



Michael W. Frerichs

ILLINOIS STATE TREASURER

REPORT

ON USE OF INVESTMENT FIRMS AND
CONTRACTORS OWNED BY MINORITY
PERSONS, WOMEN, VETERANS AND
PERSONS WITH A DISABILITY IN FISCAL
YEAR 2023

NOVEMBER 2023

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INTRODUCTION

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 has shown to be good for business. Significant academic research demonstrates that diverse-owned companies are often well-situated to capitalize on market inefficiencies and develop more creative and innovative solutions, which makes them prime to outperform their peers. That is why the Illinois Treasurer believes it is within his fiduciary duty to focus 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 the utilization of MWVD businesses by the Office of the Illinois State Treasurer in FY 2023, 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 \$46 billion** – Total assets brokered by MWVD firms increased from \$603 million in FY 2014 to \$46 billion in FY 2023, representing a 76-fold increase.
- **Assets Managed by MWVD Firms Increased from \$18 million to \$3.9 billion** – Total assets managed by MWVD firms increased from \$18 million in December 2014 to \$3.9 billion in June 2023. That represents a 216-fold increase.
- **MWVD Procurement Goals Met** – Compensation this year on contracts held by MWVD contractors totaled \$17.5 million between 20 MWVD contractors, a 33% increase in the number of contractors from the prior fiscal year.

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.

Sincerely,



Michael W. Frerichs
Illinois State Treasurer

Investment Firms Report Summary

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 2023, 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** – MWVD asset managers are used to assist the Office’s externally managed investment programs, including the State Portfolio, Illinois Public Treasurers’ Investment Pool, 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.¹

Key takeaways for this section include the following:

- **Assets Brokered by MWVD Firms Increased from 1% to 83%** – Only 1% of the Illinois Treasurer’s investment assets were brokered through MWVD firms in FY 2014, compared to 83% in FY 2023.
- **Assets Brokered with MWVD Firms Reached Almost \$46 Billion in FY 2023** – Total assets brokered with MWVD firms increased from \$603 million in FY 2014 to \$46 billion in FY 2023, which represents a 76-fold increase.
- **Under Treasurer Frerichs, approximately \$312 billion has been brokered by MWVD firms over the course of FY 2014 to FY 2023.**
- **Assets Managed by MWVD Firms Increased from \$18 Million to \$3.9 Billion** – Total assets managed by MWVD firms increased from \$18 million in December 2014 to \$3.9 billion in June 2023. That represents a 216-fold increase.
- **Under the Illinois Growth and Innovation Fund (ILGIF) 39% of all commitments were invested with MWVD Firms** – Ending June 30, 2023, ILGIF invested 39% of the total capital committed to funds managed by MWVD firms.

¹ For more information on the Office’s investment programs, please visit www.illinoistreasurer.gov/Office_of_the_Treasurer/Investments.

