



Forest Preserve District Employees' Annuity and Benefit Fund 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 will source candidates for direct mandates utilizing searches as defined by the Fund's 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.

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 as appropriate.