

Investment Update
As of December 6, 2023

Asset Allocation 12/5/23

Account	Current		Target		Variance	
	\$M	%	\$M	%	\$M	%
Growth	5,340	55.8%	5,550	58.0%	(210)	-2.2%
RHUMBLINE US LARGE	2,086	21.8%	2,201	23.0%	(114)	-1.2%
RHUMBLINE US SMALL	470	4.9%	478	5.0%	(9)	-0.1%
SSGA NON-US DEVELOPED	1,662	17.4%	1,722	18.0%	(60)	-0.6%
SSGA NON-US DEVELOPED SC	465	4.9%	478	5.0%	(14)	-0.1%
SSGA EM EQUITY	657	6.9%	670	7.0%	(13)	-0.1%
Income	1,550	16.2%	1,531	16.0%	19	0.2%
SSGA HIGH YIELD	961	10.0%	957	10.0%	4	0.0%
SSGA EM DEBT	589	6.2%	574	6.0%	15	0.2%
Inflation Protection	843	8.8%	861	9.0%	(18)	-0.2%
SSGA TIPS	277	2.9%	287	3.0%	(10)	-0.1%
SSGA REITS	400	4.2%	383	4.0%	17	0.2%
PRINCIPAL US PROPERTY	165	1.7%	191	2.0%	(26)	-0.3%
Risk Mitigation	1,836	19.2%	1,627	17.0%	209	2.2%
IPOPIF CASH	150	1.6%	96	1.0%	54	0.6%
SSGA ST GOV-CREDIT	1,312	13.7%	1,244	13.0%	68	0.7%
SSGA CORE BONDS	373	3.9%	287	3.0%	86	0.9%
IPOPIF POOL FI TRANSITION	0.10	0.0%	-	0.0%	0	0.0%
Total Investment Pool	9,568	100.0%	9,568	100.0%	-	0.0%

All asset class weights are within Investment Policy limits.

Glidepath Rebalancing

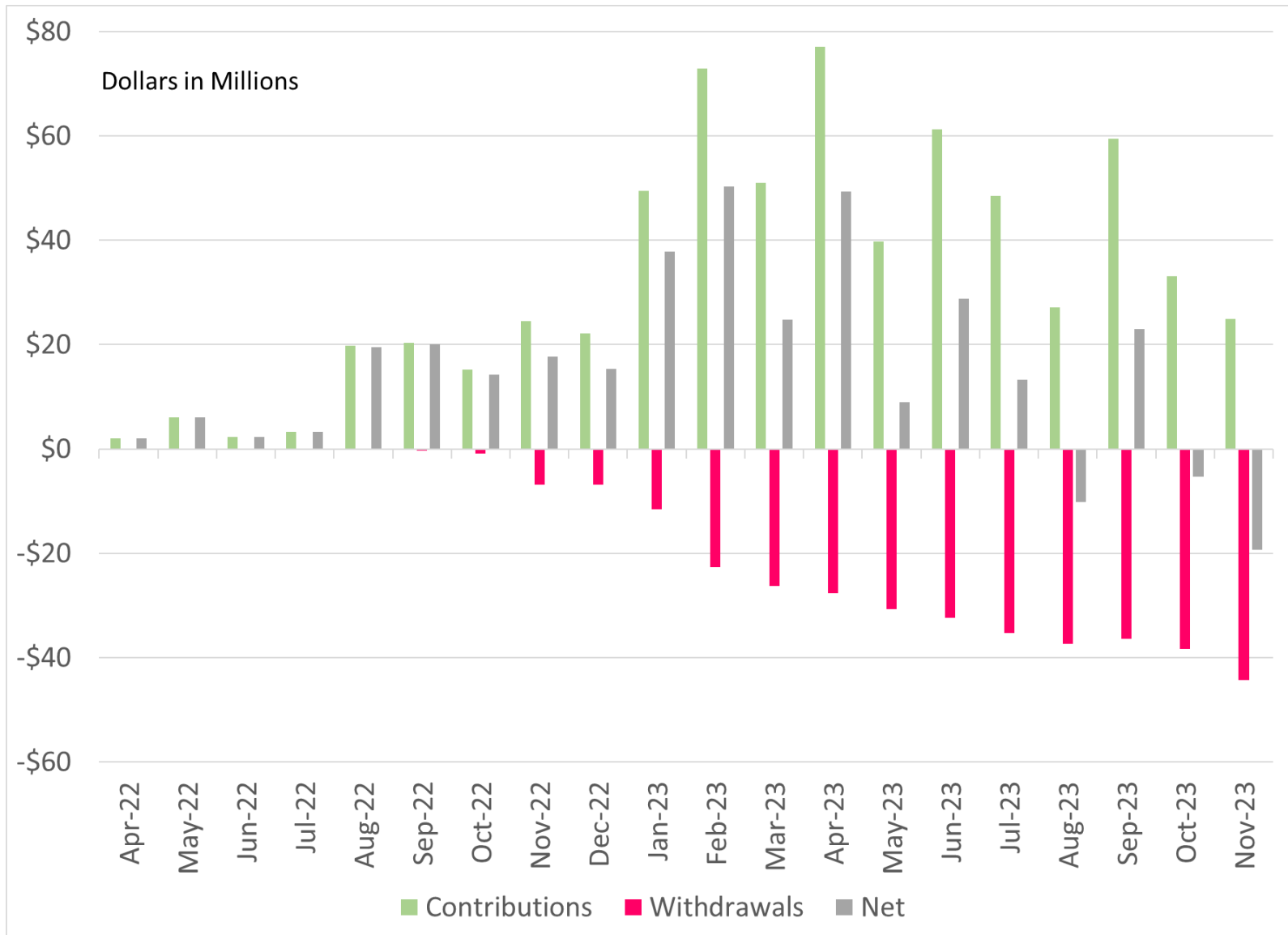
Account	May	June	July	Aug.	Sept.	Oct.	Nov.	Total
Growth				none			none	
RHUMBLINE US LARGE		+90			+66	+69		+225
RHUMBLINE US SMALL						+22		+22
SSGA NON-US DEVELOPED	+90		+90		+32	+32		+244
SSGA NON-US DEVELOPED SC						+16		+16
SSGA EM EQUITY						+22		+22
Income								
SSGA HIGH YIELD								
SSGA EM DEBT						+18		+18
Inflation Protection								
SSGA TIPS								
SSGA REITS					+22	+17		+39
Risk Mitigation								
IPOPIF CASH		-90			-48	-109		-247
SSGA ST GOV-CREDIT					-30	-47		-77
SSGA CORE BONDS	-90		-90		-42	-40		-262

