



New York State Teachers'
Retirement System

MWBE

Minority- and Women-Owned Business Enterprises



Asset Management and
Financial Institution Strategy Report

2021-2022 Fiscal Year

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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 approximately 442,000 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

Elizabeth A. Chetney

Teacher Member
Elected by NYSTRS Delegates
Trustee since 2019

Dr. Phyllis S. Harrington

School Administrator
Appointed by Commissioner of Education
Trustee since 2010

Eric J. Iberger

Teacher Member
Elected by NYSTRS Delegates
Trustee since 2021

Jennifer J. Longtin

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

Ruth Mahoney

Bank Executive
Elected by Board of Regents
Trustee since 2021

Christopher Morin

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

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.

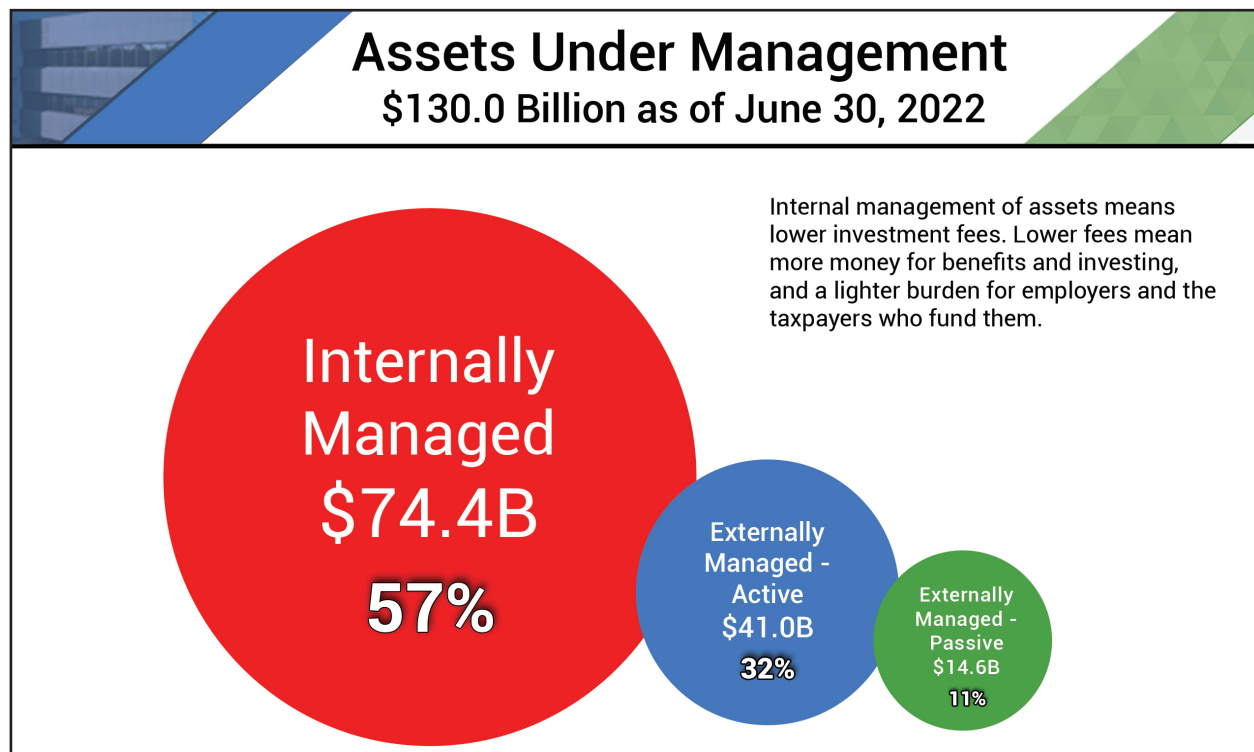
The design, implementation and administration of appropriate internal controls protecting the security of assets are the responsibility of System management. To ensure the validity of these controls, a system of both external and internal checks and balances exists. Financial information and internal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

During the fiscal year ended June 30, 2022, the System's annual benefit payroll for its approximately 178,500 retirees and beneficiaries was approximately \$8 billion. Of this total, 80%, or \$6.2 billion, was paid to retired members and beneficiaries living in New York state. These payments serve as an important economic stimulus.

