



Retirement Savings

March 31, 2020

UC INVESTMENTS

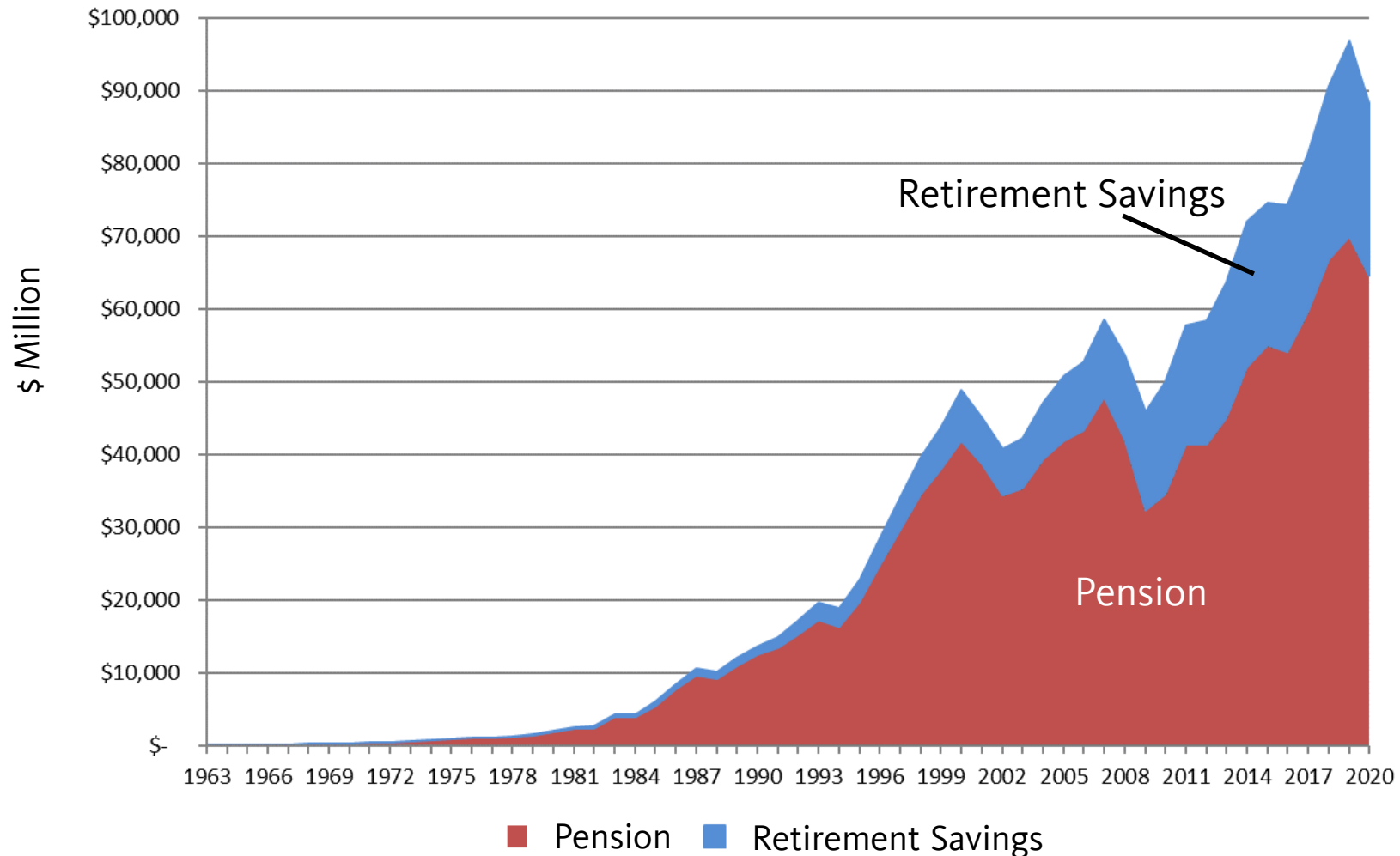
UC Investments Way



UC Retirement System

\$88 Billion in Assets as of March 31, 2020

Pension & Retirement Savings Assets 1963 – 2020



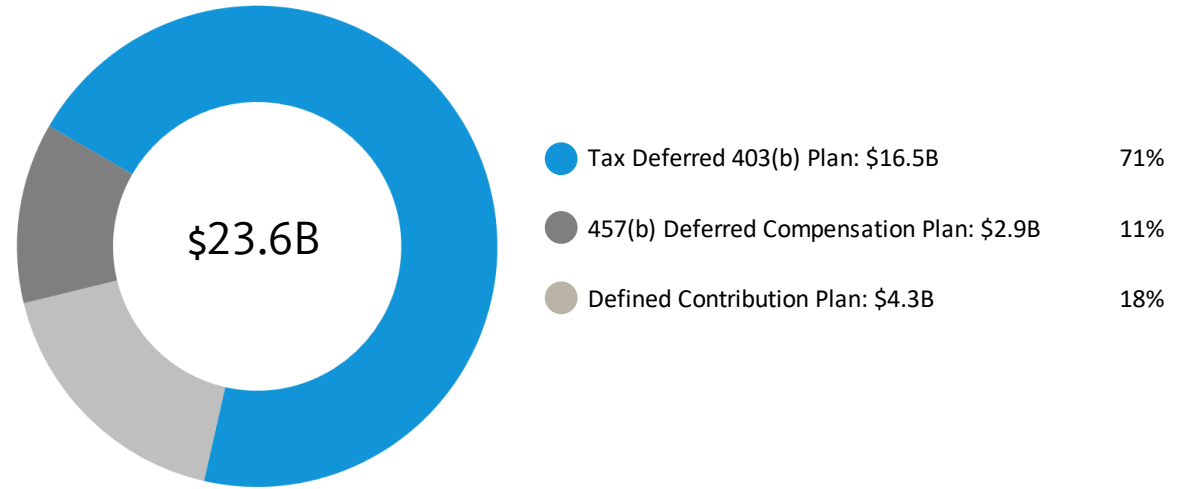
UC Retirement Savings

2nd largest public DC plan in the US with \$23.6 Billion in Assets

RETIREMENT SAVINGS OVERVIEW

- Established in 1967
- Over 320,000 participants
- 3 Plans: 403(b), 457(b), DC Plan
- Largest 403(b) plan in the US
- Target Date Fund (Pathway) default since 2014
- \$9.1 billion in Target Date Funds

