

Firemen's Annuity & Benefit Fund of Chicago
Search for Investment Advisor ("SIA")



SECTION 1 – OVERVIEW

1.1 INTRODUCTION

The Firemen's Annuity & Benefit Fund of Chicago ("the Fund") is searching for investment advisors to manage the following investment mandates:

- 1. US Large Cap Growth Equity mandate. The approximate mandate will be \$40 million, representing approximately 4.4% of the overall Fund.**
- 2. Global Enhanced Cash/Short-term Bond mandate. The approximate mandate will be \$20 million, representing approximately 2.2% of the overall Fund.**
- 3. Foreign Currency mandate. The mandate will be funded on a notional basis, in consultation with the Trustees, selected investment advisor, investment consultant and fund staff.**

A qualifying investment advisor must be a registered investment advisor under the Investment Advisors Act of 1940 or exempt from registration as demonstrated to the satisfaction of the Board, or a bank or insurance company similarly registered or exempt. Once selected, the Board requires that each investment advisor provide, in writing within the Investment Management Agreement, acknowledgment of fiduciary responsibility to the Fund as specified in the Illinois State Statutes. The Board will consider a broad range of candidates and actively consider minority, female and disabled person-owned business enterprises (MFDDBE) that also have the required capabilities.

The Fund reserves the right to reject any or all proposals submitted. All proposals submitted will be evaluated by members of the Fund's investment staff and the Fund's consultant. Firms may be asked to make formal presentations of their proposals to the investment staff, Investment Committee and/or the Board of Trustees. Selection of the investment advisor is subject to final approval by the Fund's Board of Trustees.

1.2 SUBMISSION OF PROPOSAL

Interested firm must submit an email to Callan by August 31, 2012 indicating their intent to participate in the Fund's Search for Investment Advisors. A separate email must be provided for each search indicating a firm's intent to participate. In addition, interested parties must ensure firm and product information has been submitted to the Callan Manager database in accordance with Section 3.2 of this document. Investment managers indicating their intent to respond must also certify the responding firm meets the minimum guidelines presented in Section 2 of this SIA.

Emails indicating intent to participate:

Email should be sent to ChicagoFireSearches@callan.com

Subject Line: Chicago Fire SIA: - (please list specific mandate)

Email Body: Please include the firm name, product name and appropriate contact.

Please include a statement indicating the responding firm meets the minimum requirements as outlined in Section 2 of this document.

To gain access to Callan's Manager Database
please visit http://www.callan.com/datatools/questionnaire_jump/

OR

Send an email directly to database@callan.com
for access details and further instructions

Firms which indicate their intent to respond are not required to complete a full proposal. Semi-finalist candidates will be notified and asked to complete a full proposal. All proposals must be complete in every respect and must answer clearly and concisely all questions presented in this Search for Investment Advisor. Semi-finalist candidates are required to respond to this SIA in the form of a presentation booklet. This booklet must address the questions and requests for information in this SIA and SIA Questionnaire. No additional documents (e.g. firm investment research, articles, etc.) are to be submitted.

Three (3) hardcopies of the proposal and an email version must be received by the Fund's consultant. The timeline for completion will be provided upon notification. Receipts beyond that time will not be accepted. Both hard copy presentations and email versions must be received by the deadline.

Hard copy submissions must be addressed and delivered to:
Callan Associates Inc.
Attn: Roy Birchard– Chicago Fire SIA - (please list specific mandate)
Callan Associates, Inc.
101 California St., Suite 94111
San Francisco, CA

Email versions should be sent to ChicagoFireSearches@callan.com

If your firm is submitting proposals for more than one mandate, please submit distinct proposals and emails for each mandate in accordance with the terms outlined in this SIA.

1.3 INQUIRIES

During the evaluation process, the Fund retains the right to request additional information or clarification from the respondents to this SIA.

Verbal inquiries from respondents will not be accepted. All questions pertaining to this SIA should only be submitted via email to: ChicagoFireSearches@callan.com

All inquiries must be received no later than August 13, 2012. Generalized responses to inquiries will be posted to the Fund's website no later than August 17, 2012.

1.4 DISCLOSURE OF SUBMITTED PROPOSALS

Illinois law requires that at the conclusion of the selection process, the contents of all proposals may be placed in the public domain and be open to inspection by interested parties. Trade secrets or

proprietary information must be clearly identified as such in the proposal and will not be released to the extent permitted by law.

All proposals become the property of the Fund and will not be returned to the respondent. The Fund reserves the right to retain all documents submitted, regardless of whether the submitting firm is ultimately awarded the mandate.

Submission of documents indicates acceptance of the conditions contained in this SIA, unless clearly and specifically noted in the materials submitted.

There is no expressed or implied obligation for the Fund to reimburse responding firms for any expenses incurred in preparing a response to these searches.

1.5 SIGNATURE OF RESPONDENT

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.

1.6 TIMELINE FOR AWARD OF MANDATE

Deadline for SIA Questions	August 13, 2012
SIA Intent to Participate Due Date	August 31, 2012
Semi-Finalist Notification	TBD
SIA Submission Due Date	TBD
Finalist Presentation	TBD
Selection of Manager	TBD
Tentative Funding Date	TBD

While there is no fixed date for the award of a contract, it is anticipated that the selection of an investment advisor will begin no later than December 2012. Following notification of the selected firm, it is expected that a contract will be awarded not later than February 2013, subject to actions by the Fund and its Board of Trustees.

SECTION 2 – MINIMUM REQUIREMENTS

In order to be considered for selection, the Proposer must provide documented proof that the following minimum qualifications listed below are met.

1. The Company is duly registered with the Securities and Exchange Commission (SEC) pursuant to the Investment Advisors Act of 1940.
2. The Company must have a documented and verifiable three-year track record for the strategy proposed in response to this SIA.
3. The Firemen’s Annuity & Benefit Fund of Chicago’s investment mandate must not represent more than 20% of the Company’s total firm assets or 20% of the proposed strategy total assets.

4. The company and its personnel have all authorizations, permits, licenses and certifications required by federal, state and/or local law.
5. The company will carry errors and omissions insurance or comparable instruments to cover negligent acts or omissions.
6. The company must provide audited financial statements and provide three copies of their ADV's.
7. The company must maintain sufficient procedures and capabilities to ensure the timely and accurate backup and full recovery for all computers and other data storage systems.
8. The company must have a company policy and practice of equal employment opportunity and non-discrimination based on race, creed and/or gender.
9. The company must comply with the Fund's Minority, Female, and Disabled Business Enterprises ("MFDBE") brokerage policy.
10. The company must comply with the Fund's Ethics Policy
11. All candidate firms must also have their information in the Callan database (www.callan.com/datatools/questionnaire_jump/), in addition to submitting this SIA---this must be done prior to indicating the intent to respond to the SIA. This website includes a demographic section for organizational information as well as detailed product information sections. All sections must be completed.
12. Firm shall provide monthly, quarterly, and annual performance reports and portfolio valuations to the Fund and Callan.
13. The Manager will document all investment transactions with the Fund's master custodian in accordance with the usual and customary standards of practice and confirm all executed transactions from custodial account records; the Fund's current master custodian is Northern Trust.
14. All minimum requirements must be met by August 31, 2012.

SECTION 3 – SELECTION AND EVALUATION PROCESS

3.1 – CANDIDATE REVIEW PROCESS

The Fund’s investment staff and its consultant shall objectively review the responses received to identify qualified candidates based solely on the criteria presented in the SIA and information obtained from Callan’s Manager Database. The investment consultant will identify all SIA’s received from minority, female and disabled person’s business enterprises (“MFDBE”).

