

Fund Improvements Are On the Way

The UC 403(b), 457(b) and DC Plans let you save more for retirement and invest that money in an array of high-quality, lower-fee funds. Now we're making changes that help make investing even easier.

Changes at a Glance

UC is making three changes to the fund menu for the 403(b), 457(b) and DC Plans.

These changes are designed to make it easier for you to build a diversified, lower-cost investment mix based on your time horizon and risk tolerance.

The changes are scheduled to take place after 1:00 p.m. PT on October 2, 2017, and can be viewed in your account on October 3, 2017.

1. Three funds are being renamed.

These funds will have a new name but will keep the same investment manager, strategy, and holdings. Investment management fees (the “expense ratio”) will not change.

CURRENTLY

Vanguard REIT Index Fund

Vanguard Social Index Fund

Vanguard Small Cap Fund



EFFECTIVE OCTOBER 2, 2017

UC Real Estate Fund

UC Social Equity Fund

UC Domestic Small Cap Equity Fund

2. Three funds are being restructured.

These funds will have a new name and investment structure, but will keep the same investment manager and strategy. All three funds will have lower investment management fees.

CURRENTLY

DFA Emerging Markets Portfolio

Fidelity Growth Company Fund

Fidelity Diversified International Fund



EFFECTIVE OCTOBER 2, 2017

UC Emerging Markets Equity Fund

UC Growth Company Fund

UC Diversified International Fund

3. Two funds are being removed.

These funds will be removed from the menu. Balances in and future contributions to these funds will transfer as follows, unless you select different funds.

CURRENTLY

UC Balanced Growth Fund

UC Global Equity Fund



EFFECTIVE OCTOBER 2, 2017

Investments transferring 100%
to a UC Pathway Fund
(see chart on page 7)

Investments transferring 85% to the
UC Domestic Equity Index Fund and 15% to
the UC International Equity Index Fund

Reasons for the Changes

1. Why rename the Vanguard REIT Index, Social Index and Small Cap Funds?

The new names make understanding how each fund invests more intuitive and are consistent with the names of our other UC funds. The investment manager, objectives, strategy, and holdings of these three funds will remain the same. Only the names and the fund codes used on NetBenefits® will change. There is no impact on investment fees (the “expense ratio”).

2. Why restructure the DFA Emerging Markets Portfolio and the Fidelity Growth Company and Diversified International Funds?

UC’s primary goal is to provide you with high-quality, lower-fee investment choices. We are switching these three funds from publicly available mutual funds to funds managed specifically for UC’s 403(b), 457(b) and DC Plans. One will be a separately managed account with Dimensional Fund Advisors (DFA); two will be collective trusts with Fidelity Investments. The result: These funds will have a new name, but keep the same investment manager and strategy. All three funds will have lower fees because they will have lower marketing and overhead-related costs than similar, publicly traded mutual funds. And when you pay lower fees, more of your money can go to work for your future.

Note that the Fidelity funds that currently provide a revenue credit to help offset plan expenses will no longer provide that credit due to the restructuring.

3. Why remove the UC Balanced Growth Fund and the UC Global Equity Fund? What will happen to investments in these funds?

These two funds are similar to other funds on the menu, so removing them eliminates duplication.

- › **THE UC BALANCED GROWTH FUND** is similar to the UC Pathway Funds in that it invests in multiple underlying funds. Unlike the UC Pathway Funds, however, the UC Balanced Growth Fund does not adjust its asset mix to grow more conservative over time. But as retirement grows closer, taking a more conservative approach can help safeguard your savings.
 - **Invested in the UC Balanced Growth Fund?** Unless you make a change, your investments will transfer to a UC Pathway Fund based on your date of birth (see page 7). If you want your investments to transfer differently, go to **NetBenefits.com** or call **866-682-7787** to request changes before 1:00 p.m. PT on October 2, 2017.
- › **THE UC GLOBAL EQUITY FUND** is mainly a combination of two underlying funds. The fund invests roughly 80–85% of its assets in the UC Domestic Equity Index Fund and 15–20% in the UC International Equity Index Fund. Many Plan participants invested in the UC Global Equity Fund may not be aware that they hold a large position in U.S. stocks, and as a result, may not have a clear picture of their overall risk.
 - **Invested in the UC Global Equity Fund?** Unless you make a change, 85% of your investment will transfer to the UC Domestic Equity Index Fund, and 15% will transfer to the UC International Equity Index Fund. If you want your investments to transfer differently, go to **NetBenefits.com** or call **866-682-7787** to request changes before 1:00 p.m. PT on October 2, 2017.



