

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

Received by the
Regents
February 20, 2014

ITEM FOR INFORMATION

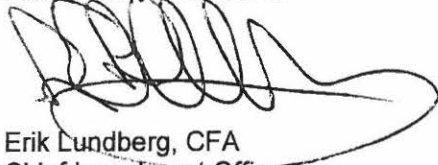
Subject: Monthly Investment Report

Background and Summary:

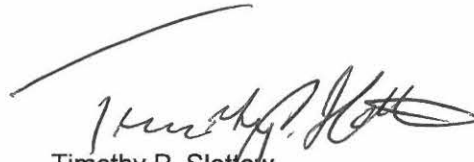
Attached is the Monthly Investment Report for the Long Term Portfolio as of December 31, 2013.

- Page 1 summarizes the assets as of December 31, 2013. Allocations to alternative assets (Illiquid) reflect market values as of September 30, 2013, the most recent date available, adjusted for contributions and distributions through December.
- Page 2 reports the performance of Marketable Securities by asset class for select periods ending December 31, 2013.
- Page 3 reports the performance for the entire portfolio by asset class as of September 30, 2013. The investment performance of Alternative Assets is reported with this one quarter lag in order to gather the requisite information from the limited partnerships.
- Page 4 summarizes the assets as of September 30, 2013.

Respectfully submitted,



Erik Lundberg, CFA
Chief Investment Officer



Timothy P. Slotow
Executive Vice President and
Chief Financial Officer

February 2014
Attachment

LONG TERM PORTFOLIO
Asset Allocation
As of December 31, 2013

MARKETABLE SECURITIES ^(a)	Market Value in millions	Allocation
Equities	\$ 2,643.6	29.1%
Fixed Income	648.4	7.1
Cash	387.6	4.3
Total Traditional Assets	\$ 3,679.6	40.5%
Absolute Return	1,333.9	14.7
TOTAL MARKETABLE SECURITIES	\$ 5,013.5	55.2%

ALTERNATIVE ASSETS (Illiquid) ^(b)	Market Value in millions	Allocation
Venture Capital	\$ 959.2	10.6%
Private Equity	1,181.0	13.0
Real Estate	1,201.7	13.2
Natural Resources	725.4	8.0
TOTAL ALTERNATIVE ASSETS (Illiquid)	\$ 4,067.3	44.8%
TOTAL LONG TERM PORTFOLIO	\$ 9,080.8	100.0%

Note: Subtotals may not add due to rounding.

(a) Marketable securities include some investments in funds that have liquidity provisions which enable the University to make full or partial withdrawals with notice subject to restrictions on the timing and amounts, and illiquid private equity structures in which underlying investments are in the form of market traded securities.

(b) Allocations to Alternative Assets (Illiquid) reflect market values as of September 30, 2013, the most recent date available, adjusted for contributions and distributions through December.

**LONG TERM PORTFOLIO
Performance
Marketable Securities Only ^(a)
As of December 31, 2013**

MARKETABLE SECURITIES	Market Value in millions	3 Months	Return in Percent	
			Fiscal YTD	Calendar YTD
TOTAL MARKETABLE SECURITIES	\$ 5,013.5	4.61	9.39	13.95
Custom Benchmark for Marketable Securities		4.42	9.38	13.24
Equities	\$ 2,643.6	6.67	14.15	22.85
Russell 3000/Citigroup BMI EX US/IFC-I		7.18	16.63	24.38
Fixed Income	648.4	1.39	2.09	-4.19
Barclays Aggregate/Long Bond		-0.11	-0.25	-5.44
Cash	387.6	0.11	0.27	0.47
Treasury Bills		0.02	0.03	0.07
Absolute Return	1,333.9	3.49	7.82	14.45
HFRI Fund of Funds Index		3.54	5.16	8.78

(a) These returns do not include Alternative Assets (Illiquid), which are valued only quarterly. Alternative Assets (Illiquid) returns and total portfolio returns therefore will be reported quarterly when the data becomes available.

Performance Summary
LONG TERM PORTFOLIO
As of September 30, 2013

LONG TERM PORTFOLIO	Market Value	Return in Percent	
	in millions	Fiscal YTD	Calendar YTD
TOTAL LONG TERM PORTFOLIO	\$ 8,909.6	4.24	8.57
Custom Benchmark for Long Term Portfolio		4.60	9.41
Blended Passive Index ^(a)		5.36	9.31

MARKETABLE SECURITIES	Market Value	Return in Percent	
	in millions	Fiscal YTD	Calendar YTD
TOTAL MARKETABLE SECURITIES	\$ 4,668.6	4.57	8.93
Custom Benchmark - Marketable Securities		4.75	8.45
Equities	\$ 2,244.9	7.01	15.17
Russell 3000/Citigroup BMI EX US/IFC-I		8.82	16.06
Fixed Income	658.4	0.69	-5.51
Barclays Aggregate/Long Bond		-0.14	-5.33
Cash	491.0	0.17	0.37
Treasury Bills		0.02	0.06
Absolute Return	1,274.4	4.18	10.59
HFRI Fund of Funds Index		1.57	5.06

ALTERNATIVE ASSETS	Market Value	Return in Percent	
	in millions	Fiscal YTD	Calendar YTD
TOTAL ALTERNATIVE ASSETS (Illiquid)	\$ 4,241.0	3.91	8.31
Custom Benchmark - Alternative Assets (Illiquid)		4.35	10.92
Venture Capital	\$ 971.7	4.45	12.45
CA Venture Capital Index		6.46	13.84
Private Equity	1,256.7	5.24	9.89
CA Private Equity Index		5.64	11.78
Real Estate	1,258.3	2.14	6.17
CA Real Estate Index		3.24	8.93
Natural Resources	754.3	4.07	4.24
Blended Natural Resources Index		1.96	9.87

Performance for all assets is shown as of September 30, 2013, to be consistent with the most recent valuation date for alternative assets.

- (a) The benchmark has been modified to include additional asset classes in order to be more representative of a passive implementation of a global, diversified institutional portfolio. The benchmark shown is the historical 80% Equities/20% Fixed Income benchmark until June 30, 2011, and the new, broader benchmark after that date.

LONG TERM PORTFOLIO
Asset Allocation
As of September 30, 2013

MARKETABLE SECURITIES	Market Value in millions	Allocation
Equities	\$ 2,244.9	25.2%
Fixed Income	658.4	7.4
Cash	491.0	5.5
Total Traditional Assets	\$ 3,394.2	38.1%
Absolute Return	1,274.4	14.3
TOTAL MARKETABLE SECURITIES	\$ 4,668.6	52.4%

ALTERNATIVE ASSETS (Illiquid)	Market Value in millions	Allocation
Venture Capital	\$ 971.7	10.9%
Private Equity	1,256.7	14.1
Real Estate	1,258.3	14.1
Natural Resources	754.3	8.5
TOTAL ALTERNATIVE ASSETS (Illiquid)	\$ 4,241.0	47.6%
TOTAL LONG TERM PORTFOLIO	\$ 8,909.6	100.0%

Note: Subtotals may not add due to rounding.