



Southern Illinois University

Quarterly Investment Report
June 30, 2025

Market Update

SUMMARY

- The second quarter of 2025 was characterized by growing uncertainty as markets reacted to the volatile rollout of tariffs that were larger than expected. Markets reacted negatively during the first two weeks of the quarter and experienced the largest declines since the onset of the COVID pandemic. The rest of the quarter was marked by equity and bond markets recovering to pre-tariff levels on constructive trade negotiations and stable economic data.
- Inflation remained relatively benign but is expected to increase in the second half of the year as tariff-related cost pressures begin to emerge. The timing, extent, and duration of these pressures are unknown.
- The labor market remained healthy though early signs of cooling are emerging, such as rising initial jobless claims. Continuing claims have also increased, and a slower hiring rate may mean any acceleration in layoffs could result in unemployed workers remaining without a job for longer. Federal job cuts are beginning to flow through the data, but severance packages and deferred resignations have delayed the impact on claims data. However, the reduced pace of population growth, particularly among foreign-born workers, may suggest the economy needs fewer new jobs to keep the unemployment rate stable.
- Consumer sentiment remains subdued due to expectations for higher prices and weaker labor market conditions as tariffs weigh on the pace of economic growth. However, there has been modest improvement from the April lows due to progress on tariff negotiations. A sharp labor market downturn remains the biggest threat to consumer spending.

SUMMARY

- The Federal Reserve (Fed) left the overnight policy rate unchanged at 4.25% - 4.50%. The Federal Open Market Committee's (FOMC) "dot plot" continues to suggest 50 basis points (bps) in rate cuts by the end of 2025, although there is a divergence of views as eight members are calling for two rate cuts in 2025 and seven are calling for none. Fed Chair Powell noted the Fed would likely be in a position to begin cutting rates again were it not for the unknown impact of tariffs, but the resilient economic data supports the Fed's wait-and-see approach.

ECONOMIC SNAPSHOT

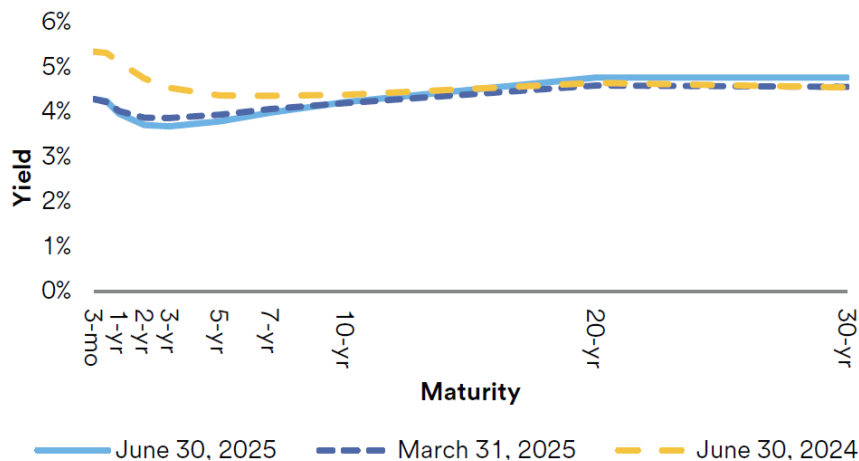
- U.S. inflation moved marginally closer to the Fed's 2% target, but tariff-driven price pressures may emerge as excess inventories built up before tariffs are depleted. Fed Chair Powell said that he expects tariffs to impact inflation, but the size, duration, and time of tariff effects are highly uncertain. The year-over-year change in the consumer price index (CPI) stood at 2.4% while core CPI, which excludes the volatile food and energy components, moved marginally lower but rounded to an unchanged 2.8%.
- U.S. real GDP turned negative in Q1 2025 mainly on the one-off effect of the trade deficit expanding to the highest level on record as businesses increased imports in advance of tariffs. Strong inventories and higher fixed investment served as a bit of an offset, and a decline in the trade deficit is expected to reverse and support future growth. However, consumer spending slowed notably, which may foreshadow decreased spending and investment due to declining confidence going forward.

Market Update

INTEREST RATES

- The U.S. Treasury yield curve steepened over the quarter. The front end of the yield curve moved lower amid expectations for Fed rate cuts while longer-dated tenors rose on concerns regarding the longer-term impacts of the proposed federal reconciliation bill.
- The 3-month Treasury was relatively unchanged given no rate cuts from the Fed while 2- and 5-year Treasuries fell by 15-16 bps to 3.72% and 3.80% respectively. In addition, the 2-year traded over a wide 60 basis point range during the quarter, highlighting the elevated volatility. The 10-year Treasury increased by 2 bps to 4.23% while the 30-year Treasury increased by 16 basis points to 4.78% as investors demanded more yield to make investments further out the curve.
- Short- and intermediate-duration U.S. Treasury indices generated positive total returns for the quarter. The ICE BofA 2-, 5-, and 10-year U.S. Treasury indices returned 1.11%, 1.66%, and 0.98% for the quarter, while the shorter-duration ICE BofA 3-month U.S. Treasury index returned 1.04%.

U.S. Treasury Yield Curve



Source: Bloomberg, as of 6/30/2025.

SECTOR PERFORMANCE

- Excess returns were strong across investment grade sectors as the spread widening experienced in April reversed following trade news and resilient economic data.
- Federal Agency & supranational spreads remained low throughout Q2. Both sectors produced slightly positive excess returns for the quarter. Issuance remained light and the incremental income from the sectors is near zero.
- Investment-grade (IG) corporate bond spreads spiked early in the quarter on tariff announcements, but as external stressors eased much of the widening retraced. Demand for new issuance remains strong while net issuance is predicted to decrease over the balance of the year. Lower-quality issuers outperformed as did banks and other financials.
- Mortgage-backed securities (MBS) performance was strong across all structures and coupons as rate volatility moderated over the quarter. Likewise, Agency-backed commercial MBS (CMBS) also posted strong performance for the quarter and saw positive excess returns.
- Short-term credit (commercial paper and negotiable bank CDs) yields on the front end of the yield curve rose slightly in response to the approaching Treasury “X-Date” (estimated date for Treasury to exhaust funds under the debt ceiling) while yields fell modestly on the long end as demand shifted into longer-term Treasury notes. Yield spreads tightened over the quarter in response to moderated issuance and strong demand.

