



Southern Illinois University

Quarterly Investment Report
March 31, 2023

Market Update

SUMMARY

- In Q1, U.S. economic conditions were characterized by: (1) lingering inflation that remains well above the Federal Reserve's (Fed) long-term inflation target; (2) a labor market that may be showing the first signs of moderation; and (3) greater economic uncertainty following financial industry volatility and debt ceiling debates.
- The scope for the Fed to continue its rate-hiking path has narrowed dramatically with the recent developments in the banking sector and the outlook for economic growth. Following two rate hikes in the first quarter – a 25 basis point (bps) increase in both February and March – the overnight target rate is now in a range of 4.75% to 5.00%. Fed Chair Jerome Powell noted that events in the banking system might also “contribute to significant tightening in credit conditions over time, and in principle, that means that monetary policy may have less work to do.” Markets now firmly expect the Fed is at or very near its terminal rate peak. While the Fed has maintained that they will keep rates elevated for some time, a disconnect has emerged in Fed funds futures, which indicate that the market anticipates rate cuts during the latter half of 2023.
- The pace of inflation has moderated for nine consecutive months (since its peak of 9.1% in June 2022). March CPI inflation was released at 5%, and while this was lower than the 6% rate in February, the level remains stubbornly high. The inflation narrative has shifted away from goods and services – which had been attributed to supply chain disruptions – and is now zeroing in on shelter-related prices and core services. Shelter, the largest component of the inflation basket, has trended higher for multiple months. Core services is expected to remain quite sticky, and any meaningful downshift is likely reliant on a looser labor market as consumer spending remains resilient.
- The U.S. hit its debt ceiling (\$31.4 trillion) in January, triggering the U.S. Treasury Department to start taking extraordinary measures to prevent a default. Congress and the President need to agree on a budget for the federal government by October 1.

ECONOMIC SNAPSHOT

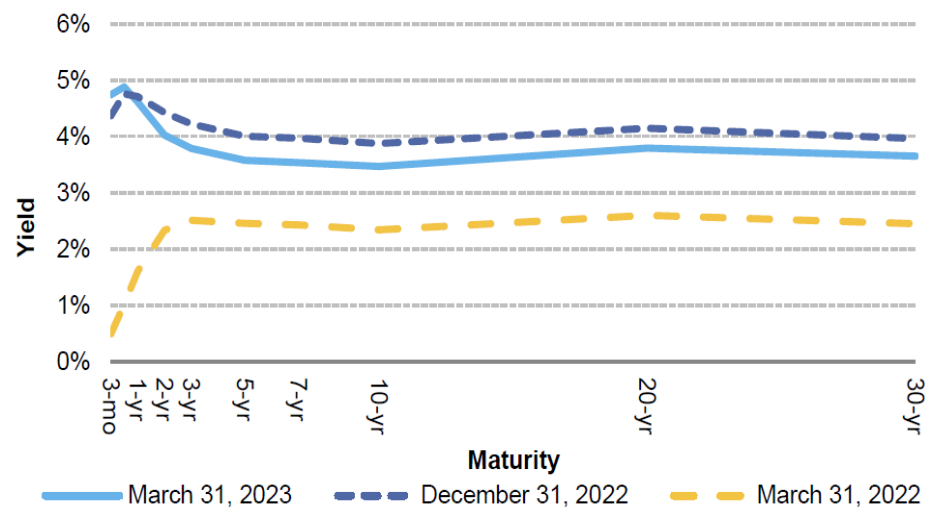
- Real gross domestic product (GDP) increased at an annual rate of 2.6% in the Q4 2022, after increasing 3.2% in the Q3. The increase in Q4 primarily reflected increases in inventory investment and consumer spending that were partly offset by a decrease in housing investment. Fed projections for GDP from their March meeting reflect expectations for weaker economic growth over the coming years, with projections for the calendar year 2023 at 0.4%, 2024 at 1.2%, and 2025 at 1.9%.
- The U.S. labor market remained quite strong as the U.S. economy added more than one million new jobs in the quarter compared to 853,000 in Q4, and the unemployment rate remained unchanged at 3.5%, underscoring the continued strength in the labor market. Some signs of cooling have emerged with job openings falling below 10 million in February for the first time in nearly two years, while average hourly earnings have maintained a multi-quarter trend lower.
- Consumer spending edged up by 0.2% in February and January's growth was revised to a 2% increase, which was the largest one-month gain in nearly two years. Services accounted for 61.8% of total consumer spending, which included categories such as financial services, healthcare, housing and utilities, recreation services, food services and accommodations, and transportation.
- On the housing front, the average 30-year mortgage rate increased modestly over the quarter, although it is notably lower from the November 2021 peak. On a national level, home prices continued their downward trajectory to start the year, a trend dating back to July 2022. As a result, existing home sales jumped 14.5% in February. New home sales increased 1.1% in February and have now increased for three consecutive months, indicating a modest firming in the housing market as buyers reemerge.

Market Update

INTEREST RATES

- The sharp fall in rates through March was led by the 2-year U.S. Treasury, which declined 104 bps from its March high of 5.07% to close the quarter at 4.03%. Longer-term U.S. Treasury yields declined notably as well, but to a lesser extent, as the inversion in the yield curve (measured by the difference between 2-year and 10-year U.S. Treasury yields) weakened from an intra-quarter low of -108 bps to finish the quarter at -56 bps.
- U.S. Treasuries, coming off one of the most volatile quarters in 15 years, posted firmly positive total returns as yields declined across the board. The ICE BofA 2-, 5- and 10-year U.S. Treasury indices returned 1.43%, 2.34% and 3.70%, respectively, for the first quarter.

U.S. Treasury Yield Curve



Source: Bloomberg, as of 3/31/2023.

SECTOR PERFORMANCE

- Diversification away from U.S. Treasury securities was a mixed bag for fixed-income performance during the first quarter as market volatility and the fall in interest rates largely dictated the relative performance of non-Treasury sectors.
- For example, the majority of investment-grade (IG) fixed income sectors generated negative excess returns for maturities inside three years as the rally in the 2-year U.S. Treasury yield was exceptional. Generally, as maturities went further along the yield curve, non-Treasury sectors generated more excess return relative to their 'risk-free' counterparts.
- IG corporate spreads were led wider by the banking sector during Q1. As a result, the IG corporate sector as a whole generated modestly negative excess returns for Q1. However, the large divergence between banking and non-banking spreads resulted in markedly different performance across the industry sector. For example, banking, financial, insurance, and real estate all posted firmly negative excess returns for Q1; meanwhile, the resiliency of the industrial sector shone as technology, energy, healthcare, consumer goods, retail, media, and basic industry all posted firmly positive excess returns for the quarter.
- MBS reversed course in Q1, following the strong relative performance bounce in Q4. The sector underperformed U.S. Treasuries by 50 bps for the quarter after outperforming by 60 bps during the first two months of the year, underscoring the extreme volatility experienced in bonds during March. While longer collateral and lower coupons generally led the pack lower, no coupon or collateral was immune to the broad underperformance for the quarter.

Summary of Operating Investments

Summary of Operating Investments

Market Value (\$ in millions)*

	3/31/2023
Illinois Funds	\$ 96.1
US Bank Commercial Paper Sweep	19.6
IntraFi Network Deposits	5.1
Subtotal Cash & Cash Equivalents	<u>\$ 120.8</u>
Short Term Portfolio	96.1
Intermediate Term Portfolio	172.2
Total Portfolio	<u><u>\$ 389.1</u></u>

Book Value (\$ in millions)

\$ 400.5

Current Yields (Annualized)

	3/31/2023
Illinois Funds	4.84%
US Bank Commercial Paper Sweep	2.25%
IntraFi Network Deposits	4.68%
Benchmark: S&P Rated Government Investment Pool Index	4.56%

Performance Summary (Total Return)**

	Current Quarter	1 Year	3 Year	5 Year	10 Year	Since Inception
Short Term Portfolio	1.21%	2.84%	1.14%	1.66%	-	1.53%
Benchmark: BofA Merrill Lynch 3-Month Treasury Bill Index	1.07%	2.50%	0.89%	1.41%	-	1.28%
Intermediate Term Portfolio	2.17%	-1.37%	-1.68%	1.19%	-	1.21%
Benchmark: Barclays Intermediate U.S. Govt. Securities	2.26%	-1.52%	-2.30%	1.06%	-	1.04%

*Detail may not add to total due to rounding

**Returns are gross of fees. Current Quarter total return is presented on a periodic basis. Trailing returns are presented, on an annualized basis.

