



New York State
Teachers' Retirement System

Celebrating a Century of Providing *Retirement Security*



*Minority- and
Women-Owned
Business Enterprises
(MWBE)*

*Asset Management and
Financial Institution
Strategy Report*

2020-2021 Fiscal Year

Modeling pension fund excellence since 1921.

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About NYSTRS

Established in 1921 by the New York State Legislature, the New York State Teachers' Retirement System ("NYSTRS" or the "System") administers the fund from which New York state public school teachers and administrators (excluding those in New York City) receive retirement, disability and death benefits.

NYSTRS is one of the 10 largest public retirement systems in the nation and 30 largest in the world. We serve nearly 435,000 active and retired members, including beneficiaries.

A 10-member Board of Trustees representing various constituents sets policy and oversees System operations. By law, the Board's composition is as follows:

- Three teacher members are elected from the membership, one each year, by delegates to the System's Annual Meeting.
- One NYSTRS retiree is elected (if more than one candidate) by a mail vote of all retired members.
- Two school administrators are appointed by the state Commissioner of Education.
- Two present or former school board members, experienced in the fields of finance and investment, are elected by the Board of Regents based on recommendations of the New York State School Boards Association. At least one of these individuals must have experience as an executive of an insurance company.
- One present or former bank executive is elected by the Board of Regents.
- The State Comptroller or a designee.

Trustees serve three-year terms, except the State Comptroller (or designee) who serves while in office.

NYSTRS Board Members

David P. Keefe, *President*
Retired Teacher Member
Elected by NYSTRS Retirees
Trustee since 2004

Dr. L. Oliver Robinson, *Vice President*
School Administrator
Appointed by Commissioner of Education
Trustee since 2010

Juliet C. Benaquisto
Teacher Member
Elected by NYSTRS Delegates
Trustee since 2021

Jennifer J. Longtin
School Boards Association Representative
Elected by Board of Regents
Trustee since 2019

Elizabeth A. Chetney
Teacher Member
Elected by NYSTRS Delegates
Trustee since 2019

Ruth Mahoney
Bank Executive
Elected by Board of Regents
Trustee since 2021

Dr. Phyllis S. Harrington
School Administrator
Appointed by Commissioner of Education
Trustee since 2010

Christopher Morin
School Boards Association Representative
Elected by Board of Regents
Trustee since 2019

Eric J. Iberger
Teacher Member
Appointed by Commissioner of Education
Trustee since 2021

Nicholas Smirensky
State Comptroller Appointee
Trustee since 2007

Governance Structure

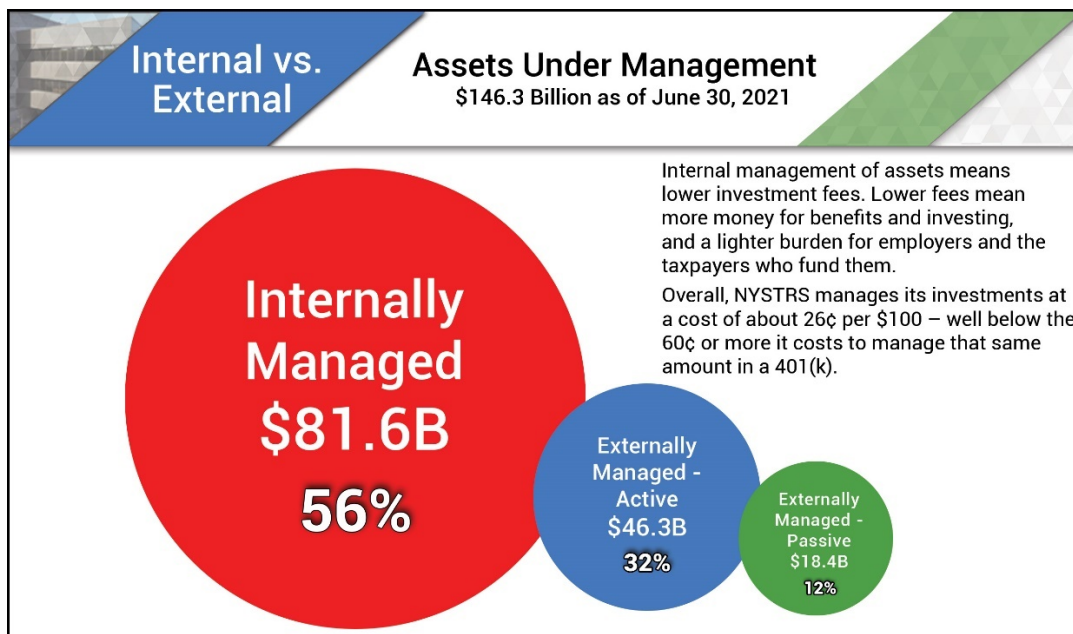
Members of the NYSTRS Board, who serve without pay, have a fiduciary responsibility to safeguard the fund used to pay guaranteed retirement and ancillary benefits to the System's members and beneficiaries. The Board receives counsel from staff, advisory committees and investment consultants to help formulate its investment policy. Board members are entrusted to invest funds at the highest possible long-term rate of return consistent with appropriate levels of diversity and risk. The funds must be invested with the care, skill and diligence that a prudent person familiar with such matters would use to ensure that sufficient assets are on hand to pay promised benefits when they come due. This must be accomplished at the lowest possible cost to participating employers.

The design, implementation and administration of appropriate internal controls protecting the security of assets are the responsibility of System management. To ensure the validity of these controls, a system of both external and internal checks and balances exists. Financial information and internal controls are subject to audit by the New York State Department of Financial Services and the System's Internal Audit Department. In addition, KPMG LLP, an independent certified public accounting firm, audits the System's financial statements annually. The System consistently receives favorable audit opinions.

Funding

Funds used to pay promised benefits come from employer contributions, member contributions and investment income. Assets are professionally managed and invested on a long-term basis using sound investment policies. Over the past 30 years, investment income has accounted for 86% of all NYSTRS income.

