

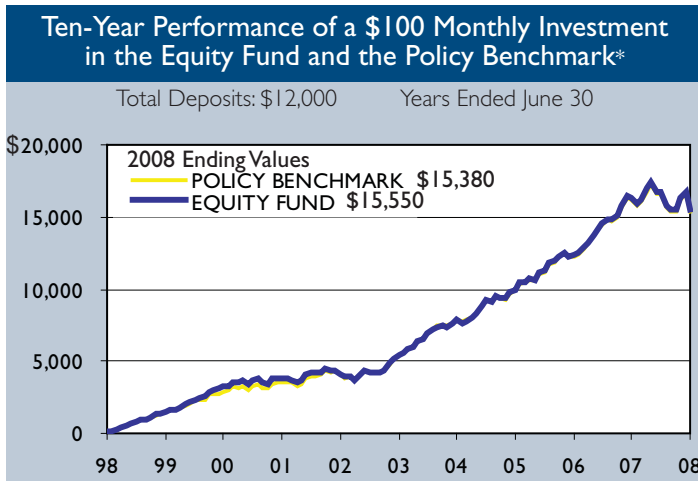


# UC Equity Fund

**Investment Objective:** The Fund seeks to maximize long-term capital appreciation with a moderate level of risk.

<b>Quick Stats</b>	1 Year Return (6/30/2008)	-11.78%
	NAV (6/30/2008)	\$366.60
	Investment Category	Equity
	Net Assets (\$M)	\$3,328
	Inception	July 1, 1967

The Equity Fund is part of the UC Retirement Savings Program's Core Funds, which include a full range of asset classes designed to help meet participant needs. Participants in the Program should consider their unique needs and goals, along with any savings held outside of the Program, when building an appropriately diversified asset allocation of funds.



\* Policy Benchmark consists of 85% less the actual private equity weight from the prior month end times the Russell 3000 TF Index, 15% MSCI ACWI ex US Index (Net) and the actual private equity weight of the previous month end times actual PE returns; Historical S&P 500 Index.

## How We Invest

The Treasurer's Office manages the Equity Fund according to policies established by The Regents of the University of California. In March 2000, The Regents approved the following asset allocation strategy for the Equity Fund:

	POLICY	MINIMUM	MAXIMUM
U.S. Equity	80%	75%	85%
Non-U.S. Equity	15%	10%	20%
Private Equity	5%	3%	7%

The Treasurer's Office equity management group consists of a team focused on externally managed investments and a team focused on alternative investments including private equity.

The Fund's historical focus on large-capitalization stocks was modified in 2002. Currently, the Fund's U.S. equity allocation is held in a Russell 3000 Tobacco Free (TF) Index Fund. The Fund also has a small representation in private equities and an allocation to a MSCI EAFE+Canada TF Index Fund (non-U.S.) further increasing the Fund's diversification. The Fund seeks to be fully invested at all times. Portfolio guidelines limit the cash level to 5%.

## Average Annual Total Returns

as of 6/30/2008

Returns (%)	1 Year	5 Years	10 Years
Equity Fund	-11.78	10.06	4.93
Policy Benchmark	-11.93	9.90	4.02
Domestic Stock Funds Median*	-10.60	8.22	4.51
Russell 3000	-12.69	8.38	3.51
S&P 500	-13.12	7.59	2.88
Inflation (CPI-U)	5.03	3.56	2.99

\* Source: Morningstar, Inc. Although gathered from reliable sources, data completeness and accuracy cannot be guaranteed. Equity Fund return reflects performance over the entire period, during which the U.S. Equity portfolio was part actively-managed and part passively-managed.

## Risks to You

Risks include market risk, individual company risk, foreign security risk, and liquidity risk. When you redeem your units, they may be worth more or less than the amount you had invested in them, which means you could lose money.

