

**REPORT TO GOVERNOR
AND GENERAL ASSEMBLY**

**USE OF EMERGING INVESTMENT
MANAGERS**

December 17, 2018



**State Universities Retirement System of Illinois
1901 Fox Drive, P.O. Box 2710
Champaign, IL 61820**

As Required by the Illinois Pension Code, 40 ILCS 5/1-109.1(8)

December 17, 2018

The Honorable Bruce Rauner
Governor of Illinois
207 Statehouse
Springfield, Illinois 62706

Dear Governor Rauner:

The State Universities Retirement System (SURS) is pleased to provide the Report to the Governor and General Assembly regarding the Use of Emerging Investment Managers for Fiscal Year 2018 as required by 40 ILCS 5/1-109.

SURS continues to be committed to providing opportunities for investment management firms and broker/dealers owned by minorities, women, and persons with a disability. The SURS Board of Trustees has long had an established policy that formally addresses the initiative to increase the participation of minority-, women- or persons with a disability-owned (MWDB) firms.

Included below are some key points highlighting the progress of the SURS diversity initiative over the past decade as well as more recent activities. SURS recognizes that additional work remains to be accomplished in this area.

Summary of Key Points

- Assets managed by emerging firms have increased from 10.5% of total assets, as of June 30, 2005, to 30.1% of total assets, as of June 30, 2018. Assets with diverse firms increased from \$1.4 billion to \$5.8 billion over the same time period, an increase of approximately \$4.4 billion.
- SURS has employed four investment interns between 2015-2018. All four interns are racial minorities. Two interns have been hired by SURS for full-time investment positions.
- SURS issued an RFP focused on MWDB firms to provide portfolios in multiple U.S. equity sub-asset classes. Two new allocations were awarded as a result of the search totaling \$150 million.
- SURS committed \$30 million to an MWDB firm as a result of a Real Estate Debt search and allocated \$95 million as a result of an options manager search.

Thirty-seven percent (19 of 51) of SURS' current investment managers are owned by minorities, women, or persons with a disability, as of June 30, 2018. SURS assets managed by these 19 firms total \$5.8 billion, representing 30.1% of the total investment portfolio.

The Manager Diversity Program (MDP) is one of the key initiatives developed by SURS aimed at increasing the utilization of MWDB investment managers. The MDP, approved by the Board in March 2004, is managed with program oversight by internal investment staff, allowing investment managers to have a direct contractual relationship with SURS. The program currently consists of 17 managers with 20 assignments across the asset classes of domestic equities, international equities, fixed income, private equity, real estate and options-writing. The program continued to expand during FY 2018. As of June 30, 2018, the total assets under management in the Manager Diversity Program total \$3.4 billion.

SURS has several diversity policies in place to comply with Public 40 ILCS 5/1-109. Quantifiable goals have been set and are reviewed annually for the management of assets and utilization of broker dealers owned by minorities, women and persons with a disability. Over the past year, SURS has continued to reach for these goals and will continue to do so in the coming year.

SURS continues to make its investment managers aware of trading opportunities with MWDB brokerage firms. The System's Investment Policy, subject to best execution, requires its investment managers to meet certain minimum levels of trading with MWDB brokerage firms. SURS investment managers in each asset class are, in aggregate, exceeding the minimum brokerage expectations set by the Board of Trustees. Minority brokerage utilization rates for U.S. equity, non-U.S. equity, global equity, and fixed income investment managers were 49.5%, 43.2%, 29.77%, and 42.2%, respectively, for FY 2018.

SURS places the utmost importance on promoting diversity among its investment advisors and investment professionals. We will continue to strive to implement and evaluate the strategies developed to date and will make a conscious effort to continue our focus on serving our members to the best of our ability.

Sincerely,



Douglas C. Wesley, CFA
Chief Investment Officer

cc: Martin M. Noven, Executive Director

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Introduction

The State Universities Retirement System (SURS) is committed to providing opportunities for emerging investment managers¹, including those firms owned by minorities, women and persons with a disability. SURS has taken and is continuing to take important and appropriate actions to provide increased opportunities for minority-, women- and persons with a disability-owned (MWDB) investment managers. This program has been and will continue to be of utmost importance to the SURS Board of Trustees and has received the highest priority.

As of June 30, 2018, the SURS investment portfolio is valued at approximately \$19.2 billion. SURS has engaged the services of 51 investment managers in nine major asset classes - U.S. Equities, Non-U.S. Equities, Global Equities, Private Equity, Fixed Income, Real Estate, Commodities, Hedged Strategies, and Infrastructure. These investment managers have been hired through a competitive search process to identify the best qualified managers in each asset class. Managers are selected to invest their portfolios in a specific strategy or style. More generally, SURS seeks a diversified mix of investment managers, each having different styles in different asset classes. Thirty-seven percent (19 of 51) of SURS' current investment managers are minority-, - women- or persons with a disability-owned businesses.

SURS is an active member in the National Association of Securities Professionals (NASP), the New America Alliance (NAA), and the Association of Asian American Investment Managers (AAAIM), which promote diversity in the investment industry. In addition, meaningful goals have been established for the use of investment management firms owned by minorities, women, and persons with a disability in each asset class. SURS has significantly increased assets with MWDB firms over the past several years. Emphasis will continue to be placed on brokerage activity with minority-, women- or persons with a disability-owned (MWDB) firms. SURS looks forward to continued implementation of the strategies developed to date and further strengthening of the relationships already in place with firms owned by minorities, women or persons with a disability.

¹ The phrase "emerging investment manager" is used throughout the text of this document. The current definition applicable to SURS is found in 40 ILCS 5/1-109.1(4) and is defined as "a qualified investment adviser that manages an investment portfolio of at least \$10,000,000 but less than \$10,000,000,000 and is a 'minority owned business', 'women owned business' or 'business owned by a person with a disability' as those terms are defined in the Business Enterprise for Minorities, Women, and Persons with Disabilities Act."

Goals for Utilization of Emerging Managers that are Minority-Owned Businesses

40 ILCS 5/1-109.1(4)

The SURS Board of Trustees policies and established goals for both the percent of assets under management and actively managed assets under management by emerging investment managers that are minority-owned businesses are provided in Exhibit A. Additionally, Exhibit B, shows a summary of the utilization goals for active investment managers, names and addresses of the emerging investment managers that are minority-owned businesses used by SURS, and the percentage of the assets under the investment control of each firm are depicted in Exhibit C.

In addition to the policy and goals mentioned above, affirmative steps have been taken to remove any barriers to full participation in investment opportunities with SURS.

Investment Manager Selection

SURS' manager search process begins with defining the need for a specific type of investment to increase the risk/return profile of the overall portfolio, and presenting the rationale to the Board of Trustees for approval. Generally, once approval has been obtained for retaining investment managers, the investment staff, along with SURS' investment consultant, conducts a search.