SIU - Intermediate Term Portfolio

Investment Approach

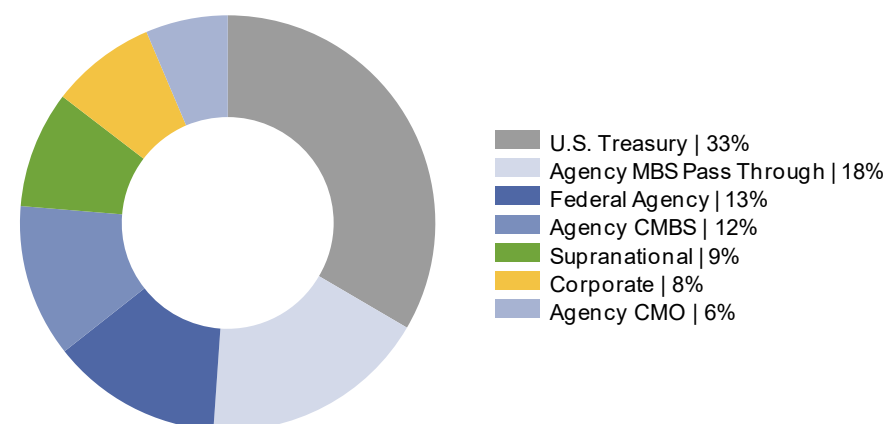
- The University's Intermediate Term portfolio is actively managed by PFM Asset Management, LLC. PFM seeks to add value by strategically buying or selling high-quality, fixed-income securities. Funds in the core portfolio are typically not needed over an intermediate- or long- term horizon and are therefore invested in fixed-income securities with maturity dates up to 10 years. This actively managed portfolio generally consists of all securities types available to the University in accordance with the permitted investments as described in the Illinois Public Funds Investment Act and the University's Investment Policy and Guidelines.

Portfolio Snapshot - SIU- INTERMEDIATE TERM¹

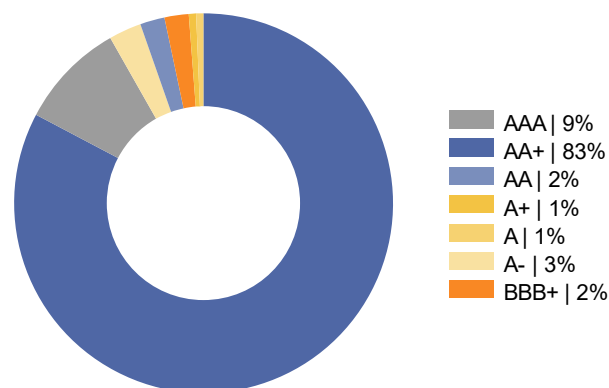
Portfolio Statistics

Total Market Value	\$172,173,879.29
Securities Sub-Total	\$171,089,100.40
Accrued Interest	\$615,038.23
Cash	\$469,740.66
Portfolio Effective Duration	3.50 years
Benchmark Effective Duration	3.74 years
Yield At Cost	2.29%
Yield At Market	4.01%
Portfolio Credit Quality	AA

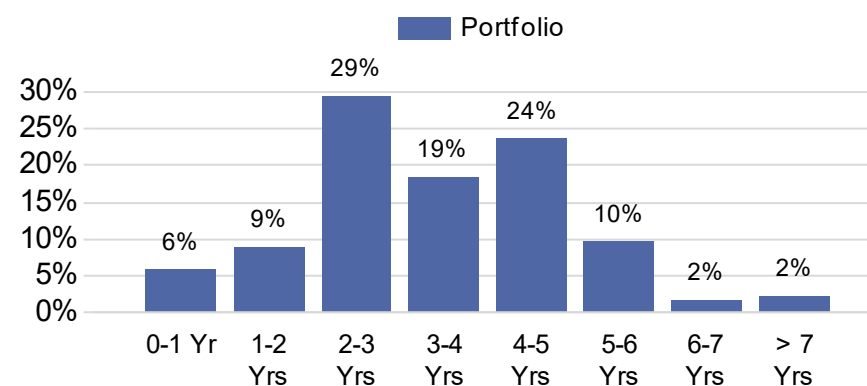
Sector Allocation



Credit Quality - S&P



Duration Distribution



1. Yield and duration calculations exclude cash and cash equivalents. Sector allocation includes market values and accrued interest. The portfolio's benchmark is Bloomberg Barclays Intermediate U.S. Government Index. Source: Bloomberg. An average of each security's credit rating was assigned a numeric value and adjusted for its relative weighting in the portfolio.

Issuer Diversification

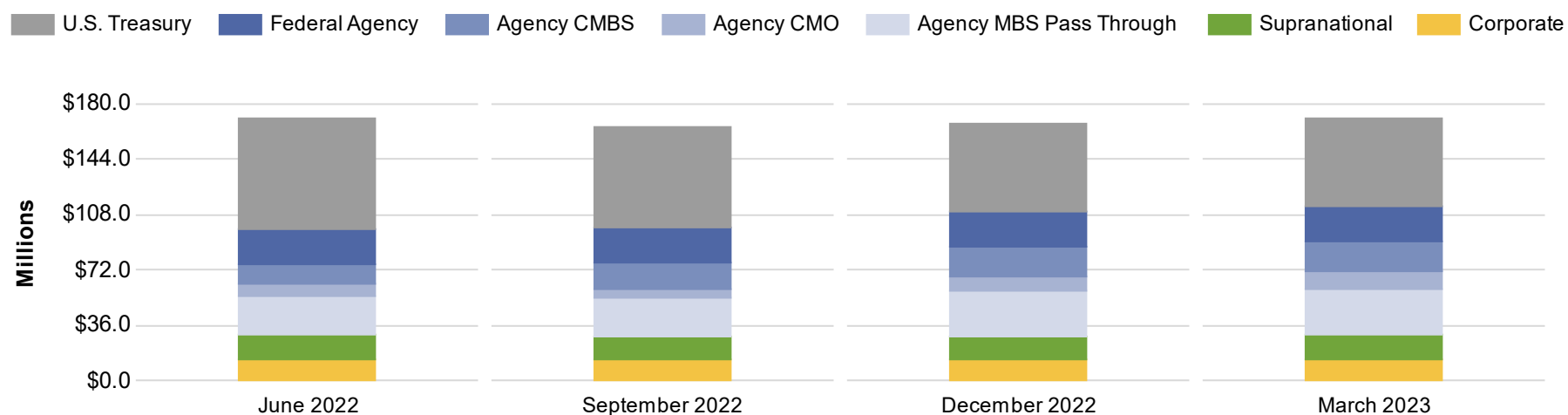
Security Type / Issuer	Market Value (%)	S&P / Moody's / Fitch
U.S. Treasury	33.4%	
UNITED STATES TREASURY	33.4%	AA / Aaa / AAA
Federal Agency	13.4%	
AGENCY FOR INTERNATIONAL DEVELOPMENT	1.2%	AA / Aaa / NR
FANNIE MAE	6.8%	AA / Aaa / AAA
FREDDIE MAC	2.3%	AA / Aaa / AAA
TENNESSEE VALLEY AUTHORITY	3.0%	AA / Aaa / AAA
Agency CMBS	11.9%	
FREDDIE MAC	11.9%	AA / Aaa / AAA
Agency CMO	6.4%	
FANNIE MAE	0.8%	AA / Aaa / AAA
FREDDIE MAC	4.2%	AA / Aaa / AAA
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION	1.3%	AA / Aaa / AAA
Agency MBS Pass Through	17.7%	
FANNIE MAE	11.6%	AA / Aaa / AAA
FREDDIE MAC	5.9%	AA / Aaa / AAA
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION	0.1%	AA / Aaa / AAA
Supranational	9.1%	
AFRICAN DEVELOPMENT BANK	1.9%	AAA / Aaa / AAA
ASIAN DEVELOPMENT BANK	0.4%	AAA / Aaa / AAA
INTER-AMERICAN DEVELOPMENT BANK	3.4%	AAA / Aaa / AAA
INTERNATIONAL FINANCE CORPORATION	0.8%	AAA / Aaa / NR
INTL BANK OF RECONSTRUCTION AND DEV	2.5%	AAA / Aaa / AAA

Security Type / Issuer	Market Value (%)	S&P / Moody's / Fitch
Corporate	8.2%	
CATERPILLAR INC	0.6%	A / A / A
CITIGROUP INC	0.7%	BBB / A / A
GOLDMAN SACHS GROUP INC	0.7%	BBB / A / A
HSBC HOLDINGS PLC	0.7%	A / A / A
JP MORGAN CHASE & CO	1.3%	A / A / AA
MORGAN STANLEY	0.8%	A / A / A
Roche Holding AG	1.4%	AA / Aa / AA
TOYOTA MOTOR CORP	0.6%	A / A / A
USAA CAPITAL CORP	0.7%	AA / Aa / NR
WELLS FARGO & COMPANY	0.6%	BBB / A / A
Total	100.0%	

Ratings shown are calculated by assigning a numeral value to each security rating, then calculating a weighted average rating for each security type / issuer category using all available security ratings, excluding Not-Rated (NR) ratings. For security type / issuer categories where a rating from the applicable NRSRO is not available, a rating of NR is assigned. Includes accrued interest and excludes balances invested in overnight funds.

