

Transition Status Update
IPOPIF Board Meeting
Friday, July 8, 2022

Transfer Schedule

Tranche #	Transfer Date	Number of Funds		\$ millions	
		Tranche	Total	Tranche	Total
1	March 1	14	14	220	220
2	April 1	18	32	443	663
3	May 2	14	46	338	1,000
4	June 1	24	70	752	1,752
4p	June 1 - in process	3	73	18	1,770
5	June 24 - in process	47	120	1,323	3,093
6	August 1	53	173	1,770	4,863
7	September 1	68	241	2,193	7,056
8	October 3	65	306	827	7,883
9	November 1	34	340	598	8,481
LIT	litigation plaintiffs	16	356	1,331	9,811

Data Sources

Tranche 1-4: Reconciliation Receipts

Tranche 4p & 5: Preliminary data from asset certification, includes assets schedule to transfer but not yet received

Tranche 6-9 and LIT: Number of funds based on tranche assignments. Value based on historical reporting to the Illinois Department of Insurance

Transition Commentary

- Accepting follow-on cash contributions
- Cash Transaction Management
 - Electronic (eCFM) system is ready
 - Rollout has been rocky and slow
 - Expect to be caught up in July
 - Takes approximately one month to provision account
- Participant Reporting
 - Shifting to on-line access in July for June reports

IPOPIF asset transition status update

Objective:

Illinois Police Officers' Investment Fund (IPOPIF) aims to transfer all Article 3 downstate and suburban police pension plans, totaling over \$ billion in assets, into one statewide investment asset pool by June 30, 2022, while maintaining compliance with 40 ILCS 5/Art. 22 B.

Tranche	Key accomplishments since 6/10/2022
June 1 st	<ul style="list-style-type: none"> Post transfer reconciliations sent to funds who delivered assets Assets transitioned to target allocation
June 24 th	<ul style="list-style-type: none"> 26 of 47 funds transferred assets totaling ~630 million increasing total assets at IPOPIF to ~\$2.39 billion across 97 funds
August 1 st	<ul style="list-style-type: none"> Pursuing critical material to transfer member funds Delivered notification of CIAL auditor communication
September 1 st	<ul style="list-style-type: none"> Delivered notification of CIAL auditor communication
Fund Admin	<ul style="list-style-type: none"> Additional tranche assignments determined and communicated to member funds May month-end reporting delivered to member funds 94 users across 31 member funds gained access to the cash management platform¹

Key success factors

- Legacy custodian contact and collection of asset holding files
- Asset holding file completeness validation prior to transfer
- Exhibit A receipt from member funds
- Cash management solution onboarding and training support
- Certified investment asset list process execution
- Post-transfer reconciliation process execution
- Month-end accounting close execution and report delivery

Below is a summary of the key metrics identified for the overall asset transition.

Key Metric ²	Transferred	August 1 st Tranche	September 1 st Tranche	October 3 rd Tranche	November 1 st Tranche	Total remaining funds
Funds	97 ³	53	68	65	34	236 ⁴
Ex. A submitted	N/A	30/53	25/68	9/65	0/34	66 ⁴ /236
Ex. B submitted	N/A	31/53	17/68	3/65	0/34	52 ⁴ /236
Ex. A & asset file submitted	N/A	17/53	2/68	0/65	0/34	21 ⁴ /236

Trends

- All remaining funds have been assigned an asset transfer date and are expected to transfer assets by November 1st⁴
- Number of legacy custodians familiar with the asset transfer process due to participation in earlier tranches increasing
- Understanding of individual legacy custodian requirements to transfer assets is increasing
- Member funds who transferred on March 1st and April 1st and retained 90 days of cash on hand may begin requesting cash withdrawals from the cash management solution

