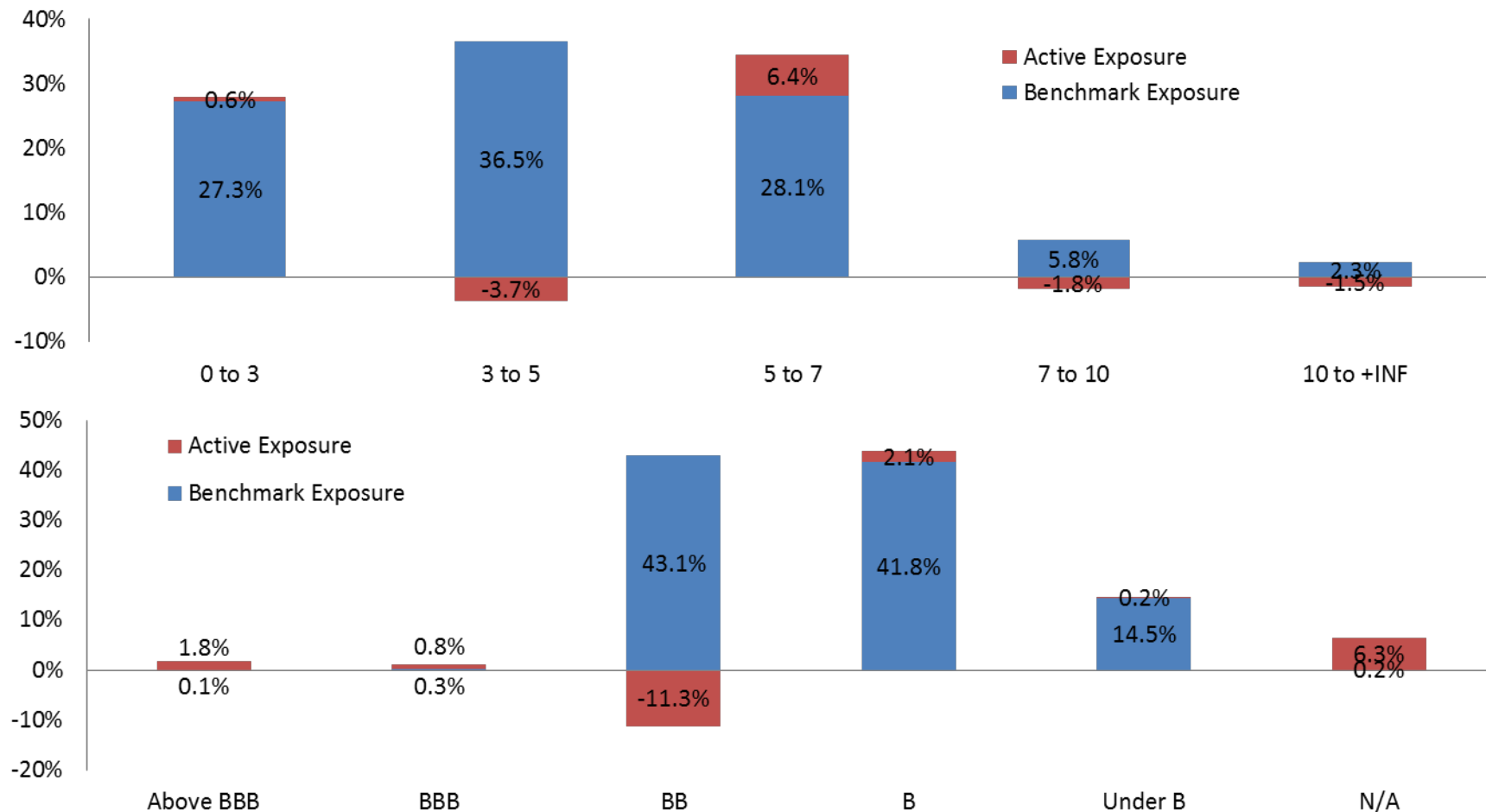
GEP Core Fixed Income

GEP-Core	GEP - Core	Barclays Aggregate	Excess
Effective Duration	4.89	5.52	-0.63
Average Quality	AA/A	AA/A	



