Approved by the Board of Trustees

September 23, 2021

**14**

Board Meeting

September 23, 2021

## REVISE THE UNIVERSITY OF ILLINOIS SYSTEM INVESTMENT POLICY STATEMENT

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

**Funding:** No New Funding Required

An investment policy statement provides the guiding principles for managing, monitoring, and evaluating the investment of financial assets. Thus, regular review of the “investment policy” is prudent in the oversight of any endowment. Accordingly, the Interim Vice President/Chief Financial Officer and Comptroller, the System’s investment staff, and consultant have conducted a review of the System’s Investment Policy Statement. As a result of this review, the Interim Vice President/Chief Financial Officer and Comptroller recommends the adoption of the following amendments to the Investment Policy Statement.

The revised Investment Policy Statement, dated September 23, 2021, presented in conjunction with this item and is incorporated herein, reduces the diversifying strategies asset class target from 10 percent to 8 percent and the range from 5 percent to 15 percent changing to 3 percent to 13 percent. The private equity target increases from 10 percent to 12 percent and global equity range from 46 percent to 66 percent changing to 48 percent to 68 percent. The revision modifies the endowment pool’s diversifying strategies performance benchmark from HFRI Fund Weighted Composite Index to HFRI Fund of Funds: Conservative Index. A semi-liquid market classification, with at least quarterly redemptions, was added to the endowment pool liquidity constraints. The requirement that no less than 2/3 of the portfolio market value be invested in liquid public markets was reduced to 60 percent, with the addition of a secondary requirement that no less than 70 percent of the portfolio market value will be invested in semi-liquid or liquid markets. Additional modifications include the designation of an internal control policy and the adjustment of titles to align with staffing turnover. The preceding revisions are recommended to align policy with endowment pool growth and reflect the composition of invested assets.

Accordingly, the Interim Vice President/Chief Financial Officer and Comptroller recommends adoption of the attached Investment Policy Statement.

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 concurs.