

Reported to the Board of Trustees
July 16, 2026



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investment advisors

First Quarter 2026 Investment Update

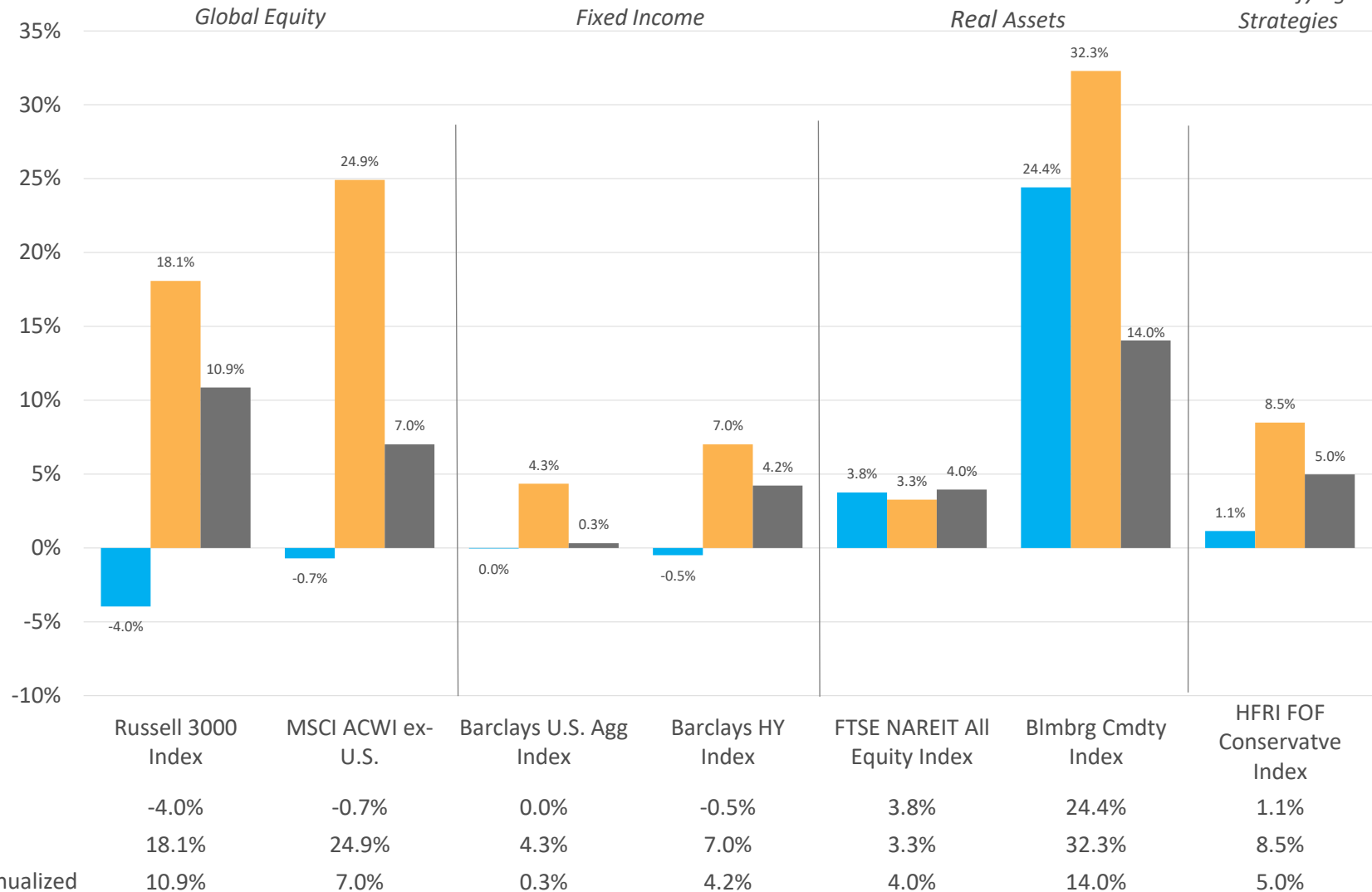
PREPARED FOR THE BOARD OF TRUSTEES OF THE UNIVERSITY
OF ILLINOIS SYSTEM

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MARKET OVERVIEW AND SYSTEM ASSETS