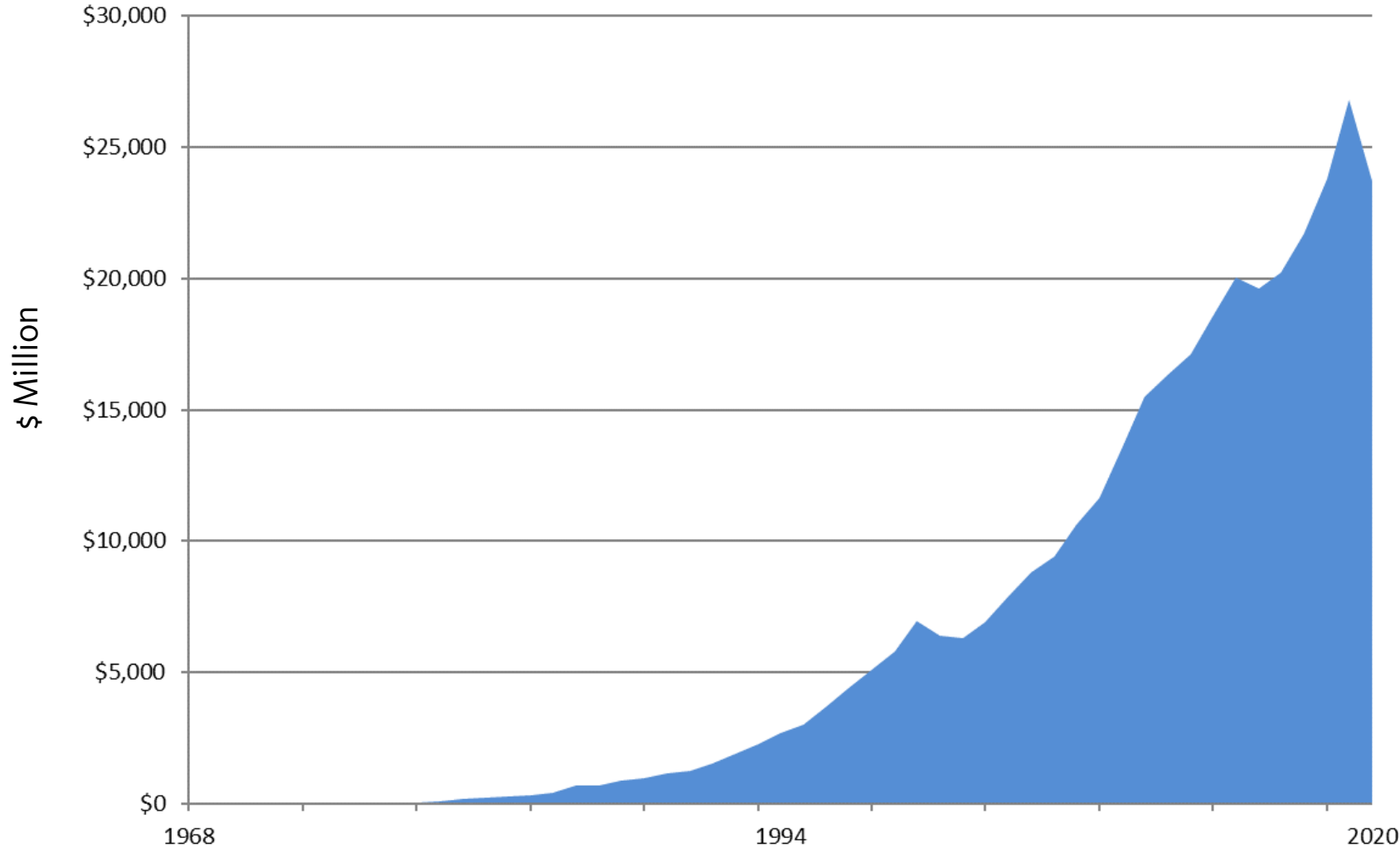
\$23.6 BILLION ACROSS 3 PLANS



UC Retirement Savings

\$23.6 Billion in Assets as of March 31, 2020

UCRSP ASSETS 1967 – 2020



6 YEAR EVOLUTION

2020

Move 4 fixed income funds to passive

2019

Launch of Pathway 2065

2018

3rd Party manager for Pathway

2017

White labeled Funds

Moved to Institutional Vehicles

2015

Reduced funds from 64 to 16

2014

Pathway becomes Default

Retirement Savings over 6 Years

2014 - 2020

- Recruited strong team at UC Investments to manage Retirement Savings Program
- In 2013 -- 242 funds (just before CIO Jagdeep Singh Bachher's arrival)
- In 2020 -- 13 funds (less is more)
- Target Date Funds become default choice replacing the Savings Fund in 2014
- In 2020 -- \$9.1 Billion in Target Date Funds versus \$2.5 billion in 2014
- Improved Target Date Fund asset allocation which helped participants overall performance
- Increased passive implementation to 75% from 38% in 2014
- Reduced operational complexity for UC Investments