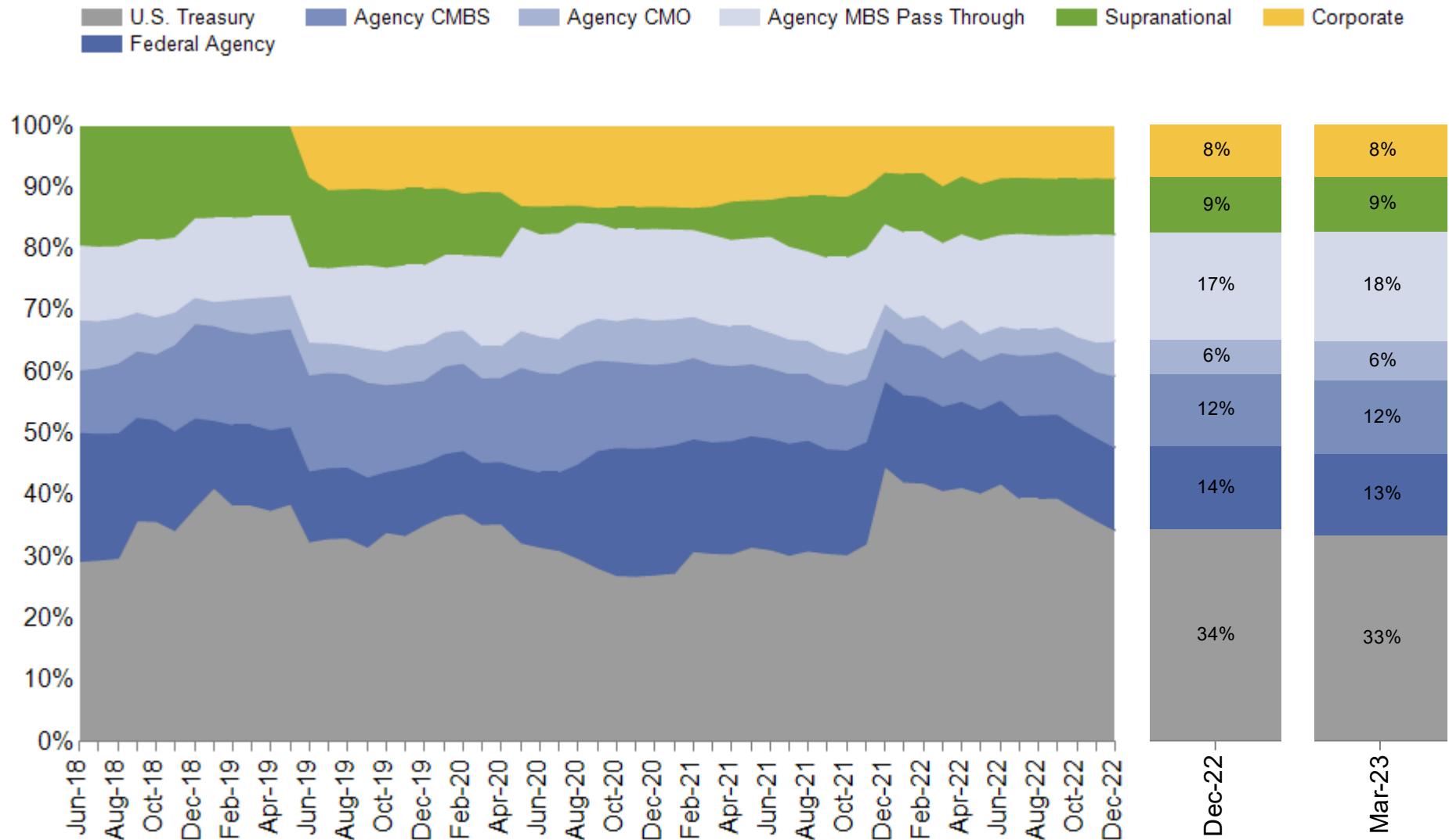
Sector Allocation Review - SIU- INTERMEDIATE TERM

Security Type	Jun-22	% of Total	Sep-22	% of Total	Dec-22	% of Total	Mar-23	% of Total
U.S. Treasury	\$71.4	42.0%	\$65.3	39.7%	\$57.6	34.4%	\$57.2	33.4%
Federal Agency	\$23.2	13.6%	\$22.4	13.6%	\$22.5	13.5%	\$22.8	13.3%
Agency CMBS	\$13.2	7.7%	\$16.8	10.2%	\$19.4	11.6%	\$20.4	11.9%
Agency CMO	\$7.3	4.3%	\$6.6	4.0%	\$9.6	5.7%	\$10.9	6.4%
Agency MBS Pass Through	\$25.4	14.9%	\$24.5	14.9%	\$29.0	17.3%	\$30.2	17.7%
Supranational	\$15.7	9.2%	\$15.1	9.2%	\$15.2	9.1%	\$15.6	9.1%
Corporate	\$14.1	8.3%	\$13.9	8.4%	\$13.9	8.4%	\$14.0	8.2%
Total	\$170.3	100.0%	\$164.7	100.0%	\$167.1	100.0%	\$171.1	100.0%



Market values, excluding accrued interest. Only includes fixed-income securities held within the separately managed account(s) and LGIPs managed by PFMAM. Detail may not add to total due to rounding.

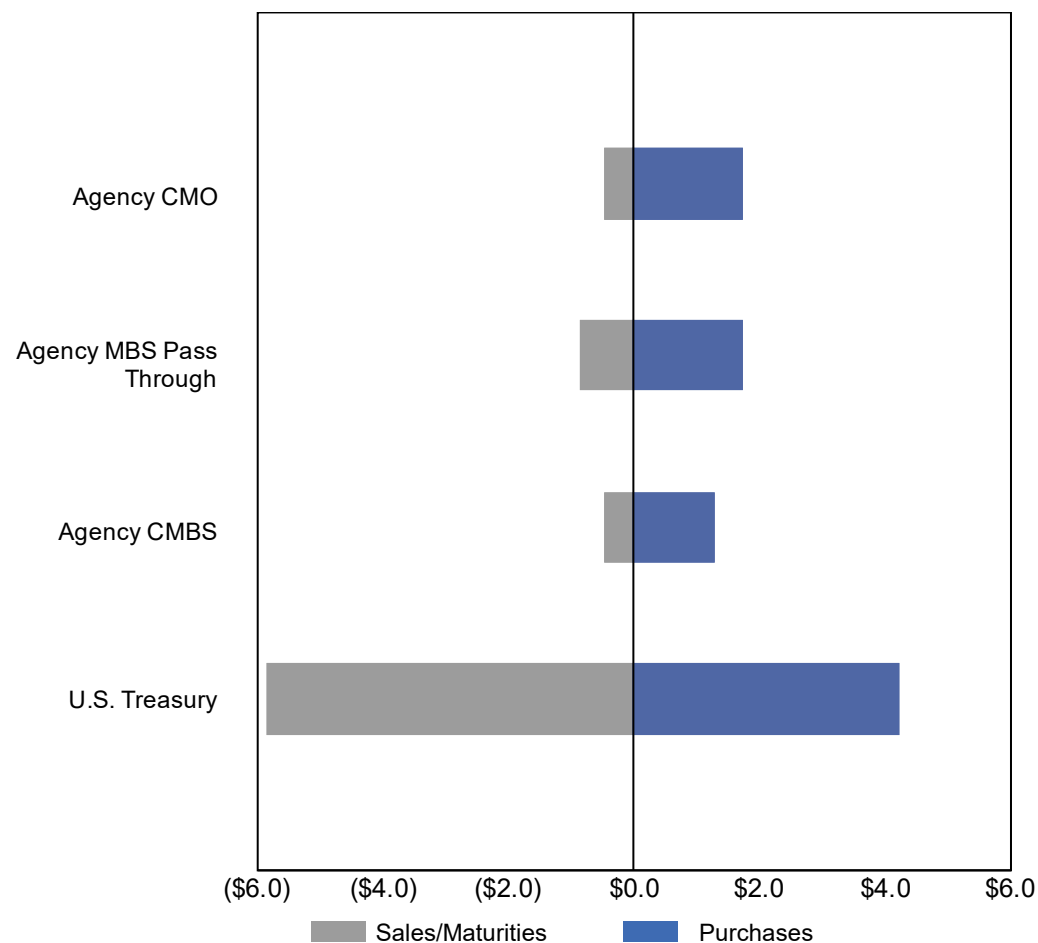
Historical Sector Allocation - SIU- INTERMEDIATE TERM



Only includes fixed-income securities held within the separately managed account(s) and LGIPs managed by PFMAM.