As of June 30, 2021, System net assets totaled \$148.1 billion, with total assets under management of \$146.3 billion. During the fiscal year ended June 30, 2021, the System's annual benefit payroll for its approximately 176,000 retirees and beneficiaries was approximately \$7.7 billion. About 80% of this total, or over \$6.1 billion, is paid to retired members and beneficiaries living in New York state. These payments serve as an important economic stimulus.



Investments

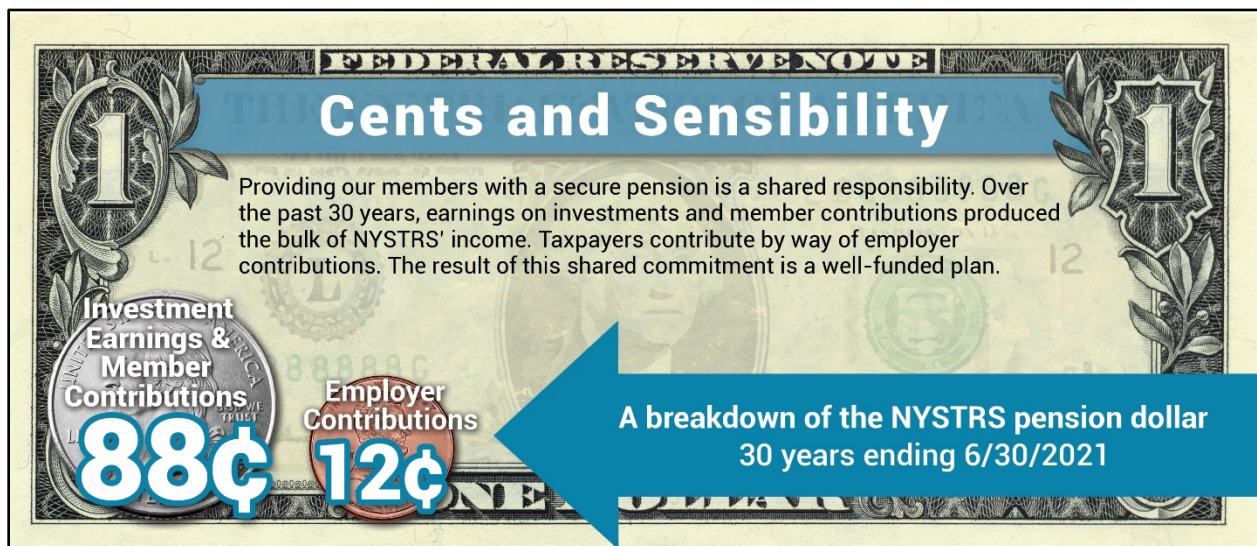
The System’s assets are invested in the most prudent manner possible in order to achieve optimum long-term total returns with an appropriate level of risk. The System is committed to a disciplined, risk-controlled investment approach that focuses on thoughtful and prudent diversification of assets across a broad spectrum of capital market segments. The allocation of assets within the portfolio, as well as the fund’s overall structure, are continuously reviewed and adjusted as appropriate to achieve these goals.

NYSTRS’ diversification of assets helps the System earn the highest possible long-term rate of return within appropriate risk levels. In turn, this enables the System to pay guaranteed benefits to retirees and beneficiaries at the lowest possible cost to participating employers and the taxpayers that fund them.

Asset classes in which NYSTRS invests include: domestic equity; international equity; global equity; real estate equity; private equity; domestic fixed income; high yield bonds; global bonds; real estate debt; private debt; and cash equivalents.

Approximately 56% of the System’s investments are managed internally by the System’s own investment professionals. These investments primarily consist of index-matching domestic equity funds and fixed income instruments. Internal management allows the System to control fees and helps reduce the System’s cost of operation. NYSTRS administers the plan at a very low cost in comparison to the value of assets managed.

Asset Allocation as of 6/30/21	
Domestic Equity	34.2%
International Equity	17.0%
Global Equity	3.5%
Real Estate Equity	10.2%
Private Equity	10.1%
Total Equity	75.0%
Domestic Fixed Income	12.9%
High Yield Bonds	0.6%
Global Bonds	2.2%
Real Estate Debt	5.1%
Private Debt	0.8%
Cash Equivalents	3.4%
Total Debt	25.0%
Total Plan Assets	100.0%



NYSTRS Financial Highlights – As of June 30, 2021

Total assets under management*:	\$146,325,276,077	
Total assets internally managed:	\$81,630,939,622	56%
Total assets externally managed – active:	\$46,299,337,221	32%
Total assets externally managed – passive:	\$18,394,999,233	12%
Total MWBE assets under external management**:	\$5,819,566,123	9.00%
Total fees paid to external firms:	\$341,990,717	
Total fees paid to MWBE firms:	\$36,632,975	10.71%

MWBE Assets Under External Management (by Asset Class)

(As a percentage of externally managed)**

Asset Class	Market Value	Percent of Externally Managed***
Fixed Income	\$0	0%
Private Equity & Private Debt	\$2,450,670,453	3.79%
Domestic, International & Global Equities	\$2,341,867,676	3.62%
Real Estate Equity & Real Estate Debt	\$1,027,027,994	1.59%

Breakdown of Private Equity and Private Debt Committed Capital

	# of Firms	Committed Capital	Percent of Committed Capital
All Firms	91	\$26,983,775,016	100%
MWBE Firms	15	\$3,784,417,675	14.02%

Breakdown of Real Estate Equity and Debt Committed Capital

	# of Firms	Committed Capital	Percent of Committed Capital
All Firms	47	\$26,635,106,660	100%
MWBE Firms	5	\$1,907,476,039	7.16%

Breakdown of Fees by Category

Category	Asset Management	Financial Institutions****	Professional Services
Total Fees Paid to All Firms	\$327,573,547	\$5,174,643	\$9,242,527
Total Fees Paid to MWBE Firms	\$35,941,556	\$615,946	\$75,473
Percent of Fees Paid to MWBE Firms	10.97%	11.90%	0.82%

*System net assets as of June 30, 2021 were \$148.1 billion, which includes assets under management (\$146.3 billion), other assets and liabilities.