- Reduced management fees by 65% (14 bps to 5 bps), saving \$65 million in fees for participants over 6 years
- Over the next decade, participants will save another \$150 million in fees
- Significantly increased direct communication of UC Investments with participants
- Significantly deepened collaboration and engagement with internal and external stakeholders
- Retirement Savings Program 3.0: Innovation around guaranteed income

Costs Matter – Saved Participants \$65 Million over 6 Years

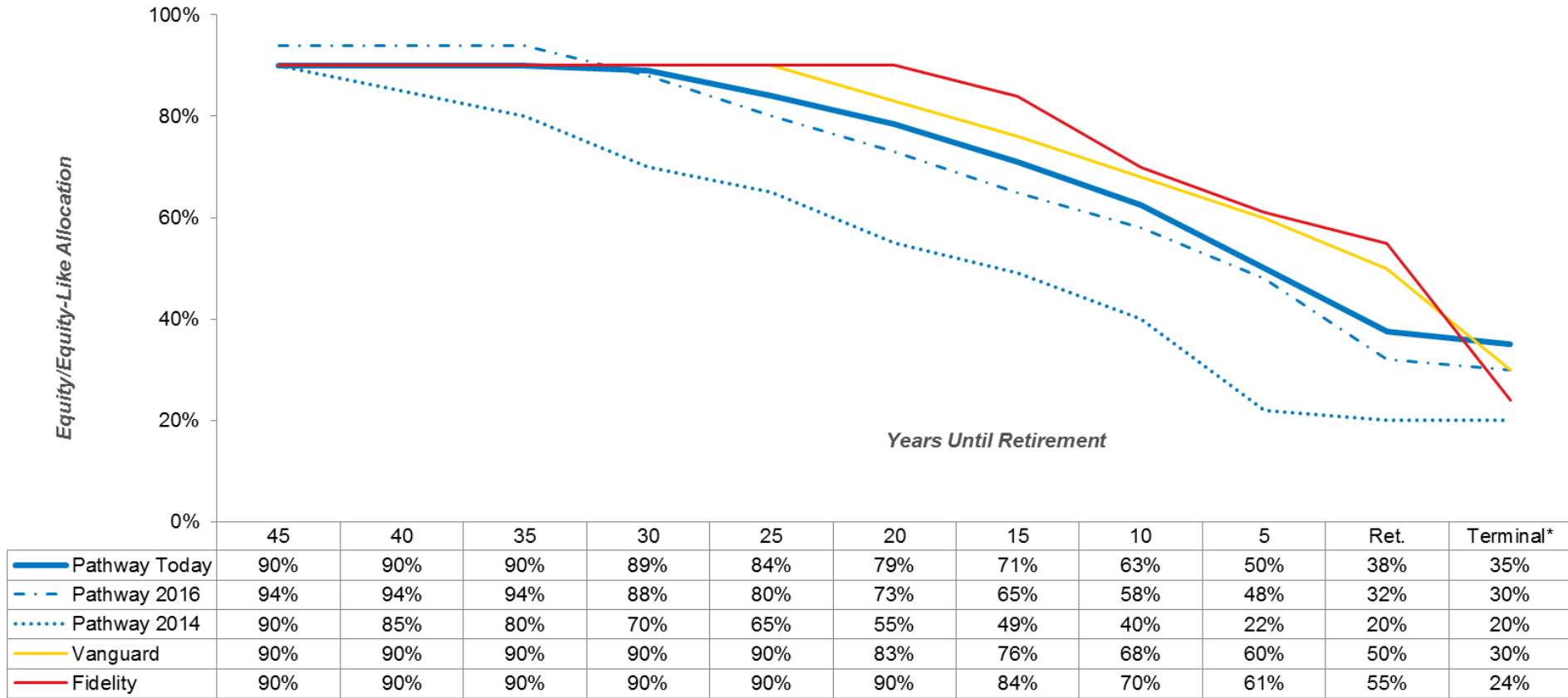
	Assets (\$ Billion)	Number of Funds	Management Fees (\$ Million)	Management Fees (Basis Points)
2014	\$18.7	74	\$26.2	14
2015	\$18.9	74	\$25.9	14
2016	\$18.9	16	\$18.2	10
2017	\$20.9	15	\$20.8	10
2018	\$22.6	13	\$13.0	6
2019	\$25.6	13	\$12.8	5
2020	\$23.6	13	\$11.0	5

Target Date Funds become default in 2014

Replacing the Savings Fund

\$ Billion	2014	2015	2016	2017	2018	2019	2020
Target Date Funds (Pathway)	\$2.5	\$2.6	\$5.3	\$6.1	\$8.8	\$9.4	\$9.1
Savings Fund	\$3.8	\$4.4	\$4.2	\$4.2	\$4.0	\$4.0	\$4.0
Total	\$6.3	\$7.0	\$9.5	\$10.3	\$12.8	\$13.4	\$13.1

