



Diversified Returns in 2023: Tapping Talent to Deliver Centennial Performance

A UC Investments Report

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Our Commitment

As part of the University of California, UC Investments is fully committed to diversity, equity, and inclusion (DEI). UC Investments’ Statement on Diversity, Equity, and Inclusion is the foundation of our commitment to incorporate DEI into our investment processes.¹



UC Investments

Statement on Diversity, Equity, and Inclusion

The Office of the Chief Investment Officer of the Regents (UC Investments) embraces the University of California’s Board of Regents’ policy on diversity (Policy 4400), which articulates the value of diversity to the University at large.

As investment professionals, we believe that diverse teams achieve higher performance and better results and that accessing the full range of top talent is critical to managing risk.

Fostering diversity - in experience, thought and background—on our team, among our investment partners and within our investee companies is key to achieving superior operational and investment performance. The many dimensions of demographic diversity, including gender, race and ethnicity, age, veteran status, gender identity and sexual orientation and disability status, are a part of the rich tapestry of lived experience that informs cognitive diversity.

Through our Diversified Returns program, UC Investments incorporates diversity, equity and inclusion into our investment and operations processes in furtherance of our mission to sustain the University of California financially for the next 100 years.

¹ While we recognize there are many dimensions of demographic diversity, UC Investments defines “diverse” as including: female, Black, Latinx, Asian, Native American, North African/Middle Eastern, veteran, LGBTQ+, gender non-conforming and disabled. Following the lead of the US Census Bureau, UC Investments added North African/Middle Eastern as a survey category in 2023.

Statement from Jagdeep Singh Bachher, PhD. Chief Investment Officer



It is my pleasure to share UC Investments' fifth annual Diversified Returns report.

In 2019, we wrote our first report on the demographics of our investment partners and our team members. We learned from our research that diverse, inclusive teams are linked to outperformance in the investments field and beyond. As investors, we see the many dimensions of demographic diversity as a driver of cognitive diversity, an important element found in many successful investment teams. This viewpoint informs our work as institutional investors, employers, shareholders, and stewards of a university endowment.

The evidence shows that diverse and inclusive teams outperform. According to a recent study spanning over 1,000 companies from more than 20 countries, "companies with diverse leadership teams continue to be associated with higher financial returns."² In working to earn the best risk-adjusted returns for the University of California, we engage with intentionality around diversity and inclusion because we believe that diverse, inclusive teams achieve better results and that accessing the full range of top talent is critical to managing risk. We call our approach Diversified Returns.

² McKinsey & Company, "Diversity Matters Even More: The Case for Holistic Impact," 2023 at 4. See also: See, e.g., Gompers, P. and Kovvali, S., "The Other Diversity Dividend," *Harvard Business Review*, at 1, 2018. Available at: <https://hbr.org/2018/07/the-other-diversity-dividend>

Chart 1

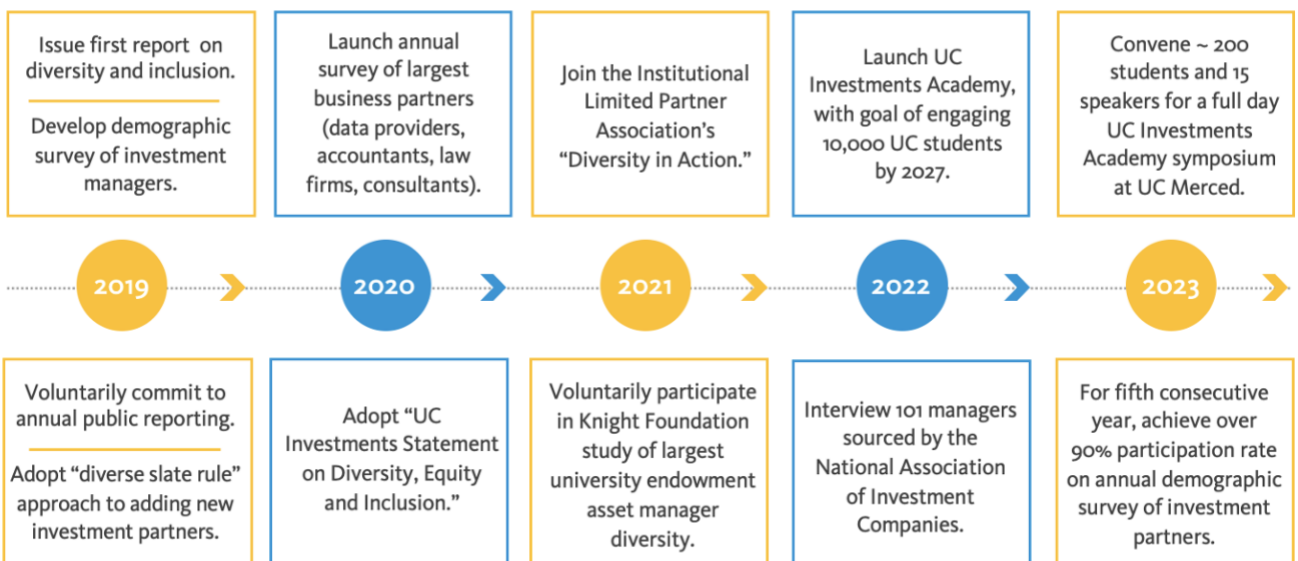
Diversified Returns: Helps Deliver Centennial Performance



Along the way, we have learned from our partnerships – both formal and informal – with other institutional investors, with investor affinity groups, within the UC community, and with our investment managers.

Chart 2

Diversified Returns’ Key Milestones



This, the fifth Diversified Returns report, finds:

- The UC Investments Academy, now in its second year, expanded in scope, reach and impact, engaging some 2,000 UC students interested in exploring opportunities in the financial industry.
- We added one new US-based investment partner in 2023, using our diverse slate³ process in the search. This new partner is a diverse-owned firm.
- In FY22-23, diverse owned firms managed \$21.7 billion of our \$51 billion of US-based, actively managed assets.⁴ This represents a roughly 3% increase over FY21-22 (in FY21-22, diverse owned firms managed \$21.4 billion of our \$53.8 billion of US-based, actively managed assets). Charts 3-5 below provide more detailed information.
- We conducted our fourth annual survey of top business partners (e.g., accountants, law firms and data providers) to understand their DEI practices and ownership demographics. Twenty out of the twenty-nine business partners we surveyed are 25% or more diverse-owned or diverse led.

³ UC Investments seeks to draw from a diverse slate of qualified potential investment partners when we undertake a search for new investment partners. This process helps us find top performing partners we might otherwise have overlooked. UC Investments does not consider race or gender in its hiring processes.

⁴ Unless otherwise noted, all data is as of June 30, 2023, the end of our fiscal year.

Chart 3

Surveyed Assets Managed by Diverse-Owned Partners: All Products

	25%	50%	Greater than 25% 2023	Greater than 25% 2022
44 Total Diverse-Owned Partners	23.5%	19%	42.5%	39.8% (44)*
16 Women-Owned Partners	16.1%	3.1%	19.2%	16.8% (17)
14 Asian-Owned Partners	5.1%	5.6%	10.7%	11.6% (15)
4 Latinx-Owned Partners	0%	7.5%	7.5%	6.0% (4)
8 Multi Racial-Owned Partners	4.2%	1.9%	6.1%	8.1% (9)
5 Black-Owned Partners	0%	2.7%	2.7%	2.5% (4)
3 Veteran-Owned Partners	0.8%	0.3%	1.1%	0.8% (3)
2 North African Partners	0%	1%	1%	N.A.

*Numbers in parentheses indicate the number of partners in 2022.
Please see the appendix for an explanation of our data collection and aggregation processes.

Chart 4

Surveyed Assets Managed by Diverse-Owned Partners: Pension

	25%	50%	Greater than 25% 2023	Greater than 25% 2022
39 Total Diverse-Owned Partners	14.6%	20.9%	35.5%	34% (37)*
12 Asian-Owned Partners	6.7%	6.6%	13.3%	13.4% (13)
15 Women-Owned Partners	5.7%	3.7%	9.4%	8.9% (15)
3 Latinx-Owned Partners	0%	8%	8%	5.4% (3)
8 Multi Racial-Owned Partners	4.9%	1.8%	6.7%	8.8% (8)
4 Black-Owned Partners	0%	2.8%	2.8%	2.5% (3)
2 North African Partners	0%	1.1%	1.1%	N.A.
3 Veteran-Owned Partners	0.4%	0.4%	0.8%	0.8% (3)

*Numbers in parentheses indicate the number of partners in 2022.
Please see the appendix for an explanation of our data collection and aggregation processes.

