ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

Annual Comprehensive Financial Report

For the Year Ended June 30, 2022

ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND
Peoria, Illinois

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Year Ended:
June 30, 2022

Prepared by the staff of the Illinois Police Officers' Pension Investment Fund

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INTRODUCTORY SECTION

ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

MEMBERS OF THE BOARD OF TRUSTEES

As of June 30, 2022

IPOPIF STAFF

As of June 30, 2022

Richard A. White, Jr.

Executive Director

Kent F. Custer

Chief Investment Officer

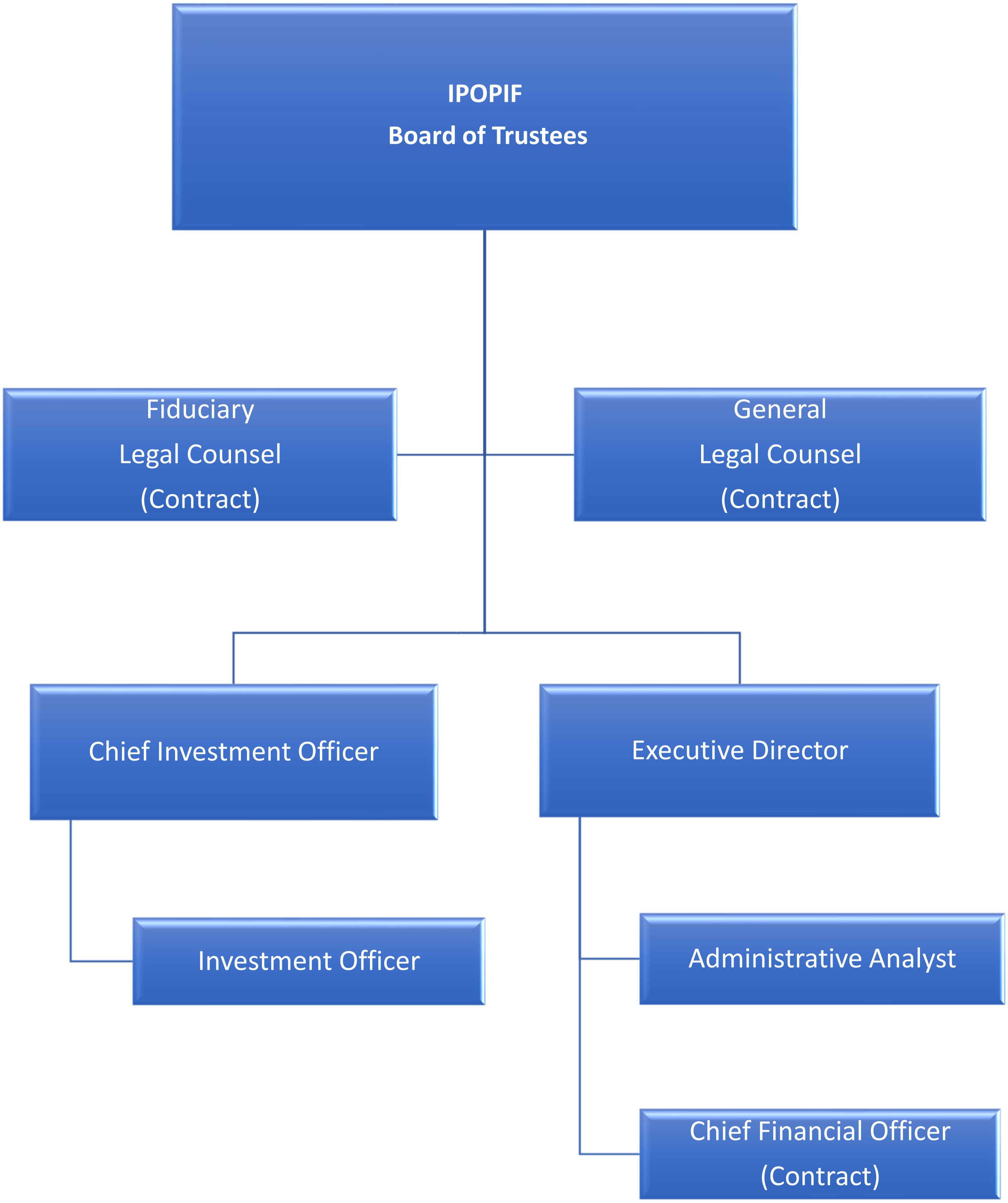
Shaun Ivey

Administrative Analyst

Steve Yoon

Investment Officer

ADMINISTRATIVE ORGANIZATION CHART
As of June 30, 2022



ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

List of Professional Consultants and Service Providers

As of June 30, 2022

Accounting, Payroll, Chief Financial Officer and Human Resource Services

Lauterbach & Amen, LLP

Actuarial Services

Foster & Foster

Asset Transition Services

Adirondack Investment Advisors, LLC

Ernst & Young, LLP

Banking Services

Lake Forest Bank & Trust Company

Certified Public Accountants

Baker Tilly US, LLP

Kerber, Eck & Braeckel LLP

Sikich LLP

Commercial Insurance Broker

Cook Castles Associates, LLC

Communication Consulting

Shepherd Consulting

Election Services

Survey and Ballot Systems

Employee Benefits

Assured Partners

Employee Benefits Corporation

TransAmerica

Fiduciary Legal Counsel

Jacobs, Burns, Orlove & Hernandez, LLP

General Legal Counsel Services

Reimer Dobrovolny & LaBardi, PC

Government Liaison Services

Vision M.A.I. Consulting

Information Technology Services

Levi, Ray & Shoup, Inc.

Pension Technology Group

Investment Custodian Services

State Street Bank & Trust

Investment Consulting Services

Verus Advisory, Inc.

Investment Management Services

Principal Life Insurance Company

Rhumbline Advisors Limited Partnership

State Street Global Advisors

Office Services

AmeriCall

AT&T

Central Illinois Security

Comcast

Confidential Security Corporation

Lincoln Office

ODP Business Solutions

The Cleaning Source

Plan Administration Services

Foster & Foster, Inc.

ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND
456 Fulton Street, Suite 402, Peoria, IL 61602 (309) 280-6464

IPOPIF

Letter of Transmittal

February 10, 2023

Board of Trustees
Illinois Police Officers' Pension Investment Fund
456 Fulton Street, Suite 402
Peoria, IL. 61602

Dear Board Trustees,

It is with great pleasure that I hereby submit to you the Annual Comprehensive Financial Report of the Illinois Police Officers' Pension Investment Fund (the Fund), which covers the fiscal period July 1, 2021, through June 30, 2022 (fiscal year 2022). In accordance with 40 ILCS 5/22B-125, 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.

To the best of my knowledge and belief, the enclosed data are accurate in all material respects, and are reported in a manner designed to present fairly the financial position and changes in financial position of the Fund in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America, by a firm of licensed certified public accountants. Responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rest with the Fund Management, and shall be based on a comprehensive framework of internal controls that is established for this purpose. Because the cost of control should not exceed the benefits to be derived, the objective is to provide reasonable, rather than absolute assurance, that the financial statements are free of any material misstatements. Management is responsible for maintaining a system of adequate internal accounting controls designed to maintain accountability of assets and to permit preparation of financial statements in accordance with GAAP. I believe the internal controls in effect during this fiscal period ended June 30, 2022, adequately safeguard the Fund's assets, and provides reasonable assurance regarding the proper recording of financial transactions.

All disclosures necessary to enable the reader to gain an understanding of the Fund's financial activities have been included.

Sikich, LLP, Certified Public Accountants, has issued an unmodified opinion on the Fund's financial statements, for the fiscal period ended June 30, 2022. The Independent Auditors' Report is located at the front of the Financial Section of the report.

Generally accepted accounting principles (GAAP) require that management provide a narrative introduction overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Fund's MD&A can be found immediately following the report of the independent auditors.

Introduction

Effective January 1, 2020, Public Act 101-0610 amended the Illinois Pension Code and provided for the mandatory consolidation of the investment assets of the downstate and suburban public safety pension funds into two investment pools, one for police officers (known as Article 3 Funds) and one for firefighters (known as Article 4 funds).

The law created the Illinois Police Officers' Pension Investment Fund (the Fund) that will be responsible for the consolidation of the investment assets of the 357 Article 3 police pension funds and vests the Fund's Board of Trustees with the authority to "manage the reserves, funds, assets, securities, properties and monies" of the approximately $9.5 billion in pension fund assets.

The law does not take away the local funds' exclusive authority to award disability benefits, retirement benefits and survivor benefits and stipulates that the assets and liabilities of local pension funds will remain under the ownership of each local pension board. The pension fund assets are combined for investment purposes only with the express purpose of eliminating unnecessary and redundant administrative costs, thereby ensuring more money is available to fund pension benefits for the beneficiaries of the Article 3 pension funds. The pension fund assets of the participating pension funds cannot be accessed by the state and are to be maintained in accounts held outside the state treasury.

The investment fund is governed by an independently elected and autonomous board of trustees that is charged with the operation and administration of the Fund. As provided for under the statute, the trustees of the Fund shall:

a. be fiduciaries for the participants and beneficiaries of the Article 3 participating funds and shall discharge their duties with respect to the pension fund solely in the interest of the participants and beneficiaries,
b. take all reasonable steps to ensure that all of the Article 3 pension funds are treated equitably, and
c. ensure that the financial condition of one participating pension fund will have no effect on the financial condition of any other participating pension fund.

Major Initiatives and Significant Events

Board of Trustees:

The IPOPIF is governed by an independent and autonomous Board of Trustees who were sworn into office in January 2021, after a statewide election called for in the statute. The Trustees of the IPOPIF are fiduciaries and will discharge their duties with integrity and solely in the best interest for the participants and beneficiaries of the Article 3 participating funds. The members of the Board of Trustees are:

a. Three members representing municipalities who are mayors, presidents, chief executive officers, chief financial officers, or other officers, executives, or department heads of municipalities:
    i. Elizabeth Holleb, Treasurer, Municipal Representative, Finance Director, City of Lake Forest
    ii. Michael Inman, Municipal Representative, Mayor, City of Macomb
    iii. Phil Suess, Municipal Representative, Mayor, City of Wheaton
b. Three members representing participants and who are participants:
    i. Lee Catavu, Participant Representative, Sergeant, Aurora Police Department
    ii. Shawn Curry, Chairperson, Participant Representative, Sergeant, Peoria Police Department
    iii. Paul Swanlund, Secretary, Participant Representative, Detective, Bloomington Police Department

c. Two members representing beneficiaries and who are beneficiaries:
   i. Daniel Hopkins, Vice Chairperson, Beneficiary Representative, Retired Officer, Collinsville Police Department
   ii. Mark Poulos, Beneficiary Representative, Retired Lieutenant, Rock Island Police Department
d. One member who is a representative of the Illinois Municipal League:
   i. Brad Cole, Illinois Municipal League Representative, Executive Director of the Illinois Municipal League, Carbondale

Four Trustee positions were subject to election in fiscal year 2022, and Trustee Catavu, Trustee Hopkins, Trustee Suess, and Trustee Swanlund were successfully re-elected for another service term of January 2023 through December 2026.

Meetings of the Board of Trustees

The Board of Trustees held seventeen Board meetings during this fiscal year period. Meetings of the Board of Trustees were conducted via the Zoom digital platform to conform with the Executive Orders issued by Governor JB Pritzker during the Covid-19 pandemic.

Administration of the Fund

The Board of Trustees hired Mr. Richard A. White, Jr. as the Interim Executive Director of the Fund on June 5, 2020, and as the Executive Director in October 2021. Kent Custer was hired by the Board of Trustees to serve as the Chief Investment Officer (CIO) in March 2021. The Fund added an Investment Officer and Administrative Analyst as full-time employees during this period.