Improved Asset Allocation helped participants' performance



Active and Passive Funds - 2020

Active Funds (Cost)	Passive Funds (Cost)	Blend (Cost)
UC Bond: (0.03%)	UC Domestic Equity: (0.005%)	UC Pathway Funds: (0.05%)
UC Long Bond: (0.03%)	UC International Equity: (0.01%)	
UC TIPS: (0.03%)	UC Real Estate: (0.01%)	
UC Short TIPS: (0.03%)	UC Small Cap Equity: (0.01%)	
UC Savings: (0.03%)	UC Social Equity: (0.01%)	
UC High Yield: (0.32%)		
UC Emerging Markets: (0.25%)		
UC Growth Company: (0.35%)		
UC Diversified International: (0.48%)		
Total Assets: \$9.6 billion	Total Assets: \$14.0 billion	

Active and Passive Funds - 2021

Active Funds (Cost)

UC Savings: (0.03%)

UC High Yield: (0.32%)

UC Growth Company: (0.35%)

UC Diversified International: (0.48%)

Total Assets: \$6.1 billion

Passive Funds (Cost)

UC Bond: (0.01%)

UC Long Bond: (0.01%)

UC TIPS: (0.01%)

UC Short TIPS: (0.01%)

UC Emerging Markets: (0.01%)

UC Domestic Equity: (0.005%)

UC International Equity: (0.01%)

UC Real Estate: (0.01%)

UC Small Cap Equity: (0.01%)

UC Social Equity: (0.01%)

Total Assets: \$17.5 billion

Blend (Cost)

UC Pathway Funds (0.05%)

Focus on Asset Allocation through Passive Funds

	2014	2015	2016	2017	2018	2019	2020	2021
Active	62%	59%	46%	43%	44%	44%	40%	25%
Passive	38%	41%	54%	57%	56%	56%	60%	75%
Total	100%	100%	100%	100%	100%	100%	100%	100%

“We flattened the selling curve”

Through proactive participant communication and monitoring

Educational resources on how to handle market volatility

- CIO Video encouraging to stay the course
- Article “Stay the Course: How to handle market volatility” on our participant website
- Alert on netbenefits.com the participant trading platform

Live webinars with CIO

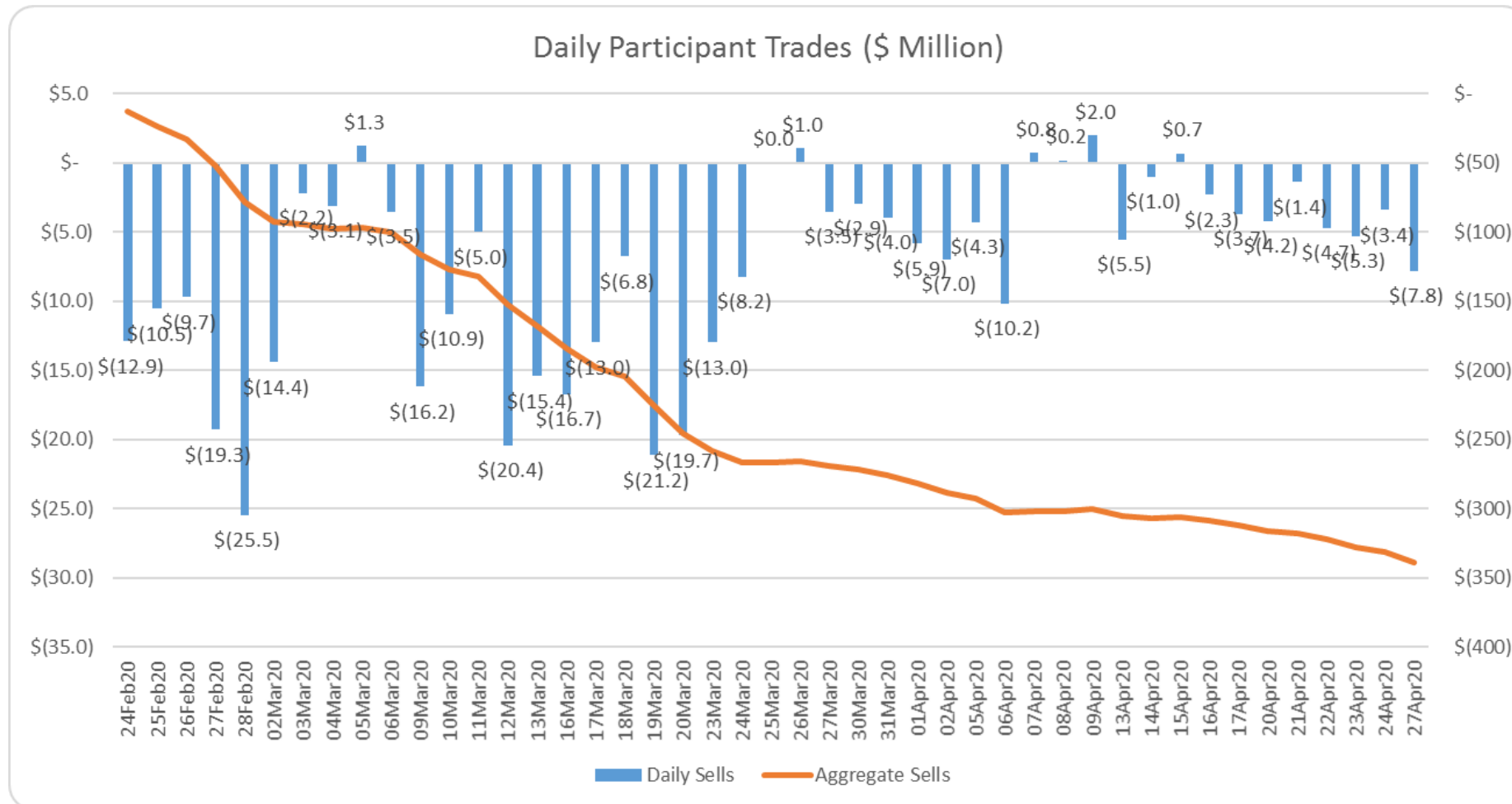
- Discussed the market performance, drivers, best course of action and resources to help
- Over 3,500 participants attended (live in 2 calls on March 20, 2020)
- Replay of webinar posted on our participant website
- Webinar was rerun 4 times in April

