

State of Illinois

2020 Senate Committee on Pensions and Investments Questionnaire and Response

Response respectfully submitted by the Illinois Municipal Retirement Fund
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Locally funded, financially sound.



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**IMRF Response to the
Minority and Female Investment Hearing Questionnaire
Senate Special Committee on Pension Investments**

I. Diverse Manager Policy

- 1. Please describe the process used to evaluate goals/objectives for the utilization of MWDBEs for investment managers and broker dealers in each asset class. Describe any changes made to the Emerging Manager Policy and MWDBE Brokerage policies. If there were no changes made to your policy in the previous year, please explain why and whether the decision to not change the policy was discussed at a board meeting. Please provide a copy of the policy and if applicable, describe the specific changes to that policy made in the previous year.**

In the 2020 Statement of Investment Policy update, four goals for MWDBE investment managers by asset class were increased. These changes are described below, and the 2020 Statement of Investment Policy is included in Appendix C.

Investment Manager Goals by Asset Class

- International Equity: the minimum goal for the utilization of Minority Investment Managers was increased from 18% to 20%.
- Fixed Income: the minimum goal for the utilization of Minority Investment Managers was increased from 28% to 30%.
- Real Estate: the minimum goal for the utilization of Minority Investment Managers was increased from 8% to 10%. The minimum goal for the utilization of Emerging Investment Managers was increased from 4% to 10%. The goals are calculated based on committed amounts.
- Private Equity: the minimum goal for the utilization of Minority Investment Managers was increased from 18% to 20%. The goals are calculated based on committed amounts.

SOIP and MWDBE Manager and Broker/Dealer Goals Review Process

The evaluation of our goals and objectives is ongoing throughout the entire year culminating with a formal annual report and presentation to the Board of Trustees. Investment Staff evaluates and reports MWDBE /Emerging Manager and MWDBE Broker/Dealer results to the IMRF Board of Trustees each month and on an annual basis.

Annually, the IMRF Statement of Investment Policy (SOIP) is reviewed in its entirety and adopted by the IMRF Board of Trustees. IMRF's goals and objectives for the utilization of MWDBE/Emerging Managers and broker dealers by asset class are included in the SOIP. On an annual basis, IMRF's Investment Staff and Consultant review the goals/objectives for each asset class regarding utilization of MWDBE investment managers and broker dealers and present their recommendations to the IMRF Board of Trustees.

Each month, Investment Staff prepares a Minority/Emerging Manager Report which details:

- Asset class market values and Minority Investment Manager assets under management (AUM) in each asset class
- Minority Investment Manager AUM via Direct Mandates and Manager of Managers/Fund of Funds platforms
- Number of Minority and Emerging Investment Managers
- Goals versus actual results by Investment Manager Classification
- Goals versus actual results by Asset Class
- List of MWDBE Managers is provided detailing assets under management, percentage of total Fund market value, asset class, and account type for each manager

On a monthly basis, IMRF's Investment Managers are required to report their utilization of MWDBE broker/dealers. Investment Staff compiles the information provided and creates a monthly MWDBE Broker/Dealer Utilization Report for the IMRF Board of Trustees.

This report details the following:

- Total Commission Amounts versus Minority Commission Amounts by Asset Class
- Goals versus actual results by Asset Class
- List of each Investment Manager's total brokerage commissions versus MWDBE brokerage commissions for each month

On an annual basis, IMRF Investment Staff presents a year-end review on the utilization of MWDBE/Emerging Managers and broker/dealers to IMRF's Board of Trustees.

The Annual MWDBE/Emerging Investment Manager Utilization Report provides details on:

- Diverse Manager Program
- Current Goals
- Recommendations
- Manager of Managers/Fund of Funds
- Total Minority Manager Allocations
- Goals versus Actual Results
- MWDBE Assets Under Management- Historical
- Number of Managers and AUM by Classification/Asset Class

The Annual MWDBE Broker/Dealer Utilization Report provides details on:

- Diverse Broker/Dealer Program
- Current Goals
- Recommendations
- Goals versus Actual Results
- Commission amounts by Broker/Dealer Classification

2020 Diverse Manager Policy and Minority Broker Dealer Goals

IMRF's Diverse Investment Manager Policy

The Illinois Municipal Retirement Fund is committed to diversity in the hiring of minority and emerging owned investment managers, as defined by the Illinois Pension Code.

Minority Investment Manager Definition

A minority investment manager is defined as a qualified investment manager that manages an investment portfolio and meets the definition of “minority owned business,” “woman owned business” or “business owned by a person with a disability” as defined in the Business Enterprise for Minorities, Women, and Persons with Disabilities Act. Minority Investment Management firms must be 51% or more owned by individuals that are minorities, women or persons with a disability and are citizens or lawful permanent residents of the United States.

Emerging Investment Manager Definition

An emerging investment manager is defined as a qualified investment advisor that manages an investment portfolio of at least \$10,000,000 but less than \$10,000,000,000 and is a “minority owned business,” “woman owned business” or “business owned by a person with a disability” as defined in the Business Enterprise for Minorities, Women, and Persons with Disabilities Act. Emerging Investment Management firms must be 51% or more owned by individuals that are minorities, women or persons with a disability and are citizens or lawful permanent residents of the United States.

For complete definitions of Minority and Emerging Investment Manager please go to the following website:

[\(30 ILCS 575/\) Business Enterprise for Minorities, Women, and Persons with Disabilities Act.](#)

The IMRF Board of Trustees adopts the following aspirational goals and minority and emerging investment manager goals based on percentage of total Fund market value, percentage of asset class, and percentage of investment management fees paid.

Aspirational Goals

(In Compliance with Section 1-109.1 (10) of the Illinois Pension Code)

The Illinois Municipal Retirement Fund Board of Trustees adopts two aspirational goals: (i) to utilize emerging investment managers for at least 20% of the total Fund's assets under management and (ii) to utilize firms owned by minorities, women and persons with disabilities for at least 20% of the total Fund's assets under management.

Policy to Achieve Aspirational Goals

The Illinois Municipal Retirement Fund Board of Trustees adopts a policy to ensure progress towards achieving the aspirational goals. The policy directs the IMRF Investment Staff:

- to build relationships with the minority and emerging investment manager community by attending and/or speaking at conferences and events,
- to launch targeted RFP's that specifically focus on emerging and/or minority owned firms,
- to utilize manager of managers and fund of funds programs to hire underlying minority and emerging investment managers,
- to graduate underlying minority and emerging investment managers for direct mandates.

The Illinois Municipal Retirement Fund Board of Trustees will evaluate the Executive Director on the efforts to achieve the aspirational goals. Job descriptions for key Staff reflect IMRF's commitment to diversity and aspirational goals.

Minority and Emerging Investment Manager Goals

(In Compliance with Section 1-109.1 (4) & (9) of the Illinois Pension Code)

The Illinois Municipal Retirement Fund is committed to providing opportunities for minority and emerging investment managers.

The Illinois Municipal Retirement Fund Board of Trustees adopts separate goals for: (i) minority and emerging investment managers that are minority owned businesses; (ii) minority and emerging investment managers that are woman owned businesses; and (iii) minority and emerging investment managers that are businesses owned by a person with a disability. Additionally, the IMRF Board of Trustees adopts fee goals for minority investment managers consistent with aspirational goal.

Goals for Minority and Emerging Investment Managers by Investment Manager Classification		
Minority Manager (any AUM)		Emerging Manager (AUM \$10 million to \$10 billion)
<u>Investment Manager Classification</u>	<u>Minimum Goal as a Percentage of Total Fund Market Value</u>	<u>Minimum Goal as a Percentage of Total Fund Market Value</u>
Minority Owned Businesses	13%	13%
Woman Owned Businesses	6%	6%
Businesses Owned by a Person with a Disability	1%	1%
Total Aspirational Goal	20%	20%
Minimum Goal as a Percentage of Total Fees	20%	20%

The Illinois Municipal Retirement Fund Board of Trustees adopts goals for minority and emerging investment managers by asset class.

Goals for Investment Managers by Asset Class		
Asset Class	<u>Minority</u> Minimum Goal as a Percentage of Asset Class	<u>Emerging</u> Minimum Goal as a Percentage of Asset Class
Domestic Equity	5%	5%
International Equity	20%	15%
Fixed Income	30%	25%
Real Estate*	10%	10%
Private Equity*	20%	10%
Timberland	Best Efforts	Best Efforts
Agriculture	Best Efforts	Best Efforts

*Based on committed amounts

Investments in Illinois Businesses

The Board recognizes that investments made in businesses operating in Illinois and in real estate and other assets in the state may contribute to an improved economic climate in the state. Therefore, where investment characteristics such as competitive rate of return in relation to the risks involved, minimum quality standards, liquidity considerations, and other investment objectives of the Board are equivalent, the Board favors investments which will have a positive impact on the economy of Illinois. However, nothing in this paragraph shall be construed to favor the foregoing of investment return in order to provide a subsidy to a particular group to the detriment of the Fund members, their beneficiaries, or their public employers.

Minority Broker/Dealer Utilization

The firms that are to act as a securities broker-dealer with respect to the purchase and sale of assets for the Fund shall be selected by the investment manager in its sole discretion. The investment manager or any entity controlled by or controlling it, or affiliated with it, shall not act as a securities broker-dealer with respect to purchases and sales of assets allocated to the investment manager unless the Board specifically approves such action. This excludes Transition Manager assignments.

In the selection of broker-dealers with whom to place orders for the purchase or sale of securities for the Fund, the primary objective of the investment manager shall be to obtain the most favorable results for the Fund. The investment manager’s selection of broker-dealers may take into account the following factors:

1. satisfy IMRF’s goals for minority broker-dealers;
2. price and/or commission;
3. the broker-dealer’s facilities, reliability and financial responsibility;
4. the ability of the broker-dealer to effect securities transactions, particularly with respect to such aspects as timing, order size, execution

- of orders and the ability to complete a transaction through clearance, settlement and delivery;
5. the research provided by such broker-dealer to the investment manager which is expected to enhance general portfolio management capabilities, notwithstanding the fact that the Fund may not be the direct or exclusive beneficiary of such services and;
 6. with the exception of investment-related research reports, soft dollar commissions may not be generated in order to satisfy, directly and/or indirectly, payment for any other services such as vendor fees, administrative expenses, and/or other externally sourced amenities.

The investment manager’s selection of such broker-dealers shall be in accordance with Article I of the Illinois Pension Code (40 ILCS 5/1-101 et seq.).

2020 Minority Broker/Dealer Goals

The Illinois Municipal Retirement Fund is committed to providing opportunities for minority owned and woman owned broker/dealers and broker/dealers owned by a person with a disability. The Illinois Municipal Retirement Fund Board of Trustees adopts a policy which sets forth goals for increasing the utilization of minority broker/dealers.

The minimum expectations for the goals of minority broker/dealers are based on commission dollars for Equities and par value for Fixed Income. Investment managers of separately managed investment portfolios and commingled passive equity index funds, in the following asset classes, must meet the minimum goals:

<u>Asset Class</u>	<u>2020 Minimum Goal</u>
U.S. Equities	25%
U.S. Large-Cap Equities	30%
U.S. Micro-Cap Equities	10%
International Equities	20%
Global Listed Infrastructure	20%
Fixed Income	22%
High-Yield Bonds	5%
International Small-Cap Equities	5%
Emerging Market Equities	5%
Commingled Passive U.S. Equity Index Funds	10%
Commingled Passive International Equity Index Funds	10%
Emerging Market Debt	Best Efforts

Note: This broker/dealer goal will be reviewed annually. IMRF may allow current investment managers a limited transition period when minority broker/dealer goals are increased.

Investment managers are prohibited from using indirect methods such as step-outs to achieve these goals.

Investment managers of actively managed pooled/commingled investment portfolios are directed to use their best efforts to execute trades with minority broker/dealers. These efforts will be evaluated during semi-annual portfolio review meetings.

All investment managers executing brokerage on behalf of the Illinois Municipal Retirement Fund are directed to meet these minimum goals in their specific portfolios and shall report monthly on their goals of minority broker/dealers. Any investment manager failing to meet the minimum goal during the reporting month must provide a written explanation disclosing the reasons for not meeting the goal.

Transition managers are expected to meet or exceed IMRF’s current minority brokerage goals.

Staff will report to the Board of Trustees annually on the goals of minority broker/dealers. Investment managers not meeting the minority broker/dealer goals will be identified in the report. An investment manager’s ability to meet a minority brokerage goal is an integral part of the manager monitoring process. Consequences for not meeting IMRF’s minority brokerage goals are situation specific and range from increased monitoring, placement on watch list, asset reduction, termination, and exclusion from receiving additional allocations/mandates.

2. Public Act 96-006 required funds to adopt goals across all asset classes. Please complete Table #2: Asset Managers and Table #3: Brokerage, including the goals for each asset class.

Please find the completed tables #2 Asset Managers and table #3 Brokerage below and in Appendix A and B.

TABLE #2: ASSET MANAGERS						
The special committee recognizes that not all funds/systems invest in the same asset classes and/or have completed FY 19. Therefore, please change the asset classes and years below as you see fit while maintaining the overall format of the table.						
EMERGING/DIVERSE PLAN GOALS						
	2015	2016	2017	2018	2019	2020
Goals for Investment Managers by Classification	Emerging Investment Managers		Emerging and Minority Investment Managers			
Minority Owned Businesses	9% to 13%		13%	13%	13%	13%
Women Owned Businesses	2% to 6%		6%	6%	6%	6%
Businesses Owned by a Person with a Disability	0.5% to 1%		1%	1%	1%	1%

Asset Class Goals for Emerging Investment Managers per Illinois Pension Code 1-109.1 (4)						
Goals for Investment Managers by Asset Class	2015	2016	2017	2018	2019	2020
Equities	10% to 12% of the asset class					
Fixed-Income	15% to 20% of the asset class					
Alternatives (PE, RE, HF)	5% to 10% of the asset class					

Asset Class Goals for Emerging Investment Managers per Illinois Pension Code 1-109.1 (4)						
Goals for Investment Managers by Asset Class	2015	2016	2017	2018	2019	2020
Domestic Equity			8%	8%	5%	5%
International Equity			15%	15%	15%	15%
Fixed Income			20%	25%	25%	25%
Real Estate*			4%	4%	4%	10%
Private Equity*			10%	10%	10%	10%
Hedge Funds			15%			
Timberland			Best Efforts	Best Efforts	Best Efforts	Best Efforts
Agriculture			Best Efforts	Best Efforts	Best Efforts	Best Efforts

Asset Class Goals for Minority Investment Managers per Illinois Pension Code 1-109.1 (9)						
Goals for Investment Managers by Asset Class	2015	2016	2017	2018	2019	2020
Domestic Equity			8%	8%	5%	5%
International Equity			15%	15%	18%	20%
Fixed Income			20%	25%	28%	30%
Real Estate*			4%	8%	8%	10%
Private Equity*			10%	15%	18%	20%
Hedge Funds			15%			
Timberland			Best Efforts	Best Efforts	Best Efforts	Best Efforts
Agriculture			Best Efforts	Best Efforts	Best Efforts	Best Efforts
*based on committed amounts						

% of Assets Managed by MWDBE Firms by Classification	2015	2016	2017	2018	2019
African-American	9.87%	10.43%	8.88%	12.45%	12.68%
Latino(a)	5.47%	5.90%	5.99%	6.83%	7.41%
Asian-American	0.44%	0.26%	0.30%	0.31%	0.34%
Woman	3.39%	2.79%	3.19%	3.02%	2.86%
Disabled	0.04%	0.04%	0.04%	0.04%	0.03%
Total	19.21%	19.42%	18.40%	22.65%	23.31%

Assets Managed by MWDBE Firms by Classification (in millions)	2015	2016	2017	2018	2019
African-American	\$3,379.35	\$3,779.09	\$3,649.49	\$4,783.42	\$5,664.19
Latino(a)	\$1,874.68	\$2,137.68	\$2,463.55	\$2,623.34	\$3,309.98
Asian-American	\$151.34	\$94.00	\$123.03	\$118.17	\$149.87
Woman	\$1,162.90	\$1,011.91	\$1,311.46	\$1,161.38	\$1,275.40
Disabled	\$14.85	\$14.85	\$14.85	\$14.85	\$14.85
Total	\$6,583.12	\$7,037.54	\$7,562.38	\$8,701.15	\$10,414.29

% of Fees Paid to MWDBE Firms by Classification	2015	2016	2017	2018	2019
African-American	11.28%	12.59%	13.22%	11.75%	12.22%
Latino(a)	4.18%	6.10%	4.64%	4.87%	5.20%
Asian-American	2.09%	0.89%	0.63%	0.59%	0.63%
Woman	2.91%	3.20%	3.97%	4.69%	5.12%
Disabled	0.12%	0.18%	0.10%	0.09%	0.06%
Total	20.58%	22.96%	22.57%	21.99%	23.23%

Fees Paid to MWDBE Firms by Classification (in millions)	2015	2016	2017	2018	2019
African-American	\$15.27	\$15.54	\$16.32	\$15.59	\$18.20
Latino(a)	\$5.66	\$7.53	\$5.73	\$6.46	\$7.74
Asian-American	\$2.82	\$1.10	\$0.77	\$0.78	\$0.94
Woman	\$3.94	\$3.94	\$4.91	\$6.22	\$7.63
Disabled	\$0.16	\$0.23	\$0.13	\$0.12	\$0.09
Total	\$27.86	\$28.34	\$27.86	\$29.17	\$34.62

% of Assets Managed by Illinois MWDBE Firms by Classification	2015	2016	2017	2018	2019
African-American	3.32%	3.72%	1.03%	1.02%	1.16%
Latino(a)	0.85%	0.54%	0.86%	0.70%	1.34%
Asian-American	0.00%	0.00%	0.00%	0.00%	0.00%
Woman	0.00%	0.00%	0.00%	0.00%	0.01%
Disabled	0.04%	0.04%	0.04%	0.04%	0.03%
Total	4.21%	4.30%	1.93%	1.76%	2.55%

Assets Managed by Illinois MWDBE Firms by Classification (in millions)	2015	2016	2017	2018	2019
African-American	\$1,138.99	\$1,348.63	\$423.01	\$391.09	\$519.86
Latino(a)	\$290.18	\$197.10	\$353.65	\$268.38	\$535.22
Asian-American	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Woman	\$0.00	\$0.00	\$0.00	\$0.00	\$4.50
Disabled	\$14.85	\$14.85	\$14.85	\$14.85	\$14.85
Total	\$1,444.03	\$1,560.58	\$791.51	\$674.32	\$1,074.43

% of Fees Paid to Illinois MWDBE Firms by Classification	2015	2016	2017	2018	2019
African-American	4.07%	3.73%	3.02%	3.10%	3.09%
Latino(a)	1.45%	0.99%	1.42%	1.51%	1.38%
Asian-American	0.00%	0.00%	0.00%	0.00%	0.00%
Woman	0.00%	0.00%	0.00%	0.00%	0.05%
Disabled	0.12%	0.18%	0.10%	0.10%	0.07%
Total	5.64%	4.91%	4.54%	4.71%	4.59%

Fees Paid to Illinois MWDBE Firms by Classification (in millions)	2015	2016	2017	2018	2019
African-American	\$5.50	\$4.60	\$3.73	\$3.88	\$4.41
Latino(a)	\$1.96	\$1.23	\$1.75	\$1.89	\$1.96
Asian-American	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Woman	\$0.00	\$0.00	\$0.00	\$0.00	\$0.07
Disabled	\$0.16	\$0.23	\$0.13	\$0.12	\$0.09
Total	\$7.63	\$6.06	\$5.61	\$5.90	\$6.54

% of Assets Managed by MWDBE Firms by Asset Class	2015	2016	2017	2018	2019
Large Cap Equity	9.52%	7.22%	0.00%	6.97%	7.94%
Micro Cap Equity	19.07%	42.37%	23.90%	0.58%	0.00%
Mid Cap Equity	0.00%	0.00%	0.00%	0.00%	0.00%
Small Cap Equity	10.08%	6.80%	8.01%	8.04%	10.20%
SMID Cap Equity	0.00%	0.00%	0.00%	0.00%	0.00%
Public Real Assets	0.00%	0.00%	0.00%	0.00%	0.00%
Core Fixed	37.35%	40.47%	44.52%	49.59%	49.85%
Core Plus	31.87%	31.73%	36.83%	36.79%	36.80%
High Yield	9.34%	9.52%	7.18%	6.29%	6.44%
Opportunistic	0.00%	0.00%	0.00%	0.00%	0.00%
Bank Loans	0.00%	0.00%	0.00%	0.00%	0.00%
Emerging Markets Debt	0.00%	0.00%	0.00%	0.00%	0.00%
Intl Large Cap Equity	24.94%	25.45%	27.13%	26.19%	28.42%
Intl Small Cap Equity	9.38%	9.78%	10.34%	13.76%	7.80%
Emerging Markets	9.41%	9.35%	8.05%	8.23%	4.34%
Private Equity*	16.56%	26.48%	29.68%	28.78%	26.45%
Agriculture	0.00%	0.00%	0.00%	0.00%	0.00%
Timber	0.00%	0.00%	0.00%	0.00%	0.00%
Hedge Fund	31.01%	13.13%	0.00%	0.00%	0.00%
Real Estate*	6.12%	7.63%	12.23%	12.82%	15.03%
Cash	0.00%	0.00%	0.00%	0.00%	0.00%
Fund AUM (in millions)	34,270	36,274	41,095	38,417	44,669

*Private Equity and Real Estate Values based on commitment amounts

Assets Managed By MWDBE Firms by Asset Class (in millions)	2015	2016	2017	2018	2019
Large Cap Equity	\$1,008.67	\$862.69	\$0.00	\$846.39	\$1,153.96
Micro Cap Equity	\$116.99	\$277.15	\$132.74	\$2.19	\$0.00
Mid Cap Equity	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Small Cap Equity	\$309.58	\$213.88	\$230.51	\$192.42	\$242.27
SMID Cap Equity	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Public Real Assets	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Core Fixed	\$1,684.95	\$1,973.02	\$2,611.85	\$3,204.45	\$3,522.84
Core Plus	\$1,270.77	\$1,291.06	\$1,326.95	\$1,313.07	\$1,420.96
High Yield	\$58.51	\$65.29	\$48.74	\$47.98	\$54.54
Opportunistic	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Bank Loans	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Emerging Markets Debt	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Intl Large Cap Equity	\$1,421.06	\$1,439.50	\$1,886.11	\$1,549.73	\$1,968.98
Intl Small Cap Equity	\$43.36	\$44.69	\$64.08	\$63.49	\$44.06
Emerging Markets	\$56.55	\$62.76	\$71.59	\$158.97	\$48.01
Private Equity*	\$298.97	\$579.11	\$739.48	\$902.46	\$1,231.53
Agriculture	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Timber	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Hedge Fund	\$151.38	\$11.07	\$0.00	\$0.00	\$0.00
Real Estate*	\$162.33	\$217.33	\$450.33	\$517.33	\$727.32
Cash	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Fund AUM	34,270	36,274	41,095	38,417	44,669

**Private Equity and Real Estate Values based on commitment amounts*

TABLE #3: BROKERAGE

The special committee recognizes that not all funds/systems invest in the same asset classes and/or have completed FY 19. Therefore, please change the asset classes and years below as you see fit while maintaining the overall format of the table.

MWDBE Broker Utilization Goals by Asset Class	2015	2016	2017	2018	2019	2020
US Equities	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%
US Large Cap Equities (added 02/2016)		30.00%	30.00%	30.00%	30.00%	30.00%
US Micro Cap Equities	7.00%	7.00%	7.00%	10.00%	10.00%	10.00%
Global Listed Infrastructure (added 3/2018)				20.00%	20.00%	20.00%
International Equities	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%
International Small Cap Equities	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Emerging Markets Equities	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Fixed Income	22.00%	22.00%	22.00%	22.00%	22.00%	22.00%
High Yield Bonds	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Emerging Market Debt (added 12/2015)	Best Efforts					
Bank Loans (added 12/2015) (removed 1/2019)	Best Efforts					
Opportunistic Strategies (added 12/2015) (removed 1/2019)	Best Efforts					
Hedge Funds (added 12/2015) (removed 01/2017)	Best Efforts					
Equity Commingled Accounts - Passive	Best Efforts				10.00%	10.00%
Equity Commingled Accounts - Active	Best Efforts					
Fixed Income Commingled Accounts	Best Efforts					

DOMESTIC EQUITY						
% of Commissions Paid to MWDBE Brokers by Classification	2015	2016	2017	2018	2019	
African-American	12.18%	12.59%	8.43%	8.21%	5.58%	
Latino(a)	1.74%	4.35%	3.92%	2.51%	2.30%	
Asian-American	0.87%	0.00%	0.00%	0.00%	0.20%	
Female	10.90%	10.59%	9.13%	9.03%	9.14%	
Other	5.36%	2.22%	8.66%	8.83%	10.65%	
Total	31.05%	29.75%	30.14%	28.58%	27.85%	
IL Based	9.38%	12.46%	5.68%	6.59%	4.22%	

DOMESTIC EQUITY					
Commissions Paid to MWDDBE Brokers by Classification	2015	2016	2017	2018	2019
African-American	\$ 816,571	\$ 648,312	\$ 520,828	\$ 796,913	\$ 619,399
Latino(a)	\$ 116,572	\$ 224,024	\$ 241,768	\$ 243,755	\$ 254,907
Asian-American	\$ 58,509	\$ -	\$ -	\$ -	\$ 21,940
Female	\$ 730,616	\$ 545,338	\$ 564,042	\$ 876,737	\$ 1,014,204
Other	\$ 359,396	\$ 114,226	\$ 534,765	\$ 856,686	\$ 1,181,820
Total	\$ 2,081,663	\$ 1,531,900	\$ 1,861,403	\$ 2,774,091	\$ 3,092,269
IL Based	\$ 530,608	\$ 641,674	\$ 350,562	\$ 639,881	\$ 468,828

INTERNATIONAL EQUITY					
% of Commissions Paid to MWDDBE Brokers by Classification	2015	2016	2017	2018	2019
African-American	5.73%	7.74%	7.00%	8.03%	15.35%
Latino(a)	4.08%	1.72%	3.94%	8.90%	3.42%
Asian-American	0.00%	0.00%	0.00%	0.00%	0.00%
Female	12.46%	13.23%	8.84%	9.95%	9.18%
Other	0.50%	1.48%	4.06%	4.43%	6.22%
Total	22.77%	24.17%	23.84%	31.31%	34.16%
IL Based	13.46%	20.23%	12.52%	13.87%	20.83%

INTERNATIONAL EQUITY					
Commissions Paid to MWDDBE Brokers by Classification	2015	2016	2017	2018	2019
African-American	\$ 269,113	\$ 416,621	\$ 328,820	\$ 324,173	\$ 443,295
Latino(a)	\$ 191,840	\$ 92,370	\$ 184,923	\$ 359,346	\$ 98,640
Asian-American	\$ -	\$ -	\$ -	\$ -	
Female	\$ 585,619	\$ 712,728	\$ 415,246	\$ 401,897	\$ 265,165
Other	\$ 23,560	\$ 79,873	\$ 190,630	\$ 178,797	\$ 179,581
Total	\$ 1,070,132	\$ 1,301,592	\$ 1,119,619	\$ 1,264,212	\$ 986,681
IL Based	\$ 632,271	\$ 1,089,350	\$ 587,903	\$ 560,288	\$ 601,738

FIXED INCOME					
% of Commissions Paid to MWDBE Brokers by Classification	2015	2016	2017	2018	2019
African-American	22.84%	6.60%	3.36%	3.68%	4.48%
Latino(a)	2.30%	1.21%	1.37%	1.54%	2.25%
Asian-American	0.00%	0.00%	0.00%	0.00%	0.00%
Female	0.71%	0.31%	0.34%	0.31%	0.33%
Other	1.15%	1.48%	1.33%	0.57%	0.33%
Total	27.00%	9.60%	6.40%	6.10%	7.39%
IL Based	10.06%	4.20%	2.24%	1.22%	3.20%

FIXED INCOME					
Par Volume Traded with MWDBE Brokers by Classification (in millions)	2015	2016	2017	2018	2019
African-American	7,645.75	5,531.33	3,087.64	2,537.68	2,741.04
Latino(a)	281.34	1,015.52	1,254.53	1,063.59	1,378.38
Asian-American	0.00	0.00	0.00	0.00	0.00
Female	43.44	260.85	316.72	216.44	205.04
Other	108.64	1,244.91	1,220.76	394.25	202.72
Total	8,079.17	8,052.61	5,879.64	4,211.96	4,527.19
IL Based	3,276.69	3,522.27	2,054.78	1,295.00	1,961.79

3. Please list the Diverse firms that manage passive investments for your Fund, the amount and the percentage of assets versus your Emerging Manager Program or portfolio. Are you bifurcating your goals based on active vs. passive management?

