

# Illinois Municipal Retirement Fund 2018 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 2018 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, 2018, the Illinois Municipal Retirement Fund's market value was \$42.4 billion. IMRF utilizes fifty-one investment managers owned by minorities, women or persons with disabilities ("Minority-owned") to manage \$8.6 billion. This represents 20.47% of the total IMRF investment portfolio across domestic equity, fixed income, international equity, private equity, and real estate asset classes.

During the period of 10/01/2017 to 09/30/2018, IMRF allocated \$1.33 billion to Minority owned firms. The following commitments and allocations were made to Minority-owned firms:

- \$20 million in commitments to Clearlake Capital Partners, a Latino owned firm
- \$15 million in commitments to AUA Fund Capital Partners, a Latino owned firm
- \$50 million in commitments to Valor, a Latino owned firm
- \$100 million in commitments to Vista Equity Partner, an African American owned firm
- \$75 million in commitments to Artemis Real Estate Partners Fund, a Women owned firm
- \$75 million in commitments to Artemis MWBE Spruce Program, a Women owned firm
- \$1.0 billion allocation to Piedmont Investment Advisors, an African American owned firm

The table details the assets under management by asset class and investment manager classification as of 9/30/2018.

Investment Manager Classification	Domestic Equity	International Equity	Fixed Income	Real Estate	Private Equity	Total
African American	\$1,252	\$1,080	\$1,740	\$63	\$614	4,749
Latino	140	67	1,875	200	215	2,498
Asian	-	53	-	22	46	121
Female	-	735	320	217	25	1,297
Disabled	-	-	-	15	-	15
<b>Total</b>	<b>\$1,393</b>	<b>\$1,936</b>	<b>\$3,934</b>	<b>\$517</b>	<b>\$899</b>	<b>\$8,679</b>

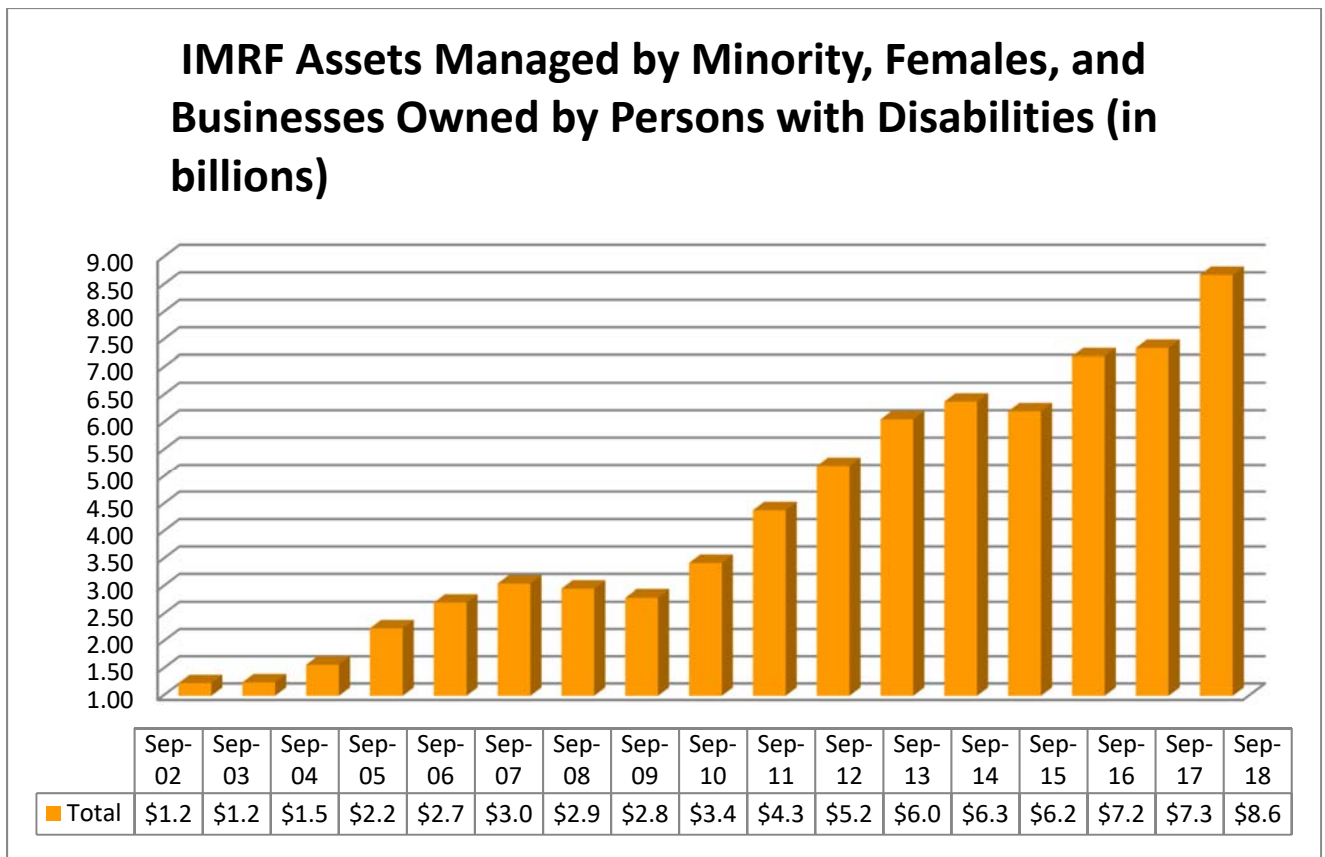
Values shown are in millions.

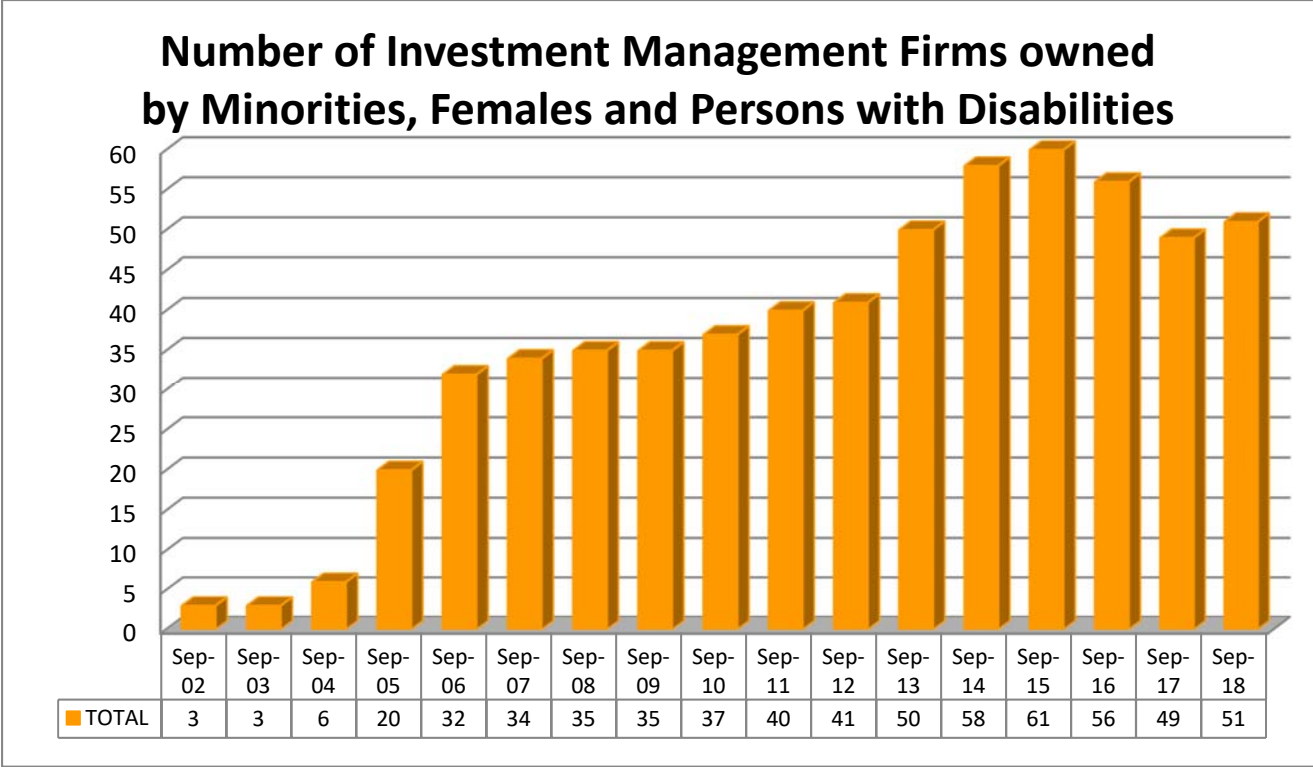
Private Equity and Real Estate values are committed amounts.