Find descriptions of each fund

You can find descriptions of each fund—including objective, strategy, fees, and risk—on pages 7–11 of this brochure.

To request changes to your investments, go to **NetBenefits.com** or call **866-682-7787**.

What You'll See on Your Statement and What to Do

All of the changes we're making will result in a fund exchange in participant accounts. So if you are invested in any of the funds that are changing, expect your account statement to show an exchange according to the following table. If you prefer, you can transfer your investments to a different fund than those shown in the table. Request your changes before 1:00 p.m. PT on Monday, October 2, 2017.

HOW FUNDS WILL TRANSFER

Existing balances in and any future contributions to these funds as of 1:00 p.m. PT, Monday, October 2, 2017:			Will be invested in these funds after 1:00 p.m. PT, Monday, October 2, 2017:	
Fund Name	Expense Ratio*		Fund Name	Expense Ratio*
RENAMED FUNDS				
Vanguard REIT Index Fund – Institutional Shares	.10%	>	UC Real Estate Fund	.10%
Vanguard FTSE Social Index Fund – Institutional Shares	.12%	>	UC Social Equity Fund	.12%
Vanguard Small-Cap Index Fund – Institutional Plus Shares	.04%	>	UC Domestic Small Cap Equity Fund	.04%
RESTRUCTURED FUNDS				
Fidelity Growth Company Fund – Class K	.66%	>	UC Growth Company Fund	.43%
Fidelity Diversified International Fund – Class K	.92%	>	UC Diversified International Fund	.58%
DFA Emerging Markets Portfolio – Institutional Class	.58%	>	UC Emerging Markets Equity Fund	.25%
REMOVED FUNDS				
UC Balanced Growth Fund	.11%	>	UC Pathway Fund (based on your date of birth)	.06% to .11%**
UC Global Equity Fund	.04%	>	85% to UC Domestic Equity Index Fund 15% to UC International Equity Index Fund	.005% .01%

*A mutual fund expense ratio is the total annual fund or class operating expenses (before waivers or reimbursements) paid by the fund and stated as a percentage of the fund's total net assets. For other types of investments, the figure in the expense ratio field reflects similar information, but may have been calculated differently than for mutual funds. Mutual fund data comes from the fund's prospectus. Expense information on the non-mutual fund investment options has been provided by the plan sponsor. Expense information changes periodically, so please consult NetBenefits.com for updates.

**Expense ratio varies based on each UC Pathway Fund's asset allocation.

Presenting the New Fund Menu

The new menu is designed to make it easier for you to build a diversified, lower-cost investment mix that matches your personal tolerance for risk. Following is an overview of the fund menu as of 1:00 p.m. PT on October 2, 2017. We encourage you to review all of your investments to see if you can take advantage of the lower-fee options available on our main fund menu.

UC PATHWAY FUNDS

UC Pathway Income Fund
UC Pathway Fund 2015
UC Pathway Fund 2020
UC Pathway Fund 2025

UC Pathway Fund 2030
UC Pathway Fund 2035
UC Pathway Fund 2040
UC Pathway Fund 2045

UC Pathway Fund 2050
UC Pathway Fund 2055
UC Pathway Fund 2060

MAIN FUND MENU

BOND INVESTMENTS

Short-Term

UC Savings Fund

Intermediate-Term

UC Bond Fund

Inflation-Protected

UC Short Term TIPS Fund

UC TIPS Fund

DOMESTIC STOCK

Large Cap

UC Domestic Equity Index Fund

UC Growth Company Fund

Small Cap

UC Domestic Small Cap Equity Fund

FOREIGN STOCK

Developed Markets

UC International Equity Index Fund

UC Diversified International Fund

Emerging Markets

UC Emerging Markets Equity Fund

SPECIALTY STOCK

UC Real Estate Fund

UC Social Equity Fund

FIDELITY BROKERAGELINK®

Additional Retail-priced Mutual Funds

Steps to consider



Review your investments

Learn more about all of the funds available to you. Then review your investments, compare the features of the available options, and make any needed changes. You can request changes at virtually any time.