Adopted in March 2018, the SURS Investment Procurement Policy, Exhibit D, includes SURS general procedures in soliciting bids and surveying the market for investment advisers, consultants, and other investment services. Selection and appointment of firms by the Board are made and awarded in accordance with the Illinois Pension Code and any applicable policy under the Illinois Compiled Statutes.

SURS does not use any criteria that would be considered a barrier to an emerging MWDB manager such as a minimum number of years in business or a minimum level of assets under management. If an emerging investment manager meets the criteria established for a specific search, then that emerging investment manager shall receive an invitation by the Board or Investment Committee to present his or her firm for final consideration of a contract. If multiple emerging investment managers meet the criteria of the search, the internal investment staff may choose the most qualified firm(s) to present to the Board or Investment Committee.

Goals for Increasing Racial, Ethnic, and Gender Diversity of Fiduciaries, Consultant, and Senior Staff

40 ILCS 5/1-109.1(5)

The SURS Inclusion Policy, Exhibit E, was established in 2015 to promote utilization of MWDBs in SURS contracts and services, as well as, to advance racial, ethnic, and gender diversity of SURS fiduciaries, including consultants and senior staff.

SURS Senior Staff and Membership Makeup

Through its recruitment efforts, SURS strives to reach broad pools of applicants. SURS recruits from diverse, qualified pools of potential applicants to secure a high-performing workforce drawn from all segments of the community. Diversity is promoted throughout the organization to ensure a culture of inclusivity.

Effective August 17, 2018, Public Act 100-0902 requires each retirement system, pension fund and investment board to make its best efforts to ensure that the racial and ethnic makeup of its senior administrative staff represents the racial and ethnic makeup of its membership. This requirement was added to the diversity of fiduciaries section in 40 ILCS 5/1-109.1(5). In an effort to ensure that SURS membership makeup is represented by senior administrative staff, SURS staff has been working with constituent groups to collect information on membership. SURS membership participants as reported to date by universities and community colleges are listed in the table below.

SURS membership makeup:

Race/Ethnicity	Total Count	Percent
African-American	10,244	12.2
Asian-American	5,923	7.1
Latino	6,895	8.2
Caucasian	56,927	67.8
Multi-Racial	980	1.2
American Indian/Alaskan Native	170	0.2
Native Hawaiian or Pacific Islander	55	0.1
No Response	2,539	3.0
Nonresident Alien	181	0.2
Total	83,914	100.0

SURS current senior staff makeup is listed in the table below.

Race/Ethnicity	Total Count	Percent
African-American	0	0.0
Asian-American	0	0.0
Latino	1	12.5
Caucasian	7	87.5
Multi-Racial	0	0.0
Total	8	100

Four members of SURS’ senior administrative staff (or 50%) are women. As the group of senior staff is small, any changes to the make-up may take a long time. There are currently no vacancies in SURS’ senior staff and any changes to the makeup would require resignation or retirement of key individuals.

SURS Consultants

As SURS policy dictates, requests for proposals for consultant services are conducted every five years. Makeup of staff, diversity policies, and MWDB-inclusive processes and databases are considered critical criteria during the search period. SURS considers that partnering with consultants that have established formal processes to include MWDBs in the investment management search process is of high importance and adds value to the organization.

As of June 30, 2018, SURS utilized one consultant within its investment program: Pension Consulting Alliance (PCA) which was hired in February 2018 to serve as general consultant. SURS requests information regarding each firm’s staff diversity and consultant initiatives that would ensure equal participation of MWDB investment management firms on an annual basis.

Goals for Utilization of MWDBs for Contracts and Services

40 ILCS 5/1-109.1(6)

The Board of Trustees adopted an Inclusion Policy in December 2009 to establish guidelines for inclusion of minority, women or disabled owned businesses in SURS procurement processes. A copy of the SURS Inclusion Policy is included as Exhibit E. The goal adopted at that time for all contracts and purchases from businesses owned by minorities, women, and persons with a disability was 12%.

The goals have been subsequently reviewed and increased over time, as shown in the table below:

Date	Vendor Diversity Goal
December 2009	12%
FY 2012	20%
FY 2013	25%
FY 2014	25%
FY 2015	25%
FY 2016	25%
FY 2017	25%
FY 2018	25%

For Fiscal Year 2018, 15.1% of the contracts and purchases included businesses owned by minorities, women and persons with a disability, falling short of the 25% goal. The plan for Fiscal Year 2019 is to maintain the goal at 25%, with the intent to continue expanding our minority-, women-, and persons with a disability-owned vendor group. The SURS staff will continue to be proactive during Fiscal Year 2019 in seeking minority-, women-, and persons with a disability-owned businesses in our procurement opportunities.

Goals for Utilization of MWDB Broker/Dealers

40 ILCS 5/1-109.1(7)

The Board of Trustees adopted a policy that sets forth goals for increasing the utilization of MWDB broker/dealers (Exhibit A).

Current Role of MWDB Brokerage Firms

SURS requires all of its public markets investment managers to use minority-, women- or persons with a disability-owned (MWDB) brokerage firms. Annually, a communication is distributed to the investment service providers regarding the use of MWDB brokerage firms. Throughout the year, SURS receives inquiries from MWDB brokerage firms regarding the opportunity to execute trades for the portfolio. SURS investment staff, at a minimum, meets with interested firms when requested and provides a listing of its current investment managers, which is available online at www.surs.org. If requested, SURS staff will send a letter of introduction along with the firm's marketing materials.

Since fiscal year 2004, SURS has had in place a brokerage policy designed to increase the utilization of MWDB brokerage firms, subject to best execution. The policy is asset class-specific and calls for SURS' investment managers to meet certain minimum levels of usage over continually rolling twelve-month periods. Summary goals for the utilization of minority-owned broker/dealers have been established for the aggregate U.S. equity, non-U.S. equity and fixed income asset classes as shown in the table below. SURS seeks to consistently exceed these high level goals while achieving best execution.

Asset Class	Goal
U.S. Equity	30.0%
Non-U.S. Equity	15.0%
Fixed Income	20.0%

SURS continuously monitors managers' compliance with this revised policy and has established a series of consequences for those managers who repeatedly fail to meet expectations,

up to and including termination. Initially, a follow-up letter will be distributed to the investment managers not achieving the minimum level of MWDB broker/dealer usage. The investment managers are expected to achieve the desired levels over continually rolling twelve-month periods. Only trades executed directly with minority-owned broker/dealers will be considered in the achievement of these goals. The table that follows lists the goals for each asset class as well as actual utilization for the year ending June 30, 2018.

Asset Class	Actual Utilization	Goal
EQUITY		
U.S. Equity	49.54%	30.0%
Non-U.S. Equity	43.23%	15.0%
Global Equity	29.77%	20.0%
FIXED INCOME		
Fixed Income	42.19%	20.0%

In aggregate, SURS investment managers are currently exceeding the minimum expectations levels established by the Board of Trustees. SURS continues to emphasize the importance of this program to all of its new and existing investment managers, and given the established minimum levels of utilization, expects to see continued meaningful usage of MWDB brokers in future years.

