



County Employees' and Officers' Annuity and Benefit Fund of Cook County  
Forest Preserve District Employees' Annuity and Benefit Fund of Cook County

# EMERGING MANAGER PROGRAM REVIEW

PRESENTATION TO SENATE COMMITTEE ON PENSION INVESTMENTS  
DECEMBER 11, 2020

# FUND OVERVIEW |

- The County Employees’ and Officers’ Annuity and Benefit Fund of Cook County and the Forest Preserve District Employees’ Annuity and Benefit Fund of Cook County were established in 1926 and 1931, respectively, by acts of the Illinois legislature. They are administered in accordance with 40 ILCS 5/9-101 and 40 ILCS 5/10-101, et seq.
- The funds are defined benefit pension plans that provide retirement, survivor, retirement health, disability, and death benefits to over 40,000 members.

Cook County	Dec 31 2019	Forest Preserve	Dec 31 2019
Assets <sup>1</sup> (Actuarial)	\$11.0B	Assets <sup>1</sup> (Actuarial)	\$203M
Total Liability	\$17.9B	Total Liability	\$343M
Unfunded Liability	(\$6.9B)	Unfunded Liability	(\$140M)

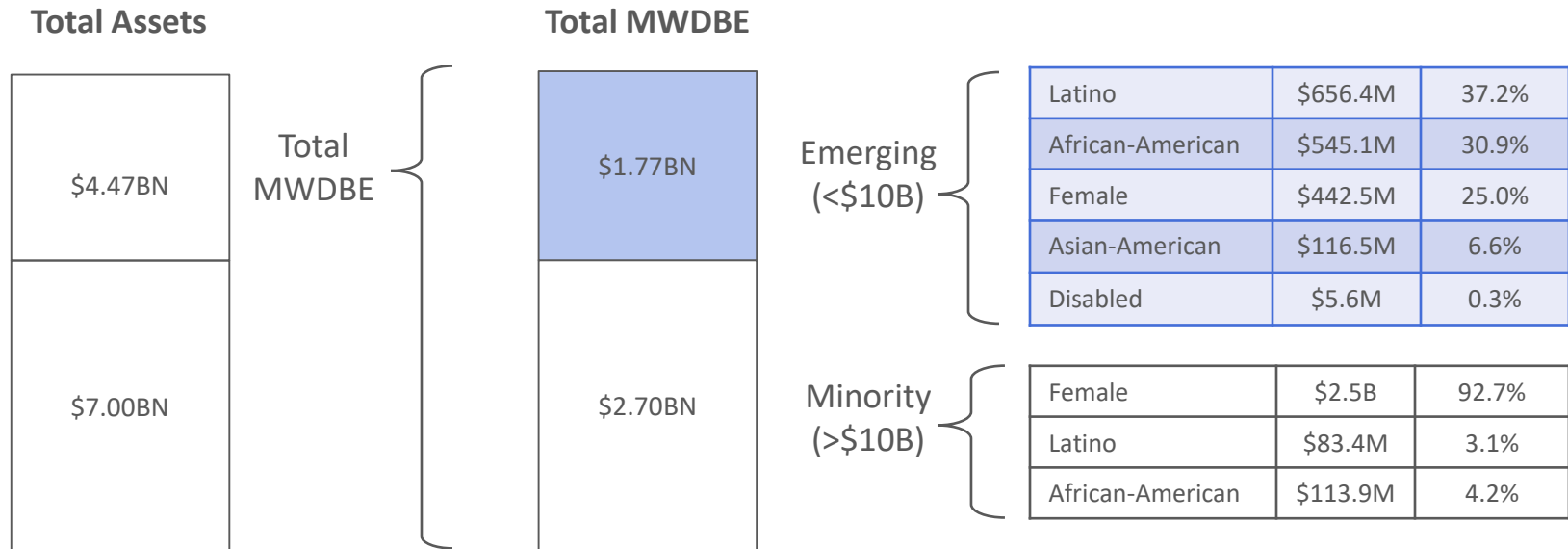
1 – Source: Cook County and Forest Preserve Fund 2019 CAFRs. Fair market values are \$11.26 billion and \$207 million respectively.