Chart 5

Surveyed Assets Managed by Diverse-Owned Partners: Endowment

	25%	50%	Greater than 25% 2023	Greater than 25% 2022
33 Total Diverse-Owned Partners	9.4%	23.5%	32.9%	35.9% (34)*
3 Latinx-Owned Partners	0%	9.7%	9.7%	8.7% (3)
9 Asian-Owned Partners	3.2%	5.6%	8.8%	9.5% (11)
7 Multi Racial-Owned Partners	4.3%	3.2%	7.5%	12.6% (9)
11 Women-Owned Partners	2.9%	2.8%	5.7%	5.8% (11)
4 Black-Owned Partners	0%	3.8%	3.8%	3.6% (3)
3 Veteran-Owned Partners	2.4%	0.1%	2.5%	3.2% (3)
2 North African Partners	0%	1.2%	1.2%	N.A

*Numbers in parentheses indicate the number of partners in 2022.
Please see the appendix for an explanation of our data collection and aggregation processes.

Five years into our Diversified Returns program, we believe that fostering diversity – of experience, thought and background—within our team, among our investment and business partners and in the companies in which we invest is key to achieving superior operational and investment performance. Our actions are bearing fruit, as described in this report.

Engaging as a University Endowment

As the investment office of the University of California, we are in a unique position to connect students to careers in the financial industry. In 2022, we launched the UC Investments Academy designed to cultivate the next generation of financial leaders.

Our intention is to help UC students learn how to invest while directly exposing them to the broad asset management industry and a variety of asset managers. The academy provides its students content, community, and confidence to pursue their goals. It offers all interested students free professional training and tools in the financial industry and gives them access to industry speakers, a community of like-minded peers, professional mentorship, and career opportunities. Since its initial cohort of roughly 100 UC Merced undergraduates, the academy has expanded to roughly 2,000 students at all nine UC undergraduate campuses, building toward our goal of 10,000 students by 2027.⁵

This past year was an exciting one: the UC Investments Academy convened its first full day symposia – at UC Merced – with roughly 300 students in attendance to hear from and network with investment professionals and entrepreneurs.



UC Investments Academy Symposium at UC Merced

UC Merced is the newest and smallest University of California campus and one not often visited by recruiters in the financial sector. We launched the UC Investments Academy at UC Merced in partnership with a professor in the Economics Department in 2021. We organized guest lectures from investment professionals for his Principles in Finance class, and based on student feedback and engagement, we expanded the academy to all nine undergraduate UC campuses.

⁵ Six UC campuses are federally recognized Hispanic-serving institutions: UC Davis, UC Irvine, UC Merced, UC Riverside, UC Santa Barbara, and UC Santa Cruz. Eight UC campuses are Asian American and Native American Pacific Islander-serving institutions: UC Berkeley, UC Davis, UC Irvine, UC Merced, UC Riverside, UC San Diego, UC Santa Barbara, and UC Santa Cruz.

It was only fitting that we return to UC Merced for a symposium in 2023. Roughly 300 UC Merced students attended to learn from a wide range of speakers in the investment ecosystem, including venture capitalists, biopharmaceutical entrepreneurs, and senior executives from blue chip Wall Street firms. UC Regent Lark Park, UC Merced Chancellor Juan Sanchez Munoz, UC Chief Financial Officer Nathan Bostrom and UC Chief Investment Officer Bachher presented to the students and roughly a dozen UC Investments staff were on hand to engage and network with the students as well.

Our intention in producing this day-long gathering was to excite UC Merced undergraduates about the possibility of a career in finance. Nearly 65% of UC Merced students are the first generation in their families to attend college; they have had little if any exposure to financial professionals. Based on the energy and engagement at the UC Investments Academy Symposium, we are confident some careers in finance were launched that day.

We also organized academy events at UC Riverside, UC Davis, UC Santa Cruz, and UC Irvine where interested students could network with industry professionals and learn about different asset classes such as real estate and private equity, personal finance, and career strategies.

At least 100 UC Investments Academy students have secured summer and/or permanent jobs in the financial industry. Particularly meaningful to UC Investments staff are the summer interns we have hired, including two in the summer of 2023.

And not only does the UC Investments Academy energize students for potential careers in investing, but it energizes the UC Investments team, over half of whom participate in academy events.

Engaging as an Employer

Team Demographic Data

UC Investments' staff are roughly evenly split between investment professionals and those who work in Operations and Risk. Our workforce demographic statistics (by gender and race) are summarized in charts 6-8 below.

