



Southern Illinois University

Quarterly Investment Report
June 30, 2023

Market Update

SUMMARY

- In Q2, U.S. economic conditions were characterized by a myriad of financial headlines: (1) investors contended with ongoing recession risks; (2) regional bank concerns; (3) the Federal Reserve's (Fed) historic pace of interest rate hikes; (4) stubbornly high inflation; and (5) a debt ceiling impasse in Washington.
- President Biden signed the bi-partisan debt ceiling bill, avoiding a much-publicized potential default and allowing the U.S. Treasury to fund its obligations. The bill suspends the debt ceiling until January 1, 2025 and included some spending cuts.
- U.S. inflation, as measured by the consumer price index (CPI), has fallen from 6.5% year-over-year (YoY) at the beginning of the year to just 3.0% as of June as monthly gains have moderated. Prices for energy, used cars and airlines fares have shown sharp declines over the past year. But, Core CPI, excluding food and energy prices, remained elevated at 4.8% YoY due to elevated prices for shelter, food, and medical services.
- The Fed followed up the two 25 basis point (bps) hikes in Q1 with one more 25 bp hike at the May meeting, bringing the overnight rate to a target range of 5% to 5.25%. At the June FOMC meeting, the Fed paused hiking, breaking the string of consecutive meetings with an increase at 10. The "hawkish pause" was accompanied by new Fed projections (the so called "dot plot") which indicated the expectation for two more 25 bp rate hikes in the remaining part of calendar year 2023, underscoring the Fed's vigilance in fighting inflationary pressures.

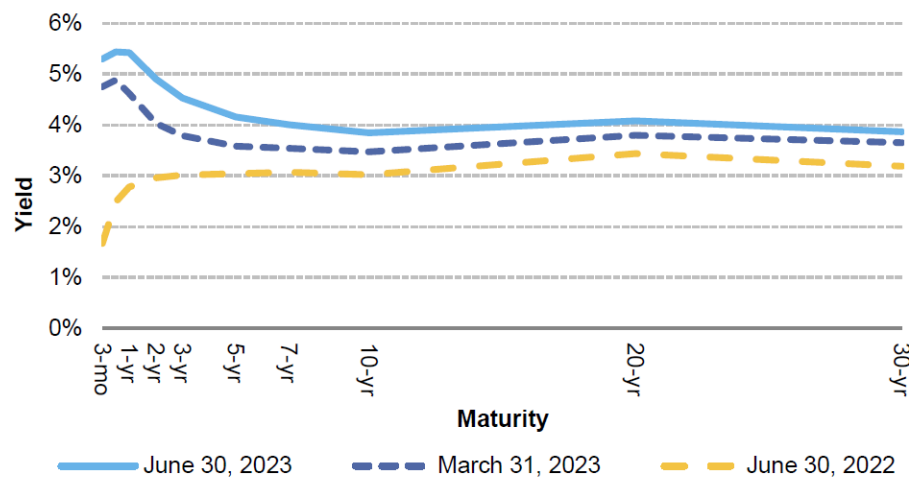
ECONOMIC SNAPSHOT

- Real gross domestic product (GDP) increased at an annual rate of 2.0% in the first quarter of 2023. The growth rate reflected increases in consumer spending, exports, government spending, and business fixed investment that were partly offset by decreases in private inventories and residential housing. Future growth expectations have been continually increased, with the median forecast reported by a Bloomberg survey of economists standing at 2.0% for Q2 as well.
- The U.S. labor market remained strong and tight in Q2. Over the second quarter, the U.S. economy added 732,000 new jobs. Although the pace of job gains has trended lower over the past two years, job creation remains elevated compared to pre-pandemic levels. The unemployment rate closed the quarter at 3.6%, very near its 50-year low of 3.4% reached in April. But, the strength of the labor market has moderated slightly, as weekly unemployment claims have risen, the number of job openings has fallen from record highs, and the labor force participation rate reached a post-pandemic high of 62.6%. Wage growth, measured by average hourly earnings, remains elevated at 4.4% YoY.
- On the consumer front, personal consumption continued to grow, durable goods were strong, consumer credit reached record levels and consumer confidence hit an 18-month high. Spending on merchandise dropped while outlays for services increased, underscoring the importance that the services sector has carried for economic growth over the past several quarters.
- In the housing sector, mortgage rates have been above 6% for the entire year, maintaining pressure on homebuyers. Homeowners appear reluctant to give up below-market mortgage rates, resulting in low sales inventory. As a result, existing home sales remain historically low, while new home sales to their highest level in more than a year.

INTEREST RATES

- U.S. Treasury yields jumped across the yield curve in the second quarter, as economic data came in stronger than expected, and markets capitulated to the Fed's "higher-for-longer" trajectory for short term rates. Increases in the yield curve were led by the 2-year U.S. Treasury note, which finished the quarter at 4.90%, up 87 bps from 4.03% on March 31.
- While yields of all tenors increased, the U.S. Treasury yield curve remains steeply inverted. The difference between the yield on the U.S. Treasury 2-year (4.90%) and 10-year note (3.84%) ended the quarter at over 100 bps (1.00%), marking one of the deepest levels of curve inversion in over 40 years.
- As a result of higher yields across the board, fixed income indices posted negative total returns in Q2. The ICE BofA 2-, 5-, and 10-year U.S. Treasury indices returned -0.92%, -1.68%, and -1.93%, respectively.

U.S. Treasury Yield Curve



Source: Bloomberg, as of 6/30/2023.

SECTOR PERFORMANCE

- Diversification away from U.S. Treasury securities was strongly additive to fixed-income performance during the second quarter as yield spreads across most sectors tightened. Although investors began the quarter with heightened concern about market volatility, recent bank failures, credit conditions and the looming debt ceiling impasse, sentiment eased during the quarter. That move to a more "risk on" mentality resulted in strong relative performance from spread sectors, like corporate, asset-backed and mortgage-backed securities.
- Federal agency spreads tightened as net issuance slowed. Agency discount notes found increased utility during Q2 as a replacement for U.S. Treasury bills during the height of the debt ceiling uncertainty. In longer maturities, both callable and non-callable agencies generated similar positive excess returns.
- Investment-grade (IG) corporate spreads continued to retrace from their banking crisis wides but remain above longer-term averages. As spreads narrowed, the IG curve flattened resulting in longer durations performing better on a relative basis, as did lower quality issues. Although the spread between financials and industrials remains well above longer-term averages, financials outperformed in Q2 as their retracement from banking crisis wides was more significant.
- Mortgage-back security (MBS) whipsawed in Q2 as a steep tightening of spreads through the second half of the quarter more than offset the widening through April. As a result, the sector broadly generated quite attractive excess returns for the quarter, with 30-year collateral outperforming 15-year terms. Strong returns were driven in part by lighter supply due to a decline in existing home sales and refinancings.