Investment Manager	Manager Classification	Mandate	Initial Allocation	07/31/2020 Market Value	7/31/2020	Percentage of Diverse Manager Program	Percentage of Total IMRF Market Value
					Diverse Manager Program Market Value		
Xponance	African American	Russell 1000 Growth Index	\$1.0 billion	\$1.646 billion	\$10.175 billion	16.2%	3.7%

IMRF does not bifurcate its goals based on active vs passive management. The Russell 1000 Growth Index strategy falls under IMRF's goal for Domestic Equity.

4. How frequently does your Fund review the EEOC data and diversity of all firms that your Plan works with? Is this data presented to the Board on a routine basis for evaluation and consideration prior to a Fund receiving additional allocations? If you are not asking for EEOC data, why not?

On an annual basis, IMRF reviews EEOC data and diversity of all of its existing investment managers. IMRF requires all existing investment managers to provide EEOC statistics as part of the Annual Certification Process.

IMRF requires all firms to complete the Disclosure Form in compliance with Section 1-113.21 of the Illinois Pension Code as part of the RFP response and provides this information to the Investment Committee of the Board during the investment recommendation. The Investment Managers are required to discuss their Firm's diversity efforts, as part of their presentation to the IMRF Board.

5. Please provide a copy of your EEOC statement. If you don't have one, please explain why you don't have one?

IMRF's Equal Employment Opportunity statement is below and is available on IMRF's intranet.

Equal Employment Opportunity

IMRF, in recognition of the responsibility to our employees and to the community in which we operate, reaffirms its equal employment opportunity policy of complying with all federal, state, and local equal employment opportunity/non-discrimination laws. In carrying out this responsibility, we will, to the fullest extent required by applicable law:

- recruit, hire, and promote for all job classifications, and
- take all personnel actions (such as compensation, benefits, transfers, return from layoffs, IMRF-sponsored training, social and recreational programs, and terminations)

without regard to race, color, religion, sex, national origin, ancestry, age, order of protection status, marital status, physical or mental disability, military status, sexual orientation, gender expression, gender identity, genetic information, unfavorable discharge from military service, or any other bases protected by applicable law.

IMRF also makes reasonable accommodations for qualified applicants and employees with disabilities, and reasonable accommodations related to pregnancy and childbirth, unless doing so creates an undue hardship, in accordance with all legal requirements. Any applicant or employee who requires an accommodation to perform the essential functions of the job should contact Human Resources to request that accommodation. IMRF will work with the individual and engage in an interactive process in an attempt to identify a reasonable accommodation that will not impose an undue hardship on IMRF.

Any employee who believes he or she has been subjected to any form of unlawful discrimination is encouraged and expected immediately to notify Human Resources, their Director, Manager or

Supervisor or IMRF’s Global Compliance Services. The contact information for Global Compliance is found on the IMRF intranet.

6. Does your Fund evaluate and consider the team and firm diversity of non-MWDBE firms prior to awarding new mandates?

Yes, IMRF considers the team and firm diversity of all firms prior to awarding new mandates.

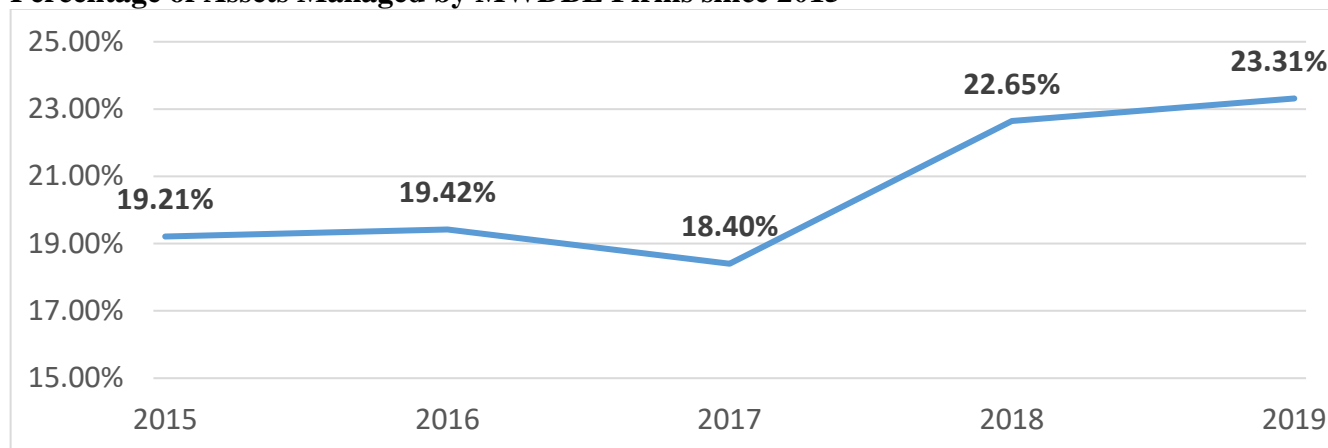
IMRF requires all firms to complete the Disclosure Form in compliance with Section 1-113.21 of the Illinois Pension Code as part of the RFP response and provides this information to the Investment Committee of the Board during the investment recommendation. The Investment Managers are required to discuss their Firm’s diversity efforts, as part of their presentation to the IMRF Board.

During an RFP process, team and firm diversity are factors that firms are evaluated and ranked on. In the Organization Diversity Efforts section of an RFP, respondents are required to complete the Diversity Profile (EEOC information), Disclosure Form in compliance with Illinois Pension Code Section 1-113.21, and answer various questions regarding ethnic and gender diversity at their organizations.

7. Please provide a line chart that begins in 2015 and extends to your most recent completed fiscal year that depicts the percentage of assets under management (AUM) by MWDBE firms and the percentage of fees paid to those firms compared to the total AUM and total fees, respectively.

Below are two charts that depict the percentage of assets under management by MWDBE firms and the percentage of fees paid to MWDBE firms compared to total AUM and total fees paid, respectively.

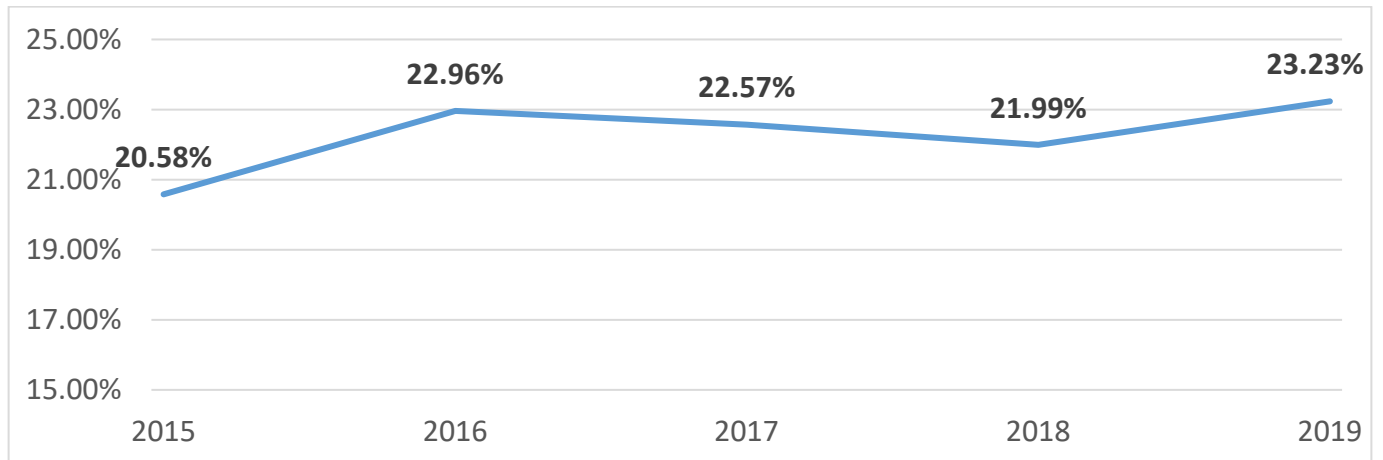
Percentage of Assets Managed by MWDBE Firms since 2015



Year End	2015	2016	2017	2018	2019
IMRF \$ AUM	\$34,271	\$36,235	\$41,095	\$38,423	\$44,669
MWDBE \$ AUM	\$6,583	\$7,038	\$7,562	\$8,701	\$10,414
MWDBE % AUM	19.21%	19.42%	18.40%	22.65%	23.31%

In millions

Percentage of Fees Paid to MWDBE Firms since 2015



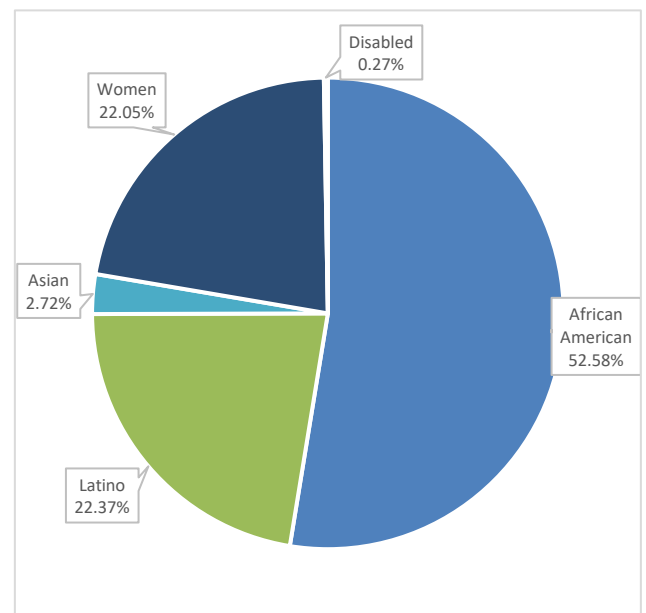
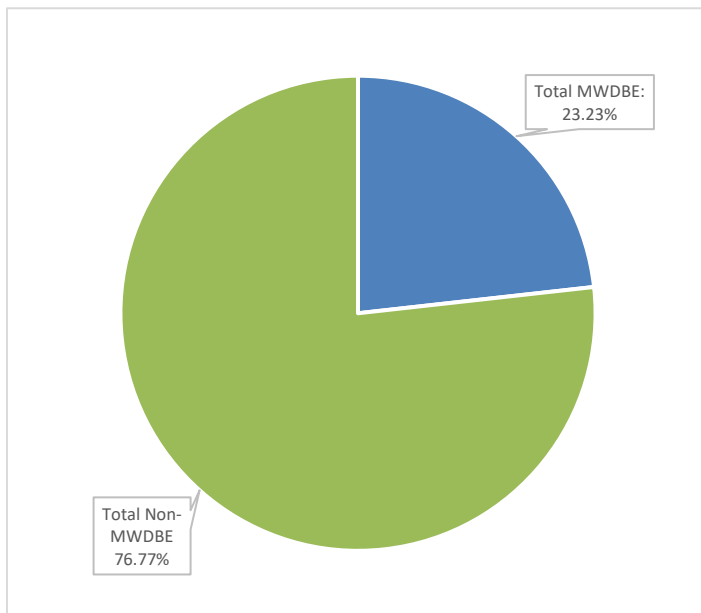
Year End	2015	2016	2017	2018	2019
IMRF \$ Fees	\$135,356,207.05	\$123,461,435.20	\$123,448,934.68	\$132,658,465.66	\$148,994,124.70
MWDBE \$ Fees	\$27,856,328.34	\$28,342,198.61	\$27,858,347.92	\$29,173,665.49	\$34,617,074.72
MWDBE % Fees	20.58%	22.96%	22.57%	21.99%	23.23%

8. Please provide pie charts that depict the percentage of asset management fees paid to MWDBE firms versus non-MWDBE firms broken out by asset class for your last fiscal year. Of the percentage of fees paid to MWDBE firms, what percentage were paid to African Americans, Latinos, Asian, Women and other groups that fall under MWDBE for each asset class? Please show the percentage for each group.

IMRF's fiscal year end is December 31st. The fee information provided is as of the last complete fiscal year end December 31, 2019.

2019 MWDBE Fees By Classification		
	MWDBE Fees	% Of Fees MWDBE
African American	\$18,202,244	52.58%
Latino	\$7,744,585	22.37%
Asian	\$941,886	2.72%
Women	\$7,634,311	22.05%
Disabled	\$94,049	0.27%
Total MWDBE:	\$34,617,075	23.23%
Total Non-MWDBE:	\$114,377,050	76.77%
Total:	\$148,994,125	100.00%

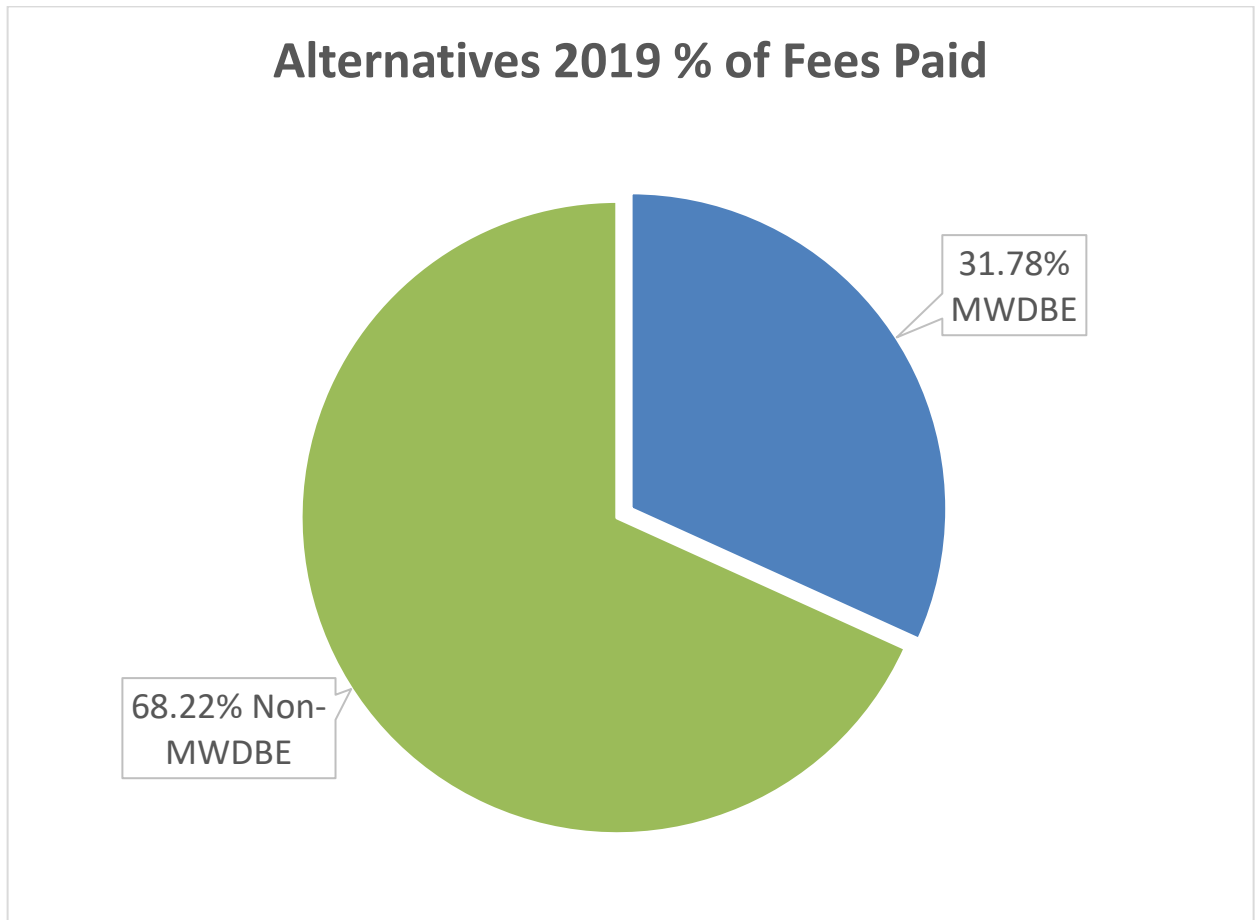
2019 MWDBE Fees By Classification



2019 MWDBE Fees By Asset Class				
	MWDBE Fees	Non-MWDBE Fees	% Of Fees MWDBE	% Of Fees Non-MWDBE
Alternatives	\$12,915,361	\$27,728,245	31.78%	68.22%
Real Estate	\$6,050,733	\$27,418,041	18.08%	81.92%
Fixed Income	\$8,040,353	\$8,398,927	48.91%	51.09%
Global Equity	\$7,610,628	\$50,831,838	13.02%	86.98%
Total:	\$34,617,075	\$114,377,050	23.23%	76.77%

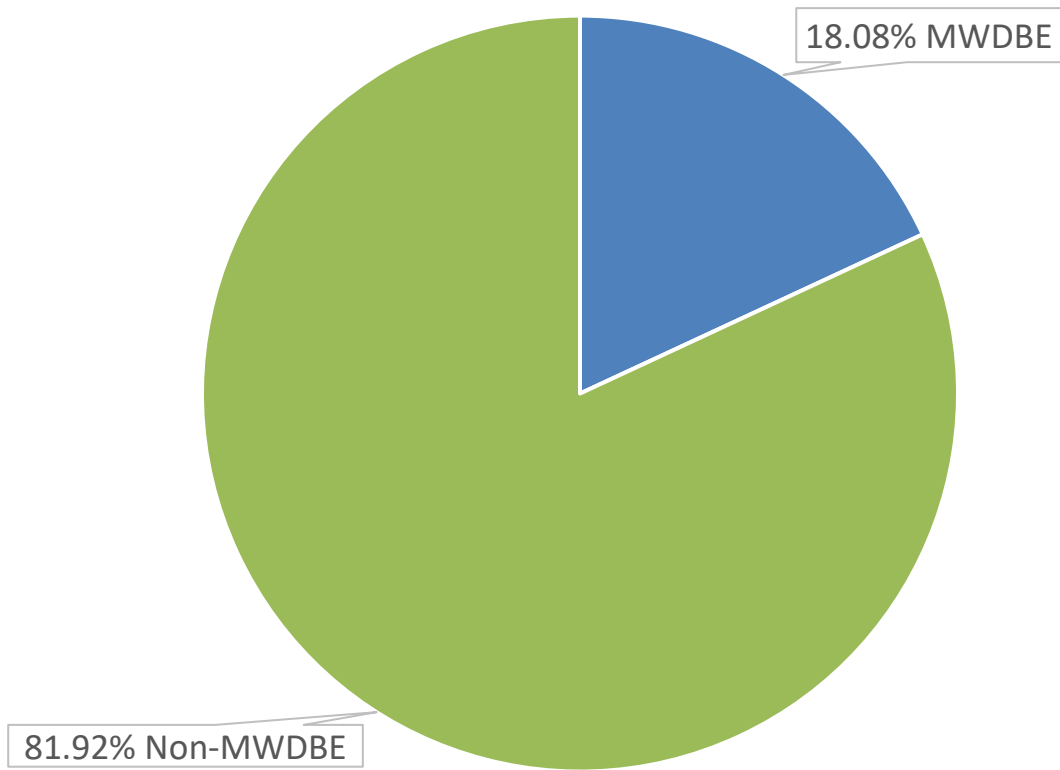
Summary of 2019 MWDBE Fees				
	MWDBE Fees	Non-MWDBE Fees	% Of Fees MWDBE	% Of Fees Non-MWDBE
Public Markets	\$15,650,981	\$59,230,765	20.90%	79.10%
Private Markets	\$18,966,093	\$55,146,285	25.59%	74.41%
Total:	\$34,617,075	\$114,377,050	23.23%	76.77%

2019 Fees Paid to MWDBE by Asset Class and Classification



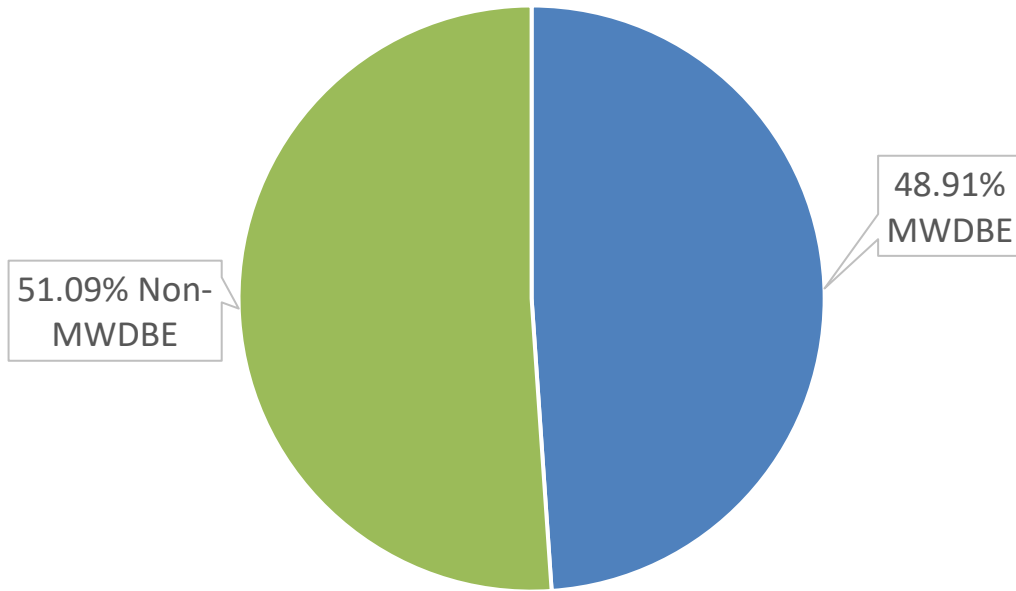
2019 Fees	Alternatives	% Paid to MWDBE
African American	\$9,185,526	71.12%
Latino	\$2,843,370	22.02%
Asian	\$578,225	4.48%
Women	\$308,240	2.39%
Disabled	\$-	0.00%
Total MWDBE:	\$12,915,361	31.78%
Total Non-MWDBE:	\$27,728,245	68.22%
Total:	\$40,643,605	100.00%

Real Estate 2019 % of Fees Paid



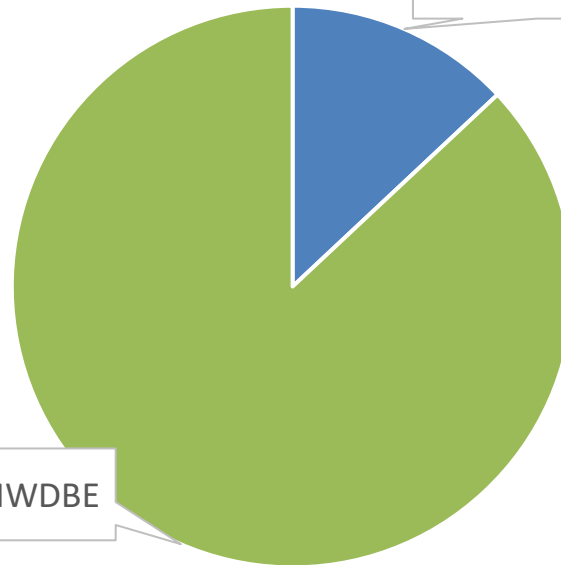
2019 Fees	Real Estate	% Paid to MWDBE
African American	\$ 353,336	5.84%
Latino	\$ 1,600,617	26.45%
Asian	\$ 164,159	2.71%
Women	\$ 3,838,572	63.44%
Disabled	\$ 94,049	1.55%
Total MWDBE:	\$ 6,050,733	18.08%
Total Non-MWDBE:	\$ 27,418,041	81.92%
Total:	\$ 33,468,773	100.00%

Fixed Income 2019 % of Fees Paid



2019 Fees	Fixed Income	% Paid to MWDBE
African American	\$ 4,474,890	55.66%
Latino	\$ 2,921,198	36.33%
Asian	\$ -	0.00%
Women	\$ 644,265	8.01%
Disabled	\$ -	0.00%
Total MWDBE:	\$ 8,040,353	48.91%
Total Non-MWDBE:	\$ 8,398,927	51.09%
Total:	\$ 16,439,280	100.00%

Global Equity 2019 % of Fees Paid



<u>2019 Fees</u>	Global Equity	% Paid to MWDBE
African American	\$ 4,188,492	55.03%
Latino	\$ 379,400	4.99%
Asian	\$ 199,502	2.62%
Women	\$ 2,843,234	37.36%
Disabled	\$ -	0.00%
Total MWDBE:	\$ 7,610,628	13.02%
Total Non-MWDBE:	\$ 50,831,838	86.98%
Total:	\$ 58,442,466	100.00%

- a. **Of the percentage of fees paid to MWDBE firms, what percentage, if any, was paid to RhumbLine Advisers?**

No fees were paid to Rhumbline Advisers. Rhumbline has never been an IMRF investment manager.

- b. **Do you believe MWDBE firms that manage passive assets should be included/counted towards the total MWDBE numbers.**

Yes, IMRF believes that MWDBE firms that manage passive assets should be included and counted towards the total MWDBE numbers.

IMRF launched a search in 2018 for a MWDBE Passive Equity Index Fund provider due to Holland Capital closing its doors. IMRF does not use passive assets to “pad” the amount of assets managed by MWDBE firms. IMRF believes that MWDBE firms diversify their product offering and their sources of revenue by offering passive strategies.

9. Please note the last time you updated your MWDBE utilization goals.

IMRF's MWDBE utilization goals were last updated as of January 1, 2020.

a. When was the last time you revised your goals?

IMRF reviewed and revised its MWDBE goals as part of the annual review of the Statement of Investment Policy in December 2019. Four goals for MWDBE investment managers by asset class were increased.

Investment Manager by Asset Class

- International Equity: the minimum goal for the utilization of Minority Investment Managers was increased from 18% to 20%.
- Fixed Income: the minimum goal for the utilization of Minority Investment Managers was increased from 28% to 30%.
- Real Estate: the minimum goal for the utilization of Minority Investment Managers was increased from 8% to 10%. The minimum goal for the utilization of Emerging Investment Managers was increased from 4% to 10%. The goals are calculated based on committed amounts.
- Private Equity: the minimum goal for the utilization of Minority Investment Managers was increased from 18% to 20%. The goals are calculated based on committed amounts.

b. Do you currently have any plans to revise your goals? If you have no plans to revise them, please explain why you feel there is no need to change your goals.

IMRF monitors its progress throughout the year and will review the MWDBE goals in Q4 2020. IMRF expects to revise its MWDBE goals based on its asset allocation, portfolio needs and market conditions.

10. Please provide a list of all MWDBE firms that you have terminated/ended a relationship with over the last 7 years and note what happened to the assets those firms had under management. If those assets were transferred to another firm, please name the firm and note whether it is an MWDBE firm.

Over the last 7 years, 8 MWDBE investment mandates were terminated representing approximately \$2.83 billion, in aggregate. Of the 8 MWDBE mandates terminated, 5 were terminated due to pending firm closure representing \$2.55 billion, in aggregate. The remaining 3 MWDBE mandates representing \$283 million were terminated due to portfolio rebalancing and/or performance/organizational issues.

When a MWDBE investment manager is terminated for any reason, it is IMRF's practice to redeploy the assets to MWDBE investment managers, excluding temporary repositioning. Over the same 7-year period, IMRF redeployed \$3.2 billion with MWDBE managers.

Below is the list of all managers that were terminated since 2014. IMRF reallocated the investment proceeds from MWDBE firm(s) to other MWDBE firm(s).