Chart 6

UC Investments Workforce Demographic Trends - Gender

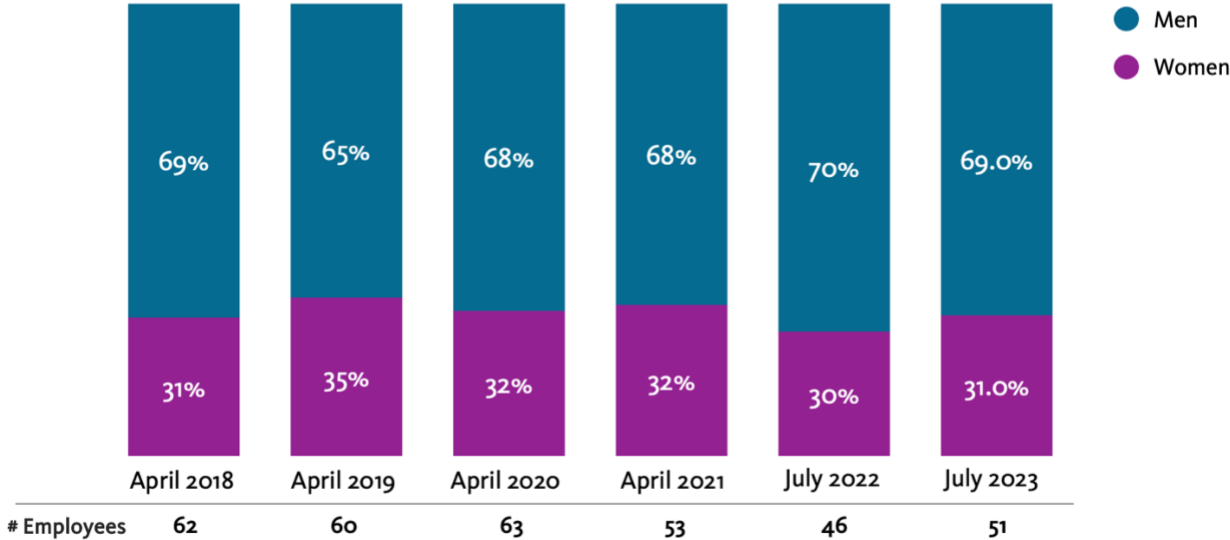


Chart 7

UC Investments Workforce Demographic Trends - Race

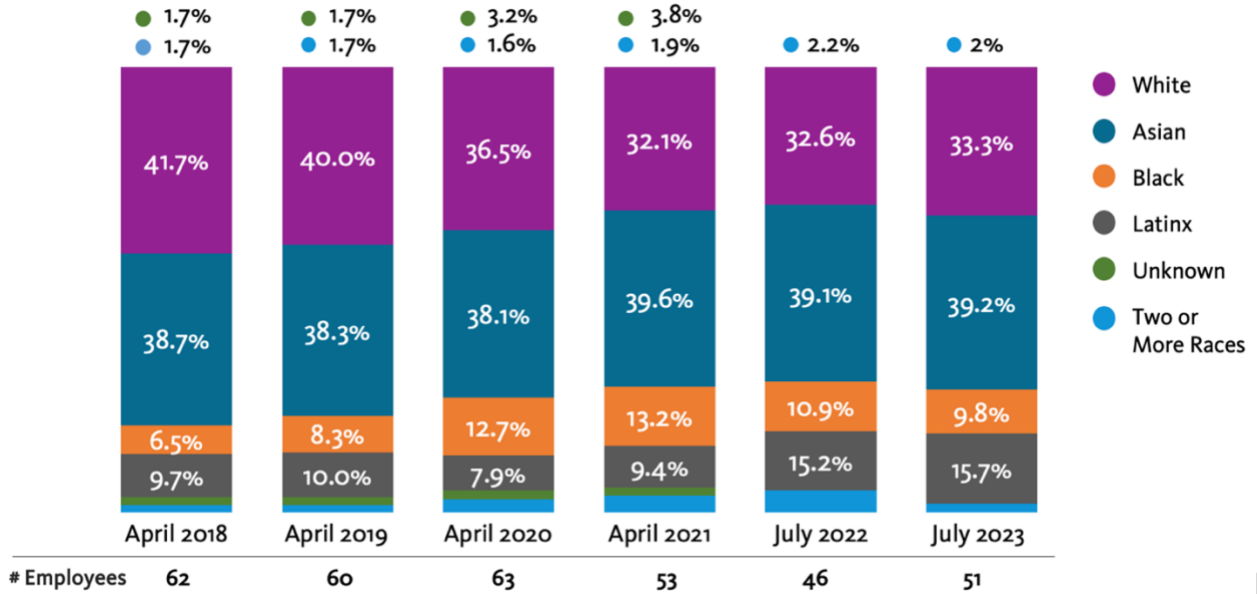
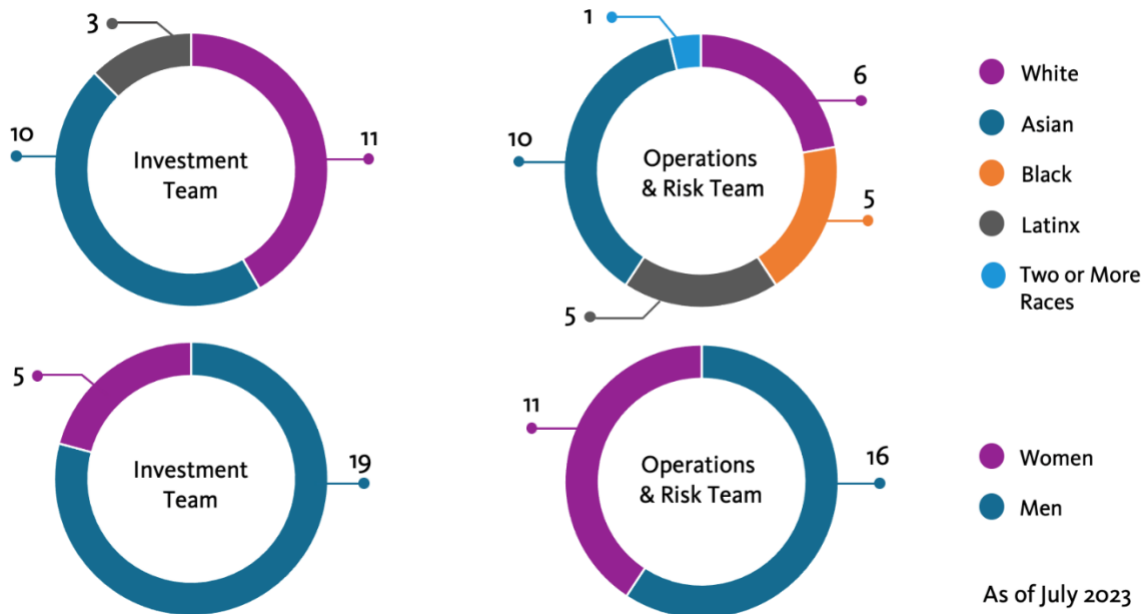


Chart 8

UC Investments Workforce Demographics by Job Type



Engaging as an Investor

UC Investments seeks the best possible risk-adjusted returns, and we base our decisions about investment partners solely on performance. Recognizing that homophily can be an obstacle to finding the best talent, we are intentional about expanding our networks through methods such as meeting with diverse-owned managers and securing a diverse slate of qualified potential managers when we make new, U.S.-based manager selections. We also track our allocation of assets to diverse-owned investment partners.

Investment Partner Demographic Survey: Methodology

There is no uniform standard for measuring and assessing demographic diversity in the asset management industry. UC Investments generally follows the Knight Foundation reports' ownership-based definition⁶ and tracks two metrics:

1. the percentage of our assets managed by firms owned or led by women or underrepresented populations; and
2. the absolute number of our investment partners owned or led by women or underrepresented populations.

To gather the necessary data, UC Investments conducts a bespoke, annual demographic survey of investment partners, now in its fifth year. We have used the same survey methodology each year- with minor adjustments - as described below and in greater detail in the appendix.⁷

To determine the percentage of actively managed assets, we calculate the AUM managed by diverse-owned firms (numerator) and actively managed AUM (denominator).

For the purposes of determining diverse-owned firms (numerator), our survey covers both privately and publicly owned investment partners. For privately owned firms, the survey asks for the demographic composition of their ownership, broken down by individual ownership percentages. For publicly owned firms, the survey asks for the

⁶ See, "Diversifying Investments: A Study of Ownership and Performance in the Asset Management Industry," Lerner, Josh et al., 2019; See also, "Knight Diversity of Asset Management Series: Industry," Bella Private Markets, 2021. A 2022 Knight Foundation report found "a strong and statistically significant positive correlation between ownership diversity and team diversity," Id. at 4.

⁷ In 2023, we adjusted our survey, in alignment with the US Census, to include "Middle Eastern/North African" as a demographic category.

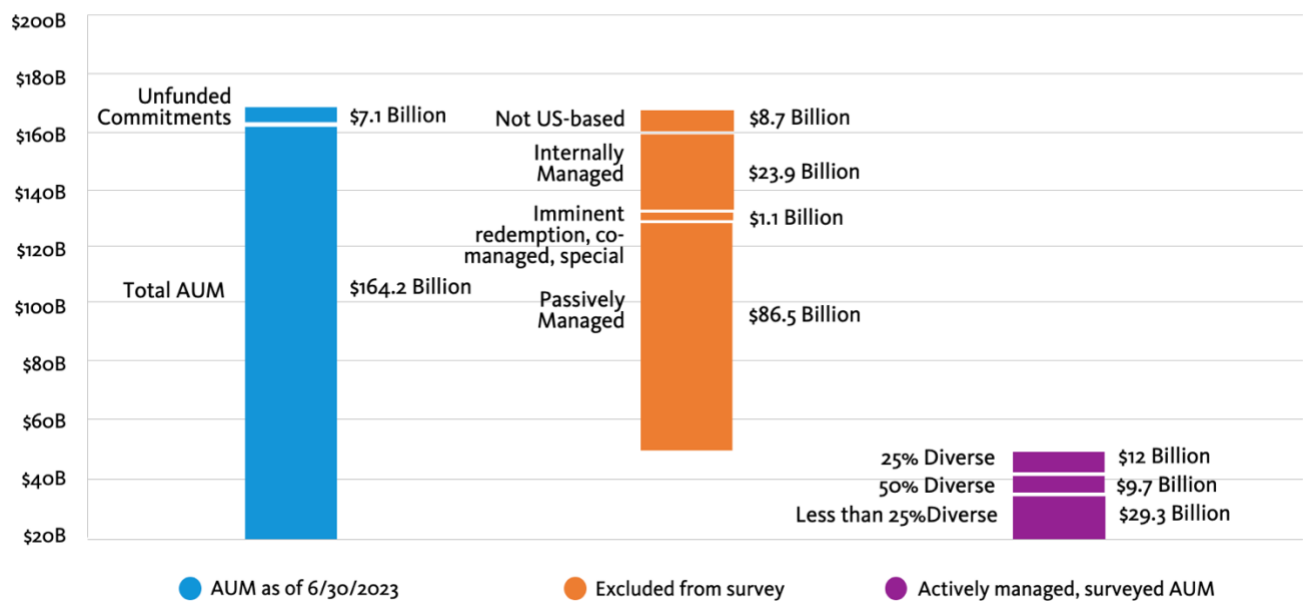
demographic composition of the decision-makers on the team managing UC’s investments.

For the purposes of determining the actively managed surveyed assets (denominator), we exclude:

- passively managed assets
- assets that UC Investments manages internally
- investment partners headquartered outside the United States
- partners that UC Investments intended to redeem in 2023 or early 2024.

Thus, as shown in Chart 9, starting from an overall AUM of ~\$164 billion, the value of actively managed, surveyed assets is ~\$51 billion (denominator).

