Where others see chaos, we see opportunity.

UC Investments
2021 — 2022

Office of the Chief Investment Officer of the Regents

UC Investments 2021 — 2022

UNIVERSITY OF CALIFORNIA

For the first time ever, the UC Investments Annual Report can be brought to life using Augmented Reality.

Throughout the report, you'll see a symbol indicating AR capabilities.

Here's how to get set up:

1. Scan this QR code on an iOS device to download the ViewAR(t) app.

2. Launch the app on your phone. When prompted for a 4-digit PIN, input 2022 to unlock the app. Tap 'AR Experience'.

3. Flatten the page as much as possible. Then, point your camera at the image and watch it come to life.

AR

AR

Follow the instructions on page 1 to bring this image to life.

Where others see chaos, we see opportunity.

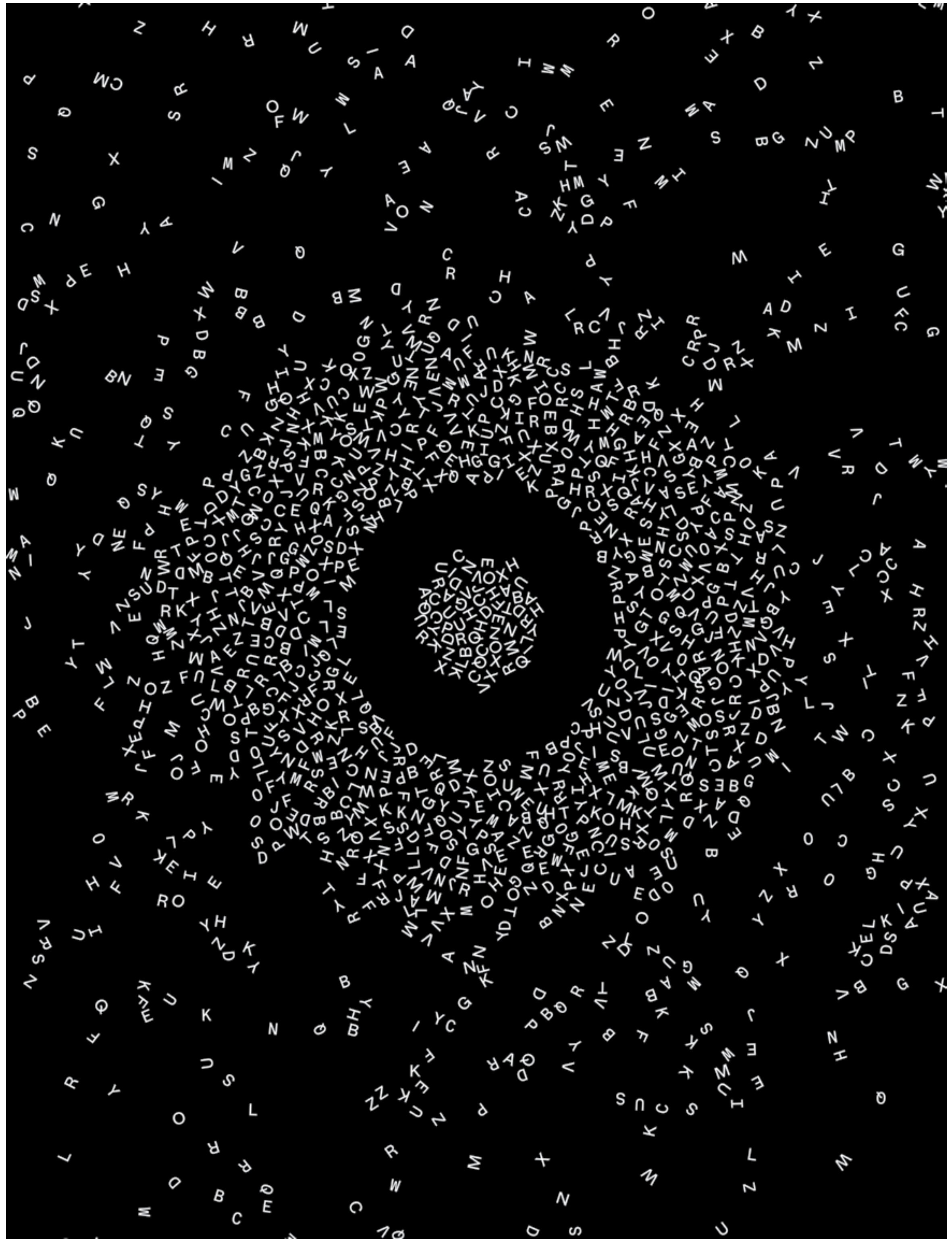
This fiscal year, 2021–2022, has been a wild ride. A continuing pandemic. Russia's invasion of Ukraine. Supply chain snarls. Volatile energy prices. Record-breaking inflation. And then the Federal Reserve's "anti-inflation tonic" in the form of rising interest rates, threatening to plunge the U.S. — and the globe — into recession.

None of this has thrown UC Investments off its game. That's because we don't invest for a year. We invest for a lifetime.

But just because we keep our eye on the horizon, it doesn't mean we stand still. In times of uncertainty, we hustle more, work harder, and don't take shortcuts.

(But we *always* take the meeting. Because you never know where the next conversation will lead.)

So while the fiscal year-end numbers in this report reflect the global market turmoil, we're excited to be moving boldly forward to create a better future for the University of California.



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Jagdeep Singh Bachher, Ph.D.

Chief Investment Officer

This past year tested the mettle of investors throughout the world.

At UC Investments, we took the bumpy year in stride. We tuned out noise, gauged risk, and actively sought out opportunities that come from challenging times.

For the year's first three quarters, we rode waves of market volatility — up a bit, down a bit — with our assets hovering near $168 billion. On March 31, 2022, that figure stood at $169 billion.

Then came Russia's invasion of Ukraine, record-high inflation, disruptions in the energy markets, continuing supply snarls, and an insidiously adaptive coronavirus.

Coupled with the Federal Reserve Board's interest rate hikes, the equity and bond markets headed south, officially moving into bear territory. As of June 30, 2022, this meant negative returns across all asset classes, across the world. We closed the fiscal year at $152 billion.

These are, to put it mildly, interesting times. But the silver lining is that these times allow us to clearly see how our commitment to the UC Investments Way pays off. In a negative market, we were again able to add value to University of California portfolios. For example, our real estate portfolio returned 30% after well-timed sales.

Much of this success is owed to the entire UC Investments team, which continues to outperform while working remotely for more than two years. Guidance from Regent Richard Sherman, chair of the Investments Committee, remains invaluable, as does the input of the entire committee and the strong partnership with President Drake.

One very tangible result of our solid partnership with the board came early in the year when public equities soared while 2-year bonds were paying out as much as 10-year Treasuries. We wanted to seize the moment. So we worked directly with the board to rebalance our allocations for our two biggest asset classes: public equities and fixed income. It wasn't an easy decision, but bolstered by the trust between our office and the board, we made it together. These shifts saved us $750 million in fixed income and increasing equities added $1.8 billion.

Managing our Blue & Gold Pool was another highlight this year. I worked with my team to launch the pool in March 2019 to ensure the university had funds immediately available if the economy went through another crisis like 2008, without touching our endowment. Little did I know that just a year later, we'd face the pandemic. So in June 2020, instead of using the pool to buy assets, we liquidated it — all $1.7 billion — and within a couple days handed those funds to our campuses to help them through this very rough patch. The pool lay dormant for nine months, but in March 2021, we revved it back up, starting with $400 million. As of the close of the fiscal year, it stood at $2.2 billion.

This year also saw us double down on our conviction that fossil fuel investments won't pay off in the longer-term and that alternative energy technologies will one day power our world grappling with climate change. In addition to our fossil-free pension, endowment, and working capital, as of June 30, all 24 funds offered by our UC Retirement Savings Program became fossil-free, too.

We've also been busy advancing diversity, equity, and inclusion on several fronts. While investing with diverse managers is certainly not new to us — we've already invested $18 billion, or 33%, of the $53 billion we actively manage — we eagerly undertook a challenge of meeting an additional 100 firms led by women and people of color. We beat our six-month goal by almost three months. Out of those 100 firms, we've already made initial investments in two and a few others are on our short-list for possible investment down the line.

Another new diversity initiative, the UC Investments Academy, takes on the challenge of a much-too-narrow pipeline of women and diverse investment professionals. Started this spring semester, the academy offers free professional training in all areas of the financial industry — the same courses used by Wall Street firms — as well as mentorship, industry speakers and internship opportunities. Our pilot program welcomed 170 students from two of our most diverse UC campuses, Merced and Irvine. The response from this initial cohort has been overwhelmingly positive, and we plan to scale the academy to some 10,000 students systemwide within five years.

This year, we also partnered with UCI Health to launch a $50 million fund to invest in healthcare innovation and digital health aimed at revolutionizing patient care and public health. This is the first such partnership between UC Investments and our UC healthcare enterprise.

On the horizon in the new fiscal year, 2022–2023, are expanded partnerships across the UC ecosystem, including scaling our investments in real estate and innovative tech in healthcare and beyond. And, of course, we'll keep integrating diversity, equity and inclusion into all that we do — in keeping with the UC Investments Way that has served us well.

I'm excited by the opportunities that await us and for the chance to build on the knowledge gained since I arrived at this great university more than eight years ago.

Thank you.

Michael V. Drake, M.D.

President, University of California

When I became president of the University of California in August 2020, I had a strong vision for the work I wanted to do with the many resources of our great university.

Despite facing a series of monumental challenges in our state and our country over the past year — the ongoing and evolving pandemic, global warfare, economic upheavals — we have worked together to find a stronger, surer way forward for our students, our faculty and staff, and our university.

One of my key partners during this critical time has been UC's Chief Investment Officer Jagdeep Singh Bachher. Throughout this rollercoaster of a year, Jagdeep and his team have done the slow, steady work of keeping our financial house in order, all while deepening relationships with our campuses and embarking on a groundbreaking effort to make diversity, equity and inclusion a central part of how — and with whom — we invest.

This commitment to diversity is important because we are our strongest as a nation and as a people when we allow ourselves to benefit from the contributions of people from a wide variety of backgrounds and perspectives. With a community as large as ours — 500,000 strong — and as diverse as ours, we have the opportunity to be a role model of an inclusive community. That is why it is imperative that the university remains open, accessible and inclusive, and why we are focused on becoming a better, more inclusive institution.

As part of that effort, we have deepened our relationship with the state government in Sacramento, and it is paying off. The state has increased its funding to the university, allowing us to bring more California students into the system and make good on our commitment to diversity, equity and inclusion. We also worked with Governor Gavin Newsom on the launch of the Cradle to Career data system, which will deliver critical information on education, financial aid and workforce outcomes to prepare students to reach their college and career goals. The university took another important step this year to expand affordability and accessibility by launching the UC Native American Opportunity Plan, which ensures that in-state tuition and student services fees are fully covered for California students who are enrolled in federally recognized Native American, American Indian and Alaska Native tribes.

As we work to bring in more students, we must ensure we have the physical infrastructure to support these growing numbers. I have been heavily involved in discussions with our board and legislative bodies to enable a better financial position for the university. I have worked closely with Jagdeep and the UC Investments team as they invest in real estate near our campuses to not only ensure educational facilities and affordable housing for students and staff, but to also provide solid returns to our bottom line.

Another important area we have made great strides in this year is addressing climate change. We recognize that climate change is the biggest threat to humanity today, and we have significant work ahead of us, but the climate leadership shown by our students, faculty and staff has been remarkable.

I am proud to report this year that we are on our way to achieving bold systemwide goals of transitioning to 100 percent clean electricity and becoming carbon neutral by 2025. I am particularly grateful to state and federal leaders for supporting our efforts: Governor Newsom's proposed state budget includes a $185 million investment in UC's climate resilience work to help Californians meet the challenges of climate change, including innovations to address wildfire, drought, extreme heat and other impacts. Collectively, we recognize the urgency of this endeavor, and we will continue to work together to address the effects of climate change on our communities and on the planet.

Every day, no matter what is happening in the world around us, I challenge each of us at the university to relentlessly push ourselves to be better at our core mission. We will get through this by being nimble, flexible and keeping our sights set firmly on the future.

Richard Sherman

UC Board of Regents,
Chair of the Investments Committee

Q&A

In the past year, the market has gone from bull to bear. In these turbulent times, can you talk about how we're meeting the challenge by keeping our focus on the long-term?

Well, it takes a strong stomach to weather the volatility that the market gives, but you just have to stick with it and not panic. The credo of being long-term investors is to ride these times out, because no one is smart enough to be a perfect market timer.

That said, we are actively tweaking things to be opportunistic. The pullbacks we've had may create a bit of opportunity to increase exposure in certain areas that have gotten cheap. Not that we're going to be aggressive one way or the other, but we'll have some opportunities to put capital to work at better pricing, whether that's in our private equity bucket or in public equity.

What has surprised you most in the markets in the past year? How has UC dealt with this?

The big surprise is that inflation is turning out not to be transitory, which is what almost everyone — including the Federal Reserve and Treasury — predicted. It's obvious inflation is becoming more embedded, due in part to the trillions of dollars that went in to stimulate the economy during the pandemic. This created a massive amount of cash and liquidity that is chasing a reduced quantity of goods, etc. due to supply chain issues.

We now think it is going to take a number of years to see meaningful movement on the inflation rate, even with the Fed acting as aggressively as it has to raise rates. In fact, it's been a bit of a surprise how swiftly and aggressively they've acted, and it's obviously affected the equity markets as you reprice based on higher rates, lower multiples, higher cap rates, etc. But again, being long-term investors, we're poised to ride out these cycles.

You've said before that when there's a lot of change going on, don't just come up with a new way of doing things. Let the change settle down before creating new permanent policies. Can you talk about what you mean by this?

It goes back to sticking with our methodology of being a long-term investor and not being over reactive. It's just too difficult to time the market and pivot when there are a lot of broad economic forces at work; you have to let them play out.

When you see clear sea changes developing and it's not a temporary situation, then you can make your pivots. I think the big takeaway for us is we don't have to always be the first to market. Apple didn't invent the personal computer or the mobile phone. It saw where the market was going and created the best versions of those products.

One example of us following this strategy was several years ago when we moved away from investments in the fossil fuel space, a decision informed by our students and faculty who were rightly concerned about climate change. Our view was that from an investment standpoint, people were going to turn away from fossil fuel assets because they wanted to be part of the transition to clean energy, and so we knew our decision would be better from an investment standpoint. Though we could have made some pretty significant gains in the market this year if we were invested in fossil assets, we still believe we made the right move, for the long-term, in this area.

A big focus of the office this year has been the Diversity Drives Returns initiative. Can you talk about how this is opening us up to new opportunities?

For many years, I've been supportive of UC Investments' work to ensure our external and internal managers reflect the diversity of the UC's constituents and our state overall. Jagdeep and his team have done an excellent job this year with their Diversity Drives Returns initiative, meeting with more than 100 investment firms led by women and people of color. By expanding our pool, we will get exposed to new and different opportunities that were previously unknown to us.

This is important because so many of the great things that have happened in business have come from people who do things a different way. Bringing more people from diverse backgrounds into our tent can only be good. And because we choose our partnerships based on the merits of their performance, I absolutely see only upside.

Can you talk about the office's recent real estate investments near campuses?

I've been championing this for years because UC has a big need for real estate development for student and faculty housing, among other things. To me, it just makes sense that we finance and develop it ourselves. I have a background in real estate, so I know that the biggest risk is whether it's going to "lease-up." And with our projects, we've got a guaranteed customer providing 100% occupancy.

Given our size, we can make good deals on the cost side and get the best competitive rates from the people building our projects. From an investment perspective, if we've got money to put to work, what better way to do it than by financing our own projects? And from the campuses' viewpoint, the financing can actually be cheaper, so it's a win-win for both sides of the balance sheet.

What keeps you up at night?

I exercise a lot, so I actually sleep pretty well! But the geopolitical issues we're facing right now with two superpowers — Russia and China — are troubling. China is so important to our increasingly interlinked economy, and of course the war in Ukraine is affecting the pricing of fossil fuels and other commodities, on top of being a huge humanitarian crisis.

Any final thoughts?

With $152 billion, we have the power to flex our muscle where and when we can for the good of the university overall, whether that's making a great co-investment deal in the private equity space or picking up a large real estate project where we can put money to work.

Also, I sit on the Innovation and Entrepreneurship Committee, and so I know that there are three to five inventions and patents coming out of the university every day. Jagdeep and I both remain committed to us being a financing source and a true partner to these individuals and teams as they work to commercialize these homegrown innovations.

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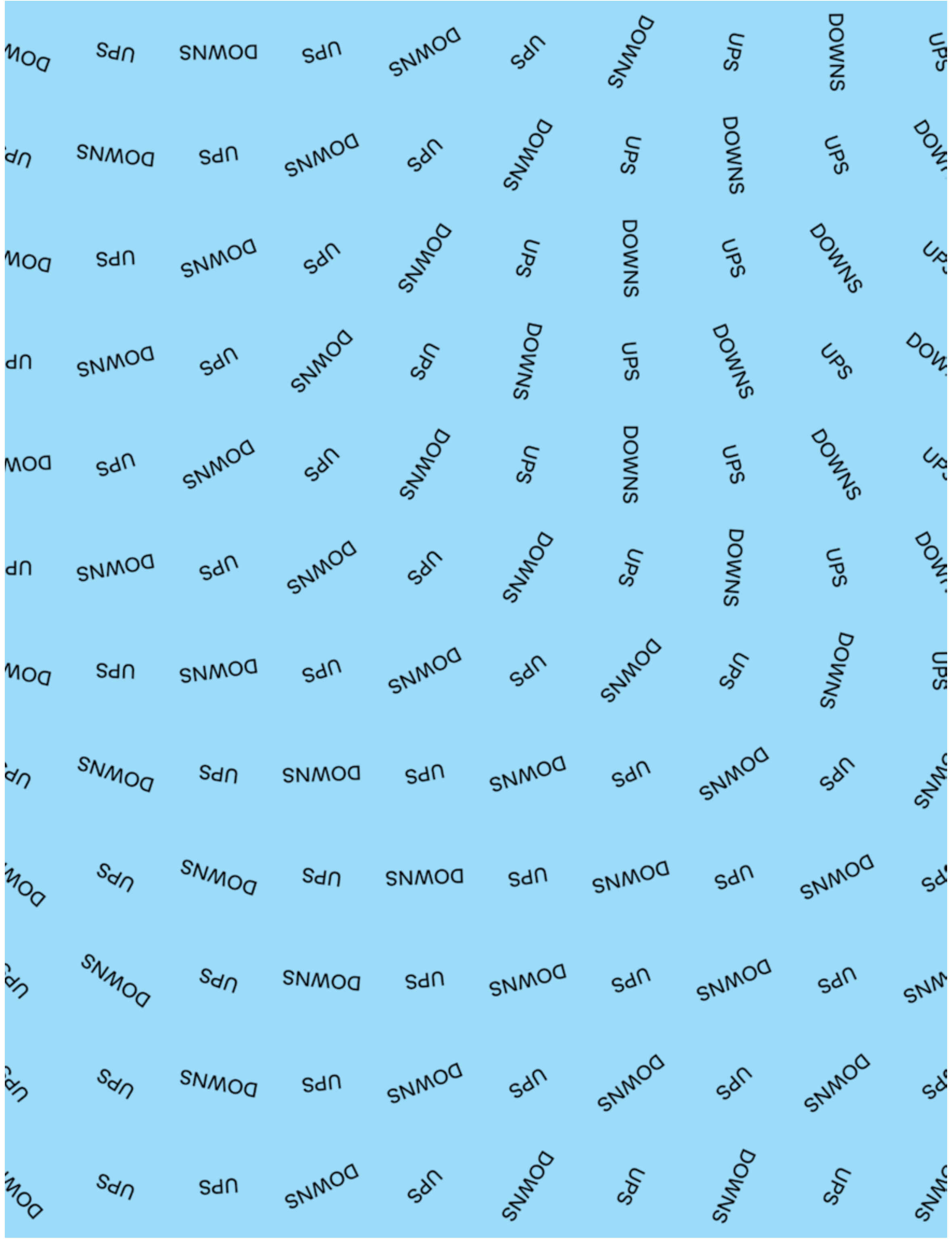
Ups. Downs. Highs. Lows.
We stay the course.