<u>Year</u>	<u>Terminated MWDBE Firm Name</u>	<u>Terminated MWDBE Firm Classification</u>	<u>\$AUM in millions</u>	<u>Assets Allocated to Firm Name</u>	<u>Assets Allocated to Firm Classification</u>	<u>\$AUM in millions</u>
2020	Progress Investment Management*	African American	\$1,258	Artemis MWBE Spruce Attucks Brown Clearlake Flagship Plus Partners Globeflex Harpoon Ventures II Longfellow Mayfield Select II Mayfield XVI Oak Street Real Estate Capital Fund V Ramirez Vista Credit Partners Fund III Vista Foundation Fund IV Xponance (Multiple Contributions)	Women African American African American Latino Women Disabled Women Asian Asian Latino Latino African American African American African American	\$1,307.5
2019	No terminations					
2018	No terminations					
2017	Holland Large Cap Growth*	African American	\$943.0	Piedmont	African American	\$1,000
2017	Ariel Micro Cap	African American	\$69.6	Artemis Clearlake NMS	Women Latino Latino	\$125
2016	Wall Street Micro Cap*	Latino	\$171.3	Artemis (Multiple Contributions) Ativo Garcia Hamilton LongWharf Oak Street Vistria	Women Latino Latino Latino African American	\$605
2016	Vision Large Cap Growth	Women	\$167.0			
2016	Lombardia Small Cap Value*	Latino	\$148.0			
2016	Lombardia Int'l Large Cap*	Latino	\$29.0			
2015	Fortaleza Small Cap Growth	Latino	\$46.5	Artemis Garcia Hamilton Oak Street Vistria	Women Latino Latino African America	\$210
2014	No terminations					

* Denotes firms that closed

11. If a MWDBE firm is terminated, do you believe the assets must be transferred to another MWDBE firm? If not, why not?

Yes, when a MWDBE investment manager is terminated for any reason, it is IMRF's practice to redeploy the assets to other MWDBE investment managers, excluding temporary repositioning.

II. Staff

- 1. Please complete *Table #1: Staff*, which is related to Board of Trustees, investment staff and consulting staff provided in the separate attachment.**

Please find the completed table below and in the Appendix.

TABLE #1: STAFF	
Please express the composition as a percentage.	
Board of Trustees (as of August 31, 2020)	
African-American*	25%
Latino(a)	0%
Asian-American	0%
Non-Minority Female	38%
*One Trustee is Female and of African American and Latino descent	
Investment Staff (as of August 31, 2020)	
African-American	0%
Latino(a)	18%
Asian-American	12%
Non-Minority Female	18%
Consultant Staff- Wilshire	
	Firm/Client Team
African-American	4%/0%
Latino(a)	7%/9%
Asian-American	30%/27%
Non-Minority Female	15%/9%
Please identify both overall firm and client team.	

- 2. Please provide a list of service providers (printers, lobbyists, attorneys, etc.) for 2019 and identify firms that are certified MWDBE.**

Please find the list of service providers for 2019 listed below.

Diversity Status	Service Provider	Description
DBE	Logsdon Office Supply	Office supplies
MBE	AppleOne Employment Services	Temporary Hiring Services
MBE	Inflection Point	Sitecore enhancements/redesign/support
MBE	Julian Estacio Design	Redesigning forms for use in Horizon
MBE	Kaleidoscope	HR Training for staff – Diversity
MBE	Montenegro Paper	Office Paper
MBE	RJ Consulting	Succession plan consultant

Diversity Status	Service Provider	Description
MBE	Software House, Inc.	Information Services – Hardware/Software and Support
MBE	Systems Solutions Inc.	Information Services – Hardware/Software and Support
MBE	VinaKom Communications	Secondary Internet Service
MBE	Zones	Information Services – Hardware/Software and Support
WBE	Advantage Marketing Group	Mailing house for newsletters and Board election materials
WBE	Alice Campbell Staffing	Temporary employment services – Springfield
WBE	B Gunther	Name badges
WBE	Banner Personnel	Temporary employment services – Oak Brook
WBE	CEM Benchmarking	Pension system benchmarking
WBE	CNR Consulting	Legislative lobbyist
WBE	Dr. Miller/Northwest Psych.	Psychiatric consultant – IMRF disability reviews
WBE	Exam Coordinators	Functional Capacity exams
WBE	Forward Space	Office furniture – Oak Brook
WBE	JN Consulting	Governance Consulting
WBE	Konsultek	Information Services – Hardware/Software and Support
WBE	Office 8	Office supplies
WBE	ProWrite Technical Writing & Editing	Documentation Specialist Services
WBE	Reliable Fire Equipment	Fire Equipment
WBE	Richards Graphics Communications	Envelope and/or form printing
WBE	Susan Davis Brunner	Administrative Hearing Officer
	A-1 Corporate Hardware	Office Services Hardware & Maintenance
	Ace Signs	Signage for HR Compliance Posters
	ACL Services	Internal Audit Software
	Aestiva	Purchase Order system
	Altec	Information Services – Software License/Support
	Altura	Phone system upgrade
	American Digital Corp.	Hardware for DR Site
	AMG Teleran	Text alerts
	Berman Tabacco	Security Litigation
	Bloomberg Finance	Investment Research
	Callan Associates	Investment Consultant
	Canon	Printer/Copier

Diversity Status	Service Provider	Description
	Cardiac Science	Medical Supplies
	CBIZ	Benefits consultants
	CCC Technologies	Information Services – Hardware/Software and Support
	CCH	Contract Management Software
	CDS Office Technologies	Telecommunication Maintenance
	CDW – Government, Inc.	Information Services – Hardware/Software and Support
	Central Illinois York, Inc.	HVAC Services – Springfield
	Centurion	Document Warehousing; Envelope and/or form printing
	CHC Wellness	Health screenings and flu shots for staff
	Cintas #344	Uniforms for mail center staff
	ClarkDietz	Engineering Services
	Connectivity Systems	Information Services – Software License/Support
	Copier Dynamics	Copier Servicing
	Crestwood Associates	Payroll software
	Critical Skills Center	HR Training
	Crowe Horwath	Data security auditors
	Data Center Services	Annual Subfloor Vacuuming, Tile Cleaning
	DigiCert	Cyber-Security Certificates
	DocuSign	Digital signatures
	Easy Badges	Keycards and Printer
	Eaton Corporation	Information Services – Hardware/Software and Support
	Emerald Data Solutions	Hardware and Software Maintenance Upgrade
	eVestment Alliance	Manager Research Database
	Factset	Multi-Asset Class Risk Management System
	Federal Envelope	Envelope and/or form printing
	Fraser Stamp & Seal	Office Supplies
	Gabriel, Roeder	Actuarial consultant
	Garvey's Office Products	Office Supplies
	Getty Images	Stock images for communications materials
	Gordon Flesch Company, Inc.	Printer/Copier
	Graphic Partners, Inc.	Envelope and/or form printing
	Hasler Mailing Systems	Postal Meter Service

Diversity Status	Service Provider	Description
	Hewlett Packard	Information Services – Hardware/Software and Support
	HireRight	Employment background checks
	IBM Corp.	Information Services – Hardware/Software and Support
	ICE Miller	Tax law consultants
	Ice Miller	Investment Legal Service Provider
	Imaging Office Systems	Copier Maintenance Contract
	Impact Networking	Office Paper (Print and Data Centers)
	Infinisource	Flexible spending/COBRA provider
	Information Insights LLC	Information Services – Hardware/Software and Support
	Institutional Shareholder Services	Domestic Proxy Voting and Corporate Governance Research
	Integrated Project Mgmt.	Project Management Consulting
	ISI Telemanagement	Hardware and Software Maintenance Upgrade
	Johnson Controls	Security system/badges
	Kilbride Consulting	Baldrige/Continuous Process Improvement consultant
	Konica Minolta	Copiers and Printers
	Labaton Sucharow	Security Litigation
	Learning Tree International	HR Training
	LexisNexis	Social Security verification
	Lighthouse Conferencing	Video Conferencing Services
	Lincoln Office	Office furniture – Springfield
	LinkedIn	HR Recruiting
	LogRhythm	Information Services – Hardware/Software and Support
	Managed Medical Review Org.	Physical medicine consultant – IMRF disability reviews
	Marianjoy Rehabilitation	Physical medicine consultant – IMRF disability reviews
	McLean & Company	Employee engagement surveys
	Mercury	Express mailing service
	Meridian	Envelope and/or form printing
	Meridian IT Inc.	Horizon Dell Chassis Hardware
	Midwest Glass Tinters	UV filter on office windows – Oak Brook
	Midwest Mechanical	Contractor Services – Oak Brook

Diversity Status	Service Provider	Description
	Mind Tools	Information Services – Hardware/Software and Support
	Morgan, Lewis & Bockius	Legal review of investment contracts
	Morneau Shepell	Horizon modernization project consultants
	National Engravers Inc.	Name badges & Awards
	Navex Global	Compliance Hotline
	Neopost	Postal meter
	Net Alpha Advisors	Internal Equity Management Consulting Services
	Nixon Peabody	Investment Legal Service Provider
	Northern Trust- MT	Master Trustee/Guideline Reporting
	Northern Trust- SL	Security Lending Agent
	Oak Brook Office Solutions	Office Supplies
	On Time Messenger	Messenger service
	Oracle	Information Services – Software License/Support
	Ottosen Britz Kelly Cooper	Hearing officer
	PDQ	Information Services – Software License/Support
	Peoplesense	NovaTime
	Permatron Corp.	Filters – HVAC Units on Roof
	Pitney Bowes	Postal meters – service
	Provaliant	Horizon modernization project consultants
	Puritan Springs	Water for Springfield office
	Reed Group	MDGuidelines Software License
	Rochester Software Associates	Information Services – Software License/Support
	Rocket Software	Information Services – Software License/Support
	RR Donnelley	Member Statements
	RSM	SOC auditors
	Russ King Electrical	Electrical contractors – Oak Brook
	Sage Software	HR Software (ABRA)
	Scientific Beta	Licensed Index Data Provider
	Scribes, Inc	Authorized Agent program participant plaques
	Sentinel Technologies	Information Services – Software License/Support
	Seyfarth Shaw Attorneys	Litigation consultants

Diversity Status	Service Provider	Description
	Shred It	Document shredding
	Sirius Computer Solutions	Mainframe maintenance
	Sitecore	Intranet hosting
	SKC Communication Products LLC	Telecommunication Equipment
	Solarwinds	Information Services – Software License/Support
	SPL/AVI Integrated	Audio/Visual Equipment Maintenance
	Suburban Lock	Locksmiths – Oak Brook
	Tension Envelope	Envelope and/or form printing
	Thomson Reuters	Legal publications
	Thomson Reuters/Westlaw	Legal publications
	Time Value Software	Office Supplies
	Titan Electronics, Inc.	Security Assessment
	Treehouse Software	Information Services – Software
	Uline Shipping	Shipping Supplies
	United Business Mail	Presort mail
	Vanguard Archives	Offsite Record Storage
	Varidesk	Standing desks – ergonomics project
	Victor Envelope	Envelope and/or form printing
	Walsh Media	Message/Music-On-Hold production
	Walz Label	Meter Postage – Springfield
	WebQA	FOIA Software
	West DuPage Construction, Inc.	Construction Contractor – Oak Brook
	Whitney	Architectural Services
	Wilshire Compass	Manager Research Database
	Yakidoo	Right Fax

III. Consulting Firms

Please note, IMRF launched a Consultant search in March 2019, consistent with Illinois Pension Code Section 1-113.14 (d). The IMRF Board of Trustees approved the recommendation to hire Wilshire at the August 2019 Board meeting. The answers provided below are from Wilshire, as IMRF's current Investment Consultant.

- 1. Please attach a copy of the report required per the Illinois Pension Code Sections 1-113.22 and 1-113.23. If your Consultant has not furnished the required report, please explain why.**

Please find the report required per Illinois Pension Code Sections 1-113.22 and 1-113.23 completed by Wilshire in Appendix B.

- 2. Does your Consultant maintain a preferred/approved manager list? How many Diverse firms are on your Consultant's list? Please differentiate between public (e.g., equities, fixed income) and private markets (e.g., real estate, private equity).**

With regards to public markets (as of June 30, 2020), Wilshire maintains a database of 145 diverse owned public market managers. 54 strategies are on the short list from 30 different firms. Wilshire currently does not maintain a preferred/approved list for private markets.

With regards to private markets managers, Wilshire does not maintain a list of preferred/approved managers. Nonetheless, Wilshire's private markets philosophy focuses on small-cap managers that are earlier within the manager lifecycle, which they believe favors most diverse-owned managers. Furthermore, across 2019 and 2020 YTD (as of 9/14/2020), Wilshire has performed formal due diligence on 98 unique private markets opportunities, which included 11 opportunities (~11%) alongside diverse-owned managers. From purely a discretionary standpoint, Wilshire performed formal due diligence on 61 unique private markets opportunities, which included 9 opportunities (~15%) alongside diverse-owned managers. Of the 61 opportunities, Wilshire's discretionary mandates committed to 39 investment opportunities, which included 6 opportunities (~15%) alongside diverse-owned managers. All of these statistics focus on managers headquartered in the U.S.

- 3. Does your Consultant include MWDBE firms in searches that do not request MWDBE firms? Please explain.**

Yes, one of the cornerstones of Wilshire's diverse owned manager initiative is the requirement to include a diverse owned firm in every public securities manager search conducted for advisory clients where a highly-rated strategy exists (unless the client requests to opt-out). There are some niche asset classes where Wilshire does not currently have a highly rated diverse owned firm on their focus list. These niche asset classes include real assets, low volatility equity, risk parity, and total fund overlay products. Going forward, Wilshire continues to work to fill the gap in approved managers for these types of strategies.

- 4. Firmwide, how many Diverse firms did your Consultant recommend in searches without a specific Diverse firm participation mandate in 2019? Please differentiate between public (e.g., equities, fixed income) and private markets (e.g., real estate, private equity).**

In public markets, ten different diverse firms were included in thirteen searches for clients who did not have specific diverse firm participation mandates in 2019. In percentage terms, these thirteen searches where diverse firms were recommended without a specific diverse firm mandate represent 42% of all searches that Wilshire conducted within public markets in 2019.

Within the private markets, all of the mandates across 2019 and 2020 YTD (as of 9/14/2020) did not include a specific diverse firm participation mandate. Nonetheless, Wilshire includes diverse-owned managers across all mandates if the overall investment opportunity is consistent with the client's mandate and portfolio. As noted previously, across 2019 and 2020 YTD (as of 9/14/2020), Wilshire has performed formal due diligence on 98 unique private markets opportunities, which included 11 opportunities (~11%) alongside diverse-owned managers. From purely a discretionary standpoint, Wilshire performed formal due diligence on 61 unique private markets opportunities, which included 9 opportunities (~15%) alongside diverse-owned managers. Of the 61 opportunities, Wilshire's discretionary mandates committed to 39 investment opportunities, which included 6 opportunities (~15%) alongside diverse-owned managers. All of these statistics focus on managers headquartered in the U.S.

5. Firmwide, what percentage of total consultant client assets are managed by MWDBE Managers? What percentage of consultant clients are not Illinois public pension funds? What percentage of these clients do not have an established policy for investing with Diverse firms?

About 1.8% of our non-discretionary clients' assets are managed by diverse owned firms.

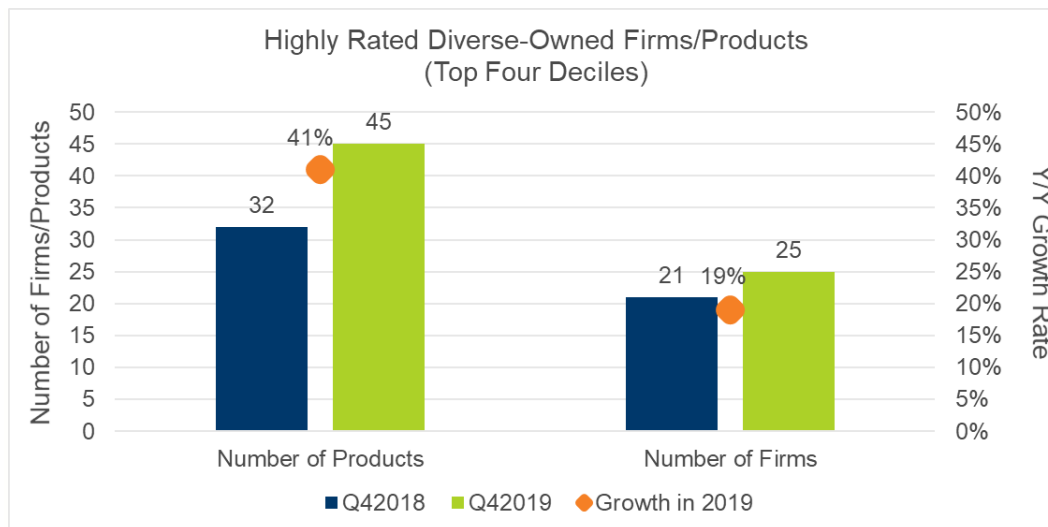
98.9% of our clients are not Illinois public pension funds and of that number 93.8% do not have a diverse owned policy for investing with diverse firms.

6. Firmwide, how many consultant searches included a MWDBE firm and of that number, how many did not have a MWDBE mandate associated with the search?

For the year ended December 31, 2019, 15 searches conducted by Wilshire Consulting included MWDBE firms. This represents 50% of all searches conducted in 2019. 13 searches did not have an MWDBE mandate associated with it.

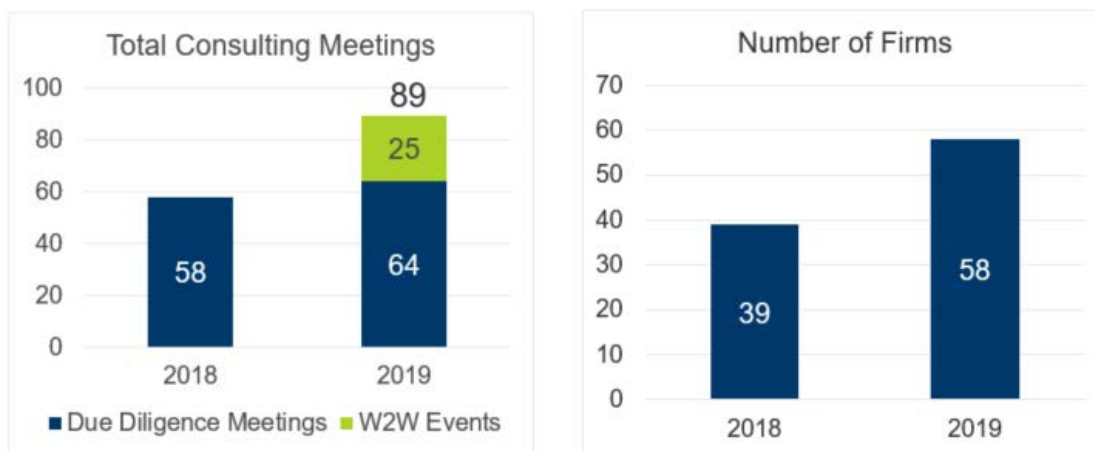
7. In what ways does your Consultant help in creating capacity for Diverse Managers within the industry? Does your Consultant have an established policy for inclusion of Diverse Managers on their approved list?

With regard to being included on the approved list, diverse managers are subject to the same rigorous review process as non-diverse managers. Those managers who are rated by the Wilshire Manager Research Team as being in the top four deciles of all managers rated are included in the diverse owned manager Focus List. There are 54 strategies from 30 different diverse owned firms on the Diverse Owned Manager Focus List. Wilshire Consulting has created capacity by growing the list of managers and strategies on the Diverse Owned Manager Focus List as shown below year-over-year:



With double-digit growth in the opportunity set, they aim to offer their clients greater choice among diverse-owned firms and potentially increase the likelihood of matching mandates to managers.

In addition, Wilshire Consulting believes that outreach to the diverse owned manager community is a critical part of helping these managers navigate the consulting landscape and the evaluation process, which ultimately leads to a formal evaluation that allows for inclusion in searches. Wilshire’s outreach is intended to offer fair and equal access to their senior consultants. In 2019, Wilshire consultants conducted 89 meetings with 58 diverse owned firms over the course of 2019. For context, Wilshire Associates’ Manager Research team meets with about one-third of the manager universe in any given year. Given 145 diverse owned firms, the Consulting team met with 40% of the diverse owned manager universe, showing a modestly better contact rate among diverse owned managers. Year-over-year, Wilshire’s reach in the diverse owned community has increased materially as shown in the following chart:



The increase in total meetings was 53%, while the number of firms with whom they met grew by 49%. A key part of improving both the quantity and quality of interactions with diverse owned managers was their newly established “Welcome to Wilshire” events. Beginning in the second quarter of 2019, Wilshire Associates conducted a series of educational seminars for diverse owned managers, entitled “Welcome to Wilshire.” The agenda for these events includes presentations from Wilshire Associates’ Senior Management and Manager Research

team plus one-on-one time with their consultants. In 2019, 42 people from 25 diverse owned investment management firms attended four events at Wilshire Associates' offices in Santa Monica, Denver, Chicago, and Pittsburgh. Wilshire knows that navigating consulting firms is sometimes challenging and their goal is to use these events to become more transparent and accessible to diverse owned firms.

8. Does your Fund follow the “Garcia Rule” like the Illinois State Treasurer? If not, why not?

For every RFP, IMRF invites the most qualified Minority Manager to present to the IMRF Investment Committee of the Board. IMRF's process follows the Illinois Pension Code Section 1-109.1 Allocation and delegation of fiduciary duties (4) and (9), which we believe is equivalent to the “Garcia Rule”.

9. Do you require your Consultant to disclose all economic benefit received from asset managers, both directly and indirectly? If not, why not?

Yes, IMRF requires its investment consultant to disclose compensation and economic opportunity received as required by Illinois Pension Code Section 1-113.23.

10. Do you require your Consultant to complete the Diverse Asset Managers Initiative (DAMI) demographic questionnaire? If not, why not?

Wilshire completes the Diverse Asset Managers Initiative (DAMI) demographics questionnaire annually, most recently in September 2020. IMRF did not need to require Wilshire to complete the Diverse Asset Managers Initiative (DAMI) demographic questionnaire because Wilshire Associates is already a participant.

11. Does your Consultant disclose the demographic data of its senior management?

Yes, IMRF's investment consultant discloses the demographic data of its senior management as required by Illinois Pension Code Section 1-113.21. In addition, IMRF requested the information as part of the RFP process for the entire firm and key personnel.

IV. RFPs

- 1. Has your Fund issued RFPs in accordance with Public Act 96-006, which requires that Diverse firms be exempt from AUM and tenure track record minimum requirements?**

IMRF RFPs do not require a minimum AUM or tenure track record and is inclusive to all Diverse firms.

- 2. Please list all RFPs issued across all asset classes for 2019, identifying any searches that were specifically for Diverse firms. Please provide the following information:**
 - **Confirm the RFP was publicly listed on the Fund's and Consultants' website**
 - **Mandate allocation**
 - **Number of respondents**
 - **Number of MWDBE respondents (broken out by diversity category i.e. African American, Latino, Asian, Woman, Disabled, etc)**
 - **Number of finalists selected**
 - **Number of MWDBE finalists selected (broken out by diversity category i.e. African American, Latino, Asian, Woman, Disabled, etc)**
 - **Name of the firm that won the mandate and note whether the firm is diverse**

During 2019, one RFP was issued for Global Opportunistic Real Estate and no MWDBE managers responded. There were eight non-minority firm respondents to the search. One non-minority firm was a finalist but the legal contract/mandate was not awarded.

- 3. When issuing your RFPs and evaluating your Managers, do you request information regarding whether they have ethnic diversity in the c-suite?**

IMRF requires the Manager to provide the ethnic diversity of the c-suite as part of the RFP response.

IMRF requires all firms to complete the Disclosure Form in compliance with Section 1-113.21 of the Illinois Pension Code as part of the RFP response and provides this information to the Investment Committee of the Board during the investment recommendation. The Investment Managers are required to discuss their Firm's diversity efforts, including c-suite diversity, as part of their presentation to the IMRF Board.

IMRF requires all existing investment managers to provide EEOC statistics on an annual basis and reviews EEOC data and diversity of all its existing investment managers.

- 4. When issuing your RFPs and evaluating your Managers, do you request information regarding your Manager's utilization of MWDBE investment banks for capital markets services, mergers and acquisitions services and/or other advisory services? If not, why not?**

As part of the RFP response, IMRF requires the Manager to provide information related to MWDBE utilization of investment services, consulting services, and professional and artistic services which is inclusive of investment banks for capital markets services, mergers and acquisitions services and/or other advisory services.

IMRF requires all firms to complete the Disclosure Form in compliance with Section 1-113.21 of the Illinois Pension Code as part of the RFP response and provides this information to the Investment Committee of the Board during the investment recommendation. The Investment Managers are required to discuss their Firm's diversity efforts, as part of their presentation to the IMRF Board.

5. When issuing your RFPs and evaluating your Managers, does your Plan request information from your Private Equity Managers regarding the ethnic diversity of the boards of their portfolio companies? If not, why not? If so, what is the representation?

IMRF requests information regarding the ethnic diversity of the portfolio company's board during the RFP due diligence process and during portfolio review meetings with existing managers.

IMRF requires all firms to complete the Disclosure Form in compliance with Section 1-113.21 of the Illinois Pension Code as part of the RFP response and provides this information to the Investment Committee of the Board during the investment recommendation. The Investment Managers are required to discuss their Firm's diversity efforts, as part of their presentation to the IMRF Board.

IMRF investment managers are encouraged to increase the ethnic diversity of their investment staff, senior staff, investment service providers, consultant service providers, professional service providers, and artistic service providers.

V. **Brokers and Transition Managers**

- 1. Please list all underlying managers that did not meet your MWDBE brokerage goals for 2019. What consequences did these managers face for not meeting those goals and for their violations?**

Of the 44 public market investment managers in the IMRF portfolio, one investment manager was short of the goal by 0.06%. The MWDBE brokerage goal for International Equity is 20% and Arrowstreet achieved 19.94% for the year. The IMRF account commissions totaled \$376,729 of which \$75,132 was earned by MWDBE broker dealers.

Arrowstreet trades a significant amount of its client base with MWDBE brokers. The total amount of commissions paid to MWDBE brokers during 2019 was \$10.28 million, which equates to 136 times IMRF's 20% goal. IMRF closely monitors Arrowstreet's utilization of MWDBE broker dealers on a monthly basis. Additionally, Investment Staff reviews Arrowstreet's use of MWDBE broker dealers during semi-annual portfolio reviews.

- 2. Are the Fund's Transitions Managers required to meet or exceed the Fund's minority/women owned brokerage firm utilization goals, if the Fund has goals, when conducting open market trades during transitions?**

Yes, IMRF's transition managers are required to meet or exceed IMRF's minority/women owned brokerage firm utilization goals for specific asset classes when conducting open market trades.

- 3. What is your process for managers to report commissions to comply with your stated goals? How often are they required to report (monthly, quarterly, annually)? What is your policy for managers who do not comply and what actions are taken if a firm consistently fails to meet your stated goals?**

All investment managers executing brokerage on behalf of the Illinois Municipal Retirement Fund are directed to meet the minimum goals in their specific portfolios and shall report monthly on their utilization of minority broker/dealers. Any investment manager failing to meet the minimum goal during the reporting month must provide a written explanation disclosing the reasons for not meeting the goal.

An investment manager's ability to meet a minority brokerage goal is an integral part of the manager monitoring process. Consequences for not meeting IMRF's minority brokerage goals are situation specific and range from increased monitoring, placement on watch list, asset reduction, termination, and exclusion from receiving additional allocations/mandates.

- 4. Depending on asset class, what solutions do you provide managers who struggle to meet stated goals? At what point do you terminate non-compliant managers or take assets away from them.**

IMRF does not have to offer solutions to its managers often as very few have issues meeting IMRF's minority brokerage goals.

However, in the event that there are issues, IMRF will make introductions to MWDBE broker dealers when investment managers struggle to meet IMRF's minority brokerage goals. IMRF

also keeps a list of minority broker dealers' contact information on its website to allow investment managers the opportunity to cultivate relationships with the brokers.

