July 18, 2014

TO: Vice Provosts, Vice Presidents, Chancellors, Deans, Directors, and Chairs

FROM: Chris Malins
Associate Vice President, Treasury

RE: Fiscal Year 2014 Invested Funds’ Distributions

The Invested Funds are the commingled operating monies of the University. The primary objective of the Invested Funds is to enable the University to meet its financial obligations as they come due. A secondary objective is to achieve investment returns above its benchmark. To ensure liquidity, funds are invested primarily in intermediate term fixed income securities. To enhance performance and add diversification, about one-third of the funds are invested in the Consolidated Endowment Fund.

Campus depositors have access to their funds upon demand with principal guaranteed by the University. Distributions to campus for FY2014 were 2%, exceeding short-term Federal rates. For the fiscal year ended June 30, 2014, interest rates remained near zero with the Federal Funds rate and the 3-month Libor rate averaging less than one-half of a percent. Average yields on two-year U.S. Treasuries ranged from 0.28% to .51%, closing the fiscal year at .47%.

Consistent with UW policy to support Advancement efforts, Advancement received their budgeted 3% rate on current use gift account and endowment operating budget balances.

Fiscal Year Invested Funds’ distribution rates are detailed below:

<table>
<thead>
<tr>
<th>Primary Funds in Rate Pool</th>
<th>Rate</th>
<th>Rate Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>UWMC plant funds, self-sustaining units, endowment suspense, gifts for construction, student fee accounts</td>
<td>2.0%</td>
<td>Campus Depositors’ Rate</td>
</tr>
<tr>
<td>Current Use Gift Accounts and Endowment Operating Accounts</td>
<td>3.0%</td>
<td>Advancement Rate</td>
</tr>
</tbody>
</table>

Distributions for Fiscal Year 2014 were made in late June. If you have questions, please contact Lisa Edlin at (206) 685-8030.

cc: Department Administrators