

THE UNIVERSITY OF MICHIGAN  
REGENTS COMMUNICATION

|                                |
|--------------------------------|
| MOTION                         |
| SECOND                         |
| ACTION APPROVED BY THE REGENTS |
| NOTE: JUL 21 2005              |
| <i>Consent agenda</i>          |

ITEM FOR INFORMATION

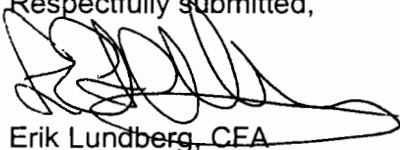
Subject: Monthly Investment Report

Background and Summary:

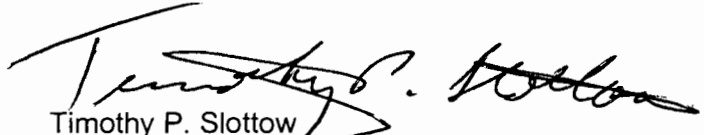
Attached is the Monthly Investment Report for the Long Term Portfolio as of May 31, 2005.

- Page 1 summarizes the assets. Alternative assets values are shown as of December 31, 2004. Alternative assets are valued on a quarterly basis. March 31, 2005, 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. 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

July 2005  
attachment

**LONG TERM PORTFOLIO**  
**Asset Allocation**  
**As of May 31, 2005**

| <b>MARKETABLE SECURITIES</b>       | <b>Market Value<br/>in millions</b> | <b>Allocation</b> |
|------------------------------------|-------------------------------------|-------------------|
| U.S. Equities                      | \$ 947.6                            | 19.2%             |
| Non-U.S. Equities                  | 1,029.7                             | 20.9              |
| Fixed Income                       | 748.7                               | 15.2              |
| Cash                               | 16.7                                | 0.3               |
| Total Traditional Assets           | \$ 2,742.8                          | 55.5%             |
| Absolute Return                    | 823.4                               | 16.7              |
| Distressed Debt                    | 231.6                               | 4.7               |
| Total Liquid Alternative Assets    | \$ 1,055.0                          | 21.4%             |
| <b>TOTAL MARKETABLE SECURITIES</b> | <b>\$ 3,797.8</b>                   | <b>76.9%</b>      |

| <b>ALTERNATIVE ASSETS (Illiquid) *</b>     | <b>Market Value<br/>in millions</b> | <b>Allocation</b> |
|--|-------------------------------------|-------------------|
| Venture Capital                            | \$ 222.2                            | 4.5%              |
| Private Equity                             | 316.0                               | 6.4               |
| Real Estate                                | 365.3                               | 7.4               |
| Energy                                     | 237.3                               | 4.8               |
| <b>TOTAL ALTERNATIVE ASSETS (Illiquid)</b> | <b>\$ 1,140.8</b>                   | <b>23.1%</b>      |
| <b>TOTAL LONG TERM PORTFOLIO</b>           | <b>\$ 4,938.6</b>                   | <b>100.0%</b>     |

\* Allocations to Alternative Assets (Illiquid) reflect values as of December 31, 2004, the most recent date available, adjusted for contributions and distributions in the March 2005 quarter.

**LONG TERM PORTFOLIO**  
**Performance**  
**Marketable Securities Only \***  
**As of May 31, 2005**

| MARKETABLE SECURITIES                            | Market Value<br>in millions | Return in Percent |            |              |
|--|-----------------------------|-------------------|------------|--------------|
|  |                             | 3 Months          | Fiscal YTD | Calendar YTD |
| <b>TOTAL MARKETABLE SECURITIES *</b>             | \$ 3,797.8                  | -1.24             | 11.23      | 0.65         |
| Custom Benchmark for Marketable Securities       |                             | -0.47             | 9.28       | 0.44         |
| Blended Index - 80% S&P 500/20% Lehman Aggregate |                             | -0.06             | 6.25       | -0.35        |
| <b>U.S. Equities</b>                             | \$ 947.6                    | -3.01             | 8.49       | -1.97        |
| Russell 3000 Index                               |                             | -0.18             | 7.30       | -0.70        |
| <b>Non-U.S. Equities</b>                         | 1,029.7                     | -3.90             | 17.16      | -0.23        |
| Citigroup BMI World ex U.S.                      |                             | -4.25             | 14.50      | -1.24        |
| <b>Fixed Income</b>                              | 748.7                       | 3.86              | 11.04      | 4.50         |
| Lehman Aggregate/Long Bond                       |                             | 2.98              | 10.61      | 3.76         |
| <b>Cash</b>                                      | 16.7                        | 0.71              | 1.92       | 1.09         |
| Treasury Bills                                   |                             | 0.73              | 1.92       | 1.06         |
| <b>Absolute Return</b>                           | 823.4                       | -0.17             | 8.42       | 1.51         |
| CA FOF Median benchmark                          |                             | -1.08             | 5.22       | 0.16         |
| <b>Distressed Debt</b>                           | 231.6                       | -0.60             | 11.95      | 1.36         |
| CA Distressed Median benchmark                   |                             | 0.46              | 11.66      | 2.06         |

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