Summary of Operating Investments

Summary of Operating Investments

Market Value (\$ in millions)*

	6/30/2025
Illinois Funds	\$ 85.3
US Bank Investment Sweep	26.2
IntraFi Network Deposits	-
Subtotal Cash & Cash Equivalents	<u>\$ 111.4</u>
Short Term Portfolio	0.4
Intermediate Term Portfolio	170.6
LMC Intermediate Term Portfolio	27.7
Total Portfolio	<u><u>\$ 310.1</u></u>

Book Value (\$ in millions)

\$ 313.3

Current Yields (Annualized)

	6/30/2025
Illinois Funds	4.48%
US Bank Investment Sweep	3.93%
Benchmark: S&P Rated Government Investment Pool Index	4.22%

Asset Allocation (\$ in millions)*

Sector	6/30/2025	
Money Market Mutual Funds	\$ 89.2	28.8%
U.S. Treasury Bonds/Notes	76.4	24.7%
Federal Agency Bonds/Notes	16.4	5.3%
Federal Agency Mortgage Backed Securities	30.9	10.0%
Federal Agency Commercial Mortgage Backed Securities	34.0	11.0%
Federal Agency Collateralized Mortgage Obligations	10.4	3.4%
Supra-National Agency Bonds/Notes	14.5	4.7%
Corporate Notes	11.0	3.5%
Commercial Paper	-	0.0%
US Bank Investment Sweep	26.2	8.4%
Subtotal	309.0	99.6%
Accrued Interest	1.1	0.4%
Total	\$ 310.1	100.0%

Performance Summary (Total Return)**

	Current Quarter	1 Year	3 Year	5 Year	10 Year	Since Inception
Short Term Portfolio	1.27%	5.69%	5.23%	3.15%	-	2.61%
Benchmark: BofA Merrill Lynch 3-Month Treasury Bill Index	1.04%	4.68%	4.56%	2.76%	-	2.23%
Intermediate Term Portfolio	1.65%	6.53%	3.32%	0.61%	1.85%	
Benchmark: Barclays Intermediate U.S. Govt. Securities	1.45%	6.26%	2.85%	0.15%	1.55%	
LMC Intermediate Term Portfolio	1.51%	6.36%	-	-	-	6.30%
Benchmark: Barclays Intermediate U.S. Govt. Securities	1.45%	6.26%	-	-	-	6.00%

*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

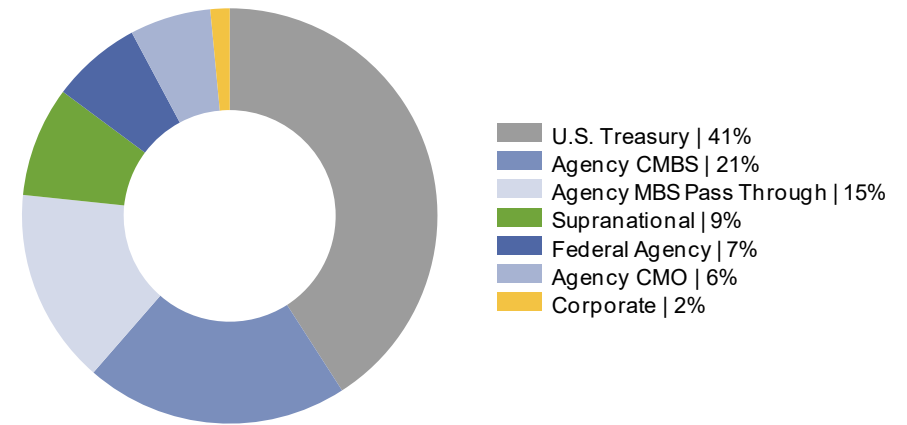
- The University's Intermediate Term portfolio is actively managed by PFM Asset Management. PFMAM seeks to add value by strategically buying or selling high-quality, fixed-income securities. Funds in the core portfolio are typically not needed over an intermediate- or long- term horizon and are therefore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

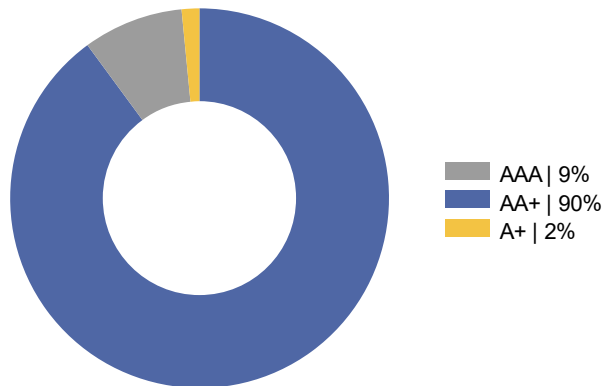
Portfolio Statistics

Total Market Value	\$170,577,209.66
<i>Securities Sub-Total</i>	\$166,286,919.59
<i>Accrued Interest</i>	\$842,131.07
<i>Cash</i>	\$3,448,159.00
Portfolio Effective Duration	3.44 years
Benchmark Effective Duration	3.54 years
Yield At Cost	3.33%
Yield At Market	4.14%
Portfolio Credit Quality	AA

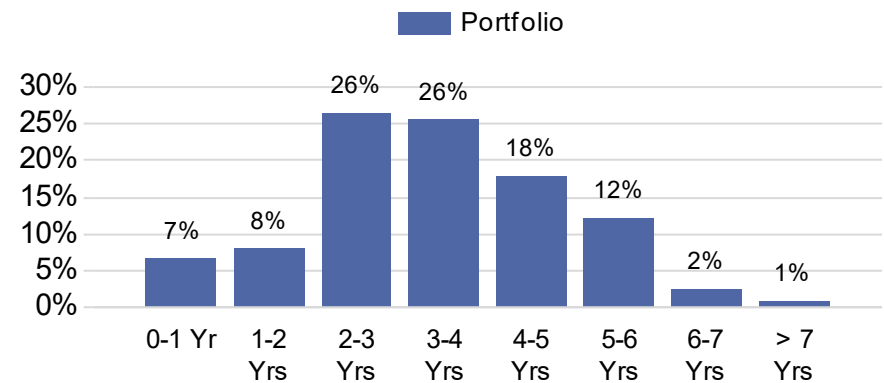
Sector Allocation



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 Financial LP. An average of each security's credit rating was assigned a numeric value and adjusted for its relative weighting in the portfolio.