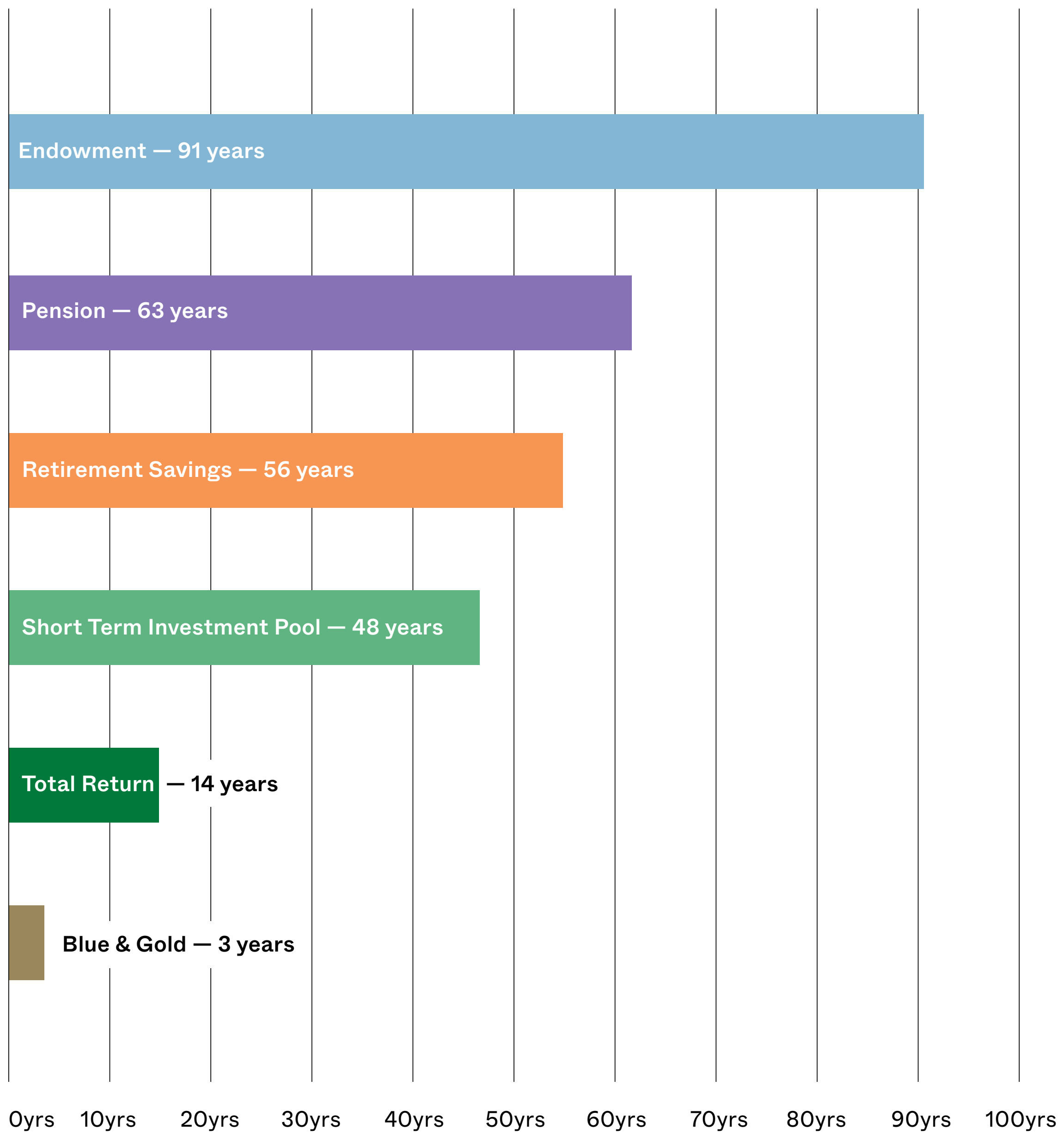
Value added over 8 years

$5.2B

Fees saved over 8 years

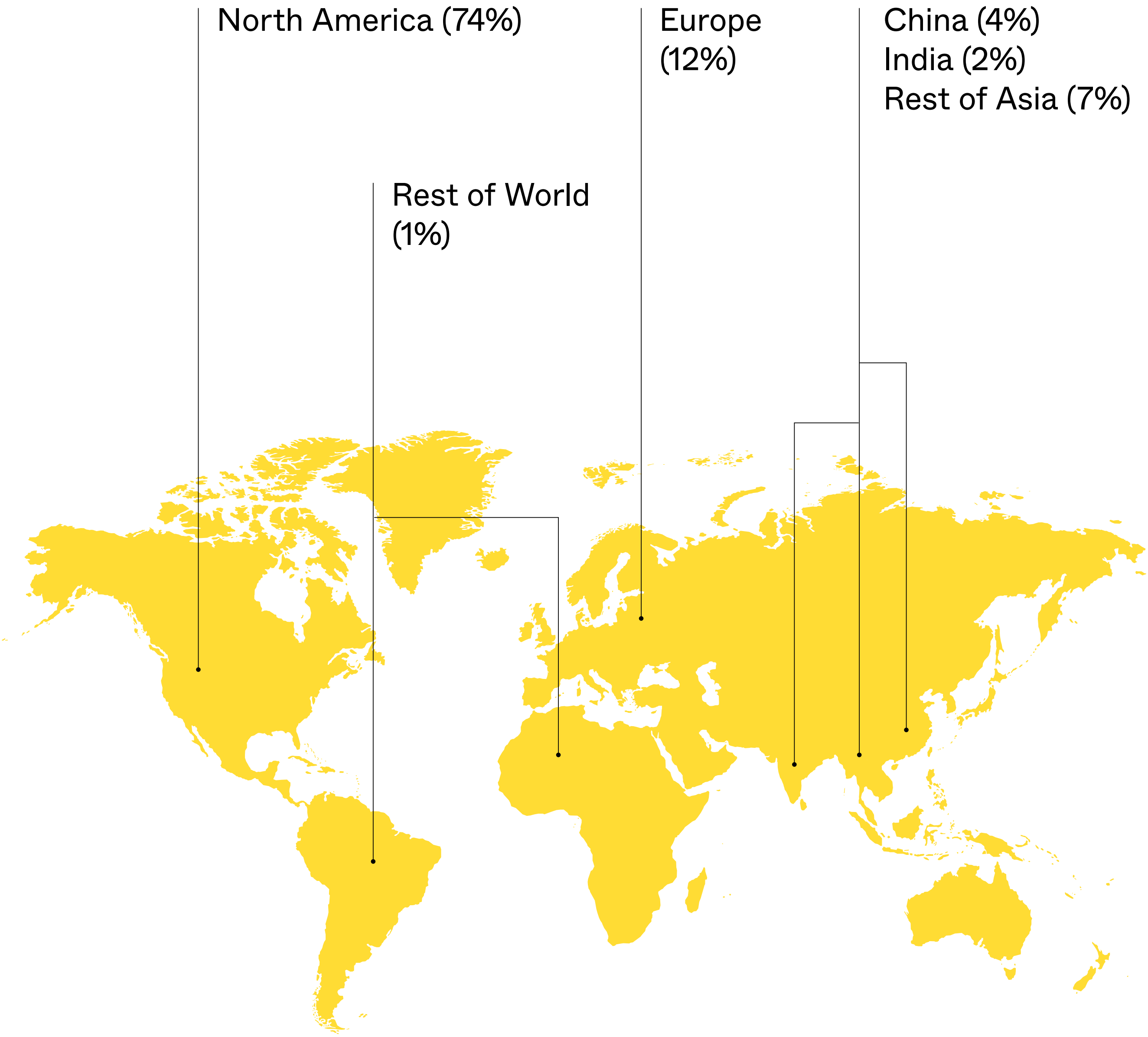
$2.9B

Investing for the next 100 years



Where we invest

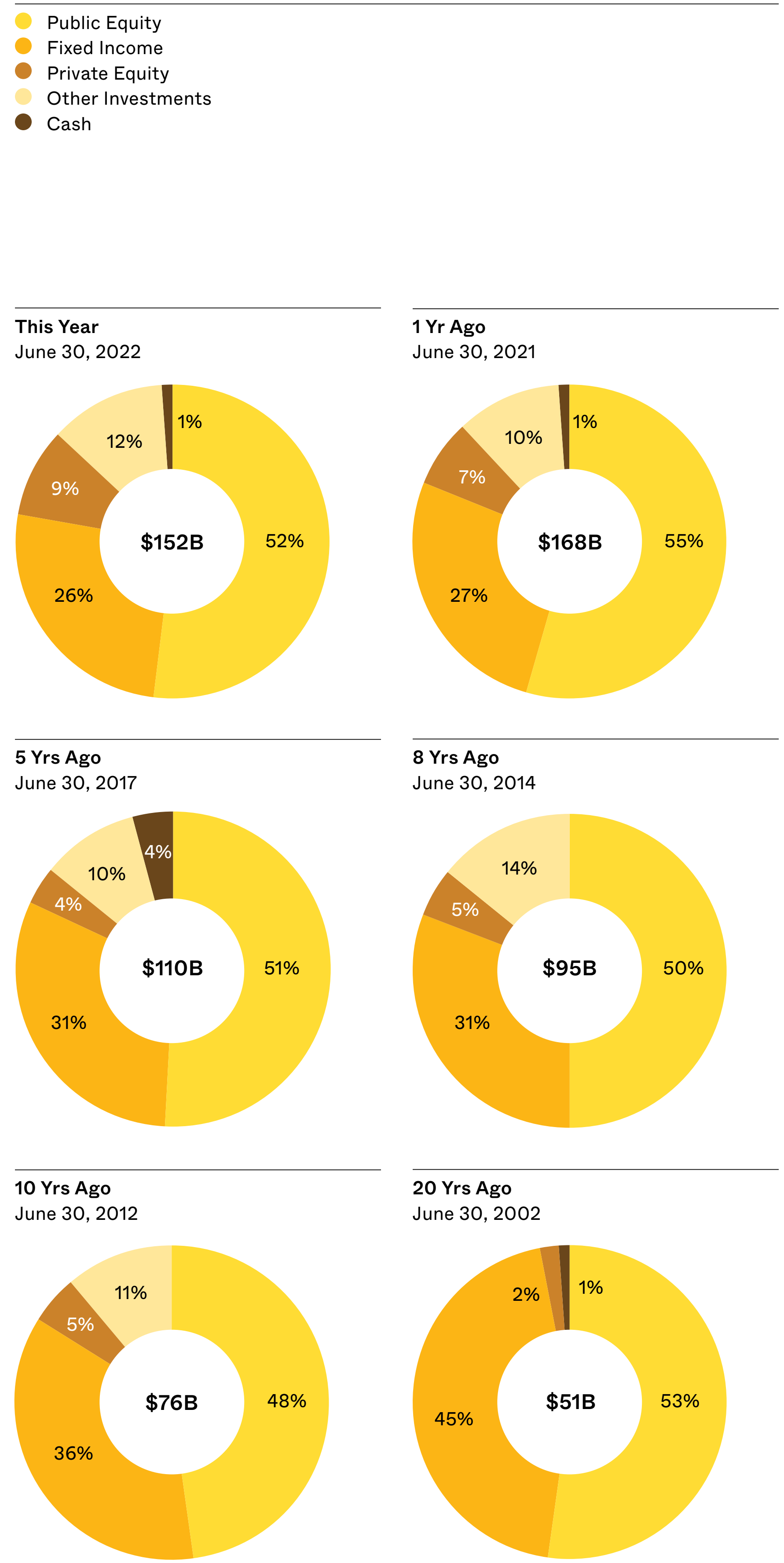
As of June 30, 2022



Asset allocation drives returns

As of June 30, 2022

	Market Value ($M)	Weight (%)
Public Equity	**79,464**	**52.2**
Fixed Income	**39,761**	**26.1**
Private Markets	**31,108**	**20.4**
Private Equity	13,187	8.7
Absolute Return	4,346	2.9
Private Credit	3,245	2.1
Real Estate	6,368	4.2
Real Assets	3,963	2.5
Cash	**1,940**	**1.3**
Total	**$152,273M**	**100%**



Our strong relationships with the Board of Regents allowed us to be nimble and shift our asset allocations to take advantage of market conditions.

S

Public Equity: Stocks
Putting another 10% in stocks before post-pandemic run-up added

$1.8B

B

Fixed Income: Bonds
Shifting from long-term to short-term bonds saved

$750M

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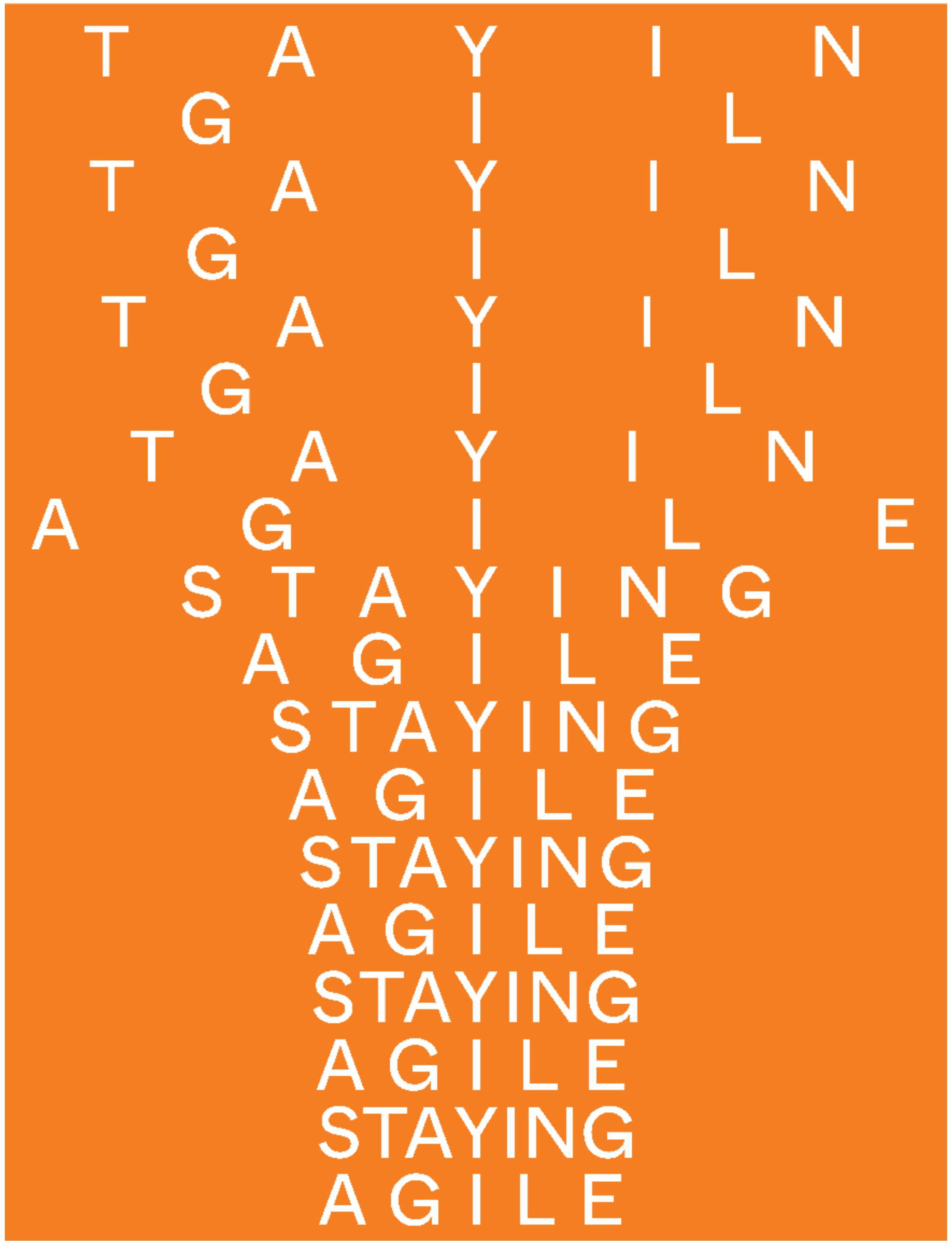
Staying agile has its rewards.

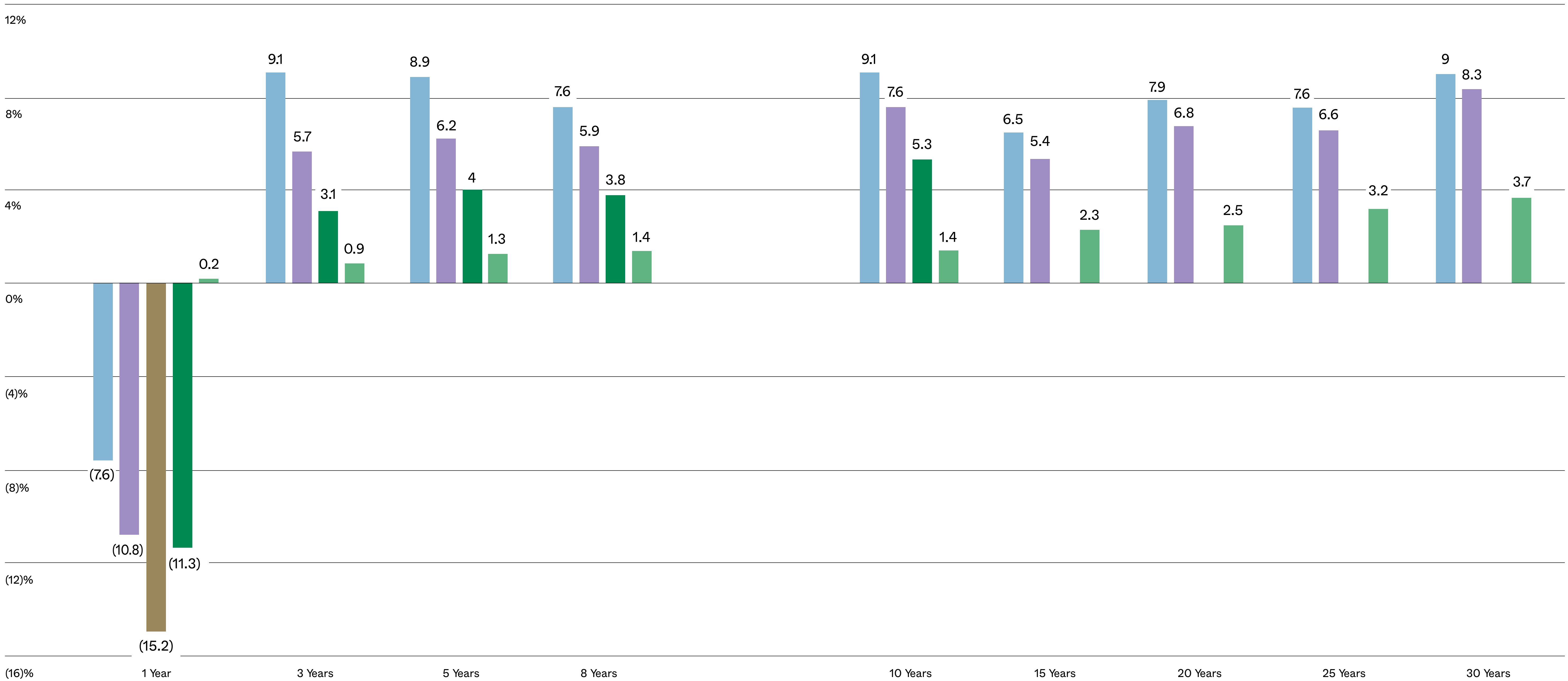


UC Investments Net Returns: 30 Years

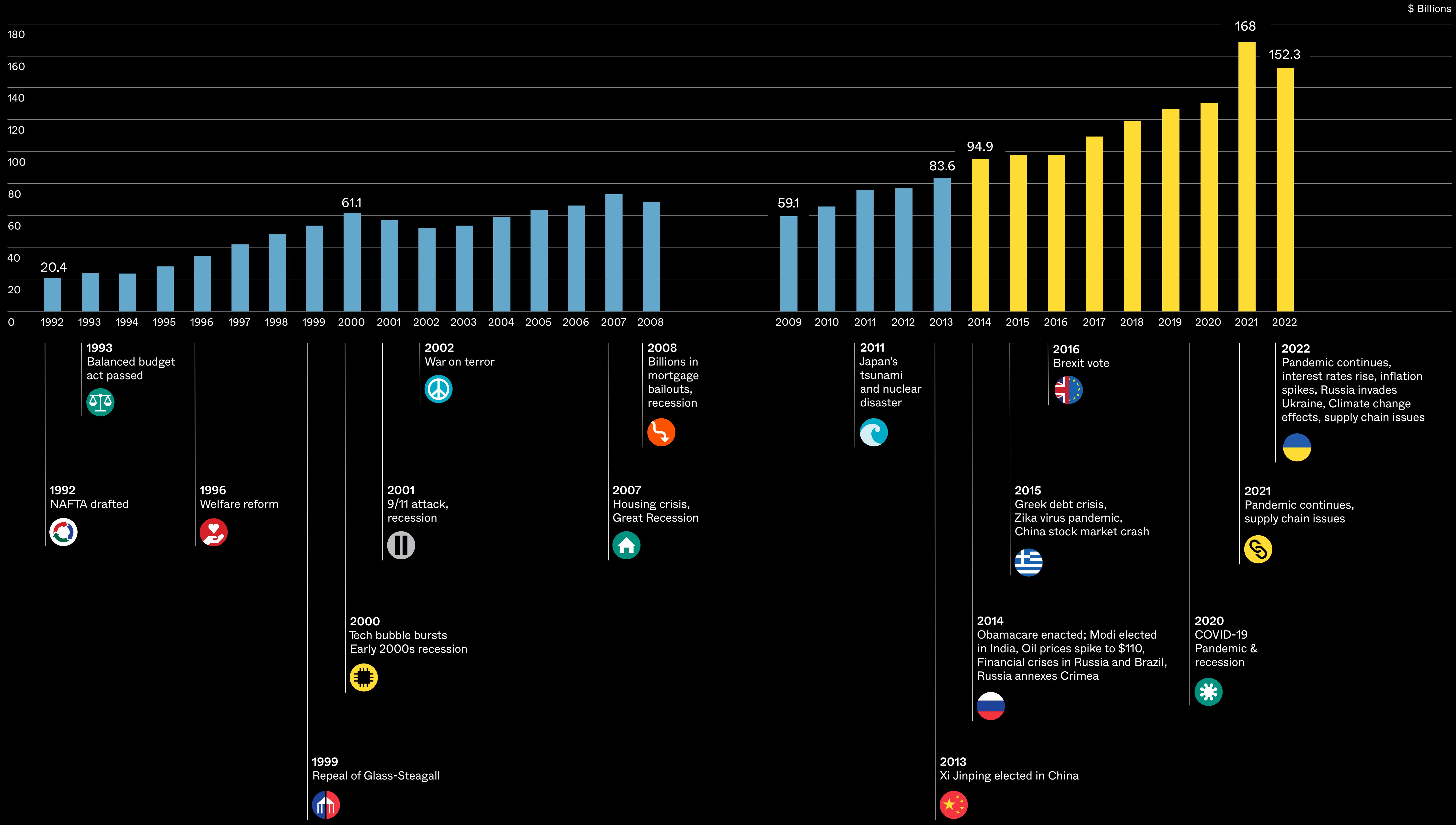
As of June 30, 2022

30 Year Returns

Endowment	9%
Pension	8.3%
Short Term	3.7%



We invest for the long-term.
Our results back the strategy.



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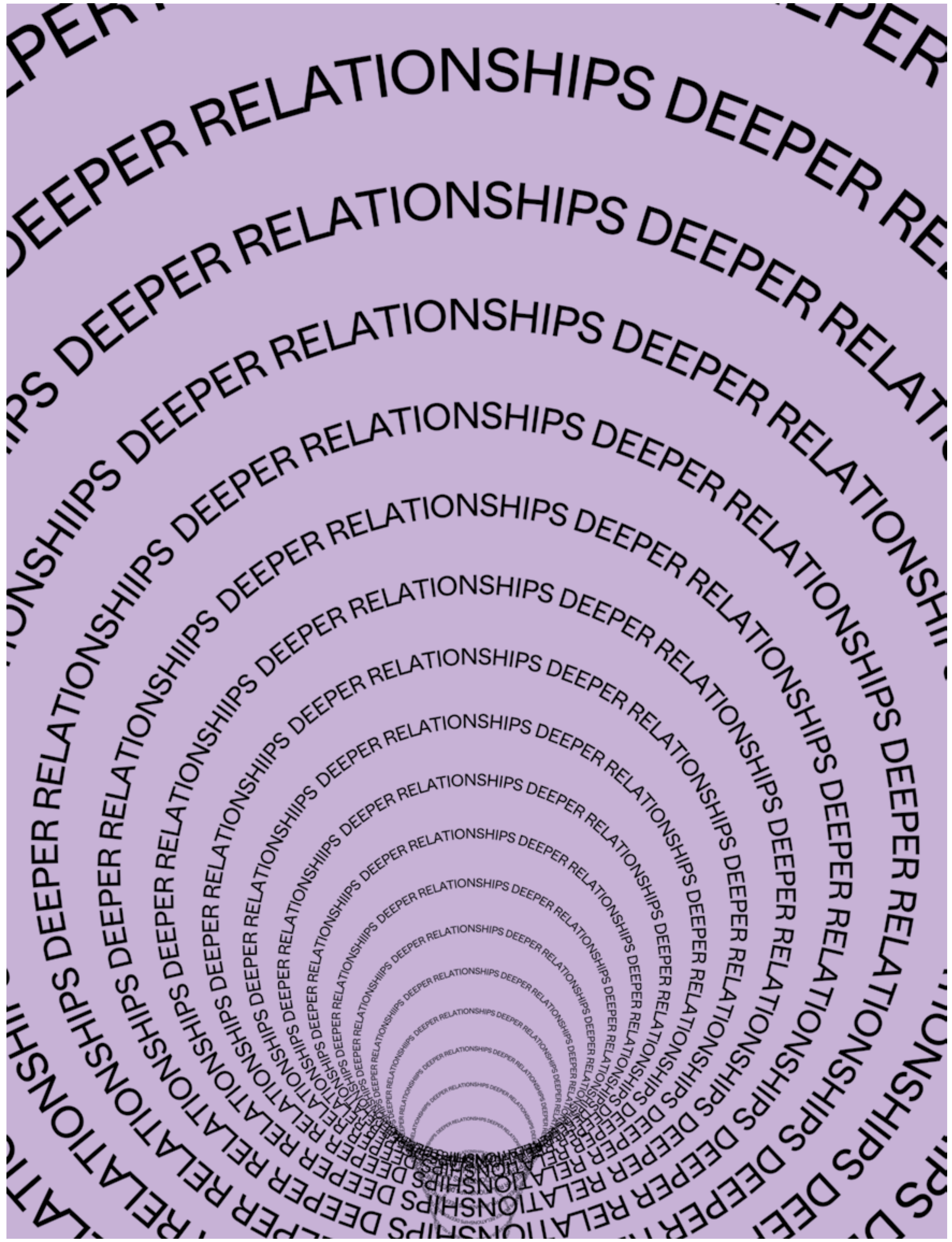
Deeper relationships.
Stronger partnerships.
Long-term results.



We have been investing the endowment for **91 years.**

The endowment is **$18 billion** in assets, divided among **6,500+** funds.

