

Contact: Brad Berg

**INVESTMENT AND CASH MANAGEMENT REPORT FOR  
THE QUARTER ENDED SEPTEMBER 30, 2022**

**Recommended Action:** Receive the report.

**Executive Summary:** The Board of Regents engages an investment advisor for periodic review and evaluation of investment policy, strategy and performance. Marquette Associates, Inc., the Board's investment advisor, assists with the evaluation of the Board's investment policies and provides quarterly portfolio summary reports on fund and investment manager performance.

The Regent institutions maintain the following investment portfolios:

**OPERATING PORTFOLIOS**

The primary goals for investment prudence of the operating portfolios include safety of principal, maintenance of liquidity to match expected liabilities, and a reasonable return. The operating portfolio is to be managed to ensure funds are available to support operational needs.

**RESTRICTED BOND ACCOUNTS**

Bond accounts include proceeds from bond issues. Accounts include project construction funds, sinking funds and reserves. Each individual bond has specific investment restrictions which may vary by type of account with reserve accounts being the most restrictive as to types of authorized investment.

**INTERMEDIATE TERM PORTFOLIOS**

Intermediate term pools provide added flexibility for long-duration asset investment including quasi endowments, which are longer-term in nature but have no externally imposed restriction that the principal remain intact.

**ENDOWMENT PORTFOLIOS**

The Board's investment policy defines endowment funds as primarily donor gifts and other funds received for specific purposes. The purpose of endowment funds is to provide:

- ▶ Intergenerational equity of income in perpetuity; and
- ▶ A stable income sufficient to meet the reasonable spending needs of the component endowments by keeping pace with inflation and not degrading the real value of the corpus over time.

The following is a link to the Board of Regents investment policy.

<http://www.iowaregents.edu/plans-and-policies/board-policy-manual/22-business-procedures/#Investment Policy>

UNIVERSITY OF IOWA	Market Value		Return		Current Yield
	Dollars (000's)	%	Quarter	Rolling 1 Year	
Cash and Daily Liquidity	\$171,200	8.9%	0.55%	0.77%	2.63%
<i>91-Day T-Bill</i>			0.42%	0.47%	
Externally Managed Diversified Operating Pool	\$1,752,951	91.1%	-3.10%	-9.40%	
<i>Blended Policy Index</i>			-2.80%	-8.90%	
<i>Merrill Lynch 1-3 Government/Corporate</i>			-1.50%	-5.15%	
Total Operating	\$1,924,151	100.0%	-2.78%	-8.50%	
Restricted Bond Accounts	\$578,889		-0.21%	-1.69%	3.51%
<i>91-Day T-Bill</i>			0.42%	0.47%	
<i>Merrill Lynch 1-3 Treasury/Agency</i>			-1.56%	-4.86%	
Long-Term Endowment	\$589,021		-3.30%	-8.90%	
<i>Blended Policy Index</i>			-3.60%	-9.10%	
Intermediate Term Pool	\$440,453		-4.10%	-12.10%	
<i>Blended Policy Index</i>			-4.00%	-11.40%	
<i>Barclays Aggregate</i>			-4.80%	-14.60%	

▶ SUI has additional bond trustee balances of \$96.4 million with US Bank Corporate Trust.

▶ SUI has an additional investment account with a balance of \$21.3 million for the Iowa Medical Mutual Insurance Company.

IOWA STATE UNIVERSITY	Market Value		Return		Current Yield
	Dollars (000's)	%	Quarter	Rolling 1 Year	
Cash and Daily Liquidity	\$174,990	26.0%	0.54%	0.82%	2.13%
<i>91-Day T-Bill</i>			0.42%	0.47%	
Internally Managed Short-Term Securities and Bank CDs	\$29,408	4.4%	-0.12%	0.02%	2.53%
<i>Merrill Lynch 1-3 Treasury/Agency</i>			-1.56%	-4.86%	
Externally Managed Diversified Operating Pool	\$469,899	69.7%	-3.00%	-9.50%	
<i>Blended Policy Index</i>			-2.80%	-8.90%	
<i>Merrill Lynch 1-3 Government/Corporate</i>			-1.50%	-5.15%	
Total Operating	\$674,297	100.0%	-1.99%	-6.51%	
Restricted Bond Accounts	\$79,337		-0.23%	-1.25%	0.80%
<i>91-Day T-Bill</i>			0.42%	0.47%	
<i>Merrill Lynch 1-3 Treasury/Agency</i>			-1.56%	-4.86%	
Long-Term Endowment	\$199,949		-3.10%	-8.00%	
<i>Blended Policy Index</i>			-3.60%	-9.10%	

▶ ISU has additional bond trustee balances of \$2.2 million with Wells Fargo Corporate Trust.