IMRF terminated a manager for non-compliance with IMRF's minority brokerage goals after numerous discussions and introductions to minority broker dealers. These efforts did not result in the organization increasing its utilization of minority brokers and the strategy was terminated. Also, IMRF will not allocate additional capital to investment managers that are not meeting IMRF's minority brokerage goals.

It is IMRF's overall goal for investment managers to trade firmwide with MWDBE broker dealers not solely for the IMRF account.

5. Do you request information regarding MWDBE brokerage utilization by managers prior to being hired to understand whether trading with MWDBE firms is part of their culture rather than just compliance with client requests? If not, will you consider requesting this information in the future?

Yes, IMRF requests information regarding MWDBE brokerage utilization from managers prior to being hired as part of the RFP and during the due diligence process. IMRF ensures that trading with MWDBE broker dealers is part of their culture and investment process. IMRF makes its expectations for the Manager to meet or exceed IMRF's MWDBE brokerage utilization goals very clear to minimize issues.

6. How often do you review manager brokerage utilization goals (monthly, quarterly, yearly)?

IMRF reviews manager brokerage utilization monthly. The evaluation of our goals and objectives is ongoing throughout the entire year culminating with a formal annual report and presentation to the Board of Trustees. Investment Staff evaluates and reports MWDBE Manager and MWDBE Broker/Dealer utilization to the IMRF Board of Trustees each month and on an annual basis.

7. When evaluating your Managers, do you request information regarding whether they have ethnic diversity in the c-suite?

IMRF requires the Manager to provide the ethnic diversity of the c-suite as part of the RFP response.

IMRF requires all firms to complete the Disclosure Form in compliance with Section 1-113.21 of the Illinois Pension Code as part of the RFP response and provides this information to the Investment Committee of the Board during the investment recommendation. The Investment Managers are required to discuss their Firm's diversity efforts, including c-suite diversity, as part of their presentation to the IMRF Board.

IMRF requires all existing investment managers to provide EEOC statistics on an annual basis and reviews EEOC data and diversity of all its existing investment managers.

8. Do you request information regarding your Manager’s utilization of MWDBE investment banks for capital markets services, mergers and acquisitions services and/or other advisory services? If not, why not?

As part of the RFP response, IMRF requires the Manager to provide information related to MWDBE utilization of investment services, consulting services, and professional and artistic services which is inclusive of investment banks for capital markets services, mergers and acquisitions services and/or other advisory services.

IMRF requires all firms to complete the Disclosure Form in compliance with Section 1-113.21 of the Illinois Pension Code as part of the RFP response and provides this information to the Investment Committee of the Board during the investment recommendation. The Investment Managers are required to discuss their Firm’s diversity efforts, as part of their presentation to the IMRF Board.

9. Does your Plan request information from your Private Equity Managers regarding the ethnic diversity of the boards of their portfolio companies? If not, why not? If so, what is the representation?

IMRF requests information regarding the ethnic diversity of the portfolio company’s board during the RFP due diligence process and during portfolio review meetings with existing managers.

IMRF requires all firms to complete the Disclosure Form in compliance with Section 1-113.21 of the Illinois Pension Code as part of the RFP response and provides this information to the Investment Committee of the Board during the investment recommendation. The Investment Managers are required to discuss their Firm’s diversity efforts, as part of their presentation to the IMRF Board.

IMRF investment managers are encouraged to increase the ethnic diversity of their investment staff, senior staff, investment service providers, consultant service providers, professional service providers, and artistic service providers.

10. Do you have a process for evaluating transition managers? If so, what is your process? If not, why not?

IMRF has a bench of transition managers. Prior to the initiation of the transition, IMRF requests and reviews the transition managers pre-trade transition cost analysis (“TCA”) report.

The selection of the actual transition manager to effectuate the transition event is largely dependent on:

- Reasonableness of proposed strategy given market dynamics and portfolio characteristics
- Total cost analysis
- Specialty considerations
- Liquidity advantage

IMRF uses the post-trade TCA report, which outlines the performance of the transition manager versus the relevant benchmarks, to evaluate the transition manager’s performance. IMRF takes into consideration the entire lifecycle of the transition event when evaluating a transition manager.

11. If your Plan has a Transition Manager bench, are there any MWDBE Transition Providers on that bench? If not, why not? Have any MWDBE firms been awarded transitions by your Plan? To what extent have you considered setting goals within this category?

Yes, IMRF has MWDBE Transition Providers as part of its Transition Manager bench. Those MWDBE Transition Providers are Loop and Penserra. Loop and Penserra have executed transitions for IMRF. IMRF expects transition managers to meet or exceed IMRF’s brokerage goals.

IMRF’s Manager of Managers use Transition Managers to rebalance the IMRF MoM portfolio. In 2019, Loop Capital executed a transition for IMRF’s Manager of Managers, Progress Investment Management. Loop Capital, an African American owned broker dealer, earned 100% of the commissions which exceeded IMRF’s minority brokerage goal of 20% for International Equity.

12. Did you use a consultant to assist/advise you on when or if to use a transition manager?

In 2019, IMRF did not have any transitions and IMRF did not use its consultant to assist/advise on when or if to use a transition manager. However, during 2019, Progress Investment Management, IMRF’s Manager of Managers, had one transition event. Loop Capital, an African American owned broker dealer, earned 100% of the commissions which exceeded IMRF’s minority brokerage goal of 20% for International Equity.

During 2020, IMRF funded MWDBE Investment Managers using cash and in-kind securities.

- MWDBE Brokers earned \$19,495 or 99.54% of all Domestic Equity commission.
- MWDBE Brokers earned \$149,103 or 48.14% of all International Equity commissions.
- MWDBE Brokers executed trades totaling 126,690,000 PAR or 31.30% of all Fixed Income trades.

The tables below detail the commission earned by MWDBE Brokers.

Domestic Equity

Month	Manager	Brokers	Commissions	MWDBE	MWDBE Percent
March	Xponance R1000 G	Loop Capital Markets	\$13,368.84	Yes	86.47%
March	Xponance R1000 G	Sturdivant and Company	\$2,080.83	Yes	13.46%
March	Xponance R1000 G	Non-Minority	\$11.30	No	0.1%
Total			\$15,460.97		

Month	Manager	Brokers	Commissions	MWDBE	MWDBE Percent
April	Xponance R1000 G	Loop Capital Markets	\$4,045.43	Yes	98%
April	Xponance R1000 G	Sturdivant and Company	\$78.64	Yes	2%
Total			\$4,124.07		

International Equity

Month	Manager	Brokers	Commissions	MWDBE	MWDBE Percent
September	GlobeFlex Capital	FIG Group	\$11,660.59	Yes	11%
September	GlobeFlex Capital	Guzman and Company	\$2,915.15	Yes	3%
September	GlobeFlex Capital	North South Capital	\$36,048.65	Yes	33%
September	GlobeFlex Capital	Non-Minority	\$59,366.29	No	54%
Total			\$109,990.68		

Month	Manager	Brokers	Commissions	MWDBE	MWDBE Percent
September	Brown Capital Management	Loop Capital Markets	\$98,478.68	Yes	49%
September	Brown Capital Management	Non-Minority	\$101,251.80	No	51%
Total			\$199,730.48		

Fixed Income

Month	Manager	Brokers	Par Value	MWDBE	MWDBE Percent
April	Longfellow Investment Management	Castleoak Securities	28,110,000	Yes	14%
April	Longfellow Investment Management	Non-Minority	171,845,654	No	86%
Total			199,955,654		

Month	Manager	Brokers	Par Value	MWDBE	MWDBE Percent
August	Longfellow Investment Management	Castleoak Securities	75,200,000	Yes	44%
August	Longfellow Investment Management	Non-Minority	95,796,414	No	56%
Total			170,996,414		

Month	Manager	Brokers	Par Value	MWDBE	MWDBE Percent
August	Ramirez Asset Management	Alamo Capital	1,855,000	Yes	5%
August	Ramirez Asset Management	American Veterans Group	470,000	Yes	1%
August	Ramirez Asset Management	Blaylock Robert Van	255,000	Yes	1%
August	Ramirez Asset Management	Loop Capital Markets	3,505,000	Yes	10%
August	Ramirez Asset Management	Siebert Williams Shank & Co.	17,295,000	Yes	51%
August	Ramirez Asset Management	Non-Minority	10,380,000	No	31%
Total			33,760,000		

13. How many transitions did your Consultant advise on during the last 24 months and what were the overall fees paid to transition managers in which they advised?

IMRF's investment consultant did not advise IMRF on any transitions conducted during the last 24 months. IMRF completed three transitions during the last 24 months ending 7/31/2020. For Equity transition events, commissions paid to MWDBE transition managers was \$38,584 or 31.74% of total commissions paid. For Fixed Income transition events, PAR Value traded with MWDBE transition managers was 233,453,560 or 33.60% of total PAR Value traded.

14. Does your Consultant include MWDBE firms in searches that do not request MWDBE firms? Please explain.

Yes, IMRF's current investment consultant, Wilshire, includes MWDBE transition managers in searches without an MWDBE mandate and will continue to apply its diverse manager initiative to all public market searches.

15. How many transitions did your Plan conduct during the last 24 months? Please provide details regarding the firm that was awarded each transition and total commissions/fees paid to each transition manager by event.

IMRF completed three transitions during the last 24 months ending 7/31/2020. For Equity transition events, commissions paid to MWDBE transition managers was \$38,584 or 31.74% of total commissions paid. For Fixed Income transition events, PAR Value traded with MWDBE transition managers was 233,453,560 or 33.60% of total PAR Value traded.

The details regarding the firms awarded each transition and the total commissions/fees paid to each transition manager and MWDBE broker by event are listed in the tables below.

Equity Transition Events

Completion Date	Manager/Broker Name	Service Provided	Commissions	% of Total Commissions Paid
9/21/2018	Northern Trust	Transition Manager & Broker	\$53,473	64%
	Penserra	Transition Broker	\$30,029	36%
	Total Commissions Paid		\$83,502	100%
3/27/2020	Northern Trust	Transition Manager & Broker	\$29,504	78%
	Loop Capital Markets	Transition Broker	\$8,555	23%
	Total Commissions Paid		\$38,059	100%
	Total Equity Commission Paid		\$121,561	
	Total Equity Commission Paid to MWDBE Transition Broker		\$38,584	31.74%

Fixed Income Transition Event

Completion Date	Manager/Broker Name	Service Provided	PAR	% of Total PAR
5/18/2020	Northern Trust	Transition Manager		
	Loop Capital	Transition Broker	233,453,560	33.60%
	Non-Minority Brokers	Transition Brokers	461,348,702	66.40%
	Total Par Value Traded		694,802,262	100%
	Total Fixed Income PAR Value Traded		694,802,262	
	Total Fixed Income PAR Value Traded with MWDBE Transition Brokers		233,453,560	33.60%

VI. Fees

1. What are your fee negotiation practices/policies? How do they differ from your Traditional Managers vs. Diverse Managers?

IMRF's practice is to negotiate fees as part of the RFP process and when making additional allocations. This process does not differ for Traditional Managers vs. Diverse Managers. All respondents are ranked on four primary RFP factors: People, Process, Performance, and Pricing.

In 2019, Diverse Managers earned \$34.6 million in investment management fees and represents 23.23% of total fees paid. In 2019, the IMRF Board of Trustees adopted a minimum fee goal of 20% total fees paid to MWDBE Managers. IMRF exceeded this goal in 2019 by 3.23%.

Below details the percentage of assets managed and the percentage of fees paid to Diverse Managers by asset class as of 12/31/19.

Asset Class	Total Minority Manager Fees Paid in Asset Class	Total Fees Paid in Asset Class	Minority % of AUM in Asset Class	Minority % of Fees Paid in Asset Class
Domestic Equity	\$1,337,275	\$32,566,846	7.79%	4.11%
Fixed Income	8,040,353	16,439,280	39.74%	48.91%
International Equity	6,273,354	25,875,620	23.96%	24.24%
Alternatives	12,915,361	38,606,737	26.45%	33.45%
Real Estate	6,050,733	33,468,773	15.03%	18.08%
Total	\$34,617,075	\$148,994,125	n/a	23.23%

*Total fees paid by asset class includes \$1,301,883 for Agriculture and \$734,985 for Timberland

2. If you have hired a Manager of Managers, what fees are paid to your Manager of Managers? What amount of the Manager of Managers fees are paid to the underlying managers? Please be specific and request this information from your Manager of Managers if necessary.

IMRF utilized Progress Investment Management, as its Manager of Managers, dedicated to hiring underlying minority, women and disabled owned firms as defined by Illinois Pension Code. Progress managed a Fixed Income portfolio and an International Equity portfolio for IMRF. Only for the Progress mandate, IMRF's fees are split with the underlying managers. IMRF does not control the fee split between the Manager of Managers and underlying managers.

Progress

As of 12/31/19, the fee split between Progress Investment Management and the underlying managers for the Fixed Income Manager of Managers mandate is 38.86% or \$1.202 million to Progress Investment and 61.14% or \$1.891 million to the underlying managers, respectively. For the International Equity mandate, the fee split between Progress Investment Management and the underlying managers is 27.59% or \$0.433 million to Progress Investment and 72.41% or \$1.137 million to the underlying managers, respectively.

The actual fee split between Progress and underlying managers varies and is detailed in the two tables below.

<u>Asset Class</u>	<u>Manager</u>	<u>Market Value</u>	<u>% of Market Value</u>	<u>Fees Paid to Manager</u>	<u>% of Fees Paid to Manager</u>	<u>Classification</u>
Fixed Income	Progress			1,202,006	38.86%	African American
Fixed Income	Progress Subadvisor Advent Capital	54,542,429	5.59%	157,175	5.08%	African American
Fixed Income	Progress Subadvisor Garcia Hamilton & Associates	72,000,191	7.38%	143,492	4.64%	Latino
Fixed Income	Progress Subadvisor GIA Partners	154,850,197	15.87%	344,243	11.13%	Latino
Fixed Income	Progress Subadvisor Longfellow Investment Management	169,104,317	17.33%	320,435	10.36%	Female
Fixed Income	Progress Subadvisor New Century Advisors	184,210,386	18.87%	323,831	10.47%	Female
Fixed Income	Progress Subadvisor Pugh Capital Management	161,601,121	16.56%	281,197	9.09%	African American
Fixed Income	Progress Subadvisor Ramirez Asset Management	108,611,903	11.13%	186,643	6.03%	Latino
Fixed Income	Progress Subadvisor Smith Graham	71,043,494	7.28%	134,095	4.34%	African American
Total Fixed Income		\$975,964,039	100%	\$3,093,117	100%	

<u>Asset Class</u>	<u>Manager</u>	<u>Market Value</u>	<u>% of Market Value</u>	<u>Fees Paid to Manager</u>	<u>% of Fees Paid to Manager</u>	<u>Classification</u>
International Equity	Progress International			433,338	27.59%	African American
International Equity	Progress Int Subadvisor Arga Investment Management	62,403,528	17.91%	199,502	12.70%	Asian
International Equity	Progress Int Subadvisor Ativo Capital Management	64,377,462	18.48%	171,818	10.94%	Latino
International Equity	Progress Int Subadvisor Brown Capital Management	44,060,526	12.65%	165,858	10.56%	African American
International Equity	Progress Int Subadvisor Frontier Global Partners LLC	67,453,846	19.36%	185,817	11.83%	Latino
International Equity	Progress Int Subadvisor Glovista Investments	0	0.00%	21,764	1.39%	Latino
International Equity	Progress Int Subadvisor Metis Global Partners	48,007,346	13.78%	170,059	10.83%	Women
International Equity	Progress Int Subadvisor Rondure Global Advisors LLC	61,919,708	17.77%	166,958	10.63%	Women
International Equity	Progress Int Subadvisor Strategic Global Advisors	188,829	0.05%	55,379	3.53%	Women
Total International Equity		\$348,411,246	100%	\$1,570,495	100%	

In addition to Progress, IMRF utilizes Franklin Templeton, Artemis Real Estate Partners and Oak Street as Manager of Managers/Fund of Funds platforms dedicated to hiring underlying minority, women and disabled owned firms as defined by Illinois Pension Code. Franklin Templeton, Artemis and Oak Street manage Real Estate mandates for IMRF. The Franklin Templeton mandate is fully committed and is no longer committing capital to underlying managers.

Franklin Templeton

As of 12/31/19, IMRF paid Franklin Templeton \$98,070 in fees. The underlying managers were paid a total of \$184,239 in 2019. The table below lists the underlying managers, their commitment amount and classification.

<u>Asset Class</u>	<u>Manager</u>	<u>Commitment</u>	<u>% of Commitment</u>	<u>Classification</u>
Real Estate	Franklin Templeton EMREFF- unallocated	2,906,660	4%	

<u>Asset Class</u>	<u>Manager</u>	<u>Commitment</u>	<u>% of Commitment</u>	<u>Classification</u>
Real Estate	Franklin Templeton Subadvisor Argosy Real Estate Partners II, L.P.	9,769,700	13%	Majority
Real Estate	Franklin Templeton Subadvisor Green Oak US	11,723,640	16%	Asian
Real Estate	Franklin Templeton Subadvisor GreenOak US 285-Madison Co-Investment	2,930,000	4%	Asian
Real Estate	Franklin Templeton Subadvisor Hudson Realty Capital Fund V, L.P.	11,720,000	16%	Latino
Real Estate	Franklin Templeton Subadvisor LongWharf Real Estate Partners IV, L.P.	13,680,000	18%	Latino
Real Estate	Franklin Templeton Subadvisor Newport Capital Partners Fund I, L.P.	14,850,000	20%	Disabled
Real Estate	Franklin Templeton Subadvisor Noble Hospitality Fund II, L.P.	7,420,000	10%	Asian
Total Real Estate		\$75,000,000	100%	

Artemis

As of 12/31/2019, IMRF paid Artemis \$1,835,363.00 in fees. The underlying managers were paid a total of \$1,156,549 in 2019. The table below lists the underlying managers, their commitment amount and classification.

<u>Asset Class</u>	<u>Manager</u>	<u>Commitment</u>	<u>% of Commitment</u>	<u>Classification</u>
Real Estate	Artemis- unallocated	24,562,685	8%	
Real Estate	Artemis Subadvisor Artemis Healthcare Fund I	25,000,000	8%	Women
Real Estate	Artemis Subadvisor CRES Management	24,601,605	8%	Women
Real Estate	Artemis Subadvisor Jair Lynch - Takoma Central	23,790,234	8%	African American
Real Estate	Artemis Subadvisor Jair Lynch - Half Street	40,000,000	13%	African American
Real Estate	Artemis Subadvisor Olympus Property	44,999,744	15%	Latino
Real Estate	Artemis Subadvisor MCB Liberty Place	62,400,000	21%	African American
Real Estate	Artemis Subadvisor MCB 1900 Clark	19,645,732	7%	African American

<u>Asset Class</u>	<u>Manager</u>	<u>Commitment</u>	<u>% of Commitment</u>	<u>Classification</u>
Real Estate	Artemis Subadvisor Basis Investment Group	5,000,000	2%	African American
Real Estate	Artemis Subadvisor Capstone Development	15,000,000	5%	African American
Real Estate	Artemis Subadvisor Blue Moon Senior Housing	15,000,000	5%	Women
Total Real Estate		\$300,000,000	100%	

Oak Street

As of 12/31/2020, IMRF paid Oak Street \$16,882.23 in fees. The underlying managers were paid a total of \$243,296 in 2019. The table below lists the underlying managers, their commitment amount and classification.

<u>Asset Class</u>	<u>Manager</u>	<u>Commitment</u>	<u>% of Commitment</u>	<u>Classification</u>
Real Estate	Oak Street Seeding & Strategic Capital Fund II - unallocated	80,000,000	80%	
Real Estate	Oak Street Subadvisor Patch Capital Partners Fund I	10,000,000	10%	Latino
Real Estate	Oak Street Subadvisor Pillar Real Estate Fund I	10,000,000	10%	Asian
Total Real Estate		\$100,000,000	100%	

VII. Graduation

- 1. Does your Plan have a formal graduation policy for the Minority Managers in your program? If so, please provide and summarize the policy. If not, please state whether your Plan is interested in creating such a policy and if so, please describe the criteria that would be included in such a policy. If you are not interested in developing a formal graduation policy, please explain why.**

IMRF's integrated practice of allocating capital to Minority Managers does not require a formal graduation policy. IMRF does not have a separate asset allocation amount for its Diverse Manager Program because IMRF does not restrict the manager to a pre-specified program allocation. IMRF believes that all of its Minority Managers should be eligible for additional allocations during all rebalancing and strategic asset allocation decisions.

The Diverse Manager Program is made up of all Minority Managers hired directly by IMRF or through IMRF's Manager of Managers/Fund of Funds platforms. All Minority Managers investing assets on IMRF's behalf are considered part of the IMRF portfolio.

- 2. Does your Plan have a direct Diverse Managers program or is your exposure to Diverse Managers solely via Manager of Managers platforms?**

IMRF has relationships with Diverse Managers directly and through Manager of Managers/Fund of Funds platforms. Our relationship with Manager of Managers/Fund of Funds platforms helps us to gain exposure to Diverse Managers. Using this two-pronged approach allows Diverse Managers to have more opportunities to manage IMRF's assets.

Diverse Managers have access to IMRF's capital directly and through Manager of Managers platforms. IMRF does not restrict managers to either direct or Manager of Managers platforms. IMRF's exposure to Diverse Managers is through direct relationships and Manager of Managers/Fund of Funds mandates.

In December 2019, IMRF's Manager of Managers, Progress Investment Management informed IMRF of their decision to close their firm by May 31, 2020. As a result, IMRF launched a search requesting proposals from MWDBE Manager of Managers ("MoM") offering International Equity and/or Fixed Income strategies, in February 2020. At the August Board meeting, the IMRF Board of Trustees approved the recommendation to hire Xponance for an International Equity MoM mandate and Attucks for a Fixed Income MoM mandate. IMRF expects these mandates to be funded before year-end 2020. Including the MoM mandates, IMRF redeployed the assets managed by Progress Investment Management to other MWDBE investment managers based on allocations to Public and Private Market investment managers and graduations.

- As of December 31, 2019, Diverse Managers invest \$10.4 billion or 23.3% of IMRF's total portfolio. Of this amount, \$8.59 billion or 82.6% are direct relationships and \$1.81 billion or 17.4% are Manager of Managers/Fund of Funds platforms.

- As of July 31, 2020, Diverse Managers invest \$10.17 billion or 22.9% of IMRF's total portfolio. Of this amount, \$9.71 billion or 95.5% are direct relationships and \$0.458 billion or 4.5% are Manager of Managers/Fund of Funds platforms.

3. To the extent a Manager of Managers platform is utilized to access Diverse Managers, is there a process in place to graduate underlying managers from the Fund of Fund program?

IMRF considers all of its Diverse Managers for mandates and does not restrict them to a pre-specified allocation amount or formal process of "graduation".

At the February 2020 Board meeting, the IMRF Board of Trustees approved the recommendations to graduate Longfellow Investment Management and Ramirez Asset Management from the Progress Fixed Income Manager of Managers portfolio. Longfellow's allocation was \$175 million to invest in a Core Plus Fixed Income mandate and Ramirez's allocation was \$125 million to invest in a Core Fixed Income mandate.

4. When conducting a manager search, are the managers in your Diverse Manager program given first consideration before initiating a search? If they are not given first consideration, please explain in detail why not and note if there are any legal considerations prohibiting this practice.

When there is a need in the IMRF portfolio for a specific strategy, IMRF will review its existing line up of investment managers to determine if one of those managers can fill the need prior to initiating a search. IMRF may decide to move forward with the search in order to give an opportunity to other Diverse Managers that are not managing assets for IMRF.

VIII. Appendix

A. Tables: Staff, Asset Managers, Brokerage

TABLE #1: STAFF	
Please express the composition as a percentage.	
Board of Trustees by Classification (as of August 31, 2020)	
African-American*	25%
Latino(a)	0%
Asian-American	0%
Non-Minority Female	38%
*One Trustee is Female and of African American and Latino descent.	
Investment Staff by Classification (as of August 31, 2020)	
African-American	0%
Latino(a)	18%
Asian-American	12%
Non-Minority Female	18%
Consultant Staff by Classification (as of August 31, 2020)	
	Firm/Client Team
African-American	4%/0%
Latino(a)	7%/9%
Asian-American	30%/27%
Non-Minority Female	15%/9%
Please identify both overall firm and client team.	