As of June 30, 2022, System net assets totaled \$132.0 billion, with total assets under management of \$130.0 billion.



Investments

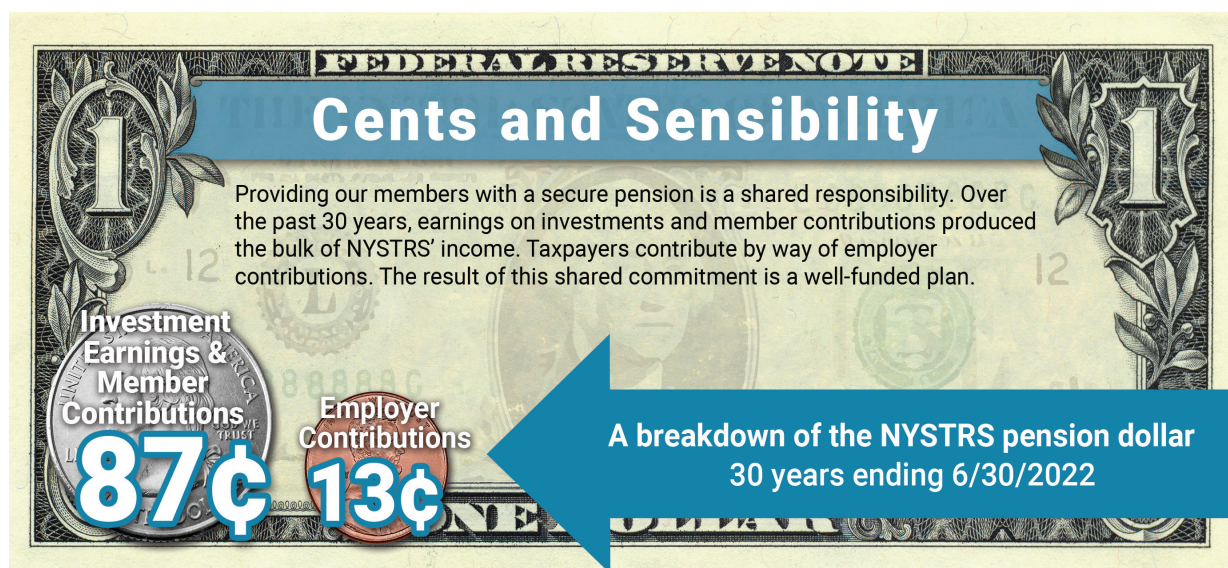
The System's assets are invested in the most prudent manner possible in order to achieve optimum long-term total returns with an appropriate level of risk. The System is committed to a disciplined, risk-controlled investment approach that focuses on thoughtful and prudent diversification of assets across 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 57% 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 6/30/22	
Domestic Equity	32.2%
International Equity	15.1%
Global Equity	3.3%
Real Estate Equity	12.7%
Private Equity	10.8%
Total Equity	74.1%
Domestic Fixed Income	14.1%
High Yield Bonds	0.8%
Global Bonds	2.2%
Real Estate Debt	5.9%
Private Debt	1.1%
Cash Equivalents	1.8%
Total Debt	25.9%
Total Plan Assets	100.0%



NYSTRS Financial Highlights – As of June 30, 2022

Total assets under management*	\$130,020,990,325	
Total assets internally managed	\$74,390,577,559	57%
Total assets externally managed - active	\$41,048,360,580	32%
Total assets externally managed - passive	\$14,582,052,186	11%
Total MWBE assets under external management**	\$6,215,525,842	11.17%
Total fees paid to external firms	\$400,025,656	
Total fees paid to MWBE firms	\$29,791,237	7.45%

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	\$3,083,724,154	5.54%
Domestic, International & Global Equities	\$1,886,469,093	3.39%
Real Estate Equity & Real Estate Debt	\$1,245,332,595	2.24%

