

**AGENDA ITEM 10.**

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

**Submitted for:** Information

**Summary:** A copy of an Investment Performance Analysis for the *College Illinois!* program, prepared by investment advisors Watson Wyatt Investment Consulting, has been provided to Commissioners and to members of the program's Investment Advisory Panel in advance of this meeting. The report reviews and analyzes the performance of the program's five investment managers for both the 3-month and 12-month periods ending June 30, 2002. 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 an analysis illustrating that fees associated with the investment of program assets remain at a reasonable level relative to investment industry standards.

On June 30, 2002, the program had \$224.3 million invested. The program's overall return since inception was -0.9% (and -1.3% net of fees). Total program investment performance shows a -3.5% return for FY 02, outperforming the benchmark of -4.2%. For the 3-month period ending June 30, 2002, the return for the program totaled -6.1%. During that quarter, the program's total return still slightly outperformed the benchmark (-6.3%).

The equities portion of *College Illinois!* portfolio is split among four investment managers: State Street Global Advisors (S&P 500 Index), William Blair (Large Cap Growth), Osprey Partners (Large Cap Value), and Wasatch Advisors (Small Cap Core Growth). The *College Illinois!* fixed income portfolio is managed by UBS Global Asset Management (formerly Brinson Partners). Near the end of June, \$25 million was transferred to UBS for handling in a separate fixed income account while a search was being conducted for a new intermediate fixed income manager.

For FY 02, the total program performance was 0.7% above the benchmark, while performance since inception is 0.7% below the benchmark. Gross and net performance for each manager is specified within the analysis.

**Action requested:** None