Fund Trustees, investment staff and consultant members may interview all, some, or none of the SIA respondents. Investment Committee members, investment staff and consultant may undertake site visits to respondent offices, and conduct such other due diligence the Fund’s Investment Committee deems appropriate.

Fund investment staff and consultant will recommend finalists to the Investment Committee during a public meeting of the Investment Committee, including at least one qualified MFDBE respondent, if appropriate.

The Investment Committee may interview finalists and will determine if a recommendation for the award of a contract will be made to the Board of Trustees. The Trustees shall then act on the recommendation of the Investment Committee.

The Fund reserves the right to award this mandate to the investment advisor which, in its sole opinion, will provide the best match to the requirements of the Search for Investment Advisor, to reject any respondents due to noncompliance with the requirements and instructions in the SIA and not to hire or defer the hiring of a firm for investment management services.

3.2 –CALLAN’S MANAGER DATABASE

All respondents must accurately submit their information into the Callan database **prior to the response deadline.** Candidates who have incorrectly entered (e.g. – missing performance data & asset levels) their information may not be considered for this award.

Investment return data streams and asset level data
(firm-wide and at the product level) should be updated through June 30, 2012

**To gain access to Callan’s Manager Database
please visit http://www.callan.com/datatools/questionnaire_jump/**

OR

**Send an email directly to database@callan.com
for access details and further instructions**

Neither the Fund nor Callan will be held responsible for any manager who does not gain access and upload their information to the database prior to the response deadline.

3.3 – QUIET PERIOD

A Quiet Period will be in effect during the entire Search for Investment Advisor process. The Quiet Period is the period of time beginning when the SIA is issued and ends when the Fund’s Board of Trustees declares the process to be completed. The purpose of the Quiet Period is to ensure that all respondents have equal access to all information regarding the search objective and requirements, to

be certain that communications are consistent and accurate and to make the search and selection process diligent, efficient, and fair.

Respondents shall not contact any member of the Fund’s Board of Trustees or staff during the Quiet Period and should direct all questions and communications as directed in Section 1.3 of this SIA. If any board member is contacted by a candidate, the Board member shall refer the candidate to Callan.

All Fund Trustees and staff shall refrain from directly or indirectly communicating with any respondent regarding any product or service related to the search during the Quiet Period. Communication which takes place during a formal site visit or interview conducted as part of the investment advisor search, as directed by the Fund’s Investment Committee, is permitted. The quiet period does not prevent Board approved due diligence, client conference attendance or communications with an existing service provider that happens to be a candidate in the ordinary course of services provided by such service provider; however, discussions related to the pending selection shall be avoided during those activities.

Respondents may be disqualified for violating the terms of the Quiet Period. Offering or providing anything of value (meals, travel, hotel, etc.) to the Fund’s Trustees or staff is strictly prohibited and may result in immediate disqualification.

Initiation, continuation and conclusion of the quiet period shall be publicly communicated to prevent inadvertent violations.

SECTION 4 – FUND INFORMATION

4.1 PLAN DESCRIPTION

The Firemen’s Annuity & Benefit Fund of Chicago is a public employee retirement system established and governed by the Illinois Pension Code (40 ILCS 5/1-101 et seq). The Fund is established to provide for the present and future benefit payments for all active and retired Chicago firefighter participants and their beneficiaries. The Fund currently has nearly 9,400 participants.

4.2 SUMMARY OF INVESTMENT OBJECTIVES

The primary investment objective of the Fund is to obtain the highest return possible on Fund investments within corresponding acceptable levels of investment risk and liquidity requirements, in recognition of prudent person standards and compliance with the Illinois Statutes governing the operation and activities of the Fund.

Due to the underfunding of the Fund’s actuarial liabilities, the investment strategy of the Fund must emphasize the greater need for longer term growth of capital while fulfilling the immediate liquidity requirements of the Fund’s benefit payout. To maximize the potential gain on assets, the Fund has decided to maintain a fully invested position in accordance with the established target asset allocation.

4.3 PORTFOLIO DESCRIPTION

The Fund’s portfolio is a fully invested, diversified, global portfolio managed entirely by external investment advisors. The Fund’s portfolio allocation, as of June 30, 2012, is as follows:

	<u>Target</u>	<u>Actual</u>	<u>Market Value</u>
Equities	65%	69%	\$634 million
Fixed Income	25%	23%	\$205 million
Alternatives	10%	8%	\$74 million

SECTION 5 –SEARCH for INVESTMENT ADVISOR QUESTIONNAIRE

5.1 PRESENTATION REQUIREMENTS:

Semi-finalist candidates are required to provide a presentation booklet that includes answers to the SIA questionnaire, and additional details on the firm, investment team, and investment strategy. Separate documents, including firm investment research and/or marketing materials should not be used. Submission of such material may disqualify the firm from further consideration.

5.2 PRESENTATION FORMAT:

The Statement of Certification included in this SIA must be displayed ahead of your firm's responses to the SIA Questionnaire.

Sample Presentation Format Only:

Section 1: Statement of Certification

Section 2: Responses to Search for Investment Advisor Questionnaire

- a. Organizational Information
- b. Investment Team and Strategy Information
- c. Fee Information
- d. Contact Information
- e. Additional Disclosures

SECTION 6 – CLOSING

On behalf of the Fund participants, Trustees, investment consultant and investment staff, the Firemen's Annuity & Benefit Fund of Chicago thanks you for your interest, time and effort in responding to this Search for Investment Advisor.

SEARCH for INVESTMENT ADVISOR QUESTIONNAIRE

US Large Cap Growth Equity Global Enhanced Cash/Short-term Bond Foreign Currency

Respondents are required to provide a presentation booklet that, at a minimum, contains the following information:

1. Organizational Information (as of June30, 2012)

- EEOC Chart
- Firm Inception Date
- Ownership Structure
- All Related And Affiliated Firms
- Organizational Chart, With Brief Biographies Of All Key Personnel
- Number Of Institutional Clients
- Number And Name Of Public Plan Clients
- Number And Location Of Additional Offices
- Investment Team Turnover For The Last Five Years
- Current Assets Under Management For the Firm, Investment Division and Strategy
- Historical Assets Under Management For the Firm, Investment Division and Strategy
- Plans To Develop And Expand Resources
- Plans To Merge With or Acquire Other Firms
- Plans To Spin Off Subsidiaries or To Be Spun Off By A Parent Firm

2. Investment Team and Strategy Information

- Investment Philosophy
- Investment Team Structure and Investment Vetting Process
- Historical Risk/Return Characteristics
- Historical and Projected Tracking Error of Strategy and Portfolio Turnover
- Portfolio Construction Methodology
- Number of Positions Typically Held
- Average Market Cap – Historical, Current, and Expected
- Global Resources for Strategy (if applicable)
- Currency Hedging for Portfolio (if applicable)

3. Fee Information

- Proposed Fees and Breakpoints
- Available Vehicle Types

4. Contact Information

Respondents must provide a page (in the presentation booklet) that contains the following information: Firm name, business address, business telephone number, and business fax number. Please also provide contact information (name, email address, and phone number) for a client representative.