Breakdown of Private Equity and Private Debt Committed Capital

	Number of Firms	Committed Capital	Percent of Committed Capital
All Firms	75	\$24,867,156,033	100%
MWBE Firms	14	\$4,723,631,250	19%

Breakdown of Real Estate Equity and Debt Committed Capital

	Number of Firms	Committed Capital	Percent of Committed Capital
All Firms	48	\$30,549,249,369	100%
MWBE Firms	4	\$2,446,645,260	8.01%

Breakdown of Fees by Category

Category	Asset Management	Financial Institutions***	Professional Services
Total Fees Paid to All Firms	\$384,367,549	\$6,294,112	\$9,363,995
Total Fees Paid to MWBE Firms	\$28,786,324	\$619,897	\$385,016
Percent of Fees Paid to MWBE Firms	7.49%	9.85%	4.11%

*System net assets as of June 30, 2022 are \$132.0 billion, which includes assets under management (\$130.0 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 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

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 2021-22 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 more than 200 business relationships providing a variety of services to NYSTRS. The data from the survey collection assisted in the compilation of this report.

Pursuit of MWBE Guidelines

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

Ongoing Initiatives

- In 2022, NYSTRS appointed an executive level managing director of diversity, equity and inclusion to lead System-wide DEI strategy.
- NYSTRS implemented its inaugural diversity, equity and inclusion strategic plan, charting a course to enhance business operations and customer service over the next five years in service of underrepresented populations.
- In March 2022, the System hosted its Minority and Women-Owned Business Enterprises Investments & Professional Services Virtual Conference, ensuring the safety of participants during the ongoing pandemic and expanding access to attendees unable to participate in person.
- NYSTRS led efforts to establish a public pension fund Diversity, Equity and Inclusion Consortium, which meets quarterly to review and share best practices.
- NYSTRS has implemented a robust monthly diversity, equity and inclusion training program for System employees.
- The System augmented its recruitment strategy to expand analytics, establish required DEI training, and embed equity and inclusion efforts toward increasing opportunity in our applicant pipeline.
- The real estate team continued to pursue MWBE relationships through its Emerging Manager Program with GCM Grosvenor. The team closed on an additional \$150 million commitment to the Emerging Manager Equity Program and an additional \$200 million to the Emerging Manager Debt program in 2021. 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.
- 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 2022, the real estate team hosted its sixth 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 team will host its second Girls Who Invest intern in the fall of 2022, while the fixed income team hosted its third intern in the summer of 2022.
- 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 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.
- The fixed income team continually focuses on building existing relationships and 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 enhance communication with existing MWBE counterparties, fixed income proactively initiates periodic discussions to discuss System fixed income activities in order to help identify areas where there may be opportunities to build the relationships further. In addition, fixed income regularly meets with prospective MWBE counterparties and onboards firms that meet NYSTRS trading needs.
- The risk management team engaged an MWBE reseller for the purchase of business software.

Participation in MWBE Events

- NYSTRS was an exhibitor at the New York State Virtual MWBE Forum held in December 2021. System staff also participated in the Forum's sessions.
- System staff virtually attended the New York State Common Retirement Fund's Emerging Manager & MWBE Conference in February 2022. The 15th 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 and private equity teams participated in GCM Grosvenor's Small and Emerging Managers Conference in October 2021. The 15th annual event, held virtually, furthered the mission to raise the visibility of small, emerging and diverse investment managers, educating and training the next generation of small and emerging managers, while providing institutional investors and industry-focused consultants access to these managers.
- The private equity team also attended the following events in the 2021-22 fiscal year:
 - 2021 AIF Women Investors' Forum in October 2021. The forum is held annually to bring together influential thought leaders to shine a light on key initiatives for diversity, leadership and advancement strategies for women in the investment industry.
 - National Association of Investment Companies (NAIC) Limited Partner meetup in October 2021. NAIC is the largest network of diverse-owned private equity firms and hedge funds in the U.S.
 - RFK Compass Private Markets Investor Roundtable "The Impact of Inflation, ESG/DEI and Geopolitical Turmoil on Private Markets" in March 2022. 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).
 - J.P. Morgan Investing in Women Webcast in March 2022. The webcast kicked off Women's History Month with Portfolio Managers Lisa Coleman, Clare Hart, Ashmi Hehrotra, Katy Thorneycroft and Jennifer Wu for a discussion on their experience in the industry, current market opportunities and risk, and how they think about diversity, equity and inclusion in the context of their investments.
 - Sponsors for Educational Opportunity's (SEO) 13th Annual Alternative Investments Conference in April 2022. 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

