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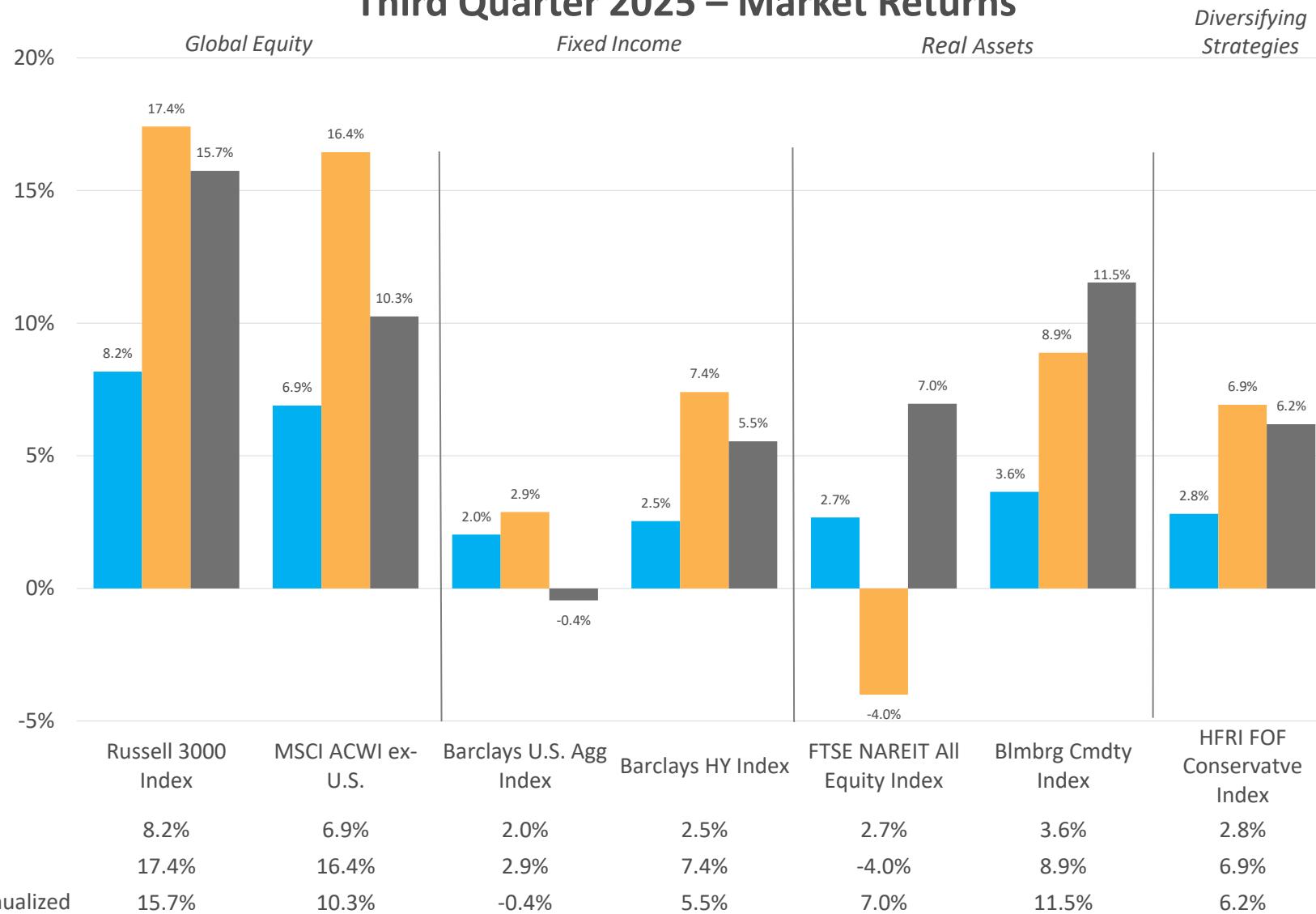
## Third Quarter 2025 Investment Update

