
The Office of the Treasurer of The Regents is responsible for managing the investments, cash and external financing for the University of California system. The principal activity of the Treasurer's Office is the management of the system's retirement, defined contribution and endowment funds, as well as the system's cash.

At June 30, 2001, the Treasurer's Office managed approximately \$55.5 billion in total assets.

The Treasurer's Office carries out all investment activities according to the policies established by the Investment Committee of The Regents of the University of California. The Treasurer's Office investment staff includes 20 senior investment professionals with an average of 15 years of investment experience.

Administration of STIP:

UCOP Administrative Expense:

Annual expense of 1.5% of earned income. Expense is prorated and levied monthly.

Custody of Assets:

State Street Bank & Trust Company, The Regents' custodian.

Administration of Account:

The Treasurer's Office is responsible for investing the funds, while the Corporate Accounting Office maintains all records.

Deposits and Withdrawals:

Daily; transactions can be made by check or federal funds wire.

Distributions:

Monthly interest income, based on a calculated STIP distribution rate.

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The Short Term Investment Pool



**Office of the
Treasurer
of The Regents**

June 30, 2001

**SHORT TERM
INVESTMENT POOL (STIP)**

June 30, 2001

The Short Term Investment Pool (STIP) was established in fiscal 1976 as a cash investment pool available to all University fund groups. STIP allows fund participants to maximize the returns on their short-term cash balances by taking advantage of the economies of scale of investing in a larger pool.

STIP consists primarily of current funds slated for payroll, operating and construction expenses for all the campuses and medical centers of the University. In addition, funds awaiting permanent investment in one of the long-term pools are invested in STIP to earn maximum daily interest until transferred.

Investment Objective: STIP's basic investment objective is to maximize re-

STIP is a cash management vehicle for short-term funds.

turns consistent with safety of principal, liquidity and cash-flow requirements. STIP's investments encompass a broad spectrum of high-quality, money-market and fixed-income instruments (domestic

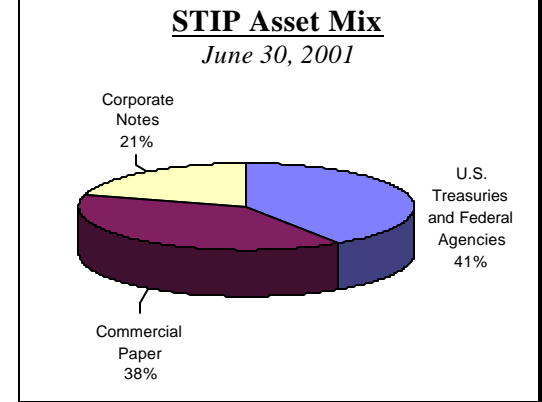
and foreign) with a maximum maturity of five years. The Treasurer's Office structures investment maturities to ensure an adequate flow of funds to meet the University's cash requirements.

Investment Strategy: The Treasurer's Office manages STIP as a highly liquid portfolio, using maturity distribution

Investment Objective: Maximize returns consistent with safety of principal, liquidity and cash-flow requirements.

strategies to maximize returns in different yield-curve environments. The Treasurer's Office also employs select swapping strategies by taking advantage of disparities in the market to improve quality and yield, while maintaining liquidity.

Asset Mix: STIP's investments totaled \$6.9 billion at June 30, 2001. The following chart illustrates STIP's asset mix.



Yields: STIP has achieved very attractive returns over the years, driven by its investment mix and range of maturities.

Net STIP Yields* vs. Treasury Bills
June 30, 2001

Fiscal Year	Net STIP Yield	3-Mo. T-Bill
2001	6.2%	5.3%
2000	6.0%	5.4%
1999	6.0%	4.6%
1998	6.3%	5.3%
1997	6.2%	5.3%
Annualized 5-year avg.	6.1%	5.2

* Notes: Net STIP yields are after administrative expenses of 1.5% of earned income.