Daily monitoring of Savings Program trading activity

Monitoring of participant call volume to Fidelity

Participant Trading Activity during 2020 market volatility

\$340 million of equity sales



Investment Options at a Glance

TARGET DATE FUNDS - \$9.1 billion
UC Pathway Funds

UC Pathway Income Fund UC Pathway Fund 2020 UC Pathway Fund 2025 UC Pathway Fund 2030	UC Pathway Fund 2035 UC Pathway Fund 2040 UC Pathway Fund 2045 UC Pathway Fund 2050	UC Pathway Fund 2055 UC Pathway Fund 2060 UC Pathway Fund 2065
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CORE FUNDS - \$12.9 billion
Bond and Stock Investments

<p>Bond Investments</p> <p><i>Short-Term</i> UC Savings Fund</p> <p><i>Intermediate-Term</i> UC Bond Fund</p> <p><i>Inflation-Protected</i> UC Short Term TIPS Fund UC TIPS Fund</p>	<p>Domestic Stock</p> <p><i>Large Cap</i> UC Growth Company Fund</p> <p><i>Small Cap</i> UC Domestic Small Cap Equity Fund</p> <p><i>Broad Cap</i> UC Domestic Equity Index Fund</p>	<p>Foreign Stock</p> <p><i>Developed Markets</i> UC International Equity Index Fund UC Diversified International Fund</p> <p><i>Emerging Markets</i> UC Emerging Markets Equity Fund</p> <p>Specialty Stock UC Real Estate Fund UC Social Equity Fund</p>
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BROKERAGE WINDOW - \$1.6 billion
Fidelity BROKERAGELINK®