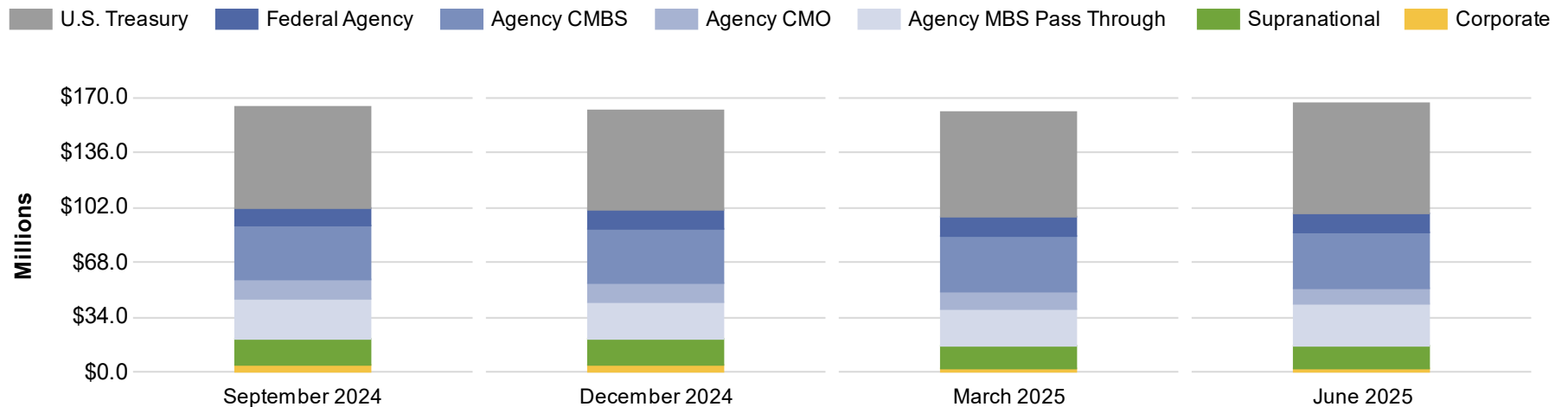
Issuer Diversification

Security Type / Issuer	Market Value (%)	S&P / Moody's / Fitch
U.S. Treasury	41.0%	
United States Treasury	41.0%	AA / Aa / AA
Federal Agency	7.0%	
Federal Home Loan Mortgage Corp	2.1%	AA / Aa / AA
Federal National Mortgage Association	4.0%	AA / Aa / AA
Tennessee Valley Authority	0.9%	AA / Aa / AA
Agency CMBS	20.4%	
Federal Home Loan Mortgage Corp	20.4%	AA / Aa / AA
Agency CMO	6.2%	
Federal Home Loan Mortgage Corp	3.8%	AA / Aa / AA
Federal National Mortgage Association	1.5%	AA / Aa / AA
Government National Mortgage Associatio	1.0%	AA / Aa / AA
Agency MBS Pass Through	15.2%	
Federal Home Loan Mortgage Corp	5.6%	AA / Aa / AA
Federal National Mortgage Association	9.5%	AA / Aa / AA
Government National Mortgage Associatio	0.1%	AA / Aa / AA
Supranational	8.5%	
African Development Bank	1.8%	AAA / Aaa / AAA
Asian Development Bank	0.5%	AAA / Aaa / AAA
INTER-AMERICAN DEVELOPMENT BAN	0.9%	AAA / Aaa / AAA
Inter-American Development Bank	2.8%	AAA / Aaa / AAA
International Bank for Reconstruction &	1.8%	AAA / Aaa / AAA
International Finance Corp	0.9%	AAA / Aaa / NR
Corporate	1.5%	
Citigroup Inc	1.5%	A / Aa / 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.

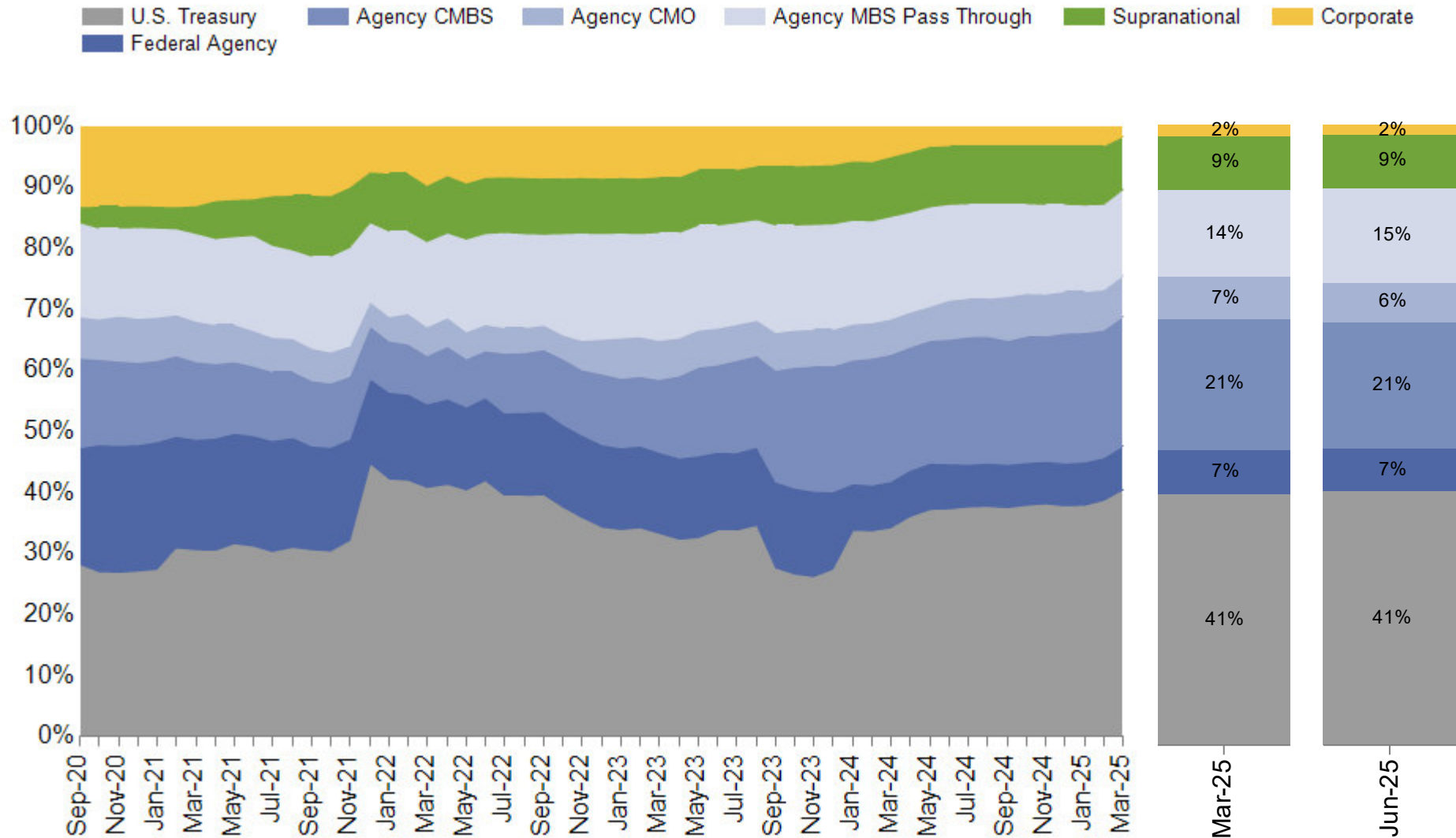
Sector Allocation Review - SIU- INTERMEDIATE TERM

Security Type	Sep-24	% of Total	Dec-24	% of Total	Mar-25	% of Total	Jun-25	% of Total
U.S. Treasury	\$61.8	37.6%	\$61.6	37.9%	\$65.7	40.5%	\$68.1	40.9%
Federal Agency	\$11.6	7.1%	\$11.4	7.0%	\$11.6	7.2%	\$11.7	7.0%
Agency CMBS	\$33.3	20.3%	\$34.5	21.3%	\$34.4	21.2%	\$34.0	20.5%
Agency CMO	\$11.7	7.2%	\$11.0	6.8%	\$10.8	6.7%	\$10.4	6.3%
Agency MBS Pass Through	\$25.0	15.2%	\$23.2	14.3%	\$22.7	14.1%	\$25.3	15.2%
Supranational	\$15.6	9.5%	\$15.6	9.6%	\$14.1	8.7%	\$14.2	8.6%
Corporate	\$5.0	3.1%	\$5.0	3.1%	\$2.6	1.6%	\$2.5	1.5%
Total	\$164.1	100.0%	\$162.3	100.0%	\$161.7	100.0%	\$166.3	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.