UNIVERSITY OF NORTHERN IOWA	Market Value		Return		Current Yield
	Dollars (000's)	%	Quarter	Rolling 1 Year	
Cash and Daily Liquidity	\$47,628	43.9%	0.54%	0.73%	2.78%
<i>91-Day T-Bill</i>			0.42%	0.47%	
Internally Managed Short-Term Securities and Bank CDs	\$11,103	10.2%	-2.51%	-7.41%	0.54%
<i>Merrill Lynch 1-3 Treasury/Agency</i>			-1.56%	-4.86%	
Externally Managed Diversified Operating Pool	\$49,659	45.8%	-3.10%	-9.40%	
<i>Blended Policy Index</i>			-2.80%	-8.90%	
<i>Merrill Lynch 1-3 Government/Corporate</i>			-1.50%	-5.15%	
Total Operating	\$108,390	100.0%	-1.61%	-4.71%	
Restricted Bond Accounts	\$34,094		-1.67%	-4.83%	1.01%
<i>91-Day T-Bill</i>			0.42%	0.47%	
<i>Merrill Lynch 1-3 Treasury/Agency</i>			-1.56%	-4.86%	
Long-Term Endowment	\$19,497		-3.30%	-8.90%	
<i>Blended Policy Index</i>			-3.60%	-9.10%	
Intermediate Term Pool	\$25,215		-4.10%	-12.10%	
<i>Blended Policy Index</i>			-4.00%	-11.40%	
<i>Barclays Aggregate</i>			-4.80%	-14.60%	

▶ UNI invests in SUI's Externally Managed Diversified Operating and Intermediate Pools and Long-Term Endowment.

IOWA SCHOOL FOR THE DEAF	Market Value		Return		Current Yield
	Dollars (000's)	%	Quarter	Rolling 1 Year	
Cash and Daily Liquidity	\$3,456	100.0%	0.005%	0.005%	0.005%

  

IOWA BRAILLE AND SIGHT SAVING SCHOOL	Market Value		Return		Current Yield
	Dollars (000's)	%	Quarter	Rolling 1 Year	
Cash and Daily Liquidity	\$1,342	100.0%	0.005%	0.005%	0.005%

▶ ISD and IBSSS invest in ISU's Long-Term Endowment.

Below are the Board authorized fund managers:

<u>MANAGER</u>	<u>TYPE</u>	<u>AUTHORIZED</u>
Acadian Asset Management	Global Low Volatility Equity	June 2017
Adams Street Partners 2010 Global Offering	Private Equity Fund Manager	March 2010
Adams Street Partners 2012 Global Offering	Private Equity Fund Manager	September 2011
Adams Street Partners 2013 Global Offering	Private Equity Fund Manager	September 2012
AllianceBernstein Global-Plus Fixed Income	Fixed Income Fund Manager	September 2014
Arrowstreet Capital All World ex-U.S.	Non-U.S. Equity Investment Manager	June 2013
Brandywine Global Opportunistic	Fixed Income Fund Manager	September 2014
Commonfund Capital, Inc. Natural Resource Partners IX	Private Real Assets Fund Manager	April 2012
Commonfund Capital International Partners VI, L.P. (CF Int'l Partners VI)	International Private Equity Manager	March 2007
Commonfund Capital Private Equity Partners VII, L.P. (CF Private Equity VII)	Domestic Private Equity Manager	March 2007
Commonfund Capital Venture Partners VIII, L.P. (CF Venture Capital VIII)	Primarily Domestic Venture Capital Manager	March 2007
Commonfund Capital Natural Resources Partners VIII, L.P. (CF NR Partners VIII)	Private Real Assets Fund Manager	September 2008
Delaware Investments (Macquarie Group)	Small Cap Core Domestic Fund Manager	December 2008
Dimensional Fund Advisors (DFA) (DFA 1-year Fixed Income Fund)	Short-Term Fixed Income Manager Short-Term Fixed Income Manager	February 2012 December 2013
Dodge & Cox (Income Fund) Dodge & Cox (Global Bond Fund)	Fixed Income Fund Manager Global Bond Fund Manager	February 2004 September 2014
EARNEST Partners International Equity	Non-U.S. Equity Investment Manager	June 2013
Federated Investors (Federated Ultra-Short Bond Fund)	Short-Term Fixed Income Manager	December 2013
Aberdeen Capital Management Aberdeen Energy & Resources Partners III, L.P.)	Private Real Assets Fund Manager	December 2013

