



Illinois Police Officers' Pension Investment Fund

Board of Trustees Meeting- March 8, 2024

Notice is hereby given that the Board of Trustees of the Illinois Police Officers' Pension Investment Fund will conduct a regular meeting on Friday, March 8, 2024, at 9:15 AM at Pèrè Marquette Hotel, 501 Main Street, Peoria, IL. 61602

This meeting will be live-streamed on the Zoom video-conferencing platform. By entering the meeting participants agree to be audio and video recorded.

Topic: Board of Trustees Meeting

Time: March 8, 2024, 9:15 AM – 2:15 PM Central Time (US and Canada)

Join Zoom Meeting via Video:

Video: www.zoom.us

Meeting ID: 816 0390 7496

Passcode: 005890

Join Zoom Meeting via Dial-In:

Dial In: 1 (312) 626-6799

Meeting ID: 816 0390 7496

Passcode: 005890

March 08, 2024 09:15 AM Central Time (US and Canada)

Agenda Topic

1. Call to Order (9:15 AM)
2. Roll Call
 - 2.1 [Roll Call: Discussion and Potential Action](#)
3. Investments
 - 3.1 [Verus Quarterly Report- 4Q2023: Discussion and Potential Action](#)
 - 3.2 [Emerging Market Debt Manager Search: Discussion and Potential Action](#)
 - 3.3 [Emerging Market Equity Education: Discussion and Potential Action](#)
 - 3.4 [Asset Allocation Review: Discussion and Potential Action](#)
 - 3.5 [Investment Consultant – Review of Performance: Discussion and Potential Action](#)

- 3.6 [Investment Update Report: Discussion and Potential Action](#)
4. Lunch Break (12:00 PM)
5. Board of Trustees (12:30 PM)
 - 5.1 [Board of Trustees Meeting Minutes – February 9, 2024: Discussion and Potential Action](#)
 - 5.2 [Litigation Committee Meeting Minutes: Discussion and Potential Action](#)
 - 5.3 [By Laws – Revision: Discussion and Potential Action](#)
6. Governmental Liaison
 - 6.1 [Governmental Liaison Monthly Report: Discussion and Potential Action](#)
7. Finance
 - 7.1 [Monthly Financial Statement – January 2024: Discussion and Potential Action](#)
 - 7.2 [Warrant # 2024-09: Discussion and Potential Action](#)
 - 7.3 [Mid-Year Budget Review: Discussion and Potential Action](#)
 - 7.4 [Finance and Accounting Update Report: Discussion and Potential Action](#)
8. Administration
 - 8.1 [Strategic Plan Review: Discussion and Potential Action](#)
 - 8.2 [Operations Update Report: Discussion and Potential Action](#)
9. General Legal Counsel
10. Fiduciary Legal Counsel
11. Closed Session (if necessary)
 - 11.1 Pending and Imminent Litigation (5 ILCS 120/2(c)(11): Discussion and Potential Action
 - 11.2 Closed Session Minutes (5 ILCS 120/2(c)(21): Discussion and Potential Action
12. Public Comment
13. Adjournment (2:15 PM)



ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

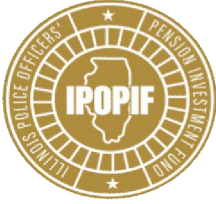
MEMORANDUM

TO: IPOPIF BOARD OF TRUSTEES
FROM: RICHARD WHITE, EXECUTIVE DIRECTOR
RE: AGENDA ITEM: ROLL CALL
DATE: MARCH 8, 2024

RECOMMENDATION: Motion to allow Board of Trustee(s) _____ to participate in the March 8, 2024, meeting of the Board of Trustees by audio, video, or internet conferencing.

Section 209 of the IPOPIF By Laws provides that *“Upon a majority vote of Trustees present at a meeting, a Trustee who is not physically present may participate in a meeting by audio, video, or internet conferencing, provided the Trustee is prevented from physically attending due to: (1) personal illness or disability; (2) employment purposes or Fund business; or (3) a family or other emergency. A Trustee who wishes to attend by telephone, video or internet conferencing must notify the Board Secretary and the Executive Director at least 24 hours prior to the meeting, unless advance notice is impractical. A Trustee who is allowed to participate by telephone, video or internet conferencing shall not be considered present for purposes of a quorum but shall be considered in attendance for all other purposes and allowed to vote on matters brought before the Board.”*

Additionally, 5 ILCS 120/7 was amended to include “unexpected childcare obligations” as an acceptable exception to the physical attendance rule.



ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

In accordance with Board rules and the Open Meetings Act, the Board of Trustees will discuss and take necessary action to allow remote participation if members of the Board will not be physically present for the meeting, as indicated below:

A quorum of six members of the Board is required to be present in the Board meeting room to comply with the Open Meetings Act.

Verus Quarterly Investment Report

- Representatives from IPOPIF Consultant, Verus, will review the investment markets and IPOPIF performance.
- The following Investment Performance Review Report from Verus provides detailed observations and analysis of the investment landscape and IPOPIF investment performance as of 12/31/23.
- Verus Consultant and the IPOPIF Chief Investment Officer will take questions and guidance from the Board of Trustees.



PERIOD ENDING: December 31, 2023

Investment Performance Review for

Illinois Police Officer's Pension Investment Fund

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[VERUSINVESTMENTS.COM](https://www.verusinvestments.com)

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SAN FRANCISCO 415.362.3484

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Executive Summary

Illinois Police Officers' Pension Investment Fund Period Ending: December 31, 2023

Executive Summary

- Total assets grew from \$9.2 billion to just over \$10.0 billion through the end of the 4th quarter, responding to a strong market environment across most asset classes.
- The market reacted favorably to a continued steady decline in inflation, as the Fed softened its language regarding the prospect of future interest rate moves. This, combined with strong fundamentals, such as continued economic growth, labor market stability, and consumer resilience led to an increase in risk assets. The S&P 500 returned 11.7% in the 4th quarter, and the Bloomberg U.S. Aggregate Bond Index returned 6.8%.
- The IPOPIF Investment Portfolio returned 8.8% for the quarter and was slightly below the Policy Index return of 9.0%, largely resulting from a modest underweight to equity relative to policy (56.4% vs. 58.0% at quarter-end) in a strong equity environment. The same is true for underperformance relative to the Broad-Based Policy Index, which returned 10.3% for the quarter with a 70% global equity allocation.
- Since its inception in April 2022, the IPOPIF Portfolio has returned 2.3% through the end of the 4th quarter, in line with the Policy Index and meaningfully ahead of the Broad-Based Policy Index of 1.4%.
- The IPOPIF Portfolio ranked in the 6th percentile relative to a representative universe of Public Pensions with assets greater than \$1 billion for the quarter. Like similarly strong rankings in previous quarters, the favorable ranking in the 4th quarter continues to be largely attributable to a relatively high public markets equity allocation relative to peers³.
- As a primarily passively-invested investment strategy, the IPOPIF Portfolio experienced minimal variation to its Policy Index in the 4th quarter. We would expect some tracking error to be introduced as the Fund takes on more active management. Individual investment strategies also performed in line with their strategy-specific benchmarks during the quarter.
- The IPOPIF investment team actively monitors current asset allocations vs. policy targets and conducts rebalancing trades as appropriate. As of 12/31/23, all asset classes were within policy target.

Notes

Verus 

¹Total Fund assets includes Member Fund and Transition accounts that were not invested in the IPOPIF Investment Portfolio during Transition Period.

²The Broad-Based Policy Index represents a passively invested 70/30 global stock/bond portfolio.

³IPOPIF has implemented a short-term asset allocation which is primarily passively invested in public markets. IPOPIF is currently moving toward its long-term asset allocation, which includes active management and private market assets.

Investment Landscape

4th quarter summary

THE ECONOMIC CLIMATE

- Real GDP increased at a 2.9% pace from a year ago in Q3 (4.9% quarter-over-quarter annualized rate). The economy has remained relatively strong while inflation now appears likely to fall closer to the Fed's 2% target in 2024. These expectations contributed to a dovish pivot from the Fed, a sharp drop in interest rates, and a notable market rally as the possibility of a soft landing has risen.
- Unemployment fell slightly from 3.8% to 3.7%, though the labor participation rate dropped sharply towards the end of the year. The labor market remains surprisingly resilient after roughly a full year of higher interest rates.

PORTFOLIO IMPACTS

- Consumer sentiment has been incredibly poor, and one of the greatest concerns for Americans is inflation. Although inflation has fallen considerably, prices of goods and services remain high, placing strain on budgets. Because inflation measures the rate of change of prices, rather than the level of prices, lower inflation has failed to ease the financial pressure that many households face.
- The Cboe VIX implied volatility index moved even lower during Q4, from 17.5 to 12.5. At the same time, bond market volatility was very high, as indicated by the "MOVE" Index. Uncertainty around inflation, the Federal Reserve's possible interest rate path and the extent of rate cuts, potential recession, and fears around the U.S. fiscal situation are likely contributing to market shakiness.

THE INVESTMENT CLIMATE

- An abrupt change in Federal Reserve communication regarding interest rate cuts during the quarter coincided with sharply lower bond yields, higher equity valuations, and further tightening of credit spreads.
- U.S. headline inflation fell during the quarter, from 3.7% to 3.3% year-over-year. Core CPI (ex-food & energy) declined from 4.1% to 3.9%. Low inflation numbers in October and November (0.0% and 0.1% month-over-month) were counterbalanced by a surprisingly high inflation number in December (0.3% month-over-month).

ASSET ALLOCATION ISSUES

- U.S. equities (S&P 500 +11.7%) led international developed equities (MSCI EAFE +10.4%) and emerging market equities (MSCI EM +7.9%) during the quarter. Domestic equities also led non-U.S. equities over the full year while emerging markets lagged. Wide sector performance differences contributed to U.S. leadership given a much heavier tech focus of the domestic market.
- Style factor performance was mixed during Q4. Small cap outperformed large cap by +2.0%. Value underperformed Growth by -3.2%. Over the full year, small caps underperformed large caps by -9.6% while value stocks underperformed growth by a whopping -31.2%. Besides an extreme period of value underperformance during 2020, calendar year 2023 was the worst 1-year rolling period in more than two decades.

Risk assets rallied in Q4 following a dovish pivot from the Federal Reserve and recent economic data suggesting a greater chance of a soft landing

What drove the market in Q4?

“A Soft Landing is in View as Inflation Drops”

HEADLINE CPI MONTH-OVER-MONTH CHANGES

July	Aug	Sept	Oct	Nov	Dec
0.2%	0.6%	0.4%	0.0%	0.1%	0.3%

Article Source: WSJ, November 14th, 2023

“U.S. Labor Market Resilience Keeps Economy Afloat as Year Ends”

U-3 UNEMPLOYMENT RATE

July	Aug	Sept	Oct	Nov	Dec
3.5%	3.8%	3.8%	3.8%	3.7%	3.7%

Article Source: Reuters, December 21st, 2023

“U.S. Consumer Spending, Inflation Slow in Sign of Cooling Economy”

U.S. NOMINAL RETAIL SALES (YEAR-OVER-YEAR)

July	Aug	Sept	Oct	Nov	Dec
2.8%	2.8%	4.0%	2.2%	4.0%	5.6%

Article Source: Bloomberg, November 30th, 2023

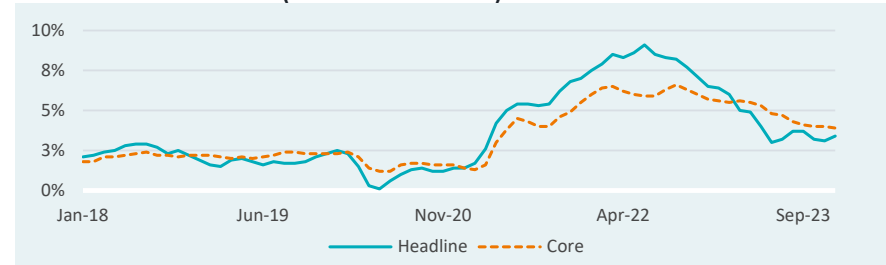
“Fed Holds Rates Steady, Indicating Three Cuts Coming in 2024”

FOMC PROJECTED END OF 2023 FED FUNDS RATE

Sep 22 SEP	Dec 22 SEP	Mar 23 SEP	June 23 SEP	Sept 23 SEP	Dec 23 SEP
4.60%	5.10%	5.10%	5.60%	5.60%	5.40%

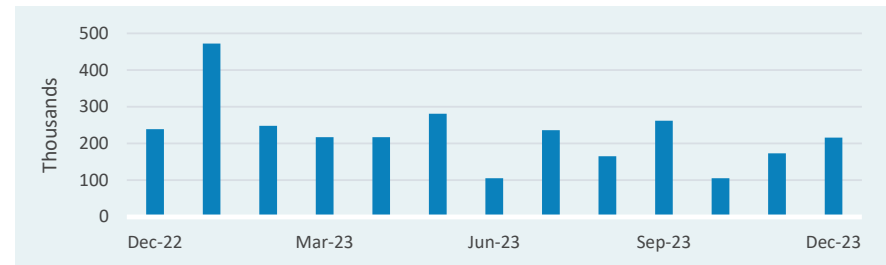
Article Source: CNBC, December 13th, 2023

HEADLINE & CORE CPI (YEAR-OVER-YEAR)



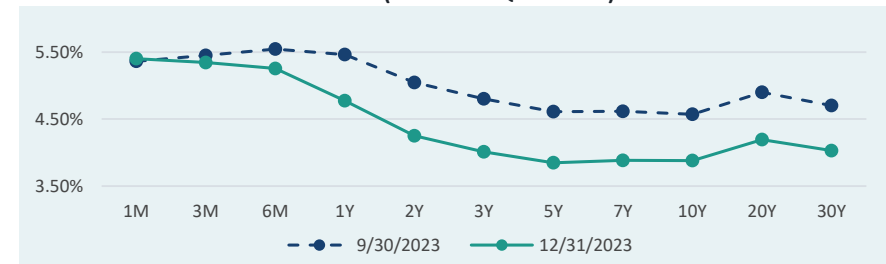
Source: BLS, as of 12/31/23

CHANGE IN NONFARM PAYROLLS



Source: BLS, as of 12/31/23

TREASURY YIELD MOVEMENTS (FOURTH QUARTER)



Source: Bloomberg, as of 12/31/23

U.S. economics summary

- Real GDP increased at a 2.9% pace year-over-year in Q3 (4.9% quarter-over-quarter annualized rate). The economy has remained relatively strong while inflation appears more likely to fall closer to the Fed's target in 2024. These expectations contributed to a dovish pivot from the Federal Reserve in December, a sharp drop in interest rates, and a notable market rally as the possibility of a soft landing has risen.
- U.S. headline inflation fell during the quarter, from 3.7% to 3.3% year-over-year. Core CPI (ex-food & energy) declined further from 4.1% to 3.9%. Low inflation numbers in October and November (0.0% and 0.1% month-over-month) were counterbalanced by a surprisingly high inflation number in December (0.3% month-over-month).
- Consumer spending has been stable, with real personal consumption expenditures up +2.7% year-over-year in November, the strongest growth figure since early 2022. However, strong spending appears to be at the expense

of a low household savings rate (4.1% in November) and may be partly driven by necessity (higher prices of goods & services) rather than by a positive financial or economic outlook.

- The job market has shown mixed signals, increasing in total size during 2023 but arguably with some weakness around the edges. Unemployment rose during the year but fell slightly in Q4 from 3.8% to 3.7%. This historic mismatch between jobs available and workers available has been slowly closing.

- Consumer sentiment improved slightly but remains incredibly poor. Inflation is a central concern for Americans. Although inflation has fallen considerably, prices of goods and services remain high, placing strain on budgets. Because inflation measures the rate of change of prices, rather than the level of prices, lower inflation has failed to ease the financial pressure that many households face.

	Most Recent	12 Months Prior
Real GDP (YoY)	2.9% 9/30/23	1.7% 9/30/22
Inflation (CPI YoY, Core)	3.9% 12/31/23	6.4% 12/31/22
Expected Inflation (5yr-5yr forward)	2.2% 12/31/23	2.3% 12/31/22
Fed Funds Target Range	5.25–5.50% 12/31/23	4.25–4.50% 12/31/22
10-Year Rate	3.88% 12/31/23	3.88% 12/31/22
U-3 Unemployment	3.7% 12/31/23	3.5% 12/31/22
U-6 Unemployment	7.1% 12/31/23	6.5% 12/31/22

GDP growth

Real GDP increased at a 2.9% pace from a year ago in the third quarter (4.9% quarter-over-quarter annualized rate). The large uptick was driven by consumption, which continues to show resiliency. While many investors have expected high inflation and weaker wage growth to impact spending, a combination of pandemic related excess savings and a strong decade of household wealth expansion is likely providing a cushion against an economic slowdown. Outside of consumption, all major categories, besides net exports, positively contributed to GDP growth.

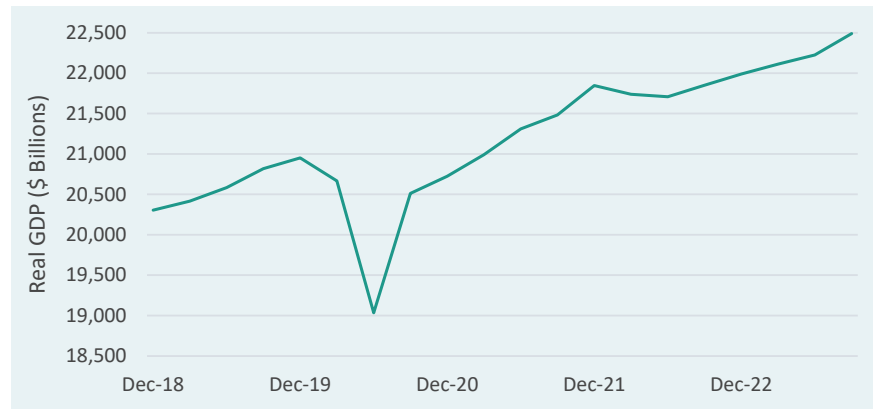
The economy has remained relatively strong while inflation

now appears likely to fall closer to the Fed target in 2024. These expectations contributed to a sharp drop in interest rates towards the end of 2023, and a notable market rally, as the possibility of a soft landing has risen.

A string of positive economic news occurred throughout the fourth quarter. The economic outlook has improved along with this new information, though we continue to believe economic bumpiness is on the horizon—perhaps in mid-2024. However, U.S. markets appear to be fully pricing in the soft-landing narrative, which likely limits the upside if that were to come to fruition.

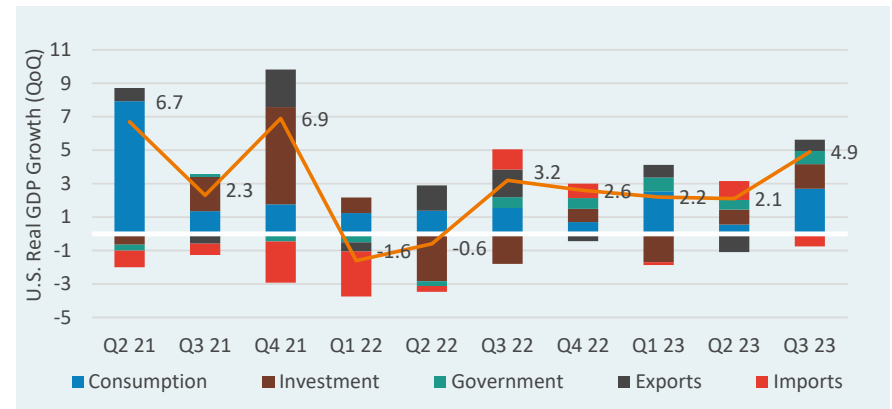
The U.S. economy continues to show resilience despite aggressive monetary tightening & low consumer confidence

U.S. REAL GROSS DOMESTIC PRODUCT



Source: FRED, as of 9/30/23

U.S. REAL GDP COMPONENTS (QOQ)



Source: FRED, as of 9/30/23

Inflation

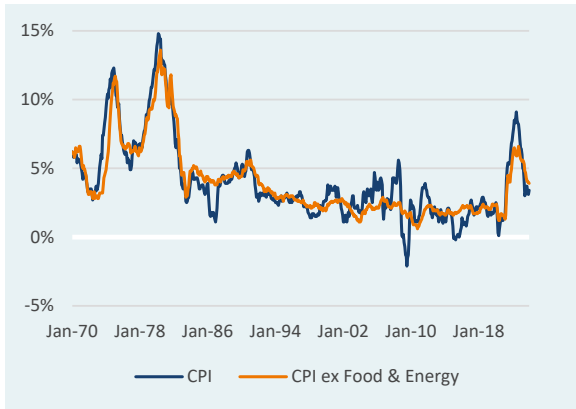
U.S. headline inflation fell during the quarter, from 3.7% to 3.3% year-over-year in December. Core CPI (ex-food & energy) declined further from 4.1% to 3.9%. It is not yet clear how long it will take for inflation to return to the Federal Reserve’s 2% target, or how bumpy that ride might be. Low inflation numbers in October and November (0.0% and 0.1% month-over-month) were counterbalanced by a surprisingly high inflation release in December (0.3% month-over-month).

Most of the largest initial drivers of U.S. inflation, such as food, energy, and used autos, are now moderating in price and helping to bring inflation down towards the Fed’s 2%

target. Additionally, the largest component of the inflation “basket” of goods and services is shelter prices (the cost of rents or renter’s equivalent). The calculation of shelter for official government data purposes tends to reflect market rent movements with a lag. Market-based rent indexes reflect much lower rent inflation. For example, the series published by Zillow indicates 3.3% year-over-year inflation as of December. This suggests that as government shelter data catches up with true market rent prices, the greatest support to current inflation levels (shelter costs) will drop materially, potentially bringing inflation officially back to around a 2% level.

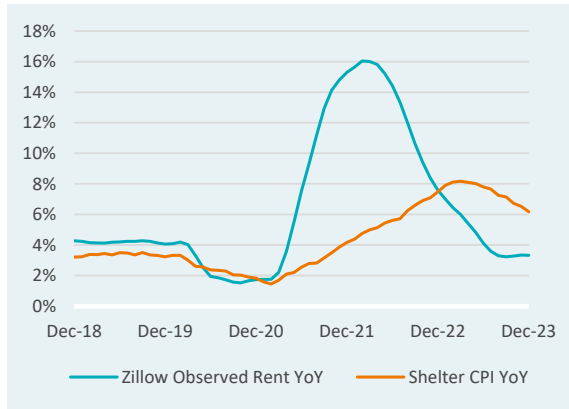
Inflation & other economic data released in Q4 suggests a path for inflation to fall towards 2% in 2024

U.S. CPI (YOY)



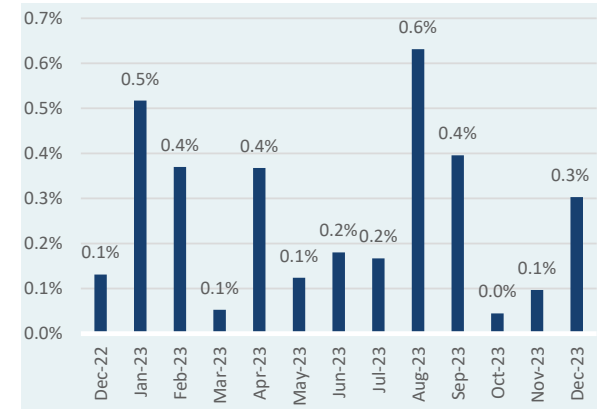
Source: BLS, as of 12/31/23

ZILLOW OBSERVED RENT VS. SHELTER CPI (YOY)



Source: Zillow Observed Rent Index, as of 12/31/23

MONTHLY PRICE MOVEMENT (CPI)



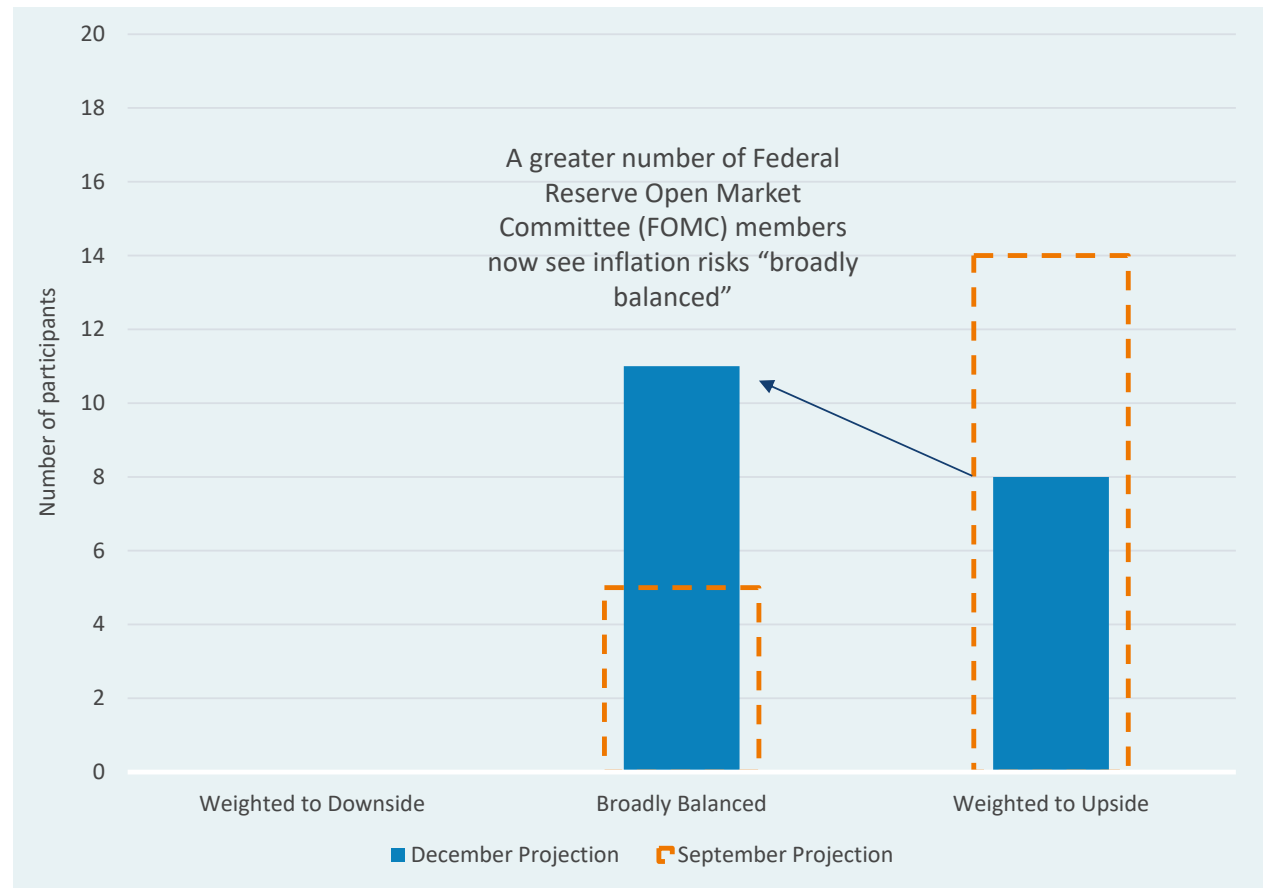
Source: BLS, as of 12/31/23

Shifting signaling from the Federal Reserve

December 2023 risks to core inflation: FOMC participants

On December 13th, the Fed’s tone shifted. Powell spoke to a much rosier inflation picture and described a greater focus on both sides of its dual mandate—price stability and full employment.

Although optimistic, Powell’s comments emphasized a cautious view of the restrictive policy’s impact, *“Our actions have moved our policy rate well into restrictive territory, meaning that tight policy is putting downward pressure on economic activity and inflation, and the full effects of our tightening likely have not yet been felt... Given how far we have come, along with the uncertainties and risks that we face, the Committee is proceeding carefully.”*



Source: Federal Reserve December 2023 Summary of Economic Projections

Labor market

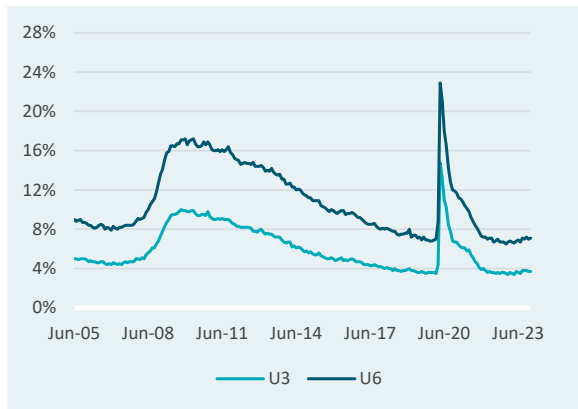
Unemployment fell slightly in Q4 from 3.8% to 3.7%, though the labor participation rate dropped sharply towards the end of the year from 62.8% to 62.5%. According to most available metrics, the labor market remains surprisingly resilient. While throughout history higher interest rates, and yield curve inversion in particular, have typically been followed by recession, the economy has been strong in the face of higher interest rates for roughly a full year. These dynamics have fueled hope that the economy may achieve a soft landing.

Some mixed signals have appeared in recent months. The labor participation rate has fallen for both younger and older

workers, potentially a sign of stalling of strong post-pandemic job growth. Rebalancing within the labor market continued, as the mismatch between the number of *workers available* and the number of *available jobs* closes. This gap was 5.5 million at the beginning of the year and fell to 2.5 million in November. This rebalancing appears to be due to positive factors (a growing workforce) rather than negative factors (fewer jobs available), as more Americans are seeking employment and finding jobs that had previously gone unfilled.

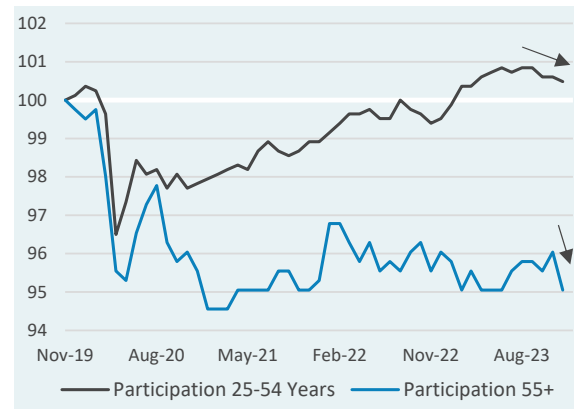
The gap between *available jobs* and *available workers* was cut in half during 2023, as the labor market moves into balance

U.S. UNEMPLOYMENT



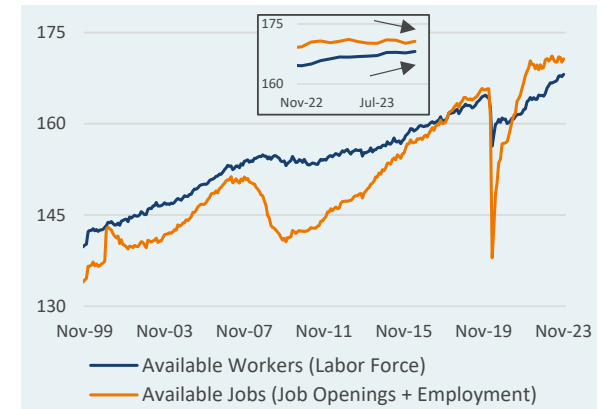
Source: FRED, as of 12/31/23

LABOR FORCE PARTICIPATION RATE BY AGE



Source: FRED, as of 12/31/23

WORKERS AVAILABLE VS. AVAILABLE JOBS



Source: BLS, Verus, as of 11/30/23

The consumer

We believe there are two important sides to the U.S. consumer picture. First, spending has been stable, as real (inflation-adjusted) personal consumption expenditures continued at a moderate pace, at 2.7% year-over-year in November—the strongest growth figure since early 2022. But second, strong spending appears to be coming at the expense of household savings (very low at 4.1% in November) and may be partly driven by necessity (higher prices of goods and services) rather than driven by a positive financial or economic outlook. This latter point is supported by incredibly poor consumer sentiment.

Americans has greatly expanded over the past decade, fueled by higher home prices, a bull market for stocks, and broad economic strength. However, this stands in stark contrast to reports of widespread financial difficulties of Americans. For example, a Lending Club survey conducted in November 2023 indicated that 62% of consumers are living paycheck to paycheck. In this unique environment, it is difficult to gauge the extent to which greater wealth, though often illiquid, might help extend strong spending into future quarters, or whether spending is set to slow as households reset their spending to lower levels to try and return to more conservative budgets with an appropriate savings rate.

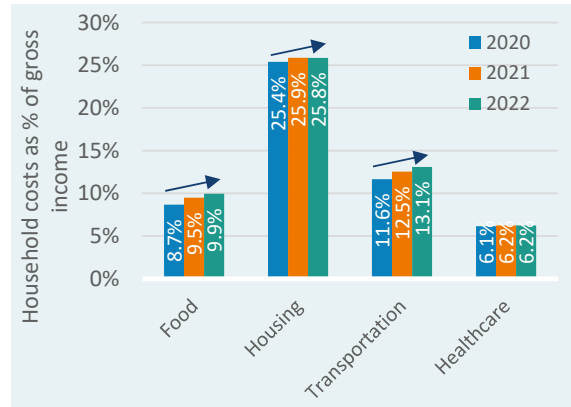
As discussed in last quarter’s report, wealth for the majority of

REAL PERSONAL SPENDING



Source: FRED, as of 11/30/23

HIGHER COSTS EATING INTO BUDGETS



Source: BLS, Verus, as of 9/8/23 – household costs as % of gross income

PERSONAL SAVINGS RATE



Source: FRED, as of 11/30/23

Housing

Home prices increased 3.0% in the third quarter, with ongoing support from very low housing inventory levels. It is possible that low inventories, high costs of new construction, a lack of forced sales (home sales due to financial stress), and an unwillingness of current homeowners to sell and sacrifice their existing low mortgage rate, could act as an ongoing support to high home prices despite extreme unaffordability.

On a brighter note, housing affordability on the margin may be moving in a better direction. Despite mild gains in home prices, the 30-year average fixed mortgage rate has fallen from a 23-year high of 7.3% to 6.6% at the

end of December. A moderation in mortgage rates, with expectations for a handful of Federal Reserve rate cuts in 2023, could help affordability and provide a support to home demand in the near-term.

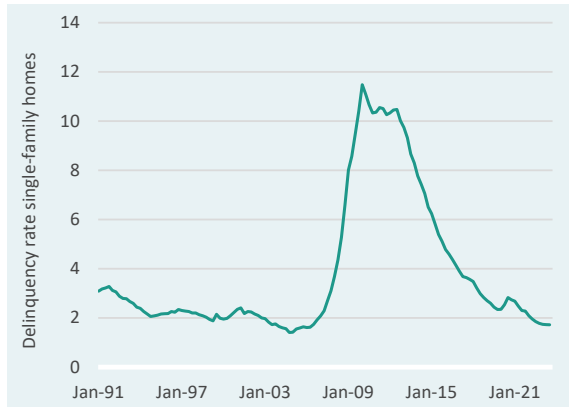
Mortgage delinquency levels of single-family homeowners continue to be muted, at 1.7% as of Q3. Surprisingly, mortgage delinquency rates have consistently declined since the pandemic. This may be a reflection of significant home equity built up for the average homeowner, the ability of homeowners to draw on that equity to help make financial ends meet, and a hesitance to default on a loan if the loan is not underwater.

30-YEAR MORTGAGE RATE (%)



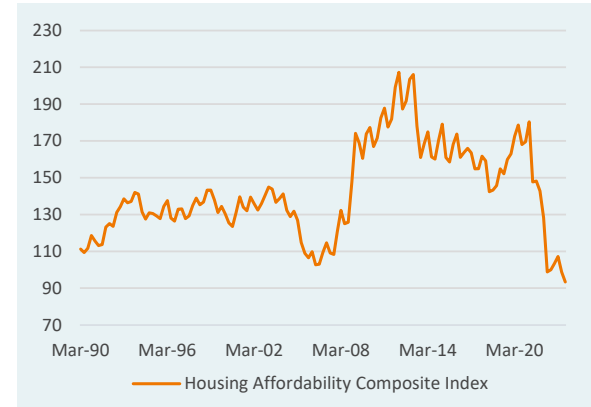
Source: FRED, as of 12/31/23

SINGLE-FAMILY HOME DELINQUENCY RATE (%)



Source: FRED, as of 9/30/23

HOUSING AFFORDABILITY



Source: FRED, as of 9/30/23 – Housing affordability is calculated as the cost of a median priced single-family home at the current mortgage rate, as a percentage of the median family income

International economics

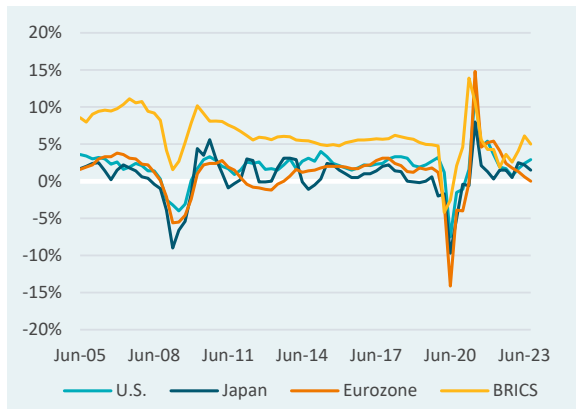
The ongoing threat of inflation, and central banks' tightrope act of working to battle that inflation without tipping economies into recession, was expected to be a key risk of 2024. However, in the fourth quarter inflation has fallen more quickly than expected, while economic growth has generally been more resilient. The global growth picture seems to have improved, all else equal, although growth is still expected to slow materially in the coming quarters.

Although broad macroeconomic conditions improved, additional risks surfaced throughout the quarter, as conflicts within the Middle East escalated. Tensions remain high and concerns around global supply chains

and energy markets have been at the forefront—though impacts across commodity markets have been muted so far.

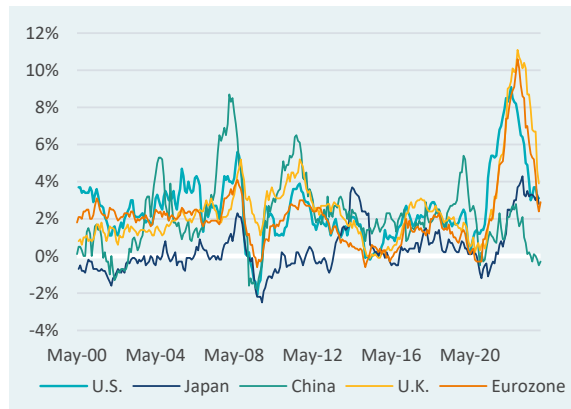
The outlook remains uncertain. Geopolitical tension is still high, especially as the U.S. and China compete for dominance in the technology sector. Developed economies in the Eurozone and Japan are projected by the World Bank to grow less than 1% in 2024, far below historical long-term averages. On the flip side, emerging and developing economies still boast strong growth targets. India is a highlight, as growth expectations for both 2024 and 2025 sit above six-percent.

REAL GDP GROWTH (YEAR-OVER-YEAR)



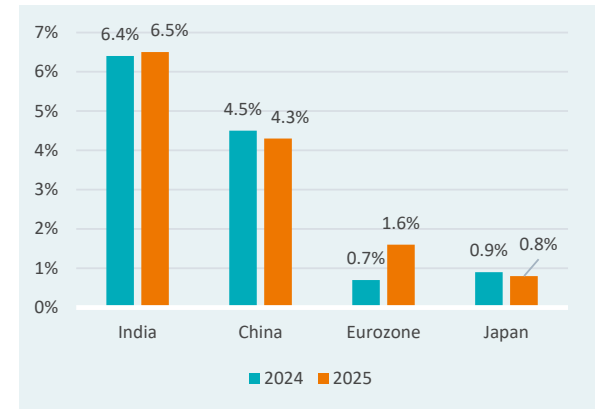
Source: Bloomberg, as of 9/30/23

INFLATION (CPI YEAR-OVER-YEAR)



Source: Bloomberg, as of 12/31/23 – or most recent release

WORLD BANK REAL GDP FORECASTS



Source: World Bank Global Economic Prospects, as of 1/9/24

Fixed income environment

- The 10-year U.S. Treasury yield reversed its gains from the prior quarter, falling from 4.58% to 3.88% in Q4, as the market reassessed inflation conditions and the Federal Reserve’s likely path. Further signs that inflation is moderating toward target, along with surprisingly upbeat economic news, likely contributed to the Federal Reserve’s “dovish pivot” as it has been referred to. The 10-year yield ended 2023 unchanged.
- During Q4, credit markets delivered strong results, led by lower-quality bonds such as high yield and bank loans. High yield gained +7.2% (Bbg U.S. Corporate High Yield), while bank loans rose +2.8% (S&P/LSTA Leveraged Loan). Longer duration investment grade corporate bonds (Bloomberg U.S. Long Corporate Credit) rose 14.0% during the quarter as both falling interest rates and narrower credit spreads acted as a tailwind.
- The U.S. yield curve has remained inverted for 1.5 years, which is

among the most extended periods in modern history. This is indicated by the 10-year minus 2-year Treasury yield—ending the year at -35bps, up from -44bps in Q3. Unique attributes of the current economic environment suggest that this curve inversion may not coincide with a near-term recession.

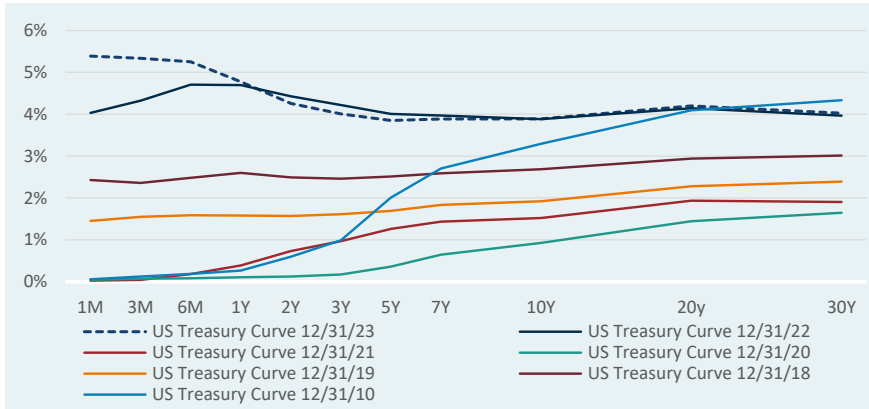
- US interest rates remained steady during the quarter as inflation continued to moderate towards the Federal Reserve Bank’s 2.0% target. Importantly, expectations for future rate cuts increased following the statement made by Chairman Powell that future rate hikes may not be required.
- With inflation and economic growth continuing to moderate during the quarter, market expectations for future rate cuts by the Federal Reserve increased. As a result, interest rates across the US Treasury curve declined meaningfully, with shorter-term rates declining more than longer-term rates.

	QTD Total Return	1 Year Total Return
Core Fixed Income (Bloomberg U.S. Aggregate)	6.8%	5.5%
Core Plus Fixed Income (Bloomberg U.S. Universal)	6.8%	6.2%
U.S. Treasuries (Bloomberg U.S. Treasury)	5.7%	4.1%
U.S. Treasuries: Long (Bloomberg U.S. Treasury 20+)	13.4%	2.7%
U.S. High Yield (Bloomberg U.S. Corporate HY)	7.2%	13.4%
Bank Loans (S&P/LSTA Leveraged Loan)	2.8%	13.3%
Emerging Market Debt Local (JPM GBI-EM Global Diversified)	8.1%	12.7%
Emerging Market Debt Hard (JPM EMBI Global Diversified)	9.2%	11.1%
Mortgage-Backed Securities (Bloomberg MBS)	7.5%	5.0%

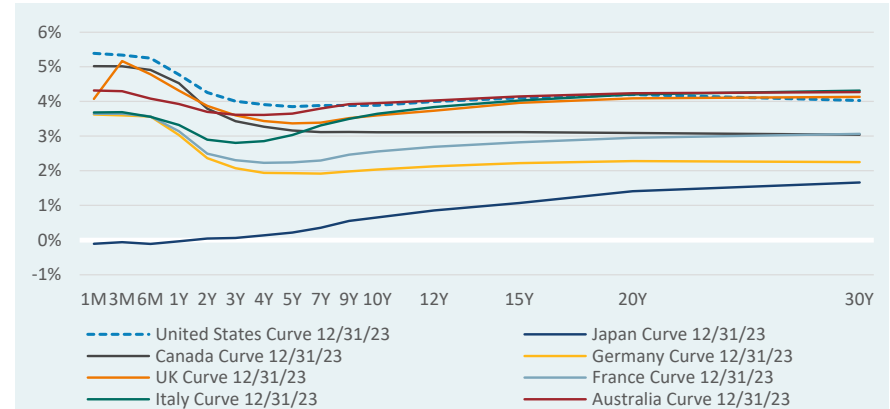
Source: Bloomberg, as of 12/31/23

Yield environment

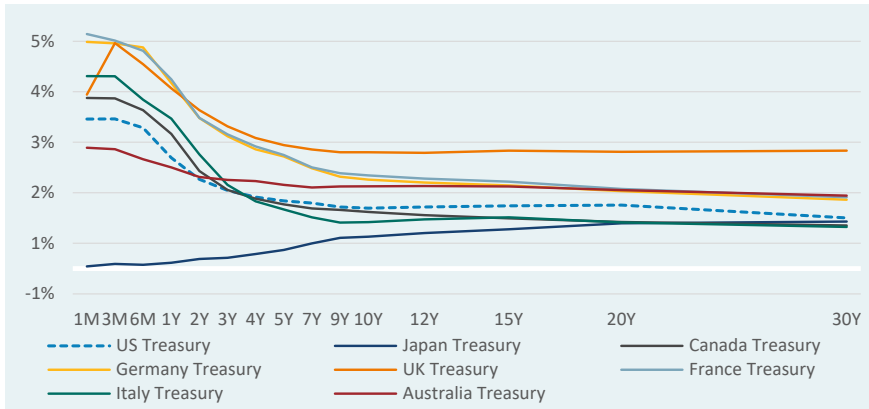
U.S. YIELD CURVE



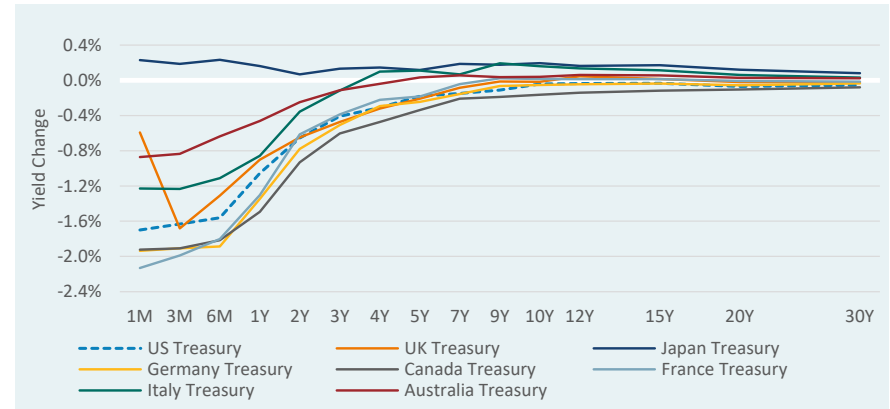
GLOBAL GOVERNMENT YIELD CURVES



YIELD CURVE CHANGES OVER LAST FIVE YEARS



IMPLIED CHANGES OVER NEXT YEAR



Source: Bloomberg, as of 12/31/23

Credit environment

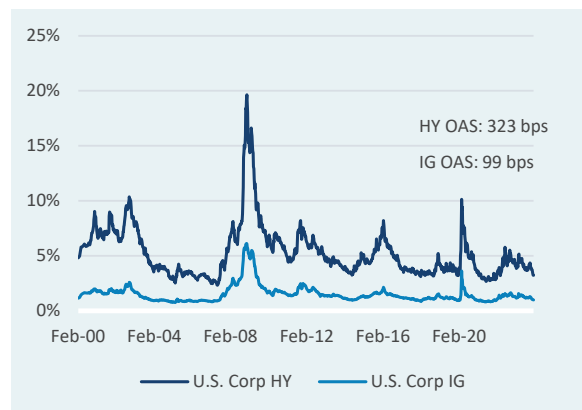
During the fourth quarter, credit markets delivered strong positive results, led by lower-quality credits such as high yield bonds and bank loans. High yield bonds delivered strong results gaining 7.2% (Bbg U.S. Corporate High Yield), while bank loans rose 2.8% (CS Leveraged Loans). Longer duration investment grade corporate bonds (Bloomberg U.S. Long Corporate Credit) rose 14.0% during the quarter as both falling interest rates and narrower credit spreads acted as a tailwind.

Higher-quality BB-rated bonds outperformed lower quality credits during the period returning 7.3% compared to 6.8% and 6.6% for B-rated and CCC-rated bonds, respectively. While absolute returns were positive, bank loans delivered a less-than-impressive 2.8%, primarily due to the

combination of falling interest rates and expectations that the Federal Reserve Bank would begin cutting rates in the future.

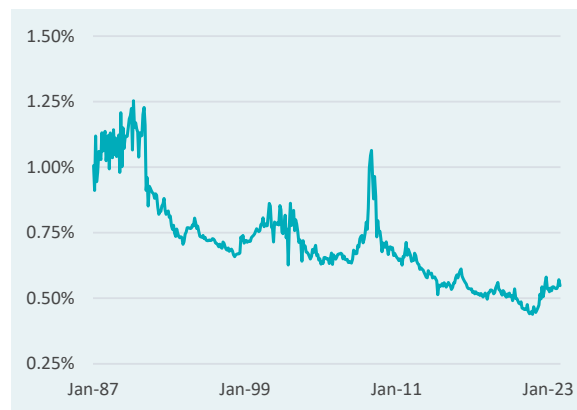
Credit spreads narrowed during the quarter despite concerns related to an economic slowdown, weakening corporate fundamentals, and rising geopolitical tensions. Lower-quality, high yield bond spreads fell by 0.6% to roughly 3.2%, while investment grade spreads decreased by roughly 0.2% to 1.0%. Broadly, spreads remain below their long-term historical averages, which suggests that investors remain confident about the ability of those companies to service their debt. That said, slower U.S. economic growth could lead to wider credit spreads as investors seek safety in higher quality assets.

SPREADS



Source: Barclays, Bloomberg, as of 12/31/23

HIGH YIELD BONDS MONTHLY INCOME RETURN



Source: Bloomberg, as of 12/31/23

CREDIT SPREAD (OAS)

Market	12/31/23	12/31/22
Long U.S. Corp	1.2%	1.6%
U.S. Inv Grade Corp	1.0%	1.3%
U.S. High Yield	3.2%	4.7%
U.S. Bank Loans*	5.0%	5.9%

Source: Barclays, Credit Suisse, Bloomberg, as of 12/31/23

*Discount margin (4-year life)

Equity environment

- Domestic equities delivered a strong rally to finish Q4, driven by a combination of better-than-expected Q3 earnings and signals of easing from the Federal Reserve. The S&P 500 Index gained +26.3% during 2023.
- U.S. equities (S&P 500 +11.7%) led international developed equities (MSCI EAFE +10.4%) and emerging market equities (MSCI EM +7.9%) during the quarter. Domestic equities also led non-U.S. equities over the full year, while emerging markets were laggards. Wide sector performance differences contributed to U.S. leadership, given the much heavier tech focus of the domestic market.
- The U.S. dollar fell sharply, as investors reassessed Federal Reserve policy and interest rates retraced lower. This move created a tailwind for investors with unhedged exposure to foreign currencies. On a trade-weighted basis, the value of the U.S. dollar fell -4.3%. However, over the full calendar year investors with unhedged currency exposure saw moderate losses, due to wide fluctuations of the dollar.
- Style factor investing delivered mixed performance for investors in Q4. Over the full year, style investing suffered substantially. Small cap underperformed by -9.6% while value stocks underperformed growth by a whopping -31.2%. Besides an extreme period during 2020, calendar year 2023 was the worst 1-year rolling period in more than two decades.
- The Cboe VIX implied volatility index moved even lower during the fourth quarter, from 17.5 to 12.5 in December. Priced volatility is incredibly low—at a level that has historically tended to coincide with very strong economic and market conditions.

	QTD TOTAL RETURN		1 YEAR TOTAL RETURN	
	(unhedged)	(hedged)	(unhedged)	(hedged)
U.S. Large Cap (S&P 500)	11.7%		26.3%	
U.S. Small Cap (Russell 2000)	14.0%		16.9%	
U.S. Equity (Russell 3000)	12.1%		26.0%	
U.S. Large Value (Russell 1000 Value)	9.5%		11.5%	
US Large Growth (Russell 1000 Growth)	14.2%		42.7%	
Global Equity (MSCI ACWI)	11.0%	9.7%	22.2%	22.7%
International Large (MSCI EAFE)	10.4%	6.0%	18.2%	19.9%
Eurozone (EURO STOXX 50)	13.3%	9.3%	26.5%	25.6%
U.K. (FTSE 100)	6.9%	2.5%	14.3%	8.8%
Japan (TOPIX)	8.2%	3.6%	19.3%	35.7%
Emerging Markets (MSCI Emerging Markets)	7.9%	5.7%	9.8%	10.1%

Source: Russell Investments, MSCI, STOXX, FTSE, JPX, as of 12/31/23

Domestic equity size & style

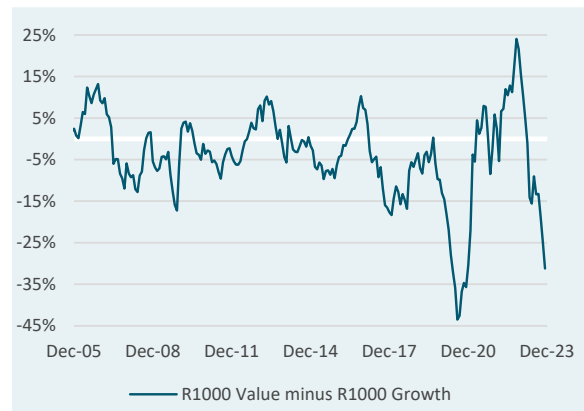
Style factor investing delivered mixed performance for investors in the fourth quarter. Small cap outperformed large cap by +2.0% during Q4 (Russell 2000 vs. Russell 1000). Value underperformed Growth by -3.2% (Russell 1000 Value vs. Russell 1000 Growth). Over the full year, style investing suffered substantially. Small cap underperformed by -9.6% while value stocks underperformed growth by a whopping -31.2%. Besides an extreme period during 2020, calendar year 2023 was the worst 1-year rolling period in more than two decades.

The wide variability of style investing continues to be fueled by extreme sector volatility. For example, the information technology sector, which tends to be more concentrated in growth stocks, performed +57.8% in

2023. Meanwhile, utilities and energy sectors, which tend to be more concentrated in value stocks, performed -7.1% and -1.3%, respectively. Mega cap growth stocks have propelled the U.S. market higher in 2023—a reversal from significant losses in 2022. Many market-leading stocks are concentrated in technology and telecom sectors, which have outperformed the overall index (+57.8% and +55.8%, respectively).

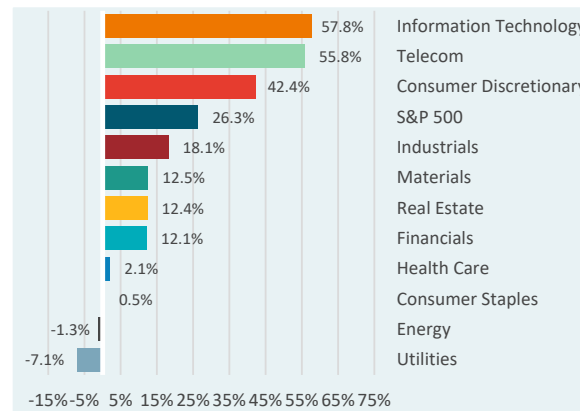
We believe sector variability and the way this has contributed to style factor volatility is further evidence that style investing should be a long-term decision. Short-term factor timing decisions should typically be pursued only in the rare occasion of obvious market mispricing and a foreseen catalyst for price correction.

VALUE VS. GROWTH 1-YR ROLLING



Source: FTSE, as of 12/31/23

VALUE VS GROWTH (YOY)



Source: Morningstar, as of 12/31/23

1-YEAR SIZE & STYLE PERFORMANCE

	Value	Core	Growth
Large Cap	11.5%	26.5%	42.7%
Mid Cap	12.7%	17.2%	25.9%
Small Cap	14.6%	16.9%	18.7%

Source: FTSE, as of 12/31/23

International developed equity

International developed equities also benefited from shifting expectations around Federal Reserve policy in the fourth quarter, with the MSCI EAFE Index delivering a +10.4% gain in unhedged currency terms. Fading dollar strength provided a large boost, as expectations for potential easing from the Federal Reserve contrasted against shifting policy from the ECB and BOE.

In terms of relative performance, international developed shares trailed the U.S., but outperformed emerging market equities. Sector weightings played the largest role, as gains from mega-cap technology names drove domestic

performance, contrasting against the heavier financials and industrial sector composition of the MSCI EAFE index.

