

**State of Illinois
Office of the Treasurer
Fiscal Officer Responsibilities**

Financial Audit
For the Years Ended June 30, 2023 and 2022

Performed as Special Assistant Auditors
for the Auditor General, State of Illinois

**State of Illinois
Office of the Treasurer
Fiscal Officer Responsibilities**

**Financial Audit
For the Years Ended June 30, 2023 and 2022**

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**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Office of the Treasurer's Officials
For the Year Ended June 30, 2023**

Office of the Treasurer's Officials

Treasurer	Honorable Michael W. Frerichs
Chief of Staff	Mr. G. Allen Mayer
Chief Banking Officer	Ms. Elizabeth Turner
Chief Fiscal Officer	Ms. Deborah Miller
Chief Investment Officer	Mr. Joseph Aguilar
General Counsel & Ethics Officer	Ms. Laura Duque
Executive Inspector General for the Illinois State Treasurer	Ms. Heather Stone
Chief Internal Auditor	Ms. Leighann Manning
Director of Fiscal Operations	Mr. Wes Howerton
Director of State Investments	Mr. Brenton Siemons
Director of State Banking	Ms. Morgan Nessler

Office of the Treasurer's Offices

The Office of the Treasurer had the following office locations during the year:

Executive Office
State Capitol
219 State House
Springfield, Illinois 62706

Operational Divisions
Marine Bank Building
1 East Old State Capitol Plaza
Springfield, IL 62701

Chicago Office Legal/Programmatic
State Treasurer's Office
555 W. Monroe, 14th Floor
Chicago, IL 60661

FINANCIAL STATEMENT REPORT

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
For the Years Ended June 30, 2023 and 2022**

Financial Statement Report

Summary

The audits of the accompanying financial statements of the State of Illinois, Office of the Treasurer, Fiscal Officer Responsibilities (Office) as of and for the years ended June 30, 2023 and 2022 were performed by Crowe LLP.

Based on their audits, the auditors expressed an unmodified opinion on the Office's financial statements. The financial statements are special purpose framework financial statements prepared on a basis of accounting determined by the Illinois Office of the State Comptroller that is not in conformity with accounting principles generally accepted in the United States of America (GAAP) (see Note B).

Summary of Findings

<u>Number of</u>	<u>Current Report</u>	<u>Prior Report</u>
Findings	0	0
Repeated findings	0	0
Prior recommendations implemented or not repeated	0	1

Exit Conference

The Office waived an exit conference in correspondence from Leighann Manning, Chief Internal Auditor on April 8, 2024.

INDEPENDENT AUDITOR'S REPORT

Independent Auditor's Report

The Honorable Frank J. Mautino
Auditor General
State of Illinois

Report on the Audit of the Financial Statements

Opinion

As Special Assistant Auditors for the Auditor General, we have audited the financial statements of the State of Illinois, Office of the Treasurer, Fiscal Officer Responsibilities (Office), which comprise the Statements of Assets and Other Debits, Liabilities and Accountabilities, as of June 30, 2023 and 2022, the related Statements of Investment Income for the years then ended and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the Assets and Other Debits, Liabilities and Accountabilities of the Office, as of June 30, 2023 and 2022, and the Investment Income for the years then ended in accordance with the financial reporting provisions determined by the Illinois Office of the State Comptroller described in Note B of the financial statements.

Basis for Opinion

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

Emphasis of Matter

Basis of Accounting

We draw attention to Note B of the financial statements, which describes the basis of accounting. The financial statements are prepared by the Office on the basis of the financial reporting provisions determined by the Illinois Office of the State Comptroller, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the State of Illinois. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions determined by the Illinois Office of the State Comptroller as described in Note B. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Office's financial statements. The accompanying Supplementary Information (pages 55-68) are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying Supplementary Information (pages 55-68) is fairly stated, in all material respects, in relation to the financial statements as a whole on the basis of accounting described in Note B.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Key Performance Measures and Investment Policies (pages 69-137) but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work

performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 20, 2024 on our consideration of the Office’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Office’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Office’s internal control over financial reporting and compliance.

Restricted Use of this Auditor’s Report

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor, the Comptroller, and Office management and is not intended to be and should not be used by anyone other than these specified parties.

SIGNED ORIGINAL ON FILE

Crowe LLP

Oak Brook, Illinois
May 20, 2024

FINANCIAL STATEMENTS

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Statements of Assets and Other Debts, Liabilities and Accountabilities
June 30, 2023 and 2022**

	2023	2022
Assets and Other Debits		
Cash and Cash Equivalents		
Demand Deposits	\$ 6,430,364	\$ 251,323,993
Clearing Account Deposits and Deposits in Transit	37,503,829	48,956,601
Total Cash	43,934,193	300,280,594
Repurchase Agreements	3,124,079,289	2,991,716,201
Commercial Paper	890,172,647	2,511,085,210
The Illinois Funds	10,731,980,250	8,760,559,158
Treasury Bills	99,186,086	-
Supranational Bond Discount Notes	-	99,732,792
Federal Home Loan Bank Discount Notes	-	199,513,722
Money Market Mutual Funds	5,187,412,402	7,719,372,242
Total Cash and Cash Equivalents	20,076,764,867	22,582,259,919
Deposits and Investments		
Short-term Investments		
Time Deposits	385,361,578	97,147,000
Commercial Paper	2,103,967,201	1,773,123,887
U.S. Treasury Bills	1,698,711,034	2,097,093,227
U.S. Treasury Notes	245,240,240	222,757,815
Federal National Mortgage Association	24,908,500	-
Federal Home Loan Bank	177,440,518	24,806,500
Federal Farm Credit Banks	28,963,650	-
Federal Farm Credit Bank Discount Notes	24,810,708	-
Federal Home Loan Bank Discount Notes	24,269,472	-
Supranational Bonds	174,455,000	39,970,800
Municipal Bonds	13,336,324	10,119,569
Municipal Bonds Externally Managed	8,014,963	2,983,716
Corporate Bonds	311,682,877	550,433,956
Corporate Bonds Externally Managed	14,008,221	24,072,021
Foreign Investments	-	2,500,000
State of Illinois Secondary Pool Investment Program	-	874
Long-term Investments		
Time Deposits	310,120,795	14,823,218
U.S. Treasury Notes	2,454,919,955	1,622,227,568
Federal Home Loan Mortgage Corporation	239,026,850	43,217,000
Federal Home Loan Bank	615,518,083	624,067,432
Federal National Mortgage Association	26,856,000	27,120,200
Federal Farm Credit Banks	721,850,088	266,855,950
Supranational Bonds	113,404,600	41,170,050
Tennessee Valley Authority Bonds	16,117,400	-
Illinois Technology Development I	15,518,042	20,008,156
Illinois Technology Development II	553,262,079	480,030,739
Foreign Investments	55,000,000	47,500,000
Municipal Bonds	88,734,291	67,954,636
Municipal Bonds Externally Managed	86,532,763	93,693,893
Corporate Bonds	1,575,097,667	793,468,437
Corporate Bonds Externally Managed	174,644,990	165,176,189
Total Deposits and Investments	12,281,773,889	9,152,322,833

(Continued)

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Statements of Assets and Other Debts, Liabilities and Accountabilities (Continued)
June 30, 2023 and 2022**

	2023	2022
Securities Lending Collateral		
Invested in Repurchase Agreements	\$ 4,839,941,771	\$ 4,061,655,934
Total Securities Lending Collateral	4,839,941,771	4,061,655,934
Other Assets		
Receivables from Universities and Agencies for Moneys Advanced	307,169	144,059
Receivable from City of Edwardsville	194,693	214,080
Receivable for Warrants Cashed	40,000	20,000
Investment Income Earned, but not Received	241,232,744	57,324,448
Total Other Assets	241,774,606	57,702,587
Other Debts		
Amount of Future General Revenue Obligated for Debt Service	35,947,808,724	35,948,935,502
Total Assets and Other Debts	\$ 73,388,063,857	\$ 71,802,876,775
Liabilities and Accountabilities		
Liabilities for Balances on Deposit		
Comptroller		
Protested Taxes	\$ 29,391,634	\$ 15,004,771
Available for Appropriation or Expenditure	28,279,008,331	27,655,569,979
Agencies' Deposits Outside the State Treasury	1,649,729,323	1,638,171,465
Comptroller's Warrants Outstanding	1,233,088,331	1,008,734,207
Total Liabilities for Balances on Deposit	31,191,217,619	30,317,480,422
Other Liabilities		
Obligations under Securities Lending	4,839,941,771	4,061,655,934
Total Other Liabilities	4,839,941,771	4,061,655,934
General Obligation Indebtedness		
Principal and Interest Due Within One Year	3,473,798,488	3,363,193,357
Principal and Interest Due Thereafter	33,841,735,022	34,106,698,565
Total General Obligation Indebtedness	37,315,533,510	37,469,891,922
Accountabilities		
Receivable from City of Edwardsville	194,693	214,080
Investment Income Earned, but not Received (Net of Cumulative Market Adjustments)	41,176,264	(46,365,583)
Total Accountabilities	41,370,957	(46,151,503)
Total Liabilities and Accountabilities	\$ 73,388,063,857	\$ 71,802,876,775

See Notes to the Financial Statements

State of Illinois
Office of the Treasurer

Fiscal Officer Responsibilities
Statements of Investment Income
For the Years Ended June 30, 2023 and 2022

	2023	2022
Investment Income Earned	<u>\$ 875,270,920</u>	<u>\$ (81,289,277)</u>

See Notes to the Financial Statements

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Notes to the Financial Statements
For the Years Ended June 30, 2023 and 2022**

NOTE A. AUTHORIZING LEGISLATION

The State of Illinois, Office of the Treasurer (Office), is authorized by the State Treasurer Act (15 ILCS 505/et seq.). The Office shall receive the revenue and all other public monies of the State, and all monies authorized by law to be paid to him and safely keep the same.

NOTE B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity: The Office is not a legally separate entity. It is an office of the primary government, which is the State of Illinois (the State) and is considered part of the State financial reporting entity. As such, it is included in the State of Illinois reporting entity. The Office is custodian of the State's cash and investments comprised of the balances in the separate funds, which are considered to be either in the State Treasury or outside the State Treasury. Accounting control for funds outside the State Treasury is the responsibility of other State agencies. Further, the Office is not responsible for determining that all cash received by State agencies is deposited in the State Treasury.

Basis of Presentation and Accounting: The basis of the presentation of the financial statements for the Office is to have a set of financial statements that present the financial position of the State's assets that the Office is custodian of and responsible for safeguarding and investing as well as State liabilities including general obligation indebtedness that the Office is responsible for making payments.

The format of the Fiscal Officer Responsibilities financial statements was created to aid the Illinois Office of the State Comptroller (Comptroller) in the preparation of the State's Annual Comprehensive Financial Report. The Comptroller, acting as the State's accountant, designates which agencies are considered part of the primary government required to prepare financial statements (SAMS 27.10.10-B). The basis of presentation, Statements of Assets and Other Debits, Liabilities and Accountabilities and Statements of Investment Income have been determined by the Comptroller.

The Office's financial statements consist of the Statements of Assets and Other Debits, Liabilities and Accountabilities and Statements of Investment Income. These financial statements are not presented in the traditional framework of Generally Accepted Accounting Principles (GAAP) because the statements only present those assets and activities for which the Office is held accountable by his fiscal officer responsibilities. Exceptions to the traditional GAAP framework are the securities, funds and other assets of The Illinois Funds, the College Savings Program, the Secure Choice Program and the ABLE Program and amounts receivable from inheritance tax assessments are not included in the Fiscal Officer financial statements. In addition, the Fiscal Officer financial statements do not include financial statements of the various funds administered by the Fiscal Officer. The Illinois Funds and the College Saving Program are audited annually and reported upon separately. Upon implementation of Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, the Secure Choice Program and the ABLE Program are not fiduciary activities of the State and are audited and reported upon by the programs third party administrator. Other exceptions to the traditional GAAP framework are that a traditional presentation of the Statement of Net Position is not included, a Statement of Revenues, Expenses and Changes in Net Position and, where applicable, a Statement of Cash Flows, are excluded entirely, some note disclosures required by GAAP are not included in the Fiscal Officer financial statements, and Management's Discussion and Analysis is not presented.

The basis of accounting is essentially a full accrual basis in that investment revenues are reported when earned, regardless of when the related cash flow takes place, subject to certain exceptions as described in the sections that follow.

(Continued)

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Notes to the Financial Statements
For the Years Ended June 30, 2023 and 2022**

NOTE B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

State Treasury Funds: The accounting for the State Treasury Fund group, with the exception of general obligation indebtedness and the related amount of future general revenue obligated for debt service, is presented on a basis whereby: (a) assets in the State Treasury and the related liability to the Comptroller for available balances on deposit are recognized at the time the Comptroller "orders" cash into the State Treasury; (b) the liability to the Comptroller is reduced as warrants are presented to the Office for countersignature; and (c) the cash in the State Treasury is reduced as warrants are paid by the Office.

Funds Outside the State Treasury: Funds outside the State Treasury consist of State assets held by the Office, primarily deposits in clearing accounts, demand deposits and temporary investments, which are not under the accounting control of the Comptroller. Such funds and the related liabilities or accountabilities to the depositing State agencies are recognized when the funds are deposited in clearing accounts or certain demand deposit accounts with the Office. This liability or accountability is transferred to funds available for appropriation or expenditure when the Comptroller orders the funds into the State Treasury.

General Obligation Indebtedness: The liability for general obligation indebtedness is the aggregate amount of all future principal and interest payments necessary to retire such outstanding debt. The amount to be derived from future revenue for debt service (the "Other Debits") is the difference between the currently outstanding certificates and bonded indebtedness and available balances in the bond redemption and interest fund. The expenditures from the proceeds of the certificates and bond issues are accounted for by other State agencies. This balance represents a liability that is not in compliance with accounting principles generally accepted in the United States of America. It represents the future revenue that will be needed to provide for future debt service.

Investment Income: Investment income is recorded by the Office using the accrual basis of accounting whereby income is recognized and an accountability established as income is earned. Funds participating in the investment pool are allocated income monthly based on their proportionate share of the pooled investment base. As authorized by statute, segregated funds are individually invested and specifically credited with the income earned on those investments.

Investment Income Earned includes actual earnings of the State Portfolio, as well as unrealized losses of the Portfolio at June 30. An unrealized loss occurs when an asset value is lower than the Par value of the investment within the State Portfolio. Gains and losses are not realized until the sale of the investment.

Cash and Cash Equivalents: Cash and cash equivalents include deposits and short-term, highly liquid investments readily convertible to cash, with a maturity of 90 days or less at the time of purchase. Demand deposit accounts are the principal accounts used to process cash and investment transactions within the State Treasury. The clearing accounts are used to process collected receipts and to identify nonsufficient fund checks.

Other Assets: Items reported in the Statements of Assets and Other Debits, Liabilities and Accountabilities as "Other Assets" are transactions in process and assets not available for investment. Receivables from Universities and Agencies for Monies Advanced represent unreimbursed amounts advanced for statutorily authorized imprest funds. The cash balance of the Universities and Agencies imprest funds is reclassified to "Demand Deposits" under Cash and Cash Equivalents on the Statements of Assets, Liabilities and Accountabilities.

The noninterest-bearing amount, reported as "Receivable from the City of Edwardsville," is reported as an Other Asset and is the unpaid balance of funds advanced to the City in 1967 for the planning and construction of a water main. The receivable from the City of Edwardsville is also reported as an "Accountability." Investment income earned but not received is reported as an "Other Asset" and represents

(Continued)

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Notes to the Financial Statements
For the Years Ended June 30, 2023 and 2022**

NOTE B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

accrued income on investments not yet matured or collected. Investment income earned but not received, net of cumulative market adjustments, is reported as an "Accountability."

Protested Taxes: The fund balance of the Protest Fund is reported separately from funds available for appropriation and is recorded as a liability for balances on deposit called "Protested Taxes."

Available for Appropriation or Expenditure: This amount is the State of Illinois' balance available to be appropriated by the General Assembly or expended by State agencies at June 30.

Use of Estimates: In preparing financial statements, management is required to make estimates and assumptions that affect the reported amount of assets and liabilities during the reporting period. Actual results could differ from those estimates.

NOTE C. COMPENSATING BANKS FOR SERVICES

The principal method of payment for receipt and disbursement processing services provided by banks is by warrant from the Office's Bank Services Trust Fund appropriation.

NOTE D. DEPOSITS AND INVESTMENTS

Overview: The Office's investment activities are governed by the Office's published investment policy that was developed in accordance with State statute. In addition, the Office has adopted its own investment practices that supplement the statutory requirements.

Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*, generally requires state and local governments to measure assets that meet the definition of an investment at fair value. GASB defines an investment asset as a security or other asset that a government holds primarily for the purpose of income or profit and its present service capacity is based solely on its ability to generate cash or to be sold to generate cash. In addition, GASB Statement No. 72 defines fair value as the price that would be received for the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Investments exempt from fair value measurement include the following:

1. Money market investments and participating interest-earning investment contracts (non-negotiable CDs) that have remaining maturity at time of purchase of one year or less and are held by governments other than external investment pools may be measured using amortized cost.
2. Qualified state and local government external investment pools should be measured at amortized cost.
3. Certain short-term investments that have a maturity date of less than one year from the date of acquisition should be measured at amortized cost.

(Continued)

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Notes to the Financial Statements
For the Years Ended June 30, 2023 and 2022**

NOTE D. DEPOSITS AND INVESTMENTS (CONTINUED)

GASB Statement No. 72 also established a hierarchy of valuation inputs based on the extent to which the inputs are observable in the marketplace. Inputs are used in applying the various valuation techniques and take into account the assumptions that market participants use to make valuation decisions. Inputs may include price information, credit data, interest and yield curve data, and other factors specific to the financial instrument. Observable inputs reflect market data obtained from independent sources. In contrast, unobservable inputs reflect the entity's assumptions about how market participants would value the financial instrument. Valuation techniques should maximize the use of observable inputs to the extent available.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used for financial instrument measured at fair value on a recurring basis:

- Level 1 Investments whose values are based on quoted prices (unadjusted) for identical assets in active markets that a government can access at the measurement date.

- Level 2 Investments with inputs – other than quoted prices included within Level 1 – that are observable for an asset, either directly or indirectly.

- Level 3 Investments classified as Level 3 have unobservable inputs for an asset and may require a degree of professional judgment.

The following tables summarize investments within the fair value hierarchy at June 30, 2023 and 2022 (expressed in thousands):

FY23 Investments by Fair Value Level:	Fair Value	Level 1	Level 2	Level 3
U.S. Treasury Notes	\$ 2,700,160	\$ -	\$ 2,700,160	\$ -
Foreign Investments	55,000	-	55,000	-
Federal Home Loan Mortgage Corporation	239,027	-	239,027	-
Federal Home Loan Bank	792,959	-	792,959	-
Federal National Mortgage Association	51,765	-	51,765	-
Federal Farm Credit Banks	750,814	-	750,814	-
Tennessees Valley Authority Bonds	16,117	-	16,117	-
Municipal Bonds	196,618	-	196,618	-
Corporate Bonds	2,075,434	-	2,075,434	-
Supranational Bonds	287,860	-	287,860	-
Total Investments by Fair Value Level	<u>\$ 7,165,754</u>	<u>\$ -</u>	<u>\$ 7,165,754</u>	<u>\$ -</u>

(Continued)

State of Illinois
Office of the Treasurer

Fiscal Officer Responsibilities
Notes to the Financial Statements
For the Years Ended June 30, 2023 and 2022

NOTE D. DEPOSITS AND INVESTMENTS (CONTINUED)

FY23 Investments measured at net asset value (NAV)	NAV
Illinois Technology Development I	
Apex Venture Partners	\$ 495
Baird Venture Partners III. LP	163
Beecken, Petty, O'Keefe & Company, LLP	21
Illinois Innovation Accelerator Fund LLC - I2A	8
JK & B Capital V, LP	1,116
MK Capital LP	211
MK Capital II, LP	6,232
MVC Private Equity Fund, LP	386
OCA Venture Partners II, LP	2,107
Open Prairie Ventures II, LP	1,419
Patriot Capital II LP	257
Prairie Capital V LP	1,817
Sterling Partners - Small Market Growth 2009, LP	1,286
Illinois Technology Development II	
Agent Capital Fund I LP	5,804
Agent Capital Fund II LP	4,289
Avance	4,592
Baird Venture Partners III. LP	7,164
Beecken, Petty, O'Keefe & Company, LLP	19,122
Brightwood Capital Fund LP	11,216
Builders VC Fund I LP	11,677
Buoyant Ventures	651
Bullpen Capital III LP	2,816
Chicago Ventures Fund II LP	27,930
Chicago Ventures Fund III LP	8,968
Chicago Ventures Fund IV LP	1,221
Chicago Ventures Opportunity Fund, LP	2,536
Chingona	6,583
Chingona II	1,297
Cleveland	9,240
Corazon Capital II LP	8,150
Corazon Capital III	2,617
Corazon Capital Matchbox	678
Costonoa II	2,744
Costonoa IV	6,194
Engergize	1,555
Exposition Ventures	350
First Leaf	2,168
GreatPoint Ventures Innovation Fund, LP	12,037
GreatPoint Ventures Innovation Fund, LP II	19,837

(Continued)

State of Illinois
Office of the Treasurer

Fiscal Officer Responsibilities
Notes to the Financial Statements
For the Years Ended June 30, 2023 and 2022

NOTE D. DEPOSITS AND INVESTMENTS (CONTINUED)

FY23 Investments measured at net asset value (NAV)

Illinois Technology Development II (Continued)

GreatPoint Ventures Innovation Fund, LP III	\$ 4,011
Hyde Park Venture Partners II LP	14,046
Hyde Park Venture Partners III LP	7,786
Hyde Park Opportunity Fund, LP	2,162
Impact Engine Ventures II LP	1,858
Kinzie Capital	643
Lightbank	1,845
Lightspring	3,938
Listen Ventures II LP	2,912
Listen Ventures III LP	4,499
Long Arc Capital	4,158
M25	2,988
M25 IV	500
Math Venture Partners II LP	8,863
Madison Dearborn Partners LLC VII	6,481
Madison Dearborn Partners LLC VIII	7,351
Method Capital LLC (formerly KDWC Ventures)	3,180
Moderne Ventures Fund I LP	4,381
Moderne Ventures Fund II LP	5,275
New Enterprise Associates 16 LP	16,019
New Mainstream Capital Fund III LP	20,133
OCA	4,342
Palladium	11,549
Patriot Capital IV	7,647
PPC MM LP	9,248
Red Arts	5,434
Reverence II	4,215
Reverence V	992
Serra	835
Starting Line	1,468
Supply Change Capital	869
Techstars Ventures 2017 LP	10,450
Tensility Venture Partners	2,220
Thoma Bravo Discover Fund II LP	5,754
Thoma Bravo Discover Fund III LP	10,612
Thoma Bravo Discover Fund IV LP	1,633
Thoma Bravo Discover Fund XIV LP	9,418
Thoma Bravo Discover Fund XV LP	6,596
Thoma Bravo Credit Fund	8,333
Thoma Bravo Growth Fund LP	6,709
Valor	11,352
Valor Siren	686
Vamos Ventures	1,766

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NOTE D. DEPOSITS AND INVESTMENTS (CONTINUED)

FY23 Investments measured at net asset value (NAV)

Illinois Technology Development II (Continued)

Vista	\$ 10,533
Vista III	6,114
Vista IV	5,308
Vistria II Group	10,870
Vistria III Group	11,952
Vistria IV Group	10,068
Windpoint Partners VIII-A LP	16,247
Windpoint IX	12,066
Windpoint X	3,949
1818	29,776
5th Century	7,026
7Wire	1,542
7Wire GO	464
81 Collection	754
Total Investments measured at net asset value (NAV)	<u>\$ 568,780</u>

Total FY23 Investments at Fair Value \$ 7,734,533

Investments classified in Level 2 of the fair value hierarchy are valued using the market approach by using either matrix pricing or quoted prices for identical assets in markets that are not active.

FY22 Investments by Fair Value Level:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
U.S. Treasury Notes	\$ 1,844,985	\$ -	\$ 1,844,985	\$ -
Foreign Investments	50,000	-	50,000	-
Federal Home Loan Mortgage Corporation	43,217	-	43,217	-
Federal Home Loan Bank	648,874	-	648,874	-
Federal National Mortgage Association	27,120	-	27,120	-
Federal Farm Credit Banks	266,856	-	266,856	-
Municipal Bonds	174,752	-	174,752	-
Corporate Bonds	1,533,151	-	1,533,151	-
Supranational Bonds	81,141	-	81,141	-
State of Illinois Secondary Pool Investment Program	1	-	1	-
Total Investments by Fair Value Level	<u>\$ 4,670,097</u>	<u>\$ -</u>	<u>\$ 4,670,097</u>	<u>\$ -</u>

FY22 Investments measured at net asset value (NAV)

Illinois Technology Development I

	<u>NAV</u>
Apex Venture Partners	\$ 768
Baird Venture Partners III. LP	209
Beecken, Petty, O'Keefe & Company, LLP	21
Illinois Innovation Accelerator Fund LLC - I2A	8
JK & B Capital V, LP	1,117
MK Capital LP	304
MK Capital II, LP	5,672
MVC Private Equity Fund, LP	1,990

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NOTE D. DEPOSITS AND INVESTMENTS (CONTINUED)

FY22 Investments measured at net asset value (NAV)

Illinois Technology Development I (Continued)

OCA Venture Partners II, LP	\$ 3,692
Open Prairie Ventures II, LP	2,258
Patriot Capital II LP	293
Prairie Capital V LP	2,618
Sterling Partners - Small Market Growth 2009, LP	1,058

Illinois Technology Development II

Agent Capital Fund I LP	7,220
Agent Capital Fund II LP	3,386
Avance	3,390
Baird Venture Partners III. LP	6,351
Beecken, Petty, O'Keefe & Company, LLP	16,458
Brightwood Capital Fund LP	10,586
Builders VC Fund I LP	13,125
Bullpen Capital III LP	4,393
Chicago Ventures Fund II LP	30,567
Chicago Ventures Fund III LP	9,097
Chicago Ventures Opportunity Fund, LP	1,250
Chingona	6,716
Chingona II	1,139
Cleveland	4,006
Corazon Capital II LP	7,045
Corazon Capital III	281
Corazon Capital Matchbox	375
Costonoa II	1,878
Costonoa IV	5,348
Energize	2,796
First Leaf	1,323
GreatPoint Ventures Innovation Fund, LP	12,479
GreatPoint Ventures Innovation Fund, LP II	20,196
GreatPoint Ventures Innovation Fund, LP III	3,313
Hyde Park Venture Partners II LP	12,494
Hyde Park Venture Partners III LP	6,694
Hyde Park Opportunity Fund, LP	1,638
Impact Engine Ventures II LP	1,701
Lightbank	1,747
Lightspring	3,082
Listen Ventures II LP	4,025
Listen Ventures III LP	2,991
M25	1,983
Math Venture Partners II LP	8,157

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NOTE D. DEPOSITS AND INVESTMENTS (CONTINUED)

FY22 Investments measured at net asset value (NAV)

Illinois Technology Development II (Continued)

Madison Dearborn Partners LLC VII	\$ 8,790
Madison Dearborn Partners LLC VIII	4,439
Method Capital LLC (formerly KDWC Ventures)	3,032
Moderne Ventures Fund I LP	2,998
Moderne Ventures Fund II LP	2,910
New Enterprise Associates 16 LP	19,013
New Mainstream Capital Fund III LP	17,693
OCA	3,954
Palladium	9,899
Patriot Capital IV	6,725
PPC MM LP	6,046
Red Arts	5,451
Reverence II	3,419
Reverence V	622
Serra	890
Starting Line	1,124
Techstars Ventures 2017 LP	9,899
Tensility Venture Partners	1,690
Thoma Bravo Discover Fund II LP	6,541
Thoma Bravo Discover Fund III LP	8,582
Thoma Bravo Discover Fund XIV LP	9,467
Thoma Bravo Discover Fund XV LP	1,660
Thoma Bravo Growth Fund LP	7,751
Valor	10,583
Valor Siren	793
Vamos Ventures	1,563
Vista	10,755
Vista III	5,649
Vista IV	5,552
Vistria II Group	9,481
Vistria III Group	11,073
Vistria IV Group	4,181
Windpoint Partners VIII-A LP	14,954
Windpoint IX	8,481
1818	35,144
5th Century	629
7Wire	1,368
Total Investments measured at net asset value (NAV)	<u>\$ 500,039</u>
Total FY22 Investments at Fair Value	<u><u>\$ 5,170,136</u></u>

Investments classified in Level 2 of the fair value hierarchy are valued using the market approach by using either matrix pricing or quoted prices for identical assets in markets that are not active.

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NOTE D. DEPOSITS AND INVESTMENTS (CONTINUED)

Additional disclosures for investments measured using the net asset value per share are listed below (expressed in thousands):

FY23 Investments measured at net asset value (NAV)	NAV	Unfunded Commitments
Illinois Technology Development I		
Apex Venture Partners	\$ 495	\$ -
Baird Venture Partners III. LP	163	-
Beecken, Petty, O'Keefe & Company, LLP	21	-
Ceres Venture LP	-	61
Illinois Emerging Technologies Fund II	-	367
Illinois Innovation Accelerator Fund LLC - I2A	8	-
JK & B Capital V, LP	1,116	180
MK Capital LP	211	-
MK Capital II, LP	6,232	600
MVC Private Equity Fund, LP	386	1,373
OCA Venture Partners II, LP	2,107	32
Open Prairie Ventures II, LP	1,419	-
Patriot Capital II LP	257	750
Prairie Capital V LP	1,817	900
Sterling Partners - Small Market Growth 2009, LP	1,286	-
Sterling Venture Partners II, LP	-	-
Svoda, Collins Fund II, LP	-	149
Illinois Technology Development II		
Agent Capital Fund I LP	5,804	754
Agent Capital Fund II LP	4,289	5,285
Avance	4,592	4,685
Baird Venture Partners III. LP	7,164	289
Beecken, Petty, O'Keefe & Company, LLP	19,122	-
Brightwood Capital Fund LP	11,216	-
Builders VC Fund I LP	11,677	600
Buoyant Ventures	651	1,729
Bullpen Capital III LP	2,816	-
Chicago Ventures Fund II LP	27,930	410
Chicago Ventures Fund III LP	8,968	800
Chicago Ventures Fund IV LP	1,221	8,550
Chicago Ventures Opportunity Fund, LP	2,536	2,425
Chingona	6,583	479
Chingona II	1,297	5,904
Cleveland	9,240	6,053
Corazon Capital II LP	8,150	875
Corazon Capital III	2,617	2,981
Corazon Capital Matchbox	678	1,163
Costonoa II	2,744	225
Costonoa IV	6,194	1,800
Engergize	1,555	211
Exposition Ventures	350	2,220

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NOTE D. DEPOSITS AND INVESTMENTS (CONTINUED)

FY23 Investments measured at net asset value (NAV)	<u>NAV</u>	<u>Unfunded Commitments</u>
Illinois Technology Development II (Continued)		
First Leaf	\$ 2,168	\$ 1,098
GreatPoint Ventures Innovation Fund, LP	12,037	-
GreatPoint Ventures Innovation Fund, LP II	19,837	1,166
GreatPoint Ventures Innovation Fund, LP III	4,011	5,663
Hyde Park Venture Partners II LP	14,046	500
Hyde Park Venture Partners III LP	7,786	1,913
Hyde Park Opportunity Fund, LP	2,162	2,697
Impact Engine Ventures II LP	1,858	775
Kinzie Capital	643	4,357
Lightbank	1,845	1,258
Lightspring	3,938	3,694
Listen Ventures II LP	2,912	63
Listen Ventures III LP	4,499	2,625
Long Arc Capital	4,158	895
M25	2,988	288
M25 IV	500	4,500
Math Venture Partners II LP	8,863	750
Madison Dearborn Partners LLC VII	6,481	601
Madison Dearborn Partners LLC VIII	7,351	2,159
Method Capital LLC (formerly KDWC Ventures)	3,180	85
Moderne Ventures Fund I LP	4,381	-
Moderne Ventures Fund II LP	5,275	3,047
New Enterprise Associates 16 LP	16,019	1,350
New Mainstream Capital Fund III LP	20,133	1,423
OCA	4,342	1,399
Palladium	11,549	3,054
Patriot Capital IV	7,647	2,252
PPC MM LP	9,248	1,406
Red Arts	5,434	2,049
Reverence II	4,215	460
Reverence V	992	1,912
Serra	835	1,642
Starting Line	1,468	195
Supply Change Capital	869	1,500
Techstars Ventures 2017 LP	10,450	75
Tensility Venture Partners	2,220	572
Thoma Bravo Discover Fund II LP	5,754	579
Thoma Bravo Discover Fund III LP	10,612	160
Thoma Bravo Discover Fund IV LP	1,633	8,455
Thoma Bravo Discover Fund XIV LP	9,418	149
Thoma Bravo Discover Fund XV LP	6,596	3,210
Thoma Bravo Credit Fund	8,333	948
Thoma Bravo Growth Fund LP	6,709	2,147

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NOTE D. DEPOSITS AND INVESTMENTS (CONTINUED)

FY23 Investments measured at net asset value (NAV)	NAV	Unfunded Commitments
Illinois Technology Development II (Continued)		
Valor	\$ 11,352	\$ 822
Valor Siren	686	9,207
Vamos Ventures	1,766	900
Vista	10,533	798
Vista III	6,114	-
Vista IV	5,308	4,336
Vistria II Group	10,870	-
Vistria III Group	11,952	1,217
Vistria IV Group	10,068	-
Windpoint Partners VIII-A LP	16,247	902
Windpoint IX	12,066	685
Windpoint X	3,949	6,110
1818	29,776	7,267
5th Century	7,026	2,590
7Wire	1,542	1,039
7Wire GO	464	2,001
81 Collection	754	1,675
Total Investments measured at net asset value (NAV)	<u>\$ 568,780</u>	<u>\$ 164,470</u>

FY22 Investments measured at net asset value (NAV)	NAV	Unfunded Commitments
Illinois Technology Development I		
Apex Venture Partners	\$ 768	\$ -
Baird Venture Partners III. LP	209	-
Beecken, Petty, O'Keefe & Company, LLP	21	-
Ceres Venture LP	-	61
Illinois Emerging Technologies Fund II	-	367
Illinois Innovation Accelerator Fund LLC - I2A	8	-
JK & B Capital V, LP	1,117	180
MK Capital LP	304	-
MK Capital II, LP	5,672	600
MVC Private Equity Fund, LP	1,990	1,373
OCA Venture Partners II, LP	3,692	32
Open Prairie Ventures II, LP	2,258	-
Patriot Capital II LP	293	750
Prairie Capital V LP	2,618	900
Sterling Partners - Small Market Growth 2009, LP	1,058	-
Svoda, Collins Fund II, LP	-	149
Illinois Technology Development II		
Agent Capital Fund I LP	7,220	1,453
Agent Capital Fund II LP	3,386	6,408
Avance	3,390	6,320

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NOTE D. DEPOSITS AND INVESTMENTS (CONTINUED)

FY22 Investments measured at net asset value (NAV)	NAV	Unfunded Commitments
Illinois Technology Development II (Continued)		
Baird Venture Partners III. LP	\$ 6,351	\$ 1,067
Beecken, Petty, O'Keefe & Company, LLP	16,458	1,339
Brightwood Capital Fund LP	10,586	-
Builders VC Fund I LP	13,125	1,350
Bullpen Capital III LP	4,393	-
Chicago Ventures Fund II LP	30,567	509
Chicago Ventures Fund III LP	9,097	-
Chicago Ventures Opportunity Fund, LP	1,250	6,250
Chingona	6,716	653
Chingona II	1,139	6,242
Cleveland	4,006	11,596
Corazon Capital II LP	7,045	875
Corazon Capital III	281	9,719
Corazon Capital Matchbox	375	9,625
Costonoa II	1,878	1,075
Costonoa IV	5,348	2,550
Engergize	2,796	229
First Leaf	1,323	1,600
GreatPoint Ventures Innovation Fund, LP	12,479	231
GreatPoint Ventures Innovation Fund, LP II	20,196	1,971
GreatPoint Ventures Innovation Fund, LP III	3,313	6,426
Hyde Park Venture Partners II LP	12,494	500
Hyde Park Venture Partners III LP	6,694	3,488
Hyde Park Opportunity Fund, LP	1,638	2,697
Impact Engine Ventures II LP	1,701	925
Lightbank	1,747	1,445
Lightspring	3,082	4,194
Listen Ventures II LP	4,025	63
Listen Ventures III LP	2,991	1,625
M25	1,983	813
Math Venture Partners II LP	8,157	1,200
Madison Dearborn Partners LLC VII	8,790	405
Madison Dearborn Partners LLC VIII	4,439	5,964
Method Capital LLC (formerly KDWC Ventures)	3,032	85
Moderne Ventures Fund I LP	2,998	-
Moderne Ventures Fund II LP	2,910	2,103
New Enterprise Associates 16 LP	19,013	2,175
New Mainstream Capital Fund III LP	17,693	3,126
OCA	3,954	1,975
Palladium	9,899	5,758
Patriot Capital IV	6,725	3,000
PPC MM LP	6,046	3,325
Red Arts	5,451	-

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NOTE D. DEPOSITS AND INVESTMENTS (CONTINUED)

FY22 Investments measured at net asset value (NAV)	<u>NAV</u>	<u>Unfunded Commitments</u>
Illinois Technology Development II (Continued)		
Reverence II	\$ 3,419	\$ 480
Reverence V	622	2,377
Serra	890	1,625
Starting Line	1,124	525
Techstars Ventures 2017 LP	9,899	75
Tensility Venture Partners	1,690	872
Thoma Bravo Discover Fund II LP	6,541	579
Thoma Bravo Discover Fund III LP	8,582	1,817
Thoma Bravo Discover Fund XIV LP	9,467	586
Thoma Bravo Discover Fund XV LP	1,660	2,840
Thoma Bravo Growth Fund LP	7,751	2,697
Valor	10,583	1,413
Valor Siren	793	7,207
Vamos Ventures	1,563	1,200
Vista	10,755	2,413
Vista III	5,649	80
Vista IV	5,552	4,336
Vistria II Group	9,481	-
Vistria III Group	11,073	1,217
Vistria IV Group	4,181	5,743
Windpoint Partners VIII-A LP	14,954	1,211
Windpoint IX	8,481	2,347
1818	35,144	-
5th Century	629	9,004
7Wire	1,368	1,279
Total Investments measured at net asset value (NAV)	<u>\$ 500,039</u>	<u>\$ 178,689</u>

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NOTE D. DEPOSITS AND INVESTMENTS (CONTINUED)

The Illinois Technology Development Account I and II (ITD I and ITD II) investments are privately-held limited partnership investment funds in accordance with the Technology Development Act (TDA) (30 ILCS 265) in which each fund's primary focus is investing in privately-held companies. The TDA Accounts, collectively known as the Illinois Growth and Innovation Fund, invest in Illinois venture capital firms. An "Illinois venture capital firm" provides equity financing for starting up or expanding a company, or related purposes such as financing for seed capital, research and development, introduction of a product or process into the marketplace, or similar needs requiring risk capital. This includes, but is not limited to, investment funds or fund managers classified as venture capital, mezzanine, buyout, or growth. The firms will have a strong Illinois presence with an overall goal to attract, assist and retain quality technology businesses in Illinois.

These investments cannot be redeemed with the funds. Instead, the nature of these investments is that distributions are received through various means including, but not limited to the cash distributed by the fund from business income from portfolio companies, dividend payments paid by a company to a fund, or the liquidation of the underlying assets or interests of the fund over the contractual term lives of each partnership investment. The contractual terms of these investments generally range between 10-15 years from the original investment date depending upon whether optional extensions are exercised by the General Partners of the partnerships. Based on the terms of the limited partnership investments, it is anticipated that the last of the proceeds of these investments will be returned no later than January 4, 2025 for ITD I and November 3, 2033 for ITD II, with the bulk of the proceeds being received sooner. The fair values of the ownership interests in the various limited partnership investments have been determined based on the most recent capital account balances provided by the respective general partners of each limited partnership. Due to the uniqueness and illiquid nature of the underlying privately-held investments, general partners use valuation techniques that rely on unobservable inputs such as estimates and appraisals derived from comparable market transactions to determine the net asset value per share for limited partner investors, which are audited annually by independent auditors for each partnership investment.

Interest Rate Risk: Interest rate risk is the risk that changes in the interest rates will adversely affect the fair value of an investment. As a means of limiting its exposure to fair value losses arising from rising interest rates, the Office's investment policy limits the investment portfolio to maturities not to exceed ten years with no limit to the amount allocated to investments with less than a two-year maturity. No more than 55% of the investment portfolio shall be allocated to investments with a 2 to 3 year maturity band. No more than 30% of the investment portfolio shall be allocated to investments with a 3 to 4 year maturity band (not including Foreign Government Securities). No more than 20% of the investment portfolio shall be allocated to investments with a 4 to 5 year maturity band. No more than 15% of the investment portfolio shall be allocated to investments with a 5 to 10 year maturity band. The portfolio shall not deviate from these guidelines unless specifically authorized by the Office in writing. The Office uses the segmented time distribution method to identify and manage interest rate risk.