Core Lineup Assets - Detail

CORE FUNDS - \$12.9 Billion

Bond and Stock Investments

Bond Investments - \$5,800

Short-Term

UC Savings Fund - \$4,068

Intermediate-Term

UC Bond Fund - \$1,391

Inflation-Protected

UC Short Term TIPS Fund - \$68

UC TIPS Fund - \$273

Domestic Stock - \$5,520

Large Cap

UC Growth Company Fund - \$939

Small Cap

UC Domestic Small Cap Equity Fund - \$349

Broad Cap

UC Domestic Equity Index Fund - \$4,232

Foreign/Global Stock - \$1,022

Developed Markets

UC International Equity Index Fund - \$749

UC Diversified International Fund - \$116

Emerging Markets

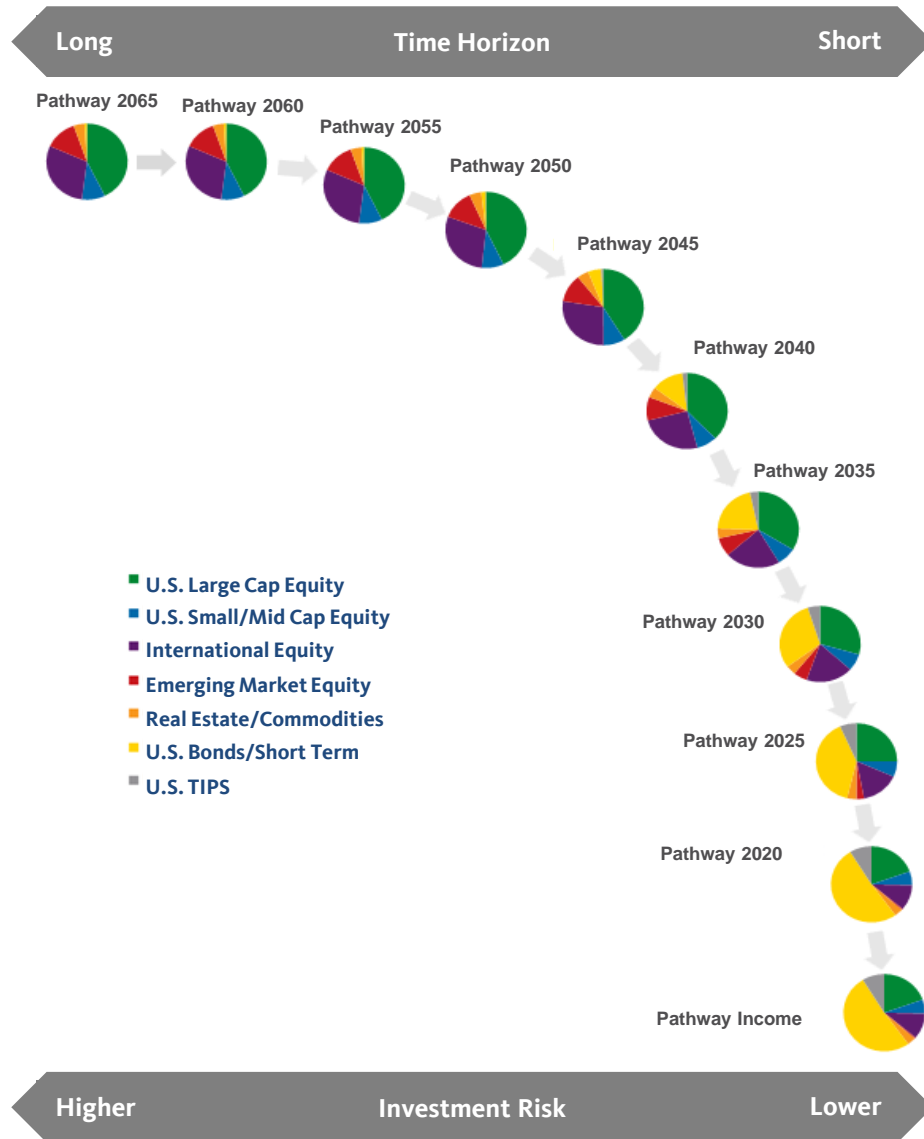
UC Emerging Markets Equity Fund - \$157

Specialty Stock - \$572

UC Real Estate Fund - \$192

UC Social Equity Fund - \$380

Pathway our Target Date Funds



Pathway Key Features

- An **equity landing point of 35%** with static allocations at and through retirement
- **Focus on diversification** with **broad asset class** exposures
- Utilizes a **strategic glidepath** to help mitigate the risks associated with market timing

Key Benefits for Participants

- Constructed to **navigate the major sources of uncertainty** participants face
- Seeks to reduce volatility in an effort to keep participants **saving and investing across market cycles**
- **Continuous research** to anticipate, assess and adapt ahead of evolving conditions to help meet participant needs **now and in the future**

Pathway focuses on the savings phase

Risks Addressed

Accumulation Risk

Sequencing Risk

Inflation Risk

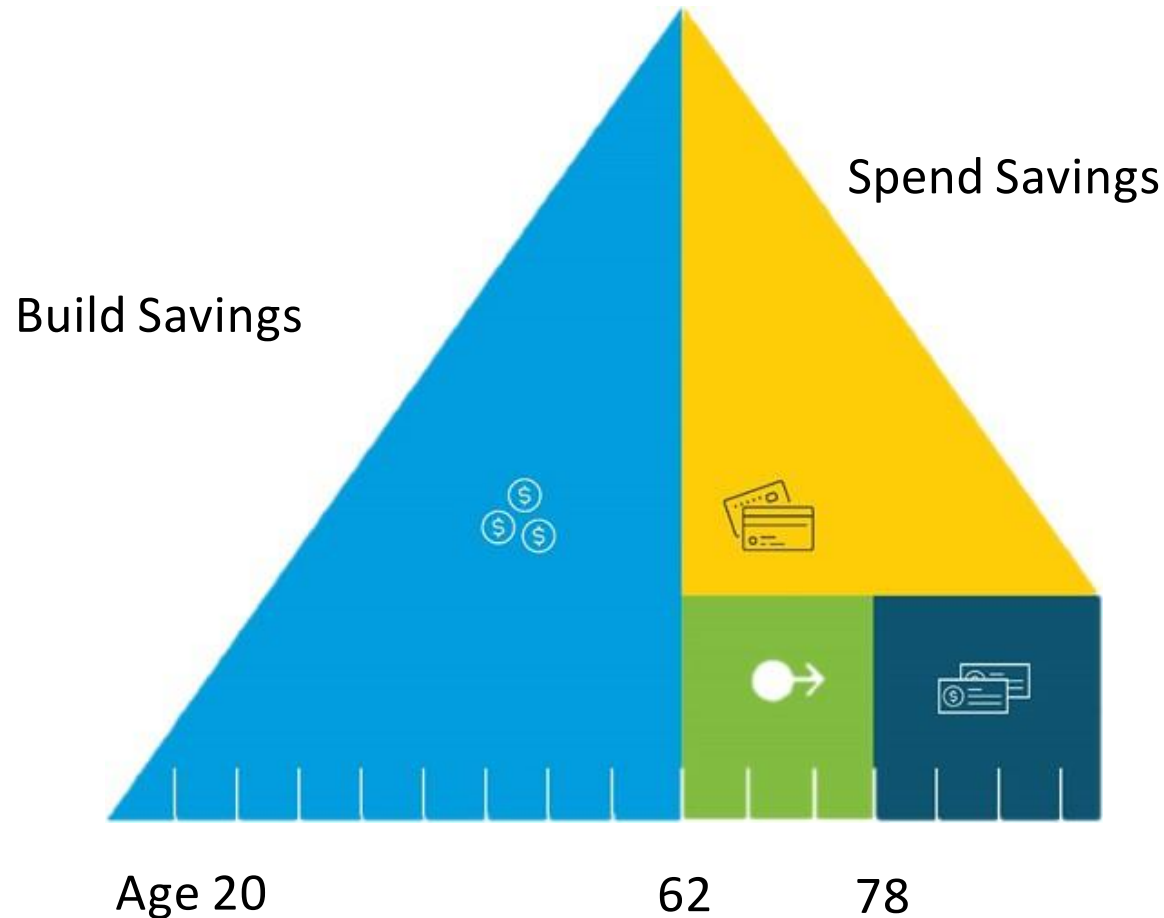
Risks Remaining

Longevity Risk

Retirement Income Decision Risk

Pathway Evolution

Imbed a guaranteed income stream



Target Date Fund remains the default

Purchase Deferred Annuity at Age 62

Payments start at Age 78

Purchase will only be an option

Pathway Performance - Quarter and 1 Year

Q1 2020 performance relative to policy benchmarks

Net of fee returns (%)