**Reflects percentage of externally managed assets (active and passive).

***Includes estimated fixed income commissions.

New York’s MWBE Asset Management and Financial Institution Strategy

The New York State Minority- and Women-Owned Business Enterprise (MWBE) Asset Management and Financial Institution Strategy (Chapter 171 of the Laws of 2010) was established to codify and replicate best practices for the inclusion of MWBE asset managers, investment banks, and financial and professional service providers. The strategy encourages greater utilization of the services of MWBEs by fiduciary-controlled entities established by New York State law. Such entities include the Common Retirement Fund (“CRF”) under the sole trusteeship of the Office of the State Comptroller, the New York State Insurance Fund (“NYSIF”), the New York State Deferred Compensation Plan and NYSTRS.

In keeping with the law, the System’s Retirement Board adopted the NYSTRS MWBE Asset Management and Financial Institution Guidelines (“Guidelines”) for the certification of all business entities providing asset management investment-related business or services as a financial and professional service provider. Any actions taken by NYSTRS must be consistent with its overriding fiduciary responsibility to its members, retirees and beneficiaries. The Guidelines are provided in Appendix B of this report.

Among other things, Chapter 171 authorizes NYSTRS to:

- Periodically advertise the existence of its MWBE strategy and make MWBE firms aware of opportunities to conduct business with NYSTRS.
- Provide a report to the Governor, Legislature and the State Chief Diversity Officer, within 60 days from the close of NYSTRS’ fiscal year, on MWBE provision of services to the System.
- Work with the Office of the State Comptroller, New York State Insurance Fund and the New York State Deferred Compensation Plan in creating a database of MWBEs utilized by respective parties.
- In conjunction with other fiduciary entities, hold an annual MWBE conference to promote the System’s MWBE strategy and educate MWBE firms on business opportunities with the System.

In accordance with the Strategy and Guidelines, NYSTRS, in conjunction with the CRF and NYSIF, continue to collaborate on best practices and the ongoing certification process. Further, NYSTRS submits this annual report to the Governor, Legislature and Chief Diversity Officer on the utilization of MWBEs.

Advancement of MWBE Guidelines

NYSTRS cooperates with the Common Retirement Fund (“CRF”) under the sole trusteeship of the Office of the State Comptroller and the New York State Insurance Fund (“NYSIF”) to survey and certify asset managers, financial institutions, and financial and professional service providers (in the areas of accounting, banking, financial advisory, insurance, legal, research, valuation and other financial and professional services) to determine which existing business partners qualify as MWBEs. NYSTRS, together with the other fiduciary controlled entities, updates the MWBE certification survey and pursues certifications in which each entity separately invests.

In accordance with the New York statutory provisions and the NYSTRS MWBE Asset Management and Financial Institution Guidelines, the business entities may qualify as a traditional MWBE firm or a substantially owned and/or operated firm.

Traditional MWBE

A traditional MWBE is at least fifty-one percent owned by one or more minority group members, and/or by one or more women, in each case, who have significant experience in the relevant area.

Substantially Owned and/or Operated MWBE

A substantially owned and/or operated firm includes firms with at least thirty-three percent ownership and/or operation by members of minority groups and/or women and of the thirty-three percent have at least twenty-five percent ownership by minority group members and/or women. Under substantially owned and/or operated, each individual counted in determining percentage of ownership or operation is counted once.

MWBE Certification

NYSTRS, CRF and NYSIF worked collaboratively with Lenox Park Solutions, an MWBE firm, to update the certification survey and conduct the certification review process of firms established as business partners with NYSTRS during the 2020-21 fiscal year.

The System has an ongoing process to conduct an MWBE certification review of asset managers, financial institutions, and financial and professional service providers doing business with NYSTRS for the relevant fiscal year. This year, Lenox Park Solutions updated the survey and it was sent to our new business relationships. As of this writing, Lenox Park is collecting their responses. This report is based in part on the information received from the surveys and this data will be updated in the follow-up report issued by the end of the calendar year.

Pursuit of MWBE Guidelines

The System's commitment to and ongoing pursuit of MWBE Guidelines is evidenced as follows.

Ongoing Initiatives

- NYSTRS continued its partnership with Girls Who Invest, an organization dedicated to bringing more women into portfolio management and leadership. The private equity team hosted its first Girls Who Invest intern in the winter of 2021, and the fixed income team hosted its second intern in the summer of 2021.
- The public equities team continued to pursue MWBE relationships through its manager-of-managers program. In addition, the team continued to engage in introductory meetings with MWBE managers, as well as attend conferences to better understand emerging manager trends.
- The fixed income team continually focuses on building existing relationships, as well as establishing new ones, through the System's annual MWBE conference. The team takes part in introductory and firm update meetings with MWBE fixed income money managers. Staff continues to take proactive steps to split new issue long-term bond deals to allow MWBE co-managers to take direct orders. In an effort to build communication, fixed income proactively initiates periodic discussions with existing MWBE counterparties to discuss System fixed income activities in order to help identify areas where there may be opportunities to build the relationships further.
- The managing director of real estate is a board member of the Pension Real Estate Association (PREA), which partners with the Robert A. Toigo Foundation to grant an annual PREA/Toigo scholarship to minority and women students. During the summer of 2021, the real estate team hosted its fifth intern through the PREA Foundation/Sponsors for Educational Opportunity internship program, which provides career opportunities to women and minority students in the industry.
- The private equity team continually reviews MWBE materials and takes meetings with entities that maintain strategies aligning with our plan. Since the inception of the System's annual MWBE conference, NYSTRS has made a number of direct fund investments stemming from relationships formed in connection with the conference.
- The risk management team engaged an MWBE reseller for the purchase of business software.
- Legal staff continues to seek MWBE firms to provide legal due diligence services related to investments. Staff incorporated a diversity staffing questionnaire for engagements of outside counsel for investment-related work. Outside firms identify whether they expect 25% or greater of billable hours for the proposed engagement to be generated by women partners, counsels or associates, and/or minority (men or women) partners, counsels or associates. The System's intent and expectation is for greater awareness of diversity staffing on the part of outside firms and increased opportunities for qualified MWBE attorneys to be assigned to work and gain additional experience on System assignments.

