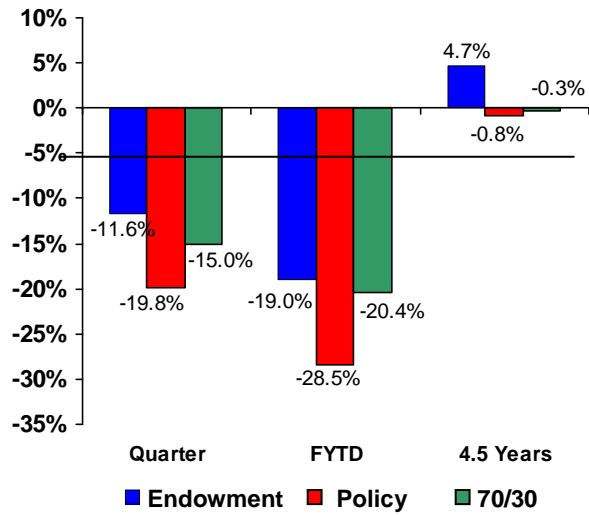




The goal of the Endowment Pool is to provide a target net, annual real return of 5.0% (or a nominal return of 8%) to preserve and enhance the purchasing power of endowment capital, while generating an income stream to support the activities of the funds held for the colleges and units of the University of Florida. The Endowment Pool is able to tolerate variability in short and intermediate-term performance given the long time horizon.

**Performance**

**Endowment Pool Returns**

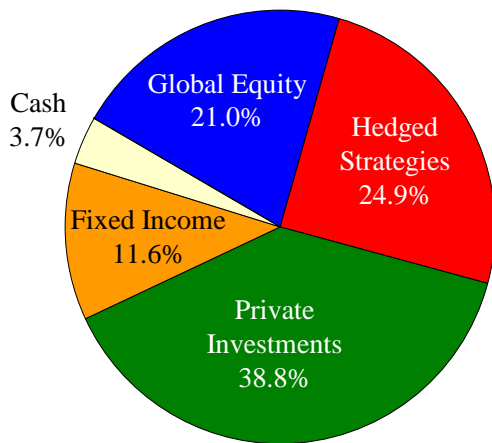


**Performance Goals**

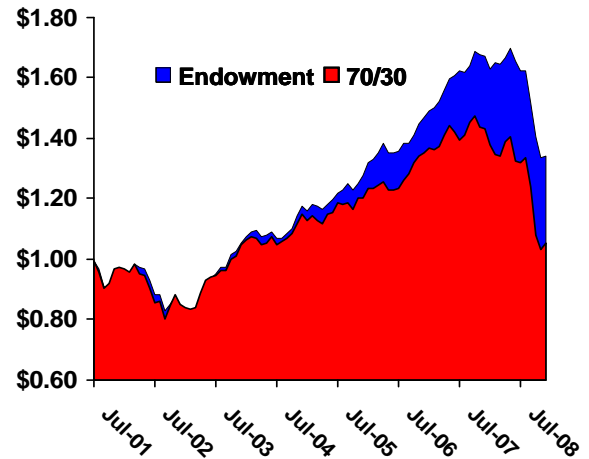
- 5% Real / 8% Nominal Return
- Callan Endowment Universe
- UFICO Board Policy Benchmark<sup>1</sup> (Policy)

**Asset Allocation**

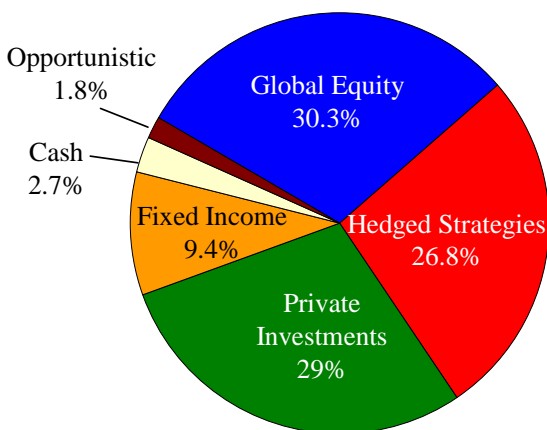
December 31, 2008



**Growth of \$1**



June 30, 2008



**Commentary**

The UFF Endowment Pool sustained a loss of -11.6% for the quarter ended December 31. Fiscal year-to-date, the Endowment has lost -19%. The markets continue to struggle with the MSCI global equity benchmark having lost over one-third of its value during the last six months of 2008, the worst six-month performance since its inception in 1969. The outperformance relative to the benchmarks was driven by primarily by Private Investments. An underweight to equities relative to Policy and outperformance by the managers versus the MSCI AC World Index also contributed to the outperformance. Detractors to performance included fixed income (premature increase in credit exposure) and hedge funds. The Endowment return for the quarter finished in the top 14% of the Callan Midsize Endowment and Foundation Universe, while the trailing one-year performance was in the top 6%.

The Private Investment allocation has increased with the significant drop in public equity valuations and the lag in reporting by the Private Investment managers. The cash position has grown as a result of a more defensive posture, the need to meet capital requirements for Privates, and to allow selective investment in distressed opportunities.

