



# REPORT

ON USE OF INVESTMENT FIRMS AND  
CONTRACTORS OWNED BY MINORITY  
PERSONS, WOMEN, VETERANS, AND  
PERSONS WITH A DISABILITY IN FISCAL  
YEAR 2020

**DECEMBER 15, 2021**



Michael W. Frerichs  
ILLINOIS STATE TREASURER

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## INTRODUCTION

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A core tenet of the mission of the Office of the Illinois State Treasurer (“Illinois Treasurer”) is to promote education, access, and opportunity for individuals and governmental bodies across our state to give families the tools to achieve the American Dream. In furtherance of that mission, the Illinois Treasurer is committed to providing equal access for minority persons, women, qualified veterans, and persons with disabilities (“MWVD Persons”).

The Illinois Treasurer believes that our government should mirror the great diversity in our state. Furthermore, diversity is good for business. Research demonstrates that diverse-owned companies are often well-situated to ascertain capital inefficiencies in the market, and as such, many are primed to outperform their peers. That is why the Illinois Treasurer is focused on providing more opportunities to qualified investment firms and contractors owned by MWVD Persons.

Beyond this fundamental belief in the value of diversity, Section 30 of the State Treasurer Act declares that it be policy of the Illinois Treasurer to promote and encourage the use of businesses owned by or under the control of MWVD Persons and sets forth the aspirational goal of directing 25% of the total dollar amount of funds under management, purchases of investment securities, and other contracts to businesses owned by or under the control of MWVD Persons.

This report summarizes utilization of MWVD businesses by the Office of the Illinois State Treasurer in FY 2020, focusing on the utilization of investment firms, including broker/dealers and asset managers, and contractors procured for goods and services. Notable takeaways include the following:

- **Assets Brokered by MWVD Firms Increased from \$603 million to \$39.7 billion** – Total assets brokered by MWVD firms increased from \$603 million in FY 2014 to \$39.7 billion in FY 2021. That represents a 66-fold increase.
- **Assets Managed by MWVD Firms Increased from \$18 million to \$3.3 billion** – Total assets managed by MWVD firms increased from \$18 million in December 2014 to \$3.3 billion in June 2021. That represents a 183-fold increase.
- **MWVD Procurement Goals Met** – 18% of the Illinois Treasurer’s vendors are MWVD businesses, a number which may very well be higher as the Office increases its efforts, as further detailed in this report, to obtain data from several of its vendors.

Looking ahead, we are committed to continuing to transform the culture, policies, and operations of the Illinois Treasurer to help ensure equal opportunity. For more information on the Illinois Treasurer’s focus on equity, diversity and inclusion, please visit the following webpage:

[www.illinoistreasurer.gov/Financial Institutions/Equity, Diversity Inclusion](http://www.illinoistreasurer.gov/Financial%20Institutions/Equity,%20Diversity%20Inclusion).

Sincerely,



Michael W. Frerichs  
Illinois State Treasurer

# **Use of Investment Firms Owned by MWVD Persons**

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## Investment Firms Report Summary

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The purpose of this section is to illustrate the utilization of investment firms owned by MWVD Persons by the Illinois Treasurer over the course of FY 2014 to FY 2021, with attention paid to historical utilization where data is available.

The two categories of investment firms documented in this report include (1) MWVD Broker/Dealers and (2) MWVD Asset Managers.

- **MWVD Broker/Dealers** – The Illinois Treasurer’s two internally managed investment programs, the State Investment Portfolio and Illinois Public Treasurers’ Investment Pool (also referred to as “The Illinois Funds”), are made up of direct purchases and brokered investments. Tapping diverse-owned broker/dealers is one of the quickest and best ways to ensure MWVD participation.
- **MWVD Asset Managers** – The Illinois Treasurer has made tremendous strides expanding the use of MWVD asset managers. MWVD asset managers are used to assist the Office’s externally managed investment programs, including two Illinois 529 College Savings Plans, Bright Start and Bright Directions, which are designed as “qualified tuition programs” under Section 529 of the Internal Revenue Code, and the Illinois Growth and Innovation Fund, which is an impact investment fund that invests in ways that attract, assist and retain quality technology businesses in Illinois.<sup>1</sup>

