

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 September 30, 2015.

- Page 1 summarizes the assets as of September 30, 2015. Allocations to Alternative Assets (Illiquid) reflect market values as of June 30, 2015, the most recent date available, adjusted for contributions and distributions through September 30, 2015. Alternative Assets (Illiquid) are valued on a quarterly basis. September 30, 2015, data is not available due to the time involved with gathering the requisite information from the partnerships.
- Page 2 reports the performance of the Marketable Securities by asset class for select periods ending September 30, 2015. Performance for Alternative Assets (Illiquid) is reported only quarterly, as these investments are valued on a quarterly basis.

Respectfully submitted,



L. Erik Lundberg, CFA
Chief Investment Officer



Kevin P. Hegarty
Executive Vice President and
Chief Financial Officer

November 2015
Attachment

LONG TERM PORTFOLIO

Asset Allocation As of September 30, 2015

MARKETABLE SECURITIES ^(a)	Market Value	
	in millions	Allocation
Equities	\$ 2,585.3	26.3%
Fixed Income ^(b)	1,017.3	10.4
Cash	259.4	2.6
Total Traditional Assets	\$ 3,862.0	39.3%
Absolute Return	1,763.1	18.0
TOTAL MARKETABLE SECURITIES	\$ 5,625.1	57.3%

ALTERNATIVE ASSETS (Illiquid) ^(c)	Market Value	
	in millions	Allocation
Venture Capital	\$ 1,392.1	14.2%
Private Equity	1,301.4	13.3
Real Estate	865.0	8.8
Natural Resources	635.0	6.5
TOTAL ALTERNATIVE ASSETS (Illiquid)	\$ 4,193.5	42.7%
TOTAL LONG TERM PORTFOLIO	\$ 9,818.6	100.0%

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) The fixed income allocation includes a receivable note which represents part of the proceeds from a real estate secondary sale.
- (c) Allocations to Alternative Assets (Illiquid) reflect market values as of June 30, 2015, the most recent date available, adjusted for contributions and distributions through September.

**LONG TERM PORTFOLIO
Performance
Marketable Securities Only ^(a)
As of September 30, 2015**

MARKETABLE SECURITIES	Market Value in millions	3 Months	Return in Percent	
			Fiscal YTD	Calendar YTD
TOTAL MARKETABLE SECURITIES	\$ 5,625.1	-6.02	-6.02	-3.88
Custom Benchmark for Marketable Securities		-5.36	-5.36	-3.29
Equities	\$ 2,585.3	-10.35	-10.35	-6.55
Russell 3000/Citigroup BMI EX US/IFC-I		-9.65	-9.65	-6.20
Fixed Income	1,017.3	0.71	0.71	-0.98
Barclays Aggregate/Long Bond		1.71	1.71	-0.60
Cash	259.4	0.19	0.19	0.62
Treasury Bills		0.01	0.01	0.02
Absolute Return	1,763.1	-4.02	-4.02	-2.26
HFRI Fund of Funds Index		-3.27	-3.27	-0.67

(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.