

## Board of Trustees Meeting - December 15, 2023



Notice is hereby given that the Board of Trustees of the Illinois Police Officers' Pension Investment Fund will conduct a regular meeting on Friday, December 15, 2023, at 9:00 AM at the Marriott Pere Marquette Hotel, Cotillion Room, 501 Main Street, Peoria, IL. 61602

This meeting will be live-streamed on the Zoom video-conferencing platform. By entering the meeting participants agree to be audio and video recorded.

Topic: Board of Trustee Meeting

Time: December 15, 2023, 9:00 AM - 3:00 PM Central Time (US and Canada)

Join Zoom Meeting via Video:

Video: [www.zoom.us](http://www.zoom.us)

Meeting ID: 883 780 6328

Passcode: 975357

Join Zoom Meeting via Dial-In:

Dial In: 1 (312) 626-6799

Meeting ID: 883 780 6328

Passcode: 975357

December 15, 2023 09:00 AM Central Time (US and Canada)

### Agenda Topic

1. Call to Order (9:00 AM)
2. [Roll Call](#)
3. Board of Trustees
  - 3.1 [Special Trustee Election - Certification of Election Results: Discussion and Potential Action](#)
  - 3.2 Special Trustee Election- Seating of Newly Elected Board Member: Discussion and Potential Action
  - 3.3 [Special Trustee Election - Appointment to Committees: Discussion and Potential Action](#)
  - 3.4 [Board of Trustee Education: Discussion and Potential Action](#)
4. Finance
  - 4.1 [Annual Comprehensive Financial Report: Discussion and Potential Action](#)
  - 4.2 [Monthly Financial Statement - September 2023: Discussion and Potential Action](#)

- 4.3 [Monthly Financial Statement - October 2023: Discussion and Potential Action](#)
- 4.4 [Warrant # 2024-05: Discussion and Potential Action](#)
- 4.5 [Warrant # 2024-06: Discussion and Potential Action](#)
5. Minutes
  - 5.1 [Board of Trustee Meeting Minutes - October 13, 2023: Discussion and Potential Action](#)
  - 5.2 [Audit and Budget Committee Minutes- September 14 2023: Discussion and Potential Action](#)
6. Investments
  - 6.1 [International Small Cap Manager Interviews and Selection: Discussion and Potential Action](#)
7. Lunch Break
8. Investments - Continued
  - 8.1 [Investment Custodian Review: Discussion and Potential Action](#)
  - 8.2 [Investment Update: Discussion and Potential Action](#)
  - 8.3 [Verus Quarterly Report: Discussion and Potential Action](#)
  - 8.4 [Transition of Assets Planning: Discussion and Potential Action](#)
9. Governmental Liaison
  - 9.1 [Governmental Liaison Monthly Report: Discussion and Potential Action](#)
10. Operations
  - 10.1 [Strategic Plan: Discussion and Potential Action](#)
  - 10.2 [Retainer Agreement - Jacobs, Burns, Orlove & Hernandez, LLP: Discussion and Potential Action](#)
  - 10.3 [Operations Update Report: Discussion and Potential Action](#)
11. General Legal Counsel
12. Fiduciary Legal Counsel
13. Closed Session (if necessary)
14. Public Comment
15. Adjournment (3:00 PM)

IPOPIF

ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

**MEMORANDUM**

TO: IPOPIF BOARD OF TRUSTEES  
FROM: RICHARD WHITE, EXECUTIVE DIRECTOR  
RE: AGENDA ITEM: ROLL CALL  
DATE: DECEMBER 15, 2023

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**RECOMMENDATION:** Motion to allow absent members to participate in the December 15, 2023, meeting of the Board of Trustees by audio, video, or internet conferencing.

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Section 209 of the IPOPIF By Laws provides that *“Upon a majority vote of Trustees present at a meeting, a Trustee who is not physically present may participate in a meeting by audio, video, or internet conferencing, provided the Trustee is prevented from physically attending due to: (1) personal illness or disability; (2) employment purposes or Fund business; or (3) a family or other emergency. A Trustee who wishes to attend by telephone, video or internet conferencing must notify the Board Secretary and the Executive Director at least 24 hours prior to the meeting, unless advance notice is impractical. A Trustee who is allowed to participate by telephone, video or internet conferencing shall not be considered present for purposes of a quorum but shall be considered in attendance for all other purposes and allowed to vote on matters brought before the Board.”*

Additionally, 5 ILCS 120/7 was amended to include “unexpected childcare obligations” as an acceptable exception to the physical attendance rule.

In accordance with Board rules and the Open Meetings Act, the Board of Trustees will discuss and take necessary action to allow remote participation if members of the Board will not be physically present for the meeting.

A quorum of six members of the Board is still required to be present in the Board meeting room to comply with the Open Meetings Act.

ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

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**MEMORANDUM**

TO: BOARD OF TRUSTEES  
FROM: RICHARD WHITE, EXECUTIVE DIRECTOR  
RE: 2023 CERTIFICATION OF SPECIAL ELECTION FOR BOARD OF TRUSTEES  
DATE: DECEMBER 15, 2023

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**Recommended Action(s):** Declare the special election for the Board of Trustee Participant Seat #6 completed and certify the election of the following candidates for the Board of Trustees:

**ACTIVE MEMBER TRUSTEE (1 SEAT)**

- Scott W. Bowers

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**BACKGROUND:**

As provided for in the statute, the Board of Trustees is charged with administering the election for the permanent trustees. (40 ILCS 5/22B-116). Pursuant to the Pension Code, the Board of Trustees approved on June 9, 2023, that a special election take place to fill the vacant active member trustee seat. The term “**active member**” shall refer to an active police officer participating in an Article 3 Pension Fund. The Active Member Trustee Seat, with a term of office that began in January 2021, and runs through December 2024, is currently vacant with the resignation of the elected trustee holding this seat.

Election ballots and candidate statements were mailed via U.S.P.S to the eligible electors on October 3, 2023, and must have been received by the elector services vendor by October 31, 2023, at 4:30 PM to be tallied.

## ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

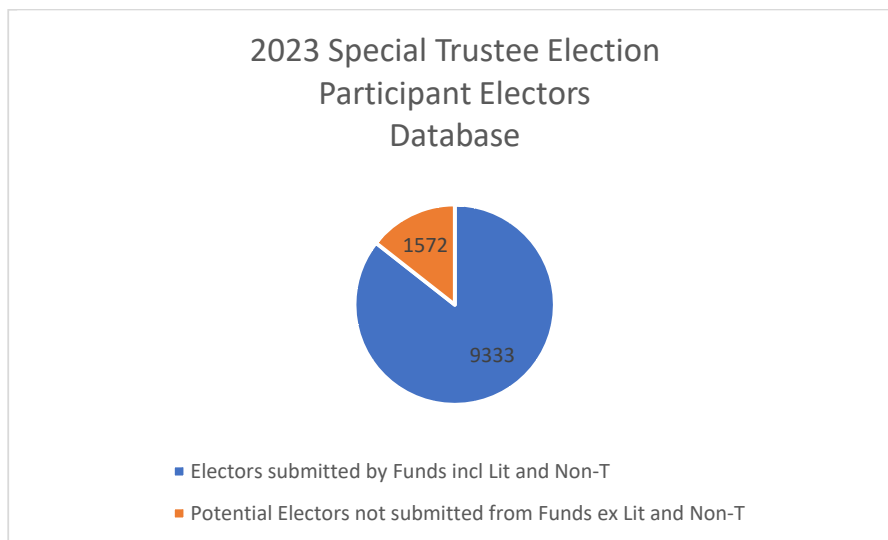
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All of the Article 3 Participating Police Pension Funds were contacted, invited to participate in the election and asked to submit the names of their active fund members, of which one non-transferred fund and one litigant fund did. The construction of the database of eligible electors consisted of multiple steps and communications with the Article 3 police pension funds, which began soon after the June meeting when the Board of Trustees approved the special election and continued up to and through the submission of the database to the election vendor on September 15, 2023.

Fifty-seven funds that had transferred assets did not respond to the request for elector names which represented approximately 1,572 active members of the overall total number of potential electors.

Approximately 1,059 potential electors were active members of the eight non-transferred funds or fourteen litigant funds that have not participated in the transition of assets process and did not provide elector names.

By removing these remaining non-transferred funds and the litigant funds from the overall potential electors resulted in the number of potential electors at 10,905, which meant that ballots were sent to 86% of the eligible voters of the Article 3 funds that have transferred assets to the IPOPIF, plus those members of Stone Park and Aurora.





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## ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

Election ballots were mailed to 9,333 active members of the Article 3 police pension funds for which elector names were provided on October 3, 2023. The election date was October 31, 2023. A total of 2,021 ballots were returned for tabulation, which represented a 21.65% return rate.

The election results were that 2,019 valid ballots were counted. Two ballots were unexercised and there were zero invalid ballots. The election internal controls used by the election vendor were audited by Ryan, Hodgins & Associates, CPAs and no issues were discovered.

### **RESULTS OF THE SPECIAL TRUSTEE ELECTION:**

The final vote tally for the Special Trustee Election were:

• <b>Scott W. Bowers</b>	<b>1,488 ballots cast</b>	<b>73.7%</b>
• <b>Steve Witnik</b>	<b>531 ballots cast</b>	<b>26.3%</b>

ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

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**IPOPIF BOARD OF TRUSTEES  
COMMITTEE ASSIGNMENTS**

**Effective: December 15, 2023**

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**Recommended action: Approve IPOPIF Committee assignments through January, 2025.**

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**AUDIT AND BUDGET COMMITTEE**

Members: Trustees Swanlund, Hopkins, Suess and Holleb

Chairperson: Trustee Swanlund

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**CONTRACT COMMITTEE**

Members: Trustees Hopkins, Poulos, Holleb and Suess

Chairperson: Trustee Holleb

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**ELECTION COMMITTEE**

Members: Trustees *Bowers*, Poulos, Inman and Cole

Chairperson: Trustee Poulos

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**GOVERNANCE COMMITTEE**

Members: Trustees Catavu, *Bowers*, Suess and Inman

Chairperson: Trustee Suess

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**LEGISLATIVE COMMITTEE**

Members: Trustees Catavu, Swanlund, Cole and Holleb

Chairperson: Trustee Catavu

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**LITIGATION COMMITTEE**

Members: Trustees Cole, *Bowers*, Holleb, Hopkins, Inman, Poulos, Suess, Swanlund

Chairperson: Trustee Suess

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ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

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MEMORANDUM

TO: IPOPIF BOARD OF TRUSTEES  
FROM: RICHARD WHITE, EXECUTIVE DIRECTOR  
RE: APPROVE BOARD MEMBER TRAINING  
DATE: DECEMBER 15, 2023

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**RECOMMENDATION:** Approve Trustee Daniel Hopkins attendance at the NAPO Pension and Benefits Seminar, January 28-30, 2024, in Las Vegas, NV.

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The Education and Training Policy requires that travel and attendance expenses for educational missions are approved by the Board of Trustees. Trustee Daniel Hopkins is requesting approval to attend the National Association of Police Organizations (NAPO) 2024 Pension and Benefits Seminar that will be held on January 28-30, 2024, at the Caesars Palace Hotel in Las Vegas, NV.

According to the materials provided by NAPO, the Seminar will include topics will focus on the challenges and causes for concern in today's pension and benefits environment, such as: Economic & Political Updates, the likely Impact on the 2024 Elections, Inflation and the Fed's Response to Mounting National Debt and Threats to the U.S. Credit Rating, Socially Conscious Investing, Global Taxation Plans, Liability Pitfalls & Practical Advice for Fiduciaries, AI and its impact on Pension & Benefits Plans and Investing. Additional topics for the seminar are still being developed but will be consistent with public safety pension and benefits topics.

The NAPO Pension and Benefits Seminar is one of those deemed to meet the Trustee educational and training requirements, per the Policy, and complies with the Policy rule that a seminar should contain an average of five (5) hours of substantive education content per day.



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## ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

The estimated cost of the attendance for the NAPO Seminar includes:

Registration Fee (Early Bird Rate)	\$ 595
Hotel Accommodations (3 Nights)	\$ 700
Airfare	\$ 500
Meals	\$ 300
Miscellaneous Expenses	\$ 200
<b>Estimated Cost</b>	<b>\$ 2,295</b>

The adopted Fiscal Year 2024 includes funding for this expense.

## Seminar Information

Join NAPO for the 35th Annual Pension & Benefits Seminar in Las Vegas! Participate in discussions on the pertinent and pressing topics affecting your retirement, pension fund and benefits. For the most up-to-date agenda, and seminar details please visit [www.napo.org/PB24](http://www.napo.org/PB24).

### Schedule at a Glance

#### Sunday, January 28

10:30 a.m. - 12:30 p.m.	Executive Board Meeting
3:15 p.m. - 4:30 p.m.	Attendee Registration
3:30 p.m. - 6:30 p.m.	Welcome Party ~ Championship Football

#### Monday, January 29

8:30 a.m. - 6:30 p.m.	Exhibit Hall Open
8:30 a.m. - 9:00 a.m.	Registration/Breakfast
9:00 a.m. - 12:30 p.m.	General Session
12:30 p.m. - 1:30 p.m.	Hosted Lunch
1:30 p.m. - 4:45 p.m.	General Session
5:00 p.m. - 6:30 p.m.	Networking Reception

#### Tuesday, January 30

8:30 a.m. - 3:00 p.m.	Exhibit Hall Open
8:30 a.m. - 9:00 a.m.	Breakfast
9:00 a.m. - 12:00 p.m.	General Session
12:00 p.m. - 1:00 p.m.	Hosted Lunch
1:30 p.m. - 4:00 p.m.	General Session

### Seminar Registration

We encourage you to register by December 1, 2023 to take advantage of our Early Bird Discounts. On-site registration is available for an additional \$100.00 per attendee. Only registered individuals may attend the general sessions and social events.



	Early Bird Rate By 12/1/23	Standard Rate After 12/2/23
NAPO Law Enforcement Group Member	\$595	\$645
Pension/ Union Trustee, Administrator, Director, Public Employee Non NAPO Member	\$695	\$745
Asset Managers & Service Providers	\$2695	\$2895
Attendee Spouse	\$300	\$300

### Registration

#### ONLINE:

[www.napo.org/PB24](http://www.napo.org/PB24)

#### MAIL:

NAPO, 317 South Patrick Street, Alexandria, VA 22314

#### FAX/EMAIL:

Fax: 703-684-0515 Email: [registrations@napo.org](mailto:registrations@napo.org)

### Cancellation/Refund Policy

Cancellation requests received prior to January 12, 2024 will be refunded minus a \$50 processing fee. No refunds will be given after January 12, 2024.

### Hotel

NAPO has reserved guest rooms at Caesars Palace Hotel for registered seminar attendees. Room rates are \$209 weekend and \$159 weekday. Reservations may be made by calling (866) 227-5944. Advise them you are attending the NAPO Seminar. To avoid a \$15 booking fee, make your reservations online. Check the NAPO website, [www.napo.org/PB24](http://www.napo.org/PB24) for the reservation link.

### Airfare

Discounted airfare is available through Delta and United Airlines. To confirm the discounted prices please go to the NAPO Pension & Benefits website: [www.napo.org/PB24](http://www.napo.org/PB24)

ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

IPOPIF

**MEMORANDUM**

TO: Board of Trustees  
FROM: Richard White, Executive Director  
Regina Tuczak, Chief Financial Officer  
RE: Agenda Item 4.1: Annual Comprehensive Financial Report  
DATE: December 15, 2023

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**RECOMMENDATION:** Approve the annual comprehensive financial report as of and for the year ending June 30, 2023.

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In accordance with the Pension Code (40 ILCS 5/22B-125):

At least annually, the books, records, accounts, and securities of the Fund shall be audited by a certified public accountant selected by the board and conducted in accordance with the rules and procedures promulgated by the Governmental Accounting Standards Board. The audit opinion shall be published as a part of the annual report of the Fund, which shall be submitted to the transferor pension funds and to the Department of Insurance.

Fund staff has completed preparation of the Annual Comprehensive Financial Report (ACFR) for Fiscal Year 2023, which includes the financial statements as of and for the years ended June 30, 2023, and 2022. Also included in the ACFR is an Introductory Section, an Investment Section, and a Statistical Section. A final draft of the ACFR is included in the materials provided.

In summary, the Fund's financial statements reflect the transfer of \$5.725 billion in investment assets from Article 3 Funds in Fiscal Year 2023, disclosures required for the Fund's investment portfolio of \$9.092 billion, and all other significant financial activity relevant to the Fund's operations. Noteworthy new financial statement disclosures in fiscal year 2023 include information relevant to the Fund's participation in the Illinois Municipal Retirement Fund in September of 2022, and a footnote regarding litigation in the Supreme Court of Illinois.

Sikich LLP (Sikich) was engaged to perform the audit of the Fund's financial statements as of and for the year ended June 30, 2023. In addition to their audit opinion included in the ACFR, they have prepared a document that communicates various required matters to those charged with governance. A final draft of this document is included in the materials provided. Brian LeFevre, Partner, from Sikich will attend the meeting to review this document and the ACFR with the Board.

## ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

**IPOPIF**

As of the preparation of this memo, the Audit and Budget Committee is scheduled to meet on December 14<sup>th</sup> to review and discuss the ACFR and communications from Sikich. Submission of these documents to the Board is conditional upon the Audit and Budget Committee's recommendation to submit these documents to the Board for approval.

Note that the documents are in final draft form and are pending any feedback, comments or changes requested by the Audit and Budget Committee and/or the Board of Trustees. Should the Board approve the ACFR draft, IPOPIF staff will provide a management representative letter to Sikich and the reports will be issued.



# Illinois Police Officers' Pension Investment Fund

## Annual Comprehensive Financial Report



For the Years Ended  
June 30, 2023 and 2022

# Illinois Police Officers' Pension Investment Fund

Annual Comprehensive Financial Report

For the Years Ended June 30, 2023 and 2022



Prepared by the staff of the Illinois Police Officers'  
Pension Investment Fund

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## Introductory Section

# Illinois Police Officers' Pension Investment Fund Members of the Board of Trustees

June 30, 2023

**Lee Catavu**, Trustee and Board Secretary  
Sergeant, Aurora Police Department

**Brad Cole**, Trustee  
Executive Director, Illinois Municipal League

**Elizabeth Holleb**, Trustee  
Director of Finance, City of Lake Forest

**Daniel Hopkins**, Trustee  
Retired Police Officer, Collinsville

**Michael Inman**, Trustee,  
Mayor, City of Macomb

**Mark Poulos**, Trustee and Board Treasurer,  
Retired Police Lieutenant, Rock Island

**Phil Suess**, Trustee and Board Chairperson  
Mayor, City of Wheaton

**Paul Swanlund**, Trustee and Board Vice Chairperson,  
Detective, Bloomington Police Department



## IPOPIF Staff

**Richard A. White, Jr.**

Executive Director

**Kent F. Custer**

Chief Investment Officer

**Regina Tuczak**

Assistant Executive Director/Finance Director

**Amy Zick**

Senior Accountant

**Steve Yoon**

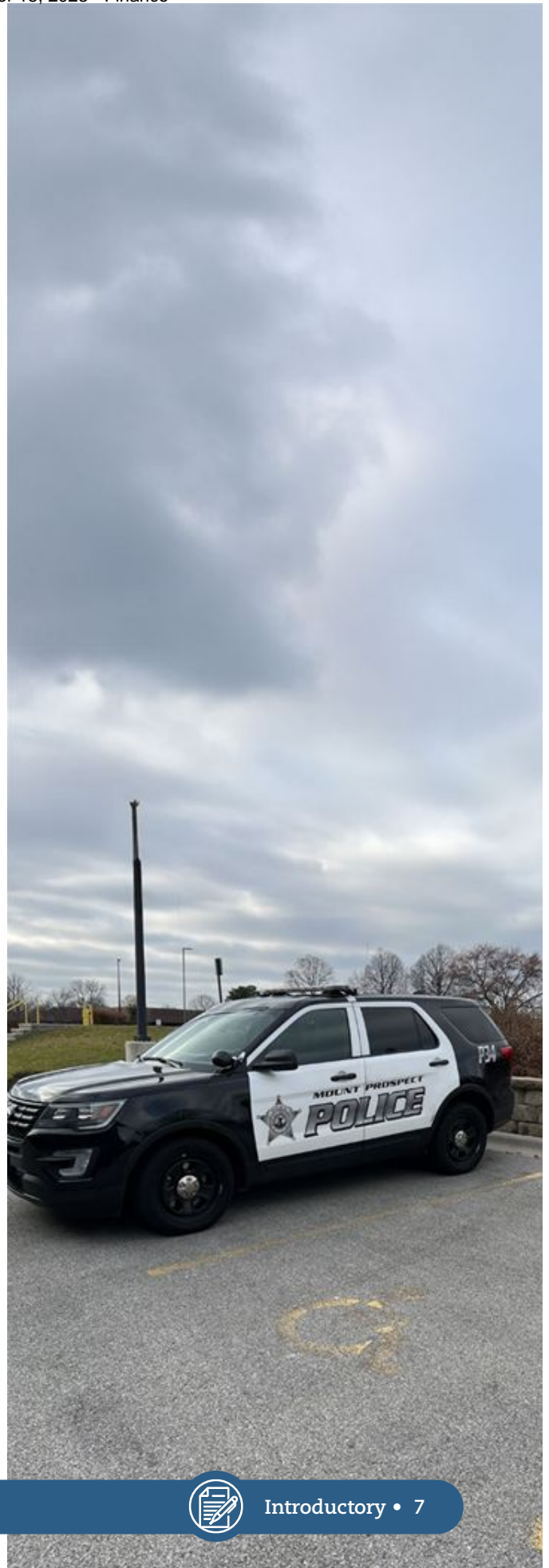
Investment Officer

**Barbara Meyer**

Investment Officer

**Kate Cobb**

Administrative Analyst



# List of Professional Consultants and Service Providers

As of June 30, 2023

## **Accounting, Payroll, Chief Financial Officer and Human Resource Services**

Lauterbach & Amen, LLP

## **Actuarial Services**

Foster & Foster Consulting Actuaries, Inc.

## **Banking Services**

Lake Forest Bank & Trust Company, N.A.

## **Certified Public Accountants**

Baker Tilly US, LLP

Kerber, Eck & Braeckel LLP

Sikich, LLP

## **Communication Consulting Services**

Shepherd Public Relations, LLC

## **Commercial Insurance Broker**

Cook Castles Associates, LLC.

## **Election Services**

Survey and Ballot Systems

## **Employee Benefits**

Assured Partners

Employee Benefits Corporation

TransAmerica Retirement Solutions

## **Fiduciary Legal Counsel**

Jacobs, Burns, Orlove & Hernandez, LLP

## **General Legal Counsel Services**

Reimer Dobrovlny & LaBardi, PC

## **Government Liaison Services**

Vision M.A.I. Consulting

## **Information Technology Services**

Levi, Ray & Shoup, Inc.

Pension Technology Group, Inc.

Ernst & Young LLP

## **Investment Custodian Services**

State Street Bank & Trust Company

## **Investment Consulting Services**

Verus Advisory, Inc.

## **Investment Management Services**

Principal Life Insurance Company

Rhumblin Advisors Limited Partnership

State Street Global Advisors Trust Company

## **Office Services**

Accounting CS Professional Suite — Thomson Reuters  
ADP, Inc.

AmeriCall Communications Company, Inc.

AT&T Mobility

Central Illinois Security, Inc.

Comcast

Confidential Security Corporation

Diligent Corporation

Lincoln Office

Next Request

ODP Business Solutions, LLC

The Cleaning Source

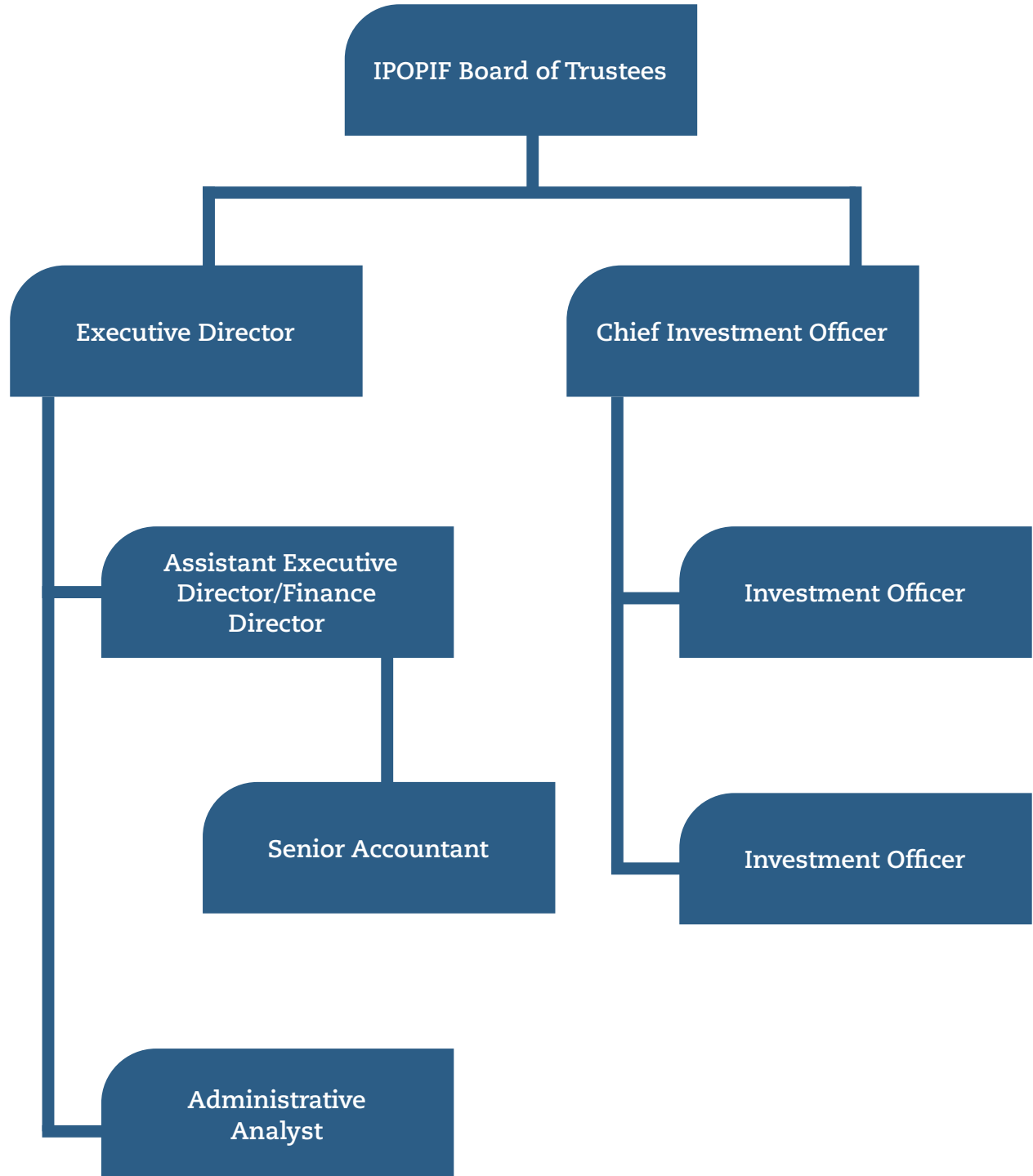
## **Plan Administration Services**

Foster & Foster, Inc.



# Organizational Chart

June 30, 2023



# Letter of Transmittal

*[Date]*

Board of Trustees  
Illinois Police Officers' Pension Investment Fund  
456 Fulton Street, Suite 402  
Peoria, IL. 61602

Dear Board Trustees,

I am pleased to present the Annual Comprehensive Financial Report of the Illinois Police Officers' Pension Investment Fund (the Fund) as of and for the years ended June 30, 2023, and 2022. The information contained in this report is intended to provide a detailed overview of the Fund's financial and investment results for the fiscal years ended June 30, 2023, and 2022.

In accordance with 40 ILCS 5/22B-125, at least annually, the books, records, accounts, and securities of the Fund shall be audited by a certified public accountant selected by the board and conducted in accordance with the rules and procedures promulgated by the Governmental Accounting Standards Board.

To the best of my knowledge and belief, the enclosed data are accurate in all material respects, and are reported in a manner designed to present fairly the financial position and changes in financial position of the Fund in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America, by a firm of licensed certified public accountants.

Responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rest with Fund Management, and shall be based on a comprehensive framework of internal controls that is established for this purpose.

Because the cost of control should not exceed the benefits to be derived, the objective is to provide reasonable, rather than absolute assurance, that the financial statements are free of any material misstatements. Management is responsible for maintaining a system of adequate internal accounting controls designed to maintain accountability of assets and to permit preparation of financial statements in accordance with GAAP.

I believe the internal controls in effect during this fiscal period ended June 30, 2023, adequately safeguard the Fund's assets, and provide reasonable assurance regarding the proper recording of financial transactions. All disclosures necessary to enable the reader to gain an understanding of the Fund's financial activities have been included.

Sikich, LLP, Independent Certified Public Accountants, has issued an [unmodified opinion] on the Fund's financial statements, for the fiscal periods ended June 30, 2023, and 2022. The Independent Auditors' Report is located at the front of the Financial Section of the report.

## Board Members

### Vacant

*Participant Representative*  
Peoria, IL

### Lee Catavu

*Participant Representative*  
Aurora, IL

### Paul Swanlund

*Participant Representative*  
Bloomington, IL

### Daniel Hopkins

*Beneficiary Representative*  
Collinsville, IL

### Mark Poulos

*Beneficiary Representative*  
Rock Island, IL

### Elizabeth Holleb

*Municipal Representative*  
Lake Forest, IL

### Michael Inman

*Municipal Representative*  
Macomb, IL

### Phil Suess

*Municipal Representative*  
Wheaton, IL

### Brad Cole

*Illinois Municipal League*  
*Representative*  
Carbondale, IL



Generally accepted accounting principles (GAAP) require that management provide a narrative introduction overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Fund's MD&A can be found immediately following the report of the independent auditors.

## Introduction

Effective January 1, 2020, Public Act 101-0610 amended the Illinois Pension Code and provided for the mandatory consolidation of the investment assets of the downstate and suburban public safety pension funds into two investment pools, one for police officers (known as Article 3 Funds) and one for firefighters (known as Article 4 funds).

The law created the Illinois Police Officers' Pension Investment Fund (the Fund) that is responsible for the consolidation of the investment assets of the 357 Article 3 police pension funds and vests the Fund's Board of Trustees with the authority to "manage the reserves, funds, assets, securities, properties and monies" of the approximately \$9.5 billion in pension fund assets.

The law does not take away the local funds' exclusive authority to award disability benefits, retirement benefits and survivor benefits and stipulates that the assets and liabilities of local pension funds will remain under the ownership of each local pension board. The pension fund assets are combined for investment purposes only with the express purpose of eliminating unnecessary and redundant administrative costs, thereby ensuring more money is available to fund pension benefits for the beneficiaries of the Article 3 pension funds. The pension fund assets of the participating pension funds cannot be accessed by the state and are to be maintained in accounts held outside the state treasury.

The investment fund is governed by an independently elected and autonomous board of trustees that is charged with the operation and administration of the Fund. As provided for under the statute, the trustees of the Fund shall:

- a. be fiduciaries for the participants and beneficiaries of the Article 3 participating funds and shall discharge their duties with respect to the pension fund solely in the interest of the participants and beneficiaries,
- b. take all reasonable steps to ensure that all of the Article 3 pension funds are treated equitably, and
- c. ensure that the financial condition of one participating pension fund will have no effect on the financial condition of any other participating pension fund.



## Major Initiatives and Significant Events

### Board of Trustees:

The IPOPIF is governed by an independent and autonomous Board of Trustees. The Trustees of the IPOPIF are fiduciaries and will discharge their duties with integrity and solely in the best interest for the participants and beneficiaries of the Article 3 participating funds. The members of the Board of Trustees, as of June 30, 2023, are:

- a. Three members representing municipalities who are mayors, presidents, chief executive officers, chief financial officers, or other officers, executives, or department heads of municipalities:
  - i. Elizabeth Holleb, Municipal Representative, Finance Director, City of Lake Forest
  - ii. Michael Inman, Municipal Representative, Mayor, City of Macomb
  - iii. Phil Suess, Chairperson, Municipal Representative, Mayor, City of Wheaton
- b. Three members representing participants and who are participants:
  - i. Lee Catavu, Secretary, Participant Representative, Sergeant, Aurora Police Department
  - ii. Paul Swanlund, Vice Chairperson, Participant Representative, Detective, Bloomington Police Department
  - iii. Vacant Trustee Seat. (Seat was vacated in May 2023 due to resignation of trustee).
- c. Two members representing beneficiaries and who are beneficiaries:
  - i. Daniel Hopkins, Beneficiary Representative, Retired Officer, Collinsville Police Department
  - ii. Mark Poulos, Treasurer, Beneficiary Representative, Retired Lieutenant, Rock Island Police Department
- d. One member who is a representative of the Illinois Municipal League:
 

Brad Cole, Illinois Municipal League Representative, Executive Director of the Illinois Municipal League, Carbondale

Four trustee positions were subject to election early in fiscal year 2023, and Trustee Catavu, Trustee Hopkins, Trustee Suess, and Trustee Swanlund were successfully re-elected for another service term of January 2023 through December 2026.

### Meetings of the Board of Trustees

The Board of Trustees held ten Board meetings during this fiscal year period. Meetings of the Board of Trustees were conducted as in-person meetings and also available via the Zoom digital platform.

### Administration of the Fund

The Board of Trustees approved a staffing level of thirteen full-time positions at the April 14, 2023, meeting, which includes eight administrative positions and five investment positions. As of June 30, 2023, the Fund had seven full-time employees, with several additional full-time staff hired shortly after the conclusion of fiscal year 2023.

The Fund took occupancy of its office location in the Twin Towers Plaza in Peoria, Illinois, in October of 2022. On February 10, 2023, a second addendum to the Lease Agreement between the Fund and the City of Peoria was executed, which extended the initial term of the lease to September 2027. The Fund has concluded all build outs, and the office is open during business hours to provide equal access and service to the Fund's membership located throughout the State of Illinois.

### Budget

The Board of Trustees approves the Fund's annual budget, following the statutory requirements. The Board of Trustees adopted the budget for the fiscal year on June 10, 2022, for the 2023 Fiscal Year in the amount of \$7,914,093; and adopted a revised budget on April 14, 2023, in the amount of \$6,793,609. The reduction in budgeted expenses reflects the Board's diligence and staff's dedication to operate the Fund in an efficient manner, while effectively completing the process of receiving and investing the assets from the Article 3 police pension funds in the fiscal year.



## Loan Agreement

In June 2020, the Illinois Finance Authority approved a Loan Agreement with the Fund allowing the borrowing of up to \$7,500,000 to fund the operational and investment related expenses through the transition period. The Board of Trustees approved the pre-payment of the loan and interest which was accomplished with a final payment on April 3, 2023.

## Investments

For the year ended June 30, 2023, with positive economic market momentum in 2023, the Fund's investment portfolio earned a money-weighted rate of return of 8.9%. Information about the Fund's investments, fiscal year 2023 performance, market conditions, and the Investment Policy can be found in the Investment Section of this report.

In fiscal year 2023, there were 213 Article 3 police pension funds that transferred investment assets to the Fund with market values of approximately \$5,725 million. As of June 30, 2023, 332 Article 3 participating police funds had fully completed asset transfers to the IPOPIF trust fund which total \$9,175 million. Subsequent to the receipt and reconciliation of the investment assets from each police pension fund, the assets were invested in accordance with the asset allocation as described in the Investment Policy Statement.

At the December 9, 2022, Board meeting, the Board confirmed December 31, 2022, as the closing date for the transition period of participating pension funds transfer of investment assets to the Fund.

In accordance with 40 ILCS 5/22B 120(g) a certified public accountant performed various agreed-upon procedures on the books, records, accounts, and securities of the Fund that pertained to the full transition period of March 1, 2022, to December 31, 2022. Sikich, LLP, the certified public accountant engaged to perform these procedures, issued their report on July 21, 2023, noting no exceptions or issues in the testing performed. Sikich's report detailing these procedures is available on the Fund's website.

While December 31, 2022, was the closing date of the transition period, the Board of Trustees continues to accommodate transfers of assets from ILCS Article 3 Funds that have not yet transferred their investments to the Fund.

## Acknowledgements

Thank you to the staff and professional consultants who worked under the leadership of the Board of Trustees to prepare the fiscal year 2023 financial statements, and the production of this report. We also thank all of those who work with and on behalf of the Fund throughout the year in many different capacities to assist the Fund perform all statutory responsibilities and serve the membership with dedication and distinction.

## Request for Information

This financial report is designed to provide the Fund Board of Trustees, our membership, taxpayers, and stakeholders with a general overview of the Fund's finances. Questions concerning any of the information in this report or requests for additional information should be addressed to:

Illinois Police Officers' Pension Investment Fund  
456 Fulton Street, Suite 402  
Peoria, IL. 61602  
**Email:** info@ipopif.org

Respectfully submitted,



Richard A. White, Jr.  
Executive Director



## Financial Section

# Auditor's Opinion

Preliminary and Tentative  
For Discussion Purposes Only

## INDEPENDENT AUDITOR'S REPORT

The Honorable Chairman  
Members of the Board of Trustees  
Illinois Police Officers' Pension Investment Fund  
Peoria, Illinois

### Opinions

We have audited the financial statements of the Illinois Police Officers' Pension Investment Fund (the Fund) as of June 30, 2023 and 2022, and the related notes to financial statements, which collectively comprise the basic financial statements as listed in the accompanying table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Illinois Police Officers' Pension Investment Fund as of June 30, 2023 and 2022, and the changes in fiduciary net position for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under these standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Fund and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fund's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.



**Auditor's Responsibilities for the Audit of the Financial Statements**

Preliminary and Tentative  
For Discussion Purposes Only

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fund's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

**Other Matters***Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America,



which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Preliminary and Tentative  
For Discussion Purposes Only

*Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Fund's basic financial statements. The supplementary information is presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements.

The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Other Information*

Management is responsible for the other information included in the annual report. The other information comprises the introductory section, investment section, and statistical section, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Naperville, Illinois  
DATE OPEN, 2023



## Management Discussion and Analysis (Unaudited)

Management is pleased to provide this discussion and analysis for the financial activities of the Illinois Police Officers' Pension Investment Fund (the Fund) for the periods ended June 30, 2023, 2022, and 2021. Readers should review the information presented here in conjunction with the additional information provided in the letter of transmittal. This correspondence is intended to serve as an introduction to the Fund's basic financial statements and notes to the financial statements. The Annual Comprehensive Financial Report (ACFR) also contains other information in addition to the basic financial statements.

The Fund was created on December 18, 2019, when Illinois Governor JB Pritzker signed into law Article 22(B) within Chapter 40, Article 5 of the Illinois Compiled Statutes (ILCS). The law, Public Act 101-0610, provided for the mandatory consolidation of the investment assets of the state's public safety pension funds into two investment funds; one for police officers (ILCS Article 3) and one for firefighters (ILCS Article 4). Furthermore, this law empowered the Fund's Board of Trustees to "manage the reserves, funds, assets, securities, properties and monies" which was initially estimated to represent approximately \$9.5 billion in pension assets once all assets are fully transferred.

In June 2020, the Illinois Finance Authority (IFA) approved a Loan Agreement with the Fund allowing the borrowing of up to \$7.5 million to fund the operational and investment related expenses through the transition period. The loan agreement included an interest rate calculated at the federal funds rate plus 150 basis points (1.50%). All loan proceeds were received by June 30, 2022. Repayments of principal and interest were made on September 20 and 21, 2022 and January 3, 2023, and the full loan principal and all outstanding interest was repaid to the IFA on April 3, 2023.

At the December 9, 2022, Board meeting, the Board confirmed December 31, 2022, as the closing date for the transition period of participating pension funds transfer of investment assets to the Fund. As of December 31, 2022, 328 ILCS Article 3 Funds had transferred their investment assets to the Fund, with investment transfers that totaled approximately \$8.56 billion. Four additional ILCS Article 3 Funds had transferred assets to the Fund as of June 30, 2023, with investment transfers of approximately \$35 million. The Board of Trustees continues to accommodate transfers of assets from ILCS Article 3 Funds that have not yet transferred their investments to the Fund.

### Overview of Financial Statements and Accompanying Information

This discussion and analysis are intended to serve as an overview to the Fund's financial reporting which is comprised of the following components:

1. **Basic Financial Statements:** This information presents the plan net position held in trust for pool participants for the Fund as of June 30, 2023, and 2022. This financial information also summarizes the changes in plan net position held in trust for pool participants for the fiscal periods then ended.
2. **Notes to Basic Financial Statements:** The notes to the financial statements provide additional information that is essential to achieve a full understanding of the data provided in the basic financial statements.
3. **Required Supplementary Information:** The required supplementary information provides information on the employer's contribution to the pension plan and changes in the employer's net pension liability and related ratios.
4. **Supplementary Information:** The supplementary information provides a Detailed Schedule of Administrative Expenses – Budget Amounts and Actual Incurred. As the Fund grows in assets and activities, more information will be provided in this section.
5. **Investment Section:** The Investment section of the report provides information pertaining to the Fund's investment activities for the fiscal period. On March 1, 2022, the Fund began the transfer of investment assets from Article 3 Police Pension Funds. As the Fund grows in assets and allocations of active investment management are made, more information will be provided in this section.
6. **Statistical Section:** The Statistical section of the report is included to provide additional historical trend information to review the Fund's past financial performance. Additionally, this section includes helpful Demographic and Economic information for context compared to the Fund's information.



## Financial Highlights

The basic financial statements are prepared in accordance with accounting principles generally accepted in the United States of America as established by the Governmental Accounting Standards Board (GASB). Information is presented for all audited time periods ended June 30, 2023, 2022, and 2021. Information presented and discussed below is designed to focus on events of the most current year while providing explanations of changes from the prior reporting periods.

## Fiduciary Net Position

The Statement of Fiduciary Net Position is presented for the Fund as of June 30, 2023 and 2022, and the financial statements reflect the resources available as of these dates.

A summary of the Fund's Statements of Fiduciary Net Position as of June 30, 2023, 2022 and 2021 is presented below:

	2023	2022	2021
Cash and Investments	\$ 9,383,770,015	\$ 2,723,869,176	\$ 552,771
Receivables	3,759,564	19,784,668	-
	9,387,529,579	2,743,653,844	552,771
Other Assets — Net IMRF Pension Asset	7,426	-	-
<b>Total Assets</b>	<b>9,387,537,005</b>	<b>2,743,653,844</b>	<b>552,771</b>
Deferred Outflows of Resources	80,309	-	-
Accounts Payable & Accrued Payroll	1,021,294	1,401,774	266,777
IFA Loan Payable (including Capitalized Interest)	-	7,503,635	1,411,175
Total Liabilities	1,021,294	8,905,409	1,677,952
<b>Net Position Held in Trust for Pool Participants</b>	<b>\$ 9,386,596,020</b>	<b>\$ 2,734,748,435</b>	<b>\$ (1,125,181)</b>

As of June 30, 2022, the Fund had received and reconciled investment assets from 119 Article 3 Police Pension Funds (Participating Pension Funds). As of June 30, 2023, investment assets from a total of 332 Participating Pension Funds had been received and reconciled, representing approximately \$8.6 billion of assets transferred. The increase in cash and investments from June 30, 2022, to June 30, 2023, is primarily from the transfer of investment assets from Participating Pension Funds in fiscal year 2023, which totaled approximately \$5.725 billion in this twelve-month period. Note that as of June 30, 2021, no investment assets had been transferred from Article 3 Funds.

On December 17, 2021, the Board of Trustees of the Fund adopted an Investment Policy Statement that provided for a short-term and a long-term asset allocation. The short-term allocation accommodates the initial transition of investment assets from Participating Pension Funds and the subsequent buildout of diversified strategies. As investment assets from Participating Pension Funds were transferred to the Fund's custodian, State Street Bank & Trust Company, commencing March 1, the process to invest the receiving assets into the short-term asset allocation began immediately.



On April 14, 2023, the Board of Trustees approved a change to the short-term asset allocation as part of the process of transitioning the portfolio towards the long-term asset allocation. The revised asset allocation transfers 8% of the portfolio from Risk Mitigation Asset Classes to Growth Asset Classes; which increases public equity allocations in US Large Cap and International Developed, and reduces allocations to Cash, Short-Term Government Credit, and Core Fixed Income. As of June 30, 2022, and 2023, the Fund's portfolio was invested in commingled index funds that are retirement pooled funds and common trust funds that seek investment returns that approximate as closely as practicable the performance of a specific benchmark.

Receivables as of June 30, 2022, consist of \$3.3 million of interest and dividend income earned but not yet paid, and \$16.5 million of investment securities sold but not yet settled. As of June 30, 2023, receivables consist of \$3.7 million of interest and dividend income earned but not yet paid. The reduction in receivables due to investments sold but not yet settled is due to the timing of investment sales at fiscal year end. All receivables are a direct result of the investment activity of the Fund commencing in March of 2022.

Prior to the transfer of investment assets from Participating Pension Funds, the only statutorily provided source of funding for the administration and operations of the Fund was a loan agreement with the Illinois Finance Authority (IFA), which provided for up to \$7.5 million of loan distributions. Through June 30, 2022, the Fund had drawn all of the allotted \$7.5 million available. Approximately \$3.8 million of these loan distributions were held in cash equivalents as of June 30, 2022. All loan principal and interest was repaid to the IFA on April 3, 2023.

At the July 8, 2022, Board meeting, the Trustees approved staff participation in the Illinois Municipal Retirement Plan (IMRF), an agent multiple-employer public employee retirement system. Participation was effective September 1, 2022. Accordingly, the Fund has included deferred outflows related to pensions and an IMRF Net Pension Asset in the June 30, 2023, financial statements based on the most recently available valuation as of December 31, 2022. As the Fund began participation in the plan on September 1, 2022, a valuation was not available as of December 31, 2021.

As of June 30, 2022, the Fund had employed 4 full-time staff and engaged various professional service firms and investment managers to assist with the administration operations of the Fund, the orderly transition of investment assets from Participating Pension Funds to the Fund, and the related investment of assets into the Fund's short-term asset allocation. Accounts payable and accrued payroll of \$1.4 million as of June 30, 2022, represent expenses incurred associated with these services that had not yet been paid.

As of June 30, 2023, the Fund had employed 7 full-time staff. With the increase in full-time staff and the closing of the transition period for transfer of investment assets from participating pension funds on December 31, 2022, the Fund reduced its retention of professional service firms. The reduction in accounts payable and accrued payroll of approximately \$.4 million from June 30, 2022, reflects these operational changes.





## Statement of Changes in Fiduciary Net Position

The Statement of Changes in Fiduciary Net Position is presented for the years ended June 30, 2023, and 2022. The financial statements reflect the changes in the resources available to invest as of June 30, 2023, and 2022.

A summary of the Fund's Statements of Changes in Fiduciary Net Position for the years ended June 30, 2023, 2022, and 2021, is presented below:

	2023	2022	2021
<b>Additions</b>			
Cash and Investments	\$ 6,182,414,834	\$ 2,867,186,760	\$ -
Transferred from Member Funds			
Net Investment Income (Loss)	641,885,924	(127,315,926)	261
Investment-Related Expenses	(2,500,909)	(1,375,257)	(139,188)
<b>Total Additions</b>	<b>6,821,799,849</b>	<b>2,738,495,577</b>	<b>(138,927)</b>
<b>Deductions</b>			
Administrative Expenses			
Board of Trustees	75,150	69,407	157,227
Administrative Operations	2,366,515	1,498,749	58,050
Investment Operations	1,149,284	1,053,805	707,778
<b>Total Administrative Expenses</b>	<b>3,590,949</b>	<b>2,621,961</b>	<b>923,055</b>
Member Fund Withdrawals	166,361,315	-	-
<b>Total Deductions</b>	<b>169,952,264</b>	<b>2,621,961</b>	<b>923,055</b>
<b>Total Net Change</b>	<b>6,651,847,585</b>	<b>2,735,873,616</b>	<b>(1,061,982)</b>
Beginning of Period	2,734,748,435	(1,125,181)	(63,199)
Net Position Held in Trust for Pool Participants			
<b>End of Period</b>	<b>\$ 9,386,596,020</b>	<b>\$ 2,734,748,435</b>	<b>\$ (1,125,181)</b>



## Additions

For the twelve months ending June 30, 2022, and 2023, there were 119 and 213, respectively, Participating Pension Funds that transferred investment assets to the Fund with market values of approximately \$2,867 and \$5,725 million, respectively. In accordance with the Fund's cash management policy PP-2022-01, Participating Pension Funds may also contribute cash to the Fund's custodial account with State Street Bank & Trust Company (State Street Bank) on any day the custodian is open for business. During the fiscal year ending June 30, 2023, Participating Funds contributed approximately \$456 million of cash to the Fund through approximately 870 transactions.

As of June 30, 2022, the Fund had received and reconciled investment assets from 119 Article 3 Police Pension Funds (Participating Pension Funds). As of June 30, 2023, investment assets from a total of 332 Participating Pension Funds had been received and reconciled, representing approximately \$8.6 billion of assets. The increase in cash and investments from June 30, 2022, to June 30, 2023, is primarily from the transfer of investment assets from Participating Pension Funds in fiscal year 2023, which totaled approximately \$5.725 billion in this twelve-month period.

Investment performance results for the year ending June 30, 2022, consist exclusively of investment activity commencing on March 1, 2022, when the first transfer of Participating Pension Fund investment assets occurred. Such investment income (loss) includes the performance of assets received from Participating Pension Funds awaiting transfer to the transition pool for liquidation, and assets invested in the Fund's target asset allocation. During this period, the Fund earned \$4.1 million of interest and dividend income and experienced net depreciation of investment assets of (\$131.4) million. The Fund had a rate of return, net of investment fees paid but not accrued, of -10.1%. Consistent with the Fund's policy benchmarks, nearly all asset classes held by the Fund experienced losses, reflective of financial market conditions during this time period. The Fund's overall performance during this time period was consistent with its policy benchmark of -10.0% and outperformed its broad benchmark of -13.2%.

During the fiscal year ending June 30, 2023, the Fund's investment portfolio earned \$62.0 million of interest and dividend income and \$580 million of net appreciation of investment assets. The challenging market environment of fiscal year 2022 continued into the early months of fiscal year 2023, however, market conditions improved at the end of calendar year 2022, with strong economic growth. Momentum continued into the first six months of 2023, with inflation gradually declining, a strong labor market and the first rate pause from the Federal Reserve. The market recovery was felt across the Fund's investment portfolio with all allocations experiencing positive returns in the last six months of the fiscal year. The Fund had a net money weighted rate of return of 8.9% in fiscal year 2023, which was consistent with its policy benchmark of 8.8%, but underperformed its broad benchmark of 11.0%, which reflected a higher equity exposure than the Fund's investment allocation.



## Deductions

In accordance with the Fund's cash management policy, Participating Pension Funds may withdraw cash from the Fund's custodial account with State Street Bank to meet the needs of administering Article 3 Police Pension Fund requirements. Cash withdrawal requests shall be submitted at least seven calendar days prior to the requested transfer date, and Participating Pension Funds shall initiate withdrawals using the cash management portal maintained by the custodian. The first withdrawals from Participating Pension Funds occurred in July of 2022 and increased in volume and dollar amount throughout the fiscal year. 747 cash withdrawal transactions were completed in fiscal year 2023 summing to approximately \$166 million.

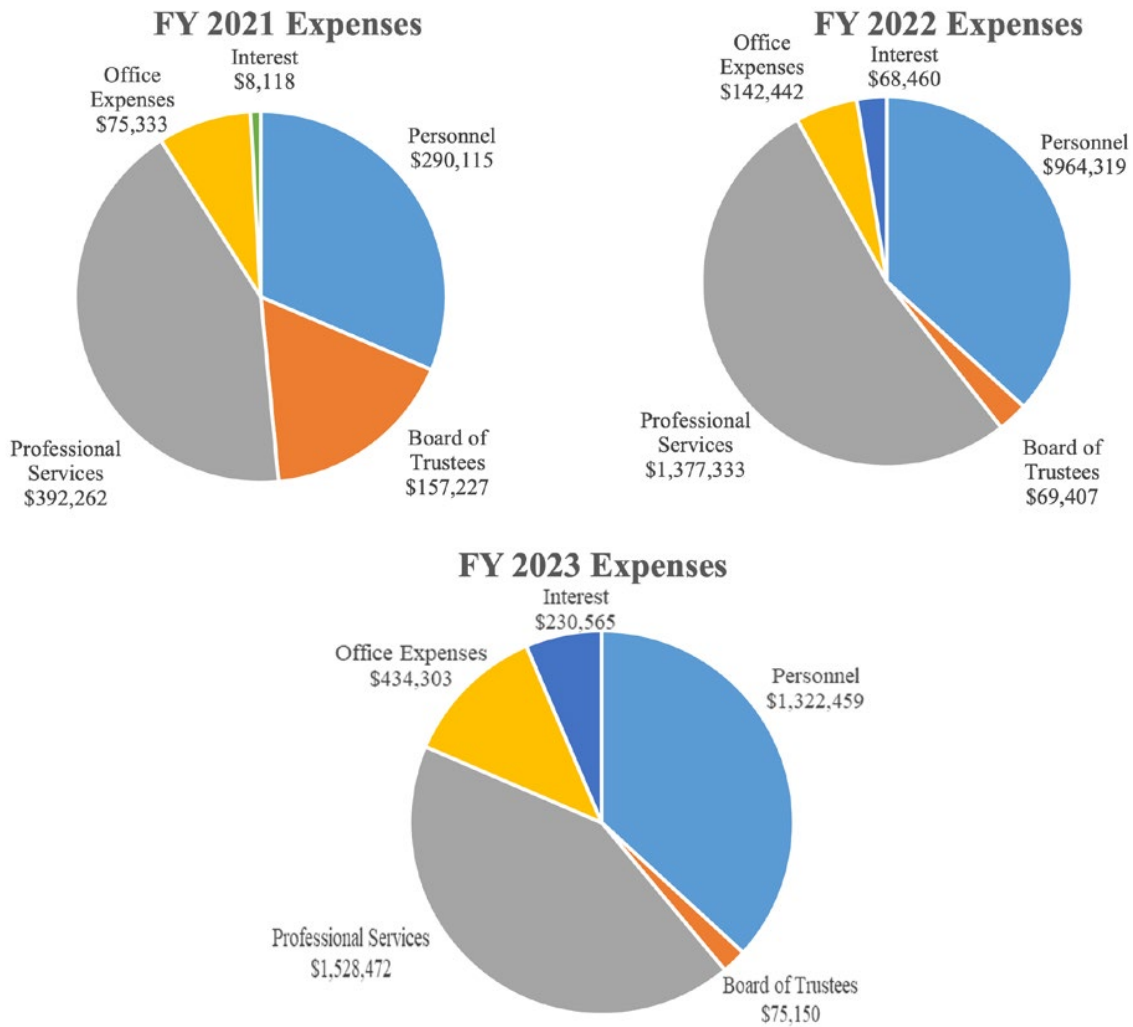
The Fund's expenses in fiscal years 2022 and 2023 were related to establishing the infrastructure to administer an external investment pool and commence and complete the transfer of investment assets from Article 3 Pension Funds, as required by the Illinois Pension Code 40 ILCS/5 Article 22(B). There were 5 Tranches of investment asset transfers in fiscal year 2022 and 6 Tranches of investment transfers in fiscal year 2023, with significantly higher market value of investment transfers in fiscal year 2023, which is reflected in the increased Administrative Expenses in fiscal year 2023. With the higher volume of investment transfers in fiscal year 2023, and an investment portfolio that increased from \$2,724 million as of June 30, 2022, to \$9,384 million as of June 30, 2023, investment related expenses increased from \$1.3 million to \$2.5 million from fiscal year 2022 to fiscal year 2023, respectively. The increase included higher investment manager fees of \$.83 million and increased custodial fees of \$.29 million. With the proceeds of the IFA loan received in full by June 30, 2022, and all related principal and interest paid to the IFA by April 3, 2023, all subsequent expenses of the Fund are paid from the cash allocation of the investment portfolio of the Fund.

With the Fund concluding the transition period as of December 31, 2022, three additional full-time staff were hired in fiscal year 2023 to execute various administrative operations in-house, such as accounting and finance, as the Fund transitioned from its infancy to a steady state of required functions. With the additional full-time staff, total personnel costs increased approximately \$.36 million in fiscal year 2023. Additional administrative expenses of approximately \$.22 million in fiscal year 2023 were incurred as the Fund took occupancy of its office space in Peoria and built-out office operations.

Investment-related expenses are presented as a reduction of investment performance income (loss) and include custodian expenses, investment manager expenses, investment consultant fees, and transition management services. All other administrative expenses are presented in three categories consisting of Board of Trustees Expense, Investment Operations Expense and Administrative Operations Expense.



Further depiction of the Fund's total administrative expenses for each of the three periods ending June 30, 2023, 2022, and 2021, is presented below:



### Future Outlook

The Board of Trustees has consolidated roughly \$8.6 billion of the original estimate of \$9.5 billion in investment assets from 357 individual Funds as of June 30, 2023. An ongoing legal challenge to the constitutionality of Public Act 101-0610 continues as of June 30, 2023, with 15 Article 3 Police Pension Funds receiving a stay order from the court system with respect to the transfer and consolidation of their investment assets into the Fund. The Board of Trustees, with guidance from Fund staff and professional service providers, continues to take prudent steps in the ongoing development and implementation of this investment fund for the benefit of all their participants.





## Basic Financial Statements



# Statement of Fiduciary Net Position

June 30, 2023 and 2022

	2023	2022
<b>Assets</b>		
Cash and Cash Equivalents	\$ 290,938,476	\$ 69,461,353
Investments, at Fair Value		
U.S. Equities	2,321,474,614	444,398,088
U.S. Fixed Income	270,711,086	462,268,454
Non-U.S. Fixed Income	-	6,566,714
Commingled Funds, Equity	2,597,155,647	1,016,015,099
Commingled Funds, Fixed Income	3,374,118,609	608,187,461
Real Estate	529,371,583	116,972,007
<b>Total Investments, at Fair Value</b>	<b>9,092,831,539</b>	<b>2,654,407,823</b>
Receivables		
Accrued Investment Income	3,759,564	3,264,097
Investments Sold	-	16,520,571
<b>Total Receivables</b>	<b>3,759,564</b>	<b>19,784,668</b>
Other Assets — Net IMRF Pension Asset	7,426	-
<b>Total Assets</b>	<b>9,387,537,005</b>	<b>2,743,653,844</b>
<b>Deferred Outflows of Resources</b>		
Deferred outflows related to IMRF Pension	80,309	-
<b>Liabilities</b>		
Accrued Expenses	1,021,294	1,401,774
Loan Agreement Payable	-	7,503,635
<b>Total Liabilities</b>	<b>1,021,294</b>	<b>8,905,409</b>
<b>Net Position Held in Trust for Pool Participants</b>	<b>\$9,386,596,020</b>	<b>\$2,734,748,435</b>



# Statement of Changes in Fiduciary Net Position

For the Years Ended June 30, 2023 and 2022

	2023	2022
<b>Additions</b>		
Contributions		
Member Fund Cash Transfers	456,489,074	-
Member Fund Investment Transfers	\$ 5,725,925,760	\$ 2,867,186,760
<b>Total Contributions</b>	<b>6,182,414,834</b>	<b>2,867,186,760</b>
Investment Income		
Interest Income and Dividend Income	62,030,821	4,055,439
Net Appreciation (Depreciation) in Fair Value of Investments	579,855,103	(131,371,365)
Total Investment Income (Loss)	641,885,924	(127,315,926)
Less Investment Expenses	(2,500,909)	(1,375,257)
<b>Net Investment Income (Loss)</b>	<b>639,385,015</b>	<b>(128,691,183)</b>
<b>Total Additions</b>	<b>6,821,799,849</b>	<b>2,738,495,577</b>
<b>Deductions</b>		
Administrative Expenses		
Board of Trustees	75,150	69,407
Administrative Operations	2,366,515	1,498,749
Investment Operations	1,149,284	1,053,805
<b>Total Administrative Expenses</b>	<b>3,590,949</b>	<b>2,621,961</b>
Member Fund Withdrawals	166,361,315	-
Total Deductions	169,952,264	2,621,961
<b>Net Increase</b>	<b>6,651,847,585</b>	<b>2,735,873,616</b>
<b>Net Position Held In Trust For Pool Participants</b>		
July 1	2,734,748,435	(1,125,181)
June 30	\$9,386,596,020	\$2,734,748,435



# Notes To Financial Statements

June 30, 2023 and 2022

## 1. Summary of Significant Accounting Policies

The financial statements of the Illinois Police Officers' Pension Investment Fund (the Fund) have been prepared in accordance with accounting principles generally accepted in the United States of America, as applied to government units (hereinafter referred to as generally accepted accounting principles (GAAP)). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the accounting policies are described below.

### A. Reporting Entity

The Fund was established by legislative act of the Illinois General Assembly, P.A. 101-610, which took effect on January 1, 2020. The Fund is defined as an investment trust fund and an external investment pool. The Fund is not a component unit of any other government. The Fund is responsible for investing the assets of the 357 suburban and downstate police officer pension funds. A nine-member Board of Trustees governs the Fund and is made up of three active police officers elected by participants of participating pension plans, two retired police officers elected by beneficiaries of participating pension plans, three executive municipal members elected by mayors, presidents, chief executive officers, chief financial officers, or other officers, executives or department heads of municipalities of participating pension funds, and one member recommended by the Illinois Municipal League appointed by the Governor with the advice and consent of the Senate. The Board of Trustees are fiduciaries for the participants and beneficiaries of the participating pension funds and discharge their duties solely in the interest of the fund participants and beneficiaries.

### B. Fund Accounting

Fiduciary funds are used to account for fiduciary activities (e.g., assets held on behalf of outside parties, including other governments). When investments are held for other entities, an investment trust fund is used.

### C. Measurement Focus and Basis of Accounting

The Fund is accounted for with a flow of economic resources measurement focus. With this measurement focus, all assets, deferred inflows of resources, liabilities and deferred outflows of resources associated with the operation of this fund are included on the statement of fiduciary net position. Investment trust fund operating statements present increases (e.g., additions) and decreases (e.g., deductions) in net position.

The accrual basis of accounting is utilized by the investment trust fund. Under this method, additions are recorded when earned and deductions are recorded at the time the liabilities are incurred.

### D. Investments

Investment trust funds are required to report investments at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Investment transactions are accounted for on a trade date (date ordered to buy or sell is initiated) and dividend income is recognized on the ex-dividend date. Interest income is recognized on an accrual basis.





Real Estate Funds and Commingled Funds, have fair values based on audited financial statements of the funds and then adjusted by the Fund and its investment managers for activity from audit date to fiscal year end using monthly activity statements.

#### **E. Participating Fund Contributions and Withdrawals**

The Fund's Cash Management Policy originally approved by the Board of Trustees on January 14, 2022, and most recently amended on April 14, 2023, establishes the framework and procedures for cash contributions and withdrawals by participating pension funds.