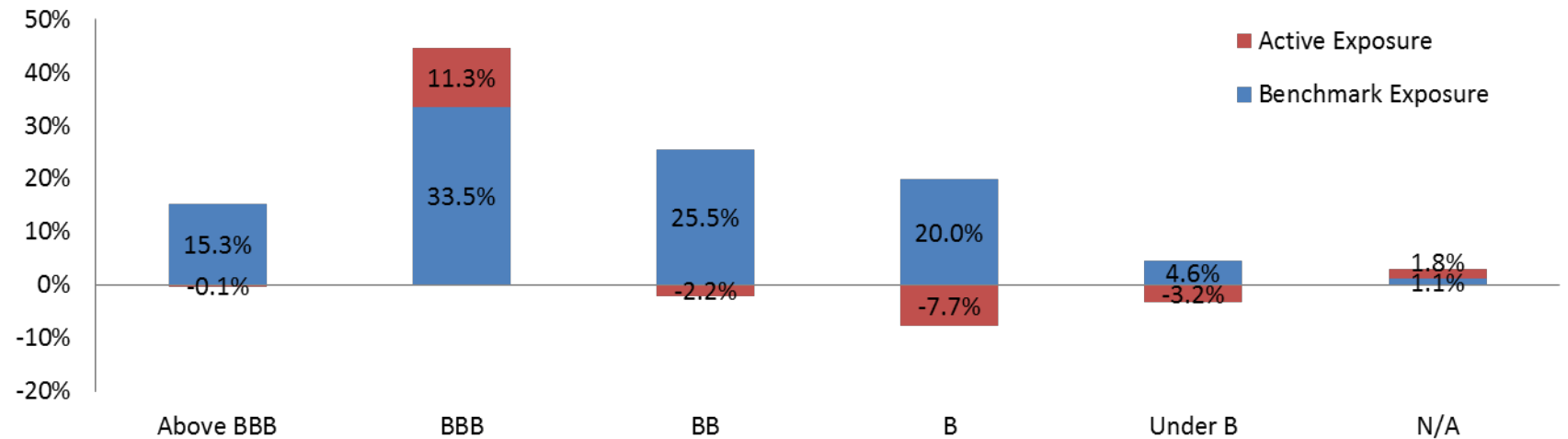
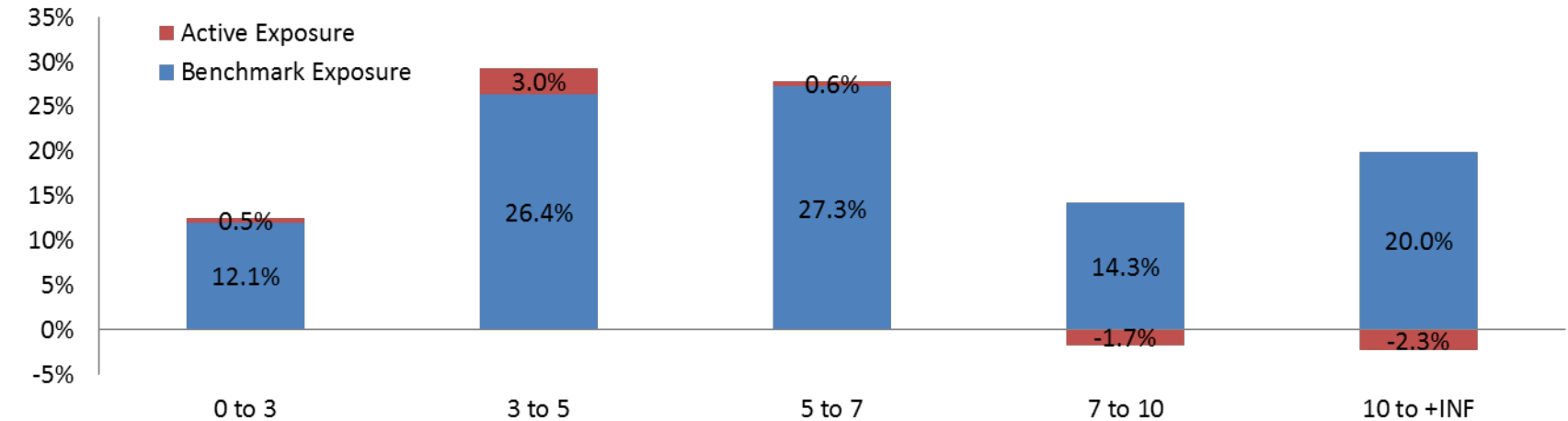
GEP High Yield

