INVESTMENT PERFORMANCE SUMMARY

Prepared for

The UCRS Board

February 25, 2011

December Quarter 2010

December 31, 2010

I. Investment Performance

		Total Return			Annualized Total Return		
	Market Value ($M)	Recent Quarter	Fiscal YTD	One Year	Three Year	Five Year	Ten Year
UCRP	$39,154	6.38%	16.21%	12.59%	-0.37%	3.98%	3.84%
Policy Benchmark		6.02%	15.97%	11.99%	-0.60%	3.86%	4.06%
Variance to Benchmark		+0.36%	+0.24%	+0.60%	+0.23%	+0.12%	-0.22%
U.S. Equity[1]	$11,645	11.50%	24.15%	16.55%	-2.48%	2.09%	1.12%
Policy Benchmark		11.68%	24.41%	16.80%	-2.16%	2.60%	2.01%
Variance to Benchmark		-0.18%	-0.26%	-0.25%	-0.32%	-0.51%	-0.89%
Non-U.S. Equity-Developed[1]	$8,824	7.33%	24.33%	9.61%	-5.61%	3.56%	4.10%
Policy Benchmark		7.16%	24.42%	8.75%	-6.40%	2.93%	3.80%
Variance to Benchmark		+0.17%	-0.09%	+0.86%	+0.79%	+0.63%	+0.30%
Non-U.S. Equity-Emerg. Mkt[1]	$1,896	6.79%	27.51%	21.22%	0.07%	12.27%	15.73%
Policy Benchmark		7.34%	26.69%	18.88%	-0.32%	12.78%	15.96%
Variance to Benchmark		-0.55%	+0.82%	+2.34%	+0.39%	-0.51%	-0.23%
Global Equity	$842	9.42%	25.39%	14.66%	N/A	N/A	N/A
Policy Benchmark		9.35%	25.18%	14.35%	N/A	N/A	N/A
Variance to Benchmark		+0.07%	+0.21%	+0.31%			N/A
Core Fixed Income	$4,146	-0.90%	1.94%	7.25%	6.06%	5.80%	6.51%
Policy Benchmark		-1.30%	1.15%	6.54%	6.21%	5.92%	6.55%
Variance to Benchmark		+0.40%	+0.79%	+0.71%	-0.15%	-0.12%	-0.04%
High Yield Bond	$1,025	3.41%	10.02%	14.98%	9.18%	N/A	N/A
Policy Benchmark		2.98%	9.93%	15.24%	9.94%	N/A	N/A
Variance to Benchmark		+0.43%	+0.09%	-0.26%	-0.76%	N/A	N/A
Emerging Market Debt	$942	-1.53%	6.62%	12.68%	9.13%	N/A	N/A
Policy Benchmark		-1.76%	6.32%	12.24%	9.16%	N/A	N/A
Variance to Benchmark		+0.23%	+0.30%	+0.44%	-0.03%	N/A	N/A
TIPS	$2,885	-0.50%	2.03%	6.55%	5.53%	5.70%	N/A
Policy Benchmark		-0.65%	1.82%	6.31%	4.97%	5.33%	N/A
Variance to Benchmark		+0.15%	+0.21%	+0.24%	+0.56%	+0.37%	N/A
Private Equity[2]	$2,567	6.35%	6.27%	16.02%	1.13%	6.52%	0.58%
Absolute Return[3]	$2,195	5.42%	10.32%	10.50%	1.38%	N/A	N/A
Policy Benchmark		1.04%	5.56%	4.53%	7.28%	N/A	N/A
Variance to Benchmark		+4.38%	+4.76%	+5.97%	-5.90%	N/A	N/A
Real Assets[4]	$252	2.80%	6.76%	N/A	N/A	N/A	N/A
Policy Benchmark		2.80%	6.76%	N/A	N/A	N/A	N/A
Variance to Benchmark		+0.00%	+0.00%	N/A	N/A	N/A	N/A
Opportunistic[4]	$450	1.35%	5.06%	N/A	N/A	N/A	N/A
Policy Benchmark		1.93%	3.79%	N/A	N/A	N/A	N/A
Variance to Benchmark		-0.58%	+1.27%	N/A	N/A	N/A	N/A
Public Real Estate	$249	4.95%	22.57%	19.76%	N/A	N/A	N/A
Policy Benchmark		6.44%	25.21%	22.22%	N/A	N/A	N/A
Variance to Benchmark		-1.49%	-2.64%	-2.46%	N/A	N/A	N/A
Private Real Estate	$1,171	6.36%	9.60%	0.80%	-22.67%	-8.38%	N/A
Policy Benchmark		6.19%	9.12%	0.79%	-20.68%	-7.89%	N/A
Variance to Benchmark		+0.17%	+0.48%	+0.01%	-1.99%	-0.49%	N/A

Notes: Policy benchmarks are defined in Appendix 1. Total Market Value includes $66 million held in Liquidity Portfolio. The method of rounding may produce the appearance of minor inconsistencies in various totals and percentages, but the differences do not affect the accuracy of the data. Entity performance includes performance of Non-U.S. Fixed Income through 5/30/2009. Assets in that class were reallocated as of 6/1/2009.

1. For 10 year period returns were reclassified to match current asset classes.
2. See Private Equity Performance information on page 11 for comparison of Private Equity to multiple performance metrics.
3. Benchmark for Absolute Return (AR) class was changed effective March 1, 2009 from TBills + 450 bp to 50% HFRX-AR Index + 50% HFRX-MD Index.
4. Inception date for Real Assets and Opportunistic asset classes was April 1, 2010.

I. Performance Objectives

1. UCRP annualized total return (net of manager fees and expenses) was -0.37% over the past three years and 3.98% over the past five years, in comparison to the Plan's actuarial rate of return of 7.5%.
2. The Consumer Price Index over the past 3 year and 5 year periods was 1.44% and 2.18% respectively.
3. UCRP annualized total return outperformed its policy benchmark by 23 bp and 12 bp over the three and five year periods respectively.

II.

For information on the portfolio's risk exposures see page 4, and for information on risk limits, see the separate quarterly risk report slides 10 and 11. During the past quarter, the portfolio's total risk was similar to the budget and within allowed ranges. The portfolio's active realized risk was 41 bp, well below the budgeted level of 300 bps. The projected active risk at 12/31 was 121 bp (see next page).

III.

Net investment expenses incurred by the Treasurer for managing the public securities (excluding Alternatives: Private Equity, Absolute Return, Real Assets, Opportunistic, and Real Estate) of the UCRP were (expressed as a percent of assets at 12/31/10) 1.8 bp for the quarter (not annualized) and 7.3 bp for the preceding 12 months. Earnings from the Securities Lending program are added back to the portfolios from which the securities were lent, contributing to higher performance and offsetting other costs.

IV. UCRP Asset Allocation and Guideline Compliance

The UCRP portfolio complies with policy guidelines unless an exception is noted below.

Asset Allocation

	Assets ($M)	Actual%	Current Policy Allocation	Variance from Current	Policy Range*	Range Compliance
U.S. Equity	$11,645	29.7%	28.5%	1.2%	23.5-33.5%	Yes
Non-U.S. Equity-Dev.	$8,824	22.5%	22.0%	0.5%	17-27%	Yes
Non-U.S. Equity-Emerg.	$1,896	4.8%	5.0%	-0.2%	3-7%	Yes
Global Equity	$842	2.2%	2.0%	0.2%	1-3%	Yes
Core Fixed Income	$4,146	10.6%	12.0%	-1.4%	9-15%	Yes
High Yield Bond	$1,025	2.6%	2.5%	0.1%	1.5-3.5%	Yes
Emerging Market Debt	$942	2.4%	2.5%	-0.1%	1.5-3.5%	Yes
TIPS	$2,885	7.4%	8.0%	-0.6%	6-10%	Yes
Private Equity	$2,567	6.6%	6.0%	0.6%	3-9%	Yes
Absolute Return	$2,195	5.6%	6.0%	-0.4%	1-11%	Yes
Real Assets	$252	0.6%	1.0%	-0.4%	0-2%	Yes
Opportunistic	$450	1.1%	0.5%	0.6%	0-1.5%	Yes
Real Estate	$1,421	3.6%	4.0%	-0.4%	1-7%	Yes
Liquidity Portfolio	$66	0.2%	0.0%	0.2%	0-10%	Yes
Total Assets	**$39,154**	**100.0%**	**100.0%**			