Portfolio Activity - SIU- INTERMEDIATE TERM

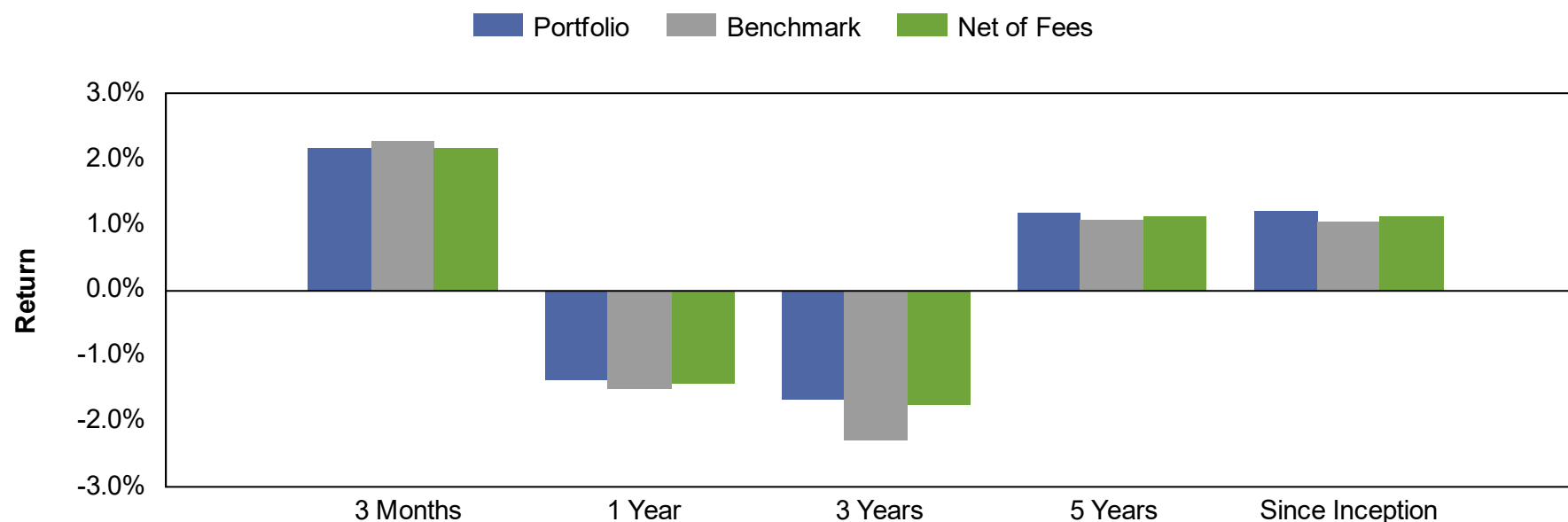
Net Activity by Sector
(\$ millions)



Sector	Net Activity
Agency CMO	\$1,250,591
Agency MBS Pass Through	\$887,253
Agency CMBS	\$832,370
U.S. Treasury	(\$1,606,934)
Total Net Activity	\$1,363,280

Based on total proceeds (principal and accrued interest) of buys, sells, maturities, and principal paydowns. Detail may not add to total due to rounding.

Portfolio Performance



Market Value Basis Earnings	3 Months	1 Year	3 Years	5 Years	Since Inception ¹
Interest Earned ²	\$999,848	\$3,683,728	\$11,071,475	\$18,644,760	\$26,069,600
Change in Market Value	\$2,664,140	(\$6,046,586)	(\$20,017,534)	(\$9,803,545)	(\$12,203,272)
Total Dollar Return	\$3,663,988	(\$2,362,858)	(\$8,946,059)	\$8,841,215	\$13,866,328
Total Return³					
Portfolio	2.17%	-1.37%	-1.68%	1.19%	1.21%
Benchmark ⁴	2.26%	-1.52%	-2.30%	1.06%	1.04%
Basis Point Fee	0.02%	0.07%	0.07%	0.07%	0.07%
Net of Fee Return	2.15%	-1.44%	-1.75%	1.12%	1.14%

1. The lesser of 10 years or since inception is shown. Since inception returns for periods one year or less are not shown. Performance inception date is September 30, 2014.

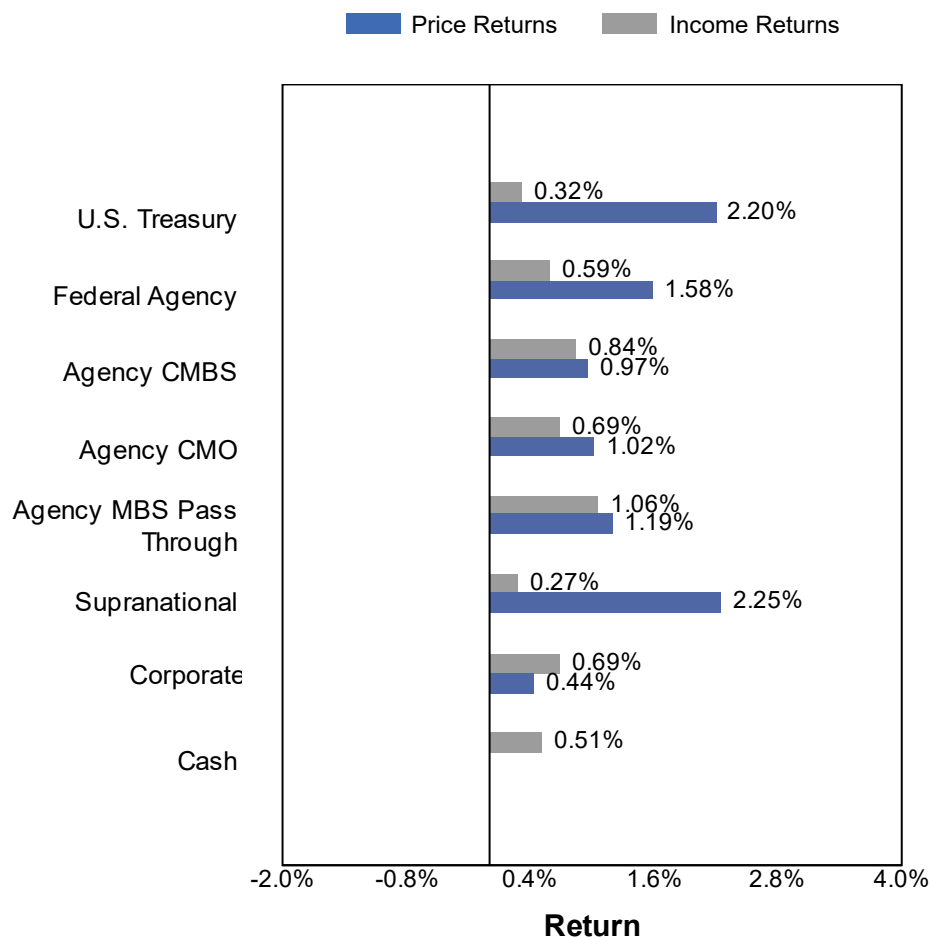
2. Interest earned calculated as the ending accrued interest less beginning accrued interest, plus net interest activity.

3. Returns for periods one year or less are presented on a periodic basis. Returns for periods greater than one year are presented on an annualized basis.

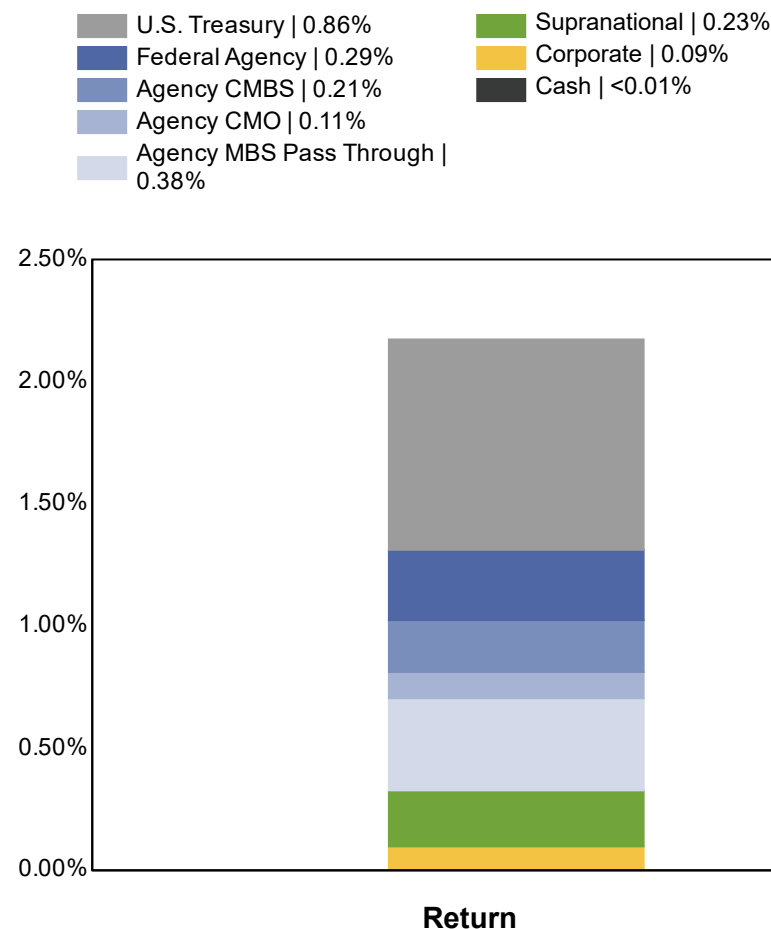
4. The portfolio's benchmark is Bloomberg Barclays Intermediate U.S. Government Index. Source: Bloomberg.

