

Investment Update

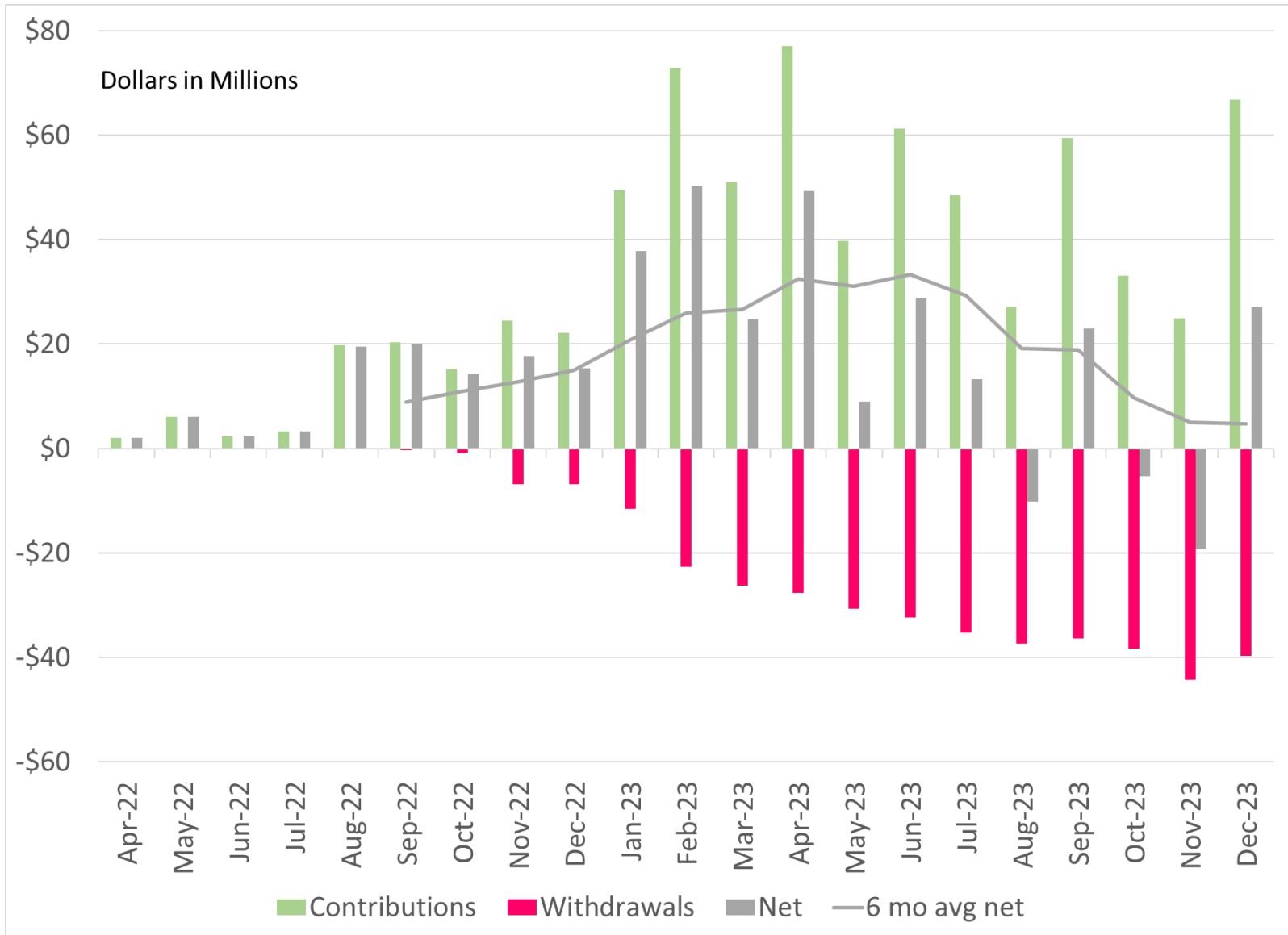
As of January 12, 2024

Asset Allocation 12/29/23

Account	Current		Target		Variance	
	\$M	%	\$M	%	\$M	%
Growth	5,646	56.5%	5,801	58.0%	(155)	-1.5%
RHUMBLINE US LARGE	2,186	21.9%	2,300	23.0%	(114)	-1.1%
RHUMBLINE US SMALL	513	5.1%	500	5.0%	13	0.1%
SSGA NON-US DEVELOPED	1,755	17.5%	1,800	18.0%	(45)	-0.5%
SSGA NON-US DEVELOPED SC	499	5.0%	500	5.0%	(1)	0.0%
SSGA EM EQUITY	693	6.9%	700	7.0%	(7)	-0.1%
Income	1,601	16.0%	1,600	16.0%	1	0.0%
SSGA HIGH YIELD	991	9.9%	1,000	10.0%	(9)	-0.1%
SSGA EM DEBT	611	6.1%	600	6.0%	10	0.1%
Inflation Protection	870	8.7%	900	9.0%	(30)	-0.3%
SSGA TIPS	280	2.8%	300	3.0%	(20)	-0.2%
SSGA REITS	428	4.3%	400	4.0%	28	0.3%
PRINCIPAL US PROPERTY	162	1.6%	200	2.0%	(38)	-0.4%
Risk Mitigation	1,884	18.8%	1,700	17.0%	183	1.8%
Cash Accounts	176	1.8%	100	1.0%	76	0.8%
SSGA ST GOV-CREDIT	1,324	13.2%	1,300	13.0%	24	0.2%
SSGA CORE BONDS	383	3.8%	300	3.0%	83	0.8%
IPOPIF POOL FI TRANSITION	0.10	0.0%	-	0.0%	0	0.0%
Total Investment Pool	10,001	100.0%	10,001	100.0%	-	0.0%

All asset class weights are within Investment Policy limits.

Monthly Participant Fund Cash Flow



Performance Summary

Final	2Q22	FY23	3Q23	4/22 – 9/23
IPOPIF Pool	-10.4%	+8.8%	-2.4%	-3.3%
Policy Benchmark	-10.4%	+8.8%	-2.4%	-3.2%
Broad Benchmark	-13.6%	+11.0%	-3.4%	-5.0%
Actuarial Assumption		+6.8%		+6.8%

Preliminary	Dec.	FY24 TD	4/22 – 12/23
IPOPIF Pool	+4.6%	+6.2%	+2.0%
Policy Benchmark	+4.7%	+6.4%	+2.2%
Broad Benchmark	+4.9%	+6.5%	+1.2%
Actuarial Assumption			+6.8%

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

Incorporating “Non-Daily” Investments

- International small cap commingled funds LSV and WCM, as well as the proposed Bank Loan commingled funds, are subject to monthly liquidity and monthly valuation.
- Future commingled fund investments such as Emerging Market Debt and Equity may also face this issue.
- Statements are expected 5 to 10 business days after month end.
- The IPOPIF Pool will continue to be valued daily with “best available” information.
 - Default will be the most recent statement.
 - Managers may be able to provide estimated “price indications” on a more frequent basis.
- IPOPIF June 30 value will incorporate June 30 statement values.
- Staff, Custodian, and Consultant are still working through operational review and setup.
- Looking farther out, private market investments are typically valued quarterly.

Key Investment Initiatives (1)

Initiative	Status
Investment Staff Recruitment	Under CIO evaluation.