Participation in MWBE Events

- NYSTRS was an exhibitor at the New York State Virtual MWBE Forum held in December 2020. System staff also participated in the Forum's sessions.
- System staff attended the New York State Common Retirement Fund's Emerging Manager & MWBE Conference in February 2021. The 14th annual conference gave opportunities to newer, smaller and diverse investment management firms to understand the investment goals of the State's Common Retirement Fund and other local capital allocators in attendance.
- The real estate staff participated in GCM Grosvenor's Small and Emerging Managers Conference in October 2020. The 14th annual event, held virtually, furthered the mission to raise the visibility of small, emerging and diverse investment managers while providing institutional investors access to these managers. The virtual event received a record number of registrants.
- The private equity and real estate teams participated in GCM Grosvenor's Consortium 2021: Diverse + Women Managers Conference in June 2021. The 18th annual event was held virtually in

order to continue the tradition of fostering lasting connections between institutional investors and diverse and women managers.

- The private equity team attended the following events in the 2020-21 fiscal year:
 - RFK Compass Private Markets Meeting – Roundtable Discussion “The State of Private Markets Today” (February 2021). The RFK Compass meeting is part of the Robert F. Kennedy Human Rights Investor Program that seeks to help inform, challenge and inspire the investment community to think differently about how investments impact society, including issues pertaining to environmental, social and governance (ESG) and diversity, equity and inclusion (DEI).
 - Sponsors for Educational Opportunity’s (SEO) 12th Annual Alternative Investments Conference (April 2021) – The event is a key part of SEO’s work to expand diversity in the alternative investment sector.

MWBE Participation by Asset Class

The following summarizes, by asset class, the status of NYSTRS' MWBE relationships.

Domestic, International and Global Equities

(54.7% of all invested assets as of 6/30/21)

External Portfolio Management

During the 2020-21 fiscal year, NYSTRS made additional direct investments that totaled approximately \$475 million with Rhumblin Advisers, an MWBE firm that manages an international passive, long-only strategy.

In addition, Ariel Investments, Leading Edge Investment Advisors and Xponance Inc. (formerly known as the FIS Group) are MWBE firms that operate actively managed strategies on NYSTRS' behalf. Ariel is a direct mandate, while Leading Edge and Xponance are part of the manager-of-managers program. Ariel and Xponance continue to manage international equity strategies that are invested in both developed and emerging markets. Leading Edge was re-mandated to a global strategy at the end of the prior fiscal year. A global strategy invests in stocks of both U.S. and international markets.

Details regarding our MWBE partners are summarized in the following table.

Emerging Manager Partner	MWBE Status	Program Type	Market Value
Ariel Investments	African American/ Women	International Equity Direct Mandate	\$ 321,684,471
Xponance Inc.	African American/ Women	International Equity Manager-of-Managers	\$ 357,745,360
Leading Edge Investment Advisors	Asian American	Global Equity Manager-of-Managers	\$ 607,792,287
Rhumblin Advisers	African American/ Women	International Equity Direct Mandate	\$ 1,054,645,557
Total			\$ 2,341,867,676

The programs referenced above include MWBE sub-managers within their portfolios, including:

Applied Research Investments	Mar Vista Investment Partners
ARGA Investment Management	Metis Global Partners
Ativo Capital Management	Redwood Investments
Denali Advisors	RVX Asset Management
Foresight Global Investors	Strategic Global Advisors
Martin Investment Management	

Public Equity Brokers

Public equity trading staff continued to strengthen relationships with 20 existing MWBE certified brokers during NYSTRS' 2020-21 fiscal year. Throughout this period, \$194,045 of a total \$773,096 commission dollars was paid to MWBE trading partners. A comparison of the last two fiscal years follows.

**NYSTRS' Domestic Equity Commissions
(Percent Paid to MWBE)**

	7/1/20–6/30/21	7/1/19–6/30/20
Total Commissions (,000s)	\$773	\$410
Paid to MWBE (,000s)	\$194	\$102
Total MWBE %	25%	25%
Total # of Approved Brokers	30	29
# of Approved MWBE	20	20
Total MWBE %	67%	69%

Approved MWBE Brokers and Year Approved

Blaylock Beal Van, LLC, 2011	North South Capital, LLC, 2011
Bley Investment Group, Inc., 2011	Penserra Securities, LLC, 2012
Cabrera Capital Markets, LLC, 2011	Samuel A. Ramirez & Co., 2011
Capital Institutional Services, 2016	Siebert Williams Shank & Co. LLC, 2011
CastleOak Securities, L.P., 2011	Stern Brothers & Co., 2020
CL King & Associates, 2011	Sturdivant & Co., 2012
Great Pacific Securities, 2016	Telsey Advisory Group, 2011
Ivy Securities, Inc., 2011	The Fig Group, LLC, 2012
Loop Capital Markets, 2011	Tigress Financial Partners, 2016
Montrose Securities, 2012	

Note: NYSTRS' approved broker list also includes two brokers that are VBE (Veteran Business Enterprise) or DVBE (Disabled Veteran Business Enterprise) certified: Mischler Financial Group (DVBE, 2011) and Drexel Hamilton (DVBE, 2014).

Fixed Income

(19.1% of System assets as of 6/30/21. Includes internally managed domestic fixed income, cash equivalents, externally managed global bonds and high yield bonds.)