It supports **294,664** UC students.

The 2022 payout to campuses is **$533 million.**

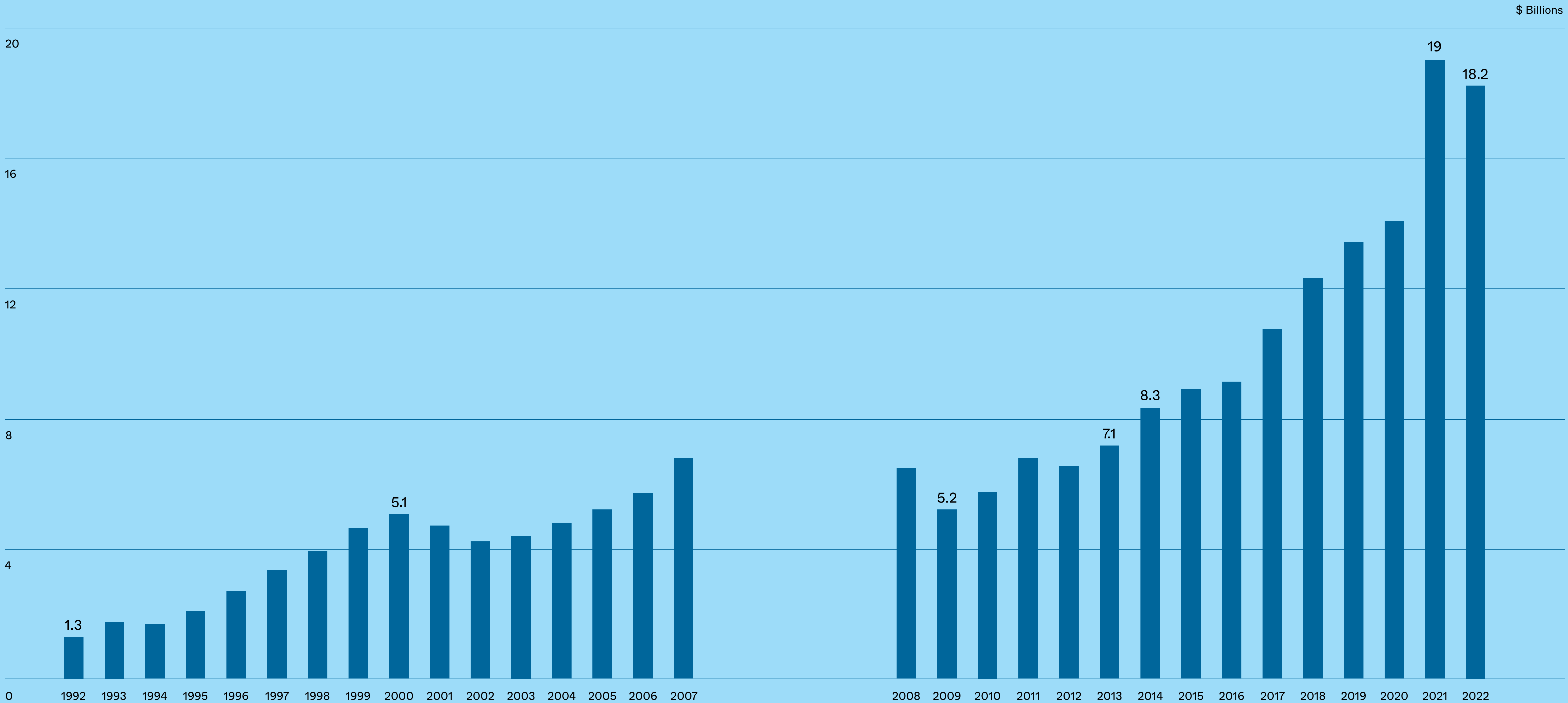
Net return: **(7.6%)**

Gross return: **(5.4%)**

30-year annualized net return: **9%**

Since 2014, this amounts to **$2.3 billion** in value added (over the benchmark) with asset growth of **$9.9 billion, $5.6 billion** in deposits from campuses, and **$761 million** in fees saved.

Investing for the long-term
UC Endowment 1992—2022



- We have been investing the pension for 63 years.
- The pension stands at $81 billion.
- Supporting 251,059 members, 52.2% of them active.
- % Employer contribution: 15%
- % Employee contributions: 7% to 9%

Net return: (10.8%)

Gross return: (9.7%)

30-year annualized net return: 8.3%

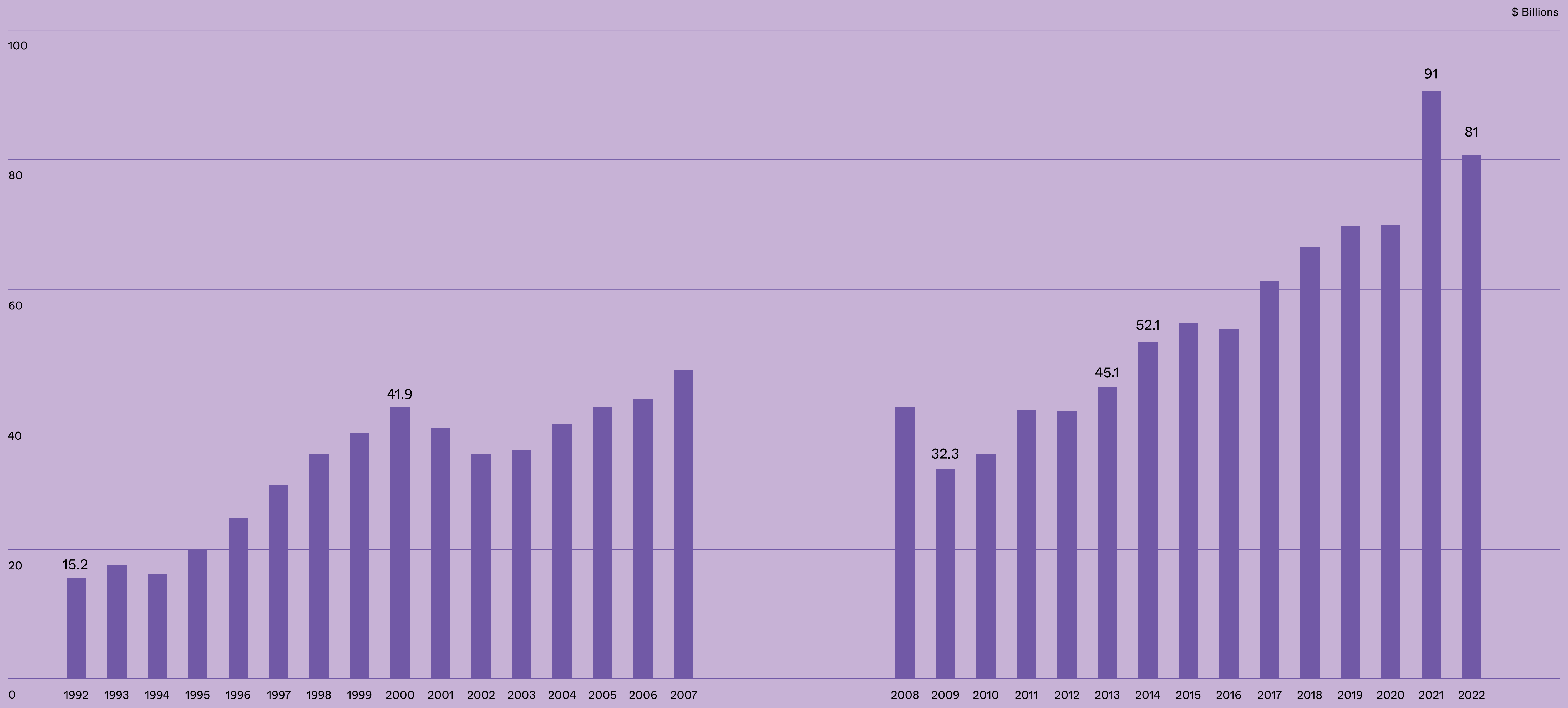
Funded ratio (actuarial): 84%

Discount Rate: 6.75%

Since 2014, we added $2.1 billion in value (over the benchmark) and grew assets by $28.9 billion while saving $2 billion in fees.

Investing for the long-term

UC Pension 1992—2022



The Retirement Savings plan serves 320,000+ members, making it the second largest U.S. public defined contribution plan, behind the federal government.

% The plan offers participants the best choices, at the lowest cost of any plan in the nation.

Total assets: $30 billion over three plans.

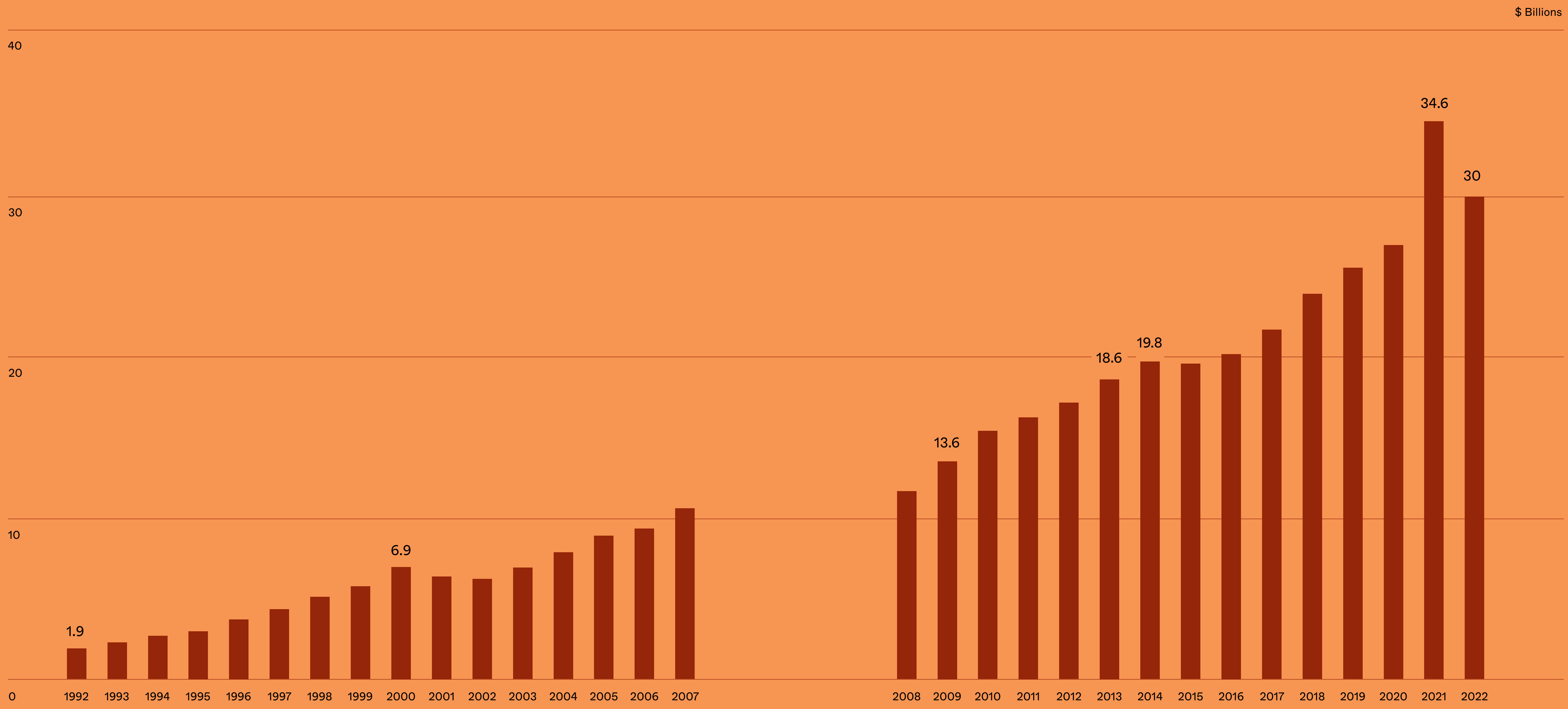
We make investing for retirement simple. Since 2014, we've streamlined investment choices from 75 to 14.

We are always innovating. We have launched a low-cost way to guarantee an uninterrupted income stream for participants 78 and older.

We made the investment fund line-up fossil free, with an industry leading management fee of 0.05%.

Since 2014, we've added $513 million in value (over the benchmark) for our participants, saved them $85 million in fees, and grown assets by $10.2 billion.

Investing for the long-term
UC Retirement Savings Program 1992—2022



We have been investing working capital for **48 years.**

Working capital is **$20.8 billion: $9.1 billion** in short term and **$11.7 billion** in total return.

Our **10** campuses and **five** medical centers rely on working capital to pay for the mission-critical projects and programs that make UC the gold standard of U.S. public universities.

Total Return

Net return: **(11.3%)**

Gross return: **(11.2%)**

10-year annualized net return: **5.3%**

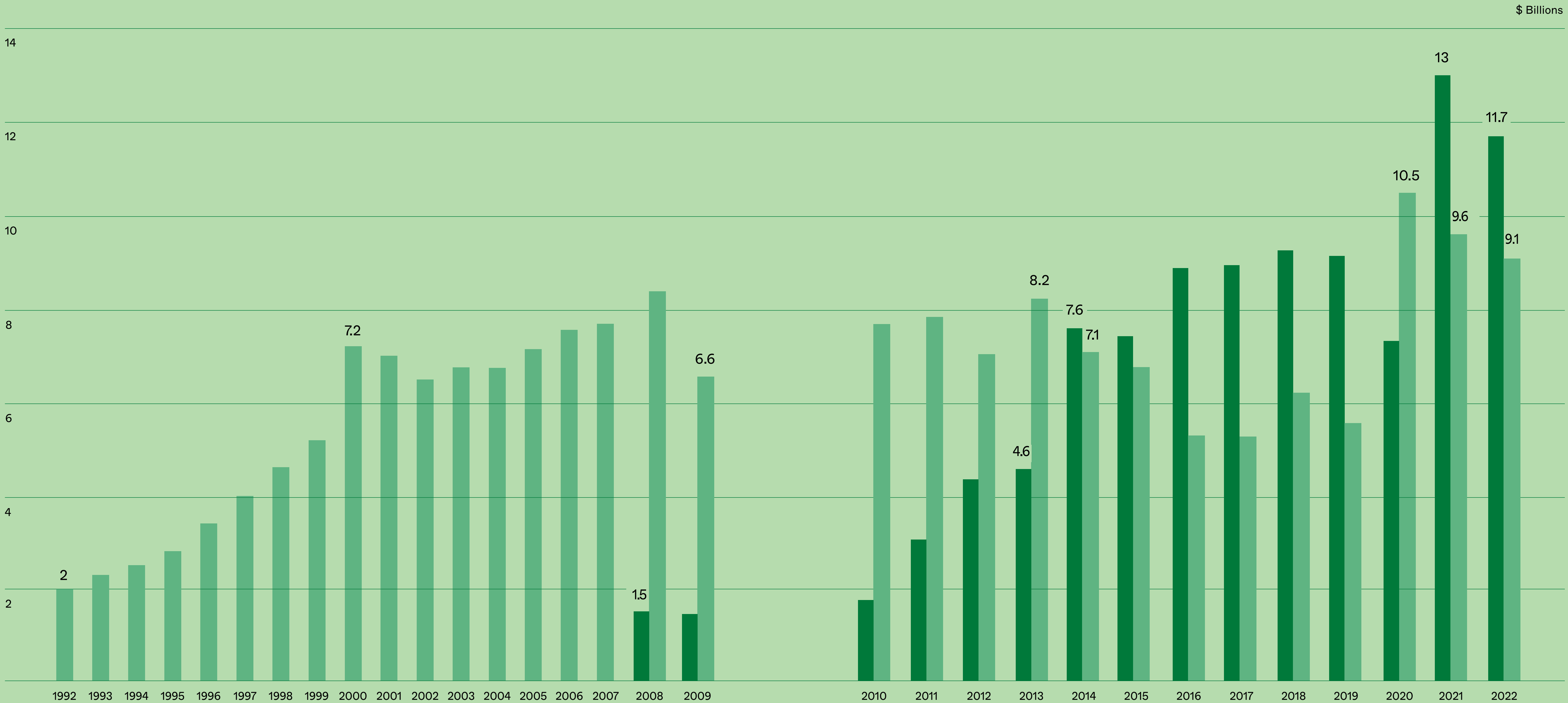
Short Term

Net return: **0.2%**

Gross return: **0.2%**

30-year annualized net return: **3.7%**

Investing for the long-term
UC Total Return 2009—2022
UC Short Term 1992—2022



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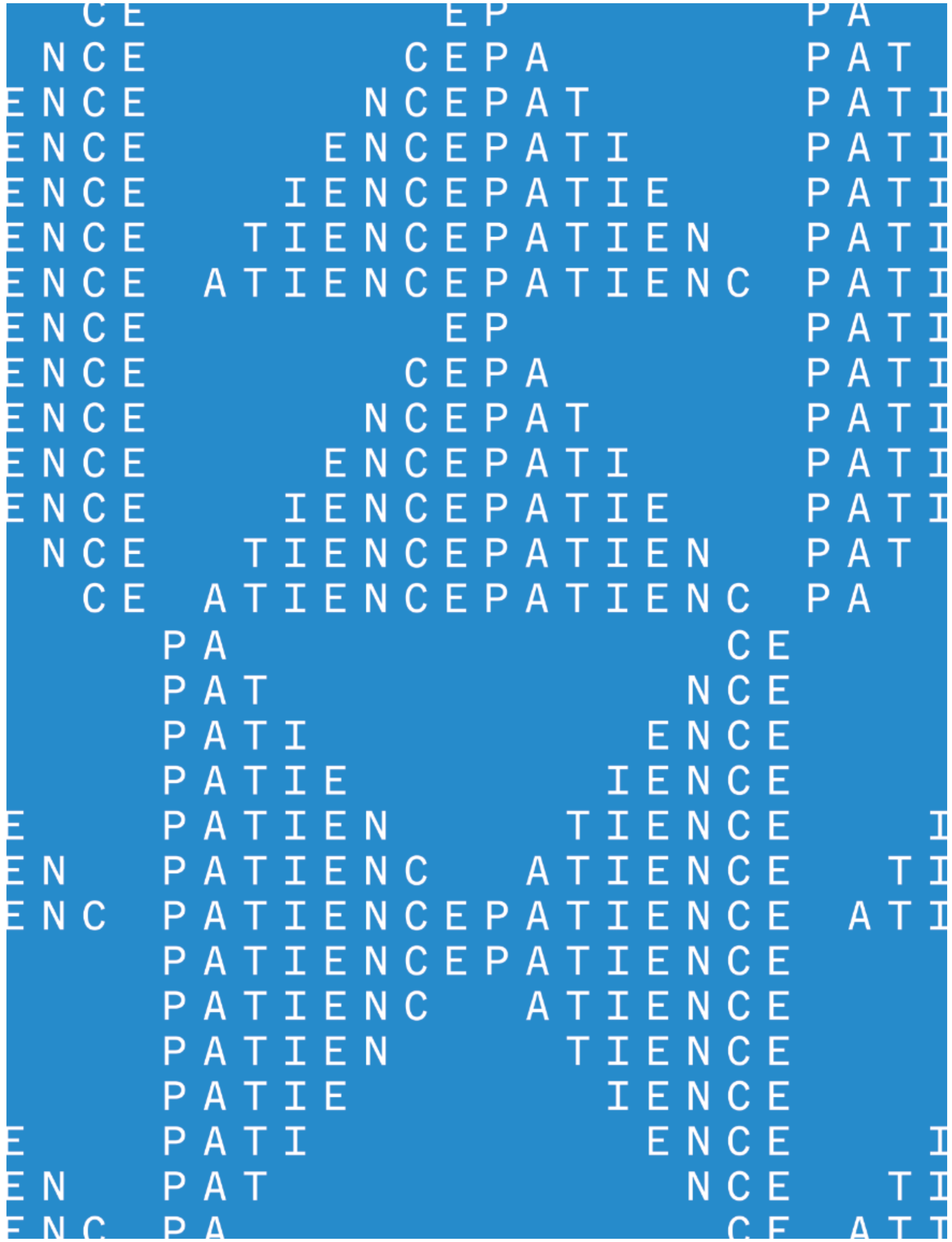
Patience. Persistence. Progress.



The 10 Pillars

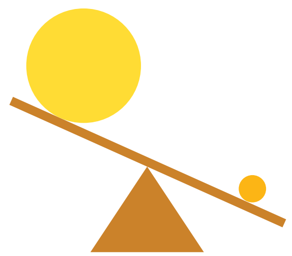
The UC Investments Way

We created the 10 pillars of what we call the UC Investments Way to guide our long-term investment strategy. Amid epic uncertainty and market turbulence due to the global pandemic, we relied on our pillars more than ever before.

The 10 pillars gave us the strength and confidence to respond thoughtfully — not react defensively — as we made investment decisions in this unusually chaotic time. The pillars are our office's common language and our guiding light. We wouldn't be where we are today without them.

1

Less is More



"You have to work hard to get your thinking clean to make it simple. But it's worth it in the end because once you get there, you can move mountains."
Steve Jobs

Fewer assets, higher quality, better performance. Experience has shown us the value of lean, high-performance teams working collaboratively to manage a concentrated, high-conviction portfolio. We've greatly reduced the number of external managers we use and the number of line items on our books. That makes it easier to understand what we own, especially in a crisis, and gives us fewer decisions to make. The result is a small, agile team laser-focused on areas where we can outperform the market.

2

Risk Rules

"In investing, what is comfortable is rarely profitable."
—
Robert Arnott

With opportunity, there is always risk. We've instilled that truism into our team members, and now we think of ourselves as risk managers, not asset managers. To bridge perspectives among asset classes, we speak the same "risk language." From our partners, we demand transparency into the assets we hold, which allows us to assess the risks we're taking across all our portfolios. We don't just measure risk, we manage it with a forward-looking approach. That's why we understand that risk is dynamic, human and long-term.

3

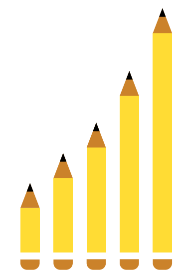
Concentrate

"Wide diversification is only required when investors do not understand what they are doing."
—
Warren Buffet

Know what you own, well. We construct our portfolios from a concentrated set of assets that we understand deeply, as opposed to many assets that we would be hard pressed to describe to our mothers. By limiting the number of investments in our portfolios, we believe we can reduce risk and increase returns.

4

Creativity Pays

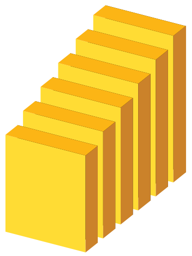


"The person who goes farthest is generally the one who is willing to do and dare. The sure-thing boat never gets far from shore."
—
Dale Carnegie

We believe that building a culture of innovation means opening your mind and sometimes charting new paths toward performance. We think like entrepreneurs, celebrating the wins and learning from the flops. We're developing a dedicated innovation team within our organization — a rarity in institutional investment — to incubate, validate and develop unique pools of capital that leverage our UC competitive advantages.

5

Build Knowledge



"An investment in knowledge pays the best interest."

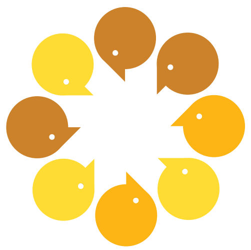
—

Benjamin Franklin

We are always on the lookout for opportunities that others might not have noticed or simply passed by. That's why it's critical to build knowledge — through connections, collaborations and the occasional deep dive into research — that can give us an edge. We're fortunate to operate within one of the world's most knowledge-rich university systems and we're delighted to capitalize on that.

6

Team Up



"Talent wins games, but teamwork and intelligence wins championships."

—

Michael Jordan

We're a collaborative bunch. And we realize that to be successful, we must attract the highest-caliber people aligned with that culture of honesty, humility and respect. We put people first, not lone wolves. We prize diversity of thought and background and share the University of California's core values. That makes it an honor and pleasure to work in service of the university's long-term investment goals.

