MISSION

To provide, protect, and enhance the present and future economic well being of members, pensioners and beneficiaries through efficient and effective management of benefit programs, investment practices and customer service, and to commit to earning and keeping the respect and trust of the participants through quality service and by protecting retirement benefits, in compliance with applicable laws and standards.

Established by the Illinois state legislature in 1895 as The Public School Teachers' Pension and Retirement Fund of Chicago, CTPF is the administrator of a defined benefit public employee retirement system providing retirement, survivor, and disability benefits for certain certified teachers and employees of the Chicago Public Schools.
DIVERSITY
COMMITMENT TO DIVERSITY

The Chicago Teachers’ Pension Fund (CTPF) provides retirement benefits for a diverse population of approximately 29,500 active, 28,100 retired, and 5,500 vested inactive Public School Teachers.

Since the early 1990s, CTPF remains at the forefront of pension and retirement systems throughout the United States, ensuring that investment firms owned by minorities, women, and persons with disabilities have access to the many opportunities to conduct business with CTPF. In addition, we continue to encourage diversity and equality among our employees, vendors, and investment professionals.

On behalf of the CTPF and our Board of Trustees, we present to Governor Bruce Rauner our Diversity & Inclusion Report for 2017.
BOARD OF TRUSTEES

OFFICERS
Jay C. Rehak, President
Lois W. Ashford, Vice President
Vacant, Financial Secretary*
Bernice Eshoo, Recording Secretary

MEMBERS
Representing the Contributors
Lois W. Ashford
Jeffery Blackwell
Bernice Eshoo
Tina Padilla
Jay C. Rehak

Representing the Annuitants
Robert F. Bures
Walter E. Pilditch
Mary Sharon Reilly

Representing the Administrators/Principals
Jerry Travlos

Representing the Board of Education
Mark F. Furlong
Gail Ward

As of 6/30/17
*Raymond Wohl served as Trustee and Financial Secretary until June 15, 2017, when he vacated his seat due to retirement
The CTPF Board of Trustees consists of 11 Members:

<table>
<thead>
<tr>
<th>Gender</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Women</td>
<td>5</td>
</tr>
<tr>
<td>Men</td>
<td>6</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Ethnicity</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>African American</td>
<td>2</td>
</tr>
<tr>
<td>Caucasian</td>
<td>8</td>
</tr>
<tr>
<td>Hispanic or Latino</td>
<td>1</td>
</tr>
</tbody>
</table>

As of 6/30/17
Percentages may not add up due to rounding
Note: There was one vacancy on the Board due to a recent retirement
STAFF DIVERSITY RECRUITMENT GUIDELINES

- The Board of Trustees recognizes that knowledge and understanding of diversity is the cornerstone of a successful diversity strategy. It is the Fund’s policy to provide Diversity Training to Human Resources and management staff.

- The Board of Trustees recognizes that achievement of the Fund’s diversity goals is contingent upon the Fund gaining exposure to a large and broad pool of qualified candidates.

- Management pursues diversity in the recruitment of staff that reflects our area demographics.

- In all cases, CTPF seeks to hire the best qualified candidate for each position.

- When two or more candidates have comparable qualifications, CTPF hires the qualified candidate that contributes to the State of Illinois’ public policy goals and the Fund’s diversity goals.
CTPF’S METROPOLITAN CHICAGO RECRUITING AREA

CTPF’s recruiting goal is to hire a workforce that represents the minority and women demographics of the metropolitan Chicago recruiting area.

The metropolitan Chicago recruiting area includes Cook, DuPage, Lake, and Will counties in Illinois.