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 9/30/2018.

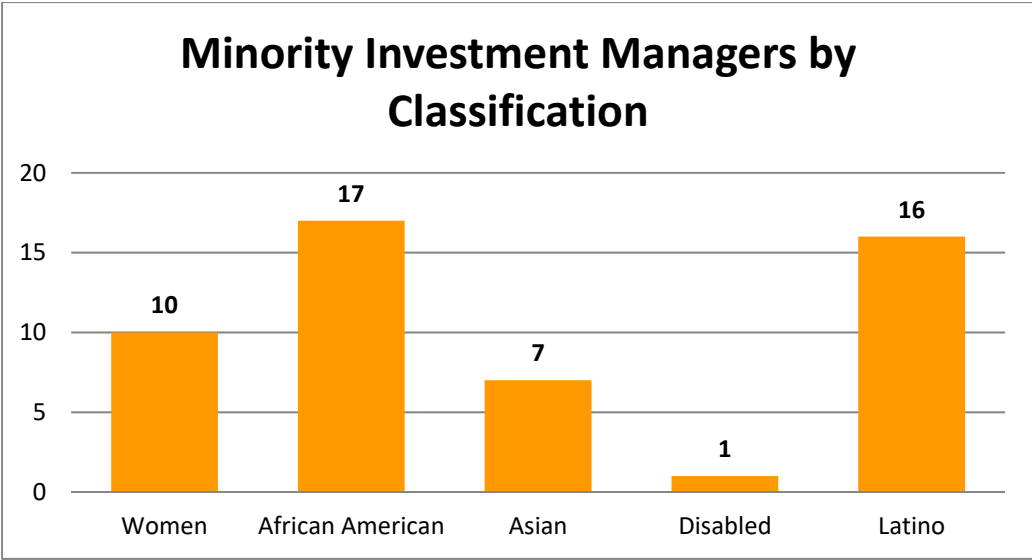
Investment Manager Classification	Assets Under Management (in \$ millions)	% of Total Fund Market Value
African American	4,749	11.2%
Latino	2,498	5.9%
Asian	121	0.3%
Women	1,297	3.1%
Disabled	15	0.04%
<b>Total</b>	<b>\$8,679</b>	<b>20.5%</b>

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 \$8.6 billion over a sixteen year period. Over the same time period, the number of Minority-owned asset managers that manage IMRF’s assets increased from 3 to 51.





As of September 30, 2018, IMRF has allocated capital to fifty-one investment firms that are owned by minorities, women and persons with disabilities. The graph below provides the number of Minority-owned managers by classification.



IMRF’s commitment to diversity and inclusion includes supporting the Emerging and Minority Investment Manager Community. IMRF’s Chief Investment Officer serves on the Board of Directors of CFA Society Chicago, The Robert Toigo Foundation, PREA Foundation and is a

member of SEO LPAC. In addition, an IMRF Investment Officer participated on the ILPA working group focused on diversity and inclusion for Private Equity.

Organizations and events that IMRF has supported include:

- 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 Small and Emerging Manager (SEM) Conference
- New America Alliance (NAA) National Tour
- Cabrera Capital Markets
- Illinois State Treasurer Diversity Forum
- National Association of Investment Companies Annual Conference
- Women's Association of Venture & Equity (WAVE)

Furthermore, IMRF has an open door policy for meeting with investment managers and broker/dealers. IMRF has a dedicated team that focuses on meeting with firms owned by minorities, women and persons with a disability. At these meetings, IMRF Staff provides an overview of the IMRF portfolio, investment 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 \$1.545 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 9/30/2018, the \$312 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. Arga Investment Management	Asian American
2. Ativo Capital Management	Latino
3. Brown Capital Management	African American
4. Glovista Investments	Latino
5. Metis Global Partners	Women
6. Strategic Global Advisors	Women

As of 9/30/2018, the \$883 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. Advent Capital Management	African American
2. GIA Partners	Latino
3. Longfellow Investment Management Co.	Women
4. New Century Advisors	Women
5. Pugh Capital Management	African American
6. Smith Graham & Company	African American
7. Garcia Hamilton & Associates	Latino
8. Ramirez Asset Management	Latino

### **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 \$225 million to the program and \$181.8 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 REP Healthcare Fund I	Women
2. Basis Investment Group	African American
3. CRES Management	Women
4. Jair Lynch Real Estate Partners	African American
5. MCB Real Estate	African American
6. Olympus Property	Latino

### **Manager of Managers Programs**

As of 9/30/2018, 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 9/30/2018, Abbott Capital committed over \$59 million to fourteen funds managed by eight Minority-owned firms. The investment managers and their classifications are listed below.

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



As of 9/30/2018, Pantheon committed over \$32 million to fourteen funds managed by five Minority-owned firms. The investment managers and their classifications are listed below.

<b>Manager</b>	<b>Minority Classification</b>
1. ICV Partners	African American
2. Khosla Ventures	Asian American
3. NMS	Latino
4. Oak HC/FT Partners	Women
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 313 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 thirty minutes to present their firm and its products. Information regarding Callan Connects can be found at <https://www.callan.com/callanconnects/>.

From 10/1/2017 through 9/30/2018, Callan Associates met with eighteen emerging and Minority-owned firms through Callan Connects which were held in San Francisco and in Denver. In total, Callan Associates conducted 92 meetings with Minority-owned firms from 10/1/2017 through 9/30/2018, 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, 2018, 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%	17.4%
Women Owned Businesses	6%	3.0%
Businesses Owned by a Person with a Disability	1%	0.04%
<b>Total</b>	<b>20.0%</b>	<b>20.5%</b>

As of September 30, 2018, 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%	7.3%
International Equity	15.0%	23.2%
Fixed Income	25.0%	36.1%
Real Estate	8.0%	12.8%
Private Equity	15.0%	29.5%
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 Minority Investment Managers by classification and percentage of Total Fund's Market Value as of 9/30/2018.