Investment Policy Review	Reviewed by staff, consultant, and Fiduciary Counsel. Proposed revisions ready for Board review.
Asset Allocation Review	Verus has researched and provided perspective on key issues: higher interest rates, public/private equity valuation, growth vs. value, small vs. large cap, emerging market equity China concentration. Next steps: identify potential changes for review; action plan build out.
Develop long-term investment implementation plan	Strategic Goals and Objectives approved at October 2023 Board meeting. Building out project management application with detailed steps with timelines and dependencies.

Key Investment Initiatives (2)

Initiative	Status
International Equity Small Cap search	Acadian documentation near completion. Expect initial funding in coming days. Working through documentation with LSV and WCM.
Bank Loan Manager Search	Board interviews and selection planned for 1/19/24. Funding documentation in process.
Emerging Market Debt Manager Search	Board education on 1/19/24 agenda. Planning search request/RFP in March. Preliminary target is September selection.
Emerging Market Equity Search	Action plan and timeline under development. Potential Board education in March. Weight and structure may be dependent on Asset Allocation study.
Private Market Planning	Consultant education in June 2023. Preliminary investment plan targeted for March 2024. CIO reengaging.

Key Investment Initiatives (3)

Initiative	Status
Develop plan for addressing non-transferrable assets	Working with Verus and Counsel to evaluate IPOPIF requirements and to develop a framework for resolving non-transferable assets.
Transition Planning	Preparing for potential transfer of assets from Article 3 funds after future legal ruling from the Illinois Supreme Court. Evaluating transition options and process changes/improvements. Negotiating amendment with Transition Manager (SSGM).
Develop Investment Communication Materials	Developed 2022 Transfer Performance Summary Developed stakeholder presentation Continuing to build out additional information
Develop compliance review and reporting matrix	Completed review of source documents to capture all requirements. Developing review and reporting structure.

Preliminary March Agenda Items

- Verus 4Q23 Performance Review
- Asset Allocation Review
- Emerging Market Debt Manager Search Request
- Possible Emerging Market Equity Education
- Private market implementation planning
- Investment Service Provider Review - Investment Consultant