Check automatic rebalance instructions

Have you made automatic rebalance elections? On October 3, 2017, update your rebalance elections to reflect the updated fund menu.

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Fund Descriptions

Following is a brief overview of each fund. For more detailed information, go to [NetBenefits.com](https://www.netbenefits.com).

UC Pathway Funds

The UC Pathway Funds are designed for investors who want a single, diversified approach to saving for retirement.

How do they work?

Each UC Pathway Fund allocates its mix of investments based on how far it is from its target date—the date at which fund investors are assumed to begin taking withdrawals.

Funds with a target date further on the horizon—such as the UC Pathway Fund 2050—are focused on growth and invest in higher amounts of stocks. Conversely, funds with a shorter time frame are more conservative, helping to increase stability as an investor approaches and moves into retirement. For example, the UC Pathway Fund 2020 invests in higher amounts of short-term and bond funds than the UC Pathway Fund 2050.

Who allocates or rebalances the underlying funds?

Currently, the UC Office of the Chief Investment Officer is responsible for rebalancing the underlying funds. Effective December 31, 2017, the function of rebalancing the mix of investments in each UC Pathway Fund will be assumed by a third party service provider. The Office of the Chief Investment Officer will still have oversight responsibilities.

What are the risks?

The UC Pathway Funds are subject to the same kinds of risks you'd face if you chose a diversified portfolio on your own.

Like any other investment, money held in a UC Pathway Fund is subject to the volatility of the financial markets, including equity and fixed income investments in the U.S. and abroad. And your Fund may be subject to risks associated with investing in high yield, small cap, and foreign securities. Principal invested is not guaranteed at any time, including at or after the Fund's target date.

Unlike other funds on the UC RSP Fund Menu, the investment risks of each Pathway Fund will change over time as the Fund's asset allocation changes, growing increasingly more conservative as the target date approaches. For more information on risk, see the *Investment Risk Factor Guide* available online in the *UCRSP Fund Menu* section at www.myucretirement.com.

How do the Funds match up to birth years?

The Pathway Funds are designed for investors who will start taking withdrawals around age 65. If you don't think you will start taking money from your account at age 65, you can choose another fund closest to the year you expect to need your savings.

IN RETIREMENT			CLOSER TO RETIREMENT				FURTHER FROM RETIREMENT			
YOUR BIRTH DATE*										
Before 1950	Jan. 1, 1950- Dec. 31, 1954	Jan. 1, 1955- Dec. 31, 1959	Jan. 1, 1960- Dec. 31, 1964	Jan. 1, 1965- Dec. 31, 1969	Jan. 1, 1970- Dec. 31, 1974	Jan. 1, 1975- Dec. 31, 1979	Jan. 1, 1980- Dec. 31, 1984	Jan. 1, 1985- Dec. 31, 1989	Jan. 1, 1990- Dec. 31, 1994	Jan. 1, 1995- and later
UC PATHWAY FUND										
UC Pathway Income Fund	UC Pathway Fund 2015	UC Pathway Fund 2020	UC Pathway Fund 2025	UC Pathway Fund 2030	UC Pathway Fund 2035	UC Pathway Fund 2040	UC Pathway Fund 2045	UC Pathway Fund 2050	UC Pathway Fund 2055	UC Pathway Fund 2060
EXPENSE RATIO										
.06%	.06%	.07%	.08%	.09%	.09%	.10%	.11%	.11%	.11%	.11%

*Dates selected by the plan sponsor.

Main Fund Menu

UC SAVINGS FUND

Expense ratio: .03%

Objective: Seeks to provide shorter term bond returns, with a strong focus of protecting principal.

Strategy: The UC Savings Fund is an interest-income fund. The UC Office of the Chief Investment Officer of the Regents manages the Fund according to policies established by the Regents of the University of California. The Fund invests in fixed income securities issued by the U.S. Treasury and U.S. government agencies, most of which are backed by the full faith and credit of the U.S. government. The Fund also invests in fixed income securities issued by U.S. government sponsored enterprises (GSEs) such as Fannie Mae, Freddie Mac and the Federal Home Loan Banks. The Fund strives to exceed the income returns of two-year U.S. Treasury Notes and to outpace inflation. The portfolio is optimized by adjusting the average maturity to respond to expected changes in interest rates.

