



County Employees' and Officers' Annuity and Benefit Fund of Cook County Emerging Investment Manager Policy

Consistent with the Fund's long-standing commitment to the utilization of Emerging Investment Managers and in support of public policy as declared in the Illinois Pension Code [40 ILCS 5/1-109.1], the Board seeks to be inclusive of Emerging Investment Managers throughout its investment activities.

The Illinois Pension Code defines the term "emerging investment manager" and declares it to "be the public policy of the State of Illinois to encourage the trustees of public employee retirement systems to use Investment Managers in managing their system's assets to the greatest extent feasible within the bounds of financial and fiduciary prudence, and to take affirmative steps to remove any barriers to the full participation of Investment Managers in investment opportunities afforded by those retirement systems."

In support of this policy, the Fund considers it a priority to take affirmative steps to remove barriers to the full participation of Emerging Investment Managers in investment opportunities. The Fund has been a pioneer in this regard and desires to further advance its efforts. The purpose of this policy is to establish a framework for the operational guidelines and procedures in fulfillment of the Emerging Investment Manager program to achieve the following objectives:

Objectives:

- Increase the utilization of Emerging Investment Managers;
- To proactively identify best-in-class Emerging Investment Managers who demonstrate the capacity to become long-term viable partners of the Fund;
- To maintain guidelines and funding strategies that encourage the inclusion and support the development of Emerging Investment Managers; and
- To employ prudent selection processes and practices consistent with the high fiduciary standards for all investment management decisions.

In fulfillment of the Emerging Investment Manager Program, the Board has established target range goals for the utilization of Emerging Investment Managers for the Fund's asset classes as well as for the utilization of Emerging Investment Managers. These goals are part of the Fund's long-term strategy consistent with its asset allocation and rebalancing objectives and will be reviewed annually.

For the purpose of this program, the Forest Preserve District Fund hereby adopts the Emerging Investment Manager utilization goals and evaluation methodology established for the Cook County Fund's Emerging Investment Manager Program. Results will be reported on a combined basis.

Emerging Investment Manager Utilization Goals*

As a % of Asset Class	
Fixed Income	25%-30%
Domestic Equity	15%-20%
International Equity	10%-15%
Alternatives	10%-15%

As a % of Fund	
Fixed Income	10%-15%
Domestic Equity	2.5%-5%
International Equity	0%-1%

*Utilization goals revised at the March 8, 2012 Board meeting.

The Fund recognizes that Emerging Investment Managers can be a critical source of superior performance and desires to promote opportunities for high potential managers throughout various stages of organizational growth and development. The following designations are intended to represent key stages of development for Emerging Investment Managers to be considered for specific allocations.

STATUS	DESCRIPTION
1 Star	Manager of Interest – Refers to an early stage Emerging Investment Manager. Considered for an indirect allocation through the Manager-of-Emerging Managers program.
2 Star	Developing Manager Mandate - The Emerging Investment Manager may be retained through a search conducted as part of the direct investment process or graduated from the Manager-of-Emerging Managers program. Considered for an initial direct allocation.
3 Star	Proven Manager Mandate – The Emerging Investment Manager has demonstrated a strong growth and performance track record in the direct investment program. Considered for an increased allocation.
4 Star	Established Manager Mandate – The Emerging Investment Manager has demonstrated a strong track record in the direct investment program, has developed an institutional infrastructure and client base, and has increased assets under management greater than \$2 billion. Considered for an increased allocation.

To ensure that the Fund is proactive in its efforts to increase opportunities to the fullest extent feasible, the Fund has established two channels for sourcing and retaining Emerging Investment Managers.

1. Manager-of-Emerging Managers Portfolio

Purpose:

- To expand channels of access for Emerging Investment Managers to the Fund.
- Create opportunities consistent with the Fund's asset allocation to enhance placements.

Investment Staff works with the Investment Manager-of-Emerging Managers to identify and retain Emerging Investment Managers with the expressed objective of direct placement opportunities with the Fund. The Investment Manager-of-Emerging Managers retains discretion for the selection of managers meeting criteria established mutually by the Investment Staff, the Investment Consultant and approved by the Emerging Manager Investment Committee. Portfolio construction will be determined by the Fund's asset allocation in accordance with the guidelines and risk parameters established for the portfolio.

Consideration for direct placement from the Manager-of-Emerging Managers portfolio will be based on the Emerging Investment Manager's ability to meet key criteria as established by the Emerging Manager Investment Committee. Such criteria may include ability to meet Fund compliance and contractual requirements, performance track record, growth of institutional platform and business sustainability. Placement will be made according to the needs of the Fund in compliance with its allocation and rebalancing objectives.

2. Direct Mandates

Purpose:

- To continue to identify and utilize best-in-class Emerging Investment Managers to provide enhanced investment returns to the Fund.
- Promote the full participation of Emerging Investment Managers in investment opportunities afforded by the Fund.

The Fund will source candidates for direct mandates utilizing searches as defined by the procurement policy and authorized by the Investment Committee or the Emerging Manager Investment Committee. Further, if an Emerging Investment Manager meets the criteria established by the Board for a specific search then the Emerging Investment Manager shall receive an invitation from the Board to present for final consideration of the contract. In the case where multiple Emerging Investment Managers meet the criteria of the search, the Investment Staff may choose the most qualified firm or firms to present to the Board. Candidates may also be sourced from the Manager of Emerging Managers portfolio according to their ability to meet criteria as stipulated for the mandate.

With the direction of the Emerging Manager Investment Committee, Investment Staff will provide continuous monitoring and evaluation of candidates in the portfolio and make recommendations pursuant to the Emerging Investment Manager designations as appropriate.