



# Illinois Police Officers' Pension Investment Fund

**Investment Update**  
As of December 5, 2024

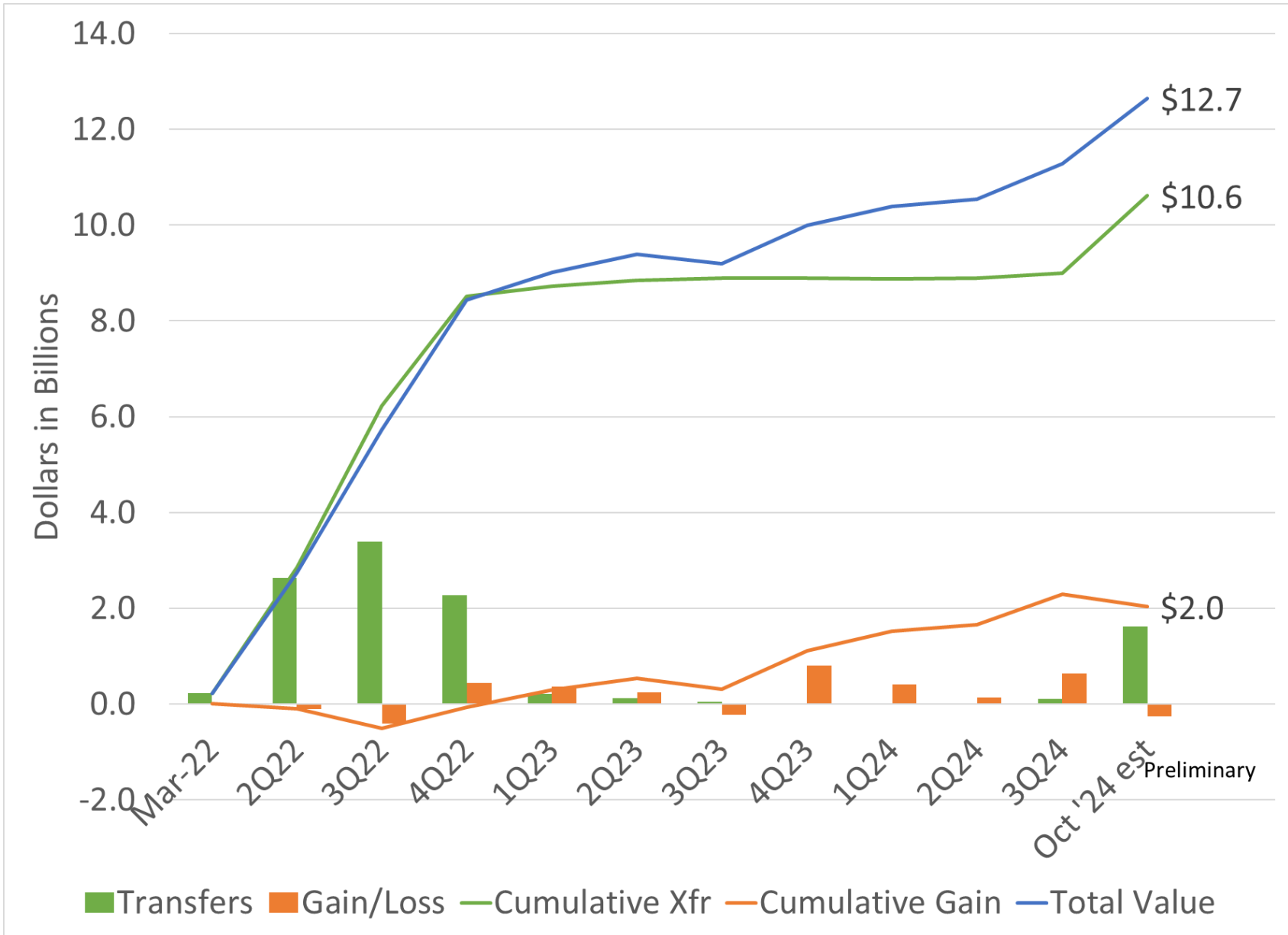
# Performance Update

	July - Sep 2024	Oct. 2024	FY25 July – Oct.	2024 1/24 – 11/24	Since Incept. 4/22
IPOPIF Pool	+6.1%	-2.0%	+3.9%	+9.5%	5.0%
Policy Benchmark	+6.3%	-2.2%	+4.0%	+9.6%	5.0%
Broad Benchmark	+6.9%	-2.6%	+4.1%	+10.5%	4.8%
Actuarial Assumption (fiscal year)				+6.8%	

- Returns for periods longer than one year are annualized.
- 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.
- IPOPIF Actuarial Assumed Rate of Return is 6.8% per year.

