

UNIVERSITY OF CALIFORNIA

ANNUAL ENDOWMENT REPORT

FISCAL YEAR ENDED JUNE 30, 2017



UC Regents' General Endowment Pool
University of California, Berkeley Foundation
UC Davis Foundation
University of California, Irvine Foundation
The UCLA Foundation
University of California, Merced Foundation
UC Riverside Foundation
UC San Diego Foundation
The University of California, San Francisco Foundation
UC Santa Barbara Foundation
UC Santa Cruz Foundation

Contents

1	Purpose	1
2	Consolidated GEP/Campus Foundation Review	2
2.1	Total University Assets	3
2.2	GEP and Campus Foundation Assets Under Management	4
2.3	Foundation Asset Allocation by Asset Class	6
2.4	Investment Performance	7
2.5	Asset Allocation Policy Compliance	12
2.6	Spending Policies.....	16
3	Investment Profiles for Campus Foundations.....	17
	UC Regents' General Endowment Pool	18
	University of California, Berkeley Foundation	21
	UC Davis Foundation	24
	University of California, Irvine Foundation.....	27
	The UCLA Foundation.....	30
	University of California, Merced Foundation.....	33
	UC Riverside Foundation.....	36
	UC San Diego Foundation.....	39
	University of California, San Francisco Foundation .	42
	UC Santa Barbara Foundation.....	45
	UC Santa Cruz Foundation.....	48
4	Appendix.....	51
4.1	Historical Foundation Investment Performance	52
4.2	Historical Benchmark and Active Performance	53
4.3	Investment Policy Benchmark.....	54
4.4	Glossary.....	55
4.5	Foundations Reporting Background.....	56
4.6	Data Sources and Responsibilities	57

1 Purpose

The purpose of this report is to provide the Regents' Committee on Investments with an overview of the investment portfolios of the University of California campus Foundations, as well as the Regents' General Endowment Pool (GEP) in which some of the campuses invest. Each campus Foundation publishes its own detailed investment report; however, this report is intended to provide key information for all the portfolios on a consolidated basis.

The report is prepared by an independent investment consulting firm hired by the Office of the Chief Investment Officer (OCIO) on behalf of the Regents' Committee on Investments. This particular report was prepared by Mercer Investment Consulting, LLC.

The sources of information in this report are:

- Each respective campus Foundation
- The OCIO (for GEP and the campus Foundations which are 100% invested in GEP)
- Mercer Investment Consulting
- State Street Bank (historical performance and assets for GEP and the campus Foundations for periods between 2006 and 2015)

2 Consolidated GEP/Campus Foundation Review

The following section contains a summary of the consolidated endowment review.

Information is provided on the total investment assets, total portfolio performance, asset allocation, and spending policies for each campus Foundation.

All of the information is sourced and reconciled by each respective campus Foundation and the OCIO.

2.1	Total University Assets.....	3
2.2	GEP and Campus Foundation Assets Under Management	4
2.3	Foundation Asset Allocation by Asset Class.....	6
2.4	Investment Performance	7
2.5	Asset Allocation Policy Compliance	12
2.6	Spending Policies.....	16

2.1 Total University Assets

This table outlines the University's total assets by designation to either the Regents for the benefit of the campus or to the campus Foundation.

Overall, total endowment assets increased by 15.8% over the last fiscal year, with The Regents' endowment assets increasing by 16.3% and the campus Foundation endowment assets increasing by 15.1%. These changes incorporate both new gifts accepted during the fiscal year and the return on total endowed assets.

The Office of the Chief Investment Officer (OCIO) also manages endowment assets of about \$1.3 billion for the benefit of system wide programs and administration, including education and research programs, support services and administration. These assets appear on the table as part of the Regents' endowment assets.

Total University Endowment Assets by Designation to Regents and Foundation

(Excluding Pledges)

(Market Value \$000)

Campus	June 30, 2017			June 30, 2016		
	Regents	Foundation	Total	Regents	Foundation	Total
Berkeley	2,502,979	1,794,602	4,297,581	2,220,102	1,586,686	3,806,787
Davis ¹	736,931	398,274	1,135,205	632,918	324,498	957,416
Irvine ¹	497,799	363,522	861,321	168,282	317,912	486,194
Los Angeles ¹	2,286,967	2,062,573	4,349,540	2,046,357	1,803,671	3,850,028
Merced ¹	36,235	10,462	46,697	32,398	8,959	41,357
Riverside	70,860	154,097	224,958	61,146	126,034	187,180
San Diego ¹	723,578	621,440	1,345,018	637,293	536,134	1,173,427
San Francisco	1,455,831	1,306,564	2,762,395	1,153,874	1,138,853	2,292,727
Santa Barbara ¹	137,968	183,054	321,022	133,225	154,585	287,810
Santa Cruz ¹	92,246	97,875	190,121	81,969	80,205	162,174
Total Campus Endowments	8,541,395	6,992,465	15,533,860	7,167,564	6,077,536	13,245,100
Systemwide Programs and Administration	1,340,719	-	1,340,719	1,325,965	-	1,325,965
Total Endowment Assets	9,882,114	6,992,465	16,874,579	8,493,529	6,077,536	14,571,065

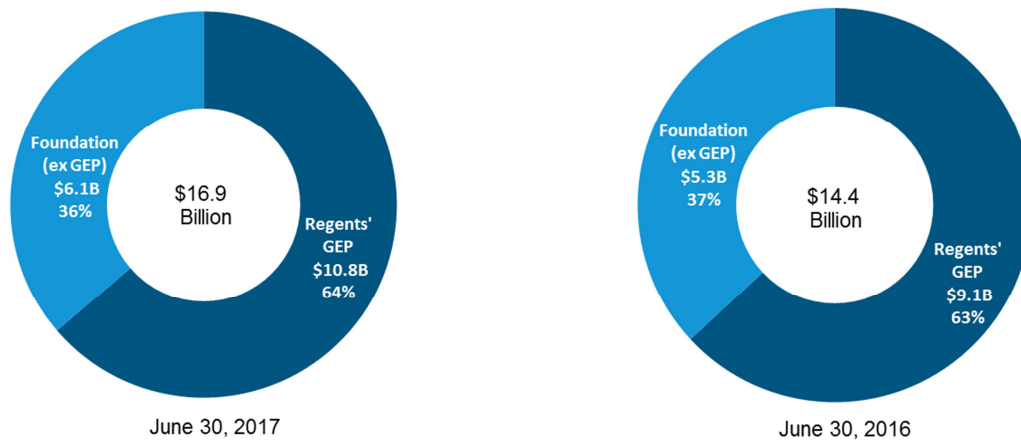
¹ Campus Foundation invests in GEP

2.2 GEP and Campus Foundation Assets Under Management

This section of the report focuses on the managed endowment assets held by the Regents' General Endowment Pool (GEP) and the campus Foundations. The assets in the Regents' GEP, which some of the campuses invest in, are managed by the Office of the Chief Investment Officer (OCIO) and the campuses' assets are managed by internal and/or external managers.

The chart below shows the GEP and campus Foundation (excluding GEP) managed endowment assets for fiscal years 2017 and 2016.

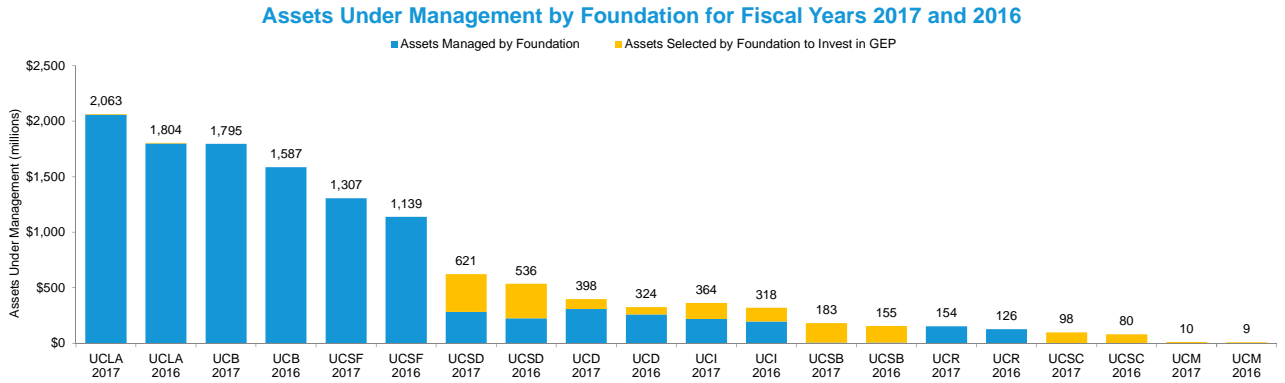
Total Managed Endowment Assets



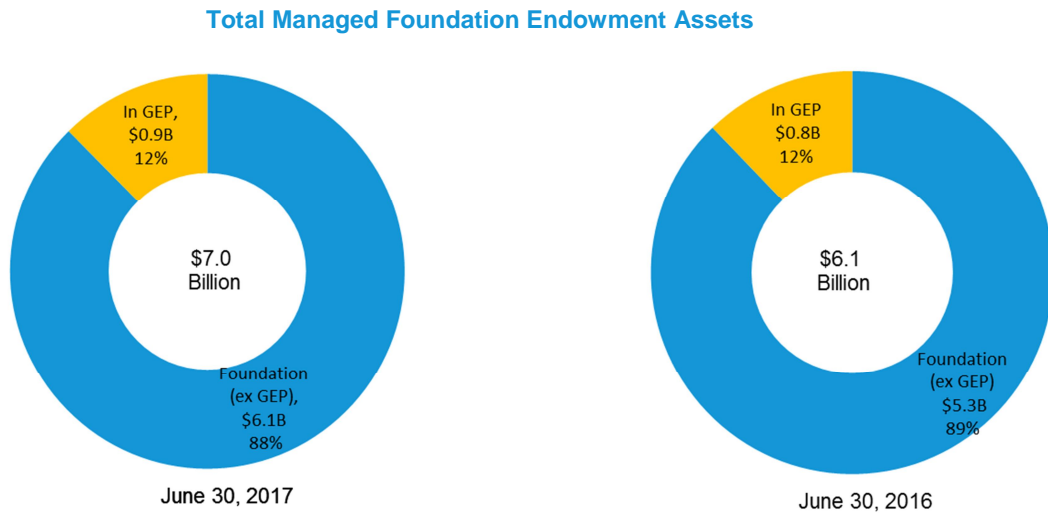
Source: Foundations and the OCIO

GEP and campus Foundation total managed endowment assets were \$16.9 billion as of June 30, 2017. Overall, managed endowment assets increased by 16.8% over the last fiscal year. These changes incorporate cash flows and investment performance.

The two charts below show the total investment portfolio assets under management by campus Foundation and in aggregate for fiscal years 2017 and 2016.



Source: Foundations and the OCIO



Source: Foundations and the OCIO

Total campus Foundation investment assets were \$7.0 billion as of June 30, 2017. Total foundation assets increased by 15.1% over the last fiscal year. These changes incorporate cash flows and investment performance.

2.3 Foundation Asset Allocation by Asset Class

Asset allocation is the primary driver of a portfolio's total return over the long run, while sector and individual security selection typically drive short-term performance. Therefore, portfolio performance should be viewed in the context of the underlying asset allocation.

The table below shows the asset allocation for each campus Foundation and GEP as of June 30, 2017. Campus investments in GEP are included in the specific sub asset classes. The table includes the overall weighted average asset allocation of all foundation assets, as well as the net one-year total returns by campus.

Asset Allocation of Managed Endowment Funds

As of June 30, 2017

Campus	U.S. Equity	Non-U.S. Equity	Global Equity	U.S. Fixed Income	Non-U.S. Fixed Income	Absolute Return	Real Assets / Real Estate	Private Equity	Com-modities	Other	Cash Equiv.	Total	Fiscal Year 2017 Return
Regents' GEP ¹	18.4%	25.0%	0.0%	9.0%	1.5%	18.0%	6.4%	11.5%	0.0%	0.0%	10.2%	100.0%	15.1%
Berkeley ²	10.4%	13.1%	10.7%	8.2%	0.0%	30.1%	4.1%	16.3%	0.0%	0.0%	7.2%	100.0%	13.1%
Davis	19.3%	19.5%	6.1%	9.1%	0.3%	17.7%	6.5%	12.1%	7.4%	0.0%	2.0%	100.0%	13.9%
Irvine	23.6%	29.4%	0.0%	13.4%	0.0%	13.1%	7.7%	8.5%	0.0%	0.0%	4.3%	100.0%	15.3%
Los Angeles ³	17.8%	23.5%	17.1%	6.1%	0.0%	0.0%	12.3%	10.9%	0.0%	11.0%	1.2%	100.0%	15.8%
Merced ⁴	18.4%	25.0%	0.0%	9.0%	1.5%	18.0%	6.4%	11.5%	0.0%	0.0%	10.2%	100.0%	14.8%
Riverside	39.2%	39.2%	0.0%	9.8%	0.0%	9.4%	0.0%	1.4%	0.1%	0.0%	0.8%	100.0%	19.1%
San Diego	23.7%	27.4%	0.0%	12.1%	0.0%	16.2%	9.3%	6.6%	0.0%	0.0%	4.7%	100.0%	13.9%
San Francisco ⁵	0.0%	0.0%	45.7%	0.0%	0.0%	24.4%	6.7%	5.1%	0.0%	0.0%	18.1%	100.0%	13.7%
Santa Barbara ⁴	17.9%	24.2%	0.0%	8.7%	1.4%	17.7%	6.2%	13.7%	0.0%	0.0%	10.1%	100.0%	14.8%
Santa Cruz ⁴	18.4%	25.0%	0.0%	9.0%	1.5%	18.0%	6.4%	11.5%	0.0%	0.0%	10.2%	100.0%	14.8%
Weighted Avg.⁶	17.5%	19.5%	10.9%	6.8%	0.1%	16.4%	7.8%	10.6%	0.4%	3.2%	6.8%	100.0%	14.8%

¹ GEP Audit Adjustment is shown.

² UCB's Equity Tactical is included in Global Equity; Liquid Excess Return is included in Private Equity and Diversifying Other is included in Real Assets. Absolute Return Hedge Funds and Equity Long/Short Hedge Funds are included in the Absolute Return category. Allocation based off of unaudited market value of \$1,795,438,852.

³ UCLA's Multi-strategy assets are included in the Other category. The US Equity Exposure is 5.6% before including the notional exposure of the derivative positions. The Cash balance is 1.2% when excluding collateral for the derivative positions.

⁴ Foundation endowment assets invested primarily in the Regents' GEP and/or STIP funds.

⁵ UCSF's Cash Equivalents include investments in US Treasuries and STIP.

⁶ The weighted average Fiscal Year return shown above includes the Regents' GEP Audit Adjustment return in the calculation.

2.4 Investment Performance

Investment performance for campus Foundations and GEP (Audit Adjustment) is presented net of investment management fees¹. This table displays total returns for each foundation and GEP and the median returns of a broad Endowments & Foundations (E&F) peer group (i.e. the InvestorForce Trust – All Endowments & Foundations Net Universe) for comparison. The percentile ranks reflect performance relative to the E&F peer group (1st percentile is the best, 100th percentile is the worst). The table also includes the simple weighted average returns for GEP and all campus Foundation assets.

Net Performance Summary for Periods Ending June 30, 2017
Periods over 1 Year are Annualized

% Invested in GEP		10 Years		7 Years		5 Years		3 Years		1 Year	
		Return (%)	Universe Percentile Rank	Return (%)	Universe Percentile Rank	Return (%)	Universe Percentile Rank	Return (%)	Universe Percentile Rank	Return (%)	Universe Percentile Rank
100%	Regents' GEP Audit Adjustment	5.3	19	9.4	15	9.4	10	5.6	8	15.1	11
100%	Merced¹	5.3	20	9.3	16	9.4	10	5.5	9	14.8	13
100%	Santa Cruz¹	5.3	20	9.3	16	9.4	10	5.5	9	14.8	13
97%	Santa Barbara²	3.2	92	7.4	74	7.3	64	4.2	40	14.8	14
55%	San Diego	5.1	26	9.3	18	9.0	16	5.2	16	13.9	23
47%	Irvine	4.9	40	9.4	15	9.2	14	5.9	6	15.3	10
23%	Davis	5.0	27	9.0	27	9.1	15	5.1	17	13.9	23
0%	Los Angeles³	4.7	43	8.7	37	9.2	12	5.7	7	15.8	7
	Berkeley	4.6	52	8.4	46	8.3	34	4.5	27	13.1	36
	Riverside	5.1	26	8.5	41	8.4	32	4.3	35	19.1	1
	San Francisco	4.0	73	7.6	72	7.3	64	3.3	69	13.7	26
	Weighted Average⁴	5.0		9.0		9.1		5.3		14.8	
	E&F Peer Group Median	4.5		8.2		7.8		3.9		12.4	

¹ GEP's Unit Value performance is shown

² Santa Barbara's total performance includes the GEP Audit Adjustment, Private Equity, Hedged and General Cash Accounts

³ Los Angeles' allocation to GEP was 0.3%

⁴ The weighted average returns include the Regents' GEP Audit Adjustment returns in the calculation.

Dark Blue: Outperformed the Policy Benchmark

Light Blue: Underperformed the Policy Benchmark

Black: Equaled the Policy Benchmark

Note: Details for the E&F Peer Group can be found on page 57 under "Performance Comparisons"

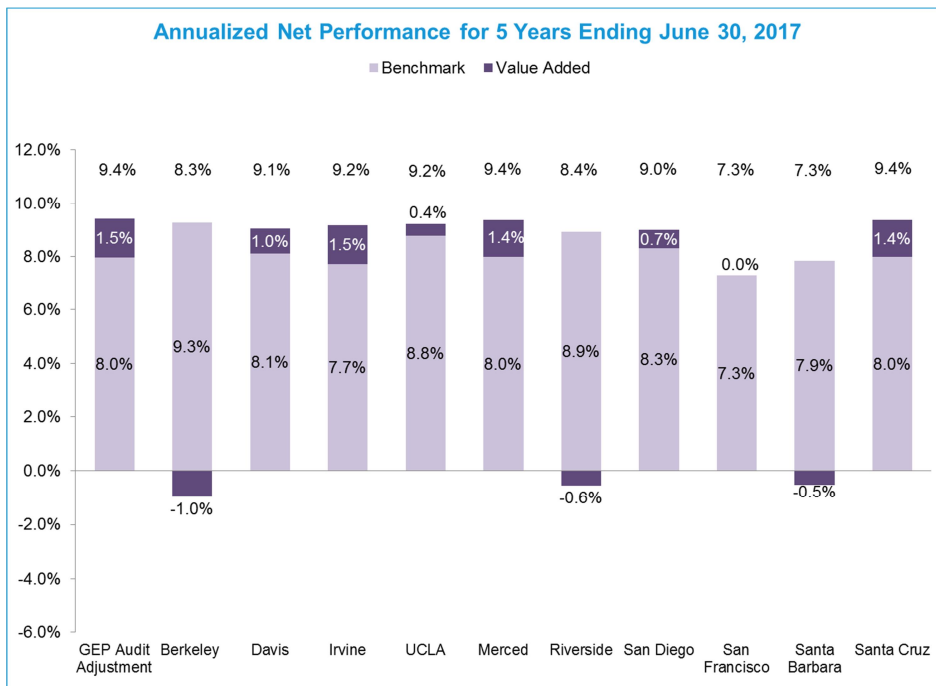
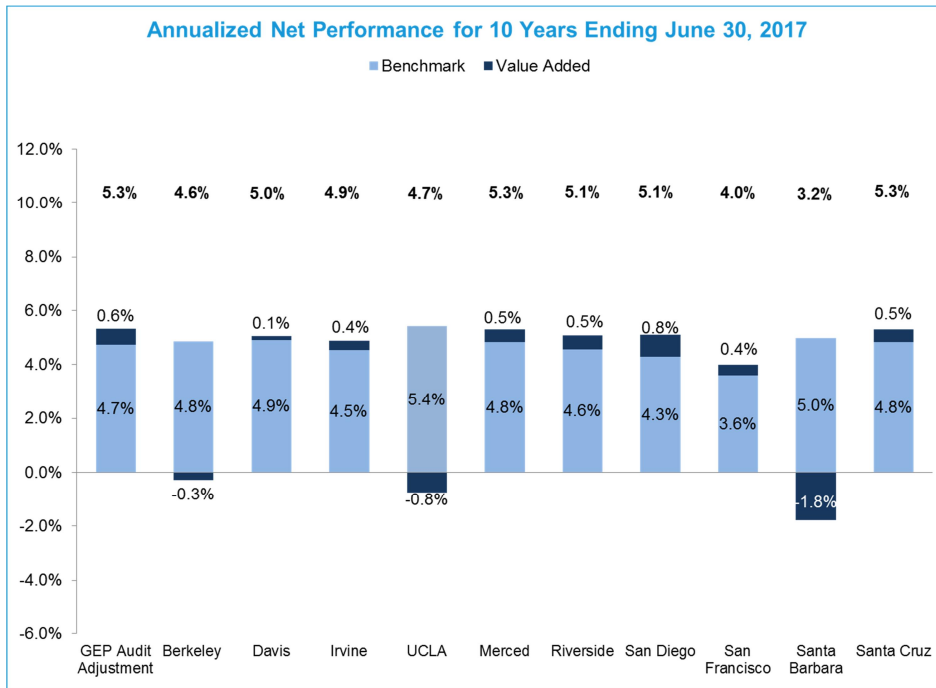
Performance for the trailing 10-year period is still modest as it includes the effect of the global financial crisis; however, performance for the 7- and 5-year periods is solid, and the 5-year return improved significantly from last year. Performance for the 3-year period was modest primarily due to the negative returns posted last fiscal year-end. However, performance for the trailing 1-year period was strong for all ten campus Foundations.

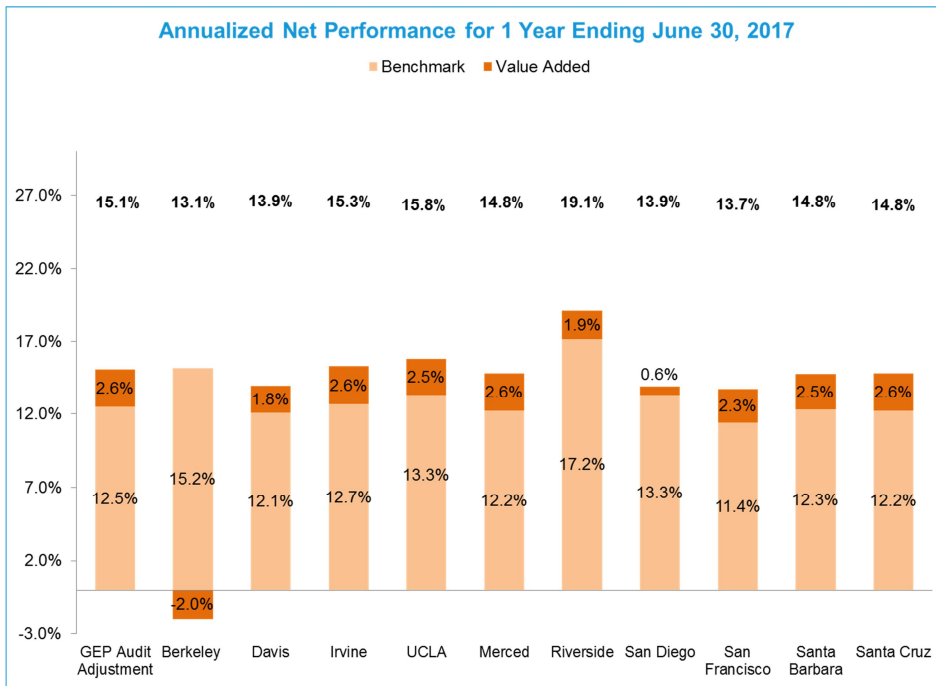
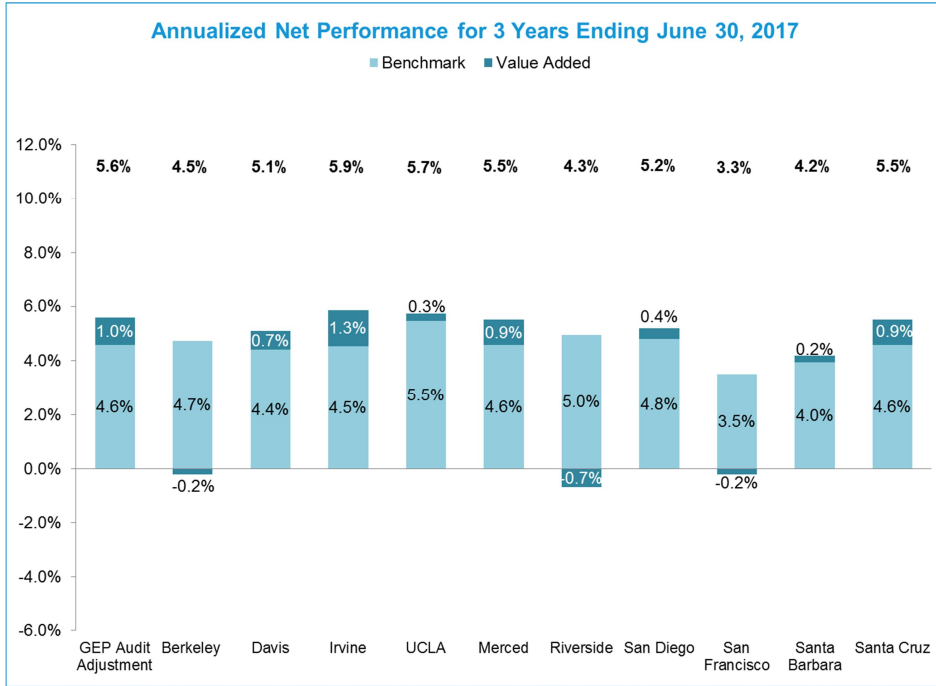
For the 10-, 7-, 5- and 3-year periods, most of the campus Foundations exceeded or closely tracked the universe median return. The Foundations' absolute returns were double digits and ranged from 13.1% to 19.1% for the 1-year period.

