

USF INVESTMENT REPORT

As of September 30, 2008

(In Thousands)

TOTAL PORTFOLIO

INVESTMENT PORTFOLIO BALANCES and 12,36&60-month RETURNS

<u>ASSET CLASS</u>	Consolidated	Endowment	Operating Funds								
	USF TOTAL INVESTMENTS	FOUNDATION	UNIVERSITY	FINANCING	FOUNDATION	UMSA	MSSC	HPCC	RESEARCH	ALUMNI	SUNDOME
SHORT TERM											
Cash Equivalent (< 180 days)	\$263,452		\$160,856	\$62,173	\$32,736	\$753			\$6,934	\$0	
Fixed Income - Domestic (+ 180 days)	\$330,988		\$330,988								
SHORT TERM SUBTOTAL	\$594,440	\$0	\$491,844	\$62,173	\$32,736	\$753	\$0³	\$0³	\$6,934	\$0	\$0³
LONG TERM											
Fixed Income - Domestic	\$140,534	\$96,367			\$36,127	\$12,531			\$2,214	\$957	
Fixed Income - Foreign											
Equity - Domestic	\$157,195	\$148,442			\$3,298	\$12,389			\$3,419	\$1,477	
Equity - Foreign	\$66,109	\$64,922			\$1,441	\$2,776			\$1,494	\$646	
Real Assets	\$3,340	\$3,340			\$75	\$83			\$78	\$34	
Alternative Investments	\$26,707	\$26,707			\$596	\$657			\$618	\$267	
LONG TERM SUBTOTAL	\$393,885	\$339,778	\$0	\$0	\$41,537	\$28,436	\$0	\$0	\$7,823	\$3,381	\$0
TOTAL PORTFOLIO	\$988,325	\$339,778	\$491,844	\$62,173	\$74,274¹	\$29,189²	\$0	\$0	\$14,758⁴	\$3,381⁵	\$0

¹ FOUNDATION Operating Funds totaling \$7,547,000 invested in the ENDOWMENT Fund are eliminated in the Consolidated Investment balances.

² UMSA Operating Funds totaling \$8,320,000 invested in the ENDOWMENT Fund are eliminated in the Consolidated Investment balances.

³ MSSC, HPCC and SUNDOME report cash and cash equivalents held largely in bank money market funds.

⁴ RESEARCH FOUNDATION Operating Funds totaling \$7,824,000 invested in the ENDOWMENT Fund are eliminated in the Consolidated Investment balances.

⁵ ALUMNI ASSOCIATION Operating Funds totaling \$3,381,000 invested in the Foundation OPERATING and ENDOWMENT Funds are eliminated in the Consolidated Investment balances.

USF INVESTMENT REPORT
As of September 30, 2008

TOTAL PORTFOLIO

PORTFOLIO ASSET ALLOCATION

ASSET CLASS	Policy		Endowment	Operating Funds								
	Minimum	Maximum	FOUNDATION	UNIVERSITY	FINANCING	FOUNDATION	UMSA	MSSC	HPCC	RESEARCH	ALUMNI	SUNDOME
SHORT TERM												
Cash Equivalent (< 180 days)	0%	100%		33%	100%	100%	100%	0% ²	0% ²	100%	0%	0% ²
Fixed Income - Domestic (180 days +)	0%	90%		67%								
SHORT TERM TOTAL			0%	100%	100%	100%	100%	0%	0%	100%	0%	0%
LONG TERM												
Fixed Income - Domestic	20%	75%	28%			87% ¹	44%			28%	28%	
Fixed Income - Foreign	0%	20%										
Equity - Domestic	25%	75%	44%			8% ¹	43%			44%	44%	
Equity - Foreign	0%	25%	19%			3%	10%			19%	19%	
Real Assets	0%	20%	1%			1%	1%			1%	1%	
Alternative Investments	0%	20%	8%			1%	2%			8%	8%	
LONG TERM TOTAL			100%	0%	0%	100%	100%	0%	0%	100%	100%	0%

¹ FOUNDATION exception to Investment Policy Asset Allocation Guidelines granted on December 7, 2006.

² MSSC, HPCC and SUNDOME report cash and cash equivalents held largely in money market funds, not considered investments.