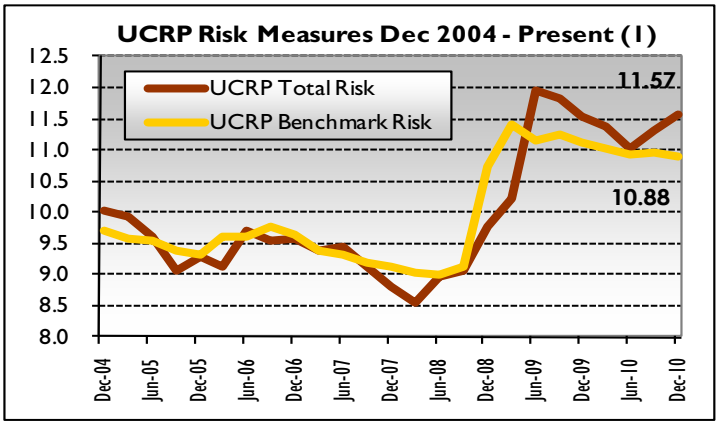
Private Equity Sector Allocation

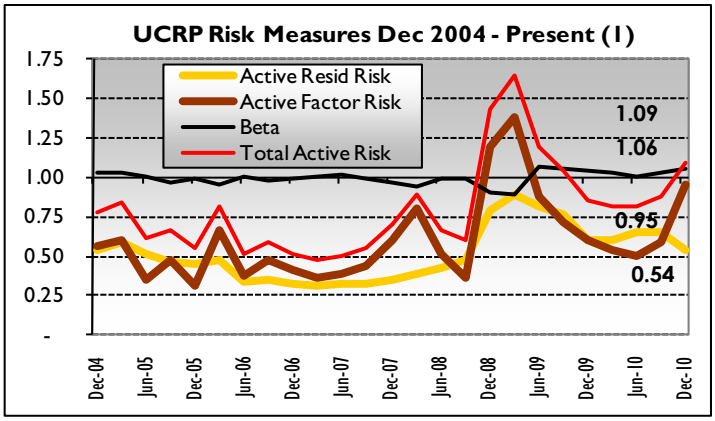
	Assets ($M)	% of P.E. Portfolio	Policy Target %	Variance	Policy Range	Range Compliance
Venture Cap.	$1,058	41%	45%	-4%	30-70%	Yes
Buyouts	$1,499	58%	45%	13%	30-70%	Yes
Non-U.S.	$2	0%	10%	-10%	0-10%	Yes
Distributions	$8	0%				
Total Assets	**$2,567**	**100%**	**100%**			

Note: The method of rounding may produce the appearance of minor inconsistencies in various totals and percentages, but the differences do not affect the accuracy of the data.
* Policy Ranges, Targets and Allocations were approved by The Regents on September 16, 2010 and were effective on October 1, 2010. Since that time, several minor changes were made in the Current Policy Weights to bring them closer to the Long-Term Targets, specifically by decreasing US Equity (-2.5%); and increasing Absolute Return (+1%), Real Assets (+0.5%), and Emerging Market Equity (+1%). These changes were made in accordance with the Regents' Policy for rebalancing the Total Fund Benchmark. Combined Policy Ranges: Public Equity 47.5%-67.5%, Fixed Income 20%-30%, and Alternatives 10.5%-24.5%.

PORTFOLIO RISK DECOMPOSITION (RISK FACTOR MODEL)

December 31, 2010



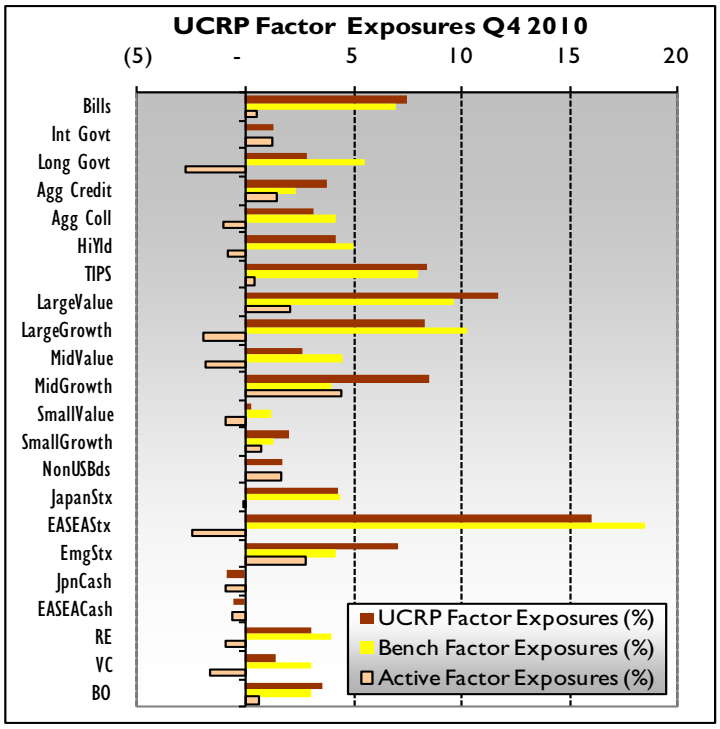


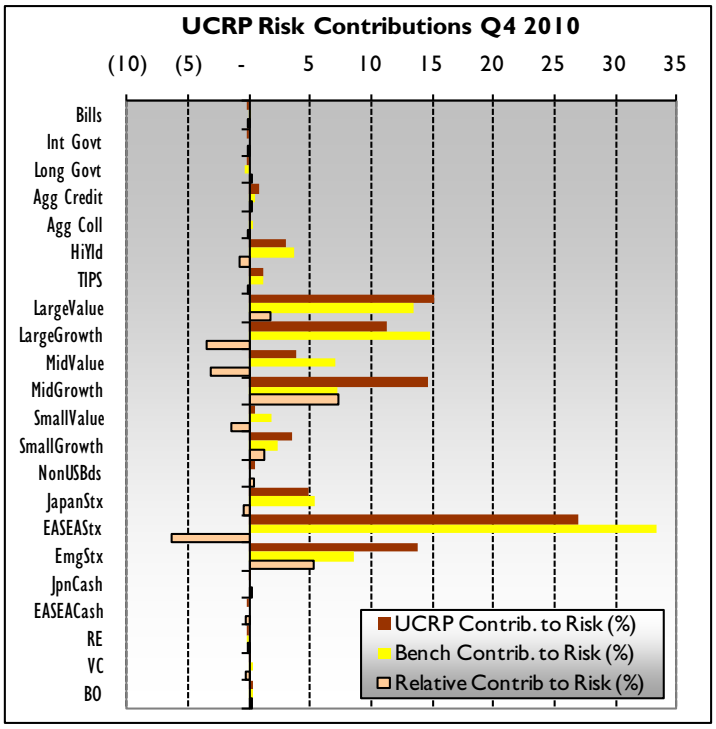
FACTOR EXPOSURES (2)

Asset Allocation (3)	UCRP	Benchmark (5)	Active Exposures
US Equity	33.4	30.9	2.5
Non US Equity	27.4	27.1	0.3
Global Fixed Income	23.7	25.0	(1.2)
Non Marketable	8.0	10.0	(2.0)
Cash (Abs Ret)	7.5	7.0	0.5
TOTAL	100.0	100.0	0.0

RISK CONTRIBUTIONS (4)

Risk Allocation (3)	UCRP	Benchmark (5)	Relative Risk Contrib.
US Equity	48.8	46.7	2.1
Non US Equity	45.6	47.2	(1.6)
Global Fixed Income	4.9	5.4	(0.5)
Non Marketable	0.5	0.7	(0.2)
Cash (Abs Ret)	(0.0)	0.0	(0.0)
Subtotal Factor Risk	99.8	100.0	(0.2)
Residual Risk	0.2	-	0.2
TOTAL	100.0	100.0	(0.0)





Results shown are based on (a) total fund composition as of quarter end and (b) long term volatility and correlation estimates for 21 risk factors (market benchmarks).

1. Risk estimates are in units of standard deviation, annualized (range of likely results over one year horizon).
2. Factor exposures for each portfolio are estimated by regressing monthly returns over all risk factors.
3. Factors grouped into 5 broad categories; e.g., Domestic Equity consists of 6 risk factors. Non Marketable includes PE and RE factors.
4. Risk contributions for each factor are derived by a weighted sum of the covariances of that factor with the total fund.
5. Benchmark is the "current" policy weight adjusted for illiquidity.