GEP-High Yield	GEP - High Yield	Merrill Lynch High Yield	Excess
Effective Duration	4.17	4.3	-0.13
Average Quality	BB/B	BB/B	



GEP Emerging Market Debt

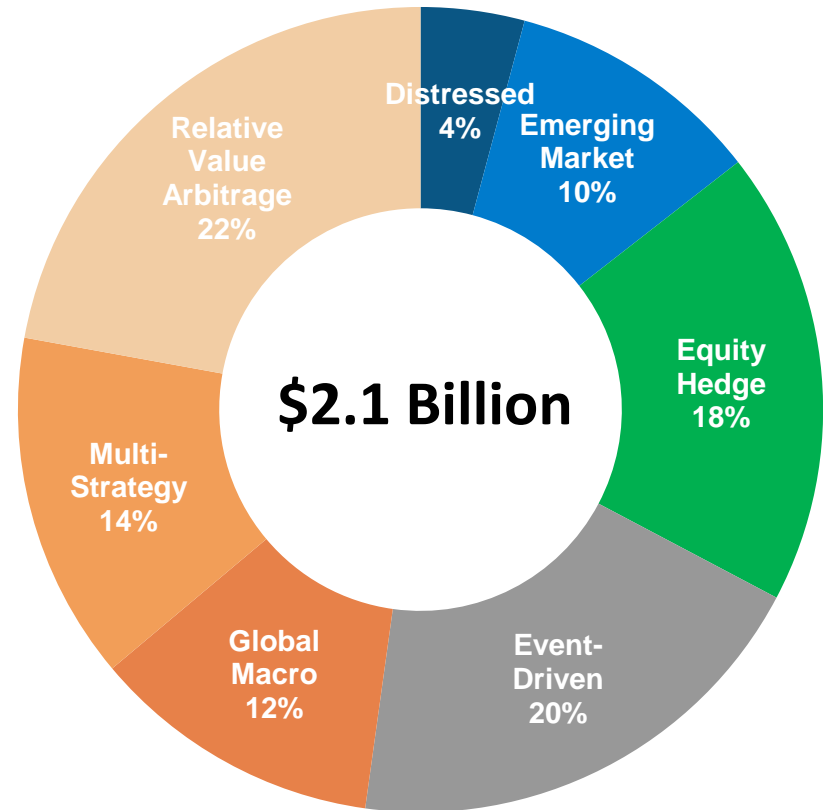
GEP-Emerging Market Debt	GEP - EM Debt	JP Morgan EM Bond	Excess
Effective Duration	6.26	6.64	-0.38
Average Quality	BBB/BB	BBB/BB	



Absolute Return

Program inception April 2003

External managers 30



Absolute Return

GEP

As of June 30, 2015

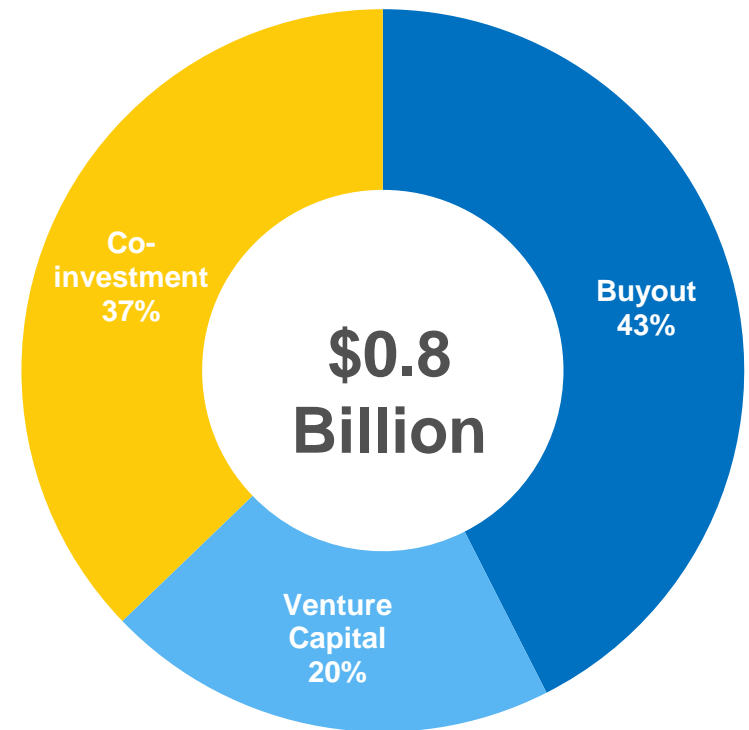
Annualized Performance (%)

