Reported to the Board of Trustees
March 6, 2014

University of Illinois
Fourth Quarter 2013 Investment Update
Board Report

February 2014

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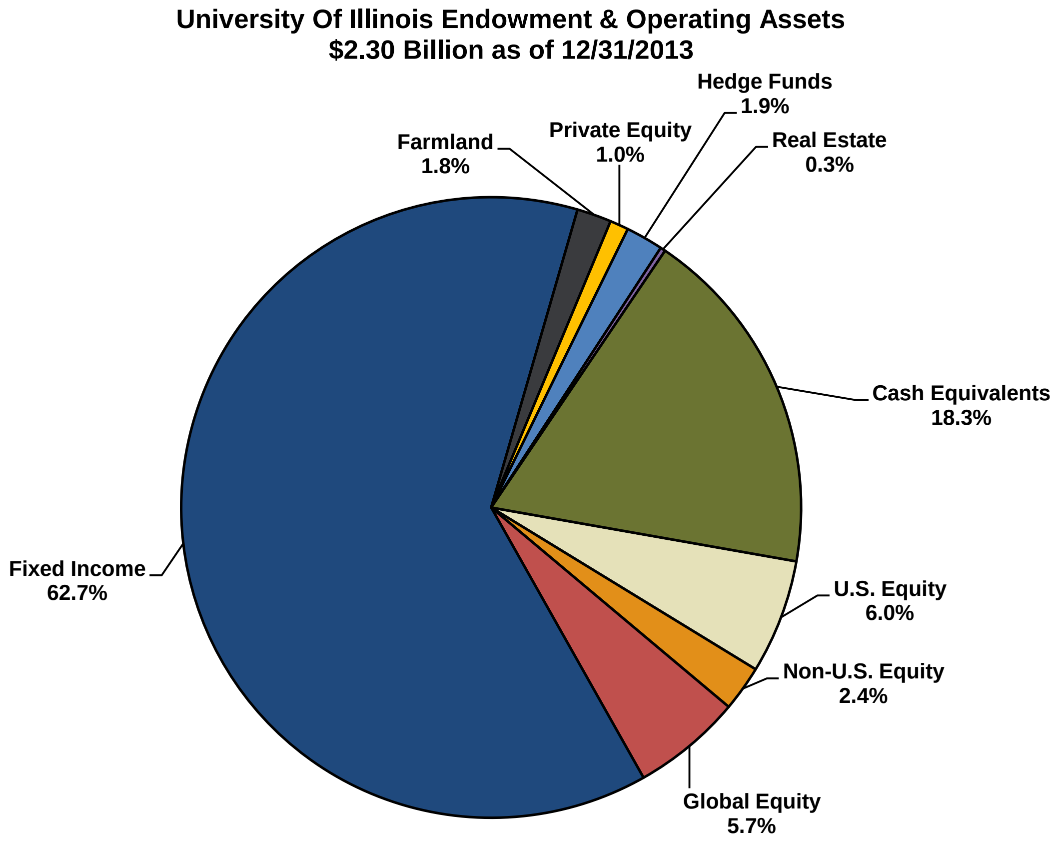
Market Overview and Total University Assets

Capital Markets Review
December 31, 2013

	Fourth Quarter	One Year	Three Years	Five Years	Ten Years
DJ U.S. Total Stock Market Index	10.1	33.5	16.2	18.9	8.1
MSCI All Country World ex-U.S. Index	4.8	15.3	5.1	12.8	7.6
MSCI All Country World Index	7.3	22.8	9.7	14.9	7.2
Barclays Aggregate Bond Index	-0.1	-2.0	3.3	4.4	4.5
HFR Fund of Funds Index	3.4	8.7	2.4	4.8	3.4
NCREIF ODCE Index	3.0	13.0	12.5	2.7	6.2
NCREIF Cornbelt Index	0.0	20.4	21.4	17.2	--

- Earnings growth was less of a driver once again, as an improving economic outlook, especially in the U.S., coupled with more investor comfort regarding fiscal and monetary policy boosted returns.
- The U.S. equity market gained 10.1% during the fourth quarter. Once again, large cap stocks outperformed their small cap counterparts. Meanwhile, growth stocks did marginally better than value stocks.
- The good news coming out of the U.S. was not fully echoed overseas. A case in point was Europe, where disappointing economic growth numbers, coupled with very low inflation rates prompted the European Central Bank to cut their main policy interest rate from an already ultra-low 0.50% to 0.25%.
- Emerging market equities underperformed in the fourth quarter as country specific factors combined with a renewed upward trend in global bond yields reduced investor appetite for these assets.
- In the U.S. bond market, lower quality bonds outperformed higher quality bonds. From a maturity perspective, short dated bonds outperformed intermediate and long dated bonds.

University Assets: December 31, 2013



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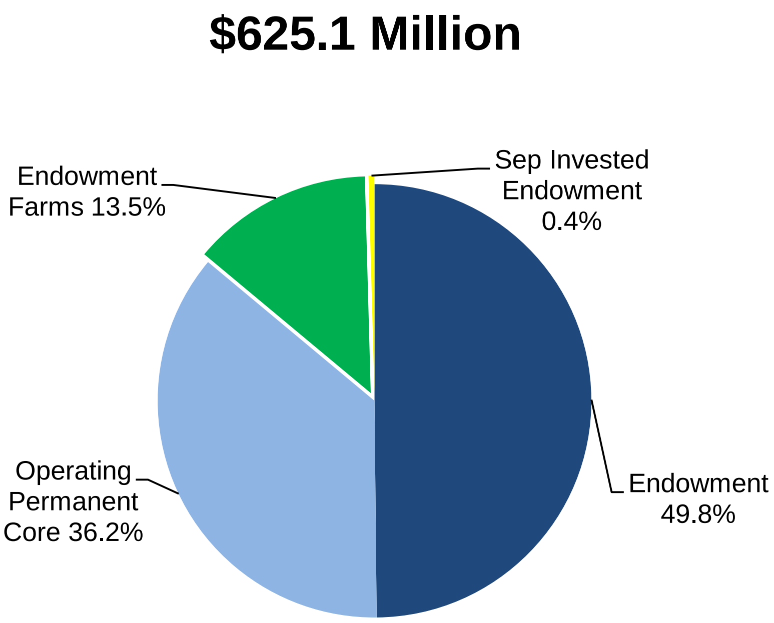
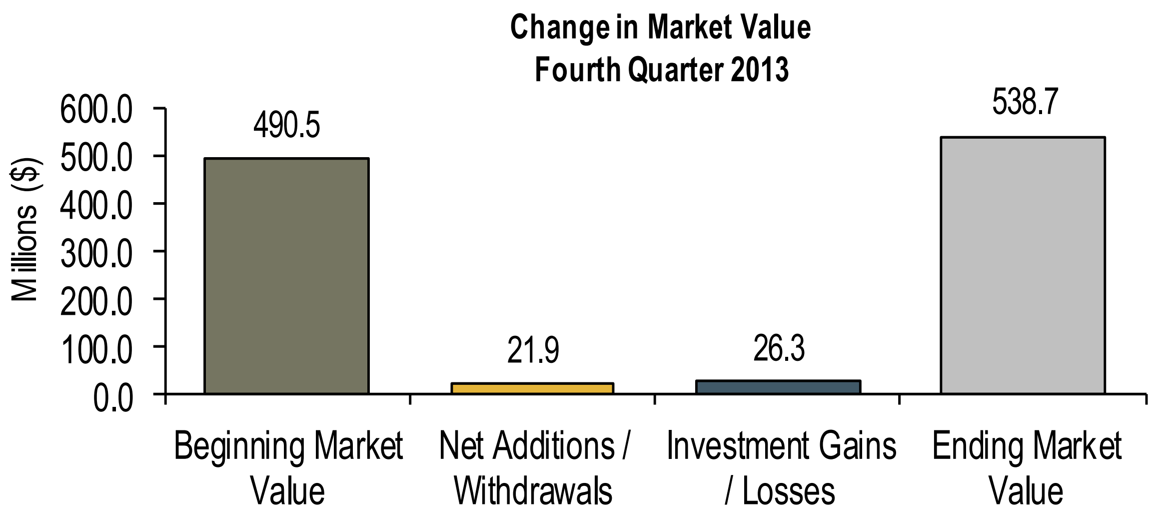
Endowment Fund Update: December 31, 2013

Total Endowment Assets by Type
December 31, 2013



Total Endowment Fund is valued at $625.1 million. The Operating Pool maintains a permanent core investment in the endowment pool (light blue slice). This is a long-term investment to enhance Operating Pool returns. The combined Endowment Pool is valued at $538.7 million (dark and light blue pie slices) and discussed further on the following pages.

Total Fund Asset Growth: Endowment Pool



- During the fourth quarter, Endowment fund assets increased by approximately $48.2 million from $490.5 million to $538.7 million.
- This increase was the net result of investment gains and positive fund flows. For this period, net inflows were approximately $21.9 million and the absolute return of 5.3% in Endowment assets resulted in investment gains of $26.3 million.

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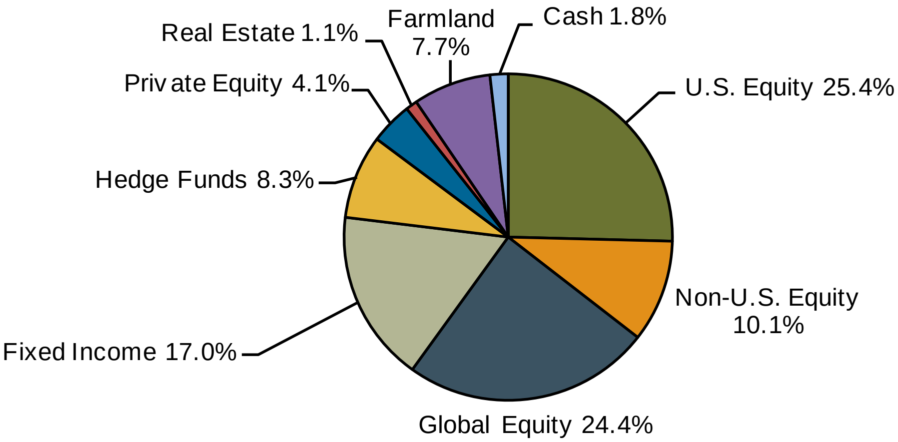
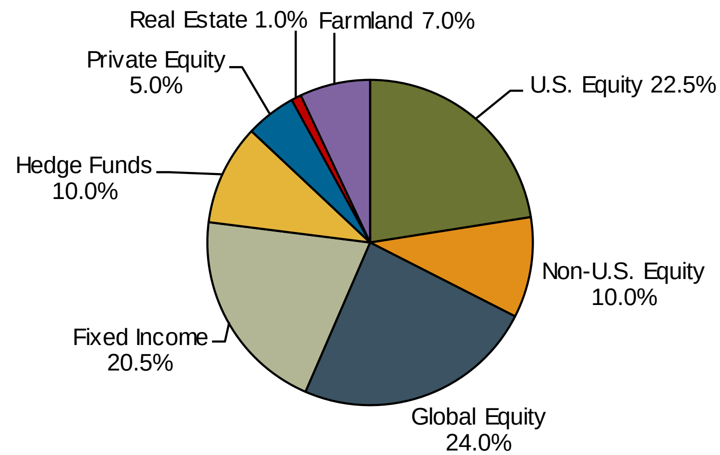
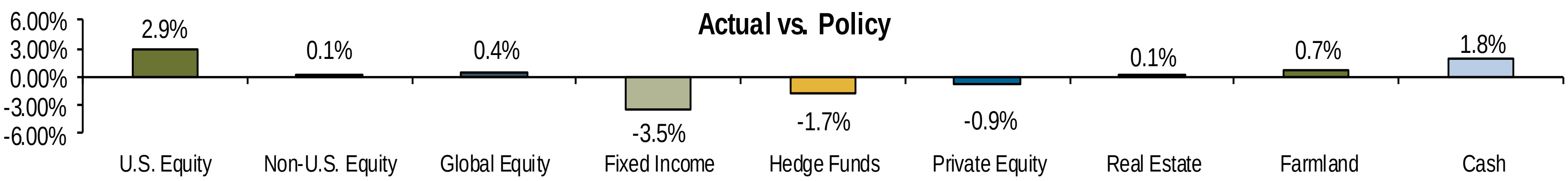
Market Value and Asset Allocation: Endowment Pool
December 31, 2013