7

What Makes UC, UC

"If you don't have a competitive advantage, don't compete."

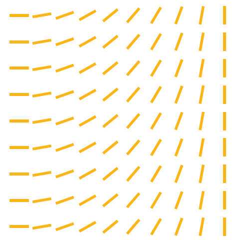
—

Jack Welch

We are integrated within one of the world's premier public research universities. We manage its money, while its students, faculty, staff and alumni discover and create. This unparalleled innovation ecosystem is a steady source of high-quality investment opportunities we can mine, while its people — including world-class experts in every discipline and field — offer knowledge and insights that bolster our success.

8

Perfect Alignment



"Control your expenses better than your competition. This is where you can always find the competitive advantage."

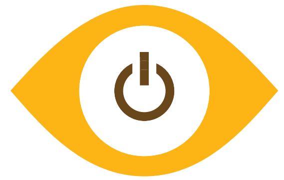
—

Sam Walton

As long-term investors, we choose our partners with particular care. Without trust and transparency, a long-term relationship won't work. Costs matter, of course. If external managers won't provide us with a detailed accounting of how they make their money from our money, we pull our capital and walk. Perfect alignment means win-win — in performance, collaboration, and goals — and the costs tend to take care of themselves. By demanding complete transparency, which gives us understanding of our risks, we avoid a misalignment of interests and relationships cut short.

9

Human Meets Machine



"You are cruising along, and then technology changes. You have to adapt."

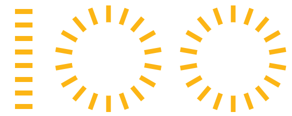
—

Marc Andreessen

With a small team investing large sums of money, we rely on technology to gather data that drives our returns and blends our human intelligence with that of machines. It makes us better, and faster. We're just a short drive from Silicon Valley and fully recognize the benefits, and near limitless future, of tech. Now, we're working with innovative startups to better understand and manage our portfolios and gain more access to unique markets around the world.

10

Centennial Performance



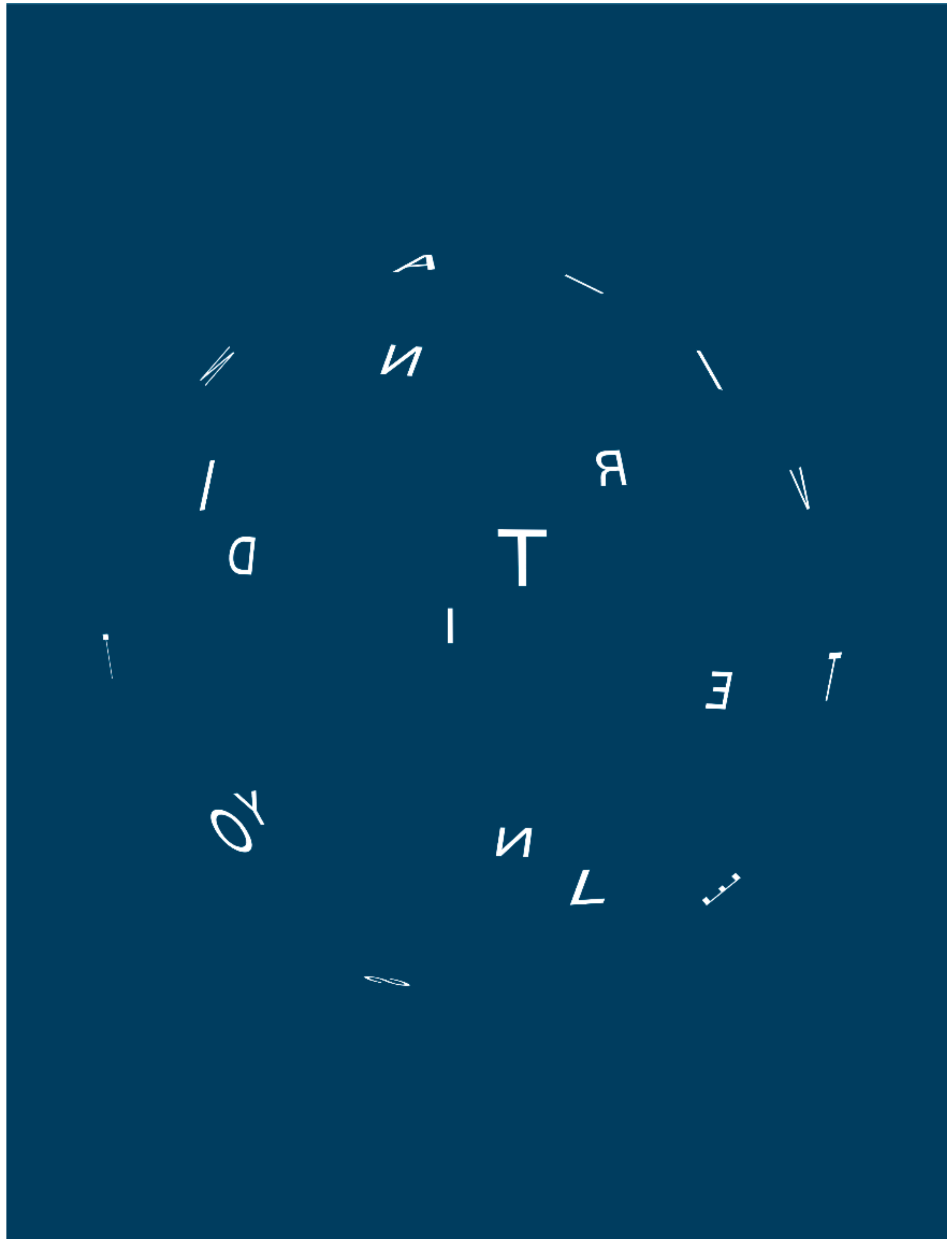
"We should all be concerned about the future because we will have to spend the rest of our lives there."

—

Charles Franklin Kettering

We think of ourselves as an organization that invests for the next 100 years. We're not in this to make a quick buck. Instead, we are always mindful of our fiduciary duty to help ensure the success of the University of California for generations to come. Our centennial orientation means our decision-making considers the long-term, fundamental challenges and risks facing society such as climate change, diversity, equity and inclusion and corporate governance.

The future is diverse.



LESS

IS MORE

How we invest

We keep it simple because less is more. Simplicity means lower costs and more focus. That adds up to better returns. We reduced the number of key partnerships from 280 in 2014 to 50 today.

280

− 230

= 50

As our assets have grown, our active investments have declined. That's meant higher returns, fewer external managers and far less money spent on fees.

In 2014, our portfolios had $30 billion in passive investments. Today, that number is $99 billion. Out of our total portfolio of **$152 billion**, we have $53 billion actively invested today, as compared to the $65 billion we actively invested in 2014 when our total portfolio stood at **$95 billion**. The bottom line: where we believe we can do better than the market, we actively invest. Otherwise, we earn returns while paying only minimal fees.

2014 Passive Investments

$30B →

2022 Passive Investments

$99B

2014 Active Investments

$65B →

2022 Active Investments

$53B

We do more for less

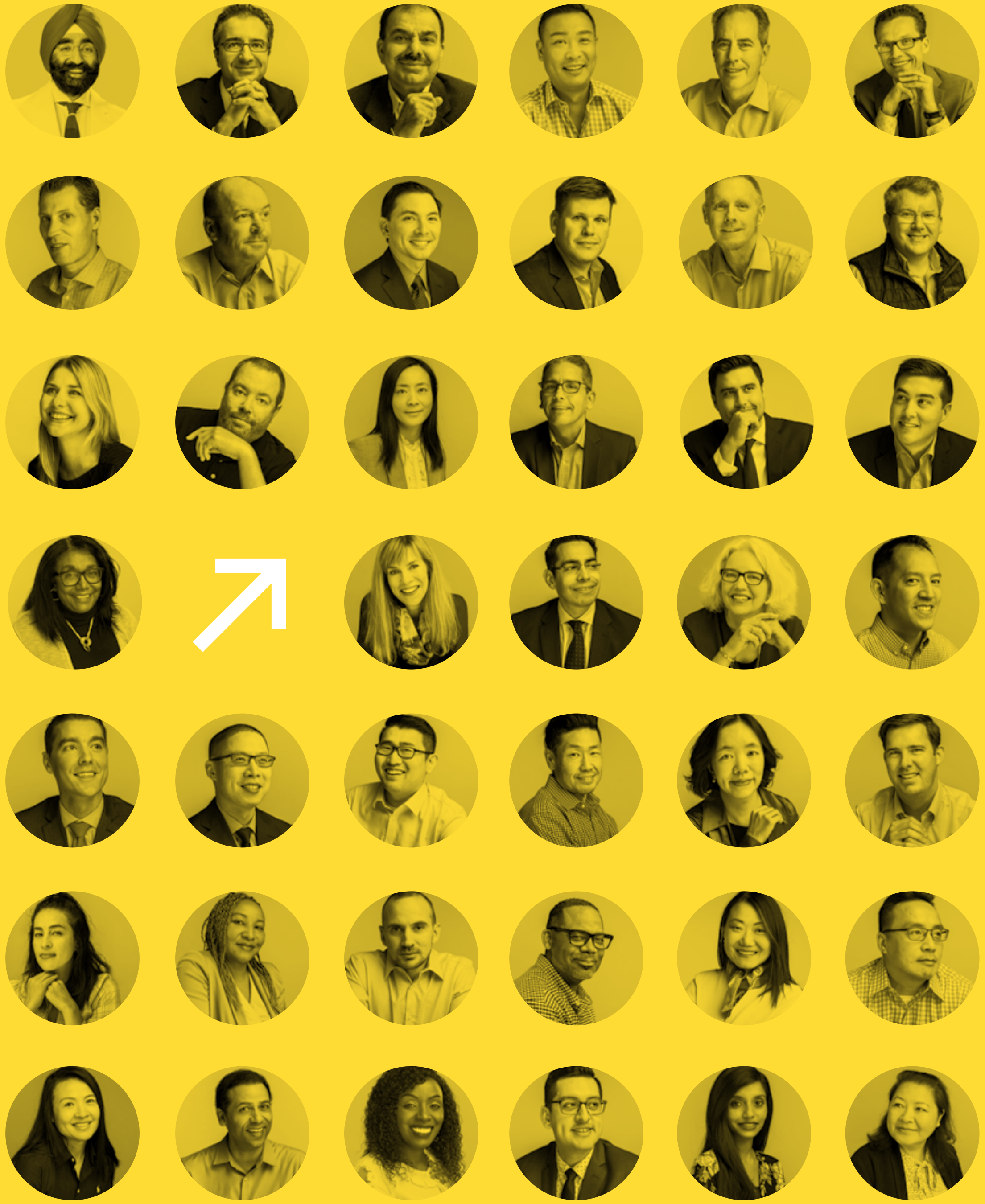
At UC Investments, we manage $6.9 billion per person. The industry standard is $1.1 billion. To do this work, our peers charge an average of 0.3%. That's more than 10 times what our clients pay at 0.028%. In other words, instead of $456 million a year, our clients pay $42 million.

There are far fewer of us as well. We manage $152 billion. Most portfolios of that size have teams at least five times larger.

~~$456M~~

$42M

UC Investments Team



Follow the instructions on page 1 to bring this image to life.

The pipeline for investment talent starts here.

What happened in the markets?

Public Equity Markets

Equity returns were negative in fiscal year 2021-22. The global index, the MSCI ACWI IMI, was down 17.9% and the S&P 500 was off by 12.3%. (Both indices are tobacco and fossil fuel free.) In the first half of the fiscal year, equities continued their strong multi-year run, supported by solid corporate earnings and ongoing monetary and fiscal stimulus. However, cracks started to appear in November with technology stocks in particular coming under pressure. Investor sentiment toward more speculative and/or unprofitable companies soured. Instead, investors turned to more cyclical companies (e.g., energy/financials) and those benefiting from the reopening of the economy post-COVID.

Early in 2022, it became clear that central banks were behind the curve and needed to tighten monetary policy to try to mitigate the strong inflationary pressures in the global economic system. With rapidly rising interest rates and geopolitical risks (e.g., Russia/Ukraine, U.S.-China tensions), stocks sold off significantly. **The S&P 500 had its worst first half of the year since 1970.** The IPO and Special Purpose Acquisition Company markets dried up. Company earnings so far in 2022 have still been solid, but investors are increasingly concerned about the impact of a possible economic slowdown on profits for the next 6-12 months. Many companies expect weaker future earnings growth and margin compression due to inflation and supply chain issues.

Chinese equities were the worst performer of the fiscal year, affected by COVID lockdowns and increased regulations (both domestically and U.S.-driven). U.S. equities outperformed other developed markets, while Indian equities held up best, down only modestly as its economy has continued to perform well.

Equity valuations have come down meaningfully, with the S&P 500 trading at a forward price/earnings ratio of 16x versus 21x a year ago. Although this is now more attractive and in line with longer-term historical averages, headwinds for equities will likely remain in the near future. Central bank policies and the ability of companies to navigate through a turbulent economy and geopolitical landscape will determine equity returns in the coming year.

How this played out at UC Investments

We invest in equities via passive index exposure and through active external managers. Our public equity exposure in the pension was held 71% in passive indexes and 29% was actively managed (via 19 active funds). As of June 30, 2022, our pension portfolio underperformed the ACWI benchmark by 0.9%. In the endowment, we underperformed the benchmark by 0.6% by holding 54% in passive and 46% in active (via 13 funds, all of them also in the pension).

We saw a very wide range of returns among our managers in the past year. Those with a value or cyclical bias tended to hold up well versus the benchmark, while those focused on growth (e.g., technology stocks in the U.S./Europe/Asia, biotech) struggled the most. In general, stock selection was difficult in the past year as markets often moved quickly, driven by geopolitical or inflation headlines rather than company-specific fundamentals. Our overweight to China was a detractor this fiscal year, although recent positive momentum there is encouraging. We benefited from our overweight to India and the U.S.

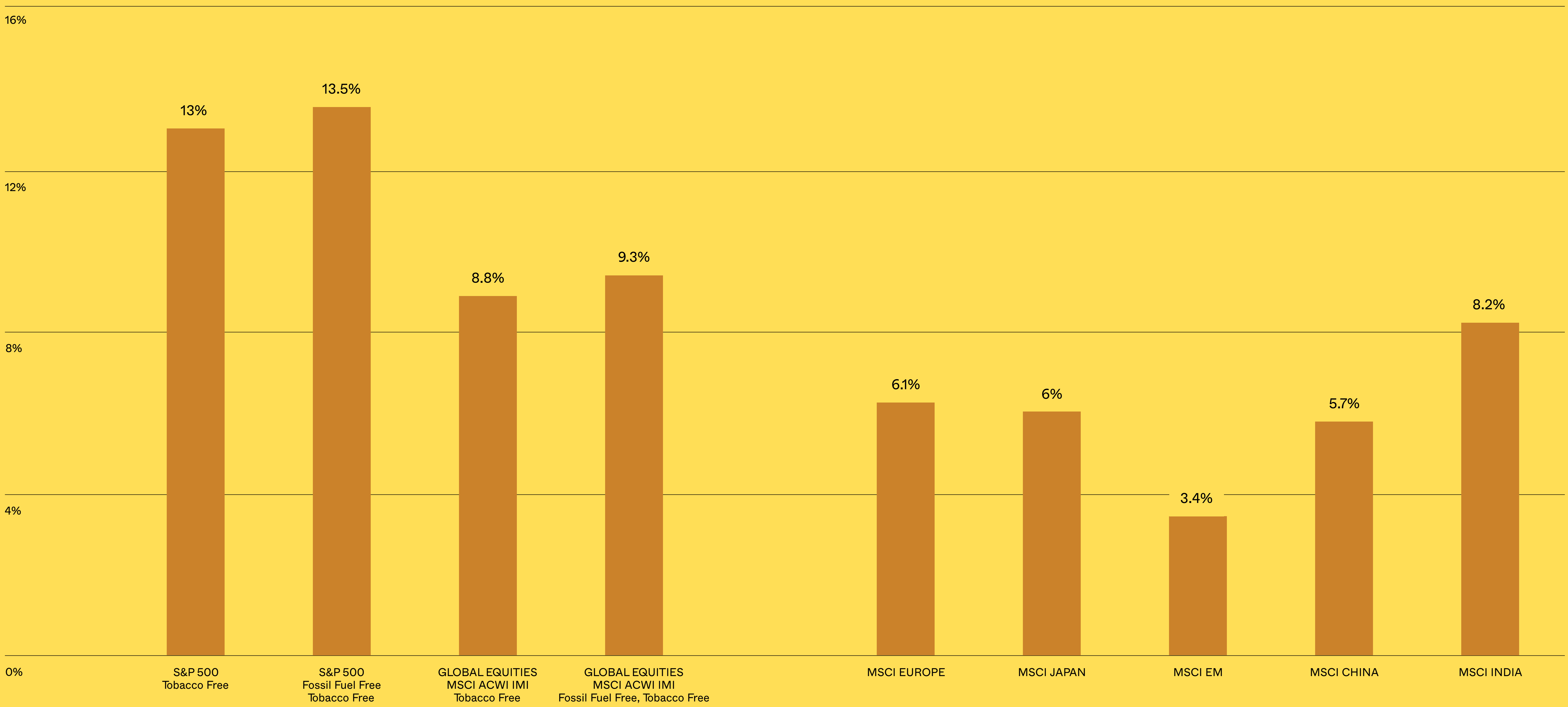
We made only limited changes in our portfolio this past year. We reduced the growth-style tilt in the endowment at the beginning of the fiscal year and added a U.S. small cap manager and a second dedicated India manager. As before, we are most excited about stock-picking opportunities outside the U.S. or in smaller companies or specific sectors.

Don't underestimate the United States

Source: Bloomberg

Global Equity Returns: 10 years

As of June 30, 2022



Fixed Income Markets

Soaring inflation and the Federal Reserve Board's efforts to contain it dominated the fixed income markets as the 2021-22 fiscal year came to a close.

Through most of 2021, the Fed believed that rising prices for goods and services were transitory and, as such, maintained a very accommodative monetary policy characterized by near-zero interest rates and huge asset purchases. That shifted late in the fiscal year when the central bank began raising rates and reducing its bond holdings in an attempt to tamp down inflation. But inflation has persisted, as have expectations for more of the same.

The Federal Open Market Committee hiked its target policy rate 1.5% over the last three months of the fiscal year and is guiding policy to a peak rate of 3.8% by mid-2023. The monetary policy shift has tightened financial conditions with a stronger dollar, higher mortgage rates, wider credit spreads and lower equity prices. The housing market appears to have reacted quickly to the rate increases with a decline in both existing home sales and new construction. Outside of housing, the economy appears to have decent momentum despite tightening financial conditions.

Volatile markets are reflecting the effects of the extraordinary shift in monetary policy from zero rates and central bank balance sheet expansion to a rapid drawdown amid rate hikes not seen in decades. Borrowing money is becoming more expensive as rates climb. The 2-year U.S. Treasury yield recently broke above 3% for the first time since mid-2008. Credit spreads have widened — the broad U.S. investment grade corporate bond market now yields 4.5% vs. 2% at the start of the fiscal year. The U.S. high-yield market now yields 8.5% after beginning the year at 3.7%. Pricing of risky assets reflects some uncertainty about the fundamental outlook. With inflation its primary focus, the Fed is missing on its price stability mandate by a large measure. The Fed also projects rising unemployment in the coming years as the labor market softens from "unhealthy" levels.

Markets reflect the increasing risk that tighter monetary policy will lead to recession or stagflation. U.S. real GDP growth in Q1 was -1.5%, dragged down by weak exports and slower inventory accumulation. Predicting and timing recessions is difficult as each downturn varies in size, length, and triggers. Fed Chair Jerome Powell has noted that achieving a soft landing with moderating GDP growth and slowing inflation is not straightforward. With a tight labor market and the economy dealing with the shocks of higher food and energy prices, recession risks are rising over the next few years.

How this played out at UC Investments

After moving most of our fixed income assets to a passive strategy in fiscal year 2020-21, we have maintained a lower allocation to the asset class, thus reducing our interest rate risk in anticipation of higher interest rates.

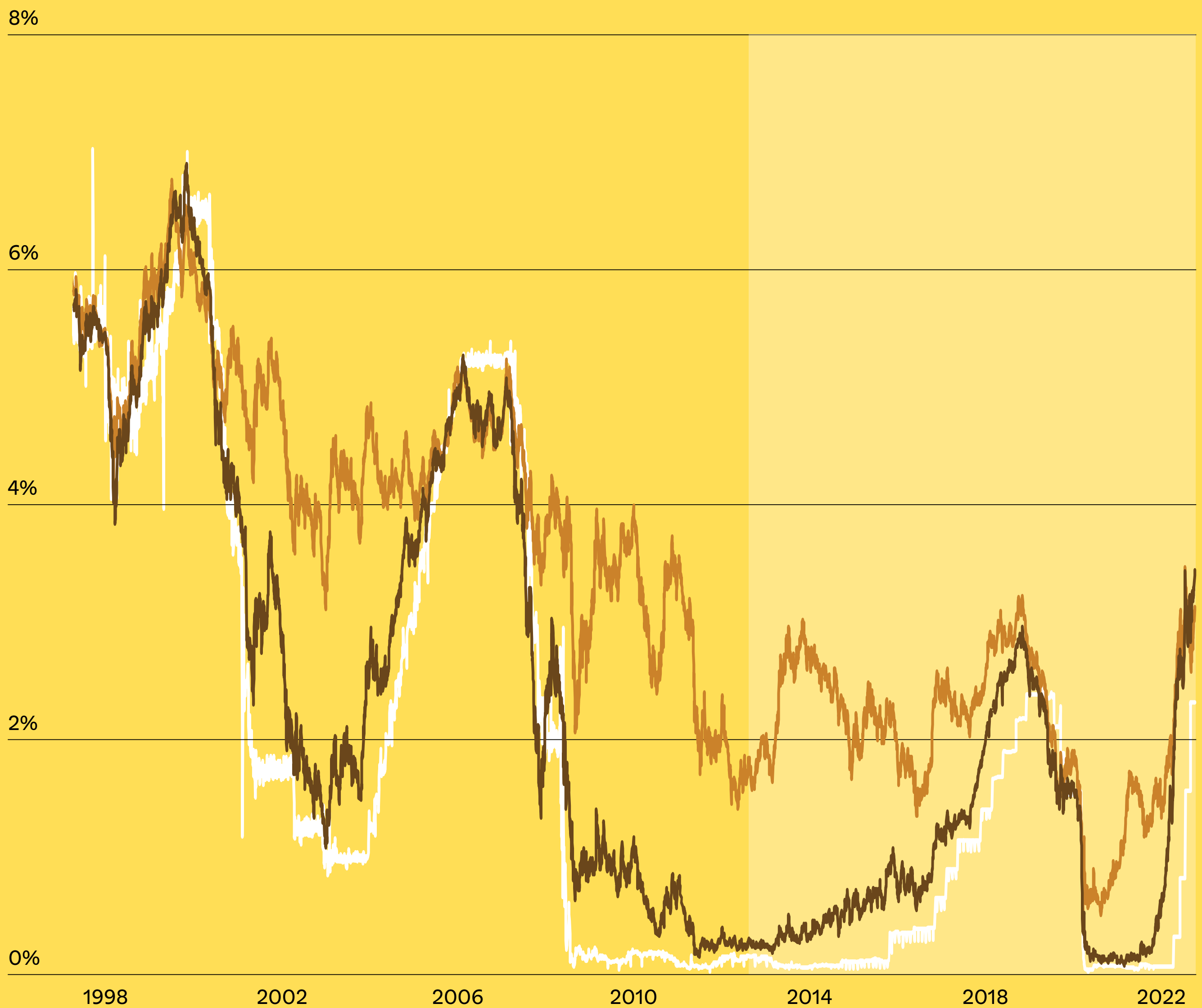
The result as of June 30, 2022, was a return of -5% for U.S. core fixed income. The decision to shorten the maturity of our core portfolio helped performance. Our core benchmark, the 1-5 year Government/Credit Index outperformed our prior benchmark, the U.S. Aggregate Index by 5%.