Summary of Operating Investments

Summary of Operating Investments

Market Value (\$ in millions)*

	6/30/2023
Illinois Funds	\$ 107.0
US Bank Investment Sweep	22.5
IntraFi Network Deposits	5.2
Subtotal Cash & Cash Equivalents	<u>\$ 134.7</u>
Short Term Portfolio	31.3
Intermediate Term Portfolio	170.9
Total Portfolio	<u><u>\$ 336.9</u></u>

Book Value (\$ in millions)

\$ 350.5

Asset Allocation (\$ in millions)*

Sector	6/30/2023	
Money Market Mutual Funds	\$ 108.3	32.1%
U.S. Treasury Bonds/Notes	63.2	18.7%
Federal Agency Bonds/Notes	26.6	7.9%
Federal Agency Mortgage Backed Securities	31.5	9.3%
Federal Agency Commercial Mortgage Backed Securities	24.2	7.2%
Federal Agency Collateralized Mortgage Obligations	7.4	2.2%
Supra-National Agency Bonds/Notes	15.4	4.6%
Corporate Notes	11.8	3.5%
Commercial Paper	20.4	6.0%
US Bank Investment Sweep	22.5	6.7%
IntraFi Network Deposits	5.2	1.5%
Subtotal	336.2	99.8%
Accrued Interest	0.7	0.2%
Total	\$ 336.9	100.0%

Current Yields (Annualized)

	6/30/2023
Illinois Funds	5.25%
US Bank Investment Sweep	4.72%
IntraFi Network Deposits	5.18%
Benchmark: S&P Rated Government Investment Pool Index	5.00%

Performance Summary (Total Return)**

	Current Quarter	1 Year	3 Year	5 Year	10 Year	Since Inception
Short Term Portfolio	1.21%	3.92%	1.36%	1.78%	-	1.65%
Benchmark: BofA Merrill Lynch 3-Month Treasury Bill Index	1.17%	3.59%	1.27%	1.55%	-	1.41%
Intermediate Term Portfolio	-0.73%	-0.54%	-2.40%	1.02%	-	1.09%
Benchmark: Barclays Intermediate U.S. Govt. Securities	-1.12%	-0.99%	-2.85%	0.82%	-	0.88%

*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

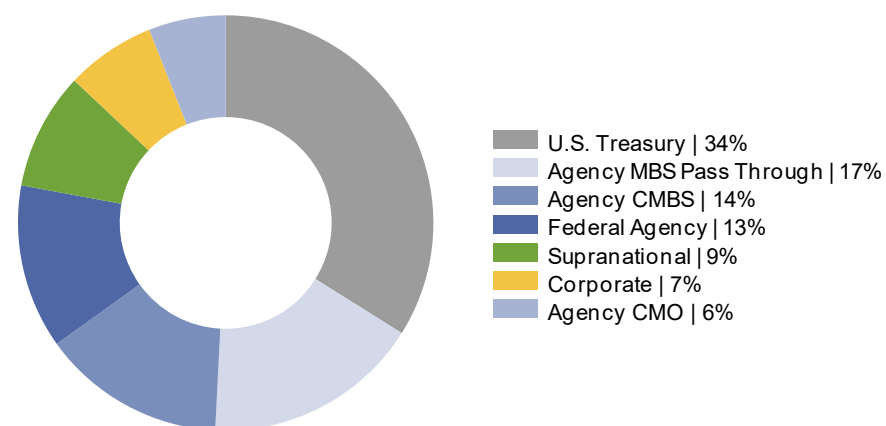
- The University's Intermediate Term portfolio is actively managed by PFM Asset Management, LLC. PFM seeks to add value by strategically buying or selling high-quality, fixed-income securities. Funds in the core portfolio are typically not needed over an intermediate- or long- term horizon and are therefore 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

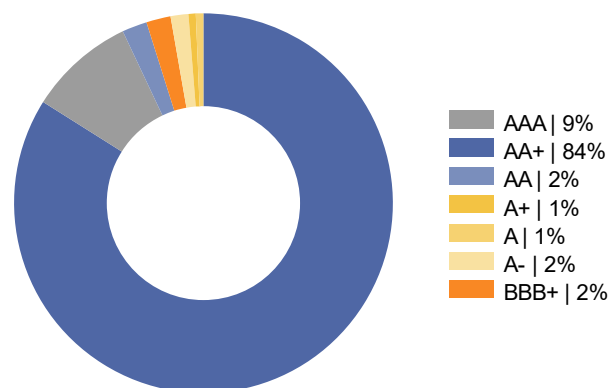
Portfolio Statistics

Total Market Value	\$170,890,922.83
Securities Sub-Total	\$169,280,782.35
Accrued Interest	\$679,864.45
Cash	\$930,276.03
Portfolio Effective Duration	3.49 years
Benchmark Effective Duration	3.69 years
Yield At Cost	2.38%
Yield At Market	4.47%
Portfolio Credit Quality	AA

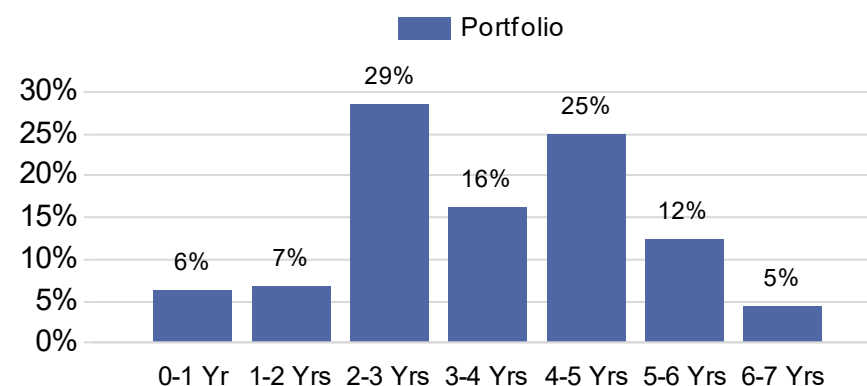
Sector Allocation



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

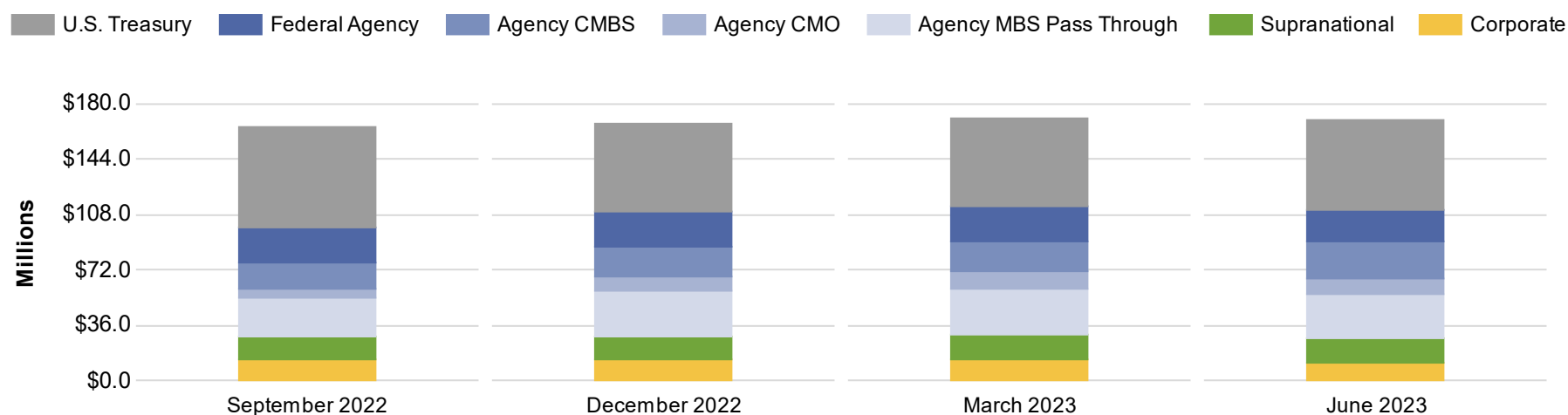
Security Type / Issuer	Market Value (%)	S&P / Moody's / Fitch
U.S. Treasury	34.0%	
UNITED STATES TREASURY	34.0%	AA / Aaa / AAA
Federal Agency	12.8%	
AGENCY FOR INTERNATIONAL DEVELOPMENT	1.2%	AA / Aaa / NR
FANNIE MAE	6.3%	AA / Aaa / AAA
FREDDIE MAC	2.3%	AA / Aaa / AAA
TENNESSEE VALLEY AUTHORITY	3.0%	AA / Aaa / AAA
Agency CMBS	14.3%	
FREDDIE MAC	14.3%	AA / Aaa / AAA
Agency CMO	6.0%	
FANNIE MAE	0.8%	AA / Aaa / AAA
FREDDIE MAC	4.0%	AA / Aaa / AAA
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION	1.3%	AA / Aaa / AAA
Agency MBS Pass Through	16.9%	
FANNIE MAE	11.1%	AA / Aaa / AAA
FREDDIE MAC	5.7%	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	7.0%	
CATERPILLAR INC	0.6%	A / A / A
CITIGROUP INC	0.7%	BBB / A / A
GOLDMAN SACHS GROUP INC	0.8%	BBB / A / A
HSBC HOLDINGS PLC	0.8%	A / A / A
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.