Preliminary data indicates that the Fund was up approximately 2.3% in November.

# IPOPIF Growth



# FY 25 Performance Commentary

- The total fund was up 6.1% for the three months ending 9/30/24, driven by continued economic strength and declining interest rates. Equity participation broadened with US Small Cap and International Stocks taking the lead. REITs were the overall leader for the quarter, returning 15.5%. China stocks spiked from mid-September into early October on news of government support but have subsequently reverted.
- The total fund was down 2.0% in October, driven by rising interest rates, and international weakness.
- Preliminary estimates show the fund up 2.3% in November as US stocks (especially small caps) rallied following the Nov. 5 elections.

# Active Manager Value Add

month =>	2024-09					
	Start	End \$M	GVA	Fees	NVA	Fee % of GVA
Acadian	Jan 2024	289	6,662,340	980,151	5,682,189	14.7%
LSV	Mar 2024	137	185,792	608,419	(422,627)	327.5%
WCM	Mar 2024	140	(8,599,294)	469,712	(9,069,006)	Neg GVA
Ares	Mar 2024	105	412,974	138,111	274,863	33.4%
Aristotle	Mar 2024	218	(300,533)	344,567	(645,100)	Neg GVA
Principal	Jan 2023*	158	5,336,606	2,344,540	2,992,066	43.9%
Total		1,047	3,697,886	4,885,500	(1,187,614)	132.1%

- The Value-add model compares the ending value of an investment to a theoretical investment in the benchmark with the same cash flow dates.
- Fees and value added are cumulative since inception.
- Manager evaluation is multifaceted and should take a long-term perspective. This is only one view.
- The short timeframe summarized above provides a baseline but is not sufficient for meaningful conclusions.
- WCM has struggled since funding, but underperformance is consistent with tracking error expectations. Staff is evaluating performance quarterly. Portfolio company earnings are meeting expectations, but macroeconomic forces have driven valuation compression, especially in Japan. Strong excess returns in October and November have turned NVA slightly positive.