Risk: There are many factors that can affect the value of the individual investments within each of the Fund Options. These vary depending on the type of investment- e.g., equity securities respond to such factors as economic conditions, individual company earnings performance, and market liquidity, while fixed income securities are particularly sensitive to changes in interest rates and credit risks. Fund managers attempt to identify and analyze these and other potential risks in managing the funds, although they cannot guarantee that their decisions will produce the desired results. "Risk" refers to the possibility of loss of principal, or alternatively to a rate of investment return below expectations or requirements. While volatility (price fluctuation) is not synonymous with risk, it is true that high volatility on the downside results in loss, and therefore higher volatility is associated with higher risk. Volatility, however results in realized losses only if securities are sold after a fall in price. For more information on risk, read the *Investment Risk Factor Guide* on www.myucretirement.com.

UC BOND FUND

Expense ratio: .03%

Objective: Seeks to provide long-term investment returns and limit downside risk by investing in intermediate-term debt securities.

Strategy: The UC Bond Fund is a fixed income fund managed by the Office of the Chief Investment Officer of the Regents according to the policies established by The Regents of the University of California. The Fund utilizes extensive analysis of economic and political factors using a "top-down" approach and fundamental, "bottom-up" analysis for individual security selection. It maintains a diversified portfolio primarily of high-quality debt securities. The Fund seeks to be fully invested at all times, although a modest cash level may exist until invested. Fixed-income investments include government securities, mortgage-backed securities, and corporate bonds. The portfolio managers allocate exposures to these broad sectors based on their relative return projections. The average weighted duration of the Fund is targeted not to vary from that of the Bloomberg Barclays U.S. Aggregate Index by more than 20%. No more than 10% of the Fund may be invested in non-U.S.-dollar-denominated securities, and no more than 10% of the Fund may be invested in below-investment grade securities. The Bond Fund is managed by our internal Fixed Income Team.

Risk: There are many factors that can affect the value of the individual investments within each of the Fund Options. These vary depending on the type of investment- e.g., equity securities respond to such factors as economic conditions, individual company earnings performance, and market liquidity, while fixed income securities are particularly sensitive to changes in interest rates and credit risks. Fund managers attempt to identify and analyze these and other potential risks in managing the funds, although they cannot guarantee that their decisions will produce the desired results. "Risk" refers to the possibility of loss of principal, or alternatively to a rate of investment return below expectations or requirements. While volatility (price fluctuation) is not synonymous with risk, it is true that high volatility on the downside results in loss, and therefore higher volatility is associated with higher risk. Volatility, however results in realized losses only if securities are sold after a fall in price. For more information on risk, read the *Investment Risk Factor Guide* on www.myucretirement.com.

The Bloomberg Barclays U.S. Aggregate Bond Index is an unmanaged market value-weighted index for U.S. dollar denominated investment-grade fixed-rate debt issues, including government, corporate, asset-backed, and mortgage-backed securities with maturities of at least one year.

UC SHORT TERM TIPS FUND

Expense ratio: .03%

Objective: Seeks to provide returns more closely correlated with realized inflation over the near term and to offer investors the potential for less volatility of returns relative to a longer duration TIPS fund.

Strategy: The UC Short Term TIPS (Treasury Inflation-Protected Securities) Fund is a bond fund managed by the Office of the Chief Investment Officer of the Regents according to the policies established by The Regents of the University of California. The Fund invests in inflation-indexed securities issued by the U.S. Treasury. Inflation-indexed securities are designed to protect future purchasing power. The principal value is adjusted for changes in inflation, and interest is accrued on the inflation-adjusted principal. The Fund's performance benchmark is the Bloomberg Barclays 1-3 Year U.S. TIPS Index, and the Fund seeks to provide a total return that matches the Index. The UC Short Term TIPS Fund is composed primarily of U.S. Treasury notes and bonds whose principal is adjusted for changes in the Consumer Price Index. The value of TIPS is subject to the effects of changes in market interest rates caused by factors other than inflation. Generally, when interest rates rise, the value of inflation-indexed securities will fall and the Fund's share value will decline. Interest rate risk should be moderate for the Fund. The greatest risk occurs when interest rates rise and inflation declines.