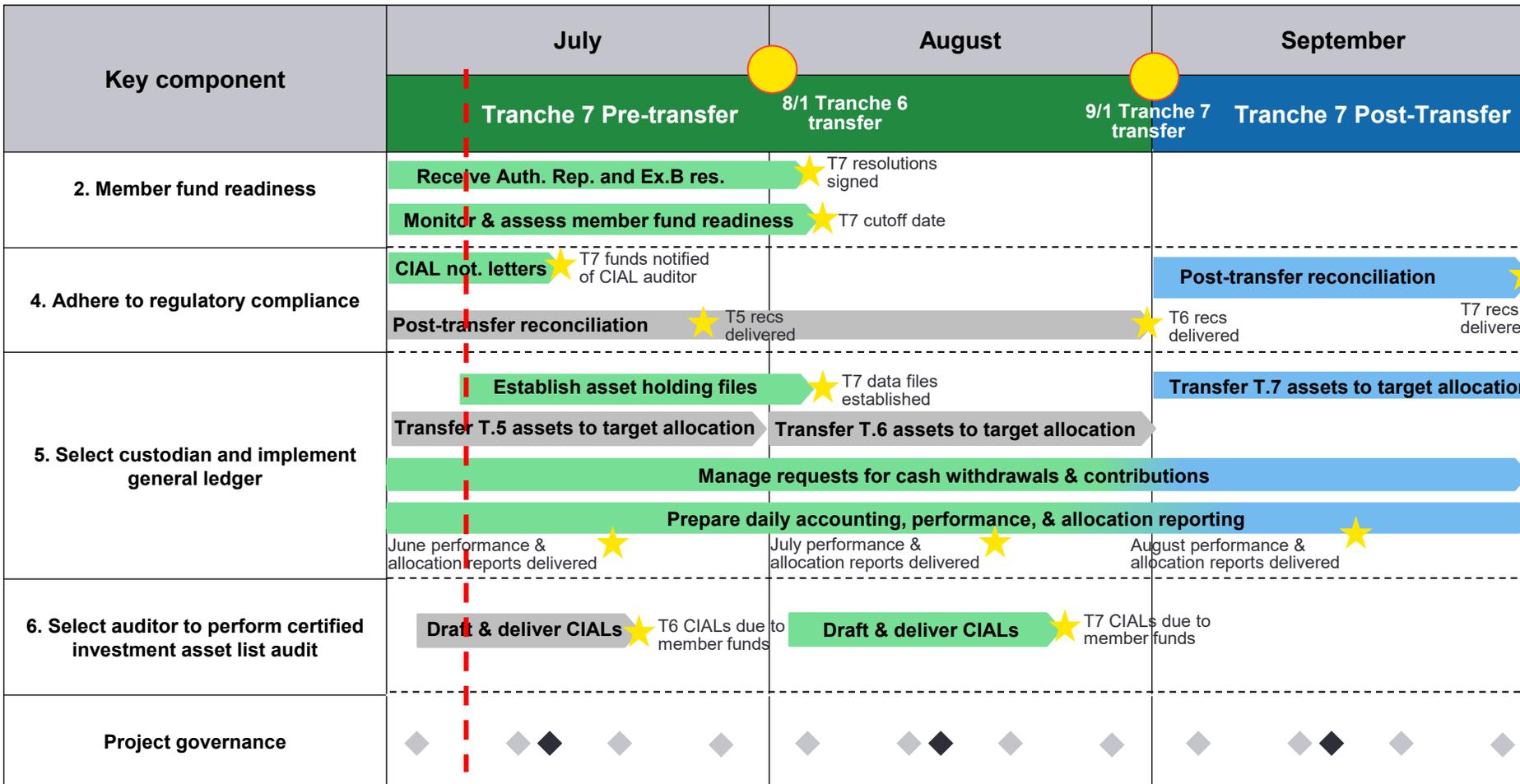
¹Based on data as of 6/21/22
²Metrics based on data as of 7/1/2022
³Twentyone funds in the June 24th and 2 funds in the June 1st tranche are yet to transfer assets

⁴16 funds have participated in an appeal to the court ruling and will not be assigned a tranche unless they indicate they want to transfer assets. Some of these funds have submitted resolutions and established asset files.

Asset transition key components critical milestones timeline

Jul – Sep

The GANTT chart below covers the key components* and critical milestones for June 24th, August 1st, and September 1st tranches with a focus on September 1st tranche activities. Additionally, key focus areas for IPOPIF staff are identified.