<sup>1</sup> Long-term asset allocation benchmark established by the UFICO Board of Directors. Actual returns net of all investment management fees.



**Investment Goal**

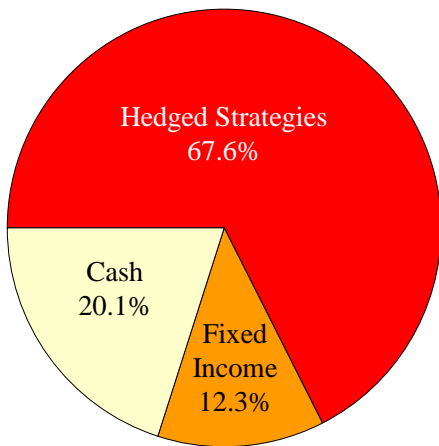
The goal of the Non-endowed Pool is to achieve a total rate of return equal to UFF's Non-endowed overhead fee, currently 3.0%, on an annual basis. The Non-endowed Pool has a short-term time horizon (1-3 years) and a very low risk tolerance.

**Performance Goals**

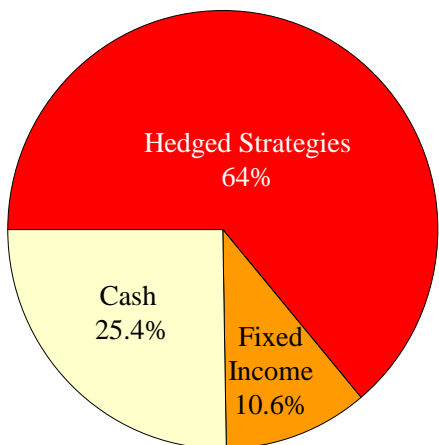
- 3.0% Nominal Return<sup>1</sup>
- UFICO Board Policy Benchmark<sup>2</sup> (Policy)

**Asset Allocation**

December 31, 2008

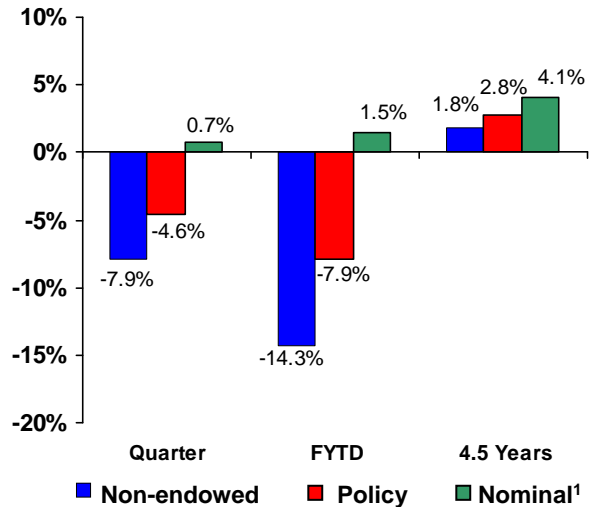


June 30, 2008

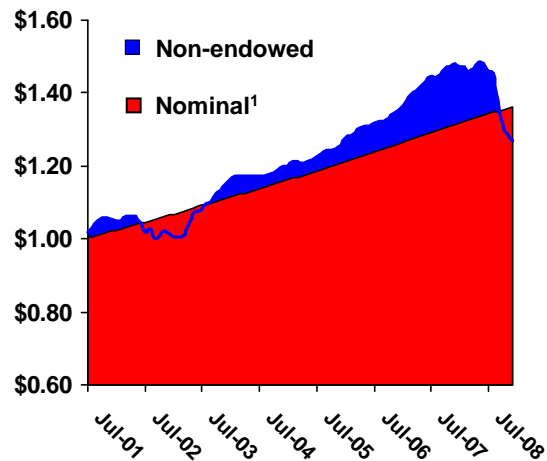


**Performance**

**Non-endowed Pool Returns**



**Growth of \$1**



**Commentary**

The UFF Non-endowed Pool lost 7.8% for the quarter ended December 31, trailing the Policy Benchmark of -4.6% and the nominal return benchmark of 0.7%. Fiscal year-to-date, the Non-endowed Pool suffered a 14.3% loss, behind both benchmarks. The underperformance was driven by the Hedged Strategies portfolio that suffered its largest drawdown since UFF started investing in hedge funds in 2002. The combination of government intervention, shaky counterparty markets, and spectacular one-off events each conspired to exacerbate losses. Equity long/short managers, the largest sector allocation within the Hedged Strategies Pool, contributed nearly 50% of the total hedge fund losses, despite significantly lowering their net exposure over the past 15 months.

The Hedged Strategies allocation has been reduced since year-end to 55%. The asset allocation of this pool will be reviewed in the near future in an effort to lower the overall risk of the portfolio.

<sup>1</sup> 3.0% effective 7/1/08 – Prior benchmark 4.25%.

<sup>2</sup> Long-term asset allocation benchmark established by the UFICO Board of Directors. Actual returns net of all investment management fees.