



INVESTMENT BOARD MEETING MINUTES

IPERS Headquarters

7401 Register Drive, Des Moines, Iowa

September 28, 2023

The following people participated in the IPERS Investment Board meeting held on Thursday, September 28, 2023.

Members of the Board – Present

Justin Kirchhoff, Chair

Bill Bemis, Vice Chair

Treasurer Roby Smith

Tami Loge

Kris Rowley

Matt Waters

Representative Amy Nielsen

Representative Martin Graber

Senator Molly Donahue

Senator Mark Lofgren

Members of the Board – Absent

None

Administration and Staff

Greg Samorajski, CEO

Sriram Lakshminarayanan, CIO

Sheldon Lien, Senior Investment Officer

Keith Scholten, Senior Investment Officer

Marcus Dong, Retirement Investment Officer

John Fujiwara, Retirement Investment Officer

Kevin Terdal, Retirement Investment Officer

Melinda McElroy, Executive Assistant

Elizabeth Hennessey, General Counsel

Shawna Lode, Communications Director

Tara Hagan, Chief Financial Officer

David Martin, Chief Benefits Officer

Rick Hindman, Chief Operations Officer

Consultant – Wilshire

Thomas Toth

Ali Kazemi

Ned McGuire

Presenter - CEM Benchmarking

Christopher Doll

Proceedings

Chair Justin Kirchhoff called the meeting to order at 8:30 a.m.

Approval of Minutes

Kris Rowley moved to approve the meeting minutes from the June 15, 2023, Investment Board meeting. Treasurer Smith seconded. The motion carried by unanimous voice vote.

CEO Report

Greg Samorajski reported on the Governor's initiative to review the efficiency and effectiveness of all boards and commissions created in Iowa law. The Boards and Commissions Review Committee proposed no changes to the Investment Board and a slight change to the Benefits Advisory Committee (BAC). The proposed change allows the Director of the Department of Administrative Services to assign a designee to serve on the BAC. Greg next mentioned the BAC voted to support legislation eliminating the Favorable Experience Dividend (FED) and Supplemental Accounts for Active Members (SAAM) programs and to broaden eligibility for the November Dividend program.

IPERS FY2025 Budget

Greg Samorajski reviewed IPERS' proposed FY2025 budget noting that all IPERS expenditures are paid from the Trust Fund, and no state general funds are appropriated to IPERS. IPERS' appropriation request must initially be entered as a status quo budget. IPERS will seek budget increase of \$1.017 million, which the Governor and Legislature must approve. The Board expressed their support of the budget request.

CEM Investment Benchmarking Review for CY2022

Christopher Doll of CEM Benchmarking reviewed IPERS' investment benchmarking results for the 5-year period ending December 31, 2022. IPERS once again ranked as a low-cost fund based on CEM's analysis for the calendar year. Christopher reported IPERS' 5-year net value added was 1.7%, exceeding the peer median of 0.8%.

FY2023 Investment Performance Review

Thomas Toth and Ali Kazemi of Wilshire presented IPERS' investment performance for the fiscal year ended June 30, 2023. The portfolio returned 5.41% (net of fees) in FY2023, slightly outperforming its policy benchmark return of 5.27% over the same period.

Annual Asset Allocation Review

Thomas Toth and Ali Kazemi of Wilshire presented the annual asset allocation review. Wilshire recommended reducing international equity by 3.5% and increasing core fixed income by 3.5%. This allocation reduces risk from 13.2% to 12.6% and maintains a 7% return target.

Annual Review of Investment Policy and Goal Statement

Sriram Lakshminarayanan explained IPERS' current Private Market Investment policy is too instructional and reduces the effectiveness in communicating the Board's investment objectives for the private market program. He proposed the Board establish a review subcommittee. Justin Kirchhoff, Bill Bemis and Kris Rowley volunteered.

Sriram Lakshminarayanan next reviewed the proposed asset allocation changes to Appendix B of the Investment Policy and Goal Statement. The changes included reducing the benchmark weights for international equity by 3.5%, increasing the benchmark weights for core fixed income by 3.5% and setting asset limits at +/- 3%.

Bill Bemis moved to approve the recommended changes. Matt Watters seconded. The motion carried by unanimous roll call vote.

Ayes: Justin Kirchhoff, Bill Bemis, Treasurer Smith, Tami Loge, Kris Rowley and Matt Watters

Nays: None

MOTION PASSED

While the Investment Board subcommittee and staff review and rewrite the Private Markets Investment Policy, the Board approved giving investment staff authorization to create an entity for direct co-investments within the private credit and private real assets portfolios.

Matt Watters moved to approve the recommendation. Bill Bemis seconded. The motion carried by unanimous roll call vote.

Ayes: Justin Kirchhoff, Bill Bemis, Treasurer Smith, Tami Loge, Kris Rowley and Matt Watters

Nays: None

MOTION PASSED

Absolute Return Search Manager Hiring Recommendations

Sriram Lakshminarayanan reported the evaluation committee recommended the Investment Board approve the hiring of the following seven investment firms/strategies for the Absolute Return search, subject to final due diligence and successful contract negotiations.

Firm Name	Strategy Name
DCM Systematic	Diversified Alpha
Neuberger Berman	Insurance-Linked Strategies
Contrarian Capital Management	Emerging Markets Distressed
Kosmos	Life Insurance Paired Policies
Orion	Orion Commodities Fund
Invesco	Dynamic Multifactor Strategy
Jupiter	Strategic Absolute Return Bond

Kris Rowley moved to approve the hiring recommendations. Treasurer Smith seconded. The motion carried by unanimous roll call vote.

Ayes: Justin Kirchhoff, Bill Bemis, Treasurer Smith, Tami Loge, Kris Rowley and Matt Watters

Nays: None

MOTION PASSED

IPERS Investment Staff Reports

Beta Report

Sriram Lakshminarayanan reported all asset classes were within acceptable policy ranges as of September 15, 2023, and the Total Fund market value estimate was \$40.9 billion on that date.

Alpha Report

The investment staff reviewed the alpha report. International equity manager Columbia was flagged for underperformance issues, and LARS manager PGIM Wadhwani was flagged because of key personnel departures.

Private Markets Program

Pat Reinhardt reviewed the three private markets investment management firms currently being monitored for performance issues: Clarion Partners, Forest Investment Associates and UBS Farmland.

Risk Report

Sriram Lakshminarayanan presented IPERS' risk monitoring report.

CIO Updates

Sriram Lakshminarayanan reported on the status of two RFPs: private real assets equity RFP and the RFP for co-investment administrative services.

Election of Chair and Vice Chair

Treasurer Smith nominated Justin Kirchhoff for chair and Bill Bemis as vice chair. Kris Rowley seconded the nominations. The motion carried by unanimous roll call vote.

Ayes: Justin Kirchhoff, Bill Bemis, Treasurer Smith, Tami Loge, Kris Rowley and Matt Watters

Nays: None

MOTION PASSED

Public Comments

Senator Patrick Deluhery made comments.

Confirm Next Meeting Date and Adjournment

The next regularly scheduled IPERS Investment Board meeting is Thursday, December 7, 2023. With no further business to come before the Board, Bill Bemis moved to adjourn the meeting. Treasurer Smith seconded. The meeting adjourned at 11:40 a.m.