Goals for Increasing the Utilization of MWDB Managers

40 ILCS 5/1-109.1(9)

Exhibit A shows the pertinent policy that establishes additional goals for actively managed assets specific to MWDB managers. Exhibit B, shows a summary of these goals.

In September 2014, the Board established a new goal that 20% of total assets be managed by MWDB investment managers meeting the statutory definition of a minority-owned business. As of June 30, 2018, 30.1% of total assets were managed by MWDB firms meeting the statutory definition. This new goal is in addition to the existing goal that 25% of total actively managed assets be managed by MWDB firms. Currently, 25.7% of actively managed assets are managed by MWDB firms.

SURS has managed a dedicated program for minority-, women- and persons with a disability-owned investment management firms since fiscal year 1997. Initially, SURS utilized the services of external manager-of-emerging-managers providers, such as Progress Investment Management Company. In 2004, SURS expanded its program with the launch of an internal manager of emerging managers program, the Manager Diversity Program.

Progress Investment Management Company

Progress Investment Management Company, as manager-of-emerging-managers provider, selects, retains, and compensates the investment managers that are managing the assets within their program. By teaming with Progress, SURS is able to establish a relationship with a larger number of emerging investment managers. Currently, the Progress program consists of 12 managers across publicly traded non-U.S. equities, core fixed income, and emerging market debt. As of June 30, 2018, all 12 managers providing investment services to SURS, through Progress Investment, are MWDB investment managers. Exhibit F, details the managers that are a part of the Progress program. The performance of these managers is closely monitored by SURS staff, with the goal of identifying highly successful managers that can potentially be funded directly by SURS. Progress also partners with SURS staff to share research in an effort to enhance the System's line-up of deserving MWDB investment managers.

As of June 30, 2018, the total value of assets under management by Progress is \$495 million.

Manager Diversity Program

- Creation of the MDP

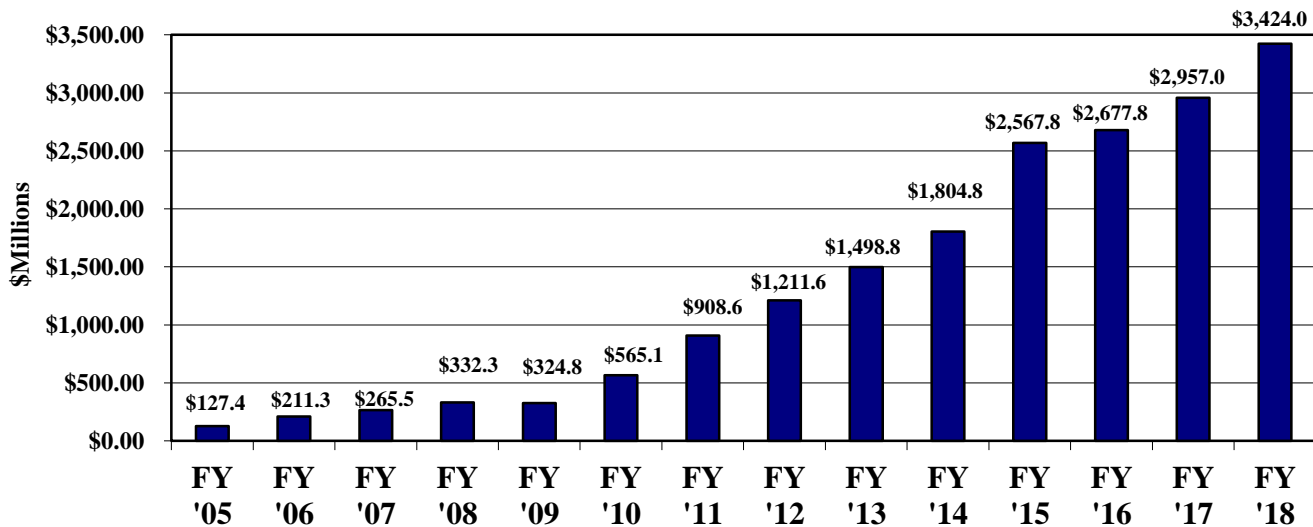
The Manager Diversity Program (MDP), initially known as the Manager Development Program, was created by the SURS Board of Trustees in March 2004 as one of four initiatives² designed to further increase the utilization of MWDB investment management firms. As of June 30, 2018, the program consists of 17 managers with 20 assignments across domestic equities, international equities, fixed income, options, private equity, and real estate. Investment firms selected for participation in the MDP contract directly with SURS. Ultimately, the goal of the MDP is to identify highly successful managers and meaningfully increase the firm’s allocation, if consistent with the structure of the overall SURS portfolio.

- Expansion of the MDP

Due to the success of the MDP, the program has significantly expanded since its creation. As the chart below illustrates, MDP assets have grown from \$127.4 million in fiscal year 2005 to approximately \$3.4 billion at the end of fiscal year 2018. As part of the expansion, the structure has been strategically modified to be more consistent with the overall SURS investment program, including allocations to private equity and real estate.

Manager Diversity Program Assets

FY 2005 – FY 2018



² The other three initiatives involved creation of a private equity fund-of-funds focused on minority- and women-owned partnerships, a search for minority- or women-owned equity index fund providers, and expansion of the existing roster of minority- and women-owned firms. Each of the four initiatives has been successfully implemented.

The MDP continues to expand, as discussed below.

- SURS allocated \$150 million to two firms after a dedicated search in the domestic equity emerging manager space.
- SURS allocated \$30 million to an MWDB firm as a result of a real estate debt search and allocated \$95 million as a result of an options manager search.
- The Private Equity Emerging Manager Providers continue to make commitments to qualified private equity funds.
- The Real Estate Emerging Manager Provider continues to make commitments to qualified real estate funds.

Exhibit G, details the managers in the MDP along with the current level of assets under management for the System. As of June 30, 2018, the total assets under management in the Manager Diversity Program are approximately \$3.4 billion, an increase in market value of approximately \$400 million from last year's report.

