



# Southern Illinois University

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Quarterly Investment Report  
December 31, 2022

# Market Update

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## SUMMARY

- The Fed remained center stage and focused on increasing overnight interest rates and tightening monetary conditions in its ongoing battle with multi-decade-high inflation. At its December meeting, the FOMC raised the fed funds rate by 50 basis points (bps) to a new target range of 4.25% to 4.50%, the highest level since 2007.
- In large part due to the Fed's historic pace of rate increases, there were accumulating signs of an economic slowdown in Q4, including: (1) a steeply inverted yield curve; (2) a sharp reversal in the housing market; (3) weakening in both the manufacturing and services sectors; (4) declining personal savings; (5) tepid consumer confidence; (6) retreating commodity prices; and (7) a falling U.S. dollar.
- On the positive side, employment remains strong, household income is rising and inflation has begun to moderate. The latter forces are significant and may keep the economy out of a deep recession, but uncertainty remains high.

## ECONOMIC SNAPSHOT

- Real GDP increased at an annualized rate of 3.2% in the third quarter of 2022. The increase in real GDP reflected increases in exports, consumer spending, non-residential fixed investment, state and local government spending, and federal government spending, all of which were partly offset by decreases in residential fixed investment and private inventory investment. This positive GDP occurred on the heels of two consecutive negative readings in the first half of the year. Fed projections for GDP reflect expectations for weaker economic growth over the coming years, with projections for the full calendar year 2022 at 0.5%, 2023 at 0.5%, and 2024 at 1.6%.

## ECONOMIC SNAPSHOT

- The U.S. labor market was strong and historically tight for most of 2022, driving both job gains and nominal wage growth. Over the fourth quarter, the U.S. economy added 742,000 jobs in aggregate, which was strong, but a downshift from the torrid pace of the past seven quarters. The unemployment rate fell back to 3.5% in December, matching a 50+ year low. Wage growth moderated but remained above trend, while the labor force participation rate improved.
- Retail sales dipped in both November and December in a warning sign that consumer spending, which accounts for more than two-thirds of U.S. economic activity, may be moderating. Some of the moderation in spending reflected an ongoing shift in demand from goods to services post-pandemic. Slowing price increases for some goods also lowered the dollar amount of consumer spending, led by decreases in purchases of motor vehicles. Additional drags to spending included those on household furnishings and other equipment, recreational goods and vehicles, and transportation services.
- The housing market continued to cool in the face of higher borrowing rates coupled with elevated home prices. Mortgage rates for a 30-year fixed-rate loan increased from a record low level of 2.65% in January 2021 to about 6.5%. Sales of existing homes fell 11 straight months, posting a decline of 18% from 2021 levels, the largest annual drop since 2008. Home prices nationally began to turn lower mid-year.
- Business activity slowed, as the services sector joined the manufacturing sector in contraction, as measured by the ISM purchasing manager surveys.

# Market Update

## INTEREST RATES

- After three-quarters of surging yields, U.S. Treasuries traded within a range in Q4, albeit a somewhat wide one.
- Short-term maturities (less than one year) continued to increase in lockstep with adjustments to Fed policy, reflecting the two rate hikes totaling 1.25% in the fourth quarter. Yields on longer-term issues were mixed, with yields on 3-7 year Treasuries lower, while those 10-years and longer rose modestly.
- For example, the yield on 3- and 12-month U.S. Treasury Bills finished the quarter at 4.34% and 4.67%, up 110 bps and 75 bps, respectively. Meanwhile, as markets digested the potential slower pace of Fed rate increases moving forward, the yield on the 3-, 5- and 10-year U.S. Treasury notes ended the quarter-end at 4.22%, 4.01%, and 3.88%, down 6 bps, down 9 bps and up 5 bps, respectively. For all of 2022, rates were sharply higher. For reference, the yield on the 2-year Treasury was 369 bps higher for the year.
- As a result, fixed income indices posted positive total returns in the fourth quarter, following three prior negative quarters. The ICE BofA 2-, 5- and 10-year U.S. Treasury indices returned 0.45%, 1.14% and 0.65%, respectively. For the year, however, bond market performance was the worst on record for many indices.
- The yield curve remained steeply inverted, as the spread between the 3-month and 10-year U.S. Treasury yields ended the quarter at nearly -50 bps. Only a handful of periods over the past 40 years has the curve reached this level of inversion, which has been a classic warning sign of a looming recession.

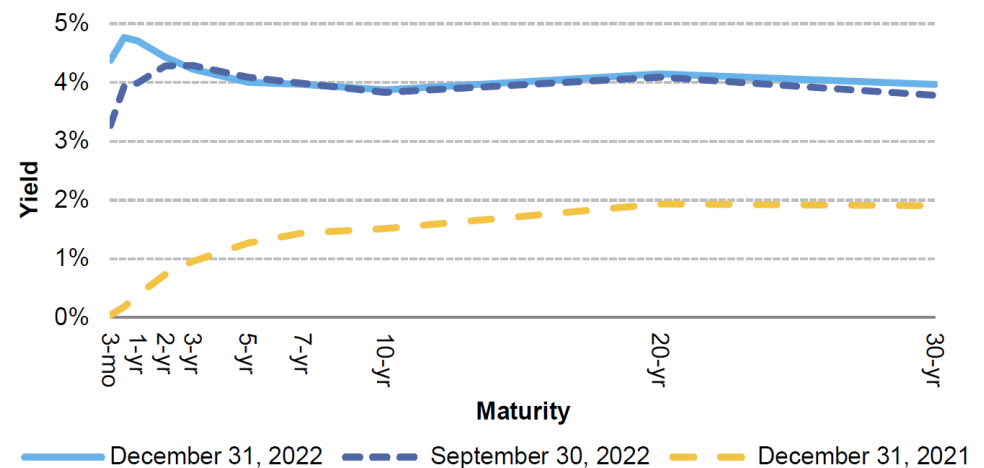
## SECTOR PERFORMANCE

- Most investment-grade (IG) sectors added value relative vs. like-duration U.S. Treasuries, with corporates, municipals, and mortgage-backed securities (MBS) generating solid incremental performance.

## SECTOR PERFORMANCE

- After reaching a multi-year high in October, IG corporate yield spreads narrowed, finishing Q4 tighter than where they began. As a result, the corporate sector generated strong excess returns for Q4 and buoyed portfolio returns relative to benchmarks. Lower-quality credit saw a stronger performance, reversing the trend of the prior nine months of the year, while longer durations bested their shorter counterparts.
- MBS reversed course strongly in Q4 after the remarkably negative returns posted for the first three quarters of 2022. Although still quite negative for the full year, Q4 MBS excess returns were top-of-class amongst most IG sectors. Unlike prior periods, performance was strong across all loan term and coupon structures for the period.
- Short-term credit instruments, like commercial paper and negotiable bank CDs, provided excellent income opportunities as spreads were elevated and rates moved up with the Fed.

U.S. Treasury Yield Curve



Source: Bloomberg, as of 12/31/2022.