Subsequent to a participating pension fund's (Participating Fund) transfer of investment assets to the Fund, a Participating Fund may withdraw cash or deposit contributions through use of a web-based application maintained by the Fund's custodian, State Street Bank & Trust Company (the Custodian).

Participating Funds may request withdrawals or contribute cash at any time and multiple transactions can be entered up to 13 months in advance. Cash withdrawal requests are to be submitted at least seven calendar days prior to the requested transfer date to ensure availability, although the Fund may, in its sole discretion, process a cash withdrawal request with fewer than seven calendar days.

Cash contributions may be made by a Participating Fund on any day the Fund's custodian is open for business. Contributions received by the Custodian will be invested on the same day if feasible or on the next business day. In general, funds received prior to 10:00am are invested on the day of receipt. Participating Funds shall provide notification of contributions using the portal or by email.

#### **F. Compensated Absences**

It is the policy of the Fund to permit employees to accumulate earned but unused paid time off. Accumulated paid time off is recorded as an expense and liability as the benefits accrue to employees.

#### **G. Long-Term Obligations**

In the Fund's financial statements, long-term debt and other long-term obligations are reported as liabilities.

#### **H. Estimates**

The preparation of financial statements in conformity with GAAP require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/ expenses during the reporting period. Actual results could differ from those estimates.

### **2. Deposits And Investments**

The Fund is authorized to invest in all investments allowed by Illinois Compiled Statutes (ILCS). The authority of IPOPIF to manage pension fund assets of Article 3 Pension Funds began when there has been a physical transfer of the pension fund assets to the Fund and the assets were placed in the custody of the Fund's custodian or custodians. The transition of investment assets from Article 3 Pension Funds to the Fund concluded on December 31, 2022. Subsequent to the receipt and reconciliation of investment assets from an Article 3 Pension Fund, the Fund shall have the authority to manage the pension fund assets of the transferor pension funds for the purpose of obtaining a total return on investments for the long term. The Fund shall not be subject to any of the limitations applicable to investments of pension fund assets currently held by the transferor pension funds under Sections 1-113.1 through 1-113.12 or Article 3 of the Illinois Pension Code. All investments shall be clearly held and accounted for to indicate ownership by the Fund. The Fund may direct the registration of securities in its own name or in the name of a nominee created for the express purpose of registration of securities by a national or state bank or trust company authorized to conduct a trust business in the State of Illinois.

The Fund continues to receive investment assets from Article 3 Pension Funds subsequent to December 31, 2022, upon request and subject to a mutually agreeable timeframe.



## 2. Deposits And Investments (Continued)

### A. Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of bank failure, the Fund's deposits may not be returned to it. The Fund holds cash deposits of \$105,553, and \$3,785,400 with Lake Forest Bank & Trust Company NA (Lake Forest Bank) and \$0 and \$4,976, with State Street Bank & Trust Company (SSBT) as of June 30, 2023, and June 30, 2022, respectively. The Fund does not have a policy to specifically address custodial credit risk for deposits. However, in addition to the \$250,000 of insurance provided by the Federal Deposit Insurance Corporation (FDIC) on the Fund's cash deposits, balances held at Lake Forest Bank are subject to an additional \$250,000 of insurance with the FDIC through a MaxSafe Deposit Account Program. Cash deposits in excess of \$500,000 held with Lake Forest Bank are fully collateralized subject to a collateralized deposit agreement between Lake Forest Bank and the Fund effective December 1, 2020.

Cash deposits with SSBT are swept daily into a money market investment vehicle managed by an affiliate of SSBT, which is primarily invested in U.S. Treasury obligations.

### B. Investments

#### *Investment Rate of Return*

For the year ended June 30, 2023, the Fund's investments returned 8.9%, net of fees paid but not accrued, using daily cash flows and dollar-weighted calculation methodology.

For the year ended June 30, 2022, the Fund's investments returned -10.1%, net of fees paid but not accrued, using daily cash flows and dollar-weighted calculation methodology. This return presents the inception to date return for the Fund beginning with the transition of the first investment assets from Article 3 Funds on March 1, 2022, to the fiscal year end of June 30, 2022.

#### *Fair Value Measurement*

The fund categorizes fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.



For the year ended June 30, 2023, the Fund had the following recurring fair value measurements:

	Level 1	Level 2	Level 3	Total
Investments by Fair Value Level				
U.S. Equities	\$ 2,321,474,614	\$ -	\$ -	\$ 2,321,474,614
U.S. Fixed Income	-	270,711,086	-	270,711,086
Commingled Funds, Equity	4,629,773	-	-	4,629,773
Total Investments by Fair Value Level	\$ 2,326,104,387	\$ 270,711,086	\$ -	2,596,815,473
Investments Measured at Net Asset Value				
Commingled Funds, Equity				2,592,525,874
Commingled Funds, Fixed Income				3,374,118,609
Real Estate Funds				529,371,583
Total Investments by Net Asset Value				6,496,016,066
Total Investments				\$ 9,092,831,539

Valuation methodologies are as follows:

- U.S. Equities: end of day quoted prices from active exchanges;
- U.S. Fixed Income: quoted prices where available or active, observable trade information and parallels drawn from comparable securities where a quoted price is not available;
- Commingled Funds: End of day quoted prices from active exchanges where available or net asset value as determined by the investment manager;
- Money Market Funds: amortized cost which approximates fair value; and
- Real Estate: end of day quoted prices from active exchanges as applicable or net asset value for commingled funds as determined by the investment manager.



For the year ended June 30, 2022, the Fund had the following recurring fair value measurements:

	Level 1	Level 2	Level 3	Total
Investments by Fair Value Level				
U.S. Equities	\$ 444,398,088	\$ –	\$ –	\$ 444,398,088
U.S. Fixed Income	–	462,268,454	–	462,268,454
Non-U.S. Fixed Income	–	6,566,714	–	6,566,714
Commingled Funds, Equity	583,234,126	–	–	583,234,127
Real Estate	2,161,690	–	–	2,161,689
Total Investments by Fair Value Level	\$ 1,029,793,904	\$ 468,835,168	\$ –	1,498,629,072
Investments Measured at Net Asset Value				
Commingled Funds, Equity				432,780,972
Commingled Funds, Fixed Income				608,187,461
Real Estate Funds				114,810,318
Total Investments by Net Asset Value				1,155,778,751
Total Investments				\$ 2,654,407,823

Valuation methodologies are as follows:

- U.S. Equities: end of day quoted prices from active exchanges;
- U.S. Fixed Income: quoted prices where available or active, observable trade information and parallels drawn from comparable securities where a quoted price is not available;
- Commingled Funds: End of day quoted prices from active exchanges where available or net asset value as determined by the investment manager;
- Money Market Funds: amortized cost which approximates fair value; and
- Real Estate: end of day quoted prices from active exchanges as applicable or net asset value for commingled funds as determined by the investment manager.



**Investments Measured at Net Asset Value**

The Fund holds shares of interests in investment companies where the fair value of the investments are measured on a recurring basis using net asset value (NAV) per share. At the year ended June 30, 2023, the fair value, unfunded commitments and redemption values of those investments is as follows:

	<b>Fair Value</b>	<b>Unfunded Commitments</b>	<b>Redemption Frequency (if currently eligible)</b>	<b>Redemption Notice Period</b>
Investments Measured at NAV				
Commingled Funds, Equity	\$ 2,592,525,874	\$ –	Daily	1 Day
Commingled Funds, Fixed Income	3,374,118,609	–	Daily	1 Day
Real Estate Funds				
Commingled Fund	356,432,029	–	Daily	1 Day
Group Annuity Contract	172,939,554	–	Daily	7-30 Days
Total Investments Measured at NAV	\$ 6,496,016,066	\$ –		

At the year ended June 30, 2022, the fair value, unfunded commitments and redemption values of those investments is as follows:

	<b>Fair Value</b>	<b>Unfunded Commitments</b>	<b>Redemption Frequency (if currently eligible)</b>	<b>Redemption Notice Period</b>
Investments Measured at NAV				
Commingled Funds, Equity	\$ 432,780,972	\$ –	Daily	1 Day
Commingled Funds, Fixed Income	608,187,461	–	Daily	1 Day
Real Estate Funds				
Commingled Fund	27,952,758	–	Daily	1 Day
Group Annuity Contract	86,857,560	–	Daily	7-30 Days
Total Investments Measured at NAV	\$ 1,155,778,751	\$ –		



Commingled funds (equity, fixed income and real estate) are valued at net asset value and generally do not have readily attainable market values. The Fund invests in ten commingled index funds that are retirement pooled funds and common trust funds managed by State Street Global Advisors Trust Company (SSGA). Each of the commingled funds seeks an investment return that approximates as closely as practicable, before expenses, the performance of a specific benchmark. Seven of the commingled funds seek an investment return based on an equity index, three of the commingled funds seek an investment return based on a bond or yield index and one commingled fund seeks an investment return based on a Real Estate Investment Trust index.

Each of the commingled funds records a net asset value per unit, based on the net assets of the commingled fund. The per unit net asset value of each commingled fund is determined each business day and is valued by SSGA based on the market value of the underlying investments of each fund. Each commingled fund is subject to an annual audit of its financial statements. The value recorded in the financial statements reflects the value of the Fund's units held as of June 30, 2023 and 2022.

The Group Annuity contract is held with Principal Life Insurance Company and such funds are invested in the Principal U.S. Property Separate Account (the Account) managed by Principal Real Estate Investors, LLC. The focus of the Account is to pursue a private equity core investment strategy through active management of a portfolio of nationally diversified, income producing properties. The Account uses a unit value of recordkeeping in which the value at the valuation date is calculated by multiplying the number of units held by the applicable unit value. The unit value is determined each business day by the appraised market value of the portfolio less operating expenses accrued but not deducted. The Account is subject to an annual audit of its financial statements. The value recorded in the financial statements reflects the value of the Fund's units held as of June 30, 2023 and 2022. Redemptions of the Account may be limited to \$25,000,000 within a 90-day period in the event the portfolio manager determines such limit is necessary. On July 1, 2022, a withdrawal limitation to all investors was implemented. The portfolio manager holds discretion on the Account's ability to meet withdrawal requests. When distributions resume, redemptions will be based on the pro rata ownership of the Account.

### ***Interest Rate Risk***

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. The Fund's investment policy addresses interest rate risk by establishing the Asset Allocation, Investment Manager Structure and Rebalancing Policy. Development of the asset allocation included scenario and stress testing portfolio sensitivity to changing interest rates. The Board initially adopted a short-term asset allocation specifically to mitigate interest rate and valuation risks. The investment policy establishes rebalancing thresholds and procedures to maintain the desired asset allocation. At the April 14, 2023, meeting of the Board of Trustees, the Board approved a change to the short-term asset allocation as part of the process of gradually transitioning the investment portfolio towards a long-term strategic return-seeking allocation.

The investment policy also establishes investment manager monitoring and evaluation provisions to ensure that investment manager process and positioning does not introduce unexpected or uncompensated risks. The Fund is predominantly invested in commingled funds that seek to mimic the investment characteristics of the associated index and not take active positions that might potentially increase interest rate risk.

Duration is a risk metric that can be used to measure a debt investment's exposure to fair value changes arising from changing interest rates. Modified duration is the percentage change in price of a bond for a unit change in yield. It thus measures the price sensitivity of a bond to changing interest rates. The table below provides the modified duration rate as of June 30, 2023 and 2022.



	2023		2022	
	Fair Value	Modified Duration Rate	Fair Value	Modified Duration Rate
U.S. Fixed Income				
U.S. Treasury Inflation Indexed Bonds	\$ 270,612,936	2.42	\$ 52,807,493	2.43
Other U.S. Fixed Income				
U.S. Fixed Income in transition pool	98,150	8.62	148,693,095	4.30
U.S. Fixed Income not in transition pool	–	–	260,767,866	N/A
Total Other U.S. Fixed Income	98,150		409,460,961	
Total U.S. Fixed Income	\$ 270,711,086		\$ 462,268,454	
Other U.S. Fixed Income by security type				
Corporate Obligations	\$ –	–	\$ 132,764,623	–
U.S. Government and Federal Agency Obligations	44,524	–	246,510,545	–
Municipal Bond Obligations	52,249	–	26,943,909	–
Collateralized Mortgage Obligations	1,377		3,180,634	
Other Asset Backed Securities	–	–	61,250	–
Total Other U.S. Fixed Income by security type	\$ 98,150		409,460,961	
Non-U.S. Fixed Income				
Non-U.S. Fixed income in transition pool	\$ –	–	\$ 3,706,448	4.30
Non-U.S. Fixed income not in transition pool	–	–	2,860,266	N/A
Total Non-U.S. Fixed Income	\$ –		\$ 6,566,714	

As of June 30, 2022, the U.S. Fixed Income investments of \$260,767,866 and Non-U.S. Fixed Income investments of \$2,860,266 were in the process of receipt or recently received by the Fund's custodian and were not yet transferred to the transition pool for liquidation and transition to the Fund's target asset allocation. Duration information for these investment is not available.



**Credit Risk**

Credit risk is the risk that an issuer of a debt security will not pay its par value upon maturity. The Fund's investment policy addresses credit risk by establishing the Asset Allocation, Investment Manager Structure and Rebalancing Policy. Development of the asset allocation included scenario and stress testing portfolio sensitivity to changing credit spreads (relative valuation to U.S. Treasury securities). The investment policy establishes rebalancing thresholds and procedures to maintain the desired asset allocation. The investment policy also establishes investment manager monitoring and evaluation provisions to ensure that investment manager process and positioning does not introduce unexpected or uncompensated risks. The Fund is predominantly invested in index funds that seek to broadly diversify credit risk, mimic the investment characteristics of the associated index and not take active positions that might potentially increase credit risk.

As of June 30, 2023, the Fund's investments were rated as follows:

	Moody's Quality Rating	Total
U.S. Fixed Income	Aaa	\$ 270,665,237
	Not rated	45,849
Total U.S. Fixed Income		\$ 270,711,086

The Fund had an investment of \$290,999,427 in the State Street Institutional Treasury Money Market Fund as of June 30, 2023, which was rated AAA by Standard & Poor's.





As of June 30, 2022, the Fund's investments were rated as follows:

	Moody's Quality Rating	Total
U.S. Fixed Income		
	Aaa	\$ 267,614,460
	Aa	16,408,141
	A	71,902,107
	Baa	34,703,125
	Ba	83,670
	Not rated	71,556,951
Total U.S. Fixed Income		\$ 462,268,454
Non-U.S. Fixed Income		
	Aa	\$ 868,083
	A	2,638,937
	Baa	1,219,605
	Not rated	1,840,089
Total Non-U.S. Fixed Income		\$ 6,566,714

The Fund had an investment of \$65,675,954 in the State Street Institutional Treasury Money Market Fund as of June 30, 2022, which was rated AAA by Standard & Poor's.

#### ***Foreign Currency Risk***

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of investments and deposits. Although the Fund does not have a formal policy regarding foreign currency risk, the Fund does not invest directly in foreign currency or investments denominated in foreign currency. The Fund's foreign currency risk is thus limited to investments in commingled funds managed by SSGA. These funds are subject to investment guidelines and the non-U.S. funds seek an investment return that approximates the performance of the various non-U.S. market-weighted cap indices. Foreign currency risks are thus consistent with these index benchmarks.



As of June 30, 2023, the Fund did not directly hold any foreign currency. As of June 30, 2022, the Fund was in receipt of \$417,856, of Canadian dollars from a participating pension fund that had recently transferred its investment assets to the Fund and had not yet begun the transition to the Fund's target asset allocation.

#### ***Custodial Credit Risk for Investments***

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Fund will not be able to recover the value of its investments that are in possession of an outside party. While the Fund does not have a policy which limits its exposure to custodial credit risk, as of years ending June 30, 2023 and 2022, there were no securities held by the counterparty or by its trust department or agent that were not in the Fund's name.

#### ***Concentration of Credit Risk for Investments***

The Fund's portfolio is managed by professional investment management firms. Each investment manager must comply with risk management guidelines individually assigned to them as part of their investment management agreement. The Fund did not have any single issuer investment that exceeded 5% or more of the Fund's fiduciary net position or the investment portfolio at years ending June 30, 2023 and 2022. The Fund's investments in the State Street U.S. Short-Term Government/Credit Bond Index Non-Lending Fund of \$1,356,222,079; the State Street MSCI EAFE Index Non-Lending Fund of \$1,343,975,082; State Street U.S. High Yield Bond Index Non-Lending QIB Common Trust Fund of \$919,511,235; the State Street Daily MSCI Emerging Markets Index Fund of \$641,444,318; the State Street Emerging Markets Hard Currency Sovereign Bond Fund of \$552,950,477; and the State Street U.S. Aggregate Bond Index Non-Lending Fund of \$545,434,819 represent greater than 5% of fiduciary net position at June 30, 2023. The Fund's investments in the State Street U.S. Short-Term Government/Credit Bond Index Non-Lending Fund of \$241,483,090; the State Street U.S. High Yield Bond Index Non-Lending QIB Common Trust Fund of \$158,800,906 and the State Street MSCI EAFE Non-Lending Fund of \$212,723,634 represents greater than 5% of fiduciary net position at June 30, 2022. All funds are commingled funds that are retirement pooled funds and common trust funds managed by SSGA.

#### ***Derivative Securities***

Fund investment managers may enter into financial futures derivative transactions in accordance with their guidelines. A futures contract is an agreement between two parties to buy or sell units of a particular index, security or commodity at a set price on a future date. Financial futures represent an off-balance sheet obligation as there are no balance sheet assets or liabilities associated with those contracts. The Fund's transition manager, State Street Global Markets, utilizes financial futures within the transition pool of assets that are being converted to the Fund's asset allocation, in order to obtain market exposure that matches as closely as possible, the Fund's target allocation. These contracts are exchanged-traded treasury and equity index futures. As of June 30, 2023, there were no outstanding futures contracts. For the year ended June 30, 2023, the Fund had a net realized loss of \$4,280,413 from futures contract transactions, which is included in net appreciation (depreciation) of the fair value of investments on the statement of changes in fiduciary position. As of June 30, 2022, there were 497 outstanding futures contracts to sell with a notional contract value of \$82,553,230, and 773 outstanding futures contracts to buy with a notional contract value of \$56,366,836. For the year ended June 30, 2022, the Fund had a net realized gain of \$2,243,747 from futures contract transactions, which is included in net appreciation (depreciation) of the fair value of investments on the statement of changes in fiduciary position.



### 3. Long-Term Obligations

#### A. Loan Agreement Payable

The Fund entered into a loan agreement to provide funds for the payment of ordinary and regular costs associated with the implementation of the transition process. The Closing Date of the loan was June 23, 2020. The Fund was authorized to borrow up to \$7,500,000 until the Final Draw Date, June 30, 2022. During the Capitalized Interest Period, which is defined as the period from the Closing Date to the Final Draw Date, the loan was subject to accrue capitalized interest monthly at a rate of 1.50% plus the Federal Funds Rate. Commencing on the first day after the Capitalized Interest Period until the Final Maturity Date, June 30, 2024, the Fund was to pay consecutive quarterly installments of principal and interest at an interest rate of 1.50% plus the Federal Funds Rate. As of June 30, 2022, the loan had a principal balance outstanding of \$7,503,635 including \$79,635 of capitalized interest, and the annual interest rate was 3.08%. The Loan was paid off during the year ended June 30, 2023. As of June 30, 2023, the Fund's changes in the loan agreement payable were as follows:

	Balances			Balances	Due Within
	July 1	Additions	Reductions	June 30	One Year
Loan Agreement Payable	\$ 7,503,635	\$ -	\$ 7,503,635	\$ -	\$ -
<b>TOTAL</b>	<b>\$ 7,503,635</b>	<b>\$ -</b>	<b>\$ 7,503,635</b>	<b>\$ -</b>	<b>\$ -</b>

As of June 30, 2022, the Fund's changes in the loan agreement payable were as follows:

	Balances			Balances	Due Within
	July 1	Additions	Reductions	June 30	One Year
Loan Agreement Payable	\$ 1,411,176	\$ 6,092,459	\$ -	\$ 7,503,635	\$ 3,694,266
<b>TOTAL</b>	<b>\$ 1,411,176</b>	<b>\$ 6,092,459</b>	<b>\$ -</b>	<b>\$ 7,503,635</b>	<b>\$ 3,694,266</b>



#### 4. Leases

The Fund entered into a lease agreement for office space on October 1, 2021. The lease was most recently amended on February 10, 2023. The lease term began on October 1, 2021 and ends on September 30, 2027, with monthly payments of \$5,375. The fund has evaluated GASB Statement No. 87, **Leases**, and determined the effects to be immaterial to the financial statements. The following is a schedule of future minimum rental payments expected to be required under the terms of the intended lease as of June 30, 2023.

Fiscal Year Ending June 30,	
2024	\$ 64,500
2025	64,500
2026	64,500
2027	64,500
Thereafter	16,125
<b>Total</b>	<b>\$ 274,125</b>

#### 5. Defined Benefit Pension Plan

The Fund is a participating employer in the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer public employee retirement system, which provides eligible participants retirement and disability benefits, postretirement increases, and death benefits to plan members and beneficiaries. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and supplementary information. That report may be obtained online at [www.imrf.org](http://www.imrf.org).

The Fund began participation in IMRF effective September 1, 2022.

##### *Illinois Municipal Retirement Fund*

##### **Plan Administration**

All employees hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members.

The plan is accounted for on the economic resources measurement focus and the accrual basis of accounting. Employer and employee contributions are recognized when earned in the year that the contributions are required. Benefits and refunds are recognized as an expense and liability when due and payable.



**Plan Membership**

At December 31, 2022, IMRF membership consisted of:

Inactive employees or their beneficiaries currently receiving benefits	–
Inactive employees entitled to but not yet receiving benefits	–
Active employees	7
<b>Total</b>	<b>7</b>

**Benefits Provided**

IMRF provides two tiers of pension benefits. Employees hired prior to January 1, 2011, are eligible for Tier 1 benefits. For Tier 1 employees, pension benefits vest after eight years of service. Participating members who retire at age 55 (reduced benefits) or after age 60 (full benefits) with eight years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter. The Fund had two Tier 1 employees as of June 30, 2023.

Employees hired on or after January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating members who retire at age 62 (reduced benefits) or after age 67 (full benefits) with ten years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter. The Fund had five Tier 2 employees as of June 30, 2023.

IMRF also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute.

**Contributions**

Participating members are required to contribute 4.5% of their annual covered salary to IMRF. The Fund is required to contribute the remaining amounts necessary to fund IMRF as specified by statute. The employer contribution rate for the fiscal year ended June 30, 2023 was 8.44% of covered payroll.



**Actuarial Assumptions**

The Fund's net pension liability (asset) was measured as of December 31, 2022 and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation performed as of the same date using the following actuarial methods and assumptions.

Actuarial valuation date	December 31, 2022
Actuarial cost method	Aggregate Entry-age normal
Assumptions	
Price inflation	2.25%
Salary increases	2.85% to 13.75% (includes price inflation)
Investment rate of return	7.25%
Asset valuation method	5 year smoothed market; 20% corridor

**Mortality Assumption:** For nondisabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 106%) and Female (adjusted 105%) tables, and future mortality improvements projected using scale MP-2020. For disabled retirees, the Pub2010, Amount-Weighted, below-median income, General, Disabled Retiree, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020. For active members, the Pub-2010, Amount-Weighted, below-median income, General, Employee, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020.

**Discount Rate**

The discount rate used to measure the total pension liability was 7.25% at December 31, 2022. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that the Fund's contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the IMRF's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.



*Changes in the Net Pension Liability (Asset)*

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) – (b) Net Pension Liability (Asset)
Balances at January 1, 2022	\$ –	\$ –	\$ –
Changes For The Period			
Service Cost	–	–	–
Interest	–	–	–
Difference Between Expected and Actual Experience	34,436	–	34,436
Employer Contributions	–	30,032	(30,032)
Employee Contributions	–	16,013	(16,013)
Net Investment Income	–	–	–
Benefit Payments And Refunds	–	–	–
Other (Net Transfer)	–	(4,183)	4,183
Net Changes	34,436	41,862	(7,426)
Balances at December 31, 2022	\$ 34,436	\$ 41,862	\$ (7,426)

*Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources*

For the year ended June 30, 2023, the Fund recognized pension expense (income) of (\$9,548). At June 30, 2023, the Fund reported deferred outflows of resources and deferred inflows of resources related to IMRF from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 28,830	\$ –
Net difference between projected and actual earnings on pension plan investments	1,214	–
Employer contributions after the measurement date	50,265	–
<b>Total</b>	<b>\$ 80,309</b>	<b>\$ –</b>



***Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources (Continued)***

\$50,265 reported as deferred outflows of resources related to pensions resulting from Fund contributions subsequent to the measurement date will be recognized as a reduction of net pension liability in the reporting year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to IMRF will be recognized in pension expense as follows:

Fiscal Year Ending June 30,	
2024	\$ 5,909
2025	5,909
2026	5,909
2027	5,911
2028	5,606
Thereafter	800
<b>Total</b>	<b>\$ 30,044</b>

***Discount Rate Sensitivity***

The following is a sensitivity analysis of the net pension liability (asset) to changes in the discount rate. The table below presents the net pension liability (asset) of the Fund calculated using the discount rate of 7.25% as well as what the Fund's net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (6.25%) or 1 percentage point higher (8.25%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
	(6.25%)	(7.25%)	(8.25%)
Net pension liability (asset)	\$ (3,345)	\$ (7,426)	\$ (10,251)





## 6. Other Postemployment Benefits

### A. Plan Description

In addition to providing the pension benefits described, the Fund provides postemployment health care benefits (OPEB) for retired employees through a single employer defined benefit plan. The benefits, benefit levels, employee contributions and any employer contributions are governed by the Fund and can be modified at the sole discretion of the Board of Trustees at any time. The plan does not issue a separate report. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The activity of the plan is reported in the Fund's Statement of Fiduciary Net Position and Changes therein.

### B. Total OPEB Liability

Based on the size of the Fund, the number of active plan members, the lack of any retirees participating in the plan and comparison of actuarial valuations for similar entities with similar benefits, the Fund's total OPEB liability as of June 30, 2023, is immaterial and, therefore, not recorded by the Fund and no further disclosure is deemed necessary.

## 7. Litigation

On February 23, 2021, the Fund was named as a Defendant in a lawsuit filed in the Circuit Court of the Sixteenth Judicial Circuit, Kane County, Illinois captioned *Arlington Heights Police Pension Fund, et al., v. Jay Robert "J.B." Pritzker*, Case No. 2021 CH 55. Plaintiffs alleged that Public Act 101-610, which created and established the Fund, violated the Pension Protection Clause and the Takings Clause of the Illinois Constitution. On May 25, 2022, the Circuit Court issued a written Order finding that Public Act 101-0610 does not violate the Illinois Constitution, granting Defendants' Motion for Summary Judgment, and denying Plaintiffs' Cross-Motion for Summary Judgment.

On June 1, 2022, Plaintiffs filed an Appeal with the Appellate Court of Illinois for the Second Judicial District, contending that the Circuit Court erred in granting summary judgment in favor of the Defendants. On February 7, 2023, the Appellate Court issued its opinion affirming the Circuit Court's order and finding that Public Act 101-0610 does not violate the Pension Protection Clause or the Takings Clause of the Illinois Constitution.

On March 13, 2023, the Plaintiffs filed a Petition for Leave to Appeal with the Illinois Supreme Court, contending that the Appellate Court erred in finding that Public Act 101-610 does not violate the Illinois Constitution. On May 24, 2023, the Supreme Court granted the Petition and this matter is fully briefed. The Fund continues to maintain that Public Act 101-610 does not violate the Illinois Constitution.

## 8. Risk Management

The Fund is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; illnesses of employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three fiscal years.





## Required Supplementary Information

# Schedule of Employer Contributions

## Illinois Municipal Retirement Fund

Last Fiscal Year	
Fiscal Year Ended June 30,	2023
Actuarially Determined Contribution	\$ 80,198
Contributions in Relation to the Actuarially Determined Contribution	80,198
Contribution Deficiency (Excess)	\$ -
Covered Payroll	\$ 927,402
Contributions as a Percentage of Covered Payroll	8.65%

### Notes to Required Supplementary Information

The information presented was determined as part of the actuarial valuation as of January 1 of the prior fiscal year. Additional information as of the latest actuarial valuation presented is as follows:

- The actuarial cost method was entry-age normal
- The amortization method was level percent of pay, closed
- The amortization period was 21 years (ten-year rolling period for non-taxing bodies)
- The asset valuation method was five-year smoothed market

### Significant actuarial assumptions were:

- Investment rate of return of 7.25%
- Projected salary increases of 2.85% to 13.75% compounded
- Wage growth of 2.7%
- Price inflation of 2.25%

This schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for years available. The Fund began participation in the IMRF defined benefit plan as of September 1, 2022.



# Schedule of Changes in the Employer's Net Pension Liability and Related Ratios

## Illinois Municipal Retirement Fund

Last Fiscal Calendar Year	
Measurement Date December 31,	2022
<b>Total Pension Liability</b>	
Service Cost	\$ –
Interest	–
Differences Between Expected and Actual Experience	34,436
Assumption Changes	–
Benefit Payments, Including Refunds	–
Net Change in Total Pension Liability	34,436
Total Pension Liability — Beginning	–
<b>Total Pension Liability — Ending</b>	<b>\$34,436</b>
<b>Plan Fiduciary Net Position</b>	
Contributions — Employer	\$30,032
Contributions — Member	16,013
Net Investment Income	–
Benefit Payments, Including Refunds	–
Administrative Expense	–
Other (Net Transfer)	(4,183)
Net Change in Plan Fiduciary Net Position	41,862
Plan Fiduciary Net Position — Beginning	–
<b>Plan Fiduciary Net Position — Ending</b>	<b>\$41,862</b>
<b>Employer's Net Pension Liability (Asset)</b>	<b>\$(7,426)</b>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	121.56%
Covered Payroll	\$355,833
Employer's Net Pension Liability (Asset) as a Percentage of Covered Payroll	(2.09%)

This schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for years available. The Fund began participating in the IMRF defined benefit plan as of September 1, 2022.





## Supplementary Information



# Detailed Schedule of Administrative Expenses

## Budget Amounts and Actual Incurred

For the Year Ended June 30, 2023 (with comparative actual for 2022)				
2023				
	Original Budget	Final Budget	Actual	2022 Actual
<b>Deductions — Administrative Expenses</b>				
<b>Board of Trustees</b>				
Administrative Services	\$ 64,800	\$ 64,800	\$51,500	\$ 55,125
Election Services	7,700	(6,366)	(6,366)	14,282
Education and Training	8,000	18,000	11,125	–
Meeting Expenses	21,000	9,461	16,797	–
Board Member Reimbursements	21,000	10,500	2,094	–
<b>Total Board of Trustees</b>	<b>132,500</b>	<b>96,395</b>	<b>75,150</b>	<b>69,407</b>
<b>Administrative Operations</b>				
<b>Personnel</b>				
Administrative Personnel	489,950	595,698	529,272	342,268
FICA/Medicare	37,481	37,481	33,197	20,345
Medical/Dental Benefits	48,912	48,912	14,675	3,492
Unemployment	3,000	3,000	–	771
Retirement Benefits	41,352	41,352	36,753	12,813
<b>Total Personnel</b>	<b>620,695</b>	<b>726,443</b>	<b>613,897</b>	<b>379,689</b>
<b>Professional Services</b>				
Accounting	24,000	24,000	24,000	26,000
Audit — Financial	27,500	27,500	41,250	12,000
Audit — Certified Asset List	444,924	444,924	360,335	122,695
Audit — Transition	13,752	13,752	–	–
Chief Financial Officer	130,200	204,918	181,369	157,000
Administrative Services	116,400	153,500	77,200	138,638
Government Liaison	68,400	68,400	62,700	68,400
Actuarial Services	179,000	183,250	187,350	40,000
Outsourced Human Resources	24,000	24,000	17,589	22,656
Legal Services — General	120,000	70,000	53,099	93,546
Legal Services — Fiduciary	260,000	100,000	70,687	157,571
Legal Services — Other	80,000	–	5,988	45,614
Technology Services	50,000	84,245	58,092	3,038
Other Consulting Services	–	–	8,400	–
Transition Management	24,000	24,000	24,000	21,000
<b>Total Professional Services</b>	<b>1,562,176</b>	<b>1,422,489</b>	<b>1,172,059</b>	<b>908,158</b>



# Detailed Schedule of Administrative Expenses

## Budget Amounts and Actual Incurred

For the Year Ended June 30, 2023 (with comparative actual for 2022)				
2023				
	Original Budget	Final Budget	Actual	2022 Actual
<b>Bank Services and Fees</b>				
Local Bank Fees	5,000	5,000	3,426	
Loan Interest Expense	111,848	232,011	230,565	68,460
<b>Total Bank Services and Fees</b>	<b>116,848</b>	<b>237,011</b>	<b>233,991</b>	<b>68,460</b>
<b>Services and Supplies</b>				
Assets under \$5,000	141,690	141,690	153,804	50,628
Insurance	120,000	84,418	84,418	61,329
Office Lease/Rent	64,500	48,375	48,375	–
Printing and Postage	36,000	36,000	7,759	9,809
Supplies and Maintenance	14,000	14,000	12,479	3,596
Telecommunication	10,000	13,193	15,182	3,975
Contingency	12,000	12,000	–	–
Dues/Licenses	11,295	11,295	65,623	918
Training and Education	24,000	12,000	135	661
Travel and Transportation	24,000	12,000	2,868	1,583
Utilities	9,000	5,100	5,821	–
Website	15,300	50,000	37,839	9,943
<b>Total Services and Supplies</b>	<b>481,785</b>	<b>440,071</b>	<b>434,303</b>	<b>142,442</b>
IMRF Pension Expense (Income)	–	–	(87,735)	–
<b>Total Administrative Operations</b>	<b>2,781,504</b>	<b>2,826,014</b>	<b>2,366,515</b>	<b>1,498,749</b>



# Detailed Schedule Of Administrative Expenses

## Budget Amounts And Actual Incurred (Continued)

For the Year Ended June 30, 2023 (with comparative actual for 2022)				
	2023			
	Original Budget	Final Budget	Actual	2022 Actual
<b>Deductions — Administrative Expenses (Continued)</b>				
<b>Investment Operations</b>				
Investment Operations Personnel	\$712,500	\$712,500	\$627,082	\$470,408
Relocation Expense	–	13,709		
FICA/Medicare	54,506	54,506	36,341	31,186
Medical/Dental Benefits	46,548	46,548	59,794	36,156
Unemployment	2,500	2,500	–	1,140
Retirement Benefits	60,135	60,135	73,080	32,031
<b>Total Personnel</b>	<b>876,189</b>	<b>876,189</b>	<b>796,297</b>	<b>584,630</b>
<b>Investment and Banking</b>				
General Investment Consultant	427,500	427,500	427,500	609,075
Database Subscription(s)	45,000	37,050	37,050	35,000
Investment Management	1,063,000	901,790	849,323	20,669
Custodial Services	465,000	465,000	376,368	89,647
Other	–	–	–	3,604
<b>Total Investment and Banking</b>	<b>2,000,500</b>	<b>1,831,340</b>	<b>1,690,241</b>	<b>757,995</b>
<b>Professional Services</b>				
Project Architect	60,000	28,175	28,175	76,475
Transition Management	1,350,000	847,734	847,718	652,262
Transition Consultant/Services	713,400	287,762	287,762	357,700
<b>Total Professional Services</b>	<b>2,123,400</b>	<b>1,163,671</b>	<b>1,163,655</b>	<b>1,086,437</b>
<b>Total Investment Operations</b>	<b>5,000,089</b>	<b>3,871,200</b>	<b>3,650,193</b>	<b>2,429,062</b>
<b>Less: Adjustments for GAAP Basis Presentation; Investment Expenses Deducted from Investment Income</b>				
General Investment Consultant	(427,500)	(427,500)	(427,500)	(609,075)
Investment Management	(1,063,000)	(901,790)	(849,323)	(20,669)
Custodial Services	(465,000)	(465,000)	(376,368)	(89,647)
Transition Management	(1,350,000)	(847,734)	(847,718)	(652,262)
Other	–	–	–	(3,604)
Investment Expenses — GAAP Presentation	(3,305,500)	(2,642,024)	(2,500,909)	(1,375,257)
<b>Total Investment Operations</b>	<b>1,694,589</b>	<b>1,229,176</b>	<b>1,149,284</b>	<b>1,053,805</b>
<b>Total Administrative Expenses</b>	<b>\$4,608,593</b>	<b>\$4,151,585</b>	<b>\$3,590,949</b>	<b>\$2,621,961</b>

**Notes to Supplementary Information:** In accordance with the Illinois Compiled Statutes 40 ILCS 5/22B-118(e), the Board adopted the annual budget to support Fund operations and administration for the year ended June 30, 2023, at its meeting on June 10, 2022. The budget was adopted in accordance with the Board's Budget Administration Policy, PP-2021-01 (Budget Policy). Pursuant to the Budget Policy, the budget was amended with a reduction to total expenditures at the April 14, 2023, board meeting.







## Investment Section



November 7, 2023

Regina Tuczak, CPA  
Chief Financial Officer  
Assistant Executive Director  
Illinois Police Officers' Pension Investment Fund  
456 Fulton Street, Suite 402  
Peoria, IL 61602

Re: Certification Illinois Police Officers' Pension Investment Fund- 2023

Dear Ms. Tuczak,

State Street Bank and Trust Company as Custodian for Illinois Police Officers' Pension Investment Fund has provided detailed financial reports of all investments (including holdings with their fair market value), disbursements, purchase and sales and other transactions pertinent to the fund for the period of July 1, 2022, through June 30, 2023. State Street Bank and Trust Company certifies that the information is accurate and complete to the best of our knowledge and belief.

Furthermore, State Street Trust and Company provided and will continue to provide the following services as Custodian:

- Receive and hold all amounts paid to the fund
- Accept and deliver securities in accordance with the instruction of appointed Investment Managers
- Collect dividends and registered interest payments
- Collect matured or called securities and coupons
- Provide Performance Reporting
- Invest cash balances held in the accounts in Short Term Investment Fund
- Exercise the rights of ownership in accordance with the pre-described jurisdiction of stock subscriptions and conversion rights
- Hold securities in the name of the Master Custodian or nominee form
- Employ agents with the consent of the Board of Trustees
- Provide disbursement and security fail float income
- In partnership with Northeast Retirement Services, provide Member Fund Accounting Statement
- On-line reporting
- On-line cash platform for Member funds to contribute and make withdrawals from the consolidated fund

Best regards.

A handwritten signature in black ink, appearing to read "C. Bregoli", with a long horizontal line extending to the right.

Christopher Bregoli  
Vice President





November 10, 2023

Board of Trustees  
 Illinois Police Officers' Pension Investment Fund  
 456 Fulton Street, Suite 402  
 Peoria, Illinois 61602

Dear Trustees:

Verus is pleased to have had the opportunity to serve the Illinois Police Officer's Pension Investment Fund ("IPOPIF" or "the Fund") since May 2021 and to provide this investment review for the fiscal year ending June 30, 2023.

Verus independently calculated the Fund's fiscal year performance results utilizing a true time-weighted annualized rate of return methodology with daily cash flows and market values provided by the Fund's custodian bank, State Street Bank and Trust. For the fiscal year ended June 30, 2023, IPOPIF had an investment gain of 8.2% (net of investment management fees) and ended the fiscal year with total assets of approximately \$9.4 billion.

All IPOPIF's investments are managed in accordance with guidelines codified in IPOPIF's Investment Policy Statement. This Statement is reviewed annually to ensure best practices are employed in all aspects of our work and was last updated on April 14, 2023.

## Market Environment

### 2023 Summary

Risks assets delivered a strong start to 2023, building off the positive momentum seen towards the end of 2022. Year-to-date performance was positive across all major asset classes outside of commodities, as was performance on a one-year basis. Counter to the challenging outlook presented in our last letter and despite an end to massive economic stimulus introduced in response to the global pandemic, as well as rapidly rising interest rates, economic growth proved to be resilient. While earlier in the year many economists had forecast a U.S. recession in mid to late summer (especially after a series of regional bank failures, notably Silicon Valley Bank and First Republic), sentiment eased considerably as the prospect of a "soft-landing" was revived. Falling headline inflation, strong labor market data, and the first rate pause from the Federal Reserve all contributed to a more positive macroeconomic outlook.

However, challenges remain. Within the U.S., inflation is still a concern. The Federal Reserve continues to face difficult policy decisions as inflation, while lower, sits above the two-percent target and economic and labor market strength persists. The FOMC paused rate hikes in June, but markets are pricing in as many as two additional hikes before the end of the current tightening cycle. Overseas, growth in advanced economies remains subdued as many central banks continue their battle against inflation. Within emerging markets, the loudest narrative has centered on China. Reopening after the pandemic provided a material boost to activity. However, positive momentum faltered and has been overshadowed by mounting geopolitical tension, a lack of broader accommodative stimulus, and a severely challenged real estate market.

### U.S. Equity

Shares in the U.S. outperformed relative to international developed and emerging markets across both the year-to-date and one-year periods. The S&P 500 index rose by 16.9% year-to-date and 19.6% over the trailing one-year period. Many expected a higher rate environment and slowing domestic consumer spending to put a ceiling on domestic equity prices, especially following the regional bank failures mentioned above. This ceiling was quickly shattered as the prospect and development of artificial intelligence (AI) technology boosted prices in the technology-heavy S&P 500 index.



Following concerns over the stability of the broader U.S. financial system, a wave of AI developments fueled a rally in many U.S. technology shares. Some of the largest technology names, which have made significant investments in research and development over past several years, saw the biggest increases. Notable year-to-date movers include Nvidia (+189.5%), Meta (+138.5%), Apple (+49.3%), and Microsoft (+42.0%).

The significant movements of heavyweight technology names is apparent when looking at size and style factors. Large-cap equities significantly outperformed over the one-year, with the Russell 1000 index gaining 19.4% relative to a 12.3% increase in the Russell 2000 index. And growth handily outperformed value, with the Russell 1000 Growth index rising 27.1% from last year compared to an 11.5% gain from the Russell 1000 Value index.

While U.S. shares have outperformed, the earnings story remains uncertain. According to FactSet, S&P 500 companies are on track for their third straight quarter of year-over-year earnings decline. The expected decline of -7.0% in Q2 2023 reflects a volatile business environment. While earnings expectations are rosier going forward, recent gains seen from U.S. equities are by no means an indicator that the Federal Reserve has been successful in achieving a “soft-landing” for the economy.

### International Equity

Despite underperformance relative to the U.S., both international developed and emerging market shares saw gains over the past year. While directionality was the same, performance divergence was significant between the two. The MSCI EAFE index increased 18.8% year-over-year, but the MSCI EM index posted a meager 1.7% gain.

International developed shares rebounded in Q4 of 2022, and this momentum carried into 2023, driven by strength from both European and Japanese shares. The STOXX 50, which represents the 50 largest companies in Europe, rose 36.3% from the prior year. While Europe continues to face tighter central bank policies due to high inflation (June 2023 CPI came in at 5.5% year-over-year), resilience was much better than expected, especially in comparison to the negative sentiment following Russia’s invasion of Ukraine. Japanese equities also saw strong performance due to a combination of positive economic growth, inflation (Japan has sought higher inflation for many years), and a potential shift in regard to foreign shareholder prioritization. The TOPIX index increased 25.9% year-to-date and the 31.2% over the past year.

China dominated the narrative in emerging markets, as emerging market shares initially outperformed on enthusiasm around the country’s reopening. This reopening momentum turned out to be short-lived, as negative sentiment quickly overshadowed the move away from an almost three-year “zero-covid” policy. It appears that two primary factors contributed to losses for Chinese shares. The first was a smaller-than-expected reopening wave of economic activity, with no substantial monetary or fiscal stimulus used to accelerate the reopening. This contrasted sharply with the large amounts of stimulus used in the U.S. and Europe. This smaller-than-expected reopening wave provided no reprieve to the already struggling real estate market. The second factor was growing geopolitical tension with the United States. A series of events, including a spy balloon being shot down over U.S. airspace, continued to bolster negative relations between the two global leaders, which likely hurt foreign investor sentiment. The MSCI China index fell -5.5% over the year-to-date, contributing to -16.8% loss over the trailing one-year period.



## Fixed Income

Inflation and Federal Reserve action continued to be the dominant driver of fixed income performance over the past year. With the bulk of Federal Reserve rate hikes occurring in the second half of 2022, bonds received the brunt of the pain over the 2022 calendar year (Bloomberg U.S. Aggregate down -13.0%). The Federal Reserve continued to increase rates in response to inflation in 2023 but at a considerably slower pace. The upper bound of the Fed's target rate moved from 4.50% to 5.25% over the first half of 2023. Smaller hikes were likely in response to strong signs of falling inflation, as headline CPI fell to 3.0% in June of 2023. While the FOMC decided to pause their rate hikes at the June meeting, commentary from Federal Reserve Chairman Powell was explicit that pausing was not a signal of the end of the tightening cycle. Fed funds futures (an indicator of investor expectations) are pricing in another 25-basis point rate hike at the FOMC's July meeting, as the Federal Reserve will continue to watch the path of inflation, especially when looking at the core basket (4.8% year-over-year rise in June).

Positive performance in 2023 has helped to improve one-year performance for the fixed income complex. Core fixed income (Bloomberg U.S. Aggregate) saw a 2.1% gain over the year-to-date period, bringing the one-year loss to -0.9%. In terms of duration, short maturity U.S. treasuries outperformed, with the Bloomberg U.S. Treasury 1-3 Year index gaining 0.1% over the one-year, compared to -2.1% and -6.8% losses from the U.S. Treasury index and U.S. Treasury Long index, respectively.

Expectations for worsening credit conditions may have reached a peak earlier in the year following the failure of several regional banks, as many investors expected a material pull back in credit availability. While high-yield bond and leveraged loan default rates have reached a two-year high per J.P. Morgan, the broader credit spectrum has performed strongly over the one-year period. Emerging market debt in local currency (+11.4%) was the best performer, followed by leveraged loans (+10.1%), high-yield bonds (+9.1%), and hard currency emerging market debt (+7.4%). Credit spreads compressed over the year-to-date, with the average option-adjusted spread for high-yield and investment grade bonds sitting at 390 basis points and 123 basis points, respectively. It has been surprising to see credit spreads remain at low levels, despite recent rises in bond default activity and expectations that defaults will continue to rise into 2024.

## Commodities

In 2022, there were two major stories in the commodities space. First, the rapid increase in energy and grain prices—much of this due to Russia's invasion of Ukraine—was an contributing factor for global inflation. The second story was commodity performance. Commodities were one of the few asset classes to post a positive return during the 2022 calendar year, and the asset dominated the narrative in 2022 with some market participants calling for a new booming commodity cycle. However, commodities ended up playing a much smaller role in 2023, as a combination of easing supply pressures and lower demand hurt price performance. The Bloomberg Commodity index fell -7.8% over the year-to-date, driving the -9.6% one-year loss.

## Currency

The strong dollar theme which prevailed through the first three quarters of 2022 reversed quickly in the fourth. The dollar has continued to weaken through the first half of 2023, but the magnitude has been relatively small compared to the end of last year. Interest rates have played a material role. As inflation in the U.S. seems to be under control, this has led to lower rate expectations relative to other major currencies such as the Euro and the British Pound. During this period, the Japanese Yen saw a small surge on speculation of changing rate policy under new Bank of Japan Governor Kazuo Ueda. However, this speculation proved to be fleeting, as the Yen weakened 8.7% against the dollar over the first half of the year. The Bloomberg Dollar index, a gauge of the U.S. dollar relative to major pairs, saw moderate losses over the past year, down -2.2%.

## Outlook

Risk assets experienced a tailwind through the first half of the year, as inflation has shown signs of easing, real earnings growth has moved back into positive territory, and the labor market remains resilient. While strong asset performance has boosted sentiment, continued risks threaten the rebound enjoyed through the first half of the year, including regional banks fragility, commercial office real estate vacancy, and stubborn inflation. It is also important to remember that rising interest rates tend to impact the economy with a lag. We believe many effects of interest rate rises have yet to be felt and the economy and markets may feel some pain through the latter part of this year and into 2024.

*Written by Verus Advisory*

## Asset Allocation

IPOPIF has established two sets of asset allocation targets. The first is a short-term target that represents a fairly conservative risk allocation, more closely aligned with the collective risk profile of the member funds prior to the transition. The second is a long-term strategic allocation, reflective of the long-term return-seeking nature of the Fund.

At a meeting of the Board of Trustees held on April 14th, 2023, the Board approved a change to the short-term target as part of the process of gradually transitioning the invested assets toward the long-term strategic allocation. The approved change included moving 8% of the portfolio from Risk Mitigation to Growth, with 5% allocated to US Large Cap and 3% allocated to International Developed. In order to fund the increase in Growth assets, Cash would be reduced by 2.0%, Short-Term Govt/Credit reduced by 2.0%, and Core Fixed Income reduced by 4.0%. The new short-term asset allocation included 58% Growth, 16% Income, 9% Inflation Protection, and 17% Risk Mitigation.



As of fiscal year-end, the transition to the new short-term allocation target has begun, and the assets in the IPOPIF investment pool were invested as follows:

Asset Class	IPOPIF Investment Pool Allocation*	Short-term Target Allocation	Long-term Target Allocation
<b>Growth</b>	<b>52.5%</b>	<b>58.0%</b>	<b>65.0%</b>
US Large	20.0%	23.0%	23.0%
US Small	4.8%	5.0%	5.0%
International Developed	16.0%	18.0%	18.0%
International Developed Small	4.8%	5.0%	5.0%
Emerging Markets	6.8%	7.0%	7.0%
Private Equity	0.0%	0.0%	7.0%
<b>Income</b>	<b>15.7%</b>	<b>16.0%</b>	<b>14.0%</b>
Bank Loans	0.0%	0.0%	3.0%
High Yield Corporate Credit	9.8%	10.0%	3.0%
Emerging Market Debt	5.7%	6.0%	3.0%
Private Credit	0.0%	0.0%	5.0%
<b>Inflation Protection</b>	<b>8.5%</b>	<b>9.0%</b>	<b>11.0%</b>
US TIPS	2.9%	3.0%	3.0%
REITS	3.8%	4.0%	0.0%
Real Estate / Infrastructure	1.8%	2.0%	8.0%
<b>Risk Mitigation</b>	<b>23.3%</b>	<b>17.0%</b>	<b>10.0%</b>
Cash	3.1%	1.0%	1.0%
Short-term Gov/Credit	14.4%	13.0%	3.0%
US Treasury	0.0%	0.0%	3.0%
Core Fixed Income	5.8%	3.0%	0.0%
Core Plus Fixed Income	0.0%	0.0%	3.0%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

\* Totals may not sum to 100% due to rounding.



## Investment Objectives

As stated in the IPOPIF's Investment Policy, the Fund's primary investment objectives are as follows:

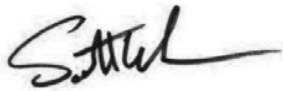
1. To ensure the assets of the Fund are invested with the care, skill, prudence, and diligence that a prudent person acting in a like capacity would undertake.
2. To earn a long-term, net-of-fees, investment return that meets or exceeds the actuarial assumed rate of return and the return of the Policy Benchmark consistent with the risk level expected from the asset allocation.
3. To ensure the assets of the Fund are invested in a manner that minimizes and controls the costs incurred in administering and managing the assets.

Objective / Performance	1-Year	Annualized Since Inception (3/1/22)
Actuarial Assumed Rate of Return (Annualized)	6.8%	6.8%
Policy Benchmark*	8.8%	-1.5%
Net-of-Fee Performance*	8.2%	-1.4%

\*The Policy Benchmark is a composite of the benchmark returns for underlying asset classes weighted by the short-term target allocation weights. Net-of-Fee Performance is calculated on a true time-weighted basis using daily cash flows and daily net asset values.

Verus greatly appreciates the opportunity we have been given to assist the IPOPIF Board of Trustees in meeting the Fund's investment objectives, and we look forward to continuing in our role of investment advisor and providing guidance to help navigate ever-changing capital market environments.

Sincerely,



Scott J. Whalen, CFA, CAIA  
Executive Managing Director



## Investment Policy

The Fund was established by legislative act of the Illinois General Assembly, P.A. 101-610, which was effective on January 1, 2020. The Fund is defined as an investment trust fund and an external investment pool. The Fund is not a component unit of any other government. As cited in 40 ILCS 5/22B-101 of the Illinois Pension Code, the Fund is created with authority to manage the reserves, funds, assets, securities, properties, and moneys of the police pension funds created pursuant to Article 3 of the Illinois Pension Code. The Fund is governed by a nine-member Board of Trustees that is comprised of three active police officers elected by participants of participating pension plans, two beneficiaries elected by beneficiaries of participating pension plans, three executive municipal members elected by mayors and presidents of municipalities of participating pension funds, and one member recommended by the Illinois Municipal League appointed by the Governor.

The Board of Trustees adopted an Investment Policy Statement on December 17, 2021, as amended on April 14, 2023, that formalizes the Fund's investment objectives, philosophy, policies, and structure, and defines the roles and responsibilities of various entities involved in the investment process. Investment information presented below is intended to be a summarization. For further information on the Fund's investment program, users should refer to the full Investment Policy Statement PP 2021-08 which is located on the Fund's website or available in hard copy upon request.

## Investment Objectives

1. To ensure the assets of the Fund are invested with the care, skill, prudence, and diligence that a prudent person acting in a like capacity would undertake.
2. To earn a long-term, net-of-fees, investment return that meets or exceeds the actuarial assumed rate of return and the return of the Policy Benchmark consistent with the risk level expected from the asset allocation.
3. To ensure the assets of the Fund are invested in a manner that minimizes and controls the costs incurred in administering and managing the assets.



## Investment Philosophy

An outline of the core beliefs and long-term acknowledgements that will guide the Fund's investment program is as follows.

1. A well-defined governance structure with clearly delineated responsibilities is critical in achieving consistent, long-term performance objectives.
2. The strategic asset allocation determines the risk-reward profile of the portfolio and is the primary driver of overall portfolio performance and volatility. Key considerations include, but are not limited to, the following:
  - a) Asset allocation has a greater effect on return variability than asset class investment structure or investment manager selection.
  - b) Understanding expected performance variance and being steadfast in the face of negative returns is critical to long-term success.
  - c) Disciplined portfolio rebalancing is a key aspect of prudent long-term asset allocation policy.
3. Risk is multifaceted and will be evaluated holistically, incorporating quantitative measures and qualitative assessments. Risk considerations include, but are not limited to, the following:
  - a) Key pension plan risk factors include mortality, inflation, and investment returns.
  - b) Portfolio diversification increases risk-adjusted return over the long term.
  - c) Diversification across different regions and risk factors reduces risk.
  - d) Leverage can be an effective tool to enhance diversification and control risk.
  - e) Uncompensated risk should be minimized.
  - f) Generating positive investment return requires recognizing and accepting non-diversifiable risk. Not taking enough risk is risky; therefore, the Fund will accept a prudent level of risk in pursuit of its enterprise objectives.
4. Liquidity is a risk factor and a source of return.
  - a) The Fund should possess sufficient liquidity to meet expected cash needs under normal and stress scenarios.
  - b) Illiquid investments should be considered if the expected return provides attractive compensation for the loss of liquidity.
5. The opportunity for active manager risk-adjusted outperformance (alpha) is not uniformly distributed across asset classes or strategies. Active strategies are preferred only when there is strong conviction that they can be expected to add alpha, net of fees. Otherwise, passive strategies are preferred.
6. Investment costs will be monitored and minimized within the context of maximizing net return. The goal is not low fees, but rather maximum returns, net of fees.
  - a) Performance-based fee structures with a low base rate and a cap on participation may be appropriate and promote alignment of interests.
  - b) The Fund will negotiate aggressively for the lowest fees and will seek most favored nation clauses where appropriate.



# Investment Structure

## Asset Categories and Classes

Fund investments shall be prudently diversified to optimize expected return and control risks. Assets can generally be categorized into four functional categories of Growth, Income, Inflation Protection, and Risk Mitigation. Each category can include multiple asset classes, representing different types of investments that can provide diversification within each functional category.

## Asset Allocation

The asset allocation establishes target weights for each asset class and is designed to maximize the long-term expected return of the Fund within an acceptable risk tolerance while providing liquidity to meet program liabilities. The asset allocation is a key determinant of investment performance. The Fund has adopted short-term and long-term asset allocation targets. Short-term targets are necessary to accommodate the initial transition and the subsequent buildout of diversified strategies, including private market investments. Short-term targets and rebalancing ranges will be updated periodically, with Board approval, as new investments move the allocation toward the long-term targets. The Fund's short-term and long-term asset allocation is as follows:

IPOPIF Asset Allocation Asset Classes	Short-term			Long-term Target Allocation	
	Target Allocation	Rebalancing Range			
		Band	Lower	Upper	
<b>Growth</b>	<b>58.0%</b>	<b>10.0%</b>	<b>53.0%</b>	<b>63.0%</b>	<b>65.0%</b>
US Large	23.0%	4.0%	21.0%	25.0%	23.0%
US Small	5.0%	2.0%	4.0%	6.0%	5.0%
International Developed	18.0%	4.0%	16.0%	20.0%	18.0%
International Developed Small	5.0%	2.0%	4.0%	6.0%	5.0%
Emerging Markets	7.0%	2.0%	6.0%	8.0%	7.0%
Private Equity (Direct)	0.0%	N/A	N/A	N/A	7.0%
<b>Income</b>	<b>16.0%</b>	<b>4.0%</b>	<b>14.0%</b>	<b>18.0%</b>	<b>14.0%</b>
Bank Loans	0.0%	N/A	N/A	N/A	3.0%
High Yield Corp. Credit	10.0%	2.0%	9.0%	11.0%	3.0%
Emerging Market Debt	6.0%	2.0%	5.0%	7.0%	3.0%
Private Credit	0.0%	N/A	N/A	N/A	5.0%
<b>Inflation Protection</b>	<b>9.0%</b>	<b>4.0%</b>	<b>7.0%</b>	<b>11.0%</b>	<b>11.0%</b>
US TIPS	3.0%	2.0%	2.0%	4.0%	3.0%
REITs	4.0%	2.0%	3.0%	5.0%	0.0%
Real Estate/Infrastructure	2.0%	N/A	N/A	N/A	8.0%
<b>Risk Mitigation</b>	<b>17.0%</b>	<b>8.0%</b>	<b>13.0%</b>	<b>21.0%</b>	<b>10.0%</b>
Cash	1.0%	2.0%	0.0%	2.0%	1.0%
Short-Term Gov't/Credit	13.0%	4.0%	11.0%	15.0%	3.0%
US Treasury	0.0%	N/A	N/A	N/A	3.0%
Core Fixed Income	3.0%	2.0%	2.0%	4.0%	0.0%
Core Plus Fixed Income	0.0%	N/A	N/A	N/A	3.0%
<b>Total</b>	<b>100.0%</b>				<b>100.0%</b>



## Rebalancing Policy

1. Rebalancing is the process of realigning investment weights toward targets to maintain the desired asset allocation.
2. Rebalancing ranges are included in the asset allocation.
3. The Chief Investment Officer (CIO) has the responsibility and authority to rebalance the Fund in accordance with the Fund's Investment Policy.
4. The CIO and the Investment Consultant shall review asset allocations at least quarterly or as appropriate during periods of significant market volatility.
5. Cash contributions to and withdrawals from the Fund may be used to move investment weights towards targets.
6. When asset allocations exceed the prescribed limits, or when deemed prudent by the CIO, with the advice of the Investment Consultant, Fund assets may be rebalanced to the target levels or to some point within the target range. No rebalancing action is automatically required if an asset class weight reaches a rebalancing limit. However, the CIO shall document the rationale for not acting if an allocation falls outside of the rebalancing range.
7. Rebalancing to targets will be considered at least annually by the CIO, with the advice of the Investment Consultant.
8. Rebalancing activity shall be reported at the next meeting of the Board.

## Investment Manager Selection, Monitoring, And Evaluation

### Investment Manager Selection

1. Investment Manager selection shall be governed by the Fund's Procurement of Investment Services Policy.
2. Pursuant to 40 ILCS 5/1A-108, the Fund recognizes that it is the public policy of the State of Illinois to promote the economy of Illinois through the use of economic opportunity investments to the greatest extent feasible within the bounds of financial and fiduciary prudence.



## Manager Monitoring And Evaluation

Fund Staff and the Investment Consultant will evaluate each Investment Manager from a qualitative and quantitative standpoint on a quarterly basis.

1. Qualitative factors include, but are not limited to, the following.
  - a) Ownership changes or departure of key personnel.
  - b) Assets under management at the firm and product level.
  - c) Conflicts of interest.
  - d) Changes in investment strategy.
  - e) Material litigation or regulatory challenges involving the Investment Manager.
  - f) Material client-servicing problems.
  - g) Minority brokerage utilization.
2. Quantitative Review.
  - a) Long-term performance standards should measure an Investment Manager's performance using rolling returns across multiple trailing time periods (e.g., 1-year, 3-year, and 5-year) in relation to the mutually agreed upon performance index.
  - b) Shorter-term performance will be measured in relation to an appropriate style index and "Peer Group." Each Investment Manager is to be measured against the median return of a peer group of investment managers with similar investment styles.
  - c) Managers are expected to maintain their stated investment style and philosophy. Quantitative measures of investment style and philosophy include style mapping, style attribution analysis, and tracking error relative to the benchmark.
3. Investment Staff and the Investment Consultant will review Investment Manager performance with the Board on a quarterly basis.
  - a) Investment staff shall identify investment managers of concern, report the material issues, and provide an analysis supporting the CIO's recommendation.
  - b) While past performance is not a reliable predictor of future results, the following criteria shall warrant review by the Board of Trustees:
    - i) Four consecutive quarters in which the manager underperforms its benchmark index for the trailing three-year and five-year periods.
    - ii) Two consecutive quarters in which the manager underperforms its Peer Group for the trailing three-year and five-year periods.

## Diversity Guidelines

The Fund's investment policy includes a MWDBE Investment Manager Utilization Policy, a Minority Broker-Dealer Policy, a Fiduciary Diversity Policy and a Business Diversity Policy. For purposes of these policies, MWDBE and Minority Broker-Dealer are defined as a Minority-Owned Business, Women-Owned Business, or Business Owned by Person with a Disability, as those terms are defined in the Business Enterprise for Minorities, Women, and Persons with Disabilities Act, 30 ILCS 575/2, as amended. Along with goals for utilization of MWDBE Investment Managers and Minority Broker-Dealers, the Fund has goals specific to Emerging Investment managers. An "Emerging Investment Manager," as defined in Section 1-109.1(4) of the Illinois Pension Code, means a qualified Investment Adviser that manages an investment portfolio of at least \$10,000,000 but less than \$10,000,000,000 and is a MWDBE.

