

Growing Portfolios. Building Partnerships.

2015 / 2016

Opportunities

Develop asset and risk allocation for all products

Manage products differently based on their risk and return objectives

Add value through active management

Reduce costs in a low-return environment

Benefit from our competitive advantages

Size. Scale. Patience. The UC.

**Delivering
value
through
values.**

Delivering value through values.

1

Invest for the long term.

Where we can, we focus on investments over 10 years and beyond. This offers many more opportunities than those available to short- and intermediate-term investors. We aim to make the most of our scale and ability to be patient.

2

Invest in people.

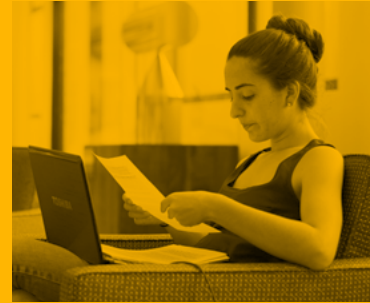
The contributions of talented people are among the most important drivers of success for any investment organization. So we've made the recruitment and retention of exceptional staff a cornerstone of our strategy.



5

Allocate wisely.

The key to investing, and the most important driver of performance, is asset allocation. To make effective investment decisions and achieve the appropriate combination of risk and return, we have to maintain a clear and balanced understanding of stakeholders' unique objectives, time horizon, risk tolerances, liquidity and other constraints. As a globally significant investor, we also aim to make the most of our scale and patience when we allocate assets.



3

Build a high-performance culture.

Every organization needs a clearly defined culture to make sure everyone is working towards the same ends and speaking the same language. Our culture is one of responsibility, accountability and high performance. We are proud of our achievements but try to be humble, as markets sometimes surge and fall without warning.

4

We are all risk managers.

Our aim is simple: to earn the best risk-adjusted return that meets the objectives of our various portfolios. But achieving that aim is complex. An effective risk-management function is critical, enabling the leadership to delegate authority to the investment team. Everyone on the team is in the risk-management business.

6

Costs matter.

High-quality advice comes at a cost. We get that. But we also believe fees and costs for external managers must be fully transparent and straightforward. Anything else creates potential problems — opaque fees can mask risk. Plus, cost savings can be considered a risk-free return. If we can save money through efficient, well-executed strategies, then we must. We intend to capture every dollar of this risk-free return that we can.



7

Diversify with care. Act with clarity.

Diversification is invaluable, but it's not a cure-all. It allows us to spread risk and reduce the impact of any individual loss. But diversifying too broadly can draw investors into assets and products they don't fully understand. We prefer a more focused portfolio of assets and risks that we know extremely well. We also need to be keenly aware of our own strengths and weaknesses in the global context in order to act decisively when we believe markets are behaving irrationally or when we have a skill or knowledge advantage. That means keeping a constant, clear-eyed check on our evolving capabilities. It's not always an easy or painless process, but it's an essential one.

8

Sustainability impacts investing.

Sustainability is not a "check box," but rather, a fundamental concern that we incorporate into decision making. We focus particularly on how sustainability can improve investment performance. Sustainable businesses are often more rooted in communities and resilient to future crises, which means investing in them makes good business sense. They are bound to affect portfolios in the future, and we need to consider them in our broader lens of investment decision making.



9

Collaborate widely.

We are proud to be a part of the University of California, as well as the broader community of institutional investors. Through active collaboration, we aim to leverage the unique resources of the university. We also want to foster collaborative relationships with our peers to leverage our long-term competitive advantages.

10

Innovation counts.

The best investors recognize that markets are constantly fluctuating and that no good idea lasts forever. We must always be innovating and identifying new opportunities. Getting in early brings rewards. Just as importantly, some of the best opportunities transcend asset-class silos. There are advantages in thinking differently and partnering with peers that are willing to work with us on innovative projects. Collaboration is one of the most powerful drivers of innovation.

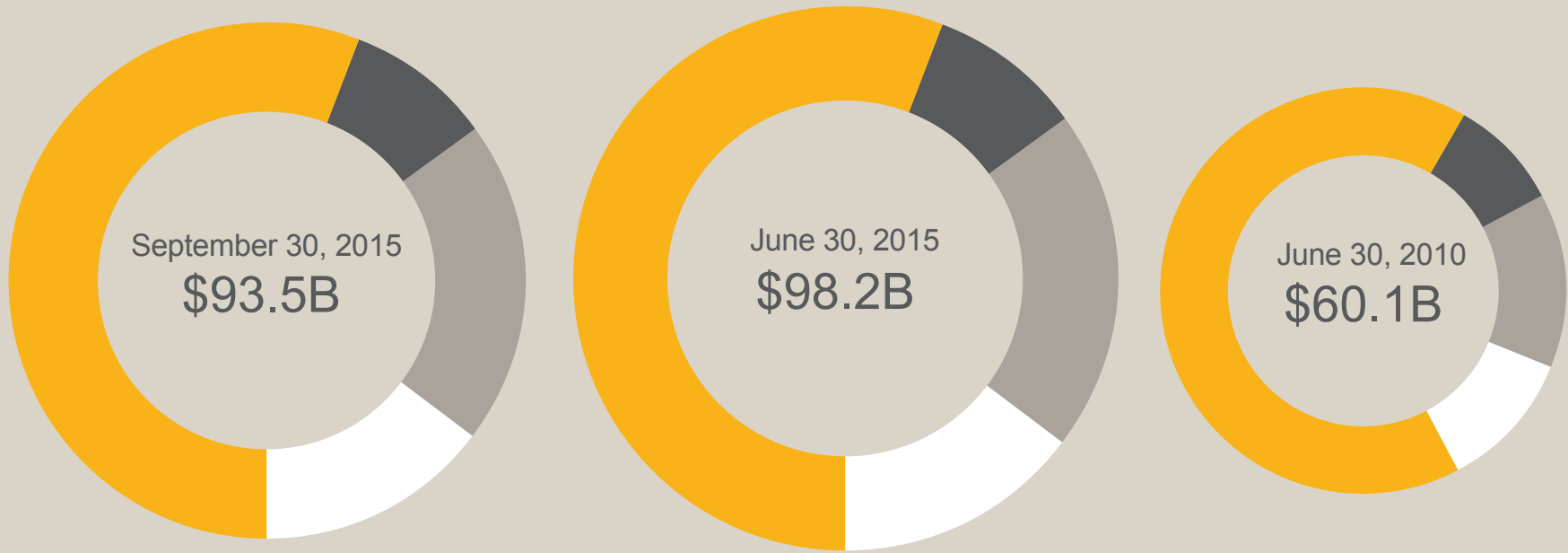
Our Products

Office of the Chief Investment Officer of the Regents

			Market Value in Billions (\$)
	September 30, 2015	June 30, 2015	June 30, 2010
Endowment	\$8.4	\$8.9	\$5.7
Pension	\$51.7	\$55.0	\$34.5
Retirement Savings	\$19.2	\$20.1	\$10.4
Working Capital Total Return	\$8.4	\$7.4	\$1.8
Short Term	\$5.8	\$6.8	\$7.7
Total	\$93.5B	\$98.2B	\$60.1B

