



UC Bond Fund

Investment Objective: The Fund seeks to maximize interest income returns, while protecting principal, in order to provide a safe low-risk investment, with attractive and stable returns.

Quick Stats	1 Year Return (06/30/2009)	6.89%
	NAV (06/30/2009)	\$196.59
	Investment Category	Fixed Income
	Net Assets (\$M)	\$852
	Inception	July 1, 1978

The Bond Fund is part of the UC Retirement Savings Program's Core Funds, which include a full range of asset classes designed to help meet participant needs. Participants in the Program should consider their unique needs and goals, along with any savings held outside of the Program, when building an appropriately diversified asset allocation of funds.

Average Annual Total Returns

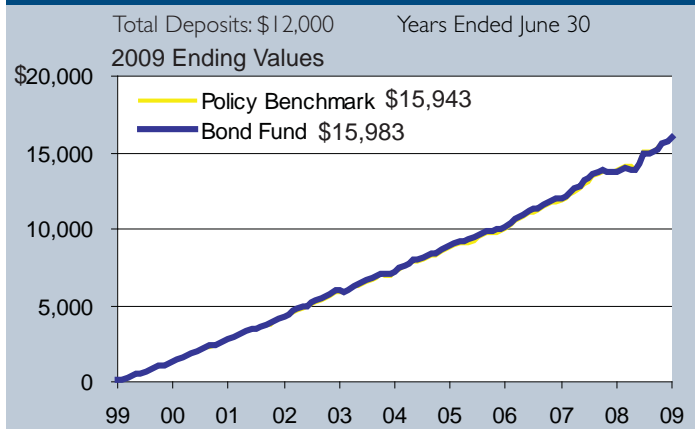
as of 06/30/2009

Returns (%)	1 Year	5 Years	10 Years
Bond Fund	6.89	4.86	6.05
Policy Benchmark	6.05	5.01	5.98
Taxable Bond Funds Median*	0.68	3.56	4.55
Barclays Aggregate	6.05	5.01	5.98
Barclays LT Govt./Credit	5.34	5.64	6.90
Inflation (CPI Index)	-1.42	2.60	2.64

For the one-year period ending June 30, 2009, the UC Bond Fund return is among the top 10% of all taxable bond funds in the Morningstar universe.

* Source: Morningstar, Inc. Although gathered from reliable sources, data completeness, and accuracy cannot be guaranteed.

Ten-Year Performance of a \$100 Monthly Investment in the Bond Fund and the Policy Benchmark*



* Policy Benchmark is the Barclays Aggregate Index. Before June 2000, the Policy Benchmark was the Lehman Govt/Credit Index.

How We Invest

The Treasurer's Office manages the Bond Fund according to policies established by The Regents of the University of California.

The Fund utilizes extensive analysis of economic and political factors using a "top-down" approach and fundamental, "bottom-up" analysis for individual security selection. It maintains a diversified portfolio primarily of high-quality debt securities. The Fund seeks to be fully invested at all times, although a modest cash level may exist until invested.

The Bond Fund is managed by Managing Director Randy Wedding and Senior Portfolio Managers Linda Fried, David Schroeder, and Satish Swamy. They are assisted by Senior Portfolio Manager Kim Evans and Junior Portfolio Manager Aaron Staines. Senior Portfolio Manager Alice Yee also lends her expertise in the short end of the yield curve.

Risks to You

Risks include interest-rate risk, market risk, credit risk, foreign security risk, and prepayment risk. A decrease in interest rates usually causes an increase in value of bonds. An increase, or the expectation of an increase in interest rates generally causes a decrease in the value of bonds.

The Bond Fund may be appropriate for investors interested in a fixed-income vehicle that seeks to maximize long-term investment returns through a diversified portfolio of intermediate-term debt securities. The Bond Fund may not be appropriate for investors with short time horizons or those uncomfortable with fluctuations in market value or a changing interest-rate environment.

For more information on risk, see the "Investment Risk Factor Guide," available online at www.netbenefits.com.

