

# Illinois Municipal Retirement Fund 2017 Diversity Report

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Respectfully submitted to the Illinois Governor and the General Assembly



*Locally funded, financially sound.*



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## **Introduction**

Illinois Municipal Retirement Fund's (IMRF) Board of Trustees is pleased to submit its annual report on diversity. Our 2017 Diversity Report provides the policies that the IMRF Board of Trustees has adopted to increase 1) utilization of emerging investment managers, 2) racial, ethnic, and gender diversity of fiduciaries, including consultants and senior staff, 3) utilization of minority owned broker-dealers, 4) utilization of minorities, women and persons with disabilities for all contracts, and 5) utilization of minority-owned investment managers. This report provides the assets managed by all minorities, women, and persons with a disability owned investment management firms by asset class, and as a percentage of the total IMRF investment portfolio.

## **Minority, Women and Persons with Disability Owned Investment Manager Summary**

As of September 30, 2017, the Illinois Municipal Retirement Fund's market value was \$39.74 billion. IMRF utilizes 49 investment managers owned by minorities, women or persons with disabilities ("Minority-owned") to manage \$7.3 billion. This represents 18.5% of the total IMRF investment portfolio across domestic equity, fixed income, international equity, private equity and real estate asset classes.

As of July 31, 2017, \$8.22 billion or 20.9% of the total IMRF investment portfolio was managed by Minority-owned firms. This was the highest dollar amount of IMRF assets managed by Minority-owned firms historically. Unfortunately, on August 11, 2017, IMRF was notified by Holland Capital Management that it would be closing its doors. At the time of the announcement, Holland managed approximately \$967 million in a Large Cap Growth strategy for IMRF. Due to the liquidation of the Holland portfolio, the amount of assets managed by Minority-owned firms decreased to \$7.3 billion as of September 30, 2017. IMRF is dedicated to reaching its aspirational goal to have at least 20% of IMRF's assets managed by Minority-owned firms. On October 11, 2017, IMRF launched a search for Passive Equity Index strategies managed by Minority-owned firms only. IMRF expects to make investment manager recommendations at the February 2018 Investment Committee meeting.

During the period of 10/1/2016 to 9/30/2017, the following commitments and additional allocations were made to Minority-owned firms:

- \$75 million in commitments to The Vistria Group, a African American owned firm
- \$75 million in commitments to Artemis Real Estate Partners, a Women owned firm
- \$35 million in commitments to ICV Partners, an African American owned firm
- \$75 million in commitments to Valor Equity Partners, a Latino owned firm
- \$200 million additional allocation to Earnest Partners, an African American owned firm
- \$200 million additional allocation to Garcia Hamilton & Associates, a Latino owned firm
- \$200 million additional allocation to Piedmont Investment Advisors, an African American owned firm
- \$25 million in commitments to New MainStream Capital, a Latino owned firm

The table details the assets under management by asset class and investment manager classification as of 9/30/17.

<b>Investment Manager Classification</b>	<b>Domestic Equity</b>	<b>International Equity</b>	<b>Fixed Income</b>	<b>Real Estate</b>	<b>Private Equity</b>	<b>Total</b>
<b>African American</b>	\$225	\$1,032	\$1,769	\$40	\$508	<b>\$3,573</b>
<b>Latino</b>	\$133	\$67	\$1,898	\$200	\$136	<b>\$2,434</b>
<b>Asian</b>	-	\$52	-	\$22	\$46	<b>\$120</b>
<b>Women</b>	-	\$777	\$321	\$90	\$21	<b>\$1,209</b>
<b>Disabled</b>	-	-	-	\$15	-	<b>\$15</b>
<b>Total</b>	<b>\$358</b>	<b>\$1,928</b>	<b>\$3,988</b>	<b>\$367</b>	<b>\$710</b>	<b>\$7,352</b>

*Values shown are in millions.*

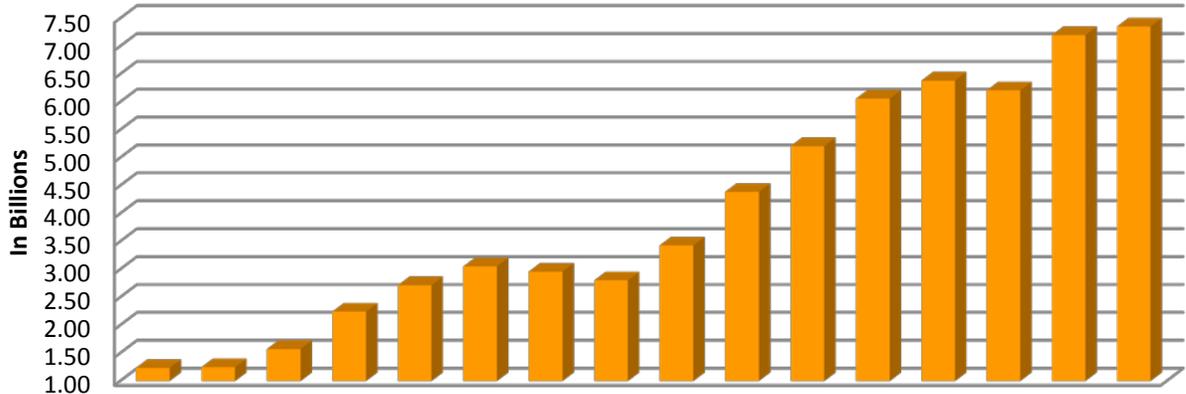
*Private Equity and Real Estate values are committed amounts.*

The table below details the percentage of the assets under management and percentage of the total Fund's market value by investment manager classification as of 9/30/17.

<b>Investment Manager Classification</b>	<b>Assets Under Management</b>	<b>% of Total Fund Market Value</b>
<b>African American</b>	\$3,573	9.0%
<b>Latino</b>	\$2,434	6.1%
<b>Asian</b>	\$120	0.3%
<b>Women</b>	\$1,209	3.0%
<b>Disabled</b>	\$15	0.04%
<b>Total</b>	<b>\$7,352</b>	<b>18.5%</b>

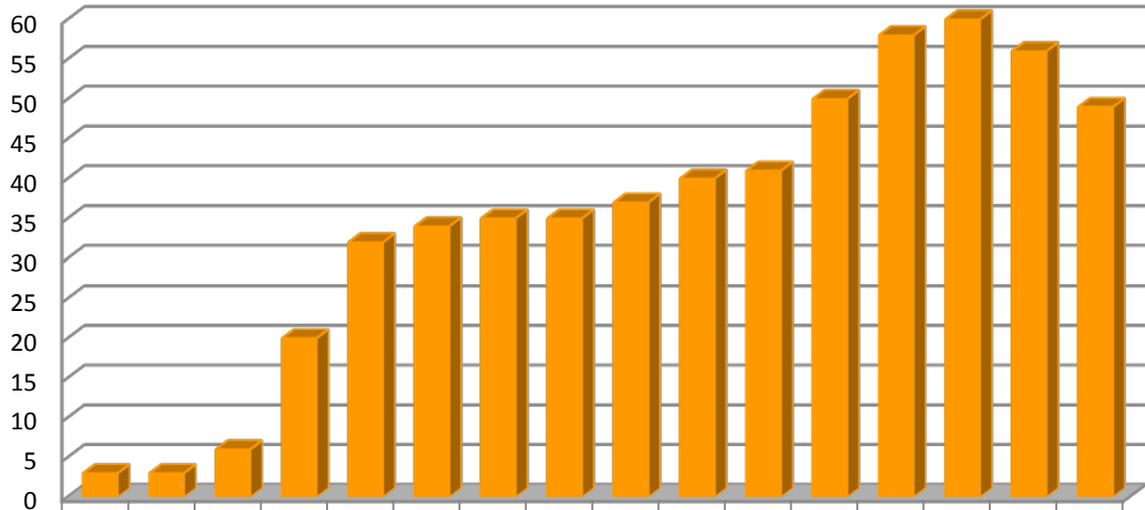
Since 2002, IMRF has increased its utilization of Minority-owned investment managers. Minority-owned investment managers' assets under management increased from \$1.2 billion to \$7.3 billion over a 15 year period. Over the same time period, the number of Minority-owned asset managers that manage IMRF's assets increased from 3 to 49.

### IMRF Assets Managed by Minority, Women, and Businesses Owned by Persons with Disabilities



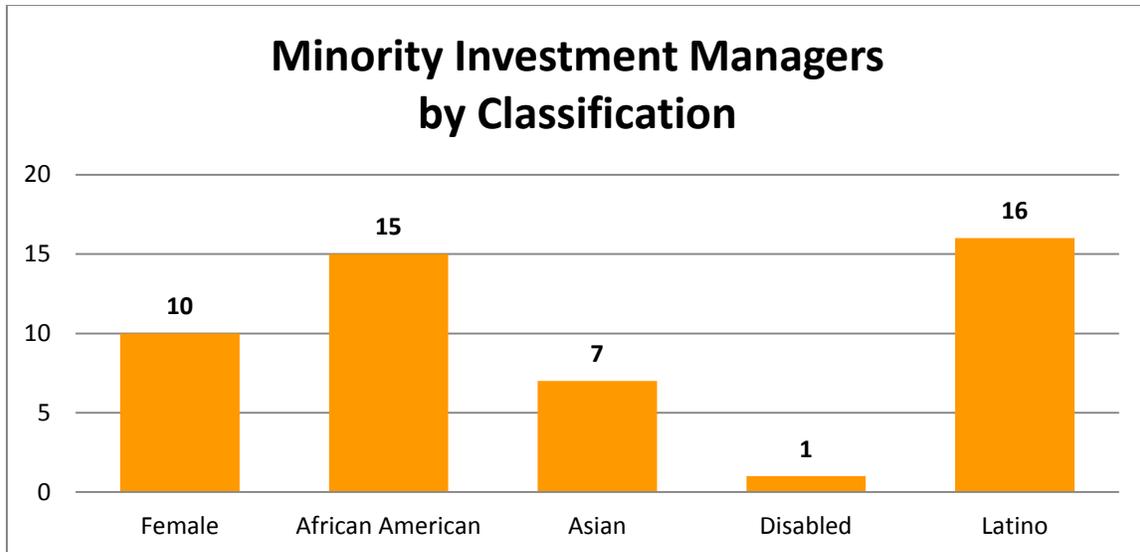
	Sep-02	Sep-03	Sep-04	Sep-05	Sep-06	Sep-07	Sep-08	Sep-09	Sep-10	Sep-11	Sep-12	Sep-13	Sep-14	Sep-15	Sep-16	Sep-17
■ Total	\$1.2	\$1.2	\$1.5	\$2.2	\$2.7	\$3.0	\$2.9	\$2.8	\$3.4	\$4.3	\$5.2	\$6.0	\$6.3	\$6.2	\$7.2	\$7.3

### Number of Investment Management Firms owned by Minority, Women and Persons with Disabilities



	Sep-02	Sep-03	Sep-04	Sep-05	Sep-06	Sep-07	Sep-08	Sep-09	Sep-10	Sep-11	Sep-12	Sep-13	Sep-14	Sep-15	Sep-16	Sep-17
■ TOTAL	3	3	6	20	32	34	35	35	37	40	41	50	58	61	56	49

As of September 30, 2017, IMRF has allocated capital to 49 investment firms that are owned by minorities, women and persons with disabilities. The graph below provides the number of Minority-owned managers by classification.