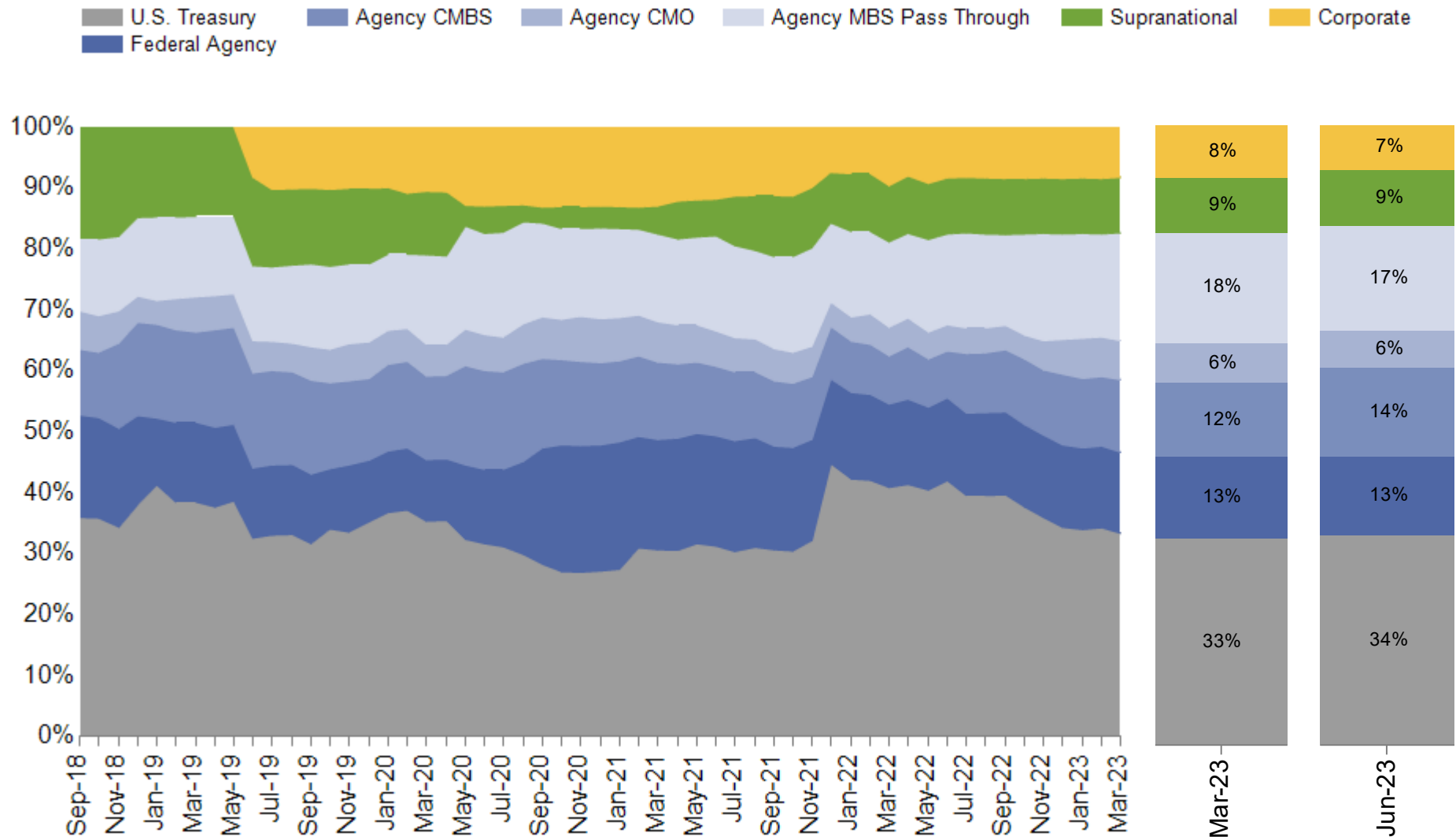
Sector Allocation Review - SIU- INTERMEDIATE TERM

Security Type	Sep-22	% of Total	Dec-22	% of Total	Mar-23	% of Total	Jun-23	% of Total
U.S. Treasury	\$65.3	39.7%	\$57.6	34.4%	\$57.2	33.4%	\$57.5	33.9%
Federal Agency	\$22.4	13.6%	\$22.5	13.5%	\$22.8	13.3%	\$21.6	12.8%
Agency CMBS	\$16.8	10.2%	\$19.4	11.6%	\$20.4	11.9%	\$24.2	14.3%
Agency CMO	\$6.6	4.0%	\$9.6	5.7%	\$10.9	6.4%	\$10.2	6.0%
Agency MBS Pass Through	\$24.5	14.9%	\$29.0	17.3%	\$30.2	17.7%	\$28.7	16.9%
Supranational	\$15.1	9.2%	\$15.2	9.1%	\$15.6	9.1%	\$15.4	9.1%
Corporate	\$13.9	8.4%	\$13.9	8.4%	\$14.0	8.2%	\$11.8	7.0%
Total	\$164.7	100.0%	\$167.1	100.0%	\$171.1	100.0%	\$169.3	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.