¹ Excluding UC Berkeley, UCLA and UCSF Investment Management Company fees.

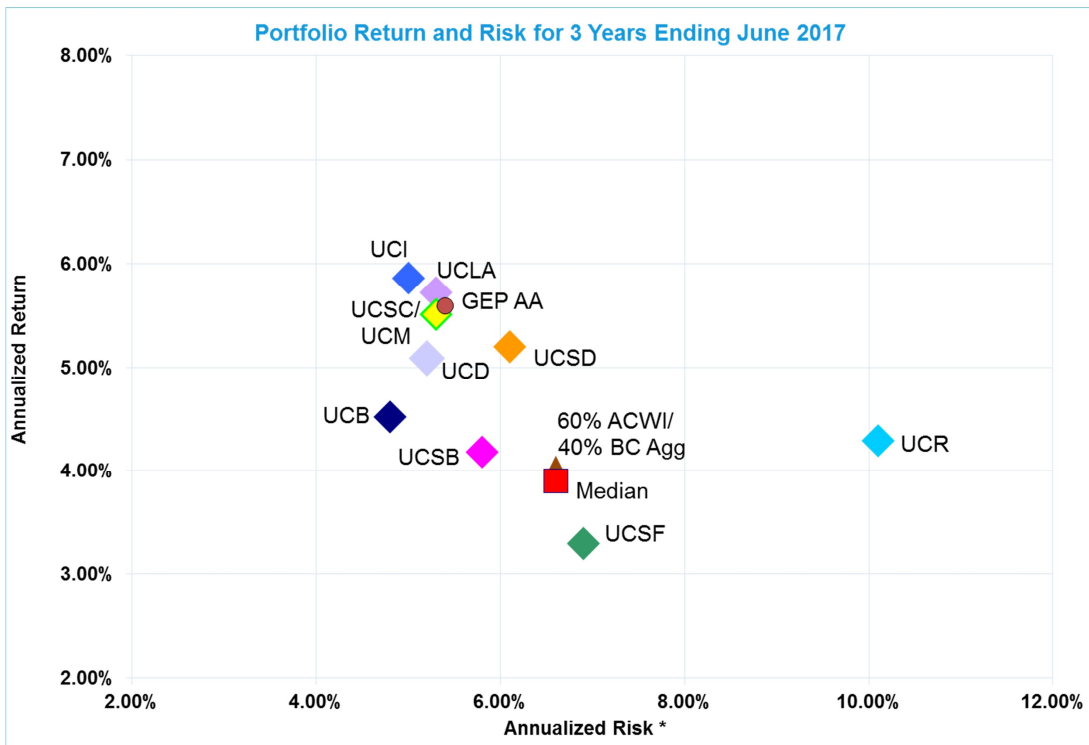
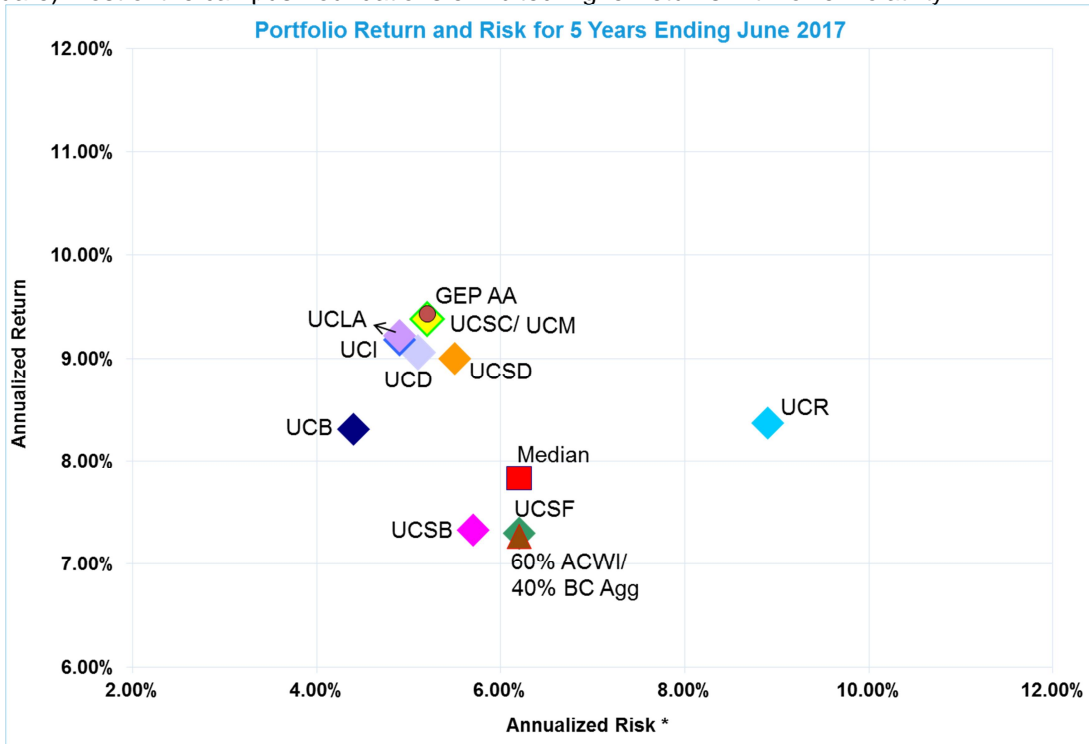
The graphs below show the absolute net returns of the campus Foundations and GEP, and the value added (excess returns) versus their respective policy benchmarks for the 10-, 5-, 3- and 1-year periods ending June 30, 2017.

Relative returns for the 10-, 7- and 3-year periods were mostly positive, as seven of the 10 Foundations outperformed or matched their respective benchmarks. One-year performance was very positive, as almost all of the campus Foundations provided positive excess returns.



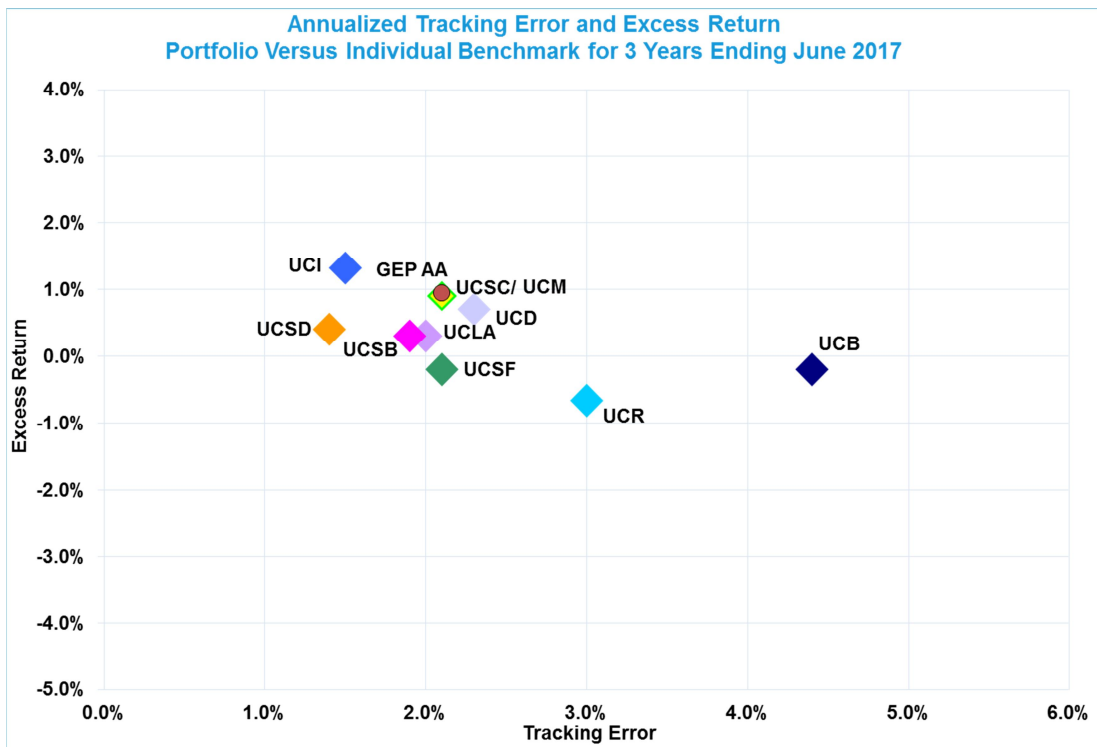
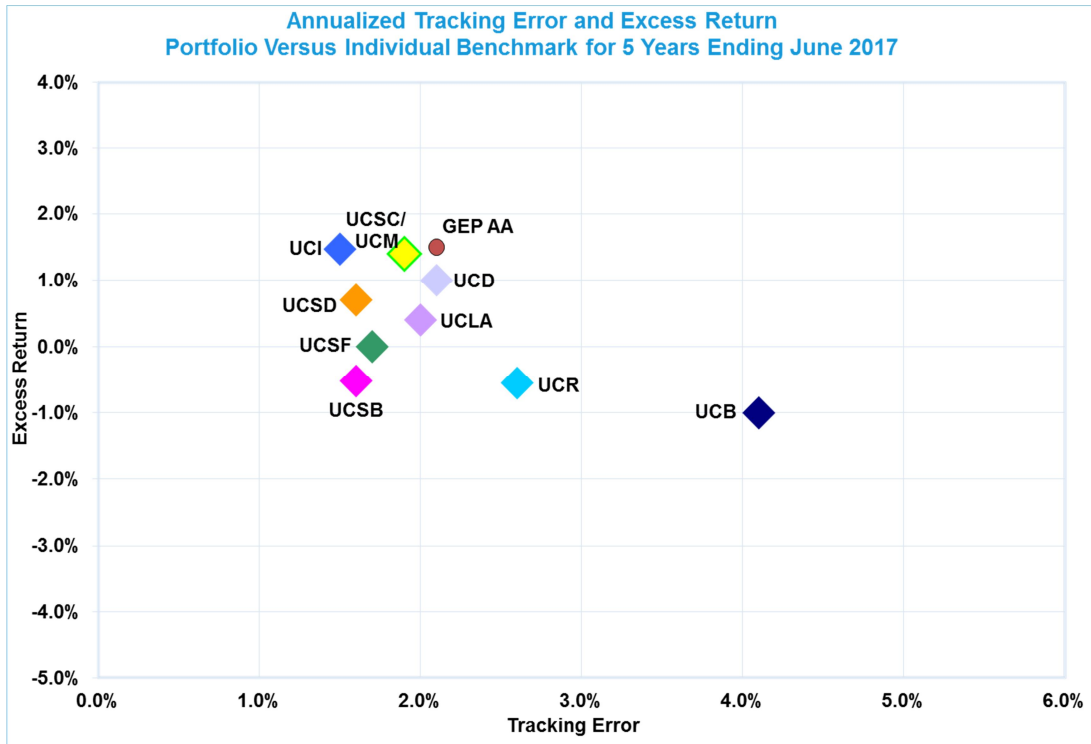


The scatter plot charts below show the annualized returns versus standard deviation (calculated with monthly returns) for the three- and five-year periods ending June 30, 2017. Relative to the E&F peer group median (red square) most of the campus Foundations exhibited higher returns with lower volatility.



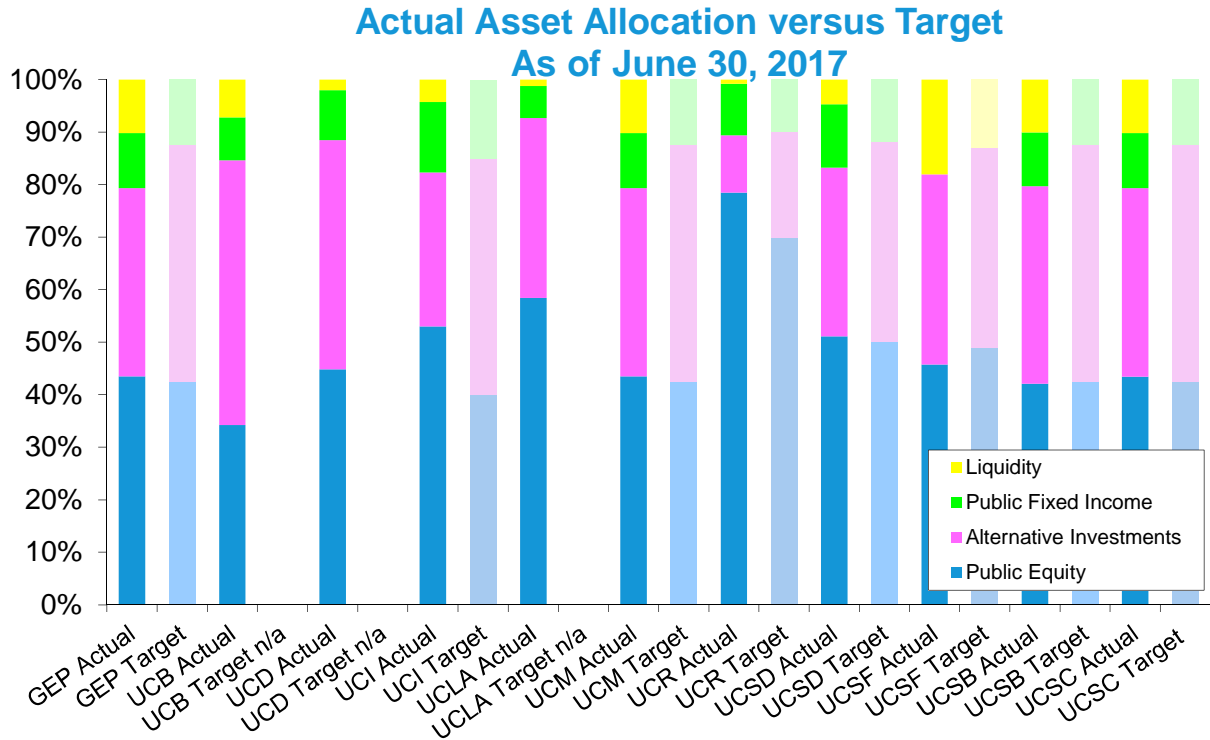
* (Annualized) Risk is defined as the annualized standard deviation calculated using monthly observations. This evaluation may understate the risk measures for non-public assets such as private equity and absolute return strategies for the following reasons: 1.) The assets are not priced daily; 2.) Returns are reported on a lagged basis. 3.) Most of the campus Foundations have significant portions of their endowments invested in non-public assets.

In addition, we evaluated the portfolios' active risk, which measures how closely the portfolios follow their specified benchmarks. The graphs below reflect excess returns versus the tracking error for the individual portfolios when compared to their respective benchmarks over 5- and 3-years ending June 30, 2017. For both periods, more than half of the campus Foundations outperformed or matched their respective benchmarks. All campus Foundations, except Berkeley, exhibited low to moderate active risk. Berkeley's asset class benchmarks do not roll up into the policy benchmark; therefore, it exhibited a high tracking error for both periods.



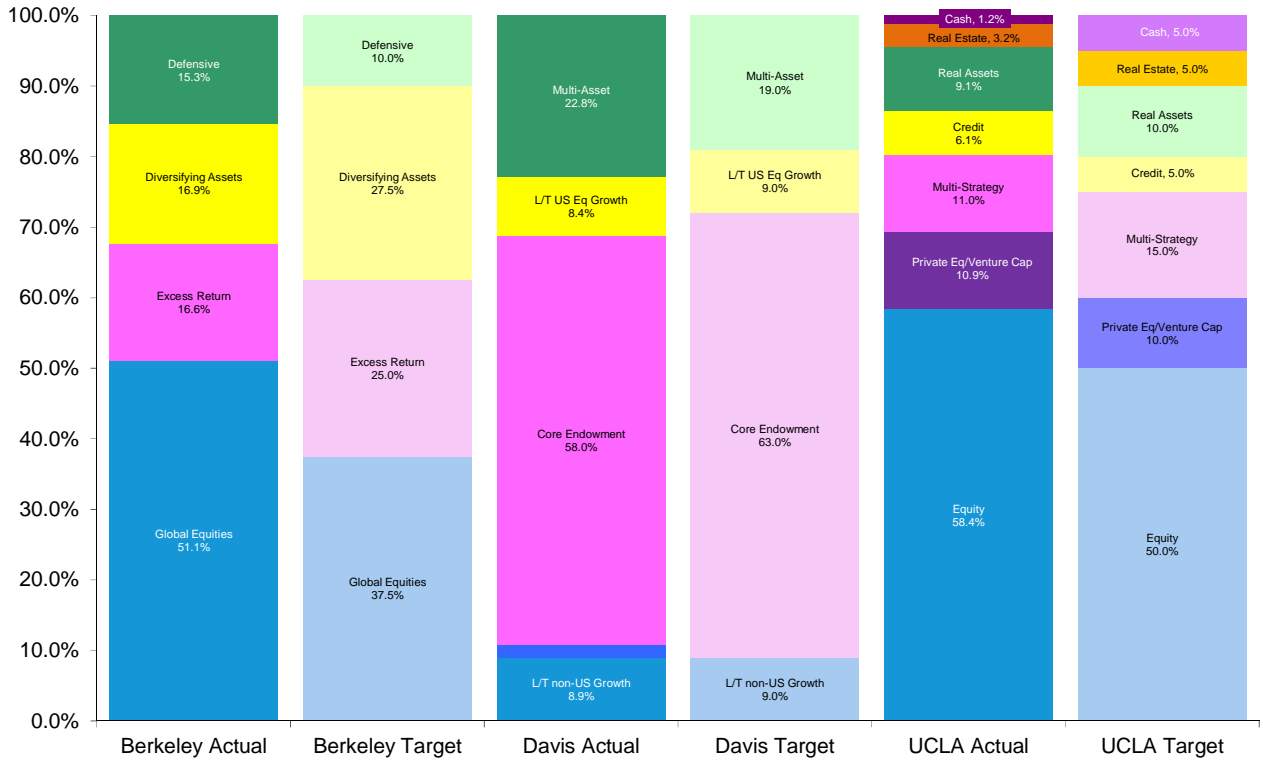
2.5 Asset Allocation Policy Compliance

Santa Barbara (effective July 1, 2015), Merced and Santa Cruz are invested 100% in GEP. The other seven campus Foundations have implemented their own individual investment policies. As of June 30, 2017, San Diego, Irvine and Davis allocated 55%, 40% and 23% respectively to GEP. An overview of the campus Foundations' actual asset allocation versus the individual targets is presented below.



Berkeley, Davis and UCLA use a strategy-based investment structure and have implemented multi-asset class portfolios. Their actual allocation versus the different investment types or strategies is presented in the chart below.

**Actual Allocation versus Target
As of June 30, 2017**



The following benchmarks are implemented on total fund level:

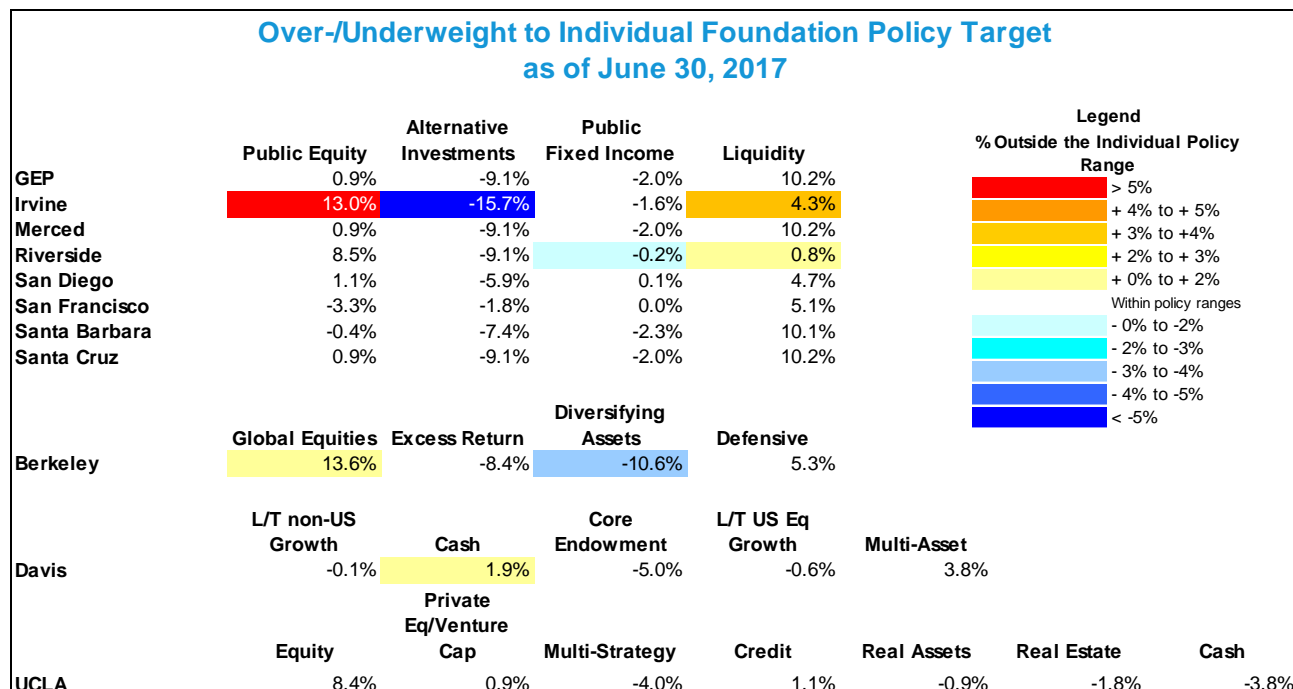
- Berkeley
 - 82.5% MSCI ACWI with USA Gross (Net) Index
 - 17.5% Barclays Treasury Index
- Davis
 - 63% GEM Policy Portfolio*
 - 19% GEP Policy Benchmark*
 - 9% Russell 3000 Tobacco-Free Index
 - 9% MSCI EAFE Tobacco-Free + Canada Index
- UCLA
 - 30% Russell 3000 Index
 - 15% Citigroup 3-month Treasury Bill Index X 2
 - 10% Cambridge Associates LLC U.S. Private Equity Index
 - 20% MSCI All Country World Ex-US Index
 - 5% Citigroup 3-month Treasury Bill Index (Cash)
 - 5% Merrill Lynch High Yield Master II Index
 - 5% NCREIF Property Index
 - 10% Consumer Price Index for All Urban Consumers (annualized CPI-U) + 6%

* Index composition details shown in Section 4.3 on page 54

During the fiscal year, the following campus Foundations made changes to their investment policy statements:

- UC Regents' GEP (including UC Merced, UC Santa Barbara and UC Santa Cruz)
 - July 1, 2016 – New Policy Targets
- UC Davis
 - May 5, 2017 – Updated to reflect the new Foundation Board Structure outlined in the new bylaws enacted July 1, 2016. The bylaws move fiduciary responsibility from the full board to Executive Trustees. The changes do not impact the investment strategy. Other changes updated the verbiage from “UC Treasurer’s Office” to “UC Office of the Chief Investment Officer.” The remaining changes were cosmetic.
- UC Irvine
 - May 17, 2017 – Outlined roles & responsibilities, made entire document more concise.
- UC Los Angeles
 - March 14, 2017 – Revised to expand the range of exposure for Real Assets from 0-10% to 0-15% to ensure that IC can express an overweight exposure relative to the 10% benchmark weight.
- UC Riverside
 - November 1, 2016 – Policy Benchmark Change
 - June 1, 2017 – Policy Benchmark Change
- UC San Diego
 - November 30, 2016 – Streamlined asset classes and minor changes to targets and ranges.

The following table reflects the difference between the actual asset allocation as of June 30, 2017, and the target policy allocation defined in the investment policy statement for each campus Foundation. Any exposure outside the individual policy ranges is shaded, and the heat map on the right side shows by how much.



The exposures outside of the policy ranges shown on the chart above are minor, with the exception of UC Irvine.

UC Irvine underwent an asset allocation study and made changes to the portfolio last fiscal year. The overweight allocation to public equity will continue as the alternative program is built out. UC Irvine continues to evaluate additional alternative investment opportunities. UC Irvine's policy has a target of 0% cash and no definitive range. The 4.3% allocation to cash was due to investments in the GEP cash and STIP.

UC Riverside's allocation to Public Fixed Income was 0.2% below the minimum target range of 10%, which is minor. Its policy has a target of 0% cash and no definitive range; the 0.8% allocation in cash is small.

UC Berkeley's allocation to Global Equities was 1.1% above the maximum target range of 50% and the allocation to Diversifying Assets was 3.1% below the minimum target range of 20%.

UC Davis' policy has a target of 0% cash and no definitive range, the 1.9% allocation in cash was due to investments in the Regents' STIP.

