

ANNUAL REPORT

2025

INTRODUCTION

- 2** Transmittal Letter
- 5** Asset Allocation - Figure 1
- 6** Portfolio Performance/Investment Returns - Figure 2
- 7** Financial Highlights - Figure 3
- 8** Ten Year Summary - Figure 4
- 9** Board of Trustees
- 10** Staff Members

FINANCIAL SECTION

- 11** Financial Section
- 12** Independent Auditor's Report
- 14** Management's Discussion and Analysis
- 16** Statement of Fiduciary Net Position
- 17** Statement of Changes in Fiduciary Net Position
- 18** Notes to Financial Statements

OTHER FINANCIAL INFORMATION

- 36** Portfolio of Data
- 38** Investment Manager Listing
- 40** Investment Transactions with Brokers and Dealers



March 7, 2026

Board of Trustees
Illinois State Board of Investment
180 North LaSalle Street, Suite 2015
Chicago, IL 60601

LETTER OF TRANSMITTAL

We are pleased to present the Annual Comprehensive Financial Report for the Illinois State Board of Investment (ISBI) for the fiscal year ended June 30, 2025.

ISBI was established in October of 1969 and given the responsibility for management of the investment assets of the General Assembly Retirement System (GARS), the Judges' Retirement System (JRS) of Illinois, and the State Employees' Retirement System (SERS) of Illinois (collectively, the "Member Systems"). In August of 2007, ISBI was given responsibility for the management of the investment assets of the Illinois Power Agency Trust Fund (IPA Trust Fund).

The management of ISBI is responsible for the compilation and accuracy of the financial, investment, and other information contained in this report. Additionally, ISBI's Board of Trustees (Board) has established an Audit and Compliance Committee, which is comprised of three Board Trustees. The committee meets quarterly or as needed and discusses ISBI's audit and compliance procedures and reports. To the best of our knowledge and belief, the enclosed information is accurate in all material respects and is reported in a manner designed to fairly present the financial position and results of operations of ISBI.

Management is responsible for establishing and maintaining adequate internal controls over financial reporting. ISBI's internal controls over financial reporting are designed to provide reasonable assurance regarding safekeeping of assets and reliability of financial records in accordance with generally accepted accounting principles. These controls include appropriate segregation of duties and sound practices in the performance of those duties. The cost of a control should not exceed the benefits likely to be derived. The valuation of costs and benefits requires estimates and judgements by management. The objective of internal controls is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The Illinois Pension Code requires an annual audit of the financial statements of ISBI by independent accountants selected by the State Auditor General. This requirement has been complied with, and the independent auditor's unmodified report on ISBI's fiscal year 2025 financial statements has been included in this report.

Accounting principles generally accepted in the United States of America require that management provide a narrative, introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A (pages 14-15 of the report) and should be read in conjunction with it. Additional information related to ISBI's asset allocation and portfolio performance is presented in Figures 1 - 4 (pages 5-8 of the report) and should also be read in conjunction with this letter and the MD&A.

Profile

ISBI was established to manage the investment assets of GARS, JRS, SERS and the IPA Trust Fund. To effectively accomplish this mission, ISBI seeks to maximize the likelihood of meeting long-term return objectives while maintaining prudent risk exposure, controlling fees and expenses related to the management of the fund, and complying with the governing provisions of the Illinois Pension Code (40 ILCS 5/1 et seq.) and other applicable laws and regulations. ISBI also considers the assumed rates of return set forth by each of the Member Systems when developing its investment strategy.

Investments

Investments are made under the authority of the prudent expert rule, which states that fiduciaries must discharge their duties with care, skill, prudence, and diligence that a prudent person acting in a like capacity and familiar with such matters would use under conditions prevailing at the time. This standard has enabled ISBI to invest in different types of asset classes, seeking to increase return while lowering risk through diversification.

ISBI's net position increased to \$28.6 billion as of June 30, 2025, compared to a net position of \$26.2 billion as of June 30, 2024. The investment portfolio produced a return of 9.7%, net of fees, for the year ended June 30, 2025. The Financial Section of this report contains a summary of ISBI's investment portfolio, objectives, and policies.

ISBI is proactive in managing risk across the portfolio. Monetary, trade and fiscal policy, along with geopolitical disruptions still affect various economies around the world. These factors require ISBI to remain disciplined in our long-term approach. As the market environment shifts and we experience periods of heightened volatility, ISBI recognizes the importance of a well-diversified portfolio. To that end, ISBI's asset allocation seeks to realize a portfolio with exposure to various asset classes.

We continue to strengthen our relationships with our strategic partners and prudently commit to our private markets portfolio while maintaining vintage year diversification consistent with our Investment Policy. In recognition of the work performed on the private markets portfolio, ISBI ranked fifth for private equity performance in the annual American Investment Council Public Pension Study. ISBI's private equity investments returned 16.70% based on 10-year annualized returns ending June 30, 2024. ISBI's public markets portfolio continues to be primarily passively managed; however, we continue to see strong long-term performance from our active public markets portfolio.

One of our main investment objectives is to ensure prudent risk in order to meet our overall assumed rate of return. ISBI's investment consultant, Board, and staff review the asset allocation on a regular basis to review changes to the capital markets assumptions, policy asset class targets, and the overall expected risk and return of the portfolio. It is vital to comprehend that the Board's decisions are based on its Investment Policy and filtered through the lens of a long-term investor.

The Board and staff continue to strive to make meaningful impacts consistent with ISBI's Diversity Policy. ISBI's Emerging Manager Committee meets quarterly to assist the Board in monitoring the utilization of and increasing access for emerging managers, as well as investment managers, broker dealers (used by ISBI's investment managers), and service providers owned by minorities, women, and persons with disabilities. On an annual basis, the committee also reviews ISBI's Diversity Policy. ISBI continues to work closely with its investment consultant and strategic partners to strengthen ISBI's commitment to diversity.

Key Developments and Initiatives

On September 20, 2024, Mr. Michael Tarnoff resigned his position on the Board. The Board expresses its heartfelt thanks to Mr. Tarnoff for his dedicated service to the Board and plan participants. On October 28, 2024, the Board hired a new member of the executive team, Patrick Hall, who serves as ISBI's General Counsel and Chief Compliance Officer. The Board welcomes Mr. Hall and looks forward to the contributions he will make to ISBI. The Board also congratulates Ms. Jennifer Koelle, Senior Investment Officer, on being named to Pensions & Investments' 2024 class of Influential Women in Institutional Investing.

Acknowledgments

This report was prepared through the combined effort of the ISBI staff under the leadership of the Board. It is intended to provide reliable information to its users for making decisions and for determining responsible stewardship for the assets contributed by Member Systems (GARS, JRS, and SERS) and the IPA Trust Fund.

The report is made available to the Governor, the State Auditor General, Member Systems, and other interested persons by request. We thank all those who work with ISBI and help the organization achieve its mission.

The following sections of the report present detailed financial statements and supplemental information in conformity with generally accepted accounting principles (GAAP) applied within guidelines established by the Governmental Accounting Standards Board (GASB).

Respectfully submitted,



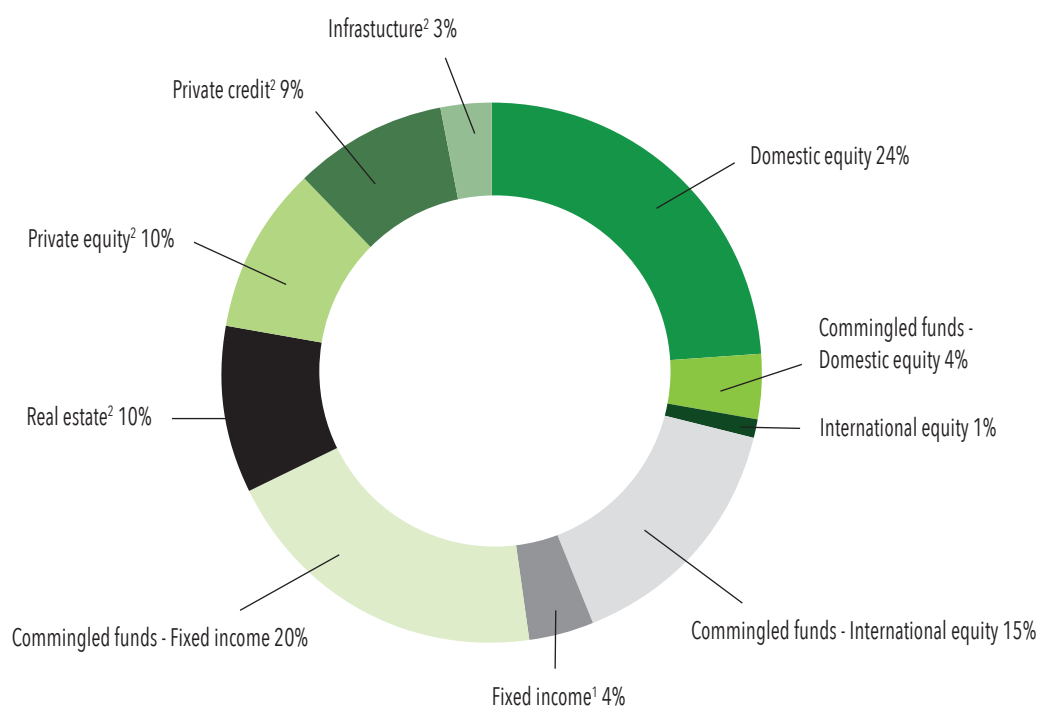
Dipesh Mehta
Executive Director
Chief Investment Officer



David Schneider
Chief Financial Officer

FIGURE 1 – ASSET ALLOCATION

June 30, 2025



	Fair Value \$	Actual Asset Mix %	Policy Target %
Domestic equity	\$7,040,318,052	24	
Commingled funds - Domestic equity	1,184,284,226	4	
Total Domestic equity	8,224,602,278	28	
International equity	207,590,568	1	
Commingled funds - International equity	4,365,084,789	15	
Total International equity	4,572,675,357	16	
Total Global Equity	12,797,277,635	44	42
Fixed income ¹	1,007,587,249	4	
Commingled funds - Fixed income	5,671,592,035	20	
Total Fixed income	6,679,179,284	24	24
Real estate ²	2,720,352,983	10	10
Private equity ²	2,936,390,509	10	11
Private credit ²	2,522,410,967	9	10
Infrastructure ²	836,935,016	3	3
Hedge funds	149,256		
Money market instruments ³	175,865,276		
Total	\$28,668,560,926	100%	100%

¹ Maturities of one year or longer, including convertible bonds.

² Interests in limited partnerships and other entities which have limited liquidity.

³ Money market instruments (at amortized cost) and other assets, less liabilities.

