



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

RETIREMENT BOARD

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AILEEN MAZUR PECORA

December 22, 2011

The Honorable Patrick Quinn  
Governor, State of Illinois  
207 State House  
Springfield IL 62706

Dear Governor Quinn:

I am pleased to provide the 2011 annual report to the Governor and General Assembly regarding the four policies adopted under 40 ILCS 5/109.1 and goals established within those policies on behalf of the Laborers' and Retirement Board Employees Annuity and Benefit Fund of Chicago (LABF or Fund), as required by 40 ILCS 5/109.1(8).

Attached are the four policies adopted by the Fund's Board of Trustees as required by 40 ILCS 5/109.1, and reviewed by the Board on April 15, 2011:

1. Policy Regarding Emerging Investment Managers;
2. Policy Regarding Racial, Ethnic, and Gender Diversity for Fiduciaries, Consultants, and Senior Staff;
3. Policy Regarding Businesses Owned by Minorities, Females, and Persons with Disabilities for Administrative Contracts and Service Agreements; and
4. Brokerage Policy.

Regarding emerging investment managers, the Fund has taken and continues to take important and appropriate actions to provide increased opportunities for emerging investment managers. Appendix A, attached, lists the names and addresses of the current emerging investment managers employed by the Fund. As of September 30, 2011, these names manage 17.8% of the Fund's assets; 16.6% of assets are managed by minority owned investment managers and 1.2% of assets are managed by female owned emerging investment managers.

The management of assets in specific asset classes by emerging investment managers is as follows:

- within the asset class of equities, 22.1% is managed by emerging investment managers;
- within the asset class of bonds, 7.1% is managed by emerging investment managers; and
- within the asset class of alternatives, 11.7% is managed by emerging investment managers.

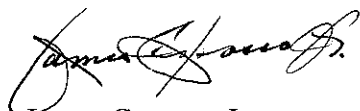
An additional 4.8% of the Fund's assets are with a minority firm (Rhumbline Advisers), whose status is not emerging due to the statutory definition of "emerging investment manager." The attached Appendix B lists the address.

The Fund has and will continue to act to increase the use of emerging investment managers within the bounds of fiduciary and financial prudence. The attached Policy Regarding Emerging Investment Managers is implemented whenever the Fund commences an investment manager search. Further, as Executive Director, I regularly meet with prospective emerging investment managers and strongly encourage those managers to meet with the Fund's investment consultant and to include their company's profile in the consultant's database for future investment manager searches.

Regarding minority broker-dealers, LABF continues to stress to its investment managers the importance of trading with minority broker-dealers. The attached Brokerage Policy, subject to best price and execution, directs investments managers to meet certain quantifiable levels of trading with minority brokerage firms and to submit a progress report to the Fund on a quarterly basis. If an investment manager fails to comply with the Brokerage Policy, the manager may come before the Fund's Board of Trustees for questioning and be placed on watch if compliance efforts are deemed insufficient. All factors are considered when determining the retention of an investment manager. LABF consistently enforces the Brokerage Policy as it falls within the Fund's overall commitment to the success of minority owned businesses, female owned businesses, and businesses owned by a person with a disability.

We look forward to continuing to build on the Fund's current progress and to meet the goals specified in the attached policies in the coming year.

Sincerely,



James Capasso Jr.  
Executive Director

enc.

cc: Speaker Michael Madigan, Speaker of the House of Representatives  
Senator John J. Cullerton, President of the Senate

## Appendix A

<b>Emerging Investment Managers and Addresses</b>	
<b>AH Lisanti*</b> 608 Fifth Ave Ste 301 New York NY 10020	<b>Holland Capital Management</b> One N Wacker Dr Ste 700 Chicago IL 60606
<b>Ariel Investments</b> 200 E Randolph Dr Ste 2900 Chicago IL 60601	<b>Lombardia Capital Partners, LLC*</b> 55 S Lake Ave Ste 750 Pasadena CA 91101
<b>Campbell Newman*</b> 12080 N Corporate Pkwy Ste 130 Maquon WI 53092	<b>Mar Vista Investment Partners*</b> 11150 Santa Monica Blvd Ste 320 Los Angeles CA 90025
<b>CAPRI/ Capital Partners</b> 875 N Michigan Ave Ste 3430 Chicago IL 60611	<b>Palisades Investment Partners*</b> 1453 Third Street Promenade Ste 310 Santa Monica CA 90401
<b>DV Urban Realty Partners I, LP</b> 3619 S State St Ste 400 Chicago IL 60609	<b>Profit IRG*</b> 8401 Colesville Rd Ste 320 Silver Spring MD 20910
<b>Herndon Capital Management*</b> Herndon Plaza 100 Auburn Ave NE Atlanta GA 30303	<b>Williams Capital Management</b> 625 N Michigan Ave Ste 1740 Chicago IL 60611

(\* ) Denotes a manager included in LABF's Northern Trust Manager of Managers program

## Appendix B

### Minority Investment Manager and Address

**Rhumblin Advisers**  
30 Rowes Wharf Ste 420  
Boston MA 02110