



## MWDBE Brokerage Utilization Policy

### Purpose

The Public School Teachers' Pension and Retirement Fund of Chicago ("CTPF" or the "Fund") is committed to providing opportunities for minority, women and persons with disabilities (MWDBE) owned brokerage firms. The Board of Trustees ("Board" or "Trustees") of CTPF adopted a policy which sets forth goals for increasing the utilization of the Fund's approved MWDBE brokerage firms:

Trades must be executed directly with CTPF approved MWDBE brokers to count toward the Fund's MWDBE Brokerage Utilization goals. Trades achieved by using indirect methods such as step-outs will not count toward reaching the Fund's MWDBE Brokerage Utilization Policy goals.

Subject to best execution, investment managers are expected to meet the following minimum MWDBE commission requirements each calendar year:

### **Domestic Equity**

- Active Domestic Managers and Manager-of-Managers All Cap, Large Cap Equity 50%
- Active Domestic Small Cap Equity and Passive Domestic Equity 35%

### **International Equity**

- Active International Managers and Manager-of-Managers All Cap, Large Cap Equity and Passive International Equity 25%
- Active International Small Cap Equity 5%

### **Fixed Income**

- Active and Passive Fixed Income Managers (Goal is based on Volume Traded) 25%

### **Real Estate Investment Trust (REITs)**

- Active REIT Managers 10%

Investment managers of pooled investment portfolios are directed to use "best efforts" to execute trades with MWDBE brokers.

## CTPF - MWDBE Brokerage Utilization Policy

If a manager fails to comply with the above guidelines on a calendar year basis, it will be asked to appear before the Board of Trustees to explain why it was unable to achieve the minimum MWDBE commission goals. Failure by an investment manager to meet the Fund's MWDBE brokerage utilization goals will be considered as a factor when evaluating the investment manager's overall performance rating. Possible courses of action may include, but are not limited to, placing the investment manager on the "watch list" and/or termination of the investment manager.

The Investment Department is responsible for monitoring manager compliance with the MWDBE Brokerage Utilization Policy. Each manager must submit a compliance report summarizing its brokers' trades and specifying the number and corresponding percentage of trades by majority brokers and approved MWDBE brokers to the Fund within 20 business days of the end of each calendar quarter. Fund investment staff will present an annual report to the CTPF Board of Trustees on the utilization of MWDBE brokers.

### **History**

Effective April 1, 2013

Reviewed March 20, 2014

Updated August 20, 2015

### **Review**

The Board shall review this MWDBE Brokerage Utilization Policy annually.