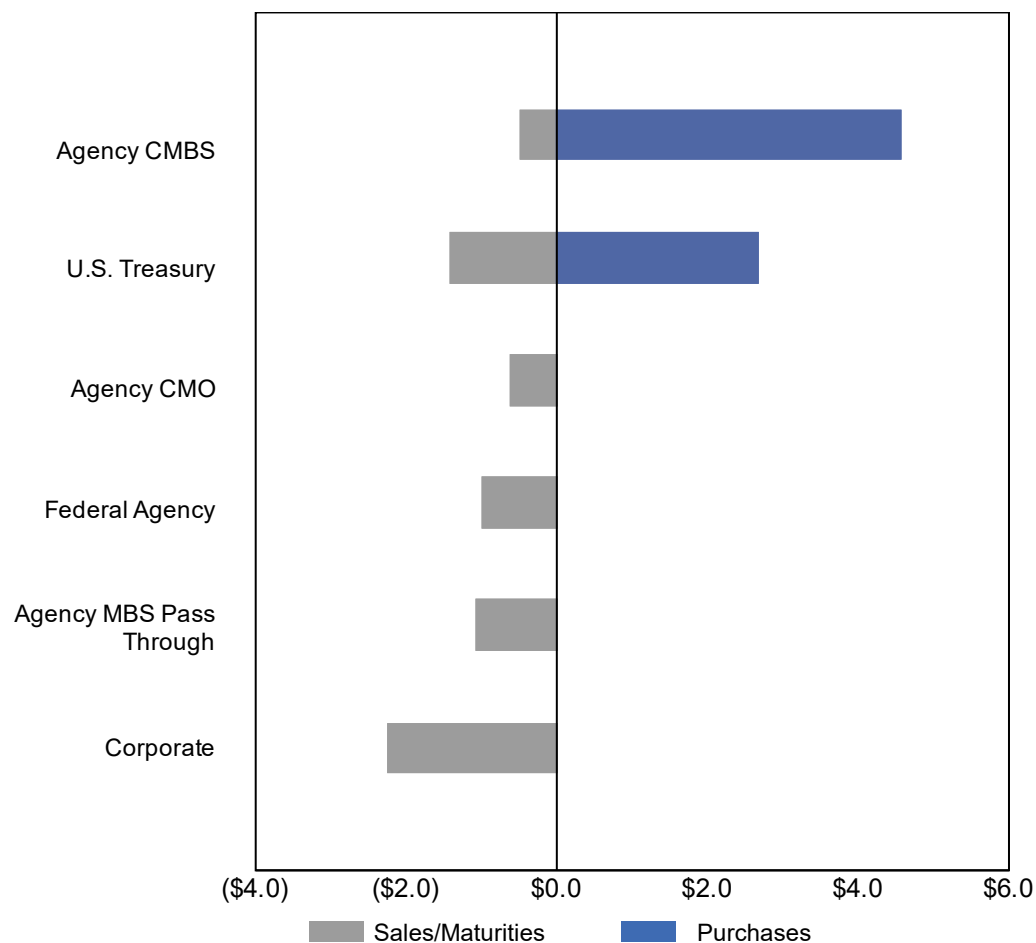
Historical Sector Allocation - SIU- INTERMEDIATE TERM



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

Portfolio Activity - SIU- INTERMEDIATE TERM

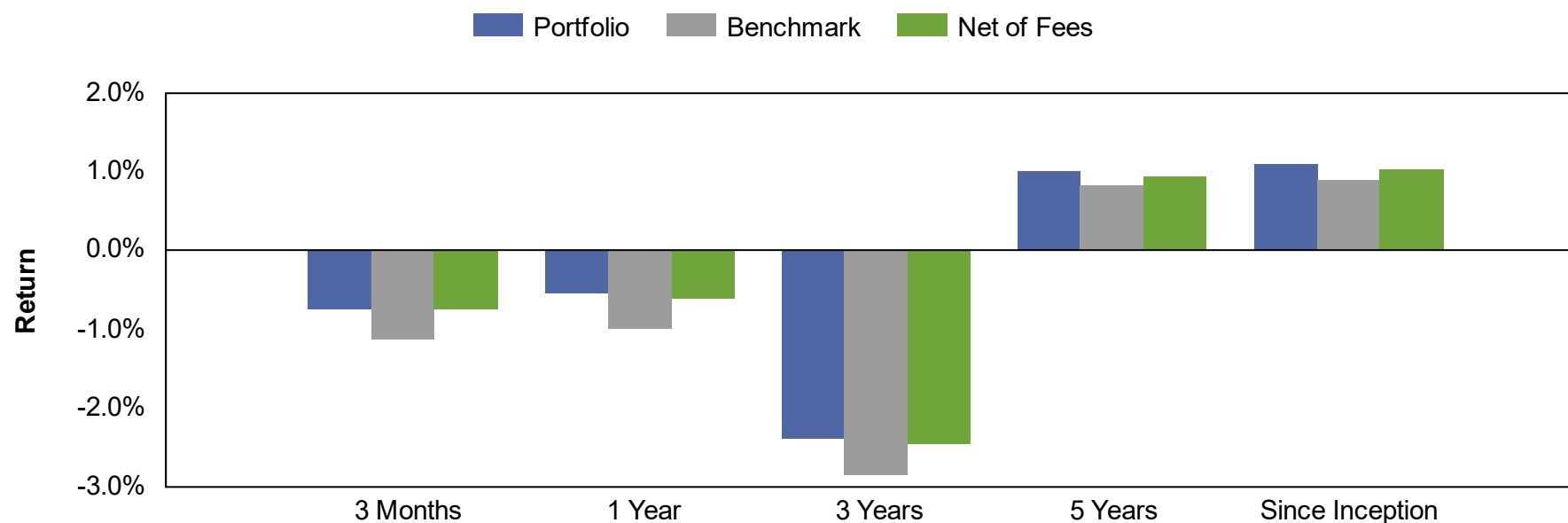
Net Activity by Sector
(\$ millions)



Sector	Net Activity
Agency CMBS	\$4,087,119
U.S. Treasury	\$1,271,399
Agency CMO	(\$605,065)
Federal Agency	(\$977,478)
Agency MBS Pass Through	(\$1,054,835)
Corporate	(\$2,229,700)
Total Net Activity	\$491,441

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	\$1,052,641	\$3,890,615	\$11,076,328	\$19,049,009	\$27,126,600
Change in Market Value	(\$2,302,558)	(\$4,788,123)	(\$23,689,139)	(\$11,601,568)	(\$14,505,547)
Total Dollar Return	(\$1,249,917)	(\$897,508)	(\$12,612,811)	\$7,447,441	\$12,621,053
Total Return³					
Portfolio	-0.73%	-0.54%	-2.40%	1.02%	1.09%
Benchmark ⁴	-1.12%	-0.99%	-2.85%	0.82%	0.88%
Basis Point Fee	0.02%	0.07%	0.07%	0.07%	0.07%
Net of Fee Return	-0.74%	-0.61%	-2.47%	0.95%	1.02%

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.

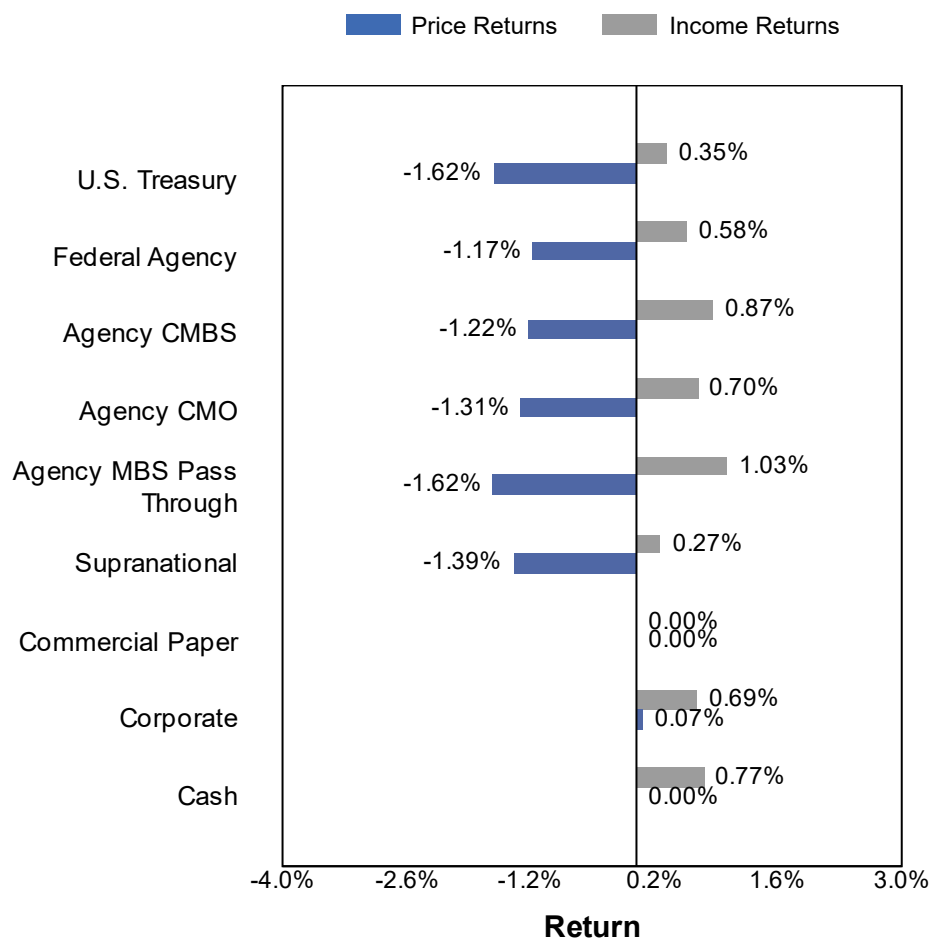
2. Interest earned calculated as the ending accrued interest less beginning accrued interest, plus net interest activity.