PREPARED FOR THE BOARD OF TRUSTEES OF THE UNIVERSITY  
OF ILLINOIS SYSTEM

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## MARKET OVERVIEW AND SYSTEM ASSETS

## Third Quarter 2025 – Market Returns



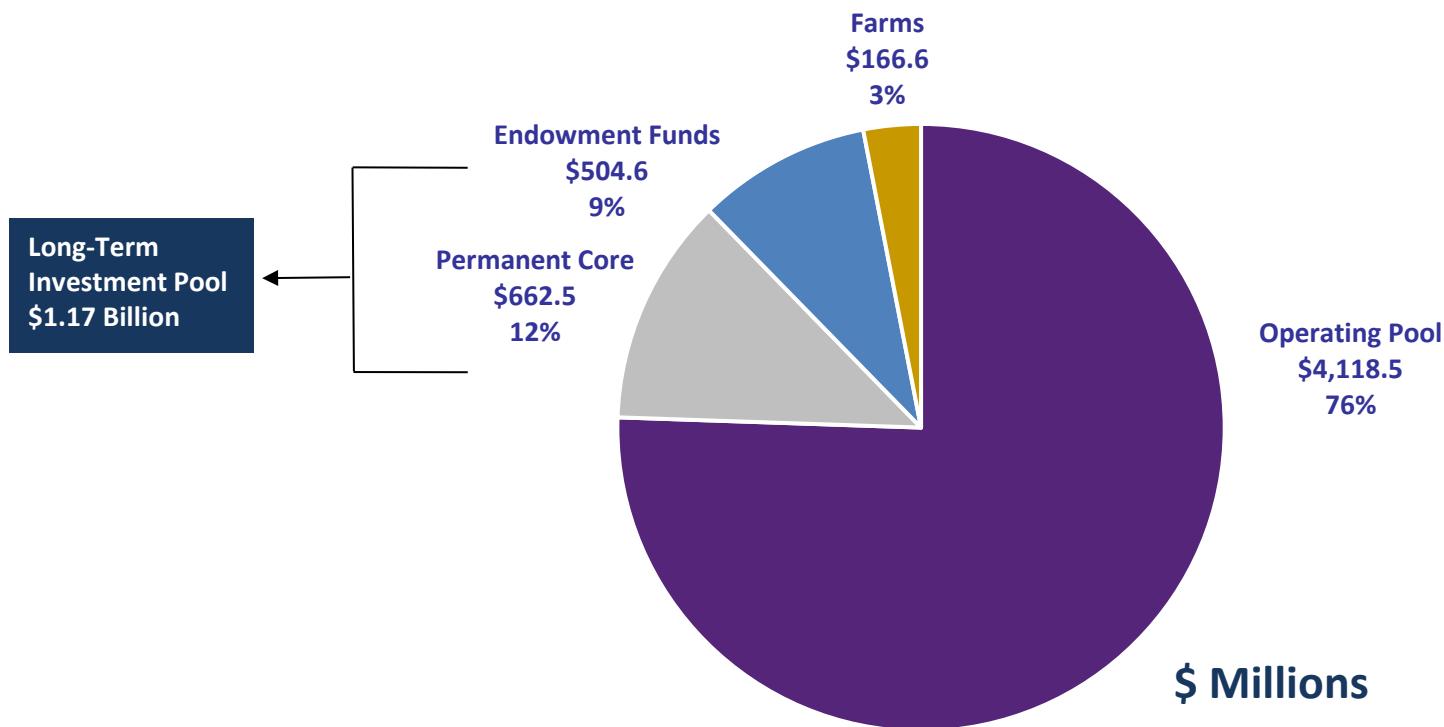
Data sources: Lipper and Hedge Fund Research