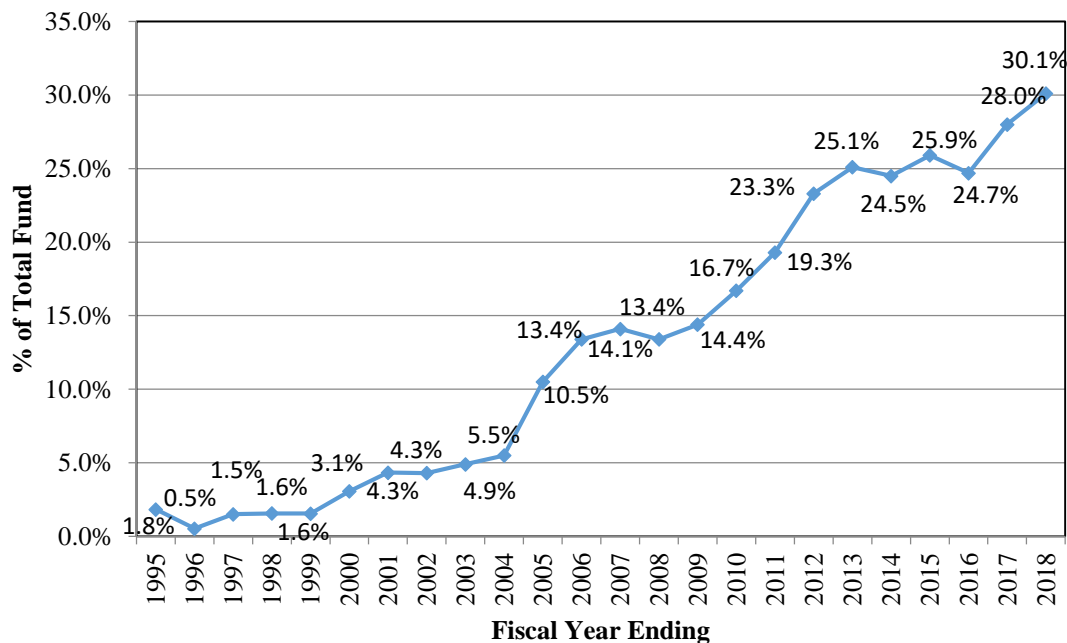
The MDP is managed with program oversight by SURS internal investment staff, allowing investment managers to have a direct contractual relationship with SURS. Significant staff resources continue to be dedicated to the construction, management, and evaluation of the program.

Current Role of MWDB Investment Managers

- Defined Benefit Plan

SURS investment program totaled \$19.156 billion as of June 30, 2018. Of this amount, \$5.76 billion, or 30.1%, is managed by investment management firms owned by minorities, women or persons with a disability. SURS assets with MWDB firms have grown steadily over time, as seen in the chart that follows.

**SURS Assets with MWDB Investment Management Firms
FY 1994 – FY 2018**



- Defined Contribution Plan

Public Act 90-448 established a defined contribution retirement plan for SURS participants. This plan, known as the Self-Managed Plan (SMP), became available to SURS participants on April 1, 1998, and marked its nineteenth anniversary on April 1, 2017. There are over 20,400 participants currently invested and assets are approximately \$2.16 billion. SURS has retained two investment service providers which offer mutual funds and variable annuity products to plan participants. At the end of fiscal year 2018, there were twenty-nine investment options available to the participants, one of which is managed by a minority-owned firm. As of June 30, 2018, plan participants have allocated over \$37.8 million to this particular fund.

**State Universities Retirement System
Emerging Investment Managers and Broker/Dealers Policy**

Section XIII of SURS Investment Policy (03/2018)

XIII. Emerging Investment Managers, MFDB Managers and Minority-Owned Broker/Dealers

SURS is committed to providing opportunities for Emerging Investment Managers and Minority Owned Broker/Dealers. SURS is also committed to providing ongoing opportunities for minority-, female-, and persons with a disability-owned (“**MFDB**”) Managers that have advanced beyond the statutory definition of Emerging Investment Managers. In determining the status of a business enterprise, SURS will use the definitions found in the Business Enterprise for Minorities, Females, and Persons with Disabilities Act, 30 ILCS 575/2(A), (B).

The Illinois Pension Code, in 40 ILCS 5/1-109.1, encourages the Board to use Emerging Investment Managers in managing the System’s assets to the greatest extent feasible within the bounds of financial and fiduciary prudence, and to take affirmative steps to remove any barriers to the full participation of Emerging Investment Managers in investment opportunities afforded by the System. Furthermore, in accordance with the Illinois Pension Code, SURS encourages its Fund-of-Fund Managers to use Emerging Investment Managers as subcontractors when the opportunity arises.

A. Goals for Utilization of Emerging Investment Managers and MFDB Managers

Beginning January 1, 2016, the Illinois Pension Code, in 40 ILCS 5/1-109.1, established aspirational goals of 20% for pension funds, with respect to assets under management by Emerging Investment Managers and the percentage number of MFDB Managers.

Since late 2014, the Board (subject to its fiduciary responsibility) has established goals for both the percent of assets under management and actively managed assets under management by Emerging Investment Managers. Furthermore, with the intent of having MFDB Managers significantly represented in each broad Asset Class and not concentrated in any particular Asset Class, the Board has established additional goals for actively managed assets specific to Minorities, Females, and Persons with Disabilities.

A summary of the Board’s goals are set forth in Appendix 6. These goals shall be reviewed annually.

B. Goals for Utilization of Minority-Owned Broker/Dealers

The Board has set minimum expectations for the use of qualified Broker/Dealers that meet the definition of a minority-owned business, female-owned business or a business owned by a person with a disability (“**Minority-owned Broker/Dealer**”) by

the System's Managers. Only trades executed directly with Minority-owned Broker/Dealers will be considered in the achievement of these goals.

Summary goals for Minority-owned Broker/Dealer Utilization have been established for the aggregate U.S. equity, Non-U.S. Equity and Fixed Income Asset Classes as set forth in Appendix 7. SURS seeks to have its Managers consistently meet or exceed these goals, while achieving best execution.

In order to achieve the aggregate U.S. Equity, Non-U.S. Equity and Fixed Income goals, minimum expectations have been established for individual Managers within a number of Sub-Asset Classes. Subject to best execution, SURS requires its Managers to meet the minimum expectations set forth in Appendix 8 for each rolling twelve (12) month period.

Reporting Guidelines

Each Manager will submit a compliance report within 30 days after March 31, June 30, September 30 and December 31 of each year. Reporting will be monitored over a rolling twelve-month period.

Consequences of Non-Compliance

Failure to meet Minority-owned Broker/Dealer Utilization Goals will lead to the following:

- 1) Staff notification to the non-compliant Manager;
- 2) Placement of the Manager on Reassessment status;
- 3) Staff examination of reasons for non-compliance; and
- 4) Remediation plan acceptable to the Staff or recommendation to the Board to Terminate.

C. Manager Diversity Program

Program Description

SURS has implemented a Manager Diversity Program ("**MDP**") to identify highly successful MFDB firms. The process used for selection of investment managers is set forth in the *SURS Investment Procurement Policy*. Manager Benchmarks are identified in the Manager Guidelines for each Manager in the program. Benchmarks and Performance Targets for the MDP for each applicable Asset Class are the same as those set forth in the applicable Appendix. Managers in the MDP will be evaluated in the same manner as that set forth in Section VII ('Selection and Retention'). Managers will be placed on Reassessment status as described in Section VII. Termination decisions will follow the guidelines set forth in Section VIII ('Investment Manager Termination Guidelines'). An evaluation of each Manager shall be conducted annually.

D. Manager-of-Managers Program

Program Description

SURS utilizes a Manager-of-Managers program, overseen by SURS Staff. The program's primary goal is to identify MFDB Managers that will be initially awarded smaller allocations within the program. Staff may recommend, for the Board's approval, one or more Manager-of-Managers to play an active role in identifying emerging MFDB Managers and maintain an ongoing involvement in the evaluation and performance oversight of such Managers. Staff shall work with the Manager-of-Managers to identify, recruit, and monitor Managers in the program.