ACTIVE U.S. PUBLIC EQUITY PORTFOLIO RISK, CHARACTERISTICS, AND PERFORMANCE ATTRIBUTION

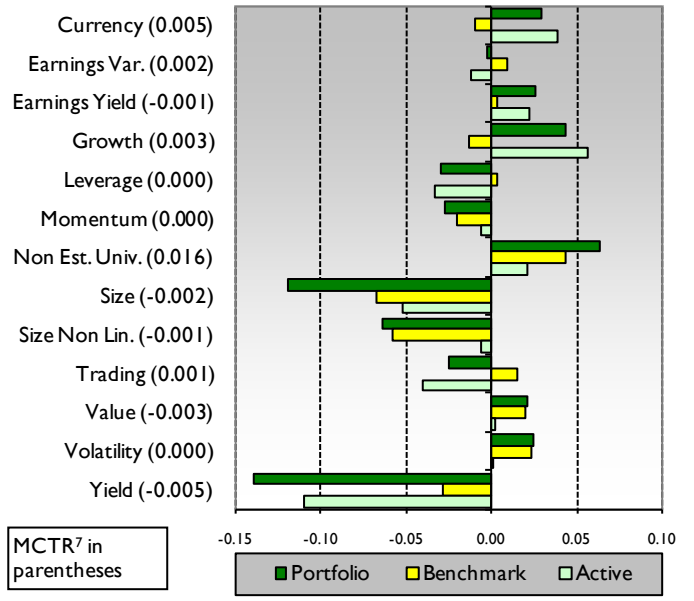
December 31, 2010

PORTFOLIO CHARACTERISTICS VS BENCHMARK[1,2]		
	UCRP/GEP	RUSSELL 3000
Dividend Yield	1.4	1.6
Price - Earnings Ratio (historical)	18.0	17.9
Price - Book Ratio	2.4	2.3
Debt - Equity Ratio	84.2	89.2
Market Capitalization (Cap Wtd)	$65.1	$69.8
Number of Holdings	2,923	2,943

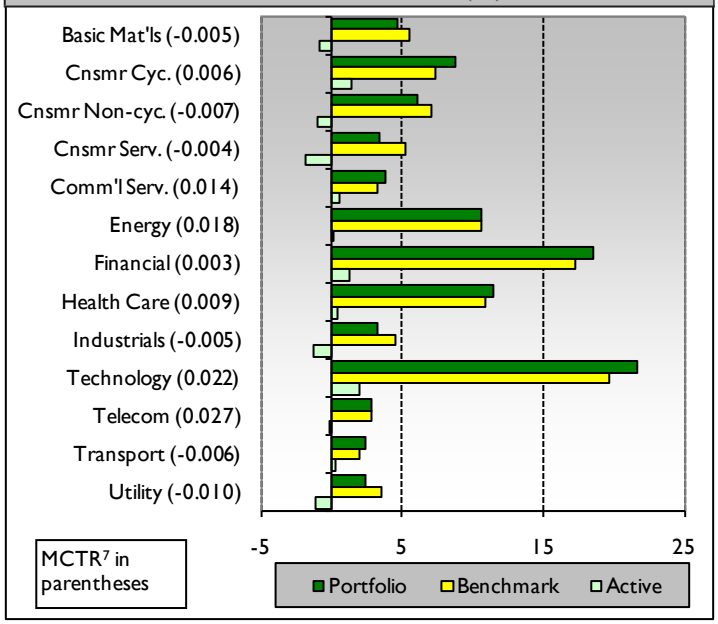
RISK MEASURES / DECOMPOSITION (Qtr End)[3]				
	TOTAL RISK		ACTIVE RISK	
	Risk	Contrib	Risk	Contrib
	%Std dev	%Total	%Std dev	%Active
Common Factor	22.40	100	0.60	54
Style Factors	0.64	0	0.35	19
Industries	22.31	99	0.52	42
Factor Interaction	N/A	1	N/A	(7)
Asset Selection	1.12	0	0.54	46
Total	22.43	**100**	0.81	**100**
Benchmark	22.39			
Beta	1.00			

PERFORMANCE ATTRIBUTION (one quarter)[4]		
	Return	Risk
Total Portfolio	11.26	22.19
Benchmark	11.68	22.25
Active	(0.42)	0.88
Common Factor	0.05	N/A
Style Factors	0.16	0.37
Industries	(0.11)	0.57
Asset Selection	(0.17)	0.57
Market Timing	(0.01)	0.02
Trading	(0.29)	0.10

STYLE EXPOSURES (% Std. Dev.)[5]



SECTOR EXPOSURES (%)[6]



* The UCRP and GEP Active U.S. Public Equity Portfolios are similar in composition (managers and weightings) so this report applies to both Funds.

1. Active U.S. Public Equity as of 12/31/10 includes 10 active large capitalization and six active small capitalization portfolios. Its market value as of 12/31/10 was 30% of Total US Public Equity for UCRP and 33% for GEP.
2. The benchmark for Active US Equity is the Russell 3000 Tobacco Free index. Data from Style Research, Inc.
3. Risk factor exposures and risk estimates are based on actual holdings as of 12/31/10 using proprietary data and analytics from MSCI/Barra, Inc.
4. Performance covers the period 10/1/10 to 12/31/10 (single quarter, not annualized). Performance attribution is based on month end holdings using a buy-hold methodology. Calculated returns will differ slightly from the official performance report, which is based on linked daily returns.
5. Style factor exposures are expressed as % Standard Deviation (annualized).
6. Industry sector exposures are expressed in terms of percent weights.
7. MCTR = Marginal Contribution to Total Risk, is a risk sensitivity measure. It approximates the change in portfolio total risk that results from a 1% change in the factor exposure.

ACTIVE DEVELOPED NON-U.S. EQUITY PORTFOLIO RISK & CHARACTERISTICS

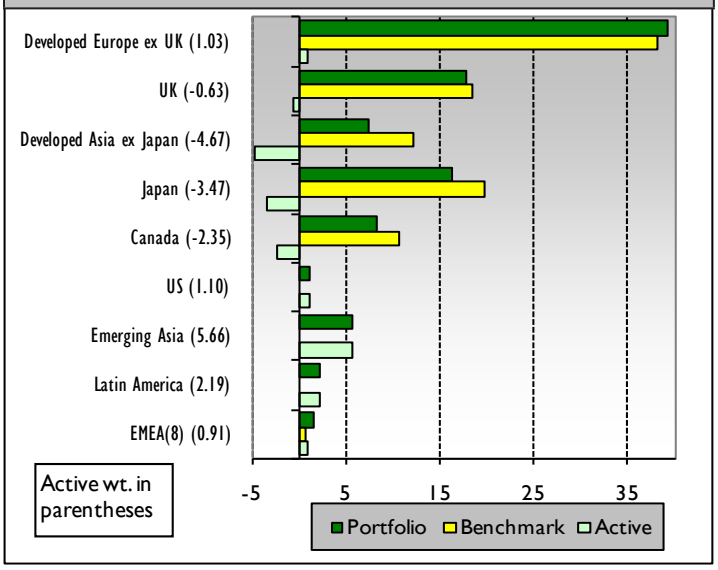
December 31, 2010

PORTFOLIO CHARACTERISTICS VS BENCHMARK[1,2,3]		
	UCRP/GEP	MSCI WLD EX US
Dividend Yield	2.6	2.9
Price - Earnings Ratio (historical)	14.9	14.4
Price - Book Ratio	1.7	1.6
Market Capitalization (Cap Wtd)	$43.9	$47.6
Number of Holdings	2,043	1,064