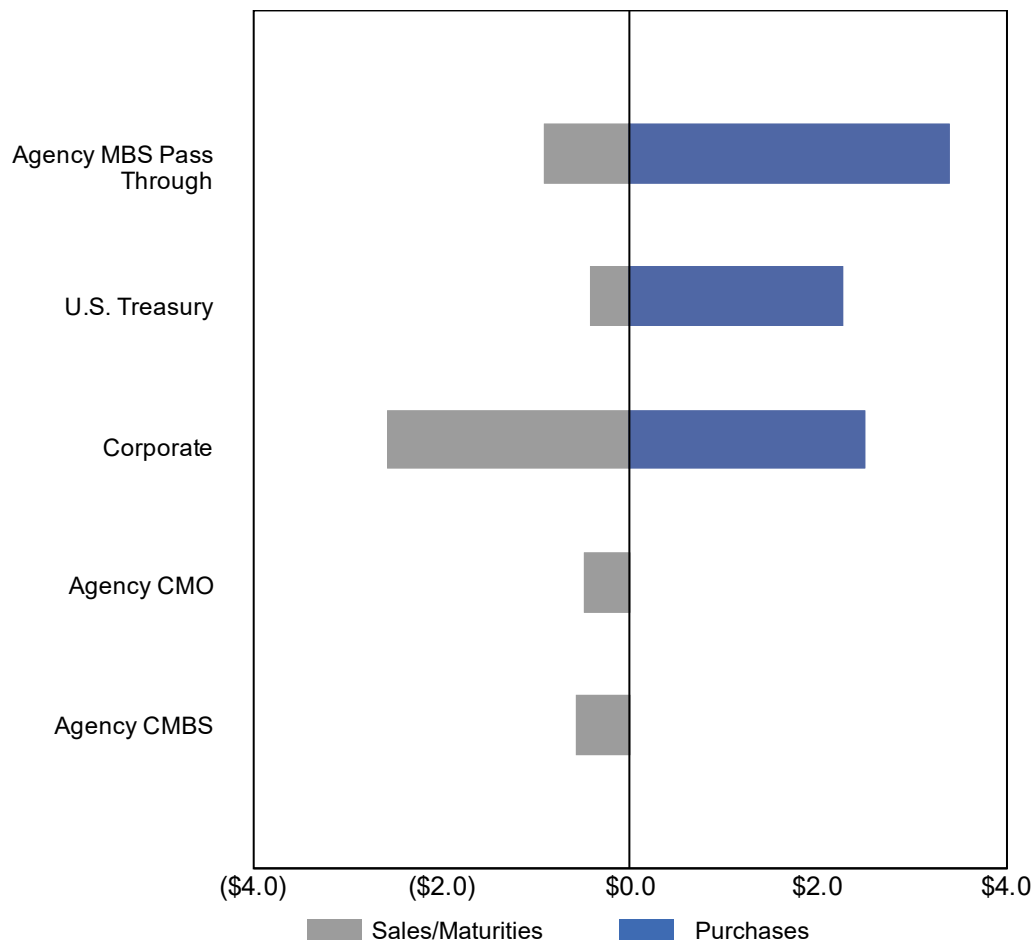
Historical Sector Allocation - SIU- INTERMEDIATE TERM



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

Portfolio Activity - SIU- INTERMEDIATE TERM

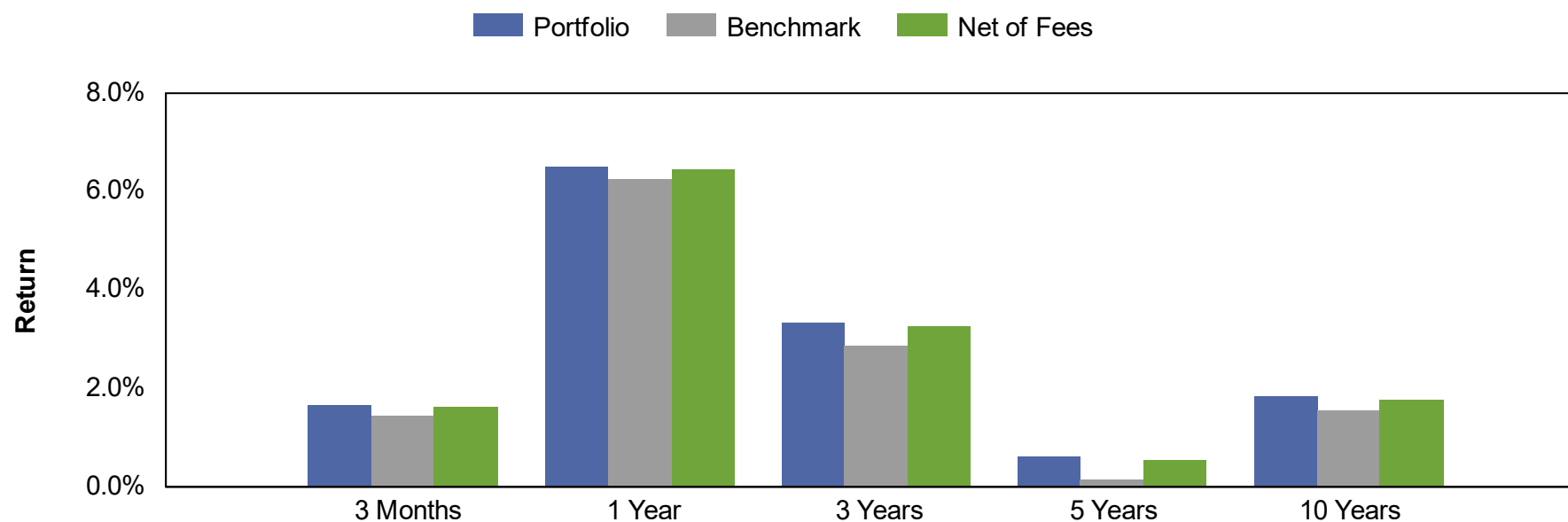
Net Activity by Sector
(\$ millions)



Sector	Net Activity
Agency MBS Pass Through	\$2,490,968
U.S. Treasury	\$1,845,732
Corporate	(\$55,000)
Agency CMO	(\$477,733)
Agency CMBS	(\$563,697)
Total Net Activity	\$3,240,270