TABLE #2: ASSET MANAGERS						
The special committee recognizes that not all funds/systems invest in the same asset classes and/or have completed FY 19. Therefore, please change the asset classes and years below as you see fit while maintaining the overall format of the table.						
EMERGING/DIVERSE PLAN GOALS						
	2015	2016	2017	2018	2019	2020
Goals for Investment Managers by Classification	Emerging Investment Managers		Emerging and Minority Investment Managers			
Minority Owned Businesses	9% to 13%		13%	13%	13%	13%
Women Owned Businesses	2% to 6%		6%	6%	6%	6%
Businesses Owned by a Person with a Disability	0.5% to 1%		1%	1%	1%	1%

Asset Class Goals for Emerging Investment Managers per Illinois Pension Code 1-109.1 (4)						
Goals for Investment Managers by Asset Class	2015	2016	2017	2018	2019	2020
Equities	10% to 12% of the asset class					
Fixed-Income	15% to 20% of the asset class					
Alternatives (PE, RE, HF)	5% to 10% of the asset class					

Asset Class Goals for Emerging Investment Managers per Illinois Pension Code 1-109.1 (4)						
Goals for Investment Managers by Asset Class	2015	2016	2017	2018	2019	2020
Domestic Equity			8%	8%	5%	5%
International Equity			15%	15%	15%	15%
Fixed Income			20%	25%	25%	25%
Real Estate*			4%	4%	4%	10%
Private Equity*			10%	10%	10%	10%
Hedge Funds			15%			
Timberland			Best Efforts	Best Efforts	Best Efforts	Best Efforts
Agriculture			Best Efforts	Best Efforts	Best Efforts	Best Efforts

Asset Class Goals for Minority Investment Managers per Illinois Pension Code 1-109.1 (9)						
Goals for Investment Managers by Asset Class	2015	2016	2017	2018	2019	2020
Domestic Equity			8%	8%	5%	5%
International Equity			15%	15%	18%	20%
Fixed Income			20%	25%	28%	30%
Real Estate*			4%	8%	8%	10%
Private Equity*			10%	15%	18%	20%
Hedge Funds			15%			
Timberland			Best Efforts	Best Efforts	Best Efforts	Best Efforts
Agriculture			Best Efforts	Best Efforts	Best Efforts	Best Efforts
*based on committed amounts						

% of Assets Managed by MWDBE Firms by Classification	2015	2016	2017	2018	2019
African-American	9.87%	10.43%	8.88%	12.45%	12.68%
Latino(a)	5.47%	5.90%	5.99%	6.83%	7.41%
Asian-American	0.44%	0.26%	0.30%	0.31%	0.34%
Woman	3.39%	2.79%	3.19%	3.02%	2.86%
Disabled	0.04%	0.04%	0.04%	0.04%	0.03%
Total	19.21%	19.42%	18.40%	22.65%	23.31%

Assets Managed by MWDBE Firms by Classification (in millions)	2015	2016	2017	2018	2019
African-American	\$3,379.35	\$3,779.09	\$3,649.49	\$4,783.42	\$5,664.19
Latino(a)	\$1,874.68	\$2,137.68	\$2,463.55	\$2,623.34	\$3,309.98
Asian-American	\$151.34	\$94.00	\$123.03	\$118.17	\$149.87
Woman	\$1,162.90	\$1,011.91	\$1,311.46	\$1,161.38	\$1,275.40
Disabled	\$14.85	\$14.85	\$14.85	\$14.85	\$14.85
Total	\$6,583.12	\$7,037.54	\$7,562.38	\$8,701.15	\$10,414.29

% of Fees Paid to MWDBE Firms by Classification	2015	2016	2017	2018	2019
African-American	11.28%	12.59%	13.22%	11.75%	12.22%
Latino(a)	4.18%	6.10%	4.64%	4.87%	5.20%
Asian-American	2.09%	0.89%	0.63%	0.59%	0.63%
Woman	2.91%	3.20%	3.97%	4.69%	5.12%
Disabled	0.12%	0.18%	0.10%	0.09%	0.06%
Total	20.58%	22.96%	22.57%	21.99%	23.23%

Fees Paid to MWDBE Firms by Classification (in millions)	2015	2016	2017	2018	2019
African-American	\$15.27	\$15.54	\$16.32	\$15.59	\$18.20
Latino(a)	\$5.66	\$7.53	\$5.73	\$6.46	\$7.74
Asian-American	\$2.82	\$1.10	\$0.77	\$0.78	\$0.94
Woman	\$3.94	\$3.94	\$4.91	\$6.22	\$7.63
Disabled	\$0.16	\$0.23	\$0.13	\$0.12	\$0.09
Total	\$27.86	\$28.34	\$27.86	\$29.17	\$34.62

% of Assets Managed by Illinois MWDBE Firms by Classification	2015	2016	2017	2018	2019
African-American	3.32%	3.72%	1.03%	1.02%	1.16%
Latino(a)	0.85%	0.54%	0.86%	0.70%	1.34%
Asian-American	0.00%	0.00%	0.00%	0.00%	0.00%
Woman	0.00%	0.00%	0.00%	0.00%	0.01%
Disabled	0.04%	0.04%	0.04%	0.04%	0.03%
Total	4.21%	4.30%	1.93%	1.76%	2.55%

Assets Managed by Illinois MWDBE Firms by Classification (in millions)	2015	2016	2017	2018	2019
African-American	\$1,138.99	\$1,348.63	\$423.01	\$391.09	\$519.86
Latino(a)	\$290.18	\$197.10	\$353.65	\$268.38	\$535.22
Asian-American	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Woman	\$0.00	\$0.00	\$0.00	\$0.00	\$4.50
Disabled	\$14.85	\$14.85	\$14.85	\$14.85	\$14.85
Total	\$1,444.03	\$1,560.58	\$791.51	\$674.32	\$1,074.43

% of Fees Paid to Illinois MWDBE Firms by Classification	2015	2016	2017	2018	2019
African-American	4.07%	3.73%	3.02%	3.10%	3.09%
Latino(a)	1.45%	0.99%	1.42%	1.51%	1.38%
Asian-American	0.00%	0.00%	0.00%	0.00%	0.00%
Woman	0.00%	0.00%	0.00%	0.00%	0.05%
Disabled	0.12%	0.18%	0.10%	0.10%	0.07%
Total	5.64%	4.91%	4.54%	4.71%	4.59%

Fees Paid to Illinois MWDBE Firms by Classification (in millions)	2015	2016	2017	2018	2019
African-American	\$5.50	\$4.60	\$3.73	\$3.88	\$4.41
Latino(a)	\$1.96	\$1.23	\$1.75	\$1.89	\$1.96
Asian-American	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Woman	\$0.00	\$0.00	\$0.00	\$0.00	\$0.07
Disabled	\$0.16	\$0.23	\$0.13	\$0.12	\$0.09
Total	\$7.63	\$6.06	\$5.61	\$5.90	\$6.54

% of Assets Managed by MWDBE Firms by Asset Class	2015	2016	2017	2018	2019
Large Cap Equity	9.52%	7.22%	0.00%	6.97%	7.94%
Micro Cap Equity	19.07%	42.37%	23.90%	0.58%	0.00%
Mid Cap Equity	0.00%	0.00%	0.00%	0.00%	0.00%
Small Cap Equity	10.08%	6.80%	8.01%	8.04%	10.20%
SMID Cap Equity	0.00%	0.00%	0.00%	0.00%	0.00%
Public Real Assets	0.00%	0.00%	0.00%	0.00%	0.00%
Core Fixed	37.35%	40.47%	44.52%	49.59%	49.85%
Core Plus	31.87%	31.73%	36.83%	36.79%	36.80%
High Yield	9.34%	9.52%	7.18%	6.29%	6.44%
Opportunistic	0.00%	0.00%	0.00%	0.00%	0.00%
Bank Loans	0.00%	0.00%	0.00%	0.00%	0.00%
Emerging Markets Debt	0.00%	0.00%	0.00%	0.00%	0.00%
Intl Large Cap Equity	24.94%	25.45%	27.13%	26.19%	28.42%
Intl Small Cap Equity	9.38%	9.78%	10.34%	13.76%	7.80%
Emerging Markets	9.41%	9.35%	8.05%	8.23%	4.34%
Private Equity*	16.56%	26.48%	29.68%	28.78%	26.45%
Agriculture	0.00%	0.00%	0.00%	0.00%	0.00%
Timber	0.00%	0.00%	0.00%	0.00%	0.00%
Hedge Fund	31.01%	13.13%	0.00%	0.00%	0.00%
Real Estate*	6.12%	7.63%	12.23%	12.82%	15.03%
Cash	0.00%	0.00%	0.00%	0.00%	0.00%
Fund AUM	34,270	36,274	41,095	38,417	44,669

**Private Equity and Real Estate Values based on commitment amounts*

Assets Managed By MWDBE Firms by Asset Class (in millions)	2015	2016	2017	2018	2019
Large Cap Equity	\$1,008.67	\$862.69	\$0.00	\$846.39	\$1,153.96
Micro Cap Equity	\$116.99	\$277.15	\$132.74	\$2.19	\$0.00
Mid Cap Equity	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Small Cap Equity	\$309.58	\$213.88	\$230.51	\$192.42	\$242.27
SMID Cap Equity	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Public Real Assets	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Core Fixed	\$1,684.95	\$1,973.02	\$2,611.85	\$3,204.45	\$3,522.84
Core Plus	\$1,270.77	\$1,291.06	\$1,326.95	\$1,313.07	\$1,420.96
High Yield	\$58.51	\$65.29	\$48.74	\$47.98	\$54.54
Opportunistic	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Bank Loans	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Emerging Markets Debt	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Intl Large Cap Equity	\$1,421.06	\$1,439.50	\$1,886.11	\$1,549.73	\$1,968.98
Intl Small Cap Equity	\$43.36	\$44.69	\$64.08	\$63.49	\$44.06
Emerging Markets	\$56.55	\$62.76	\$71.59	\$158.97	\$48.01
Private Equity*	\$298.97	\$579.11	\$739.48	\$902.46	\$1,231.53
Agriculture	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Timber	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Hedge Fund	\$151.38	\$11.07	\$0.00	\$0.00	\$0.00
Real Estate*	\$162.33	\$217.33	\$450.33	\$517.33	\$727.32
Cash	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Fund AUM	34,270	36,274	41,095	38,417	44,669

**Private Equity and Real Estate Values based on commitment amounts*

TABLE #3: BROKERAGE

The special committee recognizes that not all funds/systems invest in the same asset classes and/or have completed FY 19. Therefore, please change the asset classes and years below as you see fit while maintaining the overall format of the table.

MWDBE Broker Utilization Goals by Asset Class	2015	2016	2017	2018	2019	2020
US Equities	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%
US Large Cap Equities (added 02/2016)		30.00%	30.00%	30.00%	30.00%	30.00%
US Micro Cap Equities	7.00%	7.00%	7.00%	10.00%	10.00%	10.00%
Global Listed Infrastructure (added 3/2018)				20.00%	20.00%	20.00%
International Equities	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%
International Small Cap Equities	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Emerging Markets Equities	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Fixed Income	22.00%	22.00%	22.00%	22.00%	22.00%	22.00%
High Yield Bonds	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Emerging Market Debt (added 12/2015)	Best Efforts					
Bank Loans (added 12/2015) (removed 1/2019)	Best Efforts					
Opportunistic Strategies (added 12/2015) (removed 1/2019)	Best Efforts					
Hedge Funds (added 12/2015) (removed 01/2017)	Best Efforts					
Equity Commingled Accounts - Passive	Best Efforts				10.00%	10.00%
Equity Commingled Accounts - Active	Best Efforts					
Fixed Income Commingled Accounts	Best Efforts					

DOMESTIC EQUITY					
% of Commissions Paid to MWDBE Brokers by Classification	2015	2016	2017	2018	2019
African-American	12.18%	12.59%	8.43%	8.21%	5.58%
Latino(a)	1.74%	4.35%	3.92%	2.51%	2.30%
Asian-American	0.87%	0.00%	0.00%	0.00%	0.20%
Female	10.90%	10.59%	9.13%	9.03%	9.14%
Other	5.36%	2.22%	8.66%	8.83%	10.65%
Total	31.05%	29.75%	30.14%	28.58%	27.85%
IL Based	9.38%	12.46%	5.68%	6.59%	4.22%

DOMESTIC EQUITY					
Commissions Paid to MWDBE Brokers by Classification	2015	2016	2017	2018	2019
African-American	\$ 816,571	\$ 648,312	\$ 520,828	\$ 796,913	\$ 619,399
Latino(a)	\$ 116,572	\$ 224,024	\$ 241,768	\$ 243,755	\$ 254,907
Asian-American	\$ 58,509	\$ -	\$ -	\$ -	\$ 21,940
Female	\$ 730,616	\$ 545,338	\$ 564,042	\$ 876,737	\$ 1,014,204
Other	\$ 359,396	\$ 114,226	\$ 534,765	\$ 856,686	\$ 1,181,820
Total	\$ 2,081,663	\$ 1,531,900	\$ 1,861,403	\$ 2,774,091	\$ 3,092,269
IL Based	\$ 530,608	\$ 641,674	\$ 350,562	\$ 639,881	\$ 468,828

INTERNATIONAL EQUITY					
% of Commissions Paid to MWDBE Brokers by Classification	2015	2016	2017	2018	2019
African-American	5.73%	7.74%	7.00%	8.03%	15.35%
Latino(a)	4.08%	1.72%	3.94%	8.90%	3.42%
Asian-American	0.00%	0.00%	0.00%	0.00%	0.00%
Female	12.46%	13.23%	8.84%	9.95%	9.18%
Other	0.50%	1.48%	4.06%	4.43%	6.22%
Total	22.77%	24.17%	23.84%	31.31%	34.16%
IL Based	13.46%	20.23%	12.52%	13.87%	20.83%

INTERNATIONAL EQUITY					
Commissions Paid to MWDBE Brokers by Classification	2015	2016	2017	2018	2019
African-American	\$ 269,113	\$ 416,621	\$ 328,820	\$ 324,173	\$ 443,295
Latino(a)	\$ 191,840	\$ 92,370	\$ 184,923	\$ 359,346	\$ 98,640
Asian-American	\$ -	\$ -	\$ -	\$ -	
Female	\$ 585,619	\$ 712,728	\$ 415,246	\$ 401,897	\$ 265,165
Other	\$ 23,560	\$ 79,873	\$ 190,630	\$ 178,797	\$ 179,581
Total	\$ 1,070,132	\$ 1,301,592	\$ 1,119,619	\$ 1,264,212	\$ 986,681
IL Based	\$ 632,271	\$ 1,089,350	\$ 587,903	\$ 560,288	\$ 601,738

FIXED INCOME					
% of Commissions Paid to MWDBE Brokers by Classification	2015	2016	2017	2018	2019
African-American	22.84%	6.60%	3.36%	3.68%	4.48%
Latino(a)	2.30%	1.21%	1.37%	1.54%	2.25%
Asian-American	0.00%	0.00%	0.00%	0.00%	0.00%
Female	0.71%	0.31%	0.34%	0.31%	0.33%
Other	1.15%	1.48%	1.33%	0.57%	0.33%
Total	27.00%	9.60%	6.40%	6.10%	7.39%
IL Based	10.06%	4.20%	2.24%	1.22%	3.20%

FIXED INCOME					
Par Volume Traded with MWDBE Brokers by Classification (in millions)	2015	2016	2017	2018	2019
African-American	7,645.75	5,531.33	3,087.64	2,537.68	2,741.04
Latino(a)	281.34	1,015.52	1,254.53	1,063.59	1,378.38
Asian-American	0.00	0.00	0.00	0.00	0.00
Female	43.44	260.85	316.72	216.44	205.04
Other	108.64	1,244.91	1,220.76	394.25	202.72
Total	8,079.17	8,052.61	5,879.64	4,211.96	4,527.19
IL Based	3,276.69	3,522.27	2,054.78	1,295.00	1,961.79

B. Consultant Disclosures- 2019

Disclosures per Illinois Pension Code Section 1-113.22 and 1-113.23

Beginning January 1, 2018 and annually thereafter, section 1-113.22 of the Illinois Pension Code requires the following disclosures from the consultant:

Consultant Name: Wilshire Associates

1.	Firm wide, the total number of searches for investment services made by the consultant in the prior calendar year.	31
2.	Firm wide, the total number of searches for investment services made by the consultant in the prior calendar year that included a minority owned business, a women owned business or a business owned by a person with a disability.	15
3.	The total number of searches for investment services made by the consultant in the prior calendar year in which the consultant recommended for selection a minority owned business, a women owned business, or a business owned by a person with a disability.	15
4.	The total number of searches for investment services made by the consultant in the prior calendar year that resulted in the selection of a minority owned business, a women owned business or a business owned by a person with a disability.	4
5.	The total dollar amount of investments made in the previous calendar year with a minority owned business, a women owned business or a business owned by a person with a disability that was selected after a search for investment services performed by the consultant.	\$93 million

Beginning January 1, 2018 and annually thereafter, section 1-113.23 of the Illinois Pension Code requires the following disclosures from the consultant:

1. Consultant(s) are required to disclose all compensation and economic opportunity received in the last 24 months from investment advisors retained by the IMRF Board of Trustees.

A report will be sent under separate cover in accordance with Wilshire's Conflicts of Interest Policy.

2. Prior to the IMRF Board of Trustees selecting an investment advisor, the consultant(s) are required to disclose any compensation or economic opportunity received in the last 24 months from an investment advisor that is recommended for selection by the consultant.

A report will be sent under separate cover in accordance with Wilshire's Conflicts of Interest Policy.

Consultant
Company Name: Wilshire Associates, Inc
Signature 
Printed Name: Jason Schwarz
Title: Chief Operating Officer
Dated: 10/06/2020

Illinois Public Act 100-0542 website:

<http://www.ilga.gov/legislation/publicacts/fulltext.asp?Name=100-0542>

Definitions per Illinois Law

"Compensation" means any money, thing of value, or economic benefit conferred on, or received by, a consultant in return for services rendered, or to be rendered, by himself, herself, or another.

"Economic opportunity" means any purchase, sale, lease, contract, option, or other transaction or arrangement involving property or services wherein a consultant may gain an economic benefit.

"Minority person" means a person who is a citizen or lawful permanent resident of the United States and who is a member of a minority as defined in the Business Enterprise for Minorities, Women, and Persons with Disabilities Act. The full text can be found at: <http://www.ilga.gov/legislation/ilcs/ilcs3.asp?ActID=550&ChapterID=7>

"Minority owned business" means a business concern which is at least 51% owned by one or more minority persons, or in the case of a corporation, at least 51% of the stock in which is owned by one or more minority persons; and the management and daily business operations of which are controlled by one or more of the minority individuals who own it.

"Women owned business" means a business concern which is at least 51% owned by one or more women, or, in the case of a corporation, at least 51% of the stock in which is owned by one or more women; and the management and daily business operations of which are controlled by one or more of the women who own it.

"Business owned by a person with a disability" means a business concern that is at least 51% owned by one or more persons with a disability and the management and daily business operations of which are controlled by one or more of the persons with disabilities who own it. A not-for-profit agency for persons with disabilities that is exempt from taxation under Section 501 of the Internal Revenue Code of 1986 is also considered a "business owned by a person with a disability".

Year to Date 09/30/2020

Disclosures per Illinois Pension Code Section 1-113.22 and 1-113.23

Beginning January 1, 2018 and annually thereafter, section 1-113.22 of the Illinois Pension Code requires the following disclosures from the consultant:

Consultant Name: Wilshire Associates

1.	Firm wide, the total number of searches for investment services made by the consultant in the prior calendar year.	43
2.	Firm wide, the total number of searches for investment services made by the consultant in the prior calendar year that included a minority owned business, a women owned business or a business owned by a person with a disability.	19
3.	The total number of searches for investment services made by the consultant in the prior calendar year in which the consultant recommended for selection a minority owned business, a women owned business, or a business owned by a person with a disability.	19
4.	The total number of searches for investment services made by the consultant in the prior calendar year that resulted in the selection of a minority owned business, a women owned business or a business owned by a person with a disability.	4
5.	The total dollar amount of investments made in the previous calendar year with a minority owned business, a women owned business or a business owned by a person with a disability that was selected after a search for investment services performed by the consultant.	\$71 million

Beginning January 1, 2018 and annually thereafter, section 1-113.23 of the Illinois Pension Code requires the following disclosures from the consultant:

1. Consultant(s) are required to disclose all compensation and economic opportunity received in the last 24 months from investment advisors retained by the IMRF Board of Trustees.

A report will be sent under separate cover in accordance with Wilshire's Conflicts of Interest Policy.

2. Prior to the IMRF Board of Trustees selecting an investment advisor, the consultant(s) are required to disclose any compensation or economic opportunity received in the last 24 months from an investment advisor that is recommended for selection by the consultant.

A report will be sent under separate cover in accordance with Wilshire's Conflicts of Interest Policy.

Consultant
Company Name: Wilshire Associates, Inc
Signature: <i>Jason Schwarz</i> <small>C684BF7ADF77440...</small>
Printed Name: Jason Schwarz
Title: Chief Operating Officer
Dated: 10/06/2020

Illinois Public Act 100-0542 website:
<http://www.ilga.gov/legislation/publicacts/fulltext.asp?Name=100-0542>

Definitions per Illinois Law

"Compensation" means any money, thing of value, or economic benefit conferred on, or received by, a consultant in return for services rendered, or to be rendered, by himself, herself, or another.

"Economic opportunity" means any purchase, sale, lease, contract, option, or other transaction or arrangement involving property or services wherein a consultant may gain an economic benefit.

"Minority person" means a person who is a citizen or lawful permanent resident of the United States and who is a member of a minority as defined in the Business Enterprise for Minorities, Women, and Persons with Disabilities Act. The full text can be found at: <http://www.ilga.gov/legislation/ilcs/ilcs3.asp?ActID=550&ChapterID=7>

"Minority owned business" means a business concern which is at least 51% owned by one or more minority persons, or in the case of a corporation, at least 51% of the stock in which is owned by one or more minority persons; and the management and daily business operations of which are controlled by one or more of the minority individuals who own it.

"Women owned business" means a business concern which is at least 51% owned by one or more women, or, in the case of a corporation, at least 51% of the stock in which is owned by one or more women; and the management and daily business operations of which are controlled by one or more of the women who own it.

"Business owned by a person with a disability" means a business concern that is at least 51% owned by one or more persons with a disability and the management and daily business operations of which are controlled by one or more of the persons with disabilities who own it. A not-for-profit agency for persons with disabilities that is exempt from taxation under Section 501 of the Internal Revenue Code of 1986 is also considered a "business owned by a person with a disability".



Wilshire Associates Incorporated Conflicts Check Report: [Prepared on October 9, 2020 with information dated June 30, 2020.](#)

This report is being provided in response to your request for more information about Wilshire's relationships with managers or financial services providers with whom you have a relationship or may be contemplating a relationship. The information provided herein is confidential and proprietary and may not be disseminated to third parties or to Wilshire personnel, without the prior written consent of Wilshire Compliance. In preparing this report, Wilshire looks up the exact vendor name provided by you. Where our search reveals vendors with similar names, we will also provide you with this information. However, we do not include affiliated vendors with different names. Information is provided as of the date noted. You may request an update of this information or if you have any further questions, please contact Wilshire Compliance at (310) 451-3051 or compliance@wilshire.com.

In preparing this report, Wilshire's Compliance Department was provided with the following names:

Vendor	Wilshire Client Name	Service Provided to Vendor	Wilshire Fees 2019	Wilshire Fees Through 2Q2020
Northern Trust	Northern Trust Company	Analytics and Consulting	250K to 500K	0 to 250K
Sands Capital Management	Not a client			
Xponance	Not a client			
Dodge & Cox	Not a client			
BMO	BMO Asset Management Corp.	Analytics	0 to 250K	0 to 250K
LSV Asset Management	Not a client			
Frontier Capital	Not a client			
Fidelity	Fidelity Workplace Services LLC	Funds Management	500K to 1M	250K to 500K
DFA Securities	Not a client			
Investment Counselors of Maryland	Not a client			
Brookfield Public Securities	Not a client			
Cohen & Steers	Cohen & Steers Capital Management Inc.	Analytics	500K to 1M	250K to 500K
William Blair	William Blair & Company LLC	Consulting	0 to 250K	0 to 250K
Brandes Investment	Not a client			
Mondrian	Not a client			
Lazard	Not a client			
Arrowstreet Capital	Not a client			
GlobeFlex Capital	Not a client			
Progress	Progress Investment Management Company	Analytics	0 to 250K	0 to 250K
Ativo International	Not a client			
Franklin Templeton	Franklin Templeton Companies, LLC	Analytics	0 to 250K	0 to 250K
Genesis Asset Managers	Not a client			
Garcia Hamilton	Not a client			

Vendor	Wilshire Client Name	Service Provided to Vendor	Wilshire Fees 2019	Wilshire Fees Through 2Q2020
Ramirez Asset Management	Not a client			
BlackRock	BlackRock Financial Management & BlackRock, Inc.	Analytics	0 to 250K	0 to 250K
LM Capital Group	Not a client			
Western Asset	Not a client			
Longfellow	Not a client			
Barings	Not a client			
Standish Mellon Asset Management	Not a client			
MacKay Shields	Not a client			

C. 2020 IMRF Statement of Investment Policy

**STATEMENT
OF
INVESTMENT POLICY**

Amended: January 1, 2020

**INVESTMENT DEPARTMENT
MISSION STATEMENT**

Under the guidance and direction of the Board of Trustees, and governed by the Prudent Man Rule, it is the mission of the Investment Department to optimize the total return of the IMRF investment portfolio through a policy of diversified investment using parameters of prudent risk management.

2211 York Road, Suite 500 Oak Brook, IL 60523-2337 (630) 368-1010

www.imrf.org



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STATEMENT OF INVESTMENT POLICY

Introduction and Purpose

A. About IMRF

The Illinois Municipal Retirement Fund (“IMRF”) is a defined benefit plan created in 1939 by the Illinois General Assembly for the exclusive purpose of providing retirement, death and disability benefits to employees of local units of government and school districts in Illinois. IMRF serves approximately 3,000 employers and approximately 429,000 members and annuitants. IMRF is separate and apart from the Illinois state government. Benefits are funded by employer and member contributions and investment returns.

IMRF is governed by a Board of eight elected trustees. Four are elected by employers, three are elected by participating members and one is elected by annuitants (individuals receiving retirement benefits). The Board appoints an Executive Director who is responsible for all administrative functions and supervision of Staff employees.

Mission Statement

To efficiently and impartially develop, implement, and administer programs that provide income protection to members and their beneficiaries on behalf of participating employers in a prudent manner.

Vision

To provide the highest quality retirement services to our members, their beneficiaries and employers.

B. Legal Authority

IMRF was created by Article 7 of Chapter 40, Act 5 of the Illinois Pension Code in order to provide a sound and efficient system for the payment of annuities and other benefits to officers and employees, and to their beneficiaries, of municipalities of the State of Illinois.

Article 1 Chapter 40 Section 109 of the Illinois Compiled Statutes provides the key legal criteria regarding investment policy as follows:

“Duties of Fiduciaries”. A fiduciary with respect to a retirement system or pension fund established under this Code shall discharge his or her duties with respect to the retirement system or pension fund solely in the interest of the participants and beneficiaries and:

- a) For the exclusive purpose of:
 - (1) Providing benefits to participants and their beneficiaries; and
 - (2) Defraying reasonable expenses of administering the retirement system or pension fund;

- b) With the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character with like aims;
- c) By diversifying the investments of the retirement system or pension fund so as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so; and
- d) In accordance with the provisions of the Article of the Pension Code governing the retirement system or pension fund.

C. Investment Philosophy

IMRF's investment philosophy has been developed with careful consideration of its primary purpose, fiduciary obligations, statutory requirements, liquidity needs, income sources, benefit obligations, and other general business conditions. The investment philosophy embraces the following:

- Asset allocation is the most significant factor attributable to the long-term total return of the Fund. Diversification is the primary risk control element. Commitments to asset allocation targets and ranges will be maintained through rebalancing as appropriate. The asset allocation will be reexamined at least annually to ensure its appropriateness to capital market conditions and liability considerations.
- The Fund's liabilities are long-term and therefore the investment horizon will be at least 10 years. Strategic decisions will prevail in determining asset allocation rather than tactical or short-term market timing decisions.
- Investment structure has a vital role in the achievement of portfolio returns and mitigation of risk consistent with target asset allocation and includes the following primary components:
 - Cost effectiveness of asset class strategies
 - Sufficient total Fund liquidity
 - Amount and type of internal and external management
 - Relative proportion of active and passive management
 - Internal and external active management may be utilized to add value beyond broad market benchmarks.
 - Internal and external passive investments, those that closely replicate an index, may be utilized to complement actively managed portfolios as an efficient way to provide benchmark return, adjust risk within the overall fund, and provide a liquid and low cost pool to facilitate timely fund rebalancing, especially in highly efficient markets.

- Due diligence and monitoring of investment managers is critical to safeguarding the Fund's assets.

D. Roles and Responsibilities

The Board of Trustees and internal Investment Staff have specific responsibilities in the management and oversight of IMRF's investment activities. The Board of Trustees may allocate duties among themselves and designate others as fiduciaries to carry out specific fiduciary activities. External advisors, investment managers and contractors may be retained, as fiduciaries, to execute certain investment or related activities.

All persons who act as agents of the Board shall adhere to the highest standards of professional integrity and honesty and are prohibited by law from profiting directly or indirectly from the investments of the Fund. However, this shall not preclude an agent of the Board from acting as principal participant or servicer in transactions with the Fund when that interest is fully disclosed and approved by the Board.

The following section outlines the roles and responsibilities for the Board of Trustees, Investment Staff, Investment Managers and Investment and Performance Consultants involved with executing this Policy.

Board of Trustees

The members of the Board are responsible, as trustees and fiduciaries, for the proper oversight of the IMRF assets. Trustees shall carry out their functions solely in the interest of the members and benefit recipients and for the exclusive purpose of providing benefits and defraying reasonable expenses incurred in performing such duties, as required by law.

Trustees shall act in accordance with the provisions of State Statute and with care, skill, prudence, and diligence under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of like character with like aims by diversifying the investment of the Fund so as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so.

The Board of Trustees is responsible for the following investment related activities:

- Set the policies, objectives, and guidelines for investment of the Fund's assets and oversee compliance with investment policy and the laws of Illinois.

- Study thoroughly each issue affecting the Fund’s investments to make educated and prudent decisions.
- Select qualified professionals to assist in implementing investment policies and evaluate their services.
- Consider Staff recommendations for selecting or terminating investment managers.
- Evaluate total Fund performance including performance of all investment managers.

Investment Staff

The Chief Investment Officer (CIO) is charged with the coordination of all investment activities and matters involving the Fund’s assets.

The CIO is responsible for continuous review and analysis of the Fund’s assets and to recommend adjustments which are appropriate to take optimum advantage of new conditions and strategies as they arise in the marketplace.

The CIO is responsible for the internal public markets portfolio(s).

The CIO is responsible for overseeing all investment activities required to implement the IMRF Statement of Investment Policy. The CIO will advise the Board of Trustees and Investment Committee on any investment related matters.

Staff reviews and analyzes the philosophies, policies and strategies employed by the Fund’s investment managers.

Staff, with guidance and direction from the CIO, is responsible for the following:

- For Board approved internally managed portfolio(s), Staff will construct and manage investment portfolios that are consistent with the mandate investment guidelines. Staff will be responsible for selecting, buying, monitoring, and selling securities.
- On an annual basis, review and recommend to the Investment Committee of the Board: a) Investment Committee Charter, b) Statement of Investment Policy, and c) Real Estate Statement of Investment Policy.
- Ensure compliance with investment policies and procedures established by the Board of Trustees.