In addition to specific goals of utilization of MWDBE investment manager by asset class, in accordance with 40 ILCS 5/1-109.1(10), it is the aspirational goal for the Fund to use MWDBE Investment Managers for not less than 20% of the total assets under management. It is also the Fund's aspirational goal that not less than 20% of Investment Managers be minorities, women, and persons with disabilities, as those terms are defined in the Business Enterprise for Minorities, Women, and Persons with Disabilities Act.



# Investment Portfolio Summary

As of June 30, 2023

Asset Type	Fair Value	Percent of Total Fair Value
<b>US Equities</b>		
Large Cap Equity Separate Account	\$1,873,258,181	20.6%
Small Cap Equity Separate Account	448,216,433	4.9
<b>Total US Equities</b>	<b>2,321,474,614</b>	<b>25.5</b>
<b>US Fixed Income</b>		
US Treasury Inflation Protected Securities Separate Account	\$270,612,936	3.0
Transition Account <sup>1</sup>	98,150	0.0
<b>Total US Fixed Income</b>	<b>270,711,086</b>	<b>3.0</b>
<b>Commingled Funds, Equity</b>		
Ishares Russell 1000 and 2000 Index ETFs	4,629,773	.1
MSCI EAFE Index Fund	1,343,975,083	14.8
MSCI Canada Index Fund	157,365,780	1.7
MSCI Daily Emerging Markets Index Fund	641,444,318	7.1
MSCI Canada Small Cap Index Fund	44,596,605	.5
MSCI EAFE Small Cap Index Fund	405,144,088	4.4
<b>Total Commingled Funds, Equity</b>	<b>2,597,155,647</b>	<b>28.6</b>
<b>Commingled Funds, Fixed Income</b>		
Emerging Markets Hard Currency Sovereign Bond Index Fund	552,950,477	6.1
US Short-Term Government/Credit Bond Index Fund	1,356,222,079	14.9
US Aggregate Bond Index Fund	545,434,818	6.0
US High Yield Bond Index Fund	919,511,235	10.1
<b>Total Commingled Funds, Fixed Income</b>	<b>3,374,118,609</b>	<b>37.1</b>
<b>Real Estate</b>		
US REIT Index Fund	356,432,029	3.9
US Property Separate Account	172,939,554	1.9
<b>Total Real Estate</b>	<b>529,371,583</b>	<b>5.8</b>
<b>Total Portfolio</b>	<b>9,092,831,539</b>	<b>100.0</b>

<sup>1</sup> Transition account consists of investments held by the Fund that have been transferred from participating pension funds and are awaiting liquidation and transition into the Fund's target asset allocation.



# Performance Summary

Prepared by Verus Advisors

Asset Classes	1/31/23	2/28/23	3/31/2023	4/30/23	5/31/23	6/30/23	Performance 7/1/2022 - 6/30/2023	Performance* 4/1/2022 - 6/30/2022
<b>Short-Term Investments</b>	0.3%	0.3%	0.3%	0.4%	0.5%	0.5%	3.1%	0.0%
Short-Term Investments Benchmark	0.3%	0.3%	0.4%	0.3%	0.4%	0.5%	3.5%	0.1%
<b>US Equities</b>	7.3%	-2.2%	1.4%	0.6%	0.2%	7.0%	7.7%	-16.9%
US Equities Benchmark	7.4%	-2.2%	1.4%	0.6%	0.2%	7.0%	7.6%	-16.8%
<b>US Fixed Income</b>	0.6%	-0.3%	1.8%	0.2%	-0.6%	-0.2%	-1.8%	-1.4%
US Fixed Income Benchmark	0.7%	-0.4%	1.9%	0.2%	-0.7%	-0.2%	-1.7%	-1.1%
<b>Commingled Funds, Equity</b>	8.1%	-3.6%	2.1%	1.7%	-3.7%	4.2%	7.9%	-14.0%
Commingled Funds, Equity Benchmark	8.0%	-3.3%	1.9%	1.7%	-3.6%	4.2%	7.9%	-14.6%
<b>Commingled Funds, Fixed Income</b>	2.5%	-1.5%	1.5%	0.6%	-0.7%	0.6%	0.7%	-6.2%
Commingled Funds, Fixed Income Benchmark	2.4%	-1.5%	1.5%	0.6%	-0.6%	0.7%	1.3%	-5.3%
<b>Real Estate</b>	6.5%	-3.2%	-2.4%	0.6%	-1.9%	2.7%	-6.7%	-6.1%
Real Estate Benchmark	7.5%	-3.2%	-2.3%	0.6%	-1.9%	3.0%	-7.3%	-11.6%

Calculations are prepared utilizing a time-weighted rate of return

\* Information prior to March 31, 2022, not available as first transfer of participating pension funds investment assets into the Fund occurred on March 1, 2022. Prior to such date, the Fund did not hold any investments.





## Performance Summary (continued)

Asset Classes	7/31/22	8/31/22	9/30/22	10/31/22	11/30/22	12/31/22
<b>Short-Term Investments</b>	0.1%	0.1%	0.1%	0.1%	0.2%	0.2%
Short-Term Investments Benchmark	0.1%	0.2%	0.2%	0.2%	0.3%	0.4%
<b>US Equities</b>	9.5%	-3.4%	-9.3%	8.7%	4.7%	-6.0%
US Equities Benchmark	9.6%	-3.5%	-9.3%	8.7%	4.7%	-6.0%
<b>US Fixed Income</b>	1.7%	-1.4%	-3.1%	0.9%	0.3%	0.0%
US Fixed Income Benchmark	1.8%	-1.5%	-2.9%	1.0%	0.5%	-0.2%
<b>Commingled Funds, Equity</b>	4.0%	-3.5%	-10.2%	3.2%	11.8%	-0.8%
Commingled Funds, Equity Benchmark	4.1%	-3.2%	-10.2%	3.2%	11.4%	-0.5%
<b>Commingled Funds, Fixed Income</b>	5.3%	-1.8%	-3.4%	0.6%	2.7%	-0.2%
Commingled Funds, Fixed Income Benchmark	2.5%	-1.5%	-3.2%	0.3%	2.7%	0.0%
<b>Real Estate</b>	3.4%	-2.9%	-6.1%	2.5%	2.4%	-4.4%
Real Estate Benchmark	5.8%	-3.9%	-8.0%	2.8%	3.9%	-4.9%

Calculations are prepared utilizing a time weighted rate of return.

Benchmark	Benchmark constituents
Short-Term Investments Benchmark	100% 91-Day T-Bills
US Equities Benchmark	78.3% Russell 1000 Index, 21.7% Russell 2000 Index through 4/30/2023; 82.1% Russell 1000 Index, 17.9% Russell 2000 Index thereafter.
US Fixed Income Benchmark	100% Bloomberg U.S. TIPS 0-5 Year
Commingled Funds, Equity Benchmark	55.6% MSCI World ex U.S. (Net), 18.5% MSCI World ex U.S. Small Cap Index (Net), 25.9% MSCI Emerging Markets IMI (Net) through 12/31/2022; 55.6% MSCI World ex U.S. (Net), 18.5% MSCI World ex U.S. Small Cap Index (Net), 25.9% MSCI Emerging Markets (Net) thereafter.
Commingled Funds, Fixed Income Benchmark	26.3% Bloomberg U.S. Corporate High Yield, 7.9% JPM GBI-EM GD, 7.9% JPM EMBI GD, 18.4% Bloomberg U.S. Aggregate Index, 39.5% Bloomberg 1-3 Year Gov/Credit Index through 12/31/2022; 26.3% Bloomberg U.S. Corporate High Yield, 15.8% JPM EMBI GD, 18.4% Bloomberg U.S. Aggregate Index, 39.5% Bloomberg 1-3 Year Gov/Credit Index from 1/1/2023 - 4/30/2023; 31.3% Bloomberg U.S. Corporate High Yield, 18.8% JPM EMBI GD, 9.4% Bloomberg U.S. Aggregate Index, 40.6% Bloomberg 1-3 Year Gov/Credit Index thereafter.
Real Estate Benchmark	66.7% Wilshire REIT, 33.3% NFI Property Index



## Ten Largest Equity Investment Holdings

Excludes Commingled Funds and Short-Term Investments

Security Name	Base Market Value	Percent of Total Investments
Apple Inc. Common Stock USD.00001	131,928,501.53	1.5%
Microsoft Corp. Common Stock USD.00000625	115,506,400.44	1.3%
Amazon.com Inc. Common Stock USD.01	53,526,989.24	0.6%
Nvidia Corp. Common Stock USD.001	45,810,104.86	0.5%
Tesla Inc. Common Stock USD.001	32,917,053.96	0.4%
Alphabet Inc. CL A Common Stock USD.001	32,418,590.40	0.4%
Meta Platforms Inc. Class A Common Stock USD.000006	28,929,592.86	0.3%
Berkshire Hathaway Inc. CL B Common Stock USD.0033	28,458,496.00	0.3%
Alphabet Inc. CL C Common Stock USD.001	28,392,868.70	0.3%
Unitedhealth Group Inc. Common Stock USD.01	20,361,832.96	0.2%

A full report of investment holdings at June 30, 2023, is available on the Fund's website or upon request.



## Ten Largest Fixed Income Investment Holdings

Excludes commingled funds, cash equivalents and short-term investments

Security Name	Base Market Value	Percent of Total Investments
TSY INFL IX N/B 01/24 0.625	17,186,378.56	0.2%
TSY INFL IX N/B 07/23 0.375	16,318,216.93	0.2%
TSY INFL IX N/B 10/27 1.625	14,721,492.00	0.2%
TSY INFL IX N/B 07/25 0.375	14,274,604.84	0.2%
TSY INFL IX N/B 04/27 0.125	13,874,409.13	0.2%
TSY INFL IX N/B 07/24 0.125	13,633,201.04	0.1%
TSY INFL IX N/B 01/25 0.25	13,414,694.57	0.1%
TSY INFL IX N/B 10/26 0.125	13,018,506.39	0.1%
TSY INFL IX N/B 10/24 0.125	12,677,093.55	0.1%
TSY INFL IX N/B 01/26 0.625	12,661,953.23	0.1%

A full report of Investment Holdings at June 30, 2023, is available on the Fund's website or upon request.



## Equity Brokerage Commissions

July 1, 2022 - June 30, 2023

Broker Name	Commissions
Academy Securities*	\$ 4,734
Cabrera Capital*	3,451
Guzman*	1,669
Instinet	13,500
Jefferies	689
Liquidnet	5
Loop Capital*	14,690
Mischler Financial*	35,392
Penserra Securities*	15,837
Siebert Williams Shank*	5,775
State Street Global Management	217,937
Williams*	1,946
<b>Total</b>	<b>\$ 315,624.96</b>

## Fixed Income Par Value Traded

July 1, 2022 - June 30, 2023

Broker Name	Par Value Traded
BNP Paribas Securities Corp	448,433
Cabrera Capital Markets LLC*	14,358,969
Citigroup Global Markets Inc	828,243
CL King*	8,870,437
Goldman Sachs and Co	39,332,307
JP Morgan Securities LLC	2,998,484
Merrill Lynch Pierce Fenner Smith	434,279
Nomura Securities Intl Inc	20,454,991
State Street Global Management	3,193,816,020
Tigress Financial Partners LLC* UBS	2,184,999
Securities LLC	2,149,606
Wells Fargo Securities LLC	5,371,505
<b>Total</b>	<b>3,291,248,272</b>

\* Represents "minority-owned business", "women-owned business" or "business owned by a person with a disability" as those terms are defined in the Business Enterprise for Minorities, Women, and Persons with Disabilities Act.



## Schedule of Investment Fees

For the Year Ended June 30, 2023

Investment Manager Fees	Fees	Assets Under Management as of June 30, 2023	Basis Points
State Street Global Advisors	\$769,582	\$6,594,597,411	1.55
Rhumblin Advisors	79,741	\$2,331,333,375	0.5
Total Direct Investment Management Fees*	\$849,323		
Other Direct Investment Expenses			
Transition Manager — State Street Global Management	\$847,718		
Investment Consultant — Verus Advisors	427,500		
Custodian — State Street Bank & Trust Company, NA	376,368		
Total Other Direct Investment Expenses	\$1,651,586		
<b>Total Direct Investment Expenses</b>	<b>\$2,500,909</b>		

\*In addition to these direct fees, the Fund incurred \$1,289,648 of investment management fees with Principal Life Insurance Company.

These fees are deducted from the Fund's investment balance based on the net asset value of the investment. Assets under management as of June 30, 2023, were \$172,939,554.





## Statistical Section

The Illinois Police Officers' Pension Investment Fund (IPOPIF) was created through Public Act 101-0610 that provided for the mandatory consolidation of the investment assets of the state's public safety pension funds into two investment funds one for police and one for fire.

Article 22(B) within Chapter 40, Article 5 of the Illinois Compiled Statutes (ILCS) created the authority to manage the reserves, funds, assets, securities, properties, and moneys of the police pension funds created pursuant to Article 3 of the Pension Code.

The Article 3 police pension plans retain their responsibilities to manage benefit distribution and eligibility determinations, including pension disability awards. The information regarding the financial, operational status, retirement benefits and membership data of each pension system remains within the scope of the local Article 3 police pension plans to report individually and separately from the IPOPIF annual comprehensive financial report.

The list of those Article 3 police pension funds that are participating in the mandatory consolidation of investment assets with IPOPIF is included in this section.

## Participating Police Pension Funds

Addison Police Pension Fund	Bridgeview Police Pension Fund	Chicago Ridge Police Pension Fund
Algonquin Police Pension Fund	Broadview Police Pension Fund	Chillicothe Police Pension Fund
Alsip Police Pension Fund	Brookfield Police Pension Fund	Cicero Police Pension Fund
Alton Police Pension Fund	Buffalo Grove Police Pension Fund	Clarendon Hills Police Pension Fund
Anna Police Pension Fund	Burbank Police Pension Fund	Clinton Police Pension Fund
Antioch Police Pension Fund	Burnham Police Pension Fund	Coal City Police Pension Fund
Arlington Heights Police Pension Fund	Burr Ridge Police Pension Fund	Collinsville Police Pension Fund
Aurora Police Pension Fund	Cahokia Heights Police Pension Fund	Colona Police Pension Fund
Barrington Hills Police Pension Fund	Cairo Police Pension Fund	Columbia Police Pension Fund
Barrington Police Pension Fund	Calumet City Police Pension Fund	Country Club Hills Police Pension Fund
Bartlett Police Pension Fund	Calumet Park Police Pension Fund	Countryside Police Pension Fund
Bartonville Police Pension Fund	Campton Hills Police Pension Fund	Crest Hill Police Pension Fund
Batavia Police Pension Fund	Canton Police Pension Fund	Crestwood Police Pension Fund
Beardstown Police Pension Fund	Carbondale Police Pension Fund	Crete Police Pension Fund
Belleville Police Pension Fund	Carlinville Police Pension Fund	Creve Coeur Police Pension Fund
Bellwood Police Pension Fund	Carmi Police Pension Fund	Crystal Lake Police Pension Fund
Belvidere Police Pension Fund	Carol Stream Police Pension Fund	Danville Police Pension Fund
Bensenville Police Pension Fund	Carpentersville Police Pension Fund	Darien Police Pension Fund
Benton Police Pension Fund	Cartersville Police Pension Fund	Decatur Police Pension Fund
Berkeley Police Pension Fund	Cary Police Pension Fund	Deerfield Police Pension Fund
Berwyn Police Pension Fund	Caseyville Police Pension Fund	Dekalb Police Pension Fund
Bethalto Police Pension Fund	Centralia Police Pension Fund	Des Plaines Police Pension Fund
Bloomington Police Pension Fund	Champaign Police Pension Fund	Dixon Police Pension Fund
Bloomington Police Pension Fund	Channahon Police Pension Fund	Dolton Police Pension Fund
Blue Island Police Pension Fund	Charleston Police Pension Fund	Downers Grove Police Pension Fund
Bolingbrook Police Pension Fund	Chatham Police Pension Fund	Duquoin Police Pension Fund
Bourbonnais Police Pension Fund	Cherry Valley Police Pension Fund	East Alton Police Pension Fund
Bradley Police Pension Fund	Chester Police Pension Fund	East Dundee Police Pension Fund
Braidwood Police Pension Fund	Chicago Heights Police Pension Fund	



East Moline Police Pension Fund	Gilberts Police Pension Fund	Hoopeston Police Pension Fund
East Peoria Police Pension Fund	Glen Carbon Police Pension Fund	Huntley Police Pension Fund
East St Louis Police Pension Fund	Glen Ellyn Police Pension Fund	Island Lake Police Pension Fund
Edwardsville Police Pension Fund	Glencoe Police Pension Fund	Itasca Police Pension Fund
Effingham Police Pension Fund	Glendale Heights Police Pension Fund	Jacksonville Police Pension Fund
Elburn Police Pension Fund	Glenview Police Pension Fund	Jerseyville Police Pension Fund
Eldorado Police Pension Fund	Glenwood Police Pension Fund	Johnsburg Police Pension Fund
Elgin Police Pension Fund	Granite City Police Pension Fund	Joliet Police Pension Fund
Elk Grove Village Police Pension Fund	Grayslake Police Pension Fund	Justice Police Pension Fund
Elmhurst Police Pension Fund	Greenville Police Pension Fund	Kankakee Police Pension Fund
Elmwood Park Police Pension Fund	Gurnee Police Pension Fund	Kenilworth Police Pension Fund
Eureka Police Pension Fund	Hampshire Police Pension Fund	Kewanee Police Pension Fund
Evanston Police Pension Fund	Hanover Park Police Pension Fund	Kildeer Police Pension Fund
Evergreen Park Police Pension Fund	Harrisburg Police Pension Fund	La Grange Park Police Pension Fund
Fairfield Police Pension Fund	Harvard Police Pension Fund	La Grange Police Pension Fund
Fairview Heights Police Pension Fund	Harvey Police Pension Fund	Lake Bluff Police Pension Fund
Flora Police Pension Fund	Harwood Heights Police Pension Fund	Lake Forest Police Pension Fund
Flossmoor Police Pension Fund	Hawthorn Woods Police Pension Fund	Lake In The Hills Police Pension Fund
Forest Park Police Pension Fund	Hazel Crest Police Pension Fund	Lake Villa Police Pension Fund
Forest View Police Pension Fund	Herrin Police Pension Fund	Lake Zurich Police Pension Fund
Fox Lake Police Pension Fund	Hickory Hills Police Pension Plan	Lakemoor Police Pension Fund
Fox River Grove Police Pension Fund	Highland Park Police Pension Fund	Lansing Police Pension Fund
Frankfort Police Pension Fund	Highland Police Pension Fund	Lasalle Police Pension Fund
Franklin Park Police Pension Fund	Highwood Police Pension Fund	Lawrenceville Police Pension Fund
Freeport Police Pension Fund	Hillsboro Police Pension Fund	Lemont Police Pension Fund
Galesburg Police Pension Fund	Hillside Police Pension Fund	Libertyville Police Pension Fund
Geneseo Police Pension Fund	Hinsdale Police Pension Fund	Lincoln Police Pension Fund
Geneva Police Pension Fund	Hodgkins Police Pension Fund	Lincolnshire Police Pension Fund
Genoa Police Pension Fund	Hoffman Estates Police Pension Fund	Lincolnwood Police Pension Fund
	Homewood Police Pension Fund	Lindenhurst Police Pension Fund
		Lisle Police Pension Fund





Litchfield Police Pension Fund	Montgomery Police Pension Fund	Orland Hills Police Pension Fund
Lockport Police Pension Fund	Monticello Police Pension Fund	Orland Park Police Pension Fund
Lombard Police Pension Fund	Morris Police Pension Fund	Oswego Police Pension Fund
Loves Park Police Pension Fund	Morton Grove Police Pension Fund	Ottawa Police Pension Fund
Lynwood Police Pension Fund	Morton Police Pension Fund	Palatine Police Pension Fund
Lyons Police Pension Fund	Mt. Carmel Police Pension Fund	Palos Heights Police Pension Fund
Macomb Police Pension Fund	Mt. Prospect Police Pension Fund	Palos Hills Police Pension Fund
Madison Police Pension Fund	Mt. Vernon Police Pension Fund	Palos Park Police Pension Fund
Mahomet Police Pension Fund	Mt. Zion Police Pension Fund	Pana Police Pension Fund
Manhattan Police Pension Fund	Mundelein Police Pension Fund	Paris Police Pension Fund
Manteno Police Pension Fund	Murphysboro Police Pension Fund	Park City Police Pension Fund
Marengo Police Pension Fund	Naperville Police Pension Fund	Park Forest Police Pension Fund
Marion Police Pension Fund	New Lenox Police Pension Fund	Park Ridge Police Pension Fund
Markham Police Pension Fund	Niles Police Pension Fund	Pekin Police Pension Fund
Marseilles Police Pension Fund	Normal Police Pension Fund	Peoria Heights Police Pension Fund
Maryville Police Pension Fund	Norridge Police Pension Fund	Peoria Police Pension Fund
Mascoutah Police Pension Fund	North Aurora Police Pension Fund	Peotone Police Pension Fund
Matteson Police Pension Fund	North Chicago Police Pension Fund	Peru Police Pension Fund
Mattoon Police Pension Fund	North Riverside Police Pension Fund	Pinckneyville Police Pension Fund
Maywood Police Pension Fund	Northbrook Police Pension Fund	Pingree Grove Police Pension Fund
McCook Police Pension Fund	Northfield Police Pension Fund	Plainfield Police Pension Fund
McHenry Police Pension Fund	Northlake Police Pension Fund	Plano Police Pension Fund
Melrose Park Police Pension Fund	Oak Brook Police Pension Fund	Pontiac Police Pension Fund
Mendota Police Pension Fund	Oak Forest Police Pension Fund	Pontoon Beach Police Pension Fund
Metropolis Police Pension Fund	Oak Lawn Police Pension Fund	Posen Police Pension Fund
Midlothian Police Pension Fund	Oak Park Police Pension Fund	Princeton Police Pension Fund
Milan Police Pension Fund	Oakbrook Terrace Police Pension Fund	Prospect Heights Police Pension Fund
Minooka Police Pension Fund	O'Fallon Police Pension Fund	Quincy Police Pension Fund
Mokena Police Pension Fund	Oglesby Police Pension Fund	Rantoul Police Pension Fund
Moline Police Pension Fund	Olney Police Pension Fund	Richton Park Police Pension Fund
Monee Police Pension Fund	Olympia Fields Police Pension Fund	
Monmouth Police Pension Fund		



River Forest Police Pension Fund	South Beloit Police Pension Fund	Watseka Police Pension Fund
River Grove Police Pension Fund	South Chicago Heights Police Pension Fund	Wauconda Police Pension Fund
Riverdale Police Pension Fund	South Elgin Police Pension Fund	Waukegan Police Pension Fund
Riverside Police Pension Fund	South Holland Police Pension Fund	Wayne Police Pension Fund
Robbins Police Pension Fund	Spring Grove Police Pension Fund	West Chicago Police Pension Fund
Robinson Police Pension Fund	Spring Valley Police Pension Fund	West Dundee Police Pension Fund
Rochelle Police Pension Fund	Springfield Police Pension Fund	West Frankfort Police Pension Fund
Rock Falls Police Pension Fund	St Charles Police Pension Fund	Westchester Police Pension Fund
Rock Island Police Pension Fund	Staunton Police Pension Fund	Western Springs Police Pension Fund
Rockford Police Pension Fund	Steger Police Pension Fund	Westmont Police Pension Fund
Rockton Police Pension Fund	Sterling Police Pension Fund	Wheaton Police Pension Fund
Rolling Meadows Police Pension Fund	Stickney Police Pension Fund	Wheeling Police Pension Fund
Romeoville Police Pension Fund	Stone Park Police Pensionfund	Willow Springs Police Pension Fund
Roscoe Police Pension Fund	Streamwood Police Pension Fund	Willowbrook Police Pension Fund
Roselle Police Pension Fund	Streator Police Pension Fund	Wilmette Police Pension Fund
Round Lake Beach Police Pension Fund	Sugar Grove Police Pension Fund	Wilmington Police Pension Fund
Round Lake Park Police Pension Fund	Summit Police Pension Fund	Winfield Police Pension Fund
Round Lake Police Pension Fund	Swansea Police Pension Fund	Winnetka Police Pension Fund
Salem Police Pension Fund	Sycamore Police Pension Fund	Winthrop Harbor Police Pension Fund
Sandwich Police Pension Fund	Taylorville Police Pension Fund	Wood Dale Police Pension Fund
Sauk Village Police Pension Fund	Tinley Park Police Pension Fund	Wood River Police Pension Fund
Savanna Police Pension Fund	Troy Police Pension Fund	Woodridge Police Pension Fund
Schaumburg Police Pension Fund	University Park Police Pension Fund	Woodstock Police Pension Fund
Schiller Park Police Pension Fund	Urbana Police Pension Fund	Worth Police Pension Fund
Shelbyville Police Pension Fund	Vandalia Police Pension Fund	Yorkville Police Pension Fund
Shiloh Police Pension Fund	Venice Police Pension Fund	Zion Police Pension Fund
Shorewood Police Pension Fund	Vernon Hills Police Pension Fund	
Silvis Police Pension Fund	Villa Park Police Pension Fund	
Skokie Police Pension Fund	Warrenville Police Pension Fund	
South Barrington Police Pension Fund	Washington Park Police Pension Fund	
	Washington Police Pension Fund	
	Waterloo Police Pension Fund	



# Illinois Police Officers' Pension Investment Fund

## Participant Funds by County



# Article 3 Funds by Population\*

For the Fiscal Year ending June 30, 2023

Population Estimate (as of July 1)

Municipality	2020	2021	2022	County
Aurora	180,197	179,336	177,866	Kane
Joliet	150,221	150,550	150,033	Will
Naperville	149,416	149,453	149,936	Du Page
Rockford	148,407	147,595	146,713	Winnebago
Springfield	114,264	113,742	113,273	Sangamon
Elgin	114,604	114,031	113,177	Cook
Peoria	112,850	111,870	111,021	Peoria
Champaign	88,358	89,338	89,241	Champaign
Waukegan	89,115	88,679	87,976	Lake
Cicero	84,928	83,313	81,919	Cook
Bloomington	78,682	78,848	78,864	McLean
Schaumburg	78,443	77,165	76,225	Cook
Evanston	77,857	76,686	75,544	Cook
Arlington Heights	77,447	76,153	75,195	Cook
Bolingbrook	73,818	73,668	74,031	Will
Decatur	70,717	69,919	69,097	Macon
Skokie	67,711	66,526	65,497	Cook
Palatine	67,696	66,505	65,485	Cook
Des Plaines	60,482	59,495	58,594	Cook
Orland Park	58,567	57,982	57,511	Cook
Oak Lawn	58,169	57,158	56,286	Cook
Berwyn	57,012	55,935	55,021	Cook
Mt. Prospect	56,711	55,691	54,843	Cook
Tinley Park	55,837	54,991	54,287	Cook
Wheaton	53,800	53,412	52,984	Du Page
Normal	52,749	52,821	52,838	McLean
Oak Park	54,396	53,360	52,553	Cook
Hoffman Estates	52,402	51,478	50,682	Cook
Downers Grove	50,126	49,742	49,354	Du Page
Glenview	48,554	47,829	47,258	Cook
Plainfield	44,937	45,577	46,243	Will
Elmhurst	45,728	45,467	45,272	Du Page
Lombard	44,381	44,002	43,856	Du Page
Buffalo Grove	43,092	42,818	42,569	Cook
Moline	42,896	42,484	42,028	Rock Island
Belleville	42,261	41,836	41,295	St Clair
Crystal Lake	40,231	40,490	40,661	McHenry
Dekalb	40,216	40,293	40,220	De Kalb
Bartlett	41,020	40,554	40,154	Cook
Romeoville	39,874	40,507	40,117	Will
Carol Stream	39,759	39,406	39,044	Du Page
Quincy	39,410	39,157	38,942	Adams
Urbana	38,213	38,658	38,468	Champaign
Park Ridge	39,512	38,839	38,278	Cook
Streamwood	39,443	38,747	38,151	Cook
Wheeling	39,196	38,513	37,936	Cook
Carpentersville	37,902	37,682	37,288	Cook
Hanover Park	37,350	36,840	36,376	Du Page
Rock Island	37,013	36,602	36,256	Rock Island



Municipality	2020	2021	2022	County
Oswego	34,719	35,332	35,850	Kendall
Addison	35,637	35,377	35,127	Du Page
Calumet City	35,914	35,265	34,709	Cook
Northbrook	35,122	34,603	34,182	Cook
Woodridge	34,109	33,850	33,587	Du Page
St Charles	33,033	33,032	32,750	Kane
Glendale Heights	33,103	32,797	32,484	Du Page
O'Fallon	32,303	32,290	32,140	St Clair
Elk Grove Village	32,706	32,141	31,659	Cook
Mundelein	31,530	31,567	31,612	Lake
Pekin	31,679	31,507	31,260	Tazewell
North Chicago	30,708	30,643	30,490	Lake
Gurnee	30,650	30,528	30,303	Lake
Highland Park	30,153	30,181	30,163	Lake
Algonquin	29,677	29,974	29,951	McHenry
Niles	30,802	30,260	29,805	Cook
Galesburg	29,944	29,662	29,255	Knox
Lake In The Hills	28,927	28,977	28,700	McHenry
Danville	29,129	28,838	28,472	Vermilion
Burbank	29,348	28,854	28,433	Cook
Glen Ellyn	28,833	28,602	28,364	Du Page
Huntley	27,767	28,012	28,138	McHenry
McHenry	27,199	27,466	28,117	McHenry
Lansing	28,975	28,453	28,000	Cook
New Lenox	27,247	27,501	27,594	Will
Wilmette	28,083	27,663	27,264	Cook
Granite City	27,514	27,331	27,121	Madison
Round Lake Beach	27,200	27,080	26,879	Lake
Vernon Hills	26,822	26,784	26,759	Lake
Edwardsville	26,795	26,711	26,654	Madison
Chicago Heights	27,383	26,888	26,465	Cook
Oak Forest	27,370	26,879	26,460	Cook
Batavia	26,212	26,240	26,122	Kane
Lockport	26,161	26,152	26,105	Will
Woodstock	25,609	25,767	25,665	McHenry
Alton	25,606	25,425	25,217	Madison
Belvidere	25,275	25,167	25,169	Boone
West Chicago	25,558	25,403	25,166	Du Page
Morton Grove	25,215	24,760	24,371	Cook
Zion	24,624	24,507	24,315	Lake
South Elgin	23,837	23,944	24,007	Kane
Westmont	24,381	24,189	23,976	Du Page
Collinsville	24,322	24,162	23,972	Madison
Melrose Park	24,723	24,275	23,897	Cook
Yorkville	21,683	22,682	23,835	Kendall
Elmwood Park	24,430	23,987	23,604	Cook
Kankakee	24,004	23,816	23,602	Kankakee
Rolling Meadows	24,110	23,804	23,564	Cook
Freeport	23,892	23,661	23,413	Stephenson
Loves Park	23,400	23,362	23,365	Winnebago
Lisle	23,668	23,466	23,258	Du Page
Maywood	23,418	23,168	22,932	Cook
Roselle	22,922	22,697	22,505	Du Page
Bloomington	22,349	22,445	22,324	Du Page
East Peoria	22,431	22,301	22,136	Tazewell

Municipality	2020	2021	2022	County
Montgomery	20,399	21,311	21,799	Kane
Villa Park	22,204	21,997	21,791	Du Page
Carbondale	21,834	21,729	21,717	Jackson
Blue Island	22,474	22,060	21,714	Cook
Darien	21,997	21,793	21,584	Du Page
Geneva	21,356	21,287	21,228	Kane
Grayslake	21,210	21,127	20,968	Lake
Park Forest	21,624	21,273	20,954	Will
East Moline	21,328	21,113	20,874	Rock Island
South Holland	21,389	21,014	20,685	Cook
Frankfort	20,312	20,510	20,677	Will
Dolton	21,340	20,953	20,621	Cook
Libertyville	20,561	20,521	20,402	Lake
Crest Hill	20,412	20,340	20,158	Will
Mokena	19,868	19,872	19,766	Will
Lake Zurich	19,755	19,690	19,624	Lake
Harvey	20,259	19,897	19,590	Cook
Lake Forest	19,346	19,312	19,252	Lake
Evergreen Park	19,869	19,517	19,211	Cook
Deerfield	19,156	19,080	18,950	Lake
Brookfield	19,404	19,086	18,776	Cook
Homewood	19,385	19,033	18,735	Cook
Ottawa	18,848	18,816	18,668	La Salle
Sycamore	18,563	18,664	18,652	De Kalb
Round Lake	18,691	18,620	18,491	Lake
Matteson	19,025	18,700	18,439	Cook
North Aurora	18,280	18,340	18,403	Kane
Bensenville	18,755	18,581	18,402	Du Page
Alsip	18,990	18,649	18,357	Cook
Shorewood	18,182	18,274	18,271	Will
Bellwood	18,723	18,380	18,081	Cook
Franklin Park	18,401	18,356	18,059	Cook
Bourbonnais	18,085	18,006	18,008	Kankakee
East St Louis	18,403	18,194	17,919	St Clair
Palos Hills	18,463	18,153	17,883	Cook
Cary	17,807	17,872	17,830	McHenry
Lemont	17,663	17,547	17,531	Cook
Cahokia Heights	17,845	17,624	17,366	St Clair
Morton	17,100	17,147	17,334	Tazewell
Jacksonville	17,588	17,477	17,279	Morgan
Hinsdale	17,373	17,284	17,235	Du Page
Charleston	17,242	17,253	17,119	Coles
Marion	16,838	16,751	16,729	Williamson
Mattoon	16,851	16,866	16,666	Coles
Bridgeview	16,979	16,703	16,467	Cook
Fairview Heights	16,665	16,473	16,324	St Clair
Westchester	16,834	16,526	16,262	Cook
Country Club Hills	16,715	16,424	16,170	Cook
Washington	16,056	16,001	15,890	Tazewell
La Grange	16,274	16,008	15,821	Cook
Prospect Heights	15,995	15,721	15,486	Cook
Bradley	15,379	15,298	15,232	Kankakee
Dixon	15,254	15,305	15,177	Lee
Macomb	14,976	14,842	14,857	McDonough
Warrenville	13,632	14,662	14,841	Du Page

Municipality	2020	2021	2022	County
Antioch	14,611	14,820	14,773	Lake
Norridge	15,207	14,996	14,769	Cook
Sterling	14,835	14,761	14,566	Whiteside
Shiloh	14,110	14,327	14,496	St Clair
Chatham	14,408	14,467	14,466	Sangamon
Morris	14,206	14,339	14,360	Grundy
Lindhurst	14,373	14,319	14,318	Lake
Mt Vernon	14,554	14,489	14,284	Jefferson
Swansea	14,353	14,226	14,112	St Clair
Hickory Hills	14,456	14,210	14,007	Cook
Chicago Ridge	14,383	14,130	13,971	Cook
Wauconda	14,065	14,018	13,932	Lake
Channahon	13,470	13,769	13,926	Will
Glen Carbon	13,824	13,852	13,847	Madison
Midlothian	14,266	14,015	13,815	Cook
Forest Park	14,282	14,021	13,802	Cook
Wood Dale	13,944	13,826	13,714	Du Page
Western Springs	13,600	13,418	13,313	Cook
Lincoln	13,244	13,280	13,084	Logan
Canton	13,269	13,181	13,054	Fulton
La Grange Park	13,438	13,204	13,009	Cook
Lincolnwood	13,419	13,182	12,989	Cook
Hazel Crest	13,340	13,097	12,897	Cook
Minooka	12,756	12,801	12,805	Grundy
Plano	11,907	12,187	12,472	Kendall
Richton Park	12,736	12,512	12,441	Cook
Northlake	12,808	12,591	12,401	Cook
Winnetka	12,701	12,514	12,370	Cook
Streator	12,466	12,407	12,263	La Salle
Kewanee	12,460	12,371	12,229	Henry
Effingham	12,290	12,264	12,209	Effingham
Herrin	12,338	12,267	12,202	Williamson
Justice	12,568	12,365	12,199	Cook
Rantoul	12,321	12,197	12,122	McLean
Centralia	12,151	12,071	11,931	Marion
Palos Heights	12,022	11,810	11,632	Cook
River Forest	11,679	11,499	11,327	Cook
Schiller Park	11,670	11,462	11,283	Cook
Markham	11,622	11,419	11,241	Cook
Troy	10,926	11,020	11,131	Madison
Waterloo	11,005	11,076	11,130	Monroe
Pontiac	11,157	11,147	11,085	Livingston
Burr Ridge	11,182	11,133	11,037	Du Page
Pingree Grove	10,392	10,745	11,034	Kane
Columbia	11,031	10,989	10,970	Monroe
Roscoe	10,965	10,922	10,874	Winnebago
Fox Lake	10,974	10,937	10,849	Lake
Campton Hills	10,876	10,856	10,779	Kane
Summit	11,120	10,911	10,732	Cook
Worth	10,933	10,741	10,590	Cook
Barrington	10,703	10,663	10,545	Cook
Crestwood	10,790	10,620	10,483	Cook
Lyons	10,775	10,581	10,411	Cook
River Grove	10,578	10,564	10,391	Cook
Wood River	10,436	10,412	10,351	Madison

Municipality	2020	2021	2022	County
Manhattan	9,527	10,040	10,340	Will
Taylorville	10,477	10,390	10,312	Christian
Riverdale	10,628	10,433	10,266	Cook
Mahomet	9,518	9,660	10,070	Champaign
Winfield	9,813	10,137	10,046	Du Page
Highland	10,032	10,027	10,009	Madison
Peru	9,919	9,879	9,771	La Salle
Sauk Village	9,897	9,725	9,578	Cook
Lasalle	9,565	9,526	9,423	La Salle
Harvard	9,454	9,466	9,379	McHenry
Itasca	9,521	9,443	9,362	Du Page
Rochelle	9,429	9,373	9,343	Ogle
Flossmoor	9,663	9,490	9,339	Cook
Steger	9,560	9,457	9,334	Cook
Hawthorn Woods	9,088	9,212	9,306	Lake
Bethalto	9,305	9,270	9,213	Madison
Sugar Grove	9,258	9,245	9,178	Kane
Manteno	9,189	9,181	9,168	Kankakee
Willowbrook	9,210	9,134	9,056	Du Page
Lynwood	9,098	9,008	9,005	Cook
Riverside	9,266	9,091	8,940	Cook
Harwood Heights	9,030	8,865	8,722	Cook
Monmouth	8,895	8,771	8,650	Warren
Lake Villa	8,726	8,698	8,647	Lake
Mascoutah	8,738	8,690	8,634	St Clair
Gilberts	8,364	8,365	8,623	Kane
Rock Falls	8,770	8,731	8,620	Whiteside
Glencoe	8,827	8,715	8,612	Cook
Clarendon Hills	8,691	8,640	8,571	Du Page
Olney	8,686	8,629	8,487	Richland
Glenwood	8,636	8,482	8,352	Cook
Crete	8,442	8,416	8,340	Lake
Maryville	8,230	8,250	8,294	Madison
Jerseyville	8,321	8,300	8,269	Jersey
Paris	8,260	8,161	8,084	Edgar
Oak Brook	8,149	8,089	8,025	Du Page
Hillside	8,282	8,133	8,005	Cook
Harrisburg	8,194	8,075	7,982	Saline
Island Lake	8,033	8,025	7,954	Lake
Lincolnshire	7,937	7,945	7,922	Lake
West Dundee	7,860	7,815	7,914	Kane
South Beloit	7,975	7,944	7,908	Winnebago
Silvis	7,989	7,957	7,891	Rock Island
Park City	7,882	7,875	7,848	Lake
Broadview	7,965	7,977	7,847	Cook
Hampshire	7,647	7,778	7,814	Kane
Rockton	7,853	7,823	7,789	Winnebago
Princeton	7,818	7,739	7,721	Bureau
Round Lake Park	7,663	7,684	7,702	Lake
Marengo	7,553	7,581	7,565	McHenry
Vandalia	7,456	7,443	7,400	Fayette
West Frankfort	7,252	7,224	7,176	Franklin
Sandwich	7,210	7,202	7,156	De Kalb
North Riverside	7,402	7,264	7,147	Cook
Salem	7,265	7,205	7,113	Marion



Municipality	2020	2021	2022	County
Robinson	7,140	7,148	7,094	Crawford
Greenville	7,064	7,032	7,033	Bond
Murphysboro	7,082	7,046	7,033	Jackson
University Park	7,129	7,094	7,020	Will
Mendota	7,040	7,007	6,926	La Salle
Clinton	6,959	6,920	6,882	De Witt
Stickney	7,093	6,976	6,873	Cook
Mt Carmel	6,979	6,913	6,836	Wabash
Chester	6,812	6,822	6,782	Randolph
Calumet Park	6,994	6,864	6,755	Cook
Litchfield	6,759	6,745	6,706	Kankakee
Orland Hills	6,865	6,746	6,642	Cook
Benton	6,698	6,661	6,618	Franklin
Winthrop Harbor	6,688	6,661	6,617	Lake
Geneseo	6,540	6,502	6,515	Henry
Elburn	6,209	6,300	6,408	Kane
Johnsburg	6,354	6,379	6,361	McHenry
Lakemoor	6,173	6,236	6,274	Lake
Countryside	6,405	6,294	6,205	Cook
Braidwood	6,188	6,189	6,156	Will
Chillicothe	6,113	6,058	6,005	Peoria
Monticello	5,945	6,005	5,996	Piatt
Mt Zion	6,020	5,974	5,922	Macon
Metropolis	5,952	5,898	5,879	Massac
Pontoon Beach	5,863	5,849	5,828	Madison
Hillsboro	5,856	5,846	5,825	Montgomery
Bartonville	5,929	5,871	5,817	Peoria
Carterville	5,852	5,830	5,815	Williamson
Peoria Heights	5,894	5,838	5,785	Peoria
Beardstown	5,928	5,844	5,780	Cass
Willow Springs	5,841	5,745	5,745	Cook
Coal City	5,699	5,743	5,741	Grundy
Duquoin	5,814	5,854	5,721	Perry
East Alton	5,772	5,729	5,683	Madison
Northfield	5,749	5,651	5,578	Cook
Wilmington	5,647	5,632	5,578	Will
Carlville	5,689	5,627	5,576	Macoupin
Lake Bluff	5,609	5,586	5,549	Lake
Spring Grove	5,479	5,510	5,484	McHenry
Spring Valley	5,557	5,486	5,461	Bureau
Posen	5,571	5,474	5,386	Cook
Genoa	5,306	5,330	5,360	De Kalb
Highwood	5,089	5,379	5,335	Lake
Eureka	5,213	5,178	5,165	Woodford
Berkeley	5,324	5,226	5,145	Cook
Pana	5,182	5,140	5,093	Christian
Monee	5,115	5,108	5,084	Lake
Pinckneyville	5,058	5,082	5,005	Perry
South Barrington	5,069	5,031	4,992	Cook
Milan	5,088	5,048	4,985	Rock Island
Staunton	5,042	5,012	4,981	Macoupin
Colona	5,032	5,012	4,959	Henry
Creve Coeur	4,923	4,898	4,854	Tazewell
Palos Park	4,899	4,851	4,792	Cook
Hoopeston	4,900	4,849	4,780	Vermilion

Municipality	2020	2021	2022	County
Fairfield	4,868	4,813	4,779	Lake
Marseilles	4,836	4,821	4,771	La Salle
Carmi	4,835	4,819	4,762	White
Flora	4,792	4,754	4,719	Clay
Fox River Grove	4,686	4,688	4,641	McHenry
Shelbyville	4,654	4,641	4,611	Shelby
Olympia Fields	4,712	4,634	4,569	Cook
Watseka	4,657	4,609	4,556	Iroquois
Robbins	4,620	4,569	4,521	Cook
Stone Park	4,565	4,488	4,426	Cook
Caseyville	4,391	4,394	4,391	St Clair
Kildeer	4,084	4,161	4,255	Lake
Lawrenceville	4,177	4,230	4,209	Lawrence
Peotone	4,152	4,182	4,174	Will
Anna	4,280	4,209	4,161	Union
Barrington Hills	4,096	4,065	4,019	Cook
Burnham	4,035	3,965	3,905	Cook
South Chicago Heights	4,005	3,933	3,871	Cook
Eldorado	3,735	3,682	3,641	Saline
Oglesby	3,699	3,681	3,638	La Salle
East Dundee	3,175	3,152	3,130	Kane
Madison	3,138	3,116	3,092	Madison
Cherry Valley	2,895	2,882	2,870	Winnebago
Savanna	2,775	2,765	2,723	Carroll
Oakbrook Terrace	2,742	2,721	2,694	Du Page
Washington Park	2,573	2,549	2,522	St Clair
Kenilworth	2,505	2,460	2,426	Cook
Wayne	2,281	2,261	2,237	Du Page
Cairo	1,716	1,670	1,611	Alexander
Hodgkins	1,496	1,483	1,470	Cook
Venice	1,490	1,480	1,468	Madison
Forest View	792	777	766	Cook
McCook	248	244	240	Cook

\*Data obtained from [www.census.gov](http://www.census.gov)

## Article 3 Funds Population by Range

For the Fiscal Year ending June 30, 2023

Population of Municipality	Number of Article 3 Funds
0 - 10,000	137
10,001 - 25,000	133
25,001 - 50,000	59
50,001 - 100,000	21
101,000-500,000	7
TOTAL	357

Data provided by [www.illinois-demographics.com](http://www.illinois-demographics.com) which indicates the information source is population data from the 2022 Population Estimates Program and 2021 American Community Survey.



# Changes In Fiduciary Net Position

## Last Four Fiscal Years

Fiscal Year	2020*	2021	2022	2023
Additions				
Contributions				
Member Fund Cash Transfers	\$ –	\$ –	\$ –	\$456,489,074
Member Fund Investment Transfers	–	–	2,867,186,760	5,725,925,760
Total Contributions			2,867,186,760	6,182,414,834
<b>Investment Income</b>				
Interest Income and Dividend Income	–	261	4,055,439	62,030,821
Net Appreciation (Depreciation) in Fair Value of Investments	–	–	(131,371,365)	579,855,103
Total Investment Income (Loss)	–	261	(127,315,926)	641,885,924
Less Investment Expenses	–	(139,188)	(1,375,257)	(2,500,909)
Net Investment Income (Loss)	–	(138,927)	(128,691,183)	639,385,015
Total Additions	–	(138,927)	2,738,495,577	6,821,799,849
<b>Deductions</b>				
Administrative Expenses				
Board of Trustees	15,483	157,227	69,407	75,150
Administrative Operations	47,716	707,778	1,498,749	2,366,515
Investment Operations	–	58,050	1,053,805	1,149,284
Total Administrative Expenses	63,199	923,055	2,621,961	3,590,949
Participating Fund Withdrawals	–	–	–	166,361,315
Total Deductions	63,199	923,055	2,621,961	169,952,264
Net Increase (Decrease)	(63,199)	(1,061,982)	2,735,873,616	6,651,847,585
<b>Net Position Held In Trust For Pool Participants</b>				
July 1	–	(63,199)	(1,125,181)	2,734,748,435
June 30	\$(63,199)	\$(1,125,181)	\$2,734,748,435	\$9,386,596,020

Data Source: Audited Financial Statements

\* For the period January 1, 2020 (Inception) through June 30, 2020



# Principal Employers

## Current Year and Nine Years Ago

2022*			
Employer	Employees	Rank	% of Total State Employment
State of Illinois	63,022	1	1.06%
U.S. Government	51,400	2	0.87%
Chicago School Board	41,362	3	0.70%
McDonald's Corporation	36,582	4	0.62%
City of Chicago	35,203	5	0.59%
Ascension Health Alliance	33,864	6	0.57%
University of Illinois	31,763	7	0.54%
Walgreens Boots Alliance, Inc.	31,010	8	0.52%
County of Cook	30,201	9	0.51%
Albertsons Companies, Inc.	29,191	10	0.49%
	<b>383,598</b>		<b>6.47%</b>

2013*			
Employer	Employees	Rank	% of Total State Employment
State of Illinois	62,836	1	1.05%
U.S. Government	52,700	2	0.88%
Wal-Mart	49,471	3	0.82%
AB Acquisitions LLC	45,439	4	0.76%
Chicago School Board	40,145	5	0.67%
Walgreen Co.	32,043	6	0.53%
City of Chicago	31,977	7	0.53%
University of Illinois	29,485	8	0.49%
U.S. Postal Service	28,500	9	0.47%
USF Holding Corp.	26,487	10	0.44%
	<b>399,083</b>		<b>6.64%</b>

\*2022 is the most recent information available

Data Sources: State of Illinois Annual Comprehensive Financial Report June 30, 2022



# Demographic and Economic Statistics

## Last Ten Fiscal Years

Fiscal Year Ended June 30,	Estimated Population	Personal Income	Per Capita Personal Income	Unemployment Rate
2012	12,871,000	\$587,601,163,000	\$45,653	9.0%
2013	12,895,000	607,671,375,000	47,125	9.0%
2014	12,884,000	637,279,963,000	49,463	7.1%
2015	12,859,000	665,490,089,000	51,753	6.0%
2016	12,822,000	673,691,000,000	52,542	5.9%
2017	12,925,000	692,895,900,000	53,609	4.9%
2018	12,889,000	728,667,000,000	56,534	4.4%
2019	12,850,000	750,935,600,000	58,439	4.0%
2020	12,785,000	794,459,500,000	62,140	9.2%
2021	12,671,000	852,082,100,000	67,247	6.1%

\* 2021 is the most recent information available

**Data Sources:** State of Illinois Annual Comprehensive Financial Report June 30, 2022







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Illinois Police Officers' Pension Investment Fund  
456 Fulton Street, Suite 402  
Peoria, Illinois 61602



IPOPIF

## ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

**MEMORANDUM**

TO: Board of Trustees

FROM: Richard White, Executive Director  
Regina Tuczak, Finance Director

RE: Agenda Item 4.2 – MONTHLY FINANCIAL STATEMENTS

DATE: December 15, 2023

---

**RECOMMENDATION:** Approve the Monthly financial statements for September and October 2023.

---

A few matters to note with respect to the monthly financial statements for September 30, and October 31, 2023:

- 1) Participant fund activity was cash positive for the month of September and cash negative for the month of October. Participant fund contributions exceeded withdrawals by approximately \$23,022,000 in September; and participant fund withdrawals exceeded contributions by approximately (\$5,267,000) in October.

September Contributions \$59,326,183  
September Withdrawals (\$36,303,768)

October Contributions \$33,118,303  
October Withdrawals (\$38,385,789)

There were 300 cash transactions in September and 311 cash transactions in October.

- 2) As expenses are paid in this fiscal year that pertain to the prior year, the expenses are applied to accruals recorded at June 30, 2023. In some situations, such as custody fees, there are insignificant over accruals. The result is a negative expense in the month of payment as the full accrual is applied and closed out. For example, custody fees appear as (\$2,885) in September.
- 3) Journal entries to apply the requirements of GASB 68, *Accounting and Financial Reporting for Pensions*, were recorded as part of the closing process of fiscal year 2023 and are reflected in these monthly reports. These amounts (Net Pension Asset of \$7,426 and Deferred Outflows of Resources of \$80,309), will be adjusted when the next actuarial valuation of the Fund's participation in IMRF is provided.

# ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND



## MONTHLY FINANCIAL REPORT

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2023

MODIFIED CASH BASIS

PREPARED BY: THE STAFF OF THE ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

**Illinois Police Officers' Pension Investment Fund**  
**Statement of Fiduciary Net Position**  
**As of September 30, 2023, and 2022**

September 30, 2023

September 30, 2022

<b>Assets</b>		
<b>Cash</b>		
Lake Forest Bank & Trust	\$ 98,732	\$ 1,631,219
<b>Total Cash</b>	<b>98,732</b>	<b>1,631,219</b>
<b>Investments</b>		
Investments	9,196,231,782	5,725,905,265
<b>Total Investments</b>	<b>9,196,231,782</b>	<b>5,725,905,265</b>
<b>Other Assets</b>		
Net IMRF Pension Asset	7,426	-
<b>Total Other Assets</b>	<b>7,426</b>	<b>-</b>
<b>Total Assets</b>	<b>9,196,337,940</b>	<b>5,727,536,484</b>
<b>Deferred Outflows of Resources</b>		
Deferred outflows related to IMRF Pension	80,309	-
<b>Liabilities</b>		
Illinois Finance Authority Loan	-	6,486,046
Capitalized Interest	-	79,635
<b>Total Payables</b>	<b>-</b>	<b>6,565,681</b>
<b>Accrued Expenses</b>		
Payroll & Related	143,757	88,392
Professional	54,240	683,319
Administrative	2,143	-
General	-	89,626
<b>Total Accrued Expenses</b>	<b>200,140</b>	<b>861,337</b>
<b>Total Liabilities</b>	<b>200,140</b>	<b>7,427,018</b>
<b>Net Position Restricted</b>		
	<b>9,196,218,109</b>	<b>5,720,109,466</b>

**Illinois Police Officers' Pension Investment Fund**  
**Statement of Changes in Fiduciary Net Position**  
**For the three months ended September 30, 2023, and 2022**

	<u>September 30, 2023</u>	<u>September 30, 2022</u>
<b>Additions</b>		
<b>Proceeds</b>		
Cash Received from Local Funds	134,987,847	43,303,264
Investments Received from Local Funds	13,100,419	3,349,273,538
<b>Total Proceeds</b>	<b>148,088,266</b>	<b>3,392,576,802</b>
<b>Investment Income (Loss)</b>		
Lake Forest Bank & Trust	152	3,327
Interest	15,639,659	11,415,692
Net appreciation (depreciation) in fair value of investments	(244,544,420)	(417,429,573)
<b>Net Investment Income (Loss)</b>	<b>(228,904,609)</b>	<b>(406,010,554)</b>
<b>Total Additions</b>	<b>(80,816,343)</b>	<b>2,986,566,248</b>
<b>Deductions</b>		
<b>Administrative Expenses</b>		
Board of Trustees & Meetings	(12,831)	(11,374)
Administrative Operations	(395,795)	(411,951)
Investment Operations	(169,191)	(255,790)
<b>Total Administrative Expenses</b>	<b>(577,817)</b>	<b>(679,115)</b>
<b>Participating Fund Withdrawals</b>	<b>(108,983,750)</b>	<b>(526,100)</b>
<b>Total Deductions</b>	<b>(109,561,567)</b>	<b>(1,205,215)</b>
<b>Net Increase (Decrease)</b>	<b>(190,377,910)</b>	<b>2,985,361,033</b>
<b>Net Position Restricted</b>		
<b>Beginning of the Year</b>	9,386,596,019	2,734,748,434
<b>End of the Period</b>	<b>9,196,218,109</b>	<b>5,720,109,467</b>

## Illinois Police Officers' Pension Investment Fund

### Additions Report for the Three Months Ended September 30, 2023

	<b>Received</b> <b><u>this Month</u></b>	<b>Budgeted</b> <b><u>this Month</u></b>	<b>Received this</b> <b><u>Fiscal Year</u></b>	<b>Budgeted</b> <b>this</b> <b><u>Fiscal Year</u></b>
<b>Additions</b>				
<u>Consolidated Funds</u>				
Cash Received from Local Funds	59,326,183	-	134,987,847	-
Investments Received from Local Funds	-	-	13,100,419	-
	<b>59,326,183</b>	-	<b>148,088,266</b>	-
<u>Investment Income (Loss)</u>				
Interest & Dividends	4,979,700	-	15,639,811	-
Net appreciation (depreciation)	(280,868,243)	-	(244,544,420)	-
	<b>(275,888,543)</b>	-	<b>(228,904,609)</b>	-
<b>Total Additions</b>	<b>(216,562,360)</b>	-	<b>(80,816,343)</b>	-

## Illinois Police Officers' Pension Investment Fund

### Deductions Report for the Three Months Ended September 30, 2023

	<b><u>Expended this Month</u></b>	<b><u>Budgeted this Month</u></b>	<b><u>Expended this Year</u></b>	<b><u>Budgeted this Year</u></b>
<b>Expenditures</b>				
<b>Board of Trustees and Meetings</b>				
<u>Board of Trustees and Meetings Expenses</u>				
Professional Services				
<i>Administrative Services</i>	3,200	4,950	3,200	59,400
<i>Election Services</i>	-	-	3,500	-
Education and Training	-	3,000	-	36,000
Meeting Expenses	949	4,583	5,196	55,000
Board Member Reimbursements	715	2,787	935	33,440
Municipal Reimbursements	-	992	-	11,900
	<b><u>4,864</u></b>	<b><u>16,312</u></b>	<b><u>12,831</u></b>	<b><u>195,740</u></b>
<b>Administrative Operations</b>				
<u>Personnel</u>				
Administrative Personnel	67,667	71,674	163,042	860,088
Employment Expenses				
<i>FICA/Medicare</i>	3,869	4,921	10,743	59,052
<i>Medical/Dental Benefits</i>	11,110	10,399	33,976	124,788
<i>Unemployment</i>	118	113	357	1,354
<i>Retirement Benefits</i>	3,953	4,464	6,597	53,570
	<b><u>86,717</u></b>	<b><u>91,571</u></b>	<b><u>214,715</u></b>	<b><u>1,098,852</u></b>
<u>Professional Services</u>				
Finance				
<i>Accounting</i>	-	4,883	-	58,600
<i>Audit - Financial</i>	-	4,792	-	57,500
<i>Audit - Certified Asset List</i>	-	2,934	-	35,205
Administrative Services	-	3,975	-	47,700
Government Liaison	-	5,700	11,400	68,400
Actuarial Services	-	15,292	-	183,500
Outsourced Human Resources	419	1,000	419	12,000
Legal Services				
<i>Legal Services - General</i>	2,729	6,250	2,729	75,000
<i>Legal Services - Fiduciary</i>	5,074	10,417	5,074	125,000
Technology Services	1,823	1,000	1,823	12,000
Other Consulting Services	11,573	1,771	11,573	21,250
Communication Services	1,500	1,500	4,500	18,000
	<b><u>23,118</u></b>	<b><u>59,514</u></b>	<b><u>37,518</u></b>	<b><u>714,155</u></b>

## Illinois Police Officers' Pension Investment Fund

### Deductions Report for the Three Months Ended September 30, 2023

	<u>Expended this Month</u>	<u>Budgeted this Month</u>	<u>Expended this Year</u>	<u>Budgeted this Year</u>
<b>Expenditures</b>				
<u>Bank Services and Fees</u>				
Local Bank Fees	210	375	605	4,500
	<b>210</b>	<b>375</b>	<b>605</b>	<b>4,500</b>
<u>Services &amp; Supplies</u>				
Assets under \$5,000	(305)	4,167	1,190	50,000
Insurance	-	8,918	106,906	107,017
Office Lease/Rent	5,375	5,375	16,125	64,500
Printing & Postage	6,993	2,833	6,998	34,000
Supplies & Maintenance	415	1,167	1,101	14,000
Telecommunication	1,255	1,417	1,746	17,000
Contingency	(2)	1,000	(1)	12,000
Dues / Licenses	2,167	6,549	4,018	78,586
Training & Education	740	1,000	1,135	12,000
Travel & Transportation	1,304	1,000	3,136	12,000
Utilities	-	667	-	8,000
Website	603	1,667	603	20,000
	<b>18,545</b>	<b>35,760</b>	<b>142,957</b>	<b>429,103</b>
<b>Investment Operations</b>				
<u>Personnel</u>				
Investment Operations Personnel	53,542	83,333	133,681	1,000,000
Employment Expenses				
<i>FICA/Medicare</i>	2,320	5,279	5,786	63,344
<i>Medical/Dental Benefits</i>	4,862	8,795	14,765	105,542
<i>Unemployment</i>	-	66	-	790
<i>Retirement Benefits</i>	3,267	5,923	7,747	71,072
	<b>63,991</b>	<b>103,396</b>	<b>161,979</b>	<b>1,240,748</b>
<u>Investment &amp; Banking</u>				
General Investment Consultant	-	35,625	-	427,500
Database Subscription(s)	-	3,178	-	38,135
Investment Management	10,097	115,417	10,097	1,385,000
Custodial Services	(2,885)	38,333	(2,885)	460,000
	<b>7,212</b>	<b>192,553</b>	<b>7,212</b>	<b>2,310,635</b>

## Illinois Police Officers' Pension Investment Fund Deductions Report for the Three Months Ended September 30, 2023

	<u>Expended this Month</u>	<u>Budgeted this Month</u>	<u>Expended this Year</u>	<u>Budgeted this Year</u>
<b>Expenditures</b>				
<u>Professional Services</u>				
<b>Total Expenditures</b>	204,657	499,481	577,817	5,993,733
<b>Participating Fund Withdrawals</b>	36,303,768		108,983,750	
<b>Total Deductions</b>	36,508,425		109,561,567	



# ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND



## MONTHLY FINANCIAL REPORT

FOR THE FOUR MONTHS ENDED OCTOBER 31, 2023

MODIFIED CASH BASIS

PREPARED BY: THE STAFF OF THE ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

**Illinois Police Officers' Pension Investment Fund**  
**Statement of Fiduciary Net Position**  
**As of October 31, 2023, and 2022**

	<u>October 31, 2023</u>	<u>October 31, 2022</u>
<b>Assets</b>		
<b>Cash</b>		
Lake Forest Bank & Trust	\$ 99,658	\$ 1,318,654
<b>Total Cash</b>	<b>99,658</b>	<b>1,318,654</b>
<b>Investments</b>		
Investments	8,962,246,422	6,915,531,709
<b>Total Investments</b>	<b>8,962,246,422</b>	<b>6,915,531,709</b>
<b>Other Assets</b>		
Net IMRF Pension Asset	7,426	-
<b>Total Other Assets</b>	<b>7,426</b>	<b>-</b>
<b>Total Assets</b>	<b>8,962,353,506</b>	<b>6,916,850,363</b>
<b>Deferred Outflows of Resources</b>		
Deferred outflows related to IMRF Pension	80,309	-
<b>Liabilities</b>		
Illinois Finance Authority Loan	-	6,486,046
Capitalized Interest	-	79,635
<b>Total Payables</b>	<b>-</b>	<b>6,565,681</b>
<b>Accrued Expenses</b>		
Payroll & Related	140,522	88,200
Professional	10,240	682,319
Administrative	835	-
General	-	89,626
<b>Total Accrued Expenses</b>	<b>151,597</b>	<b>860,145</b>
<b>Total Liabilities</b>	<b>151,597</b>	<b>7,425,826</b>
<b>Net Position Restricted</b>	<b>8,962,282,218</b>	<b>6,909,424,537</b>

**Illinois Police Officers' Pension Investment Fund**  
**Statement of Changes in Fiduciary Net Position**  
**For the four months ended October 31, 2023, and 2022**