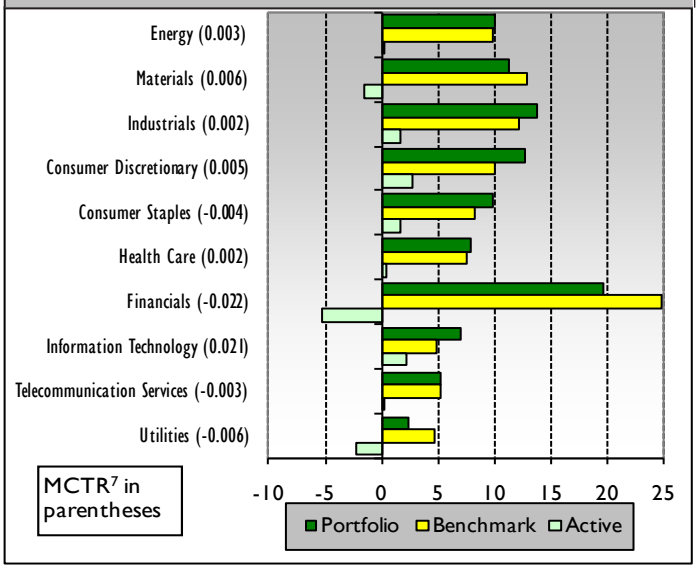
RISK MEASURES / DECOMPOSITION (Qtr End)[4]				
	TOTAL RISK		ACTIVE RISK	
	Risk	Contrib	Risk	Contrib
	%Std dev	%Total	%Std dev	%Active
Common Factor	23.38	100	1.31	80
Style Factor	0.83	0	0.66	20
Sector	1.15	0	0.50	12
Country	3.54	2	1.00	47
Currency	8.34	13	0.64	19
World Equity	20.03	73	0.05	0
Factor Interaction	N/A	11	N/A	(17)
Asset Selection	1.00	0	0.65	20
Total	23.40	**100**	1.46	**100**
Benchmark	23.54			
Beta	0.99			

PERFORMANCE ATTRIBUTION (one quarter)[5]		
	Return	Risk
Total Portfolio	7.55	24.40
Benchmark	7.16	24.58
Active	0.39	1.57
Common Factor	0.14	N/A
Style Factors	0.32	0.79
Industries	0.04	0.50
Country	(0.10)	1.02
Currency	(0.12)	0.66
Asset Selection	0.42	0.67
Cash Equity	(0.03)	0.10
Trading	(0.14)	0.22

REGIONAL EXPOSURES (%)[6]



SECTOR EXPOSURES (%)[6]



* The UCRP and GEP Active Developed Non-U.S. Equity Portfolios are similar in composition (managers and weightings) so this report applies to both Funds.

1. Active Developed Non-U.S. Equity as of 12/31/10 includes twelve actively managed portfolios. Its market value as of 12/31/10 was 31% of Total Developed Non-US Public Equity for UCRP and 47% for GEP.
2. Active Developed Non-U.S. Equity now contains an exposure to the MSCI Canada index.
3. The benchmark for Active Developed Non-U.S. Equity is the MSCI World Ex US Tobacco Free (Net) index. Data from Style Research, Inc.
4. Risk factor exposures and risk estimates are based on actual holdings as of 12/31/10 using proprietary data and analytics from MSCI/Barra, Inc.
5. Performance covers the period 10/1/10 to 12/31/10 (single quarter, not annualized). Performance attribution is based on month end holdings using a buy-hold methodology. Calculated returns will differ slightly from the official performance report, which is based on linked daily returns.
6. Industry sector exposures and country/regional exposures are expressed in terms of percent weights.
7. MCTR = Marginal Contribution to Total Risk, is a risk sensitivity measure. It approximates the change in portfolio total risk that results from a 1% change in the factor exposure.
8. EMEA = Emerging Europe, Middle East, Africa.

NON-U.S. EQUITY-EMERGING MARKET PORTFOLIO RISK & CHARACTERISTICS

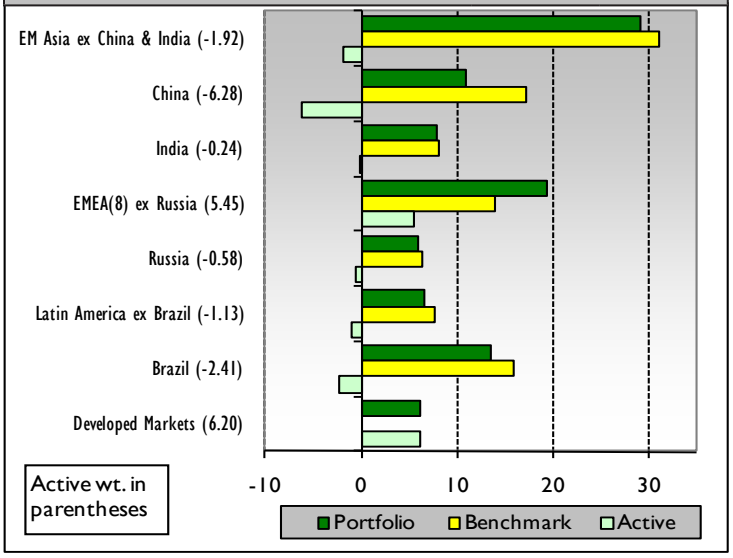
December 31, 2010

PORTFOLIO CHARACTERISTICS VS BENCHMARK[1,2,3]		
	UCRP	MSCI EMF
Dividend Yield	2.1	2.1
Price - Earnings Ratio (historical)	15.4	16.0
Price - Book Ratio	2.1	2.1
Market Capitalization (Cap Wtd)	$25.3	$33.3
Number of Holdings	3,427	752

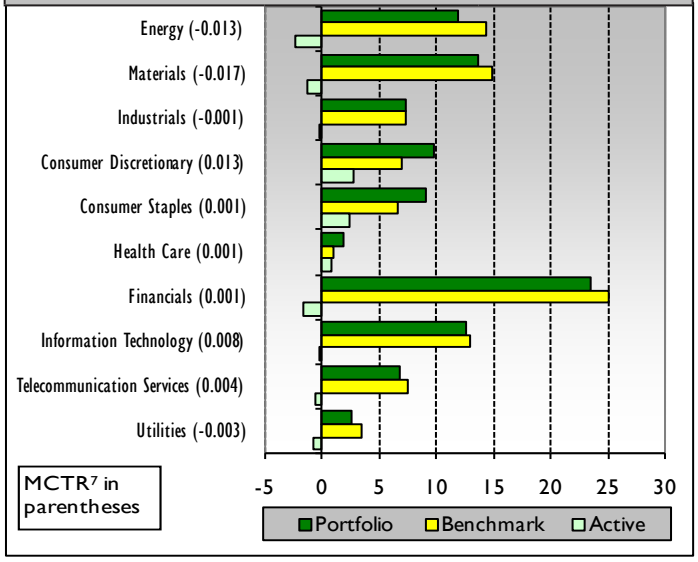
RISK MEASURES / DECOMPOSITION (Qtr End)[4]				
	TOTAL RISK		ACTIVE RISK	
	Risk	Contrib	Risk	Contrib
	%Std dev	%Total	%Std dev	%Active
Common Factor	25.80	100	1.77	79
Style Factor	1.82	0	0.75	14
Sector	1.35	0	0.52	7
Country	7.55	9	1.43	51
Currency	7.13	8	0.48	6
World Equity	19.89	59	0.18	1
Factor Interaction	N/A	24	N/A	0
Asset Selection	1.30	0	0.92	21
Total	25.83	**100**	2.00	**100**
Benchmark	26.44			
Beta	0.97			

PERFORMANCE ATTRIBUTION (one quarter)[5]		
	Return	Risk
Total Portfolio	6.86	26.11
Benchmark	7.34	26.68
Active	(0.47)	2.06
Common Factor	0.31	N/A
Style Factors	0.46	0.77
Industries	(0.13)	0.56
World Equity	-	-
Country	0.20	1.39
Currency	(0.22)	0.54
Asset Selection	(0.06)	0.93
Cash Equity	(0.05)	0.24
Trading	(0.67)	0.38

REGIONAL EXPOSURES (%)[6]



SECTOR EXPOSURES (%)[6]



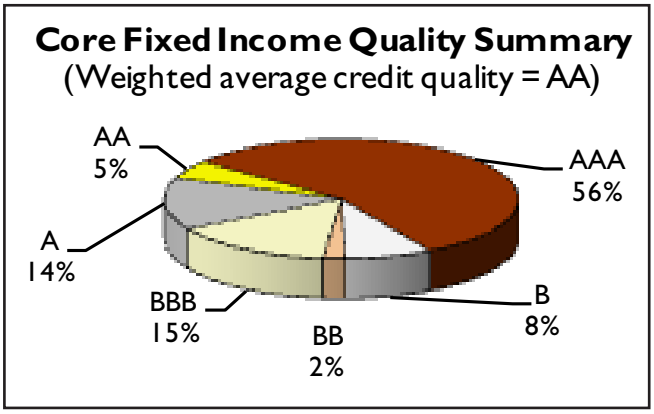
* The UCRP and GEP Equity Emerging Market Portfolios are similar in composition (managers and weightings) so this report applies to both Funds.