<table>
<thead>
<tr>
<th></th>
<th>CTPF Current</th>
<th>Metro Recruiting</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Headcount</td>
<td>Ratio</td>
</tr>
<tr>
<td>African American</td>
<td>36</td>
<td>30.5%</td>
</tr>
<tr>
<td>Asian</td>
<td>8</td>
<td>6.8%</td>
</tr>
<tr>
<td>Caucasian</td>
<td>51</td>
<td>43.2%</td>
</tr>
<tr>
<td>Hispanic or Latino</td>
<td>18</td>
<td>15.3%</td>
</tr>
<tr>
<td>Native Hawaiian</td>
<td>2</td>
<td>1.7%</td>
</tr>
<tr>
<td>Two or More Races</td>
<td>3</td>
<td>2.5%</td>
</tr>
<tr>
<td>Women</td>
<td>74</td>
<td>62.7%</td>
</tr>
<tr>
<td>Men</td>
<td>44</td>
<td>37.3%</td>
</tr>
</tbody>
</table>

Metro Data – 2010 U.S. Census

Full-time and part-time employees as of 6/30/17
Percentages may not add up due to rounding
DIVERSITY OF THE FUND STAFF

The CTPF Staff had as a total of 118 employees:

<table>
<thead>
<tr>
<th>Gender</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Women</td>
<td>74</td>
</tr>
<tr>
<td>Men</td>
<td>44</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Ethnicity</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>African American</td>
<td>36</td>
</tr>
<tr>
<td>Asian</td>
<td>8</td>
</tr>
<tr>
<td>Caucasian</td>
<td>51</td>
</tr>
<tr>
<td>Hispanic or Latino</td>
<td>18</td>
</tr>
<tr>
<td>Native Hawaiian or other</td>
<td>2</td>
</tr>
<tr>
<td>Pacific Islander</td>
<td></td>
</tr>
<tr>
<td>Two or more Races</td>
<td>3</td>
</tr>
</tbody>
</table>

Full-time and part-time regular employees as of 6/30/17
Percentages may not add up due to rounding.
The CTPF Senior Management Staff had 10 employees:

<table>
<thead>
<tr>
<th>Gender</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Women</td>
<td>8</td>
</tr>
<tr>
<td>Men</td>
<td>2</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Ethnicity</th>
</tr>
</thead>
<tbody>
<tr>
<td>African American</td>
</tr>
<tr>
<td>Asian</td>
</tr>
<tr>
<td>Caucasian</td>
</tr>
<tr>
<td>Two or More Races</td>
</tr>
</tbody>
</table>

As of 6/30/17
Percentages may not add up due to rounding
DIVERSITY OF INVESTMENT STAFF

The CTPF Investment Management Staff had 9 employees:

<table>
<thead>
<tr>
<th>Gender</th>
<th>Count</th>
<th>Ethnicity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Women</td>
<td>6</td>
<td>African American 33%</td>
</tr>
<tr>
<td>Men</td>
<td>3</td>
<td>Asian %11</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Caucasian 33%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Hispanic or Latino 11%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Two or More Races 11%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Hispanic or Latino 11%</td>
</tr>
</tbody>
</table>

As of 6/30/17
Percentages may not add up due to rounding
Callan Associates is our General, Private Equity, and Real Assets Consultant. They are committed to promoting diversity within their organization and the institutional investment community.

Callan’s Firm Statistics:

- 5.15% of the employees are African American
- 22.79% of the employees are Asian
- 2.21% of the employees are Latino
- 3.68% of the employees are Two or More Races
- 37.50% of the employees are Women

The CTPF General and Private Equity consultant team:

- 13% of the employees are African American
- 38% of the employees are Asian
- 13% of the employees are Latino
- 25% of the employees are Women

The CTPF Real Assets team:

- 100% of the employees are Women

As of 3/31/17
IMPACT OF PUBLIC ACT 096-0006
CTPF began investing with MWDBE firms in the early 1990s

- Some of CTPF’s earliest MWDBE dollars were invested with firms such as Ariel Investment (African American), Zevenbergen (Women), Taplin, Canida & Habacht (Latino), Attucks (African American), and Progress (African American)

