Responses to questions for the Firemen's Annuity & Benefit Fund of Chicago ("FABF") Request for Proposal (RFP): Investment Consulting, Performance and Risk Management Services

(Please note that similar questions have been grouped together.)

1. *Could you please provide Exhibits 1-3 (Statement of Certification, Investment Consulting Contract, and Disclosure Schedule)?*

   Answer: A revised RFP has been posted on the Fund's website. The only revisions are the inclusion of Exhibits 1–3 (Statement of Certification, Investment Consulting Contract, and Disclosure Schedule). No other changes have been made.

2. *Can you provide an estimate of the number of in-person meetings your Consultant is expected to attend per year? Could you provide the anticipated meeting schedule for 2026/ 2027*

   Answer: The Consultant is expected to attend 12 monthly Board meetings and 4 quarterly Investment Committee meetings annually, for a total of 16 in-person meetings. Board meetings scheduled for the balance of 2026 are August 19, September 16, October 21, November 18, and December 14. Investment Committee meetings and the 2027 meeting calendar have not yet been finalized.

3. *Is the Fund expecting to have an Asset Liability study done in 2027? When was the last study conducted?*

   Answer: An asset-liability study has not been scheduled for 2027. The Board expects to conduct a study following the selection of a new investment Consultant. The most recent study was completed in 2021.

4. *Can you please provide the reason for the issuance of this RFP? Can you please advise if the expected contract duration is a 5-year term, or yearly with annual renewals?*

   Answer: The current five-year consulting agreement has expired. Pursuant to the Illinois Pension Code (40 ILCS 5/1-113.4), the Fund is conducting a competitive procurement process for a new five-year agreement.

5. *Is the scope outlined in this RFP consistent with the current contract? If not, what items are different?*

   Answer: The scope of services is materially unchanged from the current engagement.

6. *Can you please provide the current annual fee being paid for these services?*

   Answer: The current consulting contract fee is $300,000 annually. Additional fees apply for services outside the base engagement, including custodian searches ($75,000), transition management assignments ($45,000), and securities lending program review and evaluation ($40,000). Respondents should provide both an all-inclusive fee proposal and an itemized fee schedule.

7. *What are the key attributes, capabilities, or service enhancements the Fund is seeking from its next investment Consultant?*

   Answer: The Fund seeks a Consultant that combines high-touch client service, rigorous research capabilities, strong operational and risk-management infrastructure, and a disciplined, process-driven investment approach delivered at a competitive cost.

8. *Does the current Consultant have discretion over any part of the private markets portfolio?*

   Answer: No. The Consultant does not have discretionary authority over any portion of the private markets portfolio.

9. *How many full-time employees are dedicated to working on the Fund?*

   Answer: The Fund currently employs one full-time investment professional.

10. *What tools, if any, does staff use for portfolio modeling, source investment managers, or perform ongoing due diligence? How does the plan think about the full set of portfolio tools available to improve efficiency—such as derivatives, portable alpha, or other forms of capital efficiency?*

    Answer: The Fund relies on its Consultant for portfolio monitoring, analytics, and risk-management tools. The Fund does not currently employ fund-level derivatives, portable alpha, or similar capital-efficiency strategies.

11. *Is operational due diligence required for new private markets investments? What level of due diligence is provided for re-up investments?*

    Answer: Operational due diligence is not required for all new private markets investments. Re-up investments are evaluated independently and do not automatically require a new RFP process.

12. *How are new investment ideas typically sourced and evaluated—what roles do staff and the Consultant each play in that process?*

    Answer: Historically, new managers were sourced primarily through formal RFP processes. With the addition of internal investment staff, sourcing has broadened. Staff and the Consultant jointly evaluate opportunities and present recommendations to the Board.

13. *What is the biggest investment-related issue the Board is currently facing? What risks within the portfolio have been front of mind for the Board and staff?*

    Answer: Achieving and sustaining returns consistent with the Fund's 6.75% actuarial return assumption remains the Board's primary investment objective and key investment-related risk consideration.

14. *As part of the strategic asset allocation, how has liquidity been modeled and played a role into the policy targets decision making framework? Given the Fund's current funded status, are there any near-term liquidity constraints beyond normal benefit payouts we should be aware of?*

Answer: The Fund is cash-flow positive, supported by biannual City contributions that fund benefit payments. The strategic asset allocation has been developed with this liquidity profile in mind. In limited circumstances, timing differences in the receipt of City contributions may require temporary funding from portfolio assets. Any such amounts are generally reinvested upon receipt of the contributions.

15. *How many manager searches have been conducted each year, over the last 3 years?*

Answer: Manager searches completed during the past three years were as follows: 2025- 0; 2024- 2; 2023- 1.

16. What is the status of the open Passive and Real Estate searches for the Fund and is the expectation those searches will be completed, and a manager selected prior to retaining a new Consultant?

Answer: The passive and real estate manager searches remain active, with selection decisions expected by August.

17. *What is the frequency for updating commitment pacing models? How many private commitments do you make each year by asset class?*

Answer: The Fund has historically accessed private equity primarily through funds-of-funds. More recently, allocations have expanded into private credit and are expected to include private real estate. As a result, the private markets program remains in an early stage of development, and commitment-pacing methodologies continue to evolve as the program matures.

18. *Is it possible to see a recent report with individual investment manager allocations?*

Answer: Current asset-allocation information is available on the Fund’s website at www.fabf.org.