<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	49.9	0.1%
<b>African American</b>	Real Estate	Basis Investment Group	5.0	0.0%
<b>African American</b>	International Equity	Brown Capital Management	355.0	0.8%
<b>African American</b>	International Equity	Brown Capital Management	77.2	0.2%
<b>African American</b>	Domestic Equity	Channing Capital Management	246.1	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	739.8	1.7%
<b>African American</b>	International Equity	Earnest Partners	647.9	1.5%
<b>African American</b>	Private Equity	ICV Capital Partners III	20.0	0.0%
<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>	Private Equity	ICV Capital Partners IV	3.0	0.0%
<b>African American</b>	Real Estate	Jair Lynch - Takoma Central	23.8	0.1%
<b>African American</b>	Real Estate	Jair Lynch - Half Street	40.0	0.1%
<b>African American</b>	Real Estate	MCB Real Estate	18.0	0.0%
<b>African American</b>	Private Equity	Muller & Monroe	2.6	0.0%
<b>African American</b>	Fixed Income	Piedmont Investment Advisors	739.9	1.7%
<b>African American</b>	Domestic Equity	Piedmont Russell 1000 G	1,006.1	2.4%
<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	145.9	0.3%
<b>African American</b>	Fixed Income	Smith Graham	64.2	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%
<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	0.2%
<b>African American</b>	Private Equity	Vista Equity Partners VI	100.0	0.2%
<b>African American</b>	Private Equity	Vista Equity Partners VII	100.0	0.2%
<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%

Minority Classification	Asset class	Manager Name	Assets Under Management (in \$ millions)	% of Total Fund Market Value
<b>African American</b>	Private Equity	Vistria Fund II	75.0	0.2%
<b>African American</b>	Private Equity	Vistria Fund II	3.0	0.0%
<b>Total African American</b>			<b>\$4,772</b>	<b>11.3%</b>
<b>Latino</b>	Domestic Equity	Ativo Capital Management	140.4	0.3%
<b>Latino</b>	International Equity	Ativo Capital Management	39.3	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	Clearlake Capital Partners V	20.0	0.0%
<b>Latino</b>	Private Equity	Clearlake Capital Partners V	1.7	0.0%
<b>Latino</b>	Private Equity	Estancia Capital Partners	5.0	0.0%
<b>Latino</b>	Fixed Income	Garcia Hamilton & Associates	725.3	1.7%
<b>Latino</b>	Fixed Income	Garcia Hamilton & Associates	65.6	0.2%
<b>Latino</b>	Fixed Income	GIA Partners	139.7	0.3%
<b>Latino</b>	International Equity	Glovista Investments	28.1	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	846.1	2.0%
<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>	Private Equity	New Mainstream Capital III	4.3	0.0%
<b>Latino</b>	Private Equity	New Mainstream Capital III	3.0	0.0%
<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%
<b>Latino</b>	Real Estate	Olympus Property	45.0	0.1%
<b>Latino</b>	Fixed Income	Ramirez Asset Management	97.9	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>Latino</b>	Private Equity	Valor M33 II	50.0	0.1%
<b>Total Latino</b>			<b>\$2,498</b>	<b>5.9%</b>
<b>Asian</b>	International Equity	Arga Investments	52.8	0.1%

Minority Classification	Asset class	Manager Name	Assets Under Management (in \$ millions)	% of Total Fund Market Value
Asian	Real Estate	GreenOak U.S.	11.7	0.0%
Asian	Real Estate	GreenOak Co-Investment	2.9	0.0%
Asian	Private Equity	Khosla Ventures Seed, L.P.	0.2	0.0%
Asian	Private Equity	Khosla Ventures III	0.7	0.0%
Asian	Private Equity	Khosla Ventures IV	1.1	0.0%
Asian	Private Equity	Khosla Ventures Seed B, L.P.	1.1	0.0%
Asian	Private Equity	Khosla Ventures Seed C, L.P.	2.3	0.0%
Asian	Private Equity	Khosla Ventures V	2.3	0.0%
Asian	Private Equity	Mayfield Fund XIV	5.0	0.0%
Asian	Private Equity	Mayfield XV	10.0	0.0%
Asian	Private Equity	Mayfield Select	10.0	0.0%
Asian	Real Estate	Noble Hospitality Fund II	7.4	0.0%
Asian	Private Equity	Storm Ventures V	4.0	0.0%
Asian	Private Equity	Vivo Capital VIII	3.5	0.0%
Asian	Private Equity	Vivo Ventures VII	6.0	0.0%
<b>Total Asian</b>			<b>\$121</b>	<b>0.3%</b>
Women	Private Equity	1315 Healthcare Fund	3.5	0.0%
Women	Private Equity	1315 Healthcare Fund II	4.0	0.0%
Women	Real Estate	Artemis MWBE Spruce Program	43.2	0.1%
Women	Real Estate	Artemis RE Partners Healthcare Fund I	25.0	0.1%
Women	Real Estate	Artemis RE Partners Healthcare Fund I	25.0	0.1%
Women	Real Estate	Artemis Real Estate Partners Fund III	75.0	0.2%
Women	Private Equity	Canvas Ventures 2	3.5	0.0%
Women	Real Estate	CRES Management	25.0	0.1%
Women	International Equity	GlobeFlex Capital	620.4	1.5%
Women	Fixed Income	Longfellow Investment Management	153.4	0.4%
Women	International Equity	Metis Global Partners	37.4	0.1%
Women	Fixed Income	New Century Advisors	166.6	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	77.6	0.2%
<b>Total Women</b>			<b>\$1,274</b>	<b>3.0%</b>

Minority Classification	Asset class	Manager Name	Assets Under Management (in \$ millions)	% of Total Fund Market Value
<b>Disabled</b>	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>\$8,680</b>	<b>20.5%</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 six 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, 2018, 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>8.8%</b>
Women Owned Businesses	6%	<b>2.6%</b>
Businesses Owned by a Person with a Disability	1%	<b>0.04%</b>
<b>Total</b>	<b>20.0%</b>	<b>12.9%</b>

As of September 30, 2018, 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%	2.0%
International Equity	15.0%	10.5%
Fixed Income	25.0%	13.8%
Real Estate	4.0%	12.8%
Private Equity	10.0%	15.0%
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 9/30/2018.

Minority Classification	Asset class	Manager Name	Assets Under Management (in \$ millions)	% of Total Fund Market Value
African American	Fixed Income	Advent Capital	49.9	0.1%
African American	Real Estate	Basis Investment Group	5.0	0.0%
African American	Domestic Equity	Channing Capital Management	246.1	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	0.0%
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	Private Equity	ICV Capital Partners IV	3.0	0.0%
African American	Real Estate	Jair Lynch - Takoma Central	23.8	0.1%
African American	Real Estate	Jair Lynch - Half Street	40.0	0.1%
African American	Real Estate	MCB Real Estate	18.0	0.0%
African American	Private Equity	Muller & Monroe	2.6	0.0%
African American	Fixed Income	Progress Investment Management	-	-
African American	International Equity	Progress Investment Management	-	-
African American	Fixed Income	Pugh Capital Management	145.9	0.3%
African American	Fixed Income	Smith Graham	64.2	0.2%
African American	Private Equity	Smith Whiley III	1.6	0.0%