	Market Value (\$ Million)	% Allocation	1 Year	3 Year	5 Year	7 Year	10 Year
Absolute Return	2,108	100%	6.7	10.1	8.0	4.9	6.4
<i>50% HRFX Absolute Return + 50% HRFX Market Directional Value Add</i>			2.3 4.4	4.9 5.2	1.4 6.6	2.8 2.0	4.4 2.0
Distressed	88	4%	-6.7	4.9	5.8	3.0	3.5
Emerging Market	217	10%	18.2	21.8	18.1	12.7	-
Equity Hedge	385	18%	10.9	11.7	8.6	3.9	-
Event-Driven	410	19%	4.8	13.4	10.2	7.7	8.2
Global Macro	246	12%	6.1	3.2	3.5	1.6	-
Multi-Strategy	295	14%	5.3	4.4	-	-	-
Relative Value Arbitrage	467	22%	4.7	8.0	6.1	6.5	-

Numbers may not add due to rounding.

Private Equity

Program inception	1979
Top 20 managers	76% of net asset value
Top 20 companies	36% of net asset value
Avg. fund commit	\$50m
Avg. co-invest commit	\$35m



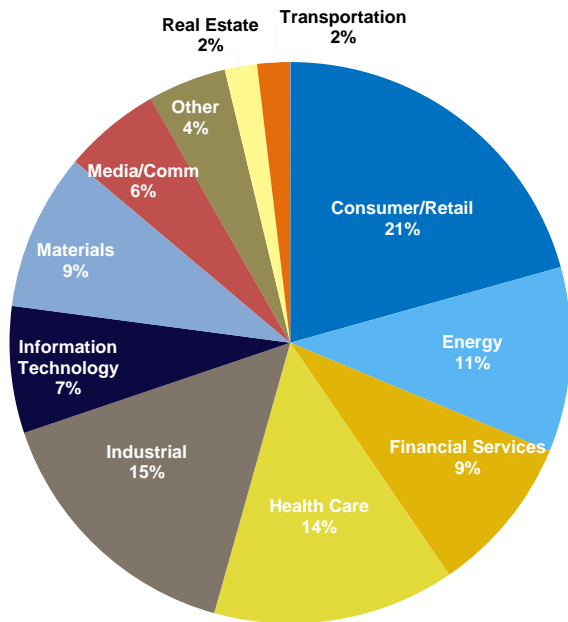
Private Equity

GEP As of June 30, 2015	Market Value (\$ Million)	% Allocation	Annualized Performance (%)				
			1 Year	3 Year	5 Year	7 Year	10 Year
Private Equity	769	100%	22.6	20.9	17.5	11.7	11.8
<i>Actual Private Equity Return</i>			22.6	20.9	17.5	11.7	11.8
<i>Value Added</i>			0.0	0.0	0.0	0.0	0.0
Buyout	327	43%	10.9	11.3	11.5	7.8	10.2
Venture Capital	156	20%	11.9	18.6	16.5	11.1	9.8
Co-investment	286	37%	51.3	51.5	38.2	-	-

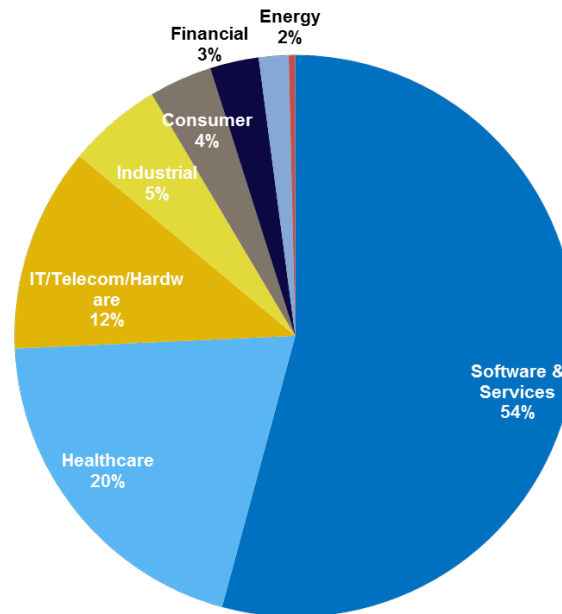
Numbers may not add due to rounding.

