

Office Of The Chief Investment Officer Of The Regents

Investing for the Long Term

2016/2017

UC Investments

1. Less is More



2. Risk Rules



3. Concentrate



4. Creativity Pays



5. Build Knowledge



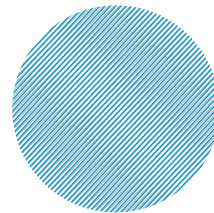
6. Team Up



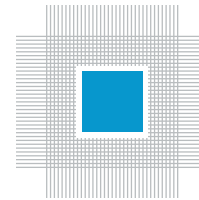
7. What makes UC, UC



8. Perfect Alignment



9. Man Meets Machine



10. Centennial Performance



Opportunities in a low growth environment

Collaborate with our stakeholders to set realistic expectations

Manage products differently based on their risk and return objectives

Complete asset and risk allocation for all products

Add value through passive and active management

Aggressively reduce costs in a low-return environment

Benefit from our competitive advantages

Size. Scale. Patience. The UC.

Products

UC Endowment

UC Pension

UC Retirement Savings

UC Working Capital

UC Insurance

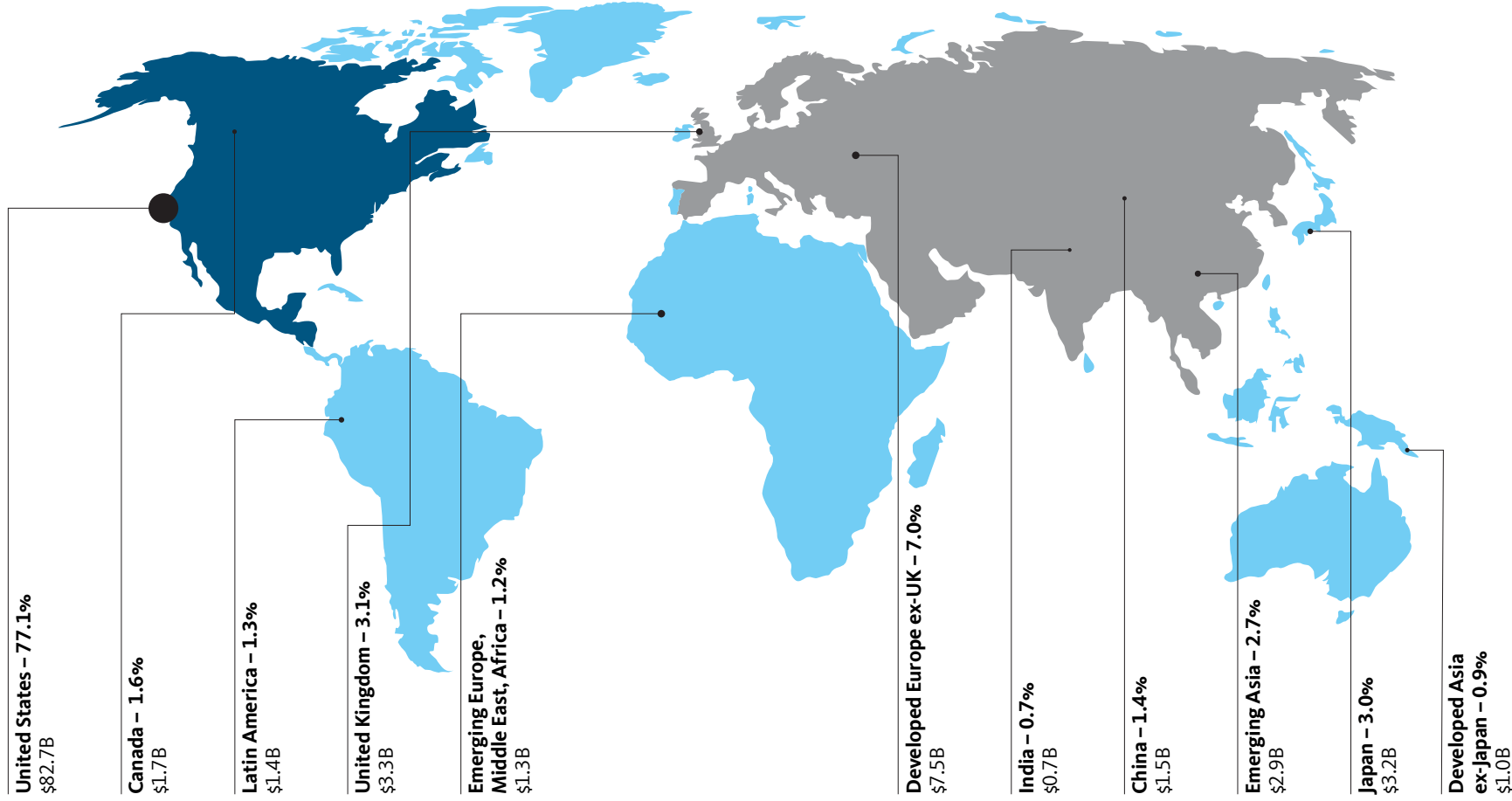
\$107.2 Billion

March 31, 2017

	Market Value in Billions (\$)
Endowment	\$10.4
Pension	\$59.7
Retirement Savings	\$21.7
Total Return	\$8.9
Short Term	\$5.6
Insurance	\$0.9
Total	\$107.2B









Our Products

Where We Invest



How We Invest \$107.2 Billion

As of March 31, 2017

	Market Value in Billions (\$)	Percentage (%)	
Public Equity	55.0	51.3	
Fixed Income	32.8	30.6	
Other Investments	14.7	13.7	
Absolute Return	6.1	5.7	
Private Equity	4.0	3.7	
Real Estate	3.5	3.3	
Real Assets	1.1	1.0	
Cash	4.7	4.4	
Total	\$107.2 Billion	100.0%	

UCRP | LONG TERM VALUE ADD - ACWI (60/40)