Risk: There are many factors that can affect the value of the individual investments within each of the Fund Options. These vary depending on the type of investment- e.g., equity securities respond to such factors as economic conditions, individual company earnings performance, and market liquidity, while fixed income securities are particularly sensitive to changes in interest rates and credit risks. Fund managers attempt to identify and analyze these and other potential risks in managing the funds, although they cannot guarantee that their decisions will produce the desired results. "Risk" refers to the possibility of loss of principal, or alternatively to a rate of investment return below expectations or requirements. While volatility (price fluctuation) is not synonymous with risk, it is true that high volatility on the downside results in loss, and therefore higher volatility is associated with higher risk. Volatility, however results in realized losses only if securities are sold after a fall in price. For more information on risk, read the *Investment Risk Factor Guide* on www.myucretirement.com.

The Bloomberg Barclays 1-3 Year U.S. TIPS Index is an unmanaged index designed to represent securities that protect against adverse inflation and provide a minimum level of real return. To be included in this index, bonds must have cash flows linked to an inflation index, be sovereign issues denominated in U.S. currency, and have more than one year to maturity, and, as a portion of the index, total a minimum amount outstanding of 100 million U.S. dollars.

UC TIPS FUND

Expense ratio: .03%

Objective: Seeks to provide long-term return and inflation protection consistent with an investment in U.S. Government inflation-indexed securities or TIPS.

Strategy: The UC TIPS (Treasury Inflation-Protected Securities) Fund is a bond fund managed by the Office of the Chief Investment Officer of the Regents according to the policies established by the Regents of the University of California. The Fund invests in inflation-indexed securities issued by the U.S. Treasury. Inflation-indexed securities are designed to protect future purchasing power. The principal value is adjusted for changes in inflation, and interest is accrued on the inflation-adjusted principal. The Fund's performance benchmark is the Bloomberg Barclays U.S. TIPS Index, and the Fund seeks to provide a total return that matches the Index. The TIPS Fund is composed primarily of U.S. Treasury notes and bonds whose principal is adjusted for changes in the Consumer Price Index. The Fund invests in inflation-indexed securities issued by the U.S. Treasury. Inflation-indexed securities are designed to protect future purchasing power. The principal value is adjusted for changes in inflation, and interest is accrued on the inflation-adjusted principal. The Fund's performance benchmark is the Bloomberg Barclays U.S. TIPS Index, and the Fund seeks to provide a total return that matches the Index.

Risk: There are many factors that can affect the value of the individual investments within each of the Fund Options. These vary depending on the type of investment- e.g., equity securities respond to such factors as economic conditions, individual company earnings performance, and market liquidity, while fixed income securities are particularly sensitive to changes in interest rates and credit risks. Fund managers attempt to identify and analyze these and other potential risks in managing the funds, although they cannot guarantee that their decisions will produce the desired results. "Risk" refers to the possibility of loss of principal, or alternatively to a rate of investment return below expectations or requirements. While volatility (price fluctuation) is not synonymous with risk, it is true that high volatility on the downside results in loss, and therefore higher volatility is associated with higher risk. Volatility, however results in realized losses only if securities are sold after a fall in price. For more information on risk, read the *Investment Risk Factor Guide* on www.myucretirement.com.

The Bloomberg Barclays U.S. TIPS Index is an unmanaged index designed to represent securities that protect against adverse inflation and provide a minimum level of real return. To be included in this index, bonds must have cash flows linked to an inflation index, be sovereign issues denominated in U.S. currency, and have more than one year to maturity, and, as a portion of the index, total a minimum amount outstanding of 100 million U.S. dollars.

UC DOMESTIC EQUITY INDEX FUND

Expense ratio: .005%

Objective: Seeks to provide broad and diversified exposure to the U.S. equity market.

Strategy: The UC Domestic Equity Index Fund is a stock fund managed by the Office of the Chief Investment Officer of the Regents according to policies established by The Regents of the University of California. The Fund seeks to provide investment results approximating the total return performance of the securities included in the Russell 3000 Index and is invested in a Russell 3000 Tobacco Free (TF) Index Fund managed by State Street Global Advisors.

