

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

Received by the Regents
December 17, 2010

ITEM FOR INFORMATION

Subject: Monthly Investment Report

Background and Summary:

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

- Page 1 summarizes the assets as of October 31, 2010. Alternative assets values are shown as of June 30, 2010. Alternative assets are valued on a quarterly basis. September 30, 2010, 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 October 31, 2010. Performance for alternative assets is reported only quarterly, as alternative assets are valued on a quarterly basis.

Respectfully submitted,



Erik Lundberg, CFA
Chief Investment Officer



Timothy P. Slottow
Executive Vice President and
Chief Financial Officer

December 2010
attachment

LONG TERM PORTFOLIO
Asset Allocation
As of October 31, 2010

MARKETABLE SECURITIES	Market Value in millions	Allocation
Equities	\$ 1,821.8	26.0%
Fixed Income	644.9	9.2
Cash	57.0	0.8
Total Traditional Assets	\$ 2,523.7	36.0%
Absolute Return	1,322.9	18.9
TOTAL MARKETABLE SECURITIES	\$ 3,846.5	54.9%

ALTERNATIVE ASSETS (Illiquid) ^(a)	Market Value in millions	Allocation
Venture Capital	\$ 607.3	8.7%
Private Equity	1,043.6	14.9
Real Estate	832.4	11.9
Energy	677.3	9.7
TOTAL ALTERNATIVE ASSETS (Illiquid)	\$ 3,160.7	45.1%

TOTAL LONG TERM PORTFOLIO	\$ 7,007.3	100.0%
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Note: Subtotals may not add due to rounding.

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

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

MARKETABLE SECURITIES	Market Value in millions	Return in Percent		
		3 Months	Fiscal YTD	Calendar YTD
TOTAL MARKETABLE SECURITIES ^(a)	\$ 3,846.5	6.75	10.92	10.01
Custom Benchmark for Marketable Securities		6.90	12.13	8.14
Blended Index - 80% Equities/20% Fixed Income		7.54	14.48	8.13
Equities	\$ 1,821.8	9.69	16.66	9.29
Russell 3000/Citigroup BMI EX US/IFC-I		9.75	18.60	8.85
Fixed Income	644.9	2.40	4.46	12.01
Barclays Aggregate/Long Bond		1.98	3.20	11.22
Cash	57.0	0.29	0.39	0.96
Treasury Bills		0.03	0.05	0.10
Absolute Return	1,322.9	5.40	7.51	10.90
Custom Absolute Return Benchmark		3.98	4.75	2.78

(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.