



# Southern Illinois University

---

Quarterly Investment Report  
June 30, 2022

# Market Update

---

## SUMMARY

- In Q2, U.S. economic conditions were characterized by: (1) persistently high inflation; (2) declining consumer sentiment; (3) slowing economic growth and increasing recession probabilities; (4) more aggressive Federal Reserve (Fed) monetary policy tightening; (5) rising yields and decade-high mortgage rates; and (6) elevated volatility and risk-off sentiment in credit and equity markets.
- The first half of 2022 was one of the most difficult investment environments in the past 40 years due to the pace of interest rate increases and the resulting simultaneous weakness in both bond and stock market returns. As we enter the second half of the year, many of the first half's significant headwinds are still in place: high inflation, tighter Fed monetary policy, rising rates, wider credit spreads, slowing growth and lingering geopolitical turmoil.
- The focus of headlines on inflation remains very high, with the Consumer Price Index increasing 9.1% year-over-year (YoY) through June, the largest 12-month increase since December 1981. Numerous factors have driven this inflation: gasoline prices surged nearly 60%, shelter costs rose 5.6%, food was up 10.4%, while new and used cars rose 9% over that span. Some of these price pressures resulted from surging input costs for oil, industrial metals and agricultural products, exacerbated by Russia's ongoing invasion of Ukraine. But, more recently, many commodity prices have fallen substantially. For example, lumber, copper, aluminum, steel, cattle and coffee prices are now down on a year-to-date basis.
- As a result of surging inflation, the Fed lifted the overnight federal funds target rate three times in the first half of 2022, in March, May and June. The last hike was by three quarters of a percentage point (0.75%) to a new range of 1.5% to 1.75%, the largest hike since 1994. The market now expects short-term rates to reach 3.25% to 3.75% by year-end. In addition, the Fed kicked off its plan to reduce its balance sheet holdings of Treasuries and agency-backed mortgage securities through monthly runoff of maturities and principal payments.

## ECONOMIC SNAPSHOT

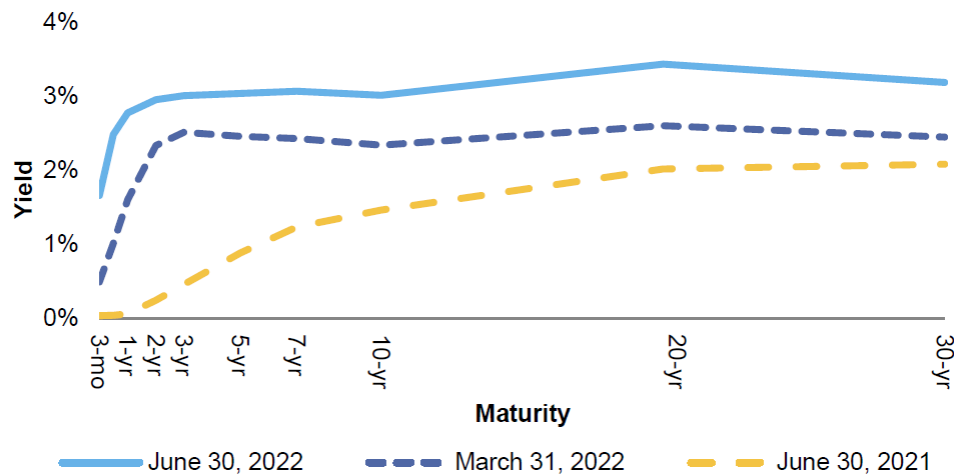
- U.S. economic real growth (inflation-adjusted) declined at an annual pace of 1.6% in Q1 2022, a big disappointment. The drop was a sharp reversal from the 6.9% increase in Q4. It resulted from decreases in exports, federal government spending, private inventory investment, and state and local government spending, while imports, which are a subtraction in the calculation of GDP, increased. The economy has downshifted from its torrid pace of 2021 as federal stimulus programs ended and rampant inflation cut into consumer spending habits and corporate profits. Economists' estimates for future GDP reflect expectations for growth to normalize in the future, with projections for the full calendar year 2022 at 2.1% and 2023 at 1.5%.
- The U.S. labor market remains a tailwind as the economy added 2.7 million new jobs this year. The unemployment rate remained at 3.6%, while wage growth remained elevated and job openings remained plentiful. Despite this apparent strength, job gains have begun to moderate, and the level of new weekly jobless claims has increased noticeably, indicating a possible sea change.
- Household spending has also adapted to rising food and energy costs. The share of disposable income going towards non-discretionary items such as food, energy, debt service and rent broke a decade-long downtrend and is now rising quickly. Largely due to pain at the pump and grocery check-out counter, measures of consumer sentiment nosedived. The Conference Board Consumer Confidence Index dipped below 100 for the first in over a year, while the University of Michigan Consumer Sentiment Index reached an all-time low in June.
- Increasing inventories and a falling mortgage affordability index led to a sharp decline in home sales. Sales of both new and existing homes sales declined. On the manufacturing front, indices of activity posted a decline and moved toward their lowest levels in nearly two years, although still in expansionary territory. Automobile sales in June were down nearly 15% YoY.

# Market Update

## INTEREST RATES

- U.S. Treasury yields rose sharply in Q2. By the end of the quarter, the yield on a 3-month U.S. Treasury Bill stood at 1.67% (up 1.17% over the quarter), the 2-year note was 2.96% (up 0.62%), the 5-year note was 3.04% (up 0.58%), the 10-year note was 3.02% (up 0.68%) and the 30-year ended the quarter at 3.19% (up 0.74%).
- As a result of rapidly increasing Treasury yields, fixed income indices posted large negative total returns. The ICE BofA 2-, 5-, and 10-year U.S. Treasury indices returned -0.50%, -2.05%, and -4.92%, respectively. Underscoring the recent historic underperformance of U.S. Treasuries, from peak to trough (August 3, 2020, to June 14, 2022), the 10-year Treasury Index lost -17%.

U.S. Treasury Yield Curve



Source: Bloomberg, as of 6/30/2022.

## SECTOR PERFORMANCE

- Diversification in securities other than U.S. Treasury securities generally detracted from performance as few sectors were immune to risk-off sentiment and wider yield spreads. The exceptions were shorter-duration municipals and federal agency securities with maturities inside five years.
- Despite relatively stable fundamentals and a favorable upgrade/downgrade ratio, wider spreads on investment-grade (IG) corporates generated notably negative excess returns. Quickly tightening financial conditions and an increasing repricing of recession risks were the primary culprits. After rapidly retracing to close Q1, IG corporate spreads slowly and steadily increased throughout Q2, finishing at their widest level in two years. For the second consecutive quarter, lower quality and longer duration corporates underperformed their higher quality and shorter duration counterparts.
- Mortgage-backed securities (MBS) continued the trend of underperformance, finishing the worst start to a year in several decades. The looming acceleration of Fed balance sheet reduction of its MBS holdings has weighed on the sector for the better part of the year. Refinancing activity has plummeted and MBS durations have extended noticeably due to decade-high mortgage rates, further pressuring performance in the sector. Only the highest coupon MBS avoided sharply negative excess returns.

---

## **Summary of Operating Investments**

## Summary of Operating Investments

### Market Value (\$ in millions)\*

	6/30/2022
Illinois Funds	\$ 61.9
US Bank Commercial Paper Sweep	25.7
IntraFi Network Deposits	5.0
Subtotal Cash & Cash Equivalents	\$ 92.7
Short Term Portfolio	70.7
Intermediate Term Portfolio	171.9
Total Portfolio	\$ 335.3

### Book Value (\$ in millions)

\$ 346.3

### Current Yields (Annualized)

Illinois Funds	1.42%
US Bank Commercial Paper Sweep	0.75%
IntraFi Network Deposits	0.93%
Benchmark: S&P Rated Government Investment Pool Index	0.92%

### Asset Allocation (\$ in millions)\*

Sector	6/30/2022	
Money Market Mutual Funds	\$ 63.0	18.8%
U.S. Treasury Bonds/Notes	92.9	27.7%
Federal Agency Bonds/Notes	23.2	6.9%
Federal Agency Mortgage Backed Securities	27.1	8.1%
Federal Agency Commercial Mortgage Backed Securities	13.2	3.9%
Federal Agency Collateralized Mortgage Obligations	5.6	1.7%
Supra-National Agency Bonds/Notes	15.7	4.7%
Corporate Notes	14.1	4.2%
Commercial Paper	49.1	14.6%
Commercial Paper Sweep (US Bank)	25.7	7.7%
IntraFi Network Deposits	5.0	1.5%
Subtotal	334.7	99.8%
Accrued Interest	0.7	0.2%
Total	\$ 335.3	100.0%

