



Working Capital

March 31, 2020

UC INVESTMENTS

UC Investments Way



UC Working Capital

1. Asset Allocation
2. Performance
3. Asset Classes
4. Risk Allocation

INVESTMENT OBJECTIVES

Total Return Investment Pool

- Generate a rate of return, after all costs and fees, in excess of the policy benchmark, and consistent with liquidity, cash flow requirements, and risk budget

Short Term Investment Pool

- Maximize returns consistent with safety of principal, liquidity, and cash-flow requirements

UC Investments

INVESTMENT PRODUCTS

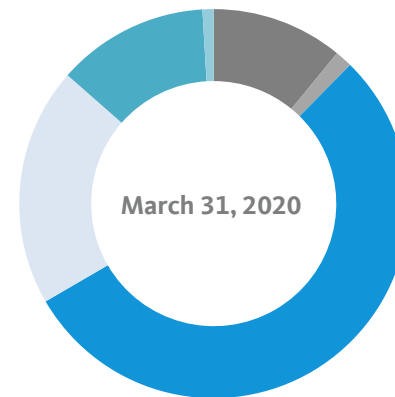
- Investing **Endowment** assets since 1933 (88 years)
- Investing **Blue & Gold** assets since 2019 (1 year)

- Investing **Pension** assets since 1961 (60 years)
- Investing **Retirement Savings** assets since 1967 (53 years)

- Investing **Working Capital** since 1976 (45 years)
 Investing **Total Return** since 2008 (12 years)
 Investing **Short Term** since 1976 (45 years)

- Investing **Fiat Lux Insurance** assets since 2016 (4 years)