Investing Globally

\$93.5 Billion

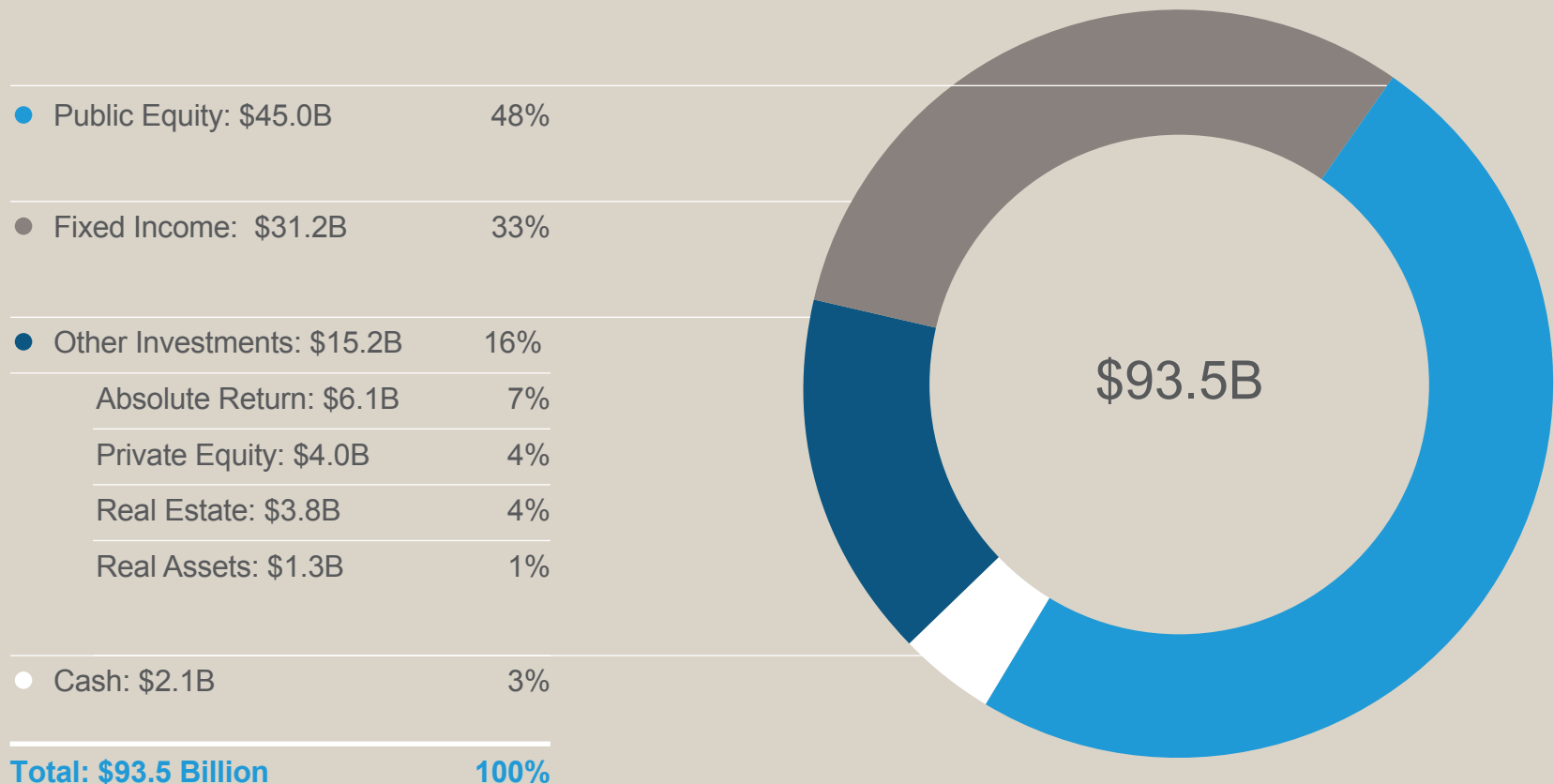


As of September 30, 2015



How We Invest \$93.5 Billion

As of September 30, 2015



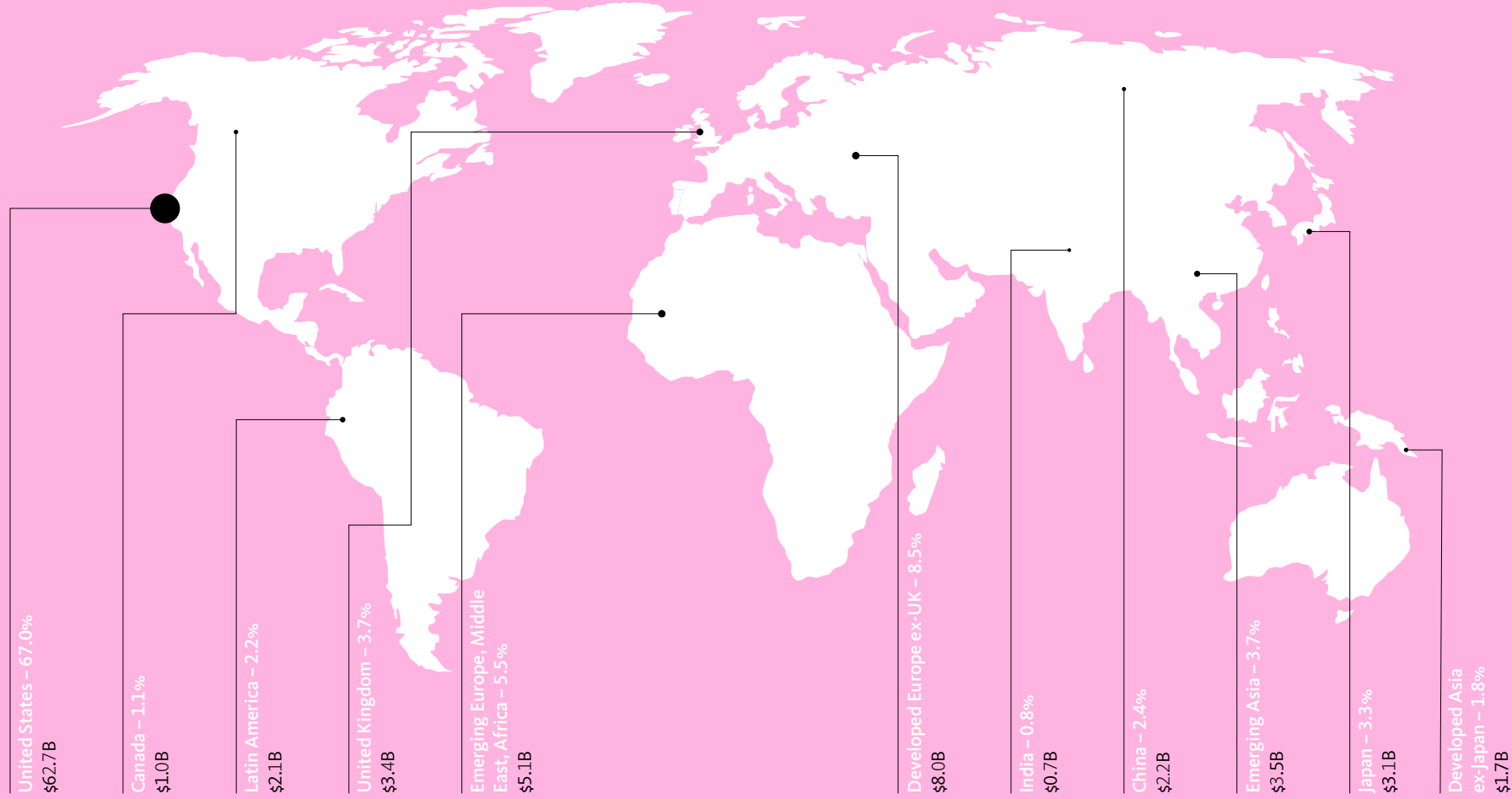
How We Invest

Across our Products

In Billions (\$)	Endowment		Pension		Retirement Savings		Total Return		Short Term		Total	
Public Equity	3.5		27.7		10.9		2.9				\$45.0	
Fixed Income	1.0		12.0		8.1		4.3		5.8		\$31.2	
Other Investments	3.7		10.4		0.2		0.9				\$15.2	
Absolute Return	2.0		3.2				0.9				\$6.1	
Private Equity	0.8		3.0		0.2						\$4.0	
Real Estate	0.7		3.1								\$3.8	
Real Assets	0.2		1.1								\$1.3	
Cash	0.2		1.6		0.03		0.3				\$2.1	
Total	\$8.4		\$51.7		\$19.2		\$8.4		\$5.8		\$93.5	

Where we Invest

Our Products



Contents

Market Review

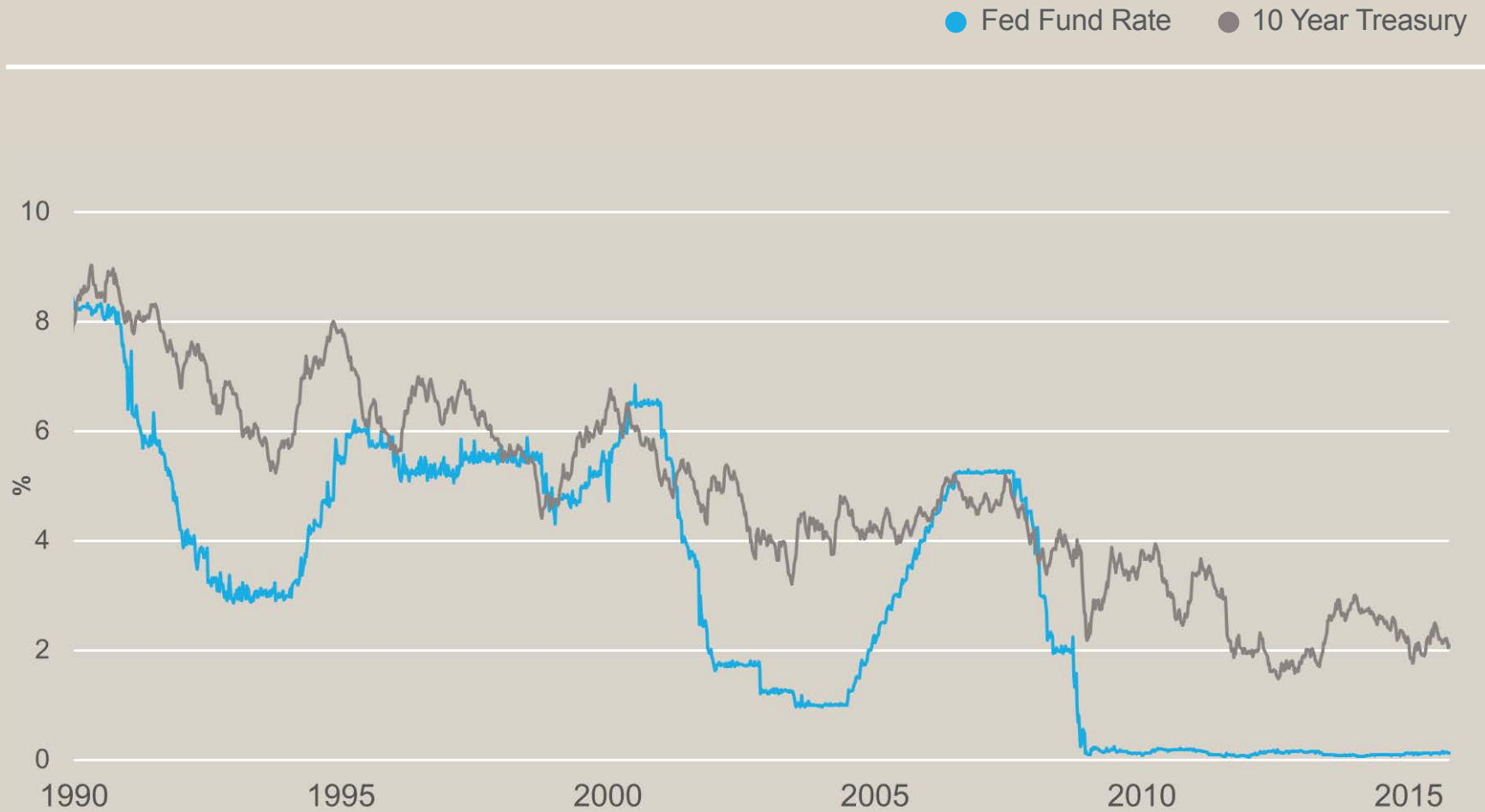
Endowment

Pension and Retirement Savings

Working Capital

Opportunities

Low Interest Rates Longer



How Much Further Can Equities Go?



**Growing for more
than 80 years.**

Endowment

Investment Highlights

Market Value
in Billions (\$)

September 30, 2014

\$8.1B

Market Gains

(\$0.1B)

Value Added

\$0.2B

+ Cash Inflow

\$0.5B

- Cash Outflow

(\$0.3B)







September 30, 2015

\$8.4B

Endowment

Cash Inflow since June 30, 2014

In Millions (\$)

	UC San Diego Funds Functioning as Endowment	\$150
	UC Santa Barbara Foundation	\$145
	UC Irvine Funds Functioning as Endowment	\$90
	UC Los Angeles Funds Functioning as Endowment	\$50
	UC San Francisco Funds Functioning as Endowment	\$80
	UC Riverside Funds Functioning as Endowment	\$13
Total Cash Inflow through October 31, 2015*		\$540