5. Additional Disclosures

In accordance with the Fund's Procurement Policy and Illinois Pension Code, all respondents are required to disclose the following information along with their proposal:

- a. The method for charging and measuring fees, based on the assets under management, including disclosure of the direct and indirect fees, commissions, penalties, and other compensation, including reimbursement for expenses, that may be paid by or on behalf of the Investment Adviser in connection with the provisions of Investment Services to the Fund;
- b. The names and addresses of: the Investment Adviser; any entity that is a parent of, or owns a controlling interest in, the Investment Adviser; any entity that is a subsidiary of, or in which a controlling interest is owned by the Investment Adviser; any persons who have an ownership or distributive income share in the Investment Adviser that is in excess of 7.5%; or serves as an executive officer of the Investment Adviser; and
- c. The names and addresses of all subcontractors, if any, and the expected amount of money each will receive under the contract. For purposes of this subsection, "subcontractor" does not include non-investment related professionals or professionals offering services that are not directly related to the investment of assets, such as legal counsel, actuary, proxy voting services, services used to track compliance with legal standards, and investment fund of funds where the Board has no direct contractual relationship with the investment advisers or partnerships.

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STATEMENT OF CERTIFICATION

By submitting this Search for Investment Advisor Questionnaire, (Company Name) certifies the following statements are true:

- The firm is duly registered with the Securities and Exchange Commission (SEC) pursuant to the Investment Advisors Act of 1940.
- The firm agrees to act as a fiduciary to the Fund in accordance with Illinois state statutes.
- The product submitted for review has a documented and verifiable three-year track record.
- The Firemen's Annuity & Benefit Fund of Chicago's approximate investment mandate does not represent more than 20% of the firm's total assets or 20% of the proposed strategy total assets.
- The firm carries errors and omissions insurance to cover negligent acts or omissions.
- The firm has a company policy and practice of equal employment opportunity and non-discrimination based on race, gender and/or creed.
- There are no past or present litigation or regulatory actions against the firm or any current employees at the time of submitting the SIA.
- No fees, direct or indirect, commissions, penalties and other compensation including reimbursement for expenses for expenses paid by or on behalf of the Investment Advisor in connection with the provision of services to the Fund have been paid.
- All requested firm information has been submitted to Callan's database (http://www.callan.com/datatools/questionnaire_jump/).
- The firm understands and will comply with the Fund's Quiet Period Policy.
- The firm understands and will comply with the Fund's Ethics Policy.
- The firm understands and will comply with the Fund's MFDBE Brokerage Policy.
- The firm understands and will comply with the Fund's reporting requirements.
- The firm understands that the Fund accepts no obligation for costs incurred by the Respondents in anticipation to being awarded a contract.
- The firm understands that the Fund is exempt from federal, state and local taxes and will not be responsible for any taxes levied on the Respondent as a result of any contract resulting from this SIA.

Signature

Name

Date

Title

Attachments to this Search for Investment Advisor:

1. FABF Brokerage Policy
2. FABF Ethics Policy
3. Sample Investment Manager Agreement
4. FABF Statement of Investment Policy

FUND BROKERAGE POLICY

The Board has determined that consistent with the public policy of the State of Illinois, it is the policy objective of the Fund to increase brokerage services provided to the Fund by minority, female and disabled person business enterprises as defined by the Illinois Business Enterprise for Minorities, Females and Persons with Disabilities Act.

Minority, female and disabled person-owned business enterprises (“MFDBE”) are defined as a sole proprietorship, partnership, or corporation owned, operated, and controlled by minority, female and disabled group members who have at least 51% ownership. The defined group member(s) must have day to day operational and managerial control, and an interest in capital and earnings commensurate with his or her percentage of ownership. In addition, the brokerage firm and its operating members must be registered with the appropriate federal and state agencies and must have an established record of business performance through a history of having provided good execution and reporting services.

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.

Each Investment Manager shall submit a quarterly report detailing the use of minority, female and disabled person business enterprise firms and the year to date amounts and type of brokerage placed with each firm.

Each Investment Manager that fails to submit a quarterly report or fails to use its best efforts (as determined by the Trustees) to assist the Fund in fulfilling the above stated policy will be scheduled to appear before the Trustees to explain its actions.

It is the goal of the Fund to have at least 10% of its fixed income transactional amounts and at least 20% of its equity-related commissions be placed with MFDBE broker/dealers.

ETHICS POLICY

The Trustees elected or appointed to serve as governing members of the Retirement Board (the "Board") of the Firemen's Annuity & Benefit Fund of Chicago (the "Fund") desire to enhance and promote the professional management of the Fund in order to provide retirement and other benefits to participants and beneficiaries who have served the City of Chicago and its citizens.

Effective April 3, 2009 the General Assembly of Illinois amended the Illinois Pension Code to make certain provisions within the State Officials and Employees Ethics Act, 5 ILCS 430 et seq. ("State Ethics Act"), which established a code of ethical conduct for all state officers, members of the Illinois General Assembly, and state employees, applicable to pension fund and retirement system board members and employees of public pension funds.

The Board recognizes that it is essential to the proper operation of a public pension fund that pension fund board members and employees be independent and impartial, that public office and employment not be used for personal gain, and that the participants and beneficiaries of a public pension fund have full confidence in the integrity and fair and honest administration of such pension fund.

The Board also recognizes that Board Members and certain Employees of the Fund serve the Fund in a fiduciary capacity, and must act at all times to avoid conflicts of interest, impropriety, or even the appearance of impropriety.

In recognition of these principles and to further these objectives and the provisions of the Illinois Pension Code governing the Fund and the Board, all Board Members and Employees of the Fund shall adhere to legal and ethical standards in the fulfillment of their fiduciary and other responsibilities owed to the Fund and its participants and beneficiaries, and to the following statements of policy:

Definitions.

The definitions used in this Ethics Policy are limited to the Policy and shall not be binding on the Fund for any other purpose. Whenever used in this Policy, the following terms shall have the following meanings:

- (a) **"Administrative action"** means any decision on, or any proposal, consideration, enactment or making of any rule or any other official action or non-action involving the expenditure of Fund assets by the Board, the executive director, or by any Employee of the Fund, or any matter which is within the jurisdiction of the Board.
- (b) **"Board"** means the Board of Trustees of the Retirement Board of the Firemen's Annuity and Benefit Fund of Chicago.
- (c) **"Board Member"** means each of the elected and the appointed ex officio members of the Board.

- (d) **"Candidate"** means any person who has filed nominating papers or petitions for nomination or election to an elected office, or who has been appointed to fill a vacancy in nomination, and who remains eligible for placement on the ballot at either a general primary election or general election or who has raised or expended money in pursuit of elected office.
- (e) **"Compensation"** means money, thing of value or other pecuniary benefit received or to be received in return for, or as reimbursement for, services rendered or to be rendered.
- (f) **"Domestic partner"** means a "qualified domestic partner" as defined in Section 2-152-072 of the Municipal Code of Chicago, as amended.
- (g) **"Economic interest"** means any interest valued or capable of valuation in monetary terms; provided, that "economic interest" is subject to the same exclusions as "Financial Interest."
- (h) **"Employee"** means an individual employed by the Fund, whether part-time or full-time, or by a contract of employment, but excludes Board Members and any third party vendor of the Fund.
- (i) **"Ethics Officer"** means the Executive Director of the Fund.
- (j) **"Financial Interest"** means (i) any interest as a result of which the owner currently receives or is entitled to receive in the future more than \$2,500 per year; (ii) any interest with a cost or present value of \$5,000 or more; or (iii) any interest representing more than ten percent (10%) of a corporation, partnership, sole proprietorship, firm, enterprise, franchise, organization, holding company, joint stock company, receivership, trust, or any legal entity organized for profit; provided, however, financial interest shall not include (a) any interest of the spouse or domestic partner of a Board Member or Employee which interest is related to the spouse's or domestic partner's independent occupation, profession or employment; (b) any ownership through purchase at fair market value or inheritance of less than one percent (1%) of the shares or a corporation, or any corporate subsidiary, parent or affiliate thereof, regardless of the value of or dividends on such shares, if such shares are registered on a securities exchange pursuant to the Securities Exchange Act of 1934, as amended; (c) the authorized Compensation paid to a Board Member or Employee for his office or employment; (d) any economic benefit provided to participants by virtue of their participation in the Fund in accordance with Article V of the Illinois Pension Code; (e) a time or demand deposit in a financial institution; (f) an endowment or insurance policy or annuity contract purchased from an insurance company.
- (k) **"Fund"** means the Firemen's Annuity and Benefit Fund of Chicago.

