

IC 1

Office of the Treasurer
June 8, 2010

Members, Investment Committee

EXTENSION OF ENDOWMENT INVESTMENT MANAGER CONTRACTS

Recommendation: that the Investment Committee approve extension of the contracts with the Endowment investment managers listed below for a 12-month period ending June 30, 2011, or other period specified, subject to the terms and conditions of the existing contracts.

- Berens Capital Management (Opportunistic Absolute Return Fund-of-Funds Manager)
- Capital Guardian Trust (MSCI All Country World ex-U.S. Core Equity Manager)
- Chrysalis Ventures (Regional Venture Capital Manager)
- Commonfund Capital (Private Equity Fund-of-Funds Manager)
- Drum Capital (Opportunistic Private Equity Fund-of-Funds Manager)
- Fort Washington Capital (Regional Venture Capital Manager)
- GAM (Absolute Return Fund-of-Funds Manager)
- Gartmore (MSCI All Country World ex-U.S. Growth Equity Manager)¹
- Grosvenor Capital Management (Absolute Return Fund-of-Funds Manager)
- Mondrian Investment Group (MSCI All Country World ex-U.S. Value Equity Manager)
- Pacific Investment Management (Core-Plus Fixed Income Manager)
- Pacific Investment Management (Real Return Manager)
- Pantheon Ventures (Private Equity Fund-of-Funds Manager)
- Reams Asset Management (Core-Plus Fixed Income Manager)
- RREEF America (U.S. Real Estate Manager)²
- Siguler Guff (Opportunistic Private Equity Fund-of-Funds Manager)
- State Street Global Advisors (MSCI All Country World ex-U.S. Index Fund Manager)³
- State Street Global Advisors (Russell 1000 Index Fund Manager)
- T.A. Associates (Value-Added Real Estate Manager)
- UBS Realty Investors (U.S. Real Estate Manager)
- Wellington Funds (Real Return Manager)
- Wellington Funds (U.S. Small-Cap Equity Manager)
- Wrightwood Capital (Value-Added Real Estate Manager)

¹ The University will request a full redemption upon approval of IC2.

² The University requested a full redemption of the RREEF investment in June 2008. However, the manager suspended all redemptions due to the market downturn. The manager recently provided a partial redemption in May 2010 for all investors in the redemption queue and plans to resume redemptions on a quarterly basis as liquidity permits.

³ The University requested a full redemption of the State Street index fund in February 2009. However, the manager withheld \$3.4 million due to illiquidity in the underlying securities lending cash collateral pool. At the present time, UK is eligible to liquidate 4% each month as the underlying cash collateral pool investments mature and receive income distributions.

Background: The Investment Committee and University staff, assisted by endowment investment consultants, conducted national searches for the various investment managers above. Requests for Proposals (RFP) were distributed to a list of qualified investment firms recommended by the investment consultants. All proposals submitted were evaluated using criteria established by the Investment Committee. The investment managers listed above were selected based on their proposals and/or presentations to the Investment Committee.

The Investment Committee monitors each investment manager's performance on a quarterly basis, assisted by University staff and the endowment investment consultant.

The Investment Committee approves extensions of the investment manager agreements in June for the next fiscal year. The University retains the right in each of these contracts to cancel without cause with 30 days written notice.

Action Taken: Approved Disapproved Other _____