Total Fund
$538,678,775







*Long Term Policy Allocations: US Equity 14%, Non-US Equity 10%, Global Equity 24%, Private Equity 8%, Hedge Funds 10%, Fixed Income 20%, Farmland 7%, and Core Real Estate 7%

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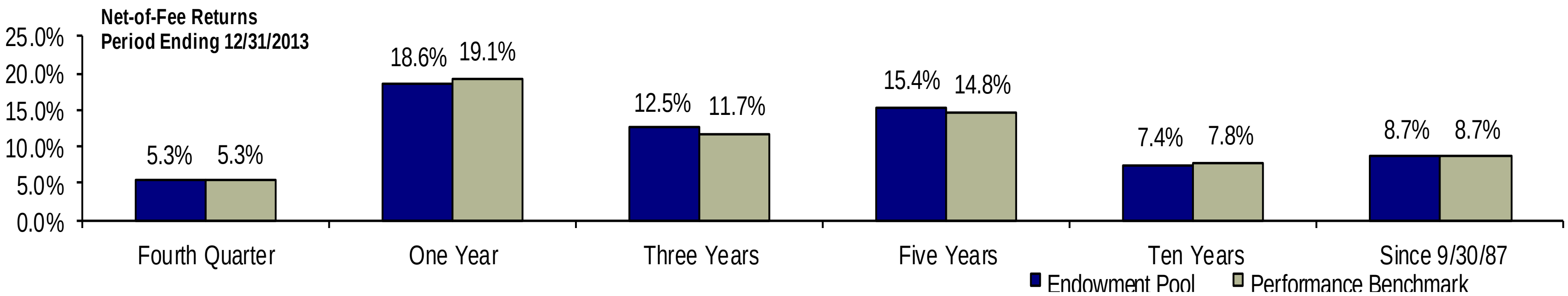
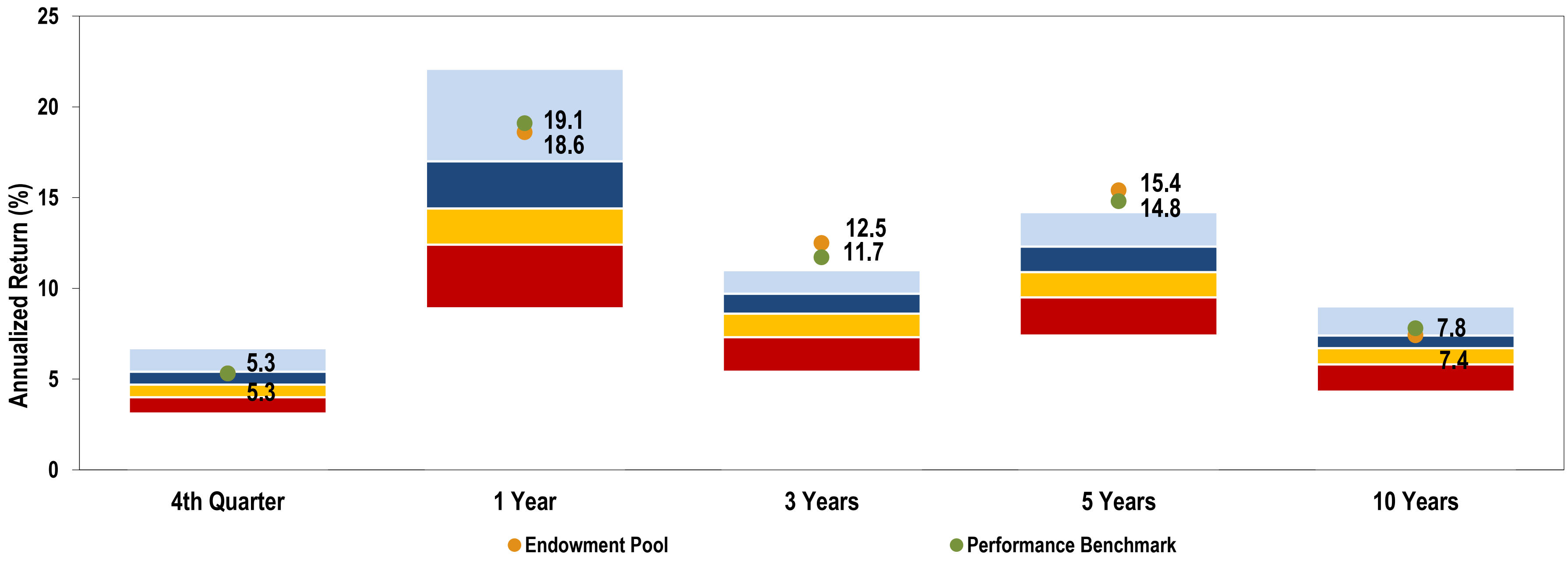
Total Fund Performance: Endowment Pool
December 31, 2013



- Endowment Pool gained 5.3 percentage points and performed in line with the benchmark.
  - The U.S. Equity asset class outperformed the Dow Jones U.S. Total Stock Market Index by 70 bps during the quarter, returning 10.8%.
  - During this same time period the Pool's Non-U.S. and Global equity asset classes closely matched the performance of their benchmarks returning 4.8% and 7.3%, respectively.
  - Within fixed income portfolio, JP Morgan matched the benchmark, returning -0.1%.
  - The Endowment's Hedge Fund component lagged the benchmark by 80 basis points.
- Over the trailing one-year period, the Endowment Pool gained 18.6% and underperformed its benchmark by 50 basis points. Strong relative performance from U.S. Equity, Non-U.S. Equity, and Fixed Income asset classes were offset by poor relative performance from Private Equity, Hedge Funds, and Farmland.

Peer Rankings: Endowment Pool
December 31, 2013



Returns/Ranks	4th Quarter		1 Year		3 Years		5 Years		10 Years	
Endowment Pool	5.3	30	18.6	14	12.5	2	15.4	2	7.4	26
Benchmark	5.3	28	19.1	11	11.7	3	14.8	3	7.8	22

- Over the trailing one-year time period, the return of the University of Illinois' Endowment Pool ranked in the top 15% of the BNY Mellon Endowment Fund and Foundation Universe returns, and the three- and five-year returns ranked in the top 2% of the universe.

Asset Class Performance
December 31, 2013

	Fourth Quarter	One Year	Three Years	Five Years	Ten Years	Inception
Endowment Pool	**5.3**	**18.6**	**12.5**	**15.4**	**7.4**	**8.7**
Performance Benchmark	5.3	19.1	11.7	14.8	7.8	8.7
Total U.S. Equity	**10.8**	**35.6**	**16.9**	**19.8**	**8.1**	**9.3**
Dow Jones U.S. Total Stock Market Index	10.1	33.5	16.2	18.9	8.1	9.4
Total Non-U.S. Equity	**4.8**	**16.8**	**6.8**	**11.1**	**6.8**	**5.9**
MSCI All Country World ex-U.S. Index	4.8	15.3	5.1	12.8	7.6	6.0
Total Global Equity	**7.3**	**22.9**	**--**	**--**	**--**	**21.8**
MSCI All Country World Index	7.3	22.8	--	--	--	22.1
Total Fixed Income	**-0.1**	**-1.5**	**4.9**	**11.7**	**5.5**	**7.6**
Barclays Aggregate Bond Index	-0.1	-2.0	3.3	4.4	4.5	7.0
Total Hedge Funds	**2.7**	**--**	**--**	**--**	**--**	**2.3**
HFRI Fund Weighted Composite Index	3.5	--	--	--	--	4.2
Total Private Equity(1)	**3.9**	**6.7**	**8.3**	**4.9**	**--**	**-0.5**
Private Equity Benchmark	10.9	37.4	19.7	22.4	--	11.4
Total Real Estate	**-0.7**	**--**	**--**	**--**	**--**	**2.6**
MSCI US REIT	-0.7	--	--	--	--	2.6
Total Farmland (2)	**0.0**	**16.1**	**27.5**	**19.6**	**--**	**15.2**
NCREIF Cornbelt Index	0.0	20.4	21.4	17.2	--	15.1

(1) The combined Adams Street Partners IRR at 9/30/2013 was 7.1%.
(2) Farmland is valued annually on June 30th. As such, the one year return reflected above is the one-year return for Farmland as of June 30th, 2013.