Minority Classification	Asset class	Manager Name	Assets Under Management (in \$ millions)	% of Total Fund Market Value
African American	Private Equity	Vistria Fund	15.0	0.0%
African American	Private Equity	Vistria Fund	3.1	0.0%
African American	Private Equity	Vistria Fund II	75.0	0.2%
African American	Private Equity	Vistria Fund II	3.0	0.0%
<b>Total African American</b>			<b>\$766</b>	<b>1.8%</b>
Latino	Domestic Equity	Ativo Capital Management	140.4	0.3%
Latino	International Equity	Ativo Capital Management	39.3	0.1%
Latino	Private Equity	AUA Private Equity Fund	5.0	0.0%
Latino	Private Equity	Clearlake Capital Partners III	7.5	0.0%
Latino	Private Equity	Clearlake Capital Partners V	20.0	0.0%
Latino	Private Equity	Clearlake Capital Partners V	1.7	0.0%
Latino	Private Equity	Estancia Capital Partners	5.0	0.0%
Latino	Fixed Income	GIA Partners	139.7	0.3%
Latino	International Equity	Glovista Investments	28.1	0.1%
Latino	Private Equity	Hispania Private Equity Fund II	1.6	0.0%
Latino	Real Estate	Hudson Realty Capital V	11.7	0.0%
Latino	Fixed Income	LM Capital Group	846.1	2.0%
Latino	Real Estate	Long Wharf RE Partners IV	13.7	0.0%
Latino	Real Estate	Long Wharf RE Partners V	30.0	0.1%
Latino	Private Equity	New Mainstream Capital II	5.0	0.0%
Latino	Private Equity	New Mainstream Capital II	4.5	0.0%
Latino	Private Equity	New Mainstream Capital II	2.3	0.0%
Latino	Private Equity	New Mainstream Capital III	25.0	0.1%
Latino	Private Equity	New Mainstream Capital III	4.3	0.0%
Latino	Private Equity	New Mainstream Capital III	3.0	0.0%
Latino	Real Estate	Oak Street Real Estate Capital III	25.0	0.1%
Latino	Real Estate	Oak Street Real Estate Capital IV	75.0	0.2%
Latino	Real Estate	Olympus Property	45.0	0.1%
Latino	Fixed Income	Ramirez Asset Management	97.9	0.2%
Latino	Private Equity	Valor Equity Partners III	5.0	0.0%
Latino	Private Equity	Valor Equity Partners IV	75.0	0.2%
Latino	Private Equity	Valor M33 II	50.0	0.1%
<b>Total Latino</b>			<b>\$1,707</b>	<b>4.0%</b>
Asian	International Equity	Arga Investments	52.8	0.1%
Asian	Real Estate	GreenOak U.S.	11.7	0.0%



Minority Classification	Asset class	Manager Name	Assets Under Management (in \$ millions)	% of Total Fund Market Value
Asian	Real Estate	GreenOak Co-Investment	2.9	0.0%
Asian	Private Equity	Khosla Ventures Seed, L.P.	0.2	0.0%
Asian	Private Equity	Khosla Ventures III	0.7	0.0%
Asian	Private Equity	Khosla Ventures IV	1.1	0.0%
Asian	Private Equity	Khosla Ventures Seed B, L.P.	1.1	0.0%
Asian	Private Equity	Khosla Ventures Seed C, L.P.	2.3	0.0%
Asian	Private Equity	Khosla Ventures V	2.3	0.0%
Asian	Private Equity	Mayfield Fund XIV	5.0	0.0%
Asian	Private Equity	Mayfield XV	10.0	0.0%
Asian	Private Equity	Mayfield Select	10.0	0.0%
Asian	Real Estate	Noble Hospitality Fund II	7.4	0.0%
Asian	Private Equity	Storm Ventures V	4.0	0.0%
Asian	Private Equity	Vivo Capital VIII	3.5	0.0%
Asian	Private Equity	Vivo Ventures VII	6.0	0.0%
<b>Total Asian</b>			<b>\$121</b>	<b>0.3%</b>
<b>Women</b>	Private Equity	1315 Healthcare Fund	3.5	0.0%
<b>Women</b>	Private Equity	1315 Healthcare Fund II	4.0	0.0%
<b>Women</b>	Real Estate	Artemis MWBE Spruce Program	43.2	0.1%
<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>	Real Estate	Artemis Real Estate Partners Fund III	75.0	0.2%
<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	620.4	1.5%
<b>Women</b>	International Equity	Metis Global Partners	37.4	0.1%
<b>Women</b>	Fixed Income	New Century Advisors	166.6	0.4%
<b>Women</b>	Private Equity	Oak HC/FT	4.5	0.0%
<b>Women</b>	Private Equity	Oak HC/FT II	4.3	0.0%
<b>Women</b>	Private Equity	Oak HC/FT	2.3	0.0%
<b>Women</b>	Private Equity	Oak HC/FT II	3.0	0.0%
<b>Women</b>	International Equity	Strategic Global Advisors	77.6	0.2%
<b>Total Women</b>			<b>\$1,120</b>	<b>2.6%</b>
<b>Disabled</b>	Real Estate	Newport Capital Partners I, L.P.	14.9	0.04%
<b>Total Disabled</b>			<b>\$15</b>	<b>0.04%</b>

Minority Classification	Asset class	Manager Name	Assets Under Management (in \$ millions)	% of Total Fund Market Value
<b>Total Assets Managed by Emerging Minority-Owned Firms</b>			<b>\$3,729</b>	<b>8.8%</b>

The table below lists the Minority-owned investment manager activity for the one year period ending 9/30/2018.

Action	Asset Class	Classification	Manager Name	Assets (\$millions)	Board Approval or Allocation Date
Committed Capital	Private Equity	Latino	Clearlake Capital Partners Fund V	20	11/17/2017
Committed Capital	Private Equity	Latino	AUA Fund	15	2/3/2018
Committed Capital	Private Equity	Latino	Valor M33 II	50	5/18/2018
Committed Capital	Private Equity	African American	Vista Partners VII	100	5/18/2018
<b>Total Private Equity</b>				<b>\$185</b>	
Committed Capital	Real Estate	Female	Artemis RE Fund III	75	11/17/2017
Committed Capital	Real Estate	Female	Artemis MWBE Spruce	75	1/1/2018
<b>Total Real Estate</b>				<b>\$150</b>	
New Hire via RFP	Domestic Equity	African American	Piedmont Russell 1000G Index	1000	2/23/2018
<b>Total Domestic Equity</b>				<b>\$1,000</b>	
Full Withdrawal (mandate change)	Domestic Equity	Latino	Ativo Micro Cap	-136	8/24/2018
<b>Total Domestic Equity</b>				<b>-\$136</b>	
Allocated Capital (mandate change)	International Equity	Latino	Ativo International Developed	136	8/24/2008
<b>Total International Equity</b>				<b>\$136</b>	

## 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, 2018.

<b>Asset Class</b>	<b>Minimum Goal</b>	<b>Actual Percentage</b>
U.S. Equities	25.00%	35.54%
U.S. Large-Cap Equities	30.00%	45.89%
International Equities	20.00%	34.93%
International Small-Cap Equities	5.00%	19.11%
Global Listed Infrastructure	20.00%	22.32%
U.S. Micro-Cap Equities	10.00%	34.18%
Equity Commingled Accounts	Best Efforts	1.87%
Emerging Market Equities <sup>1</sup>	5.00%	0.00%
<b>Total Equities</b>		<b>27.60%</b>

<b>Asset Class</b>	<b>Minimum Goal</b>	<b>Actual Percentage</b>
Fixed Income	22.00%	40.29%
High Yield Bonds <sup>2</sup>	5.00%	8.95%
Emerging Market Debt	Best Efforts	0.00%
Fixed Income Commingled Accounts	Best Efforts	0.11%
Opportunistic Strategies <sup>1</sup>	Best Efforts	0.00%
Bank Loans <sup>2</sup>	Best Efforts	0.00%
<b>Total Fixed Income</b>		<b>5.19%</b>