*Includes an additional \$12 Million across all 10 Campuses

Endowment

Investing Since 1933

Dollar Value Added

\$0.1B

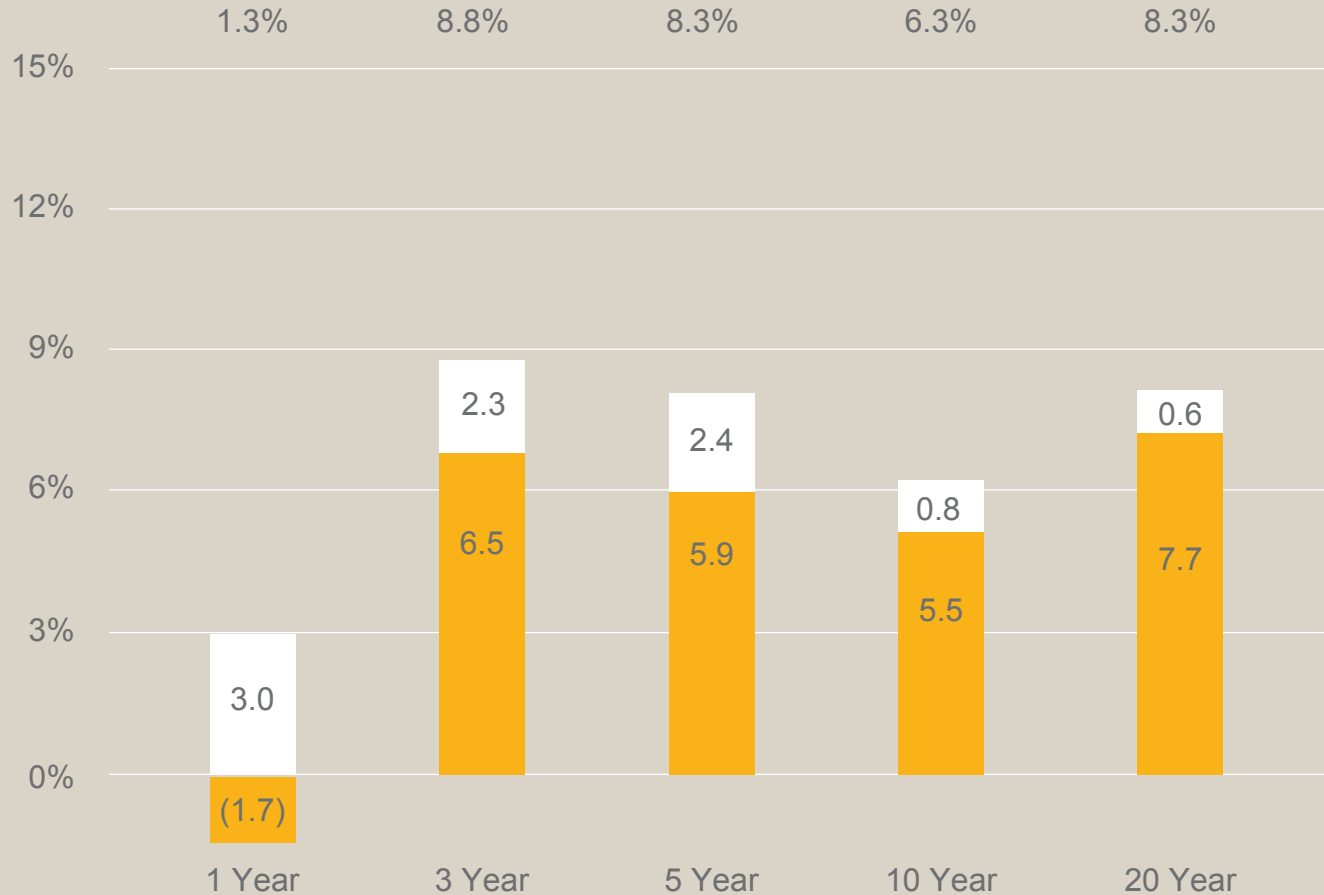
\$1.9B

\$2.8B

\$4.1B

Net Returns

- Value Added
- Benchmark



As of September 30, 2015

Endowment Asset Allocation

As of September 30, 2015

	Market Value in Billions (\$)	Portfolio Weight (%)	Policy Weight (%)	Overweight / (Underweight)	
Public Equity	3.5	41.6	43.2	(1.6)	
Fixed Income	1.0	12.0	13.0	(1.0)	
Other Investments	3.7	44.0	43.8	0.2	
Absolute Return	2.0	23.8	24.5	(0.7)	
Private Equity	0.8	9.5	9.4	0.1	
Real Estate	0.7	8.3	7.0	1.3	
Real Assets	0.2	2.4	2.9	(0.5)	
Cash	0.2	2.4	0.0	2.4	
Total	\$8.4 Billion	100.0%	100.0%	0.0%	

Endowment Asset Allocation

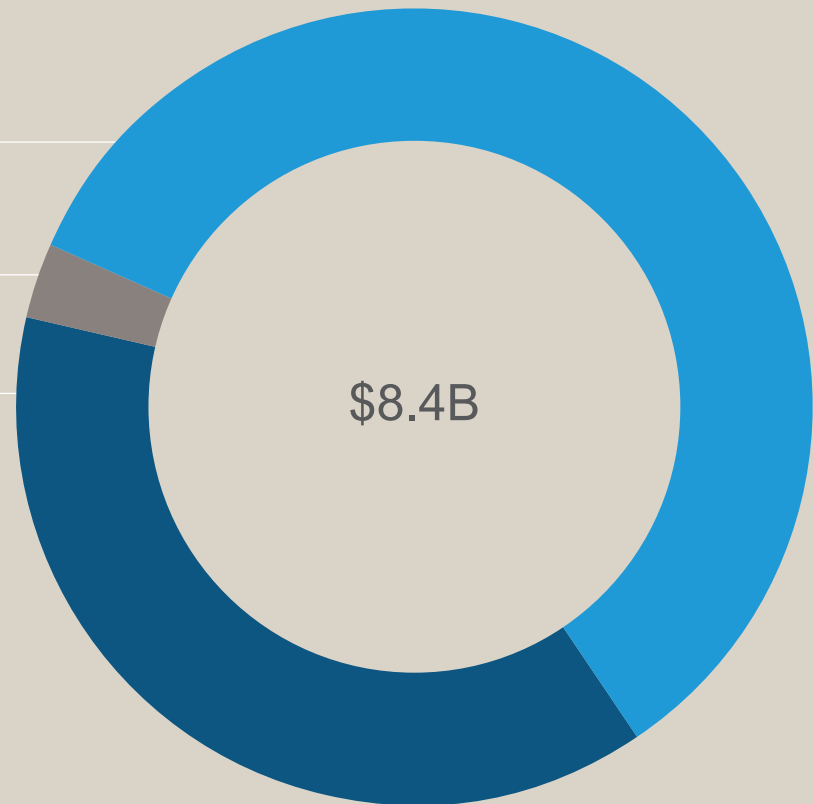
As of September 30, 2015

	Market Value in Billions (\$)	Portfolio Weight (%)	Policy Weight (%)	Overweight/(Underweight)	
Public Equity	3.5	41.6	43.2	(1.6)	
U.S.	1.8	21.3	21.6	(0.3)	
Non-U.S.	1.1	12.9	14.3	(1.4)	
Emerging Markets	0.6	7.4	7.3	0.1	
Fixed Income	1.0	12.0	13.0	(1.0)	
Core	0.3	3.6	5.2	(1.6)	
High Yield	0.3	3.6	2.6	1.0	
Emerging Markets	0.2	2.4	2.6	(0.2)	
TIPS	0.2	2.4	2.6	(0.2)	
Other Investments	3.7	44.0	43.8	0.2	
Absolute Return	2.0	23.8	24.5	(0.7)	
Private Equity	0.8	9.5	9.4	0.1	
Real Estate	0.7	8.3	7.0	1.3	
Real Assets	0.2	2.4	2.9	(0.5)	
Cash	0.2	2.4	0.0	2.4	
Total	\$8.4 Billion	100.0%	100.0%	0.0%	

Endowment Risk Allocation

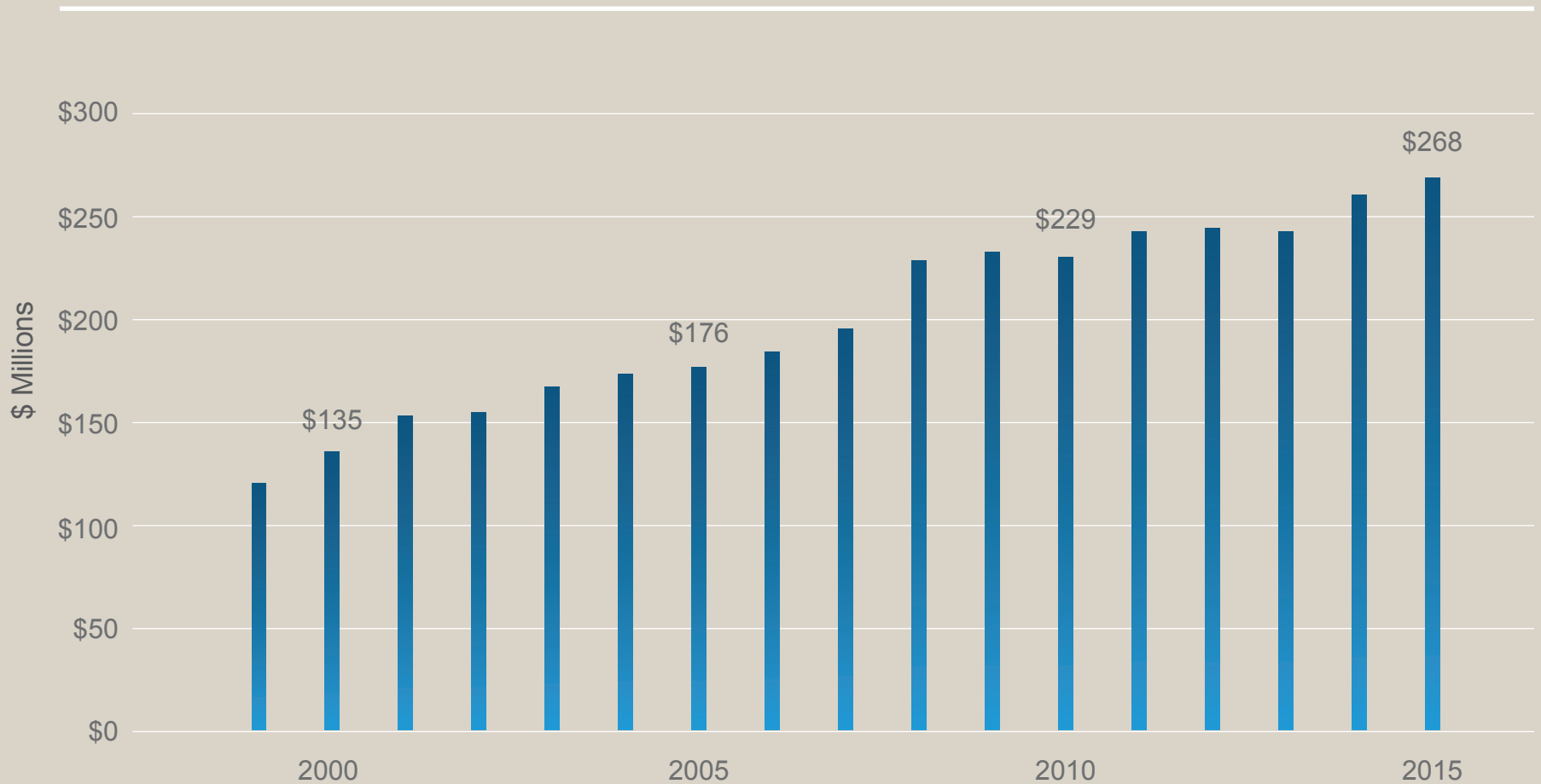
As of September 30, 2015

- Public Equity: 63%
- Fixed Income: 3%
- Other Investments: 34%



Endowment

Payout of more than \$2 Billion over the past decade to support thousands of endowments



Our Campus Foundations

Assets

Campus	Assets (\$ Millions)	Annualized Performance (%) as of June 30, 2015							
		10 Year	10 Year Rank	5 Year	5 Year Rank	3 Year	3 Year Rank	1 Year	1 Year Rank
UC Regents' GEP	\$8,928	7.4	1	11.3	1	12.4	1	7.2	1
UC Los Angeles	\$1,865	6.6	8	10.0	7	11.8	5	6.4	2
UC Berkeley	\$1,580	6.8	7	9.7	8	10.5	8	3.8	8
UC San Francisco	\$1,160	6.0	10	9.0	10	9.4	10	1.9	9
UC San Diego	\$548	7.0	6	10.8	4	11.4	6	4.4	7
UC Irvine	\$347	6.4	9	10.6	5	11.3	7	5.3	5
UC Davis	\$335	7.1	5	10.6	5	11.9	4	5.3	5
UC Santa Barbara	\$142	5.1	11	8.2	11	8.6	11	1.7	10
UC Riverside	\$129	7.3	2	9.4	9	9.8	9	0.4	11
UC Santa Cruz	\$84	7.3	2	11.0	2	12.2	2	6.1	3
UC Merced	\$9	7.3	2	11.0	2	12.2	2	6.1	3

