

# BOARD OF REGENTS OF THE UNIVERSITY OF WISCONSIN SYSTEM

## **Business & Finance Committee**

Thursday, September 18, 2025  
8:45 a.m. – 10:15 a.m.

Overture Room  
Gordon Dining & Event Center  
770 W. Dayton Street  
Madison, Wisconsin  
& via Zoom Videoconference

- A. Calling of the Roll
- B. Declaration of Conflicts
- C. Approval of the Minutes of the July 10, 2025 Meeting of the Business & Finance Committee
- D. Approval of UW-Madison Master Agreement with Janssen Research & Development, LLC
- E. Universities of Wisconsin Office of Trust Funds
  - 1. Quarterly Investment Reports
  - 2. Review of Asset Allocation of the Intermediate Term Fund
  - 3. Approval of Revision to Investment Policy Statement for the Applied Security Analysis Program (ASAP) RegentFund
- F. Update on Shared Services Efforts Across the Universities of Wisconsin

**APPROVAL OF UW-MADISON MASTER AGREEMENT WITH  
JANSSEN RESEARCH & DEVELOPMENT, LLC**

**REQUESTED ACTION**

Adoption of Resolution D., approval of the contractual agreement between the Board of Regents and Janssen Research & Development, LLC.

**Resolution D.** That, upon recommendation of the Chancellor of the University of Wisconsin-Madison and the President of the University of Wisconsin System, the Board of Regents approves the contractual agreement between the Board of Regents of the University of Wisconsin System, doing business as UW-Madison, and Janssen Research & Development, LLC.

**SUMMARY**

UW-Madison is seeking approval for a new master clinical trial agreement with Janssen Research & Development, LLC. The proposed five-year agreement will allow the initiation of new orders to bring new investigational products to patients treated by UW-Madison and offer principal investigators additional opportunities to conduct medical research.

Janssen Research & Development, LLC is a multinational pharmaceutical, medical device, and healthcare corporation. Therapeutic areas include cardiovascular and metabolism, immunology, infectious diseases and vaccinations, neuroscience, oncology, and pulmonary hypertension. Since 2010, UW-Madison has received more than \$3 million in research funding from Janssen Research & Development, LLC or its affiliates.

**Presenter**

- Rob Cramer, Vice Chancellor for Finance and Administration, UW-Madison

## **BACKGROUND**

Regent Policy Document 13-1 requires that any grant or contract with private, profit-making organizations and UW-Madison with a value greater than \$10,000,000 be presented to the Board of Regents for formal approval prior to execution.

### **Related Policies**

- [Regent Policy Document 13-1](#), "General Contract Approval, Signature Authority, and Reporting"

**UNIVERSITIES OF WISCONSIN OFFICE OF TRUST FUNDS  
QUARTERLY INVESTMENT REPORTS AS OF JUNE 30, 2025**

**REQUESTED ACTION**

No action is required; this item is for information and discussion.

**SUMMARY**

Trust Funds Quarterly Investment Review

As of June 30, 2025, UW System Trust Funds assets totaled \$664.5 million, comprised of \$619.1 million in the Long Term (endowment) Fund and \$45.4 million in the Income Cash Fund (a component of the State Investment Fund). Cash flows into/out of the State of Wisconsin Investment Board (SWIB)-managed portfolios for the period included a \$5,432,316 distribution from the Long Term Fund. \$146,934 was distributed from the SWIB-managed funds for payment of fees.

For the quarter ended June 30<sup>th</sup>, the well-diversified Long Term Fund returned +6.25% (net of fees), performing in-line with its benchmark.

Intermediate Term Fund Quarterly Investment Review

As of June 30, 2025, the Intermediate Term Fund (ITF) assets totaled nearly \$764 million. For the quarter ended June 30<sup>th</sup>, the ITF returned +3.4% (net of fees), performing in line with its benchmark (+3.4%).

Job growth in the United States proved better than expected in June, boosted by government hiring, as the labor market showed surprising resilience. Nonfarm payrolls increased a seasonally adjusted 147,000 for the month, higher than the consensus estimate of 110,000. The unemployment rate fell to 4.1%, the lowest since February and below the consensus forecast for a slight increase to 4.3%. Forecasters expect two rate cuts from the Federal Reserve for the rest of 2025. Core PCE inflation increased by a seasonally adjusted rate of 0.1% in May and was up 2.6% on a year-over-year basis. On the trade front, President Trump decided to delay the implementation of his reciprocal tariffs to August 1 after advisers told him he could get trade deals with more time. Administration officials felt as if they were making progress on deals with several trading partners such as

India and the European Union as Trump's previous deadline of July 9 approached, although significant uncertainty persists as it relates to the global economic landscape.

Fixed income saw solid performance across sectors in Q2 despite extreme fluctuations in interest rates following tariff announcements in April. Performance for the Bloomberg U.S. Aggregate Index was positive (+1.2%), but the significant amount of rate volatility in April and slight rise in back-end rates fueled negative performance of longer-dated bonds.

Following an underwhelming first quarter that saw significant tariff-related uncertainty and cuts to government spending, equity market volatility peaked in early April amid fears of a prolonged trade war. Stocks extended their losses, as the Russell 2000 Index and the NASDAQ entered bear market territory given more than 20% declines for each benchmark. This volatility was short-lived, however, as a tariff pause on April 9 resulted in one of the best days for the S&P 500 Index in its history, with the benchmark posting a 9.5% return that day alone. As the quarter progressed, growth equities reasserted their dominance, propelling the S&P 500 Index to its strongest May performance figure in 35 years. The S&P 500 Index posted a new all-time high to close the second quarter on the back of a resilient U.S. economy and stable earnings growth from large-cap equities. Non-U.S. equity markets faced a tumultuous start to the second quarter, exhibiting a sharp sell-off due to tariff announcements. However, markets recovered by June, and non-U.S. equities continue to outperform their U.S. counterparts on a year-to-date basis. Non-U.S. small cap equities returned 16.6% in Q2, followed by emerging markets (+12.0%) and developed large cap (+11.8%). Multiple expansion and U.S. dollar depreciation drove returns, though developed small caps received an additional boost from strong earnings results. Improving sentiment towards European equities pushed multiples higher. The weakening U.S. dollar was an additional performance tailwind for investors. In the second quarter, currency effects boosted returns for both the MSCI EAFE (+7%) and the MSCI Emerging Markets (+4%) indices.

**Presenter:**

- Charles Saunders, Chief Investment Officer, UW Office of Trust Funds

**BACKGROUND**

Attachment A, the UW System Trust Funds Quarterly Investment Review, prepared by the State of Wisconsin Investment Board (SWIB), provides the following information: 1) an overview and summary of total Trust Funds assets, investment performance, and cash flows to/from the SWIB-managed portfolios for the period; 2) a market discussion and commentary section; 3) market overview indicators; 4) asset allocation information; 5) more detailed investment performance information at the overall Fund as well as individual asset class levels; and 6) in the appendix, detailed "fact sheets" for each of the

BlackRock common trust index funds, which have been selected by SWIB to provide for Trust Funds' investments in public markets.

Attachment B, the UW System Intermediate Term Fund Quarterly Investment Review, prepared by Marquette Associates, provides the following information: 1) a market discussion and commentary section; 2) an overview and summary of the Intermediate Term Fund (ITF) assets and investment performance, asset allocation information, and more detailed investment performance information of the ITF as well as individual asset class levels and detailed characteristics for each of the ITF's investments.

## **ATTACHMENTS**

- A) University of Wisconsin System Trust Funds Quarterly Investment Review as of June 30, 2025
- B) University of Wisconsin System Intermediate Term Fund Quarterly Investment Review as of June 30, 2025



## **Long Term Fund**

### **Quarterly Investment Review**

**June 30, 2025**

## UW Long Term Fund: Overview and Investment Summary

### Quarter Ended June 30, 2025

#### **Investment Objective**

To achieve, net of administrative and investment expenses, reasonable, attainable and sustainable returns over and above the rate of inflation. SWIB seeks to achieve this objective through the use of passive, externally-managed, public markets funds.

#### **Market Values as of June 30, 2025**

Total Public Market Assets <sup>1</sup>	\$562,739,016
Total Legacy Private Market Assets <sup>1</sup>	\$56,339,309
Other Cash and Accruals <sup>2</sup>	\$63,801
<b>Total UW Long Term Fund <sup>1</sup></b>	<b>\$619,142,127</b>
<b>Income Cash Fund (State Investment Fund 'SIF') <sup>3</sup></b>	<b>\$45,355,000</b>

*1 Market values are calculated net of external management fees.*

*2 Other Cash and Accruals include custody & middle office fees, SWIB internal management fees, fund-level STIF cash, STIF interest and other pass through fees that either accrue until paid or are pre-paid. Balances vary intra-month and can cross into new quarters.*

*3 Data is sourced from the Quarter End Pool Sheets provided by the DOA and represents the monies available in UW Funds 161 and 162 (STAR account(s) 51100 and 51200).*

#### **Performance for Quarter Ended June 30, 2025**

	Apr-25	May-25	Jun-25	Quarter
UW Long Term Fund (Gross of Fees)	0.58%	2.87%	2.68%	6.25%
UW Long Term Fund (Net of Fees) <sup>4</sup>	0.58%	2.87%	2.68%	6.25%
UW Long Term Fund Benchmark	0.58%	2.89%	2.68%	6.26%

*4 Returns are calculated net of external management fees.*

#### **Contributions/Withdrawals for Quarter Ended June 30, 2025**

UW Long Term Fund - Public Markets <sup>5</sup>	(\$5,432,316)
UW Long Term Fund - Private Markets <sup>6</sup>	(\$806,218)
UW Long Term Fund Contributions for Fees	\$0
UW Long Term Fund Fees Expensed <sup>7</sup>	(\$146,934)

*5 Amount represents the net of new contributions and withdrawals by UWS, including endowment spending distributions, assessment of UWS internal fees, as well as reallocations among the public and private market portfolios.*

*6 Distributions from StepStone and other private market underlying funds are net of external investment management fees paid.*

*7 Fees expensed can include external and internal management fees, custody & middle office fees, and other pass through fees accrued and paid from both the public and private market accounts.*



## **Performance and Market Discussion**

For the quarter ended June 30th, the UW investment portfolio returned +6.25%, performing in-line with its benchmark.

### **Equity Performance**

The domestic U.S. market, as represented by the Russell 3000 Index, finished the quarter with a negative return of 10.99%.

The United States equity market was marked by heightened volatility but ended on a strong note at the end of June 2025. The U.S. equity market represented, by the Russell 3000 Index, returned 10.99% during the second quarter of 2025.

Domestic U.S. equities finished the second quarter in positive territory as the U.S. administration pursued significant changes in global trade dynamics. Market volatility peaked in April, with the VIX reaching multi-year highs amid tariff uncertainty. This volatility receded as the quarter progressed, and many risks appeared to be contained. Also in April, the U.S. administration announced a surprising 90-day pause on most of the previously proposed tariffs that were set to take place later in April. On April 9th, just after significant market volatility and mounting economic concerns, President Trump and the White House suspended additional tariffs above a 10% base rate for most countries, with this pause set to expire in early July.

In May and June, the Federal Open Market Committee (FOMC) convened to discuss prevailing economic and financial conditions. During both meetings, the committee decided to maintain the interest rates within the target range of 4.25% to 4.5%, each signaling a cautious stance as inflation fought towards 2%. However, the market is still signaling an anticipated two rate cuts in the second half of 2025.

From a sector perspective of the Russell 3000, Information Technology (23.54%), Industrials (13.64%), and Consumer Discretionary (11.53%) were the best performers, whereas Energy (-7.32%), Health Care (-5.73%), and Real Estate (-0.63%) were the top laggards.

Global equities, as represented by the MSCI World ex US Index, finished the quarter with a return of 12.05%. The Canadian economy experienced higher growth in Q2 2025, influenced by external trade tensions easing and domestic pressures. This growth was mainly supported by an increase in government spending, business investment, and household spending, while easing inflation and lower interest rates bolstered consumer confidence.

The Bank of Canada, in its June 2025 Monetary Policy Report, projected GDP growth to rise to around 1.5% in 2025, with inflation holding at 2.7% year-over-year. In April and June, The Bank of Canada decided to hold their target overnight interest rates at 2.75%. The report also noted that ongoing trade disputes and global economic uncertainty could post downside risks to both growth and inflation.

European equities advanced despite persistent economic headwinds and ongoing trade tensions with the United States. The European Central Bank (ECB) maintained their stance, holding interest rates steady after earlier cuts and signaled continued support for growth despite elevated inflation and slower economic growth. Policymakers across the EU pushed for fiscal discipline and unity to counteract the impact of global trade dispute to foster internal market resilience.

The Japanese equity market bounced back in Q2, with the Nikkei 225 closing near all-time highs on June 30th. This was a product of improved investor sentiment following the government's announcement of new stimulus measures and a more stable yen. However, uncertainty around global supply chains and export demand continues to weigh on the corporate earnings outlook for the rest of the year.

From a sector perspective, Communication Services (20.25%), Information Technology (19.05%), and Industrials (17.45%) were the best performers, whereas Energy (1.13%), Health Care (2.87%), and Consumer Discretionary (5.98%) were the top laggards.

### **Fixed Income Performance**

The Bloomberg US Government Credit Index posted a return of 1.22% and the Bloomberg Intermediate US Government Credit Index posted a return of 1.67% during the second quarter. In June, tariff-driven volatility that had weighed on markets in the past two months calmed, allowing investors to shift their focus back towards monetary policy and broader macro data. As we near the end of the 90-day pause on tariff implementations, tariff-related fears have somewhat eased as the Trump administration continues to revise proposed rates downward from initial April levels, although uncertainty around the final scope and timing of policy implementation continues to cloud the outlook. On the fiscal-policy front, the much contended "Big, Beautiful Bill", which could add an estimated \$2-4 trillion to U.S. debt, continued its path through Congress as lawmakers scramble to have an amended, finalized bill on Trump's desk to sign before the self-imposed July 4th deadline. The bill's provisions, which include increased spending on border security, defense, and energy production alongside cuts to healthcare and nutrition programs, have increased concerns over long-term fiscal sustainability, particularly considering Moody's downgrade of U.S. government debt in May.

U.S. labor and economic data painted a generally resilient market backdrop. Despite a month of geopolitical whiplash, the U.S. labor market held firm in May, with employers adding 139k jobs, topping forecasts of 128k, underscoring the economy's underlying strength. While April's payrolls were revised down from 177k to 147k, the figure still points to steady labor market momentum. The unemployment rate held steady at 4.2%, matching forecasts but edged above the 4.0-4.2% band for the first time in nearly a year. May inflation data showed a modest uptick from April but remained softer than expected. Headline CPI rose 0.1% MoM and 2.4% YoY, while core CPI increased 0.1% MoM and 2.8% YoY, reinforcing the disinflationary trend. The soft core reading signals that underlying price pressures are moderating and that although tariff policy remains uncertain, current data indicates limited pass-through to consumer prices thus far.

As widely anticipated, the Federal Reserve held the Federal Funds rate steady at 4.25%–4.50% during its June 18 meeting. During the press conference, Chair Powell reiterated that the Fed would stay patient for more information and wait to see the impacts of tariffs before changing stance. The Summary of Economic Projections (SEP), better known as the "dot plot", showed the Fed's median remains at two cuts for 2025 and continues to signal stagflation fears as they slightly edged up their expectations for inflation and down for growth.

### **Inflation Sensitive Performance**

In Q4, the US TIPS Index produced total returns of -2.88%. Inflation expectations increased for the month in the U.S. 10-year real rates increased by ~42bps, while 10-year nominal rates increased by ~55bps. The greater movement in nominal rates relative to real rates resulted in a ~13bps increase in breakeven levels. In October, U.S. inflation indicators, particularly the Consumer Price Index (CPI), were in sharp focus, highlighting rising price pressures amid fluctuating interest rates. The CPI for September came in above expectations at 0.2% month-over-month (MoM), surpassing consensus and hinting at persistent inflationary pressures. Core CPI, rose even more significantly by 0.3% MoM, driven by notable increases in auto prices and seasonal upticks in categories such as apparel. Meanwhile, labor market data provided mixed signals but continued to show job growth. Inflation expectations fell for the month of November. 10-year real rates fell by ~14 basis point, while 10-year nominal rates fell by ~21 basis points. The greater movement in real rates, relative to nominal rates resulted in a ~7bps decrease in breakeven levels for the period. November Inflation metrics remained steady, with October's Core PCE rising 0.25% month-over-month (MoM) and maintaining a 2.7% annual increase. Core CPI rose 0.28% MoM, while the annual rate held at 3.3% for the third consecutive month. Inflation expectations increased for the month of December in the U.S. region. 10-year real rates increased by ~30bps, while 10-year nominal rates increased by ~38 bps. The greater movement in nominal rates relative to real rates resulted in a ~8bps increase in inflation expectations for the period. For the month of December, headline Consumer Price Index (CPI) rose by 0.3% month-over-month (MoM) in November, driven by seasonal increases in autos, food, and energy, which together were the largest contributing components. Year-over-year (YoY), headline inflation climbed to 2.7%, slightly above October's 2.6%.

### **Asset Allocation**

Public Markets allocations ended the quarter with 61.6% in equities, versus a target of 57.0%; 17.9% in fixed income versus a target of 20%; and 20.5% in inflation sensitive assets versus a target of 23.0%.

## UW Long Term Fund: Market Overview

Quarter Ended June 30, 2025

Economic Indicators	Quarter Ending	YTD	1 Year	3 Year	5 Year	10 Year
US CPI - U All Urban Consumers Index	0.86%	2.20%	2.67%	2.87%	4.58%	3.06%

\* All returns and growth rates greater than 1 year are annualized.

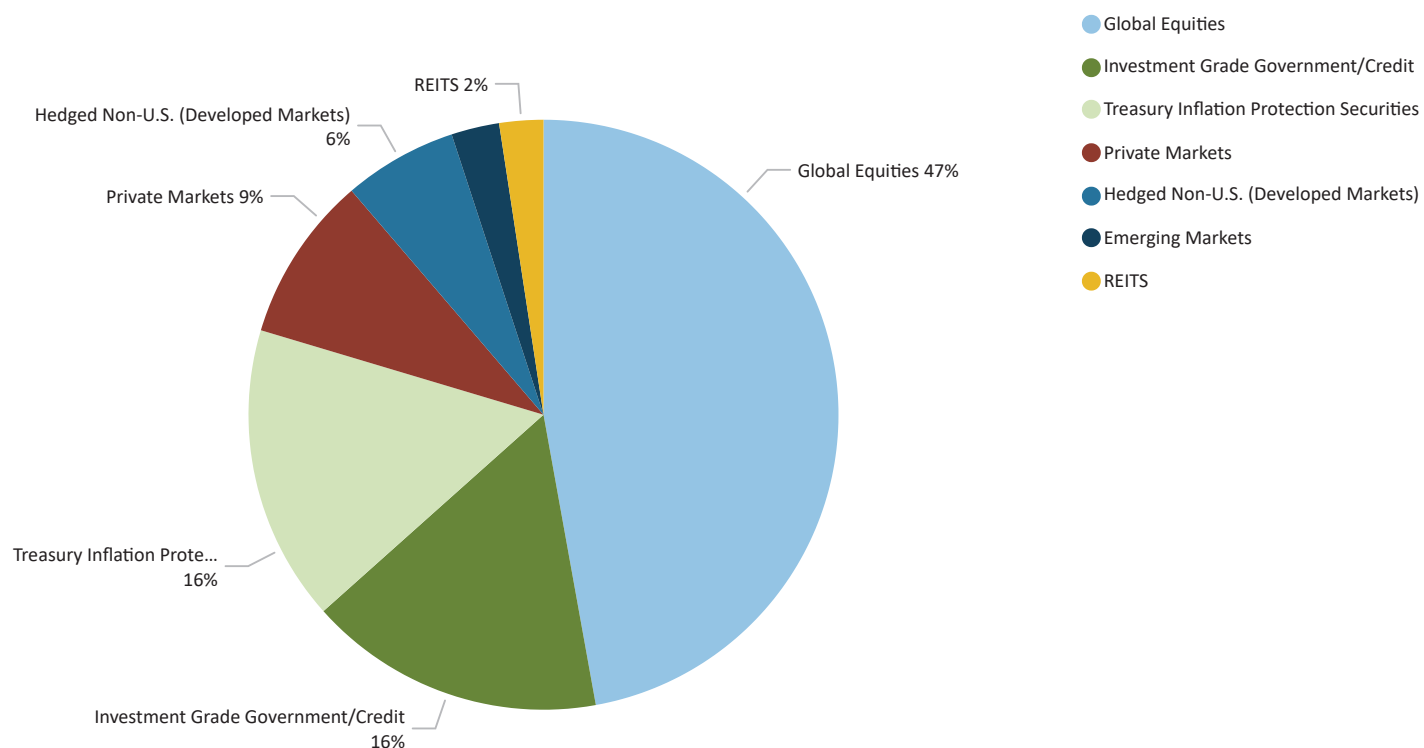
Market Indicators	Quarter Ending	YTD	1 Year	3 Year	5 Year	10 Year
U.S. Large Cap Stocks (MSCI USA Index)	11.36%	6.33%	15.78%	19.95%	16.48%	13.59%
U.S. Small Cap Stocks (Russell 2000 Index)	8.50%	-1.78%	7.68%	10.00%	10.04%	7.12%
U.S. Broad Market Stocks (Russell 3000 Index)	10.99%	5.75%	15.30%	19.08%	15.96%	12.96%
International Stocks (MSCI World ex US Index)	12.05%	18.99%	18.70%	15.73%	11.51%	6.65%
International Stocks - Local Currency (MSCI EAFE Hedged)	5.28%	8.82%	10.51%	16.68%	13.98%	9.01%
Emerging Markets Stocks (MSCI EM Net Index)	11.99%	15.27%	15.29%	9.70%	6.81%	4.81%
Global Stocks (MSCI ACWI Net Index)	11.62%	9.82%	15.89%	16.80%	13.39%	9.69%
Government/Credit (Bloomberg Barclays Capital Gov/Credit)	1.22%	3.95%	5.89%	2.61%	-0.83%	1.92%
U.S. TIPS (Bloomberg Barclays U.S. TIPS Index)	0.48%	4.67%	5.84%	2.34%	1.61%	2.67%
Real Estate (FTSE EPRA/NAREIT Developed Net Index)	4.41%	6.07%	11.18%	3.52%	5.10%	3.17%

\* All returns and growth rates greater than 1 year are annualized.