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## System Financial Assets

\$5.45B

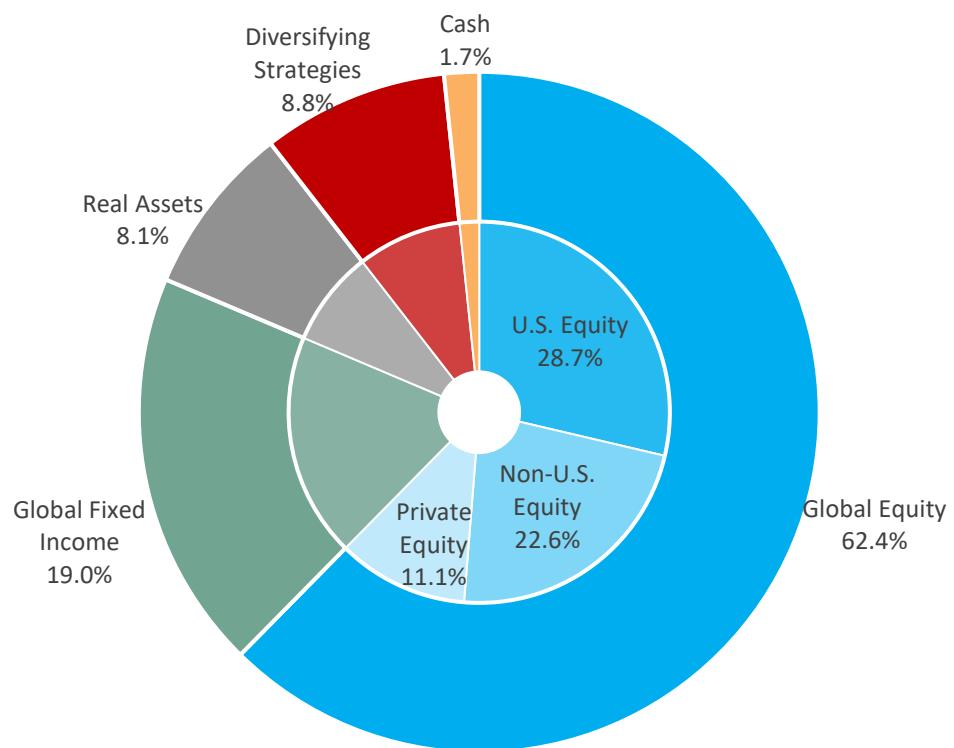


- The System's financial assets were valued at \$5.45 billion as of September 30, 2025.
- The Operating Pool was valued at \$4.12 billion (ex-Permanent Core) . The permanent core investment (gray slice) represents a strategic allocation of operating cash in the Long-Term Investment Pool, aimed at increasing distributions over the long term.
- The combined Long-Term Investment Pool is valued at \$1.17 billion (gray and blue slices) and is discussed further on the following slides.