In the fiscal year, after a rigorous market rate analysis, independent appraisal of property, careful consideration of operational needs, the Fund's office location was selected at the Twin Towers Plaza in Peoria, Illinois. A five-year lease was executed and build-out of office space was well underway as of June 30, 2022. This central location in Illinois provides an opportunity for equal access and service to the Fund's membership located throughout the state.

Investment Operations

In fiscal year 2022, after significant planning and adoption of formal policies and procedures by the Board, all Article 3 participating pension funds were assigned dates to transfer investment assets to the Fund. Each assigned date was considered a "tranche". On March 1, 2022, the first transfer of investment assets (Tranche 1) to the Fund began, and as of June 30, 2022, 5 tranches of investment transfers had occurred representing approximately $2.9 billion of invested assets. As of December 31, 2022, after 10 tranches of investment asset transfers from participating pension funds, the Board of Trustees confirmed the closing date of the investment asset transition.

In anticipation of the transfer of investment assets, the Board adopted an Investment Policy Statement on December 17, 2021, that outlines the Fund's investment objectives, philosophy, policies and structure. A short-term asset allocation was developed and was employed as of June 30, 2022. More information on the Fund's investment policy is detailed in the Investment Section of this report.

The Board also performed comprehensive procurement procedures to select a master custodian, and three investment managers. Procurement procedures included issuance of requests for proposal, thorough evaluation of responses, consideration of staff and investment consultant recommendations, finalist interviews and thoughtful deliberation. State Street Bank & Trust Company was selected as master custodian and State Street Global Advisors Trust Company, Rhumbline Advisors Limited Partnership, and Principal Life Insurance Company were selected as investment managers. The master custodian and investment managers are all fiduciaries with respect to the Fund.

Actuarial Matters

The Board issued a request for proposal for actuarial consulting services and after a rigorous search and evaluation process, the Board hired Foster & Foster Consulting Actuaries, Inc. (Foster & Foster) for these services. Subsequent to retention, Foster & Foster performed an actuarial experience study on March 4, 2022. This study, along with other relevant information, was utilized by the Board to select an annual discount rate. A discount rate of 6.8% was selected by the Board at the September 9, 2022, meeting. As part of their engagement by the Fund, Foster & Foster prepares annual actuarial valuations for each Article 3 participating pension fund to determine the minimum required employer contribution for each respective municipality.

Budget

The Board of Trustees approves The Fund's annual budget. The Board of Trustees adopted the budget for the fiscal year in June 2022.

Loan Agreement

In June 2020, the Illinois Finance Authority approved a Loan Agreement with the Fund allowing the borrowing of up to $7,500,000 to fund the operational and investment related expenses through the transition period. The Fund drew the full amount of the loan as of the close of the fiscal year.

COVID-19 Pandemic

The on-going state, national and world-wide response to the COVID-19 pandemic has posed logistical challenges to the Board of Trustees. Changes to the Illinois Open Meetings Act allowed the Board to conduct remote meetings to be able to transact Fund business during the disaster declaration.

Acknowledgements
Thank you to the staff and professional consultants who worked under the leadership of the Board of Trustees to prepare the fiscal year 2022 financial statements, and the production of this report. We also thank all of those who work with and on behalf of the Fund throughout the year in many different capacities to assist the Fund perform all statutory responsibilities and serve the membership with dedication and distinction.

Request for Information
This financial report is designed to provide the Fund Board of Trustees, our membership, taxpayers, and stakeholders with a general overview of the Fund's finances. Questions concerning any of the information in this report or requests for additional information should be addressed to:

Illinois Police Officers' Pension Investment Fund
456 Fulton Street, Suite 402
Peoria, IL. 61602
Email : info@ipopif.org

Respectfully submitted,

Richard A. White, Jr.
Executive Director

FINANCIAL SECTION

SIKICH®

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS
Members of American Institute of Certified Public Accountants

1415 West Diehl Road, Suite 400
Naperville, IL 60563
630.566.8400

SIKICH.COM

INDEPENDENT AUDITOR'S REPORT

The Honorable Chairman
Members of the Board of Trustees
Illinois Police Officers' Pension Investment Fund
Peoria, Illinois

Opinions

We have audited the financial statements of the Illinois Police Officers' Pension Investment Fund (the Fund) as of June 30, 2022, and the related notes to financial statements, which collectively comprise the basic financial statements as listed in the accompanying table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Illinois Police Officers' Pension Investment Fund as of June 30, 2022, and the changes in fiduciary net position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under these standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Fund and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fund's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund’s internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fund’s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Fund's basic financial statements. The supplementary information is presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements.

The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section, investment section, and statistical section, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Sikich LLP

Naperville, Illinois
February 10, 2023

Management Discussion and Analysis (Unaudited)

Management is pleased to provide this discussion and analysis for the financial activities of the Illinois Police Officers' Pension Investment Fund (the Fund) for the periods ended June 30, 2022, 2021, and 2020. Readers should review the information presented here in conjunction with the additional information provided in the letter of transmittal. This correspondence is intended to serve as an introduction to the Fund's basic financial statements and notes to the financial statements. The Annual Comprehensive Financial Report (ACFR) also contains other information in addition to the basic financial statements.

The Fund was created on December 18, 2019 when Illinois Governor JB Pritzker signed into law Article 22(B) within Chapter 40, Article 5 of the Illinois Compiled Statutes (ILCS). The law, Public Act 101-0610, provided for the mandatory consolidation of the investment assets of the state's public safety pension funds into two investment funds one for police officers (ILCS Article 3) and one for firefighters (ILCS Article 4). Furthermore, this law empowered the Fund's Board of Trustees to "manage the reserves, funds, assets, securities, properties and monies" which was initially estimated to represent approximately $9.5 billion in pension assets once all assets are fully transferred

In June 2020, the Illinois Finance Authority (IFA) approved a Loan Agreement with the Fund allowing the borrowing of up to $7,500,000 to fund the operational and investment related expenses through the transition period. The loan agreement includes an interest rate calculated at the federal funds rate plus 150 basis points (1.50%).

As of the date of this report, the Fund has received asset transfers from 119 Article 3 Police Pension Funds, which represents approximately $2,867.2 million in assets.

Overview of Financial Statements and Accompanying Information

This discussion and analysis are intended to serve as an overview to the Fund's financial reporting which is comprised of the following components:

1. Basic Financial Statements: This information presents the plan net position held in trust for participants for the Fund as of June 30, 2022. This financial information also summarizes the changes in plan net position held in trust for participants for the fiscal period then ended.

2. Notes to Basic Financial Statements: The notes to the financial statements provide additional information that is essential to achieve a full understanding of the data provided in the basic financial statements.

3. Required Supplementary Information: The required supplementary information provides a schedule of Additions, Deductions and Changes in Net Position – Budget to Actual. As the Fund grows in assets and activities, more information will be provided in this section.

4. Investment Section: The Investment section of the report provides information pertaining to the Fund's investment activities for the fiscal period. On March 1, 2022, the Fund began the transfer of investment assets from Article 3 Police Pension Funds. As the Fund grows in assets and actual investment activity, more information will be provided in this section.

5. Statistical Section: The Statistical section of the report is included to provide additional historical trend information to review the Fund's past financial performance. Additionally, this section includes helpful Demographic and Economic information for context compared to the Fund's information.

Financial Highlights

The basic financial statements are prepared in accordance with accounting principles generally accepted in the United States of America as established by the Governmental Accounting Standards Board (GASB). Information is presented for all audited time periods commencing with January 1, 2020, when the Fund was established by legislative act of the Illinois General Assembly. Information presented and discussed below is designed to focus on events of the most current year while providing explanations of changes from the prior reporting periods.

Fiduciary Net Position

The statement of Fiduciary Net Position is presented for the Fund as of June 30, 2022, 2021, and 2020, and the financial statements reflect the resources available as of these dates.

A summary of the Fund's Statements of Fiduciary Net Position is presented below:

	2022	2021	2020
Cash and Investments	$ 2,723,869,176	$ 552,771	$ 200,000
Receivables	19,784,668	-	-
Total Assets	2,743,653,844	552,771	200,000
Accounts Payable & Accrued Payroll	1,401,774	266,777	63,157
IFA Loan Payable (including Capitalized Interest)	7,503,635	1,411,175	200,042
Total Liabilities	8,905,409	1,677,952	263,199
Net Position Held in Trust for Pool Participants	$ 2,734,748,435	$ (1,125,181)	$ (63,199)

As stated previously, as of the close of FY 2022 the Fund had received and reconciled investment assets from 119 Article 3 Police Pension Funds (Participating Pension Funds). During FY 2022, a date of transfer was assigned to each Participating Pension Fund, with the first assigned transfer of investment assets commencing on March 1. As of June 30, 2022, 5 tranches of assigned transfer dates had occurred, representing $2,867.2 million in transferred investment assets.

On December 17, 2021, the Board of Trustees of the Fund adopted an Investment Policy Statement that provided for a short-term asset allocation to accommodate the initial transition of investment assets from Participating Pension Funds and the subsequent buildout of diversified strategies. As investment assets from Participating Pension Funds were transferred to the Fund's custodian, State Street Bank & Trust Company, on March 1, the process to invest the receiving assets into the short-term asset allocation began immediately. The short-term asset allocation was invested in approximately $2,654.4 million of dedicated asset classes of growth, income, inflation protection, and risk mitigation securities as of June 30, 2022. This allocation includes approximately $65.7 million of cash equivalents to appropriately provide for the liquidity needs of the Participating Pension Funds.

Additionally, the only other statutorily provided source of funding for the administration and operations of the Fund is the Illinois Finance Authority loan agreement, which provides for up to $7.5 million of loan distributions. Through June 30, 2022, the Fund had drawn all of the allotted $7.5 million available. Approximately $3.8 million of these loan distributions were held in cash equivalents as of June 30, 2022.

Comparable figures shown for June 30, 2021, and 2020, in this section reflect only the amount drawn on this loan and the related operating expenses as no investment assets were transitioned from Article 3 Funds as of June 30, 2021, and 2020.

Receivables as of June 30, 2022, consist of $3.3 million of interest and dividend income earned but not yet paid, and $16.5 million of investment securities sold but not yet settled. These receivables are a direct result of the investment activity of the Fund commencing in March of 2022.

As of June 30, 2022, the Fund had employed 4 full-time staff and engaged various professional service firms and investment managers to assist with the administration operations of the Fund, the orderly transition of investment assets from Participating Pension Funds to the Fund, and the related investment of assets into the Fund's short-term asset allocation. Accounts payable and accrued payroll of $1.4 million as of June 30, 2022, represent expenses incurred associated with these services that had not yet been paid.

Statement of Changes in Fiduciary Net Position

The statement of Changes in Fiduciary Net Position is presented for the years ended June 30, 2022, and 2021 and for the six months ended June 30, 2020. The financial statements reflect the changes in the resources available to invest as of June 30, 2022.