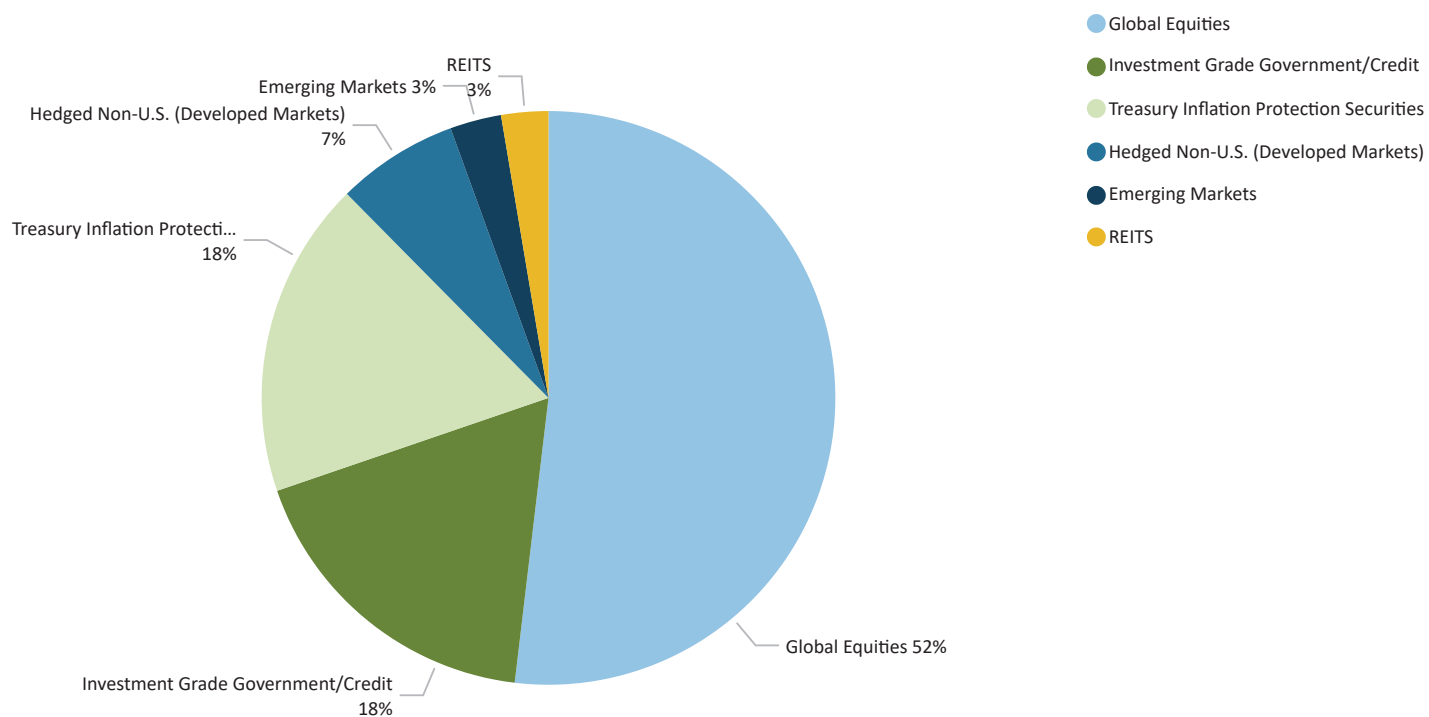
## UW Long Term Fund: Asset Allocation

Quarter Ended June 30, 2025

### UW Long Term Fund



### UW Long Term Fund - Public Markets Only



\* Asset Class Allocation percentages are derived using the Net of Fee market value. Sum of asset class market values may not equal total level Net of Fee market value due to the exclusion of fund level other cash and accruals. Excluded amount is immaterial.

**UW Long Term Fund: Actual Versus Target Asset Allocation**  
Quarter Ended June 30, 2025

Asset Class / Strategy	Current Allocation (\$)	Current Allocation (%)	Target Allocation (%)	Min./Max. Guidelines
<b>Total Public Markets</b>	<b>\$562,739,016</b>	<b>100.0%</b>	<b>100.0%</b>	
<b>Public Equities</b> <sup>1</sup>	<b>\$346,841,395</b>	<b>61.6%</b>	<b>57.0%</b>	<b>51-63%</b>
Global Equities	\$291,956,589	51.9%	48.0%	44-52%
Hedged Non-U.S. (Developed Markets)	\$38,606,492	6.9%	6.0%	5-7%
Emerging Markets	\$16,278,315	2.9%	3.0%	2-4%
<b>Fixed Income</b>	<b>\$100,558,050</b>	<b>17.9%</b>	<b>20.0%</b>	<b>18-22%</b>
Investment Grade Government/Credit	\$100,558,050	17.9%	20.0%	18-22%
<b>Inflation Sensitive</b>	<b>\$115,339,571</b>	<b>20.5%</b>	<b>23.0%</b>	<b>20-26%</b>
Treasury Inflation Protection Securities	\$100,416,147	17.8%	20.0%	18-22%
REITS	\$14,923,424	2.7%	3.0%	2-4%
 <b>Private Markets</b> <sup>2</sup>	 <b>\$56,339,309</b>			
<b>Terrace Holdings II</b>	<b>\$56,339,309</b>			
 <b>Other Cash and Accruals</b> <sup>3</sup>	 <b>\$63,801</b>			
 <b>UW Long Term Fund Total</b> <sup>4</sup>	 <b>\$619,142,127</b>			

<sup>1</sup> There is a statutory limitation of 85% maximum exposure to public equities. (§36.29)

<sup>2</sup> Private Markets is not included in the target allocation. The Terrace Holdings II Fund comprises private equity funds of J.P. Morgan, Adams Street Partners, and a TRG Forestry Fund.

<sup>3</sup> Other Cash and Accruals include custody & middle office fees, SWIB internal management fees, fund-level STIF cash, STIF interest and other pass through fees that either accrue until paid or are pre-paid. Balances vary intra-month and can cross into new quarters.

<sup>4</sup> Market values are calculated net of external management fees.

**Rebalancing Policy:**

The asset allocation of fund investments shall be reviewed at the end of each quarter. Quarterly net capital flows to/from the Universities of Wisconsin shall be utilized to rebalance toward the target allocations. If the allocation by asset class falls outside the rebalance range following quarterly cash flows, assets will be systematically rebalanced back to the target allocation as soon as practicable and in any event prior to the next quarterly net capital flows. Only the Public Markets allocations will be included in any rebalancing. The legacy Private Markets investments will receive additional inflows based only upon past commitments. No new commitments will be made to private markets. Eventually the legacy Private Markets investments will self-liquidate as distributions are made from existing funds without any new commitments.

**Guidelines**

Current SWIB Guidelines for UW can be found at <https://www.swib.state.wi.us/statutes-guidelines> under Board of Trustees State Investment Fund & Separately Managed Funds Investment Guidelines.

## UW Long Term Fund: Investment Performance Analysis

Quarter Ended June 30, 2025

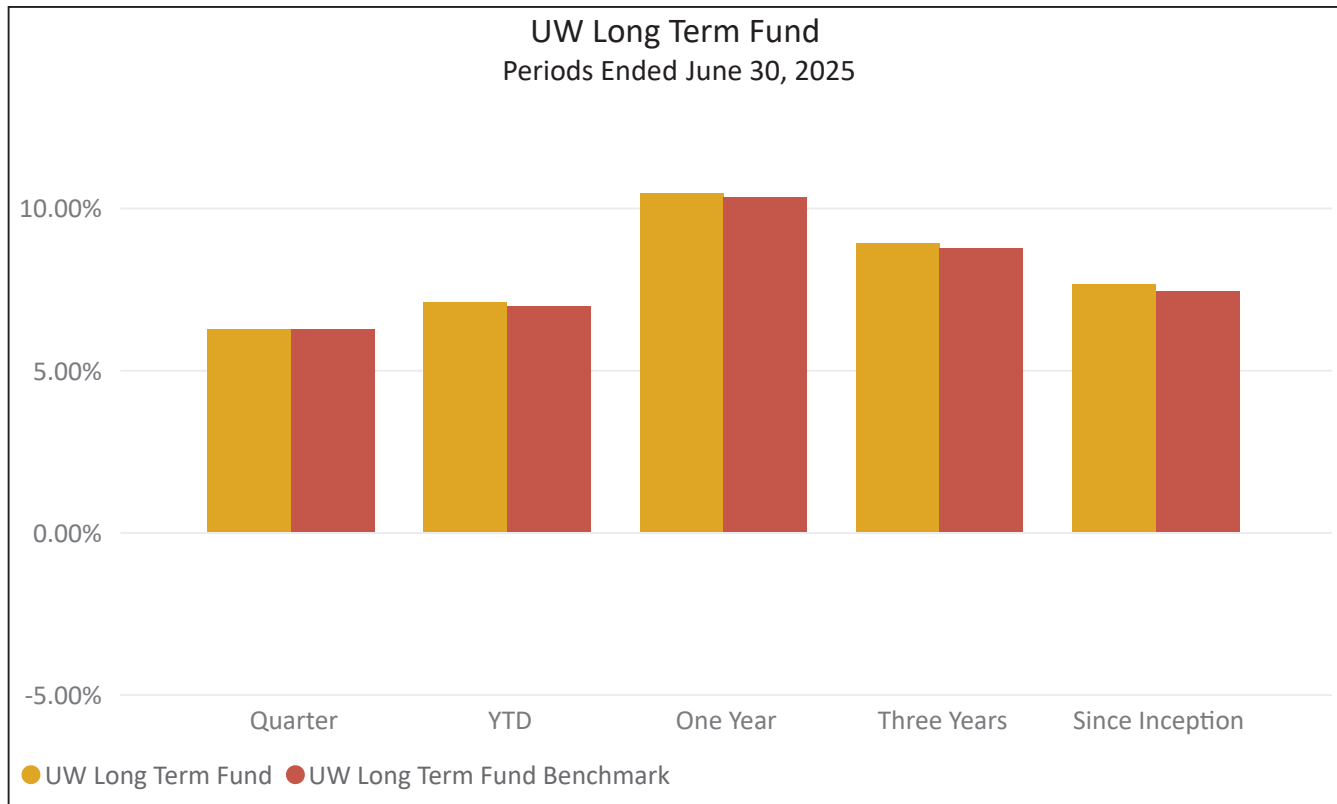
Performance results for the UW Long Term Fund are shown below, both graphically and in table format.

Fund and Benchmark Performance Data	Quarter Ending	Year to Date	One Year	Three Years	Five Years	Since Inception
UW Long Term Fund <sup>1</sup>	6.25%	7.08%	10.44%	8.88%	8.73%	7.63%
UW Long Term Fund Benchmark <sup>2</sup>	6.26%	6.95%	10.31%	8.74%	8.57%	7.41%
CPI + Spending Rate <sup>3</sup>	1.85%	4.18%	6.67%	6.87%	8.58%	

<sup>1</sup> The UW Long Term Fund's return is a gross of fees return. Inception date is 4/1/2018.

<sup>2</sup> The "UW Long Term Fund Benchmark" is asset weighted using the UW Public Equity Benchmark, the Bloomberg U.S. Gov't/Credit Index, the Inflation Sensitive Benchmark, and the net Terrace Holdings II returns. The Bloomberg U.S. Gov't/Credit Index, and the Bloomberg Barclays U.S. TIPS Index are gross returns. All other benchmark components are net returns (net of fees or tax withholdings on dividends). The Private Markets Benchmark change has been approved by both the Investment and Benchmark Committees.

<sup>3</sup> The annual spending rate is 4.0% and the change in CPI is used as the inflation indicator.



# UW Long Term Fund: Fund and Benchmark Performance Data by Asset Class

Quarter Ended June 30, 2025

	Quarter	YTD	One Year	Three Years	Five Years	Since Inception
<b>UW Long Term Fund</b>						
Gross of Fees	6.25%	7.08%	10.44%	8.88%	8.73%	7.63%
Net of Fees	6.25%	7.07%	10.41%	8.86%	8.70%	7.60%
Net of All	6.23%	7.04%	10.35%	8.79%	8.64%	7.53%
UW Long Term Fund Benchmark <sup>1</sup>	6.26%	6.95%	10.31%	8.74%	8.57%	7.41%
<b>Public Equities</b>						
Gross of Fees	10.94%	10.16%	15.48%	16.72%	13.46%	9.98%
Net of Fees	10.94%	10.14%	15.45%	16.69%	13.44%	9.95%
UW Public Equity Benchmark <sup>2</sup>	11.03%	10.12%	15.43%	16.53%	13.21%	9.77%
<b>Public Equities: Blackrock MSCI ACWI Index Fund B<sup>3</sup></b>						
Gross of Fees	11.68%	10.04%	16.17%	17.14%	13.71%	10.37%
Net of Fees	11.68%	10.03%	16.15%	17.12%	13.69%	10.34%
MSCI ACWI IM Net Index	11.62%	9.82%	15.89%	16.80%	13.40%	10.01%
<b>Public Equities: Blackrock EAFE Currency Hedged Equity Index Fund B<sup>3</sup></b>						
Gross of Fees	5.32%	9.12%	10.50%	16.62%	14.01%	10.45%
Net of Fees	5.31%	9.10%	10.46%	16.58%	13.96%	10.40%
MSCI EAFE Net 100% USD Hedged Index	5.28%	8.82%	10.51%	16.68%	13.98%	10.41%
<b>Public Equities: Blackrock Emerging Markets Free Fund B<sup>3</sup></b>						
Gross of Fees	11.86%	15.35%	15.11%	9.45%	6.55%	2.95%
Net of Fees	11.84%	15.29%	15.00%	9.34%	6.47%	2.88%
MSCI Emerging Markets Net Dividend Index	11.99%	15.27%	15.29%	9.70%	6.81%	3.13%
<b>Fixed Income: Blackrock Government/Credit Bond Index Fund B<sup>3</sup></b>						
Gross of Fees	1.24%	3.99%	5.98%	2.71%	-0.72%	1.97%
Net of Fees	1.24%	3.98%	5.96%	2.69%	-0.74%	1.95%
Bloomberg Barclays U.S. Government/Credit Bond Index	1.22%	3.95%	5.89%	2.61%	-0.83%	1.84%
<b>Inflation Sensitive</b>						
Gross of Fees	1.01%	4.98%	6.75%	2.75%	2.31%	3.34%
Net of Fees	1.01%	4.97%	6.73%	2.73%	2.29%	3.32%
UW Inflation Sensitive Benchmark <sup>4</sup>	1.02%	4.91%	6.63%	2.61%	2.18%	3.11%
<b>Inflation Sensitive: Blackrock U.S. Treasury Inflation Protected Securities Fund B<sup>3</sup></b>						
Gross of Fees	0.50%	4.74%	5.96%	2.49%	1.75%	3.17%
Net of Fees	0.50%	4.73%	5.94%	2.48%	1.73%	3.15%
Bloomberg Barclays U.S. TIPS Index, Series L	0.48%	4.67%	5.84%	2.34%	1.61%	3.00%
<b>Inflation Sensitive: Blackrock Developed Real Estate Index Fund B<sup>3</sup></b>						
Gross of Fees	4.62%	6.57%	12.10%	4.49%	5.99%	3.58%
Net of Fees	4.60%	6.53%	12.01%	4.41%	5.90%	3.50%
FTSE EPNR/NAREIT Developed Net Index	4.41%	6.07%	11.18%	3.52%	5.10%	2.73%
<b>Private Markets: Terrace Holdings II<sup>5</sup></b>						
Gross of Fees	-0.40%	-0.40%	-1.19%	-3.55%	9.88%	9.35%
Net of Fees	-0.40%	-0.40%	-1.19%	-3.55%	9.86%	9.27%
UW Private Equity Benchmark <sup>6</sup>	-0.40%	-0.40%	-1.19%	-3.55%	9.86%	9.27%

\* Net of Fee Returns are net of accrued external manager fees (e.g. BlackRock fees). Net of All Returns are net of SWIB internal and external investment management fees, custody & middle office fees, and other pass through fees accrued and paid. Returns are gross of internal UW fees. All Funds have an inception date of 04/01/2018.

1 The "UW Long Term Fund Benchmark" is asset weighted using the UW Public Equity Benchmark, the Bloomberg U.S. Gov't/Credit Index, the Inflation Sensitive Benchmark, and the net Terrace Holdings II returns. The Bloomberg U.S. Gov't/Credit Index, and the Bloomberg Barclays U.S. TIPS Index are gross returns. All other benchmark components are net returns (net of fees or tax withholdings on dividends).

2 The "UW Public Equity Benchmark" is comprised of 84% MSCI ACWI IM Net Index, 11% MSCI EAFE Net 100% USD Hedged Index, and 5% MSCI Emerging Markets Net Index.

3 Effective 3Q 2021, the valuation frequency for Blackrock mutual funds has been modified from monthly to daily. To correct for the impact of large cash flows, the performance was restated from April 2020 to July 2021 and the revised numbers are included in the 9/30/2021 performance. Note that no impact to performance occurred at the mandate level.

4 The "Inflation Sensitive Benchmark" is comprised of 87% Bloomberg Barclays U.S. TIPS Index, Series L and 13% FTSE EPRA/NAREIT Developed Net Index.

5 The Private Markets valuation update occurs on a lag. The portfolio's performance is updated when SWIB receives an updated quarterly statement, which may not occur in every quarter. The net of fees and net of all returns are net of StepStone manager fees.

6 The "Private Equity Benchmark" is comprised of the net of fees return of Terrace Holdings II, a Private Equity fund of funds being administered by StepStone.



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## APPENDIX

## MSCI EAFE Currency Hedged Equity Index Fund B

A common trust fund maintained by BlackRock Institutional Trust Company, N.A. ("BTC") for investment of fiduciary client assets held by BTC in its capacity as trustee

### Investment objective and strategy

The MSCI EAFE Currency Hedged Equity Index Fund B (the "Fund") is an index fund that seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of a particular index. The Fund invests primarily in international equity securities whose total return will approximate as closely as practicable the cap weighted total return of the markets in certain countries for equity securities outside the US, while seeking to eliminate variations based solely on the value of the currencies in the Fund as compared to the US dollar. The primary criterion for selection of investments in the Fund is the Benchmark listed herein.

### Performance

Total return % as of 12/31/2024 (return percentages are annualized as of period end)

	Q4*	YTD*	1 Year*	3 Year	5 Year	Since Inception
Fund return %	-0.22	13.70	13.70	9.14	9.73	10.42
Benchmark return %	0.09	14.14	14.14	9.31	9.84	10.47
<b>Difference</b>	<b>-0.31</b>	<b>-0.44</b>	<b>-0.44</b>	<b>-0.17</b>	<b>-0.11</b>	<b>-0.05</b>

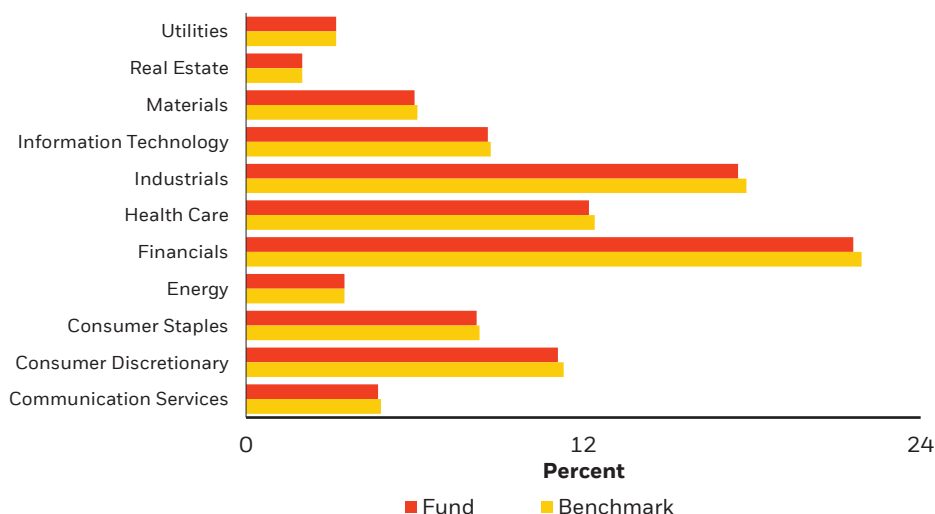
#### Performance disclosure:

The Fund's net asset value does not include an accrual for the investment management fee but does include an accrual for fund level administrative costs and, if applicable, certain third party acquired fund fees and expenses. If the Fund's net asset value did include an accrual for the investment management fee, the Fund's returns would be lower. **Past performance is not necessarily an indicator of future performance.**

\* Period returns for less than one year are cumulative

### Sector allocation

% of Fund or Benchmark as of 12/31/2024



Sources: BlackRock, MSCI Inc.