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

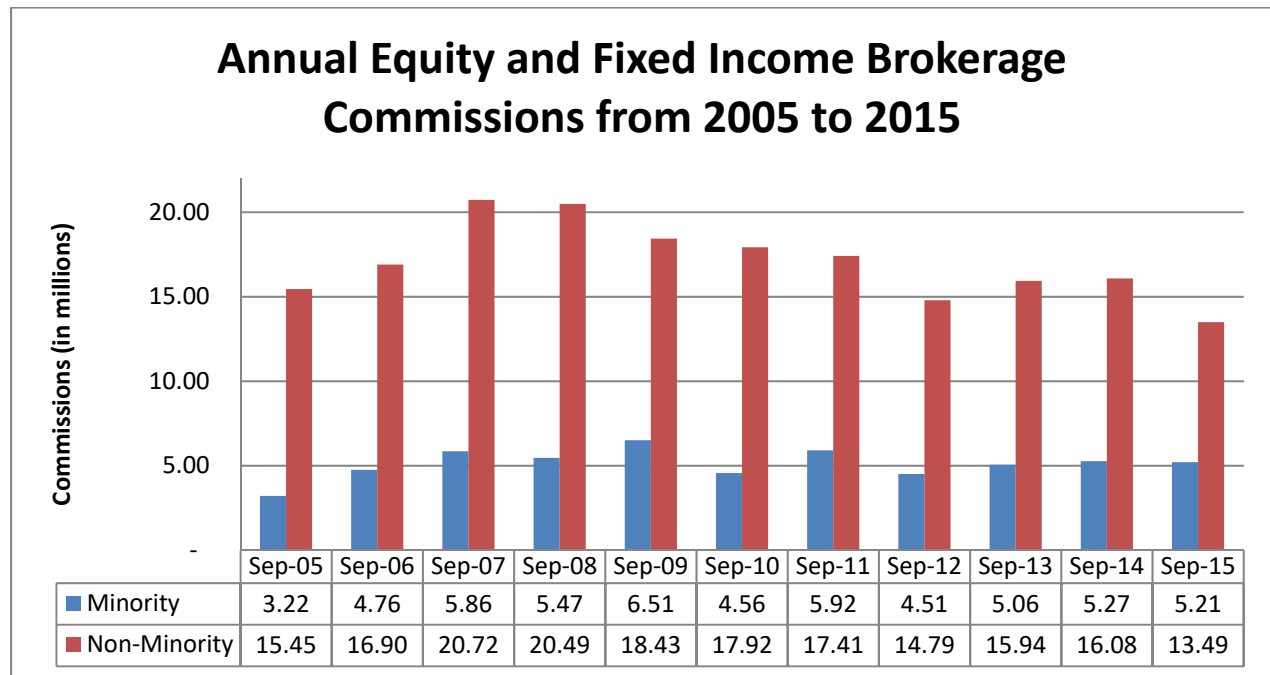
<sup>2</sup> - Pyramis High Yield mandate was terminated on 03/2014.

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, 2018, \$3.57 million, or 26.47% 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, 3.7 billion or 4.96% 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, 2017 and September 30, 2018.

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

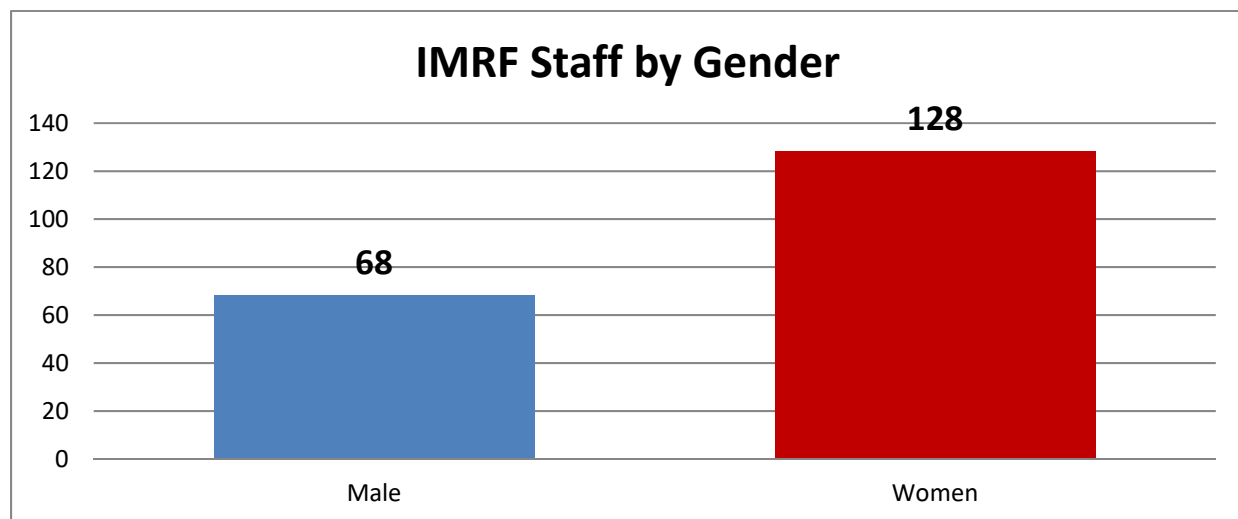
In its ongoing dedication to diversity principles, IMRF has adopted goals for increasing the racial, ethnic, and gender diversity of its fiduciaries, including its consultants and senior staff. The policy is provided in Exhibit H.

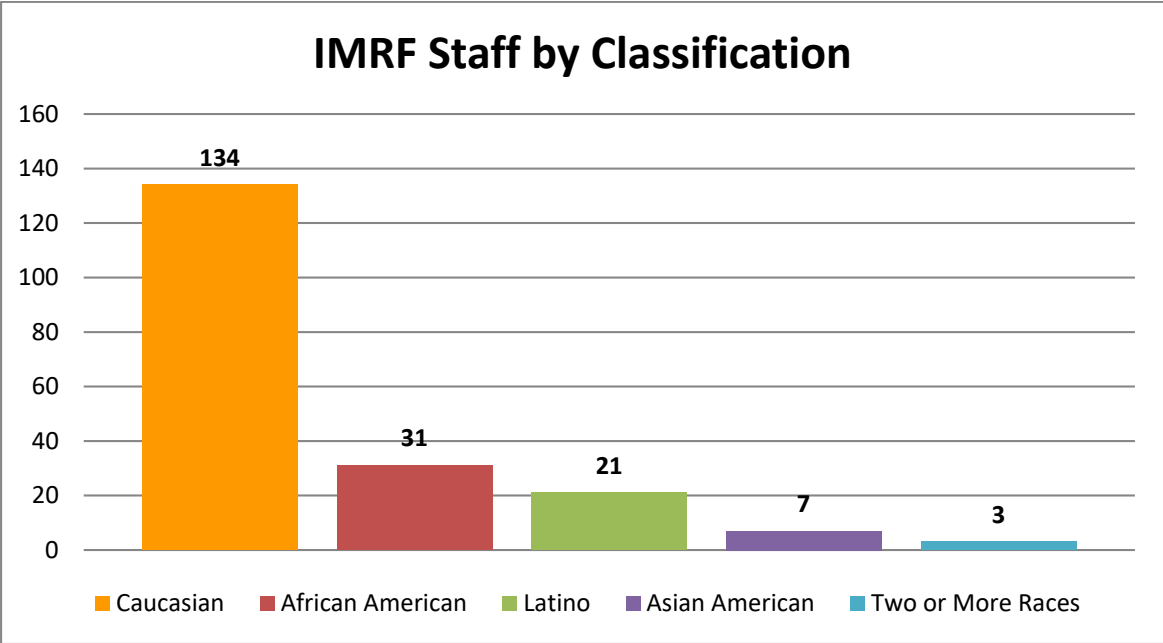
For the Board of Trustees, IMRF encourages individuals who qualify as minorities, women or a person with a disability to run for election to the Board of Trustees. IMRF trustees are elected by employers, members, and annuitants. Trustees are not appointed nor hold office ex-officio. As of 9/30/2018, the IMRF Board of Trustees is comprised of eight individuals of whom six 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 9/30/2018, IMRF's investment consultant, Callan Associates, has a staff of 191 individuals of which 107 or 56% are minorities and women.