Our Campus Foundations

5 Year

Campus	Assets (\$ Millions)	Annualized Performance (%) as of June 30, 2015							
		10 Year	10 Year Rank	5 Year	5 Year Rank	3 Year	3 Year Rank	1 Year	1 Year Rank
UC Regents' GEP	\$8,928	7.4	1	11.3	1	12.4	1	7.2	1
UC Santa Cruz	\$84	7.3	2	11.0	2	12.2	2	6.1	3
UC Merced	\$9	7.3	2	11.0	2	12.2	2	6.1	3
UC San Diego	\$548	7.0	6	10.8	4	11.4	6	4.4	7
UC Davis	\$335	7.1	5	10.6	5	11.9	4	5.3	5
UC Irvine	\$347	6.4	9	10.6	5	11.3	7	5.3	5
UC Los Angeles	\$1,865	6.6	8	10.0	7	11.8	5	6.4	2
UC Berkeley	\$1,580	6.8	7	9.7	8	10.5	8	3.8	8
UC Riverside	\$129	7.3	2	9.4	9	9.8	9	0.4	11
UC San Francisco	\$1,160	6.0	10	9.0	10	9.4	10	1.9	9
UC Santa Barbara	\$142	5.1	11	8.2	11	8.6	11	1.7	10

Top 20 University Endowments

Assets

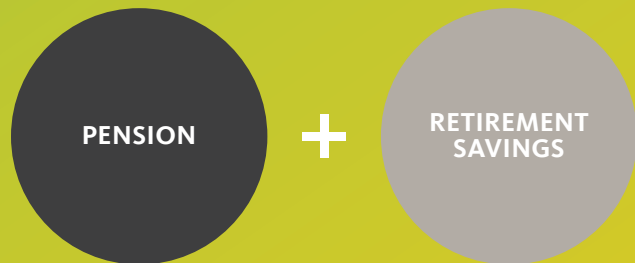
Institution	Assets (\$ Billions)	Annualized Performance (%) as of June 30, 2015							
		10 Year	10 Year Rank	5 Year	5 Year Rank	3 Year	3 Year Rank	1 Year	1 Year Rank
Harvard Management Company, Inc.	\$41.0	7.6	14	10.5	16	10.8	16	5.8	10
Yale University	\$26.8	10.0	5	14.0	1	14.7	1	11.5	3
Stanford University	\$26.0	8.7	8	11.6	11	11.9	11	7.0	9
Princeton University	\$22.3	10.1	3	13.6	4	14.6	2	12.7	2
MIT Investment Management Company	\$14.9	10.5	1	13.8	2	14.5	3	13.2	1
University of Notre Dame	\$10.5	9.8	6	12.7	5	13.3	4	8.7	4
Northwestern University	\$10.2	8.6	9	11.7	9	11.6	12	5.4	11
University of Michigan	\$10.0	8.4	11	11.0	14	10.8	15	3.5	19
University of Pennsylvania	\$9.7	7.9	13	11.7	10	13.0	6	7.4	7
Columbia University	\$9.2	10.1	4	12.3	7	12.1	9	7.6	6
University of California	\$8.9	7.4	15	11.3	12	12.4	8	7.2	8
Duke University	\$8.6	9.4	7	12.4	6	12.5	7	4.4	14
The University of Chicago	\$7.6	8.3	12	9.8	19	8.0	20	4.8	12
University of Virginia	\$7.5	10.1	2	13.7	3	13.3	5	7.7	5
UTIMCO	\$7.3	6.8	20	9.4	20	9.6	19	4.1	16
Washington University in St. Louis	\$6.8	7.0	19	10.4	17	10.1	17	4.4	13
Cornell University	\$6.3	7.2	17	9.9	18	10.1	18	3.4	20
Emory University	\$6.1	7.3	16	10.7	15	11.1	14	3.6	18
Rice University	\$5.6	8.6	9	12.2	8	11.9	10	4.2	15
University of Southern California	\$4.7	7.2	18	11.2	13	11.6	12	3.7	17

Top 20 University Endowments

5 Year

Institution	Assets (\$ Billions)	Annualized Performance (%) as of June 30, 2015							
		10 Year	10 Year Rank	5 Year	5 Year Rank	3 Year	3 Year Rank	1 Year	1 Year Rank
Yale University	\$26.8	10.0	5	14.0	1	14.7	1	11.5	3
MIT Investment Management Company	\$14.9	10.5	1	13.8	2	14.5	3	13.2	1
University of Virginia	\$7.5	10.1	2	13.7	3	13.3	5	7.7	5
Princeton University	\$22.3	10.1	3	13.6	4	14.6	2	12.7	2
University of Notre Dame	\$10.5	9.8	6	12.7	5	13.3	4	8.7	4
Duke University	\$8.6	9.4	7	12.4	6	12.5	7	4.4	14
Columbia University	\$9.2	10.1	4	12.3	7	12.1	9	7.6	6
Rice University	\$5.6	8.6	9	12.2	8	11.9	10	4.2	15
Northwestern University	\$10.2	8.6	9	11.7	9	11.6	12	5.4	11
University of Pennsylvania	\$9.7	7.9	13	11.7	10	13.0	6	7.4	7
Stanford University	\$26.0	8.7	8	11.6	11	11.9	11	7.0	9
University of California	\$8.9	7.4	15	11.3	12	12.4	8	7.2	8
University of Southern California	\$4.7	7.2	18	11.2	13	11.6	12	3.7	17
University of Michigan	\$10.0	8.4	11	11.0	14	10.8	15	3.5	19
Emory University	\$6.1	7.3	16	10.7	15	11.1	14	3.6	18
Harvard Management Company, Inc.	\$41.0	7.6	14	10.5	16	10.8	16	5.8	10
Washington University in St. Louis	\$6.8	7.0	19	10.4	17	10.1	17	4.4	13
Cornell University	\$6.3	7.2	17	9.9	18	10.1	18	3.4	20
The University of Chicago	\$7.6	8.3	12	9.8	19	8.0	20	4.8	12
UTIMCO	\$7.3	6.8	20	9.4	20	9.6	19	4.1	16

Securing the future.



Pension

Investment Highlights

Market Value
in Billions (\$)

September 30, 2014

\$52.1B

Market Gains

(\$1.3B)

Value Added

\$0.8B

+ Cash Inflow

\$1.8B

- Cash Outflow

(\$1.7B)

September 30, 2015

\$51.7B

Pension

Investing Since 1961

Dollar Value Added

(\$0.4B)

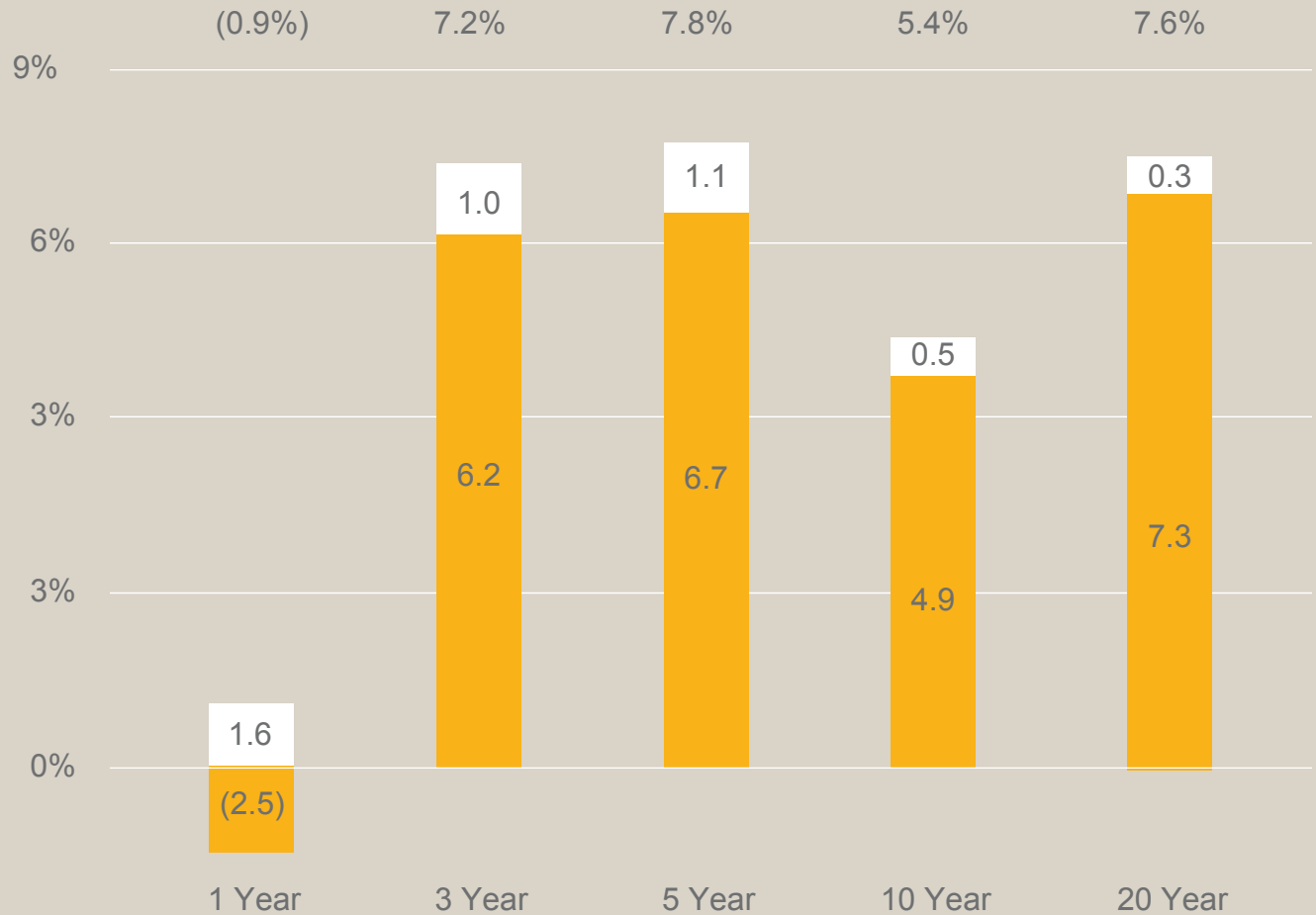
\$9.8B

\$16.3B

\$22.8B

Net Returns

- Value Added
- Benchmark



As of September 30, 2015

Pension

Asset Allocation

As of September 30, 2015

	Market Value in Billions (\$)	Portfolio Weight (%)	Policy Weight (%)	Overweight / (Underweight)	
Public Equity	27.7	53.6	54.9	(1.3)	
Fixed Income	12.0	23.2	22.3	0.9	
Other Investments	10.4	20.1	22.8	(2.7)	
Absolute Return	3.2	6.2	6.2	0.0	
Real Estate	3.1	6.0	5.5	0.5	
Private Equity	3.0	5.8	8.0	(2.2)	
Real Assets	1.1	2.1	3.1	(1.0)	
Cash	1.6	3.1	0.0	3.1	
Total	\$51.7 Billion	100.0%	100.0%	0.0%	

Pension

Asset Allocation

As of September 30, 2015

	Market Value in Billions (\$)	Portfolio Weight (%)	Policy Weight (%)	Overweight/(Underweight)	
Public Equity	27.7	53.6	54.9	(1.3)	
U.S.	14.9	28.8	28.7	0.1	
Non-U.S.	8.5	16.4	18.3	(1.9)	
Emerging Markets	4.3	8.4	7.9	0.5	
Fixed Income	12.0	23.2	22.3	0.9	
Core	7.0	13.4	12.4	1.0	
High Yield	1.5	2.9	2.6	0.3	
Emerging Markets	1.2	2.4	2.6	(0.2)	
TIPS	2.3	4.5	4.7	(0.2)	
Other Investments	10.4	20.1	22.8	(2.7)	
Absolute Return	3.2	6.2	6.2	0.0	
Real Estate	3.1	6.0	5.5	0.5	
Private Equity	3.0	5.8	8.0	(2.2)	
Real Assets	1.1	2.1	3.1	(1.0)	
Cash	1.6	3.1	0.0	3.1	
Total	\$51.7 Billion	100.0%	100.0%	0.0%	

