



INVESTMENT PERFORMANCE SUMMARY

Prepared for
***The Committee on Investments &
The Investment Advisory Group
Of The Regents of the
University of California***

Second Quarter, Fiscal Year 2008-2009



Investment Performance Summary

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CONSOLIDATED ASSETS

December 31, 2008

ALL RETURNS PRESENTED IN THIS REPORT ARE NET OF MANAGER FEES AND EXPENSES

	Market Value (\$M)	Total Return			Annualized Total Return		
		Recent Quarter	Fiscal YTD	One Year	Three Year	Five Year	Ten Year
UCRP	\$31,708	-14.12%	-22.80%	-28.21%	-4.08%	0.95%	2.43%
Policy Benchmark		-14.14%	-22.83%	-27.82%	-3.88%	0.90%	1.82%
Variance to Benchmark		+0.02%	+0.03%	-0.39%	-0.20%	+0.05%	+0.61%
GEP	\$5,008	-12.11%	-20.95%	-24.37%	-1.09%	3.42%	3.85%
Policy Benchmark		-10.92%	-17.84%	-20.71%	0.20%	3.88%	3.31%
Variance to Benchmark		-1.19%	-3.11%	-3.66%	-1.29%	-0.46%	+0.54%
STIP	\$6,806	1.02%	2.00%	4.26%	4.58%	4.20%	4.70%
Policy Benchmark		0.42%	1.11%	2.25%	3.87%	3.51%	3.76%
Variance to Benchmark		+0.60%	+0.89%	+2.01%	+0.71%	+0.69%	+0.94%
TRIP	\$1,370	-3.70%	N/A	N/A	N/A	N/A	N/A
Policy Benchmark		-4.61%	N/A	N/A	N/A	N/A	N/A
Variance to Benchmark		+0.91%	N/A	N/A	N/A	N/A	N/A
403(b), 457(b) & Defined Contribution Plans' Funds	\$9,050	Fund performance available to Plan Participants through Netbenefits.Fidelity.com.					
Total Assets¹	\$53,809	-11.00%	-18.12%	-22.41%	-2.10%	1.91%	N/A
Entity Benchmark ²		-11.01%	-17.99%	-22.09%	-1.98%	1.77%	N/A
Variance to Benchmark		+0.01%	-0.13%	-0.32%	-0.12%	+0.14%	N/A

Notes: Policy benchmarks are defined in Appendix 2. Returns for periods less than one year are not annualized. Market values include accrued income except for STIP's asset value which is stated at amortized book value plus accrued interest. The method of rounding may produce the appearance of minor inconsistencies in various totals and percentages, but the differences do not affect the accuracy of the data.

1. Total Assets include Other Endowments, CAM, and HIP assets and is net of the STIP balances in other portfolios.

2. UC Entity benchmark is a blend of the indexes within the benchmarks of the funds in the table above, each weighted by the percentage it represents in the total assets.



UNIVERSITY OF CALIFORNIA RETIREMENT PLAN (UCRP)

December 31, 2008

I. Investment Performance

	Market Value (\$M)	Total Return			Annualized Total Return		
		Recent Quarter	Fiscal YTD	One Year	Three Year	Five Year	Ten Year
UCRP	\$31,708	-14.12%	-22.80%	-28.21%	-4.08%	0.95%	2.43%
Policy Benchmark		-14.14%	-22.83%	-27.82%	-3.88%	0.90%	1.82%
Variance to Benchmark		+0.02%	+0.03%	-0.39%	-0.20%	+0.05%	+0.61%
U.S. Equity¹	\$9,304	-23.26%	-30.50%	-38.75%	-9.86%	-2.66%	-1.17%
Policy Benchmark		-22.93%	-29.75%	-37.54%	-8.82%	-2.13%	-1.06%
Variance to Benchmark		-0.33%	-0.75%	-1.21%	-1.04%	-0.53%	-0.11%
Non-U.S. Equity-Developed¹	\$6,251	-20.33%	-36.51%	-42.65%	-6.69%	2.21%	N/A
Policy Benchmark		-21.16%	-37.54%	-43.59%	-7.37%	1.81%	N/A
Variance to Benchmark		+0.83%	+1.03%	+0.94%	+0.68%	+0.40%	N/A
Non-U.S. Equity-Emerg. Mkt¹	\$957	-29.67%	-47.54%	-53.59%	-6.16%	7.18%	8.83%
Policy Benchmark		-27.60%	-47.11%	-53.33%	-4.91%	7.66%	9.12%
Variance to Benchmark		-2.07%	-0.43%	-0.26%	-1.25%	-0.48%	-0.29%
Global Equity²	\$538	-22.59%	N/A	N/A	N/A	N/A	N/A
Policy Benchmark		-22.68%	N/A	N/A	N/A	N/A	N/A
Variance to Benchmark		+0.09%	N/A	N/A	N/A	N/A	N/A
Core Fixed Income	\$5,258	5.19%	4.45%	3.31%	4.70%	4.96%	5.75%
Policy Benchmark		9.25%	8.32%	9.17%	6.70%	6.09%	6.26%
Variance to Benchmark		-4.06%	-3.87%	-5.86%	-2.00%	-1.13%	-0.51%
High Yield Bond	\$936	-17.48%	-24.29%	-25.72%	N/A	N/A	N/A
Policy Benchmark		-17.47%	-25.29%	-26.21%	N/A	N/A	N/A
Variance to Benchmark		-0.01%	+1.00%	+0.49%	N/A	N/A	N/A
Non-U.S. Fixed Income	\$849	8.78%	4.18%	10.22%	N/A	N/A	N/A
Policy Benchmark		8.80%	4.17%	10.11%	N/A	N/A	N/A
Variance to Benchmark		-0.02%	+0.01%	+0.11%	N/A	N/A	N/A
Emerging Market Debt	\$812	-3.56%	-8.07%	-7.79%	N/A	N/A	N/A
Policy Benchmark		-4.78%	-9.13%	-9.70%	N/A	N/A	N/A
Variance to Benchmark		+1.22%	+1.06%	+1.91%	N/A	N/A	N/A
TIPS	\$2,313	-3.14%	-6.47%	-1.54%	3.40%	4.31%	N/A
Policy Benchmark		-3.48%	-6.90%	-2.35%	3.06%	4.07%	N/A
Variance to Benchmark		+0.34%	+0.43%	+0.81%	+0.34%	+0.24%	N/A
Private Equity³	\$1,876	-5.55%	-5.60%	-2.72%	8.85%	18.03%	17.88%
Absolute Return⁴	\$1,240	-9.13%	-18.71%	-19.21%	N/A	N/A	N/A
Policy Benchmark		N/A	N/A	N/A	N/A	N/A	N/A
Variance to Benchmark		N/A	N/A	N/A	N/A	N/A	N/A
Public Real Estate⁵	\$55	-19.40%	N/A	N/A	N/A	N/A	N/A
Policy Benchmark		-32.83%	N/A	N/A	N/A	N/A	N/A
Variance to Benchmark		+13.43%	N/A	N/A	N/A	N/A	N/A
Private Real Estate⁵	\$1,157	-8.52%	-9.34%	-9.09%	8.26%	N/A	N/A
Policy Benchmark		-6.99%	-7.73%	-6.58%	7.47%	N/A	N/A
Variance to Benchmark		-1.53%	-1.61%	-2.51%	+0.79%	N/A	N/A

Notes: Policy benchmarks are defined in Appendix 2. Total Market Value includes \$163 million held in Liquidity Portfolio. The method of rounding may produce the appearance of minor inconsistencies in various totals and percentages, but the differences do not affect the accuracy of the data.

- For 5 and 10 year periods returns were reclassified to match current asset classes.
- Inception date for Global Equity was July 16, 2008.
- See Private Equity Performance information on page 10 for comparison of Private Equity to multiple performance metrics.
- Performance benchmarks for periods less than three years are not relevant for the Absolute Return asset class.
- The Private Real Estate portion of the UCRP is shown lagged one quarter, in order to fully reflect both the income return and capital gains of the Real Estate investment as of September 30, 2008. The (time weighted) return shown is a weighted sum of the Open End and Closed End actual time weighted returns, and the benchmark is a weighted sum of the NCREIF Property Index (NPI) and the actual time weighted return of the UC Closed End funds. This is consistent with investment guidelines and also the reporting of Private Equity performance (see also page 10). Prior to Q4 2007, the benchmark was strictly NPI. The Public Real Estate benchmark is not lagged. See Appendix 2.



I. Performance Objectives

1. UCRP annualized total return (net of manager fees and expenses) was -4.08% over the past three years and 0.95% over the past five years, in comparison to the Plan's actuarial rate of return of 7.5%.
2. The Consumer Price Index over the past 3 year and 5 year periods was 2.23% and 2.67% respectively.
3. UCRP annualized total return underperformed its policy benchmark by 20 bp over the three year period and outperformed its policy benchmark by 5 bp over the five year period.

II. For information on the portfolio's risk exposures see page 6, and for information on risk limits, see the separate quarterly risk report. During the past quarter, the portfolio's total risk was slightly less than budget but within allowed ranges. The portfolio's active risk of 52 bp was well below the targeted range; active risk will fluctuate depending on market opportunities and volatility.

III. Net investment expenses incurred by the Treasurer for managing the public securities (excluding Alternatives: Private Equity, Absolute Return, and Real Estate) of the UCRP were (expressed as a percent of assets at 12/31/08) -5.2 bp for the quarter (not annualized) and -9.5 bp for the preceding 12 months. Earnings from the Securities Lending program (which were significantly higher than last year) are added back to the portfolios from which the securities were lent, contributing to higher performance and offsetting other costs.

IV. UCRP Asset Allocation and Guideline Compliance

The UCRP portfolio complies with policy guidelines unless an exception is noted below.