Quarterly Sector Performance

Total Return by Sector

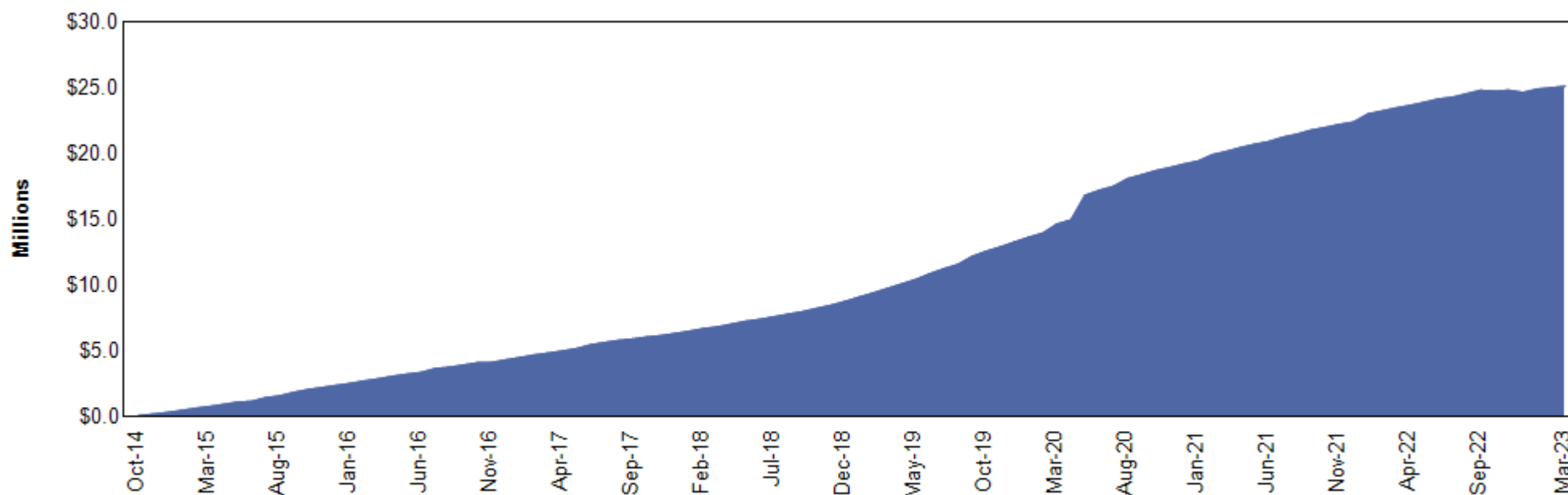


Contribution to Total Return



1. Performance on trade-date basis, gross (i.e., before fees), in accordance with the CFA Institute's Global Investment Performance Standards (GIPS).
2. Income returns calculated as interest earned on investments during the period.
3. Price returns calculated as the change in market value of each security for the period.
4. Returns are presented on a periodic basis.

Accrual Basis Earnings - SIU- INTERMEDIATE TERM



Accrual Basis Earnings	3 Months	1 Year	3 Years	5 Year	Since Inception ¹
Interest Earned ²	\$999,848	\$3,683,728	\$11,071,475	\$18,644,760	\$26,069,600
Realized Gains / (Losses) ³	(\$493,380)	(\$1,685,323)	\$1,563,803	\$2,142,119	\$2,464,720
Change in Amortized Cost	(\$39,148)	(\$348,067)	(\$2,178,120)	(\$2,520,093)	(\$3,411,789)
Total Earnings	\$467,320	\$1,650,337	\$10,457,158	\$18,266,787	\$25,122,532

1. The lesser of 10 years or since inception is shown. Performance inception date is September 30, 2014.

2. Interest earned calculated as the ending accrued interest less beginning accrued interest, plus net interest activity.

3. Realized gains / (losses) are shown on an amortized cost basis.

SIU - Short Term Portfolio

Investment Approach

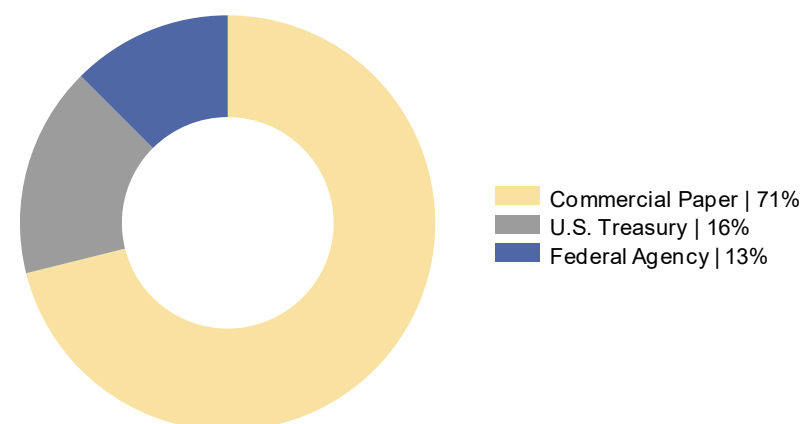
- The University's Short-Term portfolio is actively managed by PFM Asset Management, LLC. The short-term portfolio is structured to match the University's anticipated liquidity needs. The portfolio's duration typically ranges from 0 – 12 months, but is limited to a maximum maturity of 3 years. These funds are designed to be used for specific, predictable cash flows (i.e. payroll, debt service) as well as a liquidity cushion of cash available for any unforeseen expenses. Typical investments include, short-term U.S. Treasuries, short-term Federal Agencies, and commercial paper. Permitted investments are limited to those as described in the Illinois Public Funds Investment Act and the University's Investment Policy and Guidelines.

Portfolio Snapshot - SIU- SHORT TERM FUND¹

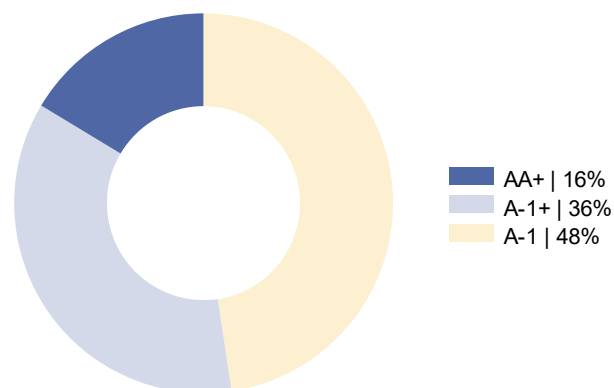
Portfolio Statistics

Total Market Value	\$96,062,255.42
Securities Sub-Total	\$95,972,623.50
Accrued Interest	\$4,403.40
Cash	\$85,228.52
Portfolio Effective Duration	0.28 years
Benchmark Effective Duration	0.14 years
Yield At Cost	4.75%
Yield At Market	5.00%
Portfolio Credit Quality	AA

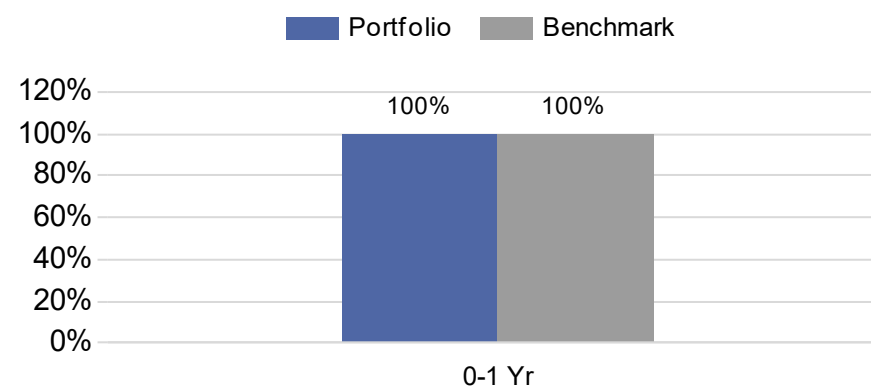
Sector Allocation



Credit Quality - S&P



Duration Distribution



1. Yield and duration calculations exclude cash and cash equivalents. Sector allocation includes market values and accrued interest. The portfolio's benchmark is the ICE BofAML 3 Month U.S. Treasury Index. Source: Bloomberg. An average of each security's credit rating was assigned a numeric value and adjusted for its relative weighting in the portfolio.