	Pathway Income	Pathway 2020	Pathway 2025	Pathway 2030	Pathway 2035	Pathway 2040	Pathway 2045	Pathway 2050	Pathway 2055	Pathway 2060	Pathway 2065
Fund Return	-8.26	-11.05	-12.74	-13.87	-15.40	-16.88	-18.29	-18.86	-18.86	-18.86	-18.71
Policy Benchmark Return	-7.96	-10.61	-12.39	-13.66	-15.18	-16.67	-18.11	-18.68	-18.68	-18.68	-18.68
Value Added	-0.30	-0.44	-0.35	-0.21	-0.22	-0.21	-0.18	-0.18	-0.18	-0.18	-0.03

One year performance relative to policy benchmarks

Net of fee returns (%) - 3/31/2019-3/31/2020

	Pathway Income	Pathway 2020	Pathway 2025	Pathway 2030	Pathway 2035	Pathway 2040	Pathway 2045	Pathway 2050	Pathway 2055	Pathway 2060	Pathway 2065
Fund Return	-2.18	-3.47	-4.05	-4.52	-5.83	-7.18	-8.52	-9.06	-9.06	-9.06	n/a
Policy Benchmark Return	-1.88	-3.02	-3.63	-4.17	-5.45	-6.82	-8.22	-8.77	-8.77	-8.77	n/a
Value Added	-0.30	-0.45	-0.42	-0.35	-0.38	-0.36	-0.30	-0.29	-0.29	-0.29	n/a

Pathway Performance – 3 Year and 5 Year

Three year performance relative to policy benchmarks

Net of fee returns (%)

	Pathway Income	Pathway 2020	Pathway 2025	Pathway 2030	Pathway 2035	Pathway 2040	Pathway 2045	Pathway 2050	Pathway 2055	Pathway 2060	Pathway 2065
Fund Return	2.21	2.52	2.54	2.63	2.40	2.15	1.89	1.97	2.09	2.08	n/a
Policy Benchmark Return	2.34	2.70	2.75	2.83	2.62	2.38	2.13	2.21	2.31	2.30	n/a
Value Added	-0.13	-0.18	-0.21	-0.20	-0.22	-0.23	-0.24	-0.24	-0.22	-0.22	n/a

Three year performance relative to policy benchmarks

Net of fee returns (%)

	Pathway Income	Pathway 2020	Pathway 2025	Pathway 2030	Pathway 2035	Pathway 2040	Pathway 2045	Pathway 2050	Pathway 2055	Pathway 2060	Pathway 2065
Fund Return	2.48	2.98	3.02	3.16	3.08	2.99	2.90	3.01	3.14	3.13	n/a
Policy Benchmark Return	2.43	2.96	3.03	3.17	3.10	3.03	2.94	3.06	3.15	3.15	n/a
Value Added	0.05	0.02	-0.01	-0.01	-0.02	-0.04	-0.04	-0.05	-0.01	-0.02	n/a

Core Funds Performance

	Market Value (\$M)	Weight (%)	QTD 3 Months	Annualized Total Return (%)				
				1 Year	3 Year	5 Year	6 Year	10 Year
US Large Equity								
UC Domestic Equity Index Fund	\$4,232	17.88%	-20.94	-8.97	4.34	5.94	6.99	10.26
Russell 3000 TF Index			-20.93	-9.04	4.17	5.78	6.85	10.13
Value Added			-0.01	0.07	0.17	0.16	0.14	0.13
US Social Index								
UC Social Index Fund	\$380	1.61%	-19.85	-5.60	6.37	7.20	8.43	11.07
Spliced Social Index			-19.94	-5.66	6.38	7.26	8.50	11.18
Value Added			0.09	0.06	-0.01	-0.06	-0.07	-0.11
US Small/Mid Cap Equity								
UC Domestic Small Cap Index Fund	\$349	1.47%	-30.58	-23.58	-4.52	-0.34	1.29	7.44
Small Cap Spliced Index			-30.62	-23.98	-4.74	-0.51	1.14	7.33
Value Added			0.04	0.40	0.22	0.17	0.15	0.11
Global/World ex-US Equity								
UC International Equity Index Fund	\$749	3.17%	-23.66	-14.74	-1.76	-0.55	-0.64	2.68
MSCI World ex-US TF Index			-24.06	-15.46	-2.29	-0.95	-1.03	2.28
Value Added			0.40	0.72	0.53	0.40	0.39	0.40