- Manage cash flow by buying or selling passive and/or active manager investments to pay benefits and expenses and/or fund Board approved investments.
- Recommend investment actions to the Investment Committee of the Board of Trustees and/or to the Board of Trustees.
- Staff is responsible for managing each asset class, as described by the IMRF Investment Policy, on an on-going basis, including monitoring the investment managers and reporting to the Board of Trustees.
- Conduct all necessary due diligence relating to the selection of investment managers and consultants. Sustainability factors will be considered when evaluating investment recommendations.
- Negotiate contracts and related documents with investment managers, consultants, service providers and master trustee in conjunction with general counsel and external counsel where appropriate.
- Implement investment manager guideline changes as deemed appropriate. All guideline changes must be approved by the CIO.
- Monitor and report to the Board of Trustees annually on programs related to securities lending, proxy voting, minority manager and minority broker goals.
- Respond to inquiries from the state legislature, the membership, the press, other governmental representatives and the public concerning the investments of the Fund.
- Coordinate communications between master trustee, investment managers, brokers, consultants and other service providers.

Investment Managers

The Board of Trustees seeks to employ investment managers who possess superior capabilities in the management of assets.

External investment managers, as fiduciaries selected by the Board of Trustees and monitored by Staff, have the power to manage, acquire, or dispose of any assets of the Fund within their mandate.

External investment managers will acknowledge in writing that they are a fiduciary with respect to the Fund, and is at least one of the following: (1) registered as an investment adviser under the federal

Investment Advisers Act of 1940; (2) a bank, as defined in the Investment Advisers Act of 1940.

The Board of Trustees requires external investment managers to meet the conditions as stated in their respective investment management agreements with IMRF.

- All investment managers will construct and manage investment portfolios that are consistent with IMRF's investment guidelines. The investment manager will select, buy and sell specific securities or investments within the parameters specified by their investment management agreement with IMRF.
- Public market external investment managers will report to the Fund monthly. Public markets investment managers will generally report on:
 - The composition and relative performance of the investments in their designated portfolios
 - The economic and investment outlook for the near and long term
 - Significant changes in the portfolio under their management
 - The reasons for any significant differences between the performance of their portfolios and the appropriate market indices or other performance benchmarks established by the Fund and the investment managers
 - Legal and regulatory issues
 - Organizational and personnel developments
 - Assets under management
- The public market investment managers will report to the Fund monthly on the use of minority and woman owned business enterprise broker/dealers and broker/dealers owned by a person with a disability.
- Private market investment managers will provide periodic financial statements and other reports as specified in their investment agreements with IMRF.
- All investment managers will adhere to any additional responsibilities as detailed in each investment manager's agreement with the Fund.

Note: Limited Partnership Investments, typically in private market asset classes, are not considered investment managers as defined by Illinois Pension Code.

Investment and Performance Consultants

Investment Consultant

Investment Consultants are persons or entities selected by the Board of Trustees, as fiduciaries and advisers, to make recommendations in developing an investment strategy, assist with finding appropriate investment managers, and monitor the Fund's performance.

The Investment Consultant will:

- In conjunction with the CIO, provide reports to the Board of Trustees on emerging trends and issues of concern to public pension funds generally and to the Fund in particular.
- Provide education to the Board of Trustees and Staff, which includes but is not limited to analyzing and summarizing relevant publications, discussions, meetings and research on current investment related topics.
- Serve as a resource to Staff by analyzing and making recommendations with respect to the IMRF Statement of Investment Policy, the investment plan and each investment manager's strategy.
- In conjunction with the CIO, conduct an annual asset allocation review with the Board of Trustees considering the appropriate investment horizon for the Fund given its actuarial characteristics.
- Assist Staff and the Board of Trustees in setting and implementing the asset allocation.
- Evaluate investment manager candidates using non-discriminatory practices¹ when engaged by IMRF for a RFP search.

Performance Evaluation Consultant

The Performance Evaluation Consultant shall provide monthly and quarterly investment performance evaluation and analysis to the Board of Trustees. Total Fund performance and each investment manager employed by the Fund shall be measured against appropriate indices and benchmarks. The quarterly investment performance report shall include IMRF returns for the total Fund, asset classes and investment managers against appropriate peer universes.

¹ *When conducting a search for a new investment manager, the Board of Trustees requires that all minority owned, woman owned businesses and businesses owned by a person with a disability enterprise investment management firms evaluated during the search process be specifically identified in the search report presented to them. The most qualified minority candidate(s) will be invited to present to the Investment Committee of the Board or the Board of Trustees. Any reasons for eliminating a minority candidate(s) from further consideration must also be provided in the report.*

Investment Objectives and Goals

A. Investment Objectives

All investment actions undertaken will be for the sole benefit of IMRF's members and benefit recipients. The Board has a responsibility to make investment decisions with the objective of obtaining superior total long-term rates of return while using parameters of prudent risk management and reasonable control of costs. To assure an adequate accumulation of assets in the Fund, the investment objectives are to:

1. Achieve and maintain the Illinois Municipal Retirement Fund assets in excess of the present value of accrued benefits.
2. Achieve for the total Fund a rate of return in excess of inflation.
3. Achieve for the total Fund a rate of return in excess of the assumed actuarial investment rate of return of 7.25%.
4. Achieve for the total Fund a rate of return in excess of the Total Fund Benchmark. The Total Fund Benchmark is a blend of the asset class benchmark returns weighted by the target allocation for each asset class.

The Total Fund Benchmark is equal to the sum of:

- 37% Russell 3000 Index
- 28% Bloomberg Barclays U.S. Aggregate Bond Index
- 18% Morgan Stanley Capital International All Country World Index ex-US
- 9% National Council of Real Estate Investment Fiduciaries Open-End Diversified Core Index
- 7% of the 9% Annual Alternatives Benchmark
- 1% 3-month Treasury Bills

IMRF's Diverse Investment Manager Policy

The Illinois Municipal Retirement Fund is committed to diversity in the hiring of minority and emerging owned investment managers, as defined by the Illinois Pension Code.

Minority Investment Manager Definition

A minority investment manager is defined as a qualified investment manager that manages an investment portfolio and meets the definition of "minority owned business," "woman owned business" or "business owned by a person with a disability" as defined in the Business Enterprise for Minorities, Women, and Persons with Disabilities Act. Minority

Investment Management firms must be 51% or more owned by individuals that are minorities, women or persons with a disability and are citizens or lawful permanent residents of the United States.

Emerging Investment Manager Definition

An emerging investment manager is defined as a qualified investment advisor that manages an investment portfolio of at least \$10,000,000 but less than \$10,000,000,000 and is a “minority owned business,” “woman owned business” or “business owned by a person with a disability” as defined in the Business Enterprise for Minorities, Women, and Persons with Disabilities Act. Emerging Investment Management firms must be 51% or more owned by individuals that are minorities, women or persons with a disability and are citizens or lawful permanent residents of the United States.

For complete definitions of Minority and Emerging Investment Manager please go to the following website:
(30 ILCS 575/) Business Enterprise for Minorities, Women, and Persons with Disabilities Act.

The IMRF Board of Trustees adopts the following aspirational goals and minority and emerging investment manager goals based on percentage of total Fund market value, percentage of asset class, and percentage of investment management fees paid.

B. Aspirational Goals

(In Compliance with Section 1-109.1 (10) of the Illinois Pension Code)

The Illinois Municipal Retirement Fund Board of Trustees adopts two aspirational goals: (i) to utilize emerging investment managers for at least 20% of the total Fund’s assets under management and (ii) to utilize firms owned by minorities, women and persons with disabilities for at least 20% of the total Fund’s assets under management.

Policy to Achieve Aspirational Goals

The Illinois Municipal Retirement Fund Board of Trustees adopts a policy to ensure progress towards achieving the aspirational goals. The policy directs the IMRF Investment Staff:

- to build relationships with the minority and emerging investment manager community by attending and/or speaking at conferences and events,
- to launch targeted RFP’s that specifically focus on emerging and/or minority owned firms,
- to utilize manager of managers and fund of funds programs to hire underlying minority and emerging investment managers,

- to graduate underlying minority and emerging investment managers for direct mandates.

The Illinois Municipal Retirement Fund Board of Trustees will evaluate the Executive Director on the efforts to achieve the aspirational goals. Job descriptions for key Staff reflect IMRF’s commitment to diversity and aspirational goals.

E. Minority and Emerging Investment Manager Goals

(In Compliance with Section 1-109.1 (4) & (9) of the Illinois Pension Code)

The Illinois Municipal Retirement Fund is committed to providing opportunities for minority and emerging investment managers.

The Illinois Municipal Retirement Fund Board of Trustees adopts separate goals for: (i) minority and emerging investment managers that are minority owned businesses; (ii) minority and emerging investment managers that are woman owned businesses; and (iii) minority and emerging investment managers that are businesses owned by a person with a disability. Additionally, the IMRF Board of Trustees adopts fee goals for minority investment managers consistent with aspirational goal.

Goals for Minority and Emerging Investment Managers by Investment Manager Classification		
Minority Manager (any AUM)		Emerging Manager (AUM \$10 million to \$10 billion)
<u>Investment Manager Classification</u>	<u>Minimum Goal as a Percentage of Total Fund Market Value</u>	<u>Minimum Goal as a Percentage of Total Fund Market Value</u>
Minority Owned Businesses	13%	13%
Woman Owned Businesses	6%	6%
Businesses Owned by a Person with a Disability	1%	1%
Total Aspirational Goal	20%	20%
Minimum Goal as a Percentage of Total Fees	20%	20%

The Illinois Municipal Retirement Fund Board of Trustees adopts goals for minority and emerging investment managers by asset class.

Goals for Investment Managers by Asset Class		
Asset Class	Minority Minimum Goal as a Percentage of Asset Class	Emerging Minimum Goal as a Percentage of Asset Class
Domestic Equity	5%	5%
International Equity	20%	15%
Fixed Income	30%	25%
Real Estate*	10%	10%
Private Equity*	20%	10%
Timberland	Best Efforts	Best Efforts
Agriculture	Best Efforts	Best Efforts

*Based on committed amounts

C. Investments in Illinois Businesses

The Board recognizes that investments made in businesses operating in Illinois and in real estate and other assets in the state may contribute to an improved economic climate in the state. Therefore, where investment characteristics such as competitive rate of return in relation to the risks involved, minimum quality standards, liquidity considerations, and other investment objectives of the Board are equivalent, the Board favors investments which will have a positive impact on the economy of Illinois. However, nothing in this paragraph shall be construed to favor the foregoing of investment return in order to provide a subsidy to a particular group to the detriment of the Fund members, their beneficiaries, or their public employers.

D. Minority Broker/Dealer Utilization

The firms that are to act as a securities broker-dealer with respect to the purchase and sale of assets for the Fund shall be selected by the investment manager in its sole discretion. The investment manager or any entity controlled by or controlling it, or affiliated with it, shall not act as a securities broker-dealer with respect to purchases and sales of assets allocated to the investment manager unless the Board specifically approves such action. This excludes Transition Manager assignments.

In the selection of broker-dealers with whom to place orders for the purchase or sale of securities for the Fund, the primary objective of the investment manager shall be to obtain the most favorable results for the Fund. The investment manager's selection of broker-dealers may take into account the following factors:

7. satisfy IMRF's goals for minority broker-dealers;
8. price and/or commission;
9. the broker-dealer's facilities, reliability and financial responsibility;
10. the ability of the broker-dealer to effect securities transactions, particularly with respect to such aspects as timing, order size, execution of orders and the ability to complete a transaction through clearance, settlement and delivery;
11. the research provided by such broker-dealer to the investment manager which is expected to enhance general portfolio management capabilities, notwithstanding the fact that the Fund may not be the direct or exclusive beneficiary of such services and;
12. with the exception of investment-related research reports, soft dollar commissions may not be generated in order to satisfy, directly and/or indirectly, payment for any other services such as vendor fees, administrative expenses, and/or other externally sourced amenities.

The investment manager's selection of such broker-dealers shall be in accordance with Article I of the Illinois Pension Code (40 ILCS 5/1-101 et seq.).

Minority Broker/Dealer Goals

The Illinois Municipal Retirement Fund is committed to providing opportunities for minority owned and woman owned broker/dealers and broker/dealers owned by a person with a disability. The Illinois Municipal Retirement Fund Board of Trustees adopts a policy which sets forth goals for increasing the utilization of minority broker/dealers.

The minimum expectations for the goals of minority broker/dealers are based on commission dollars for Equities and par value for Fixed Income. Investment managers of separately managed investment portfolios and commingled passive equity index funds, in the following asset classes, must meet the minimum goals:

<u>Asset Class</u>	<u>2020 Minimum Goal</u>
U.S. Equities	25%
U.S. Large-Cap Equities	30%
U.S. Micro-Cap Equities	10%
International Equities	20%
Global Listed Infrastructure	20%
Fixed Income	22%
High-Yield Bonds	5%
International Small-Cap Equities	5%
Emerging Market Equities	5%
Commingled Passive U.S. Equity Index Funds	10%
Commingled Passive International Equity Index Funds	10%
Emerging Market Debt	Best Efforts

Note: This broker/ dealer goal will be reviewed annually. IMRF may allow current investment managers a limited transition period when minority broker/ dealer goals are increased.

Investment managers are prohibited from using indirect methods such as step-outs to achieve these goals.

Investment managers of actively managed pooled/commingled investment portfolios are directed to use their best efforts to execute trades with minority broker/dealers. These efforts will be evaluated during semi-annual portfolio review meetings.

All investment managers executing brokerage on behalf of the Illinois Municipal Retirement Fund are directed to meet these minimum goals in their specific portfolios and shall report monthly on their goals of minority broker/dealers. Any investment manager failing to meet the minimum goal during the reporting month must provide a written explanation disclosing the reasons for not meeting the goal.

Transition managers are expected to meet or exceed IMRF's current minority brokerage goals.

Staff will report to the Board of Trustees annually on the goals of minority broker/dealers. Investment managers not meeting the minority broker/dealer goals will be identified in the report. An investment manager's ability to meet a minority brokerage goal is an integral part of the manager monitoring process. Consequences for not meeting IMRF's minority brokerage goals are situation specific and range from increased monitoring, placement on watch list, asset reduction, termination, and exclusion from receiving additional allocations/mandates.

**E. Policy Regarding Minority Owned Business Goals Disclosures
(In Compliance with Section 1-113.21 of the Illinois Pension Code)
(See Appendix G for Disclosure Form)**

The Illinois Municipal Retirement Fund requires the following disclosure from the investment advisor, consultant or private market fund:

1. The number of its investment and senior staff and the percentage of its investment and senior staff who are (i) a minority person (ii) woman, and (iii) a person with a disability;
2. The number of contracts, oral or written, for investment services, consulting services and professional and artistic services that the investment advisor, consultant, or private market fund has with (i) a minority owned business, (ii) woman owned business, or (iii) a business owned by a person with a disability; and
3. The number of contracts, oral or written, for investment services, consulting services, and professional and artistic services that the investment advisor, consultant, or private market fund has with a business other than (i) a minority owned business, (ii) woman owned business or (iii) a business owned by a person with a disability, if more than 50% of services performed pursuant to the contract are performed by (i) a minority person, (ii) woman, and (iii) a person with a disability.

**F. Policy Regarding Consultants' Searches and Inclusion, Recommendation, Selection and Investments made with Minority, Woman and Disabled Owned Firms
(In Compliance with Section 1-113.22 of the Illinois Pension Code)
(See Appendix H for Disclosure Form)**

The Illinois Municipal Retirement Fund requires the following disclosures from its consultant(s) annually. Current consultant(s) are required to provide the disclosures by January 1st. Furthermore, the IMRF Board of Trustees will not hire a consultant(s) without the following disclosures.

1. Firm wide the total number of searches for investment services made by the consultant in the prior calendar year.
2. Firm wide the total number of searches for investment services made by the consultant in the prior calendar year that included a minority owned business, woman owned business or a business owned by a person with a disability.
3. The total number of searches for investment services made by the consultant in the prior calendar year in which the consultant recommended for selection a minority owned business, woman owned business, or a business owned by a person with a disability.

4. The total number of searches for investment services made by the consultant in the prior calendar year that resulted in the selection of a minority owned business, woman owned business or a business owned by a person with a disability.
5. The total dollar amount of investments made in the previous calendar year with a minority owned business, woman owned business or a business owned by a person with a disability that was selected after a search for investment services performed by the consultant.

G. Policy Regarding Consultants' Disclosures of Compensation and Economic Opportunity received from Investment Advisors Retained by the Fund and Recommended by the Consultant (In Compliance with Section 1-113.23 of the Illinois Pension Code) (See Appendix H for Disclosure Form)

The Illinois Municipal Retirement Fund requires the following disclosures from its consultant(s) annually. For consultant led RFP searches, the IMRF Board of Trustees will not hire an investment advisor that is recommended for selection by the consultant without the following disclosures. Current consultant(s) are required to provide the disclosures by January 1st. Furthermore, the IMRF Board of Trustees will not hire a consultant(s) without the following disclosures.

1. Consultant(s) are required to disclose all compensation and economic opportunity received in the last 24 months from investment advisors retained by the IMRF Board of Trustees.
2. Prior to the IMRF Board of Trustees selecting an investment advisor, the consultant(s) are required to disclose any compensation or economic opportunity received in the last 24 months from an investment advisor that is recommended for selection by the consultant.

H. Policy Regarding the Illinois High Risk Home Loan Act

1. It is the policy of IMRF that, unless otherwise inconsistent with any fiduciary duties that may apply, no Illinois finance entity may receive deposits or investments from IMRF unless it certifies that it complies with the requirements of the Illinois High Risk Home Loan Act (815 ILCS 137/1 et seq.) and the rules adopted pursuant to that Act that are applicable to that finance entity. This certification is required before an Illinois finance entity receives a deposit or any assets to invest from IMRF and annually thereafter. For Illinois finance entities with whom IMRF is investing or depositing assets on the effective date of this policy, the initial certification required shall be completed within 6 months after the effective date.

2. If an Illinois finance entity fails to submit an annual certification, then IMRF shall notify that Illinois finance entity. The Illinois finance entity shall, within 30 days after the date of notification, either (i) notify IMRF of its intention to certify and complete certification or (ii) notify IMRF of its intention not to complete certification. If an Illinois finance entity fails to provide certification, then IMRF shall, within 90 days, divest, or attempt in good faith to divest, its assets with that Illinois finance entity. IMRF shall immediately notify the Public Pension Division of the Department of Financial and Professional Regulation of the Illinois finance entity's failure to provide certification.
3. IMRF shall annually submit copies of the certifications to the Public Pension Division of the Department of Financial and Professional Regulation.
4. For purposes of this policy, "Illinois finance entity" means any entity chartered under the Illinois Banking Act, the Savings Bank Act, the Illinois Credit Union Act, or the Illinois Savings and Loan Act of 1985 and any person or entity licensed under the Residential Mortgage License Act of 1987, the Consumer Installment Loan Act, or the Sales Finance Agency Act.
5. The required certification (see Appendix F, attached hereto) must be submitted.

Asset Allocation

Asset allocation is generally recognized to have the largest impact on a pension fund's investment performance and risk. Allocating across multiple asset classes with different characteristics mitigates the risk of any single asset type. Historically, no single asset type has provided consistent superior long-term performance in all market environments. A well-diversified approach, including consideration of macroeconomic and fundamental risk factors, positions the portfolio to produce more consistent results over time and is expected to generate superior long-term returns.

The Fund's liabilities are long term in nature and the investment strategy will therefore be long term oriented with due consideration of the use of short-term investments to meet cash flow requirements.

Staff and the Investment Consultant(s) shall conduct an Asset Liability Study every three to five years and present the results to the Board. The study will consider the asset class mix, future benefit payments, liabilities, required funding, the appropriateness of the actuarial interest rate assumption, and the prospective funded status of liabilities. Through quantitative asset/liability modeling and qualitative evaluation, an appropriate strategic asset allocation mix will be selected.

Staff and the Investment Consultant will prepare and present an asset allocation review to the Board annually. The asset allocation review will include capital market expectations (10 year horizon), risk/return expectations for major asset classes, appropriate benchmarks, asset class and style targets, and diversification considerations. In addition to achieving diversification by asset class, careful attention shall be paid to diversification within each asset class and sub-allocation and manager concentration at a total Fund level.

The table below shows the target asset allocation, including a $\pm 4\%$ range for each asset class with the exception of cash equivalents.

<u>Asset Class</u>	<u>Asset Allocation Targets</u>	<u>Asset Class Ranges</u>	<u>Policy Benchmark Index</u>
Domestic Equities	37%	33% - 41%	Russell 3000
International Equities	18%	14% - 22%	MSCI ACWI Ex-U.S. Index
Fixed Income	28%	24% - 32%	Bloomberg Barclays U.S. Aggregate Index
Real Estate	9%	5% - 13%	NCREIF ODCE
Alternative Investments	7%	3% - 11%	9%
Cash Equivalents	1%	0% - 2%	3 Month Treasury Bills

Actual allocations that exceed their target by $\pm 4\%$ will be noted at the next scheduled Board meeting. If deemed necessary by the Chief Investment Officer and Consultant, recommendations for rebalancing strategies will be presented to the Board for their approval.

Benchmarks & Asset Class Objectives

A. Benchmarks

The Board seeks to achieve for the total Fund a rate of return in excess of the Total Fund Benchmark. Each asset class and sub-asset class is measured against a benchmark that describes the opportunity set, return and risk characteristics associated with each asset class. For certain private asset classes the benchmark serves as a proxy for expected return. The Total Fund Benchmark is a blend of the asset class benchmark returns weighted by the target allocation for each asset class.

The Total Fund Benchmark is equal to the sum of:

- 37% Russell 3000 Index

- 28% Bloomberg Barclays U.S. Aggregate Bond Index
 - 18% Morgan Stanley Capital International All Country World Index ex-US
 - 9% National Council of Real Estate Investment Fiduciaries Open-End Diversified Core Index
 - 7% of the 9% Annual Alternatives Benchmark
 - 1% 3-month Treasury Bills
- B.** IMRF invests in domestic equities to earn an equity risk premium in order to enhance the long-term returns of the Fund. The objective of the domestic equity portfolio is to achieve a total return that exceeds the total return of the Russell 3000 Index net of fees.
- C.** IMRF invests in international equities to earn an equity risk premium and to diversify the equity exposure within the Fund. The objective of the international equity portfolio is to achieve a total return that exceeds the total return of the Morgan Stanley Capital International All Country World Index ex-US net of dividends (MSCI ACWI ex-US) net of fees.
- D.** IMRF invests in fixed income to provide stable income and to diversify the equity market risk in the investment portfolio. The objective of the fixed income portfolio is to achieve a total return that exceeds the total return of the Bloomberg Barclays U.S. Aggregate Bond Index net of fees.
- E.** IMRF invests in real estate to provide diversification, inflation protection, income generation, and long-term capital appreciation in the investment portfolio. The objective of the real estate portfolio is to achieve a total return that exceeds the total return of the National Council of Real Estate Investment Fiduciaries (NCREIF) Open-End Diversified Core gross of fees (ODCE) Index over a rolling three year period.
- F.** IMRF invests in alternative investments to diversify the Fund's assets and to enhance the investment portfolio return through long-term capital appreciation. These investments can be highly illiquid and IMRF seeks to be compensated for such illiquidity by earning returns substantially greater than those available from publicly traded equity markets. The objective of the alternative investments portfolio is to achieve an annualized return of 9%.
- G.** Cash is held primarily to pay benefits and administrative expenses and fund Board approved investments. The objective of the internally managed cash portfolio is to achieve a total return in excess of 3-month U.S. Treasury Bills.

Investment Guidelines

The Board of Trustees recognizes the following investment guidelines for each asset class. The guidelines presented here are intended to be summarizations.

The Board requires public market investment managers to meet specific contractual guidelines detailed in each investment manager's agreement with the Fund.

Public Markets

A. Domestic Equity Securities

1. Exposure of the total domestic equity portfolio to any one sector shall generally not differ by more than 5 percentage points from the sector exposure of the Russell 3000.
2. The amount of cash and cash equivalents held in the domestic equity portfolio generally shall not exceed 5 percent of the total portfolio except during periods of cash contributions or withdrawals.
3. IMRF shall generally not hold more than 5 percent of the outstanding shares of any one company.
4. No individual security shall comprise more than 15 percent of a manager's portfolio market value without prior approval from the CIO.
5. Generally, no individual security shall comprise more than 5 percent of the total domestic equity portfolio.
6. Equity securities must be listed on the principal U.S. exchanges or traded over the counter. ADRs (either listed or traded over the counter) of foreign companies are permissible.

B. International Equity Securities

1. Generally, international equity managers shall only invest in equity securities of companies domiciled outside of the U.S. International equity managers may be allowed to invest a portion of their portfolio in U.S. domiciled companies which have the majority of their operations and/or revenues outside of the U.S.
2. Generally, no individual security shall comprise more than 6 percent of the total international equity portfolio at market value.
3. The amount of cash and cash equivalents shall not exceed 10 percent of the total international equity portfolio except during periods of cash contributions or withdrawals.

4. The exposure to any one country shall not exceed the higher of 25 percent or two times the benchmark weighting at market value.
5. The exposure to any one GIC sector shall not exceed the higher of 25 percent or two times the benchmark weighting at market value.
6. International equity managers may engage in various transactions to manage currency. Forward contracts, futures and options may be used for currency management purposes. Managers are not permitted to utilize these instruments for speculative purposes unless otherwise specified in individual manager guidelines.

C. Fixed Income Securities

1. Bonds, notes or other obligations of indebtedness issued or guaranteed by the U.S. government, its agencies or instrumentalities may be held without restriction.
2. The average credit quality of the total fixed income portfolio must be investment grade.
3. An individual manager's portfolio shall generally have an effective duration between 80-120 percent of the index for mandates benchmarked against the Bloomberg Barclays U.S. Aggregate or ICE BofAML High Yield Cash Pay indices.
4. Debt obligations of any single U.S. corporation shall generally be limited to a maximum of 5 percent of the total fixed income portfolio at market value.
5. Generally, no more than 30 percent of a manager's assets at market value may be invested in securities rated below investment grade at the time of purchase. Investment managers outside of core and core plus mandates will not be subject to above restriction.
6. Private placements are authorized by the Board on an individual manager basis. Securities issued under rule 144A will not be considered private placements.
7. Bonds or other debt obligations of foreign countries and corporations payable in U.S. dollars and foreign currency are authorized, but in general will not exceed 15 percent of the total fixed income portfolio.

8. The use of swaps, exchange traded financial futures, exchange traded options on financial futures, and over the counter options is subject to individual manager guidelines. Managers are not permitted to utilize these transactions for speculative purposes. Leverage is not allowed except as permitted for rolling mortgage pass-through securities.
9. No assets shall be committed to short sale contracts.

D. Cash and Cash Equivalents

Permissible Investments

Permissible investments include but are not limited to:

- U.S. Treasury Bills and Notes
- Commercial paper rated A-2 or P-2 or better as defined by a recognized rating service
- Repurchase Agreements
- Bankers Acceptances
- Certificates of Deposits
- Short Term Investment Fund (STIF) available through the Master Trustee
- Exchange Traded Funds
- Exchange Traded Futures
- Publicly Listed Equity Securities (Stock Distributions)

Private Markets

E. Real Estate Investments

Real estate portfolio may invest in all forms of U.S. and non-U.S. private and public market real estate structures. Such structures include but are not limited to:

- Separate Accounts
 - Joint ventures
 - Open and closed-end commingled funds
 - Partnerships
 - Limited Liability Companies
 - Public/Private REITs and Real Estate Operating Companies (REOCs)
 - Foreign Limited Companies
 - Unit Trusts
 - Co-investments
1. The maximum commitment to any private real estate manager shall be 40% of the total real estate portfolio market value plus unfunded commitments at the time of the investment recommendation.

2. Exposure to dedicated non-U.S. strategies is limited to 40% of the total real estate portfolio market value plus unfunded commitments at the time of the investment recommendation. The denominator in this calculation is based on the total real estate value plus the total value of unfunded commitments.
3. IMRF's long-term strategic target to core real estate investments is 50% with a minimum of 40%. If the actual allocation falls below 40%, it will be noted at the next scheduled Board meeting. If deemed necessary by the Chief Investment Officer and Consultant, recommendations for rebalancing strategies will be presented to the Investment Committee for their approval.
4. Publicly traded real estate securities should not exceed 20% of the total real estate portfolio market value plus unfunded commitments.
5. Mandates whose sole strategy is to invest in non-equity or debt strategies will not exceed 25% of the total real estate portfolio market value plus unfunded commitments at the time of the investment recommendation.