2.6 Spending Policies

The table below shows a summary of the endowment spending policies for each campus Foundation.

Endowment Spending Policies by Foundation*	
Regents' GEP	Annual spending shall be calculated as: a percentage times the average of the past 60 months market value of endowment assets, where the percentage may range between 4.35% and 4.75%, inclusive. Even with this smoothing of the impact of investment returns, there is a possibility that both nominal and inflation adjusted spending may experience year-to-year declines.
Berkeley	The Foundation's payout policy is 4.0% - 5.0% of a twelve-quarter (three years) moving average market value of the endowment pool. The Finance and Administration Committee, at its discretion, may recommend to the Executive Committee payout percentage within a range of 4.0% to 5.0% for a specific payout year.
Davis	The primary objective of the UC Davis Foundation's endowment spending policy is to achieve a proper balance between present and future needs of endowed units at UC Davis. The current approved spending rate is 4.25% of the average of the prior 60-month-end market values of each endowment fund, for the period ending March 31. Payouts are pro-rated for new endowments and may be reduced on endowments that are more than 5% underwater for the period ending March 31.
Irvine	The endowment fund spending policy allows for allocation of income equivalent to 4.5% of the moving average market value of the endowment portfolio. This average market value is computed using the previous 36 months of portfolio activity. Income earned in excess of the spending rate may be reinvested in endowment principal. Income available for expenditure is calculated according to a predetermined formula.
Los Angeles	In 2017, The UCLA Foundation endowment spending rate was 4.50% of a 12 quarter rolling average market value, calculated quarterly. The UCLA Foundation approved endowment spending policy for fiscal 2018 is 4.30% of a 12 quarter rolling average.
Merced	The spending policy of the UC Merced Foundation is to provide 100% of the endowment earnings up to a maximum spending payout rate of 4.75% of the 60-month average unit market value for the period ending December 31st.
Riverside	The endowment spending policy applicable to FYE 2017 was to withdraw per unit 4% of the average unit market value of the endowment fund calculated using the closing unit market value on the last day of each of the 84 contiguous months the last of which ended on May 31, 2017.
San Diego	Endowment spending during fiscal year 2016-17 was calculated using a predetermined formula at an amount equal to 4.75% of the 60-month average unit market value of the endowment portfolio. Spending is allocated to fund holders monthly.
San Francisco	The Foundation payout policy guideline is to distribute 4.75% of the 36 month rolling average unitized market value of the Endowment Pool. The payout will not exceed 6% nor be less than 3.5% of the ending market value on the last day of the fiscal year for which it is being calculated. The payout will be reviewed annually, which may result in modification. In determining the annual payout, the Foundation will consider factors such as stability of fund flows to operations and preservation of endowment principal, in addition to the guideline formula.
Santa Barbara	Endowment spending during fiscal year 2016-2017 was calculated using a predetermined formula at an amount equal to 4.5% of the 60-month average unit market value of the endowment portfolio as of December 31, 2015. To the extent requested by the Fund Administrator, spending was allocated to fund holders in September (40%) and April (60%).
Santa Cruz	The UC Santa Cruz Foundation endowment expenditure rate approved February 2016 is 4.75% times a three-year moving average of December 31 market values. In the event the market value of an endowment is below the amount of the original gift adjusted by the Gross Domestic Product (GDP) price index at December 31, the endowment expenditure rate approved February 2016 is 2.75% of the December 31 market value, unless specific language of the endowment agreement allows otherwise. The endowment expenditure formula is reviewed annually and adjusted accordingly with respect to prudent concern for campus needs, donor expectations, and current market conditions.

Note: Updates provided by the campus Foundations are reflected above up to the time this report was produced.

UCLA decreased the spending policy to 4.50% of a 12 quarter rolling average for fiscal year 2017 from 4.54% of a 12 quarter rolling average in fiscal year 2016.

UC Santa Barbara decreased the spending policy to 4.5% of the 60 month unit market value in fiscal year 2017 from 4.65% in the previous fiscal year.

UC Santa Cruz increased the spending policy to 4.75% times a three-year moving average for fiscal year 2017 from 4.65% times the three-year moving average in fiscal year 2016 and had some changes to the Spending Policy language.

UC Merced had some changes to the Spending Policy language.

3 Investment Profiles for Campus Foundations

The following section contains a summary for each campus Foundation and GEP which includes:

- Investment Objectives
- Spending Policy
- Actual vs. Policy Target Allocations and Ranges
- Investment Performance
- Asset Allocation by Asset Class
- Rolling 1-Year Excess Return

UC REGENTS' GENERAL ENDOWMENT POOL (GEP)

Regents' GEP Investment Objective

The overall investment goal of the GEP is to preserve the purchasing power of the future stream of endowment payout for those funds and activities supported by the endowments, and to the extent this is achieved, cause the principal to grow in value over time. Other goals include:

- To maximize return within reasonable and prudent levels of risk
- To maximize the value of the endowment while maintaining liquidity needed to support spending in prolonged down markets.

Regents' GEP Spending Policy

Annual spending shall be calculated as: a percentage times the average of the past 60 months market value of endowment assets, where the percentage may range between 4.35% and 4.75%, inclusive. Even with this smoothing of the impact of investment returns, there is a possibility that both nominal and inflation adjusted spending may experience year-to-year declines.

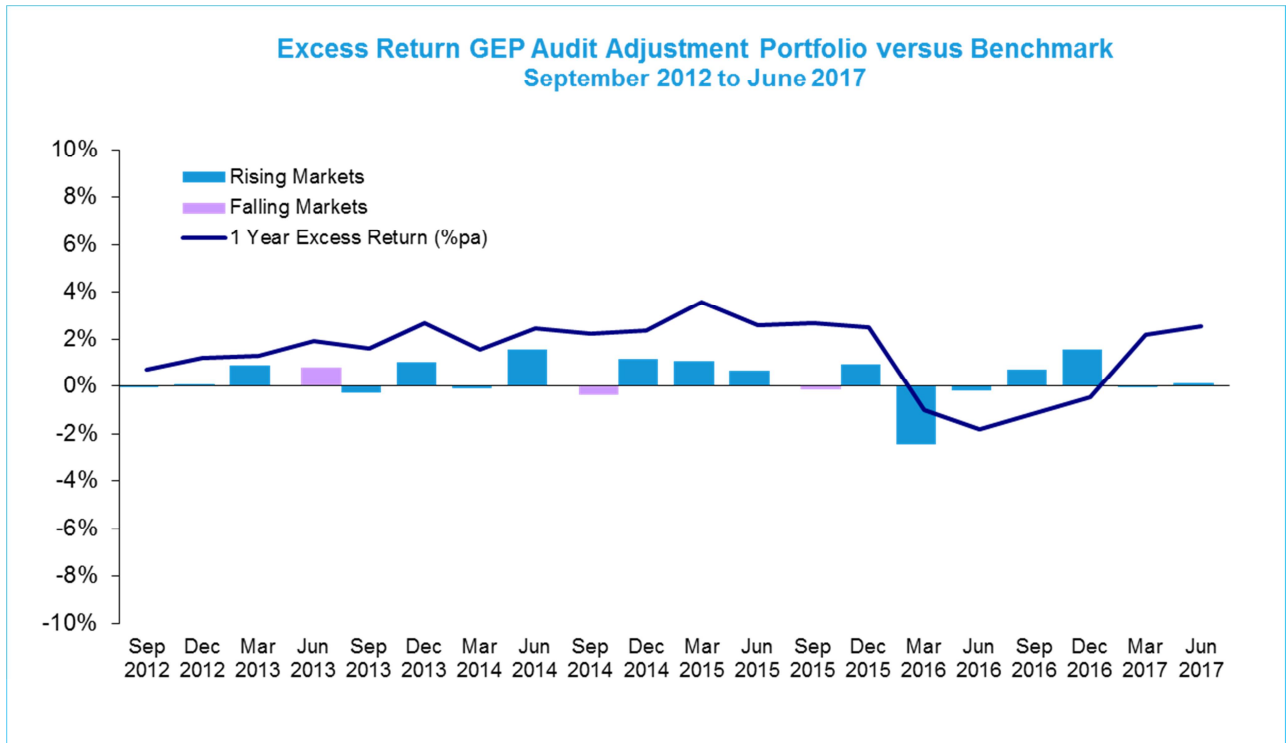
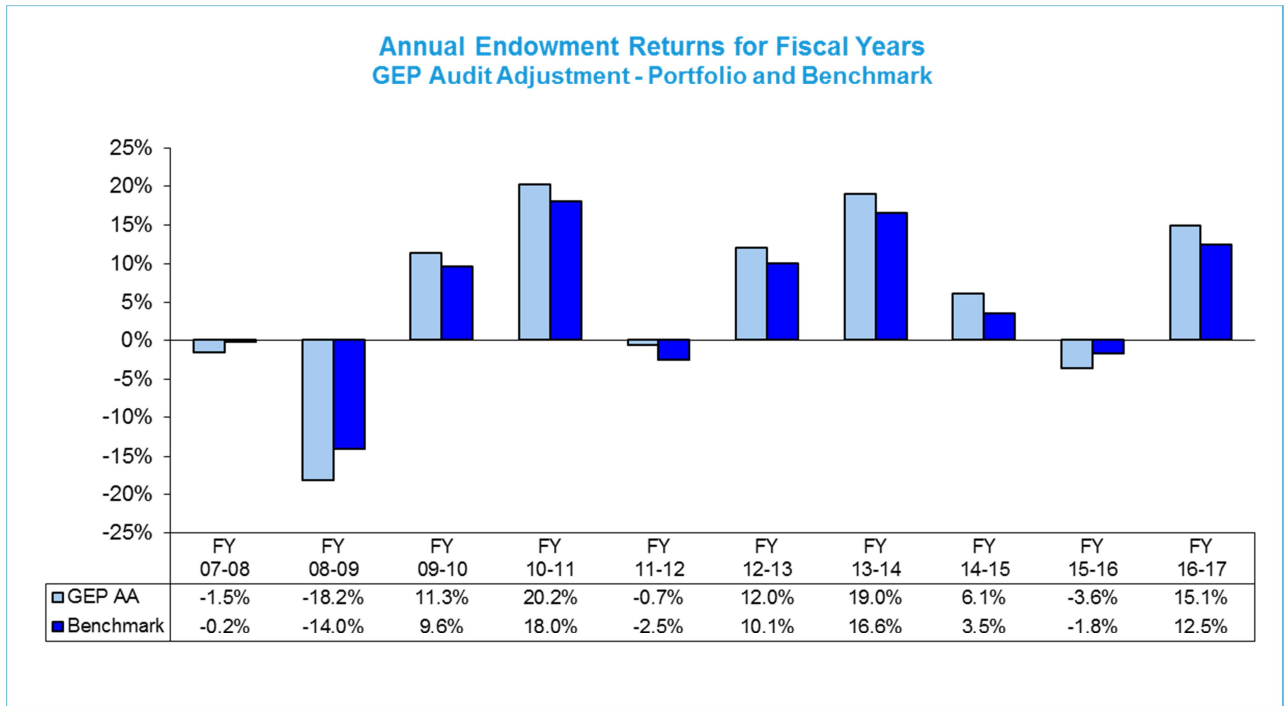
University of California Regents, General Endowment Pool

Asset Allocation

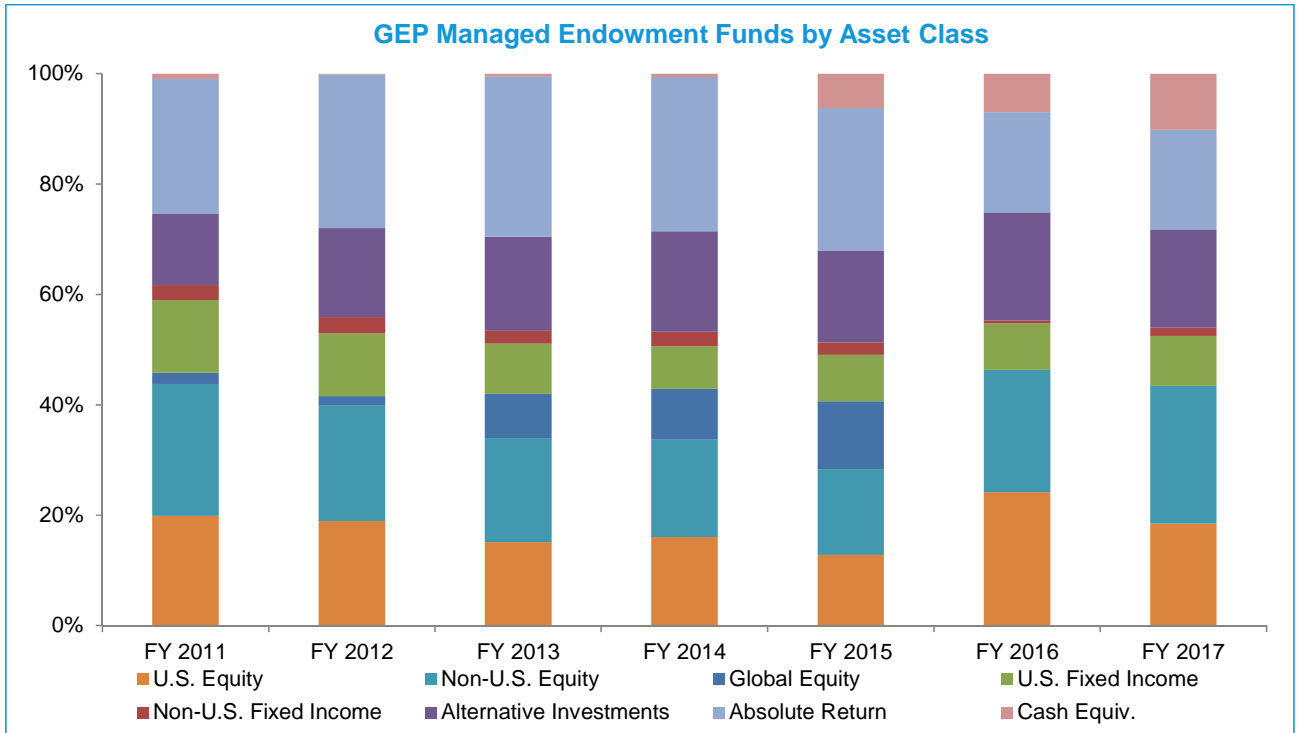
June 30, 2017

	Assets (\$M)	Actual Allocation	Target Policy Allocation	Variance from Target Policy Allocation	Policy Range		Policy Range Compliance (Actual Allocation)
Public Equity	\$4,670	43.4%	42.5%	0.9%	32.5%	52.5%	Yes
Public Fixed Income	\$1,131	10.5%	12.5%	-2.0%	7.5%	17.5%	Yes
All Alternative Inv.	\$3,855	35.9%	45.0%	-9.1%	30.0%	60.0%	Yes
Liquidity Portfolio	\$1,096	10.2%	0.0%	10.2%	0.0%	15.0%	Yes
Total Assets	\$10,752	100.0%					

UC REGENTS' GENERAL ENDOWMENT POOL (GEP)



UC REGENTS' GENERAL ENDOWMENT POOL (GEP)



UNIVERSITY OF CALIFORNIA, BERKELEY FOUNDATION

Endowment Investment Objective

There are three intersecting goals for the UC Berkeley Foundation ("UCBF") endowment pool:

- 1) Support UCB - Generate returns sufficient to meet UCBF's desired financial support to UC Berkeley over the long term, while maintaining real purchasing power, sufficient liquidity and acceptable volatility.
- 2) Market Returns - Generate results after all relevant expenses, that match or exceed the returns of a representative mix of investable assets, known as the Total Portfolio Benchmark, over rolling ten year periods.
- 3) Manager Selection - Demonstrate success in selecting investments, as measured by comparing performance after all relevant expenses versus the return and volatility measures of other investable options over rolling five year periods.

Endowment Spending Policy

The Foundation's payout policy is 4.0% - 5.0% of a twelve-quarter (three years) moving average market value of the endowment pool. The Finance and Administration Committee, at its discretion, may recommend to the Executive Committee payout percentage within a range of 4.0% to 5.0% for a specific payout year.

University of California, Berkeley Foundation Portfolio Asset Allocation June 30, 2017

	Assets (\$M)	Actual Allocation	Target Policy Allocation	Variance from Target Policy Allocation	Policy Range		Policy Range Compliance (Actual Allocation)
Global Equities	\$918	51.2%	37.5%	13.7%	30.0%	50.0%	1.2%
Diversifying Assets	\$304	16.9%	27.5%	-10.6%	20.0%	35.0%	-3.1%
Excess Return	\$297	16.6%	25.0%	-8.4%	0.0%	30.0%	Yes
Defensive	\$275	15.3%	10.0%	5.3%	5.0%	25.0%	Yes
Total Assets	\$1,795	100.0%	100.0%				

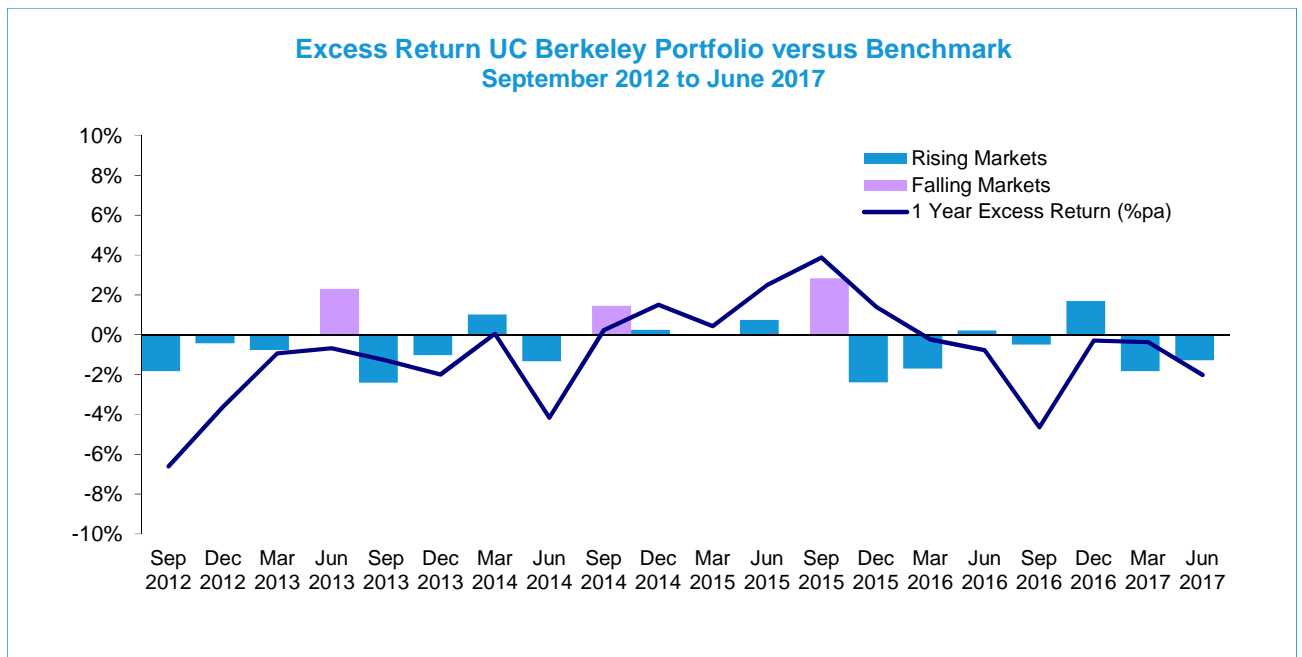
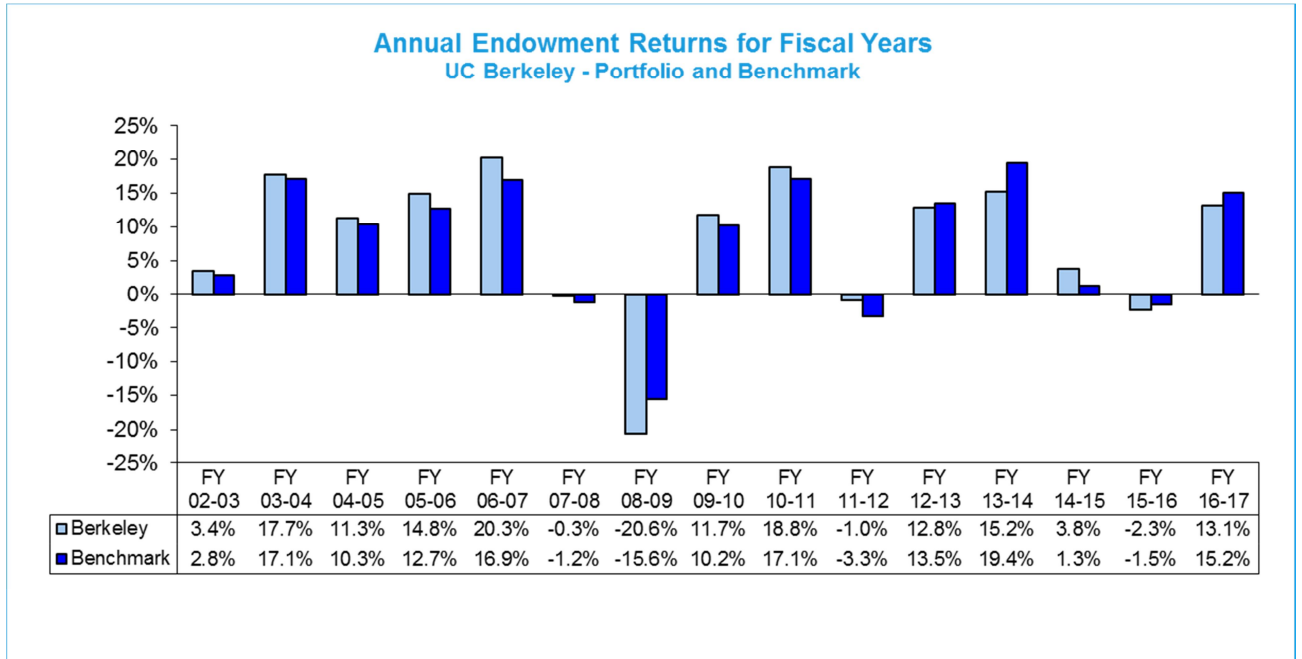
As of March 1, 2011 UCB implemented a new Investment Policy moving to a multi-asset class portfolio approach. The policy targets and ranges are reported on the level of the employed asset categories.

Notes:

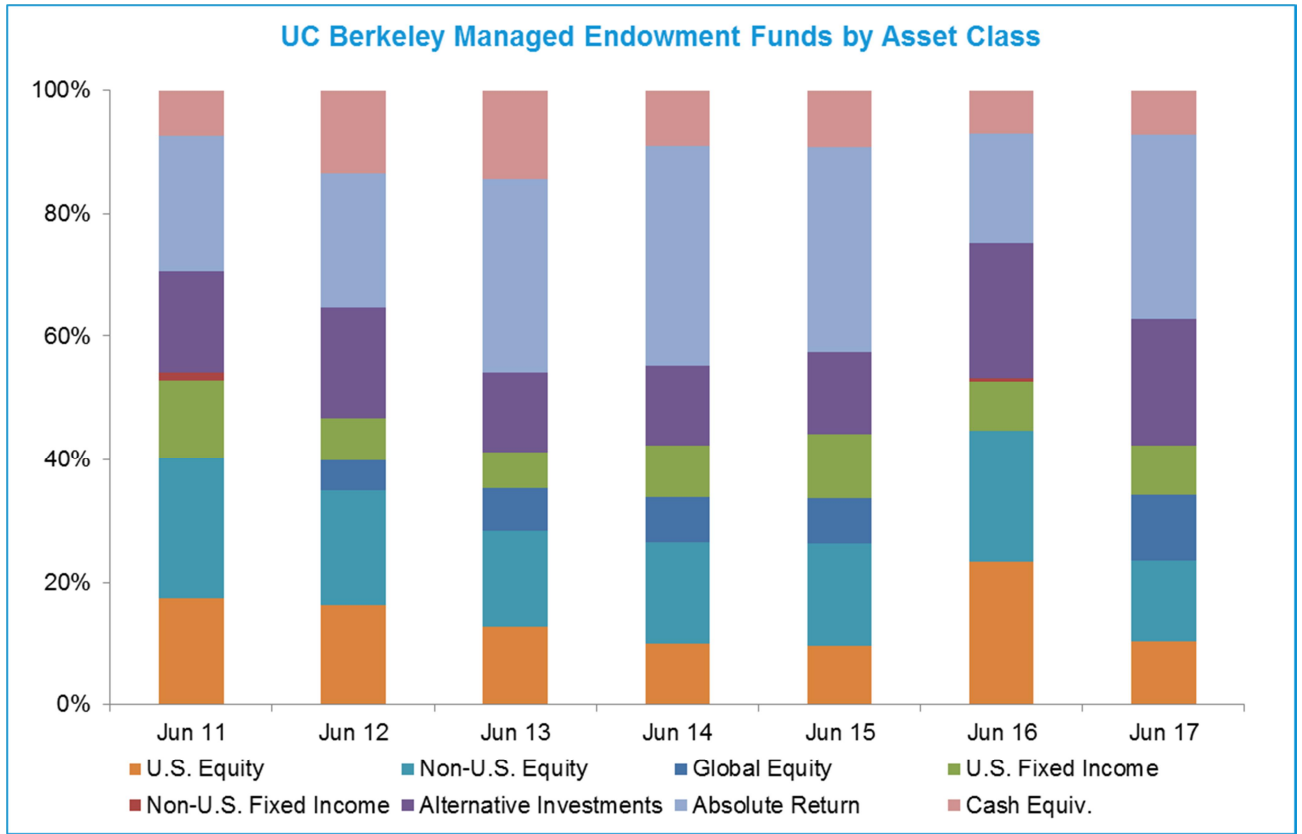
The asset class benchmarks do not roll up into the policy benchmark.