IMRF's goal for senior staff is to mirror the diversity found in the external recruiting area. From 10/01/2017 through 09/30/2018, IMRF experienced five departures from our senior staff (two non-minority women and three non-minority males). During the same time period, IMRF hired two external candidates to senior staff positions (two non-minority males) and internally promoted three employees to senior staff positions (one minority woman and two non-minority women). The resulting number of women and minorities in senior staff positions remains in line with progress towards our diversity goals. These goals will be reviewed annually.

As of 9/30/18, IMRF had a total of 196 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 (diverse 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 disability.

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 purchased goods and services, excluding building and staff related payments such as postage, rent (utilities), insurance premiums and travel expenses.

The Procurement Unit carefully 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 diverse owned businesses. The Procurement Unit added eight diverse owned businesses to the vendor database in 2018, and utilized twenty-three different diverse owned vendors during the past year. The IMRF Board of Trustees approved a policy whereby diverse owned vendors can be selected as the winning bidder if their bid is up to 15% more than non-diverse owned vendors. This increases our utilization of diverse owned vendors. These progressive practices and policies help us towards the achievement of our 20% utilization goal. As of 9/30/2018, IMRF's utilization of diverse owned businesses was 28% 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 diverse owned businesses as IMRF continues to gain experience and knowledge using the diverse 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 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  
415-512-3480  
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**

Tom Clarkson

Principal

1095 Avenue of Americas, 24th Floor

New York, New York 10036

212-205-2000

tom.clarkson@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, 2018

1. 6S Alternatives LLC
2. Abaris Asset Management LLC.
3. Adelante Capital Management LLC
4. Advent Capital Management, LLC
5. Affinity Investment Advisors Inc.
6. Alethea Capital Management, LLC
7. Alpha Capital Partners
8. AltraVue Capital, LLC
9. Ambassador Capital Management
10. American Private Equity Group, LLC
11. AmerIsrael Capital Management, LLC
12. Amero Global Investors
13. Anchor Investment Partners LLC
14. Applied Research Investments, LLC
15. APS Asset Management Private Limited
16. Aqua Investment Management, LLC
17. Aquila Infrastructure Management, Inc.
18. Arborist Capital, LLC
19. ARGA Investment Management, LP
20. Argus Investors' Counsel, Inc.
21. Ariel Investments, LLC
22. ARK Investment Management LLC
23. ARP Americas LP
24. Artemis Real Estate Partners
25. Athena Global Investors LLC
26. Ativo Capital Management
27. Attucks Asset Management, LLC
28. Avanath Capital Partners
29. Aventis Asset Management, LLC
30. Belay Investment Group
31. Bilgili Holding
32. BirdRock Asset Management
33. Bivium Capital Partners, LLC
34. Black Knight Asset Management, LLC
35. Blackcrane Capital, LLC
36. Blue Cloud Ventures
37. BlueCreek Investment Partners, LLC
38. Boston Common Asset Management LLC
39. Bowling Portfolio Management, Inc.
40. Bretwood Capital Partners, LLC
41. Briarwood Chase Management LLC
42. Brightwood Capital Advisors, LLC
43. Brown Capital Management, LLC
44. Buford Dickson Harper & Sparrow
45. Cabrera Capital Partners, LLC
46. Cadinha & Company, LLC
47. Callan - Internal
48. Cameron Capital Management
49. Campbell Newman Asset Management, Inc.
50. Canopy Investment Advisors
51. Capital Commercial Investments
52. Capital Innovations, LLC
53. Capital Management Associates, LLC
54. Capital Prospects LLC
55. Capital REIT Investments LLC
56. Capri/Capital Advisors
57. Cartica Management, LLC
58. Cascade Partners, LLC
59. Castile Ventures
60. Cauldron Investment Co., LLC
61. Cerner Capital Management
62. Champion Capital Research, Inc.
63. Channing Capital Management, LLC
64. Chess Capital Partners
65. Cheswold Lane Asset Management, LLC
66. ChrisKen Management
67. Christmas Corporation
68. Citizens Advisers
69. CityView
70. Claremont Investment Partners LLC
71. Clear Alternatives LLC
72. CLearnmark Partners, LLC
73. Collins Capital
74. Compass Group
75. Concerto Asset Management, LLC
76. Concordius Capital Advisors LLC

77. Conquest Strategies, LLC
79. Contrarian Capital Management, L.L.C.
81. Core Capital Management LLC
83. Cutler & Company LLC
85. Daruma Capital Management, LLC
87. Davis, Ross, McGee & McCauley Investment Advisors, LLC
89. Denali Advisors LLC
91. Desai Capital Management, LLC
93. Domini Impact Investments LLC
95. Eachwin Capital, LP
97. Eastlight Capital Management, LLC
99. EDIN Opportunity Fund, LLC
101. Empiric Institutional
103. ENDEX Capital Management, LLC
105. Fairbanks Investment Fund
107. Falcon Bridge Capital, LLC
109. FB Lake LLC
111. FIS Group, Inc.
113. Fithian LLC
115. Fortaleza Asset Management, Inc.
117. Garcia Hamilton & Associates
119. Gerding Edlen
121. Gilman Hill Asset Management, LLC
123. Glovista Investments LLC
125. GQG Partners LLC
127. Graham & Dodd Fund LLC (The)
129. Greenfield Seitz Capital Management, LLC
131. Gries Financial LLC
133. Hahn Capital Management
135. Hanseatic Management Services, Inc.
137. HAS Capital, LLC
139. HCM Investors, Incorporated
141. Heard Capital LLC
143. High Pointe Capital Management
145. Holland Capital Management
147. Hoover Investment Management
149. HP Capital Venture, LLC
151. Hughes Capital Management, Inc.
153. Inroads Capital Management, LLC
155. Ivory Investment Management, LLC
157. Johnson's Global Advisors Corp.
159. K.M. Moore & Co., LLC
161. Kapstream Capital
78. Consilium Investment Management
80. Cordillera Investment Partners, LLC
82. Credo Capital Management, LLC
84. Cutler Investment Counsel, LLC
86. Dash Acquisitions LLC
88. Decatur Capital Management, Inc.
90. Dermot Company, Inc. (The)
92. DG Capital Management, Inc.
94. Drexel Hamilton Investment Partners
96. EARNEST Partners, LLC
98. Edgar Lomax Company (The)
100. Effissimo Capital Management Pte Ltd
102. Emys Capital, LLC
104. ETHIKA INVESTMENTS
106. Fairpointe Capital LLC
108. Fan Asset Management
110. First Fiduciary Investment Counsel, Inc.
112. Fisher Lynch Capital, LLC
114. Foresight Global Investors, Inc.
116. Frontier Global Partners, LLC
118. Gaw Capital Partners
120. GIA Partners, LLC
122. GlobeFlex Capital, L.P.
124. Goode Investment Management, Inc.
126. Grace Capital
128. Granite Springs Asset Management LLC
130. GreenOak Real Estate Advisors LP
132. Griffin Asset Management, Inc.
134. Hanoverian Capital, LLC
136. Hardman Johnston Global Advisors LLC
138. Haven Global Partners, LLC
140. Headhaul Capital Partners LLC
142. Herndon Capital Management, LLC
144. Hinoki Capital Management, LLC
146. Hollencrest Capital Management
148. Howland and Associates, LLC
150. Hudson Realty Capital
152. Industry Capital
154. Intergeneration Capital Management
156. John Hsu Capital Group, Inc.
158. Julex Capital Management, LLC
160. Kabouter Management, LLC
162. Keel Asset Management, LLC