During NYSTRS' 2020-21 fiscal year, fixed income staff remained committed to strengthening relationships with MWBE fixed income counterparties. This was accomplished through outreach at NYSTRS' 2021 virtual MWBE Conference, as well as by regular interaction with approved MWBE counterparties of the System's internally managed short-term and long-term bond portfolios. Ongoing communication helps MWBE firms expand their understanding of System objectives as it relates to fixed income and improves System relationships with MWBE fixed income counterparties.

During the fiscal year, the fixed income team continued its commitment to communicate the objectives and areas of focus in the fixed income asset class while simultaneously building relationships with the MWBE firms listed in the following table.

Firm	MWBE Status
Academy Securities, Inc.	Hispanic*
Blaylock Van, LLC	African American
Cabrera Capital Markets, LLC	Hispanic
CL King & Associates, Inc.	Women
CastleOak Securities LP	African American
Duncan Williams Inc.	Women
Great Pacific Securities	Hispanic
Guzman & Company	Hispanic
Loop Capital Markets, LLC	African American/Women
MFR Securities Inc.	Women
Samuel A. Ramirez & Company**	Hispanic/Women
Rice Financial Products Company	African American
Siebert Williams Shank & Co. LLC	African American/Women

*Can also be classified as a Disabled Veteran Business Enterprise firm, but for the purposes of this report is included only in the MWBE section to avoid double counting.

**Presented as Ramirez & Company in prior reports.

The following table illustrates the total fixed income estimated commissions paid to MWBE firms. Year over year, fixed income's level of transaction activity with MWBE firms increased 76%. A continued increase in government sponsored entity and supranational money market activity during FY 2021 helped contribute to this increase as these trades are consistently sourced through diverse firms. Long-term bond commissions increased substantially year over year. MWBE firms have been included in a larger share of corporate bond deals overall and have been included as lead dealers in a few instances. Since MWBE firms have been included in more deals overall, this has led to increased orders from NYSTRS. Also, trade activity in mortgage-backed securities increased. Several MWBE firms are able to source specified pools and we make an effort to transact with these firms when appropriate.

NYSTRS' Estimated Fixed Income Commissions – MWBE Firms

Fiscal Year	Short-term Bonds	Long-term Bonds
2020-21	\$299,906	\$122,040
2019-20	\$192,489	\$46,506
2018-19	\$100,223	\$48,937
2017-18	\$217,335	\$96,151
2016-17	\$241,872	\$70,077
2015-16	\$104,517	\$88,583
2014-15	\$91,483	\$100,362

For the recently completed fiscal year, estimated commissions paid to MWBE firms represented 19.8% of all commissions paid in the short-term bond category and 4.4% of all commissions paid in the long-term bond category. This compares to the 2019-20 fiscal year when estimated commissions paid to MWBE firms represented 15.0% of all commissions paid in the short-term bond category and 2.1% of all commissions paid in the long-term bond category.

Additionally, fixed income has Disabled Veteran Business Enterprise (DVBE) relationships with four firms: Bancroft Capital LLC, Drexel Hamilton LLC, Mischler Financial Group and Multi Bank Securities. During this fiscal year, fixed income added Bancroft Capital LLC as a new counterparty.

For the fiscal year ended June 30, 2021, Disabled Veteran firm estimated commissions represented 2.3% of short-term bond transaction activity and 0.2% of long-term bond activity. In comparison, in the 2019-20 fiscal year, estimated commissions from DVBE firms represented 1.4% of short-term bond transaction activity and 0.1% of long-term bond transaction activity. Activity with DVBE firms is dependent on their inclusion in new issue corporate bond deals, access to money market instruments and ability to source secondary corporate bonds.

NYSTRS' Estimated Fixed Income Commissions – Disabled Veteran Firms

Fiscal Year	Short-term Bonds	Long-term Bonds
2020-21	\$34,734	\$6,604
2019-20	\$17,589	\$3,032
2018-19	\$15,401	\$5,552
2017-18	\$14,564	\$7,187
2016-17	\$11,593	\$12,681
2015-16	\$4,268	\$16,861
2014-15	\$4,665	\$11,894

Real Estate Equity and Real Estate Debt

(15.3% of all invested assets as of 6/30/21)

As of June 30, 2021, existing MWBE asset manager relationships include Adelante Capital Management, managing \$532 million in public market securities in real estate investment trusts (REITs) and real estate operating companies (REOCs); Artemis Real Estate Partners, managing \$102.3 million (\$475 million in commitments) in three value-add equity real estate funds and one debt separate account; Capri Capital Partners, managing \$0.02 million in structured real estate debt; Grosvenor Capital Management, managing \$309.0 million (\$650 million in commitments) in five separate accounts (three equity, two debt) that target a portfolio of fund, direct and co-investments sponsored by emerging managers including MWBE managers; and Raith Capital Partners, managing \$83.3 million in a separate account focused on public and private real estate debt investments.

Emerging Manager Partner	MWBE Status	Market Value
Adelante Capital Management	Hispanic/Asian American/Women	\$532,476,039
Artemis Capital Partners	Women	\$102,307,133
Capri Capital Partners	African American/Women/Asian	\$22,327
Grosvenor Capital Management	Hispanic/Asian American/ African American/Women	\$308,967,813
Raith Capital Partners	Asian American/Women/Hispanic	\$83,254,682
Total		\$1,027,027,994

Private Equity and Private Debt

(10.9% of all invested assets as of 6/30/21)

NYSTRS' investments in private equity and private debt are managed externally. In line with its fiduciary obligations to members, retirees and beneficiaries, NYSTRS targets top quartile performance funds for investment.

As of June 30, 2021, private equity and private debt investments accounted for approximately \$27.0 billion in committed capital. Of this total, the System has committed approximately \$3.8 billion across 42 funds which are managed by 15 minority- and women-owned firms. During the fiscal year ended June 30, 2021, NYSTRS made four new MWBE qualified commitments, totaling \$375 million.