FIGURE 2 – PORTFOLIO PERFORMANCE/INVESTMENT RETURNS

		Net Portfolio Performance											
		1 YR			3 YR			5 YR			10 YR		
Total Portfolio		9.7%			8.4%			8.5%			7.3%		
		(Annualized)											
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016	3 Yrs.	5 Yrs.	10 Yrs.
	%	%	%	%	%	%	%	%	%	%	%	%	%
Total Fund	9.7	9.3	6.2	(6.3)	25.8	4.6	7.1	7.6	12.3	(0.8)	8.4	8.5	7.3
Composite Benchmark**	9.5	9.1	6.3	(5.9)	21.9	4.9	7.0	7.4	12.0	0.7	8.4	7.9	7.0
Consumer Price Index	2.7	3.0	3.0	9.1	5.4	0.7	1.6	2.9	1.6	1.0	2.9	4.6	3.1
Domestic Equities	15.7	23.5	17.7	(14.9)	43.4	6.4	10.3	14.3	18.7	(1.7)	18.9	15.5	12.4
Russell 3000 Index	15.3	23.1	19.0	(13.9)	44.2	6.5	9.0	14.8	18.5	2.1	19.1	16.0	13.0
International Equities	15.6	13.3	11.9	(18.5)	39.2	(2.9)	1.2	7.6	22.1	(7.1)	13.6	10.7	7.1
MSCI-ACWI ex US Index	17.8	11.6	12.5	(19.9)	37.2	(4.7)	0.3	7.7	20.5	(9.2)	13.9	10.2	6.2
Fixed Income	6.9	3.8	0.5	(6.9)	5.0	7.8	7.5	0.9	0.9	1.6	3.7	1.7	2.7
BBG US Universal	6.5	3.5	0.0	(10.9)	1.1	7.9	8.1	(0.3)	0.9	5.8	3.3	(0.2)	2.1
Real Estate	1.4	(4.4)	(6.0)	26.3	13.7	2.3	5.4	7.3	7.1	12.0	(3.1)	5.5	6.0
Real Estate CB	3.1	(8.7)	(9.7)	27.3	1.5	3.9	6.6	7.1	6.9	10.8	(5.8)	1.5	4.2
Infrastructure	11.1	8.2	9.7	12.7	11.6	8.0	13.6	13.3	13.5	13.9	9.6	10.6	11.7
Infrastructure CB	6.5	6.6	6.6	12.9	9.1	4.2	5.2	6.5	0.9	5.8	7.3	7.9	6.2
Private Equity	5.3	3.4	2.4	21.7	54.9	7.9	19.8	20.6	17.9	7.9	3.7	16.0	15.2
Private Equity CB	7.1	6.2	(1.8)	26.7	53.2	3.3	13.5	16.1	17.3	—	3.8	16.7	13.5

Note: Calculations are based on a time series of linked monthly returns (IRR), producing a time weighted effect.

****Composite Benchmark:**

Effective 01/25: 42% MSCI ACWI IMI, 11% Cambridge Assoc. PE & VC Index (1QTR lag), 5% Bloomberg Intermediate Treasuries, 9% Bloomberg Aggregate, 5% Bloomberg Long-Term Treasury Index, 3% Custom TIPS Index, 1% ICE BofA/ML USA HT Master II, 1% CSFB Leveraged Loan Index, 10% Hamilton Lane Private Credit Custom Benchmark, 10% NCREIF ODCE +60bps, 3% CPI +3.5%

Effective 07/24: 22% Russell 3000 Index, 13% MSCI EAFE Index, 8% MSCI Emerging Markets Index, 11% Cambridge Associates PE & VC Index (1 Quarter Lagged), 5% Bloomberg Intermediate Treasuries, 9% Bloomberg Aggregate, 5% Bloomberg Long-Term Treasury Index, 3% Custom TIPS Index, 1% ICE BofA/ML USA HY Master II, 1% CSFB Leveraged Loan Index, 10% Hamilton Lane Private Credit Custom Benchmark, 10% NCREIF ODCE + 60bps, 3% CPI + 3.5%.

Effective 07/21: 23% Russell 3000; 13% MSCI-EAFE Index; 8% MSCI Emerging Markets Index; 9% Cambridge Private Equity Index (1Q Lagged); 10% Barclays Aggregate; 5% Barclays Intermediate Treasuries; 5% Barclays Long Term Treasury Index; 3% Custom TIPS Index; 1% Barclays High Yield Index; 1% CSFB Leveraged Loan Index; 9% S&P/LSTA US Levered Loan 100 Index; 10% NCREIF ODCE Net 1Q Lagged; 3% CPI + 3.5%

Effective 07/17: 23% Russell 3000; 13% MSCI-EAFE Index; 8% MSCI Emerging Markets Index; 7% Cambridge Private Equity Index (1Q lagged); 10% Barclays Aggregate; 4% Barclays Intermediate Treasuries; 4% Barclays Long Term Treasury Index; 4% Barclays US TIPS Index; 2.5% Barclays High Yield Index; 2.5% CSFB Leveraged Loan Index; 1.0% JPM GBI EM Global Diversified (unhedged); 1.0% JPM EMBI Global Diversified (hedged); 8% S&P/LSTA US Levered Loan 100 Index; 10% NCREIF ODCE Net 1Q Lagged; 2% CPI + 3.5%

Effective 07/16: 23% Russell 3000; 13% MSCI-EAFE Index; 7% MSCI Emerging Markets Index; 10% Cambridge Private Equity Index; 11% Barclays Aggregate; 3% Barclays Long Term Treasury Index; 5% Barclays US TIPS Index; 3% Barclays High Yield Index; 3% CSFB Leveraged Loan Index; 1.5% JPM GBI EM Global Diversified (unhedged); 1.5% JPM EMBI Global Diversified (hedged); 11% NCREIF ODCE Net 1Q Lagged; 5% CPI+4%; 3% HFRI Fund of Fund Composite

FIGURE 3 – FINANCIAL HIGHLIGHTS

(\$ in millions)

	2025	2024	Change
	\$	\$	\$
Net Assets (at fair value)	28,581.1	26,166.7	2,414.4
Retirement Systems' participation			
General Assembly	91.8	83.7	8.1
Judges'	1,455.0	1,379.9	75.1
State Employees'	26,987.7	24,657.3	2,330.4
Illinois Power Agency Trust Fund participation	46.5	45.7	0.8
Net investment income	2,510.5	2,228.0	282.5
Interest and dividends	335.5	300.5	35.0
Net (gain) on investments	2,198.7	1,923.4	275.3
Management expenses	(23.8)	(26.4)	2.6
Member Systems' contributions (withdrawals)	(96.1)	(372.2)	276.1
	%	%	%
Total*	9.7	9.3	0.4
Management expenses as a percentage of average net assets**	0.09	0.09	0.00

*Total reflects income earned and market appreciation (depreciation).

**Quarterly market values are utilized in calculating average figures.

FIGURE 4 – TEN YEAR SUMMARY

	(\$ in millions)									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
NET ASSETS										
(at fair value)	28,581.1	26,166.7	24,337.3	23,177.9	24,860.9	19,810.9	19,159.3	18,336.4	17,306.3	15,601.7
Member Systems' participation										
General Assembly	91.8	83.7	76.7	72.3	74.2	57.1	54.6	51.5	47.1	42.6
Judges'	1,455.0	1,379.9	1,303.3	1,258.9	1,355.7	1,076.9	1,040.1	978.2	899.7	785.2
State Employees'	26,987.7	24,657.3	22,913.4	21,805.3	23,383.1	18,637.5	18,025.1	17,268.1	16,322.6	14,741.1
Illinois Power Agency Trust Fund participation	46.5	45.7	43.9	41.4	47.9	39.4	39.5	38.6	36.9	32.8
CHANGES IN NET ASSETS										
Net investment income (loss)	2,510.5	2,228.0	1,411.0	(1,676.7)	5,117.3	878.5	1,184.0	1,331.5	1,918.1	(133.7)
Interest and dividends	335.5	300.5	308.3	469.5	261.3	219.6	311.0	399.7	420.4	472.5
Net gain (loss) on investments	2,198.7	1,923.4	1,121.6	(2,116.6)	4,887.0	685.5	899.2	957.2	1,527.4	(568.5)
Management expenses	(23.8)	(26.4)	(18.9)	(29.8)	(31.0)	(26.6)	(26.2)	(27.2)	(30.6)	(40.7)
Member Systems' contributions (withdrawals)	(96.1)	(372.2)	(251.5)	(6.1)	(67.4)	(226.8)	(361.2)	(301.3)	(213.5)	(110.6)
RETURNS	%	%	%	%	%	%	%	%	%	%
Annual total return*	9.7	9.3	6.2	(6.7)	25.8	4.6	7.1	7.6	12.3	(0.8)
Compound annual rate**	8.8	8.8	8.8	8.9	9.3	8.9	9.0	9.1	9.1	9.0

*Annual total return reflects income earned and market appreciation (depreciation).

**Return since 7-1-82 (Adoption of Prudent Person Legislation).



Terrence Healy
Board Chair



Treasurer Michael W. Frerichs
Vice Chair



Justice Debra Walker
Recording Secretary



Comptroller Susana A. Mendoza
Member at Large



Matthew Brewer
Trustee



Senator Robert Martwick
Trustee



Elizabeth Sanders
Trustee

EXECUTIVE COMMITTEE

Terrence Healy, Board Chair
Treasurer Michael W. Frerichs, Vice Chair
Comptroller Susana A. Mendoza, Member at Large
Justice Debra Walker, Recording Secretary

AUDIT & COMPLIANCE COMMITTEE

Chairwoman Justice Debra Walker
Comptroller Susana A. Mendoza
Elizabeth Sanders

DEFINED CONTRIBUTION COMMITTEE

Chairman Senator Robert Martwick
Matthew Brewer
Treasurer Michael W. Frerichs
Comptroller Susana A. Mendoza
Elizabeth Sanders

INVESTMENT POLICY COMMITTEE

Chairwoman Elizabeth Sanders
Justice Debra Walker
Matthew Brewer

EMERGING MANAGER COMMITTEE

Chairman Matthew Brewer
Treasurer Michael W. Frerichs
Senator Robert Martwick
Comptroller Susana A. Mendoza
Justice Debra Walker

STAFF MEMBERS



Dipesh Mehta
*Executive Director/
Chief Investment Officer*



Patrick Hall
*General Counsel/
Chief Compliance Officer*



David Schneider
*Chief Financial Officer/
Chief Operating Officer*



Genette Bacon-Cordova
*Portfolio Officer for Financial
Reporting and Accounting*



Caroline Brolly
*Portfolio Operations
Lead*



Mary Cahill
*Director of Business
Operations and
Legislative Affairs*



Aayush Jakhete
*Assistant Investment
Officer*



Jennifer Koelle
*Senior Investment
Officer*



Jeremy Mayeur
*Assistant Investment
Officer*



Samantha McHugh
*Associate General Counsel and
Investment Compliance Officer*



Scott Richards
*Senior Investment
Officer*



Polly Smith
Private Secretary



Atul Talwar
*Chief Information
Officer*



Renee Westfield
*Portfolio Officer for Business
Operations and Accounting*

FINANCIAL SECTION

2025



RSM US LLP

Independent Auditor's Report

The Honorable Frank J. Mautino
Auditor General of the State of Illinois
and
The Board of Trustees
Illinois State Board of Investment

Report on the Audit of the Financial Statements

Opinions

As Special Assistant Auditors for the Auditor General of the State of Illinois, we have audited the financial statements of the Illinois State Board of Investment (ISBI), an internal investment pool of the State of Illinois, as of and for the year ended June 30, 2025, and the related notes to the financial statements, as listed in the table of contents. We have also audited the financial statements of each of the fiduciary funds presented in ISBI's financial statements as of and for the year ended June 30, 2025.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the fiduciary net position of ISBI, an internal investment pool of the State of Illinois, as of June 30, 2025, and the changes in fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective fiduciary net position of each fiduciary fund of ISBI, as of June 30, 2025, and the respective changes in fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of ISBI and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1, the financial statements present only ISBI, an internal investment pool of the State of Illinois, and do not purport to, and do not, present fairly the financial position of the State of Illinois, as of June 30, 2025, the changes in its financial position, or where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

THE POWER OF BEING UNDERSTOOD
ASSURANCE | TAX | CONSULTING

RSM US LLP is the U.S. member firm of RSM International, a global network of independent assurance, tax, and consulting firms. Visit rsmus.com/aboutus for more information regarding RSM US LLP and RSM International.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of ISBI's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 12, 2026, on our consideration of ISBI's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of ISBI's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering ISBI's internal control over financial reporting and compliance.