Key takeaways for this section include the following:

- **Assets Brokered by MWVD Firms Increased from 1% to 77%** – Only 1% of the Illinois Treasurer’s investment assets were brokered through MWVD firms in FY 2014, compared to 77% in FY 2021.
- **Total Assets Brokered with MWVD Firms Exceeded \$39 Billion in FY 2021** – Total assets brokered with MWVD firms increased from \$603 million in FY 2014 to \$39.7 billion in FY 2021, which represents a 66-fold increase.
- **Under Treasurer Frerichs, \$216 billion has been brokered by MWVD Firms over the course of FY 2015 to FY 2021.**
- **Assets Managed by MWVD Firms Increased from \$18 Million to \$3.3 Billion** – Total assets managed by MWVD firms increased from \$18 million in December 2014 to \$3.3 billion in June 2021. That represents a 183-fold increase.
- **Under the Illinois Growth and Innovation Fund (ILGIF) 45% of all commitments were invested with MWVD Firms** – Ending June 30, 2021, ILGIF invested 45% of the total capital committed to funds managed by MWVD firms.

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<sup>1</sup> For more information on the Office’s investment programs, please visit [www.illinoistreasurer.gov/Office\\_of\\_the\\_Treasurer/Investments](http://www.illinoistreasurer.gov/Office_of_the_Treasurer/Investments).

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## MWVD Broker/Dealers

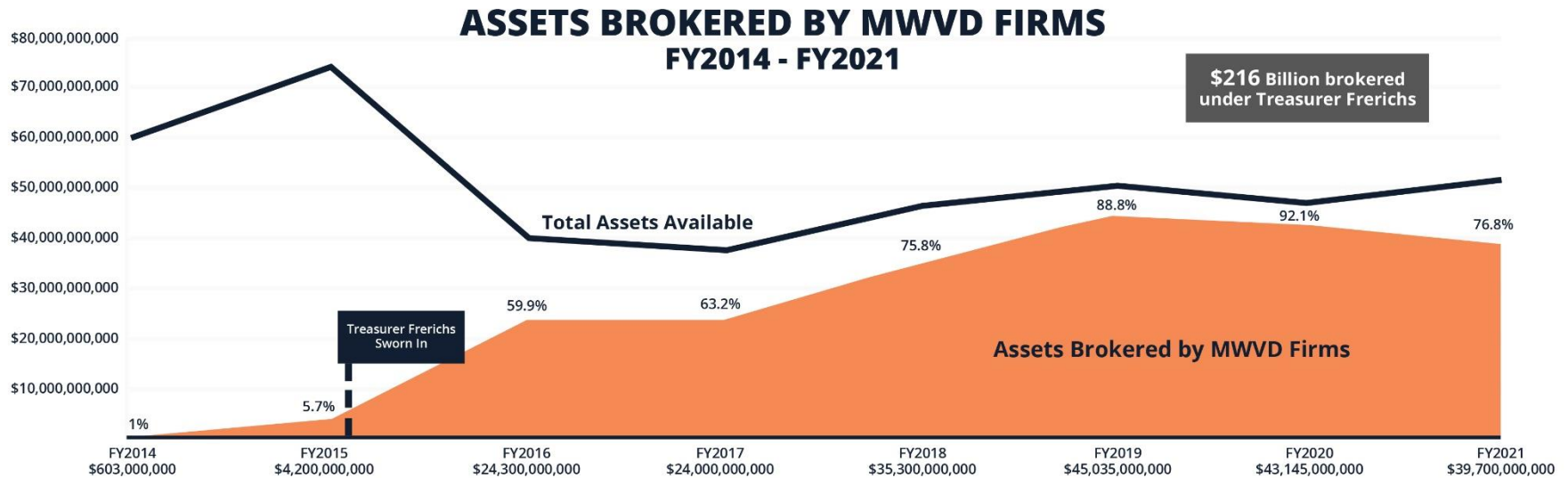
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**TABLE 1: Assets Brokered by MWVD Firms through the State Investments and The Illinois Funds**

