IPERS

INVESTMENT BOARD MEETING MINUTES

IPERS Board Room
7401 Register Drive, Des Moines, Iowa
September 24, 2025

The following people participated in the IPERS Investment Board Meeting held on Wednesday, September 24, 2025.

Members of the Board – Present

Bill Bemis, Chair
Kris Rowley, Vice Chair
State Treasurer Roby Smith
Tami Loge
Brent Mathisen
Sara Meinders
Matt Watters
Representative Michael Bergan
Senator Molly Donahue
Senator Mark Lofgren

Members of the Board – Absent

Representative Elizabeth Wilson

Administration and Staff

Greg Samorajski, CEO
Sriram Lakshminarayanan, CIO
John Fujiwara, Head of Strategy
Sheldon Lien, Senior Investment Officer
Pat Reinhardt, Senior Investment Officer
Keith Scholten, Senior Investment Officer
Marcus Dong, Senior Investment Officer
Craig Payne, Senior Investment Officer
Kate Fishman, Retirement Investment Officer
Ankit Saw, Retirement Investment Officer
Melinda McElroy, Executive Assistant
Elizabeth Hennessey, General Counsel
Steve Herbert, Chief Benefits Officer
Shawna Lode, Chief Strategy Officer
Amanda Schwarz, Chief Financial Officer
Megan Schlesky, Legislative Liaison

Wilshire

Thomas Toth
Ali Kazemi

Cavanaugh Macdonald

Patrice Beckham
Bryan Hoge

Proceedings

Chairperson Bill Bemis called the meeting to order at 1:00 p.m.

Actuarial Education Session

Pat Beckham and Bryan Hoge of Cavanaugh Macdonald provided the Board with a comprehensive educational session explaining actuarial principles. They detailed the role of actuaries and the actuarial valuation process, highlighting how membership data, benefit provisions, asset data and actuarial assumptions are used to determine liabilities, contribution rates and funded status. The session moved into an analysis of the June 30, 2024, valuation results. Favorable investment returns resulted in an actuarial gain, reducing the system's unfunded actuarial liability and improving the funded ratio. While required contribution rates for Regular members and Protection Occupation remained unchanged, rates for Sheriffs and Deputies increased due to benefit enhancements. The session concluded with a risk analysis using stochastic modeling to project various future scenarios based on different asset allocations and return assumptions, demonstrating how market volatility and PERS' funding policy affect contribution rates, funded ratios and asset values over different time horizons.

Capital Market Update and Benchmark Education

Thomas Toth and Ali Kazemi of Wilshire delivered a capital market update and benchmark education session, outlining Wilshire's forward-looking capital market assumptions based on expected returns, historical risk and correlations. These assumptions, which use a 30-year horizon, focus on passive public market returns and exclude active management. The session compared expected returns and risks across asset classes like U.S. equity, international equity, private equity, private credit and real assets. It then addressed the complexities of benchmarking private assets, noting challenges such as infrequent measurement and lack of passive alternatives. The presentation discussed the impact of the investment environment and the denominator effect, where strong private equity performance can skew allocations. Benchmarking options reviewed included custom benchmarks, private equity indices and public market indices with premiums, each with limitations. The concept of actionable versus inactionable tracking error was introduced, and the session concluded with an overview of IPERS' current policy benchmark, strategic asset allocation targets and excess return comparisons. Wilshire emphasized that no single benchmark is sufficient and recommended a multi-faceted approach, while also highlighting the total portfolio approach and best practices for benchmarking traditional and non-traditional assets.

Active Risk at IPERS

Sriram Lakshminarayanan presented an overview of active risk management at IPERS, explaining that the Investment Board sets risk tolerance and strategic asset allocation, while staff implements these policies efficiently, managing both cost and risk. The Board also defines an active risk budget to guide value-added strategies without excessive deviation from passive benchmarks. IPERS currently maintains low active risk with strong return-to-risk efficiency. The presentation explored how active risk can be deployed through asset allocation. It reviewed smart beta strategies adopted in 2017 to reduce costs and improve downside protection, though early implementations had limited factor exposure. The concept of pure alpha was discussed, noting its scarcity outside hedge funds but potential in absolute return strategies. Portable alpha strategies were also covered, allowing IPERS to pursue alpha sources independently of strategic allocation using beta overlays and careful leverage and liquidity management. As of June 30, 2025, the portfolio included long-only, portable alpha and cash overlay strategies. Looking ahead, IPERS plans to rebalance risk distribution, seek strategies that outperform traditional premia and potentially double active risk, emphasizing fee efficiency and favoring internal solutions unless external ones offer clear advantages.

Adjournment

The meeting adjourned at 4:00 p.m.