RSM US LLP

Chicago, Illinois
March 12, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

In October 1969, the Illinois State Board of Investment (ISBI) was created by enactment of Article 22A of the Illinois Pension Code by the 76th General Assembly of Illinois. By statute, ISBI was given the responsibility for management of the assets of the General Assembly Retirement System of Illinois, the Judges' Retirement System of Illinois and the State Employees' Retirement System of Illinois (Member Systems). In August 2007, by enactment of 30 ILCS 105/6z-75 of the Illinois Compiled Statutes, ISBI was also given responsibility for the management of the Illinois Power Agency Trust Fund (Trust Fund). Board membership consists of five members appointed by the Governor and four ex officio members consisting of the State Treasurer and the Chairperson of the Board of Trustees of each of the Member Systems. ISBI maintains its office in Chicago, Illinois.

The following Management's Discussion and Analysis (MD&A) provides an introduction and overview of ISBI's financial activities for the fiscal years ended June 30, 2025 and 2024.

Financial Highlights

ISBI's net position totaled approximately \$28.6 billion as of June 30, 2025, compared to approximately \$26.2 billion as of June 30, 2024. The increase from the previous year is primarily the result of investment valuation increases related to market fluctuations.

General Market Risk

ISBI is exposed to general market risk. This general market risk is reflected in asset valuations fluctuating

with market volatility. Any impact from market volatility on ISBI's investment portfolio depends in large measure on how significant the market downturn/rally is, how long it lasts, and how it fits within fiscal year reporting periods. The resulting market risk and associated realized and unrealized gains and losses could significantly impact ISBI's financial condition. Readers of these financial statements are advised that financial markets remain volatile and may experience significant changes on a daily basis.

Financial Statement Overview

ISBI's financial statements are prepared on an accrual basis in accordance with U.S. generally accepted accounting principles promulgated by the Governmental Accounting Standards Board and are comprised of the Statement of Fiduciary Net Position, the Statement of Changes in Fiduciary Net Position, and Notes to Financial Statements.

The Statement of Fiduciary Net Position presents information on ISBI's assets and liabilities and the resulting net position. This statement also reflects ISBI's investments along with cash and short-term investments, receivables, and other assets and liabilities.

The increase in investments at June 30, 2025 is a result of investment gains of 9.7% for the fiscal year, net of expenses, shown in the Statement of Changes in Net Position. The increase in liabilities and the decrease in receivables for fiscal year 2025 when compared against 2024 is primarily related to an increase in pending investment purchases and

CONDENSED STATEMENT OF FIDUCIARY NET POSITION

June 30

	<u>2025</u>	<u>2024</u>	<u>Change</u>
	\$	\$	\$
Cash	15,899,484	20,395,222	(4,495,738)
Receivables	34,885,529	101,458,373	(66,572,844)
Investments	28,668,560,926	26,116,013,438	2,552,547,488
Other Assets	4,009,184	4,010,214	(1,030)
Total Assets	<u>28,723,355,123</u>	<u>26,241,877,247</u>	<u>2,481,477,876</u>
Liabilities	142,303,520	75,188,407	67,115,113
Total net position	<u>28,581,051,603</u>	<u>26,166,688,840</u>	<u>2,414,362,764</u>

decrease in pending investment sales at June 30, 2025 compared to the prior year, and is the result of the timing of these transactions.

The Statement of Changes in Fiduciary Net Position presents information regarding changes during the fiscal year ended June 30, 2025. These statements reflect additions and deductions, which include the investment income and losses derived from realized and unrealized gains/losses and Member Systems and Trust Fund contributions. Also reflected in the statements are deductions, which include withdrawals from the Member Systems and Trust Fund and administrative expenses of ISBI.

ISBI recorded \$2.5 billion in net investment gains in the fiscal year resulting from increased valuations of investments held as of June 30, 2025. Prior year net investment gains were \$2.2 billion. Additionally, Member Systems withdrawals decreased in the current year to \$96 million compared with \$372 million in fiscal year 2024. Withdrawals are determined by the Member Systems and Trust Fund based on the State of Illinois' funding and the Member Systems' benefit payment needs and Trust Fund requirements.

The Notes to Financial Statements provide additional information, which is necessary to fully understand the data provided in the financial statements.

CONDENSED STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

June 30

	<u>2025</u>	<u>2024</u>	<u>Change</u>
	\$	\$	\$
Additions:			
Net investment income (loss)	2,534,269,895	2,227,985,141	306,284,754
Contributions from the State of Illinois	3,260	5,934	(2,674)
Total additions	<u>2,534,273,155</u>	<u>2,227,991,075</u>	<u>306,282,080</u>
Deductions:			
Member Systems' and Trust Fund withdrawals	96,115,483	372,247,500	(276,132,017)
Administrative expenses	23,794,908	26,400,571	(2,605,663)
Total deductions	<u>119,910,391</u>	<u>398,648,071</u>	<u>(278,737,680)</u>
Net increase (decrease) in net position	<u>2,414,362,764</u>	<u>1,829,343,004</u>	<u>585,019,760</u>

STATEMENT OF FIDUCIARY NET POSITION

June 30, 2025

	Illinois State Board of Investment Member Systems	Illinois Power Agency Trust Fund	Total Illinois State Board of Investment
ASSETS			
Cash	\$ 15,873,615	\$ 25,869	\$ 15,899,484
Receivables:			
Foreign taxes	6,959,015	11,341	6,970,356
Investments sold	12,634,541	20,590	12,655,131
Interest and dividends	15,235,214	24,828	15,260,042
Total receivables	34,828,770	56,759	34,885,529
Prepaid expenses	8,614	14	8,628
Capital assets	15,749	26	15,775
Right of Use Asset	3,978,298	6,483	3,984,781
Investments:			
US government, agency, and municipal obligations	630,674,421	1,027,787	631,702,208
Domestic equities	7,028,863,371	11,454,681	7,040,318,052
International equities	207,252,816	337,752	207,590,568
Domestic bank loans	131,457,574	214,232	131,671,806
Domestic corporate obligations	216,986,169	353,614	217,339,783
International obligations	26,829,730	43,724	26,873,454
Commingled funds	11,202,704,413	18,256,637	11,220,961,050
Real estate funds	2,715,926,936	4,426,047	2,720,352,983
Private equity funds	2,931,612,967	4,777,542	2,936,390,509
Private credit funds	2,518,306,974	4,103,993	2,522,410,967
Infrastructure funds	835,573,313	1,361,703	836,935,016
Hedge funds	149,013	243	149,256
Money market instruments	175,579,141	286,135	175,865,276
Total investments	28,621,916,837	46,644,089	28,668,560,926
Total assets	28,676,621,883	46,733,240	28,723,355,123
LIABILITIES			
Payables:			
Investments purchased	132,188,058	215,422	132,403,480
Administrative expenses	5,905,635	9,624	5,915,259
Lease liability	3,978,298	6,483	3,984,781
Total liabilities	142,071,991	231,529	142,303,520
Net position	28,534,549,893	46,501,711	28,581,051,604

See notes to financial statements, pages 18-33.

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

June 30, 2025

	Illinois State Board of Investment Member Systems	Illinois Power Agency Trust Fund	Total Illinois State Board of Investment
ADDITIONS			
Investment income:			
Net increase in fair value of investments	\$ 2,194,880,238	\$ 3,864,613	\$ 2,198,744,851
Interest and other	242,557,968	431,250	242,989,218
Dividends	92,371,596	164,230	92,535,826
Total investment income	2,529,809,802	4,460,093	2,534,269,895
Less investment expenses:			
Custody	(404,290)	(710)	(405,000)
Investment advisors/managers	(19,004,588)	(33,368)	(19,037,956)
Investment services and research	(117,518)	(206)	(117,724)
Net Investment income	2,510,283,406	4,425,809	2,514,709,215
Member Systems' and Trust Fund contributions	-	3,260	3,260
Total additions	2,510,283,406	4,429,069	2,514,712,475
DEDUCTIONS			
Administrative expenses:			
Salaries and benefits:			
Salaries	1,835,682	3,222	1,838,904
Benefits	1,332,823	2,340	1,335,163
Operating expenses:			
Rent and utilities	3,948	7	3,955
Audit	171,299	301	171,600
Other	419,173	736	419,909
External support:			
Consulting and professional services	709,449	1,248	710,697
Reimbursement of DC Plan Expenses	(245,569)	(431)	(246,000)
Total administrative expenses	4,226,805	7,423	4,234,228
Member Systems' and Trust Fund withdrawals	92,500,000	3,615,483	96,115,483
Total deductions	96,726,805	3,622,906	100,349,711
Increase in net position	2,413,556,601	806,163	2,414,362,764
Net position at beginning of year	26,120,993,292	45,695,548	26,166,688,840
Net position at end of year	28,534,549,893	46,501,711	28,581,051,604

See notes to financial statements, pages 18-33.

Note 1. Summary Of Significant Accounting Policies

Reporting Entity

The Illinois State Board of Investment (ISBI) is considered an internal investment pool of the State of Illinois (the State), operating from investment income and contributions from the State. ISBI manages and invests the pension assets of three separate public employee retirement systems (Member Systems): the General Assembly Retirement System of Illinois (GARS), the Judges' Retirement System of Illinois (JRS), and State Employees' Retirement System of Illinois (SERS). ISBI also manages the assets of the Illinois Power Agency Trust Fund (Trust Fund) on behalf of the Illinois Power Agency (IPA).

The assets of the Member Systems and the Trust Fund are pooled in a commingled fund. Individual information on each of the Member Systems' and the Trust Fund's participation is presented in Note 3. The assets of the Trust Fund came under the management of ISBI in fiscal year 2012. The assets and liabilities of the Member Systems and Trust Fund are reported on the Statement of Fiduciary Net Position. The additions and deductions for the Member Systems and Trust Fund for fiscal year 2025 are reported on the Statement of Changes in Fiduciary Net Position.

The State of Illinois Annual Report may be obtained by writing to the State Comptroller's Office, Financial Reporting Department, 325 West Adams Street, Springfield, IL 62704-1858 or by calling (217) 782-6000.

The Illinois Power Agency issues a separate Annual Report that may be obtained by writing to the Illinois Power Agency, 180 N. Wabash Avenue, Suite 500, Chicago, IL 60601 or by calling (312) 793-0263.