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	10 Years
Interest Earned ²	\$1,384,323	\$5,144,660	\$13,487,501	\$20,673,213	\$35,527,478
Change in Market Value	\$1,385,848	\$5,321,074	\$2,358,184	(\$16,542,832)	(\$7,758,968)
Total Dollar Return	\$2,770,171	\$10,465,734	\$15,845,685	\$4,130,381	\$27,768,510
Total Return³					
Portfolio	1.65%	6.53%	3.32%	0.61%	1.85%
Benchmark ⁴	1.45%	6.26%	2.85%	0.15%	1.55%
Basis Point Fee	0.02%	0.07%	0.07%	0.07%	0.07%
Net of Fee Return	1.63%	6.46%	3.25%	0.54%	1.78%

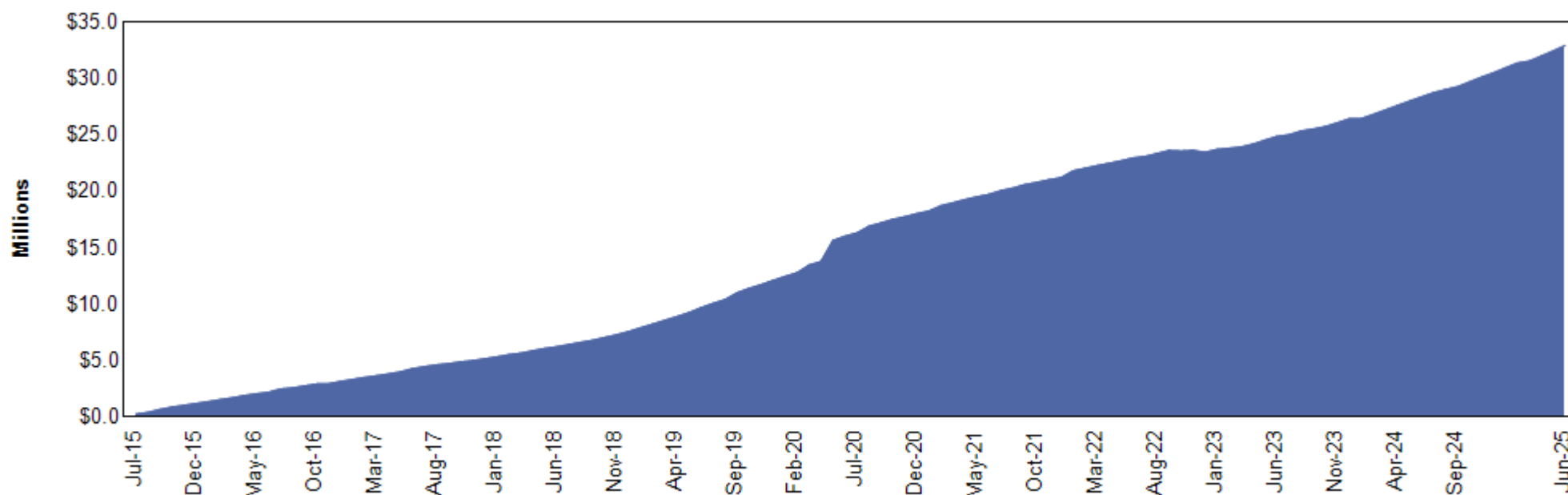
1. The lesser of 10 years or since inception is shown. Since inception returns for periods one year or less are not shown. Performance inception date is September 30, 2014.

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 Financial LP.

Accrual Basis Earnings - SIU- INTERMEDIATE TERM



Accrual Basis Earnings	3 Months	1 Year	3 Years	5 Year	10 Year ¹
Interest Earned ²	\$1,384,323	\$5,144,660	\$13,487,501	\$20,673,213	\$35,527,478
Realized Gains / (Losses) ³	(\$37,399)	(\$731,164)	(\$4,945,267)	(\$3,417,065)	(\$976,116)
Change in Amortized Cost	\$35,160	\$147,684	\$1,415,169	(\$363,434)	(\$1,628,701)
Total Earnings	\$1,382,083	\$4,561,181	\$9,957,403	\$16,892,715	\$32,922,660

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 – LMC Intermediate Term Portfolio

Investment Approach

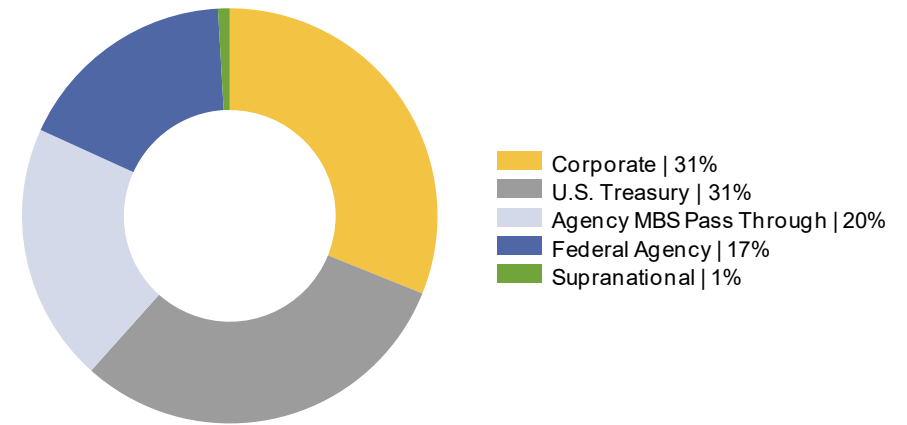
- A portion of the University's Intermediate Term portfolio is managed by LM Capital Group LLC ("LMC"). LMC seeks to add value by strategically buying or selling high-quality, fixed-income securities. Funds in the core portfolio are typically not needed over an intermediate- or long- term horizon and 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- LMC INTERMEDIATE TERM¹

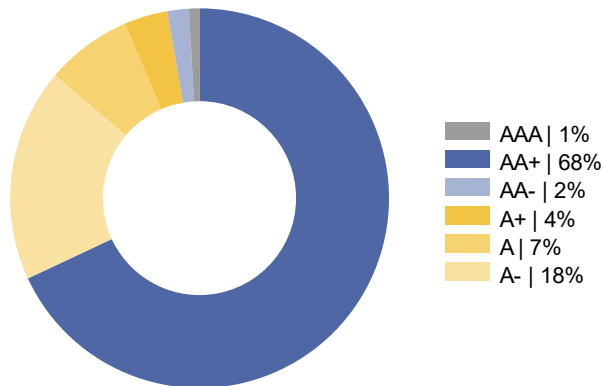
Portfolio Statistics

Total Market Value	\$27,658,968.86
<i>Securities Sub-Total</i>	\$27,293,553.81
<i>Accrued Interest</i>	\$255,691.02
<i>Cash</i>	\$109,724.03
Portfolio Effective Duration	3.42 years
Benchmark Effective Duration	3.54 years
Yield At Cost	4.61%
Yield At Market	4.46%
Portfolio Credit Quality	AA