Risk: There are many factors that can affect the value of the individual investments within each of the Fund Options. These vary depending on the type of investment- e.g., equity securities respond to such factors as economic conditions, individual company earnings performance, and market liquidity, while fixed income securities are particularly sensitive to changes in interest rates and credit risks. Fund managers attempt to identify and analyze these and other potential risks in managing the funds, although they cannot guarantee that their decisions will produce the desired results. "Risk" refers to the possibility of loss of principal, or alternatively to a rate of investment return below expectations or requirements. While volatility (price fluctuation) is not synonymous with risk, it is true that high volatility on the downside results in loss, and therefore higher volatility is associated with higher risk. Volatility, however results in realized losses only if securities are sold after a fall in price. For more information on risk, read the *Investment Risk Factor Guide* on www.myucretirement.com.

The Russell 3000 Index is an unmanaged market capitalization-weighted index that includes the 3,000 largest U.S. companies representing approximately 98 percent of the investable U.S. equity market.

UC GROWTH COMPANY FUND

Expense ratio: .43%

Objective: Seeks capital appreciation.

Strategy: The Fund is a separate account invested in the Fidelity® Growth Company Commingled Pool Class 2. The Fund normally invests primarily in common stocks of domestic and foreign issuers with the potential for above-average growth. Growth may be measured by factors such as earnings or revenue. Uses fundamental analysis of each issuer's financial condition and industry position and market and economic conditions to select investments.

Risk: The value of the Fund's domestic and foreign investments will vary from day to day in response to many factors, such as adverse issuer, political, regulatory, market, or economic developments. Stock values fluctuate in response to the activities of individual companies, and general market and economic conditions. You may have a gain or loss when you sell your shares. Foreign investments involve greater risks than those of U.S. investments, as well as exposure to currency fluctuations. 'Growth' stocks can perform differently from the market as a whole and other types of stocks and can be more volatile than other types of stocks. You may have a gain or loss when you sell your units. "Risk" refers to the possibility of loss of principal, or alternatively to a rate of investment return below expectations or requirements. While volatility (price fluctuation) is not synonymous with risk, it is true that high volatility on the downside results in loss, and therefore higher volatility is associated with higher risk. Volatility, however results in realized losses only if securities are sold after a fall in price. For more information on risk, read the *Investment Risk Factor Guide* on www.myucretirement.com.

UC DOMESTIC SMALL CAP EQUITY FUND

Expense ratio: .04%

Objective: Seeks to track the performance of a benchmark index that measures the investment return of small-capitalization stocks.

Strategy: The Fund is a separate account invested in the Vanguard Small Cap Index Fund -Institutional Plus Shares (VSCPX) managed by Vanguard. The Fund employs an indexing investment approach designed to track the performance of the CRSP US Small Cap Index, a broadly diversified index of stocks of small U.S. companies. The advisor attempts to replicate the target index by investing all, or substantially all, of its assets in the stocks that make up the index, holding each stock in approximately the same proportion as its weighting in the index.

Risk: The securities of smaller, less well-known companies can be more volatile than those of larger companies. Value and growth stocks can perform differently from other types of stocks. Growth stocks can be more volatile. Value stocks can continue to be undervalued by the market for long periods of time. Stock markets are volatile and can decline significantly in response to adverse issuer, political, regulatory, market, economic or other developments. These risks may be magnified in foreign markets. "Risk" refers to the possibility of loss of principal, or alternatively to a rate of investment return below expectations or requirements. While volatility (price fluctuation) is not synonymous with risk, it is true that high volatility on the downside results in loss, and therefore higher volatility is associated with higher risk. Volatility, however results in realized losses only if securities are sold after a fall in price. For more information on risk, read the *Investment Risk Factor Guide* on www.myucreirement.com.

The CRSP US Small Cap Index includes U.S. companies that fall between the bottom 2%-15% of the investable market capitalization. There is no lower limit in market capitalization, other than what is specified by investability screens.

UC INTERNATIONAL EQUITY INDEX FUND

Expense ratio: .01%

Objective: Seeks to provide broad and diversified exposure to developed country (ex-U.S.) equity markets.