Pension

Cash Flow and Projections

Fiscal Year End

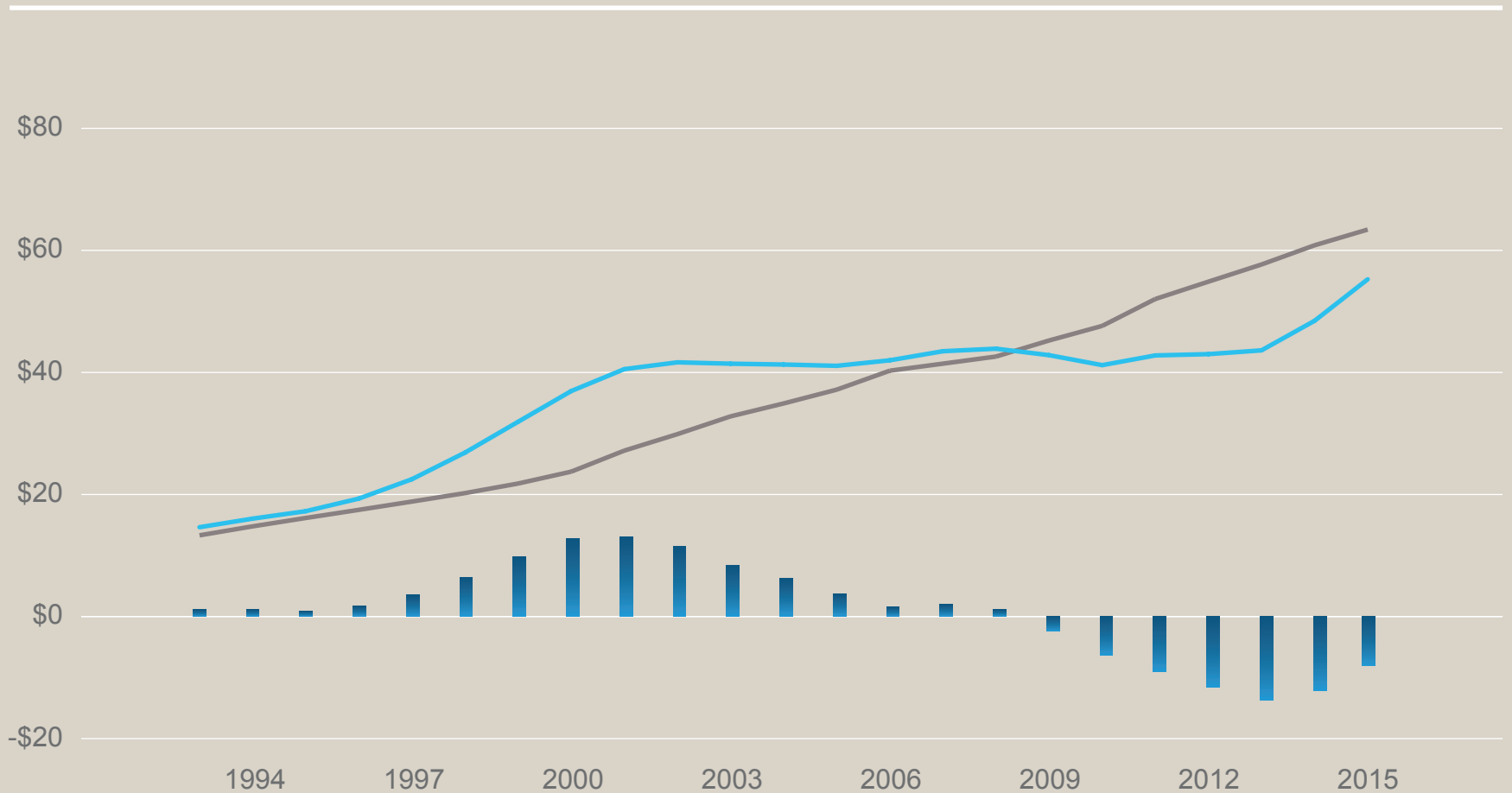
In Billions (\$)

Inflows	2011	2012	2013	2014	2015	2016E	2017E	2018E
Internal Borrowing from Short Term	\$1.1				\$0.7	\$0.6	\$0.5	\$0.4
External Borrowing from Bond issuance		\$0.9						
State Contributions						\$0.1	\$0.2	\$0.2
Total Contributions	\$1.8	\$2.1	\$1.2	\$2.2	\$3.3	\$3.3	\$3.3	\$3.3
Employer	\$1.7	\$1.8	\$0.8	\$1.6	\$2.5	\$2.5	\$2.5	\$2.5
Employee	\$0.1	\$0.3	\$0.4	\$0.6	\$0.8	\$0.8	\$0.8	\$0.8
Total Inflows	\$2.9	\$3.0	\$1.2	\$2.2	\$4.1	\$4.0	\$4.0	\$4.0
Outflows								
Benefit Payments	\$2.0	\$2.2	\$2.5	\$2.7	\$3.0	\$3.2	\$3.4	\$3.6
Net Cash Flow	\$0.9	\$0.8	(\$1.3)	(\$0.5)	\$1.1	\$0.8	\$0.6	\$0.4

Pension

Assets and Liabilities

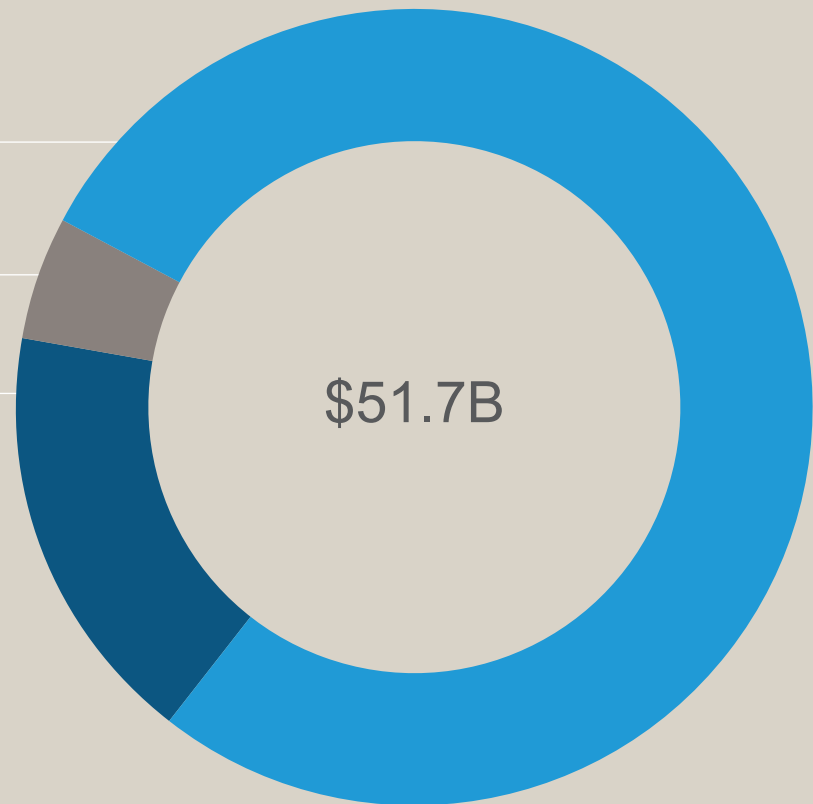
● Assets ● Liabilities ● Surplus/Deficit (all values in \$ Billions)



Pension Risk Allocation

As of September 30, 2015

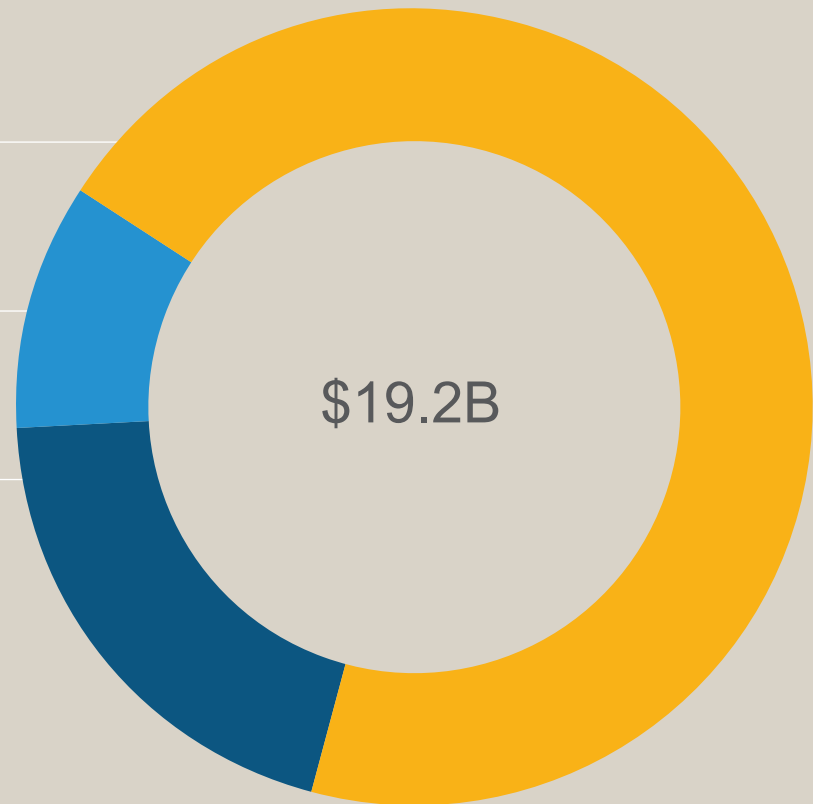
- Public Equity: 79%
- Fixed Income: 4%
- Other Investments: 17%



Retirement Savings

As of September 30, 2015

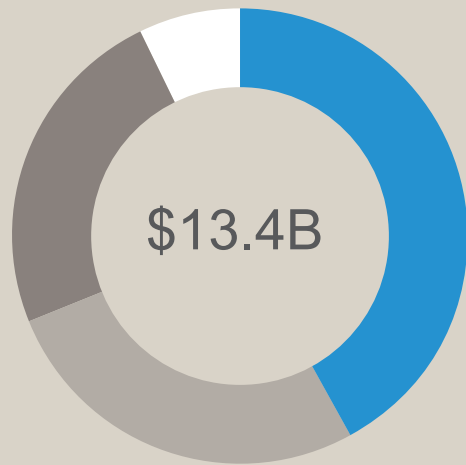
- Tax Deferred 403(b) Plan: \$13.4B
70%
- 457(b) Deferred Compensation Plan: \$1.9B
10%
- Defined Contribution Plan: \$3.9B
20%