Data is used for analytical purposes only. Index data may differ to those published by the Index due to calculation methods. Breakdowns may not sum to 100% due to rounding, exclusion of cash, STIF and other statistically immaterial factors.

### Investment details (as of 12/31/2024)

<b>Benchmark</b>	MSCI EAFE Index Net 100% USD Hedged Index
<b>Total fund assets</b>	\$131.87 million
<b>Fund inception date</b>	04/29/2016

### Characteristics (as of 12/31/2024)

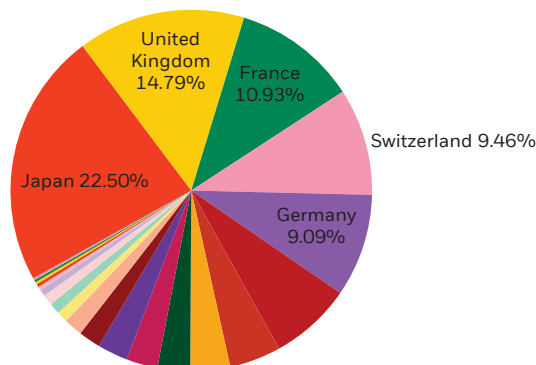
	Fund	Benchmark
Number of securities	723	722
Dividend yield	3.08	3.07

### Top 10 holdings (as of 12/31/2024)

	Fund (% assets)	Benchmark (% assets)
ASML HOLDING NV	1.76	1.74
NOVO NORDISK CLASS B	1.74	1.73
SAP	1.59	1.59
NESTLE SA	1.35	1.34
ASTRAZENECA PLC	1.27	1.26
TOYOTA MOTOR CORP	1.26	1.28
ROCHE HOLDING PAR AG	1.23	1.23
NOVARTIS AG	1.20	1.20
SHELL PLC	1.20	1.19
LVMH	1.13	1.12

Portfolio holdings are subject to change and are not intended as a recommendation of individual securities.

## Country Allocation



Japan 22.50%	United Kingdom 14.79%	France 10.93%	Switzerland 9.46%	Germany 9.09%
Australia 7.24%	Netherlands 4.55%	Sweden 3.52%	Denmark 2.88%	Italy 2.76%
Spain 2.70%	Hong Kong 1.94%	Singapore 1.65%	Belgium 0.99%	Finland 0.97%
Israel 0.94%	Norway 0.59%	European Union 0.32%	Ireland 0.28%	Austria 0.21%
New Zealand 0.20%	Portugal 0.16%	Canada 0.04%		

## Important Notes

The funds or securities referred to herein are not sponsored, endorsed, or promoted by MSCI, and MSCI bears no liability with respect to any such funds or securities or any index on which such funds or securities are based. The Prospectus contains a more detailed description of the limited relationship MSCI has with BlackRock and any related funds. BlackRock Institutional Trust Company, N.A. ("BTC") is a wholly-owned subsidiary of BlackRock, Inc. For ease of reference, "BlackRock" may be used to refer to BlackRock, Inc. and its affiliates, including BTC. Any strategy referred to herein does not give rise to a deposit or other obligation of BlackRock, Inc. or its subsidiaries and affiliates, is not guaranteed by BlackRock, Inc. or its subsidiaries and affiliates, is not insured by the United States Federal Deposit Insurance Corporation or any other governmental agency, and may involve investment risks, including possible loss of principal invested. The Fund is also subject to other key risks, as described in the Fund's Collective Investment Fund Profile. Some or all of those risks may adversely affect the value of units in the Fund, yield, total return and the Fund's ability to meet its investment objective. See the Collective Investment Fund Profile for additional information. Past performance does not guarantee future results. Investment return and principal value of an investment will fluctuate so that an investor's units, when redeemed, may be worth more or less than the original cost. Any opinions expressed in this publication reflect our judgment at this date and are subject to change. No part of this publication may be reproduced in any manner without the prior written permission of BTC. The Fund's net asset value does not include an accrual for the investment management fee but does include an accrual for fund level administrative costs and, if applicable, certain third party acquired fund fees and expenses. If the Fund's net asset value did include an accrual for the investment management fee, the Fund's returns would be lower. Risk controls, asset allocation models and proprietary technology do not promise any level of performance or guarantee against loss of principal. The Fund, a common trust fund maintained and managed by BTC for investment of fiduciary client assets held by BTC in its capacity as trustee, is available only to certain eligible investors and not offered or available to the general public. In the event of a conflict between this summary description of the Fund and the trust document under which the Fund was established, the trust document will govern. For more information related to the Fund, please see the Fund's trust document, Collective Investment Fund Profile and most recent audited financial statements. BTC, a national banking association operating as a limited purpose trust company, manages the collective investment products and services discussed in this publication and provides fiduciary and custody services to various institutional investors. A collective investment fund is privately offered. Accordingly, prospectuses are not required and prices are not available in local publications. To obtain pricing information, please contact your local service representative. None of the information constitutes a recommendation by BTC or a solicitation of any offer to buy or sell any securities. The information is not intended to provide be relied upon as a forecast, research or investment advice. Neither BTC nor BlackRock, Inc. guarantees the suitability or potential value of any particular investment. The information contained herein may not be relied upon by you in evaluating the merits of investing in any investment. This material is intended for Canadian permitted clients only. It is not possible to directly invest in an unmanaged index.

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## MSCI Emerging Markets Free Fund B

A common trust fund maintained by BlackRock Institutional Trust Company, N.A. ("BTC") for investment of fiduciary client assets held by BTC in its capacity as trustee

### Investment objective and strategy

The MSCI Emerging Markets Free Fund B (the "Fund") is an index fund that seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of a particular index. The Fund invests primarily in international equity securities of issuers in emerging markets, with the objective of providing returns which approximate as closely as practicable the capitalization weighted total rates of return of the markets in certain countries for equity securities traded outside of the United States. The primary criterion for selection of investments in the Fund shall be the Benchmark listed herein.

### Performance

Total return % as of 12/31/2024 (return percentages are annualized as of period end)

	Q4*	YTD*	1 Year*	3 Year	5 Year	10 Year	Since Inception
Fund return %	-7.81	7.15	7.15	-2.20	1.42	3.44	6.38
Benchmark return %	-8.01	7.51	7.51	-1.93	1.70	3.63	6.51
<b>Difference</b>	<b>0.20</b>	<b>-0.36</b>	<b>-0.36</b>	<b>-0.27</b>	<b>-0.28</b>	<b>-0.19</b>	<b>-0.13</b>

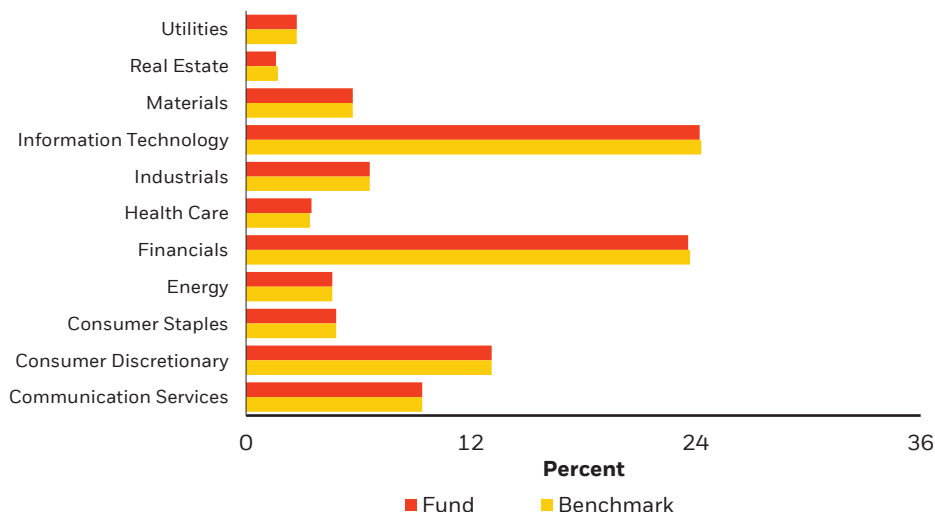
#### Performance disclosure:

The Fund's net asset value does not include an accrual for the investment management fee but does include an accrual for fund level administrative costs and, if applicable, certain third party acquired fund fees and expenses. If the Fund's net asset value did include an accrual for the investment management fee, the Fund's returns would be lower. **Past performance is not necessarily an indicator of future performance.**

\* Period returns for less than one year are cumulative

### Sector allocation

% of Fund or Benchmark as of 12/31/2024



Sources: BlackRock, MSCI Inc.

Data is used for analytical purposes only. Index data may differ to those published by the Index due to calculation methods. Breakdowns may not sum to 100% due to rounding, exclusion of cash, STIF and other statistically immaterial factors.

### Investment details (as of 12/31/2024)

<b>Benchmark</b>	MSCI Emerging Markets Index (composite structure)
<b>Total fund assets</b>	\$2.79 billion
<b>Fund inception date</b>	07/24/2000

### Characteristics (as of 12/31/2024)

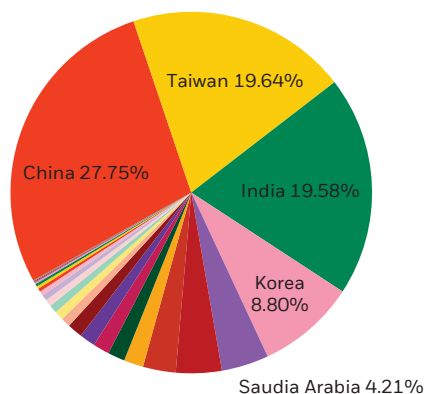
	Fund	Benchmark
Number of securities	1,261	1,252
Dividend yield	2.51	2.51

### Top 10 holdings (as of 12/31/2024)

	Fund (% assets)	Benchmark (% assets)
TAIWAN SEMICONDUCTOR MANUFA	10.53	10.70
TENCENT HOLDINGS LTD	4.57	4.62
ALIBABA GROUP HOLDING LTD	2.26	2.29
SAMSUNG ELECTRONICS LTD	2.24	2.29
HDFC BANK LTD	1.53	1.55
MEITUAN	1.27	1.28
RELIANCE INDUSTRIES LTD	1.13	1.14
ICICI BANK LTD	1.02	1.03
CHINA CONSTRUCTION BANK COR	1.02	1.06
INFOSYS LTD	0.96	0.97

Portfolio holdings are subject to change and are not intended as a recommendation of individual securities.

## Country Allocation



China 27.75%	Taiwan 19.64%	India 19.58%	Korea 8.80%
Saudia Arabia 4.21%	Brazil 4.07%	South Africa 2.92%	Mexico 1.74%
Malaysia 1.52%	Indonesia 1.46%	Thailand 1.41%	United Arab Emirates 1.35%
Qatar 0.84%	Poland 0.82%	Kuwait 0.73%	Turkey 0.62%
Philippines 0.52%	Chile 0.41%	Peru 0.29%	Hungary 0.24%
United States 0.23%	Czech Republic 0.13%	Colombia 0.10%	Egypt 0.07%
Hong Kong 0.03%	Canada 0.03%	France 0.02%	Singapore 0.01%
Australia 0.01%			

## Important Notes

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## Government/Credit Bond Index Fund B

A common trust fund maintained by BlackRock Institutional Trust Company, N.A. ("BTC") for investment of fiduciary client assets held by BTC in its capacity as trustee

### Investment objective and strategy

The Government/Credit Bond Index Fund B (the "Fund") is an index fund that seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of a particular index. The Fund shall be invested and reinvested primarily in a portfolio of debt securities with the objective of closely approximating the total rate of return of the Benchmark listed herein.

### Performance

Total return % as of 12/31/2024 (return percentages are annualized as of period end. Returns for periods less than one year are cumulative.)

	Month*	Q4*	YTD*	1 Year*	3 Year	5 Year	10 Year	Since Inception
Fund return %	-1.74	-3.06	1.32	1.32	-2.48	-0.13	1.59	4.97
Benchmark return %	-1.67	-3.08	1.18	1.18	-2.59	-0.21	1.50	4.93
<b>Difference</b>	<b>-0.07</b>	<b>0.02</b>	<b>0.14</b>	<b>0.14</b>	<b>0.11</b>	<b>0.08</b>	<b>0.09</b>	<b>0.04</b>

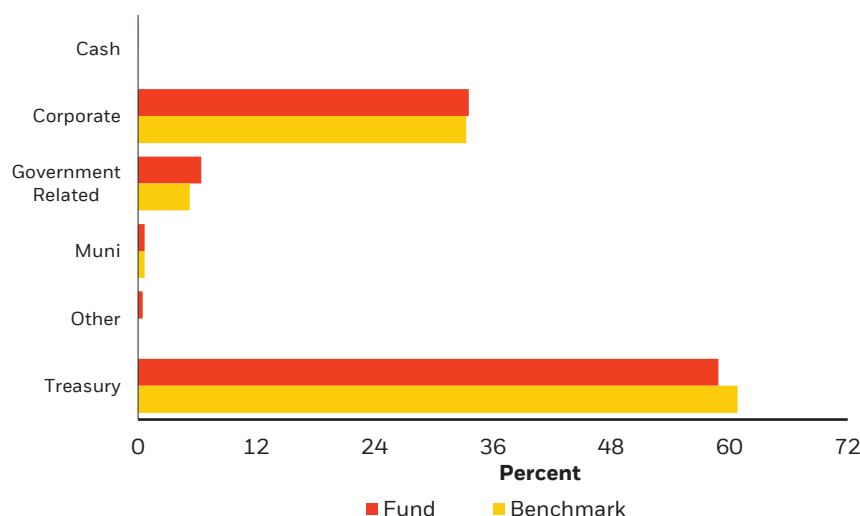
#### Performance disclosure:

The Fund's net asset value does not include an accrual for the investment management fee but does include an accrual for fund level administrative costs and, if applicable, certain third party acquired fund fees and expenses. If the Fund's net asset value did include an accrual for the investment management fee, the Fund's returns would be lower. **Past performance is not necessarily an indicator of future performance.**

\* Period returns for less than one year are cumulative

### Sector allocation

% of Fund or Benchmark as of 12/31/2024



Sources: BlackRock, Bloomberg Finance L.P.

Data is used for analytical purposes only. Index data may differ to those published by the Index due to calculation methods. Breakdowns may not sum to 100% due to rounding, exclusion of cash, STIF and other statistically immaterial factors.

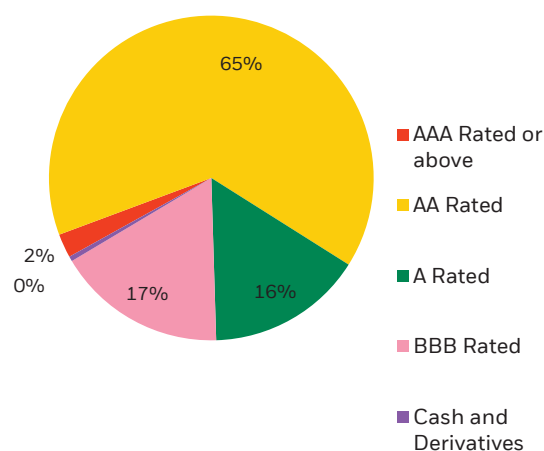
### Investment details (as of 12/31/2024)

<b>Benchmark</b>	BBG Government Credit Index
<b>Total fund assets</b>	\$364.54 million
<b>Fund inception date</b>	1991-03-31

### Characteristics (as of 12/31/2024)

	Fund	Index
Number of securities	8,447	9,649
Coupon (%)	3.47	3.46
Yield to maturity (YTM) (%)	4.79	4.78
Weighted avg life (yrs)	8.59	8.61
Effective duration (yrs)	6.05	6.05
Spread duration	2.68	2.62
Option adjusted spread (%)	29.27	28.34
Convexity	0.77	0.76

### Quality Breakdown (as of 12/31/2024)



The credit quality of a particular security or group of securities may be based upon a rating from a nationally recognized statistical rating organization or, if unrated by a ratings organization, assigned an internal rating by BlackRock, neither of which ensures the stability or safety of an overall portfolio.

### Important Notes

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# U.S. Treasury Inflation Protected Securities Fund B

A common trust fund maintained by BlackRock Institutional Trust Company, N.A. ("BTC") for investment of fiduciary client assets held by BTC in its capacity as trustee

## Investment objective and strategy

The U.S. Treasury Inflation Protected Securities Fund B (the "Fund") is an index fund that seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of a particular index. The Fund shall be invested and reinvested primarily in a portfolio of debt securities with the objective of closely approximating the total rate of return for all outstanding U.S. Treasury Inflation Protected Securities with a maturity of one year or greater, as defined by the Benchmark listed herein.

## Performance

Total return % as of 12/31/2024 (return percentages are annualized as of period end. Returns for periods less than one year are cumulative.)

	Month*	Q4*	YTD*	1 Year*	3 Year	5 Year	10 Year	Since Inception
Fund return %	-1.69	-2.89	2.07	2.07	-2.22	1.95	2.37	4.33
Benchmark return %	-1.58	-2.88	1.84	1.84	-2.30	1.86	2.24	4.25
<b>Difference</b>	<b>-0.11</b>	<b>-0.01</b>	<b>0.23</b>	<b>0.23</b>	<b>0.08</b>	<b>0.09</b>	<b>0.13</b>	<b>0.08</b>

### Performance disclosure:

The Fund's net asset value does not include an accrual for the investment management fee but does include an accrual for fund level administrative costs and, if applicable, certain third party acquired fund fees and expenses. If the Fund's net asset value did include an accrual for the investment management fee, the Fund's returns would be lower. **Past performance is not necessarily an indicator of future performance.**

\* Period returns for less than one year are cumulative

## Investment details (as of 12/31/2024)

<b>Benchmark</b>	Bloomberg U.S. Treasury Inflation Protected Securities (TIPS) Index (Series)
<b>Total fund assets</b>	\$4.41 billion
<b>Fund inception date</b>	2002-03-05

## Characteristics (as of 12/31/2024)

	Fund	Index
Number of securities	222	48
Market value (B)	4.41	1.33
Coupon (%)	1.01	1.01
Yield to maturity (YTM) (%)	4.42	4.42
Weighted avg life (yrs)	7.08	7.07
Effective duration (yrs)	6.40	6.39
Spread duration	-	-
Option adjusted spread (%)	-4.47	-4.51
Convexity	0.80	0.80

Sources: BlackRock, Bloomberg Finance L.P.

Data is used for analytical purposes only. Index data may differ to those published by the Index due to calculation methods.

Breakdowns may not sum to 100% due to rounding, exclusion of cash, STIF and other statistically immaterial factors.



### Important Notes

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## Developed Real Estate Index Fund B

A common trust fund maintained by BlackRock Institutional Trust Company, N.A. ("BTC") for investment of fiduciary client assets held by BTC in its capacity as trustee

### Investment objective and strategy

The Developed Real Estate Index Fund B (the "Fund") is an index fund that seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of a particular index. The Fund invests in US and non-US equity securities whose total return will approximate as closely as practicable the capitalization weighted total return net of dividend withholding taxes of the Benchmark listed herein. The investment universe consists of publicly traded real estate equity securities of issuers whose principal business is the ownership and operation of real estate as defined by the Benchmark listed herein.

### Performance

Total return % as of 12/31/2024 (return percentages are annualized as of period end)

	Q4*	YTD*	1 Year*	3 Year	5 Year	10 Year	Since Inception
Fund return %	-9.58	1.72	1.72	-5.21	-0.27	3.01	3.11
Benchmark return %	-9.69	0.94	0.94	-6.05	-1.00	2.23	2.34
<b>Difference</b>	<b>0.11</b>	<b>0.78</b>	<b>0.78</b>	<b>0.84</b>	<b>0.73</b>	<b>0.78</b>	<b>0.77</b>

#### Performance disclosure:

The Fund's net asset value does not include an accrual for the investment management fee but does include an accrual for fund level administrative costs and, if applicable, certain third party acquired fund fees and expenses. If the Fund's net asset value did include an accrual for the investment management fee, the Fund's returns would be lower. **Past performance is not necessarily an indicator of future performance.**

\* Period returns for less than one year are cumulative

### Investment details (as of 12/31/2024)

<b>Benchmark</b>	FTSE EPRA Nareit Developed Index (Net) in USD
<b>Total fund assets</b>	\$284.37 million
<b>Fund inception date</b>	11/18/2014

### Characteristics (as of 12/31/2024)

	Fund	Benchmark
Number of securities	341	361
Dividend yield	4.06	4.05

### Top 10 holdings (as of 12/31/2024)

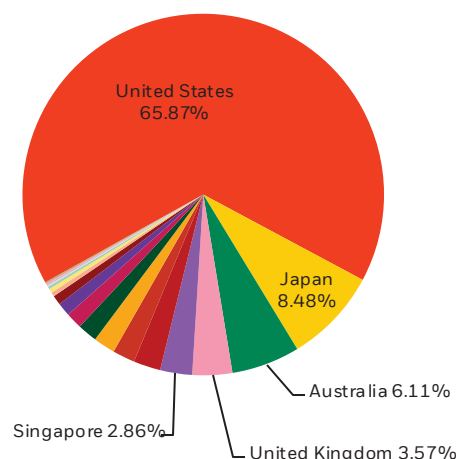
	Fund (% assets)	Benchmark (% assets)
PROLOGIS REIT INC	5.65	5.71
EQUINIX REIT INC	5.26	5.32
WELLTOWER INC	4.50	4.54
DIGITAL REALTY TRUST REIT I	3.40	3.44
SIMON PROPERTY GROUP REIT I	3.22	3.26
PUBLIC STORAGE REIT	2.74	2.77
REALTY INCOME REIT CORP	2.70	2.72
GOODMAN GROUP UNITS	2.38	2.41
EXTRA SPACE STORAGE REIT IN	1.83	1.83
AVALONBAY COMMUNITIES REIT	1.80	1.82

Portfolio holdings are subject to change and are not intended as a recommendation of individual securities.