Year	70/30		60/40		UC Office of the CIO		Value Add		
	70%ACWI/ 30%BCAgg	70%S&P/ 30%BCAgg	60%ACWI/ 40%BCAgg	60%S&P/ 40%BCAgg	UCRP POLICY	UCRP REALIZED	UCRP POLICY over 60%ACWI/ 40%BCAgg	UCRP REALIZED over UCRP POLICY	UCRP REALIZED Over 60%ACWI/ 40%BCAgg
2017	5.7%	6.4%	4.5%	5.1%	9.1%	10.5%	4.6%	1.4%	6.0%
2016	-0.8%	4.8%	0.2%	5.0%	-0.8%	-2.0%	-1.0%	-1.2%	-2.2%
2015	1.2%	5.8%	1.3%	5.3%	2.2%	4.5%	0.9%	2.3%	3.2%
2014	17.5%	18.3%	15.5%	16.2%	17.1%	17.4%	1.6%	0.3%	1.9%
2013	11.5%	13.9%	9.7%	11.7%	10.7%	11.7%	1.0%	1.0%	2.0%
2012	-2.3%	6.4%	-0.8%	6.7%	-0.6%	0.4%	0.2%	1.0%	1.2%
2011	22.5%	22.3%	19.8%	19.6%	21.6%	22.4%	1.8%	0.8%	2.6%
2010	12.4%	13.3%	12.0%	12.8%	11.6%	12.7%	-0.4%	1.1%	0.7%
2009	-18.9%	-17.1%	-15.5%	-13.9%	-18.9%	-18.8%	-3.4%	0.1%	-3.3%
2008	-4.7%	-7.2%	-3.0%	-5.2%	-4.7%	-5.7%	-1.7%	-1.0%	-2.7%
2007	19.3%	16.1%	17.3%	14.7%	18.0%	18.8%	0.7%	0.8%	1.5%
2006	12.4%	5.8%	10.5%	4.8%	6.8%	7.0%	-3.7%	0.2%	-3.5%
2005	10.5%	6.6%	10.0%	6.6%	9.8%	10.3%	-0.2%	0.5%	0.3%
2004	17.7%	13.3%	15.1%	11.4%	14.1%	14.3%	-1.0%	0.2%	-0.8%
2003	2.8%	3.8%	4.0%	4.8%	5.4%	5.8%	1.4%	0.4%	1.8%
2002	-6.7%	-10.4%	-4.5%	-7.8%	-7.7%	-9.2%	-3.2%	-1.5%	-4.7%
2001	-11.7%	-7.3%	-8.6%	-4.8%	-5.9%	-5.5%	2.7%	0.4%	3.1%
2000	11.3%	6.7%	10.4%	6.4%	6.6%	12.8%	-3.8%	6.2%	2.4%
1999	12.0%	17.1%	10.8%	15.2%	14.8%	12.1%	4.0%	-2.7%	1.3%
1998	10.9%	24.2%	10.9%	22.2%	26.0%	21.8%	15.1%	-4.2%	10.9%
1997	14.7%	26.3%	13.7%	23.6%	25.4%	25.8%	11.6%	0.5%	12.1%
Annualized Return	6.2%	7.5%	6.2%	7.7%	6.9%	7.2%	0.8%	0.2%	1.0%
Cumulative Return	220.2%	324.4%	222.8%	310.4%	283.2%	301.4%	60.4%	18.2%	78.6%