Fixed income assets, however, were not a haven this fiscal year. Higher yields and wider spreads led to negative returns across the asset class. Overall, fixed income returns in the pension stood at -8.4%.

The pension was hurt by exposure to U.S. high yield bonds and emerging market debt, which returned -13% and -21% respectively. The war in Ukraine affected emerging market performance, as Russian debt was downgraded and removed from indices at a zero value and prices of Ukrainian and Belarussian debt fell sharply.

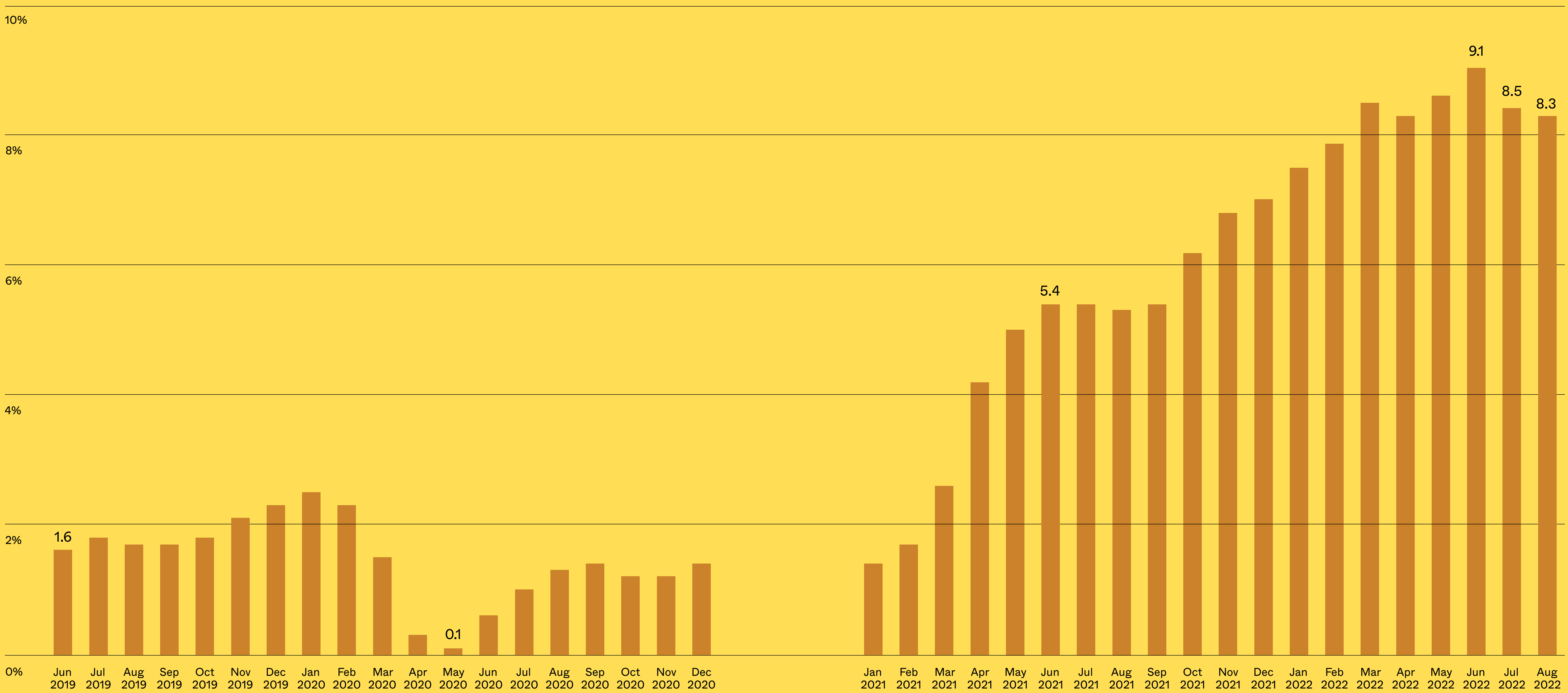
Looking forward, we do believe fixed income assets will finally offer income; the yield of our core portfolio is 3.5%, U.S. high yield 8.5% and emerging market debt 8%. Although higher yields/lower bond prices are still a risk, current yields imply a greater likelihood of positive returns for the asset class in the upcoming fiscal year. At current spreads of ~5%, the average historical return of the U.S. high yield market is 11% in the following year, well above the 7.7% long-term average. We expect fixed income to provide stability, income and diversification benefits to our overall portfolio in the coming year.

Rates still below historical norms



Source: Board of Governors of the Federal Reserve System (US)

When will inflation peak?



Endowment

Critical financial support for the programs and initiatives that make our public research university system the best in the world.

General Endowment Pool

+

Blue & Gold Pool

Highlights

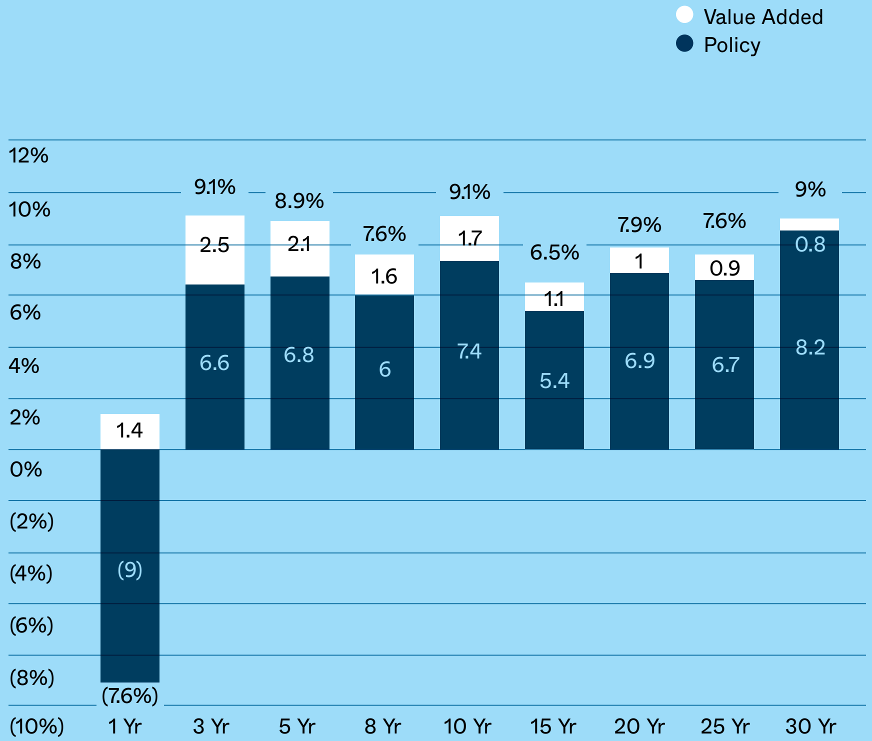
As of June 30, 2022

Gross Return	(5.4%)	**Assets**	$18.2B
Net Return	(7.6%)		

	Fiscal Year To Date
Beginning Market Value	$19B
Market Gains	($1.7B)
Value Added	$0.3B
Net Cash Flow	$0.6B
Ending Market Value	$18.2B

Net Returns

As of June 30, 2022



Performance

As of June 30, 2022

	Market Value in Billions ($)	Annualized Net Return (%)								
		1 Yr	3 Yr	5 Yr	8 Yr	10 Yr	15 Yr	20 Yr	25 Yr	30 Yr
Endowment	**18.2**	**(7.6)**	**9.1**	**8.9**	**7.6**	**9.1**	**6.5**	**7.9**	**7.6**	**9**
Policy Benchmark		(9)	6.6	6.8	6	7.4	**5.4**	6.9	6.7	8.2
Value Added		1.4	2.5	2.1	1.6	1.7	1.1	1	0.9	0.8
Public Equity	**7.8**	**(18.5)**	**6.8**	**7.3**	**6.5**	**9.1**	**5.2**	**7.4**	**6.4**	**8.3**
Fixed Income	**1.2**	**(4.2)**	**0.4**	**1.9**	**1.7**	**2.6**	**4.3**	**4.8**	**5.5**	—
Private Markets										
Private Equity	4.4	(1.2)	24.1	24.5	22.5	22	16.4	15.9	19.4	20.8
Absolute Return	1.5	(2.6)	5.2	5.8	4.4	5.9	4.4	—	—	—
Private Credit	0.8	4.6	—	—	—	—	—	—	—	—
Real Estate	1.2	32.2	14.7	12.1	12.2	12.2	5	—	—	—
Real Assets	0.6	10	9.9	8.3	3.1	4	—	—	—	—
Cash	**0.7**	**0.6**	**1**	—	—	—	—	—	—	—

Asset Allocation

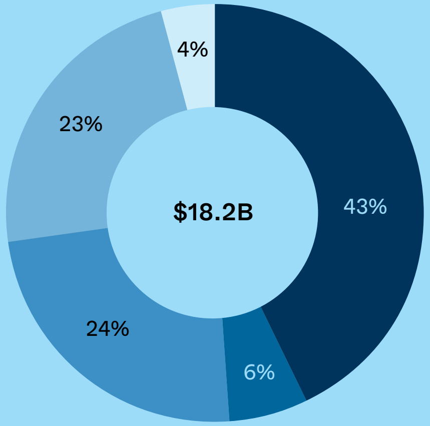
As of June 30, 2022

	Market Value in Billions ($)	Portfolio Weight (%)	Over/Underweight (%)	Policy (%)
Public Equity	7.8	43	3	40
Fixed Income	1.2	6.4	(1.6)	8
Private Markets	8.5	47	(3)	50
Private Equity	4.4	24.3	0.3	24
Absolute Return	1.5	8.2	(1.8)	10
Private Credit	0.8	4.6	0.6	4
Real Estate	1.2	6.4	(1.6)	8
Real Assets	0.6	3.5	(0.5)	4
Cash	0.7	3.6	1.6	2
Total	18.2	100		100

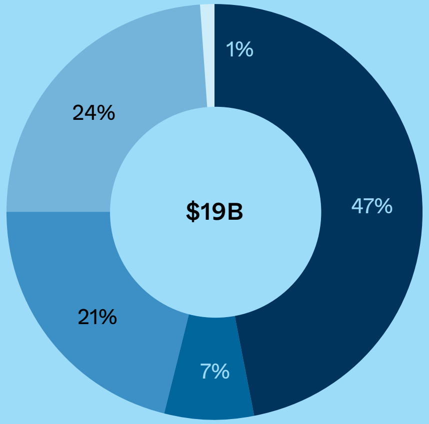
Asset Allocation Over Time

- Public Equity
- Fixed Income
- Private Equity
- Other Investments
- Cash

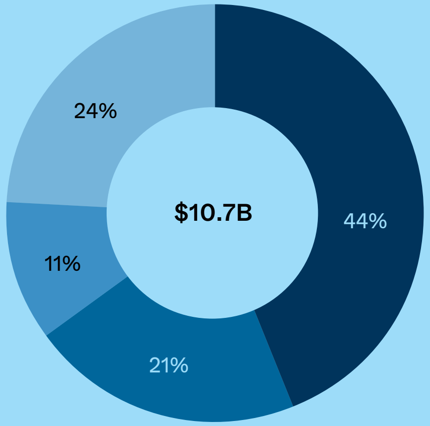
June 30, 2022



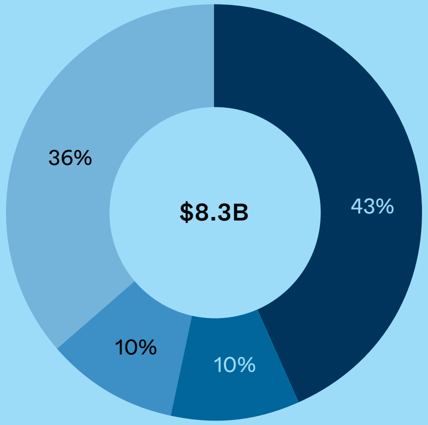
1 Yr Ago
June 30, 2021



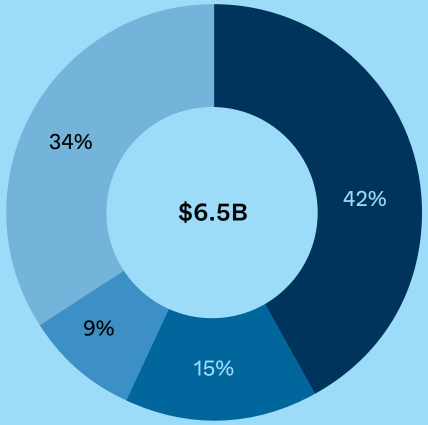
5 Years Ago
June 30, 2017



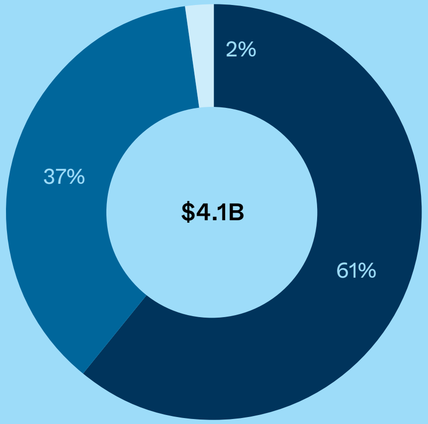
8 Years Ago
June 30, 2014



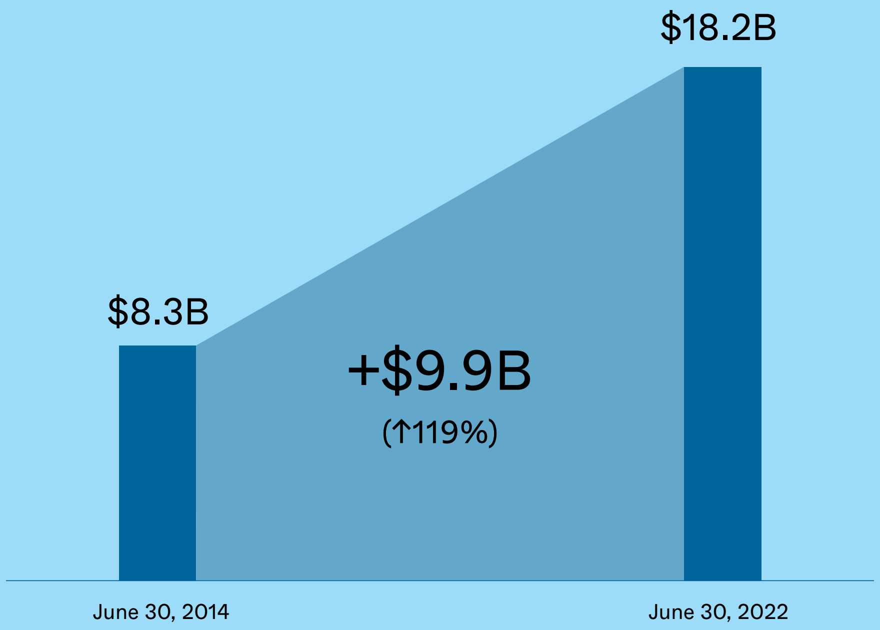
10 Yrs Ago
June 30, 2012



20 Yrs Ago
June 30, 2002

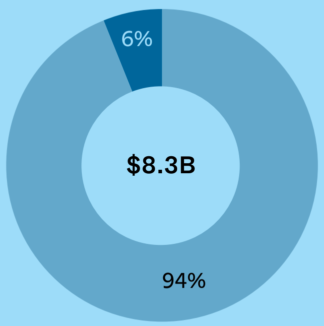


Assets Over 8 Years

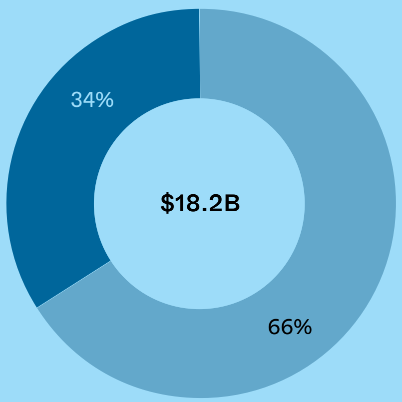


Passive Investments Increased by 28%

- Active
- Passive

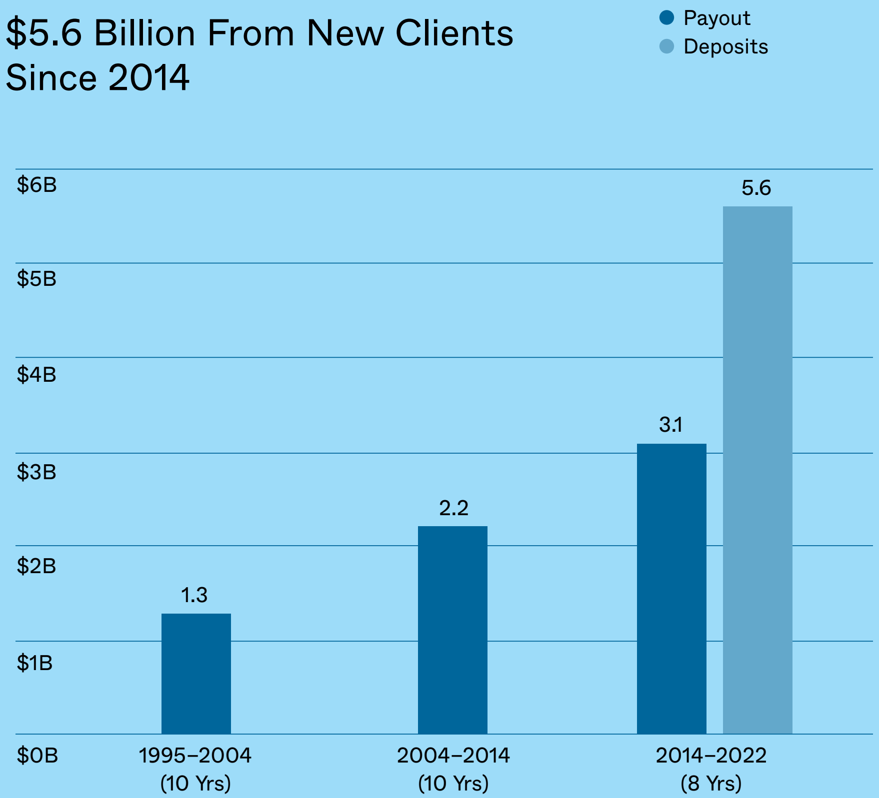


2014



2022

$5.6 Billion From New Clients Since 2014

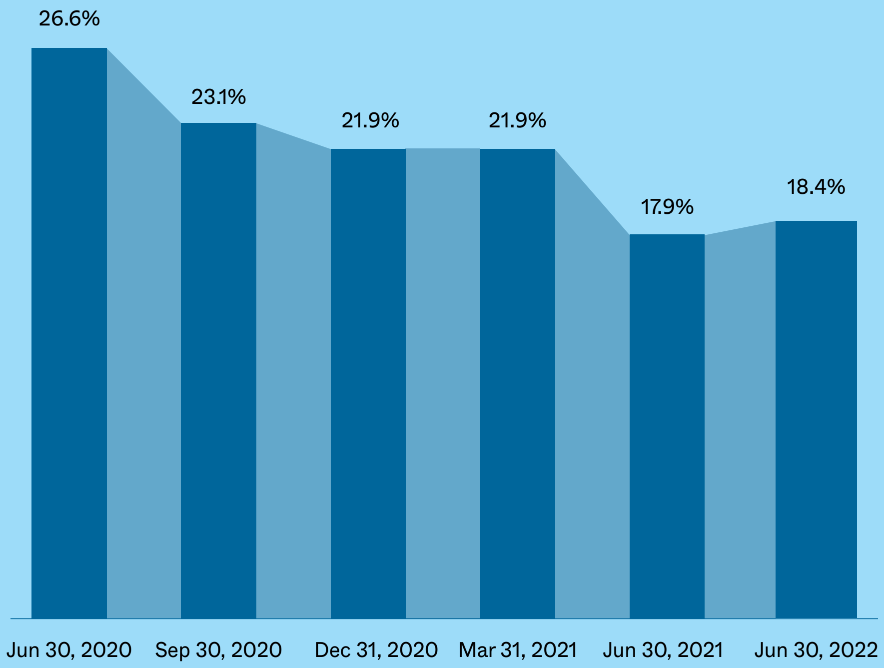


Policy Benchmarks

June 30, 2022

		Target (%)	Minimum (%)	Maximum (%)
Public Equity	MSCI All Country World Index (ACWI) Investable Market Index (IMI) Tobacco and Fossil Fuel Free – Net Dividends	40	30	50
Fixed Income	Bloomberg Barclays 1-5 Year US Government/Credit Index	8	5	15
Private Equity	Russell 3000 Index + 3%	24	10	30
Absolute Return	HFRI Fund of Funds Composite	10	5	15
Private Credit	75% Credit Suisse Leveraged Loan Fossil Free Index / 25% Merrill Lynch U.S. High Yield BB-B Constrained Fossil Free Index + 1.5%	4	0	6
Real Estate	NCREIF Fund Index – Open End Diversified Core Equity (ODCE) non lagged	8	4	12
Real Assets	Actual Real Assets Portfolio Returns	4	0	8
Cash	Bank of America 3-Month US Treasury Bill Index	2	1	5

Risk Volatility



Risk Allocation

As of June 30, 2022

Economic Growth	86.6%
Residual	12.3%
Idiosyncratic	0.4%
Other	0.4%
Currency	0.3%

Blue & Gold

An investment vehicle created in March 2019 that helps our campuses increase their revenues while reducing reliance on state funds.

