

Approved

COMMITTEE ON INVESTMENTS

March 20, 2008

TO THE REGENTS OF THE UNIVERSITY OF CALIFORNIA

**A. UCRP/GEP ASSET ALLOCATION REVIEW AND RECOMMENDATIONS**

The Committee recommends that the Asset Allocation Policy for the University of California Retirement Plan (UCRP) and the University of California General Endowment Pool (GEP) be approved, including the following recommended changes, effective July 1, 2008:

- Add a Global Equity asset category to the asset allocation of UCRP and GEP, at a Current Policy weight of 2% and Long-term Target weight of 5%.
- Increase the Current Policy weight of Non US Developed Equity from 18% to 22% in the UCRP.
- Increase the Current Policy weight of Emerging Market Equity from 3% to 4% in the UCRP.
- The US Equity allocation would be used to fund these increases.
- Realistic targets are proposed for the weights of private equity, real estate, and absolute return strategies over the next 12 months; progress continues to be made in funding these categories up to target levels.

**B. UCRP/GEP INVESTMENT GUIDELINE REVIEW AND RECOMMENDATIONS**

The Committee recommends that changes considered by the Committee to Investment Policies, Guidelines, and Benchmarks for the University of California Retirement Plan (UCRP) and the University of California General Endowment Pool (GEP) be approved, effective immediately, except for Emerging Market Debt benchmark, which would be effective July 1, 2008.

**C. APPROVAL OF TREASURER'S FISCAL YEAR 2006-2007 ANNUAL ENDOWMENT REPORT**

The Committee recommends that the Annual Endowment Report for Fiscal Year 2007 be approved.

D. **AMENDMENT TO REGENTS' POLICY ON CONFLICT OF INTEREST REGARDING ASSETS MANAGED BY THE TREASURER**

The Committee recommends that the Regents adopt, effective immediately, the following amendment to the Regents' Policy on Conflict of Interest Regarding Assets Managed by the Treasurer (**deletions shown by strikeout, additions shown by underscore**):

Policy on Conflict of Interest Regarding Assets Managed by the Treasurer, Adopted September 22, 2005, Amended July 19, 2007 and November 15, 2007:

\*\*\*

Individual Regents and members of the Regents' Investment Advisory Group (IAG) are prohibited from contacting the Treasurer's Office to offer advice or recommendations with respect to the selection of specific investments, investment managers, or investment management firms. The General Counsel is responsible for determining, pursuant to the following procedures, that the Treasurer's responsibilities for selecting investment managers have been exercised free of any such prohibited efforts to influence the Treasurer's Office selection by individuals within the Treasurer's Office, on the Investment Advisory Group (IAG), on the Board of Regents, or with oversight responsibility for the performance of the Treasurer's Office, with a financial interest in the selection, within the meaning of the Political Reform Act. The General Counsel's Office will promptly provide the Treasurer's Office with copies of all Statements of Economic Interest (Form 700) for all Regents and Treasurer's Office employees, as well as any information disclosed by Investment Advisory Group members pursuant to the Conflicts provisions of the Policy Establishing the Investment Advisory Group. The Treasurer's Office will advise the General Counsel's Office if it is contacted by a Regent or ; and IAG member, or a designated official in the Treasurer's Office, in connection with the choice of an outside investments, investment managers or investment management firms, if that outside investment manager is listed on the relevant individual's disclosure form. The Office of the General Counsel will then determine whether the communication was prohibited pursuant to this policy there is any conflict of interest. Any such efforts to influence the Treasurer's selection of investment managers by such individuals with a financial interest in the selection are expressly prohibited. In the event such a prohibited effort to influence a Treasurer's Office selection of an investments, investment managers or investment management firms is identified, The General Counsel shall immediately bring the matter to the attention of the Chair of the Regents' Committee on Investments.