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Operating Pool Update: December 31, 2013

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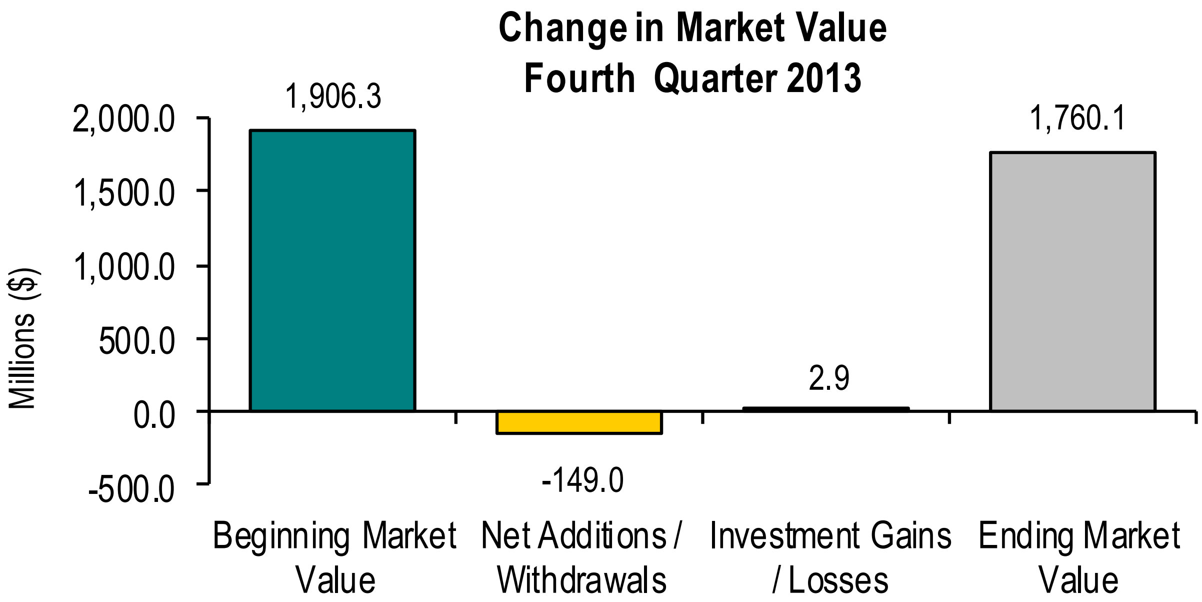
Total Fund Asset Growth: Operating Pool



- During the fourth quarter, the Operating Pool assets decreased by approximately $146.1 million from $1.906 billion to $1.760 billion. This decrease was the result of $149 million in net outflows and transfers. The Operating Pool had investment gains of $2.9 million during the period.

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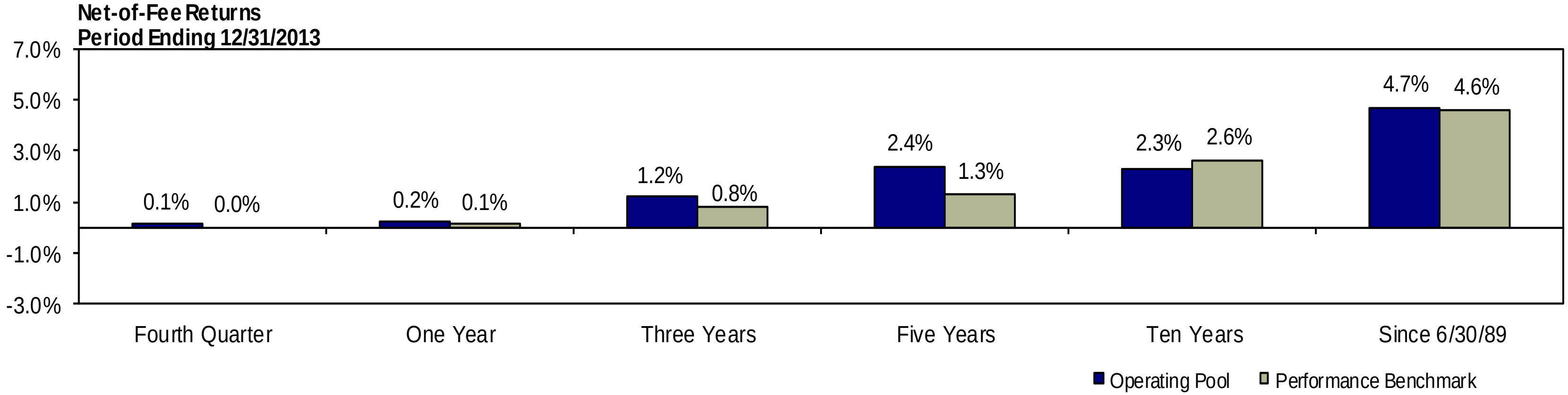
Total Fund Performance: Operating Pool
December 31, 2013

Total Fund
$1,760,148,413



- The Operating Pool returned 0.1% during the fourth quarter, outperforming the benchmark return for this time period. Western Asset was the only manager to outperform (by 130 basis points) its benchmark during the quarter.

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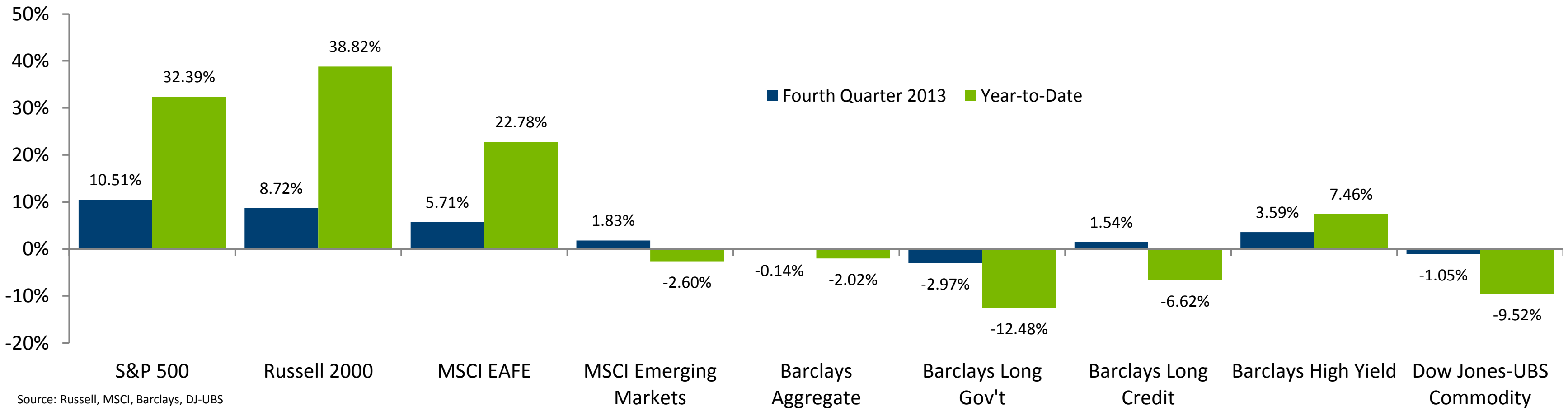
Appendix:

Market Environment

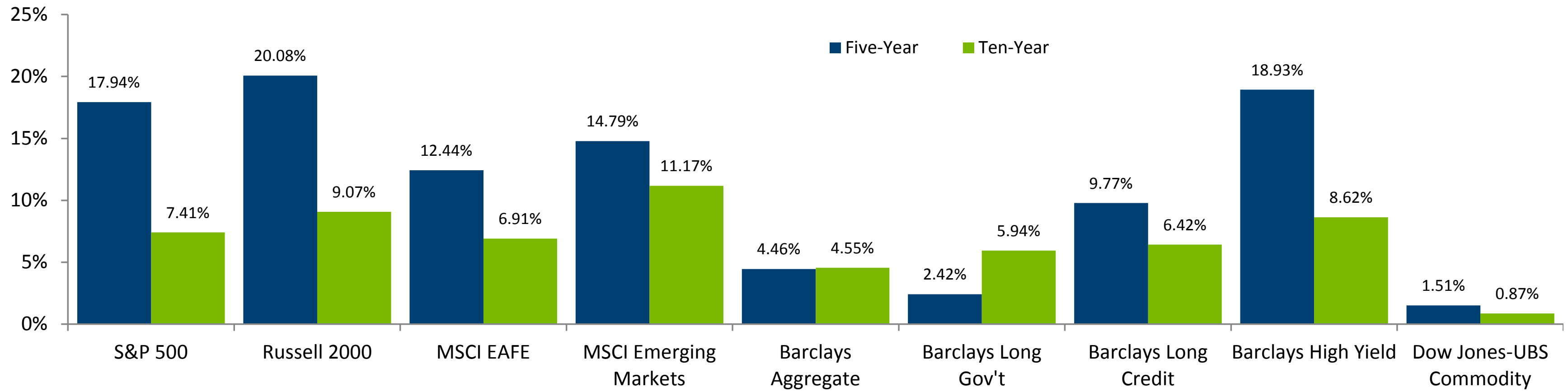
Market Highlights

SHORT TERM RETURNS
AS OF 12/31/2013



Source: Russell, MSCI, Barclays, DJ-UBS

LONG TERM ANNUALIZED RETURNS
AS OF 12/31/2013



Source: Russell, MSCI, Barclays, DJ-UBS

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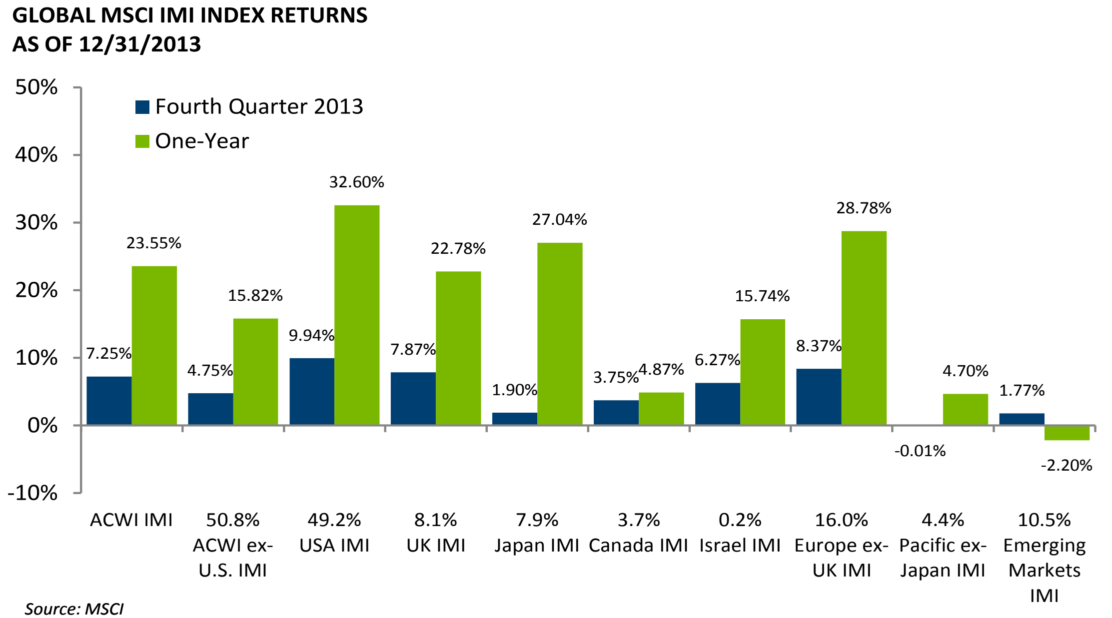
Market Highlights