The total fund benchmark reflects 82.5% MSCI ACWI with USA Gross (net) and 17.5% Barclays Treasury.

UNIVERSITY OF CALIFORNIA, BERKELEY FOUNDATION



UNIVERSITY OF CALIFORNIA, BERKELEY FOUNDATION



Note: Absolute Return includes Equity Long/Short Hedge Funds (16.9% as of 6/30/17) and Absolute Return Hedge Funds (13.2% as of 6/30/17).

UC DAVIS FOUNDATION

Endowment Investment Objective

The Fund seeks future long-term growth of investments, at an acceptable risk level, sufficient to offset reasonable spending plus normal inflation, thereby preserving the purchasing power of the Fund for future generations.

Endowment Spending Policy

The primary objective of the UC Davis Foundation's endowment spending policy is to achieve a proper balance between present and future needs of endowed units at UC Davis. The current approved spending rate is 4.25% of the average of the prior 60-month-end market values of each endowment fund, for the period ending March 31. Payouts are pro-rated for new endowments and may be reduced on endowments that are more than 5% underwater for the period ending March 31.

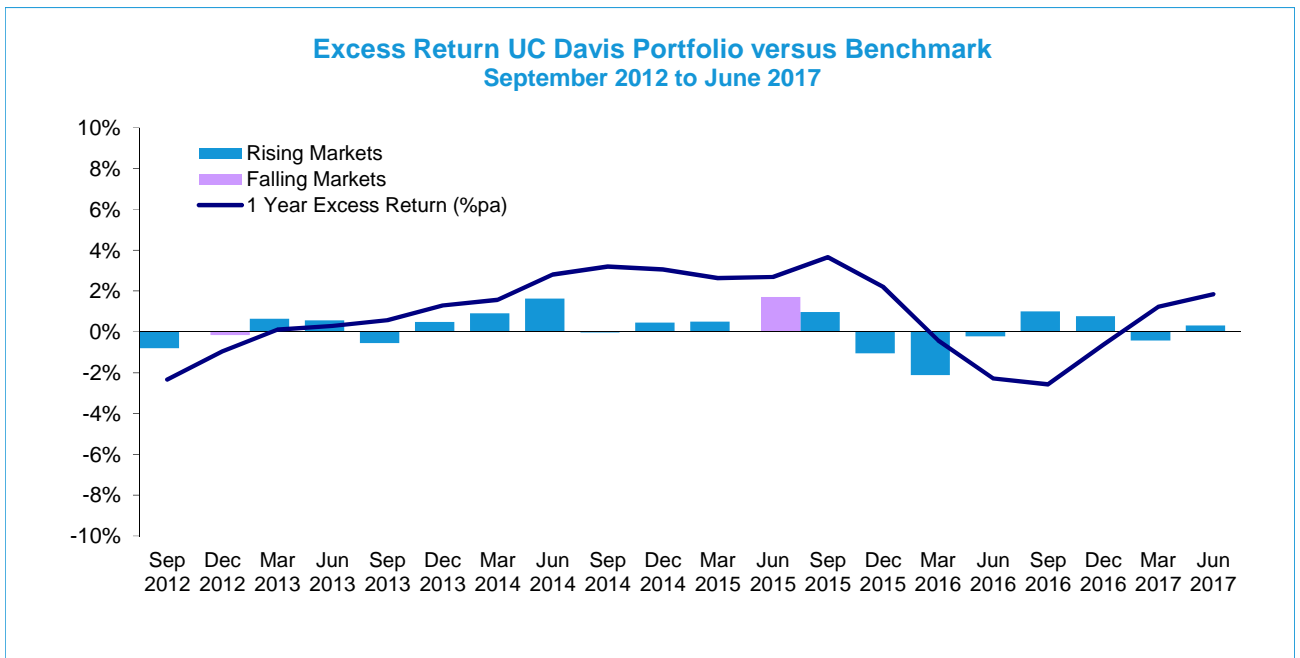
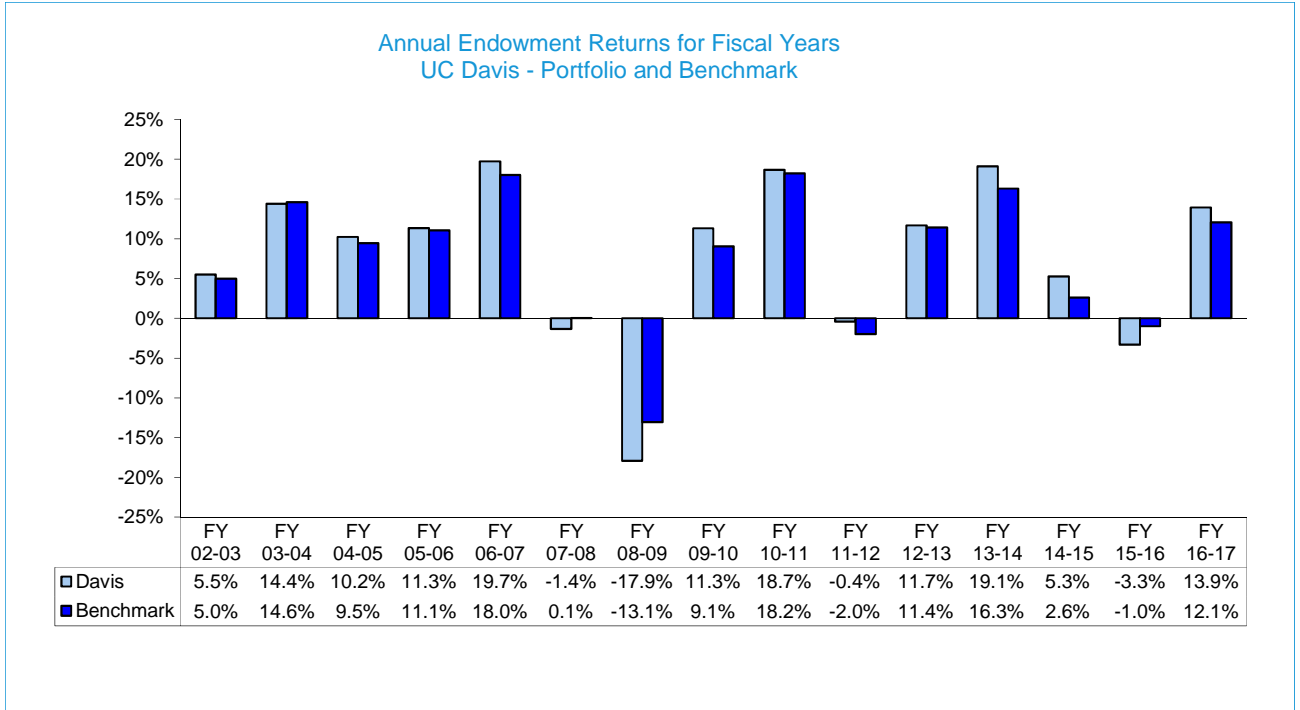
University of California, Davis Foundation Portfolio Asset Allocation June 30, 2017

	Assets (\$M)	Actual Allocation	Target Policy Allocation	Variance from Target Policy Allocation	Policy Range		Policy Range Compliance (Actual Allocation)
Core Endowment	\$231	58.0%	63.0%	-5.0%	50.0%	76.0%	Yes
Multi-Asset	\$91	22.8%	19.0%	3.8%	7.0%	31.0%	Yes
L/T US Eq Growth	\$34	8.4%	9.0%	-0.6%	3.0%	15.0%	Yes
L/T non-US Growth	\$36	8.9%	9.0%	-0.1%	3.0%	15.0%	Yes
Cash	\$7	1.9%	0.0%	1.9%			
Total Assets	\$398	100.0%	100.0%				

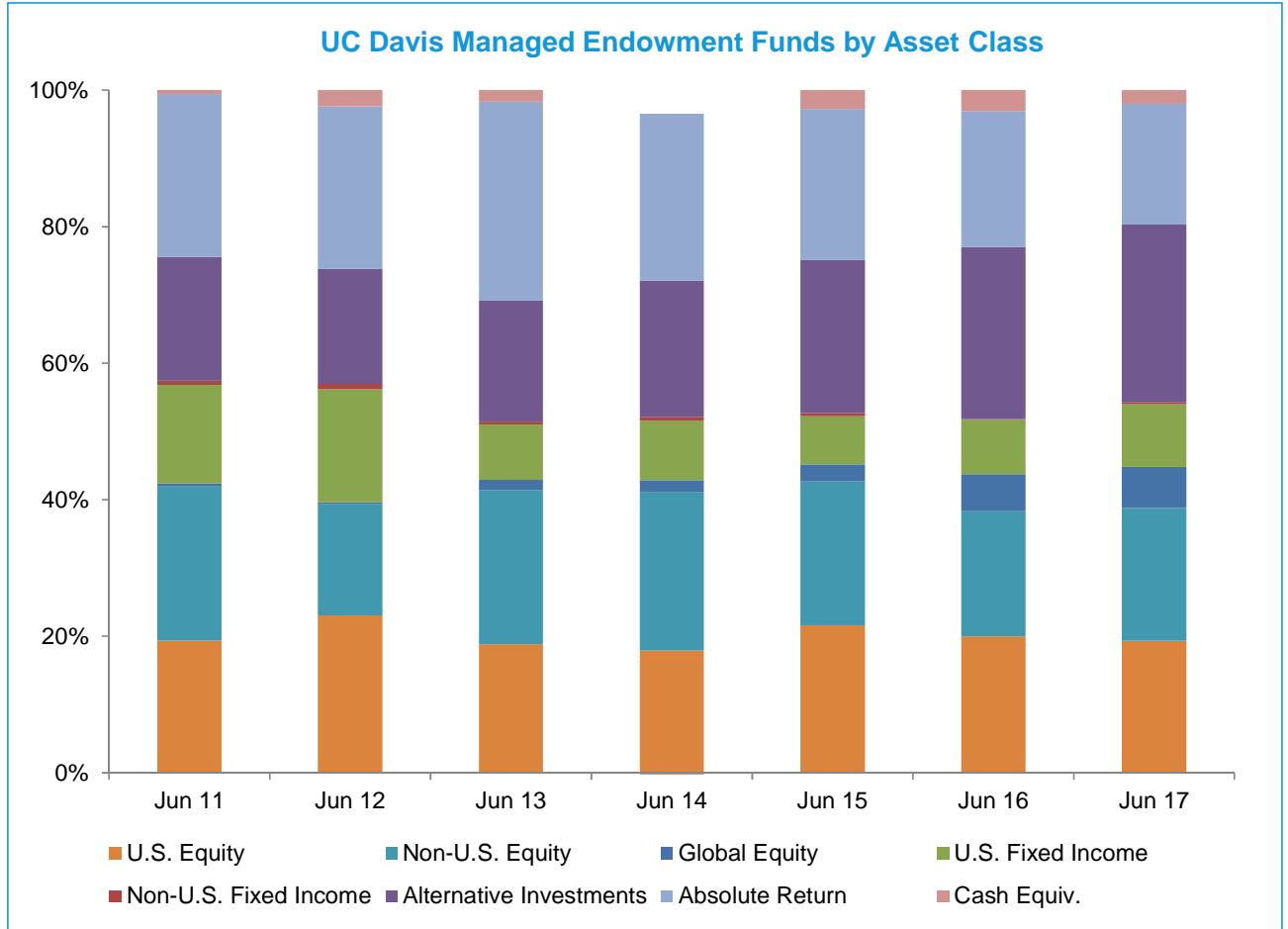
As of January 1, 2011, UCD implemented a new Investment Policy moving to a multi-asset class portfolio approach. Prior to January 1, 2011, UCD was invested 100% in GEP. The policy targets and ranges are reported on the level of the employed asset categories.

At June 30, 2017, the Foundation held \$7.4 million of its endowment investments in cash within STIP. Due to the nature of the endowment, the \$7.4 million is included in the UC Davis Foundation Endowment Fund (UCDFEF) on the balance sheet.

UC DAVIS FOUNDATION



UC DAVIS FOUNDATION



Note: UC Davis' actual asset allocation for the Liquidity Portfolio was -3.7% as of 6/30/14.

UNIVERSITY OF CALIFORNIA, IRVINE FOUNDATION

Endowment Investment Objective

The Irvine Foundation's investment objective for its endowment portfolio is to maximize long-term total return, with a total return objective (net of fees), measured over a full market cycle, of not less than the rate of inflation as measured by the CPI, plus 500 basis points. Ideally, total return should exceed market performance. The investment policy is 20% US Equity, 20% Non-US Equity, 20% Absolute Return, 15% Fixed Income, 15% Private Equity and Venture Capital, 10% Real Assets, and 0% Cash.

Endowment Spending Policy

The endowment fund spending policy allows for allocation of income equivalent to 4.5% of the moving average market value of the endowment portfolio. This average market value is computed using the previous 36 months of portfolio activity. Income earned in excess of the spending rate may be reinvested in endowment principal. Income available for expenditure is calculated according to a predetermined formula.

University of California, Irvine Foundation Portfolio

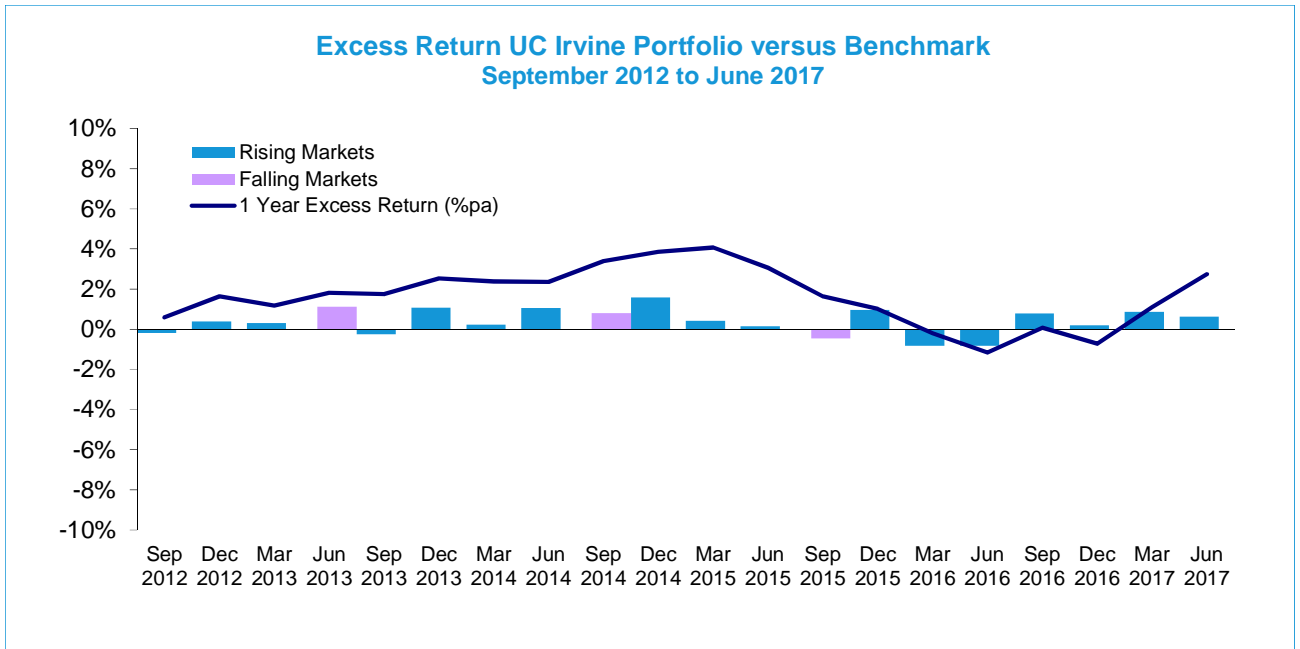
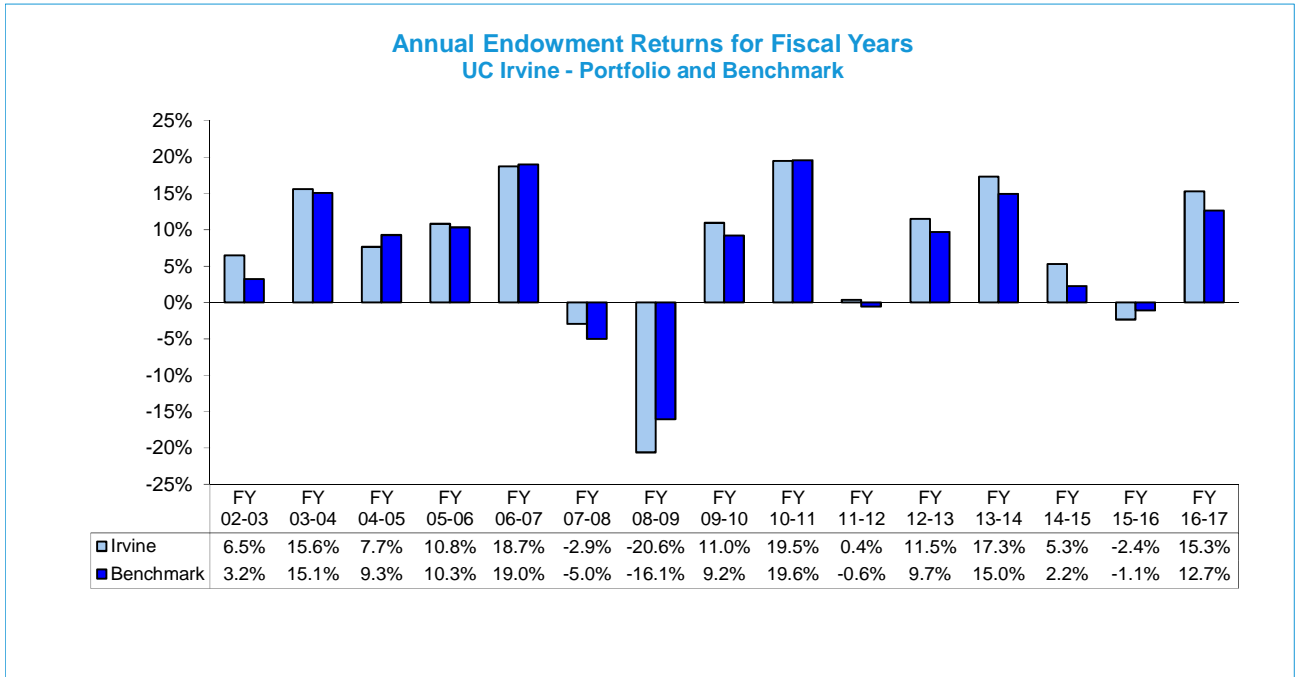
Asset Allocation

June 30, 2017

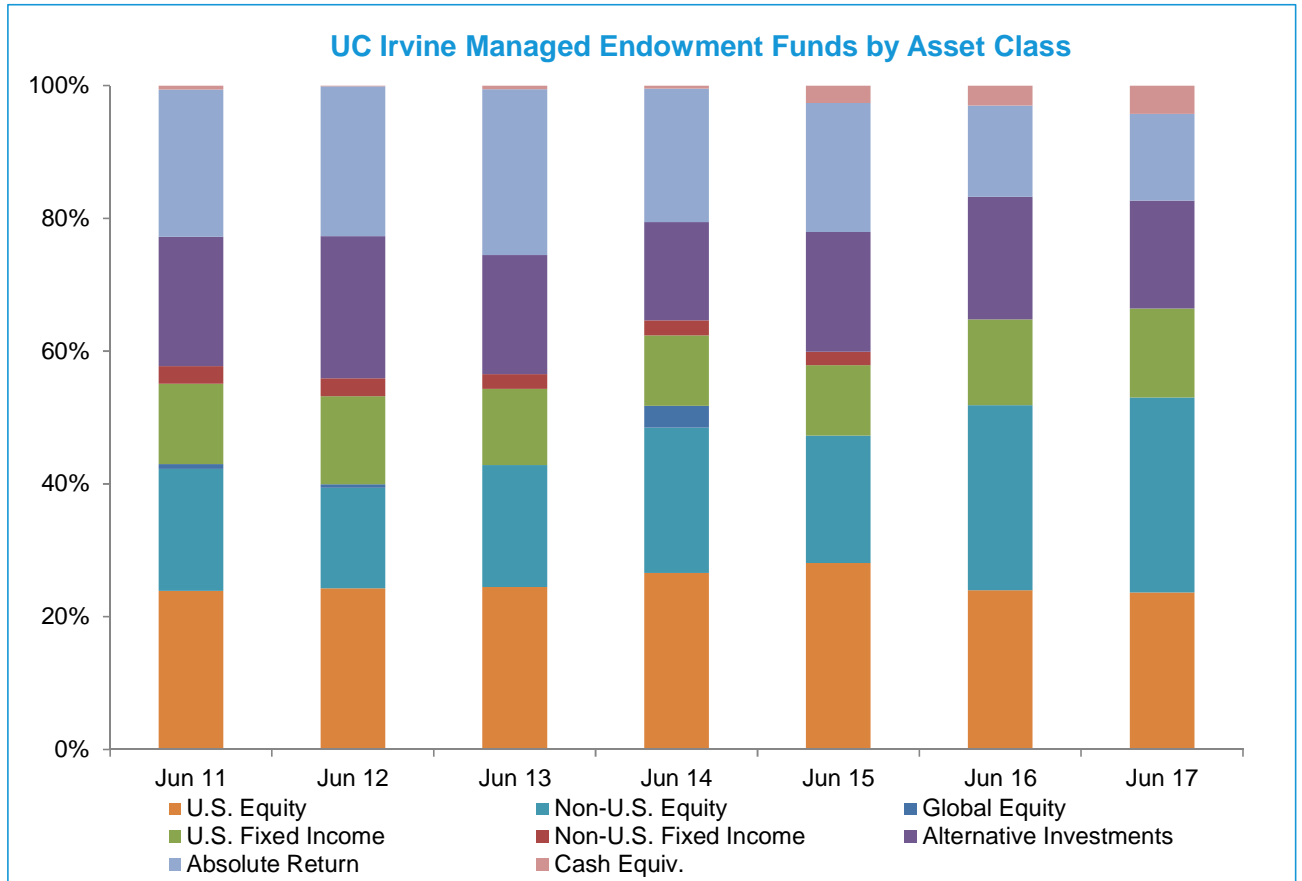
	Assets (\$M)	Actual Allocation	Target Policy Allocation	Variance from Target Policy Allocation	Policy Range		Policy Range Compliance (Actual Allocation)
Public Equity	\$193	53.0%	40.0%	13.0%	35.0%	45.0%	8.0%
Public Fixed Income	\$49	13.4%	15.0%	-1.6%	10.0%	20.0%	3.4%
All Alternative Inv.	\$107	29.3%	45.0%	-15.7%	40.0%	50.0%	-10.7%
Liquidity Portfolio	\$16	4.3%	0.0%	4.3%	0.0%	0.0%	4.3%
Total Assets	\$364	100%	100%				

UC Irvine underwent an asset allocation study and made changes to the portfolio last fiscal year. The overweight allocation to public equity will continue as the alternative program is built out. UC Irvine continues to evaluate additional alternatives investment opportunities. UC Irvine's policy has a target of 0% cash and no definitive range. The 4.3% allocation to cash was due to investments in the GEP cash and STIP.

UNIVERSITY OF CALIFORNIA, IRVINE FOUNDATION



UNIVERSITY OF CALIFORNIA, IRVINE FOUNDATION



THE UCLA FOUNDATION

Endowment Investment Objective

The primary investment objective of the Foundation endowment is to earn an average annual real total return of at least 5% per year over the long term, net of cost. Attainment of this objective will enable the University to maintain the purchasing power of endowment assets in perpetuity and meet its current spending policy.

A secondary investment objective of the endowment is to outperform over the long term (defined as rolling five-year periods) a blended custom benchmark based on a current asset allocation policy of: 30% Russell 3000, 15% Citigroup 3 Month Treasury Bill Index X2, 10% Cambridge Associates LLC U.S. Private Equity Index, 20% MSCI All Country World Ex-US Index, 5% Citigroup 3 Month Treasury Bill Index (Cash), 5% Merrill Lynch High Yield Master II Index, 5% NCREIF Property Index, and 10% Consumer Price Index for All Urban Consumers (annualized CPI-U) + 6%.

Endowment Spending Policy

In 2017, The UCLA Foundation endowment spending rate was 4.50% of a 12 quarter rolling average market value, calculated quarterly. The UCLA Foundation approved endowment spending policy for fiscal 2018 is 4.30% of a 12 quarter rolling average.

