

Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago

A Component Unit of the City of Chicago
State of Illinois

Supplemental Financial Report

For the Fiscal Year Ended December 31, 2017



The Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago (the "Fund") presents its Supplemental Financial Report for the fiscal year ended December 31, 2017. This report, the Financial Statements for the year ended December 31, 2017 and the Actuarial Valuation Report as of December 31, 2017 provide content that was formerly presented in the Comprehensive Annual Financial Report (CAFR) for fiscal years prior to 2014. The information this report contains is entirely the responsibility of the Plan and its administrative staff. The statements and disclosures contained in this year's three reports have been prepared to enable the Plan's participants, interested citizens, and responsible governmental officials to draw fair conclusions concerning the financial health and management of the Plan. To the best of our knowledge, the information provided is accurate and complete in all material respects.

July 25, 2018

The Board of Trustees

Laborers' & Retirement Board Employees' Annuity & Benefit Fund of Chicago

321 N. Clark Street, Suite 1300

Chicago, IL 60654-4739

Dear Trustees:

Marquette Associates would like to provide a summary of the investment results for the Laborers' & Retirement Board Employees' Annuity & Benefit Fund of Chicago ("LABF") for the year ended December 31, 2017.

Interest rates decreased and credit spreads tightened during the year, providing positive returns across fixed income, with significant outperformance of long duration (Barclays Long Govt/Credit up 10.7%) and high yield bonds (Barclays High Yield up 7.5%). U.S. Equities showed strong returns for the year (S&P 500 up 21.8% and the Russell 2000 up 14.6%). Broad International equity markets (MSCI All Country World ex-U.S.) gained 27.2% for the year. Emerging markets (MSCI Emerging Markets Index) significantly outperformed developed markets, up 37.3% for the year. Private Real Estate continued solid performance in 2017, with the NCREIF Property Index up 7.0%.

The Total Fund returned 18.6% for calendar year 2017, net of fees, outperforming the Allocation Index's return of 17.2%. The Fund ranked in the 5th percentile in the InvestorForce Public Defined Benefit Fund over \$1 billion peer universe. The 3-year annualized return for the Fund was 7.2%, net of fees, versus 7.8% for the benchmark, ranking the Fund in the 64th percentile. The 5-year annualized return for the Fund was 8.2%, net of fees, versus 8.8% for the benchmark, ranking the Fund in the 62nd percentile.

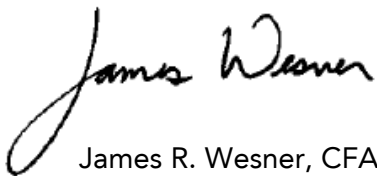
Factors that contributed to 2017 performance included:

- Fixed Income – Positive returns from the asset class, outperforming the broad global fixed income market, due to significant outperformance of High Yield bonds and Emerging Market Debt.
- U.S. Equity – Strong returns in 2017, with large cap stocks significantly outperforming small cap stocks and growth significantly outperforming value for the year. LABF's U.S. Equity Composite underperformed its benchmark, mainly due to LABF's policy overweight to small and mid-cap equities.

- International Equity – LABF’s International Equity Composite outperformed during the year, with significant active manager outperformance. Emerging markets outperformed developed markets for the year, with value significantly outperforming growth.
- Global Equity – At the composite level, the asset class outperformed its benchmark, with mixed manager performance.
- Hedge Funds – The asset class outperformed its benchmark for the year, as hedged equity strategies outperformed in 2017.
- Real Estate – The asset class underperformed its benchmark, as property appreciation slowed for the LABF portfolio in 2017.
- Private Equity – The asset class was a moderate detractor from LABF’s performance for the year, returning 8.8%.

LABF continues to invest in a well-diversified portfolio of assets to provide growth opportunities for LABF assets in the years to come. The LABF implements this diversified portfolio by using a combination of active and passive management.