Highlights

As of June 30, 2022

Gross Return	(15.2%)
Net Return	(15.2%)
Assets	$2,244M

	Fiscal Year To Date
Beginning Market Value	$714M
Market Gains	($340M)
Value Added	$4M
Net Cash Flow	$1,866M
Ending Market Value	$2,244M

Performance

As of June 30, 2022

	Market Value in Millions ($)	Weight (%)	1 Yr (%)
Blue & Gold Pool	2,244	100	(15.2)
Policy Benchmark			(15.4)
Value Added			0.2
Public Equity	1,750	78	(17.7)
Fixed Income	494	22	(5.1)

Asset Allocation

As of June 30, 2022

	Market Value in Millions ($)	Portfolio Weight (%)	Over/Underweight (%)	Policy (%)
Public Equity	1,750	78	(2)	80
Fixed Income	494	22	2	20
Total	2,244	100		100

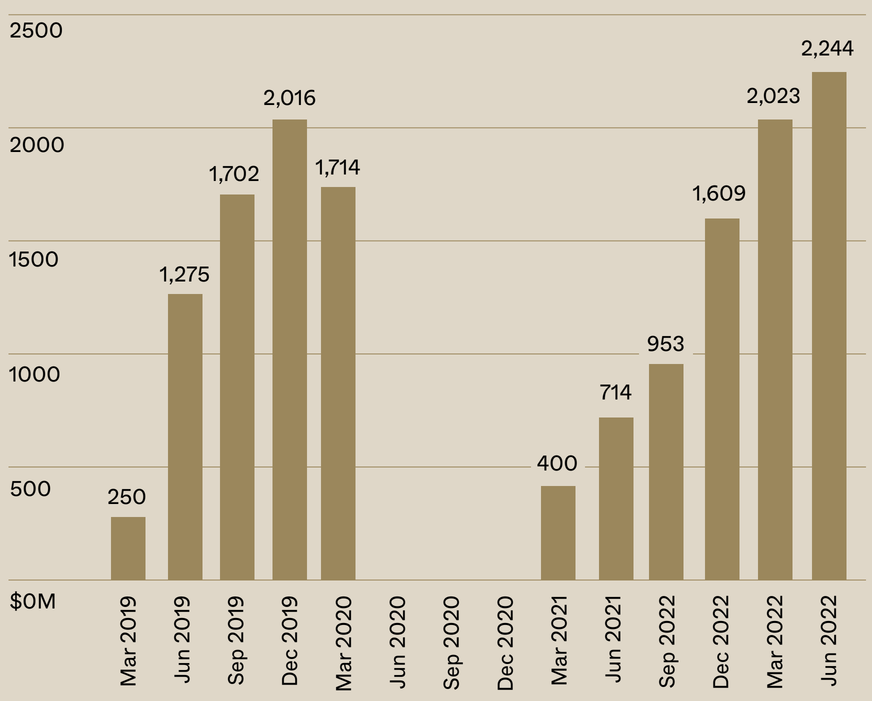
Policy Benchmarks

June 30, 2022

		Target (%)	Minimum (%)	Maximum (%)
Public Equity	MSCI All Country World Index (ACWI) Investable Market Index (IMI) Tobacco and Fossil Fuel Free – Net Dividends	80	60	90
Fixed Income	Bloomberg Barclays 1-5 Year US Government/Credit Index	20	10	40

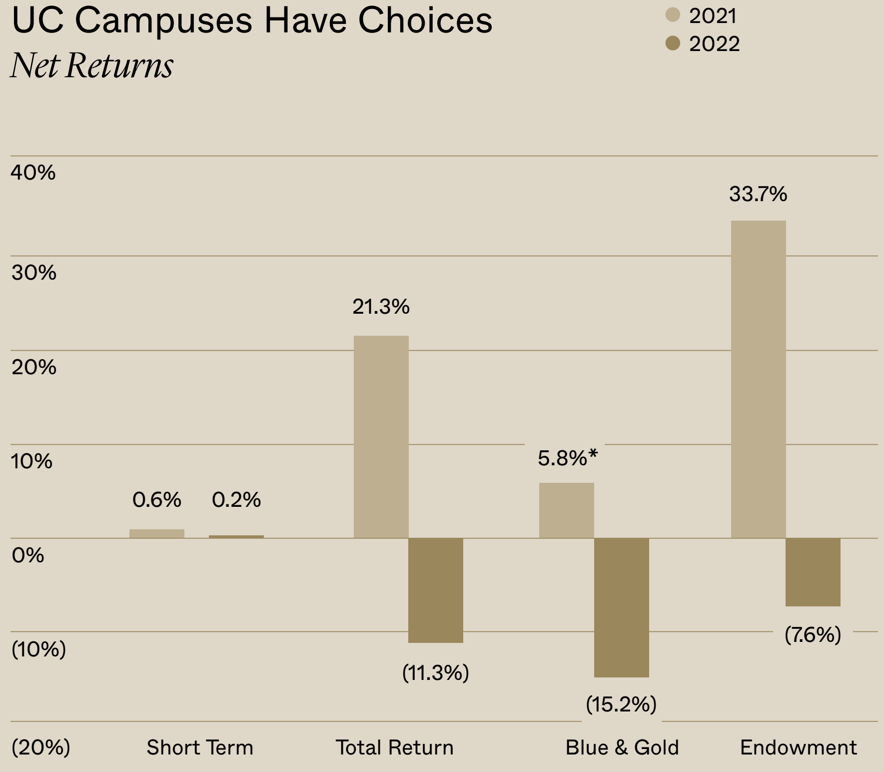
Assets

As of June 30, 2022



UC Campuses Have Choices

Net Returns



*3 month returns ending June 30, 2021

Pension

A plan that invests across a broad range of asset types to provide retirement income security for all our members.

Pension

+

Retirement Savings

Highlights

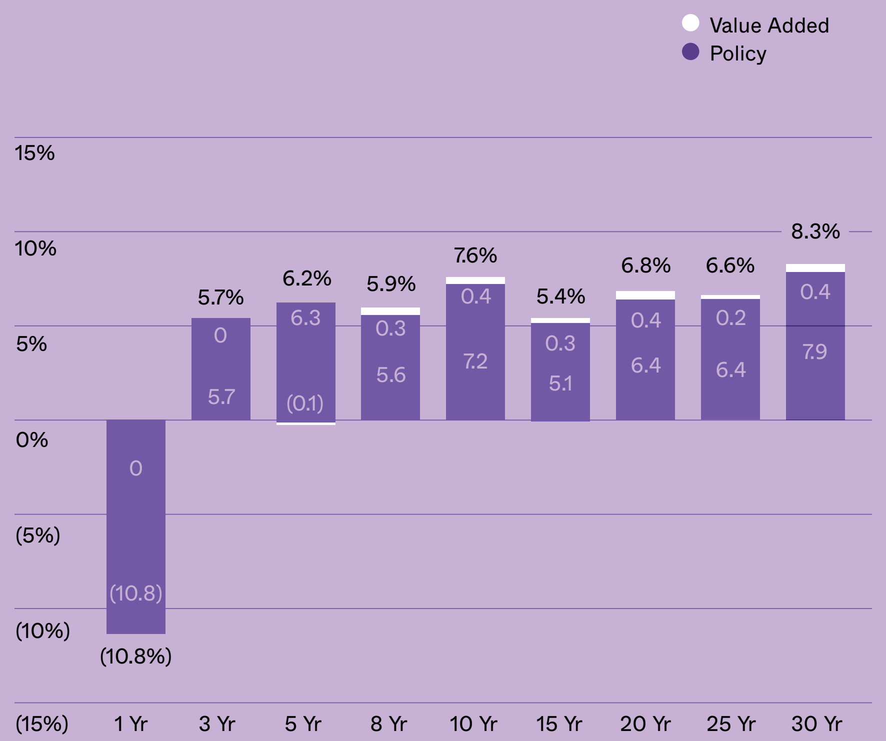
As of June 30, 2022

Gross Return	(9.7%)	**Assets**	$81B
Net Return	(10.8%)		

	Fiscal Year To Date
Beginning Market Value	$91B
Market Gains	($9.8B)
Value Added	$0B
Net Cash Flow	($0.2B)
Ending Market Value	$81B

Net Returns

As of June 30, 2022



Performance

As of June 30, 2022

	Market Value in Billions ($)	Annualized Net Return (%) 1 Yr	3 Yr	5 Yr	8 Yr	10 Yr	15 Yr	20 Yr	25 Yr	30 Yr
Pension	**81**	**(10.8)**	**5.7**	**6.2**	**5.9**	**7.6**	**5.4**	**6.8**	**6.6**	**8.3**
Policy Benchmark		(10.8)	5.7	6.3	5.6	7.2	5.1	6.4	6.4	7.9
Value Added		0	0	0.1	0.3	0.4	0.3	0.4	0.2	0.4
Public Equity	**45.2**	**(18.8)**	**6**	**6.7**	**6.5**	**9.1**	**5.2**	**7**	**6.2**	**8.1**
Fixed Income	**11.9**	**(8.4)**	**(0.2)**	**1.4**	**1.9**	**2.2**	**4.2**	**4.6**	**5.5**	**6.5**
Core	8.2	(5.2)	0.5	1.8	2.2	2.3	3.8	4.3	5.2	6.3
High-Yield	2.8	(13)	(0.1)	1.9	2.8	4.4	5.6	—	—	—
Emerging Market Debt	1	(20.8)	(5.1)	(1.1)	0.6	1.4	3.8	—	—	—
Private Markets										
Private Equity	8.8	0.8	19.5	18.2	15.4	15.7	12.1	12.5	16.3	18.5
Absolute Return	2.8	(2.1)	5.2	5.8	4.4	5.8	—	—	—	—
Private Credit	2.4	3.4	—	—	—	—	—	—	—	—
Real Estate	5.2	29.1	11.2	9.8	10.8	11	3.8	—	—	—
Real Assets	3.3	9.4	8.8	7.8	3	3.9	—	—	—	—
Cash	**1.3**	**1.1**	**1.6**	—	—	—	—	—	—	—

Asset Allocation

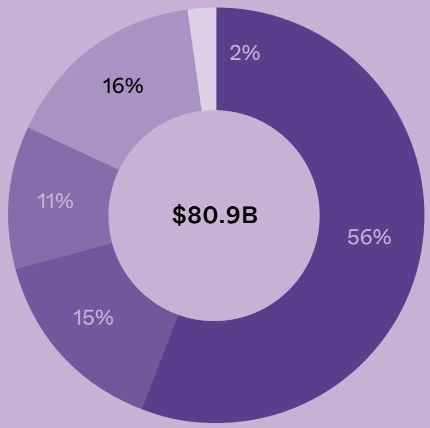
As of June 30, 2022

	Market Value in Billions ($)	Portfolio Weight (%)	Over/Underweight (%)	Policy (%)
Public Equity	**45.2**	**55.8**	**2.8**	**53**
Fixed Income	**11.9**	**14.7**	**(2.3)**	**17**
Private Markets	**22.6**	**27.9**	**(2.1)**	**30**
Private Equity	8.8	10.8	(1.2)	12
Absolute Return	2.8	3.5	0	3.5
Private Credit	2.4	3	(0.5)	3.5
Real Estate	5.2	6.4	(0.6)	7
Real Assets	3.3	4.1	0.1	4
Cash	**1.3**	**1.6**	**1.6**	**0**
Total	**81**	**100**		**100**

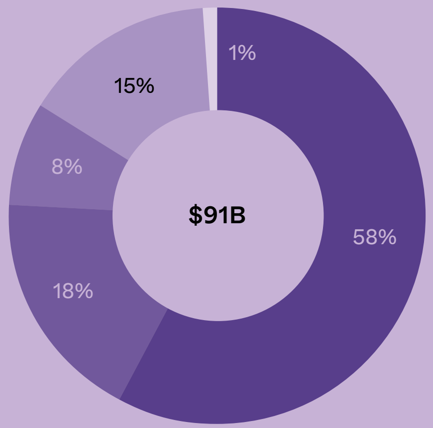
Asset Allocation Over Time

- Public Equity
- Fixed Income
- Private Equity
- Other Investments
- Cash

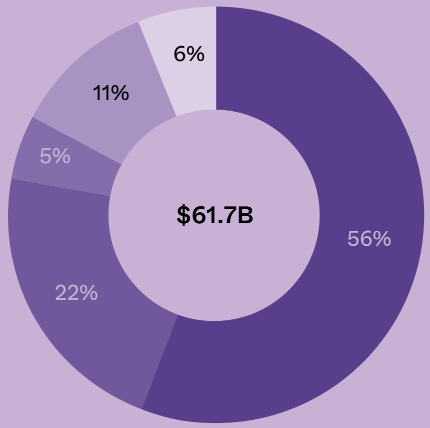
June 30, 2022



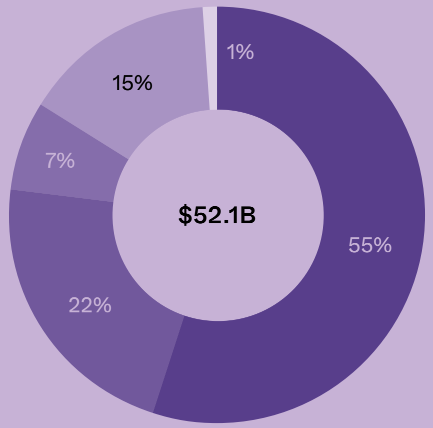
1 Yr Ago
June 30, 2021



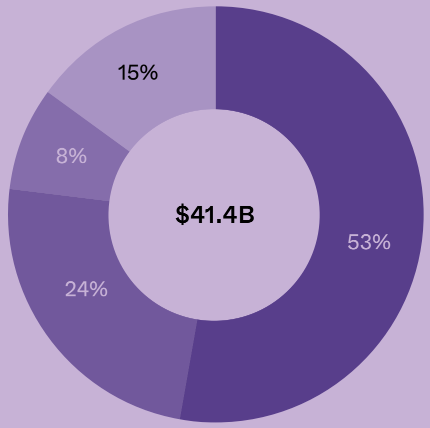
5 Yrs Ago
June 30, 2017



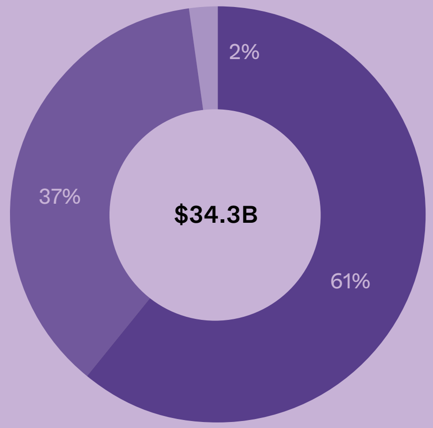
8 Yrs Ago
June 30, 2014



10 Yrs Ago
June 30, 2012



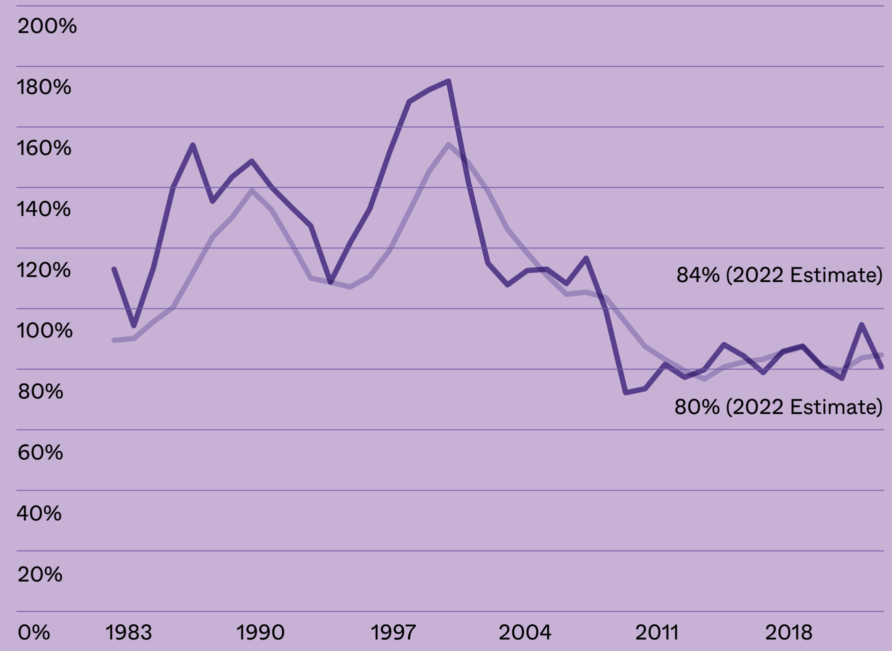
20 Yrs Ago
June 30, 2002



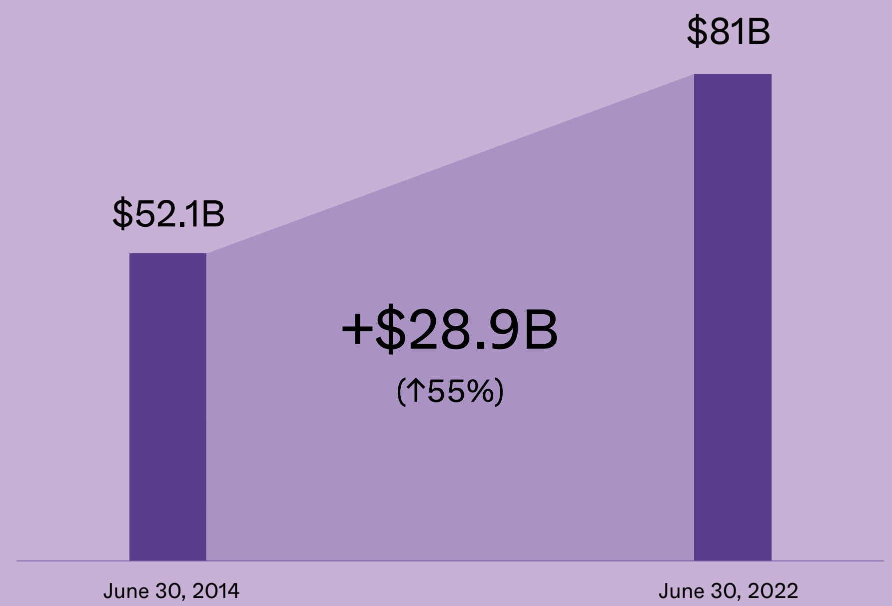
Pension Funded Ratio

Pension is 84% funded on an actuarial basis in 2022.

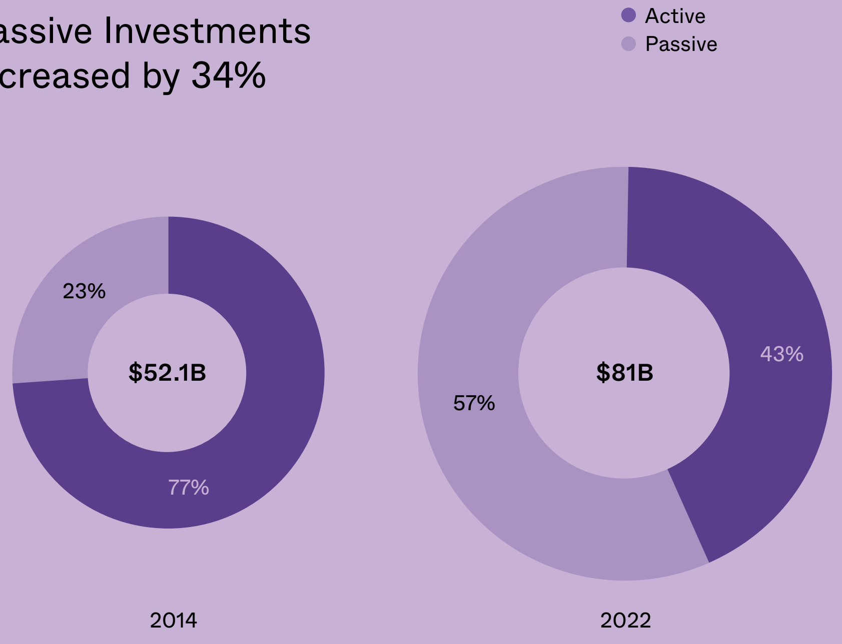
- Funded Ratio (Market Value)
- Funded Ratio (Actuarial)



Assets Over 8 Years



Passive Investments Increased by 34%

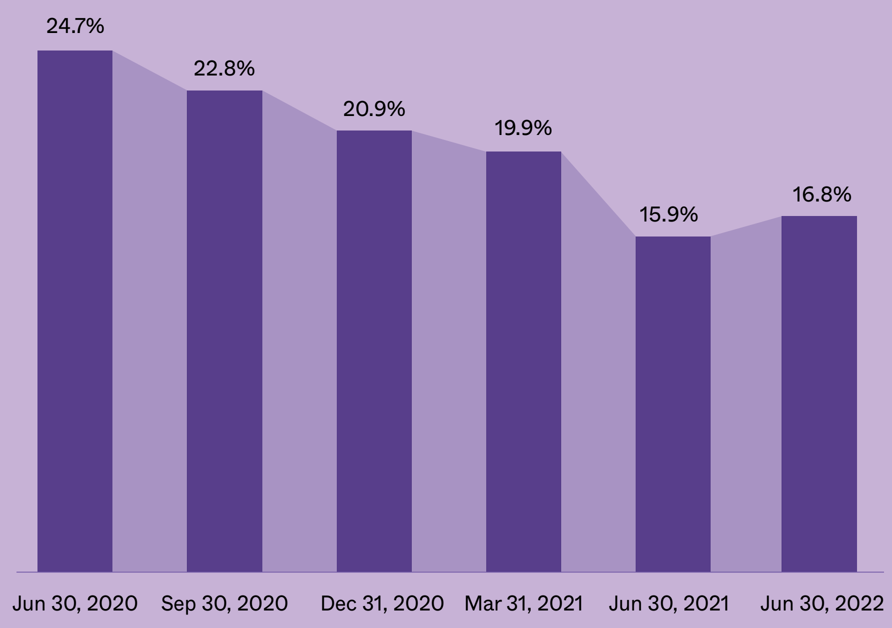


Policy Benchmarks

June 30, 2022

		Policy (%)	Minimum (%)	Maximum (%)
Public Equity	MSCI All Country World Index (ACWI) Investable Market Index (IMI) Tobacco and Fossil Fuel Free – Net Dividends	53	43	63
Fixed Income	Bloomberg Barclays 1-5 Year US Government/Credit Index	13	10	16
High Yield	Merrill Lynch High Yield Cash Pay Index Fossil Free	2.5	0	5
Emerging Market Debt	JP Morgan Emerging Markets Bond Index Global Diversified Fossil Free	1.5	0	3
Private Equity	Russell 3000 Index + 3%	12	7	17
Absolute Return	HFRI Fund of Funds Composite	3.5	0	5.5
Private Credit	75% Credit Suisse Leveraged Loan Fossil Free Index / 25% Merrill Lynch U.S. High Yield BB-B Constrained Fossil Free Index + 1.5%	3.5	0	7
Real Estate	NCREIF Fund Index – Open End Diversified Core Equity (ODCE) non lagged	7	2	12
Real Assets	Actual Real Assets Portfolio Return	4	0	8
Cash	Bank of America 3-Month US Treasury Bill Index	0	0	5

Risk Volatility



Risk Allocation

As of June 30, 2022

Economic Growth	90.5%
Residual	8.1%
Other	0.7%
Currency	0.4%
Real Rates	0.3%

Retirement Savings

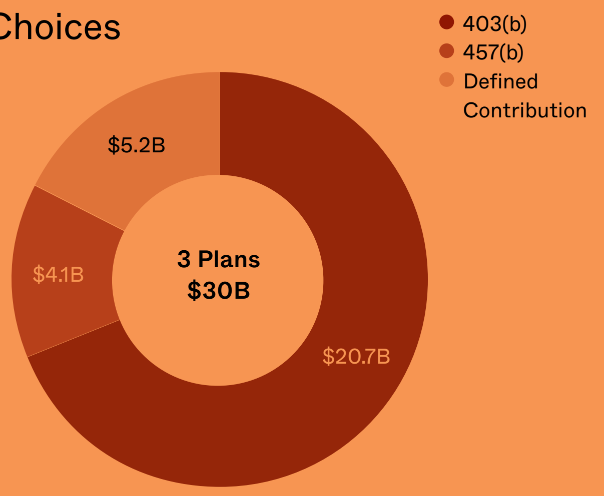
The Retirement Savings Program serves 320,000+ members, making it the second largest U.S. public defined contribution plan behind the federal government.