First Quarter 2026 – Market Returns

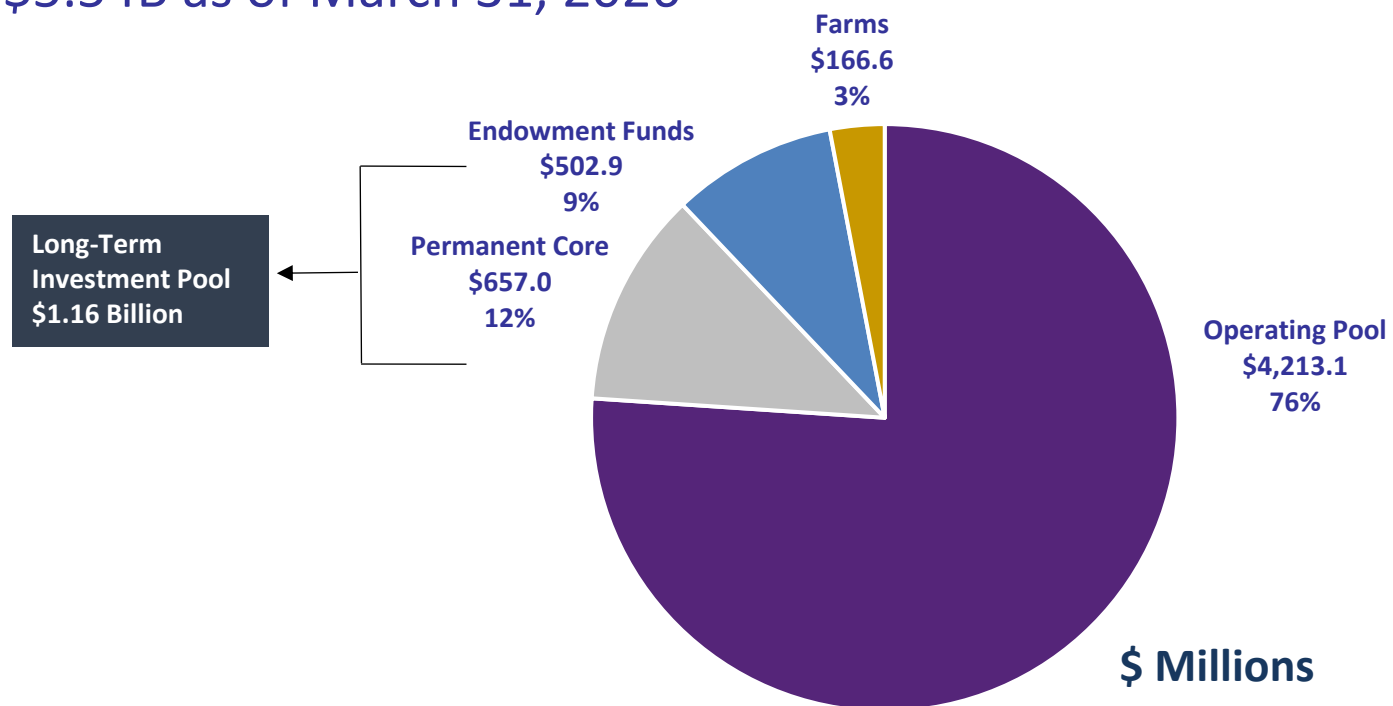
Diversifying
Strategies

Data sources: Lipper and Hedge Fund Research

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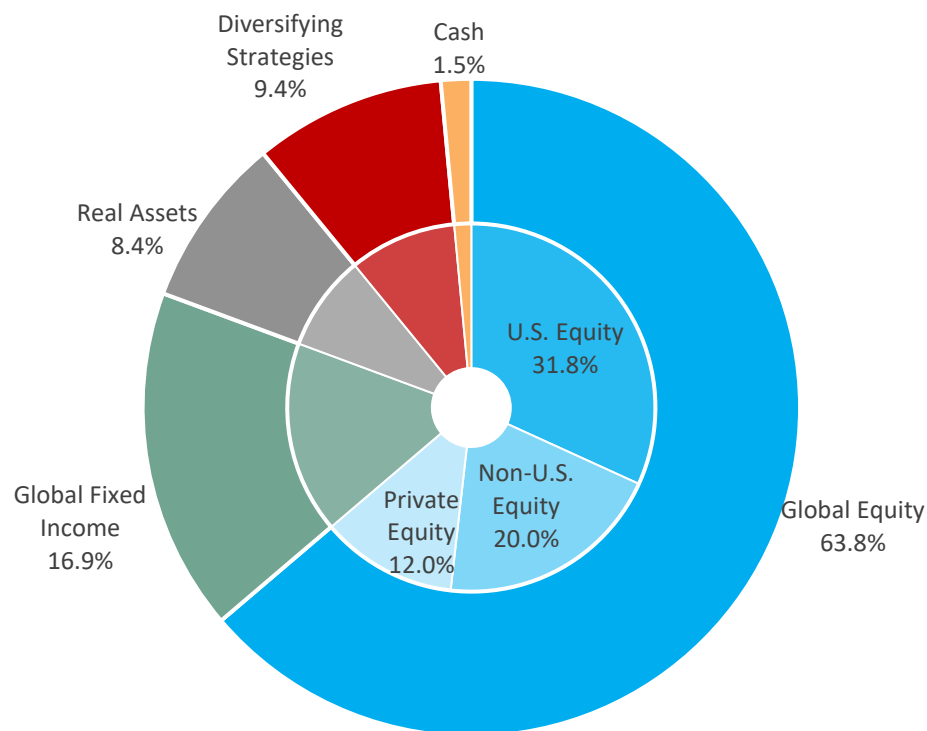
System Financial Assets \$5.54B as of March 31, 2026



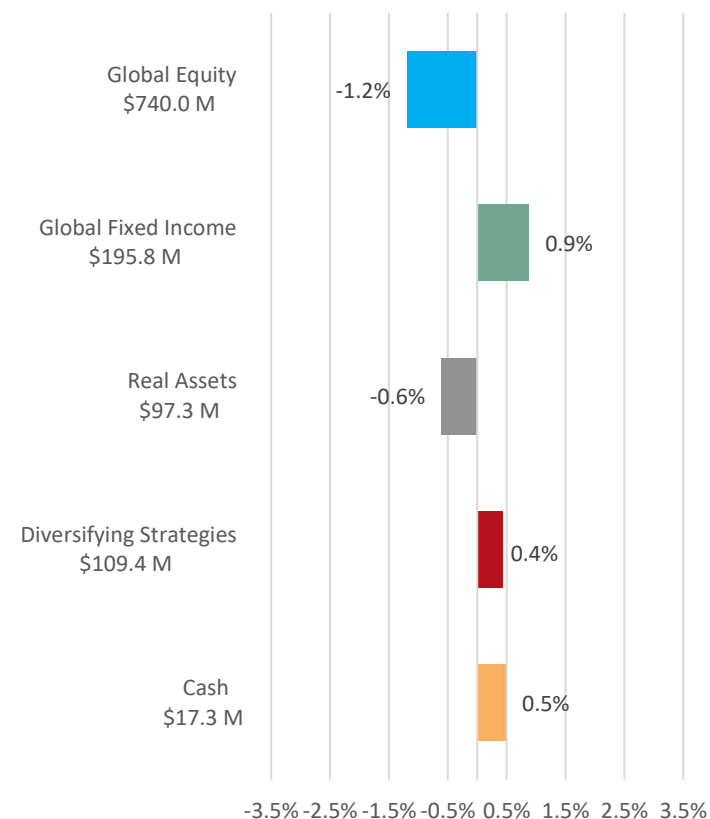
- The System's financial assets were valued at \$5.54 billion as of March 31, 2026.
- The Operating Pool was valued at \$4.21 billion (ex-Permanent Core). The permanent core investment (gray slice) represents a strategic allocation of operating cash in the Long-Term Investment Pool, aimed at increasing distributions over the long term.
- The combined Long-Term Investment Pool is valued at \$1.16 billion (gray and blue slices) and is discussed further on the following slides.