Private Equity

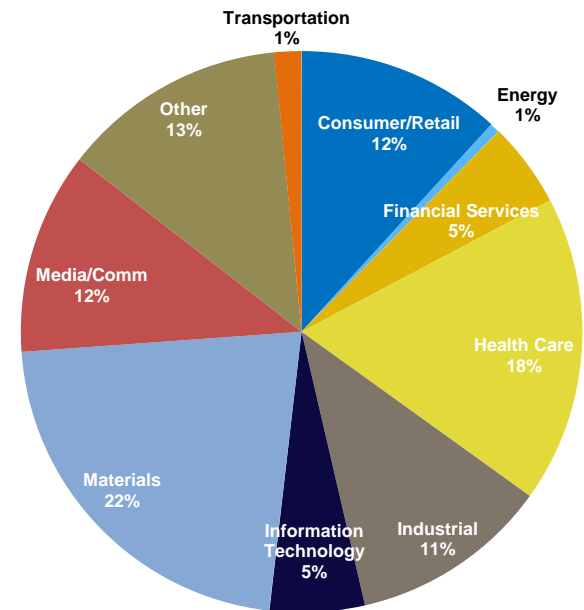
Buyout - Industry Exposures



Venture - Industry Exposures

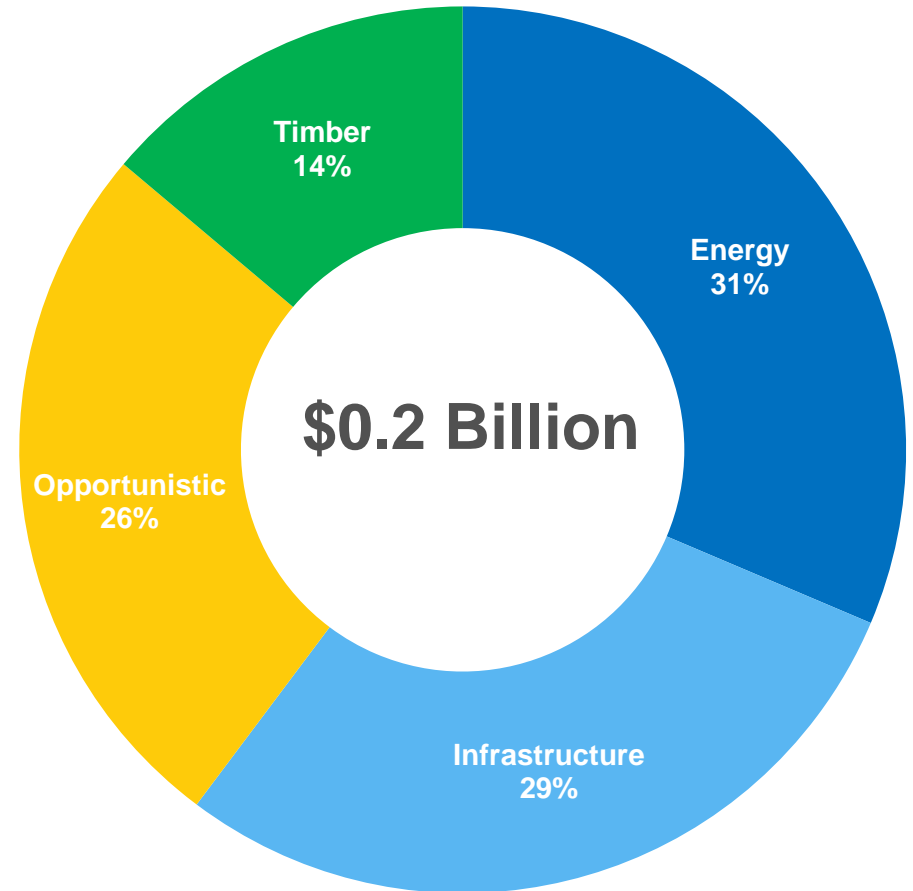


Co-investment - Industry Exposures



Real Assets

Program inception	April 2010
External managers	24
Top 20 managers	96% of net asset value
Avg. net asset value per manager	\$60m
Avg. co-invest commitment	\$30m