In an effort to increase the utilization of Minority-owned investment managers, IMRF attended and/or presented at the following conferences/events to foster relationships with the Emerging and Minority investment manager community:

- Sponsors for Educational Opportunity (SEO)
- Consortium East
- Toigo Gala
- Artemis Emerging Manager Symposium
- Leaders On Fast Track (LOFT)
- National Association of Securities Professionals (NASP) Annual Pension and Financial Services Conference
- Women In Real Estate (WIRE)
- FIS Symposium
- Loop Capital
- BlackRock Women in Investing
- Grosvenor’s 2017 Small and Emerging Manager Conference
- New America Alliance (NAA) National Tour

IMRF participated on panels at the SEO Conference, Artemis Emerging Manager Symposium, and the NAA Conference, where IMRF Staff provided an overview of the IMRF portfolio, manager selection process, and Emerging Manager Program. IMRF’s Policy for the Selection of Investment Managers is in Exhibit K.

## **Dedicated Minority Manager of Managers/ Fund of Funds Programs**

IMRF utilizes Progress Investment Management, Franklin Templeton, Artemis Real Estate Partners and Muller & Monroe as manager of managers/ fund of funds programs dedicated to hiring underlying Minority-owned investment managers. These firms have full discretion to hire investment management firms that are 51% or more owned by minorities, women or persons with a disability. The Franklin Templeton and Muller & Monroe fund of funds programs are fully committed. In total, IMRF has committed \$1.4 billion to these four manager of managers/fund of funds providers to date.

## **International Equity and Fixed Income**

IMRF hired Progress Investment Management, an African American owned firm, in 2004. They are IMRF's sole manager of managers' provider for the Public Market asset classes. Progress manages two Public Market mandates, international equity and fixed income. Progress has full discretion to hire managers, terminate managers, and rebalance these portfolios.

As of 9/30/17, the \$293 million international equity portfolio is invested across six underlying Minority-owned investment firms. The investment management firms and their classifications are listed below:

<b>Manager</b>	<b>Minority Classification</b>
1. Glovista Investments	Latino
2. Metis Global Partners	Women
3. Arga Investment Management	Asian American
4. Ativo Capital Management	Latino
5. Strategic Global Advisors	Women
6. Brown Capital Management	African American

As of 9/30/17, the \$886 million fixed income portfolio is invested across eight underlying Minority-owned investment firms. The investment management firms and their classifications are listed below:

<b>Manager</b>	<b>Minority Classification</b>
1. Garcia Hamilton & Associates	Latino
2. Pugh Capital Management	African American
3. Ramirez Asset Management	Latino
4. Smith Graham & Company	African American
5. GIA Partners	Latino
6. Longfellow Investment Management Co.	Women
7. New Century Advisors	Women
8. Advent Capital Management	African American

## **Real Estate**

In 2010, IMRF committed \$75 million to Franklin Templeton to implement a real estate fund of funds portfolio exclusively focused on investing in Minority-owned firms. The portfolio is fully committed to six real estate funds and one co-investment. The investment management firms and their classifications are listed below. This fund of funds is fully committed.

<b>Manager</b>	<b>Minority Classification</b>
1. Argosy Real Estate Partners	African American, at time of commitment
2. Hudson Realty Capital	Latino
3. GreenOak	Asian American
4. Newport Capital Partners	Disabled
5. Noble	Asian American
6. Long Wharf	Latino

In 2015, IMRF launched an RFP for an investment manager to implement a real estate manager of managers program that would invest solely in investment management firms owned by minorities, women and persons with disabilities. Artemis Real Estate Partners, a women owned investment management firm, was hired to implement the real estate manager of managers program. This manager of managers program is constructed as an evergreen separate account. IMRF will make annual allocations to this mandate consistent with the Fund's asset allocation. In aggregate, IMRF has committed \$150 million to the program and \$135 million has been committed to underlying managers. The investment management firms and their classifications are listed below.

<b>Manager</b>	<b>Minority Classification</b>
1. Artemis Real Estate Partners	Women
2. Jair Lynch Real Estate Partners	African American
3. CRES Management	Women
4. Olympus Property	Latino

## **Manager of Managers Programs**

As of 9/30/17, IMRF has three manager of managers programs that are active and exclusively focused on reviewing Minority-owned managers for inclusion in the portfolio. Minority-owned firms interested in discussing their firm and investment capabilities may contact IMRF, Progress Investment Management and Artemis Real Estate Partners. Contact information is provided in Exhibit A.

## **Private Equity Fund of Funds Programs**

IMRF has two private equity separate account mandates with Abbott Capital and Pantheon. Abbott and Pantheon have discretion to commit capital to firms owned by minorities, women, and persons with disabilities as well as non-minority owned investment management firms. These two mandates are constructed as evergreen separate accounts. IMRF makes annual commitments to each program consistent with IMRF's asset allocation. The fund of funds

managers make portfolio changes at their discretion. IMRF refers Minority-owned investment managers to the fund of funds managers when IMRF does not have plans for an investment manager search. Contact information is provided in Exhibit A.

As of 9/30/17, Abbott Capital committed over \$50 million to eleven funds managed by eight Minority-owned firms. The investment managers and their classifications are listed below.

<b><u>Manager</u></b>	<b><u>Minority Classification</u></b>
1. Vivo Ventures	Asian American
2. Clearlake Capital Partners	Latino
3. Oak HC/FT Partners	Women
4. ICV Partners	African American
5. NMS	Latino
6. Storm Ventures	Asian
7. Canvas Ventures	Women
8. 1315 Healthcare Fund	Women

As of 9/30/17, Pantheon committed over \$23 million to eleven funds managed by five Minority-owned firms. The investment managers and their classifications are listed below.

<b><u>Manager</u></b>	<b><u>Minority Classification</u></b>
1. Khosla Ventures	Asian American
2. ICV Partners	African American
3. Oak HC/FT Partners	Women
4. NMS	Latino
5. Vistria	African American

### **Investment Consultant**

The IMRF Board of Trustees requires that its investment consultant (see IMRF’s Policy for the Selection of Investment Consultants, Exhibit J), Callan Associates use non-discriminatory practices when recommending investment manager candidates. In addition, Callan maintains a database of minority, women and persons with disabilities owned investment managers. Callan’s database contains 181 minorities, women and persons with disabilities owned investment managers. A list of these investment managers is attached as Exhibit B.

Additionally, in 2010 Callan Associates launched Callan Connects to enhance their coverage of emerging manager and minority, woman, and disabled-owned firms (MWDO). One day each quarter is reserved for Callan research professionals to meet with emerging managers (defined as any firm with assets under management between \$10 million and \$3 billion) and MWDO firms, or those majority owned by minorities, women and persons with disabilities that have assets under management between \$10 million and \$10 billion. Managers have 30 minutes to present their firm and its products. Information regarding Callan Connects can be found at <https://www.callan.com/connects/>.

From 10/1/16 through 9/30/17, Callan Associates met with 16 emerging and Minority-owned firms through Callan Connects: 8 in Boston and 8 in Atlanta. In total, Callan Associates conducted 97 meetings with Minority-owned firms from 10/1/16 through 9/30/17, inclusive of the Callan Connects meetings.

### Utilization of Minority Investment Manager Policy

IMRF has adopted a policy that sets forth goals for utilization of minority investment managers defined as a qualified investment adviser that manages an investment portfolio and is a minority owned business, women owned business, or business owned by a person with a disability. The Minority Investment Manager Utilization Policy is provided in Exhibit C.

As of September 30, 2017, the actual IMRF portfolio allocations per Minority Investment Manager Classification were as follows:

Minority Investment Manager Classification	Minimum Goal as a % of Total Portfolio	Actual % of Total Portfolio
Minority Owned Businesses	13%	<b>15.4%</b>
Women Owned Businesses	6%	<b>3.0%</b>
Businesses Owned by a Person with a Disability	1%	<b>0.04%</b>
<b>Total</b>	<b>20.0%</b>	<b>18.5%</b>

As of September 30, 2017, the actual IMRF portfolio allocations to Minority Investment Manager per asset class were as follows:

Portfolio Asset Class	Minimum Goal as a % of Asset Class	Actual % of Asset Class
Domestic Equity	8.0%	<b>2.1%</b>
International Equity	15.0%	<b>23.6%</b>
Fixed Income	20.0%	<b>36.4%</b>
Real Estate	4.0%	<b>11.2%</b>
Private Equity	10.0%	<b>28.5%</b>
Timberland	Best Efforts	<b>0.0%</b>
Agriculture	Best Efforts	<b>0.0%</b>

*Private Equity and Real Estate percentages are calculated using committed amounts.  
Timberland and Agriculture percentages are calculated using NAVs.*

The table below lists the Minority Investment Managers by classification and % of Total Fund's Market Value as of 9/30/17.

