

MSU COMMON INVESTMENT FUND (CIF) AND  
PEER INSTITUTION BENCHMARK RETURNS

One-Year Annual Return					
Date	MSU CIF	S&P 500	NACUBO Peer Institution Mean	Big Ten Mean	CPI
1997	20.3%	34.7%	20.9%	20.7%	2.3%
1998	18.1%	30.2%	17.8%	18.8%	1.7%
1999	10.5%	22.8%	11.4%	12.0%	2.0%
2000	11.8%	7.2%	12.0%	17.9%	3.7%
2001	5.5%	-14.8%	-3.4%	-4.8%	3.2%
2002	2.1%	-18.0%	-5.3%	-6.0%	1.1%
2003	5.2%	0.3%	2.9%	2.2%	2.1%
2004	18.4%	19.1%	17.9%	18.3%	3.2%
2005	15.3%	6.3%	11.3%	12.7%	2.5%
2006	14.3%	8.6%	15.2%	12.7%	4.3%
2007	19.0%	20.6%	21.3%	20.5%	2.7%

Average Annual Return				
MSU CIF	S&P 500	NACUBO Mean	Big Ten Mean	CPI
Three-Year Average				
16.2%	11.7%	16.4%	15.2%	3.2%
6/30/07	NACUBO Rank – 54th of 683			
Five-Year Average				
14.3%	10.7%	13.9%	13.1%	3.0%
6/30/07	NACUBO Rank – 38th of 636			
Ten-Year Average				
11.8%	7.1%	11.1%	9.8%	2.7%
6/30/07	NACUBO Rank – 32nd of 499			

\*Ranking across reporting categories.  
Information Source—  
NACUBO Endowment Study

NOTE: The MSU CIF returns for 6/30/08 will be updated in October 2008 and the NACUBO benchmark returns will be updated in January 2009.

## COMMON INVESTMENT FUND

*A Financial Overview*

**MICHIGAN STATE  
UNIVERSITY**

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investment

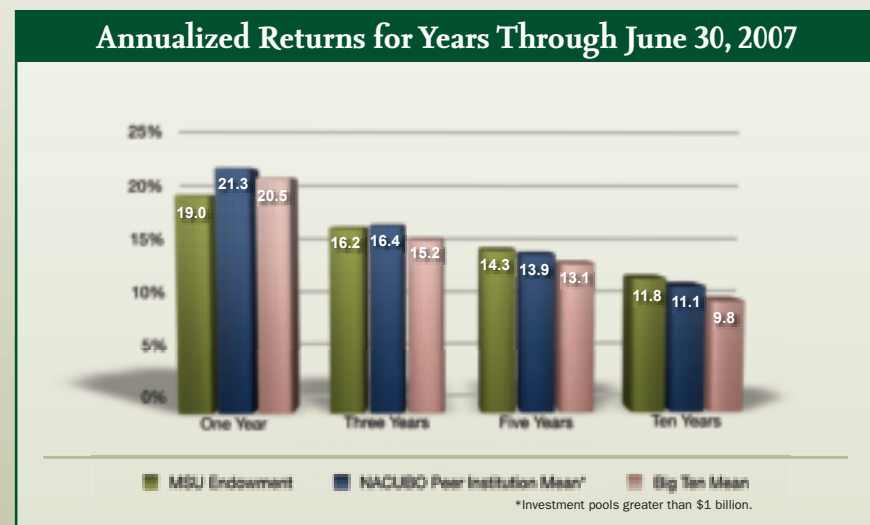
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INVESTMENT REPORT AND  
COMPARATIVE ENDOWMENT PERFORMANCE

As of June 30, 2007

Michigan State University's investment performance continues to be superior over the past decade. The National Association of College and University Business Officers (NACUBO) annually surveys its member institutions on investment pool returns. For the five and ten years ended June 30, 2007, MSU's investment returns have exceeded the NACUBO peer institution and Big Ten mean returns.

Results from the NACUBO Endowment Study for fiscal year ending June 30, 2007 placed MSU's 19.0% percent annual return 182nd of 726 reporting member institutions. For the three years ending June 30, 2007, MSU's average annual return of 16.2% percent placed it 54th of 683 institutions; for the five years ending June 30, 2007, MSU's average annual return of 14.3% percent placed it 38th of 636 institutions; and for the ten years ending June 30, 2007, MSU's average annual return of 11.8% percent placed it 32nd of 499 institutions.



THE COMMON INVESTMENT FUND  
ASSET ALLOCATION

MSU consolidates all funds available for long-term investment (generally at least five years), with the exception of funds restricted by law or by special donor limitations, in its "Common Investment Fund." This fund is the investment pool for over 1,600 privately endowed funds supporting a wide variety of educational, research and service programs at MSU as well as Board designated quasi and term endowments, including a series of laddered term endowments to enhance the investment return on MSU's base operating cash (cash in excess of short-term liquidity requirements). Also included in the pool is a portion of MSU's Retirement Fund and certain other long term institutional funds. Over the past five years, the Common Investment Fund has grown from \$578 million to over \$1.3 billion primarily as a result of private giving, investment returns and base operating cash transfers.

The investment objectives of the Common Investment Fund are to achieve a total rate of return sufficient to generate the amount annually made available for spending by MSU's programs supported by endowment funds and still provide a modest increase in the inflation-adjusted value, and to achieve the desired return while assuming only moderate risk.

MSU seeks to achieve these investment objectives by diversifying across major asset classes (ie. marketable equities, non-marketable investments, absolute return, fixed income) as well as within each asset class (ex. investment style, capitalization, industry). Investment policy approved by MSU's Board of Trustees outlines the asset allocation. Approximately one hundred different investment managers are engaged to invest the funds. Cambridge Associates serves as MSU's investment consultant.

The Common Investment Fund  
Asset Allocation as of June 30, 2007