# Funding and Rebalancing

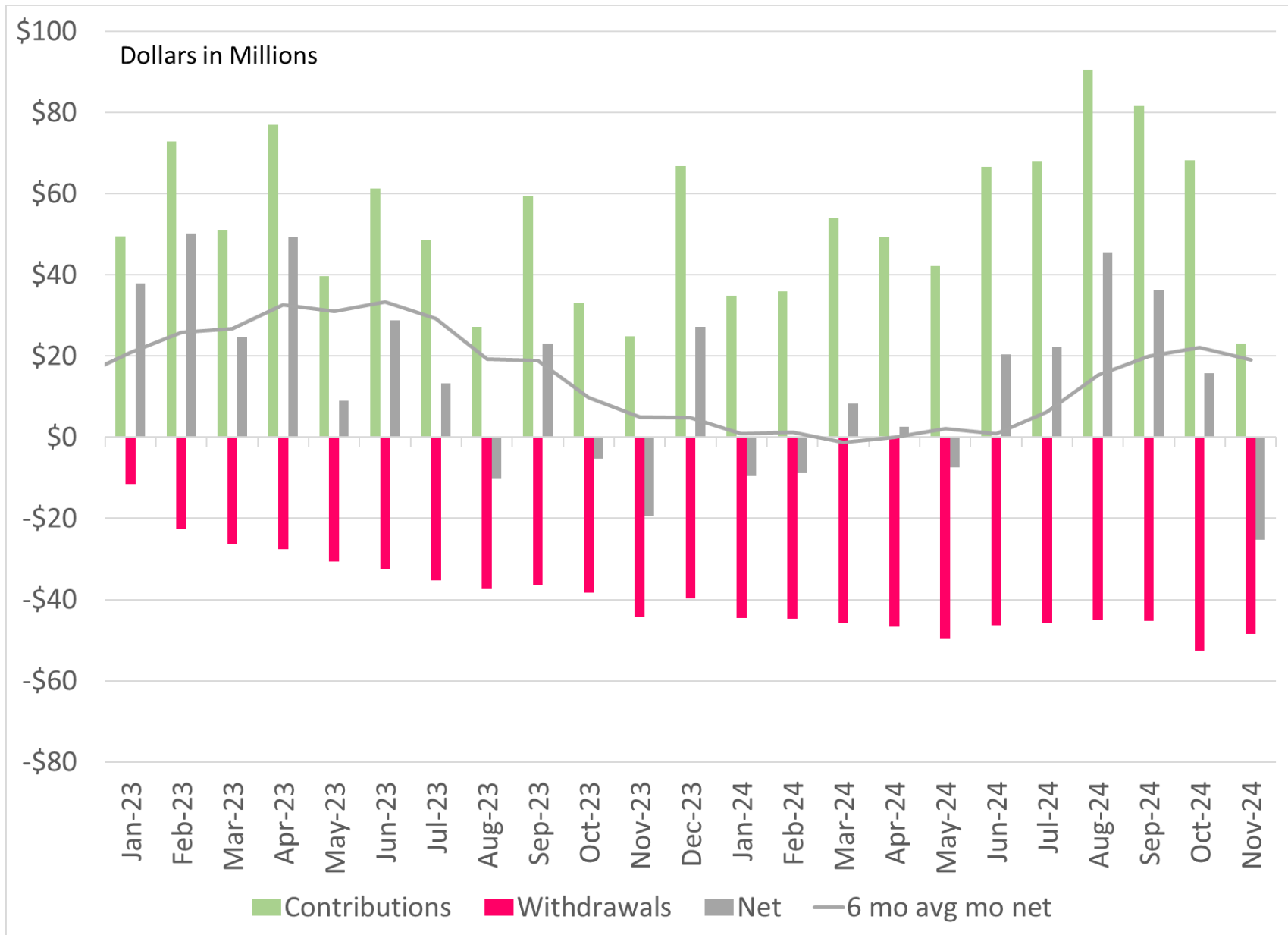
Date	Account	Flow \$ mil	Trading Effect \$
21-Oct	SSGA EMD	-80	+228,711
21-Oct	IPOPIF Cash	-115	
21-Oct	Cap Group EMD	+195	
31-Oct	WCM ISC	+12	
31-Oct	IPOPIF Cash	-12	
1-Nov	LSV ISC	+16	-56,000
1-Nov	IPOPIF Cash	-16	
1-Nov	Ares BL	+12	
1-Nov	Aristotle BL	+16	
1-Nov	IPOPIF Cash	-28	
29-Nov	ARGA EME ex China	+95	-418,000
29-Nov	IPOPIF Cash	-95	
2-Dec	SSGA EME	-82	
3-Dec	IPOPIF Cash	+82	
9-Dec	Wm Blair EME ex China	+95	tbd
9-Dec	IPOPIF Cash	-95	
9-Dec	SSGA EME ex China	-95	tbd
12-Dec	IPOPIF Cash	+95	

- CAP Group EMD funding
- WCM and LSV gradual funding related to the October Transition. Acadian has daily liquidity and was funded in the transition pool.
- Ares and Aristotle gradual funding related to the October Transition
- ARGA funding from full liquidation of SSGA EME index fund (with China) plus \$13M cash.
- William Blair Funding planned for Dec. 9 from SSGA EME ex China index fund.

