

Laborers' and Retirement Board Employees'
Annuity and Benefit Fund of Chicago

Report to the Senate Special Committee on Pension Fund Investments

December 2020



Presenters:

Victor Roa, Board President, LABF

Tina Consola, Executive Director, LABF

Nadia Oumata, Director of Investments, LABF

Brian Wrubel, President & CEO, Marquette Associates

Kweku Obed, Managing Partner, Marquette Associates

Fund Overview

- **Members:** (1) Current and former labor service employees of the City of Chicago and the Chicago Board of Education, and (2) current and former employees of certain City of Chicago pension funds.

As of December 2019:

- 2,662 Active Members
 - 1,486 Inactive Members
 - 3,653 Annuitant Members (employee, spouse, reversionary & child)
- **Fund Assets:** \$1.1 billion (Dec 2019) \$1.05 billion (Dec 2018)
 - **Funded Ratio (actuarial basis):** 42.6% (Dec 2019) 44.7% (Dec 2018)
 - **Diversity at LABF:**

Board of Trustees:

Total Minority 50% (4 of 8)

African-American: 12.5% (1 of 8)

Latino: 12.5% (1 of 8)

Asian-American: 25.0% (2 of 8)

Total Female: 37.5% (3 of 8)

LABF Investment Staff:

Female: 100% (1 of 1)

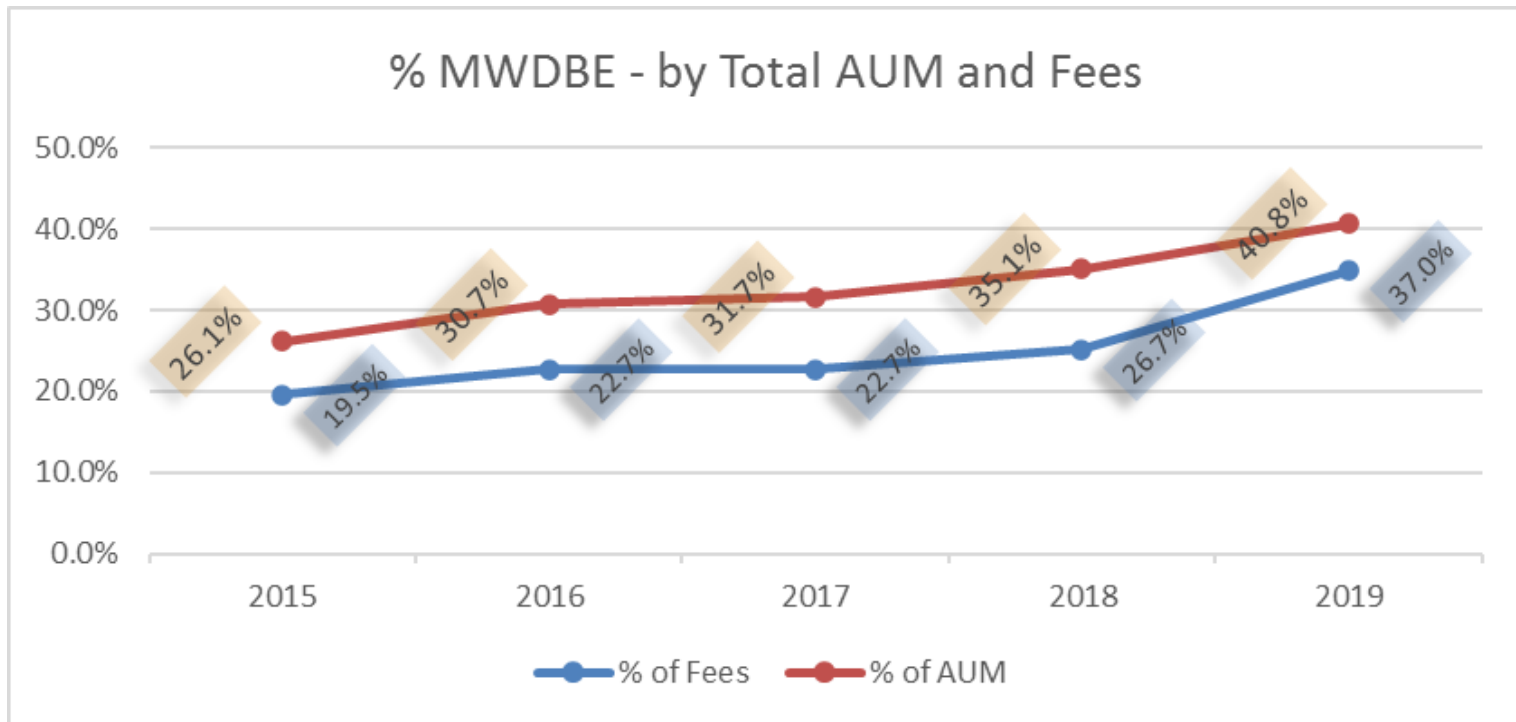
Dedicated Investment Consultant Staff:

