

THE UNIVERSITY OF MICHIGAN  
REGENTS COMMUNICATION

ITEM FOR INFORMATION

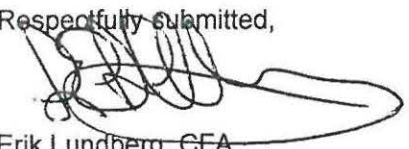
Subject: Monthly Investment Report

Background and Summary:

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

- Page 1 summarizes the assets as of March 31, 2013. Allocations to alternative assets (Illiquid) reflect market values as of December 31, 2012, 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, 2013.
- Page 3 reports the performance for the entire portfolio by asset class as of December 31, 2012. 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, 2012.

Respectfully submitted,

  
Erik Lundberg, CFA  
Chief Investment Officer

  
Timothy P. Slottow  
Executive Vice President and  
Chief Financial Officer

May 2013  
Attachment

# LONG TERM PORTFOLIO

## Asset Allocation

### As of March 31, 2013

<b>MARKETABLE SECURITIES <sup>(a)</sup></b>	<b>Market Value in millions</b>	<b>Allocation</b>
Equities	\$ 2,001.9	23.9%
Fixed Income	690.6	8.2
Cash	261.1	3.1
Total Traditional Assets	\$ 2,953.5	35.3%
Absolute Return	1,264.8	15.1
<b>TOTAL MARKETABLE SECURITIES</b>	<b>\$ 4,218.3</b>	<b>50.4%</b>

<b>ALTERNATIVE ASSETS (Illiquid) <sup>(b)</sup></b>	<b>Market Value in millions</b>	<b>Allocation</b>
Venture Capital	\$ 912.6	10.9%
Private Equity	1,246.5	14.9
Real Estate	1,249.2	14.9
Natural Resources <sup>(c)</sup>	750.0	9.0
<b>TOTAL ALTERNATIVE ASSETS (Illiquid)</b>	<b>\$ 4,158.4</b>	<b>49.6%</b>
<b>TOTAL LONG TERM PORTFOLIO</b>	<b>\$ 8,376.7</b>	<b>100.0%</b>

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 December 31, 2012, the most recent date available, adjusted for contributions and distributions through March.

(c) 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 <sup>(a)</sup>**  
**As of March 31, 2013**

<b>MARKETABLE SECURITIES</b>	<b>Market Value in millions</b>	<b>3 Months</b>	<b>Return in Percent</b>	
			<b>Fiscal YTD</b>	<b>Calendar YTD</b>
<b>TOTAL MARKETABLE SECURITIES</b>	\$ 4,218.3	4.14	12.60	4.14
Custom Benchmark for Marketable Securities		4.58	12.19	4.58
<b>Equities</b>	\$ 2,001.9	6.84	19.33	6.84
Russell 3000/Citigroup BMI EX US/IFC-I		7.04	18.32	7.04
<b>Fixed Income</b>	690.6	-0.89	4.80	-0.89
Barclays Aggregate/Long Bond		-1.05	1.61	-1.05
<b>Cash</b>	261.1	0.10	0.43	0.10
Treasury Bills		0.02	0.09	0.02
<b>Absolute Return</b>	1,264.8	4.36	10.84	4.36
HFRI Fund of Funds Index		3.45	7.29	3.45

(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, 2012**

<b>LONG TERM PORTFOLIO</b>	<b>Market Value</b>	<b>Return in Percent</b>	
	<b>in millions</b>	<b>Fiscal YTD</b>	<b>Calendar YTD</b>
<b>TOTAL LONG TERM PORTFOLIO</b>	<b>\$ 8,258.6</b>	<b>6.33</b>	<b>10.69</b>
Custom Benchmark for Long Term Portfolio		6.68	11.51
Blended Passive Index <sup>(a)</sup>		7.40	13.17

<b>MARKETABLE SECURITIES</b>	<b>Market Value</b>	<b>Return in Percent</b>	
	<b>in millions</b>	<b>Fiscal YTD</b>	<b>Calendar YTD</b>
<b>TOTAL MARKETABLE SECURITIES</b>	<b>\$ 4,051.8</b>	<b>8.12</b>	<b>13.77</b>
Custom Benchmark - Marketable Securities		7.28	12.18
<b>Equities</b>	<b>\$ 1,768.7</b>	<b>11.69</b>	<b>18.62</b>
Russell 3000/Citigroup BMI EX US/IFC-I		10.54	17.24
<b>Fixed Income</b>	<b>696.8</b>	<b>5.74</b>	<b>12.54</b>
Barclays Aggregate/Long Bond		2.69	6.52
<b>Cash</b>	<b>381.1</b>	<b>0.33</b>	<b>0.83</b>
Treasury Bills		0.07	0.11
<b>Absolute Return</b>	<b>1,205.3</b>	<b>6.21</b>	<b>10.26</b>
HFRI Fund of Funds Index		3.71	4.87

<b>ALTERNATIVE ASSETS</b>	<b>Market Value</b>	<b>Return in Percent</b>	
	<b>in millions</b>	<b>Fiscal YTD</b>	<b>Calendar YTD</b>
<b>TOTAL ALTERNATIVE ASSETS (Illiquid)</b>	<b>\$ 4,206.8</b>	<b>4.76</b>	<b>8.03</b>
Custom Benchmark - Alternative Assets (Illiquid) <sup>(b)</sup>		5.66	10.09
<b>Venture Capital</b>	<b>\$ 921.6</b>	<b>0.70</b>	<b>3.60</b>
CA Venture Capital Index <sup>(b)</sup>		1.89	7.32
<b>Private Equity</b>	<b>1,276.4</b>	<b>7.20</b>	<b>14.38</b>
CA Private Equity Index <sup>(b)</sup>		7.83	13.88
<b>Real Estate</b>	<b>1,243.9</b>	<b>5.51</b>	<b>8.53</b>
NCREIF Property Index		4.94	10.54
<b>Natural Resources</b>	<b>764.9</b>	<b>4.58</b>	<b>2.65</b>
Blended Natural Resources Index <sup>(b)</sup>		5.87	5.32

Performance for all assets is shown as of December 31, 2012, 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 CA Private Equity Index, CA Venture Capital Index, Blended Natural Resources Index and Custom Benchmark for quarter end December 31, 2012, are preliminary.

**LONG TERM PORTFOLIO**  
**Asset Allocation**  
**As of December 31, 2012**

<b>MARKETABLE SECURITIES</b>	<b>Market Value in millions</b>	<b>Allocation</b>
Equities	\$ 1,768.7	21.4%
Fixed Income	696.8	8.4
Cash	381.1	4.6
Total Traditional Assets	\$ 2,846.5	34.5%
Absolute Return	1,205.3	14.6
<b>TOTAL MARKETABLE SECURITIES</b>	<b>\$ 4,051.8</b>	<b>49.1%</b>

<b>ALTERNATIVE ASSETS (Illiquid)</b>	<b>Market Value in millions</b>	<b>Allocation</b>
Venture Capital	\$ 921.6	11.2%
Private Equity	1,276.4	15.5
Real Estate	1,243.9	15.1
Natural Resources <sup>(a)</sup>	764.9	9.3
<b>TOTAL ALTERNATIVE ASSETS (Illiquid)</b>	<b>\$ 4,206.8</b>	<b>50.9%</b>
<b>TOTAL LONG TERM PORTFOLIO</b>	<b>\$ 8,258.6</b>	<b>100.0%</b>

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.