



## **September Newsletter**

### **ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND CONTINUES PORTFOLIO DIVERSIFICATION ON MULTIPLE FRONTS**

Continuing to execute its long-term asset allocation and diversification strategy, at its September 12 meeting the Board of Trustees of the Illinois Police Officers' Pension Investment Fund (IPOPIF) approved the hiring of two active US small cap equity managers and a search for a private equity manager.

#### **Active Small Cap Equities Search Completed**

Following presentations by six finalists, during the September 12 meeting the Board approved the hiring of Hood River Capital Management and Reinhart Partners to each manage 1.5% mandates equating to about \$210 million in active U.S. small cap equities. The search was initiated in March and the finalist rose to the top following robust evaluation by IPOPIF investment staff and general consultant Verus.

#### **Private Markets Planning and Education**

Representatives from Albourne, IPOPIF's private markets consultant, reviewed the strategic planning process and presented to the trustees a customized strategic plan for implementing IPOPIF's private market investments.

The strategic plan emphasized patience in long-term implementation, excellence in generating returns, prudence in diversification and capital protection, flexibility in seizing opportunities, and introspection in developing best-in-class practices and governance. It also called for the development of a multi-year private markets investment plan with asset targets, pacing models, investment procedures, risk management systems, data collection protocols, regular reviews, and best practices in governance, operations, and investments.

Following the strategic planning discussion, Albourne provided education on private equity to support the related search request.

### **Private Equity Search Approved**

Following the review of the private markets strategic plan and private equity education, the Board approved a search for the fund's first private equity manager. Deputy CIO, Greg Turk, reviewed the scope of services and search process. The objective of this search is to identify a strategic relationship with a qualified firm that will be responsible for building a diversified private equity portfolio to implement IPOPIF's initial private equity investments.

The mandate is targeted for a \$400 commitment and is expected to eventually represent approximately 3% of the total IPOPIF portfolio. During the January 2026 Board meeting, trustees will interview the finalists and provide feedback and guidance to investment staff and Albourne, its private markets consultants, with a vote to follow at the March 2026 Board meeting. The fund plans additional searches for real assets, real estate, and private credit managers throughout 2026 as it further diversifies its portfolio.

### **Additional Investment Activity and Updates**

#### **U.S. Active High Yield Bond Manager Search**

Proposals were due on September 12 for the U.S. active high yield bond manager search. Semifinalist interviews are targeted for late October with Board of Trustee interviews and selection currently planned for the December meeting.

#### **General Consultant Search**

The general consultant search is on track. Proposals were due on September 12. The selection of finalist candidates is scheduled for the December 12 Board meeting with finalist interviews and selection at January 2026 Board meeting.

### **Investment Performance Update**

Verus, IPOPIF's general investment consultant presented a quarterly report update for the second quarter of 2025 at the September board meeting and noted that:

- Total assets in the IPOPIF consolidated fund increased by approximately \$1 billion to \$13.7 billion over the quarter.
- The IPOPIF investment portfolio returned 8.3% for the quarter, outperforming the Policy Index return of 7.7%, but trailing the Broad-Based Policy Index due to its higher equity allocation.
- 2Q25 was a roller coaster as the fund experienced a 6% drawdown in early April on tariff panic which was quickly mollified and the fund ended up +1.2% for the month. The "Relief Rally" continued with the fund gaining 8.3% for the quarter. International small cap and emerging market equities led the charge.
- Since inception in April 2022, the IPOPIF investment portfolio has returned 6.7% on an average annualized basis through the end of Q2, compared to the Policy Index of 6.6% and the Broad-Based Policy Index of 6.7%.

IPOPIF Chief Investment Officer Kent Custer reported that preliminary data indicates that the Fund returned 0.5% in July and 2.6% in August, according to Verus reporting subsequent to the Board meeting.