Sources: BlackRock, FTSE International Ltd

Data is used for analytical purposes only. Index data may differ to those published by the Index due to calculation methods. Breakdowns may not sum to 1.00% due to rounding, exclusion of cash, STIF and other statistically immaterial factors.

## Country Allocation



United States 65.87%	Japan 8.48%	Australia 6.11%	United Kingdom 3.57%	Singapore 2.86%
Hong Kong 2.42%	Germany 2.00%	Canada 1.95%	Sweden 1.76%	France 1.46%
Switzerland 1.21%	Belgium 0.85%	Israel 0.38%	Spain 0.37%	New Zealand 0.23%
Netherlands 0.12%	Korea 0.12%	Finland 0.10%	Austria 0.05%	Norway 0.04%
European Union 0.03%	Italy 0.01%			

## Important Notes

The Developed Real Estate Index Fund B is not in any way connected to or sponsored, endorsed, sold or promoted by the London Stock Exchange Group plc and its group undertakings (collectively, the "LSE Group"), European Public Real Estate Association ("EPRA"), or National Association of Real Estate Investments Trusts ("NAREIT") (together, the "Licensor Parties"). The Licensor Parties do not accept any liability whatsoever to any person arising out of the use of Developed Real Estate Index Fund B or the underlying data. BlackRock Institutional Trust Company, N.A. ("BTC") is a wholly-owned subsidiary of BlackRock, Inc. For ease of reference, "BlackRock" may be used to refer to BlackRock, Inc. and its affiliates, including BTC. Any strategy referred to herein does not give rise to a deposit or other obligation of BlackRock, Inc. or its subsidiaries and affiliates, is not guaranteed by BlackRock, Inc. or its subsidiaries and affiliates, is not insured by the United States Federal Deposit Insurance Corporation or any other governmental agency, and may involve investment risks, including possible loss of principal invested. The Fund is also subject to other key risks, as described in the Fund's Collective Investment Fund Profile. Some or all of those risks may adversely affect the value of units in the Fund, yield, total return and the Fund's ability to meet its investment objective. See the Collective Investment Fund Profile for additional information. Past performance does not guarantee future results. Investment return and principal value of an investment will fluctuate so that an investor's units, when redeemed, may be worth more or less than the original cost. Any opinions expressed in this publication reflect our judgment at this date and are subject to change. No part of this publication may be reproduced in any manner without the prior written permission of BTC. The Fund's net asset value does not include an accrual for the investment management fee but does include an accrual for fund level administrative costs and, if applicable, certain third party acquired fund fees and expenses. If the Fund's net asset value did include an accrual for the investment management fee, the Fund's returns would be lower. Risk controls, asset allocation models and proprietary technology do not promise any level of performance or guarantee against loss of principal. The Fund, a common trust fund maintained and managed by BTC for investment of fiduciary client assets held by BTC in its capacity as trustee, is available only to certain eligible investors and not offered or available to the general public. In the event of a conflict between this summary description of the Fund and the trust document under which the Fund was established, the trust document will govern. For more information related to the Fund, please see the Fund's trust document, Collective Investment Fund Profile and most recent audited financial statements. BTC, a national banking association operating as a limited purpose trust company, manages the collective investment products and services discussed in this publication and provides fiduciary and custody services to various institutional investors. A collective investment fund is privately offered. Accordingly, prospectuses are not required and prices are not available in local publications. To obtain pricing information, please contact your local service representative. None of the information constitutes a recommendation by BTC or a solicitation of any offer to buy or sell any securities. The information is not intended to provide be relied upon as a forecast, research or investment advice. Neither BTC nor BlackRock, Inc. guarantees the suitability or potential value of any particular investment. The information contained herein may not be relied upon by you in evaluating the merits of investing in any investment. This material is intended for Canadian permitted clients only. It is not possible to directly invest in an unmanaged index.

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# University of Wisconsin System

## Intermediate Term Fund

Executive Summary  
June 30, 2025

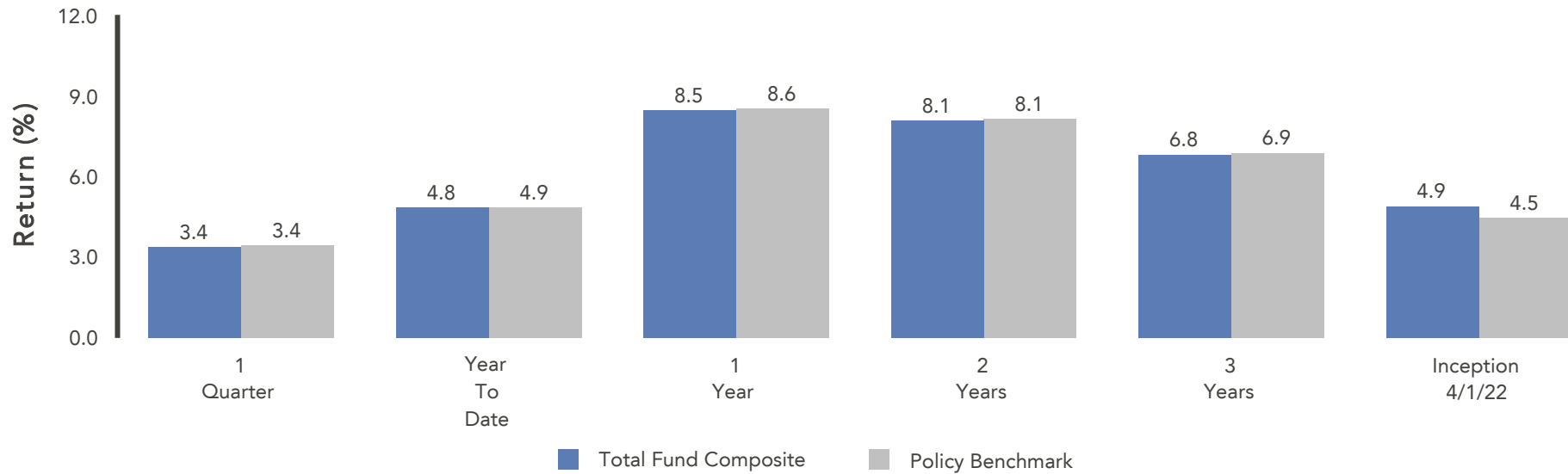
## Intermediate Term Fund

Manager Status

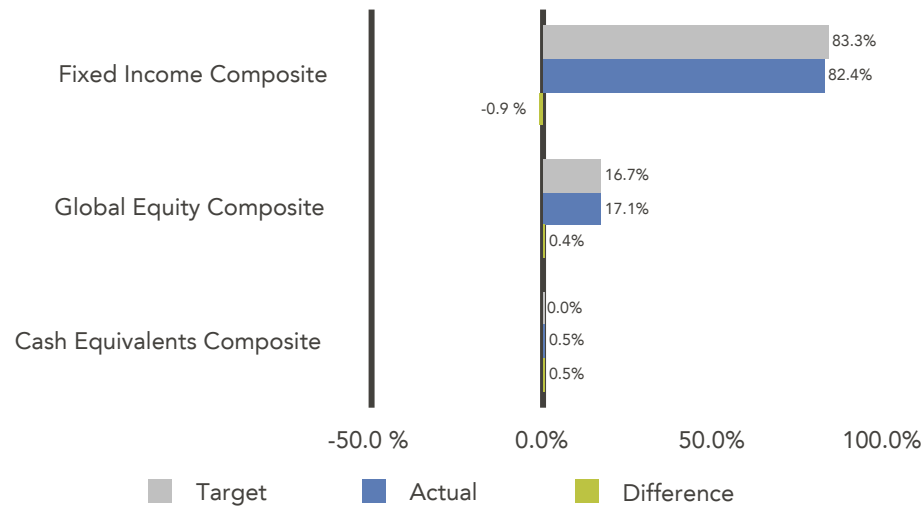
Investment Manager	Asset Class	Status	Reason
iShares Core 1-5 Year Bond Fund	Short-Term Fixed Income	In Compliance	--
Blackrock Interm. Govt/Credit Bond Index Fund B	Int. Fixed Income	In Compliance	--
Blackrock U.S. Debt Index Fund B	Core Fixed Income	In Compliance	--
Blackrock U.S. High Yield Bond Index Fund B	High Yield Fixed Income	In Compliance	--
Blackrock Floating Rate Income Fund	Senior Secured Loans	In Compliance	--
Blackrock MSCI ACWI IMI Index Fund B	Global Core Equity	In Compliance	--
SWIB Liquidity Fund	Cash & Equivalents	In Compliance	--

## Intermediate Term Fund

Performance Summary  
As of June 30, 2025



### Total Fund Composite vs. Target Allocation



### Summary of Cash Flows

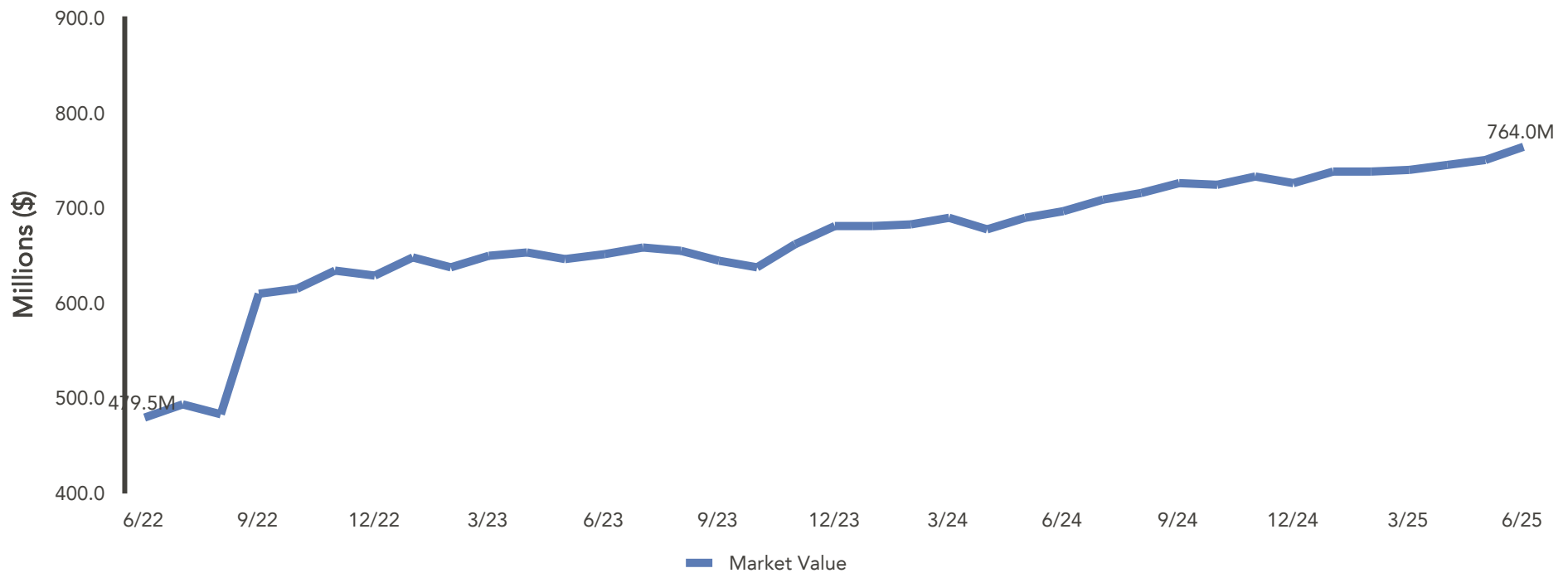
	1 Quarter (\$)	1 Year (\$)	Since Inception (\$) (4/1/2022)
Beginning Market Value	740,253,545	696,007,325	-
Net Cash Flow	-1,435,143	8,399,493	648,515,501
Gain/Loss	25,149,605	59,561,188	115,452,506
Ending Market Value	763,968,007	763,968,007	763,968,007

## Intermediate Term Fund

Portfolio Allocation  
Quarter Ending June 30, 2025

	Asset Class	Beginning MV (\$)	Net Cash Flow (\$)	Ending MV (\$)	% of Portfolio	Policy (%)
<b>Total Fund Composite</b>		<b>740,253,545</b>	<b>-1,435,143</b>	<b>763,968,007</b>	<b>100.0</b>	<b>100.0</b>
<b>Fixed Income Composite</b>		<b>616,088,596</b>	<b>2,385,934</b>	<b>629,683,724</b>	<b>82.4</b>	<b>83.3</b>
iShares Core 1-5 Year Bond Fund	Short-Term Fixed Income	243,970,474	1,473,316	249,507,606	32.7	33.3
Blackrock Interm. Govt/Credit Bond Index Fund B	Int. Fixed Income	124,501,744	-	126,610,669	16.6	16.7
Blackrock U.S. Debt Index Fund B	Core Fixed Income	135,990,600	-2,500,000	135,139,148	17.7	16.7
Blackrock U.S. High Yield Bond Index Fund B	High Yield Fixed Income	50,278,287	3,500,000	55,631,090	7.3	8.3
Blackrock Floating Rate Income Fund	Senior Secured Loans	61,347,491	-87,382	62,795,211	8.2	8.3
<b>Global Equity Composite</b>		<b>120,535,975</b>	<b>-4,000,000</b>	<b>130,427,536</b>	<b>17.1</b>	<b>16.7</b>
Blackrock MSCI ACWI IMI Index Fund B	Global Core Equity	120,535,975	-4,000,000	130,427,536	17.1	16.7
<b>Cash Equivalents Composite</b>		<b>3,628,974</b>	<b>178,923</b>	<b>3,856,747</b>	<b>0.5</b>	<b>0.0</b>

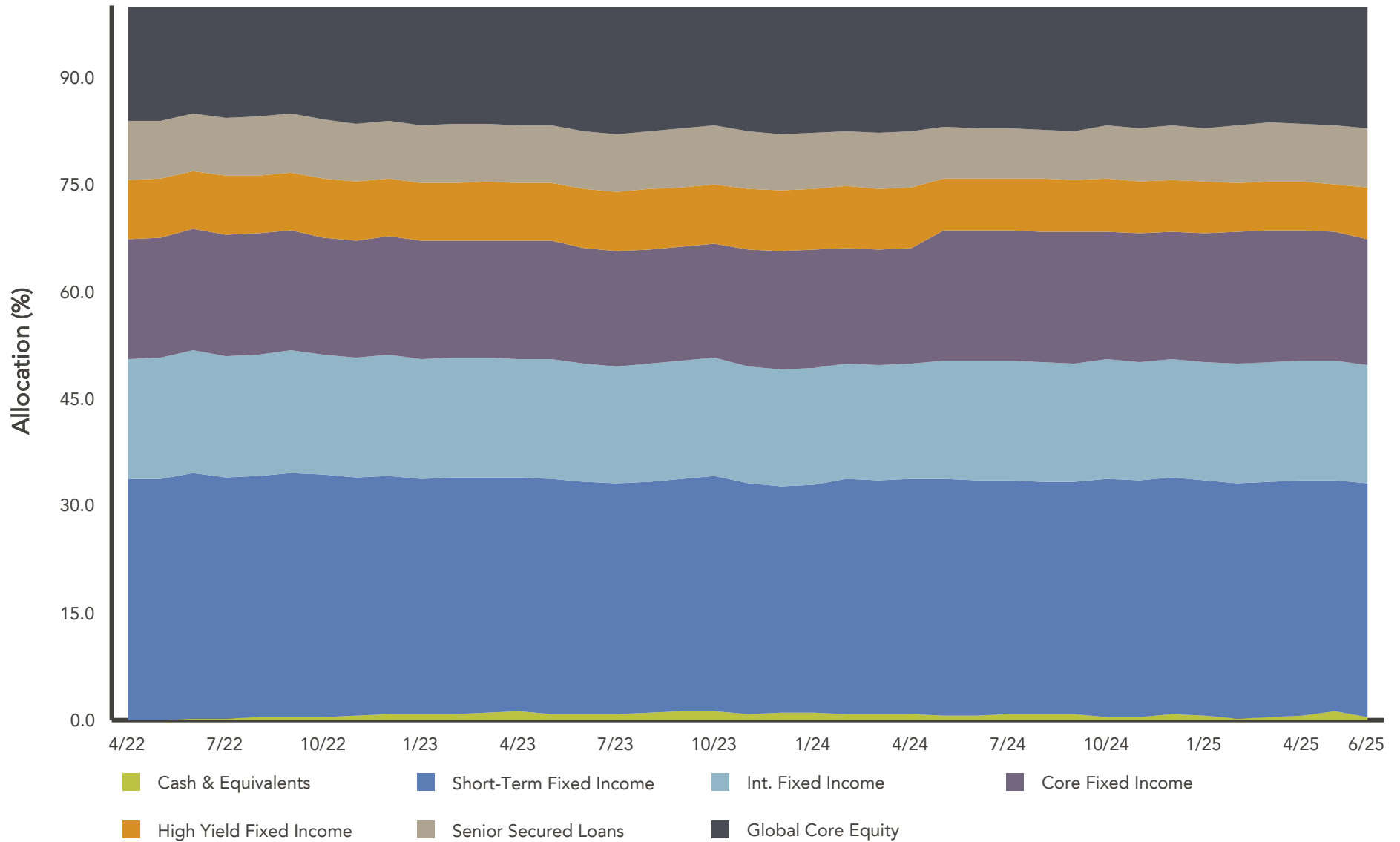
## Market Value History



## Summary of Cash Flows

	1 Quarter (\$)	Year To Date (\$)	1 Year (\$)	2 Years (\$)	3 Years (\$)	Since Inception (\$)
Beginning Market Value	740,253,545	726,649,332	696,007,325	652,269,186	479,495,088	-
Net Cash Flow	-1,435,143	2,071,716	8,399,493	1,933,847	148,515,501	648,515,501
Net Investment Change	25,149,605	35,246,959	59,561,188	109,764,974	135,957,419	115,452,506
Ending Market Value	763,968,007	763,968,007	763,968,007	763,968,007	763,968,007	763,968,007





## Intermediate Term Fund

Annualized Performance (Net of Fees)  
As of June 30, 2025

	3 Mo (%)	YTD (%)	1 Yr (%)	2 Yrs (%)	3 Yrs (%)	SI (%)	Inception Date
<b>Total Fund Composite</b>	<b>3.4</b>	<b>4.8</b>	<b>8.5</b>	<b>8.1</b>	<b>6.8</b>	<b>4.9</b>	<b>Apr 22</b>
Policy Benchmark	3.4	4.9	8.6	8.1	6.9	4.5	
<b>Fixed Income Composite</b>	<b>1.8</b>	<b>3.8</b>	<b>7.0</b>	<b>6.3</b>	<b>4.8</b>	<b>4.0</b>	<b>May 22</b>
Blmbg. U.S. Aggregate Index	1.2	4.0	6.1	4.3	2.5	2.1	
<b>Global Equity Composite</b>	<b>11.7</b>	<b>10.0</b>	<b>16.1</b>	<b>17.4</b>	<b>17.1</b>	<b>12.9</b>	<b>May 22</b>
MSCI AC World IMI Index (Net)	11.6	9.8	15.9	17.1	16.8	12.6	
<b>Cash Equivalents Composite</b>	<b>1.0</b>	<b>2.1</b>	<b>4.6</b>	<b>5.0</b>	<b>4.7</b>	<b>4.5</b>	<b>May 22</b>
ICE BofA 3 Month U.S. T-Bill	1.0	2.1	4.7	5.0	4.6	4.3	

## Intermediate Term Fund

Annualized Performance (Net of Fees)