# Asset Allocation 12/4/24

Account	Current		Target		Variance	
	\$M	%	\$M	%	\$M	%
<b>Growth</b>	<b>7,575</b>	<b>58.3%</b>	<b>7,538</b>	<b>58.1%</b>	<b>38</b>	<b>0.3%</b>
RhumbLine US Large	3,117	24.0%	2,986	23.0%	131	1.0%
RhumbLine US Small	678	5.2%	649	5.0%	28	0.2%
SSGA Non-US Developed	2,390	18.4%	2,467	19.0%	(77)	-0.6%
Intl. Small Cap (3 mgrs)	641	4.9%	649	5.0%	(8)	-0.1%
Acadian	324	2.5%	325	2.5%	(1)	0.0%
LSV (1 day lag)	159	1.2%	162	1.25%	(3)	0.0%
WCM (monthly)	158	1.2%	162	1.25%	(4)	0.0%
EME ex China	750	5.8%	786	6.1%	(36)	-0.3%
ARGA	95	0.7%	97	0.75%	(3)	0.0%
William Blair		0.0%	-	0.00%	-	0.0%
SSGA EME ex China	655	5.0%	688	5.3%	(33)	-0.3%
SSGA EME (fully liquidated)	-	0.0%	-		-	0.0%
<b>Income</b>	<b>2,086</b>	<b>16.1%</b>	<b>2,078</b>	<b>16.0%</b>	<b>9</b>	<b>0.1%</b>
SSGA High Yield	923	7.1%	909	7.0%	14	0.1%
EM Debt (2 mgrs)	775	6.0%	779	6.0%	(4)	0.0%
Cap Group EMD	194	1.5%	195	1.5%	(1)	0.0%
SSGA EM Debt	582	4.5%	584	4.5%	(2)	0.0%
Bank Loans (2 mgrs)	388	3.0%	390	3.0%	(2)	0.0%
Ares (monthly)	130	1.0%	130	1.0%	(0)	0.0%
Aristotle (monthly)	258	2.0%	260	2.0%	(1)	0.0%
<b>Real Assets</b>	<b>737</b>	<b>5.7%</b>	<b>779</b>	<b>6.0%</b>	<b>(42)</b>	<b>-0.3%</b>
SSGA REITS	525	4.0%	519	4.0%	5	0.0%
PRINCIPAL USPA	212	1.6%	260	2.0%	(47)	-0.4%
<b>Risk Mitigation</b>	<b>2,586</b>	<b>19.9%</b>	<b>2,597</b>	<b>20.0%</b>	<b>(11)</b>	<b>-0.1%</b>
Cash Accounts	134	1.0%	130	1.0%	4	0.0%
SSGA ST GOV-CREDIT	1,290	9.9%	1,298	10.0%	(8)	-0.1%
SSGA TIPS	389	3.0%	390	3.0%	(0)	0.0%
SSGA US TREASURY	385	3.0%	390	3.0%	(4)	0.0%
SSGA CORE BONDS	387	3.0%	390	3.0%	(3)	0.0%
Transition account	0.375	0.0%	-	0.0%	0	0.0%
<b>Total Investment Pool</b>	<b>12,985</b>	<b>100.0%</b>	<b>12,991</b>	<b>100.1%</b>	<b>(6)</b>	<b>0.0%</b>

# Monthly Participant Fund Cash Flow





# Looking forward

- December 2024
  - Private credit finalist interviews and selection
  - Select Private Market Consultant (PMC) finalists
  - Custodian review
- January 2025
  - IPS and SAA review
  - PMC final interviews & selection
- March 2025
  - IPS and SAA adoption
  - International small cap manager reviews
  - Consultant review
- April 2025
  - Bank loan manager reviews
  - Private market strategic implementation plan
- June 2025
  - Passive manager reviews
- Mid-Late 2025
  - Private equity search
  - Real Estate Search
  - Infrastructure Search
- TBD
  - US Small cap
  - High Yield

For discussion and planning purposes. Subject to revision.

# Investment Operations Issues

- Staff is working on an update to the Cash Management Policy to delete provisions relating to participant fund cash forecasting. Based on cash flow experience and portfolio liquidity, the forecasting process would be of minimal value.
- Staff is evaluating custody structure and reporting options to optimize the incorporation of investments that report on a lagged basis vs. daily.