Investments: Most of the Office's investments at June 30, 2023 and 2022 are short-term due to the responsibility to keep funds "liquid" to reimburse banks for warrants paid.

Investments in the Office's pooled accounts are authorized by statute. Certain investments are held in segregated accounts and are purchased at the request of the agency administering the segregated trust fund.

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NOTE D. DEPOSITS AND INVESTMENTS (CONTINUED)

Excluding Time Deposits, the Office had the following investments, stated at fair value except as noted below and maturities as of June 30. Unrealized gains and losses are accounted for in the investment in which the change in fair value occurred. (Expressed in thousands.)

<u>2023</u>	Maturing in:				Total
	Less than 1 year	1 - 5 years	6 - 10 years	NA***	
Commercial Paper *	\$ 2,994,140	\$ -	\$ -	\$ -	\$ 2,994,140
Repurchase Agreements*	3,124,079	-	-	-	3,124,079
U.S. Treasury Bills *	1,797,897	-	-	-	1,797,897
U.S. Treasury Notes	245,240	1,399,856	1,055,064	-	2,700,160
Federal Home Loan Bank	177,441	489,483	126,035	-	792,959
Federal Farm Credit Banks	28,964	75,116	646,734	-	750,814
Federal Home Loan Mortgage Corporation	-	198,864	40,163	-	239,027
Federal National Mortgage Association	24,909	26,856	-	-	51,765
Federal Home Loan Bank Discount Notes*	24,269	-	-	-	24,269
Federal Farm Credit Banks Discount Notes*	-	-	-	-	24,811
Supranational Bonds	174,455	88,536	24,869	-	287,860
Tennessee Valley Authority Bonds	-	-	16,117	-	16,117
Municipal Bonds	13,336	38,046	50,688	-	102,070
Municipal Bonds Externally Managed	8,015	56,073	30,460	-	94,548
Corporate Bonds	311,683	939,473	635,625	-	1,886,781
Corporate Bonds Externally Managed	14,008	166,085	8,560	-	188,653
Foreign Investments**	-	55,000	-	-	55,000
Securities Lending Collateral Invested in Repurchase Agreements*	4,659,942	180,000	-	-	4,839,942
Illinois Technology Development I	-	-	-	15,518	15,518
Illinois Technology Development II	-	-	-	553,262	553,262
The Illinois Funds*	-	-	-	10,731,980	10,731,980
Money Market Mutual Funds*	-	-	-	5,187,412	5,187,412
Total Investments and Securities Lending Collateral, excluding Time Deposits	\$ 13,623,189	\$ 3,713,388	\$ 2,634,315	\$ 16,488,172	\$ 36,459,064

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NOTE D. DEPOSITS AND INVESTMENTS (CONTINUED)

<u>2022</u>	Maturing in:				Total
	Less than 1 year	1 - 5 years	6 - 10 years	NA***	
Commercial Paper *	\$ 4,284,209	\$ -	\$ -	\$ -	\$ 4,284,209
Repurchase Agreements*	2,991,716	-	-	-	2,991,716
U.S. Treasury Bills *	2,097,093	-	-	-	2,097,093
U.S. Treasury Notes	222,758	905,143	717,084	-	1,844,985
Federal Home Loan Bank	24,807	524,135	99,932	-	648,874
Federal Farm Credit Banks	-	51,903	214,953	-	266,856
Federal Home Loan Mortgage Corporation	-	9,203	34,014	-	43,217
Federal National Mortgage Association	-	18,307	8,813	-	27,120
Federal Home Loan Bank Discount Notes*	199,514	-	-	-	199,514
State of Illinois Secondary Pool	1	-	-	-	1
Supranational Bonds	39,971	41,170	-	-	81,141
Supranational Bonds Discount Notes*	99,733	-	-	-	99,733
Municipal Bonds	10,120	39,568	28,386	-	78,074
Municipal Bonds Externally Managed	2,984	56,281	37,413	-	96,678
Corporate Bonds	550,434	432,844	360,624	-	1,343,902
Corporate Bonds Externally Managed	24,072	128,805	36,372	-	189,249
Foreign Investments**	2,500	47,500	-	-	50,000
Securities Lending Collateral Invested in Repurchase Agreements*	3,956,656	105,000	-	-	4,061,656
Illinois Technology Development I	-	-	-	20,008	20,008
Illinois Technology Development II	-	-	-	480,031	480,031
The Illinois Funds*	-	-	-	8,760,559	8,760,559
Money Market Mutual Funds*	-	-	-	7,719,372	7,719,372
 Total Investments and Securities Lending Collateral, excluding Time Deposits	 \$ 14,506,568	 \$ 2,359,859	 \$ 1,537,591	 \$ 16,979,970	 \$ 35,383,988

* Reported at Amortized Cost

** These securities are denominated in U.S. dollars

*** Categorization not applicable

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NOTE D. DEPOSITS AND INVESTMENTS (CONTINUED)

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Cash received by the Office is initially deposited in clearing accounts maintained in banks located in Illinois that are insured by the Federal Deposit Insurance Corporation (FDIC). Surplus funds, as determined by the Office, may be invested in time deposits, certificates of deposit and other interest-bearing accounts in FDIC-insured banks located in the State, credit unions whose principal office is located in Illinois, short-term obligations of corporations whose obligations (i.e., commercial paper) were rated by two or more standard rating services at a level that is at least as high as the following: A-2 by Standard & Poor's, P-2 by Moody's Investor Service, or F-2 by Fitch, repurchase agreements or other investments approved by State law.

As of June 30, 2023, excluding the securities lending program, the Office's investments in commercial paper were rated P-1 by Moody's Investors Service except for AT&T, Centerpoint, DuPont, EIDP, Hewlett Packard, Nextera, Stanley Black, and Union Pacific which were rated P-2 and A-1 by Standard & Poor's Ratings, except for those issued by LVMH Moet Hennes, National Securities, Toronto Dominion, and Toyota which were rated A-1+ by Standard & Poor's Ratings, 3M, AT&T, Centerpoint, EIDP, Hewlett Packard, HSBC, JPMorgan, Nextera Energy, Union Pacific, and Walt Disney which were rated A-2 by Standard & Poor's Ratings, and DuPont which was rated A-2+ by Standard and Poor's Ratings. The Office's short-term investments in all U.S. Agency obligations, including collateral for repurchase agreements, were rated P-1 by Moody's Investors Service. The Office's long-term investments in all U.S. Agency obligations were rated Aaa by Moody's Investors Service or AA+ by Standard & Poor's Ratings, except for Federal Home Loan Mortgage Corporation which were not rated. The Office's short-term investment in foreign debt securities were rated A-1+ by Standard & Poor's Ratings. The Office's long-term investment in foreign debt securities were rated A1 by Moody's Investors Service and AA- by Standard & Poor's Ratings. The Office's long-term investments in Supranational Bonds were rated Aaa by Moody's Investors Service and AAA by Standard & Poor's Ratings. The Office's long-term investment in Tennessee Valley Authority Bonds were rated Aaa by Moody's Investors Services and AA+ by Standard & Poor's Ratings. The Office's investments in The Illinois Funds were rated AAAM by Fitch Ratings. The Office's investments in money market mutual funds were rated Aaa by Moody's Investors Service or AAAM by Standard & Poor's Ratings. The Office's short-term investments in Municipal Bonds and Corporate Bonds were rated by Moody's and Standard & Poor's in the following tables:

Municipal Bonds:		S&P	Mdy
ALAMO CAPITAL	AURORA, CITY OF	AA	N/A
ALAMO CAPITAL	CITY OF COLLINSVILLE	N/A	Aa3
ALAMO CAPITAL	COOK CNTY HIGH SCH DIST#202	N/A	Aa a
ALAMO CAPITAL	DU PAGE CNTY SCH SD #60	AA+	N/A
ALAMO CAPITAL	GRUNDY&WILL CNTY SD#1	N/A	Aa3
ALAMO CAPITAL	MCLEAN&WOODFORCNTY HS DIST#5	N/A	Aa3
ALAMO CAPITAL	S HOLLAND TXBL REF SER A	N/A	Aa3
ALAMO CAPITAL	VILLAGE OF ADDISON	AA	N/A
ALAMO CAPITAL	WINNEBAGO COUNTY	N/A	Aa3
BERNARDI SECURITIES	AURORA, CITY OF	AA	N/A
BERNARDI SECURITIES	BARTLETT, VILLAGE OF	N/A	Aa1
BERNARDI SECURITIES	COOK CNTY CLG DIST#535 OAKTON	N/A	Aa a
BERNARDI SECURITIES	COOK CNTY SD #101 WSTRN SPRING	N/A	Aa1
BERNARDI SECURITIES	DIXON, CITY OF	AA	N/A
BERNARDI SECURITIES	DOWNERS GROVE, VILLAGE OF	AAA	N/A
BERNARDI SECURITIES	DU PAGE CNTY SD#33 W CHICAGO	N/A	Aa2
BERNARDI SECURITIES	FLORA, CITY OF	AA	N/A
BERNARDI SECURITIES	FREEMONT, CITY OF	AA	N/A

(Continued)

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NOTE D. DEPOSITS AND INVESTMENTS (CONTINUED)

Municipal Bonds: (continued)	S&P	Mdy
BERNARDI SECURITIES	HARWOOD HEIGHTS, VILLAGE OF	AA N/A
BERNARDI SECURITIES	KANE KENDALL CNTYCMNTY CLG#516	N/A Aaa
BERNARDI SECURITIES	LAKE COUNTY CMNTY CLG DIST#532	N/A Aaa
BERNARDI SECURITIES	LIBERTYVILLE, VILLAGE OF	N/A Aa1
BERNARDI SECURITIES	MCLEAN&WOODFORCNTY HS DIST#5	N/A Aa3
BERNARDI SECURITIES	NORTHBROOK, VILLAGE OF TXBL RE	AAA Aaa
BERNARDI SECURITIES	OAK PARK, VILLAGE OF	AA Aa3
BERNARDI SECURITIES	REGIONAL TRANSPORTATION AUTH	AA N/A
BERNARDI SECURITIES	S WSTRN EDWARDSVILLE COMM SD#7	AA N/A
BERNARDI SECURITIES	SKOKIE, VILLAGE OF	AA N/A
BERNARDI SECURITIES	TINLEY PARK, VILLAGE OF	AA+ N/A
BERNARDI SECURITIES	VERNON HILLS, VILLAGE OF	AAA N/A
BERNARDI SECURITIES	VILLAGE OF BEDFORD PARK	AA N/A
BERNARDI SECURITIES	WOODRIDGE PARK DIST TXBL REF	AA N/A
BLAYLOCK VAN	CHICAGO PARK DIST	AA- N/A
BLAYLOCK VAN	IL HOUSING DEV AUTH REV	N/A Aaa
BLAYLOCK VAN	WILL CNTY SD#201	AA N/A
CABRERA CAPITAL	CHICAGO HOUSING AUTH	AA- N/A
CABRERA CAPITAL	SALES TAX SECURITIZATION CORP	AA- N/A
INT'L FCSTONE	COOK CNTY TWP HS DIST#225	AAA Aaa
MISCHLER FINANCIAL	CHICAGO PARK DIST	AA- N/A
MISCHLER FINANCIAL	DU PAGE CNTY SCH DIST #12	AA Aa2
MISCHLER FINANCIAL	LIBERTYVILLE, VILLAGE OF	N/A Aa1
MISCHLER FINANCIAL	WILL&KANKAKEE CNTYS CCSD 207	N/A Aa3
MULTI-BANK SECURITIES	CHICAGO PARK DIST	AA- N/A
MULTI-BANK SECURITIES	CHICAGO WTRWKS REV	AA A1
MULTI-BANK SECURITIES	GREATER ROCKFORD ARPT AUTH	AA Aa3
MULTI-BANK SECURITIES	REGIONAL TRANSPORTATION AUTH	AA N/A
MULTI-BANK SECURITIES	WILL GRUNDY ETC CNTYS CCD 525	N/A Aa2
PENSERRA SECURITIES	AURORA, CITY OF	AA N/A
PENSERRA SECURITIES	BUFFALO GROVE VILLAGE OF	AAA N/A
PENSERRA SECURITIES	CHICAGO WTRWKS REV	AA A1
PENSERRA SECURITIES	COOK CNTY HIGH SCH DIST#205	AA A1
PENSERRA SECURITIES	COOK CNTY SD #94	AA N/A
PENSERRA SECURITIES	IL HOUSING DEV AUTH REV	N/A Aaa
PENSERRA SECURITIES	KANE COUNTY FOREST PRESERVE	AA+ N/A
PENSERRA SECURITIES	REGIONAL TRANSPORTATION AUTH	AA N/A
PENSERRA SECURITIES	SALES TAX SECURITIZATION CORP	AA- N/A
PENSERRA SECURITIES	SKOKIE, VILLAGE OF	AA N/A
PENSERRA SECURITIES	SPRINGFIELD WATER REV TXBL A	AA- N/A
PENSERRA SECURITIES	STERLING, CITY OF	AA N/A
PENSERRA SECURITIES	VILLAGE OF ROSEMONT SER A-TXBL	AA A1
PENSERRA SECURITIES	WILL CNTY SD#201	AA N/A
PIPER JAFFRAY & CO	BOLINGBROOK PARK DIST	N/A Aa2
PIPER JAFFRAY & CO	LAKE CNTY CMNTY SCD#50	AA+ Aa2
PIPER JAFFRAY & CO	MADISON MAC CMNTY CLG DIST#536	AA N/A

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NOTE D. DEPOSITS AND INVESTMENTS (CONTINUED)

Municipal Bonds: (continued)	S&P	Mdy
PIPER SANDLER	AA	N/A
PIPER SANDLER	AA-	N/A
PIPER SANDLER	AA+	N/A
PIPER SANDLER	AA	N/A
PIPER SANDLER	AA	N/A
PIPER SANDLER	AA+	Aa1
PIPER SANDLER	AA	N/A
RAYMOND JAMES	AA-	N/A
ROBERT BAIRD	AA	N/A
ROBERT BAIRD	AA-	N/A
ROBERT BAIRD	N/A	Aa2
ROBERT BAIRD	AA	N/A
ROBERT BAIRD	AA	N/A
ROBERT BAIRD	AA	A2
ROBERT BAIRD	AA+	N/A
ROBERT BAIRD	AA	Aa3
ROBERT BAIRD	AA	N/A
ROBERT BAIRD	AA	Aa3
ROBERT BAIRD	AA+	N/A
ROBERT BAIRD	N/A	Aa2
ROBERT BAIRD	AA	N/A
ROBERT BAIRD	AA	A1
ROBERT BAIRD	AA	N/A
ROBERT BAIRD	AA	A1
ROBERT BAIRD	AA	N/A
ROBERT BAIRD	AA	N/A
ROBERT BAIRD	N/A	Aa1
ROBERT BAIRD	AA	N/A
ROBERT BAIRD	AA	N/A
ROBERT BAIRD	AAA	Aaa
ROBERT BAIRD	AA	A1
ROBERT BAIRD	AA	N/A
ROBERT BAIRD	AA	N/A
ROBERT BAIRD	AA	A2
ROBERT BAIRD	AA	N/A
STIFEL NICHOLAS	AA-	N/A
STIFEL NICHOLAS	AA	A3
STIFEL NICHOLAS	AA	A3
STIFEL NICHOLAS	N/A	Aa1
STIFEL NICHOLAS	AA	N/A
STIFEL NICHOLAS	AA	N/A
STIFEL NICHOLAS	AA	N/A
STIFEL NICHOLAS	N/A	Aa2
STIFEL NICHOLAS	AA	N/A
STIFEL NICHOLAS	AA	Aa3
STIFEL NICHOLAS	N/A	Aa2
STIFEL NICHOLAS	AA	N/A
STIFEL NICHOLAS	AA	N/A
STIFEL NICHOLAS	N/A	Aa3
STIFEL NICHOLAS	AA	N/A
STIFEL NICHOLAS	AA	N/A
SUN TRUST	AA	Aa3

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NOTE D. DEPOSITS AND INVESTMENTS (CONTINUED)

Municipal Bonds External Manager:		S&P	Mdy
GARCIA HAMILTON EXTERNAL MNG	AURORA, CITY OF	AA	N/A
GARCIA HAMILTON EXTERNAL MNG	BOLINGBROOK PARK DIST	N/A	Aa2
GARCIA HAMILTON EXTERNAL MNG	BOONE MCHENRY & DEKALB SD#100	AA	Aa3
GARCIA HAMILTON EXTERNAL MNG	BRADLEY, VILLAGE OF	AA-	N/A
GARCIA HAMILTON EXTERNAL MNG	BURBANK CITY OF	AA	A3
GARCIA HAMILTON EXTERNAL MNG	CAROL STREAM PARK DISTRICT	AA	N/A
GARCIA HAMILTON EXTERNAL MNG	CHI MET A WTR RECLAMATION DIST	AA+	N/A
GARCIA HAMILTON EXTERNAL MNG	CHICAGO MIDWAY ARPT REV	A	A3
GARCIA HAMILTON EXTERNAL MNG	CHICAGO O'HARE INTERNATIONAL	A+	N/A
GARCIA HAMILTON EXTERNAL MNG	CHICAGO PARK DIST	AA-	N/A
GARCIA HAMILTON EXTERNAL MNG	CHICAGO TRANSIT AUTHORITY	AA	N/A
GARCIA HAMILTON EXTERNAL MNG	CICERO, TOWN OF	AA	N/A
GARCIA HAMILTON EXTERNAL MNG	CITY OF CHICAGO IL WATERWORKS	AA+	N/A
GARCIA HAMILTON EXTERNAL MNG	COOK CNTY	A+	A2
GARCIA HAMILTON EXTERNAL MNG	COOK CNTY CCD 524 MORAIN VLY	N/A	Aa1
GARCIA HAMILTON EXTERNAL MNG	COOK CNTY HS DIST#215 THORNTON	AA-	N/A
GARCIA HAMILTON EXTERNAL MNG	COOK CNTY SD 217 ARGO	N/A	Aa2
GARCIA HAMILTON EXTERNAL MNG	COOK CNTY SD 88 BELLWOOD	AA	N/A
GARCIA HAMILTON EXTERNAL MNG	COOK CNTY SD#151 SOUTH HOLLAND	AA-	N/A
GARCIA HAMILTON EXTERNAL MNG	COOK CNTY SD#159 MATTESON	N/A	Aa3
GARCIA HAMILTON EXTERNAL MNG	COOK CNTY SD#63 E.MAINE	N/A	Aa2
GARCIA HAMILTON EXTERNAL MNG	COOK CNTY SD#87 BERKELEY	AA	N/A
GARCIA HAMILTON EXTERNAL MNG	COOK CNTY SD#94	AA	N/A
GARCIA HAMILTON EXTERNAL MNG	COOK CNTY TWP DIST#220 REAVIS	AA	A2
GARCIA HAMILTON EXTERNAL MNG	DE WITT FORD ETC CMNTY CLG#540	AA+	N/A
GARCIA HAMILTON EXTERNAL MNG	DUPAGE SD#45 VILLA PARK	N/A	Aa2
GARCIA HAMILTON EXTERNAL MNG	ELMWOOD PARK	AA	N/A
GARCIA HAMILTON EXTERNAL MNG	FRANKLIN PARK VILLAGE OF	AA	N/A
GARCIA HAMILTON EXTERNAL MNG	FREEPORT, CITY OF	AA	N/A
GARCIA HAMILTON EXTERNAL MNG	GLEN CARBON VILLAGE OF	N/A	Aa2
GARCIA HAMILTON EXTERNAL MNG	GRUNDY CNTY SD#54 MORRIS	AA	A1
GARCIA HAMILTON EXTERNAL MNG	GRUNDY KENDALL&WILL CNTYSSD201	AA-	N/A
GARCIA HAMILTON EXTERNAL MNG	IL HOUSING DEVELOPMENT AUTH RE	N/A	Aa a
GARCIA HAMILTON EXTERNAL MNG	IL ST TOLL HIGHWAY AUTHORITY	AA-	Aa3
GARCIA HAMILTON EXTERNAL MNG	KANE COUNTY SD 131 AURORA	AA	A1
GARCIA HAMILTON EXTERNAL MNG	KANKAKEE CNTY SD#1	AA	N/A
GARCIA HAMILTON EXTERNAL MNG	KENDALL CNTY COMMUNITY SD#88	AA	N/A
GARCIA HAMILTON EXTERNAL MNG	KNOX & WARREN CCSD#205	AA-	N/A
GARCIA HAMILTON EXTERNAL MNG	LAKE CNTY BBSD 3 BEACH PARK	AA	N/A
GARCIA HAMILTON EXTERNAL MNG	MACON & LOGAN CNTYS SD#11	AA	N/A
GARCIA HAMILTON EXTERNAL MNG	MADISON BOND ETC CNTYS CUSD 5	AA	N/A
GARCIA HAMILTON EXTERNAL MNG	MADISON MACOUPIN CNTYS ICCD536	AA	N/A
GARCIA HAMILTON EXTERNAL MNG	MCHENRY, CITY OF	N/A	Aa2
GARCIA HAMILTON EXTERNAL MNG	MCLEAN & WOODFORD SD#5	N/A	Aa3
GARCIA HAMILTON EXTERNAL MNG	MOLINE CITY OF	AA	A1
GARCIA HAMILTON EXTERNAL MNG	MOUNT VERNON IL, CITY OF	AA	N/A
GARCIA HAMILTON EXTERNAL MNG	PEORIA CITY OF	AA	N/A
GARCIA HAMILTON EXTERNAL MNG	PERU CITY OF	AA	Aa3
GARCIA HAMILTON EXTERNAL MNG	REGIONAL TRANS AUTHORITY	AA	Aa3
GARCIA HAMILTON EXTERNAL MNG	SALES TAX SECURITIZATION CORP	AA-	N/A
GARCIA HAMILTON EXTERNAL MNG	SANG LOGAN MENARD CMNTY SD#15	AA	A1
GARCIA HAMILTON EXTERNAL MNG	SANGAMON CNTY SD#186 SPFLD	AA	N/A
GARCIA HAMILTON EXTERNAL MNG	ST CLAIR CNTY PUBLIC BLDG COMM	AA-	Aa3

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NOTE D. DEPOSITS AND INVESTMENTS (CONTINUED)

Municipal Bonds External Manager: (continued)		S&P	Mdy
GARCIA HAMILTON EXTERNAL MNG	ST CLAIR CNTY SD #187 CAHOKIA	AA	N/A
GARCIA HAMILTON EXTERNAL MNG	ST. CHARLES CITY OF	N/A	Aa1
GARCIA HAMILTON EXTERNAL MNG	ST. CLAIR CNTY	AA-	Aa3
GARCIA HAMILTON EXTERNAL MNG	VILLAGE OF OSWEGO	N/A	Aa2
GARCIA HAMILTON EXTERNAL MNG	WAUCONDA FIRE PROTN DIST	AA	N/A
GARCIA HAMILTON EXTERNAL MNG	WHITESIDE & LEE CNTY CUSD 5	AA	A1
GARCIA HAMILTON EXTERNAL MNG	WILL CNTY SD#204 JOLIET	N/A	Aa3
GARCIA HAMILTON EXTERNAL MNG	WINNEBAGO & BOONE CNTY SD #205	AA-	N/A
GARCIA HAMILTON EXTERNAL MNG	WOODRIDGE PARK DISTRICT	AA	N/A
RAMIREZ EXTERNAL MNG	BARTLETT, VILLAGE OF	N/A	Aa1
RAMIREZ EXTERNAL MNG	BD&MONTGOMERYCCSD2GREENVILLE	AA	N/A
RAMIREZ EXTERNAL MNG	BEDFORD PARK TXBL	AA	A1
RAMIREZ EXTERNAL MNG	BENSENVILLE, VILLAGE OF	AA	N/A
RAMIREZ EXTERNAL MNG	BRADLEY, VILLAGE OF	AA-	N/A
RAMIREZ EXTERNAL MNG	BURBANK CITY OF	AA	A3
RAMIREZ EXTERNAL MNG	CALUMET COOK CNTY SD#155	AA	N/A
RAMIREZ EXTERNAL MNG	CC SD 162 MATTESON	AA	Aa3
RAMIREZ EXTERNAL MNG	CCSD 155 CALUMET	AA	N/A
RAMIREZ EXTERNAL MNG	CCSD31 WEST NORTHFIELD	N/A	Aa2
RAMIREZ EXTERNAL MNG	CHAMPAIGN CNTY SD 116 URBANA	AA-	N/A
RAMIREZ EXTERNAL MNG	CHI MET A WTR RECLAMATION DIST	AA+	N/A
RAMIREZ EXTERNAL MNG	CHICAGO HOUSING AUTH	AA-	N/A
RAMIREZ EXTERNAL MNG	CHICAGO PARK DIST	AA-	N/A
RAMIREZ EXTERNAL MNG	CHICAGO TRANSIT AUTHORITY	AA	N/A
RAMIREZ EXTERNAL MNG	CHRISTIAN CNTY CMNTY SD#3	AA	N/A
RAMIREZ EXTERNAL MNG	CITY OF COLLINSVILLE	N/A	Aa3
RAMIREZ EXTERNAL MNG	CITY OF DECATUR	AA	A2
RAMIREZ EXTERNAL MNG	CITY OF EVANSTON IL	N/A	Aa2
RAMIREZ EXTERNAL MNG	CITY OF PRINCETON	AA	N/A
RAMIREZ EXTERNAL MNG	COOK CNTY	A+	A2
RAMIREZ EXTERNAL MNG	COOK CNTY SD #104 SUMMIT	AA	N/A
RAMIREZ EXTERNAL MNG	COOK CNTY SD #135	AA+	N/A
RAMIREZ EXTERNAL MNG	COOK CNTY SD#148 DOLTON	AA	N/A
RAMIREZ EXTERNAL MNG	DEKALB LASALLE CNTY CLG DST523	AA-	N/A
RAMIREZ EXTERNAL MNG	DIXON, CITY OF	AA	N/A
RAMIREZ EXTERNAL MNG	DOWNERS GROVE VILLAGE OF	AAA	N/A
RAMIREZ EXTERNAL MNG	DU PAGE CNTY SD#63 CASS	AA	N/A
RAMIREZ EXTERNAL MNG	DUPAGE CNTY SD #60	AA+	N/A
RAMIREZ EXTERNAL MNG	DUPAGE CNTY SD#33 W CHICAGO	N/A	Aa2
RAMIREZ EXTERNAL MNG	DUPAGE SD#45 VILLA PARK	N/A	Aa2
RAMIREZ EXTERNAL MNG	DUPAGECOOKCNTYCUSD181HINSDALE	N/A	Aaa
RAMIREZ EXTERNAL MNG	DUQUOIN CITY OF	AA	N/A
RAMIREZ EXTERNAL MNG	ELK GROVE, VILLAGE OF	AA+	N/A
RAMIREZ EXTERNAL MNG	GRAINGER WW INC	A+	A2
RAMIREZ EXTERNAL MNG	GREATER ROCKFORD ARPT AUTH	AA	Aa3
RAMIREZ EXTERNAL MNG	HODGKINS VILLAGE OF TXBL	AA-	N/A

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NOTE D. DEPOSITS AND INVESTMENTS (CONTINUED)

Municipal Bonds External Manager: (continued)		S&P	Mdy
RAMIREZ EXTERNAL MNG	IL HOUSING DEVELOPMENT AUTH RE	N/A	Aaa
RAMIREZ EXTERNAL MNG	KANE CNTY SD 129 AURORA W SIDE	AA	Aa3
RAMIREZ EXTERNAL MNG	KENDALL CNTY COMMUNITY SD#88	AA	N/A
RAMIREZ EXTERNAL MNG	LAKE CNTY CMNTY SD#73 HAWTHORN	AA+	N/A
RAMIREZ EXTERNAL MNG	LAKE CNTY WARREN TWP DIST 121	AA+	N/A
RAMIREZ EXTERNAL MNG	LAKE COUNTY CCSD 50 WOODLAND	AA+	Aa2
RAMIREZ EXTERNAL MNG	MADISON CO SD #2 TRIAD	AA	N/A
RAMIREZ EXTERNAL MNG	MADISON MACOUPIN CNTYS ICCD536	AA	N/A
RAMIREZ EXTERNAL MNG	MCHENRY, CITY OF	N/A	Aa2
RAMIREZ EXTERNAL MNG	MCLEAN & WOODFORD SD#5	N/A	Aa3
RAMIREZ EXTERNAL MNG	MCLEAN CNTY CUSD 3 TRI-VALLEY	AA	N/A
RAMIREZ EXTERNAL MNG	MENARDSANGAMONLOGANCUSD213	AA	N/A
RAMIREZ EXTERNAL MNG	PEORIA CNTY SD 150	AA	N/A
RAMIREZ EXTERNAL MNG	RANDOLPH CNTY CUSD 140 SPARTA	AA	N/A
RAMIREZ EXTERNAL MNG	REGIONAL TRANS AUTHORITY	AA	N/A
RAMIREZ EXTERNAL MNG	SALES TAX SECURITIZATION CORP	AA-	N/A
RAMIREZ EXTERNAL MNG	SANGAMON CNTY IL WATER DIST	BBB+	N/A
RAMIREZ EXTERNAL MNG	ST CLAIR CNTY HWY REV	AA	A1
RAMIREZ EXTERNAL MNG	ST. CLAIR CNTY	AA-	Aa3
RAMIREZ EXTERNAL MNG	STEPHENSON CNTY SD145 FREEPORT	AA	N/A
RAMIREZ EXTERNAL MNG	UNIV OF IL TXBL SER B	AA	Aa2
RAMIREZ EXTERNAL MNG	VILLAGE OF ADDISON	AA	N/A
RAMIREZ EXTERNAL MNG	VILLAGE OF HODGKINS IL	AA-	N/A
RAMIREZ EXTERNAL MNG	VILLAGE OF JOHNSBURG	AA-	N/A
RAMIREZ EXTERNAL MNG	VILLAGE OF LEMONT	N/A	Aa2
RAMIREZ EXTERNAL MNG	VILLAGE OF OAK PARK	AA	Aa3
RAMIREZ EXTERNAL MNG	VILLAGE OF OSWEGO	N/A	Aa2
RAMIREZ EXTERNAL MNG	VILLAGE OF SKOKIE	N/A	Aa2
RAMIREZ EXTERNAL MNG	WHEATON, CITY OF	AAA	N/A
RAMIREZ EXTERNAL MNG	WILL CNTY SD #161 SUMMIT HILL	N/A	Aa2
RAMIREZ EXTERNAL MNG	WILL CNTY SD#114 MANHATTAN	AA	N/A
RAMIREZ EXTERNAL MNG	WILL, COUNTY OF	AA+	Aa1
RAMIREZ EXTERNAL MNG	WINNEBAGO CNTY TXBL	N/A	Aa3
RAMIREZ EXTERNAL MNG	WINNETKA, VILLAGE OF	N/A	Aaa

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NOTE D. DEPOSITS AND INVESTMENTS (CONTINUED)

Corporate Bonds:		S&P	Mdy
CABRERA CAPITAL	AMAZON.COM	AA	A1
CABRERA CAPITAL	APPLE INC.	AA+	Aaa
CABRERA CAPITAL	GOLDMAN SACHS	BBB+	A2
CABRERA CAPITAL	MICROSOFT CORPORATION	AAA	Aaa
CABRERA CAPITAL	US BANK NA CINCINNATI	A+	A2*-
CABRERA CAPITAL	VISA INC	AA-	Aa3
CANTOR FITZGERALD	BONY MELLON CORP	AA-	Aa2*-
CASTLEOAK	APPLE INC.	AA+	Aaa
CASTLEOAK	CITIGROUP INC.	BBB+	A3
FIFTH THIRD	ADP	AA-	Aa3
FIFTH THIRD	AMAZON.COM	AA	A1
FIFTH THIRD	JOHNSON AND JOHNSON	AAA	Aaa
FIFTH THIRD	JPMORGAN CHASE & CO	A-	A1
FIFTH THIRD	PROCTER AND GAMBLE	AA-	Aa3
FIFTH THIRD	UNITED HEALTH GRP INC	A+	A2
FIFTH THIRD	US BANK NA CINCINNATI	A+	A2*-
FIFTH THIRD	VISA INC	AA-	Aa3
FIFTH THIRD BANK	AMAZON.COM	AA	A1
FIFTH THIRD BANK	PNC BANK NA	A	A2
FIFTH THIRD BANK	VISA INC	AA-	Aa3
LOOP CAPITAL MARKETS	ADP	AA-	Aa3
LOOP CAPITAL MARKETS	AMAZON.COM	AA	A1
LOOP CAPITAL MARKETS	APPLE INC.	AA+	Aaa
LOOP CAPITAL MARKETS	BANK OF AMERICA	A-	A1
LOOP CAPITAL MARKETS	BONY MELLON CORP	AA-	Aa2*-
LOOP CAPITAL MARKETS	GOLDMAN SACHS	BBB+	A2
LOOP CAPITAL MARKETS	JPMORGAN CHASE & CO	A-	A1
LOOP CAPITAL MARKETS	MICROSOFT CORPORATION	AAA	Aaa
LOOP CAPITAL MARKETS	PNC FINANCIAL SERVICES	A-	A3
LOOP CAPITAL MARKETS	PROCTER AND GAMBLE	AA-	Aa3
LOOP CAPITAL MARKETS	STATE STREET CORP	A	A1*-
MFR SECURITIES	AMAZON.COM	AA	A1
MFR SECURITIES	AMERICAN EXPRESS CO	BBB+	A2
MFR SECURITIES	APPLE INC.	AA+	Aaa
MFR SECURITIES	BANK OF AMERICA	A-	A1
MFR SECURITIES	BONY MELLON CORP	AA-	Aa2*-
MFR SECURITIES	CITIBANK	A+	Aa3
MFR SECURITIES	CITIGROUP INC.	BBB+	A3
MFR SECURITIES	EXXON MOBILE CORPORATION	AA-	Aa2
MFR SECURITIES	GOLDMAN SACHS	BBB+	A2
MFR SECURITIES	JOHNSON AND JOHNSON	AAA	Aaa
MFR SECURITIES	JPMORGAN CHASE & CO	A-	A1
MFR SECURITIES	MICROSOFT CORPORATION	AAA	Aaa
MFR SECURITIES	NATIONAL SECS CLEARING	AA+	Aaa
MFR SECURITIES	NESTLE HOLDINGS INC.	AA-	Aa3
MFR SECURITIES	PROCTER AND GAMBLE	AA-	Aa3
MFR SECURITIES	ROCHE HOLDINGS INC	AA	Aa2
MFR SECURITIES	TOYOTA MOTOR CREDIT CORP	A+	A1
MFR SECURITIES	US BANK NA CINCINNATI	A+	A2*-
MISCHLER FINANCIAL	3M COMPANY	A-*	A2
MISCHLER FINANCIAL	ADP	AA-	Aa3
MISCHLER FINANCIAL	AMAZON.COM	AA	A1
MISCHLER FINANCIAL	AMERICAN EXPRESS CO	BBB+	A2

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NOTE D. DEPOSITS AND INVESTMENTS (CONTINUED)

Corporate Bonds: (continued)		S&P	Mdy
MISCHLER FINANCIAL	APPLE INC.	AA+	Aaa
MISCHLER FINANCIAL	BONY MELLON CORP	AA-	Aa2*-
MISCHLER FINANCIAL	CITIBANK	A+	Aa3
MISCHLER FINANCIAL	COLGATE-PALMOLIVE	AA-	Aa3
MISCHLER FINANCIAL	EXXON MOBILE CORPORATION	AA-	Aa2
MISCHLER FINANCIAL	GOLDMAN SACHS	BBB+	A2
MISCHLER FINANCIAL	JPMORGAN CHASE & CO	A-	A1
MISCHLER FINANCIAL	MICROSOFT CORPORATION	AAA	Aaa
MISCHLER FINANCIAL	NESTLE HOLDINGS INC.	AA-	Aa3
MISCHLER FINANCIAL	PROCTER AND GAMBLE	AA-	Aa3
MISCHLER FINANCIAL	ROCHE HOLDINGS INC	AA	Aa2
MISCHLER FINANCIAL	STATE STREET CORP	A	A1*-
MISCHLER FINANCIAL	VISA INC	AA-	Aa3
PENSERRA SECURITIES	3M COMPANY	A*-	A2
PENSERRA SECURITIES	ADP	AA-	Aa3
PENSERRA SECURITIES	ALPHABET INC.	AA+	Aa2
PENSERRA SECURITIES	AMAZON.COM	AA	A1
PENSERRA SECURITIES	AMERICAN EXPRESS CO	BBB+	A2
PENSERRA SECURITIES	APPLE INC.	AA+	Aaa
PENSERRA SECURITIES	BANK OF AMERICA	A-	A1
PENSERRA SECURITIES	BONY MELLON CORP	AA-	Aa2*-
PENSERRA SECURITIES	CAPITAL ONE FINANCIAL CO	BBB	Baa1
PENSERRA SECURITIES	CISCO SYSTEMS INC	AA-	A1
PENSERRA SECURITIES	CITIBANK	A+	Aa3
PENSERRA SECURITIES	CITIGROUP FLOAT	BBB+	A3
PENSERRA SECURITIES	CITIGROUP INC.	BBB+	A3
PENSERRA SECURITIES	COLGATE-PALMOLIVE	AA-	Aa3
PENSERRA SECURITIES	GOLDMAN SACHS	BBB+	A2
PENSERRA SECURITIES	JPMORGAN CHASE & CO	A-	A1
PENSERRA SECURITIES	MORGAN STANLEY	A-	A1
PENSERRA SECURITIES	NESTLE HOLDINGS INC.	AA-	Aa3
PENSERRA SECURITIES	PROCTER AND GAMBLE	AA-	Aa3
PENSERRA SECURITIES	ROCHE HOLDINGS INC	AA	Aa2
PENSERRA SECURITIES	STATE STREET CORP	A	A1*-
PENSERRA SECURITIES	TRUIST FINANCIAL CORP	A-	A3*-
PENSERRA SECURITIES	VISA INC	AA-	Aa3
PIPER SANDLER	BONY MELLON CORP	AA-	Aa2*-
PIPER SANDLER	JPMORGAN CHASE & CO	A-	A1
RAMIREZ & CO	AMAZON.COM	AA	A1
RAMIREZ & CO	NESTLE HOLDINGS INC.	AA-	Aa3
RAMIREZ & CO	TRUIST FINANCIAL CORP	A-	A3*-
RAMIREZ & CO	US BANCORP	A	A3*-
RAYMOND JAMES	ADP	AA-	Aa3
RAYMOND JAMES	AMAZON.COM	AA	A1
RAYMOND JAMES	APPLE INC.	AA+	Aaa
RAYMOND JAMES	COLGATE-PALMOLIVE	AA-	Aa3
RAYMOND JAMES	JOHNSON AND JOHNSON	AAA	Aaa
RAYMOND JAMES	JPMORGAN CHASE & CO	A-	A1
RAYMOND JAMES	NESTLE HOLDINGS INC.	AA-	Aa3
RAYMOND JAMES	PROCTER AND GAMBLE	AA-	Aa3
RAYMOND JAMES	ROCHE HOLDINGS INC	AA	Aa2

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Corporate Bonds: (continued)

		S&P	Mdy
RAYMOND JAMES	VISA INC	AA-	Aa3
SIEBERT WILLIAMS SHANK	ALPHABET INC.	AA+	Aa2
SIEBERT WILLIAMS SHANK	COLGATE-PALMOLIVE	AA-	Aa3
SIEBERT WILLIAMS SHANK	PROCTER AND GAMBLE	AA-	Aa3
STIFEL NICHOLAS	MICROSOFT CORPORATION	AAA	Aaa
STONEX FINANCIAL	AMAZON.COM	AA	A1
STONEX FINANCIAL	APPLE INC.	AA+	Aaa
STONEX FINANCIAL	GOLDMAN SACHS	BBB+	A2
STONEX FINANCIAL	JPMORGAN CHASE & CO	A-	A1
STONEX FINANCIAL	MICROSOFT CORPORATION	AAA	Aaa
STONEX FINANCIAL	NESTLE HOLDINGS INC.	AA-	Aa3
STONEX FINANCIAL	PROCTER AND GAMBLE	AA-	Aa3
STONEX FINANCIAL	ROCHE HOLDINGS INC	AA	Aa2
STONEX FINANCIAL	VISA INC	AA-	Aa3
WELLS FARGO	AMERICAN EXPRESS CO	BBB+	A2

Corporate Bonds External Manager:

		S&P	Mdy
GARCIA HAMILTON EXTERNAL MNG	3M COMPANY	A-*-	A2
GARCIA HAMILTON EXTERNAL MNG	AFLAC INC	A-	A3
GARCIA HAMILTON EXTERNAL MNG	ALPHABET INC	AA+	Aa2
GARCIA HAMILTON EXTERNAL MNG	AMAZON.COM	AA	A1
GARCIA HAMILTON EXTERNAL MNG	AMERICAN EXPRESS CREDIT	A-	A2
GARCIA HAMILTON EXTERNAL MNG	APPLE	AA+	Aaa
GARCIA HAMILTON EXTERNAL MNG	BANK OF AMERICA	A-	N/A
GARCIA HAMILTON EXTERNAL MNG	BANK OF NEW YORK MELLON	A	N/A
GARCIA HAMILTON EXTERNAL MNG	CATERPILLAR FINL SERV	A	A2
GARCIA HAMILTON EXTERNAL MNG	COLGATE-PALMOLIVE CO	AA-	Aa3
GARCIA HAMILTON EXTERNAL MNG	COMCAST CORP	A-	A3
GARCIA HAMILTON EXTERNAL MNG	COMCAST CORP FLT	A-	A3
GARCIA HAMILTON EXTERNAL MNG	GOLDMAN SACHS-FLOATING	BBB+	N/A
GARCIA HAMILTON EXTERNAL MNG	HOME DEPOT	A	A2
GARCIA HAMILTON EXTERNAL MNG	IBM	A-	A3
GARCIA HAMILTON EXTERNAL MNG	INTEL CORP	A	A2
GARCIA HAMILTON EXTERNAL MNG	JOHN DEERE CAP CORP	A	A2
GARCIA HAMILTON EXTERNAL MNG	JPMORGAN CHASE & CO	A-	N/A
GARCIA HAMILTON EXTERNAL MNG	MASTERCARD INC	A+	Aa3
GARCIA HAMILTON EXTERNAL MNG	METLIFE INC.	A-	A3
GARCIA HAMILTON EXTERNAL MNG	MICROSOFT	AAA	Aaa
GARCIA HAMILTON EXTERNAL MNG	PEPSICO INC.	A+	A1
GARCIA HAMILTON EXTERNAL MNG	PROCTER & GAMBLE	AA-	Aa3
GARCIA HAMILTON EXTERNAL MNG	UNITEDHEALTH GROUP INC	A+	A2

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NOTE D. DEPOSITS AND INVESTMENTS (CONTINUED)

Corporate Bonds External Manager: (continued)		S&P	Mdy
GARCIA HAMILTON EXTERNAL MNG	US BANK NA CINCINNATI	A+	N/A
GARCIA HAMILTON EXTERNAL MNG	VISA	AA-	Aa3
GARCIA HAMILTON EXTERNAL MNG	WALT DISNEY COMPANY	A-	A2
GARCIA HAMILTON EXTERNAL MNG	WELLS FARGO & CO.	BBB+	N/A
RAMIREZ EXTERNAL MNG	ABBOTT LABS	AA-	Aa3
RAMIREZ EXTERNAL MNG	ALLSTATE CORP	A-	A3
RAMIREZ EXTERNAL MNG	AMAZON.COM	AA	A1
RAMIREZ EXTERNAL MNG	AMERICAN HONDA FINANCE	A-	A3
RAMIREZ EXTERNAL MNG	ANHEUSER BUSH	N/A	A3
RAMIREZ EXTERNAL MNG	APPLE	AA+	Aaa
RAMIREZ EXTERNAL MNG	BANK OF AMERICA	A-	N/A
RAMIREZ EXTERNAL MNG	BANK OF NEW YORK MELLON	A	N/A
RAMIREZ EXTERNAL MNG	BERKSHIRE HATHAWAY FINANCIAL	AA	Aa2
RAMIREZ EXTERNAL MNG	BMO BANK OF MONTREAL	A+	N/A
RAMIREZ EXTERNAL MNG	BP CAP MARKETS	N/A	A2
RAMIREZ EXTERNAL MNG	CATERPILLAR FINL SERV	A	A2
RAMIREZ EXTERNAL MNG	CITIBANK	A+	N/A
RAMIREZ EXTERNAL MNG	CITIGROUP	BBB+	N/A
RAMIREZ EXTERNAL MNG	COMCAST CORP	A-	A3
RAMIREZ EXTERNAL MNG	COMMONWEALTH EDISON CO	A-	A3
RAMIREZ EXTERNAL MNG	ECOLAB INC	A-	A3
RAMIREZ EXTERNAL MNG	ERP OPERATING LP	A-	A3
RAMIREZ EXTERNAL MNG	EXXON MOBIL CORP	AA-	Aa2
RAMIREZ EXTERNAL MNG	FIFTH THIRD BANK	A-	N/A
RAMIREZ EXTERNAL MNG	GOLDMAN SACHS GROUP INC	BBB+	N/A
RAMIREZ EXTERNAL MNG	GRAINGER WW INC	A+	A2
RAMIREZ EXTERNAL MNG	HOME DEPOT	A	A2
RAMIREZ EXTERNAL MNG	HONEYWELL INTERNATIONAL	A	A2
RAMIREZ EXTERNAL MNG	HSBC HOLDINGS PLC	A-	N/A
RAMIREZ EXTERNAL MNG	IBM	A-	A3
RAMIREZ EXTERNAL MNG	INTEL CORP	A	A2
RAMIREZ EXTERNAL MNG	JOHN DEERE CAP CORP	A	A2
RAMIREZ EXTERNAL MNG	JPMORGAN CHASE & CO	A-	N/A
RAMIREZ EXTERNAL MNG	KEY BANK NA	A-	N/A
RAMIREZ EXTERNAL MNG	LOCKHEED MARTIN CORP	A-	A3
RAMIREZ EXTERNAL MNG	METLIFE INC.	A-	A3
RAMIREZ EXTERNAL MNG	MORGAN STANLEY	A-	N/A
RAMIREZ EXTERNAL MNG	NORTHERN TRUST CORP	A+	N/A
RAMIREZ EXTERNAL MNG	NVIDIA CORP	A+	A1
RAMIREZ EXTERNAL MNG	PACCAR FINANCIAL CORP	A+	A1
RAMIREZ EXTERNAL MNG	PFIZER	A+	A1
RAMIREZ EXTERNAL MNG	PNC BANK	A-	N/A
RAMIREZ EXTERNAL MNG	QUALCOMM INC	A	A2
RAMIREZ EXTERNAL MNG	ROYAL BANK OF CANADA (RBC)	AA-	N/A
RAMIREZ EXTERNAL MNG	SALESFORCE.COM INC	A+	A2
RAMIREZ EXTERNAL MNG	SIMON PROPERTY GROUP LP	A-	A3

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NOTE D. DEPOSITS AND INVESTMENTS (CONTINUED)

Corporate Bonds External Manager: (continued)		S&P	Mdy
RAMIREZ EXTERNAL MNG	TARGET CORPORATION	A	A2
RAMIREZ EXTERNAL MNG	TCI COMMUNICATIONS INC.	A-	A3
RAMIREZ EXTERNAL MNG	TD TORONTO-DOMINION BANK	AA-	N/A
RAMIREZ EXTERNAL MNG	TOYOTA MOTOR CREDIT CORP	A+	A1
RAMIREZ EXTERNAL MNG	TRUIST BANK	A	N/A
RAMIREZ EXTERNAL MNG	TRUIST FINANCIAL CORP	A-	N/A
RAMIREZ EXTERNAL MNG	UNITEDHEALTH GROUP INC	A+	A2
RAMIREZ EXTERNAL MNG	US BANCORP	A	N/A
RAMIREZ EXTERNAL MNG	WALMART INC	AA	Aa2
RAMIREZ EXTERNAL MNG	WELLS FARGO & CO.	BBB+	N/A
RAMIREZ EXTERNAL MNG	WISCONSIN ELECTRIC POWER	A-	A2

As of June 30, 2023, credit ratings of collateral for securities lending collateral invested in repurchase agreements are as follows:

Standard & Poor's Rating	Percentage % (Percent of Total)	Moody's Rating	Percentage % (Percent of Total)
AAA	1.28%	Aaa	1.28%
AA+	0.39%	Aa1	0.32%
AA	1.22%	Aa2	0.99%
AA-	1.18%	Aa3	0.76%
A+	1.30%	A1	2.95%
A	2.29%	A2	1.23%
A-	2.91%	A3	3.10%
A-2	0.00%	Baa1	2.46%
BBB+	5.36%	Baa2	3.47%
BBB	4.68%	Baa3	5.25%
BBB-	3.99%	Ba1	1.33%
BB+	3.55%	Ba2	1.70%
BB	2.03%	Ba3	2.15%
BB-	1.85%	B1	1.96%
B+	1.51%	B2	1.72%
B	1.60%	B3	1.05%
B-	1.14%	Caa1	1.13%
CCC+	1.54%	Caa2	0.53%
CCC	0.67%	Caa3	0.71%
CCC-	0.46%	Ca	1.07%
CC	0.58%	C	0.07%
C	0.00%	Not Rated	64.77%
Not Rated	60.47%		
	100.00%		100.00%

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NOTE D. DEPOSITS AND INVESTMENTS (CONTINUED)

As of June 30, 2022, excluding the securities lending program, the Office's investments in commercial paper were rated P-1 by Moody's Investors Service except for Arizona Public, AT&T, DuPont, Nextera, Rockwell, Stanley Black, and Verizon which were rated P-2 and A-1 by Standard & Poor's Ratings, except for those issued by Koch, National Securities Clearing, Novartis, Procter and Gamble, and Toronto Dominion which were rated A-1+ by Standard & Poor's Ratings, and Arizona Public, AT&T, Bank of America, DuPont, HSBC, JP Morgan, Verizon, Walt Disney and Nextera which were rated A-2 by Standard & Poor's. The Office's short-term investments in all U.S. Agency obligations, including collateral for repurchase agreements, were rated P-1 by Moody's Investors Service. The Office's long-term investments in all U.S. Agency obligations were rated Aaa by Moody's Investors Service or AA+ by Standard & Poor's Ratings, except for Federal Home Loan Mortgage Corporation which were not rated. The Office's short-term investment in foreign debt securities were rated A-1+ by Standard & Poor's Ratings. The Office's long-term investment in foreign debt securities were rated A1 by Moody's Investors Service and AA- by Standard & Poor's Ratings. The Office's long-term investments in Supranational Bonds were rated Aaa by Moody's Investors Service and AAA by Standard & Poor's Ratings. The Office's investments in The Illinois Funds were rated AAAM by Fitch Ratings. The Office's investments in money market mutual funds were rated Aaa by Moody's Investors Service or AAAM by Standard & Poor's Ratings. The Office's short-term investments in Municipal Bonds and Corporate Bonds were rated by Moody's and Standard & Poor's in the following tables:

Municipal Bonds:		S&P	Mdy
ALAMO CAPITAL	WINNEBAGO COUNTY	N/A	Aa3
ALAMO CAPITAL	VILLAGE OF ADDISON	AA	N/A
ALAMO CAPITAL	AURORA, CITY OF	AA	N/A
ALAMO CAPITAL	CITY OF COLLINSVILLE	N/A	Aa3
ALAMO CAPITAL	COOK CNTY HIGH SCH DIST#202	N/A	Aaa
ALAMO CAPITAL	DU PAGE CNTY SCH SD #60	AA+	N/A
ALAMO CAPITAL	GRUNDY&WILL CNTY SD#1	N/A	Aa3
ALAMO CAPITAL	WILL&KANKAKEE CNTYS CCSD 207	N/A	Aa3
ALAMO CAPITAL	MCLEAN&WOODFORCNTY HS DIST#5	N/A	Aa3
ALAMO CAPITAL	S HOLLAND TXBL REF SER A	N/A	Aa3
BERNARDI SECURITIES	AURORA, CITY OF	AA	N/A
BERNARDI SECURITIES	DOWNERS GROVE, VILLAGE OF	AAA	N/A
BERNARDI SECURITIES	DU PAGE CNTY SD#33 W CHICAGO	N/A	Aa2
BERNARDI SECURITIES	FLORA, CITY OF	AA	N/A
BERNARDI SECURITIES	MCLEAN&WOODFORCNTY HS DIST#5	N/A	Aa3
BLAYLOCK VAN	CHICAGO PARK DIST	AA	N/A
BLAYLOCK VAN	IL HOUSING DEV AUTH REV	N/A	Aaa
BLAYLOCK VAN	WILL CNTY SD#201	AA	N/A
CABRERA CAPITAL	CHICAGO HOUSING AUTH	AA-	N/A
INT'L FCSTONE	CHAMPAIGN CNTY CMNTY SD#4	AA	N/A
INT'L FCSTONE	COOK CNTY TWP HS DIST#225	AAA	Aaa
MISCHLER FINANCIAL	CHICAGO PARK DIST	AA	N/A
MISCHLER FINANCIAL	DU PAGE CNTY SCH DIST #12	AA	Aa2
MISCHLER FINANCIAL	KANE CNTY FOREST PRESERVE DIST	NR	N/A
MISCHLER FINANCIAL	LIBERTYVILLE, VILLAGE OF	N/A	Aa2
MISCHLER FINANCIAL	MADISON CNTY SCH DIST #1	AA-	N/A
MISCHLER FINANCIAL	WILL&KANKAKEE CNTYS CCSD 207	N/A	Aa3

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MULTI-BANK SECURITIES	CHICAGO PARK DIST	AA	N/A
MULTI-BANK SECURITIES	CHICAGO WTRWKS REV	AA	A1
MULTI-BANK SECURITIES	DECATUR PARK DISTRICT	AA-	N/A
MULTI-BANK SECURITIES	GREATER ROCKFORD ARPT AUTH	AA	Aa3
MULTI-BANK SECURITIES	REGIONAL TRANSPORTATION AUTH	AA	Aa3
MULTI-BANK SECURITIES	WILL GRUNDY ETC CNTYS CCD 525	N/A	Aa2
MULTI-BANK SECURITIES	WINNETKA, VILLAGE OF	N/A	Aaa
PENSERRA SECURITIES	AURORA, CITY OF	AA	N/A
PENSERRA SECURITIES	BUFFALO GROVE VILLAGE OF	AAA	N/A
PENSERRA SECURITIES	CHICAGO WTRWKS REV	AA	A1
PENSERRA SECURITIES	COOK CNTY SD #94	AA	N/A
PENSERRA SECURITIES	COOK CNTY HIGH SCH DIST#205	AA	A1
PENSERRA SECURITIES	IL HOUSING DEV AUTH REV	N/A	Aaa
PENSERRA SECURITIES	KANE COUNTY FOREST PRESERVE	NR	N/A
PENSERRA SECURITIES	REGIONAL TRANSPORTATION AUTH	AA	Aa3
PENSERRA SECURITIES	VILLAGE OF ROSEMONT SER A-TXBL	AA	A1
PENSERRA SECURITIES	SALES TAX SECURITIZATION CORP	AA-	N/A
PENSERRA SECURITIES	SKOKIE, VILLAGE OF	N/A	WR
PENSERRA SECURITIES	STERLING, CITY OF	AA	N/A
PENSERRA SECURITIES	WILL&KANKAKEE CNTYS CCSD 207	N/A	Aa3
PENSERRA SECURITIES	WILL CNTY SD#201	AA	N/A
PIPER JAFFRAY & CO	BOLINGBROOK PARK DIST	N/A	Aa2
PIPER JAFFRAY & CO	LAKE CNTY CMNTY SCD#50	AA+	Aa2
PIPER JAFFRAY & CO	MADISON MAC CMNTY CLG DIST#536	AA	N/A
PIPER JAFFRAY & CO	NAPERVILLE PARK DIST	N/A	Aaa
PIPER SANDLER	CHAMPAIGN CNTY CMNTY SD#116	AA-	N/A
PIPER SANDLER	FULTON CNTY CMNTY SD#3	AA	N/A
RAMIREZ & CO	KANEMCHENRY&DEKALB CNTY SD#300	AA	N/A
RAYMOND JAMES	LAKE & MCHEN CNTY SCH DIST#118	AA-	N/A
ROBERT BAIRD	VILLAGE OF BEDFORD PARK	NR	N/A
ROBERT BAIRD	CHAMPAIGN CNTY CUSD 116 URBANA	AA-	N/A
ROBERT BAIRD	RANDOLPH CNTY CUSD 140 SPARTA	AA	N/A
ROBERT BAIRD	COOK CNTY SD#88 BELLWOOD	AA	N/A
ROBERT BAIRD	COOK CNTY SCH SD #155	AA	N/A
ROBERT BAIRD	CALUMET COOK CNTY SD#155	AA	N/A
ROBERT BAIRD	COOKCNTYCCD524 MORAIN VALLEY	N/A	WR
ROBERT BAIRD	COOK CNTY TWP DIST#220 REAVIS	AA	A2
ROBERT BAIRD	SYCAMORE CMNTY UNIT SD #427	AA	N/A
ROBERT BAIRD	DEKALB CNTY	N/A	Aa1
ROBERT BAIRD	CITY OF EVANSTON IL	N/A	Aa2
ROBERT BAIRD	GREATER ROCKFORD ARPT AUTH	AA	Aa3
ROBERT BAIRD	HENRYWHITESIDECNTYCUSD228	AA	N/A
ROBERT BAIRD	KANE COUNTY FOREST PRESERVE	NR	N/A
ROBERT BAIRD	KANE CNTY SD 129 AURORA W SIDE	NR	WR
ROBERT BAIRD	MCHENRY, CITY OF	N/A	WR
ROBERT BAIRD	MENARDSANGAMONLOGANCUSD213	AA	N/A
ROBERT BAIRD	MOLINE CITY OF	AA	A1
ROBERT BAIRD	VILLAGE OF NORTHBROOK	AAA	Aaa
ROBERT BAIRD	ROCK ISLAND CNTY MET ARPT AUTH	AA	A1

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Municipal Bonds: (continued)	S&P	Mdy
ROBERT BAIRD	ROCK ISLAND, CITY OF	AA N/A
ROBERT BAIRD	VILLAGE OF ROSEMONT SER A-TXBL	AA A1
ROBERT BAIRD	ST. CHARLES CITY OF	N/A Aa1
ROBERT BAIRD	ST. CLAIR CNTY SCH #118	AA N/A
ROBERT BAIRD	VILLAGE OF SKOKIE IL	N/A WR
ROBERT BAIRD	SKOKIE, VILLAGE OF	N/A WR
ROBERT BAIRD	WILLCNTYSD33HOMERGLN	AA N/A
ROBERT BAIRD	WINNEBAGO COUNTY	N/A Aa3
STIFEL NICHOLAS	BRADLEY, VILLAGE OF	NR N/A
STIFEL NICHOLAS	BURBANK, CITY OF	AA A3
STIFEL NICHOLAS	COOK CNTY SD#64 PARK RIDGE	N/A Aa1
STIFEL NICHOLAS	COOKCNTY CMNTY HS DIST#218 OAK	AA N/A
STIFEL NICHOLAS	HERRIN, CITY OF	AA N/A
STIFEL NICHOLAS	KANKAKEE CNTY CMNTY SD#258	AA N/A
STIFEL NICHOLAS	MADISON MAC CMNTY CLG DIST#536	AA N/A
STIFEL NICHOLAS	ROCKISLAND CNTY SD#40 MOLINE	N/A Aa2
STIFEL NICHOLAS	CITY OF ROCKFORD TXBL REF SR C	AA A3
STIFEL NICHOLAS	ST.CLAIR&WASHINGTON SD#77	AA N/A
STIFEL NICHOLAS	ST. CLAIR CNTY SD#19	NR WR
STIFEL NICHOLAS	SOUTHERN IL UNIVERSITY	NR N/A
STIFEL NICHOLAS	ST. CLAIR&MADISON SW CMNTY CLG	N/A Aa3
STIFEL NICHOLAS	VERMILION CNTY SD#118	AA N/A
STIFEL NICHOLAS	WILL&KANKAKEE CNTYS CCSD 207	N/A Aa3
STIFEL NICHOLAS	WILLIAMSON&JOHNSON CNTY SD#2	AA N/A
STIFEL NICHOLAS	WOODFORDLASALLELIVINGSTONCUSD	AA N/A
SUN TRUST	VILLAGE OF OAK PARK	AA A1
Municipal Bonds External Manager:	S&P	Mdy
GARCIA HAMILTON EXTERNAL MNG	AURORA, CITY OF	AA N/A
GARCIA HAMILTON EXTERNAL MNG	BEDFORD PARK TXBL	AA- N/A
GARCIA HAMILTON EXTERNAL MNG	BLOOMINGDALE, VILLAGE OF	AA+ N/A
GARCIA HAMILTON EXTERNAL MNG	BOLINGBROOK PARK DIST	N/A Aa2
GARCIA HAMILTON EXTERNAL MNG	BOONE MCHENRY & DEKALB SD#100	AA Aa3
GARCIA HAMILTON EXTERNAL MNG	BRADLEY, VILLAGE OF	AA- N/A
GARCIA HAMILTON EXTERNAL MNG	BURBANK CITY OF	AA A3
GARCIA HAMILTON EXTERNAL MNG	CAROL STREAM PARK DISTRICT	AA A1
GARCIA HAMILTON EXTERNAL MNG	CARROLL&WHITESIDE CNTY SD #399	AA N/A
GARCIA HAMILTON EXTERNAL MNG	CARY VILLAGE OF	N/A Aa2
GARCIA HAMILTON EXTERNAL MNG	CITY OF CHICAGO IL WATERWORKS	AA N/A
GARCIA HAMILTON EXTERNAL MNG	CHI MET A WTR RECLAMATION DIST	AA AAA
GARCIA HAMILTON EXTERNAL MNG	CHICAGO O'HARE INTERNATIONAL	A N/A
GARCIA HAMILTON EXTERNAL MNG	CHICAGO PARK DIST	A N/A
GARCIA HAMILTON EXTERNAL MNG	CHICAGO TRANSIT AUTHORITY	AA N/A
GARCIA HAMILTON EXTERNAL MNG	CICERO, TOWN OF	AA N/A

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NOTE D. DEPOSITS AND INVESTMENTS (CONTINUED)

Municipal Bonds External Manager: (continued)	S&P	Mdy
GARCIA HAMILTON EXTERNAL MNG COOK CNTY	A+	A2
GARCIA HAMILTON EXTERNAL MNG COOK CNTY SD#21 WHEELING	N/A	Aa3
GARCIA HAMILTON EXTERNAL MNG COOK CNTY SD#63 E.MAINE	N/A	Aa2
GARCIA HAMILTON EXTERNAL MNG COOK CNTY SD #78 ROSEMONT	AA	N/A
GARCIA HAMILTON EXTERNAL MNG COOK CNTY SD 88 BELLWOOD	AA	N/A
GARCIA HAMILTON EXTERNAL MNG COOK CNTY SD#94	AA	N/A
GARCIA HAMILTON EXTERNAL MNG COOK CNTY SD #99 CICERO	N/A	A1
GARCIA HAMILTON EXTERNAL MNG COOK CNTY SD#151 SOUTH HOLLAND	AA-	N/A
GARCIA HAMILTON EXTERNAL MNG COOK CNTY SD#159 MATTESON	N/A	Aa3
GARCIA HAMILTON EXTERNAL MNG COOK CNTY SD#205 THORNTON TWP	AA	A1
GARCIA HAMILTON EXTERNAL MNG COOK CNTY HS DIST#215 THORNTON	AA-	N/A
GARCIA HAMILTON EXTERNAL MNG COOK CNTY HIGH SD#218 OAKLAWN	AA	N/A
GARCIA HAMILTON EXTERNAL MNG COOK CNTY CCD 524 MORAIN VLY	N/A	Aa1
GARCIA HAMILTON EXTERNAL MNG COOK CNTY HIGH SD#220 REAVIS	AA	A2
GARCIA HAMILTON EXTERNAL MNG DUPAGE SD#45 VILLA PARK	N/A	Aa2
GARCIA HAMILTON EXTERNAL MNG ELMWOOD PARK	AA-	N/A
GARCIA HAMILTON EXTERNAL MNG FOREST VIEW VILLAGE OF	A	N/A
GARCIA HAMILTON EXTERNAL MNG FOUNTAINDALE PUBLIC LIBRARY	AA	N/A
GARCIA HAMILTON EXTERNAL MNG FRANKLIN PARK VILLAGE OF	AA	N/A
GARCIA HAMILTON EXTERNAL MNG FREEPORT, CITY OF	AA	N/A
GARCIA HAMILTON EXTERNAL MNG GLEN CARBON VILLAGE OF	N/A	Aa2
GARCIA HAMILTON EXTERNAL MNG GRUNDY CNTY SD#54 MORRIS	AA	A1
GARCIA HAMILTON EXTERNAL MNG GRUNDY KENDALL WILL CHSD111	N/A	Aa3
GARCIA HAMILTON EXTERNAL MNG GRUNDY KENDALL&WILL CNTYSSD201	AA-	N/A
GARCIA HAMILTON EXTERNAL MNG IL HOUSING DEVELOPMENT AUTH RE	N/A	Aaa
GARCIA HAMILTON EXTERNAL MNG KANE COUNTY SD 131 AURORA	AA	A1
GARCIA HAMILTON EXTERNAL MNG KANKAKEE CNTY SD#1	AA	N/A
GARCIA HAMILTON EXTERNAL MNG KENDALL CNTY COMMUNITY SD#88	AA	N/A
GARCIA HAMILTON EXTERNAL MNG LAKE CNTY BBSD 3 BEACH PARK	AA	N/A
GARCIA HAMILTON EXTERNAL MNG MACON & LOGAN CNTYS SD#11	AA	N/A
GARCIA HAMILTON EXTERNAL MNG MADISON MACOUPIN CNTYS ICCD536	A-	N/A
GARCIA HAMILTON EXTERNAL MNG MCHENRY, CITY OF	N/A	Aa2
GARCIA HAMILTON EXTERNAL MNG MCLEAN & WOODFORD SD#5	N/A	Aa3
GARCIA HAMILTON EXTERNAL MNG MOLINE CITY OF	AA	A1
GARCIA HAMILTON EXTERNAL MNG MORTON GROVE PARK DIST	AA	N/A
GARCIA HAMILTON EXTERNAL MNG MOUNT VERNON IL, CITY OF	AA	N/A
GARCIA HAMILTON EXTERNAL MNG OGLE & WINNEBEGO CNTY CUSD 223	AA	A1
GARCIA HAMILTON EXTERNAL MNG VILLAGE OF OSWEGO	N/A	Aa2
GARCIA HAMILTON EXTERNAL MNG PEORIA CNTY SD 150	AA	N/A
GARCIA HAMILTON EXTERNAL MNG PEORIA CITY OF	AA	A2
GARCIA HAMILTON EXTERNAL MNG PERU CITY OF	AA	Aa3
GARCIA HAMILTON EXTERNAL MNG REGIONAL TRANS AUTHORITY	AA	A2
GARCIA HAMILTON EXTERNAL MNG ROCK ISLAND CNTY SD 41	AA	Aa3
GARCIA HAMILTON EXTERNAL MNG ST. CHARLES CITY OF	N/A	Aa1
GARCIA HAMILTON EXTERNAL MNG ST. CLAIR CNTY	AA-	Aa3
GARCIA HAMILTON EXTERNAL MNG ST CLAIR CNTY PUBLIC BLDG COMM	AA-	Aa3
GARCIA HAMILTON EXTERNAL MNG ST CLAIR CNTY SD #187 CAHOKIA	A-	N/A
GARCIA HAMILTON EXTERNAL MNG SANG LOGAN MENARD CMNTY SD#15	AA	A1
GARCIA HAMILTON EXTERNAL MNG SPRINGFIELD, CITY OF WTR REV	AA-	N/A
GARCIA HAMILTON EXTERNAL MNG WAUCONDA FIRE PROTN DIST	AA	N/A
GARCIA HAMILTON EXTERNAL MNG WHITESIDE & LEE CNTY CUSD 5	AA	A1

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Municipal Bonds External Manager: (continued)	S&P	Mdy	
GARCIA HAMILTON EXTERNAL MNG	WILL, COUNTY OF	AA+	Aa1
GARCIA HAMILTON EXTERNAL MNG	WILL CNTY SD#204 JOLIET	N/A	Aa3
GARCIA HAMILTON EXTERNAL MNG	WINNEBAGO CNTY TXBL	N/A	Aa3
GARCIA HAMILTON EXTERNAL MNG	WINNEBAGO & BOONE CNTY SD #205	AA-	N/A
GARCIA HAMILTON EXTERNAL MNG	WOODRIDGE PARK DISTRICT	AA	N/A
RAMIREZ EXTERNAL MNG	CHICAGO O'HARE INTERNATIONAL	A+	N/A
RAMIREZ EXTERNAL MNG	VILLAGE OF ADDISON	AA	N/A
RAMIREZ EXTERNAL MNG	BARTLETT, VILLAGE OF	N/A	Aa1
RAMIREZ EXTERNAL MNG	BEDFORD PARK TXBL	AA	A2
RAMIREZ EXTERNAL MNG	BOLINGBROOK VILLAGE OF	AA	N/A
RAMIREZ EXTERNAL MNG	BOLINGBROOK PARK DIST	N/A	Aa2
RAMIREZ EXTERNAL MNG	BD&MONTGOMERYCCSD2GREENVILLE	AA	N/A
RAMIREZ EXTERNAL MNG	BRADLEY, VILLAGE OF	AA-	N/A
RAMIREZ EXTERNAL MNG	BURBANK CITY OF	N/A	A3
RAMIREZ EXTERNAL MNG	CHAMPAIGN CNTY SD 116 URBANA	AA-	N/A
RAMIREZ EXTERNAL MNG	CHICAGO HOUSING AUTH	AA-	N/A
RAMIREZ EXTERNAL MNG	CHICAGO PARK DIST	AA-	N/A
RAMIREZ EXTERNAL MNG	CHRISTIAN CNTY CMNTY SD#3	AA	N/A
RAMIREZ EXTERNAL MNG	CITY OF COLLINSVILLE	N/A	Aa3
RAMIREZ EXTERNAL MNG	COOK CNTY	A+	A2
RAMIREZ EXTERNAL MNG	CCSD31 WEST NORTHFIELD	N/A	Aa2
RAMIREZ EXTERNAL MNG	COOK CNTY SD #104 SUMMIT	AA	N/A
RAMIREZ EXTERNAL MNG	COOK CNTY SD #135	AA+	N/A
RAMIREZ EXTERNAL MNG	COOK CNTY SD#148 DOLTON	AA	N/A
RAMIREZ EXTERNAL MNG	CCSD 155 CALUMET	AA	N/A
RAMIREZ EXTERNAL MNG	CALUMET COOK CNTY SD#155	AA	N/A
RAMIREZ EXTERNAL MNG	CC SD 162 MATTESON	AA	Aa3
RAMIREZ EXTERNAL MNG	DEKALB LASALLE CNTY CLG DST523	AA-	N/A
RAMIREZ EXTERNAL MNG	CITY OF DECATUR	AA	A2
RAMIREZ EXTERNAL MNG	DOWNERS GROVE VILLAGE OF	AAA	N/A
RAMIREZ EXTERNAL MNG	DUPAGECOOKCNTYCUSD181HINSDALE	N/A	Aaa
RAMIREZ EXTERNAL MNG	DUPAGE CNTY SD#33 W CHICAGO	N/A	Aa2
RAMIREZ EXTERNAL MNG	DUPAGE SD#45 VILLA PARK	N/A	Aa2
RAMIREZ EXTERNAL MNG	DUPAGE CNTY SD #60	AA+	N/A
RAMIREZ EXTERNAL MNG	DUQUOIN CITY OF	AA	N/A
RAMIREZ EXTERNAL MNG	ELK GROVE, VILLAGE OF	AA+	N/A
RAMIREZ EXTERNAL MNG	CITY OF EVANSTON IL	N/A	Aa2
RAMIREZ EXTERNAL MNG	FREEPORT, CITY OF	AA	N/A
RAMIREZ EXTERNAL MNG	GREATER ROCKFORD ARPT AUTH	AA	Aa3
RAMIREZ EXTERNAL MNG	VILLAGE OF HODGKINS IL	AA-	N/A
RAMIREZ EXTERNAL MNG	HODGKINS VILLAGE OF TXBL	AA-	N/A
RAMIREZ EXTERNAL MNG	IL HOUSING DEVELOPMENT AUTH RE	N/A	Aaa
RAMIREZ EXTERNAL MNG	NORTHSHORE UV HSA IL ST FIN AU	N/A	Aaa
RAMIREZ EXTERNAL MNG	IL STATE TOLL HIGHWAY AUTH	AA-	Aa3
RAMIREZ EXTERNAL MNG	VILLAGE OF JOHNSBURG	AA-	N/A
RAMIREZ EXTERNAL MNG	KANE CNTY SD 129 AURORA W SIDE	AA	N/A
RAMIREZ EXTERNAL MNG	KENDALL CNTY COMMUNITY SD#88	AA	N/A
RAMIREZ EXTERNAL MNG	LAKE COUNTY CCSD 50 WOODLAND	AA+	Aa2
RAMIREZ EXTERNAL MNG	LAKE CNTY CMNTY SD#73 HAWTHORN	AA+	N/A
RAMIREZ EXTERNAL MNG	LAKE CNTY WARREN TWP DIST 121	AA+	N/A
RAMIREZ EXTERNAL MNG	VILLAGE OF LEMONT	N/A	Aa2

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RAMIREZ EXTERNAL MNG	MADISON CO SD #2 TRIAD	AA	N/A
RAMIREZ EXTERNAL MNG	MADISON MACOUPIN CNTYS ICCD536	A-	N/A
RAMIREZ EXTERNAL MNG	MCHENRY, CITY OF	N/A	Aa2
RAMIREZ EXTERNAL MNG	MCLEAN CNTY CUSD 3 TRI-VALLEY	AA	N/A
RAMIREZ EXTERNAL MNG	MENARDSANGAMONLOGANCUSD213	AA	N/A
RAMIREZ EXTERNAL MNG	VILLAGE OF OAK PARK	AA	A1
RAMIREZ EXTERNAL MNG	VILLAGE OF OSWEGO	N/A	Aa2
RAMIREZ EXTERNAL MNG	PEORIA CNTY SD 150	AA	N/A
RAMIREZ EXTERNAL MNG	CITY OF PRINCETON	AA	N/A
RAMIREZ EXTERNAL MNG	RANDOLPH CNTY CUSD 140 SPARTA	AA	N/A
RAMIREZ EXTERNAL MNG	REGIONAL TRANS AUTHORITY	AA	N/A
RAMIREZ EXTERNAL MNG	ST. CLAIR CNTY	AA-	Aa3
RAMIREZ EXTERNAL MNG	ST CLAIR CNTY HWY REV	AA	A1
RAMIREZ EXTERNAL MNG	SALES TAX SECURITIZATION CORP	AA-	N/A
RAMIREZ EXTERNAL MNG	SANGAMON CNTY IL WATER DIST	BBB+	N/A
RAMIREZ EXTERNAL MNG	VILLAGE OF SKOKIE	N/A	Aa2
RAMIREZ EXTERNAL MNG	STEPHENSON CNTY SD145 FREEPORT	AA	N/A
RAMIREZ EXTERNAL MNG	UNIV OF IL TXBL SER B	AA	A1
RAMIREZ EXTERNAL MNG	WHEATON, CITY OF	AAA	N/A
RAMIREZ EXTERNAL MNG	WILL, COUNTY OF	AA+	Aa1
RAMIREZ EXTERNAL MNG	WILL CNTY SD#114 MANHATTAN	AA	N/A
RAMIREZ EXTERNAL MNG	WINNEBAGO CNTY TXBL	N/A	Aa3
RAMIREZ EXTERNAL MNG	WINNETKA, VILLAGE OF	N/A	Aaa
 Corporate Bonds:		 S&P	 Mdy
ALAMO CAPITAL	APPLE INC.	AA+	Aaa
ALAMO CAPITAL	CHEVRON CORP	AA-	Aa2
CABRERA CAPITAL	APPLE INC.	AA+	Aaa
CABRERA CAPITAL	COLGATE-PALMOLIVE	AA-	Aa3
CABRERA CAPITAL	MICROSOFT CORP	AAA	Aaa
CABRERA CAPITAL	US BANK NA CINCINNATI	AA-	A1
CASTLEOAK	APPLE INC.	AA+	Aaa
CASTLEOAK	CITIGROUP INC.	BBB+	A3
FIFTH THIRD	AMERICAN EXPRESS CO	BBB+	A2
FIFTH THIRD	ADP	AA-	Aa3
FIFTH THIRD	BANK OF AMERICA	A-	A2
FIFTH THIRD	CITIGROUP INC.	BBB+	A3
FIFTH THIRD	JPMORGAN CHASE & CO	A-	A2
FIFTH THIRD	JOHNSON AND JOHNSON	AAA	Aaa
FIFTH THIRD	US BANK NA CINCINNATI	AA-	A1
FIFTH THIRD	UNITED HEALTH GRP INC	A+	A3
FIFTH THIRD	VISA INC	AA-	Aa3
FIFTH THIRD BANK	AMAZON.COM	AA	A1

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NOTE D. DEPOSITS AND INVESTMENTS (CONTINUED)

Corporate Bonds: (continued)		S&P	Mdy
LOOP CAPITAL MARKETS	AMAZON.COM	AA	A1
LOOP CAPITAL MARKETS	AMERICAN EXPRESS CO	BBB+	A2
LOOP CAPITAL MARKETS	APPLE INC.	AA+	Aaa
LOOP CAPITAL MARKETS	ADP	AA-	Aa3
LOOP CAPITAL MARKETS	BANK OF AMERICA	A-	A2
LOOP CAPITAL MARKETS	BONY MELLON CORP	A	A1
LOOP CAPITAL MARKETS	3M COMPANY	A+	A1
LOOP CAPITAL MARKETS	WALT DISNEY CO	BBB+	A2
LOOP CAPITAL MARKETS	JPMORGAN CHASE & CO	A-	A2
LOOP CAPITAL MARKETS	MICROSOFT CORPORATION	AAA	Aaa
LOOP CAPITAL MARKETS	MORGAN STANLEY	A-	A1
LOOP CAPITAL MARKETS	PNC FINANCIAL SERVICES	A-	A3
LOOP CAPITAL MARKETS	PROCTER AND GAMBLE	AA-	Aa3
LOOP CAPITAL MARKETS	STATE STREET CORP	A	A1
MFR SECURITIES	AMAZON.COM	AA	A1
MFR SECURITIES	AMERICAN EXPRESS CO	BBB+	A2
MFR SECURITIES	APPLE INC.	AA+	Aaa
MFR SECURITIES	BONY MELLON CORP	A	A1
MFR SECURITIES	CITIGROUP INC.	BBB+	A3
MFR SECURITIES	CITIBANK	A+	Aa3
MFR SECURITIES	WALT DISNEY CO	BBB+	A2
MFR SECURITIES	GOLDMAN SACHS	BBB+	A2
MFR SECURITIES	IBM CORP	A-	A3
MFR SECURITIES	JPMORGAN CHASE & CO	A-	A2
MISCHLER FINANCIAL	AMAZON.COM	AA	A1
MISCHLER FINANCIAL	AMERICAN EXPRESS CO	BBB+	A2
MISCHLER FINANCIAL	APPLE INC.	AA+	Aaa
MISCHLER FINANCIAL	ADP	AA-	Aa3
MISCHLER FINANCIAL	BANK OF AMERICA	A-	A2
MISCHLER FINANCIAL	BONY MELLON CORP	A	A1
MISCHLER FINANCIAL	BRISTOL MYERS SQUIBB CO	A+	A2
MISCHLER FINANCIAL	CITIGROUP INC.	BBB+	A3
MISCHLER FINANCIAL	CITIBANK	A+	Aa3
MISCHLER FINANCIAL	CREDIT SUISSE NEW YORK	BBB	Baa1
MISCHLER FINANCIAL	GOLDMAN SACHS	BBB+	A2
MISCHLER FINANCIAL	JPMORGAN CHASE & CO	A-	A2
MISCHLER FINANCIAL	MORGAN STANLEY	A-	A1
MISCHLER FINANCIAL	NESTLE HOLDINGS INC.	AA-	Aa3
MISCHLER FINANCIAL	STATE STREET CORP	A	A1
MISCHLER FINANCIAL	US BANK NA CINCINNATI	AA-	A1
MISCHLER FINANCIAL	VISA INC	AA-	Aa3
PENSERRA SECURITIES	AMAZON.COM	AA	A1
PENSERRA SECURITIES	AMERICAN EXPRESS CO	BBB+	A2
PENSERRA SECURITIES	APPLE INC.	AA+	Aaa
PENSERRA SECURITIES	BANK OF AMERICA	A-	A2
PENSERRA SECURITIES	BONY MELLON CORP	A	A1
PENSERRA SECURITIES	BRISTOL MYERS SQUIBB CO	A+	A2
PENSERRA SECURITIES	CITIBANK	A+	Aa3
PENSERRA SECURITIES	JOHN DEERE CAP CORP	A	A2
PENSERRA SECURITIES	WALT DISNEY CO	BBB+	A2
PENSERRA SECURITIES	GOLDMAN SACHS	BBB+	A2

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NOTE D. DEPOSITS AND INVESTMENTS (CONTINUED)