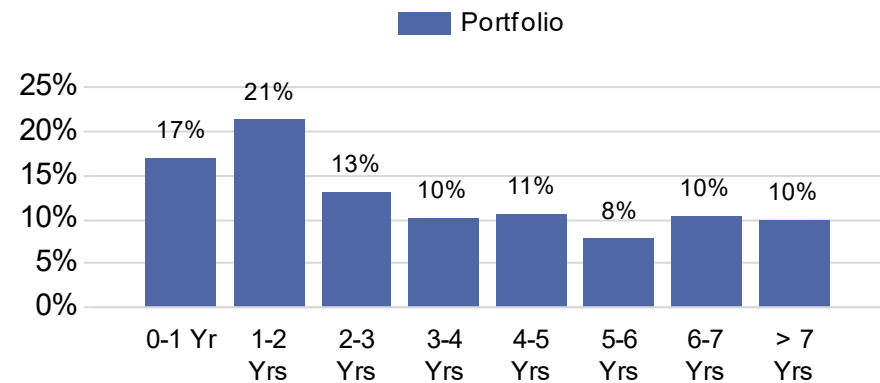
Sector Allocation



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 Financial LP. An average of each security's credit rating was assigned a numeric value and adjusted for its relative weighting in the portfolio.

Issuer Diversification

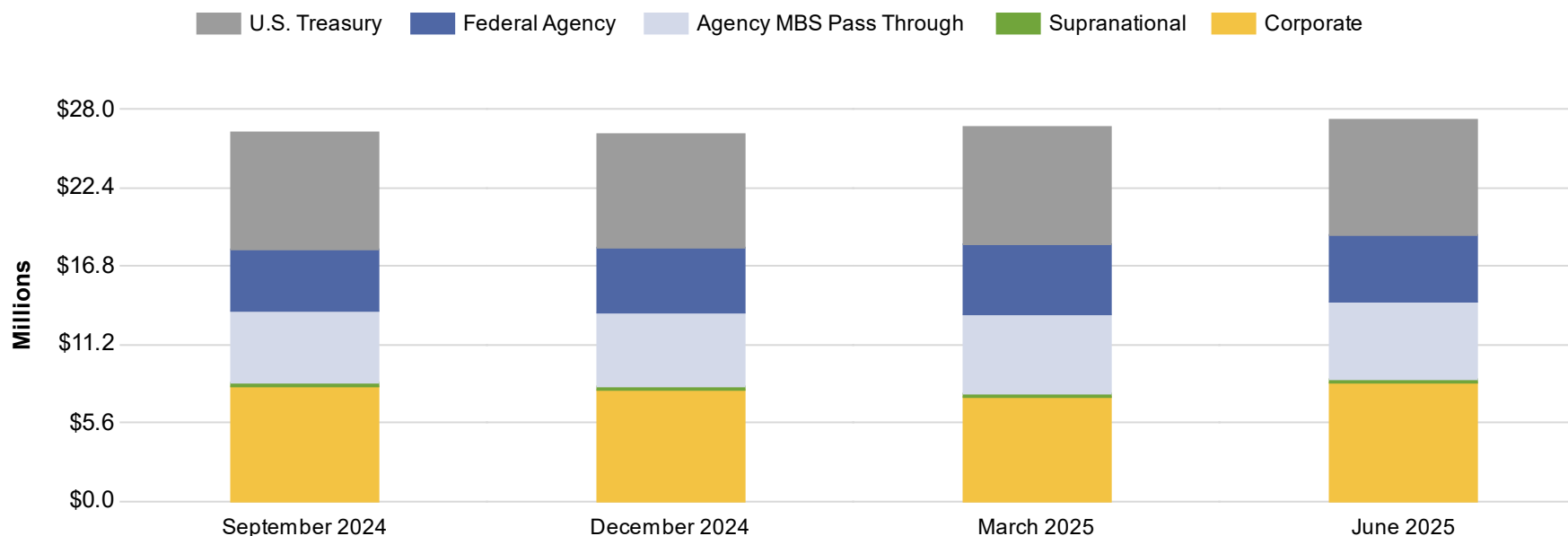
Security Type / Issuer	Market Value (%)	S&P / Moody's / Fitch
U.S. Treasury	30.5%	
United States Treasury	30.5%	AA / Aa / AA
Federal Agency	17.3%	
Federal Farm Credit Banks Funding Corp	7.4%	AA / Aa / AA
Federal Home Loan Banks	5.3%	AA / Aa / NR
Federal National Mortgage Association	4.6%	AA / Aa / AA
Agency MBS Pass Through	20.1%	
Federal Home Loan Mortgage Corp	8.1%	AA / Aa / AA
Federal National Mortgage Association	8.5%	AA / Aa / AA
Government National Mortgage Associatio	3.5%	AA / Aa / AA
Supranational	0.9%	
International Bank for Reconstruction &	0.9%	AAA / Aaa / NR
Corporate	31.1%	
AbbVie Inc	1.9%	A / A / NR
American Express Co	1.8%	A / A / A
Bank of America Corp	1.8%	A / A / AA
Bank of New York Mellon Corp	1.8%	A / Aa / AA
Citigroup Inc	1.9%	A / Aa / A
Comcast Corp	1.3%	A / A / A
Enterprise Products Partners LP	1.9%	A / A / A
Goldman Sachs Group Inc	1.8%	A / A / A
Honda Motor Co Ltd	3.7%	A / A / NR
JPMorgan Chase & Co	1.8%	A / A / AA
Mercedes-Benz Group AG	1.9%	A / A / A
MetLife Inc	1.8%	AA / Aa / AA
Morgan Stanley	1.9%	A / A / A

Security Type / Issuer	Market Value (%)	S&P / Moody's / Fitch
Corporate	31.1%	
PNC Financial Services Group Inc	1.8%	A / A / A
Simon Property Group Inc	2.1%	A / A / NR
Union Pacific Corp	1.8%	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- LMC INTERMEDIATE TERM