<b>Minority Classification</b>	<b>Asset class</b>	<b>Manager Name</b>	<b>Assets Under Management (in millions)</b>	<b>% of Total Fund Market Value</b>
<b>African American</b>	Fixed Income	Advent Capital	48.5	0.1%
<b>African American</b>	International Equity	Brown Capital Management	329.4	0.8%
<b>African American</b>	International Equity	Brown Capital Management	59.1	0.1%
<b>African American</b>	Domestic Equity	Channing Capital Management	224.9	0.6%
<b>African American</b>	Private Equity	DBL Equity Fund- BAEF II, L.P.	1.6	0.0%
<b>African American</b>	Fixed Income	Earnest Partners	753.6	1.9%
<b>African American</b>	International Equity	Earnest Partners	643.1	1.6%
<b>African American</b>	Private Equity	ICV Capital Partners III	20.0	0.1%
<b>African American</b>	Private Equity	ICV Capital Partners III	4.5	0.0%
<b>African American</b>	Private Equity	ICV Capital Partners III	5.0	0.0%
<b>African American</b>	Private Equity	ICV Capital Partners IV	35.0	0.1%
<b>African American</b>	Private Equity	ICV Capital Partners IV	4.3	0.0%
<b>African American</b>	Real Estate	Jair Lynch Real Estate Partners	40.0	0.1%
<b>African American</b>	Private Equity	Muller & Monroe	2.6	0.0%
<b>African American</b>	Fixed Income	Piedmont Investment Advisors	754.5	1.9%
<b>African American</b>	Fixed Income	Progress Investment Management	-	-
<b>African American</b>	International Equity	Progress Investment Management	-	-
<b>African American</b>	Fixed Income	Pugh Capital Management	147.6	0.4%
<b>African American</b>	Fixed Income	Smith Graham	64.9	0.2%
<b>African American</b>	Private Equity	Smith Whiley III	1.6	0.0%
<b>African American</b>	Private Equity	Vista Credit Opportunities Fund I	50.0	0.1%

Minority Classification	Asset class	Manager Name	Assets Under Management (in millions)	% of Total Fund Market Value
<b>African American</b>	Private Equity	Vista Credit Opportunities Fund II	50.0	0.1%
<b>African American</b>	Private Equity	Vista Equity Partners V	100.0	0.3%
<b>African American</b>	Private Equity	Vista Equity Partners VI	100.0	0.3%
<b>African American</b>	Private Equity	Vista Foundation Fund II	15.0	0.0%
<b>African American</b>	Private Equity	Vista Foundation Fund III	25.0	0.1%
<b>African American</b>	Private Equity	Vistria Fund	15.0	0.0%
<b>African American</b>	Private Equity	Vistria Fund	3.1	0.0%
<b>African American</b>	Private Equity	Vistria Fund II	75.0	0.2%
<b>Total African American</b>			<b>\$3,573</b>	<b>9.0%</b>
<b>Latino</b>	Domestic Equity	Ativo Capital Management	133.4	0.3%
<b>Latino</b>	International Equity	Ativo Capital Management	37.8	0.1%
<b>Latino</b>	Private Equity	AUA Private Equity Fund	5.0	0.0%
<b>Latino</b>	Private Equity	Clearlake Capital Partners III	7.5	0.0%
<b>Latino</b>	Private Equity	Estancia Capital Partners	5.0	0.0%
<b>Latino</b>	Fixed Income	Garcia Hamilton & Associates	726.8	1.8%
<b>Latino</b>	Fixed Income	Garcia Hamilton & Associates	65.3	0.2%
<b>Latino</b>	Fixed Income	GIA Partners	141.1	0.4%
<b>Latino</b>	International Equity	Glovista Investments	29.1	0.1%
<b>Latino</b>	Private Equity	Hispania Private Equity Fund II	1.6	0.0%
<b>Latino</b>	Real Estate	Hudson Realty Capital V	11.7	0.0%
<b>Latino</b>	Fixed Income	LM Capital Group	867.0	2.2%
<b>Latino</b>	Real Estate	Long Wharf RE Partners IV	13.7	0.0%
<b>Latino</b>	Real Estate	Long Wharf RE Partners V	30.0	0.1%
<b>Latino</b>	Private Equity	New Mainstream Capital II	5.0	0.0%
<b>Latino</b>	Private Equity	New Mainstream Capital II	4.5	0.0%
<b>Latino</b>	Private Equity	New Mainstream Capital II	2.3	0.0%
<b>Latino</b>	Private Equity	New Mainstream Capital III	25.0	0.1%
<b>Latino</b>	Real Estate	Oak Street Real Estate Capital III	25.0	0.1%
<b>Latino</b>	Real Estate	Oak Street Real Estate Capital IV	75.0	0.2%

Minority Classification	Asset class	Manager Name	Assets Under Management (in millions)	% of Total Fund Market Value
<b>Latino</b>	Real Estate	Olympus Property	45.0	0.1%
<b>Latino</b>	Fixed Income	Ramirez Asset Management	97.8	0.2%
<b>Latino</b>	Private Equity	Valor Equity Partners III	5.0	0.0%
<b>Latino</b>	Private Equity	Valor Equity Partners IV	75.0	0.2%
<b>Total Latino</b>			<b>\$2,435</b>	<b>6.1%</b>
<b>Asian</b>	International Equity	Arga Investments	52.2	0.1%
<b>Asian</b>	Real Estate	GreenOak U.S.	11.7	0.0%
<b>Asian</b>	Real Estate	GreenOak Co-Investment	2.9	0.0%
<b>Asian</b>	Private Equity	Khosla Ventures Seed, L.P.	0.2	0.0%
<b>Asian</b>	Private Equity	Khosla Ventures III	0.7	0.0%
<b>Asian</b>	Private Equity	Khosla Ventures IV	1.1	0.0%
<b>Asian</b>	Private Equity	Khosla Ventures Seed B, L.P.	1.1	0.0%
<b>Asian</b>	Private Equity	Khosla Ventures Seed C, L.P.	2.3	0.0%
<b>Asian</b>	Private Equity	Khosla Ventures V	2.3	0.0%
<b>Asian</b>	Private Equity	Mayfield Fund XIV	5.0	0.0%
<b>Asian</b>	Private Equity	Mayfield XV	10.0	0.0%
<b>Asian</b>	Private Equity	Mayfield Select	10.0	0.0%
<b>Asian</b>	Real Estate	Noble Hospitality Fund II	7.4	0.0%
<b>Asian</b>	Private Equity	Storm Ventures V	4.0	0.0%
<b>Asian</b>	Private Equity	Vivo Capital VIII	3.5	0.0%
<b>Asian</b>	Private Equity	Vivo Ventures VII	6.0	0.0%
<b>Total Asian</b>			<b>\$120</b>	<b>0.3%</b>
<b>Women</b>	Private Equity	1315 Healthcare Fund	3.5	0.0%
<b>Women</b>	Real Estate	Artemis MWBE Spruce Program	15.0	0.0%
<b>Women</b>	Real Estate	Artemis RE Partners Healthcare Fund I	25.0	0.1%
<b>Women</b>	Real Estate	Artemis RE Partners Healthcare Fund I	25.0	0.1%
<b>Women</b>	Private Equity	Canvas Ventures 2	3.5	0.0%
<b>Women</b>	Real Estate	CRES Management	25.0	0.1%
<b>Women</b>	International Equity	GlobeFlex Capital	662.1	1.7%
<b>Women</b>	Fixed Income	Longfellow Investment Management	153.3	0.4%
<b>Women</b>	International Equity	Metis Global Partners	38.2	0.1%

Minority Classification	Asset class	Manager Name	Assets Under Management (in millions)	% of Total Fund Market Value
Women	Fixed Income	New Century Advisors	167.8	0.4%
Women	Private Equity	Oak HC/FT	4.5	0.0%
Women	Private Equity	Oak HC/FT II	4.3	0.0%
Women	Private Equity	Oak HC/FT	2.3	0.0%
Women	Private Equity	Oak HC/FT II	3.0	0.0%
Women	International Equity	Strategic Global Advisors	76.7	0.2%
<b>Total Women</b>			<b>\$1,209</b>	<b>3.0%</b>
Disabled	Real Estate	Newport Capital Partners I, L.P.	14.9	0.04%
<b>Total Disabled</b>			<b>\$15</b>	<b>0.04%</b>
		<b>Total Assets Managed by Minority-Owned Firms</b>	<b>\$7,352</b>	<b>18.5%</b>

### Utilization of Emerging Investment Manager Policy

IMRF has adopted a policy that sets forth goals for utilization of emerging investment managers defined as a qualified investment adviser that manages an investment portfolio of at least \$10 million but less than \$10 billion and is a minority owned business, women owned business or business owned by a person with a disability. IMRF utilizes two Minority-owned investment management firms whose assets under management exceed \$10 billion therefore are not considered emerging. The Emerging Investment Manager Utilization Policy and a listing of the Emerging Investment Manager names and addresses are provided in Exhibit D and Exhibit E, respectively.

As of September 30, 2017, the actual IMRF portfolio allocations per Emerging Investment Manager classification were as follows:

Emerging Investment Manager Classification	Minimum Goal as a % of Total Portfolio	Actual % of Total Portfolio
Minority Owned Businesses	13%	<b>12.9%</b>
Women Owned Businesses	6%	<b>3.0%</b>
Businesses Owned by a Person with a Disability	1%	<b>0.04%</b>
<b>Total</b>	20.0%	<b>16.9%</b>

As of September 30, 2017, the actual IMRF portfolio allocations to Emerging Investment Managers by asset class were as follows:

Portfolio Asset Class	Minimum Goal as a % of Asset Class	Actual % of Asset Class
Domestic Equity	8.0%	2.1%
International Equity	15.0%	15.7%
Fixed Income	20.0%	29.5%
Real Estate	4.0%	11.2%
Private Equity	10.0%	14.9%
Timberland	Best Efforts	0.0%
Agriculture	Best Efforts	0.0%

*Private Equity and Real Estate percentages are calculated using committed amounts.  
Timberland and Agriculture percentages are calculated using NAVs.*

The table below lists the Emerging Investment Managers by classification and the percentage of Total Fund's Market Value as of 9/30/17.

Minority Classification	Asset Class	Manager Name	Assets Under Management (in millions)	% of Total Fund Market Value
African American	Fixed Income	Advent Capital	48.5	0.1%
African American	International Equity	Brown Capital Management	329.4	0.8%
African American	International Equity	Brown Capital Management	59.1	0.1%
African American	Domestic Equity	Channing Capital Management	224.9	0.6%
African American	Private Equity	DBL Equity Fund- BAEF II, L.P.	1.6	0.0%
African American	Private Equity	ICV Capital Partners III	20.0	0.1%
African American	Private Equity	ICV Capital Partners III	4.5	0.0%
African American	Private Equity	ICV Capital Partners III	5.0	0.0%
African American	Private Equity	ICV Capital Partners IV	35.0	0.1%
African American	Private Equity	ICV Capital Partners IV	4.3	0.0%
African American	Real Estate	Jair Lynch Real Estate Partners	40.0	0.1%
African American	Private Equity	Muller & Monroe	2.6	0.0%