A summary of the Fund's Statements of Changes in Fiduciary Net Position is presented below:

	2022	2021	2020
Additions			
Investments Received from Local Funds	$ 2,867,186,760	$ -	$ -
Net Investment Income (Loss)	(127,315,926)	261	-
Investment-Related Expenses	(1,375,257)	(139,188)	-
Total Additions	2,738,495,577	(138,927)	-
Deductions			
Administrative Expenses			
Board of Trustees	69,407	157,227	15,483
Investment Operations	1,053,805	58,050	-
Administrative Operations	1,498,749	707,778	47,716
Total Administrative Expenses	2,621,961	923,055	63,199
Total Deductions	2,621,961	923,055	(63,199)
Total Net Change	2,735,873,616	(1,061,982)	(63,199)
Beginning of Period	(1,125,181)	(63,199)	-
Net Position Held in Trust for Participants			
End of Period	$ 2,734,748,435	$ (1,125,181)	$ (63,199)

Additions

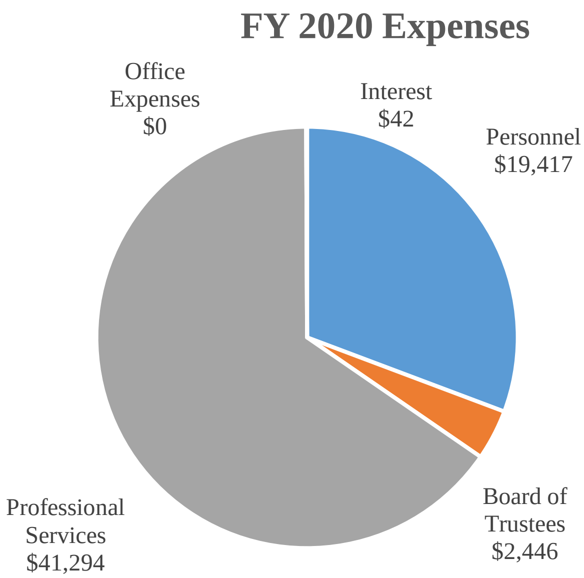
As of June 30, 2022, the Fund had received assets from 119 Participating Pension Funds representing $2,867.2 million of transferred investment assets. Investment performance results for the year ending June 30, 2022, consist exclusively of investment activity commencing on March 1, 2022, when the first transfer of Participating Pension Fund investment assets occurred. Such investment income (loss) includes the performance of assets received from Participating Pension Funds awaiting transfer to the transition pool for liquidation, and assets invested in the Fund's target asset allocation. During this period, the Fund earned $4.1 million of interest and dividend income and experienced net depreciation of investment assets of ($131.4) million. The Fund had a rate of return, net of investment fees paid but not accrued, of -10.1%. Consistent with the Fund's policy benchmarks, nearly all asset classes held by the Fund experienced losses, reflective of financial market conditions during this time period. The Fund's overall performance during this time period was consistent with its policy benchmark of -10.0% and outperformed its broad benchmark of -13.2%.

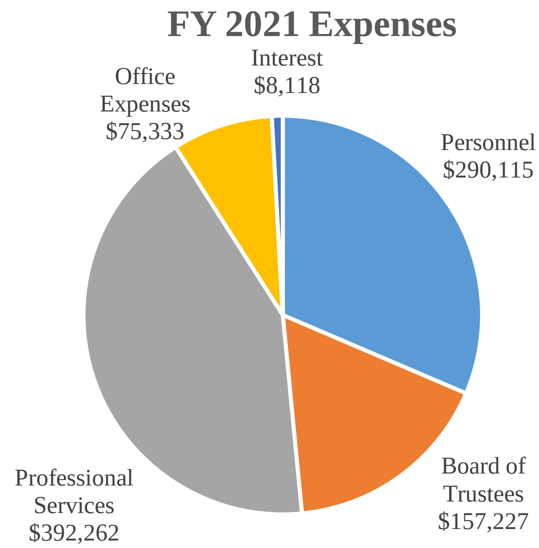
Deductions

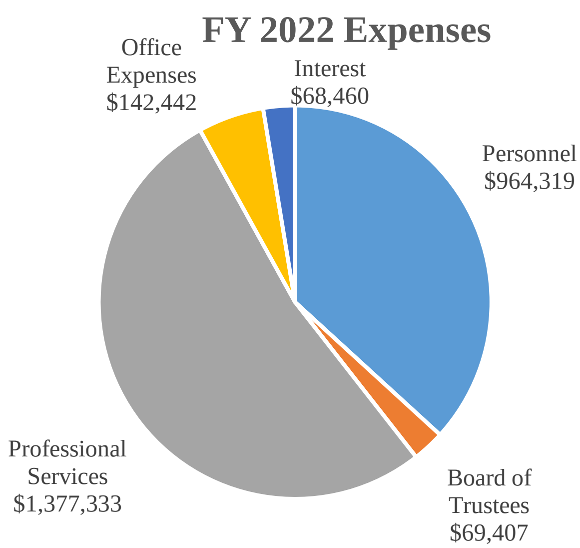
The Fund's expenses this year were related to establishing the infrastructure to administer an external investment pool and commence the transfer of investment assets from Article 3 Pension Funds, as required by the Illinois Pension Code 40 ILCS/5 Article 22(B). During the fiscal period ended June 30, 2022, administrative expenses increased by approximately $1.6 million from $0.9 million for the year ending June 30, 2021, to $2.5 million for the year ending June 30, 2022. The Fund hired an additional Investment Officer and an Administrative Manager and engaged multiple service providers to aid in the administration of the Fund, the transfer of investment assets to the Fund, and the custody and investment management of Fund assets. Service providers engaged in the fiscal year include the Fund's custodian, three investment managers, a transition architect and consultant, independent accountants to certify investments received, and a transition investment manager.

Investment-related expenses are presented as a reduction of investment performance income (loss) and include custodian expenses, investment manager expenses, investment consultant fees, and bank charges. All other administrative expenses are presented in three categories consisting of Board of Trustees Expense, Investment Operations Expense and Administrative Operations Expense, which were $0.07 million, $1.07 million, and $1.41 million, for the year ending June 30, 2022, respectively.

Further depiction of the Fund's total administrative expenses for each of the three periods ending June 30, 2022, 2021, and 2020, is presented below:







A small amount of interest expense is reported due to the capitalized interest on the loan funds received from the IFA. The Fund receives monthly reports from the IFA reporting capitalized interest accrued for the month and through the life of the loan. The Fund's first loan repayment is due September 30, 2022.

Future Outlook

The Board of Trustees is tasked with the responsibility of consolidating roughly $9.5 billion from 357 individual Funds by June 30, 2022. Unfortunately, an ongoing legal challenge to the constitutionally of Public Act 101-0610 stalled progress on the transition of local funds to the Fund and only 119 local funds transitioned assets by June 30, 2022. The Board of Trustees, with guidance from Fund staff and professional service providers, continues to take prudent steps in the setup of this investment fund for the benefit of all their participants.

BASIC FINANCIAL STATEMENTS

ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

STATEMENT OF FIDUCIARY NET POSITION

June 30, 2022

ASSETS		
Cash and Cash Equivalents	$	69,461,353
Investments, at Fair Value		
U.S. Equities		444,398,088
U.S. Fixed Income		462,268,454
Non-U.S. Fixed Income		6,566,714
Commingled Funds, Equity		1,016,015,099
Commingled Funds, Fixed Income		608,187,461
Real Estate		116,972,007
Total Investments, at Fair Value		2,654,407,823
Receivables		
Accrued Investment Income		3,264,097
Investments Sold		16,520,571
Total Receivables		19,784,668
Total Assets		2,743,653,844
LIABILITIES		
Accrued Expenses		1,401,774
Loan Agreement Payable		7,503,635
Total Liabilities		8,905,409
NET POSITION HELD IN TRUST FOR POOL PARTICIPANTS	$	2,734,748,435

See accompanying notes to financial statements.

ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

For the Year Ended June 30, 2022

ADDITIONS	
Contributions	
Member Fund Investment Transfers	$ 2,867,186,760
Total Contributions	2,867,186,760
Investment Income	
Interest Income and Dividend Income	4,055,439
Net (Depreciation) in Fair Value of Investments	(131,371,365)
Total Investment Income (Loss)	(127,315,926)
Less Investment Expenses	(1,375,257)
Net Investment Income (Loss)	(128,691,183)
Total Additions	2,738,495,577
DEDUCTIONS	
Administrative Expenses	
Board of Trustees	69,407
Administrative Operations	1,498,749
Investment Operations	1,053,805
Total Administrative Expenses	2,621,961
Total Deductions	2,621,961
NET INCREASE	2,735,873,616
NET POSITION HELD IN TRUST FOR POOL PARTICIPANTS	
July 1	(1,125,181)
June 30	$ 2,734,748,435

See accompanying notes to financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Illinois Police Officers' Pension Investment Fund (the Fund) have been prepared in accordance with accounting principles generally accepted in the United States of America, as applied to government units (hereinafter referred to as generally accepted accounting principles (GAAP)). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the accounting policies are described below.

A. Reporting Entity

The Fund was established by legislative act of the Illinois General Assembly, P.A. 101-610, which took effect on January 1, 2020. The Fund is defined as an investment trust fund and an external investment pool. The Fund is not a component unit of any other government. The Fund is responsible for investing the assets of the 357 suburban and downstate police officer pension funds. A nine-member Board of Trustees governs the Fund and is made up of three active police officers elected by participants of participating pension plans, two retired police officers elected by beneficiaries of participating pension plans, three executive municipal members elected by mayors and presidents of municipalities of participating pension funds, and one member recommended by the Illinois Municipal League appointed by the Governor with the advice and consent of the Senate. The Board of Trustees are fiduciaries for the participants and beneficiaries of the participating pension funds and discharge their duties solely in the interest of the fund participants and beneficiaries.

B. Fund Accounting

The Fund uses funds to report on its fiduciary net position and the changes in its fiduciary net position. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts. The Fund is classified in this report in the fiduciary category.

Fiduciary funds are used to account for fiduciary activities (e.g., assets held on behalf of outside parties, including other governments). When investments are held for other entities, an investment trust fund is used.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus and Basis of Accounting

The Fund is accounted for with a flow of economic resources measurement focus. With this measurement focus, all assets, deferred inflows of resources, liabilities and deferred outflows of resources associated with the operation of this fund are included on the statement of fiduciary net position. Investment trust fund operating statements present increases (e.g., additions) and decreases (e.g., deductions) in net position.

The accrual basis of accounting is utilized by the investment trust fund. Under this method, additions are recorded when earned and deductions are recorded at the time the liabilities are incurred.

D. Investments

Investment trust funds are required to report investments at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Investment transactions are accounted for on a trade date (date ordered to buy or sell is initiated) and dividend income is recognized on the ex-dividend date. Interest income is recognized on an accrual basis.

The Fund categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

Alternative Investments, including Real Estate Funds and Commingled Funds, have fair values based on audited financial statements of the funds and then adjusted by the Fund and its investment managers for activity from audit date to fiscal year end using monthly activity statements.

E. Participating Fund Contributions and Withdrawals

The Fund's Cash Management Policy originally approved by the Board of Trustees on January 14, 2022, establishes the framework and procedures for cash contributions and withdrawals by participating pension funds.

Subsequent to a participating pension fund's (Participating Fund) transfer of investment assets to the Fund, a Participating Fund may withdraw cash or deposit contributions through use of a web-based application maintained by the Fund's custodian, State Street Bank & Trust Company (the Custodian).

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Participating Fund Contributions and Withdrawals (Continued)

Participating Funds may request withdrawals or contribute cash at any time and multiple transactions can be entered up to 13 months in advance. Cash withdrawal requests are to be submitted at least seven calendar days prior to the requested transfer date to ensure availability, although the Fund may, in its sole discretion, process a cash withdrawal request with fewer than seven calendar days.

Cash contributions may be made by a Participating Fund on any day the Fund's custodian is open for business. Contributions received by the Custodian will be invested on the same day if feasible or on the next business day. In general, funds received prior to 10:00am are invested on the day of receipt.

F. Long-Term Obligations

In the Fund's financial statements, long-term debt and other long-term obligations are reported as liabilities.