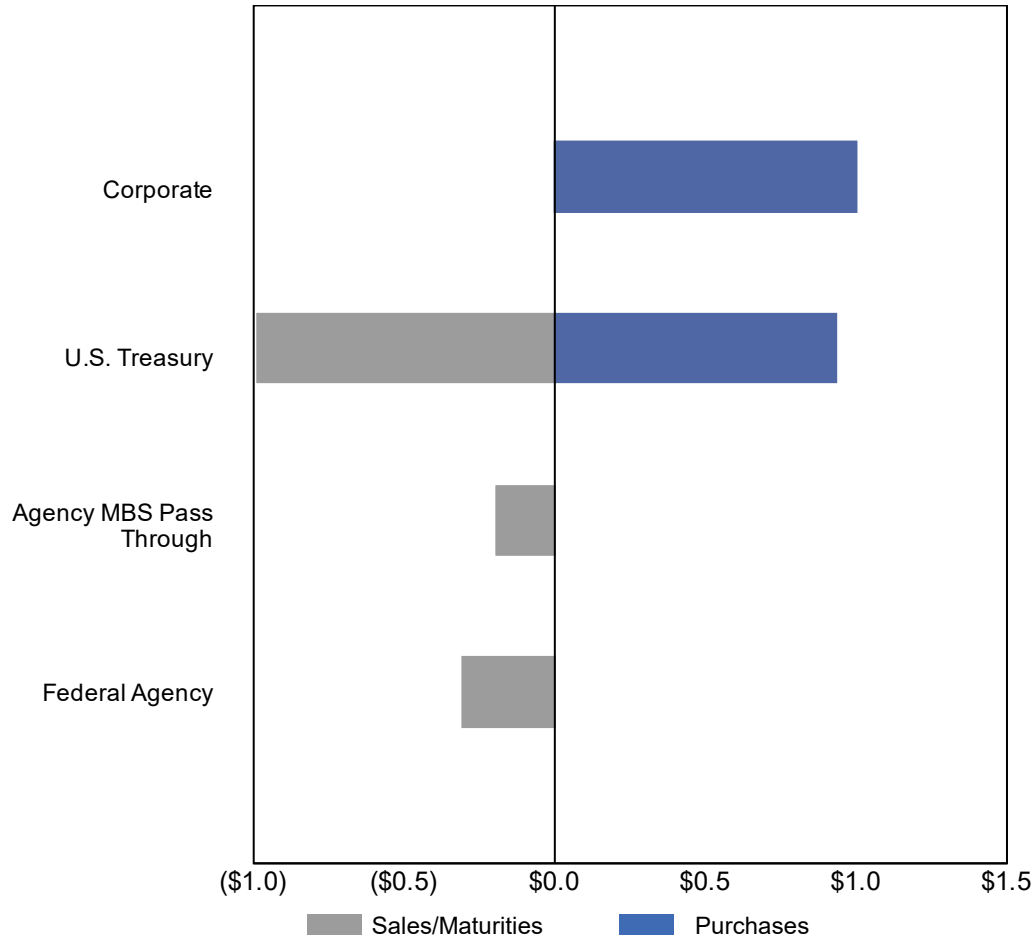
Security Type	Sep-24	% of Total	Dec-24	% of Total	Mar-25	% of Total	Jun-25	% of Total
U.S. Treasury	\$8.4	32.0%	\$8.1	30.8%	\$8.3	31.0%	\$8.3	30.5%
Federal Agency	\$4.3	16.5%	\$4.7	17.8%	\$5.0	18.8%	\$4.7	17.3%
Agency MBS Pass Through	\$5.2	19.6%	\$5.3	20.2%	\$5.7	21.4%	\$5.5	20.2%
Supranational	\$0.3	1.0%	\$0.2	0.9%	\$0.2	0.9%	\$0.2	0.9%
Corporate	\$8.2	30.9%	\$7.9	30.3%	\$7.4	27.9%	\$8.5	31.1%
Total	\$26.4	100.0%	\$26.2	100.0%	\$26.7	100.0%	\$27.3	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.

Portfolio Activity - SIU- LMC INTERMEDIATE TERM

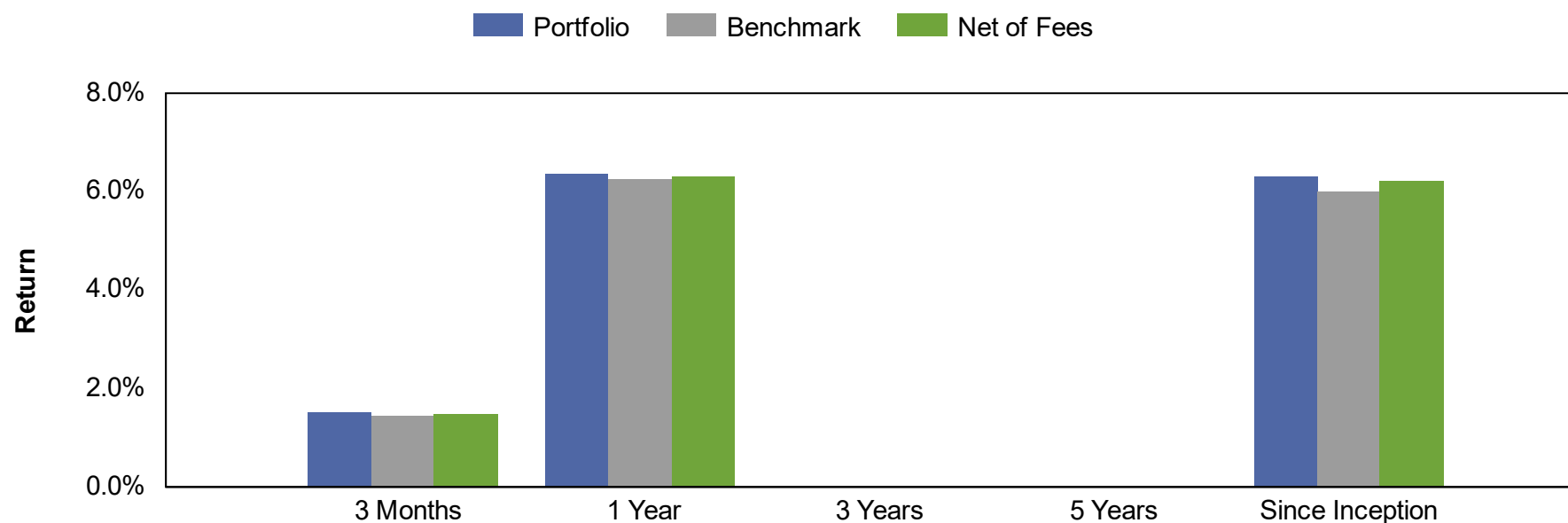
Net Activity by Sector
(\$ millions)



Sector	Net Activity
Corporate	\$1,000,000
U.S. Treasury	(\$53,424)
Agency MBS Pass Through	(\$189,131)
Federal Agency	(\$304,690)
Total Net Activity	\$452,755

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	\$267,214	\$1,048,332	-	-	\$1,789,094
Change in Market Value	\$143,236	\$604,852	-	-	\$1,015,388
Total Dollar Return	\$410,450	\$1,653,184	-	-	\$2,804,482
Total Return³					
Portfolio	1.51%	6.36%	-	-	6.30%
Benchmark ⁴	1.45%	6.26%	-	-	6.00%
Basis Point Fee	0.02%	0.07%	-	-	0.07%
Net of Fee Return	1.49%	6.29%	-	-	6.23%