(50.6% of all invested assets as of 6/30/22)

External Portfolio Management

Throughout the 2021-22 fiscal year, the NYSTRS public equities portfolio had significant investments managed by the MWBE firms in the table below.

Rhumblin Advisers, an MWBE firm, manages an international passive, long-only strategy that tracks the MSCI ACWI Ex-U.S. index which is comprised of both developed and emerging international markets. 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 manages a global strategy. 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	Internationally Equity Direct Mandate	\$ 298,137,346
Xponance Inc.	African American/ Women	International Equity Manager-of-Managers	\$ 284,765,360
Leading Edge Investment Advisors	Asian American	Global Equity Manager-of-Managers	\$ 450,767,808
Rhumblin Advisers	African American/ Women	International Equity Direct Mandate	\$ 852,798,579
Total			\$ 1,886,469,093

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

Applied Research Investments
ARGA Investment Management
Foresight Global Investors
Martin Investment Management

Mar Vista Investment Partners
Redwood Investments
Strategic Global Advisors

Public Equity Brokers

Public equity trading staff continued to strengthen relationships with 18 existing MWBE certified brokers during NYSTRS' 2021-2022 fiscal year. Throughout this period, \$132,843 of a total \$495,035 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)

	7/1/21–6/30/22	7/1/20–6/30/21
Total Commissions (,000s)	\$495	\$773
Paid to MWBE (,000s)	\$133	\$194
Total MWBE %	26%	25%
Total # of Approved Brokers	27	30
# of Approved MWBE	18	19
Total MWBE %	66%	63%

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

Note: NYSTRS' approved broker list also includes three brokers that are VBE (Veteran Business Enterprise) or DVBE (Disabled Veteran Business Enterprise) certified: Mischler Financial Group (DVBE, 2011); Drexel Hamilton (DVBE, 2014); and Roberts & Ryan Investments Inc. (DVBE, 2022).

Fixed Income

(18.9% of System assets as of 6/30/22. Includes internally managed domestic fixed income, cash equivalents, externally managed global bonds and high yield bonds.)

During NYSTRS' 2021-22 fiscal year, fixed income staff remained committed to strengthening relationships with MWBE fixed income counterparties. This was accomplished through outreach at NYSTRS' 2022 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. ASL Capital Markets Inc. (ASL) is the newest counterparty to fixed income. Added during the fiscal year, ASL is an Asian-owned firm and was recently designated as a primary dealer by the Federal Reserve.

Firm	MWBE Status
Academy Securities, Inc.	Hispanic*
ASL Capital Markets Inc.	Asian
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 15%. A continued focus on transacting with MWBE firms in the government sponsored entity, supranational and commercial paper space contributed to the increase in estimated commissions for the short-term bond portfolio. Long-term bond commissions experienced another year over year increase. 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 and fixed income has been more active in these deals, this has led to increased orders. An overall increase in trade activity in mortgage-backed securities, asset-backed securities, and Supranational/Sovereign/Agency securities also contributed to increased commissions with MWBE firms. Several MWBE firms are able to source specified mortgage 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
2021-22	\$322,478	\$164,419
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 24.7% of all commissions paid in the short-term bond category and 3.8% of all commissions paid in the long-term bond category. This compares to the 2020-21 fiscal year when 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.

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.