Minority Classification	Asset Class	Manager Name	Assets Under Management (in millions)	% of Total Fund Market Value
<b>African American</b>	Fixed Income	Piedmont Investment Advisors	754.5	1.9%
<b>African American</b>	Fixed Income	Progress Investment Management	-	-
<b>African American</b>	International Equity	Progress Investment Management	-	-
<b>African American</b>	Fixed Income	Pugh Capital Management	147.6	0.4%
<b>African American</b>	Fixed Income	Smith Graham	64.9	0.2%
<b>African American</b>	Private Equity	Smith Whiley III	1.6	0.0%
<b>African American</b>	Private Equity	Vistria Fund	15.0	0.0%
<b>African American</b>	Private Equity	Vistria Fund	3.1	0.0%
<b>African American</b>	Private Equity	Vistria Fund II	75.0	0.2%
<b>Total African American</b>			<b>\$1,837</b>	<b>4.6%</b>
<b>Latino</b>	Domestic Equity	Ativo Capital Management	133.4	0.3%
<b>Latino</b>	International Equity	Ativo Capital Management	37.8	0.1%
<b>Latino</b>	Private Equity	AUA Private Equity Fund	5.0	0.0%
<b>Latino</b>	Private Equity	Clearlake Capital Partners III	7.5	0.0%
<b>Latino</b>	Private Equity	Estancia Capital Partners	5.0	0.0%
<b>Latino</b>	Fixed Income	Garcia Hamilton & Associates	726.8	1.8%
<b>Latino</b>	Fixed Income	Garcia Hamilton & Associates	65.3	0.2%
<b>Latino</b>	Fixed Income	GIA Partners	141.1	0.4%
<b>Latino</b>	International Equity	Glovista Investments	29.1	0.1%
<b>Latino</b>	Private Equity	Hispania Private Equity Fund II	1.6	0.0%
<b>Latino</b>	Real Estate	Hudson Realty Capital V	11.7	0.0%
<b>Latino</b>	Fixed Income	LM Capital Group	867.0	2.2%
<b>Latino</b>	Real Estate	Long Wharf RE Partners IV	13.7	0.0%
<b>Latino</b>	Real Estate	Long Wharf RE Partners V	30.0	0.1%
<b>Latino</b>	Private Equity	New Mainstream Capital II	5.0	0.0%
<b>Latino</b>	Private Equity	New Mainstream Capital II	4.5	0.0%
<b>Latino</b>	Private Equity	New Mainstream Capital II	2.3	0.0%
<b>Latino</b>	Private Equity	New Mainstream Capital III	25.0	0.1%
<b>Latino</b>	Real Estate	Oak Street Real Estate Capital III	25.0	0.1%
<b>Latino</b>	Real Estate	Oak Street Real Estate Capital IV	75.0	0.2%

Minority Classification	Asset Class	Manager Name	Assets Under Management (in millions)	% of Total Fund Market Value
<b>Latino</b>	Real Estate	Olympus Property	45.0	0.1%
<b>Latino</b>	Fixed Income	Ramirez Asset Management	97.8	0.2%
<b>Latino</b>	Private Equity	Valor Equity Partners III	5.0	0.0%
<b>Latino</b>	Private Equity	Valor Equity Partners IV	75.0	0.2%
<b>Total Latino</b>			<b>\$2,435</b>	<b>6.1%</b>
<b>Asian</b>	International Equity	Arga Investments	52.2	0.1%
<b>Asian</b>	Real Estate	GreenOak U.S.	11.7	0.0%
<b>Asian</b>	Real Estate	GreenOak Co-Investment	2.9	0.0%
<b>Asian</b>	Private Equity	Khosla Ventures Seed, L.P.	0.2	0.0%
<b>Asian</b>	Private Equity	Khosla Ventures III	0.7	0.0%
<b>Asian</b>	Private Equity	Khosla Ventures IV	1.1	0.0%
<b>Asian</b>	Private Equity	Khosla Ventures Seed B, L.P.	1.1	0.0%
<b>Asian</b>	Private Equity	Khosla Ventures Seed C, L.P.	2.3	0.0%
<b>Asian</b>	Private Equity	Khosla Ventures V	2.3	0.0%
<b>Asian</b>	Private Equity	Mayfield Fund XIV	5.0	0.0%
<b>Asian</b>	Private Equity	Mayfield XV	10.0	0.0%
<b>Asian</b>	Private Equity	Mayfield Select	10.0	0.0%
<b>Asian</b>	Real Estate	Noble Hospitality Fund II	7.4	0.0%
<b>Asian</b>	Private Equity	Storm Ventures V	4.0	0.0%
<b>Asian</b>	Private Equity	Vivo Capital VIII	3.5	0.0%
<b>Asian</b>	Private Equity	Vivo Ventures VII	6.0	0.0%
<b>Total Asian</b>			<b>\$120</b>	<b>0.3%</b>
<b>Women</b>	Private Equity	1315 Healthcare Fund	3.5	0.0%
<b>Women</b>	Real Estate	Artemis MWBE Spruce Program	15.0	0.0%
<b>Women</b>	Real Estate	Artemis RE Partners Healthcare Fund I	25.0	0.1%
<b>Women</b>	Real Estate	Artemis RE Partners Healthcare Fund I	25.0	0.1%
<b>Women</b>	Private Equity	Canvas Ventures 2	3.5	0.0%
<b>Women</b>	Real Estate	CRES Management	25.0	0.1%
<b>Women</b>	International Equity	GlobeFlex Capital	662.1	1.7%
<b>Women</b>	Fixed Income	Longfellow Investment Management	153.3	0.4%
<b>Women</b>	International Equity	Metis Global Partners	38.2	0.1%
<b>Women</b>	Fixed Income	New Century Advisors	167.8	0.4%
<b>Women</b>	Private Equity	Oak HC/FT	4.5	0.0%

Minority Classification	Asset Class	Manager Name	Assets Under Management (in millions)	% of Total Fund Market Value
Women	Private Equity	Oak HC/FT II	4.3	0.0%
Women	Private Equity	Oak HC/FT	2.3	0.0%
Women	Private Equity	Oak HC/FT II	3.0	0.0%
Women	International Equity	Strategic Global Advisors	76.7	0.2%
<b>Total Women</b>			<b>\$1,209</b>	<b>3.0%</b>
Disabled	Real Estate	Newport Capital Partners I, L.P.	14.9	0.04%
<b>Total Disabled</b>			<b>\$15</b>	<b>0.04%</b>
		<b>Total Assets Managed by Emerging Minority-Owned Firms</b>	<b>\$5,616</b>	<b>14.1%</b>

The table below lists the Minority-owned investment manager activity for the one year period ending 9/30/17.

Action	Asset Class	Classification	Manager Name	Assets (\$millions)	Board Approval or Allocation Date
Committed Capital	Private Equity	African American	Vistria Fund II	75	11/18/2016
Committed Capital	Private Equity	African American	ICV Partners IV	35	3/31/2017
Committed Capital	Private Equity	Latino	Valor Equity Partners IV	75	3/31/2017
Committed Capital	Private Equity	Latino	New MainStream III, L.P.	25	8/18/2017
<b>Total Private Equity</b>				<b>\$210</b>	
Committed Capital	Real Estate	Latino	Oak Street IV	75	12/16/2016
Committed Capital	Real Estate	Women	Artemis	75	1/1/2017
<b>Total Real Estate</b>				<b>\$150</b>	
Additional Allocation	Fixed Income	African American	Earnest Partners	200	5/19/2017
Additional Allocation	Fixed Income	Latino	Garcia Hamilton	200	5/19/2017
Additional Allocation	Fixed Income	African American	Piedmont	200	5/19/2017
<b>Total Fixed Income</b>				<b>\$600</b>	

<b>Action</b>	<b>Asset Class</b>	<b>Classification</b>	<b>Manager Name</b>	<b>Assets (\$millions)</b>	<b>Board Approval or Allocation Date</b>
Full Withdrawal	Domestic Equity	African American	Holland Capital	-943	8/18/2017
Full Withdrawal	Domestic Equity	African American	Ariel	-70	3/31/2017
<b>Total Domestic Equity</b>				<b>-\$1,013</b>	

On August 11, 2017, Holland announced the closure of the firm.

### Utilization of Minority Broker-Dealer Policy

In further recognition of the objectives of the Illinois Pension Code, the IMRF Board of Trustees has adopted a policy that sets forth goals for increasing the utilization of minority broker-dealers. The policy is provided in Exhibit F.

As of January 2016, the total commission amounts are based on commission dollars for Equities and par value for Fixed Income. Previously, IMRF's fixed income investment managers were estimating fixed income commissions paid to brokers. The table below lists the minimum brokerage goals by asset class and actual minority brokerage goals achieved year to date as of September 30, 2017.

<b>Asset Class</b>	<b>Minimum Goal</b>	<b>Actual Percentage</b>
U.S. Equities	25.00%	34.65%
U.S. Large-Cap Equities	30.00%	49.34%
International Equities	20.00%	29.99%
International Small-Cap Equities	5.00%	14.90%
U.S. Micro-Cap Equities	7.00%	27.50%
Equity Commingled Accounts	Best Efforts	0.85%
Emerging Market Equities <sup>1</sup>	5.00%	0.00%
<b>Total Equities</b>		<b>29.27%</b>

<b>Asset Class</b>	<b>Minimum Goal</b>	<b>Actual Percentage</b>
Fixed Income	22.00%	33.22%
High Yield Bonds <sup>2</sup>	5.00%	7.99%
Emerging Market Debt	Best Efforts	0.00%
Fixed Income Commingled Accounts	Best Efforts	0.04%
Opportunistic Strategies <sup>1</sup>	Best Efforts	0.00%
Bank Loans <sup>2</sup>	Best Efforts	0.00%
<b>Total Fixed Income</b>		<b>7.01%</b>

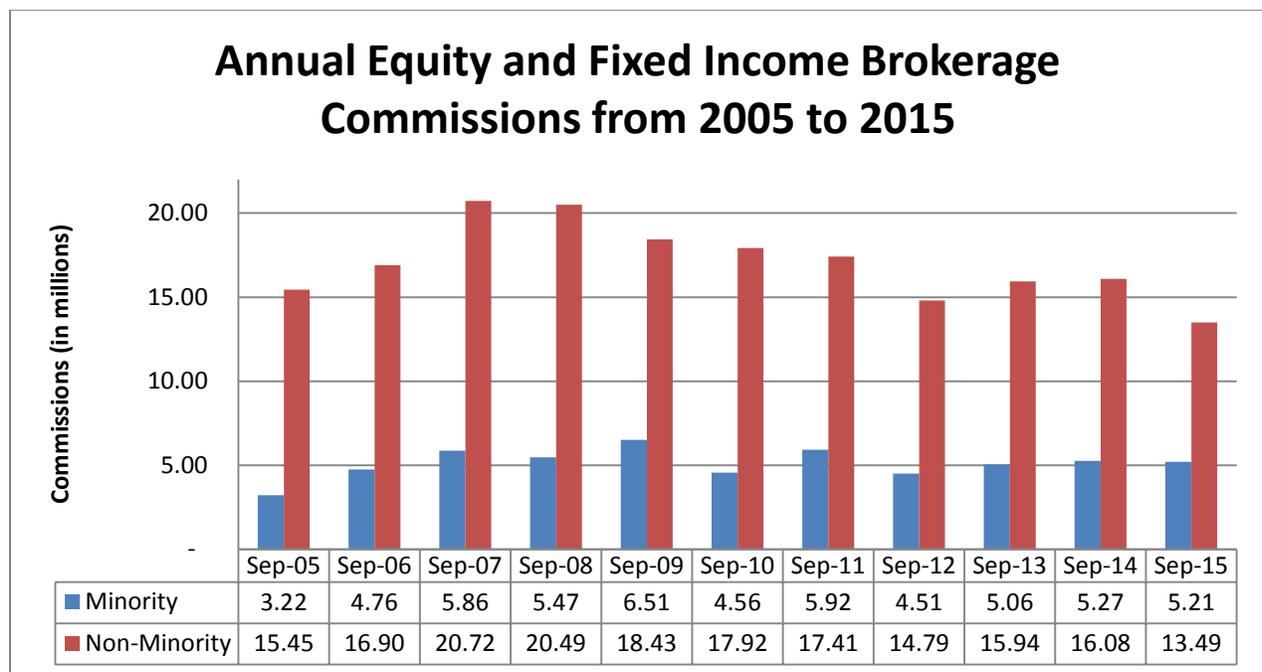
<sup>1</sup> - No separate account mandates.

