

## AGENDA ITEM 4.

### *COLLEGE ILLINOIS!*<sup>SM</sup> 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 13 investment managers (in eight separate investment mandates) for both the 3-month and 12-month periods ending December 31, 2007. 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 December 31, 2007, the program had \$994.6 million invested, an increase of \$121.3 million over the course of the entire calendar year. Total program investment performance shows a 5.2 percent return for CY2007. This performance exceeds the portfolio's benchmark return of 5.0 percent, but underperformed the Fund's actuarial return target of 8.0 percent. The program's overall investment return since inception was 5.9 percent.

During CY2007, the equities portion of the program's portfolio was diversified among nine investment managers in six different mandates: State Street Global Advisors (Large Cap Core/S&P 500 Index and Large Cap Value); LSV Asset Management (Large Cap Value and International Equity); William Blair, Holland Capital and New Amsterdam Partners (Large Cap Growth); Denver Investment Advisors and Nicholas-Applegate (Small Cap Core); and Rhumblin Advisors (Small Cap Value). The *College Illinois!* fixed income portion of the portfolio was managed by six different managers since July 2007: CS McKee Investment Managers, Piedmont Investment Advisors, and Pugh Capital Management (Domestic Core); Galliard Capital and Income Research (Domestic Intermediate); and State Street Global Advisors (LB Aggregate Index). Performance for each manager is specified within the report.

**Action requested:** None