Returns of the Major Capital Markets					
					Periods Ending 12/31/2013
	Fourth Quarter	1-Year	3-Year[1]	5-Year[1]	10-Year[1]
Equity					
MSCI All Country World IMI	7.25%	23.55%	9.82%	15.62%	7.60%
MSCI All Country World	7.31%	22.80%	9.73%	14.92%	7.17%
Dow Jones U.S. Total Stock Market	10.11%	33.47%	16.23%	18.85%	8.09%
Russell 3000	10.10%	33.55%	16.24%	18.71%	7.88%
S&P 500	10.51%	32.39%	16.18%	17.94%	7.41%
Russell 2000	8.72%	38.82%	15.67%	20.08%	9.07%
MSCI All Country World ex-U.S. IMI	4.75%	15.82%	5.12%	13.46%	7.91%
MSCI All Country World ex-U.S.	4.77%	15.29%	5.14%	12.81%	7.57%
MSCI EAFE	5.71%	22.78%	8.17%	12.44%	6.91%
MSCI EAFE (Local Currency)	6.36%	26.93%	9.36%	11.33%	6.00%
MSCI Emerging Markets	1.83%	-2.60%	-2.06%	14.79%	11.17%
Fixed Income					
Barclays Global Aggregate	-0.45%	-2.59%	2.39%	3.91%	4.46%
Barclays Aggregate	-0.14%	-2.02%	3.28%	4.46%	4.55%
Barclays Long Gov't	-2.97%	-12.48%	5.47%	2.42%	5.94%
Barclays Long Credit	1.54%	-6.62%	7.23%	9.77%	6.42%
Barclays Long Gov't/Credit	-0.10%	-8.83%	6.70%	6.40%	6.36%
Barclays US TIPS	-2.01%	-8.61%	3.55%	5.63%	4.86%
Barclays High Yield	3.59%	7.46%	9.32%	18.93%	8.62%
SSB Non-U.S. WGBI	-1.24%	-4.56%	0.62%	2.27%	4.10%
JP Morgan EMBI Global (Emerging Markets)	0.92%	-6.58%	6.30%	11.52%	8.30%
Commodities					
Dow Jones-UBS Commodity	-1.05%	-9.52%	-8.11%	1.51%	0.87%
Goldman Sachs Commodity	-0.33%	-1.22%	-0.77%	3.86%	0.71%
Hedge Funds					
HFRI Fund-Weighted Composite[2]	3.65%	9.33%	3.28%	7.82%	5.73%
HFRI Fund of Funds[2]	3.49%	8.74%	2.42%	4.83%	3.36%
Real Estate					
NAREIT U.S. Equity REITS	-0.71%	2.47%	9.42%	16.50%	8.42%
NCREIF ODCE	2.98%	12.96%	12.53%	2.71%	6.17%
Private Equity					
Thomson Reuters VentureXpert[3]	3.43%	16.04%	14.77%	6.67%	18.22%
Infrastructure					
Macquarie Global Infrastructure - North America	3.36%	13.33%	12.71%	13.30%	10.56%

MSCI Indices show net retuns.
All other indices show total returns.
[1] Periods are annualized.
[2] Latest 5 months of HFR data are estimated by HFR and may change in the future.
[3] Benchmark is as of 06/30/2013.

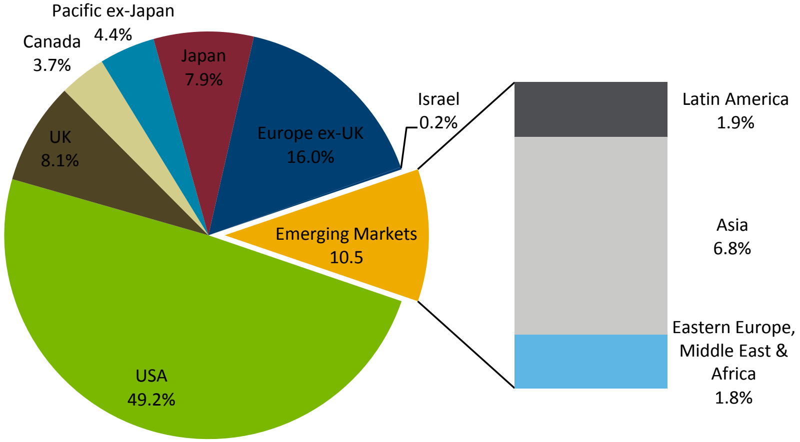
Global Equity Markets



- Global equities, with the exception of Pacific ex-Japan, increased in value during the fourth quarter.
- The quarter began against a difficult backdrop given the U.S. government shutdown coming into effect and lasting until mid-October. With the resolution of the government shutdown, developed equity markets rallied toward the end of the year.
- Once again, earnings growth was not a significant driver of equity returns. Rather, an improving economic outlook (particularly in the U.S.), coupled with more investor comfort regarding fiscal and monetary policy boosted returns. In December, the FOMC announced that it would begin to "taper" the monthly rate of Treasury and MBS purchases by $10 billion and that it intended to do so throughout 2014. Given that such a move had been anticipated by many as ultimately inevitable, markets did not react negatively.
- During the quarter, the U.S. proved to be the best performing region; the worst performing region was the Pacific ex-Japan region.

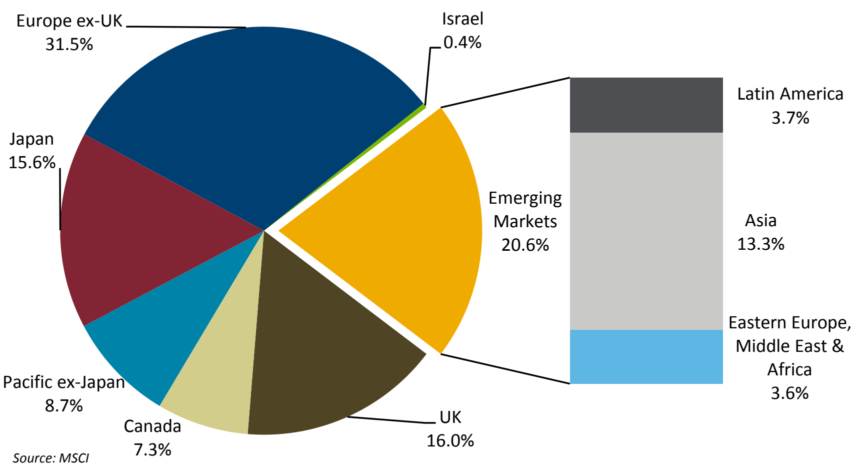
Global Equity Markets

MSCI ALL COUNTRY WORLD IMI INDEX
GEOGRAPHIC ALLOCATION AS OF 12/31/2013



Source: MSCI

MSCI ALL COUNTRY WORLD EX-U.S. IMI INDEX
GEOGRAPHIC ALLOCATION AS OF 12/31/2013



Source: MSCI

- The two exhibits on this slide illustrate the percentage that each country/region represents of the global equity market as measured by the MSCI All Country World IMI Index and the MSCI All Country World ex-U.S. IMI Index.

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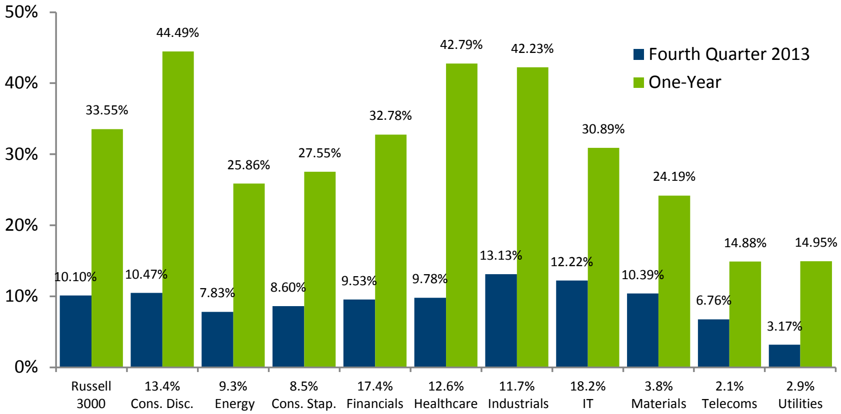
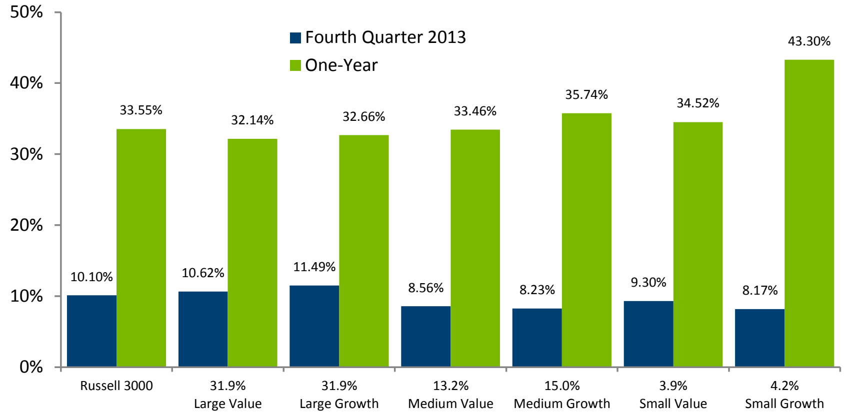
U.S. Equity Markets

RUSSELL GICS SECTOR RETURNS
AS OF 12/31/2013



Source: Russell Indexes

RUSSELL STYLE RETURNS
AS OF 12/31/2013



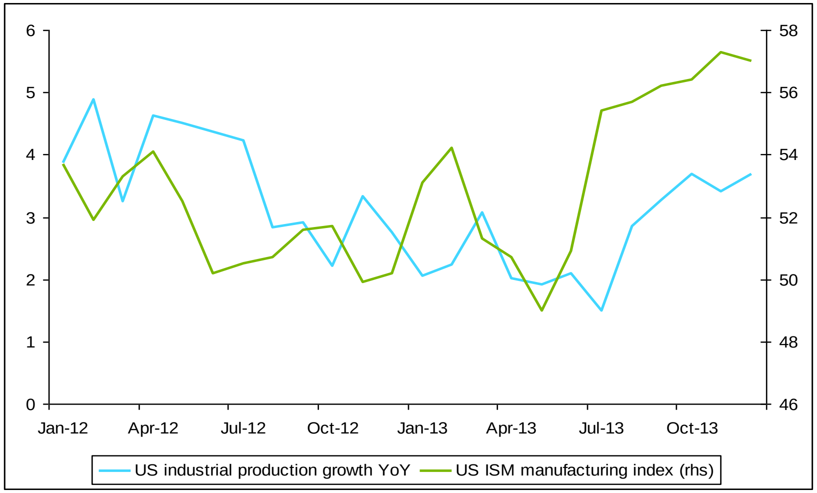
Source: Russell Indexes

- The Russell 3000 Index generated a 10.10% return during the quarter and a blistering 33.55% return over the one-year period.
- During the fourth quarter, the Industrials, IT, and Consumer Discretionary sectors were the best performing sectors, posting returns of 13.13%, 12.22%, and 10.47%, respectively. The Telecoms and Utilities sectors were the worst performing sectors, producing returns of 6.76% and 3.17%, respectively.
- Over the quarter, large cap outperformed both mid cap and small cap. In the large cap arena, growth outperformed value, but in the small cap and mid cap segments, the converse was true with value outperforming growth.