Asset Allocation

	Assets (\$M)	Actual%	Current Policy Allocation	Variance from Current	Policy Range*	Range Compliance
U.S. Equity	\$9,304	29%	34.5%	-5%	29-39%	Yes
Non-U.S. Equity-Dev.	\$6,251	20%	22.0%	-2%	19-25%	Yes
Non-U.S. Equity-Emerg.	\$957	3%	4.0%	-1%	1-7%	Yes
Global Equity	\$538	2%	2.0%	-0%	0-5%	Yes
Core Fixed Income	\$5,258	17%	12.0%	5%	9-15%	No**
High Yield Bond	\$936	3%	3.0%	-0%	0-6%	Yes
Non-U.S. Fixed Income	\$849	3%	3.0%	-0%	0-6%	Yes
Emg. Mkt Debt	\$812	3%	3.0%	-0%	0-6%	Yes
TIPS	\$2,313	7%	6.0%	1%	3-9%	Yes
Private Equity	\$1,876	6%	4.0%	2%	1-7%	Yes
Real Estate	\$1,211	4%	3.0%	1%	0-6%	Yes
Absolute Return	\$1,240	4%	3.5%	0%	0-6%	Yes
Liquidity Portfolio	\$163	1%	0.0%	1%	0-10%	Yes
Total Assets	\$31,708	100%	100.0%			

Private Equity Sector Allocation

	Assets (\$M)	% of P.E. Portfolio	Policy Target %	Variance	Policy Range	Range Compliance
Venture Cap.	\$791	42%	45%	-3%	30-70%	Yes
Buyouts	\$1,061	57%	45%	12%	30-70%	Yes
Non-U.S.	\$22	1%	10%	-9%	0-10%	Yes
Distributions	\$2	0%				
Total Assets	\$1,876	100%	100%			

Note: The method of rounding may produce the appearance of minor inconsistencies in various totals and percentages, but the differences do not affect the accuracy of the data.

* Policy Ranges, Targets and Allocations were approved by The Regents on September 17, 2008 and were effective on October 1, 2008. Combined Policy Ranges: Public Equity 55%-69%, Fixed Income 22%-32%, and Alternatives 5%-15%.

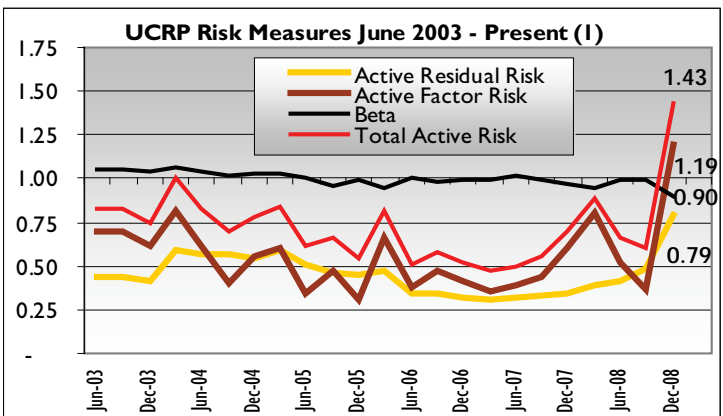
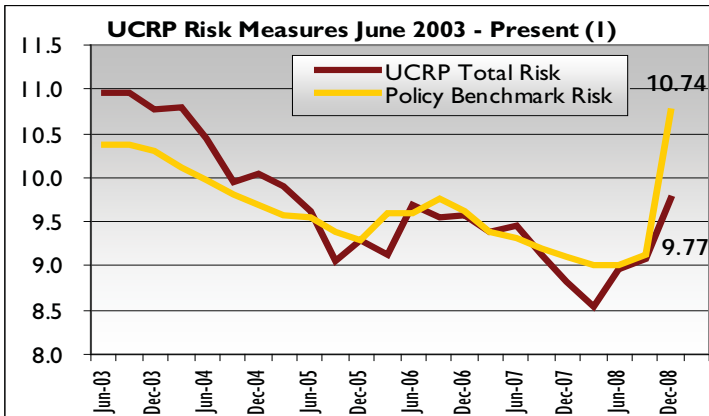
** As a result of extreme market volatility in October, the COI temporarily widened the policy ranges for total public equity from $\pm 7\%$ to $\pm 10\%$, for total fixed income from $\pm 5\%$ to $\pm 10\%$ until further notice. This change was reported at the November 11, 2008 COI meeting.



UNIVERSITY OF CALIFORNIA RETIREMENT PLAN (UCRP)

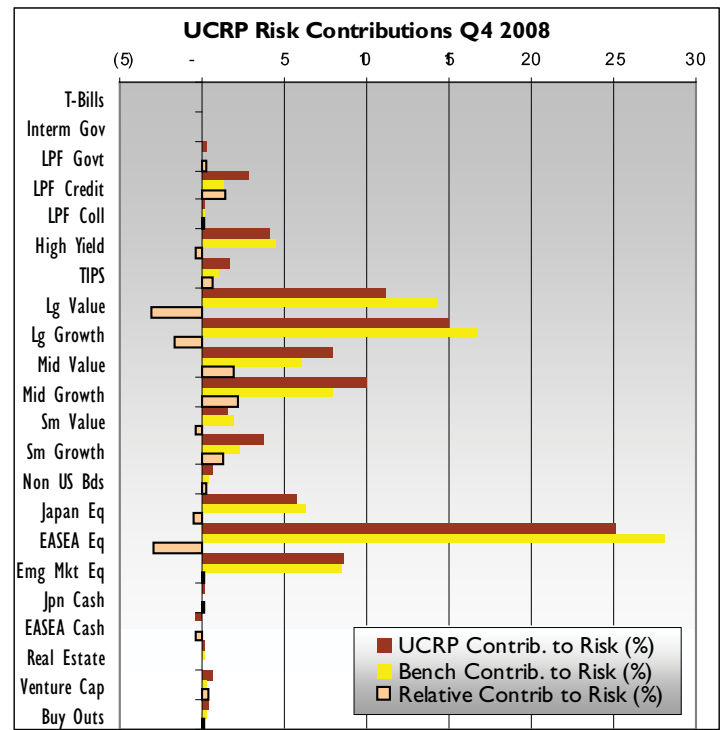
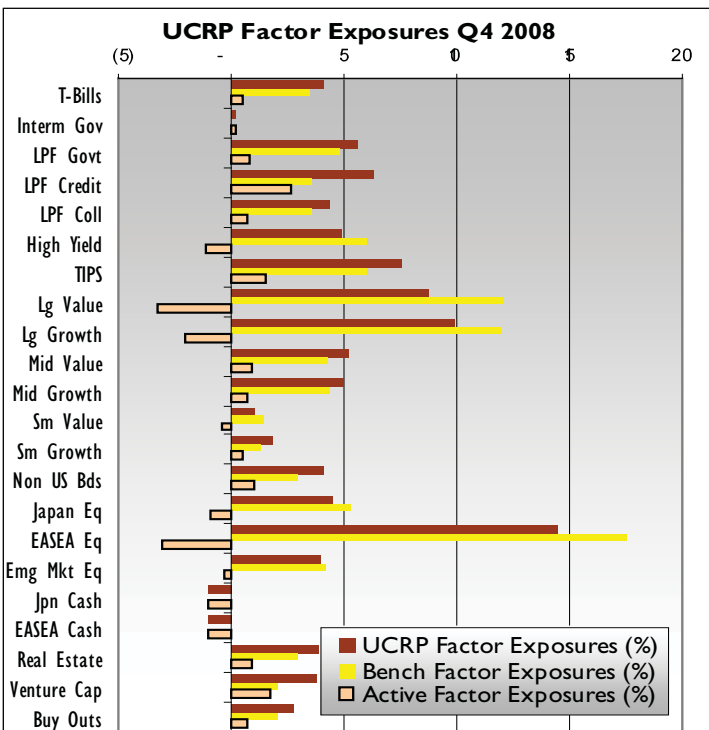
PORTFOLIO RISK DECOMPOSITION (RISK FACTOR MODEL)

December 31, 2008



FACTOR EXPOSURES (2)			
Asset Allocation (3)	UCRP	Benchmark (5)	Active Exposures
US Equity	31.8	35.4	(3.6)
Non US Equity	22.9	27.1	(4.2)
Global Fixed Income	30.9	27.0	3.9
Non Marketable	10.4	7.0	3.4
Cash (Abs Ret)	4.1	3.5	0.6
TOTAL	100.0	100.0	(0.0)

RISK CONTRIBUTIONS (4)			
Risk Allocation (3)	UCRP	Benchmark (5)	Relative Risk Contrib.
US Equity	49.3	49.1	0.3
Non US Equity	39.6	42.9	(3.4)
Global Fixed Income	9.3	7.4	1.9
Non Marketable	1.2	0.6	0.6
Cash (Abs Ret)	-	-	-
Subtotal Factor Risk	99.4	100.0	(0.6)
Residual Risk	0.6	-	0.6
TOTAL	100.0	100.0	(0.0)



Results shown are based on (a) total fund composition as of quarter end and (b) long term volatility and correlation estimates for 21 risk factors (market benchmarks).