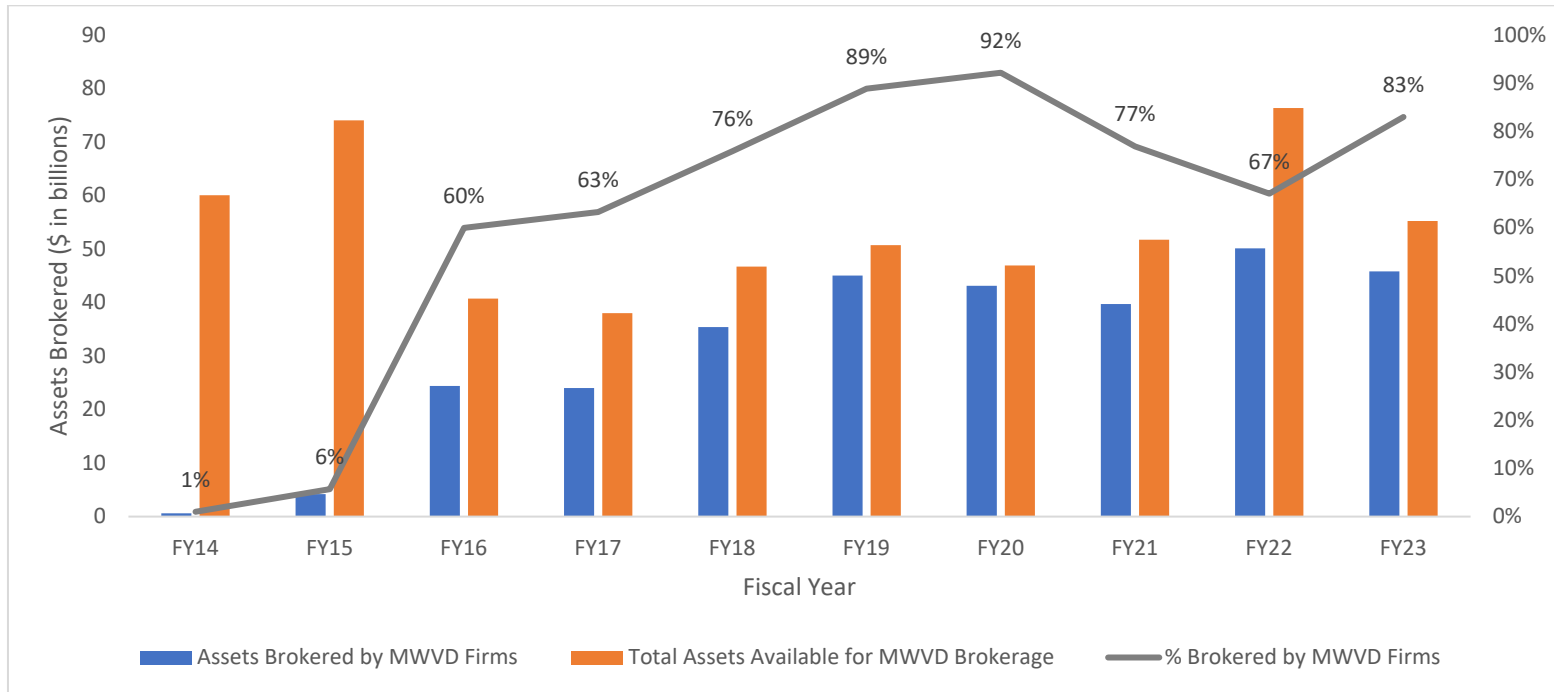
MWVD Broker/Dealers

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 2023											
	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	Cumulative
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	50.1 billion	45.8 billion	\$312.3 billion
Total Assets Available	60.0 billion	74.0 billion	40.7 billion	38.0 billion	46.7 billion	50.7 billion	46.9 billion	51.7 billion	76.3 billion	55.2 billion	\$540.2 billion
% Brokered by MWVD Firms	1.0%	5.7%	59.9%	63.2%	75.8%	88.8%	92.1%	76.8%	67.0%	82.9%	58.0%

- **Utilization of MWVD Broker/Dealers Increased Significantly** - In FY 2023, 83% of assets available were brokered by MWVD broker/dealers, compared to 1.0% in FY 2014. This sets a three-year utilization high since FY2020.
- **Cumulative Utilization since FY 2014 is Strong at 58%** - Since FY 2014, 58% of assets available were brokered by MWVD firms. The strong cumulative utilization rate reflects the advancements made by our office to utilize MWVD firms.