G. Estimates

The preparation of financial statements in conformity with GAAP require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

2. DEPOSITS AND INVESTMENTS

The Fund is authorized to invest in all investments allowed by Illinois Compiled Statutes (ILCS). The authority of IPOPIF to manage pension fund assets of Article 3 Pension Funds shall begin when there has been a physical transfer of the pension fund assets to the Fund and the assets have been placed in the custody of the Fund's custodian or custodians. After the transition of investment assets from Article 3 Pension Funds to the Fund has been completed, the Fund 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 Fund shall not be subject to any of the limitations applicable to investments of pension fund assets currently held by the transferor pension funds under Sections 1-113.1 through 1-113.12 or Article 3 of the Illinois Pension Code. All investments shall be clearly held and accounted for to indicate ownership by the Fund. The Fund may direct the registration of securities in its own name or in the name of a nominee created for the express purpose of registration of securities by a national or state bank or trust company authorized to conduct a trust business in the State of Illinois.

2. DEPOSITS AND INVESTMENTS (Continued)

A. Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of bank failure, the Fund's deposits may not be returned to it. The Fund holds cash deposits of $3,785,400 with Lake Forest Bank & Trust Company NA (Lake Forest Bank) and $4,976 with State Street Bank & Trust Company (SSBT) as of June 30, 2022. The Fund does not have a policy to specifically address custodial credit risk for deposits. However, in addition to the $250,000 of insurance provided by the Federal Deposit Insurance Corporation (FDIC) on the Fund's cash deposits, balances held at Lake Forest Bank are subject to an additional $250,000 of insurance with the FDIC through a MaxSafe Deposit Account Program. Cash deposits in excess of $500,000 held with Lake Forest Bank are fully collateralized subject to a collateralized deposit agreement between Lake Forest Bank and the Fund effective December 1, 2020.

Cash deposits with SSBT are swept daily into a money market investment vehicle managed by an affiliate of SSBT, which is primarily invested in U.S. Treasury obligations.

B. Investments

Investment Rate of Return

For the year ended June 30, 2022, the Fund's investments returned (10.1%), net of fees paid but not accrued, using daily cash flows and dollar-weighted calculation methodology. This return presents the inception to date return for the Fund beginning with the transition of the first investment assets from Article 3 Funds on March 1, 2022, to the fiscal year end of June 30, 2022.

Fair Value Measurement

The fund categorizes fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

2. DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

Fair Value Measurement (Continued)

For the year ended June 30, 2022, the Fund had the following recurring fair value measurements:

	Level 1	Level 2	Level 3	Total
Investments by Fair Value Level				
U.S. Equities	$ 444,398,088	$ -	$ -	$ 444,398,088
U.S. Fixed Income	-	462,268,454	-	462,268,454
Non-U.S. Fixed Income	-	6,566,714	-	6,566,714
Commingled Funds, Equity	583,234,126	-	-	583,234,127
Real Estate	2,161,690	-	-	2,161,689
Total Investments by Fair Value Level	$ 1,029,793,904	$ 468,835,168	$ -	1,498,629,072
Investments Measured at Net Asset Value				
Commingled Funds, Equity				432,780,972
Commingled Funds, Fixed Income				608,187,461
Real Estate Funds				114,810,318
Total Investments by Net Asset Value				1,155,778,751
Total Investments				$ 2,654,407,823

Valuation methodologies are as follows:

- U.S. Equities: end of day quoted prices from active exchanges;
- U.S. Fixed Income and Non-U.S. Fixed Income: quoted prices where available or active, observable trade information and parallels drawn from comparable securities where a quoted price is not available;
- Commingled Funds: End of day quoted prices from active exchanges where available or net asset value as determined by the investment manager;
- Money Market Funds: amortized cost which approximates fair value; and
- Real Estate: end of day quoted prices from active exchanges as applicable or net asset value for commingled funds as determined by the investment manager.

2. DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

Investments Measured at Net Asset Value

The Fund holds shares of interests in investment companies where the fair value of the investments are measured on a recurring basis using net asset value (NAV) per share. At the year ended June 30, 2022, the fair value, unfunded commitments and redemption values of those investments is as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
Investments Measured at NAV				
Commingled Funds, Equity	$ 432,780,972	$ -	Daily	1 Day
Commingled Funds, Fixed Income	608,187,461	-	Daily	1 Day
Real Estate Funds				
Commingled Fund	27,952,758	-	Daily	1 Day
Group Annuity Contract	86,857,560	-	Daily	7-30 Days
Total Investments Measured at NAV	$ 1,155,778,751	$ -		

Commingled funds (equity, fixed income and real estate) are valued at net asset value and generally do not have readily attainable market values. The Fund invests in ten commingled index funds that are retirement pooled funds and common trust funds managed by State Street Global Advisors Trust Company (SSGA). Each of the commingled funds seeks an investment return that approximates as closely as practicable, before expenses, the performance of a specific benchmark. Seven of the commingled funds seek an investment return based on an equity index, three of the commingled funds seek an investment return based on a bond or yield index and one commingled fund seeks an investment return based on a Real Estate Investment Trust index.

Each of the commingled funds records a net asset value per unit, based on the net assets of the commingled fund. The per unit net asset value of each commingled fund is determined each business day and is valued by SSGA based on the market value of the underlying investments of each fund. Each commingled fund is subject to an annual audit of its financial statements. The value recorded in the financial statements reflects the value of the Fund's units held as of June 30, 2022.

2. DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

Investments Measured at Net Asset Value (Continued)

The Group Annuity contract is held with Principal Life Insurance Company and such funds are invested in the Principal U.S. Property Separate Account (the Account) managed by Principal Real Estate Investors, LLC. The focus of the Account is to pursue a private equity core investment strategy through active management of a portfolio of nationally diversified, income producing properties. The Account uses a unit value of recordkeeping in which the value at the valuation date is calculated by multiplying the number of units held by the applicable unit value. The unit value is determined each business day by the appraised market value of the portfolio less operating expenses accrued but not deducted. The Account is subject to an annual audit of its financial statements. The value recorded in the financial statements reflects the value of the Fund's units held as of June 30, 2022. Redemptions of the Account may be limited to $25,000,000 within a 90-day period in the event the portfolio manager determines such limit is necessary. On July 1, 2022, a withdrawal limitation to all investors was implemented. The portfolio manager holds discretion on the Account's ability to meet withdrawal requests. When distributions resume, redemptions will be based on the pro rata ownership of the Account.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. The Fund's investment policy addresses interest rate risk by establishing the Asset Allocation, Investment Manager Structure and Rebalancing Policy. Development of the asset allocation included scenario and stress testing portfolio sensitivity to changing interest rates. The Board adopted a short-term asset allocation specifically to mitigate interest rate and valuation risks. The investment policy establishes rebalancing thresholds and procedures to maintain the desired asset allocation. The investment policy also establishes investment manager monitoring and evaluation provisions to ensure that investment manager process and positioning does not introduce unexpected or uncompensated risks. The Fund is predominantly invested in commingled funds that seek to mimic the investment characteristics of the associated index and not take active positions that might potentially increase interest rate risk.

2. DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

Interest Rate Risk

Duration is a risk metric that can be used to measure a debt investment's exposure to fair value changes arising from changing interest rates. Modified duration is the percentage change in price of a bond for a unit change in yield. It thus measures the price sensitivity of a bond to changing interest rates. As of June 30, 2022, the Fund held $52,807,493 of U.S. Treasury Inflation Indexed Bonds which had a modified duration rate of 2.43. These assets were fully invested in the Fund's asset allocation. The Fund's remaining U.S. Fixed Income portfolio as of June 30, 2022, is comprised of $132,764,623 of Corporate Obligations, $246,510,545 of U.S. Government and Federal Agency Securities, $26,943,909 of Municipal Obligations, $3,180,634 of Collateralized Mortgage Obligations and $61,250 of Other Asset-Backed Securities. $148,693,095 of these U.S. Fixed Income investments and $3,706,448 of Non-U.S. Fixed Income investments were held in a transition pool of assets being converted to the Fund's asset allocation and had a modified duration rate of 4.3. The remaining U.S. Fixed Income investments of $257,061,418, and Non-U.S. Fixed Income investments of $2,860,266 were in the process of receipt or recently received by the Fund's custodian and were not yet transferred to the transition pool for liquidation and transition to the Fund's target asset allocation. Duration information for these investments is not available.

Credit Risk

Credit risk is the risk that an issuer of a debt security will not pay its par value upon maturity. The Fund's investment policy addresses credit risk by establishing the Asset Allocation, Investment Manager Structure and Rebalancing Policy. Development of the asset allocation included scenario and stress testing portfolio sensitivity to changing credit spreads (relative valuation to U.S. Treasury securities). The investment policy establishes rebalancing thresholds and procedures to maintain the desired asset allocation. The investment policy also establishes investment manager monitoring and evaluation provisions to ensure that investment manager process and positioning does not introduce unexpected or uncompensated risks. The Fund is predominantly invested in index funds that seek to broadly diversify credit risk, mimic the investment characteristics of the associated index and not take active positions that might potentially increase credit risk.

2. DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

Credit Risk (Continued)

As of June 30, 2022, the Fund's investments were rated as follows:

	Moody's Quality Rating	Total
U.S. Fixed Income		
	Aaa	$ 267,614,460
	Aa	16,408,141
	A	71,902,107
	Baa	34,703,125
	Ba	83,670
	Not rated	71,556,951
Total U.S. Fixed Income		$ 462,268,454
Non-U.S. Fixed Income		
	Aa	$ 868,083
	A	2,638,937
	Baa	1,219,605
	Not rated	1,840,089
Total Non-U.S. Fixed Income		$ 6,566,714

The Fund had an investment of $65,675,954 in the State Street Institutional Treasury Money Market Fund as of June 30, 2022, which was rated AAA by Standard & Poor's.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of investments and deposits. Although the Fund does not have a formal policy regarding foreign currency risk, the Fund does not invest directly in foreign currency or investments denominated in foreign currency. The Fund's foreign currency risk is thus limited to investments in commingled funds managed by SSGA. These funds are subject to investment guidelines and the non-U.S. funds seek an investment return that approximates the performance of the various non-U.S. market-weighted cap indices. Foreign currency risks are thus consistent with these index benchmarks.

As of June 30, 2022, the Fund was in receipt of $417,856 of Canadian dollars from a participating pension fund that had recently transferred its investment assets to the Fund and had not yet begun the transition to the Fund's target asset allocation.

2. DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

Custodial Credit Risk for Investments

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Fund will not be able to recover the value of its investments that are in possession of an outside party. While the Fund does not have a policy which limits its exposure to custodial credit risk, as of June 30, 2022, there were no securities held by the counterparty or by its trust department or agent that were not in the Fund's name.

Concentration of Credit Risk for Investments

The Fund's portfolio is managed by professional investment management firms. Each investment manager must comply with risk management guidelines individually assigned to them as part of their investment management agreement. The Fund did not have any single issuer investment that exceeded 5% or more of the Fund's fiduciary net position or the investment portfolio at year end. The Fund's investments in the State Street U.S. High Yield Bond Index Non-Lending QIB Common Trust Fund of $158,800,906 and the State Street MSCI EAFE Non-Lending Fund of $212,723,634 does represent greater than 5% of fiduciary net position at June 30, 2022. Both funds are commingled funds that are retirement pooled funds and common trust funds managed by SSGA.

Derivative Securities

Fund investment managers may enter into financial futures derivative transactions in accordance with their guidelines. A futures contract is an agreement between two parties to buy or sell units of a particular index, security or commodity at a set price on a future date. Financial futures represent an off-balance sheet obligation as there are no balance sheet assets or liabilities associated with those contracts. The Fund's transition manager, State Street Global Markets, utilizes financial futures within the transition pool of assets that are being converted to the Fund's asset allocation, in order to obtain market exposure that matches as closely as possible, the Fund's target allocation. As of June 30, 2022, there were 497 outstanding futures contracts to sell with a notional contract value of $82,553,230, and 773 outstanding futures contracts to buy with a notional contract value of $56,366.836. These contracts are exchanged-traded treasury and equity index futures. For the year ended June 30, 2022, the Fund had a net realized gain of $2,243,747 from futures contract transactions, which is included in net appreciation (depreciation) of the fair value of investments on the statement of changes in fiduciary position.