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## **Summary of Operating Investments**

## Summary of Operating Investments

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

	12/31/2022
Illinois Funds	\$ 66.6
US Bank Commercial Paper Sweep	57.8
IntraFi Network Deposits	5.1
Subtotal Cash & Cash Equivalents	\$ 129.5
Short Term Portfolio	85.0
Intermediate Term Portfolio	168.6
Total Portfolio	\$ 383.0
<u>Book Value (\$ in millions)</u>	<u>\$ 397.7</u>

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

Sector	12/31/2022	
Money Market Mutual Funds	\$ 67.7	17.7%
U.S. Treasury Bonds/Notes	76.2	19.9%
Federal Agency Bonds/Notes	23.0	6.0%
Federal Agency Mortgage Backed Securities	32.1	8.4%
Federal Agency Commercial Mortgage Backed Securities	19.4	5.1%
Federal Agency Collateralized Mortgage Obligations	6.4	1.7%
Supra-National Agency Bonds/Notes	15.2	4.0%
Corporate Notes	13.9	3.6%
Commercial Paper	65.6	17.1%
Commercial Paper Sweep (US Bank)	57.8	15.1%
IntraFi Network Deposits	5.1	1.3%
Subtotal	382.4	99.8%
Accrued Interest	0.6	0.2%
Total	\$ 383.0	100.0%

### Current Yields (Annualized)

	12/31/2022
Illinois Funds	4.11%
US Bank Commercial Paper Sweep	2.00%
IntraFi Network Deposits	3.93%
Benchmark: S&P Rated Government Investment Pool Index	3.91%

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

	Current Quarter	1 Year	3 Year	5 Year	10 Year	Since Inception
Short Term Portfolio	0.93%	1.45%	0.90%	1.48%	-	1.39%
Benchmark: BofA Merrill Lynch 3-Month Treasury Bill Index	0.84%	1.46%	0.72%	1.26%	-	1.16%
Intermediate Term Portfolio	1.24%	-7.45%	-1.17%	0.62%	-	0.98%
Benchmark: Barclays Intermediate U.S. Govt. Securities	1.01%	-7.73%	-1.38%	0.46%	-	0.80%

\*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.

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# SIU - Intermediate Term Portfolio

## Investment Approach

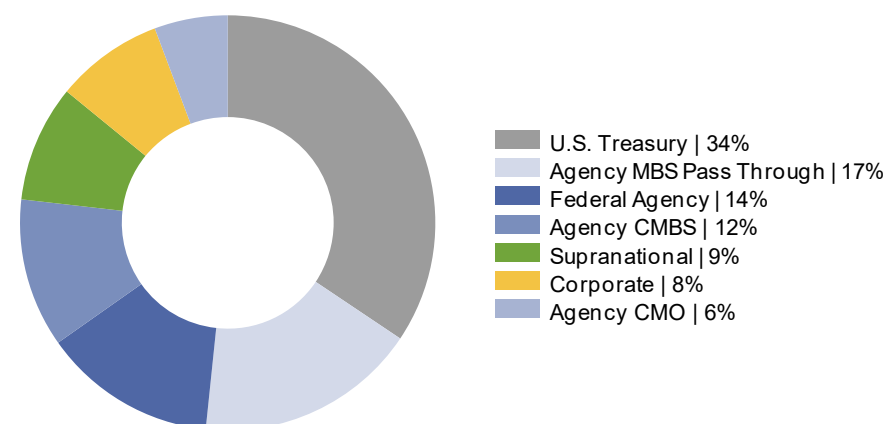
- The University's Intermediate Term portfolio is actively managed by PFM Asset Management, LLC. PFM seeks to add value by strategically buying or selling high-quality, fixed-income securities. Funds in the core portfolio are typically not needed over an intermediate- or long- term horizon and are therefore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

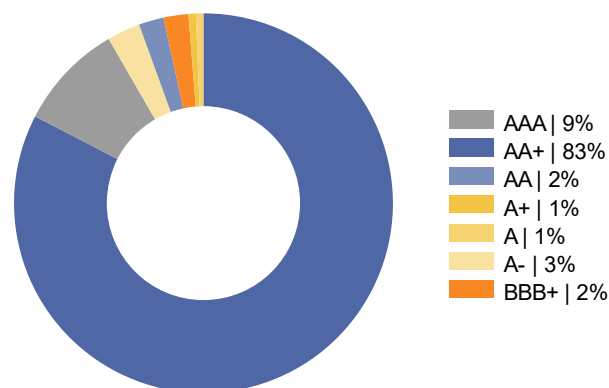
### Portfolio Statistics

<b>Total Market Value</b>	\$168,548,963.85
Securities Sub-Total	\$167,121,579.46
Accrued Interest	\$618,737.57
Cash	\$808,646.82
<b>Portfolio Effective Duration</b>	3.56 years
<b>Benchmark Effective Duration</b>	3.73 years
<b>Yield At Cost</b>	2.19%
<b>Yield At Market</b>	4.25%
<b>Portfolio Credit Quality</b>	AA

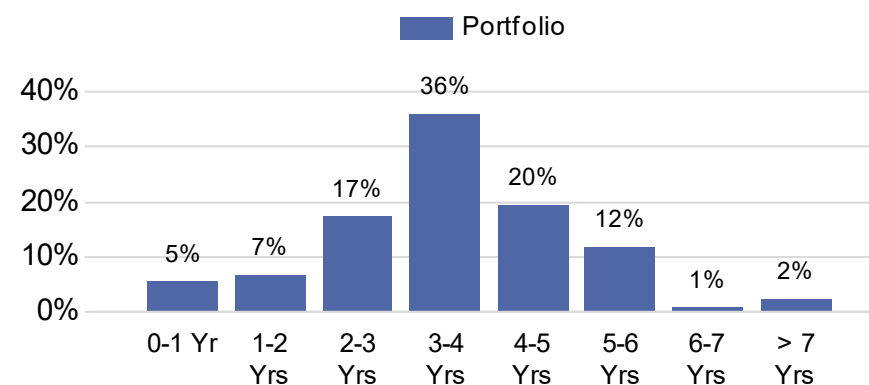
### Sector Allocation



### Credit Quality - S&P



### Duration Distribution



1. Yield and duration calculations exclude cash and cash equivalents. Sector allocation includes market values and accrued 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
<b>U.S. Treasury</b>	<b>34.4%</b>	
UNITED STATES TREASURY	34.4%	AA / Aaa / AAA
<b>Federal Agency</b>	<b>13.5%</b>	
AGENCY FOR INTERNATIONAL DEVELOPMENT	1.2%	AA / Aaa / NR
FANNIE MAE	6.9%	AA / Aaa / AAA
FREDDIE MAC	2.3%	AA / Aaa / AAA
TENNESSEE VALLEY AUTHORITY	3.1%	AA / Aaa / AAA
<b>Agency CMBS</b>	<b>11.6%</b>	
FREDDIE MAC	11.6%	AA / Aaa / AAA
<b>Agency CMO</b>	<b>5.7%</b>	
FANNIE MAE	0.8%	AA / Aaa / AAA
FREDDIE MAC	3.5%	AA / Aaa / AAA
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION	1.4%	AA / Aaa / AAA
<b>Agency MBS Pass Through</b>	<b>17.3%</b>	
FANNIE MAE	12.1%	AA / Aaa / AAA
FREDDIE MAC	5.1%	AA / Aaa / AAA
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION	0.1%	AA / Aaa / AAA
<b>Supranational</b>	<b>9.1%</b>	
AFRICAN DEVELOPMENT BANK	2.0%	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	2.6%	AAA / Aaa / AAA