Sincerely,



James R. Wesner, CFA
Managing Partner



Kweku Obed, CFA, CAIA
Managing Partner

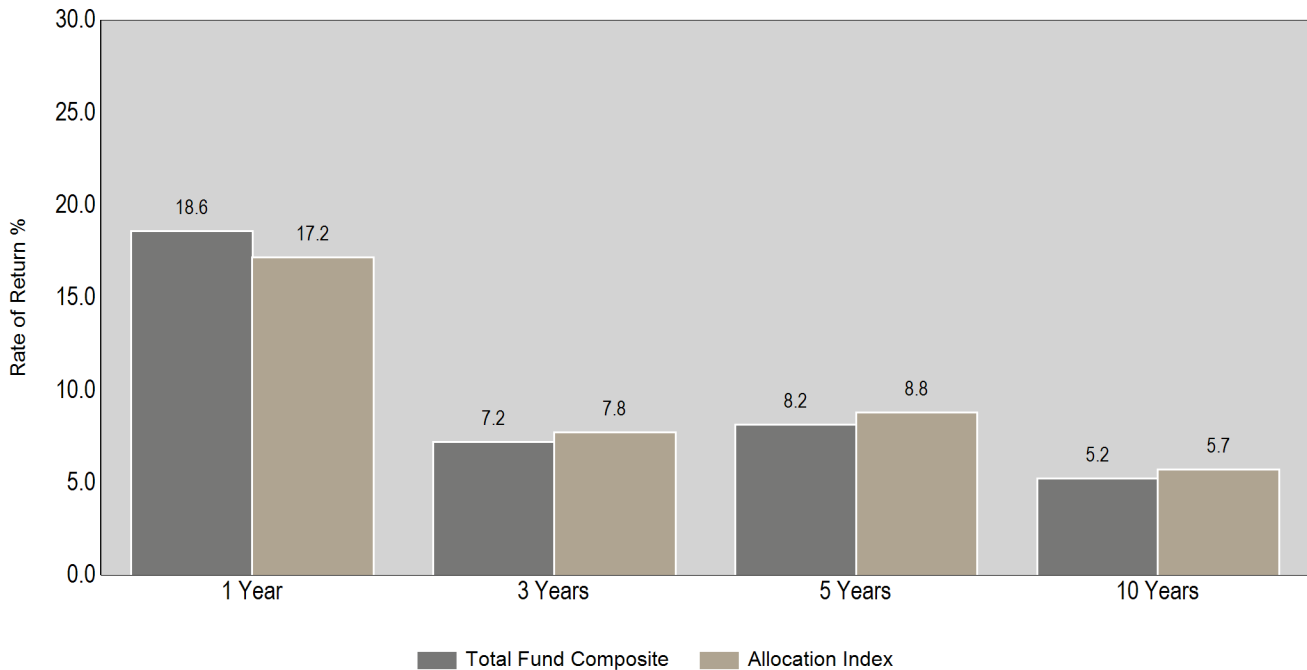
Laborers' & Retirement Board Employees' Annuity & Benefit Fund

Performance Update (Net of Fees)