Key focus areas for June 24th, August 1st, September 1st tranches

July

- Tranche 5 post-transfer reconciliation execution 6/27 -7/22
- Tranche 6 CIAL execution 7/11-7/22
- Tranche 5 asset transition to target allocation oversight 6/27 – 7/29
- Deliver June month-end reporting to Article 3 funds on 7/15
- Tranche 7 notification of CIAL auditors 7/5

August

- Transfer assets 8/1
- Tranche 7 CIAL execution 8/8 – 8/19
- Tranche 6 asset transition to target allocation oversight 8/1 -8/31
- Tranche 6 post-transfer reconciliation execution 8/1 – 8/31
- Deliver July month-end reporting to Article 3 funds TBD
- Tranche 8 notification of CIAL auditors 8/8

September

- Transfer assets 9/1
- Tranche 8 CIAL execution 9/12 – 9/23
- Tranche 7 asset transition to target allocation oversight 9/1 – 9/30
- Tranche 7 post transfer reconciliation execution 9/1 – 9/30
- Deliver August month-end reporting to Article 3 funds TBD
- Tranche 9 notification of CIAL auditors 9/12

*Key components 1, 3, 7, and 8 have been completed in previous months.

Investment Update
IPOPIF Board Meeting
Friday, July 8, 2022

Performance Estimates

	March	April	May	
Overall Estimate*	0.57%	-4.94%	0.50%	
Policy Benchmark	0.09%	-4.93%	-0.04%	Weighted average return of asset class benchmarks
Excess Return	0.48%	-0.01%	0.54%	
Broad Benchmark	-0.67%	-6.05%	0.42%	70% global stocks and 30% global bonds
Excess Return	1.24%	1.11%	0.08%	
IPOPIF Composite**	0.73%	-5.01%	0.94%	

*Overall estimate performance is calculated by Staff and includes account performance prior to transition pool

**IPOPIF Composite is calculated by State Street and includes the Transition pool and the IPOPIF Pool

- Staff and Verus developing all-in monthly reporting
- Monthly flash reports expected to be ready in July
- Verus detailed quarterly reporting to start in September with 2Q22 (April – June)

Asset Allocation 7/5/22

Account	NAV \$M	%	TGT %	Vs TGT
Growth	809	49.9%	50.0%	-0.1%
RHUMBLINE US LARGE	297	18.3%	18.0%	0.3%
RHUMBLINE US SMALL	83	5.1%	5.0%	0.1%
SSGA NON-US DEVELOPED	238	14.7%	15.0%	-0.3%
SSGA NON-US DEVELOPED SC	79	4.8%	5.0%	-0.2%
SSGA EM EQUITY	113	7.0%	7.0%	0.0%
Income	256	15.8%	16.0%	-0.2%
SSGA HIGH YIELD	161	9.9%	10.0%	-0.1%
SSGA EM DEBT	95	5.9%	6.0%	-0.1%
Inflation Protection	148	9.1%	9.0%	0.1%
SSGA TIPS	49	3.0%	3.0%	0.0%
SSGA REITS	29	1.8%	4.0%	-2.2%
PRINCIPAL US PROPERTY	71	4.3%	2.0%	2.3%
Risk Mitigation	408	25.2%	25.0%	0.2%
IPOPIF CASH	48	3.0%	3.0%	0.0%
SSGA ST GOV-CREDIT	244	15.1%	15.0%	0.1%
SSGA CORE BONDS	116	7.1%	7.0%	0.1%
Total IPOPIF Pool	1,622	100.0%	100.0%	0.0%
Transition Pool	569			
In transit from Local Funds	752			
Grand Total	2,943			

June Rebalancing

- The IPOPIF Pool was rebalanced on June 24 to address a structural overweight to Real Estate related to the Principal Real Estate Fund.
- REIT exposure will be adjusted to achieve total Real Estate exposure of 6% (REIT target is 4% and Principal is 2%).

Redemptions		Contributions	
Account	\$M	Account	\$M
SSGA REIT	-31.3	Rhumblin US Large	13.9
SSGA ST Bonds	-5.9	Rhumblin US Small	4.4
Cash	-4.9	SSGA Non-US Developed	6.5
		SSGA Non-US Dev. Small	4.1
		SSGA EM Equity	1.5
		SSGA TIPS	3.8
		SSGA High Yield	2.9
		SSGA EM Debt	5.0
Total	-42.1	Total	42.1

Project List

- Staff recruitment for Investments and Operations
 - New investment officer to start in late July
- Performance reporting and evaluation
 - Monthly performance reporting expected by end of July for prior months.
- Active management planning and implementation
- Migration to long-term asset allocation
- Develop and implement ESG policy