Corporate Bonds: (continued)		S&P	Mdy
PENSERRA SECURITIES	JPMORGAN CHASE & CO	A-	A2
PENSERRA SECURITIES	MORGAN STANLEY	A-	A1
PENSERRA SECURITIES	NESTLE HOLDINGS INC.	AA-	Aa3
PENSERRA SECURITIES	PNC FINANCIAL SERVICES	A-	A3
PENSERRA SECURITIES	PROCTER AND GAMBLE	AA-	Aa3
PENSERRA SECURITIES	STATE STREET CORP	A	A1
PENSERRA SECURITIES	UNITED HEALTH GRP INC	A+	A3
PENSERRA SECURITIES	VISA INC	AA-	Aa3
PIPER JAFFRAY & CO	APPLE INC.	AA+	Aaa
PIPER JAFFRAY & CO	CHEVRON CORP	AA-	Aa2
PIPER JAFFRAY & CO	MICROSOFT CORP	AAA	Aaa
PIPER JAFFRAY & CO	PROCTER AND GAMBLE	AA-	Aa3
PIPER JAFFRAY & CO	US BANK NA CINCINNATI	AA-	A1
PIPER SANDLER	BONY MELLON CORP	A	A1
PIPER SANDLER	HONEYWELL INTERNATIONAL	A	A2
PIPER SANDLER	JPMORGAN CHASE & CO	A-	A2
PIPER SANDLER	TRUIST FINANCIAL CORP	A-	A3
PIPER SANDLER	UNITED HEALTH GRP INC	A+	A3
RAMIREZ & CO	AMAZON.COM	AA	A1
RAMIREZ & CO	APPLE INC.	AA+	Aaa
RAMIREZ & CO	CHEVRON CORP	AA-	Aa2
RAMIREZ & CO	EXXON MOBIL CORPORATION	AA-	Aa2
RAMIREZ & CO	NESTLE HOLDINGS INC.	AA-	Aa3
RAMIREZ & CO	PROCTER AND GAMBLE	AA-	Aa3
RAMIREZ & CO	TRUIST FINANCIAL CORP	A-	A3
RAMIREZ & CO	US BANCORP	A+	A2
RAYMOND JAMES	AMAZON.COM	AA	A1
RAYMOND JAMES	APPLE INC.	AA+	Aaa
RAYMOND JAMES	CHEVRON CORP	AA-	Aa2
RAYMOND JAMES	CITIGROUP INC.	BBB+	A3
RAYMOND JAMES	JPMORGAN CHASE & CO	A-	A2
SIEBERT WILLIAMS SHANK	US BANK NA CINCINNATI	AA-	A1
STONEX FINANCIAL	AMAZON.COM	AA	A1
STONEX FINANCIAL	APPLE INC.	AA+	Aaa
STONEX FINANCIAL	JPMORGAN CHASE & CO	A-	A2
WELLS FARGO	CHEVRON	AA-	Aa2
WELLS FARGO	WELLS FARGO & CO.	BBB+	A1

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Corporate Bonds External Manager:		S&P	Mdy
GARCIA HAMILTON EXTERNAL MNG	AFLAC INC	A-	A3
GARCIA HAMILTON EXTERNAL MNG	COMCAST CORP	A-	A3
GARCIA HAMILTON EXTERNAL MNG	ALLSTATE CORP FLOATING	A-	A3
GARCIA HAMILTON EXTERNAL MNG	ALLSTATE CORP	A-	A3
GARCIA HAMILTON EXTERNAL MNG	AMAZON.COM	AA	A1
GARCIA HAMILTON EXTERNAL MNG	AMERICAN EXPRESS CO.	BBB+	A2
GARCIA HAMILTON EXTERNAL MNG	AMERICAN EXPRESS CREDIT	A-	A2
GARCIA HAMILTON EXTERNAL MNG	APPLE	AA+	Aaa
GARCIA HAMILTON EXTERNAL MNG	BANK OF AMERICA	A+	Aa2
GARCIA HAMILTON EXTERNAL MNG	BANK OF NEW YORK MELLON	AA-	Aa2
GARCIA HAMILTON EXTERNAL MNG	CITIGROUP	BBB+	A3
GARCIA HAMILTON EXTERNAL MNG	CITIGROUP FLOAT	BBB+	A3
GARCIA HAMILTON EXTERNAL MNG	JOHN DEERE CAP CORP	A	A2
GARCIA HAMILTON EXTERNAL MNG	WALT DISNEY COMPANY	BBB+	A2
GARCIA HAMILTON EXTERNAL MNG	FIFTH THIRD BANK	A-	A3
GARCIA HAMILTON EXTERNAL MNG	GOLDMAN SACHS-FLOATING	BBB+	A2
GARCIA HAMILTON EXTERNAL MNG	HOME DEPOT	A	A2
GARCIA HAMILTON EXTERNAL MNG	INTEL CORP	A+	A1
GARCIA HAMILTON EXTERNAL MNG	IBM	A-	A3
GARCIA HAMILTON EXTERNAL MNG	JPMORGAN CHASE & CO	A-	A2
GARCIA HAMILTON EXTERNAL MNG	KEY BANK NA	A-	A3
GARCIA HAMILTON EXTERNAL MNG	METLIFE INC.	A-	A3
GARCIA HAMILTON EXTERNAL MNG	MICROSOFT	AAA	Aaa
GARCIA HAMILTON EXTERNAL MNG	MORGAN STANLEY-FLOATING	A-	A1
GARCIA HAMILTON EXTERNAL MNG	PROCTER & GAMBLE	AA-	Aa3
GARCIA HAMILTON EXTERNAL MNG	STATE STREET CORPORATION	A	A1
GARCIA HAMILTON EXTERNAL MNG	3M COMPANY	A+	A1
GARCIA HAMILTON EXTERNAL MNG	US BANK NA CINCINNATI	A+	A2
GARCIA HAMILTON EXTERNAL MNG	UPS FLOATING RATE	A	A2
GARCIA HAMILTON EXTERNAL MNG	UNITEDHEALTH GROUP INC	A+	A3
GARCIA HAMILTON EXTERNAL MNG	WELLS FARGO & CO.	BBB+	A1
GARCIA HAMILTON EXTERNAL MNG	WELLS FARGO-FLOATING	BBB+	A1
RAMIREZ EXTERNAL MNG	AFLAC INC	A-	A3
RAMIREZ EXTERNAL MNG	ABBOTT LABS	AA-	A1
RAMIREZ EXTERNAL MNG	ALLSTATE CORP	A-	A3
RAMIREZ EXTERNAL MNG	AMAZON.COM	AA	A1
RAMIREZ EXTERNAL MNG	APPLE	AA+	Aaa
RAMIREZ EXTERNAL MNG	TRUIST FINANCIAL CORP	A	A2
RAMIREZ EXTERNAL MNG	BANK OF AMERICA	A+	Aa2
RAMIREZ EXTERNAL MNG	BMO BANK OF MONTREAL	A+	N/A
RAMIREZ EXTERNAL MNG	BANK OF NEW YORK MELLON	AA-	Aa2
RAMIREZ EXTERNAL MNG	BERKSHIRE HATHAWAY FINANCIAL	AA	Aa2
RAMIREZ EXTERNAL MNG	BP CAP MARKETS	A-	A2
RAMIREZ EXTERNAL MNG	CATERPILLAR FINL SERV	A	A2
RAMIREZ EXTERNAL MNG	CITIGROUP	BBB+	A3
RAMIREZ EXTERNAL MNG	CITIBANK	A+	Aa3
RAMIREZ EXTERNAL MNG	COMCAST CORP	A-	A3
RAMIREZ EXTERNAL MNG	COMMONWEALTH EDISON CO	BBB+	A3
RAMIREZ EXTERNAL MNG	JOHN DEERE CAP CORP	A	A2
RAMIREZ EXTERNAL MNG	ERP OPERATING LP	A-	A3
RAMIREZ EXTERNAL MNG	ECOLAB INC	A-	A3

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Corporate Bonds External Manager: (continued)		S&P	Mdy
RAMIREZ EXTERNAL MNG	EXXON MOBIL CORP	AA-	Aa2
RAMIREZ EXTERNAL MNG	FIFTH THIRD BANK	A-	A3
RAMIREZ EXTERNAL MNG	GOLDMAN SACHS GROUP INC	BBB+	A2
RAMIREZ EXTERNAL MNG	GRAINGER WW INC	A+	A3
RAMIREZ EXTERNAL MNG	HSBC HOLDINGS PLC	A-	A1
RAMIREZ EXTERNAL MNG	HONEYWELL INTERNATIONAL	A	A2
RAMIREZ EXTERNAL MNG	INTEL CORP	A+	A1
RAMIREZ EXTERNAL MNG	IBM	A-	A3
RAMIREZ EXTERNAL MNG	JPMORGAN CHASE & CO	A-	A2
RAMIREZ EXTERNAL MNG	KEY BANK NA	A-	A3
RAMIREZ EXTERNAL MNG	KEY BANK	A-	A3
RAMIREZ EXTERNAL MNG	LOCKHEED MARTIN CORP	A-	A3
RAMIREZ EXTERNAL MNG	METLIFE INC.	A-	A3
RAMIREZ EXTERNAL MNG	MORGAN STANLEY	A-	A1
RAMIREZ EXTERNAL MNG	NORTHERN TRUST CORP	A+	A2
RAMIREZ EXTERNAL MNG	NVIDIA CORP	A	A2
RAMIREZ EXTERNAL MNG	PNC BANK	A	A2
RAMIREZ EXTERNAL MNG	PACCAR FINANCIAL CORP	A+	A1
RAMIREZ EXTERNAL MNG	PFIZER	A+	A2
RAMIREZ EXTERNAL MNG	QUALCOMM INC	A	A2
RAMIREZ EXTERNAL MNG	ROYAL BANK OF CANADA (RBC)	AA-	Aa1
RAMIREZ EXTERNAL MNG	SALESFORCE.COM INC	A+	A2
RAMIREZ EXTERNAL MNG	SIMON PROPERTY GROUP LP	A-	A3
RAMIREZ EXTERNAL MNG	TRUIST BANK	A	A2
RAMIREZ EXTERNAL MNG	TARGET CORPORATION	A	A2
RAMIREZ EXTERNAL MNG	TD TORONTO-DOMINION BANK	AA-	Aa2
RAMIREZ EXTERNAL MNG	US BANCORP	A+	A2
RAMIREZ EXTERNAL MNG	UNITEDHEALTH GROUP INC	A+	A3
RAMIREZ EXTERNAL MNG	WALMART INC	AA	Aa2
RAMIREZ EXTERNAL MNG	WELLS FARGO & CO.	BBB+	A1
RAMIREZ EXTERNAL MNG	WISCONSIN ELECTRIC POWER	A-	A2

(Continued)

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Notes to the Financial Statements
For the Years Ended June 30, 2023 and 2022**

NOTE D. DEPOSITS AND INVESTMENTS (CONTINUED)

As of June 30, 2022, credit ratings of collateral for securities lending collateral invested in repurchase agreements are as follows:

Standard & Poor's Rating	Percentage % (Percent of Total)	Moody's Rating	Percentage % (Percent of Total)
AAA	0.54%	Aaa	6.61%
AA+	0.55%	Aa1	0.19%
AA	2.67%	Aa2	2.03%
AA-	0.90%	Aa3	1.05%
A+	2.21%	A1	1.62%
A	2.76%	A2	4.35%
A-	3.75%	A3	2.33%
BBB+	1.00%	Baa1	0.83%
BBB	1.29%	Baa2	0.48%
BBB-	1.81%	Baa3	1.28%
BB+	1.76%	Ba1	1.31%
BB	1.71%	Ba2	1.28%
BB-	1.34%	Ba3	1.97%
B+	2.95%	B1	1.79%
B	1.21%	B2	1.23%
B-	2.88%	B3	2.04%
CCC+	1.51%	Caa1	1.91%
CCC	1.40%	Caa2	0.79%
CCC-	0.17%	Caa3	0.49%
CC	0.06%	Ca	0.20%
Not Rated	67.53%	C	0.04%
	100.00%	P-1	0.00%
		WR	0.27%
		Not Rated	65.91%
			100.00%

(Continued)

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Notes to the Financial Statements
For the Years Ended June 30, 2023 and 2022**

NOTE D. DEPOSITS AND INVESTMENTS (CONTINUED)

The amount of the deposit not covered by Federal deposit insurance for all time deposits is required to be collateralized. Securities pledged as collateral to secure these deposits are required to have a market value at an established percentage of the deposit based on the type of security pledged. Securities that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and school districts, which require a market value of at least 105% of the deposit. If the obligation of the United States and its agencies is a mortgage backed security, the securities pledged as collateral are required to have a market value of at least 110% of the deposit.

Other securities that may be pledged as collateral to secure time deposits are MBIA Certificates (issued by the Municipal Bond Investors Assurance Corporation), Letters of Credit (issued by Federal Home Loan Bank (FHLB), and Share Certificates (issued by credit unions), which require a market value of at least 102% of the deposit.

Obligations pledged to secure deposits must be delivered to a bank other than the institution in which the deposit was made. Written custodial agreements are required that provide, among other things, that the collateral securities are held separate from the assets of the custodial bank. Prior to placing the deposit and at least monthly thereafter, the Office determines that the collateral has a market value adequate to secure the deposit.

The Office has established accounts with The Illinois Funds for investment of State funds. The Illinois Funds participation provides comparable yields, a source of liquidity and requires less administrative intervention than other short-term investments. The management, custodianship and operation of The Illinois Funds are under the supervision of the Office. The fair value of the pool position is the same as the value of pool shares.

The Office purchased investments in eighteen mutual funds in 2023 and fifteen mutual funds in 2022. These mutual funds provide a comparable yield to other investments, particularly during times of falling interest rates and are a source of liquidity when cash is needed. Investments to the mutual funds can be made daily and interest income is received monthly.

Repurchase agreements are purchased from various financial institutions and rated brokerage firms located in the State. Securities pledged as collateral to secure these agreements are required to have a fair value of at least 102% of the agreement. The agreements require both parties to maintain an acceptable margin on underlying securities to ensure the agreements are adequately collateralized. The Office accepts only obligations of the United States government or its sponsored agencies as collateral for repurchase agreements (other than within the securities lending program).

All securities pledged to secure repurchase agreements are required to be delivered to a bank other than the institution from which the investment was acquired. A written custodial agreement with the banks that hold the Office's repurchase agreement collateral requires, among other things, that the collateral securities be held separately from the assets of the bank.

Commercial paper is purchased from various brokerage firms located in the State and is held in safekeeping by a bank for the Office. A written custodial agreement requires, among other things, that the safekeeping bank hold the commercial paper separately from the assets of the bank.

(Continued)

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Notes to the Financial Statements
For the Years Ended June 30, 2023 and 2022**

NOTE D. DEPOSITS AND INVESTMENTS (CONTINUED)

The Office's investment in the State of Illinois Secondary Pool Investment Program was deposited in a trust to purchase a security interest in a pool of Small Business Administration (SBA), Federal Home Loan Mortgage Corporation Adjustable Rate Mortgage (FHLMC ARM), and Federal National Mortgage Association Adjustable Rate Mortgage (FNMA ARM) loans. The securities have a floating rate indexed to the prime rate as quoted in *The Wall Street Journal* and are adjusted quarterly. The pool is guaranteed by the U.S. Government and/or the respective agency.

The Office has purchased investments in Supranational Bonds, U.S. Treasury Obligations and U.S. Agency Securities. These purchases permit greater portfolio diversification, provide comparable yields to other investment options, and provide liquidity due to the active secondary market.

The Office's net increase (decrease) in the fair value of investments during 2023 and 2022 was (\$216,873,313) and (\$240,355,755), respectively. This amount takes into account all changes in fair value (including purchases and maturities) that occurred during the year and is reported as investment income earned in the Statements of Investment Income.

In allocating funds for short-term investment, the portions allocated to time deposits (certificates of deposit) commercial paper, mutual funds, and bank notes are based on forecasts of anticipated receipts and disbursements to determine funds not needed for at least 30 days from date of investment. Substantially all remaining available funds are invested in repurchase agreements with banks and brokerage firms.

The average yield for investments including amounts listed as cash equivalents on the 2023 and 2022 financial statements was 3.35% and 0.52%, respectively.

The master repurchase agreements utilized by the Office require the broker or financial institution to maintain the market value of collateral securities at 102% of the agreement. The carrying amount of repurchase agreements, including accrued interest, was \$3,124,079,289 and \$2,991,716,201, and the fair value of the collateral securities under the repurchase agreements was \$3,196,236,246 and \$3,059,929,247, as of June 30, 2023 and 2022, respectively.

Investment Commitment: The Illinois Technology Development Account I and II (TDA I and II) are administered by the Office in accordance with 30 ILCS 265 and have made commitments totaling approximately \$705 million as of June 30, 2023 and \$619 million as of June 30, 2022. The remaining unfunded commitment was approximately \$164 million as of June 30, 2023 and \$179 million as of June 30, 2022.

The Illinois Technology Development Account I has made commitments totaling approximately \$73 million as of June 30, 2023 and \$73 million as of June 30, 2022. The remaining unfunded commitment amount was approximately \$4 million as of June 30, 2023 and June 30, 2022.

The Illinois Technology Development Account II (also known as the Illinois Growth and Innovation Fund) has made commitments totaling \$632 million as of June 30, 2023 and \$545 million as of June 30, 2022. The remaining unfunded commitment amount was approximately \$160 million as of June 30, 2023 and \$175 million as of June 30, 2022.

It is anticipated that additional commitments will be made in the coming years for TDA II up to or near to the limits established in the Act. No additional future commitments are anticipated for TDA I.

(Continued)

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Notes to the Financial Statements
For the Years Ended June 30, 2023 and 2022**

NOTE D. DEPOSITS AND INVESTMENTS (CONTINUED)

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of the Office's investment in a single issuer. There were no investments exceeding 5 percent of the total investments at June 30, 2023 or at June 30, 2022.

Securities Lending Transactions: The Office lends securities to broker-dealers and other entities for collateral that will be returned for the same securities in the future. The Office has, through a Securities Lending Agreement, authorized Deutsche Bank AG to lend the Office's securities to broker-dealers and banks pursuant to a form of loan agreement.

During fiscal year 2023 and 2022, Deutsche Bank AG lent U.S. Agency securities and U.S. Treasury securities and received as collateral U.S. dollar denominated cash. Borrowers were required to deliver collateral for each loan equal to at least 100% of the aggregate fair value of the loaned securities. Loans are marked to market daily. If the fair value of collateral falls below 100%, the borrower must provide additional collateral to raise the fair value to 100%.

The Office did not impose any restrictions during fiscal years 2023 and 2022 on the amount of loans of available, eligible securities. In the event of borrower default, Deutsche Bank AG provides the Office with counterparty default indemnification. In addition, Deutsche Bank AG is obligated to indemnify the Office if Deutsche Bank AG loses any securities, collateral or investments of the Office in Deutsche Bank AG's custody. There were no losses during fiscal years 2023 and 2022 resulting from a default of the borrowers or Deutsche Bank AG.

During fiscal years 2023 and 2022, the Office and the borrowers maintained the right to terminate all securities lending transactions on demand. The cash collateral received on each loan was invested in repurchase agreements with approved counterparties collateralized with securities approved by Deutsche Bank AG and marked to market daily at no less than 102%. Because the loans are terminable at will, their duration did not generally match the duration of the investments made with cash collateral. The Office had no credit risk as a result of its securities lending program as the collateral held exceeded the fair value of the securities lent. The securities lending collateral invested in repurchase agreements and the fair value of securities on loan for the Office as of June 30, 2023 were \$4,839,941,771 and \$4,746,251,183 respectively. The securities lending collateral invested in repurchase agreements and the fair value of securities on loan for the Office as of June 30, 2022 were \$4,061,655,934 and \$3,998,567,638, respectively.

NOTE E. DEFEASED DEBT

During fiscal year 2023 and fiscal year 2022, the State of Illinois issued \$1,161,210,000 and \$1,216,375,000 General Obligation Refunding Bonds, respectively.

In prior fiscal years, the State of Illinois defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the State of Illinois' financial statements. At June 30, 2023 \$1,220,500,000 of outstanding bonds was considered defeased. At June 30, 2022, \$222,320,000 of outstanding bonds were considered defeased.

NOTE F. SECURITIES UNDER CUSTODIAL RESPONSIBILITY OF THE TREASURER

At June 30, 2023 and 2022, the Office was responsible for \$259,333,337 and \$208,123,185, respectively, of securities held in safekeeping for various State departments, agencies and institutions. These amounts are not reflected in the Statements of Assets and Other Debits, Liabilities and Accountabilities.

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Notes to the Financial Statements
For the Years Ended June 30, 2023 and 2022**

NOTE G. GENERAL OBLIGATION INDEBTEDNESS

A summary of the changes from June 30, 2022 to June 30, 2023, in General Obligation Bonded Indebtedness by issue type follows:

	Multi-Purpose - Interest Rates varying from 2.840% to 7.350% Series 2001 through 2023, due serially to 2048	Pension Funding - Interest Rates at 5.100% Series 2003, due serially to 2033	General Obligation Refunding Series 2012 through 2023 - Interest Rates varying from 4.000% to 5.125% due serially to 2037	Total General Obligation Indebtedness
Balance at June 30, 2022				
Principal	\$ 16,086,565,725	\$ 8,025,000,000	\$ 2,942,800,000	\$ 27,054,365,725
Interest	6,869,723,441	2,869,462,500	676,340,256	10,415,526,197
Total	<u>22,956,289,166</u>	<u>10,894,462,500</u>	<u>3,619,140,256</u>	<u>37,469,891,922</u>
Redemptions charge to Appropriations				
Principal	1,208,967,921	375,000,000	435,400,000	2,019,367,921
Interest	823,518,811	408,712,500	128,993,042	1,361,224,353
Total	<u>2,032,486,732</u>	<u>783,712,500</u>	<u>564,393,042</u>	<u>3,380,592,274</u>
Certificates/Bonds issued				
Principal	2,050,000,000	-	1,161,210,000	3,211,210,000
Interest	1,330,181,879	-	425,605,733	1,755,787,612
Total	<u>3,380,181,879</u>	<u>-</u>	<u>1,586,815,733</u>	<u>4,966,997,612</u>
Refunding				
Principal	1,186,000,000	-	34,500,000	1,220,500,000
Interest	516,813,750	-	3,450,000	520,263,750
Total	<u>1,702,813,750</u>	<u>-</u>	<u>37,950,000</u>	<u>1,740,763,750</u>
Balance at June 30, 2023				
Principal	15,741,597,804	7,650,000,000	3,634,110,000	27,025,707,804
Interest	6,859,572,759	2,460,750,000	969,502,947	10,289,825,706
Total	<u>\$ 22,601,170,563</u>	<u>\$ 10,110,750,000</u>	<u>\$ 4,603,612,947</u>	<u>\$ 37,315,533,510</u>

Amounts due within one year

Principal	\$ 2,139,145,000
Interest	1,334,653,488
Total	<u>\$ 3,473,798,488</u>

(Continued)

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Notes to the Financial Statements
For the Years Ended June 30, 2023 and 2022**

NOTE G. GENERAL OBLIGATION INDEBTEDNESS (CONTINUED)

A summary of the changes from June 30, 2021 to June 30, 2022, in General Obligation Bonded Indebtedness by issue type follows:

	Multi-Purpose - Interest Rates varying from 2.250% to 7.350% Series 2001 through 2022, due serially to 2047	Pension Funding - Interest Rates varying from 4.950% to 5.100% Series 2003, due serially to 2033	General Obligation Refunding Series 2012 through 2022 - Interest Rates varying from 4.000% to 5.125% due serially to 2036	General Obligation Notes	Total General Obligation Indebtedness
Balance at June 30, 2021					
Principal	\$ 16,437,583,134	\$ 8,350,000,000	\$ 2,869,085,000	\$ 1,015,255,000	\$ 28,671,923,134
Interest	7,091,662,548	3,294,262,500	639,670,492	186,907,419	11,212,502,959
Total	<u>23,529,245,682</u>	<u>11,644,262,500</u>	<u>3,508,755,492</u>	<u>1,202,162,419</u>	<u>39,884,426,093</u>
Redemptions charge to Appropriations					
Principal	1,173,017,409	325,000,000	417,340,000	1,015,255,000	2,930,612,409
Interest	836,772,996	424,800,000	132,435,719	36,772,558	1,430,781,273
Total	<u>2,009,790,405</u>	<u>749,800,000</u>	<u>549,775,719</u>	<u>1,052,027,558</u>	<u>4,361,393,682</u>
Certificates/Bonds issued					
Principal	822,000,000	-	1,216,375,000	-	2,038,375,000
Interest	614,833,889	-	388,780,983	-	1,003,614,872
Total	<u>1,436,833,889</u>	<u>-</u>	<u>1,605,155,983</u>	<u>-</u>	<u>3,041,989,872</u>
Refunding					
Principal	-	-	725,320,000	-	725,320,000
Interest	-	-	219,675,500	-	219,675,500
Total	<u>-</u>	<u>-</u>	<u>944,995,500</u>	<u>-</u>	<u>944,995,500</u>
Savings on Prepayment					
Principal	-	-	-	-	-
Interest	-	-	-	150,134,861	150,134,861
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>150,134,861</u>	<u>150,134,861</u>
Balance at June 30, 2022					
Principal	16,086,565,725	8,025,000,000	2,942,800,000	-	27,054,365,725
Interest	6,869,723,441	2,869,462,500	676,340,256	-	10,415,526,197
Total	<u>\$ 22,956,289,166</u>	<u>\$ 10,894,462,500</u>	<u>\$ 3,619,140,256</u>	<u>\$ -</u>	<u>\$ 37,469,891,922</u>

Amounts due within one year

Principal	\$ 2,027,345,000
Interest	1,335,848,357
Total	<u>\$ 3,363,193,357</u>

Interest on zero coupon bonds is reflected in the previous schedules as interest to agree to the charge to appropriations. Interest on such bonds is reflected as principal in the debt service requirement schedule below.

(Continued)

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Notes to the Financial Statements
For the Years Ended June 30, 2023 and 2022**

NOTE G. GENERAL OBLIGATION INDEBTEDNESS (CONTINUED)

Future general obligation debt service requirements at June 30, 2023, are as follows:

<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 2,139,145,000	\$ 1,334,653,488	\$ 3,473,798,488
2025	2,148,440,000	1,252,706,380	3,401,146,380
2026	2,202,550,000	1,141,367,850	3,343,917,850
2027	2,142,120,000	1,029,196,935	3,171,316,935
2028	2,197,975,000	917,706,406	3,115,681,406
2029-2033	10,154,140,000	2,956,508,071	13,110,648,071
2034-2038	3,337,350,000	1,097,111,730	4,434,461,730
2039-2043	1,851,400,000	456,397,650	2,307,797,650
2044-2048	856,000,000	100,765,000	956,765,000
Total	<u>\$ 27,029,120,000</u>	<u>\$ 10,286,413,510</u>	<u>\$ 37,315,533,510</u>

The principal amounts reflected above include accretion to date on zero-coupon bonds.

Additional information and disclosures related to the State's General Obligation Indebtedness are presented in the State of Illinois Annual Comprehensive Financial Report. This report may be obtained online at www.illinoiscomptroller.gov or by writing to the Illinois Office of the State Comptroller, Financial Reporting Department, 325 West Adams Street, Springfield, Illinois, 62704-1858.

NOTE H. CONTINGENCIES

The State of Illinois, Office of the Treasurer (Treasurer) is involved in certain lawsuits and other legal proceedings. While the range of potential losses as a result of these lawsuits and other proceedings against the Treasurer is unknown at this time, the Office believes the potential losses would be immaterial to the Fiscal Officer Responsibilities financial statements.

NOTE I. COVID-19 IMPACT

The COVID-19 pandemic continues to impact domestic and global financial markets. As a result, economic uncertainties continue which could negatively impact the fair market value of investments held by the Office. Other financial implications could occur though potential impact is unknown at this time due to uncertainties surrounding the severity of the disease and the duration of its outbreak. No adjustments or provisions were made in these financial statements related to COVID-19.

NOTE J. SUBSEQUENT EVENTS

On December 19, 2023, the State of Illinois issued General Obligation Bonds, Series of December 2023, in three separate series: General Obligation Bonds, Taxable Series of December 2023A in the amount of \$175,000,000 maturing in 2024 through 2028 at interest rates of 5.31% to 5.8%, General Obligation Bonds, Series of December 2023B in the amount of \$350,000,000 maturing in 2029 through 2038 at an interest rate of 5%, and General Obligation Bonds, Series of December 2023C in the amount of \$350,000,000 maturing in 2039 to 2048 at an interest rate of 5%.

(Continued)

**State of Illinois
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**Fiscal Officer Responsibilities
Notes to the Financial Statements
For the Years Ended June 30, 2023 and 2022**

NOTE J. SUBSEQUENT EVENTS (CONTINUED)

On February 14, 2024, the State of Illinois issued the Build Illinois Bonds, Junior Obligation Series of February 2024 in three separate series: Build Illinois Bonds, Junior Obligation Series A of February 2024 in the amount of \$300,000,000 maturing in 2025 through 2034 at an interest rate of 5%, Build Illinois Bonds, Junior Obligation Series B of February 2024 in the amount of \$150,000,000 maturing in 2035 through 2039 at an interest rate of 5%, Build Illinois Bonds, Junior Obligation Series C of February 2024 in the amount of \$150,000,000 maturing in 2040 through 2044 at an interest rate of 5%.

SUPPLEMENTARY INFORMATION

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Assets and Other Debits – Detail
June 30, 2023 and 2022**

	June 30, 2023			June 30, 2022		
	Bank Balances			Bank Balances		
	Collected	Float	Total	Collected	Float	Total
Demand Deposits						
Huntington Bank	\$ 79,479	\$ -	\$ 79,479	\$ 40,138	\$ -	\$ 40,138
Bank of America	26,994	-	26,994	24,077	-	24,077
JP Morgan Chase	382,177	130,800	512,977	559,193	178,072	737,265
Wells Fargo Bank	136,081	-	136,081	131,081	343,399	474,480
	<u>\$ 624,731</u>	<u>\$ 130,800</u>	755,531	<u>\$ 754,489</u>	<u>\$ 521,471</u>	1,275,960
Net Reconciling Items (e.g., Deposits-in-Transit and Outstanding Drafts)			<u>5,674,833</u>			<u>250,048,033</u>
Total Demand Deposits			<u>\$ 6,430,364</u>			<u>\$ 251,323,993</u>

Note - The total bank balances represent all funds recorded by the financial institution. This balance includes the float and collected amounts.
The float balance represents funds credited to the ledger balance which were unavailable, subject to the clearing process.
The collected balance represents available funds which have completed the clearing process.

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Assets and Other Debits – Detail (Continued)
June 30, 2023 and 2022**

	June 30, 2023			June 30, 2022		
	Bank Balances			Bank Balances		
	Collected	Float	Total	Collected	Float	Total
Clearing Account Deposits and Deposits in Transit						
Huntington Bank	\$ 46,000	\$ -	\$ 46,000	\$ 31,000	\$ -	\$ 31,000
Bank of America	339,890	172,715	512,605	121,805	122,083	243,888
DuQuoin State Bank	70,124	-	70,124	92,391	-	92,391
JP Morgan	5,180,548	30,259,075	35,439,623	6,928,375	38,911,957	45,840,332
Illinois National Bank	25,000	1,093,741	1,118,741	100,002	2,221,914	2,321,916
Wells Fargo Bank	-	13,446	13,446	-	-	-
	<u>\$ 5,661,562</u>	<u>\$ 31,538,977</u>	37,200,539	<u>\$ 7,273,573</u>	<u>\$ 41,255,954</u>	48,529,527
Net Reconciling Items (e.g., Deposits-in- Transit and Outstanding Drafts)			<u>303,290</u>			<u>427,074</u>
Total Clearing Account Deposits			<u>\$ 37,503,829</u>			<u>\$ 48,956,601</u>

Note - The total bank balances represent all funds recorded by the financial institution. This balance includes the float and collected amounts.
The float balance represents funds credited to the ledger balance which were unavailable, subject to the clearing process.
The collected balance represents available funds which have completed the clearing process.

**State of Illinois
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**Fiscal Officer Responsibilities
Assets and Other Debits – Detail (Continued)
June 30, 2023 and 2022**

Securities Lending Collateral

The securities lending collateral represents investments made with cash collateral received for U.S. Agency Securities, U.S. Treasury Bills, U.S. Treasury Notes and U.S. Agency Discount Notes lent and any remaining cash collateral received but not yet invested. The cash collateral received on each loan will be returned for the same securities in the future.

	June 30	
	2023	2022
Securities Lending Collateral		
Invested in Repurchase Agreements	\$ 4,839,941,771	\$ 4,061,655,934

Other Assets

This classification includes other assets not available for investment and transactions in process. Details at June 30 follow:

	June 30	
	2023	2022
Warrants cashed, but not canceled	\$ 40,000	\$ 20,000
Receivables from Universities and Agencies for monies advanced	307,169	144,059
Receivable from City of Edwardsville	194,693	214,080
Investment income earned, but not received	241,232,744	57,324,448
Total Other Assets	\$ 241,774,606	\$ 57,702,587

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Assets and Other Debits – Detail (Continued)
June 30, 2023 and 2022**

Other Assets (Continued)

The account balances of warrants cashed but not canceled and the receivable from universities and agencies represent cash expenditures from the State Treasury which were in the process of being recorded by the Comptroller at June 30, 2023 and 2022. The balances in these accounts will vary significantly from day to day, depending on the availability of investable funds and the timing of warrant presentation for payment.

The noninterest-bearing amount receivable from the City of Edwardsville (City) is stated as the unpaid balance of funds advanced to the City in 1967 for the planning and construction of a water main. The repayment terms require the City to pay into the State Treasury ten cents per one thousand gallons of water sold by the City to users receiving water from this main.

Repayments received for the years ended June 30, 2023 and 2022, were \$19,387 and \$0, respectively.

Investment income earned but not received represents accrued income on investments not yet matured or collected. The balance fluctuates based on market adjustments, total investments and investment maturity dates.

Amount of Future General Revenue Obligated for Debt Service

The following summary reflects the general revenue obligated for debt service:

	June 30	
	2023	2022
Certificates, Bonds and Coupons Maturing in Next Fiscal Year	\$ 3,473,798,487	\$ 3,363,193,357
Less - Balance on Deposit in State Treasury at Year End, for Certificate and Bond Redemption and Interest	(1,367,724,786)	(1,520,956,420)
Amount Obligated from Future General Revenue		
General Revenue - Next Fiscal Year	2,106,073,701	1,842,236,937
General Revenue - Thereafter	33,841,735,023	34,106,698,565
 Amount of Future General Revenue Obligated for Debt Service at Fiscal Year End	 \$ 35,947,808,724	 \$ 35,948,935,502

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Assets and Other Debits – Detail (Continued)
June 30, 2023 and 2022**

Amount of Future General Revenue Obligated for Debt Service (Continued)

A summary of the changes during fiscal years 2023 and 2022, in the amount of future general revenue obligated for debt service is as follows:

	2023	2022
Balance at Beginning of Fiscal Year	\$ 35,948,935,502	\$ 38,606,144,231
Issuance of Certificates and Bonds	4,966,997,612	3,041,989,872
Bonds and Coupons Redeemed	(3,380,592,274)	(4,511,528,543)
Bonds and Coupons Refunded	(1,740,763,750)	(944,995,500)
Net Change in Balances on Deposit in State Treasury	153,231,634	(242,674,558)
Balance at End of Fiscal Year	\$ 35,947,808,724	\$ 35,948,935,502

The amount of future general revenue obligated for debt service reconciled with total indebtedness at June 30 is as follows:

	June 30	
	2023	2022
<u>General Obligation Bonds</u>		
Amount of future general revenue obligated for debt service	\$ 35,947,808,724	\$ 35,948,935,502
Balance on deposit in the State Treasury at June 30 for bond redemption and interest	1,367,724,786	1,520,956,420
Total indebtedness at June 30	\$ 37,315,533,510	\$ 37,469,891,922

The liability for general obligation indebtedness is the aggregate amount of all future principal and interest payments necessary to retire such outstanding debt. The balancing amount included in assets in the Statements of Assets and Other Debits, Liabilities and Accountabilities of the Office is equivalent to the amount to be derived from future general revenue for debt service. The proceeds of these certificate and bond issues are accounted for by other State agencies.

Under the Short Term Borrowing Act whenever casual deficits or failures in revenue of the State occur, monies borrowed are applied to the purpose for which they were obtained, or to pay the debts thus created, and to no other purpose. The interest and principal are paid by the Office out of the General Obligation Bond Retirement and Interest Fund. All monies borrowed shall be borrowed for no longer than one year.

Under Section 10 of the Coronavirus Urgent Remediation Emergency (CURE) Borrowing Act, the State is authorized to borrow funds to meet failures of revenue resulting from the COVID-19 outbreak and to support the emergency response costs. All monies borrowed must be borrowed for no longer a time than the time limit set forth in federal program rules and guidance, and in no event longer than 10 years. On December 17, 2020, the State issued \$2 billion of General Obligation Notes with a single maturity date and interest payment date on December 15, 2023. The Notes were issued with an interest rate of 3.42%. The Notes were issued to fund COVID-19 purposes provided in the CURE Borrowing Act. The proceeds were deposited into the Coronavirus Urgent Remediation Emergency Borrowing Fund.

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Liabilities and Accountabilities – Detail
June 30, 2023 and 2022**

Liabilities for Balances on Deposit

Protested Taxes: Substantially all of the \$29,391,634 and \$15,004,771 at June 30, 2023 and 2022, respectively, in the Protest Trust Fund has been enjoined by the courts pending the outcome of cases in process. By statute, a taxpayer making a tax payment "under protest" has 30 days to initiate a court suit and obtain an injunction. If not enjoined, the tax payments are transferred to the fund in the State Treasury that would have received the original deposit.

Available for Appropriation or Expenditure: This amount is the State of Illinois' balance at June 30 available to be appropriated by the General Assembly or expended by State agencies.

Agencies' Deposits Outside the State Treasury: The liability for agencies' deposits not under the statutory recordkeeping control of the Comptroller consists of:

	2023	2022
Treasurer's Clearing Account Balances	\$ 315,203,590	\$ 670,183,088
Treasurer's Clearing Account Drafts in Process of Being Ordered into the State Treasury	71,560,557	(116,247,351)
Deposits in Process of Being Ordered into the Treasurer's Clearing Accounts	826,345,045	294,261,474
Deposits in Demand Accounts in Process of Being Ordered into the State Treasury	436,620,131	789,974,254
Total Agency Deposits Outside the State Treasury	<u>\$ 1,649,729,323</u>	<u>\$ 1,638,171,465</u>

The Office's liability for agencies' deposits outside the State Treasury is composed principally of deposits of county and municipal retailers' occupation taxes and State income taxes awaiting designation of account distribution before being deposited in the State Treasury. Agencies' deposits outside the State Treasury consist principally of cash and short-term investments.

Comptroller's Warrants Outstanding: Warrants prepared by the Comptroller are recorded as outstanding upon countersignature by the Office. Warrants outstanding are reduced when paid warrants are returned to the Comptroller.

Other Liabilities

Obligations Under Securities Lending: This amount represents cash collateral received and invested in Repurchase Agreements for U.S. Treasury Bills, U.S. Treasury Notes, U.S. Agency Securities, and U.S. Agency Discount Notes lent that will be returned for the same securities in the future.

General Obligation Indebtedness

Refer to the "Amount of Future General Revenue Obligated for Debt Service" section of the "Supplementary Information – Assets and Other Debits – Detail" part of the report for information relating to outstanding general obligation indebtedness.

Accountabilities

Refer to the "Other Assets" section of the "Supplementary Information – Assets and Other Debits – Detail" part of the report for information relating to these accountabilities.

