



1919 S. Highland Ave. • Building A, Suite 237 • Lombard, IL 60148

MEMORANDUM

TO: The Board of Trustees (the “Board”) of the Illinois Firefighters’ Pension Investment Fund (“FPIF” or “Fund”)
William Atwood, Executive Director and Chief Investment Officer

FROM: Anna Simonson, Public Markets Portfolio Analyst

RE: FPIF Performance Relative to Article 4 Pension Fund Benchmarks

DATE: December 9, 2025

Summary:

PA 101-0610 took effect on January 1, 2020, consolidating the pension assets of downstate firefighters’ pension funds into the FPIF portfolio. ***Since that time FPIF has added \$258,561,968.49 in portfolio value over and above what Article 4 pension Funds would have expected to earn prior to consolidation.***

Background:

The Illinois Firefighters’ Pension Investment Fund has completed the consolidation of Article 4 firefighter pension funds, consistent with Public Act 101-0610. Since FPIF began investing assets in October 2021, FPIF and its general consultant Marquette Associates have measured portfolio performance relative to a benchmark prescribed by its Investment Policy (the “Policy Benchmark”), benchmarks for Article 4 pension funds, and benchmarks for more aggressive and less aggressive portfolios.

As of June 30, 2025, FPIF’s portfolio has outperformed each of those benchmarks since the Fund’s inception.

Performance Report:

FPIF retained The Northern Trust Company to provide custody services in October 2021. As custodian, Northern Trust provides Investment Risk and Analytical Services (“IRAS”), which includes performance measurement and benchmark reporting. The FPIF Staff (“Staff”) worked with Northern Trust’s IRAS division to develop a comprehensive performance report that reflects FPIF’s investment performance relative to appropriate benchmarks. The report is updated and delivered to Staff monthly.

Consistent with industry best practices, FPIF evaluates performance relative to its Policy Benchmark. The Policy Benchmark was developed by FPIF’s Staff and General Investment Consultant; it reflects the Fund’s target allocations to each asset class. The Policy Benchmark is defined as follows.

IFPIF Policy Benchmark:

Index	Weight
Russell Top 200	25%
Russell Midcap	9%
S&P 600	2%
MSCI World ex US	16%
MSCI World ex US Small Cap	3%
MSCI Emerging Markets	8%
MSCI Emerging Markets Small Cap	2%
Bloomberg 1-3 Year Treasury	3%
Bloomberg U.S. Aggregate	24%
JP Morgan EMBI Global Diversified	3%
FTSE NAREIT Equity REITs	2%
NFI-ODCE Equal Weighted	3%

*As of June 30, 2025

As shown in Northern Trust's performance report, FPIF's asset allocation has outperformed its Board-approved Policy Benchmark by 48 basis points on an annualized basis, since the Fund's inception. A \$7 billion portfolio invested at inception is estimated to be worth **\$140,176,726.95** more than FPIF's Policy Benchmark.

Article 4 Pension Fund Benchmarks:

Prior to FPIF's consolidation process, Article 4 pension funds' investments were statutorily restricted. The Illinois Pension Code (the "Code") defined four categories of pension funds based on the pension funds' net assets (40 ILCS 5/1-113).

- Category 1: Pension Funds under \$2.5 million
- Category 2: Pension Funds between \$2.5 million and \$5 million
- Category 3: Pension Funds between \$5 million and \$10 million
- Category 4: Pension Funds with \$10 million or more

The Code established minimum fixed income allocations and restricted the universe of investments that Article 4 pension funds could select. The most aggressively permitted asset allocations established by the Code are detailed below:

- Category 1: 10% Equity / 90% Fixed Income
- Category 2: 45% Equity / 55% Fixed Income
- Category 3: 45% Equity / 55% Fixed Income (with more vehicles permitted than category 2)
- Category 4: 65% Equity / 35% Fixed Income

In practice, Article 4 pension funds did not invest in their most aggressively permitted asset allocations. To account for the more conservative portfolios, Staff used data provided by the



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Illinois Department of Insurance (“DOI”) to develop all-encompassing Article 4 Pension Fund benchmark, which included assets from pension funds of all sizes and categories.

The “Article 4: All Pensions” benchmark reflected in Northern Trust’s performance report is based upon DOI data and is comprised of:

Asset Class	Weight
Fixed Income	41%
U.S. Equities	37%
International Equities	19%
Private Real Estate	3%

As of June 30, 2025, FPIF has outperformed each of the category benchmarks, as well as the all-encompassing Article 4 benchmark, since inception.

Benchmark	FPIF Excess Return (%)	FPIF Est. Excess Return (\$)
Category 1	5.22%	\$1,435,031,897.14
Category 2	2.18%	\$623,028,264.53
Category 3	2.18%	\$623,028,264.53
Category 4	0.48%	\$140,176,726.95
Article 4: All Pensions	0.89%	\$258,561,968.49

*Excess returns are based on a \$7 billion portfolio at inception

**Appendix 1

60/40 and 70/30 benchmarks:

FPIF’s asset allocation is more aggressive than a 60% Equity / 40% Fixed Income portfolio, though less aggressive than a 70% Equity / 30% Fixed Income portfolio. However, FPIF has outperformed both a 60/40 portfolio and a 70/30 portfolio.

Benchmark	FPIF Excess Return (%)	FPIF Est. Excess Return (\$)
60% Equity / 40% Fixed Income	0.90%	\$261,433,959.95
70% Equity / 30% Fixed Income	0.06%	\$17,615,666.41

*Excess returns are based on a \$7 billion portfolio at inception

Conclusion:

FPIF's statutory mission is to provide Article 4 pension plans, and the communities they serve, with improved investment returns at lower costs. As shown in this report, ***FPIF added \$258,561,968.49 more than Article 4 Pension Funds would have expected to earn if they had not consolidated.***

FPIF has generated investment returns exceeding its policy benchmarks. The Fund's investment strategy has outperformed its Policy Benchmark, the legacy Article 4 pension fund benchmarks, as well as more and less aggressive benchmarks. FPIF has delivered value to its constituent pension funds and the municipalities they serve.

The Staff will keep the Board apprised of its continued initiatives to strengthen FPIF's total returns and to generate persistent performance that exceeds the Fund's benchmarks.



FIREFIGHTERS' PENSION INVESTMENT FUND

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Appendix 1

Article 4 Pension Funds	Fund Count	Total Assets
Category 1	58	\$ 54,543,046.82
Category 2	26	\$ 94,894,832.90
Category 3	37	\$ 275,405,428.11
Category 4	179	\$ 9,010,793,989.75

*Illinois Department of Insurance 2025 Public Pension Report - Detailed Financial Data for Fiscal Year 2024