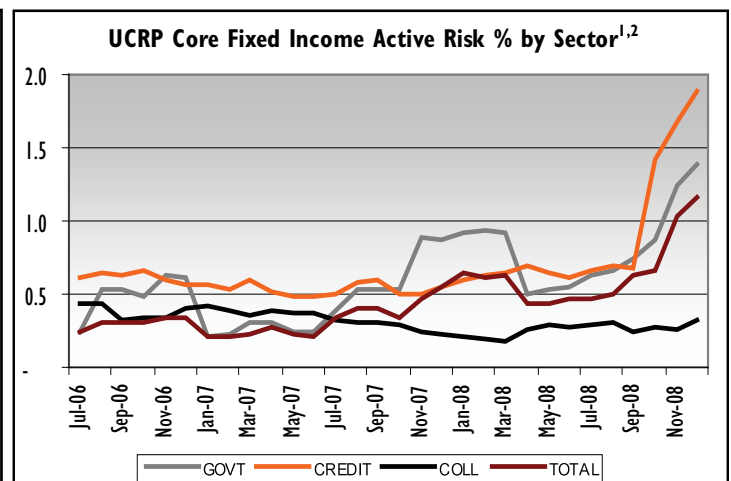
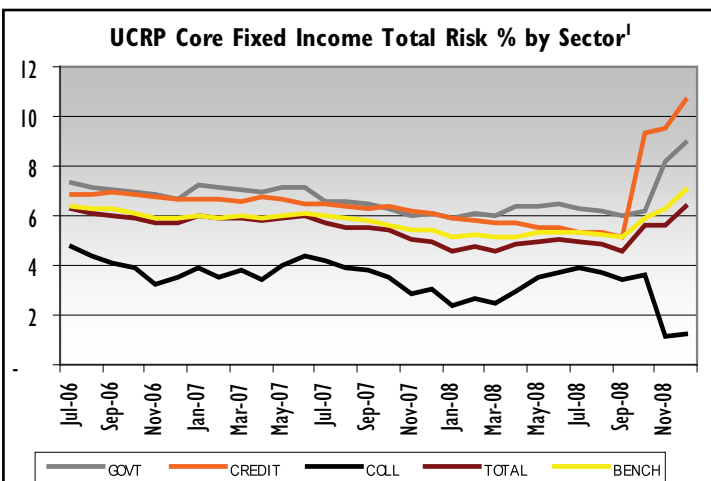
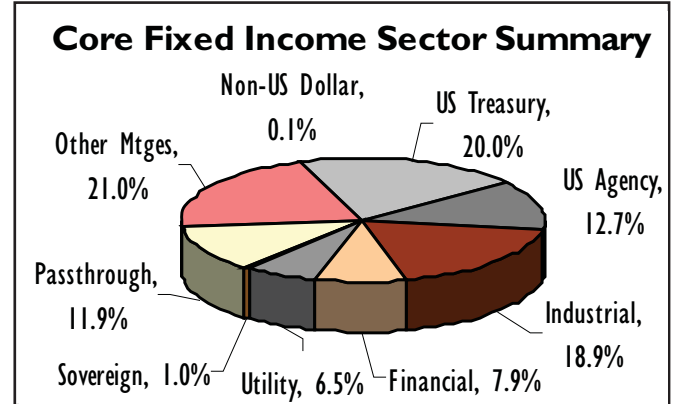
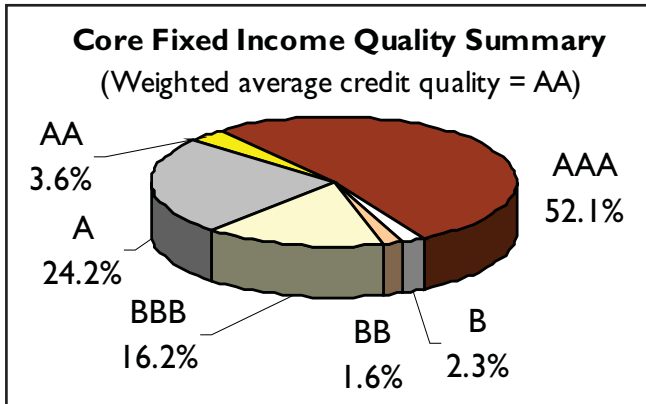
1. Risk estimates are in units of standard deviation, annualized (range of likely results over one year horizon).
2. Factor exposures for each portfolio are estimated by regressing monthly returns over all risk factors.
3. Factors grouped into 5 broad categories; e.g., Domestic Equity consists of 6 risk factors. Non Marketable includes PE and RE factors.
4. Risk contributions for each factor are derived by a weighted sum of the covariances of that factor with the total fund.
5. Benchmark is the policy weight adjusted for illiquidity, and is comprised of actual weights for private equity, real estate, and absolute return.



UNIVERSITY OF CALIFORNIA RETIREMENT PLAN (UCRP)

CORE FIXED INCOME PORTFOLIO CHARACTERISTICS December 31, 2008

	UCRP	Citigroup LPF	Policy
Effective Duration	6.6	7.1	+/- 20% to LPF
Average Quality	AA	AA+	A



SECTOR ALLOCATION AND ATTRIBUTION ANALYSIS

3 MONTHS ENDED December 31, 2008

	Portfolio Sector Alloc.	Benchmark Sector Alloc.	Active Weights	Portfolio Return	Benchmark Return	Active Returns	Sector Alloc. Effect	Security Selection Effect	Interaction Effect	Total Effect
GOVERNMENT	32.25%	40.00%	-7.75%	12.38%	15.23%	-2.85%	-0.47%	-1.09%	0.21%	-1.34%
CORPORATE	33.61%	30.00%	3.61%	1.46%	6.17%	-4.71%	-0.07%	-1.46%	-0.17%	-1.70%
MORTGAGE	34.14%	30.00%	4.14%	2.00%	4.23%	-2.24%	-0.21%	-0.69%	-0.13%	-1.02%
TOTAL FIXED INCOME	100.00%	100.00%	0.00%	5.19%	9.25%	-4.06%	-0.74%	-3.24%	-0.08%	-4.06%

1. Month-end holdings-based portfolio data used. Data, analytics source: MSCI/Barra, Inc. Total UCRP bond risk as of 12/31/08 was 6.34% (annualized standard deviation) compared to the benchmark (Citigroup LPF) total risk of 7.05%.

2. Core Fixed Income portfolio is managed in three core sectors: Government, Credit and Collateral. Total active risk is measured relative to its overall benchmark, the Citigroup LPF. Each core sector's active risk is assessed against the corresponding Citigroup LPF sector index. Total active risk as of 12/31/08 for the UCRP Core Fixed Income portfolio was 116 bps (annualized standard deviation).



UCRP AND GEP*

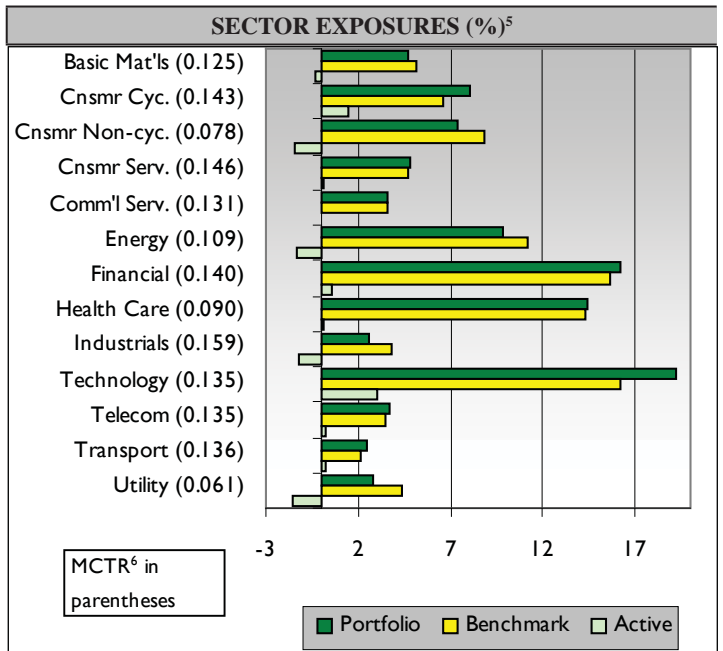
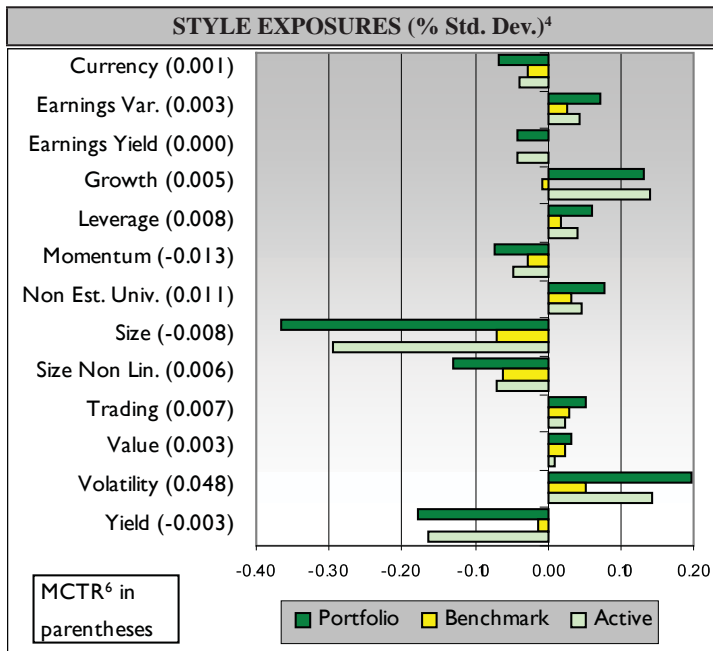
ACTIVE U.S. PUBLIC EQUITY PORTFOLIO RISK, CHARACTERISTICS, AND PERFORMANCE ATTRIBUTION

December 31, 2008

PORTFOLIO CHARACTERISTICS VS BENCHMARK ¹		
	UCRP/GEP	RUSSELL 3000
Dividend Yield	2.2	2.6
Price - Earnings Ratio (historical)	10.1	9.8
Price - Book Ratio	1.7	1.7
Debt - Equity Ratio	73.6	87.0
Market Capitalization (Cap Wtd)	\$45.0	\$65.0
Number of Holdings	3,030	2,911

RISK MEASURES / DECOMPOSITION (Qtr End) ²				
	TOTAL RISK		ACTIVE RISK	
	Risk	Contrib	Risk	Contrib
	%Std dev	%Total	%Std dev	%Active
Common Factor	29.69	99	2.06	60
Style Factors	2.29	1	1.72	42
Industries	28.21	90	0.96	13
Factor Interaction	N/A	9	N/A	5
Asset Selection	2.26	1	1.67	40
Total	29.77	100	2.66	100
Benchmark	28.59			
Beta	1.04			

PERFORMANCE ATTRIBUTION (one quarter) ³		
	Return	Risk
Total Portfolio	(24.23)	25.72
Benchmark	(22.96)	24.21
Active	(1.27)	2.68
Common Factor	(0.66)	N/A
Style Factors	(0.29)	1.59
Industries	(0.37)	0.93
Asset Selection	(0.97)	1.76
Market Timing	0.02	0.02
Trading	0.34	0.33



*The UCRP and GEP Active U.S. Public Equity Portfolios are similar in composition (managers and weightings) so this report applies to both Funds. Active U.S. Public Equity as of 12/31/08 includes eight active large capitalization and six active small capitalization portfolios.