Basis of Accounting

Accounting records are maintained on an accrual basis. Units are allocated quarterly to each Member System and the Trust Fund based upon percentage of ownership. Administrative expenses are deducted monthly from income before allocation.

Valuation of Investments

Generally, investments are reported at fair value, which is determined using a variety of valuation techniques depending on the nature of the investment. These techniques may include quoted market prices, observable inputs from active markets, or values provided by external managers or third parties. In certain cases, investments may be valued using estimates or practical expedients when market data is not readily available. Short-term investments or money market instruments may be measured at amortized cost if this approximates fair value.

Investment Transactions and Investment Income

Investment transactions are accounted for on a trade date (date order to buy or sell is initiated) and dividend income is recognized on the ex-dividend date. Interest income is recognized on an accrual basis. ISBI's investment pool, as established by the State, is exempt from Federal, State, and local income taxes. In the event that income taxes are withheld on investments held outside of the United States as required by local international governments, foreign tax reclaim processes are performed to recover applicable foreign tax withholdings.

Custody and Investment Management Fees

ISBI has contracted with investment managers approved by the Board of Trustees to make investment decisions based on investment guidelines provided to them by ISBI staff and consultants. The investment managers serve as investment advisors to ISBI. ISBI pays an investment management fee to each investment manager for these services on a quarterly basis. The investment management fee is based upon contractual agreement provisions and is computed as a percentage of each manager's portfolio fair value or based on a flat fee.

Management fees paid to certain Commingled funds, Multi-Sector Credit funds, Private Credit funds, and Real Estate funds are calculated based upon the terms of each individual fund agreement, each manager's portfolio fair value or ISBI's capital commitment and are reported as Investment Advisors/Managers Expense on the Statement of Changes in Fiduciary Net Position. Other Commingled fund, Real Estate fund, Private Equity fund, Private Credit fund, Infrastructure fund, and Hedge fund fees are reported net of investment income on the Statement of Changes in Fiduciary Net Position.

Northern Trust Company (Northern Trust) provides custody services for the assets managed by ISBI. These services include safekeeping and transaction processing services for all investment assets of the Member Systems and the Trust Fund. Northern Trust also provides cash management services and all necessary reporting for investment assets including performance reporting and accounting reports. Custody fees paid to Northern Trust are paid quarterly on a fixed fee basis, per ISBI's contract with Northern Trust, which includes custody services, performance and analytics services and various accounting data interface feeds.

Operational Risk Management

ISBI, as part of the State, provides for risks of loss associated with workers' compensation and general liability through the State's self-insurance program, which handles processing of all claims. ISBI retains annual commercial liability insurance. There have been no commercial insurance claims in the past five years. ISBI also maintains governmental fiduciary liability policies to insure against the risk of potential claims related to a breach of responsibilities, obligations, or duties imposed by applicable laws or regulations.

Investment Risks and Uncertainties

ISBI invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the Statement of Fiduciary Net Position.

Use of Estimates

In preparing financial statements in conformity with U.S. generally accepted accounting principles, ISBI makes estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of additions and deductions during the reporting period. Actual results could differ from those estimates and assumptions and the differences may be material.

The determination of fair value for certain investments, such as investments in Bank Loans, Commingled funds, Real Estate funds, Private Equity funds, Private Credit funds, Infrastructure funds, and Hedge Funds, takes into account consideration of a range of factors, including but not limited to the price at which the underlying investments were acquired, the nature of the underlying investments, local market conditions, trading values on public exchanges for comparable underlying investments, current and projected operating performance of the underlying investments, and financing transactions subsequent to the acquisition of the investment. Determining fair value of such investments involves a significant degree of judgment by investment managers.

Because of the inherent uncertainty of the above referenced fair values, the estimated values may differ significantly from the values that would have been used had a ready market for the securities existed, and the differences could be material.

Note 2. Deposits, Investments, Investment Risk, and Fair Value

Deposits

Custodial credit risk for deposits is the risk that, in the event of a financial institution failure, ISBI's deposits may not be returned. Non-investment related bank balances at year-end are held in a State Treasurer's Office assigned account and insured or collateralized with securities held by the Illinois State Treasurer or agents in the name of the State Treasurer. As of June 30, 2025, ISBI had non-investment related bank balances of \$647,914.

A Custodial Credit Risk Policy was implemented by ISBI staff and formally adopted by ISBI in July of 2007 pertaining to investment related deposits. The policy outlines the control procedures used to monitor custodial credit risk. These assets are under the custody of Northern Trust which has an A+ Long-term Deposit/Debt rating by Standard & Poor's and an A2 rating by Moody's. Certain investments of ISBI with maturities of 90 days or less would be considered cash equivalents; these consist of short-term investment funds and U.S. Treasury bills with maturities of 90 days or less. For financial statement presentation and investment purposes, ISBI reports these types of cash equivalents as Money Market Instruments in the Statement of Fiduciary Net Position. As of June 30, 2025, ISBI had investment related bank cash balances of \$15,251,570. These balances include various foreign cash balances at year end. Cash held in the investment related bank account is neither federally insured nor collateralized for amounts in excess of \$250,000. However, ISBI is the beneficiary of multiple policies and bonds held by Northern Trust providing for recovery of various potential losses related to services provided by Northern Trust as ISBI's custodian. At any given point in time, the foreign cash balances may be exposed to custodial credit risk.

Enabling Statutes/Investment Policy

ISBI's investment authority and responsibilities are specified in the Illinois Compiled Statutes, 40 ILCS 5/1 and 40 ILCS 5/22A. These statutes provide ISBI with the authority to manage and invest certain assets.

As described in Note 1, ISBI currently manages and invests the assets of the General Assembly Retirement System, the Judges' Retirement System, the State Employees' Retirement System, and the Illinois Power Agency Trust Fund. All investments undertaken by ISBI are governed by 40 ILCS 5 adopted by the General Assembly in 1982, and other standards codified in the above reference to the statutes.

40 ILCS 5/1-109 requires all members of ISBI and other fiduciaries to "... discharge his or her duties with respect to the retirement system or pension fund solely in the interest of the participants and beneficiaries and: ... With the care, skill, prudence and diligence... By diversifying the investments of the retirement system or pension fund so as to minimize the risk of large losses[.]" ISBI has developed a formal Investment Policy, which has been approved by the Board of Trustees, that outlines investment objectives and philosophies that are implemented in order to achieve the mandates established by the enabling statute.

As noted within the ISBI Investment Policy, ISBI formed an investment committee made up of board members appointed by the Board chair to help shape investment strategies and review investments to support the prudent management of ISBI's assets. The committee meets regularly, keeps minutes, and reports actions and recommendations to the ISBI board at the subsequent board meeting. The investment committee oversees ISBI's investments, recommends policy changes and reviews asset allocation and investment guidelines for ISBI board approval. It also ensures compliance with policies, recommends external advisors for board approval, oversees cost effectiveness, and handles other board-assigned duties.

With input from the investment committee, the ISBI board sets the strategic asset allocation with input from staff and service providers, reviewing targets at least every five years. These targets are percentages of the ISBI's value and may temporarily deviate but are not changed for short-term market conditions. Staff has discretion to rebalance assets to keep allocations within target ranges, using passive investments and considering factors like cash flow and market volatility.

No changes were made to the Investment Policy during fiscal year 2025.

Investment Commitments

ISBI had total unfunded investment commitments of \$4,868,325,808 as of June 30, 2025 across its Real Estate, Private Equity, Private Credit, and Infrastructure investment portfolios. These portfolios consist primarily of passive interests in limited partnerships. ISBI funds outstanding commitments by utilizing available cash and/or selling liquid portfolio securities as necessary.

Investment Liquidity

While the majority of ISBI's portfolio is highly liquid, ISBI does hold investments in Bank Loans, specific Commingled funds, Real Estate funds, Private Equity funds, Private Credit funds, Infrastructure funds, and Hedge funds that are considered illiquid by the very nature of the investment. As such, liquidity risk exists as ISBI may not be able to exit from the illiquid investments during periods of significant fair value declines.

Fair Value Measurements of Investments

ISBI categorizes its fair value measurements within the fair value hierarchy as prescribed by U.S. generally accepted accounting principles. For the year ended June 30, 2025, ISBI had the following recurring fair value measurements:

	Fair Value Measurements Using			Totals
	Level 1	Level 2	Level 3	
<u>Investments by fair value level</u>	\$	\$	\$	\$
Debt securities				
US Government, agency, and municipal obligations	471,987,071	159,715,137	–	631,702,208
Domestic bank loans	–	114,468,797	17,203,009	131,671,806
Domestic corporate obligations	1,503,565	202,052,853	13,783,365	217,339,783
International obligations	–	26,734,336	139,117	26,873,454
Total debt securities	473,490,636	502,971,123	31,125,491	1,007,587,250
Equity securities				
Domestic equities	7,025,383,299	–	14,934,753	7,040,318,052
International equities	206,625,388	–	965,180	207,590,568
Total equity securities	7,232,008,687	–	15,899,933	7,247,908,620
Other				
Commingled funds ¹	8,604,614,492	–	–	8,604,614,492
Total other	8,604,614,492	–	–	8,604,614,492
Total investments by fair value level	16,310,113,815	502,971,123	47,025,424	16,860,110,361
Investments measured at the Net Asset Value (NAV)				
Commingled funds				2,616,346,558
Real estate funds				2,720,352,983
Private equity funds				2,936,390,509
Private credit funds				2,522,410,967
Infrastructure funds				836,935,016
Hedge funds				149,256
Total investments measured at Net Asset Value				11,632,585,289
Investments not measured at fair value				
Money market instruments				175,865,276
Total investments not measured at fair value				175,865,276
Total investments				<u>28,668,560,926</u>

¹ *Commingled Funds with Readily Determinable Fair Value reported as Level 1*

Fair value is the amount that would be received to sell the investment in an orderly transaction between market participants at the measurement date (i.e., the exit price). Fair value measurements are determined within a framework that utilizes a three-tier hierarchy, which maximizes the use of observable inputs and minimizes the use of unobservable inputs. Investments measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1 – Unadjusted quoted prices in active markets for identical assets.

Level 2 – Inputs other than quoted prices that are observable for the asset, either directly or indirectly.

These inputs include:

- (a) Quoted prices for similar assets in active markets;
- (b) Quoted prices for identical or similar assets in markets that are not active;
- (c) Inputs other than quoted prices that are observable for the asset; or
- (d) Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Inputs that are unobservable for the asset. The valuation of these investments requires significant judgment due to the absence of quoted fair values, inherent lack of liquidity, and changes in market conditions.

Money market instruments are valued at amortized cost which approximates fair value.

Valuation methodologies for Level 2 assets are as follows:

- U.S. Government Treasuries and U.S. Agencies: quoted prices for identical securities in markets that are not active;
- International Obligations: quoted prices for similar securities in active markets and quoted prices for identical or similar assets in markets that are not active;
- Corporate Obligations: quoted prices for similar securities in active markets;
- Municipal Obligations: quoted prices for similar securities in active markets;
- Bank Loans: inputs other than quoted prices that are observable for the asset;
- Derivative instruments (currently comprised of rights/warrants reported within equity securities): valued using a market approach that considers foreign exchange rates.