F. Alternative Investments

The alternative investment asset class can encompass different and distinct strategies within U.S. and non-U.S. markets. The investment objective is to generate long-term returns in a diversified manner. It generally consists of limited partnerships in which IMRF commits a fixed dollar amount that the General Partner invests over several years. The partnership structure may cover periods of 10 years or more. IMRF understands and recognizes that the alternative asset class will not be structured in a way to provide short term cash flow for the Fund.

Exposure to dedicated non-U.S. strategies will be limited to 30% of the total alternative investment portfolio value plus unfunded commitments at the time of due diligence. Alternative investment managers may or may not hedge currency risk. The IMRF alternative portfolio will not implement currency hedges and accepts currency risks consistent with the geographic exposures of the underlying investments.

The maximum commitment to any direct alternative manager shall be 40% of the total alternatives portfolio value plus unfunded commitments at the time of due diligence.

Capital will be deployed to alternatives over an extended period of time and may take several years before reaching the target allocation.

Permissible alternative asset categories include but are not limited to:

- Agriculture
- Infrastructure
- Hedge funds
- Private equity or debt investments
- Timber

Structures within these categories include but are not limited to:

- Separate accounts
- Commingled funds
- Limited Partnerships
- Limited Liability Companies
- Joint Ventures
- Co-Investments

The Board may pre-approve co-investment opportunities at the time of the approval of an alternative investment fund. Staff will generally accept co-investment opportunities on a pro-rata basis under this scenario. If the General Partner offers a compelling and appropriate co-investment opportunity to IMRF which was not pre-approved, Staff may present this opportunity to the Board for their approval.

Stock Distributions

From time to time, IMRF will receive listed and unlisted stock distributions from private market portfolios. Stock distributions will either be transferred to an IMRF account or liquidated as deemed appropriate by the CIO. Our objective for liquidations is to achieve an orderly disposition of the securities in a manner that is accretive to the Fund in an appropriate timeframe based on existing market conditions. The CIO will determine the appropriate execution plan including but not limited to IMRF's master trustee, investment managers, transition managers, distributing agent, or brokers.

Transition Management

IMRF has established a transition management pool/bench of providers which includes minority and non-minority owned firms. In addition, as part of its custodial arrangement, IMRF has an ongoing contract with its master trustee for transition management services.

When the need for transition management services arises, IMRF seeks bids from the pool of transition management providers. The selection of the actual transition manager to effectuate the transition event is largely dependent on:

- Reasonableness of proposed strategy given market dynamics and portfolio characteristics
- Total cost analysis
- Specialty considerations
- Liquidity advantage

Transition managers are expected to meet or exceed IMRF's minority brokerage goals.

Risk Management

The IMRF has established a framework for monitoring total Fund risk and manager allocations. Both the Public and Private Markets teams work in conjunction with the master trustee, consultant, and investment managers to help mitigate firm-level to portfolio-level related risks. Monitoring activities of the public markets portfolio, private markets portfolio, and cash account are summarized below.

Public Markets

- A.** Staff and Consultant monitor the asset allocation of the Fund on a monthly basis. If deemed necessary by the Chief Investment Officer, recommendations for rebalancing strategies will be presented to the Board for their approval.
- B.** No firm shall manage more than 10% of the total Fund for actively managed accounts and 30% for passively managed accounts. Exceptions may be approved by the Chief Investment Officer. Firms exceeding these maximums may be identified as candidates for cash withdrawals to make benefit payments or to fund private markets investments.
- C.** Staff conducts portfolio reviews with each manager at least twice per year. Staff and Consultant may meet with managers more often as needed.

Managers may be placed on IMRF's Manager Monitoring-Organization list when there is concern regarding firm, team, product, or assets under management.

Total Fund, asset class and individual manager performance is monitored by Staff and consultant on a monthly basis. Managers may be placed on IMRF's Manager Monitoring – Performance List when there is a concern regarding underperformance.

- D.** Bloomberg portfolio analytic software is utilized for weekly performance attribution of separate account mandates and reported at weekly Staff meetings. Discussions center on portfolio

characteristics, performance and stylistic attribution such as; sector/industry/regional allocation, security selection and currency effects.

- E.** Investment manager guideline compliance is monitored by Investment Staff each month. Investment managers that violate their investment management guidelines are required to provide a written explanation detailing the cause of the violation and actions being taken to bring the portfolio into compliance. The Chief Investment Officer is notified of all portfolio violations on a monthly basis. Consequences for violating investment management guidelines include: increased portfolio monitoring, placement on watch list, and termination.
- F.** IMRF's investment managers that are registered investment advisors are required to provide Form ADV as part of the annual certification request. All ADV's are reviewed by Staff.

Private Markets

- A.** The maximum commitment to any alternatives manager shall be 40% of the total alternative portfolio market value plus unfunded commitments at the time of the investment recommendation.
- B.** Staff conducts portfolio reviews with each manager at least twice per year. Staff and Consultant may meet with managers more often as needed.
- C.** Staff reviews all quarterly reports and annual audited financial statements. Managers may be monitored more closely if necessary.
- D.** IMRF's investment managers that are registered investment advisors are required to provide Form ADV as part of the annual certification request. All ADV's are reviewed by Staff.

Cash Flow Activity

- A.** Master trustee reports are utilized to monitor all manager transactions on a daily basis. Staff follows up with the master trustee for any unusual activity.
- B.** The cash flow account for the total Fund is reconciled daily and regularly reported to the CIO. Staff follows up with the master trustee when any unexpected transactions are identified.

Master Trustee

- A.** Staff reviews the master trustee's Service Organization Control (SOC 1) report twice per year.

VIII. Selection of External Investment Managers and Consultants

A. Policy for Selection of External Investment Managers

1. Purpose

This policy defines the process used by the Board to procure investment managers.

2. Philosophy

The Board recognizes the importance of sustainability factors such as (1) corporate governance and leadership factors; (2) environmental factors; (3) social capital factors; (4) human capital factors; and (5) business model and innovation factors, as provided under the Illinois Sustainable Investing Act. (Source: P.A. 90-507, eff. 8-22-97.)

IMRF believes there are qualified minority, woman, and person with a disability owned business enterprises. It is the policy of the Board to include qualified minority managers in the selection process and to objectively evaluate all qualified investment manager candidates regardless of race, gender or disability.

All qualified investment manager candidates will be evaluated based on: demonstrated professional performance; organizational depth; institutional investment management capability; integration of sustainability factors; and reasonableness of fee structure, regardless of the amount of investment assets under management, or age of the investment management firm.

The Board will employ professional consultants that do not use discriminatory practices in the creation and maintenance of their investment manager databases and will require the consultants used by the Fund to affirm their use of nondiscriminatory practices when evaluating investment manager candidates.

Procurement Process

When a search is necessary to fill a need in the investment portfolio (e.g. termination of a manager or addition of a new mandate) a Request for Proposals (RFP) shall be prepared. The search will be advertised in the State newspaper and a notice will be posted on the IMRF website. The RFP shall be made available on the IMRF website at least fourteen days before the response is due. When appropriate, the RFP shall also be made available on the investment consultant's website.

An RFP process is not required to place additional assets with an investment management firm that already manages IMRF assets.

Upon termination of a manager, assets may be placed with any appropriate investment management firm and/or transition management firm pending a decision for final disposition by the Board.

3. RFP Specifications

The RFP will provide background information on IMRF and will request detailed information on matters relevant to the investment manager search being conducted. The RFP will generally be organized as follows:

- (a) Introduction and Goal of the RFP
- (b) Background Information on IMRF
- (c) Services to be Performed
- (d) Qualifications for the Assignment
- (e) Specifications for the Assignment
- (f) Requirements and Instructions for RFP Completion
- (g) General Terms and Conditions of the Contract Including Performance Review Criteria
- (h) Selection Process and Criteria
- (i) Projected Timeline for Completion of the Manager Search

4. Quiet Period

The Quiet Period is the period of time beginning when the investment manager search RFP is issued and ends when the investment manager is selected by the Board or the process is declared to be complete.

Investment manager respondents shall not contact IMRF Board members during the Quiet Period and should direct all communications to the Chief Investment Officer or the contact identified in the RFP.

The purpose of the Quiet Period is to ensure that all prospective investment managers have equal access to information regarding the search objective and requirements; to be certain that communications are consistent and accurate; and to make the search process and selection process efficient, diligent and fair.

The Quiet Period will be posted to the IMRF website to prevent inadvertent violations by investment managers responding to the RFP.

IMRF Board members shall refrain from communicating with the respondents regarding any product or service related to the search during the Quiet Period unless this communication takes place during a manager presentation related to the search recommendation.

IMRF Staff shall refrain from communicating with the respondents regarding any product or service related to the search during the Quiet Period unless this communication is initiated by the RFP team for information related to the search.

An investment manager respondent shall be disqualified for violating the Quiet Period.

5. Selection Process

For searches when a consultant is retained, Staff and consultant will work jointly. Staff shall objectively review the RFP's to identify qualified candidates for further evaluation.

Staff will present the results of the RFP process to the Investment Committee in the form of a written report. Staff will make a recommendation to the Board or the Investment Committee of the Board. The Board will consider the recommendation from Staff and determine if the award of a mandate will be made.

During the selection process all respondents to the RFP will be evaluated and ranked on five primary factors:

- (a) People** - stability of the organization, ownership structure, diversity efforts and documented experience of key professionals
- (b) Process** - clearly defined, reasonable and repeatable investment strategy
- (c) Performance** - documented ability to meet investment performance benchmarks
- (d) Pricing** - fee schedule, value of services provided, and associated costs
- (e) Portfolio Fit** – product strategy fit

Staff and consultant are required to identify all minority and woman owned firms and firms owned by a person with a disability in the report presented to the Investment Committee. The most qualified minority candidate(s) will be invited to present to the Board or the Investment Committee of the Board. Staff and consultant must specify the reason when these firms are not included in the recommendation.

IMRF reserves the right to reject respondents due to noncompliance with the requirements and instructions in the RFP.

IMRF also reserves the right to not hire or defer the hiring of any investment manager.

6. Contract Execution

Once the Board approves an investment mandate, Staff will complete all documentation necessary to execute recommendations subject to satisfactory legal due diligence. If the CIO determines that the legal due diligence is not satisfactory, then the contract will not be executed.

7. Website Postings required by Section 1-113.14 of the Illinois Pension Code.

Upon execution of an investment management agreement, a summary of the contract will be posted on the IMRF website in the Investments portal under Investment Managers. Results of manager searches conducted by RFP will be posted under Business Opportunities. Investments made without a formal RFP will be posted under Business Opportunities and shall name the person(s) authorizing the procurement and the reason for the exception.

B. Policy for the Selection of Investment Consultants

1. Purpose

This policy defines the process used by the Board to procure investment consultants.

2. Philosophy

The Board will use investment consultants that are fiduciaries with respect to the services they provide to make recommendations on investment strategy and asset allocation; report on the performance of the investment portfolio and investment managers; assist with the selection of investment managers; and recommend new investment opportunities.

3. Procurement Process

A search may be started due to an upcoming expiration of a contract, termination of an investment consultant or a need to add

an investment consultant. A Request for Proposals (RFP) shall be prepared by Staff based on the investment consultant services needed. The RFP shall be advertised in the State newspaper and a notice will be posted on the IMRF website. The RFP shall be made available on the IMRF website at least fourteen days before the response is due. An RFP will be conducted every 5 years as required by Section 1-113.14 of the Illinois Pension Code.

4. RFP Specifications

The RFP will provide background information on IMRF and will request detailed information on matters relevant to the investment consultant search being conducted. The RFP will generally be organized as follows:

- (a) Introduction and Goal of RFP
- (b) Background Information on IMRF
- (c) Services to be Performed
- (d) Qualifications for Assignment
- (e) Specifications for Assignment
- (f) Requirements and Instruction for RFP Completion
- (g) General Terms and Conditions of the Contract Including Criteria for the Evaluation of Performance
- (h) Selection Process
- (i) Projected Timeline for Completion of the Investment Consultant Search

5. Quiet Period

The Quiet Period is the period of time beginning when the investment consultant search RFP is issued and ends when the investment consultant is selected by the Board or the process is declared to be complete.

Investment consultant respondents shall not contact IMRF Board members during the Quiet Period and should direct all communications to the Chief Investment Officer, or the contact identified in the RFP.

Incumbent investment consultant respondents may communicate with IMRF Board members during the Quiet Period, but may not

discuss the investment consultant search with the Board during the Quiet Period.

The purpose of the Quiet Period is to ensure that all prospective investment consultants have equal access to information regarding the search objective and requirements; to be certain that communications are consistent and accurate; and to make the search process and selection process efficient, diligent and fair.

The Quiet Period will be posted to the IMRF website to prevent inadvertent violations by investment consultants responding to the RFP.

IMRF Board members shall refrain from communicating with the respondents regarding any product or service related to the search during the Quiet Period unless this communication takes place during a Consultant presentation related to the search recommendation.

IMRF Staff shall refrain from communicating with the respondents regarding any product or service related to the search during the Quiet Period unless this communication is initiated by the RFP team for information related to the search.

An investment consultant respondent shall be disqualified for violating the Quiet Period.

6. Selection Process

Staff shall objectively review the RFP responses and select qualified candidates for further evaluation
Staff will prepare a report and make a recommendation to the Investment Committee.

The Investment Committee will consider Staff's recommendation and will determine if a recommendation for the award of a contract will be made to the Board. The Board shall then act on the recommendation of the Investment Committee.

During the selection process all respondents to the RFP will be evaluated and ranked based upon:

- (a)** Organization - stability, ownership, documented experience of key professionals, and diversity efforts.
- (b)** Consulting Skill - investment philosophy, investment manager information collection and monitoring systems, risk management tools, performance measurement systems and breadth of consulting expertise and experience.

- (c) Fees - Consulting fees for services requested and associated costs.
- (d) Fit with IMRF's culture and portfolio needs.

Staff is required to identify all minority and woman owned firms and firms owned by a person with a disability in the report presented to the Investment Committee. Staff must specify the reasons when these firms are not included in the recommendation.

IMRF reserves the right to reject any respondents due to noncompliance with the requirements and instructions in the RFP.

IMRF also reserves the right to not hire or defer the hiring of any investment consultant.

7. Contract Execution

When the contract has been awarded by action of the IMRF Board of Trustees, Staff will take the steps necessary to retain the investment consultant including negotiations and execution of the contract. The term of the contract shall not exceed five years.

Upon execution of the contract, a summary of the contract will be posted on the IMRF website, as required by Section 1-113.14 of the Illinois Pension Code.

VI. Public Access to Records

All records of investment transactions maintained by the Fund are available for public inspection and copying as provided by the rules and regulations adopted by the Board pursuant to the Illinois Freedom of Information Act.

APPENDIX

A. Proxy Voting Policy

Objectives

The IMRF Board of Trustees acknowledges that proxies are a significant and valuable tool in corporate governance and therefore have economic value. The Fund recognizes its fiduciary responsibility and commits to managing its proxy voting rights with the same care, skill, prudence and diligence as is exercised in managing its other assets. In accordance with the “exclusive benefit rule” the primary objective is to act solely in the economic interest of the Fund’s members and beneficiaries and vote with the intent to maximize the long-term value of IMRF’s investments. Through its proxy voting policy, IMRF supports management and board of directors who act in the best interest of shareowners by promoting corporate accountability, financial transparency and responsibility.

Delegation

The responsibility for voting proxies for IMRF’s domestic accounts is delegated to IMRF Investment Staff. Staff utilizes a third party proxy voting advisor to vote domestic proxies in accordance with the IMRF proxy voting policy. To the extent that IMRF’s Proxy Voting Guidelines are silent on an issue or are subject to interpretation, the votes default to the recommendations of our third party proxy advisor based on the advisor’s policy. The IMRF Investment Staff retains the ability to override the proxy advisor’s recommendations or manually vote any proxy at all times.

The responsibility for voting proxies for IMRF’s international and global accounts is delegated to IMRF’s respective investment managers for these mandates. The investment manager must vote, or have its delegate vote, in accordance with the IMRF proxy voting policy. To the extent that Proxy Voting Guidelines are silent on an issue or are subject to interpretation on a matter put to a shareholder vote, the Investment Manager will use reasonable judgement as a fiduciary to IMRF and determine how to vote or not to vote the proxy. The Investment Manager will handle elective corporate actions with respect to the issuers of securities in which the assets held by the master trustee are invested in accordance with its reasonable judgement as a fiduciary to IMRF.

Monitoring and Reporting

Staff reports on the proxy voting program to the Board annually.

The third party proxy voting advisor must maintain records of any domestic proxy votes cast and allow Staff access to the records through its online platform.

International investment managers with the responsibility to vote on behalf of IMRF must maintain records of any proxy votes cast and provide reports at least quarterly and upon request.

Securities out on Loan

IMRF utilizes a securities lending program and securities may be out on loan during the time when proxies must be voted. Recalling loaned securities for proxy voting purposes is an exception rather than the general rule and will only be utilized when the CIO determines that the proxy voting issue clearly outweighs the cost of recalling the security.

Loaned securities held by an international investment manager will be recalled for purposes of voting proxies only when the international investment manager determines there is a significant reason to recall the loan in order to vote the proxy.

Case-by-Case Exceptions

Case-by-case exceptions are proxy issues that are not addressed by IMRF's proxy voting policy. When these exceptions arise, Staff will review the proposals, company recommendations and third party proxy voting advisor research and provide a voting recommendation to the CIO for final determination before voting the proxy.

Privately held companies are not covered by IMRF's third party proxy voting advisor's research. When these exceptions arise, Staff will review the proposals, company recommendations and consult with the investment advisors that hold the stock and provide a voting recommendation to the CIO for final determination before voting the proxy.

Proxy Voting Guidelines

The following proxy voting guidelines provide the basis for Staff, an international investment manager or a designated third party proxy voting advisor to vote IMRF's proxies. The IMRF proxy voting policy centers on issues relating to Corporate Governance; Compensation; Takeover Defenses; Capital Structure; Corporate Restructurings; Political Expenditures; and Routine Management Issues.

A. Corporate Governance

IMRF believes that corporate boards should act in the best interest of shareowners, therefore, IMRF will vote in favor of the following shareholder-sponsored proposals:

1. boards with a majority of independent directors
2. audit, nominating and compensation committees that are made up of all independent directors
3. a separation of the Chairman and CEO positions*
4. restrictions on exercising options (3 – 5 years) if directors are paid with options
5. the rotation of outside auditors at least every 5 years*

6. disclosure of each director's attendance at board and committee meetings
7. a fixed size board
8. a declassified board
9. a stipulation that directors need to be elected with an affirmative majority of votes cast, provided it does not conflict with the state law where the company is incorporated. However, binding resolutions need to allow for a carve-out for a plurality vote standard when there are more nominees than board seats.
10. a call for non-binding shareholder ratification of the compensation of the Named Executive Officers and the accompanying narrative disclosure of material factors (i.e. say-on-pay proposals)

(*can be decided on a case-by-case basis)

To further enhance good corporate governance IMRF will vote in opposition to or withhold votes on the following:

1. directors with poor attendance, missing 75% of the meetings
2. directors who serve on too many boards
3. boards that are not majority independent (withhold from the non-independent directors)
4. boards that have non-independents serving on key committees (withhold from the non-independents on such committees)
5. boards that fail to replace poor management
6. boards that lack accountability and oversight, coupled with sustained poor performance relative to peers
7. boards that adopt or renew poison pills without shareholder approval
8. boards that adopt or renew egregious anti-takeover devices such as dead-hand pills
9. boards that amend company's bylaws, without shareholder approval, that diminish shareholder rights
10. auditors who receive substantial fees for non-auditing services

11. audit committees who pay substantial fees for non-audit services
12. audit committees who receive an adverse opinion on the company's financial statements from the external auditor
13. audit committees or boards where there are poor accounting practices, which rise to a level of serious concern, such as: fraud; misapplication of GAAP; and material weaknesses identified in Section 404 disclosures, are identified
14. audit committees where there is persuasive evidence that the audit committee entered into an inappropriate indemnification agreement with its auditor that limits the ability of the company, or its shareholders, to pursue legitimate legal recourse against the audit firm
15. compensation committees when there is a negative correlation between the chief executive's pay and company performance
16. compensation committees when the company has poor compensation practices
17. boards that ignore shareowner proposals that are approved by a majority of shareowners (majority of votes cast in the previous year)
18. boards that fail to act on takeover offers where a majority of shareowners tendered their shares
19. limited liability for directors who violate their fiduciary duty to shareowners
20. indemnification of directors for intentional or criminal acts beyond negligence
21. mandatory retirement age for directors
22. term limits for directors
23. proposals requiring two candidates per board seat
24. proposals restricting shareowners' ability to elect directors

B. Proxy Access

IMRF believes that companies should allow shareholder access to the director nomination process and to the company's proxy statement. Therefore, IMRF will vote favorably when all of the following provisions are met:

1. Ownership threshold: Shareholders with at least three percent (3%) of the voting power;
2. Ownership duration: At least three (3) years of continuous ownership for each member of the nominating group;
3. Aggregation: A minimum of 15 shareholders are required to form a nominating group;
4. Cap on Nominees: Nominating group will not exceed twenty-five percent (25%) of the board.

C. Director, Executive, and Employee Compensation

IMRF believes that compensation plans should motivate directors, executives, and employees to achieve high performance for the long term benefit of all shareowners, therefore, IMRF will vote in favor of the following:

1. annual advisory votes on executive compensation (management say on pay)
2. reasonable compensation plans included in management sponsored say on pay proposals for executives and directors*
3. reasonable compensation for directors
4. complete disclosure of executive and director compensation
5. non-excessive pay plans that award cash, stock, or a combination of the two based upon company and individual performance if the plans are approved by shareowners
6. specified option holding periods for executives paid with stock options*
7. reasonable stock ownership requirements*
8. putting executive benefit agreements to a shareowner vote
9. putting supplemental retirement plans for executives to a shareowner vote
10. employee stock purchase plans and 401(k) plans*

(*can be decided on a case-by-case basis)

To further ensure that executive compensation is reasonable IMRF will generally vote in opposition to the following:

1. excessive compensation plans
2. poorly designed compensation plans that fail to align executive's interests with that of shareholders
3. re-pricing of stock options given to executives, when the option price is above the market price*
4. proposals to eliminate shareowner approval of option re-pricing
5. plans that increase supplemental retirement benefits for top executives*
6. compensation plans that would cause substantial shareholder value transfer*
7. compensation plans that would result in excessive burn rate (also known as run rate)*
8. any compensation paid to directors beyond the time of their service on the board
9. unreasonable compensation, benefit packages, or club memberships for directors
10. reimbursement of unreasonable travel expenditures by directors
(*can be decided on a case-by-case basis)

D. Board Diversity

IMRF believes that increasing diversity in the boardroom enhances shareholder value. Therefore, IMRF will vote in favor of:

1. Generally vote for request for reports on company's efforts to diversify the board

IMRF will not vote in favor of:

1. Individual directors (except new nominees) who: Serve as members of the nominating committee and have failed to establish gender and/or racial diversity on the board. If the company does not have a formal nominating committee, vote against/withhold votes from the entire board of directors

E. Equal Opportunity

IMRF recognizes the importance of gender and ethnic diversity. IMRF will vote in favor of proposals requesting a company to disclose its diversity policies or initiatives, or proposals requesting disclosure of a company's

comprehensive workforce diversity data, including requests for EEO-1 data.

F. Takeover Defenses

IMRF believes that shareowners should be asked their opinion of certain anti-takeover devices and, therefore, will vote in favor of the following:

1. proposals that allow shareowners to vote on poison pills and golden parachutes

IMRF believes that attempts by corporate boards to block takeovers generally hurt shareowner value, therefore, IMRF will generally vote in opposition to the following:

1. “blank check” preferred stock giving the board very broad discretion in establishing voting, dividend, conversion, and other rights, that can be used as an anti-takeover device
2. issuance of stock with unequal voting rights
3. creation of new securities with superior voting rights
4. “golden and tin parachutes” (severance agreements) between a company and executive management contingent on a change in corporate control*
5. “poison pill” devices to make target companies financially unattractive*
6. “greenmail”, the purchase of a large block of stock at a premium price, by the company from shareowners seeking control
7. classified boards, preventing the possibility of all directors being replaced at once
8. proposals requiring a supermajority shareowner vote
(*can be decided on a case-by-case basis)

G. Capital Structure

As long term shareowners IMRF is concerned about the capital structure of corporations in which it invests, therefore, IMRF will vote in favor of the following:

1. proposals requiring shareowner approval for a reasonable increase in shares necessary for business purposes

IMRF will generally vote in opposition to the following:

1. increases in the amount of preferred stock that dilutes the voting power of common shares
2. the creation of new classes of securities with superior voting rights

Because of the unique circumstances of individual companies, IMRF will vote on the following issues on a case-by-case basis:

1. recapitalizations and reverse stock splits
2. increases in common stock
3. increases in preferred stock
4. private placement warrants and convertible debentures
5. proposals that preserve preemptive rights and the opportunity to purchase, pro rata, newly issued shares in the company
6. a change in a company's state of incorporation
7. increases in stock that significantly reduce shareowner value or voting power

H. Merger, Acquisitions, and Corporate Restructurings

Due to the complexity of issues that arise during mergers, acquisitions, and corporate restructurings (taking a company private or forming a joint venture) IMRF will vote proxies on a case-by-case basis after obtaining adequate information about what action is in the best interest of the Fund as a shareowner.

I. Routine Management Issues

IMRF believes that most management issues, having either a direct or indirect effect on the conduct of business and corporate profitability, should remain management responsibility and, therefore, IMRF will generally support management's view on such issues.

J. Political Expenditures

IMRF believes that all political expenditures should be approved by the board of directors and disclosed to shareowners. IMRF will vote for proposals that require board approval and disclosure of all political expenditures.

K. Social, Political, and Environmental Issues

The Board recognizes the importance of sustainability factors such as (1) corporate governance and leadership factors; (2) environmental factors; (3) social capital factors; (4) human capital factors; and (5) business model and

innovation factors, as provided under the Illinois Sustainable Investing Act. (Source: P.A. 90-507, eff. 8-22-97.)

IMRF will generally support proposals seeking greater disclosure of a company's environmental, social, and sustainability risks and practices. The following factors will be considered:

1. If the issues presented in the proposal are more appropriately or effectively dealt with through legislation or government regulation;
2. If the company has already responded in an appropriate and sufficient manner to the issue(s) raised in the proposal;
3. Whether the proposal's request is unduly burdensome (scope or timeframe) or overly prescriptive;
4. The company's approach compared with any industry standard practices for addressing the issue(s) raised by the proposal;
5. Whether there are significant controversies, fines, penalties, or litigation associated with the company's environmental or social practices;
6. If the proposal requests increased disclosure or greater transparency, whether reasonable and sufficient information is currently available to shareholders from the company or from other publicly available sources; and
7. If the proposal requests increased disclosure or greater transparency, whether implementation would reveal proprietary or confidential information that could place the company at a competitive disadvantage.

IMRF recognizes that many laudable social and political issues regularly come before the shareowners for a vote. In keeping with the Board's fiduciary duty to act solely in the economic interest of the Fund, IMRF will abstain from voting on such proposals.

B. Securities Lending Policy**Purpose**

The IMRF Board recognizes that a risk-adjusted securities lending program can provide incremental income and directs that a securities lending program be operated by a third party on behalf of the Fund. IMRF's master trustee, Northern Trust, is the third party administrator of this program. IMRF's Securities Lending Policy governs the securities lending activities of the Fund. The Policy applies to the lending of publicly traded securities for which IMRF is the beneficial owner. The Policy does not apply to securities held in commingled investments, which are not held solely by IMRF.

