



Illinois Police Officers' Pension Investment Fund

Investment Update

June 6, 2024

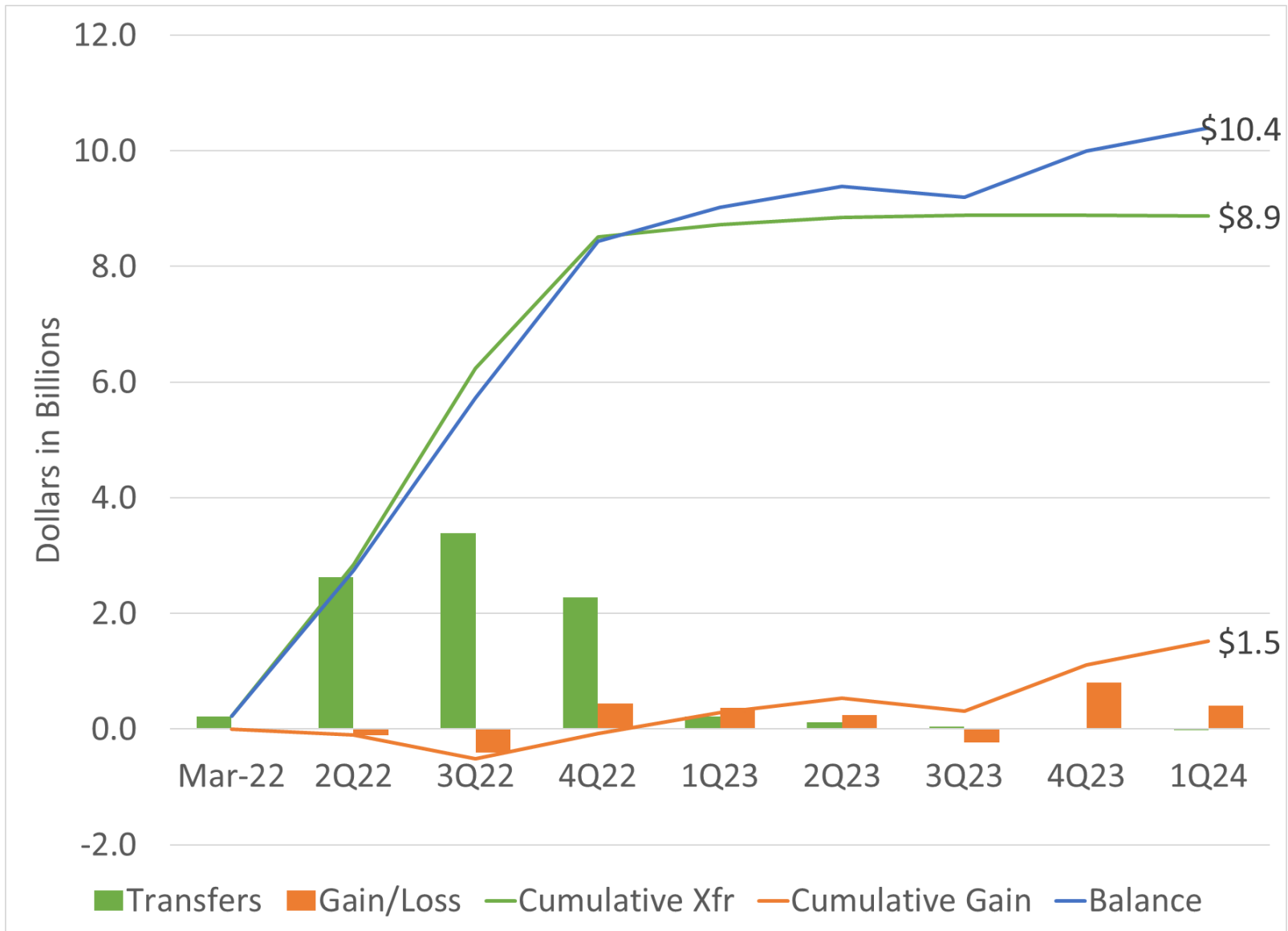
Performance Update

	1Q24	Apr '24	FYTD 7/23 – 4/24	YTD 1/24 – 4/24
IPOPIF Pool	+4.1%	-2.6%	+7.7%	1.4%
Policy Benchmark	+4.2%	-2.5%	+7.9%	1.5%
Broad Benchmark	+4.8%	-3.1%	+8.1%	1.5%
Actuarial Assumption (annual)			+6.8%	