- (l) **"Gift"** means any thing of value given without consideration or expectation of return; provided, however, Gift shall not to be deemed to include reimbursement of travel expenses relating to Fund business.
- (m) **"Person"** means any individual, entity, corporation, partnership, firm, association, union, trust, estate, as well as any parent or subsidiary of any of the foregoing, whether or not operated for profit
- (n) **"Political organization"** means a party, committee, association, fund, or other organization (whether or not incorporated) that is required to file a statement of organization with the State Board of Elections or a county clerk under Section 9.3 of the Election Code (10 ILCS 5/9-3), but only with regard to those activities that require filing with the State Board of Elections or a County clerk.
- (o) **"Prohibited source"** means any person or entity who:
- (1) is seeking official action (A) by the Board or (B) by the Board Member;
 - (2) does business or seeks to do business (A) with the Board or (ii) with a Board Member;
 - (3) has interests that may be substantially affected by the performance or non performance of the Board Member duties of the Board Member; or
 - (4) is registered or required to be registered with the Secretary of State under the Lobbyist Registration Act, except that an entity not otherwise a prohibited source does not become a prohibited source merely because a registered lobbyist is one of its members or serves on its board of directors.
- (p) **"Relative"** means a person who is related to a Board Member or Employee as spouse or as any of the following, whether by blood or by adoption: parent, child, brother or sister, aunt or uncle, niece or nephew, grandparent, grandchild, father-in-law, mother-in-law, son-in-law, daughter-in-law, stepfather or stepmother, stepson or stepdaughter, stepbrother or stepsister, half-brother or half-sister.
- (q) **"Seeking to do business"** means (1) taking any action to obtain business from the Fund when, if such action were successful, it would result in the Person's doing business with the Fund; and (2) the business sought has not been awarded to any Person.
- (r) **"State"** means the State of Illinois.
- (s) **"Statement"** means the statement of economic interest form required to be filed by the Illinois Governmental Ethics Act, 5 ILCS 420/4A-101 et seq., as amended

from time to time.

ARTICLE I

CODE OF CONDUCT

Fiduciary duty.

Board Members and Employees, who exercise discretionary authority or responsibility with respect to the management of the Fund or the management or operation of its assets, shall at all times in the performance of their Fund duties owe a fiduciary duty to the Fund and its participants and beneficiaries.

Offering, receiving and soliciting Gifts and favors.

- (a) No Prohibited Source shall give to any Board Member or Employee, or to the spouse, domestic partner or immediate family member living with them, and none of them shall solicit or accept, any Gift.

- (b) No Prohibited Source shall give or offer to give to any Board Member or Employee or to the spouse, domestic partner or immediate family member living with them, and none of them shall solicit or accept, anything of value, including, but not limited to, a Gift, favor or promise of future employment, based upon any mutual understanding, either explicit or implicit, that the votes, official actions, decisions or judgments of any Board Member or Employee, concerning the business of the Fund would be influenced thereby.

- (c) The restrictions in Subsections (a) and (b) above do not apply to the following:
 - (i) Opportunities, benefits, and services that are available on the same conditions as for the general public.
 - (ii) Anything for which the Board Member or Employee or his or her spouse, domestic partner or immediate family member living with him or her pays the market value.
 - (iii) Any (i) contribution that is lawfully made under the Election Code or under the State Ethics Act or (ii) activities associated with a fundraising event in support of a political organization or candidate.
 - (iv) Educational materials.
 - (v) A Gift from a relative, meaning those people related to the individual as father, mother, son, daughter, brother, sister, uncle, aunt, great aunt, great uncle, cousin, nephew, niece, husband, wife, grandfather, grandmother, grandson, granddaughter, father-in-law, mother-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law, stepfather, stepmother, stepson, stepdaughter, stepbrother, stepsister, half brother, half sister, and including the father, mother, grandfather, or grandmother of the individual's spouse and the individual's fiancé or fiancée.

- (vi) Anything provided by an individual on the basis of a personal friendship unless the Board Member or Employee has reason to believe that, under the circumstances, the Gift was provided because of the official position or employment of the Board Member or Employee and not because of the personal friendship.

In determining whether a Gift is provided on the basis of personal friendship, the Board Member or Employee shall consider the circumstances under which the Gift was offered, such as:

 - (a) the history of the relationship between the individual giving the Gift and the recipient of the gift, including any previous exchange of Gifts between those individuals;
 - (b) whether to the actual knowledge of the Board Member or Employee the individual who gave the Gift personally paid for the Gift or sought a tax deduction or business reimbursement for the Gift; and
 - (c) whether to the actual knowledge of the Board Member or Employee the individual who gave the Gift also at the same time gave the same or similar Gifts to other Board Members of the Fund or employees or their spouses or immediate family members living with them.
- (vii) Food or refreshments not exceeding \$75 per person in value on a single calendar day; provided that the food or refreshments are (i) consumed on the premises from which they were purchased or prepared or (ii) catered. For purposes of this subsection, "catered" means food or refreshments that are purchased ready to eat and delivered by any means.
- (viii) Food, refreshments, lodging, transportation, and other benefits resulting from the outside business or employment activities (or outside activities that are not connected to the duties of the Board Member or Employee as an office holder or employee) of the Board Member or Employee, or the spouse of the Board Member or Employee, if the benefits have not been offered or enhanced because of the position or employment of the Board Member or Employee, and are customarily provided to others in similar circumstances.
- (ix) Intra-governmental and inter-governmental gifts. For the purpose of this Policy, "intra-governmental gift" means any gift given to a Board Member or Employee of the Fund from another Board Member or Employee of the Fund; and "inter-governmental gift" means any gift given to a Board Member or Employee of the Fund by a Board Member or employee of another City agency or department, of a State of Illinois agency, of a federal agency, or of any governmental entity.
- (x) Bequests, inheritances, and other transfers at death.
- (xi) Any item or items from any one Prohibited Source during any calendar

year having a cumulative total value of no more than \$100.

Each of the exceptions listed in this subsection (c) is mutually exclusive and independent of one another.

- (d) A Board Member or Employee does not violate this Policy if the Board Member or Employee promptly takes reasonable action to return the prohibited Gift to its source or gives the Gift or an amount equal to its value to an appropriate charity that is exempt from income taxation under Section 501(c)(3) of the Internal Revenue Code of 1986, as now or hereafter amended, renumbered, or succeeded.
- (e) Gifts which have a value of greater than \$100 (or a series of gifts with an aggregate value of greater than \$100 from one Prohibited Source during any twelve month period) received by any Board Member or Employee from a Prohibited Source shall be disclosed to the Fund's Ethics Officer by the recipient within ten (10) business days of receipt. The disclosure shall include the name and government title of the recipient; the name, address, occupation and employer of the donor; a description of the Gift and its value; and the intended use or disposition of the Gift.
- (f) Any and all Gifts having a value greater than \$100 and received by a Board Member or Employee for participating in speaking engagements, lectures, debates or organized discussion forums arising out of his or her involvement with, or employment by, the Fund shall be disclosed to the Fund's Ethics Officer within ten (10) business days of receipt.

