

**STATEMENT OF INVESTMENT POLICY
FOR
LABORERS' AND RETIREMENT BOARD EMPLOYEES'
ANNUITY AND BENEFIT FUND OF CHICAGO**

INTRODUCTION

The purpose of this document is to set forth the investment policies and objectives with respect to the assets of The LABF-Chicago ("the Fund") in order that:

1. There is a clear understanding by all parties of the goals pertaining to the investment of the assets of the Fund.
2. There is a basis for the evaluation of the investment performance of the Fund and its investment managers.
3. The duties and responsibilities of the Trustees, staff and investment managers are defined.

OBJECTIVES

1. The asset mix described below is designed, over time, to provide a high likelihood of producing a rate of return sufficient to meet or exceed the Fund's actuarial interest assumption of 7.50% (net of investment fees), absent extraordinary circumstances.

PHILOSOPHY

All assets of the Fund are for the exclusive benefit of Fund participants and their beneficiaries. Fund assets may only be used to:

1. Provide benefits to participants and their beneficiaries.
2. Defray reasonable expenses of administering the Fund.

The Fund's investments will be diversified to reduce the risks of large losses. Diversification will be achieved by allocating assets among asset classes, and investment managers within asset classes. Each investment manager is responsible for diversifying within the asset management role for which they have been selected.

ASSET ALLOCATION

The following asset class commitment policy ranges have been adopted:

Acceptable Ranges of Commitment (%)

| | <u>Target</u> | <u>Minimum</u> | <u>Maximum</u> |
|---|---------------|----------------|----------------|
| US Large Cap Equities | 4.0% | 2.0% | 6.0% |
| US Mid/Small Cap Equities | 8.0% | 5.0% | 11.0% |
| Int'l Large Cap Equities – Developed | 5.0% | 2.0% | 8.0% |
| Int'l Small Cap Equities – Developed | 8.0% | 5.0% | 11.0% |
| Emerging Market Large Cap Equities | 3.0% | 0.0% | 6.0% |
| Emerging Market Small Cap Equities | 2.0% | 0.0% | 5.0% |
| Global Equities | 20.0% | 15.0% | 25.0% |
| Total Equities | 50.0% | | |
| | | | |
| Core / Core Plus Fixed Income | 3.0% | 0.0% | 6.0% |
| Emerging Market Debt (Blended Currency) | 4.0% | 1.0% | 7.0% |
| Absolute Return Fixed Income | 4.0% | 1.0% | 7.0% |
| Multi-Sector Fixed Income | 5.0% | 2.0% | 8.0% |
| Total Fixed Income | 16.0% | | |
| | | | |
| Private Real Assets | 4.0% | 0.0% | 7.0% |
| Real Estate | 8.0% | 5.0% | 11.0% |
| Private Equity | 4.0% | 0.0% | 10.0% |
| Private Debt | 3.0% | 0.0% | 6.0% |
| Hedge Funds | 8.0% | 5.0% | 11.0% |
| Global Asset Allocation | 7.0% | 4.0% | 10.0% |
| Total Other | 34.0% | | |
| | | | |
| Total | 100.0% | | |

Multiple managers will be employed. Allocations among the managers will be controlled by the Trustees to maintain both diversification and policy guidelines. If the allocation to an asset class exceeds its appropriate range, the allocation will be rebalanced within a reasonable time period.

LIQUIDITY

There will be a continuing need for liquidity since benefit payments from the Fund will exceed contributions. Accordingly, there will be a requirement to raise cash for the payments of pension benefits. This will be accomplished using income from investments, maturities, as well as asset liquidation in manager portfolios. Managers will be notified as far in advance as possible of anticipated withdrawals from their portfolios. A reserve account holding cash equivalents may be maintained to aid with liquidity issues that arise in the Fund.

POLICY AND OBJECTIVES REVIEW

The policies and objectives of the Fund will be reviewed annually. These reviews will focus on the continued feasibility of the objectives, and the continued appropriateness of the investment policies for achieving the objectives. It is not anticipated that objectives and policies will be altered frequently. Alterations will result if and when experience deviates significantly from expectations. Since such deviations usually take three to five years, modifications to the policies should normally not occur any sooner than three to five years.

PERFORMANCE REVIEW

Progress toward achieving performance objectives of the fund and of the investment managers will be reviewed quarterly. These reviews will focus on the achievement of the objectives and the opportunities available in the investment markets. Particular attention will be directed to reviewing performance relative to risk; this will be achieved by comparing performance to plans with similar risk. It is believed that the performance expectations set forth in the statement of investment policy are reasonable and consistent in the long run. On a relative basis, it is expected that the total Fund will perform in the top forty percent of funds with similar risk over a complete market cycle.

Each manager will have their own policies and objectives, as established by the Laborers' and Retirement Board and staff in conjunction with the investment consultant. Manager reviews will focus on adherence to policy, progress toward achievement of objectives, and performance relative to opportunities. Each manager is expected to perform in the top forty percent of an appropriate peer group over a market cycle. Decisions about manager relationships will be based on the above criteria and judgment about the investment managers' capabilities. Managers not meeting performance criteria will be placed on a watch list to be reviewed by the Trustees.

COMPLIANCE

All applicable statutes will be followed.