Ending December 31, 2017

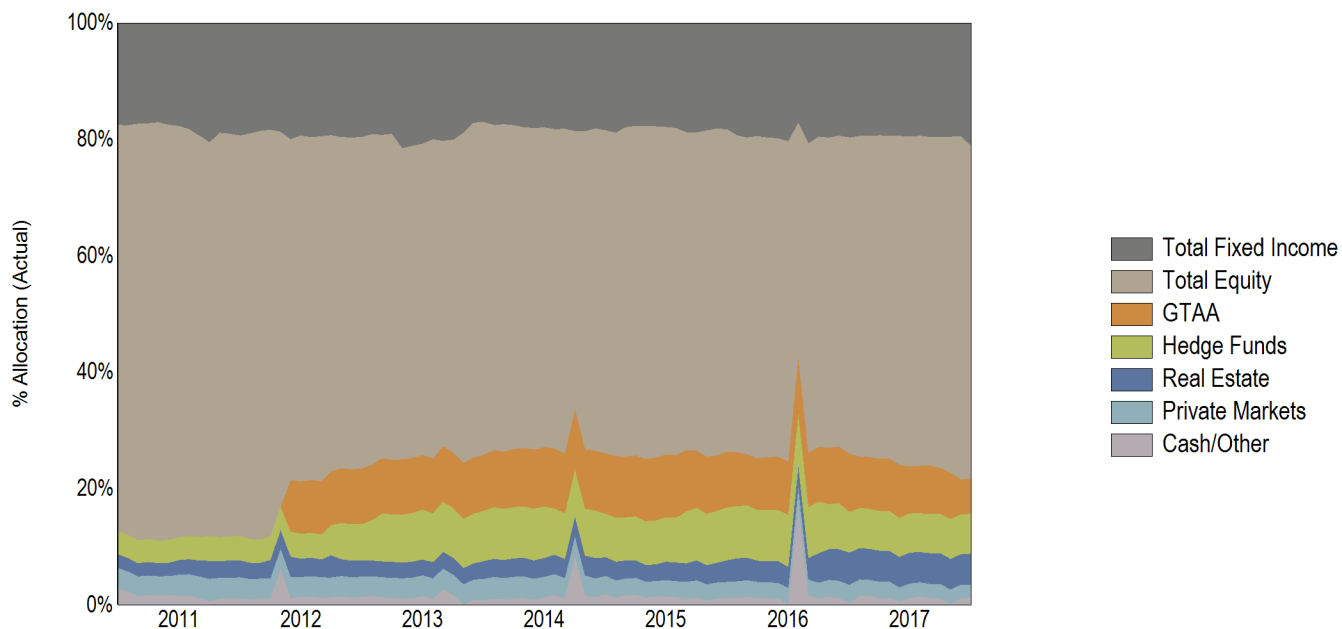
	1 Yr	3 Yrs	5 Yrs	10 Yrs	2017	2016	2015	2014	2013
Total Fund Composite	18.6	7.2	8.2	5.2	18.6	5.3	-1.3	3.3	16.2
<i>Allocation Index</i>	17.2	7.8	8.8	5.7	17.2	8.2	-1.3	5.3	15.9
<i>Actuarial Rate</i>	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5
Total Fixed Income	6.9	3.9	2.7	4.5	6.9	7.2	-2.0	4.5	-2.4
<i>BBgBarc Global Aggregate (Hedged)</i>	3.0	2.7	3.1	4.2	3.0	3.9	1.0	7.6	-0.1
Total Equity	27.6	9.2	11.3	6.0	27.6	4.6	-2.6	3.3	27.0
<i>MSCI ACWI</i>	24.0	9.3	10.8	4.7	24.0	7.9	-2.4	4.2	22.8
Total Domestic Equity	18.5	8.3	13.0	7.2	18.5	12.1	-4.4	6.8	35.6
<i>Russell 3000</i>	21.1	11.1	15.6	8.6	21.1	12.7	0.5	12.6	33.6
Total International Equity	39.5	10.1	8.0	3.1	39.5	-2.6	-1.9	-1.8	12.1
<i>MSCI ACWI ex USA</i>	27.2	7.8	6.8	1.8	27.2	4.5	-5.7	-3.9	15.3
Total Global Equity	24.9	9.8	--	--	24.9	6.0	0.0	7.3	--
<i>MSCI ACWI</i>	24.0	9.3	10.8	4.7	24.0	7.9	-2.4	4.2	22.8
GTAA	15.7	6.6	5.4	--	15.7	8.1	-3.1	0.5	6.6
<i>60% MSCI ACWI / 40% Barclays Aggregate</i>	15.4	6.6	7.4	4.8	15.4	5.9	-1.0	5.0	12.3
Hedge Funds	4.8	1.8	3.9	--	4.8	1.2	-0.6	3.2	11.6
<i>HFRI Fund of Funds Composite Index</i>	7.8	2.6	4.0	1.1	7.8	0.5	-0.3	3.4	9.0
Real Estate	5.2	9.6	9.2	1.1	5.2	4.9	19.3	7.4	10.0
<i>NPI</i>	7.0	9.4	10.2	6.1	7.0	8.0	13.3	11.8	11.0

Return Summary
Ending December 31, 2017



* Performance is calculated on a time-weighted basis, using the Modified Dietz method.