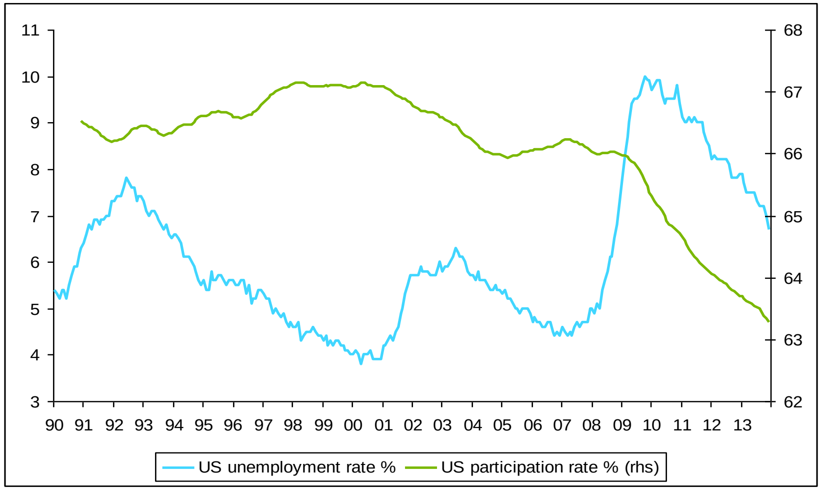
U.S. Economy: Growth renews its upward trend

- Over the closing months of 2013, a number of important U.S. economic indicators resumed their upward trend.
- The industrial sector showed a clear revival beginning in the second half of the year and strengthening further in Q4 (see top chart).
- Another key indicator was the jobs market. The unemployment rate, having peaked at 10% in 2009, fell to 6.7% in December (see bottom chart).
- This is a whisker away from the Federal Reserve's previously stated target of 6.5%, so it is unsurprising that it began to "taper" the purchases of Treasury securities in December.
- The job market remains a concern – at least part of the fall in the unemployment rate is due to a decline in the participation rate. This is the proportion of people who are working or actively seeking employment (also in the bottom chart).

The U.S. industrial sector revived in the second half of 2013



The U.S. labor market has improved but there are still key issues



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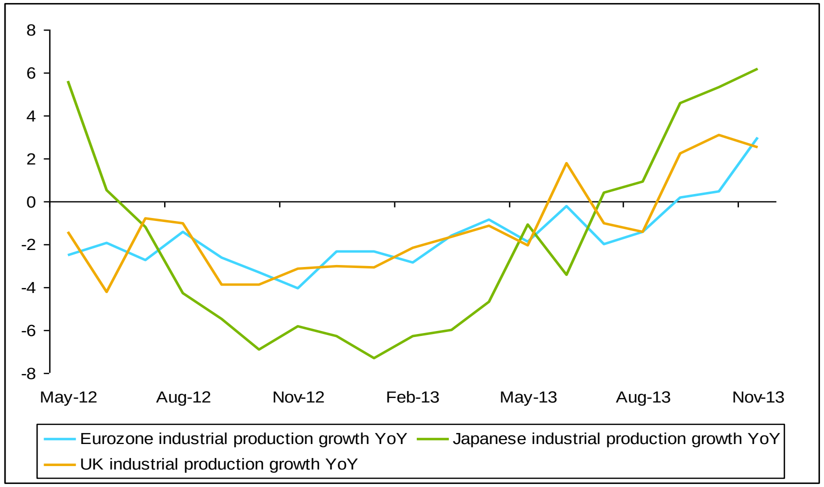
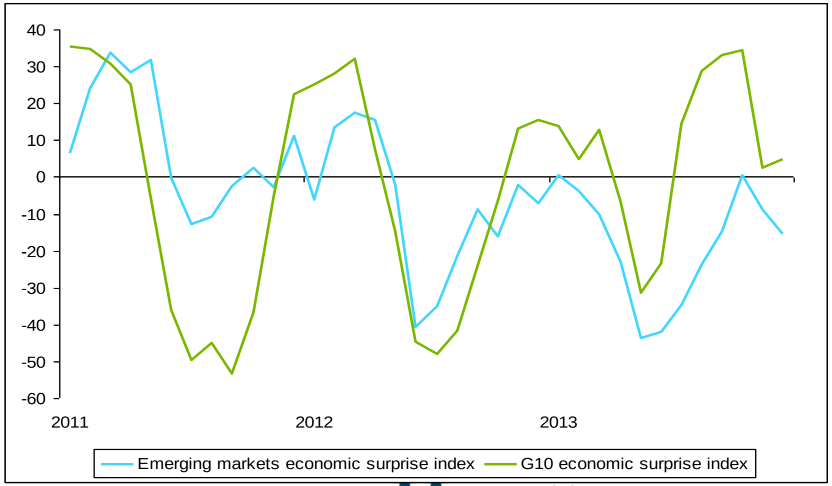
The better trends continue outside the U.S. but the going will be slow

- Developed economies outside of the U.S. have also caught the growth bug. Industrial output in Europe, the UK and Japan have all recovered smartly since early last year and all are now growing once again (top chart).
- There are some country specific factors – the Japanese recovery has been supported by very loose monetary policy, for example – but some of this was a result of the economic cycle turning positive once more.
- Meanwhile, emerging economies continue to lag in terms of growth rates but some of the pessimism triggered by rising U.S. interest rates last year was clearly overdone.
- The amount of economic data that beat analyst expectations rose quite sharply around the summer and peaked towards the end of the year. This is very much like the developed economies (bottom chart).
- Economic activity has clearly bottomed in most of the world but we still think the recovery will be at a slow pace.
- One reason is that Europe and the largest emerging market economies all have large structural imbalances that need to be addressed through reforms and this will take a long time.

Industrial output growth has picked up outside the U.S.



Emerging market data beat expectations but they still lag



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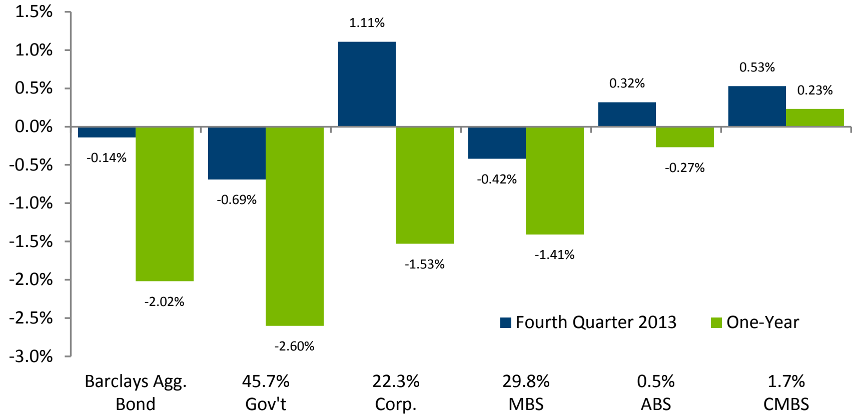
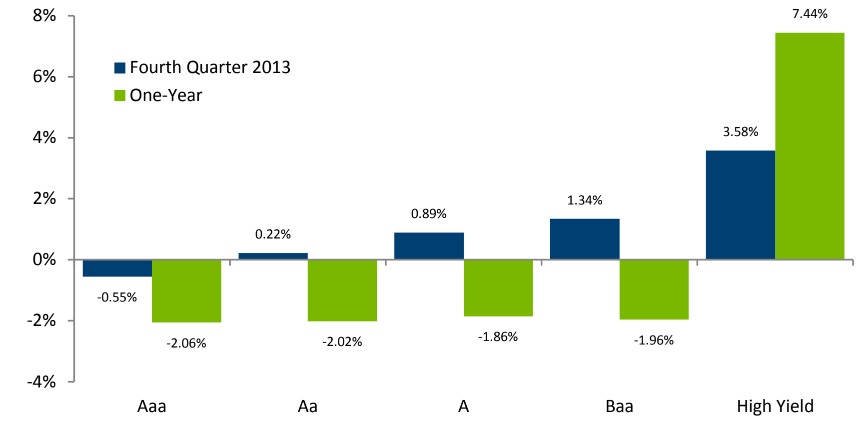
U.S. Fixed Income Markets

BARCLAYS AGGREGATE RETURNS BY SECTOR
AS OF 12/31/2013



Source: Barclays Live

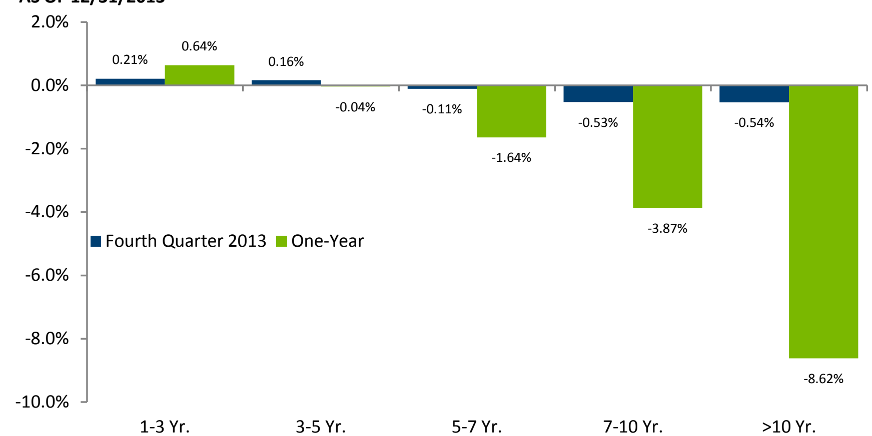
BARCLAYS AGGREGATE RETURNS BY QUALITY AND HIGH YIELD RETURNS
AS OF 12/31/2013



Source: Barclays Live

- The Barclays Aggregate Bond Index returned -0.14% in the fourth quarter. Corporates were the strongest performing index segment, returning 1.11%.
- In the investment grade market, lower quality bonds outperformed higher quality bonds.
- High yield bonds significantly outperformed investment grade bonds.
- From a maturity perspective, short dated bonds outperformed intermediate and long dated bonds.