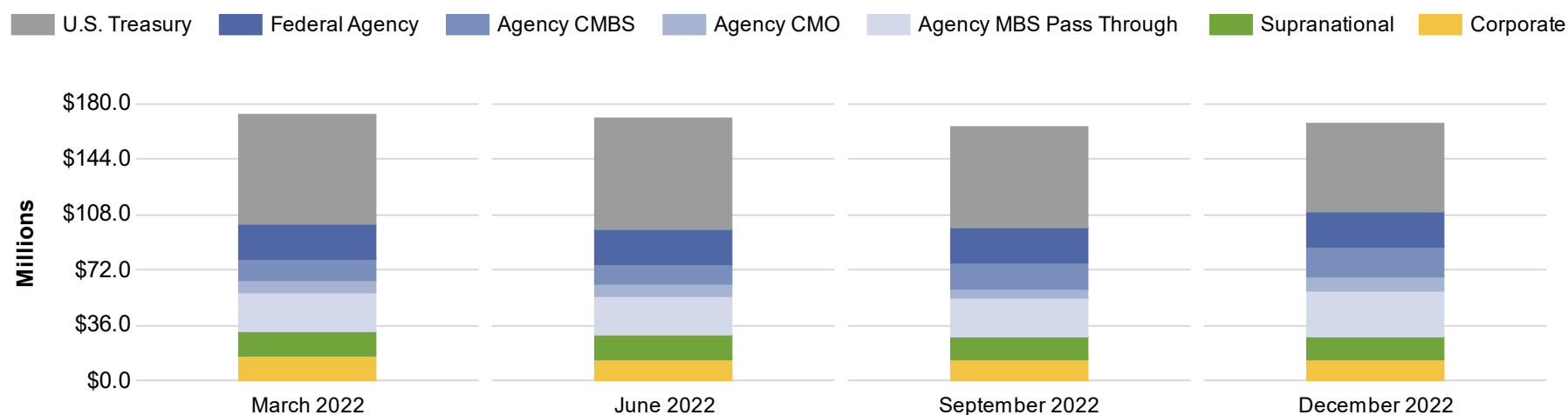
Security Type / Issuer	Market Value (%)	S&P / Moody's / Fitch
<b>Corporate</b>	<b>8.4%</b>	
CATERPILLAR INC	0.6%	A / A / A
CITIGROUP INC	0.8%	BBB / A / A
GOLDMAN SACHS GROUP INC	0.8%	BBB / A / A
HSBC HOLDINGS PLC	0.8%	A / A / A
JP MORGAN CHASE & CO	1.3%	A / A / AA
MORGAN STANLEY	0.8%	A / A / A
Roche 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.



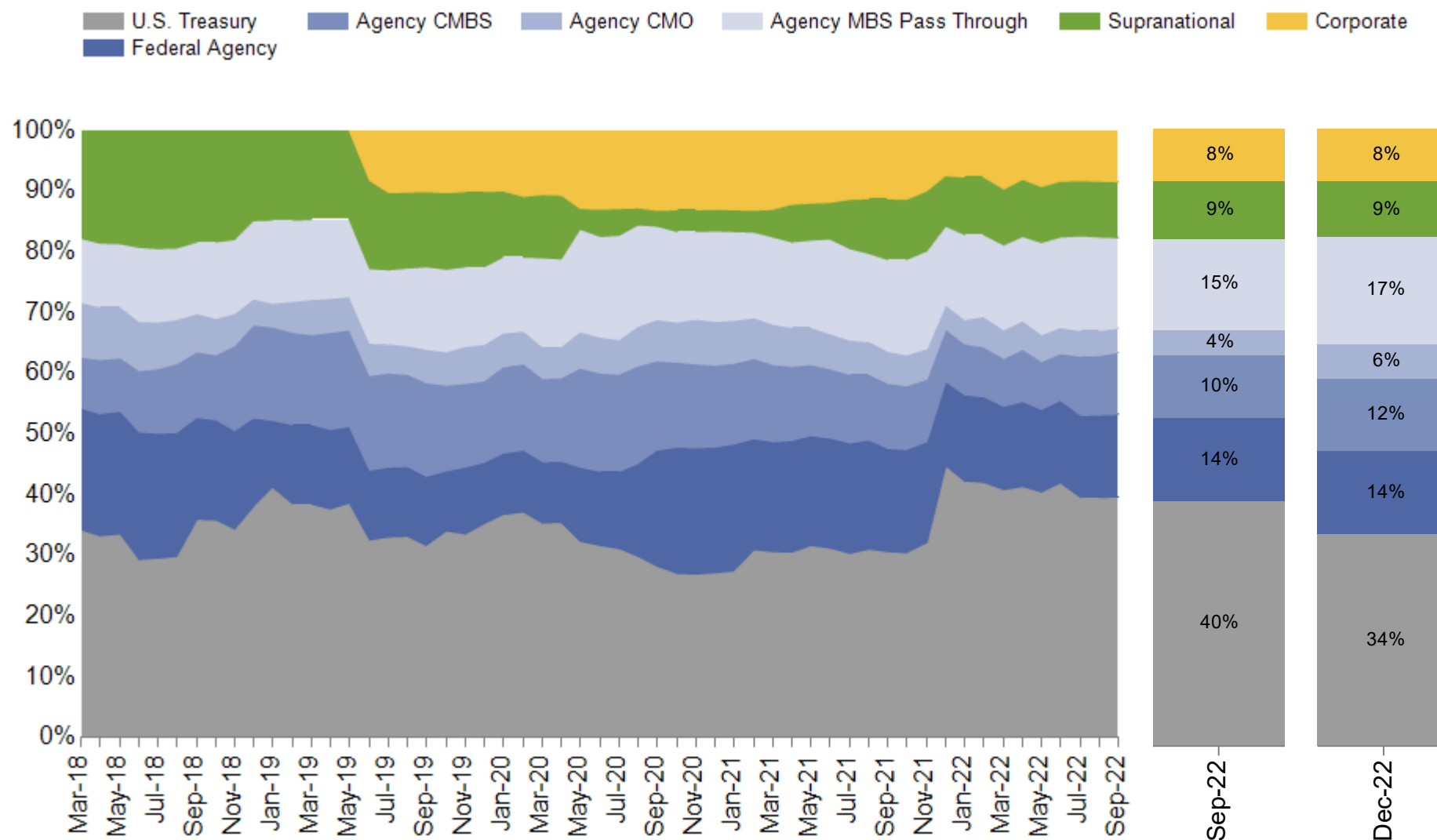
## Sector Allocation Review - SIU- INTERMEDIATE TERM

Security Type	Mar-22	% of Total	Jun-22	% of Total	Sep-22	% of Total	Dec-22	% of Total
U.S. Treasury	\$70.7	40.9%	\$71.4	42.0%	\$65.3	39.7%	\$57.6	34.4%
Federal Agency	\$23.8	13.7%	\$23.2	13.6%	\$22.4	13.6%	\$22.5	13.5%
Agency CMBS	\$13.7	7.9%	\$13.2	7.7%	\$16.8	10.2%	\$19.4	11.6%
Agency CMO	\$8.2	4.7%	\$7.3	4.3%	\$6.6	4.0%	\$9.6	5.7%
Agency MBS Pass Through	\$24.3	14.0%	\$25.4	14.9%	\$24.5	14.9%	\$29.0	17.3%
Supranational	\$16.0	9.2%	\$15.7	9.2%	\$15.1	9.2%	\$15.2	9.1%
Corporate	\$16.6	9.6%	\$14.1	8.3%	\$13.9	8.4%	\$13.9	8.4%
<b>Total</b>	<b>\$173.3</b>	<b>100.0%</b>	<b>\$170.3</b>	<b>100.0%</b>	<b>\$164.7</b>	<b>100.0%</b>	<b>\$167.1</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.

