
FISCAL UPDATE Article

Fiscal Services Division

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IPERS INVESTMENT BOARD MEETING — DECEMBER 2020

Meeting. The Iowa Public Employees' Retirement System (IPERS) Investment Board met telephonically on December 3, 2020. The Board took the following action:

- Approved the minutes from the September 16 and September 17, 2020, meetings.
- Approved hiring five investment firms for use in the Liquid Absolute Return (LARS) portfolio.
- Approved an amendment to section five of the Investment Policy Goal Statement.
- Went into closed session to discuss the chief investment officer (CIO) performance review.

2020 Actuarial Valuation Report. Actuaries from Cavanaugh Macdonald Consulting LLC presented the IPERS June 30, 2020, valuation report to the Board. A summary of that report can be found [here](#).

Highlights include:

- The unfunded actuarial liability increased by \$110.0 million and the aggregate funded ratio remained at 84.0%.
- The contribution rates for regular membership will remain the same for FY 2022, and the contribution rates for both the sheriffs and deputies and the protection occupation groups will decrease slightly for FY 2022.
- The market value of assets return for FY 2020 was 3.39%.

New Hires on the Investment Team. The Board welcomed two new hires to the investment team:

- Sheldon Lien, equity investment officer
- Luca Rassenti, quantitative investment officer

IPERS Internal Audit Report. Kathy Bowers, IPERS internal auditor, presented results on two audits — the employer receipts process audit and the cash flow management audit. One consistent finding is a need to develop written policies and procedures for various processes and update existing written procedures. Previously planned 2020 audits were set aside due to COVID-19 risks, and 2021 audits are yet to be determined. However, one audit that is being planned is an audit on the information management/IT-analysis of risk management.

Investment Fund Update. Karl Koch, chief investment officer (CIO), reported that the estimated market value of the IPERS Trust Fund was \$37.379 billion on November 20, 2020. The net return for the third calendar quarter was 6.24%.

FY 2020 Investment Management Expense Report. Mr. Koch presented a report on management expenses. For FY 2020, investment management expenses decreased by 22.3% compared to FY 2019. Total manager fees decreased 23.6% from FY 2019 due to negotiated fee reductions, the underperformance by active managers in FY 2020, which reduced performance fees compared to FY 2019, and there was less active management in FY 2020 compared to FY 2019.

Next Meeting. The next Investment Board meeting will be Friday, March 26, 2021, and the next Benefits Advisory Committee (BAC) meeting will be Monday, January 25, 2021.

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