Use or disclosure of confidential information.

No current or former Board Member or Employee shall use or disclose, other than in the performance of his or her Fund related duties and responsibilities, or as may be required by law, confidential information gained in the course of or by reason of his or her position or employment. For purposes of this section, "confidential information" means any information that may not be obtained pursuant to the Illinois Freedom of Information Act, as amended from time to time.

Conflicts of interest; appearance of impropriety.

- (a) No Board Member or Employee shall make or participate in the making of any decision relating to the Fund or its assets with respect to any matter in which he or she has any Economic Interest distinguishable from that of the general public.
- (b) To avoid even an appearance of impropriety, any Board Member who has a business relationship with a person or entity with a matter pending before the Fund shall publicly disclose the nature of such business relationship on the record at a regularly scheduled meeting of the Board of Trustees and shall also notify the Fund's Ethic's Officer of such relationship in writing as soon as the business relationship arises. The Board of Trustees shall make such disclosures available for public inspection and copying. The Board Member shall abstain from voting on any matter in which he or she has a Financial or Economic Interest but shall be counted present for purposes of a quorum. The obligation to report a potential

conflict or interest under this subsection arises as soon as the Board Member is or should be aware of such potential conflict. For purposes of this subsection only: (i) "matter pending before the Fund" shall refer to Fund action involving the grant of disability benefits, award of investment management business, any contractual matters involving expenditure of Fund assets; and (ii) "business relationship" shall refer to any contractual or other private business dealing of a Board Member, or his or her spouse or domestic partner, or of any entity in which a Board Member or his or her spouse or domestic partner has a Financial or Economic Interest, with a person or entity which entitles a Board Member or his or her spouse or domestic partner to compensation or payment in the amount of \$2,500 or more in a calendar year; provided, however, that "contractual or other private business dealing" shall not include any employment relationship of a Board Member's spouse or domestic partner with an entity when such spouse or domestic partner has no discretion concerning or input relating to the relationship between that entity and the Fund.

- (c) Any Board Member or Employee who has a Financial or Economic Interest in any entity seeking to do business with the Fund or with respect to any matter pending before the Fund shall disclose the nature of such interest to the Board of Trustees. The obligation to disclose under this subsection arises as soon as the Board Member or Employee is or should be aware of the pendency of the matter.

Representation of other persons.

No Board Member or Employee may represent, or have an Economic Interest in the representation of, any person, in any formal or informal proceeding or transaction (i) before the Fund, any administrative agency or any court in which the Fund is a party and that person's interest is adverse to that of the Fund or (ii) in which the Board's or Fund staff's action or non-action is of a non-ministerial nature.

Prohibited conduct.

No Board Member or Employee or the spouse or domestic partner of such Board Member or Employee, or any entity in which such Board Member or Employee or his or her spouse or domestic partner has a Financial Interest, shall apply for, solicit, accept or receive a loan of any amount from any person who is either doing business or seeking to do business with the Fund; provided, however, that nothing in this section prohibits application for, solicitation for, acceptance of or receipt of a loan from a financial lending institution, if the loan is negotiated at arm's length and is made at a market rate in the ordinary course of the lender's business.

Prohibitions pertaining to former Trustees, aides and staff.

It shall be the policy of the Fund, consistent with the ordinance of the City of Chicago, to prohibit any former Board Member, Board Member aide or Employee of the Fund from receiving a direct financial benefit from any transaction, contract or relationship pertaining to the matters involving the Fund and its vendors for a period of one year from the date of expiration or termination of the position of Board Member or Board Member aide or date of cessation of employment with the Fund (the "Year Block Out Period").

Nothing in this provision shall be construed as prohibiting the Fund from maintaining existing contractual relationships with vendors who may employ a former Board Member, Board Member's aide or employee of the Fund or from entering into new relationships with such vendors provided the former Board Member, Board Member's aide or employee employed by such vendor does not directly benefit financially from such relationship for the Year Block Out Period. This prohibition also shall not apply to any direct contract or employment authorized by the Board between the Fund and any such individual.

No Monetary Gain on Investments.

No Board Member or Employee of the Fund, or any spouse or domestic partner of such Board Member or Employee, shall knowingly have any direct interest in the income, gains, or profits of any investments made on behalf of the Fund, nor receive any pay or emolument for services in connection with any investment. No Board Member or Employee shall become an endorser or surety, or in any manner an obligor for money loaned or borrowed from any retirement system or pension fund or the Illinois State Board of Investment. For the purposes of this provision, an annuity otherwise provided in accordance with the Illinois Pension Code or any income, gains, or profits related to any non-controlling interest in any public securities, mutual fund, insurance contract, annuity, trust or other passive investment shall not be considered monetary gain on investments.

Pursuant to the Illinois Pension Code, a violation of this provision is a Class 3 felony.

Prohibited Transactions.

- (a) No Board Member, Employee, or other fiduciary of the Fund shall not cause the Fund to engage in a transaction if he or she knows or should know that such transaction constitutes a direct or indirect:
 - (i) Sale or exchange, or leasing of any property from the Fund to a party in interest for less than adequate consideration, or from a party in interest to the Fund for more than adequate consideration.
 - (ii) Lending of money or other extension of credit from the Fund to a party in interest without the receipt of adequate security and a reasonable rate of interest, or from a party in interest to the Fund with the provision of excessive security or an unreasonably high rate of interest.
 - (iii) Furnishing of goods, services or facilities from the Fund to a party in interest for less than adequate consideration, or from a party in interest to the Fund for more than adequate consideration.
 - (iv) Transfer to, or use by or for the benefit of, a party in interest of any assets of the Fund for less than adequate consideration.
- (b) No Board Member, Employee or fiduciary of the Fund shall:
 - (i) Deal with the assets of the Fund in his or her own interest or for his own account;
 - (ii) In his individual capacity or any other capacity act in any transaction involving the Fund on behalf of a party whose interests are adverse to the interests of the Fund or the interests of its participants or beneficiaries; or

- (iii) Receive any consideration for his or her own personal account from any party dealing with the Fund in connection with a transaction involving the assets of the Fund.
- (c) Nothing in this provision shall be construed to prohibit any Board Member from:
 - (i) Receiving any benefit to which he or she may be entitled as a participant or beneficiary in the Fund.
 - (ii) Receiving any reimbursement of expenses properly and actually incurred in the performance of his or her duties with the Fund.
 - (iii) Serving as a Board Member in addition to being an officer, employee, agent or other representative of a party in interest.
- (d) No Board Member, Employee or fiduciary of the Fund shall knowingly cause or advise the Fund to engage in an investment transaction when the Board Member, Employee or fiduciary (1) has any direct interest in the income, gains, or profits of the investment adviser through which the investment transaction is made or (2) has a business relationship with the investment adviser that would result in a pecuniary benefit to the fiduciary as a result of the investment transaction. Pursuant to the Illinois Pension Code, a violation of this subsection (d) is a Class 4 felony.
- (e) A Board Member, Employee or consultant with respect to the Fund shall not knowingly cause or advise the Fund to engage in an investment transaction with an investment adviser when the Board Member, Employee or consultant, or their spouse or domestic partner (i) has any direct interest in the income, gains, or profits of the investment adviser through which the investment transaction is made or (ii) has a relationship with that investment advisor that would result in a pecuniary benefit to the Board Member, Employee or consultant or spouse or domestic partner of such Board Member, Employee or consultant as a result of the investment transaction. For purposes of this subsection (e), a consultant includes an employee or agent of a consulting firm who has greater than 7.5% ownership of that consulting firm. Pursuant to the Illinois Pension Code a violation of this subsection (e) is a Class 4 Felony.

