

Firemen's Annuity & Benefit Fund of Chicago  
Search for Investment Adviser ("SIA")  
Response to Questions Submitted via Email



Thank you for submitting your questions for this Search for Investment Adviser. In order to be considered for an investment adviser mandate you must submit a response to the SIA, which can be found at [www.fabf.org](http://www.fabf.org). The Firemen's Annuity & Benefit Fund of Chicago encourages all interested parties to respond. All who respond will be considered. The deadline to submit questions has passed and the proposal deadline is June 30, 2010.

Please note that we have condensed similar inquiries from investment advisers where possible.

I. Questions regarding the Fund's AUM Requirements:

1. Our firm does not meet the AUM requirement that states, "The Firemen's Annuity & Benefit Fund of Chicago's investment mandate must not represent more than 10% of the company's total firm assets or 10% of the proposed strategy total assets."

**Due to market volatility the target mandate sizes for each search will fluctuate. As a result, the mandate sizes (in terms of dollars) and corresponding asset level requirements may also change. Therefore, we encourage all interested parties to respond to this SIA.**

II. Questions regarding the EEOC Chart:

1. What is an EEOC Chart?

**A sample Equal Employment Opportunity Commission chart (EEOC) will be made available on the Fund's website. EEOC data should be provided as of 12/31/09. Respondents may present more recent data, if available.**

III. Questions regarding the Presentation Booklet, Proposal Format and Document Submission:

1. Please clarify the format of the presentation booklet that will be submitted. Is there a required format?

**A presentation booklet must be submitted by each respondent. It should contain, at a minimum, answers to the questions in the Search for Investment Adviser Questionnaire. Respondents are encouraged to provide more information about their firm and strategy but should at least address the questions in the Search for Investment Adviser Questionnaire. Also feel free to include information that is typically found in one of your standard presentation booklets/pitchbooks (e.g. investment performance, recent team additions, economic outlook, etc.). Firms that provide more information will not have an advantage over those who choose not to provide more information.**

**There is no advantage or disadvantage for responding in the same format or in a different format than the one outlined in the SIA. Therefore, Respondents are not required to prepare the booklet in the exact format shown in the SIA Questionnaire. However, your presentation booklet must clearly contain answers to all questions.**

**Presentation booklets may be printed in landscape or portrait format, stapled or GBC bound or provided in a 3-ring binder. There is no binding/printing requirement for this SIA.**

Additional Items to Note:

- Emailed versions of the proposal should be submitted in a PDF.
- Respondents do not have to submit ADV's. Only chosen finalists will be required to provide ADV's to the Fund.

#### IV. Other Questions regarding SIA Questionnaire and Statement of Certification:

1. Do we need to provide documented proof that we meet the minimum requirements when submitting the SIA, even though we are signing the “Statement of Verification”? Or do you mean that we will have to provide those documents later?

**By submitting a response to this SIA, your firm, in effect, provides documented proof that it meets the minimum requirements. In addition, FABF may ask respondents to provide additional documentation at a later date.**

2. Since most of our clients prefer confidentiality, what impact is it if we cannot provide a client reference/representative?

**To clarify, please provide contact information (name, email address, and phone number) for a representative of your team that can be reached for additional information. Client references will be required to be provided by chosen finalists.**

3. Section 1.5 of the search documentation states that “The tendered documents, and any clarifications included, shall be signed by an officer of the submitting firm or a designated agent empowered to bind the firm in a contract.” Is it correct to assume that the Statement of Certification and a cover letter that we will supply both be signed by someone who can bind the contract?

**Yes.**

4. Item 13 of the Minimum Requirements states that the Manager will document all investment transactions with the Fund’s custodian, The Northern Trust Company. Is it correct to assume that this requirement does not apply if we choose to propose a commingled product?

**Yes.**

5. In the questionnaire, section 1, it asks for Historical Assets Under Management for the Firm, Investment Division, and Strategy. Please clarify the historical time period that is required as well as the definition of “Investment Division”? Should Investment Team Turnover be shown for the associated strategy or firm-wide investment team?

**There is no set time frame or requirement for asset level data. Respondents can provide at least five (5) years of asset level data. If your firm has been in existence less than five years, please provide asset level data back to your inception date.**

**The term “Investment Division” will not apply to all respondents. Some investment advisers are a part of an asset management division which is part of a larger organization.**

**Investment team turnover should be displayed in reference to those individuals that were critical to the investment process. Respondents may provide team turnover at a firm level and team level but are not required to do so.**

6. In section 2 of the questionnaire, Historical Risk/Return Characteristics, Tracking Error of the Strategy, and Portfolio Turnover are requested. Please clarify the historical time period that is required.

**Historical Risk/Return Characteristics:**

**There is no set time frame or requirement. Respondents can provide at least five (5) years of risk/return characteristics. If your firm has been in existence less than five years, please provide risk/return characteristics back to your inception date.**

**Historical Tracking Error of the Strategy:**

**There is no set time frame or requirement. Respondents can provide at least five (5) years of tracking error data. If your firm has been in existence less than five years, please provide tracking error data back to your inception date.**

**Historical Portfolio Turnover:**

**There is no set time frame or requirement. Respondents can provide at least five calendar (5) years of portfolio turnover results. If your firm has been in existence less than five years, please provide portfolio turnover results back to your inception date.**

7. Would an investment firm be "disqualified or not considered" if an item in the certification list is not "checked"?

**No. Each respondent will be thoroughly reviewed. If for some reason your firm is unable to "check" all of the boxes on the Statement of Certification, attach an explanation after the Statement of Certification page in the proposal.**

## V. Questions regarding Directed Brokerage:

1. We must trade on a best execution basis and therefore we cannot guarantee that we can comply with the MFDDBE brokerage policy. Do you have a list of the broker's included in the MFDDBE and is the 20% subject to best execution?

