

December 17, 2010

Mr. Narvel G. Weese, Jr.
Vice President for Administration and Finance
West Virginia University
Stewart Hall
Post Office Box 6205
Morgantown, West Virginia 26506

Re: Annual Report to West Virginia University
Regarding the SB603 Unrestricted Investment Funds

Dear Mr. Weese:

The West Virginia University Foundation, Incorporated, in its capacity as Investment Agent, has prepared the enclosed annual report on the Unrestricted Investment Funds (the "Investment Funds") for the 12-month period from November 1, 2009 through October 31, 2010. The Investment Funds were made available pursuant to §12-1-12b of WV Senate Bill 603.

Included herein is a Market Overview and a Portfolio Review for the 12-month period, detailing the investment assets under management, asset allocation, and annual performance.

We are honored to serve as Investment Agent on behalf of West Virginia University and look forward to serving your needs as they relate to the Investment Funds. If you have any questions or would like any additional information, please do not hesitate to contact us.

Sincerely,



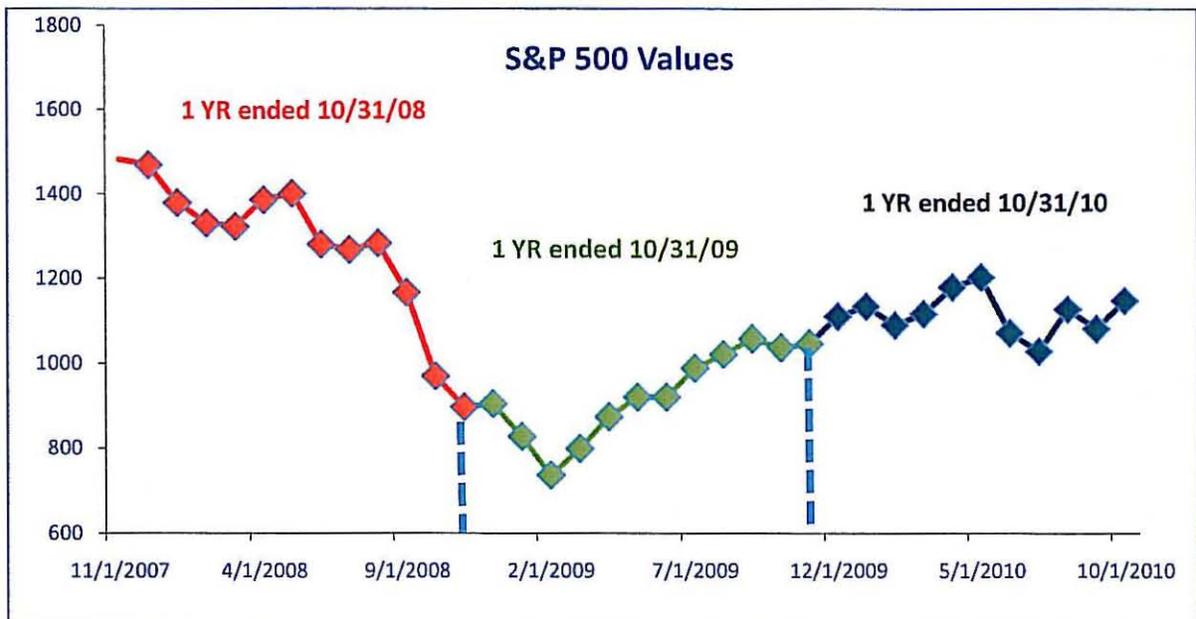
Richard S. Kraich, CFA
Vice President & Chief Investment Officer