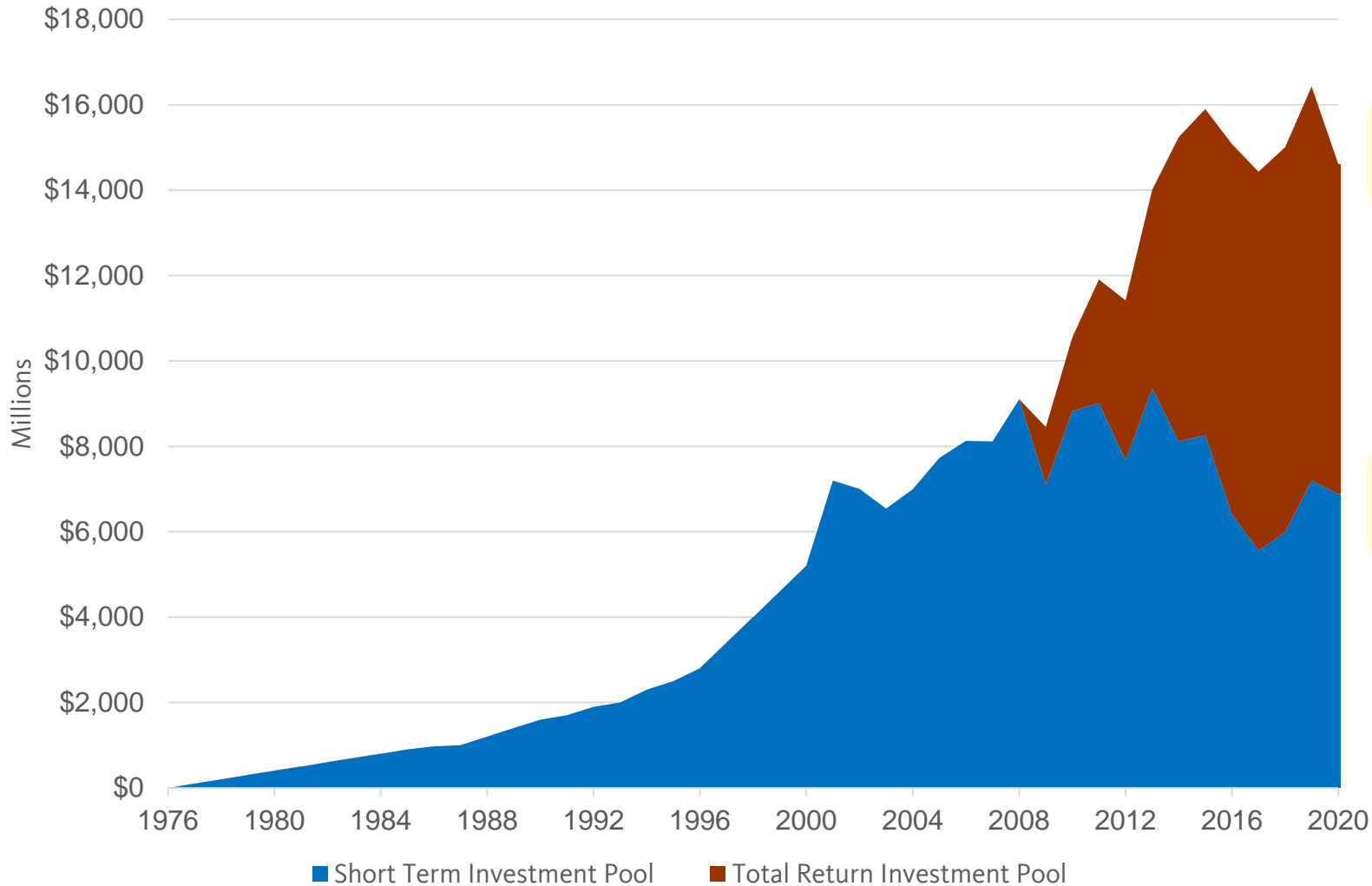
\$119.0 BILLION ACROSS 7 PRODUCTS



	<u>\$ Billion</u>	<u>(%)</u>
● Endowment	13.0	11
● Blue & Gold	1.7	1
● Pension	64.6	54
● Retirement Savings	23.6	20
● Working Capital	14.8	12
● Total Return	7.7	6
● Short Term	7.1	6
● Fiat Lux Insurance	1.1	1

Working Capital Assets Growth

WORKING CAPITAL ASSETS 1976 – 2020



ASSET GROWTH

March 31, 2020

	Today	△ Change
Today	\$14.8B	
1 Year Ago	\$16.4B	-\$1.6B
5 Years Ago	\$15.9B	-\$1.1B
6 Years Ago	\$15.2B	-\$0.4B
10 Years Ago	\$10.5B	+\$4.3B

Assets Under Management

This Quarter as of March 31, 2020

Quarter To Date (3 Months)	Total Return Market Value (\$B)	Short Term Market Value (\$B)	Total Market Value (\$B)
December 31, 2019	8.9	5.5	14.4
Market Gains	(0.7)	0.0	(0.7)
Value Added	0.0	0.0	0.0
Net Cash Flow	(0.5)	1.6	1.1
March 31, 2020	7.7	7.1	14.8

Assets Under Management

Fiscal Year To Date as of March 31, 2020

Fiscal Year To Date (9 Months)	Total Return Market Value (\$B)	Short Term Market Value (\$B)	Total Market Value (\$B)
June 30, 2019	9.2	5.6	14.8
Market Gains	(0.3)	0.1	(0.2)
Value Added	0.0	0.0	0.0
Net Cash Flow	(1.2)	1.4	0.2
March 31, 2020	7.7	7.1	14.8

Assets Under Management

Month To Date as of April 30, 2020

Month To Date (1 Month1)	Total Return Market Value (\$B)	Short Term Market Value (\$B)	Total Market Value (\$B)
March 31, 2020	7.7	7.1	14.8
Market Gains	0.4	0.0	0.4
Value Added	(0.0)	0.0	0.0
Net Cash Flow	(0.8)	1.5	0.7
April 30, 2020	7.3	8.6	15.9

Total Return Investment Pool

Total Return: Assets Under Management

Quarter To Date (3 Months)	Market Value (\$B)	Fiscal Year To Date (9 Months)	Market Value (\$B)
December 31, 2019	8.9	June 30, 2019	9.2
Market Gains	(0.7)	Market Gains	(0.3)
Value Added	(0.0)	Value Added	0.0
Net Cash Flow	(0.5)	Net Cash Flow	(1.2)
March 31, 2020	7.7	March 31, 2020	7.7

Total Return: Assets Under Management

Month To Date (1 Month)	Market Value (\$B)
March 31, 2020	7.7
Market Gains	0.4
Value Added	(0.0)
Net Cash Flow	(0.8)
April 30, 2020	7.3

Total Return: Asset Allocation

As of March 31, 2020	Market Value (\$B)	Weight (%)	Over/Underweight to Interim Policy (%)	Target (%)
Growth	2.7	35.1	0.1	35
Public Growth	2.6	33.8	-	-
Private Growth	0.1	1.3	-	-
Income	4.5	58.4	8.4	50
Public Income	4.2	54.5	-	-
Private Income	0.3	3.9	-	-
Absolute Return	0.5	6.5	(8.5)	15
Cash	-	-	-	-
Total	\$7.7B	100.0%		100.0%