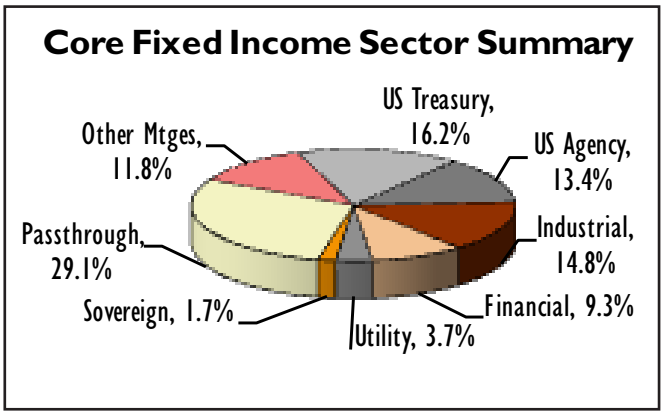
1. Emerging Markets Equity as of 12/31/10 includes ten actively managed portfolios. As of 12/31/10, 86% was held in UCRP and 14% was held in GEP.
2. EM portfolio characteristics are current as of 11/30/2010 (1 month lag).
3. The benchmark for Emerging Market Equity is the MSCI Emerging Market Free Index. Data from Style Research, Inc.
4. Risk factor exposures and risk estimates are based on actual holdings as of 12/31/10 using proprietary data and analytics from MSCI/Barra, Inc.
5. Performance covers the period 10/01/10 to 12/31/10 (single quarter, not annualized). Performance attribution is based on monthly holdings using a buy-hold methodology; calculated returns will differ slightly from the official performance report, which is based on linked daily returns.
6. Industry sector exposures and country/regional exposures are expressed in terms of percent weights.
7. MCTR = Marginal Contribution to Total Risk, is a risk sensitivity measure. It approximates the change in portfolio total risk that results from a 1% change in the factor exposure.
8. EMEA = Emerging Europe, Middle East, Africa

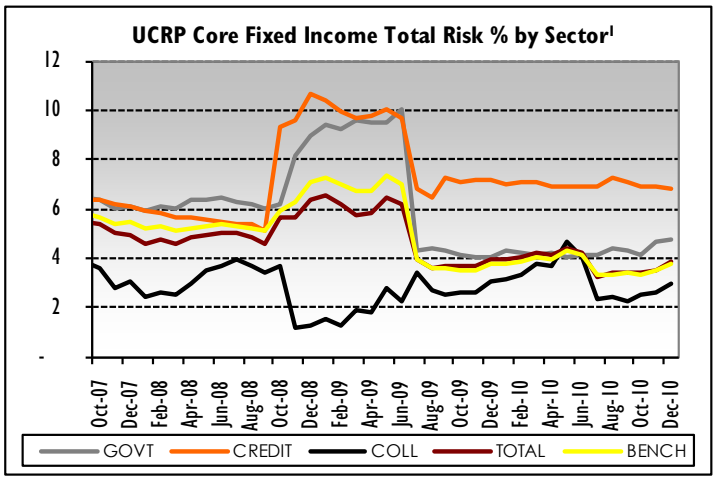
CORE FIXED INCOME PORTFOLIO CHARACTERISTICS

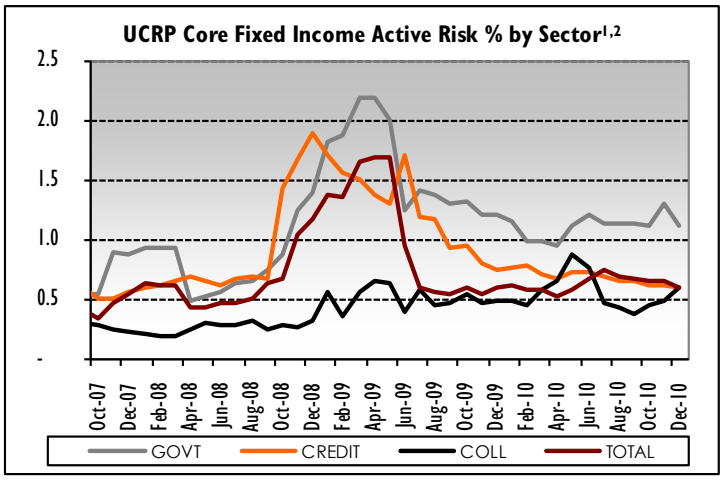
December 31, 2010

	UCRP	Barclays Capital Aggregate	Policy
Effective Duration	4.8	4.9	+/- 20% to Barclays Agg
Average Quality	AA	AA+	A









SECTOR ALLOCATION AND ATTRIBUTION ANALYSIS

3 MONTHS ENDED December 31, 2010

	Portfolio Sector Alloc.	Benchmark Sector Alloc.	Active Weights	Portfolio Return	Benchmark Return	Active Returns	Sector Alloc. Effect	Security Selection Effect	Interaction Effect	Total Effect
GOVERNMENT	32.47%	41.05%	-8.58%	-1.80%	-2.34%	0.54%	-0.09%	0.22%	-0.05%	0.26%
CORPORATE	28.94%	23.36%	5.58%	-1.61%	-1.86%	0.25%	-0.03%	0.06%	0.01%	0.03%
MORTGAGE	38.59%	35.59%	3.00%	0.45%	0.28%	0.17%	0.05%	0.06%	0.00%	0.11%
TOTAL FIXED INCOME	**100.00%**	**100.00%**	**0.00%**	**-0.90%**	**-1.30%**	**0.40%**	**0.10%**	**0.34%**	**-0.04%**	**0.40%**

* The UCRP and GEP Core Fixed Income Portfolios are similar in composition so this report applies to both Funds, but represents the UCRP.

1. Month-end holdings-based portfolio data used. Data, analytics source: MSCI/Barra, Inc. Effective July 1, 2009, UCRP Core Fixed Income Benchmark was changed to Barclays Capital U.S. Aggregate from Citigroup LPF. Total UCRP bond risk as of 12/31/10 was 3.82% (annualized standard deviation) compared to the benchmark (Barclays Capital U.S. Aggregate) total risk of 3.82%.
2. Core Fixed Income portfolio is managed in three core sectors: Government, Credit and Collateral. Total active risk is measured relative to its overall benchmark, the Barclays Capital U.S. Aggregate Each core sector's active risk is assessed against the corresponding Barclays Capital U.S. Aggregate sector index. Total active risk as of 12/31/10 for the UCRP Core Fixed Income portfolio was 59 bps (annualized standard deviation).

HIGH YIELD BOND PORTFOLIO CHARACTERISTICS

December 31, 2010

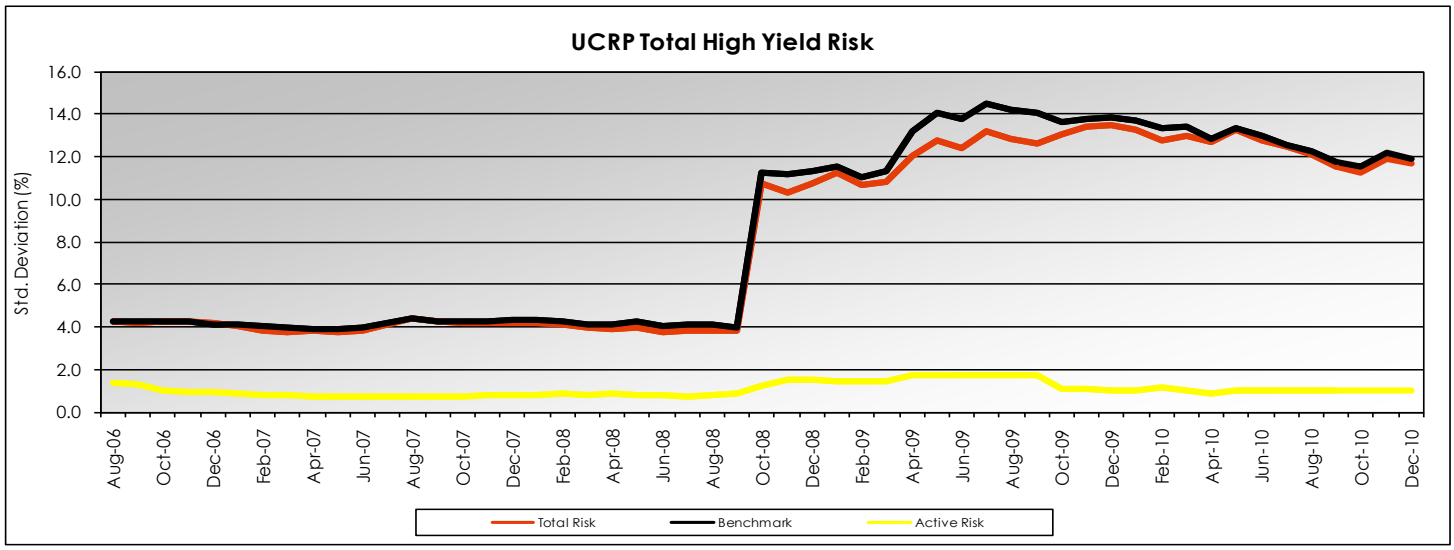
	UCRP	Bank of America Merrill Lynch High Yield Cash Pay Index	Policy
Effective Duration	3.8	4.0	+/- 20% to Benchmark
Average Quality	B+	B+	B

