



## Emerging Investment Manager Policy - Forest Preserve District Fund

### I. Introduction

The purpose of this Minority/Emerging Investment Manager Policy is to formalize the Board’s utilization goals, policies and procedures with regard to the utilization of Minority and Emerging Investment Managers for Cook County and Forest Preserve Funds (Funds).

### II. Utilization Goals

In fulfillment of the Minority/Emerging Investment Manager Program, the Board has established target goals. These goals are part of the Funds’ long-term strategy consistent with its asset allocation and rebalancing objectives and will be reviewed annually.

For the purpose of this program, results will be reported on a combined basis for both Cook County and Forest Preserve Funds.

#### Minority Investment Manager Utilization Goals (% of total assets)

**Table 1.0**

<i>Asset Class</i>	<i>Goal for Minorities</i>	<i>Goal for Women</i>	<i>Goal for Persons with a Disability</i>	<i>Overall Goal</i>
Public Equity	8 – 12%	8 – 12%	0 – 2%	5 – 10%
Fixed Income	3 – 7%	3 – 7%	0 – 2%	5 – 15%
Alternative Investments	1 – 5%	1 – 5%	0 – 2%	5 – 10%
Total Fund	18%	18%	1%	37%

#### Emerging Investment Manager Utilization Goals (% of total assets)

**Table 2.0**

<i>Asset Class</i>	<i>Goal for Minorities</i>	<i>Goal for Women</i>	<i>Goal for Persons with a Disability</i>	<i>Overall Goal</i>
Public Equity	2 – 6%	1 - 5%	0 – 2%	5 – 10%
Fixed Income	2 – 6%	2 - 6%	0 – 2%	5 – 10%
Alternative Investments	0 – 4%	2 – 6%	0 – 2%	2 – 6%
Total Fund	10%	9%	1%	20%

<sup>1</sup> As defined in the Business Enterprise for Minorities, Women and Persons with Disabilities Act, 30 ILCS 575/0.01, et seq. as amended December 3, 2009, and revised December 3, 2020.

### III. Policy and Process for Emerging/Minority Managers

The Funds desire to promote opportunities for high potential managers throughout various stages of organizational growth and development.

To ensure that the Funds are proactive in efforts to increase opportunities to the fullest extent feasible, the Funds have established two channels for sourcing and retaining Emerging Investment Managers.

1. Manager-of-Emerging Managers Portfolio: Investment Managers that build and maintain portfolios of Emerging Investment Managers. These managers are called Fund-of-Fund Managers.

The purpose of utilizing Fund-of-Fund managers is to:

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

Investment Staff works with the Fund-of-Fund Managers to identify and retain Emerging Investment Managers with the expressed objective of direct placement opportunities with the Fund. The Fund-of-Fund Managers retain discretion for the selection of Emerging Investment Managers meeting criteria established mutually by the Investment Staff, the Investment Consultant and approved by the Emerging Manager Investment Sub-Committee (EMIC). Portfolio construction will be determined by the Funds' 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 EMIC. Such criteria may include ability to meet Funds' compliance and contractual requirements, performance track record, growth of institutional platform and business sustainability. Placement will be made according to the needs of the Funds in compliance with allocation and rebalancing objectives.

2. Direct Mandates: This is where the Funds would have direct relationships with individual Emerging Investment Managers. The purpose of direct mandates is to:

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

The Funds will source candidates for direct mandates utilizing searches as defined by the procurement policy and authorized by the Investment Committee (or by recommendation of EMIC). 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 EMIC, 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.