Chart 9
Breakdown of Surveyed Assets

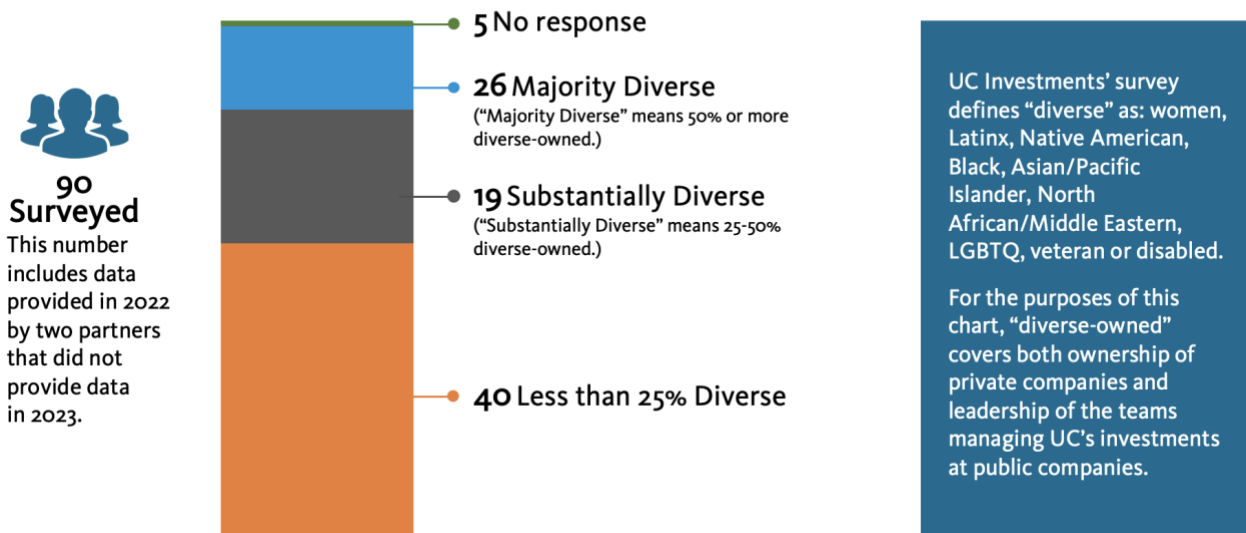


Investment Partner Demographic Survey: Results

Because getting comprehensive demographic data from our investment partners is critical, we also measure the response rate to our annual demographic survey. In 2023, we surveyed 90 investment partners. Of those, 85 responded, yielding a 94% response rate, the same as last year’s response rate and the fifth consecutive year for which we have secured at least 90% participation in the survey. Chart 10 provides an overview of the results.

Chart 10

Overview of 2023 Survey Results (actively & passively managed assets)



The charts below compare our 2023 demographic survey results to our prior results.⁸ In FY22-23, diverse-owned firms managed \$21.7 billion of our \$51 billion of US-based, actively managed assets.

The key drivers of change between 2022 and 2023 are:

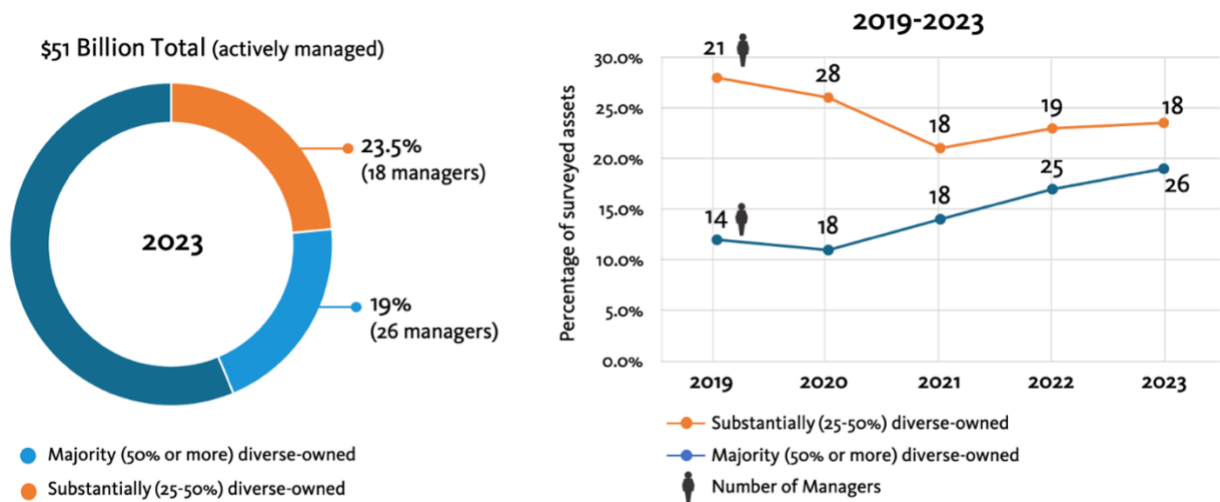
- UC Investments added one new U.S.-based manager, which is 100% Black-owned.

⁸ Information on the percentage of diverse owned actively and passively managed assets is in the Appendix.

- UC Investments fully or partially redeemed several managers, including some diverse-owned managers.
- Some managers responded differently to our 2023 survey than they did in 2022 due to personnel changes, an increased or decreased willingness to share demographic data, or some other reason.

Chart 11

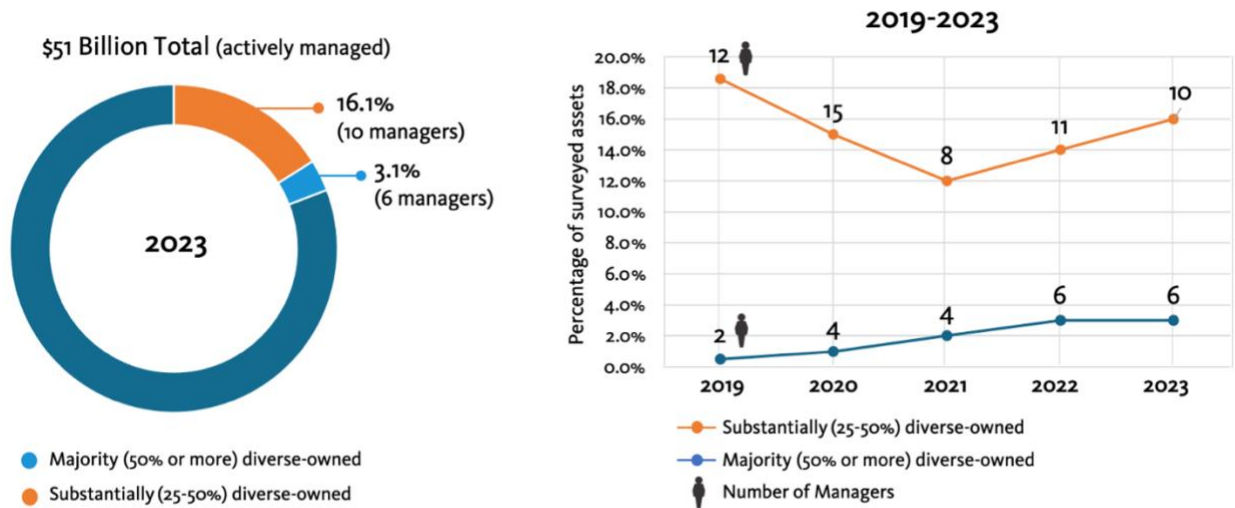
Surveyed Assets Managed by Diverse-Owned Partners



For the purposes of this chart, "diverse-owned" covers both ownership of private companies and leadership of the teams managing UC's investments at public companies.