Historic Asset Allocation



Current Asset Allocation*
As Of December 31, 2017

	Current	%
Total Fixed Income	\$259,697,103	21.0%
Total Equity	\$706,717,684	57.2%
GTAA	\$74,836,011	6.1%
Hedge Funds	\$84,710,560	6.9%
Real Estate	\$65,739,661	5.3%
Private Markets	\$26,406,820	2.1%
Cash/Other	\$18,300,008	1.5%
Total	\$1,236,407,848	100.0%

* Approved Target Allocation: 10% Core Fixed Income, 7% Liquid Opportunistic Credit, 3% Emerging Markets Debt, 16% US Large Cap Core Equity, 9% US Smid Cap Equity, 5% Global Low Volatility Equity, 10% Developed Markets Large Cap Equity, 5% Developed Markets Small Cap Equity, 3% Emerging Markets Large Cap Equity, 2% Emerging Markets Small Cap Equity, 5% Equity - Hedged, 5% Hedged Credit, 5% Real Estate - Core, 5% Real Estate - Opportunistic, 3% Infrastructure, 4% Private Equity, 3% Private Debt

Laborers' & Retirement Board Employees' Annuity & Benefit Fund

Market Values

Ending December 31, 2017

	Asset Class	Market Value (\$)	% of Portfolio
Total Fund Composite		1,236,407,848	100.0
Total Fixed Income		259,697,103	21.0
Core Fixed Income		83,386,739	6.7
AFL-CIO HIT	Core Fixed Income	23,099,469	1.9
LM Capital Core	Core Fixed Income	41,351,618	3.3
Baird Advisors	Core Fixed Income	18,935,652	1.5
Global Multi-Sector Fixed Income		124,314,982	10.1
WAMCO Global Multi-Sector	Global Fixed Income	37,935,976	3.1
Neuberger Berman Fixed Income	Global Fixed Income	74,053,109	6.0
WAMCO Macro Opportunities	Global Fixed Income	12,325,897	1.0
Emerging Market Debt		51,995,382	4.2
LM Capital EMD	EM Fixed Income	51,995,382	4.2
Total Equity		706,717,684	57.2
Total Domestic Equity		201,642,829	16.3
Total Large Cap Equity		97,559,919	7.9
Rhumblin S&P 500 Index	Large-Cap Core	97,559,919	7.9
Total SMID Cap Equity		104,082,910	8.4
Keeley Investment	Smid-Cap Value	36,725,424	3.0
Ariel	Smid-Cap Value	36,142,259	2.9
Fiera Capital Smid	Smid-Cap Growth	31,215,227	2.5
Total International Equity		254,059,150	20.5
Total International Developed Markets Equity		169,899,878	13.7
Baillie Gifford	Non-U.S. Large-Cap Core	95,853,113	7.8
Wasatch International Small Equity	Non-U.S. Small-Cap Core	74,046,766	6.0
Total Emerging Markets Equity		84,159,271	6.8
Vontobel	Emerging Markets	48,955,495	4.0
William Blair Emerging Markets Small Cap	EM Small-Cap	35,203,776	2.8
Total Global Equity		251,015,706	20.3
Hexavest World Equity	Global Core Equity	60,512,392	4.9
Fiera Capital Global	Global Core Equity	59,462,848	4.8
Progress Manager of Emerging Managers		131,040,466	10.6
ARGA Investment	Global Core Equity	22,298,017	1.8
Ativo Capital	Global Core Equity	30,185,054	2.4
HAV Capital	Global Core Equity	14,965,801	1.2
Martin INV Management	Global Core Equity	17,085,429	1.4
Strategic Global	Global Core Equity	28,961,814	2.3
Brown Capital	Non-U.S. Small-Cap Core	9,875,781	0.8
Glovista Investments	Emerging Markets	7,668,571	0.6