3. LONG-TERM OBLIGATIONS

A. Loan Agreement Payable

The Fund entered into a loan agreement to provide funds for the payment of ordinary and regular costs associated with the implementation of the transition process. The Closing Date of the loan was June 23, 2020. The Fund was authorized to borrow up to $7,500,000 until the Final Draw Date, June 30, 2022. During the Capitalized Interest Period, which is defined as the period from the Closing Date to the Final Draw Date, the loan is subject to accrue capitalized interest monthly at a rate of 1.50% plus the Federal Funds Rate. Commencing on the first day after the Capitalized Interest Period until the Final Maturity Date, June 30, 2024, the Fund shall pay consecutive quarterly installments of principal and interest at an interest rate of 1.50% plus the Federal Funds Rate. As of June 30, 2022, the loan had a principal balance outstanding of $7,503,635 including $79,635 of capitalized interest, and the interest rate was 3.08%.

	Balances January 1	Additions	Reductions	Balances June 30	Due Within One Year
Loan Agreement Payable	$ 1,411,176	$ 6,092,459	$ -	$ 7,503,635	$ 3,694,266
TOTAL	$ 1,411,176	$ 6,092,459	$ -	$ 7,503,635	$ 3,964,266

B. Debt Service Requirements to Maturity

Debt service requirements to maturity for the loan agreement payable is as follows:

Fiscal Year	Principal	Interest
2023	$ 3,694,266	$ 188,716
2024	3,809,369	73,612
TOTAL	$ 7,503,635	$ 262,328

4. LEASES

The Fund entered into a lease agreement for office space on October 1, 2021. The lease term began on October 1, 2021 and ends on September 30, 2026, with monthly payments of $5,375. The fund has evaluated GASB Statement No. 87, *Leases*, and determined the effects to be immaterial to the financial statements. The following is a schedule of future minimum rental payments expected to be required under the terms of the intended lease.

Fiscal Year Ending June 30,	
2023	$ 64,500
2024	64,500
2025	64,500
2026	64,500
2027	64,500
TOTAL	$ 322,500

5. SUBSEQUENT EVENTS

The Fund is continuing the asset transition process from the individual Article 3 member funds. Subsequent to year end, there have been approximately $5,900,000,000 in investments transferred to the Fund.

On July 8, 2022, the Board of Trustees approved participation of Fund staff in the Illinois Municipal Retirement Fund (IMRF), a defined benefit pension plan. Participation in IMRF is consistent with Public Act 102-0637 which includes the Fund as a Participating Instrumentality. IMRF provides various retirement, disability and death benefits to plan members and their beneficiaries. The Illinois Pension Code establishes the benefit provisions of the plan, which can be amended by the Illinois General Assembly. Participation by Fund staff was effective September 1, 2022.

SUPPLEMENTARY INFORMATION

ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

DETAILED SCHEDULE OF CHANGES IN FIDUCIARY
NET POSITION - BUDGET AND ACTUAL

For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual
ADDITIONS			
Contributions			
Member Fund Investment Transfers	$ -	$ -	$ 2,867,186,760
Total Contributions	-	-	2,867,186,760
Investment Income			
Interest Income and Dividend Income	-	1,169	4,055,439
Net Appreciation (Depreciation) in Fair Value of Investments	-	-	(131,371,365)
Total Investment Income (Loss)	-	1,169	(127,315,926)
Less Investment Expenses	(1,563,837)	(1,447,577)	(1,375,257)
Net Investment Income (Loss)	(1,563,837)	(1,446,408)	(128,691,183)
Loans			
Loan Proceeds	5,550,000	6,024,000	-
Total Loans	5,550,000	6,024,000	-
Total Additions	3,986,163	4,577,592	2,738,495,577
DEDUCTIONS			
Board of Trustees			
Administrative Services	64,800	64,800	55,125
Election Services	26,000	26,000	14,282
Education and Training	18,000	-	-
Meeting Expenses	12,000	6,000	-
Board Member Reimbursements	12,000	6,000	-
Total Board of Trustees	132,800	102,800	69,407
Administrative Operations			
Personnel			
Administrative Personnel	329,000	308,500	342,268
FICA/Medicare	23,415	21,017	20,345
Medical/Dental Benefits	38,016	22,672	3,492
Unemployment	4,000	3,207	771
Retirement Benefits	55,400	24,885	12,813
Total Personnel	449,831	380,281	379,689
Professional Services			
Accounting	24,000	24,000	26,000
Audit - Financial	12,000	12,000	12,000
Audit - Certified Asset List	150,000	196,616	122,695
Audit - Transition	125,000	-	-

(This schedule is continued on the following pages.)

ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

DETAILED SCHEDULE OF CHANGES IN FIDUCIARY
NET POSITION - BUDGET AND ACTUAL (Continued)

For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual
DEDUCTIONS (Continued)			
Administrative Operations (Continued)			
Professional Services (Continued)			
Chief Financial Officer	$ 93,900	$ 151,700	$ 157,000
Administrative Services	9,000	116,400	138,638
Government Liaison	72,000	72,000	68,400
Actuarial Services	200,000	40,000	40,000
Outsourced Human Resources	60,000	60,000	22,656
Legal Services - General	120,000	120,000	93,546
Legal Services - Fiduciary	180,000	260,004	157,571
Legal Services - Other	-	-	45,614
Technology Services	99,996	50,004	3,038
Transition Management	-	-	21,000
Total Professional Services	1,145,896	1,102,724	908,158
Services and Supplies			
Assets under $5,000	60,000	60,000	50,628
Insurance	120,000	61,329	61,329
Office Lease/Rent	100,000	48,375	-
Printing and Postage	36,000	36,000	9,809
Supplies and Maintenance	20,000	10,000	3,596
Telecommunication	10,000	10,000	3,975
Contingency	12,000	12,000	-
Dues/Licenses	5,500	5,500	918
Training and Education	24,000	4,000	661
Travel and Transportation	24,000	4,000	1,583
Utilities	10,000	5,000	-
Website	6,000	6,000	9,943
Other Expense	-	-	68,460
Total Services and Supplies	427,500	262,204	210,902
Total Administrative Operations	2,023,227	1,745,209	1,498,749
Investment Operations			
Personnel			
Investment Operations Personnel	600,000	437,500	470,408
Relocation Expense	27,989	27,989	13,709
FICA/Medicare	43,575	31,144	31,186
Medical/Dental Benefits	39,750	39,750	36,156
Unemployment	3,000	3,000	1,140
Retirement Benefits	60,000	43,750	32,031
Total Personnel	774,314	583,133	584,630
Investment and Banking			
Database Subscription(s)	45,000	45,000	35,000
Total Investment and Banking	45,000	45,000	35,000

(This schedule is continued on the following page.)

ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

DETAILED SCHEDULE OF CHANGES IN FIDUCIARY
NET POSITION - BUDGET AND ACTUAL (Continued)

For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual
DEDUCTIONS (Continued)			
Investment Operations (Continued)			
Professional Services			
Project Architect	$ 70,000	$ 70,000	$ 76,475
Transition Consultant/Services	150,000	401,700	357,700
Total Professional Services	220,000	471,700	434,175
Total Investment Operations Expenses	1,039,314	1,099,833	1,053,805
Total Deductions	3,195,341	2,947,842	2,621,961
NET INCREASE	$ 790,822	$ 1,629,750	$ 2,735,873,616
NET POSITION HELD IN TRUST FOR POOL PARTICIPANTS			
July 1			(1,125,181)
June 30			$ 2,734,748,435

Notes to Supplementary Information

In accordance with the Illinois Compiled Statutes 40 ILCS 5/22B-118(e), the Board adopted the annual budget to support Fund operations and administration for the year ended June 30, 2022, at its meeting on June 25, 2021. The budget was adopted in accordance with the Board's Budget Administration Policy, PP-2021-01 (Budget Policy). Pursuant to the Budget Policy, the budget was amended with a reduction to total expenditures at the April 8, 2022, board meeting.

INVESTMENT SECTION

STATE STREET.

1776 Heritage Drive
N. Quincy, MA 02171

www.statestreet.com

January 17, 2023

Richard White
Executive Director
Illinois Police Officers' Pension Investment Fund
456 Fulton Street, Suite 402
Peoria, IL 61602

Re: Certification Illinois Police Officers' Pension Investment Fund- 2022

Dear Mr. White,

State Street Bank and Trust Company as Custodian for Illinois Police Officers' Pension Investment Fund has provided detailed financial reports of all investments (including holdings with their fair market value), disbursements, purchase and sales and other transactions pertinent to the fund for the period of March 1, 2022, through June 30, 2022. State Street Bank and Trust Company certifies that the information is accurate and complete to the best of our knowledge and belief.

Furthermore, State Street Trust and Company provided and will continue to provide the following services as Custodian:

- Receive and hold all amounts paid to the fund
- Accept and deliver securities in accordance with the instruction of appointed Investment Managers
- Collect dividends and registered interest payments
- Collect matured or called securities and coupons
- Provide Performance Reporting
- Invest cash balances held in the accounts in Short Term Investment Fund
- Exercise the rights of ownership in accordance with the pre-described jurisdiction of stock subscriptions and conversion rights
- Hold securities in the name of the Master Custodian or nominee form
- Employ agents with the consent of the Board of Trustees
- Provide disbursement and security fail float income
- In partnership with Northeast Retirement Services, provide Member Fund Accounting Statement
- On-line reporting
- On-line cash platform for Member funds to contribute and make withdrawals from the consolidated fund

Best regards,

Christopher Bregoli
Vice President

November 29, 2022

Board of Trustees
Illinois Police Officers' Pension Investment Fund
456 Fulton Street, Suite 402
Peoria, Illinois 61602

Dear Trustees:

Verus is pleased to have had the opportunity to serve the Illinois Police Officer's Pension Investment Fund ("IPOPIF" or "the Fund") since May 2021 and to provide this investment review for the fiscal year ending June 30, 2022.

The performance period reviewed in this report is for the four months from the beginning of March through the end of June 2022. This reflects the period during which investment assets began transitioning from the participating plans into the Fund and includes assets held in member fund accounts, the transition account, and the IPOPIF investment pool. Over this period, and across these accounts, the assets returned -10.1% (net-of-fees), using daily cash flows and a dollar-weighted calculation methodology. As of June 30, 2022, investment assets totaled approximately $2.7 billion.

All IPOPIF's investments are managed in accordance with guidelines codified in IPOPIF's Investment Policy Statement. This Statement is reviewed annually to ensure best practices are employed in all aspects of our work and was last updated on December 17, 2021.

<u>Market Environment</u>

2022 Summary

The broad story was a tale of two halves over the fiscal year, as global markets delivered mildly positive returns in the latter half of 2021, with below-average volatility, spurred by easy monetary policy, pandemic reopening demand, and a resurgence in economic growth. The reopening story painted a more optimistic picture in advanced economies, while emerging economies struggled due to less access to quality vaccines and more stringent pandemic lockdown measures, specifically within China. However, this optimism began to fade as inflation surged and central banks turned more hawkish.

The first half of 2022 proved to be a notably different environment from what was experienced during 2021. The persistence of inflation was a driving narrative, as the supply shocks coming from Russia's invasion of Ukraine and supply chain issues from China's continued zero-covid policy accelerated already high price growth. Central banks, keen to lower inflation, responded by raising interest rates, which hurt both equities and bonds alike. Nearly all asset classes have sustained losses year-to-date, a somewhat rare occurrence, which left most diversified portfolios materially in the red. Central bank tightening also increased fears of recession and possibly stagflation, as inflation ceased to moderate through the end of the fiscal year (U.S. headline CPI hit 9.1% in June—a four-decade high).

