

INVESTMENT COMMITTEE MINUTES
of the
Firemen's Annuity and Benefit Fund of Chicago
20 S Clark, Ste 300, Chicago IL 60603
January 24, 2023

1. ROLL CALL: Investment Chairman Anthony Martin, Committee members Mary Sheridan, and Craig Slack, in attendance as proxy for Committee Member Treasurer Melissa Conyears-Ervin, were physically present. The meeting was called to order at approximately 9:00 am and Ms. Scott noted that a quorum of Committee members was physically presented.

OTHERS PHYSICALLY PRESENT: Brady O'Connell from Callan, John Pirone from Callan, Fund Attorney Sarah Boeckman from Burke Burns & Pinelli Ltd, Mark Myslinski from the Treasurer's office, and Fund Staff Lorna Scott, Kelly Weller, and Jerod Lockhart.

2. INVESTMENT COMMITTEE CHAIR REPORT

Investment Committee Chair Martin noted his concern with the Fund's 2022 market performance. He thanked Callan representatives for accepting the Committee's request to present their capital market outlook. He also indicated that there would be more education sessions on investments for Trustees.

3. CAPITAL MARKET ASSUMPTIONS AND ASSET ALLOCATION REVIEW

Representatives from Callan, Mr. O'Connell and Mr. Pirone, presented Callan's return expectations for the various asset classes. These expectations factor in current and forecasted economic variables. Equity and fixed income return expectations were increased given 2022 market movements. With the increased return expectations, the return forecast for the Fund moves from 6.1% to 7.2%. Investors will be able to achieve stronger returns from less risky asset classes versus alternatives going forward. Despite the short-term spike in inflation experienced in 2022, Callan expects inflation to moderate to more normal levels in the coming decade. There are no recommended changes to the Fund's asset allocation model based on 2022 market returns.

4. CONSIDERATION AND POSSIBLE ACTION REGARDING RECOMMENDATION TO BOARD RELATED TO MWDBE PRIVATE EQUITY SEARCH

Mr. O'Connell reviewed the respondents in the MWDBE Private Equity search. After discussion, the Committee decided to suspend the MWDBE Private Equity RFP at this time. The Committee requested that Callan continue to review private equity firms that may add value to the Fund's portfolio.

5. INVESTMENT REPORT

Ms. Scott provided an update on the SMID Value search. She also presented reports on the 2022 cash flows of private market investments, securities lending income, and class action claims.

6. PUBLIC COMMENT

No public comment was requested by any members of the public.

7. OLD BUSINESS/NEW BUSINESS

No old/new business was discussed.

There being no further business to discuss, on motion of Martin, second by Sheridan, all trustees present voting in the affirmative, the Committee meeting was adjourned at approximately 11:00 am.