Chart 12

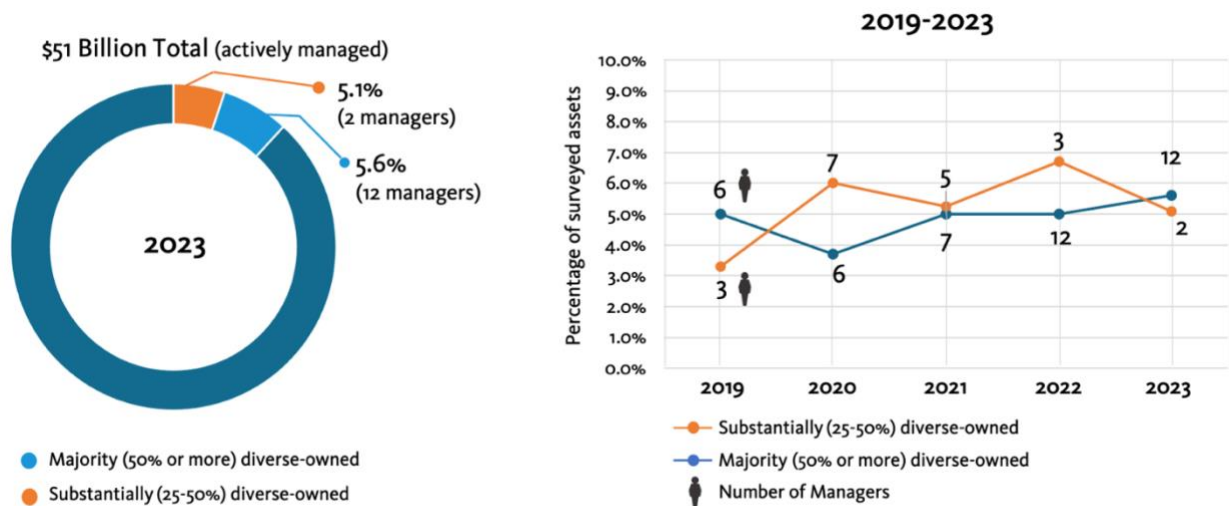
Surveyed Assets Managed by Women-Owned Partners



For the purposes of this chart, "diverse-owned" covers both ownership of private companies and leadership of the teams managing UC's investments at public companies.

Chart 13

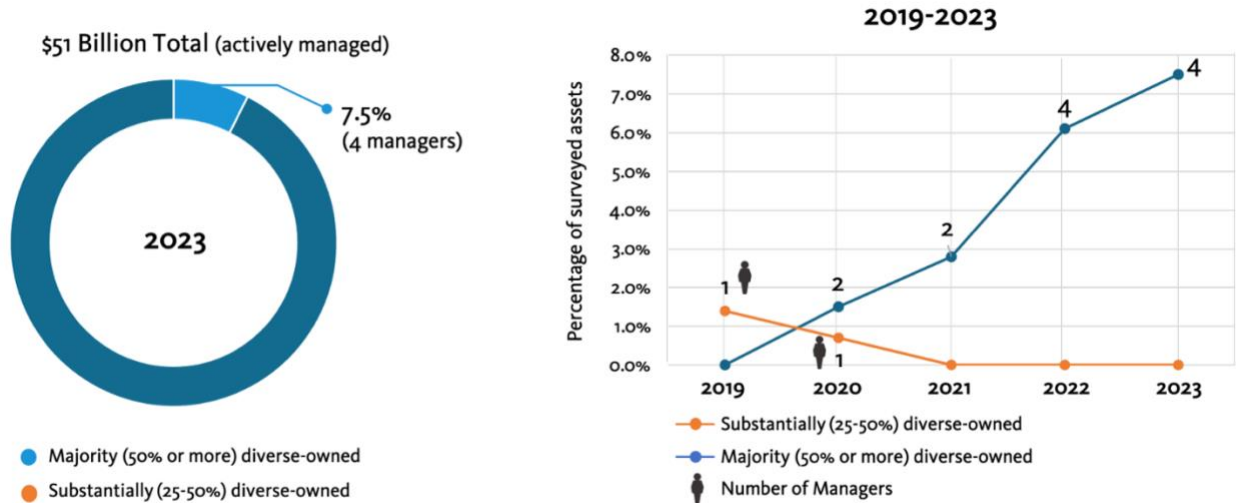
Surveyed Assets Managed by Asian/Pacific-Islander-Owned Partners



For the purposes of this chart, "diverse-owned" covers both ownership of private companies and leadership of the teams managing UC's investments at public companies.

Chart 14

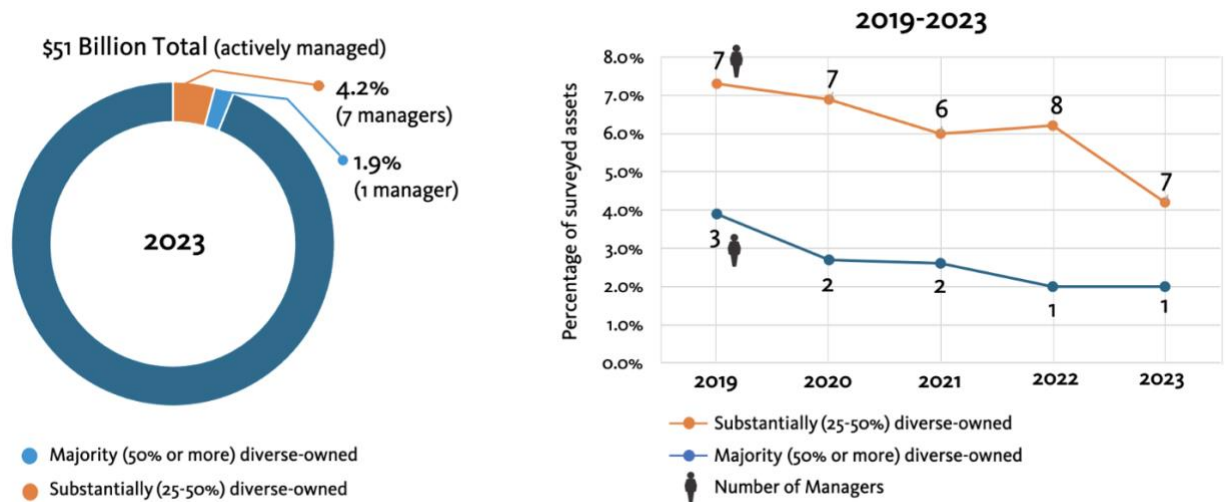
Surveyed Assets Managed by Latinx–Owned Partners



For the purposes of this chart, "diverse-owned" covers both ownership of private companies and leadership of the teams managing UC's investments at public companies.

Chart 15

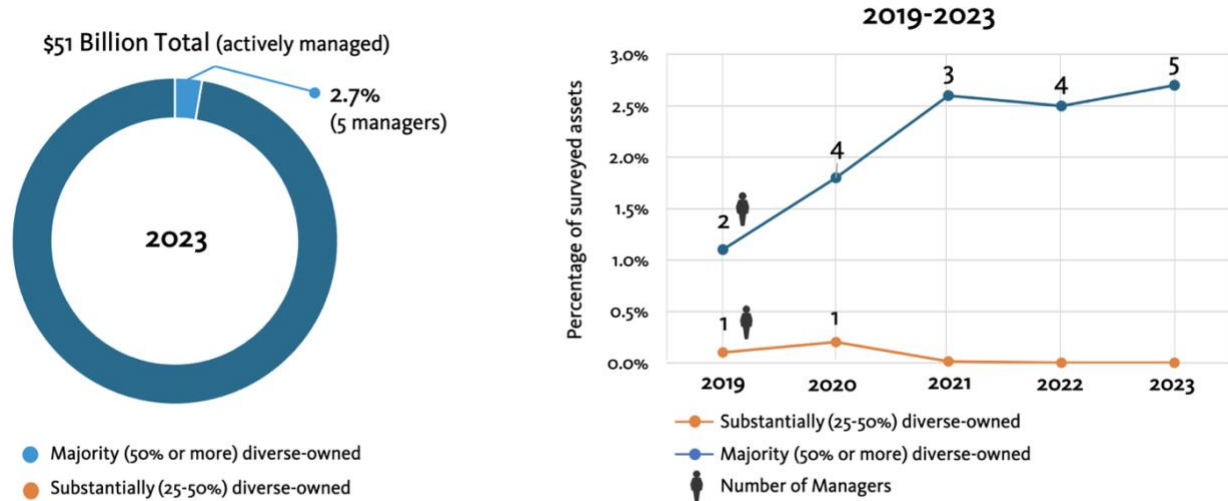
Surveyed Assets Managed by Multi-Racial Owned Partners



For the purposes of this chart, "diverse-owned" covers both ownership of private companies and leadership of the teams managing UC's investments at public companies.

