



New York State  
Teachers'  
Retirement  
System

# MWBE

Minority- and Women-Owned  
Business Enterprises

## Asset Management and Financial Institution Strategy Report

FISCAL YEAR  
**2023-2024**

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*NYSTRS has commenced an enterprise-wide review of its MWBE and DEI strategy, including the development, enhancement and design of publications such as this one. The review process encompasses an examination of internal methodologies and outreach strategies toward broader alignment of MWBE and diversity, equity and inclusion initiatives.*

*The System anticipates changes to this document will be captured in the 2025 MWBE Report.*

## 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 approximately 448,700 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

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

**Eric J. Iberger**  
Teacher Member  
Elected by NYSTRS Delegates  
Trustee since 2021

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

**Nicholas Smirensky**  
State Comptroller Appointee  
Trustee since 2007

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

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

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

**Paul Farfaglia**  
School Boards Association Representative  
Elected by Board of Regents  
Trustee since 2023

## 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.

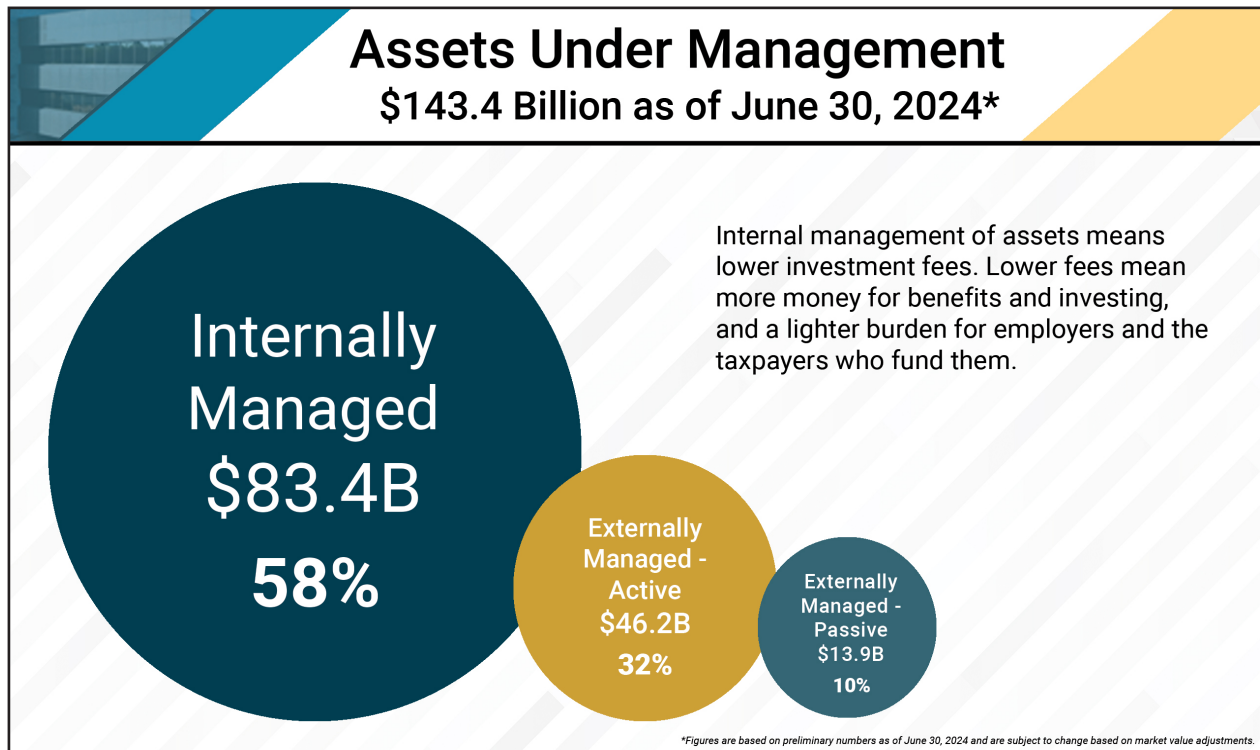
The design, implementation and administration of appropriate internal controls protecting the security of assets are the responsibility of System management. To ensure the validity of these controls, a system of both external and internal checks and balances exists. Financial information and internal controls are subject to audit by the New York State Department of Financial Services and the System's Internal Audit Department. In addition, Plante Moran, 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 85% of all NYSTRS income.