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Investment Income
June 30, 2023 and 2022**

Investment income earned by the Treasurer is summarized by fund as follows:

	2023	2022
General Revenue Fund	\$ 530,270,318	\$ 1,009,019
Other State funds	271,506,366	(86,041,166)
Segregated State trust funds	73,494,236	3,742,870
	\$ 875,270,920	\$ (81,289,277)

An analysis of investment income earned, classified by fund, is shown below:

	2023	2022
Funds Participating in Pooled Investments		
General Revenue Fund	\$ 530,270,318	\$ 1,009,019
Aggregated Operations Regulatory Fund	5,348	(540)
Airport Land Loan Revolving Fund	2,721	(808)
Alternative Compliance Market Account Fund	2,745	(820)
Ambulance Revolving Loan Fund	4,777	106
AML Reclamation Set Aside Fund	1,933,047	(570,046)
Appraisal Admin Fund	52,463	(18,669)
Assisted Living and Shared Housing Regulatory Fund	10,637	(9,901)
Autism Research Checkoff Fund	120	(33)
Autoimmune Disease Research Fund	1,318	(393)
Bank & Trust Company Fund	960,060	(329,965)
Brownfields Redevelopment Fund	40,177	(16,718)
Budget Stabilization Fund	16,549,540	(7,267,490)
Build Illinois Bond Retirement and Interest Fund	553,535	(126,530)
Build Illinois Capital Revolving Loan Fund	57,602	(17,159)
Build Illinois Fund	755,984	(257,354)
Capital Project Fund	11,145,668	(2,857,951)
Care Provide Per W Dev. Dis. Fund	418,405	(139,314)
Cemetery Consumer Protection Fund	3,688	(924)
Cemetery Relief Fund	10,926	(3,255)
Charitable Trust Stabilization Fund	24,771	(7,048)
Chicago State University Ed Imp Fund	68,800	468
Child Abuse Prevention Fund	571	(165)
Circuit Court Order Fund	(2,009)	(3,970)
Clean Air Act (CAA) Permit Fund	184,698	(54,522)
Coal Mining Regulatory Fund	23,569	(7,596)
Common School Fund	7,180,373	(260,133)
Community College Health Insurance Security Fund	81,672	(20,691)
Community DD Services Medicaid Trust Fund	649,409	(333,191)
Community Mental Health Medical Trust Fund	357,733	(104,240)
Community Water Supply Laboratory Fund	22,466	(8,667)
Compassionate Use of Medical Cannabis Fund	2,108,009	(650,358)
Conservation Police Operations Assistance Fund	69,892	(21,042)

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Investment Income (Continued)
For the Years Ended June 30, 2023 and 2022**

	2023	2022
Funds Participating in Pooled Investments (Continued)		
County Automobile Renting Tax Fund	\$ 1,262	\$ (375)
County Hospital Services Fund	906,050	(651,302)
County Option Motor Fuel Tax Fund	269,252	(77,855)
Credit Union Fund	67,160	(23,907)
Criminal Justice Trust Fund	571,570	(112,441)
Debt Settlement Consumer Protection Fund	10,820	(3,230)
Design Professionals Administration and Investigation Fund	66,078	(20,532)
DHS Community Services Fund	2,426,537	(797,680)
DHS Technology Initiative Fund	189,061	(43,429)
Diabetes Research Checkoff Fund	8,429	(2,343)
Drug Rebate Fund	5,355,075	(1,699,566)
Drycleaner Environmental Response Trust Fund	41,603	(11,681)
Early Intervention Services Fund	116,696	(56,234)
Environmental Laboratory Certification Fund	5,746	(2,118)
EPA Court Ordered Trust Fund	192	(59)
Explosive Regulatory Fund	7,021	(2,366)
Facilities Management Fund	533,460	(233,362)
Fair Share Trust Fund	601	(183)
Family Care Fund	40,048	(15,511)
Federal Asset Forfeiture Fund	25,355	(3,734)
Federal Student Loan Fund	1,046,764	(318,165)
Federal Workforce Training Fund	285,024	(95,122)
Fire Truck Revolving Loan Fund	37,982	(4,961)
Fish and Wildlife Endowment Fund	82,943	(25,137)
Food and Drug Safety Fund	3,805	(1,940)
Gaining Early Awareness Fund	20	3,494
General Assembly Retirement Excess Benefits Fund	1,194	(344)
General Assembly Retirement Fund	115,563	(26,105)
General Obligation Bond Retirement and Interest Fund	38,062,410	(7,999,960)
General Professions Dedicated Fund	438,301	(143,132)
Grant Accountability & Transparency Fund	50,687	(4,935)
Group Home Loan Revolving Fund	5,841	(1,906)
Group Insurance Premium Fund	187,333	(29,715)
Group Workers Compensation Pool Fund	2,746	45
Health and Human Services Medicaid Trust Fund	513,227	(167,014)
Health Information Exchange Fund	8,672	(2,578)
Health Insurance Reserve Fund	4,047,523	(1,590,823)
Healthcare Providers Relief Fund	6,087,274	(4,319,378)
Hearing Instrument Dispenser Examining and Disciplinary Fund	7,000	(2,102)
Help Illinois Vote Fund	517,591	(169,664)

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Investment Income (Continued)
For the Years Ended June 30, 2023 and 2022**

	2023	2022
Funds Participating in Pooled Investments (Continued)		
Home Inspector Administration Fund	\$ 46,507	\$ (13,396)
Home Rule City Retailers' Occupation Tax Fund	3,032,411	(995,981)
Home Rule Municipal Retailers' Occupation Tax Fund	4,386,746	(1,464,953)
Home Services Medicaid Trust Fund	1,593,477	111,933
Hospital Licensure Fund	204,127	(65,493)
Hospital Provider Fund	6,604,254	(2,132,194)
Hunger Relief Fund	16,640	(5,777)
Illinois Affordable Housing Trust Fund	6,649,526	(1,703,247)
Illinois Beach Marina Fund	25,629	(8,834)
Illinois Clean Water Act Fund	391,009	(51,676)
Illinois Equity Fund	58,616	(18,289)
Illinois Farmer and Agri-Business Loan Guarantee Fund	230,063	(68,529)
Illinois Habitat Fund	169,359	(48,491)
Illinois Power Agency Trust Fund	131	209
Illinois State Dental Disciplinary Fund	176,915	(57,596)
Illinois State Medical Disciplinary Fund	1,411,291	(461,304)
Illinois State Pharmacy Disciplinary Fund	122,517	(37,276)
Illinois State Podiatric Disciplinary Fund	22,694	(6,797)
Illinois State Police Federal Projects Fund	6,643	(54)
Illinois State Police Operations Assistance Fund	250,144	(107,499)
Illinois Veteran's Assistance Fund	82,289	(25,852)
Injured Workers Benefit Fund	25,209	(6,747)
Innovations in Long-Term Care Quality Demonstration Grants Fund	395,776	(123,814)
Interpreters for the Deaf Fund	18,939	(5,865)
Judges Retirement Excess Benefits Fund	28,531	(7,488)
Judges Retirement Fund	314,059	(108,243)
Large Business Attraction Fund	(1,376,827)	(3,644)
Law Enforcement Camera Grant Fund	(106,804)	(19,869)
Local Government Health Insurance Reserve Fund	161,413	(35,774)
Long-Term Care Ombudsman Fund	127,824	(33,892)
Long-Term Care Provider Fund	982,882	(1,222,277)
Medicaid Buy-In Program Revolving Fund	34,380	(11,251)
Medicaid Tech Assistance Center Fund	(5,097)	-
Mental Health Reporting Fund	210,244	(59,680)
Metro East Mass Transit District Tax Fund	212,187	(63,336)
Metropolitan Pier and Exposition Authority Trust Fund	599,577	(492,038)
Money Follows the Person Budget Fund	140,406	(41,815)
Motor Vehicle Theft Prevention Fund	355,556	(193,098)
Multi-Modal Transportation Fund	6,255,649	(2,358,539)
Multiple Sclerosis Research Fund	77,840	(26,974)
Municipal Automobile Renting Tax Fund	46,016	(14,303)
Non-Home Rule Municipal Retailer's Occupation Tax Fund	1,008,436	(311,345)
Nuclear Safety Emergency Preparedness Fund	472,463	(138,178)
Nursing Dedicated and Professional Fund	711,263	(223,097)
Off-highway Vehicle Trails Fund	36,248	(8,713)

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Investment Income (Continued)
For the Years Ended June 30, 2023 and 2022**

	2023	2022
Funds Participating in Pooled Investments (Continued)		
Off-Hours Child Care Program Fund	\$ (21,341)	\$ -
Oil Spill Response Fund	4,029	(1,121)
Optometric Licensing and Disciplinary Committee Fund	59,133	(19,931)
Personal Property Tax Replacement Fund	7,412,479	(2,693,855)
Plugging and Restoration Fund	189,377	(16,267)
Prescription Pill and Drug Disposal Fund	13,281	(4,054)
Private Sewage Disposal Program Fund	5,748	(1,757)
Professional Services Fund	862,705	(319,802)
Professions Indirect Cost Fund	198,588	(34,810)
Public Agriculture Loan Guarantee Fund	293,334	(87,382)
Public Health Services Revolving Fund	21,886	(9,274)
Public Infrastructure Construction Loan Revolving Fund	24,906	(7,419)
Public Pension Regulation Fund	210,027	(59,577)
Quality of Life Endowment Fund	72,489	(18,563)
Radiation Protection Fund	226,528	(71,621)
Radioactive Waste Facility Development and Operation Fund	17,108	(8,365)
Rail Freight Loan Repayment Fund	22,034	(6,557)
Rate Adjustment Fund	149,012	(66,495)
Real Estate Audit Fund	5,860	(1,745)
Real Estate License Administration Fund	180,406	(72,493)
Real Estate Recovery Fund	78,807	(26,057)
Real Estate Research and Education Fund	23,804	(6,693)
Regional Transit Authority Sales Tax Trust Fund	5,188,914	(1,675,447)
Registered CPA Administration and Disciplinary Fund	235,076	(80,964)
Road Fund	34,989,091	(10,922,987)
Road Transportation A Fund	6,747,845	(3,911,451)
Salmon Fund	6,523	(2,560)
Savings and Residential Finance Regulatory Fund	305,182	(94,305)
Savings Institution Regulatory Fund	47,670	(15,430)
School Technology Revolving Loan Fund	97,422	(28,416)
Second Injury Fund	16,331	(6,116)
Securities Audit and Enforcement Fund	387,425	(140,583)
Self-Insurers Administration Fund	195	30
Self-Insurers Security Fund	507,051	(154,665)
Sexual Assault Service & Prevention Fund	26,688	(10,055)
Sheffield February 1982 Agreed Order Fund	73,495	(21,913)
Soil and Water Cons Dist Fund	10	-
Special Olympics Illinois and Special Children's Charities Fund	5,472	(4,543)
State Assets Forfeiture Fund	48,813	(13,776)
State Construction Account Fund	32,886,200	(10,166,550)
State Employees Retirement Excess Benefits Fund	5,509	(1,967)
State Employees Retirement System Fund	7,606,183	(2,538,835)
State Employees' Deferred Compensation Plan Fund	89,144	(25,399)
State Furbearer Fund	21,724	(6,522)
State Migratory Waterfowl Stamp Fund	146,130	(42,699)
State Pheasant Fund	129,838	(38,468)

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Investment Income (Continued)
For the Years Ended June 30, 2023 and 2022**

	2023	2022
Funds Participating in Pooled Investments (Continued)		
State Police Firearm Service Fund	\$ 230,356	\$ (78,058)
State Police Law Enforcement Admin Fund	292,889	(92,130)
State Police Merit Board Public Safety Fund	93,171	(29,702)
State Rail Freight Loan Repayment Fund	314,798	(104,694)
State Small Business Credit Initiative Fund	1,365,723	(271,267)
State Treasurer Admin Fund	204,538	(59,254)
State Treasurer Capital Fund	3,848	(2,185)
State Treasurer Court - Ordered Escrow (Harland vs. Sweet) Fund	16,586	(4,939)
Student Loan Operating Fund	1,806,803	(548,070)
Supreme Court Historic Preservation Fund	29,235	(12,507)
Tax Compliance and Admin Fund	812,802	(254,170)
Teachers' Health Insurance Security Fund	2,947,112	(313,170)
Teachers' Retirement Excess Benefits Fund	617,777	(198,908)
Teachers' Retirement System Fund	4,954,590	(746,943)
Ticket for the Cure Fund	113,879	(34,920)
TOMA Consumer Protection Fund	2,231	(1,017)
Underground Resource Conservation Enforcement Trust Fund	59,122	(20,027)
Underground Storage Tank Fund	3,860,224	(1,311,214)
University of Illinois Hospital Services Fund	280,750	(13,289)
Violent Crime Victims Assistance Fund	2,790	1,445
Water Pollution Control Revolving Fund	10,651,583	(3,755,946)
Wildlife and Fish Fund	674,833	(197,166)
Wildlife and Prairie Park Fund	264	(27)
Worker's Compensation Revolving Fund	922,542	(138,204)
	<hr/>	<hr/>
Total pooled investment income	\$ 801,776,684	\$ (85,032,147)

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Investment Income (Continued)
For the Years Ended June 30, 2023 and 2022**

	2023	2022
Segregated Investments		
Agrichemical Incident Response Trust Fund	\$ 134	\$ 9
Cannabis Business Development Fund	1,340,572	99,100
College Savings Pool Administration Fund	124,294	9,092
Corn Commodity Trust Fund	17	8
Deferred Lottery Prize Winners Trust Fund	186,570	11,297
Grant vs Dimas Trust Fund	(1,257)	3,224
Homeland Security Emergency Preparedness Trust Fund	47,996	5,896
IL ABLE Accounts Administration Fund	1,537	66
Illinois Habitat Endowment Trust Fund	487,619	31,952
Illinois Prepaid Tuition Trust Fund	379,283	380,986
IL Secure Choice Administrative Fund	3,577	149
IL Standardbred Breeders Fund	96,729	4,790
IL Thoroughbred Breeders Fund	103,568	4,424
Illinois State Toll Highway Revenue Fund	43,561,269	1,974,483
Local Cannabis Cons Excise Tax Fund	492,903	32,564
Local Government Aviation Trust Fund	80,568	1,869
Municipal Motor Fuel Tax Fund	21,273	1,399
Municipal Wireless Service Emergency Trust Fund	49,484	3,220
National Heritage Endowment Trust Fund	16,454	1,078
Radioactive Waste Facility Closure and Compensation Fund	82	5
Regulatory Trust Fund	14,248	815
St Metro-East Park & Rec Dist Fund	51,438	3,131
Title III Social Security and Employment Service Fund	2,934,388	235,357
Tobacco IPTIP Fund	22,804,246	900,881
Unemployment Compensation Special Administration Fund	697,244	37,075
	<hr/>	<hr/>
Total segregated investment income	73,494,236	3,742,870
	<hr/>	<hr/>
Total investment income	\$ 875,270,920	\$ (81,289,277)

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Investment Income (Continued)
For the Years Ended June 30, 2023 and 2022**

An analysis of investment income earned by funds participating in pooled investments is shown below by type of investment:

	2023	2022
The Illinois Funds	\$ 344,673,380	\$ 15,303,759
Time Deposits	4,929,070	374,242
Money Market Mutual Fund	121,105,145	11,270,283
Repurchase Agreements	101,482,274	5,534,415
Commercial Paper	120,658,132	12,976,625
Federal Farm Credit Bank Notes	(6,057,109)	(23,420,027)
State of Illinois Secondary Pool Investment Program	(3,008)	(10,703)
Federal National Mortgage Association	36,683	(2,246,508)
Foreign Investments	1,035,288	1,139,844
Federal Home Loan Mortgage Corporation	1,647,967	(4,896,249)
Federal Home Loan Bank Notes	4,225,023	(36,930,877)
Tennessee Valley Authority Bonds	(964,380)	-
Supranational Bonds	6,627,790	(2,238,887)
U.S. Treasury Bills	50,340,700	16,250,701
U.S. Treasury Notes	(21,968,085)	(106,879,938)
Illinois Technology Development	55,783,095	126,102,588
Federal Agriculture Mortgage Corporation	-	7,312
Municipal Bonds	2,269,295	(12,072,575)
Corporate Bonds	15,955,424	(85,296,152)
Illinois Insured Mortgage Pilot Program	-	-
	\$ 801,776,684	\$ (85,032,147)

Total pooled investment income

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Administrative Responsibilities
For the Years Ended June 30, 2023 and 2022**

Protest Trust Fund

	2023	2022
Liability at Beginning of Year	\$ 15,004,771	\$ 67,832,021
Add		
Trust Receipts Collected by Other State Agencies	14,796,998	-
	29,801,769	67,832,021
Deduct		
Trust Disbursements for Refunds of Successfully Protested Tax Payments	366,483	47,509,981
Transfers to Other Funds	43,652	5,317,269
	410,135	52,827,250
Liability at End of Year	\$ 29,391,634	\$ 15,004,771

OTHER INFORMATION

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Key Performance Measures and Other Information
For the Years Ended June 30, 2023 and 2022
(Unaudited)**

Key Performance Measures:

1. The Illinois Funds' net asset base (net position) at 6/30/23 was \$19,191,729,940.
2. The Illinois Funds' earned net investment income of \$699.5 million during FY23.

3. Funded 298 Cultivate IL Annual Agriculture Invest deposits totaling \$528,051,778.
4. Funded 144 Cultivate IL Annual Agriculture Long Term Invest deposits totaling \$26,200,595.
5. Funded 16 Community Invest – Opportunity Illinois deposits totaling \$110,250,000.
6. Funded 12 Business Invest Community Uplift Program deposit totaling \$16,480,000.

7. Funded 1 COVID-19 Relief Program deposits totaling \$10,000,000.

8. Total number of warrants successfully issued, countersigned and recorded: 4,973,975.
9. Total number of warrants successfully canceled, paid and recorded: 4,638,657.
10. Total amount of warrants successfully issued, countersigned and recorded: \$133,995,217,760.

11. Total amount of estate tax collections: \$542,030,897
12. Total amount of estate tax refunds: \$14,825,840

13. The investment portfolio earned \$875,270,920 during fiscal year 2023.
14. Investments yielded approximately 3.35% throughout the current year.
15. The average investment base increased approximately \$2,614,320,932 from the prior year.

16. The value of the Illinois Technology Development I account at cost as of 6/30/23 was \$11,809,274.
17. The value of the Illinois Technology Development I account at estimated fair value as of 6/30/23 was \$15,518,042. Fair values were estimated by the individual technology development accounts' fund managers not the Office or an independent third party.
18. The value of the Illinois Technology Development II account at cost as of 6/30/23 was \$418,535,881.
19. The value of the Illinois Technology Development II account at estimated fair value as of 6/30/23 was \$553,262,079. Fair values were estimated by the individual technology development accounts' fund managers not the Office or an independent third party.

Other Information:

Inheritance and Estate Taxes

The Office's Fiscal Officer Responsibilities include joint responsibility with the Attorney General of the State of Illinois (Attorney General) for the collection of inheritance and estate taxes assessed by the circuit courts and the Attorney General, respectively.

Public Act 97-732 went into effect July 1, 2012. As a result, all Illinois Estate and Inheritance taxes are paid directly to the Office by the estate rather than flowing through the county treasurers. Additionally, county treasurers no longer receive a monthly six percent estate tax distribution for collection services. Instead, six percent of all estate tax collections is deposited in the Estate Tax Refund Fund to be used exclusively for paying estate tax refunds.

Gross inheritance and estate tax receipts for the fiscal years ended June 30, 2023 and 2022, were \$542,030,897 and \$646,574,263, respectively.

The State Treasurer's Office did not receive any new monies to fund its new collection responsibilities.

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Key Performance Measures and Other Information
For the Years Ended June 30, 2023 and 2022
(Unaudited)**

Tobacco Settlement Recovery Fund

Pursuant to Public Act 91-0646, the Office shall make deposits into the Tobacco Settlement Recovery Fund that shall contain deposits of all monies paid to the State for settlement proceeds and investment income. Pursuant to Public Act (Act) 96-0958, the Railsplitter Tobacco Settlement Authority (Authority) was established. The Act transferred the State's right to tobacco settlement proceeds to the Authority in exchange for the net proceeds of bonds and a right to the residual interest in tobacco settlement proceeds. On December 8, 2010, the Authority issued \$1.5 billion in bonds at an interest rate of 5.599%, with a maturity date of June 1, 2028. The following is a detail of the deposits into Fund Number 733:

	<u>2023</u>	<u>2022</u>
Tobacco Settlement Proceeds	\$ 163,926,316	\$ 661,976,503
Interest and Other Investment Income	<u>152,801</u>	<u>330,265</u>
Total Receipts and Deposits	<u>\$ 164,079,117</u>	<u>\$ 662,306,768</u>

**FISCAL OFFICER RESPONSIBILITIES
INVESTMENT POLICY STATEMENT FOR THE STATE INVESTMENT PORTFOLIO
(EFFECTIVE DECEMBER 2022 THROUGH JUNE 2023)
(UNAUDITED)**

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1.0 POLICY

Under this instrument, the Office of the Illinois State Treasurer's Investment Policy Statement for the State Investments portfolio ("Policy"), it is the policy of the Illinois State Treasurer's Office ("Treasurer") to invest all moneys and securities deposited with the Treasurer (collectively, the "State Investments portfolio") in a manner that will provide safety to the principal investment, meet the State's daily cash flow demands, and seek the highest risk-adjusted investment return, using authorized instruments and supporting community development efforts, in accordance with all State statutes governing the investment of public funds.

This Policy applies to all investments of the State Investments portfolio entered into on or after the adoption of this instrument. Investments made prior to the adoption of this Policy will continue to be governed by the policy in effect at the time such investments were made, until the maturity or selling of such investments.

This Policy applies to any investment under the stewardship of the Treasurer for which no other specific investment policy exists.

2.0 INVESTMENT POLICY COMMITTEE

The Treasurer affirms the existence of the Investment Policy Committee. The Investment Policy Committee shall be chaired by the Treasurer and include the following members of the Treasurer's staff: Chief of Staff, Chief Financial Products Officer, Chief Banking Officer, Chief Fiscal Officer, Chief Investment Officer, Chief Legislative and Policy Officer, General Counsel, Director of State Investments, Director of State Banking, Director of Investment Analysis and Due Diligence, Director of Fiscal Operations, Director of IPTIP Investments, Director of ePAY and The Illinois Funds, Director of Portfolio and Risk Analytics, Director of Corporate Governance & Sustainable Investments, State Investments - Portfolio Investment & Cash Management Officer and anyone else deemed appropriate by the Treasurer.

The Chief Banking Officer, Chief Fiscal Officer, and Chief Investment Officer, or anyone else deemed appropriate by the Treasurer, who bears responsibility for the administration, planning, development, and implementation of all financial and investment strategies per the direction of the Treasurer, shall assist the Treasurer in executing the duties and activities of the Investment Policy Committee.

3.0 OBJECTIVE

The primary objective in the investment of the State Investments portfolio is to ensure the safety of principal. In addition, the Treasurer's objective to manage liquidity for payment of the State's financial obligations and provide the highest return on investment, using authorized instruments, while prudently exercising sustainable stewardship in its investment decision-making.

3.1 SAFETY

The safety of principal is the foremost objective of the state's investments. State Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the portfolio. To achieve this objective, diversification, as defined in Section 10.0 of this Policy, and investment stewardship is required to ensure that the Treasurer prudently manages market, operational, reputational, financial, legal, sustainability, interest rate, and credit risks.

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3.2 LIQUIDITY

The State Investments portfolio shall remain sufficiently liquid to enable the State to meet all operating and cash flow requirements that might be reasonably projected.

3.3 RETURN ON INVESTMENT

The State Investments portfolio shall be designed and constructed to obtain the highest available risk-adjusted return, given the objectives of safety of principal and liquidity. The Director of State Investments and Banking or equivalent thereto shall seek to obtain the highest available return, using authorized investments during budgetary and economic cycles as mandated by Section 1.0 of this Policy. When the Treasurer deposits funds in support of community development efforts, the rate of return may include benefits other than direct investment earnings, as authorized by Section 7 of the Deposit of State Moneys Act (15 ILCS 520/7).

The rate of return achieved on the State Investments portfolio shall be measured at regular intervals against relevant industry benchmarks that the Investment Policy Committee established, to determine the investment decision effectiveness of meeting investment goals. The benchmarks shall be reviewed a minimum of every two (2) years to ensure accuracy and relevance.

3.4 SUSTAINABILITY

The Treasurer seeks to invest all funds under its control in a manner that provides the highest risk-adjusted investment return using authorized instruments. Pursuant to the Illinois Sustainable Investing Act (30 ILCS 238/1 et seq.), the Treasurer shall prudently integrate sustainability factors into its investment decision-making, investment analysis, portfolio construction, risk management, due diligence, and investment ownership to maximize anticipated financial returns, minimize projected risk, and more effectively execute its fiduciary duty. As such, consistent with achieving the foremost investment objectives of the Treasurer set forth herein, the Treasurer and its agents shall prudently integrate sustainability factors into its investment processes.

The sustainability analysis adds an additional layer of rigor to the fundamental analytical approach and helps assess the reliability of future cash flows and debt repayments. Similar to financial accounting, sustainability accounting has both confirmatory and predictive value, thus, it can be used to evaluate past performance, future planning, and decision-making. As a complement to financial accounting, it provides a more complete view of an investment fund or portfolio company's performance on material factors likely to impact its long-term value.

Sustainability factors may include, but are not limited to, the following:

- a) Corporate governance and leadership factors, such as the independence of boards and auditors, the expertise and competence of corporate boards and executives, systemic risk management practices, executive compensation structures, transparency and reporting, leadership diversity, regulatory and legal compliance, shareholder rights, and ethical conduct.
- b) Environmental factors that may have an adverse or positive financial impact on investment performance, such as greenhouse gas emissions, air quality, energy management, water and wastewater management, waste and hazardous materials management, and ecological impacts.
- c) Social capital factors that may have an adverse or positive impact on customers, local communities, the public, and/or government, which may impact investment performance. Social capital factors may include human rights, customer welfare, customer privacy, data security, access and affordability, selling practices and product labeling, community reinvestment, and community relations.

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- d) Human capital factors that recognize that the workforce is an important asset to delivering long-term value, including factors such as labor practices, responsible contractor and responsible bidder policies, employee health and safety, employee engagement, diversity and inclusion, and incentives and compensation.
- e) Business model and innovation factors that reflect an ability to plan and forecast opportunities and risks, and whether a company can create long-term shareholder value, including factors such as supply chain management, materials sourcing and efficiency, business model resilience, product design and life cycle management, and physical impacts of climate change.

The Treasurer shall develop policy guidelines to integrate material sustainability risks relevant to particular financial products, investment funds, companies, and government bodies, which shall be provided to internal and external investment managers to factor into their investment decision-making. The policy guidelines for integrating sustainability factors shall be reviewed and updated a minimum of every two (2) years to ensure consistency within the rapidly evolving global economy.

The State Investments portfolio's investment officers shall identify and select authorized investment options that meet the Treasurer's criteria for sustainable investing opportunities and risk parameters and fall within the framework of the investment objectives.

4.0 ETHICS AND CONFLICTS OF INTEREST

Authorized investment officers and employees in policy-making positions shall refrain from personal business activity that could (a) conflict, or give the appearance of a conflict, with proper execution of the investment program or (b) impair their ability to make impartial investment decisions. Such individuals shall disclose to the Treasurer any material and relevant financial interests, as determined by the Treasurer, in financial institutions that conduct business within the State, and they shall further disclose any personal financial investment positions that could be related to the performance of the State Investments portfolio. In addition, such individuals shall subordinate their personal investment transactions to those of the State Investments portfolio, particularly with regard to the time of purchases and sales.

5.0 AUTHORIZED BROKER/DEALERS AND FINANCIAL INSTITUTIONS

Authorized investment staff shall utilize the Treasurer's approved list of broker/dealers and financial institutions when selecting institutions to provide investment services.

The security brokers/dealers shall be selected according to their creditworthiness and their financial significance in the State, which shall be measured in terms of the location of the broker/dealer's corporate office, the number of full-time employees, the size of its payroll, or the extent that the broker/dealer has an economic presence in the State. The list may include "primary" dealers or regional dealers who qualify under Securities and Exchange Commission Rule 17 CFR § 15Cc3-1 (Net Capital Requirements for Brokers or Dealers).

All brokers/dealers interested in becoming qualified parties for investment transactions must supply the Treasurer's authorized investment staff with the following documents or the equivalent acceptable to the Treasurer, where applicable:

- a) Audited financial statements or a published Statement of Condition;
- b) Proof of minority-, woman-, disabled-, and/or veteran-owned or -managed broker/dealer status;

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- c) A signed copy of the Treasurer's account authorization agreement;
- d) Proof of National and State of Illinois registration;
- e) Completed Counterparty Questionnaire;
- f) Certification of notice and acknowledgment of this Policy; and
- g) Any other documentation deemed necessary by the Treasurer.

If approved, a broker/dealer will be placed on a list of qualified parties for investment transactions. An annual review of the financial condition and registration of qualified parties will be conducted by the Treasurer's authorized investment staff. More frequent reviews may be conducted if warranted.

The Treasurer shall maintain a list of approved financial institutions, which shall be utilized by authorized investment officers. Pursuant to 15 ILCS 505/30, the Treasurer shall review a financial institution's Community Reinvestment Act ("CRA") rating, record, and current level of financial commitment to the community prior to making a decision to utilize or determine the eligibility of such financial institutions. No State funds may be deposited in any financial institution unless the institution has a current satisfactory or outstanding rating under the CRA. The State Treasurer may give preference to financial institutions that have a current rating of outstanding under the federal Community Reinvestment Act of 1977.

State funds may not be deposited in any financial institution unless the Treasurer's investment staff have conducted a safety and soundness review of the financial institution by consulting various bank rating services. If the financial institution has not yet been rated by the bank rating services, the institution may be eligible for a deposit that at maturity will not exceed \$250,000. The amount and duration of deposits shall be based on the safety and soundness review, in accordance with guidelines established by the Investment Policy Committee, and the diversification limits set forth in Section 10.0 of this Policy. No public deposit may be made, except in a qualified public depository, as defined by the Deposit of State Moneys Act. 15 ILCS 520/1 *et seq.*

5.1 EXTERNAL INVESTMENT CONSULTANTS

To the extent that the Investment Policy Committee deems it advisable to hire external investment consultants, it may do so in accordance with the Treasurer's procurement rules at 44 Ill. Admin. Code § 1400.

5.2 PREFERENCE FOR BROKER/DEALERS OWNED BY MINORITIES, WOMEN, MILITARY VETERANS, AND PERSONS WITH DISABILITIES

Pursuant to 15 ILCS 505/30, it shall be the aspirational goal of the Treasurer to use businesses owned by or under the control of qualified veterans of the armed forces of the United States, qualified service-disabled veterans, minority persons, women, or persons with a disability for not less than 25% of the total dollar of purchases of investment securities, including, but not limited to, the use of broker/dealers. Beginning with fiscal year 2019, and at least annually thereafter, the Treasurer shall measure and report its utilization of broker/dealers owned or under the control of qualified veterans of the armed forces of the United States, qualified service-disabled veterans, minority persons, women, or persons with a disability. The report shall be published on the Treasurer's official website.

The terms "minority person", "woman", "person with a disability", "minority-owned business", "women-owned business", "business owned by a person with a disability", and "control" have the meanings provided in Section 1 of the Business Enterprise for Minorities, Women, and Persons with

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Disabilities Act (30 ILCS 575/1 et seq.). The terms "veteran", "qualified veteran-owned small business", "qualified service-disabled veteran-owned small business", "qualified service-disabled veteran", and "armed forces of the United States" have the meanings provided in Article 1 of the Illinois Procurement Code (30 ILCS 500/1 et seq.).

To the greatest extent feasible within the bounds of financial and fiduciary prudence, it is the policy of the Treasurer to remove any barriers to the full participation in investment transactions afforded via the investment program by actively identifying and considering for hire brokers/dealers that provide proof of minority-, female-, disabled-, and/or veteran-owned or -managed status. The Treasurer shall establish a process by which said specially claimed statuses are verified, and a review shall be conducted at fixed intervals to ensure that special statuses continue to apply.

5.3 PREFERENCE FOR BROKER/DEALERS HEADQUARTERED IN ILLINOIS

The Treasurer shall seek to provide preference to qualified brokers/dealers that provide proof that their corporate headquarters is located in the State of Illinois. In doing so, the Treasurer shall establish a process to verify the location of broker/dealers' corporate headquarters, and a review shall be conducted at fixed intervals to ensure that the Illinois-based location continues to apply.

Beginning with fiscal year 2019, and at least annually thereafter, the Treasurer shall measure and report its utilization of broker/dealers with headquarters located in the State of Illinois. The report shall be published on the Treasurer's official website.

6.0 AUTHORIZED AND SUITABLE INVESTMENTS

The following investments are authorized pursuant, subject to the Deposit of State Moneys Act (15 ILCS 520/22.5):

- a) Federally guaranteed obligations that receive the full faith and credit of the United States of America ("United States") as to principal and interest;
- b) Obligations of agencies of the United States, as originally issued by the agencies. For purposes of this Section, the term "agencies of the United States" includes the following: federal land banks, federal intermediate credit banks, banks for cooperative, federal farm credit banks or any other entity authorized to issue debt obligations under the Farm Credit Act of 1971 as amended, the federal home loan banks and the federal home loan mortgage corporation, and any other agency created or supported through an Act of Congress and issues United States dollar-denominated debt;
- c) Obligations of instrumentalities of the United States, as originally issued by the instrumentalities. For the purposes of this section, the term "instrumentalities of the United States" is an instrumentality created or supported through an Act of Congress and issues United States dollar-denominated debt or other obligations that are issued or guaranteed by supranational entities; provided, that at the time of investment, the entity has the United States government as a shareholder;

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- d) Obligations of a foreign government that are guaranteed by the full faith and credit of that government as to principal and interest and rated at one (1) of the three (3) highest classifications established by at least two (2) standard rating services, (upper medium grade for the long-term rating of A- and above or equivalent), and only if the foreign government has not defaulted and has met its payment obligations in a timely manner on all similar obligations for at least twenty-five (25) years prior to the time of acquiring those obligations;
- e) Interest-bearing bonds, issued by counties or municipal corporations of the State of Illinois, whether the interest earned thereon is taxable or tax-exempt under federal law. The bonds shall be registered in the name of the State of Illinois or held under a custodial agreement at a financial institution. The bonds shall be rated at the time of purchase at one (1) of the three (3) highest classifications established by at least one (1) standard rating service with nationally recognized expertise in rating bonds of states and their political subdivisions, (upper medium grade for the long-term rating of A- and above or equivalent). The maturity or pre-refunded date(s) of the bonds authorized by this subsection shall, at the time of purchase, not exceed ten (10) years. Notwithstanding the foregoing, a longer maturity is authorized, if the State of Illinois has a put option to tender the bonds within ten (10) years from the date of purchase;
- f) Repurchase agreements of government securities having the meaning set out in the Government Securities Act of 1986 (15 U.S.C. § 780-5);
- g) Short-term obligations of either corporations or limited liability companies organized in the United States with assets exceeding \$500,000,000 and rated at the time of purchase at one of the two (2) highest classifications established by at least two (2) standard rating services (short-term rating of A-2 and above or equivalent). At the time of purchase, the maturity or pre-refunded date(s) shall not exceed nine (9) months to maturity;
- h) Long-term obligations of either corporations or limited liability companies organized in the United States that have a significant presence in the State of Illinois, with assets exceeding \$500,000,000, and rated at the time of purchase at one (1) of the three (3) highest classifications established by at least two (2) standard rating services, (upper medium grade for the long-term rating of A- and above or equivalent for notes with maturities exceeding 13 months or upper-medium grade for a short-term rating of A-2 and above or equivalent for notes maturing within 13 months or less). At the time of purchase, the maturity or pre-refunded date(s) shall not exceed ten (10) years;
- i) Money market mutual funds registered under the Investment Company Act of 1940 15 U.S.C. §80a-1;
- j) Securities in accordance with Federal Financial Institution Examination Council guideline only if the securities are collateralized at a satisfactory level to assure the safety of the securities, taking into account market value fluctuation. The securities may be collateralized by cash or collateral acceptable under Sections 11 and 11.1 of the Deposit of State Moneys Act. Securities lending cash collateral may be invested according to the Securities Lending Agreement between the Treasurer and the Treasurer's Agent;
- k) Interest-bearing savings accounts, interest-bearing certificates of deposit, interest-bearing time deposits or any other investments constituting direct obligations of any bank as defined by the Illinois Banking Act (205 ILCS 5/1 et seq.);

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- l) Dividend-bearing share accounts, share certificate accounts, or class of share accounts of a credit union chartered under the laws of the State of Illinois or the United States that maintains its principal office in the State of Illinois;
- m) Interest-bearing accounts for the deposit of funds in support of local community development efforts;
- n) The Illinois Public Treasurers Investment Pool, created under Section 17 of the State Treasurer Act (15 ILCS 505/17);
- o) Investments made in accordance with the Technology Development Act (30 ILCS 265/1 *et seq.*);
- p) Investments made in accordance with the Student Investment Act (110 ILCS 991/1 *et seq.*);
- q) Investments constituting direct obligations of a community development financial institution, which is certified by the United State Treasury Community Development Financial Institutions Fund and is operating in the State of Illinois; and
- r) Investments constituting direct obligations of a minority depository institution, as designated by the Federal Deposit Insurance Corporation, that is operating in the State of Illinois; and
- s) Investments to support Illinois infrastructure development projects.

6.1 PRIVATE DEBT PLACEMENT

The Treasurer may invest any State money in the Treasury, excluding specific funds noted in the Deposit of State Moneys Act (15 ILCS 520/22.5), in intergovernmental investment agreements with the Office of the Illinois State Comptroller in order to facilitate the payment of vouchers, when the total amount of vouchers presented exceeds the funds available in the General Revenue Fund by \$1,000,000,000 or more. The total outstanding investments, at any given time, shall not exceed \$2,000,000,000.

The interest rate will be tied to the London Interbank Offered Rate (LIBOR), Secured Overnight Financing Rate (SOFR), the Federal Funds Rate or an equivalent market established variable rate. At no time shall the interest rate exceed the rate established under the State Prompt Payment Act. 30 ILCS 540/1 *et seq.* or the timely pay interest rate under Section 368a of the Illinois Insurance Code.

The Treasurer and Comptroller will mutually agree upon the funds in the Treasury that will be utilized for the investment(s).

The Treasurer and Comptroller shall enter into a written intergovernmental agreement that specifies the terms of each investment, including, but not limited to, the repayment of the principal and interest. The terms of each investment will be posted to the Treasurer's official website.

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6.2 ADMINISTRATIVE TRUST FUNDS

Pursuant to the Deposit of State Moneys Act (15 ILCS 520/ 1 et seq.), the Treasurer may invest or reinvest up to five percent (5%) of the College Savings Pool Administrative Trust Fund, the Illinois Public Treasurer's Investment Pool (IPTIP) Administrative Trust Fund and the State Treasurer's Administrative Fund that is not needed for current expenditures due or about to become due in common or preferred stocks of publicly traded corporations, partnerships, or limited liability companies organized in the United States, with assets exceeding \$500,000,000 if:

- a) The purchases do not exceed one percent (1%) of the corporation's or the limited liability company's outstanding common and preferred stock;
- b) No more than ten percent (10%) of the total funds are invested in any one publicly traded corporation, partnership, or limited liability company; and
- c) The corporation or the limited liability company has not been placed on the list of restricted companies by the Illinois Investment Policy Board under Section 1-110.16 of the Illinois Pension Code. 40 ILCS 5/1-110.16.

7.0 INVESTMENT RESTRICTIONS

The following investment restrictions apply to the State Investments portfolio:

- a) Any investments not authorized by this, or any other investment policy or applicable law are prohibited;
- b) Repurchase agreements may only be executed with approved financial institutions or broker/dealers that meet the Treasurer's standards, which include mutual execution of a Master Repurchase Agreement adopted by the Treasurer;
- c) Investments in derivative products and leveraging of assets through reverse repurchase agreements are prohibited;
- d) All qualified repurchase agreement dealers, commercial paper issuers, and corporate bond issuers must have a corporate headquarters, corporate office, or operating location in the State of Illinois and that location must retain full-time staff employed within the State of Illinois or the dealer must have a significant economic presence in the State of Illinois as determined by the Treasurer;
- e) Commercial paper with a credit rating or evaluation that is derived from any factor other than the full faith and credit of the issuing institution and/or the guarantee of the parent company is prohibited;
- f) Obligations may not be purchased from a corporation or limited liability company that has been placed on the list of restricted companies by the Illinois Investment Policy Board under Section 1-110.16 of the Illinois Pension Code. 40 ILCS 5/1-110.16;
- g) Asset-backed securities and mortgage-backed securities of any kind are prohibited; and

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- h) Investments may not be made in any savings and loan association unless a commitment by the savings and loan association, executed by the president or chief executive officer of that association, is submitted in the form required by Section 22.5 of the Deposit of State Moneys Act. 15 ILCS 520/22.5.

8.0 COLLATERALIZATION

The following shall apply:

- a) All State deposits, repurchase agreements, and securities lending shall be secured as required by the Treasurer and provided for by the Deposit of State Moneys Act (15 ILCS 520/1 et seq.) and the Treasurer's Acceptable Collateral Listing, which may change from time to time. The Treasurer may take possession and title to any securities held as collateral and hold such securities until it is prudent to dispose of them. Securities lending cash or securities collateral shall have the meaning set forth in the Securities Lending Agreement between the Treasurer and a financial institution ("Treasurer's Agent"). The Treasurer's Agent may reinvest cash collateral as indicated in the Securities Lending Agreement. The Treasurer or Treasurer's Agent may take possession and title to any cash or securities held as collateral and hold such securities according to the Securities Lending Agreement.

9.0 CUSTODY AND SAFEKEEPING

The custody and safekeeping of collateral will be processed by Illinois financial institutions selected in compliance with the Treasurer's procurement rules at 44 Ill. Adm. Code 1400. Financial institutions selected by the Treasurer to perform custody and safekeeping services will be required to enter into a contractual agreement approved by the Treasurer's General Counsel.

All security transactions entered into by the Treasurer shall be conducted on a delivery-versus-payment ("DVP") or receipt-versus-payment ("RVP") basis. Securities shall be held by a safekeeping agent designated by the Treasurer and evidenced by safekeeping receipts or a statement of holdings.

10.0 DIVERSIFICATION

In general, the primary purpose of diversification is to control credit and market risk. The State Investments portfolio shall be diversified to mitigate the risk of loss resulting from concentration of assets in a specific maturity, a specific issuer, or a specific class of securities. In order to properly manage any risk attendant to the investment of State assets, the State Investments will observe the following diversification guidelines, at the time of purchase:

- a) The State Investments portfolio shall seek to achieve diversification in the portfolio by distributing investments among authorized investment categories among financial institutions, issuers, and broker/dealers.
- b) The State Investments portfolio shall not hold time deposits that constitute more than 10% of any single financial institution's total deposits.
- c) No financial institution shall at any time hold more than \$100,000,000 of time deposits other than community development deposits, described in Section 7 of the Deposit of State Moneys Act. 15 ILCS 520/7. Provided, however, that financial institutions that, as a result of a merger or acquisition, hold deposits that exceed \$100,000,000.00 may continue to be eligible to hold deposits that do not exceed the amount of deposits held on the date of the merger or acquisition.