Graduation Program

On an annual basis, SURS Staff and the Manager-of-Managers will identify one underlying Manager to be considered for a meaningful, direct allocation. The following factors are considered in determining when an underlying Manager should be awarded a larger allocation in the SURS Portfolio:

- Acceptable measure of performance over a three-year period;
- Stability in Manager's organization;
- Institutional quality infrastructure;
- Growth in Assets Under Management;
- Confidence in Manager's investment process;
- Meeting its Performance Target; and
- Product Fit.

In addition to the factors mentioned above, the needs of the overall SURS investment program will be considered.

Notwithstanding this provision, the Board, in its sole discretion, may decide not to make any award in any given year, if it determines that such an allocation would not be in the best interests of the Members.

Initially adopted December 8, 2006; Revised April 26, 2007; September 21, 2007; September 12, 2008; April 23, 2009; September 11, 2009; December 2, 2009; September 3, 2010; September 16, 2011; October 25, 2012; September 13, 2013, September 19, 2014; September 11, 2015; December 9, 2016; June 9, 2017; December 8, 2017; March 9, 2018.

**Schedule of Minority-, Female- and Persons with a Disability- Owned (MFDB)
Investment Management Firms
As of June 30, 2018**

Various Emerging Manager Actual Utilization Levels and Goals	Actual	Goal
% of Fund Managed by Minority, Female and Person with a Disability-Owned Firms	30.06%	20.00%
% of Fund Managed by Emerging Investment Manager Firms per 40 ILCS 5/1-109.1(4)	19.58%	20.00%
% of Actively-Managed Assets with Emerging Firms per 40 ILCS 5/1-109.1(4)	25.67%	25.00%

Measurement Levels of Actively-Managed Assets per 40 ILCS 5/1-109.1(9)	Actual	Goal
<i>% of Actively-Managed Assets with Minority-Owned Firms</i>	18.63%	16.00%
<i>% of Actively-Managed Assets with Female-Owned Firms</i>	6.85%	8.00%
<i>% of Actively-Managed Assets with Person with a Disability-Owned Firms</i>	0.19%	1.00%

**State Universities Retirement System
Schedule of Emerging, Minority, and Female-Owned Firms
As of June 30, 2018**

Manager

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State Universities Retirement System

Utilization of Active Emerging Investment Managers, as defined by 40 ILCS 5/1-109.1(4)¹

As of June 30, 2018

<u>Asset Class</u>	<u>Minorities</u>	<u>Women</u>	<u>Persons with a Disability</u>	<u>Overall Active Actual and Goal</u>
Actual Active Equities	37.43%	19.62%	0.00%	57.04%
<i>Target Active Equities</i>	<i>20.00%</i>	<i>10.00%</i>	<i>0-2%</i>	<i>30.00%</i>
Actual Active Fixed Income	27.19%	1.81%	0.00%	29.00%
<i>Target Active Fixed Income</i>	<i>12.00%</i>	<i>8.00%</i>	<i>0-1%</i>	<i>20.00%</i>
Actual Alternative Investments	6.01%	0.65%	0.61%	7.27%
<i>Target Alternative Investments</i>	<i>0-20% of new allocations</i>	<i>0-20% of new allocations</i>	<i>0-20% of new allocations</i>	<i>20% of new allocations</i>
Actual Active Total Fund	18.63%	6.85%	0.19%	25.67%
<i>Target Active Total Fund</i>	<i>16.00%</i>	<i>8.00%</i>	<i>1.00%</i>	<i>25.00%</i>

¹40 ILCS 5/1-109.1(4), defines "emerging investment manager" as a qualified investment adviser that manages an investment portfolio of at least \$10,000,000 but less than \$10,000,000,000 and is a "minority owned business", "female owned business" or "business owned by a person with a disability" as those terms are defined in the Business Enterprise for Minorities, Females, and Persons with Disabilities Act.

**STATE UNIVERSITIES RETIREMENT SYSTEM
OF ILLINOIS**

*INVESTMENT PROCUREMENT
POLICY*



Adopted by the Board of Trustees

March 9, 2018

1. Introduction

This policy addresses the general procedures of the State Universities Retirement System (“SURS”) in soliciting bids and surveying the market for investment advisers, consultants and other investment services (the “Policy”). The selection and appointment of firms to provide advisory, consulting and other investment services by the Board shall be made and awarded in accordance with the Illinois Pension Code (the “Code”) and all other relevant authority under the Illinois Compiled Statutes.

2. Definitions

“Board” means the Board of Trustees of SURS.

“Consultant” means any person or entity retained or employed by the Board to make recommendations in developing an investment strategy, assist with finding appropriate investment advisers or monitor the Board’s investments. “Consultant” does not include non-investment related professionals or professionals offering services that are not directly related to the investment of assets, such as legal counsel, actuary, proxy-voting services, services used to track compliance with legal standards and investment in fund of funds where the Board has no direct contractual relationship with the investment advisers or partnerships. A Consultant must be registered as an investment adviser under the federal Investment Advisers Act of 1940 or as a bank, as defined in the federal Investment Advisers Act of 1940. Included in the definition of a Consultant is a “Specialty Consultant”. A “Specialty Consultant” means a Consultant selected by the Board pursuant to a RFP process that specializes in one or more investment areas of expertise.

“Chief Procurement Officer” is an individual designated by SURS to oversee and monitor the procurement process consistent with the requirements of this Policy, the Code and all other relevant authority under the Illinois Compiled Statutes.

“Expenditure” means any investment, expense, or cost relating to Investment Services.

“Investment Adviser” is any person or firm who: (1) is a fiduciary appointed by the Board in accordance with Section 1-109.1 of the Code; (2) has the power to manage, acquire or dispose of any asset of SURS; (3) has acknowledged in writing that he or she is a fiduciary with respect to SURS; (4) is registered as an investment adviser under the federal Investment Advisers Act of 1940 or as a bank, as defined in the federal Investment Advisers Act of 1940.

“Investment Committee” means a duly authorized committee of the Board formed to assist the Board in the development of investment strategies and the review of prospective investments with the goal of supporting the Board in the prudent investment of SURS’ assets. The “Investment Committee Chair” shall mean the Chairman of the Investment Committee duly appointed pursuant to the Board’s by-laws and Investment Committee Charter.

“Investment Services” means services provided by an Investment Adviser or a Consultant pursuant to Section 1-113.14 of the Code.

“Quiet Period” means a period of time during which a search for a potential Consultant, custodian, Investment Adviser or vendor is underway and during which a set of guidelines governs any communication by the Board, Consultant or Staff with such parties.

“RFP” means a request for proposal.

“SURS” has the meaning given in Section 1 (Introduction).

“Staff” means the investment staff at SURS, including the designated Chief Investment Officer (the “CIO”).

3. *Applicability of RFP Procedures*

a. General applicability.