Investments classified as Level 3 are valued using best available sources, including discounted cash flow models, weighting of best available pricing inputs and third-party pricing services. The values are supplied by investment managers or general partners who hold those or similar assets in investment vehicles they oversee. These pricing sources may or may not be indicative of realizable exit values attainable for the assets.

Investments Measured at Net Asset Value

Investments valued using the net asset value (NAV) per share (or its equivalent) are mostly “alternative investments” which, unlike more traditional investments, generally do not have readily obtainable fair values. ISBI’s estimate of the fair value of these alternative investments is determined based on the NAVs of the respective investment funds provided by external investment fund managers. NAV may be used as a practical expedient to estimate the fair value of the investment if certain eligibility criteria are met. Additionally, ISBI’s NAV measurement date (June 30) is different than the year-end the auditors’ reports cover (December 31) for a majority of these investment funds. ISBI evaluates the reliability of the NAVs reported by fund managers at June 30, 2025 based upon, among other factors, the funds’ audited financial statements as of December 31, 2024, as well as the key factors and assumptions used to monitor, collect, and analyze the valuations of the alternative investments in relation to relevant literature.

The following table presents the unfunded commitments, redemption frequency (if currently eligible), and the redemption notice period for alternative investments measured at NAV:

Investments Measured at NAV		UNFUNDED	REDEMPTION	REDEMPTION
June 30, 2025	FAIR VALUE	COMMITMENTS	FREQUENCY	NOTICE PERIOD
Commingled funds	\$ 2,616,346,558	\$ –	Quarterly	90 days
Real estate funds	2,720,352,983	849,117,668	Quarterly	90 days
Private equity funds	2,936,390,509	1,729,055,913	N/A	N/A
Private credit funds	2,522,410,967	1,963,643,003	N/A	N/A
Infrastructure funds	836,935,016	326,509,224	Quarterly	90 days
Hedge funds	149,256	–	Quarterly	90 days
Total investments measured at NAV	<u>11,632,585,289</u>			
	Total Unfunded Commitments	<u>4,868,325,808</u>		

The following content provides further descriptions of investments measured at NAV:

1. Commingled Funds measured at NAV – ISBI’s assets in this category consist of various investments that are blended together in order to provide economies of scale, allowing for lower trading costs per dollar of investment and diversification. These investments provide primarily liquid exposure to publicly traded equity and fixed income markets. The equity and fixed income portfolios provide diversification benefits and return enhancement to the overall fund in both domestic and international markets. Commingled funds are also called “pooled funds” and “master trusts.” ISBI’s current NAV measured commingled fund exposure consists of investments in 61 total funds, including public equity (55) and fixed income (6) funds. 24 of these funds are domestic and 37 are international. The fair value of these investments is based on audited financial statements of the funds adjusted for activity from the audit date to year-end. ISBI has no plans to liquidate these investments as of June 30, 2025.
2. Real Estate Funds – ISBI’s assets in this category consist of investments in Core and Non-Core Real Estate Funds. ISBI’s current Real Estate exposure consists of investments in 82 funds with the goals of diversifying ISBI’s overall portfolio, providing capital appreciation and supplementing the total return of the portfolio through exposure to private real estate assets in both open-end and closed-end structures. Investments in this category are globally diversified and consist of office, industrial, multi-family, retail, storage and other types of assets. Core assets are expected to provide strong diversification through primary markets and high-income potential. Non-Core assets are typically higher risk assets with stronger capital appreciation. The fair value of these investments is based on audited financial statements of the funds adjusted for activity from the audit date to year-end. ISBI has no plans to liquidate these investments as of June 30, 2025.
3. Private Equity Funds – ISBI’s assets in this category consist of investments in funds not listed on public exchanges. ISBI’s current Private Equity exposure consists of investments in 136 funds with the goals of generating returns significantly greater than typically available in the public market and diversifying ISBI’s overall portfolio that is comprised predominantly of equity and fixed income assets. The strategies of Private Equity funds include, but are not limited to, leveraged buyouts, venture capital, and growth capital. Returns are commensurate with the risks presented by this asset class which include illiquidity. These funds have underlying portfolio investments that cannot be redeemed with the funds but rather these funds will make distributions of capital as the funds liquidate their underlying portfolio investments over the average 10-year life of the funds. The fair value of these investments is based on audited financial statements of the funds adjusted for activity from the audit date to year-end. ISBI has no plans to liquidate these investments as of June 30, 2025.

4. Private Credit Funds – ISBI’s assets in this category consist of investments in private fixed income markets. ISBI’s current Private Credit exposure consists of investments in 123 funds with the goals of diversifying ISBI’s overall portfolio, providing downside protection through assets that are capital collateralized, and supplementing the total return of the portfolio which is comprised predominantly of equity and fixed income assets. These funds have underlying portfolio investments that cannot be redeemed with the funds but rather these funds will make distributions of capital as the funds liquidate their underlying portfolio investments over the average 10-year life of the funds. The fair value of these investments is based on audited financial statements of the funds adjusted for activity from the audit date to year-end. ISBI has no plans to liquidate these investments as of June 30, 2025.
5. Infrastructure Funds – ISBI’s assets in this category consist of investments in funds that target infrastructure assets that provide essential services or facilities to a community (ports, bridges, toll roads, etc.). ISBI’s current infrastructure exposure consists of investments in 27 funds that seek to diversify ISBI’s overall portfolio (comprised predominantly of equity and fixed income assets) and provide capital appreciation and income generation through both open-end and closed-end structures. Investments in this category are globally diversified and consist of Core and Non-Core assets. Core assets are expected to provide strong diversification through primary markets and high-income potential. Non-Core assets are typically higher risk assets with stronger capital appreciation. The fair value of these investments is based on audited financial statements of the funds adjusted for activity from the audit date to year-end. ISBI has no plans to liquidate these investments as of June 30, 2025.
6. Hedge Funds – ISBI historically invested in hedge funds that sought to generate better than average return and provide a hedge against a downward trend in the overall market. ISBI transitioned its investments in these hedge fund vehicles to long-only equity vehicles. ISBI’s current Hedge Fund exposure consists of long only equity assets and a residual investment in one hedge fund. Returns are commensurate with the risks presented by this asset class which include illiquidity. The fair value of these investments is based on audited financial statements of the fund adjusted for activity from the audit date to year-end. It is not probable that any investment will be sold at an amount different from the NAV of ISBI’s ownership interest.

Concentration of Credit Risk and Credit Risk for Investments

ISBI’s portfolio of investments is managed by professional investment management firms. Each investment manager must comply with risk management guidelines individually assigned to them as part of their investment management agreement. ISBI does not set specific credit risk limits within its Investment Policy and did not have any single issuer investment that exceeded 5% of the total investments of ISBI as of June 30, 2025.

The following table presents the quality ratings of debt securities held by ISBI as of June 30, 2025:

	<u>Moody's Quality Rating</u>	<u>\$</u>
U.S. government and agency obligations	AAA	304,065,341
	AA	327,636,867
Total U.S. government and agency obligations		<u>631,702,208</u>
Domestic corporate obligations		
Banks	AAA	7,507,470
	NR	7,546,340
Total banks		<u>15,053,810</u>
Insurance	B	4,694,313
Total insurance		<u>4,694,313</u>
Other	AAA	40,601,081
	AA	15,202,103
	A	2,029,093
	BA	40,397,444
	B	33,124,588
	CAA	3,672,240
	Not rated	62,565,111
Total other		<u>197,591,660</u>
Total domestic corporate obligations		<u>217,339,783</u>
Domestic bank loans	BA	2,393,672
	B	20,972,482
	CAA	9,099,744
	Not rated	99,205,908
Total domestic bank loans		<u>131,671,806</u>
International obligations	B	8,136,527
	CAA	7,630,642
	Not rated	11,106,285
Total international obligations		<u>26,873,454</u>
Money market instrument		
Total money market instruments	Not rated	<u>175,865,276</u>
Total		<u>1,183,452,527</u>

Custodial Credit Risk for Investments

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, ISBI will not be able to recover the value of investments or collateral securities that are in the possession of the counterparty. ISBI's Investment Policy places no limit on the amount ISBI may invest in any one issuer. As of June 30, 2025, there were no securities held by the counterparty or by its trust department or agent but not in ISBI's name.

Interest Rate Risk

ISBI manages its exposure to fair value losses arising from interest rate risk by diversifying the debt securities portfolio and maintaining the debt securities portfolio to an effective weighted duration. ISBI does not set specific investment weighted duration limits within its Investment Policy. As of June 30, 2025, the effective weighted duration of ISBI's fixed income portfolio was 6.1 years and the effective duration of the benchmark index (Barclay's U.S. Universal Index) 5.8 years.

Duration is the measure of a debt investment's exposure to fair value changes arising from changing interest rates. It uses the present value of cash flows, weighted for those cash flows as a percentage of the investment's fair value. The effective duration measures the sensitivity of market price to parallel shifts in the yield curve. Below is the detail of ISBI's duration by investment type as of June 30, 2025:

Investment Type	Fair Value \$	Effective Weighted Duration Years
U.S. government, agency, and municipal obligations		
U.S. government	631,462,083	7.5
U.S. federal agency	240,125	0.0
Total U.S. government, agency and municipal obligations	<u>631,702,208</u>	
Domestic obligations		
Banks	15,053,810	0.3
Insurance	4,694,313	0.1
Other	<u>197,591,660</u>	2.6
Total domestic obligations	<u>217,339,783</u>	
International obligations	<u>26,873,454</u>	2.8
	<u><u>875,915,445</u></u>	

For the ISBI bank loans portfolio, the appropriate measure of interest rate risk is weighted average maturity. Weighted average maturity is the average time it takes for securities in a portfolio to mature, weighted in proportion to the dollar amount that is invested in the portfolio. Weighted average maturity measures the sensitivity of fixed-income portfolios to interest rate changes. At June 30, 2025, the weighted average maturity of ISBI's bank loan portfolio was 0.3 years.

Foreign Currency Risk

The international portfolio is constructed on the principles of diversification, quality, growth, and value. Risk of loss arises from changes in currency exchange rates and other factors. Certain investments held in Real Estate, Private Equity, Private Credit, and Infrastructure funds trade in a reported currency of Euro-based or British Pound-based dollars valued at \$108,574,253 as of June 30, 2025. ISBI does not set specific foreign denominated investment limits within its Investment Policy. The following table presents foreign currency risk by type of investment as of June 30, 2025:

	International Equities	Foreign Obligations
	\$	\$
Brazilian Real	3,368,405	–
British Pound Sterling	14,700,717	–
Canadian Dollar	–	1,011,787
Euro Currency	81,393,746	–
Hong Kong Dollar	5,832,866	–
Indonesian Rupiah	1,420,011	–
Japanese Yen	22,471,029	–
Norwegian Krone	–	505,106
South Korean Won	7,716,247	–
Swiss Franc	1,109,814	–
Taiwan Dollar	8,634,191	–
United Arab Emirates Dirham	3,915,523	–
Foreign Investments denominated in U.S. Dollars	57,028,019	25,356,561
	<u>207,590,568</u>	<u>26,873,454</u>

Derivative Securities

In fiscal year 2010, ISBI implemented GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, with respect to investments held in derivative securities. A derivative security is an investment whose payoff depends upon the value of other assets such as commodity prices, bond and stock prices, or a market index. ISBI currently only invests in rights and warrants derivative instruments. ISBI's derivatives are considered investment derivatives.