### Performance Summary (Total Return)\*\*

	Current Quarter	1 Year	3 Year	5 Year	10 Year	Since Inception
Short Term Portfolio	0.15%	0.02%	0.79%	1.29%	-	1.26%
Benchmark: BofA Merrill Lynch 3-Month Treasury Bill Index	0.10%	0.17%	0.63%	1.11.%	-	1.03%
Intermediate Term Portfolio	-1.56%	-6.36%	-0.08%	1.05%	-	1.30%
Benchmark: Barclays Intermediate U.S. Govt. Securities	-1.65%	-6.32%	-0.30%	0.87%	-	1.13%

\*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

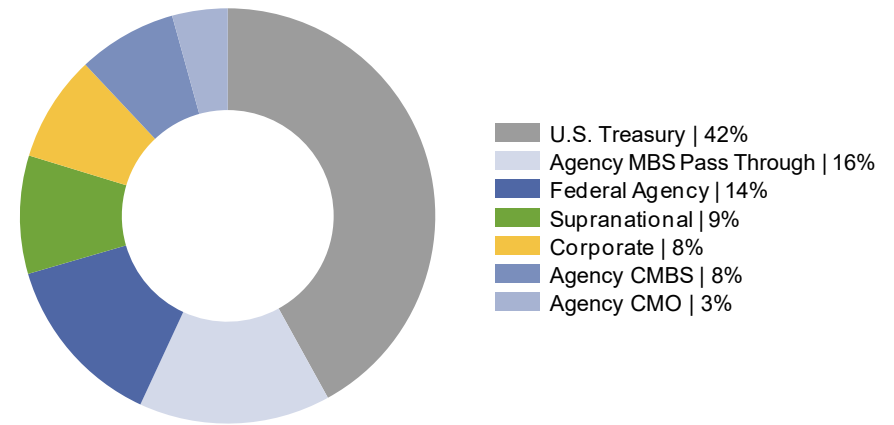
- The University's Intermediate Term portfolio is actively managed by PFM Asset Management, LLC. PFM seeks to add value by strategically buying or selling high-quality, fixed-income securities. Funds in the core portfolio are typically not needed over an intermediate- or long- term horizon and are therefore 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 TERM<sup>1</sup>

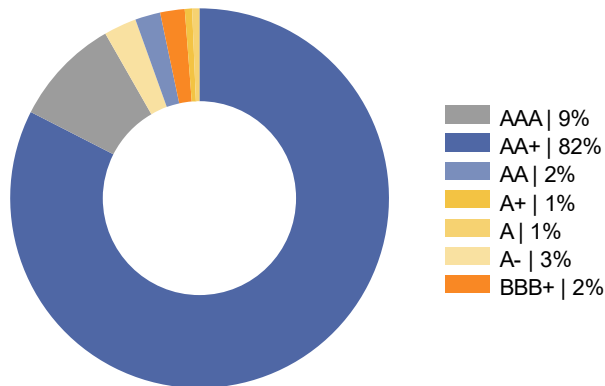
### Portfolio Statistics

<b>Total Market Value</b>	\$171,943,240.96
Securities Sub-Total	\$170,349,426.39
Accrued Interest	\$602,100.43
Cash	\$991,714.14
<b>Portfolio Effective Duration</b>	3.79 years
<b>Benchmark Effective Duration</b>	3.83 years
<b>Yield At Cost</b>	1.90%
<b>Yield At Market</b>	3.24%
<b>Portfolio Credit Quality</b>	AA

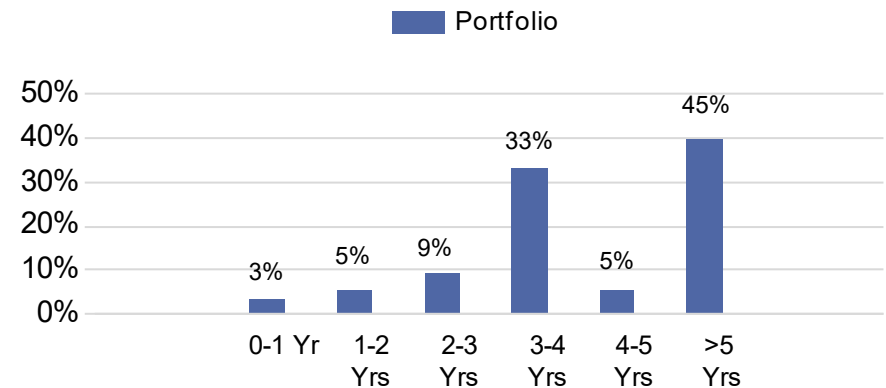
### Sector Allocation



### Credit Quality - S&P



### Duration Distribution



1. Yield and duration calculations exclude cash and cash equivalents. Sector allocation includes market values and accrued interests. 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

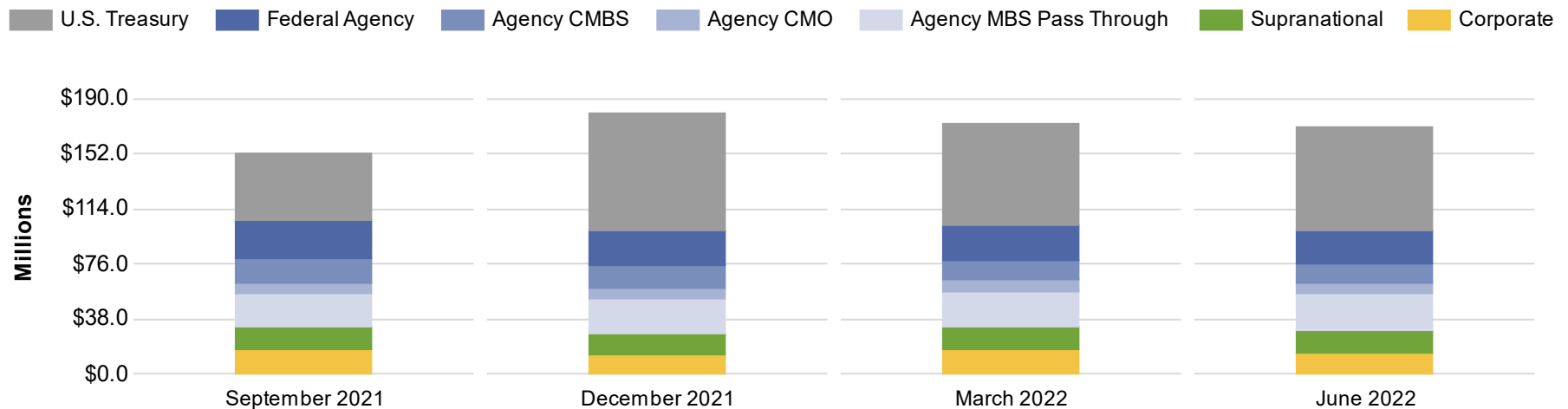
Security Type / Issuer	Market Value (%)	S&P / Moody's / Fitch
<b>U.S. Treasury</b>	<b>41.9%</b>	
UNITED STATES TREASURY	41.9%	AA / Aaa / AAA
<b>Federal Agency</b>	<b>13.6%</b>	
AGENCY FOR INTERNATIONAL DEVELOPMENT	1.2%	AA / Aaa / NR
FANNIE MAE	7.0%	AA / Aaa / AAA
FREDDIE MAC	2.4%	AA / Aaa / AAA
TENNESSEE VALLEY AUTHORITY	3.1%	AA / Aaa / AAA
<b>Agency CMBS</b>	<b>7.7%</b>	
FANNIE MAE	0.2%	AA / Aaa / AAA
FREDDIE MAC	7.5%	AA / Aaa / AAA
<b>Agency CMO</b>	<b>3.3%</b>	
FANNIE MAE	0.9%	AA / Aaa / AAA
FREDDIE MAC	2.9%	AA / Aaa / AAA
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION	0.4%	AA / Aaa / AAA
<b>Agency MBS Pass Through</b>	<b>15.9%</b>	
FANNIE MAE	11.3%	AA / Aaa / AAA
FREDDIE MAC	3.4%	AA / Aaa / AAA
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION	0.2%	AA / Aaa / AAA
<b>Supranational</b>	<b>9.2%</b>	
AFRICAN DEVELOPMENT BANK	2.0%	AAA / Aaa / AAA
ASIAN DEVELOPMENT BANK	0.4%	AAA / Aaa / AAA
INTER-AMERICAN DEVELOPMENT BANK	3.5%	AAA / Aaa / AAA
INTERNATIONAL FINANCE CORPORATION	0.8%	AAA / Aaa / NR
INTL BANK OF RECONSTRUCTION AND DEV	2.6%	AAA / Aaa / AAA

Security Type / Issuer	Market Value (%)	S&P / Moody's / Fitch
<b>Corporate</b>	<b>8.3%</b>	
CATERPILLAR INC	0.6%	A / A / A
CITIGROUP INC	0.8%	BBB / A / A
GOLDMAN SACHS GROUP INC	0.8%	BBB / A / A
HSBC HOLDINGS PLC	0.8%	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
<b>Total</b>	<b>100.0%</b>	

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.