Credit Quality Exposures

Credit Quality	UCRP Weight	Benchmark Weight	Active Weight
BBB	2.96%	5.66%	-2.70%
BB	30.31%	37.86%	-7.55%
B	45.89%	42.33%	3.56%
CCC	15.18%	11.21%	3.97%
Other	2.81%	2.39%	0.42%

Top Industry Exposures

Top Industries	UCRP Weight	Benchmark Weight	Active Weight
Telecommunications	9.79%	8.52%	1.27%
Catering, Leisure and Hotels	9.03%	5.98%	3.05%
Retail	6.41%	5.34%	1.07%
Hospitals & Healthcare	6.18%	5.77%	0.41%
Energy	5.96%	5.09%	0.87%



* The UCRP and GEP High Yield Bond Portfolios are similar in composition so this report applies to both Funds.

Month-end holdings-based portfolio data used. Data, analytics source: MSCI/Barra, Inc. UCRP High Yield total risk as of 12/31/10 was 11.68% (annualized standard deviation) compared to the benchmark (Bank of America Merrill Lynch High Yield Cash Pay) total risk of 11.92%. Active risk as of 12/31/10 for the UCRP High Yield portfolio was 102 bps (annualized standard deviation).

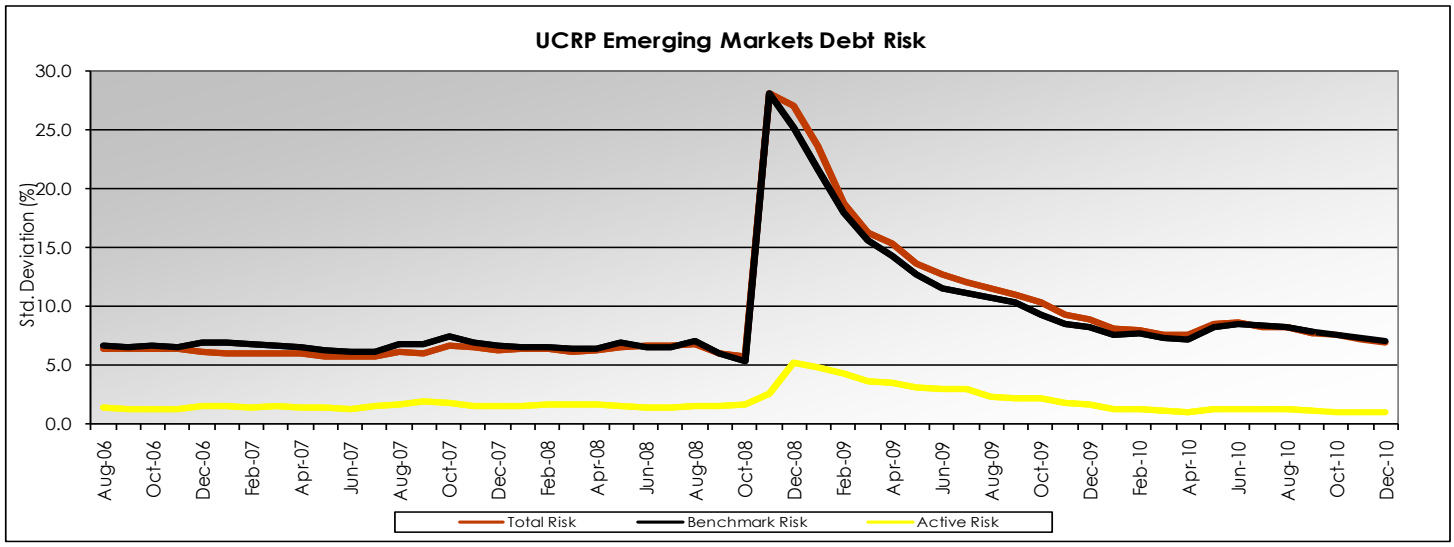
EMERGING MARKET DEBT PORTFOLIO CHARACTERISTICS

December 31, 2010

	UCRP	J.P Morgan EMBI Global Diversified Index	Policy
Effective Duration	6.9	7.0	+/- 20% to Benchmark
Average Quality	BBB-	BBB-	BB

Credit Quality Exposures			
Credit Quality	UCRP Weight	Benchmark Weight	Active Weight
BBB	52.48%	53.96%	-1.48%
BB	34.74%	28.84%	5.90%
B	6.25%	11.75%	-5.50%
CCC	0.00%	0.25%	-0.25%
Other	3.54%	5.20%	-1.66%

Top Country Exposures			
Top Countries	UCRP Weight	Benchmark Weight	Active Weight
Brazil	9.57%	7.57%	2.00%
Turkey	7.82%	6.84%	0.98%
Russia	7.52%	6.78%	0.74%
Philippines	7.37%	6.71%	0.66%
Indonesia	7.33%	6.15%	1.18%
Mexico	6.37%	6.75%	-0.38%
Columbia	4.58%	4.21%	0.37%



* The UCRP and GEP Emerging Debt Portfolios are similar in composition so this report applies to both Funds.

Month-end holdings-based portfolio data used. Data, analytics source: MSCI/Barra, Inc. UCRP Emerging Markets debt total risk as of 12/31/10 was 6.91% (annualized standard deviation) compared to the benchmark (J.P. Morgan EMBI Global Diversified) total risk of 7.07%. Active risk as of 12/31/10 for the Emerging Markets debt portfolio was 103 bps (annualized standard deviation).

Performance evaluation and benchmarking of Private Equity investments

The Office of the Treasurer uses industry standard metrics (Net Internal Rate of Return, or Net IRRs) to evaluate performance of individual PE funds. Long-term (10 years) time weighted returns of the PE program are compared to relevant market indexes. The use of Net IRRs is mandated by the CFA Institute for calculating and reporting PE performance. Meaningful performance can only be evaluated at the end of a fund's life. Net IRRs cannot be compared to time weighted returns (e.g., market index).

Table 1 is provided to aid in the evaluation of UC's PE program, and to supplement the time-weighted returns which have been reported in the past (see Table 2 below). In Table 1, PE funds are grouped by Vintage Year, showing Commitments, Contributions, Distributions and estimated remaining Net Asset Value (NAV). Performance is compared to the Venture Economics All Private Equity Universe fund median IRR ("Benchmark"). UC Fund and Benchmark IRRs are weighted by the dollar amount of contributions into the fund (i.e., the investment base). The column "Weighted Excess Return" is the difference between the Weighted Vintage Net IRR and the Weighted Benchmark Net IRR, and is a measure of Fund selection skill. The last column, "Multiple" shows the ratio of Distributions + NAV to Contributions, and is another measure of Fund value added. "Net" means net IRR to Limited Partners, i.e., after fees and expenses.

Table 1 shows data as of December 31, 2009, the latest period for which fund information is available. This information will be updated annually.