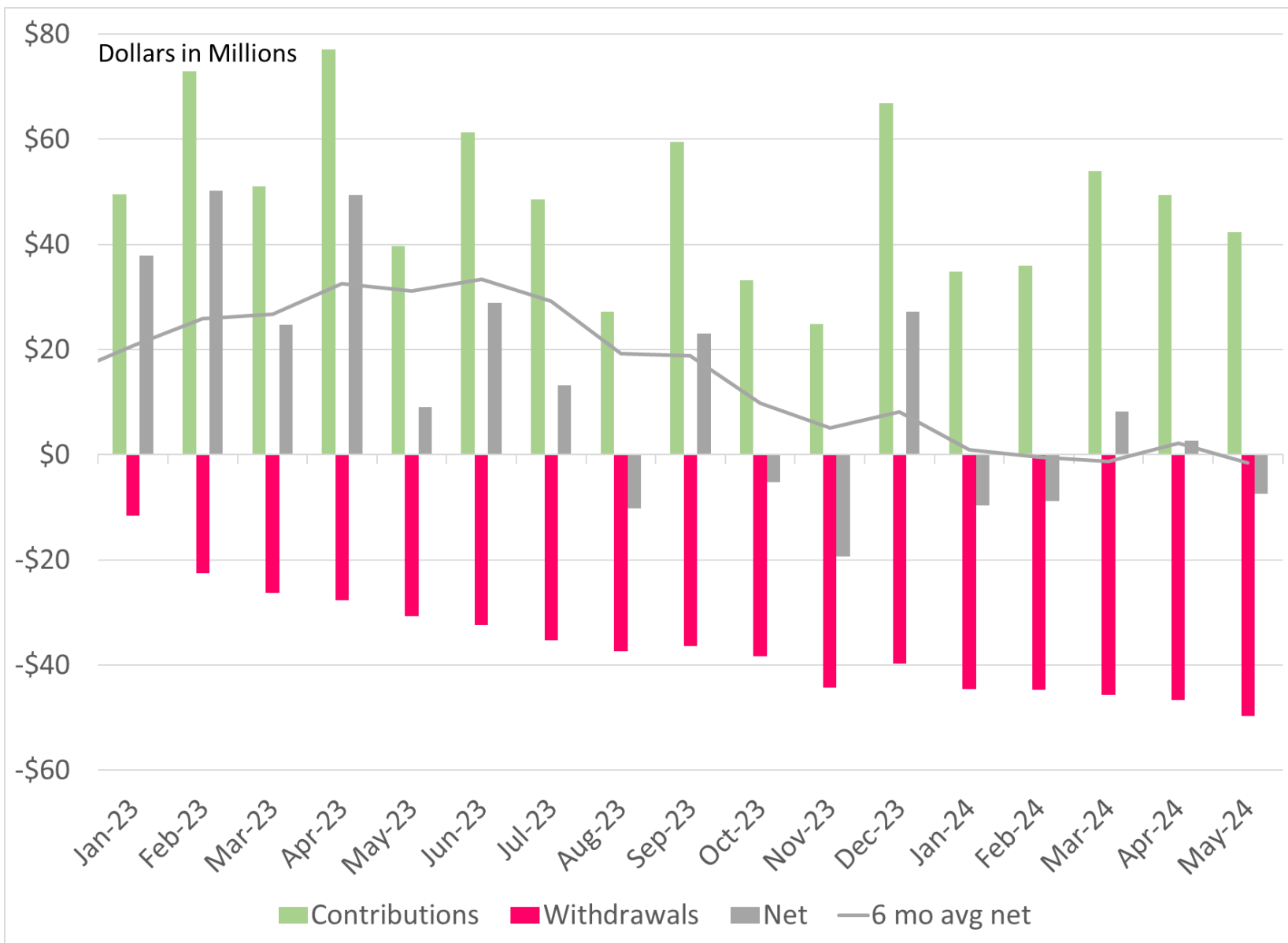
- IPOPIF Performance is net of fees.
- Policy Benchmark – Weighted average of asset class benchmarks; gauges success of implementation (currently less stock exposure than the broad benchmark).
- Broad Benchmark – 70/30 global stocks/bonds; gauges success of asset allocation.
- Returns for periods longer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

May 2024 – Preliminary performance estimates show May roughly offsetting April losses, bringing FYTD returns back above 10%.