BARCLAYS AGGREGATE RETURNS BY MATURITY
AS OF 12/31/2013



Source: Barclays Live

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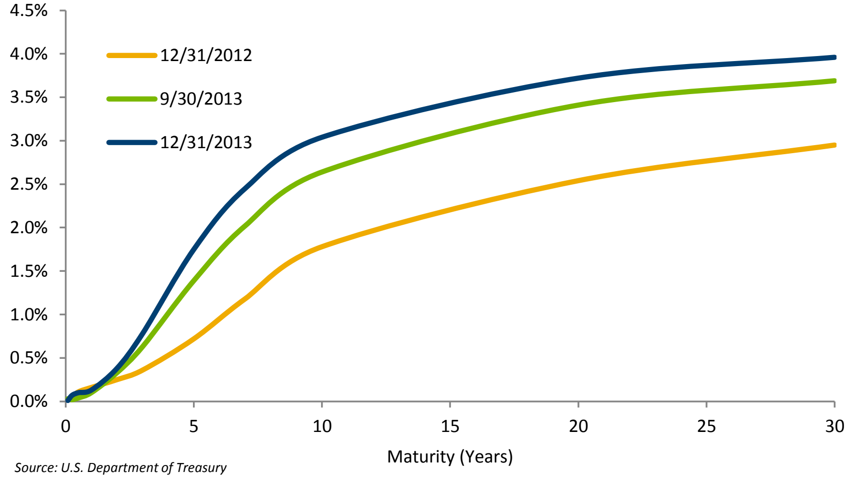
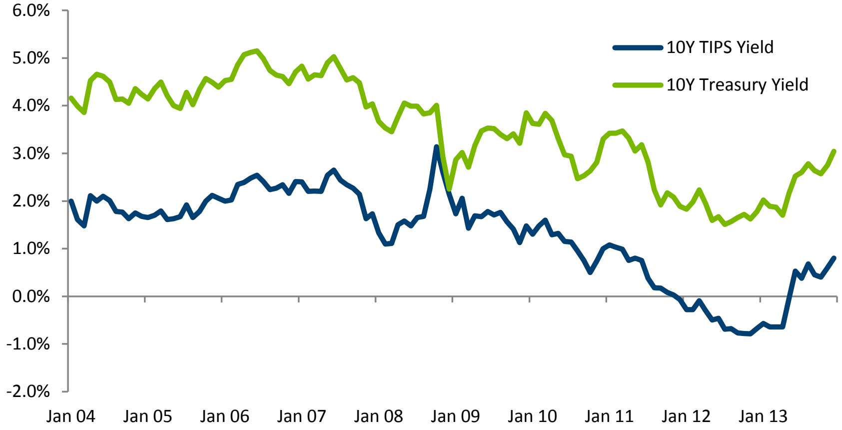
U.S. Fixed Income Markets

U.S. TREASURY YIELD CURVE



Source: U.S. Department of Treasury

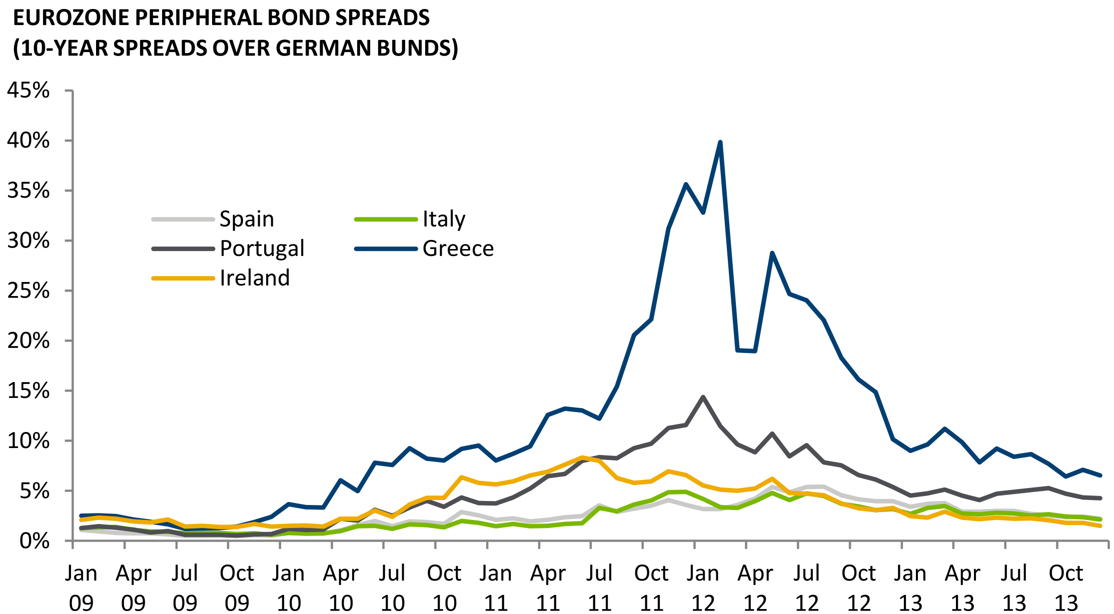
U.S. 10-YEAR TREASURY AND TIPS YIELDS



Source: U.S. Department of Treasury

- The Treasury yield curve steepened during the quarter; the intermediate and long-term segments of the yield curve rose. Treasury yields rose steadily over the quarter as the market digested better than expected economic news and came to terms with the likely decision of the U.S. Federal Reserve to begin tapering its quantitative easing program and subsequent decision to taper.
- The 10-year U.S. Treasury yield ended the quarter at 3.04%, 40 basis points higher than its level at the beginning of the quarter.
- 10-year TIPS yields rose by 35 basis points over the quarter and ended the quarter at 0.80%.

European Fixed Income Markets



Source: DataStream

- In the Eurozone, disappointing economic numbers coupled with very low inflation rates prompted the European Central Bank to cut its main policy rate from an already ultra-low 0.5% to 0.25%. Although some economic indicators have improved markedly, particularly those related to competitiveness, the adjustment process looks far from complete.
- Eurozone bond spreads fell over the quarter.

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Credit Spreads

Spread (bps)	12/31/2013	9/30/2013	12/31/2012	Quarterly Change (bps)	1-Year Change (bps)
U.S. Aggregate	45	54	53	-9	-8
Long Gov't	6	6	4	0	2
Long Credit	158	189	180	-31	-22
Long Gov't/Credit	105	123	109	-18	-4
MBS	34	43	50	-9	-16
CMBS	126	141	124	-15	2
ABS	55	64	43	-9	12
Corporate	114	141	141	-27	-27
High Yield	382	461	511	-79	-129
Global Emerging Markets	298	330	293	-32	5

Source: Barclays Live

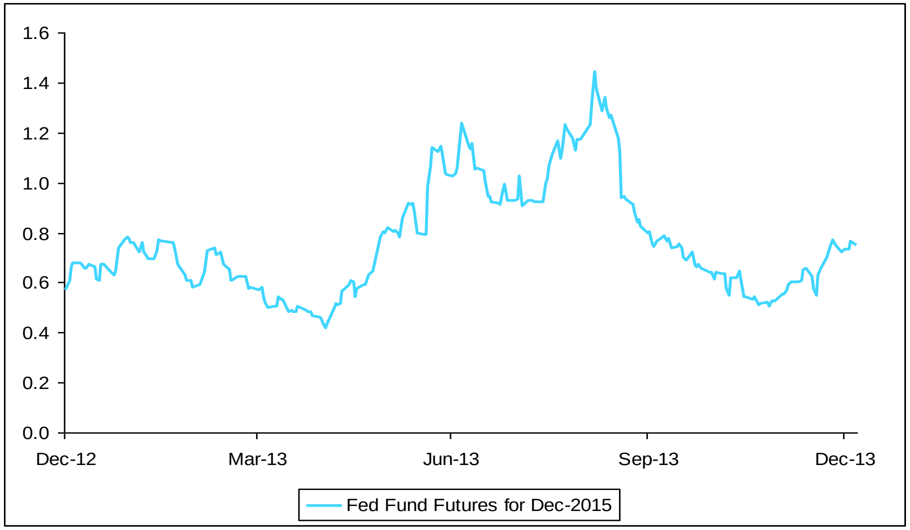
* The option adjusted spreads are based on the treasury curve across all durations.

- During the fourth quarter, credit spreads fell across most areas of the bond market.
- High yield bond spreads (-129 basis points) fell by the most over the last 12 months, followed by corporate bonds (-27 bps) and long credit (-22 bps).

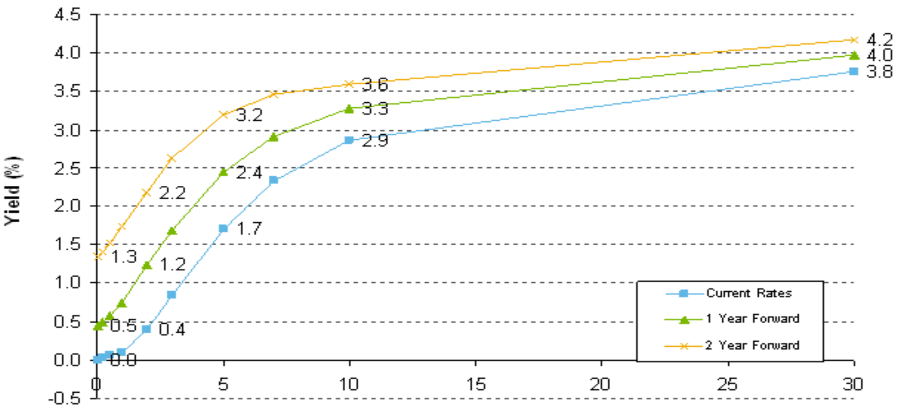
Market expectations of rate hikes are edging higher after tapering

- We had previously said that the bond market looked at the start of tapering as a guide for future interest rate hikes, and so it proved.
- Last year talk of tapering lead to a substantial rise in expectations of an interest rate hike by the Federal Reserve before talk of delay triggered a fall back in these expectations.
- In December, the Fed did indeed begin tapering quantitative easing purchases and interest rate expectations have been edging higher once more (top chart). This is despite efforts by policymakers to stress the gradual nature of tapering and that rate increases were still some way off.
- The shape of the yield curve has risen compared to the third quarter, especially on the 2 year and 10 year segments of the curve.
- This implies that at least some of the Fed's messages have hit home.