**The Fund does not maintain an approved list of MFDDBE brokers. The Fund's Brokerage Policy is included as part of the SIA and can be found on the Fund's website (www.fabf.org). Any firm hired by the Fund must comply with the Fund's Brokerage Policy that states, "Subject to the Fund's policy that Investment Managers with authority over Fund assets must use sound professional judgment in conducting each transaction to obtain the best possible unit price and terms of execution in respect to placing brokerage consistent with Section 1-113.20 of the Code, the Investment Managers will be expected to use their best efforts to place brokerage business with minority, female and disabled person business enterprise firms as defined."**

## VI. Questions regarding Preferred Vehicle Type:

1. What vehicle types (e.g. - separate accounts, mutual funds and commingled funds) are being considered for this SIA?

**For the Domestic Small/Mid Cap Growth Equity and International Small/Mid Cap Value Equity mandates, the preference is for separate accounts.**

**For the Domestic Micro Cap Equity mandates all vehicle types will be considered.**

## VII. Questions regarding Past and Present Litigation and other legal matters:

1. We do not manage a traditional equity product and are not registered with the SEC, does the fund absolutely have to be registered with the SEC at the time of the review?

**If for some reason your firm is unable to "check" all of the boxes on the Statement of Certification, attach an explanation after the Statement of Certification page in the proposal.**

2. Please clarify the minimum requirement that states, **“There are no past or present litigation or regulatory actions against the firm or any current employees at the time of submitting the SIA.”** Will respondents whose firms are involved in litigation currently be considered for this SIA? What if the litigation matter occurred in the past and is settled?

**All interested parties are encouraged to respond to this SIA. Respondents may provide a brief explanation of any outstanding litigation matters and past (settled) litigation matters for the last three years.**

### VIII. Questions regarding Market Capitalization Definitions:

1. What is the market cap range for this search and how is it defined for each mandate? How flexible is the fund on market cap and style?

**The Domestic Small/Mid Cap Growth mandate will be benchmarked to the Russell 2500 Growth Index.**

**The International Small/Mid Cap Value mandate will be benchmarked to the S&P/Citigroup Extended Market ex US Index.**

**The Domestic Micro Cap Equity mandate will be benchmarked to either the MSCI US Micro Cap Index or the Russell Microcap Index.**

### IX. Questions regarding Mercer’s GIMD Database:

1. We only update firm-wide AUM on a quarterly basis, will providing firm wide AUM through 3/31/10 disqualify us from participating in this search? There is an indication to update the GIMD database through April 30, 2010 with return data and market values (both firm-wide and at the product level) although the database doesn’t allow for assets to be updated outside of the preset timeframes. Should the asset data be submitted in a different fashion?

**Please provide the most current information in accordance with your firm’s policy.**

### X. Questions regarding Track Records:

1. Can we combine/link our portfolio manager’s track record from 2 firms to meet the three-year track record requirement?

**All proposed strategies must be compliant with Global Investment Performance Standards (GIPS).**

### XI. Questions regarding the location of the SIA on the FABF Website:

1. Where can I find the SIA?

**First visit [www.fabf.org](http://www.fabf.org)**

**Click/Select the Fund Investments tab**

**Scroll down and Click/Select to Current Request for Proposal**

## XII. Responses to less common questions:

1. Can we submit our strategy since it has a growth tilt (referring micro caps)?

**All micro cap styles will be considered for this mandate.**

2. Our firm has two products in the small/mid cap growth asset class, which one should we propose?

**Respondents should propose the strategy that will best fulfill the investment mandate and meets the minimum requirements.**

3. Will the fund consider an Emerging Manager of Managers' for this opportunity?

**The Fund is looking to place assets directly with an investment adviser, and actively encourages all emerging managers to reply to his SIA.**

4. Given that this is a SMID cap growth search, will you be accepting RFP's from small cap growth managers who benchmark to the Russell 2000 Growth?

**The Domestic Small/Mid Cap Growth mandate will be benchmarked to the Russell 2500 Growth Index.**

**The International Small/Mid Cap Value mandate will be benchmarked to the S&P/Citigroup Extended Market ex US Index.**

**The Domestic Micro Cap Equity mandate will be benchmarked to either the MSCI US Micro Cap Index or the Russell Microcap Index.**

**Mandates managed to the above benchmarks are encouraged to reply.**

5. The strategy only has employee money in it at this point so the account would represent more than 90% of the assets.

**All interested parties are encouraged to respond to this SIA.**

6. What benchmark will you use for the U.S. Micro Cap mandate?

**The U.S. Micro Cap benchmarks under consideration include the MSCI US Micro Cap Index and the Russell Microcap Index.**

7. Our firm uses as a third party marketing arrangement, would this relationship run contrary to your operational requirements?

**Yes. In compliance with Illinois law, the Fund is prohibited from paying any contingency fees associated with the management of its assets.**