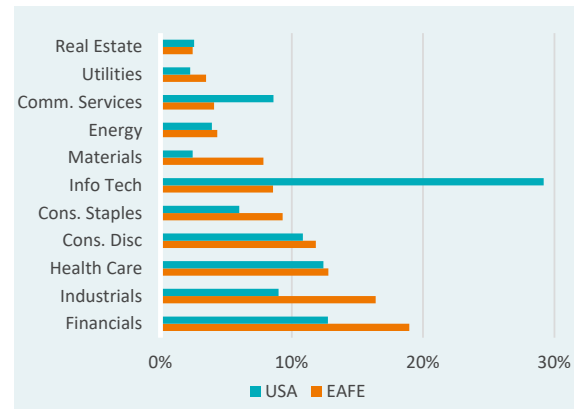
Despite macroeconomic challenges, international developed equities saw strong performance in 2023, up +18.2% in unhedged dollar terms. Japanese shares continued to benefit from zero-interest rate policy and shifting investment away from China and into Japan. European shares were lifted by better-than-expected global growth and the ability for companies to pass off higher prices – resulting in strong earnings.

INTERNATIONAL DEVELOPED EQUITY



Source: MSCI, as of 12/31/23

MSCI EAFE VS. USA SECTOR WEIGHTING



Source: MSCI, as of 12/31/23

JAPAN TOPIX PRICE INDEX



Source: Tokyo Stock Exchange, as of 12/31/23

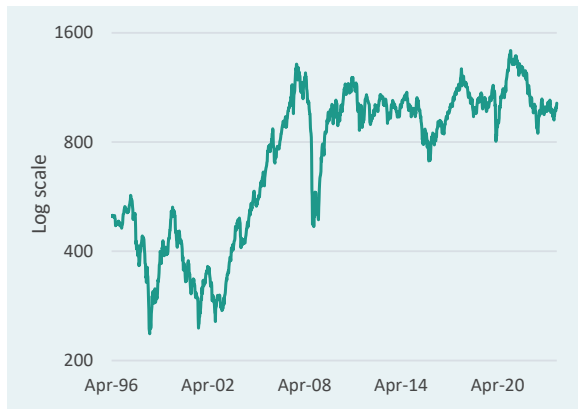
Emerging market equity

Emerging markets saw a positive end to 2023, rising +7.9% in the fourth quarter – helping to notch a +9.8% gain for the index over the 2023 calendar year. While rebounding from losses seen last year (-20.1% decline in 2022), emerging market equities underperformed both domestic and international developed equities for the second straight year.

Most countries within the index saw positive returns in the last quarter of the year, fueled by the broader rally in risk assets as U.S. monetary policy expectations eased. China was the outlier, declining -4.2%.

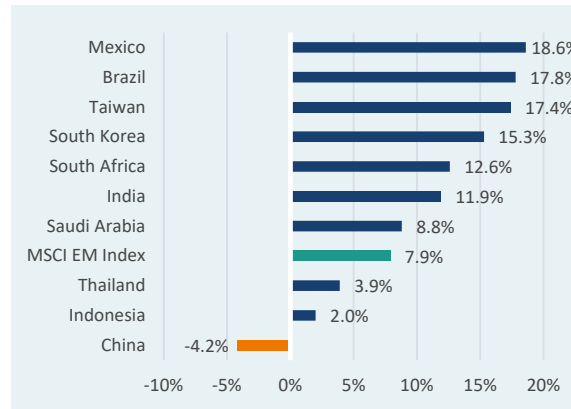
Chinese shares remain the elephant in the room within emerging markets. The MSCI EM ex China Index outperformed the flagship index by more than 10% in 2023, which highlights the large drag that China has caused, given its nearly 30% country weight in the index. The country continues to face a variety of challenges including incredibly dire demographic trends, geopolitical tension with the U.S., slowing growth, financial distress amongst the property sector and local government financing vehicles, a heavy national debt burden, and deflation. Combined with further consolidation of power within the CCP, the cheap pricing of Chinese equities may be justified.

EMERGING MARKET EQUITY



Source: MSCI, as of 12/31/23

Q4 2023 MSCI EM COUNTRY RETURNS (USD)



Source: Bloomberg, MSCI, as of 12/31/23

MSCI EM VS. EM EX CHINA (GROWTH \$100K)



Source: Bloomberg, MSCI, as of 12/31/23

Equity valuations

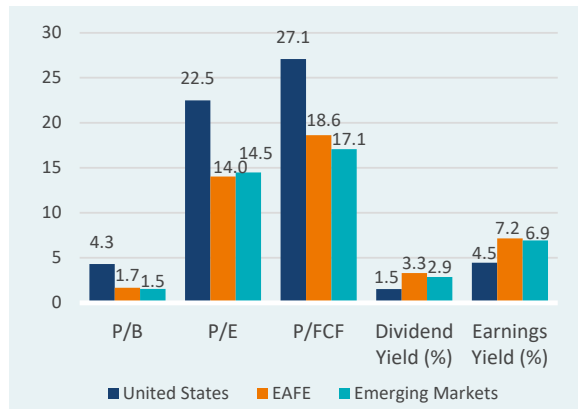
U.S. equity valuation drifted further above those of non-U.S. equities during the quarter. The domestic market is priced at a historic 71% premium over emerging market equities, up from a 59% premium in the third quarter. A portion of the U.S. pricing premium is due to a larger U.S. technology sector, which tends to demand higher valuations, though the valuation gap remains wide even after adjusting for sector composition.

The lower valuations of international developed equities may be at least partly justified due to weaker growth potential and unique challenges in those markets, though rising valuations create a high bar for future profit growth. In order for U.S. equities to justify high valuations over the

longer-term, business will need to generate supernormal earnings growth, and/or stock multiples will need to move upward even further.

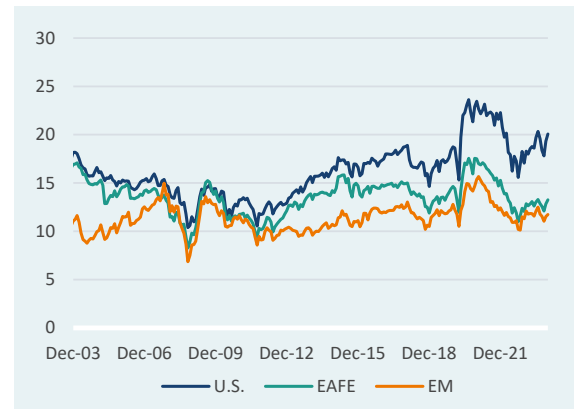
U.S. equity market valuations seem to have defied rising interest rates. Theoretically (and historically) speaking, equities should be fairly sensitive to sharply higher interest rates—the present value of stocks is less when rates are high due to the discounting effect, higher interest rates damage profits as financing is more expensive, and the overall economy tends to slow as borrowing costs rise which bodes poorly for profits. At least for now, the U.S. market remains richly valued and median bank forecasts are for a healthy 2024 S&P 500 return.

MSCI VALUATION METRICS (3-MONTH AVG)



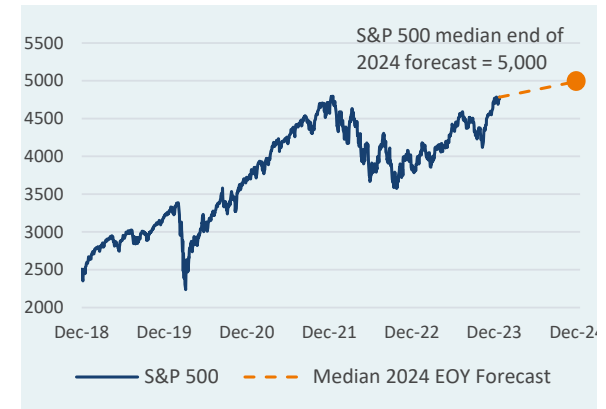
Source: Bloomberg, as of 12/31/23

FORWARD PRICE/EARNINGS RATIO



Source: MSCI, Bloomberg, as of 12/31/23

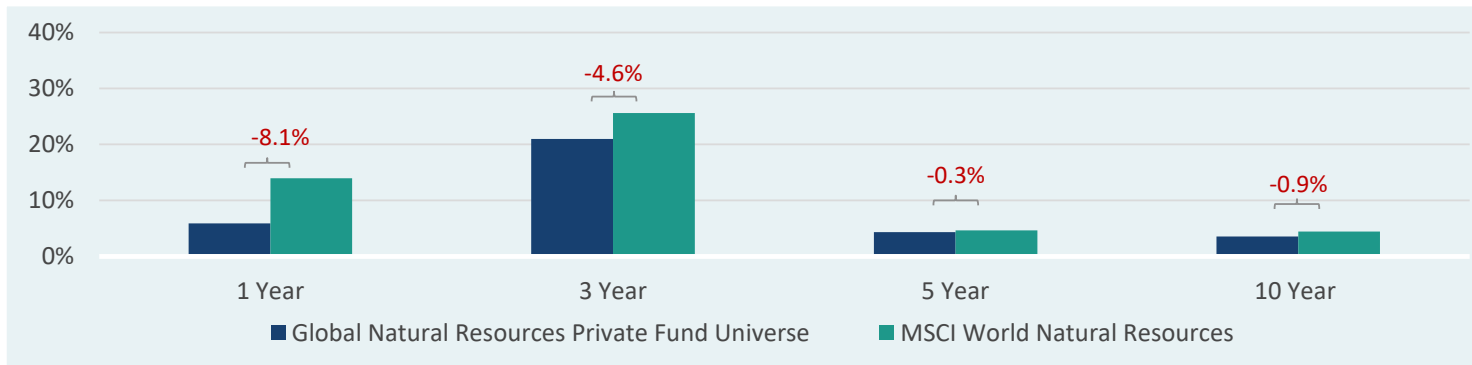
2024 S&P 500 MEDIAN FORECAST



Source: Bloomberg, as of 1/10/24. Banks included in forecast include J.P. Morgan, Goldman Sachs, Bank of America, Citibank, Morgan Stanley, Deutsche Bank, and UBS.

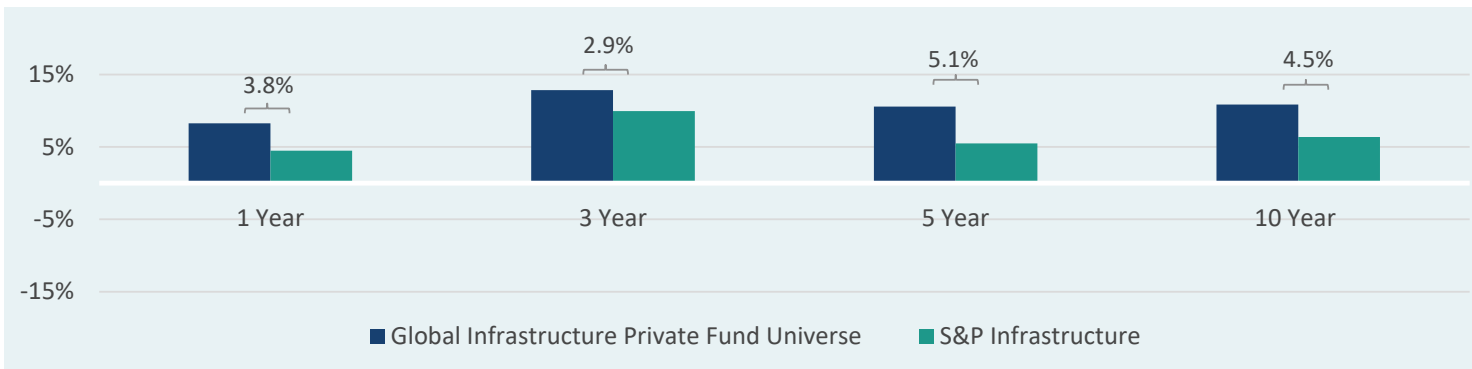
Private vs. liquid real assets performance

GLOBAL NATURAL RESOURCES FUNDS



N.R. funds underperformed the MSCI World Natural Resources benchmark across all periods.

GLOBAL INFRASTRUCTURE FUNDS

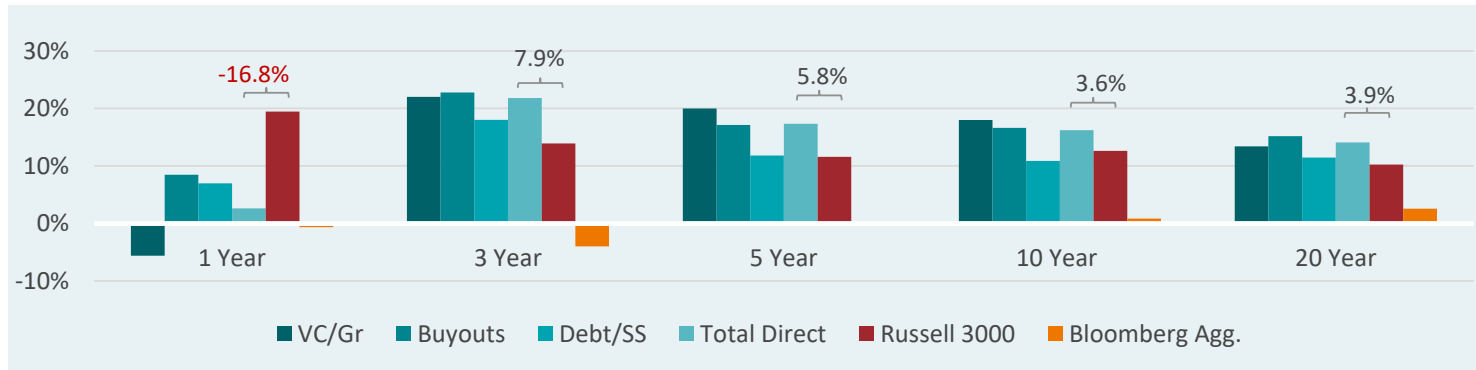


Infra. funds outperformed the S&P Infra. across all periods.

Sources: Refinitiv PME: Global Natural Resources (vintage 1999 and later, inception of MSCI World Natural Resources benchmark) and Global Infrastructure (vintage 2002 and later, inception of S&P Infrastructure benchmark) universes as of June 30, 2023. Public Market Equivalent returns resulted from identical cash flows invested into and distributed from respective liquid real assets universes.

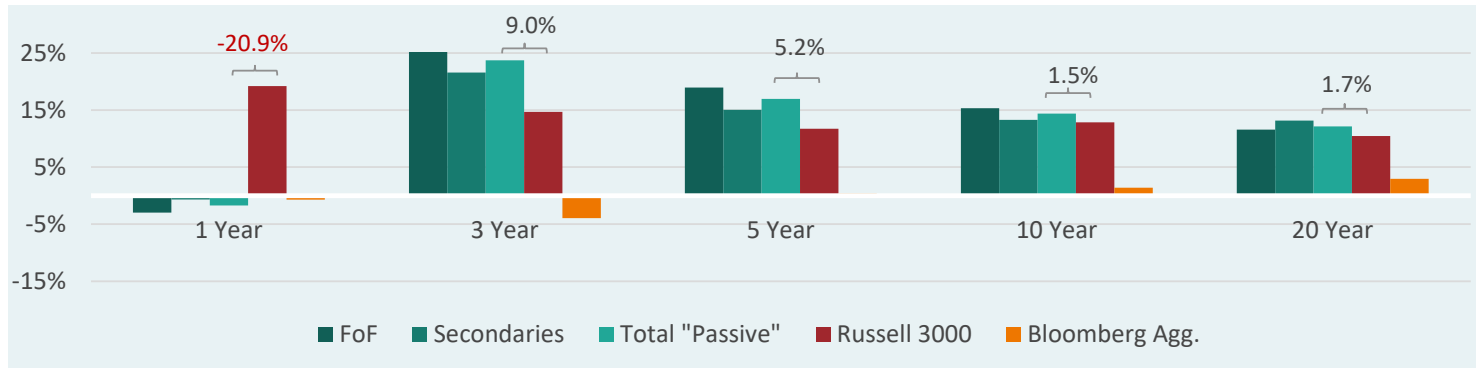
Private equity vs. traditional assets performance

DIRECT PRIVATE EQUITY FUND INVESTMENTS



Direct P.E Fund Investments outperformed comparable public equities across all time periods, aside from the 1-year.

“PASSIVE” STRATEGIES



“Passive” strategies outperformed comparable public equities across all time periods, aside from the 1-year.

Sources: Refinitiv PME: U.S. Private Equity Funds sub asset classes as of June 30, 2023. Public Market Equivalent returns resulted from “Total Passive” and Total Direct’s identical cash flows invested into and distributed from respective traditional asset comparable.

Detailed index returns

DOMESTIC EQUITY

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Core Index							
S&P 500	4.5	11.7	26.3	26.3	10.0	15.7	12.0
S&P 500 Equal Weighted	6.9	11.9	13.9	13.9	9.3	13.8	10.4
DJ Industrial Average	4.9	13.1	16.2	16.2	9.4	12.5	11.1
Russell Top 200	4.1	11.7	29.9	29.9	10.0	16.5	12.7
Russell 1000	4.9	12.0	26.5	26.5	9.0	15.5	11.8
Russell 2000	12.2	14.0	16.9	16.9	2.2	10.0	7.2
Russell 3000	5.3	12.1	26.0	26.0	8.5	15.2	11.5
Russell Mid Cap	7.7	12.8	17.2	17.2	5.9	12.7	9.4
Style Index							
Russell 1000 Growth	4.4	14.2	42.7	42.7	8.9	19.5	14.9
Russell 1000 Value	5.5	9.5	11.5	11.5	8.9	10.9	8.4
Russell 2000 Growth	12.0	12.7	18.7	18.7	(3.5)	9.2	7.2
Russell 2000 Value	12.4	15.3	14.6	14.6	7.9	10.0	6.8

INTERNATIONAL EQUITY

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Broad Index							
MSCI ACWI	4.8	11.0	22.2	22.2	5.7	11.7	7.9
MSCI ACWI ex US	5.0	9.8	15.6	15.6	1.5	7.1	3.8
MSCI EAFE	5.3	10.4	18.2	18.2	4.0	8.2	4.3
MSCI EM	3.9	7.9	9.8	9.8	(5.1)	3.7	2.7
MSCI EAFE Small Cap	7.3	11.1	13.2	13.2	(0.7)	6.6	4.8
Style Index							
MSCI EAFE Growth	5.7	12.7	17.6	17.6	0.3	8.8	5.1
MSCI EAFE Value	4.9	8.2	19.0	19.0	7.6	7.1	3.2
Regional Index							
MSCI UK	4.5	6.9	14.1	14.1	8.8	6.9	2.5
MSCI Japan	4.4	8.2	20.3	20.3	0.7	6.9	5.0
MSCI Euro	4.4	12.9	25.2	25.2	6.0	9.3	4.1
MSCI EM Asia	3.3	6.7	7.8	7.8	(6.9)	4.3	4.1
MSCI EM Latin American	8.3	17.6	32.7	32.7	9.9	6.1	2.1

FIXED INCOME

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Broad Index							
Bloomberg US TIPS	2.7	4.7	3.9	3.9	(1.0)	3.2	2.4
Bloomberg US Treasury Bills	0.5	1.4	5.1	5.1	2.1	1.9	1.3
Bloomberg US Agg Bond	3.8	6.8	5.5	5.5	(3.3)	1.1	1.8
Bloomberg US Universal	3.8	6.8	6.2	6.2	(3.0)	1.4	2.1
Duration							
Bloomberg US Treasury 1-3 Yr	1.2	2.6	4.3	4.3	(0.1)	1.3	1.0
Bloomberg US Treasury Long	8.6	12.7	3.1	3.1	(11.4)	(1.2)	2.3
Bloomberg US Treasury	3.4	5.7	4.1	4.1	(3.8)	0.5	1.3
Issuer							
Bloomberg US MBS	4.3	7.5	5.0	5.0	(2.9)	0.3	1.4
Bloomberg US Corp. High Yield	3.7	7.2	13.4	13.4	2.0	5.4	4.6
Bloomberg US Agency Interim	1.6	3.2	4.9	4.9	(1.1)	1.1	1.2
Bloomberg US Credit	4.2	8.2	8.2	8.2	(3.2)	2.4	2.8

OTHER

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Index							
Bloomberg Commodity	(2.7)	(4.6)	(7.9)	(7.9)	10.8	7.2	(1.1)
Wilshire US REIT	10.2	16.3	16.1	16.1	7.5	7.6	7.7
CS Leveraged Loans	1.6	2.9	13.0	13.0	5.6	5.6	4.4
S&P Global Infrastructure	4.2	10.9	6.8	6.8	6.0	7.4	5.7
Alerian MLP	(3.4)	3.0	23.8	23.8	31.8	10.9	1.6
Regional Index							
JPM EMBI Global Div	4.7	9.2	11.1	11.1	(3.6)	1.7	3.2
JPM GBI-EM Global Div	3.2	8.1	12.7	12.7	(3.2)	1.1	0.1
Hedge Funds							
HFRI Composite	2.6	3.6	7.5	7.5	4.3	7.0	4.5
HFRI FOF Composite	2.3	3.4	6.3	6.3	2.3	5.1	3.3
Currency (Spot)							
Euro	1.2	4.3	3.5	3.5	(3.4)	(0.7)	(2.2)
Pound Sterling	0.7	4.4	6.0	6.0	(2.3)	0.0	(2.6)
Yen	4.9	5.9	(6.4)	(6.4)	(9.9)	(4.9)	(2.9)

Source: Morningstar, HFRI, as of 12/31/23

Definitions

Bloomberg US Weekly Consumer Comfort Index - tracks the public's economic attitudes each week, providing a high-frequency read on consumer sentiment. The index, based on cell and landline telephone interviews with a random, representative national sample of U.S. adults, tracks Americans' ratings of the national economy, their personal finances and the buying climate on a weekly basis, with views of the economy's direction measured separately each month. (www.langerresearch.com)

University of Michigan Consumer Sentiment Index - A survey of consumer attitudes concerning both the present situation as well as expectations regarding economic conditions conducted by the University of Michigan. For the preliminary release approximately three hundred consumers are surveyed while five hundred are interviewed for the final figure. The level of consumer sentiment is related to the strength of consumer spending. (www.Bloomber.com)

NFIB Small Business Outlook - Small Business Economic Trends (SBET) is a monthly assessment of the U.S. small-business economy and its near-term prospects. Its data are collected through mail surveys to random samples of the National Federal of Independent Business (NFIB) membership. The survey contains three broad question types: recent performance, near-term forecasts, and demographics. The topics addressed include: outlook, sales, earnings, employment, employee compensation, investment, inventories, credit conditions, and single most important problem. (<http://www.nfib-sbet.org/about/>)

NAHB Housing Market Index – the housing market index is a weighted average of separate diffusion indexes for three key single-family indices: market conditions for the sale of new homes at the present time, market conditions for the sale of new homes in the next six months, and the traffic of prospective buyers of new homes. The first two series are rated on a scale of Good, Fair, and Poor and the last is rated on a scale of High/Very High, Average, and Low/Very Low. A diffusion index is calculated for each series by applying the formula $(\text{Good-Poor} + 100)/2$ to the present and future sales series and $(\text{High/Very High-Low/Very Low} + 100)/2$ to the traffic series. Each resulting index is then seasonally adjusted and weighted to produce the HMI. Based on this calculation, the HMI can range between 0 and 100.

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Investment Performance

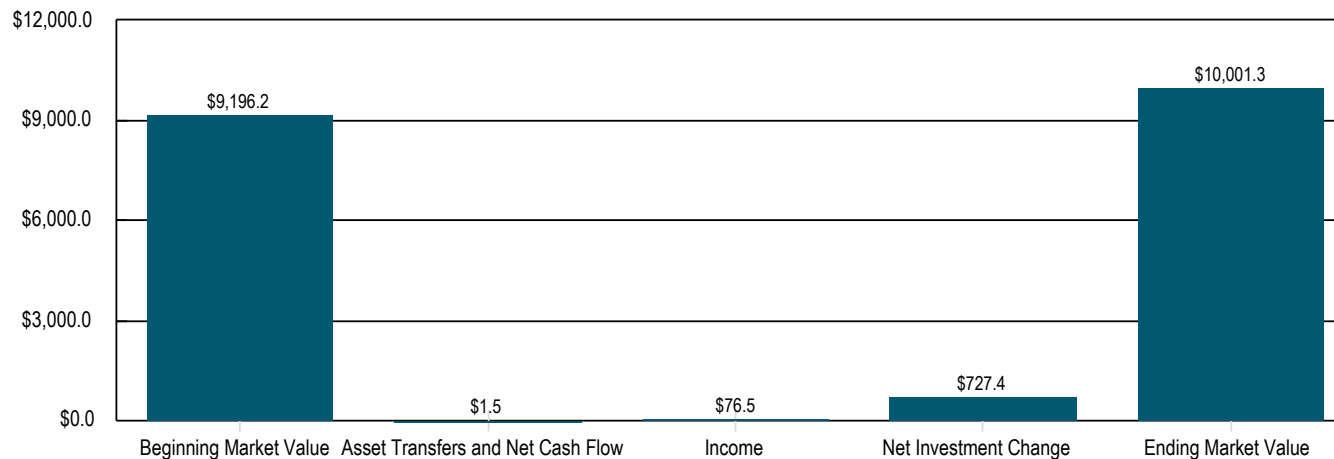
Total Fund
Portfolio Reconciliation

Illinois Police Officers' Pension Investment Fund
Period Ending: December 31, 2023

Portfolio Reconciliation

	Quarter-To-Date	Fiscal Year-To-Date
Beginning Market Value	\$9,196,231,760	\$9,387,424,024
Asset Transfers and Net Cash Flow	\$1,473,705	\$39,467,745
Income	\$76,535,688	\$152,749,430
Net Investment Change	\$727,419,528	\$422,300,434
Ending Market Value	\$10,001,345,755	\$10,001,345,755

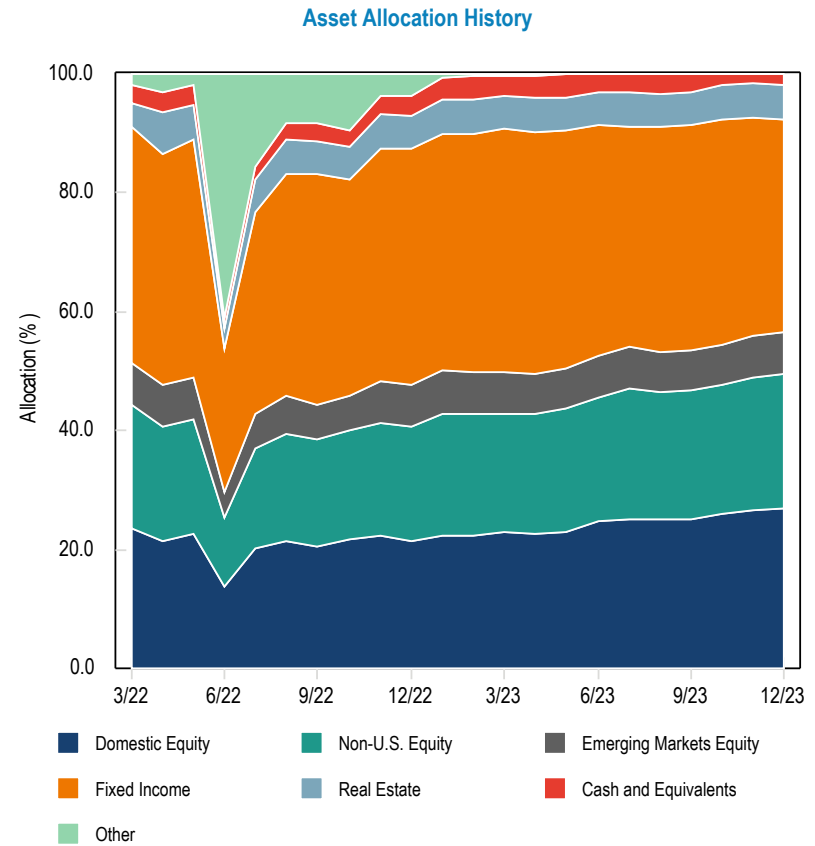
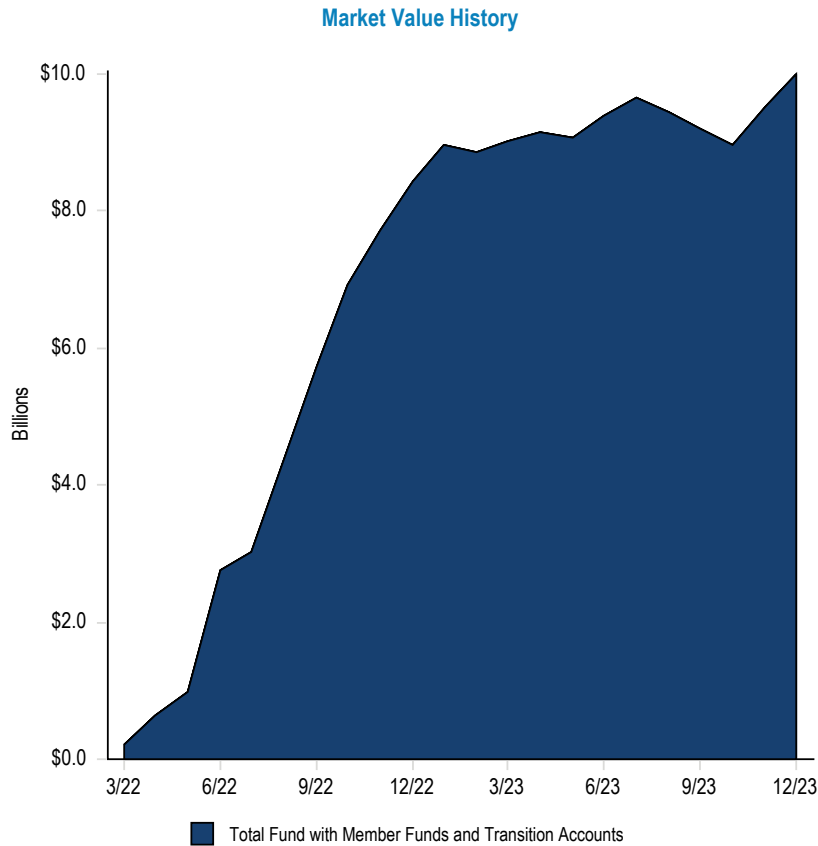
Change in Market Value
Last Three Months



The portfolio reconciliation includes the Member Funds and Transition Account. Income excludes Member Funds and Transition Account. Income is calculated using the actual dividend and income received from separate accounts and estimated income and dividends for commingled funds. The income and dividends for RhumbLine Russell 1000 Index, RhumbLine Russell 2000 Index, SSgA US TIPS Index and Cash are sourced from State Street custodial reports. The income and dividends for the SSGA commingled funds are an estimate based on the current yield for bond funds and the dividend yield for equity funds. SSGA can use dividend and income to cover fund expenses, so the actual income that flows to the IPOPIF may be different than reported. Income for the Principal RE fund is based on a monthly income spreadsheet received from Principal via email.

Total Fund
Asset Allocation History

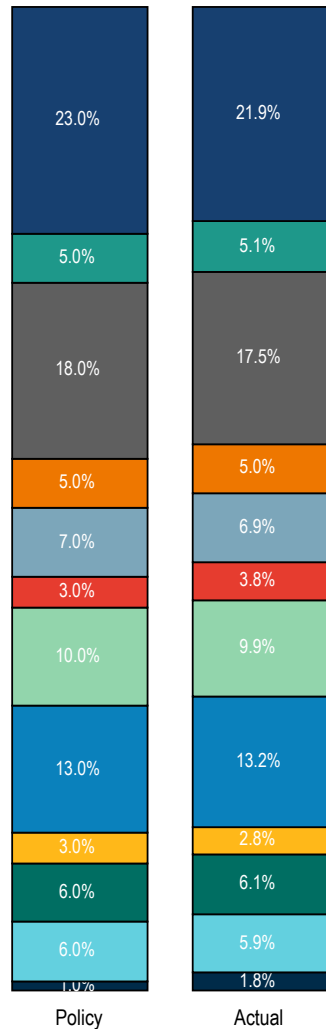
Illinois Police Officers' Pension Investment Fund
Period Ending: December 31, 2023



**Market value and asset class history includes Transition Accounts and Member Funds as represented by the Other category in the asset allocation history chart. The large allocation to the Other Category for 6/22 reflects assets in transition associated with the 6/24/22 Transfer Date.*

IPOPIF Investment Portfolio
Asset Allocation vs. Policy

Illinois Police Officers' Pension Investment Fund
Period Ending: December 31, 2023



	Current Balance (\$)	Current Allocation (%)	Policy Allocation (%)	Excess Allocation (%)	Excess Allocation (\$)	Policy Range (%)	Within IPS Range?
Domestic Equity Large Cap	2,185,860,986	21.9	23.0	-1.1	-114,448,537	21.0 - 25.0	Yes
Domestic Equity Small Cap	513,495,227	5.1	5.0	0.1	13,427,939	4.0 - 6.0	Yes
International Equity Large Cap	1,755,146,583	17.5	18.0	-0.5	-45,095,653	16.0 - 20.0	Yes
International Equity Small Cap	498,873,912	5.0	5.0	0.0	-1,193,376	4.0 - 6.0	Yes
Emerging Markets Equity	692,811,070	6.9	7.0	-0.1	-7,283,133	6.0 - 8.0	Yes
Domestic Fixed Income Core	382,924,869	3.8	3.0	0.8	82,884,496	2.0 - 4.0	Yes
Domestic Fixed Income High Yield	990,838,603	9.9	10.0	-0.1	-9,295,972	9.0 - 11.0	Yes
Domestic Fixed Income Short Term	1,324,183,169	13.2	13.0	0.2	24,008,221	11.0 - 15.0	Yes
Domestic Fixed Income Real Return	279,889,804	2.8	3.0	-0.2	-20,150,569	2.0 - 4.0	Yes
Emerging Markets Fixed Income	610,563,951	6.1	6.0	0.1	10,483,206	5.0 - 7.0	Yes
Real Estate	590,356,792	5.9	6.0	-0.1	-9,723,953	5.0 - 7.0	Yes
Cash and Equivalents	176,400,789	1.8	1.0	0.8	76,387,331	0.0 - 2.0	Yes
Total	10,001,345,755	100.0	100.0	0.0			

Asset Allocation reflects short-term policy targets and excludes the Transition Account and Member Funds.

Total Fund
Executive Summary (Net of Fees)

Illinois Police Officers' Pension Investment Fund
Period Ending: December 31, 2023

	Market Value	% of Portfolio	3 Mo	YTD	Fiscal YTD	1 Yr	Inception	Inception Date
Total Fund with Member and Transition Accounts	10,001,345,755	100.0	8.8	13.8	6.2	13.8	2.3	03/01/22
<i>Policy Index</i>			9.0	14.4	6.4	14.4	2.3	
<i>Policy Index- Broad Based</i>			10.3	16.8	6.5	16.8	1.4	
IPOPIF Investment Portfolio	10,001,345,755	100.0	8.8	13.7	6.2	13.7	2.0	04/01/22
<i>Policy Index</i>			9.0	14.4	6.4	14.4	2.2	
<i>Policy Index- Broad Based</i>			10.3	16.8	6.5	16.8	1.2	
Growth	5,646,187,777	56.5	11.0	19.4	7.0	19.4	2.3	04/01/22
<i>Growth Benchmark</i>			11.1	19.5	7.1	19.5	2.1	
Income	1,601,402,555	16.0	8.0	12.8	7.4	12.8	1.5	04/01/22
<i>Income Benchmark</i>			7.9	12.6	7.3	12.6	2.8	
Inflation Protection	870,246,596	8.7	7.9	5.4	3.6	5.4	-2.4	04/01/22
<i>Inflation Protection Benchmark</i>			8.1	7.5	5.2	7.5	-2.9	
Risk Mitigation	1,883,407,684	18.8	3.4	5.1	3.3	5.1	1.2	04/01/22
<i>Risk Mitigation Benchmark</i>			3.3	5.0	3.4	5.0	1.2	
IPOPIF Pool Fixed Income Transition	101,143	0.0						
Member Accounts	-	0.0						

The composition of blended benchmarks are located on the Data Sources and Methodology page.

Total Fund
Executive Summary (Net of Fees)

Illinois Police Officers' Pension Investment Fund
Period Ending: December 31, 2023

	Market Value	% of Portfolio	3 Mo	YTD	Fiscal YTD	1 Yr	Inception	Inception Date
Total Fund with Member and Transition Accounts	10,001,345,755	100.0	8.8	13.7	6.2	13.7	2.3	03/01/22
<i>Policy Index</i>			9.0	14.4	6.4	14.4	2.3	
<i>Policy Index- Broad Based</i>			10.3	16.8	6.5	16.8	1.4	
<i>All Public Plans > \$1B-Total Fund Rank</i>			6	14	4	14	49	
IPOPIF Investment Portfolio	10,001,345,755	100.0	8.8	13.7	6.2	13.7	2.0	04/01/22
<i>Policy Index</i>			9.0	14.4	6.4	14.4	2.2	
<i>Policy Index- Broad Based</i>			10.3	16.8	6.5	16.8	1.2	
<i>All Public Plans > \$1B-Total Fund Rank</i>			6	14	4	14	33	
Growth	5,646,187,777	56.5	11.0	19.4	7.0	19.4	2.3	04/01/22
<i>Growth Benchmark</i>			11.1	19.5	7.1	19.5	2.1	
RhumbLine Russell 1000 Index	2,185,860,986	21.9	11.9	26.5	8.4	26.5	9.2	03/15/22
<i>Russell 1000 Index</i>			12.0	26.5	8.4	26.5	9.3	
<i>eV US Large Cap Core Equity Rank</i>			36	24	38	24		
RhumbLine Russell 2000 Index	513,495,227	5.1	13.9	16.8	8.1	16.8	3.6	03/15/22
<i>Russell 2000 Index</i>			14.0	16.9	8.2	16.9	4.0	
<i>eV US Small Cap Core Equity Rank</i>			23	52	40	52		
SSgA Non-US Developed Index	1,755,146,583	17.5	10.5	18.3	6.0	18.3	7.3	03/10/22
<i>MSCI World ex U.S. (Net)</i>			10.5	17.9	6.0	17.9	6.9	
<i>eV EAFE Core Equity Rank</i>			42	34	45	34		
SSgA Non-US Developed SC Index	498,873,912	5.0	10.6	12.9	6.9	12.9	1.4	03/10/22
<i>MSCI World ex U.S. Small Cap Index (Net)</i>			10.6	12.6	6.8	12.6	1.1	
<i>eV EAFE Small Cap Core Rank</i>			55	64	39	64		
SSgA Emerging Markets Equity Index	692,811,070	6.9	7.8	9.6	4.3	9.6	-1.5	03/10/22
<i>MSCI Emerging Markets (Net)</i>			7.9	9.8	4.7	9.8	-0.6	
<i>eV Emg Mkts Equity Rank</i>			53	64	53	64		
Income	1,601,402,555	16.0	8.0	12.8	7.4	12.8	1.5	04/01/22
<i>Income Benchmark</i>			7.9	12.6	7.3	12.6	2.8	
SSgA High Yield Corporate Credit	990,838,603	9.9	7.2	13.8	7.7	13.8	3.1	03/18/22
<i>Spliced SSgA U.S. High Yield Index</i>			7.1	13.5	7.6	13.5	3.1	
<i>eV US High Yield Fixed Inc Rank</i>			13	12	18	12		
SSgA EMD Hard Index Fund	610,563,951	6.1	9.2	11.2	6.8	11.2	1.3	03/14/22
<i>Spliced SSgA EMD Hard Index</i>			9.2	11.1	6.7	11.1	1.5	
<i>Emerging Markets Bond Rank</i>			47	52	41	52	42	

The composition of blended benchmarks are located on the Data Sources and Methodology page. Principal USPA does not show a Since 4/1/2022 return because the fund was inception on 4/6/2022.

Total Fund
Executive Summary (Net of Fees)

Illinois Police Officers' Pension Investment Fund
Period Ending: December 31, 2023

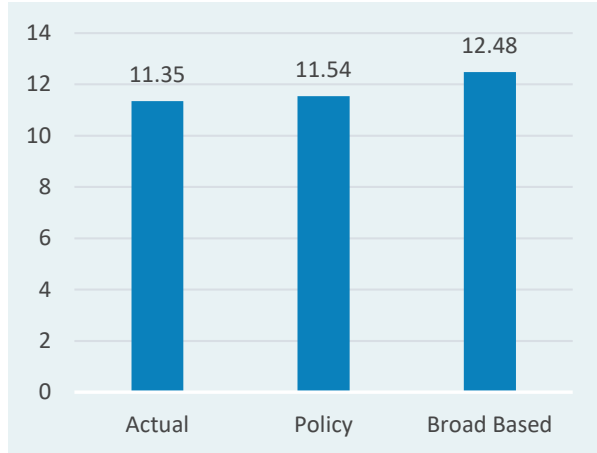
	Market Value	% of Portfolio	3 Mo	YTD	Fiscal YTD	1 Yr	Inception	Inception Date
Inflation Protection	870,246,596	8.7	7.9	5.4	3.6	5.4	-2.4	04/01/22
<i>Inflation Protection Benchmark</i>			8.1	7.5	5.2	7.5	-2.9	
SSgA US TIPS Index	279,889,804	2.8	2.6	4.6	3.1	4.6	0.2	03/17/22
<i>Blmbg. U.S. TIPS 0-5 Year</i>			2.6	4.6	3.0	4.6	0.4	
<i>eV US TIPS / Inflation Fixed Inc Rank</i>			94	22	12	22		
SSgA REITs Index	427,884,594	4.3	16.4	13.9	7.7	13.9	-4.5	03/16/22
<i>Dow Jones U.S. Select REIT</i>			16.3	14.0	7.7	14.0	-4.4	
<i>eV US REIT Rank</i>			55	33	45	33		
Principal USPA	162,472,199	1.6	-2.3	-10.7	-6.1	-10.7	-7.9	04/06/22
<i>NCREIF ODCE</i>			-5.0	-12.7	-7.0	-12.7	-7.8	
Risk Mitigation	1,883,407,684	18.8	3.4	5.1	3.3	5.1	1.2	04/01/22
<i>Risk Mitigation Benchmark</i>			3.3	5.0	3.4	5.0	1.2	
SSgA Core Fixed Income Index	382,924,869	3.8	6.7	5.6	3.3	5.6	-1.7	03/17/22
<i>Blmbg. U.S. Aggregate Index</i>			6.8	5.5	3.4	5.5	-1.6	
<i>eV US Core Fixed Inc Rank</i>			61	66	72	66		
SSgA Short-Term Gov't/Credit Index	1,324,082,026	13.2	2.7	4.6	3.4	4.6	1.6	03/17/22
<i>Blmbg. 1-3 Year Gov/Credit Index</i>			2.7	4.6	3.4	4.6	1.6	
<i>eV US Short Duration Fixed Inc Rank</i>			75	82	71	82		
Cash	176,400,789	1.8	1.3	5.0	2.6	5.0	3.3	03/22/22
<i>90 Day U.S. Treasury Bill</i>			1.4	5.0	2.7	5.0	3.6	
IPOPIF Pool Fixed Income Transition	101,143	0.0						
Member Accounts	-	0.0						

The composition of blended benchmarks are located on the Data Sources and Methodology page. Principal USPA does not show a Since 4/1/2022 return because the fund was inception on 4/6/2022.

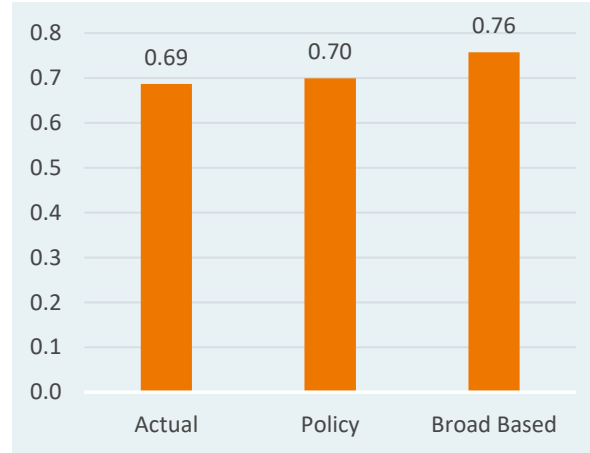
Illinois Police Officers' Pension Investment Fund Period Ending: December 31, 2023

Portfolio Characteristics

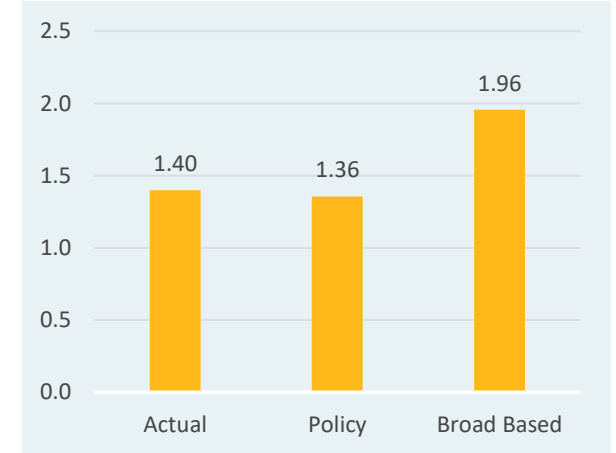
TOTAL PLAN RISK (EXPECTED VOLATILITY)



EQUITY BETA (ACWI IMI)



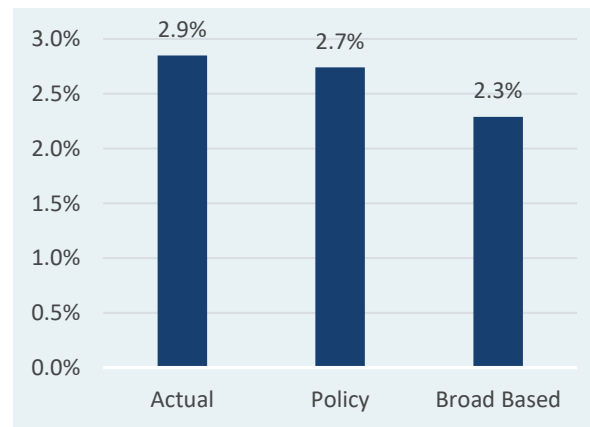
EFFECTIVE DURATION



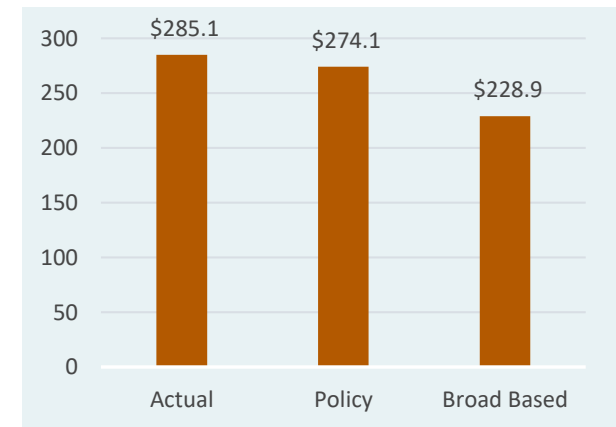
CREDIT SPREAD DURATION



ESTIMATED PORTFOLIO INCOME YIELD*



ESTIMATED PORTFOLIO INCOME (\$ MILLIONS)*



*Income Yield and Income are estimated based on dividend yields and coupon rates applied to benchmark weights and does not include factors such as dividend re-investment rates.
Source: Barra One using index holdings as representative proxies

IPOPIF Investment Portfolio
Investment Fund Fee Analysis

Illinois Police Officers' Pension Investment Fund
Period Ending: December 31, 2023

Name	Asset Class	Vehicle Type	Market Value	% of Portfolio	Estimated Fee Value	Expense Fee (%)
RhumbLine Russell 1000 Index	Domestic Equity	Separate Account	\$2,185,860,986	21.8557	\$109,293	0.005
RhumbLine Russell 2000 Index	Domestic Equity	Separate Account	\$513,495,227	5.1343	\$25,675	0.005
SSgA Non-US Developed Index	Non-U.S. Equity	Commingled Fund	\$1,755,146,583	17.5491	\$280,823	0.016
SSgA Non-US Developed SC Index	Non-U.S. Equity	Commingled Fund	\$498,873,912	4.9881	\$79,820	0.016
SSgA Emerging Markets Equity Index	Emerging Markets Equity	Commingled Fund	\$692,811,070	6.9272	\$110,850	0.016
SSgA High Yield Corporate Credit	Fixed Income	Commingled Fund	\$990,838,603	9.9071	\$158,534	0.016
SSgA EMD Hard Index Fund	Fixed Income	Commingled Fund	\$610,563,951	6.1048	\$97,690	0.016
SSgA US TIPS Index	Fixed Income	Separate Account	\$279,889,804	2.7985	\$44,782	0.016
Principal USPA	Real Estate	Commingled Fund	\$162,472,199	1.6245	\$1,299,778	0.800
SSgA REITs Index	Real Estate	Commingled Fund	\$427,884,594	4.2783	\$68,462	0.016
SSgA Core Fixed Income Index	Fixed Income	Commingled Fund	\$382,924,869	3.8287	\$61,268	0.016
SSgA Short-Term Gov't/Credit Index	Fixed Income	Commingled Fund	\$1,324,082,026	13.2390	\$211,853	0.016
Cash	Cash and Equivalents	Commingled Fund	\$176,400,789	1.7638		
IPOPIF Investment Portfolio			\$10,001,345,755	100.0000	\$2,548,828	0.025

SSGA charges a flat 0.0155% fee through 2Q 2023 and an aggregate asset-based fee thereafter.

Total Fund
Cash Flow by Manager - Last Three Months

Illinois Police Officers' Pension Investment Fund
Period Ending: December 31, 2023

Name	Beginning Market Value	Contributions	Distributions	Net Cash Flows	Income	Fees	Net Investment Change	Ending Market Value
RhumbLine Russell 1000 Index	\$1,884,842,515	\$69,023,459	-	\$69,023,459	\$8,356,514	-\$23,459	\$223,661,957	\$2,185,860,986
RhumbLine Russell 2000 Index	\$427,987,216	\$22,005,382	-	\$22,005,382	\$1,985,185	-\$5,382	\$61,522,826	\$513,495,227
SSgA Non-US Developed Index	\$1,555,687,019	\$32,034,984	-	\$32,034,984	\$12,789,175	-\$34,984	\$154,670,388	\$1,755,146,583
SSgA Non-US Developed SC Index	\$434,758,925	\$16,009,962	-	\$16,009,962	\$3,408,837	-\$9,962	\$44,706,150	\$498,873,912
SSgA Emerging Markets Equity Index	\$620,688,961	\$22,057,044	-	\$22,057,044	\$4,619,447	-\$57,044	\$45,502,662	\$692,811,070
SSgA High Yield Corporate Credit	\$923,848,187	\$82,178	-	\$82,178	\$15,806,813	-\$82,178	\$51,183,604	\$990,838,603
SSgA EMD Hard Index Fund	\$540,696,293	\$18,048,831	-	\$18,048,831	\$8,533,242	-\$48,831	\$43,334,416	\$610,563,951
SSgA US TIPS Index	\$272,872,066	\$5,858	-	\$5,858	\$400,180	-\$5,858	\$6,617,558	\$279,889,804
Principal USPA	\$166,252,433	-	-	-	\$1,777,618	-	-\$5,557,852	\$162,472,199
SSgA REITs Index	\$350,899,762	\$17,007,860	-	\$17,007,860	\$3,909,277	-\$7,860	\$56,075,555	\$427,884,594
SSgA Core Fixed Income Index	\$399,348,805	\$9,577	-\$40,000,000	-\$39,990,423	\$3,270,704	-\$9,577	\$20,305,360	\$382,924,869
SSgA Short-Term Gov't/Credit Index	\$1,336,350,068	\$29,792	-\$47,000,000	-\$46,970,208	\$9,336,258	-\$29,792	\$25,395,700	\$1,324,082,026
Cash	\$281,901,983	\$113,200,021	-\$221,041,242	-\$107,841,221	\$2,339,905	-	\$122	\$176,400,789
IPOPIF Pool Fixed Income Transition	\$97,527	-	-	-	\$794	-	\$2,822	\$101,143
Member Accounts	-	-	-	-	\$1,740	-	-\$1,740	-
Total Fund with Member Funds and Transition Accounts	\$9,196,231,760	\$309,514,947	-\$308,041,242	\$1,473,705	\$76,535,688	-\$314,926	\$727,419,528	\$10,001,345,755

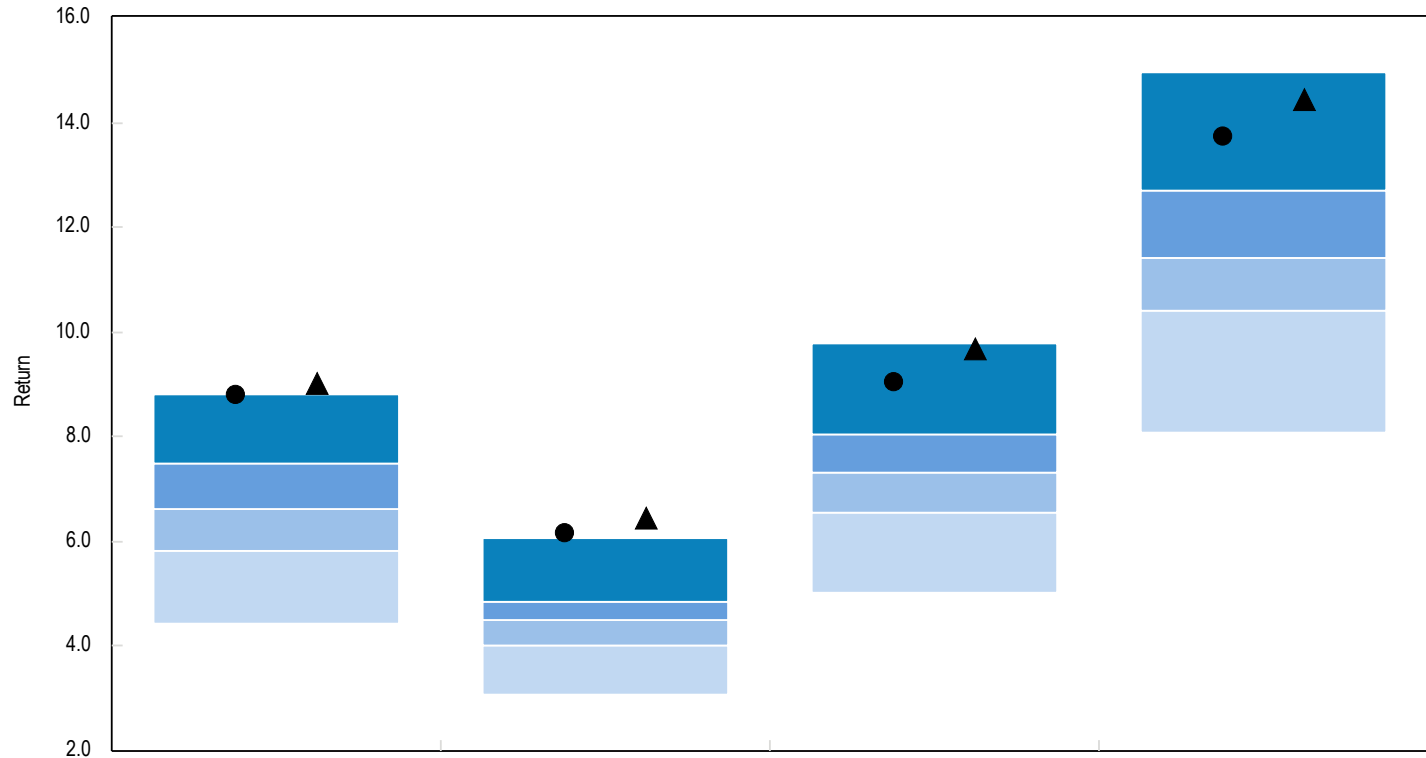
IPOPIF Investment Portfolio

Illinois Police Officers' Pension Investment Fund

Peer Universe Comparison: Cumulative Performance (Net of Fees)

Period Ending: December 31, 2023

IPOPIF Investment Portfolio vs. All Public Plans > \$1B-Total Fund



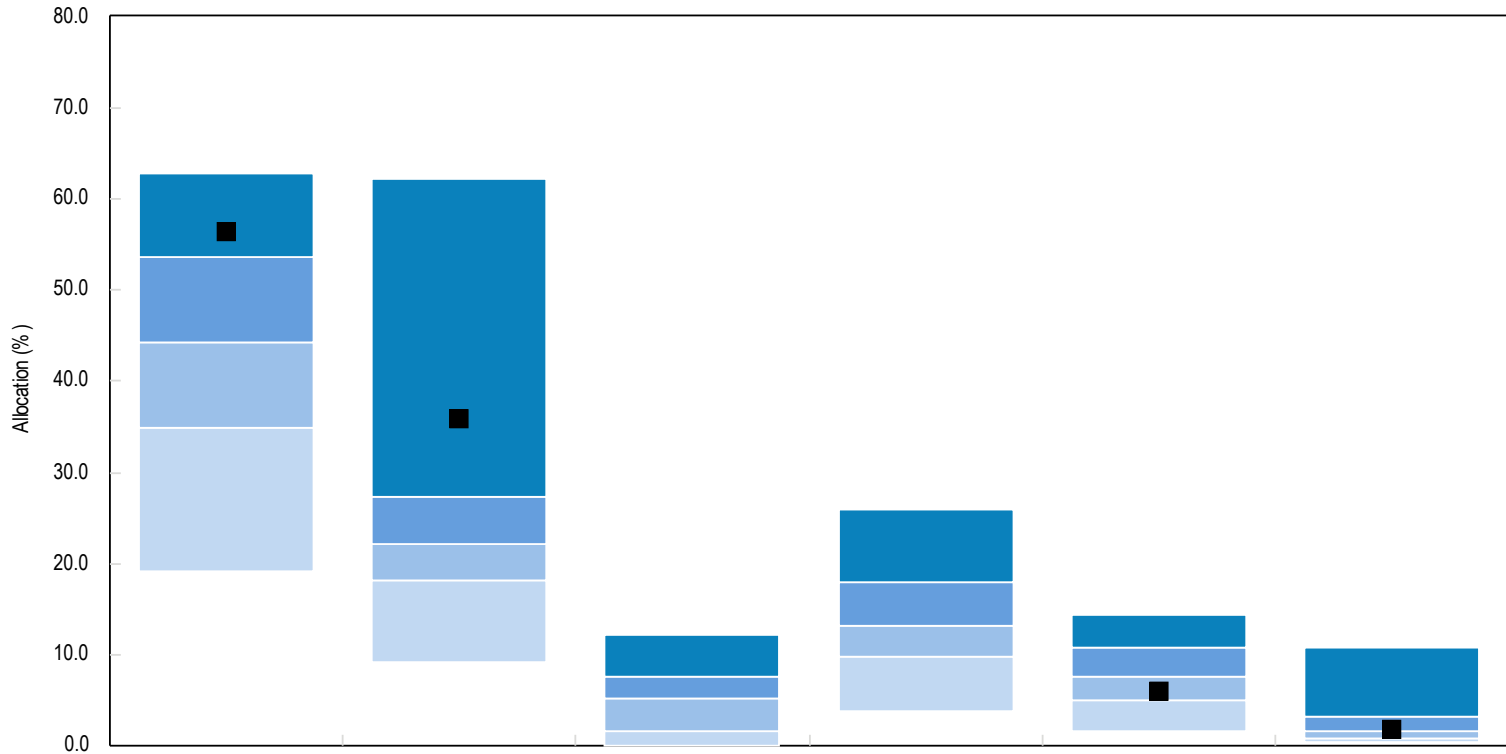
	Quarter	2 Quarters	3 Quarters	1 Year
● IPOPIF Investment Portfolio	8.8 (6)	6.2 (4)	9.1 (10)	13.7 (14)
▲ Policy Index	9.0 (4)	6.4 (1)	9.7 (7)	14.4 (6)
5th Percentile	8.8	6.1	9.8	14.9
1st Quartile	7.5	4.9	8.0	12.7
Median	6.6	4.5	7.3	11.4
3rd Quartile	5.8	4.0	6.6	10.4
95th Percentile	4.4	3.1	5.0	8.1
Population	97	94	91	88

Parentheses contain percentile rankings. Performance shown for IPOPIF Investment Fund which excludes the Transition Account and Member Funds.