Year-by-Year Comparison of Assets Brokered by MWVD Firms FY 2014 - FY 2021								
	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Assets Brokered by MWVD Firms	\$603 million	\$4.2 billion	\$24.4 billion	\$24.0 billion	\$35.4 billion	\$45.0 billion	\$43.1 billion	\$39.7 billion
Total Assets Available	\$60 billion	\$74.0 billion	\$40.7 billion	\$38.0 billion	\$46.7 billion	\$50.7 billion	\$46.9 billion	\$51.7 billion
% Brokered by MWVD Firms	1.0%	5.7%	59.9%	63.2%	75.8%	88.8%	92.1%	76.8%

- Assets Brokered by MWVD Firms Increased from 1% to 77%** – There has been impressive growth in the utilization rate of MWVD broker/dealers over the course of FY 2014 to FY 2021, characterized by sharp growth and steady utilization at heightened levels. In FY 2014, only 1% of assets were brokered by MWVD firms. In FY 2021, 77% of assets were brokered with MWVD firms.

**GRAPH 1: Assets Brokered with MWVD Firms for FY 2014 through FY 2021**



- Assets Brokered by MWVD Firms Increased Exponentially** – Assets brokered by MWVD firms have witnessed a notable increase under Treasurer Frerichs, characterized by sharp growth and steady utilization at heightened levels. FY 2021 represented a 66-fold increase relative to FY 2014.

**TABLE 2: Total Assets Brokered with MWVD Firms through State Investments and The Illinois Funds from FY 2016 to FY 2021**

Measure	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
<b>State Investments</b>						
Assets Brokered in the MWVD Space	\$26,192,520,000	\$20,150,689,000	\$25,864,307,000	\$35,786,422,000	\$33,313,218,000	\$27,146,424,000
Assets Brokered by MWVD Firms	\$17,001,870,000	\$14,378,589,000	\$23,520,376,000	\$34,513,977,000	\$31,393,953,000	\$21,293,543,000
% Brokered by MWVD Firms	64.9%	71.4%	90.9%	96.4%	94.2%	78.4%
<b>The Illinois Funds</b>						
Assets Brokered in the MWVD Space	\$14,460,182,000	\$17,822,671,000	\$20,792,015,695	\$14,921,264,000	\$13,551,476,745	\$24,527,560,237
Assets Brokered by MWVD Firms	\$7,352,425,000	\$9,621,893,000	\$11,854,633,000	\$10,521,272,000	\$11,750,902,750	\$18,409,155,437
% Brokered by MWVD Firms	50.8%	54.0%	57.0%	70.5%	86.7%	75.1%
<b>State Investments + Illinois Funds</b>						
Assets Brokered in the MWVD Space	\$40,652,702,000	\$37,973,360,000	\$46,656,322,695	\$50,707,686,000	\$46,864,694,745	\$51,673,984,237
Assets Brokered by MWVD Firms	\$24,354,295,000	\$24,000,482,000	\$35,375,009,000	\$45,035,249,000	\$43,144,855,750	\$39,702,698,437
% Brokered by MWVD Firms	59.9%	63.2%	75.8%	88.8%	92.1%	76.8%

- **Steady Utilization of MWVD Broker/Dealers at Heightened Levels** – Overall utilization of MWVD broker/dealers within State Investments and The Illinois Funds maintained over 75% in FY 2021.