- As of June 30, 2017, the Fund invested $4.0B or 38% of total Fund assets with MWDBE firms
IMPACT OF PUBLIC ACT 096-0006 – MANAGERS

Since Public Act 096-0006 was enacted, CTPF has enhanced its MWDBE diversity goals:

- **20%** of total Fund assets will be invested with MWDBE firms
- **25%** of actively managed assets will be invested with MWDBE firms

Additionally:

- **30%** of all equity assets will be invested with MWDBE firms
  - 25% being managed by Minority-owned firms
  - 5% being managed by Women-owned firms
  - Best efforts for Persons with a Disability-owned firms
- **15%** of all fixed income assets will be invested with MWDBE firms
  - 12% being managed by Minority-owned firms
  - 3% being managed by Women-owned firms
  - Best efforts for Persons with a Disability-owned firms
- **10%** of all alternative assets will be invested with MWDBE firms
  - 10% being managed by Minority-owned firms
  - Best efforts for Women-owned firms and Persons with a Disability-owned firms
**MWDBE TARGET vs. ACTUAL ALLOCATION**

CTPF had $4.0B of the Fund’s *total assets* invested with MWDBE firms:
- **38%** of total Fund assets were managed by MWDBE firms

CTPF had $2.5B of the Fund’s *active assets* invested with MWDBE firms:
- **37%** of active Fund assets were managed by MWDBE firms

As of 6/30/17
MWDBE EQUITY MANAGERS

For domestic and international equity assets, CTPF had $3.4B assets invested with MWDBE firms:

- 52% of all equity assets were managed by MWDBE firms
  - 24% of these assets were managed by Minority-owned firms
  - 28% of these assets were managed by Women-owned firms

As of 6/30/17
MWDBE FIXED INCOME MANAGERS

For fixed income assets, CTPF had $534.4M invested with MWDBE firms

- 26% of all fixed income assets were managed by MWDBE firms
- 17% of these assets were managed by Minority-owned firms
- 9% of these assets were managed by Women-owned firms

As of 6/30/17
MWDBE ALTERNATIVE MANAGERS

For alternative assets, CTPF had $119.4M invested with MWDBE firms:

- 9% of all alternative assets were managed by MWDBE firms
  - 7% of these assets were managed by Minority-owned firms
  - 2% of these assets were managed by Persons with a Disability-owned firms

As of 6/30/17
TOTAL FUND BREAKDOWN BY MWDBE STATUS

- **$1.99B** was managed by Women-owned firms
- **$1.37B** was managed by African American-owned firms
- **$439.3M** was managed by Hispanic or Latino-owned firms
- **$183.3M** was managed by Asian-owned firms
- **$27.9M** was managed by Persons with a Disability-owned firms
- **$17.5M** was managed by Multiple Minority-owned firms

As of 6/30/17
Percentages may not add up due to rounding
MWDBE BREAKDOWN BY CLASSIFICATION

- $1.99B was managed by Women-owned firms
- $1.37B was managed by African American-owned firms
- $439.3M was managed by Hispanic or Latino-owned firms
- $183.3M was managed by Asian-owned firms
- $27.9M was managed by Persons with a Disability-owned firms
- $17.5M was managed by Multiple Minority-owned firms

As of 6/30/17

Percentages may not add up due to rounding

NOTE: Majority owned Managers not included in above chart
HOW WE INVEST IN EMERGING MANAGERS

CTPF invests in MWDBE firms in four ways:

Direct Mandates

- Currently the Fund has direct relationships with 26 MWDBE firms, with 52 portfolios.

Fund of Funds (FoF)

- The Fund has one real estate (Majority-owned) and one private equity (African American-owned) Fund of Fund program.
- Through the FoF programs, the Fund has relationships with 9 MWDBE firms via 10 investment portfolios.

Manager of Managers (MoM)

- The Fund has one domestic equity (African American-owned) and one international equity (Asian-owned) Manager of Manager program.
- Through the MoM programs, the Fund has relationships with 15 MWDBE firms via 20 investment strategies.