GRAPH 1: Assets Brokered with MWVD Firms FY 2014 – FY 2023



- **Impressive Gains in Assets Brokered by MWVD Firms Since FY 2014** – Assets brokered by MWVD firms have made impressive gains since FY 2014. The utilization of MWVD firms has increased from 6% to 83%, and total assets brokered with MWVD firms increased from \$603 million in FY 2014 to \$45.8 billion in FY 2023.
- **Totals Cumulative Assets Brokered by MWVD Firms under Treasurer Frerichs Administration Increased to \$312 Billion.**

TABLE 2: Total Assets Brokered with MWVD Firms through the State Investments and The Illinois Funds

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
State Investments								
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	\$35,481,723,000	\$24,810,611,000
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	\$25,500,246,500	\$21,876,479,000
% Brokered by MWVD Firms	64.9%	71.4%	90.9%	96.4%	94.2%	78.4%	71.9%	88.2%
Illinois Funds								
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	\$40,828,020,769	\$30,374,470,000
Assets Brokered by MWVD Firms	\$7,352,425,000	\$9,621,893,000	\$10,521,272,000	\$10,521,272,000	\$11,750,902,750	\$18,409,155,437	\$24,566,860,000	\$23,900,282,000
% Brokered by MWVD Firms	50.8%	54.0%	70.5%	70.5%	86.7%	75.1%	60.2%	78.7%
State Investments + Illinois Funds								
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	\$76,309,743,769	\$55,185,081,000
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	\$51,127,106,500	\$45,776,761,000
% Brokered by MWVD Firms	59.9%	63.2%	75.8%	88.8%	92.1%	76.8%	67.0%	83.0%

- **MWVD Firms Have Brokered 83% of Assets Available in FY 2023** - With a value of \$45.8 billion, MWVD firms brokered 83% of available assets in FY 2023.
- **MWVD Firms Have Brokered 76% of Assets Available Between FY 2016 to FY 2023** - MWVD firms brokered 75.8% of assets total, with an overall value of \$307 billion.

TABLE 3: Approved MWVD Broker/Dealers (as of 6/30/2023)

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

TABLE 4: MWVD Broker/Dealers among All Certified Broker/Dealers

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Total Approved Broker/Dealers	34	38	39	49	50	49	45	44	44	40	43
Approved MWVD Broker/Dealers	8	7	7	14	15	15	18	17	24	19	19
Percentage of Total	23.5%	18.4%	17.9%	28.6%	30.0%	30.6%	40.0%	38.6%	54.5%	47.5%	44.2%

² The Illinois Treasurer's approved broker/dealer list can be viewed at www.illinoistreasurer.gov/Financial_Institutions/BrokerDealers_Counterparties/Approved_Brokers_and_Dealers.

MWVD Asset Managers

TABLE 5: Assets Managed by MWVD Firms across Investment Programs

Comparison of Assets Managed by MWVD Firms June 30, 2015 – June 30, 2023									
	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023
Assets Managed by MWVD Firms	\$20.4 million	\$70.9 million	\$209.5 million	\$303.8 million	\$446.3 million	\$3.9 billion	\$3.3 billion	\$3.9 billion	\$3.9 billion
Total Externally Managed Assets*	\$7.6 billion	\$8.1 billion	\$9.7 billion	\$11.0 billion	\$12.5 billion	\$15.8 billion	\$18.9 billion	\$19.1 billion	\$21.6 billion
% Managed by MWVD Firms	0.3%	0.9%	2.2%	2.8%	3.6%	24.9%	17.6%	20.7%	18.0%