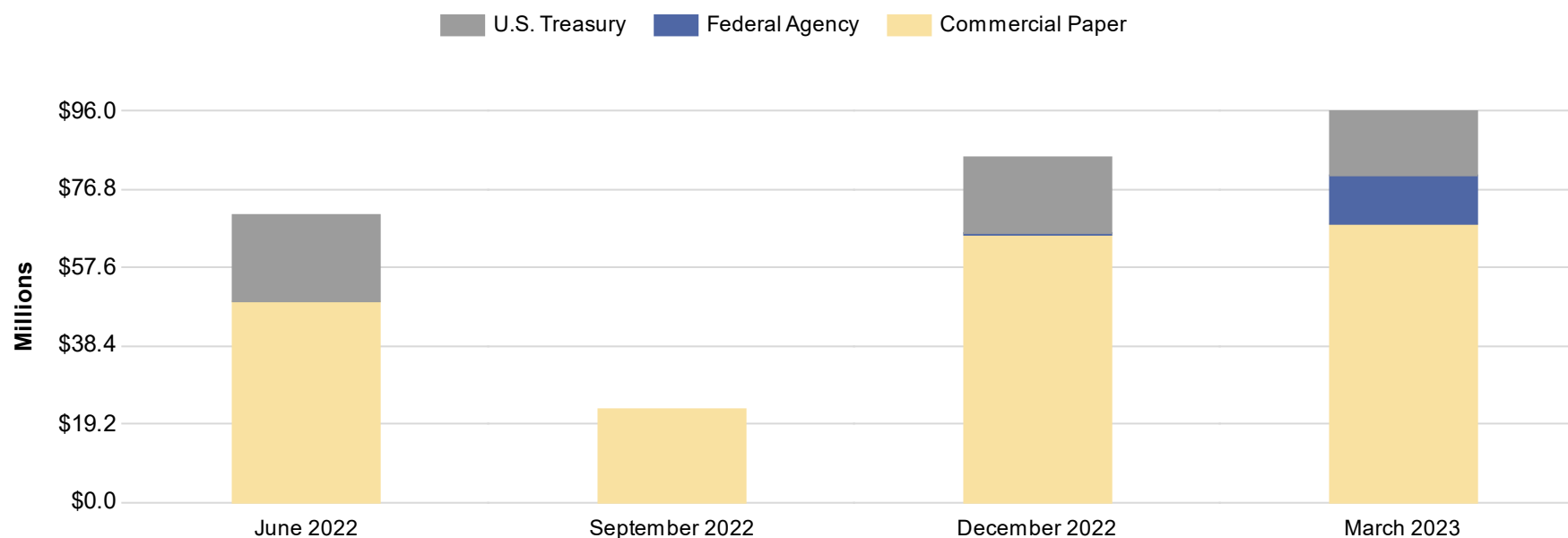
Issuer Diversification

Security Type / Issuer	Market Value (%)	S&P / Moody's / Fitch
U.S. Treasury	16.4%	
UNITED STATES TREASURY	16.4%	AA / Aaa / AAA
Federal Agency	12.5%	
FEDERAL HOME LOAN BANKS	12.5%	AA / Aa / NR
Commercial Paper	71.1%	
BANK OF AMERICA CO	10.7%	A / NR / AA
BARCLAYS PLC	7.9%	A / NR / A
CITIGROUP INC	2.1%	A / Aa / A
CREDIT AGRICOLE SA	8.3%	A / Aa / A
JP MORGAN CHASE & CO	10.0%	A / Aa / AA
MITSUBISHI UFJ FINANCIAL GROUP INC	5.5%	A / Aa / A
ROYAL BANK OF CANADA	4.8%	AA / Aa / AA
THUNDER BAY FUNDING LLC	4.5%	AA / Aa / AA
TORONTO-DOMINION BANK	8.0%	AA / Aa / NR
TOYOTA MOTOR CORP	6.1%	AA / Aa / A
UNITEDHEALTH GROUP INC	3.2%	A / A / A
Total	100.0%	

Ratings shown are calculated by assigning a numeral value to each security rating, then calculating a weighted average rating for each security type / issuer category using all available security ratings, excluding Not-Rated (NR) ratings. For security type / issuer categories where a rating from the applicable NRSRO is not available, a rating of NR is assigned. Includes accrued interest and excludes balances invested in overnight funds.

Sector Allocation Review - SIU- SHORT TERM FUND

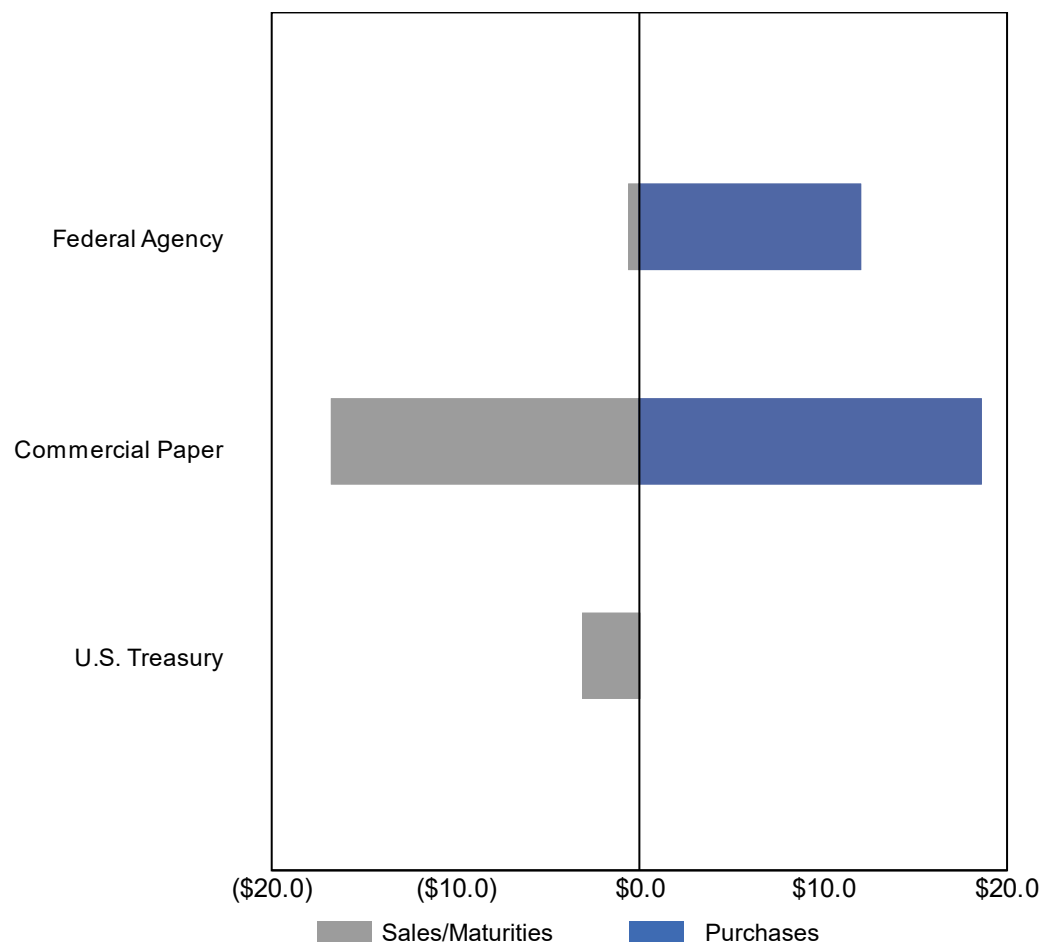
Security Type	Jun-22	% of Total	Sep-22	% of Total	Dec-22	% of Total	Mar-23	% of Total
U.S. Treasury	\$21.5	30.5%	\$0.0	0.0%	\$18.6	22.0%	\$15.7	16.4%
Federal Agency	\$0.0	0.0%	\$0.0	0.0%	\$0.6	0.7%	\$12.0	12.5%
Commercial Paper	\$49.1	69.5%	\$22.8	100.0%	\$65.6	77.3%	\$68.2	71.1%
Total	\$70.5	100.0%	\$22.8	100.0%	\$84.7	100.0%	\$96.0	100.0%



Market values, excluding accrued interest. Only includes fixed-income securities held within the separately managed account(s) and LGIPs managed by PFMAM. Detail may not add to total due to rounding.