	<u>October 31, 2023</u>	<u>October 31, 2022</u>
<b>Additions</b>		
<b>Proceeds</b>		
Cash Received from Local Funds	168,106,150	58,488,701
Investments Received from Local Funds	13,100,419	4,310,608,466
<b>Total Proceeds</b>	<b>181,206,569</b>	<b>4,369,097,167</b>
<b>Investment Income (Loss)</b>		
Lake Forest Bank & Trust	205	4,801
Interest	20,006,493	14,517,246
Net appreciation (depreciation) in fair value of investments	(477,295,771)	(206,530,848)
<b>Net Investment Income (Loss)</b>	<b>(457,289,073)</b>	<b>(192,008,801)</b>
<b>Total Additions</b>	<b>(276,082,504)</b>	<b>4,177,088,366</b>
<b>Deductions</b>		
<b>Administrative Expenses</b>		
Board of Trustees & Meetings	(25,958)	(11,374)
Administrative Operations	(557,395)	(506,268)
Investment Operations	(278,405)	(474,320)
<b>Total Administrative Expenses</b>	<b>(861,758)</b>	<b>(991,962)</b>
<b>Participating Fund Withdrawals</b>	<b>(147,369,539)</b>	<b>(1,420,300)</b>
<b>Total Deductions</b>	<b>(148,231,297)</b>	<b>(2,412,262)</b>
<b>Net Increase (Decrease)</b>	<b>(424,313,801)</b>	<b>4,174,676,104</b>
<b>Net Position Restricted</b>		
<b>Beginning of the Year</b>	9,386,596,019	2,734,748,434
<b>End of the Period</b>	<b>8,962,282,218</b>	<b>6,909,424,538</b>

## Illinois Police Officers' Pension Investment Fund

### Additions Report for the Four Months Ended October 31, 2023

	<b>Received</b> <b><u>this Month</u></b>	<b>Budgeted</b> <b><u>this Month</u></b>	<b>Received this</b> <b><u>Fiscal Year</u></b>	<b>Budgeted</b> <b>this</b> <b><u>Fiscal Year</u></b>
<b>Additions</b>				
<u>Consolidated Funds</u>				
Cash Received from Local Funds	33,118,303	-	168,106,150	-
Investments Received from Local Funds	-	-	13,100,419	-
	<u>33,118,303</u>	<u>-</u>	<u>181,206,569</u>	<u>-</u>
<u>Investment Income (Loss)</u>				
Interest & Dividends	4,366,886	-	20,006,698	-
Net appreciation (depreciation)	(232,751,350)	-	(477,295,771)	-
	<u>(228,384,464)</u>	<u>-</u>	<u>(457,289,073)</u>	<u>-</u>
<b>Total Additions</b>	<b>(195,266,161)</b>	<b>-</b>	<b>(276,082,504)</b>	<b>-</b>

## Illinois Police Officers' Pension Investment Fund

### Deductions Report for the Four Months Ended October 31, 2023

	<b>Expended this Month</b>	<b>Budgeted this Month</b>	<b>Expended this Year</b>	<b>Budgeted this Year</b>
<b>Expenditures</b>				
<b>Board of Trustees and Meetings</b>				
<u>Board of Trustees and Meetings Expenses</u>				
Professional Services				
<i>Administrative Services</i>	-	4,950	3,200	59,400
<i>Election Services</i>	10,293	-	13,793	-
Education and Training	-	3,000	-	36,000
Meeting Expenses	1,590	4,583	6,786	55,000
Board Member Reimbursements	1,244	2,787	2,179	33,440
Municipal Reimbursements	-	992	-	11,900
	<b>13,127</b>	<b>16,312</b>	<b>25,958</b>	<b>195,740</b>
<b>Administrative Operations</b>				
<u>Personnel</u>				
Administrative Personnel	67,939	71,674	230,981	860,088
Employment Expenses				
<i>FICA/Medicare</i>	3,890	4,921	14,633	59,052
<i>Medical/Dental Benefits</i>	10,535	10,399	44,511	124,788
<i>Unemployment</i>	35	113	392	1,354
<i>Retirement Benefits</i>	3,953	4,464	10,550	53,570
	<b>86,352</b>	<b>91,571</b>	<b>301,067</b>	<b>1,098,852</b>
<u>Professional Services</u>				
Finance				
<i>Accounting</i>	-	4,883	-	58,600
<i>Audit - Financial</i>	-	4,792	-	57,500
<i>Audit - Certified Asset List</i>	-	2,934	-	35,205
Administrative Services	-	3,975	-	47,700
Government Liaison	11,400	5,700	22,800	68,400
Actuarial Services	-	15,292	-	183,500
Outsourced Human Resources	-	1,000	419	12,000
Legal Services				
<i>Legal Services - General</i>	-	6,250	2,729	75,000
<i>Legal Services - Fiduciary</i>	8,045	10,417	13,119	125,000
Technology Services	434	1,000	2,257	12,000
Other Consulting Services	-	1,771	11,573	21,250
Communication Services	1,500	1,500	6,000	18,000
	<b>21,379</b>	<b>59,514</b>	<b>58,897</b>	<b>714,155</b>

## Illinois Police Officers' Pension Investment Fund

### Deductions Report for the Four Months Ended October 31, 2023

	<u>Expended this Month</u>	<u>Budgeted this Month</u>	<u>Expended this Year</u>	<u>Budgeted this Year</u>
<b>Expenditures</b>				
<u>Bank Services and Fees</u>				
Local Bank Fees	203	375	808	4,500
	<b>203</b>	<b>375</b>	<b>808</b>	<b>4,500</b>
<u>Services &amp; Supplies</u>				
Assets under \$5,000	41,343	4,167	42,533	50,000
Insurance	-	8,918	106,906	107,017
Office Lease/Rent	5,375	5,375	21,500	64,500
Printing & Postage	115	2,833	7,113	34,000
Supplies & Maintenance	1,822	1,167	2,923	14,000
Telecommunication	3,251	1,417	4,997	17,000
Contingency	(2)	1,000	(1)	12,000
Dues / Licenses	697	6,549	4,715	78,586
Training & Education	35	1,000	1,170	12,000
Travel & Transportation	685	1,000	3,821	12,000
Utilities	-	667	-	8,000
Website	344	1,667	946	20,000
	<b>53,665</b>	<b>35,760</b>	<b>196,623</b>	<b>429,103</b>
<b>Investment Operations</b>				
<u>Personnel</u>				
Investment Operations Personnel	53,542	83,333	187,223	1,000,000
Employment Expenses				
<i>FICA/Medicare</i>	2,318	5,279	8,105	63,344
<i>Medical/Dental Benefits</i>	5,078	8,795	19,841	105,542
<i>Unemployment</i>	-	66	-	790
<i>Retirement Benefits</i>	4,519	5,923	12,266	71,072
	<b>65,457</b>	<b>103,396</b>	<b>227,435</b>	<b>1,240,748</b>
<u>Investment &amp; Banking</u>				
General Investment Consultant	-	35,625	-	427,500
Database Subscription(s)	-	3,178	-	38,135
Investment Management	9,856	115,417	19,953	1,385,000
Custodial Services	33,902	38,333	31,017	460,000
	<b>43,758</b>	<b>192,553</b>	<b>50,970</b>	<b>2,310,635</b>

## Illinois Police Officers' Pension Investment Fund Deductions Report for the Four Months Ended October 31, 2023

	<u>Expended this Month</u>	<u>Budgeted this Month</u>	<u>Expended this Year</u>	<u>Budgeted this Year</u>
<b>Expenditures</b>				
<u>Professional Services</u>				
<b>Total Expenditures</b>	283,941	499,481	861,758	5,993,733
<b>Participating Fund Withdrawals</b>	38,385,789		147,369,539	
<b>Total Deductions</b>	38,669,730		148,231,297	

## Warrant #24-05 Paid November 1, 2023



Illinois Police Officers'  
PENSION INVESTMENT FUND

## Expenses for Ratification - December 15, 2023 Board Meeting

### BOARD OF TRUSTEES and MEETINGS

#### Meeting Expenses

	Samantha Lambert	
10/13/2023	Out of pocket reimbursement for refreshments for October 13, 2023, Board meeting	\$18.53
	Sound & Light Creations by Scott Fort	
10/18/2023	Sound system with table top microphones and video screen at Twin Towers Plaza for October 13, 2023, Board Meeting, Invoice #10132302	\$910.00
	Richard White	
10/13/2023	Out of pocket reimbursement for meeting space at Peoria Marriott Pere Marquette for September 14, 2023, Committee Meeting and September 15, 2023, Board Meeting, net of credit received for July	\$5,114.37
10/13/2023	Out of pocket reimbursement for food and beverage for October 13, 2023, Board Meeting	\$315.75
10/17/2023	Out of pocket reimbursement for meeting space at Normal Marriott Conference Center for Regional Stakeholder Meeting on October 17, 2023	\$1,566.70
	<b>Total Board of Trustees and Meetings Meeting Expense</b>	<b>\$7,925.35</b>

#### Board Member Reimbursements

	Michael Inman	
10/16/2023	Out of pocket reimbursement for hotel and travel for September 14, 2023, Committee Meeting, September 15, 2023, Board Meeting, and October 13, 2023 Board Meeting	\$316.10
	<b>Total Board of Trustees and Meetings Board Member Reimbursements</b>	<b>\$316.10</b>

**TOTAL BOARD OF TRUSTEES AND MEETINGS EXPENSES** **\$8,241.45**

### ADMINISTRATIVE OPERATIONS

#### Professional Services - Government Liaison

	Vision M.A.I. Consulting	
11/1/2023	Professional services rendered for November 2023, Invoice #11	\$5,700.00

#### Professional Services - Fiduciary and Litigation, Legal

	Jacobs Burns Orlove & Hernandez LLP	
10/12/2023	Legal services rendered in September 2023 regarding general matters and litigation, Invoice #318	\$8,211.71



## Warrant #24-05 Paid November 1, 2023



Illinois Police Officers'  
PENSION INVESTMENT FUND

## Expenses for Ratification - December 15, 2023 Board Meeting

### Professional Services - Technology

	Levi, Ray & Shoup, Inc.	
10/4/2023	Network support services, September 2023, Invoice #305930	\$67.50

### Professional Services - Communication

	Shepherd Communications	
10/30/2023	Professional Service Fee for November 2023	\$1,500.00

### Professional Services - Other Consulting Services

	MCS Consulting LLC	
10/3/2023	Consulting Services for Strategic Planning 8/22-9/30, Invoice #1123	\$2,800.00

**Total Administrative Operations Professional Services Expenses      \$18,279.21**

### Services and Supplies

#### Office Lease

	City of Peoria	
10/26/2023	Rent for November 2023	\$5,375.00

#### Printing & Postage

	Samantha Lambert	
10/13/2023	Out of pocket reimbursement for postage for overnight mailing of fund documents, October 2023	\$49.30

### Supplies & Maintenance

	The Cleaning Source	
10/30/2023	Weekly cleaning service for October 2023, Invoice #IP1023	\$186.00
	Katherine Cobb	
10/16/2023	Out of pocket reimbursement for replacement laptop charging cord, October 2023	\$26.85
	ODP Business Solutions, LLC	
10/5/2023	Office supplies, 12 pk paper pads, tape, correction tape, printer ink, Invoice #332731574001	\$189.72
10/13/2023	Office supplies, Clasp envelopes, 2 boxes, Invoice #336404265001	\$44.44
10/16/2023	Office supplies, Engraved nameplate, qty 2, Invoice #336416180001	\$37.98
10/18/2023	Office supplies, Business cards, Invoice #336416180002	\$59.99

**Total Services and Supplies, Supplies & Maintenance      \$544.98**

### Telecommunications

	AmeriCALL	
10/4/2023	Monthly telephone charges, 10/4/2023 to 11/3/2023, Invoice #3043187	\$335.71
10/16/2023	Telephone programming and button changes service charges, October 13, 2023, Invoice #3043187	\$65.00

## Warrant #24-05 Paid November 1, 2023



Illinois Police Officers'  
PENSION INVESTMENT FUND

## Expenses for Ratification - December 15, 2023 Board Meeting

### Telecommunications (continued)

	AT&T Mobility	
10/1/2023	Monthly wireless cell phone service, 10/2/23 - 11/1/23, Invoice # 287302376880X10092023	\$726.64
	Comcast	
10/12/2023	Monthly data, voice secure packaged services, 10/16/23 - 11/15/23	\$236.80
	<b>Total Services and Supplies, Telecommunications</b>	<b>\$1,364.15</b>

### Dues & Licenses

	ADP, Inc.	
9/8/2023	Processing charges for period ending August 15, 2023, Debit #641114689	\$97.53
9/22/2023	Processing charges for period ending August 31, 2023, Debit #641998601	\$106.48
10/6/2023	Processing charges for period ending September 15, 2023, Debit #643175985	\$97.53
10/20/2023	Processing charges for period ending September 30, 2023, CA Taxes Debit #644213814	\$8.95
	Government Finance Officers Association	
10/30/2023	Annual membership, R. Tuczak, 11/1/23 - 10/31/24, Invoice 0275471	\$250.00
	Thomson Reuters	
10/18/2023	NetStaff CS Web Services fees, September 2023, Invoice #WS11105253	\$466.00
	<b>Total Services and Supplies, Dues &amp; Licenses</b>	<b>\$1,026.49</b>

### Training & Education

	Government Finance Officers Association	
10/30/2023	Annual Governmental GAAP update professional development, R. Tuczak, November 2, 2023, Invoice 775599	\$180.00

### Travel & Transportation

	Katherine Cobb	
10/10/2023	Out of pocket reimbursement for parking fees, October 2023	\$81.00
	Richard White	
10/6/2023	Out of pocket reimbursement for hotel for Sean Zears and travel to Lincolnshire Marriott for the IPPFA Conference, October 2023	\$278.61
	Sean Zears	
10/10/2023	Out of pocket reimbursement for parking fees, October 2023	\$86.00
10/10/2023	Out of pocket reimbursement for travel and meals for October 2023, IPPFA conference	\$232.33

## Warrant #24-05 Paid November 1, 2023



Illinois Police Officers'  
PENSION INVESTMENT FUND

## Expenses for Ratification - December 15, 2023 Board Meeting

<b>Travel &amp; Transportation (continued)</b>		
	Amy Zick	
10/30/2023	Out of pocket reimbursement for parking fees, 20 pack parking pass	\$88.00
	<b>Total Services and Supplies, Travel &amp; Transportation</b>	<b>\$765.94</b>
<b>Website</b>		
	Levi, Ray & Shoup, Inc.	
10/4/2023	Website hosting and related support, September 2023, Invoice #305931	\$200.00
	<b>Total Services and Supplies</b>	<b>\$9,505.86</b>
<b>TOTAL ADMINISTRATIVE OPERATIONS EXPENSES</b>		<b>\$27,785.07</b>
<b>INVESTMENT OPERATIONS</b>		
<b><u>Investment &amp; Banking</u></b>		
<b>General Investment Consultant</b>		
	Verus Advisory, Inc.	
10/26/2023	Services for the quarter ending September 2023, Invoice #INV035255	\$106,875.00
<b>Custodial Services</b>		
	State Street Bank & Trust Company	
10/18/2023	Custody Fees, Charges and Expenses for August 2023 Invoice #2308149465-6011	\$36,638.89
	<b>Total Investment Management Investment &amp; Banking Expenses</b>	<b>\$143,513.89</b>
<b>TOTAL INVESTMENT OPERATIONS EXPENSES</b>		<b>\$143,513.89</b>
<b>TOTAL EXPENSES FOR RATIFICATION</b>		<b>\$179,540.41</b>

## Warrant #24-06 Paid December 1, 2023



Illinois Police Officers'  
PENSION INVESTMENT FUND

## Expenses for Ratification - December 15, 2023 Board Meeting

### **BOARD OF TRUSTEES and MEETINGS**

#### **Professional Services - Election Services**

	Survey & Ballot Systems Inc	
11/20/2023	Election services for the 2023 Special Paper Election, Phase 01, Invoice #18504	\$5,091.74

#### **Board Member Reimbursements**

	Philip Suess	
11/28/2023	Out of pocket reimbursement for hotel, travel, and expenses for October 5, 2023, IPPFA Conference and October 13, 2023, Board Meeting	\$656.59

**TOTAL BOARD OF TRUSTEES AND MEETINGS EXPENSES** **\$5,748.33**

### **ADMINISTRATIVE OPERATIONS**

#### **Professional Services - Finance**

##### **Audit - Financial**

	Sikich LLP	
10/31/2023	Professional services rendered in connection with year end 2023 audit as of October 31, 2023, Invoice #34475	\$35,000.00
11/27/2023	Professional services rendered in connection with year end 2023 audit as of November 30, 2023, Invoice #35994	\$12,500.00
	<b>Total Financial Audit Professional Services Expenses</b>	<b>\$47,500.00</b>

#### **Professional Services - Government Liaison**

	Vision M.A.I. Consulting	
12/1/2023	Professional services rendered for December 2023, Invoice #12	\$5,700.00

#### **Professional Services - Actuarial Services**

	Foster & Foster, Inc.	
12/1/2023	Preparation of Fiscal Year 2022 Actuarial Valuation Reports for 5 participating pension funds and Fiscal Year 2023 Actuarial Valuation Reports for 185 participating pension funds, Invoice #29175	\$97,775.00

#### **Professional Services - Fiduciary and Litigation, Legal**

	Jacobs Burns Orlove & Hernandez LLP	
11/10/2023	Legal services rendered in October 2023 regarding general matters, Invoice #353	\$3,333.50

#### **Professional Services - Technology**

	Levi, Ray & Shoup, Inc.	
5/3/2023	Network support services, April 2023, Invoice #295285	\$1,012.50

#### **Professional Services - Communication**

	Shepherd Communications	
11/29/2023	Professional Service Fee for December 2023	\$1,500.00

## Warrant #24-06 Paid December 1, 2023



Illinois Police Officers'  
PENSION INVESTMENT FUND

## Expenses for Ratification - December 15, 2023 Board Meeting

### Professional Services - Other Consulting Services

	MCS Consulting LLC	
11/3/2023	Consulting Services for Strategic Planning for October 2023, Invoice #1124	\$2,975.00
	<b>Total Administrative Operations Professional Services Expenses</b>	<b>\$159,796.00</b>

### Services and Supplies

#### Office Lease

	City of Peoria	
12/1/2023	Rent for December 2023, Invoice #48941	\$5,375.00

#### Supplies & Maintenance

	AAA Certified Confidential Security Corp	
10/31/2023	On-site confidential records destruction October 2023, Invoice #104520	\$42.40
	The Cleaning Source	
11/30/2023	Weekly cleaning service for November 2023, Invoice #IP1123	\$186.00
	ODP Business Solutions, LLC	
11/23/2023	Office supplies, Engraved nameplate with metal base, qty 4, Invoice #340259819001	\$75.96
	<b>Total Services and Supplies, Supplies &amp; Maintenance</b>	<b>\$304.36</b>

### Telecommunications

	AmeriCALL	
11/4/2023	Monthly telephone charges, 11/4/2023 to 12/3/2023, Invoice #3078734	\$335.71
	AT&T Mobility	
11/1/2023	Monthly wireless cell phone service, 11/2/23 - 12/1/23, Invoice # 287302376880X11092023	\$721.63
	Comcast	
11/12/2023	Monthly data, voice secure packaged services, 11/16/23 - 12/15/23	\$247.29
	<b>Total Services and Supplies, Telecommunications</b>	<b>\$1,304.63</b>

### Dues & Licenses

	Levi, Ray & Shoup, Inc.	
10/4/2023	LRS Axcient CloudFinder for Office 365 backup, 25 licenses, September 2023, Invoice #305932	\$125.00
11/8/2023	LRS Axcient CloudFinder for Office 365 backup, 25 licenses, October 2023 Invoice #308198	\$125.00
	Thomson Reuters	
11/15/2023	NetStaff CS Web Services fees, October 2023, Invoice #WS11137585	\$466.00
	<b>Total Services and Supplies, Dues &amp; Licenses</b>	<b>\$716.00</b>

## Warrant #24-06 Paid December 1, 2023



Illinois Police Officers'  
PENSION INVESTMENT FUND

## Expenses for Ratification - December 15, 2023 Board Meeting

### Website

	Levi, Ray & Shoup, Inc.	
5/3/2023	Website maintenance, April 2023, Invoice #295286	\$230.00
5/3/2023	Website hosting and related support, April 2023, Invoice #295287	\$200.00
11/8/2023	Website hosting and related support, October 2023, Invoice #308197	\$200.00
	<b>Total Services and Supplies, Website</b>	<b>\$630.00</b>
<b>TOTAL ADMINISTRATIVE OPERATIONS EXPENSES</b>		<b>\$168,125.99</b>

### INVESTMENT OPERATIONS

#### Investment & Banking

#### Database Subscriptions

	Evestment	
11/13/2023	Premium Package Services Subscription 12/30/23 - 12/29/24, Invoice #INV00069399 (to be paid January 2, 2024)	\$37,131.50
	Steve Yoon	
11/29/2023	Out of pocket reimbursement for Bloomberg LEI Renewal Subscription 11/29/23 - 11/29/24	\$40.00
	<b>Total Database Subscriptions</b>	<b>\$37,171.50</b>

#### Investment Management

	RhumblLine Advisors	
10/18/2023	Investment Management Services for September 2023 \$2,312,829,731 AUM, .5bps, Invoice #gipop12023September	\$9,483.00
11/14/2023	Investment Management Services for October 2023 \$2,325,379,820 AUM, .5bps, Invoice #gipop12023October	\$9,502.00
	State Street Global Advisors	
11/8/2023	Investment Management services for July, August, and September, 2023, Emerging Markets Index Fund \$646,056,619.68 AUM, .88 bps, Invoice #SSGABA3855504	\$14,204.18
11/8/2023	Investment Management services Additional Fees for July, August, and September, 2023, Emerging Markets Index Fund \$646,348,502 AUM, 2.65 bps, Invoice #SSGABA3855505	\$42,839.56
11/10/2023	Investment Management services for July, August, and September, 2023 - Non-US Developed Index Fund \$1,591,193,294 AUM, .88 bps, Invoice #SSGABA3855512	\$34,983.93
11/8/2023	Investment Management services for July, August, and September, 2023 - Non-US Developed Small Cap Index Fund \$453,120,051, .88 bps, Invoice #SSGABA3855506	\$9,962.28

## Warrant #24-06 Paid December 1, 2023



Illinois Police Officers'  
PENSION INVESTMENT FUND

## Expenses for Ratification - December 15, 2023 Board Meeting

<b>Investment Management (continued)</b>		
11/9/2023	Investment Management services for July, August, and September, 2023 - US Agg Bond Index Fund \$435,582,465.48, .88 bps, Invoice #SSGABA3780572	\$9,576.70
11/8/2023	Investment Management services for July, August, and September, June 2023 - US REIT Index Fund \$357,490,475, .88 bps, Invoice #SSGABA3855507	\$7,859.77
11/8/2023	Investment Management services for July, August, and September, 2023 - US ST Gov/Credit Bond Fund \$1,355,060,121.79, .88 bps, Invoice #SSGABA3855509	\$29,792.31
11/9/2023	Investment Management services for July, August, and September, 2023 - US High Yield Bond Index Fund \$930,715,026.93, .88 bps, Invoice #SSGABA3855510	\$20,462.67
11/9/2023	Investment Management services Additional Fees for July, August, and September 2023, US High Yield Bond Index Fund \$930,715,026.93, 2.65 bps, Invoice #SSGABA3855511	\$61,715.05
11/10/2023	Investment Management services for July, August, and September, 2023 - US TIPS 0-5 Yrs Fund \$266,422,086.52, .88 bps, Invoice #SSGABA3855513	\$5,857.55
11/10/2023	Investment Management services for July, August, and September, 2023 - Emerging Markets Bond Index Fund \$553,037,385.90, .88 bps, Invoice #SSGABA3855514	\$12,159.06
11/10/2023	Investment Management services Additional Fees for July, August, September 2023 - Emerging Market Bond Index Fund \$553,037,385.90, 2.65 bps, Invoice #SSGABA3855515	\$36,671.52
	<b>Total Investment Management Investment &amp; Banking Expenses</b>	<b>\$305,069.58</b>
<b>Custodial Services</b>		
	State Street Bank & Trust Company	
11/10/2023	Custody Fees, Charges and Expenses for Sempthember 2023 Invoice #2309149465-6011	\$36,972.70
	<b>TOTAL INVESTMENT OPERATIONS EXPENSES</b>	<b>\$379,213.78</b>
	<b>TOTAL EXPENSES FOR RATIFICATION</b>	<b>\$553,088.10</b>

ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND



IPOPIF

**12/15/23 International Small Cap Equity- documents**

- [IPOPIF International Small Cap Manager Recommendation- Staff memo](#)
- [IPOPIF International Small Cap Search Update Memo \(10/4/23\)](#)
- [Verus International Small Cap Memo](#)
- [Verus International Small Cap search book](#)
- Presentation pitch books (separate document)



**MEMORANDUM**

DATE: December 4, 2023  
 TO: IPOPIF Board of Trustees  
 FROM: IPOPIF Investment Staff  
 SUBJECT: International Small Cap Manager Recommendation

**Recommendation**

IPOPIF investment staff and Verus (Evaluation Team, Team) recommend that the Board of Trustees approve the following investment managers and structure for the International Small Cap portfolio. Funding would come from the complete liquidation of the MSCI World Ex USA Small Cap Index Strategy managed by SSGA. The Team also recommends that the Board approve an exception to the 10% strategy concentration limit (IPS section V.C.3) for Acadian and ARGA.

International Small Cap Recommendation			Target Weight		\$M Value
Firm	Product	Role	Total	Int. SC	Estimate*
Acadian	All Country World ex-US Small Cap	Core	2.50%	50%	\$225.0
ARGA	International Small-Cap Equity	Value	1.25%	25%	\$112.5
Driehaus	International Small Cap Growth	Growth	1.25%	25%	\$112.5
Total			5.00%	100%	\$450.0

\*Value estimate in millions based on total fund size of \$9.0 billion

The recommended products are all commingled funds. IPOPIF Fiduciary Counsel has successfully negotiated revisions to the IPOPIF template Side Letter Provisions for Commingled Products requested by each of the recommended managers. IPOPIF Fiduciary Counsel views the negotiated revisions as reasonable and consistent with the template and the RFP's Minimum Qualifications.

**Background**

The staff memo dated October 4, 2023, provided details of the search process up to the identification of nine semi-finalist managers invited to interview with staff and consultant.

Value Style	Core Style	Growth Style
ARGA (MWDDBE)	Acadian	Driehaus
LSV	DFA	WCM
Metis (Emerging)	Wellington	William Blair

**Interview Process**

Manager interviews were conducted from October 4<sup>th</sup> through 6<sup>th</sup>. The interview team included Barb Meyer and Steve Yoon from IPOPIF and Colleen Flannery from Verus Research. 75 minutes were allotted for each interview using the following agenda.

- Introductions - 5 minutes
- Organizational review - 10 minutes
  - Organizational structure
  - Investment Team
- Key differentiators – 30 minutes
  - Philosophy
- Process 15
- Other
- Performance and positioning - 15 minutes
- Q&A 15 minutes

### **Evaluation Summary**

- The interview process was effective in supplementing team knowledge and building conviction in our recommendation.
- Exhibit 1 summarizes the Semi-finalist candidates, including investment style, fees, vehicle, and liquidity.
- Exhibit 2 provides evaluation comments for all the Semi-finalist candidates.
- Acadian stood out as the top pick of all evaluators.
- ARGA and Driehaus were viewed as strong stand-alone managers and the best managers to complement Acadian.
- LSV (value), WCM (growth), and Wellington (Core) were viewed as strong candidates and are invited to present to the Board as finalists. However, Acadian, ARGA, and Driehaus are the recommended managers.
- DFA, Metis, and William Blair all fielded strong products and presented well, but are not recommended for investment.
- Metis will be invited to present to the Board as a finalist as the most qualified emerging manager, as required by the Pension Code. However, the Evaluation Team is not recommending Metis for selection.

### **Structure Revisited**

- Active management is preferred in the international small cap asset class due to the expectation of positive excess returns, net of fees. We calculate that the proposed portfolio would have added \$74 million of excess return, net of fees, for the five-year period, 2018 – 2022, with an initial \$450 million investment. Note – Past performance may not be repeated in the future. See Exhibit 7- Portfolio Value-add.
- Acadian capacity available to IPOPIF is limited to \$250 million.
- The addition of high-conviction, complementary managers will increase the potential for excess returns, net of fees, while reducing the tracking error of the international small cap portfolio to the composite benchmark.
  - Exhibit 4 - Proposed International Small Cap Equity implementation- Historical view shows how the recommended implementation would have performed, along with related statistics about that historical data.
  - Exhibit 4 shows higher returns, lower standard deviations and drawdowns, and lower tracking error relative to the benchmark and peer strategies.
- We acknowledge that the additional managers will increase overall fees and complexity vs. an alternative passive approach.
- Relatively smaller mandates (representing approximately 1-2% of IPOPIF total value) are necessary in the small-cap arena where strategy capacity is frequently limited.

### Strategy Concentration

Section V.C.3 of the IPOPIF Investment Policy Statement (IPS) states that “No investment with any single investment strategy may exceed 10% of that manager’s total assets under management for that strategy.” However, in accordance with the introductory paragraph to IPS Section V.C, the Team is recommending that the Board authorize an exception to this limitation. The following table details strategy Assets Under Management (AUM) for the semifinalist managers.

Strategy AUM and proforma IPOPIF weight as of 6/30/23 (\$ millions)

Manager	Strategy	10%	Proposed allocation	Proposed allocation - proforma weight
Acadian	1,559	156	225.0	13%
ARGA	114	11	112.5	50%
Dimensional Fund Advisors	13,400	1,340		
Driehaus	1,931	193	112.5	6%
LSV	3,644	364		
Metis	33	3		
WCM	1,095	110		
Wellington	1,664	166		
William Blair	1,989	199		

In support of the concentration exception for Acadian and ARGA, strong small cap equity strategies (both domestic and international) are capacity constrained; many high-ranking strategies from the Team’s analyses were closed or of limited capacity. The Team notes that Acadian manages an additional \$1.9B in an identically-managed Non-US Developed Small Cap product, and that ARGA manages \$3.9B in their international equity strategy, using the same process and research team as the international small cap strategy. Exhibit 2 includes the product suite for both Acadian and ARGA, as well as relative performance for ARGA’s flagship International Equity product, from which International Small Cap Equity was an outgrowth.

LSV is a suitable alternative to ARGA that would not present a concentration issue, however, we note slightly higher fees and deeper drawdowns in recent years. Additionally, ARGA is viewed to be a better complementary fit than LSV with the combination of Acadian and Driehaus.

### Fees

Estimated fees for the proposed implementation are summarized below. Total fees sum to \$3.11M, and average to 69 basis points. Fees at different asset levels are detailed for all Semi-Finalists in Exhibit 1. DFA is differentiated by lower fees, but this does not sway our recommendation. All fees would be paid from the respective funds vs. invoicing, so the IPOPIF budget would not be impacted.

Recommended Portfolio Summary			Target Weight		Value	Mgt. Fee Estimate	
Firm	Product	Role	Total	Int. SC	Estimate*	\$M	basis pts
Acadian	All Country World ex-US Small Cap	Core	2.50%	50%	\$225.00	\$1.49	66
ARGA	International Small-Cap Equity	Value	1.25%	25%	\$112.50	\$0.78	69
Driehaus	International Small Cap Growth	Growth	1.25%	25%	\$112.50	\$0.79	70
Total			5.00%	100%	\$450.00	\$3.05	68

\*Value estimate in millions based on total fund size of \$9.0 billion

### Expenses

In addition to the investment management fees, the investment products for all the Semi-Finalists interviewed except Metis are subject to fund operating expenses, as would be expected for the proposed commingled vehicles. Further, both ARGA and LSV are subject to antidilution (ADL) charges on contributions and withdrawals, which are designed to protect existing fund investors from incurring costs resulting from other fund investors' contributions or withdrawals.

Staff has reviewed the additional expenses and found them to be reasonable and appropriate. However, the ARGA ADL charges are higher for larger cash flows and IPOPIF would benefit from gradually funding the mandate over multiple months. See the appendix for details.

Note that expenses are netted from both the gross and net returns; investment management fees, conversely, are netted out only from net returns.

### List of Exhibits

1. International Small Cap Equity Semi-Finalist Candidates Summary
2. Evaluation Comments
3. Three-year rolling alpha chart
4. Proposed implementation- Historical view
5. Correlation tables
6. ARGA Anti-Dilution Levy (ADL)
7. Portfolio value-add

### List of Attachments

1. Prior memo
2. Verus International Small Cap Memo
3. Verus search book
4. Presentation pitch books

**Exhibit 1 – International Small Cap Equity Semi-Finalists Candidates Summary**

Rank	Firm & Strategy	Style	Approach	Vehicle	Fee schedule	Avg fee on \$150M; \$200M	Additional Fees	PAUM, Inc Date; FAUM	Liquidity & notice
1	Acadian: All Country World ex-US Small Cap	Core	Quantitative	Commingled fund	85 bps first \$50M; 75 next; 55 thereafter	72 bps 68 bps	Operating expenses	\$1.6B 7/2008 99.8B	Daily 30-day
3	ARGA*: International Small-Cap Equity	Value	Fundamental	Commingled Fund.  A series of the ARGA Funds Trust, a Delaware statutory trust.	70 bps first \$100M; 60 thereafter OR 40 bps first \$100M; 30 thereafter +15% performance fee	67 bps 65 bps 100 bps ADL**.	Transaction costs, fund and other expenses  Anti-Dilution Levy (ADL): 22 bps to 100 bps as of 3Q23	\$114 M 4/2016 \$12.0B	Monthly  < \$5M: 45-day > \$5M: 75-day
7	Dimensional Fund Advisors: World ex US Small Cap	Core	Quantitative	Mutual Fund	39 bps	39 bps 39 bps	Expenses	\$13.4B 11/1995 \$634B	Daily 30-day
2	Driehaus: International Small Cap Growth	Growth	Fundamental	Collective Investment Trust – B Share Class	70 bps first \$150M; 65 thereafter	70 bps 69 bps	Expenses. Capped at 0.10%	\$1.9B 7/2001 \$14.4B	Daily 5-day
5	LSV: International Small Cap Value Equity	Value	Quantitative	Limited partnership	100 bps first \$25M; 90 next \$25; 80 thereafter	85 bps 84 bps	Expenses	\$3.6B 7/2002 \$93.6B	Monthly 7-day
9	Metis**: Metis International Small Cap Equity	Value	Quantitative & Fundamental	Commingled Fund	100 bps first \$25M; 80 next \$50; 70 next \$100; 65 thereafter	78 bps 76 bps		\$33M 12/2013 \$2.6B1	Monthly 30-day
4	WCM: International Small Cap Growth	GARP	Fundamental	Commingled Fund	70 bps first \$200M; 50 thereafter	70 bps 70 bps	Operating expenses	\$1.1B 12/2014 \$80.4B	Monthly 5-day
6	Wellington: International Small Cap Research Equity	Core	Fundamental	Commingled Fund	75 first \$75M; 65 next \$150; 60 bps thereafter	72 bps 70 bps	Operating expenses	\$1.7B 6/2013 \$1.2T	Weekly 10-day
8	William Blair: International Small Cap Growth	Growth	Fundamental	Collective Investment Trust	100 bps first \$20M; 90 next \$30; 85 next \$50 80 next \$50 75 next \$150	86 bps 84 bps	Operating expenses	\$2.0B 1/2004 \$64B	Daily

Source: Investment manager proposals and eVestment database, summarized by staff

\* MWD BE

\*\*Emerging

## **Exhibit 2 – Evaluation Comments (Alphabetical Order)**

### **1. Acadian Investment Management, LP: All Country World ex-US Small Cap**

Acadian Investment Management, LP, based in Boston, MA, is the sole operating subsidiary of BrightSphere Investment Group Inc. (NYSE ticker “BSIG”). Acadian’s predecessor firm, Acadian Asset Management, Inc., was established in 1986.

Acadian believes that market inefficiencies are caused by behaviorally-based mispricings, information asymmetry, and market frictions. Acadian applies a systematic process to exploit market inefficiencies, resulting in a highly diverse portfolio of over 1500 securities.

- Acadian is a pioneer in international equity investing, having launched their flagship Non-U.S., All-Cap Equity product in 1988.
- The International small cap equity product (1/1/93 inception) has been closed to new investors since 2019 and has only recently opened limited capacity. IPOPIF now has a unique opportunity to invest in this excellent strategy.
- Acadian uses a team approach to portfolio management and has a dedicated subset of portfolio managers and analysts focused on equity strategies, supported by the full resources of the larger Acadian investment team.
- Long-term, consistent success through multiple market cycles.
- Proprietary risk models seek to effectively manage risk at security, country, and sector levels.
- Acadian’s unanimous top rank by the Evaluation Team was driven by their philosophy, solid process, strong organization, and risk controls, which have consistently produced strong performance at moderate volatility.
- The Evaluation Team recommends that the Board approve an exception to the 10% strategy concentration limit (IPS section V.C.3) for Acadian. See “Strategy Concentration” section of “International Small Cap Manager Recommendation” memo.
  - Acadian manages an additional \$1.9B in an identically-managed Non-US Developed Small Cap product; a similar strategy that excludes emerging markets. In support of the recommended exception, the Team notes that Acadian manages these portfolios in tandem, managing capacity holistically across both products instead of individually.

**Acadian Investment Management, LP is recommended for the IPOPIF portfolio.**

## Acadian Investment Management, LP product suite

Firm Name	Product Name	Inception Date	Product AUM \$M - 09/2023	Primary Equity Style Emphasis
Acadian Asset Management LLC	ADR Non-U.S. Equity	4/1/2003	2.45	Core
Acadian Asset Management LLC	All Country Managed Volatility Equity	6/1/2011	2531.5	Core
Acadian Asset Management LLC	All Country Managed Volatility Equity Optimized in AUD	2/1/2013	537.708556	Core
Acadian Asset Management LLC	All Country World ex-U.S. 130/30 Equity	5/1/2005	13.53	Core
Acadian Asset Management LLC	All Country World ex-U.S. Equity	11/1/1998	12017.19	Core
Acadian Asset Management LLC	All Country World ex-U.S. Small-Cap Equity	7/1/2008	1588.02	Core
Acadian Asset Management LLC	All Country World ex-U.S. Value Equity	7/1/2003	1870.17	Value
Acadian Asset Management LLC	All Country World ex-US Managed Volatility	11/1/2015	22.92	Core
Acadian Asset Management LLC	All-Country Managed Volatility Islamic Equity	9/14/2021	135.43	Core
Acadian Asset Management LLC	EAFE + Canada Managed Volatility Equity	3/1/2015	1407.11	Core
Acadian Asset Management LLC	Emerging Markets Alpha Plus	4/30/2015	132.62	Core
Acadian Asset Management LLC	Emerging Markets Equity	1/1/1994	15180.48	Core
Acadian Asset Management LLC	Emerging Markets ex-China Equity	9/1/2023	48.66	Core
Acadian Asset Management LLC	Emerging Markets Extension Equity (Simulation)	1/2/2013	---	Core
Acadian Asset Management LLC	Emerging Markets Focused Alpha Equity	7/31/2004	130.27	Core
Acadian Asset Management LLC	Emerging Markets Fossil Fuel Free	12/5/2016	212.23	Core
Acadian Asset Management LLC	Emerging Markets Islamic Equity Broad	6/1/2017	211.34	Core
Acadian Asset Management LLC	Emerging Markets Managed Volatility Equity	2/1/2011	1398.5	Core
Acadian Asset Management LLC	Emerging Markets Micro-Cap Equity	8/2/2021	467.66	Core
Acadian Asset Management LLC	Emerging Markets Small-Cap Equity	4/1/2011	3938.26	Core
Acadian Asset Management LLC	Enhanced Global Equity	9/1/2012	523.49	Core
Acadian Asset Management LLC	Enhanced U.S. Equity	12/18/2019	1242.64	Core
Acadian Asset Management LLC	Frontier Markets Equity	3/1/2007	135.15	Core
Acadian Asset Management LLC	Global 130/30 Equity	11/1/2005	168.26	Core
Acadian Asset Management LLC	Global All-Country Equity	10/1/2003	5989.57	Core
Acadian Asset Management LLC	Global Developed	7/1/1992	4659.87	Core
Acadian Asset Management LLC	Global Dividend	8/1/2012	75.95	Growth
Acadian Asset Management LLC	Global High Yield	10/11/2023	---	---
Acadian Asset Management LLC	Global Islamic Equity	5/1/2022	93.8	Core
Acadian Asset Management LLC	Global Managed Volatility Equity	8/1/2006	7901.97	Core
Acadian Asset Management LLC	Global Small-Cap Equity	6/1/2007	422.02	Core
Acadian Asset Management LLC	Global Targeted Momentum Equity	11/1/2014	---	Core
Acadian Asset Management LLC	Global Targeted Quality Equity	11/1/2014	---	Core
Acadian Asset Management LLC	Global Targeted Value Equity Broad	11/1/2014	---	Value
Acadian Asset Management LLC	Non-U.S. All-Cap Equity	4/1/1988	1362.14	Core
Acadian Asset Management LLC	Non-U.S. All-Cap Hedged USD Equity	6/10/2015	591.62	Core
Acadian Asset Management LLC	Non-U.S. Equity	1/1/1995	7479.83	Core
Acadian Asset Management LLC	Non-U.S. Focused Alpha Equity	3/1/2003	74.33	Core
Acadian Asset Management LLC	Non-U.S. Micro-Cap Equity	2/1/2015	604.27	Core
Acadian Asset Management LLC	Non-U.S. Small-Cap 130/30 Equity	10/1/2003	486.54	Core
Acadian Asset Management LLC	Non-U.S. Small-Cap Developed Equity	1/1/1993	8762.97	Core
Acadian Asset Management LLC	Non-U.S. Small-Cap Value Equity	12/1/2005	489.64	Value
Acadian Asset Management LLC	Non-U.S. Smid-Cap Equity	4/1/2006	2274.61	Core
Acadian Asset Management LLC	Sustainable Global Equity	8/1/2012	876.24	Core
Acadian Asset Management LLC	Sustainable Global Managed Volatility	12/7/2018	40.63	Core
Acadian Asset Management LLC	Sustainable Multi-Factor Equity	10/1/2019	229.43	Core
Acadian Asset Management LLC	Sustainable Multi-Factor Momentum Equity	10/1/2019	74.78	Core
Acadian Asset Management LLC	Sustainable Multi-Factor Quality Equity	10/1/2019	74.83	Core
Acadian Asset Management LLC	Sustainable Multi-Factor Value Equity	10/1/2019	74.87	Value
Acadian Asset Management LLC	U.S. High Yield	11/15/2023	---	---
Acadian Asset Management LLC	U.S. Managed Volatility Equity	3/16/2011	106.34	Core
Acadian Asset Management LLC	U.S. Micro-Cap Equity	2/1/2015	936.78	Core
Acadian Asset Management LLC	U.S. Small Cap Equity	4/1/2023	4.9	Core
Acadian Asset Management LLC	U.S. Value Equity	10/1/1999	382.7	Value

Source: eVestment database.

## 2. **ARGA Investment Management, LP: International Small-Cap Equity\*** (MWDBE)

ARGA Investment Management, LP, headquartered in Stamford, CT, is an independent investment management firm focused on global, international (non-US), and emerging market equities, managed from offices in Stamford, London, and Mumbai and Chennai, India. ARGA was founded in 2010 by Chief Investment Officer, A. Rama Krishna, who has over 30 years' experience in managing global equities, previously at Pzena Investment Management, Citigroup, and AllianceBernstein.

ARGA believes that fear and uncertainty create opportunity, and that value investing works over full market cycles. ARGA uses fundamental research to identify companies that are priced at a discount relative to their long-term earnings power. ARGA's portfolio holds a well-diversified portfolio of approximately 100 stocks.

- The ARGA-developed Global Industry Models (100+) resonated with the Evaluation Team. The models are designed to facilitate understanding of companies and the interrelationships among other global industries and companies, systematize valuation practices, and ensure consistency in industry variables and accounting. ARGA believes this produces better company forecasts and valuations and allows them to make investment decisions more nimbly.
- Three of the International Small-Cap Equity four-person Portfolio Construction Team (PCT) have worked together at ARGA for over ten years. Each PCT member has equal veto power, and all decisions must be unanimous.
- ARGA's centralized research team of 14 Global Business Analysts, 17 Senior Research Associates, and 12 Research Associates specialize by sector and support all of ARGA's products.
- Many ARGA investment professionals have experience living and working in non-US countries.
- Strong relative return to relative risk characteristics (Information Ratio) with better down-market protection and up-market capture than other value managers under consideration.
- ARGA's International Small-Cap Equity strategy grew organically from ARGA's existing international equity strategies. ARGA applies the same Value investing philosophy and process used since the firm's founding.
- The Evaluation Team recommends that the Board approve an exception to the 10% strategy concentration limit (IPS section V.C.3) for ARGA. See "Strategy Concentration" section of "International Small Cap Manager Recommendation" memo.
  - In support of the concentration exception for ARGA, the Evaluation Team notes that ARGA manages \$12 billion in other equity products using the same process and research team. See ARGA Investment Management, LP product suite table below.
  - The exhibits below show ARGA's other products, as well as relative performance for ARGA's International Equity and EAFE strategies.
  - ARGA only does fundamental value investing, and has a strong record across strategies, including international equity from which the proposed fund was an outgrowth.

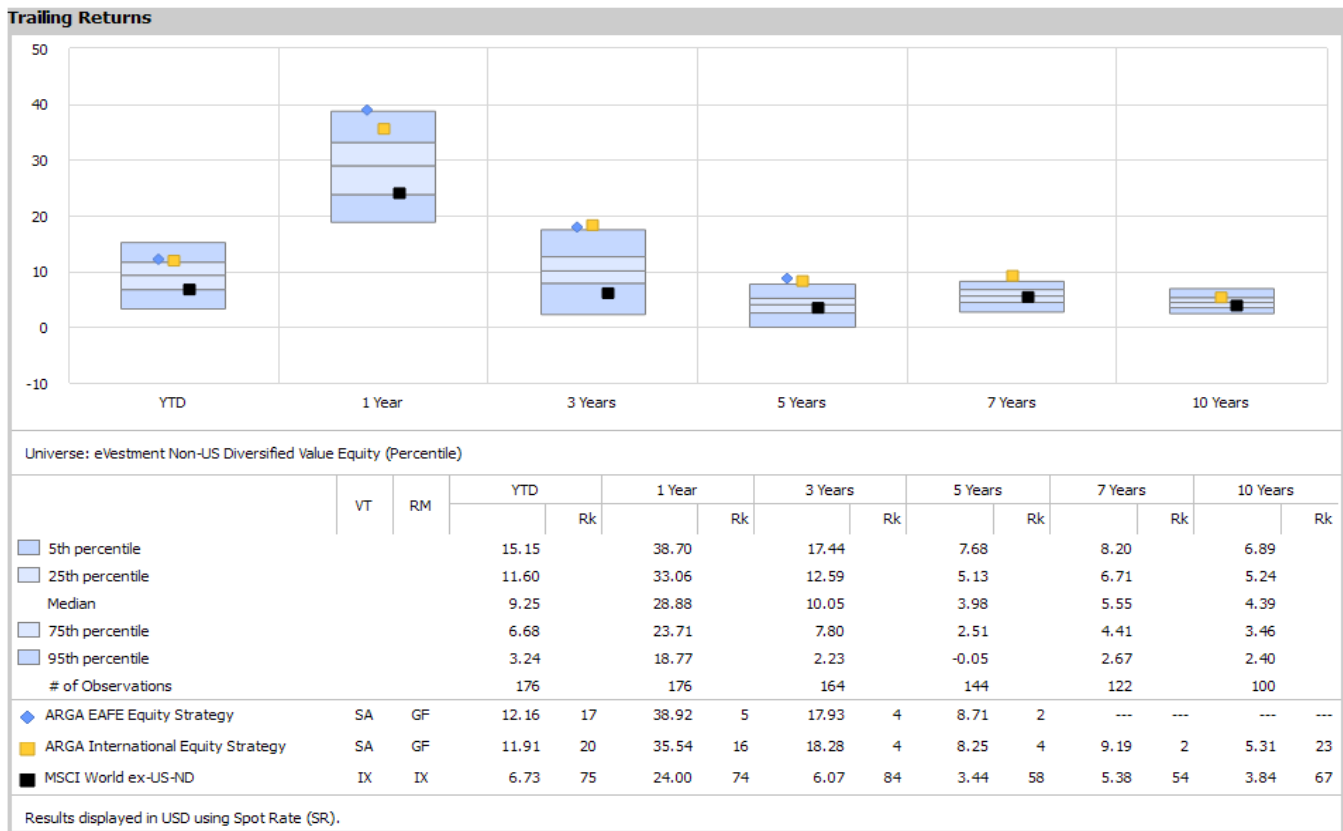
**ARGA Investment Management, LP is recommended for the IPOPIF portfolio.**



**ARGA Investment Management, LP product suite**

Firm Name	Product Name	Inception Date	Product AUM - 09/2023	Primary Equity Style Emphasis
ARGA Investment Management, LP	ARGA Global Equity Strategy	07/01/2010	\$530.61	Value
ARGA Investment Management, LP	ARGA International Equity Strategy	07/01/2010	\$3,860.76	Value
ARGA Investment Management, LP	ARGA Emerging Markets Equity Strategy	07/01/2013	\$5,778.96	Value
ARGA Investment Management, LP	ARGA Global Sector-Neutral Strategy	11/01/2015	\$74.79	Value
ARGA Investment Management, LP	ARGA International Sector-Neutral Strategy	11/01/2015	\$0.67	Value
ARGA Investment Management, LP	ARGA Global Concentrated Equity Strategy	01/01/2016	\$512.18	Value
ARGA Investment Management, LP	ARGA International Small-Cap Equity Strategy	04/01/2016	\$113.20	Value
ARGA Investment Management, LP	ARGA EAFE Equity Strategy	03/23/2017	\$1,114.47	Value
ARGA Investment Management, LP	ARGA Global Small Cap Equity Strategy	04/01/2019	\$0.58	Value
ARGA Investment Management, LP	ARGA US Small Cap Equity Strategy	04/01/2019	\$21.20	Value
ARGA Investment Management, LP	ARGA US Large Cap Equity Strategy	01/01/2020	\$1.11	Value
ARGA Investment Management, LP	ARGA Emerging Markets Ex China Equity Strategy	04/01/2021	\$27.87	Value
ARGA Investment Management, LP	ARGA EM Islamic Equity Strategy	05/01/2022	---	Value

Source: eVestment database.



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Source: eVestment database. Past performance may not be indicative of future results.

- In the graphic above, ARGA shows a strong record in the international equity and EAFE strategies. ARGA's International Small-Cap Equity strategy was funded to take advantage of the smaller cap opportunities that ARGA identified while managing the international equity strategy.

### 3. **Dimensional Fund Advisors LP (“DFA”):** World ex US Small Cap

Dimensional Fund Advisors LP, based in Austin, TX, is a Delaware limited partnership and conducts business under the supervision of the Board of Directors of Dimensional Holdings Inc., a private S corporation. Dimensional Fund Advisors LP’s co-founders and current and former board members, employees, consultants, and their respective families hold, directly or indirectly, more than 70% of its beneficial interests.

DFA believes that market prices contain reliable information that can be used to identify expected return drivers, manage risk, and improve the reliability of outcomes, and that diversification provides flexibility. DFA uses a systematic process to exploit these factors, and applies a sophisticated trading platform and process to reduce trading urgency costs.

- DFA was a pioneer in small cap and factor investing, based on ground-breaking research. DFA has been managing US small cap products since the 1980s, and International small cap products since the early 90s.
- DFA’s systematic process seeks to add value while controlling risks and costs through portfolio design, management, and trading.
- DFA’s process results in a very diverse portfolio which held 4,225 securities as of 6/30/23.
- DFA has a very long-term track record and has successfully weathered many different types of market conditions.
- DFA uses securities-lending in this commingled fund.

DFA fielded a strong product and presented well but is not recommended for investment and will not be invited to present to the Board because competing Core Semi-Finalists Acadian and Wellington showed slightly better. Like DFA, both alternative firms have solid organizations and interviewed well. DFA’s process is well described, but both Acadian’s systematic process and Wellington’s fundamental strategy produced more consistent results over different market conditions. DFA’s process is more prescribed while both Acadian and Wellington’s are slightly more dynamic.

### 4. **Driehaus Capital Management (DCM), LLC:** International Small Cap Growth

Driehaus Investment Capital Management, LLC, based in Chicago, IL, is owned by two trusts established to govern the estate of Richard H. Driehaus; the trusts are managed by a professional board of directors. DCM’s portfolio managers participate in a revenue sharing plan, and DCM investment teams and senior personnel participate in a deferred compensation plan.

Driehaus believes markets tend to misprice stocks in periods following positive growth inflections and that these inefficiencies often follow predictable and investable patterns. Driehaus uses fundamental research to identify mispricings, resulting in a well-diversified portfolio of approximately 100 stocks.

- Driehaus’ fundamental process is designed to produce strong performance in different types of growth markets.
- Highly experienced, long-tenured Portfolio Management and Analyst teams. The International Small Cap Growth portfolio managers and dedicated analysts have all been with Driehaus for over ten years.
- Two portfolio managers are supported by three dedicated senior analysts covering specific sectors. Additionally, the International Small Cap Growth team works closely with the Driehaus Emerging Market team relating to research coverage of the emerging markets small-cap securities within the portfolio. The DCM International Small Cap Growth team also benefits from the sharing of research

with the wider DCM investment research and trading organization.

- Driehaus has produced strong returns while maintaining slightly lower volatility than peers.
- Driehaus is an Illinois-based firm. The addition of Driehaus is expected to further economic development within the State of Illinois (40 ILCS 5/1A-108.5).

**Driehaus Investment Management, LP is recommended for the IPOPIF portfolio.**

5. **LSV Asset Management:** International Small Cap Value Equity

LSV Asset Management, based in Chicago, IL, was established in 1994 as a partnership to provide domestic, international, and global value equity investment management services using a proprietary quantitative model. LSV's roots in value investing, contrarian strategies, and behavioral finance form the core of their investment philosophy and continue to drive the evolution of the LSV model over time.

LSV believes that superior long-term results can be achieved by systematically exploiting the judgmental biases and behavioral weaknesses that influence many investors' decisions. LSV's systematic process uses quantitative techniques to manage a well-diversified portfolio of approximately 270 stocks.

- LSV's systematic process uses quantitative techniques to select individual securities in a risk-controlled approach.
- Value factors and security selection dominate sector/industry factors as explainers of performance.
- LSV has a long-term track record and has successfully weathered many different types of market conditions.
- LSV is an Illinois-based firm, relevant to economic development within the State of Illinois (40 ILCS 5/1A-108.5).

LSV Asset Management is not a preferred recommendation because other Semi-finalists were deemed to be a better fit with the recommended manager structure. Specifically, value manager ARGA has ranked slightly better in historical performance and risk metrics, and ARGA's fundamental process may better complement Acadian's (core) systematic process. Additionally, LSV's average fee on the projected mandate size was the second highest among the Semi-finalists.

- LSV Asset Management is viewed as a strong alternate, to be invited to present to the Board as a finalist.

6. **Metis Global Partners:** Metis International Small Cap Equity **\*\***(Emerging)

Metis Global Partners ("Metis"), headquartered in San Diego, CA, was formed in November 2013, as a result of the friendly spin out of Brandes Investment Partners' quantitative investment team. Metis is focused solely on the systematic management global, international and emerging market active and passive equity strategies for institutional investors. Metis is an independent, women-, diverse-, and employee-owned and controlled Delaware Limited Liability Company (LLC).

Metis follows a bias-averse, value philosophy, believing that patient and rational investors have the potential to generate superior returns over the long term. Metis seeks to exploit behavioral biases, not succumb to them, by using both fundamental and systematic techniques to manage the portfolio.

- Metis is a long-term, fundamental value investor, using a systematic investment process to protect investors from behavioral biases and to capitalize on the behavioral biases of others.
- Metis deploys different valuation metrics for different types of companies.
- Metis' process results in a diverse portfolio which held 141 securities as of 6/30/23.
- Metis managed \$33M in the International Small Cap Equity portfolio as of 9/30/23, and \$2.8B in

total firm AUM. The bulk of Metis' assets are in their newer Beta Management portfolios which comprised \$1.0 B of the \$1.2B products reported on eVestment.

- Metis' performance was not as consistent and produced one of the larger drawdowns when compared to the other Semi-Finalists.
- Metis did not screen as well as the other Semi-Finalists but is being advanced as best qualified emerging manager as required by the Illinois Pension Code.

Metis Global Partners was not chosen as a finalist because the other Semi-finalist ranked higher across the quantitative, qualitative, and interview evaluations or were deemed to be a better fit with the ultimate recommended manager structure and lineup. Some feedback includes concerns that A) semi-annual rebalancing might be too infrequent and B) the Beta management business launched in 2020 has grown to a much larger part of their business and could challenge focus.

- Metis Global Partners will be invited to present to the Board as the strongest emerging manager interviewed as required by the pension code.

7. **WCM Investment Management:** International Small Cap Growth

WCM Investment Management, headquartered in Laguna Beach, CA, was founded in 1976 and purchased by the current WCM management team in 1998. WCM's Chairman and CEO together own 37.2% of the firm; their interest and that of other current and retired employees comprises 83% of the company, and Natixis Investment Managers owns the remaining 17%.

WCM follows four principles in seeking to provide long-term excess return over the benchmark: 1) the portfolio must meaningfully differ from the benchmark, 2) holdings must possess a durable and improving competitive advantage, 3) WCM's culture must attract and keep talented investors, and 4) a relatively concentrated portfolio of 50-70 holdings will drive outperformance. WCM uses a fundamental approach to manage the portfolio.

- WCM uses one research team across their global fundamental growth strategies. A differentiator is that WCM uses multiple Business Culture Analysts to apply their corporate culture research process.
- WCM has a long track record in many different market conditions.
- WCM's historical performance has shown more variability than Semi-Finalist peers and produced one of the larger drawdowns observed.
- WCM prides themselves in caring for their employees.

WCM Investment Management is not recommended because the other Semi-finalists were deemed to be a better fit with the recommended manager structure and lineup. Specifically, WCM's historical performance has shown more variability than Driehaus and produced one of the larger drawdowns observed.

- WCM Investment Management is viewed as an alternate, to be invited to present to the Board as a finalist.

8. **Wellington Management Company LLP:** International Small Cap Research Equity

Wellington Management Company LLP, headquartered in Boston, MA is a private partnership owned by 199 partners, all of whom are active in the business of the firm. Wellington's only business is investment management, managing more than \$1.2T for clients in 62 countries, and its origin traces back to the founding of the Wellington balanced mutual fund in 1928.

Wellington believes that companies in the same industry can perform very differently over time, and that stock prices follow. Wellington uses a fundamental bottom-up approach to attempt to anticipate changes, identify pricing anomalies, and exploit intra-industry dispersion.

- Wellington's Global Industry Analysts are sector specialists who actually manage their respective sector in the overall International Small Cap Research Equity portfolio.
- Wellington's process results in a diverse portfolio of approximately 250 holdings.
- Wellington devotes extensive time and resources to having the right Global Industry Analysts in place and able to follow their unique processes.

Wellington Management Company LLP is not a preferred recommendation because the other Semi-finalists were deemed to be a better fit with the recommended manager structure and lineup. Specifically, Core manager Acadian has produced stronger results as consistently as Wellington, and offers an equally strong organization, philosophy, and process.

- Wellington Management Company LLP is viewed as a strong alternate, to be invited to present to the Board as a finalist.

9. **William Blair:** International Small Cap Growth

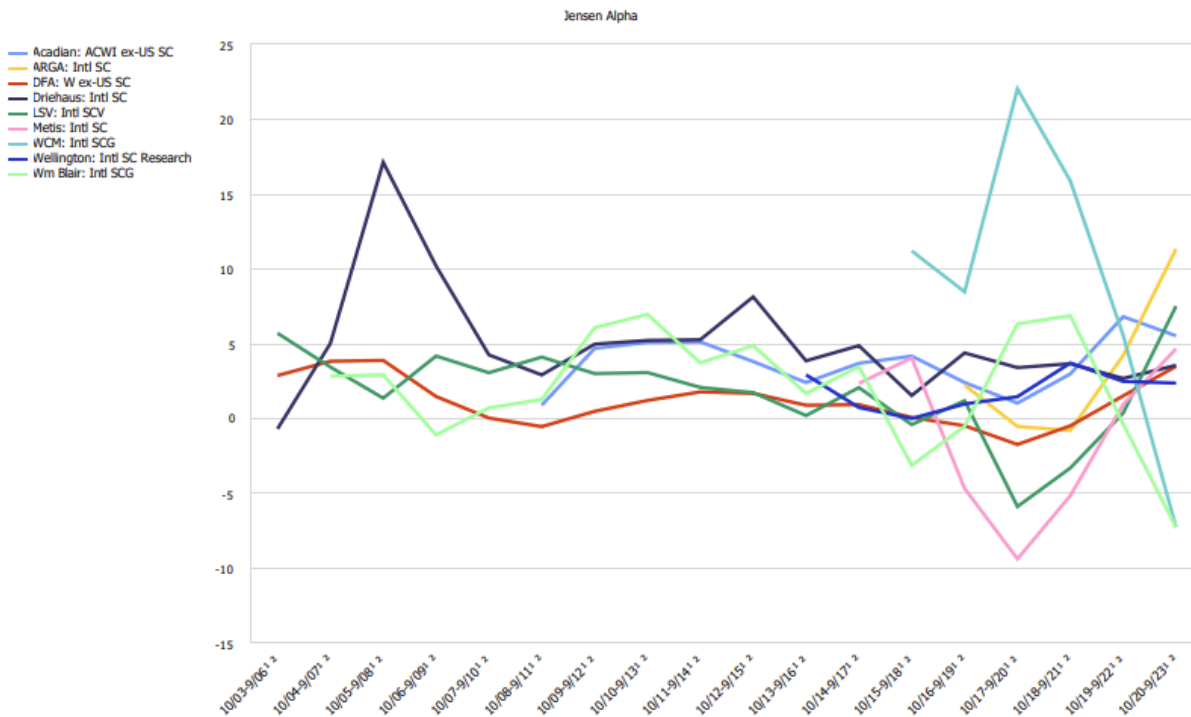
William Blair, headquartered in Chicago, IL, was founded in 1935 and is employee-owned by 238 active Partners. Blair's investment teams focus solely on active management and employ disciplined, analytical research processes across a wide range of strategies, including U.S. equity, global equity, non-U.S. equity, and emerging markets debt.

William Blair believes that strong corporate performance is the foundation of superior long-term investment returns. Specifically, William Blair uses a fundamental, bottom-up approach to identify companies that excel in the management of human capital, financial resources, and stakeholder relationships to deliver quality, innovation, and service.

- William Blair's well-diversified portfolio of approximately 120 stocks has produced a strong track record over time.
- William Blair's presenter, portfolio manager DJ Neiman, was a particularly enthusiastic presenter of his investment management work.
- Blair's central Analyst team is organized by sector, covering both developed and emerging market companies in the management of 15 different quality global growth portfolios. William Blair believes that this geographically-integrated structure enables them to assess the global competitive landscape more effectively as we process investment ideas.
- William Blair is an Illinois-based firm, relevant to economic development within the State of Illinois (40 ILCS 5/1A-108.5).