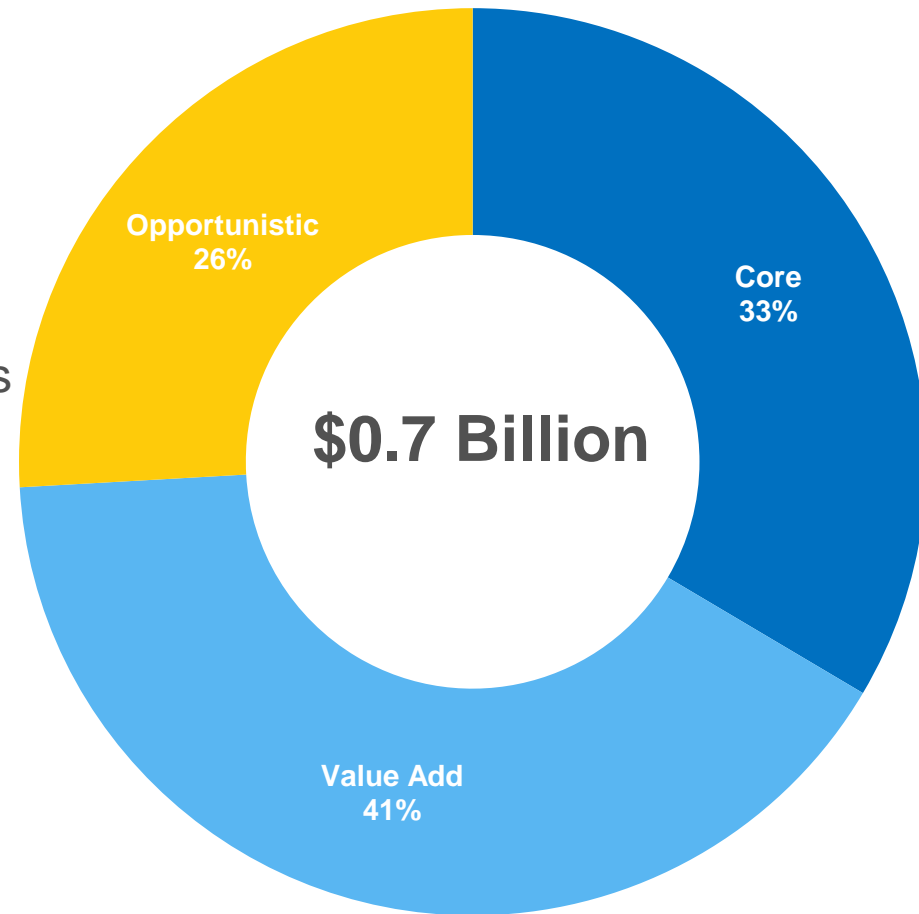
Real Assets

GEP As of June 30, 2015	Market Value (\$ Million)	% Allocation	Annualized Performance (%)				
			1 Year	3 Year	5 Year	10 Year	10 Year
Real Assets	200	100%	-6.3	2.9	3.1	-	-
<i>S&P GSCI Reduced Energy + Actual Real Assets Return</i>			<i>-12.3</i>	<i>0.3</i>	<i>1.6</i>	<i>-</i>	<i>-</i>
<i>Value Added</i>			<i>6.0</i>	<i>2.6</i>	<i>1.4</i>	<i>-</i>	<i>-</i>
Energy	63	31%	-34.6	-7.9	-1.7	-	-
Infrastructure	58	29%	13.2	12.4	-	-	-
Opportunistic	52	26%	7.8	6.1	-	-	-
Timber	28	14%	20.5	6.6	4.8	-	-

Numbers may not add due to rounding.

Real Estate

Program inception	2006
External managers	30 active 9 separate accounts
Commingled funds	44
Geographic Allocation	96% U.S. 4% International



Real Estate

GEP As of June 30, 2015	Market Value (\$ Million)	% Allocation	Annualized Performance (%)				
			1 Year	3 Year	5 Year	7 Year	10 Year
Real Estate - Private	717	100%	17.7	14.1	15.6	-1.7	4.1
<i>NCREIF ODCE Index</i>			12.4	11.6	14.2	-0.8	3.8
<i>Value Added</i>			5.2	2.5	1.4	-0.9	0.3
Core	240	34%	12.1	12.1	12.2	12.2	-
Value	291	41%	13.2	12.7	13.9	13.9	-
Opportunistic	186	26%	14.4	13.5	16.6	16.6	-

Numbers may not add due to rounding.

GEP Private Real Estate