LONG-TERM INVESTMENT POOL UPDATE:
MARCH 31, 2026

Total Pool: \$1.16 Billion as of 3/31/2026

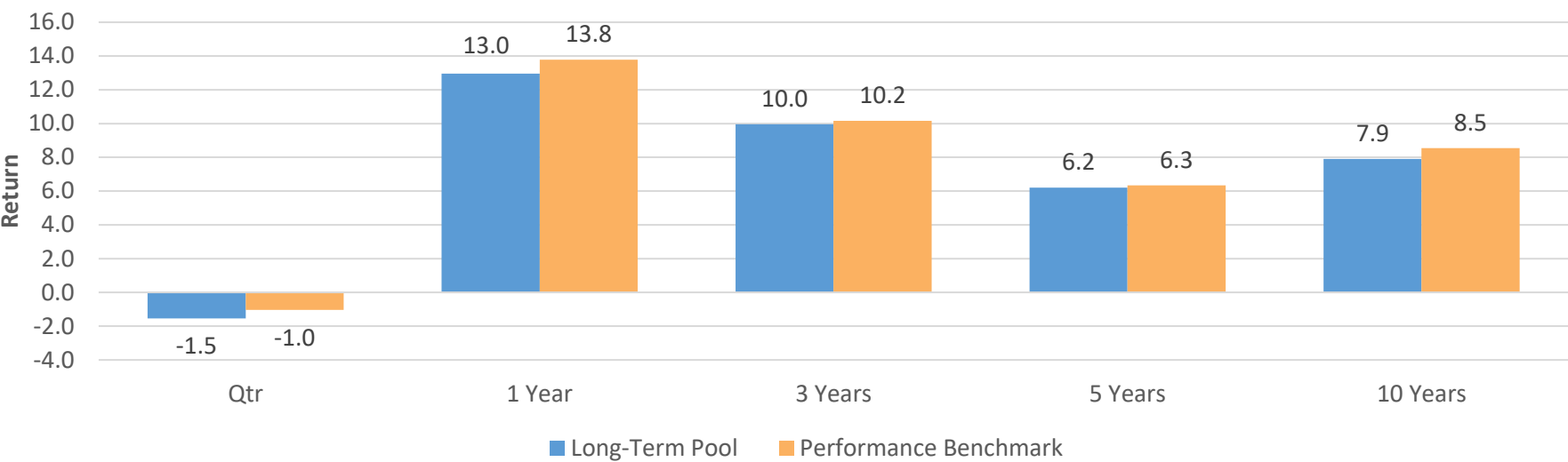


Over/Under Allocation to Long-Term Policy Targets



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: \$1.16 BILLION



- Over the one-year period, the long-term investment pool returned +13.0%, trailing the benchmark. Contributing to relative performance was U.S. equity (+19.1%) and natural resources (+66.1%), while private equity (+1.4%) and diversifying strategies (+5.5%) detracted from relative performance.
- Over the ten-year period, the long-term investment pool posted a +7.9% return, trailing the benchmark. Contributing to relative performance was fixed income (+2.8%) and real estate (+4.0%), while detracting from relative performance was private equity (+11.7%) and diversifying strategies (+0.1%).