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.

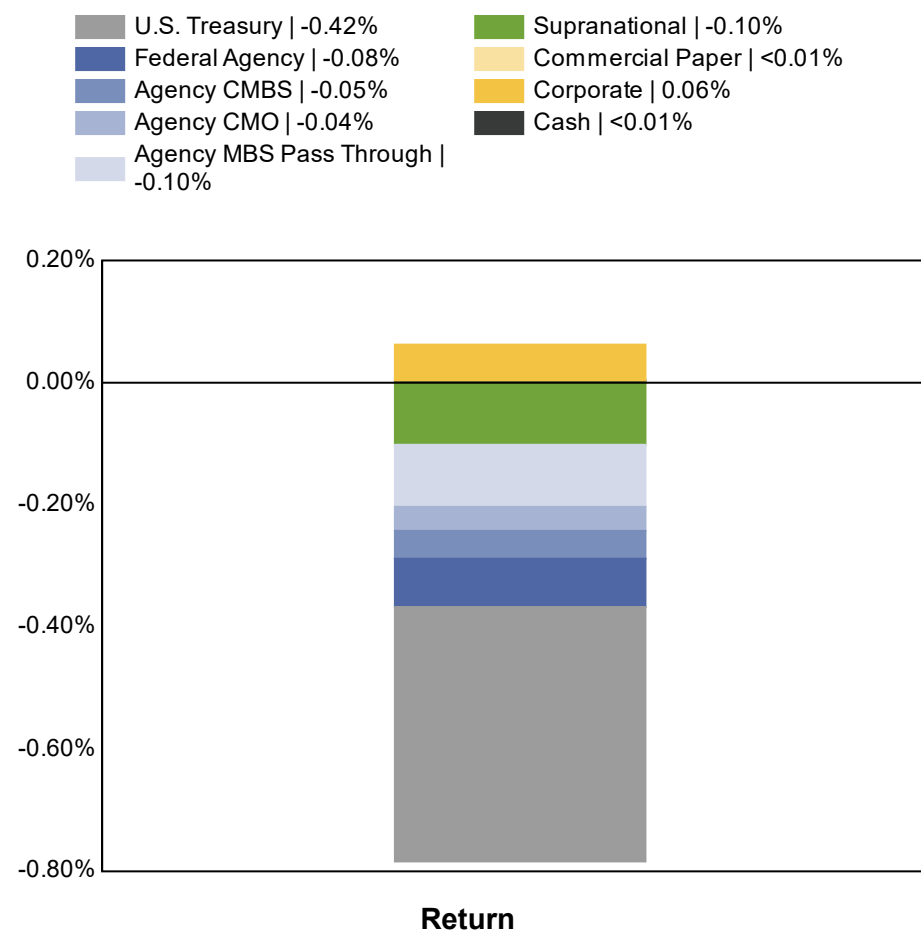
4. The portfolio's benchmark is Bloomberg Barclays Intermediate U.S. Government Index. Source: Bloomberg.

Quarterly Sector Performance

Total Return by Sector

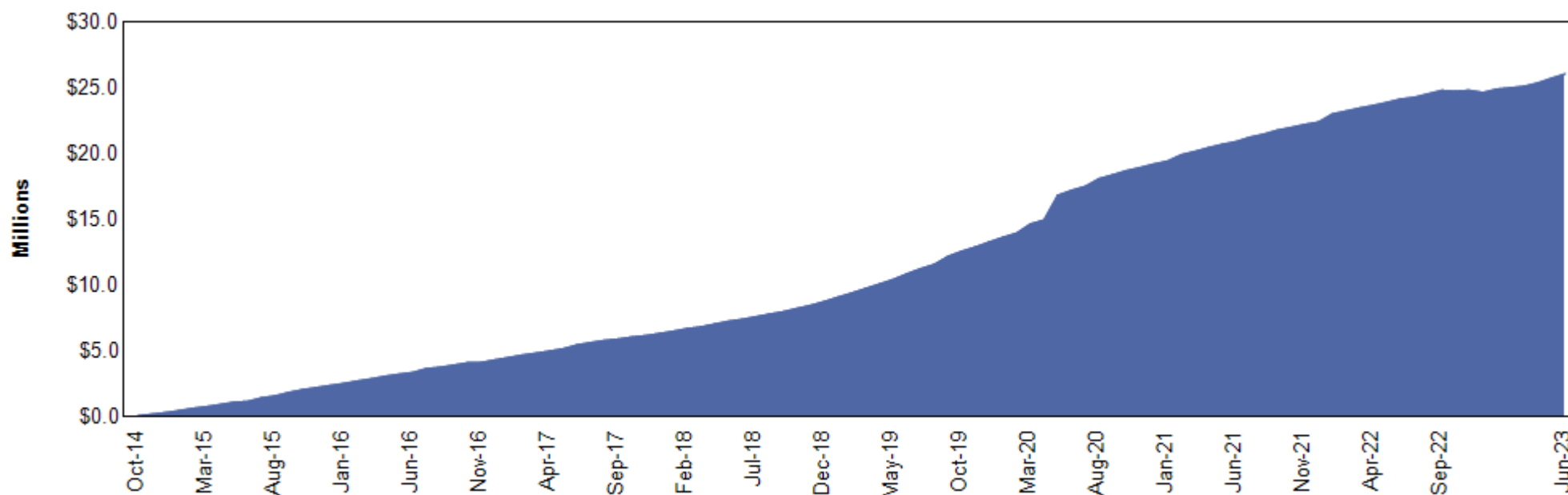


Contribution to Total Return



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	\$1,052,641	\$3,890,615	\$11,076,328	\$19,049,009	\$27,126,600
Realized Gains / (Losses) ³	(\$98,502)	(\$1,756,863)	(\$228,661)	\$2,124,052	\$2,366,218
Change in Amortized Cost	(\$13,682)	(\$227,848)	(\$2,006,451)	(\$2,533,462)	(\$3,425,751)
Total Earnings	\$940,456	\$1,905,904	\$8,841,215	\$18,639,599	\$26,067,066