**TABLE 3: List of Approved MWVD Broker/Dealers (as of 6/30/2021)**

Firm		Certified MWVD Status
1	Academy Securities	Disabled & Veteran-Owned
2	Alamo Capital	Woman-Owned
3	American Veterans Group PBC	Veteran & Disabled-Owned
4	ASL Capital Markets, Inc.	Minority-Owned
5	Bancroft Capital, LLC	Veteran-Owned
6	Blaylock Van Beal, LLC	Minority-Owned
7	Cabrera Capital Markets	Minority-Owned
8	CastleOak	Minority-Owned
9	Drexel Hamilton	Disabled & Veteran-Owned
10	Great Pacific	Minority-Owned
11	Loop Capital	Minority-Owned
12	MFR Securities, Inc.	Woman-Owned
13	Mischler Financial	Disabled Owned
14	Multi-Bank Securities	Veteran-Owned
15	Penserra Securities	Minority-Owned
16	R. Seelaus & Co., LLC	Woman-Owned
17	Roberts & Ryan	Veteran-Owned
18	Samuel Ramirez & Co.	Minority-Owned
19	Siebert Williams Shank & Co. LLC	Minority & Women-Owned

**TABLE 4: MWVD Broker/Dealers among All Approved Broker/Dealers (as of 6/30/2021)<sup>2</sup>**

Measures	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
<b>Total Approved Broker/Dealers</b>	34	38	39	49	50	49	45	44	39
<b>Approved MWVD Broker/Dealers</b>	8	7	7	14	15	15	18	19	19