Dollars in millions

Cumulative 586

The Board approved revisions to the short-term asset allocation in April 2023. Transfers to move toward the new allocation have been implemented gradually. Following strong equity returns in November, all asset class weights are within investment policy rebalancing ranges.

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%

Preliminary	Oct.	FY24 TD	4/22 – 10/23	Nov.	FY24 TD
IPOPIF Pool	-2.5%	-4.8	-4.6%	+6.6%	+1.5%
Policy Benchmark	-2.6%	-4.9	-4.6%	November benchmark returns not yet available	
Broad Benchmark	-2.7%	-6.0	-6.4%		

- 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%

Performance Commentary

- Verus will review the 9/30/23 performance report at the 12/15/23 Board meeting.
- All passive investments are performing in-line with respective benchmarks, as expected.
- The Principal US Property Account has slightly trailed the benchmark for all trailing periods. Staff believes this is primarily related to a conservative valuation approach.
- IPOPIF is performing in line with the Policy Benchmark, as expected for a predominantly passive portfolio. Variation will increase as active investment management is implemented.

Key Investment Initiatives (1)

Initiative	Status
Investment Staff Recruitment	Dean Hagan, CFA, joined IPOPIF as an Investment Officer in late October. Dean will be responsible for private equity as well as general investment support.
Investment Policy Review	Staff and Verus have completed reviewing the policy and discussing proposed revisions. CIO is finalizing for legal review. On track for January Board review.
Asset Allocation Review (separated from IPS 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 step is to identify potential changes for review. Need to build out action plan to determine timing but will be after IPS review.
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	Finalist Interviews scheduled for this meeting (12/15/23)
Bank Loan Manager Search	Semifinalist interviews completed. On track for 1/19/24 Board interviews and selection. Anticipate four interviews for two mandates; core and opportunistic, including best qualified emerging/MWDBE and veteran-owned firms.
Emerging Market Debt Manager Search	Anticipating Board education in January and 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.

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 (new)	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 Agenda Planning

January 2024

- Bank loan manager interviews
- Investment Policy Review
- Asset Allocation update
- Emerging Market Debt Education
- Transition planning

March 2024

- Asset Allocation Review Update
- Emerging Market Debt Search Request
- Possible Emerging Market Equity Education
- Private market implementation planning
- Investment Service Provider Review - Investment Consultant

Quarterly: Investment Update, Performance Review,
Compliance Review, Investment Implementation Status