As of June 30, 2024, System net assets totaled \$145.5 billion, with total assets under management of \$143.4 billion.\*

During the fiscal year ended June 30, 2024, the System's annual benefit payroll for its approximately 182,000 retirees and beneficiaries was approximately \$8.4 billion. These payments serve as an important economic stimulus across New York state. A breakdown of total benefits paid to NYSTRS members and beneficiaries residing in New York state will be included in our follow-up MWBE report, issued at the end of the calendar year.



\*Figures are based on preliminary numbers as of June 30, 2024 and are subject to change based on market value adjustments.

## 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.

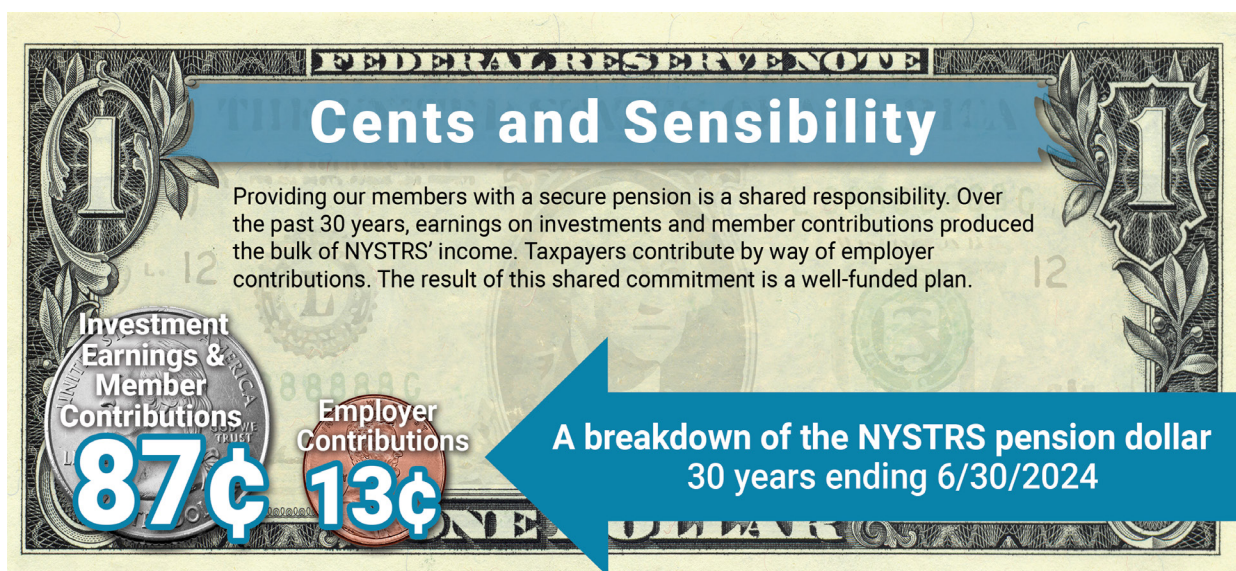
NYSTRS’ diversification of assets helps the System earn the highest possible long-term rate of return within appropriate risk levels. In turn, this enables the System to pay guaranteed benefits to retirees and beneficiaries at the lowest possible cost to participating employers and the taxpayers that 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 58% 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 6/30/24*	
Domestic Equity	34.4%
International Equity	14.4%
Global Equity	4.1%
Real Estate Equity	11.0%
Private Equity	9.7%
<b>Total Equity</b>	<b>73.6%</b>
Domestic Fixed Income	14.9%
High-Yield Bonds	1.1%
Global Bonds	2.0%
Real Estate Debt	5.4%
Private Debt	1.6%
Cash Equivalents	1.4%
<b>Total Debt</b>	<b>26.4%</b>
<b>Total Plan Assets</b>	<b>100.0%</b>

