

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

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ITEM FOR INFORMATION

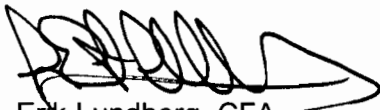
Subject: Monthly Investment Report

Background and Summary:

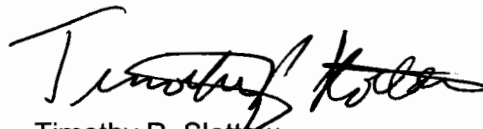
Attached is the Monthly Investment Report for the Long Term Portfolio as of December 31, 2005.

- Page 1 summarizes the assets for December.
- Page 2 reports the performance of Marketable Securities by asset class for December.
- Page 3 reports the performance for the entire portfolio by asset class for September 30, 2005. 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 for September 30, 2005.

Respectfully submitted,



Erik Lundberg, CFA
Chief Investment Officer



Timothy P. Slotlow
Executive Vice President and
Chief Financial Officer

February 2006
attachment

**LONG TERM PORTFOLIO
Asset Allocation
As of December 31, 2005**

MARKETABLE SECURITIES	Market Value in millions ^(a)	Allocation
U.S. Equities	\$ 1,042.5	18.9%
Non-U.S. Equities	1,202.2	21.8
Fixed Income	790.5	14.3
Cash	22.5	0.4
Total Traditional Assets	\$ 3,057.6	55.5%
Absolute Return ^(b)	1,094.0	19.8
TOTAL MARKETABLE SECURITIES	\$ 4,151.5	75.3%

ALTERNATIVE ASSETS (Illiquid) ^(c)	Market Value in millions	Allocation
Venture Capital	\$ 222.9	4.0%
Private Equity	388.7	7.1
Real Estate	433.6	7.9
Energy	315.1	5.7
TOTAL ALTERNATIVE ASSETS (Illiquid)	\$ 1,360.4	24.7%
TOTAL LONG TERM PORTFOLIO	\$ 5,511.9	100.0%

(a) Subtotals may not add due to rounding.

(b) Includes distressed debt investments as described in the 2005 Report of Investments.

(c) Allocations to Alternative Assets (Illiquid) reflect market values as of September 30, 2005, the most recent date available, adjusted for contributions and distributions through December.

LONG TERM PORTFOLIO
Performance
Marketable Securities Only ^(a)
As of December 31, 2005

MARKETABLE SECURITIES	Market Value in millions	Return in Percent		
		3 Months	Fiscal YTD	Calendar YTD
TOTAL MARKETABLE SECURITIES ^(a)	\$ 4,151.5	2.18	6.61	9.01
Custom Benchmark for Marketable Securities		2.31	6.70	8.37
Blended Index - 80% S&P 500/20% Lehman Aggregate		1.80	4.61	4.47
U.S. Equities	\$ 1,042.5	0.94	4.96	4.80
Russell 3000 Index		2.04	6.13	6.12
Non-U.S. Equities	1,202.2	4.66	15.44	17.45
Citigroup BMI World ex U.S.		4.83	16.82	17.44
Fixed Income	790.5	0.86	-0.86	4.80
Lehman Aggregate/Long Bond		0.77	-0.89	3.90
Cash	22.5	1.01	1.88	3.25
Treasury Bills		0.92	1.75	3.07
Absolute Return ^(b)	1,094.0	2.00	5.59	8.66
CA FOF Median benchmark		1.89	6.41	7.95

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

(b) Includes distressed debt investments as described in the 2005 Report of Investments.

Performance Summary
LONG TERM PORTFOLIO
As of September 30, 2005

LONG TERM PORTFOLIO	Market Value	Return in Percent	
	in millions	Fiscal YTD	Calendar YTD
TOTAL LONG TERM PORTFOLIO	\$ 5,447.6	4.71	10.31
Custom Benchmark for Long Term Portfolio		4.79	8.54
80/20 Blended Index		2.76	2.63

MARKETABLE SECURITIES	Market Value	Return in Percent	
	in millions	Fiscal YTD	Calendar YTD
TOTAL MARKETABLE SECURITIES	\$ 4,126.2	4.33	6.69
Custom Benchmark - Marketable Securities		4.29	5.92
U.S. Equities	\$ 1,078.0	3.98	3.82
Russell 3000 Index		4.01	4.00
Non-U.S. Equities	1,157.0	10.30	12.22
S&P/Citigroup BMI World ex U.S.		11.44	12.04
Fixed Income	783.8	-1.71	3.91
Lehman Aggregate/Long Bond		-1.64	3.11
Cash	12.4	0.86	2.22
Treasury Bills		0.83	2.13
Absolute Return	1,095.0	3.52	6.53
CA FOF Median benchmark		4.44	5.95

ALTERNATIVE ASSETS	Market Value	Return in Percent	
	in millions	Fiscal YTD	Calendar YTD
TOTAL ALTERNATIVE ASSETS (Illiquid)	\$ 1,321.4	5.94	22.82
Custom Benchmark - Alternative Assets (Illiquid)		6.34	17.36
Venture Capital	\$ 217.6	9.80	10.90
CA Venture Capital Index		4.94	5.46
Private Equity	385.1	5.02	16.43
CA Private Equity Index		6.20	15.10
Real Estate	409.2	4.79	19.98
NCREIF Property Index		4.44	13.88
Energy	309.5	6.09	47.56
CA Energy Index		11.64	44.42

Performance for all assets is shown as of September 30, 2005, to be consistent with the most recent valuation date for alternative assets.

LONG TERM PORTFOLIO
Asset Allocation
As of September 30, 2005

MARKETABLE SECURITIES	Market Value in millions	Allocation
U.S. Equities	\$ 1,078.0	19.8%
Non-U.S. Equities	1,157.0	21.2
Fixed Income	783.8	14.4
Cash	12.4	0.2
Total Traditional Assets	\$ 3,031.2	55.6%
Absolute Return	1,095.0	20.1
TOTAL MARKETABLE SECURITIES	\$ 4,126.2	75.7%

ALTERNATIVE ASSETS (Illiquid)	Market Value in millions	Allocation
Venture Capital	\$ 217.6	4.0%
Private Equity	385.1	7.1
Real Estate	409.2	7.5
Energy	309.5	5.7
TOTAL ALTERNATIVE ASSETS (Illiquid)	\$ 1,321.4	24.3%
TOTAL LONG TERM PORTFOLIO	\$ 5,447.6	100.0%