IPOPIF Investment Portfolio
Peer Universe Comparison: Asset Allocation

Illinois Police Officers' Pension Investment Fund
Period Ending: December 31, 2023

Total Plan Allocation vs. All Public Plans > \$1B-Total Fund
As of December 31, 2023



	Total Equity 56.5 (19)	Total Fixed Income 35.9 (10)	Hedge Funds -	Private Equity -	Total Real Estate 5.9 (69)	Cash & Equivalents 1.8 (49)
■ IPOPIF Investment Portfolio						
5th Percentile	62.9	62.3	12.2	25.9	14.4	10.8
1st Quartile	53.6	27.4	7.6	17.9	10.8	3.1
Median	44.3	22.1	5.2	13.2	7.6	1.7
3rd Quartile	34.9	18.1	1.5	9.8	5.0	0.9
95th Percentile	19.2	9.3	0.0	3.9	1.5	0.3
Population	141	148	43	71	112	116

Parentheses contain percentile rankings. Excludes Transition Account and Member Funds. Real Assets contains Core Real Estate and REITs.

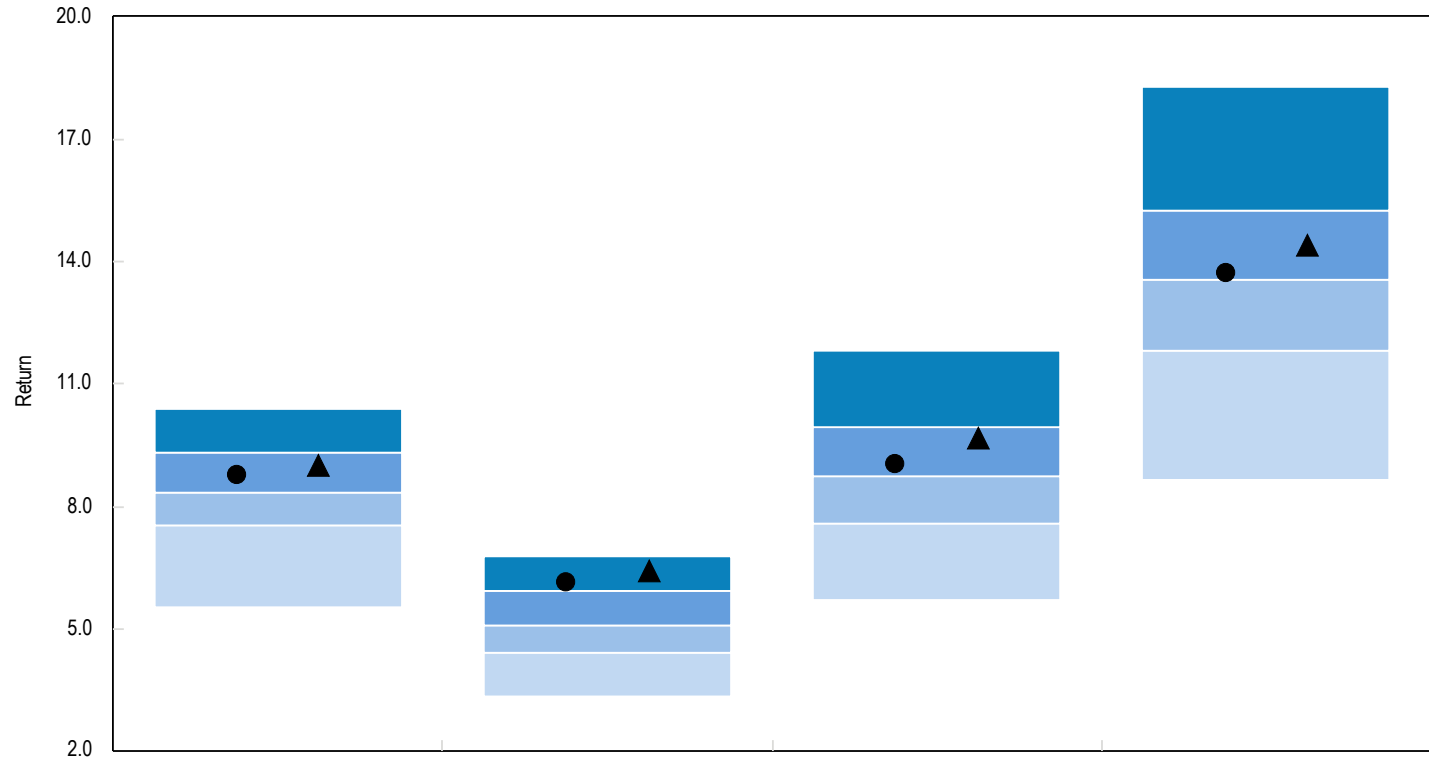
IPOPIF Investment Portfolio

Illinois Police Officers' Pension Investment Fund

Peer Universe Comparison: Cumulative Performance (Net of Fees)

Period Ending: December 31, 2023

IPOPIF Investment Portfolio vs. All Public Plans < \$1B-Total Fund



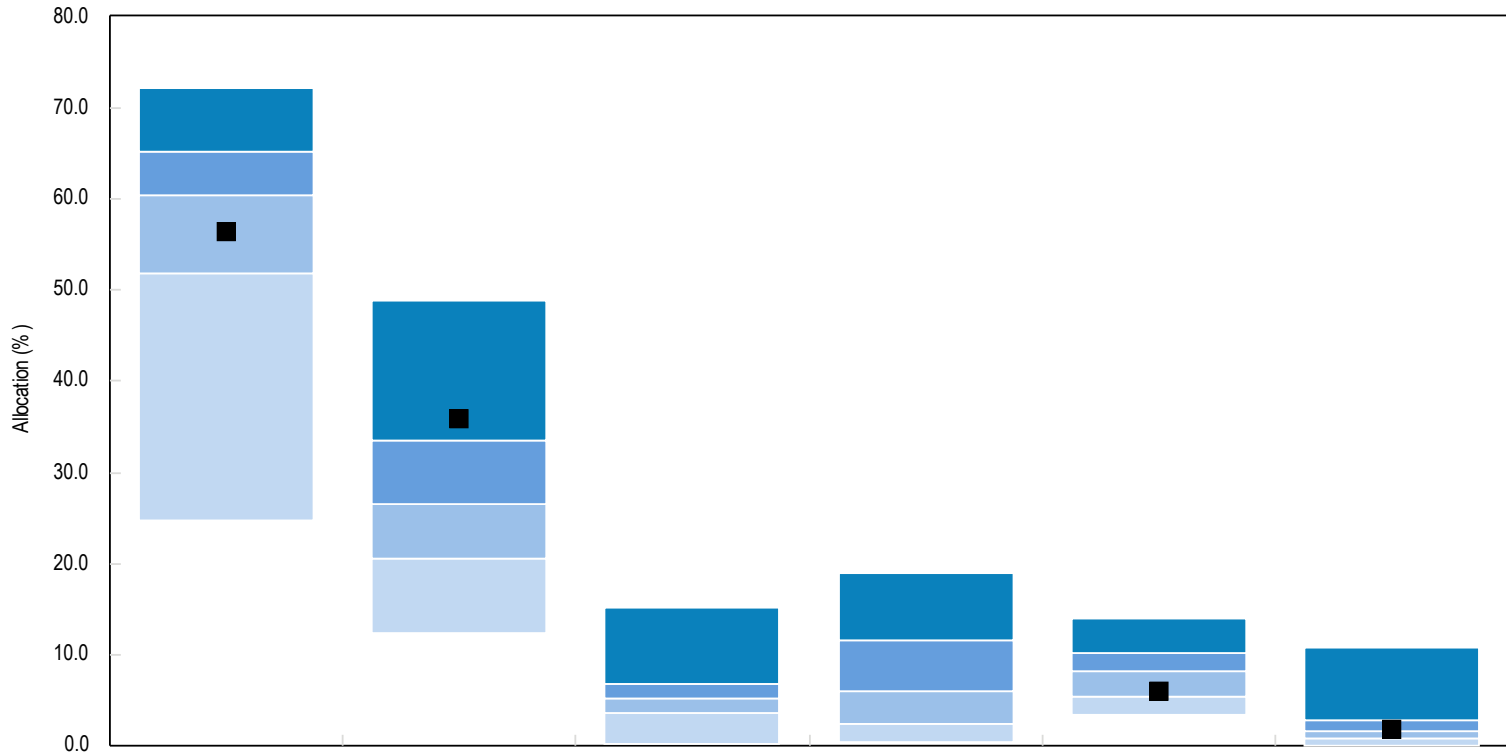
	Quarter	2 Quarters	3 Quarters	1 Year
● IPOPIF Investment Portfolio	8.8 (40)	6.2 (19)	9.1 (43)	13.7 (48)
▲ Policy Index	9.0 (35)	6.4 (12)	9.7 (30)	14.4 (37)
5th Percentile	10.4	6.8	11.8	18.3
1st Quartile	9.3	5.9	10.0	15.3
Median	8.3	5.1	8.7	13.5
3rd Quartile	7.6	4.4	7.6	11.8
95th Percentile	5.5	3.4	5.7	8.7
Population	535	520	514	507

Parentheses contain percentile rankings. Performance shown for IPOPIF Investment Fund which excludes the Transition Account and Member Funds.

IPOPIF Investment Portfolio
Peer Universe Comparison: Asset Allocation

Illinois Police Officers' Pension Investment Fund
Period Ending: December 31, 2023

Total Plan Allocation vs. All Public Plans < \$1B-Total Fund
As of December 31, 2023



	Total Equity	Total Fixed Income	Hedge Funds	Private Equity	Total Real Estate	Cash & Equivalents
■ IPOPIF Investment Portfolio	56.5 (64)	35.9 (20)	-	-	5.9 (70)	1.8 (48)
5th Percentile	72.2	48.9	15.1	19.0	14.0	10.8
1st Quartile	65.2	33.4	6.7	11.6	10.2	2.8
Median	60.5	26.4	5.1	5.9	8.1	1.6
3rd Quartile	51.8	20.5	3.7	2.4	5.4	0.7
95th Percentile	24.8	12.4	0.2	0.5	3.4	0.1
Population	548	572	71	141	347	486

Parentheses contain percentile rankings. Excludes Transition Account and Member Funds. Real Assets contains Core Real Estate and REITs.

Total Fund
Data Sources and Methodology Page

Illinois Police Officers' Pension Investment Fund
Period Ending: December 31, 2023

Performance Return Calculations

Performance is calculated using Time Weighted Rates of Return (TWRR) methodologies. Monthly returns are geometrically linked and annualized for periods longer than one year.

Data Source

Verus is an independent third party consulting firm and calculates returns from best source book of record data. Returns calculated by Verus may deviate from those shown by the manager in part, but not limited to, differences in prices and market values reported by the custodian and manager, as well as significant cash flows into or out of an account. It is the responsibility of the manager and custodian to provide insight into the pricing methodologies and any difference in valuation.

Manager Line Up

Manager	Inception Date	Data Source
RhumbLine Russell 1000 Index Fund	3/15/2022	State Street
RhumbLine Russell 2000 Index Fund	3/15/2022	State Street
SSgA Non-US Developed Index Fund	3/10/2022	State Street
SSgA Non-US Developed SC Index Fund	3/10/2022	State Street
SSgA Emerging Markets Equity Index Fund	3/10/2022	State Street
SSgA High Yield Corporate Credit	3/18/2022	State Street
SSgA EMD Hard Index Fund	3/14/2022	State Street

Manager	Inception Date	Data Source
SSgA US TIPS Index Fund	3/17/2022	State Street
Principal USPA	4/6/2022	State Street
SSgA REITs Index Fund	3/10/2022	State Street
SSgA Core Fixed Income Index Fund	3/17/2022	State Street
SSgA Short-Term Gov't/Credit Index Fund	3/17/2022	State Street
Cash	3/22/2022	State Street

Policy Index Composition

As of 5/1/2023	Policy Index	Growth	Income	Inflation Protection	Risk Mitigation
Russell 1000	23%	39.7%			
Russell 2000	5%	8.6%			
MSCI World ex U.S.	18%	31.0%			
MSCI World ex U.S. Small Cap	5%	8.6%			
MSCI Emerging Markets	7%	12.1%			
Bloomberg US Aggregate Index	3%				17.6%
Bloomberg 1-3 Year Gov/Credit Index	13%				76.5%
Bloomberg US Corporate High Yield Index	10%		62.5%		
Bloomberg US TIPS 0-5 Year	3%			33.3%	
JPM EMBI Global Diversified Index	6%		37.5%		
NFI-ODCE Equal-Weighted Index	2%			22.2%	
Wilshire US REIT Index	4%			44.5%	
90 Day US Treasury Bill Index	1%				5.9%

As of 1/1/2023	Policy Index	Growth	Income	Inflation Protection	Risk Mitigation
Russell 1000	18%	36.0%			
Russell 2000	5%	10.0%			
MSCI World ex U.S.	15%	30.0%			
MSCI World ex U.S. Small Cap	5%	10.0%			
MSCI Emerging Markets	7%	14.0%			
Bloomberg US Aggregate Index	7%				28.0%
Bloomberg 1-3 Year Gov/Credit Index	15%				60.0%
Bloomberg US Corporate High Yield Index	10%		62.5%		
Bloomberg US TIPS 0-5 Year	3%			33.3%	
JPM EMBI Global Diversified Index	6%		37.5%		
NFI-ODCE Equal-Weighted Index	2%			22.2%	
Wilshire US REIT Index	4%			44.5%	
90 Day US Treasury Bill Index	3%				12.0%

As of 3/31/2022	Policy Index	Growth	Income	Inflation Protection	Risk Mitigation
Russell 3000	23%	46.0%			
MSCI ACWI ex USA IMI	20%	40.0%			
MSCI Emerging Markets IMI	7%	14.0%			
Bloomberg US Aggregate Index	7%				28.0%
Bloomberg 1-3 Year Gov/Credit Index	15%				60.0%
Bloomberg US Corporate High Yield Index	10%		62.5%		
Bloomberg US TIPS 0-5 Year	3%			33.3%	
50% JPM EMBI GD/50% JPM GBI EM GD	6%		37.5%		
NCREIF Property Index	2%			22.2%	
Wilshire US REIT Index	4%			44.5%	
90 Day US Treasury Bill Index	3%				12.0%

Custom Benchmark Composition

Benchmark	Time period	Composition
Policy Index -Broad Benchmark	4/1/2022 - Present	70% MSCI ACWI IMI (Net) and 30% Bloomberg Global Multiverse.
Spliced SSgA EMD Hard Benchmark	7/1/2022 - Present	100% JPM EMBI Global Diversified Index
Spliced SSgA EMD Hard Benchmark	3/14/2022 - 6/30/2022	100% JPM EMBI Global Core Index
Spliced SSgA U.S. High Yield Index	12/1/2022 - Present	100% ICE BofA US High yield Master II Constrained
Spliced SSgA U.S. High Yield Index	3/18/2022 - 11/30/2022	100% Bloomberg U.S. High Yield Very Liquid Index

Glossary

Allocation Effect: An attribution effect that describes the amount attributable to the managers' asset allocation decisions, relative to the benchmark.

Alpha: The excess return of a portfolio after adjusting for market risk. This excess return is attributable to the selection skill of the portfolio manager. Alpha is calculated as: $\text{Portfolio Return} - [\text{Risk free Rate} + \text{Portfolio Beta} \times (\text{Market Return} - \text{Risk free Rate})]$.

Benchmark R squared: Measures how well the Benchmark return series fits the manager's return series. The higher the Benchmark R squared, the more appropriate the benchmark is for the manager.

Beta: A measure of systematic, or market risk; the part of risk in a portfolio or security that is attributable to general market movements. Beta is calculated by dividing the covariance of a security by the variance of the market.

Book to Market: The ratio of book value per share to market price per share. Growth managers typically have low book to market ratios while value managers typically have high book to market ratios.

Capture Ratio: A statistical measure of an investment manager's overall performance in up or down markets. The capture ratio is used to evaluate how well an investment manager performed relative to an index during periods when that index has risen (up market) or fallen (down market). The capture ratio is calculated by dividing the manager's returns by the returns of the index during the up/down market, and multiplying that factor by 100.

Correlation: A measure of the relative movement of returns of one security or asset class relative to another over time. A correlation of 1 means the returns of two securities move in lock step, a correlation of -1 means the returns of two securities move in the exact opposite direction over time. Correlation is used as a measure to help maximize the benefits of diversification when constructing an investment portfolio.

Excess Return: A measure of the difference in appreciation or depreciation in the price of an investment compared to its benchmark, over a given time period. This is usually expressed as a percentage and may be annualized over a number of years or represent a single period.

Information Ratio: A measure of a manager's ability to earn excess return without incurring additional risk. Information ratio is calculated as: excess return divided by tracking error.

Interaction Effect: An attribution effect that describes the portion of active management that is contributable to the cross interaction between the allocation and selection effect. This can also be explained as an effect that cannot be easily traced to a source.

Portfolio Turnover: The percentage of a portfolio that is sold and replaced (turned over) during a given time period. Low portfolio turnover is indicative of a buy and hold strategy while high portfolio turnover implies a more active form of management.

Price to Earnings Ratio (P/E): Also called the earnings multiplier, it is calculated by dividing the price of a company's stock into earnings per share. Growth managers typically hold stocks with high price to earnings ratios whereas value managers hold stocks with low price to earnings ratios.

R Squared: Also called the coefficient of determination, it measures the amount of variation in one variable explained by variations in another, i.e., the goodness of fit to a benchmark. In the case of investments, the term is used to explain the amount of variation in a security or portfolio explained by movements in the market or the portfolio's benchmark.

Selection Effect: An attribution effect that describes the amount attributable to the managers' stock selection decisions, relative to the benchmark.

Sharpe Ratio: A measure of portfolio efficiency. The Sharpe Ratio indicates excess portfolio return for each unit of risk associated with achieving the excess return. The higher the Sharpe Ratio, the more efficient the portfolio. Sharpe ratio is calculated as: $\text{Portfolio Excess Return} / \text{Portfolio Standard Deviation}$.

Sortino Ratio: Measures the risk adjusted return of an investment, portfolio, or strategy. It is a modification of the Sharpe Ratio, but penalizes only those returns falling below a specified benchmark. The Sortino Ratio uses downside deviation in the denominator rather than standard deviation, like the Sharpe Ratio.

Standard Deviation: A measure of volatility, or risk, inherent in a security or portfolio. The standard deviation of a series is a measure of the extent to which observations in the series differ from the arithmetic mean of the series. For example, if a security has an average annual rate of return of 10% and a standard deviation of 5%, then two thirds of the time, one would expect to receive an annual rate of return between 5% and 15%.

Style Analysis: A return based analysis designed to identify combinations of passive investments to closely replicate the performance of funds

Style Map: A specialized form or scatter plot chart typically used to show where a Manager lies in relation to a set of style indices on a two dimensional plane. This is simply a way of viewing the asset loadings in a different context. The coordinates are calculated by rescaling the asset loadings to range from -1 to 1 on each axis and are dependent on the Style Indices comprising the Map.

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Verus receives universe data from InvMetrics, eVestment Alliance, and Morningstar. We believe this data to be robust and appropriate for peer comparison. Nevertheless, these universes may not be comprehensive of all peer investors/managers but rather of the investors/managers that comprise that database. The resulting universe composition is not static and will change over time. Returns are annualized when they cover more than one year. Investment managers may revise their data after report distribution. Verus will make the appropriate correction to the client account but may or may not disclose the change to the client based on the materiality of the change.

ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

IPOPIF

MEMORANDUM

DATE: February 27, 2024
TO: IPOPIF Board of Trustees
FROM: IPOPIF Investment Staff
SUBJECT: Investment Manager Search Request: Emerging Markets Debt

Recommendation

That the Board of Trustees approve a search for an active investment manager for emerging markets debt investments.

Procurement of Investment Services Policy

The Board of Trustees established the Procurement of Investment Services Policy ("Policy"), PP-2021-07, so that all decisions to procure Investment Services will be made with respect for the principles of competitive selection, full disclosure, objective evaluation, and proper documentation. The Policy establishes, among other provisions, competitive selection procedures (Section D), including evaluation factors (Section D.6). Section D.2 establishes that "The Board shall approve when there shall be a search for Investment Services and the parameters of the search based on a recommendation from investment staff or Investment Consultant.

Allocation

- Emerging markets debt (EMD) is an asset class that provides attractive yield and diversified income comparable to high yield and bank loans.
- EMD provides high income potential from a wide range of developing countries/regions with less correlation to equities and bonds.
- Education on EMD was provided to the Board at the January 9th Board meeting. The education presentation deck is attached for your convenience.
- The IPOPIF short-term asset allocation has 6% exposure to EMD through a passive SSgA Emerging Markets Debt strategy.
- The long-term asset allocation dedicates 3% to the EMD asset class.
- Funding for a new active emerging markets debt strategy would come from the current passive EMD allocation.

Portfolio Structure

- Staff is recommending a structure of 1.5% allocation to a single active manager with the remainder allocated to the current passive SSgA Emerging Markets Debt strategy.
- We believe that this structure provides an opportunity for adding incremental return through an expanded opportunity set, while maintaining simplicity and controlling active risk.

- EMD universe is a heterogeneous asset class and has multiple areas of specialization that are dependent on the bond issuers – sovereign and corporate bonds issued in US Dollars (hard currency) or the local currency of the issuer.
- The combined approach that allocates between hard currency sovereign, local currency sovereign, and hard currency corporate is called a “blended” strategy.
- IPOPIF’s current exposure is focused solely on hard currency sovereign bonds.
- We note that Consultant, Verus, favors a higher allocation to the active blended strategy to increase the opportunity set. Staff may consider expanding the active blended allocation in the future.
- Due to investment and operational complexity of foreign investments, commingled funds are the preferred vehicle types for Emerging Markets. Other pooled vehicles may be considered, if deemed advantageous for IPOPIF.

Fees and Budget Impact

- Active management will incur higher investment management fees. Staff and the Board will need strong conviction that expected excess returns will exceed the active management fees.
- For reference only, we observe that median investment management fees for active emerging market debt strategy are in the neighborhood of 65 basis points, which would equate to \$975 thousand annually for a \$150 million allocation.

Utilization of Investment Manager Database

Section D.4 of the Procurement of Investment Services Policy provides that IPOPIF may utilize a third-party industry database (the “IPOPIF Database”) of institutional-quality registered investment advisers to serve as the primary pool from which the IPOPIF will identify and evaluate candidates in a search for Investment Advisers. The Policy further details requirements to ensure comprehensive access and evaluation of the potential service provider universe. IPOPIF uses the eVestment database.

Staff intends to use the IPOPIF Database to conduct an initial evaluation of the provider universe to (i) determine whether candidates meet certain initial evaluation criteria for the search and (ii) identify the highest caliber candidates. Candidates who do not meet the initial evaluation criteria will not be requested to submit additional information as part of the RFP. Candidates who the IPOPIF Staff, in consultation with the Investment Consultant, identify as the highest caliber candidates will be requested to submit additional information; provided, however, that nothing will prevent candidates who meet the minimum criteria from submitting additional information.

All MWDBE and Veteran-Owned investment advisers that meet the initial evaluation criteria in the RFP will be requested to submit additional information as part of the RFP.

Preliminary Universe Analysis

- Based on evaluation of the IPOPIF Database as of 12/31/2023.
- There was a total of 115 potential Emerging Markets Debt Blended strategies offered by 73 managers.
- 30 of those products from 25 firms were screened as having higher potential based on data completion, product size, and performance metrics.

Request for Proposal and Preliminary Timeline

The Request for Proposal is attached for reference and includes a search timeline. Manager interviews and selection are targeted for the September 13 Board meeting.



**PERSPECTIVES
THAT DRIVE
ENTERPRISE
SUCCESS**



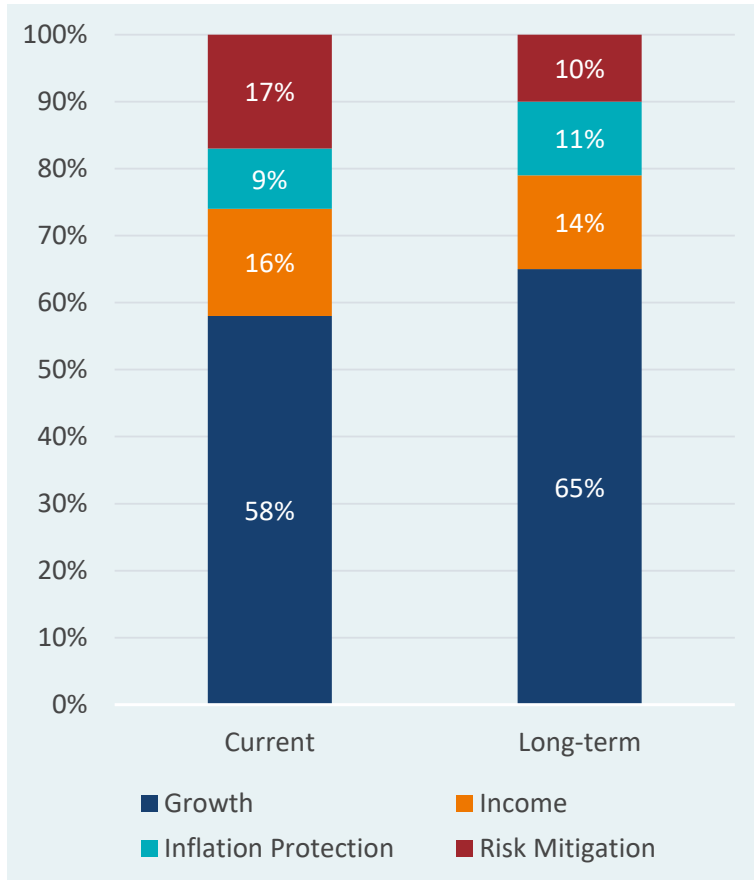
JANUARY 2024

Emerging Markets Debt

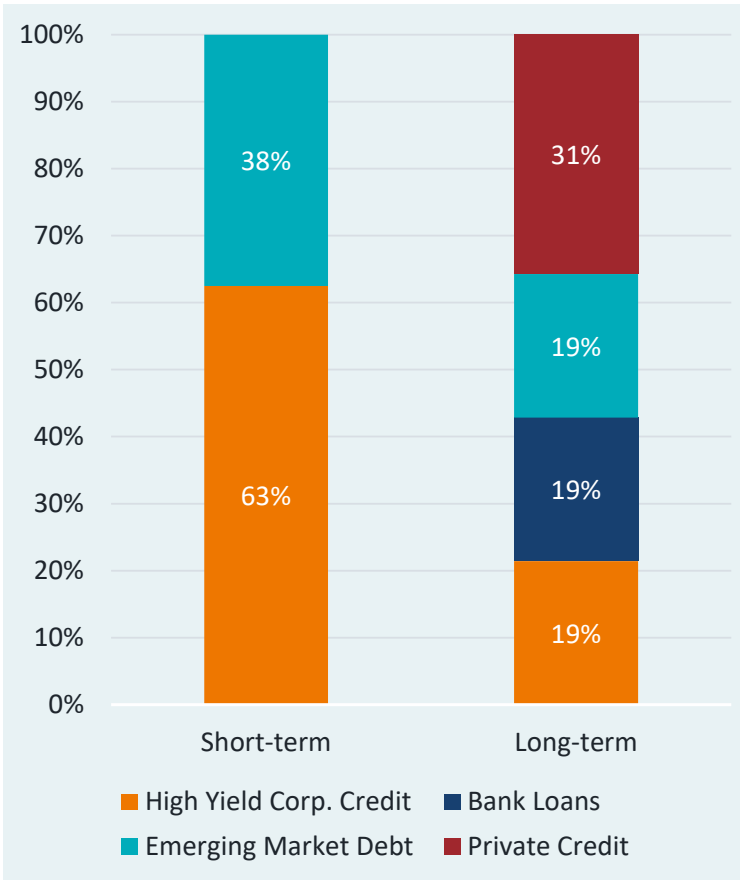
Illinois Police Officers' Pension Investment Fund

IPOPIF – Policy Targets

TOTAL FUND – POLICY TARGETS



INCOME BUCKET – SUB ASSET CLASS TARGETS



Overview of Emerging Market Debt

	HARD CURRENCY – SOVEREIGN	HARD CURRENCY – CORPORATE	LOCAL CURRENCY – SOVEREIGN
Definition	Debt issued by EM governments and companies that are 100% state-owned. Denominated in U.S. dollars.	Debt issued by companies based in EM economies, usually denominated in U.S. dollars.	Debt issued by EM governments that is denominated in the domestic currency of the issuer.
Return Drivers	U.S. TSY Yield + Spread	US TSY Yield + Spread	Local Bond Yield + FX Return
Index	JP Morgan EMBI Global Diversified Index	JP Morgan CEMBI Broad Diversified Index	JP Morgan GBI-EM Global Diversified Index
Number of Countries	69	59	20
Number of Issuers	161	734	20
Credit Quality	BBB-	BBB-	BBB-
Yield	8.2%	7.3%	6.4%
Duration	6.7 years	4.2 years	5.0 years
Market Cap	\$650 billion	\$500 billion	\$1.5 trillion

Source: J.P. Morgan, as of 12/13/23

Country Exposures

HARD CURRENCY 84 COUNTRIES

Sovereign & Corporate

Argentina	Malaysia
Armenia	Mexico
Azerbaijan	Morocco
Bahrain	Nigeria
Barbados	Oman
Brazil	Panama
Chile	Papua New Guinea
China	Paraguay
Colombia	Peru
Costa Rica	Philippines
Dominican Republic	Poland
Ecuador	Qatar
Egypt	Saudi Arabia
Georgia	South Africa
Ghana	Trinidad And Tobago
Guatemala	Turkey
Honduras	UAE
Hungary	Ukraine
India	Uzbekistan
Indonesia	Vietnam
Jordan	Zambia
Kazakhstan	
Kuwait	

Sovereign

Angola	Namibia
Bolivia	Pakistan
Cote D'Ivoire	Romania
El Salvador	Rwanda
Ethiopia	Senegal
Gabon	Serbia
Iraq	Sri Lanka
Jamaica	Suriname
Kenya	Tajikistan
Lebanon	Tunisia
Maldives	Uruguay
Mongolia	Venezuela
Mozambique	

Corporate

Burkina Faso	Mauritius
Cambodia	Moldova
Czech Republic	Singapore
Hong Kong	Taiwan
Israel	Tanzania
Korea	Thailand
Macau	Togo
Madagascar	

LOCAL CURRENCY 20 COUNTRIES

Brazil
Chile
China
Colombia
Czech Republic
Dominican Republic
Egypt
Hungary
Indonesia
Malaysia
Mexico
Peru
Philippines
Poland
Romania
Serbia
South Africa
Thailand
Turkey
Uruguay

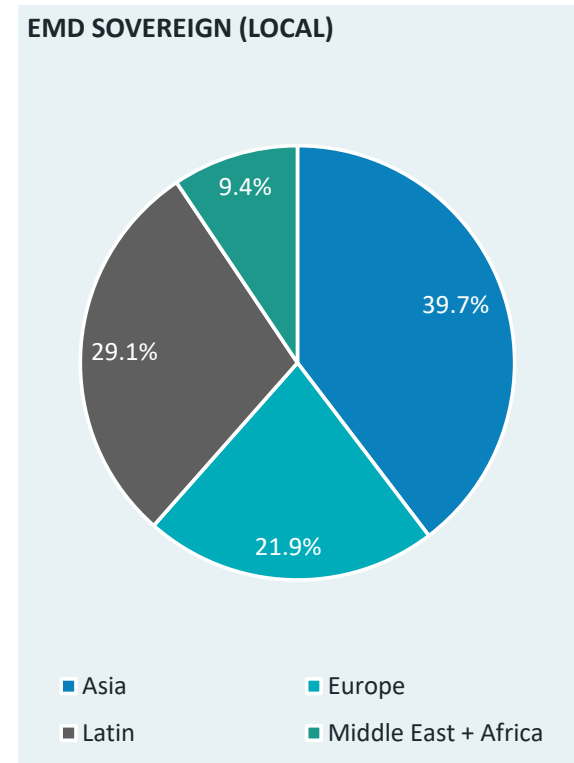
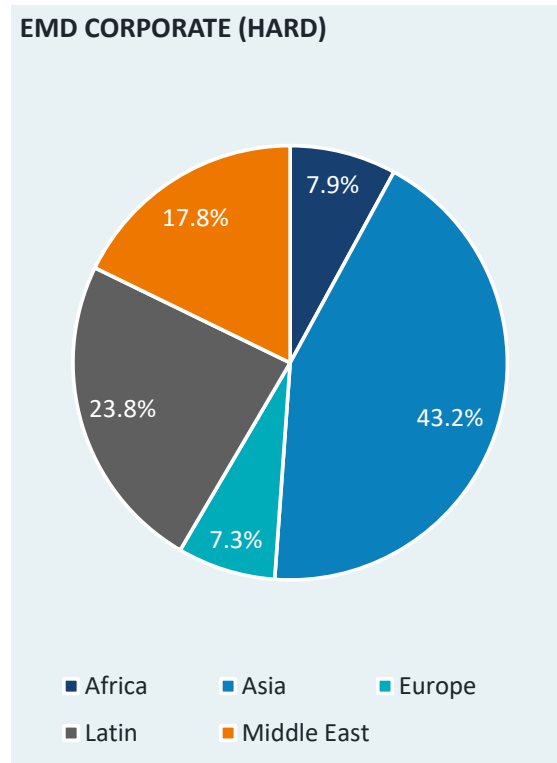
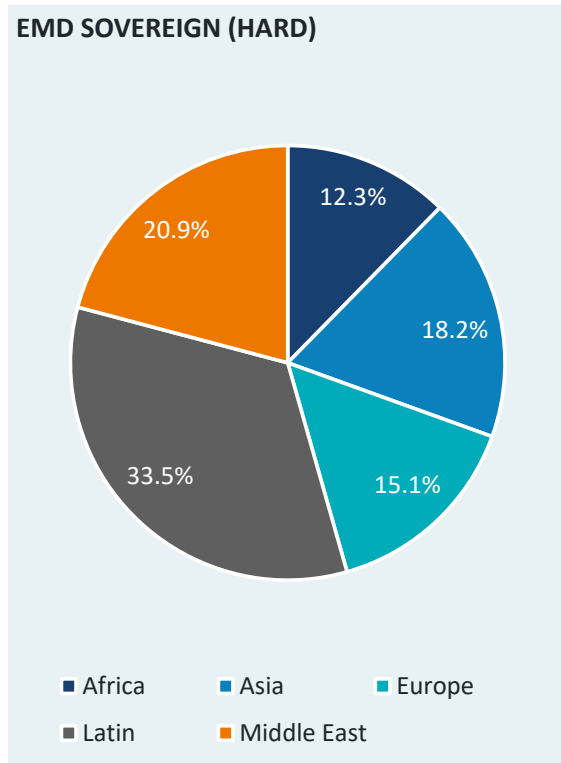
EM EQUITY 24 COUNTRIES

Brazil
Chile
China
Colombia
Czech Republic
Egypt
Greece
Hungary
India
Indonesia
Korea
Kuwait
Malaysia
Mexico
Peru
Philippines
Poland
Qatar
Saudi Arabia
South Africa
Taiwan
Thailand
Turkey
UAE

Source: J.P. Morgan, as of 12/13/23. MSCI EM data as of 11/30/23.

Regional Weights

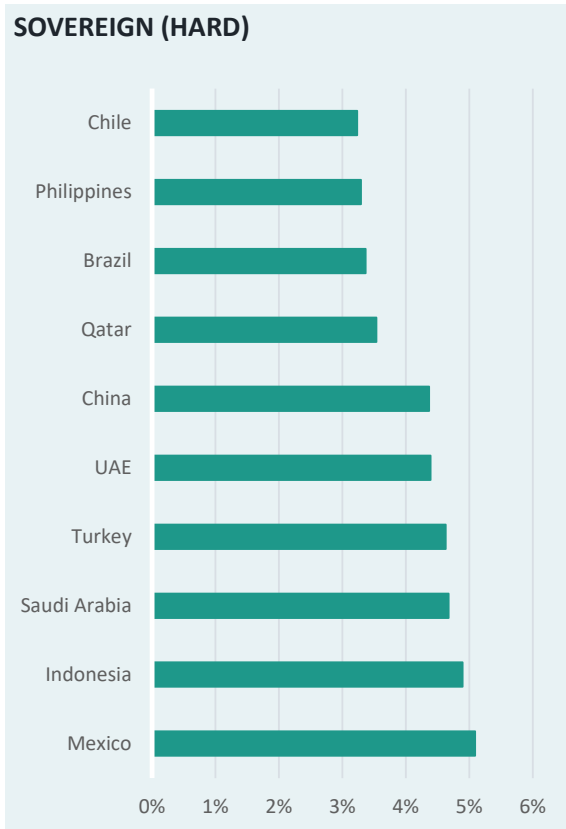
INDEX REGIONAL WEIGHTS



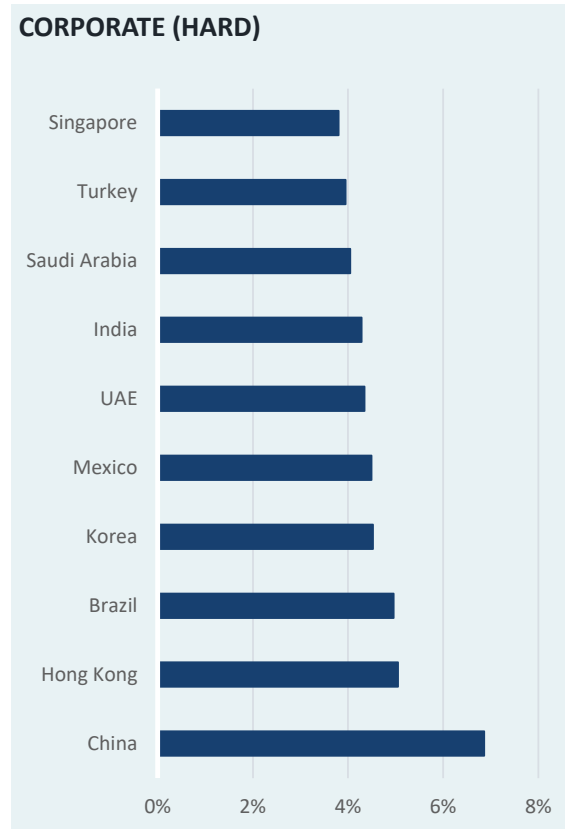
Source: J.P. Morgan, as of 12/13/23

Country Weights

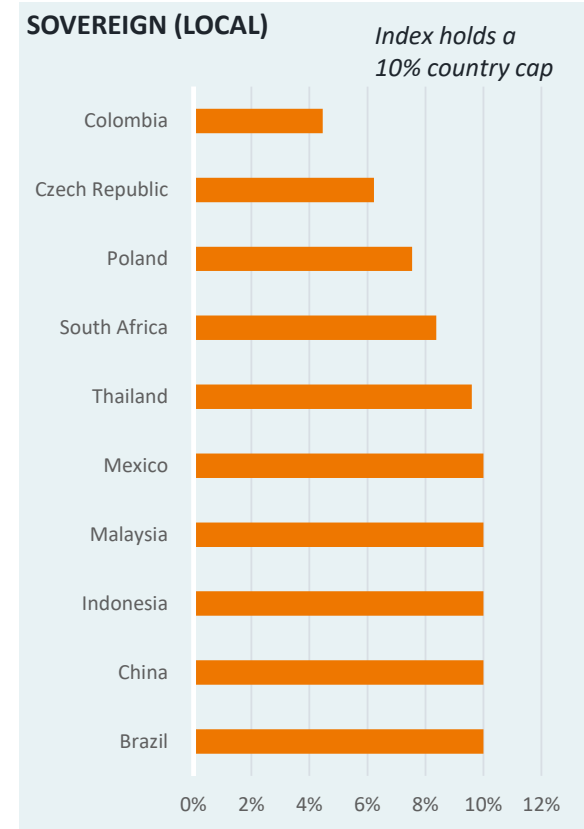
INDEX TOP 10 COUNTRY WEIGHTS



Other Country Weight: 58.5%



Other Country Weight: 53.7%

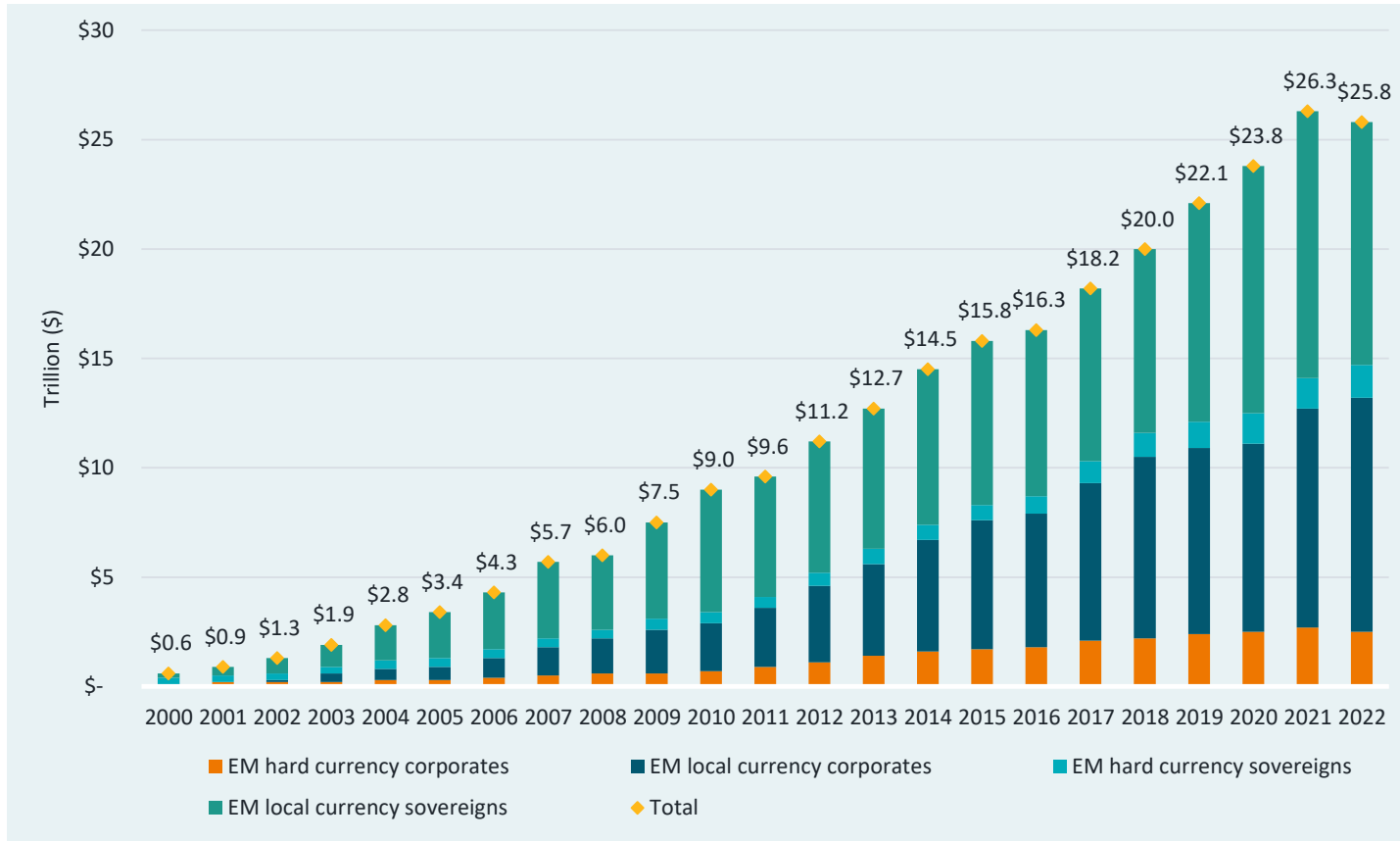


Other Country Weight: 13.8%

Source: J.P. Morgan, as of 12/13/23

Growth of Emerging Market Debt

SIZE OF THE EMERGING MARKET DEBT MARKET (\$ TRILLIONS)

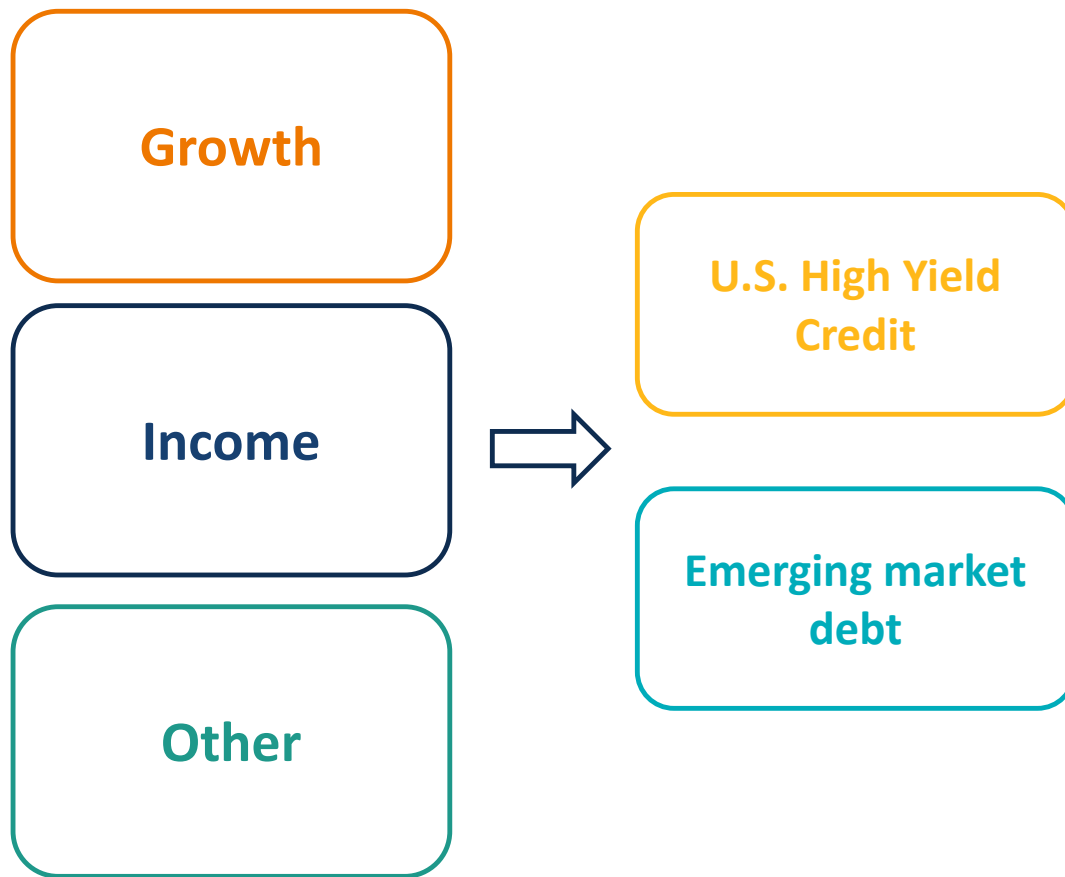


Emerging market debt is a relatively new asset class, although the size of the market has greatly expanded over the past 20 years

A majority of the market is composed of *local currency debt*

Source: J.P. Morgan, *Ninety One*, as of 12/31/2022

Role in the Portfolio



Return Enhancement

Higher yields relative to a previous market environment where most real developed yields were close to zero or negative

Current yields similar to the U.S. Corporate High Yield Index, *despite nearly 50% of the EMBI index holding IG credit ratings*

Diversification Benefits

Broad range of holdings across a basket of countries with high expected growth

Historical movements less correlated to global equities and high yield credit

Historical Performance

GROWTH OF \$1,000



Source: Bloomberg, MPI, as of 12/31/23

10 YEAR

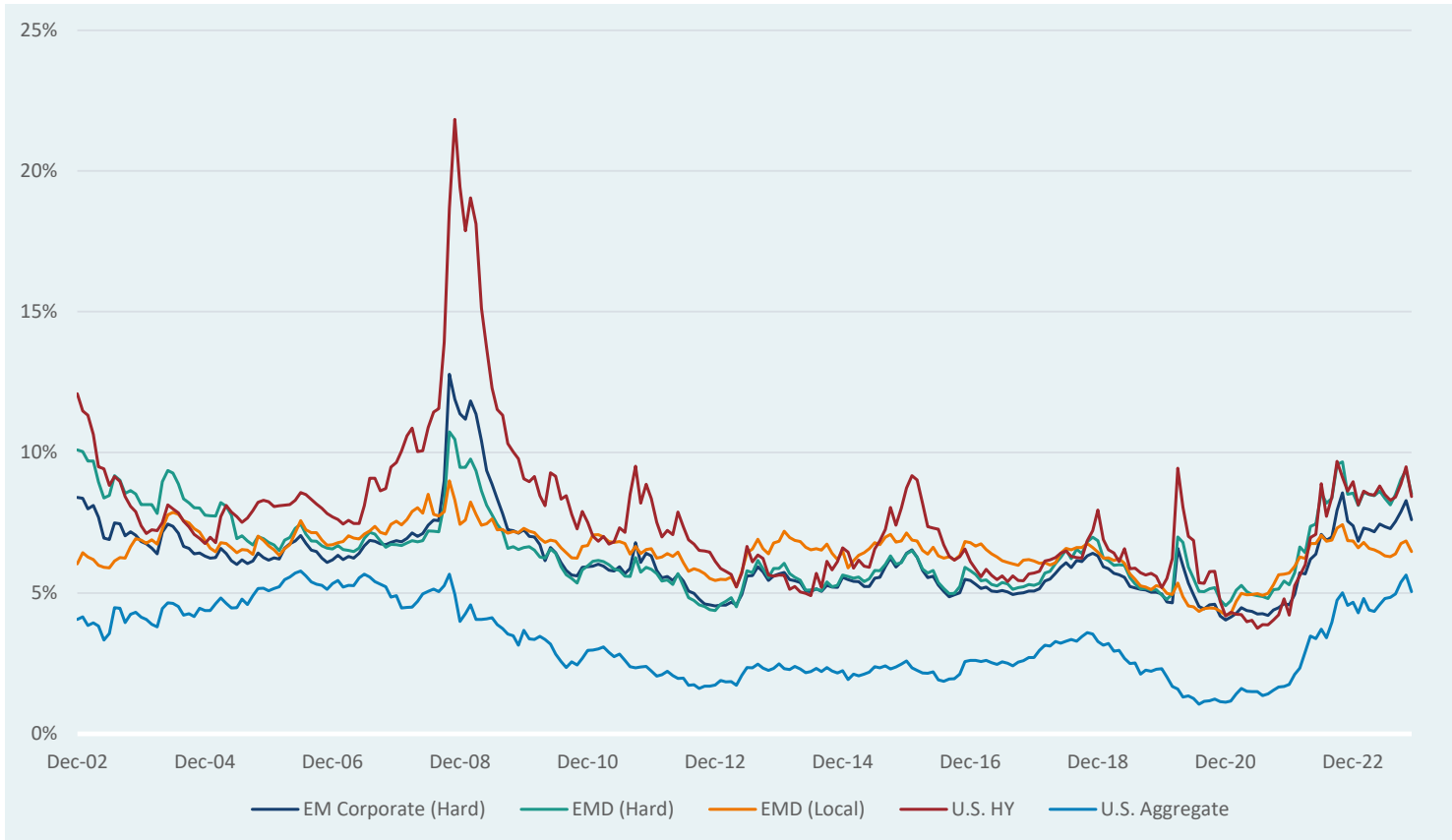
Asset Class	Return (annualized)	Volatility (Std. Dev, annualized)	Return / Volatility
EMD (Hard)	2.8%	8.9%	0.31
EMD (Local)	-0.3%	11.3%	-0.02
EM Corporate (Hard)	3.5%	6.4%	0.55
U.S. Aggregate	1.4%	4.6%	0.30
U.S. HY Corporate Credit	4.3%	7.5%	0.57
Bank Loans	4.3%	5.4%	0.79

15 YEAR

Asset Class	Return (annualized)	Volatility (Std. Dev, annualized)	Return / Volatility
EMD (Hard)	6.2%	8.7%	0.71
EMD (Local)	3.1%	12.2%	0.26
EM Corporate (Hard)	6.6%	6.7%	0.98
U.S. Aggregate	2.7%	4.2%	0.63
U.S. HY Corporate Credit	9.4%	8.5%	1.11
Bank Loans	7.3%	6.2%	1.19

Current Yields

YIELD TO WORST



Source: Bloomberg, as of 11/30/23

Diversification Characteristics

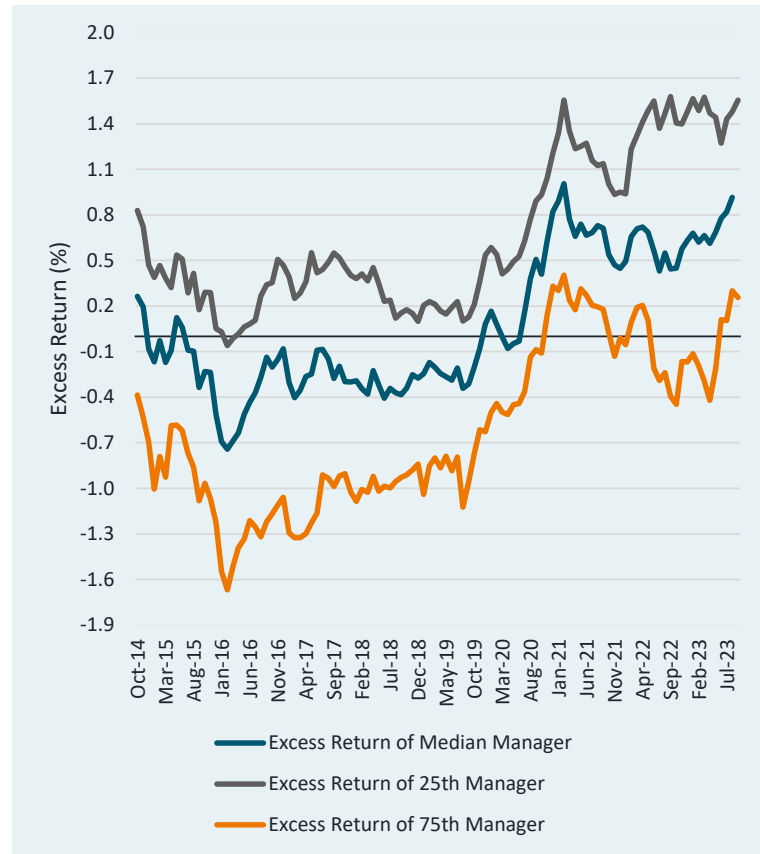
10 YEAR CORRELATIONS

	US Large Equity	Global Equity	US Treasury	Core Fixed Income	U.S. HY Corporate Credit	Bank Loans	EMD (Hard)	EMD (Local)	EM Corporate (Hard)
US Large Equity	1.00								
Global Equity	0.97	1.00							
US Treasury	0.08	0.09	1.00						
Core Fixed Income	0.35	0.38	0.93	1.00					
U.S. HY Corporate Credit	0.80	0.84	0.18	0.47	1.00				
Bank Loans	0.60	0.64	-0.14	0.15	0.80	1.00			
EMD (Hard)	0.67	0.74	0.36	0.63	0.83	0.68	1.00		
EMD (Local)	0.55	0.67	0.24	0.45	0.67	0.51	0.81	1.00	
EM Corporate (Hard)	0.61	0.69	0.27	0.56	0.82	0.77	0.94	0.77	1.00

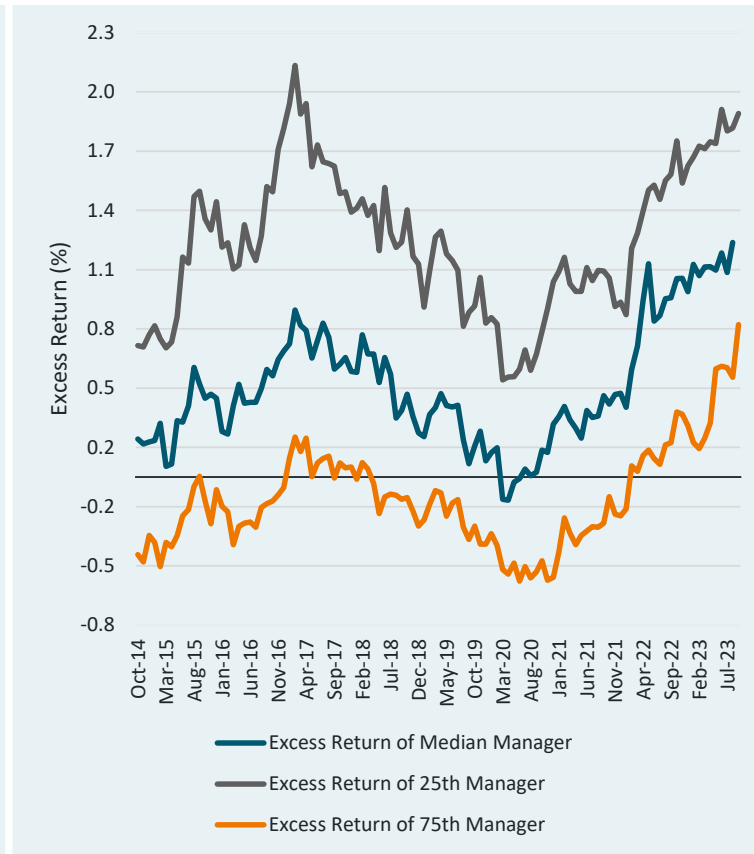
Source: MPI, as of 11/30/23

EMD Active Manager Performance

ROLLING 5-YEAR RETURNS: EMD HARD CURRENCY



ROLLING 5-YEAR RETURNS: EMD LOCAL CURRENCY



Manager selection is key to attaining alpha in emerging markets debt.

