UNIVERSITY OF CALIFORNIA

Office of the Chief Investment Officer

Shifting Sands from Low Interest Rates

From Ingenuous To Ingenuity
Satish Swamy, CFA

Growing Portfolios **Building Partnerships**

UC Investments

Our Products: $103 Billion of assets

| | December 31, 2016 | Market Value in Billions ($) | |
		1 Year Ago December 31, 2015	**5 Years Ago** December 31, 2011
Endowment	$9.9	$8.8	$6.3
Pension	$57.1	$53.6	$39.7
Retirement Savings	$20.8	$19.6	$15.6
Working Capital Total Return	$8.8	$8.6	$3.6
Short Term	$6.5	$5.1	$7.3
Total	**$103.1B**	**$95.7B**	**$72.5B**

How We Invest Our Assets

As of December 31, 2016

- Public Equity: $52.1B   50%

- Fixed Income: $33.0B   32%

- Other Investments: $14.4B   14%
  - Absolute Return: $5.9B   6%
  - Private Equity: $3.9B   4%
  - Real Estate: $3.5B   3%
  - Real Asset: $1.1B   1%

- Cash: $3.6B   4%

$103.1 Billion   **100%**

$103.1B
Total Assets
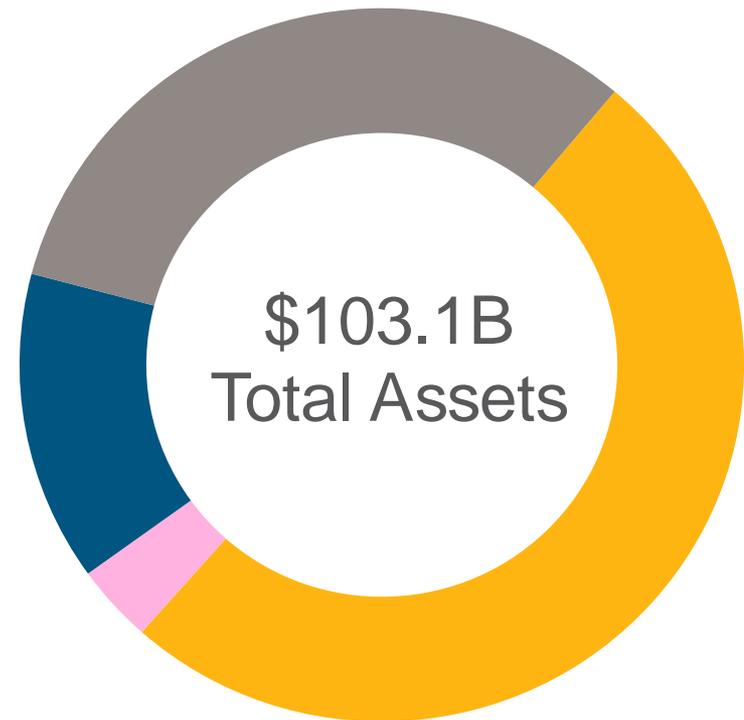
The Ingenuous

Monthly Index Returns 1987 - Present
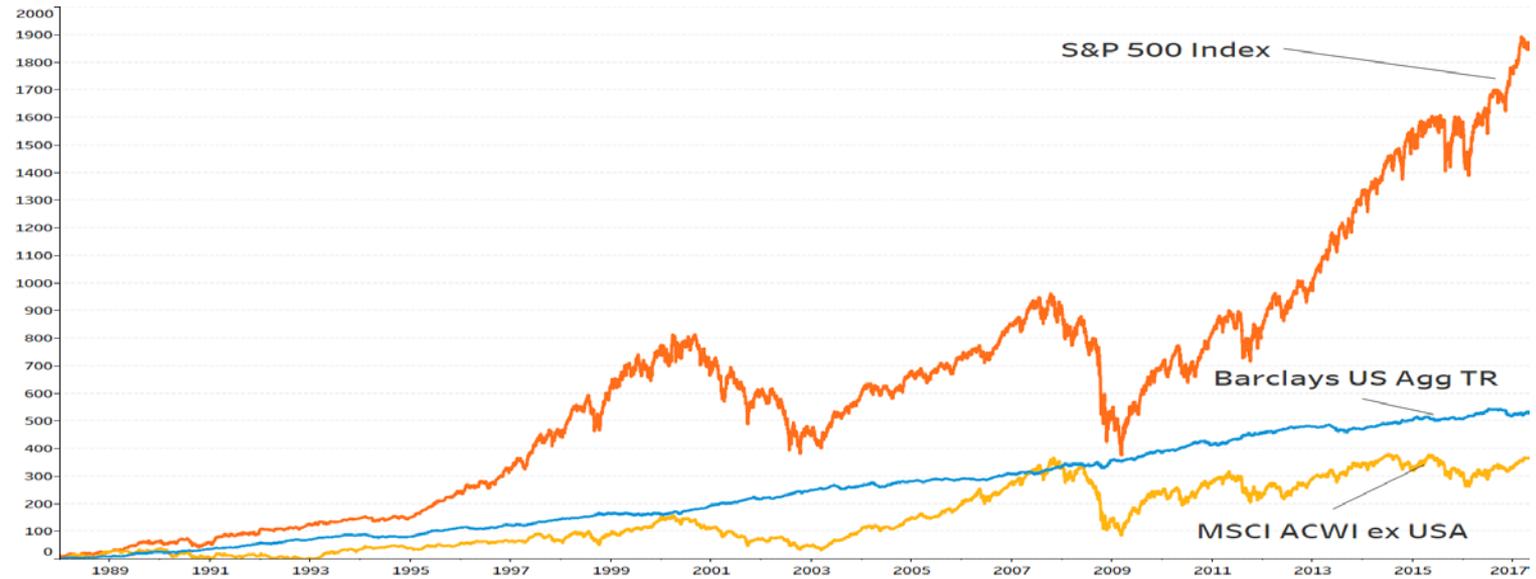
Annual Returns (%)

From 12/31/1987 — Present

S&P 500 Index	10.4%
Barclays US Agg Total Return	6.4%
MSCI ACWI ex USA	3.4%

Asset Allocation 1	Weight
S&P 500 Index	60%
Barclays US Agg Total Return	40%
MSCI ACWI ex USA	0%
Total	**8.8%**

Asset Allocation 2	Weight
S&P 500 Index	40%
Barclays US Agg Total Return	40%
MSCI ACWI ex USA	20%
Total	**7.4%**

The Ingenuity

- Best risk adjusted return => Benchmark Agnostic (Bonds) => Focus on Hurdle Rates

- Teamwork => Collaboration and Innovation => Generalists Not Specialists

- Asset classes compete for capital => Focus on Security Selection Not Asset Allocation

- One Problem: Implementation. Takes Time and Patience.

THANK YOU!