Rights and warrants allow ISBI investment managers to replicate an underlying security they wish to hold (sell) in the portfolio. Rights and warrants provide the holder with the right, but not the obligation, to buy or sell a company's stock at a predetermined price. Rights usually expire after a few weeks and warrants can expire from one to several years. These investments are reported at fair value in the investment section of the Statement of Fiduciary Net Position within the domestic and international equity classifications. The gain or loss associated with rights and warrants is recognized in the net increase/decrease in the fair value of investments in the Statement of Changes in Fiduciary Net Position.

The following table presents the investment derivative instruments aggregated by type that were held by ISBI as of June 30, 2025:

	Changes in Fair Value	Fair Value at Year End	Notional Amount
	\$	\$	Number of shares
Rights/Warrants	7,040	369,137	139,184
	<u>7,040</u>	<u>369,137</u>	<u>139,184</u>

Derivative transactions involve, to varying degrees, credit risk and market risk. Credit risk is the possibility that a loss may occur because a party to a transaction fails to perform according to terms. Derivatives which are exchange traded are not subject to credit risk. No derivatives held are subject to custodial credit risk. Market risk is the possibility that a change in interest (interest rate risk) or currency rates (foreign currency risk) will cause the value of a financial instrument to decrease or become more costly to settle. The market risk associated with derivatives, the prices of which are constantly fluctuating, is regulated by imposing strict limits as to the types, amounts, and degree of risk that investment managers may undertake. These limits are approved by ISBI management and the risk positions of the investment managers are periodically reviewed by ISBI's strategic partners to monitor compliance with the limits.

Investment Rate of Return

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts invested (e.g., Member Systems contributions and withdrawals). For the year ended June 30, 2025, the annual money-weighted rate of return on fund investments, net of investment expense, was 9.67 percent.

Note 3. Member Systems' and Trust Fund Participation

	General Assembly	Judges'	State Employees'	Illinois State Board of Investment Member Systems*	Power Agency	Total State Board of Investment*
Member Systems' and Trust Fund's Income and Expenses						
Fiscal Year Ended June 30, 2025	\$	\$	\$	\$	\$	\$
Interest and dividends	1,009,451	12,818,793	321,011,321	334,929,565	595,478	335,525,043
Net realized gain on investments	2,730,537	35,625,905	803,108,874	841,465,316	1,491,331	842,956,647
Net unrealized gain (loss) on investments	4,347,310	70,348,026	1,278,719,586	1,353,414,922	2,373,282	1,355,788,204
Administrative expenses	(76,325)	(1,232,631)	(22,444,245)	(23,753,201)	(41,707)	(23,794,908)
Net income (loss)	<u>8,100,973</u>	<u>117,560,093</u>	<u>2,380,395,535</u>	<u>2,506,056,602</u>	<u>4,418,385</u>	<u>2,510,474,986</u>

Member Systems' and Trust Fund's Changes in Net Position Fiscal Year Ended June 30, 2025

Net assets at beginning of period	83,731,282	1,379,926,119	24,657,335,891	26,120,993,292	45,695,548	26,166,688,840
Member systems' net contributions (withdrawals)	—	(42,500,000)	(50,000,000)	(92,500,000)	(3,612,223)	(96,112,223)
Net income (loss)	8,100,973	117,560,093	2,380,395,535	2,506,056,601	4,418,385	2,510,474,986
Net assets at end of period	<u>91,832,255</u>	<u>1,454,986,212</u>	<u>26,987,731,426</u>	<u>28,534,549,893</u>	<u>46,501,711</u>	<u>28,581,051,604</u>

The source of net assets of the Member Systems and Trust Fund since inception at June 30, 2025, is as follows:

Member systems' net contributions (withdrawals)	(85,910,878)	(221,735,968)	(3,741,826,841)	(4,049,473,687)	7,531,467	(4,041,942,220)
Accumulated net income	177,743,133	1,676,722,180	30,729,558,267	32,584,023,580	38,970,244	32,622,993,824
Net position at fair value	<u>91,832,255</u>	<u>1,454,986,212</u>	<u>26,987,731,426</u>	<u>28,534,549,893</u>	<u>46,501,711</u>	<u>28,581,051,604</u>

*Combined column for the Member Systems and Trust Fund is presented for information purposes only and does not indicate that the assets of one system may be used for another system.

Member Systems' and Trust Fund's Money Weighted Returns Fiscal Year Ended June 30, 2025

	9.88%	7.72%	9.79%	n/a	1.96%	9.67%
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Member Systems' contributions are comprised of amounts received directly from the State Employees' Retirement System, General Assembly Retirement System, and Judges' Retirement System. One contribution was made by the Illinois Power Agency to the Trust Fund in fiscal year 2025, totaling \$3,260 and withdrawals from the Trust Fund to the Illinois Power Agency were \$3,615,483. Member Systems' withdrawals are determined by the member retirement systems based on the State's funding and other needs, the Member Systems' benefit payment needs and the ability for ISBI to liquidate available assets. The Member Systems' total withdrawals for fiscal year 2025 were \$92,500,000.

Note 4. Employee Benefits

Pension Plan Description

All ISBI employees participate in the State Employees' Retirement System (SERS), which is a pension trust fund in the State of Illinois reporting entity. SERS is a single-employer, defined benefit, public employee retirement system (PERS) in which State employees participate, except those covered by the State Universities, Teachers', General Assembly, and Judges' Retirement Systems. The financial position and results of operations of SERS are included in the Annual Comprehensive Financial Report (Annual Report) of the State of Illinois. SERS, the General Assembly Retirement System, and the Judges' Retirement System also issue separate Annual Reports that may be obtained by writing to the State Retirement Systems, 2101 South Veterans Parkway, Springfield, IL 62704 or by calling (217) 785-7444. The State of Illinois Annual Report may be obtained by writing to the State Comptroller's Office, Financial Reporting Department, 325 West Adams Street, Springfield, IL 62704-1858 or by calling (217) 782-6000.

A summary of SERS' benefit provisions, changes in benefit provisions, employee eligibility requirements including eligibility for vesting, and the authority under which benefit provisions are established, are included as an integral part of SERS' Annual Report. Also included is a discussion of employer and employee obligations to contribute, and the authority under which those obligations are established.

Funding Policy

ISBI pays employer retirement contributions based upon an actuarially determined percentage of payroll. For fiscal year 2025, the employer contribution rate was 51.18%. ISBI's employer contributions to SERS for fiscal year 2025 were \$914,338, equal to the required contribution.

Effective for pay periods beginning after December 31, 1991, the Board of Trustees opted to pay the employee portion of retirement for ISBI employees covered by the State Employees' Retirement System. In November 2010 the Board of Trustees amended the policy to pay the employee portion of retirement to only apply to current employees as of the date of the policy change. New employees from that date forward must pay their own employee portion of retirement contributions. ISBI employee contributions to SERS for the employee portion for fiscal year 2025 was \$9,785.

The Governmental Accounting Standards Board (GASB) Statement 68, *Accounting and Financial Reporting for Pensions*, became effective for ISBI beginning in fiscal year 2015. This statement requires the allocation of the net pension liability to funds and agencies of the State of Illinois. ISBI is excluded from the allocation requirement because allocations to internal service funds, the State Employees Retirement Pension Trust Fund and the Pension Investment Fund are not considered necessary because the allocation of pension costs for these funds must ultimately be recovered through charges to other state funds.

Other Employee Benefits, Including Other Post-Employment Benefits

The State provides health, dental, vision, and life insurance benefits for retirees and their dependents in a program administered by the Department of Central Management Services. Substantially all State employees become eligible for post-employment benefits if they eventually become annuitants of one of the State sponsored pension plans. Health, dental, and vision benefits include basic benefits for annuitants under the State's self-insurance plan and insurance contracts currently in force. Annuitants may be required to contribute towards health, dental, and vision benefits with the amount based on factors such as date of retirement, years of credited service with the State, whether the annuitant is covered by Medicare, and whether the annuitant has chosen a managed health care plan. Annuitants who retired prior to January 1, 1998, and who are vested in the State Employees' Retirement System, do not contribute toward health, dental, and vision benefits. For annuitants who retire on or after January 1, 1998, the annuitant's contribution amount is reduced five percent for each year of credited service with the State

allowing those annuitants with twenty or more years of credited service to not have to contribute towards health, dental, and vision benefits. Annuitants also receive life insurance coverage equal to the annual salary of the last day of employment until age 60, at which time the benefit becomes \$5,000.

The total cost of the State's portion of health, dental, vision, and life insurance benefits of all members including post-employment health, dental, vision, and life insurance benefits, is recognized as an expenditure by the State in the Illinois Annual Report. The State finances the cost on a pay-as-you-go basis. The total costs incurred for health, dental, vision, and life insurance benefits are not separated by department or component unit for annuitants and their dependents nor active employees and their dependents.

The GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, became effective for ISBI beginning in fiscal year 2018. This statement requires the allocation of Other Post Employment Benefit Plan (OPEB) liability to funds and agencies of the State of Illinois. ISBI is excluded from the allocation requirement because allocations to internal service funds, the State Employees Retirement Pension Trust Fund and the Pension Investment Fund are not considered to be appropriate because the allocation of OPEB costs for these funds must ultimately be recovered through charges to other state funds.

A summary of post-employment benefit provisions, changes in benefit provisions, employee eligibility requirements including eligibility for vesting, and the authority under which benefit provisions are established are included as an integral part of the financial statements of the Department of Central Management Services. A copy of the financial statements of the Department of Central Management Services may be obtained by writing to the Department of Central Management Services, 715 Stratton Building, 401 South Spring Street, Springfield, Illinois 62706-4100.

Note 5. New or Pending Governmental Accounting Standards

Newly Adopted Accounting Standards in Current Period

There were no newly adopted accounting standards that had a significant impact on ISBI's financial statements as of June 30, 2025. ISBI evaluated the impact of the following standards in the compiling of the financial statements:

GASB Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

GASB Statement No. 102, *Certain Risk Disclosures*. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The requirements of this Statement will improve financial reporting by providing users of financial statements with essential information that currently is not often provided. The disclosures will provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. As a result, users will have better information with which to understand and anticipate certain risks to a government's financial condition. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter.

New Accounting Standards Applicable to Future Periods

ISBI is currently reviewing the following account standards for applicability and potential impact on the financial statements in future periods:

GASB Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. The requirements of this Statement will improve financial reporting by providing users of financial statements with essential information about certain types of capital assets in order to make informed decisions and assess accountability. Additionally, the disclosure requirements will improve consistency and comparability between governments. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

Note 6. Subsequent Events

ISBI has performed an evaluation of subsequent events through March 7, 2026, which is the date the financial statements were available to be issued, noting no material subsequent events that require disclosure.

