

Responses to questions for the Fireman's Annuity & Benefit Fund of Chicago Search for Investment Advisor (SIA)



1. Where in the Callan Database questionnaire can we enter our employee turnover, given there are no asset class categories for either Currency Overlay or Active Hedging nor Currency Alpha or Alternatives. We do not manage equities or fixed income investments.

An additional questionnaire will be provided to firms who have submitted an intent to respond. At this point in time, no additional information is required.

2. Please can you advise if any hard copies or a signed copies of our intent to participate, and related documents, are required at this stage. Alternatively, please confirm that an electronic submission fulfils the current requirement.

An electronic submission of an intent to participate is all that is required. Additional documentation and information will be requested at a later date.

3. Will the mandated search “**Active Foreign Currency**” seek Active Currency *Hedging* managers or Active Currency *Alpha* providers?

FABF is looking for a global currency mandate as a diversified alpha source. The currency mandate is not intended as an overlay strategy or a hedging strategy.

4. What will be the notional amount in U.S. Dollars of the investment mandate for “**Active Foreign Currency**”?

The mandate size is to be determined and will be funded on a notional basis. It will likely represent less than 5% of total fund assets.

5. The track record for our "Currency Allocation Return Strategy" (CARS) is managed in GBP (Pound Sterling), against the Citigroup GBP 1M Eurodeposit index. Based on our familiarity with the Callan Database, we believe it does not allow us to identify the track record's base currency. Is it acceptable for us to submit a GBP track record into the Callan Database? (In our letter of intent, we will provide you with our full composite disclosure.)

Callan's database does not allow for currency specifications. Additional documentation will be requested at a later date, at which time detail can be provided on the base currency of the track record.

6. Are there any more specific investment objectives or constraints for the Active Foreign Currency mandate, whether in terms of a benchmark, targeted return or targeted excess return, tracking error vs. the benchmark, any combination of these, or otherwise?

The mandate is intended as an absolute return with exposure to major and minor currencies. Volatility targets will be established with the investment manager, but is expected to be between 4-10% with the notional funding amount used to define the risk and return target.

7. Is there a contemplated notional size for the Active Foreign Currency mandate?

The mandate size is to be determined and will be funded on a notional basis. It will likely represent less than 5% of total fund assets.

8. Is there targeted constraints in developed vs. emerging market currencies?

No. It is expected that developed currencies will be the primary component of the portfolio but exposure to emerging markets will be permitted. Exposure to exotics will be evaluated on a case by case basis.

9. Does the Fund's investment policy, relevant statutes etc. place any limitations on relevant currency instruments or permitted currencies?

It is expected that developed currencies will be the primary component of the portfolio but exposure to emerging markets will be permitted. Exposure to exotics will be evaluated on a case by case basis. Currently forwards, futures and options are permitted. The use of additional instruments will be evaluated on a case by case basis.

10. What is the performance and volatility objective for this mandate? Is an absolute return objective (i.e. benchmark of zero or T-bills) acceptable?

The mandate is intended as an absolute return with exposure to major and minor currencies. Volatility targets will be established with the investment manager, but is expected to be between 4-10%

11. Section 2 – Minimum Requirements, Item 3., states that the mandate must not represent more than 20% of the Company's total firm assets or 20% of the proposed strategy total assets. What mandate size should be assumed to calculate this requirement?

The mandate size is to be determined and will be funded on a notional basis. It will likely represent less than 5% of total fund assets.

12. Are currency forwards, options, and futures permitted?

Yes.

13. Are there any maximum exposure limits (gross currency market exposure = sum of the longs and absolute value of the shorts)?

Exposure limits will be defined based on the notional funding amount and risk/ return targets.

14. Are there any limits on portfolio turnover?

No.