1. The benchmark for Active US Equity is the Russell 3000 tobacco free index.
2. Risk factor exposures and risk estimates are based on actual holdings as of 12/31/08 using proprietary data and analytics from MSCI/Barra, Inc.
3. Performance covers the period 10/01/08 to 12/31/08 (single quarter, not annualized). Performance attribution is based on month end holdings using a buy-hold methodology. Calculated returns will differ slightly from the official performance report, which is based on linked daily returns.
4. Style factor exposures are expressed as % Standard Deviation (annualized).
5. Industry sector exposures are expressed in terms of percent weights.
6. MCTR = Marginal Contribution to Total Risk, is a risk sensitivity measure. It approximates the change in portfolio total risk that results from a 1% change in the factor exposure.



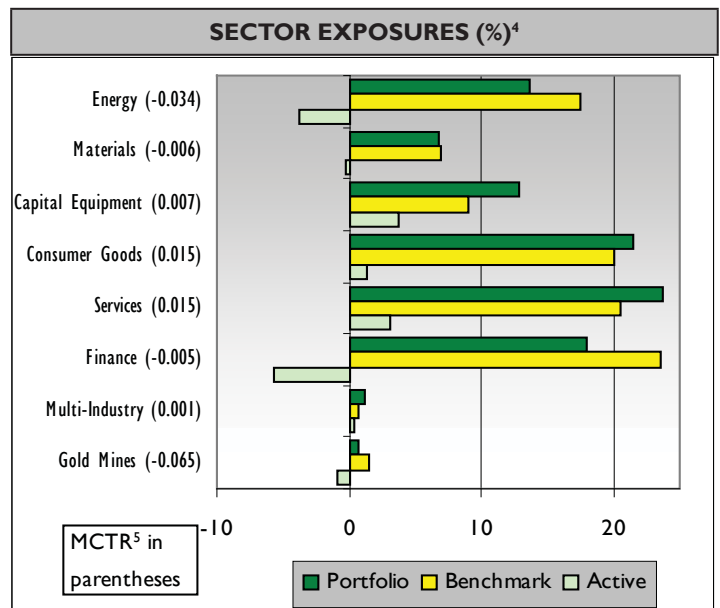
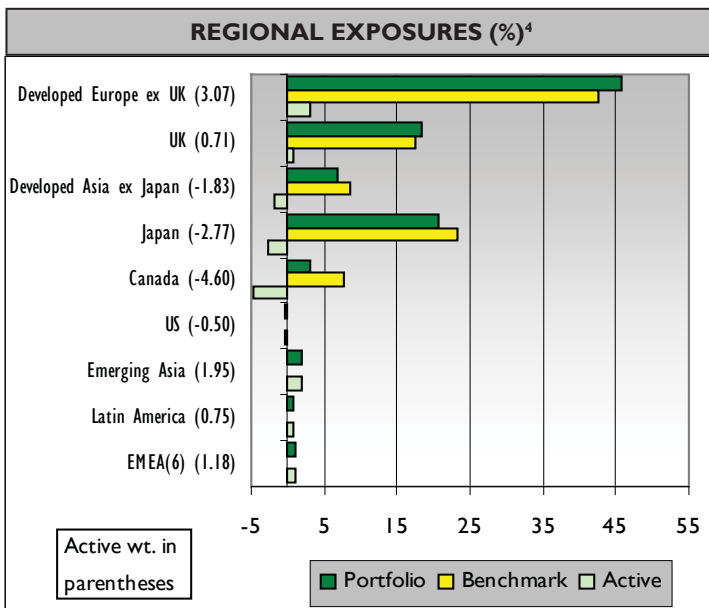
UCRP AND GEP*

ACTIVE DEVELOPED NON-U.S. EQUITY PORTFOLIO RISK & CHARACTERISTICS December 31, 2008

PORTFOLIO CHARACTERISTICS VS BENCHMARK ¹		
	UCRP/GEP	MSCI WLD EX US
Dividend Yield	4.4	4.4
Price - Earnings Ratio (historical)	8.0	8.0
Price - Book Ratio	1.3	1.3
Market Capitalization (Cap Wtd)	\$37.4	\$39.0
Number of Holdings	1,850	1,081

RISK MEASURES / DECOMPOSITION (Qtr End) ²				
	TOTAL RISK		ACTIVE RISK	
	Risk %Std dev	Contrib %Total	Risk %Std dev	Contrib %Active
Common Factor	19.94	100	1.65	81
Style Factor	0.18	0	0.18	1
Sector	1.00	0	0.81	19
Country	16.45	68	1.11	36
Currency	10.42	27	0.77	18
Factor Interaction	N/A	4	N/A	7
Asset Selection	1.21	0	0.79	19
Total	19.98	100	1.83	100
Benchmark	20.52			
Beta	0.97			

PERFORMANCE ATTRIBUTION (one quarter) ³		
	Return	Risk
Total Portfolio	(18.80)	23.06
Benchmark	(21.10)	23.40
Active	2.30	1.88
Common Factor	2.47	N/A
Style Factors	(0.05)	0.27
Industries	0.69	0.60
Country	1.51	1.08
Currency	0.32	0.84
Asset Selection	0.22	0.76
Local Market Timing	(1.05)	0.73
Trading	0.66	0.32



*The UCRP and GEP Active Developed Non-U.S. Equity Portfolios are similar in composition (managers and weightings) so this report applies to both Funds. Active Developed Non-U.S. Equity as of 12/31/08 includes eleven actively managed portfolios. Its market value as of 12/31/08 was 32% of Total Developed Non-US Public Equity for UCRP and 50% for GEP.

1. The benchmark for Active Developed Non-U.S. Equity is the MSCI World Ex US TF (Net) index.
2. Risk factor exposures and risk estimates are based on actual holdings as of 9-30-08 using proprietary data and analytics from MSCI/Barra, Inc.
3. Performance covers the period 10/01/08 to 12/31/08 (single quarter, not annualized). Performance attribution is based on month end holdings using a buy-hold methodology. Calculated returns will differ slightly from the official performance report, which is based on linked daily returns.
4. Industry sector exposures and country/regional exposures are expressed in terms of percent weights.
5. MCTR = Marginal Contribution to Total Risk, is a risk sensitivity measure. It approximates the change in portfolio total risk that results from a 1% change in the factor exposure.
6. EMEA = Emerging Europe, Middle East, Africa.



UCRP AND GEP

Performance evaluation and benchmarking of Private Equity investments

The Office of the Treasurer uses industry standard metrics (Net Internal Rate of Return, or Net IRRs) to evaluate performance of individual PE funds. Long-term (10 years) time weighted returns of the PE program are compared to relevant market indexes. The use of Net IRRs is mandated by the CFA Institute for calculating and reporting PE performance. Meaningful performance can only be evaluated at the end of a fund's life. Net IRRs cannot be compared to time weighted returns (e.g., market index).

Table 1 is provided to aid in the evaluation of UC's PE program, and to supplement the time-weighted returns which have been reported in the past (see Table 2 below). In Table 1, PE funds are grouped by Vintage Year, showing Contributions, Distributions and estimated remaining Net Asset Value (NAV). Performance is compared to the Venture Economics All Private Equity Universe fund median IRR ("Benchmark"). UC Fund and Benchmark IRRs are weighted by the dollar amount of contributions into the fund (i.e., the investment base). The column "Weighted Excess Return" is the difference between the Weighted Vintage Net IRR and the Weighted Benchmark Net IRR, and is a measure of Fund selection skill. The last column, "Multiple" shows the ratio of Distributions + NAV to Contributions, and is another measure of Fund value added.

Table 1 shows data as of December 31, 2007, the latest period for which fund information is available. This information will be updated annually.

Vintage Year	# Funds	Commitment	Contributions	Distributions	NAV	Weighted Vintage Yr Net IRR	Weighted Benchmark Net IRR	Weighted Excess Return	Multiple
1978-1985	23	\$114,131,631	\$(114,118,400)	\$306,312,686	\$-	15.89%	10.07%	5.82%	2.7
1986-1990	16	181,000,000	(180,238,373)	584,645,104	11,316,833	23.76%	9.88%	13.88%	3.3
1991-1995	16	416,540,000	(406,317,709)	1,608,779,015	20,743,381	28.46%	13.27%	15.19%	4.0
1996-2000	32	1,142,400,000	(1,050,314,735)	1,615,132,734	477,111,224	15.08%	4.29%	10.79%	2.0
2001-2007	105	3,815,823,729	(1,556,460,592)	292,312,869	1,579,306,733	9.48%	2.23%	7.25%	1.2
TOTAL	192	5,669,895,360	(3,307,449,809)	4,407,182,408	2,088,478,171	14.59%	4.93%	9.66%	2.0

	10 Yr Total Return Annualized
UCRP TOTAL FUND PE (incl Int'l.)	17.88%
GEP TOTAL FUND PE (incl Int'l.)	18.97%
Custom Total PE Index ¹ (incl Int'l.)	9.09%
UCRP VENTURE CAPITAL	25.83%
GEP VENTURE CAPITAL	28.42%
Cambridge Assoc. US Venture Cap Index ²	13.30%
Venture Economics Venture Index ³	12.01%
UCRP BUY OUT	11.58%
GEP BUY OUT	11.62%
Cambridge Assoc. US Private Equity Index ²	12.35%
Venture Economics Buyout/Mezzanine Index ³	12.12%
UCRP INTL PRIVATE EQUITY	10.75%
GEP INTL PRIVATE EQUITY	10.43%
MSCI Emerg Markets Index+3%	17.92%

UC Data reported as of December 2008 corresponding to benchmarks as of September 2008.