IPOPIF Growth



Monthly Participant Fund Cash Flow



Asset Allocation 6/5/24

Account	Current		Target		Variance	
	\$M	%	\$M	%	\$M	%
Growth	6,119	58.4%	6,079	58.0%	40	0.4%
RhumbLine US Large	2,449	23.4%	2,411	23.0%	38	0.4%
RhumbLine US Small	526	5.0%	524	5.0%	2	0.0%
SSGA Non-US Developed	1,995	19.0%	1,991	19.0%	4	0.0%
Intl. Small Cap (3 mgrs)	514	4.9%	524	5.0%	(10)	-0.1%
Acadian	266	2.5%	262	2.5%	4	0.0%
LSV (1 day lag)	130	1.2%	131	1.25%	(1)	0.0%
WCM (monthly)	119	1.1%	131	1.25%	(12)	-0.1%
EM Equity	634	6.0%	629	6.0%	5	0.0%
SSGA EM Equity ex China	201	1.9%	210	2.0%	(8)	-0.1%
SSGA EM Equity	433	4.1%	419	4.0%	14	0.1%
Income	1,653	15.8%	1,677	16.0%	(24)	-0.2%
SSGA High Yield	725	6.9%	734	7.0%	(9)	-0.1%
SSGA EM Debt	625	6.0%	629	6.0%	(3)	0.0%
Bank Loans (2 mgrs)	303	2.9%	314	3.0%	(11)	-0.1%
Ares (monthly)	101	1.0%	105	1.0%	(4)	0.0%
Aristotle (monthly)	202	1.9%	210	2.0%	(7)	-0.1%
Real Assets	576	5.5%	629	6.0%	(53)	-0.5%
SSGA REITS	416	4.0%	419	4.0%	(3)	0.0%
PRINCIPAL USPA	159	1.5%	210	2.0%	(50)	-0.5%
Risk Mitigation	2,133	20.4%	2,096	20.0%	37	0.4%
Cash Accounts	164	1.6%	105	1.0%	59	0.6%
SSGA ST GOV-CREDIT	1,138	10.9%	1,153	11.0%	(15)	-0.1%
SSGA TIPS	285	2.7%	314	3.0%	(29)	-0.3%
SSGA US TREASURY	204	1.9%	210	2.0%	(6)	-0.1%
SSGA CORE BONDS	342	3.3%	314	3.0%	27	0.3%
Transition account	0.102	0.0%	-	0.0%	0	0.0%
Total Investment Pool	10,481	100.0%	10,481	100.0%	-	0.0%

Funding and Rebalancing

Date	Account	Flow \$ mil	Trading Cost \$*
30-Apr	Short Term Bonds	-100	+2,771
30-Apr	US Treasury	+100	+19,735
30-Apr	EME	-100	0
30-Apr	EME ex China	+100	-42,465
17-May	EME	-20	0
17-May	EME ex China	+20	0
31-May	Short Term Bonds	-100	-9,742
31-May	US Treasury	+100	+55,482
31-May	EME	-80	0
31-May	EME ex China	+80	-73,163

SSGA adjusts the value of cash flows to neutralize the impact on other investors. The "market effect" can be positive or negative.

- The new 3% allocation to US Treasury Bonds is being funded gradually from Short term bonds. The final transfer is planned for late June.
- The new Emerging Market Equity (EME) ex China index fund is being funded gradually from the existing EME fund. Similar transfers are planned for June and subsequent months until the conversion is completed. The May 17 transaction took advantage of a “crossing” opportunity to minimize trading costs.

Emerging Market Updates

- Gradual elimination of China exposure in the EME portfolio is underway as detailed in the previous slide. Minor exposure to China will remain in the International Small Cap and Emerging Market Debt (EMD) portfolios.
- EME ex China search recommendation to be proposed at the June 14 Board meeting.
- EMD manager search is proceeding on plan. 15 proposals were received by the May 24th deadline, 11 from the highest caliber candidates identified in the screening process plus 4 additional proposals. Board interviews and selection are planned for the September Board meeting. The targeted allocation is 1.5% for the active manager and 1.5% to remain passive.