<sup>2</sup> - Pyramis High Yield mandate was terminated on 03/2014.

To ensure that progress is continuously made toward achieving our minority, women and a person with a disability owned brokerage goals, our investment managers are required to report their use of minority, women or a person with a disability owned business enterprise broker/dealers monthly. If a manager fails to achieve their respective goal directed to minority, women or a person with a disability owned business enterprise broker/dealers during a given month, they must provide written notification to IMRF explaining why this goal was not achieved. Each quarter, IMRF will review each investment managers' year-to-date utilization of Minority-owned brokers. If the manager is not meeting the goal on a year-to-date basis, IMRF will contact the manager to remind them of the goals. Consequences for not meeting IMRF's minority brokerage goals are situation specific and range from increased monitoring, placement on a watch list, asset reduction, termination and exclusion from receiving additional allocations/mandates.

IMRF's external investment managers execute trades through minority, women and persons with a disability owned broker/dealers. For the twelve months ending September 30, 2017, \$2.9 million, or 27.7% of the total Equity commissions paid by IMRF, were executed by broker/dealers owned by minorities, women or by a person with a disability. For the same time period, 6.8 billion or 7.5% of the total Fixed Income par volume traded was executed by broker/dealers owned by minorities, women or by a person with a disability.

The historical chart below shows IMRF's use of minority, women or persons with a disability owned broker/dealers from 2005 to 2015. Importantly, the total percentage of commissions to minority, women or a person with a disability owned broker/dealers has averaged 20% or more since September 2006.



The attached Exhibit G lists the minority, women and a person with a disability owned broker/dealers and the commissions they earned from IMRF between October 1, 2016 and September 30, 2017.

In addition to adopting goals for minority, women or a person with a disability owned investment managers and broker/dealers, the IMRF Board of Trustees has appointed the President of the Board as the Trustee responsible for monitoring the progress toward achieving these goals.

IMRF maintains a list of minority, women and person with a disability owned broker dealers that have contacted IMRF and provided their contact details. The list is posted on IMRF's website under the Investment section. While this is not an approved list, IMRF's investment managers may utilize this list to select minority broker dealers, at their sole discretion.

IMRF maintains a list of its investment managers and their contact details. The list is posted on IMRF's website under the Investment section. Minority brokers may utilize this list to contact IMRF's investment managers.

Additionally, IMRF is available to assist in facilitating dialogue between minority broker dealers and its investment managers.

### **Racial, Ethnic, and Gender Diversity of Fiduciaries, including Consultants and Senior Staff Policy**

In its ongoing dedication to diversity principles, IMRF has adopted goals for increasing the racial, ethnic, and gender diversity of its fiduciaries, including its consultants and senior staff. The policy is provided in Exhibit H.

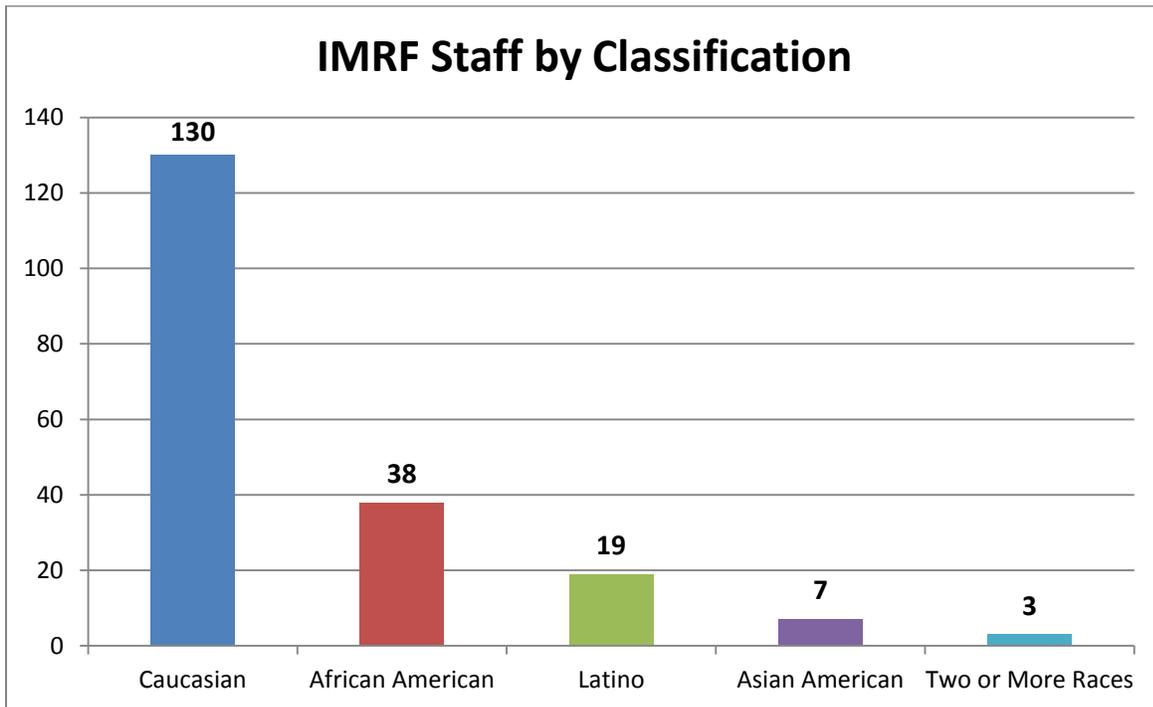
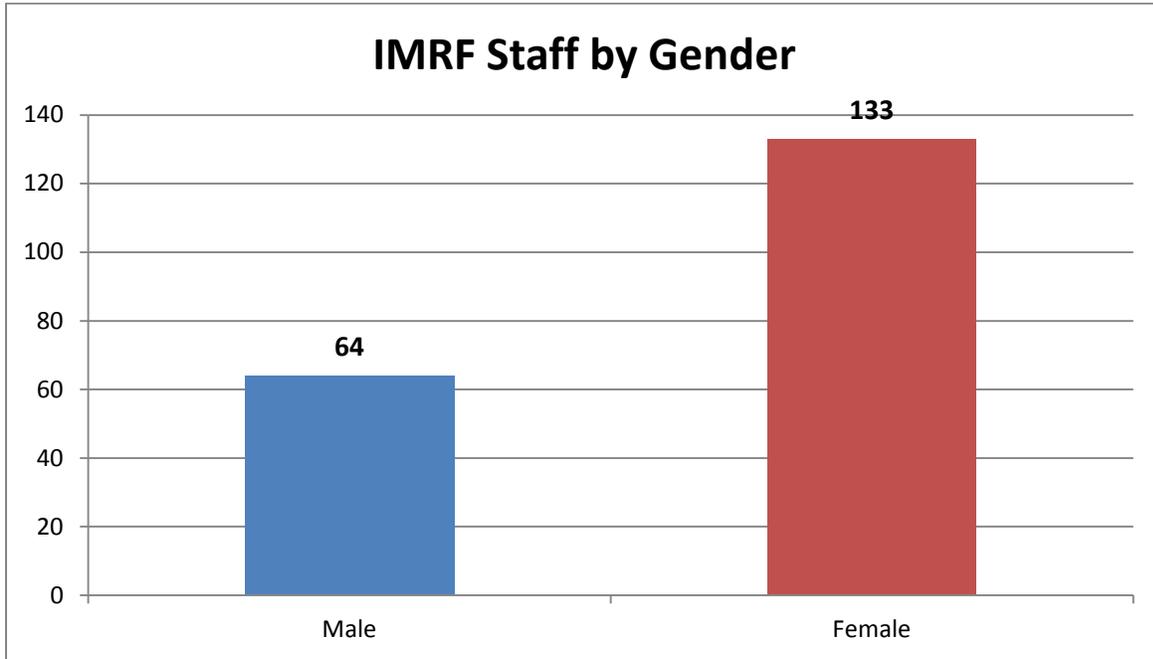
For the Board of Trustees, IMRF encourages individuals who qualify as minorities, women or a person with a disability to run for election to the Board of Trustees. IMRF trustees are elected by employers, members, and annuitants. Trustees are not appointed nor hold office ex-officio. As of 9/30/17, the IMRF Board of Trustees is comprised of 8 individuals of whom 6 or 75% are minority and/or women.

For other fiduciaries, such as consultants, IMRF is committed to diversity in hiring such firms. Importantly, IMRF will also work to ensure that majority firms acting as fiduciaries hire and promote minorities, women or persons with disabilities into top management and ownership positions. As of 9/30/17, IMRF's investment consultant, Callan Associates, has a staff of 137 individuals of which 77 or 56% are minorities and women.

For senior staff, IMRF's goal for senior staff is to mirror the diversity found in the external recruiting area. Senior staff consists of directors, managers, supervisors, and team leaders. From 10/01/2016 thru 09/30/2017, IMRF experienced three departures from our senior staff (two minority women and one non-minority male). During the same time period, IMRF hired one external candidate to a senior staff position (one minority woman) and internally promoted three employees to senior staff positions (three minority women). The resulting number of women and minorities in

senior staff positions remains in line with our diversity goals. These goals will be reviewed annually.

IMRF has a total of 197 employees. The graphs below provide the breakout by gender and classification.



## **Utilization of Businesses Owned by Minorities, Women, and Persons with Disabilities for all Contracts and Services Policy**

Advancing its commitment to diversity principles, IMRF adopted goals for the utilization of businesses owned by minorities, women, and persons with disabilities (Minority-owned) for all contracts and services. The complete policy can be found in Exhibit I.

It is the policy of the IMRF Board of Trustees to include qualified minority and women owned business enterprises and businesses owned by a person with a disability in the Fund's procurement process and to objectively evaluate all qualified businesses regardless of race, gender or handicap.