The benchmarks shown in Table 2 are for informational purposes only and are not The Regent's policy benchmark. There is no appropriate market based index which can be used as a meaningful performance benchmark for Private Equity. This information is provided to give additional insight into Private Equity sector performance relative to multiple performance metrics.

1. Custom Private Equity Index (including international) consists of a weighted average of 80% Russell 3000 TF Index and 20% MSCI Emerging Market Free Index, plus 3%. The Custom Index is lagged by three months since inception.
2. Source: Cambridge Assoc. Quarterly End to End Returns Net to LP. Index is preliminary and subject to periodic restatements.
3. Source: Thomson Venture Economics Pooled Average quarterly returns. Index is preliminary and subject to periodic restatements.



GENERAL ENDOWMENT POOL (GEP)

December 31, 2008

I. Investment Performance

	Market Value (\$M)	Total Return			Annualized Total Return		
		Recent Quarter	Fiscal YTD	One Year	Three Year	Five Year	Ten Year
GEP	\$5,008	-12.11%	-20.95%	-24.37%	-1.09%	3.42%	3.85%
Policy Benchmark		-10.92%	-17.84%	-20.71%	0.20%	3.88%	3.31%
Variance to Benchmark		-1.19%	-3.11%	-3.66%	-1.29%	-0.46%	+0.54%
U.S. Equity¹	\$826	-23.20%	-30.54%	-38.96%	-10.12%	-2.79%	-1.36%
Policy Benchmark		-22.93%	-29.75%	-37.54%	-8.82%	-2.13%	-1.06%
Variance to Benchmark		-0.27%	-0.79%	-1.42%	-1.30%	-0.66%	-0.30%
Non-U.S. Equity-Developed¹	\$813	-20.03%	-36.12%	-42.27%	-6.44%	2.40%	N/A
Policy Benchmark		-21.16%	-37.54%	-43.59%	-7.37%	1.81%	N/A
Variance to Benchmark		+1.13%	+1.42%	+1.32%	+0.93%	+0.59%	N/A
Non-U.S. Equity-Emerg. Mkt¹	\$184	-29.95%	-48.38%	-53.19%	-6.53%	6.49%	8.23%
Policy Benchmark		-27.60%	-47.11%	-53.33%	-4.91%	7.66%	9.12%
Variance to Benchmark		-2.35%	-1.27%	+0.14%	-1.62%	-1.17%	-0.89%
Global Equity²	\$81	-22.59%	N/A	N/A	N/A	N/A	N/A
Policy Benchmark		-22.68%	N/A	N/A	N/A	N/A	N/A
Variance to Benchmark		+0.09%	N/A	N/A	N/A	N/A	N/A
Core Fixed Income	\$562	2.44%	2.58%	2.66%	4.56%	4.81%	5.75%
Policy Benchmark		4.58%	4.07%	5.24%	5.51%	5.35%	5.89%
Variance to Benchmark		-2.14%	-1.49%	-2.58%	-0.95%	-0.54%	-0.14%
High Yield Bond	\$121	-16.78%	-23.84%	-25.37%	N/A	N/A	N/A
Policy Benchmark		-17.47%	-25.29%	-26.21%	N/A	N/A	N/A
Variance to Benchmark		+0.69%	+1.45%	+0.84%	N/A	N/A	N/A
Non-U.S. Fixed Income	\$129	8.78%	4.18%	10.23%	N/A	N/A	N/A
Policy Benchmark		8.80%	4.17%	10.11%	N/A	N/A	N/A
Variance to Benchmark		-0.02%	+0.01%	+0.12%	N/A	N/A	N/A
Emerging Market Debt	\$140	-3.40%	-8.07%	-7.73%	N/A	N/A	N/A
Policy Benchmark		-4.78%	-9.13%	-9.70%	N/A	N/A	N/A
Variance to Benchmark		+1.38%	+1.06%	+1.97%	N/A	N/A	N/A
TIPS	\$276	-3.05%	-6.38%	-1.43%	3.45%	N/A	N/A
Policy Benchmark		-3.48%	-6.90%	-2.35%	3.06%	N/A	N/A
Variance to Benchmark		+0.43%	+0.52%	+0.92%	+0.39%	N/A	N/A
Private Equity³	\$496	-4.87%	-4.02%	-1.01%	8.59%	18.20%	18.97%
Absolute Return⁴	\$1,083	-9.13%	-18.71%	-19.22%	0.90%	3.38%	N/A
Policy Benchmark		N/A	N/A	N/A	7.76%	7.19%	N/A
Variance to Benchmark		N/A	N/A	N/A	-6.86%	-3.81%	N/A
Public Real Estate⁵	\$6	-19.38%	N/A	N/A	N/A	N/A	N/A
Policy Benchmark		-32.83%	N/A	N/A	N/A	N/A	N/A
Variance to Benchmark		+13.45%	N/A	N/A	N/A	N/A	N/A
Private Real Estate⁵	\$278	-8.42%	-9.78%	-7.33%	12.61%	N/A	N/A
Policy Benchmark		-6.76%	-7.22%	-3.58%	9.07%	N/A	N/A
Variance to Benchmark		-1.66%	-2.56%	-3.75%	+3.54%	N/A	N/A

Note: Policy benchmarks are defined in Appendix 2. Total Market Value includes \$13 million held in Liquidity Portfolio. The method of rounding may produce the appearance of minor inconsistencies in various totals and percentages, but the differences do not affect the accuracy of the data.

- For 3, 5 and 10 year periods returns were reclassified to match current asset classes.
- Inception date for Global Equity was July 16, 2008.
- See page 10 for additional comparisons.
- Performance benchmarks for periods less than three years are not relevant for the Absolute Return asset class.
- The Private Real Estate portion of the UCRP is shown lagged one quarter, in order to fully reflect both the income return and capital gains of the Real Estate investment as of September 30, 2008. The (time weighted) return shown is a weighted sum of the Open End and Closed End actual time weighted returns, and the benchmark is a weighted sum of the NCREIF Property Index (NPI) and the actual time weighted return of the UC Closed End funds. This is consistent with investment guidelines and also the reporting of Private Equity performance (see also page 10). Prior to Q4 2007, the benchmark was strictly NPI. The Public Real Estate benchmark is not lagged. See Appendix 2.



GENERAL ENDOWMENT POOL (GEP)

I. Performance Objectives

1. GEP annualized total return (net of manager fees and expenses) was -1.09% over the past three years and 3.42% over the past five years and underperformed its policy benchmark by 129 bp and 46 bp respectively.
 2. The Consumer Price Index over the past 3 year and 5 year periods was 2.23% and 2.67% respectively.
- II. For information on the portfolio's risk exposures see page 13, and for information on risk limits, see the separate quarterly risk report. At the end of the quarter, the portfolio's total volatility slightly exceeded the budgeted volatility, but was within the allowable range. Active risk declined slightly over the quarter, from 2.3% to 2.1%, still under the budgeted level of 3%. Active risk will fluctuate based on market opportunities and volatility.
- III. Net investment expenses incurred by the Treasurer for managing the public securities (excluding Alternatives: Private Equity, Real Estate, and Absolute Return) of the GEP were (expressed as a percent of assets at 12/31/08) -4.0 bp for the quarter (not annualized) and -3.1 bp for the preceding 12 months. Earnings from the Securities Lending program (which were significantly higher than last year) are added back to the portfolios from which the securities were lent, contributing to higher performance and offsetting other costs.

IV. GEP Asset Allocation and Guideline Compliance

The GEP portfolio complies with policy guidelines unless an exception is noted below.

Asset Allocation

The GEP portfolio complies with policy guidelines unless an exception is noted below.

	Assets (\$M)	Actual%	Current Policy Allocation*	Variance from Current	Policy Range*	Range Compliance**
U.S. Equity	\$826	16%	19.0%	-3%	14-24%	Yes
Non-U.S. Equity-Dev	\$813	16%	18.0%	-2%	15-21%	Yes
Non-U.S. Equity-Emg	\$184	4%	5.0%	-1%	2-8%	Yes
Global Equity	\$81	2%	2.0%	-0%	0-5%	Yes
Core Fixed Income	\$562	11%	8.0%	3%	5-11%	Yes
High Yield Bond	\$121	2%	3.0%	-1%	0-6%	Yes
Non-U.S. Fixed Income	\$129	3%	2.5%	0%	0-6%	Yes
Emerging Market Debt	\$140	3%	3.0%	-0%	0-6%	Yes
TIPS	\$276	6%	4.0%	2%	1-7%	Yes
Private Equity	\$496	10%	7.0%	3%	4-10%	Yes
Absolute Return	\$1,083	22%	23.5%	-2%	20-26%	Yes
Real Estate	\$284	6%	5.0%	1%	2-8%	Yes
Liquidity Portfolio	\$13	0%	0.0%	0%	0-10%	Yes
Total Assets	\$5,008	100%	100.0%			

Private Equity Sector Allocation

	Assets (\$M)	% of Private Equity Portfolio	Policy Target%	Variance	Policy Range	Range Compliance
Venture Cap.	\$199	40%	45%	-5%	30-70%	Yes
Buyouts	\$291	59%	45%	14%	30-70%	Yes
Non-U.S.	\$5	1%	10%	-9%	0-10%	Yes
Distributions	\$1	0%				
Total Assets	\$496	100%	100%			

Note: The method of rounding may produce the appearance of minor inconsistencies in various totals and percentages, but the differences do not affect the accuracy of the data.
 * Policy Ranges, Targets and Allocations were approved by The Regents on September 17, 2008 and are effective October 1, 2008. Combined Policy Ranges: Public Equity 37%-51%, Fixed Income 15%-25%, and Alternatives 30%-40%.

