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Office of the Treasurer  
January 23, 2008

Members, Investment Committee

## APPROVAL OF CHANGES TO INVESTMENT GUIDELINES FOR PIMCO

Recommendation: that the Investment Committee approve PIMCO's requested investment guidelines changes detailed on the attached summary.

Background: PIMCO, one of the University's core-plus fixed income managers, has requested an increase in the emerging markets sector limit from 10% to 15% due to the firm's economic outlook for strong growth in developing countries. Additionally, PIMCO has requested an increase in the foreign currency exposure limit from 5% to 10% due to the firm's expectation that the U.S. dollar will depreciate, particularly relative to developing market currencies.

This action is recommended to allow PIMCO more flexibility in implementing their investment strategies. The investment guideline changes should allow PIMCO to enhance the long-run performance while maintaining benchmark risk levels.

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Action Taken:     Approved     Disapproved     Other \_\_\_\_\_