As of June 30, 2025

	3 Mo (%)	YTD (%)	1 Yr (%)	2 Yrs (%)	3 Yrs (%)	SI (%)	Inception Date
<b>Total Fund Composite</b>	<b>3.4</b>	<b>4.8</b>	<b>8.5</b>	<b>8.1</b>	<b>6.8</b>	<b>4.9</b>	<b>Apr 22</b>
Policy Benchmark	3.4	4.9	8.6	8.1	6.9	4.5	
<b>Fixed Income Composite</b>	<b>1.8</b>	<b>3.8</b>	<b>7.0</b>	<b>6.3</b>	<b>4.8</b>	<b>4.0</b>	<b>May 22</b>
Blmbg. U.S. Aggregate Index	1.2	4.0	6.1	4.3	2.5	2.1	
iShares Core 1-5 Year Bond Fund	1.7	3.6	6.9	6.0	4.2	3.7	May 22
Blmbg. U.S. Universal 1-5 Years Index	1.7	3.7	6.9	6.0	4.3	3.9	
Short-Term Bond Rank	31	27	23	59	68	69	
Blackrock Interm. Govt/Credit Bond Index Fund B	1.7	4.2	6.8	5.5	3.6	3.3	May 22
Blmbg. Intermed. U.S. Government/Credit	1.7	4.1	6.7	5.5	3.6	3.3	
eV US Passive Fixed Inc Rank	28	37	31	35	34	33	
Blackrock U.S. Debt Index Fund B	1.2	4.0	6.1	4.4	2.6	2.2	May 22
Blmbg. U.S. Aggregate Index	1.2	4.0	6.1	4.3	2.5	2.1	
eV US Passive Fixed Inc Rank	49	43	48	56	55	53	
Blackrock U.S. High Yield Bond Index Fund B	3.6	4.5	10.1	10.4	9.7	6.9	May 22
Blmbg. U.S. High Yield - 2% Issuer Cap	3.5	4.6	10.3	10.4	9.9	7.1	
eV US High Yield Fixed Inc Rank	39	41	19	22	27	31	
Blackrock Floating Rate Income Fund	2.5	2.7	6.9	8.6	9.6	7.4	May 22
Morningstar LSTA U.S. Leveraged Loan	2.3	2.8	7.3	9.2	9.7	7.5	
Bank Loan Rank	20	45	52	51	23	13	
<b>Global Equity Composite</b>	<b>11.7</b>	<b>10.0</b>	<b>16.1</b>	<b>17.4</b>	<b>17.1</b>	<b>12.9</b>	<b>May 22</b>
MSCI AC World IMI Index (Net)	11.6	9.8	15.9	17.1	16.8	12.6	
Blackrock MSCI ACWI IMI Index Fund B	11.7	10.0	16.1	17.4	17.1	12.9	May 22
MSCI AC World IMI Index (Net)	11.6	9.8	15.9	17.1	16.8	12.6	
eV Global Passive Equity Rank	42	57	57	51	53	48	

## Intermediate Term Fund

Fee Schedule  
As of June 30, 2025

	Fee Schedule (%)	Estimated Annual Fee \$
<b>Total Fund Composite</b>	<b>0.09</b>	<b>687,129</b>
iShares Core 1-5 Year Bond Fund	0.06	149,705
Blackrock Interm. Govt/Credit Bond Index Fund B	0.02	25,322
Blackrock U.S. Debt Index Fund B	0.02	23,649
Blackrock U.S. High Yield Bond Index Fund B	0.12	66,757
Blackrock Floating Rate Income Fund	0.63	395,610
Blackrock MSCI ACWI IMI Index Fund B	0.02	26,086

# Appendix

## Fixed Income Composite

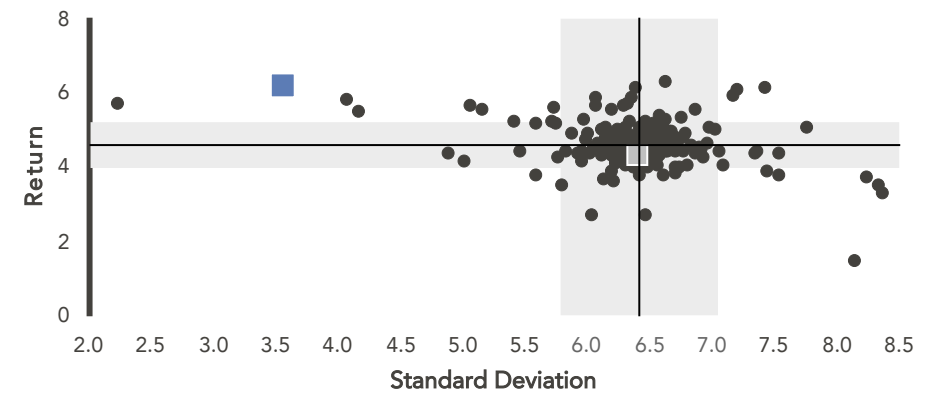
## Portfolio Characteristics

As of June 30, 2025

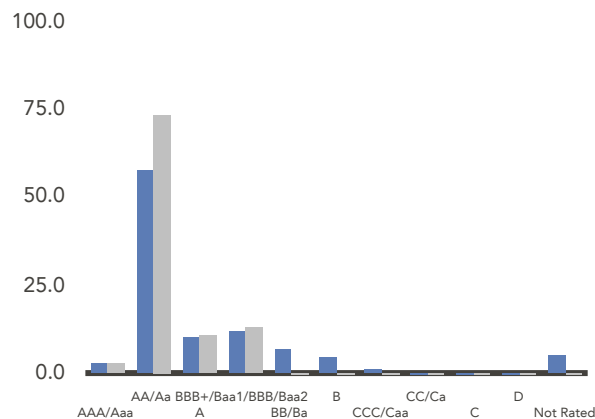
	Market Value (\$)	1 Mo (%)	3 Mo (%)	YTD (%)	1 Yr (%)	2 Yrs (%)	3 Yrs (%)	SI (%)	Inception Date
<b>Fixed Income Composite</b>	<b>629,683,724</b>	<b>1.1</b>	<b>1.8</b>	<b>3.8</b>	<b>7.0</b>	<b>6.3</b>	<b>4.8</b>	<b>4.0</b>	<b>May 22</b>
Blmbg. U.S. Aggregate Index		1.5	1.2	4.0	6.1	4.3	2.5	2.1	

Portfolio Characteristics	Portfolio	Blmbg. U.S. Aggregate Index
Avg. Maturity (yrs.)	4.7	8.3
Avg. Quality	A	AA
Coupon Rate (%)	3.9	3.7
Modified Duration (yrs.)	3.8	6.0
Effective Duration (yrs.)	3.7	5.9
Yield To Maturity (%)	4.6	4.5
Yield To Worst (%)	4.6	4.5

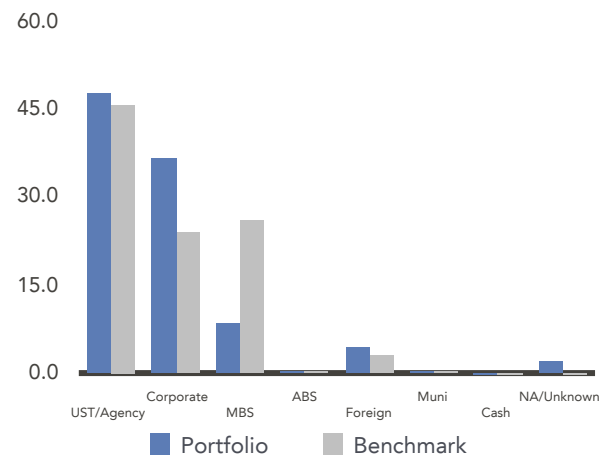
Risk vs. Return - 2 Years



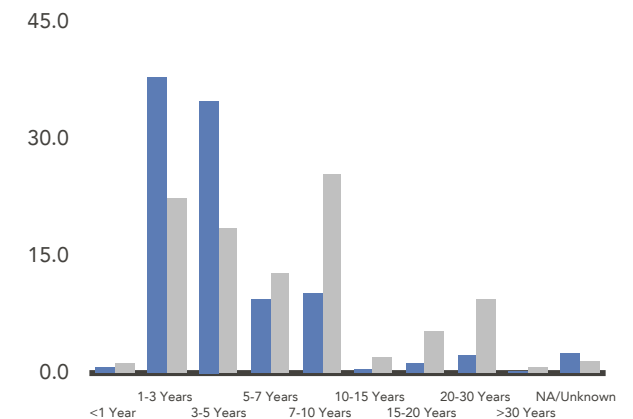
Credit Quality Distribution (%)



Sector Distribution (%)



Maturity Distribution (%)



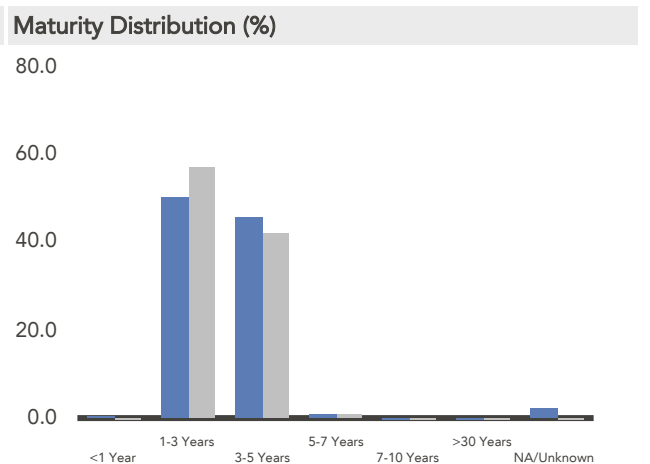
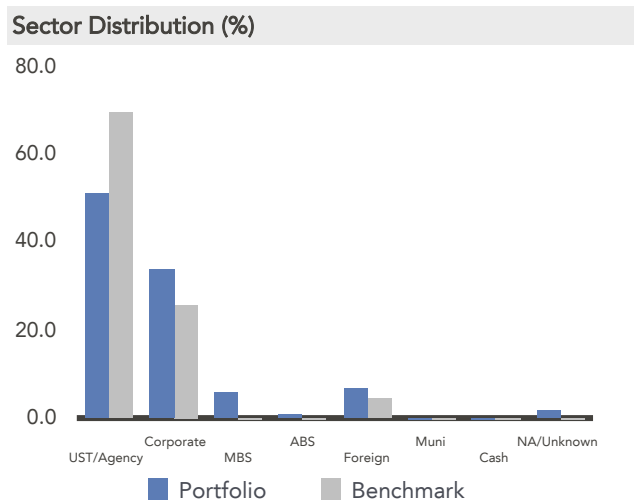
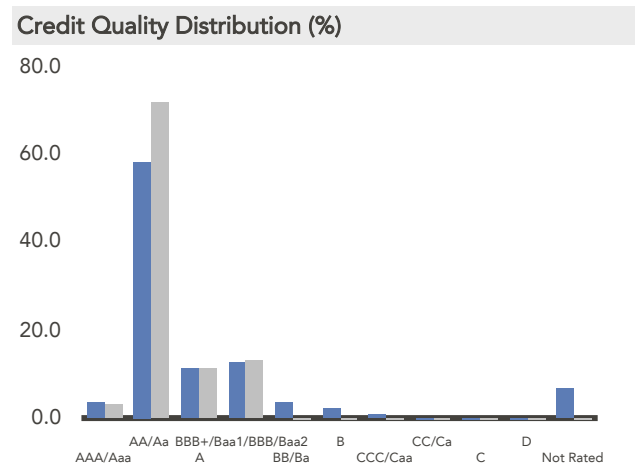
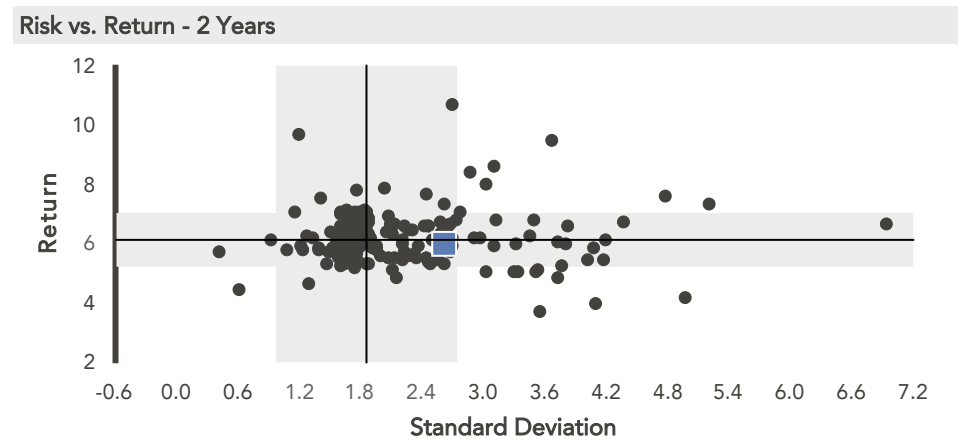
\*Characteristics do not include the Blackrock Floating Rate Income Fund.

# iShares Core 1-5 Year Bond Fund

Portfolio Characteristics  
As of June 30, 2025

	Market Value (\$)	1 Mo (%)	3 Mo (%)	YTD (%)	1 Yr (%)	2 Yrs (%)	3 Yrs (%)	SI (%)	Inception Date
iShares Core 1-5 Year Bond Fund	249,507,606	0.9	1.7	3.6	6.9	6.0	4.2	3.7	May 22
Bloomberg U.S. Gov/Credit 1-5 Year Index		0.8	1.5	3.6	6.4	5.5	3.7	3.5	
iShares Core 1-5 Year Bond Fund Rank		41	31	27	23	59	68	69	

Portfolio Characteristics	Portfolio	Bloomberg U.S. Gov/Credit 1-5 Year Index
Avg. Maturity (yrs.)	3.0	2.9
Avg. Quality	A	AA
Coupon Rate (%)	3.8	3.4
Modified Duration (yrs.)	2.7	2.7
Effective Duration (yrs.)	2.6	2.7
Yield To Maturity (%)	4.3	3.9
Yield To Worst (%)	4.3	3.9



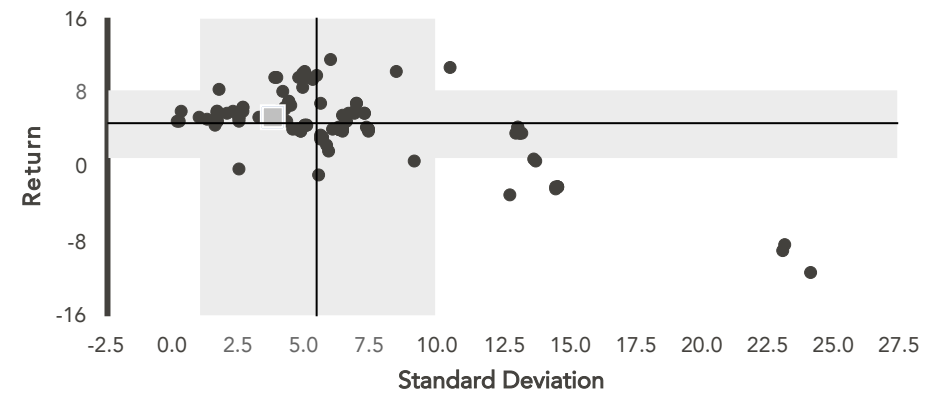
# Blackrock Interm. Govt/Credit Bond Index Fund B

Portfolio Characteristics  
As of June 30, 2025

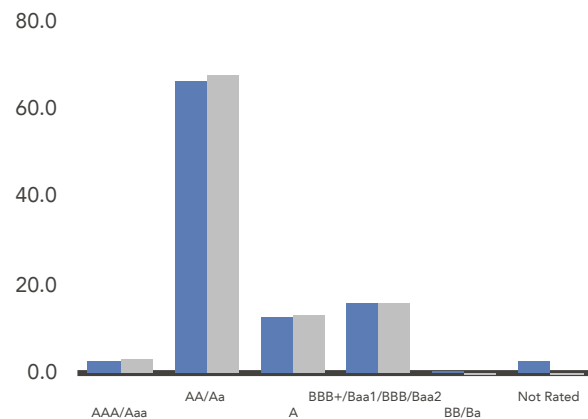
	Market Value (\$)	1 Mo (%)	3 Mo (%)	YTD (%)	1 Yr (%)	2 Yrs (%)	3 Yrs (%)	SI (%)	Inception Date
Blackrock Interm. Govt/Credit Bond Index Fund B	126,610,669	1.1	1.7	4.2	6.8	5.5	3.6	3.3	May 22
Blmbg. Intermed. U.S. Government/Credit		1.1	1.7	4.1	6.7	5.5	3.6	3.3	
Blackrock Interm. Govt/Credit Bond Index Fund B Rank		67	28	37	31	35	34	33	

Portfolio Characteristics	Portfolio	Blmbg. Intermed. U.S. Government/Credit
Avg. Maturity (yrs.)	4.2	4.3
Avg. Quality	AA	AA
Coupon Rate (%)	3.5	3.6
Modified Duration (yrs.)	3.7	3.8
Effective Duration (yrs.)	3.7	3.8
Yield To Maturity (%)	4.1	4.1
Yield To Worst (%)	4.1	4.1

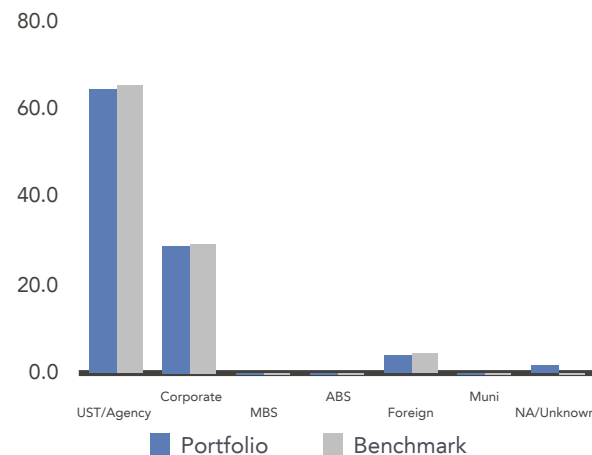
Risk vs. Return - 2 Years



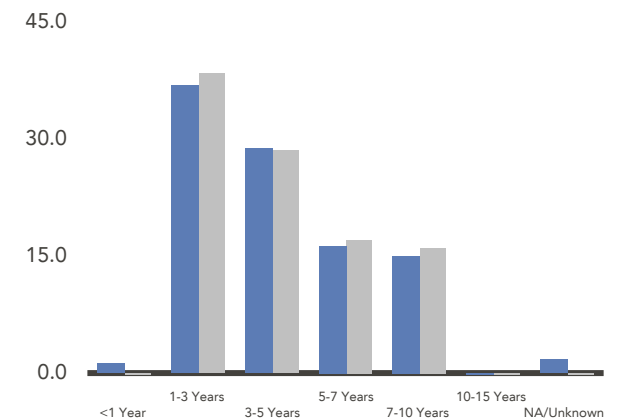
Credit Quality Distribution (%)



Sector Distribution (%)



Maturity Distribution (%)





# Blackrock U.S. Debt Index Fund B

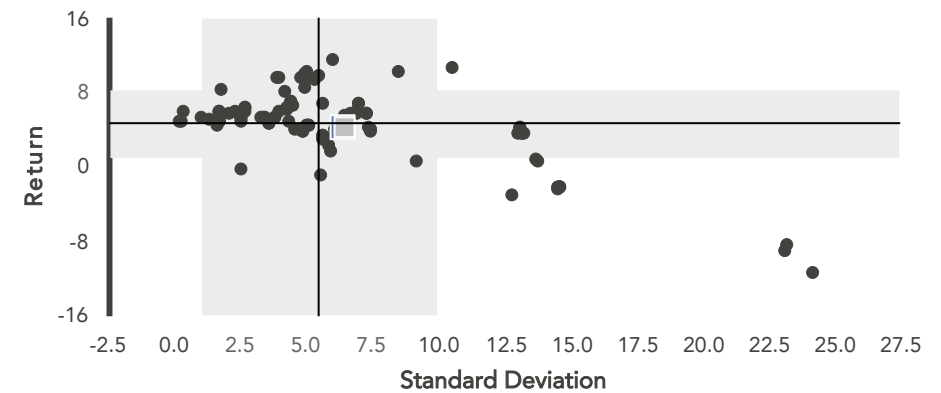
## Portfolio Characteristics

As of June 30, 2025

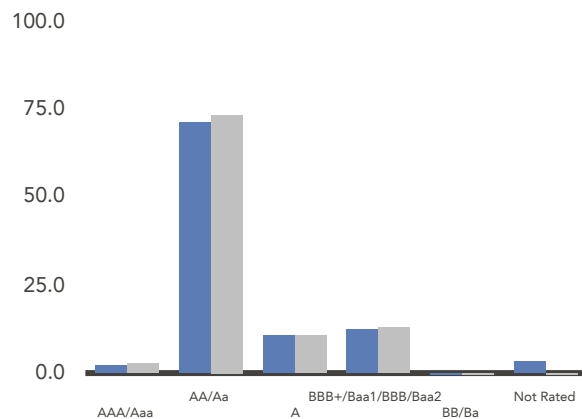
	Market Value (\$)	1 Mo (%)	3 Mo (%)	YTD (%)	1 Yr (%)	2 Yrs (%)	3 Yrs (%)	SI (%)	Inception Date
Blackrock U.S. Debt Index Fund B	135,139,148	1.5	1.2	4.0	6.1	4.4	2.6	2.2	May 22
Blmbg. U.S. Aggregate Index		1.5	1.2	4.0	6.1	4.3	2.5	2.1	
Blackrock U.S. Debt Index Fund B Rank		44	49	43	48	56	55	53	

Portfolio Characteristics	Portfolio	Blmbg. U.S. Aggregate Index
Avg. Maturity (yrs.)	8.3	8.3
Avg. Quality	AA	AA
Coupon Rate (%)	3.6	3.7
Modified Duration (yrs.)	5.9	6.0
Effective Duration (yrs.)	6.0	5.9
Yield To Maturity (%)	4.5	4.5
Yield To Worst (%)	4.5	4.5