<b>Percentage of Total</b>	23.5%	18.4%	17.9%	28.6%	30.0%	30.6%	40.0%	38.6%	48.7%

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<sup>2</sup> The Illinois Treasurer's approved broker/dealer list can be viewed at [www.illinoistreasurer.gov/Financial\\_Institutions/BrokerDealers\\_Counterparties/Approved\\_Brokers\\_and\\_Dealers](http://www.illinoistreasurer.gov/Financial_Institutions/BrokerDealers_Counterparties/Approved_Brokers_and_Dealers).

## MWVD Asset Managers

**TABLE 5: Assets Managed by MWVD Firms across Investment Programs\* (as of 6/30/2021)**

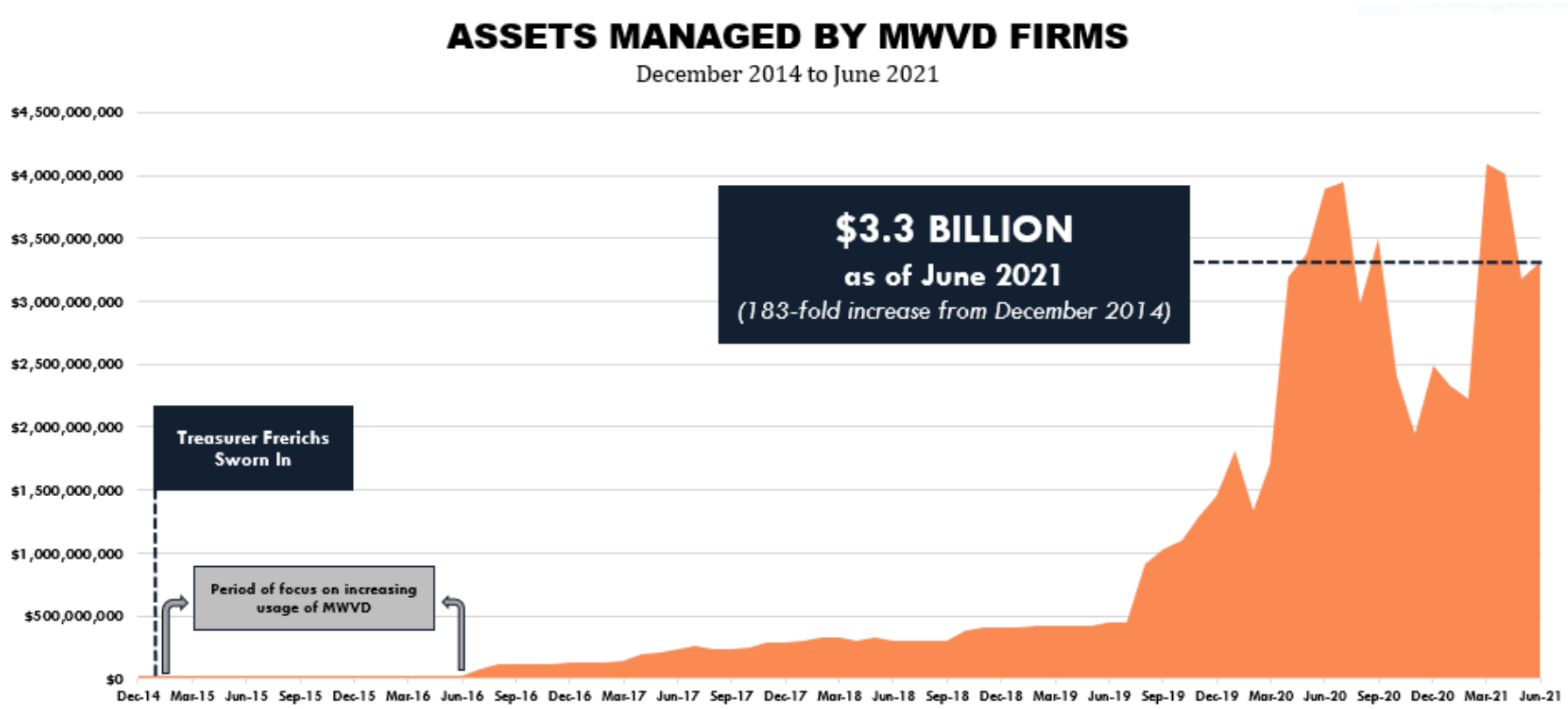
Comparison of Assets Managed by MWVD Firms July 31, 2015 – June 30, 2021							
	July 31, 2015	July 31, 2016	July 31, 2017	July 31, 2018	July 31, 2019	June 30, 2020	June 30, 2021
<b>Assets Managed by MWVD Firms</b>	\$20.4 million	\$70.9 million	\$257.9 million	\$306.8 million	\$450.4 million	\$3.9 billion	\$3.3 billion
<b>Total Assets Available</b>	\$23.5 billion	\$26.4 billion	\$28.7 billion	\$30.9 billion	\$32.4 billion	\$37.6 billion	\$41.6 billion**
<b>% Managed by MWVD Firms</b>	0.09%	0.27%	0.90%	0.99%	1.39%	10.37%	7.90%