Expectations of monetary policy tightening are creeping higher again



CURRENT TREASURY CURVE AND FORWARD RATE EXPECTATIONS



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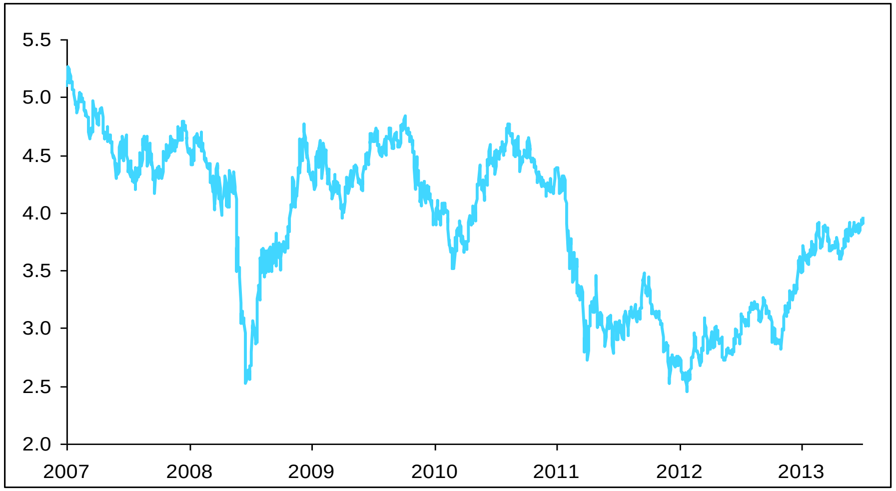
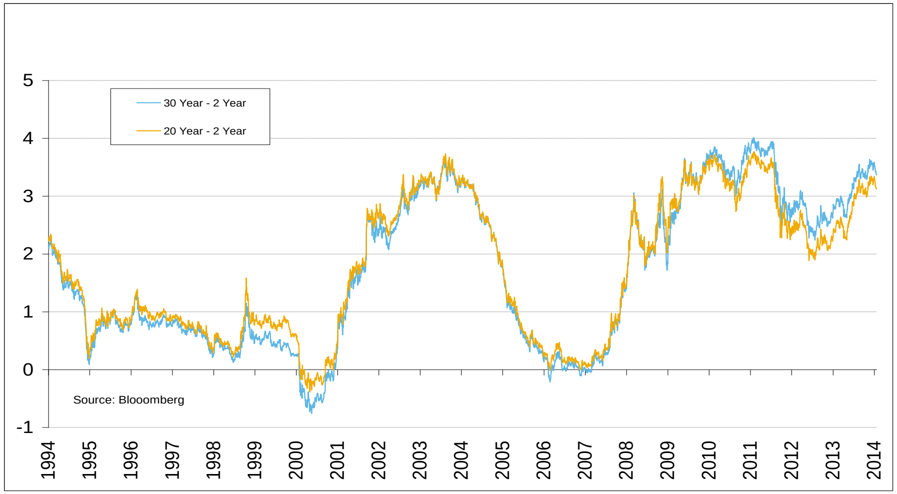
Long duration bond yields rose and the curve remains steep

- Fed tapering triggered a renewed rise in long term bond yields as markets became convinced that the U.S. recovery is entrenched (top chart).
- Of course, much depends on the evolution of the economy and monetary policy in 2014 as to how much higher long duration bond yields will rise.
- Nonetheless, these are tentative signs that the U.S. is on the road to financial market normalization.
- The curve is steeper than the historical norm and is being significantly affected by Fed monetary policy.

U.S. 30 year bond yields have resumed their upward trend



The U.S. yield curve remains steep



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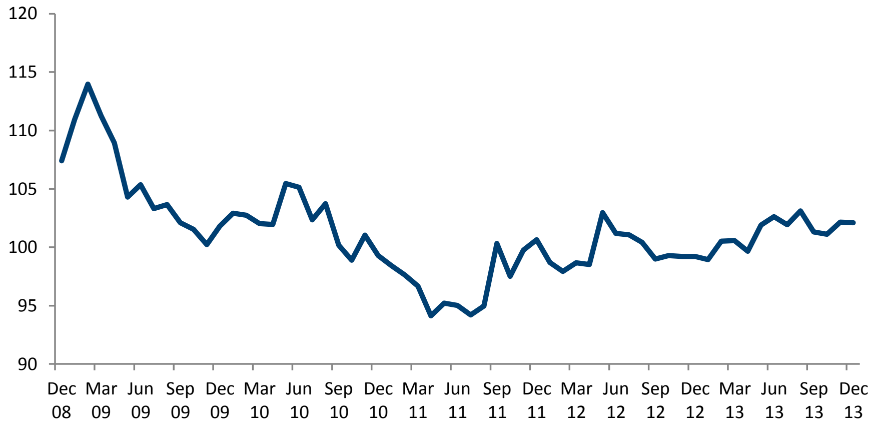
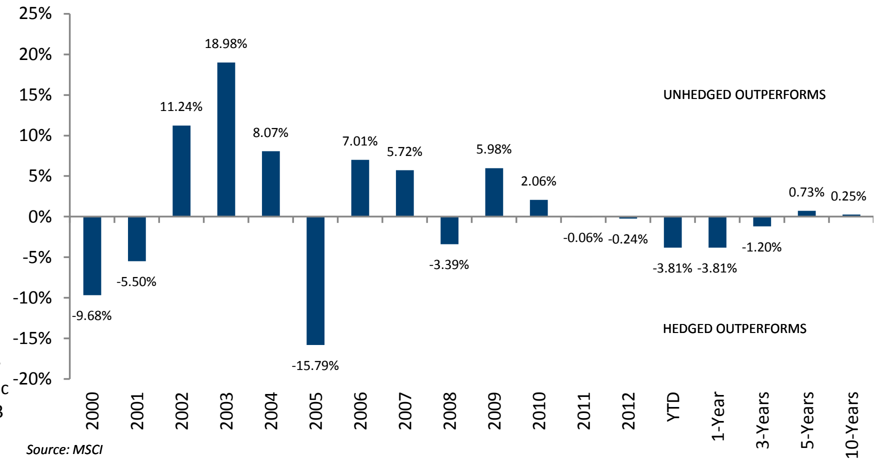
Currency

TRADE WEIGHTED U.S. DOLLAR INDEX (1997 = 100)



Source: Federal Reserve

DIFFERENCE BETWEEN MSCI EAFE UNHEDGED AND HEDGED INDICES AS OF 12/31/2013



Source: MSCI

- As measured through the broad trade weighted U.S. dollar index, the U.S. dollar appreciated during the quarter.
- The MSCI EAFE Unhedged Index significantly underperformed the MSCI EAFE 100% Hedged Index during the year, reflecting the appreciation of the U.S. dollar. The Unhedged Index also underperformed the Hedged Index over the trailing 3 year period.

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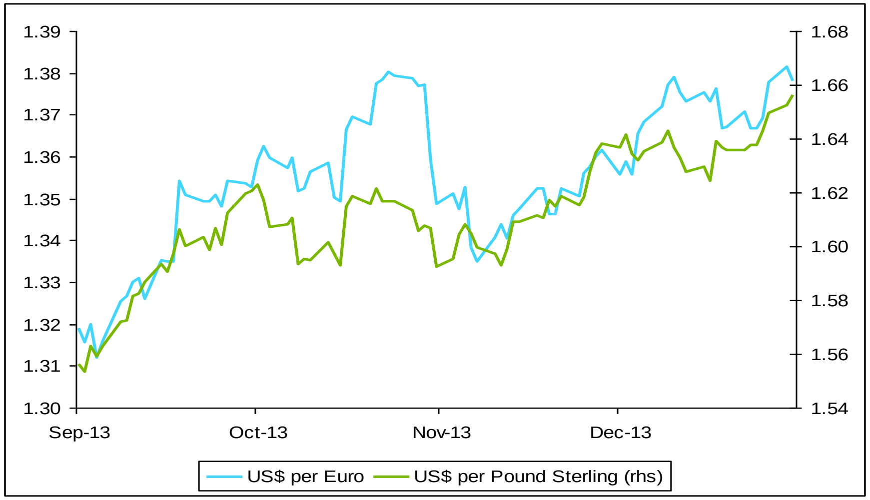
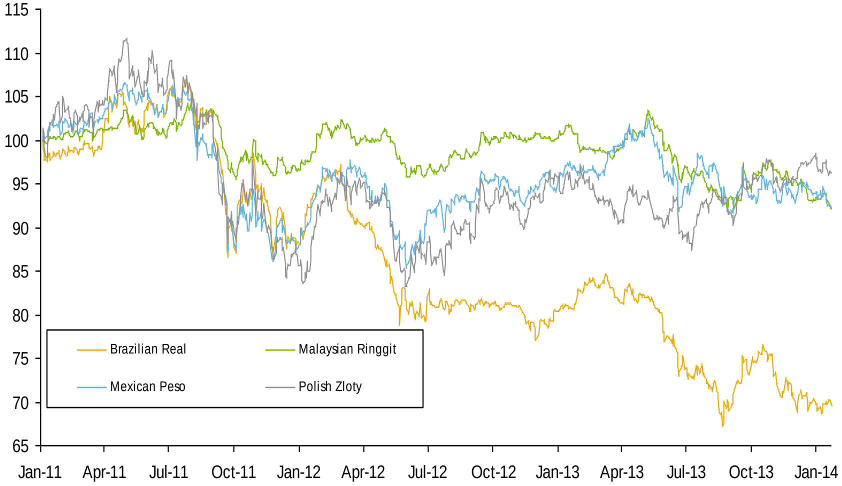
The U.S. dollar stayed weak against the majors

- The U.S. dollar has been weak for much of the second half of 2013. Initially, this made sense because tapering was postponed.
- However, the dollar continued to depreciate against the euro and sterling in Q4 despite increasing certainty about, and then the reality of, tapering occurring.
- This is less a reflection of the U.S. and actually more a reflection of the UK and Europe, both of which have shown signs of economic recovery recently.
- As for emerging market currencies, many depreciated once again, especially in December as tapering began but the declines were far more contained this time (bottom chart).

The U.S. dollar continued to weaken against sterling and the euro in Q4



EM currencies weakened slightly on tapering news



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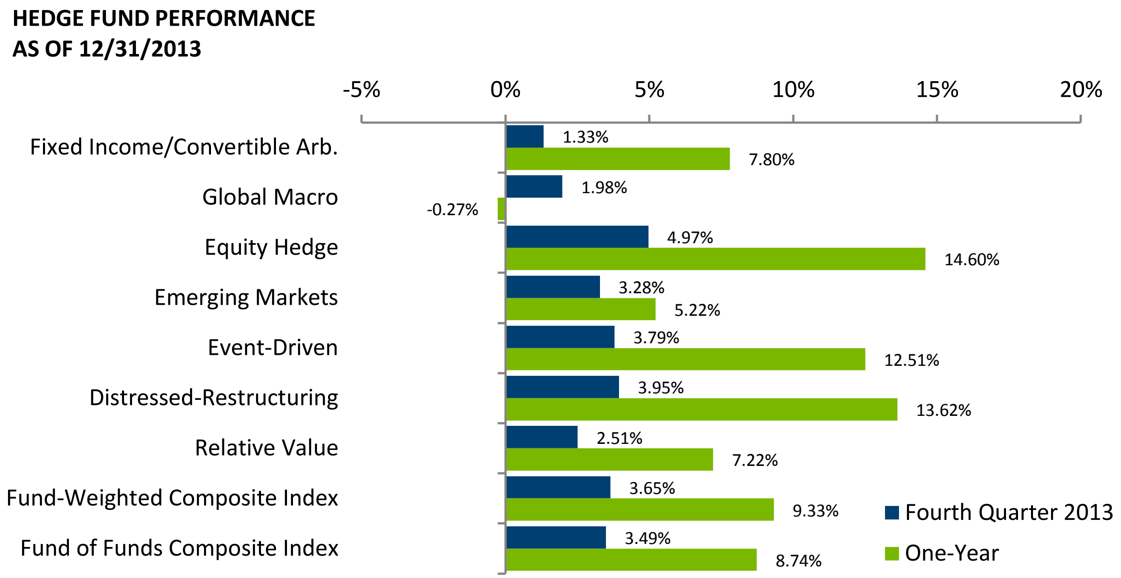
Hedge Fund Markets Overview



Note: Latest 5 months of HFR data are estimated by HFR and may change in the future.
Source: HFR

- All hedge fund strategy types posted positive returns in the fourth quarter.
- The HFRI Fund-Weighted Composite Index and the HFRI Fund of Funds Composite Index produced returns of 3.65% and 3.49%, respectively, during the quarter.
- Equity Hedge and Distressed-Restructuring strategies were the strongest performers during the quarter, gaining 4.97% and 3.95%, respectively.