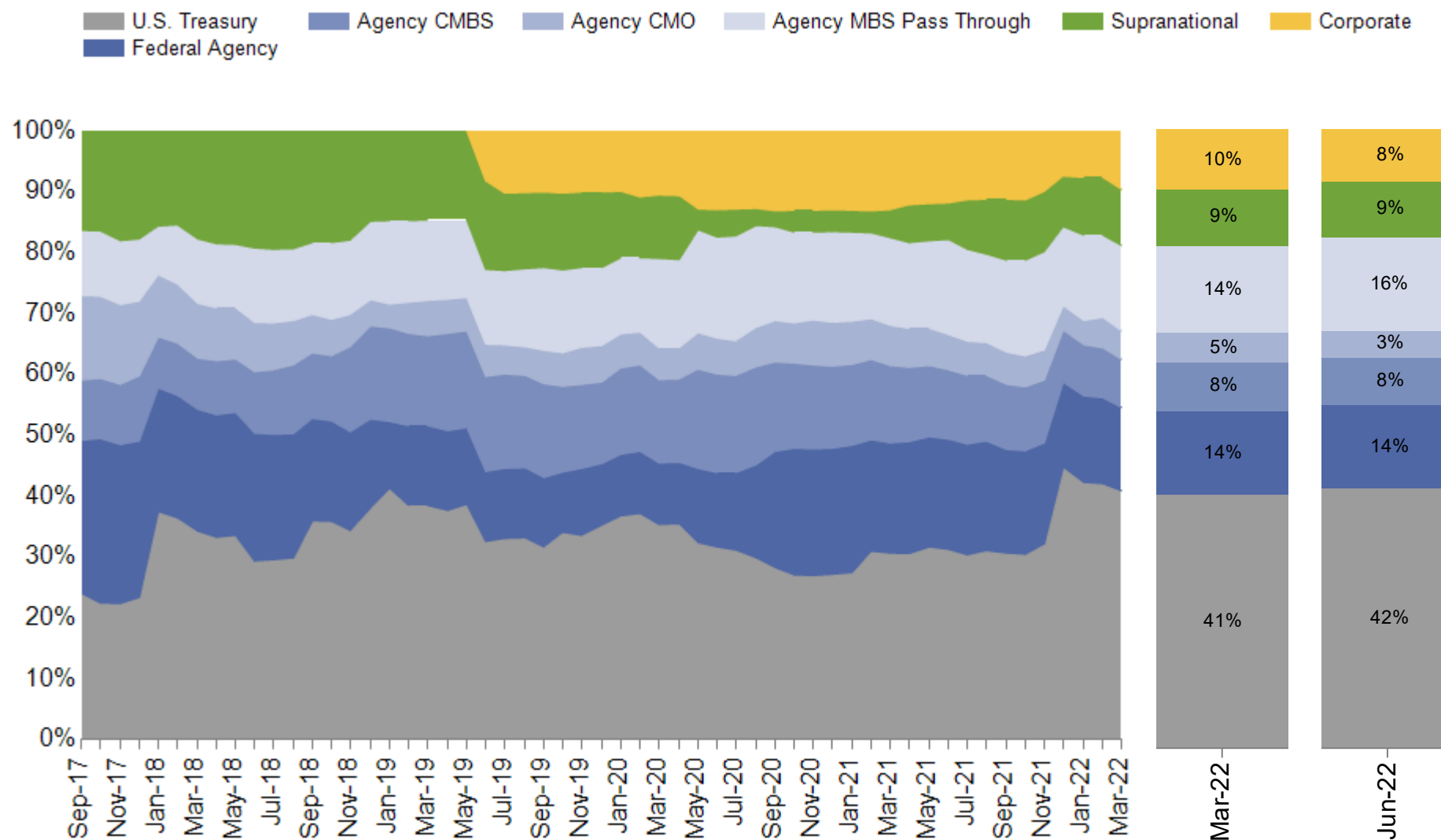
## Sector Allocation Review - SIU- INTERMEDIATE TERM

Security Type	Sep-21	% of Total	Dec-21	% of Total	Mar-22	% of Total	Jun-22	% of Total
U.S. Treasury	\$46.7	30.7%	\$81.0	44.8%	\$70.7	40.9%	\$71.4	41.9%
Federal Agency	\$26.0	17.0%	\$25.1	13.9%	\$23.8	13.7%	\$23.2	13.6%
Agency CMBS	\$16.4	10.7%	\$15.5	8.6%	\$13.7	7.9%	\$13.2	7.7%
Agency CMO	\$8.0	5.3%	\$7.3	4.0%	\$8.2	4.7%	\$7.3	3.3%
Agency MBS Pass Through	\$23.1	15.1%	\$23.5	13.0%	\$24.3	14.0%	\$25.4	15.9%
Supranational	\$15.3	10.0%	\$15.0	8.3%	\$16.0	9.2%	\$15.7	9.2%
Corporate	\$17.2	11.2%	\$13.3	7.4%	\$16.6	9.6%	\$14.1	8.3%
<b>Total</b>	<b>\$152.6</b>	<b>100.0%</b>	<b>\$180.7</b>	<b>100.0%</b>	<b>\$173.3</b>	<b>100.0%</b>	<b>\$170.3</b>	<b>100.0%</b>



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.

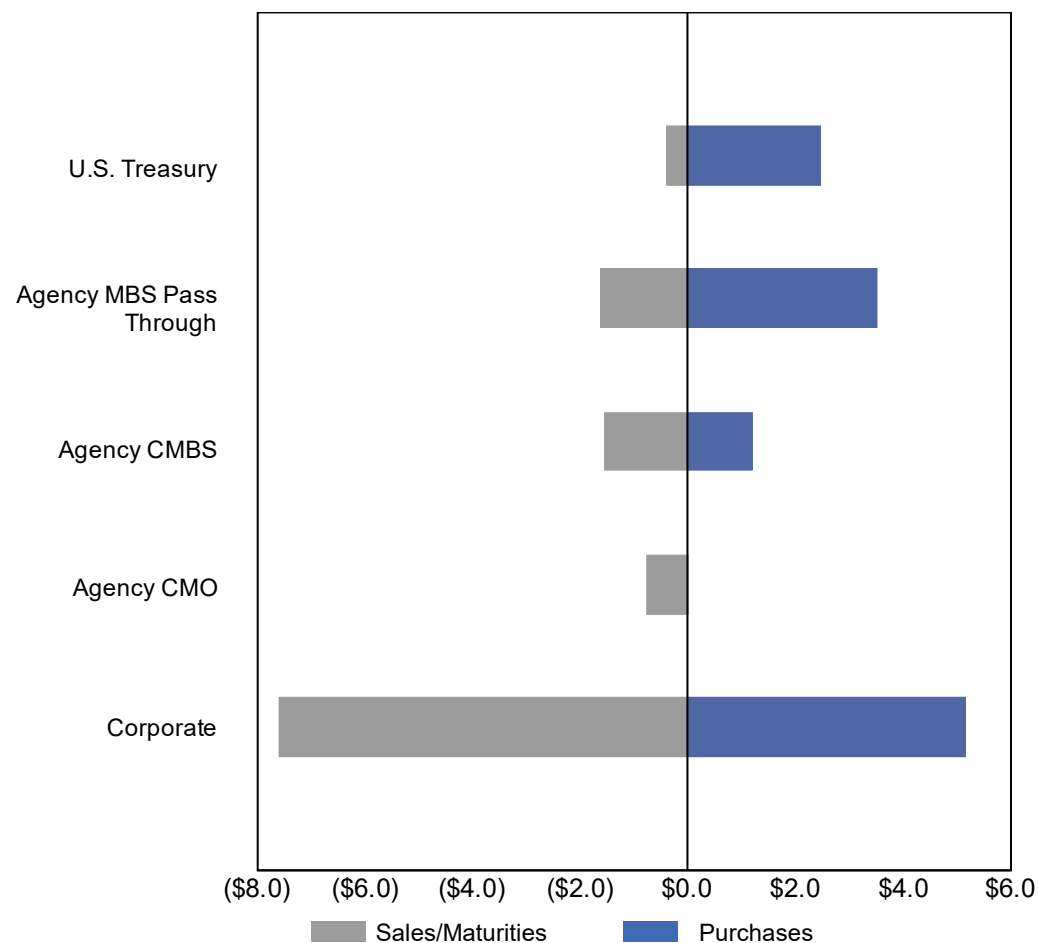
## Historical Sector Allocation - SIU- INTERMEDIATE TERM