University of California, Los Angeles Foundation Portfolio

Asset Allocation

June 30, 2017

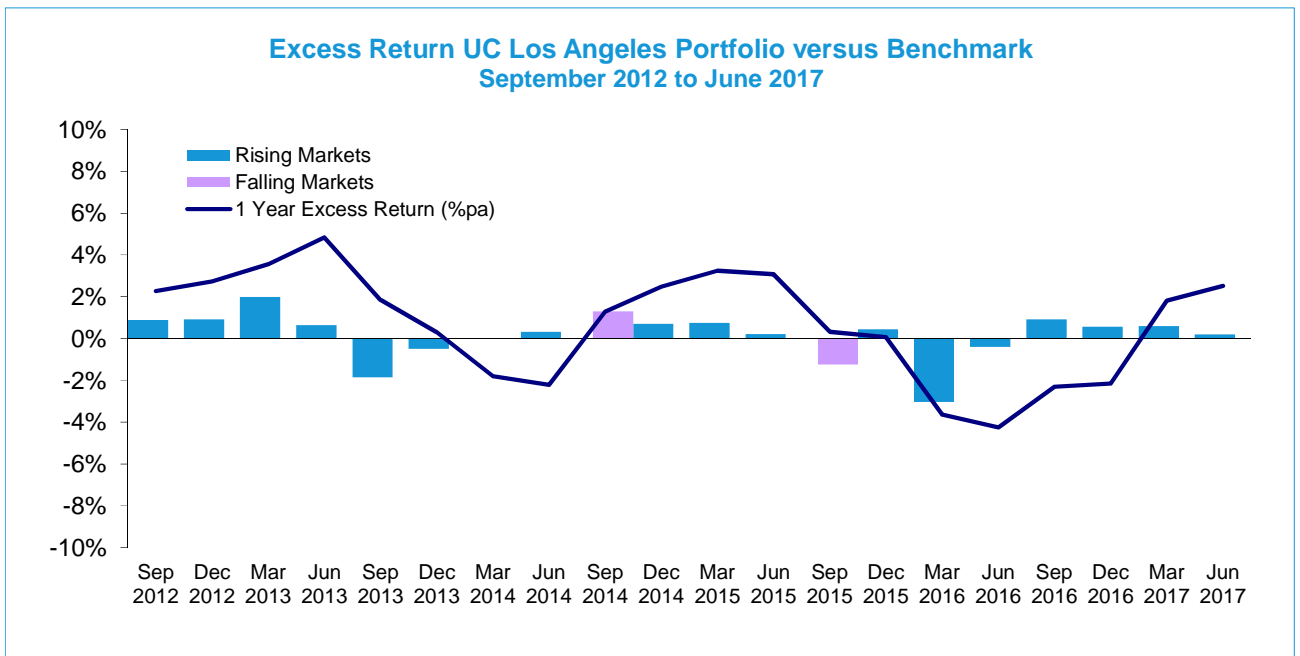
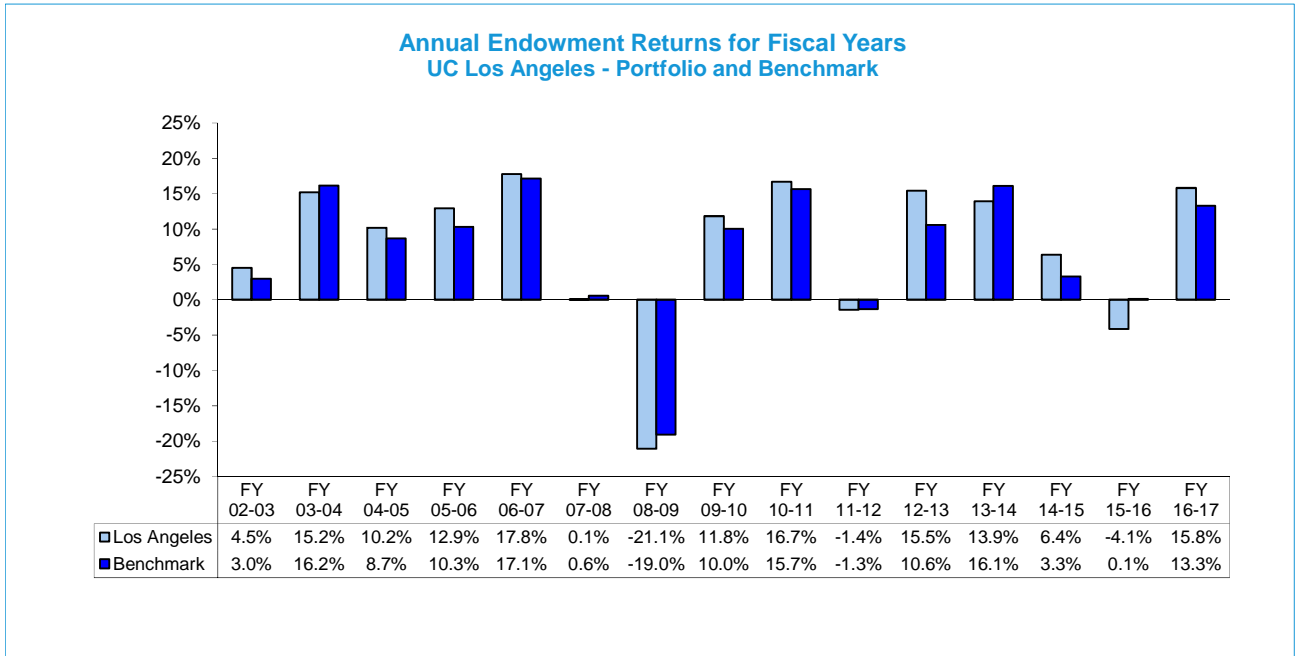
	Assets (\$M)	Actual Allocation	Target Policy Allocation	Variance from Target Policy Allocation	Policy Range		Policy Range Compliance (Actual Allocation)
Equity ¹	\$1,205	58.4%	50.0%	8.4%	30.0%	75.0%	Yes
Private Eq/Venture Cap	\$226	10.9%	10.0%	0.9%	0.0%	25.0%	Yes
Multi-Strategy	\$226	11.0%	15.0%	-4.0%	5.0%	20.0%	Yes
Credit	\$126	6.1%	5.0%	1.1%	0.0%	15.0%	Yes
Real Assets	\$188	9.1%	10.0%	-0.9%	0.0%	15.0%	Yes
Real Estate	\$66	3.2%	5.0%	-1.8%	0.0%	10.0%	Yes
Cash ²	\$25	1.2%	5.0%	-3.8%	0.0%	10.0%	Yes
Total Assets	\$2,063	100%	100%				

As of January 1, 2013, UCLA implemented a new investment Policy using static weights. Prior to January 1, 2013, the UCLA Foundation Policy Benchmark reflects actual weights.

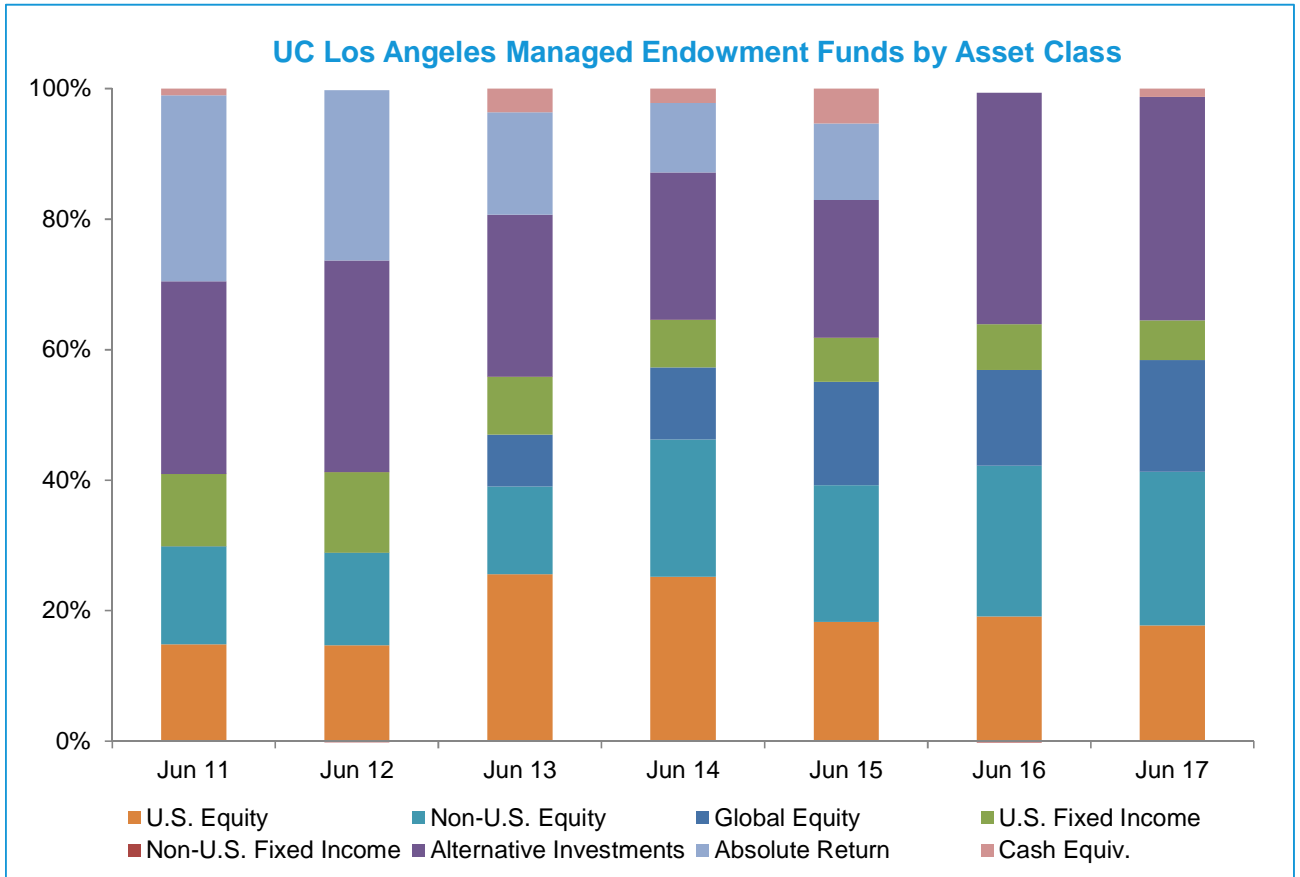
¹ The Equity Exposure is 58% after including the notional exposure of the derivative positions.

² The Cash allocation is 1.2% when excluding collateral for the derivative positions.

THE UCLA FOUNDATION



THE UCLA FOUNDATION



Note: UC Los Angeles' cash allocation at June 30, 2016 was -0.6% when excluding collateral for the derivative positions. UC Los Angeles' cash allocation at June 30, 2017 was 13.4% when including collateral for the derivative positions.

UNIVERSITY OF CALIFORNIA, MERCED FOUNDATION

Endowment Investment Objective

UC Merced Foundation's investment objectives are: (1) provide investment earnings adequate to secure the benefits promised and the financial obligations created by the endowment, and (2) secure, preserve, and increase the inflation-adjusted value of the Fund.

Endowment Spending Policy

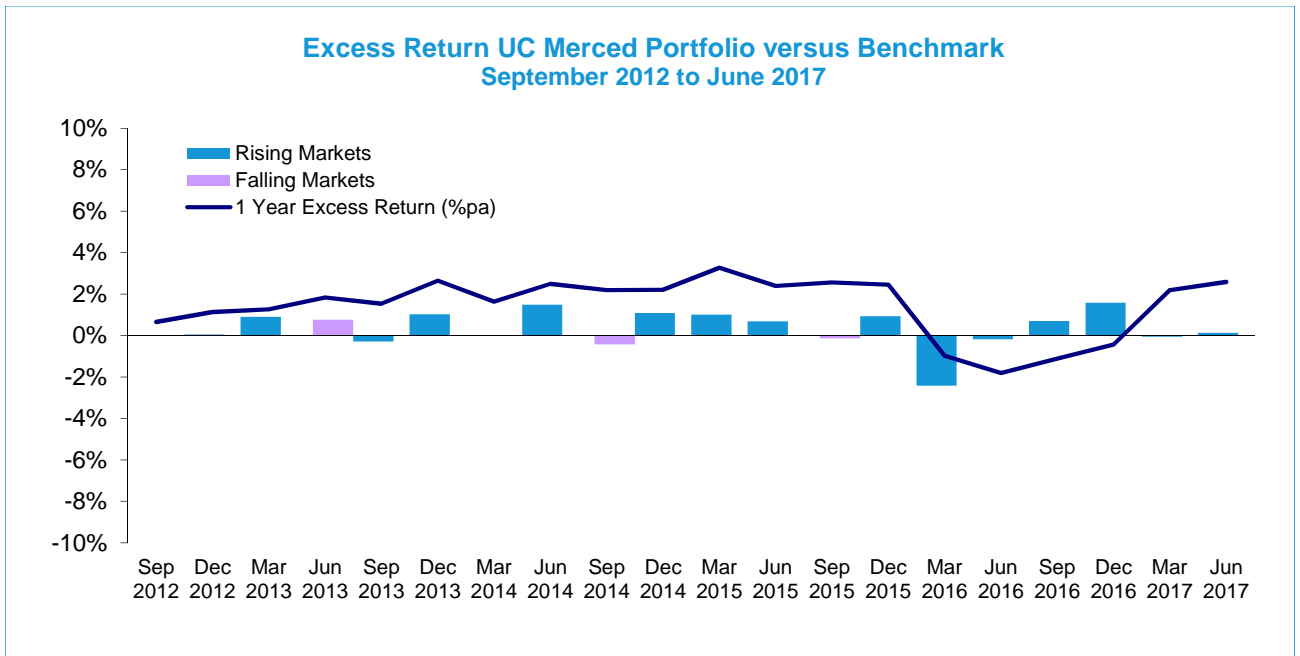
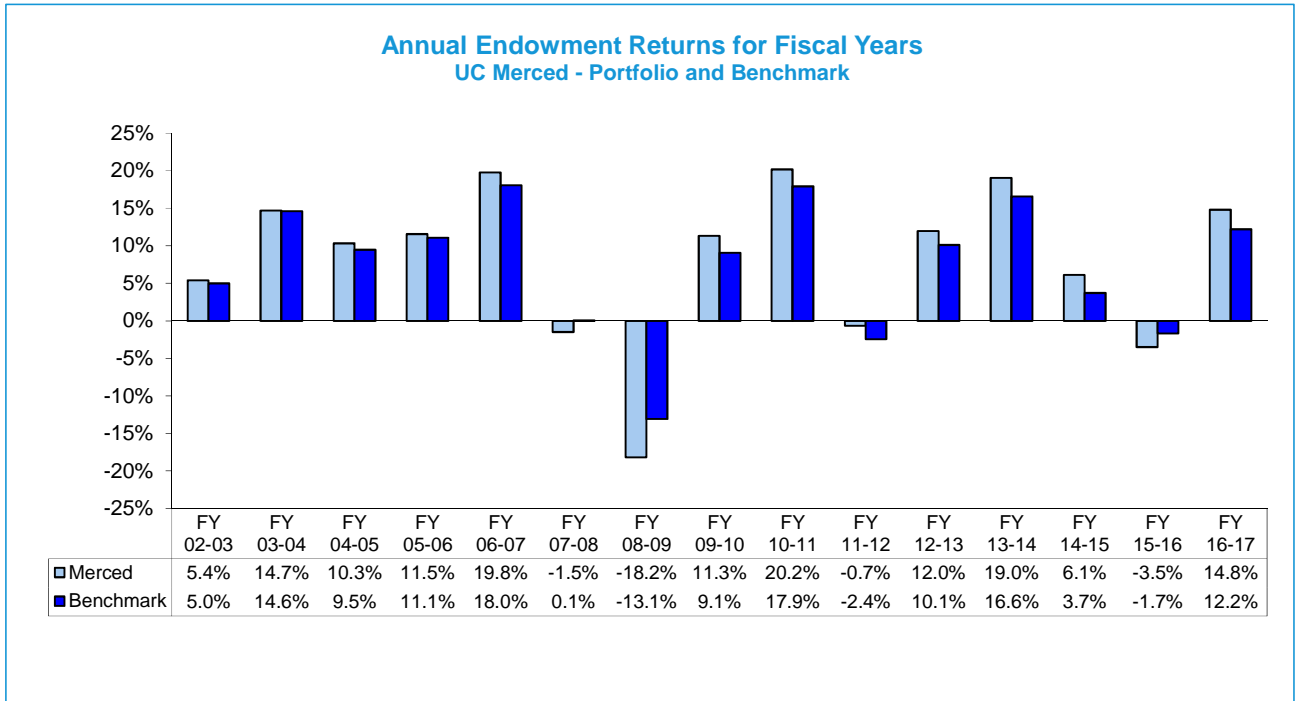
The spending policy of the UC Merced Foundation is to provide 100% of the endowment earnings up to a maximum spending payout rate of 4.75% of the 60-month average unit market value for the period ending December 31st.

University of California, Merced Foundation Portfolio Asset Allocation June 30, 2017

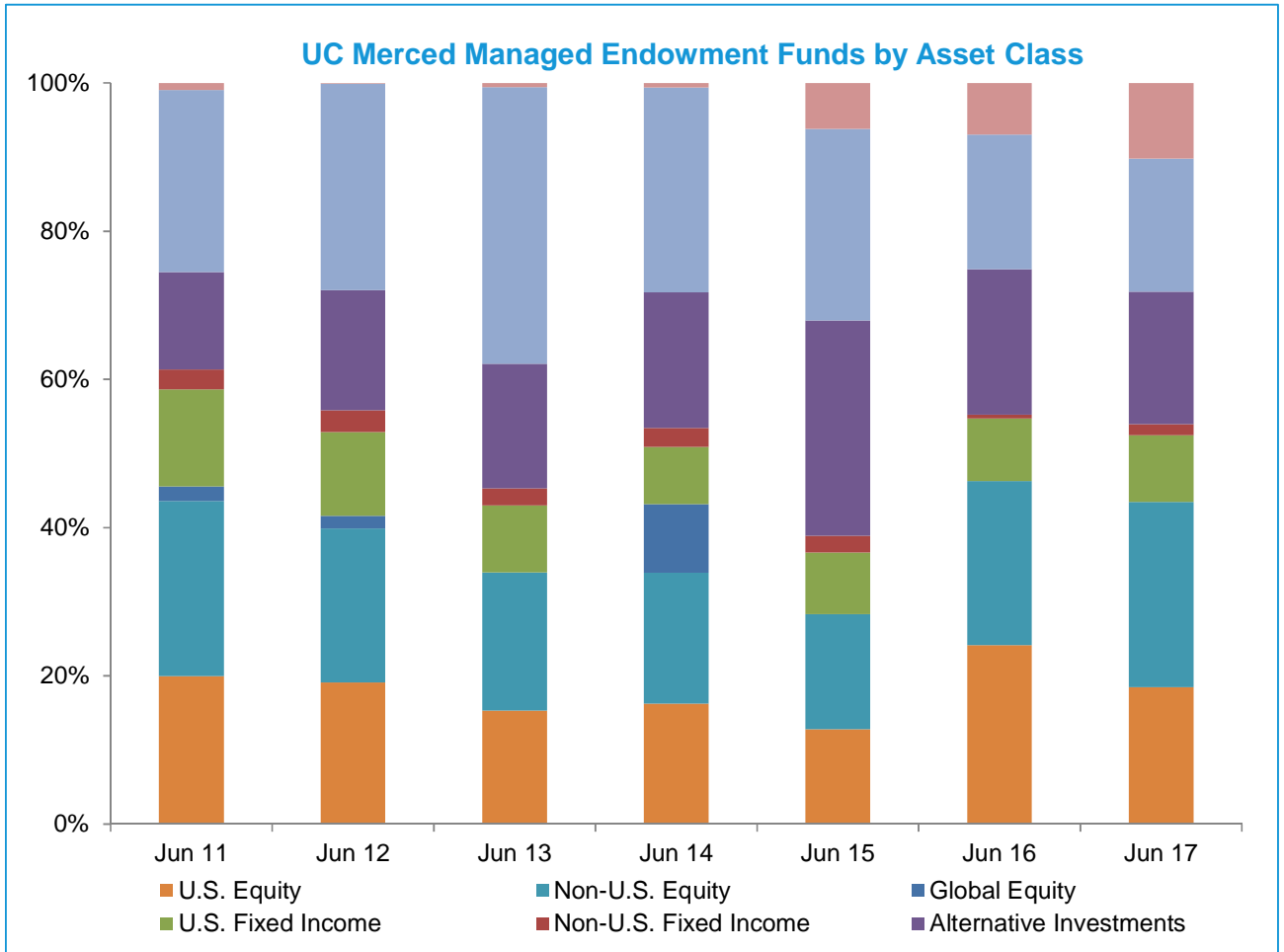
	Assets (\$M)	Actual Allocation	Benchmark Policy Allocation	Variance from Target Policy Allocation	Policy Range		Policy Range Compliance (Actual Allocation)
Public Equity	\$5	43.4%	42.5%	0.9%	32.5%	52.5%	Yes
Public Fixed Income	\$1	10.5%	12.5%	-2.0%	7.5%	17.5%	Yes
Alternatives	\$4	35.9%	45.0%	-9.1%	30.0%	60.0%	Yes
Liquidity Portfolio	\$1	10.2%	0.0%	10.2%	0.0%	15.0%	Yes
Total Assets	\$10	100.0%	100.0%				

The UC Merced Foundation utilizes the GEP Policy Benchmark.

UNIVERSITY OF CALIFORNIA, MERCED FOUNDATION



UNIVERSITY OF CALIFORNIA, MERCED FOUNDATION



UC RIVERSIDE FOUNDATION

Endowment Investment Objective

The investment objective of the endowment fund is to earn a multi-year average rate of return on its investments that meets or exceeds annual distributions (spending) plus inflation. To do this, the Foundation seeks to maximize the investment return within a level of risk deemed appropriate taking all these objectives into account. The spending objectives of the endowment fund are to pay out amounts that are relatively predictable and stable, sustainable in real terms (i.e., on an inflation-adjusted basis), and as large as possible. To meet these objectives, both the spending per unit and the unit market value after spending must grow over time at least as fast as the general rate of inflation.

Endowment Spending Policy

The endowment spending policy applicable to FYE 2017 was to withdraw per unit 4% of the average unit market value of the endowment fund calculated using the closing unit market value on the last day of each of the 84 contiguous months the last of which ended on May 31, 2017.

University of California, Riverside Foundation Portfolio Asset Allocation June 30, 2017

	Assets (\$M)	Actual Allocation	Target Policy Allocation	Variance from Target Policy Allocation*	Policy Range		Policy Range Compliance (Actual Allocation)
Public Equity	\$121	78.5%	70.0%	8.5%	50.0%	90.0%	Yes
Public Fixed Income	\$15	9.8%	10.0%	-0.2%	10.0%	50.0%	-0.19%
All Alternative Inv.	\$17	10.9%	20.0%	-9.1%	0.0%	25.0%	Yes
Liquidity Portfolio	\$1	0.8%	0.0%	0.8%	0.0%	0.0%	0.8%
Total Assets	\$154	100%	100%				

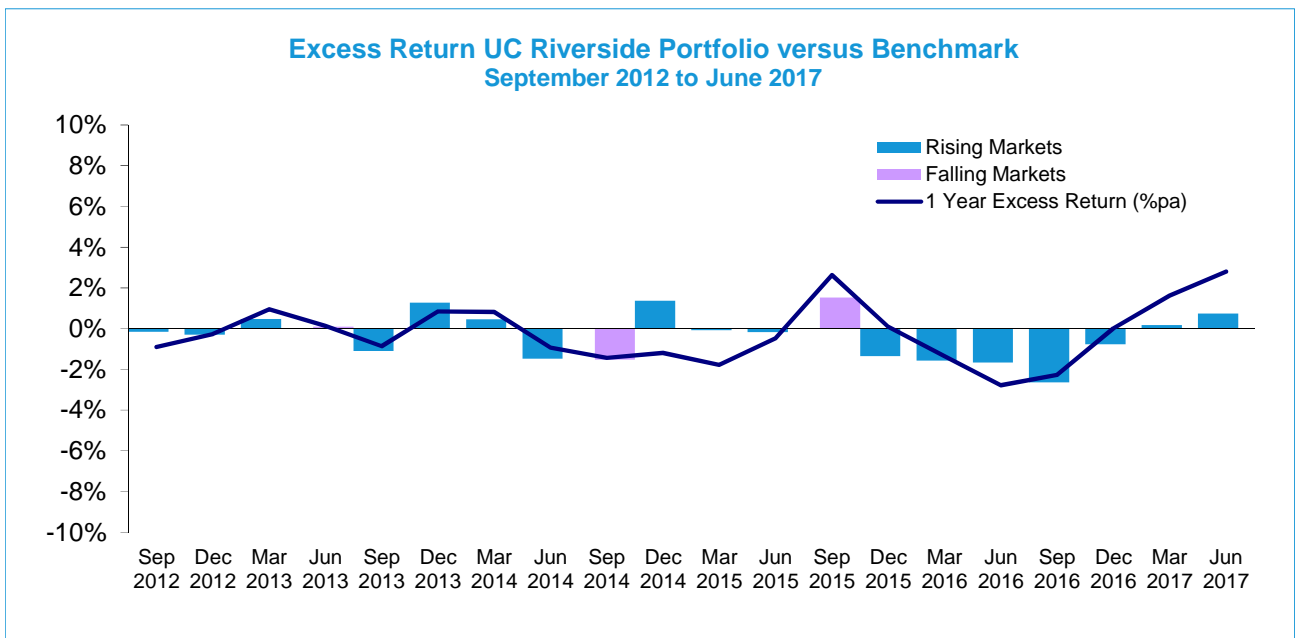
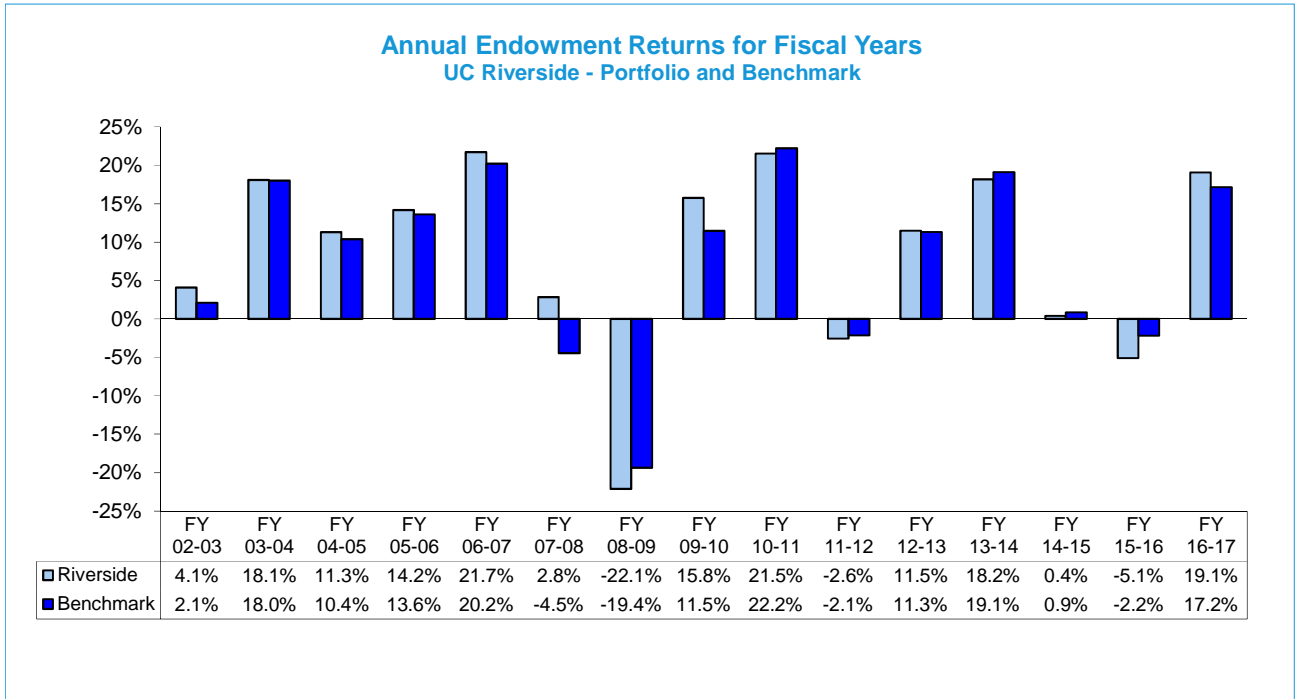
Notes:

The asset class benchmarks do not roll up into the policy benchmark.

