



IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

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## **IPERS Investment Board approves hiring two new private credit managers, trust fund growth continues**

June 17, 2021 (Des Moines, IA) – Today the Investment Board of the Iowa Public Employees’ Retirement System (IPERS) approved hiring two new private credit managers. The hirings are in response to the Board’s decision in late 2020 to increase IPERS’ private credit target allocation from 3% to 8%.

IPERS’s current private credit portfolio is largely composed of direct lending strategies. In October 2020 IPERS issued an RFP for managers with expertise in opportunistic credit strategies. Proposals from the 80 respondents that met minimum requirements were broken up into specific areas: multi-strategy, mezzanine, specialty finance, real assets, special situations and other. (Multi-strategy and mezzanine managers were approved at the Board’s meeting in March 2021.)

In addition to the allocations shown below, IPERS plans to invest an additional \$100 million in its existing opportunistic private credit separately managed account managed by KKR.

The Board approved hiring the following opportunistic private credit managers.

| <b>Manger</b>           | <b>Allocation</b> | <b>Specialty Area</b>              |
|-------------------------|-------------------|------------------------------------|
| ArrowMark               | \$100 million     | Specialty finance credit mandates* |
| HPS Investment Partners | \$100 million     | Real assets credit mandates        |

\*ASI Hark will serve as a bench manager for potential future funding in specialty finance credit, dependent on approval from the Board at a later date.

The Board considered hiring additional mangers but will revisit staff’s recommendations after staff completes additional due diligence and fee negotiations with potential managers.

“IPERS continues to diligently and carefully select a range of investment managers with the unique expertise necessary to skillfully manage IPERS’ private credit portfolio,” IPERS CEO Greg Samorajski said. “We feel optimistic about the future of the market and believe that with our Board’s good guidance, we are implementing an allocation plan that supports the needs of our pension system and its members.”

Today the Investment Board also approved several revisions to IPERS’ private markets investment policy. The major changes include the following:

- Renaming the private real estate debt sub-strategy to private real assets, and expanding the sub-strategy definition to include asset-based lending and leasing strategies in addition to real estate debt.
- Allowing for direct credit co-investments and secondary investments, and placing limits on such investments; and increasing the core real estate portfolios limits around property type and regional weightings from +/- 5% to +/- 10%.

IPERS staff also informed the Board that the value of the IPERS Trust Fund equaled \$40.4 billion as of March 31, 2021. This is the fund's highest quarter-end value ever and represents growth of almost \$1.5 billion since the conclusion of calendar year 2020.

Complete materials from the IPERS Investment Board meeting are available [here](#). The next meeting is scheduled for September 16, 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 \$40 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.*