

AGENDA ITEM 9.

COLLEGE ILLINOIS! **INVESTMENT PERFORMANCE REPORT**

Submitted for: Information

Summary: Commissioners and members of the program's Investment Advisory Panel have been provided with a copy of the most recent Investment Performance Analysis for *College Illinois!*, prepared by investment consultant, Marquette Associates of Chicago. The report reviews and analyzes the performance of the program's ten investment managers for both the 3-month and 12-month periods ending June 30, 2006. As always, 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 a review of the fees associated with investment of program assets, which indicates that investment fees paid by the program are low relative to investment industry standards.

On June 30, 2006, the program had \$791 million invested. The program's overall investment return since inception was 4.6%. Total program investment performance shows a 7.6% return for FY2006, slightly below the Fund's 7.75% annual target actuarial rate of return.

During most of FY2006, the equities portion of the program's portfolio was divided among eight investment managers: State Street Global Advisors (Large Cap Core Equity/S&P 500 Index and Large Cap Value); LSV Asset Management (Large Cap Value/International Equity); William Blair, Holland Capital, and New Amsterdam Partners (Large Cap Growth); Nicholas-Applegate (Small Cap Core/Small Cap Value); Denver Investment Advisors (Small Cap Core); and Kenwood Capital (Small Cap Value). The *College Illinois!* fixed income portion of the portfolio was managed during this period by JP Morgan Chase (Domestic Core Fixed Income); Richmond Capital (Domestic Intermediate Fixed Income); and State Street Global Advisors (Bond Market Index Fund). Performance for each manager is specified within the report.

Action requested: None