In 2016, IMRF increased its minimum goal of 18% to 20% for contracts and purchases from businesses owned by minorities, women, and persons with a disability as a share of all of its contracts and purchases. These goals are based on the percentage of total dollar amount spent of all goods and services, excluding building and staff related payments such as postage, rent (utilities), insurance premiums, and travel expenses.

The Procurement Unit tracks the usage of businesses owned by minorities, women, and persons with a disability in order to meet or exceed the goal. IMRF is continually looking to expand its database of qualified suppliers, with special emphasis on Minority-owned businesses. The Procurement Unit added 3 Minority-owned businesses to the vendor database in 2017, and utilized 19 different Minority-owned vendors during the past year. The IMRF Board of Trustees approved a policy whereby Minority-owned vendors can be selected as the winning bidder if their bid is up to 15% more than Non-minority-owned vendors. This increases our utilization of Minority-owned vendors. These progressive practices and policies help us towards the achievement of our 20% utilization goal. As of 9/30/2017, IMRF's utilization of Minority-owned businesses was 14.5% of total expenditures.

The Procurement Unit will continue to review and analyze the goal each year. The goal may be modified by IMRF to further increase the usage of Minority-owned businesses as IMRF continues to gain experience and knowledge using the diversity guidelines set to meet Illinois Pension Code. These goals shall be reviewed by the IMRF Board of Trustees annually.

IMRF recognizes the benefits that diversity offers in its investment portfolio, suppliers, and consultants. It values the enrichment from having a diverse employee base and diversity in its fiduciaries. The globalization of business, coupled with the rapidly changing demographics world-wide, continues to create opportunities for organizations that are willing to access untapped talent. IMRF seeks to be such an organization while striving to achieve its vision of providing the highest quality retirement services to its members, beneficiaries and employers.

**Exhibits**

**Exhibit A. Contact Information for IMRF, Fund of Funds and Manager of Managers**

**Illinois Municipal Retirement Fund**

Rosa Vasquez  
Investment Officer- Emerging Manager Program  
and Total Portfolio  
2211 York Road, 5th Floor  
Oak Brook, Illinois 60523  
630-368-5377  
rvasquez@imrf.org

**Progress Investment Management Company**

Mona Williams  
Executive Vice President  
33 New Montgomery, 19th Floor  
San Francisco, California 94105  
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mwilliams@progressinvestment.com

**Artemis Real Estate Partners**

Gina Baker Chambers  
Vice President  
5404 Wisconsin Avenue, Suite 1150  
Chevy Chase, Maryland 20815  
202-370-7452  
gina.chambers@ArtemisREP.com

**Abbott Capital Management**

Leonard Pangburn  
Managing Director  
1290 Avenue of the Americas, 9th Floor  
New York, New York 10104  
212-757-2700  
lpangburn@abbottcapital.com

Tim Maloney  
Managing Director  
1290 Avenue of the Americas, 9th Floor  
New York, New York 10104  
212-757-2700  
tmaloney@abbottcapital.com

**Pantheon**

Yokasta Segura-Baez

Principal

1095 Avenue of Americas, 24th Floor

New York, New York 10036

212-205-2000

yokasta.baez@pantheon.com

## Exhibit B. Callan Associates' Investment Manager Database

### Callan Associates' Investment Manager Database of Minority, Women and Persons with a Disability-Owned Investment Managers as of September 30, 2017

1	Abaris Asset Management LLC.	48	Denali Advisors LLC
2	Adelante Capital Management LLC	49	Desai Capital Management, LLC
3	Advent Capital Management, LLC	50	DG Capital Management, Inc.
4	Affinity Investment Advisors Inc.	51	Drexel Hamilton Investment Partners
5	Alethea Capital Management, LLC	52	EARNEST Partners, LLC
6	AltraVue Capital, LLC	53	Edgar Lomax Company (The)
7	Ambassador Capital Management	54	EDIN Opportunity Fund, LLC
8	Amero Global Investors	55	Effissimo Capital Management Pte Ltd
9	Anchor Investment Partners LLC	56	Empiric Institutional
10	Aquila Infrastructure Management, Inc.	57	ETHIKA INVESTMENTS
11	ARGA Investment Management, LP	58	Fairview Capital
12	Ariel Investments, LLC	59	Falcon Bridge Capital, LLC
13	ARP Americas LLC	60	Fan Asset Management
14	Ativo Capital Management	61	FIS Group, Inc.
15	Attucks Asset Management, LLC	62	Foresight Global Investors, Inc.
16	Avanath Capital Partners	63	Fortaleza Asset Management, Inc.
17	Aventis Asset Management, LLC	64	Garcia Hamilton & Associates
18	BirdRock Asset Management	65	Gaw Capital Partners
19	Bivium Capital Partners, LLC	66	Gerding Edlen
20	Black Knight Asset Management, LLC	67	GIA Partners, LLC
21	Blue Cloud Ventures	68	Glovista Investments LLC
22	BlueCreek Investment Partners, LLC	69	Goode Investment Management, Inc.
23	Boston Common Asset Management LLC	70	GQG Partners LLC
24	Bretwood Capital Partners, LLC	71	Graham & Dodd Fund LLC (The)
25	Briarwood Chase Management LLC	72	GreenOak Real Estate Advisors LP
26	Brightwood Capital Advisors, LLC	73	Hanseatic Management Services, Inc.
27	Brown Capital Management, LLC	74	HAS Capital, LLC
28	Buford Dickson Harper & Sparrow	75	HAV Capital, LLC
29	Cabrera Capital Partners, LLC	76	Heard Capital LLC
30	Cadinha & Company, LLC	77	Herndon Capital Management, LLC
31	Cameron Capital Management	78	High Pointe Capital Management
32	Canopy Investment Advisors	79	Hinoki Capital Management, LLC
33	Capital Commercial Investments	80	Hispania Capital
34	Capri/Capital Advisors	81	Holland Capital Management
35	Cascade Partners, LLC	82	Hollencrest Capital Management
36	Cauldron Investment Co., LLC	83	HP Capital Venture, LLC
37	Cerner Capital Management	84	Hudson Realty Capital
38	Channing Capital Management, LLC	85	Hughes Capital Management, Inc.
39	Citizens Advisers	86	ICV Partners
40	CityView	87	Industry Capital

**Callan Associates' Investment Manager Database of  
Minority, Women and Persons with a Disability-Owned Investment Managers  
as of September 30, 2017**

41	Conquest Strategies, LLC	88	Inroads Capital Management, LLC
42	Consilium Investment Management	89	Intergeneration Capital Management
43	Cordillera Investment Partners, LLC	90	Ivory Investment Management, LLC
44	Credo Capital Management, LLC	91	John Hsu Capital Group, Inc.
45	CT Mason Inc.	92	Johnson's Global Advisors Corp.
46	Daruma Capital Management, LLC	93	EARNEST Partners, LLC
47	Decatur Capital Management, Inc.	94	Julex Capital Management, LLC
95	Kabouter Management, LLC	142	ProForza Advisors LLC
96	Kohala Capital Partners, LLC	143	Progress Investment Management Company
97	KRA Capital Management, Inc.	144	Pugh Capital Management Inc.
98	Leading Edge Investment Advisors, LLC	145	QVT Mount Auburn Capital, LP
99	Legato Capital Management LLC	146	Ramirez Asset Management, LLC
100	LM Capital Group, LLC	147	RAYS Capital Partner Limited
101	Long Wharf Capital LLC	148	Red Ivy Capital, LLC
102	Longpoint Realty Partners	149	RLJ Equity
103	Longwell Company	150	Runnymede Capital Management, Inc.
104	Manhattan West Asset Management, LLC	151	RVX Asset Management, LLC.
105	Mar Vista Investment Partners	152	Salus Capital Management, Inc.
106	Matterhorn Capital Management, LLC	153	San Juan Asset Management Inc.
107	MayfieldGentry Realty Advisors, LLC	154	Seacrest Investment, LLC
108	MBS Mantra, LLC	155	Semper Capital Management, L.P.
109	MC Credit Partners LP	156	Sera Capital Management, LLC
110	MD Witter Investments, LLC	157	Silva Capital Management LLC
111	Metis Global Partners	158	Sit Investment Associates, Inc.
112	Mirae Asset Global Investments , LLC	159	Sky Investment Counsel
113	Mission Creek Capital Partners, Inc.	160	Smith, Graham & Co. Investment Advisors, L.P.
114	Morningside Asset Management LLC	161	Sperry Capital Partners, LLC
115	Mosser Capital Management, LLC	162	SPI Strategies, LLC
116	Muller & Monroe Asset Management	163	StoneRidge Investment Partners, LLC
117	Native American Fund Advisors, LLC	164	StoneRidge PMG Advisors, LLC
118	Natura Capital LLC	165	Strategic Value Partners, LLC
119	Neon Liberty Capital Management, LLC	166	Suffolk Capital Management, Inc.
120	Neosho Capital LLC	167	Swarthmore Group, Inc. (The)
121	Nile Capital Management, LLC	168	Tanaka Capital Management Inc.
122	Oak Street Real Estate Capital, LLC	169	Tristan Capital Partners
123	OakBrook Investments, LLC	170	Unimar Financial Services, LLC
124	Octagonal Capital Partners, LP	171	United Investment Managers
125	One Stone Global	172	UrbanAmerica Principals III, LLC
126	Optimal Asset Management	173	VICAR Capital Advisors
127	Opus Capital Management Inc.	174	Wada Capital Management, LLC
128	Palisades Investment Partners, LLC	175	Wall Street Associates

**Callan Associates' Investment Manager Database of  
Minority, Women and Persons with a Disability-Owned Investment Managers  
as of September 30, 2017**

129	Palladium Equity	176	Washington Square Capital Management, LLC
130	Paradigm Asset Management, LLC	177	Waypoint Asset Management LLC.
131	Parkway Capital Investors II, L.P.	178	West Branch Capital, LLC
132	Pennybacker Capital, LLC	179	WRC Advisors, LLC
133	Penserra Capital Management LLC	180	Xavier Capital Management, LLC
134	Pharos Capital	181	Zeo Capital Advisors
135	Phocas Financial Corp.		
136	Piedmont Investment Advisors, LLC		
137	Pillar Pacific Capital Management, LLC		
138	PIPV Capital, LP		
139	Prendergast Capital Management		
140	Princeton Advisory Group, Inc.		
141	Profit Investment Management		

**Exhibit C. Minority Investment Manager Utilization Policy  
(In Compliance with Section 1-109.1 (9) of the Illinois Pension Code)**

The Illinois Municipal Retirement Fund is committed to providing opportunities for minority investment managers. A minority investment manager is defined as a qualified investment manager that manages an investment portfolio and meets the definition of “minority owned business,” “women 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. For a complete definition go to the following website: [\(30 ILCS 575/\) Business Enterprise for Minorities, Women, and Persons with Disabilities Act.](#)

The Illinois Municipal Retirement Fund Board of Trustees has adopted 3 separate goals for: (i) minority investment managers that are minority owned businesses; (ii) minority investment managers that are women owned businesses; and (iii) minority investment managers that are businesses owned by a person with a disability.