U.S. Equity

While the S&P 500 delivered a solid 11.7% return in the second half of 2021, the first half of 2022 saw a significant reversal of -20%, qualifying as a technical market correction. In an effort to curb four-decade high inflation within the U.S., the Federal Reserve raised their policy rate by 25 bps, 50 bps, and 75 bps, respectively, at their March, May, and June meetings. It's important to note that although the pace of rate hikes has been rapid compared to most previous tightening cycles, the overall magnitude of tightening has been small.

Higher interest rates have diminished the present value of cash flows further out in the future, hitting growth-orientated sectors the hardest (Consumer Discretionary -32.8%, Communication Services -30.2%, Information Technology -27.0% YTD).

Investors began recognizing the potential for recession in the second quarter of 2022, as economic data indicated a slowdown alongside Federal Reserve tightening. Persistent inflation in the face of multiple rate hikes impacted company revenues and profits. On the sales front, declines in real purchasing power slashed consumer sentiment and impacted discretionary spending. With regard to corporate profits, higher expenses, particularly for companies unable to pass through prices, have resulted in earnings compression (MSCI U.S. Profit Margins down from 12.9% in December 2021 to 12.2% in June 2022). Ultimately, U.S. equities have faced a tough environment in the first half of 2022, with the S&P 500 falling 20.0% as of June 30th.

Briefly looking at size and style, the Value factor outperformed the Growth factor during the fiscal year (Russell 1000 Value -7.4%, Russell 1000 Growth -19.0%). The Russell 1000 Value Index has declined -12.9% versus -28.1% for the Russell 1000 Growth Index year-to-date. As expected, rising rates inflicted more pain on duration-sensitive equities. From a size perspective, small-cap equities underperformed significantly during the fiscal year (Russell 2000 -25.2%, Russell 1000 -13.0%).

International Equity

International developed equities lagged U.S. equities over the fiscal year, as the MSCI EAFE Index returned -17.8% relative to the S&P 500 -10.6% return. Dollar strength hurt U.S. investors with unhedged foreign currency exposure, as the Bloomberg Dollar Spot Index advanced 10.3% during the period. Despite the underperformance over the full fiscal year, both developed and emerging market equities outperformed U.S. shares on a year-to-date basis through June 30th, as the MSCI EAFE and MSCI EM Indices returned -19.6% and -17.6%, respectively.

Emerging market equities underperformance during the fiscal year was primarily due to the large drop in Chinese equities (MSCI China -31.8%), as the country locked down major cities and cracked down on sectors including technology, education, and real estate. This narrative switched gears during the first half of 2022, as news of potential easing of government restrictions and the reopening of several large cities boosted share prices of the largest country constituent in the MSCI EM Index (35.4%). While being the worst performer over the full fiscal year, emerging market equities ended the first half of 2022 as the best performing market.

Developed economies faced a similar equity environment to that of the United States. Positive performance in the second half of 2021 due to reopening growth was reversed in the first half of 2022, as rising inflation was amplified by Russia's invasion of Ukraine in late February. Ensuing sanctions against Russian petroleum exports from the West pushed energy prices upward, forcing the Bank of England and European Central Bank to shift gears in terms of monetary policy. The MSCI EAFE Index fell -19.6% over the year-to-date, wiping out the 2.3% gain seen during the second half of 2021. International developed equities continue to be challenged, as the energy crisis escalates, and consumer strength remains less resilient than that of the U.S.

Fixed Income

Core fixed income suffered a loss of -10.3% over the full fiscal year (BBgBarc U.S. Aggregate), though the entirety of the losses occurred in the first half of 2022. All eyes have been on inflation, which has forced central bankers to tighten conditions while attempting to avoid pushing their economies into recession. Rate hikes and forward guidance from central banks have hammered equity and bond markets alike and created the uncommon environment of sharp losses in both asset classes.

The magnitude of expected rate hikes has jumped materially since late 2021. During December 2021, Fed funds futures contracts implied the Fed Funds Rate would end 2022 at 0.82% (only three 25 bps rate hikes expected). By the end of March 2022, markets were pricing in a total of nine 25 bps rate hikes. This placed the implied Fed Funds Rate at 2.39% by the end of 2022. The trend continued in Q2, as inflation remained persistent. The Federal Reserve pushed through an additional 50 bps hike in May and a 75 bps hike in June (the largest single meeting hike since 1994). Going forward, markets are pricing in an additional seven rate hikes (not including the six previously implemented) by the end of 2022, bringing the year-end implied rate in line with the Fed's expectation of 3.4%. Many countries currently face similar problems, as inflation remains a challenge.

The impact of policy tightening on duration-sensitive assets has been significant. Performance was negative across all fixed income asset classes over the year-to-date, as rates jumped from historically low levels. The Bloomberg Global Treasury Index returned -14.8% in dollar terms over the year-to-date. In the U.S., the Bloomberg Universal Index suffered its worst-ever quarterly loss in Q1 2022—down -6.1%—while the Bloomberg Aggregate Index fell -5.9% (its third worst quarterly loss, dating back to 1976). Performance during Q2 was also negative, with the Universal and Aggregate Indices down -5.1% and -4.7%, respectively. Longer duration assets underperformed. The Bloomberg U.S. Long Treasury Index fell -21.3% year-to-date, compared to the -3.0% decline of the Bloomberg U.S. Treasury 1-3 Year index.

Looking at credit, spreads significantly widened over the course of 2022. Investment grade spreads widened by 63 bps, moving from 0.92% to 1.55% at the end of June. High yield spreads also jumped, starting the year at 283 bps before moving to 569 bps over the same period. Spread movements widely reflected the risk-off tone and growing concerns over a slowing economy. Despite spread expansion, default rates for par weighted U.S. high yield and bank loans ended Q2 at 0.76% and 0.74%—far below the longer-term historical averages of 3.2% and 3.1%. The variable rate characteristic of bank loans helped as rates rose, resulting in bank loan outperformance over high yield bonds, declining -4.4% versus -14.2% over the year-to-date. Outside of the U.S., emerging market debt struggled in both hard and local currency terms. Hard currency underperformed, with the JPM EMBI GD Index falling -20.3%, relative to the -14.5% decline of the JPM GBI-EM GD Index.

Commodities

Commodities were the best performing asset class over the fiscal year, with the Bloomberg Commodity Index returning 24.3%. Commodities moved higher in Q3 2021, driven by supply chain imbalances and rising signs of inflation. These gains tailed off towards the end of 2021, as signals of tighter monetary policy crimped global economic growth expectations.

The real story emerged in the first quarter of 2022, specifically following Russia's invasion of Ukraine. Both Russia and Ukraine being large suppliers of energy and grain commodities spiked prices, propelling inflation higher. Natural gas and WTI Crude Oil prices shot up +58.4% and 38.3%, while Wheat and Corn bounced 29.6% and 26.3%, respectively. Despite the sharp tick up in prices, commodities have begun to normalize, as recession fears have cut demand forecasts, shipping costs have moved down, and supply chain pressures have started to ease.

Currency

A strong dollar remained the biggest currency story in 2022, as the dollar continued its 2021 trend. The Bloomberg Dollar Spot Index returned +7.4% over the year-to-date, driven by higher relative interest rates, a relatively strong economic outlook, and safe-haven currency status. The dollar performed well against major pairs, as currency impacts were significant within the international developed equities space. The Japanese Yen remaining particularly strained, down -15.2% against the dollar in 2022, as the Bank of Japan anchored rates while other central banks hiked. The J.P. Morgan Emerging Markets Currency Index declined -1.8%, though the dollar was mixed relative to emerging market currency pairs. The Russian Ruble remained incredibly volatile, initially plummeting after the invasion of Ukraine, but spiking as petroleum export prices rose, imports fell, and high rates set by the Bank of Russia propelled the currency.

Outlook

A key question going forward is whether global central banks will be able to bring inflation under control without dragging their respective economies into recession. This task is perhaps more difficult than past inflationary regimes, given the war in Ukraine, lockdowns in China, and acute pandemic-related supply shortages, which have led to high prices that may be difficult to control with traditional central bank policy. Within the U.S, the possibility of a "soft landing" for the economy seems to be off the table, as the economy appears to be in recession, or at least very close to one. Uncertainty remains high, although the recent drawdown of most major asset classes has reversed the "low return environment" dynamic that has been common for nearly a decade. Many asset classes now appear to offer robust yields and prospective returns relative to past years—perhaps a silver lining in an environment which has proved challenging for investors with diversified portfolios.

Written by Verus Advisory

Asset Allocation

IPOPIF has established two sets of asset allocation targets. The first is a short-term target that represents a fairly conservative risk allocation, more closely aligned with the collective risk profile of the member funds prior to the transition. The second is a long-term, strategic allocation, reflective of the long-term return-seeking nature of the Fund. At fiscal year-end, the assets in the IPOPIF investment pool were closely aligned with short-term target allocation, as shown in the table below:

Asset Class	*IPOPIF Investment Pool Allocation**	*Short-term Target Allocation*	*Long-term Target Allocation*
Growth	***49.9%***	***50.0%***	***65.0%***
US Large	18.0%	18.0%	23.0%
US Small	5.0%	5.0%	5.0%
International Developed	15.0%	15.0%	18.0%
International Developed Small	4.9%	5.0%	5.0%
Emerging Markets	7.0%	7.0%	7.0%
Private Equity	0.0%	0.0%	7.0%
Income	***15.7%***	***16.0%***	***14.0%***
Bank Loans	0.0%	0.0%	3.0%
High Yield Corporate Credit	9.9%	10.0%	3.0%
Emerging Market Debt	5.8%	6.0%	3.0%
Private Credit	0.0%	0.0%	5.0%
Inflation Protection	***9.3%***	***9.0%***	***11.0%***
US TIPS	3.3%	3.0%	3.0%
REITS	1.7%	4.0%	0.0%
Real Estate / Infrastructure	4.3%	2.0%	8.0%
Risk Mitigation	***25.0%***	***25.0%***	***10.0%***
Cash	3.0%	3.0%	1.0%
Short-term Gov/Credit	14.9%	15.0%	3.0%
US Treasury	0.0%	0.0%	3.0%
Core Fixed Income	7.1%	7.0%	0.0%
Core Plus Fixed Income	0.0%	0.0%	3.0%
Total	**100%**	**100%**	**100%**

***Totals may not sum to 100% due to rounding.**

Investment Objectives

As stated in the IPOPIF's Investment Policy, the Fund's primary investment objectives are as follows:

1. To ensure the assets of the Fund are invested with the care, skill, prudence, and diligence that a prudent person acting in a like capacity would undertake.
2. To earn a long-term, net-of-fees, investment return that meets or exceeds the actuarial assumed rate of return and the return of the Policy Benchmark consistent with the risk level expected from the asset allocation.

Verus

3. To ensure the assets of the Fund are invested in a manner that minimizes and controls the costs incurred in administering and managing the assets

Objective / Performance	***March through June 2022***
Actuarial Assumed Rate of Return (Annualized)	6.8%
Policy Benchmark*	-10.0%
Net-of-Fee Performance*	**-10.1%**

***The Policy Benchmark is a composite of the benchmark returns for underlying asset classes weighted by the short-term target allocation weights. Net-of-Fee Performance is calculated on a dollar-weighted basis using daily cash flows.**

Verus greatly appreciates the opportunity we have been given to assist the IPOPIF Board of Trustees in meeting the Fund's investment objectives, and we look forward to continuing in our role of investment advisor and providing guidance to help navigate ever-changing capital market environments.