*\*Based on preliminary numbers as of 6/30/24.*



## NYSTRS Financial Highlights – As of June 30, 2024\*

<b>Total assets under management**</b>	\$143,402,634,723	
<b>Total assets internally managed</b>	\$83,360,908,561	58%
<b>Total assets externally managed - active</b>	\$46,165,537,279	32%
<b>Total assets externally managed - passive</b>	\$13,876,188,884	10%
<b>Total MWBE assets under external management***</b>	\$6,962,880,942	11.60%
<b>Total fees paid to external firms</b>	\$473,160,119	
<b>Total fees paid to MWBE firms</b>	\$34,802,924	7.36%

### 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	\$3,228,698,805	5.38%
Domestic, International & Global Equities	\$2,391,594,891	3.98%
Real Estate Equity & Real Estate Debt	\$1,342,587,247	2.24%

### Breakdown of Private Equity and Private Debt Committed Capital

	Number of Firms	Committed Capital	Percent of Committed Capital
All Firms	63	\$25,410,451,480	100%
MWBE Firms	12	\$4,840,100,000	19.05%

### Breakdown of Real Estate Equity and Debt Committed Capital

	Number of Firms	Committed Capital	Percent of Committed Capital
All Firms	49	\$30,690,833,740	100%
MWBE Firms	4	\$2,814,534,645	9.17%

### Breakdown of Fees by Category

Category	Asset Management	Financial Institutions****	Professional Services
Total Fees Paid to All Firms	\$455,741,196	\$635,336	\$16,783,586
Total Fees Paid to MWBE Firms	\$33,991,153	\$125,259	\$686,512
Percent of Fees Paid to MWBE Firms	7.46%	19.72%	4.09%

\*Figures are based on preliminary numbers as of June 30, 2024 and are subject to change based on market value adjustments.

\*\*System net assets as of June 30, 2024 are \$145.5 billion, which includes assets under management of \$143.4 billion, other assets and liabilities.

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

\*\*\*\*Includes Public Equity commissions; excludes Fixed Income commissions included in previous publications.

## New York's MWBE Asset Management and Financial Institution Strategy

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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 New York State 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.

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 provider of financial and professional services. Any actions taken by NYSTRS must be consistent with its overriding fiduciary responsibility to its members, retirees and beneficiaries.

The Guidelines, as provided in Appendix B of this report, outline the strategy under the law to:

- Periodically advertise 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 CRF and NYSIF 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 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

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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 firm is at least 51% owned by one or more minority group members, or at least 51% owned 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 33% ownership and/or operation by members of minority groups and/or women and of the 33% have at least 25% 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 2023-24 fiscal year.

The System maintains 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.



## Pursuit of MWBE Guidelines

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NYSTRS Diversity, Equity & Inclusion Division continued implementation of an enterprise-wide diversity, equity and inclusion strategy during 2023-24. New initiatives within the past year included an expansion of workforce trainings and support structures for System employees; development and alignment of workplace metrics related to equity, inclusion, and psychological safety; and the deliberate cultivation of strategic partnerships to support broader outreach.