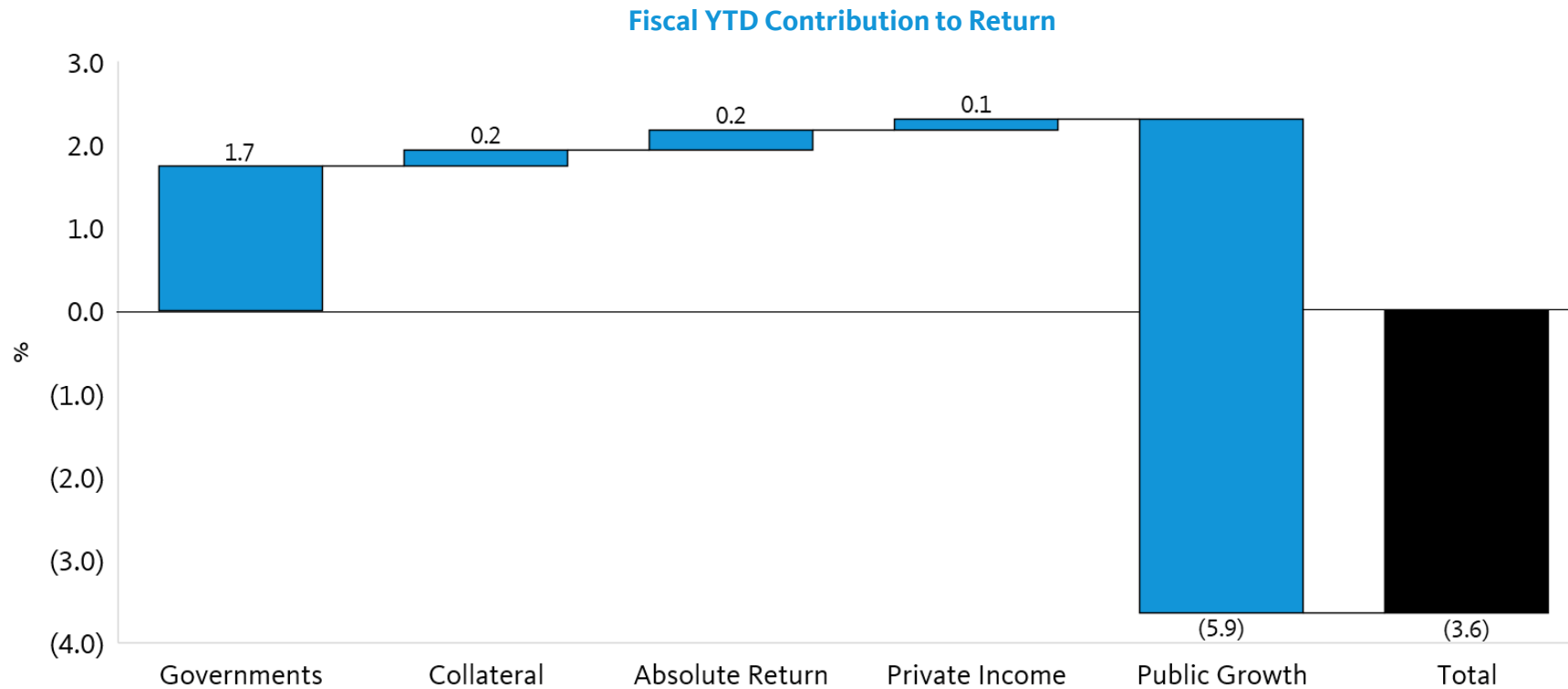
Total Return: Asset Allocation

As of April 30, 2020	Market Value (\$B)	Weight (%)	Over/Underweight to Target (%)	Target (%)
Growth	0.5	6.3	(28.7)	35
Public Growth	0.4	4.8	-	-
Private Growth	0.1	1.5	-	-
Income	4.3	59.5	9.5	50
Public Income	4.0	55.2	-	-
Private Income	0.3	4.3	-	-
Absolute Return	0.5	6.7	(8.3)	15
Cash	2.0	27.5	27.5	-
Total	\$7.3B	100.0%		100.0%

Total Return: Performance

As of March 31, 2020 Net Returns (%)	Market Value (\$B)	Weight (%)	QTD 3 Months	Fiscal YTD 9 Months	1 Year	3 Year	Annualized Returns		
							5 Year	6 Year	10 Year
Total Return	7.7	100	(7.8)	(3.6)	(0.9)	3.1	2.9	3.6	5.7
Policy Benchmark*			(7.6)	(3.2)	(0.3)	3.0	2.7	3.3	5.4
Value Added			(0.2)	(0.4)	(0.6)	0.1	0.2	0.3	0.3

* Policy benchmark as of July 1, 2015 is 50% Barclays US Aggregate Index + 35% MSCI All Country World Investible Markets Index + 15% HFRX Absolute Return Index. Prior is a weighted average composite of the historical policy benchmarks and targets.



Total Return: Attribution – Fiscal Year to Date

As of March 31, 2020	Portfolio Return	Benchmark Return	Allocation Attribution	Selection Attribution	Total Attribution
Equity	(14.5)	(15.6)	(0.3)	0.4	0.1
Public Growth	(15.1)	(15.6)	(0.3)	0.2	(0.1)
Private Growth	3.2	(15.6)	(0.0)	0.2	0.2
Income	3.7	5.7	0.4	(1.0)	(0.6)
Public Income	3.8	5.7	0.4	(1.0)	(0.6)
Private Income	3.0	5.7	0.0	(0.1)	(0.0)
Absolute Return	1.6	(3.3)	(0.1)	0.2	0.2
Cash	1.6	-	(0.1)	0.0	(0.0)
Total	(3.6)	(3.2)	(0.0)	(0.3)	(0.4)