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

## Portfolio Activity - SIU- INTERMEDIATE TERM

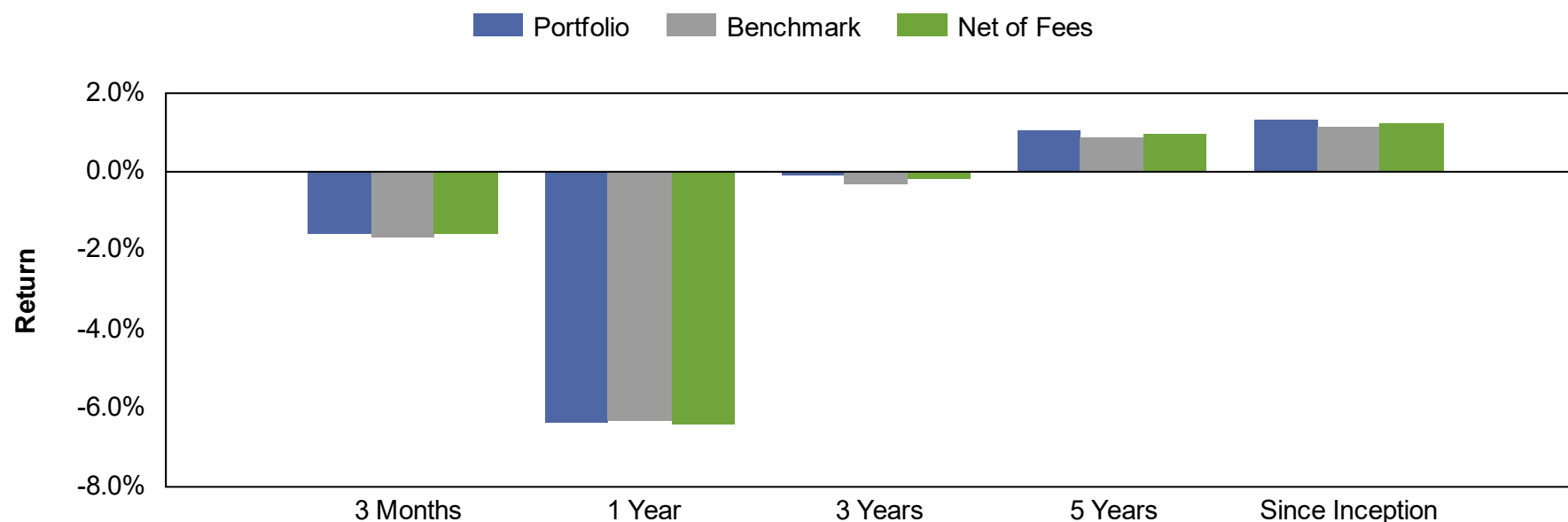
**Net Activity by Sector**  
(\$ millions)



Sector	Net Activity
U.S. Treasury	\$2,112,878
Agency MBS Pass Through	\$1,919,344
Agency CMBS	(\$308,274)
Agency CMO	(\$733,345)
Corporate	(\$2,450,458)
<b>Total Net Activity</b>	<b>\$540,144</b>

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 <sup>1</sup>
Interest Earned <sup>2</sup>	\$850,122	\$3,450,645	\$11,617,438	\$17,417,593	\$23,235,995
Change in Market Value	(\$3,561,729)	(\$14,886,993)	(\$12,353,709)	(\$9,363,809)	(\$9,718,415)
<b>Total Dollar Return</b>	<b>(\$2,711,607)</b>	<b>(\$11,436,348)</b>	<b>(\$736,271)</b>	<b>\$8,053,784</b>	<b>\$13,517,580</b>
<b>Total Return<sup>3</sup></b>					
Portfolio	-1.56%	-6.36%	-0.08%	1.05%	1.30%
Benchmark <sup>4</sup>	-1.65%	-6.32%	-0.30%	0.87%	1.13%
<b>Basis Point Fee</b>	<b>0.02%</b>	<b>0.07%</b>	<b>0.07%</b>	<b>0.07%</b>	<b>0.07%</b>
<b>Net of Fee Return</b>	<b>-1.58%</b>	<b>-6.43%</b>	<b>-0.15%</b>	<b>0.98%</b>	<b>1.23%</b>

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.

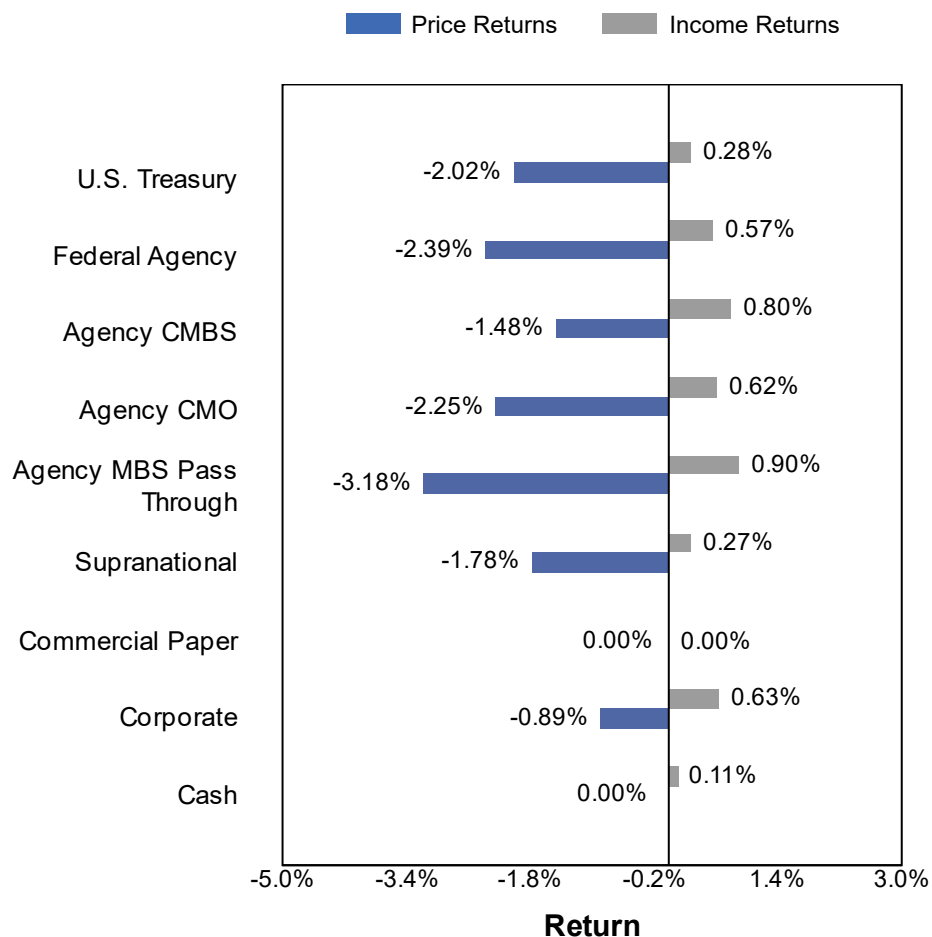
2. Interest earned calculated as the ending accrued interest less beginning accrued interest, plus net interest activity.

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.

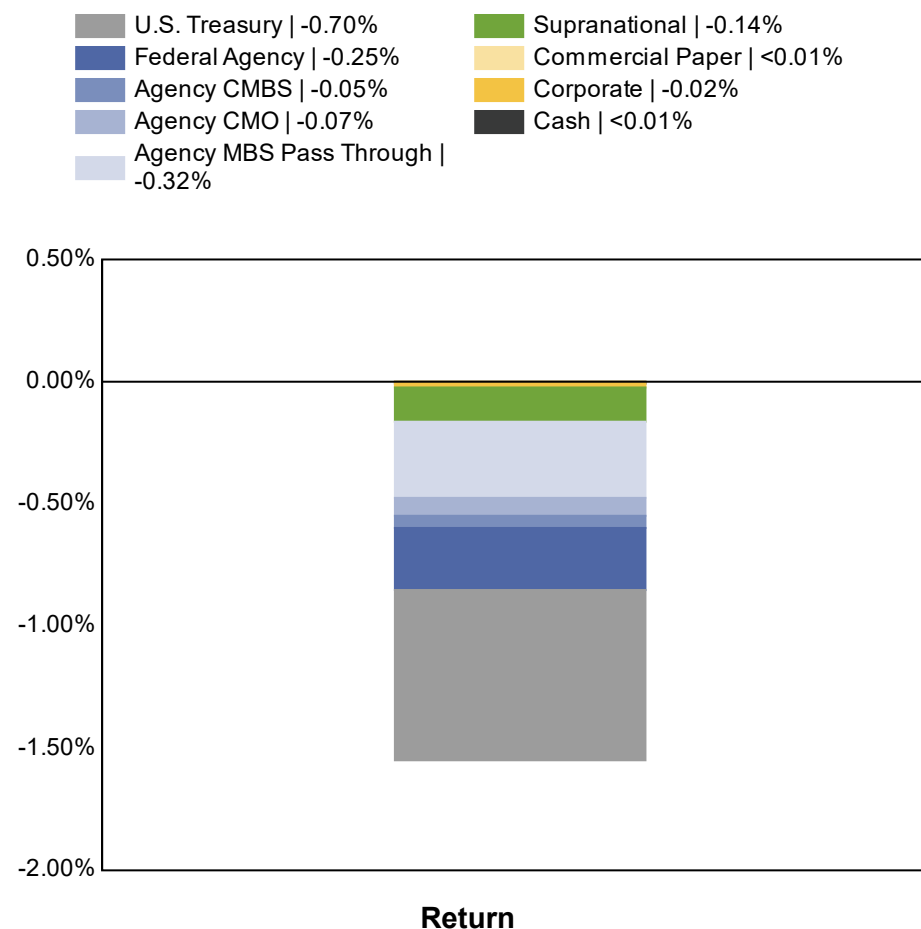
4. The portfolio's benchmark is Bloomberg Barclays Intermediate U.S. Government Index. Source: Bloomberg.