Whistleblower Protection.

No complainant, or Employee acting on behalf of a complainant, shall be discharged, threatened or otherwise discriminated against regarding compensation, terms, conditions, location or privileges of employment because:

- (a) the complainant or Employee acting on behalf of the complainant reports or is about to report, verbally or in writing, a violation or suspected violation of this Policy; or
- (b) the complainant or Employee acting on behalf of the complainant is requested to participate in an investigation, hearing or inquiry held pursuant to this Policy, or in any related court action.

This Section shall not apply to a complainant, or Employee acting on behalf of a complainant, who knowingly makes a false report.

Contributions to Candidates and Elected Board Members.

Any political contributions made by a person who has done business with the Fund or is seeking to do business with the Fund shall be made in accordance with the provisions of the Election Code, 10 ILCS 5/1-1 et seq., as amended.

ARTICLE II

ETHICS TRAINING

Pursuant to the Illinois Pension Code, each Board Member must attend ethics training of at least eight (8) hours per year. The training required includes training on ethics, fiduciary duty, and investment issues and any other curriculum that the Board establishes as being important for the administration of the Fund. The Board must annually certify its Board Members' compliance with the Code's ethics training requirements.

ARTICLE III

FINANCIAL DISCLOSURE

On or before May 1 of each year, each Board Member shall file verified written statements of economic interests as required by the Illinois Governmental Ethics Act, 5 ILCS 420/4A-101 et seq., as amended. All statements shall be available in electronic form for examination and duplication by the Board upon request.

ARTICLE IV

ETHICS OFFICER

The Executive Director for the Fund shall be appointed as the Fund's Ethics Officer for the purposes of this Policy. The duties of the Ethics Officer include (i) reviewing statements of economic interest and disclosure forms of Board Members before they are filed and (ii) providing requested guidance to Board Members and Employees in the interpretation and implementation of this Policy; *provided, however*, that compliance with this Policy remains the individual responsibility of each Board Member and Employee. If uncertainty exists as to the proper procedure(s) to be followed in connection with this Policy, Board Members and Employees are encouraged to consult with the Fund's Ethics Officer *before* any action is taken.

ARTICLE V

PENALTIES FOR VIOLATION

Sanctions.

Any Employee found to have violated any of the provisions of this Policy, or to have furnished false or misleading information to the Board of Trustees, shall be subject to employment sanctions, including discharge, in accordance with procedures under which the employee may otherwise be disciplined. Any Board Member who intentionally files a false or

misleading statement of Financial Interests, or knowingly fails to disclose a conflict of interest as described in this Policy, or otherwise violates any provision of this Policy, may be subject to recall in accordance with the applicable provisions of Illinois Pension Code. Certain actions in violation of this Policy may subject the Board Member or Employee to criminal penalties.

Invalid actions.

All Fund contracts shall include a provision requiring compliance with this Policy. Any contracts negotiated, entered into, or performed in violation of any of the provisions of this Policy shall be voidable as to the Fund.

Certification of Compliance.

As of each year, each Board Member shall execute and deliver to the Fund a Certification of Compliance with this Policy, in the form attached hereto as an exhibit.

Other remedies.

Nothing in this Policy shall preclude the Fund from maintaining an action for an accounting for any pecuniary benefit received by any person in violation of this chapter or other law, or to recover damages for violation of this Policy.

Effective Date: March 17, 2010
(Rev. 3/21/07; 10/20/04)

INVESTMENT MANAGEMENT AGREEMENT

Agreement made this day of XXX, 2012 by and between XXXXX Investment Management Company, (the "Advisor") and The Retirement Board of the Fireman's Annuity and Benefit Fund of Chicago (the "Client").

WHEREAS, the Client desires to retain Advisor as its investment manager for a portfolio of cash and securities (the "Account"), and the Advisor hereby accepts retention upon the following terms and conditions:

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained in this Agreement, the parties hereto hereby agree as follows:

I. DISCRETIONARY MANAGEMENT SERVICES. Client hereby authorizes Advisor to act on its behalf without obtaining the consent of or consulting with Client or any other person; to issue to brokers and dealers instructions to purchase, sell, and otherwise trade in or deal with, any security in the Account for the account and at the risk of, and in the name of, Client; to purchase from or sell to any person any security in the Account for the account of and at the risk of, and in the name of Client; to instruct any trustee or custodian of any security or other asset in the Account to deliver securities sold, exchanged, or otherwise disposed of from the Account and to pay cash for securities delivered to any trustee or custodian upon any acquisition for the Account; and generally to perform any other act necessary to enable Advisor to carry out its obligations under this Agreement in accordance with Client's Statement of Investment Policy attached hereto as Exhibit A and Chapter 40, Act 5, Article 1 and 6 of the Illinois Compiled Statutes (as amended from time to time), and the Specific Objectives and Guidelines for Individually Managed Portfolio, attached hereto as Exhibit B (Exhibit A, the statutory references and Exhibit B are collectively referred to herein as the "Guidelines"). Advisor will manage only a portion of Client's portfolio and will not be required to comply with the restrictions in Exhibit A that apply to Client's portfolio in the aggregate (and not to a portion of such portfolio). This authorization excludes the power to deliver or pay securities or cash to Advisor.

II. ACCOUNT. As used in this Agreement "Account" means the assets of Client which by notice given or caused to be given by Client to Advisor are placed in the Account, and the investments and reinvestments of, and all income earned by, any assets from time to time in the Account. By notice given or caused to be given, Client may make additions to or withdrawals from the Account. Advisor acknowledges and agrees that Client may withdraw any assets from and make additions to the Account, including all of the assets in the Account at any one time, at any time and from time to time in its sole discretion. Advisor acknowledges that it is entering into this Agreement and agreeing to perform the obligations set forth in this Agreement without any assurance that any specific amount of assets will be in the Account at any time or that any assets will be in the Account at any time. Client represents that it is the owner of all assets it places or will place in the Account, and except as herein provided, there are and will be no restrictions whatsoever as to the trading of such assets other than the Guidelines.

III. DUTY AND LIABILITY OF ADVISOR. Advisor represents that it is an investment advisor registered under the Investment Advisers Act of 1940, and that it agrees to manage the assets in the Account solely in the interest of the Account in accordance with 40 ILCS 5/1-109 et seq. (as amended from time to time) and the Guidelines, and with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of like character with like aims.

Advisor further represents to the Client and acknowledges that it is a "Fiduciary" as defined in 40 ILCS 5/1-101.2 (as amended from time to time), that it is fully obligated to and will manage the assets of the Account in accordance with the "Duties of Fiduciaries" as set forth in 40 ILCS 5/1-109 (as amended from time to time), and that it will at all times fully comply with all applicable statutory and fiduciary common law applicable to it.

Advisor acknowledges that it has received a copy of the Client's Ethics Policy ("Policy"), effective as of October 20, 2004, and agrees to comply with all provisions of said Policy.

IV. DUTY OF CLIENT. Client is a public pension plan created pursuant to and governed by Chapter 40, Act 5, Articles 1 and 6 of the Illinois Compiled Statutes. Client shall have the duty to inform Advisor within a reasonable time in writing of any change in Client's status and any change to the statutory provisions referenced in this Agreement.