William Blair was not chosen as a finalist because the other Semi-finalists were deemed to be a better fit with the recommended manager structure and lineup. Specifically, growth Semi-finalists Driehaus and WCM ranked slightly better in performance and risk metrics than William Blair and offered equally strong organizations and processes. Lastly, William Blair's average fee on the projected mandate size was the highest among the Semi-finalists. William Blair fielded a strong product and presented well but is not recommended for investment and will not be invited to present to the Board.

### Exhibit 3 – Three – Year Rolling Alpha

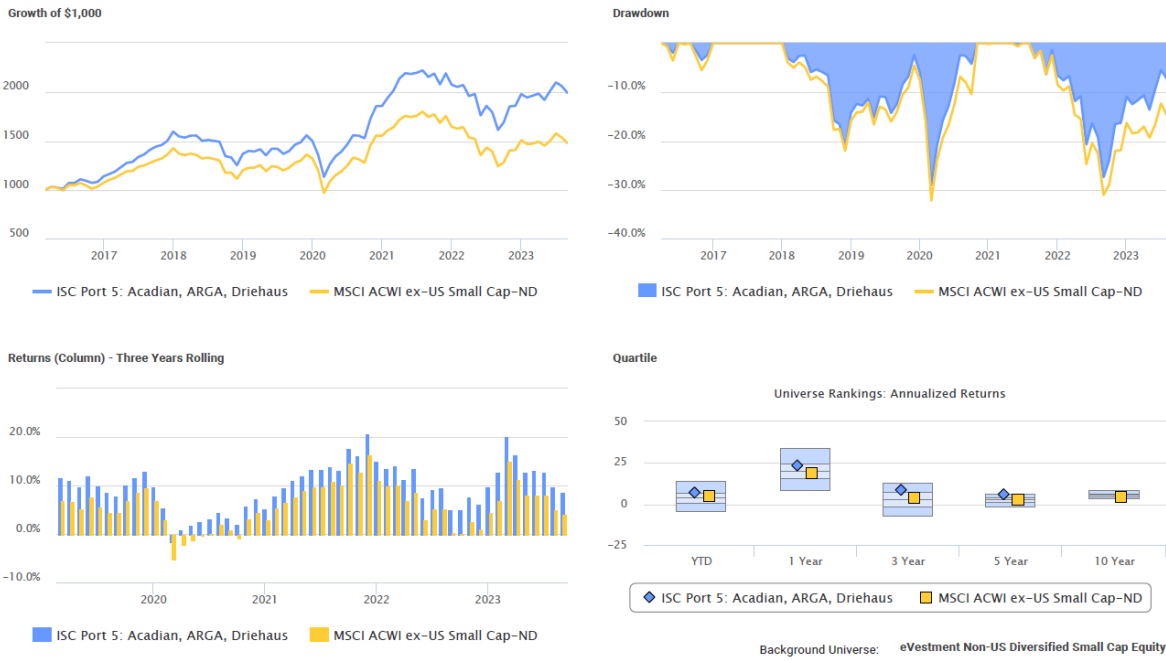


Source: eVestment database

- Exhibit 3 shows Jensen Alpha (JA) over a rolling three-year period. Jensen Alpha, AKA “alpha” is a risk-adjusted performance measure of the average return on a portfolio relative to that predicted by the capital asset pricing model (CAPM).
- Acadian (light blue) shows consistent, positive rolling three-year JA.
- Driehaus (black), is also positive, and illustrates the diversification benefit to Acadian; as one line declines, the other tends to increase, and vice versa.
- ARGA (yellow) has a shorter history. It is also generally positive and declined when Acadian rose, and vice versa.
- All managers with a value tilt suffered in the 2019-20 timeframe. Metis (pink) had the worst drawdown, followed by LSV (Dark green)
- Growth firms WCM (aqua) and William Blair (light green) rallied during 2019-20 but pulled back hard in 2022.
- The three -year rolling alpha graph shows that the proposed three managers (Acadian, ARGA, and Driehaus) were among the best at producing consistent, largely positive alpha over rolling three-year periods through 9/30/23.
- Past performance may not be indicative of future results.

### Exhibit 4 – Proposed implementation- Historical View

Illinois Police Officers Pension Fund  
 ISC Port 5: Acadian, ARGA, Driehaus Apr 2016 - Sep 2023  
 Charts



Illinois Police Officers Pension Fund Apr 2016 - Sep 2023  
 ISC Port 5: Acadian, ARGA, Driehaus Peer Analysis



Vehicle Type: Blended Portfolio - Blended Port. Displayed in US Dollar (USD). Data frequency: Monthly

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Source: eVestment database

## Exhibit 5 – Correlation Tables

### 3-Year Excess Return Correlation

	Acadian	ARGA	DFA	Driehaus	LSV	Metis	WCM	Wellington	Wm Blair
Acadian									
ARGA	-0.29								
DFA	-0.15	0.51							
Driehaus	0.07	0.05	0.38						
LSV	0.06	0.76	0.53	-0.15					
Metis	-0.01	0.63	0.24	-0.11	0.55				
WCM	-0.12	-0.56	-0.08	0.45	-0.68	-0.58			
Wellington	-0.43	0.16	0.15	0.39	-0.10	-0.13	0.47		
William Blair	-0.10	-0.55	0.01	0.51	-0.62	-0.56	0.88	0.49	

### 5-Year Excess Return Correlation

	Acadian	ARGA	DFA	Driehaus	LSV	Metis	WCM	Wellington	Wm Blair
Acadian									
ARGA	-0.20								
DFA	-0.18	0.49							
Driehaus	0.16	-0.11	0.22						
LSV	-0.05	0.70	0.54	-0.33					
Metis	-0.04	0.57	0.29	-0.36	0.62				
WCM	0.00	-0.47	-0.08	0.45	-0.69	-0.53			
Wellington	-0.13	0.04	0.13	0.41	-0.21	-0.20	0.53		
William Blair	0.03	-0.46	0.02	0.55	-0.60	-0.50	0.83	0.54	

Source: Verus Investment Advisory and eVestment. Past performance may not be indicative of future results.

- Exhibit 4 (prior page) shows historical data for the proposed portfolio.
- Anchored by Acadian's core strategy, ARGA (value) and Driehaus' (growth) both follow fundamental, bottom-up investment processes which complement Acadian's quantitative process.
- Exhibit 5 (above) shows correlations of Excess Return for all the Semi-Finalists. The correlation of historical excess returns between Acadian, ARGA, and Driehaus is modestly negative to modestly positive, indicating that the manager's excess return patterns have not moved together in lockstep. This would be a diversifying benefit to the overall portfolio.
- Past performance may not be indicative of future results.



### Exhibit 6 – ARGA Anti-Dilution Levy (ADL)

As noted in the Memo “Expenses” section, ARGA charges a fee (the ADL) for contributions and withdrawals to protect existing investors from the impact of transactions. We believe this approach is fair and reasonable. We note that charges are disproportionately higher for larger cash flows and IPOPIF would benefit from gradually funding the mandate over multiple months. ARGA’s contribution/ withdrawal expenses are tiered by asset amount; the greater expense rate for larger transactions is due to ARGA’s modest current AUM in this vehicle and drives IPOPIF’s intent to “leg” in to the ARGA allocation to minimize expenses incurred.

At the end of every quarter, ARGA carries out an analysis of trading costs based on the model portfolio of the ARGA International Small-Cap Equity Strategy, to determine the appropriate ADL charges for the subsequent quarter. The tables below contain an analysis of trading costs at the end of Q3 2023 and the ADL charges on contributions and redemptions for Q4 2023.

Model	Components of Trading Cost	\$1 Million	\$5 Million	\$10 Million	\$25 Million	\$50 Million	\$100 Million	\$300 Million
International Small-Cap Equity	Spread Cost (bps)	8.56	5.63	4.61	3.59	3.05	2.75	2.53
	Market Impact (bps)	10.13	20.50	27.87	41.89	57.05	77.75	127.21
	Commission Cost (bps)	3.49	3.49	3.49	3.49	3.49	3.49	3.49
	Total Trading Cost (bps)	22.19	29.63	29.63	48.96	63.59	83.99	133.23

Net Contribution and Redemption Amount	Less than \$1 Million	\$1 Million to less than \$5 Million	\$5 Million to less than \$10 Million	\$10 Million to less than \$25 Million	\$25 Million to less than \$50 Million	\$50 Million to less than \$100 Million	\$100 Million to less than \$300 Million	More than \$300 Million
ADL <sup>1</sup> charge in bps – effective October 1, 2023 to December 31, 2023	22	26	33	42	56	74	109 (restricted to 100 bps)	100

Source: ARGA Data.

Numbers/data are unaudited, as is, may be subject to rounding, subject to change without notice and presented for information purposes only.

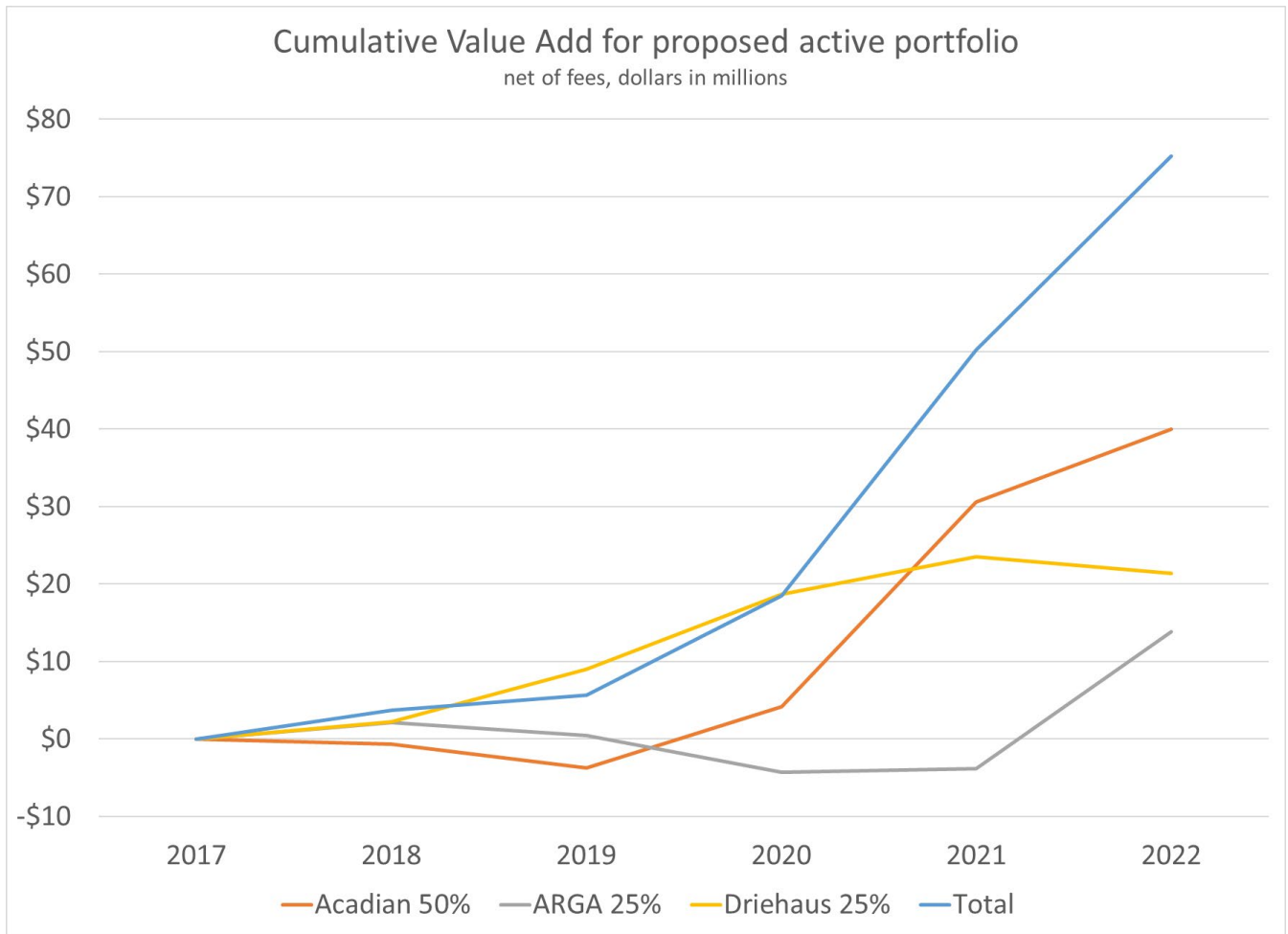
<sup>1</sup> After first tier (< \$1 M), ADL is the average of total trading cost at upper and lower amounts.

To illustrate, the ADL charge of 26 basis points for the net contribution and redemptions amounts of USD 1 million to USD 5 million was determined by the average of total trading costs at 5 million (29.63 basis points, highlighted in yellow) and 1 million (22.19 basis points, highlighted in yellow).

The current ADL charges are provided in the second table, above.

Source: ARGA proposal, edited by staff for clarity.

### Exhibit 7 - Portfolio Value-add on \$450 total investment



Source: Staff calculations. Past performance may not be indicative of future results.

**MEMORANDUM**

DATE: October 4, 2023  
 TO: IPOPIF Board of Trustees  
 FROM: IPOPIF Investment Staff  
 SUBJECT: International Small Cap Search Process and Status

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**Summary**

IPOPIF Staff and Verus (Evaluation Team, Team) have been conducting a search for international small cap active managers since late July. The search has narrowed an initial field of 390 products down to nine firms that will be interviewed by staff and Verus on October 4<sup>th</sup>, 5<sup>th</sup>, and 6<sup>th</sup>. While the final recommendation remains to be determined, the Evaluation Team is leaning toward an approach that combines passive management with an active three-manager core/satellite structure. The Team is interviewing three managers for each role. Staff intends to make a final recommendation to the Board on December 15<sup>th</sup>. We intend to bring the top two managers for each role to interview with the Board. Additional Board interviews may be required to meet Pension Code requirements regarding Emerging and MWDBE managers.

**Process Review Follows****Timeline**

<b>Amended Date</b>	<b>Original Date</b>	<b>Milestone</b>
7/24/23	7/24/23	RFP posted
8/4/23	8/4/23	eVestment database update deadline
<b><u>8/25/23</u></b>	8/18/23	Highest caliber candidates are invited to submit proposals
<b><u>9/4/23</u></b>	8/25/23	Deadline for written questions (by 5 pm central)
<b><u>9/6/23</u></b>	9/1/23	Deadline for final responses to questions posted on IPOPIF website
<b><u>9/13/23</u></b>	9/8/23	Proposal Due by 5 pm central
<b><u>10/4/23-10/6/23</u></b>	9/18/23-9/22/23	Semifinalist interviews with Verus and IPOPIF staff
10/13/23		Board update: ISC Search process and finalists
<b><u>12/15/23</u></b>	10/13/23	Board review, interviews (TBD), and approval

**Publicity**

IPOPIF issued a press release on July 26<sup>th</sup> announcing the search, which was picked up by multiple industry news outlets. IPOPIF asked for indications of interest from MWDBE and Veteran-owned firms.

### **Database Screening**

Using eVestment data as of 6/30/2023, IPOPIF screened the eVestment database following the August 4 deadline for the two following parameters to create the universe of investment strategies for consideration.

- Geographic Region: ACWI, ACWI-ex-US, EAFE, and Global
- Primary Equity Capitalization: Small Cap and Small-Mid Cap

The result was a universe of 390 products offered by 230 firms, which was consistent with prior period data and expectations. This included 31 products from 24 MWDBE firms based on eVestment data. eVestment does not track veteran ownership. There were no indications of interest from veteran-owned firms and no veteran ownership indicated in the proposals received.

### **Universe Evaluation to Identify Highest Caliber Candidates**

Next, the Evaluation Team conducted multiple iterations of quantitative and qualitative review, scoring, and debate for the following parameters:

- Absolute and relative performance statistics
- Organizational stability
- Investment philosophy and process
- Firm and product size and track record

This was a rigorous process that ultimately resulted in a consensus list of the 15 highest caliber candidates that were invited to submit a proposal. This step took longer than expected and resulted in revising the published schedule to push out deadlines for invitations, questions and answers, and proposal submission.

### **Questions and Answers (Q&A)**

Staff generally answered questions within one or two days and posted this information to the RFP section of the IPOPIF website. <https://www.ipopif.org/rfp/>

### **Proposals Received**

- Of the 15 firms invited, 14 submitted proposals, while one declined due to concerns about MWDBE brokerage goals.
- The RFP and Q&A made clear that any firm could submit a proposal. 28 additional unsolicited proposals were received.
- The Evaluation team reevaluated the original criteria for the 28 unsolicited proposals to determine if any should be considered for further evaluation.
  - Of the 28 proposals, one Emerging Manager was added and two managers that were not MWDBE, Emerging, or Veteran-owned Managers were added. Three total additions were made.
- Seven proposals were received from MWDBE firms, two of which were Emerging managers.

- MWDBE means a Minority-Owned Business, Women-Owned Business, or Business Owned by Person with a Disability, as those terms are defined in the Business Enterprise for Minorities, Women, and Persons with Disabilities Act, 30 ILCS 575/2, as amended.
- “MWDBE Investment Adviser” or “MWDBE Investment Manager” means a qualified Investment Adviser that manages an investment portfolio and is a MWDBE.
- “Emerging Investment Adviser” or “Emerging Investment Manager,” as defined in Section 1-109.1(4) of the Illinois Pension Code, means a qualified Investment Adviser that manages an investment portfolio of at least \$10,000,000 but less than \$10,000,000,000 and is a MWDBE.
- No proposals were received from Veteran-owned firms.

**Proposal Review**

Next, the Evaluation Team scored the 17 proposals from the solicited candidates and the three proposals added for review across the 52 questionnaire questions in nine categories to isolate areas of differentiation. The nine categories scored were:

Organization	Investment Process	Trading
Product Information	Performance	Compliance
Cybersecurity	References	Fees

Once Staff and Verus completed their independent proposal scoring, the Evaluation Team met to discuss the proposals and collaboratively select the products that would advance in the process. Because structure is an important aspect of the final recommendation(s) to be made, advancing adequate options by investment style (i.e., Core, Growth, Value) was a selection consideration. Proposal scoring was conducted to select the best fit and highest conviction products. Nine candidates, including one Emerging Manager and one MWDBE Manager, were selected for interviews.

A brief discussion of high-caliber firms that did not move forward is included in the appendix.

IPOPIF contacted all managers who submitted proposals to notify them regarding whether or not they were advancing to the interview phase of the search process.

**Interview Candidates**

The following managers were invited to interview:

<b>Value Style</b>	<b>Core Style</b>	<b>Growth Style</b>
Arga (MWDBE)	Acadian	Driehaus
LSV	DFA	WCM
Metis (Emerging)	Wellington	William Blair

An information package from Verus comparing the interview candidates is attached for reference.

**Manager Structure**

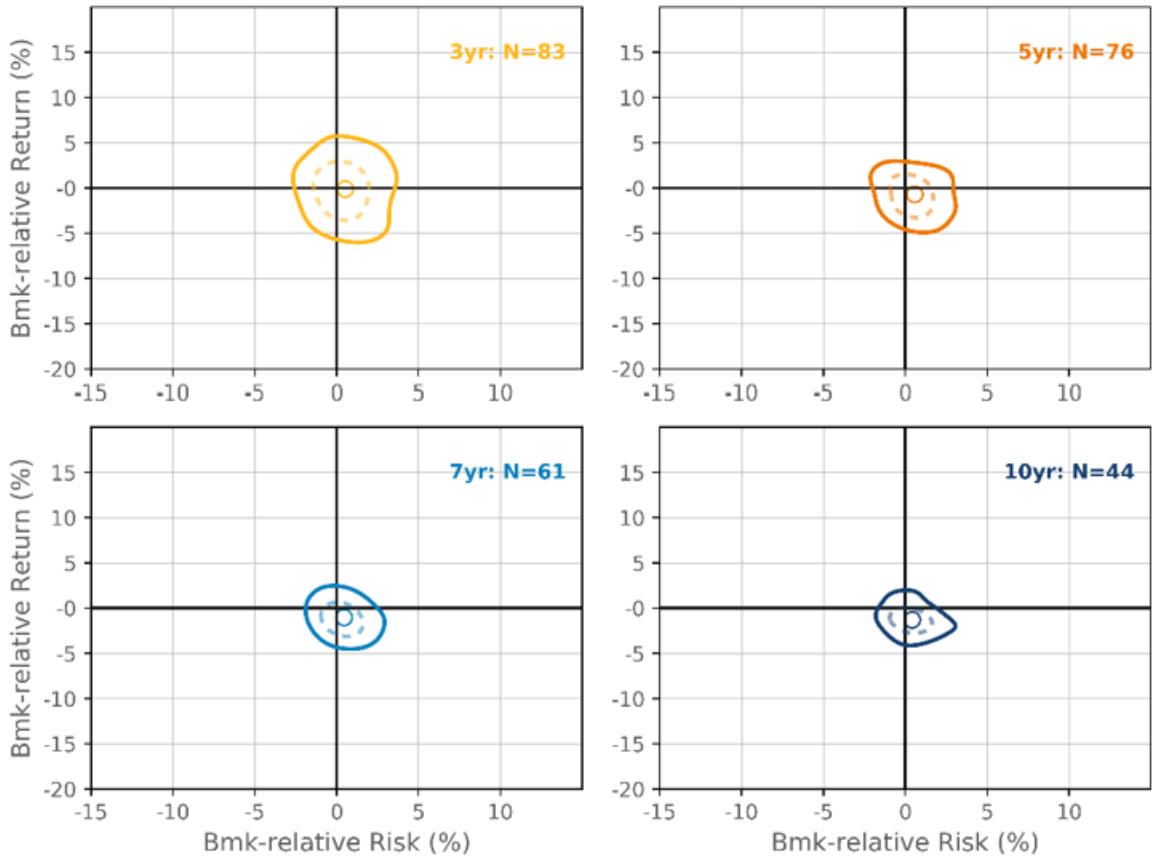
Both IPOPIF Investment Staff and Verus advocate low-cost passive management across many asset classes, and while it is our collective view that the opportunity to generate alpha (positive risk-adjusted returns above a stated benchmark) is higher in International Small Cap Equity than in most other publicly traded asset classes, it is still uncertain.

Given that the size of the International Small Cap Equity mandate is approaching \$500 million, and active strategies are frequently capacity constrained by the size of the opportunity set, IPOPIF may need to split the mandate between multiple managers. An approach that resonates with the Team is using a quantitative core manager, augmented by complementary fundamental growth and value satellite managers.

The exhibit on the following shows Verus' approach to evaluating the potential for excess returns for international small cap equity.

**Active Return Evaluation for International Small Cap**

**INTERNATIONAL DEVELOPED SMALL**



The graphic above compares active management (risk and return) to the benchmark over multiple time periods. While there are many managers that beat the benchmark on a risk-adjusted basis, it is by no means a certainty.

**Explanatory Notes:**

- The vertical axis represent annualized trailing excess returns.
- The horizontal axis represents relative risk.
- Center circle represents the median manager
- Dashed-line ring represents 35% of universe
- Solid-line ring represents 75% of universe

## Proposals Received

	<b>Firm</b>	<b>Product</b>	<b>eVestment Style</b>
1	Acadian Asset Management LLC	All Country World ex-U.S. Small-Cap Equity	Core
2	Acuitas Investments, LLC	Acuitas International Small Cap	Core
3	AJO Vista	AJO Vista International Small Cap	Core
4	Alliance Bernstein	AB International Small Cap	Core
5	Allspring	Special International Small Company Equity	Core
6	American Century Investments	Non-U.S. Small Cap	Growth
7	ARGA Investment Management, LP**	ARGA International Small-Cap Equity Strategy	Value
8	Artisan Partners	International Explorer	Value
9	Artisan Partners	International Small-Mid Trust	GARP
10	Ativo Capital*	International Small Cap	Core
11	Causeway Capital Management LLC**	Causeway International Small Cap	Core
12	Denali Advisors*	Denali Network Value EAFE Small	Core
13	Dimensional Fund Advisors LP	World ex US Small Cap Strategy	Core
14	Driehaus Capital Management LLC	Driehaus International Small Cap Growth	Growth
15	EAM Investors	EAM Non-US Small Cap	Growth
16	Foyston Gordon Payne	FGP Global Smaller Companies Strategy	Core
17	Franklin Templeton	Templeton International Smaller Companies	Value
18	Global Alpha Capital Management Ltd.	Global Alpha International Small Cap	Core
19	Goldman Sachs Asset Management	International Small Cap Equity Insights	Core
20	GW&K Investment Management	International Small Cap Strategy	Core
21	Lizard Investors LLC	Lizard EAFE Small Cap	Core
22	Lizard Investors LLC	Lizard International Ex-US Small Cap	Core
23	Lord Abbett	Active International Small Cap Equity	Core
24	LSV Asset Management	International Small Cap Value Equity	Deep Value
25	MacKenzie Investments	Mackenzie International Quantitative Small Cap (World xUS)	Core
26	Mercator	Mercator International Opportunity Fund	Growth
27	Metis Global Partners*	Metis International Small Cap Equity	Value
28	MFS Investment Management	MFS International Small-Mid Cap Equity	GARP
29	Mondrian	Mondrian International Small Cap Equity Fund, L.P.	Value
30	Mondrian Rothko	Rothko Broad International Small Cap Equity Fund, L.P.	Value
31	Oberweis Asset Management, Inc.	International Opportunities	GARP
32	Paradice	International Small Cap Strategy	Value
33	Polen Capital	Polen Global SMID Company Growth Strategy	Growth
34	Redwood Investments*	Redwood International Small Cap	Growth
35	Segall Bryant Hamill	International Small Cap	Relative Value
36	Silvercrest Asset Management	International Small Cap Value	Value
37	Strategic Global Advisors*	International Small Cap Equity	Core
38	T. Rowe Price	International Small-Cap Equity Strategy	Growth



39	Thompson, Siegel & Walmsley LLC (TSW)	TSW International Small Cap	Relative Value
40	Victory Capital Management Inc.	Trivalent International Small-Cap Equity	Core
41	WCM Investment Management	International Small Cap Growth	GARP
42	Wellington Management Company LLP	Global Perspectives	Core
43	Wellington Management Company LLP	International Small Cap Research Equity	Core
44	William Blair	International Small Cap Growth	Growth

\* Emerging Manager

\*\* MWDBE Manager

**Strong Firms Eliminated Following Proposal Evaluation**

	<b>Firm</b>	<b>Elimination Rationale</b>
1	<b>Allspring</b> Special International Small Company Equity eVestment Style: Core	Strong product and proposal. Lower risk and return profile. Relatively lower upside capture. Tough decision, but other core products preferred.
2	<b>Causeway Capital Management LLC**</b> Causeway International Small Cap eVestment Style: Core	Proposal depth considered to be a bit light in a few areas, e.g.: investment team, performance expectations, differentiating factors, performance attribution. Mean reversion risk following unusually strong recent performance..
3	<b>Global Alpha Capital Management Ltd.</b> Global Alpha International Small Cap eVestment Style: Core	Fundamental core product. Relatively low downside capture and low upside capture. Preferred higher upside capture. Evaluators had relatively lower conviction in the investment team. Also, contracting responses were somewhat less clear. Chief Compliance Officer departure in September 2023.
4	<b>Goldman Sachs Asset Management</b> International Small Cap Equity Insights eVestment Style: Core	Strong product, but ultimately, other core products ranked higher in performance metrics. Differentiating factors were not compelling to evaluation team vs. others on short list.
5	<b>GW&amp;K Investment Management</b> International Small Cap Strategy eVestment Style: Core	Firm digs deep into company quality and management talent. Smaller investment team. Some RFP answers were not as informative as other candidates. Performance leans growthy vs. core style.
6	<b>MFS Investment Management</b> MFS International Small-Mid Cap Equity eVestment Style: GARP	GARP = Growth at a reasonable price didn't fit as well with potential core/satellite structure. Good performance. IPOPIF preferred smaller cap vs. small/mid (smid). Lower upside capture. Some answers lacked clarity: e.g., indemnification & fiduciary.
7	<b>T. Rowe Price</b> International Small-Cap Equity Strategy eVestment Style: Growth	This was a tough one. Good performance and proposal. No significant problems. In the end, evaluators had higher overall conviction in other growth managers.
8	<b>Victory Capital Management Inc.</b> Trivalent International Small-Cap Equity eVestment Style: Core	Strong product and proposal. Victory has less capacity to offer and other core products score as well as Victory. Leans growth for core product.



# Memorandum

**To:** Board of Trustees, Illinois Police Officers' Pension Investment Fund  
**Cc.:** Investment Staff, Illinois Police Officers' Investment Fund  
**From:** Scott Whalen, CFA, CAIA, Executive Managing Director | Senior Consultant  
**Date:** December 15<sup>th</sup>, 2023  
**RE:** International Small Cap Investment Search – Manager Concentration Exception

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Following a thorough and collaborative evaluation process that took place over several months, Verus and IPOPIF Investment Staff are recommending a core/satellite structure that includes three active managers with complementary styles:

- Core - Accadian All Country World ex-US Small Cap
- Growth - Driehaus International Small Cap Growth
- Value - ARGA International Small Cap Equity

Each of these strategies is highly regarded by Verus' Public Markets Research team, and taken together, they are expected to provide IPOPIF with a favorable risk/return profile for its International Small Cap mandate.

One issue we would like to address is the small size of the ARGA strategy. As of September 30, 2023, ARGA's small cap strategy had approximately \$113 million in assets under management ("AUM"). IPOPIF's expected investment of \$112.5 million would effectively double the strategy AUM, at which point IPOPIF's share would approximate 50% of total strategy assets. IPOPIF's Investment Policy Statement limits its share of AUM for a single investment strategy to 10% unless an exception is specifically authorized by the Board.

The concerns associated with a high AUM share for a given investment strategy typically center on the risk of fund closure and the difficulty a large investor could experience exiting the fund. Further, small funds could be exposed to additional risks related to insufficient resources, relatively inexperienced investment teams, and/or a lack of firm-wide commitment to the strategy. In the case of ARGA, we believe these risks are minimized, based on the factual evidence presented below.

- ARGA's flagship International Equity offering is an all-cap strategy launched in 2010 and has historically had an allocation to smaller capitalization opportunities. ARGA clearly demonstrates expertise in small cap investing.
- All ARGA strategies are managed under the same value-oriented process and philosophy and supported by the same centralized research group. Therefore, International Small Cap Equity requires minimal variable cost to keep the strategy running.
- As of September 30, 2023, ARGA manages over \$12 billion in AUM across 10+ investment strategies. ARGA is no longer an emerging firm and has become highly profitable. If the small

cap fund gains no additional assets following IPOPIF's investment, the strategy would remain profitable.

- ARGA maintains anti-dilution provisions in the International Small Cap commingled fund to ensure fund investors are not negatively impacted by large investment flows from other fund investors.

In addition to these important mitigating factors, we believe IPOPIF's investment will likely generate more institutional interest in a low-AUM strategy that is otherwise highly appealing, leading to additional inflows and possibly eliminating the need for a guideline exception at some point in the future.

For these reasons, we recommend the Board approve the guideline exception and hire ARGA as one of its managers for the International Small Cap mandate.



**December 2023**  
International Small Cap Equity  
**Illinois Police Officers' Pension Investment Fund**

# Manager overview

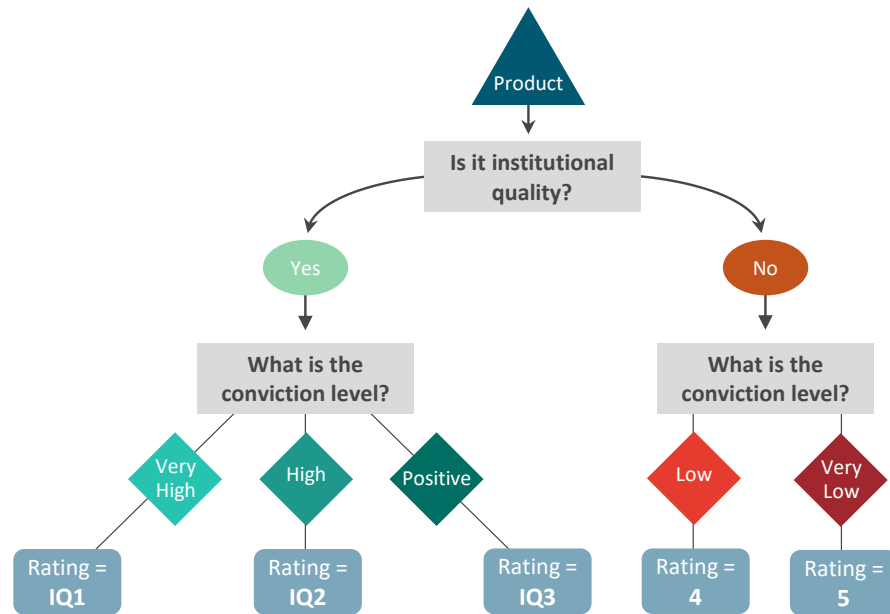
# Manager rating system

## The IQ Rating System communicates our conviction in investment products

There are two components to the rating:

- 1. Institutional quality** – (IQ) The product meets or exceeds the standards of fiduciary care required by institutional investors and is suitable for use in clients’ portfolios.
- 2. Conviction** – (1 to 5) Represents the conviction of our research teams in the distinguishing qualities of the product relative to its peers, with 1 as the highest rating and 5 the lowest.

### PROCESS



Rating process simplified for illustrative purposes only

### DEFINITIONS & GUIDELINES

Rating	Institutional Quality?	Conviction Level	Defining Characteristics	Recommendations
IQ1	Yes	Very High	Earns Verus’ highest conviction. Above-average characteristics most likely to achieve the strategy’s desired investment results.	Recommended for use in client portfolios. May be used in Verus discretionary portfolios.
IQ2	Yes	High	Maintains Verus’ high conviction. Above-average characteristics most likely to achieve strategy’s desired investment results.	Recommended for use in client portfolios. May be used in Verus discretionary portfolios.
IQ3	Yes	Positive	Meets institutional quality standards that can achieve desired investment results. Strengths outweigh weaknesses.	While IQ1 or IQ2 rated products are generally preferable, certain client needs may be better addressed by a highly specialized IQ3 product.
4	No	Low	Concerns with the product’s ability to meet institutional-quality standards.	Clients should re-evaluate retention or monitor closely.
5	No	Very Low	Significant issues inhibit the product’s ability to meet institutional-quality standards.	Verus recommends termination, immediately

# Manager comparison

	Acadian	ARGA	DFA	Driehaus	LSV	Metis	WCM	Wellington	William Blair
VERUS RATING	IQ2	IQ2	IQ2	No Rating	No Rating	No Rating	IQ1	No Rating	IQ3
FIRM OWNERSHIP	71% by Brightsphere 29% employee owned	100% employee owned	70% employee owned, 30% privately held	100% employee owned	61% employee owned; 39% SEI Investments	Majority employee owned	100% employee owned	100% employee owned	100% employee owned
PREFERRED BENCHMARK	MSCI ACWI ex-US Small Cap-ND	MSCI EAFE Small Cap-ND	MSCI World ex-US Small Cap-ND	MSCI ACWI ex-US Small Cap Growth-ND	S&P Developed ex-US SmallCap	MSCI ACWI ex-US Small Cap-ND	MSCI ACWI ex-US Small Cap-GD	MSCI EAFE Small Cap-GD	MSCI ACWI ex-US Small Cap-ND
FIRM NAME	Acadian Asset Management LLC	ARGA Investment Management, LP	Dimensional Fund Advisors LP	Driehaus Capital Management LLC	LSV Asset Management	Metis Global Partners, LLC	WCM Investment Management	Wellington Management Company LLP	William Blair Investment Management, LLC
PRODUCT NAME	All Country World ex-U.S. Small-Cap Equity	ARGA International Small-Cap Equity Strategy	World ex US Small Cap Strategy	Driehaus International Small Cap Growth	International Small Cap Value Equity	International Small Cap Equity	International Small Cap Growth	International Small Cap Research Equity	International Small Cap Growth
FIRM TOTAL AUM (\$MM)	\$96,583	\$12,060	\$618,181	\$14,090	\$90,137	\$2,822	\$73,863	\$1,145,288	\$60,668
STRATEGY AUM (\$MM)	\$1,588	\$113	\$12,925	\$1,874	\$3,440	\$33	\$989	\$1,646	\$1,815
INCEPTION DATE	Jul-08	Apr-16	Nov-95	Jul-01	Jul-02	Dec-13	Dec-14	Jun-13	Jan-04
INVESTMENT APPROACH	Quantitative	Fundamental	Combined	Combined	Quantitative	Combined	Fundamental	Fundamental	Fundamental
SCREENING APPROACH	Bottom-Up	Bottom-Up	Combined	Bottom-Up	Bottom-Up	Bottom-Up	Bottom-Up	Bottom-Up	Bottom-Up



# Style comparison

- Acadian
- ARGA
- DFA
- Driehaus
- LSV
- Metis
- WCM
- Wellington
- William Blair
- ✚ MSCI ACWI Ex USA Small NR USD

MSCI WORLD STYLE, MAR-19 TO SEP-23



# Performance summary - as of September 2023 - Core

	Acadian	DFA	Wellington	MSCI ACWI Ex USA Small NR USD
<b>PERFORMANCE ANALYSIS - (5 Years)</b>				
Alpha %	3.7	0.0	0.7	0.0
Beta	1.0	1.0	1.0	1.0
R-squared %	95.9	97.6	96.9	100.0
Sharpe Ratio	0.2	0.0	0.1	0.0
Treynor Ratio	0.0	0.0	0.0	0.0
Tracking Error %	4.1	3.3	3.6	0.0
Annualized Std Dev %	19.6	20.8	20.7	20.0
Information Ratio	0.9	0.0	0.2	---
Max Drawdown %	-25.9	-30.6	-36.1	-31.1
Calmar Ratio	0.2	0.1	0.1	0.1
Excess Ann. Return %	3.9	0.0	0.7	0.0
<b>PERFORMANCE TO DATE</b>				
1 Year	20.4	21.8	20.3	19.0
3 Year	9.5	5.3	3.6	4.0
5 Year	6.4	2.5	3.3	2.6
7 Year	9.1	5.0	6.0	4.7
10 Year	8.1	5.1	6.8	4.3
Common Inception (Jul-13)	9.0	6.4	7.9	5.4
<b>CALENDAR YEAR RETURNS</b>				
2022	-14.5	-16.9	-22.7	-20.0
2021	23.5	14.8	13.3	12.9
2020	18.7	9.8	19.4	14.2
2019	21.5	24.9	29.8	22.4
2018	-17.8	-19.0	-18.9	-18.2
2017	39.0	31.0	34.1	31.6
2016	9.3	6.3	1.9	3.9
2015	3.1	6.5	12.8	2.6
2014	-1.0	-5.6	-0.2	-4.0
2013	25.9	28.5	---	19.7

# Performance summary - as of September 2023 - Growth

	Driehaus	WCM	William Blair	MSCI ACWI Ex USA Small Growth NR USD
<b>PERFORMANCE ANALYSIS - (5 Years)</b>				
Alpha %	3.0	4.0	-0.1	0.0
Beta	1.0	1.2	1.1	1.0
R-squared %	94.6	91.3	93.3	100.0
Sharpe Ratio	0.2	0.2	0.0	0.0
Treynor Ratio	0.0	0.0	0.0	0.0
Tracking Error %	4.8	8.0	6.2	0.0
Annualized Std Dev %	20.1	24.7	22.9	20.4
Information Ratio	0.6	0.5	0.0	---
Max Drawdown %	-36.3	-48.8	-45.4	-35.6
Calmar Ratio	0.1	0.1	0.0	0.1
Excess Ann. Return %	3.1	3.6	-0.5	0.0
<b>PERFORMANCE TO DATE</b>				
1 Year	20.5	16.3	16.2	15.7
3 Year	2.8	-3.6	-4.1	-0.3
5 Year	5.2	5.6	1.6	2.1
7 Year	8.1	10.3	3.6	4.4
10 Year	8.0	---	3.9	4.4
Common Inception (Jan-15)	8.6	12.4	4.6	5.0
<b>CALENDAR YEAR RETURNS</b>				
2022	-23.2	-41.1	-34.5	-26.1
2021	13.9	18.0	12.6	11.5
2020	30.5	57.8	31.0	23.7
2019	31.9	45.8	35.9	24.6
2018	-15.6	-10.1	-23.3	-18.3
2017	43.5	44.0	34.2	33.6
2016	-4.6	0.9	-3.0	-0.3
2015	14.8	26.4	11.0	6.5
2014	-2.4	---	-6.6	-3.6
2013	31.3	---	28.8	18.5

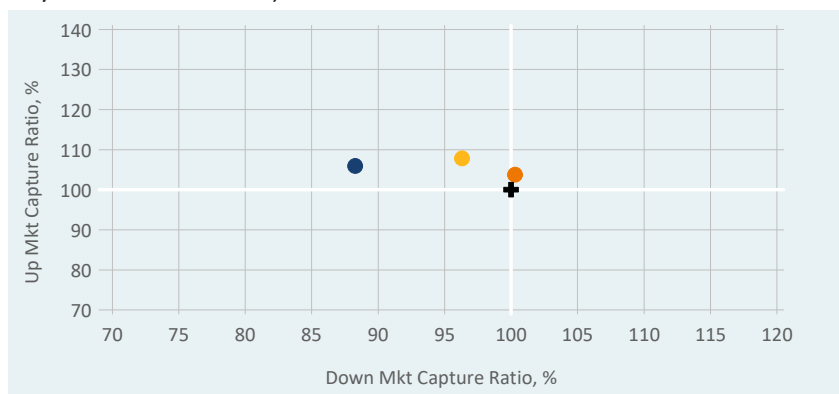
# Performance summary - as of September 2023 - Value

	ARGA	LSV	Metis	MSCI ACWI Ex USA Small Value NR USD
<b>PERFORMANCE ANALYSIS - (5 Years)</b>				
Alpha %	2.5	-0.1	-1.6	0.0
Beta	1.0	1.0	1.0	1.0
R-squared %	91.5	98.2	96.1	100.0
Sharpe Ratio	0.2	0.0	0.0	0.1
Treynor Ratio	0.0	0.0	0.0	0.0
Tracking Error %	6.2	3.0	4.1	0.0
Annualized Std Dev %	21.2	21.1	20.7	20.2
Information Ratio	0.4	0.0	-0.4	---
Max Drawdown %	-32.7	-33.6	-36.1	-32.1
Calmar Ratio	0.2	0.1	0.0	0.1
Excess Ann. Return %	2.5	-0.2	-1.8	0.0
<b>PERFORMANCE TO DATE</b>				
1 Year	32.6	29.9	19.9	22.3
3 Year	12.5	9.2	8.7	8.3
5 Year	5.3	2.7	1.1	2.8
7 Year	8.2	5.7	2.6	4.8
10 Year	---	5.7	---	4.2
Common Inception (Apr-16)	10.0	6.1	4.5	5.5
<b>CALENDAR YEAR RETURNS</b>				
2022	-8.6	-10.8	-11.4	-13.6
2021	11.5	12.9	13.6	14.2
2020	8.9	-0.9	1.6	4.7
2019	23.2	22.6	13.2	20.3
2018	-15.3	-19.6	-21.9	-18.2
2017	33.8	35.0	23.2	29.7
2016	---	8.0	24.6	8.2
2015	---	6.7	-6.3	-1.3
2014	---	-3.1	-2.3	-4.5
2013	---	31.3	---	20.9

# Style and portfolio comparison - Core

● Acadian ● DFA ● Wellington + MSCI ACWI Ex USA Small NR USD

UP/DOWN MARKET CAPTURE, OCT-13 TO SEP-23



MSCI WORLD STYLE, JUN-16 TO SEP-23

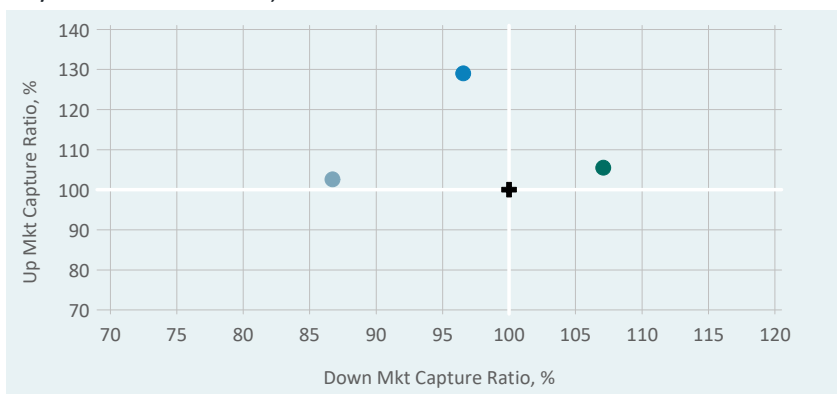


	Acadian	DFA	Wellington
% HOLDINGS IN 10 LARGEST STOCKS	8.6%	3.2%	15.0%
ANNUAL TURNOVER	61.9%	13.0%	78.0%
CASH	1.1%	1.0%	0.0%
CURRENT DIVIDEND YIELD	3.9%	3.2%	2.8%
CURRENT P/E	8.8	11.5	14.5
CURRENT P/B	1.2	1.2	1.3
PORTFOLIO HOLDINGS	1691	4263	255
WGTD. AVG. MKT. CAP	\$ 2,134	\$ 2,317	\$ 3,284
MAX CASH POSITION	---	5.0	5.0
MAX POSITION SIZE	---	5.0	3.0

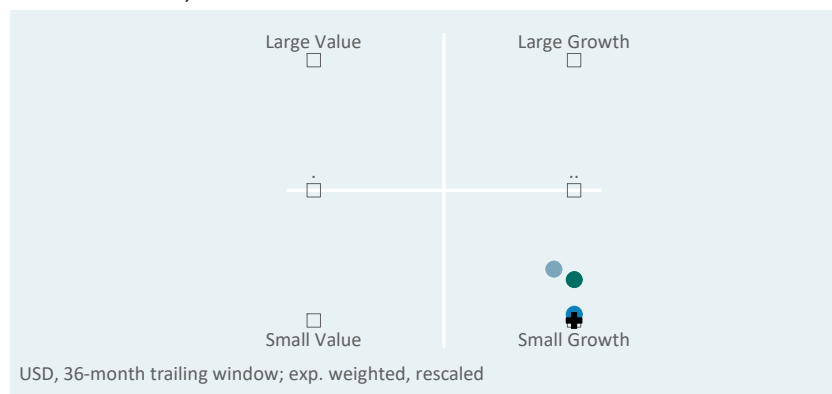
# Style and portfolio comparison - Growth

● Driehaus ● WCM ● William Blair + MSCI ACWI Ex USA Small Growth NR USD

UP/DOWN MARKET CAPTURE, JAN-15 TO SEP-23



MSCI WORLD STYLE, DEC-17 TO SEP-23

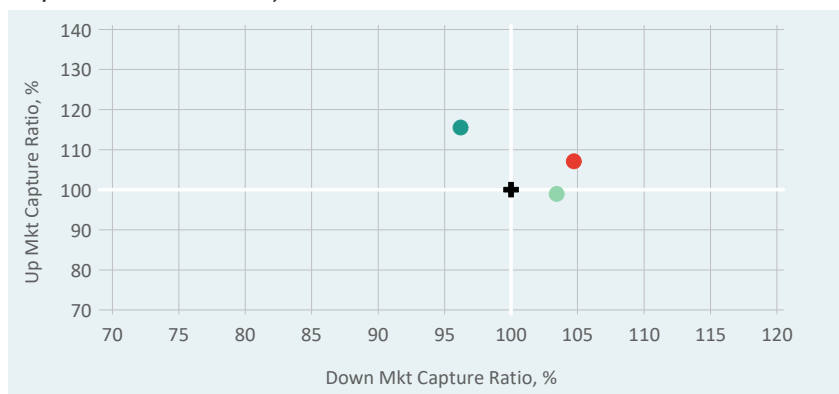


	Driehaus	WCM	William Blair
% HOLDINGS IN 10 LARGEST STOCKS	---	21.4%	17.9%
ANNUAL TURNOVER	88.9%	72.4%	35.9%
CASH	1.9%	2.4%	3.0%
CURRENT DIVIDEND YIELD	1.7%	1.5%	1.9%
CURRENT P/E	16.0	25.7	21.4
CURRENT P/B	2.2	3.9	3.6
PORTFOLIO HOLDINGS	108	70	102
WGTD. AVG. MKT. CAP	\$ 4,879	\$ 3,730	\$ 2,760
MAX CASH POSITION	10.0	5.0	10.0
MAX POSITION SIZE	5.0	5.0	5.0

# Style and portfolio comparison - Value

● ARGA ● LSV ● Metis + MSCI ACWI Ex USA Small Value NR USD

UP/DOWN MARKET CAPTURE, APR-16 TO SEP-23



MSCI WORLD STYLE, MAR-19 TO SEP-23



USD, 36-month trailing window; exp. weighted, rescaled

	ARGA	LSV	Metis
% HOLDINGS IN 10 LARGEST STOCKS	35.4%	9.6%	13.4%
ANNUAL TURNOVER	44.6%	25.0%	34.4%
CASH	0.4%	1.6%	2.6%
CURRENT DIVIDEND YIELD	3.9%	4.4%	4.7%
CURRENT P/E	12.9	9.5	9.5
CURRENT P/B	1.0	0.9	0.9
PORTFOLIO HOLDINGS	60	270	143
WGTD. AVG. MKT. CAP	\$ 2,600	\$ 1,887	\$ 1,460
MAX CASH POSITION	5.0	5.0	5.0
MAX POSITION SIZE	8.0	---	2.0

# Excess return correlations

## 3 YEAR ENDING 09/2023

	Acadian	ARGA	DFA	Driehaus	LSV	Metis	WCM	Wellington	William Blair
Acadian	1.00	-0.29	-0.15	0.07	0.06	-0.01	-0.12	-0.43	-0.10
ARGA	-0.29	1.00	0.51	0.05	0.76	0.63	-0.56	0.16	-0.55
DFA	-0.15	0.51	1.00	0.38	0.53	0.24	-0.08	0.15	0.01
Driehaus	0.07	0.05	0.38	1.00	-0.15	-0.11	0.45	0.39	0.51
LSV	0.06	0.76	0.53	-0.15	1.00	0.55	-0.68	-0.10	-0.62
Metis	-0.01	0.63	0.24	-0.11	0.55	1.00	-0.58	-0.13	-0.56
WCM	-0.12	-0.56	-0.08	0.45	-0.68	-0.58	1.00	0.47	0.88
Wellington	-0.43	0.16	0.15	0.39	-0.10	-0.13	0.47	1.00	0.49
William Blair	-0.10	-0.55	0.01	0.51	-0.62	-0.56	0.88	0.49	1.00

## 5 YEAR ENDING 09/2023

	Acadian	ARGA	DFA	Driehaus	LSV	Metis	WCM	Wellington	William Blair
Acadian	1.00	-0.20	-0.18	0.16	-0.05	-0.04	0.00	-0.13	0.03
ARGA	-0.20	1.00	0.49	-0.11	0.70	0.57	-0.47	0.04	-0.46
DFA	-0.18	0.49	1.00	0.22	0.54	0.29	-0.08	0.13	0.02
Driehaus	0.16	-0.11	0.22	1.00	-0.33	-0.36	0.45	0.41	0.55
LSV	-0.05	0.70	0.54	-0.33	1.00	0.62	-0.69	-0.21	-0.60
Metis	-0.04	0.57	0.29	-0.36	0.62	1.00	-0.53	-0.20	-0.50
WCM	0.00	-0.47	-0.08	0.45	-0.69	-0.53	1.00	0.53	0.83
Wellington	-0.13	0.04	0.13	0.41	-0.21	-0.20	0.53	1.00	0.54
William Blair	0.03	-0.46	0.02	0.55	-0.60	-0.50	0.83	0.54	1.00



# Excess return correlations

## 3-Year Excess Return Correlation

		Excess Correlation								
		Acadian	ARGA	DFA	Driehaus	LSV	Metis	WCM	Wellington	William Blair
Acadian	1		2							
ARGA	2	-0.29		3						
DFA	3	-0.15	0.51		4					
Driehaus	4	0.07	0.05	0.38		5				
LSV	5	0.06	0.76	0.53	-0.15		6			
Metis	6	-0.01	0.63	0.24	-0.11	0.55		7		
WCM	7	-0.12	-0.56	-0.08	0.45	-0.68	-0.58		8	
Wellington	8	-0.43	0.16	0.15	0.39	-0.10	-0.13	0.47		9
William Blair	9	-0.10	-0.55	0.01	0.51	-0.62	-0.56	0.88	0.49	

## 5-Year Excess Return Correlation

		Excess Correlation								
		Acadian	ARGA	DFA	Driehaus	LSV	Metis	WCM	Wellington	William Blair
Acadian	1		2							
ARGA	2	-0.20		3						
DFA	3	-0.18	0.49		4					
Driehaus	4	0.16	-0.11	0.22		5				
LSV	5	-0.05	0.70	0.54	-0.33		6			
Metis	6	-0.04	0.57	0.29	-0.36	0.62		7		
WCM	7	0.00	-0.47	-0.08	0.45	-0.69	-0.53		8	
Wellington	8	-0.13	0.04	0.13	0.41	-0.21	-0.20	0.53		9
William Blair	9	0.03	-0.46	0.02	0.55	-0.60	-0.50	0.83	0.54	


 IPOPIF

# ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

## MEMORANDUM

DATE: December 6, 2023  
 TO: IPOPIF Board of Trustees  
 FROM: Kent Custer, Chief Investment Officer  
 SUBJECT: Investment Custodian Review – State Street Bank and Trust

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### **Purpose**

This is part of the periodic Board review of investment service providers. Representatives of State Street Bank and Trust (SSBT) will make a brief presentation and answer questions from the Board.

### **Background**

- IPOPIF conducted a Request for Proposal based formal search for an investment custodian during May/June 2021 and the Board selected State Street Bank and Trust (SSBT) on July 9, 2021, subject to contract negotiations. The final contract was executed on Nov. 10, 2021.
- SSBT played an integral role in the transfer and transition of investment assets from 333 Article 3 participating police pension funds during 2022, extending into 2023.
- Activity in 2023 has focused on finishing the transfer of outstanding assets and providing information necessary for the preparation and audit of the annual financial statements, reporting for the Department of Insurance, cash management relating to participant funds, vendor set-up for disbursements, and SSBT invoice validation.

### **Staff Summary**

- SSBT performed well overall with respect to asset transfer, transition, and reconciliation, which was an extremely large and complex process.
  - The transition of assets process was unique for all parties and a lot of work was done to plan, prepare and execute the transition in a real time environment.
  - Extensive communication was required between all parties and the uncertainty of the transition process made planning and execution of the process unpredictable.
  - SSBT adapted in real time and assigned as many resources as possible to the process.
  - Synergy between the custodian (SSBT), the transition manager (SSGM), and the investment manager (SSGA) was evident during the process, validating the “One State Street” approach.
- Article-3 fund reporting has been solid.
  - Daily valuation enhances transparency and equitable treatment of participant funds.
  - Report posting times have improved as processes have stabilized. Recent monthly reports have posted on the fifth business day following the end of the month.
  - Money weighted return is available to participant funds or supporting information for funds with less than one year tenure at IPOPIF.

- Custody operations have presented more errors than expected. IPOPIF staff discovered accounting and processing errors that have since been corrected, but that required staff time and resources for identification, resolution, and monitoring.
- Accounting reporting has been complicated by the large number of transition transactions. This required significant time for report development, review, and reconciliation. 2024 preliminary processes and outputs appear to be less complex and more straightforward.
- Cash management systems are secure and serviceable but are somewhat complex for occasional users. ACH processing is less automated than wires. SSBT and IPOPIF staff are available to provide assistance.
- Client service and supporting entities are responsive to requests from IPOPIF staff and related parties (e.g. Consultant and Auditors). The hard work and dedication of SSBT staff cannot be overemphasized.
- Changing roles for supervisory personnel requires adjustment, but legacy managers remain “in the loop” and available, which is important due to their knowledge and understanding of the transition process.

#### **Fees**

IPOPIF custody fees are driven by a fee schedule based on multiple elements such as total assets, number of accounts, and number of transactions. Custody fees totaled \$343,440 for the first nine months of 2023, equating to 0.0050% (0.5 basis points) of IPOPIF asset value. This would equate to ~\$460,000 annually, which is the amount budgeted for FY24. This is somewhat lower than the rough estimate of \$505,000 from the proposal evaluation.



# Illinois Police Officers Pension Investment Fund Trustee Meeting

December 15, 2023

# Agenda

State Street General Overview

Core Custody Services

Consolidation/Conversion

# Our Business



## Investment Services

**Improving operational excellence and achieving growth** with a complete front-to-back perspective through State Street Alpha®, delivering best-in-class operations outsourcing, technology and data platforms across traditional and alternative assets.

**Capabilities:**

- Comprehensive view of the investment lifecycle from front to back office
- Commercial software and data platforms
- Alternatives

## Markets and Financing

**Enhancing and preserving the value of your portfolios** with leading multi-asset class trading and securities financing, FX solutions and data-driven investment research and market insights.

**Capabilities:**

- Liquidity
- Financing
- Research

## Investment Management

**Helping the world's investors achieve their financial goals** with a universe of index and active strategies as the 4<sup>th</sup> largest asset manager in the world.

**Capabilities:**

- Institutional investing
- ETFs
- Cash management

## State Street at a Glance

**\$40.0T**

in assets under custody  
and/or administration<sup>1</sup>

**\$3.7T**

in assets under  
management<sup>1</sup>

**100+**

geographic markets<sup>2</sup>

**~42,000**

employees worldwide<sup>2</sup>

Responsible  
for ~10% of  
the world's  
assets<sup>3</sup>

**More than 230 years of**

**#1**

Manager of passive  
global equity<sup>5</sup>

**#1**

in ETF servicing<sup>4</sup>

**2nd**

largest US Defined  
Benefit manager<sup>5</sup>

**3rd**

largest global  
ETF provider<sup>5</sup>

**4th**

largest asset manager  
globally<sup>5</sup>

Servicing  
41% of all US  
mutual funds<sup>6</sup>

1. Assets under management as of September 30, 2023. AUM includes approximately \$58 billion of assets with respect to SPDR® products for which State Street Global Advisors Funds Distributors, LLC (SSGA FD) acts solely as the marketing agent. SSGA FD and State Street Global Advisors are affiliated.

2. As of September 30, 2023

3. Represents State Street AUC/A divided by Global Financial Assets, including Global Equity, Global Debt Securities and Global Broad Money

(M3), as of December 31, 2022. Sources: SIFMA, OECD, World Bank

4. State Street analysis of ETFGI Global Insights Report November 2022

5. Pensions & Investments Research Center, as of December 31, 2022

6. Based on State Street mutual fund assets as of June 30, 2023, as

compared to total mutual fund assets as reported by the ICI Monthly Trends Report for June 2023.

# Our Clients

## Providing integrated, custom-tailored solutions



### Asset Managers

Help achieve better outcomes and drive operational transformation through improved agility, data accuracy, diverse liquidity and unique asset intelligence. All delivered on a global, fully open, end-to-end investment servicing platform.



### Asset Owners

Assist with harmonizing and capitalizing on data to help achieve better outcomes from investment portfolios, create an efficient operating model and build fit-for-purpose governance.



### Insurance Providers

Provide harmonized solutions to help aggregate data, integrate workflows and strip out redundant costs.



### Alternatives Providers

Offer deep alternative servicing expertise and our multi-class digital platform to provide centralized execution and control needed to make faster decisions and improve funds performance.



### Official Institutions

As a G-SIFI and one of the world's largest custodians and asset managers, we draw on our expertise, size and global reach to address complex challenges by providing analytical support to manage risks, no matter how complex the holdings, and help find better returns, even in challenging markets.