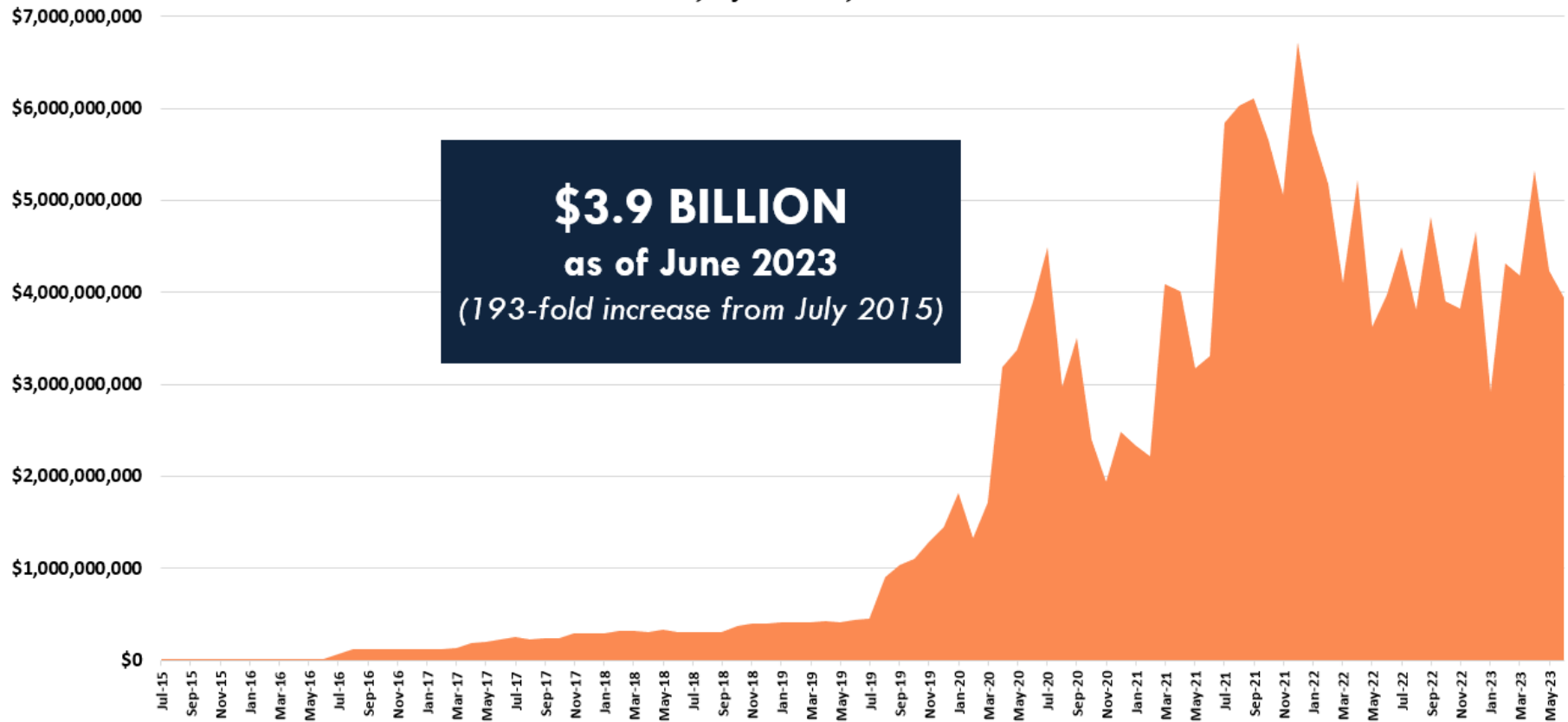
**Includes moneys under State Investments, Illinois Funds, College Savings, ILGIF/TDA, Secure Choice, ABLE and externally managed assets under the State Portfolio and Illinois Funds.*

- **Assets Managed by MWVD Firms Has Increased 193-Fold** – Since June 2015, assets managed by MWVD managers has increased 193-fold, from \$20.4 million to \$3.9 billion. Among all externally managed assets, MWVD firms managed 18%.

GRAPH 2: Assets Managed by MWVD Firms

ASSETS MANAGED BY MWVD FIRMS

July 2015 - June 2023



- **Assets Managed by MWVD Firms Increased Exponentially** – Ending June 30, 2023, the Treasurer’s Office had \$3.9 billion with MWVD managers. That represents a 193-fold increase since July 2015.