Retirement Savings

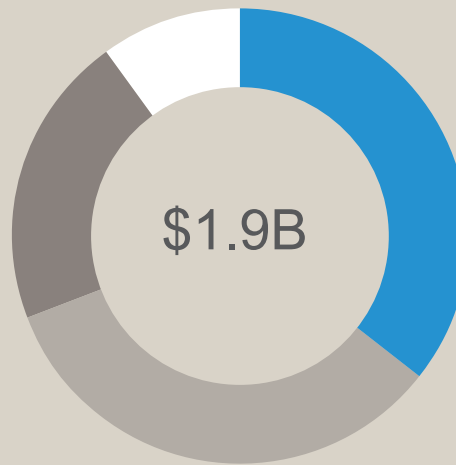
Plan Overview

As of September 30, 2015



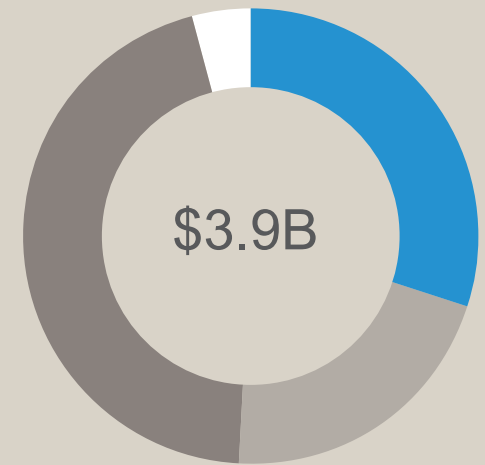
403(b)

● Public Equity: \$4.3B	32%
● Asset Allocation: \$4.7B	35%
● Fixed Income: \$3.4B	25%
● Brokerage Link: \$1.0B	8%



457(b)

● Public Equity: \$0.5B	28%
● Asset Allocation: \$0.8B	40%
● Fixed Income: \$0.4B	21%
● Brokerage Link: \$0.2B	11%

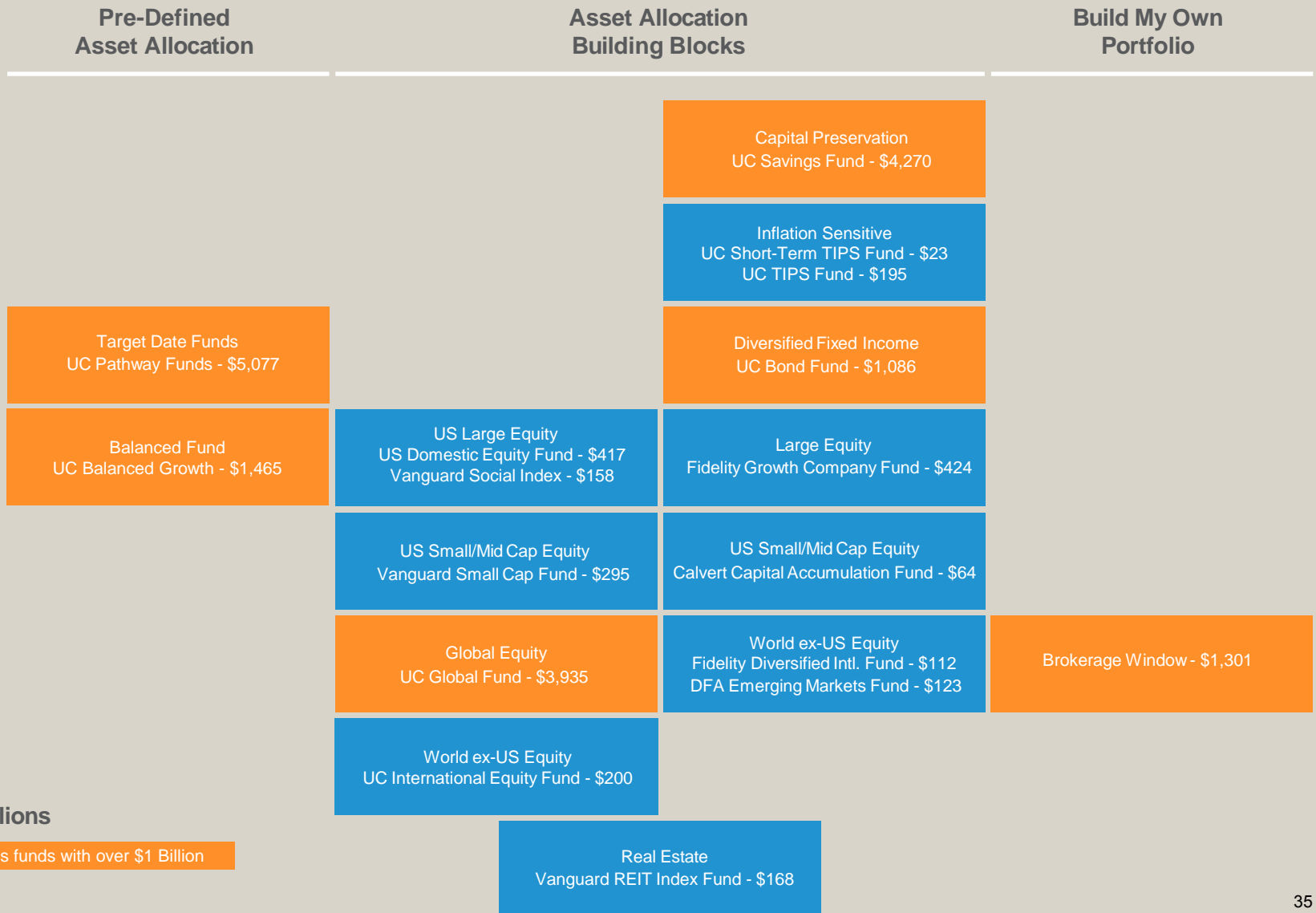


Defined Contribution

● Public Equity: \$0.9B	23%
● Asset Allocation: \$1.1B	27%
● Fixed Income: \$1.8B	46%
● Brokerage Link: \$0.1B	4%

Retirement Savings

Investment Options



In \$ Millions

Signifies funds with over \$1 Billion

Investment Options with Assets above \$1 Billion

Performance

	Market Value (\$M)	% of Plan	Annualized Total Return %				
			One Year	Three Year	Five Year	Seven Year	Ten Year
Asset Allocation Funds							
UC Pathway Income Fund	\$586	3.3%	(1.5)	(0.5)	1.9	3.3	3.6
UC Pathway Fund 2015	\$517	2.9%	(1.4)	0.3	3.1	--	--
UC Pathway Fund 2020	\$968	5.4%	(2.0)	1.5	3.9	4.5	4.1
UC Pathway Fund 2025	\$763	4.2%	(2.8)	2.0	4.3	--	--
UC Pathway Fund 2030	\$797	4.4%	(3.4)	2.5	4.6	4.6	4.1
UC Pathway Fund 2035	\$504	2.8%	(3.9)	3.1	5.0	--	--
UC Pathway Fund 2040	\$436	2.4%	(4.4)	3.7	5.3	5.1	4.2
UC Pathway Fund 2045	\$205	1.1%	(5.1)	4.2	5.6	--	--
UC Pathway Fund 2050	\$149	0.8%	(5.5)	4.7	5.9	5.5	4.3
UC Pathway Fund 2055	\$55	0.3%	(5.4)	5.3	6.4	--	--
UC Pathway Fund 2060	\$97	0.5%	(5.4)	5.9	6.8	--	--
Balanced Fund							
UC Balanced Growth Fund	\$1,465	8.1%	(4.0)	5.6	6.9	6.8	5.4
Other Fund Options							
UC Savings Fund	\$4,270	23.7%	1.0	1.0	1.3	1.7	2.5
UC Bond Fund	\$1,086	6.0%	2.7	1.9	3.5	5.5	4.8
UC Global Equity Fund	\$3,935	21.9%	(1.8)	11.4	11.9	9.0	6.5
Total	\$15,247	87.8%	--	--	--	--	--

Capital, working.



Total Return

Investment Highlights

Market Value
in Billions (\$)

September 30, 2014

\$7.3B

Market Gains

\$0.03B

Value Added

(\$0.01B)

+ Cash Inflow

\$1.5B

- Cash Outflow

(\$0.4B)

September 30, 2015

\$8.4B

Total Return

Investing Since 2008

Dollar Value Added

\$0.04B

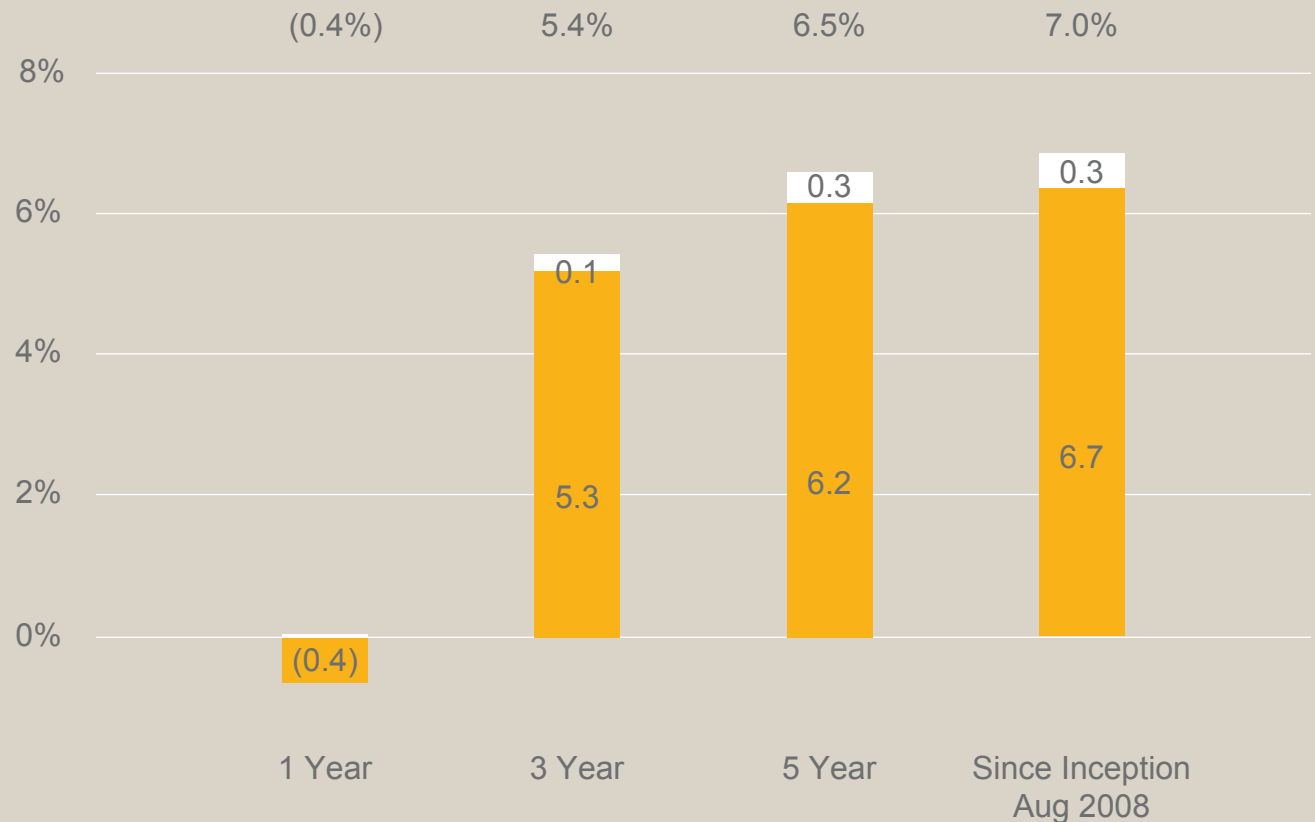
\$0.9B

\$1.5B

\$1.9B

Net Returns

- Value Added
- Benchmark



As of September 30, 2015

Total Return

Asset Allocation

As of September 30, 2015

	Market Value in Billions (\$)	Portfolio Weight (%)	Policy Weight (%)	Overweight / (Underweight)
Public Equity	2.9	34.2	35.0	(0.8)
Fixed Income	4.3	51.1	50.0	1.1
Other Investments	0.9	10.5	15.0	(4.5)
Absolute Return	0.9	10.5	15.0	(4.5)
Cash	0.3	4.2	0.0	4.2
Total	\$8.4 Billion	100.0%	100.0%	0.0%