The total fund policy benchmark at 6/30/17: 78% MSCI AC World, 10% Barclays Capital Aggregate, 2% Cambridge Private Equity, and 10% HFRX Global Hedge Fund.

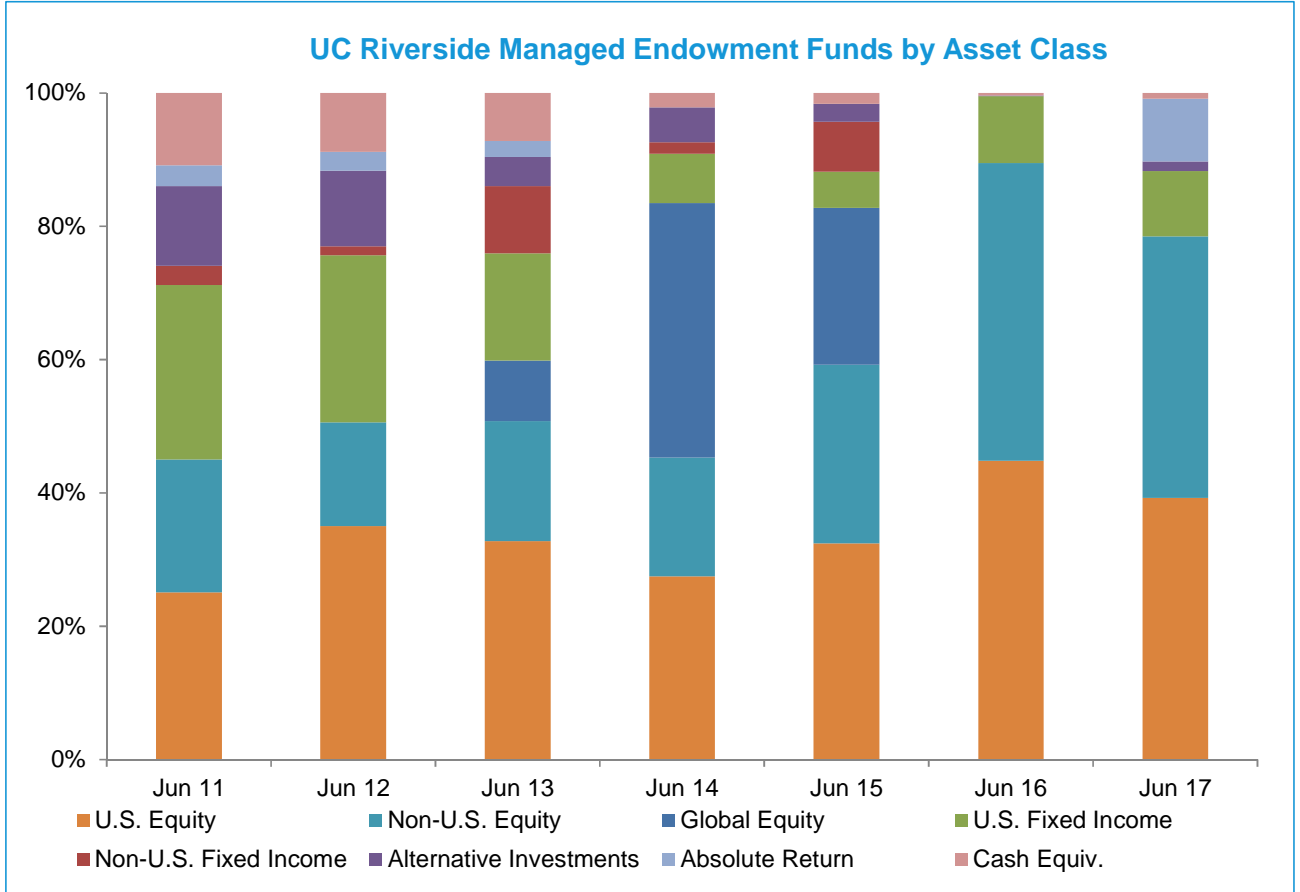
* New commitments to private equity/venture capital funds were added 6/2017 - balance of the commitments was \$12,864,500 @ FYE17
Capital calls associated with these commitments will be funded from public equity.

UC RIVERSIDE FOUNDATION



The fiscal 1-year benchmark performance provided by UCR for the excess return exhibit shown above is different from the fiscal 1-year benchmark performance provided by the UCR's investment consultant due to re-statement of returns.

UC RIVERSIDE FOUNDATION



UC SAN DIEGO FOUNDATION

Endowment Investment Objective

The UC San Diego Foundation's primary investment goal for its endowment is to maximize long-term total return, utilizing a diversified portfolio consistent with prudent levels of risk. Endowment portfolio performance is expected to preserve or enhance the real value of the endowment and the purchasing power of the spending. The portfolio return goal is to achieve an annualized total net return at least equivalent to, and preferably exceeding, the endowment spending rate plus inflation, over rolling five and ten year periods. The investment policy target asset allocation is 24% U.S. Equity, 18% Developed Non-U.S. Equity, 8% Emerging Market Equity, 8% Private Equity, 20% Diversifying Strategies, 10% Real Estate, and 12% Fixed Income.

Endowment Spending Policy

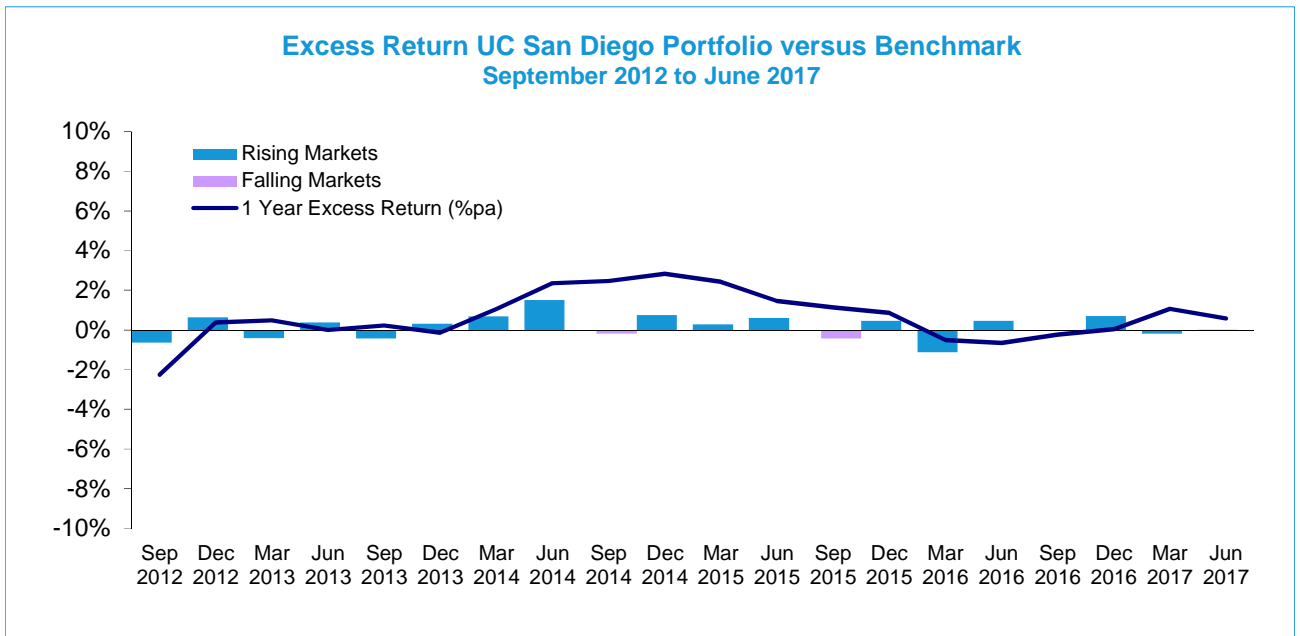
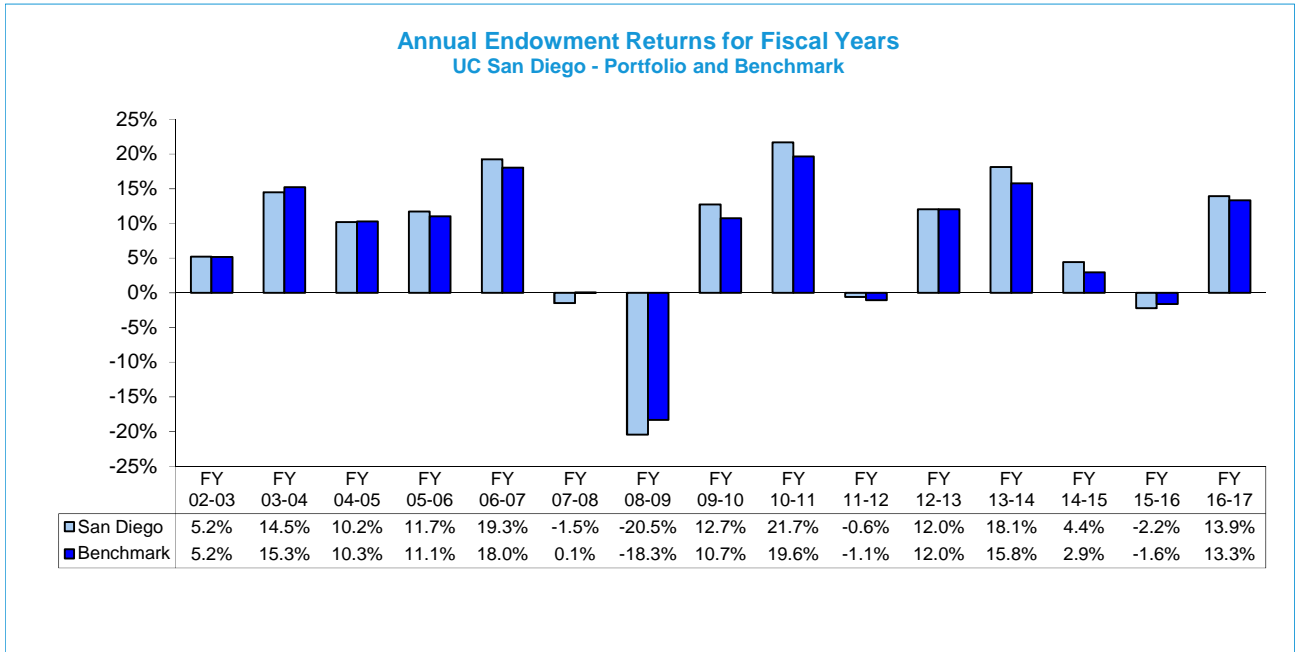
Endowment spending during fiscal year 2016-17 was calculated using a predetermined formula at an amount equal to 4.75% of the 60-month average unit market value of the endowment portfolio. Spending is allocated to fund holders monthly.

University of California, San Diego Foundation Portfolio Asset Allocation June 30, 2017

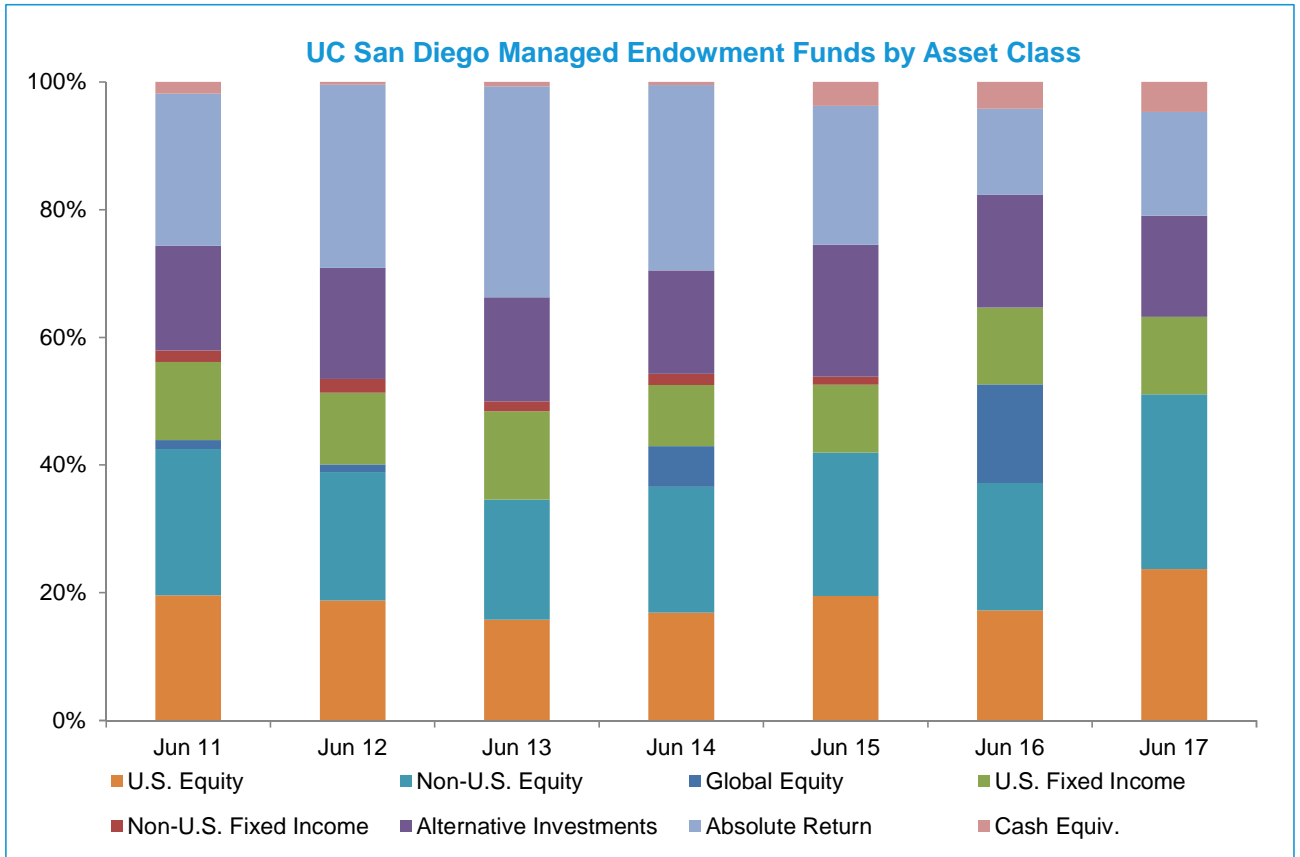
	Assets (\$M)	Actual Allocation	Target Policy Allocation	Variance from Target Policy Allocation	Policy Range		Policy Range Compliance (Actual Allocation)
Public Equity	\$318	51.1%	50.0%	1.1%	40.0%	60.0%	Yes
Public Fixed Income	\$75	12.1%	12.0%	0.1%	5.0%	20.0%	Yes
All Alternative Inv.	\$199	32.1%	38.0%	-5.9%	20.0%	45.0%	Yes
Liquidity Portfolio	\$29	4.7%	0.0%	4.7%	0.0%	5.0%	Yes
Total Assets	\$621	100.0%	100.0%				

UCSD's relatively high allocation to the liquidity portfolio was due to a high liquidity allocation within the Regents' GEP.

UC SAN DIEGO FOUNDATION



UC SAN DIEGO FOUNDATION



UNIVERSITY OF CALIFORNIA, SAN FRANCISCO FOUNDATION

Endowment Investment Objective

The San Francisco Foundation's primary investment objective for its endowment portfolio is growth of principal sufficient to preserve purchasing power and to provide income to support current and future University activities. Over the long term, it is the goal of the Foundation that the total return on investment assets should equal the rate of inflation, plus the payout rate (which is used to support current activities), plus an amount reinvested to support future activities.

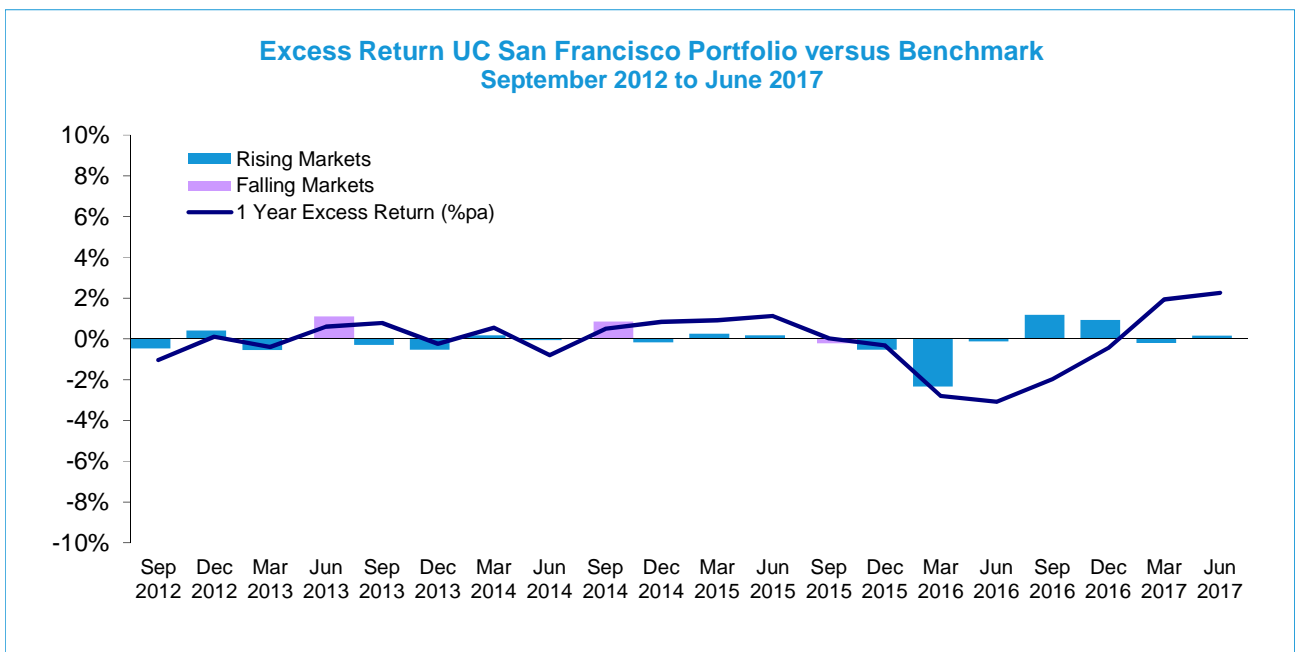
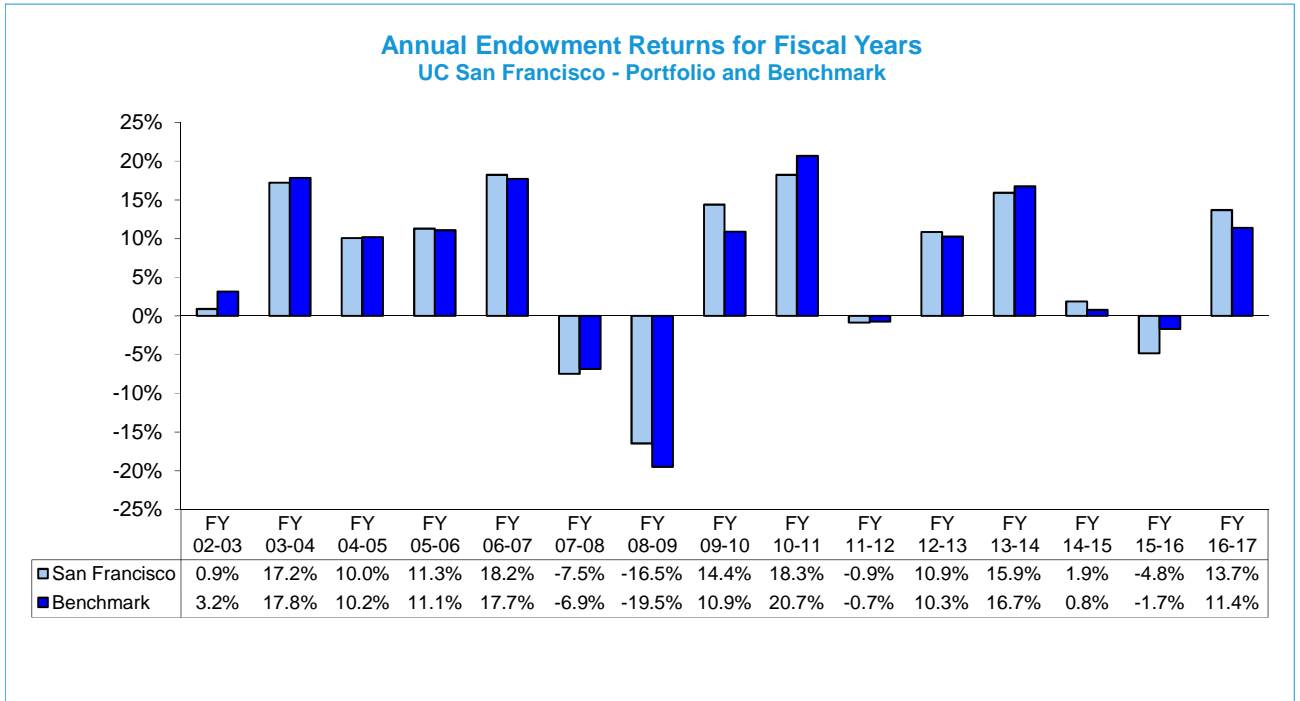
Endowment Spending Policy

The Foundation payout policy guideline is to distribute 4.75% of the 36 month rolling average unitized market value of the Endowment Pool. The payout will not exceed 6% nor be less than 3.5% of the ending market value on the last day of the fiscal year for which it is being calculated. The payout will be reviewed annually, which may result in modification. In determining the annual payout, the Foundation will consider factors such as stability of fund flows to operations and preservation of endowment principal, in addition to the guideline formula.