## Quarterly Sector Performance

### Total Return by Sector

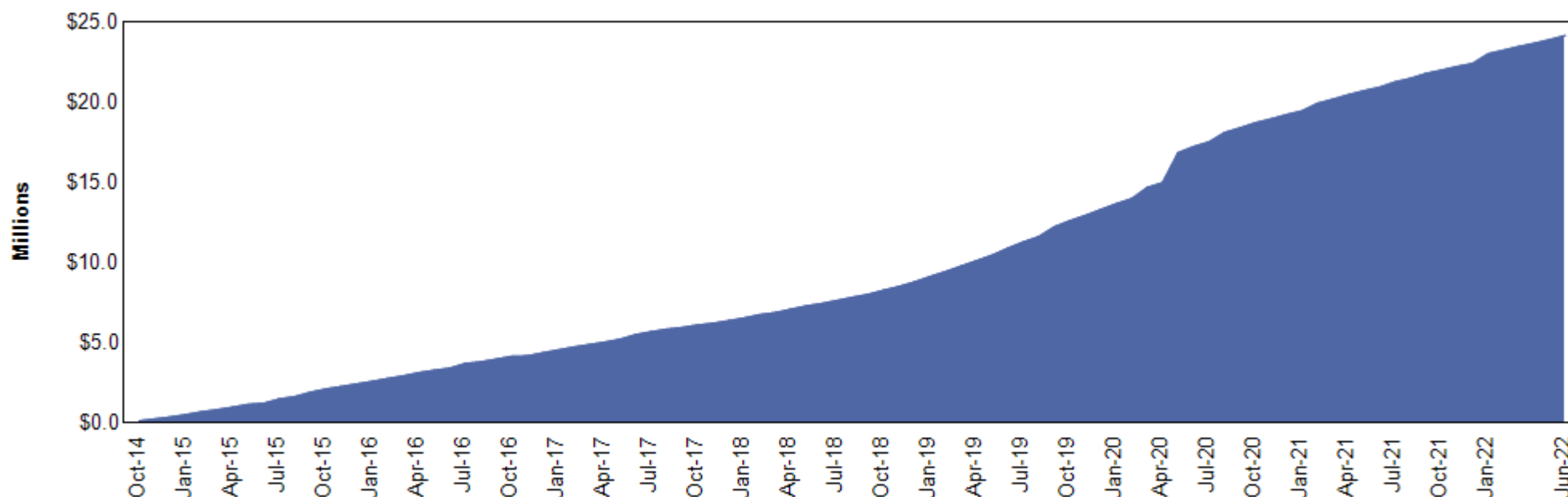


### Contribution to Total Return



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 <sup>1</sup>
Interest Earned <sup>2</sup>	\$850,122	\$3,450,645	\$11,617,438	\$17,417,593	\$23,235,995
Realized Gains / (Losses) <sup>3</sup>	(\$26,962)	\$621,039	\$3,894,922	\$3,628,920	\$4,123,081
Change in Amortized Cost	(\$133,186)	(\$835,591)	(\$2,228,587)	(\$2,373,704)	(\$3,196,907)
<b>Total Earnings</b>	<b>\$689,974</b>	<b>\$3,236,094</b>	<b>\$13,283,773</b>	<b>\$18,672,809</b>	<b>\$24,162,169</b>

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

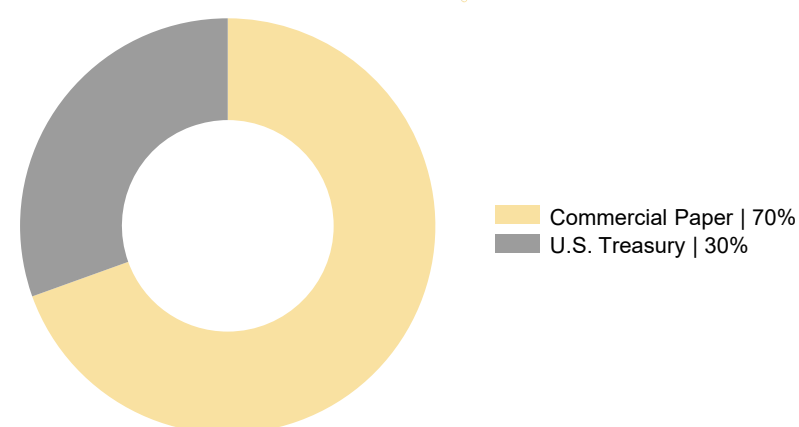
- The University's Short-Term portfolio is actively managed by PFM Asset Management, LLC. The short-term portfolio is structured to match the University's anticipated liquidity needs. The portfolio's duration typically ranges from 0 – 12 months, but is limited to a maximum maturity of 3 years. These 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 FUND<sup>1</sup>

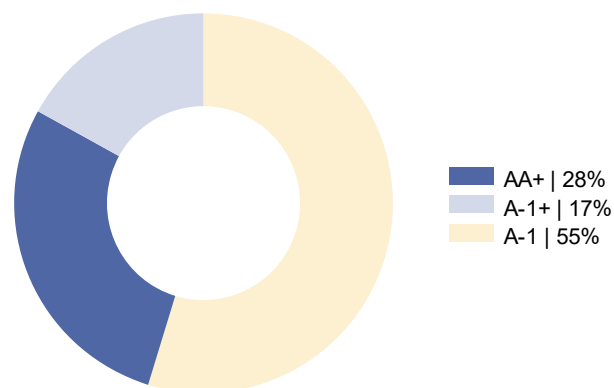
### Portfolio Statistics

<b>Total Market Value</b>	\$70,713,013.26
Securities Sub-Total	\$70,543,717.72
Accrued Interest	\$50,281.08
Cash	\$119,014.46
<b>Portfolio Effective Duration</b>	0.18 years
<b>Benchmark Effective Duration</b>	0.15 years
<b>Yield At Cost</b>	0.47%
<b>Yield At Market</b>	1.95%
<b>Portfolio Credit Quality</b>	A

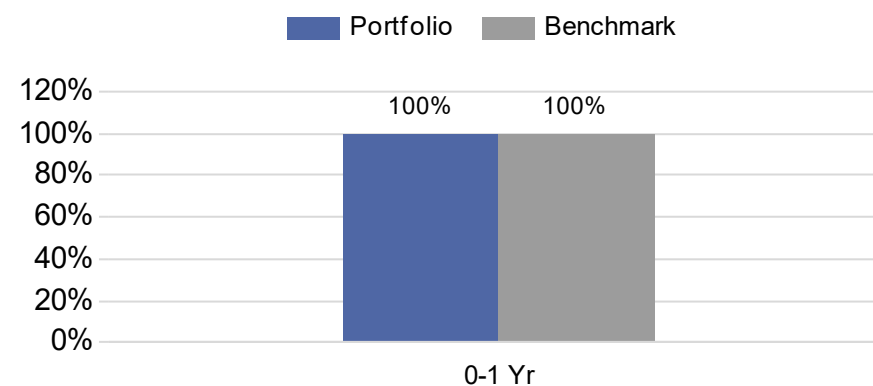
### Sector Allocation



### Credit Quality - S&P



### Duration Distribution



1. Yield and duration calculations exclude cash and cash equivalents. Sector allocation includes market values and accrued interests. 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.

