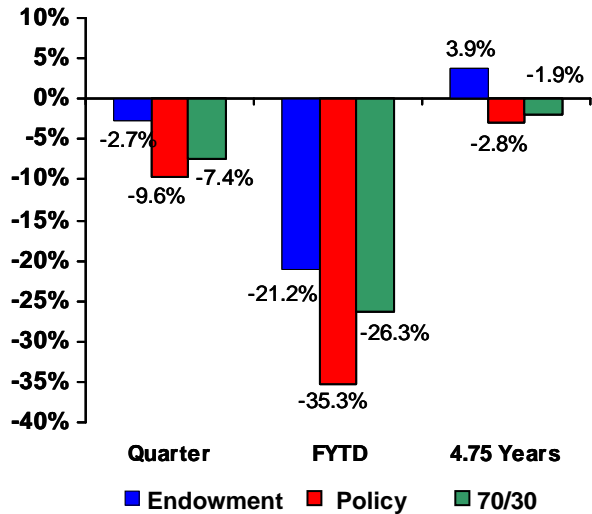




The goal of the Endowment Pool is to provide a target net, annual real return of 5.0% (or a nominal return of 8%) to preserve and enhance the purchasing power of endowment capital, while generating an income stream to support the activities of the funds held for the colleges and units of the University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

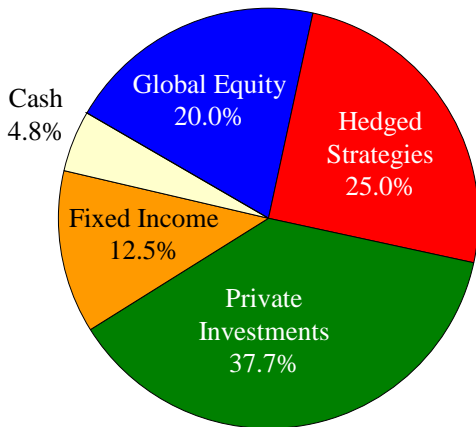


**Performance Goals**

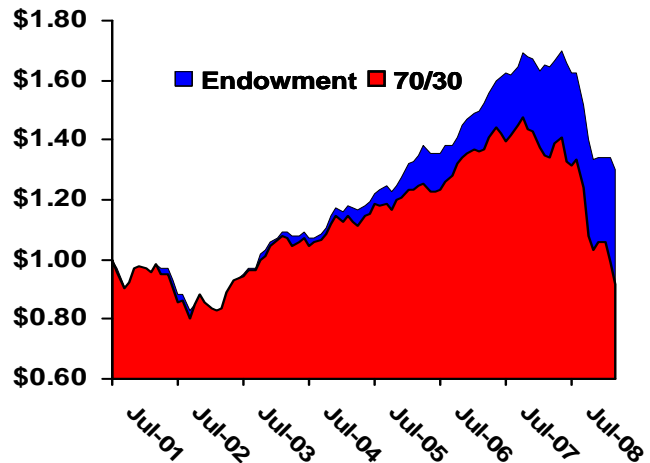
- 5% Real / 8% Nominal Return
- Callan Endowment Universe
- UFICO Board Policy Benchmark<sup>1</sup> (Policy)
- 70% Russell 3000 / 30% Lehman Aggregate

**Asset Allocation**

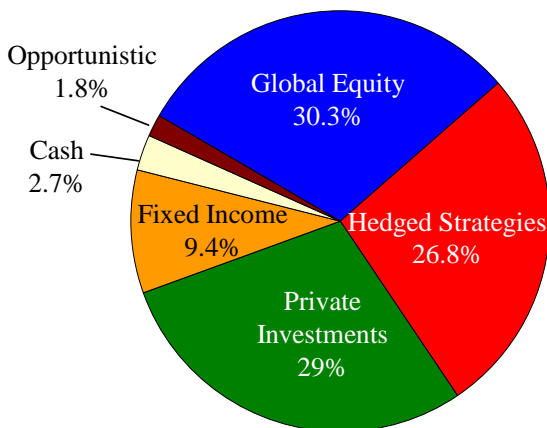
March 31, 2009



**Growth of \$1**



June 30, 2008



**Commentary**

The UFF Endowment Pool sustained a loss of 2.7% for the quarter ended March 31, which outperformed the Policy Benchmark by 6.9%. Fiscal year-to-date, the Endowment has lost 21.2% as compared to a Policy Benchmark return of -35.3%. All asset classes contributed to the outperformance relative to the Policy Benchmark for the quarter. An underweight to equities relative to Policy also contributed to the outperformance. During the quarter, the equity markets experienced intense volatility. The S&P 500 Index began March with a low not seen since September 1996 only to rebound 18% to finish up the month over 8%. Despite the strong recovery in March, the Global Equity allocation was still down 7% for the quarter, although it outperformed the MSCI All Country World Index by nearly 4%. 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. The Endowment return for the quarter finished in the top 6% of the Callan Midsized Endowment and Foundation Universe, while the trailing one-year performance was in the top 4%.