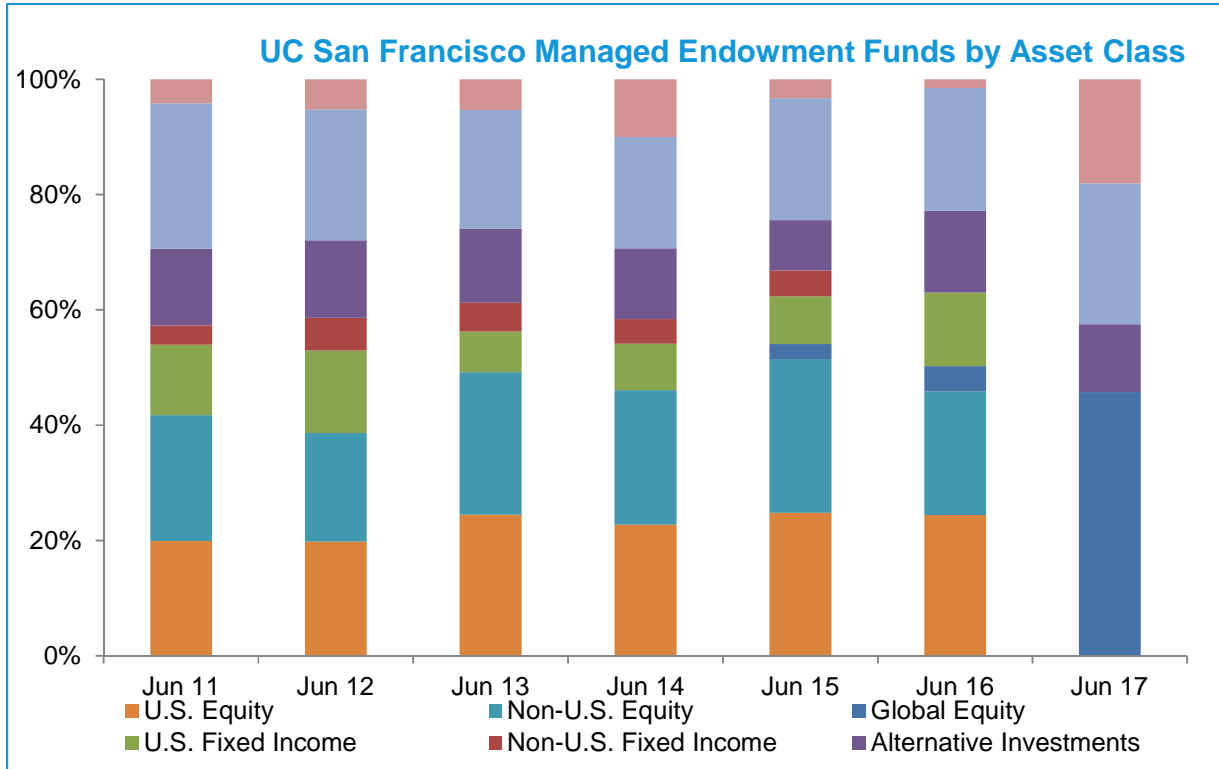
University of California, San Francisco Foundation Portfolio Asset Allocation June 30, 2017

	Assets (\$M)	Actual Allocation	Target Policy Allocation	Variance from Target Policy Allocation	Policy Range		Policy Range Compliance (Actual Allocation)
Public Equity	\$598	45.7%	49.0%	-3%	20.0%	60.0%	Yes
Public Fixed Income/ Liquidity	\$236	18.1%	13.0%	5%	0.0%	25.0%	Yes
All Alternative Inv.	\$473	36.2%	38.0%	-2%	17.5%	77.5%	Yes
Total Assets	\$1,307	100.0%					

UNIVERSITY OF CALIFORNIA, SAN FRANCISCO FOUNDATION



UNIVERSITY OF CALIFORNIA, SAN FRANCISCO FOUNDATION



Note: During fiscal year 2017, UC San Francisco combined U.S. Equity and Non-U.S. Equity into the Global Equity bucket as this is how they view their asset allocation.

UC SANTA BARBARA FOUNDATION

Endowment Investment Objective

A. The primary long-term financial objective for the Foundation's Long Term Investment Policy (LTIP) is to preserve the purchasing power of the LTIP's principal, while providing a relatively stable and growing source of funding for endowment and trust beneficiaries. The LTIP is held primarily in the Regent's GEP with minimal investments held with Goldman Sachs, Lexington and Farallon.

B. The primary long-term investment objective of the LTIP is to earn an average annual real (i.e., after adjusting for inflation) total return on a risk-adjusted basis that is at least equal to the LTIP's total spending rate, net of consultant and management fees, over long time periods (i.e., rolling ten-year periods). Over shorter time periods (i.e., rolling five-year periods), the LTIP will seek to meet or exceed an appropriate composite of market indices reflecting the LTIP's asset allocation policies. The LTIP is held primarily in the Regent's GEP with minimal investments held with Goldman Sachs, Lexington and Farallon.

Endowment Spending Policy

Endowment spending during fiscal year 2016-2017 was calculated using a predetermined formula at an amount equal to 4.5% of the 60-month average unit market value of the endowment portfolio as of December 31, 2015. To the extent requested by the Fund Administrator, spending was allocated to fund holders in September (40%) and April (60%).

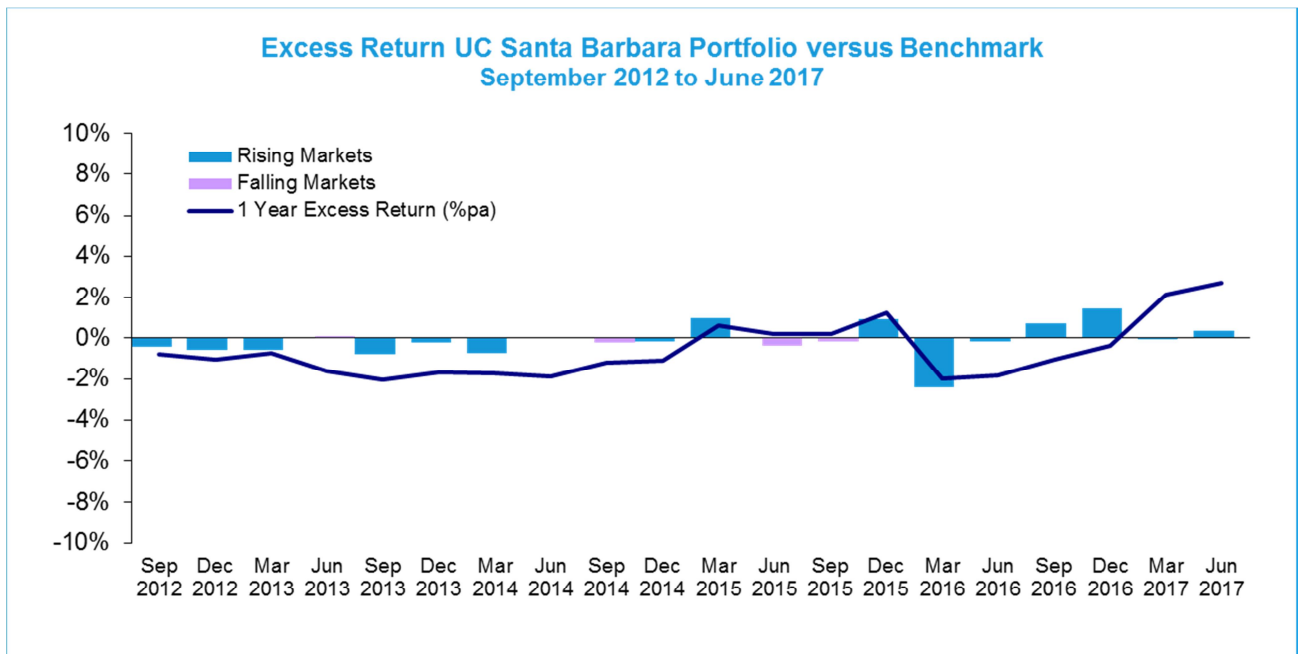
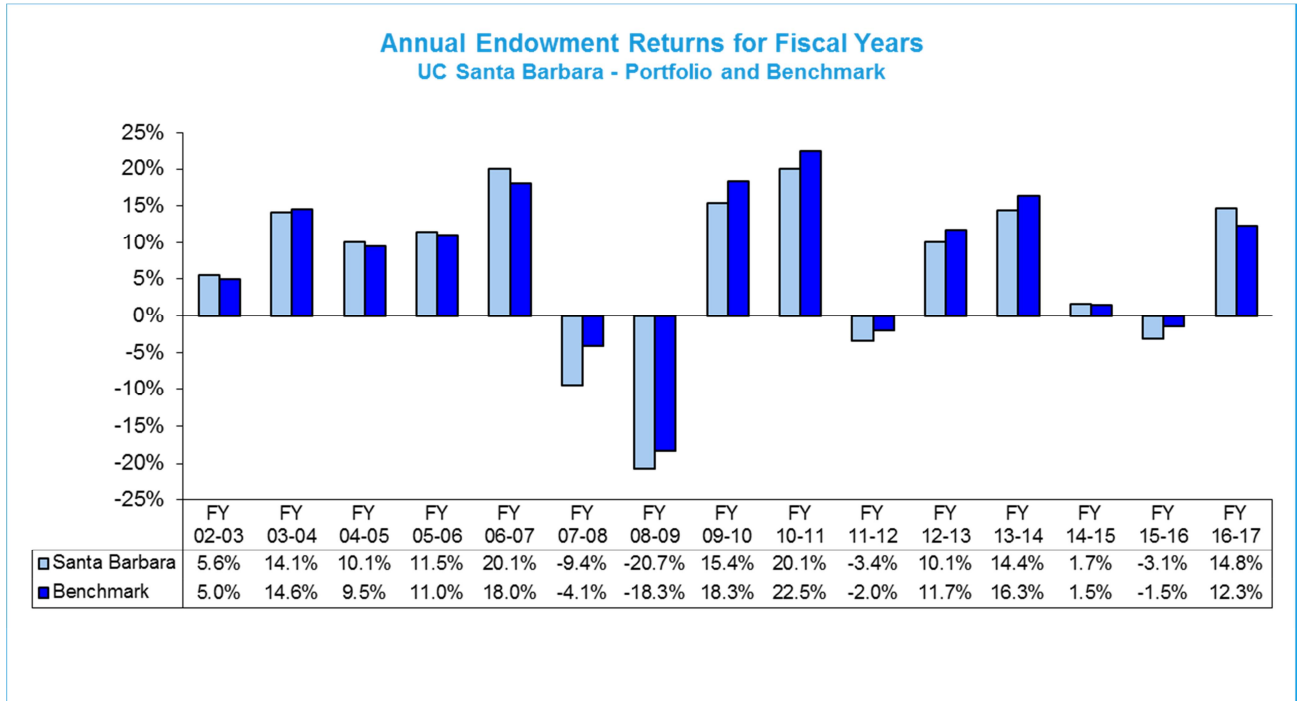
University of California, Santa Barbara Foundation Portfolio Asset Allocation June 30, 2017

	Assets (\$M)	Actual Allocation	Benchmark Policy Allocation	Variance from Target Policy Allocation	Policy Range		Policy Range Compliance (Actual Allocation)
Public Equity	\$77	42.1%	42.5%	-0.4%	32.5%	52.5%	Yes
Public Fixed Income	\$19	10.2%	12.5%	-2.3%	7.5%	17.5%	Yes
Alternatives	\$69	37.6%	45.0%	-7.4%	30.0%	60.0%	Yes
Liquidity Portfolio	\$18	10.1%	0.0%	10.1%	0.0%	15.0%	Yes
Total Assets	\$183	100.0%	100.0%				

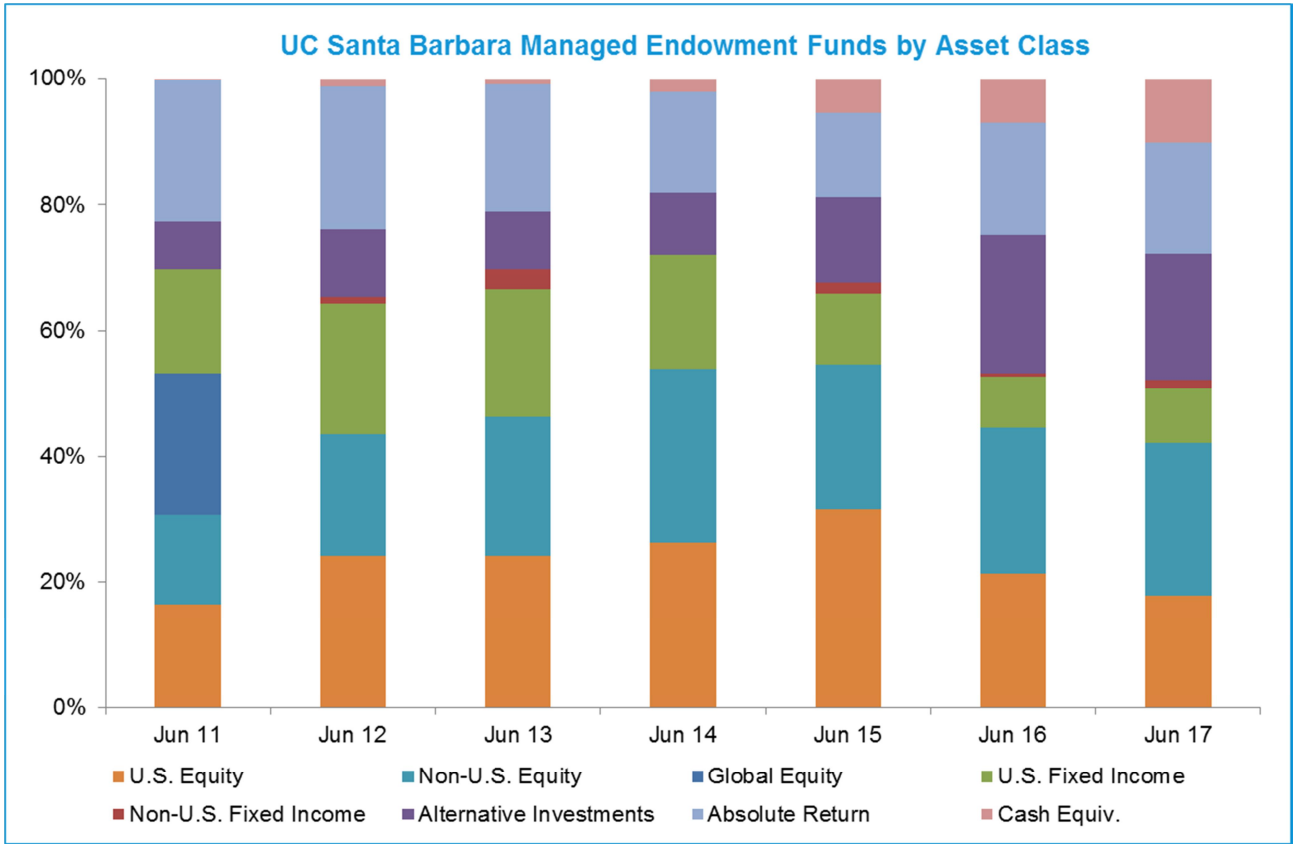
Notes:

The out-sourced CIO function has been moved from Goldman Sachs to the Office of the CIO of the Regents effective 7/1/2015. The UC Santa Barbara Foundation utilizes the GEP Policy Benchmark.

UC SANTA BARBARA FOUNDATION



UC SANTA BARBARA FOUNDATION



UC SANTA CRUZ FOUNDATION

Endowment Investment Objective

The UC Santa Cruz Foundation's investment objective for its endowment portfolio is to maximize long-term total return with a prudent level of risk, to provide inflation protection through reinvestment of an appropriate level of realized and unrealized earnings, and to maximize the real rate of return over the long term. The investment policy matches that of the General Endowment Pool.

Endowment Spending Policy

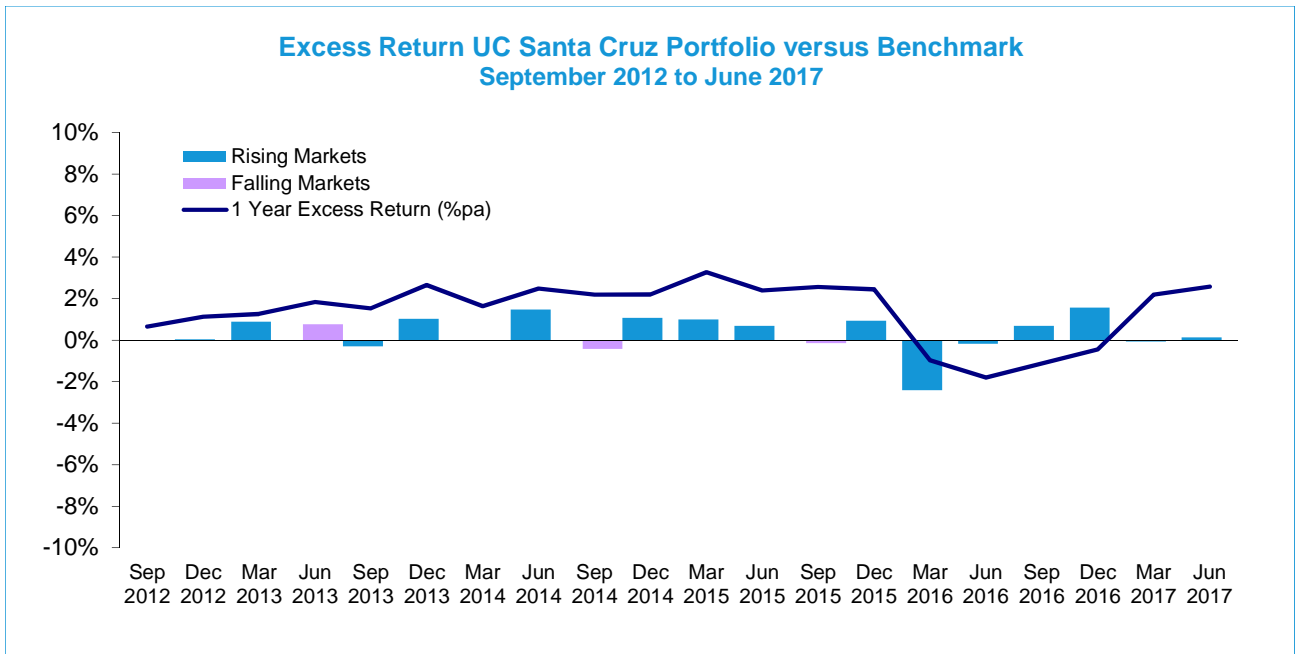
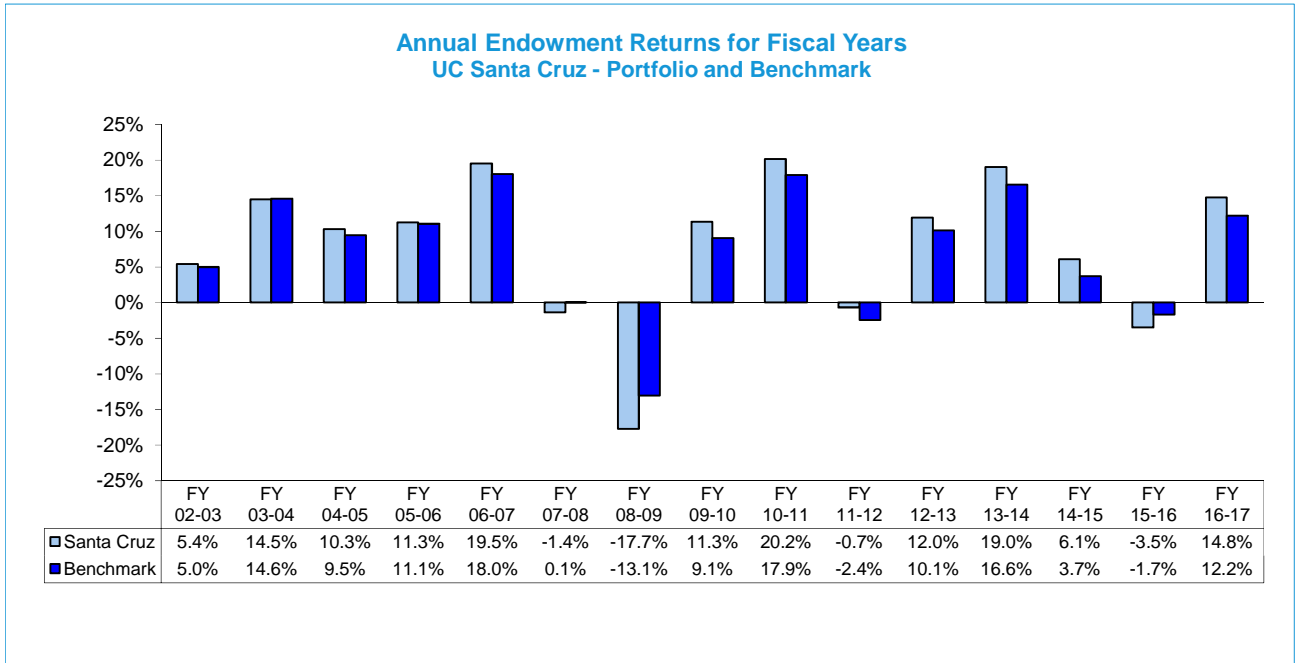
The UC Santa Cruz Foundation endowment expenditure rate approved February 2016 is 4.75% times a three-year moving average of December 31 market values. In the event the market value of an endowment is below the amount of the original gift adjusted by the Gross Domestic Product (GDP) price index at December 31, the endowment expenditure rate approved February 2016 is 2.75% of the December 31 market value, unless specific language of the endowment agreement allows otherwise. The endowment expenditure formula is reviewed annually and adjusted accordingly with respect to prudent concern for campus needs, donor expectations, and current market conditions.

University of California, Santa Cruz Foundation Portfolio Asset Allocation June 30, 2017

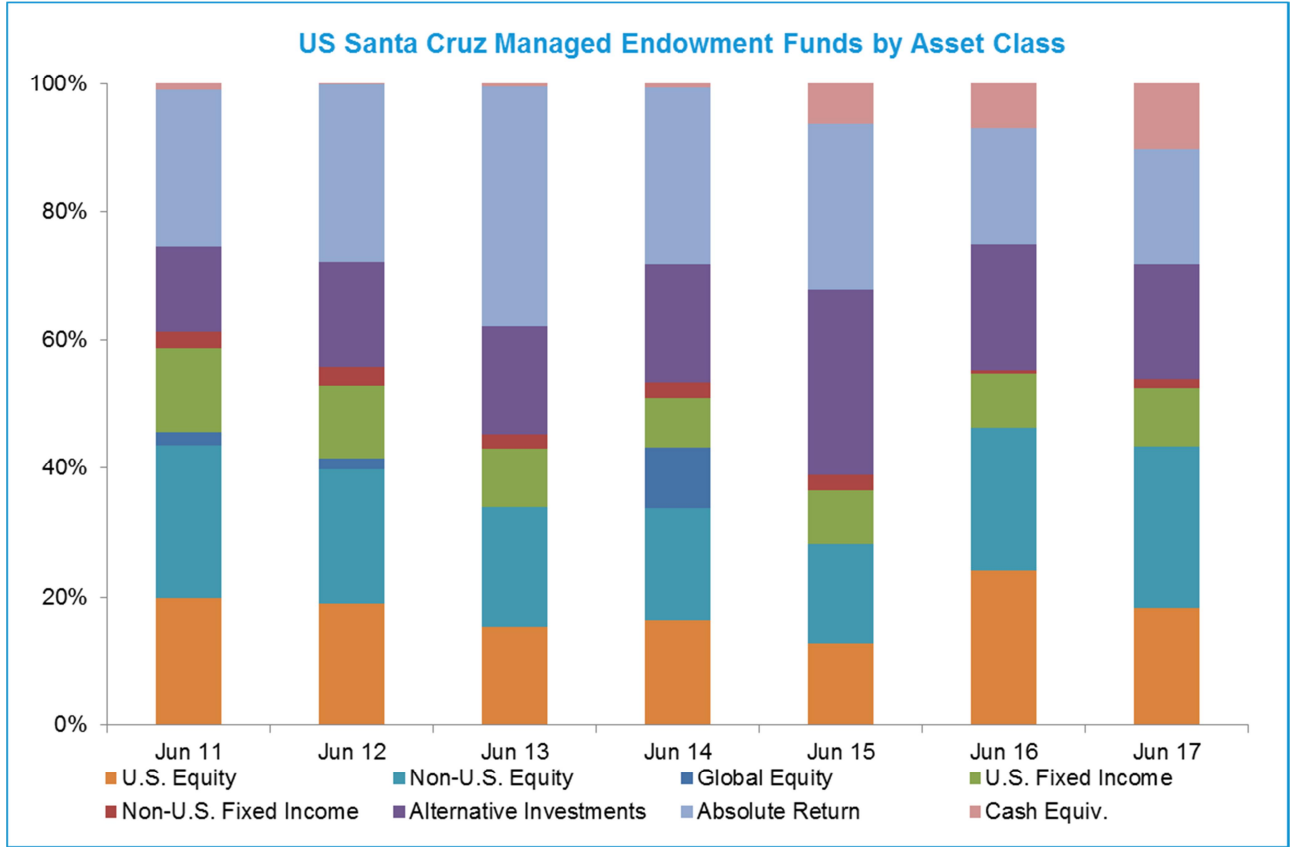
	Assets (\$M)	Actual Allocation	Benchmark Policy Allocation	Variance from Target Policy Allocation	Policy Range		Policy Range Compliance (Actual Allocation)
Public Equity	\$43	43.4%	42.5%	0.9%	32.5%	52.5%	Yes
Public Fixed Income	\$10	10.5%	12.5%	-2.0%	7.5%	17.5%	Yes
Alternatives	\$35	35.9%	45.0%	-9.1%	30.0%	60.0%	Yes
Liquidity Portfolio	\$10	10.2%	0.0%	10.2%	0.0%	15.0%	Yes
Total Assets	\$98	100.0%	100.0%				

The UC Santa Cruz Foundation utilizes the GEP Policy Benchmark.