Strategy: The UC International Equity Index Fund is a stock fund managed by the Office of the Chief Investment Officer of the Regents according to policies established by The Regents of the University of California. The Fund seeks to provide investment results approximating the total return performance of the securities included in the MSCI World ex US Index. The Fund is invested in a MSCI World ex US Tobacco Free (TF) Index Fund managed by State Street Global Advisors. The MSCI World ex US Index is designed to measure the performance of developed stock markets outside the United States.

Risk: There are many factors that can affect the value of the individual investments within each of the Fund Options. These vary depending on the type of investment- e.g., equity securities respond to such factors as economic conditions, individual company earnings performance, and market liquidity, while fixed income securities are particularly sensitive to changes in interest rates and credit risks. Fund managers attempt to identify and analyze these and other potential risks in managing the funds, although they cannot guarantee that their decisions will produce the desired results. "Risk" refers to the possibility of loss of principal, or alternatively to a rate of investment return below expectations or requirements. While volatility (price fluctuation) is not synonymous with risk, it is true that high volatility on the downside results in loss, and therefore higher volatility is associated with higher risk. Volatility, however results in realized losses only if securities are sold after a fall in price. For more information on risk, read the *Investment Risk Factor Guide* on www.myucreirement.com.

The MSCI World ex-US Index is a market capitalization weighted index of equity securities of companies domiciled in various countries. The Index is designed to represent the performance of developed stock markets throughout the world and excludes certain market segments unavailable to U.S. based investors.

UC DIVERSIFIED INTERNATIONAL FUND

Expense ratio: .58%

Objective: Seeks capital growth.

Strategy: The Fund is a separate managed account invested in the Fidelity Diversified International Commingled Pool. The Fund is a broadly diversified international equity strategy that seeks capital growth by investing primarily in stocks from foreign developed markets. The Fund seeks to outperform its benchmark (MSCI EAFE [Net MA]) over time through an actively managed investment approach.

Risk: Stock markets, especially foreign markets, are volatile and can decline significantly in response to adverse issuer, political, regulatory, market, or economic developments. Foreign securities are subject to interest rate, currency exchange rate, economic, and political risks, all of which are magnified in international equity. You may have a gain or loss when you sell your shares. "Risk" refers to the possibility of loss of principal, or alternatively to a rate of investment return below expectations or requirements. While volatility (price fluctuation) is not synonymous with risk, it is true that high volatility on the downside results in loss, and therefore higher volatility is associated with higher risk. Volatility, however, results in realized losses only if securities are sold after a fall in price. For more information on risk, read the *Investment Risk Factor Guide* on www.myucreirement.com.

The MSCI Europe, Australasia and Far East Index (net MA tax) is an unmanaged market capitalization-weighted index of equity securities of companies domiciled in various countries. The index is designed to represent performance of developed stock markets outside the United States and Canada and excludes certain market segments unavailable to U.S. based investors. The index returns for periods after 1/1/1997 are adjusted for tax withholding rates applicable to U.S.-based mutual funds organized as Massachusetts business trusts.

UC EMERGING MARKETS EQUITY FUND

Expense ratio: .25%

Objective: Seeks to achieve long-term capital appreciation by investing in Emerging Market equities.

Strategy: The Fund is a separate account managed by DFA Investment Trust Company (the "Trust") The objective is to offer exposure to emerging markets equities by investing assets in securities held within the MSCI Emerging Markets Index. The Fund aims to outperform its benchmark over time through an actively managed investment approach.

Risk: Foreign securities are subject to interest-rate, currency-exchange-rate, economic, and political risks, all of which may be magnified in emerging markets. Stock markets are volatile and can decline significantly in response to adverse issuer, political, regulatory, market, economic or other developments. "Risk" refers to the possibility of loss of principal, or alternatively to a rate of investment return below expectations or requirements. While volatility (price fluctuation) is not synonymous with risk, it is true that high volatility on the downside results in loss, and therefore higher volatility is associated with higher risk. Volatility, however results in realized losses only if securities are sold after a fall in price. For more information on risk, read the *Investment Risk Factor Guide* on www.myucreirement.com.

The MSCI Emerging Markets Index includes large and midcap equities in less developed markets as determined by MSCI.

UC REAL ESTATE FUND

Expense ratio: .10%

Objective: Seeks to provide a high level of income and moderate long-term capital appreciation by tracking the performance of a benchmark index that measures the performance of publicly traded equity Real Estate Investment Trusts (REITs).