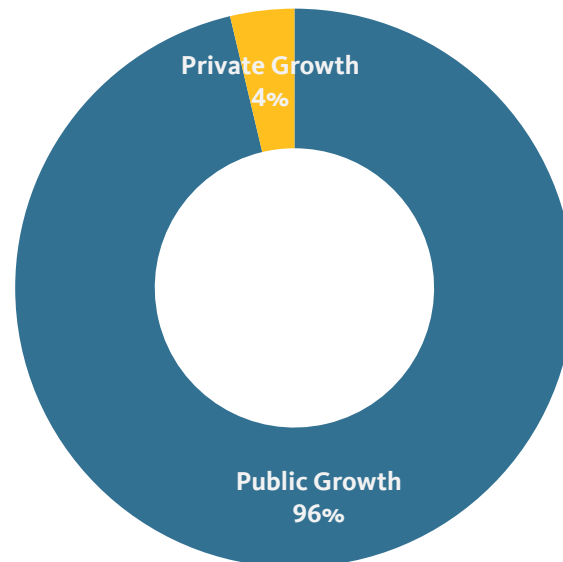
Total Return: Policy Benchmark

Asset Class	Policy Benchmark Component	Target (%)	Allowable Ranges	
			Min (%)	Max (%)
Total Equity (Growth)	MSCI All Country World Index Net IMI (Tobacco Free)	35.0	30.0	40.0
Total Income	Barclays US Aggregate Bond Index	50.0	45.0	55.0
Absolute Return	HFRX Absolute Return Index	15.0	5.0	25.0

Total Return: Growth

As of March 31, 2020	Market Value (\$B)	Weight (%)	QTD 3 Months	Fiscal YTD 9 Months	1 Year	3 Year	Annualized Returns		
Net Returns (%)							5 Year	6 Year	10 Year
Growth	2.7	100	(21.4)	(14.4)	(11.2)	2.1	2.9	3.7	6.9
Policy Benchmark*			(22.5)	(15.6)	(12.7)	0.9	2.5	2.9	5.8
Value Added			1.1	1.2	1.5	1.2	0.4	0.8	1.1
Public Growth	2.6	96	(22.1)	(15.0)	(11.8)	1.5	2.4	3.3	6.7
Private Growth	0.1	4	0.5	2.9	10.3	22.5	-	-	-

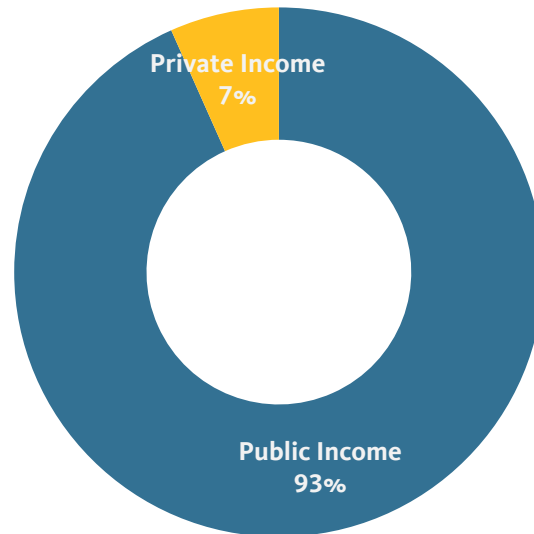
* Policy benchmark as of July 1, 2015 is MCSI ACWI IMI TF. Prior to that, policy would be a weighted average composite of the historical policy benchmarks and targets. Inception date for Public Growth is August 1, 2008; inception date for Private Growth November 1, 2015.



Total Return: Income

As of March 31, 2020 Net Returns (%)	Market Value (\$B)	Weight (%)	QTD 3 Months	Fiscal YTD 9 Months	1 Year	Annualized Returns			
						3 Year	5 Year	6 Year	10 Year
Income	4.5	100	1.2	3.7	6.8	4.6	3.5	3.9	5.0
Policy Benchmark*			3.1	5.7	8.9	4.8	3.4	3.7	3.9
Value Added			(1.9)	(2.0)	(2.1)	(0.2)	0.1	0.2	1.1
Public Income	4.2	93	1.2	3.8	6.9	4.5	3.5	3.9	5.0
Private Income	0.3	7	1.2	3.0	5.3	5.8	-	-	-

* Policy benchmark as of July 1, 2015 is Barclays U.S. Aggregate Index and is shown for all periods.
 Inception date is August 1, 2008 for Public Income, and November 1, 2015 for Private Income.