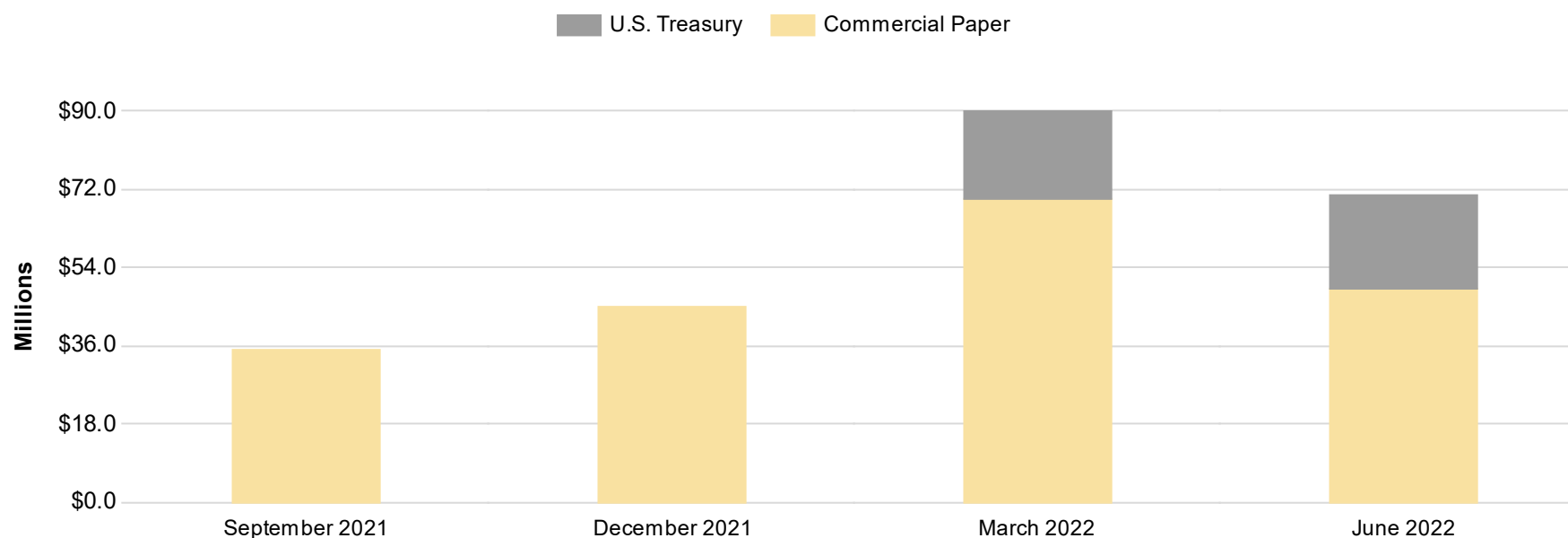
## Issuer Diversification

Security Type / Issuer	Market Value (%)	S&P / Moody's / Fitch
<b>U.S. Treasury</b>	<b>30.4%</b>	
UNITED STATES TREASURY	30.5%	AA / Aaa / AAA
<b>Commercial Paper</b>	<b>69.6%</b>	
ABN AMRO BANK	3.5%	A / Aa / A
BNP PARIBAS	4.2%	A / Aa / AA
CREDIT SUISSE GROUP RK	9.9%	A / Aa / A
ING GROEP NV	6.3%	A / Aa / NR
MANHATTAN ASSET FUNDING CO LLC	7.1%	A / Aa / NR
MITSUBISHI UFJ FINANCIAL GROUP INC	9.9%	A / Aa / A
NATIXIS NY BRANCH	4.2%	A / Aa / A
RABOBANK NEDERLAND	9.5%	A / Aa / AA
ROYAL BANK OF CANADA	4.2%	AA / Aa / AA
TORONTO-DOMINION BANK	5.6%	AA / Aa / NR
TOYOTA MOTOR CORP	5.0%	AA / Aa / A
<b>Total</b>	<b>100.0%</b>	

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

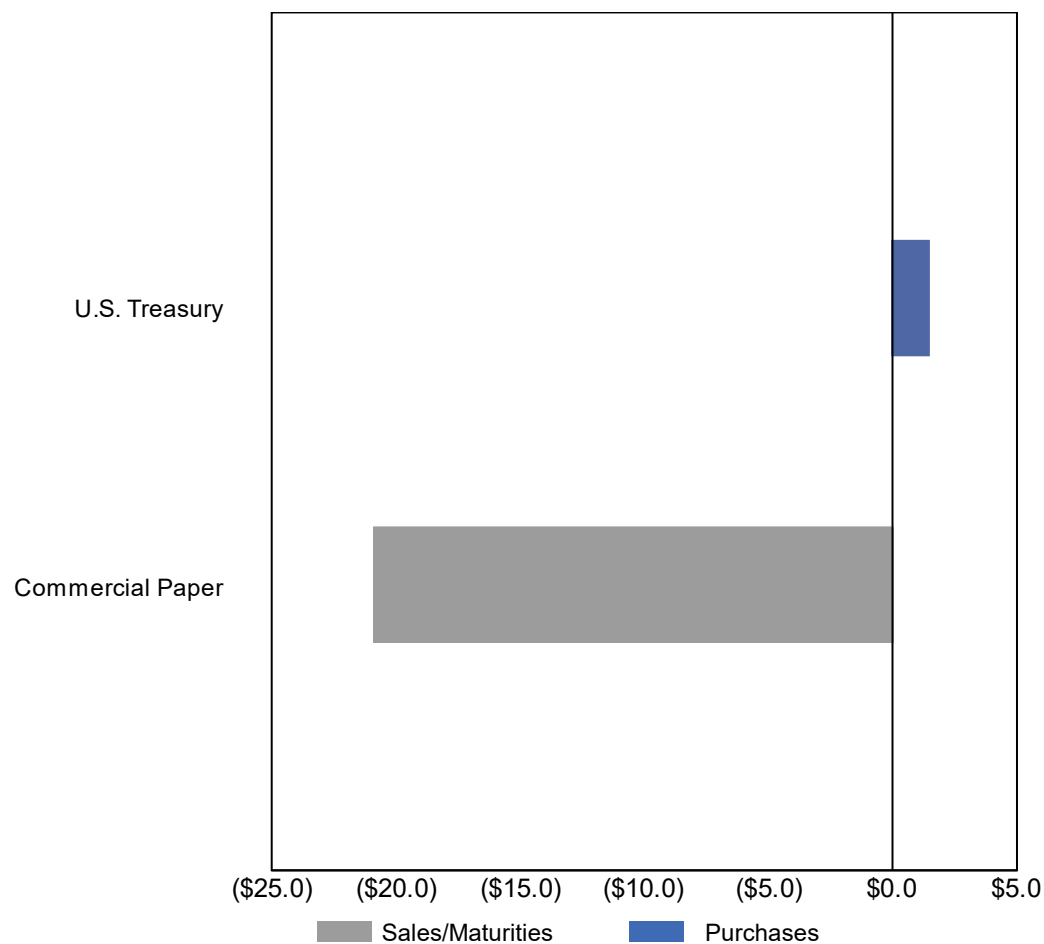
Security Type	Sep-21	% of Total	Dec-21	% of Total	Mar-22	% of Total	Jun-22	% of Total
U.S. Treasury	\$0.0	0.0%	\$0.0	0.0%	\$20.0	22.3%	\$21.5	30.4%
Commercial Paper	\$35.0	100.0%	\$44.8	100.0%	\$69.8	77.7%	\$49.1	69.6%
<b>Total</b>	<b>\$35.0</b>	<b>100.0%</b>	<b>\$44.8</b>	<b>100.0%</b>	<b>\$89.9</b>	<b>100.0%</b>	<b>\$70.5</b>	<b>100.0%</b>



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

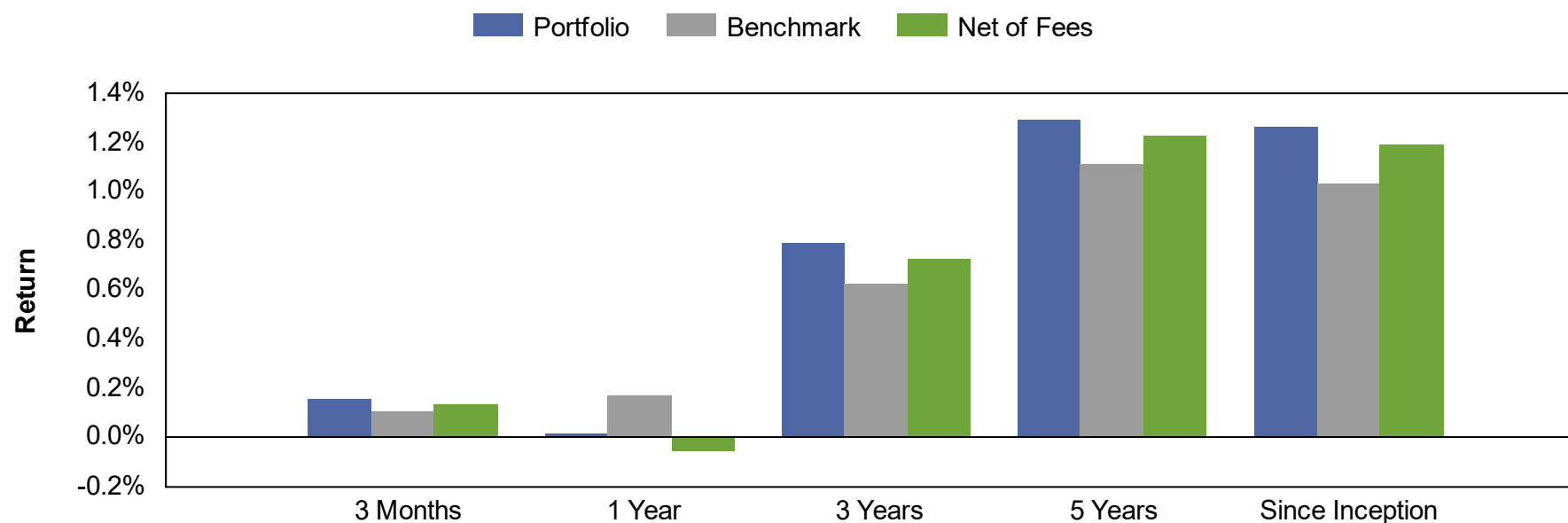
**Net Activity by Sector**  
(\$ millions)



