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The University of Iowa Center for Advancement (UICA) Quarterly Investment Report – December 31, 2025

Overview

Attached, please find the investment performance report for the period ending December 31, 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 continues, despite ongoing geopolitical shocks and continued uncertainty around the Fed's rate path timing. The Long-Term Pool (LTP) returned 2.9 percent for the quarter, and has generated annual returns of 13.6, 12.0, 9.4, and 8.7 percent respectively for the one-, three-, five- and 10-year periods.

Global Equity

The global equity composite returned 3.4 percent during the quarter, 18.1 percent over the past year and an annualized 16.9, 11.4, and 12.3 percent over the past three-, five-, and 10-year periods. Public equity performance remained positive throughout the quarter. Performance was fairly evenly distributed between US and non-US stocks, while value outperformed growth as AI euphoria gave way, in some quarters, to concerns that new technologies might out-compete incumbent providers.

Private equity returns were strong for the quarter and the year; while these assets can take many years to season, our private equity allocation shows strong short- and long-term performance, with annualized returns of 11.0, 11.4, 12.1, and 14.8 percent over the past one-, three-, five-, and 10-year periods.

Cash & Government Debt

The Cash & Government Debt composite returned 1.0 percent during the quarter, 4.2 percent for the trailing year and annualized 4.8 and 3.2 percent over the past three- and five-year periods. Following the Federal Reserve's third rate cut of 2025 in December (culminating in a target range of 3.5 – 3.75%), the Treasury yield curve is slightly inverted at the front end with an upward slope beyond two years, ranging from ~ 3.5% to ~ 4.85% at thirty years. The relatively calm 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 3.2 percent for the quarter, 8.5 percent for the one-year, and an annualized -0.1, 6.9, and 5.1 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 commodity or interest rate exposure.

Diversifying Strategies

The diversifying strategies composite returned 1.6 percent for the quarter, 2.7 percent for the one year, and an annualized 5.1, 6.0 and 3.8 percent over the past three-, five-, and 10-year time periods. Managed futures maintained their strong performance from the prior quarter and have now gained 13.5 percent this fiscal year. 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. We continue to see growth in distributions from our private equity portfolio and are concentrating on identifying partners who we believe will help us achieve strong absolute returns while minimizing the risk of capital impairment. Portfolio liquidity remains high, our team is focused on meeting the targets set forth in our Strategic Asset Allocation, and we feel that the portfolio is positioned appropriately to take advantage of the current market environment and to meet our return objectives in the future.

Daniel Gottlieb
Chief Investment Officer