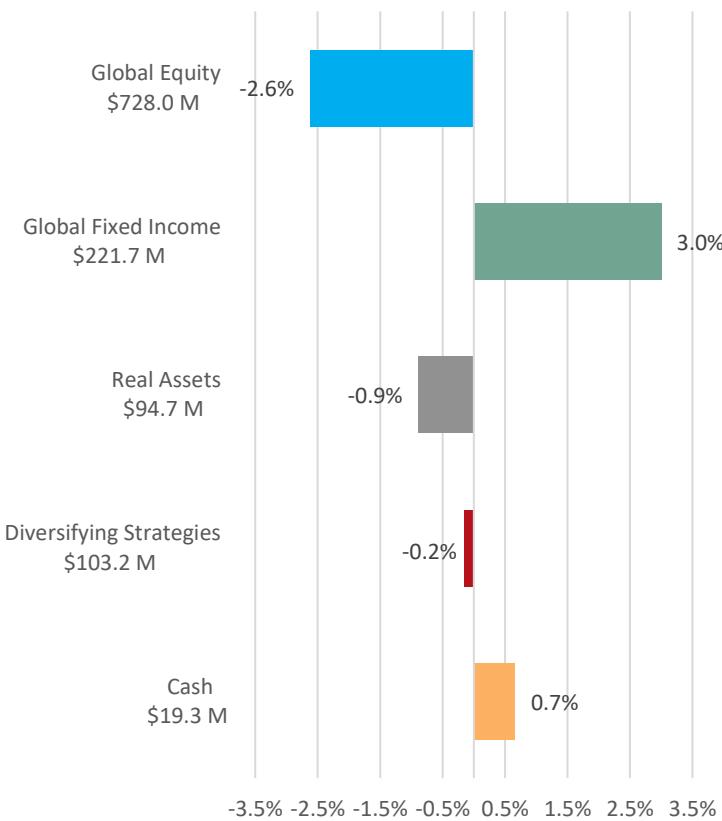


# LONG-TERM INVESTMENT POOL UPDATE: SEPTEMBER 30, 2025

**Total Pool: \$1.17 Billion as of 9/30/2025**

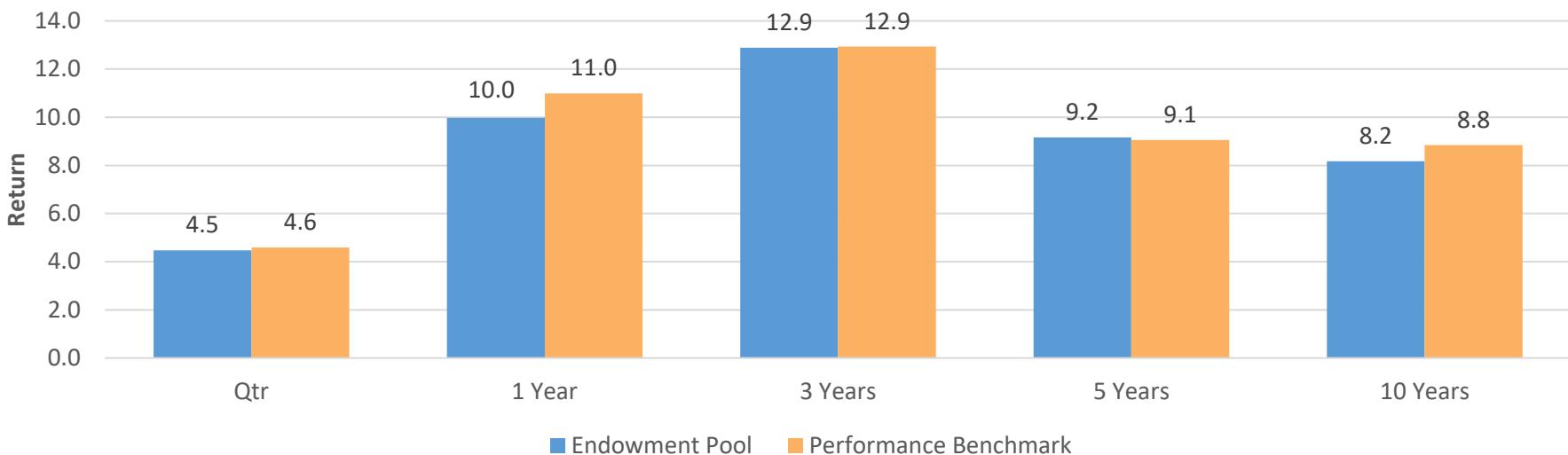


**Over/Under Allocation to Long-Term Policy Targets**



**Note:** Over/underweights reflect the transition to our new asset allocation policy. Certain asset classes will be temporarily above or below target until implementation is complete.

