Approved by the Board of Trustees

September 18, 2025

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Board Meeting

September 18, 2025

REVISE UNIVERSITY OF ILLINOIS SYSTEM INVESTMENT POLICY STATEMENT

**Action:** Revise University of Illinois System Investment Policy Statement

**Funding:** No new funding required

An investment policy statement (IPS) outlines the core principles for managing, monitoring, and evaluating the investment of financial assets. Asset allocation is widely recognized as the primary determinant of long-term investment returns. As such, periodic review of both the IPS and asset allocation policy is essential to sound portfolio oversight. In alignment with this responsibility, the vice president/chief financial officer and comptroller and the System’s investment staff have conducted a comprehensive review of the IPS and the Long-Term Investment Pool (LTIP) asset allocation. Based on this review, the vice president/chief financial officer and comptroller recommends adopting the following amendments to the LTIP asset allocation and IPS.

The proposed revisions to the current asset allocation, summarized in the table below, include the exclusion of the farmland allocation (7 percent) and the introduction of a 1 percent allocation to cash. Other changes include increases to U.S. equity (from 24 percent to 32 percent), private equity (from 12 percent to 15 percent), diversifying strategies (from 8 percent to 9 percent), and real estate (from 7 percent to 9 percent). These shifts are offset by reductions in non-U.S. equity (from 22 percent to 18 percent) and global fixed income (from 20 percent to 16 percent).

The current and proposed LTIP pool asset allocation targets and ranges are shown below:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Asset Category** | **Sub-Asset Class** | **Current Target (%)** | **Current Allocation Range (%)** | **Proposed Target (%)** | **Proposed Allocation Range (%)** |
| **Global Equity** | | **58%** | **48-68%** | **65%** | **55-75%** |
| U.S. Equity | | 24% |  | 32% |  |
| Non-U.S. Equity | | 22% |  | 18% |  |
| Private Equity | | 12% |  | 15% |  |
| **Global Fixed Income** | | **20%** | **15-25%** | **16%** | **11-21%** |
| **Real Assets** | | **14%** | **9-19%** | **9%** | **4-14%** |
| Real Estate | | 7% |  | 9% |  |
| Farmland | | 7% |  | 0% |  |
| **Diversifying Strategies** | | **8%** | **3-13%** | **9%** | **4-14%** |
| **Cash** | | **-** | **-** | **1%** | **0-3%** |

Additional changes include the consolidation of the semi-liquid and illiquid asset categories, as well as a reduction in the liquid asset requirement from 60 percent to 55 percent. Benchmark modifications have been made within the real assets and non-U.S. public equity allocations. A 12-month policy implementation period has been incorporated to allow for a measured transition to revised policy targets.

The revised IPS, dated September 18, 2025, accompanies this item. It reflects the updated LTIP asset allocation matrix, revised supplemental target guidelines, and performance benchmarks aligned with the proposed changes. The document also updates the name of the “Endowment Pool” to the “Long-Term Investment Pool” and includes minor language edits to more accurately reflect current practices and the composition of the investment pools.

The Board action recommended in this item complies in all material respects with applicable State and federal laws, University of Illinois *Statutes*, *The General Rules Concerning University Organization and Procedure*, and Board of Trustees policies and directives.

The president of the University of Illinois System concurs.