For the fiscal year ended June 30, 2022, Disabled Veteran firm estimated commissions represented 1.1% of short-term bond transaction activity and 0.3% of long-term bond activity. In comparison, in the 2020-21 fiscal year, estimated commissions from DVBE firms represented 2.3% of short-term bond transaction activity and 0.2% 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
2021-22	\$14,926	\$12,571
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

(18.6% of all invested assets as of 6/30/22)

As of June 30, 2022, existing MWBE asset manager relationships include Adelante Capital Management, managing \$371.6 million in public market securities in real estate investment trusts (REITs) and real estate operating companies (REOCs); Artemis Real Estate Partners, managing \$379.7 million (\$875 million in commitments) in four value-add equity real estate funds and one debt separate account; Grosvenor Capital Management, managing \$410.0 million (\$1.0 billion in commitments) in seven separate accounts (four equity, three debt) that target a portfolio of fund, direct and co-investments sponsored by emerging managers including MWBE managers; and Raith Capital Partners, managing \$83.9 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/Women	\$371,645,260
Artemis Capital Partners	Women	\$379,728,549
Grosvenor Capital Management* (Manager-of-Managers)	Hispanic/Asian American/ African American/Women	\$410,014,628
Raith Capital Partners	Asian American/Women/Hispanic	\$83,944,158
Total		\$1,245,332,595

*Grosvenor Capital Management is a Manager-of-Managers that invest in funds, direct properties, direct mortgages, and co-investments sponsored by emerging managers. These underlying emerging managers are the groups who may qualify for MWBE status.

Private Equity and Private Debt

(11.9% of all invested assets as of 6/30/22)

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, 2022, private equity and private debt investments accounted for approximately \$24.9 billion in committed capital. Of this total, the System has committed approximately \$4.7 billion across 46 funds which are managed by 14 minority- and women-owned firms. During the fiscal year ended June 30, 2022, NYSTRS made five new MWBE qualified commitments, totaling \$1.1 billion.

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).

2022 MWBE Investments and Professional Services Conference

NYSTRS hosted its 12th annual Minority- and Women-Owned Business Enterprises (MWBE) Investments and Professional Services Conference virtually over two half days: Thursday, March 10 and Friday, March 11, 2022.

Nearly 200 people attended the virtual event, which served to acquaint potential asset managers and brokers, and professional and financial service providers, 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. The keynote speaker was

Herman E. Bulls, vice chairman of the Americas and international director at JLL, a global commercial real estate services firm.

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 13th annual MWBE conference on Feb. 16, 2023. 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 in January.

Appendix A



Thursday, March 10, 2022

9:00 a.m. – 9:25 a.m.	NYSTRS Welcome David P. Keefe NYSTRS Board President Thomas K. Lee Executive Director & Chief Investment Officer Conference Welcome Yiselle Rodriguez Ruoso Senior Managing Counsel – Benefits & Legislation
9:30 a.m. – 10:15 a.m.	Professional Services Workshop – Finance
9:30 a.m. – 10:15 a.m.	Professional Services Workshop – Legal
10:15 a.m. – 10:30 a.m.	Break
10:30 a.m. – 11:50 a.m.	Asset Class Workshop – Private Equity and Private Debt
10:30 a.m. – 11:50 a.m.	Asset Class Workshop – Real Estate Equity and Real Estate Debt
11:50 a.m. – 12:00 p.m.	Break
12:00 p.m. – 1:00 p.m.	Networking Session

Friday, March 11, 2022

9:00 a.m. – 9:10 a.m.	Conference Welcome Danny Malavé, MEd Diversity, Equity, and Inclusion Officer
9:15 a.m. – 10:15 a.m.	Keynote Address – Fireside Chat with Thomas K. Lee Herman Bulls JLL Vice Chairman, Americas, International Director
10:15 a.m. – 10:30 a.m.	Break
10:30 a.m. – 11:50 a.m.	Asset Class Workshop – Fixed Income
10:30 a.m. – 11:50 a.m.	Asset Class Workshop – Public Equities
11:50 a.m. – 12:00 p.m.	Break
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.

New York State Teachers' Retirement System

10 Corporate Woods Drive
Albany, NY 12211

(800) 348-7298
mwbe@nystrs.org

NYSTRS.org

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