OTHER FINANCIAL INFORMATION

2025

2025 Total Portfolio*

TEN LARGEST POSITIONS	(\$ IN THOUSANDS)
CF ISBI US TREASURY U/A	2,713,142
CF BLACKROCK MSCI WORLD EX USA INDEX FUND C	1,980,630
CF US DEBT INDEX FUND C	1,933,758
CF BLACKROCK US TREASURY INFLATION-LINKED INDEX FUND C	832,186
CF BLACKROCK MSCI EMERGING MARKETS FREE	773,957
NVIDIA CORP COM	437,096
MICROSOFT CORP COM	436,078
APPLE INC COM STK	357,516
CBRE U.S. CORE PARTNERS LP	350,716
IFM GLOBAL INFRASTRUCTURE (US) LP	317,339

* Includes commingled and alternative investment funds

TOP 10 MANAGERS	(\$ IN THOUSANDS)
BLACKROCK	8,604,614
RHUMBLINE ADVISORS	7,066,548
GARCIA HAMILTON & ASSOCIATES	671,399
BLACKSTONE GROUP	361,948
CB RICHARD ELLIS INVESTORS	351,279
OAK HILL ADVISORS	347,723
BLUE OWL CAPITAL	337,806
INDUSTRY FUNDS MANAGEMENT	317,339
MORGAN STANLEY	248,661
CLARION PARTNERS	219,177

2025 Equity Portfolio**

FIVE LARGEST INDUSTRY POSITIONS	EQUITIES HELD	PERCENT OF S&P 500
	%	%
INFORMATION TECHNOLOGY	30.9	31.6
FINANCIALS	14.6	12.9
CONSUMER DISCRETIONARY	10.6	11.2
INDUSTRIALS	9.8	10.2
HEALTH CARE	9.6	7.5

FIFTEEN LARGEST EQUITY POSITIONS	PERCENT OF EQUITIES HELD	(\$ IN THOUSANDS) FAIR VALUE
	%	\$
NVIDIA CORP COM	6.1	437,096
MICROSOFT CORP COM	6.1	436,078
APPLE INC COM STK	5.0	357,516
AMAZON COM INC COM	3.5	248,776
META PLATFORMS INC COM USD0.000006 CL 'A'	2.7	190,499
BROADCOM INC COM	2.1	150,514
ALPHABET INC CAPITAL STOCK USD0.001 CLA	1.7	121,093
CF BLACKROCK EMERGING MKTS SMALL CAP EQ INDX FD	1.5	108,714
BERKSHIRE HATHAWAY INC COM USD0.0033 CLASS 'B'	1.5	105,911
TESLA INC COM USD0.001	1.5	105,623
ALPHABET INC CAP STK USD0.001 CL C	1.4	99,248

FIFTEEN LARGEST EQUITY POSITIONS (CONT)	PERCENT OF EQUITIES HELD	(\$ IN THOUSANDS) FAIR VALUE
	%	\$
JPMORGAN CHASE & CO COM	1.3	95,177
ELI LILLY & CO COM NPV	1.0	73,823
VISA INC COM CL A STK	1.0	71,485
NETFLIX INC COM STK	0.9	67,088

MAJOR EQUITY PURCHASES	(\$ IN THOUSANDS) FAIR VALUE
APPLE INC	75,833
MICROSOFT CORP	62,673
NVIDIA CORP	61,866
AMAZON INC	47,735
META PLATFORMS INC	26,314

MAJOR EQUITY SALES	(\$ IN THOUSANDS) FAIR VALUE
APPLE INC	20,309
NVIDIA CORP	20,173
MICROSOFT CORP	17,881
AMAZON INC	8,839
ALPHABET INC	7,975

** Does not include commingled equity funds

2025 Fixed Income Portfolio***

Average Duration	6.10 Years
Average Coupon	5.4%
Average Quality	A

FIXED INCOME QUALITY ANALYSIS	%
AAA	30
AA	28
A	1
BAA	3
BA	1
B	5
CAA or lower	10
Not Rated	22

FIXED INCOME INDUSTRY DIVERSIFICATION	%
Domestic Government and Agency	53.4
Domestic Bank Loans	11.1
Domestic Obligations	
Banks	1.3
Insurance	0.4
Other	16.7
Internationals	2.3
Money Markets	14.9

*** Data does not include commingled bonds and short trades

EQUITY

3 BOOMERANG CAPITAL
 ADVENT INTERNATIONAL
 AKO CAPITAL
 ALDRICH CAPITAL PARTNERS
 AMERICAN SECURITIES
 AMULET CAPITAL PARTNERS
 ARIEL INVESTMENTS
 ASCEND PARTNERS
 ASTARA CAPITAL PARTNERS
 ATYANT CAPITAL
 BAIN CAPITAL
 BANNEKER PARTNERS
 BAYHAWK CAPITAL
 BLACKROCK
 BLACKSTONE GROUP
 BLUESPRUCE INVESTMENTS
 BREGAL SAGEMOUNT MANAGEMENT
 BRIDGEPOINT DEVELOPMENT CAPITAL
 BV INVESTMENT PARTNERS
 CHARGER INVESTMENT PARTNERS
 CINVEN LIMITED
 CIVC PARTNERS
 CLARENDON CAPITAL
 CLEARHAVEN PARTNERS
 CLEARLAKE CAPITAL
 COATUE CAPITAL
 CORNELL CAPITAL
 COURT SQUARE CAPITAL PARTNERS
 CVC CAPITAL PARTNERS
 DIGITAL ALPHA ADVISORS
 DURABLE CAPITAL PARTNERS
 EFFISSIMO CAPITAL MANAGEMENT
 EGERTON CAPITAL
 ELECTRON CAPITAL
 ENGINE CAPITAL MANAGEMENT
 ENHANCED HEALTHCARE
 ENLIGHTENMENT CAPITAL
 EQT GROUP
 FERNBRIDGE CAPITAL MANAGEMENT
 FFL CAPITAL PARTNERS
 FORT POINT CAPITAL
 FRANKLIN PARK ASSOCIATES
 FTV CAPITAL
 GENSTAR CAPITAL PARTNERS
 GHK CAPITAL PARTNERS
 GOLDNER HAWN
 GQG PARTNERS
 GRIDIRON CAPITAL
 HAMILTON LANE ADVISORS
 HAVEN CAPITAL
 HEARD CAPITAL
 HILLHOUSE CAPITAL GROUP

ICHIGO ASSET MANAGEMENT
 INSIGHT PARTNERS
 INTEGRUM HOLDINGS
 INTERWEST PARTNERS
 JANUS HENDERSON INVESTORS
 JF LEHMAN & COMPANY
 K1 INVESTMENT MANAGEMENT
 KAINOS CAPITAL
 KELSO & COMPANY
 KINGSWOOD CAPITAL MANAGEMENT
 KPS CAPITAL PARTNERS
 LANCASTER INVESTMENT MANAGEMENT
 LEVINE LEICHTMAN CAPITAL PARTNERS
 MADISON DEARBORN PARTNERS
 MAIN CAPITAL PARTNERS
 MIDDLEGROUND CAPITAL
 NEWVIEW CAPITAL MANAGEMENT
 OAK HC/FT
 ODYSSEY INVESTMENT PARTNERS
 PARVUS ASSET MANAGEMENT
 PLATINUM EQUITY CAPITAL PARTNERS
 POST ROAD GROUP
 PRINCETON EQUITY GROUP
 RHUMLINE ADVISORS
 RIVERGLADE CAPITAL
 ROARK CAPITAL GROUP
 SOROBAN CAPITAL PARTNERS
 SRS INVESTMENT MANAGEMENT
 SUMMIT PARTNERS
 SUNSTONE PARTNERS
 TA ASSOCIATES
 TECHNOLOGY CROSSOVER VENTURES
 THE RIVERSIDE COMPANY
 THE VISTRIA GROUP
 THE WINDACRE PARTNERSHIP
 THE CHILDREN'S INVESTMENT FUND
 THINK INVESTMENTS
 THL PARTNERS
 THOMA BRAVO
 TIGER GLOBAL MANAGEMENT
 TEXAS PACIFIC GROUP
 VALOR EQUITY PARTNERS
 VIKING GLOBAL EQUITIES
 VISTA EQUITY PARTNERS
 VOSS CAPITAL
 WARBURG PINCUS
 WAUD CAPITAL PARTNERS
 WELSH, CARSON, ANDERSON & STOWE
 WICKS GROUP
 ZM CAPITAL

FIXED INCOME

ANCHORAGE CAPITAL GROUP
 APOLLO MANAGEMENT
 ARES MANAGEMENT CORPORATION
 ASCRIBE CAPITAL
 ASHGROVE CAPITAL MANAGEMENT
 ATLANTIC PARK CAPITAL
 AUDAX MANAGEMENT COMPANY
 AVENUE CAPITAL GROUP
 BALANCE POINT CAPITAL PARTNERS
 BC PARTNERS
 BENEFIT STREET PARTNERS
 BLACKROCK
 BLACKSTONE GROUP
 BLANTYRE CAPITAL
 BLUE OWL CAPITAL
 BLUE TORCH CAPITAL
 BREGAL SAGEMOUNT MANAGEMENT
 BRIGADE CAPITAL MANAGEMENT
 CALLODINE CREDIT MANAGEMENT
 CANYON PARTNERS
 CASTLELAKE
 CENTRE LANE PARTNERS
 CHAMBERS ENERGY CAPITAL
 CHARLESBANK CAPITAL PARTNERS
 CIBOLO ENERGY PARTNERS
 CLEARLAKE CAPITAL
 COLBECK CAPITAL MANAGEMENT
 COMVEST GROUP HOLDING
 CRAYHILL CAPITAL MANAGEMENT
 CRESCENT CAPITAL GROUP
 CRESTLINE INVESTORS
 DAWSON PARTNERS
 DIAMETER CAPITAL PARTNERS
 ESO CAPITAL GROUP
 GARCIA HAMILTON & ASSOCIATES
 GOLDENTREE ASSET MANAGEMENT
 HARBOURVIEW EQUITY PARTNERS
 HARK CAPITAL
 HUDSON COVE CAPITAL MANAGEMENT
 HUDSON STRUCTURED CAPITAL MANAGEMENT
 ICG
 INCUS CAPITAL
 INNOVATUS CAPITAL PARTNERS
 JVP MANAGEMENT
 KENNEDY LEWIS INVESTMENT MANAGEMENT
 KOHLBERG KRAVIS ROBERTS & COMPANY
 LAPIS ADVISERS
 LOCUST POINT CAPITAL
 MB GLOBAL PARTNERS
 MGG INVESTMENT GROUP
 MULTIPLIER CAPITAL
 OAK HILL ADVISORS

FIXED INCOME

OAKTREE CAPITAL MANAGEMENT
 O'BRIEN-STALEY PARTNERS
 PACIFIC ALLIANCE GROUP
 PARTNERS FOR GROWTH MANAGERS
 PATHLIGHT CAPITAL
 PEACHTREE HOTEL GROUP
 PHOENIX MERCHANT PARTNERS
 POETIC GROUP
 RM CHARTER ASSOCIATES
 ROSEMAWR MANAGEMENT
 ROUNDSHIELD PARTNERS
 SANDTON CAPITAL PARTNERS
 SILVER POINT CAPITAL
 SONA ASSET MANAGEMENT
 STABILIS CAPITAL MANAGEMENT
 SUMMIT PARTNERS
 TACONIC CAPITAL ADVISORS
 TACORA CAPITAL
 TACORA CAPITAL
 TCI FUND MANAGEMENT
 TORCHLIGHT INVESTORS
 TURNING ROCK PARTNERS
 VELD CAPITAL
 WHITEHAWK CAPITAL