*\*Note this data includes assets under State Investments, The Illinois Funds, 529 College Savings Plans, and ILGIF.*

*\*\*Note that approximately \$16 billion of the \$41.6 billion in total assets under the purview of the Illinois Treasurer is managed by external firms (as of June 30, 2021). If \$16 billion is used as the number for Total Assets Available to MWVD asset managers, then the percentage managed by MWVD firms equals 20.5%.*

- **Substantial Increase in Assets Managed by MWVD Firms** – Since July 31, 2015, the utilization rate of MWVD asset managers has increased dramatically, from 0.09% to 7.90%.
- **Assets Managed by MWVD Firms Increased 165-fold from July 2015 to June 2021** – Since June 31, 2015, assets managed by MWVD managers have increased from \$20.4 million to \$3.3 billion.

GRAPH 2: Assets Managed by MWVD Firms December 31, 2014 – June 30, 2021



- **Assets Managed by MWVD Firms Increased Exponentially** – As of June 30, 2021, the Illinois Treasurer had approximately \$3.3 billion with MWVD managers. That represents a 183-fold increase from December 2014, when assets managed by MWVD firms totaled \$18.1 million.

**TABLE 6: List of MWVD Asset Managers (as of 6/30/2021)**

	<b>Firm</b>	<b>MWVD Status</b>
1	Academy Securities, JP Morgan Prime	Veteran-Owned
2	Agent Capital*	Woman-Owned
3	Ariel Investments	Minority-Owned
4	Avance Investment Partners	Woman-Owned
5	Brightwood Capital	Minority-Owned
6	Builders Venture Capital	Minority-Owned
7	Cabrera Capital Markets, Blackrock Prime	Minority-Owned
8	CastleOak, Morgan Stanley	Minority-Owned
10	Ceres Venture Fund	Woman-Owned
11	Chingona Ventures*	Woman & Minority-Owned
12	Cleveland Avenue	Minority-Owned
13	Drexel Hamilton, Goldman Sachs	Veteran-Owned
14	Garcia Hamilton*	Minority-Owned
15	I2A Fund - IL Innovation Accelerator	Minority-Owned
16	Impact Engine	Woman-Owned
17	M25	Minority-Owned
18	Moderne Ventures*	Woman-Owned
19	New Enterprise Associates	Woman & Minority-Owned
20	New Mainstream Capital	Minority-Owned
21	Palladium Equity Partners	Minority-Owned
22	Ramirez Asset Management	Minority-Owned
23	Reverence Capital Partners	Minority-Owned
24	Sit Investment Associates	Minority-Owned
25	Tensility Venture Partners	Minority-Owned
27	Valor Siren Ventures	Minority-Owned
28	Vista Equity Partners*	Minority-Owned
29	Vistria Group*	Minority-Owned
30	Williams Capital Group	Minority-Owned

**Note:** Firms with an asterisk (\*) indicate that the Illinois Treasurer has invested in more than one fund. At Vistria Group, for example, the Illinois Treasurer invested in Vistria Group II, Vistria Group III, and Vistria Fund IV.



## **Use of Contractors Owned by MWVD Persons**

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## Procurement Report Summary

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The following is a report on information gathered on the use of contractors that are owned by minority persons, women, veterans, and persons with a disability (“MWVD contractors”) by the Office of the Illinois State Treasurer (“Illinois Treasurer”). This report describes current policies and practices in place to gather MWVD contractor information and highlights policies intended to improve contractor reporting.

Public Act (“PA”) 100-969 established aspirational goals for investments and authorized procurement preferences for the Illinois Treasurer in relation to selecting businesses owned by qualified veterans, qualified service-disabled veterans, minority persons, women, and persons with a disability.

PA 100-969 added Section 30 to the State Treasurer Act [15 ILCS 505], “Preferences for veterans, minorities, women, and persons with disabilities.” Section 30 codifies the Illinois Treasurer’s aspirational goal of directing 25% of the total dollar amount of funds under management, purchases of investment securities, and other contracts to businesses owned by or under the control of qualified veterans, qualified service-disabled veterans, minority persons, women, and persons with a disability. Section 30 also states that the Illinois Treasurer is authorized to incorporate preferences in the scoring process for MWVD businesses as well as for businesses with a record of support for increasing diversity and inclusion in board membership, management, employment, philanthropy, and supplier diversity, including investment professionals and investment sourcing.

The Illinois Treasurer has taken steps to encourage MWVD contractor participation and has instituted language in required documents to complete a bid or proposal submission. As explained further below, MWVD reporting provisions have also been negotiated into contracts and amendments to help keep track of the diversity among current contractors.

### Data Collection

As noted, the Illinois Treasurer currently includes detailed questions regarding diverse ownership in its Requests for Proposals (“RFPs”). These questions allow the Illinois Treasurer to better understand which communities are competing successfully, as well as those that may be falling short. Below is an example of a statement regarding diversity that is included in the Illinois Treasurer’s current RFPs:

“Respondent’s diversity score will be based on the answers the Respondent provides to the Diversity & Inclusion questions of this RFP. The Evaluation Team shall award a higher diversity score to Respondents that are female, minority, person with disabilities, or veteran owned or managed. Having a higher percentage of subcontractors that are female, minority, person with disabilities, or veteran owned or managed shall also result in higher scores.”

The Illinois Treasurer offers the following statement leading into its specific Equity, Diversity and Inclusion questions in RFPs:

As set forth in Section 30 of the State Treasurer Act, 15 ILCS 505/30, it is an aspirational goal of the State Treasurer to use businesses owned by or under the control of veterans, qualified service-disabled veterans, minority persons, women, or persons with a disability (“MWVD Persons”) for not less than twenty-five percent (25%) of the total dollar amount of funds under management, purchases of investment securities, and other contracts. As used herein, the terms “minority person”, “woman”, “person with a disability”, and “control” have the meanings provided in Section 1 of the Business Enterprise for Minorities, Women, and Persons with Disabilities Act, 30 ILCS 575/2. Further, the terms “veteran” and “qualified service-disabled veteran” have the meanings provided in Section 45-57 of the Illinois Procurement Code, 30 ILCS 500/45-57. For any question below relating to MWVD Persons, the response should include a breakdown by veterans, qualified service-disabled veterans, minority persons, women, or persons with a disability.