The RFP procedures in this Policy apply to all Expenditures, including but not limited to, hiring of Consultants, Investment Advisers, custodians, proxy voting service providers and defined contribution service providers other than (i) emergency procurements, and (ii) at the discretion of the Board, contracts that are nonrenewable and one year or less in duration, so long as the contract has a value of less than \$20,000. All exceptions granted under this section must be published on the SURS web site, shall name the person authorizing the procurement, and shall include a brief explanation of the reason for the exception.

b. Additional Expenditures Covered by this Policy

Unless specifically waived by the Board, effective July 1, 2018, the following Expenditures shall be subject to this Policy as proscribed below:

- i. fund-of-funds investments shall be subject to the procurement requirements of this Policy at least once every five years; and
- ii. follow-on funds that are managed in distinct entities from prior investments shall be subject to the procurement requirements of this Policy. For the avoidance of doubt, any follow-on fund shall not be subject to the procurement requirements of this Policy if such follow-on fund is recommended by a Specialty Consultant consistent with Section 3(c) of this Policy.

c. Expenditures Exempt from the Procurement Procedures of this Policy

Notwithstanding anything provided in this Section, the Board will not be required to fulfill the RFP procurement requirements of this Policy for a follow-on fund or any investment if the follow-on fund or investment is specifically recommended by a Specialty Consultant and if such Specialty Consultant has adhered to the procurement requirements specifically outlined in this Policy for a Specialty Consultant.

4. Procurement Procedures and Schedule

The following are the general procurement actions that shall be taken by SURS when considering Expenditures. SURS shall develop and use uniform documents for the solicitation, review and acceptances of all Investment Services. References to actions by the Staff in this Policy shall mean the Staff in consultation with any applicable Consultant retained by SURS.

Prior to the Issuance of a RFP

- a. Prior to issuance of a RFP, Staff shall compile a list of potential respondents for such Expenditure. Staff is expected to consult with third parties and potential respondents prior to the proposed RFP as necessary to address any inquiries and encourage participation in the procurement process. Members of the Board may communicate with third parties and potential respondents consistent with applicable law.
- b. Following initial due diligence by Staff and/or members of the Board, Staff shall prepare the RFP for the Expenditure. The RFP shall contain all information statutorily required, as well as such information as necessary for, or related to, any potential Expenditure. Staff shall provide a form of the RFP, specifically including a list of questions to be included in the RFP, to the Investment Committee or the Board, as may be applicable. The Investment Committee/Board shall recommend or approve the issuance of the RFP; provided, however, that the Investment Committee/Board may conclude that the issuance of the RFP is not in the best interest of SURS and may decline to approve its issuance. Staff shall also provide the Investment Committee with a tentative time-line for all actions relating to the RFP. Such time-line shall include, but not be limited to, the RFP issuance date, the date all responses are due and the date of the expected final decision. The Quiet Period is initiated with the approval to issue an RFP.
- c. Staff, in consultation with the Board, shall establish a date on which a formal RFP shall be publicly announced following approval of the RFP by the Board. In general, such date shall be established not less than ten (10) days or more than thirty (30) days following the Board's formal approval of the RFP.

Following Approval of the RFP

- d. At a minimum, Staff shall post the RFP on the SURS website, advertise the RFP in a nationally circulated investment publication and any other publication deemed appropriate by Staff or as required by law. Staff is expected to: (i) contact a reasonable number of potential respondents in order to notify them of the issuance of the RFP and (ii) disseminate such RFP to a reasonable number of potential respondents.
- e. The RFP shall provide that questions regarding the solicitation shall be submitted in writing by respondents to the designated point of contact and by the date stated in the RFP. SURS shall post responses to all questions on its website.

- f. The deadline for submission of proposals shall be not less than fourteen (14) days following the posting of the RFP. RFP responses received by the deadline stated in the RFP shall be recorded and receipted by Staff. Staff shall review and analyze the responses to the RFP as expeditiously as reasonably practical within the RFP specifications. Staff shall verify information submitted and resolve or confirm any discrepancies. Staff will eliminate any response that fails to conform to the minimum qualifications outlined in the RFP. Staff will periodically throughout the procurement process prepare an analysis outlining how all RFP responses conform to these categories and provide an update with respect to the RFP process and make such report available to Members of the Board for review
- g. Staff and/or Consultants shall meet or conduct phone interviews with representatives of the respondents selected as semi-finalists by Staff and/or Consultants to obtain an independent assessment of the firm's capabilities.
- h. Following the interview process, Staff and/or Consultants shall identify one or more qualified firms and recommend to the Investment Committee one or more RFP respondents, with a goal of presenting no less than three qualified firms, for possible engagement by the Board.
- i. Following Staff's recommendation, the Investment Committee shall interview the respondents recommended by Staff or direct that additional respondents be invited for interview. The Investment Committee shall approve a recommendation to the Board for selection of a respondent for the Expenditure. The Investment Committee may, in good faith, decline to recommend any respondent following such interviews. The Investment Committee may recommend a recommencement of the RFP process for such potential Expenditure, or terminate the search entirely.
- j. The Board may approve or disapprove the recommendation of the Investment Committee with respect to any proposed Expenditure. If practical, at the time of selection the Board shall identify a second-choice respondent in the event that the Staff cannot negotiate terms with the first-choice respondent that are, in the opinion of Staff and the Board, prudent and in the best interests of SURS and consistent with the requirements of the Code.
- k. Staff and/or Consultants shall, in conjunction with its legal counsel, negotiate the contract with the first-choice respondent. If required by the Code, such contract must at a minimum contain the specific requirements found in Section 1-113.14 of the Code. Staff shall promptly provide a report to the Investment Committee in the event Staff is unable to negotiate contract terms with the first-choice respondent that meet the requirements of the Code before engaging in negotiations with the second-choice respondent. The Quiet Period concludes with the completion of successful contract negotiations.
- l. SURS shall post the name(s) of the successful respondent(s) on SURS' web site, along with a disclosure including the total amount applicable to the contract, the total fees paid

or to be paid, and a description of the factors that contributed to the selection of the respondent consistent with the requirements of the Code.

5. Procurement Requirements for a Specialty Consultant

The following are the general procurement requirements for any investment recommended by a Specialty Consultant hired by the Board; provided, however that any procurement or due diligence requirement in the contract between such Specialty Consultant and the Board and any specific directive from the Board to such Specialty Consultant regarding a proposed investment takes precedence over the general requirements of this Section.

- a. In recommending any investment to the Investment Committee/Board for consideration, the Specialty Consultant shall develop and utilize a consistent and uniform competitive process for analyzing and vetting potential investments that shall be substantially similar to the competitive process outlined in Article 35 of the Illinois Procurement Code, if required by the Code.
- b. The Specialty Consultant shall ensure that any potential investment and its terms are in compliance with the Code and any applicable law, regulation or directive of the Board, including SURS' Investment Policy and approved asset allocation.
- c. The Specialty Consultant shall conduct such competitive process in a transparent and streamlined manner to ensure the Specialty Consultant is recommending potential investments to the Board in a timely manner.
- d. In recommending any investment to the Investment Committee/Board, the Specialty Consultant shall prepare a detailed report for the Investment Committee/Board outlining the utilized competitive process and its due diligence of the potential investment.
- e. The Specialty Consultant should endeavor to recommend one or more qualified firms to the Investment Committee/Board on a quarterly basis, if consistent with SURS' Investment Policy, asset class pacing plan and approved asset allocation.

