

**AGENDA ITEM 10.**

***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 seven investment managers for both the 3-month and 12-month periods ending June 30, 2004. 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, 2004, the program had \$500.8 million invested. The program's overall investment return since inception was 2.5%. Total program investment performance shows a 13.3% return for FY2004, surpassing by a large margin the Fund's 7.75% annual target actuarial rate of return. The program's FY2004's investment performance make it the best fiscal year investment performance in the program's history.

During most of FY2004, the equities portion of the program's portfolio was divided among five investment managers: State Street Global Advisors (Large Cap Core Equity/S&P 500 Index and Large Cap Value); LSV Asset Management (Large Cap Value); William Blair (Large Cap Growth); Wasatch Advisors (Small Cap Core Equity); and Jarislowsky Fraser (International Equity). Notably, Osprey Partners was terminated and replaced as the Large Cap Value manager for the program in November 2003. The *College Illinois!* fixed income portion of the portfolio was managed during this period by Banc One (Domestic Core Fixed Income) and Richmond Capital (Domestic Intermediate Fixed Income). Performance for each manager is specified within the report.

**Action requested:** None