ONE-YEAR PERFORMANCE
The UC Investment Portfolio generated a modest loss in the fiscal year ended June 30, 2016 and slightly underperformed its market benchmark\(^1\) (-1.3% vs. -1.2%). Fixed income produced solid returns (+5.8%) and manager selection was a positive during the year. The portfolio’s value orientation and exposure to small cap U.S. equities and foreign equities were drags on performance and the principal drivers of the year’s modest underperformance.

FIVE-YEAR PERFORMANCE
For the five years ended June 30, 2016, the Investment Portfolio generated a +5.5% annualized gain and outperformed its public market benchmark. UC’s diversified, value-oriented strategy overcame considerable headwinds to outperform an investment market that rewarded more speculative strategies and assets. Fundamental value investing has already started to rebound strongly in fiscal 2017 and is expected to become a tailwind for UC in the coming years. The two main factors driving UC’s outperformance in the past 5 years were manager selection and access to private assets. UC’s managers beat their benchmarks in unusually large numbers during the past five years and private equity and real estate produced nearly 10% annualized gains, helping drive overall portfolio returns.

TEN-YEAR PERFORMANCE
For the ten years ended June 30, 2016, UC’s Investment Portfolio generated a +5.2% annualized gain and outperformed its public market benchmark. Returns were again driven by alternative investments; two of the top three performing categories were private equity (+9.4% annualized) and private natural resources (+6.7%).

TWENTY-FIVE-YEAR PERFORMANCE
For the twenty-five years ended June 30, 2016, UC’s Investment Portfolio generated an +8.2% annualized gain and outperformed its public market benchmark. The past quarter-century was a turbulent period marked by numerous crises including the Asian currency crisis, dot-com bubble, 2008-2009 global financial crisis, and Euro-crisis, and many other events that affected global financial markets. Throughout this period, UC has proven a stable and responsible steward of endowment capital, with an experienced, dedicated investment committee; strong governance structure; and, for the past eleven years, a well-resourced investment office. UC’s investment performance since 1991 illustrates the power of compounding gains in permanent capital; 8.2% annualized gains for twenty-five years transforms each $1,000 of capital into nearly $6,200.

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1 The Broad Policy Benchmark is comprised of 75% MSCI All-Country World Index, 25% Barclays Aggregate Bond Index.
2 Based on rankings from the 2016 NACUBO-Commonfund study.