

Investment Update

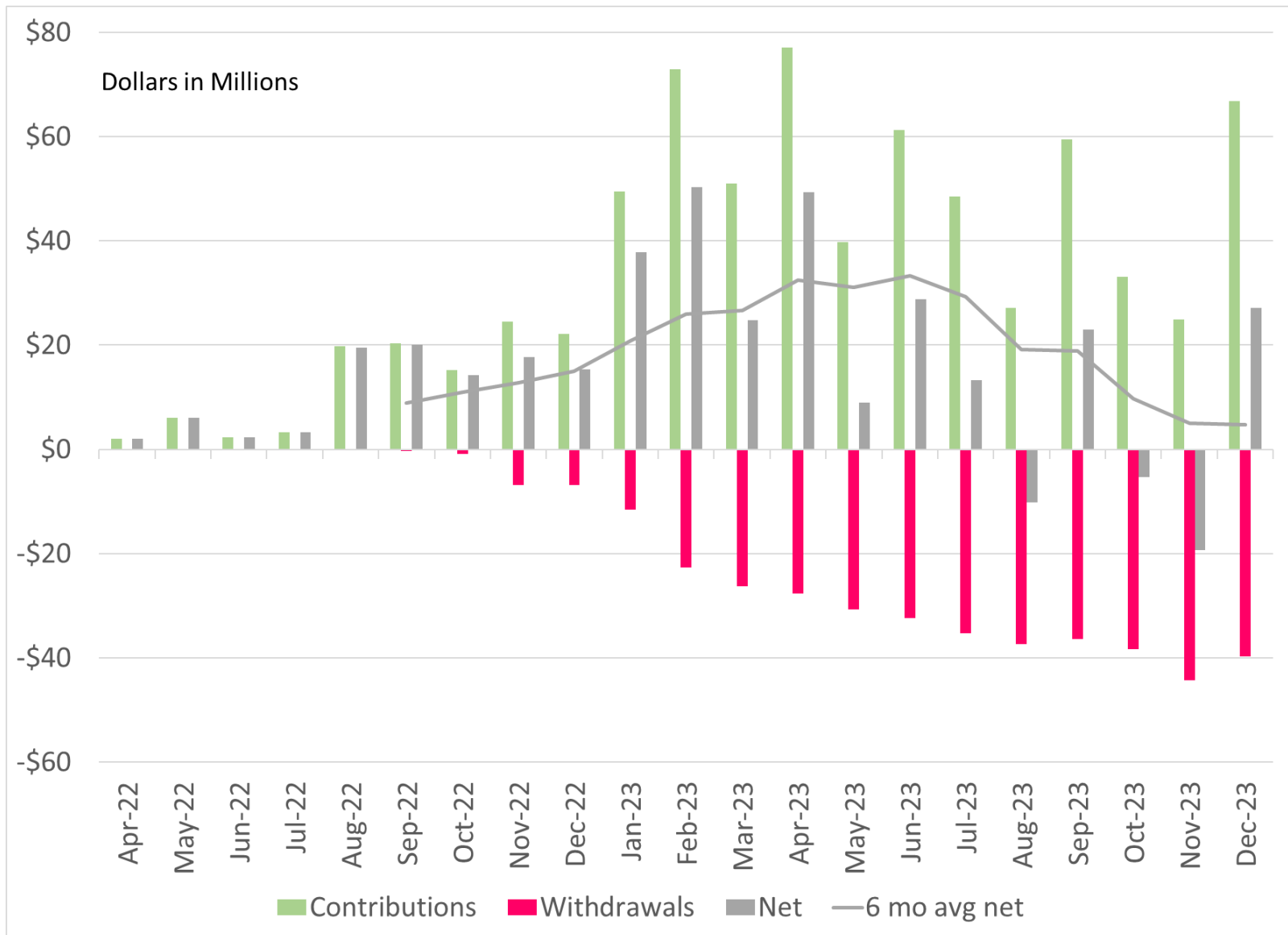
As of February 1, 2024

Asset Allocation 2/1/24

| Account | Current | | Target | | Variance | |
|------------------------------|--------------|---------------|--------------|---------------|--------------|--------------|
| | \$M | % | \$M | % | \$M | % |
| Growth | 5,623 | 56.5% | 5,770 | 58.0% | (148) | -1.5% |
| RHUMBLINE US LARGE | 2,216 | 22.3% | 2,288 | 23.0% | (72) | -0.7% |
| RHUMBLINE US SMALL | 494 | 5.0% | 497 | 5.0% | (4) | 0.0% |
| SSGA NON-US DEVELOPED | 1,762 | 17.7% | 1,791 | 18.0% | (28) | -0.3% |
| International Small Cap | 490 | 4.9% | 497 | 5.0% | (7) | -0.1% |
| SSGA NON-US DEVELOPED SC | 425 | 4.3% | 249 | 2.5% | 176 | |
| ACADIAN ACWI EX-US SC | 65 | 0.7% | 249 | 2.5% | (183) | |
| SSGA EM EQUITY | 660 | 6.6% | 696 | 7.0% | (36) | -0.4% |
| | | | | | | |
| Income | 1,595 | 16.0% | 1,592 | 16.0% | 3 | 0.0% |
| SSGA HIGH YIELD | 991 | 10.0% | 995 | 10.0% | (4) | 0.0% |
| SSGA EM DEBT | 604 | 6.1% | 597 | 6.0% | 7 | 0.1% |
| | | | | | | |
| Inflation Protection | 854 | 8.6% | 895 | 9.0% | (41) | -0.4% |
| SSGA TIPS | 281 | 2.8% | 298 | 3.0% | (17) | -0.2% |
| SSGA REITS | 411 | 4.1% | 398 | 4.0% | 13 | 0.1% |
| PRINCIPAL US PROPERTY | 163 | 1.6% | 199 | 2.0% | (36) | -0.4% |
| | | | | | | |
| Risk Mitigation | 1,877 | 18.9% | 1,691 | 17.0% | 186 | 1.9% |
| IPOPIF CASH | 165 | 1.7% | 99 | 1.0% | 66 | 0.7% |
| SSGA ST GOV-CREDIT | 1,329 | 13.4% | 1,293 | 13.0% | 36 | 0.4% |
| SSGA CORE BONDS | 382 | 3.8% | 298 | 3.0% | 84 | 0.8% |
| IPOPIF POOL FI TRANSITION | 0.10 | 0.0% | - | 0.0% | 0 | 0.0% |
| | | | | | | |
| Total Investment Pool | 9,949 | 100.0% | 9,949 | 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 | Initial Acadian funding of \$65M on Jan. 30. Will continue gradual funding in February and March. Working through documentation with LSV and WCM. Expect gradual funding of both on March 1 and April 1. |
| Bank Loan Manager Search | Board interviews conducted 1/19/24. Board consideration planned for 2/9/24. Contracts and funding documentation in process. |
| Emerging Market Debt Manager Search | Board education on 1/19/24. Now conducting universe and structure review. 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