



ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND HIRES OAKTREE CAPITAL MANAGEMENT FOR PRIVATE CREDIT INVESTMENT

During its December 13, 2024, Board of Trustees meeting, the board approved a 3% commitment to a customized private credit platform to be managed by Oaktree Capital Management, L.P. This commitment would equate to approximately \$390 million based on IPOPIF total fund value of \$13 billion.

The RFP for the private credit search was initiated in July for a firm to provide a single platform managing 3% of the IPOPIF's 5% target to the asset class. The asset class is expected to enhance portfolio returns and diversification.

Investment Updates

Private Markets Consultant

Also at the December Board Meeting, the Board selected finalists for the Private Markets Consultant search to be interviewed by the Board at the next meeting on January 24, 2025. The finalists are Albourne, Callan, Wilshire and Verus. Private markets have a 20% weight in the long-term asset allocation including: 7% to private equity, 5% to private credit, 5% to real estate and 3% to infrastructure. The consultant is expected to provide expert advice regarding the portfolio structure, pacing, and implementation.

Performance

The IPOPIF investment portfolio gained 2.4% in November as U.S. stocks -- especially small caps -- rallied following the Nov. 5 elections. However, preliminary data shows much of the November gain was lost in December as stocks retreated and higher interest rates pressured the bond portfolio. For 2024, the fund was up 12.1% and is expected to be up nearly 10% for the full year.

Portfolio Implementation

Funding for the new active emerging market ex-China mandates began in December with \$95 million contributions to both ARGA and William Blair, offset by redemptions from the passive emerging markets equity portfolio. Gradual funding will continue until each manager reaches their 3% target weight equating to approximately \$390 million each.

Annual Comprehensive Financial Report Approved by Board

In accordance with the Pension Code, at least annually, the books, records, accounts, and securities of IPOPIF are audited by a certified public accountant selected by the board and conducted in accordance with the rules and procedures set by the Governmental Accounting Standards Board (GASB). The audit, called the Annual Comprehensive Financial Report (ACFR), is published as a part of the annual report of IPOPIF and is submitted to the participating Article 3 local police pension funds and to the Department of Insurance.

The ACFR for fiscal year 2024, which includes the financial statements as of and for the years ended June 30, 2024, and 2023, was recently completed by the IPOPIF staff and was presented to the Board of Trustees at the December 13, 2024, meeting.

In summary, the Fund's financial statements reflect the composition of IPOPIF's investment portfolio of approximately \$10.5 billion as of June 30, 2024, disclosures required for the investment portfolio, and all other significant financial activity relevant to the Fund's operations. Updates to the financial statement disclosures in fiscal year 2024 include:

- Information applicable to the investment products associated with the three
- investment managers hired for the International Small Cap allocation and the two investment managers hired for the Bank Loans allocation.
- The litigation footnote includes the decision of the Illinois Supreme Court on January 19, 2024.
- A subsequent event footnote was added to disclose the Tranche 14 transfer of approximately \$1.6 billion of investment assets.

Strategic Plan Update

IPOPIF Executive Director Richard White presented aspects of the Strategic Plan at the December board meeting and reported that staff is developing new policies including an Actuarial Valuation Policy and a Compensation Policy. They also are setting up a process to review the IPOPIF office location and amenities with current and future operations in mind. Among the topics to be considered are team recruitment and retention issues, safety and security matters, and efficient use of IPOPIF resources through leasing or ownership of a building.

Staff also will be developing and enhancing IPOPIF communications initiatives. Under consideration are webinar presentation(s) to provide timely information to stakeholders and the scheduling of an annual meeting open to all participants and beneficiaries.

A preapproved professional conference list is being established for 2025. Executive Director White noted that National Conference on Public Employee Retirement Systems (NCPERS) and the International Foundation of Employee Benefit Plans (IFEBP) present numerous relevant training courses and certificate programs for public sector trustees and staff that cover a multitude of topics including fiduciary responsibility, institutional investment topics, governance, actuarial principles, and more.

