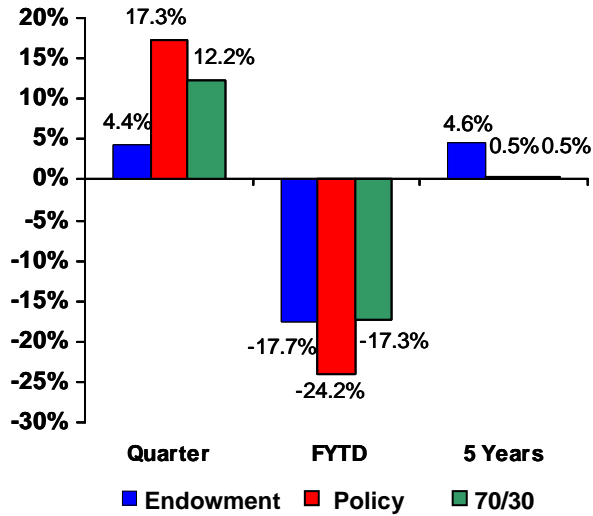




The goal of the Endowment Pool is to provide a target net, annual real return of 5.0% (or a nominal return of 8%) to preserve and enhance the purchasing power of endowment capital, while generating an income stream to support the activities of the funds held for the colleges and units of the University 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**

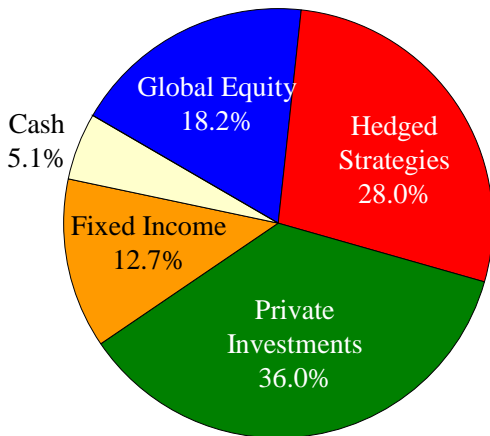


**Performance Goals**

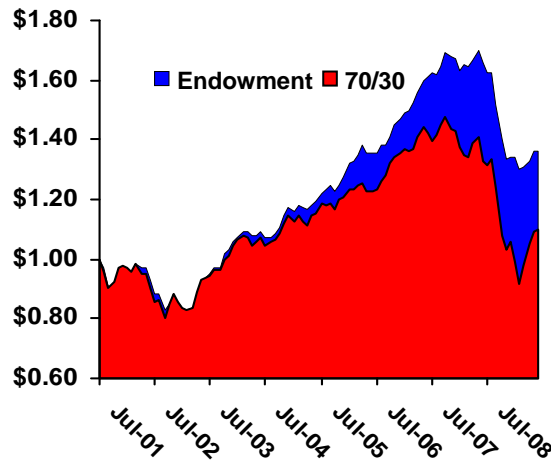
- 5% Real / 8% Nominal Return
- Callan Endowment Universe
- UFICO Board Policy Benchmark<sup>1</sup> (Policy)
- 70% Russell 3000 / 30% Lehman Aggregate

**Asset Allocation**

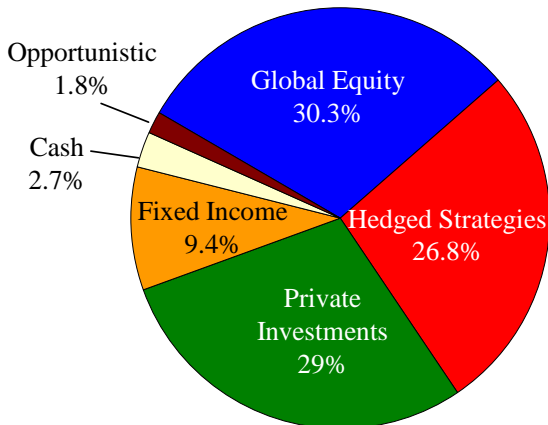
June 30, 2009



**Growth of \$1**



June 30, 2008



**Commentary**

During the quarter ended June 30<sup>th</sup>, the equity markets experienced significant gains. After bottoming in early March, the S&P 500 Index rebounded 35% through the end of the quarter with a quarterly return of 15.9%. The UFF Endowment Pool gained 4.4% for the fourth quarter ended June 30<sup>th</sup>, trailing the Policy Benchmark return of 17.3% and the 70/30 (domestic stock/bonds) Benchmark return of 12.2%. The underperformance in the quarter as compared to the Policy Benchmark was primarily driven by mark-downs in the Private Investments portfolio. An underweight to equities relative to Policy and poor relative performance in the Japan allocation of the Global Equity portfolio also contributed to the underperformance during the quarter. For the fiscal year ended June 30<sup>th</sup>, the Endowment lost 17.7% as compared to a Policy Benchmark return of -24.2%. The Private Investment allocation has increased with the significant drop in public equity valuations and the lag in reporting by Private Investment managers. The cash position has remained high as a result of a more defensive posture, the need to meet capital requirements for Privates, and to allow for selective investment in distressed opportunities.