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

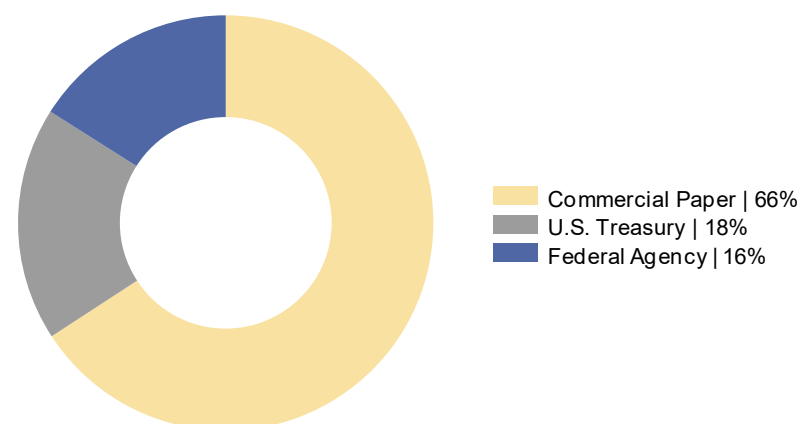
- The University's Short-Term portfolio is actively managed by PFM Asset Management, LLC. The short-term portfolio is structured to match the University's anticipated liquidity needs. The portfolio's duration typically ranges from 0 – 12 months, but is limited to a maximum maturity of 3 years. These 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

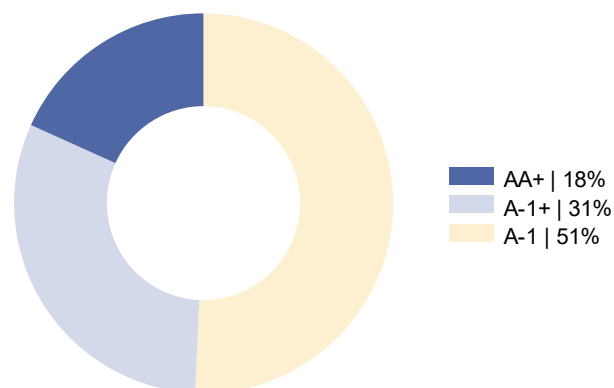
Portfolio Statistics

Total Market Value	\$31,343,888.19
Securities Sub-Total	\$30,966,594.32
Accrued Interest	\$2,956.39
Cash	\$374,337.48
Portfolio Effective Duration	0.20 years
Benchmark Effective Duration	0.14 years
Yield At Cost	5.10%
Yield At Market	5.34%
Portfolio Credit Quality	A

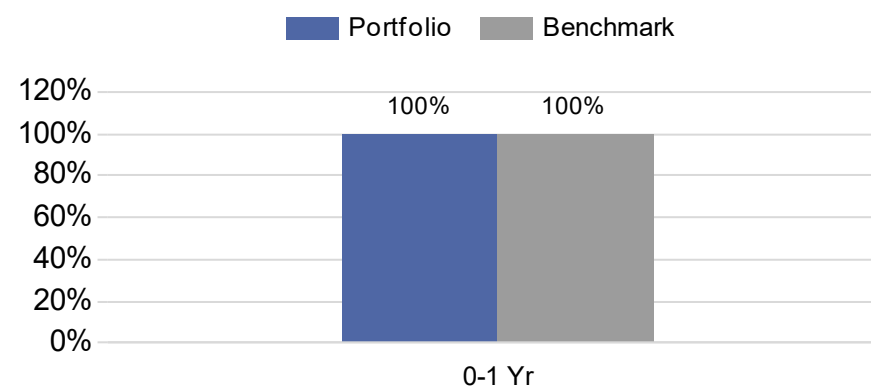
Sector Allocation



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 BofA 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.

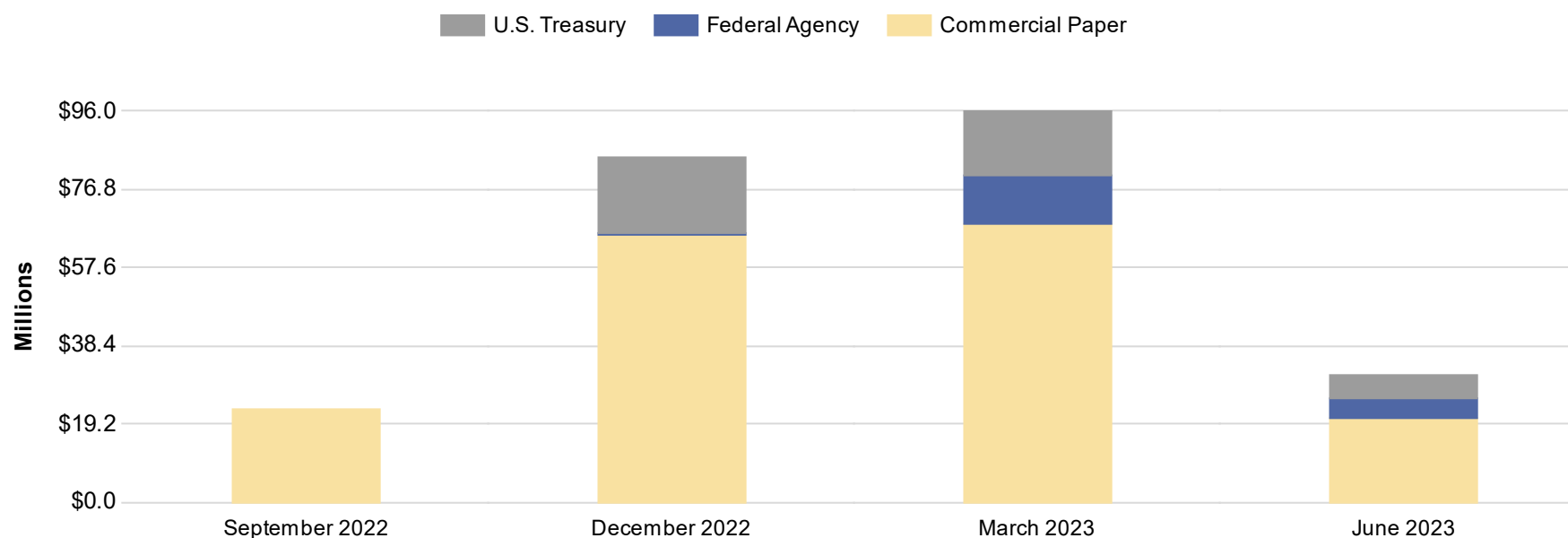
Issuer Diversification

Security Type / Issuer	Market Value (%)	S&P / Moody's / Fitch
U.S. Treasury	18.2%	
UNITED STATES TREASURY	18.2%	AA / Aaa / AAA
Federal Agency	16.0%	
FEDERAL HOME LOAN BANKS	16.0%	AA / Aa / NR
Commercial Paper	65.7%	
BARCLAYS PLC	24.7%	A / NR / A
CREDIT AGRICOLE SA	26.0%	A / Aa / AA
ROYAL BANK OF CANADA	15.0%	AA / Aa / AA
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