163. KJ Capital Management LLC
165. KRA Capital Management, Inc.
167. Lasair Capital LLC
169. Leading Edge Investment Advisors, LLC
171. Leeb Capital Management, Inc.
173. Lesa Sroufe & Co., Inc.
175. Lizard Investors LLC
177. Loja Group LLC
179. Longfellow Investment Management Co.
181. Longwell Company
183. Manhattan West Asset Management, LLC
185. Martin Investment Management, LLC
187. Matterhorn Capital Management, LLC
189. MBS Mantra, LLC
191. MD Witter Investments, LLC
193. Metis Global Partners
195. Midway Capital Research & Management, LLC
197. Mission Creek Capital Partners, Inc.
199. Morningside Asset Management LLC
201. Muller & Monroe Asset Management, LLC
203. Natura Capital LLC
205. Neosho Capital LLC
207. New Century Advisors, LLC
209. Newport Capital Partners
211. Nicholas Investment Partners
213. Nile Capital Management, LLC
215. Oak Associates
217. OakBrook Investments, LLC
219. One Stone Global
221. Opus Capital Management Inc.
223. Palisades Investment Partners, LLC
225. Paradigm Capital Management, Inc.
227. Parlan Financial Corporation
229. Payden & Rygel
231. Pennybacker Capital, LLC
233. Perennial Capital Advisors, LLC
235. Phoenix Property Investors
237. Pillar Pacific Capital Management, LLC
239. Pluscios Management LLC
241. Princeton Alternative Investments
243. Profit Investment Management
245. Progress Investment Management Company
247. Pugh Capital Management Inc.
164. Kohala Capital Partners, LLC
166. Lanin Partners SpA
168. Lauren Templeton Capital Management, LLC
170. Lebenthal Asset Management, LLC
172. Legato Capital Management LLC
174. Lisanti Capital Growth, LLC
176. LM Capital Group, LLC
178. Long Wharf Capital LLC
180. Longpoint Realty Partners
182. Loop Capital Investment Management
184. Mar Vista Investment Partners
186. Matarin Capital Management, LLC
188. MayfieldGentry Realty Advisors, LLC
190. MC Credit Partners LP
192. Metis Capital Management Ltd.
194. Metropolitan Capital Strategies, LLC
196. Mirae Asset Global Investments (USA), LLC
198. Moonstone Asset Management, Inc.
200. Mosser Capital Management, LLC
202. Native American Fund Advisors, LLC
204. Neon Liberty Capital Management, LLC
206. New Amsterdam Partners LLC
208. Newbrook Capital Advisors LP
210. Nicholas Company, Inc.
212. Nichols Asset Management LLC
214. NorthShore Advisors LLC
216. Oak Street Real Estate Capital, LLC
218. Octagonal Capital Partners, LP
220. Optimal Asset Management
222. Palisade Investment Partners Limited
224. Paradigm Asset Management, LLC
226. Parkway Capital Investors II, L.P.
228. Patton Hall, LLC
230. Pendo LLC
232. Penserra Capital Management LLC
234. Phocas Financial Corp.
236. Piedmont Investment Advisors, LLC
238. PIPV Capital, LP
240. Prendergast Capital Management
242. Princeton Asset Management LLC
244. ProForza Advisors LLC
246. Provident Group
248. PVG Asset Management

- 249. QVT Mount Auburn Capital, LP
- 251. RAYS Capital Partner Limited
- 253. Red Oak Capital Fund, LLC
- 255. Renaissance Capital
- 257. Rock Creek Group, LLC (The)
- 259. Runde & Co. LLC
- 261. RVX Asset Management, LLC.
- 263. San Juan Asset Management Inc.
- 265. Seamax Capital Management LLC
- 267. Semper Capital Management, L.P.
- 269. Silva Capital Management LLC
- 271. Sky Investment Counsel
- 273. South Texas Money Management, Ltd.
- 275. Sperry Capital Partners, LLC
- 277. SRC Capital Management, LLC
- 279. StoneRidge Investment Partners, LLC
- 281. Strategic Development Investments, LLC
- 283. Strategic Value Partners, LLC
- 285. Sutton Place Capital Management LLC
- 287. Tanaka Capital Management Inc.
- 289. Thomson, Horstmann & Bryant, Inc.
- 291. Tristan Capital Partners
- 293. TZA Realty Advisors
- 295. United Investment Managers
- 297. VICAR Capital Advisors
- 299. Vision Capital Management, Inc.
- 301. Wada Capital Management, LLC
- 303. Wall Street Associates
- 305. Waypoint Asset Management LLC.
- 307. Williams Capital Management, LLC
- 309. WRC Advisors, LLC
- 311. Zeo Capital Advisors
- 313. Zevin Asset Management
- 250. Ramirez Asset Management, LLC
- 252. Red Ivy Capital, LLC
- 254. Redwood Investments, LLC
- 256. Robinson Value Management, Ltd.
- 258. Rondure Global Advisors
- 260. Runnymede Capital Management, Inc.
- 262. Salus Capital Management, Inc.
- 264. Sapience Investments, LLC
- 266. Seedling Capital, LLC
- 268. Sera Capital Management, LLC
- 270. Sit Investment Associates, Inc.
- 272. Smith Graham & Co. Investment Advisors, L.P.
- 274. Spence Asset Management Inc.
- 276. SPI Strategies, LLC
- 278. Stillwater Asset Management, LLC
- 280. StoneRidge PMG Advisors, LLC
- 282. Strategic Global Advisors
- 284. Suffolk Capital Management, Inc.
- 286. Swarthmore Group, Inc. (The)
- 288. ThirtyNorth Investments, LLC
- 290. Trinity Street Asset Management
- 292. Turning Rock Partners, L.P.
- 294. Unimar Financial Services, LLC
- 296. UrbanAmerica Principals III, LLC
- 298. Victoria Capital Management, Inc.
- 300. W3 Partners, LLC
- 302. Walker Reynolds, LLC
- 304. Washington Square Capital Management, LLC
- 306. Weatherly Asset Management
- 308. Wolf Asset Management
- 310. Xavier Capital Management, LLC
- 312. Zevenbergen Capital Investments LLC

**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*	8%
Private Equity*	15%
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, 2018**

