

The University of Iowa Center for Advancement (UICA) Quarterly Investment Report – June 30, 2025

Overview

Attached you will find the investment performance report for the period ending June 30, 2025.

The quarter began with a brief and sharp “risk off” episode related to Liberation Day, which quickly reversed as the S&P 500 charted new highs at the end of the quarter. The narrative around interest rate cuts continued from the thread of the first quarter, where greater certainty coalesced around an expectation of fewer cuts than were anticipated at the start of the year. This rally is proving durable in the face of rate cut disappointments and geopolitical risk. As discussed below, it is also broadening beyond the US tech sector.

In a very welcomed development, our returns now meet or exceed our target for inflation and spending on each of the trailing one-, three-, and five-year periods. The beginning of the five-year window includes the highly inflationary post-COVID years. Generating returns in excess of inflation was virtually impossible in that period, and we are glad to now be in an inflation environment where prudent investment strategies such as ours can keep up. It is encouraging to see that our strategy works, even on a relatively short lookback and even with a very challenging, multiyear inflationary headwind.

The Long-Term Pool (LTP) returned 5.2 percent for the quarter, 8.5, 9.2, 10.9, and 7.2 percent respectively for the one-, three-, five-, and 10-year periods.

Global Equity

The global equity composite returned 7.9 percent during the quarter, 11.6 percent over the past year and an annualized 13.9, 14.3, and 10.8 percent over the past three-, five-, and 10-year periods.

Public equity performance for the trailing quarter and year was both strong and distributed across geographies and capitalizations. Tech enthusiasm continues to lead US indices, but not to the detriment of other areas. Simply put, investing into risk assets has worked nicely irrespective of flavor. We welcome a return to diversification working more than in recent years of singular emphasis on large cap US growth stocks. Our diversified approach seeks to gain in a greater variety of environments than we have experienced lately.

Private equity trends of the prior 2.5 years continued, with low M&A activity, constrained distributions, and an increasing concentration of exits through continuation vehicles. The calendar year has begun in a familiar pattern from the past two years, where enthusiasm for the prospects of increased M&A in the new year fail to materialize. Continuation vehicles and secondary sales can plug some of the gap in meeting liquidity expectations from this asset class, but a full return to health will require more complete exits from portfolio companies. The variables in play are interest rates, where lower rates facilitate easier transactions, and the passage of time, which eventually forces the

hands of the PE sponsors to liquidate more of their aging portfolios. Our strategy is, in a relative sense, well positioned by prioritizing operational value creation over financial engineering. But longer hold periods still put stress on operationally focused managers, as they are tasked with compounding value for more time out of their same portfolios. Greater M&A activity will be a rising tide for all of PE, and the further we get from the valuation high water mark of year-end 2021 the more likely increased dealmaking becomes.

Cash & Government Debt

The Cash & Government Debt composite returned 1.1 percent during the quarter, 4.7 percent for the trailing year and annualized 4.6 and 2.8 percent over the past three- and five-year periods.

The Treasury yield curve remains relatively flat and rangebound between approximately 4 and 5 percent across tenors. This quiet story in rates is reflected in the consistency of trailing returns, and in the dynamic of broader rates staying at roughly similar levels since the conclusion of the Fed hiking cycle of 2022 and 2023.

Real Assets

The real assets composite returned 1.3 percent for the quarter, 1.5 percent for the one-year, and an annualized -2.7, 7.4, and 4.0 percent over the past three-, five-, and 10-year periods.

Among private investments in Real Assets, we continue to prioritize opportunities which lean on operational value creation more than simple commodity or interest rate exposure.

Diversifying Strategies

The diversifying strategies composite returned -1.2 percent for the quarter, 1.6 percent for the one-year, and an annualized 3.4, 6.6 and 3.0 percent over the past three-, five-, and 10-year time periods.

The environment for managed futures continued to be challenging through the second quarter, though preliminary data show a promising start to the third quarter. Our private Diversifying Strategies portfolio continued to generate stable income without disruptive impairments.

Conclusion

Public market strength drove much of our returns in the quarter and the concluding fiscal year. Though we would happily accept continued return contributions from that source, our underwriting activity remains focused on finding and backing illiquid opportunities with greater return potential and greater visibility to value creation and/or yield. We are hopeful, and increasingly confident, that the current quiet patch for those illiquid strategies is drawing to a close. Our strategy in illiquid investing is to stay the course and continue to focus on executing towards our Strategic Asset Allocation. For long-term investors such as ourselves, it is always in style to partner with groups pursuing durable operational value-add. We remain highly liquid in the portfolio overall.

As always, our focus remains on achieving our target returns while lowering the probability of a permanent loss of capital and identifying investment managers who can deliver outperformance while



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maintaining sufficient liquidity in the portfolio. We feel that the portfolio is positioned appropriately to take advantage of the current market environment and to meet our return objectives into the future.

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