Total Return

Asset Allocation

As of September 30, 2015

	Market Value in Billions (\$)	Portfolio Weight (%)	Policy Weight (%)	Overweight/(Underweight)	
Public Equity	2.9	34.2	35.0	(0.8)	
U.S.	1.5	18.0			
Non-U.S.	1.1	12.8			
Emerging Markets	0.3	3.4			
Fixed Income	4.3	51.1	50.0	1.1	
Core	3.4	40.3			
High Yield	0.4	4.5			
Emerging Markets	0.3	4.2			
Private Income	0.2	2.1			
Other Investments	0.9	10.5	15.0	(4.5)	
Absolute Return	0.9	10.5			
Cash	0.3	4.2	0.0	4.2	
Total	\$8.4 Billion	100.0%	100.0%	0.0%	

Total Return

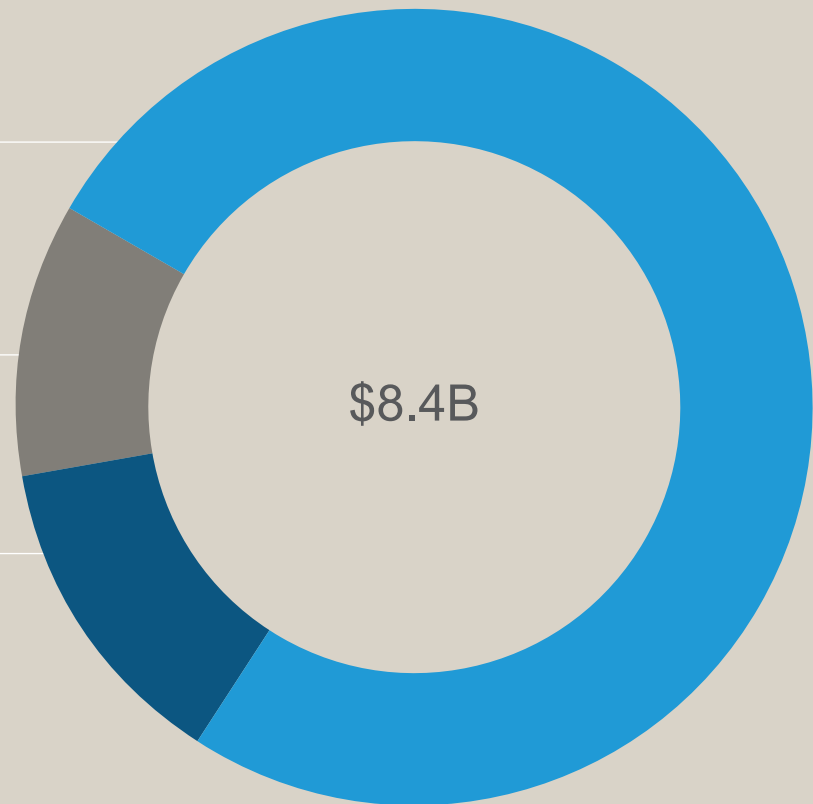
Risk Allocation

As of September 30, 2015

● Public Equity: 73%

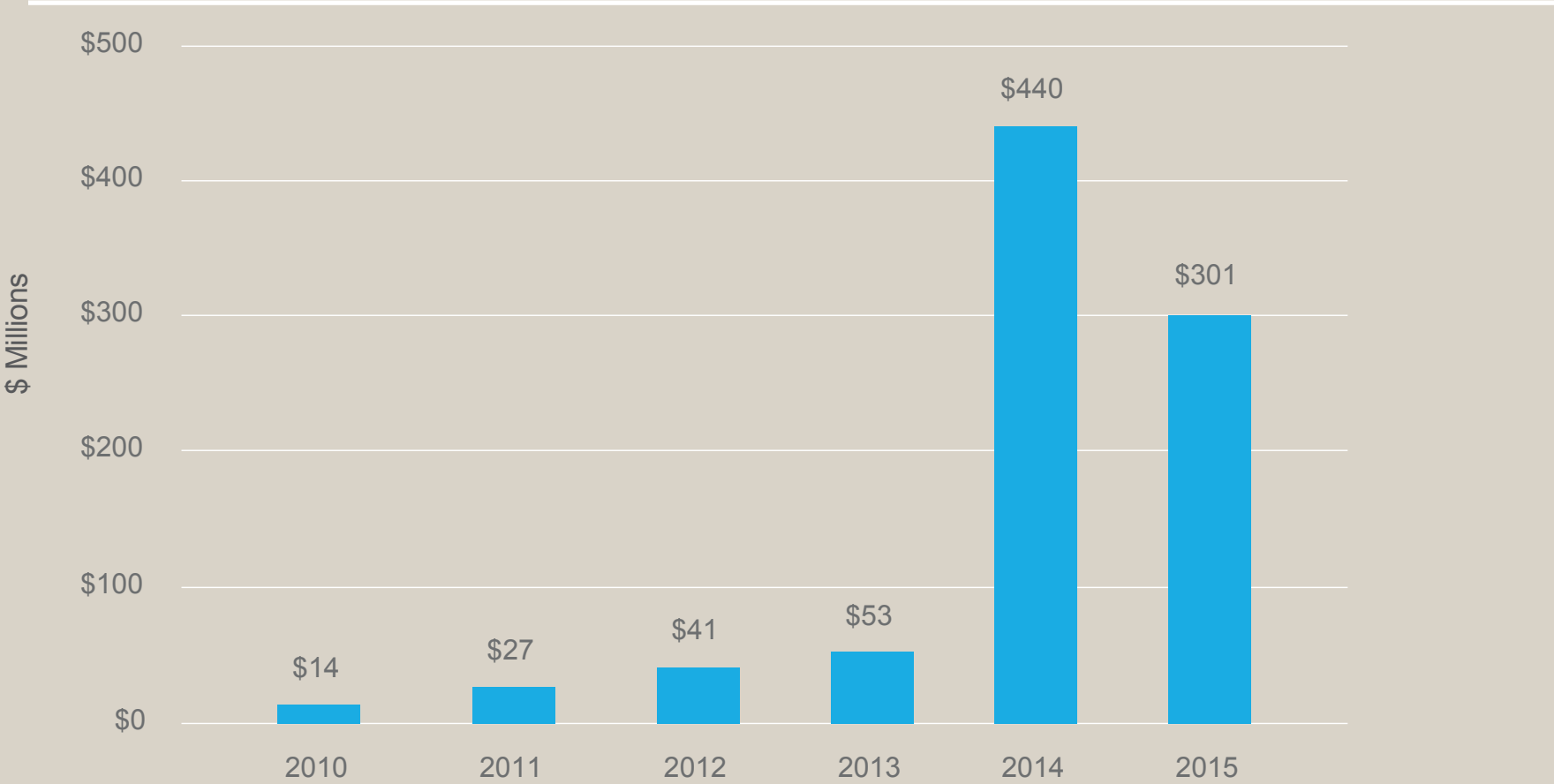
● Fixed Income: 20%

● Other Investments: 7%



Total Return

Annual Payout



Short Term Investment Highlights

Market Value

September 30, 2014

\$6.8B

Market Gains

\$2.3M

Value Added

\$82.1M

+ Cash Inflow

\$0.8B

- Cash Outflow

(\$1.9B)