## Partial List of Service Offerings

SERVICES CURRENTLY BEING UTILIZED BY IPOIF				
Domestic Custody	Global Custody	Portfolio/Fund Accounting	Cash Flow Management (eCFM)	Plan Accounting (NRS)
Transition Management (SSGM)	Performance & Analytics	Investment Management (SSgA)	Foreign Exchange Services/ Global Treasury	Daily Valuation
OTHER SERVICES OFFERED				
Commission Recapture	Trade Execution Monitoring	Brokerage Services	Benefit Payment Services	Investment Risk Services
Company Stock Management	Charitable Asset Management	Unitized Accounting	Insurance Services	Investment Banking Services
Corporate Trust Services	Transfer Agency Services	Shareholder Services	Securities Lending	Private Market Services

## Core Services – Illinois Police Officers Pension Investment Fund

1



### Master Custodian

- Hold assets of the Fund in Safekeeping
- Settle trades directed by the investment managers
- Collect dividends and interest paid on securities
- Provide proxy servicing for the equities
- Corporate action processing
- Detailed accounting of all transactions, daily, monthly and annually (book of record)
- Provide daily pricing/NAV
- Tax reclaim services
- Class Action Filing
- Foreign Exchange
- Performance Calculations and Reporting
- Cash Management








### Reporting

- Track assets by manager and provide consolidated reporting
- Provide consistent methodology in hard-copy or online
- Provide daily, month-end, annual, and regulatory reporting
- Help auditors prepare year-end reports
- Facilitate customized reporting and other unique requirements
- Audited information available online daily

# State Street End-To-End Client Engagement Structure

## Illinois Police Officers Pension Investment Fund Service Structure / Governance Model

<p><b>Client Relationship Management</b></p>		<p><b>Bill Collins, VP</b> Relationship Manager</p>	<ul style="list-style-type: none"> <li>• Champion strategic client development</li> <li>• Involved in strategic planning, contract negotiations, key client communications and relations, and confirming client needs to operations</li> </ul>
<p><b>Client Service</b></p>		<p><b>Mary Ellen Macdonald, AVP</b> Client Service Manager</p>	<ul style="list-style-type: none"> <li>• Support day-to-day service delivery through regular interface</li> <li>• Facilitate information flow between Centers of Excellence and you</li> <li>• Responsible for monitoring daily and monthly deliverables</li> </ul>
<p><b>Organizational Support</b></p>		<p><b>Value Added Services Centers of Excellence</b></p>	<ul style="list-style-type: none"> <li>• Accounting COE</li> <li>• Cash COE</li> <li>• LP COE</li> <li>• Class Action COE</li> <li>• Derivatives COE</li> <li>• Trade Processing COE</li> <li>• Investment Manager Services</li> <li>• Income COE</li> </ul>
<p><b>New Business Architect</b></p>		<p><b>Kim Moynihan, MD</b></p>	<p><b>Transition Management</b></p>  <p><b>Scott Hockman, VP</b></p>

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# Conversion

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# Highlights

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# Conversion Highlights



## Plan Conversions

- Conversion of 333 Plans into State Street
  - Overview of conversion process
  - Coordination with multiple custodians, administrators and brokerage firms
  - CIAL and Reconciliations completed across each plan



## Ongoing Reporting

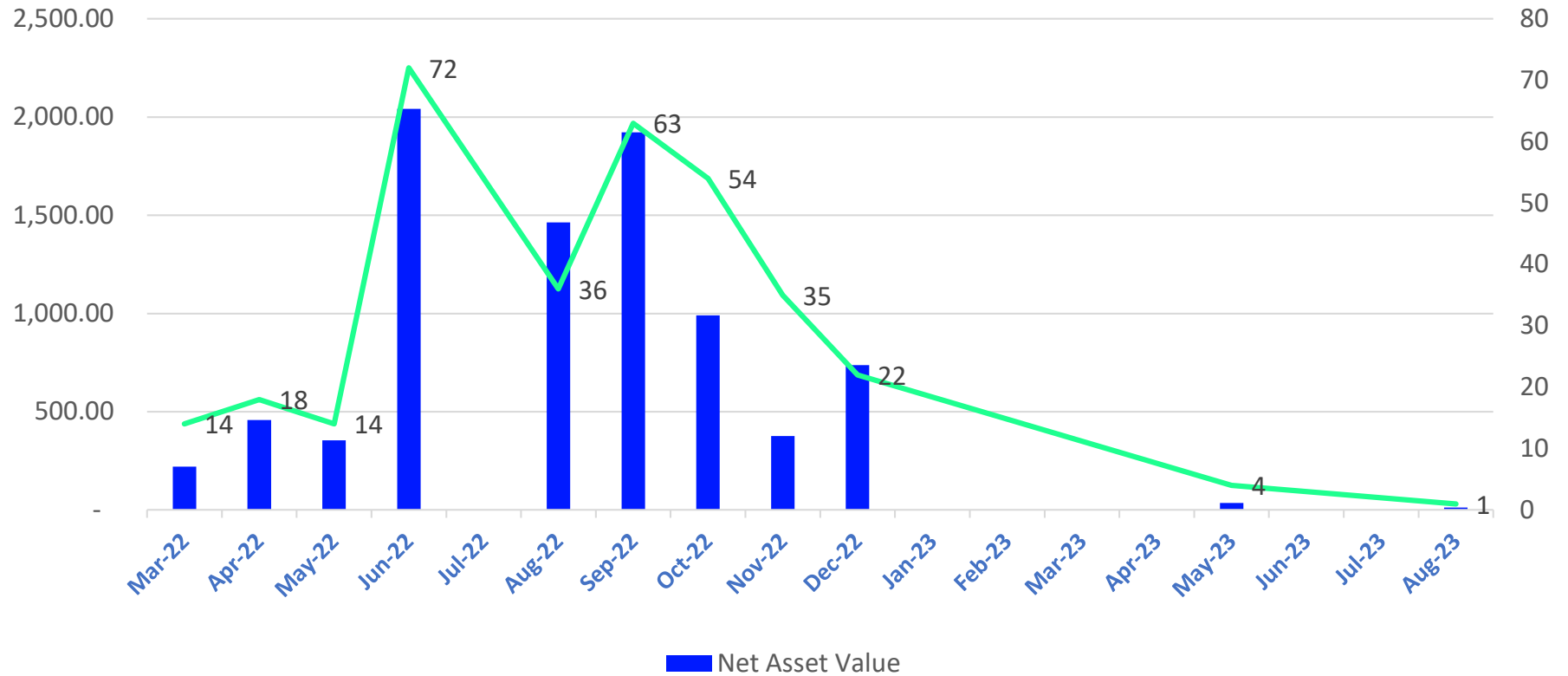
- Daily valuation of assets
- Contribution/Withdrawals
- Plan Reporting



## ID Setup

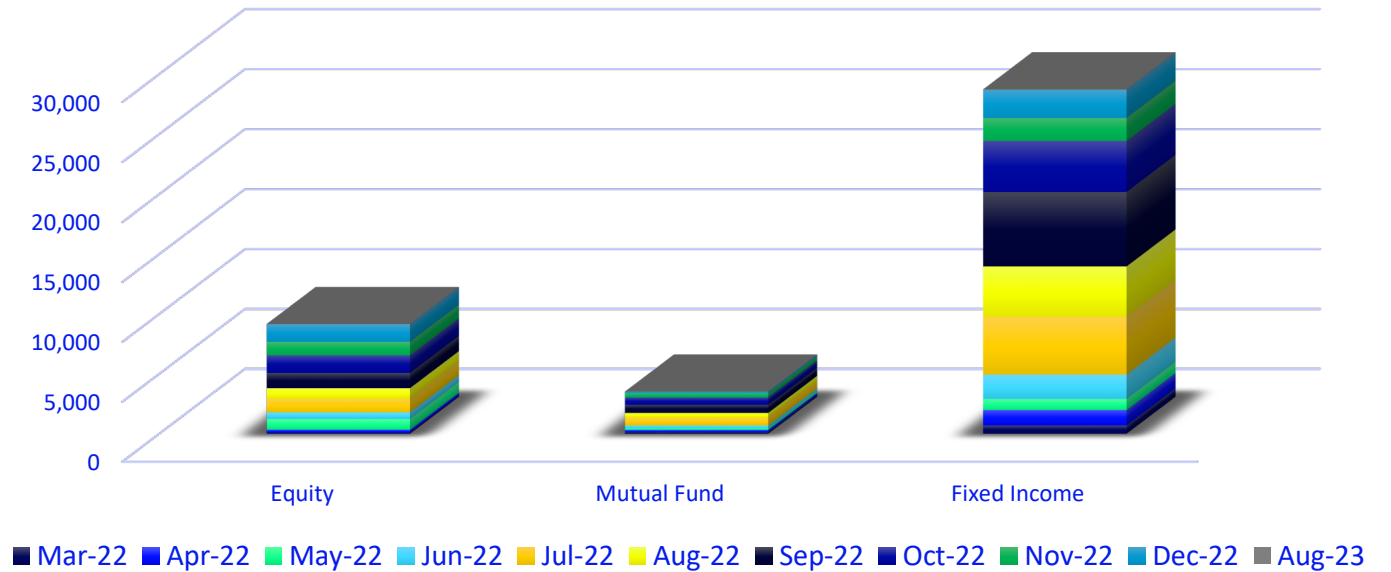
- 1,111 id's have been setup for access to our cash platform
- Training and assistance provided to individual users

## Conversion – Net Asset Value and Plans



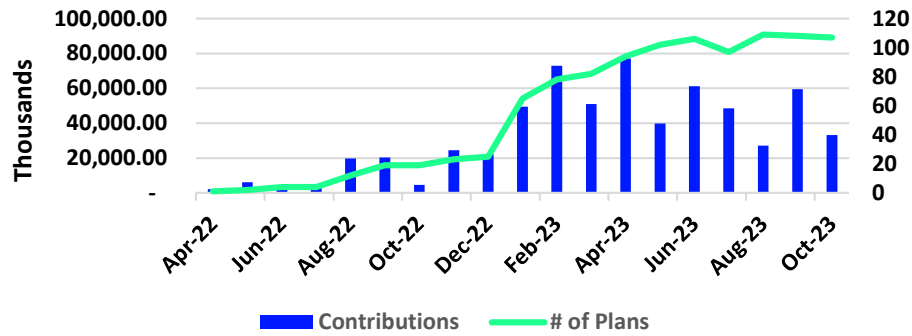
# Conversion – Assets

- Equity – 9,167 positions received
- Fixed Income – 28,731 positions received
- Mutual Funds – 3,522 positions received



# Cash Contributions and Withdrawals

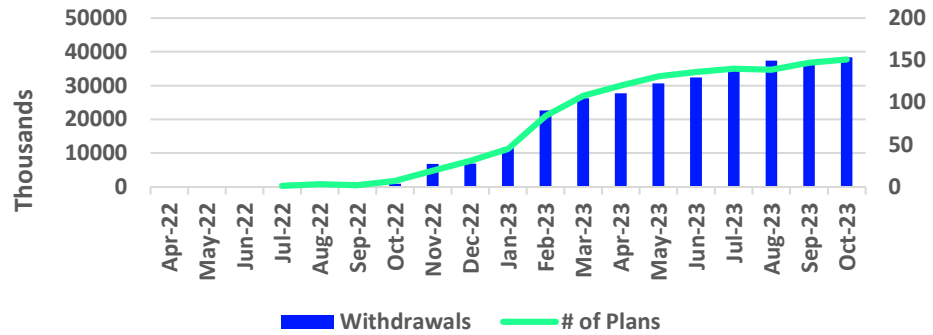
### Contributions



- 242 Plans have sent contributions to the trust - \$635 million

- 187 Plans have requested withdrawals from the trust - \$313 million

### Withdrawals





## Biographical Information



### Bill Collins

Relationship Manager, US Asset Owner Division

Bill joined State Street in 1994, initially responsible for servicing Defined Benefit and Defined Contribution client relationships in our Master Trust Services Division. During his twenty nine years with State Street, Bill has been promoted through a variety of positions in custody operations, client services and strategic client management. This has allowed Bill to gain an in-depth understanding of the custodial business with a special focus on servicing the emerging needs of our larger, leading edge client relationships. Bill has held the positions of Client Service Manager, Client Service Officer, and Senior Relationship Manager within the Institutional Trust Division. Utilizing his comprehensive technical and service background, Bill is currently the Account Executive for some of State Street's

most complex Taft Hartley and Public Fund client relationships. Bill earned his B.S. in Finance from the University of Massachusetts.

## Biographical Information



# Mary Ellen MacDonald

Client Service US, Asset Owner Division

Mary Ellen joined our Mutual Funds Services division in 1998 as a Portfolio Accountant servicing several Mutual Fund clients where she was responsible for entering and monitoring general ledger activity, daily pricing and verifying daily Net Asset Values. In 2000, Mary Ellen transitioned to a Cash and Custody servicing role within Mutual Funds where she was responsible for forecasting daily cash, income collection and trade processing. In 2002, Mary Ellen was promoted to Customer Service Specialist where she was a primary contact for over two-dozen Investment Managers and acted as a liaison between State Street and the Investment Managers.

In 2006 Mary Ellen was promoted to Public Funds Client Service Manager where she serviced several large Public Fund Clients and

assisted them with foreign market openings, new fund openings and our online system my.statestreet.com. In 2010 Mary Ellen was promoted to Client Service Officer and in 2017 she was promoted to Client Service Assistant Vice President. In her current role as Client Service Assistant Vice President, Mary Ellen is responsible for working with Asset Owners to ensure excellent service.

Mary Ellen holds a B.A. in Economics from Providence College.

## Biographical Information



### Kim Moynihan

New Business Architect, US Asset Owner Sales

Kim Moynihan is our New Business Architect responsible for all aspects of client onboarding from initial planning meetings, conversion and into a business as usual state.

Before moving into her current role, Kim had oversight of a client service team within our U.S. Asset Owner team supporting complex clients across our corporate, public and non-profit segments. Kim has worked with many of our clients to develop solutions focused on their specific needs and has extensive experience working with customers in this space to review and optimize their operations and maximize their efficiency.

Kim joined State Street in 1993 as a portfolio accountant on a large corporate relationship.

She held several operational positions gaining experience on a variety of asset classes and investment products and developing strong relationships with customers. She was promoted to lead a Client Service Team and provide strategic direction on optimally servicing our customers and maintaining client satisfaction.

Kim earned a Bachelor of Science degree from Bridgewater State College and a Master in Corporate Training from Suffolk University.

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# Illinois Police Officers' Pension Investment Fund

## **Investment Update** As of December 6, 2023

# Asset Allocation 12/5/23

Account	Current		Target		Variance	
	\$M	%	\$M	%	\$M	%
<b>Growth</b>	<b>5,340</b>	<b>55.8%</b>	<b>5,550</b>	<b>58.0%</b>	<b>(210)</b>	<b>-2.2%</b>
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%
<b>Income</b>	<b>1,550</b>	<b>16.2%</b>	<b>1,531</b>	<b>16.0%</b>	<b>19</b>	<b>0.2%</b>
SSGA HIGH YIELD	961	10.0%	957	10.0%	4	0.0%
SSGA EM DEBT	589	6.2%	574	6.0%	15	0.2%
<b>Inflation Protection</b>	<b>843</b>	<b>8.8%</b>	<b>861</b>	<b>9.0%</b>	<b>(18)</b>	<b>-0.2%</b>
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%
<b>Risk Mitigation</b>	<b>1,836</b>	<b>19.2%</b>	<b>1,627</b>	<b>17.0%</b>	<b>209</b>	<b>2.2%</b>
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%
<b>Total Investment Pool</b>	<b>9,568</b>	<b>100.0%</b>	<b>9,568</b>	<b>100.0%</b>	<b>-</b>	<b>0.0%</b>

All asset class weights are within Investment Policy limits.

# Glidepath Rebalancing

Account	May	June	July	Aug.	Sept.	Oct.	Nov.	Total
<b>Growth</b>				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
<b>Income</b>								
SSGA HIGH YIELD								
SSGA EM DEBT						+18		+18
<b>Inflation Protection</b>								
SSGA TIPS								
SSGA REITS					+22	+17		+39
<b>Risk Mitigation</b>								
IPOPIF CASH		-90			-48	-109		-247
SSGA ST GOV-CREDIT					-30	-47		-77
SSGA CORE BONDS	-90		-90		-42	-40		-262

Dollars in millions

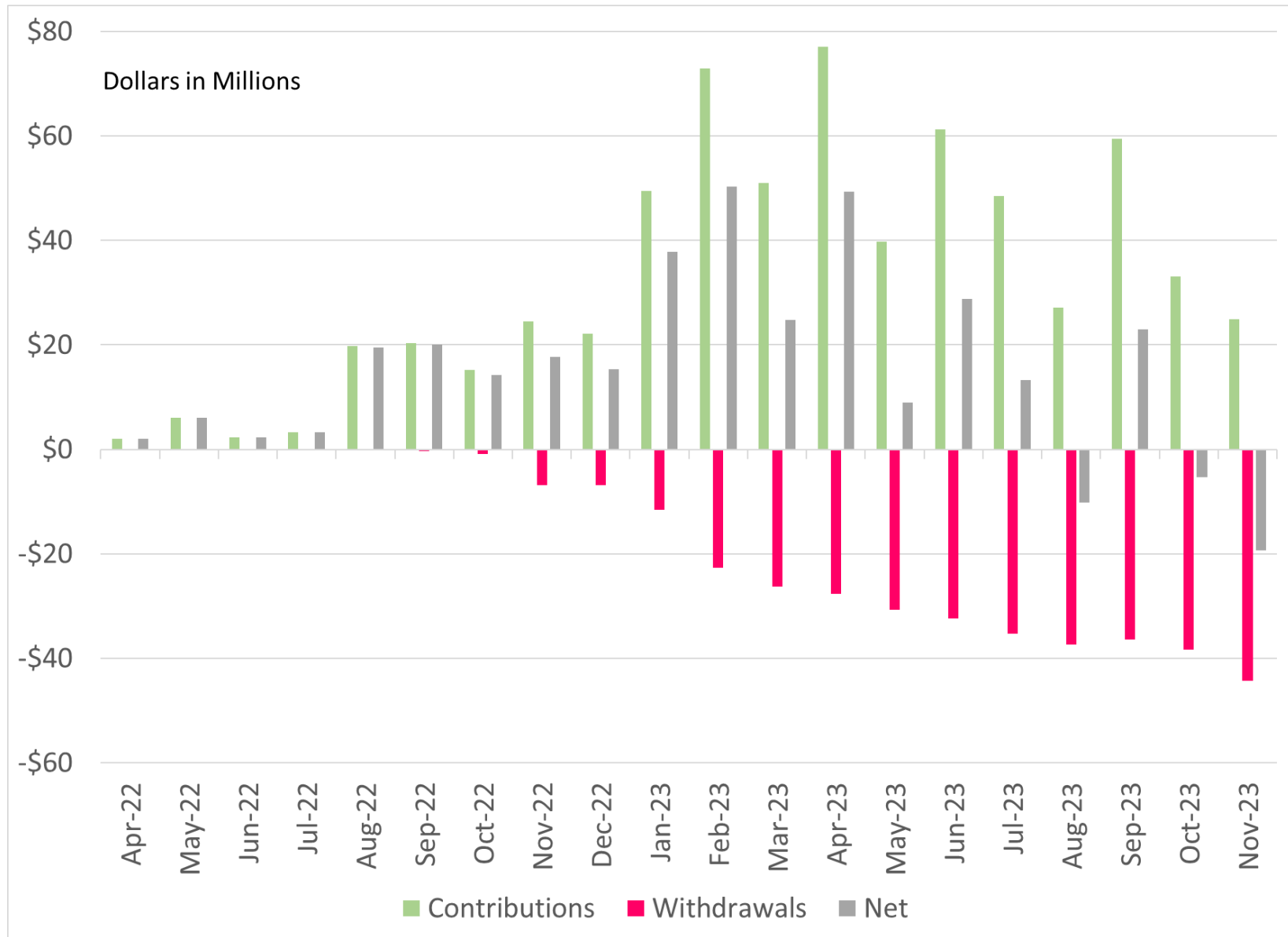
Cumulative 586

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.

## IPOPIF



# 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

# Verus Quarterly Investment Report

- Representatives from IPOPIF Consultant, Verus, will review the investment markets and IPOPIF performance.
- The following Investment Performance Review Report from Verus provides detailed observations and analysis of the investment landscape and IPOPIF investment performance as of 9/30/23.
- Verus Representative and the Chief Investment Officer will take questions and guidance from the Board of Trustees.





**PERIOD ENDING: September 30, 2023**

Investment Performance Review for

**Illinois Police Officers' Pension Investment Fund**

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# Executive Summary

## Illinois Police Officers' Pension Investment Fund

### Period Ending: September 30, 2023

### Executive Summary

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- Total assets fell slightly from \$9.4 billion to \$9.2 billion over the quarter, as investment losses in a challenging market environment exceeded positive cash flow and investment income.
- Despite strong fundamentals, such as continued economic growth, labor market stability, and consumer resilience, stocks and bonds sold off, largely based on renewed concern over stubborn inflation and the potential Fed response. The S&P 500 returned -3.3% in the 3<sup>rd</sup> quarter, as the Bloomberg U.S. Aggregate Bond Index returned -3.2%. The IPOPIF struggled right along with the market, as the Total Fund<sup>1</sup> returned -2.4% (net-of-fees) in the 3<sup>rd</sup> quarter, which was right on top of the Policy Index. Diversification into credit and short-term fixed income helped the IPOPIF portfolio beat the Broad-Based Index, which returned -3.4% for the period.
- Since its inception in April of 2022, the IPOPIF Portfolio returned -2.7% through the end of the 3<sup>rd</sup> quarter, slightly better than the Policy Index of -2.8% and significantly ahead of the equity heavy Broad-Based Policy Index of -4.4%.
- As a primarily passively-invested investment strategy, the IPOPIF Portfolio experienced minimal variation to its Policy Index in the 3<sup>rd</sup> quarter. We would expect some tracking error to be introduced as the fund takes on more active managers. Individual managers also performed in line with their strategy-specific benchmarks during the quarter.
- The IPOPIF Portfolio ranked in the 12<sup>th</sup> percentile relative to a representative universe of Public Pensions with assets greater than \$1 billion for the quarter. Like the relatively low rank in previous quarters, the favorable ranking in the 4<sup>th</sup> quarter continues to be largely attributable to a relatively high public markets equity allocation and an absence of alternatives, most notably private equity, compared to peers<sup>3</sup>.
- The investment team actively monitors current asset allocations vs. policy targets and conducts rebalancing trades as appropriate. As of 9/30/23, nearly all asset classes were within policy target ranges with a few minor exceptions, resulting from the funds ongoing transition to the approved strategic asset allocation.

#### Notes

<sup>1</sup>Total Fund assets includes Member Fund and Transition accounts that have not yet been invested in the IPOPIF Investment Portfolio.

<sup>2</sup>The Broad-Based Policy Index represents a passively invested 70/30 global stock/bond portfolio.

<sup>3</sup>IPOPIF has implemented a short-term asset allocation which is primarily passively invested in public markets. Following the Transition Period IPOPIF will move toward the long-term asset allocation, including active management and private market assets.

# Investment Landscape

# 3<sup>rd</sup> quarter summary

## THE ECONOMIC CLIMATE

- Real GDP increased at a 2.9% pace from a year ago in Q3 (4.9% QoQ annualized rate). The large uptick was driven by consumption, which continues to show resiliency. A combination of pandemic related excess savings and a strong decade of household wealth expansion is likely providing a cushion against an economic slowdown.
- The unemployment rate increased slightly during the quarter from 3.6% to 3.8%, though this appears to be due to more workers rejoining the labor force and seeking employment (a positive rather than negative development). The total size of the U.S. workforce grew by 580,000 in Q3.

## PORTFOLIO IMPACTS

- The U.S. consumer has shown resiliency, with ongoing moderate spending activity. However, personal savings rates are nearly the lowest on record. We believe depressed savings activity without a commensurate surge in spending, and very poor sentiment, suggests high inflation is squeezing household budgets.
- The Cboe VIX implied volatility index remained below-average for most of the third quarter, before rising to 17.5 to end September. Market risk has been falling fairly consistently throughout the year, which may be at least partly attributed to the perception that certain risks, such as regional bank contagion and near-term recession, have eased.

## THE INVESTMENT CLIMATE

- The 10-year U.S. Treasury yield increased during the quarter to 4.58%—a level not seen since 2007—likely supported by *higher for longer* interest rate expectations. This led to a flattening of the yield curve.
- U.S. headline inflation ticked up from 3.1% to 3.7% year-over-year. Core CPI (ex-food & energy) continued to fall from 4.9% to 4.1%. Shelter costs jumped unexpectedly in September showing the largest rise since May, and along with rising energy prices have generated concerns of renewed inflation. A material weakening of the job market and U.S. economy will likely be needed to bring inflation down to a 2% level.

## ASSET ALLOCATION ISSUES

- Nearly all asset classes produced materially negative performance during the quarter, including global equities (-3.4%), U.S. core fixed income (-3.2%) and U.S. Treasuries (-3.1%). Highly correlated markets created difficulties for investors, as diversification produced limited value.
- U.S. investors continue to face a difficult environment for style factor investing. Over the past year, mega cap growth stocks have propelled the U.S. market higher, leading to dramatic outperformance of growth stocks and large cap stocks. However, value investing has delivered exceptional results in international developed markets, outperforming growth stocks by 11.5%.

Nearly all asset classes produced materially negative performance during the quarter

A material weakening of the job market and/or U.S. economy will likely be needed to bring inflation down to a 2% level

# What drove the market in Q3?

## “Fed Signals Higher-for-Longer Rates with Hikes Almost Finished”

### 10-YEAR U.S. TREASURY YIELDS

Apr	May	June	July	Aug	Sep
3.42%	3.64%	3.84%	3.96%	4.11%	4.57%

Article Source: Bloomberg, September 20<sup>th</sup>, 2023

## “U.S. Inflation Rises in August as Petrol Prices Jump”

### WTI CRUDE OIL PRICES (PER BARREL)

Apr	May	June	July	Aug	Sep
\$76.78	\$68.09	\$70.64	\$81.80	\$83.63	\$90.79

Article Source: Financial Times, September 13<sup>th</sup>, 2023

## “U.S. Growth Trimmed on Inventories; Retains Underlying Momentum”

### FEDERAL RESERVE BANK OF ATLANTA Q3 2023 GDPNOW FORECAST

July 28 <sup>th</sup>	Aug 15 <sup>th</sup>	Aug 31 <sup>st</sup>	Sept 15 <sup>th</sup>	Sept 29 <sup>th</sup>	Oct 10 <sup>th</sup>
3.5%	5.0%	5.6%	4.9%	4.9%	5.1%

Article Source: Reuters, August 30<sup>th</sup>, 2023

## “S&P 500 Q2 2023 Earnings Beat Wall Street Expectations”

### S&P 500 YEAR-OVER-YEAR EARNINGS GROWTH (DECLINE)

Q1 22	Q2 22	Q3 22	Q4 22	Q1 23	Q2 23
9.0%	6.0%	2.4%	(4.9%)	(6.6%)	(4.1%)

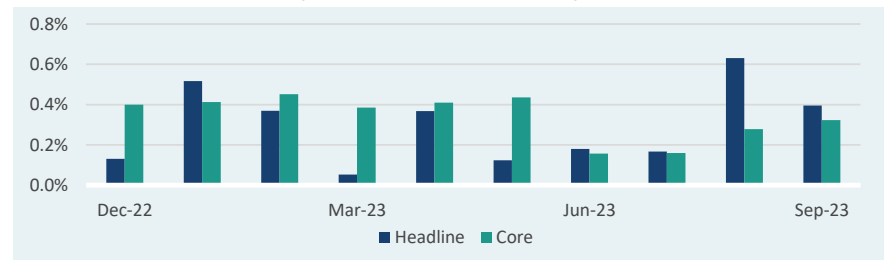
Article Source: Axios, August 18<sup>th</sup>, 2023

## U.S. TREASURY YIELDS (YEAR-TO-DATE)



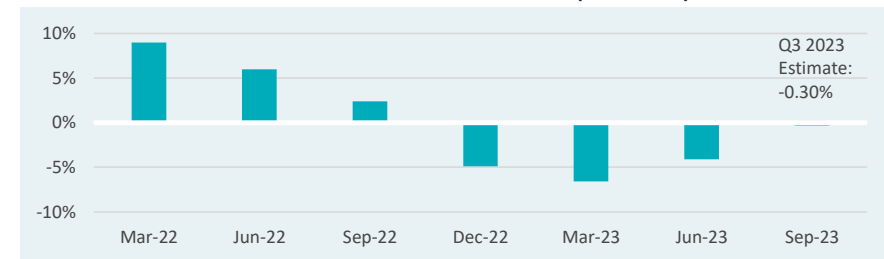
Source: Bloomberg, as of 9/30/23

## HEADLINE VS. CORE CPI (MONTH-OVER-MONTH)



Source: BLS, as of 9/30/23

## S&P 500 YEAR-OVER-YEAR EARNINGS GROWTH (DECLINE)



Source: FactSet, as of 9/30/23

# U.S. economics summary

- Real GDP increased at a 2.9% pace from a year ago in the third quarter (4.9% quarter-over-quarter annualized rate). The large uptick was driven by consumption, which continues to show resiliency. While many investors have expected high inflation and weaker wage growth to impact spending, a combination of pandemic related excess savings and a strong decade of household wealth expansion is likely providing a cushion against an economic slowdown.
- U.S. headline inflation ticked up during the quarter, from 3.1% to 3.7% year-over-year in September. Core CPI (ex-food & energy) continued to fall from 4.9% to 4.1%. Shelter costs jumped unexpectedly in September, which along with rising energy prices have generated fresh concerns of renewed inflation.
- The U.S. consumer has shown resiliency, with continued moderate spending levels. However, personal savings rates are nearly the lowest on record. We believe depressed savings activity, along with mild household spending and very poor sentiment, suggests high inflation is squeezing household budgets.
- The unemployment rate increased slightly during the quarter from 3.6% to 3.8%, though this appears to be due to more workers rejoining the labor force and seeking employment (a positive rather than negative development). The total size of the U.S. workforce grew by 580,000 in Q3.
- Consumer sentiment readings were mixed during Q3 but remain poor. According to the Conference Board survey, the future outlook for income, business, and labor conditions fell very sharply and are now at levels that historically have signaled recession within a year.

	Most Recent	12 Months Prior
Real GDP (YoY)	2.9% 9/30/23	1.7% 9/30/22
Inflation (CPI YoY, Core)	4.1% 9/30/23	8.2% 9/30/22
Expected Inflation (5yr-5yr forward)	2.4% 9/30/23	2.1% 9/30/22
Fed Funds Target Range	5.25–5.50% 9/30/23	3.00–3.25% 9/30/22
10-Year Rate	4.58% 9/30/23	3.83% 9/30/22
U-3 Unemployment	3.8% 9/30/23	3.5% 9/30/22
U-6 Unemployment	7.0% 9/30/23	6.7% 9/30/22



# GDP growth

Real GDP increased at a 2.9% pace from a year ago in the third quarter (4.9% quarter-over-quarter annualized rate). The large uptick was driven by consumption, which continues to show resiliency. While many investors have expected high inflation and weaker wage growth to impact spending, a combination of pandemic related excess savings and a strong decade of household wealth expansion is likely providing a cushion against an economic slowdown. Outside of consumption, all major categories, besides net exports, positively contributed to GDP growth.

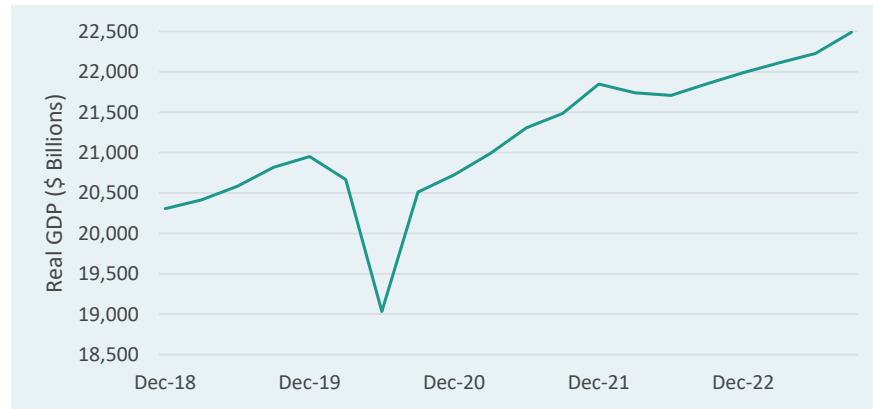
A strong economy continues to support the *higher for longer*

interest rate narrative. This has also contributed to markets reacting negatively to positive economic news, as strong growth increases the likelihood of Federal Reserve hawkishness.

Despite healthy overall GDP growth, weakness is beginning to appear in the economy. Savings rates remain on the lower end of historical trends at 3.9%, while transitions into delinquency across credit card, auto, and mortgage lending has all moved higher. As savings and debt-driven consumption begins to recede, expectations are for weaker consumption in the fourth quarter.

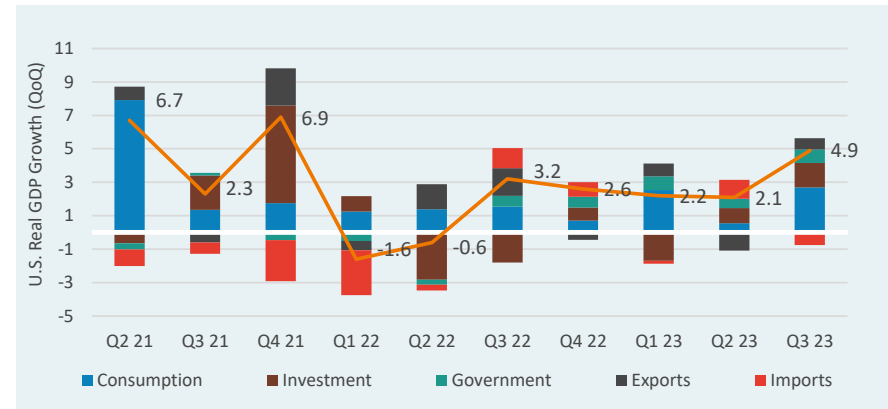
The U.S. economy continues to show resilience despite aggressive monetary tightening & low consumer confidence

U.S. REAL GROSS DOMESTIC PRODUCT



Source: FRED, as of 9/30/23

U.S. REAL GDP COMPONENTS (QOQ)



Source: FRED, as of 9/30/23

# Inflation

U.S. headline inflation ticked up during the quarter, from 3.1% to 3.7% year-over-year in September. Core CPI (ex-food & energy) continued to fall from 4.9% to 4.1%. Shelter costs jumped unexpectedly in September showing the largest rise since May, which along with rising energy prices have generated concerns of renewed inflation. Oil in particular saw material gains over the quarter (+24.3% for Brent, +28.5% for WTI), largely driven by supply dynamics.

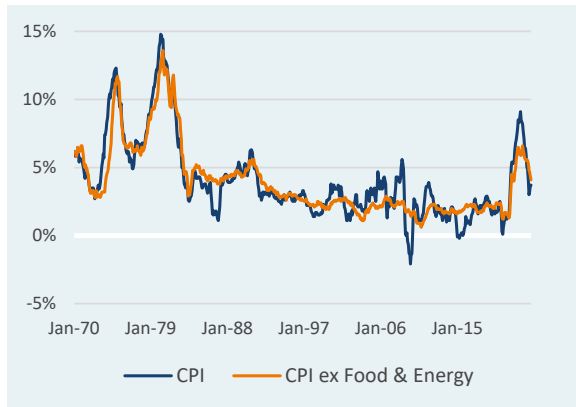
The attack of Hamas on Israel in early October led to upward movement in oil prices on the risk of escalation into a broader conflict involving Iran. Nearly one-fifth of global oil

supply is shipped through the Strait of Hormuz, on Iran's border, which means that a larger conflict would likely have major implications for inflation, and interest rates, and therefore the domestic economy.

Shorter-term inflation trends illustrate that the rate of inflation is still materially higher than the Federal Reserve's 2% target. Inflation appears to be stabilizing at a 3-4% range, and may not reach the Fed's 2% target without a material weakening of the job market and/or the U.S. economy.

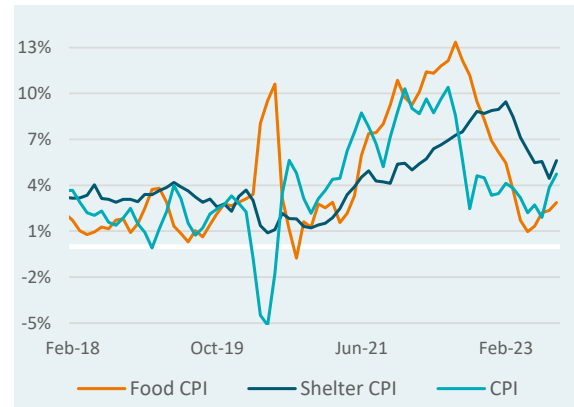
The recent jump in energy prices has reignited inflation concerns

U.S. CPI (YOY)



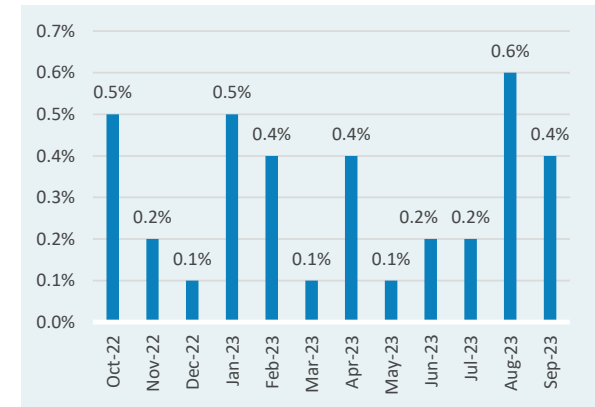
Source: BLS, as of 9/30/23

3-MONTH ANNUALIZED INFLATION RATE



Source: FRED, Verus, as of 9/30/23

MONTHLY PRICE MOVEMENT



Source: BLS, as of 9/30/23

# The consumer

The U.S. consumer has shown resiliency, with real (inflation-adjusted) personal consumption expenditures moving along at a moderate pace—coming in at 2.3% year-over-year in August. However, much of this resiliency appears to have been possible through the spending down of household savings accumulated during the pandemic. Recent estimates seem to suggest that this *excess savings* has now been mostly (or all) spent, which could lead to a downturn in spending in future months.

Personal savings rates have deteriorated further—now at 3.9%—nearly half the pre-pandemic savings level and one of the lowest levels on record. We believe depressed savings activity without a commensurate surge in spending, and very

poor sentiment, suggests high inflation is squeezing household budgets.

As mentioned last quarter, tighter household budgets should be contrasted with the fact that Americans have experienced a vast boom in wealth and prosperity over the past decade, fueled by a substantial bull market in stocks and in residential real estate, among other assets. This wealth may serve as somewhat of a unique buffer against economic weakness. A large portion of this wealth was created by the housing boom during the pandemic, which suggests more economic sensitivity than usual to downward house and asset price moves.

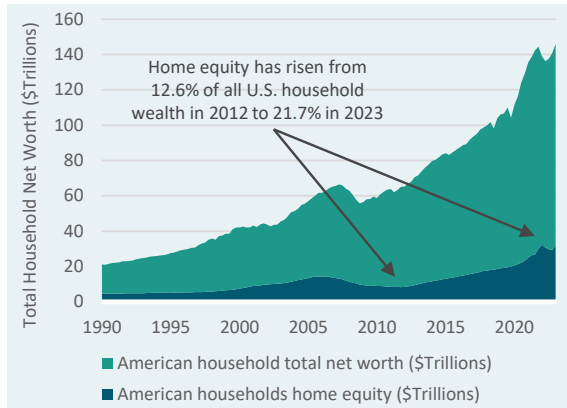
Higher home prices have played a major role in America's booming wealth over the past decade

**REAL PERSONAL SPENDING**



Source: FRED, as of 8/31/23

**AVERAGE HOUSEHOLD NET WORTH**



Source: FRED, Verus, as of 6/30/23

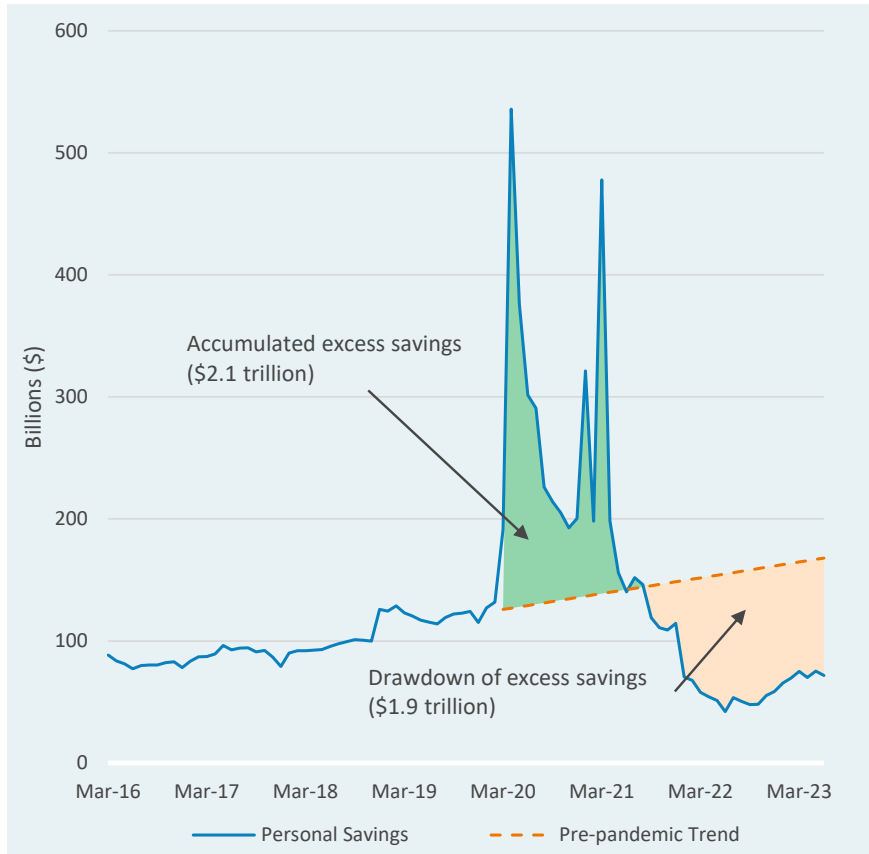
**PERSONAL SAVINGS RATE**



Source: BEA, as of 8/31/23

# The consumer - excess savings wearing off

## ACCUMULATED PERSONAL SAVINGS ABOVE PRE-PANDEMIC TREND



The resilience of U.S. consumer spending has been driven at least partly by *excess household savings*, which accumulated during the pandemic as Americans were limited in their ability to spend (on vacations and dining, for example). While these excess savings have recently helped to fuel a stronger economy, savings drawdown rates across the past three, six, or even twelve months suggest that these excess savings were fully depleted by the end of Q3.

Above-average inflation continues to be a drag on the domestic consumer, which can be seen in economic data. Second quarter metrics from the New York Fed’s Household Debt and Credit report show an uptick in credit delinquencies, which is likely to show an even higher rate at the Q3 2023 release on November 7<sup>th</sup> if the trend persists. Although delinquency rates have moved higher, these are at average levels relative to history.

Going forward, many expect consumer conditions to worsen, especially under a *higher for longer* interest rate environment. This would likely act as a headwind to future economic growth, and negatively impact markets in a variety of ways, ranging from corporate earnings to mortgage transactions.

Source: BEA and San Francisco Federal Reserve, as of 8/16/23

# Sentiment

Consumer sentiment readings were mixed in the third quarter but by most measures remain pessimistic.

The University of Michigan Consumer Sentiment survey improved, reporting that expectations around personal finances have weakened, though this was offset by better business conditions. Americans feel uncertain about the future of the economy.

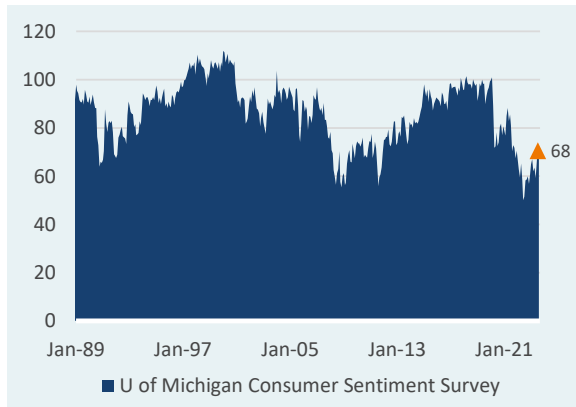
Consumer confidence as indicated by the Conference Board weakened. According to the Conference Board survey, current labor market and business conditions improved moderately,

while the future outlook for income, business, and labor conditions fell very sharply. Consumer expectations are depressed and at levels that historically have signaled recession within one year.

The NFIB Small Business Optimism index was stable during the quarter, but further indicated a dire outlook for business conditions. Sales growth has reportedly slowed, profit margins are being squeezed, inflation continues to be a major concern, and qualified employees are difficult to find. A majority of businesses plan to raise prices, though fewer businesses expect sales revenues to keep up with inflation.

Sentiment was mixed during the quarter but remains poor by most measures

**CONSUMER SENTIMENT**



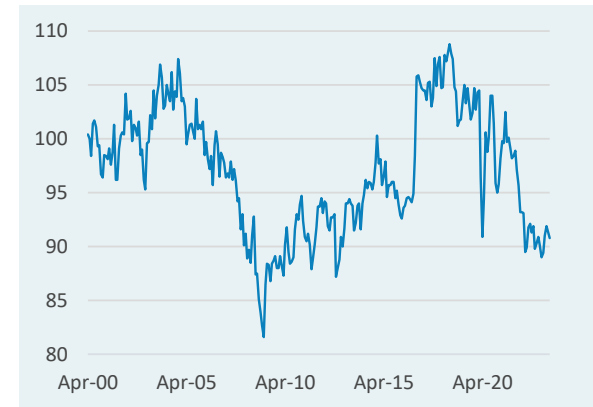
Source: University of Michigan, as of 9/30/23

**CONFERENCE BOARD CONSUMER CONFIDENCE**



Source: Conference Board, as of 9/30/23

**NFIB SMALL BUSINESS SENTIMENT**



Source: NFIB, as of 9/30/23

# Housing

Housing market conditions have deteriorated even further since last quarter. In late September mortgage rates climbed to a new 23-year high of 7.3%. Existing home sales have fallen -15.3% over the past year, as of August, while affordability remains the worst on record.

Despite higher mortgage rates and extremely poor affordability, home values have held up. This appears to be due to depressed housing inventories resulting from many years of underinvestment in new home construction following the 2000s U.S. housing bubble, an upward trend in U.S. homeownership, and an unwillingness of potential home sellers to sacrifice their existing low mortgage interest rates. Overall,

very low supply seems to be balancing low demand and, for now, providing an ongoing support to elevated prices.

Despite higher interest rates, existing homeowners in this environment are, on average, well-capitalized. Many homeowners refinanced at ultra-low mortgage interest rates in recent years or purchased their homes with a low rate. Mortgage delinquency levels of single-family homeowners were materially below-average at 1.7%, as of Q2. However, borrowers with variable-rate loans, which is a small portion of borrowers overall, may face difficulties in covering much larger monthly mortgage payments.

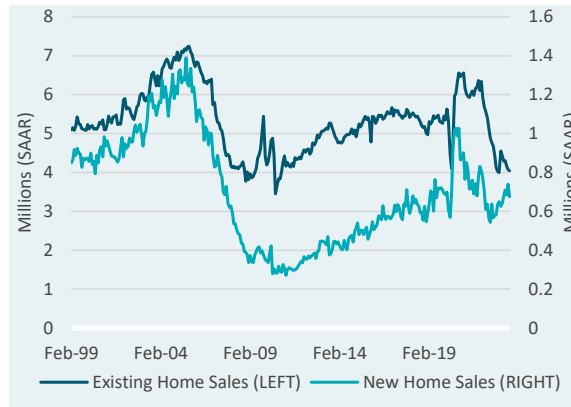
Home sales have slowed to a crawl as affordability is poor, and potential sellers don't want to lose their low interest rates

**30-YEAR MORTGAGE RATE**



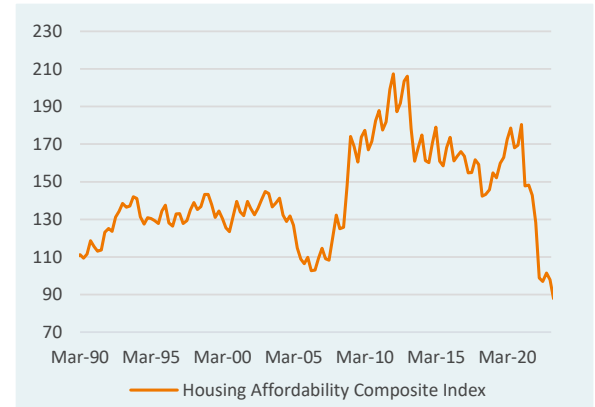
Source: FRED, as of 9/30/23

**HOME SALES: NEW & EXISTING (MILLIONS)**



Source: FRED, as of 8/31/23

**HOUSING AFFORDABILITY**



Source: FRED, as of 6/30/23 – Housing affordability is calculated as the cost of a median priced single-family home at the current mortgage rate, as a percentage of the median family income

# Fixed income environment

- The 10-year U.S. Treasury yield increased during the quarter from 3.81% to 4.58%—a level not seen since 2007—likely supported by *higher for longer* interest rate expectations. This has led to a flattening of the yield curve, though the curve remains inverted at -0.5% (defined as the 10-year Treasury yield minus 2-year Treasury yield).
- Rising interest rates combined with lower inflation have brought real (inflation-adjusted, based on the U.S. TIPS Inflation Breakeven Rate) 10- and 30-year Treasury yields to the highest levels in over a decade. Real yields for 10- and 30-year Treasuries finished the month at 2.24% and 2.33%, respectively. In March of 2022 these rates were negative.
- The Federal Reserve hiked interest rates by 0.25% in July but held rates steady at the September meeting as inflation moderated. Importantly, Chairman Powell signaled that additional rate hikes may be

warranted if the economy remains strong and inflation above target.

- During Q3, higher quality bonds and U.S. Treasuries saw mild losses due primarily to their longer duration profile. Riskier credit performed well, with larger coupons and shorter duration contributing to positive performance.
- Longer duration investment grade corporate bonds (Bloomberg U.S. Long Corporate Credit) performed very poorly, falling by -7.3% during the quarter as rising interest rates acted as a headwind.
- With inflation moderating during the quarter, investors expressed optimism that the Federal Reserve would soon pause interest rate hikes. However, interest rate volatility increased during the period as concerns related to the U.S. government's budget deficit and the amount of expected issuance contributed to higher long-term bond yields.

	QTD Total Return	1 Year Total Return
Core Fixed Income (Bloomberg U.S. Aggregate)	(3.2%)	0.6%
Core Plus Fixed Income (Bloomberg U.S. Universal)	(2.9%)	1.6%
U.S. Treasuries (Bloomberg U.S. Treasury)	(3.1%)	(0.8%)
U.S. Treasuries: Long (Bloomberg U.S. Treasury 20+)	(13.0%)	(10.7%)
U.S. High Yield (Bloomberg U.S. Corporate HY)	0.5%	10.3%
Bank Loans (S&P/LSTA Leveraged Loan)	3.4%	13.0%
Emerging Market Debt Local (JPM GBI-EM Global Diversified)	(3.3%)	13.1%
Emerging Market Debt Hard (JPM EMBI Global Diversified)	(2.2%)	10.0%
Mortgage-Backed Securities (Bloomberg MBS)	(4.1%)	(0.2%)

Source: Bloomberg, as of 9/30/23

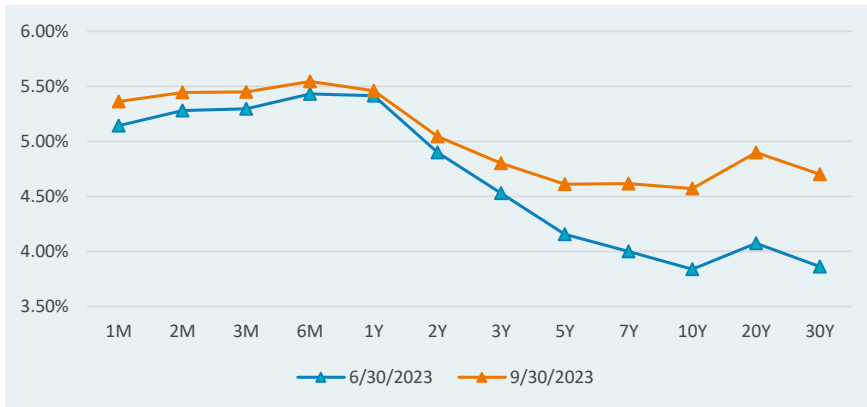
# A higher for longer rate environment

The “higher for longer” narrative gained steam throughout the quarter, driven by better-than-expected economic and labor metrics, above target inflation, and rising energy costs. The bond market saw the largest impact, as yields on the 10-year Treasury rose from 3.84% to 4.57% throughout the quarter, resulting in a -13.0% loss for longer-term U.S. Treasuries (Bloomberg U.S. Treasury 20+ Year Index).

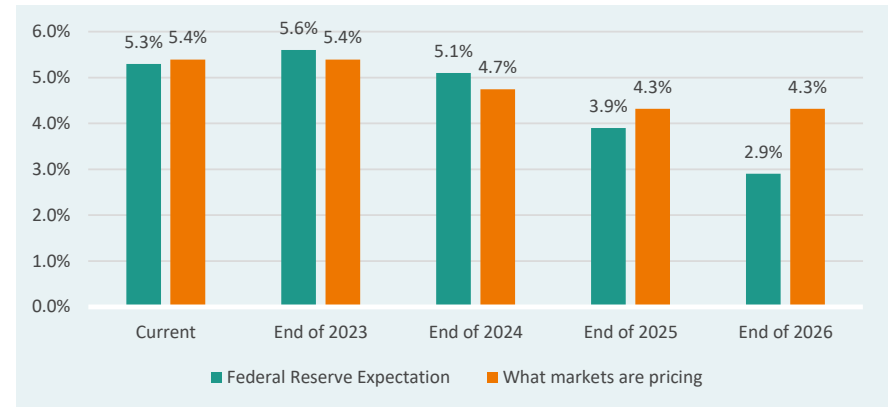
The yield of cash is expected to remain elevated for years into the future

A floor regarding how far inflation can fall, given price dynamics of certain goods and services, has set inflation expectations closer to levels around three to four percent, outpacing the Federal Reserve’s two-percent mandate. This has brought rates higher, while also extending the expected timeline for higher rates. Implied rates on Fed Funds Futures contracts show rates remaining above four percent throughout the start of 2025.

U.S. TREASURY YIELD CURVE – CHANGE THROUGH Q3 2023



FUTURE EXPECTATIONS FOR THE % YIELD OF CASH

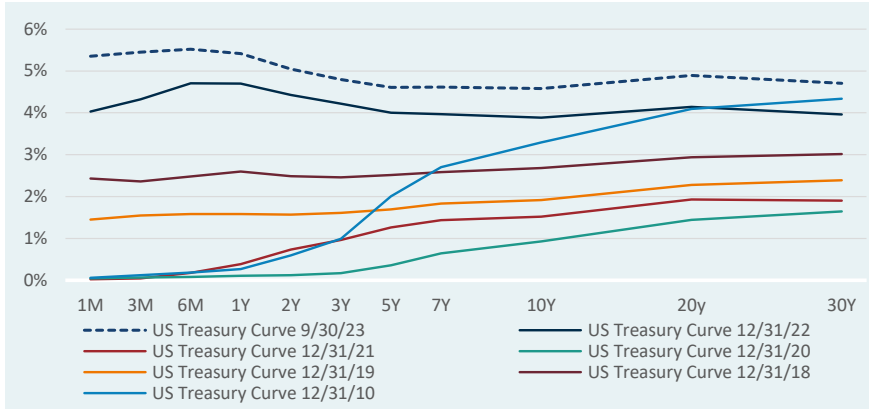


Source: Bloomberg, as of 9/30/23

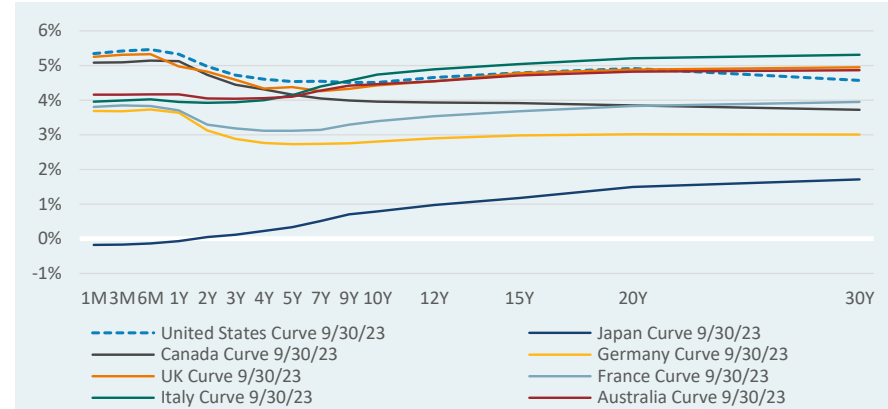


# Yield environment

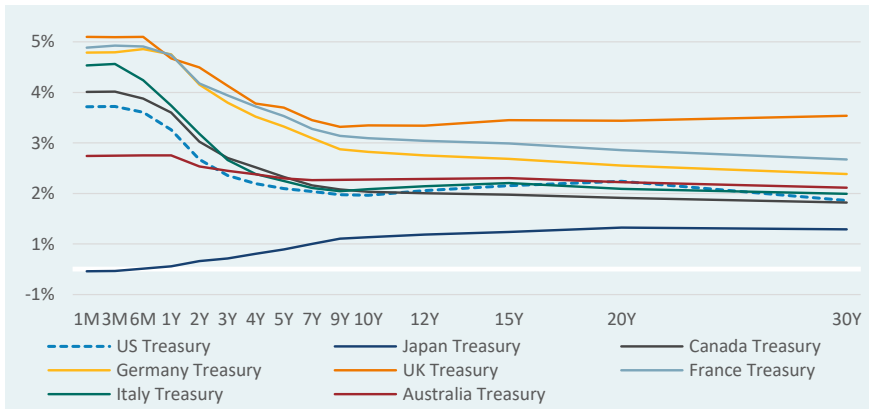
**U.S. YIELD CURVE**



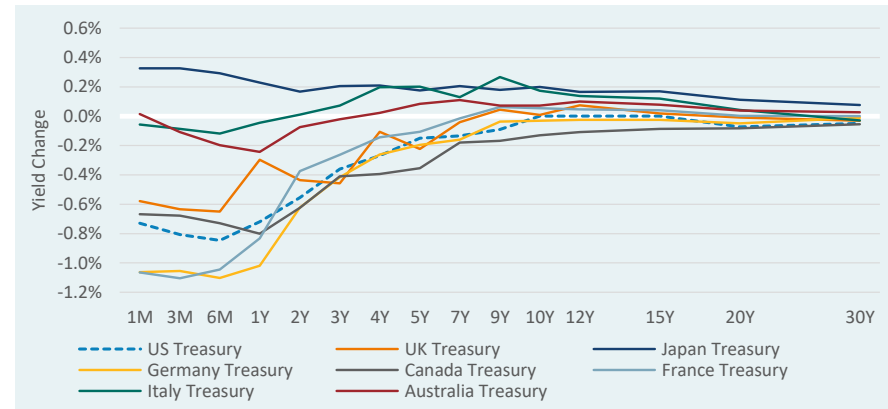
**GLOBAL GOVERNMENT YIELD CURVES**



**YIELD CURVE CHANGES OVER LAST FIVE YEARS**



**IMPLIED CHANGES OVER NEXT YEAR**



Source: Bloomberg, as of 9/30/23

# Credit environment

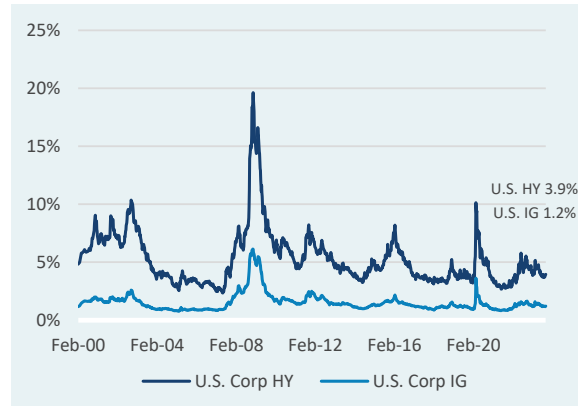
During the third quarter, fixed income markets delivered positive results with lower-quality credits such as high yield bonds and bank loans outperforming higher-quality credits. High yield bonds returned 0.5% (Bbg U.S. Corporate High Yield), while bank loans delivered a stronger 3.4% (CS Leveraged Loans), aided primarily by the lower duration of these bonds. Longer duration investment grade corporate bonds (Bloomberg U.S. Long Corporate Credit) performed poorly, falling by -7.3% during the quarter as rising interest rates acted as a headwind.

Similar to Q2, lower quality CCC-rated bonds outperformed BB- and B-rated bonds during the period. CCC-rated bonds returned 2.8% for the quarter compared to 1.0% and -0.3% for B-rated and BB-rated bonds, respectively. Bank loans also delivered an impressive 3.4% return,

with rising interest rates providing a mild tailwind to performance (floating rate bonds reprice as rates are rising, improving returns).

Credit spreads were broadly unchanged during the quarter despite concerns related to an economic slowdown, the potential for higher interest rates, increased credit stress, and lower equity prices. Lower-quality, CCC-rated high-yield bond spreads fell by 0.2% to 9.2%, while investment grade spreads decreased by roughly 0.1% to 1.3%. Broadly, spreads remain slightly below their long-term historical averages, which suggests that investors remain confident about the ability of those companies to service their debt. That said, should the U.S. economy begin to weaken, credit spreads could move higher as confidence fades.

## SPREADS



Source: Barclays, Bloomberg, as of 9/30/23

## HIGH YIELD BONDS MONTHLY INCOME RETURN



Source: Bloomberg, as of 9/30/23

## CREDIT SPREAD (OAS)

Market	9/30/23	9/30/22
Long U.S. Corp	1.3%	2.0%
U.S. Inv Grade Corp	1.2%	1.6%
U.S. High Yield	3.9%	5.5%
U.S. Bank Loans*	5.2%	6.0%

Source: Barclays, Credit Suisse, Bloomberg, as of 9/30/23  
\*Discount margin (4-year life)

# Equity environment

- Global equities delivered negative performance during the quarter (MSCI ACWI -3.4%). Weakness in markets was broad-based, with international developed (MSCI EAFE -4.1%) slightly underperforming domestic and emerging market equities (S&P 500 -3.3%, MSCI EM -2.9%).
- Over the quarter, the valuation gap between domestic and international equities grew even larger. An analysis of international developed Price/Earnings ratios shows that all sectors currently hold a valuation discount relative to U.S. shares, and that those discounts are generally much wider than the historical average.
- Currency movements dragged portfolio performance lower for investors with unhedged foreign currency exposure. Investors with unhedged international developed equity exposure saw losses of -3.6% due to currency volatility during the quarter.
- U.S. investors continue to face a difficult environment for style factor investing. Over the past year, mega cap growth stocks have propelled the U.S. market higher, leading to dramatic outperformance of growth stocks and large cap stocks. However, value investing has delivered exceptional results in international developed markets, with value stocks outperforming growth by 11.5%.
- The Cboe VIX implied volatility index remained below-average for most of the third quarter, before rising to 17.5% to end September. Market risk has been falling fairly consistently throughout the year.

	QTD TOTAL RETURN		1 YEAR TOTAL RETURN	
	(unhedged)	(hedged)	(unhedged)	(hedged)
U.S. Large Cap (S&P 500)	(3.3%)		21.6%	
U.S. Small Cap (Russell 2000)	(5.1%)		8.9%	
U.S. Equity (Russell 3000)	(3.3%)		20.5%	
U.S. Large Value (Russell 1000 Value)	(3.2%)		14.4%	
US Large Growth (Russell 1000 Growth)	(3.1%)		27.7%	
Global Equity (MSCI ACWI)	(3.4%)	(2.3%)	20.8%	20.4%
International Large (MSCI EAFE)	(4.1%)	(0.5%)	25.6%	24.1%
Eurozone (EURO STOXX 50)	(7.7%)	(4.3%)	39.4%	33.0%
U.K. (FTSE 100)	(1.9%)	2.2%	25.3%	16.0%
Japan (TOPIX)	(1.0%)	4.0%	25.7%	36.6%
Emerging Markets (MSCI Emerging Markets)	(2.9%)	(1.3%)	11.7%	11.1%

Source: Russell Investments, MSCI, STOXX, FTSE, JPX, as of 9/30/23

# Domestic equity size & style

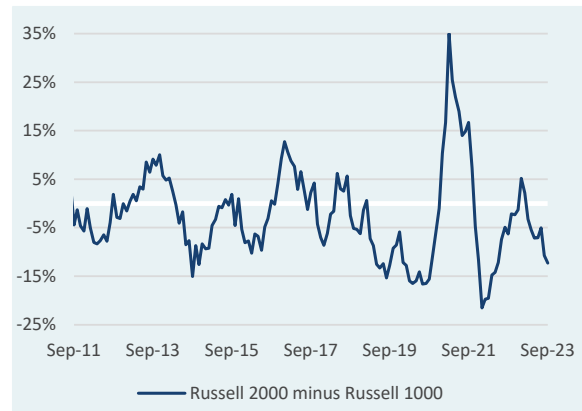
Investors continue to face a difficult environment for style factor investing. Value underperformed growth mildly during the quarter (-3.2% vs. -3.1%), with sector trends appearing to have had less of an impact on value vs. growth stocks during Q2. Small cap equities materially lagged large caps (-5.1% vs -3.3%). *Higher for longer* rate expectations likely contributed to a repricing of growth-focused assets that are more sensitive to interest rate fluctuations.