Graduation Program

- Since the inception of the Fund’s MoM programs, 8 firms have graduated to direct mandates with CTPF.
CHANGES TO THE FUND’S PORTFOLIO – FISCAL YEAR 2017

Equity
- Allocated $125M to Phocas Financial, an Asian-owned firm.
- Allocated $65M to Strategic Global Advisors, a Woman-owned firm.
- Funded $70M to the Ariel International Equity Fund. Ariel is an African American-owned firm.
- Allocated $254M to Northern Trust S&P 500 Index Fund.
- Allocated $200M to Rhumbline Russell 1000 Fund, a Woman-owned firm.

Real Estate
- Committed $40M to Blackstone Real Estate Debt Strategies High Grade Fund.
- Committed $25M to Oak Street Real Estate Capital Fund IV, a Latino and Woman-owned firm.
- Committed $25M to GreenOak US Fund III, an Asian and Woman-owned firm.
- Redeemed the Adelante Fund, a Latino-owned firm.
- Redeemed the CenterSquare Fund.

Private Equity
- Allocated $15M to Adams Street US SMB Fund.
- Allocated $10M to Adams Street Venture Innovation Fund.
- Committed $20M to Palladium V Fund, a Latino-owned firm.
- Committed $20M to ICV IV Fund, an African American-owned firm.
- Committed $25M to Pantheon Select Access Fund.
CTPF OUTREACH

CTPF’s First Friday Meeting

Occurs the first Friday of each month. Provides opportunities for Emerging and MWDBE manager firms to meet with the CTPF’s Investment Consultant, CTPF Trustees, CTPF Investment Staff and Executive Director to highlight their firm’s products and accomplishments.

Manager of Managers (MoM) Programs

Emerging managers have opportunities to manage the CTPF assets. Due to their small size, these opportunities would not be available to them without the Manager of Managers programs.

Fund of Funds (FoF) Programs

Emerging managers have opportunities to manage the CTPF assets. Due to their small size, these opportunities would not be available to them without the Fund of Funds programs.

Organizations and Involvement

- National Association of Investment Companies (NAIC)
- Women Investment Professionals (WIP)
- Women in Real Estate (WIRE)
- Pension Real Estate Association (PREA)
- Institutional Limited Partners Association (ILPA)

Conferences

- Emerging Manager Conferences (Opal, IMN)
- MBDA: Minority Investment Management Forum
- National Association of Investment Companies (NAIC)
- National Association of Securities Professionals (NASP)
- New American Alliance (NAA)
- Real Estate Emerging Manager Conference

Publications

- Emerging Manager Monthly
- Fund Fire
- Pensions & Investments
- Financial Investment News
- Private Equity Investment Media
IMPACT OF PUBLIC ACT 096-0006 - Brokerage

Trades are executed with CTPF approved MWDBE brokers.

Non-direct trading is not allowed to meet the Fund’s goals.

CTPF Brokerage goals:

- **50%** of Domestic Equity trades: Active Large, All Cap, and MoMs
- **35%** of Domestic Equity trades: Active Small Cap and Passive
- **25%** of International Equity trades: Active Large, All Cap, MoMs, and Passive
- **5%** of International Equity trades: Active Small Cap and Passive
- **25%** of all Fixed Income Volume
- **10%** Active REIT Managers
BROKERAGE COMMISSIONS for 2016

In calendar year 2016, the Fund paid over $3.6M in domestic equity, international equity and REITs commissions. $1.4M was directed to MWDBE brokers; 41% of all commissions paid.