### Ongoing Initiatives

- During FY23-24, NYSTRS emphasized psychological safety in the workplace. Psychological safety was a core learning objective within NYSTRS annual all-employee DEI training program during FY23-24 and serves as a foundational concept for numerous employee initiatives, such as NYSTRS' employee networking group program.
- NYSTRS also continues the provision of voluntary employee learning opportunities related to diversity, equity and inclusion. Offerings span various learning strategies and modalities to meet the complex and varied needs of adult learners.
- In March 2024, NYSTRS launched its inaugural workplace Inclusion and Equity Survey to examine employee perceptions of inclusion and equity in the workplace. Results from the survey provide critical insight into workplace culture and offer a mechanism to identify trends in employee experiences over time.
- In February 2024, NYSTRS held its annual Minority- and Women-Owned Business Enterprises Investments and Professional Services Conference on the campus of the University at Albany. Partnership with the University at Albany allowed NYSTRS to concurrently pilot a college student career pathway program centering on demystifying institutional investment and asset management for student participants.
- NYSTRS also has continued several partnership efforts to learn and share diversity, equity and inclusion best practices across the public pension fund universe through initiatives such as the Diversity, Equity & Inclusion Consortium quarterly discussion group.
- NYSTRS continued its expansion of career pathway and educational institution outreach over the past year.
- NYSTRS expanded our Investment Fellowship Program, welcoming six new fellows to the workforce. NYSTRS Investment Fellowship Program offers recent college graduates paid, hands-on experience working in the System's investment departments: Fixed Income, Private Equity, Public Equities and Real Estate. Fellows also participate in several partnership projects collaborating with the Investment Operations, Risk Management, Stewardship and Legal departments.
- Public Equities staff took introductory meetings with MWBE managers of traditional, long-only strategies that are most relevant to the System's asset allocation. There were nine such introductory meetings with MWBE firms. In addition, MWBE managers unfamiliar with NYSTRS' manager-of-managers partners were introduced to Leading Edge Investment Advisors and Xponance Inc. On occasion, NYSTRS staff and the manager-of-managers partners conducted joint introductory calls.
- In addition, NYSTRS' manager-of-managers specialize in manager research and due diligence on smaller and emerging firms. Staff routinely meet with our manager-of-managers partners to review their annual research of the competitive landscape facing MWBE and emerging managers.
- Also, through trade execution, the Public Equities trading team continually focuses on building existing relationships and establishing new ones through the System's annual MWBE conference. To enhance communication with existing MWBE counterparties, the Public Equities trading team proactively initiates periodic discussions on System equity trading activities in order to help identify areas where there may be opportunities to build the relationships further. In addition, the equity trading team regularly meets with prospective MWBE counterparties and onboards firms that meet NYSTRS' trading needs.

- The Real Estate team continued to pursue MWBE relationships through its Emerging Manager Program with GCM Grosvenor, adding an additional \$200 million in commitments to the programs in March of 2024. To date, the team has committed \$600 million to the Emerging Manager Equity Program and an additional \$600 million to the Emerging Manager Debt Program. In addition, the team continued to engage in introductory meetings with MWBE managers sourced through the Grosvenor relationship, the annual NYSTRS MWBE conference and industry organization participation.
- Real Estate department staff are active in 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 2024, the Real Estate team hosted its eighth intern through the PREA Foundation/Sponsors for Educational Opportunity internship program, which provides career opportunities to women and minority students in the industry.
- NYSTRS continued its partnership with Girls Who Invest, an organization dedicated to bringing more women into portfolio management and leadership. The Private Equity, Fixed Income and Real Estate teams hosted Girls Who Invest interns in the summer of 2024.

## Participation in MWBE Events

- System staff attended the New York City Comptroller's Diverse and Emerging Managers Investment Conference on November 16, 2023.
- System staff attended the New York State Common Retirement Fund's Emerging Manager & MWBE Conference on February 16, 2024. The conference offered 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.
- In addition to the one-on-one introductory meetings requested by MWBE managers and brokers throughout the year, Public Equities and Fixed Income staff play a pivotal role in planning and presenting at the annual NYSTRS' MWBE Conference. NYSTRS' manager-of-managers partners, along with the System's general investment consultant, Callan, attended the 2024 conference and participated in the Public Equities breakout session. Members of NYSTRS' partner organizations were accessible to the attendees for one-on-one networking. NYSTRS staff facilitated introductions to these partners and networked with conference attendees throughout the day.
- The Real Estate team also attended the following events in the 2023-24 fiscal year:
  - AIF Global hosted the 9th annual Women Investors' Forum in September 2023. The Forum brings together influential thought leaders to discuss current investment strategies and trends and to highlight key initiatives for leadership and advancement strategies in women.
  - GCM Grosvenor hosted the inaugural RE:CONNECT conference in May 2024. This gathering of real estate limited partners and general partners focused on conversations relating to the evolution and trajectory of the investment practice with scalable emerging managers featuring formal and informal discussions, content and networking designed to connect influential investors with the next generation of investment talent.
- Fixed Income staff attended The Fixed Income Analysts Society's sixth annual Women In Fixed income conference.

## MWBE Participation by Asset Class

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

### Domestic, International and Global Equities

(52.9% of all invested assets as of 6/30/24)

#### External Portfolio Management

NYSTRS' public equity investments include allocations to domestic and international markets consistent with the System's asset allocation targets. To manage risk, the portfolio is diversified using both passive and active strategies. A significant portion of the domestic equity allocation is managed internally at low cost. Externally managed passive strategies are used in international markets where internal capabilities currently do not exist. The System also invests in complementary externally managed active strategies across its domestic, international and global allocations with the objective of generating positive returns in excess of the relevant policy benchmarks, after fees and at acceptable levels of risk.