Strategy: The Fund is a separate account invested in the Vanguard REIT Index Fund -Institutional Shares (VGSNX) managed by Vanguard. The Fund employs an indexing investment approach designed to track the performance of the MSCI US REIT Index. The index is composed of stocks of publicly traded equity real estate investment trusts (known as REITs). The adviser attempts to replicate the index by investing all, or substantially all, of its assets in the stocks that make up the index, holding each stock in approximately the same proportion as its weighting in the index.

Risk: Real Estate is a cyclical industry that is sensitive to interest rates, economic conditions (both nationally and locally) and other factors. Changes in real estate values or economic downturns can have a significant negative effect on issuers in the real estate industry. Stock markets are volatile and can decline significantly in response to adverse issuer, political, regulatory, market, economic or other developments. These risks may be magnified in foreign markets. Sector funds can be more volatile because of their narrow concentration in a specific industry. In general the bond market is volatile, and fixed income securities carry interest rate risk. (As interest rates rise, bond prices usually fall, and vice versa. This effect is usually more pronounced for longer-term securities.) Fixed income securities also carry inflation risk and credit and default risks for both issuers and counterparties. Unlike individual bonds, most bond funds do not have a maturity date, so avoiding losses caused by price volatility by holding them until maturity is not possible. "Risk" refers to the possibility of loss of principal, or alternatively to a rate of investment return below expectations or requirements. While volatility (price fluctuation) is not synonymous with risk, it is true that high volatility on the downside results in loss, and therefore higher volatility is associated with higher risk. Volatility, however results in realized losses only if securities are sold after a fall in price. For more information on risk, read the *Investment Risk Factor Guide* on www.myucretirement.com.

The MSCI US REIT Index is a free float-adjusted market capitalization weighted index that is comprised of equity REITs that are included in the MSCI US Investable Market 2500 Index, with the exception of specialty equity REITs that do not generate a majority of their revenue and income from real estate rental and leasing operations. The index represents approximately 85% of the US REIT universe.

UC SOCIAL EQUITY FUND

Expense ratio: .12%

Objective: Seeks to track the performance of a benchmark index that measures the investment return of socially screened large- and mid-capitalization stocks.

Strategy: The Fund is a separate account invested in the Vanguard FTSE Social Index Fund -Institutional Shares (VFTNX) managed by Vanguard. The Fund employs an indexing investment approach designed to track the performance of the FTSE4Good US Select Index. The index is composed of the stocks of companies that have been screened for certain social and environmental criteria by the index sponsor, which is independent of Vanguard. The Advisor attempts to replicate the index by investing all, or substantially all, of its assets in the stocks that make up the index.

Risk: Value and growth stocks can perform differently from other types of stocks. Growth stocks can be more volatile. Value stocks can continue to be undervalued by the market for long periods of time. Stock markets are volatile and can decline significantly in response to adverse issuer, political, regulatory, market, economic or other developments. These risks may be magnified in foreign markets. The Fund's social responsibility criteria will affect the Fund's exposure to certain issuers, industries, sectors, regions and countries and could cause the Fund to sell or avoid stocks that subsequently perform well. In addition, undervalued stocks that do not meet the social criteria could outperform those that do. "Risk" refers to the possibility of loss of principal, or alternatively to a rate of investment return below expectations or requirements. While volatility (price fluctuation) is not synonymous with risk, it is true that high volatility on the downside results in loss, and therefore higher volatility is associated with higher risk. Volatility, however results in realized losses only if securities are sold after a fall in price. For more information on risk, read the *Investment Risk Factor Guide* on www.myucretirement.com.

The FTSE4Good U.S. Select Index is composed of the stocks of companies that have been screened for certain social and environmental criteria by the index sponsor, which is independent of Vanguard.

The UC Pathway Funds and the funds available in the main fund menu are not mutual funds. They are separate accounts managed by the University of California Office of the Chief Investment Officer of the Regents.

The information contained herein regarding the UC-managed Funds has been provided by the University of California Office of the Chief Investment Officer of the Regents and is solely the responsibility of the University of California Office of the Chief Investment Officer of the Regents.

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

The 403(b), 457(b), and DC Plans

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