The Equity Fund may be appropriate for investors seeking long-term capital appreciation from a diversified equity portfolio. The Equity Fund may not be appropriate for investors with short time horizons or those uncomfortable with fluctuations in market value.

For more information on risk, see the "Investment Risk Factor Guide," available online at [www.netbenefits.com](http://www.netbenefits.com).

## Fees and Expenses

Investor expenses are limited to 0.15% (or \$1.50 per \$1,000 invested) of the Fund's average market value per year, assessed on a daily basis (1/365th per day invested). These expenses are not billed to participants, but are netted against the investment experience of the fund. These expenses are comprised of approximately 0.03% for investment management, 0.02% for investor education and 0.10% for administration (including accounting, audit, legal, custodial and recordkeeping services). The total administrative expenses are estimated and could actually be lower in some periods. If actual administrative expenses are less than estimated, any accumulation will be returned to the Fund each quarter, on a prorated basis, thereby lowering the effective expense ratio for participants. There are no front-end or deferred-sales loads or other marketing expenses.



# UC Equity Fund *continued*

## Largest U.S. Equity Index Holdings

as of 06/30/2008

### Largest Domestic Equity Index Holdings

Exxon Mobil	3.32%
General Electric	1.90%
Microsoft	1.58%
Chevron	1.46%
AT&T	1.43%
Procter & Gamble	1.33%
Johnson & Johnson	1.29%
International Business Machines	1.16%
Apple, Inc	1.05%
ConocoPhillips	1.04%
	<u>15.56%</u>

## Major U.S. Equity Index Sector Allocations

as of 06/30/08

### Major Index Sector Allocations % of Total

Information Technology	16.80
Energy	15.20
Financials	15.01
Industrials	11.97
Health Care	11.81
Consumer Discretionary	9.11
Consumer Staples	8.21
Materials	4.61
Utilities	4.25
Telecommunications	3.03
	<u>100.0%</u>

## Asset Class Overview

as of 06/30/2008

The Equity Fund asset allocation policy consists of 82% U.S. equity, 15% non-U.S. equity and 3% private equity. In November 2002, The Regents approved changes to diversify the U.S equity holdings. The internally-managed U.S. common stock portfolio was transferred into a Russell 3000 Tobacco Free (TF) Index fund managed by State Street Global Advisors.

U.S. equity represented 82.4% of the Fund at 06/30/2008, with a market value of \$2.74 billion.

Non-U.S. equity represented 14.8% of the Fund at 06/30/2008, with a market value of \$492 million.

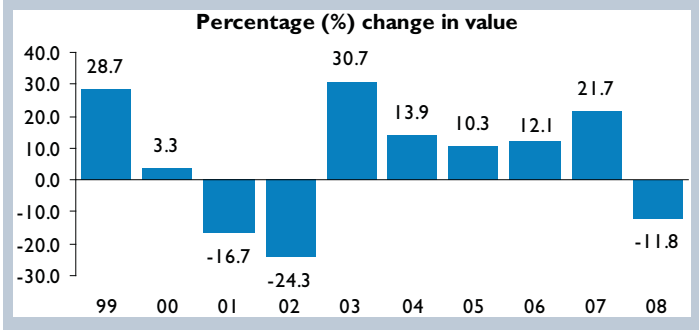
Private equity represented 2.8% of the Fund at 06/30/2008, with a market value of \$93 million.

## Month-End Values

most recent 12 months ending 6/30/2008

July 2007	403.04989
August 2007	406.86059
September 2007	422.65079
October 2007	431.84203
November 2007	412.71084
December 2007	409.96993
January 2008	383.20031
February 2008	374.67788
March 2008	372.10694
April 2008	390.99887
May 2008	398.59481
June 2008	366.59602

## Year-by-Year Performance



Keep in mind that investing involves risk. The value of your investment will fluctuate over time and you may gain or lose money.

The information contained herein regarding the UC Funds has been provided by the University of California Office of the Treasurer and is solely the responsibility of the University of California Office of the Treasurer.