Highlights

As of June 30, 2022

	2014	2022
Participants	301,000	320,000
Assets	$19.8B	$30B
Default	UC Savings Fund	UC Pathway
Target Date Assets	$3.1B	$12.3B
Investment Choices	75	14
Management Fee	0.14%	0.05%
Management Fee	$26M	$14M

Investment Choices



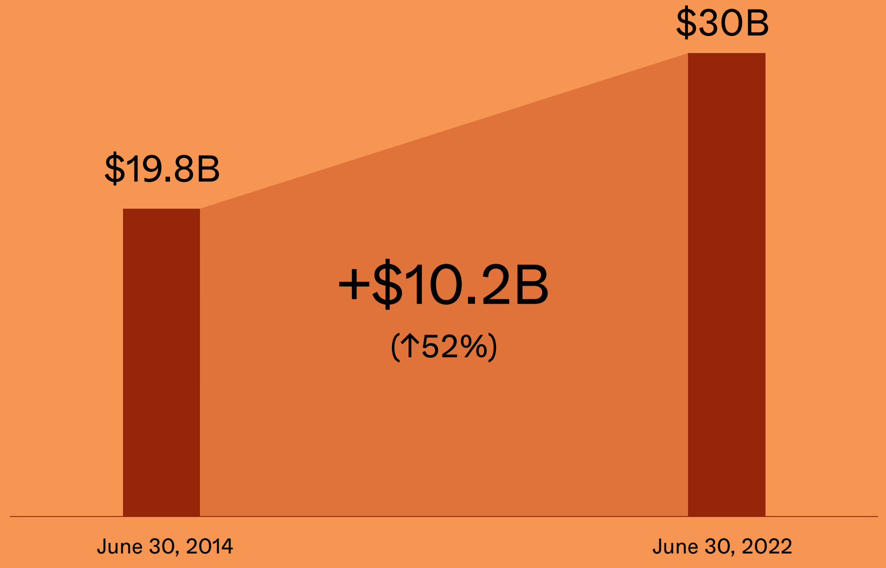
Investment Structure

Tier I Target Date Fund	Tier II 13 Core Options	Tier III Brokerage Window
$12.3B	$15.7B	$2B

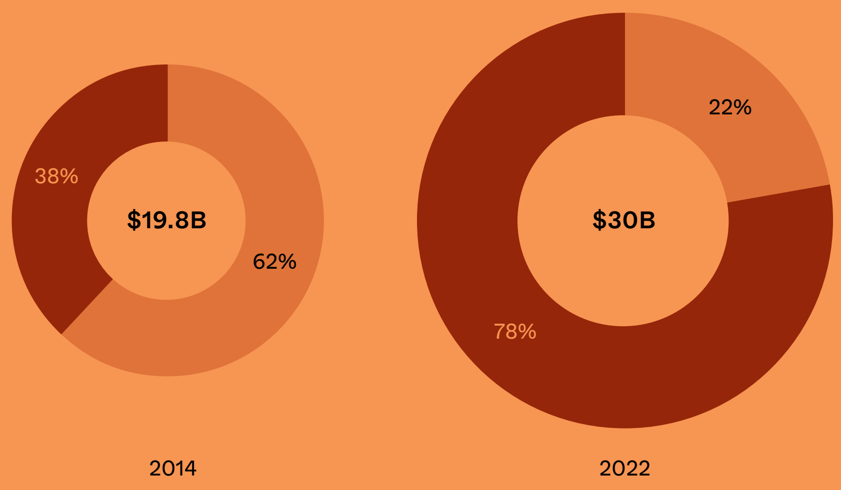
Investment Management Fee

0.05%

Assets Over 8 Years



Passive Investments Increased by 40%



Performance
Target Date Funds

As of June 30, 2022

	Market Value ($M)	% of Program	Annualized Net Return (%) 1 Yr	3 Yr	5 Yr	8 Yr	10 Yr
UC Pathway Income Fund	$1,644	5.5%	(6.9)	3.6	4	3.5	3.1
Policy Benchmark			(7)	3.6	4.1	3.5	2.9
Value Added			0.1	0	(0.1)	0	0.2
UC Pathway Fund 2020	$1,524	5.1%	(8.1)	4.4	5	4.6	4.8
Policy Benchmark			(8.3)	4.5	5	4.5	4.6
Value Added			0.2	(0.1)	0	0.1	0.2
UC Pathway Fund 2025	$1,816	6.1%	(12)	4.5	5.2	4.8	5.2
Policy Benchmark			(12.2)	4.6	5.3	4.7	5.1
Value Added			0.2	(0.1)	(0.1)	0.1	0.1
UC Pathway Fund 2030	$1,876	6.3%	(14.5)	4.6	5.4	5	5.7
Policy Benchmark			(14.7)	4.6	5.5	5	5.6
Value Added			0.2	0	(0.1)	0	0.1
UC Pathway Fund 2035	$1,365	4.6%	(15.4)	4.9	5.7	5.2	6.2
Policy Benchmark			(15.6)	4.9	5.7	5.2	6.1
Value Added			0.2	0	0	0	0.1
UC Pathway Fund 2040	$1,255	4.2%	(16)	5.1	5.9	5.5	6.7
Policy Benchmark			(16.1)	5.2	6	5.5	6.6
Value Added			0.1	(0.1)	(0.1)	0	0.1
UC Pathway Fund 2045	$1,020	3.4%	(16.5)	5.4	6.2	5.7	7.1
Policy Benchmark			(16.7)	5.4	6.3	5.7	7
Value Added			0.2	0	(0.1)	0	0.1
UC Pathway Fund 2050	$894	3%	(17)	5.5	6.4	5.9	7.5
Policy Benchmark			(17.2)	5.5	6.5	5.9	7.5
Value Added			0.2	0	(0.1)	0	0
UC Pathway Fund 2055	$486	1.6%	(17)	5.5	6.4	5.9	7.8
Policy Benchmark			(17.2)	5.5	6.5	6	7.7
Value Added			0.2	0	(0.1)	(0.1)	0.1
UC Pathway Fund 2060	$357	1.2%	(17)	5.5	6.4	5.9	8
Policy Benchmark			(17.2)	5.5	6.5	6	8
Value Added			0.2	0	(0.1)	(0.1)	0
UC Pathway Fund 2065	$21	0.1%	(17)	—	—	—	—
Policy Benchmark			(17.2)	—	—	—	—
Value Added			0.2	—	—	—	—

Performance
Equities Core Lineup

As of June 30, 2022

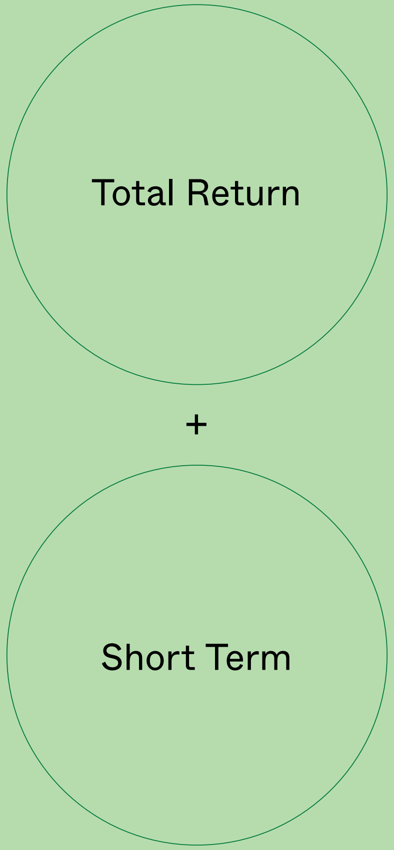
	Market Value ($M)	% of Program	Annualized Net Return (%) 1 Yr	3 Yr	5 Yr	8 Yr	10 Yr
US Large Equity							
UC Domestic Equity Index Fund	$5,905	19.7%	(13.9)	9.9	10.9	10.2	12.8
Russell 3000 TF Index			(14)	9.8	10.7	10.1	12.6
Value Added			0.1	0.1	0.2	0.1	0.2
UC Social Index Fund	$600	2%	(14.9)	10.4	11.6	11.1	14
Spliced Social Index			(15)	10.4	11.6	11.2	14.1
Value Added			0.1	0	0	(0.1)	(0.1)
US Small/Mid Cap Equity							
UC Domestic Small Cap Index Fund	$518	1.7%	(25.2)	4.5	5.5	6	9.7
Small Cap Spliced Index			(25.2)	4.2	5.2	5.8	9.6
Value Added			0	0.3	0.3	0.2	0.1
Global/World ex-US Equity							
UC Intl. Equity Index Fund	$897	3%	(17.9)	1.9	2.9	2.1	5.7
MSCI World ex-US TF Index			(17.9)	1.7	2.6	1.8	5.3
Value Added			0	0.2	0.3	0.3	0.4
Growth Large Cap Equity							
UC Growth Company Fund	$1,661	5.5%	(29.3)	16.3	16.3	15.3	17
Russell 3000 Growth			(19.8)	11.8	13.6	12.6	14.4
Value Added			(9.5)	4.5	2.7	2.7	2.6
World ex-US Equity							
UC Diversified Intl. Fund	$156	0.5%	(22.5)	3.1	3.6	3.3	6.6
MSCI EAFE			(17.8)	1.1	2.2	1.9	5.5
Value Added			(4.7)	2	1.4	1.5	1.1
UC Emerging Markets Fund	$209	0.7%	(24.4)	(0.1)	1.4	1.4	2.8
MSCI Emerging Markets Index			(25.3)	0.6	2.2	1.8	3.1
Value Added			0.9	(0.7)	(0.8)	(0.4)	(0.3)
Global Equity							
UC Global Equity Fund	$10	0%	(17.4)	—	—	—	—
MSCI ACWI IMI ex Fossil Fuels ex Tobacco			(17.9)	—	—	—	—
Value Added			0.5	—	—	—	—
Real Estate							
UC Real Estate Fund	$292	1%	(6.4)	4.2	5.1	6.2	7.2
REIT Spliced Index			(6.4)	4	5	6.2	7.1
Value Added			0	0.2	0.1	0	0.1

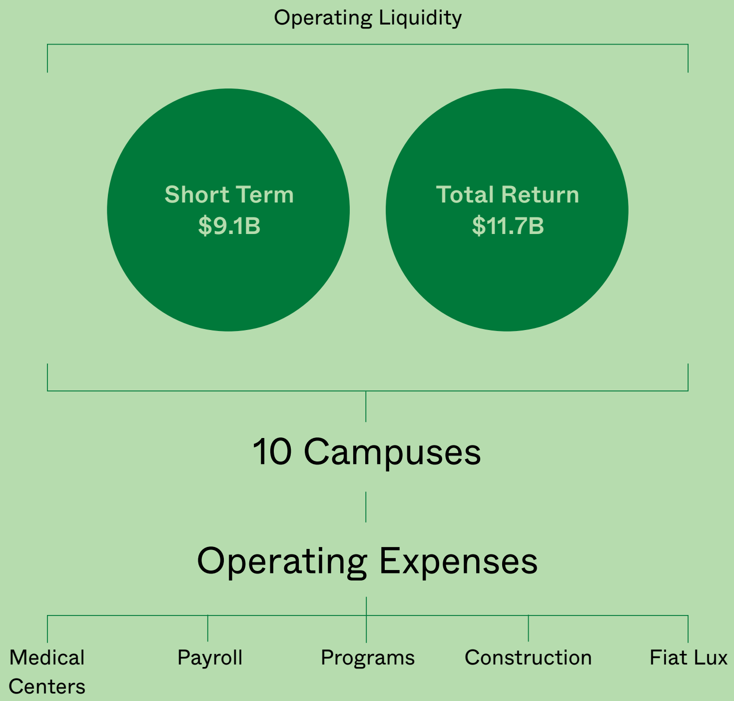
Performance
Fixed Income Core Lineup

As of June 30, 2022

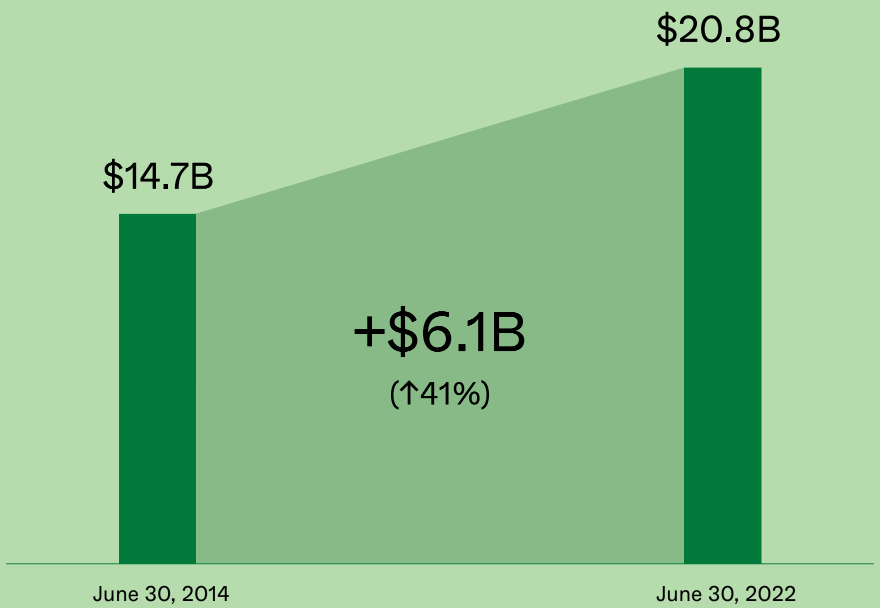
	Market Value ($M)	% of Program	Annualized Net Return (%) 1 Yr	3 Yr	5 Yr	8 Yr	10 Yr
Capital Preservation							
UC Savings Fund	$3,781	12.6%	0.6	1	1.2	1.2	1.2
Two-Year U.S. Treasury Notes Income Return			1	0.8	1.4	1.1	1
Value Added			(0.4)	0.2	(0.2)	0.1	0.2
Inflation Sensitive							
UC Short Term TIPS Fund	$145	0.5%	2.2	3.6	3.1	2	-
Barclays 1-3 Year U.S. TIPS Index			2.1	3.5	2.9	1.7	-
Value Added			0.1	0.1	0.2	0.3	-
UC TIPS Fund	$352	1.2%	(4.7)	3.2	3.4	2.4	2
Barclays US TIPS Index			(5.1)	3	3.2	2.2	1.7
Value Added			0.4	0.2	0.2	0.2	0.3
Diversified Fixed Income							
UC Bond Fund	$1,183	3.9%	(10.1)	(1)	0.9	1.6	1.8
Barclays Aggregate Fixed Income Benchmark			(10.3)	(0.9)	0.9	1.5	1.5
Value Added			0.2	(0.1)	0	0.1	0.3

Working Capital
Capital, working.

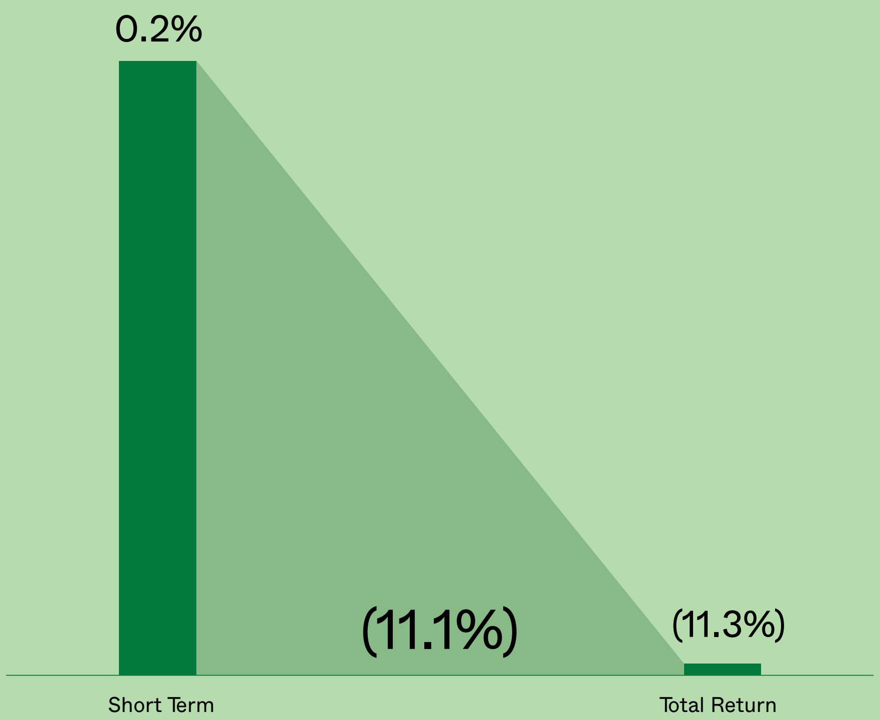




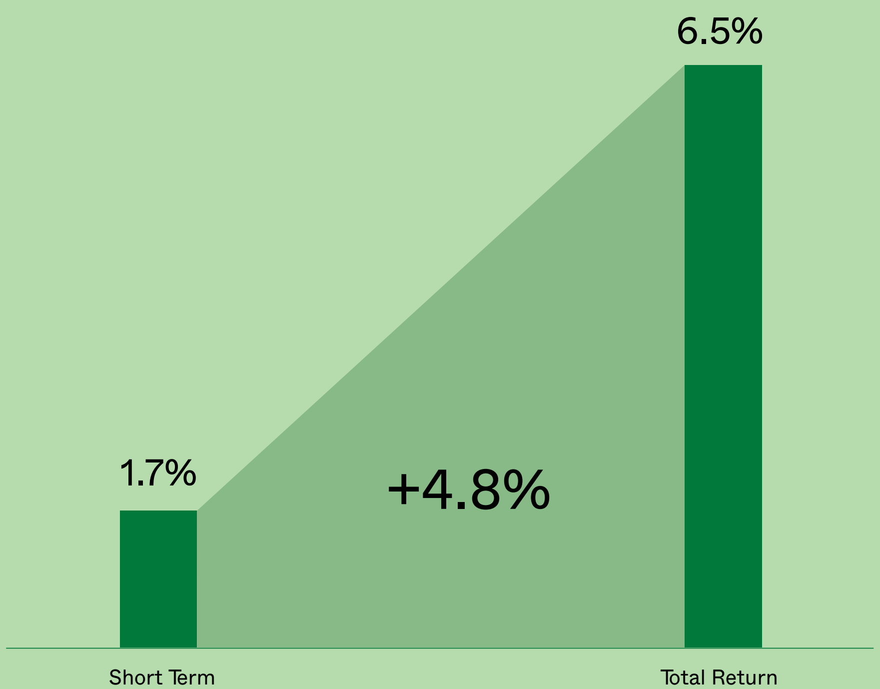
Assets Over 8 Years



1 Year Net Returns
June 30, 2022



13 Year Net Returns
June 30, 2022



Total Return Investment Pool

A working capital portfolio created in August 2008 with an asset and risk allocation geared to an intermediate-term horizon.

Highlights

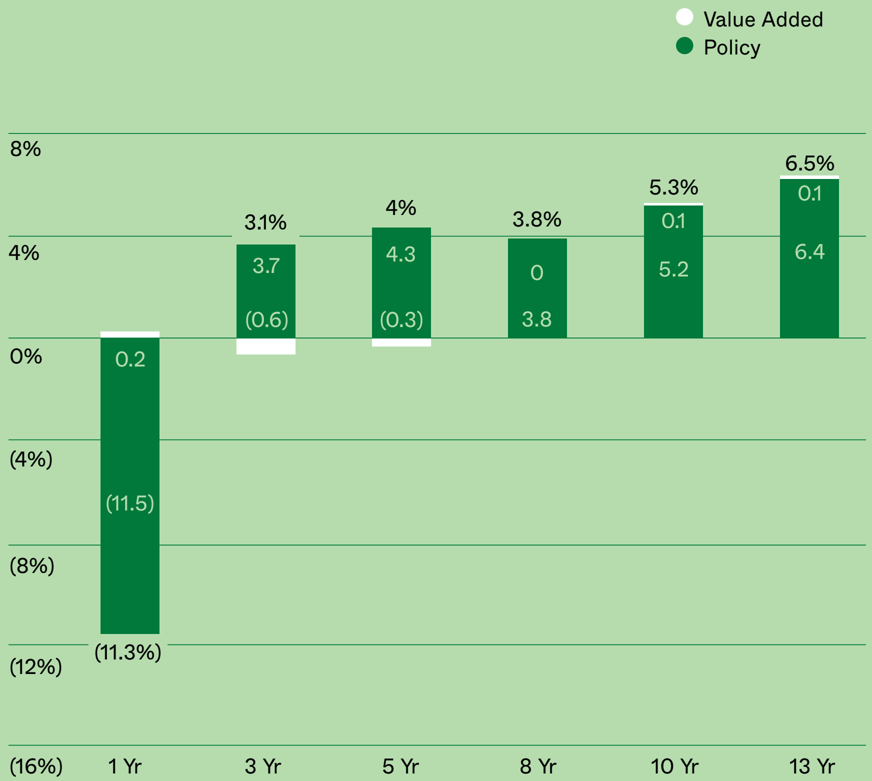
As of June 30, 2022

Gross Return	(11.2%)	Assets	$11.7B
Net Return	(11.3%)		

	Fiscal Year To Date
Beginning Market Value	$13B
Market Gains	($1.5B)
Value Added	$0B
Net Cash Flow	$0.2B
Ending Market Value	$11.7B

Net Returns

As of June 30, 2022



Performance

As of June 30, 2022

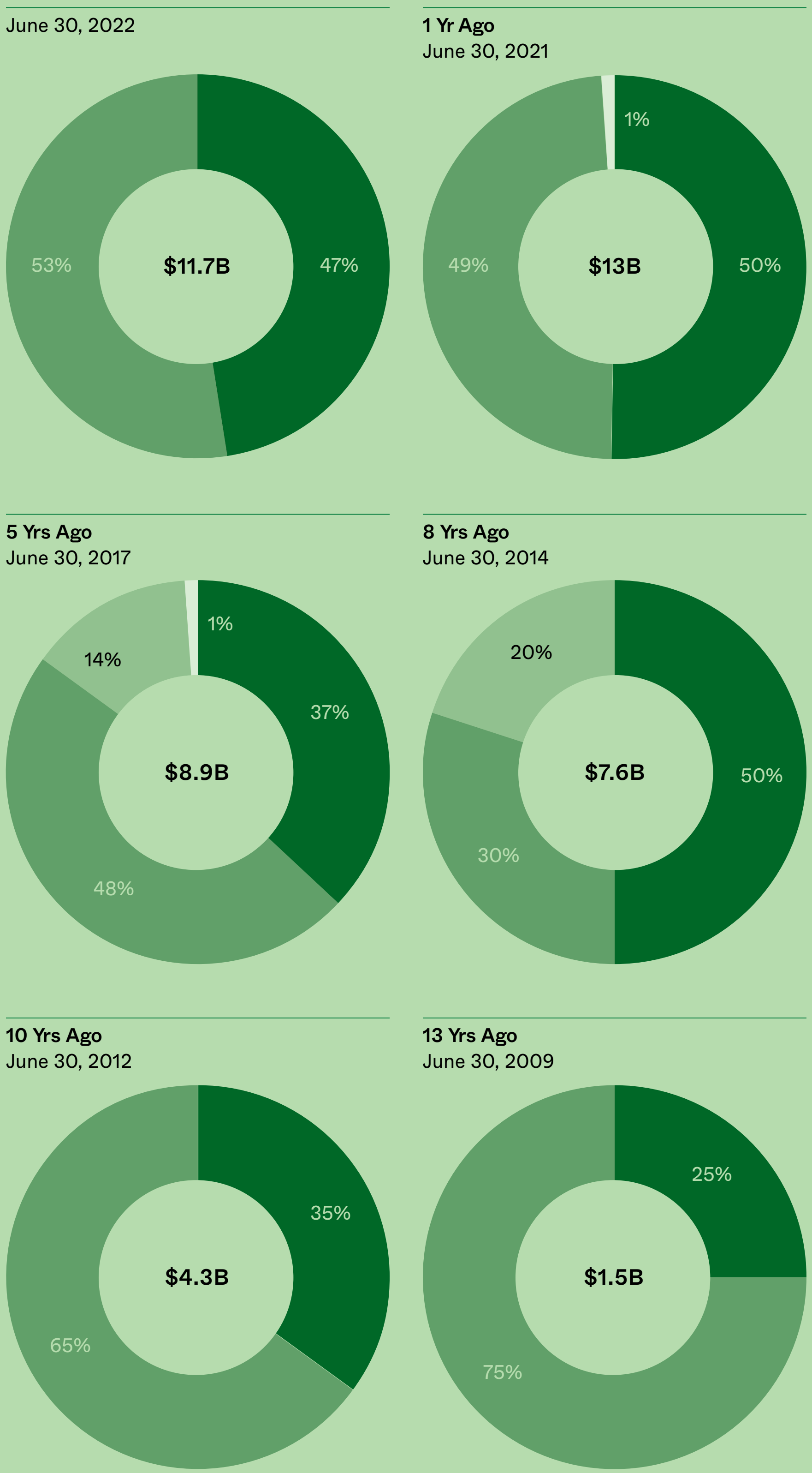
	Market Value in Billions ($)	Annualized Net Return (%) 1 Yr	3 Yr	5 Yr	8 Yr	10 Yr	13 Yr
Total Return Investment Pool	11.7	(11.3)	3.1	4	3.8	5.3	6.5
Policy Benchmark		(11.5)	3.7	4.3	3.8	5.2	6.4
Value Added		0.2	(0.6)	(0.3)	0	0.1	0.1
Public Equity	5.6	(17.6)	1	4.1	4.5	8	8.9
Fixed Income	6.1	(4.9)	0.5	2	2.3	2.8	4.5
Cash	0	0.2	0.9	1.3	1.4	1.4	1.7