Valuation Considerations

- Addition of monthly valued investments with delayed reporting adds complexity to daily valuation.
- CIO and CFO are discussing valuation processes and options with custodian, State Street Bank and Trust.
- We are considering a shift to monthly valuation from daily valuation to incorporate final monthly statements from monthly valued investments.
- Potential impact on cash management, Article 3 data timing availability, and custodial performance reporting.

Performance for April Fiscal Year

A majority of Article 3 pension funds use an April fiscal year. Investment performance is summarized below for the year ending April 2024. Money weighted returns are used in financial reporting and incorporate asset flows. The slightly lower money weighted return is attributed to positive net contributions in a rising market. The actuarial assumed rate of return is 6.8%.

	Time Weighted	Money Weighted
Count (full year)	331	331
Mean	9.53%	9.48%
Median	9.54%	9.48%
Standard Deviation	0.07%	0.22%
Maximum	9.68%	11.43%
Minimum	8.49%	8.20%

Fund Count FY Ending	Transferred?		Total
	Yes	No	
February	1		1
March	6		6
April	238	9	247
May	3		3
June	3	2	5
October	1		1
December	81	13	94
Total	333	24	357

Private Market Investments

- IPOPIF has a 20% long-term allocation to private market investments:
 - 7% equity, 5% credit, 5% real estate, 3% infrastructure
- Due to investment complexity and risks our approach needs to be robust and sustainable.
- Verus has developed a private markets implementation plan which utilizes a phased approach.
- Board discussion is planned for July including private credit education.

Special Investment Principles

- Policy considerations relating to activities that are contrary to the interests of IPOPIF, such as anti-police or anti-pension initiatives or organizations.
- Addressed at the May 17 Governance Committee.
- Board to consider related investment objectives
 - Statement of principle can be incorporated into policies and RFPs.
 - Proxy voting policies would allow IPOPIF to influence corporation through our stock ownership.
 - Discussion now planned for the July Board meeting.

October 1 Transition Milestones

1/19/24 – IL Supreme Court ruling affirms consolidation.

2/9/24 – IPOPIF Board approves 10/1/24 transfer date.

3/14/24 – Transfer Date notification and instructions distributed to all transferring pension funds.

6/30/24 – Deadline for Boards to adopt Authorized Agent Resolutions (Exhibit A).

July – Establish data feeds with legacy custodians.

September – Asset Certification.

10/1/24 – Asset Transfer.

10/31/24 – Complete reconciliations and provide receipts to transferring pension funds.

November – First monthly reports.

October 1 Transition Status

Fund	AUM \$	AUM date	Ex A	Comments
AURORA	281,931,558	12/31/22	3/28/24	
CHAMPAIGN	152,642,497	6/30/23	5/13/24	
CHICAGO HEIGHTS	55,202,970	4/30/23	4/11/24	
CHICAGO RIDGE	27,083,947	12/31/22	4/24/24	
DEKALB	43,806,573	12/31/22	4/26/24	
EAST ST LOUIS	18,650,362	12/31/22	5/30/24	
ELGIN	152,210,654	12/31/22	4/17/24	
EVANSTON	148,418,657	12/31/22	4/25/24	
FAIRVIEW HEIGHTS	35,764,565	4/30/23	4/29/24	
PALOS HEIGHTS	27,197,577	12/31/22	4/25/24	
RANTOUL	33,856,979	4/30/23	4/24/24	
VILLA PARK	32,888,210	12/31/22	4/30/24	
WOODRIDGE	47,464,324	12/31/23	4/17/24	
MONTICELLO	2,006,922	12/31/22	1/25/23	Only MMFs and CDs
ROBBINS	247,002	4/30/16		Only MMFs and CDs
SOUTH CHICAGO HEIGHTS	3,618,617	12/31/22	1/13/22	
STONE PARK	4,075,736	4/30/23	10/11/22	MMF and annuity
VENICE	614,382	4/30/23		Only MMFs and CDs
ARLINGTON HEIGHTS	156,508,984	12/31/22		
ELMHURST	70,908,336	12/31/22		May 30 meeting
MARYVILLE	5,425,545	4/30/23		
MOKENA	27,818,581	6/30/23		
WASHINGTON PARK	620,452	4/30/23		
WOOD DALE	30,278,704	4/30/23		

MMF: Money Market Fund