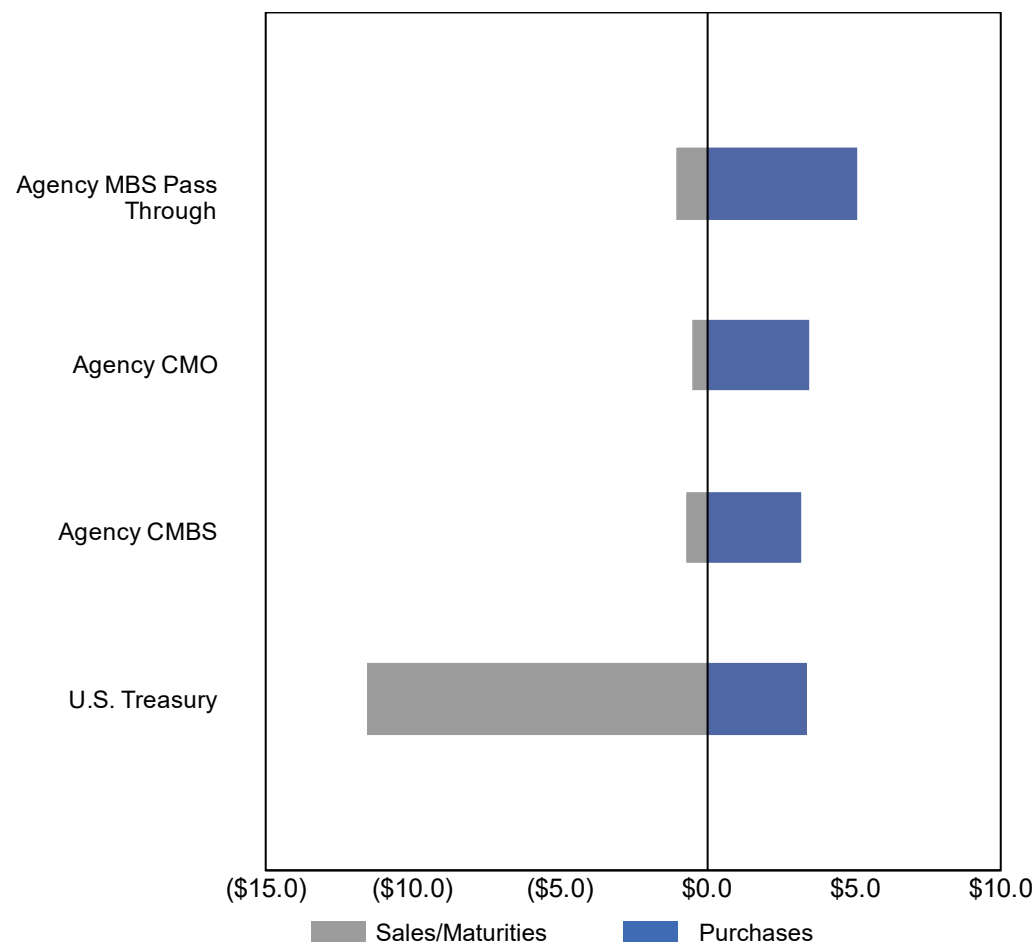
## Historical Sector Allocation - SIU- INTERMEDIATE TERM



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

## Portfolio Activity - SIU- INTERMEDIATE TERM

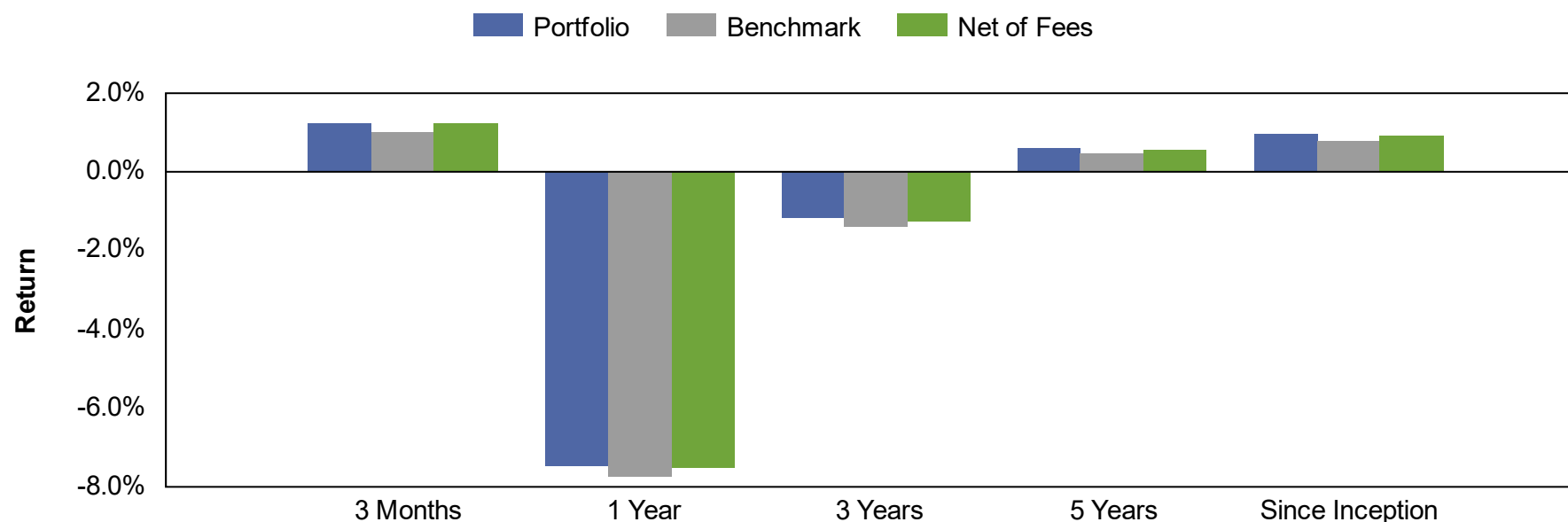
**Net Activity by Sector**  
(\$ millions)



Sector	Net Activity
Agency MBS Pass Through	\$4,064,421
Agency CMO	\$3,023,577
Agency CMBS	\$2,473,753
U.S. Treasury	(\$8,203,404)
<b>Total Net Activity</b>	<b>\$1,358,347</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>	\$945,152	\$3,543,863	\$11,186,873	\$18,242,580	\$25,069,753
Change in Market Value	\$1,118,958	(\$17,090,983)	(\$17,551,837)	(\$13,685,848)	(\$14,867,412)
<b>Total Dollar Return</b>	<b>\$2,064,110</b>	<b>(\$13,547,120)</b>	<b>(\$6,364,964)</b>	<b>\$4,556,732</b>	<b>\$10,202,341</b>
<b>Total Return<sup>3</sup></b>					
Portfolio	1.24%	-7.45%	-1.17%	0.62%	0.98%
Benchmark <sup>4</sup>	1.01%	-7.73%	-1.38%	0.46%	0.80%
<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>1.22%</b>	<b>-7.52%</b>	<b>-1.24%</b>	<b>0.55%</b>	<b>0.91%</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.