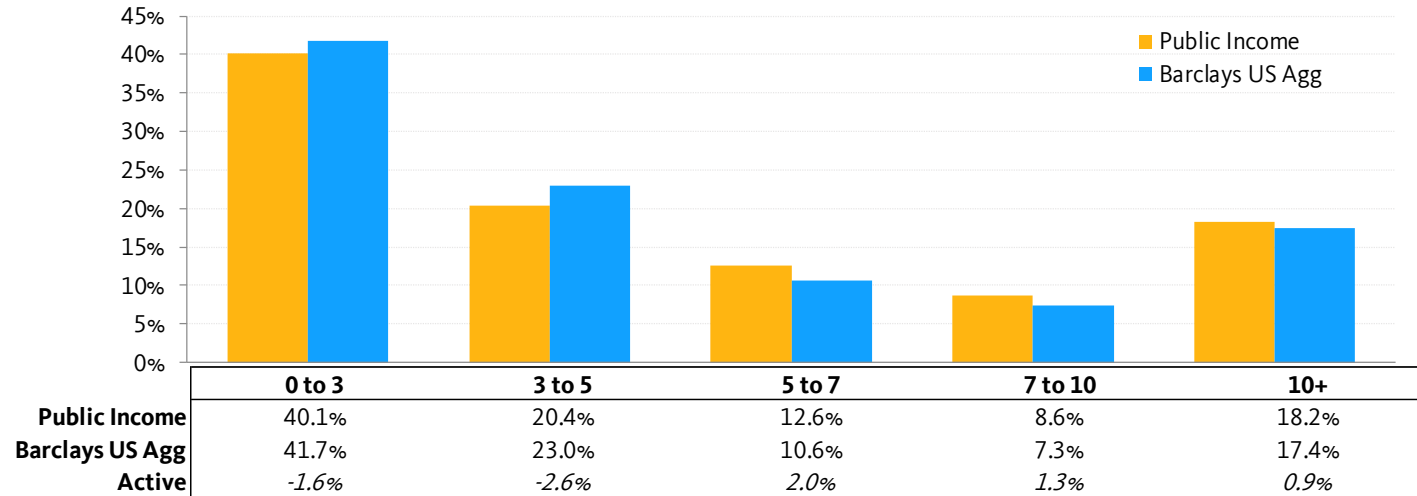
Total Return: Cash

As of March 31, 2020 Net Returns (%)	Market Value (\$B)	Weight (%)	QTD 3 Months	Fiscal YTD 9 Months	Annualized Returns				
					1 Year	3 Year	5 Year	6 Year	10 Year
Cash	0.0	100	0.5	1.6	2.2	2.0	1.7	1.6	-

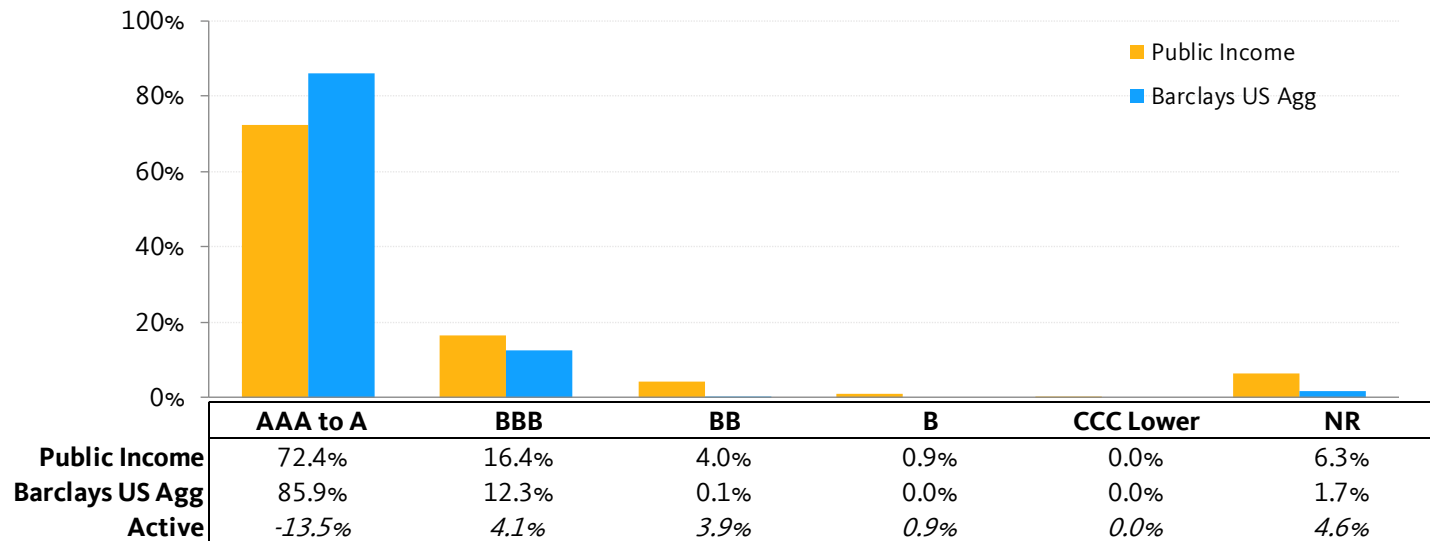
As of April 30, 2020 Net Returns (%)	Market Value (\$B)	Weight (%)	QTD 3 Months	Fiscal YTD 9 Months	Annualized Returns				
					1 Year	3 Year	5 Year	6 Year	10 Year
Cash	2.0	100	0.2	1.8	2.2	2.0	1.7	1.6	-

Total Return: Public Income Composition

As of March 31, 2020
Maturity Profile



Rating Distribution



Total Return: Absolute Return

As of March 31, 2020 Net Returns (%)	Market Value (\$B)	Weight (%)	QTD 3 Months	Fiscal YTD 9 Months	Annualized Returns				
					1 Year	3 Year	5 Year	6 Year	10 Year
Absolute Return	0.5	100	(0.3)	1.8	1.8	0.2	0.4	1.2	-
Policy Benchmark*			(5.8)	(3.3)	(2.2)	0.2	0.6	1.0	-
Value Added			(5.5)	5.1	4.0	-	(0.2)	0.2	-

* As of July 1, 2015, the benchmark is the HFRX Absolute Return.
Prior to that, the benchmark was 50% HFRX Absolute Return + 50% HFRX Market Directional.
Since inception date of Absolute Return is August 2013.