Source: Evestment; Gross of fees data as of September 30, 2023.

Why EMD Blend is a Common Approach

EMERGING MARKET DEBT ANNUAL RETURNS

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	YTD*
22.1%	23.0%	10.3%	15.2%	18.1%	-5.2%	34.9%	15.7%	7.4%	17.4%	-0.6%	7.4%	1.3%	10.2%	15.2%	-1.6%	15.0%	7.1%	0.9%	-11.7%	11.9%
16.9%	11.6%	6.3%	9.9%	6.2%	-12.0%	29.8%	13.1%	2.3%	16.8%	-5.3%	5.0%	1.2%	9.9%	10.3%	-4.3%	13.5%	5.3%	-1.8%	-12.3%	10.8%
16.2%	10.3%	6.1%	6.5%	3.9%	-15.9%	22.0%	12.2%	-1.8%	15.0%	-9.0%	-5.7%	-14.9%	9.6%	8.0%	-6.2%	13.1%	2.7%	-8.7%	-17.8%	8.8%

*As of 12/22/2023

- EM Corporate Debt – Hard Currency (JPM CEMBI BD)
- EMD – Hard Currency (JPM EMBI GD)
- EMD – Local Currency (JPM GBI-EM GD)

Blended strategies allow managers to tactically allocate to the most attractive bonds and currencies instead of being constrained to pure hard or local currency assets.

Investment managers that implement best-ideas or unconstrained approaches have more flexibility to avoid idiosyncratic events in countries and allocate to their highest conviction ideas.

Source: J.P. Morgan, Bloomberg, as of 12/22/23

Closing Thoughts

- The EMD market has expanded significantly as more investors allocate to the asset class.
- We believe that EMD has a place in an overall portfolio context, providing diversification in terms of opportunity set, risk and sources of return.
- We view active management as the preferred method of implementation given the probability of negative idiosyncratic risks and/or unforeseen geopolitical or credit-related events.
- Allowing investment managers the flexibility to allocate to attractive markets in their respective capital structures without strict adherence to a benchmark can lead to the avoidance of idiosyncratic country risks inherent to naïve benchmark construction.
- Blended EMD strategies allow investment managers the latitude to tactically allocate to segments of the market they believe offer the most attractive risk-adjusted returns, technical tailwinds or positive fundamentals.

ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND



IPOPIF

MEMORANDUM

DATE: February 27, 2024
TO: IPOPIF Board of Trustees
FROM: IPOPIF Investment Staff
SUBJECT: Emerging Markets Equity Education

IPOPIF has a 7% allocation to emerging market equity (EME) for both the interim and long-term asset allocation. The current exposure is passively managed by State Street Global Advisors (SSgA).

IPOPIF Investment Staff and Consultant are evaluating emerging market equity (EME) as the next asset class for a search. We anticipate a search request for EME active management to be presented at the June 2024 Board meeting. Verus has prepared educational material for the March 8 Board meeting to provide a comprehensive overview of the asset class and answer questions from the Board.



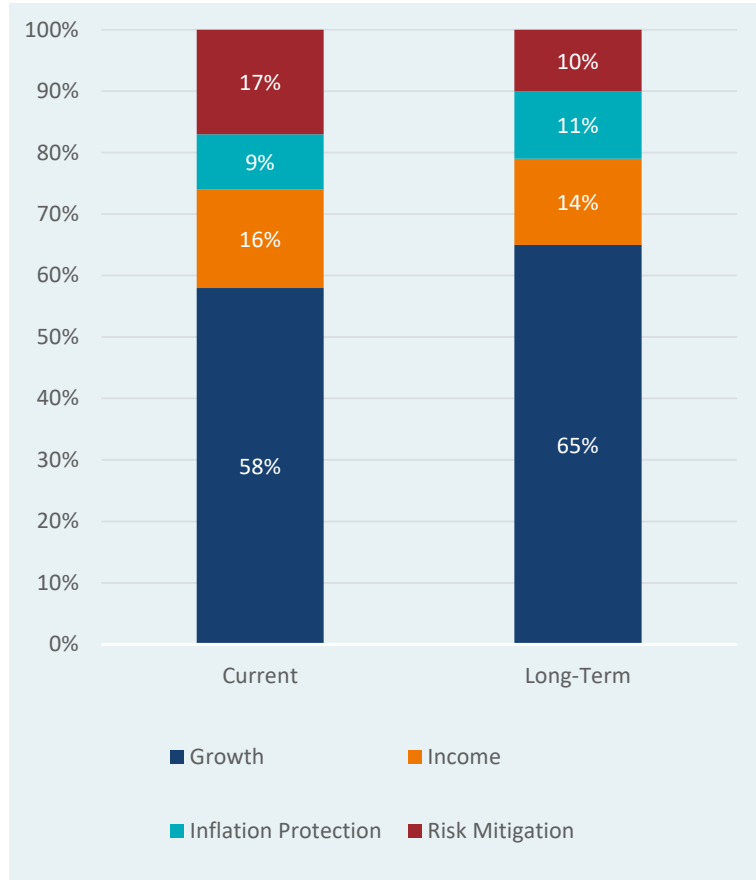
MARCH 8, 2024

Emerging Markets Equity

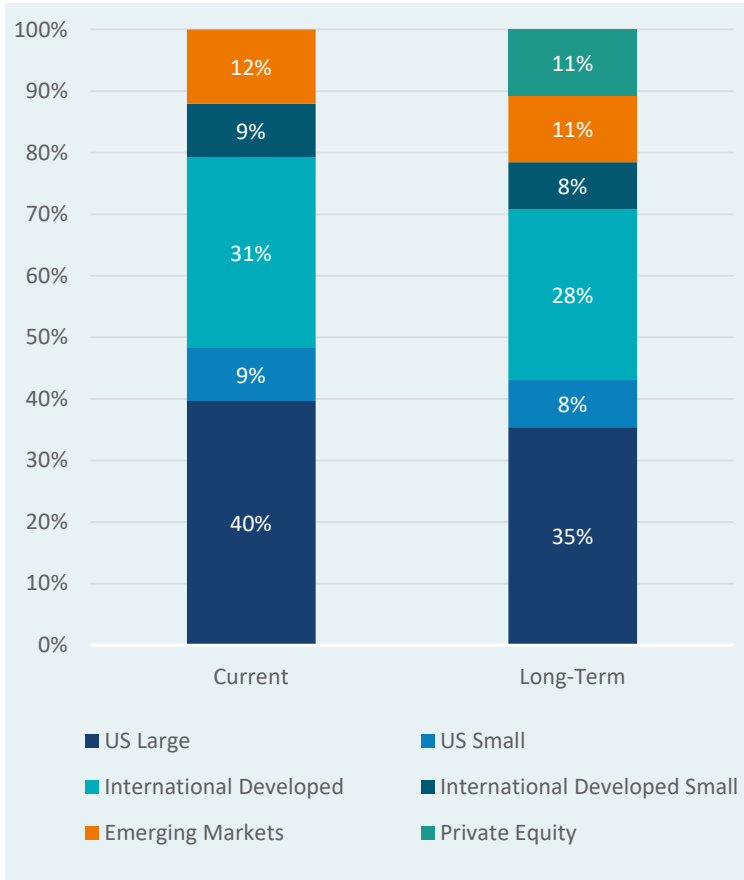
Illinois Police Officers' Pension Investment Fund

IPOPIF – Policy Targets

TOTAL FUND – POLICY TARGETS

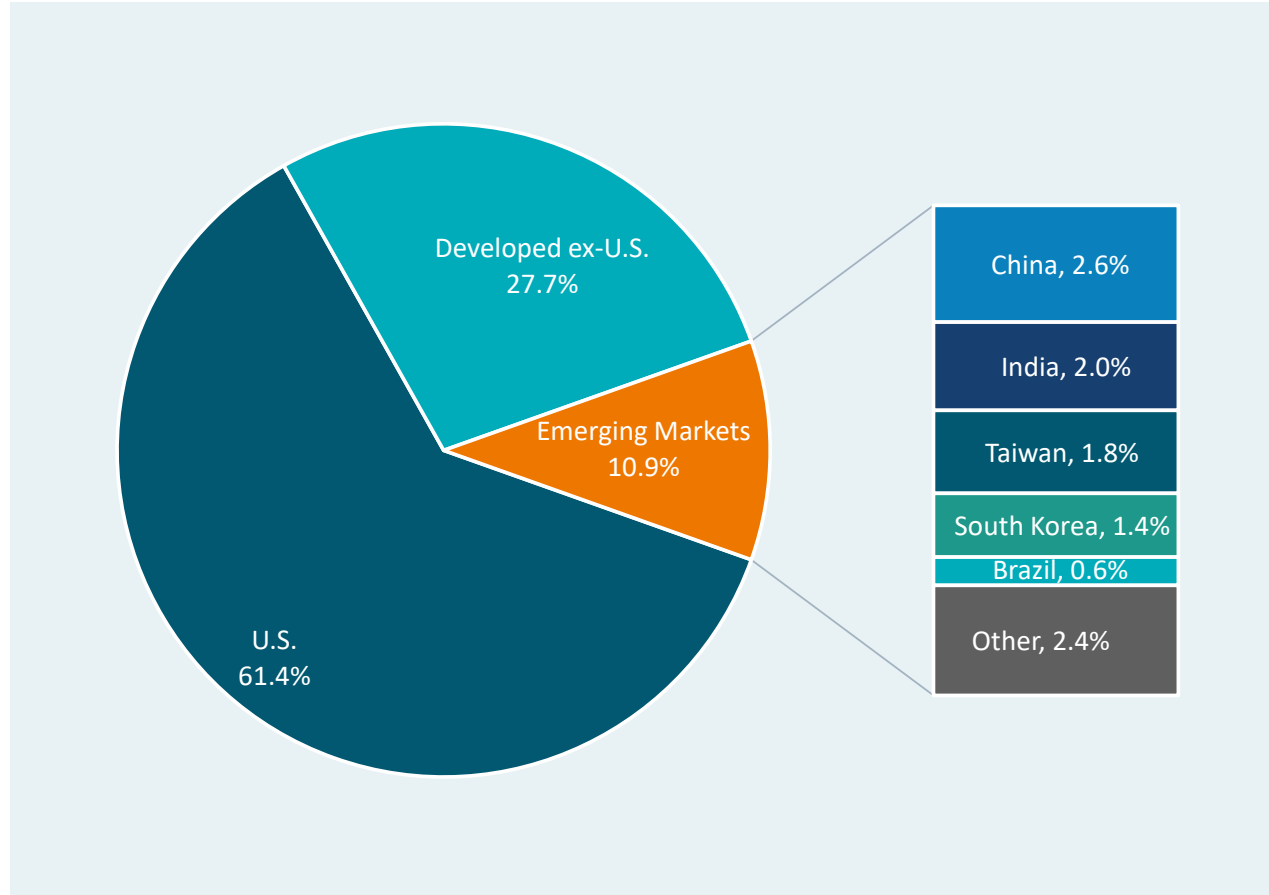


GROWTH BUCKET – ASSET CLASS TARGETS



Global Public Equity Opportunity Set

MSCI ALL COUNTRY WORLD INVESTABLE MARKET INDEX



99%

of the Investable
Global Equity
Opportunity Set

23

Developed Markets

24

Emerging Markets

Source: MSCI as of 12/31/23

Overview of Emerging Market Equity

MSCI EMERGING MARKETS INDEX

Definition	The MSCI Emerging Markets Index captures large and mid-cap representation across 24 Emerging Markets countries and covers approximately 85% of the free float-adjusted market capitalization in each country
# of Countries	24
# of Holdings	1,440
	<u>Market Cap (\$ in millions)</u>
Index	\$7,068,056
Largest	\$476,005
Smallest	\$43
Average	\$4,904
Median	\$1,875

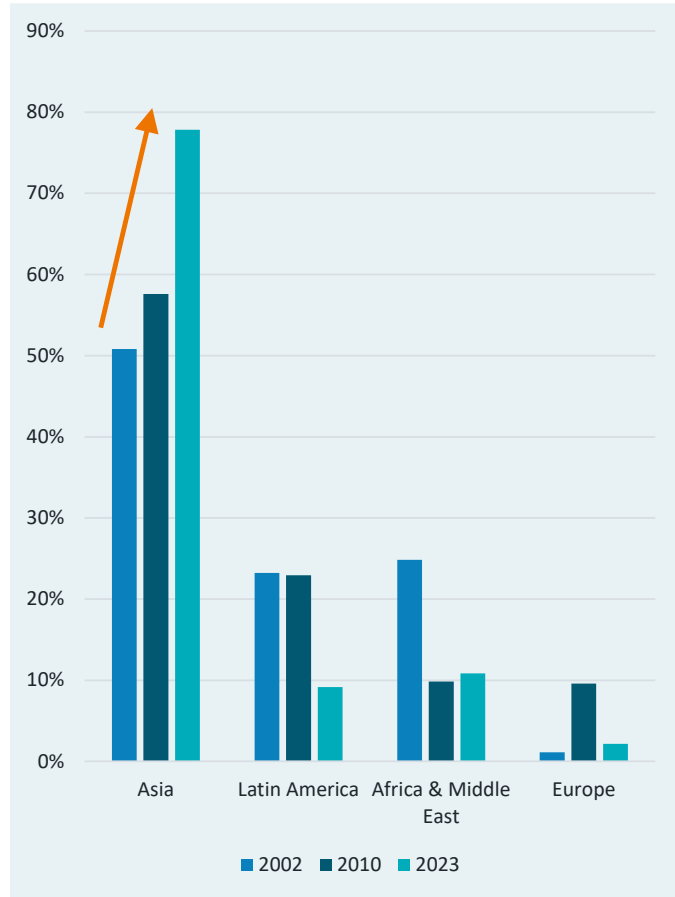
COUNTRY EXPOSURE

▪ Brazil	▪ Malaysia
▪ Chile	▪ Mexico
▪ China	▪ Peru
▪ Colombia	▪ Philippines
▪ Czech Republic	▪ Poland
▪ Egypt	▪ Qatar
▪ Greece	▪ Saudi Arabia
▪ Hungary	▪ South Africa
▪ India	▪ Taiwan
▪ Indonesia	▪ Thailand
▪ Korea	▪ Turkey
▪ Kuwait	▪ UAE

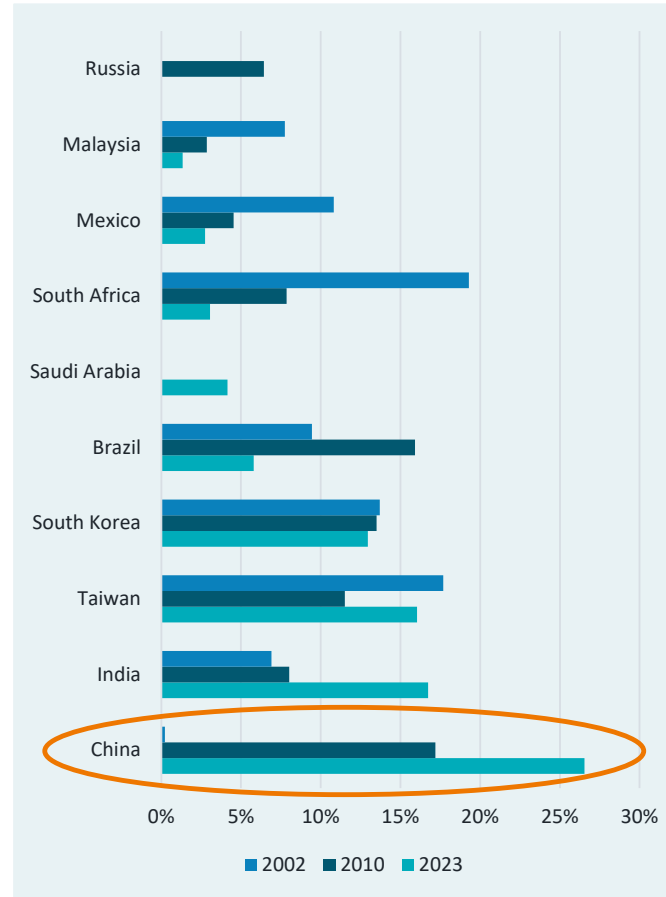
Source: MSCI as of 12/31/23

Regional and Country Weights

MSCI EMERGING MARKETS INDEX – REGIONAL



MSCI EMERGING MARKETS INDEX – COUNTRY

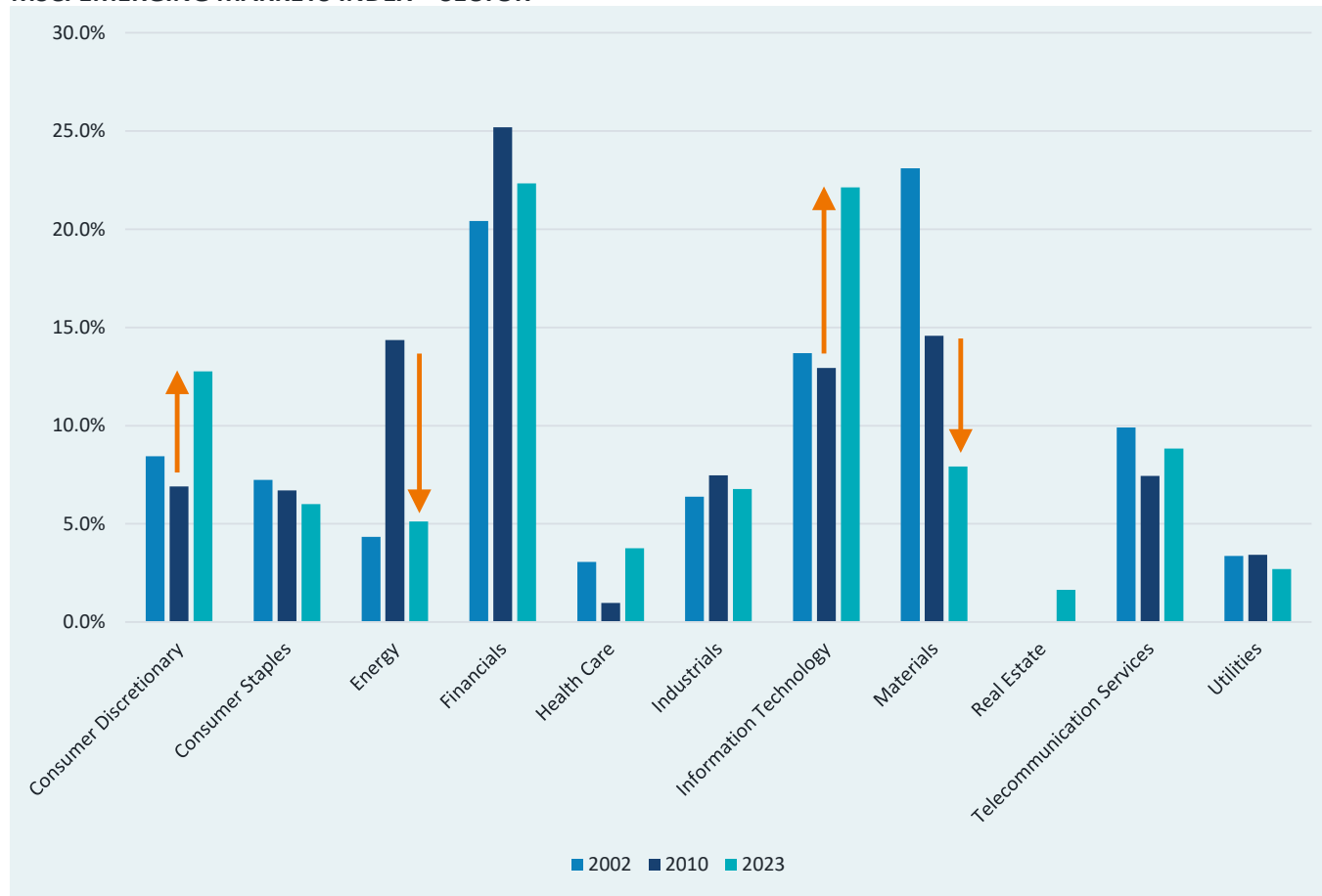


Asia represents a significant portion of the index, doubling its weight from ~50% to ~80% over the last 20 years. This was driven mostly by China, whose weight has grown from less than 1% in 2002 to nearly 27% in 2023

Source: MSCI as of 12/31/23

Sector Weights

MSCI EMERGING MARKETS INDEX – SECTOR



The emerging markets index has also changed in terms of sector composition. Commodities-driven sectors like energy and materials have declined as other sectors such as consumer discretionary and information technology have increased.

Source: MSCI as of 12/31/23

Top 10 Holdings

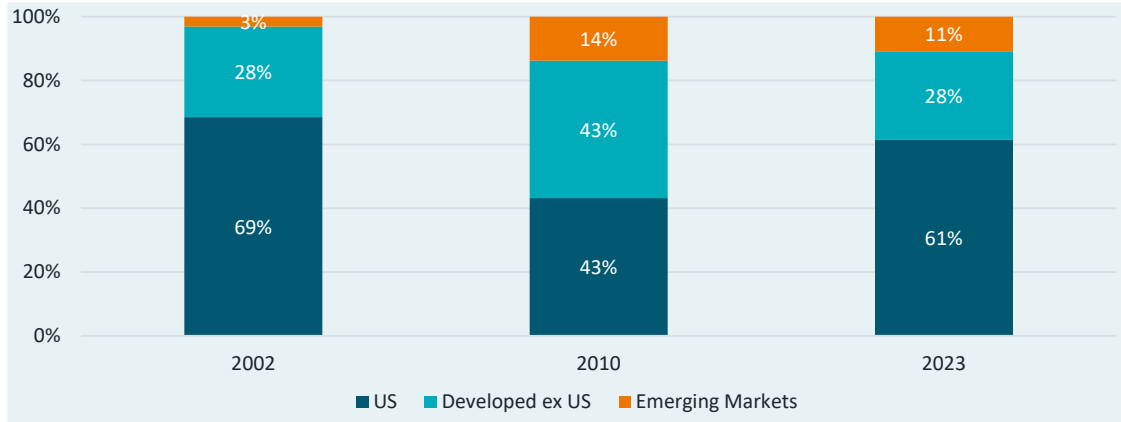
12/31/2023		12/31/2010	
TAIWAN SEMICONDUCTOR MANUFACT	6.7%	SAMSUNG ELECTRONICS CO LTD	2.4%
SAMSUNG ELECTRONICS CO LTD	4.1%	PETROLEO BRASILEIRO SA PETROBRAS	1.7%
TENCENT HOLDINGS LTD	3.6%	GAZPROM PAO	1.7%
ALIBABA GROUP HOLDING LTD	2.2%	TAIWAN SEMICONDUCTOR MANUFACT	1.5%
RELIANCE INDUSTRIES LTD	1.3%	CHINA MOBILE LTD	1.5%
PDD HOLDINGS INC	1.2%	VALE DO RIO DOCE PNA	1.5%
ICICI BANK LTD	0.9%	AMERICA MOVIL SAB DE CV	1.5%
INFOSYS LTD	0.9%	ITAU UNIBANCO HOLDING SA	1.4%
SK HYNIX INC	0.9%	PETROLEO BRASILEIRO SA PETROBRAS	1.4%
HDFC BANK LTD	0.8%	INDUSTRIAL & COMMERCIAL BANK OF CHINA	1.2%
Top 10 Holdings	22.6%	Top 10 Holdings	15.8%

The largest holdings in the emerging markets index have also changed over time. Similar to U.S. indices, the emerging markets index has become more concentrated and dominated by information technology and consumer discretionary names.

Source: MSCI as of 12/31/23

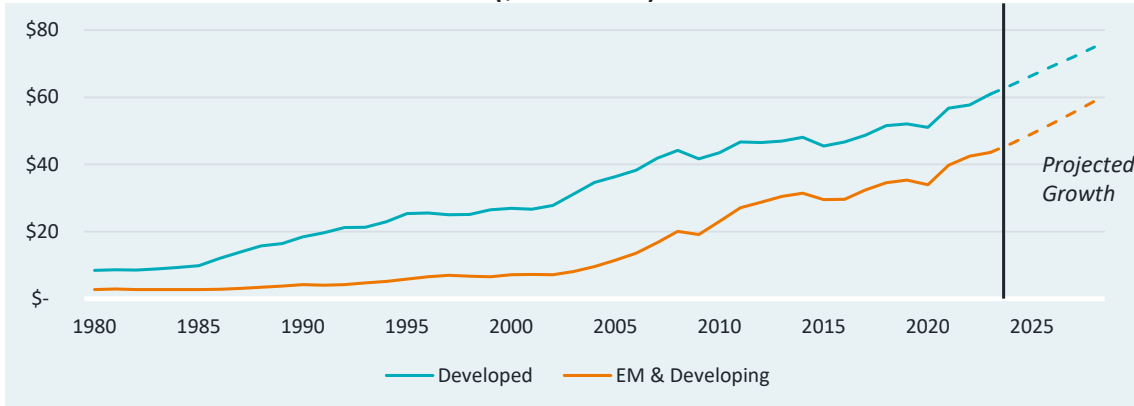
Why invest in emerging markets?

EMERGING MARKET ALLOCATION IN MSCI ALL COUNTRY WORLD INVESTABLE MARKET INDEX



Emerging countries have continued to open their financial markets to foreign investors, increasing their share of the global equity market. This has provided investors with new opportunities in differentiated high growth markets.

DEVELOPED VS EMERGING ECONOMIES (\$ TRILLIONS)



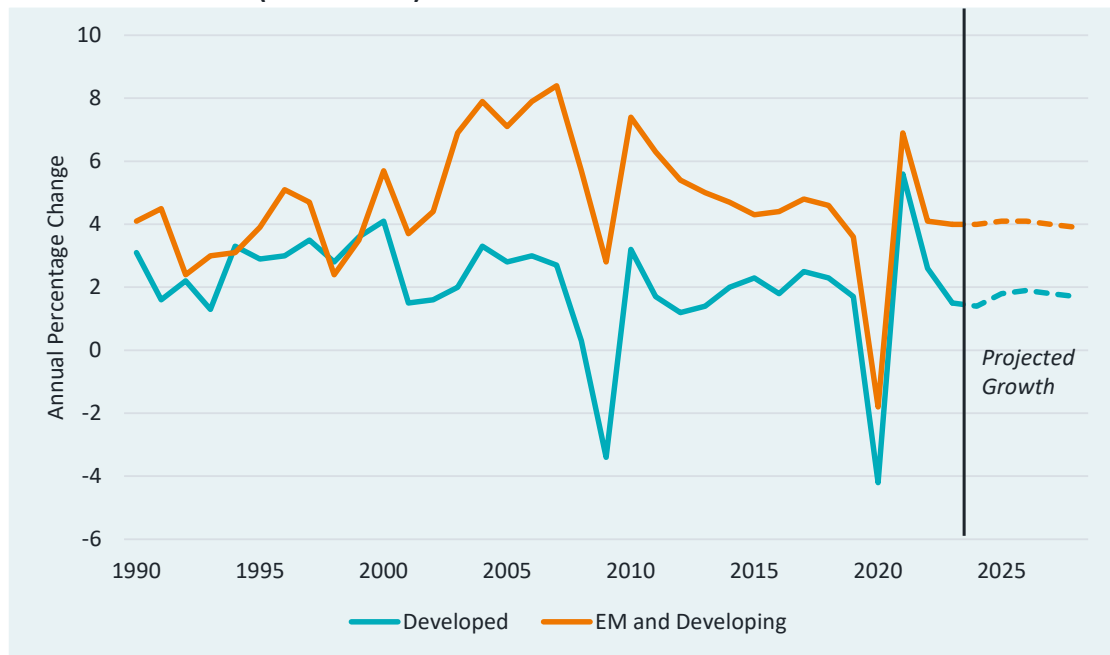
Source: MSCI, Bloomberg, as of 12/31/2023

Source: IMF, as of 12/31/23

Real GDP Growth

Emerging markets have grown faster than developed markets over the past 25 years and are forecasted to continue their higher relative growth.

REAL GDP GROWTH (1990 – 2028)



Source: IMF, 2023

PROJECTED REAL GDP GROWTH (2024 – 2028)

COUNTRY	PROJECTED REAL GDP GROWTH (2024 – 2028)
Emerging Markets	4.0%
Brazil	1.9%
China	3.9%
India	6.3%
South Korea	2.2%
Taiwan	2.6%
Developed Markets	1.7%
Europe	1.7%
Japan	0.6%
United Kingdom	1.6%
United States	1.9%

Diversification Benefits

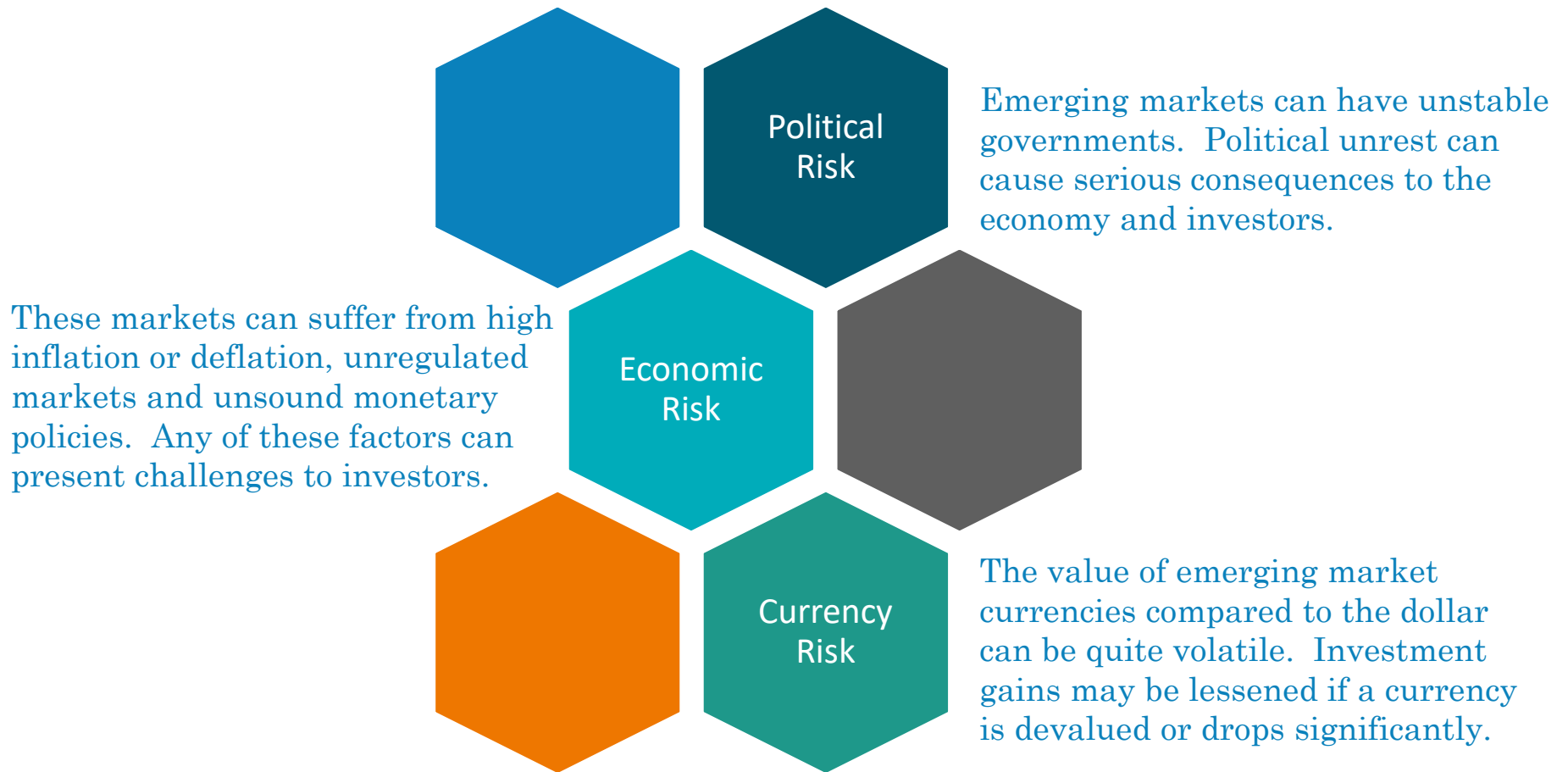
Emerging markets provide diversification to an overall portfolio as economic downturns in one country or region can be offset by growth in another.

10 YEAR CORRELATIONS

	U.S. Large Cap Stocks	U.S. Small Cap Stocks	International Large Cap Stocks	International Small Cap Stocks	Emerging Markets Stocks
U.S. Large Cap Stocks	1.0				
U.S. Small Cap Stocks	0.9	1.0			
International Large Cap Stocks	0.9	0.8	1.0		
International Small Cap Stocks	0.9	0.8	1.0	1.0	
Emerging Markets Stocks	0.7	0.6	0.8	0.8	1.0

Source: Verus CMAs, as of 9/30/23 - Correlation assumptions are based on the last ten years.

Key Risks of Investing in Emerging Markets



Historical Performance

GROWTH OF \$1,000 – 20 YEARS



Source: Bloomberg, MPI, as of 1/31/24

10 YEAR

Asset Class	Return (annualized)	Volatility (Std. Dev, annualized)	Return / Volatility
U.S. Stocks	12.6%	15.1%	0.83
International Developed	4.8%	15.2%	0.31
Emerging Markets	2.9%	17.2%	0.17
U.S. Core Bonds	1.6%	4.8%	0.34

15 YEAR

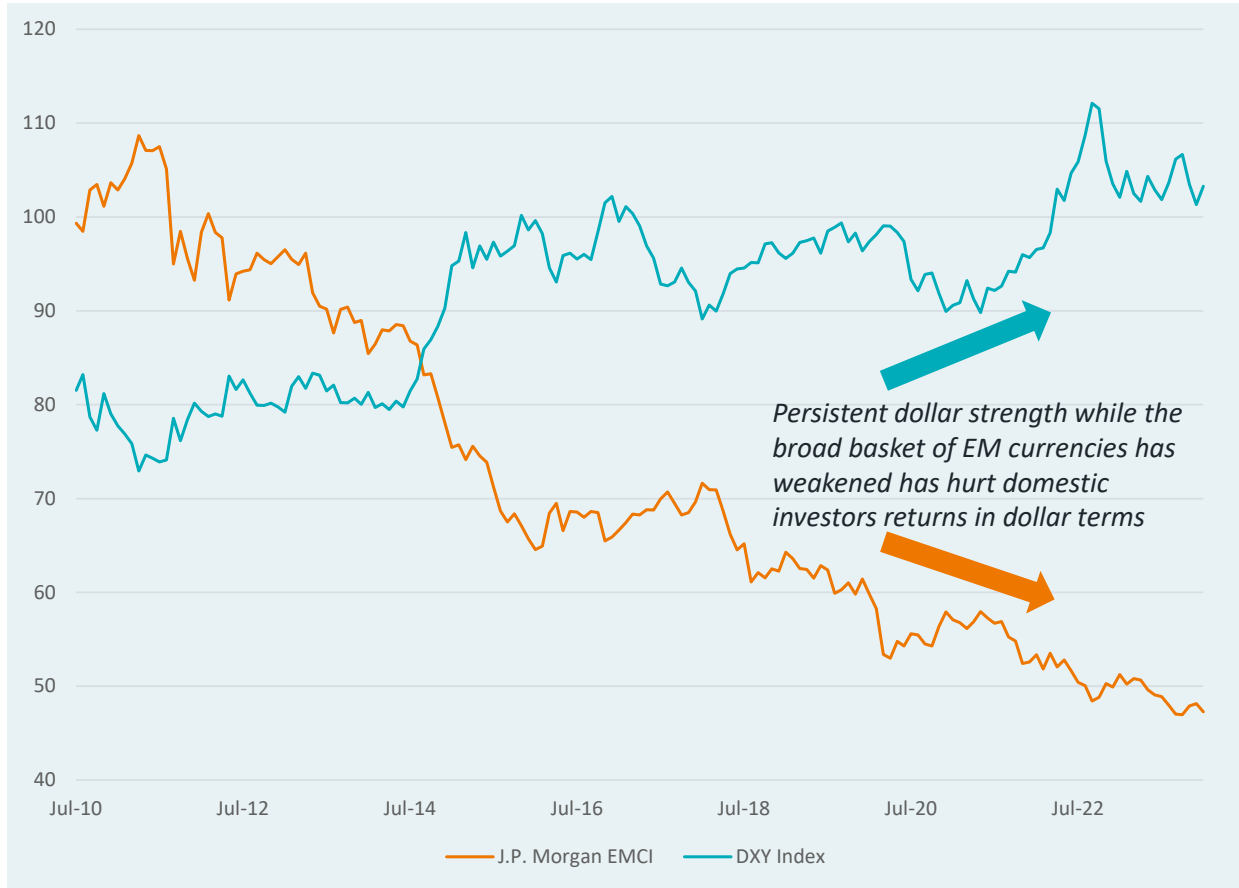
Asset Class	Return (annualized)	Volatility (Std. Dev, annualized)	Return / Volatility
U.S. Stocks	14.8%	15.2%	0.97
International Developed	7.7%	16.6%	0.46
Emerging Markets	6.7%	19.2%	0.35
U.S. Core Bonds	2.7%	4.2%	0.64

20 YEAR

Asset Class	Return (annualized)	Volatility (Std. Dev, annualized)	Return / Volatility
U.S. Stocks	9.7%	14.9%	0.65
International Developed	5.5%	16.7%	0.33
Emerging Markets	6.4%	20.8%	0.31
U.S. Core Bonds	3.1%	4.1%	0.75

Currency Effect

J.P. MORGAN EMCI VS. DXY INDEX (INDEX LEVEL)



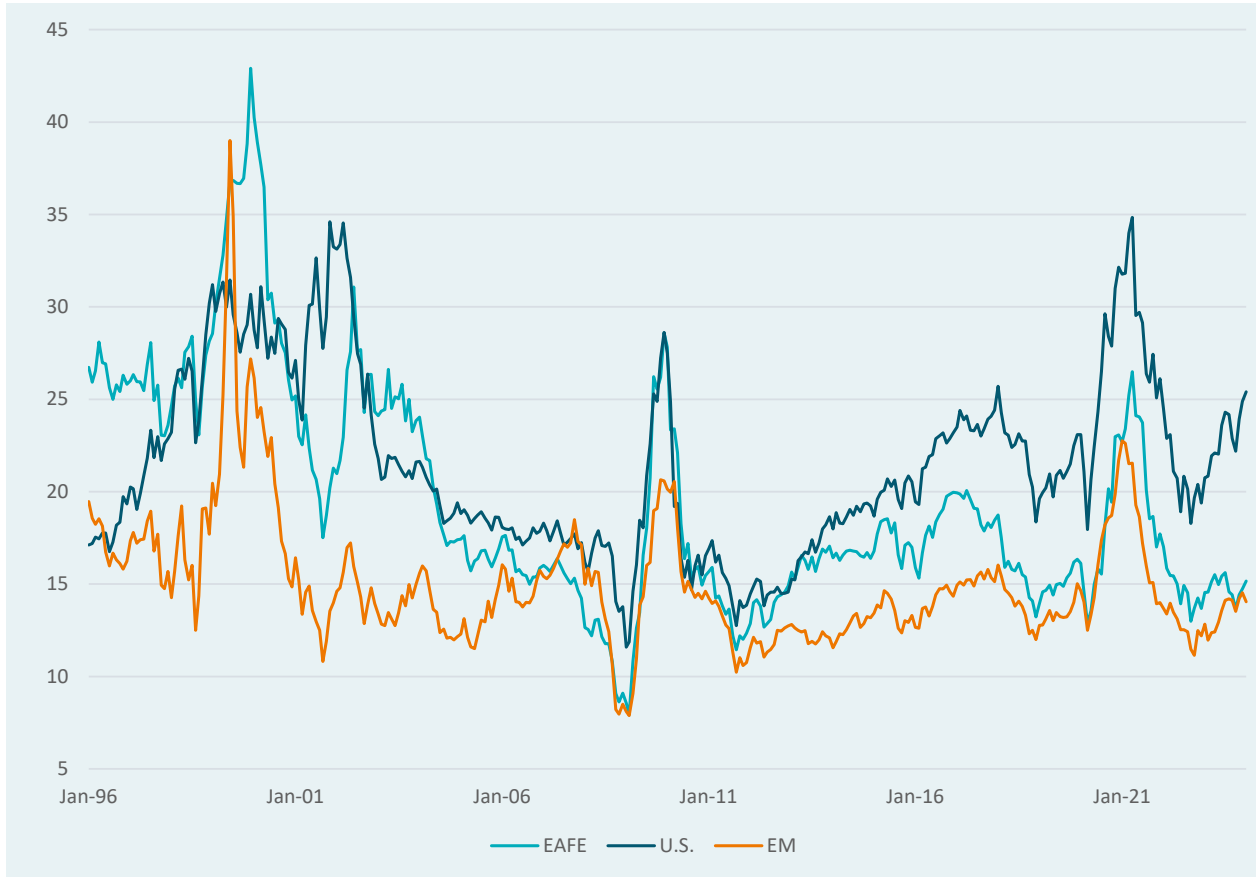
Source: J.P. Morgan, Bloomberg, as of 1/31/24

The impact of currency on equity returns tends to muddy the comparison across equity markets, particularly to the U.S.

The significant outperformance of U.S. equities over the current bull market has been augmented by corresponding U.S. dollar strength while the broad basket of EM currencies has weakened, which has hurt domestic investor returns in dollar terms.

Current Valuations

TRAILING 12-MONTH P/E RATIO

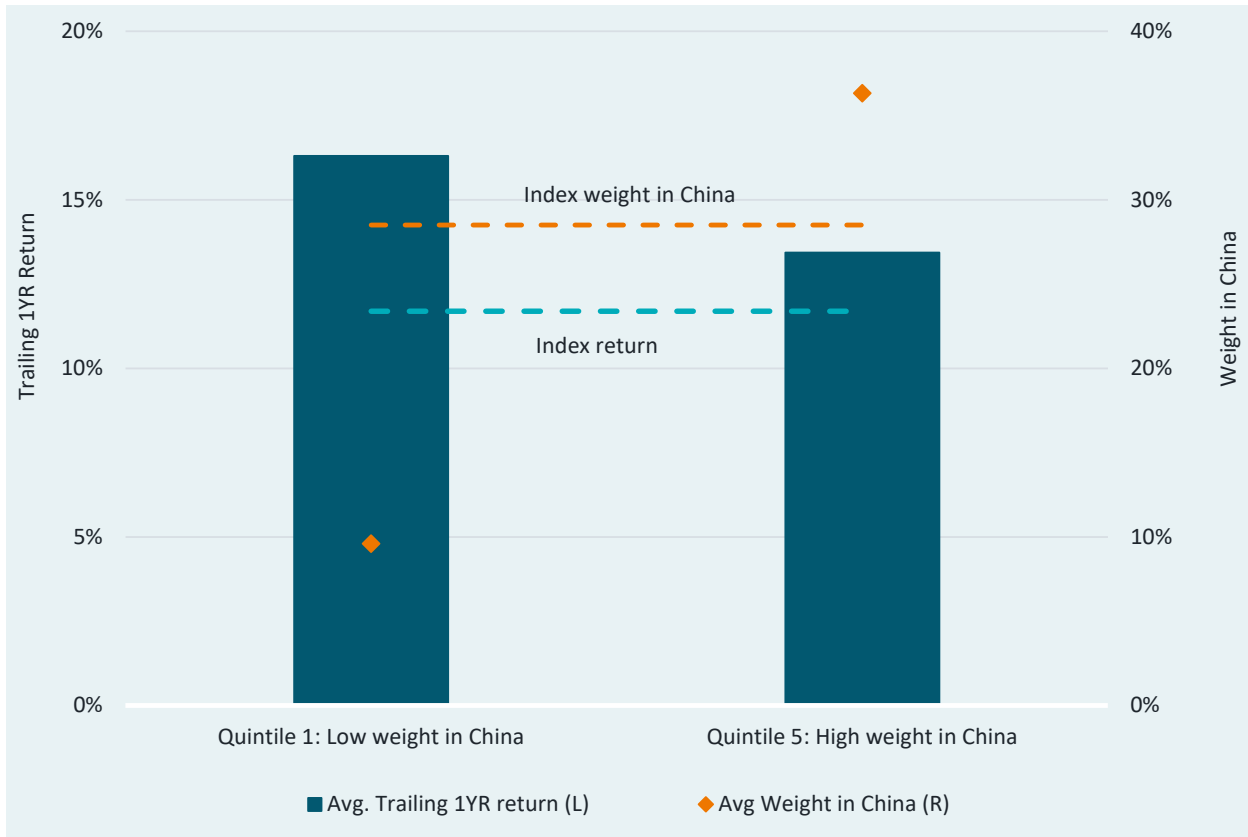


Recent U.S. equity outperformance, driven by relatively strong economic and corporate earnings growth, has resulted in significant valuation differences across equity markets. While the valuation gap does not guarantee international equities will outperform going-forward, it does skew odds in their favor.

Source: MSCI, as of 1/31/24

Recent Underperformance from China

ACTIVE MANAGER PERFORMANCE BY CHINA WEIGHT QUINTILE

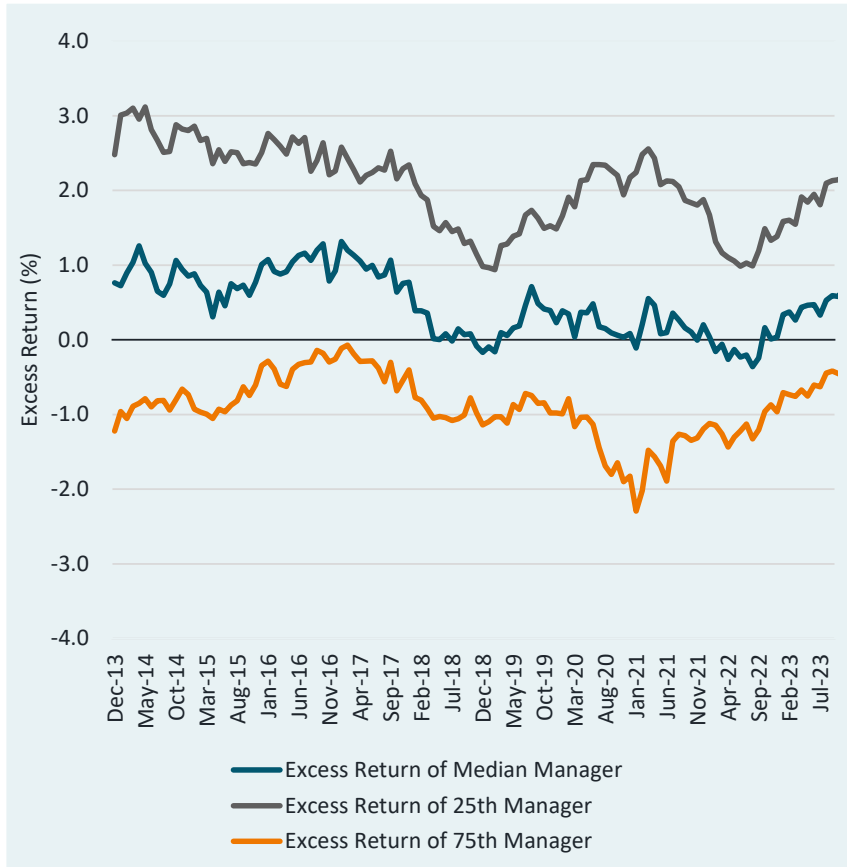


Despite strong underperformance from China, the largest country constituent in the benchmark, active managers were largely able to outperform the emerging markets index over the trailing year regardless of their active weight in China.

Source: eVestment & Bloomberg as of 9/30/23, gross of fees

Active Management Performance Results

ROLLING 5-YEAR EXCESS RETURNS



DOWNSIDE CAPTURE



Source: eVestment, as of 9/30/23, gross of fees. Benchmark displayed is the MSCI Emerging Markets Index

Closing Thoughts

- The case for investing in emerging markets equity has been driven by emerging countries continuing to open their financial markets to foreign investors and the desire by foreign investors to access markets with faster economic growth and favorable demographics.
- After outperforming for much of the 2000s, emerging market equities have underperformed U.S. equities since the Global Financial Crisis, resulting in disappointment on the part of U.S. investors, especially since emerging market GDP growth has outpaced U.S. economic growth.
- We continue to believe that emerging markets equities serve an important role in institutional investment programs, providing diversification in terms of opportunity set, risk and sources of return.
- We recommend a market weight allocation to emerging markets equity and portfolio implementation with bottom-up active managers that are agnostic to country weights.
 - Allowing skilled active managers the flexibility to allocate to attractive markets without strict adherence to a benchmark can lead to the avoidance of idiosyncratic country risks inherent to naïve benchmark construction.

ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND



IPOPIF

MEMORANDUM

DATE: February 29, 2024
TO: IPOPIF Board of Trustees
FROM: Kent Custer, Chief Investment Officer
SUBJECT: Strategic Asset Allocation Review

- The strategic asset allocation (SAA) is, by far, the greatest determinant of long-term investment performance and thus the most significant decision set for the investment program.
- In recent months, staff and Verus dedicated significant time and resources to identifying and researching IPOPIF SAA issues and opportunities.
- Two presentations are attached. For the Board discussion of this topic, I will review key issues and related perspective from my view. Verus Consultant, Scott Whalen will then follow up with Verus' Capital Market Assumptions, Portfolio Modeling, Implementation Considerations, and Recommendations.
- I maintain high conviction in the current interim and long-term asset allocations.
- Modest recommendations are detailed below.
- We have identified additional opportunities that should be considered for future implementation.

Recommendations

- Move 1% from Emerging Markets Equity (7% to 6%) to International Developed Equity (18% to 19%) for Interim and Long-term allocation.
- Move 3% long-term core plus bond allocation to core bonds.
- Change Composite roll-up structure to eliminate "Inflation Protection" category in favor of "Real Assets" category.
- Separate the 8% long-term allocation to Real Estate/Infrastructure into 5% Real Estate and 3% infrastructure.
- Move TIPS to "Risk Mitigation" asset class category.
- Approve revisions to the Investment Policy Statement Appendix A1, Asset Class Descriptions, Appendix A2, Asset Allocation, and Appendix A3, Performance Benchmarks to incorporate asset allocation changes approved by the Board.

In accordance with the Illinois Pension Code, changes to the IPOPIF asset allocation shall require a vote of at least 6 trustees. Reference: (40 ILCS 5/22B-117), paragraph (c).

Summary of Recommended Asset Allocation Changes

Current Asset Allocation	Interim	Long-term
Asset Classes	Allocation	Allocation
Growth	58.0%	65.0%
US Large	23.0%	23.0%
US Small	5.0%	5.0%
International Developed	18.0%	18.0%
International Developed Small	5.0%	5.0%
Emerging Markets	7.0%	7.0%
Private Equity (Direct)		7.0%
Income	16.0%	14.0%
High Yield Corp. Credit	7.0%	3.0%
Emerging Market Debt	6.0%	3.0%
Bank Loans	3.0%	3.0%
Private Credit	0.0%	5.0%
Inflation Protection	9.0%	11.0%
US TIPS	3.0%	3.0%
REITs	4.0%	0.0%
Real Estate/Infrastructure	2.0%	8.0%
Risk Mitigation	17.0%	10.0%
Cash	1.0%	1.0%
Short-Term Gov't/Credit	13.0%	3.0%
US Treasury	0.0%	3.0%
Core Fixed Income	3.0%	0.0%
Core Plus Fixed Income	0.0%	3.0%
Total	100.0%	100.0%

Recommended Asset Allocation	Interim	Long-term
Asset Classes	Allocation	Allocation
Growth	58.0%	65.0%
US Large	23.0%	23.0%
US Small	5.0%	5.0%
International Developed	19.0%	19.0%
International Developed Small	5.0%	5.0%
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Private Equity		7.0%
Income	16.0%	14.0%
High Yield Corp. Credit	7.0%	3.0%
Emerging Market Debt	6.0%	3.0%
Bank Loans	3.0%	3.0%
Private Credit	0.0%	5.0%
Real Assets	6.0%	8.0%
REITs	4.0%	0.0%
Real Estate	2.0%	5.0%
Infrastructure		3.0%
Risk Mitigation	20.0%	13.0%
Cash	1.0%	1.0%
US TIPS	3.0%	3.0%
Short-Term Gov't/Credit	13.0%	3.0%
US Treasury	0.0%	3.0%
Core Fixed Income	3.0%	3.0%
Core Plus Fixed Income	0.0%	0.0%
Total	100.0%	100.0%

IPOPIF

Illinois Police Officers' Pension Investment Fund

Strategic Asset Allocation

CIO Perspectives

2/29/24

Observations and Issues

IPOPIF Asset Allocation	Interim	Long-term
Asset Classes	Allocation	Allocation
Growth	58.0%	65.0%
US Large	23.0%	23.0%
US Small	5.0%	5.0%
International Developed	18.0%	18.0%
International Developed Small	5.0%	5.0%
Emerging Markets	7.0%	7.0%
Private Equity (Direct)		7.0%
Income	16.0%	14.0%
High Yield Corp. Credit	7.0%	3.0%
Emerging Market Debt	6.0%	3.0%
Bank Loans	3.0%	3.0%
Private Credit	0.0%	5.0%
Inflation Protection	9.0%	11.0%
US TIPS	3.0%	3.0%
REITs	4.0%	0.0%
Real Estate/Infrastructure	2.0%	8.0%
Risk Mitigation	17.0%	10.0%
Cash	1.0%	1.0%
Short-Term Gov't/Credit	13.0%	3.0%
US Treasury	0.0%	3.0%
Core Fixed Income	3.0%	0.0%
Core Plus Fixed Income	0.0%	3.0%
Total	100.0%	100.0%

- Overweight to international and small stocks.
- China exposure risk?
- REITs and Real Estate have performed poorly and did not provide inflation protection.
- Inflation and interest rates have changed significantly since the initial asset allocation in late 2021.
- Does the expected return from the asset allocation exceed the actuarial assumed rate of return?
- What is the allocation to Real Estate vs. Infrastructure?
- What are the best placeholder allocations for LT Private market allocations? Currently STGC bonds and REITs.
- What is the manager structure and expected fee load?