USF INVESTMENT REPORT

As of September 30, 2008

TOTAL PORTFOLIO

PERFORMANCE OBJECTIVE - 1 YEAR ANNUAL AVERAGE

ASSET CLASS	Endowment	Operating Funds								
	FOUNDATION	UNIVERSITY	FINANCING	FOUNDATION	UMSA	MSSC	HPCC	RESEARCH	ALUMNI	SUNDOME
SHORT TERM										
Cash Equivalent (< 180 days)		NA ³	2.31%	2.40%	0.00%	NA ⁵	NA ⁵	NA ³	NA ⁵	NA ⁵
Fixed Income - Domestic (180 days +)		4.76% ⁴								
LONG TERM										
Fixed Income - Domestic	(0.69%)			0.04%	3.35%			(0.69%)	(0.69%)	
Fixed Income - Foreign										
Equity - Domestic	(22.90)%			(22.90)%	(22.10)%			(22.90)%	(22.90)%	
Equity - Foreign	(29.30)%			(29.30)%	(29.98)%			(29.30)%	(29.30)%	
Real Assets	(10.60)%			(10.60)%	(10.60)%			(10.60)%	(10.60)%	
Alternative Investments	NA ¹			NA ¹	NA ¹			NA ¹	NA ¹	
WEIGHTED PORTFOLIO RETURN	(17.40)% ²	4.76%	2.31%	(0.40)% ²	(10.82)%	NA	NA	(17.40)% ²	(17.40)% ²	NA
WEIGHTED INDEX RETURN	(16.70)% ²	4.05%	1.94%	0.10)% ²	(10.19)%	NA	NA	(16.70)% ²	(16.70)% ²	NA
RELATIVE PORTFOLIO RETURN	(0.70)%	0.71%	0.37%	(0.50)%	(0.63)%	NA	NA	(0.70)%	(0.70)%	NA

¹ The Endowment Private Equity and Venture Capital Investments do not lend themselves well to interim return calculations.

² FOUNDATION Endowment and Operating Fund Performance and Weighted Index Returns are based on 1-year average daily balances, not period-end balances.

³ UNIVERSITY cash equivalent portion of its short-term portfolio and RESEARCH FOUNDATION short-term portfolio have not been in existence for one full year.

⁴ UNIVERSITY fixed income portion of its short-term portfolio is based on a weighted average of SPIA's returns (period prior to January 2008) and Vanguard's Bond Index Fund's returns (beginning January 2008).

⁵ MSSC, HPCC and SUNDOME report cash and cash equivalents held largely in money market funds, not considered investments.

USF INVESTMENT REPORT

As of September 30, 2008

TOTAL PORTFOLIO

PRIMARY PERFORMANCE OBJECTIVE - 3 YEAR ANNUAL AVERAGE

ASSET CLASS	Endowment	Operating Funds								
	FOUNDATION	UNIVERSITY	FINANCING	FOUNDATION	UMSA	MSSC	HPCC	RESEARCH	ALUMNI	SUNDOME
SHORT TERM										
Cash Equivalent (< 180 days)		NA ³	3.39%	4.20%	0.00%	NA ⁵	NA ⁵	NA ³		NA ⁵
Fixed Income - Domestic (180 days +)		4.66% ⁴								
LONG TERM										
Fixed Income - Domestic	3.35%			0.33%	4.37%			3.35%	3.35%	
Fixed Income - Foreign										
Equity - Domestic	(0.80)%			(0.80)%	0.57 %			(0.80)%	(0.80)%	
Equity - Foreign	4.50%			4.50%	2.79%			4.50%	4.50%	
Real Assets	3.30 %			3.30 %	3.30 %			3.30 %	3.30 %	
Alternative Investments	NA ¹			NA ¹	NA ¹			NA ¹	NA ¹	
WEIGHTED PORTFOLIO RETURN	3.00% ²	4.66%	3.39%	4.00% ²	2.39%	NA	NA	3.00% ²	3.00% ²	NA
WEIGHTED INDEX RETURN	2.50% ²	4.49%	3.36%	3.90% ²	2.30%	NA	NA	2.50% ²	2.50% ²	NA
RELATIVE PORTFOLIO RETURN	0.50%	0.17%	0.03%	0.10%	0.09%	NA	NA	0.50%	0.50%	NA

¹ The Endowment Private Equity and Venture Capital Investments do not lend themselves well to interim return calculations.