Sector	Net Activity
U.S. Treasury	\$1,497,048
Commercial Paper	(\$20,900,000)
<b>Total Net Activity</b>	<b>(\$19,402,952)</b>

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 <sup>1</sup>
Interest Earned <sup>2</sup>	\$50,612	\$76,367	\$118,323	\$491,216	\$492,023
Change in Market Value	\$82,047	(\$77,217)	\$446,395	\$2,406,041	\$2,648,699
<b>Total Dollar Return</b>	<b>\$132,659</b>	<b>(\$850)</b>	<b>\$564,718</b>	<b>\$2,897,257</b>	<b>\$3,140,722</b>
<b>Total Return<sup>3</sup></b>					
Portfolio	0.15%	0.02%	0.79%	1.29%	1.26%
Benchmark <sup>4</sup>	0.10%	0.17%	0.63%	1.11%	1.03%
<b>Basis Point Fee</b>	<b>0.02%</b>	<b>0.07%</b>	<b>0.07%</b>	<b>0.07%</b>	<b>0.07%</b>
<b>Net of Fee Return</b>	<b>0.13%</b>	<b>-0.05%</b>	<b>0.72%</b>	<b>1.22%</b>	<b>1.19%</b>

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.

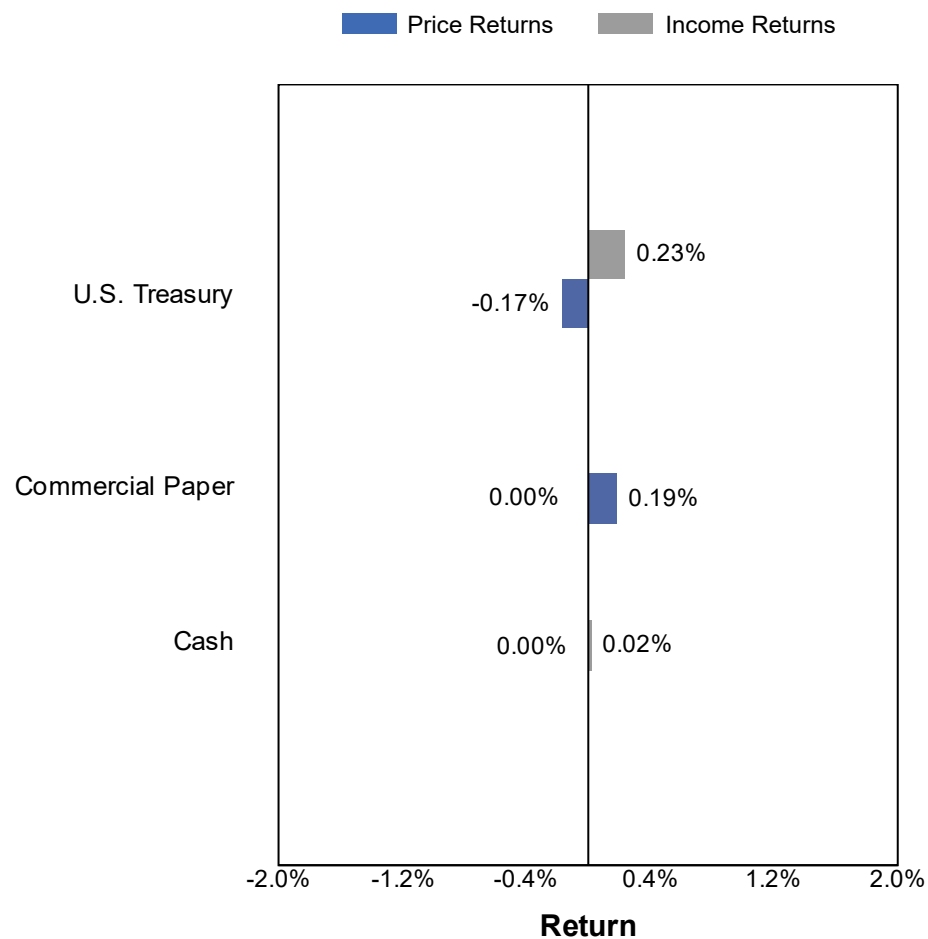
2. Interest earned calculated as the ending accrued interest less beginning accrued interest, plus net interest activity.

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.

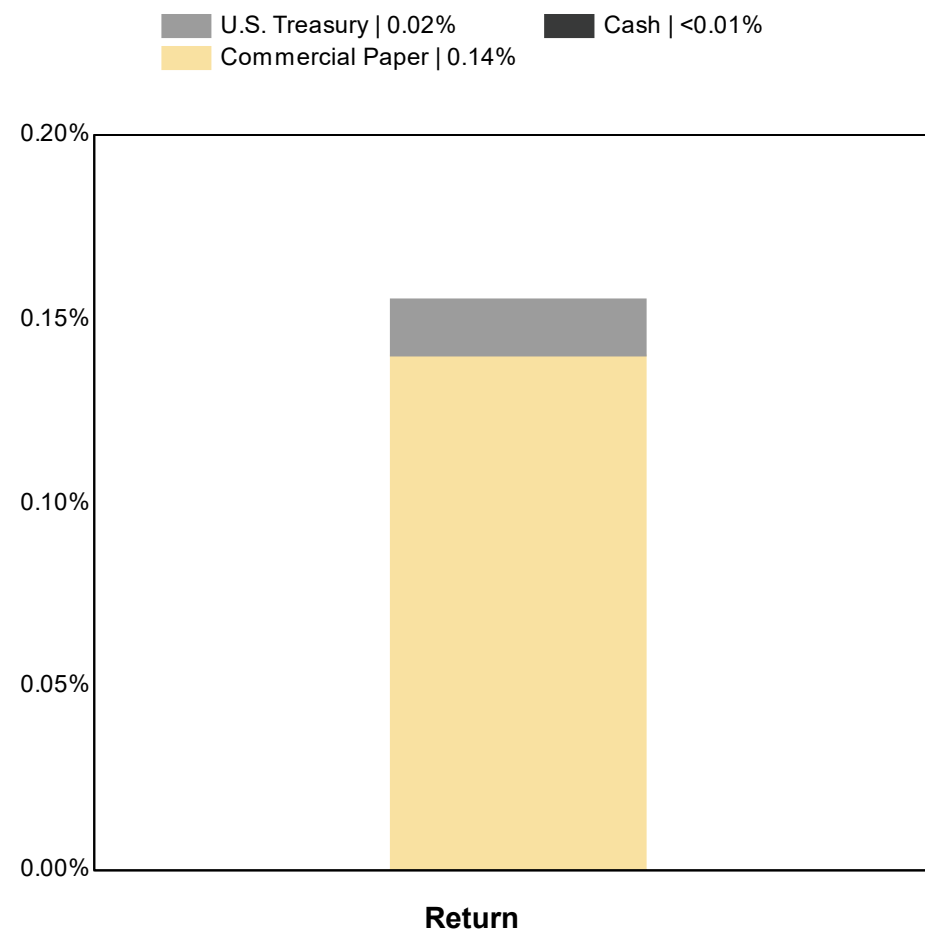
4. The portfolio's benchmark is the ICE BofAML 3 Month U.S. Treasury Index. Source: Bloomberg.