TABLE 6: List of MWVD Asset Managers (as of 6/30/2023)

	Firm	MWVD Status
1	Williams Capital Group**	(M-African American)
2	Garcia Hamilton*	(M-Latino)
3	Ramirez Asset Management*	(M-Latino)
4	Drexel Hamilton**	(Veteran)
5	Academy Securities**	(Veteran)
6	Great Pacific**	(Veteran)
7	Ariel Investments	(M-African American)
8	Sit Investment Associates	(M-Asian)
9	Garcia Hamilton	(M-Latino)
10	Ceres Venture Fund	(W)
11	I2A	(M-Asian)
12	Builders VC	(M-Asian)
13	Moderne Ventures*	(W)
14	Listen Ventures*	(LGBTQ+)
15	Brightwood Capital	(M-African American)
16	New Enterprise Associates	(W and M-Asian)
17	Vistria Group*	(M-African American)
18	Tensility Venture Partners	(M-Latino)
19	New Mainstream Capital	(M-Latino)
20	Impact Engine	(W)
21	Chingona Ventures*	(M-Latino)
22	Palladium Equity Partners	(M-Latino)
23	Agent Capital*	(W)
24	Vista Equity Partners*	(M-African American)

25	Reverence Capital Partners*	(M-Latino)
26	Valor Siren Ventures*	(M-Latino)
27	Vamos Ventures Fund	(M - Latino)
28	Cleveland Avenue	(M - African American)
29	M25 Group*	(M - African American)
30	Avance Investment Partners	(M-Latino)
31	Lightspring Capital	(W)
32	5th Century Partners	(M - African American)Re
33	Red Arts Capital	(M - African American)
34	Buoyant Ventures	(W)
35	Supply Change Capital	(W & M - Latino)
36	The 81 Collections	(M - Asian)
37	Exposition Ventures	(W & M - African American)
38	Long Arc Capital	(M - Asian)
39	Kinzie Capital	(W & M - Asian)

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. Firms with multiple asterisks (**) indicate approved MWVD firms who own a specific money market fund share class in which they are provided economic incentives and credit.*

Procurement Report Summary

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 MWVD contractors.

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 MWVD contractors. 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 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 responding to its public procurements. 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:

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.

Further, the Illinois Treasurer continues to seek appropriate opportunities to include preferences for MWVD firms. For example, in the Illinois Treasurer's Invitation for Bid Janitorial Services, issued September 21, 2022 ("IFB"), the Illinois Treasurer reserved the following right:

"[T]o reduce the Grant Total cost by one-third (1/3) of any Bid that includes written verification, which may include a certification, from the Illinois Commission on Equity and Inclusion or similar Illinois-based certifying entity, that Respondent is a business owned by or under the control of veterans, qualified service-disabled veterans, minority persons, women, or persons with a disability."

As a result of this preference, the contract resulting from this IFB was indeed awarded to a Minority Business Enterprise certified by the State of Illinois.

More recently, in early Fiscal Year 2024, the Treasurer issued Invitation for Bid Printing and Mail Fulfillment Services that included a similar, 25%, preference. The Treasurer also recently awarded an agreement pursuant to its Invitation for Bid Construction Services for Marine Bank Building Access Area, which Invitation for Bid included a goal, which was met by the awardee, of 7% participation by MWVD subcontractors.

As noted previously, the Illinois Treasurer has been 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.

While contracts remain that do not include this provision, following its implementation the Illinois Treasurer saw an increase in responses to its requests for diversity data. This year, the Illinois Treasurer again distributed a diversity assessment to all current contractors with active contractual agreements with the Illinois Treasurer. Of those that responded or for which the Illinois Treasurer was able to confirm MWVD registration with the State's Chief Procurement Officer for General Services, 20 contractors total claim MWVD status. Compensation this year on contracts held by MWVD contractors totaled \$17,536,765.64, which represents a difference of less than 0.05% from the prior fiscal year. However, the 20 total MWVD contractors represents a 33% increase in confirmed MWVD contractors from the prior fiscal year. The Illinois Treasurer will continue to take steps to encourage its current contractors to report on their ownership status and to increase MWVD participation.