² FOUNDATION Endowment and Operating Fund Performance and Weighted Index Returns are based on 3-year average daily balances, not period-end balances.

³ UNIVERSITY cash equivalent portion of its short-term portfolio and RESEARCH FOUNDATION short-term portfolio have not been in existence for one full year.

⁴ UNIVERSITY fixed income portion of its short-term portfolio is based on a weighted average of SPIA's returns (period prior to January 2008) and Vanguard's Bond Index Fund's returns (beginning January 2008).

⁵ MSSC, HPCC and SUNDOME report cash and cash equivalents held largely in money market funds, not considered investments.

USF INVESTMENT REPORT
As of September 30, 2008

LONG TERM PORTFOLIO

SECONDARY PERFORMANCE OBJECTIVE - 5 YEAR ANNUAL AVERAGE

ASSET CLASS	Endowment	Operating Funds								
	FOUNDATION	UNIVERSITY	FINANCING	FOUNDATION	UMSA	MSSC	HPCC	RESEARCH	ALUMNI	SUNDOME
SHORT TERM										
Cash Equivalent (< 180 days)		NA ³	2.52%	3.30%	0.00%	NA ⁵	NA ⁵	NA ³		NA ⁵
Fixed Income - Domestic (180 days +)		3.27% ⁴								
LONG TERM										
Fixed Income - Domestic	3.88%			3.43%	3.61%			3.88%	3.88%	
Fixed Income - Foreign										
Equity - Domestic	5.80%			5.80%	6.03%			5.80%	5.80%	
Equity - Foreign	12.50%			12.50%	11.05%			12.50%	12.50%	
Real Assets	11.50%			11.50%	11.50%			11.50%	11.50%	
Alternative Investments	NA ¹			NA ¹	NA ¹			NA ¹	NA ¹	
WEIGHTED PORTFOLIO RETURN	8.20% ²	3.27%	2.52%	3.70%	4.56%	NA	NA	8.20%	8.20%	NA
INFLATION BENCHMARK - CPI INDEX	3.40%	3.40%	3.40%	3.40%	3.40%	NA	NA	3.40%	3.40%	NA
RETURN OBJECTIVE - LONG-TERM ⁶	4.43%	0.00%	0.00%	1.81%	3.91%	NA	NA	4.43%	4.43%	NA
RETURN OBJECTIVE - ACTIVELY MANAGED ⁷	0.39%	0.00%	0.00%	0.27%	0.45%	NA	NA	0.39%	0.39%	NA
RELATIVE PORTFOLIO RETURN ⁸	(0.02)%	(0.13)%	(0.88)%	(1.78)%	(3.19)%	NA	NA	(0.02)%	(0.02)%	NA

¹ The Endowment Private Equity and Venture Capital Investments do not lend themselves well to interim return calculations.

² FOUNDATION Endowment and Operating Fund Performance is based on 5-year average daily balances, not period-end balances.

³ UNIVERSITY cash equivalent portion of its short-term portfolio and RESEARCH FOUNDATION short-term portfolio have not been in existence for five years.

⁴ UNIVERSITY fixed income portion of its short-term portfolio is based on a weighted average of SPIA's return (period prior to January 2008) and Vanguard's Bond Index Fund's returns (beginning January 2008)

⁵ MSSC, HPCC and SUNDOME report cash and cash equivalents held largely in money market funds, not considered investments.

⁶ Only Long-Term Funds are subject to the Policy Return Objective of 3.0% for fixed income and 5.0% for all other asset classes.

The Return Objective is calculated based on period-end balances, not 5-year daily average balances. Thus, the Relative Portfolio Return may be affected by changes in asset classes over this period.

The Return Objective is weighted between the Short Term Portfolio and the Long Term Portfolio based on period-end balances.

⁷ Only Long-Term Funds are subject to the Policy Return Objectives for Actively Managed Portfolios of 0.5%.

The Return Objective is calculated based on period-end balances, not 5-year daily average balances. Thus, the Relative Portfolio Return may be affected by changes in asset classes over this period.

The Return Objective is weighted between the Short Term Portfolio and the Long Term Portfolio based on period-end balances.

⁸ All entities employ 5-year index benchmarks to assess investment performance in addition to the Policy's real return Secondary Performance benchmark.