



STATE OF ILLINOIS
**OFFICE OF THE
AUDITOR GENERAL**

William G. Holland, Auditor General

SUMMARY REPORT DIGEST

ILLINOIS STATE BOARD OF INVESTMENT

**COMPLIANCE EXAMINATION
For the Year Ended: June 30, 2013**

Release Date: January 29, 2014

Summary of Findings:

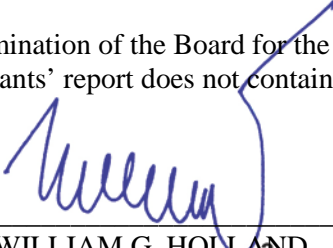
Total this audit:	0
Total last audit:	0
Repeated from last audit:	0

INTRODUCTION

This digest covers our compliance examination of the Board for the year ended June 30, 2013. A financial audit covering the year ending June 30, 2013 was issued separately.

ACCOUNTANTS' REPORT

We conducted a compliance attestation examination of the Board for the year ended June 30, 2013 as required by the Illinois State Auditing Act. The accountants' report does not contain any scope limitations, disclosures or other significant non-standard language.



WILLIAM G. HOLLAND
Auditor General

WGH:TLK

SPECIAL ASSISTANT AUDITORS

McGladrey LLP were our Special Assistant Auditors for this engagement.

{Financial data is summarized on the reverse page.}

**ILLINOIS STATE BOARD OF INVESTMENT
COMPLIANCE EXAMINATION
For the Year Ended June 30, 2013**

SCHEDULE OF OPERATIONS	FY 2013	FY 2012
REVENUE:		
Investment Income - Interest.....	\$ 216,655,123	\$ 163,451,935
Investment Income - Dividends.....	150,346,989	138,635,610
Investment Income - Securities Lending.....	4,750,591	2,856,652
Realized Gain on Investments.....	247,580,743	336,892,624
Unrealized Gain (Loss) on Investments.....	1,005,988,055	(600,396,365)
Total Investment Income.....	<u>1,625,321,501</u>	<u>41,440,456</u>
External Support (Investment Expense).....	(35,397,479)	(34,013,759)
Net Investment Income	<u>1,589,924,022</u>	<u>7,426,697</u>
EXPENSES:		
Operating Expenses.....	(2,511,533)	(2,390,036)
Revenue Over Expenses.....	<u>\$ 1,587,412,489</u>	<u>\$ 5,036,661</u>
INVESTMENT PORTFOLIO ANALYSIS - Fair Value		
	June 30, 2013	June 30, 2012
Total Government and Agency Obligations.....	\$ 887,400,073	\$ 958,131,279
Total Corporate Obligations.....	674,154,128	656,977,663
Foreign Government Obligations.....	415,070,013	385,628,617
U.S. Common Stocks, Equities & Commingled Funds.....	4,233,886,701	3,478,712,278
Non - U.S. Equity Securities.....	2,329,869,123	2,013,366,729
Real Estate Funds.....	1,294,600,976	967,346,450
Private Equity.....	643,775,529	679,423,383
Real Assets.....	550,739,042	507,019,665
Hedge Funds.....	1,166,602,482	1,026,725,785
Money Market Instruments.....	237,649,781	255,922,180
Bank Loans.....	416,649,247	328,593,596
Foreign Currency Forward Contracts.....	(412,825)	(43,859)
Total Investment Portfolio.....	<u>\$ 12,849,984,270</u>	<u>\$ 11,257,803,766</u>
INVESTMENT ALLOCATION (unaudited)		
	June 30, 2013	June 30, 2012
U.S. Equity & Commingled Funds.....	33%	31%
U.S. Equity Hedge Funds.....	9%	9%
International Equity.....	18%	18%
Fixed Income.....	16%	18%
Real Estate.....	10%	9%
Private Equity.....	5%	6%
Real Assets.....	4%	4%
Bank Loans.....	3%	3%
Cash.....	<u>2%</u>	<u>2%</u>
Total.....	<u>100%</u>	<u>100%</u>
SELECTED INVESTMENT RETURNS ACTUAL (bold) AND BENCHMARK (unaudited)		
	June 30, 2013	June 30, 2012
Total Fund.....	14.1%	0.1%
Composite benchmark.....	11.8%	0.9%
U.S. Equities.....	23.3%	1.3%
Russell 3000 Index.....	21.5%	3.8%
International Equities.....	16.8%	-10.7%
MSCI-ACWI ex US Index.....	14.4%	-14.4%
Fixed Income.....	2.4%	6.8%
Barclays Capital U.S. Universal Index.....	0.2%	7.4%
Real Estate.....	13.0%	5.3%
NCREIF Real Estate Index.....	11.1%	11.3%
EXECUTIVE DIRECTOR		
During Engagement Period: William R. Atwood		
Currently: William R. Atwood		