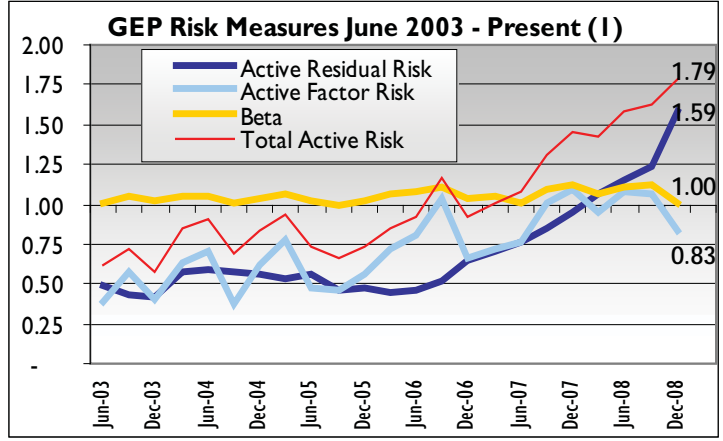
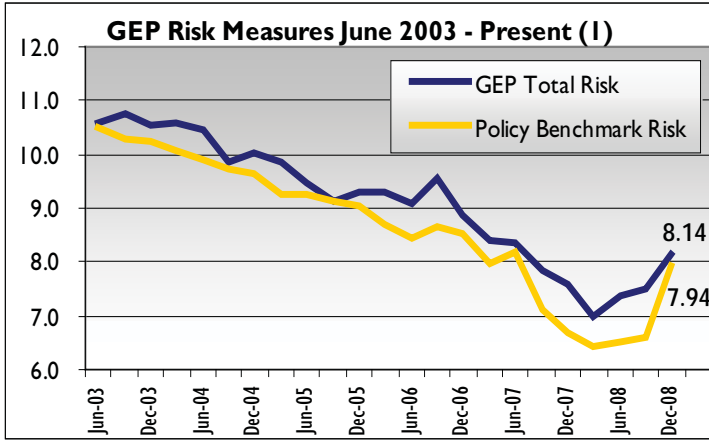
** As a result of extreme market volatility in October, the COI temporarily widened the policy ranges for total public equity from $\pm 7\%$ to $\pm 10\%$, for total fixed income from $\pm 5\%$ to $\pm 10\%$ until further notice. This change was reported at the November 11, 2008 COI meeting.



GENERAL ENDOWMENT POOL (GEP)

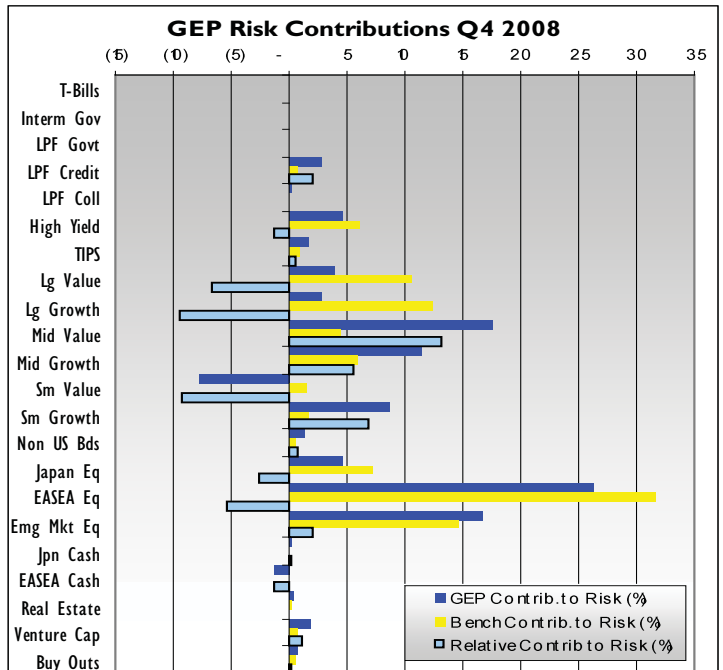
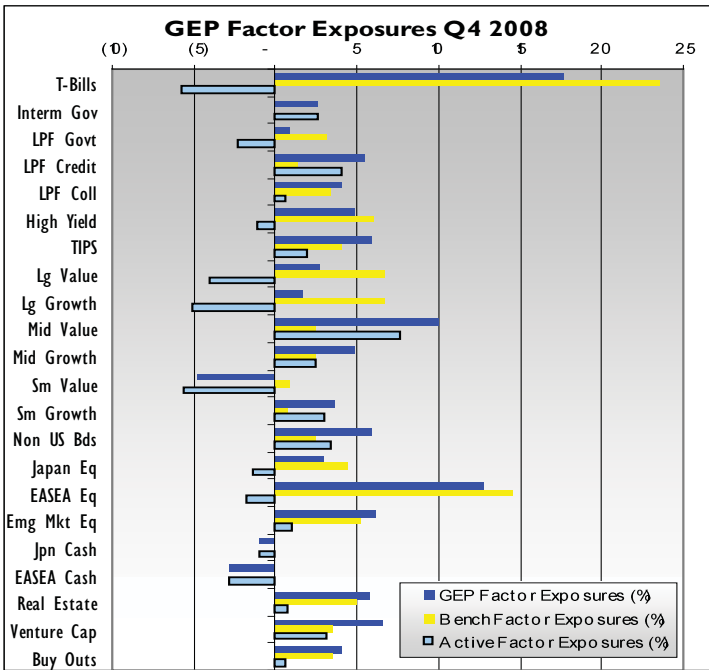
PORTFOLIO RISK DECOMPOSITION (RISK FACTOR MODEL)

December 31, 2008



FACTOR EXPOSURES (2)			
Asset Allocation (3)	GEP	Benchmark (5)	Active Exposures
US Equity	18.2	19.9	(1.7)
Non US Equity	21.9	24.1	(2.2)
Global Fixed Income	25.7	20.5	5.2
Non Marketable	16.4	12.0	4.4
Cash (Abs Ret)	17.7	23.5	(5.8)
TOTAL	100.0	100.0	(0.0)

RISK CONTRIBUTIONS (4)			
Risk Allocation (3)	GEP	Benchmark (5)	Relative Risk Contrib.
US Equity	36.6	36.5	0.1
Non US Equity	47.4	53.5	(6.0)
Global Fixed Income	9.3	8.3	0.9
Non Marketable	2.9	1.7	1.2
Cash (Abs Ret)	-	-	-
Subtotal Factor Risk	96.2	100.0	(3.8)
Residual Risk	3.8	-	3.8
TOTAL	100.0	100.0	(0.0)



- Results shown are based on (a) total fund composition as of quarter end and (b) long term volatility and correlation estimates for 21 risk factors (market benchmarks).
1. Risk estimates are in units of standard deviation, annualized (range of likely results over one year horizon).
 2. Factor exposures for each portfolio are estimated by regressing monthly returns over all risk factors.
 3. Factors grouped into 5 broad categories; e.g., Domestic Equity consists of 6 risk factors. Non Marketable includes PE and RE factors.
 4. Risk contributions for each factor are derived by a weighted sum of the covariances of that factor with the total fund.
 5. Benchmark is the policy weights adjusted for illiquidity, and includes actual weights for private equity and real estate.

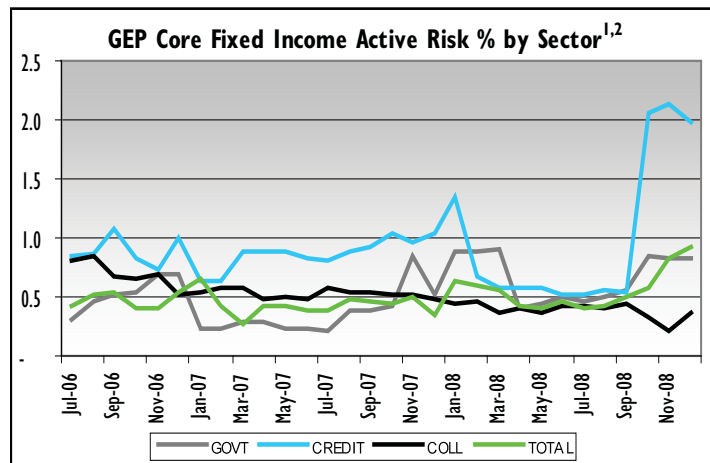
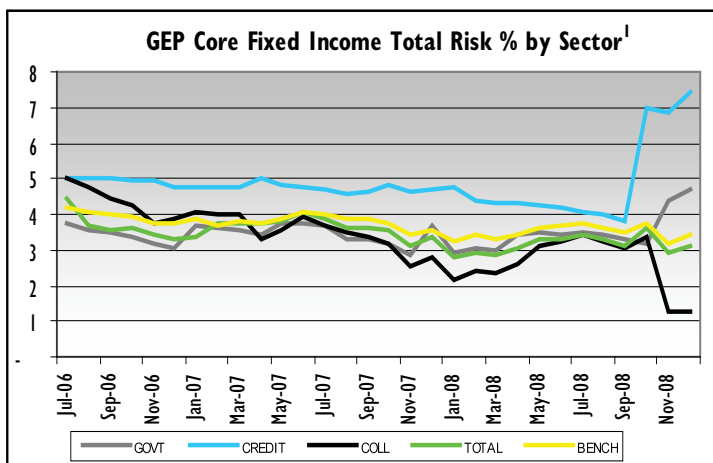
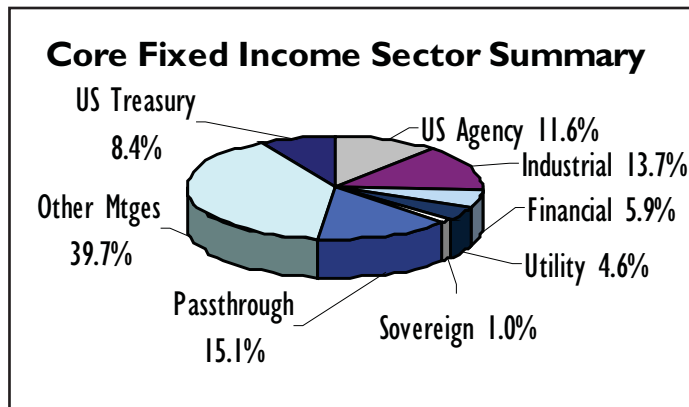
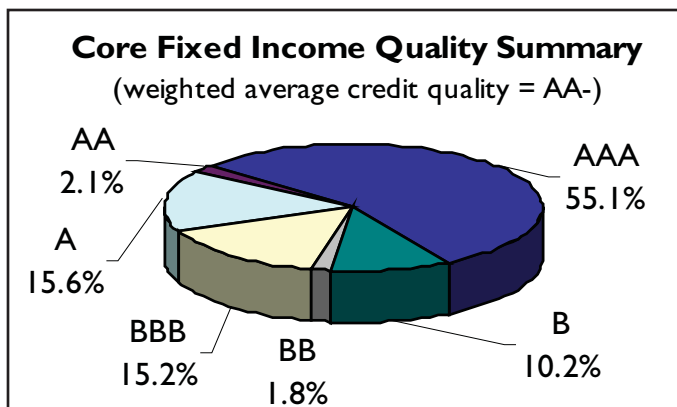