Portfolio Summary for University of California Regents as of 12/31/2009

Table 1 Vintage Year	# Funds	Commitment	Contributions	Distributions	Net Asset Value	Vintage Yr Net IRR (weighted)	Bench-mark IRR (weighted)	Excess Return (weighted)	Multiple
1978-1985	23	$ 114,131,631	$ (114,118,400)	$ 306,312,686	$ -	15.9%	10.1%	5.8%	2.7
1986-1990	16	181,000,000	(180,238,373)	585,466,736	11,891,093	23.7%	9.8%	13.9%	3.3
1991-1995	16	416,540,000	(406,317,709)	1,619,658,969	8,497,928	28.4%	12.5%	15.9%	4.0
1996-2000	32	1,142,400,000	(1,062,989,594)	1,751,659,139	298,221,545	13.9%	4.0%	9.9%	1.9
2001-2005	64	1,867,323,729	(1,537,909,770)	395,171,225	1,318,968,015	2.5%	1.7%	0.8%	1.1
2006-2009	75	3,157,948,874	(1,232,841,982)	43,488,748	1,106,473,684	-3.6%	-6.4%	2.8%	0.9
TOTAL	226	6,879,344,234	(4,534,415,828)	4,701,757,503	2,744,052,265	7.0%	1.6%	5.5%	1.6

Table 2 As of December 31, 2010	10 Yr Total Return Annualized
UCRP TOTAL FUND PE (incl Int'l.)	**0.58%**
GEP TOTAL FUND PE (incl Int'l.)	**1.13%**
UCRP VENTURE CAPITAL	**-5.07%**
GEP VENTURE CAPITAL	**-4.43%**
Cambridge Assoc. US Venture Cap Fund Index[1]	**-4.64%**
Venture Economics Venture Fund Index[2]	**-4.45%**
UCRP BUY OUT	**7.23%**
GEP BUY OUT	**7.36%**
Cambridge Assoc. US Private Equity Fund Index[1]	**8.08%**
Venture Economics Buyout/and All Other Index[2]	**9.43%**

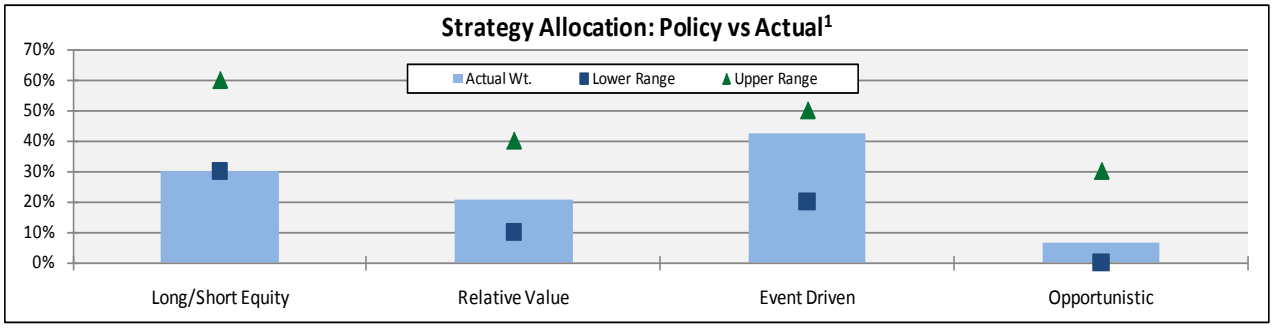
UC Data reported as of December 2010 corresponding to benchmarks as of September 2010.

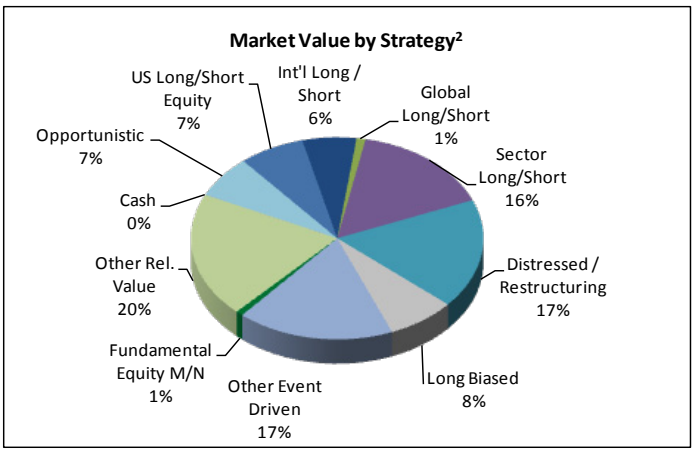
The benchmarks shown in Table 2 are for informational purposes only and are not The Regent's policy benchmark. There is no appropriate market based index which can be used as a meaningful performance benchmark for Private Equity. This information is provided to give additional insight into Private Equity sector performance relative to multiple performance metrics.

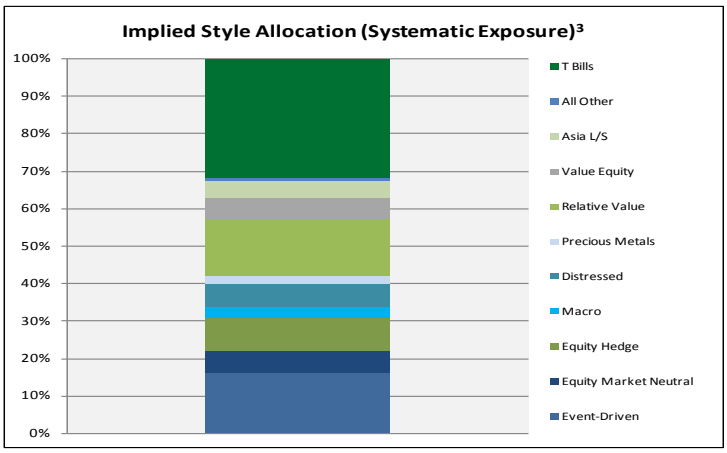
1. Source: Cambridge Assoc. Quarterly End to End Returns Net to LP. Index is preliminary and subject to periodic restatements.
2. Source: Thomson Venture Economics Pooled Average quarterly returns. Index is preliminary and subject to periodic restatements.

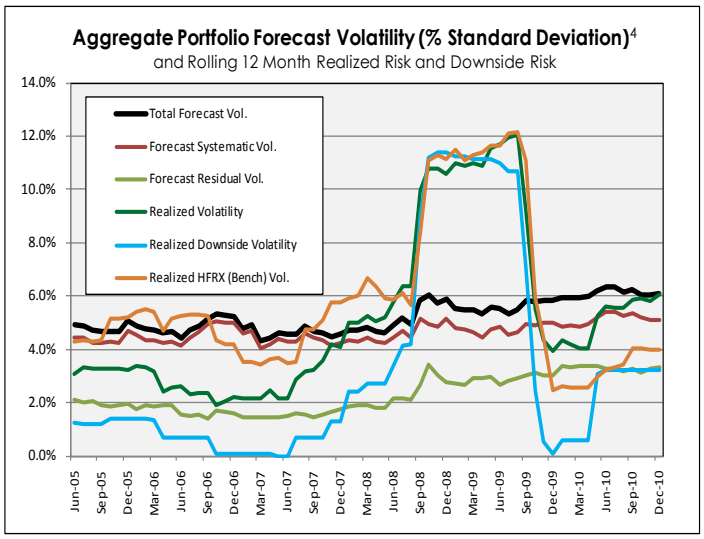
ABSOLUTE RETURN PORTFOLIO RISK CHARACTERISTICS

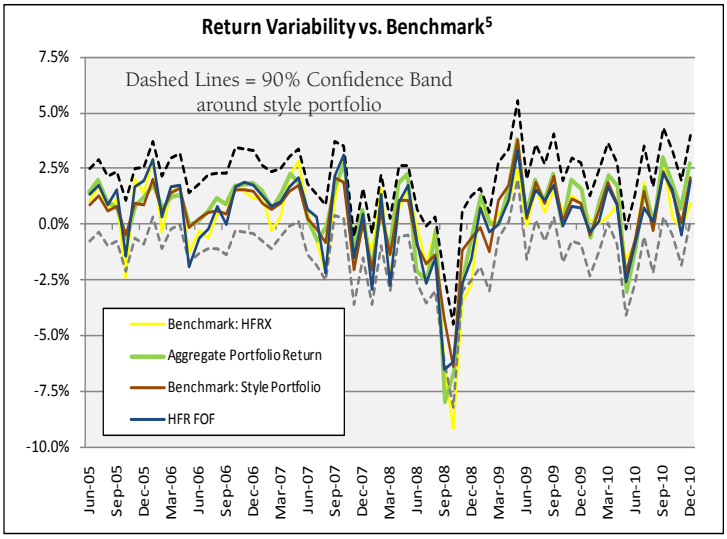
December 31, 2010











* The UCRP and GEP Absolute Return Portfolios are similar in composition so this report applies to both Funds.