Goals for Utilization of Minority Investment Managers  
by Investment Manager Classification

<u>Investment Manager Classification</u>	<u>Minimum Goal as a Percentage of Total Fund Market Value</u>
Minority Owned Businesses	13%
Women Owned Businesses	6%
Businesses Owned by a Person with a Disability	1%

Goals for Utilization of Minority Investment Managers  
by Asset Class

<u>Asset Class</u>	<u>Minimum Goal as a Percentage of Asset Class</u>
Domestic Equity	8%
International Equity	15%
Fixed Income	25%
Real Estate*	4%
Private Equity*	10%
Timberland	Best Efforts
Agriculture	Best Efforts

\*based on committed amounts

**Exhibit D. Emerging Investment Manager Utilization Policy  
(In Compliance with Section 1-109.1 (4) of the Illinois Pension Code)**

The Illinois Municipal Retirement Fund is committed to providing opportunities for emerging investment managers. 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,” “women 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 a complete definition go to the following website: [\(30 ILCS 575/\) Business Enterprise for Minorities, Women, and Persons with Disabilities Act.](#)

The Illinois Municipal Retirement Fund Board of Trustees has adopted 3 separate goals for: (i) emerging investment managers that are minority owned businesses; (ii) emerging investment managers that are women owned businesses; and (iii) emerging investment managers that are businesses owned by a person with a disability.

Goals for Utilization of Emerging Investment Managers  
by Emerging Investment Manager Classification

<u>Emerging Investment Manager Classification</u>	<u>Minimum Goal as a Percentage of Total Fund Market Value</u>
Minority Owned Businesses	13%
Women Owned Businesses	6%
Businesses Owned by a Person with a Disability	1%

Goals for Utilization of Emerging Investment Managers  
by Asset Class

<u>Asset Class</u>	<u>Minimum Goal as a Percentage of Asset Class</u>
Domestic Equity	8%
International Equity	15%
Fixed Income	25%
Real Estate*	4%
Private Equity*	10%
Timberland	Best Efforts
Agriculture	Best Efforts

\* based on committed amounts

**Exhibit E. List of IMRF's Minority-owned Investment Management Firms**

**Illinois Municipal Retirement Fund  
Emerging, Minority, Women and Disabled - Owned Investment Management Firms  
As of September 30, 2017**

**1315 Capital, LLC**

3020 Market Street, Suite 104  
Philadelphia, PA 19104

**Advent Capital Management, LLC**

1271 Avenues of Americas, 45th Floor  
New York, NY 10020

**ARGA Investment Management, LP**

1010 Washington Boulevard, 6th Floor  
Stamford, CT 06901

**Artemis Real Estate Partners**

5404 Wisconsin Avenue, Suite 1150  
Chevy Chase, MD 20815

**Ativo Capital Management, LLC**

120 North LaSalle Street, Suite 2150  
Chicago, IL 60602

**AUA Private Equity Partners**

666 Fifth Avenue, 27th Floor  
New York, NY 10103

**Brown Capital Management**

1201 North Calvert Street  
Baltimore, MD 21202

**Canvas Ventures**

3200 Alpine Road  
Portola Valley, CA 94028

**Channing Capital Management, LLC**

10 South LaSalle Street, Suite 2650  
Chicago, IL 60603

**Illinois Municipal Retirement Fund**  
**Emerging, Minority, Women and Disabled - Owned Investment Management Firms**  
**As of September 30, 2017**

**Clearlake Capital Group**

233 Wilshire Boulevard, Suite 800  
Santa Monica, CA 90401

**CRES Management**

9201 Ward Pkwy, Suite 200  
Kansas City, MO 64114

**DBL Investors, LLC**

One Montgomery Street, Suite 2375  
San Francisco, CA 94104

**EARNEST Partners, LLC**

1180 Peachtree Street, Suite 2300  
Atlanta, GA 30309

**Estancia Capital Management, LLC**

20865 N. 90th Place, Suite 200  
Scottsdale, AZ 85255

**Garcia Hamilton & Associates, LP**

5 Houston Center, 1401 McKinney, Suite 1600  
Houston, TX 77010

**GIA Partners, LLC**

12 East 49th Street 33rd Floor  
New York, NY, United States, 10017

**GlobeFlex Capital, LP**

4365 Executive Drive, Suite 720  
San Diego, CA 92121

**Glovista Investments, LLC**

One Evertrust Plaza, 11th Floor  
Jersey City, NJ 07302

**Illinois Municipal Retirement Fund  
Emerging, Minority, Women and Disabled - Owned Investment Management Firms  
As of September 30, 2017**

**GreenOak Real Estate US, LLC**  
285 Madison Avenue, Suite 1800  
New York, NY 10017

**HCP & Company**  
200 West Madison, Suite 970  
Chicago, IL 60606

**Hudson Realty Capital, LLC**  
5-9 Union Square West, 6th Floor  
New York, NY 10003

**ICV Capital Partners, LLC**  
810 7th Avenue, 35th Floor  
New York, NY 10019

**Jair Lynch Real Estate Partners**  
1508 U Street NW  
Washington, DC 20009

**Khosla Ventures, LLC**  
2128 Sand Hill Road  
Menlo Park, CA 94025

**LM Capital Group, LLC**  
750 B Street, Suite 3010  
San Diego, CA 92101

**Longfellow Investment Management Company, LLC**  
20 Winthrop Square, 2nd Floor  
Boston, MA 02110

**Long Wharf Real Estate Partners, LLC**  
One Federal Street, 26th Floor  
Boston, MA 02110

**Illinois Municipal Retirement Fund  
Emerging, Minority, Women and Disabled - Owned Investment Management Firms  
As of September 30, 2017**

**Mayfield Fund, LLC**

2484 Sand Hill Road, Bldg. 4  
Menlo Park, CA 94025

**Metis Global Partners**

11988 El Camino Real, Suite 550  
San Diego, CA 92130

## **Exhibit F. Minority Broker/Dealer Utilization Policy**

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 such relevant factors as (1) price and/or commission; (2) the broker-dealer's facilities, reliability and financial responsibility; (3) 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; (4) the research and other services provided by such broker-dealer to the investment manager which are 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, (5) satisfy IMRF's goals for utilization of minority broker-dealers. 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.), the Investment Advisors Act of 1940, and any other applicable securities laws, rules, and regulations.

### **Minority Broker/Dealer Utilization Goal**

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

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

<u>Asset Class</u>	<u>2017 Minimum Goal</u>
U.S. Equities	25%
U.S. Large-Cap Equities	30%
U.S. Micro-Cap Equities	7%
International Equities	20%
Fixed Income	22%
High-Yield Bonds	5%
International Small-Cap Equities	5%
Emerging Market Equities	5%
Emerging Market Debt	Best Efforts
Bank Loans	Best Efforts
Opportunistic Strategies	Best Efforts

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

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

Investment managers of pooled/commingled investment portfolios are directed to use their best efforts to execute trades with minority broker/dealers. 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 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.

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 utilization of minority broker/dealers. Investment managers not meeting the minority broker/dealer utilization goal 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.

## **Exhibit G. Broker Commissions Paid and Par Volume Traded**

### **Minority, Women and Persons with a Disability-Owned Business Enterprises Brokerage Commissions Paid October 1, 2016 - September 30, 2017**

<b>Academy Securities Inc.</b> 550 W Van Buren, Suite 1410 Chicago, IL 60607	<b>\$16,501</b>
<b>Andes Capital</b> 205 W. Wacker Drive, Suite 1804 Chicago, IL 60606	<b>\$7,651</b>
<b>Blaylock Robert Van, LLC</b> 208 S. LaSalle Street, Suite 1331 Chicago, IL 60604	<b>\$64,983</b>
<b>BOE Securities</b> 440 South LaSalle Street, 4th Floor Chicago, IL 60605	<b>\$7,562</b>
<b>Cabrera Capital Markets</b> 10 South LaSalle Street, Suite 1050 Chicago, IL 60603	<b>\$62,536</b>
<b>Capital Institutional Services</b> 1601 Elm Street, Suite 3900 Dallas, TX 75201	<b>\$388,454</b>
<b>CastleOak Securities</b> 111 East 58th Street, 6th Floor New York, NY 10022	<b>\$43,460</b>
<b>Cheevers &amp; Co</b> 440 South LaSalle Street, Suite 415 Chicago, IL 60605	<b>\$179,720</b>

**Minority, Women and Persons with a Disability-Owned Business Enterprises  
Brokerage Commissions Paid  
October 1, 2016 - September 30, 2017**

<b>CL King &amp; Associates</b>	<b>\$62,840</b>
One Liberty Square, 5th Floor Boston, MA 02109	
<b>Divine Capital Markets</b>	<b>\$4,612</b>
39 Broadway, 36th Floor New York, NY 10006	
<b>Drexel Hamilton</b>	<b>\$235,569</b>
2000 Market Street, Suite 780 Philadelphia, PA 19103	
<b>FIG Group</b>	<b>\$145,332</b>
3710 Rawlins Street, Suite 975 Dallas, TX 75219	
<b>Guzman &amp; Company</b>	<b>\$4,080</b>
101 Aragon Avenue Coral Gables, FL 33134	
<b>Loop Capital Markets</b>	<b>\$551,412</b>
200 West Jackson Blvd., Suite 1600 Chicago, IL 60606	
<b>M. Ramsey King Securities, Inc</b>	<b>\$34,398</b>
93 Tomlin Circle Burr Ridge, IL 60527	
<b>Mischler Financial Group</b>	<b>\$294,502</b>
1101 Bayside Drive, Suite 201 Corona del Mar, CA 92625	
<b>North South Capital</b>	<b>\$252,487</b>
200 W. Adams Street, Suite 2230 Chicago, IL 60606	

**Minority, Women and Persons with a Disability-Owned Business Enterprises  
Brokerage Commissions Paid  
October 1, 2016 - September 30, 2017**

