

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

ITEM FOR INFORMATION

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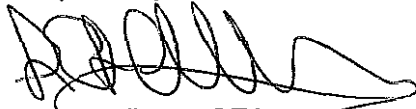
Subject: Monthly Investment Report

Background and Summary:


Attached is the Monthly Investment Report for the Long Term Portfolio as of December 31, 2008.

- 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, 2008. 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, 2008.

Respectfully submitted,



Erik Lundberg, CFA
Chief Investment Officer



Timothy P. Slottow
Executive Vice President and
Chief Financial Officer

February 2009
attachment

LONG TERM PORTFOLIO
Asset Allocation
As of December 31, 2008

MARKETABLE SECURITIES	Market Value in millions	Allocation
Equities	\$ 1,332.7	20.4%
Fixed Income	569.7	8.7
Cash	222.4	3.4
Total Traditional Assets	\$ 2,124.8	32.5%
Absolute Return	1,168.1	17.9
TOTAL MARKETABLE SECURITIES	\$ 3,292.8	50.4%

ALTERNATIVE ASSETS (Illiquid) ^(a)	Market Value in millions	Allocation
Venture Capital	\$ 514.8	7.9%
Private Equity	958.0	14.7
Real Estate	1,009.3	15.4
Energy	757.8	11.6
TOTAL ALTERNATIVE ASSETS (Illiquid)	\$ 3,239.9	49.6%
TOTAL LONG TERM PORTFOLIO	\$ 6,532.8	100.0%

Note: Subtotals may not add due to rounding.

(a) Allocations to Alternative Assets (Illiquid) reflect market values as of September 30, 2008, the most recent date available, adjusted for contributions and distributions through December.

**LONG TERM PORTFOLIO
Performance
Marketable Securities Only ^(a)
As of December 31, 2008**

MARKETABLE SECURITIES	Market Value in millions	3 Months	Return in Percent	
			Fiscal YTD	Calendar YTD
TOTAL MARKETABLE SECURITIES ^(a)	\$ 3,292.8	-14.97	-25.04	-26.95
Custom Benchmark for Marketable Securities		-13.77	-24.09	-28.86
Blended Index - 80% Equities/20% Fixed Income		-16.76	-25.74	-32.16
Equities	\$ 1,332.7	-23.85	-36.77	-42.54
Russell 3000/Citigroup BMI EX US/IFC-I		-22.67	-35.27	-42.10
Fixed Income	569.7	5.19	-0.91	-2.18
Lehman Aggregate/Long Bond		8.88	6.77	6.99
Cash	222.4	0.42	1.06	2.63
Treasury Bills		0.22	0.85	2.06
Absolute Return	1,168.1	-13.89	-20.73	-15.29
CA FOF Median benchmark		-9.25	-18.37	-19.78

(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, 2008

LONG TERM PORTFOLIO	Market Value	Return in Percent	
	in millions	Fiscal YTD	Calendar YTD
TOTAL LONG TERM PORTFOLIO	\$ 7,059.6	-10.64	-10.01
Custom Benchmark for Long Term Portfolio		-8.41	-12.27
80/20 Blended Index		-10.79	-18.50

MARKETABLE SECURITIES	Market Value	Return in Percent	
	in millions	Fiscal YTD	Calendar YTD
TOTAL MARKETABLE SECURITIES	\$ 3,876.4	-11.84	-14.08
Custom Benchmark - Marketable Securities		-11.97	-17.50
Equities	\$ 1,739.5	-16.97	-24.54
Russell 3000/Citigroup BMI EX US/IFC-I		-16.29	-25.13
Fixed Income	672.0	-5.80	-7.01
Lehman Aggregate/Long Bond		-1.94	-1.74
Cash	73.5	0.63	2.20
Treasury Bills		0.63	1.83
Absolute Return	1,391.4	-7.94	-1.62
CA FOF Median benchmark		-10.05	-11.60

ALTERNATIVE ASSETS	Market Value	Return in Percent	
	in millions	Fiscal YTD	Calendar YTD
TOTAL ALTERNATIVE ASSETS (Illiquid)	\$ 3,183.2	-9.03	-4.09
Custom Benchmark - Alternative Assets (Illiquid)		0.10	0.65
Venture Capital	\$ 493.2	-3.32	-6.21
CA Venture Capital Index		-2.84	-4.14
Private Equity	952.6	-9.93	-12.46
CA Private Equity Index		-7.89	-9.53
Real Estate	974.6	-7.23	-9.61
NCREIF Property Index		-0.17	2.00
Energy	762.9	-13.25	18.10
CA Energy Index		15.82	19.30

Performance for all assets is shown as of September 30, 2008, to be consistent with the most recent valuation date for alternative assets.

The benchmarks are preliminary for the total fund benchmark and all of the alternative benchmarks.

LONG TERM PORTFOLIO
Asset Allocation
As of September 30, 2008

MARKETABLE SECURITIES	Market Value in millions	Allocation
Equities	\$ 1,739.5	24.6%
Fixed Income	672.0	9.5
Cash	73.5	1.0
Total Traditional Assets	\$ 2,485.0	35.2%
Absolute Return	1,391.4	19.7
TOTAL MARKETABLE SECURITIES	\$ 3,876.4	54.9%

ALTERNATIVE ASSETS (Illiquid)	Market Value in millions	Allocation
Venture Capital	\$ 493.2	7.0%
Private Equity	952.6	13.5
Real Estate	974.6	13.8
Energy	762.9	10.8
TOTAL ALTERNATIVE ASSETS (Illiquid)	\$ 3,183.2	45.1%
TOTAL LONG TERM PORTFOLIO	\$ 7,059.6	100.0%