STRATEGIC PARTNERS

FRANKLIN PARK ASSOCIATES
 HAMILTON LANE ADVISORS
 HIGHVISTA STRATEGIES
 THE ROCK CREEK GROUP

REAL ASSETS

AJ CAPITAL PARTNERS
 ALINDA CAPITAL PARTNERS
 AMALGAMATED BANK
 ARES MANAGEMENT CORPORATION
 ARROYO ENERGY PARTNERS
 ASTERION INDUSTRIAL Partners
 BAIN CAPITAL
 BLACKROCK
 BLACKSTONE GROUP
 BLUE OWL CAPITAL
 BRASA CAPITAL
 BROOKFIELD ASSET MANAGEMENT
 CABOT PROPERTIES
 CANYON PARTNERS
 CB RICHARD ELLIS INVESTORS
 CENTERBRIDGE ASSOCIATES
 CLARION PARTNERS
 COMUNIDAD PARTNERS
 CVC DIF MANAGEMENT
 DIGITALBRIDGE GROUP
 ELION PARTNERS
 EQT GROUP
 FEDERAL CAPITAL PARTNERS
 GAW CAPITAL
 GRAIN MANAGEMENT
 GRANDVIEW PARTNERS
 H2 EQUITY PARTNERS
 HARRISON STREET
 HILLPOINTE
 I SQUARED CAPITAL
 INDUSTRY FUNDS MANAGEMENT
 INNOVATUS CAPITAL PARTNERS
 IRON POINT PARTNERS
 JEN CAPITAL
 JONATHAN ROSE COMPANIES

KAYNE ANDERSON CAPITAL ADVISORS
 KOHLBERG KRAVIS ROBERTS & COMPANY
 LATITUDE MANAGEMENT REAL ESTATE HOLDINGS
 LONE STAR FUNDS
 LONG WHARF REAL ESTATE PARTNERS
 MACQUARIE GROUP
 MADISON INTERNATIONAL REALTY
 MERIT CAPITAL PARTNERS
 MJE-LOOP CAPITAL PARTNERS
 MONTGOMERY STREET PARTNERS
 MORGAN STANLEY
 NIAM GROUP
 NOVA INFRASTRUCTURE
 PEPPERTREE CAPITAL
 PROLOGIS
 RAM REALTY ADVISORS
 REALTERM GLOBAL
 ROUNDSHIELD PARTNERS
 RREEF FUNDS
 RUBICON POINT PARTNERS
 SCULPTOR CAPITAL MANAGEMENT
 SDC CAPITAL PARTNERS
 STONEPEAK ASSOCIATES
 STREAM REALTY PARTNERS
 TEXAS PACIFIC GROUP
 TRIGATE CAPITAL
 TRISTAN CAPITAL PARTNERS
 TWENTYTWO REAL ESTATE
 ULLICO INFRASTRUCTURE
 WALTON STREET CAPITAL
 WATERTON INVESTMENT ADVISER
 WESTBROOK REAL ESTATE PARTNERS

TRANSACTIONS EXECUTED ON A NET BASIS*

	Transaction Value		Transaction Value
	\$		\$
FIXED INCOME SECURITIES		FIXED INCOME SECURITIES	
BANCO SANTANDER S.A. NEW YORK	1,004,844.00	STATE STREET BK & TRST CO,N.A NWYK	10,477,552.31
BANK OF AMERICA CORPORATION	663,205.96	STIFEL NICOLAUS & CO,INCORORATED	1,321,500.00
BANK OF AMERICA MERRILL LYNCH-BAML	37,913,208.00	STONEX GROUP INC	33,865,795.00
BANK OF MONTREAL NY	1,597,012.00	SUNTRUST ROBINSON HUMPHREY, INC.	703,812.50
BANK OF MONTREAL, THE	5,075,063.60	THE BANK OF NEW YORK MELLON	175,736.00
BARCLAYS BANK PLC	13,680,186.00	TORONTO DOMINION BANK, THE	5,411,285.49
BMO CAPITAL MARKETS CORP	1,174,125.00	U.S. BANK	304,875.00
BNP PARIBAS PARIS	967,535.88	U.S. BANK TRUST (DOMESTIC TRADE SERVICES)	4,252,905.00
BNP PARIBAS SECURITIES CORPORATION	788,750.00	UBS AG STAMFORD BRANCH	4,951,517.00
CABRERA CAPITAL MARKETS, LLC	4,129,087.00	WELLS FARGO BANK, N.A.	2,529,877.00
CANTOR FITZGERALD AND CO.	2,350,281.00	WILLIAMS CAPITAL GROUP L.P.,THE	715,091.84
CANTOR FITZGERALD EUROPE	852,795.99		
CASTLEOAK SEC	7,903,930.00	TOTAL	<u>\$388,754,549.60</u>
CHICAGO BKL TEAM	42,880,614.55		
CHICAGO INCOME	157,826.68	COMMISSIONS PAID	
CIBC WORLD MARKETS CORP.	1,400,000.00		
CITIBANK N.A.	92,033.75		
CITIGROUP GLOBAL MARKETS INC.	8,593,420.43		
CITIGROUP GLOBAL MARKETS INC./			
SALOMON BROTHERS	4,348,086.45	EQUITY SECURITIES	Amount
DEUTSCHE BANK AG	875,134.00		\$
DEUTSCHE BANK SECURITIES INC.	2,912,000.00	STATE STREET BK & TRST CO,N.A NWYK	77,285.30
FIRST TENNESSEE SECURITIES	10,202,723.48	MERRILL LYNCH INTERNATIONAL LIMITED	45,740.69
GOLDMAN SACHS BANK USA.	960,030.00	INSTINET EUROPE LIMITED	43,215.34
GOLDMAN SACHS LENDING PARTNERS LLC	8,230.00	CABRERA CAPITAL MARKETS LLC	19,519.66
GOLDMAN, SACHS AND CO.	23,807,873.00	INSTINET PACIFIC LIMITED	13,990.22
GREAT PACIFIC SECURITIES	9,760,977.00	BNY CONVERGEX EXECUTION SOLUTIONS	11,681.74
INDST & COMM BANK OF CHINA	1,213,395.04	LOOP CAPITAL MARKETS LLC	11,360.73
INTL FCSTONE FINANCIAL INC./BD RATE	1,125,000.00	BANK OF AMERICA CORPORATION	11,154.73
J.P. MORGAN SECURITIES LLC	25,505,650.00	PENSERRA SECURITIES LLC	10,813.67
JANNEY MONTGOMERY SCOTT NEW YORK	476,250.00	CITIGROUP GLOBAL MARKETS EUROPE AG	9,270.41
JEFFERIES LLC.	12,150,450.00	CACEIS BANK FRANCE	8,029.60
JPMORGAN CHASE BANK, N.A.	8,586,722.00	UBS AG LONDON BRANCH	7,963.85
MARKETAXESS CORPORATION	3,135,873.10	BARCLAYS CAPITAL	7,843.08
MERRILL LYNCH INTERNATIONAL LIMITED	813,535.00	BANK OF AMERICA MERRILL LYNCH SECS	6,237.26
MFR SECURITIES INC.	2,213,180.00	ACADEMY SECURITIES, INC.	5,697.80
MISCHLER FINANCIAL GROUP INC-EQUITIES	3,919,763.00	UBS AG STAMFORD BRANCH	5,150.23
MITSUBISHI UFJ SECURITIES (USA),INC	398,250.00	JPMORGAN SECURITIES (ASIA PACIFIC)	4,909.86
MORGAN STANLEY AND CO., LLC	20,221,500.00	WILLIAMS CAPITAL GROUP L.P.,THE	4,583.68
MORGAN STANLEY BANK, N A	881,870.00	GOLDMAN, SACHS AND CO.	4,579.89
NATIONAL FINANCIAL SERVICES LLC	2,039,062.50	JEFFERIES LLC.	4,340.68
NOMURA INTERNATIONAL PLC	511,883.00	VIRTU AMERICAS LLC	4,200.17
NOMURA SECURITIES NEW YORK	964,775.00	MIZUHO SECURITIES USA INC.	4,188.21
NORTHERN TRUST, NA IMLG 1775	1,807,326.00	(PARIS AGENCY BUSINESS (EX SGLB))	3,942.24
PERSHING LLC	31,515,602.00	CITIGROUP GLOBAL MARKETS LIMITED	3,885.68
RBC CAPITAL MARKETS, LLC	11,793,235.00	RBC DOMINION SECURITIES INC.	3,007.46
ROBERT W. BAIRD CO.INCORPORATED	2,849,115.05	UBS SECURITIES ASIA LIMITED	2,871.59
ROYAL BANK OF CANADA	1,221,426.00	INSTINET INVESTMENT SERVICES LIMITE	2,643.39
SCOTIAMCLEOD (U.S.A.) INC.	2,625,000.00	BARCLAYS CAPITAL INC	2,592.88
SEAPORT GROUP SECURITIES, LLC	3,976,766.00	MORGAN STANLEY AND CO., LLC	2,518.99
		JEFFERIES HONG KONG LIMITED	2,461.32
		CLSA LIMITED	2,041.99

* Commissions, if any, on these transactions are not separately reflected in the sales price quoted by brokers and dealers

COMMISSIONS PAID

	Amount \$
EQUITY SECURITIES	
INSTINET AUSTRALIA PTY LTD	1,791.83
BNP PARIBAS ARBITRAGE	1,764.64
SAMSUNG SECURITIES CO.,LTD.	1,663.63
CLSA SINGAPORE PTE LTD.	1,647.17
NORTH SOUTH CAPITAL LLC	1,590.92
SOCIETE GENERALE	1,539.06
J.P. MORGAN SECURITIES (FAR EAST)	1,505.72
JOH. BERENBERG,GOSSLER UND CO.KG	1,399.36
BANQUE PARIBAS PARIS	1,372.79
XP INVESTIMENTOS CCTVM SA	1,305.75
PERSHING SECURITIES LIMITED	1,304.82
BNP PARIBAS SECURITIES SERVICES SA	1,299.94
UBS SECURITIES PTE.LTD.SEOUL BRANCH	1,216.80
UBS WARBURG SECURITIES LTD TAIWAN	1,198.70
HSBC BANK PLC	1,132.58
J.P. MORGAN SECURITIES PLC	995.46
DAIWA CAPITAL MARKETS AMERICA INC.	977.43
JP MORGAN SECURITIES AUSTRALIA LTD	930.40
CLSA SECURITIES KOREA LTD.	877.63
AGORA CORRETORA DE TITULOS E VALORE	853.90
CITIBANK CANADA	670.00
J.P. MORGAN SECURITIES LLC	668.45
TIGRESS FINANCIAL PARTNERS LLC	548.51
Under 500	5,706.72
TOTAL	\$381,684.55

The background features a series of overlapping, diagonal white and light gray bands that create a sense of depth and movement. In the lower right, there are several large, solid green geometric shapes, including a prominent white-outlined triangle pointing towards the bottom left. The overall aesthetic is clean, modern, and professional.

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