

THE UNIVERSITY OF MICHIGAN  
REGENTS COMMUNICATION

ITEM FOR INFORMATION

Received by the Regents  
May 19, 2006

Subject: Monthly Investment Report

Background and Summary:

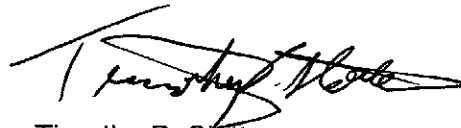
Attached is the Monthly Investment Report for the Long Term Portfolio as of March 31, 2006.

- Page 1 summarizes the assets for March.
- Page 2 reports the performance of Marketable Securities by asset class for March.
- Page 3 reports the performance for the entire portfolio by asset class for December 31, 2005. 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 December 31, 2005.

Respectfully submitted,



Erik Lundberg, CFA  
Chief Investment Officer



Timothy P. Stottow  
Executive Vice President and  
Chief Financial Officer

May 2006  
attachment

**LONG TERM PORTFOLIO**  
**Asset Allocation**  
**As of March 31, 2006**

<b>MARKETABLE SECURITIES</b>	<b>Market Value in millions</b>	<b>Allocation</b>
U.S. Equities	\$ 973.8	16.7%
Non-U.S. Equities	1,344.9	23.0
Fixed Income	776.0	13.3
Cash	17.3	0.3
Total Traditional Assets	\$ 3,112.0	53.2%
Absolute Return <sup>(a)</sup>	1,173.2	20.1
<b>TOTAL MARKETABLE SECURITIES</b>	<b>\$ 4,285.1</b>	<b>73.3%</b>

<b>ALTERNATIVE ASSETS (Illiquid) <sup>(b)</sup></b>	<b>Market Value in millions</b>	<b>Allocation</b>
Venture Capital	\$ 241.4	4.1%
Private Equity	451.1	7.7
Real Estate	496.0	8.5
Energy	371.1	6.3
<b>TOTAL ALTERNATIVE ASSETS (Illiquid)</b>	<b>\$ 1,559.8</b>	<b>26.7%</b>

<b>TOTAL LONG TERM PORTFOLIO</b>	<b>\$ 5,844.9</b>	<b>100.0%</b>
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Note: Subtotals may not add due to rounding.

(a) Includes distressed debt investments as described in the 2005 Report of Investments.

(b) Allocations to Alternative Assets (Illiquid) reflect market values as of December 31, 2005, the most recent date available, adjusted for contributions and distributions through March.

**LONG TERM PORTFOLIO  
Performance  
Marketable Securities Only <sup>(a)</sup>  
As of March 31, 2006**

<b>MARKETABLE SECURITIES</b>	<b>Market Value in millions</b>	<b>Return in Percent</b>	
		<b>Fiscal YTD</b>	<b>Calendar YTD</b>
<b>TOTAL MARKETABLE SECURITIES <sup>(a)</sup></b>	\$ 4,285.1	11.92	4.98
Custom Benchmark for Marketable Securities		11.20	4.22
Blended Index - 80% S&P 500/20% Lehman Aggregate		7.98	3.23
<b>U.S. Equities</b>	\$ 973.8	11.25	6.00
Russell 3000 Index		11.77	5.31
<b>Non-U.S. Equities</b>	1,344.9	25.79	8.97
Citigroup BMI World ex U.S.		28.00	9.58
<b>Fixed Income</b>	776.0	-2.68	-1.84
Lehman Aggregate/Long Bond		-2.89	-2.02
<b>Cash</b>	17.3	3.00	1.09
Treasury Bills		2.80	1.02
<b>Absolute Return <sup>(b)</sup></b>	1,173.2	10.84	4.97
CA FOF Median benchmark		10.78	4.10

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

(b) Includes distressed debt investments as described in the 2005 Report of Investments.

**Performance Summary**  
**LONG TERM PORTFOLIO**  
As of December 31, 2005

<b>LONG TERM PORTFOLIO</b>	<b>Market Value</b>	<b>Return in Percent</b>	
	<b>in millions</b>	<b>Fiscal YTD</b>	<b>Calendar YTD</b>
<b>TOTAL LONG TERM PORTFOLIO</b>	\$ 5,653.8	9.14	14.98
Custom Benchmark for Long Term Portfolio		8.07	12.32
80/20 Blended Index		4.61	4.47

<b>MARKETABLE SECURITIES</b>	<b>Market Value</b>	<b>Return in Percent</b>	
	<b>in millions</b>	<b>Fiscal YTD</b>	<b>Calendar YTD</b>
<b>TOTAL MARKETABLE SECURITIES</b>	\$ 4,151.5	6.61	9.01
Custom Benchmark - Marketable Securities		6.70	8.37
<b>U.S. Equities</b>	\$ 1,042.5	4.96	4.80
Russell 3000 Index		6.13	6.12
<b>Non-U.S. Equities</b>	1,202.2	15.44	17.45
S&P/Citigroup BMI World ex U.S.		16.82	17.44
<b>Fixed Income</b>	790.5	-0.86	4.80
Lehman Aggregate/Long Bond		-0.89	3.90
<b>Cash</b>	22.5	1.88	3.25
Treasury Bills		1.75	3.07
<b>Absolute Return</b>	1,094.0	5.59	8.66
CA FOF Median benchmark		6.41	7.95

<b>ALTERNATIVE ASSETS</b>	<b>Market Value</b>	<b>Return in Percent</b>	
	<b>in millions</b>	<b>Fiscal YTD</b>	<b>Calendar YTD</b>
<b>TOTAL ALTERNATIVE ASSETS (Illiquid)</b>	\$ 1,502.3	16.97	35.61
Custom Benchmark - Alternative Assets (Illiquid)		12.55	25.99
<b>Venture Capital</b>	\$ 226.0	11.76	12.88
CA Venture Capital Index		6.98	7.44
<b>Private Equity</b>	425.8	13.50	25.83
CA Private Equity Index		15.06	24.45
<b>Real Estate</b>	464.6	12.41	28.70
NCREIF Property Index		10.11	20.06
<b>Energy</b>	385.9	31.32	82.66
CA Energy Index		19.53	67.37

Performance for all assets is shown as of December 31, 2005, to be consistent with the most recent valuation date for alternative assets.

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

<b>MARKETABLE SECURITIES</b>	<b>Market Value in millions</b>	<b>Allocation</b>
U.S. Equities	\$ 1,042.5	18.4%
Non-U.S. Equities	1,202.2	21.3
Fixed Income	790.5	14.0
Cash	22.5	0.4
Total Traditional Assets	\$ 3,057.6	54.1%
Absolute Return	1,094.0	19.3
<b>TOTAL MARKETABLE SECURITIES</b>	<b>\$ 4,151.5</b>	<b>73.4%</b>

<b>ALTERNATIVE ASSETS (Illiquid)</b>	<b>Market Value in millions</b>	<b>Allocation</b>
Venture Capital	\$ 226.0	4.0%
Private Equity	425.8	7.5
Real Estate	464.6	8.2
Energy	385.9	6.8
<b>TOTAL ALTERNATIVE ASSETS (Illiquid)</b>	<b>\$ 1,502.3</b>	<b>26.6%</b>

<b>TOTAL LONG TERM PORTFOLIO</b>	<b>\$ 5,653.8</b>	<b>100.0%</b>
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