Portfolio Activity - SIU- SHORT TERM FUND

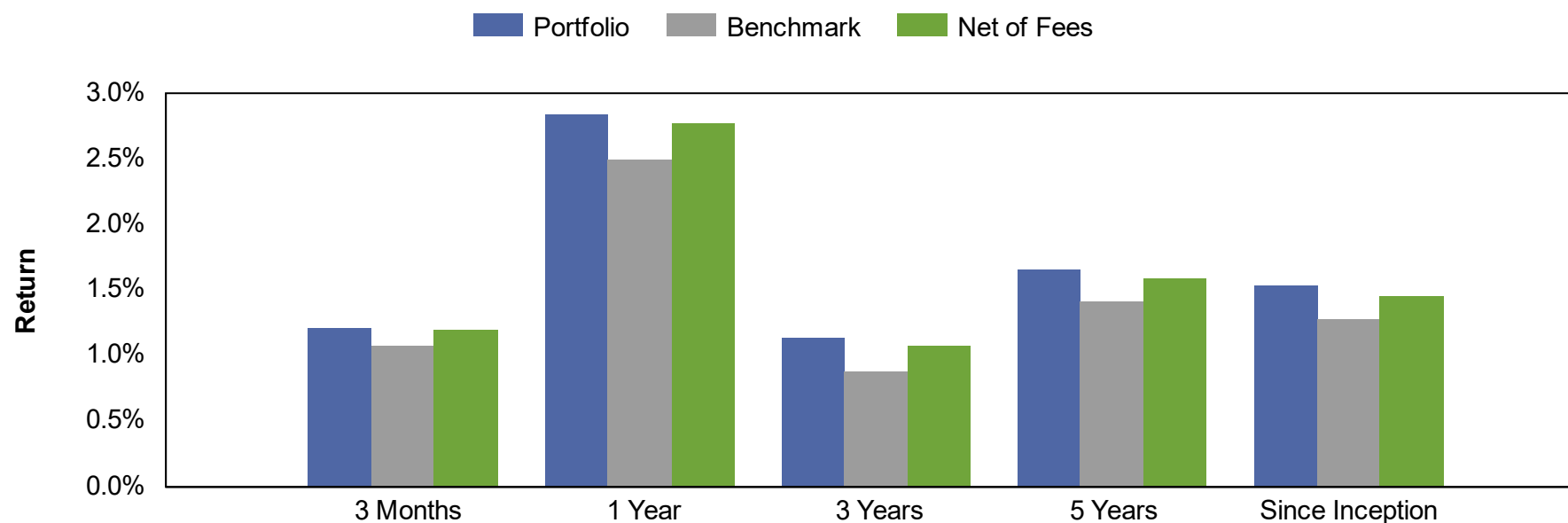
Net Activity by Sector
(\$ millions)



Sector	Net Activity
Federal Agency	\$11,425,171
Commercial Paper	\$1,834,136
U.S. Treasury	(\$3,100,000)
Total Net Activity	\$10,159,307

Based on total proceeds (principal and accrued interest) of buys, sells, maturities, and principal paydowns. Detail may not add to total due to rounding.

Portfolio Performance



Market Value Basis Earnings	3 Months	1 Year	3 Years	5 Years	Since Inception ¹
Interest Earned ²	\$24,465	\$175,672	\$202,058	\$544,330	\$617,083
Change in Market Value	\$1,064,422	\$2,063,329	\$2,017,738	\$4,035,490	\$4,629,980
Total Dollar Return	\$1,088,887	\$2,239,001	\$2,219,796	\$4,579,820	\$5,247,063
Total Return³					
Portfolio	1.21%	2.84%	1.14%	1.66%	1.53%
Benchmark ⁴	1.07%	2.50%	0.89%	1.41%	1.28%
Basis Point Fee	0.02%	0.07%	0.07%	0.07%	0.07%
Net of Fee Return	1.19%	2.77%	1.07%	1.59%	1.46%

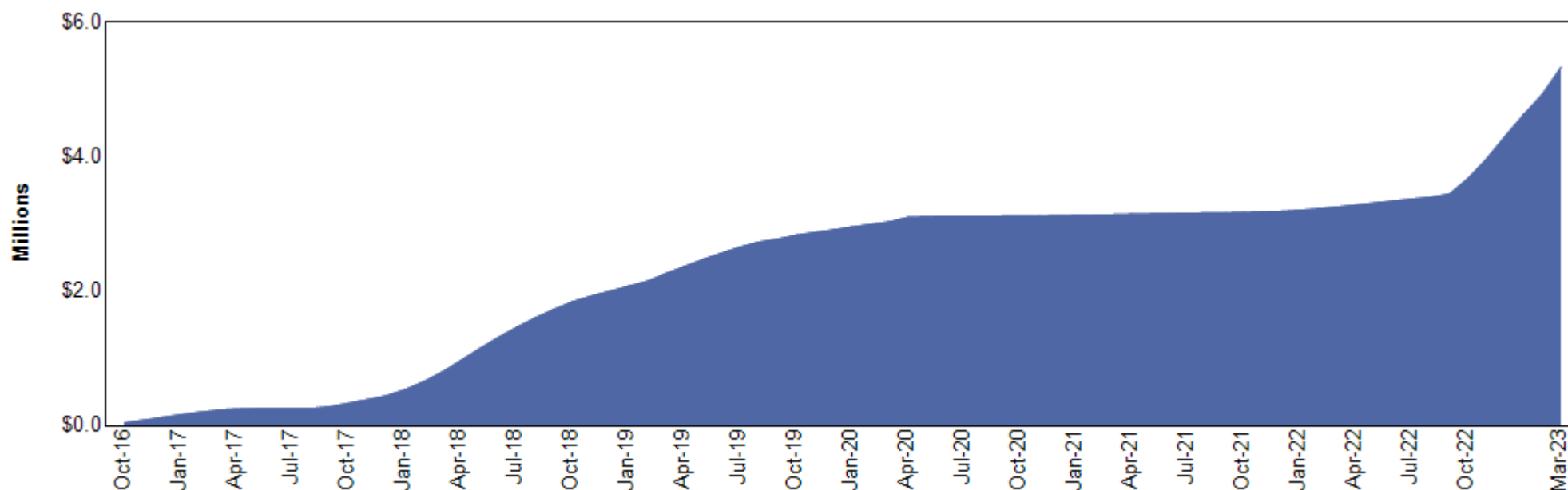
1. The lesser of 10 years or since inception is shown. Since inception returns for periods one year or less are not shown. Performance inception date is September 30, 2016.

2. Interest earned calculated as the ending accrued interest less beginning accrued interest, plus net interest activity.

3. Returns for periods one year or less are presented on a periodic basis. Returns for periods greater than one year are presented on an annualized basis.

4. The portfolio's benchmark is the ICE BofAML 3 Month U.S. Treasury Index. Source: Bloomberg.

Accrual Basis Earnings - SIU- SHORT TERM FUND



Accrual Basis Earnings	3 Months	1 Year	3 Years	5 Year	Since Inception ¹
Interest Earned ²	\$24,465	\$175,672	\$202,058	\$544,330	\$617,083
Realized Gains / (Losses) ³	-	-	\$36,577	\$36,577	\$36,637
Change in Amortized Cost	\$1,002,491	\$1,903,118	\$2,060,219	\$3,953,372	\$4,672,887
Total Earnings	\$1,026,956	\$2,078,791	\$2,298,854	\$4,534,279	\$5,326,607

1. The lesser of 10 years or since inception is shown. Performance inception date is September 30, 2016.

2. Interest earned calculated as the ending accrued interest less beginning accrued interest, plus net interest activity.

3. Realized gains / (losses) are shown on an amortized cost basis.

Illinois Funds

Investment Approach

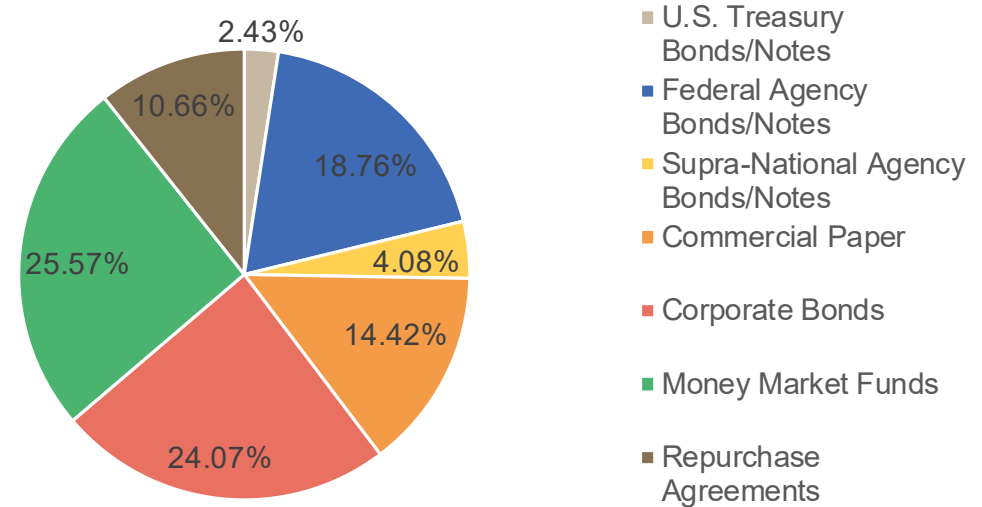
- The Illinois Funds is a Local Government Investment Pool (LGIP) operated by the Illinois State Treasurer's Office. The Illinois Funds strives to provide an inexpensive investment vehicle that features safety, daily liquidity and yield for Illinois public funds programs. The fund is managed by the Office of the State Treasurer in Springfield, Illinois, and contained a combined \$18.3 billion in total assets as of March 31, 2023. The fund is currently rated AAAm by Standard & Poor's.

