

Investment Update

As of October 12, 2023

Asset Allocation 10/11/23

| Account | Current | | Target | | Variance | |
|------------------------------|--------------|---------------|--------------|---------------|--------------|--------------|
| | \$M | % | \$M | % | \$M | % |
| Growth | 4,966 | 53.7% | 5,365 | 58.0% | (398) | -4.3% |
| RHUMBLINE US LARGE | 1,923 | 20.8% | 2,127 | 23.0% | (205) | -2.2% |
| RHUMBLINE US SMALL | 425 | 4.6% | 462 | 5.0% | (37) | -0.4% |
| SSGA NON-US DEVELOPED | 1,565 | 16.9% | 1,665 | 18.0% | (100) | -1.1% |
| SSGA NON-US DEVELOPED SC | 430 | 4.6% | 462 | 5.0% | (33) | -0.4% |
| SSGA EM EQUITY | 624 | 6.7% | 647 | 7.0% | (24) | -0.3% |
| | | | | | | |
| Income | 1,458 | 15.8% | 1,480 | 16.0% | (22) | -0.2% |
| SSGA HIGH YIELD | 921 | 10.0% | 925 | 10.0% | (4) | 0.0% |
| SSGA EM DEBT | 537 | 5.8% | 555 | 6.0% | (18) | -0.2% |
| | | | | | | |
| Inflation Protection | 796 | 8.6% | 832 | 9.0% | (37) | -0.4% |
| SSGA TIPS | 273 | 3.0% | 277 | 3.0% | (4) | 0.0% |
| SSGA REITS | 356 | 3.9% | 370 | 4.0% | (14) | -0.1% |
| PRINCIPAL US PROPERTY | 166 | 1.8% | 185 | 2.0% | (19) | -0.2% |
| | | | | | | |
| Risk Mitigation | 2,030 | 21.9% | 1,572 | 17.0% | 457 | 4.9% |
| IPOPIF CASH | 290 | 3.1% | 92 | 1.0% | 198 | 2.1% |
| SSGA ST GOV-CREDIT | 1,340 | 14.5% | 1,202 | 13.0% | 137 | 1.5% |
| SSGA CORE BONDS | 400 | 4.3% | 277 | 3.0% | 122 | 1.3% |
| IPOPIF POOL FI TRANSITION | 0.10 | 0.0% | - | 0.0% | 0 | 0.0% |
| | | | | | | |
| Total Investment Pool | 9,249 | 100.0% | 9,249 | 100.0% | - | 0.0% |

* Allocation shifts from Risk Mitigation to US Large Cap and Non-US Developed equity are being implemented gradually at CIO discretion.

Glidepath Rebalancing

The Board approved revisions to the short-term asset allocation in April 2023. Transfers to move toward the new allocation are being implemented gradually and are expected to be completed by the end of 2023.

| Account | May | June | July | Aug. | Sept. |
|-----------------------------|-----|------|------|------|-------|
| Growth | | | | none | |
| RHUMBLINE US LARGE | | +90 | | | +66 |
| RHUMBLINE US SMALL | | | | | |
| SSGA NON-US DEVELOPED | +90 | | +90 | | +32 |
| SSGA NON-US DEVELOPED SC | | | | | |
| SSGA EM EQUITY | | | | | |
| | | | | | |
| Income | | | | | |
| SSGA HIGH YIELD | | | | | |
| SSGA EM DEBT | | | | | |
| | | | | | |
| Inflation Protection | | | | | |
| SSGA TIPS | | | | | |
| SSGA REITS | | | | | +22 |
| | | | | | |
| Risk Mitigation | | | | | |
| IPOPIF CASH | | -90 | | | -48 |
| SSGA ST GOV-CREDIT | | | | | -30 |
| SSGA CORE BONDS | -90 | | -90 | | -42 |

Dollars in millions

Performance Summary

| Final | 2Q22 | 3Q22 | 4Q22 | 1Q23 | 2Q23 | FY23 | 4/22 – 6/23 |
|------------------|--------|-------|-------|-------|-------|--------|-------------|
| IPOPIF Pool | -10.4% | -4.8% | +6.8% | +4.3% | +2.7% | +8.8% | -2.0% |
| Policy Benchmark | -10.4% | -5.0% | +6.6% | +4.3% | +3.1% | +8.8% | -2.0% |
| Broad Benchmark | -13.6% | -6.6% | +8.4% | +5.8% | +3.7% | +11.0% | -3.4% |

| Preliminary | July | Aug. | Sept. | 3Q23 | 4/22 – 9/23 |
|------------------|-------|-------|-------|-------|-------------|
| IPOPIF Pool | +2.6% | -2.0% | -2.9% | -2.4% | -3.3% |
| Policy Benchmark | +2.8% | -2.1% | -3.0% | -2.4% | -3.2% |
| Broad Benchmark | +2.9% | -2.4% | -3.8% | -3.4% | -5.0% |

- 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%

Key Investment Initiatives (1)

| Initiative | Status |
|--|--|
| Investment Staff Recruitment | Experienced investment professional with CFA designation expected to start in late October. |
| Investment Policy & Asset Allocation Review (new addition) | Staff and Verus to review during 4Q23 and recommend changes in 1Q24. |
| International Equity Small Cap search | RFP evaluation complete. Semifinalist interviews with staff and Verus Oct. 4-6. Search report under separate agenda item. |
| Bank Loan Search | 3% long-term allocation, but no current exposure. RFP posted and press release issued on Sept. 18. Phase 1 data evaluation completed. Phase 2 initiated (Oct. 20 deadline). Planning for Board interviews in December. |
| Private Market Planning | Consultant education in June. Staff and Verus to collaborate during 4Q23. Recommended investment plan targeted for March 2024. |

Key Investment Initiatives (2)

| Initiative | Status |
|--|--|
| Emerging Markets Searches | Will start planning searches for emerging market equity and debt in 2024. China a bigger consideration for EM equity at 30% of index vs. 4.5% for EM debt. |
| 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. |
| 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. |
| Develop long-term asset allocation implementation plan | Developed 2024+ investment objectives for Board Review. Continued development of project management application with detailed steps with timelines and dependencies. Now in service. |

Preliminary Agenda Planning

December 2023

- Intl. Small Cap interviews/selection
- Bank Loan interviews/selection
- Custodian review
- Too much?

March 2024

- EM Equity/Debt search requests
- Private market implementation planning
- Investment Consultant Review

January 2024

- Alt. B/L interviews
- IPS review
- Asset Allocation update

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

Preliminary Search Queue

Public Markets

- Equity
 - International/Global Small Cap
 - Emerging Markets↑
 - US Small Cap
 - Evaluate Large Cap
- Credit
 - Bank Loans
 - Emerging Markets↑
 - High Yield
- Risk Mitigation
 - Need allocation and structure review

Private Markets

- Investment plan
- Specialty Consultant?
- Secondary funds for early exposure and vintage diversification
- Equity
- Credit
- Real Estate
- Infrastructure