Below are examples of the Diversity questions that are currently used in Illinois Treasurer RFPs, which were updated and revised in this past year:

1. Please confirm whether Respondent is at least fifty-one percent (51%) owned by MWVD Persons. Please cite with supporting data, including the number and percentage of the Respondent’s owners who are MWVD persons. Note if Respondent has submitted an EEO-1 report in the last year, Respondent may at its discretion provide the information in its EEO-1 report to supplement the response to this question.
2. Please confirm whether Respondent is under the control of MWVD Persons. Please cite with supporting data. Please provide the number and percentage of the Respondent’s owners who are MWVD persons. Note if Respondent has submitted an EEO-1 report in the last year, Respondent may at its discretion provide the information in its EEO-1 report to supplement the response to this question. What is the percentage of Respondent’s intended use of subcontractors for this project, if any, that are under the control of MWVD Persons?
3. For the next four questions regarding Respondent’s leadership and workforce, all responses must include supporting data. If Respondent has submitted an EEO-1 report in the last year, Respondent may at its discretion provide the information in its EEO-1 report to supplement its responses:
  - a. If publicly owned, please provide (i) the total number of members on the Respondent’s board of directors and (ii) the number of members on the Respondent’s board of directors who are MWVD Persons.
  - b. Please provide the number and percentage of the Respondent’s senior leaders (e.g. partners, executive officers, managing directors, etc.) that are MWVD Persons. Note that senior leaders are considered those who create

strategies and plans for the entire organization to follow, communicating directly with the board of directors or are within two reporting levels to the CEO on the Respondent's official organizational chart.

- c. Please provide the number and percentage of Respondent's professional staff who are MWVD Persons. Note that professional staff are considered those who maintain a bachelor's degree or certification or are first/mid-level officials and managers that report to executive/senior leaders or middle managers.
  - d. Please provide the number and percentage of the Respondent's full-time, U.S. workforce employees who are MWVD Persons.
4. How does the Respondent promote supplier diversity or maintain a supplier diversity program? Please provide a summary of objectives and any targets, benchmarks, or performance metrics that substantiate this work.
  5. Please describe any policies, programs, or activities the Respondent administers to promote equity, diversity and inclusion both within the Respondent's organization and the community. Please note any targets, benchmarks, or performance metrics that substantiate this work.

As noted previously, many of the Illinois Treasurer's contracts precede the uniform collection of data or are not the product of an RFP, the data on current contractors remains incomplete. Steps taken in the past year to improve the data collection rate include negotiating an additional term in new contracts and amendments to existing contracts to require MWVD reporting pursuant to Section 30 of the State Treasurer Act:

#### **EQUITY, DIVERSITY, AND INCLUSION DATA**

Contractor shall respond to requests for data from the Treasurer, as deemed necessary by the Treasurer, to report on the Treasurer's use of equitable, diverse, and inclusive businesses in accordance with Section 30 of the State Treasurer Act, 15 ILCS 505. Contractor shall provide all requested data within thirty days of any request, or within a timeframe otherwise agreed upon by the Treasurer.

Following this memorialized expectation, the Illinois Treasurer is pleased to report that it has seen an increase in responses to its requests for diversity data. This year, the Illinois Treasurer distributed a diversity assessment to all current contractors with active contractual agreements with the Illinois Treasurer. Out of 82 contractors, the Illinois Treasurer obtained the MWVD status of 62, with 11 claiming MWVD status. This represents a 3% increase in reporting of MWVD status from the past year. Slightly more than 18% of the contractors claimed majority ownership or control, or both, by MWVD persons, and compensation this year on contracts held by such contractors totaled \$15,763,570.95. The Illinois Treasurer will continue to take steps to encourage its current contractors to report on their ownership status.