Public Equity Exposure

	LT SAA	% stocks	Univ wt	Difference
US Large	23.0%	39.7%	55.1%	-15.5%
US Small	5.0%	8.6%	4.2%	4.5%
Total US	28.0%	48.3%	59.3%	-11.0%
International Developed	18.0%	31.0%	25.3%	5.8%
International Developed Small	5.0%	8.6%	4.1%	4.5%
Total Developed xUS	23.0%	39.7%	29.4%	10.3%
Emerging Markets	7.0%	12.1%	11.2%	0.9%
Total/Check	58.0%	100.0%	99.9%	0.1%

- Current/long-term (LT) public equity allocation is underweight to US Large Cap and overweight to International and Small Cap.
- Maintain interim target weights due to current relatively rich valuation for US Large Cap.
- Consider moving toward market weights in future allocation reviews. Can also consider shift to all-cap passive (E.g., Russell 3000 index).

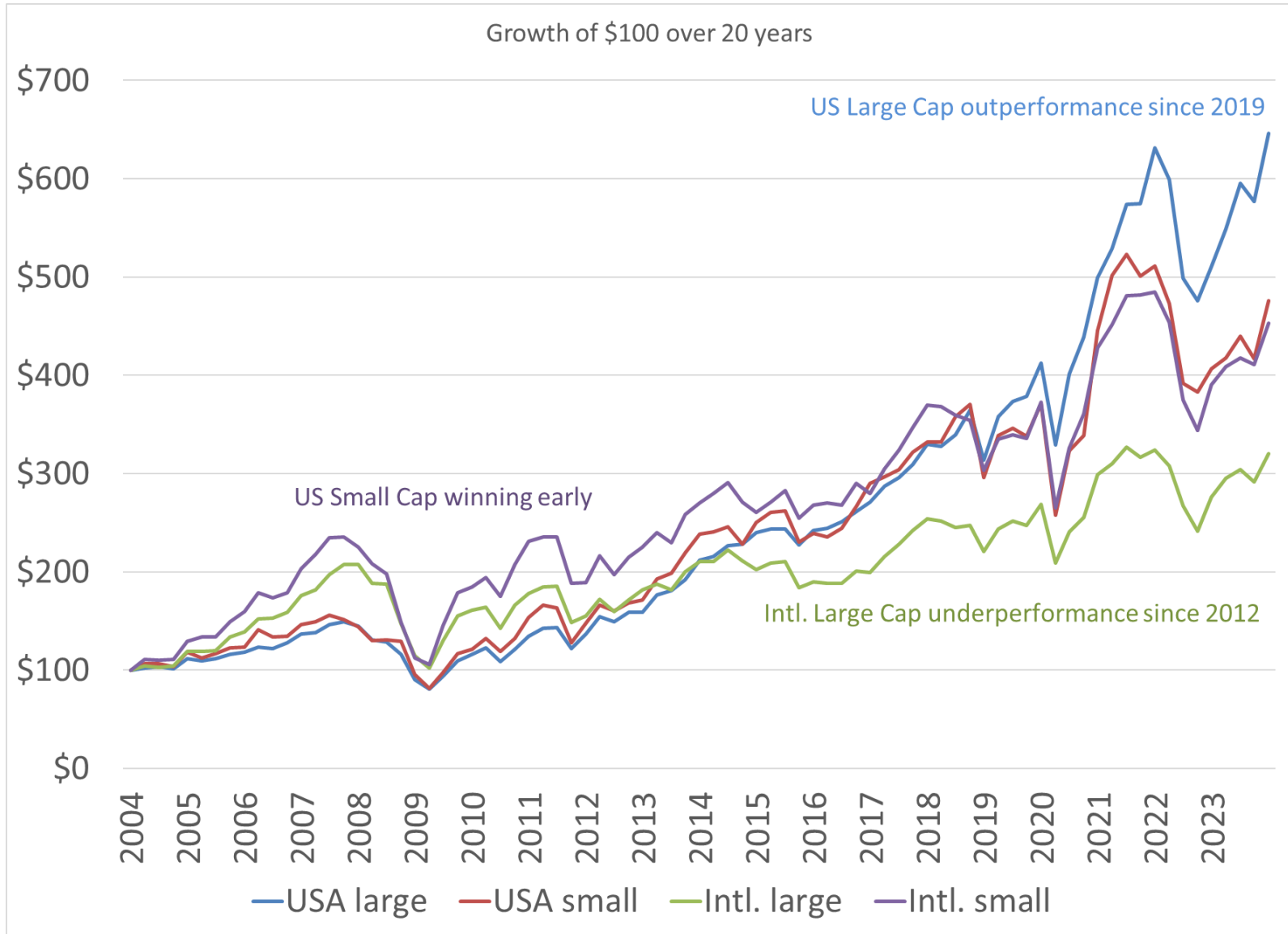


IPOPIF

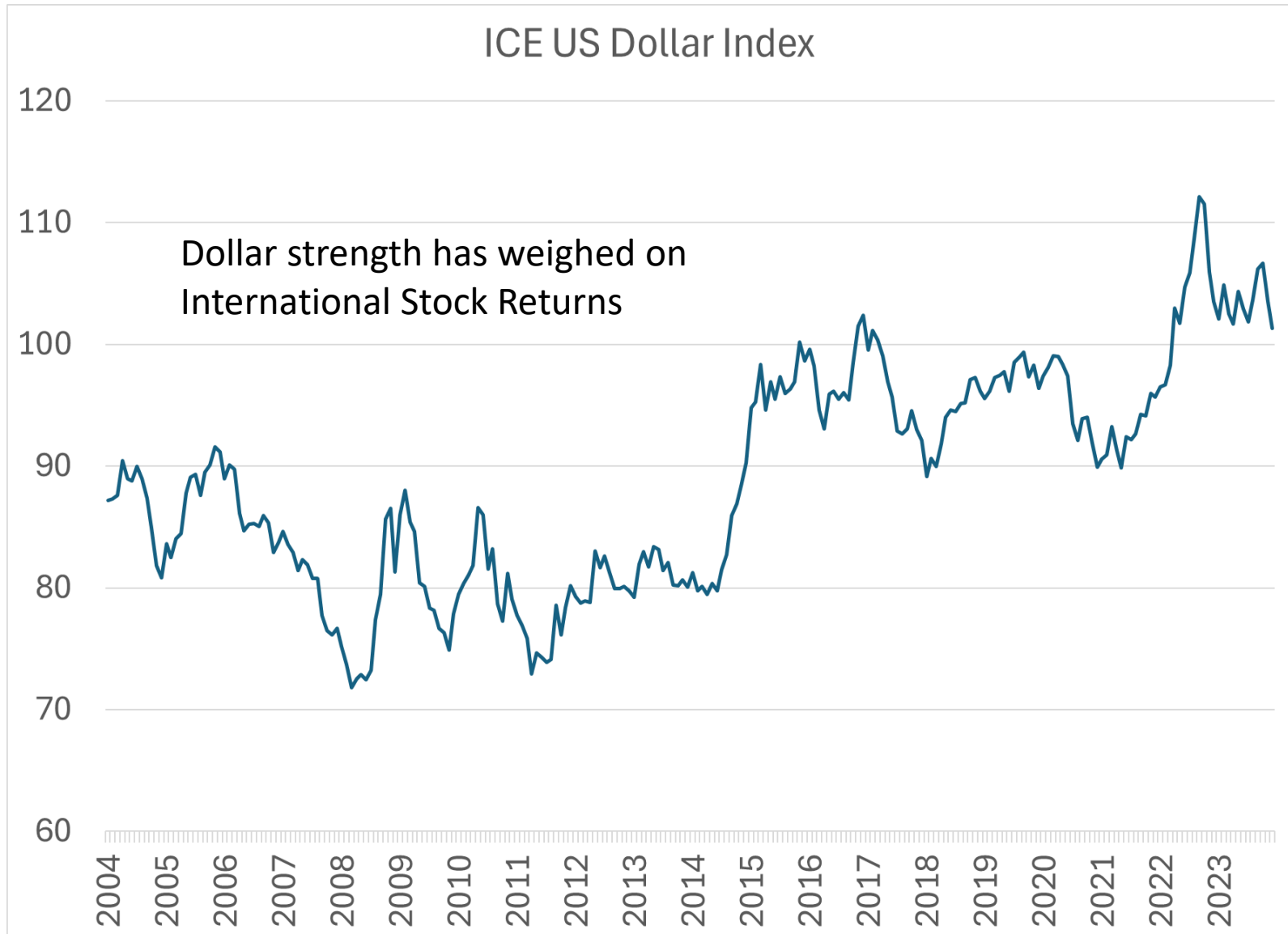
Illinois Police Officers' Pension Investment Fund

Equity Valuation Perspective

Relative Stock Performance

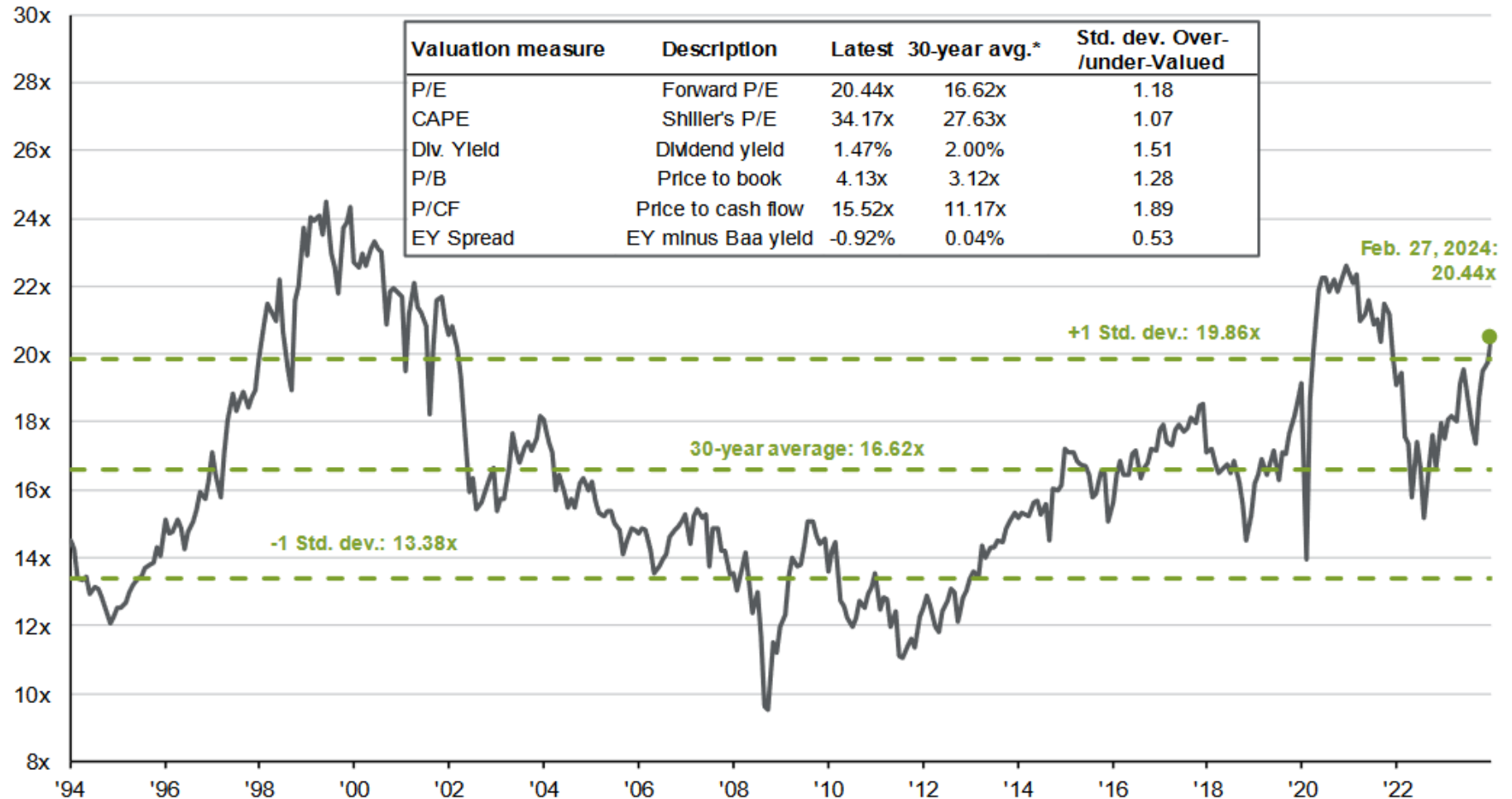


Currency Considerations



Forward P/E is rich for US Large Cap (1)

S&P 500 Index: Forward P/E ratio



Source: FactSet, MSCI, J.P. Morgan Asset Management.

Regime change determined when cumulative outperformance peaks and is not reached again in the subsequent 12-month period. *Peak MSCI EAFE outperformance vs. MSCI USA occurred in April 2023. If this is sustained for 12 months, the regime will switch in April 2024.

Guide to the Markets – U.S. Data are as of February 27, 2024.

Forward P/E is rich for US Large Cap (2)

Current P/E vs. 20-year avg. P/E

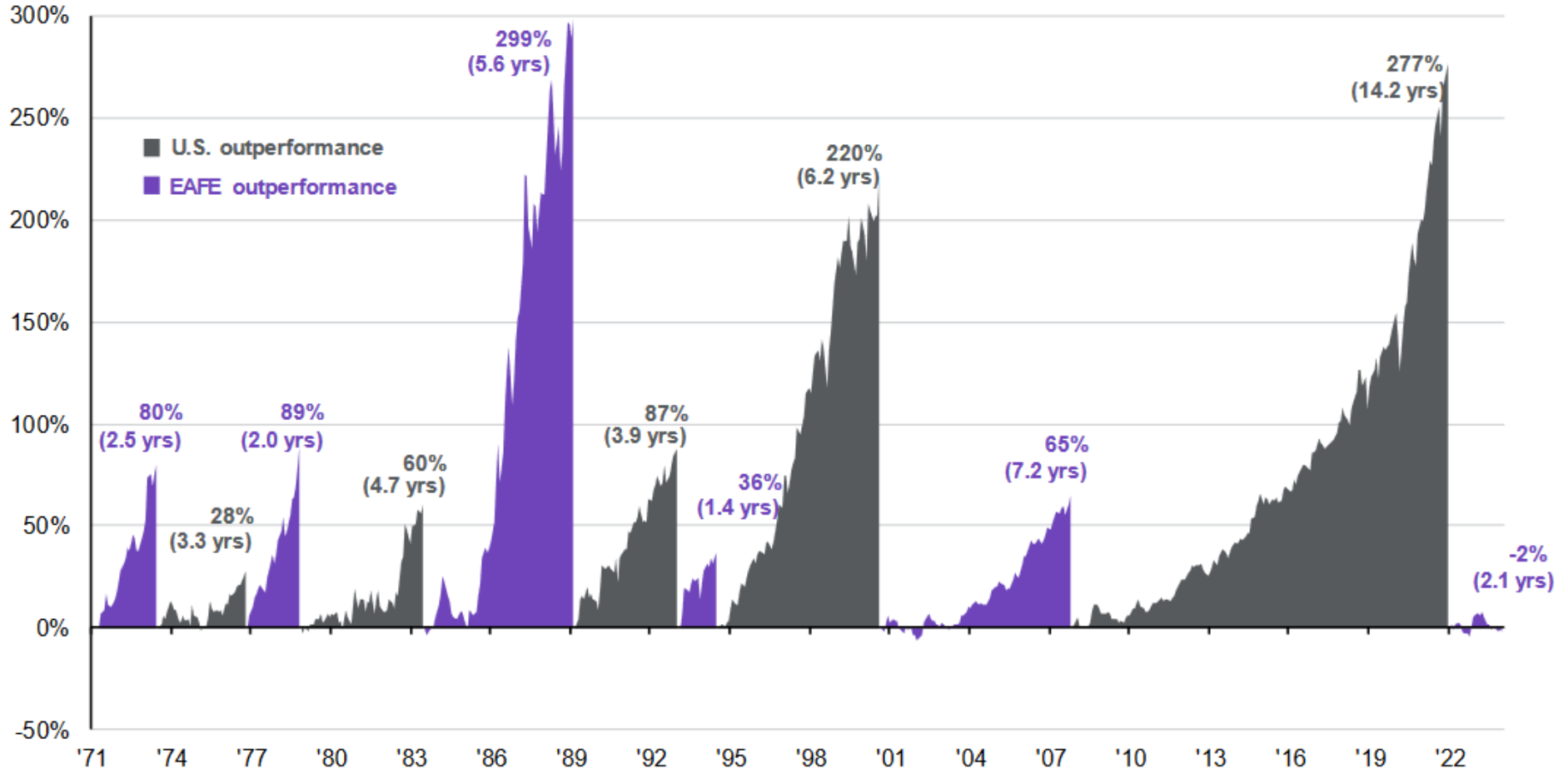
	Value	Blend	Growth
Large	15.4 / 13.7	20.4 / 15.6	27.6 / 18.9
Mid	15.2 / 14.5	17.6 / 16.4	27.3 / 20.7
Small	16.3 / 16.7	22.3 / 21.3	35.3 / 33.3

Source: JP Morgan Guide to the Markets, 2/27/24

Will USA outperformance continue?

MSCI EAFE and MSCI USA relative performance

U.S. dollar, total return, cumulative outperformance



Source: FactSet, MSCI, J.P. Morgan Asset Management.

Regime change determined when cumulative outperformance peaks and is not reached again in the subsequent 12-month period. *Peak MSCI EAFE outperformance vs. MSCI USA occurred in April 2023. If this is sustained for 12 months, the regime will switch in April 2024.

Guide to the Markets – U.S. Data are as of February 27, 2024.

IPOPIF

US appears rich vs international

International valuations and dividend yields

Actions ▾

International: Price-to-earnings discount vs. U.S.

MSCI All Country World ex-U.S. vs. S&P 500, next 12 months



International: Difference in dividend yields vs. U.S.

MSCI All Country World ex-U.S. minus S&P 500, next 12 months

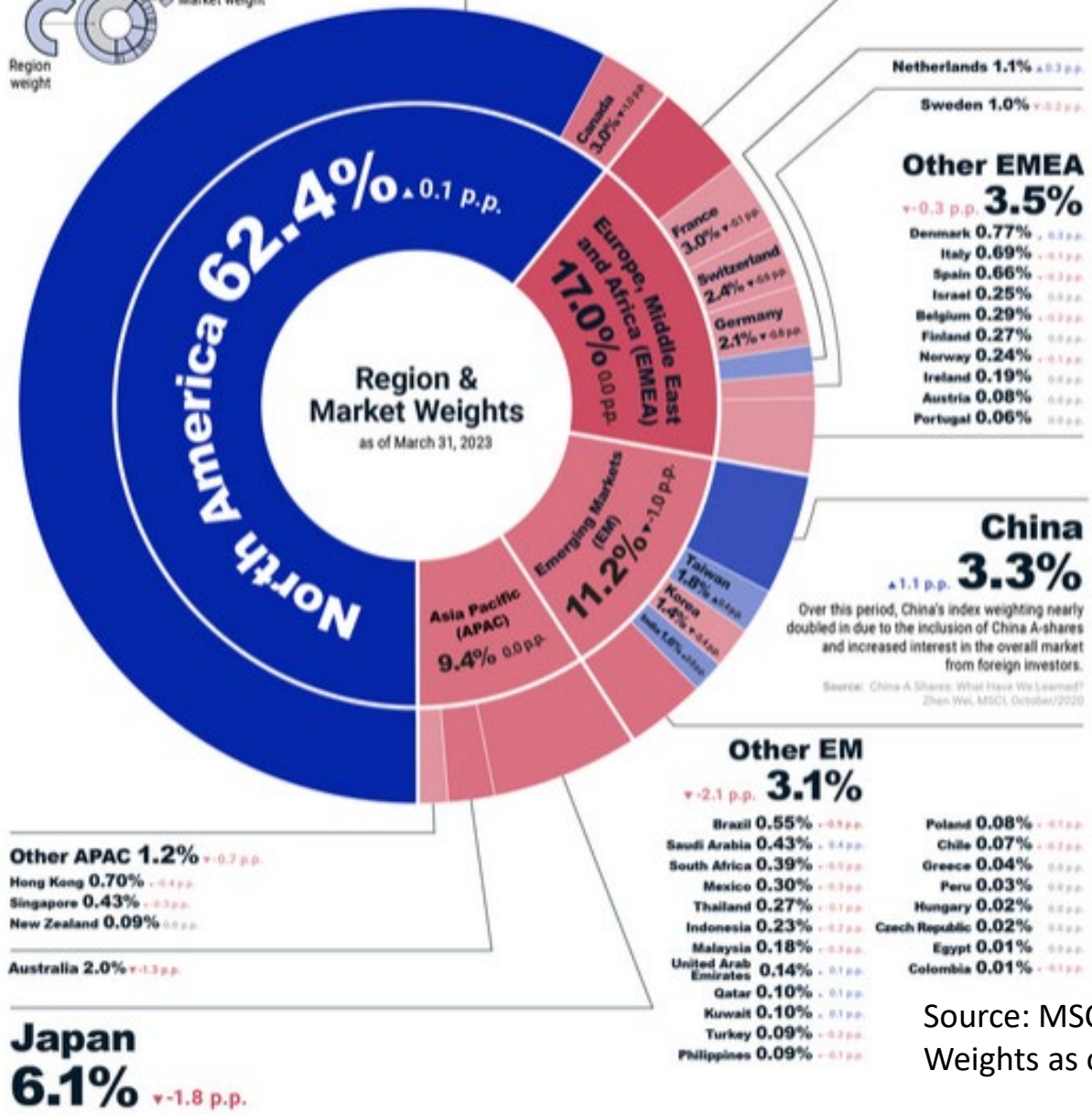


Source: FactSet, MSCI, Standard & Poor's, J.P. Morgan Asset Management.
 Guide to the Markets – U.S. Data are as of February 27, 2024.

Emerging Markets Perspective

- Emerging markets constitute 11.2% of the MSCI All Country World Index (ACWI). China is the largest constituent at 3.3%. It rivals the largest developed international countries but is still modest overall. We note Japan at 6.1%, the UK at 3.9%, and France at 3.0%. The USA is 59.3%. See next page for detail.
- Investment Approach: Use bottom-up active management that is agnostic to country weights to allow a skilled manager to determine country exposure.

Below, we show a breakdown of the index by country and region, as well as its changes over time.



United States
59.3% **+11.6 p.p.**

While U.S. companies have become more dominant within the MSCI ACWI IMI, their revenues originate from around the globe.
Source: MSCI (2020)

UK
3.9%
-4.0 p.p.

The UK weighting declined, impacted by growth in Asia and Americas, plus the growth in the technology sector which was less present in the UK. Brexit uncertainty has also impacted investors' appetite for UK stocks.
Source: The Economist (2021)

Netherlands 1.1% **+0.3 p.p.**
Sweden 1.0% **-0.2 p.p.**

Other EMEA
3.5%
+0.3 p.p.

Denmark 0.77% **0.0 p.p.**
Italy 0.69% **-0.1 p.p.**
Spain 0.66% **-0.3 p.p.**
Israel 0.25% **0.0 p.p.**
Belgium 0.29% **-0.2 p.p.**
Finland 0.27% **0.0 p.p.**
Norway 0.24% **-0.1 p.p.**
Ireland 0.19% **0.0 p.p.**
Austria 0.08% **0.0 p.p.**
Portugal 0.06% **0.0 p.p.**

China
3.3%
+1.1 p.p.

Over this period, China's index weighting nearly doubled in due to the inclusion of China A-shares and increased interest in the overall market from foreign investors.
Source: China A Shares: What Have We Learned? Zhen Wei, MSCI, October/2020

Other EM
3.1%
-2.1 p.p.

Brazil 0.55% **-0.5 p.p.**
Saudi Arabia 0.43% **-0.4 p.p.**
South Africa 0.39% **-0.5 p.p.**
Mexico 0.30% **-0.3 p.p.**
Thailand 0.27% **-0.1 p.p.**
Indonesia 0.23% **-0.2 p.p.**
Malaysia 0.18% **-0.3 p.p.**
United Arab Emirates 0.14% **-0.1 p.p.**
Qatar 0.10% **0.1 p.p.**
Kuwait 0.10% **-0.1 p.p.**
Turkey 0.09% **-0.2 p.p.**
Philippines 0.09% **-0.1 p.p.**
Poland 0.08% **-0.1 p.p.**
China 0.07% **-0.2 p.p.**
Greece 0.04% **0.0 p.p.**
Peru 0.03% **0.0 p.p.**
Hungary 0.02% **0.0 p.p.**
Czech Republic 0.02% **0.0 p.p.**
Egypt 0.01% **0.0 p.p.**
Colombia 0.01% **-0.1 p.p.**

Source: MSCI.com
Weights as of 6/30/23

Inflation Protection

- IPOPIF Inflation protection asset classes generally did not work during a period of significant inflation.
- IPOPIF REITS (Real Estate Investment Trust securities) and Real Estate are the worst performing assets since inception through Dec. 2023.
- A key contributor to underperformance was rising interest rates that negatively impacted all income generating assets.
- Declining values for office properties was also a factor.
- REITS recovered substantially in 2023.
- Private Real Estate continues to decline, reflecting a typical performance lag vs REITS.

Inflation Perspective from Verus

- Two forms of inflation protection, acute & chronic.
- Historically, commodities are highly correlated to short-term inflation, but long-term returns have been low.
- Corporate and Real Estate equity exposure provides significant long-term inflation protection as companies with pricing power can raise prices/rents to protect margins.
- TIPS provide the best protection against long-term inflation with a correlation coefficient approaching 1.0.
- Approach: Eliminate Inflation Protection category. Move US TIPS to the risk mitigation category. Classify Real Estate and Infrastructure as “Real Assets.”

Real Asset Allocation

Capital Market Assumptions	Projected	
	Return (g)	Volatility
Valued-Add Real Estate	8.8%	9.9%
Global Infrastructure	8.4%	9.7%
Correlation	0.6	

Proposed Allocation

Real Estate	5.0%
Infrastructure	3.0%

- Attractive capital market assumptions for both Real Estate and Infrastructure
- Relatively low correlation supports mixed allocation
- Additional work and education needed to determine asset class structure (i.e. the type of investments)

Private Market “Placeholders”

IPOPIF Asset Allocation	Interim	Long-term
Asset Classes	Allocation	Allocation
Growth	58.0%	65.0%
US Large	23.0%	23.0%
US Small	5.0%	5.0%
International Developed	18.0%	18.0%
International Developed Small	5.0%	5.0%
Emerging Markets	7.0%	7.0%
Private Equity (Direct)		7.0%
Income	16.0%	14.0%
High Yield Corp. Credit	7.0%	3.0%
Emerging Market Debt	6.0%	3.0%
Bank Loans	3.0%	3.0%
Private Credit	0.0%	5.0%
Inflation Protection	9.0%	11.0%
US TIPS	3.0%	3.0%
REITs	4.0%	0.0%
Real Estate/Infrastructure	2.0%	8.0%
Risk Mitigation	17.0%	10.0%
Cash	1.0%	1.0%
Short-Term Gov't/Credit	13.0%	3.0%
US Treasury	0.0%	3.0%
Core Fixed Income	3.0%	0.0%
Core Plus Fixed Income	0.0%	3.0%
Total	100.0%	100.0%

- Conceptually ...
- Private credit to be funded from passive High Yield and EMD.
- Private real estate and infrastructure to be funded from REITs and excess Income allocation.
- Private Equity to be funded from Short-Term Bonds. Consider future increase to interim US equity allocation subject to valuation risk and volatility appetite.
- Actual funding source to be determined on a case-by-case basis.

Risk Mitigation Considerations

- Staff and Verus discussed alternative combination of core bonds and US Treasury bonds.
 - The current LT SAA includes a 3% allocation to Core “plus” bonds and a 3% allocation to US Treasury bonds.
 - Combine allocations into a 6% Treasury allocation.
 - Keep the core bond allocation without moving to “plus.”
- Models show minimum impact on long-term returns or stress drawdowns.
- Approach: Implement the 3% US Treasury investment. Stay passive in core bonds.

IPOPIF

Illinois Police Officers' Pension Investment Fund

Next

**Verus to Present
Strategic Asset Allocation
Review and Recommendations**



MARCH 8, 2024

Strategic Asset Allocation Review

Illinois Police Officers' Pension Investment Fund

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Executive summary

- Verus' current capital markets forecast is significantly higher than those of a few years ago
- Verus and IPOPIF Investment Staff are recommending modest adjustments to IPOPIF's Long-Term Strategic Asset Allocation, including:
 - Move 1% from Emerging Markets Equity to International Developed Equity
 - Change Composite roll-up structure to eliminate "Inflation Protection" sleeve in favor of "Real Assets" sleeve
 - Separate Real Estate from Infrastructure
 - Move TIPS to "Risk Mitigation Sleeve"
 - Replace Core Plus allocation with Core allocation
- Future considerations
 - Consider small cap active manager that also operates in the mid-cap space ("smid")
 - Possibly reduce small cap overweight
 - Consider all cap (Russell 3000) passive mandate
 - Consider emerging markets equity manager that focuses on bottom-up fundamental analysis and is county agnostic
 - Possibly reduce international developed and emerging market equity overweights
 - Continue to develop private markets strategy, including:
 - Staff/advisor structure
 - Appropriate beta exposures for assets held for private markets investing

Capital market assumptions

Methodology

CORE INPUTS

- We use a fundamental building block approach based on several inputs, including historical data and academic research to create asset class return forecasts.
- For most asset classes, we use the long-term historical volatility after adjusting for autocorrelation.
- Correlations between asset classes are calculated based on the last 10 years. For illiquid assets, such as private equity and private real estate, we use BarraOne correlation estimates.

Asset	Return Methodology	Volatility Methodology*
Inflation	25% weight to the University of Michigan Survey 5-10 year ahead inflation expectation and the Survey of Professional Forecasters (Fed Survey), and the remaining 50% to the market's expectation for inflation as observed through the 10-year TIPS breakeven rate	-
Cash	$1/3 * \text{current federal funds rate} + 1/3 * \text{U.S. 10-year Treasury yield} + 1/3 * \text{Federal Reserve long-term interest rate target}$	Long-term volatility
Bonds	Nominal bonds: current yield; Real bonds: real yield + inflation forecast	Long-term volatility
International Bonds	Current yield	Long-term volatility
Credit	Current option-adjusted spread + U.S. 10-year Treasury – effective default rate	Long-term volatility
International Credit	Current option-adjusted spread + foreign 10-year Treasury – effective default rate	Long-term volatility
Private Credit	Levered gross return (SOFR + spread + original issuance discounts) – management fees – carried interest	Estimated volatility
Equity	Current yield + real earnings growth (historical average) + inflation on earnings (inflation forecast) + expected P/E change	Long-term volatility
Intl Developed Equity	Current yield + real earnings growth (historical average) + inflation on earnings (intl. inflation forecast) + expected P/E change	Long-term volatility
Private Equity**	US large cap domestic equity forecast * 1.85 beta adjustment	1.2 * Long-term volatility of U.S. small cap
Commodities	Collateral return (cash) + spot return (inflation forecast) + roll return (assumed to be zero)	Long-term volatility
Hedge Funds	Return coming from traditional betas + 15-year historical idiosyncratic return	Long-term volatility
Core Real Estate	Cap rate + real income growth – capex + inflation forecast	65% of REIT volatility
REITs	Core real estate	Long-term volatility
Value-Add Real Estate	Core real estate + 2%	Volatility to produce Sharpe Ratio (g) equal to core real estate
Opportunistic Real Estate	Core real estate + 3%	Volatility to produce Sharpe Ratio (g) equal to core real estate
Infrastructure	Current yield + real income growth + inflation on earnings (inflation forecast)	Long-term volatility
Risk Parity	Modeled as the 10-year return expectations of a representative selection of Risk Parity strategies	Target volatility

*Long-term historical volatility data is adjusted for autocorrelation (see Appendix)

**Private Equity is modeled assuming an 8.0% floor for expected return, and a 3% return premium ceiling over U.S. Large Cap Equity. These adjustments are in place to recognize that higher interest rates (cost of leverage) act as a drag on expected Private Equity returns but that this drag has had limits historically, and to recognize that future Private Equity total universe performance is likely to be more anchored to public equity performance than in past times, given a more competitive market environment

10-year return & risk assumptions

Asset Class	Index Proxy	Ten Year Return Forecast		Standard Deviation Forecast	Sharpe Ratio Forecast (g)	Sharpe Ratio Forecast (a)	10-Year Historical Sharpe Ratio (g)	10-Year Historical Sharpe Ratio (a)
		Geometric	Arithmetic					
Equities								
U.S. Large	S&P 500	5.9%	7.0%	15.5%	0.12	0.19	0.72	0.75
U.S. Small	Russell 2000	6.2%	8.2%	21.4%	0.10	0.19	0.28	0.37
International Developed	MSCI EAFE	8.1%	9.5%	17.6%	0.23	0.31	0.18	0.25
International Small	MSCI EAFE Small Cap	8.8%	10.9%	21.7%	0.22	0.31	0.20	0.27
Emerging Markets	MSCI EM	8.8%	11.4%	24.6%	0.19	0.30	0.06	0.14
Global Equity	MSCI ACWI	6.9%	8.2%	16.7%	0.17	0.25	0.44	0.50
Global Equity ex USA	MSCI ACWI ex USA	8.5%	10.2%	19.5%	0.23	0.31	0.15	0.22
Private Equity	CA Private Equity	8.0%	10.9%	25.6%	0.15	0.27	-	-
Private Equity Direct	CA Private Equity	9.0%	11.8%	25.6%	0.19	0.30	-	-
Private Equity (FoF)	CA Private Equity	7.0%	9.9%	25.6%	0.11	0.23	-	-
Fixed Income								
Cash	30 Day T-Bills	4.1%	4.1%	1.1%	-	-	-	-
U.S. TIPS	Bloomberg U.S. TIPS 5-10	4.7%	4.8%	5.5%	0.11	0.13	0.13	0.15
Non-U.S. Inflation Linked Bonds	Bbg World Govt. Inflation Linked Bond ex U.S.	3.9%	4.2%	7.4%	(0.03)	0.01	(0.15)	(0.11)
U.S. Treasury	Bloomberg Treasury 7-10 Year	4.6%	4.8%	7.1%	0.07	0.10	(0.05)	(0.02)
Long U.S. Treasury	Bloomberg Treasury 20+ Year	4.7%	5.5%	13.2%	0.05	0.11	0.00	0.25
Global Sovereign ex U.S.	Bloomberg Global Treasury ex U.S.	2.7%	3.2%	9.9%	(0.14)	(0.09)	(0.40)	(0.36)
Global Aggregate	Bloomberg Global Aggregate	4.1%	4.3%	6.6%	0.00	0.03	(0.27)	(0.24)
Core Fixed Income	Bloomberg U.S. Aggregate Bond	4.9%	5.0%	4.8%	0.17	0.19	0.00	0.02
Core Plus Fixed Income	Bloomberg U.S. Universal	5.2%	5.3%	4.5%	0.24	0.27	0.07	0.09
Investment Grade Corp. Credit	Bloomberg U.S. Corporate Investment Grade	5.7%	6.0%	8.4%	0.19	0.23	0.17	0.20
Short-Term Gov't/Credit	Bloomberg U.S. Gov't/Credit 1-3 Year	4.7%	4.8%	3.6%	0.17	0.19	(0.07)	(0.07)
Short-Term Credit	Bloomberg Credit 1-3 Year	5.1%	5.2%	3.6%	0.28	0.31	0.23	0.24
Long-Term Credit	Bloomberg Long U.S. Credit	5.7%	6.3%	10.9%	0.15	0.20	0.15	0.20
High Yield Corp. Credit	Bloomberg U.S. Corporate High Yield	6.6%	7.2%	11.0%	0.23	0.28	0.42	0.44
Bank Loans	Morningstar LSTA Leveraged Loan	8.0%	8.4%	9.0%	0.43	0.48	0.58	0.59
Global Credit	Bloomberg Global Credit	5.1%	5.4%	7.7%	0.13	0.17	0.01	0.04
Emerging Markets Debt (Hard)	JPM EMBI Global Diversified	8.7%	9.2%	10.6%	0.43	0.48	0.15	0.20
Emerging Markets Debt (Local)	JPM GBI-EM Global Diversified	6.5%	7.2%	12.2%	0.20	0.25	(0.17)	(0.12)
Private Credit	Morningstar LSTA Leveraged Loan	9.2%	9.8%	11.9%	0.43	0.48	-	-
Private Credit (Direct Lending - Unlevered)	Morningstar LSTA Leveraged Loan	8.0%	8.4%	9.0%	0.43	0.48	-	-
Private Credit (Direct Lending - Levered)	Morningstar LSTA Leveraged Loan	9.5%	10.2%	12.6%	0.43	0.48	-	-
Private Credit (Credit Opportunities)	Morningstar LSTA Leveraged Loan	9.6%	10.3%	12.8%	0.43	0.48	-	-
Private Credit (Junior Capital / Mezzanine)	Morningstar LSTA Leveraged Loan	9.0%	9.6%	11.4%	0.43	0.48	-	-
Private Credit (Distressed)	Morningstar LSTA Leveraged Loan	9.1%	12.7%	29.1%	0.17	0.30	-	-

Investors wishing to produce expected geometric return forecasts for their portfolios should use the arithmetic return forecasts provided here as inputs into that calculation, rather than the single-asset-class geometric return forecasts. This is the industry standard approach but requires a complex explanation only a heavy quant could love, so we have chosen not to provide further details in this document – we will happily provide those details to any readers of this who are interested.

10-year return & risk assumptions

Asset Class	Index Proxy	Ten Year Return Forecast		Standard Deviation Forecast	Sharpe Ratio Forecast (g)	Sharpe Ratio Forecast (a)	10-Year Historical Sharpe Ratio (g)	10-Year Historical Sharpe Ratio (a)
		Geometric	Arithmetic					
Other								
Commodities	Bloomberg Commodity	6.6%	7.8%	16.1%	0.16	0.23	(0.13)	(0.06)
Hedge Funds	HFRI Fund Weighted Composite	4.3%	4.6%	7.5%	0.03	0.07	0.48	0.49
Hedge Fund of Funds	HFRI Fund of Funds Composite	3.3%	3.6%	7.5%	(0.11)	(0.07)	-	-
Hedge Funds (Equity Style)	Custom HFRI Benchmark Mix*	7.2%	8.1%	14.1%	0.22	0.28	-	-
Hedge Funds (Credit Style)	Custom HFRI Benchmark Mix*	7.3%	7.7%	9.4%	0.34	0.38	-	-
Hedge Funds (Asymmetric Style)	Custom HFRI Benchmark Mix*	5.4%	5.6%	6.4%	0.20	0.23	-	-
Real Estate Debt	Bloomberg CMBS IG	7.4%	7.7%	7.5%	0.44	0.48	0.14	0.15
Core Real Estate	NCREIF Property	6.8%	7.5%	12.5%	0.22	0.27	-	-
Value-Add Real Estate	NCREIF Property + 200bps	8.8%	9.9%	15.4%	0.31	0.38	-	-
Opportunistic Real Estate	NCREIF Property + 300bps	9.8%	11.7%	21.1%	0.27	0.36	-	-
REITs	Wilshire REIT	6.8%	8.5%	19.2%	0.14	0.23	0.35	0.42
Global Infrastructure	S&P Global Infrastructure	8.4%	9.7%	16.9%	0.25	0.33	0.20	0.28
Risk Parity**	S&P Risk Parity 10% Vol Index	7.2%	7.8%	10.0%	0.31	0.37	-	-
Currency Beta	MSCI Currency Factor Index	2.3%	2.4%	3.4%	(0.52)	(0.49)	(0.06)	0.21
Inflation		2.5%	-	-	-	-	-	-

Investors wishing to produce expected geometric return forecasts for their portfolios should use the arithmetic return forecasts provided here as inputs into that calculation, rather than the single-asset-class geometric return forecasts. This is the industry standard approach, but requires a complex explanation only a heavy quant could love, so we have chosen not to provide further details in this document – we will happily provide those details to any readers of this who are interested.

*To represent hedge fund styles, we use a combination of HFRI benchmarks: Equity Style = 33% HFRI Fundamental Growth, 33% HFRI Fundamental Value, 33% HFRI Activist. Credit Style = 20% HFRI Distressed/Restructuring, 20% HFRI Credit Arbitrage, 20% HFRI Fixed Income-Corporate, 20% HFRI Fixed Income-Convertible Arbitrage, 20% HFRI Fixed Income-Asset Backed. Asymmetric Style = 50% HFRI Relative Value, 50% HFRI Macro

**The Risk Parity forecast shown here assumes a 10% target volatility strategy. We recommend customizing this forecast to the target volatility specifications of the risk parity strategy that an investor wishes to model. Please speak with your Verus consultant for customization needs.

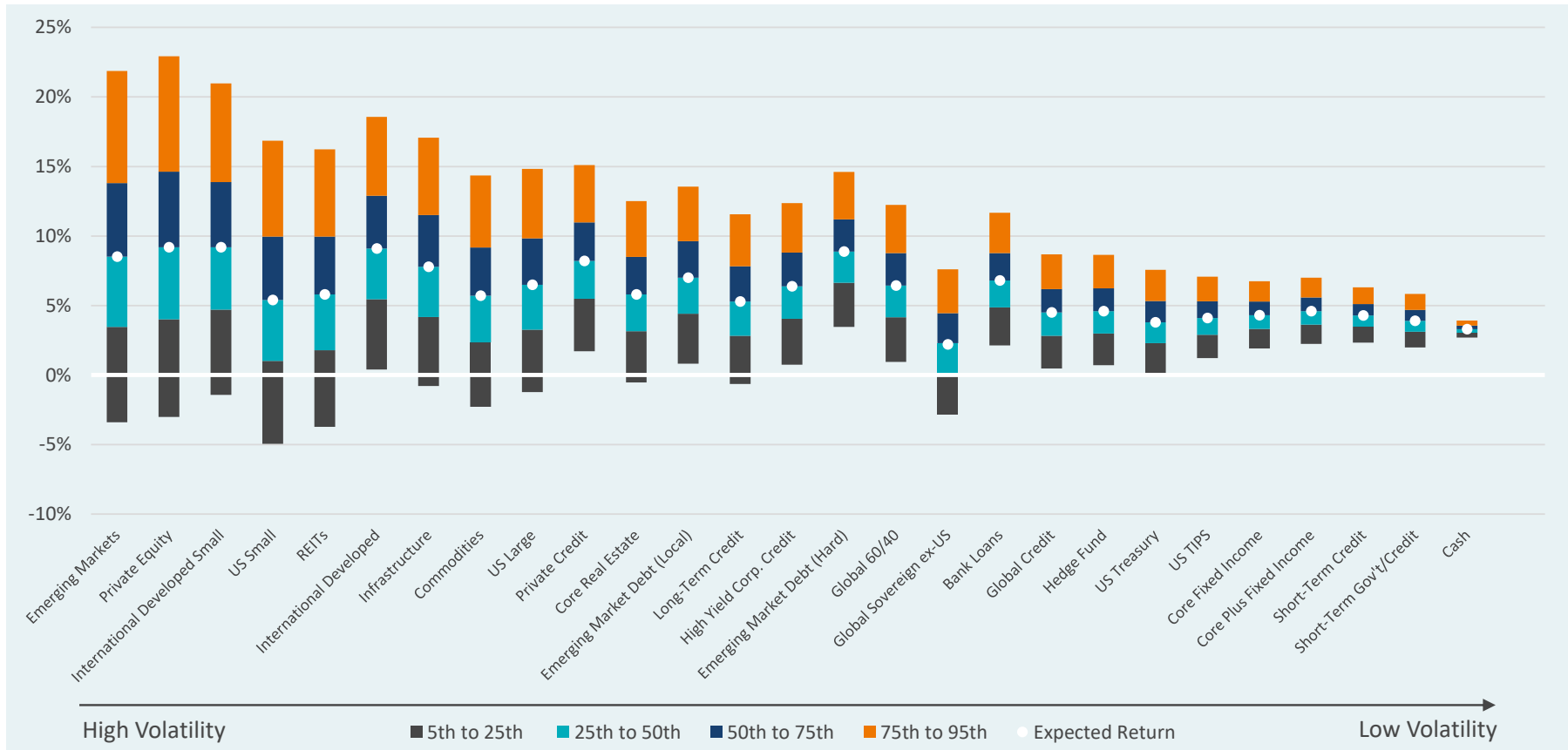
Correlation assumptions

	Cash	US Large	US Small	Intl Large	Intl Small	EM	Global Equity	PE	US TIPS	US Treasury	Global Sovereign ex-US	US Core	Core Plus	Short-Term Gov't/Credit	Short-Term Credit	Long-Term Credit	US HY	Bank Loans	Global Credit	EMD USD	EMD Local	Commodities	Hedge Funds	Real Estate	REITs	Infrastructure	Currency Beta	Risk Parity	
Cash	1.0																												
US Large	-0.1	1.0																											
US Small	-0.2	0.9	1.0																										
Intl Large	-0.1	0.9	0.8	1.0																									
Intl Small	-0.1	0.9	0.8	1.0	1.0																								
EM	-0.1	0.7	0.6	0.8	0.8	1.0																							
Global Equity	-0.1	1.0	0.9	0.9	0.9	0.8	1.0																						
PE	-0.2	0.7	0.7	0.6	0.6	0.6	0.7	1.0																					
US TIPS	-0.1	0.4	0.3	0.4	0.4	0.4	0.5	0.2	1.0																				
US Treasury	0.0	0.1	-0.1	0.0	0.0	0.1	0.1	-0.1	0.7	1.0																			
Global Sovereign ex-US	0.1	0.3	0.2	0.4	0.4	0.5	0.4	0.1	0.7	0.6	1.0																		
US Core	0.0	0.3	0.2	0.3	0.3	0.4	0.3	0.0	0.8	0.9	0.7	1.0																	
Core Plus	0.0	0.4	0.3	0.4	0.4	0.5	0.4	0.1	0.8	0.8	0.8	1.0	1.0																
Short-Term Gov't/Credit	0.2	0.2	0.0	0.2	0.2	0.3	0.2	0.0	0.7	0.8	0.6	0.8	0.8	1.0															
Short-Term Credit	0.2	0.4	0.3	0.4	0.4	0.4	0.4	0.2	0.6	0.5	0.7	0.7	0.8	0.7	1.0														
Long-Term Credit	0.0	0.5	0.4	0.5	0.5	0.5	0.6	0.2	0.8	0.7	0.7	0.9	0.9	0.6	0.8	1.0													
US HY	-0.1	0.8	0.8	0.8	0.8	0.7	0.8	0.5	0.6	0.1	0.5	0.4	0.6	0.3	0.6	0.7	1.0												
Bank Loans	-0.1	0.6	0.6	0.6	0.7	0.6	0.6	0.5	0.3	-0.2	0.2	0.1	0.3	0.0	0.5	0.4	0.8	1.0											
Global Credit	0.0	0.7	0.5	0.7	0.7	0.7	0.7	0.3	0.7	0.5	0.8	0.8	0.9	0.6	0.8	0.9	0.8	0.6	1.0										
EMD USD	-0.1	0.7	0.6	0.7	0.7	0.7	0.7	0.4	0.6	0.3	0.6	0.6	0.7	0.4	0.6	0.8	0.7	0.9	1.0										
EMD Local	0.0	0.5	0.4	0.7	0.6	0.8	0.7	0.4	0.4	0.2	0.6	0.4	0.5	0.4	0.5	0.6	0.7	0.5	0.8	1.0									
Commodities	-0.1	0.4	0.4	0.5	0.5	0.5	0.5	0.3	0.2	-0.2	0.2	0.0	0.1	0.0	0.2	0.1	0.5	0.5	0.3	0.4	0.4	1.0							
Hedge Funds	-0.1	0.8	0.9	0.8	0.9	0.8	0.9	0.6	0.3	-0.2	0.3	0.2	0.3	0.0	0.4	0.5	0.8	0.8	0.6	0.7	0.6	0.6	1.0						
Real Estate	-0.3	0.6	0.6	0.5	0.5	0.5	0.6	0.4	0.2	0.0	-0.1	0.1	0.2	0.0	-0.2	0.2	0.4	0.4	0.3	0.4	0.4	0.2	0.5	1.0					
REITs	-0.2	0.7	0.7	0.6	0.6	0.5	0.7	0.5	0.6	0.3	0.3	0.5	0.5	0.2	0.3	0.6	0.7	0.5	0.6	0.6	0.5	0.3	0.6	0.7	1.0				
Infrastructure	-0.2	0.8	0.7	0.8	0.8	0.7	0.8	0.6	0.5	0.1	0.5	0.4	0.5	0.2	0.5	0.6	0.8	0.7	0.7	0.8	0.7	0.6	0.8	0.6	0.7	1.0			
Currency Beta	-0.1	0.0	0.0	-0.2	-0.2	-0.2	-0.1	0.1	-0.2	-0.1	-0.3	-0.2	-0.2	-0.1	-0.3	-0.2	-0.1	-0.1	-0.3	-0.2	-0.2	-0.2	-0.1	0.1	0.0	-0.1	1.0		
Risk Parity	0.0	0.7	0.6	0.7	0.7	0.6	0.7	0.7	0.4	0.4	0.0	0.5	0.5	0.7	0.3	0.7	0.7	0.7	0.5	0.7	0.6	0.5	0.5	0.4	0.0	0.7	-0.2	1.0	

Note: as of 9/30/23 - Correlation assumptions are based on the last ten years. Private Equity and Real Estate correlations are especially difficult to model – we have therefore used BarraOne correlation data to strengthen these correlation estimates.