Notes: Statistics are calculated over a 20-year period from 1997 to 2016 using Fiscal Year returns (2017 includes only 9 months of data). We use the 60%ACWI/40%BCAgg as our "Reference Portfolio," because 1) it is similar to the level of risk embedded in the implemented portfolio, 2) ACWI represents the borad Public Equity premium vs. the better performing, but narrower S&P-500)

UCRP | LONG TERM VALUE ADD - SnP (60/40)

Year	70/30		60/40		UC Office of the CIO		Value Add		
	70%ACWI/ 30%BCAgg	70%S&P/ 30%BCAgg	60%ACWI/ 40%BCAgg	60%S&P/ 40%BCAgg	UCRP POLICY	UCRP REALIZED	UCRP POLICY over 60%S&P/ 40%BCAgg	UCRP REALIZED over UCRP POLICY	UCRP REALIZED Over 60%S&P/ 40%BCAgg
2017	5.7%	6.4%	4.5%	5.1%	9.1%	10.5%	4.0%	1.4%	5.4%
2016	-0.8%	4.8%	0.2%	5.0%	-0.8%	-2.0%	-5.8%	-1.2%	-7.0%
2015	1.2%	5.8%	1.3%	5.3%	2.2%	4.5%	-3.1%	2.3%	-0.8%
2014	17.5%	18.3%	15.5%	16.2%	17.1%	17.4%	0.9%	0.3%	1.2%
2013	11.5%	13.9%	9.7%	11.7%	10.7%	11.7%	-1.0%	1.0%	0.0%
2012	-2.3%	6.4%	-0.8%	6.7%	-0.6%	0.4%	-7.3%	1.0%	-6.3%
2011	22.5%	22.3%	19.8%	19.6%	21.6%	22.4%	2.0%	0.8%	2.8%
2010	12.4%	13.3%	12.0%	12.8%	11.6%	12.7%	-1.2%	1.1%	-0.1%
2009	-18.9%	-17.1%	-15.5%	-13.9%	-18.9%	-18.8%	-5.0%	0.1%	-4.9%
2008	-4.7%	-7.2%	-3.0%	-5.2%	-4.7%	-5.7%	0.5%	-1.0%	-0.5%
2007	19.3%	16.1%	17.3%	14.7%	18.0%	18.8%	3.3%	0.8%	4.1%
2006	12.4%	5.8%	10.5%	4.8%	6.8%	7.0%	2.0%	0.2%	2.2%
2005	10.5%	6.6%	10.0%	6.6%	9.8%	10.3%	3.2%	0.5%	3.7%
2004	17.7%	13.3%	15.1%	11.4%	14.1%	14.3%	2.7%	0.2%	2.9%
2003	2.8%	3.8%	4.0%	4.8%	5.4%	5.8%	0.6%	0.4%	1.0%
2002	-6.7%	-10.4%	-4.5%	-7.8%	-7.7%	-9.2%	0.1%	-1.5%	-1.4%
2001	-11.7%	-7.3%	-8.6%	-4.8%	-5.9%	-5.5%	-1.1%	0.4%	-0.7%
2000	11.3%	6.7%	10.4%	6.4%	6.6%	12.8%	0.2%	6.2%	6.4%
1999	12.0%	17.1%	10.8%	15.2%	14.8%	12.1%	-0.4%	-2.7%	-3.1%
1998	10.9%	24.2%	10.9%	22.2%	26.0%	21.8%	3.8%	-4.2%	-0.4%
1997	14.7%	26.3%	13.7%	23.6%	25.4%	25.8%	1.7%	0.5%	2.2%
Annualized Return	6.2%	7.5%	6.2%	7.7%	6.9%	7.2%	-0.7%	0.2%	-0.5%
Cumulative Return	220.2%	324.4%	222.8%	310.4%	283.2%	301.4%	-27.2%	18.2%	-9.0%

Notes: Statistics are calculated over a 20-year period from 1997 to 2016 using Fiscal Year returns (2017 includes only 9 months of data). We use the 60%S&P/40%BCAgg as our "Reference Portfolio," because 1) it is similar to the level of risk embedded in the implemented portfolio, 2) the S&P-500, while narrower, shows higher returns than the MSCI ACWI

Innovation

