

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

ITEM FOR INFORMATION

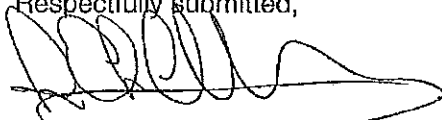
Subject: Monthly Investment Report

Background and Summary:

Attached is the Monthly Investment Report for the Long Term Portfolio as of December 31, 2010.

- Page 1 summarizes the assets as of December 31, 2010. Allocations to alternative assets (Illiquid) reflect market values as of September 30, 2010, 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, 2010.
- Page 3 reports the performance for the entire portfolio by asset class as of September 30, 2010. 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, 2010.

Respectfully submitted,



Erik Lundberg, CFA
Chief Investment Officer



Timothy P. Stottow
Executive Vice President and
Chief Financial Officer

February 2011
Attachment

LONG TERM PORTFOLIO
Asset Allocation
As of December 31, 2010

MARKETABLE SECURITIES	Market Value in millions	Allocation
Equities	\$ 1,866.4	25.5%
Fixed Income	620.2	8.5
Cash	164.3	2.2
Total Traditional Assets	\$ 2,650.9	36.2%
Absolute Return	1,366.3	18.7
TOTAL MARKETABLE SECURITIES	\$ 4,017.2	54.9%

ALTERNATIVE ASSETS (Illiquid) ^(a)	Market Value in millions	Allocation
Venture Capital	\$ 646.1	8.8%
Private Equity	1,089.1	14.9
Real Estate	887.7	12.1
Energy	683.6	9.3
TOTAL ALTERNATIVE ASSETS (Illiquid)	\$ 3,306.5	45.1%
TOTAL LONG TERM PORTFOLIO	\$ 7,323.7	100.0%

Note: Subtotals may not add due to rounding.

(a) Allocations to Alternative Assets (Illiquid) reflect market values as of September 30, 2010, the most recent date available, adjusted for contributions and distributions through December.

**LONG TERM PORTFOLIO
Performance
Marketable Securities Only ^(a)
As of December 31, 2010**

MARKETABLE SECURITIES	Market Value in millions	Return in Percent		
		3 Months	Fiscal YTD	Calendar YTD
TOTAL MARKETABLE SECURITIES ^(a)	\$ 4,017.2	4.95	14.23	13.30
Custom Benchmark for Marketable Securities		5.43	15.64	11.53
Blended Index - 80% Equities/20% Fixed Income		7.53	19.48	12.85
Equities	\$ 1,866.4	8.20	22.41	14.68
Russell 3000/Citigroup BMI EX US/IFC-I		9.66	25.47	15.15
Fixed Income	620.2	-2.30	2.89	10.32
Barclays Aggregate/Long Bond		-3.46	0.56	8.38
Cash	164.3	-0.13	0.20	0.77
Treasury Bills		0.04	0.08	0.13
Absolute Return	1,366.3	4.41	10.37	13.85
Custom Absolute Return Benchmark		3.02	6.33	4.33

(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, 2010

LONG TERM PORTFOLIO	Market Value	Return in Percent	
	in millions	Fiscal YTD	Calendar YTD
TOTAL LONG TERM PORTFOLIO	\$ 7,197.6	7.68	8.74
Custom Benchmark for Long Term Portfolio		8.07	6.57
80/20 Blended Index		11.11	4.95

MARKETABLE SECURITIES	Market Value	Return in Percent	
	in millions	Fiscal YTD	Calendar YTD
TOTAL MARKETABLE SECURITIES	\$ 3,838.5	8.84	7.96
Custom Benchmark - Marketable Securities		9.69	5.78
Equities	\$ 1,765.9	13.14	5.99
Russell 3000/Citigroup BMI EX US/IFC-I		14.42	5.01
Fixed Income	650.1	5.31	12.92
Barclays Aggregate/Long Bond		4.17	12.27
Cash	108.9	0.32	0.89
Treasury Bills		0.04	0.08
Absolute Return	1,313.6	5.71	9.04
Custom Absolute Return Benchmark		3.21	1.26

ALTERNATIVE ASSETS	Market Value	Return in Percent	
	in millions	Fiscal YTD	Calendar YTD
TOTAL ALTERNATIVE ASSETS (Illiquid)	\$ 3,359.1	6.38	9.67
Custom Benchmark - Alternative Assets (Illiquid)		5.22	7.82
Venture Capital	\$ 657.4	7.30	12.67
CA Venture Capital Index		3.75	4.88
Private Equity	1,118.6	7.48	10.20
CA Private Equity Index		4.74	12.01
Real Estate	852.2	3.57	2.62
NCREIF Property Index		3.86	8.11
Energy	730.9	7.24	14.71
CA Energy Index		9.28	2.00

Performance for all assets is shown as of September 30, 2010, to be consistent with the most recent valuation date for alternative assets.

LONG TERM PORTFOLIO
Asset Allocation
As of September 30, 2010

MARKETABLE SECURITIES	Market Value in millions	Allocation
Equities	\$ 1,765.9	24.5%
Fixed Income	650.1	9.0
Cash	108.9	1.5
Total Traditional Assets	\$ 2,524.9	35.1%
Absolute Return	1,313.6	18.3
TOTAL MARKETABLE SECURITIES	\$ 3,838.5	53.3%

ALTERNATIVE ASSETS (Illiquid)	Market Value in millions	Allocation
Venture Capital	\$ 657.4	9.1%
Private Equity	1,118.6	15.5
Real Estate	852.2	11.8
Energy	730.9	10.2
TOTAL ALTERNATIVE ASSETS (Illiquid)	\$ 3,359.1	46.7%
 TOTAL LONG TERM PORTFOLIO	 \$ 7,197.6	 100.0%