Market Overview

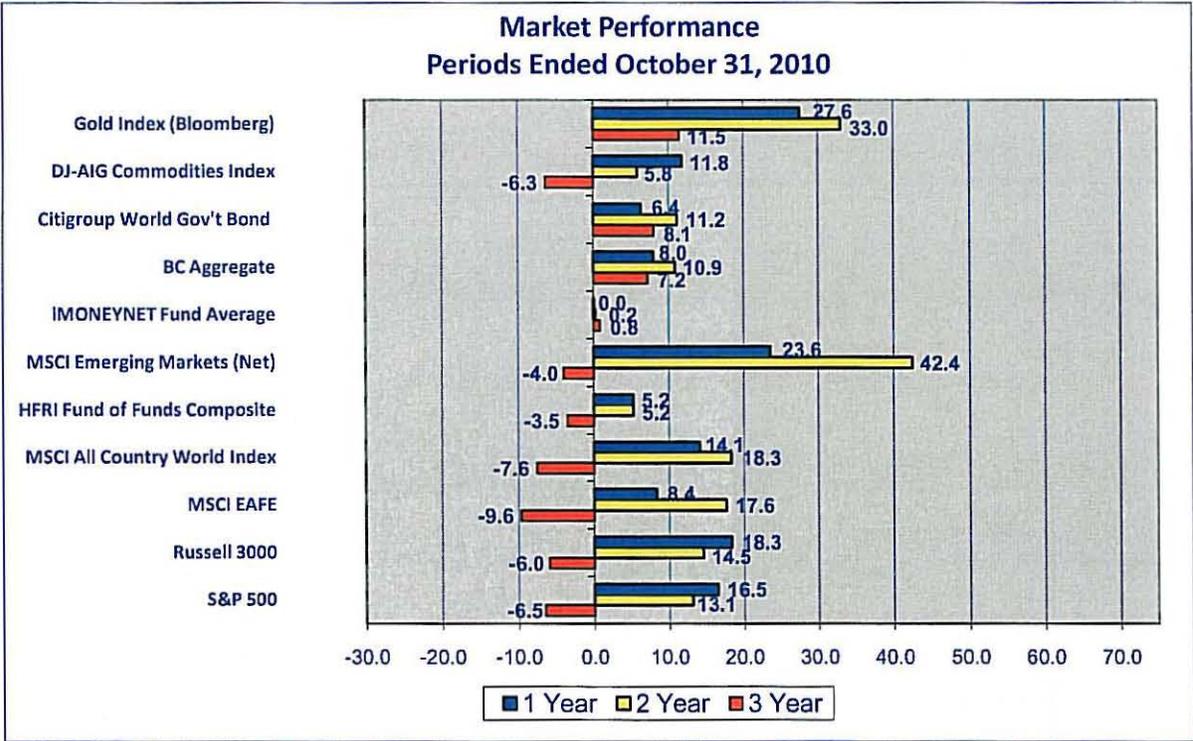
Markets continue to recover from the financial crisis of 2008-2009. From the market peak in October 2007 to the trough in March 2009, the S&P 500 lost over half of its value. The index recovered just over half of that loss through October 2010. The sharp rebound beginning in March 2009 has become more muted in 2010 as government stimulus wanes, some European countries have experienced sovereign debt issues, and unemployment remains stubbornly high. The equity markets are encouraged, however, by further quantitative easing from the Federal Reserve, reduced uncertainty after the elections, and continued global economic growth.

The following charts display (i) the change in value of the S&P 500 Index over a 3-year period, and (ii) the performance of key market indices for the 1-, 2-, and 3-year periods ended October 31, 2010.

The first chart illustrates the S&P 500 near its peak in late 2007, the sharp drop beginning with the Lehman bankruptcy in September 2008, and the bottom being reached in March 2009. As the financial system stabilized, the index showed a steady recovery until the European sovereign debt crisis in the spring of 2010 and has rebounded again since then.



The Market Performance chart illustrates the negative impact of the financial crisis on 3-year returns on all asset classes except for bonds and gold as shown by the red bars. The 2-year returns illustrate the strong returns since then once the prior year's return is excluded. All listed asset classes have seen positive returns over the recent 1- and 2-year periods.