## Total Pool: \$1.17 BILLION



- Over the one-year period, the long-term investment pool returned +10.0%, trailing the benchmark. Contributing to relative performance was fixed income (+3.4%) and diversifying strategies (+9.9%), while private equity (+0.4%) and real estate (-1.0%) detracted from relative performance.
- Over the ten-year period, the long-term investment pool posted a +8.2% return, trailing the benchmark. Contributing to relative performance was fixed income (+2.8%) and real estate (+4.7%), while detracting from relative performance was private equity (+11.8%) and diversifying strategies (0.0%).

Long-Term Investment Pool	Quarter Ending
Market Value Change	September-2025
Beginning Market Value	\$1,125.0 M
Net Contributions	(\$8.6 M)
Gain/Loss	\$50.6 M
Ending Market Value	\$1,167.0 M

Note: The beginning market value + net contributions + net investment gains referenced in the table may not equal the ending market value due to rounding.

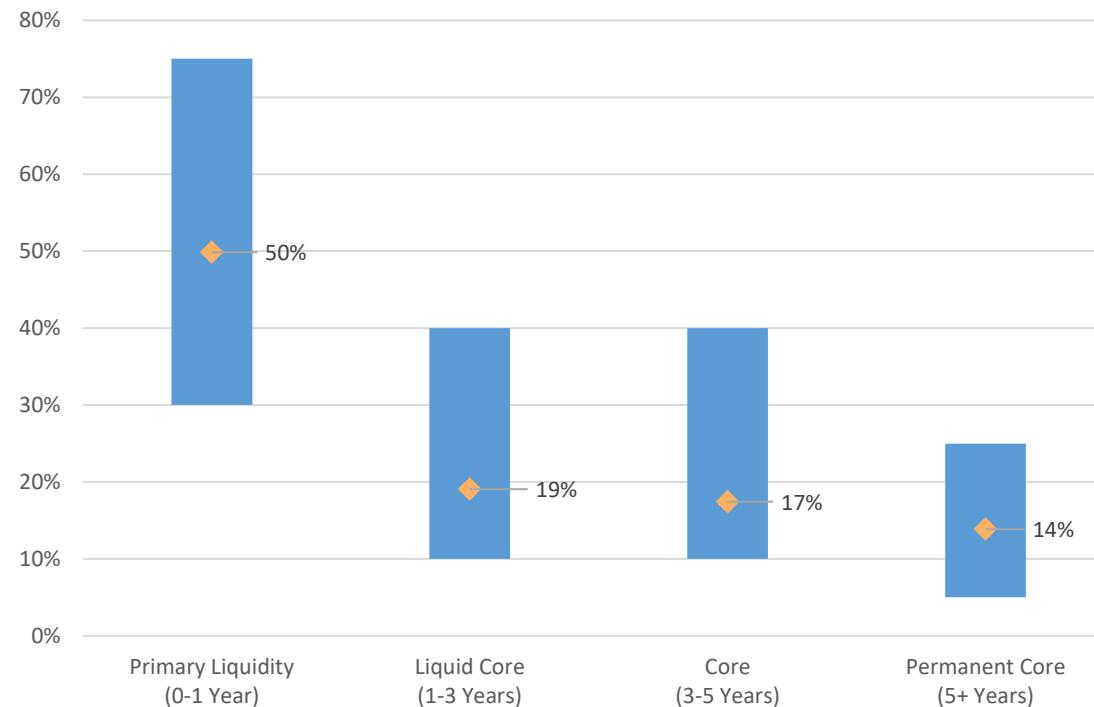
	Current Allocation (%)	Policy Allocation (%)	Quarter ending Sep- 2025				
			1 Year	3 Years	5 Years	10 Years	
<b>Long-Term Investment Pool</b>			4.5	10.0	12.9	9.2	8.2
Long-Term Investment Benchmark			4.6	11.0	12.9	9.1	8.8
<b>GLOBAL EQUITY</b>	<b>62.4</b>	<b>65.0</b>	<b>6.2</b>	<b>13.2</b>	<b>17.5</b>	<b>12.5</b>	<b>11.3</b>
<b>U.S. Equity</b>			8.2	17.0	24.0	16.2	14.0
U.S. Equity Benchmark			8.2	17.4	24.1	15.7	14.7
<b>Non-U.S. Equity</b>			7.0	15.0	20.1	9.9	8.1
Non-U.S. Equity Benchmark			6.9	16.4	20.5	10.2	8.2
<b>Private Equity</b>			0.0	0.4	0.0	9.6	11.8
Private Equity Benchmark			0.0	7.0	6.2	12.1	13.7
<b>GLOBAL FIXED INCOME<sup>1</sup></b>	<b>19.0</b>	<b>16.0</b>	<b>1.9</b>	<b>3.4</b>	<b>6.5</b>	<b>1.3</b>	<b>2.8</b>
<b>Public Fixed Income</b>			2.2	3.4	6.2	0.6	2.4
Fixed Income Benchmark			2.0	2.9	4.9	-0.4	1.8
<b>REAL ASSETS<sup>1</sup></b>	<b>8.1</b>	<b>9.0</b>	<b>1.1</b>	<b>4.3</b>	<b>3.5</b>	<b>6.5</b>	<b>5.7</b>
<b>Real Estate</b>			1.4	-1.0	-0.1	4.4	4.7
Real Estate Benchmark			0.5	3.2	-6.2	2.6	4.2
<b>DIVERSIFYING STRATEGIES<sup>1</sup></b>	<b>8.8</b>	<b>9.0</b>	<b>2.0</b>	<b>9.9</b>	<b>7.8</b>	<b>7.5</b>	<b>0.0</b>
<b>Hedge Funds</b>			2.1	9.7	7.7	7.3	-0.5
Hedge Fund Index			2.8	6.9	6.3	7.7	5.9
<b>CASH</b>	<b>1.7</b>	<b>1.0</b>	<b>1.0</b>	<b>4.2</b>	<b>4.5</b>	<b>2.8</b>	<b>1.9</b>