Client represents that it is a "qualified eligible person" as defined in Regulation 4.7 adopted by the Commodity Futures Trading Commission under the Commodity Exchange Act, as amended (the "Commodity Exchange Act").

Client also represents that none of the assets held in the Account may be considered "plan assets" as defined in the Employee Retirement Income Security Act of 1974, as amended.

V. BROKERAGE. Advisor agrees to place orders for execution with respect to all portfolio transactions for the Account with the brokers, dealers (including any broker-dealer affiliated with Advisor) or banks that the Advisor believes in good faith that Advisor can obtain best price and execution for Client through such brokers, dealers or banks. It is the policy of Client to require the Advisor to use their best efforts to utilize minority or women owned brokers or dealers if consistent with the policy of obtaining best price and execution for Client. If Advisor believes in good faith that it will not be able to obtain best price and execution through such brokers, dealers or banks, or if such brokers, dealers or banks are unable to execute a transaction or if the Advisor is placing orders for execution on an aggregated basis, then Advisor may place orders for execution of transactions with or through such brokers, dealers or banks as Advisor may select, and, in compliance with Section 28(e) of the Securities Exchange Act of 1934, may pay commissions to any broker or dealer in excess of the amount of commissions that another broker or dealer would charge if Advisor determines in good faith that the amount of commission paid was reasonable in relation to the value of the brokerage and research services provided by the broker or dealer. Advisor may not act as a broker for Client. Advisor shall not be responsible for any loss incurred by reason of any act or omission of any broker or dealer; provided, however, that Advisor will make reasonable efforts to require that brokers or dealers selected by Advisor perform their obligations with respect to the Account.

If the Account is subject to Section 11(a) of the 1934 Act and Rule 11a2-2(T) thereunder (or any similar rule which may be adopted in the future), it is agreed that, unless otherwise instructed by Client in writing, broker-dealer associates of Advisor may retain commissions in connection with effecting any securities transactions for the Account. To the extent applicable, Advisor will furnish Client with all reports required by law.

VI. REPORTING. Advisor agrees to promptly send or cause to be sent to Client and its custodian confirmations of each transaction as effected and monthly statements generated by each broker dealer through which transactions are effected in the Account. In addition, Advisor agrees to provide the following:

A. Quarterly reports of the fair market value of the assets in the Account as of the end of the quarter (the "Valuation Date"), accompanied by a statement of performance, expressed in percentages, reflecting total gross return and total net return after fees or total net return after fees for the then current quarter, year-to-date, and since inception. Additional quarterly reports include detailed portfolio purchases, sales, income accruals and receipts, brokerage activity, including designation of all broker/dealer affiliated transactions, proxy voting, if applicable, and custodian reconciliation shall also be provided.

B. A quarterly summary of all portfolio positions the value of which fell 15% below the weighted average cost thereof as reported by the Account's custodian. If requested, the Advisor will be

available to the Client to provide a brief explanation of the reason for the continued holding of portfolio positions which have dropped 20% below the weighted average cost thereof.

C. Reports must be in the form of written summary of the assets held in the Account on the Valuation Date and will include such information as requested from time to time by Client including detail of security held (whether bill, note, debenture, bond, equity, future, option, forward) purchase price (in gross, per share, or as percentage of par), strike price, maturity date, settlement date, expiration date, coupon, yield, issuer, credit ratings, and such other information as Client may request. All investments will be valued at the last sales price on the exchange on the Valuation Date or the last date prior to the Valuation Date on which the exchange on which the security was traded was open, or, if there was no sale that day, then in accordance with Advisor's customary valuation procedures. Other securities and all other assets will be valued at fair market value as determined in good faith by Advisor with a supporting statement as to the basis of that valuation.

D. Upon the written request of Client, Advisor will provide copies of any report to any person designated by Client. Client acknowledges that all of the information contained in reports supplied by Advisor may be proprietary in nature and Client shall endeavor to limit distribution of such reports only to individuals who need to receive such reports in order to fulfill their duties or responsibilities under or pursuant to the Illinois Compiled Statutes or as otherwise required by law.

E. Upon the written request of Client as to specified transactions, Advisor will make available any and all records maintained by it regarding the placement and execution on behalf of the Account of such transactions.

F. Advisor agrees to provide Client an annual report as to the ownership of (as defined below) (an "Annual Ownership Report"). Advisor agrees to notify Client of any (i) change in ownership equal to or in excess of twenty percent (20%) of the outstanding ownership interests as indicated in the most recent Annual Ownership Report provided to Client, (ii) change in the portfolio management team or (iii) significant reduction of assets (defined as equal to or in excess of 20%) under management or within the assigned mandate, within any three month period, as a result of losses in client base, within fifteen business days.

G. Upon reasonable advanced notice, Advisor agrees to provide on a timely basis such certifications and /or reports as may be required by any law or regulation applicable to Client, provided such certification or report does not violate any law or client confidentiality obligations applicable to Advisor.

VII. NON-EXCLUSIVE CONTRACT. Advisor is not restricted in acting as an investment manager or from performing investment management or other services for any other person or entity, nor is Advisor or any of its personnel or affiliates restricted from having investments or making investment transactions for its or their own accounts or for the accounts of other clients. Advisor may give advice and take action with respect to other clients' funds which may differ from the advice given, or the time or nature of action taken, with respect to client. Advisor has no obligation to purchase or sell for Client, or to recommend for purchase or sale by Client, any security which Advisor, its principals, affiliates, or employees may purchase or sell for themselves or for any other client. Client recognizes that transactions in a specific security may not be accomplished for all client accounts at the same time or at the same price.

Client acknowledges that Advisor may, in its sole discretion, aggregate purchases or sales of any security or instrument effected with respect to Client's account with purchases or sales of the same security or instrument effected on the same day for the accounts of one or more of Advisor's other clients. When transactions are so aggregated, (a) actual prices applicable to the aggregated transaction will be averaged, and Client's account and each other account participating in the aggregated transaction will be deemed to have purchased or sold its share of the security or instrument involved at that average price and

(b) all transaction costs incurred in effecting an aggregated transaction will be shared on a pro-rata basis among all accounts participating in the aggregated transaction.

VIII. CUSTODY. All transactions authorized by this Agreement will be carried out through such custodians as Client may, from time to time, appoint in writing for that purpose. Advisor may not act as a custodian of Client and will not be liable for any act or omission of any custodian, including but not limited to any loss arising from, on account of or in connection with any custodian failing to timely notify Advisor of any corporate action or similar transaction. Custodian will report monthly to Client the value of the securities in the account.

IX. COMPENSATION TO ADVISOR. Client agrees to pay Advisor as full compensation for the services rendered under this Agreement, a quarterly fee based on the average of the asset value of the Account as of the last day of each month of each calendar quarter equal to one-fourth of the applicable annual rate as set forth on the Schedule attached as Exhibit C. For fee calculation purposes, the value of the securities in the Account shall be determined at the end of each month by the custodian.

X. AGREEMENT NOT ASSIGNABLE. Advisor may not assign (as that term is defined under the Investment Advisers Act of 1940 and in accordance with Section 205(2) thereof) any of the rights or obligations hereunder without the written consent of Client. Further, Advisor agrees to provide to Client promptly after preparation without charge, annually, Advisor's current completed Form ADV Part II.

Upon written notice to, and the consent of Client, Advisor shall be authorized to delegate any or all of its investment management and advisory services to its affiliated investment advisers. In such event, Advisor shall remain responsible for the provision of the delegated services as if such services had been provided directly by Advisor.