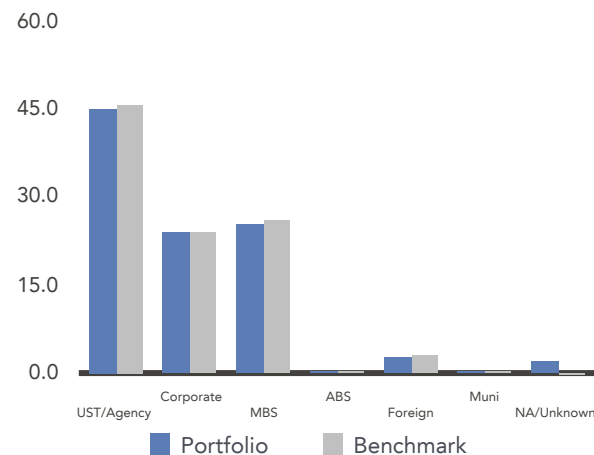
Risk vs. Return - 2 Years



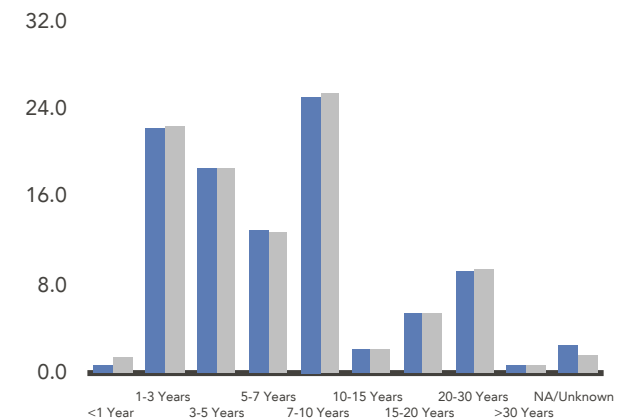
Credit Quality Distribution (%)



Sector Distribution (%)



Maturity Distribution (%)

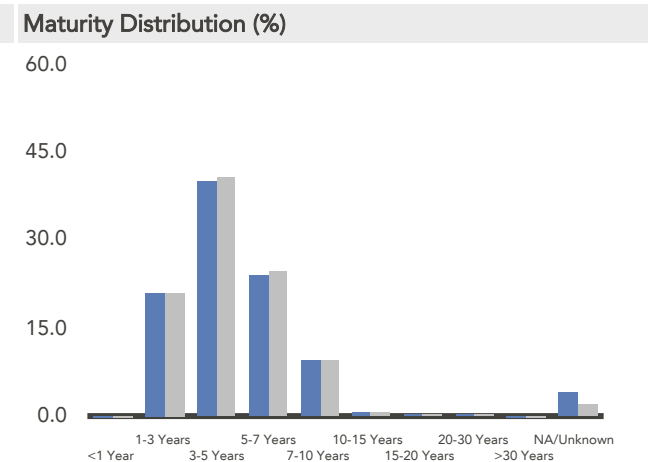
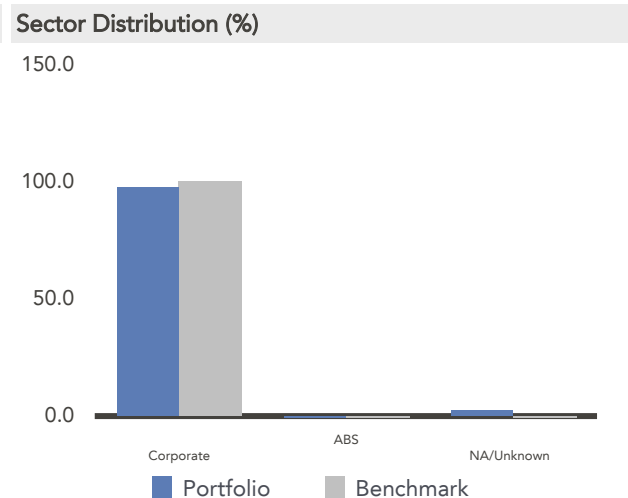
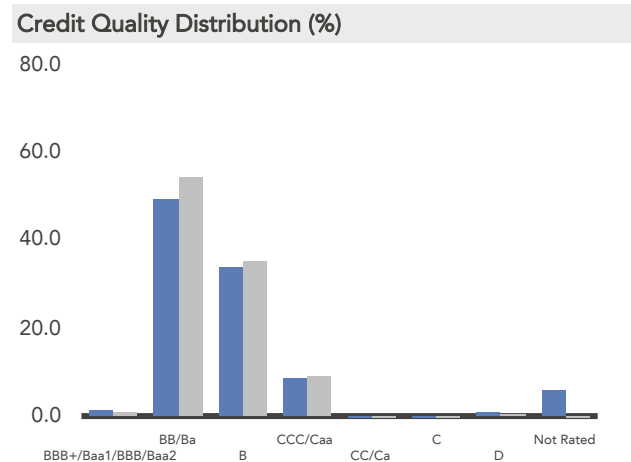
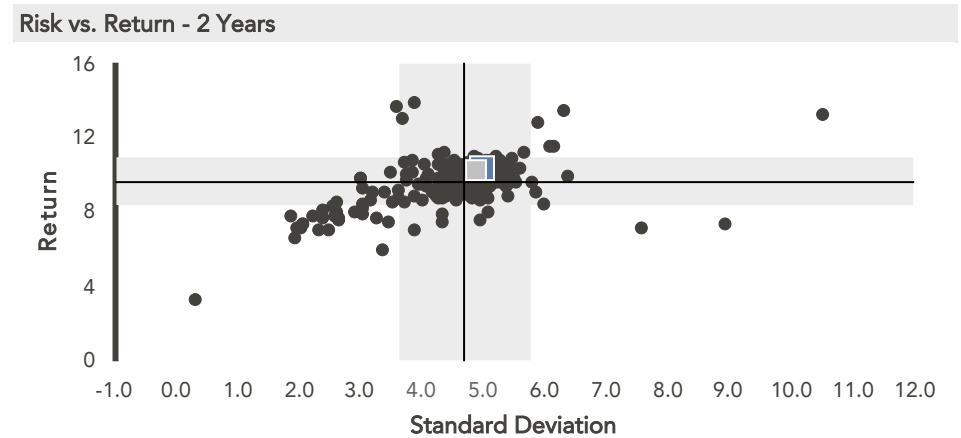


# Blackrock U.S. High Yield Bond Index Fund B

Portfolio Characteristics  
As of June 30, 2025

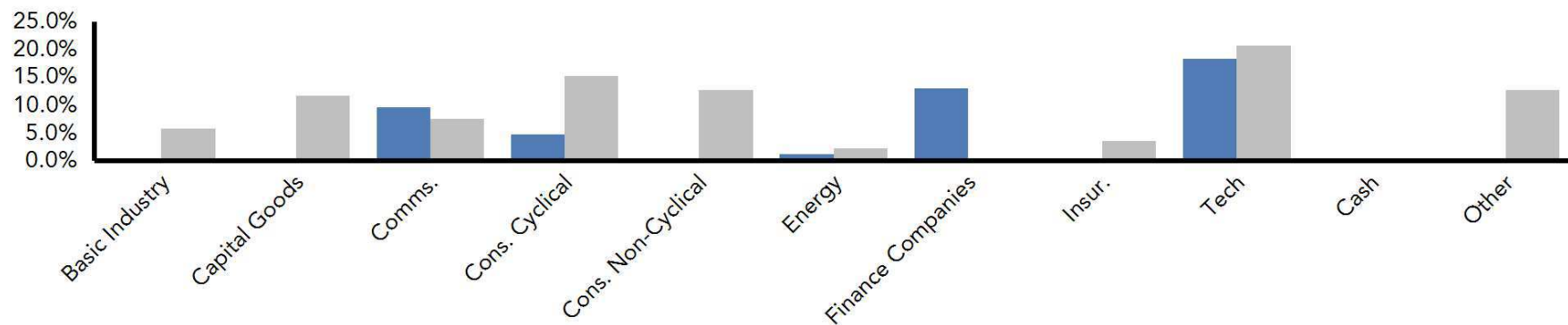
	Market Value (\$)	1 Mo (%)	3 Mo (%)	YTD (%)	1 Yr (%)	2 Yrs (%)	3 Yrs (%)	SI (%)	Inception Date
Blackrock U.S. High Yield Bond Index Fund B	55,631,090	1.9	3.6	4.5	10.1	10.4	9.7	6.9	May 22
Blmbg. U.S. High Yield - 2% Issuer Cap		1.8	3.5	4.6	10.3	10.4	9.9	7.1	
Blackrock U.S. High Yield Bond Index Fund B Rank		27	39	41	19	22	27	31	

Portfolio Characteristics	Portfolio	Blmbg. U.S. High Yield - 2% Issuer Cap
Avg. Maturity (yrs.)	4.7	4.7
Avg. Quality	B	B
Coupon Rate (%)	6.6	6.6
Modified Duration (yrs.)	3.8	3.8
Effective Duration (yrs.)	2.9	3.8
Yield To Maturity (%)	7.3	7.3
Yield To Worst (%)	7.0	7.0

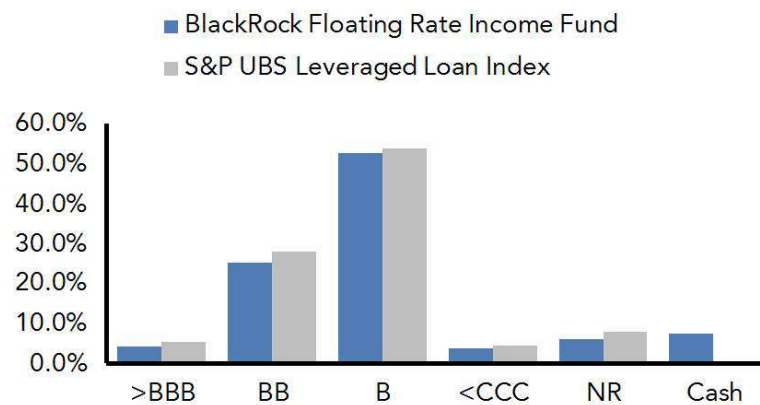


Characteristics	BlackRock Global Investors	S&P UBS Leveraged Loan USD
Total Number of Holdings	511	1547
Current Yield	8.0%	8.0%
Avg Duration	0.02	0.3
Avg Quality	B+	B
As of Date		6/30/2025

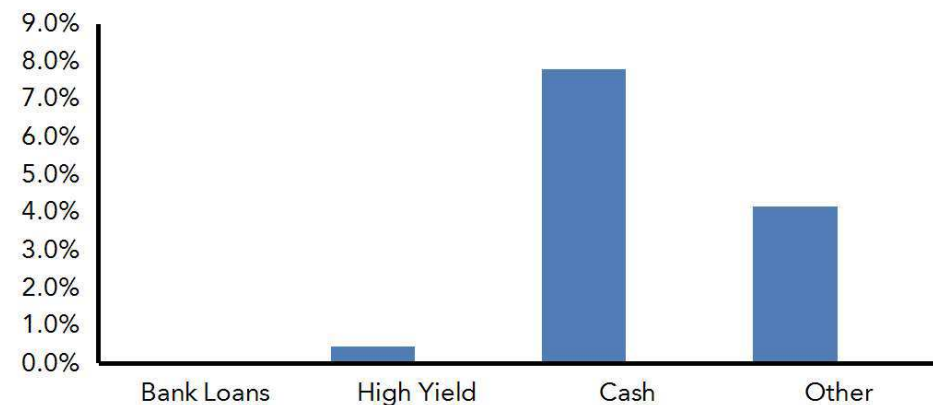
#### Product Sector Breakdown



#### Quality Breakdown



#### Seniority Breakdown



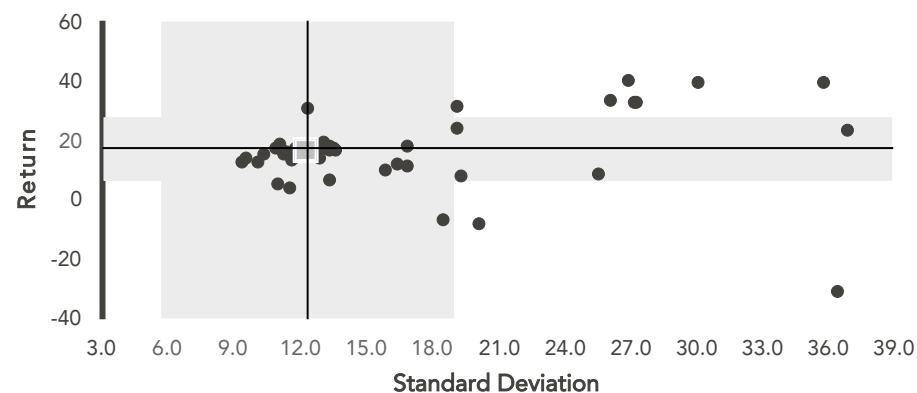
# Blackrock MSCI ACWI IMI Index Fund B

Portfolio Characteristics  
As of June 30, 2025

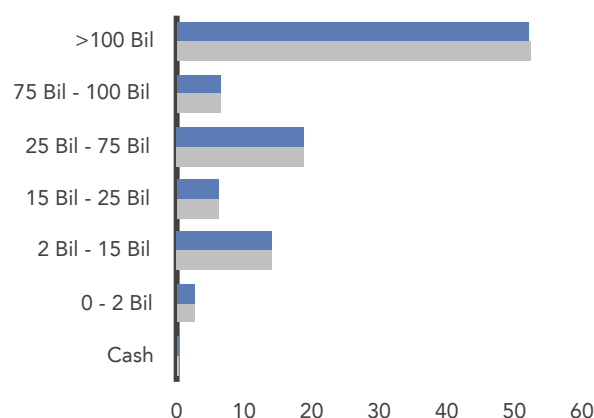
	Market Value \$	1 Mo (%)	3 Mo (%)	YTD (%)	1 Yr (%)	2 Yrs (%)	3 Yrs (%)	SI (%)	Inception Date
Blackrock MSCI ACWI IMI Index Fund B	130,427,536	4.6	11.7	10.0	16.1	17.4	17.1	12.9	May 22
MSCI AC World IMI Index (Net)		4.5	11.6	9.8	15.9	17.1	16.8	12.6	
Blackrock MSCI ACWI IMI Index Fund B Rank		26	42	57	57	51	53	48	

Portfolio Characteristics	Portfolio	MSCI AC World IMI Index (Net)
Wtd. Avg. Mkt. Cap \$M	\$661,839	\$661,264
Median Mkt. Cap \$M	\$2,774	\$2,777
Price/Earnings ratio	21.1	21.7
Price/Book ratio	4.1	3.8
5 Yr. EPS Growth Rate (%)	21.1	20.5
Current Yield (%)	1.5	1.9
Beta (3 Years, Monthly)	1.0	1.0
Number of Stocks	8,417	8,274

Risk vs. Return - 2 Years



Distribution of Market Capitalization (%)

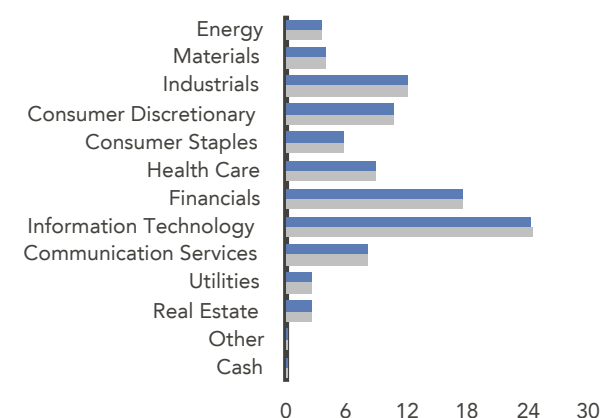


Region (%)

	Portfolio	Benchmark
Canada	2.9	3.0
United States	61.3	61.1
Europe	16.3	16.3
Asia Pacific	8.4	8.4
<b>Developed Markets</b>	<b>88.9</b>	<b>88.8</b>
Americas	0.7	0.7
Europe	0.3	0.3
Asia Pacific	8.3	8.4
<b>Emerging Markets</b>	<b>9.4</b>	<b>9.5</b>
Cash	0.0	0.0
Other	1.7	1.7
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

■ Portfolio ■ Benchmark

Sector Weights (%)



## Liquidity Schedule Summary



Investments	Inception	Subscriptions	Redemptions	Market Value	Daily
iShares Core 1-5 Year Bond Fund	04/20/2022	Daily	Daily	249,507,606	249,507,606
Blackrock Interm. Govt/Credit Bond Index Fund B	04/20/2022	Daily	Daily	126,610,669	126,610,669
Blackrock U.S. Debt Index Fund B	04/20/2022	Daily	Daily	135,139,148	135,139,148
Blackrock U.S. High Yield Bond Index Fund B	04/20/2022	Daily	Daily	55,631,090	55,631,090
Blackrock Floating Rate Income Fund	04/20/2022	Daily	Daily	62,795,211	62,795,211
Blackrock MSCI ACWI IMI Index Fund B	04/20/2022	Daily	Daily	130,427,536	130,427,536
SWIB Liquidity Fund	04/01/2022	Daily	Daily	3,853,241	3,853,241
Cash - iShares Core 1-5 Year Bond Fund	04/20/2022	Daily	Daily	2,677	2,677
Cash - Blackrock Floating Rate Income Fund	04/20/2022	Daily	Daily	826	826
Cash - Blackrock MSCI ACWI IMI Index Fund B	04/20/2022	Daily	Daily	3	3
Cash - Blackrock Interm. Govt/Credit Bond Index Fund B	04/20/2022	Daily	Daily	-	-
Cash - Blackrock U.S. Debt Index Fund B	04/20/2022	Daily	Daily	-	-
Cash - Blackrock U.S. High Yield Bond Index Fund B	04/20/2022	Daily	Daily	-	-
Total (\$)				763,968,007	763,968,007
Total (%)				100.0	100.0

## Intermediate Term Fund

Benchmark Composition  
As of June 30, 2025

Policy Benchmark	Weight (%)
Mar-2014	
Blmbg. Intermed. U.S. Government/Credit	16.67
Blmbg. U.S. Aggregate Index	16.67
Blmbg. U.S. High Yield - 2% Issuer Cap	8.33
Morningstar LSTA U.S. Leveraged Loan	8.33
MSCI AC World IMI Index (Net)	16.67
Blmbg. U.S. Universal 1-5 Years Index	33.33

## Investment Manager Evaluation Terminology

The following terminology has been developed by Marquette Associates to facilitate efficient communication among the Investment Manager, Investment Consultant, and the Plan Sponsor. Each term signifies a particular status with the Fund and any conditions that may require improvement. In each case, communication is made only after consultation with the Trustees and/or the Investment Committee of the Plan.

**In Compliance** – Marquette has not been notified of any issues or changes to the investment manager that would materially impede upon its ability to execute the investment strategy or adhere to any applicable investment guidelines.

**Alert** – The investment manager has experienced a problem in performance (usually relative to a benchmark), a change in investment characteristics, an alteration in management style, ownership, or key investment professionals, and/or any other irregularities that may impede upon its ability to execute the investment strategy or adhere to any applicable investment guidelines.

**On Notice** – The investment manager has experienced continued concern with one or more Alert issues. Failure to improve upon stated issues within a certain time frame may justify termination.

**Termination** – The investment manager has been terminated and transition plans are in place.

## DISCLOSURES

Marquette Associates, Inc. ("Marquette") has prepared this document for the exclusive use by the client or third party for which it was prepared. The information herein was obtained from various sources, including but not limited to third party investment managers, the client's custodian(s) accounting statements, commercially available databases, and other economic and financial market data sources.

The sources of information used in this document are believed to be reliable. Marquette has not independently verified all of the information in this document and its accuracy cannot be guaranteed. Marquette accepts no liability for any direct or consequential losses arising from its use. The information provided herein is as of the date appearing in this material only and is subject to change without prior notice. Thus, all such information is subject to independent verification, and we urge clients to compare the information set forth in this statement with the statements you receive directly from the custodian in order to ensure accuracy of all account information. Past performance does not guarantee future results and investing involves risk of loss. No graph, chart, or formula can, in and of itself, be used to determine which securities or investments to buy or sell.

Account and Composite characteristics data is derived from underlying holdings uploaded to the Investment Metrics Platform ("Platform"); the Platform then uses data for the noted time period from Standard & Poor's (equity holdings) and ICE (fixed income holdings) to populate the reporting templates. Some securities, including cash equivalents, may not be accurately classified during this population process due to missing identifiers or unavailable data. As a result, characteristics in this report may differ from other data sources. For example, Bloomberg indices may include additional rating information which may differ from the S&P rating used by the Platform.

Forward-looking statements, including without limitation any statement or prediction about a future event contained in this presentation, are based on a variety of estimates and assumptions by Marquette, including, but not limited to, estimates of future operating results, the value of assets and market conditions. These estimates and assumptions, including the risk assessments and projections referenced, are inherently uncertain and are subject to numerous business, industry, market, regulatory, geo-political, competitive, and financial risks that are outside of Marquette's control. There can be no assurance that the assumptions made in connection with any forward-looking statement will prove accurate, and actual results may differ materially.

The inclusion of any forward-looking statement herein should not be regarded as an indication that Marquette considers forward-looking statements to be a reliable prediction of future events. The views contained herein are those of Marquette and should not be taken as financial advice or a recommendation to buy or sell any security. Any forecasts, figures, opinions or investment techniques and strategies described are intended for informational purposes only. They are based on certain assumptions and current market conditions, and although accurate at the time of writing, are subject to change without prior notice. Opinions, estimates, projections, and comments on financial market trends constitute our judgment and are subject to change without notice. Marquette expressly disclaims all liability in respect to actions taken based on any or all of the information included or referenced in this document. **The information is being provided based on the understanding that each recipient has sufficient knowledge and experience to evaluate the merits and risks of investing.**

Marquette is an independent investment adviser registered under the Investment Advisers Act of 1940, as amended. Registration does not imply a certain level of skill or training. More information about Marquette including our investment strategies, fees and objectives can be found in our ADV Part 2, which is available upon request or on our website.



