THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

ITEM FOR INFORMATION

EXH	MOTION
	SECOND
	ACTION APPROVED BY THE REGENTS
NOTE:	FEB 17 2005

Subject: Monthly Investment Report

Background and Summary:

Attached is the Monthly Investment Report for the Long Term Portfolio as of December 31, 2004.

- Page 1 summarizes the assets for December.
- Page 2 reports the performance of Marketable Securities by asset class for December.
- Page 3 reports the performance for the entire portfolio by asset class for September 30, 2004. The investment performance of Alternative Assets is reported with this one quarter lag in order to gather the requisite information from the limited partnerships.
- Page 4 summarizes the assets for September 30, 2004.

Respectfully submitted,

Erik Lundberg, CFA
Chief Investment Officer

Timothy P. Slottow
Executive Vice President and
Chief Financial Officer

February 2005
attachment

LONG TERM PORTFOLIO
Asset Allocation
As of December 31, 2004

MARKETABLE SECURITIES	Market Value in millions	Allocation
U.S. Equities	$ 940.5	19.8%
Non-U.S. Equities	1,053.3	22.2
Fixed Income	716.5	15.1
Absolute Return	752.2	15.8
Distressed Debt	224.7	4.7
Cash Equivalents	18.3	0.4
TOTAL MARKETABLE SECURITIES	$ 3,705.4	78.0%

ALTERNATIVE ASSETS *	Market Value in millions	Allocation
Venture Capital	$ 225.7	4.8%
Private Equity	289.9	6.1
Real Estate	304.9	6.4
Energy	223.3	4.7
TOTAL ALTERNATIVE ASSETS	$ 1,043.7	22.0%
TOTAL LONG TERM PORTFOLIO	$ 4,749.1	100.0%

* Alternative Assets valued as of 9/30/2004, the most recent date available.

LONG TERM PORTFOLIO
Performance
Marketable Securities Only *
As of December 31, 2004

MARKETABLE SECURITIES	Market Value in millions	3 Months	Return in Percent Fiscal YTD	Calendar YTD
TOTAL MARKETABLE SECURITIES *	$ 3,705.4	8.71	10.52	14.11
Custom Benchmark for Marketable Securities		7.99	8.80	11.81
Blended Index - 80% S&P 500/20% Lehman Aggregate		7.55	6.63	9.60
U.S. Equities	$ 940.5	11.17	10.67	15.70
Russell 3000 Index		10.16	8.06	11.95
Non-U.S. Equities	1,053.3	16.45	17.43	22.93
Citigroup BMI World ex U.S.		15.44	15.94	22.23
Fixed Income	716.5	1.18	6.25	5.86
Lehman Aggregate/Long Bond		1.57	6.61	6.45
Absolute Return	752.2	4.25	6.81	11.26
CA FOF Median benchmark		4.03	5.05	7.03
Distressed Debt	224.7	7.25	10.45	16.76
CA Distressed Median benchmark		7.27	9.41	14.56
Cash	$ 18.3	0.48	0.82	1.34
Treasury Bills		0.48	0.85	1.33

* These returns do not include Alternative Assets, which are valued only quarterly. Alternative Asset returns and total portfolio returns therefore will be reported quarterly when the data becomes available.

Performance Summary
LONG TERM PORTFOLIO
As of September 30, 2004

LONG TERM PORTFOLIO	Market Value in millions	Return in Percent Fiscal YTD	Calendar YTD
TOTAL LONG TERM PORTFOLIO	$ 4,504.2	3.72	9.56
Custom Benchmark for Long Term Portfolio		1.35	4.96
80/20 Blended Index		-0.86	1.91

MARKETABLE SECURITIES	Market Value in millions	Return in Percent Fiscal YTD	Calendar YTD
TOTAL MARKETABLE SECURITIES	$ 3,460.6	1.66	4.97
Custom Benchmark - Marketable Securities		0.75	3.54
U.S. Equities	$ 869.2	-0.45	4.07
Russell 3000 Index		-1.90	1.63
Non-U.S. Equities	941.0	0.84	5.56
S&P/Citigroup BMI World ex U.S.		0.43	5.88
Fixed Income	708.2	5.02	4.63
Lehman Aggregate/Long Bond		4.96	4.81
Absolute Return	691.9	2.45	6.73
CA FOF Median benchmark		0.98	2.88
Distressed Debt	230.9	2.99	8.88
Altman Index for Defaulted Bonds		1.99	6.79
Cash	19.4	0.34	0.85
Treasury Bills		0.37	0.85

ALTERNATIVE ASSETS	Market Value in millions	Return in Percent Fiscal YTD	Calendar YTD
TOTAL ALTERNATIVE ASSETS	$ 1,043.7	11.09	27.54
Custom Benchmark - Alternative Assets		3.34	9.74
Venture Capital	$ 225.7	49.35	56.56
CA Venture Capital Index		6.34	7.98
Private Equity	289.9	3.14	10.01
CA Private Equity Index		1.44	7.82
Real Estate	304.9	3.13	14.15
NCREIF Property Index		3.13	8.70
Energy	223.3	6.23	47.94
CA Energy Index		3.31	17.15

Performance for all assets is shown as of September 30, 2004, to be consistent with the most recent valuation date for alternative assets.

LONG TERM PORTFOLIO
Asset Allocation
As of September 30, 2004

MARKETABLE SECURITIES	Market Value in millions	Allocation
U.S. Equities	$ 869.2	19.3%
Non-U.S. Equities	941.0	20.9
Fixed Income	708.2	15.7
Absolute Return	691.9	15.4
Distressed Debt	230.9	5.1
Cash Equivalents	19.4	0.4
TOTAL MARKETABLE SECURITIES	$ 3,460.6	76.8%

ALTERNATIVE ASSETS	Market Value in millions	Allocation
Venture Capital	$ 225.7	5.0%
Private Equity	289.9	6.4
Real Estate	304.9	6.8
Energy	223.3	5.0
TOTAL ALTERNATIVE ASSETS	$ 1,043.7	23.2%

TOTAL LONG TERM PORTFOLIO	$ 4,504.2	100.0%