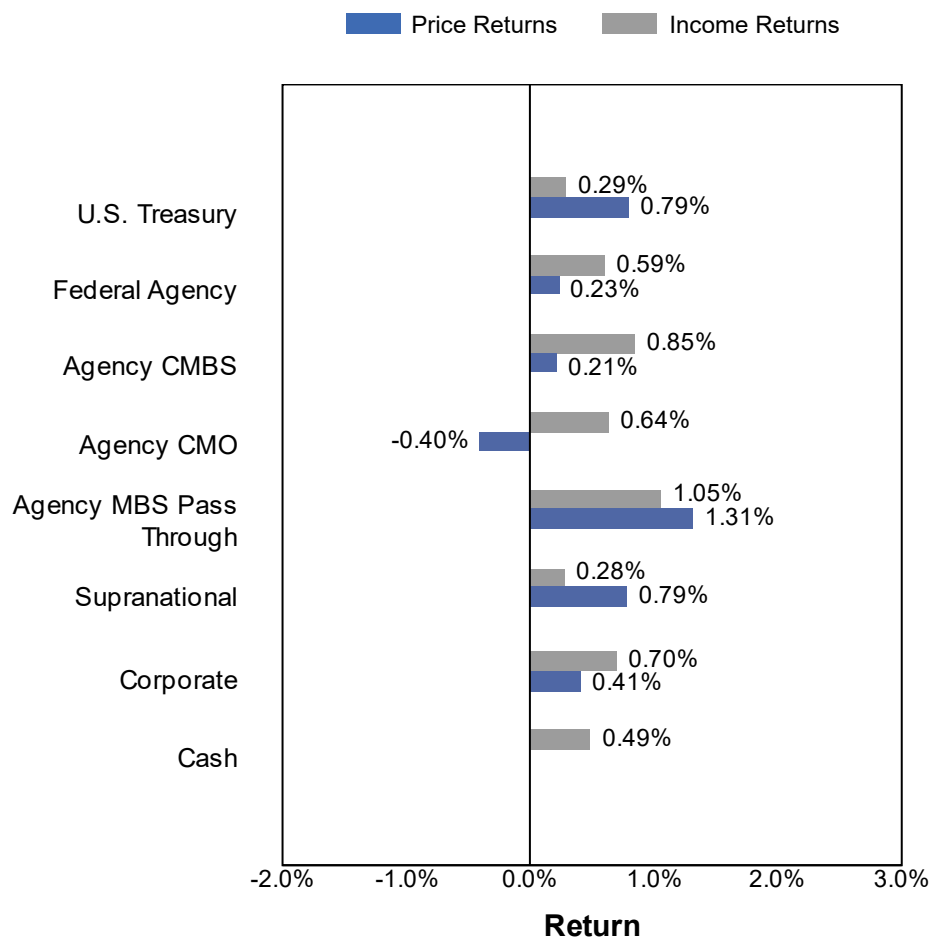
2. Interest earned calculated as the ending accrued interest less beginning accrued interest, plus net interest activity.

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.

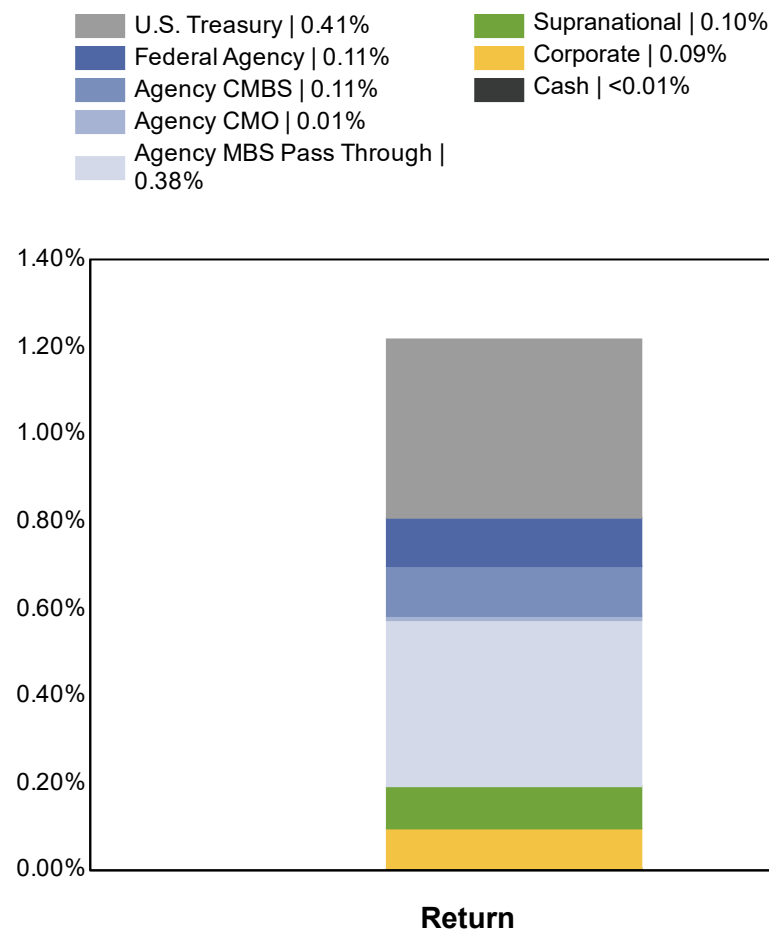
4. The portfolio's benchmark is Bloomberg Barclays Intermediate U.S. Government Index. Source: Bloomberg.

## Quarterly Sector Performance

### Total Return by Sector

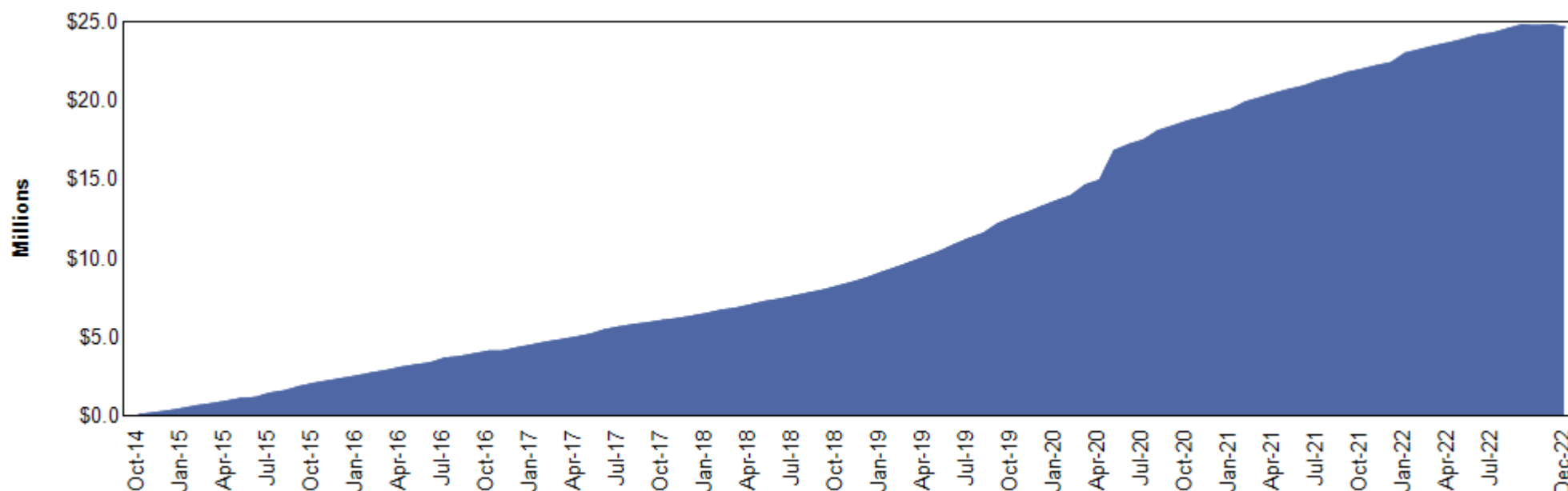


### Contribution to Total Return



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>	\$945,152	\$3,543,863	\$11,186,873	\$18,242,580	\$25,069,753
Realized Gains / (Losses) <sup>3</sup>	(\$1,031,132)	(\$829,229)	\$2,411,908	\$2,551,642	\$2,958,100
Change in Amortized Cost	(\$73,769)	(\$465,717)	(\$2,236,447)	(\$2,494,525)	(\$3,372,641)
<b>Total Earnings</b>	<b>(\$159,750)</b>	<b>\$2,248,918</b>	<b>\$11,362,333</b>	<b>\$18,299,697</b>	<b>\$24,655,212</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.