African-American: 67.0% (2 of 3)



MWDBE GROWTH

Growth of MWDBE Assets Under Management & MWDBE Fees



Asset Management

Emerging Manager Assets Under Management

	Goal ¹	Dec 2018	Dec 2019
Minority	13-15%	15.2%	16.4%
<i>African-American</i>		0.9%	1.3%
<i>Latino</i>		13.1%	13.7%
<i>Asian-American</i>		0.5%	0.5%
<i>Native-American</i>		0.7%	0.8%
Female	2-4%	7.1%	7.0%
Disabled	Best Efforts	0.0%	0.0%
Total:		22.3%	23.4%

¹ Goals set in accordance with 40 ILCS 5/1-109.1 (4)

Emerging Manager Fees

2018	2019
15.0%	25.6%
6.6%	6.6%
7.4%	18.0%
0.9%	0.5%
0.1%	0.5%
9.2%	8.7%
0.1%	0.0%
24.3%	34.3%

Total MWDBE Manager Assets Under Management

	Goal ²	Dec 2018	Dec 2019
Minority	15-23%	18.2%	19.8%
<i>African-American</i>		3.9%	4.8%
<i>Latino</i>		13.1%	13.7%
<i>Asian-American</i>		0.5%	0.5%
<i>Native-American</i>		0.7%	0.8%
Female	2-5%	16.8%	20.9%
Disabled	Best Efforts	0.0%	0.0%
Total:		35.1%	40.8%

² Goals set in accordance with 40 ILCS 5/1-109.1 (9)

Total MWDBE Manager Fees

2018	2019
17.2%	28.0%
8.8%	9.0%
7.4%	18.0%
0.9%	0.5%
0.1%	0.5%
9.4%	9.0%
0.1%	0.0%
26.7%	37.0%

Asset Management (Continued)

Emerging Manager Utilization by Asset Class

	Goal ³	Dec 2018	Dec 2019
Equity	18-20%	13.7%	12.7%
Fixed Income	7-9%	43.4%	55.0%
Alternatives	11-16%	19.7%	23.7%

³ Goals set in accordance with 40 ILCS 5/1-109.1 (4). The goal for Fixed Income was increased in 2020 to 18 – 20%.

Assets Managed by Illinois Firms

	Dec 2018	Dec 2019
Assets Managed by IL Firms	25.0%	26.4%
Fees Paid to IL Firms	23.5%	20.6%
Assets Managed by IL MWDBE Firms	7.4%	7.6%
Fees Paid to IL MWDBE Firms	7.4%	6.0%