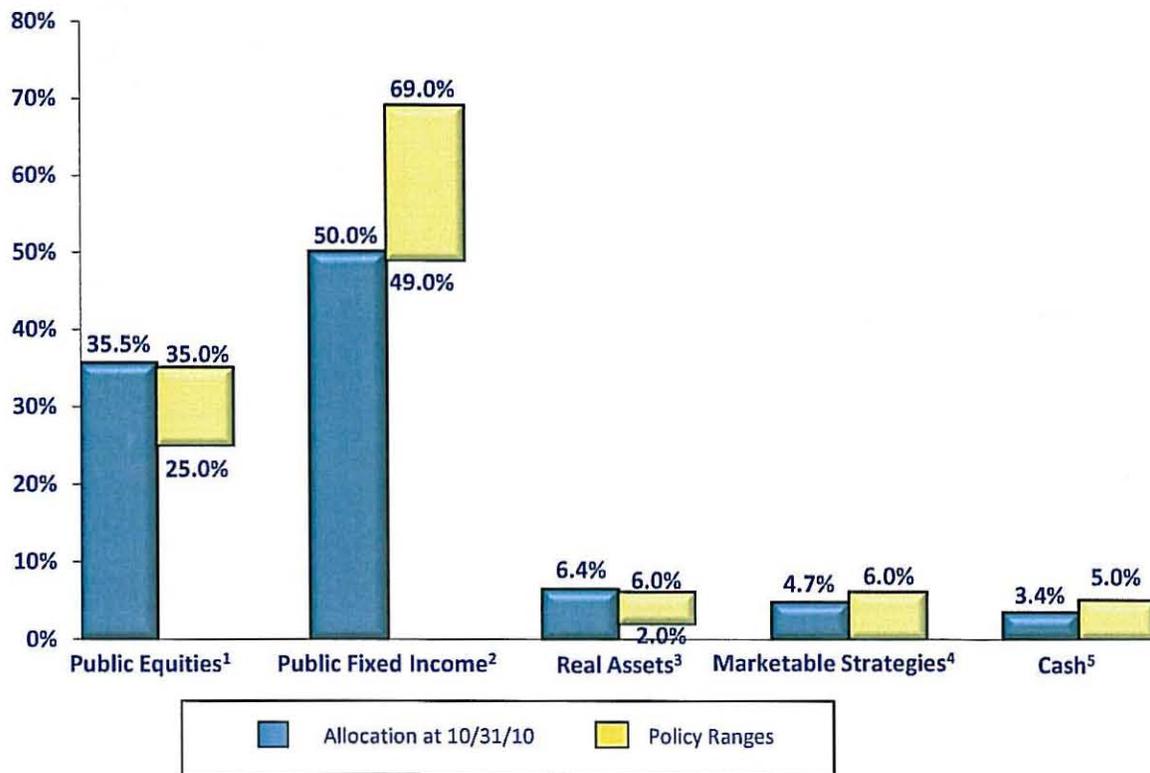


Portfolio Review

Investment Assets under Management: At October 31, 2010, the value of the Investment Funds' portfolio was \$31.2 million (10/31/09: \$28.1 million). The portfolio generated \$3.1 million of net earnings during the twelve month period and there were no transfers in or out of the pool.

Asset Allocation: At October 31, 2010, the Public Equities and Real Assets were slightly above the policy ranges while Public Fixed Income, Marketable Strategies and Cash were in line with the ranges. This portfolio is rebalanced quarterly to policy ranges subject to WVU Investment Committee review and approval. The Investment Policy allows for flexibility to maintain allocations outside the recommended range.

Asset Allocation as of October 31, 2010



¹ CF Multi-Strategy Equity, CF Core Equity, Dodge & Cox Stock, Dodge & Cox International

² IR&M, CF Multi-Strategy Bond, Brandywine, Dodge & Cox Fixed Income

³ Gold

⁴ CF Absolute Return and Robeco-Sage Capital International

⁵ Cash

Performance: For the 12-months ended October 31, 2010, the Investment Funds earned \$3.3 million, resulting in an 11.6% return for the year while the S&P 500 gained 16.5% and the Barclays Aggregate Bond Index rose 8.0%. The Investment Funds outperformed their custom blended benchmark by 218 basis points. The strong performance was led by the Funds' exposure to gold through the SPDR Gold Trust ETF, which gained 29.4% for the 12-month period, and was helped by the allocation to equities which, while choppy, performed well during the time period. The Funds' exposure to international bonds also enhanced returns. Since inception of the Investment Funds' program in November 2006, the S&P 500 Index has generated a return of -2.1%, as compared to the 2.0% return of the Investment Funds.