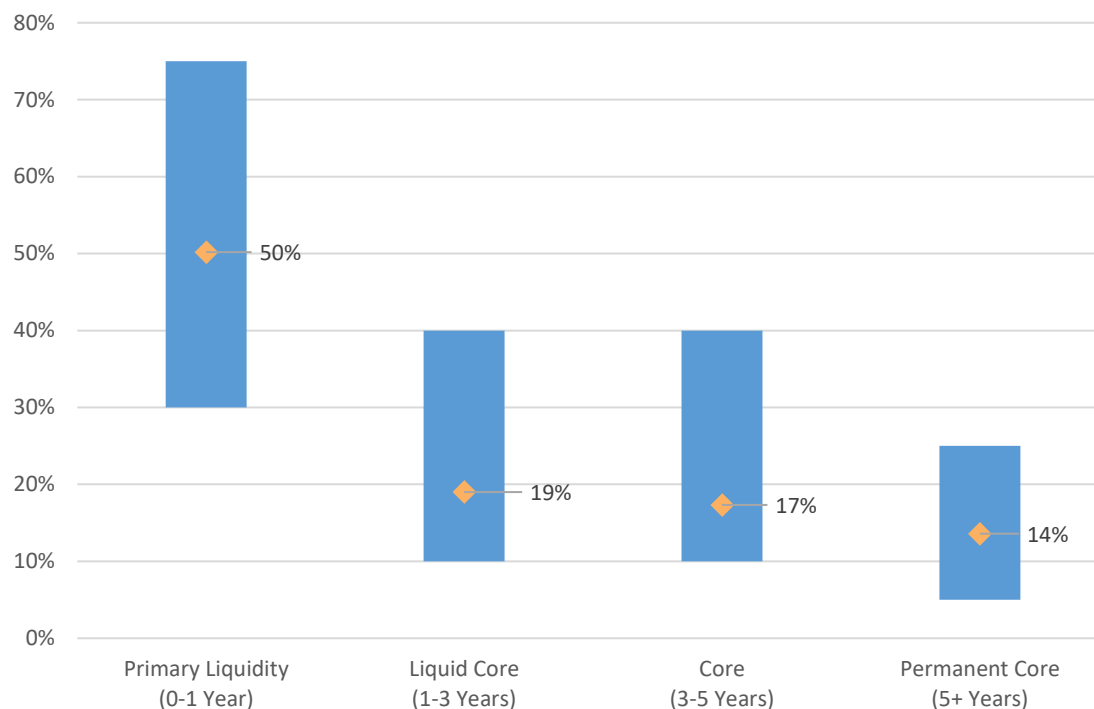
Long-Term Investment Pool	Quarter Ending
Market Value Change	March-2026
Beginning Market Value	\$1,186.2 M
Net Contributions	(\$8.5 M)
Gain/Loss	(\$17.9 M)
Ending Market Value	\$1,159.9 M

	Current Allocation (%)	Policy Allocation (%)	Quarter ending Mar-2026	1 Year	3 Years	5 Years	10 Years
Long-Term Investment Pool			-1.5	13.0	10.0	6.2	7.9
Long-Term Investment Benchmark			-1.0	13.8	10.2	6.3	8.5
GLOBAL EQUITY	63.8	65.0	-2.3	18.0	12.9	7.8	10.9
U.S. Equity			-4.3	19.1	17.4	10.5	13.2
U.S. Equity Benchmark			-4.0	18.1	17.9	10.9	13.7
Non-U.S. Equity			-1.3	24.9	13.9	6.5	8.2
Non-U.S. Equity Benchmark			-0.7	25.7	14.5	6.9	8.4
Private Equity			0.0	1.4	0.6	4.0	11.7
Private Equity Benchmark			0.0	10.9	7.6	7.6	13.5
GLOBAL FIXED INCOME ¹	16.9	16.0	-0.1	5.0	5.3	1.9	2.8
Public Fixed Income			-0.2	4.6	4.9	1.2	2.3
Fixed Income Benchmark			0.0	4.3	3.6	0.3	1.7
REAL ASSETS ¹	8.4	9.0	0.4	6.7	4.5	5.2	5.3
Real Estate			0.5	1.7	0.6	2.4	4.0
Real Estate Benchmark			0.5	2.6	-3.0	2.3	3.6
DIVERSIFYING STRATEGIES¹	9.4	9.0	-0.7	5.5	7.5	6.2	0.1
Hedge Funds			-0.8	6.1	7.7	6.1	-0.3
Hedge Fund Index			1.1	8.5	6.7	5.1	6.3
CASH	1.5	1.0	0.8	3.8	4.6	3.2	2.1