In 2016, the Fund had $2.6B in fixed income volume traded and $992M was directed to MWDBE brokerage firms.
CTPF’S MWDBE BROKERAGE PROGRAMS

CTPF maintains a list of approved MWDBE brokerage firms. To be an approved MWDBE broker with CTPF, the following qualifications must be met:

- Certified MWDBE brokerage firm
- Registered with FINRA (Financial Industry Regulatory Authority) for a minimum of 1 year
- Have a Chicago or metro area office with at least one dedicated full-time staff person that holds a Series 7 license
PROCUREMENT & PURCHASING POLICY
DIVERSITY PROCUREMENT AND PURCHASING POLICY

CTPF fully supports the public policy considerations of SB364 (Public Act 096-0006) which, among other provisions, mandates the establishment of procurement policies by all major public pension funds in Illinois that promote inclusion and diversity. The law also mandates establishment of incremental goals for the inclusion of minorities, women, and persons with a disability, when pension funds seek fiduciaries and services.

CTPF’S SERVICE PROVIDER GOAL

CTPF’s Service Provider Goal - a minimum of 20% of all Fund expenditures for fiduciaries, suppliers, consultants and service providers are paid to firms owned by minorities, women and persons with disabilities.

This goal is consistent with CTPF’s MWDBE Investment professional allocation goal that a minimum of 20% of the total Fund assets will be invested with MWDBE firms.
CONTRACT AND PROCUREMENT POLICY

The CTPF Contract & Procurement Policy applies to all selected fiduciaries and service providers.

Contract and Procurement Administrator

The Contract and Procurement Administrator’s role and responsibilities, and working with the Chief Legal Counsel or his/her designee, ensure MWDBE businesses are afforded opportunities to participate in CTPF procurement and contract activities to the fullest extent possible.

Reporting

The Fund staff shall prepare periodic reports of purchases and contract activities. Major reports include the annual MWDBE reports, reports prepared for Legislative committees, and various management reports.

Minority, Women, and Disabled Business Enterprises (MWDBEs)

CTPF is committed to empowering all MWDBEs with an opportunity to respond to solicitations for CTPF purchases and contracts for goods or services. CTPF is committed to vendors that demonstrate a substantial commitment to diversity within the vendor’s workforce and in the vendor’s relationships with professional providers and sub-vendors. CTPF will expend all reasonable and prudent efforts to utilize the services of vendors, consultants, and service providers who are diverse based on race, ethnicity, gender, disability, sexual orientation, age, religion, veteran’s status, and other factors, as well as those who are committed to and have a record of commitment to diversity.

The Contract Lead shall determine whether subcontracting opportunities are probable for the contract. If subcontracting opportunities are probable, vendors are required to submit a MWDBE Subcontracting Plan (MWDBE-SP) with their solicitation response, reflecting the use of MWDBE subcontractors or good faith efforts to utilize the same, as a condition of being eligible to receive a purchase or contract. If subcontracting opportunities are not probable, documentation of this determination will be maintained with the procurement or contract file.
FIDUCIARIES AND SERVICE PROVIDERS

In fiscal year 2017, minorities, women and persons with a Disability-owned businesses received:

- 25% of the business expenditures made by the fund for goods and services
- 35% of the expenditures made to investment managers