NYSTRS' private equity staff will generally seek to make direct commitments to MWBE qualified funds. However, for smaller emerging manager opportunities, the System utilizes the services of two third-party, separately managed accounts as described below:

- In December 2019, NYSTRS made a \$200 million commitment to Abbott Select EM Buyouts, L.P., a separate account established with Abbott Capital. The mandate of the account is to make commitments to small and emerging (inclusive of MWBE) qualified managers with fund sizes of \$1 billion or less.
- NYSTRS has a \$100 million commitment to The First Capital Access Fund, a separate account established with HarbourVest Horizon. The mandate of the account is to make commitments specifically to MWBE qualified managers with fund sizes of \$500 million or less. To date, The First Capital Access Fund is fully committed with 10 commitments totaling \$101 million (inclusive of the general partner commitments).

2021 MWBE Investments and Professional Services Conference

NYSTRS held its 11th annual MWBE Investments and Professional Services Conference virtually due to the COVID-19 pandemic. The event, themed “Expanding Access, Increasing Opportunities,” was held over two half days on March 11 and 12, 2021.

Nearly 300 people attended the virtual event, which provided a forum for potential asset managers and brokers, and professional and financial service providers, to become acquainted with the Retirement System. Attendees learned about NYSTRS’ portfolio and investment needs while also gaining greater insight into the abilities and qualifications the System expects of its business partners.

The conference began with opening remarks from NYSTRS Executive Director and Chief Investment Officer Thomas K. Lee. Jodie W. McLean, chief executive officer of EDENS, delivered a keynote address, followed by a fireside chat with Mr. Lee.

NYSTRS offered workshops related to: fixed income; private equity; professional services in the areas of finance and legal; public equities (asset managers and brokers); and real estate. The workshops were led by NYSTRS’ managing directors and current managers/partners in each asset class and professional service. The participants were also given the opportunity to network with the System’s investment, professional services and senior staff.

The MWBE Conference agenda is included in this report as Appendix A.

Furthering NYSTRS' MWBE Strategy

In support of NYSTRS' commitment to expanding access and increasing opportunities for MWBE firms, the System continues to provide opportunities to the growing pool of MWBE managers, both through outreach efforts and the pursuit of MWBE guidelines – each of which contributes to NYSTRS' success as one of the largest public pension funds in the country.

This effort aligns with NYSTRS' focus on prudent diversification of investments across a broad spectrum of asset classes and its ongoing search for sound investment opportunities that will contribute to the stability of the portfolio.

The System continues to work with the other fiduciary-controlled entities, the Common Retirement Fund under the sole trusteeship of the Office of the State Comptroller and the New York State Insurance Fund, to review the certification recommendations of business enterprises certified as MWBEs.

NYSTRS will host its 12th annual MWBE conference virtually over two half days on March 10-11, 2022. The conference is a gateway for MWBE firms to gain knowledge about NYSTRS and to be introduced to the System as it continues to seek investment managers and service providers to further enhance its MWBE strategy. NYSTRS looks forward to providing participants with the opportunity to learn about the System's investment philosophy, and to network with its managing directors and investments and professional staff. Details regarding the conference format will be announced at a later date.



Appendix A



MWBE Investments & Professional Services Virtual Conference

EXPANDING ACCESS, INCREASING OPPORTUNITIES

Thursday, March 11, 2021

8:30 a.m. – 8:40 a.m.	Conference Welcome <i>Miriam Dixon</i> Chief Administrative Officer, NYSTRS MWBE Steering Committee Co-Chair
8:45 a.m. – 10:30 a.m.	NYSTRS Welcome <i>Thomas K. Lee</i> Executive Director & Chief Investment Officer, NYSTRS Keynote Address - Fireside Chat with Thomas K. Lee <i>Jodie W. McLean</i> Chief Executive Officer, EDENS
10:45 a.m. – 11:45 a.m.	Professional Services Workshop - Finance
10:45 a.m. – 11:45 a.m.	Professional Services Workshop - Legal
12:00 p.m. – 1:00 p.m.	Networking Session

Friday, March 12, 2021

8:30 a.m. – 8:40 a.m.	Conference Welcome <i>Yiselle Rodriguez Ruoso</i> Senior Managing Counsel - Benefits & Legislation, NYSTRS MWBE Steering Committee Co-Chair
8:45 a.m. – 10:15 a.m.	Asset Class Workshop - Private Equity and Private Debt
8:45 a.m. – 10:15 a.m.	Asset Class Workshop - Real Estate Equity and Real Estate Debt
10:30 a.m. – 12:00 p.m.	Asset Class Workshop - Fixed Income
10:30 a.m. – 12:00 p.m.	Asset Class Workshop - Public Equities
12:00 p.m. – 1:00 p.m.	Networking Session

Appendix B

NEW YORK STATE TEACHERS' RETIREMENT SYSTEM MINORITY AND WOMEN-OWNED BUSINESS ENTERPRISES ("MWBE") ASSET MANAGEMENT AND FINANCIAL INSTITUTION GUIDELINES FOR CERTIFICATION, REPORTING AND COOPERATION WITH OTHER FIDUCIARY-CONTROLLED ENTITIES

- I. **PURPOSE.** In accordance with subdivisions 4, 5, 6, 7, 8 and 9 of section 176 of the Retirement and Social Security Law and section 508-a of the Education Law, the Retirement Board, acting as trustees of the New York State Teachers' Retirement System ("NYSTRS"), establishes these guidelines for the purpose of increasing the utilization of MWBE Asset Managers, MWBE Financial Institutions and MWBE Financial and Professional Service Firms.

These guidelines shall be implemented in accordance with, and subject to, the Retirement Board's fiduciary duties and obligations as trustees of NYSTRS to the members, retirees and beneficiaries of NYSTRS and in accordance with, and subject to, such other investment limitations as may be prescribed by the Education Law, the Retirement and Social Security Law and any other law or rule as may be applicable, including but not limited to the regulations of the Commissioner of Insurance.