Asset Allocation

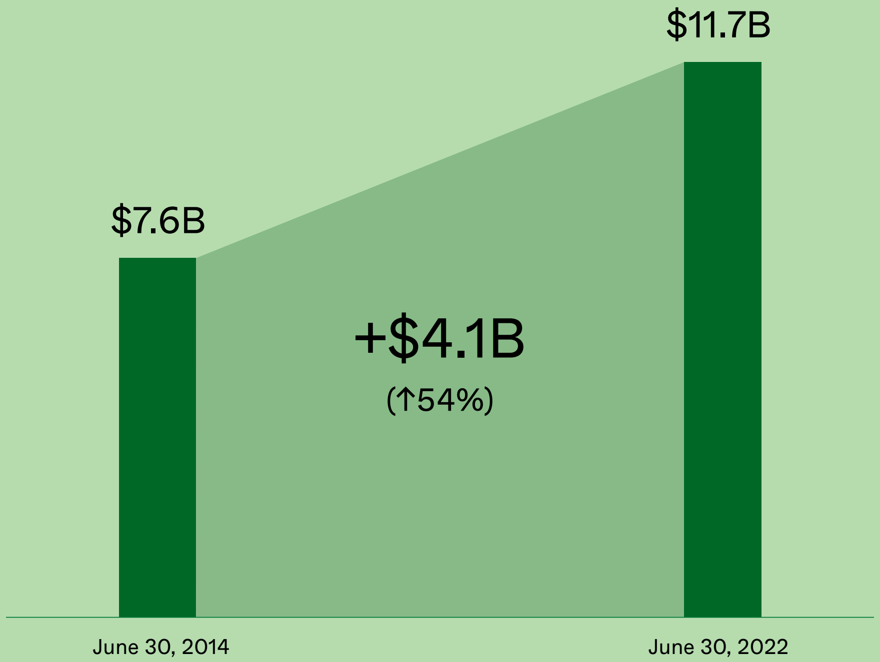
As of June 30, 2022

	Market Value in Billions ($)	Portfolio Weight (%)	Over/Underweight (%)	Policy (%)
Public Equity	5.6	47.4	(2.6)	50
Fixed Income	6.1	52.5	2.5	50
Private Markets	0	0	0	0
Cash	0	0.1	0.1	0
Total	11.7	100		100

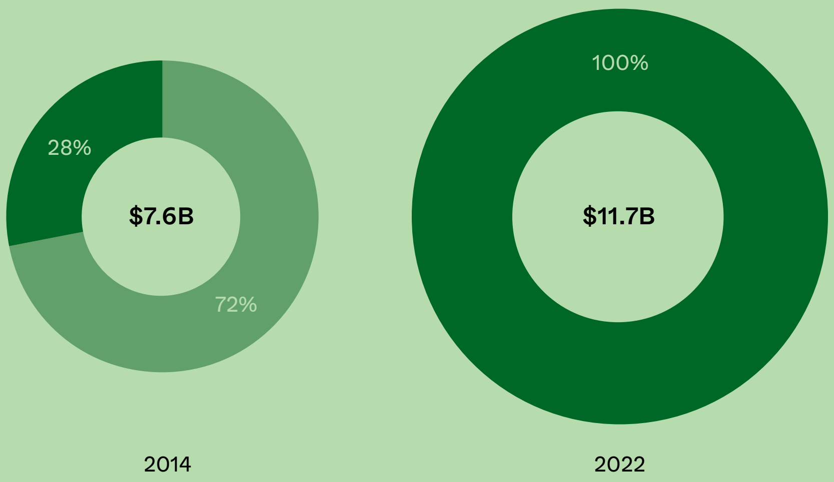
Asset Allocation Over Time



Assets Over 8 Years



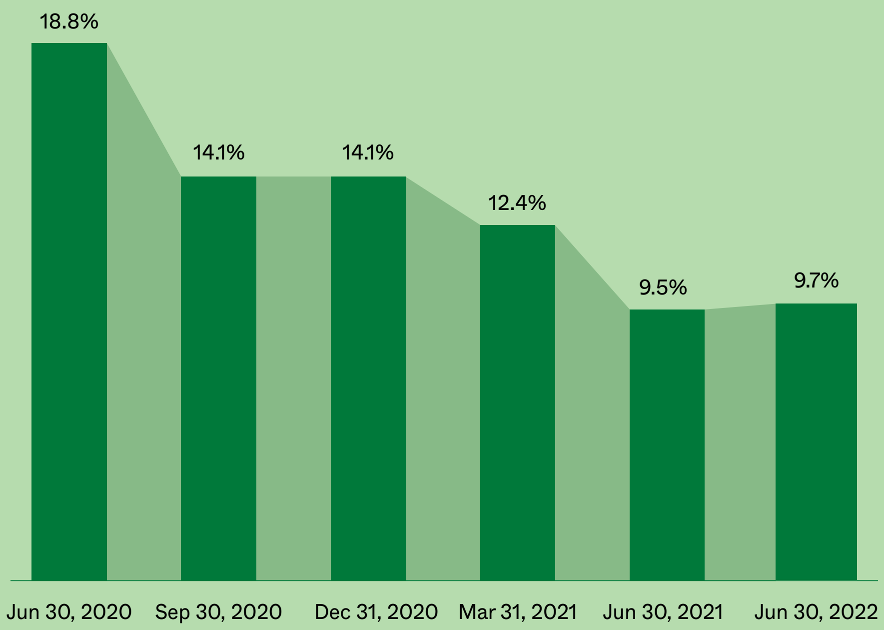
Passive Investments Increased by 72%



Policy Benchmarks
June 30, 2022

		Policy (%)	Minimum (%)	Maximum (%)
Public Equity	MSCI All Country World Index (ACWI) Investable Market Index (IMI) Tobacco and Fossil Fuel Free – Net Dividends	50	35	55
Fixed Income	Bloomberg Barclays 1-5 Year US Government/Credit Index	50	35	55
Private Assets	Total TRIP Portfolio Benchmark	0	0	10

Risk Volatility



Risk Allocation

As of June 30, 2022

Economic Growth	87.6%
Residual	6.1%
Real Rates	2.9%
Inflation	1.8%
Other	1.6%

Short Term Investment Pool

A working capital portfolio managed to ensure adequate liquidity to meet our system's cash needs.

Highlights

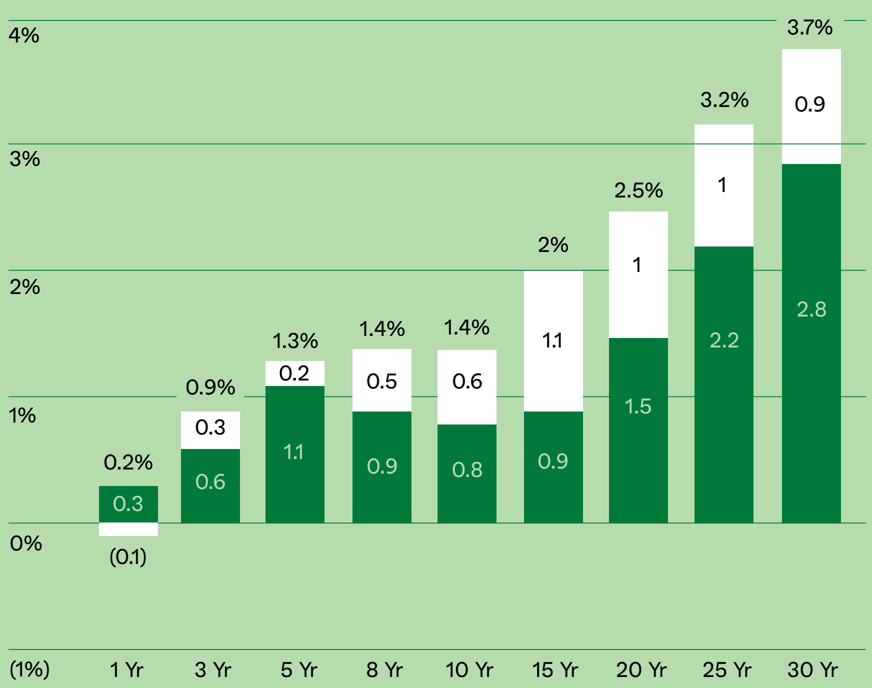
As of June 30, 2022

Gross Return	0.2%
Net Return	0.2%
Assets	$9.1B

	Fiscal Year To Date
Beginning Market Value	$9.6B
Market Gains	$0
Value Added	$0
Net Cash Flow	($0.5B)
Ending Market Value	$9.1B

Net Returns

As of June 30, 2022



Performance

As of June 30, 2022

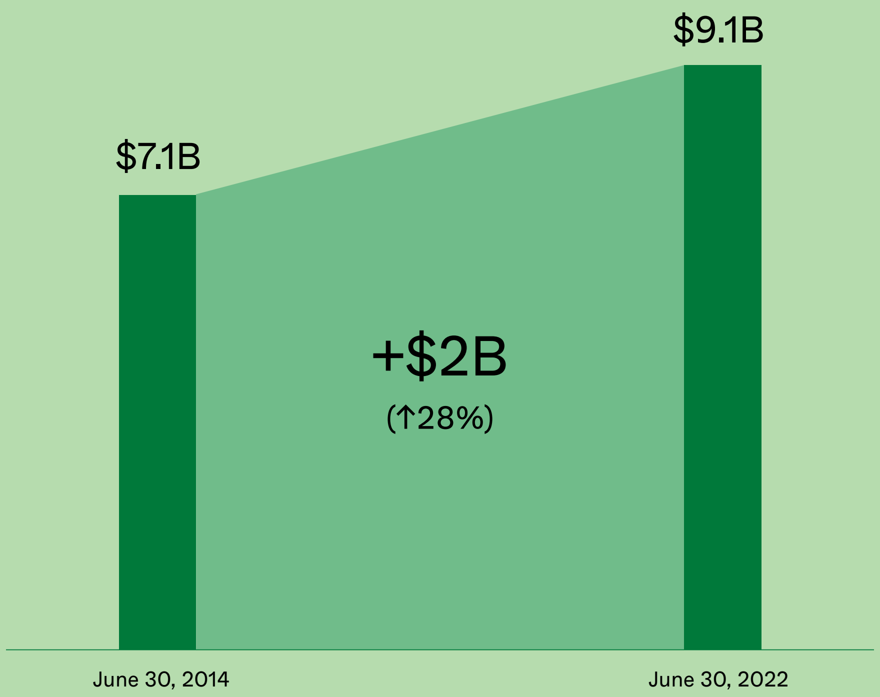
	Market Value in Billions ($)	Annualized Net Return (%) 1 Yr	3 Yr	5 Yr	8 Yr	10 Yr	15 Yr	20 Yr	25 Yr	30 Yr
Short Term	**9.1**	**0.2**	**0.9**	**1.3**	**1.4**	**1.4**	**2**	**2.5**	**3.2**	**3.7**
Policy Benchmark		0.3	0.6	1.1	0.9	0.8	0.9	1.5	2.2	2.8
Value Added		(0.1)	0.3	0.2	0.5	0.6	1.1	1	1	0.9

Asset Allocation

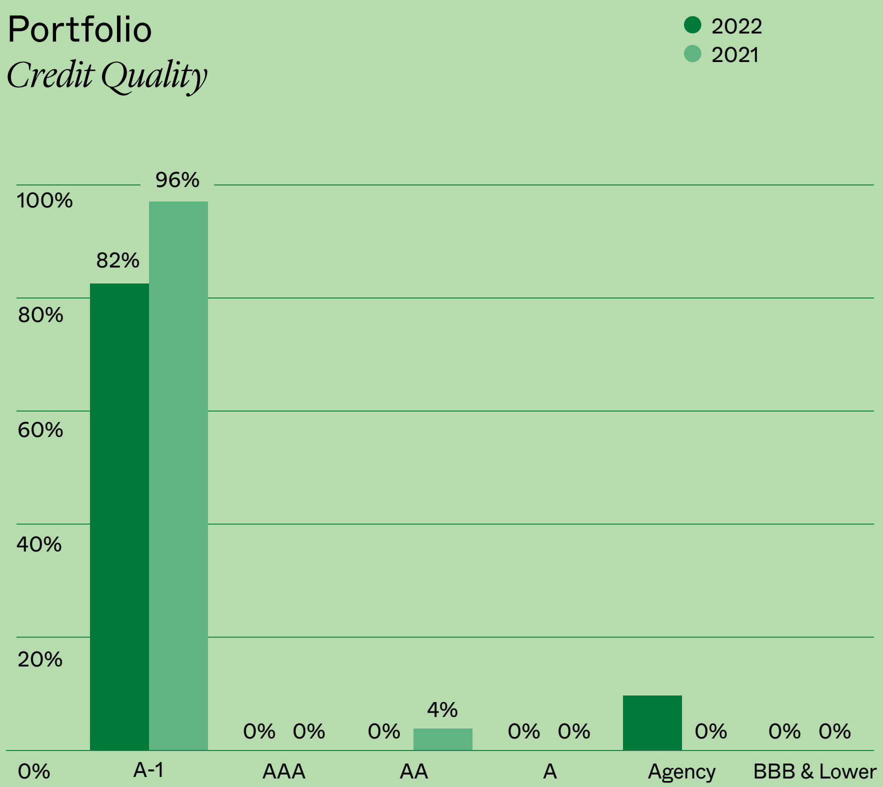
As of June 30, 2022

	Market Value in Billions ($)	Portfolio Weight (%)	Duration (Years)	Rating
Governments	4.5	49	0.11	AA+
Commercial Paper	4.6	51	0.09	A+
Total	9.1	100	0.10	AA-

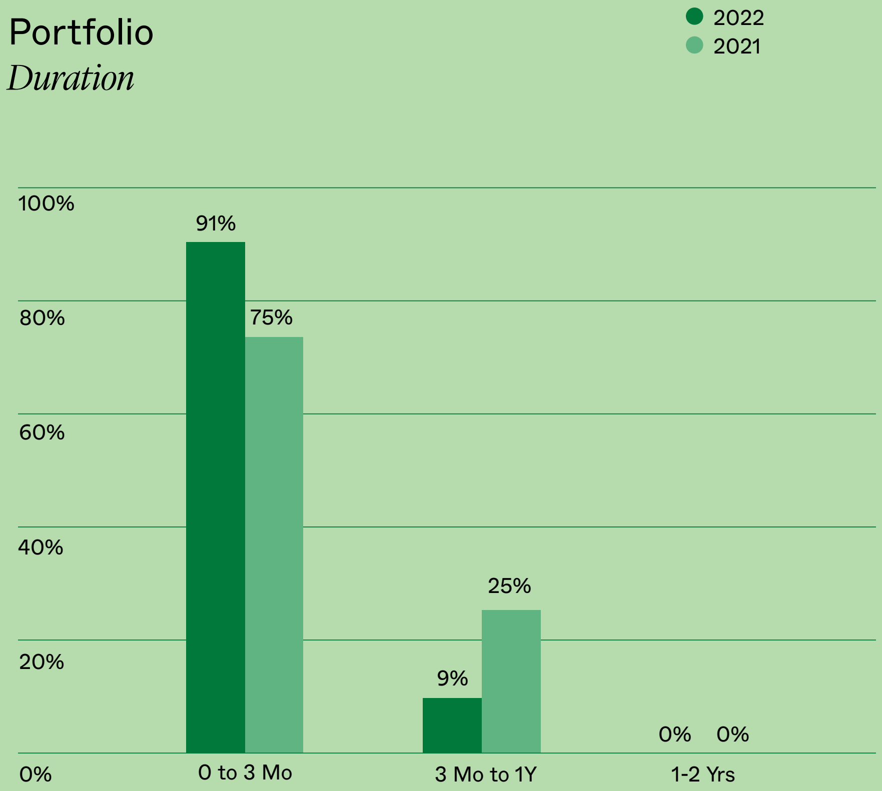
Assets Over 8 Years



Portfolio
Credit Quality

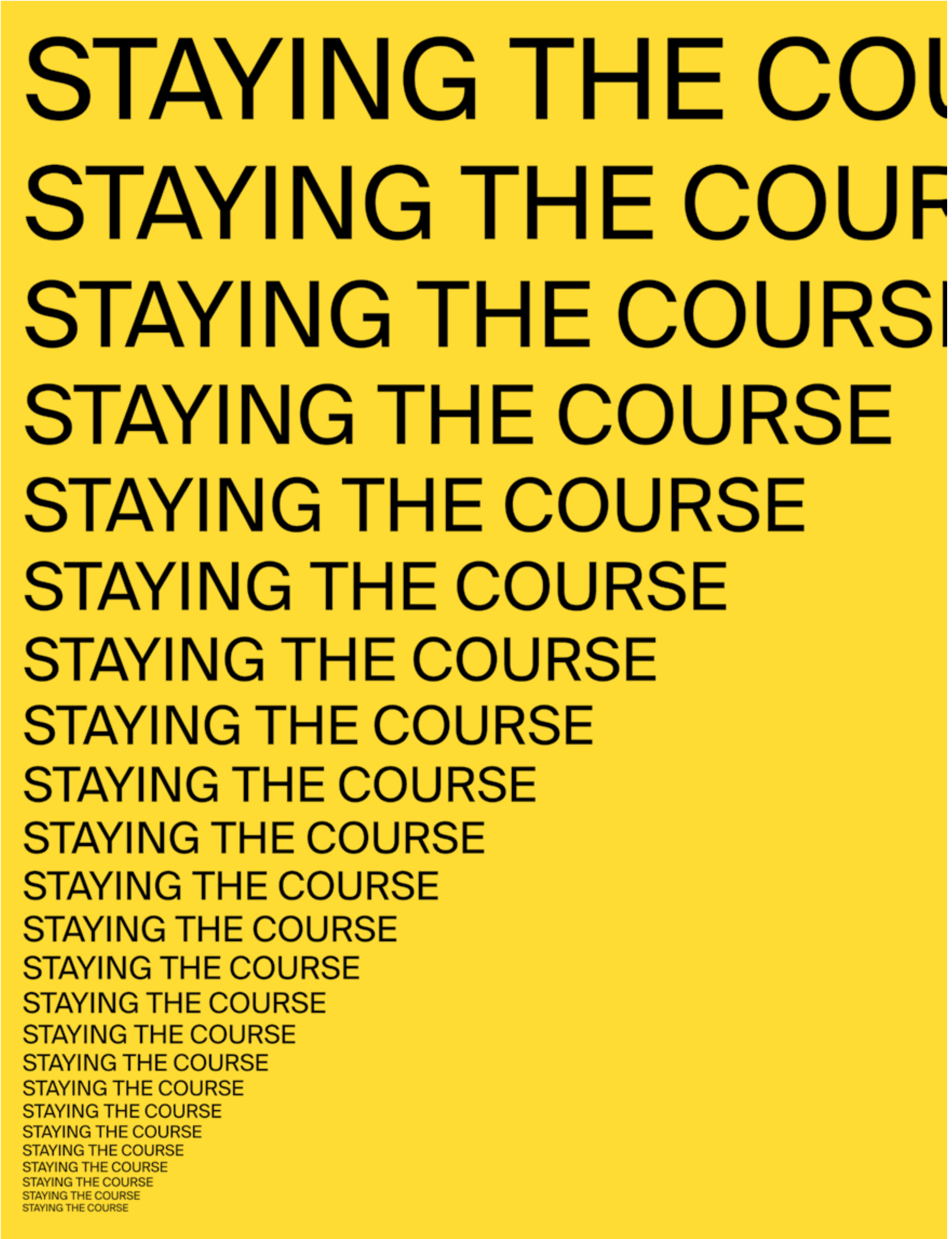


Portfolio
Duration



Policy Benchmarks
June 30, 2022

		Target (%)
Short Term	50/50 Weighted Average of the Yield on a Constant Maturity One Year US Treasury Note and US 30 Day Treasury Bills	100



AR

Follow the instructions on page 1 to bring this image to life.

Staying the course.
Charting the future.

RE-FLECT-IONS

RE-FLECT-IONS

Onward

A month after our fiscal year ended, the markets rebounded, helping us — for the moment — gain back some ground we'd lost during the rocky times of early summer.

This gave us time to reflect on what we've collectively gone through the past few years. We've had social, economic and political upheavals like we haven't seen in our lifetimes. And as for what lies ahead? No one knows. (And if they say they do, run.)

What we do know is that we're proud of our team at UC Investments. We're honored to be entrusted with the money that supports our university and our greater community. And we're committed to staying the course, guided by The UC Investments Way no matter what happens in the markets, on the geopolitical landscape or within our own university ecosystem.

We are moving boldly forward. And we can't wait to see what's next.

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Drew Zagar

UC Investments Team

Investments
Jagdeep Singh Bachher, Ph.D.
Chief Investment Officer
Satish Ananthaswamy
Senior Managing Director, Asset Allocation and Asia Investments
Lucy Chang
Investment Officer, Private Equity
Edmond Fong
Senior Managing Director, Absolute Return and Private Credit
Craig Huie
Investment Director, Absolute Return
Dianne Klein
Chief of Staff
Tony Lo
Investment Director, Fixed Income
Jia Luo
Investment Officer, Public Equity
Marco Merz
Managing Director, Retirement Savings
Margaux O'Brien
Investment Director, Public Equity
Byron Ong
Investment Director, Private Credit
John Ritter
Managing Director, Real Assets
David Schroeder
Managing Director, Fixed Income
Martin Scott
Investment Analyst
Aaron Staines
Investment Director, Fixed Income
Steven Sterman
Senior Managing Director, Private Equity
Mike Swett
Investment Director, Fixed Income
Ronnie Swinkels
Managing Director, Public Equity
Matt Webster
Investment Director, Private Equity
Jeffrey Youngman
Investment Officer, Private Equity
Sharon Zhang
Investment Director, Private Credit
Jack Zhu
Senior Investment Analyst, Public Equity

Investment Risk Management
Brad Lyons
Investment Risk Officer

Investment Operations & Services
Arthur R. Guimarães
Chief Data and Operating Officer
Jim Castro
Director, Investment Transaction Services
Sean Chiles
Operations Analyst, Public Investments
John Dea
Operations Manager, Public Investments
Michael Garcia
Operations Analyst, Private Investments
Floyd Gazaway Jr.
Operations Analyst, Private Investments
Navdeep Kaur
Manager, Investment Compliance and Operational Risk Management
Mark MacDonald
Operations Analyst, Public Investments
Miguel Mendoza
Operations Analyst, Private Investments
Vu Nguyen
Director, Data Management and Analytics
Wendy Pulling
Director, ESG Integration
Chi Tu
Investment Performance Manager, Data Management and Analytics
Trevor Woods
Operations Manager, Private Investments

Investment Administration
Diori Johnson
Manager, Investment Administration
William Byrd
Client Officer, Facilities Support
Milkah Cunningham
Client Officer, Lead Public and Private Investments
Lin Li
Client Officer, Public Investments
Rosario Mendoza
Client Officer, Reception and Public Investments
Marvis Walker
Client Officer, Executive Support
Yanni Zhao
Analyst, Financial Services

University of California
1111 Franklin St., ninth floor
Oakland, CA 94607
CIO.Regents@UCOP.edu
invest.universityofcalifornia.edu

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