GENERAL ENDOWMENT POOL (GEP)

CORE U.S. FIXED INCOME PORTFOLIO CHARACTERISTICS

December 31, 2008

	GEP	Barclays Aggregate	Policy
Effective Duration	3.4	3.7	+/- 20% to Barclays Agg.
Average Quality	AA-	AA	A



SECTOR ALLOCATION AND ATTRIBUTION ANALYSIS

3 MONTHS ENDED December 31, 2008

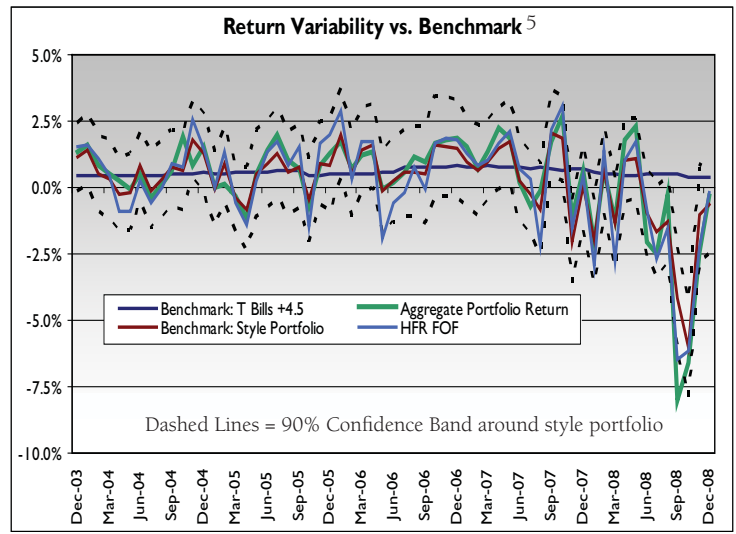
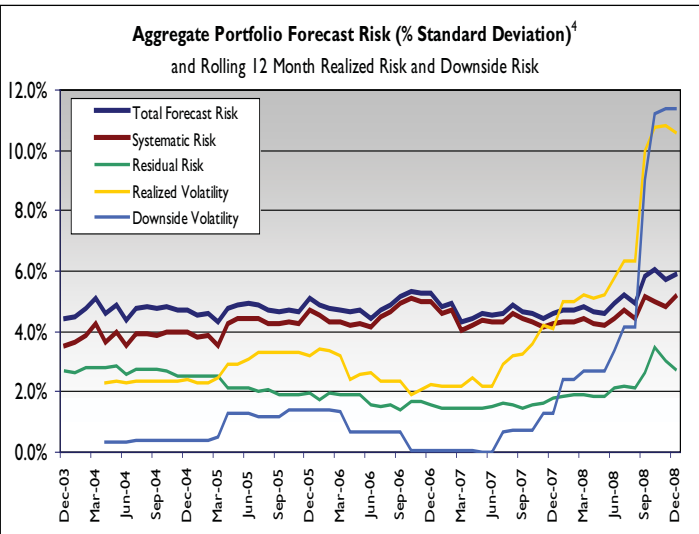
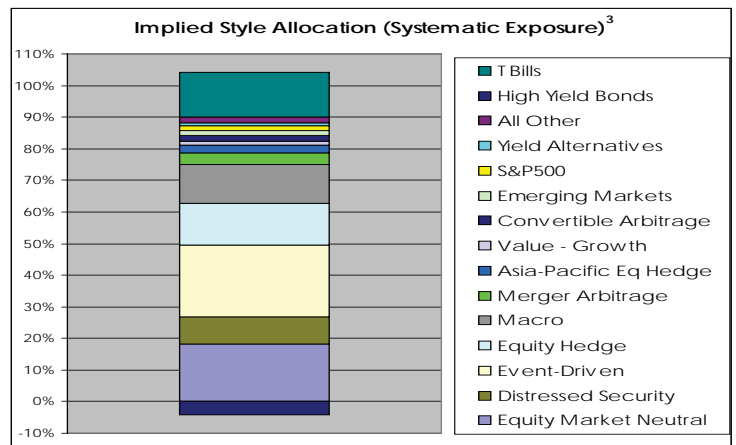
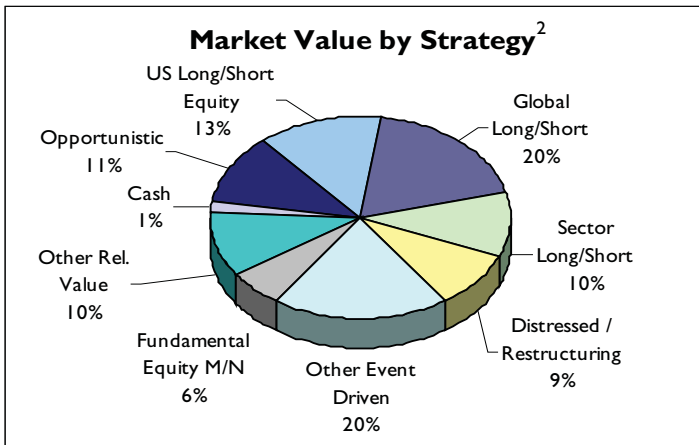
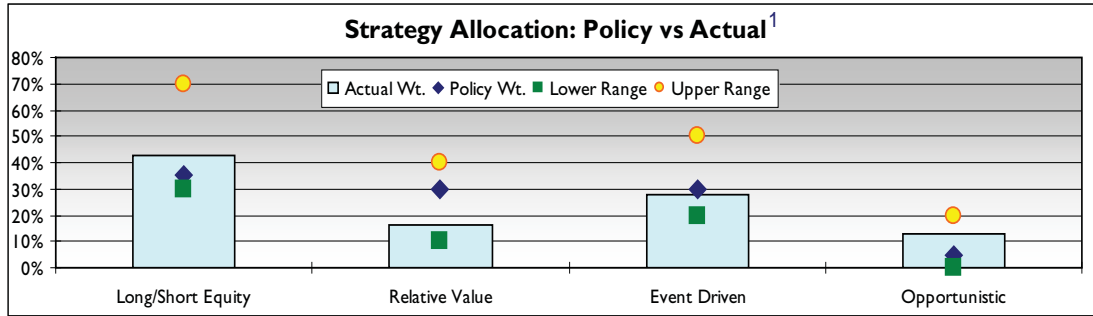
	Portfolio Sector Alloc.	Benchmark Sector Alloc.	Active Weights	Portfolio Return	Benchmark Return	Active Returns	Sector Alloc. Effect	Security Selection Effect	Interaction Effect	Total Effect
GOVERNMENT	20.59%	34.16%	-13.56%	6.39%	8.05%	-1.66%	-0.45%	-0.55%	0.23%	-0.77%
CORPORATE	24.64%	21.29%	3.35%	-0.72%	4.03%	-4.75%	-0.03%	-1.00%	-0.15%	-1.18%
MORTGAGE	54.76%	44.55%	10.21%	2.36%	2.35%	0.00%	-0.24%	0.01%	0.03%	-0.20%
TOTAL FIXED INCOME	100.00%	100.00%	0.00%	2.44%	4.58%	-2.14%	-0.72%	-1.54%	0.11%	-2.14%

1. Month-end holdings-based portfolio data used. Data, analytics source: MSCI/Barra, Inc. Total GEP bond risk as of 12/31/08 was 3.10% (annualized standard deviation) compared to the benchmark (Barclays US Aggregate) total risk of 3.44%.
2. Fixed Income portfolio is managed in three core sectors: Government, Credit and Collateral. Total active risk is measured relative to its overall benchmark, the Barclays US Aggregate. Each core sector's active risk is assessed against the corresponding sector index. Total active risk as of 12/31/08 for the GEP Fixed Income portfolio was 92 bps (annualized standard deviation).



GENERAL ENDOWMENT POOL (GEP)

ABSOLUTE RETURN PORTFOLIO RISK CHARACTERISTICS December 31, 2008



Notes on Guidelines as of quarter end: Gross accounting leverage of the portfolio was 1.73x, well under the Guideline limit of 4.5x; Concentration of risk in any single manager's portfolio does not exceed the Guideline limit of 15% of the risk budget; and Aggregate Forecast downside risk was 5.9% vs. Guideline limit of 5.0% (although both realized volatility and realized downside risk spiked to 10.6% and 11.4% respectively).