Sincerely,

Scott J. Whalen, CFA, CAIA
Executive Managing Director

INVESTMENT POLICY

The Fund was established by legislative act of the Illinois General Assembly, P.A. 101-610, which was effective on January 1, 2020. The Fund is defined as an investment trust fund and an external investment pool. The Fund is not a component unit of any other government. As cited in 40 ILCS 5/22B-101 of the Illinois Pension Code, the Fund is created with authority to manage the reserves, funds, assets, securities, properties, and moneys of the police pension funds created pursuant to Article 3 of the Illinois Pension Code. The Fund is governed by a nine-member Board of Trustees that is comprised of three active police officers elected by participants of participating pension plans, two beneficiaries elected by beneficiaries of participating pension plans, three executive municipal members elected by mayors and presidents of municipalities of participating pension funds, and one member recommended by the Illinois Municipal League appointed by the Governor.

On December 17, 2021, the Board of Trustees adopted an Investment Policy Statement that formalizes the Fund's investment objectives, philosophy, policies and structure, and defines the roles and responsibilities of various entities involved in the investment process. Investment information presented below is intended to be a summarization. For further information on the Fund's investment program, users should refer to the full Investment Policy Statement PP 2021-08 which is located on the Fund's website or available in hard copy upon request.

INVESTMENT OBJECTIVES

1. To ensure the assets of the Fund are invested with the care, skill, prudence, and diligence that a prudent person acting in a like capacity would undertake.
2. To earn a long-term, net-of-fees, investment return that meets or exceeds the actuarial assumed rate of return and the return of the Policy Benchmark consistent with the risk level expected from the asset allocation.
3. To ensure the assets of the Fund are invested in a manner that minimizes and controls the costs incurred in administering and managing the assets.

INVESTMENT PHILOSPHY

An outline of the core beliefs and long-term acknowledgements that will guide the Fund's investment program is as follows.

1. A well-defined governance structure with clearly delineated responsibilities is critical in achieving consistent, long-term performance objectives.
2. The strategic asset allocation determines the risk-reward profile of the portfolio and is the primary driver of overall portfolio performance and volatility. Key considerations include, but are not limited to, the following:
    a. Asset allocation has a greater effect on return variability than asset class investment structure or investment manager selection.
    b. Understanding expected performance variance and being steadfast in the face of negative returns is critical to long-term success.
    c. Disciplined portfolio rebalancing is a key aspect of prudent long-term asset allocation policy.

3. Risk is multifaceted and will be evaluated holistically, incorporating quantitative measures and qualitative assessments. Risk considerations include, but are not limited to, the following:
    a. Key pension plan risk factors include mortality, inflation, and investment returns.
    b. Portfolio diversification increases risk-adjusted return over the long term.
    c. Diversification across different regions and risk factors reduces risk.
    d. Leverage can be an effective tool to enhance diversification and control risk.
    e. Uncompensated risk should be minimized.
    a. Generating positive investment return requires recognizing and accepting non-diversifiable risk. Not taking enough risk is risky; therefore, the Fund will accept a prudent level of risk in pursuit of its enterprise objectives.
4. Liquidity is a risk factor and a source of return.
    a. The Fund should possess sufficient liquidity to meet expected cash needs under normal and stress scenarios.
    b. Illiquid investments should be considered if the expected return provides attractive compensation for the loss of liquidity.
5. The opportunity for active manager risk-adjusted outperformance (alpha) is not uniformly distributed across asset classes or strategies. Active strategies are preferred only when there is strong conviction that they can be expected to add alpha, net of fees. Otherwise, passive strategies are preferred.
6. Investment costs will be monitored and minimized within the context of maximizing net return. The goal is not low fees, but rather maximum returns, net of fees.
    a. Performance-based fee structures with a low base rate and a cap on participation may be appropriate and promote alignment of interests.
    b. The Fund will negotiate aggressively for the lowest fees and will seek most favored nation clauses where appropriate.

INVESTMENT STRUCTURE

ASSET CATEGORIES AND CLASSES

Fund investments shall be prudently diversified to optimize expected return and control risks. Assets can generally be categorized into four functional categories of Growth, Income, Inflation Protection, and Risk Mitigation. Each category can include multiple asset classes, representing different types of investments that can provide diversification within each functional category.

ASSET ALLOCATION

The asset allocation establishes target weights for each asset class and is designed to maximize the long-term expected return of the Fund within an acceptable risk tolerance while providing liquidity to meet program liabilities. The asset allocation is a key determinant of investment performance. The Fund has adopted short-term and long-term asset allocation targets. Short-term targets are necessary to accommodate the initial transition and the subsequent buildout of diversified strategies, including private market investments. Short-term targets and rebalancing ranges will be updated periodically, with Board approval, as new investments move the allocation toward the long-term targets. The Fund's short-term and long-term asset allocation is as follows:

IPOPIF Asset Allocation	Short-term				Long-term
	Target	Rebalancing Range			Target
Asset Classes	Allocation	Lower	Upper		Allocation
Growth	**50.00%**	**45.00%**	**55.00%**		**65.00%**
U.S. Large	18.00%	16.00%	20.00%		23.00%
U.S. Small	5.00%	4.00%	6.00%		5.00%
International Developed	15.00%	13.00%	17.00%		18.00%
International Developed Small	5.00%	4.00%	6.00%		5.00%
Emerging Markets	7.00%	6.00%	8.00%		7.00%
Private Equity (Direct)	0.00%	N/A	N/A		7.00%
Income	**16.00%**	**14.00%**	**18.00%**		**14.00%**
Bank Loans	0.00%	N/A	N/A		3.00%
High Yield Corp. Credit	10.00%	9.00%	11.00%		3.00%
Emerging Market Debt	6.00%	5.00%	7.00%		3.00%
Private Credit	0.00%	N/A	N/A		5.00%
Inflation Protection	**9.00%**	**7.0%**	**11.00%**		**11.00%**
US TIPS	3.00%	2.5%	3.50%		3.00%
REITs	4.00%	3.5%	4.50%		0.00%
Real Estate/Infrastructure	2.00%	N/A	N/A		8.00%
Risk Mitigation	**25.00%**	**20.00%**	**28.00%**		**10.00%**
Cash	3.00%	0.00%	4.00%		1.00%
Short-Term Gov't/Credit	15.00%	14.00%	16.00%		3.00%
U.S. Treasury	0.00%	N/A	N/A		3.00%
Core Fixed Income	7.00%	6.00%	8.00%		0.00%
Core Plus Fixed Income	0.00%	N/A	N/A		3.00%
Total	**100.00%**				**100.00%**

REBALANCING POLICY

1. Rebalancing is the process of realigning investment weights toward targets to maintain the desired asset allocation.
2. The Chief Investment Officer (CIO) has the responsibility and authority to rebalance the Fund in accordance with the Fund's Investment Policy.

3. The CIO and the Investment Consultant shall review asset allocations at least quarterly or as appropriate during periods of significant market volatility.
4. Cash contributions to and withdrawals from the Fund may be used to move investment weights towards targets.
5. When asset allocations exceed the prescribed limits, or when deemed prudent by the CIO, with the advice of the Investment Consultant, Fund assets may be rebalanced to the target levels or to some point within the target range. No rebalancing action is automatically required if an asset class weight reaches a rebalancing limit. However, the CIO shall document the rationale for not acting if an allocation falls outside of the rebalancing range.
6. Rebalancing to targets will be considered at least annually by the CIO, with the advice of the Investment Consultant.
7. Rebalancing activity shall be reported at the next meeting of the Board.

INVESTMENT MANAGER SELECTION, MONITORING, AND EVALUATION

INVESTMENT MANAGER SELECTION

1. Investment Manager selection shall be governed by the Fund's Procurement of Investment Services Policy.
2. Pursuant to Sections 1-113.6 and 1-113.17 of the Illinois Pension Code, decision-useful sustainability factors will be considered within the bounds of financial and fiduciary prudence, including, but not limited to: (i) corporate governance and leadership factors; (ii) environmental factors; (iii) social capital factors; (iv) human capital factors; and (v) business model and innovation factors, as provided for under the Illinois Sustainable Investing Act, 30 ILCS 238/1, et seq.
3. Pursuant to 40 ILCS 5/1A-108, the Fund recognizes that it is the public policy of the State of Illinois to promote the economy of Illinois through the use of economic opportunity investments to the greatest extent feasible within the bounds of financial and fiduciary prudence.

MANAGER MONITORING AND EVALUATION

Fund Staff and the Investment Consultant will evaluate each Investment Manager from a qualitative and quantitative standpoint on a quarterly basis.

1. Qualitative factors include, but are not limited to, the following.
    a. Ownership changes or departure of key personnel.
    b. Assets under management at the firm and product level.
    c. Conflicts of interest.
    d. Changes in investment strategy.
    e. Material litigation or regulatory challenges involving the Investment Manager.
    f. Material client-servicing problems.
    g. Minority brokerage utilization.

2. Quantitative Review.

   a. Long-term performance standards should measure an Investment Manager's performance using rolling returns across multiple trailing time periods (e.g., 1-year, 3-year, and 5-year) in relation to the mutually agreed upon performance index.

   b. Shorter-term performance will be measured in relation to an appropriate style index and "Peer Group." Each Investment Manager is to be measured against the median return of a peer group of investment managers with similar investment styles.

   c. Managers are expected to maintain their stated investment style and philosophy. Quantitative measures of investment style and philosophy include style mapping, style attribution analysis, and tracking error relative to the benchmark.

3. Investment Staff and the Investment Consultant will review Investment Manager performance with the Board on a quarterly basis.

   a. Investment staff shall identify investment managers of concern, report the material issues, and provide an analysis supporting the CIO's recommendation.

   b. While past performance is not a reliable predictor of future results, the following criteria shall warrant review by the Board of Trustees:

      i. Four consecutive quarters in which the manager underperforms its benchmark index for the trailing three-year and five-year periods.

      ii. Two consecutive quarters in which the manager underperforms its Peer Group for the trailing three-year and five-year periods.

DIVERSITY GUIDELINES

The Fund's investment policy includes provisions for utilization of MWDBE Investment Managers and Minority Broker-Dealers, a Fiduciary Diversity Policy and a Business Diversity Policy. For purposes of these policies, MWDBE and Minority Broker-Dealer are defined as a Minority-Owned Business, Women-Owned Business, or Business Owned by Person with a Disability, as those terms are defined in the Business Enterprise for Minorities, Women, and Persons with Disabilities Act, 30 ILCS 575/2, as amended. Along with goals for utilization of MWDBE Investment Managers and Minority Broker-Dealers, the Fund has goals specific to Emerging Investment managers. An "Emerging Investment Manager," as defined in Section 1-109.1(4) of the Illinois Pension Code, means a qualified Investment Adviser that manages an investment portfolio of at least $10,000,000 but less than $10,000,000,000 and is a MWDBE.

In addition to specific goals of utilization of MWDBE investment manager by asset class, in accordance with 40 ILCS 5/1-109.1(10), it is the aspirational goal for the Fund to use MWDBE Investment Managers for not less than 20% of the total assets under management. It is also the Fund's aspirational goal that not less than 20% of Investment Managers be minorities, women, and persons with disabilities, as those terms are defined in the Business Enterprise for Minorities, Women, and Persons with Disabilities Act.