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# SIU - Short Term Portfolio

## Investment Approach

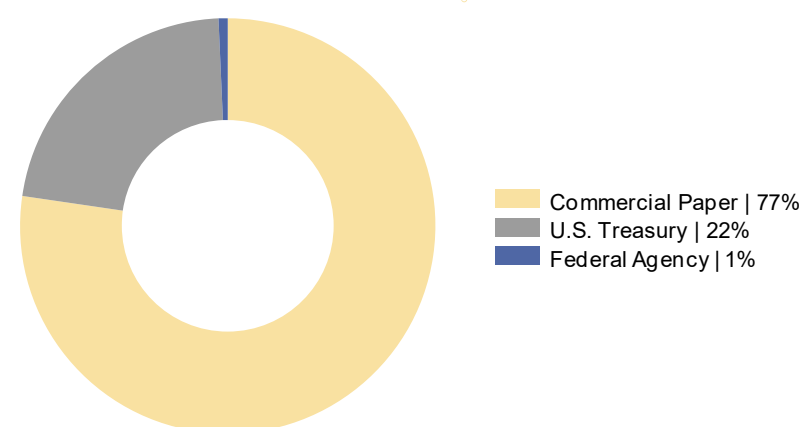
- The University's Short-Term portfolio is actively managed by PFM Asset Management, LLC. The short-term portfolio is structured to match the University's anticipated liquidity needs. The portfolio's duration typically ranges from 0 – 12 months, but is limited to a maximum maturity of 3 years. These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

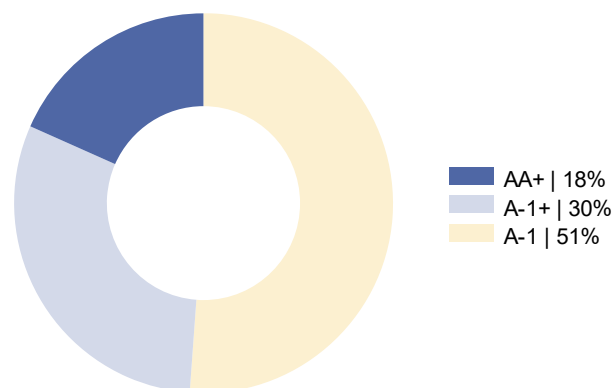
### Portfolio Statistics

<b>Total Market Value</b>	\$84,986,062.57
Securities Sub-Total	\$84,748,894.40
Accrued Interest	\$3,001.44
Cash	\$234,166.73
<b>Portfolio Effective Duration</b>	0.40 years
<b>Benchmark Effective Duration</b>	0.14 years
<b>Yield At Cost</b>	4.49%
<b>Yield At Market</b>	4.88%
<b>Portfolio Credit Quality</b>	A

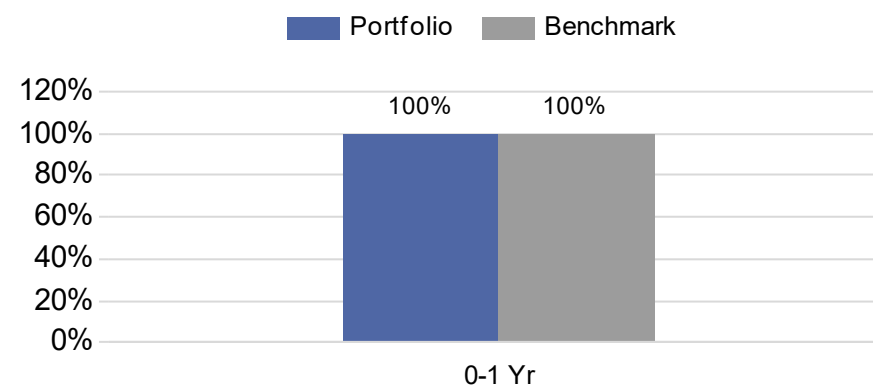
### Sector Allocation



### Credit Quality - S&P



### Duration Distribution



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



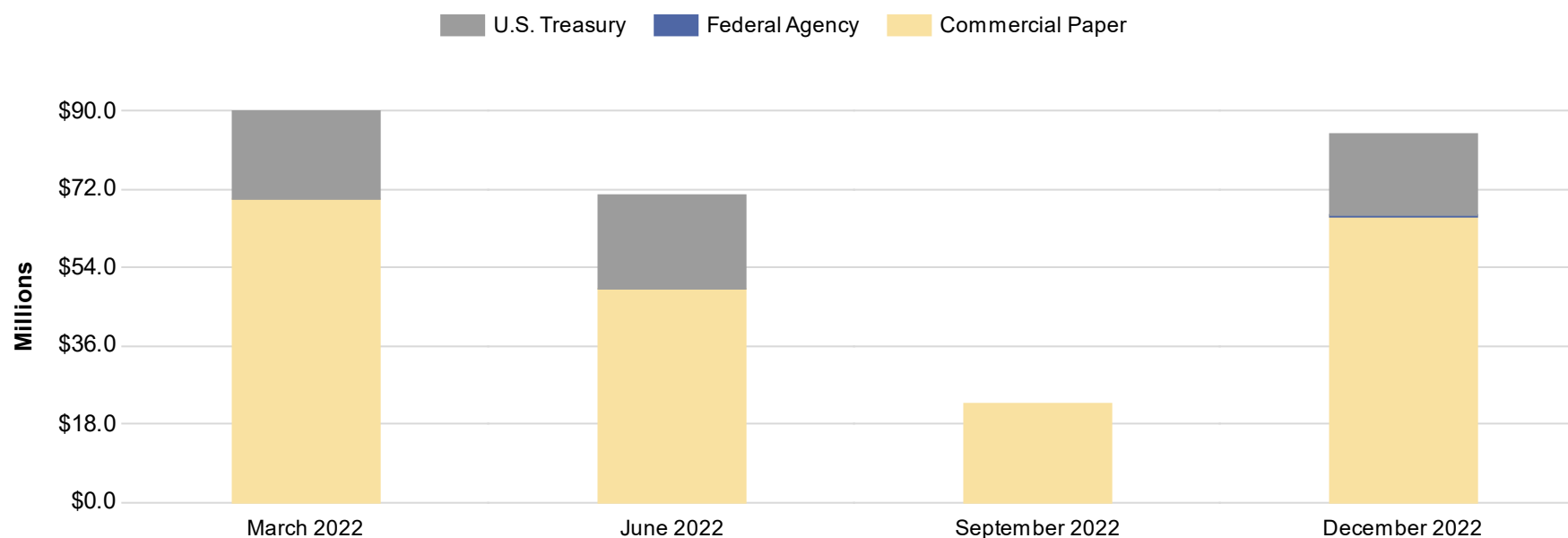
## Issuer Diversification

Security Type / Issuer	Market Value (%)	S&P / Moody's / Fitch
<b>U.S. Treasury</b>	<b>22.0%</b>	
UNITED STATES TREASURY	22.0%	AA / Aaa / AAA
<b>Federal Agency</b>	<b>0.7%</b>	
FEDERAL HOME LOAN BANKS	0.7%	AA / Aa / NR
<b>Commercial Paper</b>	<b>77.3%</b>	
BANK OF AMERICA CO	11.9%	A / NR / AA
CITIGROUP INC	2.3%	A / Aa / A
JP MORGAN CHASE & CO	11.2%	A / Aa / AA
LIBERTY STREET FUNDING LLC	8.3%	A / Aa / NR
LMA AMERICAS LLC	2.9%	A / Aa / AA
MITSUBISHI UFJ FINANCIAL GROUP INC	6.2%	A / Aa / A
RIDGEFIELD FUNDNG CO LLC	8.3%	A / Aa / AA
ROYAL BANK OF CANADA	5.4%	AA / Aa / AA
THUNDER BAY FUNDING LLC	5.1%	AA / Aa / AA
TORONTO-DOMINION BANK	8.9%	AA / Aa / NR
TOYOTA MOTOR CORP	6.8%	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