*Continued on the following page.*

<u>MANAGER</u>	<u>TYPE</u>	<u>AUTHORIZED</u>
Guggenheim Partners Asset Management	Bank Loan Fund Manager	August 2013
VOYA Investment Management	Bank Loan Fund Manager	August 2013
Neuberger Berman	High Yield Bond Fund Manager High Yield Bond Fund Manager	August 2011 August 2014
NB Alternative Advisors (NB Crossroads XVIII)	Private Equity Fund Manager	November 2005
NB Alternative Advisors (NB Crossroads XX)	Private Equity Fund Manager	September 2012
NB Alternative Advisors	Private Equity/Private Real Assets Fund Manager	November 2019
JP Morgan Prime Liquidity Fund	Short-Term Fixed Income Manager	September 2018
Landmark Partners (Landmark Equity Partners XIV, L.P.)	Private Equity Fund Manager	March 2010
Landmark Partners (Landmark Equity Partners XV, L.P.) (Landmark Real Estate Fund VII)	Private Equity Fund Manager Private Real Estate Fund Manager	September 2012 December 2013
MackKay Shields	Core and Intermediate Fixed Income	June 2017
Metropolitan Real Estate Partners Global III Fund (MREP Global III)	Private Real Estate Fund Manager	September 2009
Metropolitan Real Estate Partners Global VI Fund (MREP Global VI)	Private Real Estate Fund Manager	April 2012
Morgan Stanley PRIME Fund	Core US Real Estate	June 2017
PIMCO PIMCO Short-Term Bond Fund	Short-Term Fixed Income Manager Short-Term Fixed Income Manager	February 2012 December 2013
Principal Financial Group (Enhanced Property Fund)	Private Real Estate Fund Manager	November 2005
State Street Global Advisors State Street Global Advisors SSgA MSCI ACWI ex-US IMI Index Fund	Short-Term Fixed Income Manager Diversified Investment Options (Intermediate Portfolio) International Equity Index Fund Manager	February 2012 February 2011 June 2017
Symphony Asset Management	Senior Secured Loans	June 2017
UBS Trumbull Property Fund	Core US Real Estate	June 2017
Vanguard Group (Institutional Index Fund) (Global ex-U.S. Real Estate Index Fund) (International Stock Fund)	Short-Term Fixed Income Manager Diversified Investment Options (Operating Portfolio) Large Cap S&P 500 Index Fund Public Real Estate Fund Manager Non-US Equity Investment Manager Mid Cap Index Fund	February 2012 September 2008 February 2008 December 2013 September 2018 June 2017

## Asset Class Allocation Policy

*Approved at the June 2017 Meeting*

	Diversified Operating Portfolio	Diversified Intermediate Term Portfolio	Endowment Portfolio
Asset Class	Policy %	Policy %	Policy %
U.S. Equity	5.0	10.0	20.0
Non-U.S. Equity	5.0	10.0	20.0
Global Low-Volatility Equity	5.0	5.0	0.0
<b>Total Equity</b>	<b>15.0</b>	<b>25.0</b>	<b>40.0</b>
Core Fixed Income	25.0	28.0	10.0
Intermediate Fixed Income	20.0	17.0	0.0
High Yield Fixed Income	5.0	5.0	5.0
Senior Secured Loans	5.0	5.0	5.0
Global Fixed Income	5.0	7.0	5.0
<b>Total Fixed Income</b>	<b>60.0</b>	<b>62.0</b>	<b>25.0</b>
<b>Liquidity (includes cash)</b>	<b>20.0</b>	<b>3.0</b>	<b>0.0</b>
<b>Real Estate</b>	<b>5.0</b>	<b>10.0</b>	<b>10.0</b>
<b>Private Markets</b>	<b>0.0</b>	<b>0.0</b>	<b>25.0</b>
<b>TOTAL PORTFOLIO</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>