Illinois Funds Account Overview

Illinois Funds	
Beginning Value (12/31/2022)	\$66,630,126.89
Net Deposits (Withdrawals)	\$28,126,936.71
Interest Earned	\$1,329,868.75
Ending Value (3/31/23)	\$96,086,932.35

	Current Yield as of 3/31/23
Illinois Funds	4.84%
Benchmark: S&P Rated Government Investment Pool Index	4.56%

**Illinois Funds
Sector Allocation
as of March 31, 2023**



Weighted Average Maturity

60 Days

U.S. Bank Commercial Paper Sweep

Investment Approach

- In lieu of providing collateral on daily operating liquidity balances, US Bank provides a daily commercial paper investment sweep option. Deposits are automatically moved to the sweep account at the end of each business day and invested overnight in US Bank National Association commercial paper, an unsecured, short-term promissory note. Funds from the maturing commercial paper are available on the next business day. US Bank commercial paper carries a credit rating of A-1+ by Standard & Poor's and P-1 by Moody's.

U.S. Bank Commercial Paper Sweep Account Overview

U.S. Bank Commercial Paper Sweep	
Beginning Value (12/31/2022)	\$57,770,565.30
Net Deposits (Withdrawals)	(\$38,298,842.64)
Interest Earned	\$138,018.14
Ending Value (3/31/23)	\$19,609,740.80

	Current Yield as of 3/31/23
U.S. Bank Commercial Paper Sweep	2.25%
Benchmark: S&P Rated Government Investment Pool Index	4.56%

IntraFi Network Deposits

Investment Approach

- IntraFi Network Deposits allows for the placement of funds in deposit accounts at multiple financial institutions, in increments below the \$250,000 FDIC insurance limit. The process is facilitated by utilizing one bank that is an ICS provider.
- SIU utilizes Banterra Bank as the provider for placement of funds. The interest rate provided is an indexed rate and is reset monthly.

IntraFi Network Deposits Account Overview

IntraFi Network Deposits	
Beginning Value (12/31/2022)	\$5,083,930.82
Net Deposits (Withdrawals)	\$0.00
Interest Earned	\$56,805.47
Ending Value (3/31/23)	\$5,140,736.29

	Current Yield as of 3/31/23
IntraFi Network Deposits	4.68%
Benchmark: S&P Rated Government Investment Pool Index	4.56%

Capital Investments

Investment Approach

- PFM Asset Management LLC actively manages the Interest Sinking Fund accounts. The Interest Sinking Fund accounts are managed to follow a cash flow driven strategy that is based on the University's debt service collection schedule and bondholder payment dates.
- PFM Asset Management LLC actively manages the Debt Service Reserve Fund. The Debt Service Reserve Fund is generally managed to a duration of between 1 and 3 years depending on prevailing market conditions. Breakeven and sensitivity analyses are used to determine duration targets in an attempt to minimize downside and replenishment risk.
- Construction proceeds are invested in accordance with the anticipated drawdown schedule of the project(s) being financed and in accordance with debt financing documents.

Capital Investments Position

Investment Balance <u>Market Value (\$ in millions)</u>	3/31/2022	6/30/2022	9/30/2022	12/31/2022	3/31/2023
Housing & Auxiliary Facilities System					
Construction Proceeds	-	-	17.8	17.2	15.2
Interest Sinking Fund	18.0	9.5	11.1	9.1	19.2
Debt Service Reserve	6.0	6.0	5.9	6.0	6.1
Total HAFS	24.0	15.5	34.8	32.2	40.4
Medical Facilities System					
Construction Proceeds	-	-	-	-	-
Interest Sinking Fund	1.9	-	-	-	1.9
Debt Service Reserve	-	-	-	-	-
Total MFS	1.9	-	-	-	1.9
Certificates of Participation					
Construction Proceeds	-	-	-	-	-
Interest Sinking Fund	-	-	-	-	-
Debt Service Reserve	-	-	-	-	-
Total COPS	-	-	-	-	-
Total Market Value of Portfolio	\$ 25.9	\$ 15.5	\$ 34.8	\$ 32.2	\$ 42.3
Investment Balance <u>Book Value (\$ in millions)</u>	\$ 26.0	\$ 15.7	\$ 35.2	\$ 32.6	\$ 42.6

**Capital Investments are managed internally and are invested in high quality, low risk government securities. The investment maturity, rate of return and type are limited by covenants in the debt financing documents.*

Important Disclosures

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It is not possible to invest directly in an index. The index returns shown throughout this material do not represent the results of actual trading of investor assets. Third-party providers maintain the indices shown and calculate the index levels and performance shown or discussed. Index returns do not reflect payment of any sales charges or fees an investor would pay to purchase the securities they represent. The imposition of these fees and charges would cause investment performance to be lower than the performance shown.

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- In accordance with generally accepted accounting principles, information is presented on a trade date basis; forward settling purchases are included in the monthly balances, and forward settling sales are excluded.
- Performance is presented in accordance with the CFA Institute's Global Investment Performance Standards (GIPS). Unless otherwise noted, performance is shown gross of fees. Quarterly returns are presented on an unannualized basis. Returns for periods greater than one year are presented on an annualized basis. Past performance is not indicative of future returns.
- Bank of America/Merrill Lynch Indices provided by Bloomberg Financial Markets.
- Money market fund/cash balances are included in performance and duration computations.
- Standard & Poor's is the source of the credit ratings. Distribution of credit rating is exclusive of money market fund/LGIP holdings.
- Callable securities in the portfolio are included in the maturity distribution analysis to their stated maturity date, although, they may be called prior to maturity.
- MBS maturities are represented by expected average life.
- Any information contained in this report pertaining to Illinois Funds, US Bank Commercial Paper Sweep, IntraFi Network Deposits and the Capital Investments Position were sourced from their respective month end statements. Information for the Intermediate and Short-Term Portfolios was sourced from their respective quarter-end statements provided by PFMAM.

Glossary

- **Accrued Interest:** Interest that is due on a bond or other fixed income security since the last interest payment was made.
- **Agencies:** Federal agency securities and/or Government-sponsored enterprises.
- **Amortized Cost:** The original cost of the principal of the security is adjusted for the amount of the periodic reduction of any discount or premium from the purchase date until the date of the report. Discount or premium with respect to short-term securities (those with less than one year to maturity at time of issuance) is amortized on a straight line basis. Such discount or premium with respect to longer-term securities is amortized using the constant yield basis.
- **Asset-Backed Security:** A financial instrument collateralized by an underlying pool of assets – usually ones that generate a cash flow from debt, such as loans, leases, credit card balances, and receivables.
- **Bankers' Acceptance:** A draft or bill of exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill as well as the insurer.
- **Commercial Paper:** An unsecured obligation issued by a corporation or bank to finance its short-term credit needs, such as accounts receivable and inventory.
- **Contribution to Total Return:** The weight of each individual security multiplied by its return, then summed for each sector to determine how much each sector added or subtracted from the overall portfolio performance.
- **Effective Duration:** A measure of the sensitivity of a security's price to a change in interest rates, stated in years.
- **Effective Yield:** The total yield an investor receives in relation to the nominal yield or coupon of a bond. Effective yield takes into account the power of compounding on investment returns, while nominal yield does not.
- **FDIC:** Federal Deposit Insurance Corporation. A federal agency that insures bank deposits to a specified amount.
- **Interest Rate:** Interest per year divided by principal amount and expressed as a percentage.
- **Market Value:** The value that would be received or paid for an investment in an orderly transaction between market participants at the measurement date.
- **Maturity:** The date upon which the principal or stated value of an investment becomes due and payable.
- **Negotiable Certificates of Deposit:** A CD with a very large denomination, usually \$1 million or more, that can be traded in secondary markets.
- **Par Value:** The nominal dollar face amount of a security.
- **Pass-through Security:** A security representing pooled debt obligations that passes income from debtors to its shareholders. The most common type is the mortgage-backed security.

Glossary

- Repurchase Agreements: A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date.
- Settle Date: The date on which the transaction is settled and monies/securities are exchanged. If the settle date of the transaction (i.e., coupon payments and maturity proceeds) occurs on a non-business day, the funds are exchanged on the next business day.
- Supranational: A multinational union or association in which member countries cede authority and sovereignty on at least some internal matters to the group, whose decisions are binding on its members.
- Trade Date: The date on which the transaction occurred; however, the final consummation of the security transaction and payment has not yet taken place.
- Unsettled Trade: A trade which has been executed; however, the final consummation of the security transaction and payment has not yet taken place.
- U.S. Treasury: The department of the U.S. government that issues Treasury securities.
- Yield: The rate of return based on the current market value, the annual interest receipts, maturity value, and the time period remaining until maturity, stated as a percentage on an annualized basis.
- YTM at Cost: The yield to maturity at cost is the expected rate of return based on the original cost, the annual interest receipts, maturity value, and the time period from purchase date to maturity, stated as a percentage on an annualized basis.
- YTM at Market: The yield to maturity at market is the rate of return based on the current market value, the annual interest receipts, maturity value, and the time period remaining until maturity, stated as a percentage on an annualized basis.