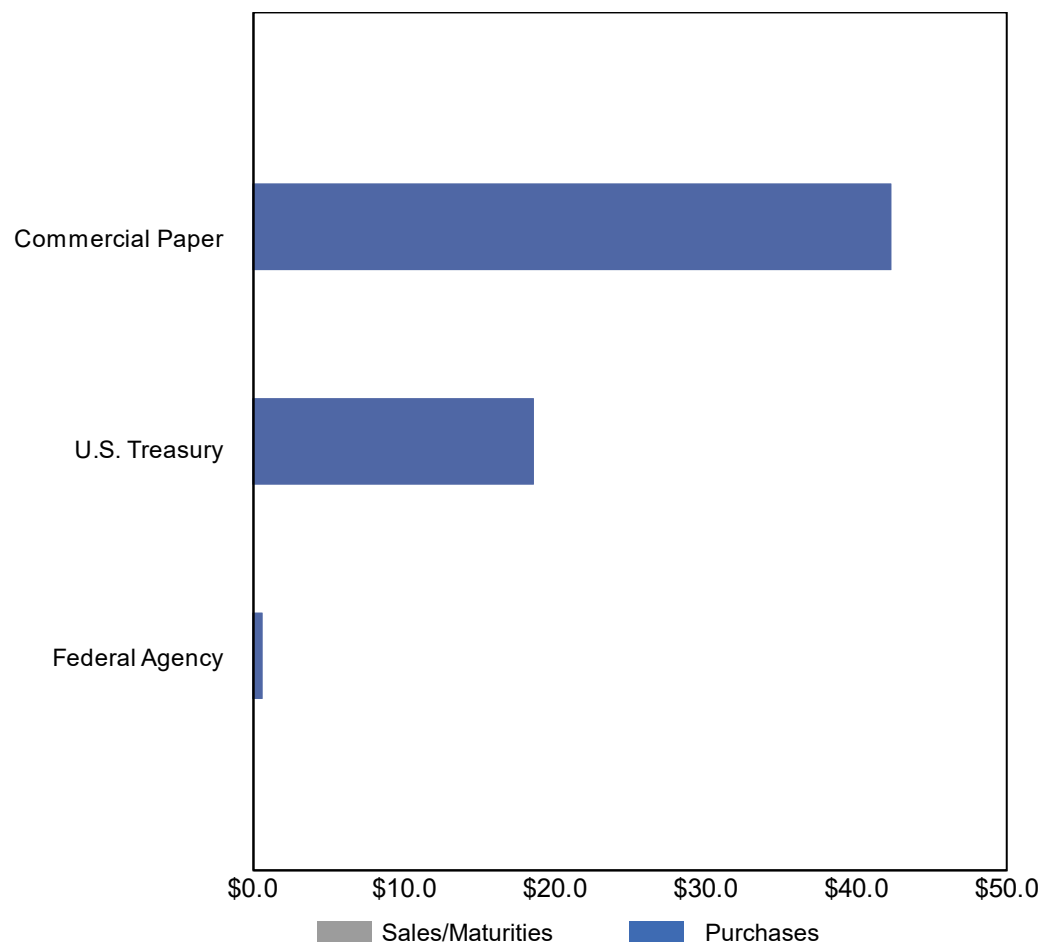
Security Type	Mar-22	% of Total	Jun-22	% of Total	Sep-22	% of Total	Dec-22	% of Total
U.S. Treasury	\$20.0	22.3%	\$21.5	30.5%	\$0.0	0.0%	\$18.6	22.0%
Federal Agency	\$0.0	0.0%	\$0.0	0.0%	\$0.0	0.0%	\$0.6	0.7%
Commercial Paper	\$69.8	77.7%	\$49.1	69.5%	\$22.8	100.0%	\$65.6	77.3%
<b>Total</b>	<b>\$89.9</b>	<b>100.0%</b>	<b>\$70.5</b>	<b>100.0%</b>	<b>\$22.8</b>	<b>100.0%</b>	<b>\$84.7</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

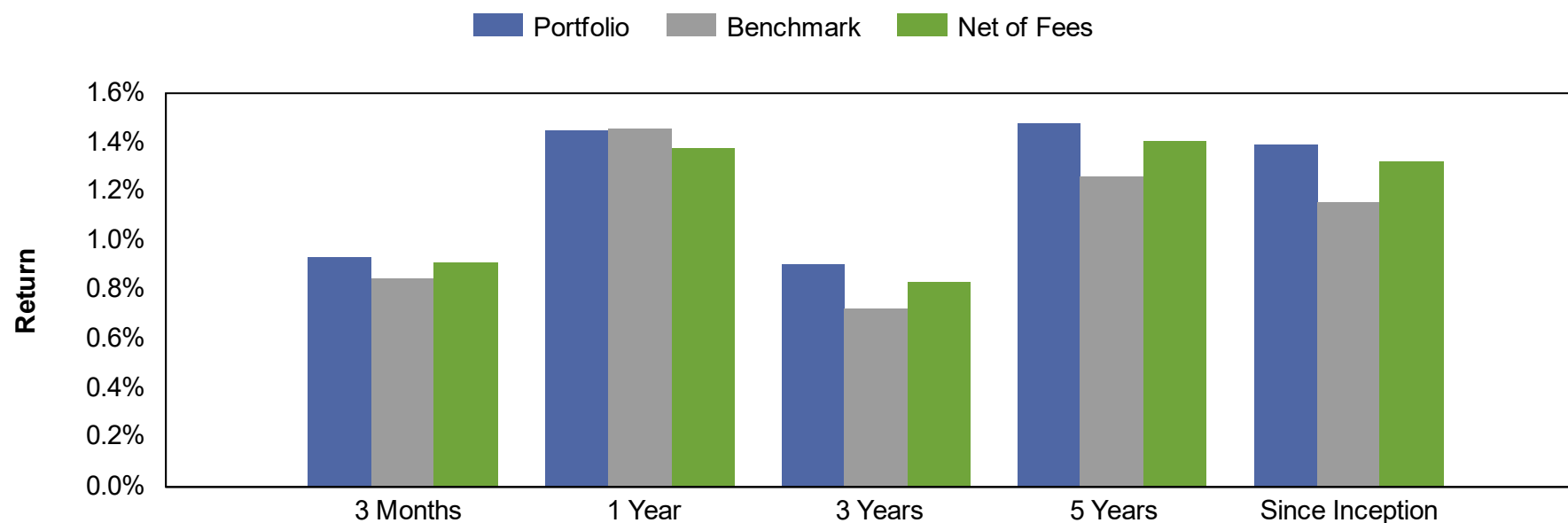
**Net Activity by Sector**  
(\$ millions)



Sector	Net Activity
Commercial Paper	\$42,181,823
U.S. Treasury	\$18,541,859
Federal Agency	\$556,727
<b>Total Net Activity</b>	<b>\$61,280,408</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>	\$44,863	\$176,865	\$178,895	\$588,193	\$592,618
Change in Market Value	\$693,992	\$832,017	\$1,070,960	\$3,165,577	\$3,565,558
<b>Total Dollar Return</b>	<b>\$738,855</b>	<b>\$1,008,882</b>	<b>\$1,249,855</b>	<b>\$3,753,770</b>	<b>\$4,158,176</b>
<b>Total Return<sup>3</sup></b>					
Portfolio	0.93%	1.45%	0.90%	1.48%	1.39%
Benchmark <sup>4</sup>	0.84%	1.46%	0.72%	1.26%	1.16%
<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>0.91%</b>	<b>1.38%</b>	<b>0.83%</b>	<b>1.41%</b>	<b>1.32%</b>