# FUND OVERVIEW | 2019

- Minority and female representation on the Board and Staff, with presence and oversight in every committee and sub-committee

Cook County Fund	As a % of group
Trustees	
- Minority Male	11.1%
- Minority Female	11.1%
Investment Staff	
- Minority Male	66.7%
- Minority Female	0%
- Non-Minority Female	33.3%
Total Fund Staff	
- Minority Male	7.1%
- Minority Female	32.1%
- Non-Minority Female	39.2%

# UTILIZATION |



- Nearly 40% of Fund assets are managed by minority and women-owned (MWDBE) managers (\$4.47 billion)
- Of the total MWDBE managed assets, \$1.77 billion are managed by Emerging Managers with representation in each category (15.4% of total Fund)
- Latino emerging managers represent the largest of all categories with 37.2% of total emerging manager allocations (16.6% of total MWDBE)

# UTILIZATION VS TARGETS |

- Since 2009, the Fund has adjusted its utilization targets as a result of revised target allocations, liquidity requirements, developments in the emerging manager space, and discovery of opportunities in new asset classes.

	2009	2012	2014	2018
Domestic Equity	15% - 17.5%	<b>15% - 20%</b>	<b>17% - 20%</b>	17% - 20%
Intl. Equity	5% - 10%	5% - 10%	<b>10% - 15%</b>	10% - 15%
Fixed Income	15% - 17.5%	<b>25% - 30%</b>	<b>27% - 35%</b>	<b>30% - 40%</b>
Alternatives	5% - 10%	5% - 10%	10% - 15%	10% - 15%

As a % of Asset Class	Target EM Goals	LT Aspirational Goal	2019 Emerging Mgr		2019 MWDBE	
Domestic Equity	17%-20%	20%	\$465.6M	11.1%	\$2,782.4M	66.0%
Intl. Equity	10%-15%	20%	\$313.5M	13.7%	\$427.4M	18.7%
Fixed Income	30%-40%	20%	\$837.5M	33.5%	\$944.8M	37.8%
Alternatives	10%-15%	20%	\$149.5M	7.0%	\$319.0M	14.9%
<b>Total</b>			\$1,766.1M	15.4%	\$4,473.5M	39.0%

As a % of Total Fund	Target EM Goals	LT Aspirational Goal	2019 Emerging Mgr		2019 MWDBE	
Minority	10%-15%	20%	\$1,318.0M	11.5%	\$1,515.3M	13.2%
Women	5%-10%	20%	\$442.5M	3.9%	\$2,952.7M	25.7%
Disabled	0%-1%	20%	\$5.6M	<0.1%	\$5.6M	<0.1%
<b>Total</b>			\$1,766.1M	15.4%	\$4,473.5M	39.0%

# PROGRAM REVIEW |

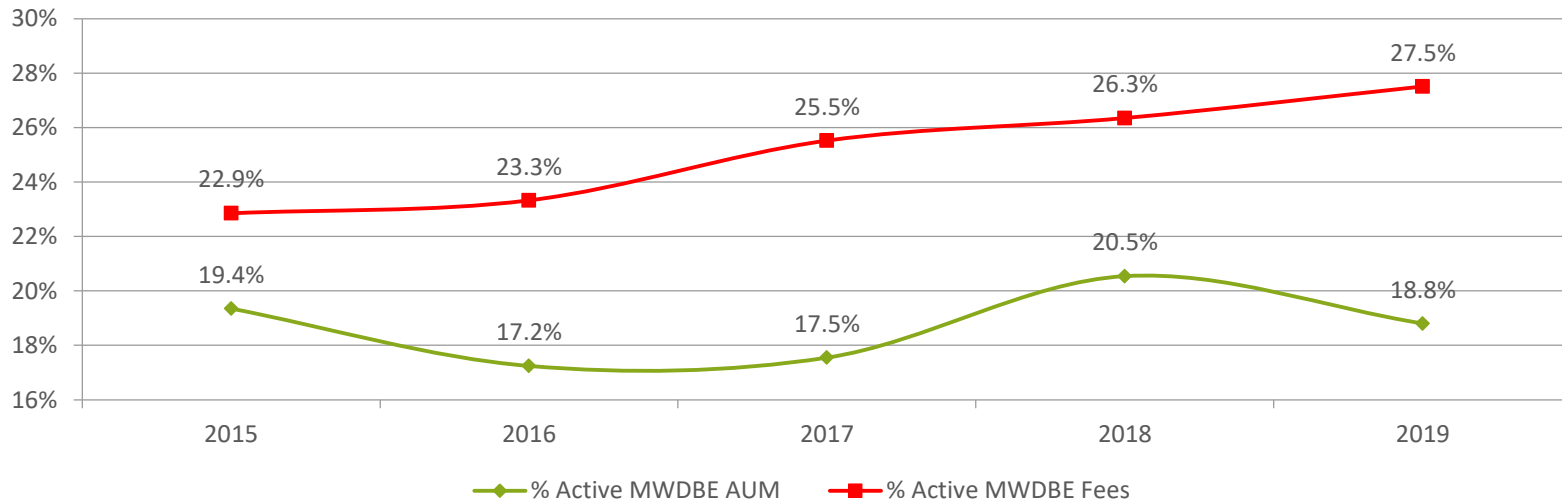
- Since 2011, allocations to emerging managers (AUM of less than \$10 billion) have increased, particularly for alternatives like private equity, hedge funds, and real estate