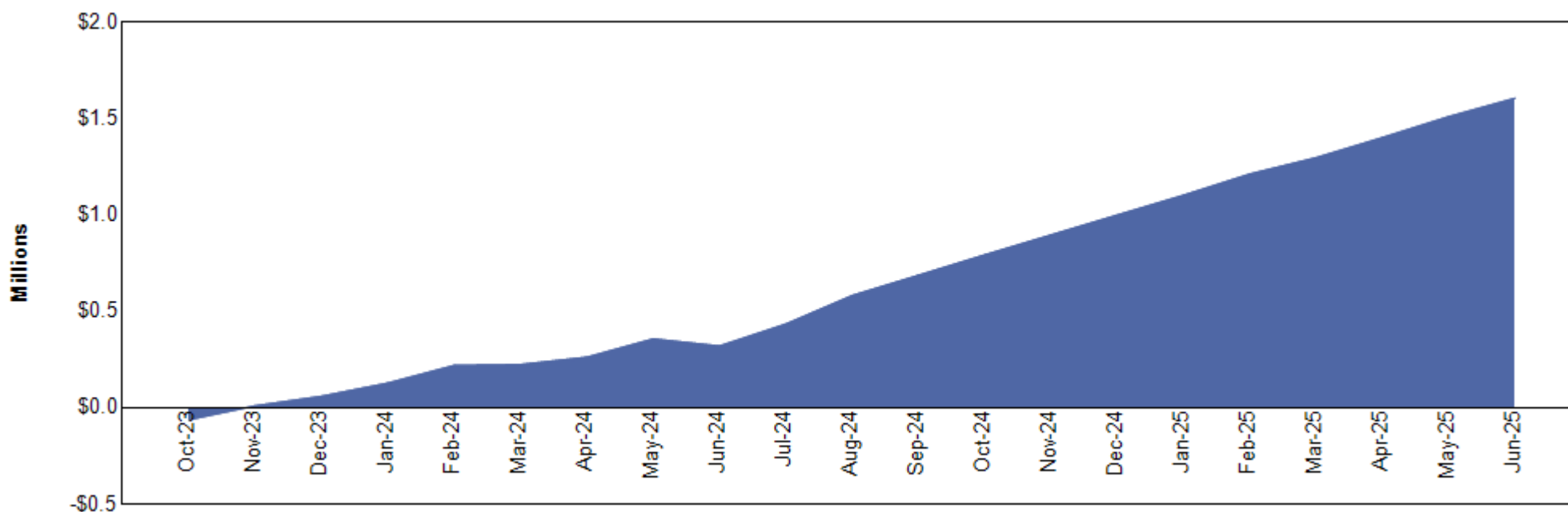
1. The lesser of 10 years or since inception is shown. Since inception returns for periods one year or less are not shown. Performance inception date is September 30, 2023.

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 Financial LP.

Accrual Basis Earnings - SIU- LMC INTERMEDIATE TERM



Accrual Basis Earnings	3 Months	1 Year	3 Years	5 Year	Since Inception ¹
Interest Earned ²	\$267,214	\$1,048,332	-	-	\$1,789,094
Realized Gains / (Losses) ³	(\$366)	\$52,624	-	-	(\$480,293)
Change in Amortized Cost	\$41,583	\$184,065	-	-	\$296,107
Total Earnings	\$308,431	\$1,285,021	-	-	\$1,604,908

1. The lesser of 10 years or since inception is shown. Performance inception date is September 30, 2023.

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. 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. The University's Short-Term portfolio did not hold any securities as of June 30, 2025.

Illinois Funds

Investment Approach

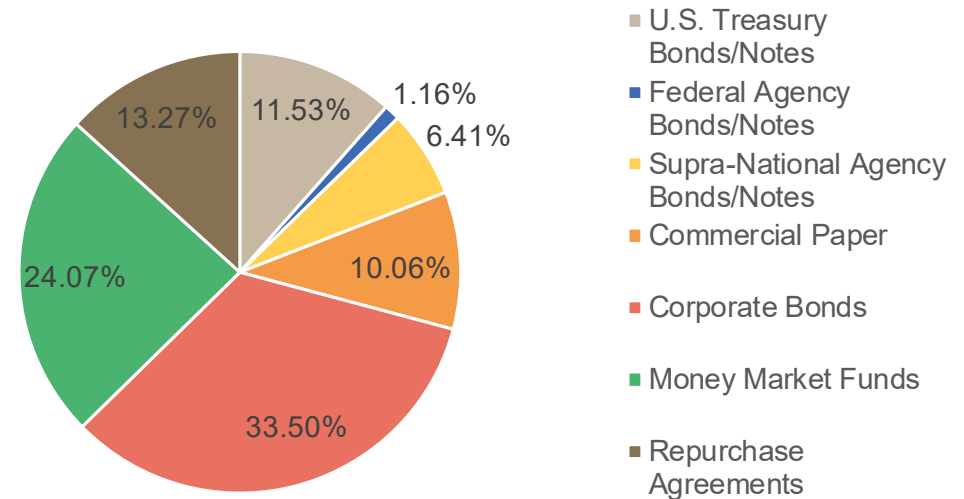
- The Illinois Funds is a Local Government Investment Pool (LGIP) operated by the Illinois State Treasurer's Office. The Illinois Funds strives to provide an inexpensive investment vehicle that features safety, daily liquidity and yield for Illinois public funds programs. The fund is managed by the Office of the State Treasurer in Springfield, Illinois, and contained a combined \$21.5 billion in total assets as of June 30, 2025. The fund is currently rated AAmmf by Fitch.

Illinois Funds Account Overview

Illinois Funds	
Beginning Value (3/31/25)	\$120,993,241.64
Net Deposits (Withdrawals)	(\$36,855,039.82)
Interest Earned	\$1,136,865.77
Ending Value (6/30/25)	\$85,275,067.59

	Current Yield as of 6/30/25
Illinois Funds	4.48%
Benchmark: S&P Rated Government Investment Pool Index	4.22%

**Illinois Funds
Sector Allocation
as of June 30, 2025**



Weighted Average Maturity	31 Days
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U.S. Bank Investment Sweep

Investment Approach

- The U.S. Bank First American Funds Treasury Obligations Money Market Fund (MMF) sweep is utilized 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 (3/31/25)	\$24,028,842.52
Net Deposits (Withdrawals)	\$1,867,170.24
Interest Earned	\$273,810.34
Ending Value (6/30/25)	\$26,169,823.10

	Current Yield as of 6/30/25
U.S. Bank Treasury Obligations MMF Sweep	3.93%
Benchmark: S&P Rated Government Investment Pool Index	4.22%

Capital Investments

Investment Approach

- PFM Asset Management 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 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>	6/30/2024	9/30/2024	12/31/2024	3/31/2025	6/30/2025
Housing & Auxiliary Facilities System					
Construction Proceeds	2.9	1.0	0.7	0.3	0.3
Interest Sinking Fund	1.0	2.8	0.6	18.8	1.0
Debt Service Reserve	6.4	6.6	6.6	6.7	6.8
Total HAFS	10.4	10.5	7.9	25.7	8.1
Certificates of Participation					
Construction Proceeds	-	-	-	-	-
Interest Sinking Fund	-	-	-	-	-
Debt Service Reserve	-	-	-	-	-
Total COPS	-	-	-	-	-
Total Market Value of Portfolio	\$ 10.4	\$ 10.5	\$ 7.9	\$ 25.7	\$ 8.1
<u>Investment Balance</u> <u>Book Value (\$ in millions)</u>	\$ 10.4	\$ 10.4	\$ 7.9	\$ 25.7	\$ 8.0

**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.

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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.**
- ICE Bank of America 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, 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.