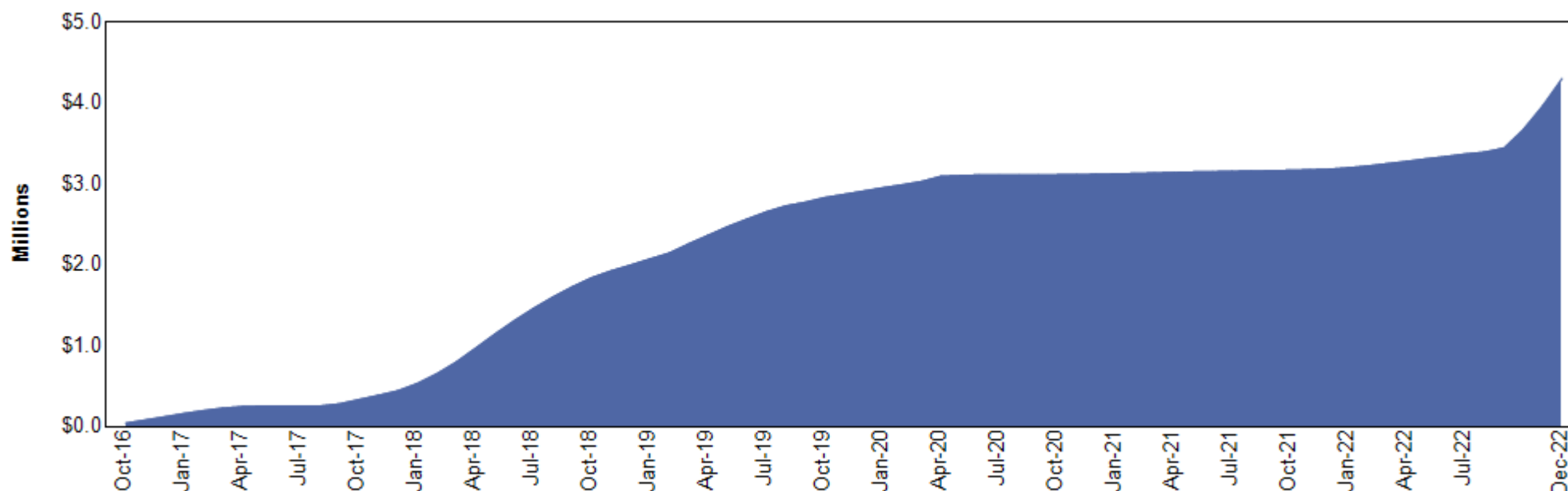
1. The lesser of 10 years or since inception is shown. Since inception returns for periods one year or less are not shown. Performance inception date is September 30, 2016.

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.

### 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>	\$44,863	\$176,865	\$178,895	\$588,193	\$592,618
Realized Gains / (Losses) <sup>3</sup>	-	-	\$36,577	\$36,577	\$36,637
Change in Amortized Cost	\$814,155	\$942,337	\$1,175,105	\$3,236,105	\$3,670,396
<b>Total Earnings</b>	<b>\$859,017</b>	<b>\$1,119,202</b>	<b>\$1,390,577</b>	<b>\$3,860,875</b>	<b>\$4,299,651</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.

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# Illinois Funds

## Investment Approach

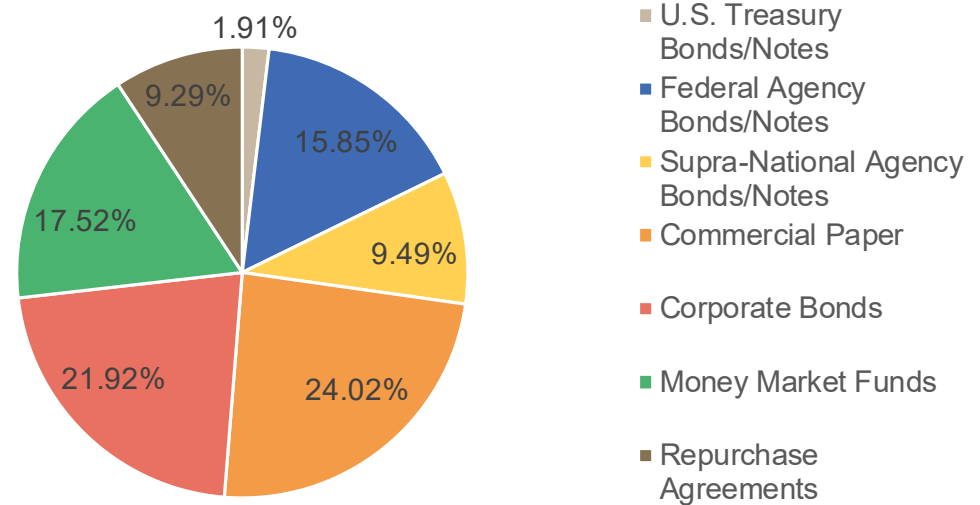
- The Illinois Funds is a Local Government Investment Pool (LGIP) operated by the Illinois State Treasurer's Office. The Illinois Funds strives to provide an inexpensive investment vehicle that features safety, daily liquidity and yield for Illinois public funds programs. The fund is managed by the Office of the State Treasurer in Springfield, Illinois, and contained a combined \$18.3 billion in total assets as of December 31, 2022. The fund is currently rated AAAm by Standard & Poor's.

## Illinois Funds Account Overview

Illinois Funds	
Beginning Value (9/30/2022)	\$101,394,284.48
Net Deposits (Withdrawals)	(\$35,598,536.98)
Interest Earned	\$834,379.39
Ending Value (12/31/22)	\$66,630,126.89

	Current Yield as of 12/31/22
Illinois Funds	4.11%
Benchmark: S&P Rated Government Investment Pool Index	3.91%

**Illinois Funds  
Sector Allocation  
as of December 31, 2022**



**Weighted Average Maturity**

**57 Days**

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# 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

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U.S. Bank Commercial Paper Sweep	
Beginning Value (9/30/2022)	\$28,029,000.69
Net Deposits (Withdrawals)	\$29,622,166.41
Interest Earned	\$119,398.20
Ending Value (12/31/22)	\$57,770,565.30

	Current Yield as of 12/31/22
U.S. Bank Commercial Paper Sweep	2.00%
Benchmark: S&P Rated Government Investment Pool Index	3.91%

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# 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

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IntraFi Network Deposits	
Beginning Value (9/30/2022)	\$5,043,374.86
Net Deposits (Withdrawals)	\$0.00
Interest Earned	\$40,555.96
Ending Value (12/31/22)	\$5,083,930.82

	Current Yield as of 12/31/22
IntraFi Network Deposits	3.93%
Benchmark: S&P Rated Government Investment Pool Index	3.91%

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# 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)

	12/31/2021	3/31/2022	6/30/2022	9/30/2022	12/31/2022
<b>Housing &amp; Auxiliary Facilities System</b>					
Construction Proceeds	-	-	-	17.8	17.2
Interest Sinking Fund	9.6	18.0	9.5	11.1	9.1
Debt Service Reserve	6.1	6.0	6.0	5.9	6.0
Total HAFS	15.7	24.0	15.5	34.8	32.2
<b>Medical Facilities System</b>					
Construction Proceeds	-	-	-	-	-
Interest Sinking Fund	0.9	1.9	-	-	-
Debt Service Reserve	-	-	-	-	-
Total MFS	0.9	1.9	-	-	-
<b>Certificates of Participation</b>					
Construction Proceeds	-	-	-	-	-
Interest Sinking Fund	-	-	-	-	-
Debt Service Reserve	-	-	-	-	-
Total COPS	-	-	-	-	-
Total Market Value of Portfolio	\$ 16.6	\$ 25.9	\$ 15.5	\$ 34.8	\$ 32.2

### Investment Balance

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

	\$ 16.6	\$ 26.0	\$ 15.7	\$ 35.2	\$ 32.6
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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.*

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

## Glossary

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



## Glossary

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