Over the past year, mega cap growth stocks have propelled the U.S. market higher, leading to dramatic outperformance

of growth stocks and large cap stocks. Many of these market-leading stocks are concentrated in the Information Technology and Telecom sectors, which have outperformed the overall index (+41.1% and 38.5%, respectively).

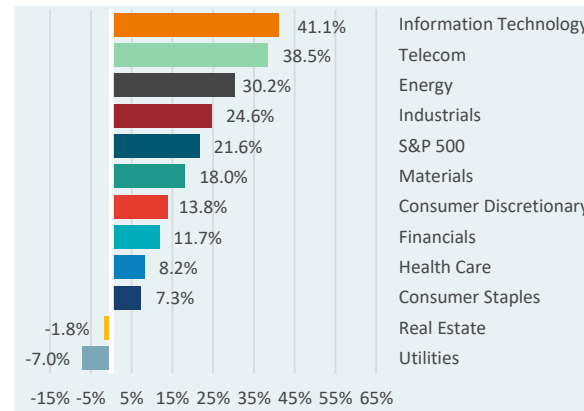
In recent years value stocks have been extremely cheap. Value has rarely been this discounted relative to growth, and during the few historical periods when this was the case, value outperformed significantly. However, value has failed to deliver similar outperformance during the current period.

**SMALL CAP VS LARGE CAP (YOY)**



Source: FTSE, as of 9/30/23

**VALUE VS GROWTH (YOY)**



Source: Morningstar, as of 9/30/23

**1-YEAR SIZE & STYLE PERFORMANCE**

	Value	Core	Growth
Large Cap	14.4%	21.2%	27.7%
Mid Cap	11.0%	13.4%	17.5%
Small Cap	7.8%	8.9%	9.6%

Source: FTSE, as of 9/30/23

# International developed equity

International developed shares fell -4.1% during Q3 in unhedged currency terms, underperforming U.S. and emerging markets. However, international developed equities in hedged currency terms were the best performing markets (returning -0.5%), as currency hedging would have avoided the U.S. dollar surge fueled by a *higher for longer* interest rate narrative.

Underperformance within the Eurozone dragged the overall index lower, with the STOXX 50 Index falling -7.7% over the quarter in unhedged terms—the worst performer across regional indices. The broader bloc continues to struggle to bring down inflation, while policymakers also deal with stagnant economic growth. In contrast to weakness seen from European

shares, Japanese equities delivered another quarter of positive performance in unhedged terms (TOPIX -1.0%), and significant outperformance in currency hedged terms (+4.0%). While a weaker Japanese Yen (JPY) hurt performance in U.S. dollar terms, the weak JPY has boosted local corporate earnings. These currency movements combined with meaningful inflation and equity reforms—meant to spark investment in wages, higher growth, and therefore shareholder value—have been a tailwind to strong year-over-year Japanese equity performance.

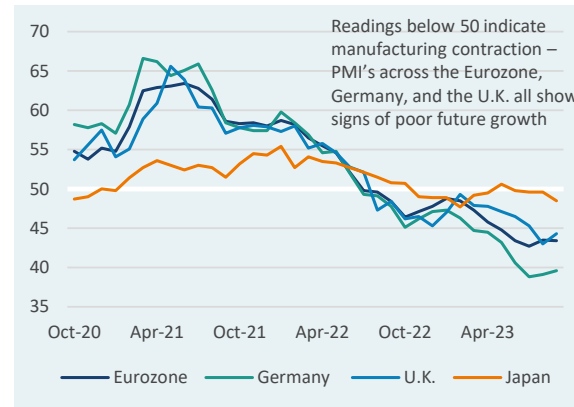
Overall, we believe international developed equities are less attractive in the near-term, specifically due to the economic headwinds facing the U.K. and broader Eurozone.

**INTERNATIONAL DEVELOPED EQUITY**



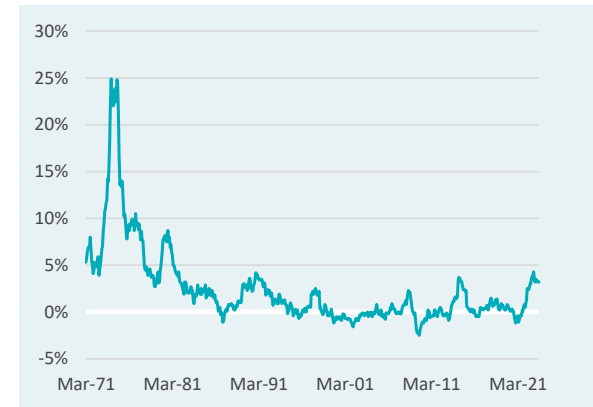
Source: MSCI, as of 9/30/23

**MANUFACTURING PMI**



Source: S&P Global, as of 9/30/23

**JAPANESE CPI**



Source: Japan MIC, as of 8/31/23

# Emerging market equity

Emerging market equities outperformed domestic equities and international developed equities in Q3. The MSCI EM Index fell -2.9%, while the S&P 500 was -3.3% lower and the MSCI EAFE Index dropped -4.1%. Emerging markets have provided only a 2.1% annualized return over the past decade.

From an individual country perspective, the two largest weights in the index—China and India—outperformed, although Chinese equities were still -1.9% lower. This impact counterbalanced losses across other markets, since the combined weight of both countries makes up approximately 45% of the MSCI Emerging Markets Index.

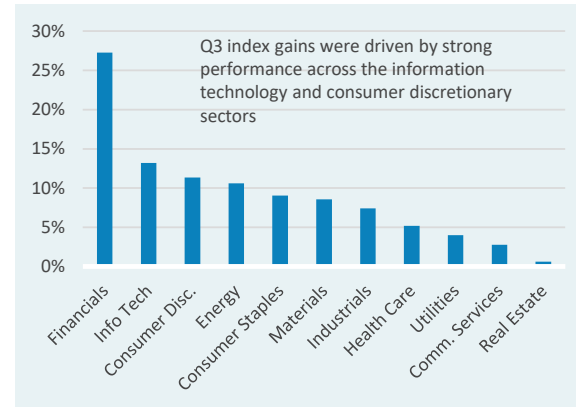
Emerging market equities continue to offer fairly cheap valuations, yet sentiment has grown negative, especially as concerns around China are now mainstream. Outside of geopolitical tensions, the Chinese economy continues to show signs of struggle despite some small government stimulus efforts. The property market remains a large pain point, evidenced by credit stress and falling contracted sales amongst large property developers such as Country Garden and Evergrande.

## EMERGING MARKET EQUITY



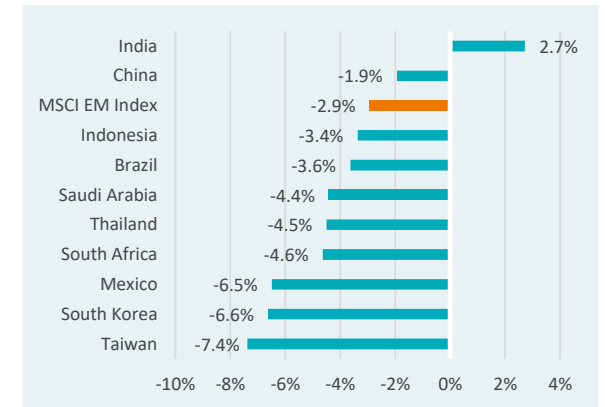
Source: MSCI, as of 9/30/23

## MSCI INDIA SECTOR WEIGHTS



Source: MSCI, as of 9/30/23

## Q3 2023 MSCI EM COUNTRY RETURNS (USD)



Source: Bloomberg, MSCI, as of 9/30/23

# Equity valuations

Equity valuation disparities have grown even wider. U.S. equities are now priced at more than a 60% valuation premium (Price/Earnings) over international developed, averaging 22.5 and 13.8, respectively, during the quarter. Some of this gap can be explained by the greater concentration of U.S. markets in the technology sector, which tends to command higher valuations. However, as we see on the next slide, nearly all sectors are materially more expensive in U.S. markets relative to international developed markets.

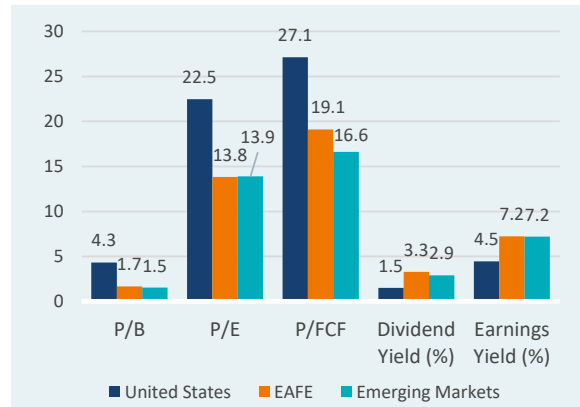
Despite very large valuation differences, we believe international developed equities currently provide lower

growth potential and unique challenges which may lead to further near-term underperformance relative to U.S. equities.

Core fixed income now offers a yield greater than U.S. equities for the first time in more than two decades. Quickly rising interest rates should have theoretically resulted in a sharp fall in equity valuations in order to maintain the “equity risk premium” of stock returns over bond returns. This effect has not yet occurred, which may lead many investors to view bonds as relatively attractive (and stocks relatively less attractive) in the current environment.

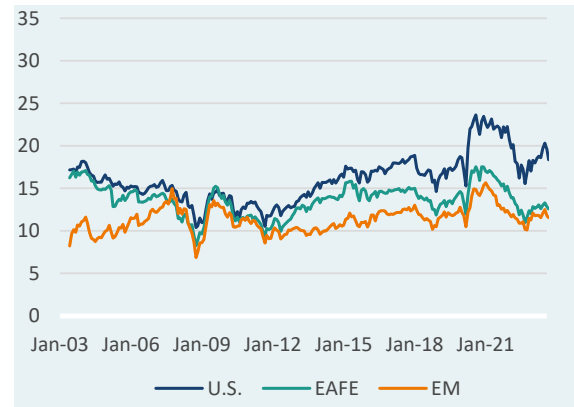
**Core fixed income is yielding more than equities for the first time in two decades**

**MSCI VALUATION METRICS (3-MONTH AVG)**



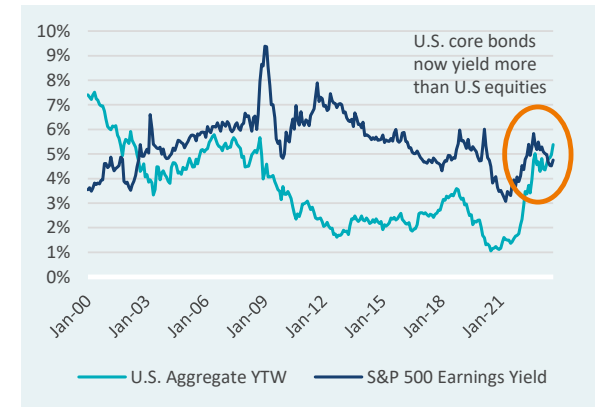
Source: Bloomberg, as of 9/30/23

**FORWARD PRICE/EARNINGS RATIO**



Source: MSCI, Bloomberg, as of 9/30/23

**U.S. VALUATIONS: BONDS VS. STOCKS**



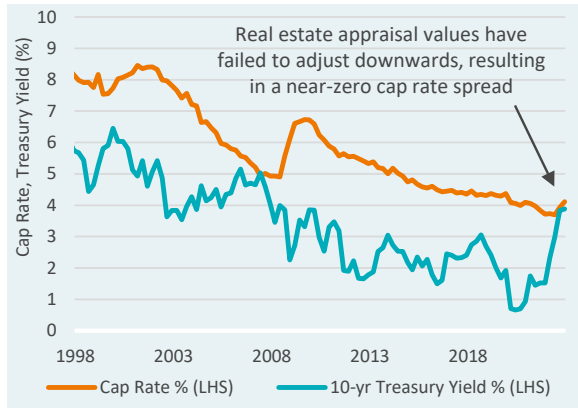
Source: Bloomberg, Standard & Poor's, as of 9/30/23

# Private real estate stalemate?

As summer ends, the real estate market looks much like it did as it began. Real estate transaction activity continues to be frozen, as buyers and sellers disagree about pricing, leading to a very large bid-ask spread. Private valuations remain higher than public, and write-downs should continue over the next several quarters. While movement has been slow thus far, opportunities may pick up as a wall of low interest rate loan maturities will be coming due and asset owners will need to either refinance at much higher rates, provide additional capital, and/or sell assets.

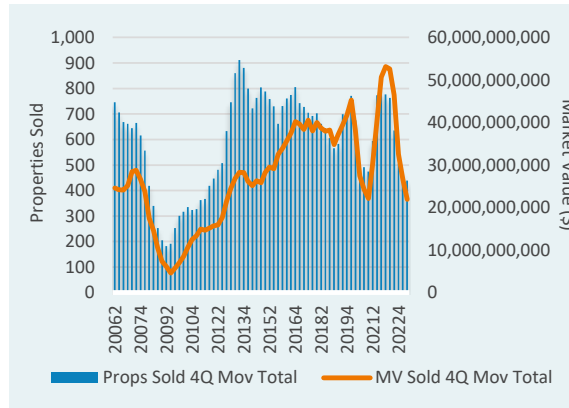
New capital should find a compelling environment to deploy in over the next several years at lower entry pricing. We are favoring managers experienced with investing in stressed and distressed environments and those with flexibility to invest across the debt and equity capital spectrum.

**REAL ESTATE CAP RATE VS U.S. TREASURY YIELD**



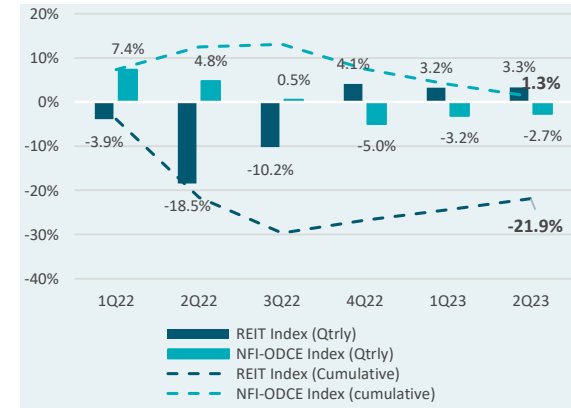
Source: NCREIF trends Report Q2

**PROPERTY SALES (ANNUALIZED)**



Source: NCREIF trends Report Q2 2023

**PUBLIC VS PRIVATE REAL ESTATE PERFORMANCE**

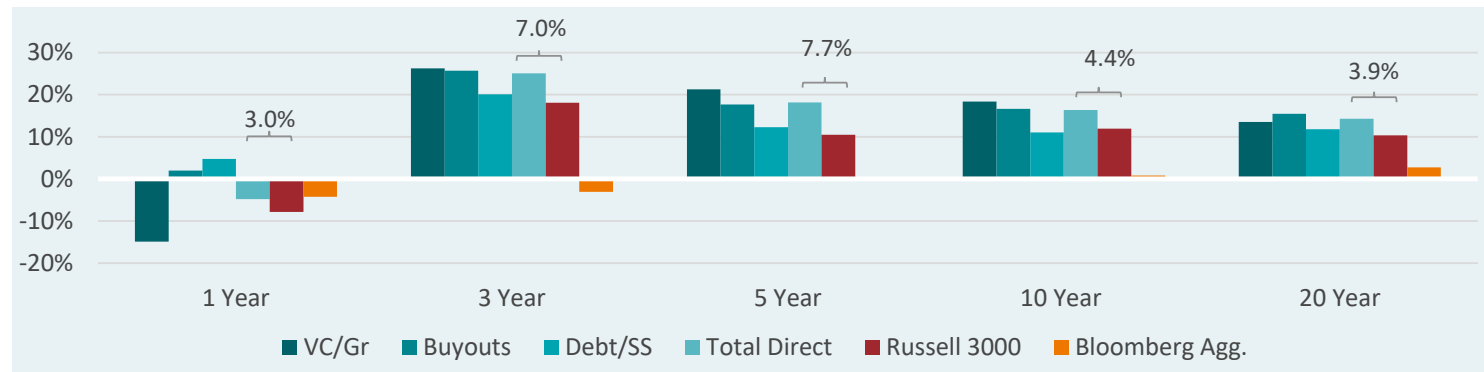


Source: NCREIF, Wilshire REIT Index



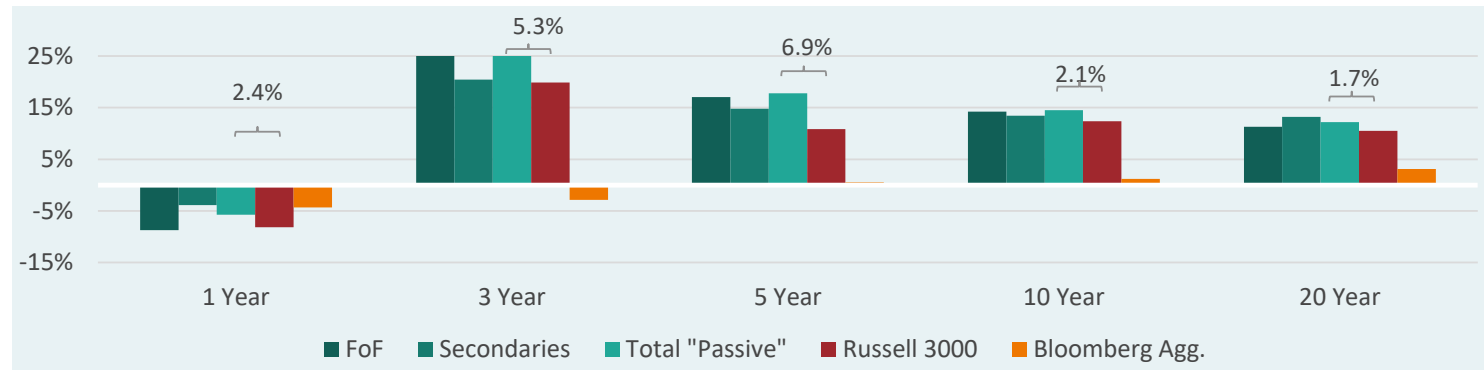
# Private equity vs. traditional assets performance

## DIRECT PRIVATE EQUITY FUND INVESTMENTS



Direct P.E Fund Investments outperformed comparable public equities across all time periods.

## “PASSIVE” STRATEGIES



“Passive” strategies outperformed comparable public equities across all time periods.

Sources: Refinitiv PME: U.S. Private Equity Funds sub asset classes as of March 31, 2023. Public Market Equivalent returns resulted from “Total Passive” and Total Direct’s identical cash flows invested into and distributed from respective traditional asset comparable.

# Detailed index returns

## DOMESTIC EQUITY

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
<b>Core Index</b>							
S&P 500	(4.8)	(3.3)	13.1	21.6	10.2	9.9	11.9
S&P 500 Equal Weighted	(5.1)	(4.9)	1.8	13.6	11.4	8.0	10.2
DJ Industrial Average	(3.4)	(2.1)	2.7	19.2	8.6	7.1	10.8
Russell Top 200	(4.6)	(2.7)	16.3	23.9	10.0	10.8	12.6
Russell 1000	(4.7)	(3.1)	13.0	21.2	9.5	9.6	11.6
Russell 2000	(5.9)	(5.1)	2.5	8.9	7.2	2.4	6.6
Russell 3000	(4.8)	(3.3)	12.4	20.5	9.4	9.1	11.3
Russell Mid Cap	(5.0)	(4.7)	3.9	13.4	8.1	6.4	9.0
<b>Style Index</b>							
Russell 1000 Growth	(5.4)	(3.1)	25.0	27.7	8.0	12.4	14.5
Russell 1000 Value	(3.9)	(3.2)	1.8	14.4	11.1	6.2	8.4
Russell 2000 Growth	(6.6)	(7.3)	5.2	9.6	1.1	1.6	6.7
Russell 2000 Value	(5.2)	(3.0)	(0.5)	7.8	13.3	2.6	6.2

## INTERNATIONAL EQUITY

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
<b>Broad Index</b>							
MSCI ACWI	(4.1)	(3.4)	10.1	20.8	6.9	6.5	7.6
MSCI ACWI ex US	(3.2)	(3.8)	5.3	20.4	3.7	2.6	3.3
MSCI EAFE	(3.4)	(4.1)	7.1	25.6	5.8	3.2	3.8
MSCI EM	(2.6)	(2.9)	1.8	11.7	(1.7)	0.6	2.1
MSCI EAFE Small Cap	(4.4)	(3.5)	1.8	17.9	1.1	0.8	4.3
<b>Style Index</b>							
MSCI EAFE Growth	(6.0)	(8.6)	4.3	20.0	0.4	3.2	4.4
MSCI EAFE Value	(0.8)	0.6	9.9	31.5	11.1	2.8	3.0
<b>Regional Index</b>							
MSCI UK	(0.8)	(1.5)	6.8	24.9	12.1	2.9	2.5
MSCI Japan	(2.1)	(1.6)	11.2	25.9	2.8	2.1	4.4
MSCI Euro	(5.4)	(7.5)	10.9	36.4	7.3	3.7	3.8
MSCI EM Asia	(2.6)	(2.9)	1.0	11.9	(3.5)	1.0	3.8
MSCI EM Latin American	(2.3)	(4.7)	12.9	19.4	15.1	2.8	0.2

## FIXED INCOME

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
<b>Broad Index</b>							
Bloomberg US TIPS	(1.8)	(2.6)	(0.8)	1.2	(2.0)	2.1	1.7
Bloomberg US Treasury Bills	0.4	1.3	3.6	4.6	1.7	1.7	1.1
Bloomberg US Agg Bond	(2.5)	(3.2)	(1.2)	0.6	(5.2)	0.1	1.1
Bloomberg US Universal	(2.4)	(2.9)	(0.6)	1.6	(4.7)	0.3	1.4
<b>Duration</b>							
Bloomberg US Treasury 1-3 Yr	(0.0)	0.7	1.7	2.4	(0.9)	1.0	0.8
Bloomberg US Treasury Long	(7.3)	(11.8)	(8.6)	(9.1)	(15.7)	(2.8)	0.8
Bloomberg US Treasury	(2.2)	(3.1)	(1.5)	(0.8)	(5.8)	(0.1)	0.6
<b>Issuer</b>							
Bloomberg US MBS	(3.2)	(4.1)	(2.3)	(0.2)	(5.1)	(0.8)	0.6
Bloomberg US Corp. High Yield	(1.2)	0.5	5.9	10.3	1.8	3.0	4.2
Bloomberg US Agency Interim	(0.3)	0.2	1.6	2.5	(2.0)	0.7	0.9
Bloomberg US Credit	(2.6)	(3.0)	0.0	3.5	(4.8)	0.9	2.1

## OTHER

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
<b>Index</b>							
Bloomberg Commodity	(0.7)	4.7	(3.4)	(1.3)	16.2	6.1	(0.7)
Wilshire US REIT	(6.5)	(6.4)	(0.2)	3.9	5.7	2.9	6.0
CS Leveraged Loans	0.9	3.4	9.9	12.5	5.9	4.3	4.3
S&P Global Infrastructure	(4.7)	(7.3)	(3.7)	6.9	7.3	4.1	5.1
Alerian MLP	2.4	9.4	20.2	32.7	43.5	6.4	1.7
<b>Regional Index</b>							
JPM EMBI Global Div	(2.6)	(2.2)	1.8	10.0	(4.6)	(0.4)	2.5
JPM GBI-EM Global Div	(3.4)	(3.3)	4.3	13.1	(2.7)	(0.0)	(0.8)
<b>Hedge Funds</b>							
HFRI Composite	(0.2)	0.8	4.3	6.7	6.9	5.0	4.6
HFRI FOF Composite	(0.2)	0.7	3.0	4.8	3.8	3.4	3.3
<b>Currency (Spot)</b>							
Euro	(2.5)	(3.0)	(0.8)	8.1	(3.4)	(1.8)	(2.4)
Pound Sterling	(3.7)	(4.0)	1.5	9.3	(1.9)	(1.3)	(2.8)
Yen	(2.4)	(3.1)	(11.6)	(3.0)	(10.9)	(5.3)	(4.1)

Source: Morningstar, HFRI, as of 9/30/23.

# Investment Performance

# Illinois Police Officers' Pension Investment Fund

Investment Performance Review  
Period Ending: September 30, 2023



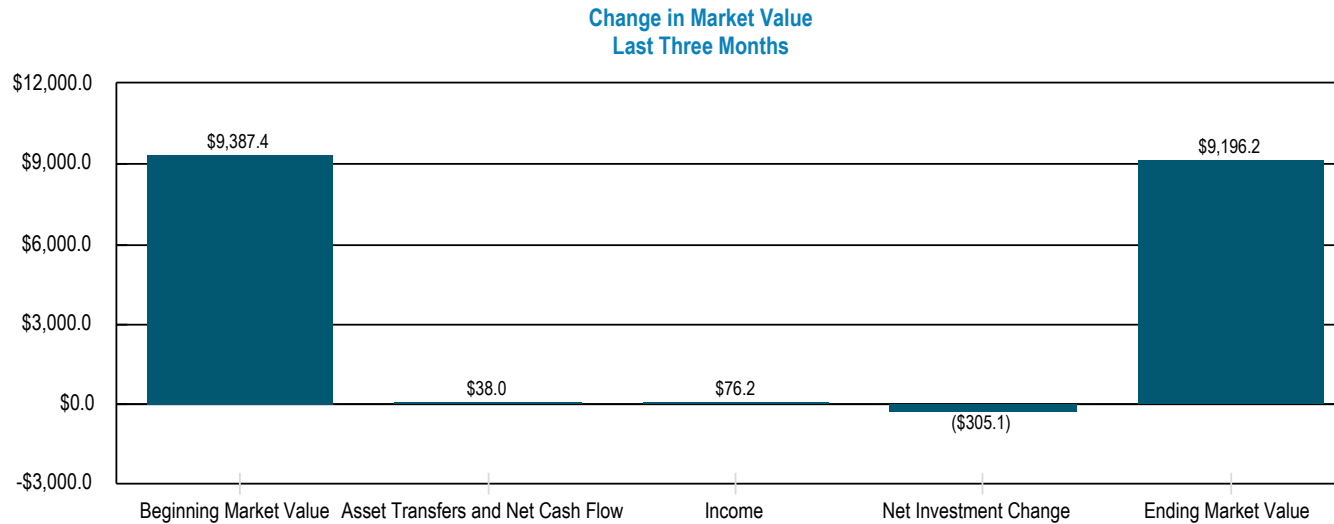
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SEATTLE 206.622.3700  
CHICAGO 312.815.5228  
PITTSBURGH 412.784.6678  
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SAN FRANCISCO 415.362.3484

Total Fund  
Portfolio Reconciliation

Illinois Police Officers' Pension Investment Fund  
Period Ending: September 30, 2023

Portfolio Reconciliation		
	Quarter-To-Date	Fiscal Year-To-Date
Beginning Market Value	\$9,387,424,024	\$9,387,424,024
Asset Transfers and Net Cash Flow	\$37,994,040	\$37,994,040
Income	\$76,213,742	\$76,213,742
Net Investment Change	-\$305,119,094	-\$305,119,094
<b>Ending Market Value</b>	<b>\$9,196,231,760</b>	<b>\$9,196,231,760</b>

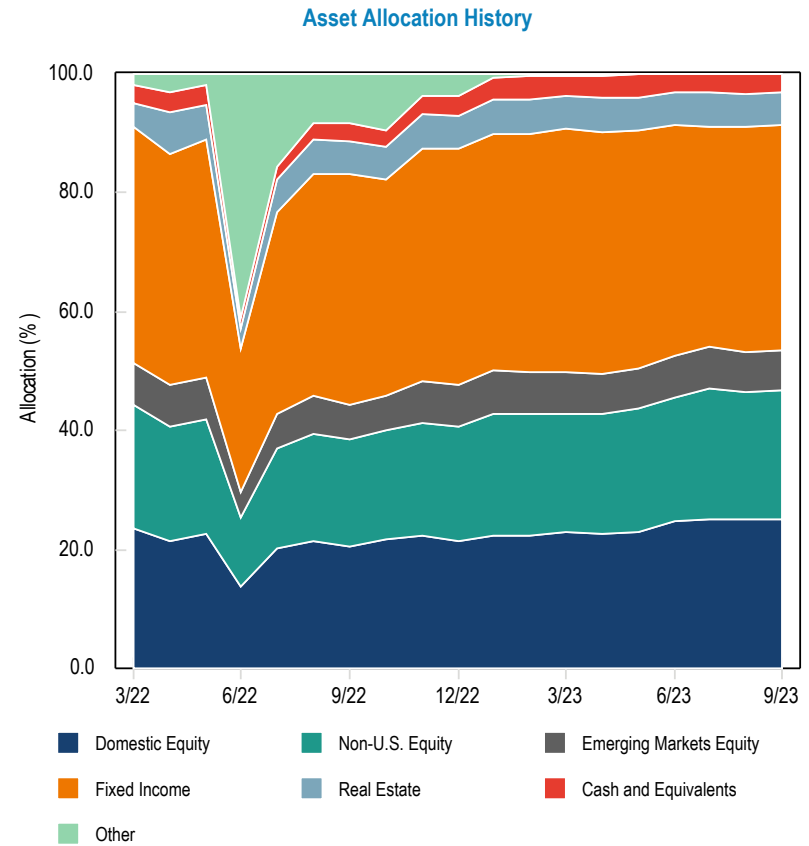
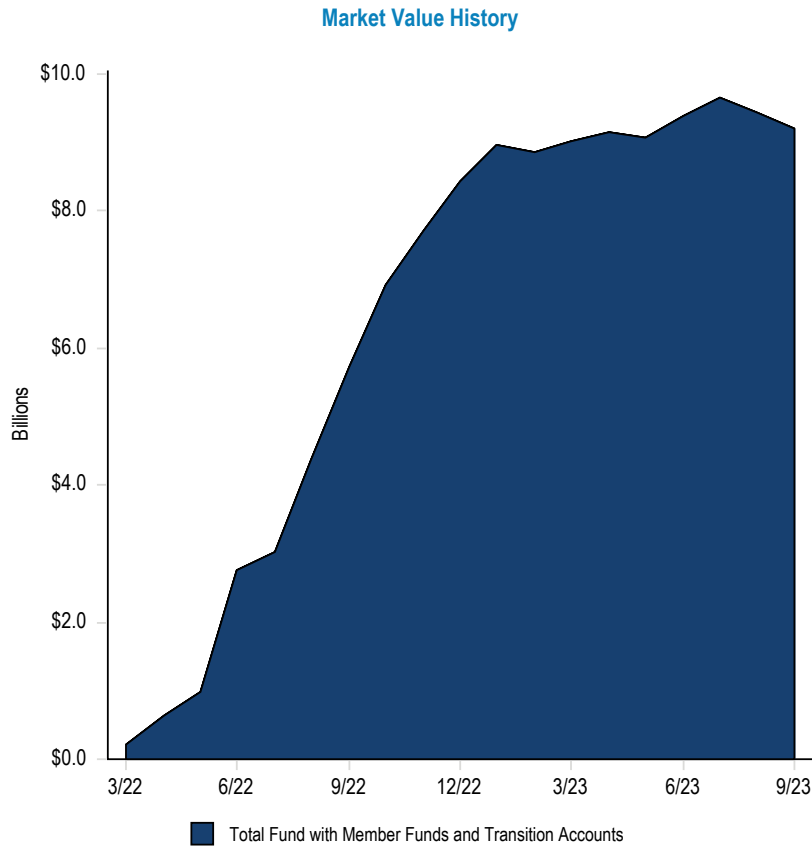


*The portfolio reconciliation includes the Member Funds and Transition Account. Income excludes Member Funds and Transition Account. Income is calculated using the actual dividend and income received from separate accounts and estimated income and dividends for commingled funds. The income and dividends for RhumbLine Russell 1000 Index, RhumbLine Russell 2000 Index, SSgA US TIPS Index and Cash are sourced from State Street custodial reports. The income and dividends for the SSGA commingled funds are an estimate based on the current yield for bond funds and the dividend yield for equity funds. SSGA can use dividend and income to cover fund expenses, so the actual income that flows to the IPOPIF may be different than reported. Income for the Principal RE fund is based on a monthly income spreadsheet received from Principal via email.*



Total Fund  
Asset Allocation History

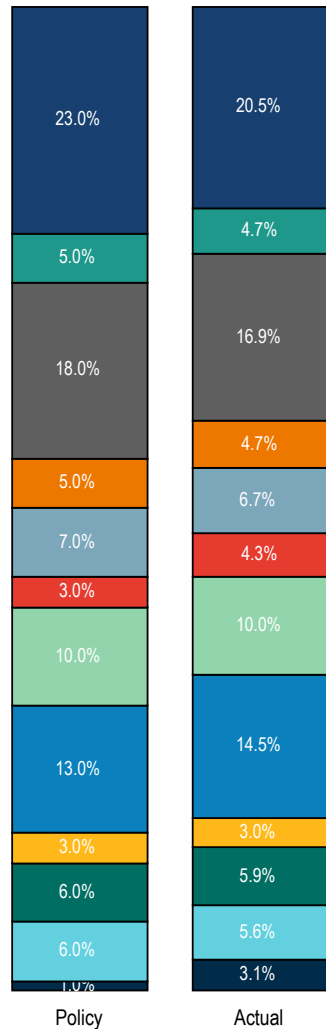
Illinois Police Officers' Pension Investment Fund  
Period Ending: September 30, 2023



\*Market value and asset class history includes Transition Accounts and Member Funds as represented by the Other category in the asset allocation history chart. The large allocation to the Other Category for 6/22 reflects assets in transition associated with the 6/24/22 Transfer Date.

IPOPIF Investment Portfolio  
Asset Allocation vs. Policy

Illinois Police Officers' Pension Investment Fund  
Period Ending: September 30, 2023



	Current Balance (\$)	Current Allocation (%)	Policy Allocation (%)	Excess Allocation (%)	Excess Allocation (\$)	Policy Range (%)	Within IPS Range?
Domestic Equity Large Cap	1,884,842,515	20.5	23.0	-2.5	-230,290,790	21.0 - 25.0	No
Domestic Equity Small Cap	427,987,216	4.7	5.0	-0.3	-31,824,372	4.0 - 6.0	Yes
International Equity Large Cap	1,555,687,019	16.9	18.0	-1.1	-99,634,697	16.0 - 20.0	Yes
International Equity Small Cap	434,758,925	4.7	5.0	-0.3	-25,052,663	4.0 - 6.0	Yes
Emerging Markets Equity	620,688,961	6.7	7.0	-0.3	-23,047,262	6.0 - 8.0	Yes
Domestic Fixed Income Core	399,348,805	4.3	3.0	1.3	123,461,852	2.0 - 4.0	No
Domestic Fixed Income High Yield	923,848,187	10.0	10.0	0.0	4,225,011	9.0 - 11.0	Yes
Domestic Fixed Income Short Term	1,336,447,595	14.5	13.0	1.5	140,937,466	11.0 - 15.0	Yes
Domestic Fixed Income Real Return	272,872,066	3.0	3.0	0.0	-3,014,887	2.0 - 4.0	Yes
Emerging Markets Fixed Income	540,696,293	5.9	6.0	-0.1	-11,077,612	5.0 - 7.0	Yes
Real Estate	517,152,195	5.6	6.0	-0.4	-34,621,711	5.0 - 7.0	Yes
Cash and Equivalents	281,901,983	3.1	1.0	2.1	189,939,666	0.0 - 2.0	No
<b>Total</b>	<b>9,196,231,760</b>	<b>100.0</b>	<b>100.0</b>	<b>0.0</b>			

Asset Allocation reflects short-term policy targets and excludes the Transition Account and Member Funds.

Total Fund  
Executive Summary (Net of Fees)

Illinois Police Officers' Pension Investment Fund  
Period Ending: September 30, 2023

	Market Value	% of Portfolio	3 Mo	YTD	Fiscal YTD	1 Yr	Inception	Inception Date
<b>Total Fund with Member and Transition Accounts</b>	<b>9,196,231,760</b>	<b>100.0</b>	<b>-2.4</b>	<b>4.5</b>	<b>-2.4</b>	<b>11.6</b>	<b>-2.7</b>	<b>03/01/22</b>
<i>Policy Index</i>			-2.4	4.9	-2.4	11.8	-2.8	
<i>Policy Index- Broad Based</i>			-3.4	5.9	-3.4	14.8	-4.4	
<b>IPOPIF Investment Portfolio</b>	<b>9,196,231,760</b>	<b>100.0</b>	<b>-2.4</b>	<b>4.5</b>	<b>-2.4</b>	<b>11.6</b>	<b>-3.3</b>	<b>04/01/22</b>
<i>Policy Index</i>			-2.4	4.9	-2.4	11.8	-3.2	
<i>Policy Index- Broad Based</i>			-3.4	5.9	-3.4	14.8	-5.0	
<b>Growth</b>	<b>4,923,964,636</b>	<b>53.5</b>	<b>-3.6</b>	<b>7.5</b>	<b>-3.6</b>	<b>19.4</b>	<b>-4.2</b>	<b>04/01/22</b>
<i>Growth Benchmark</i>			-3.6	7.6	-3.6	18.8	-4.5	
<b>Income</b>	<b>1,464,544,480</b>	<b>15.9</b>	<b>-0.5</b>	<b>4.5</b>	<b>-0.5</b>	<b>10.6</b>	<b>-3.4</b>	<b>04/01/22</b>
<i>Income Benchmark</i>			-0.6	4.3	-0.6	10.3	-1.8	
<b>Inflation Protection</b>	<b>790,024,261</b>	<b>8.6</b>	<b>-4.0</b>	<b>-2.3</b>	<b>-4.0</b>	<b>-1.6</b>	<b>-7.6</b>	<b>04/01/22</b>
<i>Inflation Protection Benchmark</i>			-2.7	-0.6	-2.7	0.9	-8.2	
<b>Risk Mitigation</b>	<b>2,017,600,856</b>	<b>21.9</b>	<b>-0.1</b>	<b>1.6</b>	<b>-0.1</b>	<b>2.7</b>	<b>-0.8</b>	<b>04/01/22</b>
<i>Risk Mitigation Benchmark</i>			0.1	1.6	0.1	2.8	-0.8	
<b>IPOPIF Pool Fixed Income Transition</b>	<b>97,527</b>	<b>0.0</b>						
Transition Accounts	-	0.0						
Member Accounts	-	0.0						

Effective 5/1/2023: Policy Index constituents include 1% 90 day T-bill, 13% Bloomberg 1-3 Year Gov/Credit Index, 3% Bloomberg U.S. Aggregate Index, 3% Bloomberg U.S. TIPS 0-5 Year, 10% Bloomberg U.S. Corporate High Yield Index, 6% JPM EMBI Global Diversified, 23% Russell 1000, 5% Russell 2000, 18% MSCI World Ex US (Net), 5% MSCI World Ex US Small Cap (Net), 7% MSCI Emerging Markets (Net), 4% Wilshire U.S. REIT Index and 2% NFI-ODCE Equal Weight. Broad Based Policy Index constituents: 70% MSCI ACWI IMI (Net), 30% Bloomberg Global Multiverse. The growth, income, inflation protection and risk mitigation benchmarks are underlying asset class benchmarks normalized for composite weights.



Total Fund  
Executive Summary (Net of Fees)

Illinois Police Officers' Pension Investment Fund  
Period Ending: September 30, 2023

	Market Value	% of Portfolio	3 Mo	YTD	Fiscal YTD	1 Yr	Inception	Inception Date
<b>Total Fund with Member and Transition Accounts</b>	<b>9,196,231,760</b>	<b>100.0</b>	<b>-2.4</b>	<b>4.5</b>	<b>-2.4</b>	<b>11.6</b>	<b>-2.7</b>	<b>03/01/22</b>
<i>Policy Index</i>			-2.4	4.9	-2.4	11.8	-2.8	
<i>Policy Index- Broad Based</i>			-3.4	5.9	-3.4	14.8	-4.4	
<i>All Public Plans &gt; \$1B-Total Fund Rank</i>			72	51	72	15		
<b>IPOPIF Investment Portfolio</b>	<b>9,196,231,760</b>	<b>100.0</b>	<b>-2.4</b>	<b>4.5</b>	<b>-2.4</b>	<b>11.6</b>	<b>-3.3</b>	<b>04/01/22</b>
<i>Policy Index</i>			-2.4	4.9	-2.4	11.8	-3.2	
<i>Policy Index- Broad Based</i>			-3.4	5.9	-3.4	14.8	-5.0	
<i>All Public Plans &gt; \$1B-Total Fund Rank</i>			72	51	72	14		
<b>Growth</b>	<b>4,923,964,636</b>	<b>53.5</b>	<b>-3.6</b>	<b>7.5</b>	<b>-3.6</b>	<b>19.4</b>	<b>-4.2</b>	<b>04/01/22</b>
<i>Growth Benchmark</i>			-3.6	7.6	-3.6	18.8	-4.5	
RhumbLine Russell 1000 Index	1,884,842,515	20.5	-3.1	13.0	-3.1	21.2	3.0	03/15/22
<i>Russell 1000 Index</i>			-3.1	13.0	-3.1	21.2	3.1	
<i>eV US Large Cap Core Equity Rank</i>			50	24	50	31		
RhumbLine Russell 2000 Index	427,987,216	4.7	-5.1	2.5	-5.1	8.9	-4.2	03/15/22
<i>Russell 2000 Index</i>			-5.1	2.5	-5.1	8.9	-3.8	
<i>eV US Small Cap Core Equity Rank</i>			64	66	64	79		
SSgA Non-US Developed Index	1,555,687,019	16.9	-4.1	7.1	-4.1	24.4	1.8	03/10/22
<i>MSCI World ex U.S. (Net)</i>			-4.1	6.7	-4.1	24.0	1.4	
<i>eV EAFE Core Equity Rank</i>			47	34	47	38		
SSgA Non-US Developed SC Index	434,758,925	4.7	-3.3	2.0	-3.3	17.4	-4.8	03/10/22
<i>MSCI World ex U.S. Small Cap Index (Net)</i>			-3.5	1.8	-3.5	17.3	-5.0	
<i>eV EAFE Small Cap Core Rank</i>			33	62	33	66		
SSgA Emerging Markets Equity Index	620,688,961	6.7	-3.2	1.7	-3.2	12.2	-6.4	03/10/22
<i>MSCI Emerging Markets (Net)</i>			-2.9	1.8	-2.9	11.7	-5.4	
<i>eV Emg Mkts Equity Rank</i>			51	66	51	63		
<b>Income</b>	<b>1,464,544,480</b>	<b>15.9</b>	<b>-0.5</b>	<b>4.5</b>	<b>-0.5</b>	<b>10.6</b>	<b>-3.4</b>	<b>04/01/22</b>
<i>Income Benchmark</i>			-0.6	4.3	-0.6	10.3	-1.8	
SSgA High Yield Corporate Credit	923,848,187	10.0	0.5	6.1	0.5	10.8	-0.9	03/18/22
<i>Spliced SSgA U.S. High Yield Index</i>			0.5	6.0	0.5	10.7	-0.9	
<i>eV US High Yield Fixed Inc Rank</i>			57	29	57	20		
SSgA EMD Hard Index Fund	540,696,293	5.9	-2.2	1.8	-2.2	10.1	-4.1	03/14/22
<i>JPM EMBI Global Diversified Index</i>			-2.2	1.8	-2.2	10.0	-3.9	
<i>Emerging Markets Bond Rank</i>			52	55	52	55		

Effective 5/1/2023: Policy Index constituents include 1% 90 day T-bill, 13% Bloomberg 1-3 Year Gov/Credit Index, 3% Bloomberg U.S. Aggregate Index, 3% Bloomberg U.S. TIPS 0-5 Year, 10% Bloomberg U.S. Corporate High Yield Index, 6% JPM EMBI Global Diversified, 23% Russell 1000, 5% Russell 2000, 18% MSCI World Ex US (Net), 5% MSCI World Ex US Small Cap (Net), 7% MSCI Emerging Markets (Net), 4% Wilshire U.S. REIT Index and 2% NFI-ODCE Equal Weight. Broad Based Policy Index constituents: 70% MSCI ACWI IMI (Net), 30% Bloomberg Global Multiverse. Spliced SSgA U.S. High Yield Index consists of the Bloomberg U.S. High Yield Very Liquid Index through 11/30/2022 and ICE BofA US High Yield Master II Constrained Index thereafter.



Total Fund  
Executive Summary (Net of Fees)

Illinois Police Officers' Pension Investment Fund  
Period Ending: September 30, 2023

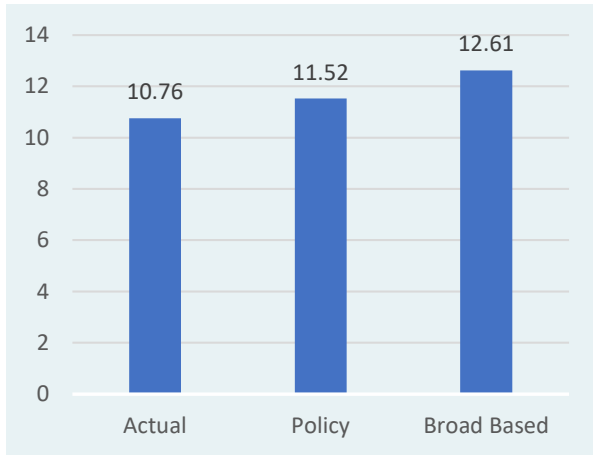
	Market Value	% of Portfolio	3 Mo	YTD	Fiscal YTD	1 Yr	Inception	Inception Date
<b>Inflation Protection</b>	<b>790,024,261</b>	<b>8.6</b>	<b>-4.0</b>	<b>-2.3</b>	<b>-4.0</b>	<b>-1.6</b>	<b>-7.6</b>	<b>04/01/22</b>
<i>Inflation Protection Benchmark</i>			-2.7	-0.6	-2.7	0.9	-8.2	
SSgA US TIPS Index	272,872,066	3.0	0.5	2.0	0.5	3.3	-1.4	03/17/22
<i>Blmbg. U.S. TIPS 0-5 Year</i>			0.4	1.9	0.4	3.2	-1.2	
<i>eV US TIPS / Inflation Fixed Inc Rank</i>			6	3	6	9		
SSgA REITs Index	350,899,762	3.8	-7.4	-2.1	-7.4	2.6	-14.1	03/16/22
<i>Dow Jones U.S. Select REIT</i>			-7.4	-2.1	-7.4	2.6	-14.0	
<i>eV US REIT Rank</i>			32	35	32	27		
Principal USPA	166,252,433	1.8	-3.9	-8.7	-3.9	-14.3	-7.8	04/06/22
<i>NCREIF ODCE</i>			-2.1	-8.1	-2.1	-12.9	-5.9	
<b>Risk Mitigation</b>	<b>2,017,600,856</b>	<b>21.9</b>	<b>-0.1</b>	<b>1.6</b>	<b>-0.1</b>	<b>2.7</b>	<b>-0.8</b>	<b>04/01/22</b>
<i>Risk Mitigation Benchmark</i>			0.1	1.6	0.1	2.8	-0.8	
SSgA Core Fixed Income Index	399,348,805	4.3	-3.2	-1.0	-3.2	0.7	-6.0	03/17/22
<i>Blmbg. U.S. Aggregate Index</i>			-3.2	-1.2	-3.2	0.6	-6.0	
<i>eV US Core Fixed Inc Rank</i>			67	65	67	69		
SSgA Short-Term Gov't/Credit Index	1,336,350,068	14.5	0.7	1.9	0.7	2.8	0.1	03/17/22
<i>Blmbg. 1-3 Year Gov/Credit index</i>			0.7	1.9	0.7	2.8	0.1	
<i>eV US Short Duration Fixed Inc Rank</i>			52	68	52	73		
Cash	281,901,983	3.1	1.3	3.6	1.3	4.2	2.9	03/22/22
<i>90 Day U.S. Treasury Bill</i>			1.3	3.6	1.3	4.5	3.3	
<b>IPOPIF Pool Fixed Income Transition</b>	<b>97,527</b>	<b>0.0</b>						
Transition Account	-	0.0						
Member Accounts	-	0.0						

Effective 5/1/2023: Policy Index constituents include 1% 90 day T-bill, 13% Bloomberg 1-3 Year Gov/Credit Index, 3% Bloomberg U.S. Aggregate Index, 3% Bloomberg U.S. TIPS 0-5 Year, 10% Bloomberg U.S. Corporate High Yield Index, 6% JPM EMBI Global Diversified, 23% Russell 1000, 5% Russell 2000, 18% MSCI World Ex US (Net), 5% MSCI World Ex US Small Cap (Net), 7% MSCI Emerging Markets (Net), 4% Wilshire U.S. REIT Index and 2% NFI-ODCE Equal Weight. Broad Based Policy Index constituents: 70% MSCI ACWI IMI (Net), 30% Bloomberg Global Multiverse.

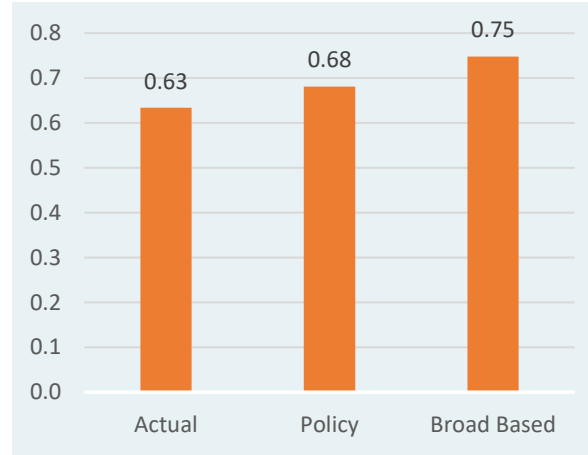
Illinois Police Officers' Pension Investment Fund  
 Period Ending: September 30, 2023

Portfolio Characteristics

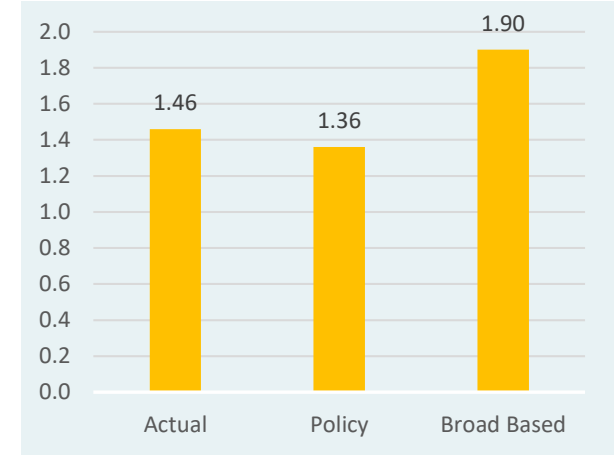
**TOTAL PLAN RISK (EXPECTED VOLATILITY)**



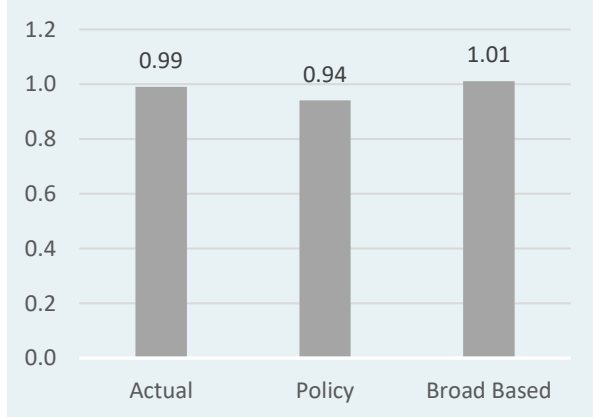
**EQUITY BETA (ACWI IMI)**



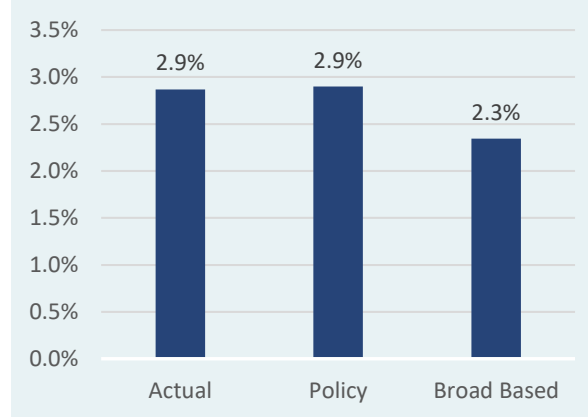
**EFFECTIVE DURATION**



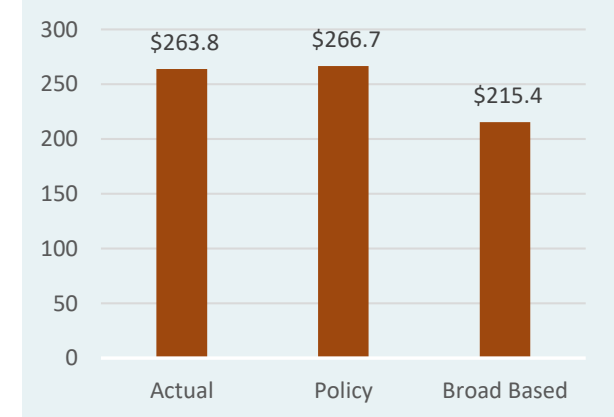
**CREDIT SPREAD DURATION**



**ESTIMATED PORTFOLIO INCOME YIELD\***



**ESTIMATED PORTFOLIO INCOME (\$ MILLIONS)\***



\*Income Yield and Income are estimated based on dividend yields and coupon rates applied to benchmark weights and does not include factors such as dividend re-investment rates.  
 Source: Barra One using index holdings as representative proxies

IPOPIF Investment Portfolio  
Investment Fund Fee Analysis

Illinois Police Officers' Pension Investment Fund  
Period Ending: September 30, 2023

Name	Asset Class	Vehicle Type	Market Value	% of Portfolio	Estimated Fee Value	Expense Fee (%)
RhumbLine Russell 1000 Index	Domestic Equity	Separate Account	\$1,884,842,515	20.4958	\$94,242	0.005
RhumbLine Russell 2000 Index	Domestic Equity	Separate Account	\$427,987,216	4.6539	\$21,399	0.005
SSgA Non-US Developed Index	Non-U.S. Equity	Commingled Fund	\$1,555,687,019	16.9166	\$248,910	0.016
SSgA Non-US Developed SC Index	Non-U.S. Equity	Commingled Fund	\$434,758,925	4.7276	\$69,561	0.016
SSgA Emerging Markets Equity Index	Emerging Markets Equity	Commingled Fund	\$620,688,961	6.7494	\$99,310	0.016
SSgA High Yield Corporate Credit	Fixed Income	Commingled Fund	\$923,848,187	10.0459	\$147,816	0.016
SSgA EMD Hard Index Fund	Fixed Income	Commingled Fund	\$540,696,293	5.8795	\$86,511	0.016
SSgA US TIPS Index	Fixed Income	Separate Account	\$272,872,066	2.9672	\$43,660	0.016
Principal USPA	Real Estate	Commingled Fund	\$166,252,433	1.8078	\$1,330,019	0.800
SSgA REITs Index	Real Estate	Commingled Fund	\$350,899,762	3.8157	\$56,144	0.016
SSgA Core Fixed Income Index	Fixed Income	Commingled Fund	\$399,348,805	4.3425	\$63,896	0.016
SSgA Short-Term Gov't/Credit Index	Fixed Income	Commingled Fund	\$1,336,350,068	14.5315	\$213,816	0.016
Cash	Cash and Equivalents	Commingled Fund	\$281,901,983	3.0654		
<b>IPOPIF Investment Portfolio</b>			<b>\$9,196,231,760</b>	<b>100.0000</b>	<b>\$2,475,285</b>	<b>0.027</b>

SSGA charges a flat 0.0155% fee through 2Q 2023 and an aggregate asset-based fee thereafter.

Total Fund  
Cash Flow by Manager - Last Three Months

Illinois Police Officers' Pension Investment Fund  
Period Ending: September 30, 2023

Name	Beginning Market Value	Contributions	Distributions	Net Cash Flows	Income	Fees	Net Investment Change	Ending Market Value
RhumbLine Russell 1000 Index	\$1,880,266,517	\$66,022,603	-	\$66,022,603	\$7,195,554	-\$22,603	-\$68,619,556	\$1,884,842,515
RhumbLine Russell 2000 Index	\$451,066,858	\$5,600	-	\$5,600	\$1,736,108	-\$5,600	-\$24,815,750	\$427,987,216
SSgA Non-US Developed Index	\$1,501,340,863	\$122,055,223	-	\$122,055,223	\$12,398,160	-\$55,223	-\$80,052,003	\$1,555,687,019
SSgA Non-US Developed SC Index	\$449,740,693	\$17,414	-	\$17,414	\$3,432,751	-\$17,414	-\$18,414,519	\$434,758,925
SSgA Emerging Markets Equity Index	\$641,444,318	\$24,515	-	\$24,515	\$4,563,313	-\$24,515	-\$25,318,670	\$620,688,961
SSgA High Yield Corporate Credit	\$919,511,235	\$35,083	-	\$35,083	\$15,432,647	-\$35,083	-\$11,095,695	\$923,848,187
SSgA EMD Hard Index Fund	\$552,950,477	\$20,990	-	\$20,990	\$8,347,480	-\$20,990	-\$20,601,664	\$540,696,293
SSgA US TIPS Index	\$271,520,898	\$10,405	-	\$10,405	\$563,172	-\$10,405	\$787,997	\$272,872,066
Principal USPA	\$172,939,554	-	-	-	\$1,763,169	-	-\$8,450,290	\$166,252,433
SSgA REITs Index	\$356,432,029	\$22,013,267	-	\$22,013,267	\$3,617,428	-\$13,267	-\$31,149,695	\$350,899,762
SSgA Core Fixed Income Index	\$545,434,819	\$23,277	-\$132,000,000	-\$131,976,723	\$4,014,702	-\$23,277	-\$18,100,715	\$399,348,805
SSgA Short-Term Gov't/Credit Index	\$1,356,222,079	\$52,577	-\$30,000,000	-\$29,947,423	\$9,375,412	-\$52,577	\$752,577	\$1,336,350,068
Cash	\$288,431,340	\$166,083,792	-\$176,375,746	-\$10,291,954	\$3,762,510	-	\$87	\$281,901,983
IPOPIF Pool Fixed Income Transition	\$122,345	\$13,017,868	-\$13,095,095	-\$77,227	\$11,176	-	\$41,232	\$97,527
Transition Account	-	-	-	-	-	-	-	-
Member Accounts	-	\$13,328,802	-\$13,246,533	\$82,268	\$161	-	-\$82,429	-
<b>Total Fund with Member Funds and Transition Accounts</b>	<b>\$9,387,424,024</b>	<b>\$402,711,415</b>	<b>-\$364,717,375</b>	<b>\$37,994,040</b>	<b>\$76,213,742</b>	<b>-\$280,953</b>	<b>-\$305,119,094</b>	<b>\$9,196,231,760</b>

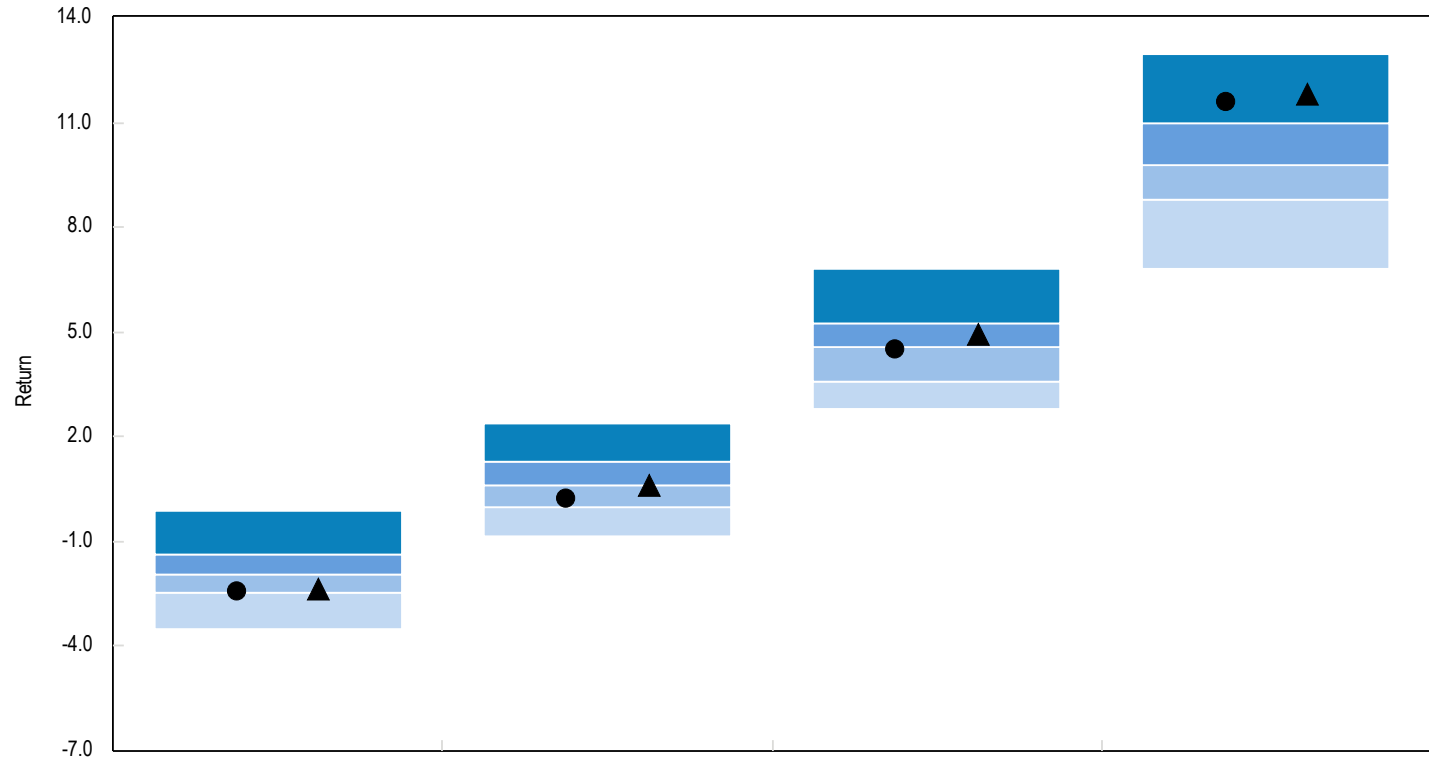
IPOPIF Investment Portfolio

Illinois Police Officers' Pension Investment Fund

Peer Universe Comparison: Cumulative Performance (Net of Fees)

Period Ending: September 30, 2023

IPOPIF Investment Portfolio vs. All Public Plans > \$1B-Total Fund



	Quarter	2 Quarters	3 Quarters	1 Year
● IPOPIF Investment Portfolio	-2.4 (72)	0.2 (66)	4.5 (51)	11.6 (14)
▲ Policy Index	-2.4 (71)	0.6 (50)	4.9 (34)	11.8 (12)
5th Percentile	-0.1	2.4	6.8	13.0
1st Quartile	-1.4	1.3	5.2	11.0
Median	-1.9	0.6	4.6	9.8
3rd Quartile	-2.5	0.0	3.6	8.8
95th Percentile	-3.5	-0.9	2.8	6.8
Population	81	77	75	74

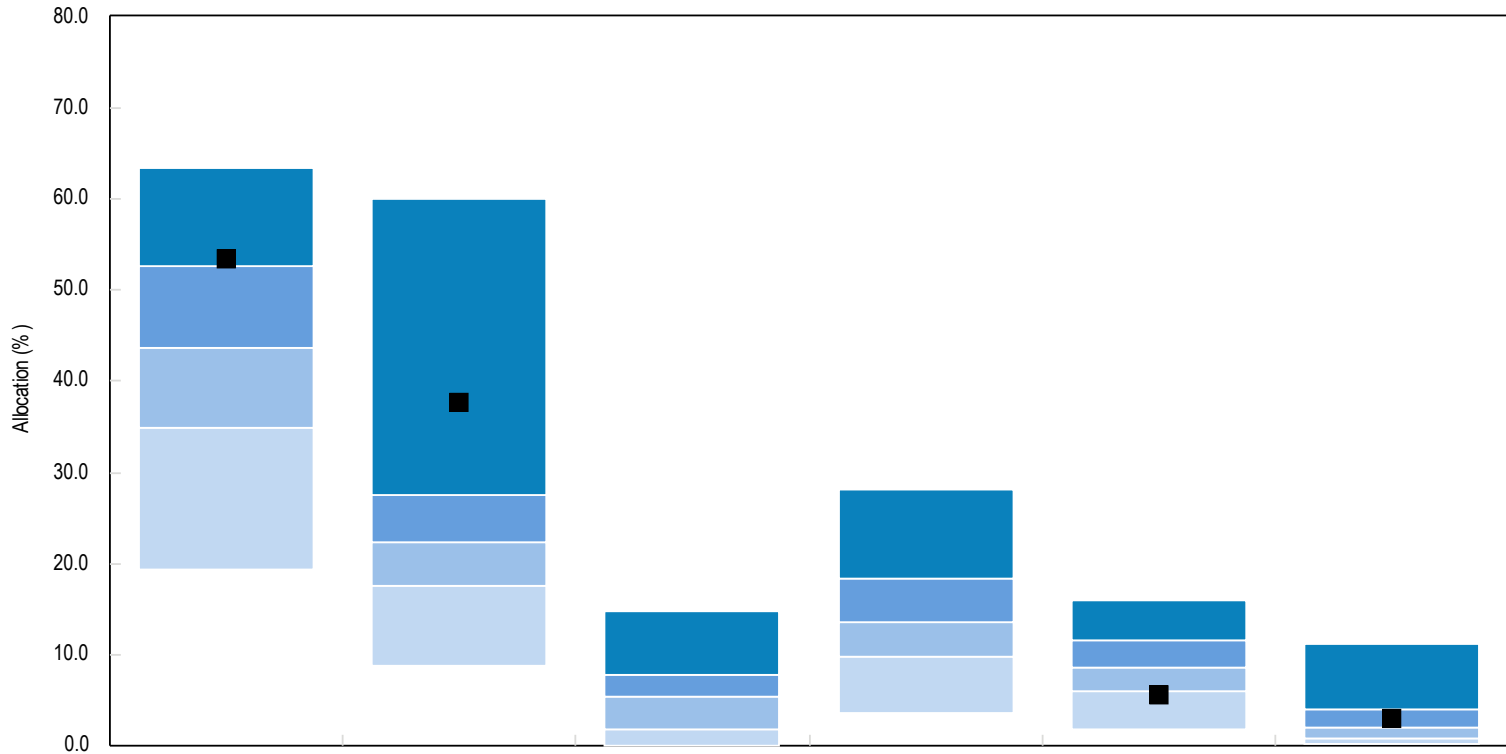
Parentheses contain percentile rankings. Performance shown for IPOPIF Investment Fund which excludes the Transition Account and Member Funds.