Risk Measurement

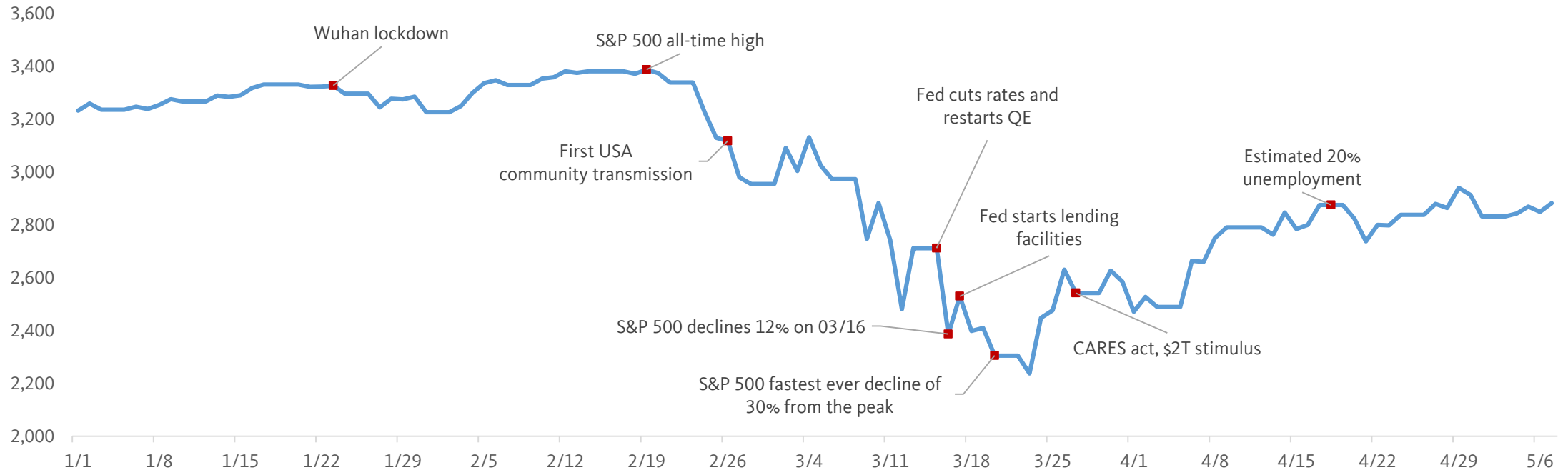
Portfolio and benchmark volatility has increased significantly with the increased market volatility in February and March 2020.

Tracking Error increased 0.4% on the quarter.

Portfolio	Benchmark	Weight (%)	Portfolio Risk (%)		Benchmark Risk (%)		Active Risk (%)	
			Standalone Volatility	QoQ Change	Standalone Volatility	QoQ Change	Tracking Error	QoQ Change
TRIP	Policy (Blend)	100	14.1	9.7	14.4	10.4	1.0	0.4
Income	Barclay's Aggregate	55	9.1	6.1	7.1	3.8	2.9	2.1
Growth	MSCI ACWI ex Tobacco	33	29.9	17.6	29.5	17.4	0.5	0.3
Absolute Return	HFRXARUCR	6	3.7	1.8	9.8	8.1	12.3	10.3
Cash	N/A	5	0.1	(0.1)	0.0	0.0	0.2	(0.1)

Risk: Covid-19 Themes

S&P 500 from January 1, 2020



We have passed through an acute stage of market dislocation

- A month of jarring market decline and volatility.
- Aggressive and rapid Fed intervention and government stimulus.
- A surprising level of market stability in April, and a market that suggests nothing out of the ordinary in May.

And are facing a period of chronic market risk today

- A bimodal risk picture with prospects that are either very good or very bad: a return to normalcy, or a second wave.
- Asymmetric risk; greater downside potential.