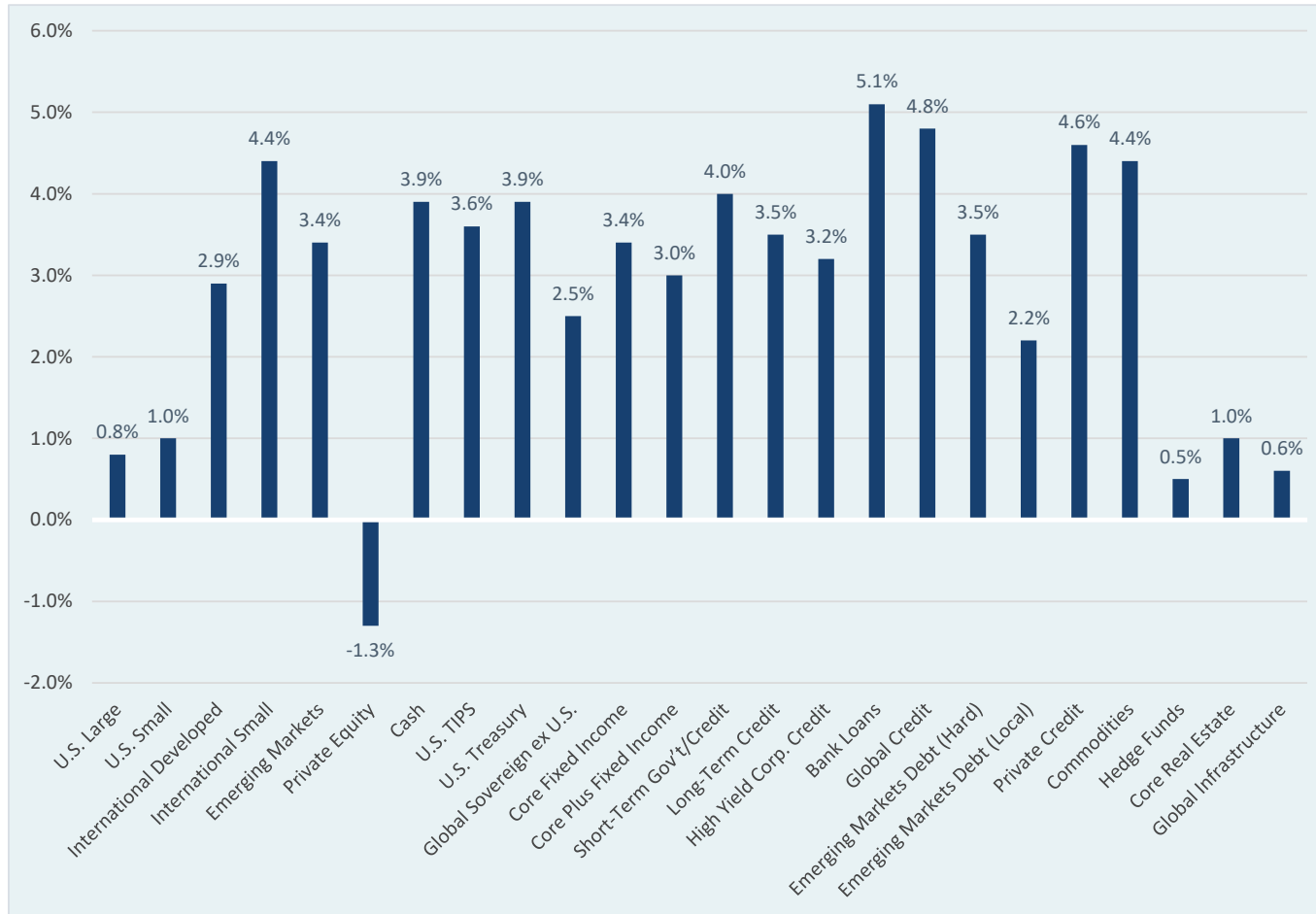
Range of likely 10-year outcomes

10-YEAR RETURN 90% CONFIDENCE INTERVAL



Source: Verus, MPI

2024 vs. 2021 Capital Market Assumptions



Source: Verus, as of 9/30/23
Original forecast used Verus 2021 CMAs

The primary driver of the increase in our current 10-year return forecast vs. the 2021 forecast used in IPOPIF's original asset allocation study is that interest rates have increased significantly over the past three years

The one outlier, private equity, has declined over the same period due to the increased cost of leverage, as well as recent extremely strong returns

Impact of higher CMAs on IPOPIF SAA

	Long Term AA Policy	
	2021*	2024
US Large	23.0	23.0
US Small	5.0	5.0
Total US Equity	28	28
International Developed	18.0	18.0
International Developed Small	5.0	5.0
Emerging Markets	7.0	7.0
Total non-US Equity	30	30
Private Equity (Direct)	7.0	7.0
Total Equity	65	65
High Yield	3.0	3.0
Bank Loans	3.0	3.0
Emerging Market Debt (Hard)	1.5	1.5
Emerging Market Debt (Local)	1.5	1.5
Private Credit	5.0	5.0
Total Credit	14	14
Core Real Estate	2.0	2.0
Value Add Real Estate	3.0	3.0
Infrastructure	3.0	3.0
Total Real Assets	8	8
Core Plus Fixed Income	3.0	3.0
Short-Term Gov't/Credit	3.0	3.0
US TIPS	3.0	3.0
US Treasury	3.0	3.0
Cash	1.0	1.0
Total Risk Mitigation	13	13
Total Allocation	100	100
Mean Variance Analysis		
Forecast 10-year Return	5.9	7.7
Standard Deviation	13.2	13.3
Sharpe Ratio	0.46	0.32

2021 forecast is based on Verus 2021 30-year capital market assumptions,

The higher returns forecasted in our current Capital Market Assumptions has in turn led to a significant increase in IPOPIF's forecasted return

Strategic asset allocation review

Areas considered for change

Following multiple strategy sessions with Verus Research and after much consideration, the evaluation team determined no major changes to the current Strategic Asset Allocation were warranted

Topic	Considerations	Recommendation
Small cap	<ul style="list-style-type: none"> – Uncertain small cap premium <ul style="list-style-type: none"> ▪ Small cap company earnings have been challenged; ▪ Private market transactions have reduced opportunity set – Higher relative volatility – Active management may provide a reasonable expectation of excess return net of fees – Current valuations are historically low relative to large cap 	<ul style="list-style-type: none"> – Maintain current allocation – Consider reducing overweight in the future – Consider active managers that go up in cap scale
International developed	<ul style="list-style-type: none"> – Current valuations are historically low relative to domestic 	<ul style="list-style-type: none"> – Increase current allocation by 1% from EM – Consider reducing overweight in the future
Emerging markets	<ul style="list-style-type: none"> – Historical investment thesis has not produced consistent performance premium – China fundamentals have weakened 	<ul style="list-style-type: none"> – Reduce current allocation by 1%; move to International Developed – Consider active manager that is agnostic to benchmark country weights
Core fixed income vs. treasuries	<ul style="list-style-type: none"> – Core allocation is somewhat redundant with dedicated credit allocation – Over-reliance on treasury securities face valuation risk due to continued deficit spending 	<ul style="list-style-type: none"> – Move Core Plus allocation to passive core to minimize credit overlap – Utilize passive mandate
Inflation protection	<ul style="list-style-type: none"> – Current portfolio does not protect against inflation shock – Long-term inflation can be countered by several different asset classes, including equity 	<ul style="list-style-type: none"> – Reconfigure composite structure to eliminate Inflation Protection sleeve; add Real Assets sleeve; and move TIPS to Risk Mitigation sleeve
Real estate/ infrastructure	<ul style="list-style-type: none"> – Real estate and Infrastructure can behave very differently depending on the intended purpose and return drivers of the specific mandates 	<ul style="list-style-type: none"> – Split real estate and infrastructure into separate mandates within new Real Assets sleeve

Recommended Changes

	Current Long-Term SAA		Proposed Long-Term SAA	
US Large	23.0	US Large	23.0	
US Small	5.0	US Small	5.0	
International Developed	18.0	International Developed	19.0	Move 1% from EME to Int'l Dev
International Developed Small	5.0	International Developed Small	5.0	
Emerging Markets	7.0	Emerging Markets	6.0	
Private Equity (Direct)	7.0	Private Equity (Direct)	7.0	
Total Growth	65	Total Growth	65	
High Yield Corp. Credit	3.0	High Yield Corp. Credit	3.0	
Bank Loans	3.0	Bank Loans	3.0	
Emerging Market Debt (Hard)	1.5	Emerging Market Debt (Hard)	2.0	
Emerging Market Debt (Local)	1.5	Emerging Market Debt (Local)	1.0	
Private Credit	5.0	Private Credit	5.0	
Total Income	14	Total Income	14	Change Inflation Protection to Real Assets and separate Real Estate and Infrastructure
US TIPS	3.0	Real Estate	5.0	
Real Estate/Infrastructure	8.0	Infrastructure	3.0	
Total Inflation Protection	11	Total Real Assets	8	
Cash	1.0	Cash	1.0	
Short-Term Gov't/Credit	3.0	Short-Term Gov't/Credit	3.0	
US Treasury	3.0	US Treasury	3.0	
Core+ Fixed Income	3.0	TIPS	3.0	Move TIPS from "Inflation Protection"
Total Risk Mitigation	10	Core Fixed Income	3.0	Change Core Plus to Core
Total Allocation	100	Total Risk Mitigation	13	
		Total Allocation	100	

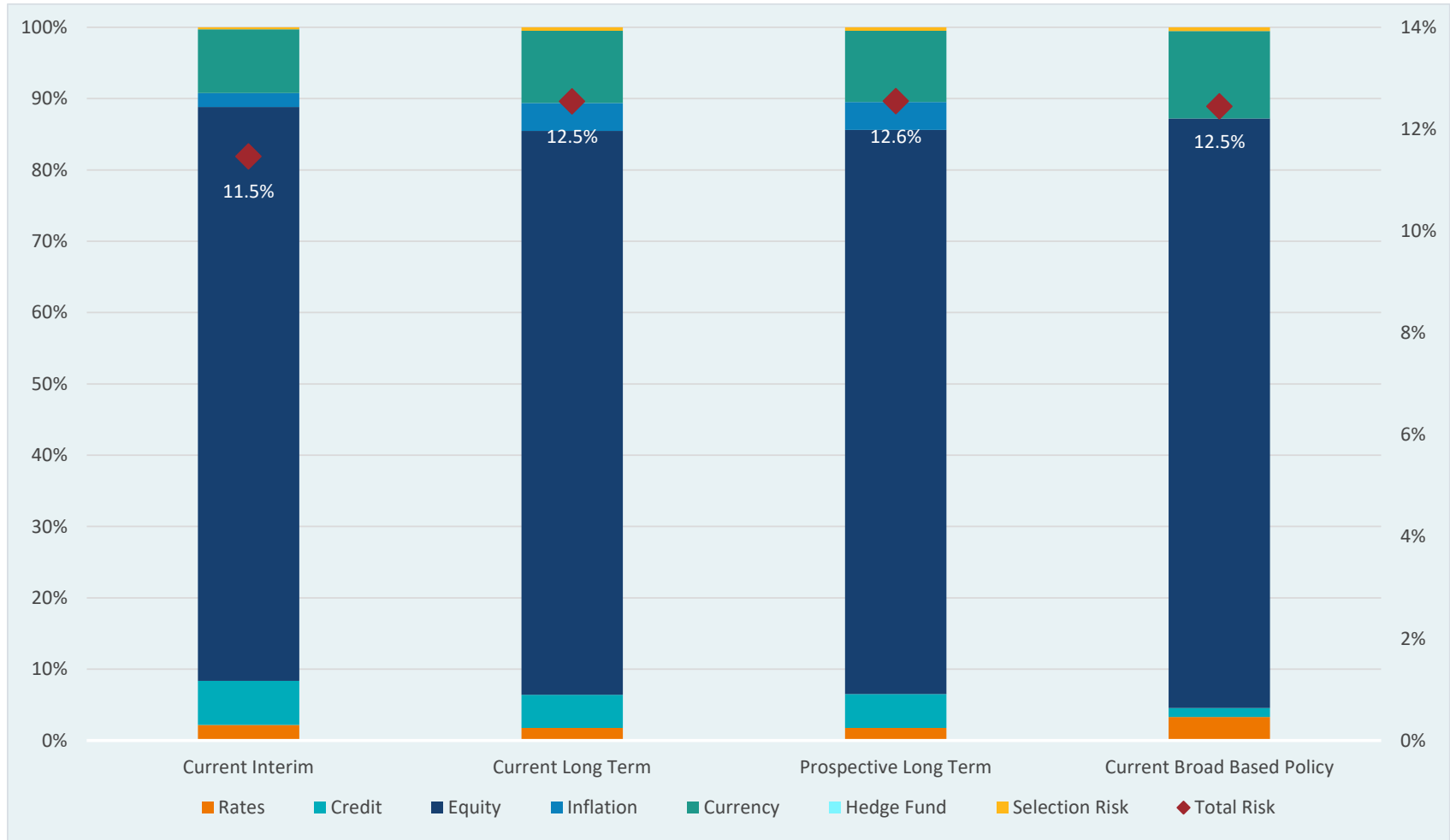
Mean variance analysis

	Current Interim	Current Long Term	Prospective Long Term	Current Broad Based Policy	Verus 2024 CMA's (10 Yr)			
					Return (g)	Return (a)	Standard Deviation	Sharpe Ratio (a)
US Large	23.0	23.0	23.0	0.0	5.9	7.0	15.5	0.19
US Small	5.0	5.0	5.0	0.0	6.2	8.2	21.4	0.19
Total US Equity	28	28	28	0				
International Developed	18.0	18.0	19.0	0.0	8.1	9.5	17.6	0.31
International Developed Small	5.0	5.0	5.0	0.0	8.8	10.9	21.7	0.31
Emerging Markets	7.0	7.0	6.0	0.0	8.8	11.4	24.6	0.30
Total non-US Equity	30	30	30	0				
Global Equity	0.0	0.0	0.0	70.0	6.9	8.2	16.7	0.17
Private Equity (Direct)	0.0	7.0	7.0	0.0	9.0	11.8	25.6	0.30
Total Equity	58	65	65	70				
High Yield	10.0	3.0	3.0	0.0	6.6	7.2	11.0	0.28
Bank Loans	0.0	3.0	3.0	0.0	8.0	8.4	9.0	0.48
Emerging Market Debt (Hard)	6.0	1.5	2.0	0.0	8.7	9.2	10.6	0.48
Emerging Market Debt (Local)	0.0	1.5	1.0	0.0	6.5	7.2	12.2	0.25
Private Credit	0.0	5.0	5.0	0.0	9.2	9.8	11.9	0.48
Total Credit	16	14	14	0				
Core Real Estate	2.0	2.0	2.0	0.0	6.8	7.5	12.5	0.27
Value Add Real Estate	0.0	3.0	3.0	0.0	8.8	9.9	15.4	0.38
REITs	4.0	0.0	0.0	0.0	6.8	8.5	19.2	0.23
Infrastructure	0.0	3.0	3.0	0.0	8.4	9.7	16.9	0.33
Total Real Assets	6	8	8	0				
Core Fixed Income	3.0	0.0	3.0	0.0	4.9	5.0	4.8	0.19
Core Plus Fixed Income	0.0	3.0	0.0	0.0	5.2	5.3	4.5	0.24
Global Aggregate	0.0	0.0	0.0	30.0	4.1	4.3	6.6	0.03
Short-Term Gov't/Credit	13.0	3.0	3.0	0.0	4.7	4.8	3.6	0.19
US TIPS	3.0	3.0	3.0	0.0	4.7	4.8	5.5	0.13
US Treasury	0.0	3.0	3.0	0.0	4.6	4.8	7.1	0.10
Cash	1.0	1.0	1.0	0.0	4.1	4.1	1.1	--
Total Risk Mitigation	20	13	13	30				
Total Allocation	100	100	100	100				

	Current Interim	Current Long Term	Prospective Long Term	Current Broad Based Policy
Mean Variance Analysis				
Forecast 10 Year Return	7.1	7.7	7.7	6.3
Standard Deviation	12.3	13.3	13.3	12.8
Return/Std. Deviation	0.6	0.6	0.6	0.5
1st percentile ret. 1 year	-17.7	-19.0	-18.9	-19.5
Sharpe Ratio	0.30	0.32	0.32	0.22

MPI, Verus

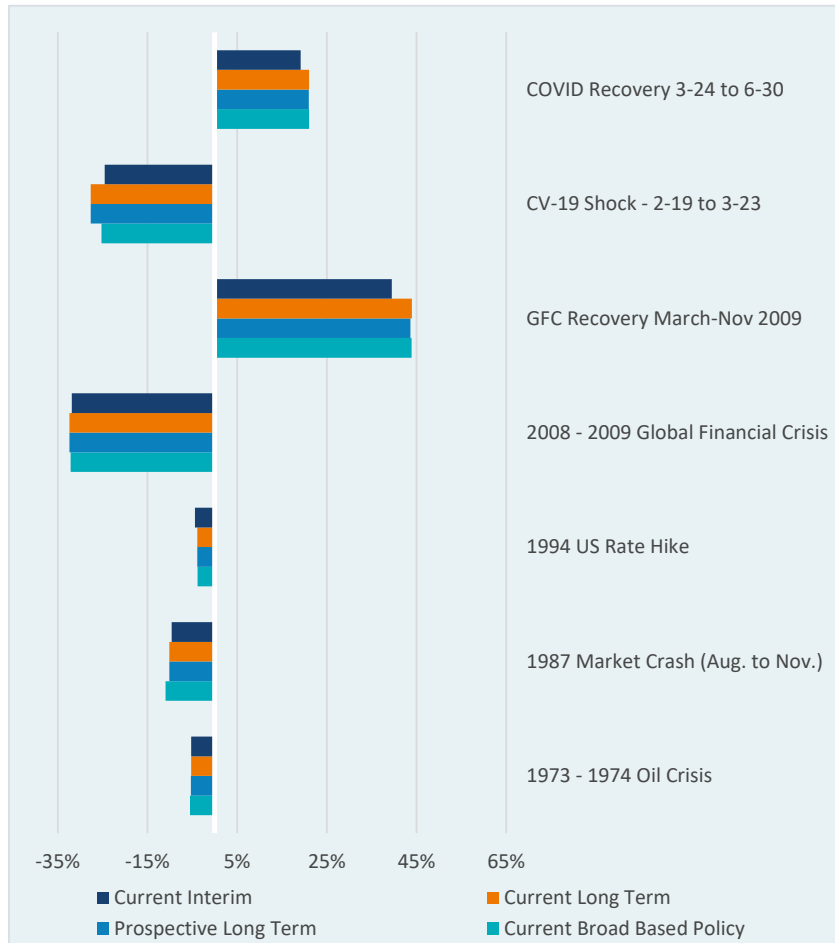
Risk contribution



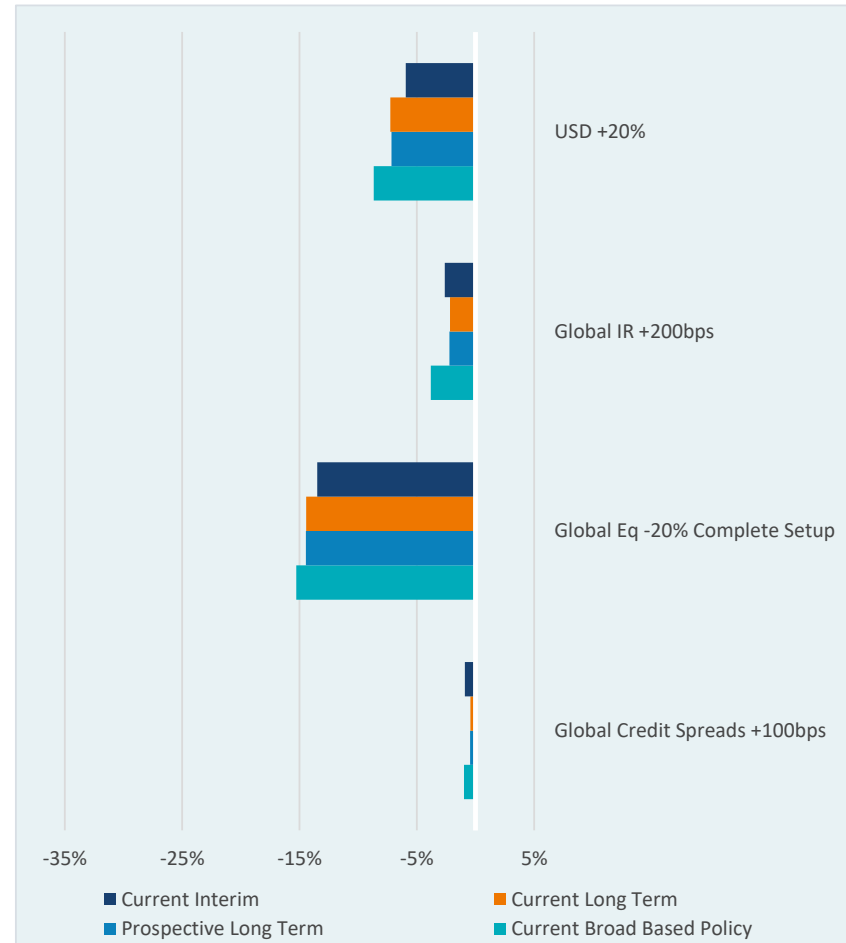
Barra; as of 12/31/23

Scenario analysis

HISTORICAL MARKET ENVIRONMENTS



HYPOTHETICAL STRESS TESTS



Barra; as of 12/31/23

Implementation considerations

Preliminary structure and cost estimates

Asset Class	Long-Term Target		Active v. Passive		Active Mgrs. #	Fee Load Estimates ²			Fee Load \$M
	%	\$M	% Pass.	% Act.		Passive Fee	Active Fee	Blended Fee	
Growth	65%								
US Large	23%	2,300	87%	13%	0	0.005%	0.50%	0.069%	1.60
US Small	5%	500	50%	50%	1	0.005%	0.78%	0.39%	2.0
Int'l Developed	19%	1,900	85%	15%	0	0.016%	0.66%	0.11%	2.1
Int'l Developed Small	5%	500	0%	100%	3	0.016%	0.85%	0.85%	4.3
Emerging Markets	6%	600	0%	100%	1	0.016%	0.80%	0.80%	4.8
Private Equity	7%	700	0%	100%	n/a	n/a	1.75%	1.75%	12.3
Credit									
High Yield	3%	300	50%	50%	1	0.016%	0.48%	0.248%	0.7
Bank Loans	3%	300	0%	100%	2	n/a	0.48%	0.48%	1.4
EM Debt	3%	300	50%	50%	1	0.016%	0.63%	0.323%	1.0
Private Credit	5%	500	0%	100%	n/a	n/a	1.25%	1.25%	6.3
Real Assets									
Private Real Estate	5%	500	0%	100%	n/a	n/a	1.40%	1.40%	7.0
Infrastructure	3%	300	0%	100%	n/a	n/a	1.40%	1.40%	4.2
Risk Mitigation									
Core Fixed	3%	300	0%	100%	1	0.016%	0.27%	0.270%	0.8
S-T Gov/Cred	3%	300	100%	0%	0	0.016%	n/a	0.016%	0.05
US Treasury	3%	300	100%	0%	0	0.016%	n/a	0.016%	0.05
TIPS	3%	300	100%	0%	0	0.016%	n/a	0.016%	0.05
Cash	1%	100	0%	100%	0	n/a	0.200%	0.20%	0.2
Total¹	100%	\$ 10,000	51%	49%	10				
Total Mgr Fee Load									\$ 48.7 0.49%

Active management should be focused on areas with the highest potential for excess returns net of investment management fees

¹Assumes \$10 billion in total fund assets

²Passive fee load assumes continuation of current IPOPIF fees; Active fee load uses eVestment median for most asset classes (Core RE uses current IPOPIF fee; Private Markets uses Verus estimates). Private Credit fee is based on target allocation; Private Equity and Private Real Assets fee is based on committed capital, assuming the following Committed Capital to Target Allocation Ratios: PE = 1.6; PRA = 1.5. This analysis does not include incentive compensation (i.e., "carry") on private markets investments.

Implementation timeline

Active Manager Search Schedule

	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26	3Q26	4Q26
Public Equity													
International Small Cap													
Emerging Market Equity													
USA Small Cap													
Credit													
Bank Loans													
Emerging Market Debt													
High Yield Debt													
Private Credit Investment Plan													
Private Credit Mgr. Search													
Additional searches TBD													
Private Real Assets													
Private Real Assets Investment Plan													
Private Real Estate Search (TBD)													
Private Infrastructure Search (TBD)													
additional searches TBD													
Private Equity													
Private Equity Investment Plan													
Private Equity Mgr. Search													
Additional searches TBD													

Future considerations

- Consider small cap active manager that also operates in the mid-cap space
- Possibly reduce small cap overweight
- Consider all cap (Russell 3000) passive mandate
- Consider emerging markets equity manager that focuses on bottom-up fundamental analysis and is country agnostic
- Possibly reduce international developed and emerging market equity overweights
- Continue to develop private markets strategy, including:
 - Staff/advisor structure
 - Appropriate beta exposures for assets held for private markets investing

Recommendations

Recommendations and next steps

Recommendations

- Make modest adjustments to Long-Term Strategic Asset Allocation
 - Move 1% from Emerging Markets Equity to International Developed Equity
 - Change Composite roll-up structure to eliminate “Inflation Protection” sleeve in favor of “Real Assets” sleeve
 - Separate Real Estate from Infrastructure
 - Move TIPS to “Risk Mitigation Sleeve”
 - Replace Core Plus allocation with Core allocation

Next Steps

- Update Investment Policy Statement
- Update implementation plan and glidepath
- Fund passive Treasury allocation

ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

IPOPIF

**ILLINOIS POLICE OFFICERS'
PENSION INVESTMENT FUND**

**INVESTMENT POLICY
STATEMENT**

Policy Number: PP-2021-08

Adopted December 17, 2021

Last Revised: ~~February 9~~ March 8, 2024

PP-2021-08: IPOPIF Investment Policy Statement

IX. POLICY ADOPTION

The Investment Policy was originally adopted by the IPOPIF Board of Trustees on December 17, 2021. The dates of subsequent review and adoption shall be recorded below.

October 14, 2022 – reviewed and adopted

February 2, 2023 – reviewed and adopted

April 14, 2023 – updated short-term asset allocation

February 9, 2024 – reviewed and adopted

March 8, 2024 – updated asset allocation

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PP-2021-08: IPOPIF Investment Policy Statement

Appendix A1 – ASSET CLASS DESCRIPTIONS

A. Growth Assets

1. Role: Capital appreciation, primary driver of long-term total return
2. Investment Approach: Growth assets generally represent equity or equity-like interests in current and future income streams and capture long-term economic growth trends throughout the world.
3. Risk Factors
 - a. The cost of the higher expected long-term returns is higher expected volatility.
 - b. Growth assets are highly sensitive to economic conditions and are subject to potential loss during economic downturns, rising/unexpected inflation, and rising interest rates.
 - c. Foreign currency volatility can be a source of risk and return for non-US exposure.
 - d. Liquidity is a key benefit of public equities as stocks can be traded daily. Illiquidity is a key risk factor for private equity.
4. Representative Asset Classes
 - a. **US Equity** represents publicly traded stock holdings of companies located in the United States.
 - b. **Non-US Equity** represents publicly traded stock holdings of companies located outside of the United States. Non-US equity provides diversification through exposure to international economies and currencies. Non-US equity can be segregated by **developed** and **emerging markets** (economies). Emerging markets equity is expected to capture the higher economic growth of emerging economies and provide higher long-term returns than developed market equities coupled with higher volatility.
 - c. **Global Equity** removes regional constraints allowing investment in US and non-US companies.
 - d. Public equities may also be categorized by company capitalization (size) with **smaller companies** historically experiencing higher returns and volatility. Active management has fared better in the small company environment, where information is typically evaluated by fewer analysts.
 - e. **Private Equity** refers to investments in private companies (direct investments) or funds that hold investments in private companies or securities that are not typically traded in the public markets. Frequently these investments need “patient” capital to allow time for growth potential to be realized through a combination of capital investment, management initiatives, or market development. Private equity is expected to provide higher long-term returns than public equity, with higher fees and investment risk. Illiquidity is a key risk due to contractual commitments to fund capital on demand and term structures that allow holding that capital for several years to allow time for value creation.

PP-2021-08: IPOPIF Investment Policy Statement

B. Income Assets

1. Role: Current income and moderate long-term appreciation
2. Investment Approach: Income assets are generally fixed claims on assets or income streams of an issuer (e.g., government, corporation, asset-backed securities).
3. Risk Factors:
 - a. Income assets are subject to the failure of the borrower to make timely payments of interest and principal (credit risk) and the price volatility related to credit risk. Bonds with greater credit risk (i.e., bonds with lower credit ratings) are typically less liquid than higher quality bonds.
 - b. Income assets are also susceptible to interest rate (duration) risk where higher market interest rates reduce their value. Longer maturities have relatively higher interest rate risk.
4. Representative Asset Classes
 - a. **High Yield Debt** refers to bonds with higher credit risk and lower credit ratings than investment-grade corporate bonds, Treasury bonds, and municipal bonds. Because of the higher risk of default, these bonds pay a higher yield than investment grade bonds.
 - b. **Emerging Markets Debt (EMD)** refers to bonds issued by developing countries or corporations based in developing countries. EMD bonds can be denominated in U.S. Dollars or local currency. The primary risk factor is credit quality, but interest rates and foreign currency fluctuations are also factors.
 - c. **Bank Loans** are debt obligations arranged by banks and other financial institutions that consist of loans made to companies that are then sold through syndication. Also called “floating rate” or “leveraged” loans, bank loans are similar to high yield bonds in that both represent debt issuers with higher credit risk. Compared to high-yield bonds, bank loans typically have higher seniority in the capital structure, which has historically resulted in higher recovery following default.
 - d. **Private Debt** refers to non-bank direct lending arrangements. Features are similar to bank loans with somewhat higher fees, credit risk, and yields. Investments are typically structured in a private market vehicle with limited liquidity.

C. ~~Inflation Protection (Real Assets)~~

1. Role: ~~Growth, C~~urrent income, inflation protection, diversification
2. Investment Approach: Ownership in physical assets ~~or Treasury Inflation Protection Securities (TIPS)~~
3. Risk Factors: Similar to income assets, real assets are susceptible to interest rate risk. Real Assets may not provide the desired inflation protection contemporaneously with the negative impact on other asset classes. Loss of principal is also a risk. Real Estate, Natural Resources, and Infrastructure are typically accessed through private investment vehicles with constrained liquidity similar to that discussed for Private Equity.

PP-2021-08: IPOPIF Investment Policy Statement

4. Representative Asset Classes
 - a. **Real Estate** includes investments in office buildings, apartments, hotels, industrial warehouses, retail, and other specialty property types, as well as raw land, and development projects.
 - b. **Natural Resources** broadly refers to anything mined or collected in raw form but may include assets subject to further processing. Typical assets include agriculture, timber, minerals, and metals.
 - c. **Infrastructure** refers to investments in physical systems that support world economies. Typical investments include transportation, communication, and utilities (electricity, gas, water, sewage).
 - d. **REITs** or Real Estate Investment Trusts are publicly traded companies that own Real Estate. REITs benefit from the daily liquidity consistent with a publicly traded stock, but also suffer from relatively high volatility and higher correlation to publicly traded equity.
 - ~~e.a. **TIPS** refers to United States Treasury Inflation Protected Securities which provide protection against inflation. The principal of a TIPS increases with inflation and decreases with deflation, as measured by the Consumer Price Index. At maturity TIPS pay the adjusted principal or original principal, whichever is greater.~~

D. Risk Mitigation

1. Role: Liquidity to fund benefit payments and other cash flow needs, capital preservation, modest current income, diversification to growth assets
2. Investment Approach: Cash equivalents or high-quality domestic bonds
3. Risk Factors: Risks are substantially lower for risk mitigation assets but may include modest exposure to credit or interest rates (duration).
4. Representative Asset Classes
 - a. **Cash Equivalents** are the safest possible investment with no volatility but lower long-term returns.
 - b. **Short Term Investment Grade Bonds** have moderate interest rate risk.
 - c. **Investment Grade Bonds** including bonds and notes issued by the U.S Treasury, U.S. Government Agencies, state and local municipalities, corporations, or other issuers with similar conservative risk profiles. Risk factors include duration and credit. **Core Fixed Income** refers to a combination of government and corporate bonds and other fixed income instruments reflective of the U.S. fixed income opportunity set. **Core Plus Fixed Income** is similar to core but adds somewhat riskier investments, such as high-yield debt and asset-backed securities to boost yield. However, the overall risk profile of Core Plus remains relatively benign.
 - d. **TIPS** refers to United States Treasury Inflation-Protected Securities which provide protection against inflation. The principal of a TIPS increases with

PP-2021-08: IPOPIF Investment Policy Statement

inflation and decreases with deflation, as measured by the Consumer Price Index. At maturity TIPS pay the adjusted principal or original principal, whichever is greater.

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PP-2021-08: IPOPIF Investment Policy Statement

Appendix A2 – ASSET ALLOCATION

The IPOPIF has adopted interim and long-term asset allocation targets. Interim targets are necessary to accommodate the initial IPOPIF transition and the subsequent buildout of diversified strategies, including private market investments. Interim targets and rebalancing ranges will be updated periodically, with Board approval, as new investments move the allocation toward the long-term targets. Rebalancing and the Policy Benchmark will be based on interim targets. Rebalancing ranges are not included where liquidity constraints prevent rebalancing.

IPOPIF Asset Allocation	Interim				Long-term Target Allocation
	Target Allocation	Rebalancing Range			
Asset Classes		Band	Lower	Upper	
Growth	58.0%	10.0%	53.0%	63.0%	65.0%
US Large	23.0%	4.0%	21.0%	25.0%	23.0%
US Small	5.0%	2.0%	4.0%	6.0%	5.0%
International Developed	18.0%	4.0%	16.0%	20.0%	18.0%
International Developed Small	5.0%	2.0%	4.0%	6.0%	5.0%
Emerging Markets	7.06.0%	2.0%	6.05.0%	8.07.0%	7.06.0%
Private Equity (Direct)	0.0%	N/A	N/A	N/A	7.0%
Income	16.0%	4.0%	14.0%	18.0%	14.0%
High Yield Corp. Credit	7.0%	2.0%	6.0%	8.0%	3.0%
Emerging Market Debt	6.0%	2.0%	5.0%	7.0%	3.0%
Bank Loans	3.0%	2.0%	2.0%	4.0%	3.0%
Private Credit	0.0%	N/A	N/A	N/A	5.0%
Inflation Protection Real Assets	9.06.0%	4.0%	7.05.0%	11.07.0%	11.08.0%
US TIPS	3.0%	2.0%	2.0%	4.0%	3.0%
REITs	4.0%	2.0%	3.0%	5.0%	0.0%
Real Estate /Infrastructure	2.0%	N/A	N/A	N/A	8.05.0%
Infrastructure	0.0%	N/A	N/A	N/A	3.0%
Risk Mitigation	17.0%	8.0%	13.0%	21.0%	10.0%
Cash	1.0%	2.0%	0.0%	2.0%	1.0%
Short-Term Gov't/Credit	13.0%	4.0%	11.0%	15.0%	3.0%
US Treasury	0.0%	N/A	N/A	N/A	3.0%
US TIPS	3.0%	2.0%	2.0%	4.0%	3.0%
Core Fixed Income	3.0%	2.0%	2.0%	4.0%	0.0%
Core Plus Fixed Income	0.0%	N/A	N/A	N/A	3.0%
Total	100.0%				100.0%

PP-2021-08: IPOPIF Investment Policy Statement

Appendix A3 – PERFORMANCE BENCHMARKS

Fund investment performance will be evaluated against a "Broad Benchmark" of global stocks and bonds and a "Policy Benchmark" reflecting a market index or equivalent for each asset class, weighted in accordance with the current target allocation. The purpose of the Broad Benchmark is to evaluate IPOPIF asset allocation decisions. The purpose of the Policy benchmark is to evaluate IPOPIF implementation decisions (e.g., active management). Over the long term the Fund is expected to generate returns, after payment of all fees and expenses, which exceed the Broad Benchmark and the Policy Benchmark. Performance Benchmarks are detailed below.

Policy Benchmark – Interim Allocation

Asset Class	Policy Benchmark	Weight
Cash	91-day T-Bills	1.0%
Short-Term Bonds	Bloomberg US Gov/Credit 1-3 year	13.0%
Core Bonds	Bloomberg US Aggregate	3.0%
US TIPS	Bloomberg US TIPS 0-5 Years	3.0%
US Treasury	Bloomberg US Treasury 7-10 Years	0.0% ¹
Bank Loans	Credit Suisse Leveraged Loan	3.0%
High Yield Debt	Bloomberg US Corporate High Yield	7.0%
Emerging Markets Debt	JPM EMBI Global Diversified	6.0%
Private Credit	Actual Returns ²	0.0% ¹
US Large Cap Equity	Russell 1000	23.0%
US Small Cap Equity	Russell 2000	5.0%
Developed Int'l Equity	MSCI World ex-US Net ³	18.0 19.0%
Developed Int'l Small Cap Equity	MSCI World ex-US Small Cap Net ³	5.0%
Emerging Markets Equity	MSCI Emerging Markets Net ³	7.0 6.0%
Private Equity	Actual Returns ²	0.0% ¹
REITs	Wilshire US REIT	4.0%
Core Real Estate	NFI-ODCE equal-weight	2.0%
Private Real Estate / Infrastructure	Actual Returns ²	0.0% ¹
Total		100.0%

¹ US Treasury and Private Markets Investments each have long-term allocation weights and are included in the Policy Benchmark table for reference.

² The Policy Benchmark will use actual private market returns to avoid tracking error with no informational value. Private market investments will be evaluated in accordance with Section VI.B, including an appropriate benchmark.

³ Net: Total Net Return including dividends and net of foreign withholding taxes.

ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

IPOPIF

MEMORANDUM

DATE: February 29, 2024
TO: IPOPIF Board of Trustees
FROM: Kent Custer, Chief Investment Officer
SUBJECT: Investment Consultant Review – Verus Advisory

Purpose

This Investment Consultant review is part of the periodic Board review of investment service providers. Verus Lead Consultant, Scott Whalen, will make a brief presentation and answer questions from the Board.

Background

- IPOPIF conducted a Request for Proposal based formal search for an investment consultant during early 2021 and the Board selected Verus on April 23, 2021, subject to contract finalization.
- The final contract was executed on May 1, 2021, for a term of five years. The contracted fee was \$625,500 for the first year and \$427,500 annually for the remaining four years.
- Section 1-113.5, paragraph a-5 of the Illinois Pension Code (40 ILCS 5) limits consultant contracts to five years as detailed below.

Notwithstanding any other provision of law, a person or entity that provides consulting services (referred to as a "consultant" in this Section) to a pension fund with respect to the selection of fiduciaries may not be awarded a contract to provide those consulting services that is more than 5 years in duration. No contract to provide such consulting services may be renewed or extended. At the end of the term of a contract, however, the contractor is eligible to compete for a new contract. ...

Key Contributions to IPOPIF

Verus played a key role in the development of the IPOPIF investment platform. Key contributions are summarized below.

- Custodian search and selection (2021)
- Transition Manager search and selection (2021)
- Passive manager search and selection (2021)
- Principal USPA real estate due diligence and selection (2021)
- Development of Investment Policy Statement and Asset Allocation in 2021 and subsequent reviews in 2023 and 2024
- Evaluation of Fund structure with respect to multiple entities with varying funded positions (2021)
- Evaluation of non-transferable assets during the transition process (2022)

- Measuring IPOPIF performance based on daily values and cash flows (2022/23)
- Providing information in support of the IPOPIF annual report
- Partnering on searches for active investment managers, including:
 - International Small Cap
 - Bank Loans
 - Emerging Market Debt
- Developing a framework for resolving annuity investments still held by Article 3 pension funds.
- Providing education on salient investment topics including asset allocation and multiple asset class primers.
- Providing project management expertise and infrastructure.

CIO Summary

Overall, I am pleased with the investment consulting services provided by Verus.

- Lead Consultant, Scott Whalen, has been a strong partner, providing valuable investment perspective and marshalling the resources of the broader Verus organization for the numerous projects undertaken to build the IPOPIF investment platform.
- The recent additions of Tim McEnery and Samantha Grant to the IPOPIF consulting team has increased bandwidth, productivity, and depth. I note that Tim and Samantha are based in Illinois and reflect Verus' growing presence in Illinois.
- Our initial active manager search for international small cap was robust and the process has improved in subsequent searches.

Verus⁷⁷⁷



**PERSPECTIVES
THAT DRIVE
ENTERPRISE
SUCCESS**



MARCH 8, 2024

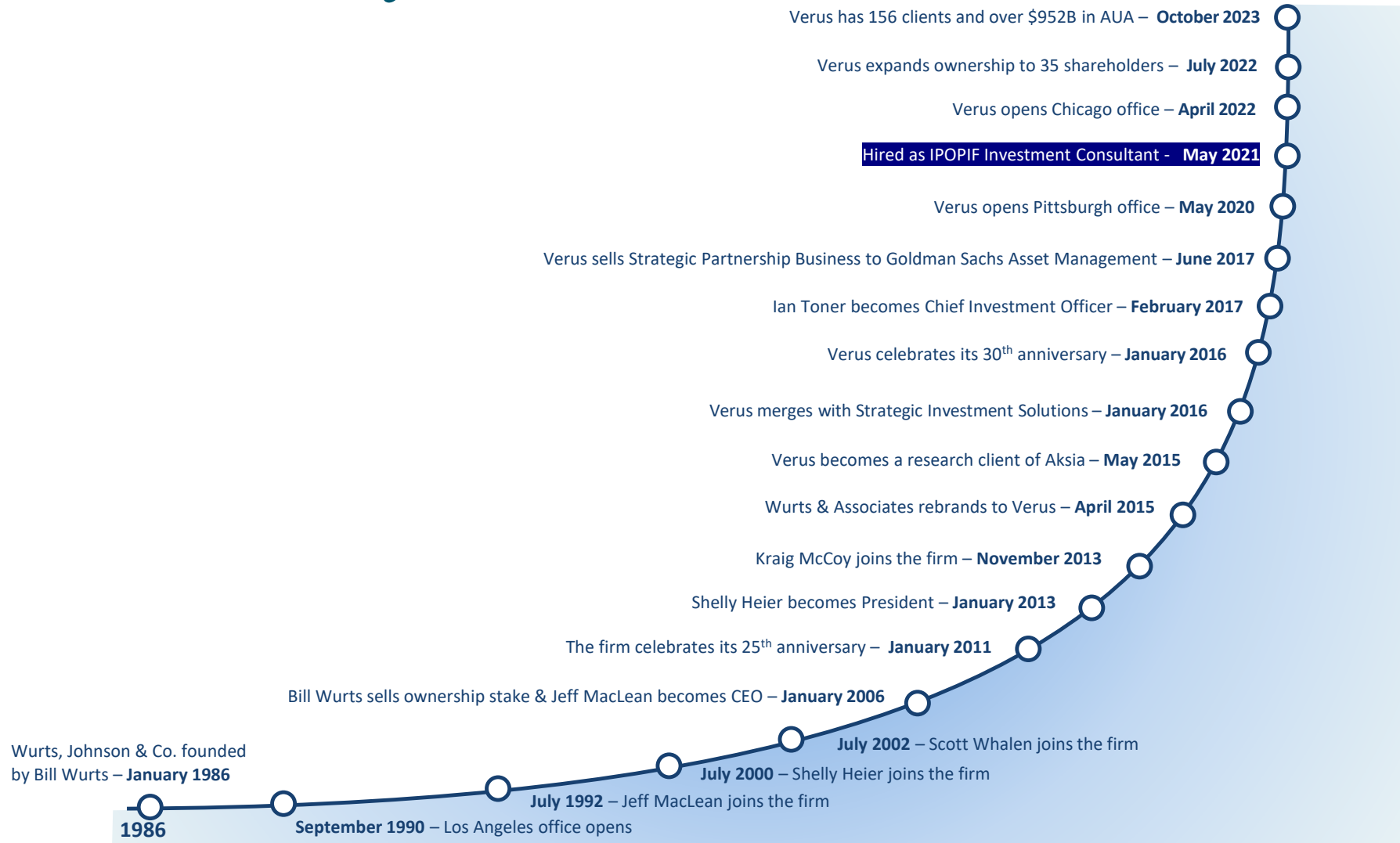
Service Provider Review

Illinois Police Officers' Pension Investment Fund



**Illinois Police Officers'
Pension Investment Fund**

Firm history



Verus / IPOPIF relationship

2021

- Fund structure design
- Transition planning
- Transition manager search
- Actuarial services search
- Custodial services search
- Investment strategy design
- Investment policy development
- Index manager searches
- Trustee education


2022

- Transition support
- Overlay services search
- Performance report design
- Performance reporting methodology
- ACFR support
- Trustee education

2023

- Transition support
- International Small Cap search
- Bank Loan search
- Performance reporting
- NTA methodology
- Private market strategy
- ACFR support
- Trustee education

2024

- Investment policy review
- Strategic asset allocation review
- Performance reporting
- Trustee education
- 
- Transition support
- EMD Search
- EME Search
- Small cap search
- High yield search
- ACFR support
- Trustee education

Firm update

National reach, local touch

BY THE NUMBERS












- Over **\$1 trillion** AUA*
- **100%** employee-owned, by **35** shareholders, across all departments
- **93** employees across **5** offices and **3** satellite locations
- **81** investment professionals
- **38+** years of firm experience
- **66%** of clients have been with us for over 10 years

NATIONAL PRESENCE



*Includes Verus' total assets under advisement; preliminary as of 1/1/24.

Resources

<p>CONSULTING SERVICES</p> <p> Shelly Heier, CFA, CAIA President</p> <p>Joseph Abdou, CFA Mark Brubaker, CFA Zeca Cardoso, CFA, FRM, CAIA John Crosbie, CFA Eric Crowder, CFA Marc Gesell, CFA Samantha Grant, CFA, CAIA Brian Kwan, CFA, CAIA Victor Lee Jeffrey MacLean Kiran Malik, CFA Timothy McEnery, CFA Eileen Neill, CFA Brent Nelson John Nicolini, CFA Mike Patalisky, CFA Dan Quilico, CFA Claudia Schloss, CFA Danny Sullivan, FRM, CAIA Jason Taylor Annie Taylor, CFA John Teramana, CAIA Anne Westreich, CFA Scott Whalen, CFA, CAIA Evan Benedict JC Faubion, CFA Alex Russo Zarif Urozaliyev Linda Wu, CFA Lukas Seeley</p>	<p>PUBLIC MARKETS</p> <p> Marianne Feeley, CFA Managing Director</p> <p>Colleen Flannery, CFA Vincent Francom, CFA, CAIA Kyle Jangard, CFA Paul Kreiselmaier, CFA Chibueze Odoh Trevor Parmelee, CFA, CAIA Sneha Pendyala Stephen Reller Philip Schmitt Samantha Grant, CFA, CAIA Jeffrey MacLean Ian Toner, CFA Anne Westreich, CFA</p>	<p>PRIVATE MARKETS</p> <p> Faraz Shooshani Managing Director</p> <p>Jing Chen Tony Flores Matt Foppiano Steve Hempler Kin Lam John Nicolini, CFA Vincent Phan Christian Reed Chris Shelby, CFA John Wasnock Shelly Heier, CFA, CAIA Brian Kwan, CFA, CAIA Eileen Neill, CFA Brent Nelson Michael Patalisky, CFA Ian Toner, CFA</p>	<p>INVESTMENT ANALYTICS & PERFORMANCE</p> <p> Justin Hatley Director</p> <p>Kelli Barkov Demitri Castaneda Jonah Coffee Jason Fajardo Elaine Gee Lamine Kaba Crystal Nicholls Madison Martin Nicholas Pecache Palmer Pederson Jonathan Powell Ian Schirato Phillip Thomas James Wadner Cholo Villanueva</p>	<p>INVESTMENTS</p> <p> Ian Toner, CFA Chief Investment Officer</p> <p> Thomas Garrett, CFA, FRM, CAIA Managing Director Strategic Research</p> <p> John Santopadre, CFA Director Portfolio Management</p> <p>Sam Geschickter Adam Babson Dan Hougard, FSA Michael Parnell Kyle Schmit Mark Brubaker, CFA Annie Taylor, CFA Scott Whalen, CFA, CAIA</p>
	<p>BUSINESS DEVELOPMENT & MARKETING</p> <p> Ted Hermann Business Development</p> <p> Amanda Schroeder Director of Marketing</p> <p>Emmanuel Canteras Ashley Moore Heather Robison Alex Russo</p>	<p>BUSINESS OPERATIONS</p> <p> Craig McCoy, CFA Chief Financial Officer</p> <p> Warren Spencer, JD, LL.M. Chief Legal Counsel, Chief Compliance Officer</p> <p>Jonathan Henderson Thomas Lam Lauren Thompson Joe Wilson Harold Wu</p>	<p>Sonia Banks Jennie Elliott Caroline Honour Mellisa Ingraham, SHRM Dana Larkin Anneke Meulblok Katie Vierig Ashley Moore</p>	

Highlight indicates individuals that have participated in the IPOPIF relationship.

Biographical information



Scott Whalen, CFA, CAIA

Executive Managing Director | Senior Consultant

Mr. Whalen is primarily responsible for providing strategic investment advice to help ensure clients meet their long-term investment objectives. Mr. Whalen is also a Verus shareholder and a key member of the Verus leadership team, in addition to sitting on the Verus OCIO investment committee.

Prior to joining Verus in 2002, Mr. Whalen built a distinguished career in management consulting at McKinsey & Company and Ernst & Young, where he led corporate and public sector institutions to increase efficiency and improve operational performance. Mr. Whalen has extensive experience working with multiple stakeholders across industries, where he has honed his ability to foster effective decision-making in challenging environments.

Mr. Whalen is a recognized speaker at industry conferences, where he has presented on a broad range of topics including asset allocation, alternative investing, manager oversight, attaining operational efficiencies in investment programs, the challenges and potential benefits of dynamic asset allocation, and the importance of maintaining a long-term perspective.

Mr. Whalen received a bachelor of arts degree (BA) in economics from Wake Forest University and a master's degree in business administration (MBA) from the University of Southern California Marshall School. He has earned the right to use the CFA and CAIA designations and is a member of the CFA Institute, the CFA Society of Los Angeles, and the CAIA Association.

Contact:

T: 310.297.1777

F: 310.297.0878

swhalen@verusinvestments.com

Biographical information



Timothy E. McEnery, CFA

Managing Director | Senior Consultant

Mr. McEnery is primarily responsible for providing a broad range of investment consulting services to clients to help them in reaching their long-term investment objectives. He has extensive experience partnering with a wide range of institutional investors on every aspect of the investment process, from policy-level decisions to exploring new and innovative investment strategies. He has been a key contributor to special projects that cross multiple asset classes related to portfolio design and investment strategy. In addition, he is a shareholder of the firm and a member of the Verus Investment Committee.

Prior to joining Verus in 2022, Mr. McEnery spent 15 years with Aon (formally EnnisKnupp & Associates), where he served as the primary consultant to several of the firm's discretionary (OCIO) and non-discretionary client relationships. He worked with institutional investors of varying size and complexity whose assets ranged from \$100 million to \$95 billion and included public retirement systems, corporate pension funds and non-profit institutions including endowments, foundations and faith-based organizations. In addition to his work with clients, Mr. McEnery served as a member of Aon's Non-Profit Leadership Team, Public Fund Interest Group, and led a team of senior consultants in Chicago and Philadelphia.

Mr. McEnery is a CFA charterholder (Chartered Financial Analyst) and a member of the CFA Institute and the CFA Society of Chicago. He has a Bachelor of Science degree (BS) in Finance from Eastern Illinois University. Mr. McEnery recently served as a member of the Emerging Leaders Board at Misericordia, a residential facility in Chicago that serves over 600 adults and children with developmental disabilities.

Contact:

T: 312.815.5228

F: 206.622.0548

tmcenery@verusinvestments.com

Biographical information



Samantha T. Grant, CFA, CAIA

Senior Consultant

Ms. Grant is primarily responsible for providing a broad range of consulting services to a variety of institutional plan sponsors, including strategic asset allocation, manager structure analysis, manager selection, risk management and continuing education of their fiduciaries.

Prior to joining Verus, Ms. Grant served as an investment consultant at Marquette Associates where she was a member of the firm's investment committee, traditional investment manager search committee, and sustainable investing committee. In addition, Ms. Grant led U.S. equities manager due diligence at Marquette Associates and developed the manager due diligence platform for Mesirow Financial's Retirement Advisory Services group. Ms. Grant began her career at Northern Trust in a leadership development program and later transitioned to portfolio manager role on a quantitative equity team.

Ms. Grant is a frequent speaker at industry conferences on a variety of investment topics including ESG investing, emerging and diverse manager programs, and private markets investing. She serves on the board of the South Side YMCA of Metro Chicago and the board of the Investment Diversity Advisory Council (IDAC), a nonprofit organization with the goal of creating a more inclusive investment industry.

Ms. Grant holds a master's degree in business administration (MBA) and a bachelor of science (BS) from Florida A&M University. She is also a Chartered Financial Analyst (CFA) charterholder and a Chartered Alternative Investment Analyst (CAIA) charterholder.

Contact:

T: 312.815.5228

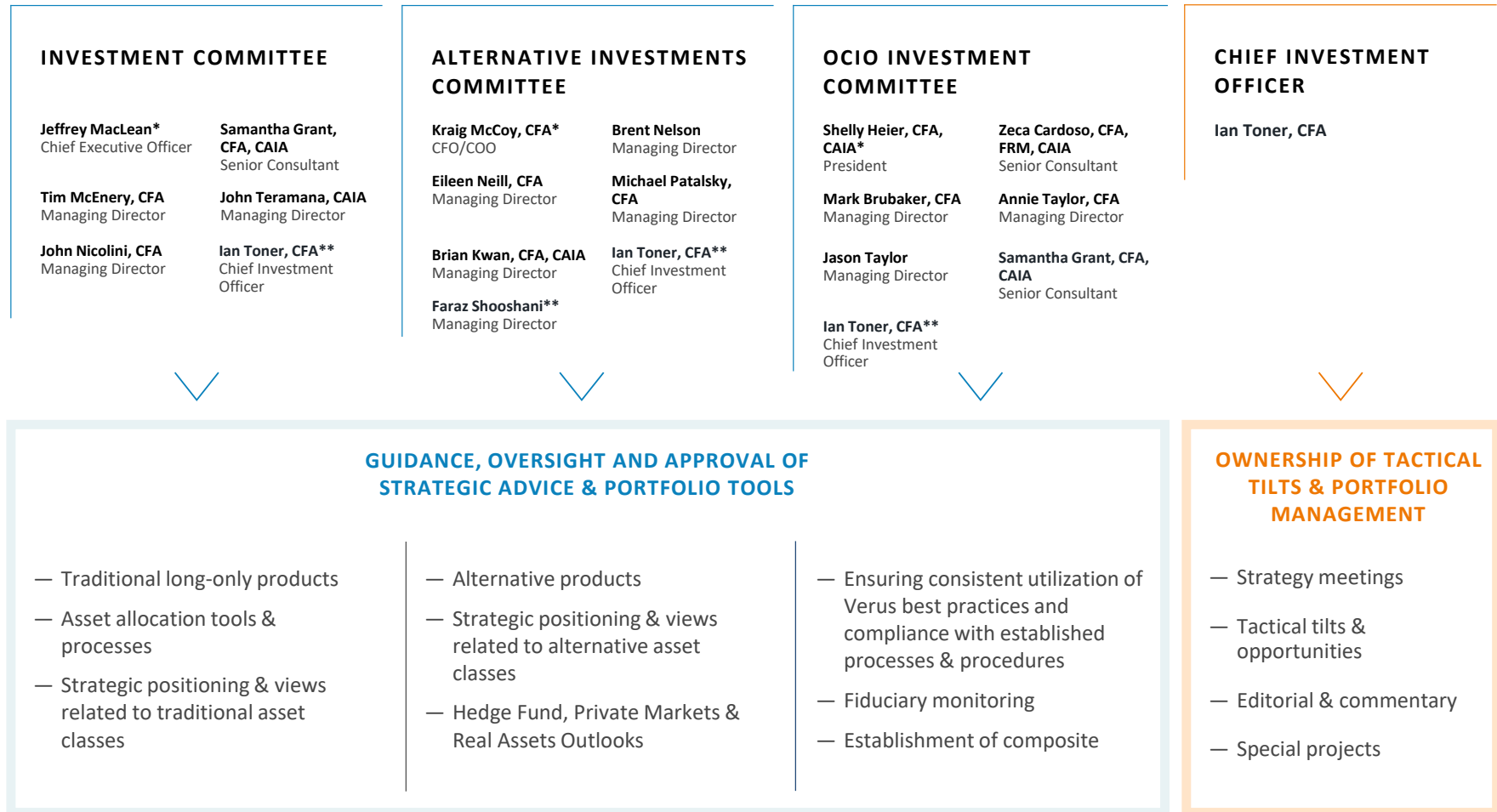
F: 206.622.0548

sgrant@verusinvestments.com

Investment philosophy

1. Return objectives, tolerance for risk, and the strategic mission of the enterprise should drive strategic asset allocation.
2. Risk-free rates and risk premia drive most market returns and are themselves influenced by market and economic fundamentals.
3. Investment skill exists, and the deployment of active management where inefficiencies can be exploited is often essential to achieving investment success in both public and private markets.
4. Fees and costs must be managed and minimized where appropriate.
5. Good results can best be achieved by managing uncertainty using varied risk management tools, complemented by discipline, skepticism and humility.
6. A portfolio should be as simple as possible for the goals it is designed to achieve. Investment complexity requires strong governance and appropriate investment oversight.

Research oversight and guidance



*Committee Chair **Non-voting member

Public market research - process

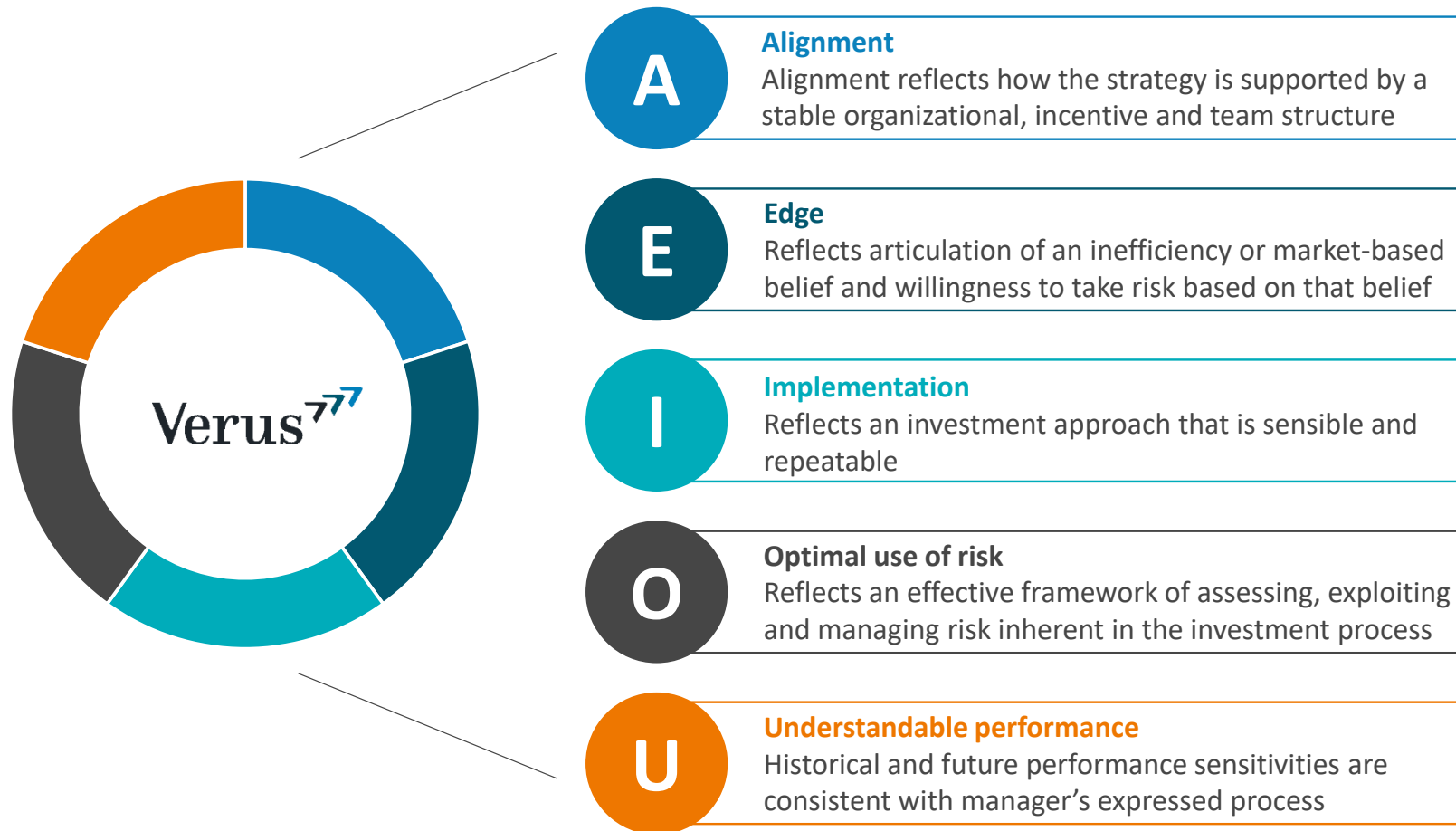
Public markets

RESEARCH TEAM IDENTIFIES UNIQUE ADVANTAGES

MANAGER UNIVERSE

<p>Broad Criteria</p> <ul style="list-style-type: none"> — Client need — Market dynamics — Verus initiatives 	<p>Sourcing Public markets universe 19,000 products</p>
<p>Idea Generation</p> <ul style="list-style-type: none"> — Industry events and networking — Targeted screens — Inbound manager communications — Emerging/Diverse manager outreach 	<p>Number of products US Equity 3,500 Non-US Equity 3,500 Fixed Income 3,000</p>
<p>Investigation</p> <ul style="list-style-type: none"> — Virtual and in-person meetings — Examination of information from industry contacts — Review of performance-based and portfolio analytics — Evaluation of vehicles and fees 	<p>New ideas & ongoing monitoring 600+ meetings per year</p>
<p>Differentiators We Seek</p> <ul style="list-style-type: none"> — Aligns to client interests — Demonstrates an edge — Implements repeatable market insights — Optimizes risk accordingly — Communicates understandable performance expectations 	<p>200+ recommended</p>

Public markets research - principles



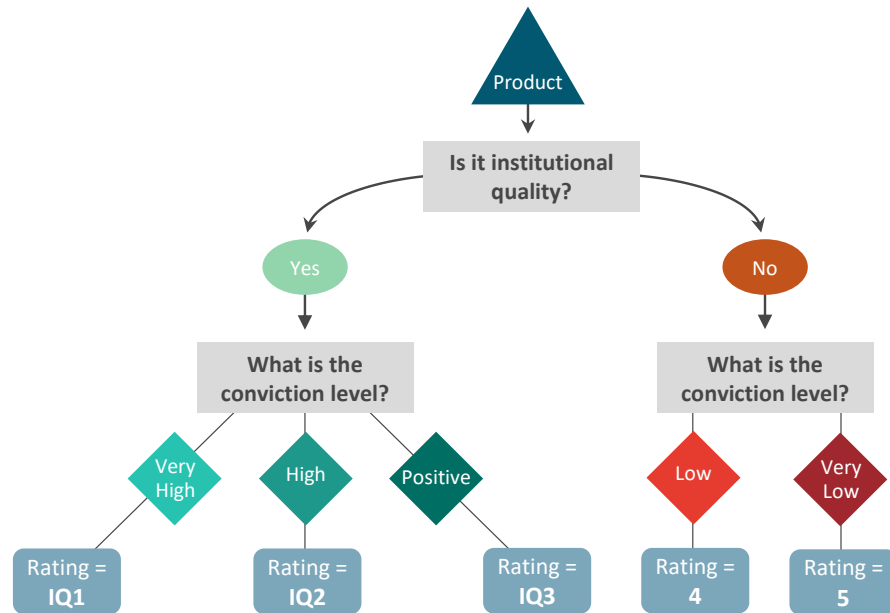
Public markets research - rating system

The IQ Rating System communicates our conviction in investment products

There are two components to the rating:

- 1. Institutional quality** – (IQ) The product meets or exceeds the standards of fiduciary care required by institutional investors and is suitable for use in clients’ portfolios.
- 2. Conviction** – (1 to 5) Represents the conviction of our research teams in the distinguishing qualities of the product relative to its peers, with 1 as the highest rating and 5 the lowest.