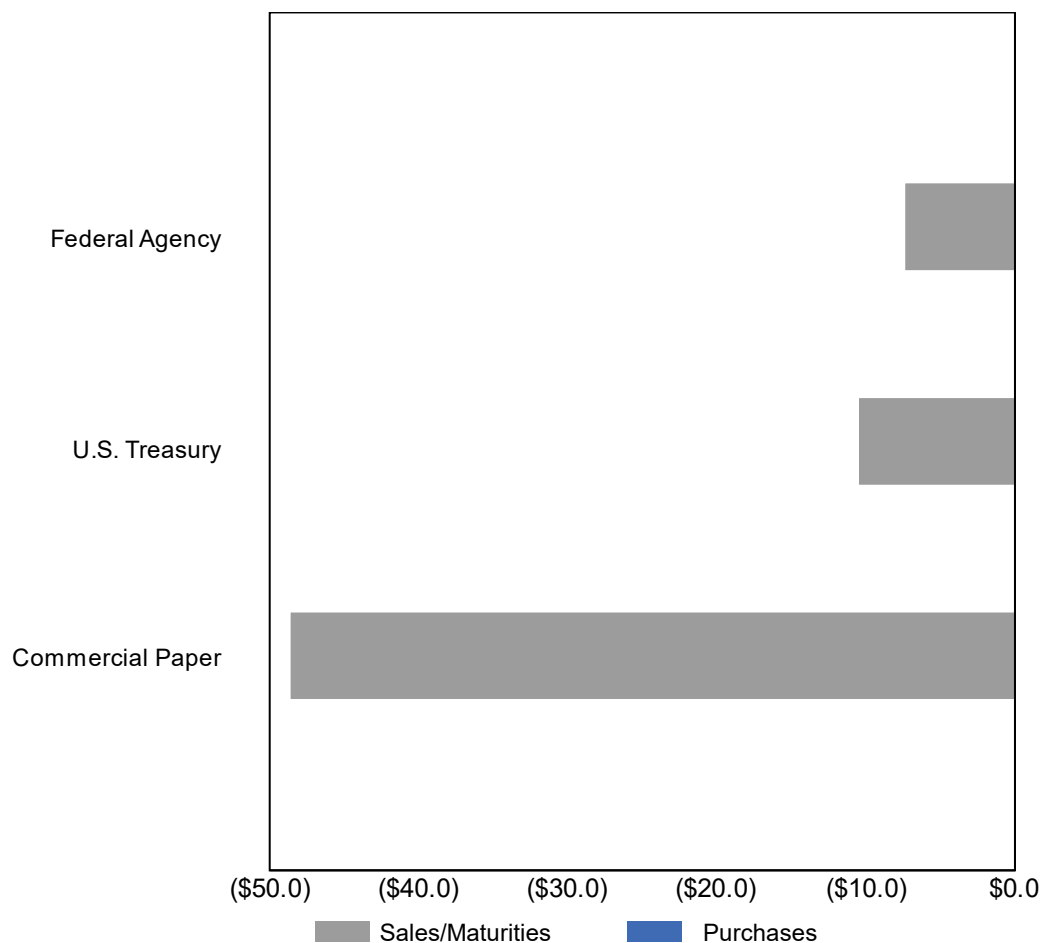
Security Type	Sep-22	% of Total	Dec-22	% of Total	Mar-23	% of Total	Jun-23	% of Total
U.S. Treasury	\$0.0	0.0%	\$18.6	22.0%	\$15.7	16.4%	\$5.6	18.2%
Federal Agency	\$0.0	0.0%	\$0.6	0.7%	\$12.0	12.5%	\$5.0	16.0%
Commercial Paper	\$22.8	100.0%	\$65.6	77.3%	\$68.2	71.1%	\$20.4	65.8%
Total	\$22.8	100.0%	\$84.7	100.0%	\$96.0	100.0%	\$31.0	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

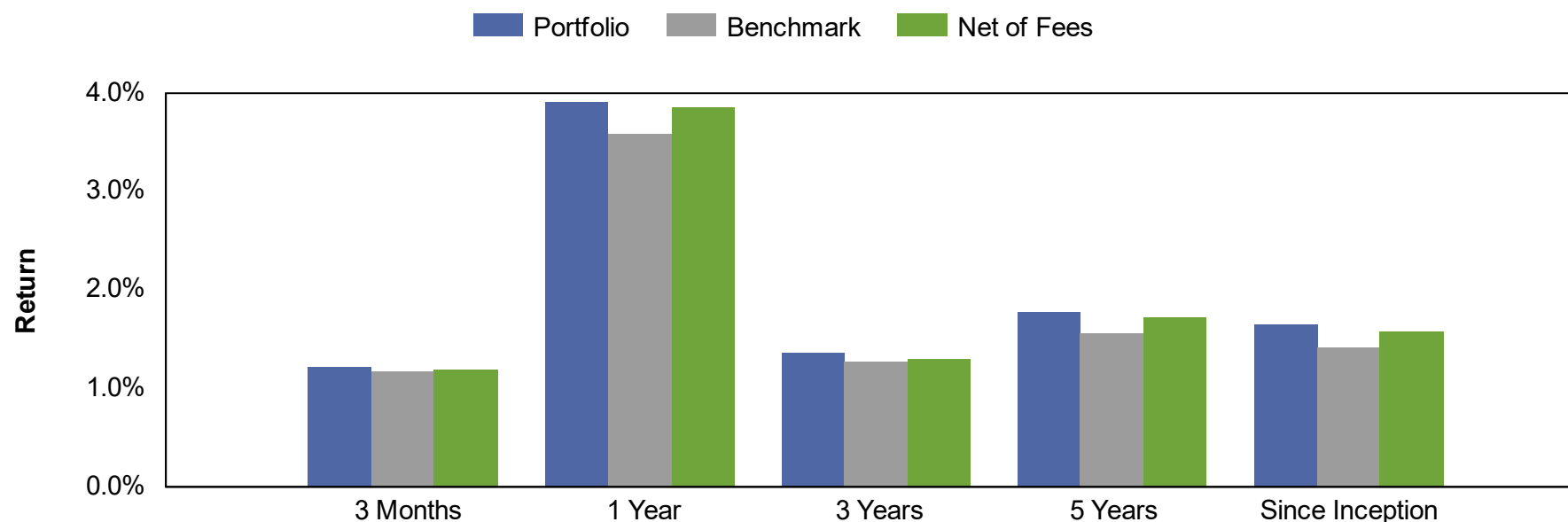
Net Activity by Sector (\$ millions)



Sector	Net Activity
Federal Agency	(\$7,195,000)
U.S. Treasury	(\$10,281,422)
Commercial Paper	(\$48,510,000)
Total Net Activity	(\$65,986,422)

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	\$23,102	\$148,162	\$224,659	\$479,026	\$640,185
Change in Market Value	\$973,971	\$2,955,252	\$2,920,085	\$4,507,845	\$5,603,951
Total Dollar Return	\$997,073	\$3,103,414	\$3,144,744	\$4,986,871	\$6,244,136
Total Return³					
Portfolio	1.21%	3.92%	1.36%	1.78%	1.65%
Benchmark ⁴	1.17%	3.59%	1.27%	1.55%	1.41%
Basis Point Fee	0.02%	0.07%	0.07%	0.07%	0.07%
Net of Fee Return	1.19%	3.85%	1.29%	1.71%	1.58%

