

Investment Update

As of September 6, 2023

Transfer Status

- Transferred one Article 3 Fund on August 1st with value of \$13M.
- All transferred assets received and reconciled for Participating Police Pension Funds.
- No additional transfers have been requested.
- Participation: 97% of non-litigant funds, 99% of assets
 - 9 non-litigant funds (~\$63M) did not transfer assets
 - 15 litigant funds (~\$1.2B)
- Evaluating requirements and framework for resolving non-transferable assets.

Transfer Schedule

Tranche #	Assigned Transfer	Number of Funds		\$ millions	
		Tranche	Total	Tranche	Total
1	March 1, 2022	14	14	220	220
2	April 1, 2022	18	32	458	678
3	May 2, 2022	14	46	354	1,032
4	June 1, 2022	27	73	770	1,803
5	June 24, 2022	45	118	1,271	3,074
6	August 1, 2022	36	154	1,463	4,537
7	September 1, 2022	63	217	1,922	6,459
8	October 3, 2022	54	271	990	7,449
9	November 1, 2022	35	306	376	7,825
10	December 1, 2022	22	328	738	8,562
12*	May 1, 2023	4	332	35	8,597
13	August 1, 2023	1	333	13	8,610
DNT	Did Not Transfer	9	342	63	8,673
LIT	litigation plaintiffs	15	357	1,233	9,907

*T11 designation used for February transition of assets received since December

Non-Transferred Funds

Litigants (15)	Est. \$M
ARLINGTON HEIGHTS	162
AURORA	245
CHAMPAIGN	121
CHICAGO HEIGHTS	48
CHICAGO RIDGE	29
DEKALB	45
ELGIN	157
ELMHURST	78
EVANSTON	158
MOKENA	25
PALOS HEIGHTS	29
RANTOUL	30
VILLA PARK	36
WOOD DALE	26
WOODRIDGE	45
Total \$M	1,233

Did Not Transfer (9)	Est. \$M
FAIRVIEW HEIGHTS	29
EAST ST LOUIS	19
SOUTH CHICAGO HEIGHTS	4
MARYVILLE	4
STONE PARK (Annuities)	4
MONTICELLO	1.4
WASHINGTON PARK	1.0
VENICE	0.3
ROBBINS (no assets)	0.2
Total \$M	63

As of 9/5/23

Investment Operational Highlights

- State Street custody invoicing paid through 6/30/23.
- Daily value and transaction reporting for Article 3 funds now available on the NRS reporting portal.
- Short-term Asset Allocation Implementation
 - May – transferred \$90M from Core Bonds to Non-US Equity
 - June – transferred \$90M from Cash to US Equity
 - July – transferred \$90M from Core Bonds to Non-US Equity
 - No transfer in August. 5% remains to be reallocated.

Asset Allocation 9/4/23

Account	Current		Target		Variance	
	\$M	%	\$M	%	\$M	%
Growth	5,046	53.4%	5,486	58.0%	(440)	-4.6%
RHUMBLINE US LARGE	1,916	20.3%	2,175	23.0%	(260)	-2.7%
RHUMBLINE US SMALL	460	4.9%	473	5.0%	(13)	-0.1%
SSGA NON-US DEVELOPED	1,576	16.7%	1,702	18.0%	(127)	-1.3%
SSGA NON-US DEVELOPED SC	454	4.8%	473	5.0%	(19)	-0.2%
SSGA EM EQUITY	641	6.8%	662	7.0%	(21)	-0.2%
Income	1,490	15.8%	1,513	16.0%	(23)	-0.2%
SSGA HIGH YIELD	936	9.9%	946	10.0%	(10)	-0.1%
SSGA EM DEBT	554	5.9%	567	6.0%	(13)	-0.1%
Inflation Protection	799	8.4%	851	9.0%	(52)	-0.6%
SSGA TIPS	273	2.9%	284	3.0%	(10)	-0.1%
SSGA REITS	355	3.8%	378	4.0%	(23)	-0.2%
PRINCIPAL US PROPERTY	171	1.8%	189	2.0%	(18)	-0.2%
Risk Mitigation	2,123	22.4%	1,608	17.0%	515	5.4%
IPOPIF CASH	306	3.2%	95	1.0%	211	2.2%
SSGA ST GOV-CREDIT	1,367	14.5%	1,230	13.0%	137	1.5%
SSGA CORE BONDS	450	4.8%	284	3.0%	166	1.8%
Total Investment Pool	9,458	100.0%	9,458	100.0%	-	0.0%

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

Performance Summary

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

Preliminary	July	4/22 – 7/23	August
IPOPIF Pool	+2.6%	0.0%	-2.0%
Policy Benchmark	+2.8%	0.2%	N/A
Broad Benchmark	+2.9%	-1.0%	-2.0%

- Policy Benchmark – Weighted average of asset class benchmarks; indicates success of implementation (currently less stock exposure than the broad benchmark)
- Broad Benchmark – 70/30 global stocks/bonds; indicates success of asset allocation.
- Returns for periods longer than one year are annualized.

Key Investment Initiatives (1)

Initiative	Status
Revise Short-term Asset Allocation (STAA)	New STAA approved by Board in April. 8% to be shifted gradually from Risk Mitigation to Public Equity.
Investment Staff Recruitment	Seeking experienced investment professional
International Equity Small Cap search	In process. Board interviews and selection targeted for 10/13/23.
Bank Loan Search	3% long-term allocation, but no current exposure. Not available as passive strategy. Search request for active management detailed in separate agenda item
Private Market Investments	Gradual development. Consultant education in June. Strategic planning under evaluation.
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.

Key Investment Initiatives (2)

Initiative	Status
Develop Investment Communication Materials	Developed 2022 Transfer Performance Summary Developed stakeholder presentation Continuing to build out additional information
Develop compliance review and reporting matrix	Completed review of source documents to capture all requirements. Developing review and reporting structure.
Develop long-term asset allocation implementation plan	Building out project management application with detailed steps with timelines and dependencies.

Preliminary Agenda Planning

9/15/23	10/13/23	12/15/23	January 2024	March 2024
	Intl. small cap recommendation		US small cap search request	
Bank Loan search request		Bank Loan recommendation		Next Credit search request
		Private Markets consultant Search Request		Private Markets Consultant Recommendation
Principal US Property Account Review		Custodian Review		Investment Consultant Review

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

Preliminary Search Queue

Public Markets

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

Private Markets

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