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- d) The State Investments portfolio shall not hold obligations of corporations or limited liability companies that exceed ten percent (10%) of the corporation's or the limited liability company's outstanding obligations.
- e) The State Investments portfolio shall not hold obligations of a municipality's bonds that exceed ten percent (10%) of the municipality's outstanding obligations.
- f) The State Investments portfolio shall not be invested in more than ten percent (10%) of each prime money market fund's assets (including all share classes) at any given time;
- g) The State Investments portfolio shall not invest more the five percent (5%) to support Illinois infrastructure development projects;
- h) The State Investments portfolio shall not contain investments that exceed the following diversification limits. These limits will apply to the total assets in the State Investments portfolio at the time of the origination or purchase. As maturities and or calls of instruments occur, these limits will be monitored and adjusted accordingly:
 - i. With the exception of cash equivalents, treasury securities and time deposits, as defined in Section 6.0 of this Policy, no more than fifty five percent (55%) of the State Investments portfolio shall be invested in other investment categories;
 - ii. No more than one-third (33%) of the State Investments portfolio shall be invested in short-term obligations of corporations or limited liability companies as defined by Section 6.0(g) of this Policy;
 - iii. No more than five percent (5%) of the State Investments portfolio shall be invested in short-term obligations of any one corporation or limited liability company as defined by Section 6.0(g) of this Policy;
 - iv. No more than twenty percent (20%) of the State Investments portfolio shall be invested in long-term obligations of corporations or limited liability companies as defined by Section 6.0(h) of this Policy;
 - v. No more than five percent (5%) of the State Investments portfolio shall be invested in long-term obligations of any one corporation or limited liability company as defined by Section 6.0(h) of this Policy
 - vi. No more than ten percent (10%) of the State Investments portfolio shall be invested in municipal securities issued by counties or municipal corporations of the State of Illinois as defined by Section 6.0(e) of this Policy;
 - vii. No more than three percent (3%) of the State Investments portfolio shall be invested in any single issuer of municipal securities issued by counties or municipal corporations of the State of Illinois as defined by Section 6.0(e) of this Policy;
 - viii. No more than three-fourths of one percent ($\frac{3}{4}$ of 1%) of the State Investments portfolio shall be invested in foreign government securities, not to exceed a five (5) year maturity, as defined in Section 6.0(h) of this Policy;
 - ix. No more than fifty-five percent (55%) of the State Investments portfolio shall be allocated to investments greater than two (2) years and less than or equal to three (3) years;

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- x. No more than (thirty percent) 30% of the State Investments portfolio shall be allocated to investments greater than three (3) years and less than or equal to four (4) years, not including foreign government securities;
- xi. No more than (twenty percent) 20% of the State Investments portfolio shall be allocated to investments greater than four (4) years and less than or equal to five (5) years;
- xii. No more than (fifteen percent) 15% of the State Investments portfolio shall be allocated to investments greater than five (5) years and no less than or equal to ten (10) years; and
- xiii. There shall be no limit to the percentage of the State Investments portfolio that may be allocated to investments with a zero to two-year (0- to 2) maturity band.

11.0 INTERNAL CONTROLS

The Treasurer and the Chief Banking Officer, or anyone else deemed appropriate by the Treasurer with the assistance of the Investment Policy Committee, shall establish a system of internal controls and written operational procedures that shall be documented and filed with the Treasurer's Chief Internal Auditor for review. The controls shall be designed to prevent the loss of public funds arising from fraud, employee error, misrepresentation by third parties, unanticipated changes in financial markets, or imprudent actions by authorized investment officers.

- a) **Asset Allocation:** The allocation of assets within investment categories authorized under Section 6.0 of this Policy shall be approved by the Chief Banking Officer or anyone else deemed appropriate by the Treasurer at least annually.
- b) **Competitive Bidding:** Authorized investment officers shall obtain competitive bids from at least three (3) broker/dealers prior to executing the purchase or sale of any authorized investments. Reverse inquiry investments, investments in a new issue, and investments defined under Sections 6(a)-(b) of this Policy purchased from the agency discount window are exempt from this provision.
- c) **Certificates of Deposit:** Authorized investment officers shall purchase certificates of deposit on the basis of a qualified financial institution's ability to pay a required rate of interest to the Treasurer. Such rate is generally determined on the basis of Treasury or other appropriate market rates for a comparable term.

12.0 LIABILITY

The standard of care to be used by authorized investment officers shall be the "prudent person" standard, which shall be applied in the context of managing an overall portfolio. Authorized investment officers, acting in accordance with written procedures and this Policy and exercising due diligence, will be relieved of personal liability for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely manner and necessary action is taken to control adverse developments.

13.0 REPORTING

Monthly reports shall be presented to the Investment Policy Committee for its review. The monthly report shall contain sufficient information to enable the Investment Policy Committee to review the investment portfolio, its effectiveness in meeting the needs of the Treasurer for safety, liquidity, rate of return, and diversification, and the general performance of the State Investments portfolio. The following information shall be included in the monthly reports:

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- a) The total amount of funds held by the Treasurer;
- b) The current and historic performance of the portfolio as compared to benchmarks established by the Treasurer;
- c) The asset allocation for the investments made by the Treasurer;
- d) Any circumstances resulting in a deviation from the standards established in Section 10.0 of this Policy; and
- e) Impact of any material change in investment policy adopted during the month.

The Treasurer shall provide performance reports in compliance with established industry reporting standards within six (6) months following the adoption of this Policy. Such reporting standards shall be in accordance with Generally Accepted Accounting Principles("GAAP").

14.0 EXTERNAL ADVISORY COMMITTEE

The Investment Policy Committee may convene an External Advisory Committee at the direction of the Treasurer to provide independent advice and counsel to the Investment Policy Committee on investment policy, investments, and investment related issues for the benefit of all Illinois citizens.

15.0 EXCEPTIONS

The Chief Banking Officer or anyone else deemed appropriate by the Treasurer may issue exceptions to this Policy provided that they do not conflict with applicable State statutes governing the use and investment of the State Investments portfolio including, but not limited to, the State Treasurer Act, the Treasurer as Custodian of Funds Act, the Deposit of State Moneys Act, the Securities Safekeeping Act, and any other applicable statutes and it is reasonably assured that deviating from this Policy is in the best interest of the taxpayers.

16.0 EMERGENCY POWERS

In the event of an emergency, the Treasurer may, at his or her discretion, invoke emergency powers and suspend any or all of the provisions of this Policy, provided that:

- a) The Treasurer shall, even in the event that emergency powers are invoked, comply with all State statutes governing the use and investment of the State Investments portfolio including, but not limited to, the State Treasurer Act, the Treasurer as Custodian of Funds Act, the Deposit of State Moneys Act, the Securities Safekeeping Act, and any other applicable statute;
- b) The Treasurer reasonably believes that deviating from this Policy is in the best interest of the taxpayers; and
- c) Within thirty (30) days of invoking emergency powers the Treasurer shall provide an explanation in writing to the Chief Internal Auditor and the Investment Policy Committee, a copy of which shall be posted on the Treasurer's website that includes the following:
 - i. The date and time that the emergency powers were invoked;
 - ii. The date and time that emergency powers were repealed;

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- iii. The Section or Sections of this Policy that were affected by the emergency or use of emergency powers; and
- iv. The reason for invoking emergency powers resulting in the deviation from this Policy.

17.0 STATUTORY REFERENCES

Any statutory references in this policy shall include any amendments to or repeals of those statutes.

18.0 AMENDMENTS

The Treasurer reserves the right to amend this Policy at any time.

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Appendix A

Investment Policy Statement for the State Investments Portfolio's Externally Managed Municipal Securities

1.0 POLICY

Under this instrument, the Illinois State Treasurer's Investment Policy for Externally Managed Municipal Securities ("Policy"), it is the policy of the Illinois State Treasurer's Office ("Treasurer") to invest all funds under its control in a manner that provides the highest risk-adjusted investment return, using authorized instruments.

This Policy applies to all investments entered into by any of the Treasurer's external investment managers of municipal securities on or after the adoption of this Policy.

2.0 OBJECTIVE

The primary objective in the investment of State funds by any external investment manager of municipal securities is to ensure the safety of principal and provide the highest risk-adjusted investment return, using authorized instruments.

2.1 SAFETY

The safety of principal is an objective of the investment program. Investments managed externally on behalf of the Treasurer shall be undertaken in a manner that seeks to ensure the preservation of capital in the portfolio. To achieve this objective, diversification, as defined in Section 7.0 of this Policy, is required to ensure that the Treasurer prudently manages market, operational, reputational, financial, legal, sustainability, interest rate and credit risks.

2.2 RETURN ON INVESTMENT

The investment portfolio shall be designed and constructed to obtain the highest available return, given the safety of principal objective. The external investment manager shall seek to obtain the highest available return, using the authorized investments set forth in Section 5.0 of this Policy.

The rate of return achieved on the externally managed funds, for portfolios containing municipal securities, shall be measured at regular intervals against the Bloomberg Barclays U.S. 1-10 Year Municipals Index or other indexes mutually agreed upon by the Treasurer and external investment manager, to determine the effectiveness of investment decisions in meeting the Treasurer's investment goals. The benchmark shall be reviewed annually by the Treasurer to ensure accuracy and relevance.

2.3 SUSTAINABILITY

The Treasurer seeks to invest all funds under its control in a manner that provides the highest risk-adjusted investment return using authorized instruments. Pursuant to the Illinois Sustainable Investing Act (30 ILCS 238), the Treasurer's external investment managers shall prudently integrate sustainability factors into its investment decision-making, investment analysis, portfolio construction, risk management, due diligence, and investment ownership in order to maximize anticipated financial returns, minimize projected risk, and more effectively execute its fiduciary duty. As such, consistent with achieving the foremost investment objectives of the Treasurer set forth herein, the Treasurer and its external investment managers shall prudently integrate sustainability factors into its investment processes.

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The sustainability analysis adds an additional layer of rigor to the fundamental analytical approach and helps assess the reliability of future cash flows and debt repayments. Similar to financial accounting, sustainability accounting has both confirmatory and predictive value, thus, it can be used to evaluate past performance and be used for future planning and decision-making. As a complement to financial accounting, it provides a more complete view of an investment fund or portfolio company's performance on material factors likely to impact its long-term value.

Sustainability factors may include, but are not limited to, the following:

- a) Corporate governance and leadership factors, such as the independence of boards and auditors, the expertise and competence of corporate boards and executives, systemic risk management practices, executive compensation structures, transparency and reporting, leadership diversity, regulatory and legal compliance, shareholder rights, and ethical conduct.
- b) Environmental factors that may have an adverse or positive financial impact on investment performance, such as greenhouse gas emissions, air quality, energy management, water and wastewater management, waste and hazardous materials management, and ecological impacts.
- c) Social capital factors that impact relationships with key outside parties, such as customers, local communities, the public, and the government, which may impact investment performance. Social capital factors include human rights, customer welfare, customer privacy, data security, access and affordability, selling practices and product labeling, community reinvestment, and community relations.
- d) Human capital factors that recognize that the workforce is an important asset to delivering long-term value, including factors such as labor practices, responsible contractor and responsible bidder policies, employee health and safety, employee engagement, diversity and inclusion, and incentives and compensation.
- e) Business model and innovation factors that reflect an ability to plan and forecast opportunities and risks, and whether a company can create long-term shareholder value, including factors such as supply chain management, materials sourcing and efficiency, business model resilience, product design and life cycle management, and physical impacts of climate change.

The Treasurer shall develop policy guidelines to integrate material sustainability risks relevant to particular financial products, investment funds, companies, or government bodies, which shall be provided to internal and external investment managers to factor into their investment decision-making. The policy guidelines for integrating sustainability factors shall be reviewed and updated every two (2) years at a minimum to ensure consistency within the rapidly evolving global economy.

The Treasurer's external investment managers shall identify and select authorized investment options that meet the Treasurer's criteria for sustainable investing opportunities and risk parameters and fall within the framework of the investment objectives.

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3.0 ETHICS AND CONFLICTS OF INTEREST

External managing firm employees making investment decisions on behalf of the Treasurer shall refrain from personal business activity that could conflict or give the appearance of a conflict with this Policy or impair their ability to make impartial investment decisions. Any individuals with such a conflict or impairment shall disclose to the Treasurer any material conflicts of interest or impairment. If permitted by the Treasurer to proceed, such individuals shall subordinate their personal investment transactions to those of the investment portfolio, particularly with regard to the time of purchases and sales.

4.0 BROKERS/DEALERS

The external investment manager, on behalf of the Treasurer, shall seek to provide a preference to qualified brokers/dealers that provide proof of minority-, female-, disabled-, and/or military veteran-owned or -managed status and brokers/dealers that provide proof that their corporate headquarters are located in the State of Illinois.

5.0 INVESTMENT PARAMETERS:

The Treasurer has authorized the purchase of municipal securities, subject to the provisions of the Deposit of State Moneys Act (15 ILCS 520/1 *et seq.*), and the following:

- a) Municipal securities ("securities") must be issued by any counties or municipal corporations of the State of Illinois;
- b) Securities may be taxable or tax exempt;
- c) Securities must be interest-bearing;
- d) At a maximum, securities must have a maturity or pre-refunded date of ten (10) years from the time of purchase;
- e) Securities shall be rated within three (3) intermediate credit ratings of United States' sovereign credit rating but not less than an A-, or an equivalent rating by at least one (1) accredited rating agency with nationally recognized expertise in rating bonds of states and their political subdivisions ("Rating Agency"), at the time of purchase;
- f) If the securities are credit enhanced with bond insurance policies, the external investment manager will apply the securities' underlying credit ratings or bond insurer' credit rating, whichever is greater. There will be no limit on the percentage of credit enhanced bonds with an underlying issuer rating not less than A-, or its equivalent by a Rating Agency, in the externally managed portfolio.

For securities with credit enhancements with an underlying issuer rating below A-, or its equivalent by a Rating Agency, the external investment manager will not hold more than 10% of securities guaranteed by a single bond insurer in the externally managed portfolio. Bond insurance policies issued by the following companies are permissible, or other bond insurance policies mutually agreed upon by the Treasurer and external investment manager;

- i. Assured Guaranty Municipal Corporation;
- ii. Assured Guaranty Corporation;

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- iii. Build America Mutual; and
- iv. National Public Finance Guarantee.
- g) Should a security be downgraded below A3/A-, the external investment managers will provide written notification to the Treasurer in order to determine the appropriate action (sell or hold) based on the perceived risk and expected return.

6.0 INVESTMENT RESTRICTIONS

The Treasurer's external investment managers may not invest in the following types of investments:

- a) Any investments not authorized by this Policy, any other investment policy of the Treasurer, or applicable law are prohibited; or
- b) Any investments prohibited by Section 22.6 of the Deposit of State Monies Act.

7.0 DIVERSIFICATION

The externally managed municipal securities shall be diversified to mitigate the risk of loss resulting from concentration of assets in a specific maturity or a specific issuer. In order to properly manage any risk attendant to the investment of State assets, the external investment managers shall not deviate from the following diversification guidelines unless specifically authorized by the Treasurer in writing:

- a) The Treasurer's external investment managers shall seek to achieve diversification in the portfolio by distributing investments among issuers and broker/dealers and
- b) The externally managed municipal securities shall not contain investments that exceed the lesser of 25% of an issuance or \$5,000,000.00.

8.0 INTERNAL CONTROLS

The Treasurer's external investment managers shall establish a system of internal controls and written operational procedures and share them with the Treasurer. The controls shall be designed to prevent the loss of public funds arising from fraud, employee error, and misrepresentation by third parties, unanticipated changes in financial markets, or imprudent actions by authorized investment officers.

9.0 DUE DILIGENCE

The Treasurer's external investment managers will perform due diligence, including, but not limited to, research and financial analysis of municipal securities and legal compliance with federal and State laws, rules, and regulations, and the Treasurer's investment policies.

10.0 RISK MANAGEMENT

The Treasurer's external investment managers will establish risk management protocols to mitigate risk, including but not limited to, credit risks, liquidity risks, market risks, operational risks, reputational risks, and legal risks for the Treasurer.

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11.0 LIMITATION OF LIABILITY

External managing firm employees making investment decisions on behalf of the Treasurer shall use the "prudent person" standard, which shall be applied in the context of managing an overall municipal securities portfolio. Such individuals who act in accordance with this Policy and exercise due diligence will be relieved of personal liability for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely manner and necessary action is taken to control adverse developments.

12.0 REPORTING

The external investment manager shall present monthly reports to the Treasurer for review. The monthly reports shall contain sufficient information for the Treasurer to evaluate the investment portfolio; its effectiveness in meeting the Treasurer's standards for safety, liquidity, rate of return, and diversification; and the general performance of the portfolio. At a minimum, the following information shall be included in the monthly reports:

- a) Change in market value of the securities;
- b) Rating changes of the securities;
- c) Portfolio performance and characteristics;
- d) Benchmark comparison;
- e) Portfolio transaction detail and holdings, including any supporting research documentation; and
- f) Listing of all securities held with a rating less than A-, or equivalent, with supporting research documentation.

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Appendix B

**Investment Policy Statement for the State Investments Portfolio's Externally Managed Investment
Grade Credit Securities**

1.0 POLICY

Under this instrument, the Illinois State Treasurer's Investment Policy for Externally Managed Investment Grade Credit Securities ("Policy"), it is the policy of the Illinois State Treasurer's Office ("Treasurer") to invest all funds under its control in a manner that provides the highest risk-adjusted investment return, using authorized instruments.

This Policy applies to all investments entered into by any of the Treasurer's external investment managers of investment grade credit securities on or after the adoption of this Policy.

2.0 OBJECTIVE

The primary objective in the investment of State funds by any external investment manager of investment grade credit securities is to ensure the safety of principal and provide the highest risk-adjusted investment return, using authorized instruments.

2.1 SAFETY

The safety of principal is an objective of the investment program. Investments managed externally on behalf of the Treasurer shall be undertaken in a manner that seeks to ensure the preservation of capital in the portfolio. To achieve this objective, diversification, as defined in Section 7.0 of this Policy, is required to ensure that the Treasurer prudently manages market, operational, reputational, financial, legal, sustainability, interest rate, and credit risks.

2.2 RETURN ON INVESTMENT

The investment portfolio shall be designed and constructed to obtain the highest available return, given the safety of principal objective. The external investment manager shall seek to obtain the highest available return, using the authorized investments set forth in Section 5.0 of this Policy.

The rate of return achieved on the externally managed funds shall be measured at regular intervals against the Bloomberg Barclay's U.S. Corporate A+ 1-5 Yr Credit Index, or other indexes mutually agreed upon by the Treasurer and external investment manager, to determine the effectiveness of investment decisions in meeting the Treasurer's investment goals. The benchmark shall be reviewed annually by the Treasurer to ensure accuracy and relevance.

2.3 SUSTAINABILITY

The Treasurer seeks to invest all funds under its control in a manner that provides the highest risk-adjusted investment return using authorized instruments. Pursuant to the Illinois Sustainable Investing Act (30 ILCS 238), the Treasurer's external investment managers shall prudently integrate sustainability factors into its investment decision-making, investment analysis, portfolio construction, risk management, due diligence, and investment ownership in order to maximize anticipated financial returns, minimize projected risk, and more effectively execute its fiduciary duty. As such, consistent with achieving the foremost investment objectives of the Treasurer set forth herein, the Treasurer and its external investment managers shall prudently integrate sustainability factors into its investment processes.

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The sustainability analysis adds an additional layer of rigor to the fundamental analytical approach and helps assess the reliability of future cash flows and debt repayments. Similar to financial accounting, sustainability accounting has both confirmatory and predictive value, thus, it can be used to evaluate past performance and be used for future planning and decision-making. As a complement to financial accounting, it provides a more complete view of an investment fund or portfolio company's performance on material factors likely to impact its long-term value.

Sustainability factors may include, but are not limited to, the following:

- a) Corporate governance and leadership factors, such as the independence of boards and auditors, the expertise and competence of corporate boards and executives, systemic risk management practices, executive compensation structures, transparency and reporting, leadership diversity, regulatory and legal compliance, shareholder rights, and ethical conduct.
- b) Environmental factors that may have an adverse or positive financial impact on investment performance, such as greenhouse gas emissions, air quality, energy management, water and wastewater management, waste and hazardous materials management, and ecological impacts.
- c) Social capital factors that impact relationships with key outside parties, such as customers, local communities, the public, and the government, which may impact investment performance. Social capital factors include human rights, customer welfare, customer privacy, data security, access and affordability, selling practices and product labeling, community reinvestment, and community relations.
- d) Human capital factors that recognize that the workforce is an important asset to delivering long-term value, including factors such as labor practices, responsible contractor and responsible bidder policies, employee health and safety, employee engagement, diversity and inclusion, and incentives and compensation.
- e) Business model and innovation factors that reflect an ability to plan and forecast opportunities and risks, and whether a company can create long-term shareholder value, including factors such as supply chain management, materials sourcing and efficiency, business model resilience, product design and life cycle management, and physical impacts of climate change.

The Treasurer shall develop policy guidelines to integrate material sustainability risks relevant to particular financial products, investment funds, companies, or government bodies, which shall be provided to internal and external investment managers to factor into their investment decision-making. The policy guidelines for integrating sustainability factors shall be reviewed and updated every two (2) years at a minimum to ensure consistency within the rapidly evolving global economy.

The Treasurer's external investment managers shall identify and select authorized investment options that meet the Treasurer's criteria for sustainable investing opportunities and risk parameters and fall within the framework of the investment objectives.

3.0 ETHICS AND CONFLICTS OF INTEREST

External managing firm employees making investment decisions on behalf of the Treasurer shall refrain from personal business activity that could conflict or give the appearance of a conflict with this Policy or impair their ability to make impartial investment decisions. Any individuals with such a conflict or impairment shall disclose to the Treasurer any material conflicts of interest or impairment. If permitted by the Treasurer to proceed, such individuals shall subordinate their personal investment transactions to those of the investment portfolio, particularly with regard to the time of purchases and sales.

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4.0 BROKERS/DEALERS

The external investment manager, on behalf of the Treasurer, shall seek to provide a preference to qualified brokers/dealers that provide proof of minority-, female-, disabled-, and/or military veteran-owned or -managed status and brokers/dealers that provide proof that their corporate headquarters are located in the State of Illinois.

5.0 INVESTMENT PARAMETERS

The Treasurer has authorized the purchase of investment grade credit securities, subject to the provisions of the Deposit of State Moneys Act (15 ILCS 520/1 *et seq.*), and the following:

- a) Securities must be issued by corporations or limited liability companies (“securities/security”) organized in the United States that have a significant presence in the State of Illinois and assets exceeding \$500,000,000;
- b) At the time of purchase, the maturity of the securities shall not exceed ten (10) years;
- c) Securities must be rated at the time of purchase by one of the three (3) highest classifications established by at least two (2) standard rating services, but not less than an A- long-term rating or equivalent;
- d) The corporation or limited liability company has not been placed on the list of restricted companies by the Illinois Investment Policy Board under Section 1-11.16 of the Illinois Pension Code;
- e) The Treasurer’s external investment managers will not purchase investment grade credit securities that are credit enhanced by mortgages or the collection of mortgages;
- f) Investment grade credit securities with credit enhancements based on tangible assets pledged as collateral for the bond will not exceed twenty percent (20%) of the overall externally managed portfolio; and
- g) Should a security be downgraded below A3/A-, or equivalent rating, the external investment managers will provide written notification to the Treasurer in order to determine the appropriate action (sell or hold) based on the perceived risk and expected return.

6.0 INVESTMENT RESTRICTIONS

The Treasurer’s external investment managers may not invest in the following types of investments:

- a) Any investments not authorized by this Policy, any other investment policy of the Treasurer, or applicable law are prohibited; or
- b) Any investments prohibited by Section 22.6 of the Deposit of State Monies Act.

7.0 DIVERSIFICATION

The externally managed investment grade credit securities shall be diversified to mitigate the risk of loss resulting from concentration of assets in a specific maturity or a specific issuer. In order to properly manage any risk attendant to the investment of State assets, the external investment managers shall not deviate from the following diversification guidelines, unless specifically authorized by the Treasurer in writing:

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- a) The Treasurer's external investment managers shall seek to achieve diversification in the portfolio by distributing investments among issuers and broker/dealers; and
- b) Purchases cannot exceed ten percent (10%) of the corporation's or the limited liability company's outstanding obligations.

8.0 INTERNAL CONTROLS

The Treasurer's external investment managers shall establish a system of internal controls and written operational procedures and share them with the Treasurer. The controls shall be designed to prevent the loss of public funds arising from fraud, employee error, and misrepresentation by third parties, unanticipated changes in financial markets, or imprudent actions by authorized investment officers.

9.0 DUE DILIGENCE

The Treasurer's external investment managers will perform due diligence, including, but not limited to, research and financial analysis of investment grade credit securities and legal compliance with federal and State laws, rules, and regulations, and the Treasurer's investment policies.

10.0 RISK MANAGEMENT

The Treasurer's external investment managers will establish risk management protocols to mitigate risk, including but not limited to, credit risks, liquidity risks, market risks, operational risks, reputational risks, and legal risks for the Treasurer.

11.0 LIMITATION OF LIABILITY

External managing firm employees making investment decisions on behalf of the Treasurer shall use the "prudent person" standard, which shall be applied in the context of managing an overall investment grade credit portfolio or a portfolio containing both investment grade credit and municipal securities. Such individuals who act in accordance with this Policy and exercise due diligence will be relieved of personal liability for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely manner and necessary action is taken to control adverse developments.

12.0 REPORTING

The external investment manager shall present monthly reports to the Treasurer for review. The monthly reports shall contain sufficient information for the Treasurer to evaluate the investment portfolio; its effectiveness in meeting the Treasurer's standards for safety, liquidity, rate of return, and diversification; and the general performance of the portfolio. At a minimum, the following information shall be included in the monthly reports:

- a) Change in market value of the securities;
- b) Rating changes of the securities;
- c) Portfolio performance and characteristics;
- d) Benchmark comparison;

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- e) Portfolio transaction detail and holdings, including any supporting research documentation;
and
- f) Listing of all securities held with a rating less than A3/A-, or equivalent, with supporting
research documentation.

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(EFFECTIVE OCTOBER 2021 THROUGH NOVEMBER 2022)
(UNAUDITED)**

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(Effective October 2021 through November 2022)
(Unaudited)**

1.0 POLICY

Under this instrument, the Office of the Illinois State Treasurer's Investment Policy Statement for the State Investments portfolio ("Policy"), it is the policy of the Illinois State Treasurer's Office ("Treasurer") to invest all moneys and securities deposited with the Treasurer (collectively, the "State Investments portfolio") in a manner that will provide safety to the principal investment, meet the State's daily cash flow demands, and seek the highest risk-adjusted investment return, using authorized instruments and supporting community development efforts, in accordance with all State statutes governing the investment of public funds.

This Policy applies to all investments of the State Investments portfolio entered into on or after the adoption of this instrument. Investments made prior to the adoption of this Policy will continue to be governed by the policy in effect at the time such investments were made, until the maturity or selling of such investments.

This Policy applies to any investment under the stewardship of the Treasurer for which no other specific investment policy exists.

2.0 INVESTMENT POLICY COMMITTEE

The Treasurer affirms the existence of the Investment Policy Committee. The Investment Policy Committee shall be chaired by the Treasurer and include the following members of the Treasurer's staff: Deputy Treasurer & Chief Investment Officer, Chief of Staff, Chief Financial Products Officer, Chief Legislative and Policy Officer, General Counsel, Director of State Investments and Banking, Director of Investment Analysis and Due Diligence, Director of Fiscal Operations, Director of IPTIP Investments, Director of ePAY and The Illinois Funds, Director of Portfolio and Risk Analytics, Director of Corporate Governance & Sustainable Investments, State Investments - Portfolio Investment & Cash Management Officer and anyone else deemed appropriate by the Treasurer.

The Deputy Treasurer & Chief Investment Officer, or anyone else deemed appropriate by the Treasurer, who bears responsibility for the administration, planning, development, and implementation of all financial and investment strategies per the direction of the Treasurer, shall assist the Treasurer in executing the duties and activities of the Investment Policy Committee.

3.4 OBJECTIVE

The primary objective in the investment of the State Investments portfolio is to ensure the safety of principal. In addition, the Treasurer's objective to manage liquidity for payment of the State's financial obligations and provide the highest return on investment, using authorized instruments, while prudently exercising sustainable stewardship in its investment decision-making.

3.5 SAFETY

The safety of principal is the foremost objective of the state's investments. State Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the portfolio. To achieve this objective, diversification, as defined in Section 10.0 of this Policy, and investment stewardship is required to ensure that the Treasurer prudently manages market, operational, reputational, financial, legal, sustainability, interest rate, and credit risks.

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3.6 LIQUIDITY

The State Investments portfolio shall remain sufficiently liquid to enable the State to meet all operating and cash flow requirements that might be reasonably projected.

3.7 RETURN ON INVESTMENT

The State Investments portfolio shall be designed and constructed to obtain the highest available risk-adjusted return, given the objectives of safety of principal and liquidity. The Director of State Investments and Banking or equivalent thereto shall seek to obtain the highest available return, using authorized investments during budgetary and economic cycles as mandated by Section 1.0 of this Policy. When the Treasurer deposits funds in support of community development efforts, the rate of return may include benefits other than direct investment earnings, as authorized by Section 7 of the Deposit of State Moneys Act (15 ILCS 520/7).

The rate of return achieved on the State Investments portfolio shall be measured at regular intervals against relevant industry benchmarks that the Investment Policy Committee established, to determine the investment decision effectiveness of meeting investment goals. The benchmarks shall be reviewed a minimum of every two (2) years to ensure accuracy and relevance.

3.8 SUSTAINABILITY

The Treasurer seeks to invest all funds under its control in a manner that provides the highest risk-adjusted investment return using authorized instruments. Pursuant to the Illinois Sustainable Investing Act (30 ILCS 238/1 et seq.), the Treasurer shall prudently integrate sustainability factors into its investment decision-making, investment analysis, portfolio construction, risk management, due diligence, and investment ownership to maximize anticipated financial returns, minimize projected risk, and more effectively execute its fiduciary duty. As such, consistent with achieving the foremost investment objectives of the Treasurer set forth herein, the Treasurer and its agents shall prudently integrate sustainability factors into its investment processes.

The sustainability analysis adds an additional layer of rigor to the fundamental analytical approach and helps assess the reliability of future cash flows and debt repayments. Similar to financial accounting, sustainability accounting has both confirmatory and predictive value, thus, it can be used to evaluate past performance, future planning and decision-making. As a complement to financial accounting, it provides a more complete view of an investment fund or portfolio company's performance on material factors likely to impact its long-term value.

Sustainability factors may include, but are not limited to, the following:

- a) Corporate governance and leadership factors, such as the independence of boards and auditors, the expertise and competence of corporate boards and executives, systemic risk management practices, executive compensation structures, transparency and reporting, leadership diversity, regulatory and legal compliance, shareholder rights, and ethical conduct.
- b) Environmental factors that may have an adverse or positive financial impact on investment performance, such as greenhouse gas emissions, air quality, energy management, water and wastewater management, waste and hazardous materials management, and ecological impacts.

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- c) Social capital factors that may have an adverse or positive impact on customers, local communities, the public, and/or government, which may impact investment performance. Social capital factors may include human rights, customer welfare, customer privacy, data security, access and affordability, selling practices and product labeling, community reinvestment, and community relations.
- d) Human capital factors that recognize that the workforce is an important asset to delivering long-term value, including factors such as labor practices, responsible contractor and responsible bidder policies, employee health and safety, employee engagement, diversity and inclusion, and incentives and compensation.
- e) Business model and innovation factors that reflect an ability to plan and forecast opportunities and risks, and whether a company can create long-term shareholder value, including factors such as supply chain management, materials sourcing and efficiency, business model resilience, product design and life cycle management, and physical impacts of climate change.

The Treasurer shall develop policy guidelines to integrate material sustainability risks relevant to particular financial products, investment funds, companies, and government bodies, which shall be provided to internal and external investment managers to factor into their investment decision-making. The policy guidelines for integrating sustainability factors shall be reviewed and updated a minimum of every two (2) years to ensure consistency within the rapidly evolving global economy.

The State Investments portfolio's investment officers shall identify and select authorized investment options that meet the Treasurer's criteria for sustainable investing opportunities and risk parameters and fall within the framework of the investment objectives.

4.0 ETHICS AND CONFLICTS OF INTEREST

Authorized investment officers and employees in policy-making positions shall refrain from personal business activity that could (a) conflict, or give the appearance of a conflict, with proper execution of the investment program or (b) impair their ability to make impartial investment decisions. Such individuals shall disclose to the Treasurer any material and relevant financial interests, as determined by the Treasurer, in financial institutions that conduct business within the State, and they shall further disclose any personal financial investment positions that could be related to the performance of the State Investments portfolio. In addition, such individuals shall subordinate their personal investment transactions to those of the State Investments portfolio, particularly with regard to the time of purchases and sales.

5.0 AUTHORIZED BROKER/DEALERS AND FINANCIAL INSTITUTIONS

Authorized investment staff shall utilize the Treasurer's approved list of broker/dealers and financial institutions when selecting institutions to provide investment services.

The security brokers/dealers shall be selected according to their creditworthiness and their financial significance in the State, which shall be measured in terms of the location of the broker/dealer's corporate office, the number of full-time employees, the size of its payroll, or the extent that the broker/dealer has an economic presence in the State. The list may include "primary" dealers or regional dealers who qualify under Securities and Exchange Commission Rule 17 CFR § 15Cc3-1 (Net Capital Requirements for Brokers or Dealers).

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All brokers/dealers interested in becoming qualified parties for investment transactions must supply the Treasurer's authorized investment staff with the following documents or the equivalent acceptable to the Treasurer, where applicable:

- a) Audited financial statements or a published Statement of Condition;
- b) Proof of minority-, woman-, disabled-, and/or veteran-owned or -managed broker/dealer status;
- c) A signed copy of the Treasurer's account authorization agreement;
- d) Proof of National and State of Illinois registration;
- e) Completed Counterparty Questionnaire;
- f) Certification of notice and acknowledgment of this Policy; and
- g) Any other documentation deemed necessary by the Treasurer.

If approved, a broker/dealer will be placed on a list of qualified parties for investment transactions. An annual review of the financial condition and registration of qualified parties will be conducted by the Treasurer's authorized investment staff. More frequent reviews may be conducted if warranted.

The Treasurer shall maintain a list of approved financial institutions, which shall be utilized by authorized investment officers. Pursuant to 15 ILCS 505/30, the Treasurer shall review a financial institution's Community Reinvestment Act ("CRA") rating, record, and current level of financial commitment to the community prior to making a decision to utilize or determine the eligibility of such financial institutions. No State funds may be deposited in any financial institution unless the institution has a current satisfactory or outstanding rating under the CRA. The State Treasurer may give preference to financial institutions that have a current rating of outstanding under the federal Community Reinvestment Act of 1977.

State funds may not be deposited in any financial institution unless the Treasurer's investment staff have conducted a safety and soundness review of the financial institution by consulting various bank rating services. If the financial institution has not yet been rated by the bank rating services, the institution may be eligible for a deposit that at maturity will not exceed \$250,000. The amount and duration of deposits shall be based on the safety and soundness review, in accordance with guidelines established by the Investment Policy Committee, and the diversification limits set forth in Section 10.0 of this Policy. No public deposit may be made, except in a qualified public depository, as defined by the Deposit of State Moneys Act. 15 ILCS 520/1 *et seq.*

5.1 EXTERNAL INVESTMENT CONSULTANTS

To the extent that the Investment Policy Committee deems it advisable to hire external investment consultants, it may do so in accordance with the Treasurer's procurement rules at 44 Ill. Admin. Code § 1400.

5.2 PREFERENCE FOR BROKER/DEALERS OWNED BY MINORITIES, WOMEN, MILITARY VETERANS, AND PERSONS WITH DISABILITIES

Pursuant to 15 ILCS 505/30, it shall be the aspirational goal of the Treasurer to use businesses owned by or under the control of qualified veterans of the armed forces of the United States, qualified service-disabled veterans, minority persons, women, or persons with a disability for not less than 25% of the total dollar of purchases of investment securities, including, but not limited to, the use of broker/dealers.

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Beginning with fiscal year 2019, and at least annually thereafter, the Treasurer shall measure and report its utilization of broker/dealers owned or under the control of qualified veterans of the armed forces of the United States, qualified service-disabled veterans, minority persons, women, or persons with a disability. The report shall be published on the Treasurer's official website.

The terms "minority person", "woman", "person with a disability", "minority-owned business", "women-owned business", "business owned by a person with a disability", and "control" have the meanings provided in Section 1 of the Business Enterprise for Minorities, Women, and Persons with Disabilities Act (30 ILCS 575/1 et seq.). The terms "veteran", "qualified veteran-owned small business", "qualified service-disabled veteran-owned small business", "qualified service-disabled veteran", and "armed forces of the United States" have the meanings provided in Article 1 of the Illinois Procurement Code (30 ILCS 500/1 et seq.).

To the greatest extent feasible within the bounds of financial and fiduciary prudence, it is the policy of the Treasurer to remove any barriers to the full participation in investment transactions afforded via the investment program by actively identifying and considering for hire brokers/dealers that provide proof of minority-, female-, disabled-, and/or veteran-owned or -managed status. The Treasurer shall establish a process by which said specially claimed statuses are verified, and a review shall be conducted at fixed intervals to ensure that special statuses continue to apply.

5.3 PREFERENCE FOR BROKER/DEALERS HEADQUARTERED IN ILLINOIS

The Treasurer shall seek to provide preference to qualified brokers/dealers that provide proof that their corporate headquarters is located in the State of Illinois. In doing so, the Treasurer shall establish a process to verify the location of broker/dealers' corporate headquarters, and a review shall be conducted at fixed intervals to ensure that the Illinois-based location continues to apply.

Beginning with fiscal year 2019, and at least annually thereafter, the Treasurer shall measure and report its utilization of broker/dealers with headquarters located in the State of Illinois. The report shall be published on the Treasurer's official website.

6.0 AUTHORIZED AND SUITABLE INVESTMENTS

The following investments are authorized pursuant, subject to the Deposit of State Moneys Act (15 ILCS 520/22.5):

- a) Federally guaranteed obligations that receive the full faith and credit of the United States of America ("United States") as to principal and interest;
- b) Obligations of agencies of the United States, as originally issued by the agencies. For purposes of this Section, the term "agencies of the United States" includes the following: federal land banks, federal intermediate credit banks, banks for cooperative, federal farm credit banks or any other entity authorized to issue debt obligations under the Farm Credit Act of 1971 as amended, the federal home loan banks and the federal home loan mortgage corporation, and any other agency created or supported through an Act of Congress and issues United States dollar-denominated debt;
- c) Obligations of instrumentalities of the United States, as originally issued by the instrumentalities. For the purposes of this section, the term "instrumentalities of the United States" is an instrumentality created or supported through an Act of Congress and issues United States dollar-denominated debt or other obligations that are issued or guaranteed by supranational entities; provided, that at the time of investment, the entity has the United States government as a shareholder;

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- d) Obligations of a foreign government that are guaranteed by the full faith and credit of that government as to principal and interest and rated at one (1) of the three (3) highest classifications established by at least two (2) standard rating services, (upper medium grade for the long-term rating of A- and above or equivalent), and only if the foreign government has not defaulted and has met its payment obligations in a timely manner on all similar obligations for at least twenty-five (25) years prior to the time of acquiring those obligations;
- e) Interest-bearing bonds, issued by counties or municipal corporations of the State of Illinois, whether the interest earned thereon is taxable or tax-exempt under federal law. The bonds shall be registered in the name of the State of Illinois or held under a custodial agreement at a financial institution. The bonds shall be rated at the time of purchase at one (1) of the three (3) highest classifications established by at least one (1) standard rating service with nationally recognized expertise in rating bonds of states and their political subdivisions, (upper medium grade for the long-term rating of A- and above or equivalent). The maturity or pre-refunded date(s) of the bonds authorized by this subsection shall, at the time of purchase, not exceed ten (10) years. Notwithstanding the foregoing, a longer maturity is authorized, if the State of Illinois has a put option to tender the bonds within ten (10) years from the date of purchase;
- f) Repurchase agreements of government securities having the meaning set out in the Government Securities Act of 1986 (15 U.S.C. §780-5);
- g) Short-term obligations of either corporations or limited liability companies organized in the United States with assets exceeding \$500,000,000 and rated at the time of purchase at one of the two (2) highest classifications established by at least two (2) standard rating services (short-term rating of A-2 and above or equivalent). At the time of purchase, the maturity or pre-refunded date(s) shall not exceed nine (9) months to maturity;
- h) Long-term obligations of either corporations or limited liability companies organized in the United States that have a significant presence in the State of Illinois, with assets exceeding \$500,000,000, and rated at the time of purchase at one (1) of the three (3) highest classifications established by at least two (2) standard rating services, (upper medium grade for the long-term rating of A- and above or equivalent). At the time of purchase, the maturity or pre-refunded date(s) shall not exceed ten (10) years;
- i) Money market mutual funds registered under the Investment Company Act of 1940 15 U.S.C. §80a-1;
- j) Securities in accordance with Federal Financial Institution Examination Council guideline only if the securities are collateralized at a satisfactory level to assure the safety of the securities, taking into account market value fluctuation. The securities may be collateralized by cash or collateral acceptable under Sections 11 and 11.1 of the Deposit of State Moneys Act. Securities lending cash collateral may be invested according to the Securities Lending Agreement between the Treasurer and the Treasurer's Agent;
- k) Interest-bearing savings accounts, interest-bearing certificates of deposit, interest-bearing time deposits or any other investments constituting direct obligations of any bank as defined by the Illinois Banking Act (205 ILCS 5/1 et seq.);
- l) Dividend-bearing share accounts, share certificate accounts, or class of share accounts of a credit union chartered under the laws of the State of Illinois or the United States that maintains its principal office in the State of Illinois;

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- m) Interest-bearing accounts for the deposit of funds in support of local community development efforts;
- n) The Illinois Public Treasurers Investment Pool, created under Section 17 of the State Treasurer Act (15 ILCS 505/17);
- o) Investments made in accordance with the Technology Development Act (30 ILCS 265/1 *et seq.*);
- p) Investments made in accordance with the Student Investment Act (110 ILCS 991/1 *et seq.*);
- q) Investments constituting direct obligations of a community development financial institution, which is certified by the United State Treasury Community Development Financial Institutions Fund and is operating in the State of Illinois;
- r) Investments constituting direct obligations of a minority depository institution, as designated by the Federal Deposit Insurance Corporation, that is operating in the State of Illinois; and
- s) Investments to support Illinois infrastructure development projects.