UC SANTA CRUZ FOUNDATION



UC SANTA CRUZ FOUNDATION



4 Appendix

4.1	Historical Foundation Investment Performance	52
4.2	Historical Benchmark and Active Performance	53
4.3	Investment Policy Benchmark	54
4.4	Glossary	55
4.5	Foundations Reporting Background.....	56
4.6	Data Sources and Responsibilities.....	57

4.1 Historical Foundation Investment Performance

Historical Fiscal Year Foundation Investment Performance

Annual Total Returns - Foundations												
Year	Berkeley	Davis	Irvine	Los Angeles	Merced	Riverside	San Diego	San Francisco	Santa Barbara	Santa Cruz	GEP Unit Value	GEP Audit Adjustment
2017	13.1%	13.9%	15.3%	15.8%	14.8%	19.1%	13.9%	13.7%	14.8%	14.8%	14.8%	15.1%
2016	-2.4%	-3.3%	-2.4%	-4.1%	-3.5%	-5.1%	-2.2%	-4.8%	-3.1%	-3.5%	-3.5%	-3.6%
2015	3.8%	5.3%	5.3%	6.4%	6.1%	0.4%	4.4%	1.9%	1.7%	6.1%	6.1%	6.1%
2014	15.2%	19.1%	17.3%	13.9%	19.0%	18.2%	18.1%	15.9%	14.4%	19.0%	19.0%	19.0%
2013	12.8%	11.7%	11.5%	15.5%	12.0%	11.5%	12.0%	10.9%	10.1%	12.0%	12.0%	12.0%
2012	-1.0%	-0.4%	0.4%	-1.4%	-0.7%	-2.6%	-0.6%	-0.9%	-3.4%	-0.7%	-0.7%	-0.7%
2011	18.8%	18.7%	19.5%	16.7%	20.2%	21.5%	21.7%	18.3%	20.1%	20.2%	20.2%	20.2%
2010	11.7%	11.3%	11.0%	11.8%	11.3%	15.8%	12.7%	14.4%	15.4%	11.3%	11.3%	11.3%
2009	-20.6%	-17.9%	-20.6%	-21.1%	-18.2%	-22.1%	-20.4%	-16.5%	-20.7%	-17.7%	-18.2%	-18.2%
2008	-0.3%	-1.4%	-2.9%	0.1%	-1.5%	2.9%	-1.6%	-7.5%	-9.4%	-1.4%	-1.5%	-1.5%
2007	20.3%	19.7%	18.7%	17.8%	19.8%	21.7%	19.3%	18.2%	20.1%	19.5%	19.8%	19.8%
2006	14.8%	11.3%	10.8%	12.9%	11.5%	14.2%	11.7%	11.3%	11.5%	11.3%	11.5%	11.5%
2005	11.3%	10.2%	7.7%	10.2%	10.3%	11.3%	10.2%	10.0%	10.1%	10.3%	10.3%	10.3%
2004	17.7%	14.4%	15.6%	15.2%	14.7%	18.1%	14.5%	17.2%	14.1%	14.5%	14.7%	14.7%
2003	3.4%	5.5%	6.5%	4.5%	5.4%	4.1%	5.2%	0.9%	5.6%	5.4%	5.4%	5.4%

Average Annualized Total Returns - Foundations												
Year	Berkeley	Davis	Irvine	Los Angeles	Merced	Riverside	San Diego	San Francisco	Santa Barbara	Santa Cruz	GEP Unit Value	GEP Audit Adjustment
2017	13.1%	13.9%	15.3%	15.8%	14.8%	19.1%	13.9%	13.7%	14.8%	14.8%	14.8%	15.1%
('16-'17)	5.1%	5.0%	6.1%	5.4%	5.2%	6.3%	5.5%	4.0%	5.5%	5.2%	5.2%	5.3%
('15-'17)	4.7%	5.1%	5.8%	5.7%	5.5%	4.3%	5.2%	3.3%	4.2%	5.5%	5.5%	5.6%
('14-'17)	7.2%	8.4%	8.6%	7.7%	8.8%	7.6%	8.3%	6.3%	6.6%	8.8%	8.7%	8.8%
('13-'17)	8.3%	9.0%	9.2%	9.2%	9.4%	8.4%	9.0%	7.2%	7.3%	9.4%	9.4%	9.4%
('12-'17)	6.7%	7.4%	7.6%	7.4%	7.6%	6.5%	7.3%	5.8%	5.5%	7.6%	7.6%	7.7%
('11-'17)	8.4%	8.9%	9.3%	8.7%	9.4%	8.5%	9.3%	7.5%	7.4%	9.4%	9.3%	9.4%
('10-'17)	8.8%	9.2%	9.5%	9.0%	9.6%	9.4%	9.7%	8.4%	8.4%	9.6%	9.6%	9.6%
('09-'17)	5.0%	5.8%	5.6%	5.2%	6.1%	5.3%	5.9%	5.3%	4.7%	6.2%	6.1%	6.1%
('08-'17)	4.5%	5.1%	4.7%	4.7%	5.3%	5.1%	5.1%	3.9%	3.2%	5.4%	5.3%	5.3%
('07-'17)	5.8%	6.3%	5.9%	5.8%	6.5%	6.5%	6.3%	5.1%	4.6%	6.6%	6.5%	6.5%
('06-'17)	6.6%	6.7%	6.3%	6.4%	7.0%	7.1%	6.7%	5.6%	5.2%	7.0%	7.0%	7.0%
('05-'17)	6.9%	7.0%	6.4%	6.7%	7.2%	7.4%	7.0%	6.0%	5.5%	7.2%	7.2%	7.2%
('04-'17)	7.6%	7.5%	7.1%	7.3%	7.7%	8.2%	7.5%	6.7%	6.1%	7.7%	7.7%	7.7%
('03-'17)	7.4%	7.4%	7.0%	7.1%	7.6%	7.9%	7.4%	6.3%	6.1%	7.6%	7.6%	7.6%

Cumulative Total Returns - Foundations												
# Year	Berkeley	Davis	Irvine	Los Angeles	Merced	Riverside	San Diego	San Francisco	Santa Barbara	Santa Cruz	GEP Unit Value	GEP Audit Adjustment
2017	13.1%	13.9%	15.3%	15.8%	14.8%	19.1%	13.9%	13.7%	14.8%	14.8%	14.8%	15.1%
('16-'17)	10.5%	10.2%	12.5%	11.1%	10.8%	13.0%	11.4%	8.2%	11.2%	10.8%	10.7%	11.0%
('15-'17)	14.7%	16.0%	18.5%	18.1%	17.5%	13.5%	16.3%	10.3%	13.1%	17.5%	17.5%	17.7%
('14-'17)	32.2%	38.1%	39.0%	34.6%	39.9%	34.1%	37.4%	27.9%	29.4%	39.9%	39.8%	40.1%
('13-'17)	49.1%	54.2%	55.0%	55.4%	56.6%	49.5%	53.9%	41.7%	42.4%	56.6%	56.5%	56.9%
('12-'17)	47.6%	53.5%	55.6%	53.2%	55.6%	45.6%	53.0%	40.5%	37.6%	55.6%	55.5%	55.9%
('11-'17)	75.4%	82.2%	85.9%	78.8%	87.0%	77.0%	86.1%	66.2%	65.2%	87.0%	86.9%	87.3%
('10-'17)	96.0%	102.8%	106.3%	99.9%	108.1%	104.9%	109.8%	90.1%	90.7%	108.1%	108.0%	108.5%
('09-'17)	55.5%	66.5%	63.7%	57.8%	70.3%	59.6%	66.9%	58.8%	51.1%	71.2%	70.2%	70.6%
('08-'17)	55.1%	64.2%	58.9%	57.9%	67.7%	64.1%	64.3%	46.9%	36.9%	68.9%	67.7%	68.0%
('07-'17)	86.5%	96.6%	88.7%	86.0%	100.9%	99.8%	95.9%	73.7%	64.3%	101.8%	100.9%	100.9%
('06-'17)	114.2%	118.9%	109.1%	110.1%	124.1%	128.1%	118.9%	93.3%	83.2%	124.6%	124.1%	124.1%
('05-'17)	138.4%	141.3%	125.1%	131.5%	147.2%	153.9%	141.2%	112.7%	101.7%	147.7%	147.2%	147.2%
('04-'17)	180.6%	176.1%	160.2%	166.7%	183.5%	199.8%	176.1%	149.4%	130.2%	183.7%	183.4%	183.4%
('03-'17)	190.1%	191.3%	177.1%	178.7%	198.8%	212.1%	190.5%	151.6%	143.1%	199.0%	198.6%	198.6%

Returns shown above prior to 2006 were provided by the individual Foundations.

Returns for 2006 and later were provided by State Street Bank, except in extraordinary circumstances.

4.2 Historical Benchmark and Active Performance

Historical Fiscal Year Benchmark and Active Performance

Annual Total Returns - Benchmarks											
Year	Berkeley	Davis	Irvine	Los Angeles	Merced	Riverside	San Diego	San Francisco	Santa Barbara	Santa Cruz	GEP Audit Adjustment
2017	15.2%	12.1%	12.7%	13.3%	12.2%	17.2%	13.3%	11.4%	12.3%	12.2%	12.5%
2016	-1.5%	-1.0%	-1.1%	0.1%	-1.7%	-2.2%	-1.6%	-1.7%	-1.5%	-1.7%	-1.8%
2015	1.3%	2.6%	2.2%	3.3%	3.7%	0.9%	2.9%	0.8%	1.5%	3.7%	3.5%
2014	19.4%	16.3%	15.0%	16.1%	16.6%	19.1%	15.8%	16.7%	16.3%	16.6%	16.6%
2013	13.5%	11.4%	9.7%	10.6%	10.1%	11.3%	12.0%	10.3%	11.7%	10.1%	10.1%
2012	-3.3%	-2.0%	-0.6%	-1.3%	-2.4%	-2.1%	-1.1%	-0.7%	-2.0%	-2.4%	-2.5%
2011	17.1%	18.2%	19.6%	15.7%	17.9%	22.2%	19.6%	20.7%	22.5%	17.9%	18.0%
2010	10.2%	9.1%	9.2%	10.0%	9.1%	11.5%	10.7%	10.9%	18.3%	9.1%	9.6%
2009	-15.6%	-13.1%	-16.1%	-19.0%	-13.1%	-19.4%	-18.3%	-19.5%	-18.3%	-13.1%	-14.0%
2008	-1.2%	0.1%	-5.0%	-0.8%	0.1%	-4.5%	0.1%	-6.9%	-4.1%	0.1%	-0.2%
2007	16.9%	18.0%	19.0%	17.7%	18.0%	20.2%	18.0%	17.7%	18.0%	18.0%	
2006	12.7%	11.1%	10.3%	10.4%	11.1%	13.6%	11.1%	11.1%	11.0%	11.0%	
2005	10.3%	9.5%	9.3%	8.7%	9.5%	10.4%	10.3%	10.2%	9.5%	9.5%	
2004	17.1%	14.6%	15.1%	16.2%	14.6%	18.0%	15.2%	17.8%	14.6%	14.6%	
2003	2.8%	5.0%	3.2%	3.0%	5.0%	2.1%	5.2%	3.2%	5.0%	5.0%	

Annual Active Returns (Foundation minus Benchmark) ¹

Year	Berkeley	Davis	Irvine	Los Angeles	Merced	Riverside	San Diego	San Francisco	Santa Barbara	Santa Cruz	GEP Audit Adjustment
2017	-2.0%	1.9%	2.6%	2.5%	2.6%	1.9%	0.6%	2.3%	2.5%	2.6%	2.6%
2016	-0.8%	-2.3%	-1.3%	-4.2%	-1.8%	-2.9%	-0.6%	-3.1%	-1.6%	-1.8%	-1.8%
2015	2.5%	2.7%	3.1%	3.1%	2.4%	-0.5%	1.5%	1.1%	0.2%	2.4%	2.6%
2014	-4.2%	2.8%	2.4%	-2.2%	2.5%	-0.9%	2.4%	-0.8%	-1.9%	2.5%	2.5%
2013	-0.7%	0.3%	1.8%	4.8%	1.8%	0.1%	0.0%	0.6%	-1.7%	1.8%	1.9%
2012	2.3%	1.6%	0.9%	-0.1%	1.8%	-0.4%	0.5%	-0.1%	-1.4%	1.8%	1.8%
2011	1.8%	0.5%	-0.1%	1.0%	2.3%	-0.7%	2.0%	-2.4%	-2.5%	2.3%	2.2%
2010	1.6%	2.3%	1.8%	1.8%	2.3%	4.3%	2.0%	3.5%	-2.9%	2.3%	1.8%
2009	-5.1%	-4.9%	-4.6%	-2.0%	-5.1%	-2.8%	-2.1%	3.0%	-2.4%	-4.7%	-4.2%
2008	0.9%	-1.4%	2.0%	0.8%	-1.5%	7.3%	-1.6%	-0.6%	-5.4%	-1.4%	-1.3%
2007	3.4%	1.7%	-0.3%	0.1%	1.7%	1.5%	1.2%	0.5%	2.0%	1.5%	
2006	2.2%	0.3%	0.5%	2.5%	0.5%	0.5%	0.6%	0.2%	0.5%	0.2%	
2005	1.0%	0.8%	-1.6%	1.5%	0.9%	0.9%	-0.1%	-0.1%	0.6%	0.8%	
2004	0.6%	-0.2%	0.5%	-1.0%	0.1%	0.1%	-0.7%	-0.6%	-0.5%	-0.1%	
2003	0.6%	0.5%	3.3%	1.5%		2.0%	0.0%	-2.3%	0.6%	0.4%	

Average Annualized Active Returns (Foundation minus Benchmark) ²

# Year	Berkeley	Davis	Irvine	Los Angeles	Merced	Riverside	San Diego	San Francisco	Santa Barbara	Santa Cruz	GEP Audit Adjustment
2017	-2.0%	1.9%	2.6%	2.5%	2.6%	1.9%	0.6%	2.3%	2.5%	2.6%	2.6%
('16-'17)	-1.4%	-0.4%	0.5%	-1.1%	0.2%	-0.7%	0.0%	-0.6%	0.3%	0.2%	0.2%
('15-'17)	-0.1%	0.7%	1.4%	0.3%	0.9%	-0.6%	0.5%	0.0%	0.2%	0.9%	1.0%
('14-'17)	-1.0%	1.1%	1.6%	-0.3%	1.3%	-0.7%	0.9%	-0.2%	-0.3%	1.3%	1.3%
('13-'17)	-0.9%	1.0%	1.7%	0.7%	1.4%	-0.5%	0.7%	0.0%	-0.5%	1.4%	1.5%
('12-'17)	-0.4%	1.1%	1.5%	0.5%	1.5%	-0.5%	0.7%	-0.1%	-0.7%	1.5%	1.5%
('11-'17)	-0.1%	1.0%	1.3%	0.6%	1.6%	-0.5%	0.9%	-0.4%	-0.9%	1.6%	1.6%
('10-'17)	0.1%	1.2%	1.4%	0.8%	1.7%	0.0%	1.0%	0.1%	-1.1%	1.7%	1.6%
('09-'17)	-0.6%	0.3%	0.5%	0.4%	0.7%	-0.4%	0.5%	0.5%	-1.3%	0.8%	0.8%
('08-'17)	-0.5%	0.1%	0.7%	0.4%	0.5%	0.4%	0.3%	0.4%	-1.8%	0.6%	0.6%
('07-'17)	-0.1%	0.3%	0.6%	0.4%	0.6%	0.5%	0.4%	0.4%	-1.5%	0.6%	
('06-'17)	0.0%	0.3%	0.6%	0.5%	0.6%	0.5%	0.4%	0.4%	-1.3%	0.6%	
('05-'17)	0.1%	0.3%	0.4%	0.6%	0.6%	0.6%	0.4%	0.3%	-1.2%	0.6%	
('04-'17)	0.1%	0.3%	0.4%	0.5%	0.6%	0.5%	0.3%	0.3%	-1.1%	0.6%	
('03-'17)	0.2%	0.3%	0.6%	0.6%	0.6%	0.6%	0.3%	0.1%	-1.0%	0.6%	

Returns shown above prior to 2006 were provided by the individual Foundations.

Returns for 2006 and later were provided by State Street Bank, except in extraordinary circumstances.

1) Arithmetic difference

2) Annualized geometric difference

4.3 Investment Policy Benchmark

Campus	Asset Class	Benchmark Component	Percentage
UC Berkeley	Global Equity	MSCI ACWI with USA Gross (Net)	82.5%
	Fixed Income	Barclays Treasury	17.5%
UC Davis	GEM ***	GEM Policy Index	63.0%
	GEP *	GEP Benchmark	19.0%
	U.S. Equity	Russell 3000 TF Index	9.0%
	Non-U.S. Equity Developed	MSCI EAFE TF + Canada (Net)	9.0%
UC Irvine	U.S. Equity	Russell 3000	20.0%
	Non U.S. Equity	MSCI AC World ex U.S. (Gross)	20.0%
	US Fixed Income	Barclays Aggregate	15.0%
	Private Equity	UCIF-Private Equities (Russell 3000 + 3%)	15.0%
	Hedge Funds	HFRI Fund of Funds Index	20.0%
	Real Estate	UCIF Real Assets	10.0%
UC Los Angeles	U.S. Equity	Russell 3000	30.0%
	Non-U.S. and Global Equity	MSCI AC World ex U.S. (Net)	20.0%
	Credit	BofA ML U.S. High Yield Master II Index	5.0%
	Multi-Strategy	Citigroup 3-Month T-Bill X2	15.0%
	Private Equity	Cambridge U.S. Private Equity Index	10.0%
	Real Assets	CPI-All Urban + 6%	10.0%
	Real Estate	NCREIF Property Index	5.0%
	Cash & Equivalents	Citigroup 3-Month T-Bill	5.0%
UC Merced	GEP *	GEP Benchmark	100.0%
UC Riverside	Global Equity	MSCI AC World	78.0%
	Fixed Income	Barclays Aggregate	10.0%
	Private Equity	Cambridge Private Equity	2.0%
	Hedge Funds	HFRI Global Hedge Fund	10.0%
UC San Diego	U.S. Equities	Russell 3000	24.0%
	Developed Non-U.S. Equities	MSCI EAFE Index	18.0%
	Emerging Markets Equities	MSCI Emerging Markets Index	8.0%
	Fixed Income	BC US Aggregate Bond Index	12.0%
	Private Equity	Cambridge PE Lagged Index	8.0%
	Diversifying Strategies	HFRI Fund of Funds Index	20.0%
	Real Estate	NCREIF ODCE Index	10.0%
	UC San Francisco	Global Equity	MSCI AC World
Fixed Income / Cash		US 1-3 Year Treasuries	13.0%
Private Equity		CA PE Vintage	6.0%
Hedge Funds		HFRI Fund Weighted Composite	22.0%
Hard Assets		67% S&P North America Natural Resources / 33% CA EN Vintage	6.0%
Real Estate		CA Real Estate Vintage	4.0%
UC Santa Barbara	GEP *	GEP Benchmark	100.0%
UC Santa Cruz	GEP *	GEP Benchmark	100.0%
* GEP	U.S. Equity	Russell 3000 Tobacco Free Index	21.0%
	Non-U.S. Equity Developed	MSCI World ex-US Net Tobacco Free	14.0%
	<i>Note: As directed by UC, State Street Bank has been using the EAFE Tobacco Free (TF) + Canada (Net) benchmark to model the performance of the MSCI World ex-US (Net) Tobacco Free Index (as shown in the GEP IPS) for the non-US equity developed asset class since 2008 through June 2015.</i>		
	Emerging Market Equity	MSCI Emerging Market Free (Net)	7.5%
	U.S. Core Fixed Income	Barclays U.S. Aggregate Bond Index	5.0%
	High Yield Debt	Merrill Lynch High Yield Cash Pay Index	2.5%
	Emerging Market Debt	J.P. Morgan EM Bond Index Global Diversified (US)	2.5%
	TIPS	Barclays U.S. TIPS Index	2.5%
	Private Equity	Actual Private Equity Returns	11.5%
	Absolute Return-Diversified	HFRI Absolute Return Index	23.0%
	Real Assets	Aggregate Real Assets benchmark (all strategies ex-commodities), with components weighted by their actual weights within the total real assets portfolio	3.0%
	Real Estate	NCREIF Funds Index-Open End Diversified Core Equity Index (lagged 3 months)	7.5%

*** GEM Policy Index is comprised of 42% MSCI AC World Index, 26% CSFB / Tremont Hedge Fund Index, 22% Real Assets Policy Index (70% NCREIF Property Index QTR LAG, 15% MSCI US REIT Index, 15% Bloomberg Commodity Index TR), and 10% Barclays Treasury Index.
Note: Policy benchmark composition shown for each campus is as of the current fiscal year-end and may have been different in prior periods.

4.4 Glossary

CURRENT ASSETS

Assets for use in the near term to support the overall operations of the Foundation, where the donor may, or may not, have restricted their use. These assets typically include cash, accounts receivable, notes receivable, deferred charges, amounts due, prepaid expenses, etc.

In accordance with the Support Group Policy, endowed gifts or restricted assets must be transferred to the University to be spent in accordance with the donors' terms. However, the existing policy does not specify the timing and/or frequency of transfers. Consequently, the timing/frequency decision varies among the Foundations.

ENDOWMENT ASSETS

True endowments, established by donor-restricted gifts to provide a permanent source of income, and Funds Functioning as Endowments (FFE), established by donor-restricted gifts to provide income but principal may also be expended.

GENERAL ENDOWMENT POOL (GEP)

Established in 1933, and unitized in 1958, GEP is The Regents' primary investment vehicle for endowed gift funds. GEP is comprised of over 4,909 individual endowments that support the University's mission. GEP is a balanced portfolio of equities, fixed-income securities, and alternative investments in which all endowment funds participate, unless payout needs require otherwise.

SHORT TERM INVESTMENT POOL (STIP)

The STIP is a cash investment pool established in fiscal 1976 by The Regents, in which all University fund groups participate, including retirement and endowment funds as well as campus endowment funds. Cash to meet payrolls, operating expenses, and construction funds of all the campuses and teaching hospitals of the University are the major funds invested in the STIP until expended. Pension, endowment, and defined contribution funds awaiting permanent investment are also invested in the STIP until transferred. The STIP participants are able to maximize returns on their short-term cash balances by taking advantage of the economies of scale of investing in a large cash pool.

TRUSTS/LIFE ANNUITIES

Assets donated by individuals or organizations, with the institution agreeing to pay a specific level of income to the donor, or designated beneficiary, for his or her lifetime. Subsequent to the beneficiary's death, the institution gains complete ownership of the donated assets. The donor may or may not have restricted the assets'

4.5 Foundations Reporting Background

BACKGROUND

The history of reporting total University and Foundation endowments dates back to October 1978 when The Regents' Committee on Educational Policy adopted a policy for University Support Groups. In subsequent years, The Regents charged the Office of the Chief Investment Officer (CIO) (formerly called the Office of the Treasurer) with obtaining pertinent information regarding the UC Foundations' investments and presenting an annual report to The Regents. The annual report includes the investment philosophy, policies and performance of each Foundation's endowment assets, as well as the performance of The Regents' endowment assets. In compliance with The Regents' Policy 6201 Investment Policy for the University of California Campus Foundations, this report is created by an investment consulting firm which reports any issues found to The Regents.

As of fiscal year 2016, State Street is no longer the book of record for the campus Foundations. Starting in 2016 (for reporting as of the fiscal year ended June 30, 2016), information used to create this report is collected and reviewed by the investment consultant, with the campus Foundations providing a review of the report before it is finalized.

4.6 Data Sources and Responsibilities

This report was prepared by Mercer Investments, LLC. (Mercer). Information contained herein has been obtained from a range of third party sources. While the information is believed to be reliable, Mercer has not sought to verify it. As such, Mercer makes no representations or warranties as to the accuracy of the information presented and takes no responsibility or liability (including for indirect, consequential or incidental damages), for any error, omission or inaccuracy in the data supplied by any third party. Information was provided by each individual campus Foundation and the OCIO.

DATA SOURCES AND RESPONSIBILITIES

The OCIO hired the investment consultant, Mercer Investment Consulting, to create this report. Mercer collected all information directly from each campus Foundation and the OCIO (for GEP and the campus Foundations which are 100% invested in GEP). The data and reports provided by the campus Foundations originate from a variety of third party sources including each campus Foundation, the foundations' investment consultants, and auditors. Information in this report for periods between 2006 and 2015 was provided by State Street Bank as the University's former official "book of record". Foundation performance results in this document prior to 2006 were provided by each foundation and was neither audited nor calculated by the OCIO or State Street Bank.

For the purpose of reporting investment performance, each foundation received the same exhibit formats and guidance, and any inconsistencies in definition and reporting are noted in the charts, tables and discussion.

The InvestorForce Trust – All Endowments & Foundations Net Universe data cannot be reproduced or redistributed without the express written consent of Mercer.

PERFORMANCE COMPARISONS

The InvestorForce Trust – All Endowments & Foundations Net Universe: this universe is comprised of 935 observations from a substantial endowment and foundations client base which includes information submitted by industry-leading consulting and trust/custody organizations as compiled by InvestorForce.

Benchmark: For details regarding each individual foundation's benchmark, see Section 4.3

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