Throughout the 2023-24 fiscal year, the NYSTRS public equities portfolio maintained significant investments managed by MWBE firms. Ariel Investments is an MWBE firm who manages an active equity strategy that invests in international developed and emerging markets. Rhumblin Advisers is an MWBE firm who manages a passive equity strategy that invests in international developed and emerging markets. Leading Edge Investment Advisors and Xponance Inc. are MWBE firms who are part of NYSTRS' manager-of-managers program. Our manager-of-managers allocate funds to MWBE and emerging active managers. Leading Edge manages a global active strategy that invests in stocks of both U.S. and international markets. Xponance manages an international active strategy that invests in developed and emerging markets.

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

Emerging Manager Partner	MWBE Status	Program Type	Market Value
Ariel Investments	African American/ Women	International Equity Direct Mandate	\$342,118,421
Xponance Inc.	African American/ Women	International Equity Manager-of-Managers	\$364,915,803
Leading Edge Investment Advisors	Asian American	Global Equity Manager- of-Managers	\$604,366,782
Rhumblin Advisers	Women	International Equity Direct Mandate	\$1,080,193,885
<b>Total</b>			<b>\$2,391,594,891</b>

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

ARGA Investment Management  
Foresight Global Investors  
Haven Global Partners  
Martin Investment Management

Mar Vista Investment Partners  
Redwood Investments  
Strategic Global Advisors

## Public Equity Brokers

Public Equities trading staff continued to strengthen relationships with 16 existing MWBE certified brokers during NYSTRS' 2023-2024 fiscal year. Throughout this period, \$125,259 of a total \$489,000 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)

	7/1/23-6/30/24	7/1/22-6/30/23
Total Commissions (,000s)	\$489	\$390
Paid to MWBE (,000s)	\$125	\$98
<b>Total MWBE %</b>	<b>26%</b>	<b>25%</b>
Total # of Approved Brokers	25	26
# of Approved MWBE	16	17
<b>Total MWBE %</b>	<b>64%</b>	<b>65%</b>

### 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	Rice Financial, 2022
CastleOak Securities, L.P., 2011	Stern Brothers & Co., 2020
CL King & Associates, 2011	Sturdivant & Co., 2012
Glen Eagle Wealth, LLC, 2022	Telsey Advisory Group, 2011
Great Pacific Securities, 2016	Tigress Financial Partners, 2016
Loop Capital Markets, 2011	Williams Capital Group, 2011

**Note:** NYSTRS' approved broker list also includes four brokers that are VBE (Veteran Business Enterprise), DVBE (Disabled Veteran Business Enterprise), or SDVOSB (Service-Disabled Veteran-Owned Small Business) certified: Mischler Financial Group (DVBE, 2011); Drexel Hamilton (DVBE, 2014); Roberts & Ryan Investments Inc. (DVBE, 2022); Bancroft Capital, LLC (SDVOSB, 2022).

## Fixed Income

(19.4% of System assets as of 6/30/24. Includes internally managed domestic fixed income, cash equivalents, externally managed global bonds and high yield bonds.)

During NYSTRS' 2023-2024 fiscal year, fixed income staff remained committed to strengthening relationships with MWBE counterparties and asset managers. This was accomplished through multiple channels, including but not limited to outreach at the annual NYSTRS MWBE conference, regular interaction with approved MWBE counterparties for the System's internally managed short-term and long-term bond portfolios, and meetings with MWBE external asset managers to discuss capabilities and product offerings. Ongoing communication helps MWBE firms expand their understanding of System objectives as they relate to fixed income and improves System relations with MWBE fixed income counterparties and asset managers.