References in this Agreement to Advisor shall, unless the context otherwise requires, be deemed to include any such affiliated investment advisers to which Advisor delegates any such functions.

XI. TERM OF AGREEMENT. This Agreement is effective on the date specified below and shall continue on a month-to-month basis until terminated. Termination of this Agreement will not, in any case, affect or preclude the consummation of any transaction initiated prior to receipt of written notice of such termination.

XII. TERMINATION. The investment discretion granted by this Agreement may be terminated by the client upon written notice given to the Advisor. Thirty (30) days prior written notice of termination must be provided by the Advisor to the Client. If Advisor serves for less than a full calendar quarter its compensation will be determined, on the basis of the value (calculated pursuant to paragraph VI(A) above) of the assets in the Account on the termination date, on a pro rata basis for the period during which it served as Advisor with investment discretion.

XIII. PROXIES AND OTHER SHAREHOLDER ACTION. Client appoints Advisor as its agent to vote all proxies at Advisor's discretion, provided that Advisor will exercise this discretion solely in the best interests of the beneficiaries of the Account, and Advisor agrees to provide a quarterly summary of balloting to Client. Client acknowledges that the Advisor's ability to vote proxies may be significantly limited if investments are made in emerging markets. Client also authorizes Advisor to take such other action that it desires as a holder of any security in the Account, such as voting in reorganizations and other corporate actions. Advisor will not advise Client or act for Client in or otherwise monitor any legal proceedings, including bankruptcies and class action litigation, involving securities held or previously held by the Account or the issuers of these securities.

XIV. NOTICES. Any notice direction, instruction, acknowledgment, or other communication required or contemplated by this Agreement must be in writing, and may be delivered via guaranteed overnight delivery service, personal delivery, or certified mail and addressed as follows:

To Client: The Firemen's Annuity & Benefit Fund of Chicago
Twenty South Clark Street, Suite 1400
Chicago, Illinois 60603
Attn: Michael Moran
Chief Investment Officer
e-mail: mikmor13@aol.com

To Advisor: XXXXX Investment Management Company

Attn:
Email:

Any party by notice hereunder to the other may designate a different address.

Any notice, direction, instruction, acknowledgment or other communication indicating that it reflects action by Client may be accepted by Advisor and Advisor will have no obligation to inquire further with respect thereto and will be fully protected in relying and acting upon any such communication.

XV. DISCLOSURE STATEMENT. Client acknowledges receipt of Advisor's Form ADV Part II at least forty-eight hours prior to the date of execution of this Agreement.

XVI. ENTIRE AGREEMENT. This Agreement constitutes the entire agreement of the parties with respect to the management of the Account, and it can be amended only by a written document signed by both of the parties. This Agreement and all amendments hereto shall be governed by Illinois law without regard to the conflicts of law provisions thereof.

XVII. AUTHORITY. Each party to this Agreement hereby represents that it is duly authorized and empowered to execute, deliver, and perform this Agreement and that none of the execution, delivery, or performance of any action contemplated in this Agreement conflicts with or violates any provision of law, rule or regulation, contract, deed of trust, or other instrument to which it is a party or to which any of its property is subject, and this Agreement is a valid and binding obligation enforceable upon it in accordance with its terms. Further, Advisor acknowledges that it is a "fiduciary" within the meaning and under the provisions of Chapter 40, Act 5, Article 1, of the Illinois Compiled Statutes, by virtue of the nature and scope of the services to be performed by Advisor under this Agreement.

XVIII. GOVERNING LAW; CONSENT TO JURISDICTION. This Agreement and its enforcement shall be governed by the internal laws of the State of Illinois. The Client and the Advisor hereby consent to the exclusive jurisdiction, venue and forum of any state or federal court located in Illinois, with respect to any action commenced by the parties hereto which in any way relates to the subject matter of this Agreement.

XIX. LIMIT OF LIABILITY. Client represents that (a) it recognizes the inherent market fluctuation risks which surround the investment and reinvestment of assets; (b) it is aware of the long-term nature of investing and possible losses on the transactions in which Advisor will engage on behalf of Client, and it is financially capable of bearing such losses; (c) it has significant additional resources beyond the Account and (d) it has not received any written or verbal guarantees of performance of the Account and understands that no representative or agent of Advisor is authorized to make any such guarantees or representations now or in the future.

To the extent permitted by law, Advisor shall not be liable for any error of judgment or for any loss suffered by Client in connection with the subject matter of this Agreement, except loss resulting from willful misfeasance, bad faith or gross negligence in the performance by Advisor of its duties, or by

reason of Advisor's reckless disregard of its obligations and duties under this Agreement. Advisor shall have no responsibility, liability, duty or obligation except as expressly assumed pursuant to this Agreement. Advisor shall not be responsible for any loss incurred by reason of any act or omission of Custodian or any third party. Advisor shall be fully protected in acting upon any instruction believed by it to be genuine and signed or communicated by or on behalf of Client, and Advisor shall be under no duty to make any investigation or inquiry regarding any Client instruction. Advisor does not assume responsibility for the accuracy of information furnished by Custodian or any third party on which it reasonably relies. Notwithstanding anything herein to the contrary, Advisor shall not be liable for any special, indirect or consequential damages.

XX. MISCELLANEOUS. This Agreement may be executed in counterparts, each of which will be considered as an original. Where the context admits, words in the plural will include the singular and in the singular will include the plural.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date and year first above written.

Client: The Firemen's Annuity and Benefit Fund of Chicago

By: _____ 2012
President Date

By: _____ 2012
Secretary Date

Advisor: XXXXXX Investment Management Company

By: _____ 2012
Authorized Agent Date

EXHIBIT "C"

FEE SCHEDULE

The Firemen’s Annuity and
Benefit Fund of Chicago

2012

The fees of XXXXX Investment Management Company (the “Advisor”) for investment counsel services for the above Account shall be paid quarterly in arrears at the rates indicated below based on the average market value of the investment capital of the Account, including cash or its equivalent held for investment, at the end of the quarter, measured at each month end during the previously completed quarter, as reported by the custodian. The fee for any period which is less than a full quarter shall be prorated on a daily basis.

<u>Assets Managed</u>	<u>Annual Fee</u>
First \$XX million	XX basis points
Next \$XXmillion	XX basis points
All remaining assets	Negotiable

Fees will be billed quarterly, at the beginning of each calendar quarter, based on the average value of assets under management, measured at each month end during the preceding quarter. The Advisor agrees that during the term of this Agreement it will not charge another client a lower fee for which it provides the same services involving the separate management of an investment portfolio having an equal size and the same investment objectives and strategies, similar investment restrictions and the same benchmark index as the Client. If during the term of this Agreement the Advisor enters into an agreement with another similar type of client to provide the same services involving the separate management of an investment portfolio having a size less than or equal to the Account’s then current account size (for the avoidance of doubt, the “then current account size” shall be based on actual funding amount by Client and not the market value of the assets under management), within the the same investment objectives and strategies, similar investment restrictions and the same benchmark index as the Client pursuant to a lower fee schedule, such lower fee schedule shall apply to this Agreement and shall supersede the fee schedule set forth in this Agreement. This provision shall not apply in the case of any client of the Advisor that (i) is an investment advisor who has retained the Advisor to serve as sub-advisor, (ii) is a registered investment company, (iii) is a wrap fee program, (iv) is a commingled product, or (v) has multiple accounts under management by the Advisor.

XXXXX Investment
Management Company

The Firemen’s Annuity and Benefit
Fund of Chicago

By: _____
Authorized Agent

By: _____

Its: _____
President

By: _____

Its: _____
Secretary