<table>
<thead>
<tr>
<th>Service</th>
<th>Expense</th>
<th>MWDBE Status</th>
<th>% of Service Type</th>
<th>% of Total Expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disaster Recovery</td>
<td>$57,466</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Education and Training</td>
<td>166,479</td>
<td>MWDBE</td>
<td>7,560</td>
<td>4.54%</td>
</tr>
<tr>
<td>Equipment</td>
<td>295,519</td>
<td>MWDBE</td>
<td>30,049</td>
<td>10.17%</td>
</tr>
<tr>
<td>Membership Dues &amp; Subscriptions</td>
<td>36,313</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>11,691</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personnel</td>
<td>8,717,635</td>
<td>MWDBE</td>
<td>9,495</td>
<td>0.11%</td>
</tr>
<tr>
<td>Professional Services</td>
<td>3,731,429</td>
<td>MWDBE</td>
<td>319,549</td>
<td>8.56%</td>
</tr>
<tr>
<td>Property</td>
<td>1,061,904</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Supplemental</td>
<td>95,227</td>
<td>MWDBE</td>
<td>3,365</td>
<td>3.53%</td>
</tr>
<tr>
<td>Supplies</td>
<td>87,932</td>
<td>MWDBE</td>
<td>3,650</td>
<td>4.15%</td>
</tr>
<tr>
<td>Utilities</td>
<td>69,388</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>$14,330,989</td>
<td>MWDBE</td>
<td>$373,669</td>
<td>2.61%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Investment Consulting and Services</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Master Custodian</td>
<td>788,123</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General &amp; Real Estate Consultants</td>
<td>625,244</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment Manager Fees</td>
<td>34,704,638</td>
<td>MWDBE</td>
<td>12,070,534</td>
<td>34.78%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$36,118,005</td>
<td>MWDBE</td>
<td>$12,070,534</td>
<td>33.42%</td>
</tr>
<tr>
<td>Total Participation</td>
<td>$50,448,994</td>
<td>MWDBE</td>
<td>$12,444,203</td>
<td>24.67%</td>
</tr>
</tbody>
</table>

*Table data as of June 30, 2017*
## CTPF EMERGING MANAGERS

<table>
<thead>
<tr>
<th>Manager Name</th>
<th>City, State</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ariel Investments</td>
<td>Chicago, IL</td>
</tr>
<tr>
<td>Attucks Asset Management</td>
<td>Chicago, IL</td>
</tr>
<tr>
<td>Capri Capital Advisors</td>
<td>Chicago, IL</td>
</tr>
<tr>
<td>Channing Capital Management</td>
<td>Chicago, IL</td>
</tr>
<tr>
<td>Earnest Partners</td>
<td>Atlanta, GA</td>
</tr>
<tr>
<td>Garcia Hamilton &amp; Associates</td>
<td>Houston, TX</td>
</tr>
<tr>
<td>HCP &amp; Company</td>
<td>Chicago, IL</td>
</tr>
<tr>
<td>Holland Capital Management</td>
<td>Chicago, IL</td>
</tr>
<tr>
<td>Hudson Realty Capital</td>
<td>New York, NY</td>
</tr>
<tr>
<td>IC Berkeley Partners</td>
<td>San Francisco, CA</td>
</tr>
<tr>
<td>ICV Partners</td>
<td>New York, NY</td>
</tr>
<tr>
<td>Leading Edge Investment Advisors</td>
<td>San Francisco, CA</td>
</tr>
<tr>
<td>LM Capital Group</td>
<td>San Diego, CA</td>
</tr>
<tr>
<td>Muller &amp; Monroe Asset Management</td>
<td>Chicago, IL</td>
</tr>
<tr>
<td>Newport Capital Partners</td>
<td>Chicago, IL</td>
</tr>
<tr>
<td>Palladium Equity Partners</td>
<td>New York, NY</td>
</tr>
<tr>
<td>Pharos Capital Partners</td>
<td>Dallas, TX</td>
</tr>
<tr>
<td>Phocas Financial Corporation</td>
<td>Alameda, CA</td>
</tr>
<tr>
<td>Pugh Capital Management</td>
<td>Seattle, WA</td>
</tr>
<tr>
<td>RhumbLine Advisers</td>
<td>Boston, MA</td>
</tr>
<tr>
<td>RLJ Equity Partners</td>
<td>Bethesda, MD</td>
</tr>
<tr>
<td>Strategic Global Advisors</td>
<td>Newport Beach, CA</td>
</tr>
<tr>
<td>Southwest Multifamily Partners</td>
<td>Los Angeles, CA</td>
</tr>
<tr>
<td>Syncom Venture Partners</td>
<td>Bethesda, MD</td>
</tr>
<tr>
<td>Zevenbergen Capital Investments</td>
<td>Seattle, WA</td>
</tr>
</tbody>
</table>

As of 6/30/17