Firm	MWBE Status	Short-Term Bonds Face Amount Traded	Long-Term Bonds Face Amount Traded
Academy Securities Inc.	Hispanic*	\$1,891,992,000	\$42,000,000
Amerivet Securities	African American*	\$344,364,000	\$8,250,000
ASL Capital Markets Inc.	Asian	\$5,142,838,000	\$665,500,000
Blaylock Van, LLC	African American	\$100,000,000	\$5,000,000
Cabrera Capital Markets, LLC	Hispanic	\$561,784,000	\$101,419,485
CL King & Associates, Inc.	Women	-	\$2,000,000
CastleOak Securities LP	African American	\$1,150,829,000	\$5,500,000
Loop Capital Markets, LLC	African American/Women	\$1,098,306,000	\$17,934,221
Mischler Financial Group	Hispanic*	\$408,514,000	\$1,500,000
MFR Securities Inc.	Women	\$1,500,000	\$500,000
Samuel A. Ramirez & Company**	Hispanic/Women	\$498,936,000	\$8,000,000
Siebert Williams Shank & Co. LLC	African American/Women	\$2,638,554,000	\$44,802,257

\*Can also be classified as 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.

For the combined short-term and long-term portfolios, the proportion of fixed income trades placed with MWBE firms increased from 20.8% for the 2022-2023 fiscal year to 25.1% for the 2023-2024 fiscal year. In the long-term bond portfolio, the fixed income team continues to execute side orders on new issue corporate bond deals with MWBE firms that are active on said deals. This gives MWBE firms an opportunity to provide value to the System through sourcing bonds; these firms then earn commission on these trades. For the short-term bond portfolio, the team continues to use MWBE firms for Treasury auction orders and Supranational/Sovereign/Agency discount note window orders. For corporate Commercial Paper names with MWBE firms as approved dealers on the programs, the team has focused on executing with those MWBE firms while maintaining trading relationships with other non-MWBE dealers. In the case of externally managed portfolios, staff has actively engaged with MWBE asset managers both during the annual MWBE conference hosted by the System, and directly through individual meetings to discuss capabilities and product offerings. Where appropriate, the team has performed additional due diligence exercises with these firms to determine best fit for inclusion in the asset class's roster of external managers.

### NYSTRS' Fixed Income Trading Volume

	7/1/23-6/30/24	7/1/22-6/30/23
Total Trading Volume (face amount)	\$58,838,655,158	\$47,979,682,642
MWBE Trading Volume (face amount)	\$14,741,022,962	\$9,976,023,821
DVBE Trading Volume (face amount)	\$277,098,000	\$526,965,000
<b>MWBE %</b>	<b>25.1%</b>	<b>20.8%</b>

For the most recently completed fiscal year, the face amount traded with MWBE counterparties represented 27.1% of trading within the short-term portfolio and 11.7% within the long-term portfolio. This is compared to 21.8% and 12.8%, respectively, for the prior fiscal year. The team maintains existing MWBE counterparty relationships and added one new MWBE dealer relationship during the fiscal year. Additionally, fixed income has relationships with six Disabled Veteran Business Enterprise (DVBE) and/or Service-Disabled Veteran-Owned Business (SDVOB) firms: Academy Securities, Amerivet Securities, Bancroft Capital LLC, Drexel Hamilton LLC, Mischler Financial Group, and Multi Bank Securities. Over the fiscal year, approximately 0.5% of trading volume in the short-term portfolio was with DVBE firms (compared to 1.2% for the prior fiscal year) and 0.1% of trading volume in the long-term portfolio was with DVBE firms (compared to 0.4% for the prior fiscal year). 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.

Of note, Academy Securities, Amerivet Securities, and Mischler Financial Group fall under dual classifications of MWBE and DVBE firms. These firms have been counted solely towards MWBE status for the purpose of this report.

### NYSTRS' Fixed Income Trading Volume by Portfolio

	7/1/23-6/30/24		7/1/22-6/30/23	
	Short-Term Portfolio	Long-Term Portfolio	Short-Term Portfolio	Long-Term Portfolio
Total Trading Volume (face amount)	\$51,117,568,490	\$7,721,086,668	\$42,729,735,700	\$5,249,946,942
MWBE Trading Volume (face amount)	\$13,837,617,000	\$903,405,962	\$9,301,566,000	\$674,457,821
DVBE Trading Volume (face amount)	\$266,348,000	\$10,750,000	\$503,465,000	\$23,500,000
<b>MWBE %</b>	<b>27.1%</b>	<b>11.7%</b>	<b>21.8%</b>	<b>12.8%</b>