<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**

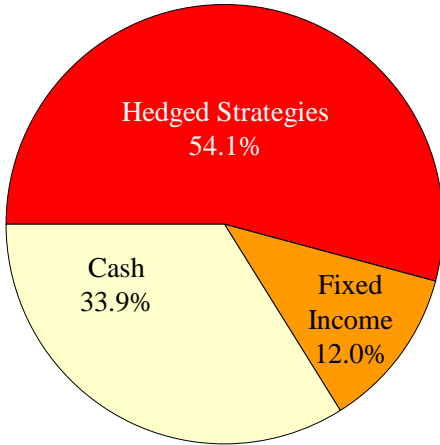
The goal of the Non-endowed Pool is to achieve a total rate of return equal to UFF's Non-endowed overhead fee, currently 3.0%, on an annual basis. The Non-endowed Pool has a short-term time horizon (1-3 years) and a very low risk tolerance.

**Performance Goals**

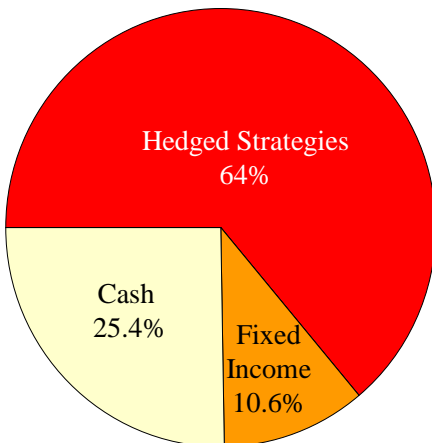
- 3.0% Nominal Return<sup>1</sup>
- UFICO Board Policy Benchmark<sup>2</sup> (Policy)

**Asset Allocation**

March 31, 2009

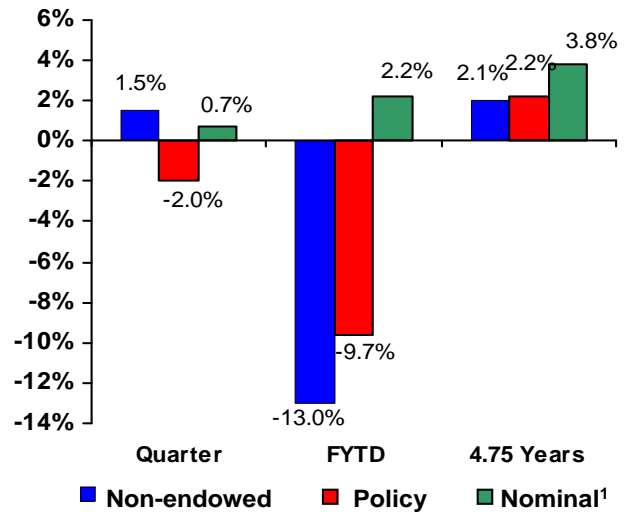


June 30, 2008

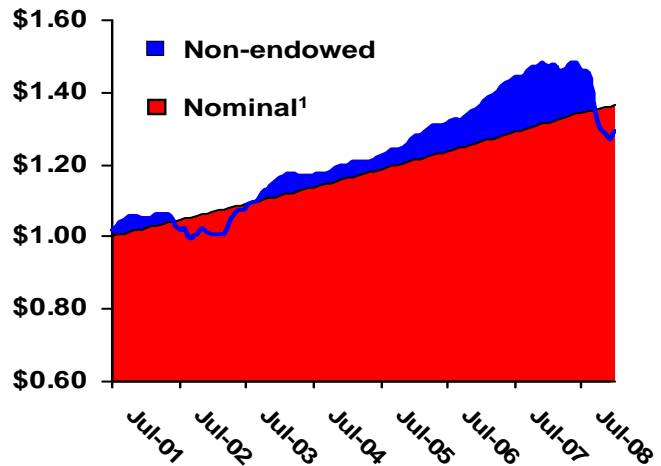


**Performance**

**Non-endowed Pool Returns**



**Growth of \$1**



**Commentary**

The UFF Non-endowed Pool returned 1.5% for the quarter ended March 31, outperforming the Policy Benchmark of -2.0% and the nominal return benchmark of 0.7%. Fiscal year-to-date, the Non-endowed Pool suffered a 13.0% loss, behind both benchmarks. The outperformance for the quarter was driven primarily by the Hedged Strategies portfolio. Coming off its worst quarter since the University began investing in hedge funds in 2002, the Hedge Strategies portfolio gained 2.6% for the quarter as compared to the Hedged Strategies benchmark that was down 2.9%.

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.