Chart 16

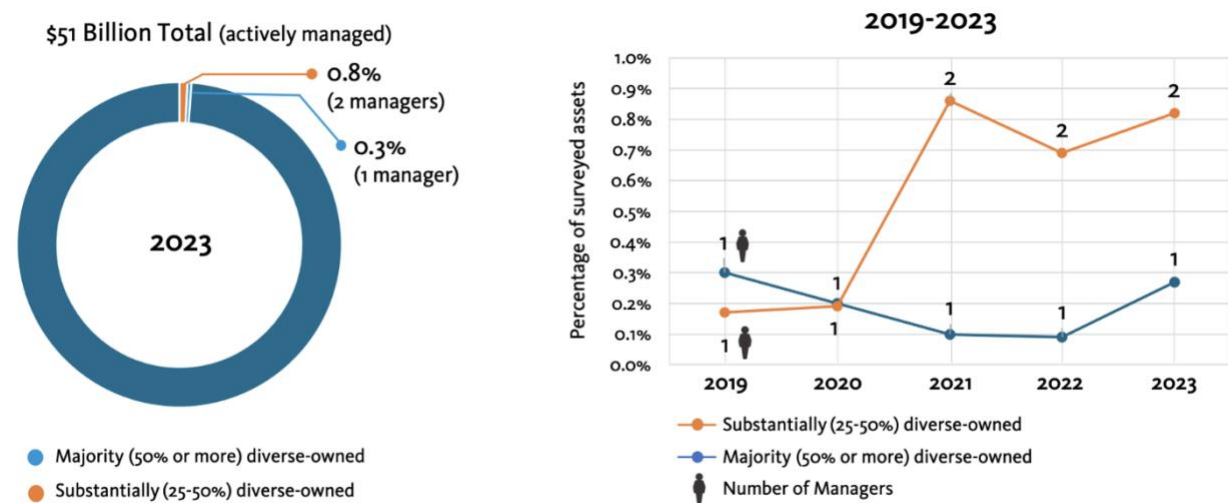
Surveyed Assets Managed by Black-Owned Partners



For the purposes of this chart, "diverse-owned" covers both ownership of private companies and leadership of the teams managing UC's investments at public companies.

Chart 17

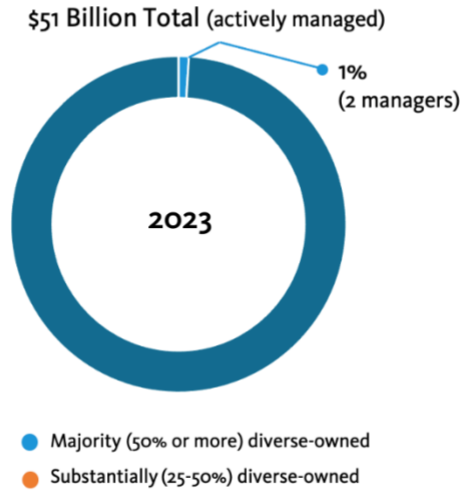
Surveyed Assets Managed by Veteran-Owned Partners



For the purposes of this chart, "diverse-owned" covers both ownership of private companies and leadership of the teams managing UC's investments at public companies.

Chart 18

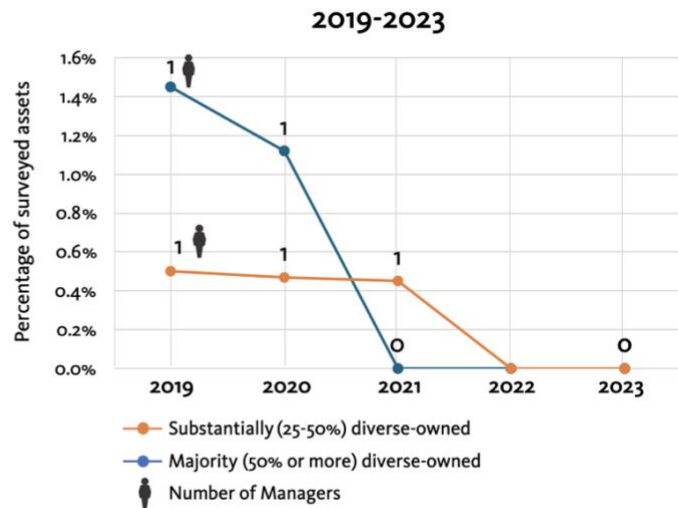
Surveyed Assets Managed by North African/Middle Eastern-Owned Partners



For the purposes of this chart, "diverse-owned" covers both ownership of private companies and leadership of the teams managing UC's investments at public companies.

Chart 19

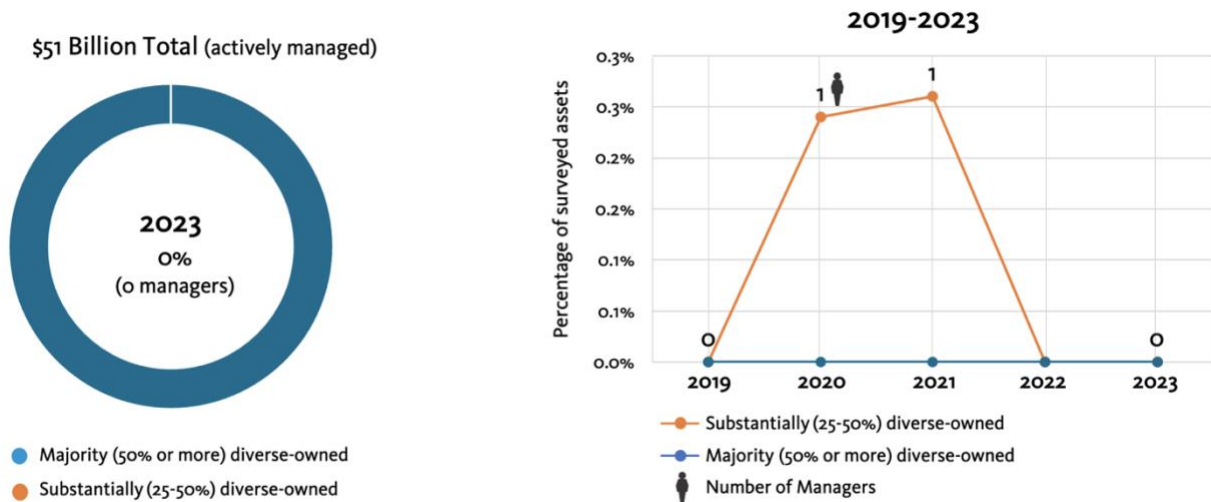
Surveyed Assets Managed by LGBTQ-Owned Partners



For the purposes of this chart, "diverse-owned" covers both ownership of private companies and leadership of the teams managing UC's investments at public companies.

Chart 20

Surveyed Assets Managed by Disabled-Owned Managers



For the purposes of this chart, "diverse-owned" covers both ownership of private companies and leadership of the teams managing UC's investments at public companies.

Business Partners Survey Results

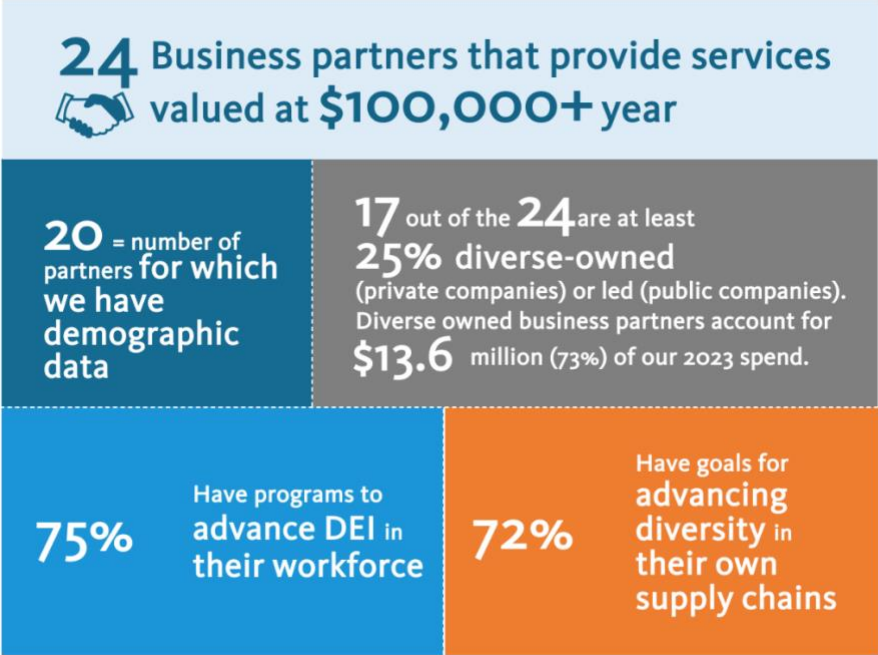
UC Investments' business partners – the companies that provide us with professional services such as valuation, investment consulting, and ESG and risk data – are critical to our success. We engage on DEI with our top business partners – those doing over \$100,000 in business with us annually - through an annual survey, now in its fourth year.⁹

Our business partner survey seeks information on the firms' demographic composition and their engagement on diversity, equity, and inclusion. UC Investments' "spend" with diverse-owned business partners, excluding law firms, increased from 60% in 2022 to 73% in 2023. Chart 21 provides more information.