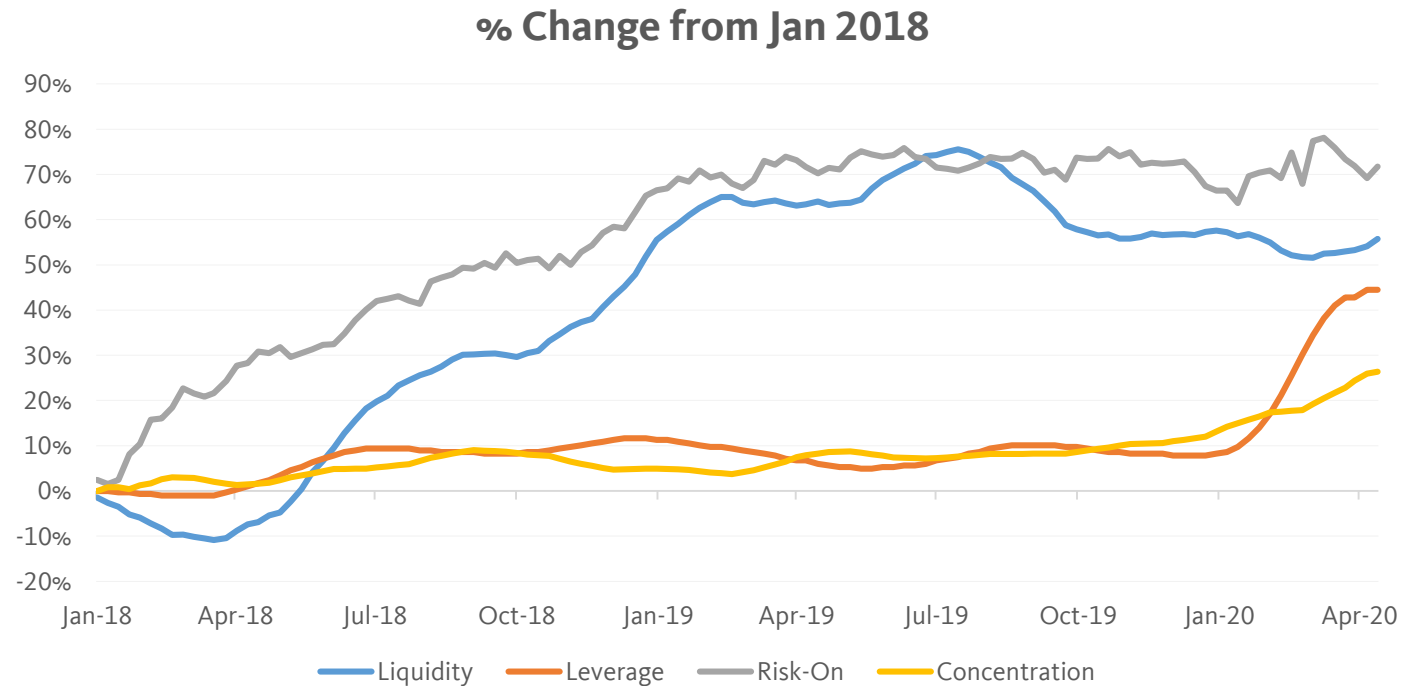
Risk 3.0: Managing the Dynamics of Market Vulnerability

Well before the Covid crisis, our Risk 3.0 framework indicated market dynamics with underlying vulnerability, e.g.:

- Growing leverage
- Constricted liquidity
- High concentration
- Aggressive risk sentiment

No one could predict when or how an event might strike that vulnerability, but we managed our risk with that in mind.

The market dislocations in March were an anticipated dynamic given the Covid-19 event, although the severity was surprising.



Short Term Investment Pool

Short Term: Assets Under Management

	Market Value (\$B)		Market Value (\$B)	Portfolio (%)	Duration	Rating
December 31, 2019	5.5	Governments & Agencies	0.9	13	3.25	AA+
Market Gains	0.0	Commercial Paper	4.4	62	0.06	A
Value Added	0.0	Corporates	1.8	25	1.43	A-
Net Cash Flow	1.6					
March 31, 2020	7.1	Total	7.1	100	0.82	A

*STIP Assets exclude:

- (a) approximately \$3.8 billion internal receivable from campuses and medical centers for funds transferred to the Retirement Plan,
- (b) approximately \$1.2 billion held on behalf of the Retirement Plan,
- (c) approximately \$161.7 million held on behalf of the General Endowment Pool,
- (d) approximately \$1.1 billion held on behalf of the UC Retirement Savings Program,
- (e) approximately \$887.8 million receivable from certain eligible University employees who have received loans under the University's Mortgage Origination Program, and
- (f) approximately \$238.4 million internal receivable from the Total Return Investment Pool.

Short Term: Assets Under Management

Month To Date (1 Month)	Market Value (\$B)
March 31, 2020	7.1
Market Gains	0.0
Value Added	0.0
Net Cash Flow	1.5
April 30, 2020	8.6