6. Other RFP Requirements

- a. The RFP process shall comply with all relevant sections of State and Federal law, including the Code and applicable case law.
- b. It shall be the goal for Staff to recommend at least three respondents to the Investment Committee/Board for interviews by the Investment Committee/Board. If in any case an "emerging investment manager" (as such term is defined in the Code) submits a RFP response that meets the requirements for a specific search then the "emerging investment manager" shall receive an invitation to present to the Investment Committee/Board. In the case where multiple "emerging investment managers" meet the criteria of the search, the most qualified firm or firms shall be selected to present to the Investment Committee/Board.

- c. Fees are an important factor when evaluating procurement for Investment Services and will be given full consideration in the procurement process. If a recommended RFP respondent's fees are materially different from other respondents presenting to the Investment Committee, Staff will include the rationale for considering the higher cost option in supporting materials provided to the Investment Committee.
- d. SURS shall not enter into a contract with a Consultant that exceeds five (5) years in duration, unless approved by the Board and consistent with the requirements of the Code. No contract to provide consulting services may be renewed or extended. At the end of the term of a contract, however, the Consultant is eligible to compete for a new contract as permitted in the Code.
- e. Any report, documentation, or list compiled or received by Staff or a Consultant relating to a RFP or Expenditure shall be promptly made available to the Board, or an individual Board member, upon request.
- f. Nothing in this Policy is meant to prohibit or discourage any Board Member from being involved in any part of the procurement process; provided that such Board Member provides prior notice of his/her intent to participate to Staff in order to ensure such participation is in compliance with applicable law. It is expected that staff and consultants shall each provide independent recommendations to the Board regarding all such procurements.
- g. No Board member, SURS employee or SURS vendor shall knowingly cause or advise the Board to engage in an investment transaction with a vendor when the Board member, SURS employee, SURS consultant or any of their spouses (i) has any direct interest in the income, gains or profits of the investment vendor through which the investment transaction is made or (ii) has a relationship with that investment vendor that would result in a pecuniary benefit to the Board member, SURS employee or SURS vendor or any of their spouses as a result of the investment transaction. References to the "investment vendor" include an employee or agent of such firm who has greater than 7.5% ownership of the consulting firm.
- h. Quiet Period Policy
 1. A Quiet Period will commence upon Board authorization and end once a selection has been made by the Board and the completion of successful contract negotiations with a respondent;
 2. Initiation, continuation and conclusion of the Quiet Period shall be publicly communicated to prevent inadvertent violations;
 3. All Board members, and Staff other than the Chief Procurement Officer or their designee, shall refrain from communicating with respondents regarding any product or service related to the search in process. All Board members and Staff shall refrain from accepting meals, travel, hotel, or other value from such respondents;

4. Throughout the Quiet Period, if any Board member is contacted by a respondent, the Board member shall refer such party to the **Chief Procurement Officer**;
5. All authority related to the search process shall be exercised solely by the Investment Committee or Board as a whole, and not by individual Board members;
6. The Quiet Period does not prevent Board approved due diligence, client conference attendance or communications with an existing vendor; provided, however, that discussions related to the procurement and pending selection shall be avoided during those activities;
7. The provisions of this Policy shall apply throughout the Quiet Period and shall be communicated to respondents in conjunction with any search; and
8. A respondent may be disqualified from a search process for a violation of the Quiet Period or any portion of this Policy.

State Universities Retirement System (SURS)

Inclusion Policy

(09/11/2015)

The purpose of this policy is to establish a framework for the inclusion of businesses owned by minorities, females, and persons with a disability in SURS procurement processes and for the inclusion of increased diversity of SURS fiduciaries, consistent with 40 ILCS 5/1-109 and 40 ILCS 5/1-109.1.

The goals of this policy are to:

- promote competitive utilization of businesses owned by minorities, females, and persons with a disability in SURS contracts and services; and
- advance racial, ethnic, and gender diversity of SURS fiduciaries, including consultants and senior staff.

Policy

SURS is responsible for the prudent administration of SURS members' trust fund. SURS strives to insure that members and taxpayers receive the maximum value for each dollar spent. To this end, SURS recognizes that promoting diversity of fiduciaries and vendors provides an open, competitive and diverse business environment.

SURS procurement and employment processes will further diversity in vendors and fiduciaries, including consultants and senior staff.

SURS employment processes to promote racial, ethnic and gender diversity of SURS fiduciaries, including senior staff must be developed to work in tandem with existing State University Civil Service System law when appropriate. To this end, SURS is committed to the ongoing efforts to seek job candidates from underrepresented groups, bring them into the organization, and offer additional growth/leadership opportunities with the intent of creating mutually beneficial long-term employment partnerships.

SURS procurement process includes a concerted effort to attract qualified minority, female owned business enterprises, and businesses owned by a person with disability (as defined by the Business Enterprise for Minorities, Females, and Persons with Disabilities Act: collectively, "MWDBE") to participate in the procurement process. SURS further commits to the objective evaluation of all qualified businesses regardless of race, gender or handicap in fair consideration of all suppliers and consultants in the acquisition of goods and services.

SURS stresses its goal of inclusion of MWDBE firms among prospective providers of purchased goods and services. Special efforts will be made to insure identification of eligible firms for inclusion in the bid process, including monitoring of MWDBE-related listings to identify possible MWDBE contractors and service providers. MWDBE firms will be identified using resources such as the United States Small Business Administration, Illinois Central Management Services Business Enterprise Program and other public agency resources. SURS will seek new ways to expand our efforts to do business with MWDBE suppliers and consultants.

If necessary, SURS will take proactive action to ensure that certified minority-owned, women-owned and disabled-owned business enterprises are provided notice of, and given the opportunity to demonstrate their ability to provide products and services at competitive prices. SURS staff who either directly or indirectly determine procurement needs or procurement decisions will seek and encourage MWDBE businesses to submit bids each time SURS publishes a request for bids or proposals.

SURS contracts require vendors to avoid unlawful discrimination in employment and to assure equality of employment opportunity and compliance with the Illinois Department of Human Rights' regulations concerning equal employment opportunities and affirmative action.

Pursuant to 40 ILCS 5/1-109.1 (10) SURS shall set an aspirational goal of no less than 20% utilization of businesses owned by minorities, females, and persons with disabilities of contracts awarded for "information technology", "accounting services", "insurance brokers", "architectural and engineering services", and "legal services". This information will be tracked, but is not required to be reported.

SURS has set a goal of 25% for purchases from businesses owned by minorities, women, and persons with a disability as a share of all of its contracts and purchases. This information will be tracked by the Chief Financial Officer and reported annually as required by Public Act 96-0006.