Core Funds Performance

Capital Preservation	Market Value (\$M)	Weight (%)	Annualized Total Return (%)					
			QTD 3 Months	1 Year	3 Year	5 Year	6 Year	10 Year
UC Savings Fund	\$4,069	17.19%	0.47	1.81	1.63	1.47	1.40	1.44
Two-Year U.S. Treasury Notes Income Return			0.36	1.79	1.96	1.49	1.32	0.94
Value Added			0.11	0.02	-0.33	-0.02	0.08	0.50
Inflation Sensitive								
UC Short Term TIPS Fund	\$68	0.29%	-1.15	1.74	1.55	1.50	1.12	
Barclays 1-3 Year U.S. TIPS Index			-1.35	1.56	1.22	1.29	0.80	
Value Added			0.20	0.18	0.33	0.21	0.32	
UC TIPS Fund	\$273	1.15%	1.58	6.64	3.52	2.86	2.97	3.71
Barclays US TIPS Index			1.69	6.85	3.46	2.67	2.74	3.48
Value Added			-0.11	-0.21	0.06	0.19	0.23	0.23
Diversified Fixed Income								
UC Bond Fund	\$1,391	5.88%	2.12	7.75	4.67	3.46	3.81	4.13
Barclays Aggregate Fixed Income Benchmark			3.15	8.93	4.82	3.36	3.75	3.88
Value Added			-1.03	-1.18	-0.15	0.10	0.06	0.25
New Large Equity								
UC Growth Company Fund	\$939	3.97%	-11.77	2.42	13.51	11.99	12.83	14.79
Russell 3000 Growth			-14.85	-0.44	10.53	9.74	10.72	12.69
Value Added			3.08	2.86	2.98	2.25	2.11	2.10
World ex-US Equity								
UC Diversified Intl. Fund	\$116	0.49%	-19.26	-5.68	1.48	1.09	1.56	4.41
MSCI EAFE			-22.83	-14.38	-1.78	-0.52	-0.56	2.83
Value Added			3.57	8.70	3.26	1.61	2.12	1.58
UC Emerging Markets Fund	\$157	0.66%	-26.86	-21.18	-3.92	-1.39	-1.16	0.41
MSCI Emerging Markets Index			-23.60	-17.69	-1.62	-0.37	-0.23	0.68
Value Added			-3.26	-3.49	-2.30	-1.02	-0.93	-0.27
Real Estate								
UC Real Estate Fund	\$192	0.81%	-26.98	-20.90	-3.51	-0.76	3.01	7.22
REIT Spliced Index			-26.99	-20.99	-3.56	-0.75	3.02	7.25
Value Added			0.01	0.09	0.05	-0.01	-0.01	-0.03

Target Date Funds Performance

Target Date Funds	Market Value (\$M)	Weight (%)	QTD 3 Months	Annualized Total Return (%)				
				1 Year	3 Year	5 Year	6 Year	10 Year
UC Pathway Income Fund	\$1,588	6.71%	-8.26	-2.18	2.21	2.48	2.50	2.81
Policy Benchmark			-7.96	-1.88	2.34	2.43	2.40	2.54
Value Added			-0.30	-0.30	-0.13	0.05	0.10	0.27
UC Pathway Fund 2020	\$1,418	5.99%	-11.05	-3.47	2.52	2.98	3.26	4.05
Policy Benchmark			-10.61	-3.02	2.70	2.96	3.20	3.96
Value Added			-0.44	-0.45	-0.18	0.02	0.06	0.09
UC Pathway Fund 2025	\$1,450	6.13%	-12.74	-4.05	2.54	3.02	3.39	4.34
Policy Benchmark			-12.39	-3.63	2.75	3.03	3.37	4.25
Value Added			-0.35	-0.42	-0.21	-0.01	0.02	0.09
UC Pathway Fund 2030	\$1,375	5.81%	-13.87	-4.52	2.63	3.16	3.57	4.60
Policy Benchmark			-13.66	-4.17	2.83	3.17	3.55	4.54
Value Added			-0.21	-0.35	-0.20	-0.01	0.02	0.06
UC Pathway Fund 2035	\$960	4.06%	-15.40	-5.83	2.40	3.08	3.57	4.80
Policy Benchmark			-15.18	-5.45	2.62	3.10	3.57	4.73
Value Added			-0.22	-0.38	-0.22	-0.02	0.00	0.07

Target Date Funds Performance

Annualized Total Return (%)

Target Date Funds	Market Value (\$M)	Weight (%)	QTD 3 Months	Annualized Total Return (%)				
				1 Year	3 Year	5 Year	6 Year	10 Year
UC Pathway Fund 2040	\$842	3.56%	-16.88	-7.18	2.15	2.99	3.56	5.01
Policy Benchmark			-16.67	-6.82	2.38	3.03	3.57	4.96
Value Added			-0.21	-0.36	-0.23	-0.04	-0.01	0.05
UC Pathway Fund 2045	\$612	2.59%	-18.29	-8.52	1.89	2.90	3.53	5.25
Policy Benchmark			-18.11	-8.22	2.13	2.94	3.55	5.17
Value Added			-0.18	-0.30	-0.24	-0.04	-0.02	0.08
UC Pathway Fund 2050	\$494	2.09%	-18.86	-9.06	1.97	3.01	3.66	5.55
Policy Benchmark			-18.68	-8.77	2.21	3.06	3.68	5.48
Value Added			-0.18	-0.29	-0.24	-0.05	-0.02	0.07
UC Pathway Fund 2055	\$239	1.01%	-18.86	-9.06	2.09	3.14	3.78	5.86
Policy Benchmark			-18.68	-8.77	2.31	3.15	3.77	5.76
Value Added			-0.18	-0.29	-0.22	-0.01	0.01	0.10
UC Pathway Fund 2060	\$219	0.93%	-18.86	-9.06	2.08	3.13	3.78	6.11
Policy Benchmark			-18.68	-8.77	2.30	3.15	3.78	6.01
Value Added			-0.18	-0.29	-0.22	-0.02	0.00	0.10
UC Pathway Fund 2065	\$2	0.01%	-18.71	-	-	-	-	-
Policy Benchmark			-18.68	-	-	-	-	-
Value Added			-0.03	-	-	-	-	-