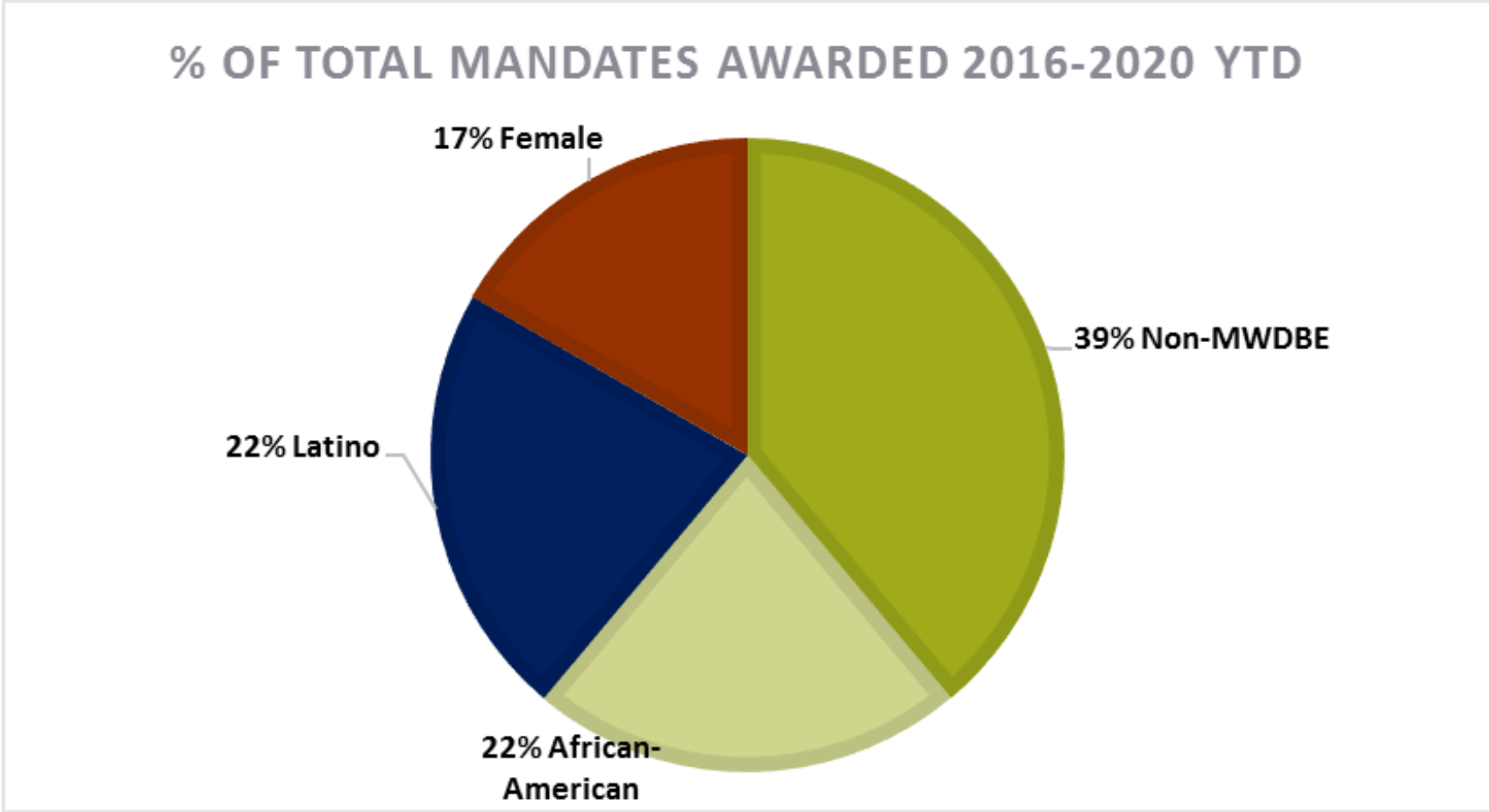
MANDATES AWARDED to MWDBE FIRMS

Summary By Year

Year	# of Searches	# of Mandates*	# of MWDBE Awards	% of MWDBE Awards	\$ Value of MWDBE Awards
2020	2	3	2	67%	\$110 MM
2019	1	3	2	67%	\$20 MM
2018	4	6	3	50%	\$30 MM
2017	1	2	1	50%	\$70 MM
2016	4	4	3	75%	\$70 MM

**3 mandates were awarded through follow-on investments*

MANDATES AWARDED to MWDBE FIRMS (Continued)



MANDATES AWARDED to MWDBE FIRMS (Continued)

Details By Year

2020	\$100 MM Allocation to African-American-owned Firm (manager of manager program) \$10 MM Private Equity Allocation to African-American-owned Firm
2019	\$10 MM Real Estate Allocation to Latino-owned Firm \$10 MM Private Debt Allocation to African-American-owned Firm
2018	\$15 MM Private Equity Allocation to Latino-owned Firm \$10 MM Private Equity Allocation to Woman-owned Firm \$5 MM Hedge Fund Allocation to Woman-owned Firm
2017	\$70 MM Equity & Fixed Income Indexing Allocation to Woman-owned Firm
2016	\$50 MM Fixed Income Allocation to Latino-owned Firm \$10 MM Private Debt Allocation to African-American-owned Firm \$10 MM Real Estate Allocation to Latino-owned Firm



Brokerage

	Goal ⁴	Actual 2019
Domestic Equity	40% of commissions	56.7%
Global Equity	30% of commissions	60.3%
International Equity	20% of commissions	58.5%
International Equity - Small Cap	10% of commissions	63.1%
Emerging Markets	10% of commissions	15.3%
Fixed Income	25% of par value traded	27.3%

⁴ Goals set in compliance with 40 ILCS 5/1-109.1 (7)

Additional Brokerage Information:

- Last transition event occurred in 2018
 - 1 MWDBE transition manager selected, an African-American-owned Firm
 - 100% of commissions went to MWDBE brokers