Fees and Expenses

Investor expenses are limited to 0.15% (or \$1.50 per \$1,000 invested) of the Fund's average market value per year, assessed on a daily basis (1/365th per day invested). These expenses are not billed to participants, but are netted against the investment experience of the fund. These expenses are comprised of approximately 0.03% for investment management, 0.02% for investor education and 0.10% for administration (including accounting, audit, legal, custodial and recordkeeping services). The total administrative expenses are estimated and could actually be lower in some periods. If actual administrative expenses are less than estimated, any accumulation will be returned to the Fund each quarter, on a prorated basis, thereby lowering the effective expense ratio for participants. There are no front-end or deferred-sales loads or other marketing expenses.

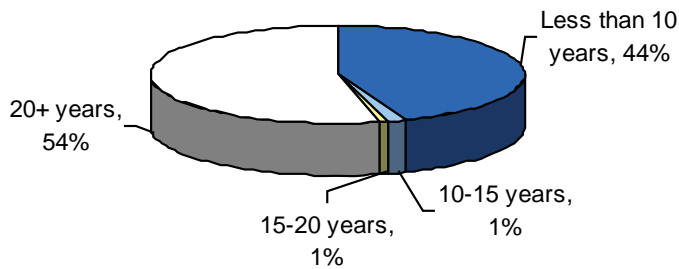


UC Bond Fund *continued*

Maturities

as of 06/30/2009

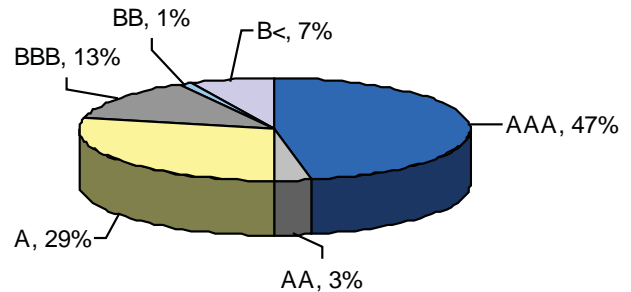
The maturity of bonds in the Fund can be an important determinant of its performance in different interest rate cycles. Although the average maturity of the Fund is currently similar to its benchmark, the Fund managers diversify maturities in order to mitigate risk and capture attractive spreads along the yield curve.



Ratings

as of 06/30/2009

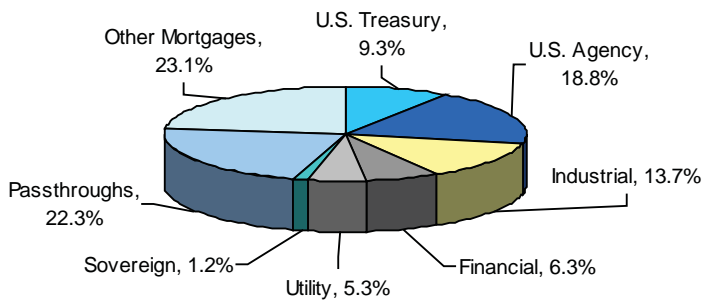
Credit ratings are an indication of a company's ability to repay its borrowings when due. Higher quality bonds generally offer lower yields than lower quality bonds. The yield offered on a bond relative to its quality rating is one important factor portfolio managers use in selecting securities for the Fund.



Sectors

as of 06/30/2009

The Fund's sector weightings (the types of individual securities) are shown below. The Fund's managers' decide on all the allocations to the broad sectors based on the macroeconomic outlook.



Month-End Values

most recent 12 months ending 06/30/2009

July 2008	183.24980
August 2008	184.01869
September 2008	181.48802
October 2008	179.06651
November 2008	183.74932
December 2008	190.26274
January 2009	190.35472
February 2009	189.29869
March 2009	191.30872
April 2009	193.58983
May 2009	195.09131
June 2009	196.59353

Asset Class Overview

as of 6/30/2009

Fixed-income investments include government securities, mortgage-backed securities, and corporate bonds. The portfolio managers allocate exposures to these broad sectors based on their relative return projections.

The average duration of the Fund is targeted not to vary from that of the Barclays Aggregate Index by more than +/- 20%. The portfolio maintains an average credit of A (or equivalent) or better. No more than 10% of the Fund may be invested in non-U.S.-dollar-denominated securities. No more than 10% of the Fund may be invested in below-investment grade securities.

Keep in mind that investing involves risk. The value of your investment will fluctuate over time and you may gain or lose money. The information contained herein regarding the UC Funds has been provided by the University of California Office of the Treasurer and is solely the responsibility of the University of California Office of the Treasurer.

Year-by-Year Performance by Calendar Year