**UNIVERSITIES OF WISCONSIN OFFICE OF TRUST FUNDS  
REVIEW OF ASSET ALLOCATION OF THE INTERMEDIATE TERM FUND**

**REQUESTED ACTION**

No action is required; this item is for information and discussion.

**SUMMARY**

The UW Office of Trust Funds established the Intermediate Term Fund (ITF) in November 2021 to increase revenue-generating opportunities for cash balances through intermediate term investments. Regent Policy Document 31-18 sets forth the key elements to be incorporated in the ITF's Investment Policy Statement (IPS), including investment objectives and policies, asset allocations, and the roles and duties of those responsible for its management.

In February 2025, the ITF investment committee (comprised of the UW Office of Trust Funds Chief Investment Officer, the UW Administration Vice President for Finance & Administration, and additional representatives appointed by the Chancellors of participating UW universities) approved a full asset allocation study, stress testing, and review to be conducted by Marquette Associates (Marquette), the investment consultant for the ITF.

In August 2025, Marquette presented the results of its study to the investment committee, including its finding that all tested changes to the asset allocation resulted in a less efficient portfolio. The investment committee unanimously accepted Marquette's recommendation to maintain the current allocation.

**Presenters**

- Doug Oest, Marquette Associates
- Charles Saunders, Chief Investment Officer, Office of Trust Funds

**BACKGROUND**

At the November 2023 Board of Regents meeting, the UW Office of Trust Funds provided to the Business & Finance Committee a presentation on the Intermediate Term Fund (ITF),

including its background and history, as well as an overview of the asset allocation plan and governance structure. In addition, Regent Policy Document 31-18 was recommended for approval by the Committee and subsequently adopted by the Board of Regents (Resolution 12100).

At the December 2023 Board of Regents meeting, the UW Office of Trust Funds presented to the Business & Finance Committee the Investment Policy Statement for the ITF, which was recommended for approval by the Committee and subsequently adopted by the Board of Regents (Resolution 12127).

### **Related Policies**

- [Regent Policy Document 31-18](#), "Intermediate Term Cash Management Fund Investment Policy Statement: Key Elements and Review Process"

**UNIVERSITIES OF WISCONSIN OFFICE OF TRUST FUNDS  
APPROVAL OF REVISION TO INVESTMENT POLICY STATEMENT FOR  
THE ASAP REGENTFUND**

**REQUESTED ACTION**

Adoption of Resolution E.3.

**Resolution E.3.** That, upon the recommendation of the President of the University of Wisconsin System, the Board of Regents approves the revisions to the University of Wisconsin System Trust Funds Investment Policy Statement.

**SUMMARY**

Regent Policy Document 31-9 applies to the invested assets of University of Wisconsin Trust Funds, and outlines the key elements which are to be incorporated into an Investment Policy Statement (IPS) that provides the guiding principles for all aspects of the management of entrusted assets.

Resolution E.3. proposes revisions to the Exhibits B and C of the IPS governing the student-run RegentFund at the Applied Security Analysis Program (ASAP) at the UW-Madison School of Business.

As indicated in Attachment A, the proposed revisions are as follows:

1. For Exhibit B Section I, to reflect clearer and more up-to-date language, the passage "*Liquidity Requirements and Cash Flow Analysis*. The portfolio is to provide for withdrawals and contributions on a quarterly basis. While quarterly cash flows are uncertain since all assets are fully expendable, for the most recently analyzed ten-year period, the former Intermediate Term Fund experienced cash flows ranging from plus 0.5 percent of assets to minus 7.6 percent, and the average net quarterly cash flow was minus 1.8 percent of assets"

is replaced with

*"Liquidity Requirements.* The portfolio maintains a minimum cash balance of 4% for liquidity purposes."

2. In Exhibit C, due to changes in the nature of the corporate bond market over the past seven years, the restriction on buying 144A Securities (securities that can only be purchased by Qualified Institutional Buyers (QIBs), which include the University of Wisconsin), the previous guideline/restriction number 5, "144a securities are not eligible for purchase." is stricken and the subsequent guidelines/restrictions are renumbered accordingly.
3. In Exhibit C, Table 1 at the bottom is updated to reflect the current revised benchmark indexes and the inclusion of the cash weighting in the benchmark.
4. Additional technical revisions include 1) replacement with the current position title "Vice President for Finance & Administration" throughout the document, and 2) replacement of outdated references to Regent Bylaws and Regent Policy Documents with language reflecting the current applicable policies.

## **Presenters**

- Betsi Hill, Director, Applied Security Analysis Program, UW-Madison School of Business
- Jeremy Whitish, Director, Applied Security Analysis Program, UW-Madison School of Business
- Charles Saunders, Chief Investment Officer, Office of Trust Funds

## **BACKGROUND**

The current version of the Investment Policy Statement for the UW System Trust Funds was approved by the Board of Regents at its April 2018 meeting (Resolution 11024). The revisions were necessitated primarily by the transfer of UW Trust Funds investment management to the State of Wisconsin Investment Board (SWIB).

## **Related Policies**

- [Regent Policy Document 31-9](#), "Investment Policy Statement: Key Elements and Review Process"

## **ATTACHMENT**

- A) Proposed Revisions to Investment Policy Statement

**Exhibit A. The University of Wisconsin System Trust Funds Investment Policy Statement**

**I. UNIVERSITY OF WISCONSIN SYSTEM  
TRUST FUNDS  
INVESTMENT POLICY STATEMENT**

Approved by the Board of Regents on April 6, 2018

## Preface

**Introduction and Background.** The invested Trust Funds of the University of Wisconsin System (UW Trust Funds) currently consist predominately of bequests from individuals via wills or other trusts, as well as outright gifts from living donors, corporations (including matching gift programs), and external foundations and trusts. Such bequests and gifts come to the Board of Regents of the University of Wisconsin System (the Board) whenever the donor and documentation name the beneficiary as either the Board of Regents, directly, or any UW System institution, without specifically identifying a UW- related foundation. (UW-related foundations are independent entities with separate governing boards.) These gifts or donations originate as either, 1) "true endowments," where the donor has restricted the use of "principal" and may or may not have imposed additional restrictions as to purpose (in accounting parlance, "restricted - nonexpendable" gifts), or 2) "expendable," where the donor has placed no restriction on use of principal and may or may not have imposed restrictions as to purpose (in accounting parlance, either "restricted - expendable" or fully "unrestricted" gifts).

The Board is the principal and ultimate fiduciary of the UW Trust Funds. A fiduciary is defined as someone who oversees and/or manages the assets of, or for the benefit of, another person and who stands in a special relationship of trust, confidence, and/or legal responsibility. A summary of the primary fiduciary and management responsibilities of the Board is provided in **Appendix 1**. As noted there, the Board has delegated to its Business and Finance Committee (the Committee), many oversight and management functions. Specific roles and responsibilities of all relevant parties are discussed later.

**Purposes.** The Investment Policy Statement (IPS) is the tool to direct and guide the activities of the investment of the entrusted assets. Furthermore, the IPS should provide the guiding principles for all aspects of the management of entrusted assets, and the premises on which these principles rest. This IPS replaces and supersedes any previous investment policy statement approved by the Board of Regents.

**Organization and Format.** The IPS is organized into these five major sections:

- **Premises** – which discusses the underlying bases (primarily various objectives, assumptions, and beliefs) for the policies and their implementation
- **Investment Policies** – which describes specific policies adopted to attain identified objectives while conforming with the major premises
- **Implementation** – which describes by whom and how the policies are to be implemented
- **Evaluation** – which describes how success will be monitored and evaluated
- **Appendices** – which provide greater detail on various policy elements discussed at a broader level in the main body of the document

Regarding format, the following conventions are used: the major section headings are designated by Roman numerals (e.g., **I.**); major sub-sections are designated by capital letters (e.g., **A.**); headings for specific topics within major sub-sections appear in **Boldface**; headings

for subsidiary topics therein appear in ***Italicized Boldface***; headings for each topic therein (sub-sub-topic) appear in *Italics*; and headings for paragraphs therein, where helpful, appear in Regular Typeface. Finally, within the text, *italicized* words or sentences are used to add emphasis; quotation marks (other than for direct quotes) are used when introducing a term or phrase that, although perhaps common in the investment and endowment fields, may not be familiar to the general reader.

**Review of the IPS.** Although long-range and strategic in nature, the IPS should nevertheless be considered a living document; revisions and further refinements may be required as and when goals, constraints, or external market conditions change significantly.

## **I. Premises**

### **A. Investment Objectives, Constraints and Other Considerations**

**Tax Considerations.** Tax considerations and external legal/regulatory requirements are generally relevant to all UW Trust Fund assets. As a tax-exempt organization, the UW System's investment returns are generally not subject to taxation; however, it should be noted that under certain circumstances, a tax-exempt organization's investments can generate Unrelated Business Taxable Income (UBTI). The current external legal/regulatory framework, to which generally all assets are subject, is also described in **Appendix 1**.

#### **Long Term Fund**

**Investment Return Objectives.** Used primarily for investing endowed assets (where the principal is to be preserved into perpetuity), the primary return objective of the Long Term Fund is to achieve, net of administrative and investment expenses, significant and attainable "real returns;" that is, nominal returns net of expenses, over and above the rate of inflation. By distributing a significant real return stream, disbursements for current expenditure will grow with the rate of inflation to maintain their purchasing power and support level into perpetuity. Other secondary investment return objectives for the Fund are to outperform various market and peer group benchmarks. (Details on these benchmarks are provided in later sections.)

**Spending Policy.** The "spending policy" for an endowment provides guidance and a methodology for determining what amounts are to be distributed for annual spending purposes. The policy should help ensure that the purchasing power of the corpus is maintained. The current spending policy for the Long Term Fund is provided in **Appendix 2**.

#### ***Usage, Constraints, and Other Considerations***

***Investment Time Horizon.*** With over 95 percent of the accounts in the Fund classified as endowments, the appropriate investment horizon is extremely long term. The Fund should therefore be managed as an "endowment fund," where the purchasing power of the corpus is to be preserved into perpetuity.

***Diversification.*** The Fund should seek to diversify investments in order to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so, considering the

Fund's portfolio as a whole at any point in time. Use of commingled vehicles is acceptable but precludes the application of individualized investment guidelines.

*Dependence on and Variability of Distributions.* Expenditures from UW Trust Funds do not represent a significant portion of overall UW campus budgets. However, specific departments and programs may rely heavily on Trust Fund resources. As such, extreme variability in the value of the annual distributions is not desirable. Therefore, risk objectives (i.e., volatility of returns) and the spending rate methodology should take this into account.

*Liquidity Requirements and Cash Flow Analysis.* Generally, the Fund has an obligation or liability to pay out the spending rate, plus expenses, offset by new contributions. To a limited extent, some "expendable" assets are invested in the Long Term Fund, which results in the occasional need to liquidate Fund principal as well.

**Investment Risk Objectives.** A primary risk objective is to minimize the probability that the desired return objective is not achieved, particularly over the intermediate to long term. Another objective, as suggested above, is to limit extreme volatility of spending distribution levels in the shorter term, which by extension implies limiting extreme volatility of returns in the shorter term.

#### **Income/Principal Cash Fund**

**Investment Risk and Return Objectives.** The Cash Fund is managed exclusively by the State of Wisconsin Investment Board (SWIB) in the State Investment Fund pursuant to its guidelines to provide (i) safety of principal, (ii) liquidity and (iii) competitive rates of return, in that order.

#### **Usage, Constraints, and Other Considerations.**

*Investment Horizon.* The Fund is used primarily for the following: 1) spending distributions from the Long Term Fund (these amounts become currently expendable income); 2) other monies which are needed for expenditure, generally within the next twelve to eighteen months; and 3) pending investment of new monies awaiting investment in the Long Term Fund.

*Liquidity Requirements.* This Fund essentially permits withdrawals and contributions on a daily basis. Only short-term, highly liquid investments are appropriate here.

*State of Wisconsin Requirement.* By statute, this Fund must reside with the State as part of its agency-commingled State Investment Fund, and it is managed by SWIB. Other than performance reporting and certain benchmark comparisons discussed later, *this document excludes any further discussion of the Income / Principal Cash Fund, as it falls outside of the purview of the UW Board of Regents and UW Trust Funds staff.*

### **B. Core Investment Philosophy and Beliefs**

**Nature of Capital Markets, Investment Risks and Returns.** When one seeks to truly "invest," the objective is not just to get one's money back (or even just enough to maintain the same purchasing power), but to actually make more money, to make a profit, to have increased the "real" value of your assets. To do this, one must be willing to accept some level of investment risk. Unfortunately, there are no "risk-free" assets capable of generating returns sufficient to support the desired spending levels of an endowment. In free and open capital markets, capital



will flow to higher risk investment opportunities only if they are priced to provide the *potential* for higher returns. "Potential" for higher returns is emphasized here, because the higher returns are not a certainty; if they were certain, they would not be riskier. The *expected average* return may be higher, but the range of possible outcomes is much wider (including the possibility of complete loss) versus a "safer" investment. Some examples of systematic or broad market risks are the following:

- Equity market
- Bond market (credit and/or interest rate risk)
- Inflation
- Deflation
- Economic trauma
- Geopolitical trauma
- Liquidity/Illiquidity
- National and global monetary and fiscal policies

It may be possible to hedge against some of these risks, but they cannot be completely eliminated simply through investment diversification. However, since these broad risk factors affect different markets and asset classes in different ways and to varying degrees, *diversification among many different asset classes and markets can greatly reduce overall portfolio risk*. It is important to keep in mind, though, that all investment returns derive from economic activity and productivity - from the creation (or destruction) of "real" wealth, real goods and services. Whether it is corporate profits or interest income, the corporations and borrowers are engaged in economic activity, which if successful, **will** allow them to repay their lenders or share the wealth with their owners. With this perspective in mind, it is clear that broad (increasingly, global) economic activity is the ultimate risk factor, and that each of the systematic risks listed above can significantly impact this economic activity. Investment risk is inherently neither good nor bad, but all aspects and sources of potential risk must be understood, monitored, managed, and, in the end, embraced in order to achieve attractive and commensurate returns.

**Active vs. Passive Management.** Consistent with the premises on market efficiency, the belief put forward here is that active management may be desirable (as opposed to passive or indexed management), especially in less efficient markets. However, if active management is to be pursued by hiring external managers, one must be adept at selecting superior managers, because active management is a zero-sum game - one manager's positive alpha is another manager's negative alpha.

**Managing Costs.** Costs reduce investment returns. UW System is committed to managing the Trust Funds in a prudent and cost-efficient manner. Any applicable external management fees are to be negotiated, to the extent practicable, to ensure that managers' and UW System's interests are aligned and that net performance is optimized. Passive index management is to be considered an option when containing costs and providing for more predictable net investment returns are important.

**Primacy of Asset Allocation.** The single most significant decision in the investment process is that of asset allocation; that is, deciding how assets are to be allocated among the major investment categories (or asset classes). Studies indicate that well over 90 percent of a portfolio's return can be explained simply by its asset allocation.

**Flexible Yet Disciplined.** The overall management process for the UW Trust Funds' investment program should be flexible enough to allow for capturing investment opportunities *as they occur*, yet maintain reasonable parameters to ensure prudence and care in execution.

**Keep It Simple.** The central premise here is that overall simplicity in an investment program is generally a virtue. Complex new investment schemes should only be entertained if they are fully understood in terms of risks (often new and complex), expected rewards, and their impact on and interaction with the overall investment portfolio under not only "normal" but extreme market and economic conditions as well.

## **II. Investment Policies**

### **A. Asset Allocations, Policy Portfolios, and Benchmarks**

#### **Strategic Asset Allocations.**

**Purpose.** As noted earlier, determining and implementing the overall strategic asset allocations for the Funds is the first and most important step in implementing the investment program. The strategic, or policy, asset allocations should represent the long-term "equilibrium" or "normal" asset class positions for the portfolios, positions that under normal conditions are expected to best meet the Funds' objectives for both investment returns and risk.

**Frequency of Asset Allocation Reviews.** Given their focus on long-term capital market assumptions, in-depth asset allocation reviews need not be conducted on a set schedule. However, it is anticipated that in-depth reviews will generally be made every three to five years. Also, the spending policy for the Long Term Fund should generally be reviewed in conjunction with an asset allocation review.

#### **Departures from Strategic Asset Allocation Targets.**

**Setting Asset Allocation "Ranges."** Strategic asset allocation analyses are generally intended to produce a desirable portfolio with precise percentage targets for each asset class. A common and acceptable practice is, however, to adopt permissible allocation ranges about these precise targets. This allows for some "tactical flexibility" for controlled deviations and limits, to some extent, the need for constant rebalancing. Asset allocation ranges are to be incorporated into approved asset allocations plans.

#### **Current Asset Allocation Targets by Fund.**

**Long Term Fund.** The current strategic asset allocation or "policy portfolio" for the Long Term Fund is provided in the State Investment Fund & Separately Managed Funds Investment Policy and Guidelines, found on SWIB's website (<http://www.swib.state.wi.us/statutes-guidelines>). Individual asset class benchmarks are also included.

## **B. Other Investment and Risk Management Policies**

**Rebalancing.** Rebalancing to target asset allocations, or to within permissible ranges, is a key risk management practice, given again the primacy of asset allocation to achieving and maintaining the desired risk/return profile. Furthermore, to the extent that multiple managers, investment styles (e.g., growth vs. value, large- vs. small-cap, etc.), or "sub-asset classes" are employed within a particular broad asset class category, rebalancing should generally take place at these levels as well.

**Individualized Investment Guidelines.** In the case of "separately managed accounts," individualized investment guidelines are to be developed. These guidelines will vary depending on the asset class, style, and strategies involved, as well as the perceived capabilities of the investment manager in question. When commingled funds of any kind are contemplated, the funds' documented investment guidelines, and expected investment practices, are to be carefully reviewed to determine their acceptability.

## **III. Implementation**

The University of Wisconsin System has the statutory authority under Section 36.11 (IIm) of the Wisconsin statutes to manage Trust Funds assets in one of three ways: 1) internally by UW System employees, 2) selecting a private investment firm using the competitive sealed proposal process, or 3) by contracting with SWIB.

SWIB is the state agency responsible for investing the assets of the Wisconsin Retirement System (WRS), the State Investment Fund (SIF), and investment portfolios for several other state agencies. SWIB's robust functions of oversight and accountability, particularly through SWIB's nine-member Board of Trustees, can serve to enhance the UW System Board of Regent's role as a fiduciary and responsible steward of UW Trust Funds assets. Furthermore, SWIB has demonstrated a positive track record of prudent investment strategies to maximize investment returns. Therefore, the Board of Regents of the University of Wisconsin System has chosen to contract with SWIB for a majority of the investment management of the Trust Funds.

### **A. Roles and Responsibilities**

**Board of Regents.** The full Board retains these specific responsibilities:

- Approve the Investment Policy Statement
- Approve the contractual arrangement with SWIB for the investment management of the Trust Funds
- Annually elect all UW Trust Funds-related officers (i.e., the Trust Officer and any Assistant Trust Officers, which includes the Director of the Office of Trust Funds)

**Business and Finance Committee.** The Board delegates all other management and administration responsibilities for the UW Trust Funds to its Business and Finance Committee. The Committee, in turn, is authorized, with the approval of the Board, to delegate such powers and responsibilities regarding the management and administration to the Trust Officer or other administrative officers or employees of the UW System as the Committee deems appropriate.