Objectives

The objectives of the securities lending program are to:

- Generate income from lending the Fund's securities to qualified borrowers
- Ensure that income generated from securities lending is sufficient to justify the risks associated with counterparty borrowers, the investment of cash collateral received and the acceptance of non-cash collateral
- Minimize risk to a reasonable and acceptable level with respect to both the broker/borrower, the collateral received, and the reinvestment of cash collateral
- Ensure that the operation of the securities lending program will not interfere with overall portfolio management activities

Securities Lending Program Overview

Securities lending occurs when a security is transferred (i.e. loaned) from IMRF to a borrower, such as a broker-dealer or bank, for cash or non-cash collateral pursuant to an agreement to return the identical security in the future. Securities are borrowed for a variety of reasons including: settlement of short sales; covering hedges, options, arbitrage positions, and settlement fails. Consequently, the borrower receives custody of the transferred (i.e. loaned) security and has the right to resell it. The borrower, however, is obligated to return an identical security (comparable security in fixed income lending) at the end of the loan period and make IMRF whole for dividends, interest, and other distributions received during the borrowing period. IMRF, as lender, is obligated to return the collateral and a portion of the interest earned on collateral (known as rebate amount) to the borrower.

Staff Responsibilities

1. Staff is responsible for monitoring the third party securities lending program administrator.
2. On a semi-annual basis, Staff will meet with the third party securities lending program administrator to review the securities lending program. Staff will make recommendations to the Chief Investment Officer as necessary.
3. If deemed necessary by the Chief Investment Officer and Consultant, recommendations regarding a third party securities lending program administrator will be presented to the Board for their approval.
4. Monitor the daily cash and non-cash collateral levels against margin requirements for US (102%) and International (105%) securities on loan.
5. Monitor IMRF's daily pro-rata share of the cash collateral reinvestment vehicle.
6. Ensure that all income and fees directly attributable to the securities lending program are posted to the Fund's cash flow account.
7. Instruct the third party securities lending program administrator to recall a specific security when necessary.

Risk Management

IMRF utilizes a third party securities lending program administrator to invest cash collateral and manage counterparty risk.

A. Cash Reinvestment Risk

The primary risk associated with securities lending is the risk that the principal and earnings of the invested cash collateral will not be sufficient to cover the rebate amount owed to the borrowers by IMRF.

Cash reinvestment risk is mitigated by prudently investing cash collateral received.

The key investment goals for investing cash collateral are to: a) safeguard principal; b) maintain adequate liquidity; and c) optimize the spread between the collateral earnings and the rebate paid to the borrowers.

B. Counterparty Risk

Counterparty risk is the risk that a borrowing broker will not return a loaned security.

This risk is mitigated and managed by activities such as monitoring the loan volume with each broker, holding excess collateral, marking collateral to market daily, and having indemnification from lending agents against borrower default, as appropriate. Northern Trust, as third party securities lending program administrator, is responsible for managing counterparty risk, and will only utilize borrowers that agree to acceptable make-whole or indemnification provisions in the event a borrower has failed to return the loaned securities within the standard settlement period.

The counterparty risk is assumed by the third party securities lending program administrator who will make IMRF whole in the event of a borrower default.

Reinvestment of Cash Collateral

Cash collateral will be invested by Northern Trust, the third party securities lending program administrator, in the Northern Trust Collective SL Core Short Term Investment Fund, on behalf of IMRF.

The third party securities lending program administrator's guidelines for investing cash collateral in Northern Trust's Collective SL Core Short Term Investment Fund are as follows:

1. Securities Loan Agreements shall be entered into with borrowers whose financial condition and credit worthiness have been evaluated by the third party securities lending program administrator.
2. All security loans shall be over-collateralized by cash or government obligations which may be accepted without limit. The amount of collateral, subject to de minimis rules, for U.S. securities must be equal to at least 102 percent of the loaned securities market value and all interest accrued through the date of such market value determination. For non-U.S. securities, the amount of collateral must be equal to at least 105 percent of the loaned securities market value and all interest accrued through the date of such market value determination.
3. When cash collateral is used the following shall be eligible investments as defined by the third party securities lending program administrator:
 - (a) U.S. Government Securities – Obligations issued or guaranteed as to principal and interest by the United States Government or its agencies or instrumentalities and custodial receipts with respect thereto.

- (b)** Bank Obligations – Obligations of U.S. or non-U.S. banks and bank holding companies including but not limited to commercial paper, banker’s acceptances, certificates of deposit, time deposits, notes and bonds.
- (c)** Corporates – Obligations of U.S. or non-U.S. corporations including commercial paper, notes, bonds and debentures.
- (d)** Foreign Governments – Obligations issued or guaranteed by OECD (Organization for Economic Cooperation and Development), governments, or political subdivisions and their agencies and instrumentalities.
- (e)** Money Market Funds – Units or shares of registered money market funds or institutional cash funds, global liquidity funds, or other pooled investment vehicles including those funds in which the Agent or its affiliates act as investment advisor, custodian, sponsor, administrator, transfer agent or similar capacity.
- (f)** Repurchase Agreements – Fully collateralized repurchase agreements with counterparties approved by the master trustee’s Trust Credit Committee at the time of purchase.
- (g)** Floating and Variable Rates – Adjustable rate securities will be limited to those securities whose rates are reset based upon an appropriate money market index including LIBOR, the Fed Fund Rate or Treasury Bills, Certificate of Deposit Composite, and Commercial Paper Composite.
- (h)** Daily Residual Cash Balances – End of day residual cash balances, which cannot be invested in the market place, will be swept into a constant \$1 Net Asset Value (NAV) short-term investment vehicle with The Northern Trust Company or any of its worldwide branches or affiliated U.S. or non-U.S. banks or bank holding companies.
- (i)** Asset-Backed Commercial Paper – Asset-backed commercial paper, excluding structured investment vehicles (SIV) or extendable commercial notes (ECN and liquidity notes (LN), with a maturity no longer than 270 days.

- 4.** When cash collateral is used the following maturity/liquidity investment restrictions shall apply as defined by the master trustee:
- (a)** A minimum of 60% of the Cash Collateral Fund shall be invested in securities which have a maturity (as herein defined) of 97 days or less.
 - (b)** A minimum of 20% of the Cash Collateral Fund shall be available each business day. This may be satisfied by maturities (as herein defined), or demand features.
 - (c)** The weighted average maturity, as measured to the shorter of the remaining time until the interest rate reset (if applicable) or maturity, of the Cash Collateral Fund will be limited to 60 days.
 - (d)** The weighted average life, as measured to maturity (as herein defined), of the Cash Collateral Fund shall not exceed 120 days.
 - (e)** Floating rate and variable rate investments must have interest rates that may be reset at least every 97 days.
 - (f)** Except for asset-backed commercial paper and variable rate eligible government securities, the maturity of investments may not exceed 13 months from the date of purchase. The maturity of asset-backed commercial paper shall not exceed 97 days. The maturity of variable rate eligible government securities may not exceed 762 days.

5. Cash Collateral Diversification

- (a)** Subject to the following exceptions, a maximum of 5% of the Cash Collateral Fund may be invested in securities or instruments of any one issuer or obligor. Exceptions are as follows:
 - (i)** 100% of the Cash Collateral Fund may be invested in obligation issued or guaranteed by the U.S. Government or its agencies/instrumentalities.
 - (ii)** 25% of the Cash Collateral Fund may be invested with any single counterparty in repurchase agreements collateralized by U.S. Government or U.S. Government agency securities.
 - (iii)** 10% of the Cash Collateral Fund may be invested with any single counterparty in repurchase agreements

collateralized by securities other than U.S. Government or U.S. Government agency securities.

- (b) A maximum of 25% of the Cash Collateral Fund may be invested in obligations of issuers having their principal business in the same industry with the exception of the banking industry.
- (c) For repurchase agreements collateralized by securities other than U.S. Government or U.S. Government agencies, no more than 10% of the Cash Collateral Fund may be invested in each type of repo collateral. No more than 35% of the Cash Collateral Fund may consist of repurchase agreements collateralized by non U.S. Government or U.S. Government agency securities.
- (d) Asset backed commercial paper shall be subject to a 5% per issuer limit.
- (e) A maximum percentage of the Cash Collateral Fund which may be exposed to the risks of any one country shall be established from time to time by Agent.

Non-Cash Collateral

Non-cash collateral will be retained in a separate account for IMRF.

IMRF has instructed the third party securities lending program administrator to only accept U.S. Government Securities as non-cash collateral.

Investment Staff, in conjunction with the Consultant and the third party securities lending program administrator, will periodically review non-cash collateral types and determine if changes for eligible non-cash collateral are needed.

C. Securities Litigation Policy

Purpose

IMRF has a fiduciary duty to preserve trust assets to meet the retirement obligations to its members. Included in this duty is the obligation to recover losses in public securities as a result of corporate mismanagement and/or fraud. To preserve Fund assets, the Board has adopted this securities litigation policy to guide the Fund's involvement in securities litigation.

Principal Responsibilities

Overall coordination of monitoring and managing the securities class action activities shall be by the Chief Investment Officer, in coordination with the General Counsel. Decisions regarding securities litigation will be reviewed and approved by the Executive Director.

Monitoring

Securities fraud claims within the investment portfolio are monitored by qualified securities litigation legal service providers.

The Fund's master trustee is responsible for monitoring and filing class action claims in all U.S. and Canadian based litigation settlements in which IMRF has an interest. For class action litigation in any country outside the U.S. and Canada, where the Fund's master trustee is not responsible for monitoring, IMRF will utilize a third party securities litigation legal service provider to represent IMRF. Decisions regarding non-U.S. based litigation, which may include "loser pays" jurisdictions, will be made by the Chief Investment Officer in conjunction with the General Counsel, Public Markets Investment Officer, and Executive Director.

On an annual basis, Staff will meet with the master trustee to review the class action processing program. Staff also reviews the master trustee's semi-annual Service Organization Control (SOC 1) Report.

Case Identification

When the IMRF threshold level for estimated loss of \$2.5 million is met, the securities litigation legal service provider will notify the General Counsel and the designated Investment Staff.

Case Evaluation

1. Cases in which the potential impact does not meet or exceed the IMRF threshold will not require additional internal evaluation unless other factors indicate some value in further analysis. Unless further analysis is undertaken, these cases will be monitored and reviewed to make sure all appropriate claims are filed and distributions collected in a timely manner.

- 2.** Cases with the potential of meeting or exceeding the IMRF threshold shall be further evaluated by the General Counsel in conjunction with the Chief Investment Officer to determine which of the following alternative courses of action is appropriate:
 - (a)** Monitoring the course of the litigation and filing a claim at its conclusion to participate in any class payment.
 - (b)** Monitoring the course of the litigation and objecting to the attorneys' fee petition, if there are reasons to object.
 - (c)** Monitoring the course of the litigation and objecting to the proposed settlement, if there are reasons to object.
 - (d)** If any applicant for lead plaintiff is an entity which appears to be of limited capability to effectively serve as class representative, the fund may seek to inform the court of its concerns, either formally or informally, or may support another applicant which appears to be more capable.
 - (e)** Seeking to control the litigation by applying for designation as lead plaintiff, either individually or with others. However, IMRF does not have the Staff resources to serve as lead plaintiff. Therefore, absent extraordinary circumstances, IMRF will not apply to be lead plaintiff.
 - (f)** Opting out of the class action litigation and filing a separate lawsuit, either individually or with others.

Active Participation

- 1.** The Chief Investment Officer and General Counsel will make a recommendation to the Executive Director for any course of action beyond filing claims and objecting to attorneys' fee petitions. The Executive Director will decide whether to approve actions beyond filing claims and objecting to fee petitions.
- 2.** Where the Board has determined that the interests of the Fund will be best served by seeking designation as lead plaintiff or by opting out of a class action, Staff will choose legal counsel and will negotiate a fee agreement.

D. Procedures for Amending Policy Statement

This statement of investment policy may be amended by a majority vote of the Board. Recommendations for policy changes should be directed to the Chief Investment Officer. The Chief Investment Officer shall review all such recommendations in conjunction with the Investment Consultant as necessary. The Chief Investment Officer is responsible for submitting necessary changes to the Board for approval.

The Statement of Investment Policy and Investment Committee Charter shall be reviewed annually.

E. Annual Certification Process

Annual Requests for Required Certifications, Equal Employment Opportunity Commission (EEOC) Statistics and ADV Forms will be sent to all entities (except partnership agreements where information is previously provided in a side letter) providing investment management/advisory and master trust services to the Illinois Municipal Retirement Fund (IMRF).

Public Market Investment Managers, Investment Consultants, and Master Trustee, as applicable, will provide the following items:

- High Risk Home Loan Act Requirements
 - o Illinois Finance Entity Certification (Required)
 - o IMRF Certification of Compliance – Illinois High Risk Home Loan Act (If Applicable)
- Disclosure of Fees, Commissions, Penalties and Other Compensation Certification
- IMRF Disclosure Schedule Certification
- Minority, Woman, and Person with a Disability Owned Business Certification
- EEOC Diversity Profile Template
- Certificates of Insurance
 - o Professional Liability Insurance including Errors & Omission covering Investment Manager’s fiduciary responsibility for all services
 - o Financial Institution Blanket Bond Coverage including Computer Crime (covering Employee Dishonesty)
 - o Commercial General Liability
 - o Umbrella Liability coverage
 - o Workers compensation with statutory benefits and any other insurance required by law of the Investment Manager

- Outstanding ADV Forms – if not previously provided by the investment entity

Private Market Investment Managers will provide the following items:

- EEOC Diversity Profile Template
- Form PF
- Outstanding ADV Forms – if not previously provided by the investment entity.

F. Illinois High Risk Home Loan Act Certification of Compliance

Illinois Municipal Retirement Fund

Certification of Compliance

Illinois High Risk Home Loan Act

I, _____, serving in the capacity of _____, on this ____ day of _____, 2020, being duly sworn and having knowledge of all matters set forth herein, state, affirm and certify as follows:

1. I represent _____, and I am duly authorized to provide this certificate on its behalf.
2. I am aware of the requirements of Section 1-110.10 of the Illinois Pension Code (40 ILCS 5/1-110.10), as well as the requirements of the High Risk Home Loan Act, (Act), and any rules adopted pursuant thereto.
3. Under the terms of the Illinois Pension Code, _____ is deemed an Illinois Finance Entity.
4. I am aware that no pension fund assets may be handled by the Illinois Finance Entity if it is not in compliance with the provisions of the High Risk Home Loan Act, including the filing of a completed certification with the Illinois Municipal Retirement Fund.
5. I certify that _____ is in compliance with all the requirements of the High Risk Loan Act and the rules adopted pursuant to the Act.

_____)

(Firm)

_____)

(Signature)

_____)

(Name of Officer)

_____)

(Title)

Subscribed and sworn before me by _____ on this ____ day of _____, 2020.

_____)

Notary

My Commission Expires: _____)

(Seal)

(Firm)

State of _____)

County of _____)

G. Disclosures per Illinois Pension Code Section 1-113.21**Disclosures per Illinois Pension Code Section 1-113.21**

Beginning January 1, 2015, section 1-113.21 of the Illinois Pension Code requires the following disclosure from the investment advisor, consultant or private market fund. Please complete items numbered 1, 2 and 3.

Name of investment advisor, consultant, or private market fund: Enter Name Here

Data as of: _____

1. The number of its investment and senior staff and the percentage of its investment and senior staff who are (i) a minority person (ii) a woman, and (iii) a person with a disability¹.

[A numerical value must be entered in each box. If this information is not available or your firm does not track, enter 0.]

Staff Classification	Number of Investment and Senior Staff Who Are	% Percentage of Investment and Senior Staff Who Are
Minority person		%
Woman		%
Person with a Disability		%

2. The number of contracts, oral or written, for investment services, consulting services and professional and artistic services that the investment advisor, consultant, or private market fund has with (i) a minority owned business, (ii) woman owned business, or (iii) a business owned by a person with a disability¹.

[A numerical value must be entered in each box. If this information is not available or your firm does not track, enter 0.]

Business Classification	Number of Contracts
Minority owned business	
Woman owned business	
Business owned by a person with a disability	

3. The number of contracts, oral or written, for investment services, consulting services, and professional and artistic services the investment advisor, consultant, or private market fund has with a business other than (i) a minority owned business, (ii) woman owned business or (iii) a business owned by a person with a disability, if more than 50% of services performed pursuant to the contract are performed by (i) a minority person, (ii) a woman, and (iii) a person with a disability¹.

[A numerical value must be entered in each box. If this information is not available or your firm does not track, enter 0.]

Classification of Person Performing Services at Majority owned firm	Number of Contracts
Minority person	
Woman	
Person with a Disability	

INVESTMENT ADVISOR / CONSULTANT/ PRIVATE MARKET FUND:
Company Name:
Signature:
Printed Name:
Title:
Dated:

Illinois Public Act 98-1022 website:

<http://www.ilga.gov/legislation/publicacts/98/PDF/098-1022.pdf>

Business Enterprise for Minorities, Women and Persons with Disabilities Act
 website: <http://www.ilga.gov/legislation/ilcs/ilcs3.asp?ActID=550&ChapterID=7>

¹Definitions per Illinois Law

Illinois Legislation & Laws website: <http://www.ilga.gov/>

"**Contract**" means all types of [State] agreements, regardless of what they may be called, for the procurement, use, or disposal of supplies, services, professional or artistic services, or construction or for leases of real property where the [State] is the lessee, or capital improvements, and including renewals, master contracts, contracts for financing through use of installment or lease-purchase arrangements, renegotiated contracts, amendments to contracts, and change orders.

"Investment adviser", "investment advisor", or "investment manager" with respect to a pension fund or retirement system established under Illinois Code if the person:

- (1) is a fiduciary appointed by the board of trustees of the pension fund or retirement system in accordance with Section 1-109.1;

(2) has the power to manage, acquire, or dispose of any asset of the retirement system or pension fund;

(3) has acknowledged in writing that he or she is a fiduciary with respect to the pension fund or retirement system; and

(4) is at least one of the following: (i) registered as an investment adviser under the federal Investment Advisers Act of 1940 (15 U.S.C. 80b-1, et seq.); (ii) registered as an investment adviser under the Illinois Securities Law of 1953; (iii) a bank, as defined in the Investment Advisers Act of 1940; or (iv) an insurance company authorized to transact business in this State.

“Minority person” means a person who is a citizen or lawful permanent resident of the United States and who is a member of a minority as defined in the Business Enterprise for Minorities, Women, and Persons with Disabilities Act.

"Minority owned business" means a business concern which is at least 51% owned by one or more minority persons, or in the case of a corporation, at least 51% of the stock in which is owned by one or more minority persons; and the management and daily business operations of which are controlled by one or more of the minority individuals who own it.

"Woman owned business" means a business concern which is at least 51% owned by one or more woman, or, in the case of a corporation, at least 51% of the stock in which is owned by one or more woman; and the management and daily business operations of which are controlled by one or more of the woman who own it.

"Business owned by a person with a disability" means a business concern that is at least 51% owned by one or more persons with a disability and the management and daily business operations of which are controlled by one or more of the persons with disabilities who own it. A not-for-profit agency for persons with disabilities that is exempt from taxation under Section 501 of the Internal Revenue Code of 1986 is also considered a "business owned by a person with a disability".

H. Disclosures per Illinois Pension Code Section 1-113.22 and 1-113.23

Beginning January 1, 2018 and annually thereafter, section 1-113.22 of the Illinois Pension Code requires the following disclosures from the consultant:

Consultant Name: _____

Data as of: _____

1.	Firm wide, the total number of searches for investment services made by the consultant in the prior calendar year.	
2.	Firm wide, the total number of searches for investment services made by the consultant in the prior calendar year that included a minority owned business, woman owned business or a business owned by a person with a disability.	
3.	The total number of searches for investment services made by the consultant in the prior calendar year in which the consultant recommended for selection a minority owned business, woman owned business, or a business owned by a person with a disability.	
4.	The total number of searches for investment services made by the consultant in the prior calendar year that resulted in the selection of a minority owned business, woman owned business or a business owned by a person with a disability.	
5.	The total dollar amount of investments made in the previous calendar year with a minority owned business, woman owned business or a business owned by a person with a disability that was selected after a search for investment services performed by the consultant.	

Beginning January 1, 2018 and annually thereafter, section 1-113.23 of the Illinois Pension Code requires the following disclosures from the consultant:

1. Consultant(s) are required to disclose all compensation and economic opportunity received in the last 24 months from investment advisors retained by the IMRF Board of Trustees.

2. Prior to the IMRF Board of Trustees selecting an investment advisor, the consultant(s) are required to disclose any compensation or economic opportunity received in the last 24 months from an investment advisor that is recommended for selection by the consultant.

Consultant
Company Name:
Signature:
Printed Name:
Title:
Dated:

Illinois Public Act 100-0542 website:

<http://www.ilga.gov/legislation/publicacts/fulltext.asp?Name=100-0542>

Definitions per Illinois Law

"Compensation" means any money, thing of value, or economic benefit conferred on, or received by, a consultant in return for services rendered, or to be rendered, by himself, herself, or another.

"Economic opportunity" means any purchase, sale, lease, contract, option, or other transaction or arrangement involving property or services wherein a consultant may gain an economic benefit.

"Minority person" means a person who is a citizen or lawful permanent resident of the United States and who is a member of a minority as defined in the Business Enterprise for Minorities, Women, and Persons with Disabilities Act. The full text can be found at: <http://www.ilga.gov/legislation/ilcs/ilcs3.asp?ActID=550&ChapterID=7>

"Minority owned business" means a business concern which is at least 51% owned by one or more minority persons, or in the case of a corporation, at least 51% of the stock in which is owned by one or more minority persons; and the management and daily business operations of which are controlled by one or more of the minority individuals who own it.

"Woman owned business" means a business concern which is at least 51% owned by one or more woman, or, in the case of a corporation, at least 51% of the stock in

which is owned by one or more woman; and the management and daily business operations of which are controlled by one or more of the woman who own it.

"Business owned by a person with a disability" means a business concern that is at least 51% owned by one or more persons with a disability and the management and daily business operations of which are controlled by one or more of the persons with disabilities who own it. A not-for-profit agency for persons with disabilities that is exempt from taxation under Section 501 of the Internal Revenue Code of 1986 is also considered a "business owned by a person with a disability".

I. Definitions

Core Fixed Income: A fixed income portfolio which closely tracks the broad publicly traded fixed income market with a focus on current income generation and capital preservation. The most common benchmark for a Core Fixed Income portfolio is the Bloomberg Barclay's US Aggregate Index. Common metrics such as yield, duration, etc. are typically held with within a tight range of the index.

Core Plus Fixed Income: A fixed income portfolio in which the majority of the portfolio tracks the broad publicly traded fixed income market, and a portion of the portfolio is allocated to higher risk sectors or securities which are not typically found in the broad fixed income market indices. Examples include, but are not limited to, Non-US Debt, Global Debt, Emerging Market Debt, High Yield, etc. The most common benchmark for a Core Plus Fixed Income portfolio is the Bloomberg Barclay's US Aggregate Index.

Core Real Estate: Includes commercial and residential properties which derive their value primarily from current income production, and therefore represent lower-risk profiles than Non-core properties. Core investments are stabilized, substantially leased properties primarily in the four major property types:

1. Office: Mixed-use, multi-tenant, and single-tenant facilities, classified as either Central Business District (CBD) or suburban.
2. Retail: Regional malls, community and neighborhood shopping centers, specialty centers, and single-tenant stores.
3. Industrial: Bulk distribution, light manufacturing, and research and development (R&D) facilities.
4. Residential: High-rise, mid-rise, and garden apartments.

Co-Investment Opportunities: Includes real estate and alternative investment opportunities offered at the General Partners' discretion and typically have a lower fee and carried interest expense. If a potential investment opportunity exhibits strong fundamentals and attractive returns but the main fund has a capacity constraint, the General Partner may offer current investors the opportunity to invest alongside the main fund. The Board may pre-approve co-investment opportunities at the inception of an investment in a private markets fund. Staff will generally accept co-investment opportunities on a pro-rata basis under this scenario. If the General Partner offers a compelling and appropriate co-investment opportunity to IMRF which was not pre-approved, Staff may present this opportunity to the Board for their approval.

Hedge Funds: A private, actively managed investment fund that seeks to provide returns to their investors by investing in a diverse range of markets, investment instruments and strategies. Most common strategies include: Long/Short Equity, Event Driven, Credit, Relative Value, Macro and Opportunistic.

Infrastructure: Refers to assets and services that a society requires to operate its economy including both economic assets and social assets. Economic infrastructure

includes, but is not limited to roads, airports, regulated utilities, power generation and cell towers. Social infrastructure includes but is not limited to hospitals, schools, and waste management. Investments in infrastructure tend to have high barriers to entry, relatively stable and predictable cash flows often linked to inflation, long lifespans and low demand elasticity.

NCREIF Property Index (NPI): A quarterly time series composite total rate of return measure of investment performance of a very large pool of individual commercial real estate properties acquired in the private market for investment purposes only. All properties in the NPI have been acquired, at least in part, on behalf of tax-exempt institutions and held in a fiduciary environment.

NCREIF-ODCE: A capitalization-weighted, gross of fee, time-weighted return index with an inception date of December 31, 1977. As of June 30, 2019, the NFI-ODCE was composed of 38 historical open-end commingled funds pursuing a core investment strategy, of which 24 are active. Index returns are calculated on a leveraged basis and are reported at the fund level.

Non-Core Real Estate: Investments represent a higher-risk profile than Core properties, and have a higher return expectation. Non-core investments consist primarily of the following types:

1. Properties which are acquired primarily for high appreciation potential, and are expected to derive their value primarily from appreciation returns.
2. Properties which would be Core except for an identifiable and correctable deficiency such as the need for lease-up, renovation, or conversion of an existing property, or the need for development adjacent to an existing owned property.
3. Properties outside defined Core property types, such as motels, hotels, medical office, student housing and raw land.

Opportunistic Fixed Income: A specific type of Non-Core Fixed Income portfolio which attempts to exploit the inefficiencies of one particular market or niche. Examples include, but are not limited to, Convertible Bonds, Mortgage Arbitrage, High Yield, Distressed, Emerging Market Debt, Private Debt, and Global Bank Loans. An opportunistic fixed income portfolio may also tactically allocate between various sectors of the fixed income market to generate alpha.

Private Debt: Refers to non-publicly traded debt financing to small and mid-sized companies including but not limited to asset-backed investments, direct lending, distressed investments and bank portfolio liquidations. Private debt can either be alongside a bank with an existing senior secured loan, or in replacement of a bank in a single tranche with typically a higher commitment amount, higher leverage and additional covenants. Many of these loans may be in situations where the companies may not be able to obtain conventional bank financing.

Private Equity: Refers to companies that are not quoted on the stock exchange. Investments are typically illiquid in nature. Ownership consists of limited partnership interest. Most common strategies include: Venture Capital, Growth Capital, Leveraged Buyouts, Distressed Investments, Special Situations and Mezzanine Capital.

Private Infrastructure: Refers to investments in private companies and projects that provide the basic physical systems of a business or nation. Infrastructure is broadly categorized into four sectors including utilities and energy, transportation, renewables and waste and communications. Investments in private infrastructure are generally illiquid in nature with long-term time horizons. Private infrastructure investments provide portfolio diversification, inflation hedging and long-term growth characteristics.

Private Limited Partnerships: Include private markets fund structures which pool capital from investors in order to make equity or debt investments in real estate or alternative investments. These funds typically have a ten year life span which consists of a two to three year investment period, a holding period where investments are actively managed and a liquidation period.

Public Real Assets: Refers to publicly traded equity and debt securities that exhibit inflation-hedging ability given their linkage to tangible assets and exposure to economic growth drivers, diversification benefits given their lower expected correlations to other asset classes, and income-generating potential given their focus on yield. Securities most common to this asset class include global real estate investment trusts (REIT), publicly listed infrastructure equity and debt securities, commodities, natural resource equities, Master Limited Partnerships (MLP), and U.S. Treasury inflation-protected securities (TIPS). Common benchmarks for each sub-sector include: FTSE EPRA/NAREIT Global index, S&P Global Infrastructure Index, S&P GSCI Index, S&P Global Natural Resources Index, Alerian MLP Index, and the Bloomberg Barclays U.S. TIPS Index, respectively.