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

OPERATING POOL UPDATE:
MARCH 31, 2026

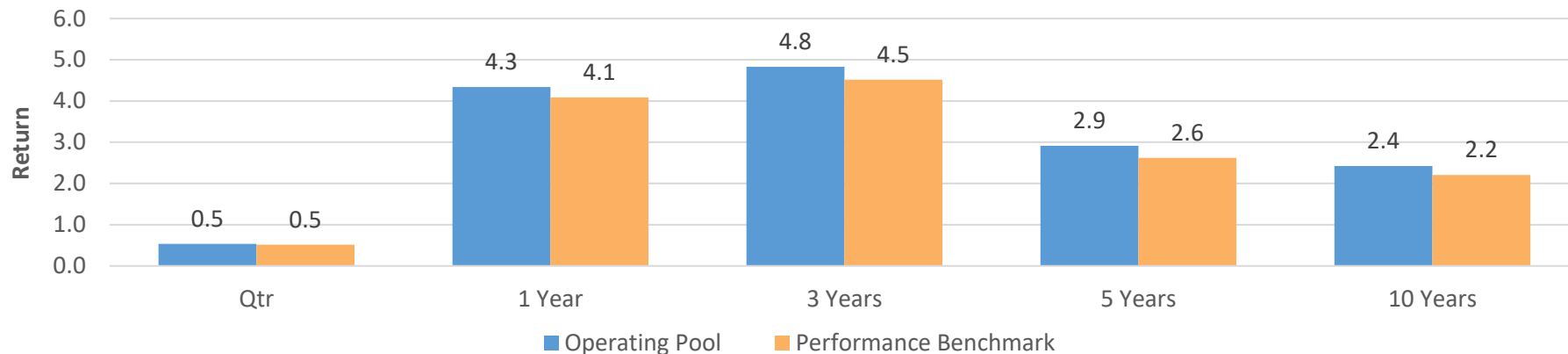
OPERATING POOL LIQUIDITY LAYERS



- 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: \$4.21 BILLION



- Over the trailing one-year period, the Operating Pool returned 4.3%, outperforming the benchmark return.
 - All managers in the pool outperformed or matched their respective benchmarks over the period.
- Over the three-, five-, and ten-year, 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 Market Value Change	Quarter Ending March-2026
Beginning Market Value	\$3,982.6 M
Net Contributions	\$208.7 M
Gain/Loss	\$21.9 M
Ending Market Value	\$4,213.1 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

2016-2026 Annual Returns of Key Indices

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	5-year annual	10-year annual
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 33.6%	MLPs 16.9%	MLPs 24.9%	Large Cap 14.2%
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 31.2%	Global REIT 1.0%	Large Cap 12.1%	MLPs 11.0%
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 17.9%	Small Cap 0.9%	Int'l 7.9%	Small Cap 9.9%
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%	Small Cap 12.8%	Hedge Funds 0.7%	Hedge Funds 4.9%	Int'l 8.4%
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%	Global REIT 10.5%	Bonds 0.0%	High Yield 4.2%	Emerging Markets 7.8%
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%	Hedge Funds 10.4%	Emerging Markets -0.2%	Small Cap 3.8%	High Yield 6.1%
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%	MLPs 9.8%	High Yield -0.5%	Emerging Markets 3.7%	Hedge Funds 5.3%
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%	High Yield 8.6%	Int'l -1.2%	Global REIT 2.3%	Global REIT 3.3%
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%	Bonds 7.3%	Large Cap -4.3%	Bonds 0.3%	Bonds 1.7%



DISCLOSURES

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Large Cap is represented by the S&P 500 Index which measures the performance of large capitalization U.S. stocks. The S&P 500 is a market-weighted index of 500 stocks that are traded on the NYSE, AMEX, and NASDAQ. www.standardandpoors.com

Mid Cap is represented by the Russell Mid Cap Index which measures performance of U.S. mid capitalization stocks. The Russell Mid Cap Index is a capitalization-weighted index of the 800 smallest companies in the Russell 1000 Index. The stocks are traded on the NYSE, AMEX, and NASDAQ. www.russell.com

Small Cap is represented by the Russell 2000 Index which measures the performance of U.S. small capitalization stocks. The Russell 2000 is a capitalization-weighted index of the 2,000 smallest stocks in the broad U.S. equity market, as defined by the Russell 3000 Index. These stocks are traded on the NYSE, AMEX, and NASDAQ. www.russell.com

International is represented by the MSCI EAFE Index which is a Morgan Stanley Capital International index that is designed to measure the performance of the developed stock markets of Europe, Australasia, and the Far East. www.msibarra.com

Emerging Markets are represented by the MSCI Emerging Markets Index which is a Morgan Stanley Capital International index that is designed to measure the performance of emerging market stock markets. www.msibarra.com

Hedged Equity is represented by the Hedge Fund Research, Inc. Fund Weighted Composite Index, an equal weighted index that includes over 2,000 constituent funds, both domestic and offshore with no Fund of Funds included in the index. www.hfri.com