September 30, 2015

\$5.8B

Short Term Investing Since 1976

Dollar Value Added

\$0.1B

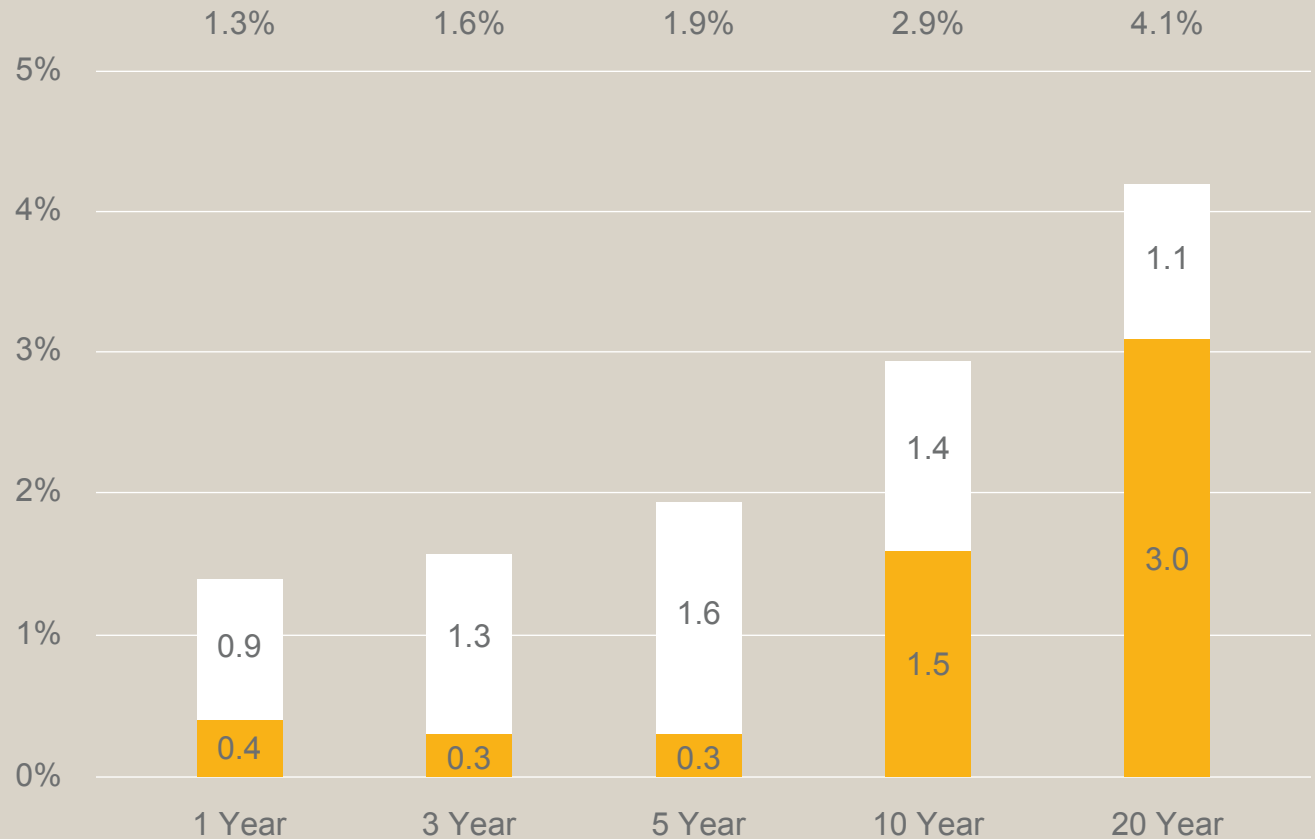
\$0.3B

\$0.7B

\$2.2B

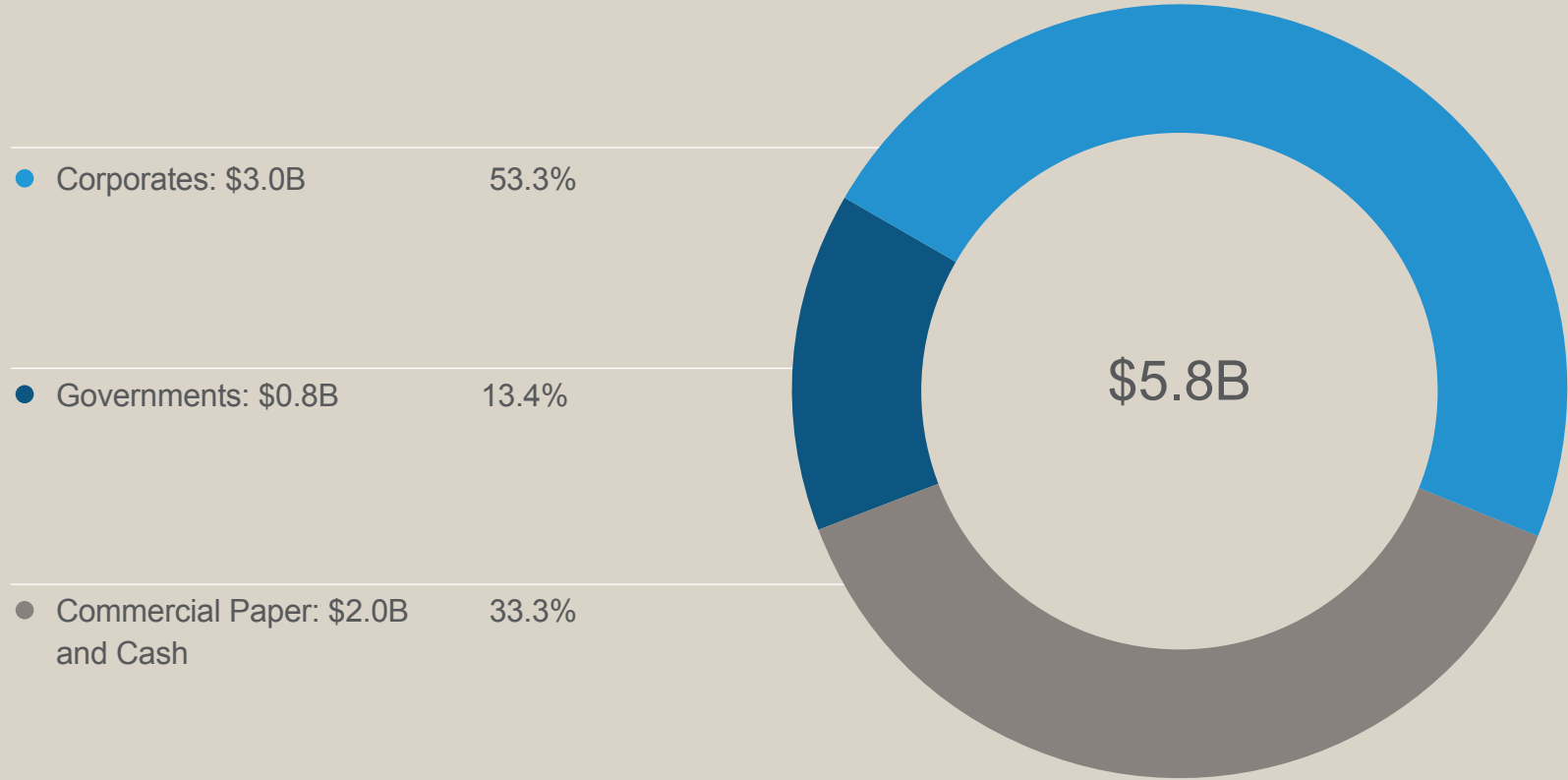
Net Returns

- Value Added
- Benchmark

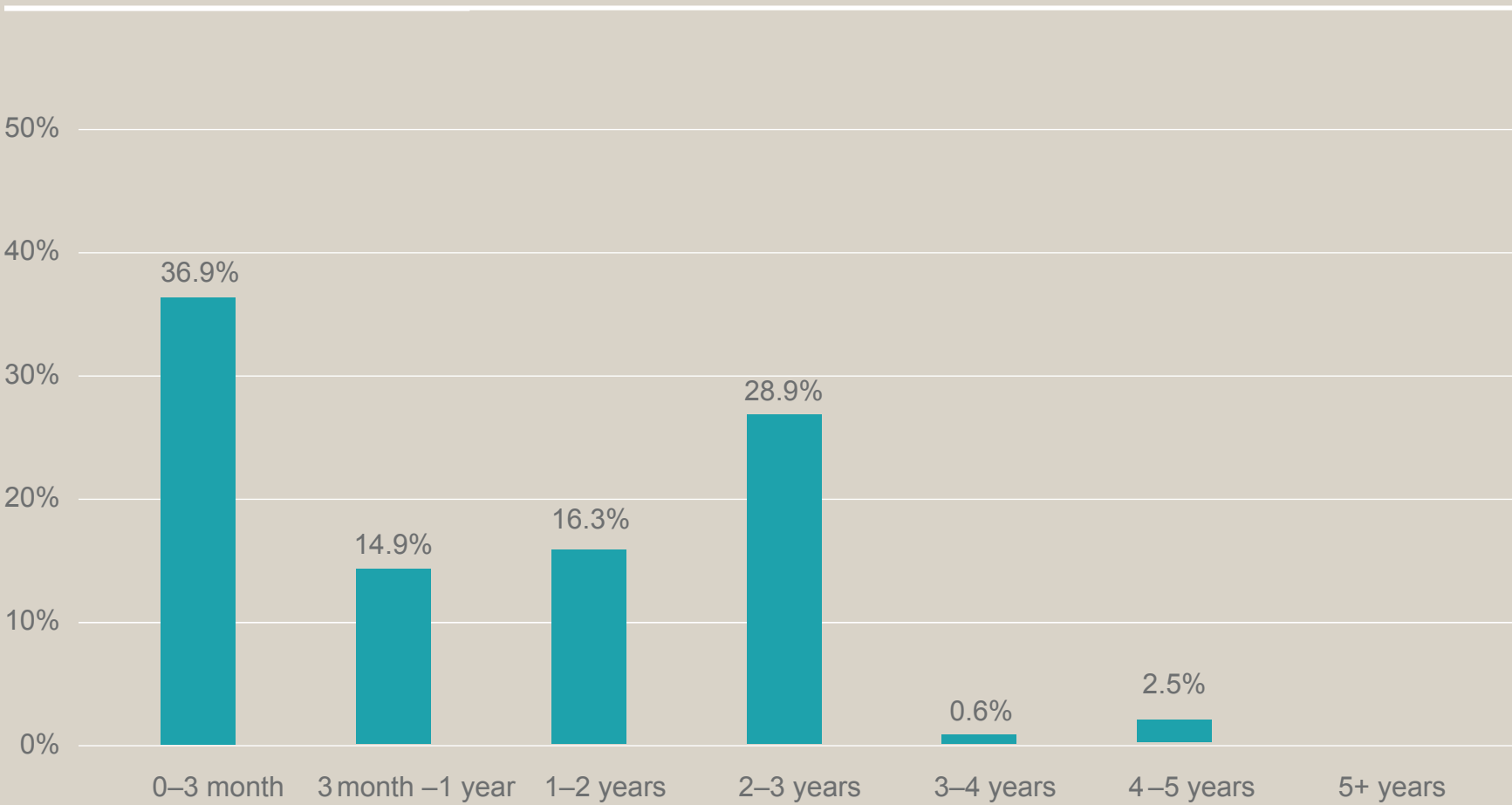


As of September 30, 2015

Short Term Asset Allocation

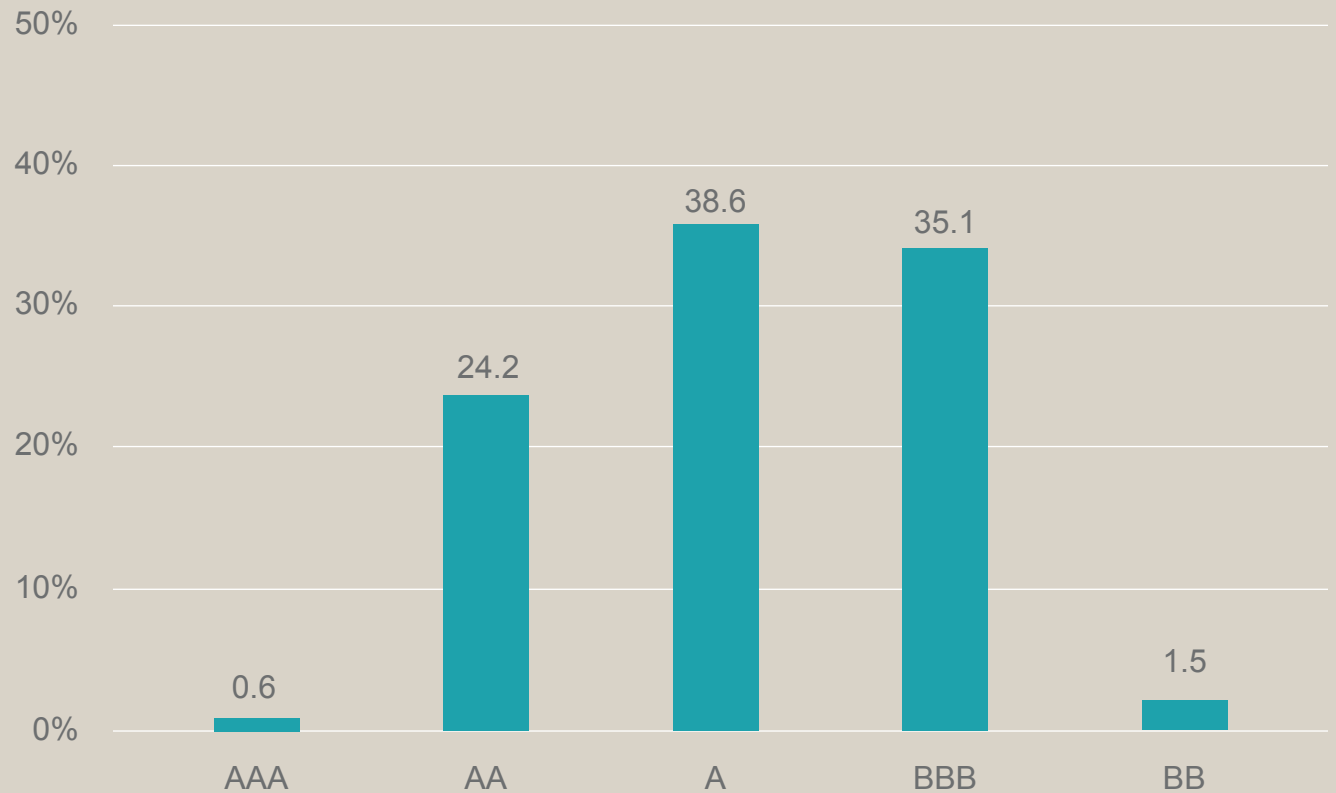


Short Term Maturity Profile



Short Term Ratings Distribution

● % of STIP



Opportunities

Develop asset and risk allocation for our products

Manage products differently based on their risk and return objectives

Add value through active management

Reduce costs in a low-return environment

Benefit from our competitive advantages

Size. Scale. Patience. The UC.