Review of State Street Bank and Trust as IPOPIF Custodian

Reviews of all investment service providers are presented to the Board on a periodic basis. At the December board meeting Bill Collins, vice president and relationship manager, State Street Bank and Trust made a brief presentation and answered questions.

As the Master Custodian for IPOPIF, SSB performs the following services:

- Holds assets of the Fund in safekeeping.
- Settle trades directed by the investment managers.
- Collect dividends and interest paid on securities.
- Provide proxy servicing for the equities.
- Corporate action processing.
- Detailed accounting of all transactions, daily, monthly, and annually (book of record).
- Provide daily pricing/NAV.
- Tax reclaim services.
- Class Action Filing.
- Foreign Exchange.
- Performance Calculations and Reporting.
- Cash Management

With regard to reporting services, SSBT:

- Tracks assets by manager and provides consolidated reporting.
- Provides consistent methodology in hard-copy or online.
- Provides daily, month-end, annual, and regulatory reporting.
- Helps auditors prepare year-end reports.
- Facilitates customized reporting and other unique requirements.
- Provides audited information available online daily.

Trustee Elizabeth Holleb Honored

During the December 13, 2024, meeting the Board of Trustees recognized Trustee Elizabeth Holleb for her service to IPOPIF as an appointed and elected member of the Board of Trustees. Trustee Holleb did not seek re-election to the Board of Trustees for an additional term, so the meeting was her last as a trustee.

On January 30, 2020, Governor JB Pritzker appointed Trustee Holleb to the Transition Board of Trustees with a term of office from January 2020 through December 2020. In 2020, she was elected to the first IPOPIF Permanent Board of Trustees representing municipalities with a term of office from January 2021 through December 2024.

Trustee Holleb is a Certified Public Accountant and has over 30 years of work experience in municipal finance. Currently, she oversees the Finance and Information Technology activities for the City of Lake Forest, including the development of the annual budget, coordination of the annual independent financial audit, serving as staff liaison to the Finance Committee and the Audit Committee, and administration of a five-year IT Master Plan which guides the City's technology initiatives. She previously served in financial capacities with the Village of Northbrook, the Village of Oak Park, and the City of Highland Park.

IPOPIF's Board of Trustees, the executive team and staff, service providers, and stakeholders appreciate the service of Trustee Holleb and wish her well in her future endeavors.

On the Road

Executive Director White will present at the Winfield Illinois Police Pension Fund meeting scheduled for January 13, 2025.

IPOPIF representatives will attend the National Association of Police Organizations (NAPO) 2025 Pension Benefits Seminar from February 2-4, 2025, in Las Vegas, NV.

IPOPIF Blotter

Do you have photos you'd like to see posted on the IPOPIF [Blue Line Mugshot](#) page? We are always on the lookout for photos from members of our 357 Article 3 pension plans that are a part of IPOPIF to add. Please send photos in jpeg format to info@ipopif.org.

Monthly investment reports through September 2024 for each of the Article 3 funds are posted to the IPOPIF website [here](#). IPOPIF monthly investment reports are available [here](#). October and November reports were delayed due to transition issues that should not impact future months.

As the consolidated asset pool that exists for the exclusive purpose of protecting and investing the assets of the pension funds covering police officers serving and protecting all downstate and suburban Illinois municipalities, we want our participants and their beneficiaries to know that they should always feel free to reach out to us at info@ipopif.org.

As noted in previous newsletters and above, key investment information is posted to the IPOPIF website and is reviewed and discussed at the IPOPIF Board meetings. Next Board of Trustee meeting is Friday, January 24, 2025, at 9 am at the Pere Marquette Hotel in Peoria. During the meeting, the newly elected members of the Board of Trustees will be sworn in and officers will be elected and committee assignments made.

Interested individuals may attend the meeting in person or via Zoom. The link to the Zoom call is included in the [meeting agendas](#) which also are posted on our website. Board of Trustee 2025 meeting dates and times are posted [here](#).

Links to Key Resources

- [Monthly statement overview](#)
- [Monthly financial reports](#)
- [Monthly and quarterly investment reports](#)
- [Meeting Calendar](#)