<sup>1</sup>Global Fixed Income, Real Assets and Diversifying Strategies include allocations and performance of private investments.



# OPERATING POOL UPDATE: SEPTEMBER 30, 2025

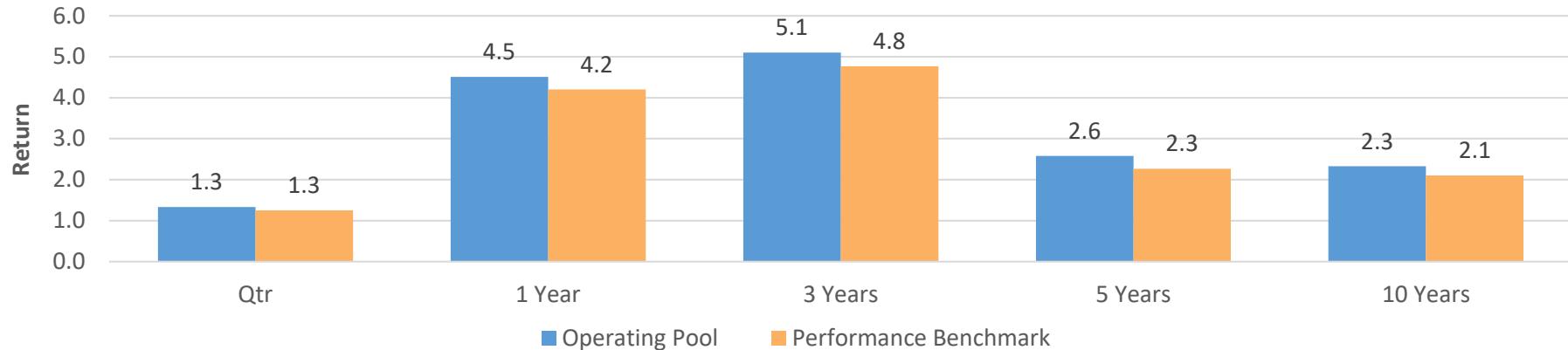
## OPERATING POOL LIQUIDITY LAYERS



- The asset allocation strategy for the Operating Pool consists of investing funds across four liquidity layers. Board-approved ranges are depicted by the bars, while the diamonds represent the actual allocation.
- Funds expected to be used within one year are invested in the primary liquidity layer.
- Longer-time horizon investments, including core and permanent core, are expected to provide higher rates of return and will experience some variation in market value as capital market conditions change.
- The System's permanent core operating funds are invested in the System's Long-Term Investment Pool.