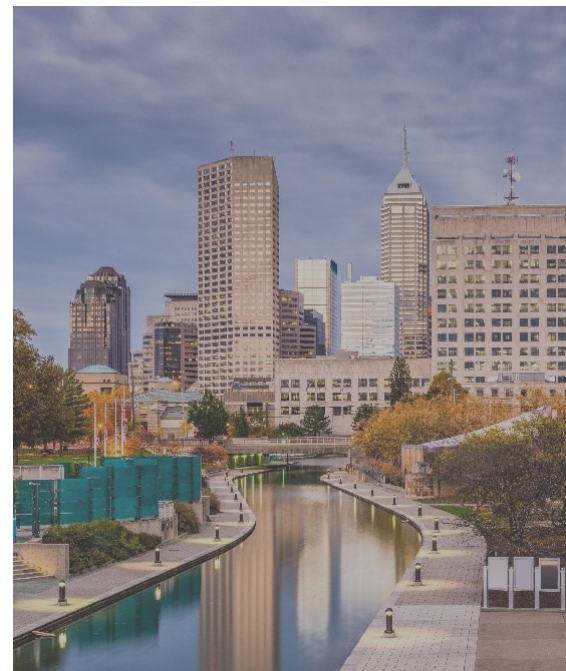
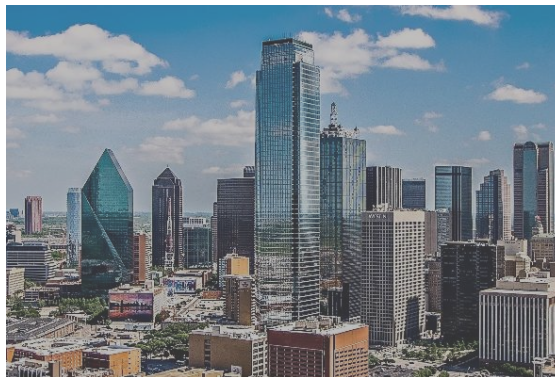
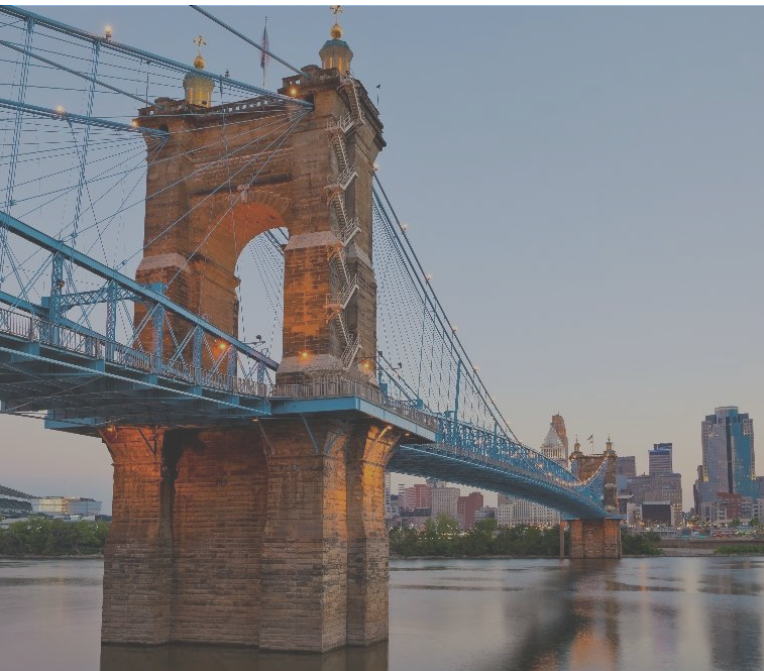
Bonds are represented by the Barclays U.S. Aggregate Bond Index which includes U.S. government, corporate, and mortgage-backed securities with maturities up to 30 years. www.barclays.com

High Yield is represented by the Barclays U.S. Corporate High Yield Index. www.barclays.com

Global REIT is represented by the FTSE EPRA/NAREIT Developed Index which is designed to track the performance of listed real estate companies and REITS worldwide. www.ftse.com

MLPs are represented by the Alerian MLP Index. www.alerian.com

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