These guidelines shall relate to the following activities:

- A. Contracting with MWBE Asset Managers to invest assets of NYSTRS;
- B. Subject to Best Execution:
 - 1. Conducting trades of public equity securities with MWBE Financial Institutions; and
 - 2. Conducting trades of fixed-income securities with MWBE Financial Institutions;
- C. Allocating investments of assets of NYSTRS either:
 - 1. Directly through investments in the equities and debt securities of MWBEs; or
 - 2. Indirectly through programs involving MWBE Asset Managers; and
- D. Awarding contracts for accounting, banking, financial advisory, insurance, legal, research, valuation and other financial and professional services to MWBE Financial Institutions and other MWBE Professional Service Firms.

II. DEFINITIONS. For the purposes of these guidelines, the following terms are defined as follows:

- A. The terms “Asset Manager” and “Asset Management” shall mean the person, or activity by such person, who provides a comprehensive and structured approach to short-term and long-term management of funds of NYSTRS.
- B. The term “Best Execution” shall refer to the obligation of Broker or Broker Dealer to ensure the optimal mix of price improvement (getting a better price than is currently quoted), speed and likelihood of execution.
- C. The terms “Broker” and “Broker Dealer” shall mean an individual or firm, registered in accord with state or federal law, who acts as an intermediary between a buyer and seller.
- D. The term “Business Enterprise” may include, without limitation:
 - 1. A sole proprietorship;
 - 2. A partnership;
 - 3. A limited partnership;
 - 4. A limited liability partnership;
 - 5. A limited liability company;
 - 6. A corporation; or
 - 7. Another similar entity whether domestic or foreign.
- E. The term "MWBE Asset Manager" may include, without limitation:
 - 1. An Asset Manager in any of the following asset classes:
 - a. Public Equity or Fixed Income Securities;
 - b. Hedge Funds;
 - c. Fund of Hedge Funds;
 - d. Private Equity (including Venture Capital);
 - e. Fund of Private Equity funds;
 - f. Real estate investment funds;
 - g. Fund of real estate funds; or

- h. Any other asset class for which NYSTRS might engage external asset managers; and
 - 2. An Asset Manager that is:
 - a. An MWBE;
 - b. A registered Investment Advisor or an Investment Advisor exempt from such registration; and
 - c. Certified in a manner consistent with subdivision 3 of section 423-c of the Retirement and Social Security Law.
- F. The term "Minority Group Member" shall mean a United States citizen or permanent resident alien who is and can demonstrate membership in one of the following groups:
- 1. Black persons having origins in any of the Black African racial groups;
 - 2. Hispanic persons of Mexican, Puerto Rican, Dominican, Cuban, Central or South American of either Indian or Hispanic origin, regardless of race;
 - 3. Native American or Alaskan native persons having origins in any of the original peoples of North America; or
 - 4. Asian and Pacific Islander persons having origins in any of the Far East Countries, South East Asia, the Indian Subcontinent or the Pacific Islands.
- G. The term "MWBE" for the purpose of engaging in business with NYSTRS shall mean:
- 1. A Business Enterprise:
 - a. That is at least fifty-one percent owned by one or more minority group members, or at least fifty-one percent owned by one or more women, who, in each case, have significant experience in asset management, brokerage, other financial services or related professional services such as accounting, valuation or legal services; or
 - b. That is substantially owned and/or operated by women or minority group members who have significant experience in asset management, brokerage, other financial services or related professional services such as accounting, valuation or legal services; and
 - 2. A Business Enterprise:
 - a. In which such minority or women ownership or operation is real, substantial and continuing;

- b. In which such minority or women ownership or operation has and exercises the authority to control independently the day-to-day business decisions of the enterprise;
- c. Authorized to do business in this State; and
- d. Certified in a manner consistent with subdivision 3 of section 423-c of the Retirement and Social Security Law.

H. The term “Financial and Professional Services” shall include, but not be limited to:

1. Banking;
2. Financial Advisory;
3. Financial Research;
4. Insurance;
5. Law; and
6. Valuation.

I. The term "MWBE Financial Institution" shall mean:

1. As it relates to brokerage services, a Broker or Broker Dealer that is an MWBE certified in a manner consistent with subdivision 3 of section 423-c of the Retirement and Social Security Law; and
2. As it relates to any other financial services, a Business Enterprise that is an MWBE certified in a manner consistent with subdivision 3 of section 423-c of the Retirement and Social Security Law that provides banking, financial advisory, insurance, financial research, valuation or other financial services.

J. The term “Other Fiduciary-Controlled Entities” shall mean:

1. The New York State Common Retirement Fund;
2. The New York State Insurance Fund; and
3. The New York State Deferred Compensation Plan.

III. CERTIFICATION. The Retirement Board hereby establishes and adopts the following certification process for the purpose of identifying and reporting on MWBE firms providing asset management, brokerage or other financial or professional services with or for NYSTRS:

A. Business Enterprises providing asset management, brokerage or other financial or professional services with or for NYSTRS shall be invited to provide the following information:

1. A copy of financial form(s), if any, filed with the federal Securities and Exchange Commission, including, but not limited to, the uniform application for investment advisor registration (ADV) and the uniform application for broker-dealer registration (BD);
2. A copy of application forms and supporting documentation, if any, filed with the Division of Minority and Women-Owned Business Development (“DMWBD”) within the New York State Department of Economic Development and any subsequent certification issued by DMWBD of MWBE status;
3. A copy of any form(s) filed with any other state or federal entity for the purpose of seeking certification by such entity as an MWBE, along with any certification issued by such governmental entity of MWBE status, if any;
4. Any registration form as the Retirement Board or the Executive Director of NYSTRS, within his or her discretion, may require; and
5. Such other information as any such Business Enterprise may deem relevant to or of assistance in determining whether such Business Enterprise is an MWBE within the meaning of these guidelines.

