

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, 2017.

- Page 1 summarizes the assets as of March 31, 2017. Allocations to alternative assets (Illiquid) reflect market values as of December 31, 2016, 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, 2017.
- Page 3 reports the performance for the entire portfolio by asset class as of December 31, 2016. 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, 2016.

Respectfully submitted,



L. Erik Lundberg, CFA
Chief Investment Officer

Kevin P. Hegarty
Executive Vice President and
Chief Financial Officer

May 2017
Attachment

LONG TERM PORTFOLIO

Asset Allocation As of March 31, 2017

MARKETABLE SECURITIES ^(a)	Market Value	
	in millions	Allocation
Equities	\$ 3,003.2	27.6%
Fixed Income	724.0	6.7
Cash	219.8	2.0
Total Traditional Assets	\$ 3,947.0	36.3%
Absolute Return	2,333.1	21.4
TOTAL MARKETABLE SECURITIES	\$ 6,280.1	57.7%

ALTERNATIVE ASSETS (Illiquid) ^(b)	Market Value	
	in millions	Allocation
Venture Capital	\$ 1,397.3	12.8%
Private Equity	1,352.3	12.4
Real Estate	966.2	8.9
Natural Resources	882.1	8.1
TOTAL ALTERNATIVE ASSETS (Illiquid)	\$ 4,597.9	42.3%

TOTAL LONG TERM PORTFOLIO	\$ 10,878.0	100.0%
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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, 2016, the most recent date available, adjusted for contributions and distributions through March 31, 2017.

**LONG TERM PORTFOLIO
Performance
Marketable Securities Only ^(a)
As of March 31, 2017**

MARKETABLE SECURITIES	Market Value in millions	3 Months	Return in Percent	
			Fiscal YTD	Calendar YTD
TOTAL MARKETABLE SECURITIES	\$ 6,280.1	4.12	11.86	4.12
Custom Benchmark for Marketable Securities		4.29	7.70	4.29
Equities	\$ 3,003.2	7.13	19.58	7.13
Russell 3000/Citigroup BMI EX US/IFC-I		7.17	14.65	7.17
Fixed Income	724.0	1.23	-2.37	1.23
Barclays Aggregate/Long Bond		1.20	-3.47	1.20
Cash	219.8	0.38	1.35	0.38
Treasury Bills		0.10	0.28	0.10
Absolute Return	2,333.1	1.74	8.67	1.74
HFRI Fund of Funds Index		2.41	5.78	2.41

(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, 2016

LONG TERM PORTFOLIO	Market Value	Return in Percent	
	in millions	Fiscal YTD	Calendar YTD
TOTAL LONG TERM PORTFOLIO	\$ 10,652.1	7.16	8.36
Custom Benchmark for Long Term Portfolio		3.68	6.23
Blended Passive Index ^(a)		3.47	7.42

MARKETABLE SECURITIES	Market Value	Return in Percent	
	in millions	Fiscal YTD	Calendar YTD
TOTAL MARKETABLE SECURITIES	\$ 6,092.2	7.43	8.23
Custom Benchmark - Marketable Securities		3.27	5.35
Equities	\$ 2,871.6	11.62	11.40
Russell 3000/Citigroup BMI EX US/IFC-I		6.98	8.44
Fixed Income	721.5	-3.56	4.05
Barclays Aggregate/Long Bond		-4.61	4.69
Cash	226.0	0.97	3.15
Treasury Bills		0.18	0.33
Absolute Return	2,273.0	6.82	4.75
HFRI Fund of Funds Index		3.29	0.51

ALTERNATIVE ASSETS	Market Value	Return in Percent	
	in millions	Fiscal YTD	Calendar YTD
TOTAL ALTERNATIVE ASSETS (Illiquid)	\$ 4,560.0	6.80	8.55
Custom Benchmark - Alternative Assets (Illiquid) ^(b)		4.25	7.40
Venture Capital	\$ 1,401.6	5.83	3.65
CA Venture Capital Index ^(b)		1.53	-1.13
Private Equity	1,327.5	6.95	11.25
CA Private Equity Index ^(b)		5.22	9.78
Real Estate	980.3	1.64	3.27
CA Real Estate Index ^(b)		1.65	5.42
Natural Resources	850.5	14.82	20.75
Blended Natural Resources Index ^(b)		9.51	15.58

Final performance for all assets is shown as of December 31, 2016, 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, CA Real Estate Index, Blended Natural Resources Index and Custom Benchmark for quarter end December 31, 2016, are preliminary.

LONG TERM PORTFOLIO

Asset Allocation As of December 31, 2016

MARKETABLE SECURITIES	Market Value in millions	Allocation
Equities	\$ 2,871.6	27.0%
Fixed Income	721.5	6.8
Cash	226.0	2.1
Total Traditional Assets	\$ 3,819.1	35.9%
Absolute Return	2,273.0	21.3
TOTAL MARKETABLE SECURITIES	\$ 6,092.2	57.2%

ALTERNATIVE ASSETS (Illiquid)	Market Value in millions	Allocation
Venture Capital	\$ 1,401.6	13.2%
Private Equity	1,327.5	12.5
Real Estate	980.3	9.2
Natural Resources	850.5	8.0
TOTAL ALTERNATIVE ASSETS (Illiquid)	\$ 4,560.0	42.8%

TOTAL LONG TERM PORTFOLIO	\$ 10,652.1	100.0%
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Note: Subtotals may not add due to rounding.