SURS has set a goal to promote diversity from the top down and the bottom up to ensure a culture of inclusivity. SURS will also recruit from a diverse, qualified pool of potential applicants to increase the racial, ethnic, and gender diversity of its senior staff. This information will be tracked by the Director of Human Resources and reported annually as required by Public Act 96-0006.

(30 ILCS 575/2)

Sec. 2. Definitions.

(A) for the purpose of this Act, the following terms shall have the following definitions:

(1) "Minority person" shall mean a person who is a citizen or lawful permanent resident of the United States and who is any of the following:

(a) American Indian or Alaskan Native (a person having origins in any of the original peoples of North and South America, including Central America, and who maintains tribal affiliation or community attachment).

(b) Asian (a person having origins in any of the original peoples of the Far East, Southeast Asia, or the Indian, including, but not limited to, Cambodia, China, India, Japan, Korea, Malaysia, Pakistan, the Philippine Islands, Thailand, and Vietnam).

(c) Black or African American (a person having origins in any of the black racial groups in Africa). Terms such as "Haitian" or "Negro" can be used in addition to "Black or African American".

(d) Hispanic or Latino (a person of Cuban, Mexican, Puerto Rico, South or Central American, or other Spanish Culture or origin, regardless of race).

(e) Native Hawaiian or Other Pacific Islander (a person having origins in any of the original peoples of Hawaii, Guam, Samoa, or other Pacific Islands).

(2) "Female" shall mean a person who is a citizen or lawful permanent resident of the United States and who is of the female gender.

(2.05) "Person with a disability" means a person who is a citizen or lawful resident of the United States and is a person qualifying as being disabled under subdivision (2.1) of this subsection (A).

(2.1) "Disabled" means a severe physical or mental disability that:

(a) results from: amputation, arthritis, autism, blindness, burn injury, cancer, cerebral palsy, Crohn's disease, cystic fibrosis, deafness, head injury, heart disease, hemiplegia, hemophilia, respiratory or pulmonary dysfunction, an intellectual disability, mental illness, multiple sclerosis,

muscular dystrophy, musculoskeletal disorders, neurological disorders, including stroke and epilepsy, paraplegia, quadriplegia and other spinal cord conditions, sickle cell anemia, ulcerative colitis, specific learning disabilities, or end stage renal failure disease; and

(b) substantially limits one or more of the person's major life activities.

Another disability or combination of disabilities may also be considered as a severe disability for the purposes of item (a) of this subdivision (2.1) if it is determined by an evaluation of rehabilitation potential to cause a comparable degree of substantial functional limitation similar to the specific list of disabilities listed in item (a) of this subdivision (2.1).

(3) "Minority owned business" means a business which is at least 51% owned by one or more minority persons, or in the case of a corporation, at least 51% of the stock in which is owned by one or more minority persons; and the management and daily business operations of which are controlled by one or more of the minority individuals who own it.

(4) "Female owned business" means a business which is at least 51% owned by one or more females, or, in the case of a corporation, at least 51% of the stock in which is owned by one or more females; and the management and daily business operations of which are controlled by one or more of the females who own it.

(4.1) "Business owned by a person with a disability" means a business that is at least 51% owned by one or more persons with a disability and the management and daily business operations of which are controlled by one or more of the persons with disabilities who own it. A not-for-profit agency for persons with disabilities that is exempt from taxation under Section 501 of the Internal Revenue Code of 1986 is also considered a "business owned by a person with a disability".

(9) "Control" means the exclusive or ultimate and sole control of the business including, but not limited to, capital investment and all other financial matters, property, acquisitions, contract negotiations, legal matters, officer-director-employee selection and comprehensive hiring, operating responsibilities, cost-control matters, income and dividend matters, financial transactions and rights of other shareholders or joint partners. Control shall be real, substantial and continuing, not pro forma. Control shall include the power to direct or cause the direction of the management and policies of the business and to make the day-to-day as well as major decisions in matters of policy, management and

operations. Control shall be exemplified by possessing the requisite knowledge and expertise to run the particular business and control shall not include simple majority or absentee ownership.

(10) "Business concern or business" means a business that has average annual gross sales over the three most recent calendar years of less than \$31,400,000 as evidenced by the federal income tax return of the business. A firm with gross sales in excess of this cap may apply to the Business Enterprise Council for Minorities, Females, and Persons with Disabilities for certification for a particular contract if the firm can demonstrate that the contract would have significant impact on businesses owned by minorities, females, or persons with disabilities as suppliers or subcontractors or in employment of minorities, females, or persons with disabilities.

(b) When a business concern is owned at least 51% by any combination of minority persons, females, or persons with disabilities, even though none of the three classes alone holds at least a 51% interest, the ownership requirement for purposes of this Act is considered to be met. The certification category for the business is that of the class holding the largest ownership interest in the business. If 2 or more classes have equal ownership interests, the certification category shall be determined by the Department of Central Management Services.



Progress Investment Management Company
Minority-, Female- and Persons with a Disability-Owned (MFDB)
Managers Program Status
As of June 30, 2018

<u>Asset Class/Manager Name</u>	<u>Market Value</u> <u>(in \$Millions)</u>
Non-U.S. Equity	
Affinity Investment Advisors	34
Arga Investment Management	43
Brown Capital Management	36
Denali Advisors	25
Solstein Capital	22
Strategic Global Advisors	63
Fixed Income	
GIA Partners	111
Integrity Fixed Income	20
LM Capital	52
New Century Advisors	44
Piedmont Investment Advisors	20
Ramirez Asset Management	25
Total Assets	<u>\$495¹</u>

¹ Totals may not add due to rounding.



**SURS Manager Diversity Program
As of June 30, 2018**

<u>Manager Name</u>	<u>Market Value (in \$Millions)</u>
U.S. Equity	
Active Managers:	
Channing Capital Management	\$97
Denali Advisors	48
EARNEST Partners	158
Gladius	440
Matarin Capital	103
Piedmont Investment Advisors	550
Fixed Income: Core	
Garcia Hamilton & Associates	311
LM Capital Group	163
Pugh Capital Management	162
Smith Graham & Co. Investment Advisors	105
Non-US Equity	
Ativo Capital Management	285
GlobeFlex Capital	327
Strategic Global Advisors	333
Private Equity	
Fairview Capital Partners ¹	45
Muller & Monroe Asset Management ²	35
Real Estate	
Franklin Templeton Emerging Manager Real Estate Fund of Funds ³	64
Basis Real Estate ⁴	9
Options Strategies	
Gladius	95
 Total Assets	 <u>\$3,424⁵</u>

¹ SURS has committed a total of \$75 million to Fairview Capital Partners.

² SURS has committed a total of \$150 million to Muller and Monroe Asset Management.

³ SURS has committed a total of \$165 million to Franklin Templeton Real Asset Advisors to provide real estate fund of funds services. The mandate is to strive to identify capable emerging, minority- and women-owned real estate funds.

⁴ SURS has committed a total of \$30 million to Basis Real Estate.

⁵ Totals may not add due to rounding.