<b>Penserra Securities LLC</b> 20 Broad Street, Suite 2602 New York, NY 10005	<b>\$246,038</b>
<b>Podesta and Company</b> 208 S LaSalle Street, Suite 1460 Chicago, IL 60604	<b>\$4,563</b>
<b>Sturdivant &amp; Co</b> Plaza 1000 at Main St., Suite 200 Voorhees, NJ 08043	<b>\$50,771</b>
<b>Telsey Advisory Group</b> 535 Fifth Avenue, 12th Floor New York, NY 10017	<b>\$4,318</b>
<b>Thomas Reynolds</b> 45 Broadway, 31st Floor New York, NY 10006	<b>\$31,285</b>
<b>Tribal Capital Markets</b> 405 Lexington Ave, 54th Floor New York, NY 10174	<b>\$51,330</b>
<b>Vandham Securities</b> 50 Tice Blvd. Woodcliff Lake, NJ 07677	<b>\$81,819</b>
<b>Williams Capital Group, LP</b> 650 Fifth Avenue, 11th floor New York, NY 10019	<b>\$81,835</b>
<b>TOTAL COMMISSIONS PAID</b>	<b>\$2,908,058</b>

**Minority, Women and Persons with a Disability-Owned Business Enterprises  
Par Volume Traded  
October 1, 2016 - September 30, 2017**

<b>Academy Securities Inc.</b> 550 W Van Buren, Suite 1410 Chicago, Il 60607	<b>115,675,000</b>
<b>Alamo Capital</b> 201 N Civic Drive, Suite 360 Walnut Creek, CA 94596	<b>19,804,335</b>
<b>Blaylock Robert Van, LLC</b> 208 S. LaSalle Street, Suite 1331 Chicago, IL 60604	<b>435,000</b>
<b>Cabrera Capital Markets</b> 10 South LaSalle Street, Suite 1050 Chicago, IL 60603	<b>1,495,329,016</b>
<b>CastleOak Securities</b> 111 East 58th Street, 6th Floor New York, NY 10022	<b>2,000,858,201</b>
<b>CL King &amp; Associates</b> One Liberty Square, 5th Floor Boston, MA 02109	<b>37,758,587</b>
<b>Drexel Hamilton</b> 2000 Market Street, Suite 780 Philadelphia, PA 19103	<b>42,405,200</b>
<b>Duncan Williams</b> 6750 Poplar Avenue, Suite 300 Memphis, TN 38138	<b>598,592</b>
<b>Falcon Square Capital</b> 4000 Westchase Blvd., Suite 310 Raleigh, NC 27607	<b>1,208,000</b>

**Minority, Women and Persons with a Disability-Owned Business Enterprises  
Par Volume Traded  
October 1, 2016 - September 30, 2017**

<b>Great Pacific</b> 151 Kalmus Drive, Suite H8 Costa Mesa, CA 92626	<b>113,442,470</b>
<b>Loop Capital Markets</b> 200 West Jackson Blvd., Suite 1600 Chicago, IL 60606	<b>1,328,557,826</b>
<b>MFR Securities</b> 675 3rd Ave New York, NY 10017	<b>269,480,099</b>
<b>Mischler Financial Group</b> 1101 Bayside Drive, Suite 201 Corona del Mar, CA 92625	<b>1,256,561,060</b>
<b>Pacific American Securities</b> 9191 Towne Centre Drive, Suite 406 San Diego, CA 92122	<b>395,000</b>
<b>Penserra Securities LLC</b> 20 Broad Street, Suite 2602 New York, NY 10005	<b>59,949,390</b>
<b>Samuel A Ramirez</b> 61 Broadway, Suite 2924 New York, NY 10006	<b>4,788,450</b>
<b>Williams Capital Group, LP</b> 650 Fifth Avenue, 11th floor New York, NY 10019	<b>114,503,019</b>
<b>Total Par Volume Traded</b>	<b>6,861,749,244</b>

## **Exhibit H. Diversity Fiduciary Policy**

### **Purpose**

This policy defines IMRF's goals for diversity in its senior staff and fiduciaries.

### **Philosophy**

The Illinois Municipal Retirement Fund is committed to diversity in all hiring, employment, and contracting decisions and to providing opportunities for minorities, women and persons with a disability to have a meaningful role at IMRF.

### **Board of Trustees**

IMRF's goal is to achieve diversity through the current Board election process. Trustees are elected by employers, members, and annuitants. No trustees are appointed or hold office ex-officio. The Board of Trustees encourages individuals who qualify as minority to run for the Board of Trustees. In addition, stakeholder groups representing IMRF members and employers are encouraged to seek out qualified minorities to support in all elections for the IMRF Board of Trustees.

### **Senior Staff**

IMRF's goal is that staff diversity levels mirror the external recruiting area. Senior staff consists of directors, managers, supervisors, and team leaders.

IMRF defines its external recruiting area as six northeast Illinois counties – Cook, DuPage, Kane, Lake, McHenry and Will. The population for comparison is taken from the US Census 2000 "total civilian labor force."

IMRF will work to ensure its workforce reflects the recruiting area's population or the population diversity of the recruiting area diversity as reported in the most recent decennial census.

IMRF considers its existing employee population as the primary recruiting base for senior staff positions. By having a diverse staff at all levels of the organization, the Fund offers internal promotion opportunities to reflect diversity on its senior staff.

IMRF has an internal job posting program which requires all open positions to be posted without exception. By providing a variety of training and development programs, all staff members have the opportunity to gain the required education and skills to apply for senior staff openings.

The programs include a tuition reimbursement program, available upon hire; and a Succession Plan Program, with a separate tuition reimbursement program and training programs, with eligibility after two years of employment.

All staff involved in hiring and employment processes, including Human Resources, must perform their roles with highest integrity as required by IMRF's Code of Conduct and Business Ethics policies.

The IMRF Employee Handbook states the following:

IMRF does not tolerate discrimination towards applicants, employees, visitors, or vendors, on the basis of gender, race, color, religion, family status, military and veteran status, disability, sexual orientation, national origin, age, or political beliefs.

Even though IMRF is not subject to annual filing requirements of the Equal Employment Opportunity Commission (EEOC), we will annually complete an "EEO-1 form" to monitor the racial, ethnic and gender diversity of the entire staff.

### **Other Fiduciaries**

In addition to the Board of Trustees and IMRF staff, other third party consultants act as fiduciaries to the Fund. When searching for consultants, IMRF is committed to diversity in hiring such firms. IMRF will also work to ensure that majority firms acting as fiduciaries hire and promote minorities into top management and ownership positions. IMRF will obtain EEO-1 forms from the consultants to monitor the racial, ethnic and gender diversity of their staff and owners.

## **Exhibit I. Purchasing Diversity Policy**

### **Purpose**

The purpose of this policy is to establish a framework for the utilization of businesses owned by minorities, women, and persons with a disability in the procurement activities of the Illinois Municipal Retirement Fund (IMRF).

The goal of the policy is to promote utilization of businesses owned by minorities, women, and persons with a disability in procurement activities.

The objectives of the policy are to:

- Increase competition through a diverse source of suppliers and consultants
- Maintain and strengthen the overall competitiveness of IMRF procurements
- Assure compliance with Illinois statutes

### **Policy**

The IMRF Purchasing Unit strives to insure that members, employers, and taxpayers receive the maximum value for each dollar spent by purchasing products and services from responsive suppliers and consultants at the lowest reasonable cost. The Purchasing Unit manages the bidding process to insure compliance with policies. IMRF is committed to ensuring fair consideration of all suppliers and consultants in its day to day purchase of goods and services. IMRF recognizes that working with a wide range of suppliers and consultants provides an open, competitive and diverse business environment.

It is the policy of the IMRF Board of Trustees to include qualified minority and women owned business enterprises and businesses owned by a person with a disability in the Fund's procurement process and to objectively evaluate all qualified businesses regardless of race, gender or handicap.

IMRF is committed to including firms among prospective providers of purchased goods and services. Special efforts will be made to insure identification of eligible firms for inclusion in the bid process, including monitoring of MWBE-related listings to identify possible Minority-owned contractors and service providers. It is IMRF's policy to take affirmative action to ensure that certified minority-owned, women-owned and disabled-owned business enterprises are given the opportunity to demonstrate their ability to provide the Fund with products and services at competitive prices.

We will ask our vendors to refrain from unlawful discrimination and discrimination based on citizenship status in employment and to undertake affirmative action to assure equality of employment opportunity and compliance with the Department of Human Rights' regulations concerning equal employment opportunities and affirmative action.

Minority-owned firms will be identified using resources such as the City of Chicago Certification and Compliance System MWBE Directory and other public agency resources. All new suppliers and consultants seeking to do business with IMRF will be asked to complete a form to certify the diversity of their business. Ownership of suppliers and consultants will be tracked by the Purchasing Unit. IMRF staff will seek and encourage Minority-owned businesses to submit bids each time IMRF publishes a request for bids or proposals.

IMRF has set a minimum goal of 20% for contracts and purchases from businesses owned by minorities, women, and persons with a disability as a share of all of its contracts and purchases. These goals are based on the percentage of total dollar amount of all purchasing contracts let, excluding building and staff related payments such as postage, rent, travel expenses and insurance premiums.

IMRF typically awards bids to the lowest cost vendor. However, to meet the goals set for this diversity policy bids may be awarded to a vendor other than the low bidder, if it is a Minority-owned vendor and its bid is within 15% or \$10,000 (whichever is lower) of the low bid.

The Purchasing Unit will track the usage of Minority-owned businesses in order to meet the goal and review and analyze it each year. The goal may be modified by IMRF to further increase the usage of Minority-owned businesses as IMRF gains experience and knowledge using the statutory diversity guidelines. These goals shall be reviewed by the IMRF Board of Trustees annually.

All terms used in this policy shall have the same definitions as those found in the Illinois Business Enterprise for Minorities, Women, and Persons with Disabilities Act (30 ILCS 575 et seq.).

## **Exhibit J. 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**

The process for selecting investment consultants will be competitive and open. A search may be started due to the expiration of a contract, termination of an investment consultant or a need to add an investment consultant. A Request for Proposal (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 Executive Director, 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's to identify qualified candidates based solely on the criteria presented in the RFP. Staff may interview all; some or none of the RFP respondents undertake site visits to respondent offices and conduct such other due diligence as is prudent under the circumstances.

Staff will prepare a report and make a recommendation to the Investment Committee during a public meeting of 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.

Staff is required to identify all minority and women 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.

## **Exhibit K. Policy for the Selection of Investment Managers**

### **1. Purpose**

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

### **2. Philosophy**

The Board recognizes the availability of qualified minority, women, 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 handicap.

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

The Board will use 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.

### **3. 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 Proposal (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.

### **4. 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

## **5. 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 Executive Director 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.

## **6. 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 based solely on the criteria presented in the RFP. Staff and consultant may interview all, some or none of the RFP respondents, undertake site visits to respondent offices, and conduct such other due diligence as is prudent under the circumstances. The process may end at this point if there are no qualified candidates among the respondents.

Staff will present the results of the RFP process to the Investment Committee in the form of a written report. This report will be presented during a public meeting. 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 four 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 and associated costs

Staff and consultant are required to identify all minority and women 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.

#### **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 manager including negotiations and execution of the contract.

#### **8. 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.