PROCESS



Rating process simplified for illustrative purposes only

DEFINITIONS & GUIDELINES

Rating	Institutional Quality?	Conviction Level	Defining Characteristics	Recommendations
IQ1	Yes	Very High	Earns Verus’ highest conviction. Above-average characteristics most likely to achieve the strategy’s desired investment results.	Recommended for use in client portfolios. May be used in Verus discretionary portfolios.
IQ2	Yes	High	Maintains Verus’ high conviction. Above-average characteristics most likely to achieve strategy’s desired investment results.	Recommended for use in client portfolios. May be used in Verus discretionary portfolios.
IQ3	Yes	Positive	Meets institutional quality standards that can achieve desired investment results. Strengths outweigh weaknesses.	While IQ1 or IQ2 rated products are generally preferable, certain client needs may be better addressed by a highly specialized IQ3 product.
4	No	Low	Concerns with the product’s ability to meet institutional-quality standards.	Clients should re-evaluate retention or monitor closely.
5	No	Very Low	Significant issues inhibit the product’s ability to meet institutional-quality standards.	Verus recommends termination, immediately.

Diversity is baked into our process

- **Diverse & emerging managers can generate significant alpha for our clients.** These take extra effort to source and diligence, but the work is worth it.
- **Our definitions**
 - Diverse ownership: >30% women/minority
 - Diverse characteristics: >30% of investment team*
 - Emerging: ≤\$3 billion in AUM (traditional markets)
- **Integrated as part of our everyday research**
 - Diverse characteristics noted on all managers
 - Diversity data and practices reviewed in all manager diligence
 - Formal annual “Emerging & Diverse Diligence Days”

Typical questions relating to diversity – what we’re looking for

Describe the interactions of your investment team. How do you incorporate views of members at various levels of experience?	Implementation Sensible and repeatable
Describe how your firm’s recruiting and retention policies contribute to ensuring your investment process continues to evolve?	Alignment Organizational structures to attract and retain talent)
How do you bring diverse points of view to your idea generation process?	Edge Willingness to be different than the benchmark and peers
How do members of the team challenge their own and each others’ thinking?	Optimal Use of Risk Self knowledge and making active bets where there is skill
What types of market conditions favor or don’t favor your approach? How do team members reinforce the ability to stick to your approach in markets that don’t favor it?	Understandable Performance Explaining performance headwinds and tailwinds

**Diverse characteristics can manifest in an investment process in many ways, and as such, we are not strict in our application of this minimum if the principle is met*

Private markets

Our size and unique methods have been proven to deliver exceptional results

PHILOSOPHY



Private markets are expensive and fund performance has high dispersion.

Fund selection, not asset allocation, is the primary driver of returns.

Experienced teams with proven methods outperform large platforms and teams that have inherent agency issues, conflicts, and limits on commitments to best managers

APPROACH



Senior research personnel partner with clients to drive portfolio construction and implementation.



Highly experienced team: 63% of team with 21 years of industry experience



Team co-owns total portfolio performance on behalf of clients

IMPLEMENTATION



Top-quartile performance alone is not repeatable. Bottom-quartile tends to repeat.



Ability to improve company-level fundamentals is more durable than leverage and market movements.

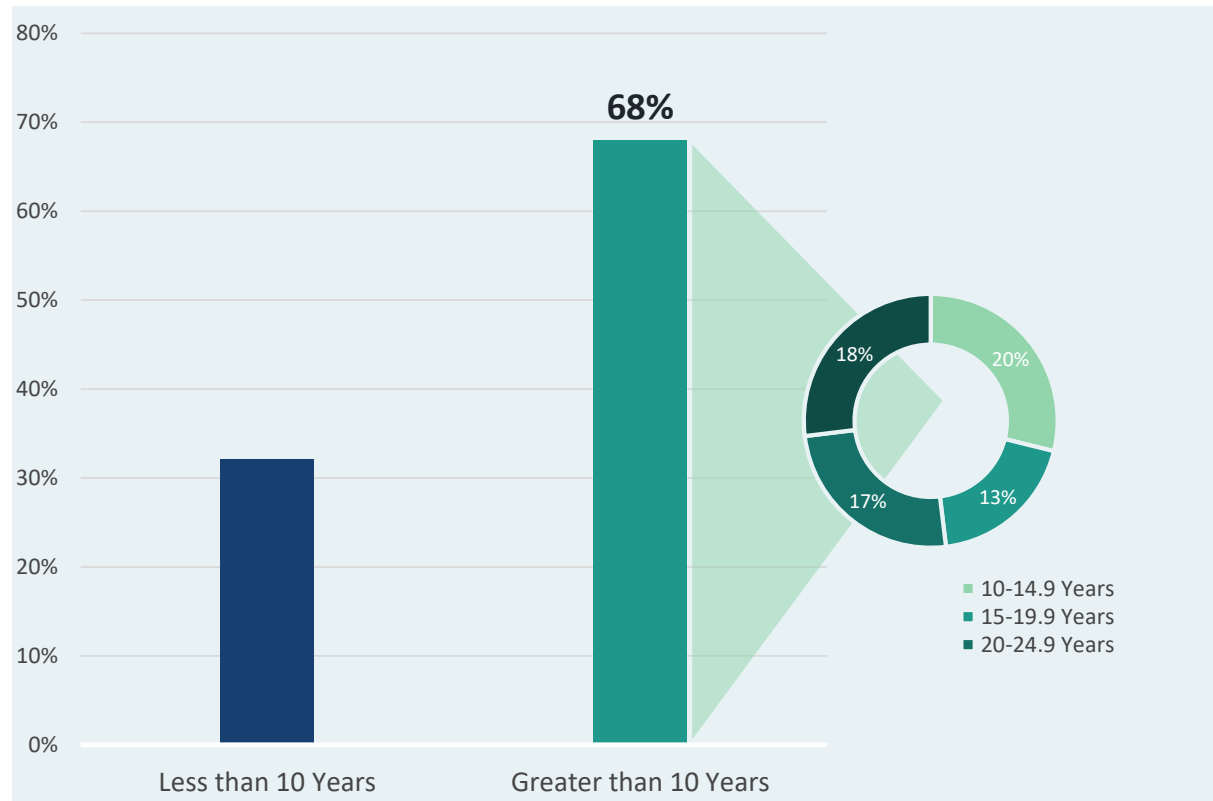


Alignment throughout the investor-value creation chain is paramount.

Top priority – client experience

Consistent history with our clients

68% OF OUR CLIENTS HAVE BEEN WITH VERUS FOR OVER 10 YEARS



Verus was known as "Wurts & Associates" from 1986 to 2015. Percent of relationship length determined by number of clients. Data as of 4/1/23.

2021 CLIENT SERVICE SURVEY RESULTS



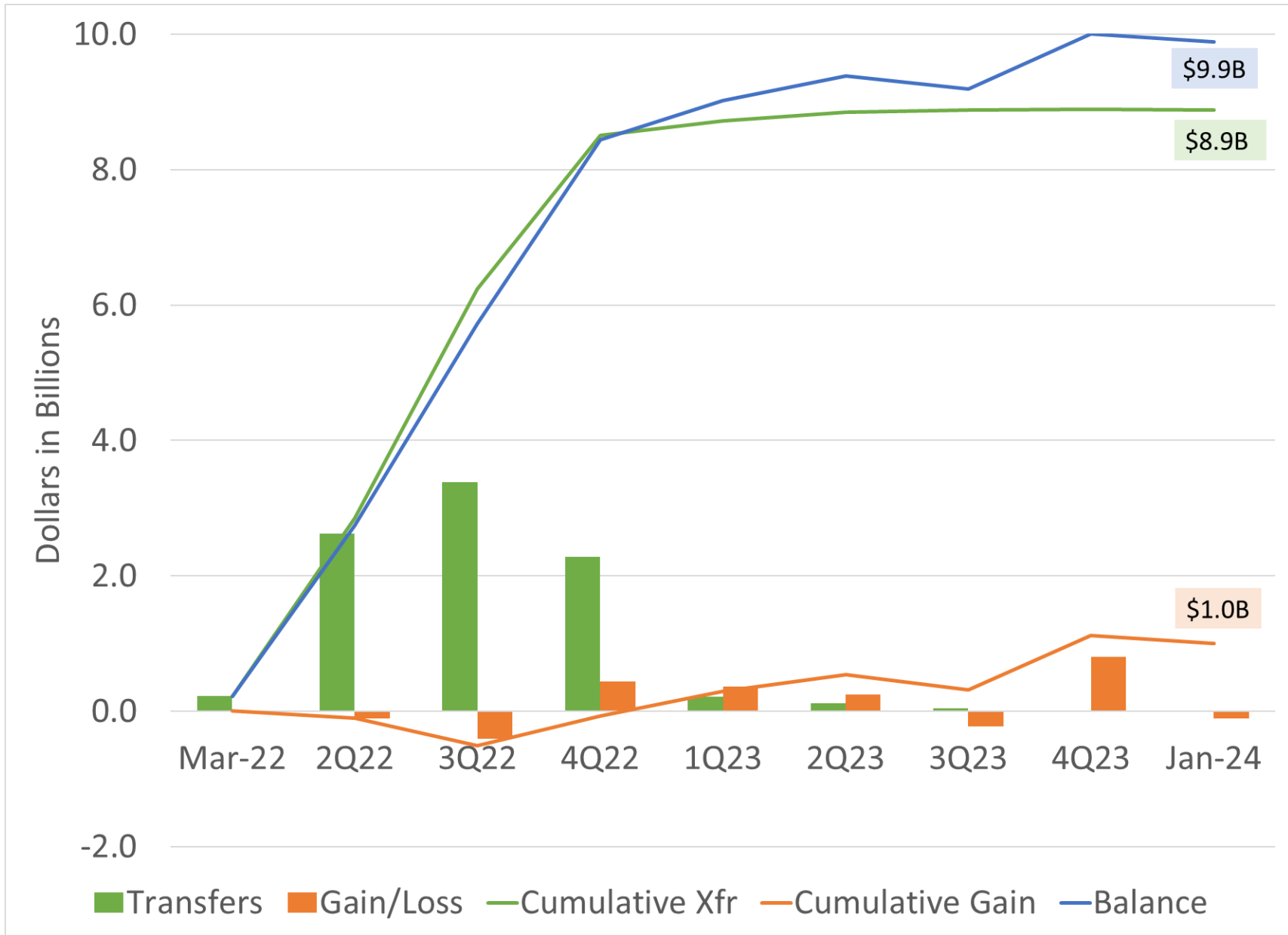
- Responsiveness **4.7**
- Policy and Strategy Expertise **4.6**
- Knowledge of Portfolio History **4.6**
- General Personality Fit **4.6**
- Tenured Experience **4.6**

IPOPIF

Illinois Police Officers' Pension Investment Fund

Investment Update As of February 29, 2024

IPOPIF Growth

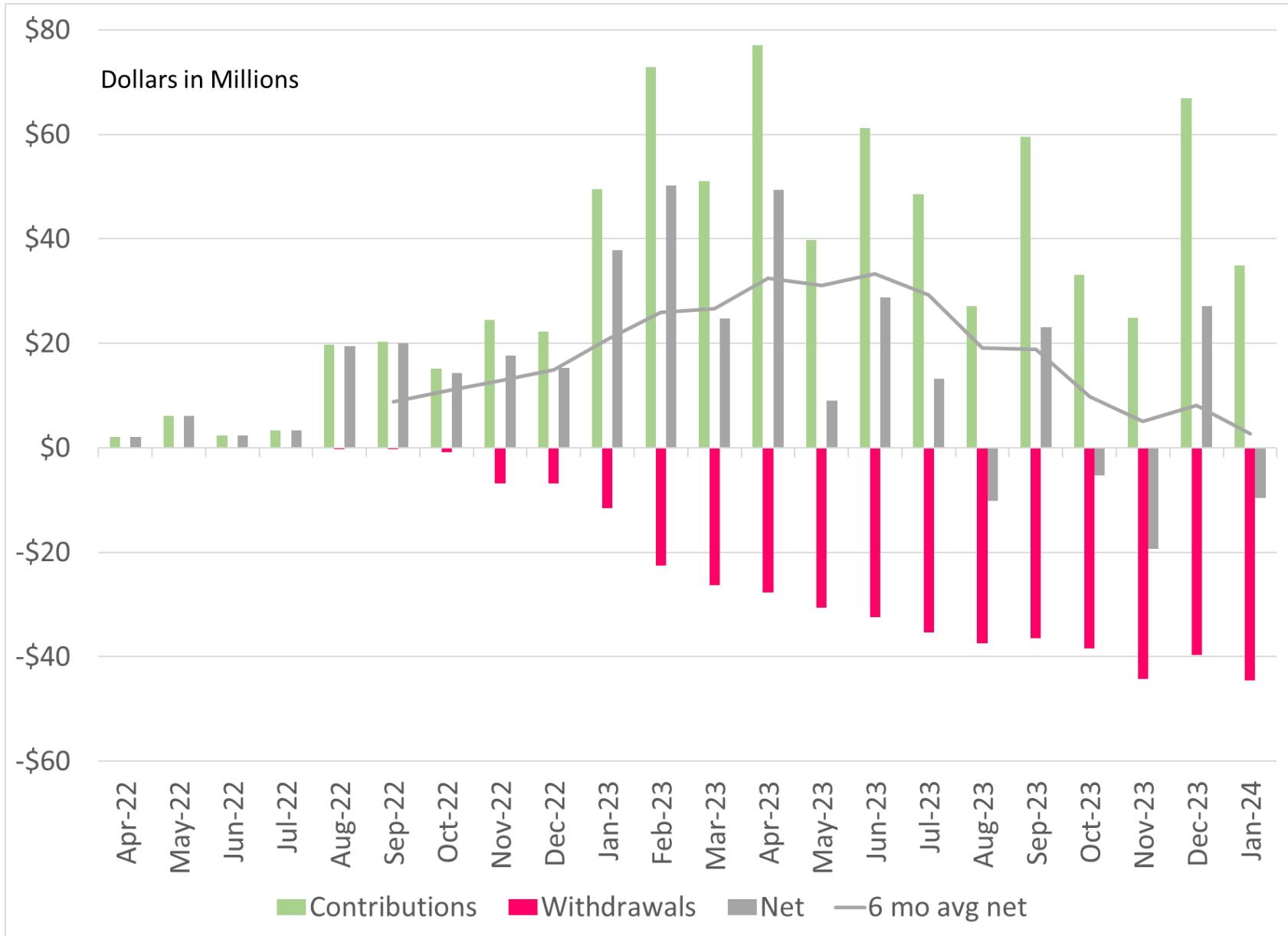


Performance Summary

	2Q22	FY23	7/23 – 1/24	4/22 – 1/24
IPOPIF Pool	-10.4%	+8.8%	+5.7%	+1.7%
Policy Benchmark	-10.4%	+8.8%	+6.0%	+1.9%
Broad Benchmark	-13.6%	+11.0%	+6.2%	+1.0%
Actuarial Assumption		+6.8%		+6.8%

- IPOPIF Performance is net of fees.
- Policy Benchmark – Weighted average of asset class benchmarks; gauges success of implementation (currently less stock exposure than the broad benchmark)
- Broad Benchmark – 70/30 global stocks/bonds; gauges success of asset allocation.
- Returns for periods longer than one year are annualized.
- IPOPIF Actuarial Assumed Rate of Return is 6.8% per year

Monthly Participant Fund Cash Flow



2024 Transition Planning

- Executive staff meeting and preparing documents and communications.
- Anticipate notification package distribution in early March.
- Immediate Goal: All Article 3 Board actions completed during second quarter meetings.
 - Appoint Authorized Agents
 - Adopt local cash management policy (optional)
 - Appoint Account Representatives (for cash mgt.)

Asset Allocation 2/26/24

Account	Current		Target		Variance	
	\$M	%	\$M	%	\$M	%
Growth	5,816	57.5%	5,868	58.0%	(51)	-0.5%
RhumbLine US Large	2,322	23.0%	2,327	23.0%	(5)	0.0%
RhumbLine US Small	515	5.1%	506	5.0%	9	0.1%
SSGA Non-US Developed	1,794	17.7%	1,821	18.0%	(27)	-0.3%
International Small Cap	492	4.9%	506	5.0%	(14)	-0.1%
SSGA EM Equity	693	6.9%	708	7.0%	(15)	-0.1%
Income	1,603	15.8%	1,619	16.0%	(16)	-0.2%
SSGA High Yield	994	9.8%	1,012	10.0%	(18)	-0.2%
SSGA EM Debt	609	6.0%	607	6.0%	2	0.0%
Bank Loans	0	0.0%	-	0.0%	0	0.0%
Inflation Protection	853	8.4%	910	9.0%	(58)	-0.6%
SSGA TIPS	280	2.8%	303	3.0%	(24)	-0.2%
SSGA REITS	412	4.1%	405	4.0%	7	0.1%
PRINCIPAL USPA	161	1.6%	202	2.0%	(41)	-0.4%
Risk Mitigation	1,844	18.2%	1,720	17.0%	124	1.2%
Cash Accounts	145	1.4%	101	1.0%	44	0.4%
SSGA ST GOV-CREDIT	1,323	13.1%	1,315	13.0%	8	0.1%
SSGA CORE BONDS	376	3.7%	303	3.0%	73	0.7%
Transition account	0.101	0.0%	-	0.0%	0	0.0%
Total Investment Pool	10,117	100.0%	10,117	100.0%	-	0.0%

All asset class weights are within Investment Policy limits.

Investment Structure

Manager	Mandate	Weight	Manager Benchmark*	Vehicle**
Growth (Stocks)	Growth (Stocks)	58.00%		
RhumbLine	US Large Passive	23.00%	Russell 1000	SMA
RhumbLine	US Small Passive	5.00%	Russell 2000	SMA
SSGA	International Passive	18.00%	MSCI World ex US	CIT
International Small Cap (ISC)				
SSGA	Passive ISC, legacy	0.00%	MSCI World ex US SC	CIT
Acadian	Core ISC	2.50%	MSCI ACWI ex-US Small Cap-G	LLC
LSV	Value ISC	1.25%	S&P Developed ex-US SmallCa	LP
WCM	Growth ISC	1.25%	MSCI ACWI ex-US Small Cap-G	LP
SSGA	Emerging Mkt. Passive	7.00%	MSCI Emerging Mkts. ND	CIT
Income (Bonds)	Income (Bonds)	16.00%		
SSGA	High Yield Passive	7.00%	BB US Corporate High Yield	CIT
SSGA	Emerging Mkt. Debt Passive	6.00%	JPM EMBI Global Diversified	CIT
Bank Loans (BL)				
Aristotle	Core BL	2.00%	CS Leveraged Loan Index	LP
Ares	Opportunistic BL	1.00%	CS Leveraged Loan Index	LP
Inflation Protection	Inflation Protection	9.00%		
SSGA	US Tips Passive	3.00%	BB US TIPS 0-5 Years	SMA
SSGA	REITs Passive	4.00%	Dow Jones US Select REIT	CIT
Principal	Real Estate	2.00%	NFI-ODCE	Open-End Fund
Risk Mitigation	Risk Mitigation	17.00%		
SSGA	Cash	1.00%	\$1	Money Mkt MF
SSGA	Short-Term Bonds Passive	13.00%	BB 1-3 year Gov/Credit	CIT
SSGA	Core Bonds Passive	3.00%	BB US Aggregate	CIT
Total		100.00%		

Active Manager Funding Status

International Small Cap

- Acadian - \$65 million each on 1/30/24 and 2/22/24 (\$130 million total). ~\$120 million to be funded in March
- LSV & WCM - \$60 million to each strategy to be funded on 3/1/24. ~\$65 million to be funded to each strategy in April
- Funding source: SSGA International Small Cap Index Fund

Bank Loans

- \$50 million to Ares and \$100 million to Aristotle to be funded on 3/1/24. Similar amounts to be funded in April
- Funding Source: SSGA High Yield Index Fund

Investment Manager Searches

	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25
Asset Allocation & IPS Review						
Public Equity (Barb Meyer)						
International Small Cap	=>					
Emerging Market Equity						
USA Small Cap						
Credit Managers (Steve Yoon)						
Bank Loans	=>					
Emerging Market Debt						
High Yield Debt						

- Public market searches on track from October '23 planning calendar
- Key phases: Education => universe and structure analysis => RFP search process => Board approval => final contracting => funding
- Private market planning impacted by personnel and bandwidth. CIO evaluating recruiting and potential interim actions.

Key Investment Initiatives (1)

Initiative	Status
Investment Staff Recruitment	Under CIO evaluation.
Investment Policy Review	Revisions adopted at 2/9/24 Board meeting.
Asset Allocation Review	Review and recommendations to be presented to the Board on 3/8/24
Develop long-term investment implementation plan	Strategic Goals and Objectives approved at October 2023 Board meeting. Building out project management application with detailed steps with timelines and dependencies.

Key Investment Initiatives (2)

Initiative	Status
International Equity Small Cap search	Contracting completed. Funding incrementally January – April.
Bank Loan Manager Search	Contracting completed. Funding incrementally in March and April.
Emerging Market Debt Manager Search	Board education on 1/19/24. Staff/Verus completed universe and structure review. Search request to Board in on March 8. Selection targeted for Sept. 2024.
Emerging Market Equity Search	Action plan and timeline under development. Board education in March. Weight and structure may be dependent on Asset Allocation study. Search request anticipated for June Board meeting.
Private Market Planning	Consultant education in June 2023. Preliminary investment plan targeted for March 2024. CIO reengaging. Recruiting dependency.

Key Investment Initiatives (3)

Initiative	Status
Develop plan for addressing non-transferrable assets	Working with Verus and Counsel to evaluate IPOPIF requirements and to develop a framework for resolving non-transferable assets.
Transition Planning	Board approved 2024 transition plan on 2/9/24. Staff finalizing documentation and timing.
Investment Communications	Naperville Stakeholder meeting on February 21. IGFOA panel on March 6.
Develop compliance review and reporting matrix	Completed review of source documents to capture all requirements. Developing review and reporting structure.



Illinois Police Officers' Pension Investment Fund

Board of Trustees Meeting Minutes

Friday, February 9, 2024, at 10:00 A.M.

A special meeting of the Board of Trustees of the Illinois Police Officers' Pension Investment Fund was conducted at the Twin Towers Bldg., Suite 420 Street, Peoria, IL. 61602. Members of the public were invited to participate remotely or in person.

Attendees:

Board of Trustees:

- Philip Suess, Chairperson
- Paul Swanlund, Vice Chairperson
- Lee Catavu, Secretary
- Mark Poulos, Treasurer
- Scott Bowers
- Brad Cole
- Elizabeth Holleb
- Daniel Hopkins
- Michael Inman

IPOPIF Staff:

- Richard White, Executive Director
- Kent Custer, Chief Investment Officer
- Regina Tuczak, Chief Financial Officer/ Assistant Executive Director
- Amy Zick, Senior Accountant
- Kate Cobb, Administrative Analyst
- Samantha Lambert, Administrative Analyst
- Joe Miller, Information Technologist
- Steve Yoon, Investment Officer
- Barbara Meyer, Investment Officer

Others Present:

- Rick Reimer, General Legal Counsel, Reimer, Dobrovolny & Labardi PC
- Taylor Muzzy, Fiduciary Legal Counsel, Jacobs Bums Orlove & Hernandez, LLP
- Bukola Bello, Vision MAI
- Scott Whalen, Verus (Zoom)
- Samantha Grant, Verus (Zoom)
- A.J. Weber, Lauterbach & Amen, LLP (Zoom)
- Allison Barrett, Lauterbach & Amen, LLP (Zoom)
- Derek Flessner, Lauterbach & Amen, LLP (Zoom)
- Kim Shepherd, Shepherd Communications (Zoom)
- Bill Sarb, RSM US LLP (Zoom)
- Kelly Kirkman, RSM US LLP (Zoom)
- Jeffrey Slade, RSM US LLP (Zoom)
- Irene Davis, Mitchell & Titus, LLP (Zoom)
- Brent Baccus, Mitchell & Titus, LLP (Zoom)
- Dan Kenney, Mitchell & Titus, LLP (Zoom)
- Oladipo Ayankoya, Mitchell & Titus, LLP (Zoom)
- Garfield Carr, Mitchell & Titus, LLP (Zoom)
- Michelle Steckel, Kerber, Eck, & Braeckel LLP (Zoom)
- Jacob Cullen, Kerber, Eck, & Braeckel LLP (Zoom)
- Members of the Public (Zoom)

Agenda

All members of the Board of Trustees, staff, legal counsel, and the public were provided with a copy of the agenda. The agenda was also posted on the IPOPIF website, IPOPIF office door, and on the door of the meeting room.

Call to Order

The meeting was called to order by Chairperson Suess at 10:00 A.M.

Roll Call

2.1- Roll Call: Discussion and Potential Action:

A roll call was conducted. Nine (9) Trustees were present. A quorum was established with the 6 required number of Trustees present.

Board of Trustees Present:

- Philip Suess, Chairperson
- Paul Swanlund, Vice Chairperson
- Lee Catavu, Secretary
- Mark Poulos, Treasurer
- Scott Bowers
- Brad Cole
- Elizabeth Holleb
- Daniel Hopkins
- Michael Inman

All individuals present are reflected in the list of attendees.

Finance

3.1- Agreed Upon Procedures of Article 3 Funds by Independent CPA Firms Interviews and Selections: Discussion and Potential Action:

Chief Finance Officer (CFO) Tuczak briefed the Board of Trustees on the due diligence conducted regarding the selection of the Independent CPA Firms invited to provide finalist presentations to the Board. As background, CFO Tuczak noted that on October 13, 2023, the Board of Trustees approved the Request for Proposals (RFP) for Independent Certified Public Accounting firms to conduct Agreed Upon Procedures (AUP) of Police Pension Funds established under Article 3 of the Illinois Pension Code, and the RFP was subsequently issued on Monday, October 16th, and posted on the Fund's website on that date. After posting, an email was sent to representatives of sixteen (16) independent certified public accounting firms inviting their respective firms to respond to the RFP. Selection of the sixteen (16) firms included all Illinois Government Financial Officers Association (IGFOA) member firms and firms that perform year-end audit services for Illinois Pension Funds established under 40 ILCS 5.

In response to the RFP, 4 proposals were received from quality firms. IPOPIF staff reviewed all 4 submissions in detail. Subsequent to review of the submissions, staff held interviews with representatives of each firm. Each firm was provided with the same interview guidelines. The interviews were held virtually on January 4, 5 and 8th and were approximately 1.25 hours each.

IPOPIF staff attending each interview were Executive Director White, CFO Tuczak, and Senior Staff Accountant Zick.

It was noted that each firm provided a quality proposal submission responsive to the RFP criteria. Each firm was well prepared for the interview and provided appropriate content addressing the interview guidelines. Based on the proposals submitted and the interviews conducted, IPOPIF staff invited each of the four firms to provide a finalist presentation to the Board. The finalist presentations were included in the agenda materials, along with a summary comparison of key elements of the proposal submissions.

Following the finalist presentations, subject to selection by the Board, each firm would be contacted, and after a satisfactory review and execution of the engagement letters, discussions amongst the firms, the Illinois Department of Insurance (IDOI) and IPOPIF staff will begin. When legal review of the engagement letters is underway, the IDOI will also be contacted and advised of the status. IPOPIF staff intends to request information from the IDOI regarding the most recent examination date of each Article 3 Fund. It is anticipated that all firms will be utilizing the same procedures, scoping methodology, and reporting format. To ensure that Agreed Upon Procedures commence by May 1, 2024, communication to the first group of Article 3 Funds is targeted for April 1, 2024.

At 10:05 A.M. Bill Sarb, Kelly Kirkman, and Jeffrey Slade of RSM US LLP presented to the Board of Trustees and answered all questions.

At 10:20 A.M. Irene Davis, Brent Baccus, Dan Kenney, Oladipo Ayankoya, and Garfield Carr of Mitchell & Titus, LLP presented to the Board of Trustees and answered all questions.

At 10:32 A.M. A.J. Weber, Allison Barrett, and Derek Flessner of Lauterbach & Amen, LLP presented to the Board of Trustees and answered all questions.

3.2 and 3.3- Monthly Financial Statements- November 2023 and December 2023:

Discussion and Potential Action:

Chief Financial Officer (CFO) Tuczak briefed the Board of Trustees on the November 2023 and December 2023 Monthly Financial Statements. Participant fund activity was cash-negative for the month of November and positive for the month of December. There were 127 cash contributions and 182 cash withdrawals in November (a total of 309 transactions) and 180 cash contributions and 171 cash withdrawals in December (total of 352 transactions). State Street reported 882 unique Cash Management users on eCFM as of December 5, 2023.

CFO Tuczak answered all questions.

A motion was made by Trustee Holleb and seconded by Trustee Poulos to approve the monthly financial statements for November 2023 and December 2023.

Motion carried by roll call vote.

Ayes- Trustees Suess, Swanlund, Catavu, Poulos, Bowers, Cole, Holleb, Hopkins, and Inman

Nayes- None

Absent- None

3.4 and 3.5- Warrants #2024-07 and #2024-08: Discussion and Potential Action:

CFO Tuczak briefed the Board of Trustees on Warrant #2024-07 and Warrant #2024-08 and answered all questions.

A motion was made by Trustee Inman and seconded by Trustee Hopkins to ratify Warrant #2024-07 and Warrant #2024-08.

Motion carried by roll call vote.

Ayes- Trustees Suess, Swanlund, Catavu, Poulos, Bowers, Cole, Holleb, Hopkins, and Inman

Nayes- None

Absent- None

3.1- Agreed Upon Procedures of Article 3 Funds by Independent CPA Firms Interviews and Selections: Discussion and Potential Action (cont):

At 10:50 A.M. Michelle Steckel, and Jacob Cullen of Kerber, Eck, & Braeckel LLP presented to the Board of Trustees and answered all questions.

CFO Tuczak explained to the Board of Trustees that the firms which are currently providing accounting or consulting services to the individual Article 3 funds, should not be engaged to perform AUP work for those particular funds to ensure full perception of independence. These firms, if engaged by the Board, would be assigned other Article 3 funds for which they do not perform any services.

Trustee Holleb requested that there be equal pricing, or as close as possible amongst all four of the firms. Trustee Holleb noted that one firm has proposed pricing significantly more for each AUP engagement and has also requested a set-up fee. Fee uniformity should be necessary amongst all four firms if all four are retained. Trustee Hopkins also inquired as to the party responsible for coordinating the firms and the Article 3 engagements. CFO Tuczak replied that the intended plan is for IPOPIF staff to coordinate as much as possible, including the schedule of the engagements, assignment of the firms, and the initial communication with the Article 3 Funds.

Trustee Hopkins specified that the firm that is requesting a set-up fee is the same one that is charging more per report and given these cost considerations, he will be making a motion to approve three of the four firms.

Trustee Catavu inquired as to how the expenses for the AUP engagements will be charged to the Article 3 funds, and CFO Tuczak answered that the fees for these procedures will be totaled, and the Article 3 funds will be charged a pro rata amount of these fees based on their respective account balance in the IPOPIF consolidated investment pool. CFO Tuczak noted that this application of expenses is consistent with how all other administrative expenses are charged to the Article 3 funds.

Chairperson Suess asked about the sampling process to be used, and CFO Tuczak mentioned that the process will be developed during the construction and planning of the AUP engagements, but it is anticipated that a sampling method will be used for testing procedures.

A motion was made by Trustee Hopkins and seconded by Trustee Inman to hire three of the firms to perform Agreed-Upon Procedures of the Police Pension Funds established under Article 3 of the Illinois Pension Code for the three-year cycle of calendar years 2023 to 2026 and authorize the Executive Director to execute the related contracts. The three (3) CPA firms are Kerber, Eck & Braeckel LLP; Lauterbach & Amen, LLP; and RSM US LLP.

Motion carried by roll call vote.

Ayes- Trustees Suess, Swanlund, Catavu, Poulos, Bowers, Cole, Holleb, Hopkins, and Inman

Nays- None

Absent- None

Trustee Cole shared the contents of a February 8th SIREN memo from the IDOI. The Department has determined that Article 3 and 4 pension funds can utilize a money market mutual fund. However, money market mutual funds can only be utilized to make benefit payments and other reasonable expenses. Given that Article 3 and 4 funds are able to quickly access money from the consolidated funds, the amount of money any Article 3 and 4 fund may keep in a retained account (including money market mutual funds) is limited. Amounts not imminently needed to make benefit payments or cover reasonable imminent expenses must be maintained in the consolidated fund and may not be maintained in a money market mutual fund.

Investments

4.1- Bank Loan Manager Selection: Discussion and Potential Action:

CIO Custer briefed the Board of Trustees on the search process for Bank Loan Managers, noting that finalist candidates were interviewed by eight members of the Board on January 19th, 2024. The finalist candidates were Aristotle, Ares, Sycamore Tree, which was the best qualified Emerging Manager, and Shenkman, which was the best qualified Veteran Owned Firm. IPOPIF Staff and Verus recommended an allocation of 2.0% of the total portfolio to the Aristotle Bank Loan Fund and 1.0% to the Ares Institutional Loan Fund. Based on the current total fund value of \$10 billion, this would equate to \$200 million and \$100 million, respectively. Funding would come from the passive SSGA high yield bond fund, with a corresponding allocation reduction from 10% to 7%. CIO Custer answered all questions.

A motion was made by Trustee Hopkins and seconded by Trustee Bowers to approve the recommendation of an allocation of 2.0% of the total portfolio to the Aristotle Bank Loan Fund and 1.0% of the total portfolio to the Ares Institutional Loan Fund. Funding for new bank loan strategies would come from the SSGA high yield bond fund, with a corresponding allocation reduction from 10% to 7%.

Motion carried by roll call vote.

Ayes- Trustees Suess, Swanlund, Catavu, Poulos, Bowers, Cole, Holleb, Hopkins, and Inman

Nayes- None

Absent- None

4.2- Transition Assets Planning: Discussion and Potential Action:

CIO Custer identified two key actions required to proceed with transition planning for Late Transferring Pension Funds: the amendment to the transition management agreement and the timing of the transfer.

Staff, Fiduciary Counsel, and State Street Global Markets (SSGM, Transition Manager) have negotiated an amendment to the Transition Manager Agreement. SSGM has agreed to use the phase II (lower) fee schedule through the end of 2024. Any commissions will be charged in the Transition Pool to isolate the costs to the Late Transferring Pension Funds.

CIO Custer answered all questions regarding the amendment to the Transition Management Agreement.

A motion was made by Trustee Hopkins and seconded by Trustee Inman to approve the amendment to the Transition Management Agreement.

Motion carried by roll call vote.

Ayes- Trustees Suess, Swanlund, Catavu, Poulos, Bowers, Cole, Holleb, Hopkins, and Inman

Nayes- None

Absent- None

With respect to the timing of the Transition, Mr. Custer reviewed key considerations including the complexity of transferring an estimated \$1.5 billion, the time needed to communicate with the Article 3 funds and for them to take required actions, and the parallel responsibilities of managing the current \$10 billion portfolio. Staff is recommending a single Transfer Date of October 1, 2024, to be completed by December 31, 2024, with no postponements allowed.

The single transfer date optimizes economies of scale, lowers costs, and reduces operational risk.

Clarification was provided by Fiduciary Counsel Muzzy and CIO Custer that extraordinary costs for Late Transferring Pension Funds would be equitably allocated to those Late Transferring Pension Funds, and not the compliant Article 3 pension funds that have already transferred assets to IPOPIF. Trustee Hopkins inquired if the litigant funds and the funds that did not transfer, would be charged the same. CIO Custer clarified that extraordinary costs will be equitably allocated to each Late Transferring Pension Fund in proportion to their asset value. Trustee Hopkins raised a targeted transfer date of 11/1/2024 versus 10/1/2024. CIO Custer reiterated his recommendation for October 1st, noting that this allowed for at least two quarterly meetings for the Late Transferring Pension Funds.

CIO Custer answered all questions.

A motion was made by Trustee Holleb and seconded by Trustee Hopkins to approve the schedule for the transfer of assets from Late Transferring Pension Funds on or before 12/31/2024, with a targeted transfer date of 10/1/2024.

Trustee Cole noted that the delay in transition schedule was unnecessary and did not agree with the delay.

Motion carried by roll call vote.

Ayes- Trustees Suess, Swanlund, Catavu, Poulos, Bowers, Holleb, Hopkins, Inman

Nayes- Cole

Absent- None

4.3- Investment Policy Statement Review: Discussion and Potential Action:

CIO Custer briefed the Board of Trustees on the Investment Policy Statement (IPS). Section IV.B.3 of the Investment Policy Statement (IPS) requires the Board to review and adopt the IPS during the first calendar quarter of each year and as otherwise required. The Investment Staff, Consultant, and Fiduciary Counsel have reviewed the IPS and are recommending changes. Mr. Custer noted that an annotated copy of the proposed revisions was provided in the agenda materials. He then provided clarification for certain recommended revisions.

Securities Lending has been moved from Section IV, Roles and Responsibilities to Section V, Investment Structure. Associated parameters and guidelines have been deleted since IPOPIF is not currently engaged in securities lending. The Board retains the option to engage in securities lending in the future and the parameters and guidelines would be detailed in a separate agreement with any securities lending provider. Permission for commingled funds that utilize securities lending has been added and the Board retains control over this aspect through the search and approval process for investment managers.

Manager Monitoring and Evaluation, Section VI.B, has been altered to reduce the focus on short-term performance and to make clear the process for the Board to evaluate Investment Managers of concern. A smooth version was also provided.

The asset allocation has been changed to move 3% from High Yield Bonds to Bank Loans, subject to separate Board Approval of Bank Loan manager selection. Staff and Verus are conducting a complete review of the Asset Allocation, which is targeted for Board Review in March 2024.

Six (6) IPS policies are required to be reviewed annually by the Illinois Pension Code. These annual review requirements will be satisfied upon adoption of the IPS by the Board. The six policies requiring review are: MWDBE Investment Manager Utilization Policy, Minority Broker-Dealer Policy, Fiduciary Diversity Policy, Business Diversity Policy, Economic Opportunity, and Sustainable Investing.

CIO Custer answered all questions.

A motion was made by Trustee Hopkins and seconded by Trustee Swanlund that the Board of Trustees adopt the Investment Policy Statement with the proposed revisions and additional changes that are directed by the Board. These changes included updating the adoption date to February 9, 2024.

Motion carried by roll call vote.

Ayes- Trustees Suess, Swanlund, Catavu, Poulos, Bowers, Inman, Hopkins, Holleb, and Cole

Nayes- None

Absent- None

4.4- Investment Update: Discussion and Potential Action:

CIO Custer provided an investment update to the Board of Trustees. He relayed the current asset allocation as of February 1, 2024.

CIO Custer then discussed valuation procedures for “Non-Daily” Investments. Some recent and future investments are subject to monthly liquidity and valuation. Future private market investments are likely to be valued quarterly. The IPOPIF Pool will continue to be valued daily with the best available information. Trustee Holleb suggested that consideration should be given to reflecting significant market movements between statements and to Article 3 pension funds with different year end dates.

CIO Custer answered all questions.

Board of Trustees

5.1- Committee Assignments- 2024: Discussion and Potential Action:

Executive Director White briefed the Board of Trustees regarding the Committee Assignments that are effective immediately through January 2025. Executive Director White answered all questions.

Trustee Cole suggested that the lists of members of each Committee, and dates be included in each agenda packet moving forward, for easy reference.

A motion was made by Trustee Poulos and seconded by Trustee Hopkins to approve IPOPIF Committee assignments through January 2025.

Motion carried by roll call vote.

Ayes- Trustees Suess, Swanlund, Catavu, Poulos, Bowers, Inman, Hopkins, Holleb, and Cole

Nayes- None

Absent- None

5.2 and 5.3- Board of Trustee Minutes- December 15, 2023, and January 19, 2024:

Discussion and Potential Action:

Executive Director White presented to the Board of Trustees the minutes of the regular Board of Trustees meetings held on December 15, 2023, and January 19, 2024.

A motion was made by Trustee Inman and seconded by Trustee Bowers to approve the minutes of the open session portion of the December 15, 2023, Board of Trustees Meeting.

Motion carried by roll call vote.

Ayes- Trustees Suess, Swanlund, Catavu, Poulos, Bowers, Inman, Hopkins, Holleb, and Cole

Nayes- None

Absent- None

A motion was made by Trustee Inman and seconded by Trustee Bowers to approve the minutes of the open session portion of the January 19, 2024, Board of Trustees Meeting.

Trustee Holleb stated that she would be abstaining from the vote, as she was not in attendance of the January Board of Trustees meeting.

Motion carried by roll call vote.

Ayes- Trustees Suess, Swanlund, Catavu, Poulos, Bowers, Inman, Hopkins, and Cole

Nayes- None

Absent- None

Abstain- Trustee Holleb

Governmental Liaison

6.1- Governmental Liaison Monthly Report: Discussion and Potential Action:

Government Liaison Bello provided a verbal report on the current legislative session to the Board of Trustees.

The legislature has been in session for 5 days. Today (February 9, 2024) is the deadline for bill filing. The Senate filed 6 bills and the House filed 173 bills. Government Liaison Bello stated that she would continue to monitor bills to see what would pertain to IPOPIF and brief those individually to the Board.

Trustee Cole stated the importance of contacting the State representatives if the Board would like to see movement on the Open Meetings Act bills(s).

A motion was made by Trustee Inman and seconded by Trustee Poulos to draft a letter from the Executive Director and Chairperson Suess to Senator Castro, sponsors, and the Speaker of the House of Representatives from the IPOPIF regarding the Open Meetings Act (OMA) and the option to conduct remote meetings.

Motion carried by roll call vote.

Ayes- Trustees Suess, Swanlund, Catavu, Poulos, Bowers, Inman, Hopkins, Holleb, and Cole

Nayes- None

Absent- None

The Board of Trustees also gave direction to the Government Liaison to speak with the members of the General Assembly on behalf of IPOPIF regarding this letter.

Government Liaison Bello answered all questions.

Operations

7.1- Job Description: Senior Accountant/Auditor: Discussion and Potential Action:

CFO Tuczak and Executive Director White briefed the Board of Trustees on an update to the Senior Accountant/Auditor job description. The Finance and Accounting team has assumed significant additional responsibilities effective July 1, 2023, the beginning of the fiscal year. With these additional responsibilities and the pending Agreed Upon Procedures of the Article 3 Funds, an additional staff member of the Finance and Accounting group is needed. It was noted that the fiscal year 2024 budget includes provision for a second Senior Accountant effective January 1, 2024.

This position will be focused on communicating with the Article 3 Funds regarding the agreed upon procedures, coordinating all engagements with the independent certified public accounting (CPA) firms, reviewing all reports completed and submitted by the CPA firms, and any necessary communications with the Illinois Department of Insurance. An estimated one-hundred twenty (120) Agreed Upon Procedures (AUP) engagements will be performed annually. In addition, this position will assist with the Cash Management Process, most notably verification procedures and database maintenance associated with eCFM Cash Access forms submitted by Participant Funds.

There will be some accounting procedures assigned to this role, including review of State Street Bank & Trust custody information relevant to the financial statements and regulatory reporting requirements, and reconciliation to recordkeeper reporting of Northeast Retirement Systems.

If approved by the Board, the recruitment process will begin following the February 9, 2024, meeting. A compensation survey was completed by Lauterbach & Amen using the revised job description and a change or modification of the existing salary structure is not necessary.

A motion was made by Trustee Hopkins and seconded by Trustee Bowers to approve the job description of the Senior Accountant/Auditor.

Motion carried by roll call vote.

Ayes- Trustees Suess, Swanlund, Catavu, Poulos, Bowers, Cole, Holleb, Hopkins, and Inman

Nayes- None

Absent- None

7.2- Strategic Plan: Discussion and Potential Action:

As a new organization, the Strategic Plan will greatly enhance the functionality of the IPOPIF organization, ensuring that the approved strategies are closely aligned with the mission and core values of the Fund, provide oversight and financial accountability regarding the activities of the Fund, and communicate with our stakeholders about the implementation of the pension code responsibilities of the Fund.

The Plan details the strategic goals for Investments, Governance, Management, and Stakeholder Relations and the objective of defining these outcomes and strategies to achieve these goals. The Strategic Plan covers the periods of 2024 through 2026 and will be reviewed annually by the Board of Trustees, particularly during the development of the annual budget to link the plan with the resources and tools necessary to achieve the goals. The Board of Trustees will also receive status reports regarding the goals and objectives every quarter throughout the plan term.

Executive Director White, Chief Financial Officer Tuczak, and Chief Investment Officer Custer answered all questions.

A motion was made by Trustee Hopkins and seconded by Trustee Inman to approve the Strategic Plan 2024-2026.

Motion carried by roll call vote.

Ayes- Trustees Suess, Swanlund, Catavu, Poulos, Bowers, Inman, and Hopkins

Nays- Trustees Cole and Holleb

Absent- None

7.3- Operations Update Report: Discussion and Potential Action:

Executive Director White provided the Board of Trustees with an Operations Update. This included the newly posted Article 3 Police Pension Funds monthly reports through December 2023 to the IPOPIF website.

A newsletter was published, posted to the website, and sent out to subscribed members and Authorized Agents on December 29, 2023.

The Annual Comprehensive Financial Report was distributed to the Board of Trustees, IDOI, and posted to the IPOPIF website on December 27, 2023.

The next scheduled Regional Stakeholder Meeting is to be held in Naperville on February 21, 2024. The next Board of Trustees meeting is scheduled for March 8, 2024, and will take place at the Marriott Pere Marquette. The next Committee Meetings are scheduled for April 12, 2024.

Trustee Hopkins requested the Board of Trustees visit the idea of obtaining the vacant room next to the IPOPIF office for future Board of Trustees meetings. With numerous meetings, the availability is limited. Executive Director White is revisiting the issue of availability, per the Strategic Plan and Board Effectiveness. Executive Director White briefed the Board of Trustees that discussions have been started with the City of Peoria for the vacant room next to the IPOPIF office. In a future meeting, the Board will be briefed on what the charge for that room will be as soon as it becomes available. Ideas of how to resolve this are asked to be brought forward at the March Board of Trustees meeting.

General Legal Counsel

8.1- Board of Trustees Meeting Closed Session Minutes: Discussion and Potential Action, and Performance Review: Discussion and Potential Action:

Discussion was had in open session on the need to review any closed session minutes in closed session or if they can be accepted in open session. General Legal Counsel Reimer stated the Closed Session Minutes for September 15, 2023, and October 13, 2023, can be approved by the Board of Trustees without the need for Closed Session review.

A motion was made by Trustee Hopkins and seconded by Trustee Bowers to approve the Closed Session Minutes of September 15, 2023, and October 13, 2023.

Motion carried by roll call vote.

Ayes- Trustees Suess, Swanlund, Catavu, Poulos, Bowers, Cole, Holleb, Hopkins, and Inman

Nayes- None

Absent- None

8.2 Performance Review:

A motion was made by Trustee Inman and seconded by Trustee Hopkins to enter into closed session at 12:53P.M. in accordance with the exception under 5 ILCS 120/2(c)(1) to discuss the appointment, employment, compensation, discipline, performance, or dismissal of specific employees and specific individuals.

Motion carried by roll call vote.

Ayes- Trustees Suess, Swanlund, Catavu, Poulos, Bowers, Cole, Holleb, Hopkins, and Inman

Nayes- None

Absent- None

The Board of Trustees entered into Closed Session at 12:53 PM and left Closed Session at 1:13 PM.

A motion was made by Trustee Inman and seconded by Trustee Bowers to return to Open Session.

Motion carried by voice vote.

Ayes- 9

Nayes- None

Absent- None

General Legal Counsel Reimer noted that the Board of Trustees entered into Closed Session for the purpose of discussing the appointment, employment, compensation, discipline, performance, or dismissal of specific employees or special individuals in accordance with Section 120/2(c)(1). Attorney Reimer stated that the Board of Trustees did not take any final actions and directed those changes to Goals and Objectives be made and that follow-up on these items be provided to the Chairperson by the members of the Board of Trustees.

Fiduciary Legal Counsel

9.1 and 9.2- Litigation Committee Closed Session Minutes and Status Update on Pending Litigation:

Chair Suess requested to postpone these two items to the next Board meeting.

Public Comment

11.0- Public Comment:

An opportunity for public comment was provided at 1:29 PM. No comments were heard, and no discussion was provided.

Adjournment

12.0-Adjournment:

A motion was made by Trustee Inman and seconded by Trustee Holleb to adjourn.

Motion was carried by a roll call vote:

Ayes: Trustees Suess, Swanlund, Catavu, Poulos, Bowers, Hopkins, Inman, Holleb, and Cole

Nayes- None

Absent- None

Meeting adjourned at 1:30 PM.

Respectfully submitted by:

Kate Cobb, Administrative Analyst

Approved by:

Phil Suess, Chairperson, Board of Trustees

Lee Catavu, Secretary, Board of Trustees

Date Approved by the Board of Trustees: March 8, 2024



ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

MEMORANDUM

TO: IPOPIF BOARD OF TRUSTEES
FROM: RICHARD WHITE, EXECUTIVE DIRECTOR
RE: LITIGATION COMMITTEE MINUTES
DATE: MARCH 8, 2024

RECOMMENDATIONS:

- Accept the Litigation Committee Meeting Minutes and Closed Session Minutes and approve for release.

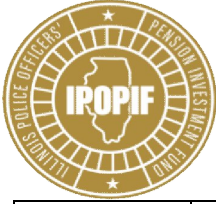
DISCUSSION:

With the completion of the litigation matter (The Arlington Heights Police Pension Fund v J.B. Pritzker, Governor, Docker 129471), it is suggested that the meeting minutes and closed session meeting minutes be reviewed and approved for release to the general public.

The Litigation Committee reviewed the meeting minutes and closed session minutes at their meeting on March 8, 2024 and recommended the Board of Trustees accept the minutes and approve for release. If necessary, updates to this list will be provided to the Board of Trustees at the meeting.

The list of those meeting minutes are listed below:

DATE OF MEETING	TYPE OF MINUTES	DATE OF APPROVAL BY LITIGATION COMMITTEE	DATE OF ACCEPTANCE BY BOARD OF TRUSTEES	DATE OF AUTHORIZATION FOR RELEASE BY BOARD OF TRUSTEES
11/12/2021	Committee Meeting Minutes	3/8/2024	3/8/2024	3/8/2024
5/28/2021	Closed Session Minutes	3/8/2024	3/8/2024	3/8/2024
8/13/2021	Closed Session Minutes	3/8/2024	3/8/2024	3/8/2024
10/29/2021	Closed Session Minutes	3/8/2024	3/8/2024	3/8/2024
11/12/2021	Closed Session Minutes	3/8/2024	3/8/2024	3/8/2024
1/14/2022	Closed Session Minutes	3/8/2024	3/8/2024	3/8/2024
1/28/2022	Closed Session Minutes	3/8/2024	3/8/2024	3/8/2024
2/10/2022	Closed Session Minutes	4/8/2022*	3/8/2024	3/8/2024/



ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

4/8/2022	Closed Session Minutes	5/26/2022*	3/8/2024	3/8/2024
5/26/2022	Closed Session Minutes	3/8/2024	3/8/2024	3/8/2024
2/10/2023	Closed Session Minutes	3/8/2024	3/8/2024	3/8/2024

* These minutes were approved by the committee previously and are submitted for review and acceptance by the Board of Trustees.



ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

MEMORANDUM

TO: IPOPIF Board of Trustees
FROM: Richard White, Executive Director
RE: Revision to Bylaws
DATE: March 8, 2024

Recommended action(s):

- Motion to approve revisions to the Bylaws, dated March 8, 2024

The Fund Bylaws are periodically reviewed to ensure that they remain consistent with Board procedures, policies, and governing laws. These proposed revisions to the Bylaws are presented for the following reasons:

1. Section 305 (Treasurer). The addition of a full-time financial and accounting team including the executive level leadership provided by the Chief Financial Officer, as well as, the expansion of roles and responsibilities being undertaken by the financial and accounting team has meant that those responsibilities that were previously provided by the Treasurer position during the transition period have been chiefly transferred to the finance and accounting team. As a result, the continuation of the Treasurer position has resulted in fewer and fewer responsibilities that are required from the Treasurer position. Additionally, oversight of the financial reporting previously provided by the Treasurer position has been assumed by the Audit and Budget Committee. These revisions will update the financial and accounting responsibilities in accordance with Fund operations and governance practices.
2. Section 309 (Committees of the Board). The Board of Trustees approved the expansion of the committees from three members to four members which is now reflected in this section, which states that each committee "shall have at least three members" and defines the representation on these committees. The Board of Trustees have been conducting the committee membership in this manner and this revision incorporates these changes.

**BOARD OF TRUSTEES OF THE
ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND**

BYLAWS

PART 1 GENERAL PROVISIONS

§101 Purpose

The purpose of the Bylaws adopted by the Board of Trustees of the Illinois Police Officers' Pension Investment Fund (IPOPIF) (hereinafter "the Board") established under Article 22B of the Illinois Pension Code, is to establish uniform procedures for conducting meetings, establishment of committees, election of officers, and running the day-to-day business of the Board.

§102 Definitions

As used in these Bylaws, the terms set forth below shall have the following definitions and meanings, except when the context of the Bylaw specifies and requires a different meaning:

Definition of Fund: The term "Pension Fund" or "IPOPIF" shall refer to the Illinois Police Officers' Pension Investment Fund created by 40 ILCS 5/22B-101 *et seq.*

Definition of Board: The term "Board" or "Pension Board" shall refer to the Board of Trustees of the Fund created by 40 ILCS 5/22B-115(a), unless otherwise stated.

Definition of Participant: The term "participant(s)" shall refer to an active police officer participating in an Article 3 Pension Fund.

Definition of Beneficiary: The term "beneficiary(ies)" shall refer to a retired pensioner, disabled pensioner, surviving spouse, minor children, disabled children, and dependent parents receiving benefits from an Article 3 Pension Fund. If a special need trust as described in Section 1396p(d)(4) of Title 42 of the United States Code, as amended from time to time, has been established for a disabled adult child, then the special needs trust may stand in lieu of the disabled adult child as a beneficiary for the purposes of this Article.

PART II ADMINISTRATION

§201 Composition of the Board

The Board shall consist of nine (9) Trustees as set forth in §5/22B-115(a) of the Illinois Pension Code.

The Board of Trustees shall consist of nine (9) members as follows:

(1) Three (3) members who are mayors, presidents, chief executive officers, chief financial officers, or other officers, executives, or department heads of municipalities that have participating pension funds and are elected by the mayors and presidents of municipalities that have participating pension funds.

(2) Three (3) members who are participants of participating pension funds and are elected by the participants of participating pension funds.

(3) Two (2) members who are beneficiaries of participating pension funds and are elected by the beneficiaries of participating pension funds.

(4) One member recommended by the Illinois Municipal League who shall be appointed by the Governor, with the advice and consent of the Senate.

The Board of Trustees shall select the Chairperson, Vice Chairperson ~~and~~ Secretary ~~and~~ ~~Treasurer~~ of the Permanent Board of Trustees from among the Trustees for a term of two (2) years. The holder of the Office of Chairperson shall alternate between a person elected or appointed under item (1) or (4) of this section and a person elected under item (2) or (3) of this section.

§202 Compensation

Trustees may not receive any compensation for services performed as Trustees but may be reimbursed for travel expenses incurred while on business for the Board, consistent with policies and procedures established by the Board.

§203 Meetings

- a) The Board shall hold at least four (4) quarterly meetings each calendar year. The Board will schedule the meetings for the following year, at its fourth quarterly meeting.
- b) The Board may agree to hold additional meetings as necessary for the prudent and efficient administration of the affairs and activities of the Pension Fund, at the request of the Chairperson or at least three (3) other Trustees.
- c) All meetings and notices shall be held in accordance with the Open Meetings Act, 5 ILCS 120/1 *et seq.*

§204 Emergency/Special Meetings

- a) The Chairperson or at least three (3) other Trustees may call special meetings.
- b) In the event of a *bona fide* emergency, upon reasonable notice to all of the Board Trustees, an emergency meeting may be held with less than forty-eight (48) hours' notice. The Chairperson, or at least three (3) other Board Trustee may request an emergency meeting by serving written notice upon all other Trustees as soon as practicable, prior to the date and time of the emergency meeting.
- c) For purposes of this Section, a "*bona fide* emergency" shall mean an unforeseen combination of circumstances or the resulting state which calls for immediate action.

§205 Annual Meeting

The Annual Meeting of the Board shall be the first regular meeting held in the calendar year, unless otherwise agreed upon by the Board.

§206 Open Meetings

- a) All Board and committee meetings are open to the public, except for those matters lawfully conducted in closed session.
- b) Any person shall be permitted to address the Board during the public comment portion of the meeting, not to exceed three (3) minutes per person.

§207 Order of Business

All meetings of the Board shall be conducted under a properly posted Agenda. Business will be transacted in the order posted on the Agenda unless the Chairperson directs otherwise. Any Trustee may place a matter on the Agenda.

