

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

Overview

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

The quarter was favorable, with all broad asset classes in the portfolio posting gains and the S&P 500 continuing to find new highs. Continuing a theme from prior letters, the rally in asset prices is proving durable despite ongoing geopolitical shocks and continued uncertainty around the Fed's rate path timing. In a break from last quarter, equity market leadership has returned to the US on the back of strong earnings.

The Long-Term Pool (LTP) returned 5.8 percent for the quarter, 10.3, 12.4, 11.1, and 8.4 percent respectively for the one-, three-, five-, and 10-year periods.

Global Equity

The global equity composite returned 7.4 percent during the quarter, 13.8 percent over the past year and an annualized 18.1, 14.1, and 12.1 percent over the past three-, five-, and 10-year periods.

Public equity performance remained helpful throughout the quarter. US equities continue to outperform on fundamentals, which translated cleanly into prices. This story has characterized the whole of the post-COVID era. Sector leadership came from technology, again reflecting the dominant multiyear theme.

Private equity distributions have increased throughout the year, both in broad public data and also in our own portfolio. This is a trend to watch at longer frequencies than quarterly, but the direction is now unmistakably positive and a break from the narrative stretching back to 2022. This is a story with many authors: declining rates, aging portfolios, and the durability of the US real economy are macro drivers. Closer to home, we are encouraged to see meaningful liquidity coming from the early implementation of our strategic shift into a greater weight to private equity circa 2021. We expect to see private equity play a greater role in contributing to our overall equity return as this trend continues.

Cash & Government Debt

The Cash & Government Debt composite returned 1.1 percent during the quarter, 4.4 percent for the trailing year and annualized 4.8 and 3.0 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. A single 25 bps rate cut from the Fed was widely anticipated and only slightly changed the curve shape. 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 1.7 percent for the quarter, 3.0 percent for the one-year, and an annualized -0.6, 7.2, and 4.7 percent over the past three-, five-, and 10-year periods.

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

Diversifying Strategies

The diversifying strategies composite returned 3.8 percent for the quarter, 3.8 percent for the one-year, and an annualized 4.7, 7.7 and 3.8 percent over the past three-, five-, and 10-year time periods.

As anticipated in the prior letter, managed futures became a positive contributor in this quarter. Our private Diversifying Strategies portfolio continued to generate stable income without disruptive impairments.

Conclusion

Positive returns were broadly distributed this quarter, headlined by global equity and particularly public US equity. This was a quiet but favorable quarter. Looking forward, we anticipate a continuation of the trend towards greater private equity distributions and the commensurate positive return contribution. 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 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.

Dan Grana, CFA, CAIA
Interim Chief Investment Officer