Laborers' & Retirement Board Employees' Annuity & Benefit Fund

Market Values

Ending December 31, 2017

	Asset Class	Market Value (\$)	% of Portfolio
GTAA		74,836,011	6.1
Wellington Opportunistic Investment Allocation	Global Tactical Asset Allocation	56,545,503	4.6
PIMCO/SEI All Asset Fund	Global Tactical Asset Allocation	18,290,508	1.5
Hedge Funds		84,710,560	6.9
Entrust Special OP Fd II	Multi-Strat. Hedge FoF	1,564,465	0.1
Entrust Special OP Fd III	Multi-Strat. Hedge FoF	5,607,370	0.5
Pluscios Mgmt LLC	Multi-Strat. Hedge FoF	25,782,544	2.1
Lighthouse Global Long-Short	Hedged Equity Hedge FoF	25,845,143	2.1
Riverview Global Macro Fund	Global Macro Hedge Fund	25,911,038	2.1
Real Estate		65,739,661	5.3
ASB Capital Management	Core Real Estate	38,254,377	3.1
Capri Capital III	Value-Added Real Estate	2,469	0.0
Capri Select Fund II	Opportunistic Real Estate	10,424	0.0
Newport Capital	Opportunistic Real Estate	432,090	0.0
JBC Opportunity III LP	Opportunistic Real Estate	111,635	0.0
JBC Opportunity IV LP	Opportunistic Real Estate	3,885,590	0.3
Mesirow Financial Real Estate Value Fund	Value-Added Real Estate	6,849,603	0.6
Mesirow Financial Real Estate Value Fund II	Value-Added Real Estate	11,234,387	0.9
Long Wharf Real Estate Fund V	Value-Added Real Estate	4,959,085	0.4
Private Markets		26,406,820	2.1
Private Debt		2,093,955	0.2
Brightwood Capital Fund IV	Private Debt	2,093,955	0.2
Private Equity		24,312,865	2.0
Glouston PE Opportunities V	Secondary Private Equity FoF	4,900,583	0.4
Hopewell Ventures	Venture Private Equity	1,847,355	0.1
Midwest Mezz IV	Mezz. Private Equity	250,722	0.0
Mesirow I	Global Divers. Private Equity FoF	1,537,428	0.1
Mesirow II	Global Divers. Private Equity FoF	1,419,685	0.1
Mesirow IV	Global Divers. Private Equity FoF	2,892,147	0.2
Mesirow IX	Private Equity Co-Investment	989,573	0.1
Mesirow X	Private Equity Co-Investment	2,289,931	0.2
Pantheon Global SEC IV	Secondary Private Equity FoF	8,185,441	0.7
Total Private Real Assets		--	--
Cash/Other		18,300,008	1.5

Top 10 Equity Holdings
December 31, 2017

Shares	Security	Fair Value
51,179	Alibaba Group Holding Ltd Sponsored ADR	\$8,824,795
164,735	Tencent Holdings Ltd	8,555,692
35,407	Apple Inc	5,991,927
22,541	Baidu Inc Sponsored REPR 0.10 ADR	5,279,328
37,726	Johnson & Johnson COM USD1	5,271,077
128,877	Taiwan SemiConductor Mfg Co	5,109,973
51,594	Microsoft Corp	4,413,351
498,000	AIA Group Ltd	4,245,929
38,546	Ferrari NV Com EUR0.01	4,047,714
113,468	M3 Inc NPV	3,993,792

Top 10 Fixed Income Issuers
December 31, 2017

Issuer	Fair Value
Government of the United States	\$25,845,070
Federal National Mortgage Association	15,735,804
Federal Home Loan Mortgage Corp	12,634,387
Government of Japan	4,619,594
Spain (Kingdom of)	2,948,743
Colombia Telecomunicaciones, S.A. ESP	1,967,750
Asian Development Bank	1,722,196
Corporation Andina De Fomento	1,598,085
Queensland Treasury Corporation	1,534,968
Morgan Stanley	1,490,745

A complete listing of portfolio holdings is available upon request.

BROKER COMMISSIONS FOR 2017

Name	Total Equity Commissions
ITG Inc.	\$32,355
BNY ConvergEx Execution Solutions	22,995
Loop Capital Markets LLC	22,847
Penserra Securities LLC	22,609
Academy Securities Inc.	22,392
Instinet Europe Limited	17,497
Mischler Financial Group Inc.-Equities	14,486
Macquarie Bank Limited	12,499
Williams Capital Group L.P.	12,212
BNP Paribas Securities Services SA	10,880
All Other	<u>173,034</u>
Total	<u><u>\$363,805</u></u>