⁹ For an overview of DEI at professional services firms, see, VallotKarp Consulting, "Moving the Needle: Accelerating Racial Diversity in Elite Professional Firms," 2022. Available at: www.vallotkarp.com/wp-content/uploads/2022/07/VallotKarp.FR.pdf

Chart 21

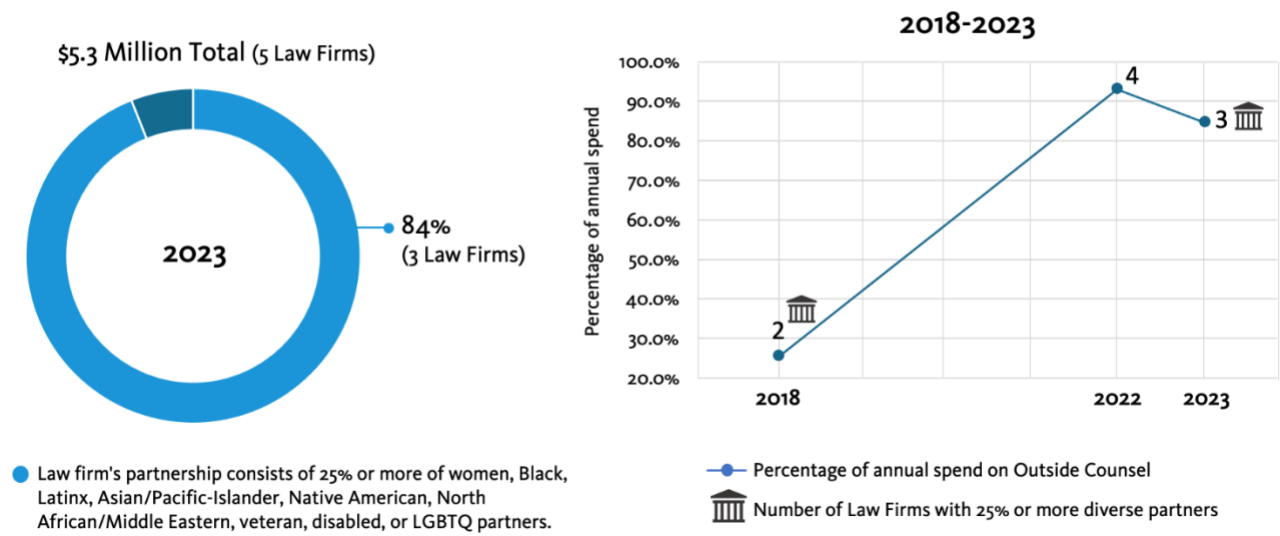
Diversity & Inclusion at our Business Partners, 2023



In addition, our spend with diverse-owned law firms increased to \$4.5 million – 84% of our overall spend with outside counsel. Chart 22 provides more information.

Chart 22

Diverse-Owned Outside Counsel

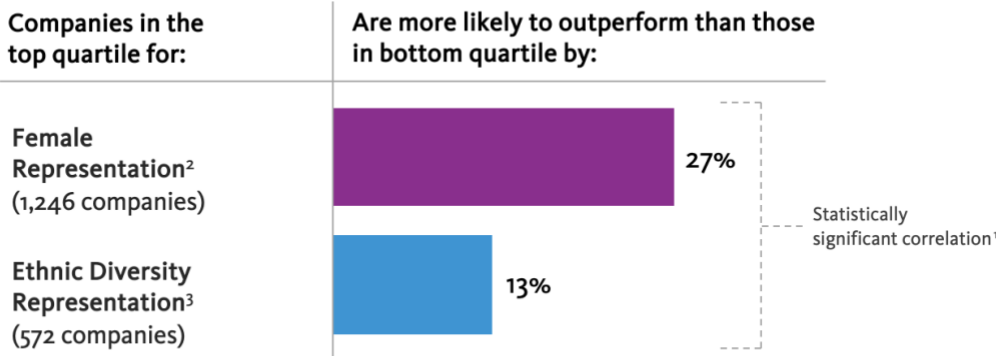


Engaging as a Shareholder

With roughly \$86 billion invested in passively and actively managed public equities around the world, UC Investments has a significant interest in corporate governance at the companies we own. Sound corporate governance is essential to creating long-term value; one measure of sound corporate governance is the composition of its board of directors. UC Investments is persuaded by the extensive research linking cognitive and demographic diversity on a board of directors to long-term financial performance.¹⁰

Chart 23

Board Diversity Correlates with Financial Outperformance



1. Correlations with a p-value of <0.05 are considered statistically significant.
 2. Company data from 23 countries (Australia, Brazil, Canada, Colombia, Denmark, Egypt, France, Germany, India, Israel, Italy, Japan, Malaysia, Mexico, New Zealand, Nigeria, Norway, Singapore, South Africa, Spain, Sweden, United Kingdom and United States).
 3. Company data from 8 countries (Brazil, Canada, Mexico, Singapore, South Africa, New Zealand, United Kingdom and United States).

Source: McKinsey & Company, "Diversity Matters Even More: The Case for Holistic Impact," November 2023 at 15.

The benefits of demographic diversity on a corporate board of directors can include a larger candidate pool from which to pick top talent, a better understanding of consumer preferences, a stronger mix of leadership skills, and improved risk management.

¹⁰ McKinsey & Company’s series of reports, “Diversity Matters,” provides compelling data correlating gender and racial/ethnic leadership diversity and company performance. Available at: <https://www.mckinsey.com>

Through proxy voting and direct engagement, UC Investments encourages U.S.-based companies to:

- institutionalize a commitment to capturing the benefits of diversity in their nominating committee charter
- commit to including women and minority candidates in every pool from which board nominees are chosen, a practice commonly referred to as the “diverse slate rule”¹¹
- and publicly disclose the demographic composition of their board and their workforce.¹²

Proxy Voting

UC Investments’ proxy voting guidelines seek to advance best practices in diversity and inclusion at the companies we own and to increase their disclosure of demographic information.¹³ Our votes on DEI-related shareholder proposals are summarized in Chart 24.

¹¹ As of 2023, 56% of S&P 500 boards reported having a policy like the diverse slate rule in place – an increase from 50% in 2022. See, Spencer Stuart, “2023 S&P 500 New Director and Diversity Snapshot,” at 17. <https://www.spencerstuart.com/research-and-insight/sp-500-board-diversity-snapshot>

¹² There is no requirement for disclosure of US corporate board demographic data. In 2023, 72% of S&P 500 companies disclosed the aggregate level of racial/ethnic diversity on their boards; the corresponding figure for Russell 3000 companies was 41%. The Conference Board, “US Public Company Board Diversity in 2023: How Corporate Director Diversity Can Contribute to Board Effectiveness,” November 2023.

¹³ See, <https://www.ucop.edu/investment-office/sustainable-investment/active-ownership/custom-proxy-guidelines.pdf> UC Investments does not consider race or gender in its proxy voting.

Chart 24

Votes on Diversity-Related Shareholder Proposals

Theme	For	Against
Enact Policy to Share Equal Employment Opportunity Data	3	0
Conduct Racial Equity Audit	13	0
Disclose Pay & Promotion Data	8	0
Disclose Demographic Data	14	0
Other	3	0
Total votes	41	0

Source: ISS, 2023

Direct Engagement

In addition to proxy voting, UC Investments exercises its shareholder interests through engaging directly with senior leadership of selected companies on strategically important, material issues, including diversity, equity, and inclusion. We conduct extensive dialogues with corporate leadership through a consultant, in concert with other institutional investors, to amplify our voice and influence. In addition, UC Investments is a long-standing member of organizations - including the Council of Institutional Investors¹⁴ and the Thirty Percent Coalition¹⁵ - that engage on corporate board governance matters.

¹⁴ See: <https://www.cii.org/>

¹⁵ See: <https://www.30percentcoalition.org/>

Conclusion

Since embarking on our Diversified Returns journey five years ago, we have had the privilege of learning from our community – students, faculty and staff at UC, investment partners, industry associations and others. As we look ahead, we are excited about the journey and the people, ideas, talent, and investment opportunities that being intentional about diversity and inclusion will bring us.