B. Additionally, Business Enterprises providing asset management, brokerage or other financial or professional services with or for NYSTRS are invited to provide the Retirement Board, the following information relating to any position (held by an owner, officer, manager or employee of the Business Enterprise) that the Retirement Board or the Executive Director of NYSTRS, within his or her discretion, may determine necessary, including, but not limited to, with respect to any managing director, managing principal, principal, operating principal, chief financial officer, operating vice-president, vice-president, partner and owner, or equivalent positions, for the accurate identification of a Business Enterprise as an MWBE:

1. 51%-Owned by Minority Group Members or by Women:
 - a. Title;
 - b. Position;
 - c. Ownership percentage;
 - d. History of ownership;
 - e. History of ownership percentage;
 - f. Ethnicity;
 - g. Gender; and

h. Length of service.

2. MWBEs Substantially Owned or Operated by Minorities or Women:

a. Title;

b. Position;

c. Ownership percentage;

d. History of ownership;

e. History of ownership percentage;

f. Ethnicity;

g. Gender;

h. Length of service; and

i. The role of individual employees and whether such individual will be performing services with or for NYSTRS and if so, to what extent such performance will occur.

C. Documentation. All information and documentation shall be provided on a form developed by NYSTRS and, pursuant to these guidelines, shall be certified as to accuracy by an Owner or Officer of the Business Enterprise, authorized by the business to make the representations contained thereon. If a Business Enterprise seeks confidential treatment of proprietary business information, such information must be clearly labeled as confidential, and denial of release thereof will occur in accordance with and to the extent permitted by applicable law. The Retirement Board or the Executive Director of NYSTRS, or their designees, may make such inquiries as he, she or they may deem appropriate to determine the accuracy of the information provided, including, but not limited to, in his, her or their discretion, field visits and/or other means of substantiation.

D. Certification of MWBE status. Separate determinations of MWBE status shall be made for Business Enterprises pursuant to subdivisions 1 and 2 of this Paragraph.

1. In determining that a Business Enterprise is at least fifty-one percent owned by one or more minority group members, or at least fifty-one percent owned by one or more women, NYSTRS may rely on bona-fide determinations of state or federal government entities or of the Other Fiduciary-Controlled Entities, or on certified filings with the Federal Securities and Exchange Commission, in addition to the responses submitted by the Business Enterprise.

2. In determining that a Business Enterprise is substantially owned and/or operated by women or minority group members, these guidelines interpret the term “substantially” as meaning at least thirty-three percent (ownership and/or operation). The thirty-three percent shall include at least twenty-five percent ownership by women or minority group members. Each individual counted in determining percentage of ownership or operation may only be counted once (e.g., an owner who is also a senior manager may not be counted as both).

- E. Decertification. Any Business Enterprise previously certified as an MWBE which no longer meets the applicable certification criteria shall be decertified. All Business Enterprises certified as MWBEs must promptly inform the Retirement Board or the Executive Director of NYSTRS, or his or her designee, of any changes in ownership, management and/or control that could impact the entity's MWBE certification.
- F. Documentation of determination. In all cases, NYSTRS shall maintain a written record of the reason(s) for its determination and subsequent certification or decertification of an entity's MWBE status.
- G. Finality of determination. All determinations relating to MWBE status made under these guidelines are made solely for the purposes of identification and reporting and for no other purpose. All determinations shall be final and not appealable. However, any Business Enterprise that believes it should be certified as an MWBE is welcome to submit information demonstrating that it is eligible for certification as an MWBE.
- H. Submission of false information. Any individual who submits false information on behalf of a Business Enterprise, and/or any Business Enterprise that submits false information, may be barred from doing business with NYSTRS for a period of time based on the nature and extent of the false information. False submissions shall also be reported to appropriate law enforcement entities.

IV. REPORTING. Within 60 days of the end of each fiscal year commencing with the July 1, 2010-June 30, 2011 fiscal year, NYSTRS shall report to the Governor, Legislature and the Chief Diversity Officer of the State of New York on the participation of MWBE firms providing asset management, brokerage or other financial or professional services for NYSTRS.

A. Such Report shall include:

1. A comparative analysis of such activity relative to such activity with all asset managers, financial institutions and professional service providers for the relevant period; and
2. The progress and success of the efforts undertaken during the plan fiscal year in pursuit of these guidelines.

B. Such Report shall be simultaneously published on the NYSTRS website for not less than 60 days following its release to the Governor, Legislature and the Chief Diversity Officer of the State of New York.

C. Such Report shall separately document the utilization of:

1. Entities that are at least fifty-one percent owned by one or more minority group members or at least fifty-one percent owned by one or more women; and

2. Entities that are substantially owned and/or operated by women or minority group members.

V. COOPERATION WITH OTHER FIDUCIARY-CONTROLLED ENTITIES.

In implementing these guidelines, NYSTRS may, in its discretion, utilize or participate in any MWBE certification process established by any Other Fiduciary-Controlled Entity for the purpose of identifying and reporting on MWBE firms providing Asset Management, Brokerage, or other Financial or Professional Services.

- A. NYSTRS shall work with the Other Fiduciary-Controlled Entities to create a Database of Business Enterprises certified as MWBEs pursuant to or in a manner consistent with subdivision 3 of section 423-c of the Retirement and Social Security Law.
- B. In addition to such advertising as NYSTRS shall implement so that MWBE Asset Managers, MWBE Financial Institutions and other MWBE Professional Service Firms are made aware of the opportunities with NYSTRS, NYSTRS shall periodically, but not less than annually, hold a conference to promote the utilization of MWBE Asset Managers, MWBE Financial Institutions and MWBE Financial and Professional Service Firms. Such conference shall be scheduled and coordinated to the extent reasonably practicable with Other Fiduciary-Controlled Entities.
- C. NYSTRS shall meet periodically with the Other Fiduciary-Controlled Entities to discuss best practices and to consider such changes to these guidelines as may be appropriate or advisable.

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