**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

**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

**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

**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

**Muller & Monroe Asset Management, LLC**

180 N. Stetson Avenue, Suite 1320

Chicago, IL 60601

**New Century Advisors, LLC**

2 Wisconsin Circle, Suite 940

Chevy Chase, MD 20815

**New MainStream Capital, LLC**

77 Water Street, 26th Floor

New York, NY 10005

**Newport Capital Partners**

350 North LaSalle, Suite 700

Chicago, IL 60654

**Noble Investment Group**

3424 Peachtree Road NE

Atlanta, GA 30326

**Oak HC/FT Partners**

3 Pickwick Plaza, Suite 302

Greenwich, CT 06830

**Oak Street Real Estate Capital, LLC**

125 South Wacker Drive, Suite 1220

Chicago, IL 60606

**Olympus Property**

500 Throckmorton Street, Suite 300

Fort Worth, TX 76102

**Piedmont Investment Advisors, LLC**

2605 Meridian Parkway, Suite 105

Durham, NC 27713

**Progress Investment Management Company, LLC**

33 New Montgomery Street, Suite 1900

San Francisco, CA 94105

**Pugh Capital Management Inc.**

520 Pike Street, Suite 2900  
Seattle, WA 98101

**Ramirez Asset Management Inc.**

61 Broadway, 29th Floor  
New York, NY 10006

**Smith Graham**

6900 JPMorgan Chase Tower  
600 Travis Street  
Houston, TX 77002

**Smith Whiley & Company**

37 Jerome Avenue, Suite Two  
Bloomfield, CT 06002

**Storm Ventures, LLC**

3000 Sand Hill Road, Bldg. 4, Suite 210  
Menlo Park, CA 94025

**Strategic Global Advisors, LLC**

100 Bayview Circle, Suite 650  
Newport Beach, CA 92660

**Valor Equity Partners**

875 North Michigan Ave, Suite 3214  
Chicago, IL 60611

**Vista Equity Partners, LLC**

401 Congress Avenue, Suite 3100  
Austin, TX 78701

**Vistria Group, LP**

300 East Randolph, Suite 4030  
Chicago, IL 60601

**Vivo Capital, LLC**

575 High Street, Suite 201  
Palo Alto, CA 94301

## **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 the following factors:

1. satisfy IMRF's goals for utilization of 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.\*

*\*IMRF may allow current investment managers a limited transition period to effectuate this guideline change.*

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 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:

Asset Class	2018 Minimum Goal
U.S. Equities	25%
U.S. Large-Cap Equities	30%
U.S. Micro-Cap Equities	10%
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, 2017 - September 30, 2018

<b>Andes Capital</b> 205 W. Wacker Drive, Suite 1804 Chicago, IL 60606	<b>\$61,803</b>
<b>Blaylock Robert Van, LLC</b> 208 S. LaSalle Street, Suite 1331 Chicago, IL 60604	<b>\$136,255</b>
<b>Cabrera Capital Markets</b> 10 South LaSalle Street, Suite 1050 Chicago, IL 60603	<b>\$86,126</b>
<b>Capital Institutional Services</b> 1601 Elm Street, Suite 3900 Dallas, TX 75201	<b>\$320,288</b>
<b>CL King &amp; Associates</b> One Liberty Square, 5th Floor Boston, MA 02109	<b>\$105,516</b>
<b>Divine Capital Markets</b> 39 Broadway, 36th Floor New York, NY 10006	<b>\$6,637</b>
<b>Drexel Hamilton</b> 2000 Market Street, Suite 780 Philadelphia, PA 19103	<b>\$820,641</b>
<b>FIG Group</b> 3710 Rawlins Street, Suite 975 Dallas, TX 75219	<b>\$266,214</b>
<b>Loop Capital Markets</b> 200 West Jackson Blvd., Suite 1600 Chicago, IL 60606	<b>\$597,367</b>
<b>Mischler Financial Group</b> 1101 Bayside Drive, Suite 201 Corona del Mar, CA 92625	<b>\$159,241</b>
<b>North South Capital</b> 200 W. Adams Street, Suite 2230 Chicago, IL 60606	<b>\$234,131</b>
<b>Penserra Securities LLC</b> 20 Broad Street, Suite 2602 New York, NY 10005	<b>\$421,147</b>

<b>Samuel A Ramirez</b> 61 Broadway, 29th Floor New York, NY 10006	<b>\$2,134</b>
<b>Sturdivant &amp; Co</b> Plaza 1000 at Main St., Suite 200 Voorhees, NJ 08043	<b>\$76,957</b>
<b>Telsey Advisory Group</b> 535 Fifth Avenue, 12th Floor New York, NY 10017	<b>\$139,521</b>
<b>Thomas Reynolds</b> 45 Broadway, 31st Floor New York, NY 10006	<b>\$18,619</b>
<b>Tribal Capital Markets</b> 405 Lexington Ave, 54th Floor New York, NY 10174	<b>\$13,404</b>
<b>Vandham Securities</b> 50 Tice Blvd. Woodcliff Lake, NJ 07677	<b>\$30,381</b>
<b>Williams Capital Group, LP</b> 650 Fifth Avenue, 11th floor New York, NY 10019	<b>\$80,560</b>
<b>TOTAL COMMISSIONS PAID</b>	<b>\$3,576,941</b>

**Minority, Women and Persons with a Disability-Owned Business  
Enterprises  
Par Volume Traded  
October 1, 2017 - September 30, 2018**

<b>Academy Securities Inc.</b> 550 W Van Buren, Suite 1410 Chicago, IL 60607	<b>271,940,000</b>
<b>Alamo Capital</b> 201 N Civic Drive, Suite 360 Walnut Creek, CA 94596	<b>1,695,000</b>
<b>Blaylock Robert Van, LLC</b> 208 S. LaSalle Street, Suite 1331 Chicago, IL 60604	<b>1,465,000</b>
<b>Cabrera Capital Markets</b> 10 South LaSalle Street, Suite 1050 Chicago, IL 60603	<b>677,404,547</b>
<b>Capital Institutional Services</b> 1601 Elm Street, Suite 3900 Dallas, TX 75201	<b>7,945,000</b>
<b>CastleOak Securities</b> 111 East 58th Street, 6th Floor New York, NY 10022	<b>1,700,870,251</b>
<b>CL King &amp; Associates</b> One Liberty Square, 5th Floor Boston, MA 02109	<b>15,468,295</b>
<b>Drexel Hamilton</b> 2000 Market Street, Suite 780 Philadelphia, PA 19103	<b>3,040,000</b>
<b>Falcon Square Capital</b> 4000 Westchase Blvd., Suite 310 Raleigh, NC 27607	<b>122,000</b>

<b>Great Pacific</b> 151 Kalmus Drive, Suite H8 Costa Mesa, CA 92626	<b>57,061,674</b>
<b>Loop Capital Markets</b> 200 West Jackson Blvd., Suite 1600 Chicago, IL 60606	<b>488,900,404</b>
<b>MFR Securities</b> 675 3rd Ave New York, NY 10017	<b>100,330,000</b>
<b>Mischler Financial Group</b> 1101 Bayside Drive, Suite 201 Corona del Mar, CA 92625	<b>123,881,733</b>
<b>Penserra Securities LLC</b> 20 Broad Street, Suite 2602 New York, NY 10005	<b>65,686,306</b>
<b>R Seelaus</b> 25 Deforest Ave, Suite 304 Summit, NJ 07901	<b>4,490,000</b>
<b>Samuel A Ramirez</b> 61 Broadway, Suite 2924 New York, NY 10006	<b>7,798,384</b>
<b>Siebert Brandford Shank</b> 222 W Adams St #520 Chicago, IL 60606	<b>25,182,000</b>
<b>Williams Capital Group, LP</b> 650 Fifth Avenue, 11th floor New York, NY 10019	<b>154,371,991</b>
<b>Total Par Volume Traded</b>	<b>3,707,652,585</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 (collectively known as MWBE firms) 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 MWBE contractors and service providers. It is IMRF's policy to take affirmative action to ensure that certified minority-owned, women-owned and persons with a disability-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.

MWBE 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 MWBE 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 MWBE 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 MWBE 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 MWBE 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 disability.

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.