## Real Estate Equity and Real Estate Debt

(16.4% of all invested assets as of 6/30/24\*)

As of June 30, 2024, existing MWBE asset manager relationships include Adelante Capital Management, managing \$289.5 million in public market securities in real estate investment trusts (REITs) and real estate operating companies (REOCs); Artemis Real Estate Partners, managing \$564.3 million (\$975.0 million in commitments) in three value-add equity real estate funds and one debt separate account; Grosvenor Capital Management, managing \$527.6 million (\$1.2 billion in commitments) in nine separate accounts (five equity, four debt) that target a portfolio of fund, direct and co-investments sponsored by emerging managers including MWBE managers (value of the MWBE managed portion of existing investments is estimated at \$254.9 million or 48.3%); and Raith Capital Partners, managing \$233.9 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	\$289,534,645
Artemis Capital Partners	Women	\$564,270,206
Grosvenor Capital Management** (Manager-of-Managers)	Hispanic/Asian American/ African American/Women	\$254,852,856
Raith Capital Partners	Asian American	\$233,929,540
<b>Total</b>		<b>\$1,342,587,247</b>

\*Figures are based on preliminary numbers as of 6/30/24 and are subject to change based on market value adjustments. Final figures for the fiscal year ending 6/30/24 will be provided in an updated report by the end of the calendar year.

\*\* Grosvenor Capital Management is a manager-of-managers that invest in funds, direct properties, direct mortgages and co-investments sponsored by emerging managers. The figure presented above represents underlying managers within the emerging manager portfolios that would qualify for MWBE status.

## Private Equity and Private Debt (11.3% of all invested assets as of 6/30/24\*)

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, 2024, private equity and private debt investments accounted for approximately \$25.4 billion in committed capital. Of this total, the System has committed approximately \$4.8 billion across 44 funds, which are managed by 12 minority- and women-owned firms,\*\* During the fiscal year ended June 30, 2024, NYSTRS made one new MWBE qualified commitment, totaling \$100 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 three 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 with a focus on buyout strategies. The mandate of the account is to make commitments and/or co-investments to small and emerging (inclusive of MWBE) qualified managers with fund sizes of \$1 billion or less with a focus on a Firm's institutional funds I - III. Abbott Select EM Buyouts, L.P. is fully committed with 10 fund commitments and six co-investment commitments totaling \$198 million to date. Of this amount, \$53 million is committed to MWBE firms.
- In September 2022, NYSTRS made a \$300 million commitment to Abbott Select EM II, L.P., a separate account established with Abbott Capital to focus on both buyout and growth equity strategies. The mandate of the account is to make commitments and/or co-investments to small and emerging (inclusive of MWBE) qualified managers with fund sizes of \$1 billion or less with a focus on a Firm's institutional funds I – III. Abbott Select EM II, L.P. is still in its investment period and is actively seeking qualified emerging firms for capital allocation. Abbott Select EM II, L.P. has made four fund commitments and three co-investment commitments totaling \$83 million to date. Of this amount, \$30 million is committed to MWBE firms.
- 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).

*\*Figures are based on preliminary numbers as of 6/30/24 and are subject to change based on market value adjustments. Final figures for the fiscal year ending 6/30/24 will be provided in an updated report by the end of the calendar year.*

*\*\*Prior report indicated 47 funds across 14 managers. Reduction is a result of the broader secondary sale that occurred year end 2023.*