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



**Investment Goal**

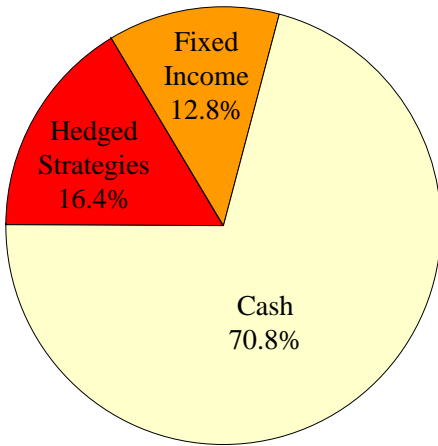
The goal of the Non-endowed Pool is to achieve a total rate of return equal to UFF's Non-endowed overhead fee, currently 3.0%, on an annual basis. The Non-endowed Pool has a short-term time horizon (1-3 years) and a very low risk tolerance.

**Performance Goals**

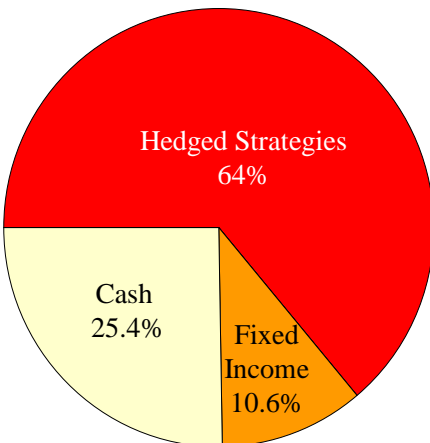
- 3.0% Nominal Return<sup>1</sup>
- UFICO Board Policy Benchmark<sup>2</sup> (Policy)

**Asset Allocation**

June 30, 2009

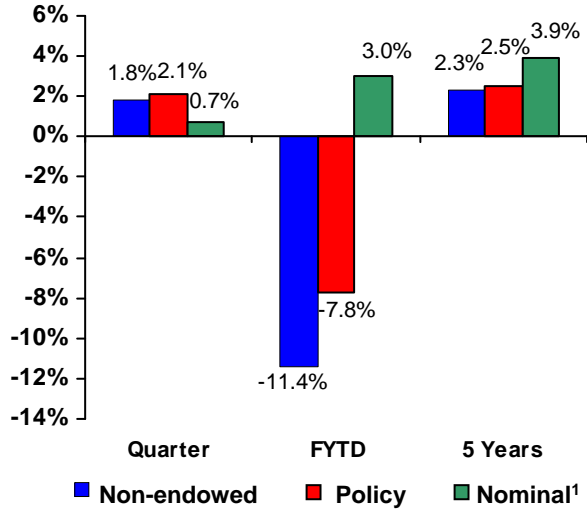


June 30, 2008

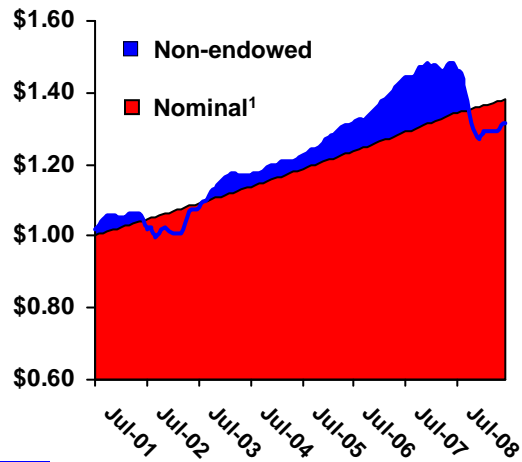


**Performance**

**Non-endowed Pool Returns**



**Growth of \$1**



**Commentary**

The UFF Non-endowed Pool returned 1.8% for the quarter ended June 30, as compared to a Policy Benchmark of 2.1% and a nominal return benchmark of 0.7%. Fiscal year-to-date, the Non-endowed Pool suffered an 11.4% loss, behind both benchmarks. The underperformance for the quarter and for the fiscal year-to-date was driven primarily by manager selection in the Hedged Strategies portfolio. The Hedge Strategies portfolio suffered a fiscal year-to-date loss of 14.5% as compared to the Hedged Strategies benchmark that was down 7.6% for the same period.

We continue to reduce the Hedged Strategies allocation in accordance with the Foundation's desire to lower the portfolio's risk and increase its liquidity.

<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 are net of all investment management fees.