Total sum of allocation may not equal 100% due to rounding.

## TOTAL POOL: \$4.12 BILLION



- Over the trailing one-year period, the Operating Pool returned 4.5%, outperforming the benchmark return.
  - Most managers in the pool outperformed or matched their respective benchmarks over the period.
- Over the three-, five-, ten-year, and since inception periods, the Operating Pool outperformed the benchmark.
  - The pool's managers have consistently achieved performance at or above their respective benchmarks over these time periods.

Operating Pool	Quarter Ending
Market Value Change	September-2025
Beginning Market Value	\$3,834.4 M
Net Contributions	\$234.1 M
Gain/Loss	\$50.0 M
Ending Market Value	\$4,118.5 M

Note: The Total Pool's beginning and ending market values include bank balances in which the System earns credit to offset bank fees. The beginning market value + net contributions + net investment gains referenced in the table may not equal the ending market value due to rounding.

## APPENDIX: MARKET ENVIRONMENT

## 2016-2025 Annual Returns of Key Indices

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	5-year annual	10-year annual
Small Cap 21.3%	Emerging Markets 37.3%	Bonds 0.0%	Large Cap 31.5%	Small Cap 20.0%	MLPs 40.2%	MLPs 30.9%	MLPs 26.6%	Large Cap 25.0%	Emerging Markets 27.1%	MLPs 32.3%	Large Cap 15.3%
MLPs 18.3%	Int'l 25.0%	High Yield -2.1%	Small Cap 25.5%	Large Cap 18.4%	Large Cap 28.7%	Hedge Funds -5.2%	Large Cap 26.3%	MLPs 24.4%	Int'l 25.1%	Large Cap 16.5%	Small Cap 9.8%
High Yield 17.1%	Large Cap 21.8%	Hedge Funds -4.0%	Int'l 22.0%	Emerging Markets 18.3%	Global REIT 25.7%	High Yield -11.2%	Int'l 18.2%	Small Cap 11.5%	Large Cap 14.8%	Small Cap 11.6%	Int'l 8.2%
Large Cap 11.9%	Small Cap 14.6%	Large Cap -4.4%	Global REIT 21.9%	Hedge Funds 10.9%	Small Cap 14.8%	Bonds -13.0%	Small Cap 16.9%	Hedge Funds 9.4%	Global REIT 11.0%	Int'l 11.2%	MLPs 8.1%
Emerging Markets 11.2%	Global REIT 10.4%	Global REIT -5.6%	Emerging Markets 18.4%	Int'l 7.8%	Int'l 11.3%	Int'l -14.5%	High Yield 13.4%	High Yield 8.2%	Small Cap 10.4%	Emerging Markets 7.0%	Emerging Markets 8.0%
Global REIT 4.1%	Hedge Funds 7.8%	Small Cap -11.0%	High Yield 14.3%	Bonds 7.5%	Hedge Funds 6.0%	Large Cap -18.1%	Global REIT 10.4%	Emerging Markets 7.5%	High Yield 7.2%	Hedge Funds 6.2%	High Yield 6.2%
Bonds 2.6%	High Yield 7.5%	MLPs -12.4%	Bonds 8.7%	High Yield 7.1%	High yield 5.3%	Emerging Markets -20.1%	Emerging Markets 9.8%	Int'l 3.8%	Hedge Funds 7.1%	Global REIT 5.8%	Hedge Funds 4.6%
Int'l 1.0%	Bonds 3.5%	Int'l -13.8%	Hedge Funds 8.4%	Global REIT -9.0%	Bonds -1.5%	Small Cap -20.4%	Hedge Funds 6.3%	Global REIT 1.7%	Bonds 6.1%	High Yield 5.5%	Global REIT 4.2%
Hedge Funds 0.5%	MLPs -6.5%	Emerging Markets -14.6%	MLPs 6.6%	MLPs -28.7%	Emerging Markets -2.5%	Global REIT -25.0%	Bonds 5.5%	Bonds 1.3%	MLPs 5.7%	Bonds -0.4%	Bonds 1.8%