6.1 PRIVATE DEBT PLACEMENT

The Treasurer may invest any State money in the Treasury, excluding specific funds noted in the Deposit of State Moneys Act (15 ILCS 520/22.5), in intergovernmental investment agreements with the Office of the Illinois State Comptroller in order to facilitate the payment of vouchers, when the total amount of vouchers presented exceeds the funds available in the General Revenue Fund by \$1,000,000,000 or more. The total outstanding investments, at any given time, shall not exceed \$2,000,000,000.

The interest rate will be tied to the London Interbank Offered Rate (LIBOR), Secured Overnight Financing Rate (SOFR), the Federal Funds Rate or an equivalent market established variable rate. At no time shall the interest rate exceed the rate established under the State Prompt Payment Act. 30 ILCS 540/1 *et seq.* or the timely pay interest rate under Section 368a of the Illinois Insurance Code.

The Treasurer and Comptroller will mutually agree upon the funds in the Treasury that will be utilized for the investment(s).

The Treasurer and Comptroller shall enter into a written intergovernmental agreement that specifies the terms of each investment, including, but not limited to, the repayment of the principal and interest. The terms of each investment will be posted to the Treasurer's official website.

6.2 ADMINISTRATIVE TRUST FUNDS

Pursuant to the Deposit of State Moneys Act (15 ILCS 520/ 1 *et seq.*), the Treasurer may invest or reinvest up to five percent (5%) of the College Savings Pool Administrative Trust Fund, the Illinois Public Treasurer's Investment Pool (IPTIP) Administrative Trust Fund and the State Treasurer's Administrative Fund that is not needed for current expenditures due or about to become due in common or preferred stocks of publicly traded corporations, partnerships, or limited liability companies organized in the United States, with assets exceeding \$500,000,000 if:

- a) The purchases do not exceed one percent (1%) of the corporation's or the limited liability company's outstanding common and preferred stock;

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- b) No more than ten percent (10%) of the total funds are invested in any one publicly traded corporation, partnership, or limited liability company; and
- c) The corporation or the limited liability company has not been placed on the list of restricted companies by the Illinois Investment Policy Board under Section 1-110.16 of the Illinois Pension Code. 40 ILCS 5/1-110.16.

7.0 INVESTMENT RESTRICTIONS

The following investment restrictions apply to the State Investments portfolio:

- a) Any investments not authorized by this or any other investment policy or applicable law are prohibited;
- b) Repurchase agreements may only be executed with approved financial institutions or broker/dealers that meet the Treasurer's standards, which include mutual execution of a Master Repurchase Agreement adopted by the Treasurer;
- c) Investments in derivative products and leveraging of assets through reverse repurchase agreements are prohibited;
- d) All qualified repurchase agreement dealers, commercial paper issuers, and corporate bond issuers must have a corporate headquarters, corporate office, or operating location in the State of Illinois and that location must retain full-time staff employed within the State of Illinois or the dealer must have a significant economic presence in the State of Illinois as determined by the Treasurer;
- e) Commercial paper with a credit rating or evaluation that is derived from any factor other than the full faith and credit of the issuing institution and/or the guarantee of the parent company is prohibited;
- f) Obligations may not be purchased from a corporation or limited liability company that has been placed on the list of restricted companies by the Illinois Investment Policy Board under Section 1-110.16 of the Illinois Pension Code. 40 ILCS 5/1-110.16;
- g) Asset-backed securities and mortgage-backed securities of any kind are prohibited; and
- h) Investments may not be made in any savings and loan association unless a commitment by the savings and loan association, executed by the president or chief executive officer of that association, is submitted in the form required by Section 22.5 of the Deposit of State Moneys Act. 15 ILCS 520/22.5.

8.0 COLLATERALIZATION

The following shall apply:

- a) All State deposits, repurchase agreements, and securities lending shall be secured as required by the Treasurer and provided for by the Deposit of State Moneys Act (15 ILCS 520/1 et seq.) and the Treasurer's Acceptable Collateral Listing, which may change from time to time. The Treasurer may take possession and title to any securities held as collateral and hold such securities until it is prudent to dispose of them.

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- b) Securities lending cash or securities collateral shall have the meaning set forth in the Securities Lending Agreement between the Treasurer and a financial institution ("Treasurer's Agent"). The Treasurer's Agent may reinvest cash collateral as indicated in the Securities Lending Agreement. The Treasurer or Treasurer's Agent may take possession and title to any cash or securities held as collateral and hold such securities according to the Securities Lending Agreement.

9.0 CUSTODY AND SAFEKEEPING

The custody and safekeeping of collateral will be processed by Illinois financial institutions selected in compliance with the Treasurer's procurement rules at 44 Ill. Adm. Code 1400. Financial institutions selected by the Treasurer to perform custody and safekeeping services will be required to enter into a contractual agreement approved by the Treasurer's General Counsel. All security transactions entered into by the Treasurer shall be conducted on a delivery-versus-payment ("DVP") or receipt-versus-payment ("RVP") basis. Securities shall be held by a safekeeping agent designated by the Treasurer and evidenced by safekeeping receipts or a statement of holdings.

10.0 DIVERSIFICATION

In general, the primary purpose of diversification is to control credit and market risk. The State Investments portfolio shall be diversified to mitigate the risk of loss resulting from concentration of assets in a specific maturity, a specific issuer, or a specific class of securities. In order to properly manage any risk attendant to the investment of State assets, the State Investments will observe the following diversification guidelines, at the time of purchase:

- a) The State Investments portfolio shall seek to achieve diversification in the portfolio by distributing investments among authorized investment categories among financial institutions, issuers and broker/dealers.
- b) The State Investments portfolio shall not hold time deposits that constitute more than 10% of any single financial institution's total deposits.
- c) No financial institution shall at any time hold more than \$100,000,000 of time deposits other than community development deposits, described in Section 7 of the Deposit of State Moneys Act. 15 ILCS 520/7. Provided, however, that financial institutions that, as a result of a merger or acquisition, hold deposits that exceed \$100,000,000.00 may continue to be eligible to hold deposits that do not exceed the amount of deposits held on the date of the merger or acquisition.
- d) The State Investments portfolio shall not hold obligations of corporations or limited liability companies that exceed ten percent (10%) of the corporation's or the limited liability company's outstanding obligations.
- e) The State Investments portfolio shall not hold obligations of a municipality's bonds that exceed ten percent (10%) of the municipality's outstanding obligations.
- f) The State Investments portfolio shall not be invested in more than ten percent (10%) of each prime money market fund's assets (including all share classes) at any given time;
- g) The State Investments portfolio shall not invest more the five percent (5%) to support Illinois infrastructure development projects;

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- h) The State Investments portfolio shall not contain investments that exceed the following diversification limits. These limits will apply to the total assets in the State Investments portfolio at the time of the origination or purchase. As maturities and or calls of instruments occur, these limits will be monitored and adjusted accordingly:
- i. With the exception of cash equivalents, treasury securities and time deposits, as defined in Section 6.0 of this Policy, no more than fifty five percent (55%) of the State Investments portfolio shall be invested in other investment categories;
 - ii. No more than one-third (33%) of the State Investments portfolio shall be invested in short-term obligations of corporations or limited liability companies as defined by Section 6.0(g) of this Policy;
 - iii. No more than five percent (5%) of the State Investments portfolio shall be invested in short-term obligations of any one corporation or limited liability company as defined by Section 6.0(g) of this Policy;
 - iv. No more than twenty percent (20%) of the State Investments portfolio shall be invested in long-term obligations of corporations or limited liability companies as defined by Section 6.0(h) of this Policy;
 - v. No more than five percent (5%) of the State Investments portfolio shall be invested in long-term obligations of any one corporation or limited liability company as defined by Section 6.0(h) of this Policy;
 - vi. No more than ten percent (10%) of the State Investments portfolio shall be invested in municipal securities issued by counties or municipal corporations of the State of Illinois as defined by Section 6.0(e) of this Policy;
 - vii. No more than three percent (3%) of the State Investments portfolio shall be invested in any single issuer of municipal securities issued by counties or municipal corporations of the State of Illinois as defined by Section 6.0(e) of this Policy;
 - viii. If invested in more than three (3) prime money market funds, then no more than twenty-five percent (25%) of the portfolio's investments to prime money market funds may be placed with any one (1) prime money market fund option;
 - ix. No more than three-fourths of one percent ($\frac{3}{4}$ of 1%) of the State Investments portfolio shall be invested in foreign government securities, not to exceed a five (5) year maturity, as defined in Section 6.0(h) of this Policy;
 - x. No more than fifty-five percent (55%) of the State Investments portfolio shall be allocated to investments greater than two (2) years and less than or equal to three (3) years;
 - xi. No more than (thirty percent) 30% of the State Investments portfolio shall be allocated to investments greater than three (3) years and less than or equal to four (4) years, not including foreign government securities;
 - xii. No more than (twenty percent) 20% of the State Investments portfolio shall be allocated to investments greater than four (4) years and less than or equal to five (5) years;

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- xiii. No more than (fifteen percent) 15% of the State Investments portfolio shall be allocated to investments greater than five (5) years and no less than or equal to ten (10) years; and
- xiv. There shall be no limit to the percentage of the State Investments portfolio that may be allocated to investments with a zero to two-year (0- to 2) maturity band.

11.0 INTERNAL CONTROLS

The Treasurer and the Chief Investment Officer, or anyone else deemed appropriate by the Treasurer with the assistance of the Investment Policy Committee, shall establish a system of internal controls and written operational procedures that shall be documented and filed with the Treasurer's Chief Internal Auditor for review. The controls shall be designed to prevent the loss of public funds arising from fraud, employee error, misrepresentation by third parties, unanticipated changes in financial markets, or imprudent actions by authorized investment officers.

- a) Asset Allocation: The allocation of assets within investment categories authorized under Section 6.0 of this Policy shall be approved by the Chief Investment Officer or anyone else deemed appropriate by the Treasurer at least annually.
- b) Competitive Bidding: Authorized investment officers shall obtain competitive bids from at least three (3) broker/dealers prior to executing the purchase or sale of any authorized investments. Reverse inquiry investments, investments in a new issue, and investments defined under Sections 6(a)-(b) of this Policy purchased from the agency discount window are exempt from this provision.
- c) Certificates of Deposit: Authorized investment officers shall purchase certificates of deposit on the basis of a qualified financial institution's ability to pay a required rate of interest to the Treasurer. Such rate is generally determined on the basis of Treasury or other appropriate market rates for a comparable term.

12.0 LIABILITY

The standard of care to be used by authorized investment officers shall be the "prudent person" standard, which shall be applied in the context of managing an overall portfolio. Authorized investment officers, acting in accordance with written procedures and this Policy and exercising due diligence, will be relieved of personal liability for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely manner and necessary action is taken to control adverse developments.

13.0 REPORTING

Monthly reports shall be presented to the Investment Policy Committee for its review. The monthly report shall contain sufficient information to enable the Investment Policy Committee to review the investment portfolio, its effectiveness in meeting the needs of the Treasurer for safety, liquidity, rate of return, and diversification, and the general performance of the State Investments portfolio. The following information shall be included in the monthly reports:

- a) The total amount of funds held by the Treasurer;
- b) The current and historic performance of the portfolio as compared to benchmarks established by the Treasurer;
- c) The asset allocation for the investments made by the Treasurer;

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- d) Any circumstances resulting in a deviation from the standards established in Section 10.0 of this Policy; and
- e) Impact of any material change in investment policy adopted during the month.

The Treasurer shall provide performance reports in compliance with established industry reporting standards within six (6) months following the adoption of this Policy. Such reporting standards shall be in accordance with Generally Accepted Accounting Principles ("GAAP").

14.0 EXTERNAL ADVISORY COMMITTEE

The Investment Policy Committee may convene an External Advisory Committee at the direction of the Treasurer to provide independent advice and counsel to the Investment Policy Committee on investment policy, investments, and investment related issues for the benefit of all Illinois citizens.

15.0 EXCEPTIONS

The Deputy Treasurer & Chief Investment Officer or anyone else deemed appropriate by the Treasurer may issue exceptions to this Policy provided that they do not conflict with applicable State statutes governing the use and investment of the State Investments portfolio including, but not limited to, the State Treasurer Act, the Treasurer as Custodian of Funds Act, the Deposit of State Moneys Act, the Securities Safekeeping Act, and any other applicable statutes and it is reasonably assured that deviating from this Policy is in the best interest of the taxpayers.

16.0 EMERGENCY POWERS

In the event of an emergency, the Treasurer may, at his or her discretion, invoke emergency powers and suspend any or all of the provisions of this Policy, provided that:

- a) The Treasurer shall, even in the event that emergency powers are invoked, comply with all State statutes governing the use and investment of the State Investments portfolio including, but not limited to, the State Treasurer Act, the Treasurer as Custodian of Funds Act, the Deposit of State Moneys Act, the Securities Safekeeping Act, and any other applicable statute;
- b) The Treasurer reasonably believes that deviating from this Policy is in the best interest of the taxpayers; and
- c) Within thirty (30) days of invoking emergency powers the Treasurer shall provide an explanation in writing to the Chief Internal Auditor and the Investment Policy Committee, a copy of which shall be posted on the Treasurer's website that includes the following:
 - i. The date and time that the emergency powers were invoked;
 - ii. The date and time that emergency powers were repealed;
 - iii. The Section or Sections of this Policy that were affected by the emergency or use of emergency powers; and
 - iv. The reason for invoking emergency powers resulting in the deviation from this Policy.

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17.0 STATUTORY REFERENCES

Any statutory references in this policy shall include any amendments to or repeals of those statutes.

18.0 AMENDMENTS

The Treasurer reserves the right to amend this Policy at any time.

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Appendix A

**Investment Policy Statement for the State Investments Portfolio's Externally Managed
Municipal Securities**

1.0 POLICY

Under this instrument, the Illinois State Treasurer's Investment Policy for Externally Managed Municipal Securities ("Policy"), it is the policy of the Illinois State Treasurer's Office ("Treasurer") to invest all funds under its control in a manner that provides the highest risk-adjusted investment return, using authorized instruments.

This Policy applies to all investments entered into by any of the Treasurer's external investment managers of municipal securities on or after the adoption of this Policy.

2.0 OBJECTIVE

The primary objective in the investment of State funds by any external investment manager of municipal securities is to ensure the safety of principal and provide the highest risk-adjusted investment return, using authorized instruments.

2.1 SAFETY

The safety of principal is an objective of the investment program. Investments managed externally on behalf of the Treasurer shall be undertaken in a manner that seeks to ensure the preservation of capital in the portfolio. To achieve this objective, diversification, as defined in Section 7.0 of this Policy, is required to ensure that the Treasurer prudently manages market, operational, reputational, financial, legal, sustainability, interest rate and credit risks.

2.2 RETURN ON INVESTMENT

The investment portfolio shall be designed and constructed to obtain the highest available return, given the safety of principal objective. The external investment manager shall seek to obtain the highest available return, using the authorized investments set forth in Section 5.0 of this Policy.

The rate of return achieved on the externally managed funds, for portfolios containing municipal securities, shall be measured at regular intervals against the Bloomberg Barclays U.S. 1-10 Year Municipals Index or other indexes mutually agreed upon by the Treasurer and external investment manager, to determine the effectiveness of investment decisions in meeting the Treasurer's investment goals. The benchmark shall be reviewed annually by the Treasurer to ensure accuracy and relevance.

2.3 SUSTAINABILITY

The Treasurer seeks to invest all funds under its control in a manner that provides the highest risk-adjusted investment return using authorized instruments. Pursuant to the Illinois Sustainable Investing Act (30 ILCS 238), the Treasurer's external investment managers shall prudently integrate sustainability factors into its investment decision-making, investment analysis, portfolio construction, risk management, due diligence, and investment ownership in order to maximize anticipated financial returns, minimize projected risk, and more effectively execute its fiduciary duty. As such, consistent with achieving the foremost investment objectives of the Treasurer set forth herein, the Treasurer and its external investment managers shall

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prudently integrate sustainability factors into its investment processes.

The sustainability analysis adds an additional layer of rigor to the fundamental analytical approach and helps assess the reliability of future cash flows and debt repayments. Similar to financial accounting, sustainability accounting has both confirmatory and predictive value, thus, it can be used to evaluate past performance and be used for future planning and decision-making. As a complement to financial accounting, it provides a more complete view of an investment fund or portfolio company's performance on material factors likely to impact its long-term value.

Sustainability factors may include, but are not limited to, the following:

- a) Corporate governance and leadership factors, such as the independence of boards and auditors, the expertise and competence of corporate boards and executives, systemic risk management practices, executive compensation structures, transparency and reporting, leadership diversity, regulatory and legal compliance, shareholder rights, and ethical conduct.
- b) Environmental factors that may have an adverse or positive financial impact on investment performance, such as greenhouse gas emissions, air quality, energy management, water and wastewater management, waste and hazardous materials management, and ecological impacts.
- c) Social capital factors that impact relationships with key outside parties, such as customers, local communities, the public, and the government, which may impact investment performance. Social capital factors include human rights, customer welfare, customer privacy, data security, access and affordability, selling practices and product labeling, community reinvestment, and community relations.
- d) Human capital factors that recognize that the workforce is an important asset to delivering long-term value, including factors such as labor practices, responsible contractor and responsible bidder policies, employee health and safety, employee engagement, diversity and inclusion, and incentives and compensation.
- e) Business model and innovation factors that reflect an ability to plan and forecast opportunities and risks, and whether a company can create long-term shareholder value, including factors such as supply chain management, materials sourcing and efficiency, business model resilience, product design and life cycle management, and physical impacts of climate change.

The Treasurer shall develop policy guidelines to integrate material sustainability risks relevant to particular financial products, investment funds, companies, or government bodies, which shall be provided to internal and external investment managers to factor into their investment decision-making. The policy guidelines for integrating sustainability factors shall be reviewed and updated every two (2) years at a minimum to ensure consistency within the rapidly evolving global economy.

The Treasurer's external investment managers shall identify and select authorized investment options that meet the Treasurer's criteria for sustainable investing opportunities and risk parameters and fall within the framework of the investment objectives.

3.0 ETHICS AND CONFLICTS OF INTEREST

External managing firm employees making investment decisions on behalf of the Treasurer shall refrain from personal business activity that could conflict or give the appearance of a conflict with this Policy or impair their ability to make impartial investment decisions. Any individuals with such a conflict or impairment

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shall disclose to the Treasurer any material conflicts of interest or impairment. If permitted by the Treasurer to proceed, such individuals shall subordinate their personal investment transactions to those of the investment portfolio, particularly with regard to the time of purchases and sales.

4.0 BROKERS/DEALERS

The external investment manager, on behalf of the Treasurer, shall seek to provide a preference to qualified brokers/dealers that provide proof of minority-, female-, disabled-, and/or military veteran-owned or -managed status and brokers/dealers that provide proof that their corporate headquarters are located in the State of Illinois.

5.0 INVESTMENT PARAMETERS:

The Treasurer has authorized the purchase of municipal securities, subject to the provisions of the Deposit of State Moneys Act (15 ILCS 520/1 *et seq.*), and the following:

- a) Municipal securities ("securities") must be issued by any counties or municipal corporations of the State of Illinois;
- b) Securities may be taxable or tax exempt;
- c) Securities must be interest-bearing;
- d) At a maximum, securities must have a maturity or pre-refunded date of ten (10) years from the time of purchase;
- e) Securities shall be rated within three (3) intermediate credit ratings of United States' sovereign credit rating but not less than an A-, or an equivalent rating by at least one (1) accredited rating agency with nationally recognized expertise in rating bonds of states and their political subdivisions ("Rating Agency"), at the time of purchase;
- f) If the securities are credit enhanced with bond insurance policies, the external investment manager will apply the securities' underlying credit ratings or bond insurer' credit rating, whichever is greater. There will be no limit on the percentage of credit enhanced bonds with an underlying issuer rating not less than A-, or its equivalent by a Rating Agency, in the externally managed portfolio.

For securities with credit enhancements with an underlying issuer rating below A-, or its equivalent by a Rating Agency, the external investment manager will not hold more than 10% of securities guaranteed by a single bond insurer in the externally managed portfolio. Bond insurance policies issued by the following companies are permissible, or other bond insurance policies mutually agreed upon by the Treasurer and external investment manager;

- i. Assured Guaranty Municipal Corporation;
- ii. Assured Guaranty Corporation;
- iii. Build America Mutual; and
- iv. National Public Finance Guarantee.

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- g) Should a security be downgraded below A3/A-, the external investment managers will provide written notification to the Treasurer in order to determine the appropriate action (sell or hold) based on the perceived risk and expected return.

6.0 INVESTMENT RESTRICTIONS

The Treasurer's external investment managers may not invest in the following types of investments:

- a) Any investments not authorized by this Policy, any other investment policy of the Treasurer, or applicable law are prohibited; or
- b) Any investments prohibited by Section 22.6 of the Deposit of State Monies Act.

7.0 DIVERSIFICATION

The externally managed municipal securities shall be diversified to mitigate the risk of loss resulting from concentration of assets in a specific maturity or a specific issuer. In order to properly manage any risk attendant to the investment of State assets, the external investment managers shall not deviate from the following diversification guidelines unless specifically authorized by the Treasurer in writing:

- a) The Treasurer's external investment managers shall seek to achieve diversification in the portfolio by distributing investments among issuers and broker/dealers; and
- b) The externally managed municipal securities shall not contain investments that exceed the lesser of 25% of an issuance or \$5,000,000.00.

8.0 INTERNAL CONTROLS

The Treasurer's external investment managers shall establish a system of internal controls and written operational procedures and share them with the Treasurer. The controls shall be designed to prevent the loss of public funds arising from fraud, employee error, and misrepresentation by third parties, unanticipated changes in financial markets, or imprudent actions by authorized investment officers.

9.0 DUE DILIGENCE

The Treasurer's external investment managers will perform due diligence, including, but not limited to, research and financial analysis of municipal securities and legal compliance with federal and State laws, rules, and regulations, and the Treasurer's investment policies.

10.0 RISK MANAGEMENT

The Treasurer's external investment managers will establish risk management protocols to mitigate risk, including but not limited to, credit risks, liquidity risks, market risks, operational risks, reputational risks, and legal risks for the Treasurer.

11.0 LIMITATION OF LIABILITY

External managing firm employees making investment decisions on behalf of the Treasurer shall use the "prudent person" standard, which shall be applied in the context of managing an overall municipal securities portfolio. Such individuals who act in accordance with this Policy and exercise due diligence will be relieved of personal liability for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely manner and necessary action is taken to control adverse developments.

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12.0 REPORTING

The external investment manager shall present monthly reports to the Treasurer for review. The monthly reports shall contain sufficient information for the Treasurer to evaluate the investment portfolio; its effectiveness in meeting the Treasurer's standards for safety, liquidity, rate of return, and diversification; and the general performance of the portfolio. At a minimum, the following information shall be included in the monthly reports:

- a) Change in market value of the securities;
- b) Rating changes of the securities;
- c) Portfolio performance and characteristics;
- d) Benchmark comparison;
- e) Portfolio transaction detail and holdings, including any supporting research documentation; and
- f) Listing of all securities held with a rating less than A-, or equivalent, with supporting research documentation.

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Appendix B

**Investment Policy Statement for the State Investments Portfolio's Externally Managed Investment
Grade Credit Securities**

1.0 POLICY

Under this instrument, the Illinois State Treasurer's Investment Policy for Externally Managed Investment Grade Credit Securities ("Policy"), it is the policy of the Illinois State Treasurer's Office ("Treasurer") to invest all funds under its control in a manner that provides the highest risk-adjusted investment return, using authorized instruments.

This Policy applies to all investments entered into by any of the Treasurer's external investment managers of investment grade credit securities on or after the adoption of this Policy.

2.0 OBJECTIVE

The primary objective in the investment of State funds by any external investment manager of investment grade credit securities is to ensure the safety of principal and provide the highest risk-adjusted investment return, using authorized instruments.

2.1 SAFETY

The safety of principal is an objective of the investment program. Investments managed externally on behalf of the Treasurer shall be undertaken in a manner that seeks to ensure the preservation of capital in the portfolio. To achieve this objective, diversification, as defined in Section 7.0 of this Policy, is required to ensure that the Treasurer prudently manages market, operational, reputational, financial, legal, sustainability, interest rate, and credit risks.

2.2 RETURN ON INVESTMENT

The investment portfolio shall be designed and constructed to obtain the highest available return, given the safety of principal objective. The external investment manager shall seek to obtain the highest available return, using the authorized investments set forth in Section 5.0 of this Policy.

The rate of return achieved on the externally managed funds shall be measured at regular intervals against the Bloomberg Barclay's U.S. Corporate A+ 1-5 Yr Credit Index, or other indexes mutually agreed upon by the Treasurer and external investment manager, to determine the effectiveness of investment decisions in meeting the Treasurer's investment goals. The benchmark shall be reviewed annually by the Treasurer to ensure accuracy and relevance.

2.3 SUSTAINABILITY

The Treasurer seeks to invest all funds under its control in a manner that provides the highest risk-adjusted investment return using authorized instruments. Pursuant to the Illinois Sustainable Investing Act (30 ILCS 238), the Treasurer's external investment managers shall prudently integrate sustainability factors into its investment decision-making, investment analysis, portfolio construction, risk management, due diligence, and investment ownership in order to maximize anticipated financial returns, minimize projected risk, and more effectively execute its fiduciary duty. As such, consistent with achieving the foremost investment objectives of the Treasurer set forth herein, the Treasurer and its external investment managers shall prudently integrate sustainability factors into its investment processes.

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The sustainability analysis adds an additional layer of rigor to the fundamental analytical approach and helps assess the reliability of future cash flows and debt repayments. Similar to financial accounting, sustainability accounting has both confirmatory and predictive value, thus, it can be used to evaluate past performance and be used for future planning and decision-making. As a complement to financial accounting, it provides a more complete view of an investment fund or portfolio company's performance on material factors likely to impact its long-term value.

Sustainability factors may include, but are not limited to, the following:

- a) Corporate governance and leadership factors, such as the independence of boards and auditors, the expertise and competence of corporate boards and executives, systemic risk management practices, executive compensation structures, transparency and reporting, leadership diversity, regulatory and legal compliance, shareholder rights, and ethical conduct.
- b) Environmental factors that may have an adverse or positive financial impact on investment performance, such as greenhouse gas emissions, air quality, energy management, water and wastewater management, waste and hazardous materials management, and ecological impacts.
- c) Social capital factors that impact relationships with key outside parties, such as customers, local communities, the public, and the government, which may impact investment performance. Social capital factors include human rights, customer welfare, customer privacy, data security, access and affordability, selling practices and product labeling, community reinvestment, and community relations.
- d) Human capital factors that recognize that the workforce is an important asset to delivering long-term value, including factors such as labor practices, responsible contractor and responsible bidder policies, employee health and safety, employee engagement, diversity and inclusion, and incentives and compensation.
- e) Business model and innovation factors that reflect an ability to plan and forecast opportunities and risks, and whether a company can create long-term shareholder value, including factors such as supply chain management, materials sourcing and efficiency, business model resilience, product design and life cycle management, and physical impacts of climate change.

The Treasurer shall develop policy guidelines to integrate material sustainability risks relevant to particular financial products, investment funds, companies, or government bodies, which shall be provided to internal and external investment managers to factor into their investment decision-making. The policy guidelines for integrating sustainability factors shall be reviewed and updated every two (2) years at a minimum to ensure consistency within the rapidly evolving global economy.

The Treasurer's external investment managers shall identify and select authorized investment options that meet the Treasurer's criteria for sustainable investing opportunities and risk parameters and fall within the framework of the investment objectives.

3.0 ETHICS AND CONFLICTS OF INTEREST

External managing firm employees making investment decisions on behalf of the Treasurer shall refrain from personal business activity that could conflict or give the appearance of a conflict with this Policy or impair their ability to make impartial investment decisions. Any individuals with such a conflict or impairment shall disclose to the Treasurer any material conflicts of interest or impairment. If permitted by the Treasurer to proceed, such individuals shall subordinate their personal investment transactions to those of the investment portfolio, particularly with regard to the time of purchases and sales.

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4.0 BROKERS/DEALERS

The external investment manager, on behalf of the Treasurer, shall seek to provide a preference to qualified brokers/dealers that provide proof of minority-, female-, disabled-, and/or military veteran-owned or -managed status and brokers/dealers that provide proof that their corporate headquarters are located in the State of Illinois.

5.0 INVESTMENT PARAMETERS

The Treasurer has authorized the purchase of investment grade credit securities, subject to the provisions of the Deposit of State Moneys Act (15 ILCS 520/1 *et seq.*), and the following:

- a) Securities must be issued by corporations or limited liability companies ("securities/security") organized in the United States that have a significant presence in the State of Illinois and assets exceeding \$500,000,000;
- b) At the time of purchase, the maturity of the securities shall not exceed ten (10) years;
- c) Securities must be rated at the time of purchase by one of the three (3) highest classifications established by at least two (2) standard rating services, but not less than an A- long-term rating or equivalent;
- d) The corporation or limited liability company has not been placed on the list of restricted companies by the Illinois Investment Policy Board under Section 1-11.16 of the Illinois Pension Code;
- e) The Treasurer's external investment managers will not purchase investment grade credit securities that are credit enhanced by mortgages or the collection of mortgages;
- f) Investment grade credit securities with credit enhancements based on tangible assets pledged as collateral for the bond will not exceed twenty percent (20%) of the overall externally managed portfolio; and
- g) Should a security be downgraded below A3/A-, or equivalent rating, the external investment managers will provide written notification to the Treasurer in order to determine the appropriate action (sell or hold) based on the perceived risk and expected return.

6.0 INVESTMENT RESTRICTIONS

The Treasurer's external investment managers may not invest in the following types of investments:

- a) Any investments not authorized by this Policy, any other investment policy of the Treasurer, or applicable law are prohibited; or
- b) Any investments prohibited by Section 22.6 of the Deposit of State Monies Act.

7.0 DIVERSIFICATION

The externally managed investment grade credit securities shall be diversified to mitigate the risk of loss resulting from concentration of assets in a specific maturity or a specific issuer. In order to properly manage any risk attendant to the investment of State assets, the external investment managers shall not deviate from the following diversification guidelines, unless specifically authorized by the Treasurer in writing:

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- a) The Treasurer's external investment managers shall seek to achieve diversification in the portfolio by distributing investments among issuers and broker/dealers; and
- b) Purchases cannot exceed ten percent (10%) of the corporation's or the limited liability company's outstanding obligations.

8.0 INTERNAL CONTROLS

The Treasurer's external investment managers shall establish a system of internal controls and written operational procedures and share them with the Treasurer. The controls shall be designed to prevent the loss of public funds arising from fraud, employee error, and misrepresentation by third parties, unanticipated changes in financial markets, or imprudent actions by authorized investment officers.

9.0 DUE DILIGENCE

The Treasurer's external investment managers will perform due diligence, including, but not limited to, research and financial analysis of investment grade credit securities and legal compliance with federal and State laws, rules, and regulations, and the Treasurer's investment policies.

10.0 RISK MANAGEMENT

The Treasurer's external investment managers will establish risk management protocols to mitigate risk, including but not limited to, credit risks, liquidity risks, market risks, operational risks, reputational risks, and legal risks for the Treasurer.

11.0 LIMITATION OF LIABILITY

External managing firm employees making investment decisions on behalf of the Treasurer shall use the "prudent person" standard, which shall be applied in the context of managing an overall investment grade credit portfolio or a portfolio containing both investment grade credit and municipal securities. Such individuals who act in accordance with this Policy and exercise due diligence will be relieved of personal liability for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely manner and necessary action is taken to control adverse developments.

12.0 REPORTING

The external investment manager shall present monthly reports to the Treasurer for review. The monthly reports shall contain sufficient information for the Treasurer to evaluate the investment portfolio; its effectiveness in meeting the Treasurer's standards for safety, liquidity, rate of return, and diversification; and the general performance of the portfolio. At a minimum, the following information shall be included in the monthly reports:

- a) Change in market value of the securities;
- b) Rating changes of the securities;
- c) Portfolio performance and characteristics; Benchmark comparison;
- d) Portfolio transaction detail and holdings, including any supporting research documentation; and
- e) Listing of all securities held with a rating less than A3/A-, or equivalent, with supporting research documentation.

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(UNAUDITED)**

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1.0 POLICY

Under this instrument, the Office of the Illinois State Treasurer's Investment Policy Statement for the State Investments portfolio ("Policy"), it is the policy of the Illinois State Treasurer's Office ("Treasurer") to invest all moneys and securities deposited with the Treasurer (collectively, the "State Investments portfolio") in a manner that will provide safety to the principal investment, meet the State's daily cash flow demands, and seek the highest risk-adjusted investment return, using authorized instruments and supporting community development efforts, in accordance with all State statutes governing the investment of public funds.

This Policy applies to all investments of the State Investments portfolio entered into on or after the adoption of this instrument. Investments made prior to the adoption of this Policy will continue to be governed by the policy in effect at the time such investments were made, until the maturity or selling of such investments.

This Policy applies to any investment under the stewardship of the Treasurer for which no other specific investment policy exists.

2.0 INVESTMENT POLICY COMMITTEE

The Treasurer affirms the existence of the Investment Policy Committee. The Investment Policy Committee shall be chaired by the Treasurer and include the following members of the Treasurer's staff: Deputy Treasurer & Chief Investment Officer, Chief of Staff, Chief Financial Products Officer, Chief Legislative and Policy Officer, General Counsel, Director of State Investments and Banking, Director of Investment Analysis and Due Diligence, Director of Fiscal Operations, Director of IPTIP Investments, Director of ePAY and The Illinois Funds, Director of Portfolio and Risk Analytics, Director of Corporate Engagement & Investment Operations, State Investments - Portfolio Management Officer and anyone else deemed appropriate by the Treasurer.

The Deputy Treasurer & Chief Investment Officer, who bears responsibility for the administration, planning, development, and implementation of all financial and investment strategies per the direction of the Treasurer, shall assist the Treasurer in executing the duties and activities of the Investment Policy Committee.

3.0 OBJECTIVE

The primary objective in the investment of the State Investments portfolio is to ensure the safety of principal. In addition, it is the Treasurer's objective to manage liquidity for payment of the State's financial obligations and provide the highest investment return, using authorized instruments, while prudently exercising sustainable stewardship in its investment decision-making.

3.1 Safety

The safety of principal is the foremost objective of the state's investments. State Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the portfolio. To achieve this objective, diversification, as defined in Section 10.0 of this Policy, and investment stewardship is required to ensure that the Treasurer prudently manages market, operational, reputational, financial, legal, sustainability, interest rate, and credit risks.

3.2 Liquidity

The State Investments portfolio shall remain sufficiently liquid to enable the State to meet all operating and cash flow requirements that might be reasonably projected.

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3.3 Return on Investment

The State Investments portfolio shall be designed and constructed to obtain the highest available risk-adjusted return, given the objectives of safety of principal and liquidity. The Director of State Investments and Banking or equivalent there to shall seek to obtain the highest available return, using authorized investments during budgetary and economic cycles as mandated by Section 1.0 of this Policy. When the Treasurer deposits funds in support of community development efforts, the rate of return may include benefits other than direct investment earnings, as authorized by Section 7 of the Deposit of State Moneys Act (15 ILCS 520/7).

The rate of return achieved on the State Investments portfolio shall be measured at regular intervals against relevant industry benchmarks, established by the Investment Policy Committee, to determine the effectiveness of investment decisions in meeting investment goals. The benchmarks shall be reviewed a minimum of every two (2) years to ensure accuracy and relevance.

3.4 Sustainability

The Treasurer seeks to invest all funds under its control in a manner that provides the highest risk-adjusted investment return using authorized instruments. Pursuant to the Illinois Sustainable Investing Act (30 ILCS 238/1 et seq.), the Treasurer shall prudently integrate sustainability factors into its investment decision-making, investment analysis, portfolio construction, risk management, due diligence, and investment ownership in order to maximize anticipated financial returns, minimize projected risk, and more effectively execute its fiduciary duty. As such, consistent with achieving the foremost investment objectives of the Treasurer set forth herein, the Treasurer and its agents shall prudently integrate sustainability factors into its investment processes.

The sustainability analysis adds an additional layer of rigor to the fundamental analytical approach and helps assess the reliability of future cash flows and debt repayments. Similar to financial accounting, sustainability accounting has both confirmatory and predictive value, thus, it can be used to evaluate past performance, future planning and decision-making. As a complement to financial accounting, it provides a more complete view of an investment fund or portfolio company's performance on material factors likely to impact its long-term value.

Sustainability factors may include, but are not limited to, the following:

- a) Corporate governance and leadership factors, such as the independence of boards and auditors, the expertise and competence of corporate boards and executives, systemic risk management practices, executive compensation structures, transparency and reporting, leadership diversity, regulatory and legal compliance, shareholder rights, and ethical conduct.
- b) Environmental factors that may have an adverse or positive financial impact on investment performance, such as greenhouse gas emissions, air quality, energy management, water and wastewater management, waste and hazardous materials management, and ecological impacts.
- c) Social capital factors that impact relationships with key outside parties, such as customers, local communities, the public, and the government, which may impact investment performance. Social capital factors include human rights, customer welfare, customer privacy, data security, access and affordability, selling practices and product labeling, community reinvestment, and community relations.

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- d) Human capital factors that recognize that the workforce is an important asset to delivering long-term value, including factors such as labor practices, responsible contractor and responsible bidder policies, employee health and safety, employee engagement, diversity and inclusion, and incentives and compensation.
- e) Business model and innovation factors that reflect an ability to plan and forecast opportunities and risks, and whether a company can create long-term shareholder value, including factors such as supply chain management, materials sourcing and efficiency, business model resilience, product design and life cycle management, and physical impacts of climate change.

The Treasurer shall develop policy guidelines to integrate material sustainability risks relevant to particular financial products, investment funds, companies, and government bodies, which shall be provided to internal and external investment managers to factor into their investment decision-making. The policy guidelines for integrating sustainability factors shall be reviewed and updated a minimum of every two (2) years to ensure consistency within the rapidly evolving global economy.

The State Investments portfolio's investment officers shall identify and select authorized investment options that meet the Treasurer's criteria for sustainable investing opportunities and risk parameters and fall within the framework of the investment objectives.

4.0 ETHICS AND CONFLICTS OF INTEREST

Authorized investment officers and employees in policy-making positions shall refrain from personal business activity that could (a) conflict, or give the appearance of a conflict, with proper execution of the investment program or (b) impair their ability to make impartial investment decisions. Such individuals shall disclose to the Treasurer any material and relevant financial interests, as determined by the Treasurer, in financial institutions that conduct business within the State, and they shall further disclose any personal financial investment positions that could be related to the performance of the State Investments portfolio. In addition, such individuals shall subordinate their personal investment transactions to those of the State Investments portfolio, particularly with regard to the time of purchases and sales.

5.0 AUTHORIZED BROKER/DEALERS AND FINANCIAL INSTITUTIONS

Authorized investment staff shall utilize the Treasurer's approved list of broker/dealers and financial institutions when selecting institutions to provide investment services.

The security brokers/dealers shall be selected according to their creditworthiness and their financial significance in the State, which shall be measured in terms of the location of the broker/dealer's corporate office, the number of full-time employees, the size of its payroll, or the extent that the broker/dealer has an economic presence in the State. The list may include "primary" dealers or regional dealers who qualify under Securities and Exchange Commission Rule 17 CFR § 15Cc3-1 (Net Capital Requirements for Brokers or Dealers). All brokers/dealers interested in becoming qualified parties for investment transactions must supply the Treasurer's authorized investment staff with the following documents or the equivalent acceptable to the Treasurer, where applicable:

- a) Audited financial statements or a published Statement of Condition;
- b) Proof of minority-, woman-, disabled-, and/or veteran-owned or -managed broker/dealer status;
- c) A signed copy of the Treasurer's account authorization agreement;
- d) Proof of National and State of Illinois registration;

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- e) Completed Counterparty Questionnaire;
- f) Certification of notice and acknowledgment of this Policy; and
- g) Any other documentation deemed necessary by the Treasurer.

