

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 March 31, 2012.

- Page 1 summarizes the assets as of March 31, 2012. Allocations to alternative assets (Illiquid) reflect market values as of December 31, 2011, the most recent date available, adjusted for contributions and distributions through March.
- Page 2 reports the performance of Marketable Securities by asset class for select periods ending March 31, 2012.
- Page 3 reports the performance for the entire portfolio by asset class as of December 31, 2011. 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 December 31, 2011.

Respectfully submitted,



Erik Lundberg, CFA
Chief Investment Officer



Timothy P. Slottow
Executive Vice President and
Chief Financial Officer

May 2012
Attachment

LONG TERM PORTFOLIO
Asset Allocation
As of March 31, 2012

MARKETABLE SECURITIES	Market Value in millions	Allocation
Equities	\$ 1,730.2	22.2%
Fixed Income	631.6	8.1
Cash	71.6	0.9
Total Traditional Assets	\$ 2,433.3	31.2%
Absolute Return	1,297.4	16.6
TOTAL MARKETABLE SECURITIES	\$ 3,730.7	47.8%

ALTERNATIVE ASSETS (Illiquid) ^(a)	Market Value in millions	Allocation
Venture Capital	\$ 942.1	12.1%
Private Equity	1,214.7	15.6
Real Estate	1,122.0	14.4
Natural Resources ^(b)	789.7	10.1
TOTAL ALTERNATIVE ASSETS (Illiquid)	\$ 4,068.5	52.2%
TOTAL LONG TERM PORTFOLIO	\$ 7,799.3	100.0%

Note: Subtotals may not add due to rounding.

(a) Allocations to Alternative Assets (Illiquid) reflect market values as of December 31, 2011, the most recent date available, adjusted for contributions and distributions through March.

(b) The asset class previously named Energy has been renamed Natural Resources to better reflect the broader scope of investments in the portfolio.

LONG TERM PORTFOLIO
Performance
Marketable Securities Only ^(a)
As of March 31, 2012

MARKETABLE SECURITIES	Market Value in millions	Return in Percent	
		Fiscal YTD	Calendar YTD
TOTAL MARKETABLE SECURITIES ^(a)	\$ 3,730.7	-0.18	7.75
Custom Benchmark for Marketable Securities		1.58	7.42
Equities	\$ 1,730.2	-3.79	12.60
Russell 3000/Citigroup BMI EX US/IFC-I		-0.99	12.25
Fixed Income	631.6	10.01	2.02
Barclays Aggregate/Long Bond		10.64	-0.91
Cash	71.6	0.77	0.21
Treasury Bills		0.03	0.01
Absolute Return	1,297.4	-0.20	5.18
HFRI Fund of Funds Index		-0.90	3.43

(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 December 31, 2011

LONG TERM PORTFOLIO	Market Value	Return in Percent	
	in millions	Fiscal YTD	Calendar YTD
TOTAL LONG TERM PORTFOLIO	\$ 7,615.3	-4.46	2.47
Custom Benchmark for Long Term Portfolio		-3.21	2.16
Blended Passive Index ^(a)		-6.72	-1.90

MARKETABLE SECURITIES	Market Value	Return in Percent	
	in millions	Fiscal YTD	Calendar YTD
TOTAL MARKETABLE SECURITIES	\$ 3,553.9	-7.36	-4.03
Custom Benchmark - Marketable Securities		-5.43	-2.39
Equities	\$ 1,580.1	-14.55	-11.47
Russell 3000/Citigroup BMI EX US/IFC-I		-11.80	-7.10
Fixed Income	668.1	7.83	10.96
Barclays Aggregate/Long Bond		11.65	15.02
Cash	84.1	0.56	0.87
Treasury Bills		0.02	0.10
Absolute Return	1,221.5	-5.11	-0.91
HFRI Fund of Funds Index		-4.19	-5.40

ALTERNATIVE ASSETS	Market Value	Return in Percent	
	in millions	Fiscal YTD	Calendar YTD
TOTAL ALTERNATIVE ASSETS (Illiquid)	\$ 4,061.5	-1.66	9.31
Custom Benchmark - Alternative Assets (Illiquid)		0.49	9.92
Venture Capital	\$ 936.9	-2.56	12.11
CA Venture Capital Index		0.74	13.16
Private Equity	1,227.9	-3.97	6.82
CA Private Equity Index ^{(b)(c)}		-4.31	5.49
Real Estate	1,105.7	1.23	8.71
NCREIF Property Index		6.36	14.26
Natural Resources	790.9	-0.55	11.05
Blended Natural Resources Index		-2.30	6.47

Performance for all assets is shown as of December 31, 2011, 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.
- (b) The benchmark has been modified by combining the Cambridge Associates (CA) non-U.S. Private Equity Universe with the CA U.S. Private Equity Universe to create a global index to act as our benchmark for private equity from July 1, 2011, going forward.
- (c) The CA Private Equity Index return for quarter end December 31, 2011 was not available as of the date this report was prepared. The University's private equity portfolio return for the quarter was used as the proxy.

LONG TERM PORTFOLIO
Asset Allocation
As of December 31, 2011

MARKETABLE SECURITIES	Market Value in millions	Allocation
Equities	\$ 1,580.1	20.7%
Fixed Income	668.1	8.8
Cash	84.1	1.1
Total Traditional Assets	\$ 2,332.3	30.6%
Absolute Return	1,221.5	16.0
TOTAL MARKETABLE SECURITIES	\$ 3,553.9	46.7%

ALTERNATIVE ASSETS (Illiquid)	Market Value in millions	Allocation
Venture Capital	\$ 936.9	12.3%
Private Equity	1,227.9	16.1
Real Estate	1,105.7	14.5
Natural Resources ^(a)	790.9	10.4
TOTAL ALTERNATIVE ASSETS (Illiquid)	\$ 4,061.5	53.3%

TOTAL LONG TERM PORTFOLIO	\$ 7,615.3	100.0%
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Note: Subtotals may not add due to rounding.

(a) The asset class previously named Energy has been renamed Natural Resources to better reflect the broader scope of investments in the portfolio.