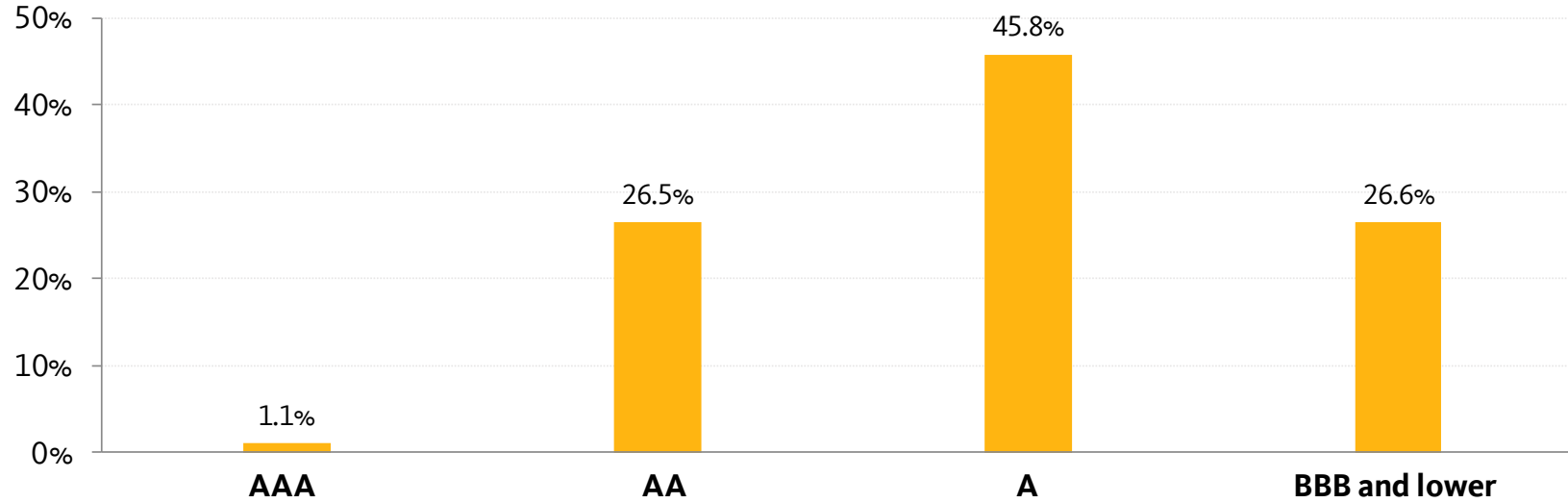
Short Term: Performance

As of March 31, 2020 Net Returns (%)	Market Value (\$B)	Weight (%)	QTD 3 Months	Fiscal YTD 9 Months	Annualized Returns						
					1 Year	3 Year	5 Year	6 Year	10 Year	20 Year	25 Year
Short Term	7.1	100	0.5	1.6	2.2	2.0	1.7	1.6	1.9	3.1	3.7
Policy Benchmark*			0.4	1.3	1.9	1.8	1.3	1.2	0.8	2.0	2.8
Value Added			0.1	0.3	0.3	0.2	0.4	0.4	1.1	1.1	0.9

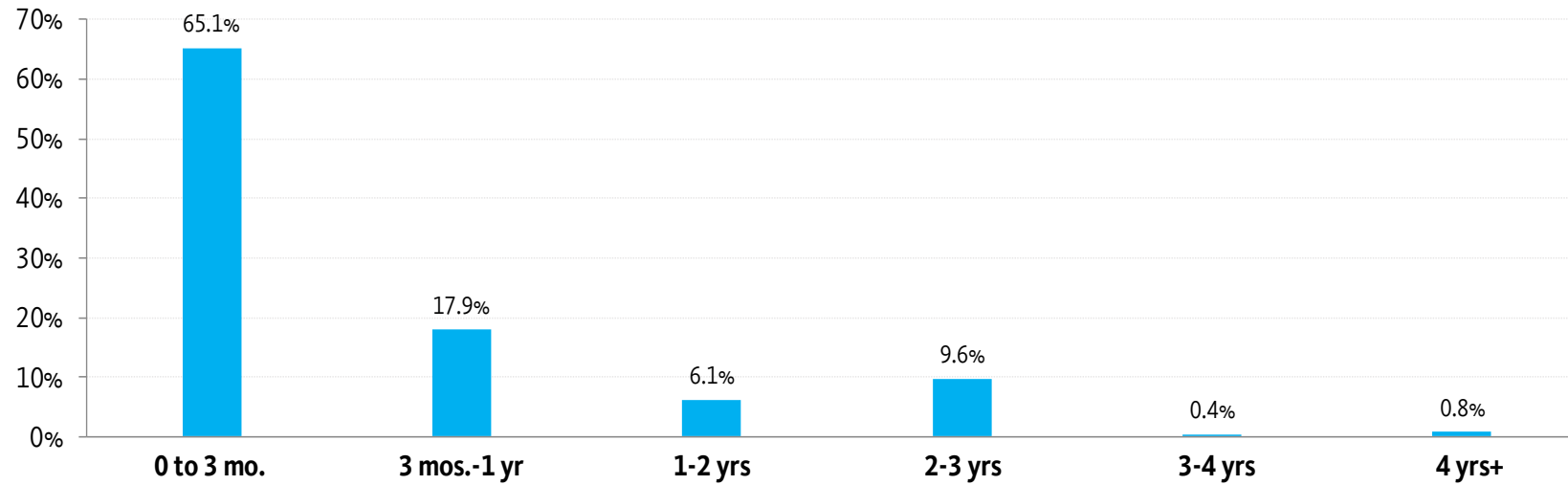
* STIP Policy Benchmark is based on a weighted average of the 2 Year Treasury Income Note + 30-Day Treasury Bill

Short Term: Portfolio Composition

As of March 31, 2020
Rating Profile



Maturity Distribution



Short Term: Policy Benchmark

Asset Class**Policy Benchmark Component****Short Term**

Weighted Average of Income Return on a Constant Maturity Two-Year U.S. Treasury Note and the Return on U.S. 30-Day Treasury Bills