	<b>2011</b>	<b>2019</b>
<b>Total Allocation</b>	\$941.8M 21 managers	\$1.77BN 29 managers
<b>Fees Paid</b>	\$3.7M Fees Paid	\$8.4M Fees Paid
<b>Ave. EM Managed Assets</b>	\$71M	\$130M
<b>Private Equity</b>	1 manager Commitment: <b>\$5M</b>	8 managers Commitment: <b>\$122.5M</b>
<b>Hedge Funds</b>	0 managers Mandate: <b>\$0M</b>	7 managers Mandates: <b>\$44.9M</b>
<b>Real Estate</b>	1 manager Mandate: <b>\$38M</b>	1 manager Mandate: <b>\$50M</b>

# MANAGER FEES |

- Active MWDBE manager fees represent 27.5% of all fees paid versus the 18.8% of total assets they manage in the Fund

Active MWDBE AUM & Fees as % of Total AUM and Total Fees



Fees	% of MWDBE	% of total Fund
Active MWDBE	97.8%	27.5%
Passive MWDBE	2.2%	0.6%

Fees	% of MWDBE	% of total Fund
Minority	66.4%	18.7%
Women	31.9%	9.0%
Disabled	1.7%	0.4%

# 2019 BROKERAGE |

Over the years, the Fund’s managers have been successful in collectively reaching and/or exceeding brokerage targets established by the Fund.

- In 2019, the Fund exceeded its targets for all asset classes
- Fund Staff continues to review this data, work with out-of-compliance managers and enhance reporting

Minority Brokerage Aggregate Utilization		
	<u>2019</u>	<u>Target</u>
Domestic Equity	45.0%	35.0%
Intl. Equity	22.2%	10.0%
Intl. Equity (Small Cap)	10.1%	3.0%
Fixed Income	27.2%	10.0%
Transitions	100.0%	40.0%



# 2020-2021 EMERGING MANAGER INITIATIVES |

- With the closure of Progress in early 2020, the Fund is exploring new allocations opportunities across several asset classes
- Recently, the Fund awarded a \$170M international equity mandate to an emerging manager
- Raised utilization targets for emerging investment managers and MWDBE broker dealers

Emerging Manager Utilization Targets		
	<u>Target</u>	<u>Revised</u>
Domestic Equity	17-20%	17-20%
Intl. Equity	10-15%	10-15%
Fixed Income	30-40%	30-40%
Alternatives	10-15%	<b>5-20%</b>

MWDBE Brokerage Trading Targets		
	<u>Target</u>	<u>Revised</u>
Domestic Equity	35.0%	<b>40.0%</b>
Intl. Equity	10.0%	<b>15.0%</b>
Intl. Equity (Small Cap)	3.0%	<b>5.0%</b>
Fixed Income	10.0%	<b>15.0%</b>
Transitions	40.0%	40.0%

- Continue to engage majority owned firms to increase diversity hiring
- Attend and represent the Fund at virtual emerging manager conferences