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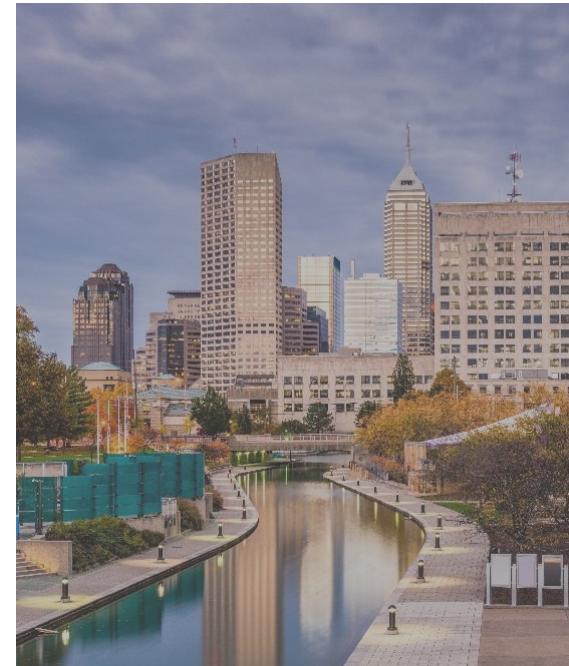
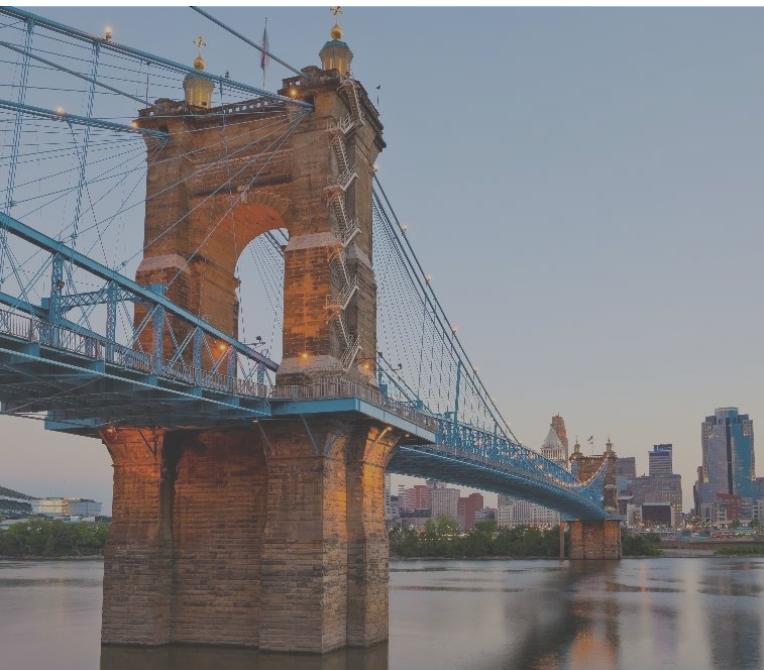
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Fund Evaluation Group, LLC | 513.977.4400 | [information@feg.com](mailto:information@feg.com) | [www.feg.com](http://www.feg.com)  
Cincinnati | Dallas | Indianapolis