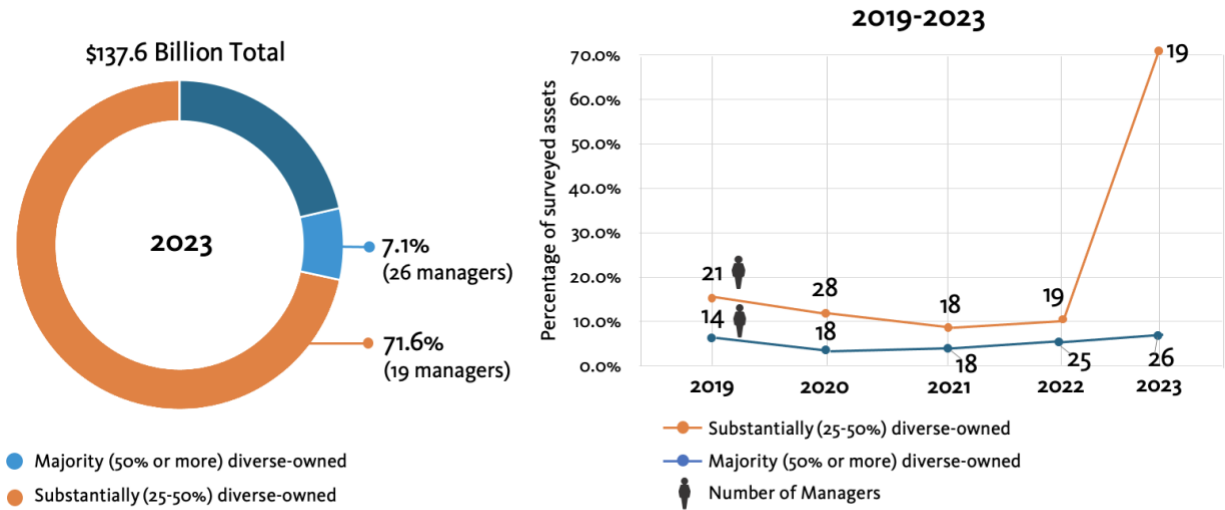
Appendix

I. Investment Partner Demographic Survey Results Calculated Using Both Actively and Passively Managed Assets

In FY22-23, for the first time, our passively managed assets hit the 25% or more diverse team threshold, as shown in Charts 25-26 below.

Chart 25

Surveyed Assets Managed by Diverse-Owned Partners (actively & passively managed)



For the purposes of this chart, "diverse-owned" covers both ownership of private companies and leadership of the teams managing UC's investments at public companies.

Chart 26

Surveyed Assets Managed by Diverse-Owned Partners: All Products (Passively & Actively Managed)

	25%	50%	Greater than 25% 2023	Greater than 25% 2022
45 Total Diverse-Owned Partners	71.6%	7.1%	78.7%	16.9% (44)*
9 Multi Racial-Owned Partners	64.5%	0.7%	65.2%	3.5% (9)
16 Women-Owned Partners	6%	1.1%	7.1%	7.1% (17)
14 Asian-Owned Partners	1.9%	2.1%	4%	4.9% (15)
4 Latinx-Owned Partners	0%	2.8%	2.8%	2.6% (4)
5 Black-Owned Partners	0%	1%	1%	1% (4)
3 Veteran-Owned Partners	0.3%	0.1%	0.4%	0.4% (3)
2 North African Partners	0%	0.4%	0.4%	N.A.

*Numbers in parentheses indicate the number of partners in 2022.
Please see the appendix for an explanation of our data collection and aggregation processes.

II. Investment Partner Survey Methodology

There is no industry standard approach to measuring and assessing demographic diversity in the financial industry. UC Investments broadly hews to the approach – focused on ownership – established by the landmark 2019 “Knight Foundation report,” and its 2021 update.¹⁶ Specifically, we seek to answer two questions:

1. What percentage of our assets is managed by firms owned or led by women or diverse populations?
2. How many of our investment partners are firms owned or led by women or diverse populations?

Survey Administration: Because we were not satisfied with the mainstream institutional investor approach to collecting the data needed to answer these two questions, we developed our own method. To gather high quality, comprehensive data, we needed to achieve a high response rate, which in turn meant we needed to eliminate obstacles to responding, including potential respondents’ concerns about privacy.

Therefore, we designed the survey to be anonymous and confidential. A third-party survey administrator compiled the survey responses and aggregated the data across diversity dimensions and asset classes, per our instructions.

Definitions: UC Investments’ definition of diverse spans multiple demographic dimensions: gender and gender identity, race and ethnicity, sexual orientation, veteran status, and disability status.

In reporting and aggregating the data, we tracked the same two ownership/leadership thresholds – 25% and 50% -- tracked by the 2019 “Knight Foundation report.”

Scope: To gather comprehensive data, we designed our survey to cover both privately and publicly owned investment partners.

For privately owned firms, we asked about the demographics of their ownership, broken down by individual ownership percentages.

For publicly owned firms, we asked about the demographics of the decision-makers on the team managing UC’s investments.

¹⁶ See, “Diversifying Investments: A Study of Ownership and Performance in the Asset Management Industry,” Lerner, Josh et al., 2019; See also, “Knight Diversity of Asset Management Series: Industry,” Bella Private Markets, 2021 <https://knightfoundation.org/reports/diversifying-investments-a-study-of-ownership-diversity-and-performance-in-the-asset-management-industry/>

Excluded from the survey were products and asset classes that UC Investments manages internally (e.g., the Short-Term Investment Pool). Furthermore, we excluded firms headquartered outside of the U.S. due to foreign data privacy laws and different definitions of “diversity” outside of the United States. We did not survey investment partners whose relationship with UC Investments was scheduled to end in 2023 or early 2024.

We surveyed our U.S.-based investment partners across all asset classes and covering the following investment products: General Endowment Pool, UC Retirement Program, UC Retirement Savings Plan, and the Total Returns Investment Pool.

To calculate the assets under management for the purposes of this report, we include both the net asset value and the unfunded capital allocated to each manager.

Data Aggregation: Survey responses include demographic information from 90 firms across 1475 anonymized individuals. Percentages for these responses are based on counts of individuals identified as diverse by category (not weighted by ownership level). Separate ownership-weighted disclosures for privately owned firms are not available given most firms were reluctant to disclose ownership by anonymized individual owner.

In instances where data reported multiple demographic dimensions of diversity, we took the following approach: a Black woman veteran is “counted” in the gender, Black and veteran charts. But she is only “counted” once in the chart reflecting overall diverse ownership.

Diversity for some firms may be understated because individuals who responded, “Information not Available” or “Prefer not to Disclose” were included in the respective firm totals used as the denominator for percentage calculations. In such instances, individuals were presumed to be straight, white, male, not disabled and not veterans.

In the context of this report, “multi-racial” describes ownership of firms with individuals reporting as multi-racial at a level above the 25% or 50% threshold and/or individuals reporting races other than white that – only in combination, not alone – exceed the 25% or 50% threshold.

In most instances, we accepted the data as reported. As in prior years, our survey administrator conducted a calibration of reported data against publicly available

data for certain partners. This calibration usually, but not always, resulted in a reduced number of diverse-owned managers, compared to the survey data.

If a manager failed to respond to our demographic survey in 2023, we used their responses from 2022 if available. If a manager failed to respond and no survey data were available from the prior year, we include the assets managed by the manager in the surveyed assets (denominator) and consider the manager a “non-response.”

Disclaimer: While we and our survey administrator endeavored to design the survey and gather and aggregate the data in a way that would eliminate inaccuracies, there may be slight data imperfections.

III. Business Partner Survey Methodology

We surveyed the business partners that provide us services valued at \$100,000 or more annually, comprising a total of 24 companies and five law firms in 2023. We developed our business partner survey to cover both quantitative demographic information and qualitative program information.

Survey Administration: We designed the survey to be anonymous and confidential. A third-party survey administrator compiled the survey responses and aggregated the data, per our instructions.

Disclaimer: While we and our survey administrator endeavored to design the survey and gather and aggregate the data in a way that would eliminate inaccuracies, there may be slight data imperfections.

Definitions: UC Investments’ definition of diverse spans multiple demographic dimensions: gender and gender identity, race and ethnicity, sexual orientation, veteran status, and disability status.

Our survey asked respondents to indicate whether their respective diverse owners (privately owned) or senior leaders (publicly owned) constituted 25% or more.

Scope: To gather comprehensive data, we designed our survey to cover both privately and publicly owned business partners. All data is as of June 30, 2023, the end of our fiscal year.



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