## Quarterly Sector Performance

### Total Return by Sector

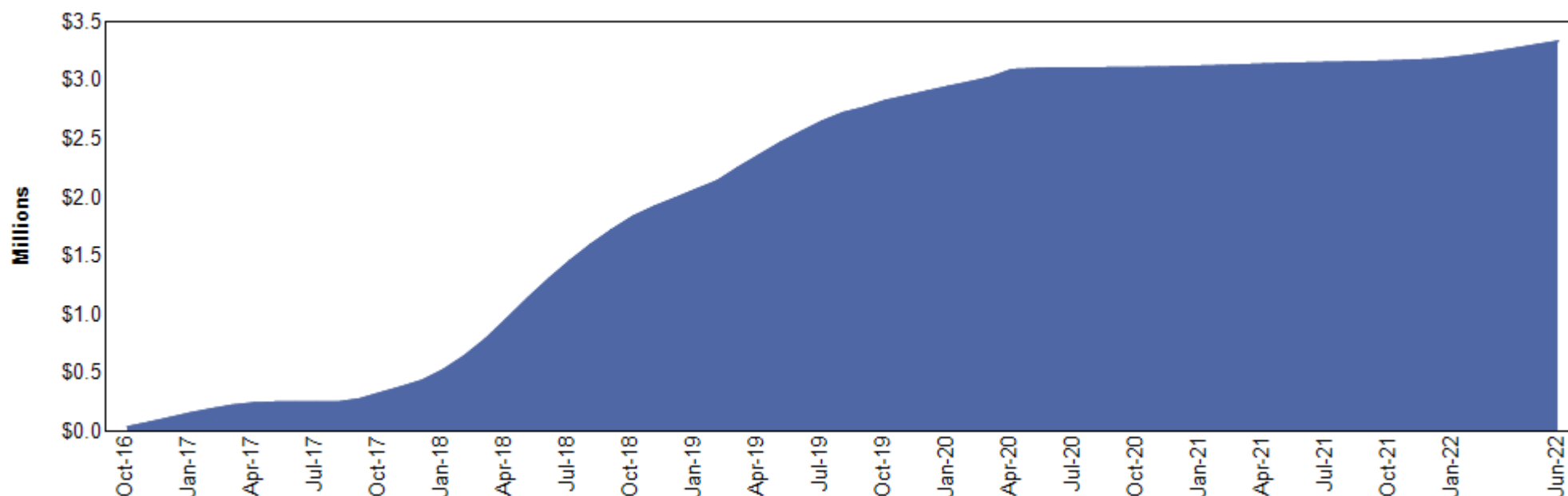


### Contribution to Total Return



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- SHORT TERM FUND



Accrual Basis Earnings	3 Months	1 Year	3 Years	5 Year	Since Inception <sup>1</sup>
Interest Earned <sup>2</sup>	\$50,612	\$76,367	\$118,323	\$491,216	\$492,023
Realized Gains / (Losses) <sup>3</sup>	-	-	\$36,577	\$36,577	\$36,637
Change in Amortized Cost	\$37,791	\$110,285	\$618,489	\$2,556,623	\$2,807,560
<b>Total Earnings</b>	<b>\$88,403</b>	<b>\$186,652</b>	<b>\$773,388</b>	<b>\$3,084,415</b>	<b>\$3,336,220</b>

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

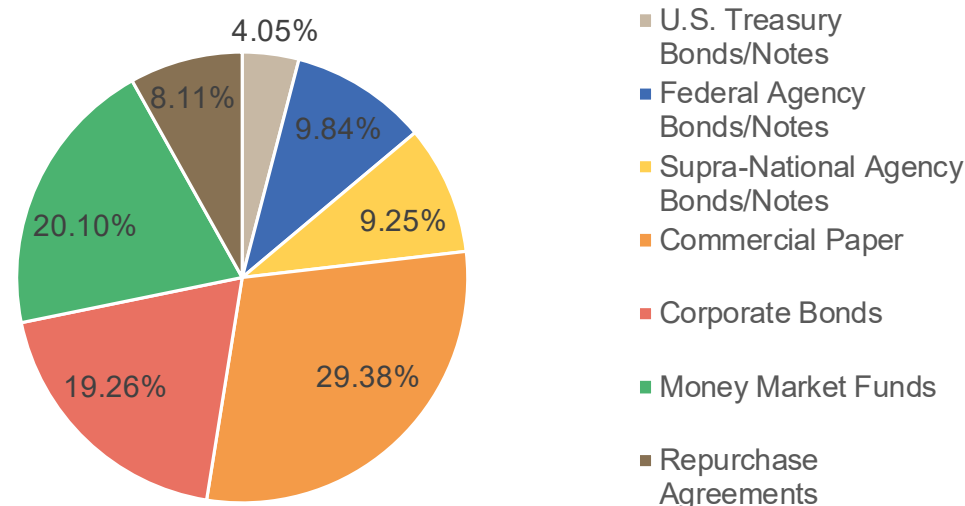
- The Illinois Funds is a Local Government Investment Pool (LGIP) operated by the Illinois State Treasurer's Office. The Illinois Funds strives to provide an inexpensive investment vehicle that features safety, daily liquidity and yield for Illinois public funds programs. The fund is managed by the Office of the State Treasurer in Springfield, Illinois, and contained a combined \$16.1 billion in total assets as of June 30, 2022. The fund is currently rated AAAm by Standard & Poor's.

## Illinois Funds Account Overview

Illinois Funds	
Beginning Value (3/31/2022)	\$87,097,638.05
Net Deposits (Withdrawals)	(\$25,354,778.48)
Interest Earned	\$165,722.78
Ending Value (6/30/22)	\$61,908,582.35

	Current Yield as of 6/30/22
Illinois Funds	1.42%
Benchmark: S&P Rated Government Investment Pool Index	0.92%

**Illinois Funds  
Sector Allocation  
as of June 30, 2022**



**Weighted Average Maturity**

**57 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 (3/31/2022)	\$19,396,906.35
Net Deposits (Withdrawals)	\$6,316,051.99
Interest Earned	\$9,574.73
Ending Value (6/30/22)	\$25,722,533.07

	Current Yield as of 6/30/22
U.S. Bank Commercial Paper Sweep	0.75%
Benchmark: S&P Rated Government Investment Pool Index	0.92%

---

# 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 (3/31/2022)	\$5,011,698.09
Net Deposits (Withdrawals)	\$0.00
Interest Earned	\$7,371.94
Ending Value (6/30/22)	\$5,019,070.03

	Current Yield as of 6/30/22
IntraFi Network Deposits	0.93%
Benchmark: S&P Rated Government Investment Pool Index	0.92%

---

# 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)

#### **Housing & Auxiliary Facilities System**

	6/30/2021	9/30/2021	12/31/2021	3/31/2022	6/30/2022
Construction Proceeds	-	-	-	-	-
Interest Sinking Fund	6.5	11.4	9.6	18.0	9.5
Debt Service Reserve	6.1	6.1	6.1	6.0	6.0
Total HAFS	12.7	17.5	15.7	24.0	15.5

#### **Medical Facilities System**

Construction Proceeds	-	-	-	-	-
Interest Sinking Fund	0.5	0.9	0.9	1.9	-
Debt Service Reserve	-	-	-	-	-
Total MFS	0.5	0.9	0.9	1.9	-

#### **Certificates of Participation**

Construction Proceeds	-	-	-	-	-
Interest Sinking Fund	-	-	-	-	-
Debt Service Reserve	-	-	-	-	-
Total COPS	-	-	-	-	-

Total Market Value of Portfolio	\$	13.1	\$	18.5	\$	16.6	\$	25.9	\$	15.5
---------------------------------	----	------	----	------	----	------	----	------	----	------

### Investment Balance

#### Book Value (\$ in millions)

	\$	13.1	\$	18.4	\$	16.6	\$	26.0	\$	15.7
--	----	------	----	------	----	------	----	------	----	------

*\*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

This material is for general information purposes only and is not intended to provide specific advice or a specific recommendation, as it was prepared without regard to any specific objectives or financial circumstances.

Investment advisory services are provided by PFM Asset Management LLC ("PFMAM"), an investment adviser registered with the U.S. Securities and Exchange Commission and a subsidiary of U.S. Bancorp Asset Management, Inc. ("USBAM"). USBAM is a subsidiary of U.S. Bank National Association ("U.S. Bank"). U.S. Bank is a separate entity and subsidiary of U.S. Bancorp. U.S. Bank is not responsible for and does not guarantee the products, services or performance of PFMAM. The information contained is not an offer to purchase or sell any securities. Additional applicable regulatory information is available upon request.

PFMAM professionals have exercised reasonable professional care in the preparation of this performance report. Information in this report is obtained from sources external to PFMAM and is generally believed to be reliable and available to the public; however, we cannot guarantee its accuracy, completeness or suitability. We rely on the client's custodian for security holdings and market values. Transaction dates reported by the custodian may differ from money manager statements. While efforts are made to ensure the data contained herein is accurate and complete, we disclaim all responsibility for any errors that may occur. References to particular issuers are for illustrative purposes only and are not intended to be recommendations or advice regarding such issuers. Fixed income manager and index characteristics are gathered from external sources. When average credit quality is not available, it is estimated by taking the market value weights of individual credit tiers on the portion of the strategy rated by a NRSRO.

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.

The views expressed within this material constitute the perspective and judgment of PFMAM at the time of distribution and are subject to change. Any forecast, projection, or prediction of the market, the economy, economic trends, and equity or fixed-income markets are based upon certain assumptions and current opinion as of the date of issue and are also subject to change. Some, but not all assumptions are noted in the report. Assumptions may or may not be proven correct as actual events occur, and results may depend on events outside of your or our control. Changes in assumptions may have a material effect on results. Opinions and data presented are not necessarily indicative of future events or expected performance.

For more information regarding PFMAM's services or entities, please visit [www.pfmam.com](http://www.pfmam.com).

© 2022 PFM Asset Management LLC. Further distribution is not permitted without prior written consent.

## Important Disclosures

- Market values that include accrued interest are derived from closing bid prices as of the last business day of the month as supplied by Refinitiv, Bloomberg, or Telerate. Where prices are not available from generally recognized sources, the securities are priced using a yield-based matrix system to arrive at an estimated market value.
- 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.