§208 Quorum

- a) A quorum of the Board shall consist of six (6) Trustees. The approval of all Board business shall require the affirmative vote of at least five (5) Trustees at any given meeting, except.
- b) The following actions shall require the affirmative vote of at least six (6) Trustees: the adoption of actuarial assumptions; the selection of a chief investment officer; fiduciary counsel; of a consultant defined under Section 1-101.5 of the Illinois Pension Code; the adoption of rules for the election of trustees; and the adoption of asset allocation policies and investment policies.

§209 Remote Attendance

- a) Upon a majority vote of Trustees present at a meeting, a Trustee who is not physically present may participate in a meeting by audio, video, or internet conferencing, provided the Trustee is prevented from physically attending due to: (1) personal illness or disability; (2) employment purposes or Fund business; or (3) a family or other emergency. A Trustee who wishes to attend by telephone, video or internet conferencing must notify the Board Secretary and the Executive Director at least 24 hours prior to the meeting, unless advance notice is impractical. A Trustee who is allowed to participate by telephone, video or internet conferencing shall not be considered present for purposes of a quorum but shall be considered in attendance for all other purposes and allowed to vote on matters brought before the Board.
- b) Notwithstanding the foregoing, if the conditions of Section 7(e) of the Open Meetings Act are met, then Trustees may attend a Board or Committee meeting by audio, video, or internet conferencing without the requirement that there be a physical presence of a quorum.

§210 Fiscal Year

The Fiscal Year shall date from July 1 of one year to June 30 of the year next following.

§211 Audits and Reports

At least annually, the books, records, accounts, and securities of the Fund shall be audited by a certified public accountant selected by the Board and conducted in accordance with the rules and procedures promulgated by the Governmental Accounting Standards Board. An annual report shall be presented by the Board for submission to the participating pension funds and to the Department of Insurance within six (6) months after the close of each fiscal year.

PART III BOARD OFFICERS, EMPLOYEES, AND VENDORS

§301 Officers

The Officers of the Permanent Board shall be the Chairperson, Vice-Chairperson, and Secretary, ~~and Treasurer~~.

The Officers shall serve two-year terms of office.

§302 Duties of the Chairperson

The Chairperson shall preside over all functions and duties of the Board, unless such functions or duties are specifically delegated to other Trustees, employees, or agents of the Board. The Chairperson shall preside over all meetings of the Board and may execute all orders, certificates, and other documents necessary to carry out the affairs and activities of the Board.

§303 Duties of the Vice-Chairperson

The Vice-Chairperson shall perform the functions and duties of the Chairperson during any vacancy in that office or during any such time the Chairperson is unable to perform his or her duties. The Vice-Chairperson shall serve as Chairperson at any meeting of the Board in the absence of the Chairperson.

§304 Duties of the Secretary

The Secretary shall perform the following duties and functions: (1) be the custodian of all Board records, minutes of the meetings, and documentation; (2) record the minutes of all regular, special, and emergency meetings of the Board; (3) execute any and all documents on behalf of the Board; (4) certify the authenticity of all resolutions or documents of the Board; and (5) perform all other duties necessary to the administration of the Board. The Board may retain an independent contractor/vendor to perform some or all of these duties.

§305 Duties of the Treasurer Section Removed.

~~The Treasurer shall provide guidance, advice and ideas regarding the strategy and management of the IPOPIF financial operations, reporting, and budgeting, and regularly communicate with the IPOPIF Finance Director about such matters. The Treasurer shall receive reports of the activities of the Audit and Budget Committee from the Finance Director or any member of the Committee.~~

§306 Executive Director

The operation and administration of the Fund shall be managed by an Executive Director. The Executive Director shall act subject to and under the supervision of the Board. The Board shall fix the compensation of the Executive Director. The Executive Director and personnel of the Board shall prepare agendas, materials, and required postings for the meetings of the Board. With the approval of the Board, the Executive Director may employ such personnel, professional or clerical, as may be desirable, and fix their compensation. The Executive Director may execute all orders, certificates, and other documents necessary to carry out the affairs of the Fund as directed by the Board. The Executive Director shall perform such duties and responsibilities as the Board establishes in its Rules. The Board shall adopt a budget to support its operations and administration.

§307 Chief Investment Officer

The Board shall have the authority to manage the pension fund assets of the transferor pension funds for the purpose of obtaining a total return on investments for the long term. The Board may appoint a Chief Investment Officer (CIO). The Chief Investment Officer reports to the Board. The Chief Investment Officer is responsible for leading the management and operations of the Board's investment program. The Chief Investment Officer will work closely with the Executive Director to ensure the operations, management, and strategies of the Board are carried

out in accordance with the Investment Policy Statement and other relevant policies and procedures.

§308 Election of Officers

The Board shall have a Chairperson, a Vice-Chairperson, and a Secretary, each of whom shall be elected at the annual meeting. Officers shall serve two-year terms.

§309 Committees of the Board

The Board may from time to time create one or more committees. The Board shall appoint Trustees to serve on a committee. Each committee shall have at least three (3) ~~or more~~ Trustees. Each committee shall have at least one (1) member appointed from the active or beneficiary Trustees, at least one (1) Trustee appointed from the municipal Trustees, and at least one (1) Trustee appointed by the Chairperson. A majority of members shall constitute a quorum. The Chairperson shall designate one of the Committee members to serve as the Committee Chairperson and may appoint one (1) or more subject matter experts, or the Executive Director, to a committee, but those appointees shall not have any voting rights. The committee shall make recommendations to the full Board. Each member of a committee shall continue to serve until the next Annual Meeting and may be reappointed to additional terms. The Board shall establish the following standing committees, the Election Committee, and the Audit and Budget Committee. Special committees may be established from time to time as determined necessary by the Board.

§310 Contractors/Vendors

The Board may, in its discretion, retain independent contractors/vendors to carry out certain duties and functions of the Board. The duties of any such independent contractors/vendors and their compensation will be established in writing and reflected in the minutes of the Board meeting approving the relationship. All independent contractors/vendors will be retained on an at-will basis.

PART IV CONFLICTS OF INTEREST

§401 Conflicts of Interest and Ethics

No Trustee shall engage in any transaction or vote in any matter in which the Trustee shall receive any direct or indirect personal gain. However, (1) this shall not prohibit a Trustee from receiving any benefit to which the Trustee may be entitled as a participant or beneficiary in a retirement system or pension fund or (2) serving as a Trustee in addition to being an officer, employee, agent, or other representative of a “party in interest” as defined in §5/1-110(a) of the Pension Code.

§402 Disclosure of Conflicts

Prior to voting on any matter in which a Trustee would reasonably believe a conflict of interest exists, the Trustee shall publicly announce the conflict and refrain from voting. The conflict statement required by law shall be recorded in the minutes of the Board meeting. In determining whether a conflict exists, Trustees shall in all actions endeavor to avoid the appearance

| of impropriety.

PART V ELECTRONIC SIGNATURE

§501 Electronic Signature

Electronic Documents and Electronic Signatures.

- a) **Electronic Documents.** To the extent permitted by law including the Electronic Commerce Security Act (5 ILCS 175) and/or Executive Order, whenever these Bylaws require that a document, record, or instrument be “written” or “in writing,” the requirement is deemed satisfied by an Electronic Record. "Electronic record" means a record generated, communicated, received, or stored by electronic means for use in an information system or for transmission from one information system to another.
- b) **Electronic Signatures.** To the extent permitted by law including the Electronic Commerce Security Act (5 ILCS 175) and/or Executive Order, whenever these Bylaws require a signature, an Electronic Signature satisfies these requirements only if: (i) the signature is easily recognizable as a Secure Electronic Signature, as defined by 5 ILCS 175/10-110, that is (a) capable of verification, (b) under the sole control of the signatory, and (c) attached to the electronic document in such a way that the document cannot be modified without invalidating the signature; or (ii) the Board reasonably believes that the signatory affixed the signature with the intent to sign the Electronic Document, and the Electronic Document has not been modified since the signature was affixed. An "Electronic Signature" means a signature in electronic form attached to or logically associated with an electronic record and includes a facsimile signature.
- c) **Verification.** The Board may verify any Electronic Signature or Document using a qualified security procedure. A qualified security procedure for purposes of this section is a security procedure to detect changes in the content of an electronic record that is previously agreed to by the parties. Pending verification, the Board may refuse to accept any Electronic Signature or Document that, in the Board’s sole discretion, is not clearly authentic. Once verified, the Board shall not be liable to any member or any other person for accepting or acting in reliance upon an Electronic Signature or Document that the Board reasonably believes to be authentic.

PART VI POLICIES AND PROCEDURES

Policies and Procedures

- §601** The Board may adopt other policies and procedure as determined necessary by the Board.

PART VII AMENDMENTS

§701 Amendments

These Bylaws may be amended from time to time and shall require the affirmative vote of at least six (6) Trustees to be adopted.

The Bylaws were amended by the Board of Trustees on February 26, 2021. (Sections 201, 301 and 308)

The Bylaws were amended by the Board of Trustees on July 23, 2021, by adding Section 209 (Remote Attendance).

The Bylaws were amended by the Board of Trustees on April 14, 2023, by amending Section 305 (Duties of the Treasurer); by amending Section 309 (Committees of the Board).

The Bylaws were amended by the Board of Trustees on March 8, 2024 by amending Section 309 (Committees of the Board). Section 305 (Treasurer) and references to Treasurer were deleted.



ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

MEMORANDUM

TO: IPOP BOARD OF TRUSTEES
FROM: RICHARD WHITE, EXECUTIVE DIRECTOR
RE: GOVERNMENTAL LIAISON REPORT
DATE: MARCH 8, 2024

RECOMMENDATION: Receive the report.

Legislative Activity Report

Governmental Liaison Bukola Bello will review her legislative activity report with the Board of Trustees.

The written report will be provided to the Board of Trustees as a separate item.



ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

MEMORANDUM

TO: Board of Trustees
FROM: Richard White, Executive Director
Regina Tuczak, Chief Financial Officer
RE: Agenda Item 7.1 – Monthly Financial Statement – January 2024
DATE: March 8, 2024

RECOMMENDATION: Approve the Monthly financial statement for January 2024.

Participant fund activity was cash negative for the month of January as follows:

January Contributions \$34,875,480
January Withdrawals (\$46,533,560)

There were 118 cash contributions and 169 cash withdrawals in January (total of 287 transactions).

State Street reported 893 unique Cash Management users on eCFM as of February 7, 2024.

ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND



MONTHLY FINANCIAL REPORT

FOR THE SEVEN MONTHS ENDED JANUARY 31, 2024

MODIFIED CASH BASIS

PREPARED BY: THE STAFF OF THE ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

Illinois Police Officers' Pension Investment Fund Statement of Fiduciary Net Position As of January 31, 2024, and 2023

	<u>January 31, 2024</u>	<u>January 31, 2023</u>
Assets		
Cash		
Lake Forest Bank & Trust	\$ 112,368	\$ 478,778
Total Cash	112,368	478,778
 Investments		
Investments	9,948,139,062	8,963,102,728
Total Investments	9,948,139,062	8,963,102,728
 Other Assets		
Net IMRF Pension Asset	7,426	-
Total Other Assets	7,426	-
Total Assets	9,948,258,856	8,963,581,506
 Deferred Outflows of Resources		
Deferred outflows related to IMRF Pension	80,309	-
 Liabilities		
Illinois Finance Authority Loan	-	5,548,091
Capitalized Interest	-	79,635
Total Payables	-	5,627,726
 Accrued Expenses		
Payroll & Related	145,512	97,838
Professional	7,740	671,838
General	-	89,626
Total Accrued Expenses	153,252	859,302
Total Liabilities	153,252	6,487,028
Net Position Restricted	9,948,185,913	8,957,094,478

Illinois Police Officers' Pension Investment Fund Statement of Changes in Fiduciary Net Position For the Seven Months Ended January 31, 2024, and 2023

	<u>January 31, 2024</u>	<u>January 31, 2023</u>
Additions		
Proceeds		
Cash Received from Local Funds	294,691,685	154,636,756
Investments Received from Local Funds	13,100,419	5,626,951,044
Total Proceeds	307,792,104	5,781,587,800
Investment Income (Loss)		
Lake Forest Bank & Trust	361	7,629
Interest	33,534,085	33,399,673
Net appreciation (depreciation) in fair value of investments	500,291,992	436,097,253
Net Investment Income (Loss)	533,826,438	469,504,555
Total Additions	841,618,542	6,251,092,355
Deductions		
Administrative Expenses		
Board of Trustees & Meetings	(54,695)	(7,649)
Administrative Operations	(1,045,121)	(1,197,443)
Investment Operations	(1,076,457)	(837,081)
Total Administrative Expenses	(2,176,273)	(2,042,173)
Participating Fund Withdrawals	(277,852,375)	(26,704,138)
Total Deductions	(280,028,648)	(28,746,311)
Net Increase (Decrease)	561,589,894	6,222,346,044
Net Position Restricted		
Beginning of the Year	9,386,596,019	2,734,748,434
End of the Period	9,948,185,913	8,957,094,478

Illinois Police Officers' Pension Investment Fund

Additions Report for the Seven Months Ended January 31, 2024

	Received	Budgeted	Received this	Budgeted
	<u>this Month</u>	<u>this Month</u>	<u>Fiscal Year</u>	<u>this</u>
			<u>Fiscal Year</u>	<u>Fiscal Year</u>
Additions				
<u>Consolidated Funds</u>				
Cash Received from Local Funds	34,875,480	-	294,691,685	-
Investments Received from Local Funds	-	-	13,100,419	-
	<u>34,875,480</u>	<u>-</u>	<u>307,792,104</u>	<u>-</u>
<u>Investment Income (Loss)</u>				
Interest & Dividends	2,415,251	-	33,534,446	-
Net appreciation (depreciation)	(43,651,717)	-	500,291,992	-
	<u>(41,236,466)</u>	<u>-</u>	<u>533,826,438</u>	<u>-</u>
Total Additions	(6,360,986)	-	841,618,542	-

Illinois Police Officers' Pension Investment Fund

Deductions Report for the Seven Months Ended January 31, 2024

	Expended this Month	Budgeted this Month	Expended this Year	Budgeted this Year
Expenditures				
Board of Trustees and Meetings				
<u>Board of Trustees and Meetings Expenses</u>				
Professional Services				
<i>Administrative Services</i>	-	4,950	3,200	59,400
<i>Election Services</i>	4,965	-	23,850	-
Education and Training	2,012	3,000	2,012	36,000
Meeting Expenses	6,440	4,583	21,151	55,000
Board Member Reimbursements	1,330	2,787	4,482	33,440
Municipal Reimbursements	-	992	-	11,900
	14,747	16,312	54,695	195,740
Administrative Operations				
<u>Personnel</u>				
Administrative Personnel	64,020	71,674	425,460	860,088
Employment Expenses				
<i>FICA/Medicare</i>	4,887	4,921	25,593	59,052
<i>Medical/Dental Benefits</i>	8,676	10,399	66,003	124,788
<i>Unemployment</i>	465	113	856	1,354
<i>Retirement Benefits</i>	3,645	4,464	22,020	53,570
	81,693	91,571	539,932	1,098,852
<u>Professional Services</u>				
Finance				
<i>Accounting</i>	-	4,883	-	58,600
<i>Audit - Financial</i>	10,000	4,792	57,500	57,500
<i>Audit - Certified Asset List</i>	-	2,934	-	35,205
Administrative Services	-	3,975	-	47,700
Government Liaison	-	5,700	34,200	68,400
Actuarial Services	-	15,292	95,275	183,500
Outsourced Human Resources	-	1,000	419	12,000
Legal Services				
<i>Legal Services - General</i>	11,569	6,250	14,299	75,000
<i>Legal Services - Fiduciary</i>	5,546	10,417	30,210	125,000
Technology Services	-	1,000	3,337	12,000
Other Consulting Services	2,800	1,771	20,148	21,250
Communication Services	1,500	1,500	10,500	18,000
	31,415	59,514	265,888	714,155

Illinois Police Officers' Pension Investment Fund

Deductions Report for the Seven Months Ended January 31, 2024

	<u>Expended this Month</u>	<u>Budgeted this Month</u>	<u>Expended this Year</u>	<u>Budgeted this Year</u>
Expenditures				
<u>Bank Services and Fees</u>				
Local Bank Fees	192	375	1,409	4,500
	192	375	1,409	4,500
<u>Services & Supplies</u>				
Assets under \$5,000	-	4,167	42,533	50,000
Insurance	-	8,918	106,906	107,017
Office Lease/Rent	5,375	5,375	37,625	64,500
Printing & Postage	6,077	2,833	13,239	34,000
Supplies & Maintenance	186	1,167	3,959	14,000
Telecommunication	1,336	1,417	9,040	17,000
Contingency	(2)	1,000	(1)	12,000
Dues / Licenses	1,457	6,549	7,171	78,586
Training & Education	-	1,000	1,350	12,000
Travel & Transportation	243	1,000	4,830	12,000
Utilities	-	667	(835)	8,000
Website	10,299	1,667	12,075	20,000
	24,971	35,760	237,892	429,103
Investment Operations				
<u>Personnel</u>				
Investment Operations Personnel	61,216	83,333	378,996	1,000,000
Employment Expenses				
<i>FICA/Medicare</i>	4,561	5,279	19,017	63,344
<i>Medical/Dental Benefits</i>	5,436	8,795	35,083	105,542
<i>Unemployment</i>	393	66	506	790
<i>Retirement Benefits</i>	3,394	5,923	24,829	71,072
	75,000	103,396	458,431	1,240,748
<u>Investment & Banking</u>				
General Investment Consultant	-	35,625	106,875	427,500
Database Subscription(s)	37,132	3,178	37,172	38,135
Investment Management	10,587	115,417	335,610	1,385,000
Custodial Services	33,740	38,333	138,369	460,000
	81,459	192,553	618,026	2,310,635
Total Expenditures	309,477	499,481	2,176,273	5,993,733
Participating Fund Withdrawals	46,533,560		277,852,375	
Total Deductions	46,843,037		280,028,648	

Warrant #24-09 Paid 3-1-2024



Expenses for Ratification - March 8, 2024
 Board Meeting

BOARD OF TRUSTEES and MEETINGS

Education and Training

	Daniel Hopkins	
2/8/2024	Out of pocket reimbursement for hotel, travel, and meals for NAPO Pension Seminar on January 28 to 31, 2024	\$1,175.01
	Michael Inman	
2/9/2024	Out of pocket reimbursement for hotel, travel, and meals for NAPO Pension Seminar on January 28 to 31, 2024	\$1,410.57
	Total Board of Trustees and Meetings Education and Training Expense	\$2,585.58

Meeting Expenses

	Sound & Light Creations by Scott Fort	
2/26/2024	Sound system with table top microphones for Board Meeting, February 8, 2024, Invoice #2092401	\$1,035.00
	Richard White	
2/25/2024	Out of pocket reimbursement for catering for Board and Committee Meetings on February 9, 2024	\$339.11
	Out of pocket reimbursement for meeting space for Regional Stakeholder Meeting at Naperville Marriott on February 21, 2024	\$2,388.00
	Out of pocket reimbursement for meeting space for Board and Committee Meeting at Pere Marquette on March 8, 2024	\$2,362.38
	Total Board of Trustees and Meetings Meeting Expense	\$6,124.49

Board Member Reimbursements

	Lee Catavu	
2/9/2024	Out of pocket reimbursement for travel for February 9, 2024, Board and Committee Meetings	\$158.12
	Daniel Hopkins	
2/9/2024	Out of pocket reimbursement for travel for February 9, 2024, Board and Committee Meetings	\$207.03
	Michael Inman	
2/9/2024	Out of pocket reimbursement for travel for February 9, 2024, Board and Committee Meetings	\$99.80
	Philip Suess	
1/26/2024	Out of pocket reimbursement for travel for February 9, 2024, Board and Committee Meetings	\$225.00
	Total Board of Trustees and Meetings Board Member Reimbursements	\$689.95

TOTAL BOARD OF TRUSTEES AND MEETINGS EXPENSES		\$9,400.02
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Warrant #24-09 Paid 3-1-2024



Expenses for Ratification - March 8, 2024
 Board Meeting

ADMINISTRATIVE OPERATIONS

Professional Services - Finance

Accounting

	Lauterbach & Amen, LLP	
2/7/2024	Professional accounting services for December 2023, Invoice #87234	\$856.25
2/21/2024	Professional accounting services for January 2024, Invoice #87697	\$1,181.25
	Total Accounting Professional Services Expenses	\$2,037.50

Professional Services - Government Liaison

	Vision M.A.I. Consulting	
3/1/2024	Professional services rendered for March 2024, Invoice #3	\$5,700.00

Professional Services - Human Resources

	Lauterbach & Amen, LLP	
1/23/2024	Professional services rendered for December 2023, Invoice #86557	\$675.00
2/7/2024	Professional services rendered for January 2024, Invoice #87221	\$1,162.50
	Total Human Resources Professional Services Expenses	\$1,837.50

Professional Services - Legal

Fiduciary & Litigation

	Jacobs Burns Orlove & Hernandez LLP	
2/14/2024	Legal services rendered in January 2024 regarding general matters, bank loan documents, litigation, and transition mgr agreements, Invoice #499	\$15,617.62

Professional Services - Communication

	Shepherd Communications	
2/2/2024	Professional Services Fee for February 2024	\$1,500.00
2/28/2024	Professional Services Fee for March 2024	\$1,500.00
	Total Communication Professional Services Expenses	\$3,000.00

Services and Supplies

Assets under \$5,000

	Central Illinois Security	
2/13/2024	Service call to reset password, update credentials for software update Invoice #204064	\$262.50
3/1/2024	Semi annual monitoring fees, March 2024 to August 2024 Invoice #204792	\$228.00
	Total Services and Supplies, Assets under \$5,000	\$490.50

Warrant #24-09 Paid 3-1-2024



Expenses for Ratification - March 8, 2024
 Board Meeting

Services and Supplies (continued)

Office Lease

	City of Peoria	
3/1/2024	Rent for March 2024	\$5,375.00

Printing & Postage

	Samantha Lambert	
2/5/2024	Out of pocket reimbursement for postage for overnight mailing of documents to Board of Trustee member, February 2024	\$38.75

Supplies & Maintenance

	AAA Certified Confidential Security Corp	
1/31/2024	On-site confidential records destruction January 2024, Invoice #106069	\$42.40
2/29/2024	On-site confidential records destruction February 2024, Invoice #106367	\$42.40
	The Cleaning Source	
2/29/2024	Weekly cleaning service for February 2024, Invoice #IP0224	\$193.00
	Katherine Cobb	
2/8/2024	Out of pocket reimbursement for manual binding machine and Trustee photo frame	\$87.34
	ODP Business Solutions, LLC	
2/5/2024	Office supplies, Duct tape, 1.88" x 45 yards, qty 2 Invoice #353160799001	\$25.98
2/6/2024	Office supplies, Shredder lubricant sheets, 10 pack, qty 1 Invoice #353160184001	\$19.99
	Total Services and Supplies, Supplies & Maintenance	\$411.11

Telecommunications

	AmeriCALL	
2/4/2024	Monthly telephone charges, 2/4/2024 to 3/3/2024, Invoice #3185475	\$309.71
	Comcast	
2/12/2024	Monthly data, voice secure packaged services, 2/16/24 - 3/15/24	\$252.23
	Total Services and Supplies, Telecommunications	\$561.94

Dues & Licenses

	ADP, Inc.	
2/2/2024	Processing charges for period ending January 15, 2024, Debit #653169503	\$94.76
2/9/2024	Processing charges state tax remittance fee for period ending January 31, 2024, Debit #653670791	\$8.95
2/16/2024	Processing charges for period ending January 31, 2024, Debit #654569322	\$94.76

Warrant #24-09 Paid 3-1-2024



Expenses for Ratification - March 8, 2024
 Board Meeting

Services and Supplies

Dues & Licenses (continued)

	Diligent	
2/15/2024	Board and Leadership collaboration package, March 30, 2024 to March 29, 2025, Invoice #INV428592	\$21,060.00
	Levi, Ray & Shoup, Inc.	
2/6/2024	LRS Axcient CloudFinder for Office 365 backup, 25 licenses, January 2024, Invoice #314168	\$125.00
	NCPERS	
2/16/2024	New membership for the period February 16, 2024 to December 31, 2024, Invoice #16569	\$2,445.00
	Thomson Reuters	
2/6/2024	Electronic filing fee Form 1099-NISC, January 2024, Invoice #TN11204866	\$13.00
2/20/2024	NetStaff CS Web Services fees and Manual processing, January 2024, Invoice #WS11221272	\$466.00
	Total Services and Supplies, Dues & Licenses	\$24,307.47

Travel & Transportation

	Katherine Cobb	
2/5/2024	Out of pocket reimbursement for parking fees, February 2024	\$81.00
	Samantha Lambert	
2/5/2024	Out of pocket reimbursement for parking fees, February 2024	\$81.00
	Amy Zick	
2/26/2024	Out of pocket reimbursement for parking fees, 20 park pass, and misc daily parking fees	\$106.00
	Total Services and Supplies, Travel & Transportation	\$268.00

Website

	Levi, Ray & Shoup, Inc.	
2/6/2024	Website hosting and related support, January 2024, Invoice #314167	\$200.00

TOTAL ADMINISTRATIVE OPERATIONS EXPENSES \$59,845.39

INVESTMENT OPERATIONS

Investment & Banking

Investment Management

	RhumbLine Advisors	
2/12/2024	Investment Management Services for January 2024 \$2,710,075,976 AUM, .5bps, Invoice #gipop12024January	\$11,292.00

Warrant #24-09 Paid 3-1-2024



Expenses for Ratification - March 8, 2024
 Board Meeting

Investment Management (continued)

State Street Global Advisors		
2/1/2024	Investment Management services for October, November, and December 2023, Emerging Markets Index Fund \$659,678,496 AUM, .88 bps, Invoice #SSGABA3912211	\$14,447.60
2/1/2024	Investment Management services for Additional Fees for October, November, and December, 2023, Emerging Markets Index Fund \$659,678,496 AUM, 2.72 bps, Invoice #SSGABA3912212	\$44,876.35
2/1/2024	Investment Management services for October, November, and December 2023 - Non-US Small Cap Index Fund \$463,121,814 AUM, .88 bps, Invoice #SSGABA3912213	\$10,142.82
2/1/2024	Investment Management services for October, November, and December 2023 - Non-US Developed Index Fund \$1,646,823,478 AUM, .88 bps, Invoice #SSGABA3912219	\$36,067.03
2/1/2024	Investment Management services for July, August, and September, 2023 - US Agg Bond Index Fund \$368,378,598 AUM, .88 bps, Invoice #SSGABA3912215	\$8,067.85
2/1/2024	Investment Management services for October, November, and December 2023 - US REIT Index Fund \$389,299,557 AUM, .88 bps, Invoice #SSGABA3912214	\$8,526.04
2/1/2024	Investment Management services for October, November, and December 2023 - US ST Gov/Credit Bond Fund \$1,308,582,486 AUM, .88 bps, Invoice #SSGABA3912216	\$28,659.23
2/1/2024	Investment Management services for October, November, and December 2023 - US High Yield Bond Index Fund \$952,838,644 AUM, .88 bps, Invoice #SSGABA3912217	\$20,868.09
2/1/2024	Investment Management services for Additional Fees for October, November, and December, 2023, US High Yield Bond Index Fund \$952,838,644 AUM, 2.72 bps, Invoice #SSGABA3912218	\$64,819.33
2/1/2024	Investment Management services for October, November, and December 2023 - US TIPS 0-5 Yrs Fund \$277,999,415 AUM, .88 bps, Invoice #SSGABA3912220	\$6,088.46
2/1/2024	Investment Management services for October, November, and December 2023 - Emerging Markets Bond Index Fund \$581,527,980 AUM, .88 bps, Invoice #SSGABA3912221	\$12,736.03

Warrant #24-09 Paid 3-1-2024



Expenses for Ratification - March 8, 2024 Board Meeting

Investment Management (continued)		
2/1/2024	Investment Management services for Additional Fees for October, November, and December, 2023 -Emerging Markets Bond Index Fund \$581,527,980 AUM 2.72 bps, Invoice #SSGABA3912222	\$39,559.96
	Total Investment Management Investment & Banking Expenses	\$306,150.79
TOTAL INVESTMENT OPERATIONS EXPENSES		\$306,150.79
TOTAL EXPENSES FOR RATIFICATION		\$375,396.20



ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

MEMORANDUM

TO: Board of Trustees

FROM: Richard White, Executive Director
Regina Tuczak, Chief Financial Officer

RE: Agenda Item 7.3 - Mid-Year Budget Review: Discussion and Potential Action

DATE: March 8, 2024

RECOMMENDATION: Adopt Resolution 2024-01: Amending the Budget for Fiscal Year 2024 to reflect the changes as presented.

An analysis of the Approved and Adopted Fiscal Year 2024 Budget was prepared and compared to expenditures as of February 1, 2024, (all expenses through Warrant 24-08), and provided to the Audit and Budget Committee at its meeting on February 9th. The Committee provided feedback on the budget, and recommended approval of the Fiscal Year 2024 budget revisions.

Subsequent to the Audit and Budget Committee meeting, year-to-date expenditures within the budget analysis have been updated to include Warrant 24-09, which includes all expenses as of March 1, 2024. Based on these additional expenses and further budget analysis, some minor revisions were made to the Final Proposed Budget, which resulted in a net decrease of approximately \$1,000.¹

Based on this analysis, a proposed Final Budget for Fiscal Year 2024 has been prepared for consideration by the Board. Summary information is as follows:

	Actual Fiscal Year 23	Adopted Budget Fiscal Year 24	Expenditures through March 1, 2024	Final Proposed Budget Fiscal Year 24
Board of Trustees and Meetings	\$75,150	\$195,740	\$70,779	\$122,928
Administrative Operations				
Personnel	\$613,897	\$1,098,852	\$624,724	\$1,014,560
Professional Services	\$1,172,059	\$714,155	\$367,679	\$674,146
Bank Services and Fees	\$233,991	\$4,500	\$1,409	\$2,500
Services and Supplies	\$434,303	\$429,103	\$277,823	\$399,992
IMRF Pension Expense (Income)	(\$87,735)	-	-	-



ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

Investment Operations				
Personnel	\$796,297	\$1,240,748	\$524,299	\$857,883
Investment and Banking	\$1,690,241	\$2,310,635	\$1,111,915	\$3,185,672
(Less: Investment Mgr Fees)	(\$849,323)	(\$1,385,000)	(\$653,008)	(\$2,260,000)
Professional Services	\$1,163,655			
Total – Before Inv. Mgr Fees	\$5,242,535	\$4,608,733	\$2,325,620	\$3,997,681
Plus: Investment Manager Fees	<u>\$849,323</u>	<u>\$1,385,000</u>	<u>\$653,008</u>	<u>\$2,260,000</u>
TOTAL	\$6,091,858	\$5,993,733	\$2,978,628	\$6,257,681

Information regarding changes from the Adopted Budget (original budget) as compared to the Final Proposed Budget (final budget) is provided in the attached worksheet, which includes comments on changes >\$10,000 and 10% from the original budget. Further information is summarized below:

Board of Trustees and Meetings

Reduction in expenditures of \$72,812 from the original budget and proposed in the final budget includes several components, with one increase and a few decreases primarily due to the following:

- a) Reduction of Administrative Professional Services of \$56,200 due to performance of all related services by internal staff effective August 2023 and discontinued use of an external service provider.
- b) Increase in Election Services of \$30,216 to support the Special Election held in October of 2023 due to a trustee vacancy. In addition, partial payment for the October 2024 election and related services by the vendor required prior to June 30, 2024.
- c) Reduction of Education and Training of \$18,000 reflects minimal activity through the first six months of the fiscal year but allows for increased opportunities in the second half of the fiscal year.
- d) Board Member Reimbursements reduced \$17,885 to reflect actual expenses submitted through February 2024. Requirement for in-person quorums of Board and Committee meetings effective in June of 2023, with original budget reflective of higher estimated out-of-pocket costs for Trustees.

Administrative Operations

Personnel

Costs of current personnel are estimated to be \$84,292 less than the original budget. This is primarily due to the deferral of the Communications Specialist to the next fiscal year and the



ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

estimated start of the Senior Accountant/Auditor to be April 1, 2024, versus January 1, 2024, reflected in the original budget.

Professional Services

Costs of professional services in the final budget are expected to be \$40,009 less than the original budget. There are several significant elements of this change, with offsetting increases and decreases:

- a) Reduction in Accounting Support Services of \$36,206 as internal staff assumed all accounting and financial reporting responsibilities effective July 1, 2023. Assistance from the prior external service provider has been less than expected during the transition.
- b) Reduction in Certified Asset List Auditing Services of \$35,205 as there are no expected transition services in the fiscal year, with one final transition planned for October 1, 2024.
- c) Addition of the Agreed Upon Procedures – Article 3 Funds of \$84,000 reflects the anticipated hiring of Independent Certified Public Accounting firms to perform these procedures beginning May 1, 2024. The budgeted amount anticipates 30 engagements at an average cost of \$2,800.
- d) Elimination of Administrative Support services resulting in a \$47,000 reduction from the original budget. These services have been assumed by internal staff.
- e) Increase in Other Consulting Services of \$16,748 reflects additional services associated with development and approval of the Fund's Strategic Plan for 2024-2026.

Services and Supplies

Costs of services and supplies in the final budget are expected to be \$29,111 lower than the original budget. Items with significant decreases are as follows:

- a) Printing and Postage costs are approximately \$14,000 less than expected. The original estimate for the design and printing of the Annual Comprehensive Financial Report was higher than actual, and the original budget assumed transition of assets activity and related communication to the impacted local police pension funds.
- b) Reduction of Education and Training of \$6,000 reflects minimal activity through the first six months of the fiscal year but allows for increased opportunities in the second half of the fiscal year.



ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

Investment Operations

Personnel

Costs of current personnel are expected to be \$382,865 less than the original budget. The original budget assumed hiring two Investment Officers effective July 1, 2023. The final budget estimates hiring one Investment Officer effective May 1, 2024.

Investment and Banking

Investment and Banking expenses are expected to be \$875,037 higher in the final budget as compared to the original budget. The increase is primarily driven by estimated fees for Acadian and LSV (+\$954K), partially offset by lower fees to State Street Global Advisors for International Small Cap and Bank Loan passive index products. Also, 2023 Asset Under Management was less than the estimated \$10B basis for the fee calculations. Fees for Aristotle, Ares, and WCM will be deducted from the commingled product directly and are not included in the budget estimate.

¹ Changes from the version submitted to the Audit and Budget Committee on February 9, are as follows:

- a. Board Member Reimbursements (decrease of \$750 to reflect actual reimbursements for the February Board meeting)
- b. Administrative Operations Personnel (increase of \$6,800 to reflect an increased anticipated June 30 accrual)
- c. Agreed-Upon Procedures for Article 3 Funds (decrease of \$5,250 to reflect a reduction of average per-engagement fee)
- d. Fiduciary and Litigation Legal Services (an increase of \$3,104 to reflect actual January billing versus estimate)
- e. Other Consulting Services (a reduction of \$3,000 due to limited utilization in January and February)
- f. Travel and Transportation (a reduction of \$2,000 to reflect lower expenses in February).

Illinois Police Officers' Pension Investment Fund (IPOPIF)

FY 2024 Operations Budget

as of 3/1/2024

Function					
Category					
Sub-Category					
Sub-Category Detail					
	Actual	Adopted	Actual	Proposed	
	FY 2023	Budget	as of	Final Budget	Comments for changes >10% and \$10,000 from
		FY 2024	March 1, 2024	FY 2024	Adopted Budget FY 2024
EXPENDITURES					
Board of Trustees and Meetings					
<u>Board of Trustees and Meetings Expenses</u>					
Professional Services					
<i>Administrative Services</i>	51,500	59,400	3,200	3,200	Services now performed by IPOPIF staff
<i>Election Services</i>	(6,366)	-	23,850	30,216	Special election for trustee vacancy and 2024 retainer fee
Education and Training	11,125	36,000	6,234	18,000	Less activity than expected in first half of fiscal year
Meeting Expenses	16,797	55,000	31,551	45,500	
Board Member Reimbursements	2,094	33,440	5,945	15,555	Estimate based on limited data prior to June 2023
Municipal Reimbursements	-	11,900	-	10,457	
Total Board of Trustees and Meetings	75,150	195,740	70,779	122,928	
Administrative Operations					
<u>Personnel Costs</u>					
	613,897	1,098,852	624,724	1,014,560	Sr Acct/Auditor start April 1; Comm. Specialist deferred
<u>Professional Services</u>					
Finance					
<i>Accounting Support Services</i>	24,000	58,600	17,432	22,394	Services performed by IPOPIF staff; less transition costs
<i>Audit - Financial</i>	41,250	57,500	57,500	57,500	
<i>Audit - Certified Asset List</i>	360,335	35,205	-	-	Transition of assets not expected in fiscal year 2023
<i>Audit - Transition</i>	-	-	-	-	
<i>Chief Financial Officer</i>	181,369	-	-	-	
<i>Agreed Upon Procedures - Article 3</i>	-	-	-	84,000	Assume start date of May 1; 30 funds; \$2,800 average price
Administrative Services	77,200	47,700	-	-	Services now performed by IPOPIF staff
Government Liaison	62,700	68,400	51,300	68,400	
Actuarial Services	187,350	183,500	121,775	188,855	
Human Resources	17,589	12,000	6,025	10,000	
Legal Services					
<i>General</i>	53,099	75,000	14,299	60,000	Estimate based on billings through October 2023
<i>Fiduciary and Litigation</i>	76,675	125,000	58,513	121,000	
<i>Auxiliary Legal Counsel</i>	-	-	-	-	
Technology Services	58,092	12,000	3,337	6,000	
Communication Services	24,000	18,000	13,500	18,000	
Other Consulting Services	8,400	21,250	23,998	37,998	Continued services to support development Strategic Plan
	1,172,059	714,155	367,679	674,146	

Illinois Police Officers' Pension Investment Fund (IPOPIF)

FY 2024 Operations Budget (page 2)

as of 3/1/2024

Function					
Category					
Sub-Category					
Sub-Category Detail					
	Actual FY 2023	Adopted Budget FY 2024	Actual as of March 1, 2024	Proposed Final Budget FY 2024	Comments for changes >10% and \$10,000 from Adopted Budget FY 2024
<u>Bank Services and Fees</u>					
Local Bank Fees	3,426	4,500	1,409	2,500	
Loan Interest Expense	230,565	-	-	-	
	233,991	4,500	1,409	2,500	
<u>Services and Supplies</u>					
Assets under \$5,000	153,804	50,000	43,024	50,000	
Insurance	84,418	107,017	106,906	106,906	
Office Lease	48,375	64,500	48,375	64,500	
Printing & Postage	7,759	34,000	13,278	20,000	Overestimated printing and design for ACFR
Supplies & Maintenance	12,479	14,000	5,175	10,000	
Telecommunication	15,182	17,000	10,164	15,000	
Contingency	-	12,000	(1)	12,000	
Dues / Licenses	65,623	78,586	32,532	78,586	
Training & Education	135	12,000	1,470	6,000	
Travel & Transportation	2,868	12,000	5,260	10,000	
Utilities	5,821	8,000	(835)	7,000	
Website	37,839	20,000	12,475	20,000	
	434,303	429,103	277,823	399,992	
IMRF Pension Expense (Income)	(87,735)	-	0	-	Not subject to estimate
Total Administrative Operations	2,366,515	2,246,610	1,271,635	2,091,199	
Investment Operations					
<u>Personnel Costs</u>	796,297	1,240,748	524,299	857,883	Original Budget assumed 2 addt'l Investment Officers July 1
<u>Investment & Banking</u>					
General Investment Consultant	427,500	427,500	213,750	427,500	
Database Subscription(s)	37,050	38,135	38,172	38,172	
Investment Management	849,323	1,385,000	653,008	2,260,000	Addition of Acadian and LSV fees
Custodial Services	376,368	460,000	206,986	460,000	
	1,690,241	2,310,635	1,111,915	3,185,672	
<u>Professional Services</u>					
Project Architect	28,175	-	-	-	
Transition Management	847,718	-	-	-	
Transition Consultant/Services	287,762	-	-	-	
	1,163,655	-	-	-	
Total Investment Operations	3,650,193	3,551,383	1,636,214	4,043,555	
TOTAL BUDGETED EXPENDITURES	6,091,858	5,993,733	2,978,628	6,257,681	

RESOLUTION NO. 2024-01

RESOLUTION AMENDING THE BUDGET
FOR THE 2024 FISCAL YEAR

March 8, 2024

WHEREAS 522B-118(e) of the Illinois Pension Code requires the Illinois Police Officers' Pension Investment Fund (hereinafter the "Board") to annually adopt a budget to support its operations and administration.

WHEREAS, in compliance with the cited statutory requirements on June 9, 2023, the Board of Trustees has adopted the budget for fiscal year 2024.

WHEREAS, the Board of Trustees has determined that it is necessary, desirable and in the public interest to amend the fiscal budget as provided herein.

BE IT RESOLVED by the Board:

1. The Board finds as facts the recitals hereinabove set forth. The Board further finds that the Budget amendments approved hereby are appropriate for the operation and administration of the Fund.

2. The Board hereby approves and adopts the amended Budget for fiscal year 2024 in an amount totaling \$6,257,681.

3. The amended Budget for fiscal year 2024 for the Fund is adopted as shown on Exhibit 1 attached hereto and made a part hereof.

4. Any policy or resolution of the Fund that conflicts with the provisions of this Resolution shall be and are hereby repealed to the extent of such conflict.

5. That except as amended herein, the original Budget resolution shall remain in full force and effect.

6. This Resolution shall be in full force and effect upon its passage and approval in the manner provided by law.

Approved and effective this 8th day of March 2024 by vote as follows:

Ayes:

Nays:

Abstain:

Absent:

ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

By:

Kate Cobb, Administrative Analyst, IPOPIF

ATTEST:

Lee Catavu, Board Secretary, IPOPIF

Finance and Accounting Update Report

As of March 1, 2024



Current Initiatives

Agreed Upon Procedures of Article 3 Funds

- Engagement letters received from two firms, reviewed by fiduciary counsel, with comments submitted
- Illinois Department of Insurance notified of Board's approval to hire three Independent CPA firms, but requested deferral of written agreement with IDOI pending completion of engagement letters
- Requested list of dates from the IDOI for which the most recent IDOI Examination was performed on each Article 3 Fund

Recruitment of Senior Accountant/Auditor

- Lauterbach and Amen LLP outsourced Human Resources services notified of job posting and will be assisting IPOPIF staff with recruitment and interviews
- Job posting included on Fund website and Indeed.com
- Job posting to be posted on IGFOA website on or about March 1



Other Matters - Cash Management

- Currently working on verification procedures and set-up of approximately 40 eCFM forms submitted by Article 3 funds from recent Board meetings
- Approximately 20 Article 3 funds still have not submitted an eCFM form
- Highest volume of processing of cash contributions (78 receipts) in one day on February 28, 2024, since assuming Cash Management on July 1



Other Matters

- First time submission of Forms 1099-NISC in compliance with Internal Revenue Service guidelines, using Accounting CS software (previously performed by an external service provider)
- Invited to speak at IL CPA Society Annual Government Conference on May 1, 2024, in Springfield





ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

MEMORANDUM

TO: IPOP BOARD OF TRUSTEES
FROM: RICHARD WHITE, EXECUTIVE DIRECTOR
RE: STRATEGIC PLAN: GOVERNANCE OBJECTIVE
DATE: MARCH 8, 2024

RECOMMENDATION: Provide direction to staff, including:

- Prefer hotel meeting room space to be used for Board of Trustees meetings,
- Prefer Twin Towers meeting room space to be used for Committee meetings,
- Conduct Board of Trustees and Committee meetings in the City of Peoria,
- Review, as necessary.

STRATEGIC PLAN GOAL: GOVERNANCE: Ensure good governance by implementing best practices for accountability and transparency.

One objective within the Governance goal is to review the operations of the Board to enhance best practices for a governing body to promote the highest fiduciary standards needed for effective and efficient governance, oversight, and transparency. [Refer to the Strategic Objective plan included in these materials.]

A key output of this process is to undertake a review of the Board and Committee meeting location(s), to ensure quality, effectiveness, and professionalism of the Board and Committee meeting spaces, meeting technology requirements, meeting logistical requirements, and other components that are needed for effectively and efficiently conducting meetings.



ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

While this review will take several steps before the issue is presented to the Board of Trustees for ultimate resolution, a recent discussion of the Board of Trustees encouraged that an initial discussion be held at this meeting about the Board and Committee meeting space.

BACKGROUND:

The Board of Trustees has held eighty-three Board or Committee meetings since the initial meeting in February 2020, with an overwhelming majority of these meetings held primarily as remote meetings in accordance with the Gubernatorial Disaster Proclamation in effect because of the COVID-19 pandemic. Eighteen meetings have been conducted by the Board of Trustees as in-person meetings during this period with most of these meetings taking place in the most recent timeframe after the end of the Disaster Proclamation in May 2023.

The Board of Trustees began leasing space in the Twin Towers Building in October 2021, initially housed in temporary office space due to the permanent office space being under construction, and into the permanent office in October 2022, at the completion of the construction. The Fund has a lease agreement with the City of Peoria for five years.

As a part of our tenancy, the City offered the use of a city-owned space (Training Room 420-A) in the Twin Towers Building as a meeting room for the Fund, which was offered at no cost to the Fund but is subject to the availability of this space in accordance with the needs of the City. The City of Peoria retains the right to reschedule or cancel meetings, as required for City functions, although the room many have been previously reserved for the Fund.

There is an open area outside of the Fund office that has been used on a limited basis by the city and both tenants in the suite. The Fund had been previously told that this space was available for meetings, and we had planned to use this space on at least one occasion. Recent communication with us from the city indicated that this space was unavailable to us, but they are considering making the new conference room available under a similar process as currently is in place for room 420 and will be back in touch with us once their plan is completed.



ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

DISCUSSION:

As mentioned, the Board of Trustees have held eighteen meetings as in-person attendance meetings, which include nine meetings held in the Twin Towers training room and nine meetings held in an outside meeting venue, such as the Pere Marquette Marriott Hotel in Peoria. These meetings provide information for the Board of Trustees in consideration of the meeting room space options. The following analysis of the meeting room and associated expenses for the past eighteen meetings is shown in the table below:

MEETING ROOM EXPENSE HISTORY:

Meetings Conducted	18	Room Rental	Audio/Visual	Food/Beverage	Sub-Total	Average Expense per Meeting
Twin Towers Training Room	9	\$ -	\$ 6,733.00	\$ 3,276.47	\$ 10,009.47	\$ 1,112.16
Hotel Conference Rooms	9	\$ 5,600.00	\$ 14,094.60	\$ 15,771.81	\$ 35,466.41	\$ 3,940.71
					\$ 45,475.88	



ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

CONSIDERATIONS FOR EFFICIENT AND EFFECTIVE MEETING ROOMS:

1. SUFFICIENT SPACE FOR THE MEETING: includes the Board of Trustees, IPOPIF staff, service providers, presenters and guests, and public seating.
 - The hotel room meeting space, versus the Twin Towers training room, is better suited to the needs of the Fund and presents a more professional environment for these meetings, especially the Board of Trustee meetings.
2. ACCESSIBLE SPACE: for all of the above participants, staff and attendees.
 - Both spaces are sufficient and accessible for all participants, staff and attendees.
3. CONVENIENT LOCATION: for all of the above that includes the ease of moving the meeting materials, dais materials, audio/visual equipment, internet accessibility, food and beverage needs, and public access.
 - Because all of these meetings are conducted in meeting rooms that are external to the Fund, there are significant logistical requirements to set the rooms for an in-person meeting that also requires internet capability needed to conduct the meeting on a remote digital network and to audio/visual record the meeting to comply with the requirements of the Open Meetings Act. This task is not an inconsequential one.
 - The IPOPIF team begins preparation well in advance of the meeting day, as well as work to set-up before and tear-down after the meeting. The IPOPIF team prefers access to the meeting room on the afternoon before the meeting so that much of the room furniture and audio/visual equipment can be set-up, tested, and prepared for the meeting. In instances where the meeting room is unavailable the day before requires that the room be set-up the morning of the meeting which, with the Twin Towers training room only being accessible at 8:00 AM, means that the start of any meeting is pushed back to 10:00 AM, at the earliest time on these days.



ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

- The hotel meeting room venues generally are set-up by the hotel and also allow us access to the meeting room on the day before the meeting for our set-up. The Training Room is frequently not available in advance.
 - The hotel venue has been convenient for Board members and service providers, for accommodations, parking, and food/beverage. The Training Room is the most convenient with a minimum amount of logistics involved for the staff but more coordination with food/beverage is needed here.
4. EASE OF ACCESS: for all those Board members, staff, service providers, presenters and public that travel to/from the meeting, including interstate and rail connections, airports, and hotel accommodations.
- a. The Fund has a number of team members that reside in the Peoria area.
 - b. The Fund has a number of service providers that are now familiar with the logistics of travel to/from Peoria.
 - c. The Board of Trustees now also have the same familiarity with these travel logistics and familiarity with the meeting venues that have been used.
5. COST EFFICIENCY: including the efficient use of Fund resources and expenses.
- The IPOPIF has worked with a couple of Audio/Visual service providers and recently identified a very good Audio/Visual service provider. A benefit of using this provider is that the company has access to the Pere Marquette Marriott and the Marriott Hotel – Normal, which has allowed the Fund to contract directly with the vendor for these services when engaged at the hotel. Before this vendor was identified or instances where the A/V service is provided through the hotel, the cost of this service was significantly more expensive when provided directly from the hotel.



ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

- The following table shows the meeting room and associated expenses for an annual meeting schedule using each of the venues and the projected annual expense that each of the Article 3 participating police pension funds would incur for these meeting venues. The expense of either venue to each Article 3 fund is de minimus.

MEETING ROOM EXPENSES ALLOCATED TO ARTICLE 3 FUNDS, BASED ON THE ANNUAL USE OF EACH MEETING ROOM SPACE FOR FUND MEETINGS:

Annual Projected Expenses	Average Expense per Meeting	Meetings per Year	Total Meetings Expenses per Year	Article 3 Fund Annual pro rata expense for IPOPIF Board and Committee meetings - Assume \$18 million Fund on \$10 Billion Base (Median Fund value at 12/31/2023)	Article 3 Fund Annual pro rata expense for IPOPIF Board and Committee meetings - Assume \$30 million Fund on \$10 Billion Base (Average Fund value at 12/31/2023)	Article 3 Fund Annual pro rata expense for IPOPIF Board and Committee meetings - Assume \$100 million Fund on \$10 Billion Base (Only 17 funds over \$100 mm at 12/31/2023)
Twin Towers						
Training Room	\$ 1,112.16	11	\$ 12,233.80	\$ 22.02	\$ 36.70	\$ 122.34
Hotel Conference Rooms	\$ 3,940.71	11	\$ 43,347.83	\$ 78.03	\$ 130.04	\$ 433.48



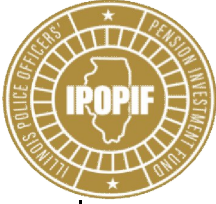
ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

6. **CONSISTENT LOCATION:** including a location that is readily available, reasonable in the above listed criteria, dependable, and a reliable location that is familiar to all of the above listed participants, guests, and public.

- The Fund has established a permanent office in the City of Peoria and the location in the center of the state was one of the considerations in choosing this location. The meetings of the Board of Trustees are conducted as in-person meetings and are available on the Zoom digital platform to ensure remote access for all interested individuals, including stakeholders.
- Any location away from the City of Peoria will include logistical, travel issues and time out-of-the office that add expenses and workload to the Fund above those that are incurred when meeting in Peoria, including all IPOPIF staff, all members of the Board of Trustees, service providers and presenters.

PROJECTED IPOPIF STAFF EXPENSES, PER MEETING, INCURRED WITH MEETINGS CONDUCTED AWAY FROM PEORIA HOME BASE:

<u>Staff Member</u>	<u>Hotel*</u>	<u>Mileage</u>	<u>Meal Reimbursement</u>	<u>Estimated Total</u>
Scenario #1 - Reasonable Drive				
Distance from Chicagoland				
		120 Miles		
Example: Aurora				
Significance: Gina, Steve and Barb commute from residence				
	\$	\$	\$	\$
R White	140.00	160.80	50.00	350.80
	\$	\$	\$	\$
K Custer	140.00	160.80	50.00	350.80
	\$	\$	\$	\$
A Zick	140.00	160.80	50.00	350.80
	\$	\$	\$	\$
J Miller	140.00	160.80	50.00	350.80
	\$	\$	\$	\$
K Cobb	140.00	160.80	50.00	350.80



ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

	\$	\$	\$	\$
S Lambert	140.00	160.80	50.00	350.80
				\$
				2,104.80

Scenario #2 - Over 2 hours from Peoria				
			160 Miles	
Example: Effingham			from Peoria	
Significance: No staff are able to commute from residence				
	\$	\$	\$	\$
R White	130.00	214.40	50.00	394.40
	\$	\$	\$	\$
K Custer	130.00	214.40	50.00	394.40
	\$	\$	\$	\$
G Tuczak	130.00	214.40	50.00	394.40
	\$	\$	\$	\$
B Meyer	130.00	214.40	50.00	394.40
	\$	\$	\$	\$
S Yoon	130.00	214.40	50.00	394.40
	\$	\$	\$	\$
A Zick	130.00	214.40	50.00	394.40
	\$	\$	\$	\$
J Miller	130.00	214.40	50.00	394.40
	\$	\$	\$	\$
K Cobb	130.00	214.40	50.00	394.40
	\$	\$	\$	\$
S Lambert	130.00	214.40	50.00	394.40
				\$
				3,549.60

*Hotel rates assume a government rate is secured. This is dependent on local management policies - Peoria hotels are very accommodating to Government rate allowances.
 Aurora example assumes stay at Fairfield Inn in Aurora with current govt rate of \$114 prior to taxes and fees
 Effingham example assumes stay at Fairfield Inn in Effingham with current govt rate of \$107 prior to taxes and fees



ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

CONCLUSION:

The meeting location of the Board of Trustees is an important consideration which includes many variables, as noted above. Direction and discussion from the Board of Trustees are requested at this meeting, with further information and discussion anticipated later during the strategic planning process.



**Illinois Police Officers'
Pension Investment Fund**

Administration/Operations Update

**Richard White,
Executive Director**

**IPOPIF Board Meeting
Friday, March 8, 2024**

COMMUNICATIONS

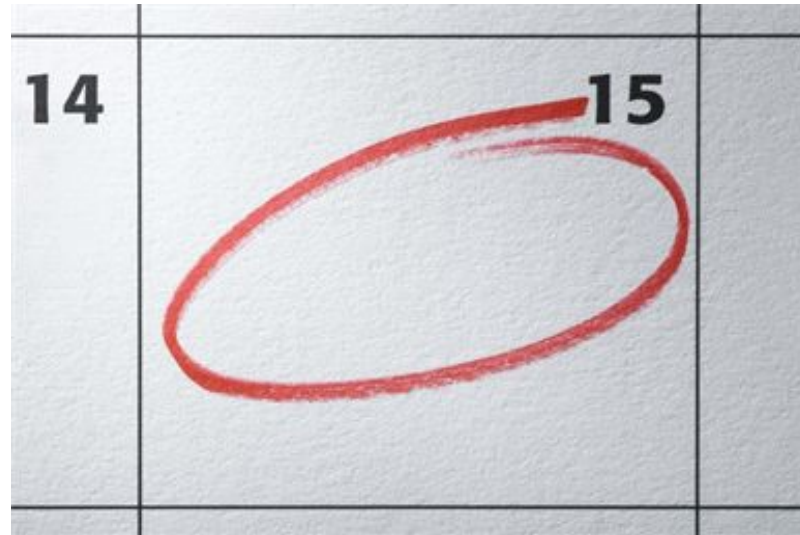
- **Article 3 Police Pension Funds**
 - Monthly investment reports through January 2024 for each of the Article 3 funds have been posted to the Website.
 - Reports continue to be available to Funds via on-line portal.
- **Newsletter**
 - February 2024 Published and Distributed
- **Public Meetings and Presentations**
 - Regional Stakeholder Meeting held on February 21 with 25+ attendees.

Regional Stakeholder Meeting Calendar

DAY	DATE	LOCATION
WEDNESDAY	FEBRUARY 21, 2024 1:00 PM – 5:00 PM	NAPERVILLE Chicago Marriott Hotel
WEDNESDAY	MAY 8, 2024 1:00 PM – 4:00 PM	GALENA IPPFA Pension Conference Eagle Ridge Resort
WEDNESDAY	JULY 10, 2024	QUINCY
WEDNESDAY	OCTOBER 23, 2024	ROCKFORD

Revised: February 2024.

BOARD AND COMMITTEE MEETINGS



Board of Trustees:

Friday

April 12, 2024

TBD

Committee Meetings

Friday,

May 17, 2024

TBD

AGENDA PLANNING

- **APRIL 12**

- Strategic Plan – Quarterly Report
- Report on Transition of Assets

- **MAY 17**

- Committee Meetings

- **JUNE 14**

- Fiscal Year 2025 Budget
- Trustee Election Policy and Procedures

HUMAN RESOURCES

- **RECRUITMENT**

- Senior Accountant/Auditor recruitment underway.



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