If approved, a broker/dealer will be placed on a list of qualified parties for investment transactions. An annual review of the financial condition and registration of qualified parties will be conducted by the Treasurer's authorized investment staff. More frequent reviews may be conducted if warranted.

The Treasurer shall maintain a list of approved financial institutions, which shall be utilized by authorized investment officers. Pursuant to 15 ILCS 505/30, the Treasurer shall review a financial institution's Community Reinvestment Act ("CRA") rating, record, and current level of financial commitment to the community prior to making a decision to utilize or determine the eligibility of such financial institutions. No State funds may be deposited in any financial institution unless the institution has a current satisfactory or outstanding rating under the CRA. Exceptions to the CRA rating requirement may be granted, by the Deputy Treasurer, to financial institutions for participation in the Treasurer's Community Development Linked Deposit and Access to Capital Programs.

State funds may not be deposited in any financial institution unless the Treasurer's investment staff have conducted a safety and soundness review of the financial institution by consulting various bank rating services. If the financial institution has not yet been rated by the bank rating services, the institution may be eligible for a deposit that at maturity will not exceed \$250,000. The amount and duration of deposits shall be based on the safety and soundness review, in accordance with guidelines established by the Investment Policy Committee, and the diversification limits set forth in Section 10.0 of this Policy. No public deposit may be made, except in a qualified public depository, as defined by the Deposit of State Moneys Act. 15 ILCS 520/1 *et seq.*

5.1 External Investment Consultants

To the extent that the Investment Policy Committee deems it advisable to hire external investment consultants, it may do so in accordance with the Treasurer's procurement rules at 44 Ill. Admin. Code § 1400.

5.2 Preference for Broker/Dealers Owned by Minorities, Women, Military Veterans, and Persons with Disabilities

Pursuant to 15 ILCS 505/30, it shall be the aspirational goal of the Treasurer to use businesses owned by or under the control of qualified veterans of the armed forces of the United States, qualified service-disabled veterans, minority persons, women, or persons with a disability for not less than 25% of the total dollar of purchases of investment securities, including, but not limited to, the use of broker/dealers. Beginning with fiscal year 2019, and at least annually thereafter, the Treasurer shall measure and report its utilization of broker/dealers owned or under the control of qualified veterans of the armed forces of the United States, qualified service-disabled veterans, minority persons, women, or persons with a disability. The report shall be published on the Treasurer's official website.

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The terms "minority person", "woman", "person with a disability", "minority-owned business", "women-owned business", "business owned by a person with a disability", and "control" have the meanings provided in Section 1 of the Business Enterprise for Minorities, Women, and Persons with Disabilities Act (30 ILCS 575/1 et seq.). The terms "veteran", "qualified veteran-owned small business", "qualified service-disabled veteran-owned small business", "qualified service-disabled veteran", and "armed forces of the United States" have the meanings provided in Article 1 of the Illinois Procurement Code (30 ILCS 500/1 et seq.).

To the greatest extent feasible within the bounds of financial and fiduciary prudence, it is the policy of the Treasurer to remove any barriers to the full participation in investment transactions afforded via the investment program by actively identifying and considering for hire brokers/dealers that provide proof of minority-, female-, disabled-, and/or veteran-owned or -managed status. The Treasurer shall establish a process by which said specially claimed statuses are verified, and a review shall be conducted at fixed intervals to ensure that special statuses continue to apply.

5.3 Preference for Broker/Dealers Headquartered in Illinois

The Treasurer shall seek to provide preference to qualified brokers/dealers that provide proof that their corporate headquarters is located in the State of Illinois. In doing so, the Treasurer shall establish a process to verify the location of broker/dealers' corporate headquarters, and a review shall be conducted at fixed intervals to ensure that the Illinois-based location continues to apply.

Beginning with fiscal year 2019, and at least annually thereafter, the Treasurer shall measure and report its utilization of broker/dealers with headquarters located in the State of Illinois. The report shall be published on the Treasurer's official website.

6.0 AUTHORIZED AND SUITABLE INVESTMENTS

The following investments are authorized pursuant, subject to the Deposit of State Moneys Act (15 ILCS 520/22.5) and the Public Funds Investment Act (30 ILCS 235/2):

- a) Federally guaranteed obligations that receive the full faith and credit of the United States of America ("United States") as to principal and interest;
- b) Obligations of agencies of the United States, as originally issued by the agencies. For purposes of this Section, the term "agencies of the United States" includes the following: federal land banks, federal intermediate credit banks, banks for cooperative, federal farm credit banks or any other entity authorized to issue debt obligations under the Farm Credit Act of 1971 as amended, the federal home loan banks and the federal home loan mortgage corporation, and any other agency created or supported through an Act of Congress and issues United States dollar-denominated debt;
- c) Obligations of instrumentalities of the United States, as originally issued by the instrumentalities. For the purposes of this section, the term "instrumentalities of the United States" is an instrumentality created or supported through an Act of Congress and issues United States dollar-denominated debt;
- d) Obligations of a foreign government that are guaranteed by the full faith and credit of that government as to principal and interest and rated at one (1) of the three (3) highest classifications established by at least two (2) standard rating services, (upper medium grade for the long-term rating of A- and above or equivalent), and only if the foreign government has not defaulted and has met its payment obligations in a timely manner on all similar obligations for at least twenty-five (25) years prior to the time of acquiring those obligations;
- e) Interest-bearing bonds, issued by counties or municipal corporations of the State of Illinois, whether

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the interest earned thereon is taxable or tax-exempt under federal law. The bonds shall be registered in the name of the State of Illinois or held under a custodial agreement at a financial institution. The bonds shall be rated at the time of purchase at one (1) of the three (3) highest classifications established by at least one (1) standard rating service with nationally recognized expertise in rating bonds of states and their political subdivisions, (upper medium grade for the long-term rating of A- and above or equivalent). The maturity or pre-refunded date(s) of the bonds authorized by this subsection shall, at the time of purchase, not exceed ten (10) years. Notwithstanding the foregoing, a longer maturity is authorized, if the State of Illinois has a put option to tender the bonds within ten (10) years from the date of purchase;

- f) Repurchase agreements of government securities having the meaning set out in the Government Securities Act of 1986 (15 U.S.C. § 780-5);
- g) Short-term obligations of either corporations or limited liability companies organized in the United States with assets exceeding \$500,000,000 and rated at the time of purchase at one of the two (2) highest classifications established by at least two (2) standard rating services (short-term rating of A-2 and above or equivalent). At the time of purchase, the maturity or pre-refunded date(s) shall not exceed two hundred and seventy (270) days to maturity;
- h) Long-term obligations of either corporations or limited liability companies organized in the United States that have a significant presence in the State of Illinois, with assets exceeding \$500,000,000, and rated at the time of purchase at one (1) of the three (3) highest classifications established by at least two (2) standard rating services, (upper medium grade for the long-term rating of A- and above or equivalent). At the time of purchase, the maturity or pre-refunded date(s) shall not exceed ten (10) years;
- i) Money market mutual funds registered under the Investment Company Act of 1940 15 U.S.C. §80a-1;
- j) Securities in accordance with Federal Financial Institution Examination Council guideline only if the securities are collateralized at a satisfactory level to assure the safety of the securities, taking into account market value fluctuation. The securities may be collateralized by cash or collateral acceptable under Sections 11 and 11.1 of the Deposit of State Moneys Act. Securities lending cash collateral may be invested according to the Securities Lending Agreement between the Treasurer and the Treasurer's Agent;
- k) Interest-bearing savings accounts, interest-bearing certificates of deposit, interest-bearing time deposits or any other investments constituting direct obligations of any bank as defined by the Illinois Banking Act (205 ILCS 5/1 et seq.);
- l) Dividend-bearing share accounts, share certificate accounts, or class of share accounts of a credit union chartered under the laws of the State of Illinois or the United States that maintains its principal office in the State of Illinois;
- m) Interest-bearing accounts for the deposit of funds in support of local community development efforts;
- n) The Illinois Public Treasurers Investment Pool, created under Section 17 of the State Treasurer Act (15 ILCS 505/17); and
- o) Investments made in accordance with the Technology Development Act (30 ILCS 265/1 et seq.).

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6.1 Private Debt Placement

The Treasurer may invest any State money in the Treasury, excluding specific funds noted in the Deposit of State Moneys Act (15 ILCS 520/22.5), in intergovernmental investment agreements with the Office of the Illinois State Comptroller in order to facilitate the payment of vouchers, when the total amount of vouchers presented exceeds the funds available in the General Revenue Fund by \$1,000,000,000 or more. The total outstanding investments, at any given time, shall not exceed \$2,000,000,000.

The interest rate will be tied to the London Interbank Offered Rate (LIBOR), Secured Overnight Financing Rate (SOFR), the Federal Funds Rate or an equivalent market established variable rate. At no time shall the interest rate exceed the rate established under the State Prompt Payment Act. 30 ILCS 540/1 et seq. or the timely pay interest rate under Section 368a of the Illinois Insurance Code.

The Treasurer and Comptroller will mutually agree upon the funds in the Treasury that will be utilized for the investment(s).

The Treasurer and Comptroller shall enter into a written intergovernmental agreement that specifies the terms of each investment, including, but not limited to, the repayment of the principal and interest. The terms of each investment will be posted to the Treasurer's official website.

6.2 Administrative Trust Funds

Pursuant to the Deposit of State Moneys Act (15 ILCS 520/ 1 et seq.), the Treasurer may invest or reinvest up to 5% of the College Savings Pool Administrative Trust Fund, the Illinois Public Treasurer's Investment Pool (IPTIP) Administrative Trust Fund and the State Treasurer's Administrative Fund that is not needed for current expenditures due or about to become due in common or preferred stocks of publicly traded corporations, partnerships, or limited liability companies organized in the United States, with assets exceeding \$500,000,000 if:

- a) The purchases do not exceed 1% of the corporation's or the limited liability company's outstanding common and preferred stock;
- b) No more than 10% of the total funds are invested in any one publicly traded corporation, partnership, or limited liability company; and
- c) The corporation or the limited liability company has not been placed on the list of restricted companies by the Illinois Investment Policy Board under Section 1-110.16 of the Illinois Pension Code. 40 ILCS 5/1-110.16.

7.0 INVESTMENT RESTRICTIONS

The following investment restrictions apply to the State Investments portfolio:

- a) Any investments not authorized by this or any other investment policy or applicable law are prohibited;
- b) Repurchase agreements may only be executed with approved financial institutions or broker/dealers that meet the Treasurer's standards, which include mutual execution of a Master Repurchase Agreement adopted by the Treasurer;

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- c) Investments in derivative products and leveraging of assets through reverse repurchase agreements are prohibited;
- d) All qualified repurchase agreement dealers, commercial paper issuers, and corporate bond issuers must have a corporate headquarters, corporate office, or operating location in the State of Illinois and that location must retain full-time staff employed within the State of Illinois or the dealer must have a significant economic presence in the State of Illinois as determined by the Treasurer;
- e) Commercial paper with a credit rating or evaluation that is derived from any factor other than the full faith and credit of the issuing institution and/or the guarantee of the parent company is prohibited;
- f) Obligations may not be purchased from a corporation or limited liability company that has been placed on the list of restricted companies by the Illinois Investment Policy Board under Section 1-110.16 of the Illinois Pension Code. 40 ILCS 5/1-110.16;
- g) Asset-backed securities and mortgage-backed securities of any kind are prohibited; and
- h) Investments may not be made in any savings and loan association unless a commitment by the savings and loan association, executed by the president or chief executive officer of that association, is submitted in the form required by Section 22.5 of the Deposit of State Moneys Act. 15 ILCS 520/22.5.

8.0 COLLATERALIZATION

The following shall apply:

- a) All State deposits, repurchase agreements, and securities lending shall be secured as required by the Treasurer and provided for by the Deposit of State Moneys Act (15 ILCS 520/1 et seq.) and the Treasurer's Acceptable Collateral Listing, which may change from time to time. The Treasurer may take possession and title to any securities held as collateral and hold such securities until it is prudent to dispose of them.
- b) Securities lending cash or securities collateral shall have the meaning set forth in the Securities Lending Agreement between the Treasurer and a financial institution ("Treasurer's Agent"). The Treasurer's Agent may reinvest cash collateral as indicated in the Securities Lending Agreement. The Treasurer or Treasurer's Agent may take possession and title to any cash or securities held as collateral and hold such securities according to the Securities Lending Agreement.

9.0 CUSTODY AND SAFEKEEPING

The custody and safekeeping of collateral will be processed by Illinois financial institutions selected in compliance with the Treasurer's procurement rules at 44 Ill. Adm. Code 1400. Financial institutions selected by the Treasurer to perform custody and safekeeping services will be required to enter into a contractual agreement approved by the Treasurer's General Counsel.

All security transactions entered into by the Treasurer shall be conducted on a delivery-versus-payment ("DVP") or receipt-versus-payment ("RVP") basis. Securities shall be held by a safekeeping agent designated by the Treasurer and evidenced by safekeeping receipts or a statement of holdings.

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10.0 DIVERSIFICATION

The primary purpose of diversification in general is to control credit and market risk. The State Investments portfolio shall be diversified to mitigate the risk of loss resulting from concentration of assets in a specific maturity, a specific issuer, or a specific class of securities. In order to properly manage any risk attendant to the investment of State assets, the State Investments will observe the following diversification guidelines, at the time of purchase:

- a) The State Investments portfolio shall seek to achieve diversification in the portfolio by distributing investments among authorized investment categories among financial institutions, issuers and broker/dealers.
- b) The State Investments portfolio shall not hold time deposits that constitute more than 10% of any single financial institution's total deposits.
- c) No financial institution shall at any time hold more than \$100,000,000 of time deposits other than community development deposits, described in Section 7 of the Deposit of State Moneys Act. 15 ILCS520/7. Provided, however, that financial institutions that, as a result of a merger or acquisition, hold deposits that exceed \$100,000,000.00 may continue to be eligible to hold deposits that do not exceed the amount of deposits held on the date of the merger or acquisition.
- d) The State Investments portfolio shall not hold obligations of corporations or limited liability companies that exceed 10% of the corporation's or the limited liability company's outstanding obligations.
- e) The State Investments portfolio shall not hold obligations of a municipality's bonds that exceed 10% of the municipality's outstanding obligations.
- f) The State Investments portfolio shall not be invested in more than 10% of each prime money market fund's assets (including all share classes) at any given time.
- g) The State Investments portfolio shall not contain investments that exceed the following diversification limits. These limits will apply to the total assets in the State Investments portfolio at the time of the origination or purchase. As maturities and or calls of instruments occur, these limits will be monitored and adjusted accordingly:
 - i. With the exception of cash equivalents, treasury securities and time deposits, as defined in Section 6.0 of this Policy, no more than 55% of the State Investments portfolio shall be invested in other investment categories;
 - ii. No more than one-third (33%) of the State Investments portfolio shall be invested in short-term obligations of corporations or limited liability companies as defined by Section 6.0(g) of this Policy;
 - iii. No more than 5% of the State Investments portfolio shall be invested in short-term obligations of any one corporation or limited liability company as defined by Section 6.0(g) of this Policy;
 - iv. No more than 20% of the State Investments portfolio shall be invested in long-term obligations of corporations or limited liability companies as defined by Section 6.0(h) of this Policy;

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- v. No more than 5% of the State Investments portfolio shall be invested in long-term obligations of any one corporation or limited liability company as defined by Section 6.0(h) of this Policy;
- vi. No more than 10% of the State Investments portfolio shall be invested in municipal securities issued by counties or municipal corporations of the State of Illinois as defined by Section 6.0(e) of this Policy;
- vii. No more than 3% of the State Investments portfolio shall be invested in any single issuer of municipal securities issued by counties or municipal corporations of the State of Illinois as defined by Section 6.0(e) of this Policy;
- viii. If invested in more than 3 prime money market funds, then no more than 33% of the portfolio's investments to prime money market funds may be placed with any one prime money market fund option;
- ix. No more than $\frac{3}{4}$ of 1% of the State Investments portfolio shall be invested in foreign government securities, not to exceed a five (5) year maturity, as defined in Section 6.0(h) of this Policy;
- x. No more than 55% of the State Investments portfolio shall be allocated to investments greater than two (2) years and less than or equal to three (3) years;
- xi. No more than 30% of the State Investments portfolio shall be allocated to investments greater than three (3) years and less than or equal to four (4) years, not including foreign government securities;
- xii. No more than 15% of the State Investments portfolio shall be allocated to investments greater than four (4) years and less than or equal to five (5) years;
- xiii. No more than 10% of the State Investments portfolio shall be allocated to investments greater than five (5) years and no less than or equal to ten (10) years; and
- xiv. There shall be no limit to the percentage of the State Investments portfolio that may be allocated to investments with a 0- to 2-year maturity band.

11.0 INTERNAL CONTROLS

The Treasurer and the Chief Investment Officer, with the assistance of the Investment Policy Committee, shall establish a system of internal controls and written operational procedures that shall be documented and filed with the Treasurer's Chief Internal Auditor for review. The controls shall be designed to prevent the loss of public funds arising from fraud, employee error, misrepresentation by third parties, unanticipated changes in financial markets, or imprudent actions by authorized investment officers.

- a) Asset Allocation: The allocation of assets within investment categories authorized under Section 6.0 of this Policy shall be approved by the Chief Investment Officer at least annually.

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- b) **Competitive Bidding:** Authorized investment officers shall obtain competitive bids from at least three (3) broker/dealers prior to executing the purchase or sale of any authorized investments. Reverse inquiry investments, investments in a new issue, and investments defined under Sections 6(a)-(b) of this Policy purchased from the agency discount window are exempt from this provision.
- c) **Certificates of Deposit:** Authorized investment officers shall purchase certificates of deposit on the basis of a qualified financial institution's ability to pay a required rate of interest to the Treasurer. Such rate is generally determined on the basis of Treasury or other appropriate market rates for a comparable term.

12.0 LIABILITY

The standard of care to be used by authorized investment officers shall be the "prudent person" standard, which shall be applied in the context of managing an overall portfolio. Authorized investment officers, acting in accordance with written procedures and this Policy and exercising due diligence, will be relieved of personal liability for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely manner and necessary action is taken to control adverse developments.

13.0 REPORTING

Monthly reports shall be presented to the Investment Policy Committee for its review. The monthly report shall contain sufficient information to enable the Investment Policy Committee to review the investment portfolio, its effectiveness in meeting the needs of the Treasurer for safety, liquidity, rate of return, and diversification, and the general performance of the State Investments portfolio. The following information shall be included in the monthly reports:

- a) The total amount of funds held by the Treasurer;
- b) The current and historic performance of the portfolio as compared to benchmarks established by the Treasurer;
- c) The asset allocation for the investments made by the Treasurer;
- d) Any circumstances resulting in a deviation from the standards established in Section 10.0 of this Policy; and
- e) Impact of any material change in investment policy adopted during the month.

The Treasurer shall provide performance reports in compliance with established industry reporting standards within six (6) months following the adoption of this Policy. Such reporting standards shall be in accordance with Generally Accepted Accounting Principles ("GAAP").

14.0 EXTERNAL ADVISORY COMMITTEE

The Investment Policy Committee may convene an External Advisory Committee at the direction of the Treasurer to provide independent advice and counsel to the Investment Policy Committee on investment policy, investments, and investment related issues for the benefit of all Illinois citizens.

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15.0 EXCEPTIONS

The Deputy Treasurer & Chief Investment Officer may issue exceptions to this Policy provided that they do not conflict with applicable State statutes governing the use and investment of the State Investments portfolio including, but not limited to, the State Treasurer Act, the Treasurer as Custodian of Funds Act, the Deposit of State Moneys Act, the Securities Safekeeping Act, and any other applicable statutes and it is reasonably assured that deviating from this Policy is in the best interest of the taxpayers.

16.0 EMERGENCY POWERS

In the event of an emergency, the Treasurer may, at his or her discretion, invoke emergency powers and suspend any or all of the provisions of this Policy, provided that:

- a) The Treasurer shall, even in the event that emergency powers are invoked, comply with all State statutes governing the use and investment of the State Investments portfolio including, but not limited to, the State Treasurer Act, the Treasurer as Custodian of Funds Act, the Deposit of State Moneys Act, the Securities Safekeeping Act, and any other applicable statute;
- b) The Treasurer reasonably believes that deviating from this Policy is in the best interest of the taxpayers; and
- c) Within thirty (30) days of invoking emergency powers the Treasurer shall provide an explanation in writing to the Chief Internal Auditor and the Investment Policy Committee, a copy of which shall be posted on the Treasurer's website that includes the following:
 - i. The date and time that the emergency powers were invoked;
 - ii. The date and time that emergency powers were repealed;
 - iii. The Section or Sections of this Policy that were affected by the emergency or use of emergency powers; and
 - iv. The reason for invoking emergency powers resulting in the deviation from this Policy.

17.0 STATUTORY REFERENCES

Any statutory references in this policy shall include any amendments to or repeals of those statutes.

18.0 AMENDMENTS

The Treasurer reserves the right to amend this Policy at any time.

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Appendix A

**Investment Policy Statement for the State Investments Portfolio's Externally Managed
Municipal Securities**

1.0 POLICY

Under this instrument, the Illinois State Treasurer's Investment Policy for Externally Managed Municipal Securities ("Policy"), it is the policy of the Illinois State Treasurer's Office ("Treasurer") to invest all funds under its control in a manner that provides the highest risk-adjusted investment return, using authorized instruments.

This Policy applies to all investments entered into by any of the Treasurer's external managers of municipal securities on or after the adoption of this Policy.

2.0 OBJECTIVE

The primary objective in the investment of State funds by any external manager of municipal securities is to ensure the safety of principal and provide the highest risk-adjusted investment return, using authorized instruments.

2.1 Safety

The safety of principal is an objective of the investment program. Investments managed externally on behalf of the Treasurer shall be undertaken in a manner that seeks to ensure the preservation of capital in the portfolio. To achieve this objective, diversification, as defined in Section 7.0 of this Policy, is required to ensure that the Treasurer prudently manages market, operational, reputational, financial, legal, sustainability, interest rate and credit risks.

2.2 Return on Investment

The investment portfolio shall be designed and constructed to obtain the highest available return, given the safety of principal objective. The external manager shall seek to obtain the highest available return, using the authorized investments set forth in Section 5.0 of this Policy.

The rate of return achieved on the externally managed funds shall be measured at regular intervals against the Bloomberg Barclays Intermediate US Treasury Index, or other indexes mutually agreed upon by the Treasurer and external manager, to determine the effectiveness of investment decisions in meeting the Treasurer's investment goals. The benchmark shall be reviewed annually by the Treasurer to ensure accuracy and relevance.

2.3 Sustainability

The Treasurer seeks to invest all funds under its control in a manner that provides the highest risk-adjusted investment return using authorized instruments. To achieve this objective, the Treasurer has a responsibility to recognize and evaluate risk factors that may have a material and relevant financial impact on the safety and/or performance of investments. Consistent with achieving the investment objectives set forth herein, the Treasurer and its agents shall prudently integrate sustainability factors into its investment decision-making, investment analysis, portfolio construction, risk management, due diligence and investment ownership in order to maximize anticipated financial returns, minimize projected risk, and more effectively execute its fiduciary duty.

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The sustainability analysis adds an additional layer of rigor to the fundamental analytical approach and helps assess the reliability of future cash flows and debt repayments. Similar to financial accounting, sustainability accounting has both confirmatory and predictive value, thus, it can be used to evaluate past performance and be used for future planning and decision-making. As a complement to financial accounting, it provides a more complete view of an investment fund or portfolio company's performance on material factors likely to impact its long-term value.

Sustainability factors may include, but are not limited to, the following:

- a) Corporate governance and leadership factors, such as the independence of boards and auditors, the expertise and competence of corporate boards and executives, systemic risk management practices, executive compensation structures, transparency and reporting, leadership diversity, regulatory and legal compliance, shareholder rights, and ethical conduct.
- b) Environmental factors that may have an adverse or positive financial impact on investment performance, such as greenhouse gas emissions, air quality, energy management, water and wastewater management, waste and hazardous materials management, and ecological impacts.
- c) Social capital factors that impact relationships with key outside parties, such as customers, local communities, the public, and the government, which may impact investment performance. Social capital factors include human rights, customer welfare, customer privacy, data security, access and affordability, selling practices and product labeling, community reinvestment, and community relations.
- d) Human capital factors that recognize that the workforce is an important asset to delivering long-term value, including factors such as labor practices, responsible contractor and responsible bidder policies, employee health and safety, employee engagement, diversity and inclusion, and incentives and compensation.
- e) Business model and innovation factors that reflect an ability to plan and forecast opportunities and risks, and whether a company can create long-term shareholder value, including factors such as supply chain management, materials sourcing and efficiency, business model resilience, product design and life cycle management, and physical impacts of climate change.

The Treasurer shall develop policy guidelines to integrate material sustainability risks relevant to particular financial products, investment funds, companies, or government bodies, which shall be provided to internal and external investment managers to factor into their investment decision-making. The policy guidelines for integrating sustainability factors shall be reviewed and updated every two (2) years at a minimum to ensure consistency within the rapidly evolving global economy.

The State Investments portfolio's investment officers shall identify and select authorized investment options that meet the Treasurer's criteria for sustainable investing opportunities and risk parameters and fall within the framework of the investment objectives.

3.0 ETHICS AND CONFLICTS OF INTEREST

External managing firm employees making investment decisions on behalf of the Treasurer shall refrain from personal business activity that could conflict or give the appearance of a conflict with this Policy or impair their ability to make impartial investment decisions. Any individuals with such a conflict or impairment shall disclose to the Treasurer any material conflicts of interest or impairment. If permitted by the Treasurer to proceed, such individuals shall subordinate their personal investment transactions to those of the investment portfolio, particularly with regard to the time of purchases and sales.

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4.0 BROKERS/DEALERS

The external manager, on behalf of the Treasurer, shall seek to provide a preference to qualified brokers/dealers that provide proof of minority-, female-, disabled-, and/or military veteran-owned or -managed status and brokers/dealers that provide proof that their corporate headquarters are located in the State of Illinois.

5.0 INVESTMENT PARAMETERS

The Treasurer has authorized the purchase of municipal securities, subject to the provisions of the Deposit of State Moneys Act (15 ILCS 520/1 *et seq.*), the Public Funds Investment Act (30 ILCS 235/1 *et seq.*), and the following:

- a) Municipal securities (“securities”) must be issued by any counties or municipal corporations of the State of Illinois;
- b) Securities may be taxable or tax exempt;
- c) Securities must be interest-bearing;
- d) At a maximum, securities must have a maturity or pre-refunded date of ten (10) years from the time of purchase;
- e) Securities shall be rated within three (3) intermediate credit ratings of United States’ sovereign credit rating but not less than an A-, or an equivalent rating by at least one (1) accredited rating agency with nationally recognized expertise in rating bonds of states and their political subdivisions (“Rating Agency”), at the time of purchase;
- f) If the securities are credit enhanced with bond insurance policies, the external manager will apply the securities’ underlying credit ratings or bond insurer’ credit rating, whichever is greater. There will be no limit on the percentage of credit enhanced bonds with an underlying issuer rating not less than A-, or its equivalent by a Rating Agency, in the externally managed portfolio. For securities with credit enhancements with an underlying issuer rating below A-, or its equivalent by a Rating Agency, the external manager will not hold more than 10% of securities guaranteed by a single bond insurer in the externally managed portfolio. Bond insurance policies issued by the following companies are permissible, or other bond insurance policies mutually agreed upon by the Treasurer and external manager:
 - i. Assured Guaranty Municipal Corporation;
 - ii. Assured Guaranty Corporation;
 - iii. Build America Mutual; and
 - iv. National Public Finance Guarantee.
- g) Should a security be downgraded below A3/A-, the external managers will provide written notification to the Treasurer in order to determine the appropriate action (sell or hold) based on the perceived risk and expected return.

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6.0 INVESTMENT RESTRICTIONS

The Treasurer's external investment managers may not invest in the following types of investments:

- a) Any investments not authorized by this Policy, any other investment policy of the Treasurer, or applicable law are prohibited; or
- b) Any investments prohibited by Section 22.6 of the Deposit of State Monies Act.

7.0 DIVERSIFICATION

The externally managed municipal securities shall be diversified to mitigate the risk of loss resulting from concentration of assets in a specific maturity or a specific issuer. In order to properly manage any risk attendant to the investment of State assets, the external managers shall not deviate from the following diversification guidelines unless specifically authorized by the Treasurer in writing:

- a) The Treasurer's external managers shall seek to achieve diversification in the portfolio by distributing investments among issuers and broker/dealers; and
- b) The externally managed municipal securities shall not contain investments that exceed the lesser of 25% of an issuance or \$5,000,000.00.

8.0 INTERNAL CONTROLS

The Treasurer's external managers shall establish a system of internal controls and written operational procedures and share them with the Treasurer. The controls shall be designed to prevent the loss of public funds arising from fraud, employee error, and misrepresentation by third parties, unanticipated changes in financial markets, or imprudent actions by authorized investment officers.

9.0 DUE DILIGENCE

The Treasurer's external managers will perform due diligence, including, but not limited to, research and financial analysis of municipal securities and legal compliance with federal and State laws, rules, and regulations, and the Treasurer's investment policies.

10.0 RISK MANAGEMENT

The Treasurer's external managers will establish risk management protocols to mitigate risk, including but not limited to, credit risks, liquidity risks, market risks, operational risks, reputational risks, and legal risks for the Treasurer.

11.0 LIMITATION OF LIABILITY

External managing firm employees making investment decisions on behalf of the Treasurer shall use the "prudent person" standard, which shall be applied in the context of managing an overall municipal securities portfolio. Such individuals who act in accordance with this Policy and exercise due diligence will be relieved of personal liability for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely manner and necessary action is taken to control adverse developments.

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12.0 REPORTING

The external investment manager shall present monthly reports to the Treasurer for review. The monthly reports shall contain sufficient information for the Treasurer to evaluate the investment portfolio; its effectiveness in meeting the Treasurer's standards for safety, liquidity, rate of return, and diversification; and the general performance of the portfolio. At a minimum, the following information shall be included in the monthly reports:

- a) Change in market value of the securities;
- b) Rating changes of the securities;
- c) Portfolio performance and characteristics;
- d) Benchmark comparison;
- e) Portfolio transaction detail and holdings, including any supporting research documentation; and
- f) Listing of all securities held with a rating less than A-, or equivalent, with supporting research documentation.

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Appendix B

**Investment Policy Statement for the State Investments Portfolio's Externally Managed
Investment Grade Credit Securities**

1.0 POLICY

Under this instrument, the Illinois State Treasurer's Investment Policy for Externally Managed Investment Grade Credit Securities ("Policy"), it is the policy of the Illinois State Treasurer's Office ("Treasurer") to invest all funds under its control in a manner that provides the highest risk-adjusted investment return, using authorized instruments.

This Policy applies to all investments entered into by any of the Treasurer's external investment managers of investment grade credit securities on or after the adoption of this Policy.

2.0 OBJECTIVE

The primary objective in the investment of State funds by any external investment manager of investment grade credit securities is to ensure the safety of principal and provide the highest risk-adjusted investment return, using authorized instruments.

2.1 Safety

The safety of principal is an objective of the investment program. Investments managed externally on behalf of the Treasurer shall be undertaken in a manner that seeks to ensure the preservation of capital in the portfolio. To achieve this objective, diversification, as defined in Section 7.0 of this Policy, is required to ensure that the Treasurer prudently manages market, operational, reputational, financial, legal, sustainability, interest rate, and credit risks.

2.2 Return on Investment

The investment portfolio shall be designed and constructed to obtain the highest available return, given the safety of principal objective. The external manager shall seek to obtain the highest available return, using the authorized investments set forth in Section 5.0 of this Policy.

The rate of return achieved on the externally managed funds shall be measured at regular intervals against the Bloomberg Barclay's U.S. Corporate A+ 1-5 Index, or other indexes mutually agreed upon by the Treasurer and external manager, to determine the effectiveness of investment decisions in meeting the Treasurer's investment goals. The benchmark shall be reviewed annually by the Treasurer to ensure accuracy and relevance.

2.3 Sustainability

The Treasurer seeks to invest all funds under its control in a manner that provides the highest risk-adjusted investment return using authorized instruments. Pursuant to the Illinois Sustainable Investing Act (30 ILCS 238), the Treasurer's external investment managers shall prudently integrate sustainability factors into its investment decision-making, investment analysis, portfolio construction, risk management, due diligence, and investment ownership in order to maximize anticipated financial returns, minimize projected risk, and more effectively execute its fiduciary duty. As such, consistent with achieving the foremost investment objectives of the Treasurer set forth herein, the Treasurer and its external investment managers shall prudently integrate sustainability factors into its investment processes.

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The sustainability analysis adds an additional layer of rigor to the fundamental analytical approach and helps assess the reliability of future cash flows and debt repayments. Similar to financial accounting, sustainability accounting has both confirmatory and predictive value, thus, it can be used to evaluate past performance and be used for future planning and decision-making. As a complement to financial accounting, it provides a more complete view of an investment fund or portfolio company's performance on material factors likely to impact its long-term value.

Sustainability factors may include, but are not limited to, the following:

- a) Corporate governance and leadership factors, such as the independence of boards and auditors, the expertise and competence of corporate boards and executives, systemic risk management practices, executive compensation structures, transparency and reporting, leadership diversity, regulatory and legal compliance, shareholder rights, and ethical conduct.
- b) Environmental factors that may have an adverse or positive financial impact on investment performance, such as greenhouse gas emissions, air quality, energy management, water and wastewater management, waste and hazardous materials management, and ecological impacts.
- c) Social capital factors that impact relationships with key outside parties, such as customers, local communities, the public, and the government, which may impact investment performance. Social capital factors include human rights, customer welfare, customer privacy, data security, access and affordability, selling practices and product labeling, community reinvestment, and community relations.
- d) Human capital factors that recognize that the workforce is an important asset to delivering long-term value, including factors such as labor practices, responsible contractor and responsible bidder policies, employee health and safety, employee engagement, diversity and inclusion, and incentives and compensation.
- e) Business model and innovation factors that reflect an ability to plan and forecast opportunities and risks, and whether a company can create long-term shareholder value, including factors such as supply chain management, materials sourcing and efficiency, business model resilience, product design and life cycle management, and physical impacts of climate change.

The Treasurer shall develop policy guidelines to integrate material sustainability risks relevant to particular financial products, investment funds, companies, or government bodies, which shall be provided to internal and external investment managers to factor into their investment decision-making. The policy guidelines for integrating sustainability factors shall be reviewed and updated every two (2) years at a minimum to ensure consistency within the rapidly evolving global economy.

The Treasurer's external investment managers shall identify and select authorized investment options that meet the Treasurer's criteria for sustainable investing opportunities and risk parameters and fall within the frame work of the investment objectives.

3.0 ETHICS AND CONFLICTS OF INTEREST

External managing firm employees making investment decisions on behalf of the Treasurer shall refrain from personal business activity that could conflict or give the appearance of a conflict with this Policy or impair their ability to make impartial investment decisions. Any individuals with such a conflict or impairment shall disclose to the Treasurer any material conflicts of interest or impairment. If permitted by the Treasurer to proceed, such individuals shall subordinate their personal investment transactions to those of the investment portfolio, particularly with regard to the time of purchases and sales.

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4.0 BROKERS/DEALERS

The external investment manager, on behalf of the Treasurer, shall seek to provide a preference to qualified brokers/dealers that provide proof of minority-, female-, disabled-, and/or military veteran-owned or -managed status and brokers/dealers that provide proof that their corporate headquarters are located in the State of Illinois.

5.0 INVESTMENT PARAMETERS

The Treasurer has authorized the purchase of corporate securities, subject to the provisions of the Deposit of State Moneys Act (15 ILCS 520/1 *et seq.*), the Public Funds Investment Act (30 ILCS 235/1 *et seq.*), and the following:

- a) Securities must be issued by corporations or limited liability companies (“securities/security”) organized in the United States that have a significant presence in the State of Illinois and assets exceeding \$500,000,000;
- b) At the time of purchase, the maturity of the securities shall not exceed ten (10) years;
- c) Securities must be rated at the time of purchase by one of the three (3) highest classifications established by at least two (2) standard rating services, but not less than an A- long-term rating or equivalent;
- d) The corporation or limited liability company has not been placed on the list of restricted companies by the Illinois Investment Policy Board under Section 1-11.16 of the Illinois Pension Code;
- e) The Treasurer’s external investment managers will not purchase investment grade credit securities that are credit enhanced by mortgages or the collection of mortgages;
- f) Investment grade credit securities with credit enhancements based on tangible assets pledged as collateral for the bond will not exceed 20% of the overall externally managed portfolio; and
- g) Should a security be downgraded below A3/A-, or equivalent rating, the external managers will provide written notification to the Treasurer in order to determine the appropriate action (sell or hold) based on the perceived risk and expected return.

6.0 INVESTMENT RESTRICTIONS

The Treasurer’s external investment managers may not invest in the following types of investments:

- a) Any investments not authorized by this Policy, any other investment policy of the Treasurer, or applicable law are prohibited; or
- b) Any investments prohibited by Section 22.6 of the Deposit of State Monies Act.

7.0 DIVERSIFICATION

The externally managed investment grade credit securities shall be diversified to mitigate the risk of loss resulting from concentration of assets in a specific maturity or a specific issuer. In order to properly manage any risk attendant to the investment of State assets, the external investment managers shall not deviate from the following diversification guidelines, unless specifically authorized by the Treasurer in writing:

- a) The Treasurer’s external managers shall seek to achieve diversification in the portfolio by distributing

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investments among issuers and broker/dealers; and

- b) Purchases cannot exceed 10% of the corporation's or the limited liability company's outstanding obligations.

8.0 INTERNAL CONTROLS

The Treasurer's external investment managers shall establish a system of internal controls and written operational procedures and share them with the Treasurer. The controls shall be designed to prevent the loss of public funds arising from fraud, employee error, and misrepresentation by third parties, unanticipated changes in financial markets, or imprudent actions by authorized investment officers.

9.0 DUE DILIGENCE

The Treasurer's external investment managers will perform due diligence, including, but not limited to, research and financial analysis of investment grade credit securities and legal compliance with federal and State laws, rules, and regulations, and the Treasurer's investment policies.

10.0 RISK MANAGEMENT

The Treasurer's external investment managers will establish risk management protocols to mitigate risk, including but not limited to, credit risks, liquidity risks, market risks, operational risks, reputational risks, and legal risks for the Treasurer.

11.0 LIMITATION OF LIABILITY

External managing firm employees making investment decisions on behalf of the Treasurer shall use the "prudent person" standard, which shall be applied in the context of managing an overall investment grade credit portfolio or a portfolio containing both investment grade credit and municipal securities. Such individuals who act in accordance with this Policy and exercise due diligence will be relieved of personal liability for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely manner and necessary action is taken to control adverse developments.

12.0 REPORTING

The external investment manager shall present monthly reports to the Treasurer for review. The monthly reports shall contain sufficient information for the Treasurer to evaluate the investment portfolio; its effectiveness in meeting the Treasurer's standards for safety, liquidity, rate of return, and diversification; and the general performance of the portfolio. At a minimum, the following information shall be included in the monthly reports:

- a) Change in market value of the securities;
- b) Rating changes of the securities;
- c) Portfolio performance and characteristics;

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- d) Benchmark comparison;
- e) Portfolio transaction detail and holdings, including any supporting research documentation; and
- f) Listing of all securities held with a rating less than A3/A-, or equivalent, with supporting research documentation

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLINACE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

**Independent Auditor's Report on Internal Control over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards***

The Honorable Frank J. Mautino
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the State of Illinois (State), Office of the Treasurer, Fiscal Officer Responsibilities (Office), which are comprised of the Statement of Assets and Other Debits, Liabilities and Accountabilities as of June 30, 2023, the related Statement of Investment Income for the year then ended and the related notes to the financial statements, and have issued our report thereon dated May 20, 2024. As described in Note B of the financial statements, the financial statements are prepared by the Office on the basis of the financial reporting provisions determined by the Illinois Office of the State Comptroller, which is a basis of accounting other than accounting principles generally accepted in the United States of America to meet the requirements of the State of Illinois. Our opinion was not modified with respect to this matter.

Report on Internal Control Over Financial Reporting

Management of the Office is responsible for establishing and maintaining effective internal control over financial reporting (internal control).

In planning and performing our audit of the financial statements, we considered the Office's internal control as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Office's internal control. Accordingly, we do not express an opinion on the effectiveness of the Office's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Office's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Office's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Office's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Restricted Use of this Report

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor, the Comptroller, the Treasurer, and the Office's management and is not intended to be and should not be used by anyone other than these specified parties.

SIGNED ORIGINAL ON FILE

Crowe LLP

Oak Brook, Illinois
May 20, 2024