



## Total Return Investment Pool (TRIP)

The Total Return Investment Pool (TRIP) is an investment pool established by the Regents, which became available in August 2008 to the UC campuses and Office of the President.

TRIP allows the campuses to maximize return on their long-term working capital, subject to an acceptable level of risk, by taking advantage of the economies of scale of investing in a larger pool and investing across a broad range of asset classes.

The fund—which has a total-return mandate responsive to campus needs—supplements STIP, which has a current income mandate and is appropriate for short-term working capital needs.

The Regents' Committee on Investments has responsibility for governance and oversight of TRIP. The benchmark for the fund is the weighted average of the asset-class benchmarks shown below. The asset class guidelines and rebalancing policy are similar to those governing GEP and UCRP.

The asset allocation was developed to limit downside risk while providing higher current income than STIP. The TRIP portfolio is invested primarily in marketable, publicly traded, equity and fixed-income securities denominated in (or hedged to) U.S. dollars.

### INVESTMENT OBJECTIVE

The objective of the TRIP program is to 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. As its name implies, TRIP is managed according to a total-return objective, and will be subject to interest-rate risk, credit risk, and equity risk. It is appropriate for longer-term investors who can accept this volatility in exchange for higher expected return.

### INVESTMENT STRATEGY

The Office of the CIO uses a combination of internal and external management, employing actively managed strategies where appropriate. The Office monitors the program's adherence to these guidelines.

The investment guidelines (approved on November 2, 2010, effective January 1, 2011, and amended on March 29, 2012) designates the following asset classes, target allocations, minimum and maximum policy ranges, and benchmarks for TRIP:

TRIP Asset Allocation					
Asset Class	Policy %	Min %	Max %	Weight at 6/30/13, %	Benchmark
U.S. Equity	15			16	Russell 3000 TF
Non U.S. Equity-Passive	15	25	45	15	MSCI World ex-U.S. Net Index (hedged) TF
REITS	5			5	FTSE/NA-REIT U.S. REIT
U.S. Fixed Income: Investment Grade Credit	45			44	Barclays Aggregate Credit Index
U.S. Fixed Income: Investment Grade Government	5			5	Barclays Aggregate Govt Index
U.S. Fixed Income: Investment Grade Securitized	5	55	75	5	Barclays Aggregate Securitized Index
High Yield Bond	10			10	Merrill Lynch High Yield Cash Pay BB/B Index

### INVESTMENT RETURNS

TRIP is expected to have a higher total return and a higher volatility level compared to STIP, as well as a lower downside risk than other total return funds. For the fiscal year 2012-2013, the total return for TRIP was 8.31% vs. 2.09% for STIP. TRIP also outperformed its benchmark, which return of 7.95% for the fiscal-year end.

Although the actual return of the portfolio will fluctuate from year to year, the Regents approved a TRIP expenditure rate (payout rate) at a maximum of 6% for the 2012-13 fiscal year.

For the fiscal year ended June 30, 2013, the TRIP total market value was approximately \$4.6 billion.