## 2024 MWBE Investments and Professional Services Conference

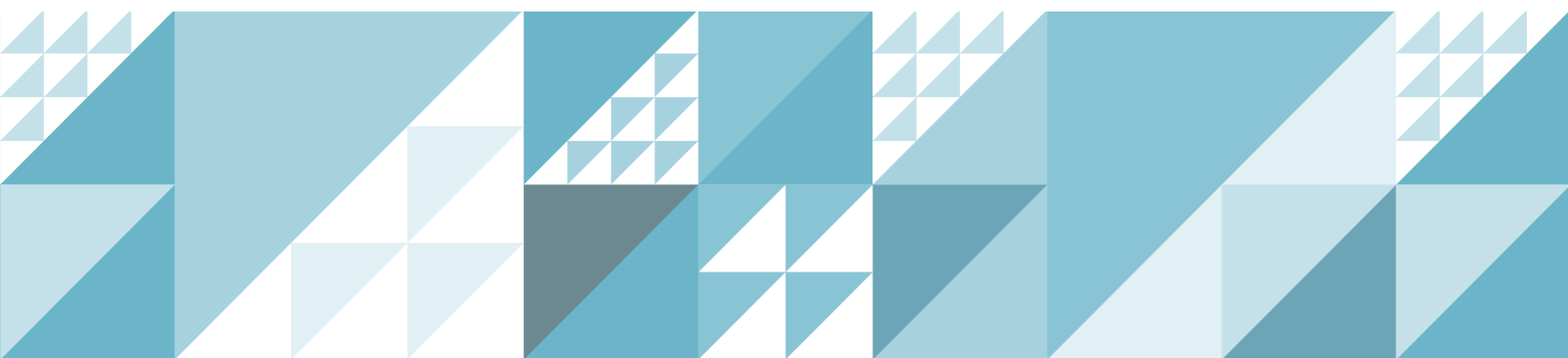
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NYSTRS hosted its 14th annual Minority- and Women-Owned Business Enterprises (MWBE) Investments and Professional Services Conference Feb. 15, 2024 with a slight twist: For the first time in its history, the event was held at the University at Albany.

More than 200 attendees gathered for the daylong conference on the state university campus here in New York's capital city where Chad Tredway, Head of Real Estate Americas with J.P. Morgan Asset Management, served as keynote speaker. Mr. Tredway sat down with NYSTRS' Executive Director & CIO Thomas K. Lee for a fireside chat to discuss his career journey and the challenges faced by those looking to thrive in the field of investments.

The conference featured sessions and booths designed to acquaint potential asset managers and brokers, and professional and financial service providers, with the Retirement System. In addition to asset class workshops hosted by NYSTRS staff – including fixed income, private equity, public equities (asset managers and brokers) and real estate – attendees also joined sessions focused on culture building and diversity, equity and inclusion; member relations – “our why”; and gender equity in asset management.

The conference also featured many networking opportunities for attendees to introduce themselves to System staff and network with their peers.



## Furthering NYSTRS' MWBE Strategy

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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 15th annual Minority- and Women-Owned Business Enterprises Investments

& Professional Services Conference in 2025. 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 will be announced at a later date.

Lastly, as shared on page one of this report, NYSTRS has commenced an enterprise-wide review of its MWBE and DEI strategy, including the development, enhancement and design of publications such as this one. The review process encompasses an examination of internal methodologies and outreach strategies toward broader alignment of MWBE and diversity, equity and inclusion initiatives. The System anticipates changes to this document will be captured in the 2025 MWBE Report.

## Appendix A



### First-Time Attendee Pre-Conference Session

**8:30 a.m. – 9 a.m.** – First-Time Attendee Registration & Check-In

**9 a.m. – 9:30 a.m.** – First-Time Attendee Opening & Welcome

**9:30 a.m. – 10:30 a.m.** – Open Networking with NYSTRS Team

### General Conference Agenda

**11 a.m. – 12 p.m.** – Registration, Check-in & Open Networking

**12 p.m.** – Conference Welcome Address with University at Albany President Havidán Rodríguez

**12:15 p.m. – 1 p.m.** – Networking Lunch

**1 p.m. – 1:30 p.m.** – **Keynote Fireside Chat with Chad Tredway, Head of Real Estate Americas, J.P. Morgan Asset Management**

**1:30 p.m. – 4:30 p.m.** – **Business Partner & Professional Services Table Fair**

**1:45 p.m. – 2:30 p.m.** – **Breakout Session**

- Member Relations – “Our Why” Fireside Chat (30 min)
- Gender Equity in Asset Management Roundtable (45 minutes)
- Risk & Compliance Panel (45 minutes)
- Culture Building & Diversity, Equity, and Inclusion (30 minutes)

**2:45 p.m. – 4:30 p.m.** – **Breakout Session**

- Private Equity
- Fixed Income
- Public Equities
- Real Estate

**4:30 p.m.** – Conference Closing & Networking

[mwbe@nystrs.org](mailto:mwbe@nystrs.org)

## 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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