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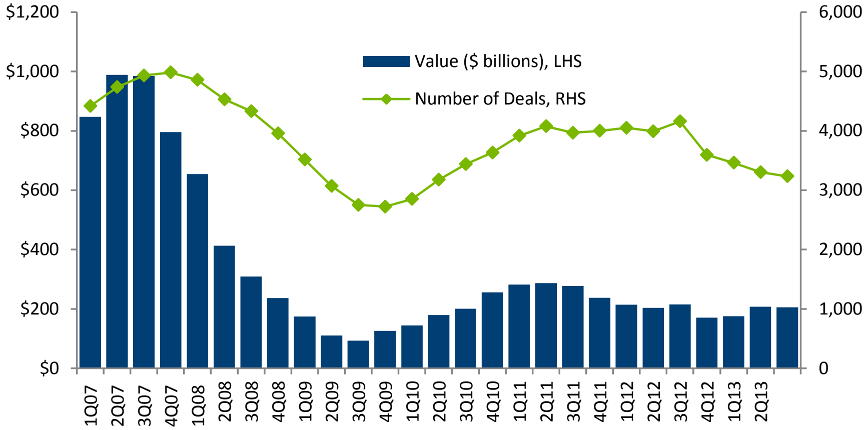
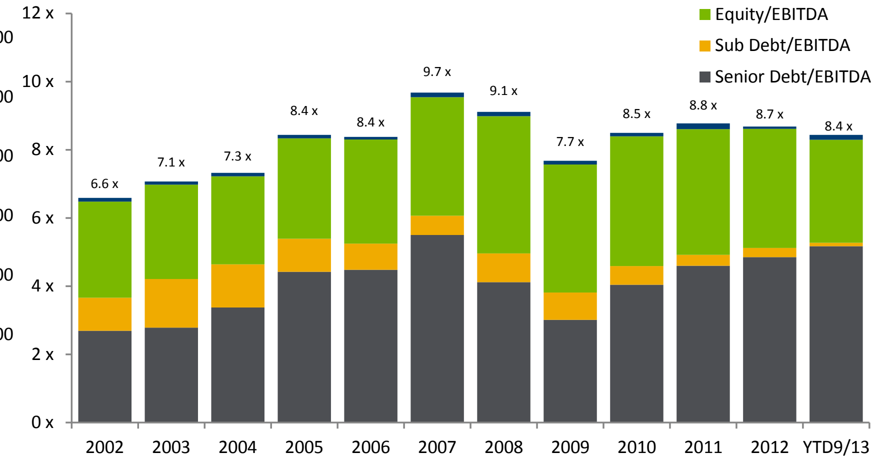
Private Equity Market Overview – Q3 2013



Source: ThomsonOne

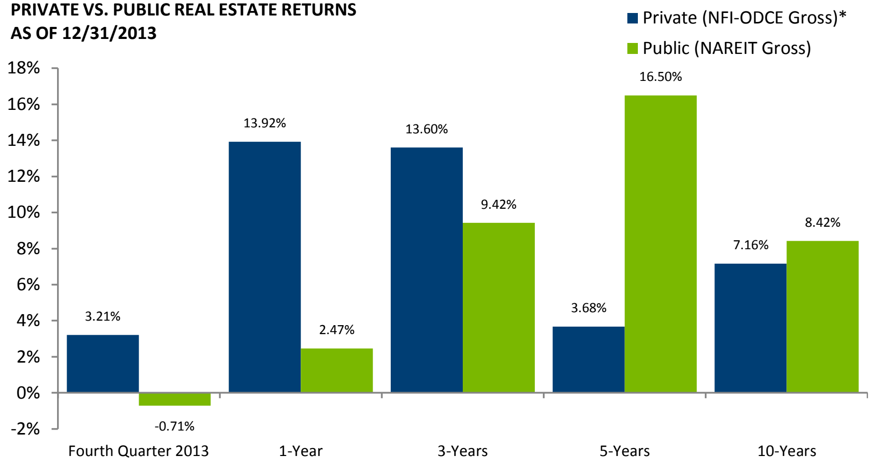


Source: S&P

- **Fundraising:** $295 billion closed during the last twelve months (LTM), a 5% increase over the prior year and just above the ten year average of $278 billion. This is a healthy but not excessive level and is well below the peak pre-crisis levels ($490B). Dry powder is starting to rise, estimated at $875 billion only 2% below the 2008 peak.
- **Buyout:** Activity has stabilized since last quarter; $206 billion of LTM global sponsor-backed M&A deals closed. This is a 20% increase over the prior year and roughly that of the five year average. Purchase price multiples (PPMs) stabilized at a more reasonable 8.4x EBITDA from the 8.7x at year end. European large-cap PPMs were above their ten year average, while those for mid-cap transactions were below their ten year average.
- **Venture:** Investment activity rose during 3Q 2013 to $7.8 billion in 1,005 deals vs. $7.0 billion in 956 deals in 2Q. YTD activity is on par with that of 1H 2012 by number of deals and by capital. Exit activity continues to be low but shows some signs of improvement.
- **Mezzanine:** Mezzanine lenders continue to raise capital with levels being 71% above the ten year average on a LTM basis but are having trouble deploying capital. Estimated dry powder is $31.5 billion; funds are requesting investment period extensions.
- **Distressed Debt:** Activity continues to be subdued and is expected to continue in this manner. Credit health is being maintained by covenant lite structures, plenty of available capital for refinance, and growing GDP. Increased leverage on current deals may result in more distressed opportunities in a couple of years.
- **Secondaries:** Fundraising lags 2012 with 24 funds raising $15.3 billion YTD, but is expected to increase as players such as Ardian, Coller, Lexington, Strategic Partners gain fundraising momentum through 2013. Annualized activity is running at 75% of 2012 with Q3 discounts falling to 7.8%.
- **Infrastructure:** YTD funds raised increased by 62% over the same prior year period. While there is strong investor appetite, the number of funds in the market is at an all-time high, causing fundraising to be extremely competitive. LTM investment activity was flat with that for fiscal year 2012.

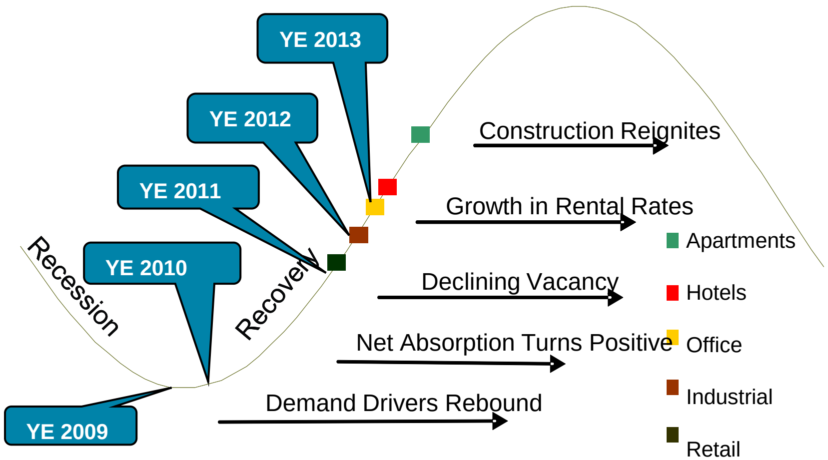
U.S. Commercial Real Estate Markets

PRIVATE VS. PUBLIC REAL ESTATE RETURNS
AS OF 12/31/2013



**Fourth quarter returns are preliminary*
Sources: NCREIF, NAREIT

CURRENT POSITION IN
REAL ESTATE RECOVERY CYCLE



U.S. Real Estate: 2013 Recap & 2014 Outlook

- Total returns in private commercial real estate remained above average in 2013 due to strong capital flows and still recovering fundamentals. The NFI-ODCE Index returned 3.2%* for the quarter and 13.9%* for the calendar year (gross of fees). After 4 years of outperformance, momentum is expected to slow in 2014, moving the sector back toward its long run average over the next year. The Pension Real Estate Association's consensus forecasts show NPI return expectations of 7.8% in 2014.
- Public market performance demonstrated continued heightened volatility throughout 2013, with a strong first half and weak second half. The FTSE NAREIT Equity REIT Index was fairly flat in the fourth quarter, down 0.7%, yet the Index eked out a 2.5% gain for the year. Unlike the first half of 2013, pricing multiples dipped below the sector's long run average at year end, albeit ending the year generally in-line with private market valuations. Above average volatility is expected to persist in 2014.
- Sector fundamentals are forecast to continue to firm at a modest but fairly steady pace over 2014, continuing to drive stronger occupancy and rental rate growth on a broad geographic basis. It is important to observe the changing interest rate environment as this will be an important factor for real estate returns.
- The Core rebound is mature and returns are expected to moderate toward the sector's long run average; nonetheless, Core is still anticipated to provide a solid investment option for long term investors seeking diversification and attractive yields.
  – Investors may wish to consider debt strategies as the cycle matures further (potential substitute/complement for Core real estate)
- Non-Core opportunities remain in the sector's sweet spot although they have moderated from their peak opportunity point. Above average return potential remains as positive spreads exist between stabilized and non-stabilized assets as well as Core and non-Core markets.
  – Recapitalizations, lease ups, repositionings, distressed, and some development opportunities appear attractive at this point in the cycle.

Explanatory Notes

Explanatory Notes

Note: Market values are used in this report to calculate performance for the Endowment and Operating pools. Market values reflect trade date accounting provided by the custodial bank Northern Trust.

Non-U.S. Equity Benchmark – The non-U.S. Equity asset class benchmark has remained the MSCI ACWI ex-U.S. Index, despite the underlying strategy moving to the MSCI ACWI ex-U.S. IMI Index, because it is the benchmark identified in the Endowment Investment Policy Statement (IPS) for this asset class. These indices are very similar. The MSCI ACWI ex-U.S. IMI Index includes a very small (12.4%) diversifying allocation to small international companies that are not included in the MSCI ACWI ex-U.S. Index.

Peer Universe Comparison Floating Bar Chart – In this chart the universe returns are shown in percentiles, with the lowest percentile/rank representing the best performance in that time period. The shaded blocks shown for each time period represent the range of returns in the peer universe from the 95th percentile to the 5th percentile. Returns below the red boxes fall in the worst 5 percent for that period, and returns above the light blue boxes fall in the top 5 percent. The BNY Mellon Universe includes reported performance from 219 Endowment and Foundations. Of those, 100 plans provide market value information and represent total assets of $238.6 billion as of quarter-end. The average market value within the Endowment and Foundations universe was $2.4 billion as of quarter-end.