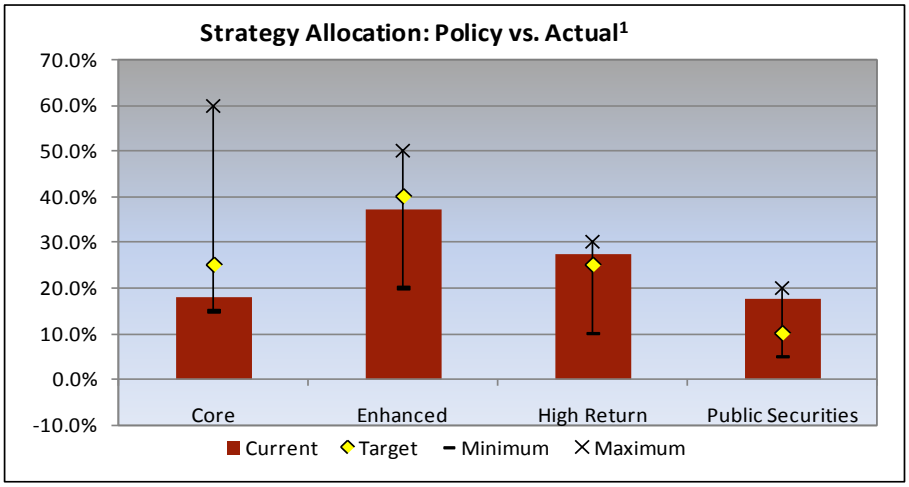
Notes on Guidelines as of quarter end: Gross accounting leverage of the portfolio was 1.4x, well under the Guideline limit of 4.5x. Concentration of risk in any single manager's portfolio does not exceed the Guideline limit of 15% of the risk budget. Aggregate forecast risk at 12/31/10 was 6.1% and Pro-forma downside risk was 5.3% vs. Guideline limit of 5.0%. Note that both 12 month rolling realized volatility and realized downside risk increased to 6.1% and 3.3% respectively.

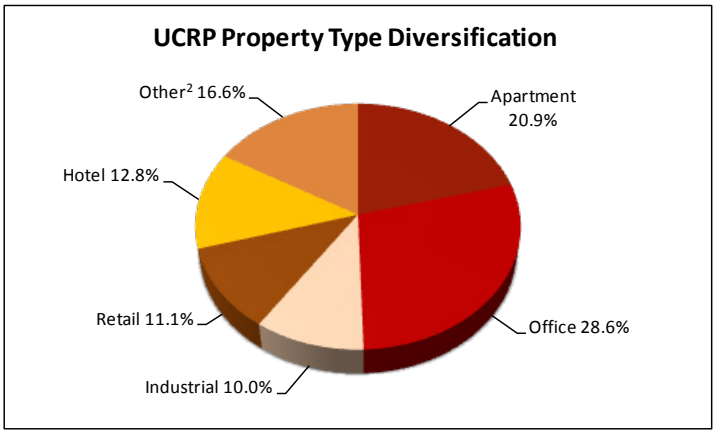
1. Market value in each of four broad strategies permitted in the Investment Guidelines (as amended November 12, 2008).
2. Additional detail of current investments by strategy.
3. Aggregate exposures to systematic risk factors as determined by statistical analysis and current holdings.
4. First three lines (labeled "Forecast") is a forward estimate of risk, considering both current systematic exposures and the historical volatility of residual returns. "Realized" volatility is based on prior 12 months' returns.
5. Monthly returns compared to official, style (systematic risk) benchmarks, and HFR Fund of Funds median return.

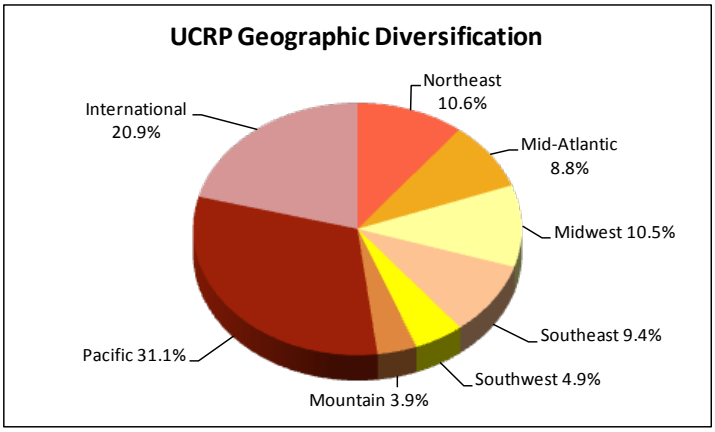
Note: Performance benchmark changed March 1, 2009 from Tbills +450 bp to 50% HFRX AR Index + 50% HFRXMD Index. the new benchmark is shown in Charts 4 and 5 as if it had been in place during the entire period.

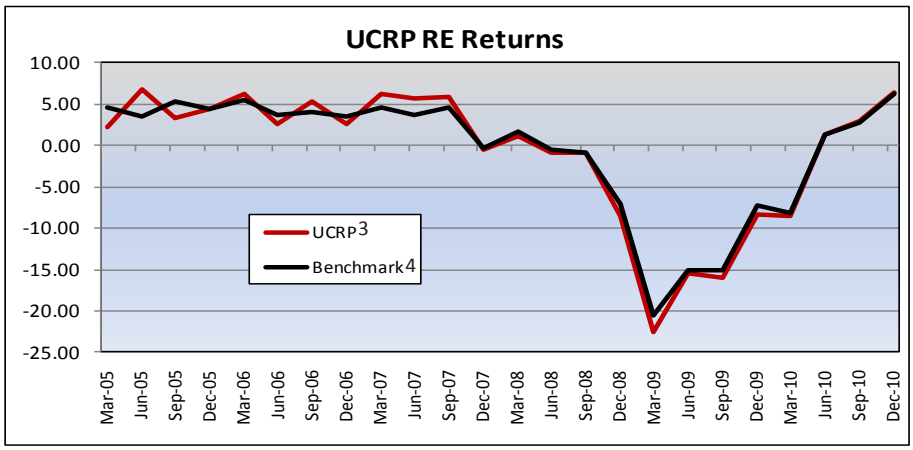
Private Real Estate Portfolio Risk Characteristics

December 31, 2010









1. Compliance with these guidelines shall not be required until a sufficient number of investments have been made.
2. UCRP Property Type Diversification: "Other" includes student housing, senior housing, self-storage, debt investments, land and entity investments.
3. Real Estate Return is as of 9/30/2010 (One-quarter lagged). UCRP Performance includes private investments in open-end and closed-end funds, and separate accounts with core, enhanced and opportunistic strategies.
4. Performance benchmark: The NCREIF Property Index is the benchmark from October 1, 2004 through September 30, 2008. Performance benchmark changed in October 1, 2008 with the NFI-ODCE and the UCRP closed-end portfolio return, weighted in proportion to UC's open-end and closed-end components of UCRP's Portfolio.

Policy Benchmarks

UCRP Since 10/2010

Asset Class	*Benchmark Component*	*Percentage*
U.S. Equity	Russell 3000 TF	31.0%
Non-U.S. Equity Developed	MSCI World ex-U.S. (net dividends) TF	22.0%
Emerging Market Equity	MSCI Emerging Market (net dividends)	4.0%
Global Equity	MSCI All Country World Index Net - IMI - TF	2.0%
U.S. Core Fixed Income	Barclays Capital U.S. Aggregate Bond Index	12.0%
High Yield Debt	Merrill Lynch High Yield Cash Pay Index	2.5%
Emerging Market Debt	J.P. Morgan Emerging Market Bond Index Global Diversified	2.5%
TIPS	Barclays Capital TIPS	8.0%
Private Equity	Actual PE Returns	6.0%
Absolute Return	50% HFRX Absolute Return Index + 50% HFRX Market Directional Index	5.0%
Real Assets	Commodities: S&P GSCI Reduced Energy Index; All Other: Actual Portfolio Return	0.5%
Opportunistic	The Regents' general investment consultant will establish an appropriate individual benchmark after the investment is chosen but before funding the investment	0.5%
Real Estate (Public and Private)	**Public:** 50% times the FTSE EPRA NAREIT US Index plus 50% times the FTSE EPRA NAREIT Global ex-US Index and **Private:** Open End = NCREIF Funds Index-Open End Diversified Core Equity (lagged 3 months); Closed end = Actual Closed End Return	4.0%

Policy Benchmarks prior to periods shown above are available on line at http://www.ucop.edu/treasurer/invinfo/Benchmarks.html