

## AGENDA ITEM 13.

### ***COLLEGE ILLINOIS!*** **INVESTMENT PERFORMANCE SUMMARY**

**Submitted for:** Information

**Summary:** A copy of the Investment Performance Analysis for the *College Illinois!* program, prepared by the program's investment consultant, Marquette Associates of Chicago, has been provided to Commissioners and members of the program's Investment Advisory Panel in advance of this meeting. The report reviews and analyzes the performance of the program's seven investment managers for all periods ending December 31, 2003. The report also provides an overview of the investing environment and a review of the capital markets for the same time periods. It concludes with an analysis of the fees associated with the program's investments that documents that investment fees paid remain at a very reasonable level relative to investment industry standards.

On December 31, 2003, the program had \$402.5 million invested. The program's portfolio returned 7.5% for the quarter and 10.4% fiscal-year-to-date. This represents the best two consecutive quarter returns since inception of the *College Illinois!* Fund. The program's overall return since inception is 2.2%. The program's domestic equities gained 12.0% for the quarter and 30.8% for the past 12 months while international equities gained 17.1% and 31.8% during those same periods, the consequence of a strong recovery in the equity markets during this time. During these same 12 months, the program's fixed income investments gained 4.2%.

The equities portion of the program's portfolio during this period was split among five investment managers: State Street Global Advisors (S&P 500 Index and Russell 1000 Value Index); William Blair (large cap growth); Osprey Partners (large cap value); Wasatch Advisors (small cap growth); and Jarislowsky Fraser (international). The *College Illinois!* fixed-income portion of the portfolio was managed during this period by Banc One Investment Advisors (core fixed income) and by Richmond Capital (intermediate fixed income). Performance for each manager is specified within the analysis.

In early November 2003, the program's large cap value manager, Osprey Partners, was terminated for performance reasons. Their program assets were temporarily placed in the SSgA Russell 1000 Value Index Fund, in order to maintain large cap value exposure until new managers were selected for this mandate.

**Action requested:** None.