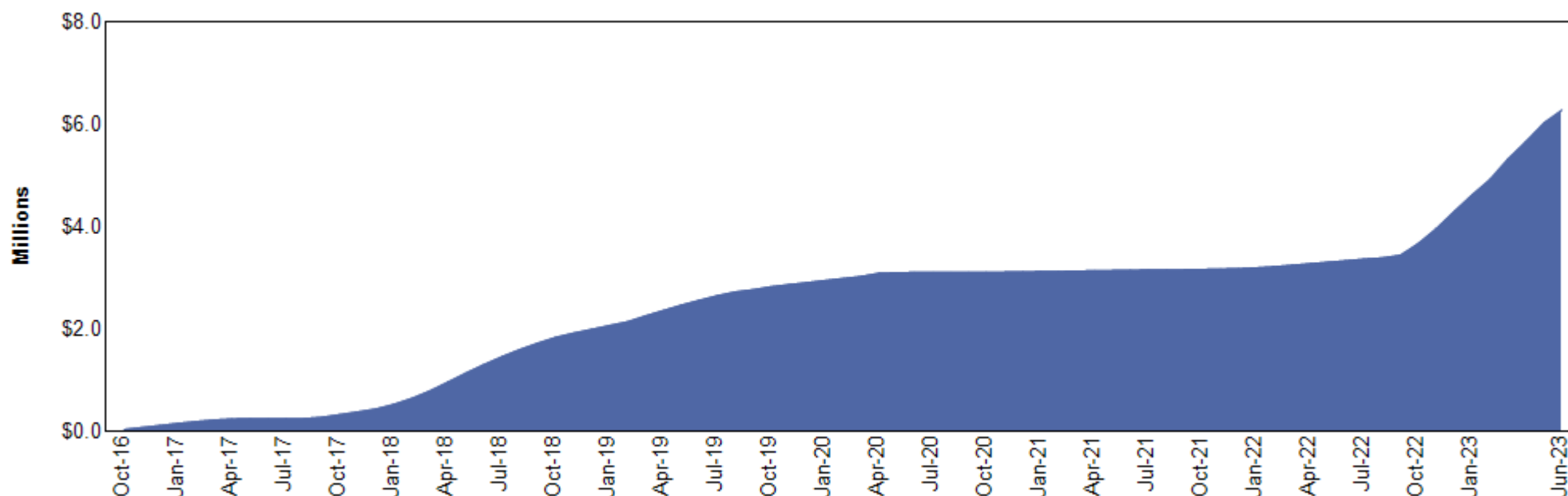
1. The lesser of 10 years or since inception is shown. Since inception returns for periods one year or less are not shown. Performance inception date is September 30, 2016.

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 BofA 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	\$23,102	\$148,162	\$224,659	\$479,026	\$640,185
Realized Gains / (Losses) ³	-	-	-	\$36,577	\$36,637
Change in Amortized Cost	\$929,160	\$2,794,487	\$2,946,478	\$4,457,631	\$5,602,047
Total Earnings	\$952,261	\$2,942,649	\$3,171,136	\$4,973,234	\$6,278,869

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

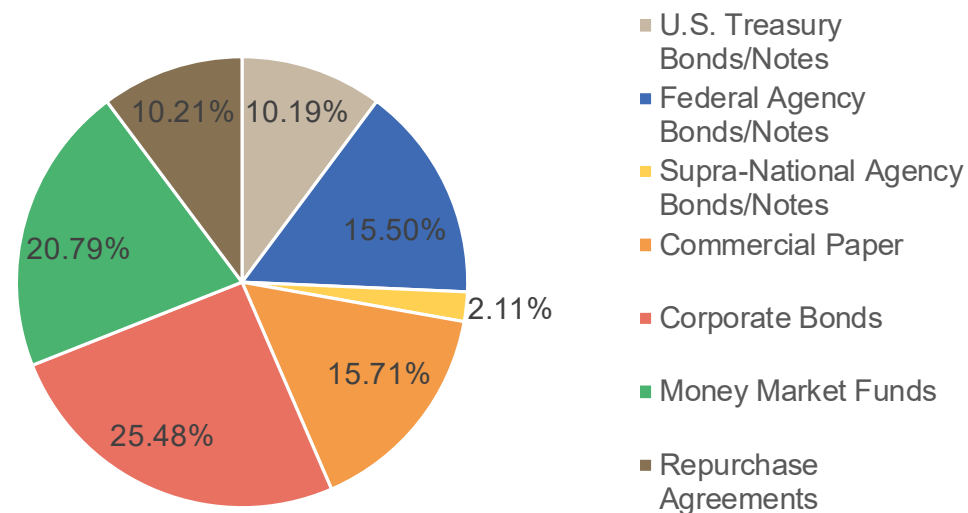
- The Illinois Funds is a Local Government Investment Pool (LGIP) operated by the Illinois State Treasurer's Office. The Illinois Funds strives to provide an inexpensive investment vehicle that features safety, daily liquidity and yield for Illinois public funds programs. The fund is managed by the Office of the State Treasurer in Springfield, Illinois, and contained a combined \$19.1 billion in total assets as of June 30, 2023. The fund is currently rated AAmmf by Fitch.

Illinois Funds Account Overview

Illinois Funds	
Beginning Value (3/31/2023)	\$96,086,932.35
Net Deposits (Withdrawals)	\$9,752,038.35
Interest Earned	\$1,169,365.38
Ending Value (6/30/23)	\$107,008,336.08

	Current Yield as of 6/30/23
Illinois Funds	5.25%
Benchmark: S&P Rated Government Investment Pool Index	5.00%

**Illinois Funds
Sector Allocation
as of June 30, 2023**



Weighted Average Maturity

53 Days

U.S. Bank Investment Sweep

Investment Approach

Commercial Paper Sweep

- In lieu of providing collateral on daily operating liquidity balances, U.S. 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 U.S. Bank National Association commercial paper, an unsecured, short-term promissory note. Funds from the maturing commercial paper are available on the next business day. U.S. Bank commercial paper carries a credit rating of A-1+ by Standard & Poor's and P-1 by Moody's. The Commercial Paper Sweep was discontinued in May 2023.

MMF Sweep

- In May 2023, the U.S. Bank First American Funds Treasury Obligations Money Market Fund (MMF) was implemented for purposes of investing daily operating liquidity funds. The Treasury Obligations MMF purchases U.S. Treasury securities and repurchase agreements collateralized by such obligations. The fund carries a AAAm rating by Standard & Poor's and a Aaa-mf rating by Moody's.

U.S. Bank Investment Sweep Account Overview

U.S. Bank Investment Sweep	
Beginning Value (3/31/2023)	\$19,609,740.80
Net Deposits (Withdrawals)	\$2,625,727.44
Interest Earned	\$223,763.54
Ending Value (6/30/23)	\$22,459,231.78

	Current Yield as of 6/30/23
U.S. Bank Treasury Obligations MMF Sweep	4.72%
Benchmark: S&P Rated Government Investment Pool Index	5.00%

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 (3/31/2023)	\$5,140,736.29
Net Deposits (Withdrawals)	\$0.00
Interest Earned	\$63,564.82
Ending Value (6/30/23)	\$5,204,301.11

	Current Yield as of 6/30/23
IntraFi Network Deposits	5.18%
Benchmark: S&P Rated Government Investment Pool Index	5.00%

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

Market Value (\$ in millions)

	6/30/2022	9/30/2022	12/31/2022	3/31/2023	6/30/2023
Housing & Auxiliary Facilities System					
Construction Proceeds	-	17.8	17.2	15.2	14.1
Interest Sinking Fund	9.5	11.1	9.1	19.2	1.0
Debt Service Reserve	6.0	5.9	6.0	6.1	6.1
Total HAFS	15.5	34.8	32.2	40.4	21.1
Medical Facilities System					
Construction Proceeds	-	-	-	-	-
Interest Sinking Fund	-	-	-	1.9	-
Debt Service Reserve	-	-	-	-	-
Total MFS	-	-	-	1.9	-
Certificates of Participation					
Construction Proceeds	-	-	-	-	-
Interest Sinking Fund	-	-	-	-	-
Debt Service Reserve	-	-	-	-	-
Total COPS	-	-	-	-	-
Total Market Value of Portfolio	\$ 15.5	\$ 34.8	\$ 32.2	\$ 42.3	\$ 21.1

Investment Balance

Book Value (\$ in millions)

	\$ 15.7	\$ 35.2	\$ 32.6	\$ 42.6	\$ 21.4
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**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, U.S. Bank Investment 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.