



IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

**Gregory S. Samorajski, CFA**  
Chief Executive Officer

**Kim Reynolds**  
Governor

**Adam Gregg**  
Lt. Governor

**FOR IMMEDIATE RELEASE**

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Contact: Shawna Lode

Email: [shawna.lode@ipers.org](mailto:shawna.lode@ipers.org)

Phone: 515-491-1374

## **IPERS Investment Board approves system's first internally managed investment program, new liquid absolute return managers**

December 4, 2020 (Des Moines, IA) – At its quarterly meeting yesterday, the Iowa Public Employees' Retirement System (IPERS) Investment Board approved the system's first internally managed investment program intended to systematically invest in Alternative Risk Premia (ARP). ARP refers to potential rewards from harvesting factor returns, such as valuation, momentum, carry and many others, from multiple global asset classes. IPERS' goal is to create a diversified return stream from the ARP portfolio that would help achieve the system's return objectives within its risk budget. The program will start with a relatively modest amount of exposure (\$300 million) but could be expanded in the future as the program proves itself.

IPERS CEO Greg Samorajski said the ARP program complements the system's investment policy that says positive alpha can be earned by employing a combination of active strategies. "In partnership with the IPERS Investment Board, IPERS staff continually challenge themselves to discover new ways to enhance our investment program with creative strategies that respect the Board's tolerance for risk," he said. "We take seriously our responsibility to prudently explore new investment products that benefit the IPERS Trust Fund and serve the members who rely on IPERS as their main source of retirement income."

### **Additional highlights of yesterday's meeting are below:**

**FY2020 contribution rates** – Representatives of Cavanaugh MacDonald Consulting, LLC, shared the FY2020 Actuarial Valuation Report that includes IPERS' [contribution rates for FY2022](#). Rates for Regular members will be unchanged, and rates for Protection Occupation and Sheriff/Deputy Sheriff members will decrease by 0.5%.

**CY2020 third quarter performance** – As of September 30, 2020, the IPERS investment portfolio had a market value of \$35.84 billion. [IPERS' investment return for the quarter](#) was 6.24% (net of fees), slightly ahead of its benchmark return of 6.19%.

**Private market commitments** – IPERS plans to commit \$960 million to private equity investments, \$900 million to private credit strategies and \$300 million to private real asset strategies in CY2021. The private equity commitments will be invested through IPERS' private equity manager Pathway Capital Management. Most of the private credit commitments will be made to several private credit funds that will be selected from IPERS' current Opportunistic Private Credit search. The remainder will go to existing fund relationships. The commitments slated for private real assets will mainly go to IPERS' existing infrastructure fund relationship. IPERS anticipates issuing RFPs for private real asset strategies and

private real estate debt strategies in 2021. But commitments for those investments, if any, would likely occur in CY2022.

**Absolute return investment product hirings:** The Board approved hiring five investment firms /strategies for the Liquid Absolute Return Strategies (LARS) portfolio, subject to the performance of final due diligence and successful contract negotiations. The hirings are the result of an RFP IPERS issued on October 22, 2019, to identify absolute return investment products that could be used in a portable alpha strategy.

<b>Firm</b>	<b>Strategy</b>
Aspect Capital, Ltd.	Aspect Diversified Program
Man Group	AHL Alpha Program
PIMCO	CommoditiesPlus
P/E Global	Diversified Global Macro
Welton Investment Partners	Welton Global

Complete materials from today' IPERS Investment Board meeting are available [here](#). The next meeting is scheduled for March 26, 2021.

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*The Iowa Legislature created IPERS in 1953 to provide a dependable and economical retirement plan for Iowa's public employees. Today, IPERS is a \$35 billion trust fund that pays more than \$2.2 billion in annual benefits to more than 112,000 retirees. IPERS is the state's largest public retirement system, serving more than 180,000 current public employees.*