

AGENDA ITEM 10E.

**COLLEGE ILLINOIS!® PREPAID TUITION PROGRAM
ABSOLUTE RETURN ASSET CLASS STRUCTURE**

Submitted for: Action

Summary: Included in this agenda item is the Chief Investment Officer (CIO) Memorandum to the Investment Committee and Investment Advisory Panel regarding the absolute return (hedge fund) asset class structure. Separately, a copy of the related structure study from Callan Associates is also provided.

At the May 23, 2012 meeting, the Investment Committee accepted the recommendations as presented in the CIO Memo and described below.

Action requested: Staff requests the Commission approve the Absolute Return asset class structure as follows:

- Equal weight for Balestra, Pinnacle, and Neuberger;
- Maintain current exposure to Reynoso as adjusted for \$5 million redemption expected on July 1 (~\$10 million), subject to further consideration;
- No additional contributions to any hedge fund; and.
- Gradual reduction of Balestra and Pinnacle to approximately \$30 million each to fund program cash flow needs.