Investment Portfolio Summary
As of June 30, 2022

Asset Type	Fair Value	Percent of Total Fair Value
U.S. Equities		
IPOPIF Investment Portfolio	$ 369,762,963	13.90%
Transition Account	55,184,555	2.10
Member Funds	19,450,570	0.70
Total U.S. Equities	444,398,088	16.70
U.S. Fixed Income		
IPOPIF Investment Portfolio	52,713,234	2.00
Transition Account	148,917,979	5.60
Member Funds	260,637,241	9.80
Total U.S. Fixed Income	462,268,454	17.40
Non-U.S. Fixed Income		
Transition Account	3,706,448	0.20
Member Funds	2,860,266	0.10
Total Non-U.S. Fixed Income	6,566,714	0.30
Commingled Funds, Equity		
IPOPIF Investment Portfolio	433,335,826	16.30
Transition Account	190,886,334	7.02
Member Funds	391,792,938	14.80
Total Commingled Funds, Equity	1,016,015,099	38.30
Commingled Funds, Fixed Income		
IPOPIF Investment Portfolio	608,187,461	22.90
Real Estate		
IPOPIF Investment Portfolio	98,445,204	3.70
Transition Account	16,936,299	0.60
Member Funds	1,590,504	0.10
Total Real Estate	116,972,007	4.40
Total Portfolio	$ 2,654,407,823	100.00

Transition accounts are investments held by the Fund that have recently been transferred from participating pension funds and are awaiting liquidation and transition into the Fund’s target asset allocation.

Member funds are investments held by the Fund that have recently been transferred and are awaiting transfer to the transition account.

The transition process utilizes futures to approximate the target asset allocation.

Prepared by Verus Advisors

Returns by Asset Class*

Asset Classes	3/31/2022	4/30/2022	5/31/2022	6/30/2022	Performance 4/1/2022 - 6/30/2022
Short-Term Investments	0.0%	0.0%	0.0%	0.0%	0.0%
Short-Term Investments Benchmark		*0.0%*	*0.1%*	*0.0%*	*0.1%*
US Equities	8.3%	-9.1%	-0.1%	-8.5%	-16.9%
US Equities Benchmark		*-9.1%*	*-0.1%*	*-8.3%*	*-16.8%*
US Fixed Income	3.2%	-0.2%	0.3%	-1.5%	-1.4%
US Fixed Income Benchmark		*0.0%*	*0.4%*	*-1.5%*	*-1.1%*
Commingled Funds, Equity	5.0%	-6.4%	0.9%	-9.0%	-14.0%
Commingled Funds, Equity Benchmark		*-6.4%*	*0.4%*	*-9.2%*	*-14.6%*
Commingled Funds, Fixed Income	3.1%	-3.1%	0.6%	-3.7%	-6.2%
Commingled Funds, Fixed Income Benchmark		*-2.8%*	*0.6%*	*-3.2%*	*-5.3%*
Real Estate	5.0%	-1.0%	-3.1%	-2.2%	-6.1%
Real Estate Benchmark		*-3.0%*	*-4.9%*	*-4.2%*	*-11.6%*

Benchmark	Benchmark constituents
Short-Term Investments Benchmark	100% 91-Day T-Bills
US Equities Benchmark	78.3% Russell 1000 Index, 21.7% Russell 2000 Index
US Fixed Income Benchmark	100% Bloomberg U.S. TIPS 0-5 Year
Commingled Funds, Equity Benchmark	55.6% MSCI World ex U.S. (Net), 18.5% MSCI World ex U.S. Small Cap Index (Net), 25.9% MSCI Emerging Markets IMI (Net)
Commingled Funds, Fixed Income Benchmark	26.3% Bloomberg U.S. Corporate High Yield, 7.9% JPM GBI-EM GD, 7.9% JPM EMBI GD, 18.4% Bloomberg U.S. Aggregate Index, 39.5% Bloomberg 1-3 Year Gov/Credit Index
Real Estate Benchmark	66.7% Wilshire REIT, 33.3% NFI Property Index

**Information prior to March 31, 2022, not available as first transfer of participating pension funds investment assets into the Fund occurred on March 1, 2022. Prior to such date, the Fund did not hold any investments.*

TEN LARGEST EQUITY INVESTMENT HOLDINGS

Excludes commingled funds and short-term investments

Security Name	Base Market Value	Percent of Total Investments
APPLE INC COMMON STOCK USD.00001	$ 20,037,683	0.8%
MICROSOFT CORP COMMON STOCK USD.00000625	19,059,395	0.7%
AMAZON.COM INC COMMON STOCK USD.01	11,084,182	0.4%
ALPHABET INC CL A COMMON STOCK USD.001	8,198,376	0.3%
UNITEDHEALTH GROUP INC COMMON STOCK USD.01	6,336,140	0.2%
ALPHABET INC CL C COMMON STOCK USD.001	5,203,944	0.2%
TESLA INC COMMON STOCK USD.001	4,820,340	0.2%
META PLATFORMS INC CLASS A COMMON STOCK USD.000006	4,506,776	0.2%
BERKSHIRE HATHAWAY INC CL B COMMON STOCK USD.0033	4,451,591	0.2%
JOHNSON + JOHNSON COMMON STOCK USD1.0	4,391,962	0.2%

TEN LARGEST FIXED INCOME INVESTMENT HOLDINGS

Excludes commingled funds, cash equivalents and short-term investments

Security Name	Base Market Value	Percent of Total Investments
US TREASURY N/B 02/30 1.5%	$ 8,428,134	0.3%
US TREASURY N/B 07/26 1.875%	5,722,880	0.2%
US TREASURY N/B 05/27 2.375%	5,459,430	0.2%
US TREASURY N/B 02/29 2.625%	5,126,088	0.2%
US TREASURY N/B 11/27 2.25%	4,738,182	0.2%
TSY INFL IX N/B 04/23 0.625%	4,597,948	0.2%
TSY INFL IX N/B 01/23 0.125%	3,610,430	0.1%
US TREASURY N/B 02/31 1.125%	3,548,994	0.1%
TSY INFL IX N/B 07/23 0.375%	3,495,822	0.1%
TSY INFL IX N/B 01/24 0.625%	3,338,400	0.1%

Equity Brokerage Commissions

March 1 - June 30, 2022

Broker Name	Commissions
Academy Securities*	$ 545
Guzman*	7,111
Instinet	1,571
Loop Capital Markets*	879
Mischler Financial*	942
Penserra Securities*	432
Siebert Williams Shank*	83
State Street Global Markets	90,737
Williams*	2,745
Total	**$ 105,045**

** Represents "minority-owned business", "women-owned business" or "business owned by a person with a disability" as those terms are defined in the Business Enterprise for Minorities, Women, and Persons with Disabilities Act.*

Fixed Income Par Value Traded

March 1 - June 30, 2022

Broker Name	Traded
Barclays Capital Inc. US	$ 151,036
BNP Paribas Securities Corp	395,011
Cabrera Capital Markets LLC*	2,184,118
Citigroup Global Markets Inc	692,695
CL King*	4,587,000
Goldman Sachs and Co	3,058,220
JP Morgan Securities LLC	3,832,731
Merrill Lynch Pierce Fenner Smith	500,058
Nomura Securities Intl Inc	1,722,034
State Street Global Markets	739,064,577
UBS Securities LLC	1,560,042
Wells Fargo Securities LLC	2,000,667
Total	**$ 759,748,188**

** Represents "minority-owned business", "women-owned business" or "business owned by a person with a disability" as those terms are defined in the Business Enterprise for Minorities, Women, and Persons with Disabilities Act.*

SCHEDULE OF INVESTMENT FEES

For the Year Ended June 30, 2022

Investment Manager Fees		Fees	Assets Under Management as of June 30, 2022	Basis Points
State Street Global Advisors	$	18,574	$ 1,122,616,997	1.55
Rhumbline Advisors		2,095	$ 374,175,305	0.5
Total Direct Investment Management Fees*		20,669		
Other Direct Investment Expenses				
Transition Manager - State Street Global Management		652,262		
Investment Consultant - Verus Advisors		609,075		
Custodian - State Street Bank & Trust Company, NA		89,647		
Other - Depository Account Fees		3,604		
Total Other Direct Investment Expenses	$	1,354,588		
Total Direct Investment Expenses	**$**	**1,375,257**		

*In addition to these direct fees, the Fund incurred $75,255 of investment management fees with Principal Life These fees are deducted from the Fund's investment balance based on the net asset value of the investment. Assets under management as of June 30, 2022, were $70,493,774.

STATISTICAL SECTION

ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

CHANGES IN FIDUCIARY NET POSITION

Last Three Fiscal Years

Fiscal Year	2020*	2021	2022
ADDITIONS			
Contributions			
Member Fund Investment Transfers	$ -	$ -	$ 2,867,186,760
Total Contributions	-	-	2,867,186,760
Investment Income			
Interest Income and Dividend Income	-	261	4,055,439
Net Appreciation (Depreciation) in Fair Value of Investments	-	-	(131,371,365)
Total Investment Income (Loss)	-	261	(127,315,926)
Less Investment Expenses	-	(139,188)	(1,375,257)
Net Investment Income (Loss)	-	(138,927)	(128,691,183)
Total Additions	-	(138,927)	2,738,495,577
DEDUCTIONS			
Administrative Expenses			
Board of Trustees	15,483	157,227	69,407
Administrative Operations	47,716	707,778	1,498,749
Investment Operations	-	58,050	1,053,805
Total Administrative Expenses	63,199	923,055	2,621,961
Total Deductions	63,199	923,055	2,621,961
NET INCREASE (DECREASE)	(63,199)	(1,061,982)	2,735,873,616
NET POSITION HELD IN TRUST FOR POOL PARTICIPANTS			
July 1	-	(63,199)	(1,125,181)
June 30	$ (63,199)	$ (1,125,181)	$ 2,734,748,435

*For the Period January 1, 2020 (Inception) through June 30, 2020

<u>Data Source</u>

Audited Financial Statements

ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

2021*

Employer	Employees	Rank	% of Total State Employment
State of Illinois	63,949	1	1.13%
U.S. Government	51,700	2	0.91%
Chicago School Board	40,013	3	0.71%
McDonald's Corporation	36,582	4	0.65%
City of Chicago	34,754	5	0.61%
Ascension Health Alliance	33,864	6	0.60%
University of Illinois	31,869	7	0.56%
Walgreens Boots Alliance, Inc.	31,010	8	0.55%
County of Cook	30,201	9	0.53%
Albertsons Companies, Inc.	29,191	10	0.52%
	383,133		6.77%

2012

Employer	Employees	Rank	% of Total State Employment
State of Illinois	64,328	1	1.08%
Jewel Food Stores	55,161	2	0.93%
U.S. Government	52,800	3	0.89%
Walmart	50,008	4	0.84%
Chicago School Board	39,667	5	0.67%
City of Chicago	36,448	6	0.61%
U.S. Postal Service	29,500	7	0.50%
University of Illinois	28,532	8	0.48%
Sears	26,433	9	0.44%
AON PLC	24,877	10	0.42%
	407,754		6.86%

*2021 is the most recent information available
Note: Information presented is representative of the State of Illinois as a whole.

Data Sources

State of Illinois Annual Comprehensive Financial Report June 30, 2021

ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Fiscal Years

Fiscal Year Ended June 30,	Estimated Population	Personal Income	Per Capita Personal Income	Unemployment Rate
2011	12,862,000	$ 562,292,466,000	$ 43,717	9.7%
2012	12,871,000	587,601,163,000	45,653	9.0%
2013	12,895,000	607,671,375,000	47,125	9.0%
2014	12,884,000	637,279,963,000	49,463	7.1%
2015	12,859,000	665,490,089,000	51,753	6.0%
2016	12,822,000	673,691,000,000	52,542	5.9%
2017	12,780,000	693,331,000,000	54,251	5.0%
2018	12,725,000	728,366,200,000	57,239	4.4%
2019	12,667,000	748,811,600,000	59,115	4.0%
2020	12,588,000	792,135,500,000	62,928	9.5%

*2020 is the most recent information available
Note: Information presented is representative of the State of Illinois as a whole.

Data Sources

State of Illinois Annual Comprehensive Financial Report June 30, 2021