The Committee retains these specific roles and responsibilities:

- Recommend to the full Board an Investment Policy Statement
- Recommend to the full Board the UW Trust Funds-related officers (i.e., the Trust Officer and any Assistant Trust Officers, which includes the Director of the Office of Trust Funds)
- Otherwise oversee and monitor all other aspects of the management and administration of UW Trust Funds, which are (i) being managed internally, (ii) delegated to SWIB, or (iii) delegated to other third parties

**SWIB.** SWIB's roles and responsibilities are detailed in an investment management agreement with the Board of Regents, which provides the definitive terms of SWIB's engagement. SWIB's responsibilities include the following (references to the Trust Funds in this section refer solely to the Trust Fund assets delegated to SWIB's management by the Board of Regents):

- Serve as the outsourced investment manager for the Board of Regents of the UW System and the Trust Funds
- Determine and set appropriate asset allocation targets and ranges based on the return and risk objectives of the Trust Funds
- Implement the asset allocation by selecting appropriate external investment managers or funds, and/or investing and managing assets internally
- Determine performance benchmarks
- Determine or review investment guidelines for managers and/or funds to which Trust Funds are allocated
- Provide for the third-party custody of all Trust Funds assigned to SWIB's direct management
- Rebalance the Trust Funds to the asset allocation targets on a periodic basis as deemed appropriate
- Coordinate cash distributions for the liquidity/cash flow requirements of the Fund as jointly determined and communicated by and between SWIB and UW System
- Regularly communicate with, and provide quarterly investment-related reports to, the Board of Regents
- Consult with the Board of Regents regarding investment risk and return objectives and long-term asset class expectations to allow the Board of Regents to set an appropriate endowment distribution/spending policy as market conditions change
- Provide UW System and its auditors with the various reports and information reasonably needed for the UW System to compile financial statements and complete all audits

#### **Office-Division of Finance & Administration.**

***Vice President for Finance & Administration/Trust Officer.*** Primary responsibilities of the Vice President for Finance & Administration are the following:

- In general, oversee the management and administration of the Office of Trust Funds
- Perform other duties as required by law or assigned by the Board or Committee

#### **Office of Trust Funds.**

**Director/Assistant Trust Officer.** Primary responsibilities of the Director of the Office of Trust Funds are the following:

- In general, implement, conduct, oversee, and monitor all other aspects of the management and administration of the UW Trust Funds, including all specific policies and practices contained herein or otherwise approved by the Committee and Board
- Submit periodic reports to the Committee (reporting/communication standards are discussed later)
- Manage and monitor all external and internal expenses and fees
- Manage and maintain all UW Trust Funds records
- Work with donors, estates, and trusts in taking in and properly establishing new Trust Funds accounts

**Accounting, Recordkeeping, and Administrative Staff.** Primary responsibilities are the following:

- In general, maintain all accounting and recordkeeping systems related to the Trust Funds, and for all Trust Funds' accounts
- Assist benefiting campuses and departments in their utilization of Trust Funds accounts

**General Counsel's Office.** Primary responsibilities are the following:

- Help ensure compliance with all applicable laws and regulations
- Provide assistance on any legal matters pertaining to bequests and other trust-related gifts
- Provide assistance on matters pertaining to various Trust Funds-related contracts and agreements

#### **B. Codes of Ethics and Avoiding Conflicts of Interest**

UW System Code of Ethics. Pursuant to this Code, it is expected that no UW officials will make, participate in making, or influence a decision in which the official has a financial interest. Also, no member of the UW System staff may solicit or accept from any person or organization anything of value pursuant to an express or implied understanding that his or her conduct of University business would be influenced thereby.

### **IV. Evaluation**

#### **A. Monitoring and Measuring Success**

**Performance Expectations and Benchmarks.**

##### ***Fund Level.***

**Long Term Fund.** The Business and Finance Committee will review on a periodic basis the performance of the Long Term Fund against the benchmarks established by SWIB. The Business and Finance Committee may also establish its own metrics to evaluate overall performance.

**Monitoring and Managing Expenses.** As mentioned earlier in the Implementation section, it is the responsibility of the Office of Trust Funds to monitor and manage both external and internal expenses related to the administration and management of the Trust Funds. External fees for investment management and other products and services are to be reasonable and competitive with similar products or services available. Expenses relating to internal administrative and accounting activities are to be managed to reasonable and acceptable levels, as these expenses too are charged against the investment Funds.

## **B. Reporting and Communication Standards**

**Reporting Expectations.** The Office of Trust Funds will create periodic reports that will incorporate the performance evaluation and benchmarking information discussed previously. These reports are to be provided to the Board and the Committee on a routine basis and will incorporate information received quarterly from SWIB:

- Quarterly Investment Reviews - which are to include market commentaries, investment performance data, and Fund-level activities and transactions
- Annual Report - which is to provide annual data on sources and uses of the Funds, annual financial statements for the Trust Funds as a whole (consistent with the UW System's audited financial statements), and information on the external and internal expenses of the Office of Trust Funds
- Annual Endowment Peer Benchmarking Report -which is to provide investment performance data and other points of comparison for peer institutions

These reports are also to be made publicly available via the Trust Funds' web site.

**Other Communication Expectations.** It is expected that if there is any significant adverse development in the management of the Funds during any interim periods, the Director of the Office of Trust Funds will immediately communicate such information to the Trust Officer or Vice President for Finance & Administration, who may then direct that it be communicated to the Committee Chair.

## Appendix 1

### PRIMARY FIDUCIARY AND MANAGEMENT RESPONSIBILITIES OF THE BOARD

Wisconsin Statutes, Board policies and the terms of the gifts, grants, and bequests themselves provide the basic framework within which UW Trust Funds are managed and its fiduciary responsibilities are established. This appendix outlines the principal provisions in these areas.

#### Statutory Provisions.

**Section 36.29, Wisconsin Statutes.** Section 36.29, Wis. Stats., authorizes the Board to accept gifts, grants and bequests for the benefit or advantage of the UW System, and to administer the funds comprised of such donations. This statute also establishes several restrictions and requirements with respect to these funds:

- (1) Gifts, grants and bequests must be executed and enforced according to the provisions of the legal instrument establishing the donation, including all provisions and directions in such an instrument for the accumulation of the income of any fund or rents and profits of any real estate without being subject to the limitations and restrictions provided by law in other cases, except that no such income accumulation can be allowed to produce a fund more than 20 times as great as that originally given;
- (2) No investment of the funds of such gifts, grants, or bequests shall knowingly be made in any company, corporation, subsidiary, or affiliate that practices or condones through its actions discrimination on the basis of race, religion, color, creed, or sex;
- (3) The board may not invest more than 85% of trust funds in common stocks;
- (4) Any grant, contract, gift, endowment, trust or segregated funds bequeathed or assigned to an institution or its component parts for any purpose whatsoever shall not be commingled or reassigned.

**UPMIFA, s. 112.11, Wisconsin Statutes.** The Uniform Prudent Management of Institutional Funds Act ("UPMIFA"), codified ins. 112.11, Wis. Stats., applies to institutional funds, defined as funds held by an institution exclusively for charitable purposes, including governmental organizations and universities, organized and operated exclusively for educational, religious, charitable or other eleemosynary purposes. UPMIFA describes the standard of conduct in managing and investing an institutional fund; the appropriation for expenditure of endowment funds, providing various rules of construction here; the delegation of management and investment functions; the release or modification of restrictions on management, investment, or purpose; and states that the statute applies to institutional funds existing on or after August 4, 2009, governing only decisions and actions taken on or after that date.

In general, UPMIFA grants broad authority to the institution to invest and reinvest institutional funds, unless otherwise limited by the applicable gift instrument or law. The institution may delegate its investment authority to its committees, its officers, or employees, or to other outside investment managers or advisors. The institution may also appropriate for expenditure a portion of the appreciated assets of an endowment fund, and make other expenditures as permitted by

law, relevant gift instruments or the institutional charter. With respect to managing and investing, delegating management and investment functions, and making appropriations of appreciated assets, UPMIFA establishes the standard of fiduciary conduct that the institution must follow, requiring that the institution "act in good faith, with the care that an ordinarily prudent person in a like position would exercise under similar circumstances." Section 112.11(3), (4), (5), Wis. Stats.

UPMIFA further permits the release or modification of any restrictions on the use or investment of funds, if the donor gives written consent. The institution also may apply to a state circuit court for modification of a restriction regarding the management or investment of an institutional fund, "if the restriction has become impracticable or wasteful, if it impairs the management or investment of the fund, or if, because of circumstances not anticipated by the donor, a modification of a restriction will further the purposes of the fund.... To the extent practicable, any modification must be made in accordance with the donor's probable intention." Under similar circumstances, the institution may also apply to a circuit court to modify the purpose of the fund or a restriction on the use of the fund, "in a manner consistent with the charitable purposes expressed in the gift instrument." Lastly, release or modification for reasons described above regarding the purpose, management, or investment of an institutional fund of less than \$75,000 and more than 20 years old is permitted upon 60 days' notification to the attorney general. Section 112.11(6), Wis. Stats.

### **Board Bylaws and Policies.**

***Bylaws and Regent Policy Document 31-231-9.*** The Board has, through its Bylaws, delegated authority to the ~~Business & Finance~~Business, Finance, and Audit Committee to "have charge of consideration of all matters related to ... trust funds, ...." (~~Chapter III, Section 3~~Article V, Section 4, Regent Bylaws.) In addition, the Committee has been delegated the authority to hire investment counsel, subject to Board approval, and to give discretionary authority to investment counsel in the purchase and sale of securities, "within guidelines determined by the Committee." The Board's Trust Officer (the Vice President for Finance & Administration) has the duty to "receive, manage, and maintain records of all trust funds" to perform other duties required by law or assigned by the Board or ~~Business & Finance~~Business, Finance, and Audit Committee (~~Article III, Section 6~~Chapter II, Section 8, Regent Bylaws).

Complementing these provisions in the Bylaws, Regent Policy Document (RPD) ~~31-231-9~~ expressly ~~empowers delegates to~~ the Committee ~~to manage the Trust Funds, providing~~, in relevant part, "...oversight of the management and administration of the Trust Funds, including the authority to hire investment counsel, subject to Board approval, and to give discretionary authority to investment counsel in the purchase and sale of securities within guidelines determined by the Committee. The Trust Officers of the Board are responsible for receiving, managing, and maintaining records of all trust funds of the University of Wisconsin System and performing other duties relating to trust funds imposed by law and the rules and policies of the Board."

~~The management and administration of University Trust Funds, ... is delegated to the [Business, Finance, and Audit] Committee; the said Committee is authorized and empowered to do all things necessary within the limitations imposed by law or by the terms of the specific gifts and bequests~~



~~accepted by the Board of Regents to administer the funds so received and under the control of the Regents in an efficient and prudent manner; the Business and Finance Committee is authorized, with the approval of the Board, to delegate such powers and responsibilities regarding the management and administration of University Trust Funds to the Trust Officer or other administrative officers or employees of the University as the Committee may in its judgment deem appropriate; the Committee is authorized to employ investment counsel; and the Trust Officer of the Regents is directed to keep a separate record of the actions taken by the Business and Finance Committee on all matters relating to University Trust Funds and to distribute memoranda of such actions as soon as practicable to all members of the Board of Regents for their confidential information.~~

**Compliance with Donor Terms.** It is incumbent upon the Board to ensure that gifts and bequests be "executed and enforced according to the provisions of the instrument making the same," s. 36.29, Wis. Stats. However, donor-imposed terms and conditions can sometimes impose practical problems; contravene current University policies; or, in some cases, no longer be legal. As the vast majority of bequests coming to the Board of Regents are unsolicited gifts from deceased donors who have not worked with the University in crafting their gift instrument, the opportunity to prevent such problematic donor terms is limited. When such issues arise, whether in working with a living donor before the gift is made or "after the fact," the Trust Funds Office consults with the Office of General Counsel to determine appropriate actions consistent with Regent policy and applicable law.

## Appendix 2

### SPENDING POLICY FOR THE LONG TERM FUND

The "spending policy" for an endowment specifies the methodology for determining what amounts are to be distributed for annual spending purposes. The policy should help ensure that the purchasing power of the endowment's corpus is maintained.

**Current Policy.** (*Effective July 1, 2005*) A "rate" of distribution (percent of assets) that reflects an achievable and sustainable level of real investment returns is to be determined. Real investment returns are those achieved over and above the relevant rate of inflation. The most relevant rate of inflation for University-related costs is the Higher Education Price Index (HEPI). HEPI is expected to roughly equal the Consumer Price Index (CPI) plus one percent over time. The spending rate should also be applied in a manner that helps smooth the volatility of the dollar level of annual distributions that may otherwise result from Fund market value fluctuations.

The spending rate is to be *four percent (4%)* per annum. This percentage is to be *applied to a trailing three-year moving average of Fund market valuations* (12 quarterly valuations) to determine the dollar value of the annual distribution. Investment income from the Fund plus proceeds from security sales as needed may be used to provide the required distribution. Realized annual investment returns above (below) the spending rate, will increase (decrease) the market value of the Fund's corpus.

### Appendix 3

#### **REGENT POLICY DOCUMENT 31-15: ~~ON~~ LARGE UNENDOWED BEQUESTS OR GIFTS**

##### *Regent Policy 31-15: Policy ~~on Large Unendowed Bequests/Gifts~~ Statement*

All new bequests/gifts of \$1,000,000 or more where the donor is silent as to the expenditure of principal, shall be identified as ~~Board~~-designated endowments, with only the income from the trust available for expenditure in accordance with the terms of the trust agreement. However, where the donor explicitly states that the principal of the gift be made available for expenditure, this policy will not apply. If an institution wants an exception to this proposed rule, the request for exception, with appropriate justification, should be contained in the institution's recommendation for acceptance and be incorporated in the Regent resolution. If at a later date, the institution wishes to seek an exception to the Regent imposed restriction, it should submit a request to the Office of the Vice President for Finance and Administration for consideration at the next meeting of the Business and Finance Committee.

## Exhibit B. Investment Guidelines Governing Client's Accounts Managed by Adviser

### Investment Guidelines

#### The Board of Regents of the University of Wisconsin System

These investment guidelines shall govern the invested assets associated with the Board of Regents of the University of Wisconsin System ("**Client**") and managed by the University of Wisconsin School of Business Applied Security Analysis Program ("**Adviser**"). These investment guidelines apply to individuals responsible for the Board of Regents' investment activities.

#### I. Investment Objectives

Provide competitive investment returns consistent with very moderate levels of volatility (ideally, equal to or lower than that expected from an intermediate, investment-grade bond portfolio) and low probability of loss of principal.

*Investment Horizon:* While the assets invested in this portfolio are fully expendable by the account holders, the expected average investment time horizon is on the order of three to seven years.

~~*Liquidity Requirements:* and *Cash Flow Analysis:* The portfolio is to provide for withdrawals and contributions on a quarterly basis. While quarterly cash flows are uncertain since all assets are fully expendable, for most the recently analyzed ten-year period, the former Intermediate Term Fund experienced cash flows ranging from plus 0.5 percent of assets to minus 7.6 percent, and the average net quarterly cash flow was minus 1.8 percent of assets. The portfolio maintains a minimum cash balance of 4% for liquidity purposes.~~

#### II. Lines of Authority for Investment Management

The Client approves the investment policy and delegates the authority to manage select invested assets to the Adviser. This delegation is subject to the discretion of the Client and may be revoked at any time.

##### A. Universities of Wisconsin Vice President for Finance & Administration ("VP Finance")

The VP Finance has the responsibility and authority to oversee the management of the Client's invested assets. In exercising his/her responsibility the VP Finance will:

- Adopt and annually review the Policy, including the provisions defined in Exhibits A and B attached hereto and incorporated herein by this reference
- Evaluate the delegation of authority to Adviser as Investment Manager annually
- The VP Finance has the right to nominate one person to serve on the Fixed Income Board of Advisors of ASAP.

## **B. University of Wisconsin School of Business Applied Security Analysis Program**

Students in the Applied Security Analysis Program – overseen by the Directors of the Stephen L. Hawk Center for Investment Analysis ("Hawk Center") – are responsible for developing, proposing, communicating, overseeing, and implementing the broad investment strategy as approved by the Client for their invested assets. Specifically, the students and Hawk Center Directors shall:

- Invest the Client's assets consistent with this Policy
- Develop and propose an appropriate asset allocation
- Set forth investment objectives, parameters, and other guidelines as appropriate
- Notify the Client promptly of any event that degrades its ability to perform under this engagement
- Report to the Client as set forth in Section IV below.

## **III. Investment Criteria**

All investments of the Client must fall within the parameters set forth in Exhibits C and D. No investment shall be made that is prohibited or not permitted under Exhibits C and D. Exhibits C and D shall be reviewed by the VP Finance on an annual basis.

## **IV. Reporting**

Adviser shall submit quarterly reports to the VP Finance. Reports shall cover appropriate topics such as:

- Compliance with the Policy,
- Articulation of investment strategy,
- Portfolio characteristics,
- Investment transactions, and
- Investment performance

Adviser shall also provide such other information as the Client and VP Finance may, from time to time, request.

## **V. Policy Monitoring and Exception Protocol**

VP Finance is responsible for monitoring compliance with this Policy and may resolve immaterial exceptions at his/her discretion. Material exceptions require:

- Immediate notification to VP Finance
- Policy waiver petition and approval by the VP Finance

### Exhibit C: Fixed Income Investment Guidelines/Restrictions

- 1) Assets selected for the portfolio must have a readily ascertainable market value and must be readily marketable.
- 2) Cash and cash equivalents can include senior debt securities under one year to maturity, interest bearing money market funds, FDIC insured certificates of deposit, U.S. Treasury Bills, and other cash equivalent securities with a maturity of one year or less.
- 3) Bond and corporate debt obligation maturities may not exceed 30 years.
- 4) Assets are subject to the asset allocation limits included in Table 1.

~~5) 144a securities are not eligible for purchase.~~

~~6)5)~~ U.S. Government Obligations can include fully-guaranteed Federal Agencies.

~~7)6)~~ Mortgage-backed securities are not eligible for purchase.

~~8)7)~~ Securities must be U.S. dollar-denominated.

~~9)8)~~ Debt issued by foreign sovereigns, parastatals, foreign governmental agencies and quasi-sovereign entities must be rated low single-A or higher by at least two of the major rating agencies (Moody's, Standard & Poors, Fitch).

~~10)9)~~ Adequate diversification across the individual holdings should be maintained.  
The investment manager may not:

- a. Invest more than 20% of the bond assets (valued at book value) in any one industry or group of related industries measured at the BoAML Level 3 category. U.S. government guaranteed issues and its agencies are excluded from these limitations.
- b. Invest more than 5% of the bond assets (valued at book value at time of purchase) in any one investment grade company or issue and 2.5% for a high yield company or issue. U.S. government guaranteed issues and its agencies are excluded from these limitations.
- c. Diversified fixed Income ETF's may be used to achieve appropriate diversification.

~~11)10)~~ The effective duration of the portfolio must be within a range of two years below to one year above the effective duration of the Fixed Income Mandate benchmark weighted with 19.0% Intermediate Governments (G302), 66.5% Intermediate Corporates (C3A0), 9.5% BB/B High Yield (H5A4) and 5.0% 1 mo Treasury Bill.

~~12)~~11) For Public – Investment Grade debt securities:

- a. At purchase, a security must be rated Baa3/BBB-/BBB- or better by at least two of Moody's, S&P, or Fitch rating agencies
- b. At least 30% of the Public - Investment Grade securities must be rated A3/A-/A- or better by at least two of Moody's, S&P, or Fitch rating agencies.
- c. For Public - High Yield debt securities, at purchase, a security must be rated B2/B/B or better by at least two of Moody's, S&P, or Fitch rating agencies.

**Table 1—Asset Allocation Guidelines**

	<u>Min</u>	<u>Target</u>	<u>Max</u>
Cash	4.0%	5.0%	10.0%
US Government	0.0%	19.0%	100.0%
Public—Investment Grade	0.0%	66.5%	100.0%
Public—High Yield (rated B2/B and above)	0.0%	9.5%	12.0%

**Performance Benchmark:**

~~20% ICE BAML 5-7 Yr US Treasury Index (G3O2)~~  
~~70% ICE BAML 5-7 Yr US Corporate Index (C3A0)~~  
~~10% ICE BAML 1-10 Yr BB/B High Yield Index (H5A4)~~

**Table 1 – Asset Allocation Guidelines**

	<u>Min</u>	<u>Target</u>	<u>Max</u>
Cash	4.0%	5.0%	10.0%
US Government	0.0%	19.0%	96.0%
Public – Investment Grade	0.0%	66.5%	96.0%
Public – High Yield (rated B2/B and above)	0.0%	9.5%	12.0%

**Performance Benchmark:**

5% ICE US 1 Month Treasury Bill Index (GBOM)  
 19% ICE BAML 1 – 10 Year US Treasury Index (G5O2)  
 66.5% ICE BAML 1 – 10 Year US Corporate Index (C5A0)  
 9.5% ICE BAML 1 – 10 Year BB/B High Yield Index (H5A4)

#### **Exhibit D: Public Equity Investments Guidelines/Restrictions**

- 1) Diversified equity ETF's referencing well-known fixed income indices are allowable investments. They must be registered on a national securities exchange. ETF's referencing sectors outside of the investment guidelines (including ETF's referencing emerging markets) are not allowable investments.
- 2) The Adviser is not authorized to employ any of the following market techniques or invest in the asset classes prohibited below on behalf of the Client:
  - a. Purchase individual issues of unregistered or restricted stock.
  - b. Direct naked options
  - c. Deal in direct or individual issues in commodities (including gold and silver), commodity futures, oil, gas, or other mineral exploration or development programs.
  - d. Purchase on margin or with borrowed funds or sell securities short.
  - e. Purchase non-US dollar denominated securities



## **UPDATE ON SHARED SERVICES EFFORTS ACROSS THE UNIVERSITIES OF WISCONSIN**

### **REQUESTED ACTION**

For information and discussion only.

### **SUMMARY**

The 2023-2028 Strategic Plan for the Universities of Wisconsin emphasizes the importance of shared services. Specifically, in support of Strategy 5 to ensure the universities are financially sustainable, the plan identifies the following role for UW Administration:

“5.2 Implement shared services in a cost-effective manner that preserves benefits for our universities.”

The Committee will receive a presentation highlighting the current state of shared services by UW-Shared Services and the Office of Learning & Information Technology Services.

### **Presenters**

- Stacey Rolston, Associate Vice President for Shared Services, UW Administration
- Steven Hopper, Associate Vice President for the Office of Learning and Information Technology Services and Chief Information Officer, UW Administration

### **Previous Discussion**

A briefing on the history and status of shared services efforts was provided to the Business & Finance Committee at its June 2024 meeting. At the December 2024 Board meeting, Deloitte provided a series of observations and recommendations for further improvement and growth of shared services within the UWs. This presentation was followed by a presentation and discussion from UW Administration to provide its response to the report along with strategies planned to adopt and address the findings and observations. Associate Vice Presidents Rolston and Hopper will provide an update on this progress to the Committee within both UWSS and OLITS.