1. Market value in each of four broad strategies permitted in the Investment Guidelines (as amended November 12, 2008).
2. Additional detail of current investments by strategy.
3. Aggregate exposures to systematic risk factors as determined by statistical analysis and current holdings.
4. Forward estimate of risk, considering both current systematic exposures and the historical volatility of residual returns.
5. Monthly returns compared to official, style (systematic risk) benchmarks, and HFR Fund of Funds median return.



SHORT TERM INVESTMENT POOL (STIP)

December 31, 2008

I. Investment Performance

	Market Value (\$M)	Income Return			Annualized Income Return		
		Recent Quarter	Fiscal YTD	One Year	Three Year	Five Year	Ten Year
STIP	\$6,806	1.02%	2.00%	4.26%	4.58%	4.20%	4.70%
2-Year U.S. Treasury Notes		0.42%	1.11%	2.25%	3.87%	3.51%	3.76%
Variance		+0.60%	+0.89%	+2.01%	+0.71%	+0.69%	+0.94%

II. Asset Allocation Plan and Guideline Compliance

The STIP portfolio complies with policy guidelines unless an exception is noted below.

The STIP invests in approved fixed income investments with a maximum maturity of 5-1/2 years.

	Assets (\$M)	% of Portfolio
Money Markets	309	5%
Corporate Notes	\$3,360	49%
Commercial Paper	1,850	27%
Federal Agency	757	11%
Treasury	530	8%
Total Assets	\$6,806	100%

Note: STIP's asset value is stated at amortized book value plus accrued interest. The method of rounding may produce the appearance of minor inconsistencies in various totals and percentages, but the differences do not affect the accuracy of the data.



TOTAL RETURN INVESTMENT POOL (TRIP)

December 31, 2008

I. Investment Performance

	Market Value (\$M)	Total Return			Annualized Total Return		
		Recent Quarter	Fiscal YTD	One Year	Three Year	Five Year	Ten Year
TRIP	\$1,370	-3.70%	N/A	N/A	N/A	N/A	N/A
Policy Benchmark		-4.61%	N/A	N/A	N/A	N/A	N/A
Variance		+0.91%	N/A	N/A	N/A	N/A	N/A
U.S. Equity	160	-23.75%	N/A	N/A	N/A	N/A	N/A
Policy Benchmark		-23.77%	N/A	N/A	N/A	N/A	N/A
Variance		+0.02%	N/A	N/A	N/A	N/A	N/A
Non-U.S. Equity-Developed	109	-17.60%	N/A	N/A	N/A	N/A	N/A
Policy Benchmark		-17.57%	N/A	N/A	N/A	N/A	N/A
Variance		-0.03%	N/A	N/A	N/A	N/A	N/A
Core Fixed Income	978	3.29%	N/A	N/A	N/A	N/A	N/A
Policy Benchmark		4.42%	N/A	N/A	N/A	N/A	N/A
Variance		-1.13%	N/A	N/A	N/A	N/A	N/A
High Yield Bond	123	-7.58%	N/A	N/A	N/A	N/A	N/A
Policy Benchmark		-17.47%	N/A	N/A	N/A	N/A	N/A
Variance		+9.89%	N/A	N/A	N/A	N/A	N/A

II. Asset Allocation Plan and Guideline Compliance

The TRIP portfolio complies with policy guidelines unless an exception is noted below.

	Assets (\$M)	Actual%	Current Policy Allocation	Variance from Current	Policy Range*	Range Compliance
Public Equity	\$269	20%	25%	-5%	15-35%	Yes
U.S. Fixed Income	\$1,101	80%	75%	5%	65-85%	Yes
Liquidity	\$0	0%	0%	0%	0-10%	Yes
Total Assets	\$1,370	100%	100%			

Note: The method of rounding may produce the appearance of minor inconsistencies in various totals and percentages, but the differences do not affect the accuracy of the data.



APPENDIX I

UC Regents Portfolio Market Value Changes Quarterly Change

	Market Value in Millions		Due to Cash In/Out Flows Change	Due to Investing Activities Change	NET CHANGE
	12/31/2008	9/30/2008			
UCRP*	\$31,747	\$37,567	(\$466)	(\$5,354)	(\$5,820)
GEP*	\$5,013	\$5,835	(\$3)	(\$819)	(\$822)
STIP	\$6,806	\$7,362	(\$628)	\$72	(\$556)
TRIP	\$1,370	\$1,435	(\$6)	(\$59)	(\$65)
403(b), 457(b) & DC Plans' Funds	\$9,050	\$9,825	\$3	(\$778)	(\$775)
Other Endowments	\$666	\$685	NA	NA	(\$19)
Minus STIP in other Portfolios	(\$798)	(\$1,158)	NA	NA	\$360
	\$53,854	\$61,551	(\$1,100)	(\$6,938)	(\$7,697)

Notes: The method of rounding may produce the appearance of minor inconsistencies in various totals and percentages, but the differences do not affect the accuracy of the data. STIP asset values is stated at amortized book value plus accrued interest.

* Market Values do not tie to those shown on pages 3, 4 and 11 due to cash flows occurring during the quarter in Real Estate and due to late valuations and cash flows occurring during the quarter in Absolute Return.

** Values do not include Other Endowments and STIP held in other portfolios.



APPENDIX I

UC Regents Portfolio Market Value Changes 1 Year Change

	Market Value in Millions		Due to Cash In/Out Flows	Due to Investing Activities	NET CHANGE
	12/31/2008	12/31/2007	Change	Change	
UCRP*	\$31,747	\$47,850	(\$3,368)	(\$12,735)	(\$16,103)
GEP*	\$5,013	\$6,719	\$35	(\$1,741)	(\$1,706)
STIP	\$6,806	\$8,706	(\$2,249)	\$349	(\$1,900)
TRIP	\$1,370	\$0	\$1,509	(\$139)	\$1,370
403(b), 457(b) & DC Plans' Funds	\$9,050	\$10,589	\$106	(\$1,645)	(\$1,539)
Other Endowments	\$666	\$712	NA	NA	(\$46)
Minus STIP in other Portfolios	(\$798)	(\$961)	NA	NA	\$163
	\$53,854	\$73,615	(\$3,967)	(\$15,911)	(\$19,761)

Note: The method of rounding may produce the appearance of minor inconsistencies in various totals and percentages, but the differences do not affect the accuracy of the data. STIP asset value is stated at amortized book value plus accrued interest.

* Market Values do not tie to those shown on pages 3, 4 and 11 due to cash flows occurring during the quarter in Real Estate and due to late valuations and cash flows occurring during the quarter in Absolute Return.

** Values do not include Other Endowments and STIP held in other portfolios.



APPENDIX 2

Policy Benchmarks

UCRP Since 12/2008		
<i>Asset Class</i>	<i>Benchmark Component</i>	<i>Percentage</i>
U.S. Equity	Russell 3000 TF	34.5%
Non-U.S. Equity Developed	MSCI World ex-U.S. (net dividends) TF	22%
Emerging Market Equity	MSCI Emerging Market (net dividends)	4%
Global Equity	MSCI All Country World Index Net - IMI - TF	2%
U.S. Core Fixed Income	Citigroup Large Pension Fund (LPF)	12%
High Yield Debt	Merrill Lynch High Yield Cash Pay Index	3%
Non-U.S. Fixed Income	Citigroup World Government Bond Index ex-U.S.	3%
Emerging Market Debt	J.P. Morgan Emerging Market Bond Plus Index	3%
TIPS	Barclays Capital TIPS	6%
Private Equity	Actual PE Returns	4%
Absolute Return	30-Day U.S. T-Bill + 4.5%	3.5%
Real Estate	Public: 50% times the FTSE EPRA NAREIT US Index plus 50% times the FTSE EPRA NAREIT Global ex-US Index and Private: Open End = NCREIF Property Index (lagged 3 months); Closed end = Actual Closed End Return	3%

GEP Since 12/2008		
<i>Asset Class</i>	<i>Benchmark Component</i>	<i>Percentage</i>
U.S. Equity	Russell 3000 TF	19%
Non-U.S. Equity Developed	MSCI World ex-U.S. (net dividends) TF	18%
Emerging Market Equity	MSCI Emerging Market (net dividends)	5%
Global Equity	MSCI All Country World Index Net - IMI - TF	2%
U.S. Core Fixed Income	Barclays Aggregate	8%
High Yield Debt	Merrill Lynch High Yield Cash Pay Index	3%
Non-U.S. Fixed Income	Citigroup World Government Bond Index ex-U.S.	2.5%
Emerging Market Debt	J.P. Morgan Emerging Market Bond Plus Index	3%
TIPS	Barclays Capital TIPS	4%
Private Equity	Actual PE Returns	7%
Absolute Return	30-Day U.S. T-Bill + 4.5%	23.5%
Real Estate	Public: 50% times the FTSE EPRA NAREIT US Index plus 50% times the FTSE EPRA NAREIT Global ex-US Index and Private: Open End = NCREIF Property Index (lagged 3 months); Closed end = Actual Closed End Return	5%

STIP Since 7/2002		
<i>Asset Class</i>	<i>Benchmark Component</i>	<i>Percentage</i>
Short Term Fixed Income	2-Year U.S. Treasury Note Income Return	100%

TRIP Since 5/2008		
<i>Asset Class</i>	<i>Benchmark Component</i>	<i>Percentage</i>
U.S. Fixed Income - Government	Barclays Aggregate Government Index	10%
U.S. Fixed Income - Credit	Barclays Aggregate Credit Index	45%
U.S. Fixed Income - Securitized	Barclays Aggregate Securitized Index	10%
High Yield Debt	Merrill Lynch High Yield Cash Pay Index	10%
U.S. Equity - Large Cap	Russell 1000 Index (Tobacco Free)	10%
U.S. Equity - Small Cap	Russell 2000 Index (Tobacco Free)	5%
Non-U.S. Equity (hedged)	MSCI World ex US Net Index (hedged) (Tobacco Free)	10%

Policy Benchmarks prior to periods shown above are available on line at <http://www.ucop.edu/treasurer/invinfo/Benchmarks.html>