Performance

%	<u>1 YR</u>	<u>3 YR</u>	<u>ITD</u>
WVU Unrestricted Investment Funds	11.6	0.7	2.0
<i>Custom Benchmark*</i>	<i>9.5</i>	<i>0.5</i>	<i>2.2</i>
<i>S&P 500 Index</i>	<i>16.5</i>	<i>-6.5</i>	<i>-2.1</i>
<i>Barclays Aggregate Bond Index</i>	<i>8.0</i>	<i>7.2</i>	<i>6.6</i>
<i>90 day T-bills</i>	<i>0.1</i>	<i>1.0</i>	<i>2.0</i>

**Custom Benchmark calculated by State Street. Benchmark is a dynamic blend based upon the average monthly balances of all WVU Unrestricted investment accounts and the returns of their corresponding benchmark indexes.*

West Virginia University Unrestricted

RATES OF RETURN - Net Mgr
Periods Ending October 31, 2010



STATE STREET

PERFORMANCE SUMMARY REPORT

	MKT VAL	% OF FUND	1 YEAR	PERF. ITD	PERF. INCEPT. DATE
EQUITY					
CF CORE EQUITY FUND	2,251,411	7.2	17.80	17.80	11/2009
<i>S&P 500</i>			16.52	16.52	
CF MULTI STRATEGY EQUITY FUND	4,426,777	14.2	16.38	-3.82	10/2007
<i>S&P 500</i>			16.52	-5.84	
DODGE AND COX	2,681,237	8.6	14.47	-5.89	12/2006
<i>S&P 500</i>			16.52	-2.13	
DODGE AND COX INTL STK FD	1,711,202	5.5	16.20	-4.57	07/2007
<i>MSCI EAFE (NET)</i>			8.36	-7.02	
TOTAL EQUITIES	11,070,628	35.5	16.16	-3.77	04/2007
FIXED INCOME					
INCOME RESEARCH & MANAGEMENT	5,872,631	18.8	7.25	6.46	12/2006
<i>BC AGGREGATE</i>			8.01	6.60	
CF MULTI STRATEGY BOND FUND	3,635,209	11.7	10.59	6.63	10/2007
<i>BC AGGREGATE</i>			8.01	7.33	
DODGE & COX FIXED INCOME	4,680,690	15.0		5.24	04/2010
<i>BC AGGREGATE</i>				6.43	
BRANDYWINE GLOBAL FIXED INCOME	1,408,749	4.5	13.60	8.98	12/2006
<i>Citigroup WGBI (All Maturities)</i>			6.35	7.84	
TOTAL FIXED INCOME	15,597,279	50.0	8.66	6.70	04/2007
ALTERNATIVE INVESTMENTS					
CF ABSOLUTE RETURN FUND	19,255	0.1	-44.37	-19.60	02/2008
ROBECO SAGE	1,441,516	4.6	5.57	-0.40	12/2006
TOTAL ALTERNATIVES	1,460,771	4.7	4.33	-1.05	04/2007

West Virginia University Unrestricted

RATES OF RETURN - Net Mgr
Periods Ending October 31, 2010



STATE STREET

PERFORMANCE SUMMARY REPORT

	MKT VAL	% OF FUND	1 YEAR	PERF. ITD	PERF. INCEPT. DATE
REAL ASSETS					
SPDR GOLD SHARES	1,985,356	6.4	29.40	32.09	05/2009
CASH EQUIVALENTS					
SSGA CASH	1,056,598	3.4	0.12	2.30	12/2006
TOTAL FUND					
TOTAL UNRESTRICTED INVESTMENTS	31,170,632	100.0	11.64	2.04	12/2006
TOTAL UNRESTRICTED BENCHMARK			9.46	2.15	

The Total Unrestricted Benchmark is a dynamic blend based upon the average monthly balances of all investments and the returns of their corresponding indexes.