UNIVERSITY OF HOUSTON SYSTEM
BOARD OF REGENTS AGENDA

COMMITTEE: Endowment Management

ITEM: Request for approval of portfolio adjustments. Presentation of report and recommendations from Cambridge Associates regarding Endowed and Non-Endowed Assets

DATE PREVIOUSLY SUBMITTED:

SUMMARY:

Approval is requested for (1) revision to the endowment's interim target asset allocation as a result of the increase in private equity investments. In recognition of the fact that building a private equity program takes time, an interim target asset allocation was created in order to reflect the temporary underweight to private investments and corresponding overweight to other asset classes. (2) The withdrawal of funds from cash and the Laddered Treasuries Portfolio to meet the $16.5 million annual distribution to the universities and (3) the transfer of $67 million (or 25%) of the cash pool into a second money market fund, the Liquid Assets Portfolio, within the Invesco family of funds. As of 9-30-11, we had $268 million invested in the Invesco STIC Prime Portfolio. This investment represents 10.2% of the Prime Portfolio's total value. Our policy is to maintain no greater than a 10% ownership of any one money market fund. The STIC Prime Portfolio and Liquid Assets Portfolio are both Aaa-mf rated, the highest rating possible, and legally separate money market funds. (4) Cambridge Associates will also present an overview of the market, the endowment's current asset allocation and performance, and other analysis of the portfolio.

SUPPORTING DOCUMENTATION: Cambridge Associates discussion materials book

FISCAL NOTE: As to item (1), $16.5 million and as to item (3), $67 million transferred to the Liquid Assets Portfolio.

RECOMMENDATION/ ACTION REQUESTED: Administration recommends approval of items 1, 2, and 3. Item 4 is information only.

COMPONENT: University of Houston System

EXECUTIVE VICE CHANCELLOR Carl Carlucci **DATE** 10/29/2011

CHANCELLOR Renu Khator **DATE** 11/1/11