### **Agreed Upon Procedures Report**

The Illinois Pension Code states that, “The Division or the Consolidated Fund (Illinois Police Officers’ Pension Investment Fund), as appropriate, shall examine or investigate each pension fund established under Article 3 of this Code. The schedule of each examination shall be such that each fund shall be examined once every 3 years.” To date, ninety-six of the 352 funds in the IPOPIF consolidated fund have completed the Agreed Upon Procedures (AUP) with forty-one funds in the tranche underway.

The steps in the process are:

- Local Article 3 funds are contacted by independent CPA firm with document requests and reports are completed with interaction with the funds.
- Final report is issued to each fund and IDOI is copied.
- A fund has 30 days from receipt of final report to request a hearing with the Illinois Department of Insurance (IDOI).
- IDOI will post report onto the Public Pension Division website (with redactions).
- Each local Article 3 fund is responsible for ultimate compliance with the AUP findings.

A work plan for AUP was developed by IPOPIF staff with input from the CPA firms and the IDOI. The work plan includes fourteen procedures under the following categories:

- Plan Administration and Operations
- Plan Governance
- Plan Oversight
- Benefits
- Contributions and Computation of Service

At the September 12 board meeting, trustees were told that overall, funds are doing a good job and are generally in compliance with most funds meeting or exceeding the financing requirements in accordance with the statute.

### **Economic Opportunity Report**

The annual Economic Opportunity Report was provided to the Governor and the leadership of the General Assembly in August.

### **On the Road**

IPOPIF’s Manager of External Affairs Shaun Curry has spent the summer crisscrossing Illinois speaking with local Article 3 pension fund trustees and members both on the phone and via video. He also has attended numerous union and pension fund meetings.

Upcoming professional conference participation includes:

- IPOPIF will have a display booth at the Illinois Public Pension Fund Association (IPPFA) Pension Conference on October 1-2 in Oak Brook. IPOPIF's Shawn Curry will staff the booth and answer questions for attendees. Additionally, IPOPIF Executive Director Richard White and a representative from the Illinois Firefighters' Pension Investment Fund (IFPIF) will jointly present an update on the consolidated funds.
- During the Illinois Professional Firefighters Association (IPFA) Pension Seminar on November 7 in Addison, IPOPIF and IFPIF will once again jointly present and provide an update on the consolidated funds.
- Executive Director White is set to attend the Police Benevolent and Protective Association (PBPA) Conference October 24-25.

## **IPOPIF Blotter**

If you have photos you'd like to see posted on the IPOPIF [Blue Line Mugshot](#) page, we are always on the lookout for photos from members of the 352 Article 3 pension plans that are a part of IPOPIF to add. Please send photos in jpeg format to [info@ipopif.org](mailto:info@ipopif.org).

Monthly investment reports through August 2025 for each of the Article 3 funds are posted to the IPOPIF website [here](#). IPOPIF monthly investment reports are available [here](#).

As the consolidated asset pool that exists for the exclusive purpose of protecting and investing the assets of the pension funds covering police officers serving and protecting all downstate and suburban Illinois municipalities, we want our participants and their beneficiaries to know that they should always feel free to reach out to us at [info@ipopif.org](mailto:info@ipopif.org).

As noted in previous newsletters and above, key investment information is posted to the IPOPIF website and is reviewed and discussed at the IPOPIF Board meetings. Next Board of Trustees meeting is Friday, October 12, 2025, at 10 am at the Pere Marquette Hotel in Peoria. Committees of the Board of Trustees are scheduled to convene at 9 am immediately before the Board of Trustees meeting.

Interested individuals may attend the meeting in person or via Zoom. The link to the Zoom call is included in the [meeting agendas](#) which also are posted on our website. Board of Trustee 2025 meeting dates and times are posted [here](#).

## **Links to Key Resources**

- [Monthly statement overview](#)
- [Monthly financial reports](#)
- [Monthly and quarterly investment reports](#)
- [Meeting Calendar](#)