IPOPIF Investment Portfolio  
Peer Universe Comparison: Asset Allocation

Illinois Police Officers' Pension Investment Fund  
Period Ending: September 30, 2023

Total Plan Allocation vs. All Public Plans > \$1B-Total Fund  
As of September 30, 2023



	Total Equity 53.5 (22)	Total Fixed Income 37.8 (9)	Hedge Funds -	Private Equity -	Total Real Estate 5.6 (79)	Cash & Equivalents 3.1 (32)
■ IPOPIF Investment Portfolio						
5th Percentile	63.4	60.1	14.8	28.1	16.0	11.2
1st Quartile	52.6	27.5	7.7	18.3	11.5	4.0
Median	43.8	22.3	5.4	13.5	8.5	1.9
3rd Quartile	34.9	17.6	1.9	9.8	6.0	0.7
95th Percentile	19.4	8.9	0.1	3.6	1.8	0.2
Population	126	138	37	60	107	107

Parentheses contain percentile rankings. Excludes Transition Account and Member Funds. Real Assets contains Core Real Estate and REITs.



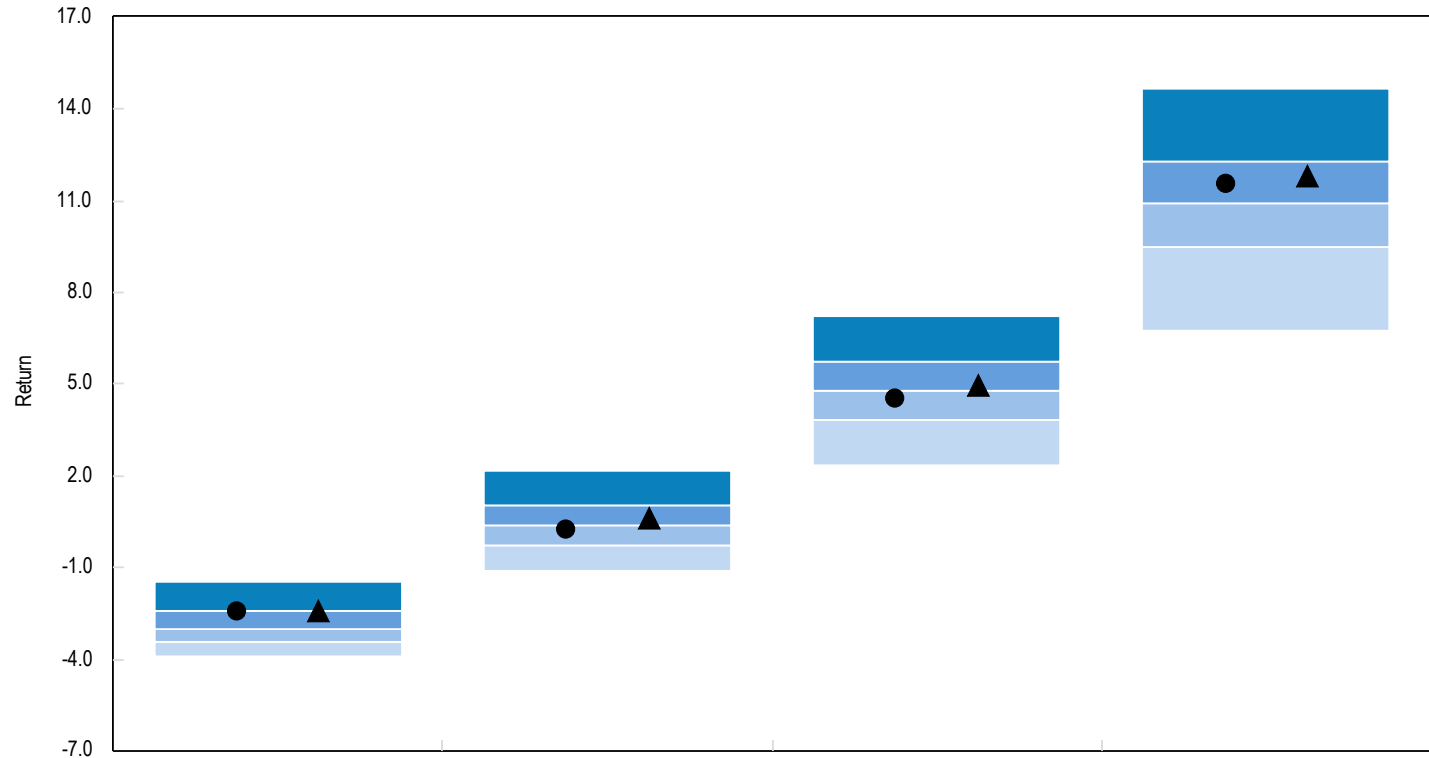
IPOPIF Investment Portfolio

Illinois Police Officers' Pension Investment Fund

Peer Universe Comparison: Cumulative Performance (Net of Fees)

Period Ending: September 30, 2023

IPOPIF Investment Portfolio vs. All Public Plans < \$1B-Total Fund



	Quarter	2 Quarters	3 Quarters	1 Year
● IPOPIF Investment Portfolio	-2.4 (25)	0.2 (56)	4.5 (57)	11.6 (38)
▲ Policy Index	-2.4 (23)	0.6 (43)	4.9 (46)	11.8 (34)
5th Percentile	-1.4	2.2	7.3	14.7
1st Quartile	-2.4	1.0	5.7	12.3
Median	-3.0	0.4	4.8	10.9
3rd Quartile	-3.4	-0.2	3.8	9.5
95th Percentile	-3.9	-1.1	2.3	6.7
Population	556	548	539	532

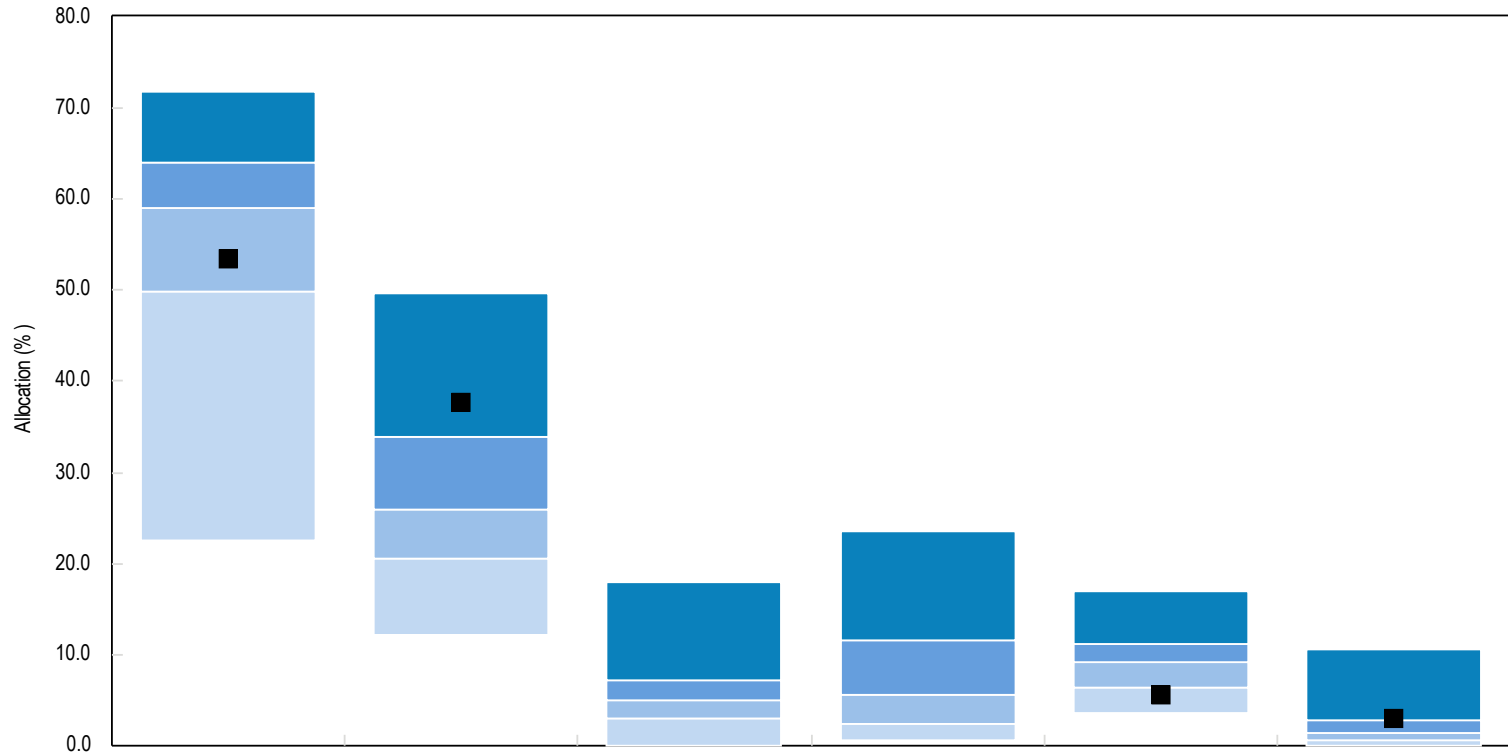
Parentheses contain percentile rankings. Performance shown for IPOPIF Investment Fund which excludes the Transition Account and Member Funds.



IPOPIF Investment Portfolio  
Peer Universe Comparison: Asset Allocation

Illinois Police Officers' Pension Investment Fund  
Period Ending: September 30, 2023

Total Plan Allocation vs. All Public Plans < \$1B-Total Fund  
As of September 30, 2023



	Total Equity 53.5 (66)	Total Fixed Income 37.8 (16)	Hedge Funds -	Private Equity -	Total Real Estate 5.6 (80)	Cash & Equivalents 3.1 (24)
■ IPOPIF Investment Portfolio						
5th Percentile	71.8	49.7	18.0	23.5	17.1	10.6
1st Quartile	64.1	33.9	7.2	11.6	11.1	2.9
Median	59.1	26.0	5.1	5.7	9.1	1.4
3rd Quartile	50.0	20.6	3.1	2.3	6.5	0.6
95th Percentile	22.5	12.2	0.1	0.6	3.6	0.1
Population	542	568	62	136	346	470

Parentheses contain percentile rankings. Excludes Transition Account and Member Funds. Real Assets contains Core Real Estate and REITs.



# Total Fund

## Data Sources and Methodology Page

Period Ending: September 30, 2023

### Performance Return Calculations

Performance is calculated using Time Weighted Rates of Return (TWRR) methodologies. Monthly returns are geometrically linked and annualized for periods longer than one year.

### Data Source

Verus is an independent third party consulting firm and calculates returns from best source book of record data. Returns calculated by Verus may deviate from those shown by the manager in part, but not limited to, differences in prices and market values reported by the custodian and manager, as well as significant cash flows into or out of an account. It is the responsibility of the manager and custodian to provide insight into the pricing methodologies and

### Manager Line Up

Manager	Inception Date	Data Source	Manager	Inception Date	Data Source
RhumbLine Russell 1000 Index Fund	3/15/2022	State Street	SSgA US TIPS Index Fund	3/17/2022	State Street
RhumbLine Russell 2000 Index Fund	3/15/2022	State Street	Principal USPA	4/6/2022	State Street
SSgA Non-US Developed Index Fund	3/10/2022	State Street	SSgA REITs Index Fund	3/10/2022	State Street
SSgA Non-US Developed SC Index Fund	3/10/2022	State Street	SSgA Core Fixed Income Index Fund	3/17/2022	State Street
SSgA Emerging Markets Equity Index Fund	3/10/2022	State Street	SSgA Short-Term Gov't/Credit Index Fund	3/17/2022	State Street
SSgA High Yield Corporate Credit	3/18/2022	State Street	Cash	3/22/2022	State Street
iShares JPM Emerging Market Bond Index ETF	3/14/2022	State Street			

### Policy Index Composition

As of 5/1/2023	Policy Index	Growth	Income	Inflation Protection	Risk Mitigation
Russell 1000	23%	39.7%			
Russell 2000	5%	8.6%			
MSCI World ex U.S.	18%	31.0%			
MSCI World ex U.S. Small Cap	5%	8.6%			
MSCI Emerging Markets	7%	12.1%			
Bloomberg US Aggregate Index	3%				17.6%
Bloomberg 1-3 Year Gov/Credit Index	13%				76.5%
Bloomberg US Corporate High Yield Index	10%		62.5%		
Bloomberg US TIPS 0-5 Year	3%			33.3%	
JPM EMBI Global Diversified Index	6%		37.5%		
NFI-ODCE Equal-Weighted Index	2%			22.2%	
Wilshire US REIT Index	4%			44.5%	
90 Day US Treasury Bill Index	1%				5.9%

As of 3/31/2022	Policy Index	Growth	Income	Inflation Protection	Risk Mitigation
Russell 3000	23%	46.0%			
MSCI ACWI ex USA IMI	20%	40.0%			
MSCI Emerging Markets IMI	7%	14.0%			
Bloomberg US Aggregate Index	7%				28.0%
Bloomberg 1-3 Year Gov/Credit Index	15%				60.0%
Bloomberg US Corporate High Yield Index	10%		62.5%		
Bloomberg US TIPS 0-5 Year	3%			33.3%	
50% JPM EMBI GD/50% JPM GBI EM GD	6%		37.5%		
NCREIF Property Index	2%			22.2%	
Wilshire US REIT Index	4%			44.5%	
90 Day US Treasury Bill Index	3%				12.0%

As of 1/1/2023	Policy Index	Growth	Income	Inflation Protection	Risk Mitigation
Russell 1000	18%	36.0%			
Russell 2000	5%	10.0%			
MSCI World ex U.S.	15%	30.0%			
MSCI World ex U.S. Small Cap	5%	10.0%			
MSCI Emerging Markets	7%	14.0%			
Bloomberg US Aggregate Index	7%				28.0%
Bloomberg 1-3 Year Gov/Credit Index	15%				60.0%
Bloomberg US Corporate High Yield Index	10%		62.5%		
Bloomberg US TIPS 0-5 Year	3%			33.3%	
JPM EMBI Global Diversified Index	6%		37.5%		
NFI-ODCE Equal-Weighted Index	2%			22.2%	
Wilshire US REIT Index	4%			44.5%	
90 Day US Treasury Bill Index	3%				12.0%

## Glossary

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**Allocation Effect:** An attribution effect that describes the amount attributable to the managers' asset allocation decisions, relative to the benchmark.

**Alpha:** The excess return of a portfolio after adjusting for market risk. This excess return is attributable to the selection skill of the portfolio manager. Alpha is calculated as:  $\text{Portfolio Return} - [\text{Risk free Rate} + \text{Portfolio Beta} \times (\text{Market Return} - \text{Risk free Rate})]$ .

**Benchmark R squared:** Measures how well the Benchmark return series fits the manager's return series. The higher the Benchmark R squared, the more appropriate the benchmark is for the manager.

**Beta:** A measure of systematic, or market risk; the part of risk in a portfolio or security that is attributable to general market movements. Beta is calculated by dividing the covariance of a security by the variance of the market.

**Book to Market:** The ratio of book value per share to market price per share. Growth managers typically have low book to market ratios while value managers typically have high book to market ratios.

**Capture Ratio:** A statistical measure of an investment manager's overall performance in up or down markets. The capture ratio is used to evaluate how well an investment manager performed relative to an index during periods when that index has risen (up market) or fallen (down market). The capture ratio is calculated by dividing the manager's returns by the returns of the index during the up/down market, and multiplying that factor by 100.

**Correlation:** A measure of the relative movement of returns of one security or asset class relative to another over time. A correlation of 1 means the returns of two securities move in lock step, a correlation of -1 means the returns of two securities move in the exact opposite direction over time. Correlation is used as a measure to help maximize the benefits of diversification when constructing an investment portfolio.

**Excess Return:** A measure of the difference in appreciation or depreciation in the price of an investment compared to its benchmark, over a given time period. This is usually expressed as a percentage and may be annualized over a number of years or represent a single period.

**Information Ratio:** A measure of a manager's ability to earn excess return without incurring additional risk. Information ratio is calculated as: excess return divided by tracking error.

**Interaction Effect:** An attribution effect that describes the portion of active management that is contributable to the cross interaction between the allocation and selection effect. This can also be explained as an effect that cannot be easily traced to a source.

**Portfolio Turnover:** The percentage of a portfolio that is sold and replaced (turned over) during a given time period. Low portfolio turnover is indicative of a buy and hold strategy while high portfolio turnover implies a more active form of management.

**Price to Earnings Ratio (P/E):** Also called the earnings multiplier, it is calculated by dividing the price of a company's stock into earnings per share. Growth managers typically hold stocks with high price to earnings ratios whereas value managers hold stocks with low price to earnings ratios.

**R Squared:** Also called the coefficient of determination, it measures the amount of variation in one variable explained by variations in another, i.e., the goodness of fit to a benchmark. In the case of investments, the term is used to explain the amount of variation in a security or portfolio explained by movements in the market or the portfolio's benchmark.

**Selection Effect:** An attribution effect that describes the amount attributable to the managers' stock selection decisions, relative to the benchmark.

**Sharpe Ratio:** A measure of portfolio efficiency. The Sharpe Ratio indicates excess portfolio return for each unit of risk associated with achieving the excess return. The higher the Sharpe Ratio, the more efficient the portfolio. Sharpe ratio is calculated as:  $\text{Portfolio Excess Return} / \text{Portfolio Standard Deviation}$ .

**Sortino Ratio:** Measures the risk adjusted return of an investment, portfolio, or strategy. It is a modification of the Sharpe Ratio, but penalizes only those returns falling below a specified benchmark. The Sortino Ratio uses downside deviation in the denominator rather than standard deviation, like the Sharpe Ratio.

**Standard Deviation:** A measure of volatility, or risk, inherent in a security or portfolio. The standard deviation of a series is a measure of the extent to which observations in the series differ from the arithmetic mean of the series. For example, if a security has an average annual rate of return of 10% and a standard deviation of 5%, then two thirds of the time, one would expect to receive an annual rate of return between 5% and 15%.

**Style Analysis:** A return based analysis designed to identify combinations of passive investments to closely replicate the performance of funds

**Style Map:** A specialized form or scatter plot chart typically used to show where a Manager lies in relation to a set of style indices on a two dimensional plane. This is simply a way of viewing the asset loadings in a different context. The coordinates are calculated by rescaling the asset loadings to range from -1 to 1 on each axis and are dependent on the Style Indices comprising the Map.

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Verus receives universe data from InvMetrics, eVestment Alliance, and Morningstar. We believe this data to be robust and appropriate for peer comparison. Nevertheless, these universes may not be comprehensive of all peer investors/managers but rather of the investors/managers that comprise that database. The resulting universe composition is not static and will change over time. Returns are annualized when they cover more than one year. Investment managers may revise their data after report distribution. Verus will make the appropriate correction to the client account but may or may not disclose the change to the client based on the materiality of the change.


 IPOPIF

# ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

## MEMORANDUM

DATE: December 7, 2023  
 TO: IPOPIF Board of Trustees  
 FROM: Kent Custer, Chief Investment Officer  
 SUBJECT: Transition of Assets Planning

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### **Purpose**

To review preparations for potential asset transfers from Article 3 funds and accept guidance from the Board of Trustees.

### **Background**

- The IPOPIF Transition Period ended on 12/31/22.
- On February 10, 2023, the IPOPIF Board took actions to establish a process to transfer assets from Participating Police Pension Funds (PPFs) that did not transfer assets during the Transition Period (Late-Transferring PPFs).
  - Authorized the Chief Investment Officer to execute an amendment to extend the Transition Manager Agreement through 12/31/23, subject to review by Fiduciary Counsel
  - Establish a Transfer Schedule for Late-Transferring Pension Funds
  - Accept Cash Contributions from Late-Transferring Pension Funds
- The Transition Manager Agreement was extended through 12/31/23 at no additional cost.
- A Transfer Schedule was established to transfer assets on the first business day of the second month of the quarter.
- Four funds transferred assets valued at \$35 million on 5/1/23. One fund transferred assets valued at \$13 million on 8/1/23. No other funds have expressed an interest in transferring assets to IPOPIF.
- 15 litigant funds with an estimated aggregate asset value of \$1.2 billion have not transferred assets pending a legal challenge to the consolidation statute. Additionally, nine other funds with an estimated aggregate asset value of \$63 million have also not transferred assets.
- The Illinois Supreme Court heard oral arguments on 11/21/23.

### **Select Provisions from the IPOPIF Valuation and Cost Rule**

- “Extraordinary Costs” means those Costs that IPOPIF incurs in connection with the transfer of assets of Late-Transferring Participating Police Pension Funds that IPOPIF would not have incurred if the Late-Transferring Participating Police Pension Funds had transferred assets during the Transition Period.
- “Late-Transferring Participating Police Pension Fund” means a Participating Police Pension Fund that does not transfer assets during the Transition Period.

- Extraordinary Costs shall be equitably allocated to the Late Transferring Pension Funds as determined by IPOPIF.

**Status and Considerations**

- Staff recommends providing transition services for future transfers to mitigate the market risk associated with liquidation and reinvestment.
- Staff is negotiating an agreement to extend the Transition Manager Agreement beyond 12/31/23. There may be Transition Manager fees for future transitions.
- Staff, Custodian, and the Transition Manager are discussing transition process reactivation and potential challenges, changes, and improvements.
- Staff has confirmed that the approved independent CPAs are willing to continue to provide Agreed Upon Procedures to review Certified Investment Asset Lists and Reconciliations.

**Next Steps**

- Staff will continue discussions with the Custodian and Transition Manager with guidance from Fiduciary Counsel.
- We will seek Board approval for any extension of the Transition Manager Agreement beyond 12/31/23.



**VISION M.A.I. Consulting**  
Lobbyist Report – December 15, 2023

**ILLINOIS POLICE OFFICERS’ PENSION INVESTMENT FUND  
Veto Session Summary Report**

The Fall legislative veto session produced a significant number of winners and losers. For additional information please find a summary of legislation below. The Illinois General Assembly passed 21 pieces of legislation over its two-week veto session this fall and approved one amendatory veto from the governor. The following is a summary of some of the major bills passed by both chambers:

[HB351 \(Tarver\) – Corruption in Office](#)

The bill, which the House originally passed in May 2023, bars an individual convicted of a felony, bribery, perjury, or misuse of public funds while serving in a public office from ever holding public office in Illinois again. The bill also creates a task force to examine eligibility to hold public office.

Senate amendments to the legislation tweaked who exactly can sit on that task force and made changes to the requirements for public notaries. Under the bill, public notaries of election paperwork are no longer required to journalize their activities. The bill changes the law to no longer require notaries of election paperwork to journalize their activities. The bill passed the Senate unanimously and received just 18 'no' votes from Republicans in the House.

[HB1358 \(Burke\) - Sunset Omnibus Bill](#)

This bill extends the sunset dates for numerous programs, task forces, reports, and studies. Perhaps notably absent from this and other sunset extension bills was an extension of the Invest in Kids tax credit scholarship program, which provided publicly backed scholarships to low- and middle-income students to attend private schools of their choice.

[HB2104 \(Delgado\) – Drowning Prevention](#)

The bill adds instruction on water safety and drowning prevention to the safety instruction that students in grades Pre-K through sixth grade receive in Illinois public schools. The materials and resources must come from the American Red Cross, the Great Lakes Surf Rescue Project, or another district-approved source. The bill came as a result of an uptick in drowning deaths of young people. The bill received unanimous support in both the House and Senate.

[HB2394 \(Morgan\) – Professional Licensing](#)

This bill attempts to address the backlog of occupational license renewals and registrations at the Illinois Department of Financial and Professional Regulation (IDFPR) by creating a

competitive bid process to procure new software for the department. Individuals from occupations all over the state have been reporting delays of up to six months when trying to obtain, renew, or reinstate a professional license. IDFPR Secretary Mario Treto Jr. recently reported that a long process of attempting to procure new licensing software for the department fell through. This legislation aims to expedite that procurement process.

It also requires the department to extend the expiration date and renewal periods for professional licenses if the agency's secretary finds it necessary. The goal is to ensure that individuals in high-need professions, such as nursing and social workers, can continue to work despite delays in the professional licensing system.

#### [HB2473 \(Yednock\) – Ending Nuclear Moratorium](#)

This bill ends the long-standing moratorium on the development of new nuclear power generation facilities in Illinois. Earlier this year, Gov. J.B. Pritzker vetoed similar legislation in SB76 (Rezin), saying that the bill was overly broad, allowing for large-scale nuclear reactors that rely heavily on public subsidies.

Instead of overturning that veto, Sen. Sue Rezin (R-Morris) and Rep. Lance Yednock (R-Ottawa) opted to introduce new legislation that tightened the scope of the bill, focusing it on small, modular nuclear reactors that rely on still-emerging technologies. The new legislation also tasks the Illinois Emergency Management Agency and Office of Homeland Security with oversight, environmental monitoring, and disaster preparedness protocols to address Pritzker's public health and safety concerns. The bill received bipartisan support in both chambers, with some Chicago Democrats continuing to oppose further nuclear development.

#### [HB2878 \(Hoffman\) – Public-Private Partnerships](#)

The House and Senate voted to accept an amendatory veto by the governor. The governor rejected a provision of the bill that allowed any unit of local government to enter public-private partnerships without any oversight with regard to ethical, campaign finance, or best practice concerns. The veto was accepted unanimously in the Senate, and just four voted against the motion to accept in the House.

#### [HB3641 \(Burke\) – Omnibus Regulatory/Labor Bill](#)

This omnibus bill contains various changes that clean up and tweak existing legislation and programs. Notably, a sunset extension was also removed from the bill relating to penalty enhancements for firearm-related offenses to be dealt with as a piece of legislation. Republicans on the floor supported the bill but also said they support those enhancements that may improve public safety.

The bill also delays the implementation of provisions of the Illinois Day & Temporary Labor Services Act until 2024. Business groups have expressed concern with parts of this law passed on Aug. 4, 2023, as HB2862 (Gonzalez). It requires staffing firms to provide temporary workers equal pay and benefits as workers employed directly by the client employer after 90 days of work. HB3641 delays the calculation of those 90 days until after



Apr. 1, 2024, providing employers and staffing agencies more time to comply with the law.

[SB384 \(Feigenholtz\) - EV Chargers at Residences](#)

This bill corrected a drafting error in previously passed legislation on electric vehicle chargers. It clarifies that single-family homes and multi-family residential buildings that have parking spaces constructed after the law's effective date are required to be EV-capable, meaning they have the electrical infrastructure necessary to support an EV charger. The original version of the bill conflated requirements for new structures and existing structures. This bill received Republican opposition in both the House and Senate.

[SB385 \(Belt\) - Springfield Schools Eminent Domain](#)

This bill authorizes a "quick-take" exercise of the state's eminent domain powers to secure land for redeveloping Springfield High School. The school district has been offering roughly \$69,000 for the parcel which is appraised at approximately \$60,000, but the landowner has been asking for more than \$200,000. Some Republicans opposed this measure on the floor, arguing it constituted government overreach.

[SB584 \(Cunningham\) - Gaming Omnibus](#)

The bill makes four changes within the state's gaming law. It allows funds to be transferred between different accounts for lottery scratch-off games that benefit specific charities. It extends the timeframe that a temporary casino can be open to address a concern in Lake County. It halves the \$10 million in community tax revenue the Rivers Casino in Des Plaines must forward yearly to the state. It finally extends the sunset provision for in-person sports gambling on Illinois-based college games.

[SB765 \(Harris\) - Farmer's Reinsurance](#)

This bill addresses changes to the reinsurance market for farmers. Insurance companies traditionally hold reinsurance policies to shore up their financial security in case of an unexpected spike in insurance claims. The bill changes the law to require farm mutual insurance companies to maintain "adequate" catastrophic reinsurance rather than "unlimited" reinsurance. Lawmakers said that up to 50,000 Illinois farmers would likely lose their insurance coverage at the end of the year if not for this change.

[SB1559 \(Lightford\) – Cannabis Transporter License Moratorium](#)

This bill places a two-year moratorium on new cannabis transporter licenses at the request of the Illinois Department of Agriculture and creates a two-year fee holiday for existing transporters. The goal is to allow existing smaller, independent transporters to secure contracts and grow their businesses without additional competition and the burden of state fees. In a statement, Gov. J.B. Pritzker said he supports the bill and said it will contribute to creating an equitable legal cannabis system in the state that acknowledges the impact of the war on drugs.

[SB1699 \(Cunningham\) – Energy Omnibus Sans ROFF](#)

This bill contains the provisions of energy omnibus bill HB3445 (Walsh) except those dealing with giving Ameren the right of first refusal on downstate energy transmission line construction, for which Gov. J.B. Pritzker issued an amendatory veto in August 2023. In lieu of accepting that amendatory veto, the House and Senate passed this bill, which contains various provisions expanding solar energy at public schools, authorizing the Illinois Power Agency to conduct several studies, and directing the Illinois Commerce Commission to hold workshops on thermal energy, among others.

[SB1769 \(Ventura\) – IDOT EV Requirements](#)

This bill exempts vehicles obtained through the Illinois Department of Transportation's consolidated procurement program from the Climate and Equitable Jobs Act requirement that all government vehicles in Illinois be zero-emission by 2030. That requirement still applies to all passenger vehicles procured by the state, except for law enforcement, emergency vehicles, and those obtained through the IDOT program. Republicans on the floor opposed the bill as part of continued opposition to zero-emission requirements, arguing the standards will make Illinois more dependent on foreign-produced batteries and equipment.

[SB1956 \(Martwick\) Chicago Police COLAs](#)

This change to pension law brings Chicago Police Officer cost of living adjustments (COLA) into parity with the law for Chicago firefighters and eliminates a confusing bifurcated COLA system for officers that resulted in unfunded liabilities for the city of Chicago. The result, Sen. Robert Martwick (D-Chicago) said on the floor, will bring transparency to the pension system for the city of Chicago and make the actual cost of the pension liability more real and manageable. Changing the system, Martwick explained, was opposed by the city of Chicago's prior administration but is supported by Mayor Brandon Johnson's administration.

Additional bills that passed:

- SB382 (Edly-Allen/Gong-Gershowitz): Trailer bill to clarify definitions in the Civil Remedies for Nonconsensual Dissemination of Private Sexual Images Act
- SB384 (Feigenholtz/Moeller): Trailer bill to the Electric Vehicle Charging Act, which requires EV-capable parking spaces in all new homes and multi-residential buildings, to clarify the law applies to rental units and condo properties.
- SB385 (Belt/Hoffman): Land conveyance in Venice
- SB584 (Cunningham/Didech): Gaming bill that makes technical changes to the process for funding special cause scratch-off games, allows the Gaming Board to extend temporary casino in Waukegan, and changes the timeline for payments to Des Plaines.
- SB690 (Castro/Didech): Validates certain tax levies for community mental health boards to ensure that local referenda previously passed are effective; more [here](#)

- SB696 (Aquino/Huynh): Extends the authority of several tax increment financing districts
- SB765 (Harris/Jones): Changes concerning farm mutual insurance
- SB767 (Fine/Manley): Amends the Hearing Instrument Consumer Protection Act to require a 30-day return on hearing instruments
- SB950 (Bryant/Friess): Land conveyance in Chester
- SB1559 (Lightford/Ford): Imposes a moratorium on additional cannabis transporter licenses until 2027, and waives fees paid by existing transporters until 2027
- SB1629 (Martwick/Kifowit): Firefighter pension bill
- SB1699 (Cunningham/Walsh): This contains the language of the energy omnibus bill that was amendatorily vetoed by the Governor without the controversial right of first refusal for Ameren. The bill requires the ICC to hold stakeholder workshops and requires Illinois Power Agency to conduct studies on offshore wind projects, energy storage systems, and underground transmission lines. It also clarifies that solar projects by school districts can be on any school property (not just the building).
- SB1769 (Ventura/Hoffman): Requires vehicles owned by a governmental unit must either be a manufactured zero-emission vehicle or converted into a zero-emission vehicle
- SB 1956 (Martwick/Slaughter): Chicago police pension bill; more [here](#)
- SB1988 (Castro/Burke): Clarifies the process for property tax appeal if a change is made by the assessor absent a complaint by the property owner
- HB351 (Tarver/Harmon): Creates a Task Force to Review Eligibility to Hold Public Office and clarifies provisions concerning notaries and what information must be retain for purposes of petitions
- HB1358 (Burke/Glowiak Hilton): Omnibus bill extending dozens of laws scheduled to sunset or reporting deadlines.
- HB2104 (Delgado/Villivalam): Safety education for K-6 must include evidence-based water safety instructional materials and resources
- HB2394 (Morgan/Glowiak Hilton): Allows for an alternative procurement process for the provision of licensing system for IDFPR and allows IDFPR to issue extensions of licenses and waive fees
- HB2473 (Yednock/Resin): Lifts Illinois' moratorium on nuclear plants; this is language similar to SB76, which was vetoed by the Governor, with changes agreed to by the Governor
- HB2878 (Hoffman/Castro): Procurement omnibus; the General Assembly accepted the Governor's amendatory veto limiting authorization of public-private partnerships for local transportation projects
- HB3641 (Burke/Cunningham): Omnibus bill making changes to numerous state laws, including a provision related to equal pay for temporary workers

Despite a fairly large number of winners, there were some issues that did not pass both chambers. Each chamber passed their own version of a Chicago school board map, but could not agree on a final version. The Senate passed two bills related to vetoes that were not considered by the House: (i) prohibits employers from voluntarily using E-Verify program (SB508), and (ii) requires ISBE to procure a contract for Halal/Kosher food (SB457). The Senate also passed a new regulatory framework for pawnbrokers, but it

wasn't considered by the House. The House passed a few bills that weren't considered by the Senate, including Speaker Welch's bill authorizing legislative staff to unionize, a property tax omnibus intended to address the veto of HB2507, and legislation to clarify that grants from DECO are not taxable events.

**103<sup>rd</sup> 2024 - GENERAL ASSEMBLY IMPORTANT SESSION DATES**

- I.** January 16<sup>th</sup> Spring Session Convenes
- II.** January 19<sup>th</sup> House & Senate LRB Requests
- III.** February 9<sup>th</sup> House & Senate Bill Introduction Deadline
- IV.** February 9<sup>th</sup> LRB Amendment Request Deadline Convenes
- V.** February 21<sup>st</sup> Governor's Budget & State of the State Address

ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

IPOPIF

**MEMORANDUM**

TO: IPOPIF BOARD OF TRUSTEES  
FROM: RICHARD WHITE, EXECUTIVE DIRECTOR  
KENT CUSTER, CHIEF INVESTMENT OFFICER  
REGINA TUCZAK, FINANCE DIRECTOR  
RE: STRATEGIC PLAN 2024-2026  
DATE: DECEMBER 15, 2023

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**RECOMMENDATION:** APPROVE STRATEGIC PLAN 2024-2026

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Strategic Planning is an important process which provides an opportunity for an organization to define the aspiring vision and mission for the organization, to establish core values and to develop and overarching plan for the organization to ensure that all components of the organization are working on achieving realistic goals and objectives.

As a new organization, the Strategic Plan will greatly enhance the functionality of the organization, ensuring that the approved strategies are closely aligned with the mission and core values of the Fund, provide oversight and financial accountability regarding the activities of the Fund, and communicate with our stakeholders about the implementation of the pension code responsibilities of the Fund.

Importantly, the Strategic Plan will provide the Board of Trustees with the knowledge necessary to provide oversight and governance to the Fund and accountability to the stakeholders, Article 3 participating police pension funds, municipalities, and the public.

The Board of Trustees and staff worked collaboratively to define the culture and characteristics to which IPOPIF aspire and the vision to be a high performing and trusted provider of institutional investment services to its members, beneficiaries, employers, and taxpayers.

The Plan details the strategic goals for Investments, Governance, Management, and Stakeholder Relations and the objective defining these outcomes and strategies to achieve these goals.

The Strategic Plan covers the periods of 2024 through 2026 and will be reviewed annually by the Board of Trustees, particularly during the development of the annual budget to link the plan with the resources and tool necessary to achieve the goals. The Board of Trustees will also receive status reports regarding the goals and objectives on a quarterly basis throughout the plan term.

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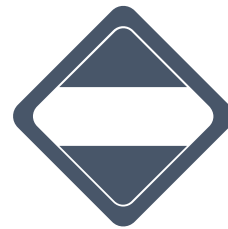
### **STRATEGIC PLAN: OBJECTIVE ACTION PLANNING**

Implementation and monitoring of the individual action plans will be an ongoing process to begin in the first quarter of 2024. Executive staff will be responsible for the development of the objective action plans that will define the responsibilities and timelines for the accomplishment of the objective. Each strategic objective plan will delineate the scope and key outputs for the objective, the approach to achieving the objective, the desired outcome and performance measures for the objective. The specific action plan will contain a schedule and milestones for the deliverables, define roles and responsibilities, critical success factors and constraints, and list resource needs necessary to achieve the strategic objective. The action plans will be developed and implemented throughout the Strategic Plan period. Attached for review is a sample objective action plan for the **GOVERNANCE GOAL: Ensure good governance by implementing best practices for accountability and transparency.**

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### **EXECUTIVE GOALS AND OBJECTIVES**

In conjunction with the Strategic Plan, the Board of Trustees requested additional information regarding goals and objectives disassociated with the Strategic Plan but additionally specific to the Executive Director and Chief Investment Officer and are provided separately in the materials.



**Illinois Police Officers'**  
**PENSION INVESTMENT FUND**

# STRATEGIC PLAN

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# 2024-2026

# INTRODUCTION

This IPOPIF 2024-26 Strategic Plan outlines the vision, mission, core values, strategic goals and objectives of IPOPIF. The Plan builds on the diligent work of the Board of Trustees and staff conducted since the inception of IPOPIF on December 18, 2019.

The Board and staff worked collaboratively to define the culture and characteristics to which IPOPIF aspire and the vision to be a high performing and trusted provider of institutional investment services to its members, beneficiaries, employers, and taxpayers. The Plan details the strategic goals for Investments, Governance, Management and Stakeholder Relations and the objectives defining those outcomes and strategies to achieve those goals.

Details of the activities for each objective to accomplish the established goals are defined in separate action plans.

# VISION

To be a high performing and trusted provider of institutional investment services to our members, beneficiaries, employers, and taxpayers.

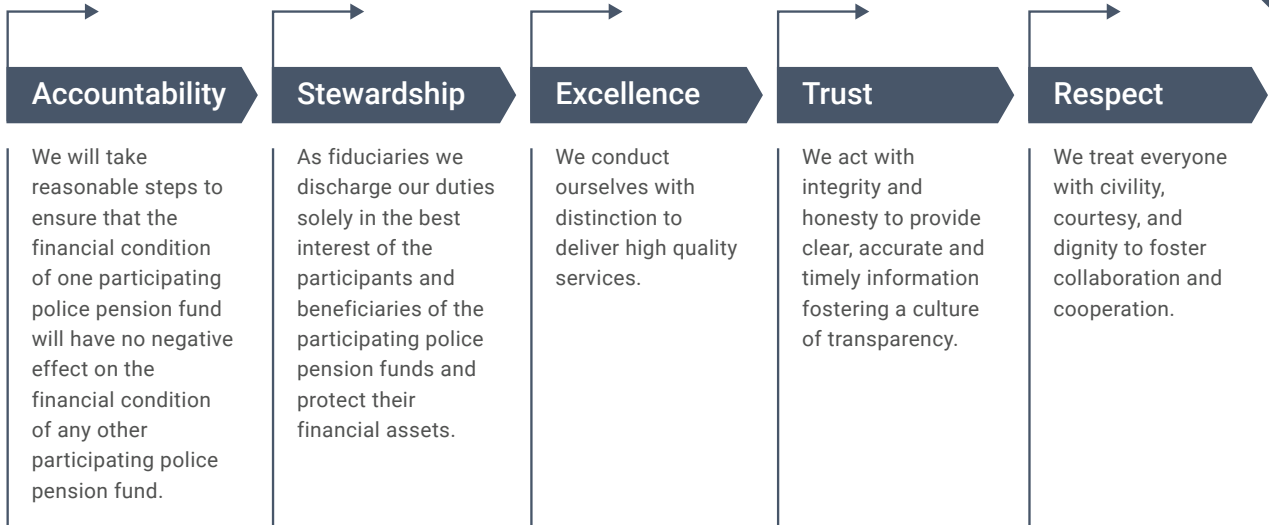


# MISSION

Build and maintain the long-term stability of the investment fund to enable our partners to meet financial obligations and fund pension benefits for participants and beneficiaries.



# OUR CORE VALUES



# STRATEGIC GOALS



# INVESTMENT GOAL

Generate net returns that exceed the assumed actuarial rate of return.

## OBJECTIVES

01

### Review and revise the asset allocation and Investment Policy Statement

Outcomes:

- Changes to the asset allocation expected to provide improved returns
- Staff and Board understanding of the risks associated with the strategic asset allocation

02

### Develop investment plans for private market asset classes

Outcomes:

- Investment implementation plans for the private market asset classes

03

### Conduct investment manager searches

Outcomes:

- Understanding and conviction in the manager structure for each asset class
- Passive management when there is not high conviction in alpha potential
- Selection of high-conviction active managers

04

### Develop compliance monitoring and reporting framework

Outcomes:

- Timely compliance with all requirements

05

### Expand investment communications

Outcomes:

- Improved communication materials and delivery leading to broader knowledge and more effective monitoring of IPOPIF investments

06

### Resolve non-transferable assets

Outcomes:

- Article 3 Authorized Agent understanding of non-transferable assets resolution process
- Full transfer of all investment assets to IPOPIF, subject to investment prudence

# GOVERNANCE GOAL

Ensure good governance by implementing best practices for accountability and transparency.

## OBJECTIVES

01

### Good governance policy and procedures

Outcomes:

- Board policies and procedures that promote transparency, accountability, and oversight
- Fund policy plan review schedule to ensure that policies are in-line with current legal, ethical, and governance standards

02

### Enhance effectiveness of the Board and Organization

Outcomes:

- Enhanced board meeting effectiveness and efficiency
- Implementation of best practices for board effectiveness
- Board trustee member list of desired characteristics and competencies
- Compliance with legal and Fund policies

# MANAGEMENT GOAL

Effectively and efficiently administer the fund to achieve desired results.

## OBJECTIVES

01

### Determine desired outputs and services of finance and accounting operations

Outcomes:

- ♦ A comprehensive catalogue of all outputs and services provided by the finance and accounting operations pertaining to all areas of responsibility, including the following subject matters:
  - ◊ Financial statements (monthly, ACFR, annual report, PAFR)
  - ◊ Budget (content of document, timing of amendments)
  - ◊ Actuarial reports
  - ◊ Cash management
  - ◊ Agreed-upon procedures for Article 3 Funds
  - ◊ Other accounting information

02

### Develop, design and document internal controls, policies and procedures to support outputs and services pertaining to finance and accounting operations

Outcomes:

- ♦ Comprehensive documentation of process flows, job responsibilities, and policies that accomplish the outputs and services expected of finance and accounting operations
- ♦ Internal checklists and tracking tools that can be used by staff to ensure practical application of internal controls and consistency of procedures

# MANAGEMENT GOAL

Effectively and efficiently administer the fund to achieve desired results.

## OBJECTIVES

03

### Evaluate current resources and long-term needs to support outputs and services of the finance and accounting operations

Outcomes:

- More effective utilization of existing resources and/or additional training on existing resources
- Staff development with best utilization of skills and competencies
- Determination if current software applications (general ledger, payroll, etc.) are the most effective and cost efficient for operational needs
- Opportunities for more effective utilization of external service providers with services or products not currently in use
- If applicable, recommendation of any resource changes or alternative resources or staff to support operational needs

04

### Implement the information technology roadmap to align technology with best practices and team resources to achieve organizational goals

Outcomes:

- Fund team and Board members have appropriate technology to successfully accomplish their tasks and assignments in an efficient manner
- Protect the fund and stakeholders from malicious actors that use technology to hack and disrupt IT operations
- Address gaps identified in the IT assessment

05

### Complete the human resources plan to assess people, benefits, succession planning needs to support IPOPIF and regulatory requirements

Outcomes:

- Retention of staff members
- Team member materials, handbooks and processes meet regulatory and policy compliance
- Employee performance standards
- Professional development of staff members

# STAKEHOLDER RELATIONS GOAL

Maintain constructive communication and partnerships with employers, participating police pension funds, their participants, and beneficiaries.

## OBJECTIVES

01

**Effectively provide information to participating pension funds, participants and beneficiaries, municipalities, and other stakeholders**

Outcomes:

- Building of trust
- Timeliness of information
- Better informed participants and beneficiaries

# GOVERNANCE GOAL

Ensure good governance by implementing best practices for accountability and transparency

## OBJECTIVES

01

### Good governance policy and procedures

Outcomes:

- Board policies and procedures that promote transparency, accountability, and oversight.
- Fund policy plan review schedule to ensure that policies are in-line with current legal, ethical, and governance standards.

02

### Enhance Effectiveness of the Board and Organization

Outcomes:

- Enhanced board meeting effectiveness and efficiency
- Implementation of best practices for board effectiveness
- Board trustee member list of desired characteristics and competencies.
- Compliance with legal and Fund policies.

## Strategic Objective

<b>Objective Name:</b>	<b>GOOD GOVERNANCE POLICY AND PROCEDURES</b>
<b>Strategic Goal:</b>	<b>GOVERNANCE GOAL:</b> Ensure good governance by implementing best practices for accountability and transparency
<b>Objective Lead:</b>	Richard White, Executive Director
<b>Objective Background &amp; Purpose:</b>	<p>Build and maintain a governance structure including policies and procedures consistent with a large public pension plan to meet the highest fiduciary, investment, and actuarial standards.</p> <p>The basis of a strong governance structure is generally composed of principle elements including adherence to laws and rules; accountability; consistency; participation; consensus; transparency; responsiveness; inclusiveness; equity; effectiveness; and efficiency. The aim of this objective is to have a more robust Board governance that will result in greater accountability and transparency and strengthen the competency of the Board and staff through the comprehensive review of the current policies and implementation of best practices.</p>

## Scope & Key Outputs

- Development of a Board governance document policy plan to keep track of the adoption and a review schedule to ensure that policies are current and in-line with current legal, ethical, and governance standards.
- Comprehensive review and update of Board governance documents including policies and procedures that promote transparency, accountability, and oversight.
- Gap analysis based on research of best practices and all legal requirements.
- Recommendations on policies to be updated and best practices.



### Approach

The approach to building and maintaining a governance structure including effective policies and procedures will be conducted in steps. Step 1: Staff will begin with compiling all current policies into Board Governance Manual and developing a tracking process of the policies. Step 2: Staff will conduct a comprehensive review of all board governance documents with legal counsel to identify and prioritize the list of policies that need updating or best practices. Step 3: Staff will conduct research to identify best practices from comparable public pension plans; conduct a gap analysis; and prepare recommendations to the Governance Committee/Board to address any gaps. Step 4: Based on an approved prioritized list of policies, staff will develop the policies that require updating and best practices that need to be adopted for Committee/Board approval. Step 5: Upon approval of the policies, staff will implement, train, and evaluate the effectiveness of each policy.

### Desires Outcomes

- Governance policy and procedure plan that describes appropriate policies for the Fund.
- Governance policy and policy tracking document to include schedule of adoption and review.
- Governance policy and procedure gap analysis to include policies and procedures that are needed to ensure good governance of the Fund.

### Performance Measures

- Progress against the milestone and deliverables schedule.
- Completion of outcomes before the Governance Committee and Board of Trustees.

### Action Plan

#### High-Level Schedule and Milestones

ID	Milestone/Deliverable	Target Completion Date
1	Governance Policy and Procedure Document Plan – list of current policies	February 2024
2	Governance Policy and Procedure Tracking Document -list of current policies	February 2024
3	Governance Committee Review and Recommendations	May 2024
4	Governance Policy and Procedure Gap Analysis Report	May 2024
5	Board of Trustee Review and Approvals of updated and new policies	Various – TBD

Additional details of the task and activities of the plan are attached.

### Critical Success Factors

- The workload and schedule of Executive Team and Legal Team will be a critical component of the timely completion of this objective.

### Constraints (optional)

- The workload and schedule of Executive Team and Legal Team will be a critical component of the timely completion of this objective.

### Roles and Responsibilities

Team Member	Role	Responsibilities
1. Richard White	Executive Director	<ul style="list-style-type: none"> <li>• Lead project</li> <li>• Assign tasks</li> <li>• Oversight and coordination</li> <li>• Research and development</li> </ul>
2. Kent Custer	Chief Investment Officer	<ul style="list-style-type: none"> <li>• Review and recommendations</li> <li>• Research and development</li> </ul>
3. Regina Tuczak	Chief Financial Officer	<ul style="list-style-type: none"> <li>• Review and recommendations</li> <li>• Research and development</li> </ul>
4. Kate Cobb and Samantha Lambert	Administrative Analyst	<ul style="list-style-type: none"> <li>• Research and development</li> <li>• Administrative tasks</li> </ul>
5. Rick Reimer	General Legal Counsel	<ul style="list-style-type: none"> <li>• Review and recommendations</li> </ul>
6. Taylor Muzzy	Fiduciary Legal Counsel	<ul style="list-style-type: none"> <li>• Review and recommendations</li> </ul>
7. Jason Franken	Actuary	<ul style="list-style-type: none"> <li>• Review and recommendations</li> </ul>

### Resource Needs

- Miscellaneous office and administrative technology and equipment
- Internet and technology

### Date of Action Plan

December 8, 2023

**GOVERNANCE GOAL**  
**Objective : Good governance policy and procedures**  
**Objective Lead: Richard White**  
**Project Start Date: January 2024**

ID	Task	Lead	Start Date	Est. Effort	Status	% Complete	Comments/Dependencies
<b>1.0</b>	<b>Develop governance policy and procedure document plan and tracking</b>	<b>Richard White</b>					
1.1	Assemble all policies into one Board Governance Manual	Kate Cobb/Samantha Lambert	1/1/2024	1/24/2024	Started		A. Electronic filing (Teams) B. Hard paper copy
1.2	Prepare list of current policies	Kate Cobb/Samantha Lambert	1/1/2024	1/24/2024	Started		A. Electronic filing (Teams) B. Hard paper copy
1.3	Determine dates of adoption, last revision and review period for each policy	Kate Cobb/Samantha Lambert	1/1/2024	1/24/2024	Started		A. Electronic filing (Teams) B. Hard paper copy
1.4	Develop governance policy and procedure tracking documents	Kate Cobb/Samantha Lambert	1/1/2024	1/24/2024	Started		A. Electronic filing (Teams) B. Hard paper copy
	Develop Governance Committee Agenda Item and Materials	Richard White	1/22/2024	1/11/2024	Not started		Planned for Governance Committee meeting on February 9, 2024.
<b>2.0</b>	<b>Review policies to be updated</b>	<b>Richard White</b>					
2.1	Review Current Board governance documents	ED/OD/CFD/Legal	1/1/2024	4/26/2024	Not started		Multiple policies which will have their own development timelines.
2.2	Consult with faculty and general counsels to discuss current policies that need updating and best practices	ED/OD/CFD/Legal	1/1/2024	4/26/2024	Not started		Multiple policies which will have their own development timeline.
2.3	Develop priority list of the current policies to be revised	Richard White	2/1/2024	4/26/2024	Not started		
<b>3.0</b>	<b>Conduct gap analysis</b>	<b>Richard White</b>					
3.1	Conduct research of Board Governance of comparable public pension plans to identify best practices.	Richard White	2/13/2024	4/26/2024	Not started		
3.2	Review applicable legal statutes concerning governance of POPF.	Legal	2/13/2024	4/26/2024	Not started		
3.3	Compare POPF's Board Governance documents to best practices and legal requirements to identify gaps in current policies, process, procedures and structure.	ED/OD/CFD/Legal	2/13/2024	4/26/2024	Not started		
3.4	Prepare gap analysis report and recommendations to the Governance Committee and Board to address any gaps and prioritize list of the policies that should be updated or adopted.	Richard White	4/26/2024	5/1/2024	Not started		
<b>4.0</b>	<b>Development of policies</b>	<b>Richard White</b>					
4.1	Upon approval of the recommendations from the gap analysis and priority list by the Committee/Board, develop policies in priority order	Richard White	5/20/2024	6/5/2024	Not started		
4.2	Draft policies	ED/OD/CFD/Legal	TBD	TBD	Not started		Multiple policies which will have their own development timelines.
4.3	Review policies with legal and update as needed	ED/OD/CFD/Legal	TBD	TBD	Not started		Multiple policies which will have their own development timelines.
4.4	Develop Governance Committee Agenda Item and Materials	Richard White	5/1/2024	5/8/2024	Not started		Governance Committee meeting scheduled for May 23, 2024
4.5	Adoption of policy by Committee/Board	Richard White	5/20/2024	6/5/2024	Not started		Board of Trustee meeting scheduled for June 24, 2024
<b>5.0</b>	<b>Implementation, training and evaluation of approved policies</b>	<b>Richard White</b>					
5.1	Conduct training for Board and key staff members on the new policies, as necessary.	ED/OD/CFD/Legal	TBD	TBD	Not started		
5.2	Implement policies and monitor implementation.	ED/OD/CFD/Legal	TBD	TBD	Not started		
5.3	Update the Board Governance Manual.	Richard White	TBD	TBD	Not started		
5.4	Review, evaluate and modify the policies according to each policy's review cycle.	ED/OD/CFD/Legal	TBD	TBD	Not started		

**Status descriptions:**  
 Not Started  
 In Progress  
 Delayed  
 Complete


 IPOPIF

## ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

**MEMORANDUM**

TO: IPOPIF BOARD OF TRUSTEES  
 FROM: RICHARD WHITE, EXECUTIVE DIRECTOR  
 RE: EXECUTIVE DIRECTOR - GOALS AND OBJECTIVES  
 DATE: DECEMBER 15, 2023

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The Board of Trustees began the process of developing a Strategic Plan in July 2023 and will formally adopt a Strategic Plan at the December 15, 2023, Board Meeting. The Strategic Plan defines goals and objectives for the organization and assigns the implementation of these goals and objectives to the Executive Team who will further distill these goals and objectives into action plans that will define the steps, timelines, obstacles, and measurable outcomes for each goal and objective. The Strategic Plan serves as the basis for day-to-day activities of the Executive Team which is to implement the formally adopted goals and objectives of the plan and to do so in accordance with the Fund's adopted Mission and Vision Statements and Core Values

In conjunction with the formal Strategic Plan, the Board of Trustees have requested additional information regarding goals and objectives disassociated from the Strategic Plan but additionally specific to the Executive Director and Chief Investment Officer. These are provided by the Executive Director and those of the Chief Investment Officer are provided separately. As noted, these goals and objectives are intended to supplement and support the development, implementation, and monitoring of the formal Strategic Plan and its specific goals and objectives, which are not duplicated here.

**A. ADMINISTRATION**

- Provide leadership and managerial guidance to the Board of Trustees, IPOPIF team and contracted service providers.
- Plan, organize, manage, monitor and implement the successful election of Board of Trustees to be seated in January 2025.

**B. FINANCE**

- Develop measurement metric to define appropriate level of organizational expenses on a year-to-year basis.

**C. COMMUNICATION**

- Provide relevant, appropriate, and timely information to maintain an effective working relationship with the Board of Trustees, IPOPIF team, service providers, stakeholders, municipal, and legislative bodies, media, police pension funds, and interested parties.
- Speak on behalf of IPOPIF to effectively promote the Fund.



**IPOPIF**

## ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

### **D. INVESTMENTS**

- Work closely with the Chief Investment Officer providing administrative and operational support to the Investment Team to assist in the achievement of investment policy implementation.
- Assist, coordinate, and complete the transition of assets procedures for those remaining Litigant and Non-transferred funds, after the conclusion of the litigation matter now being considered by the Illinois Supreme Court.

### **E. PERSONNEL**

- Create and maintain a succession plan.

Illinois  
Police  
Officers'  
Pension  
Investment  
Fund

**Administration/Operations  
Update**

**Richard White,  
Executive Director**

**IPOPIF Board Meeting  
Friday, December 15, 2023**

# ACTUARIAL

- Actuarial
  - Valuation Reports are posted to the website:
    - Revised User Guide to the Valuation Reports
  - Valuation Reports - November 30, 2023:
    - There were 175 actuarial valuation reports completed and posted in November and 30 reports completed and posted in early December.
    - The Authorized Agents are notified of the report via email by IPOPIF.
    - A small number of valuation reports are being held due to data questions that are under review with the IDOI by Foster & Foster.

# COMMUNICATIONS

- **ARTICLE 3 FUNDS**

- Monthly investment reports through November for each of the Article 3 funds have been posted to the Website.
- Reports continue to be available to Funds via on-line portal.

- **SPEAKING ENGAGEMENTS**

- Rockford PPF Meeting – January (tentative)
- Melrose Park PPF Meeting – January
- NAPO Pension and Benefits Seminar - January



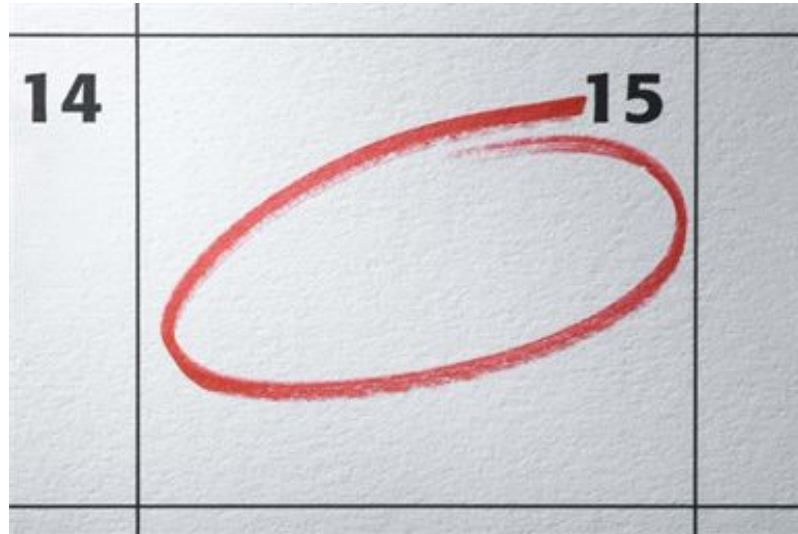
# REGIONAL STAKEHOLDER MEETING

**WEDNESDAY,  
February 21, 2024  
1:00 PM – 5:00 PM**

Chicago Marriott Hotel  
1801 North Naper Blvd.  
Naperville, IL

- 2024 Tentative Dates:
  - May 8, 2024
    - Quincy
  - July 10, 2024
    - Rock Island
  - October 23, 2024
    - Rockford

# BOARD AND COMMITTEE MEETINGS



## Committee Meetings:

**Friday**

**February 9, 2024**

**Twin Towers**

## Board of Trustees:

**Friday,**

**January 19, 2024**

**Marriott Pere Marquette**

Illinois  
Police  
Officers'  
Pension  
Investment  
Fund

**Administration/Operations  
Update**

**Richard White,  
Executive Director**

**IPOPIF Board Meeting  
Friday, December 15, 2023**