

2023

CTPF Annual Report: Diversity & Inclusion

*Presented to Governor J.B. Pritzker
December 2023*



Chicago Teachers'
Pension Fund



MISSION

To provide, protect, and enhance the present and future economic well being of members, pensioners and beneficiaries through efficient and effective management of benefit programs, investment practices and customer service, and to commit to earning and keeping the respect and trust of the participants through quality service and by protecting retirement benefits, in compliance with applicable laws and standards.

VISION

A premier retirement system, modeling diversity, equity and inclusion, consistently achieving top decile risk-adjusted returns and highly rated by our members for customer service excellence.



Established by the Illinois state legislature in 1895, the Chicago Teachers' Pension Fund (CTPF) administers a defined benefit public employee retirement system providing retirement, survivor, and disability benefits for certain certified teachers and employees of the Chicago Public Schools.



Chicago Teachers' Pension Fund

TRUST.

INTEGRITY.

STABILITY.

DIVERSITY

COMMITMENT TO DIVERSITY

The Chicago Teachers' Pension Fund (CTPF) provides retirement benefits for a diverse population of approximately 31,824 active, 27,474 retired, 6,947 vested inactive and 27,834 non-vested inactive Public School Teachers.

Since the early 1990s, CTPF remains at the forefront of pension and retirement systems throughout the United States, ensuring that investment firms owned by minorities, women, and persons with disabilities have access to the many opportunities to conduct business with CTPF. In addition, we continue to encourage diversity and equality among our employees, vendors, and investment professionals.

On behalf of CTPF and our Board of Trustees, we present to Governor J. B. Pritzker our Diversity & Inclusion Report for 2023.

BOARD OF TRUSTEES



Jeffery Blackwell



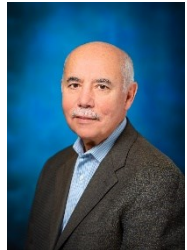
Jacquelyn Price Ward



Mary Sharon Reilly



Lois Nelson



Miguel del Valle



Miquel A. Lewis



Victor Ochoa



Maria J. Rodriguez



Jerry Travlos



Tammie F. Vinson



Quentin S. Washington



Philip Weiss

OFFICERS

Jeffery Blackwell, *President*
Jacquelyn Price Ward, *Vice President*
Mary Sharon Reilly, *Financial Secretary*
Lois Nelson, *Recording Secretary*

MEMBERS

Representing the Contributors

Jeffery Blackwell
Victor Ochoa
Tammie F. Vinson
Jacquelyn Price Ward
Quentin S. Washington
Philip Weiss

Representing the Annuitants

Lois Nelson
Mary Sharon Reilly
Maria J. Rodriguez

Representing the Administrators/Principals

Jerry Travlos

Representing the Board of Education

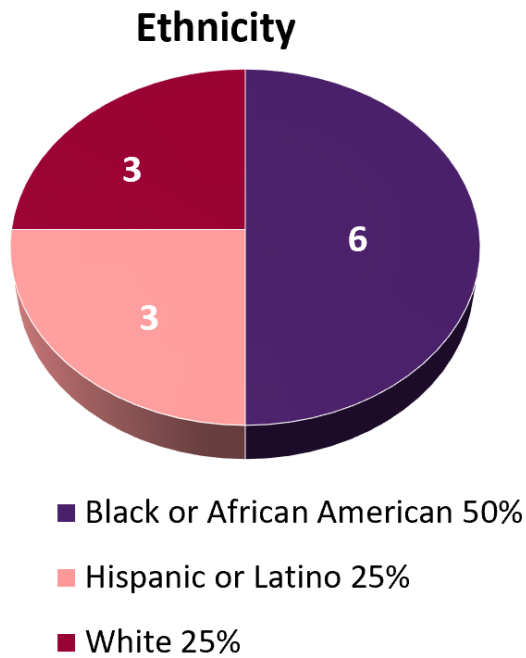
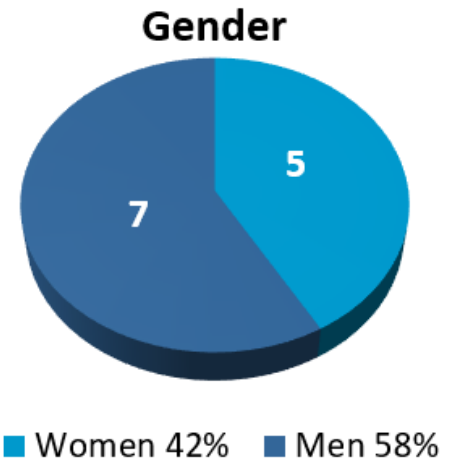
Miguel del Valle
Miquel A. Lewis

As of 6/30/23

BOARD OF TRUSTEES' DIVERSITY

The CTPF Board of Trustees consists of 12 Members:

5	Women
7	Men
<hr/>	
6	Black or African American
3	Hispanic or Latino
3	White



As of 6/30/23

STAFF DIVERSITY RECRUITMENT GUIDELINES

- The Board of Trustees recognizes that knowledge and understanding of diversity is the cornerstone of a successful diversity strategy. It is the Fund's policy to provide Diversity Training to Human Resources and management staff.
- The Board of Trustees recognizes that achievement of the Fund's diversity goals is contingent upon the Fund gaining exposure to a large and broad pool of qualified candidates.
- Management pursues diversity in the recruitment of staff that reflects our area demographics.
- In all cases, CTPF seeks to hire the best qualified candidate for each position.
- When two or more candidates have comparable qualifications, CTPF hires the qualified candidate that contributes to the State of Illinois' public policy goals and the Fund's diversity goals.

CTPF'S METROPOLITAN CHICAGO RECRUITING AREA

CTPF's recruiting goal is to hire a workforce that represents the minority and women demographics of the metropolitan Chicago recruiting area.

The metropolitan Chicago recruiting area includes Cook, DuPage, Lake, and Will counties in Illinois.

	CTPF Current		Metro Recruiting
	<i>Headcount</i>	<i>Ratio</i>	<i>Area Ratio</i>
American Indian and Alaska Native	0	0.0%	0.3%
Asian American	17	13.1%	6.3%
Black or African American	38	29.2%	13.6%
Hispanic or Latino	29	22.3%	19.2%
Native Hawaiian and Other Pacific Islander	0	0.0%	3.8%
Some other race	0	0.0%	7.1%
Two or More Races	1	0.8%	3.7%
White	45	34.6%	49.7%
Women	76	58.5%	47.0%
Men	54	41.5%	53.0%

Metro Data – 2020 U.S. Census

Full-time and part-time employees as of 6/30/23

DIVERSITY OF THE FUND STAFF

The CTPF Staff had a total of 130 employees:

76 Women

54 Men

38 Black or African American

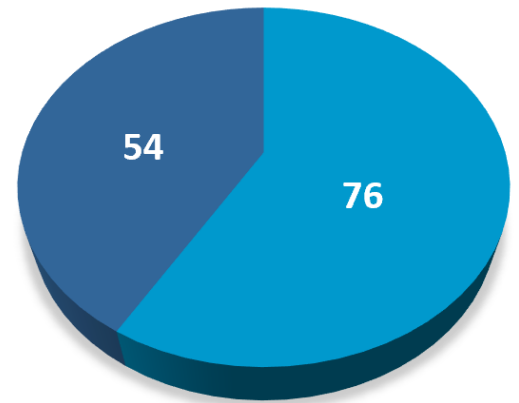
17 Asian American

29 Hispanic or Latino

1 Two or more Races

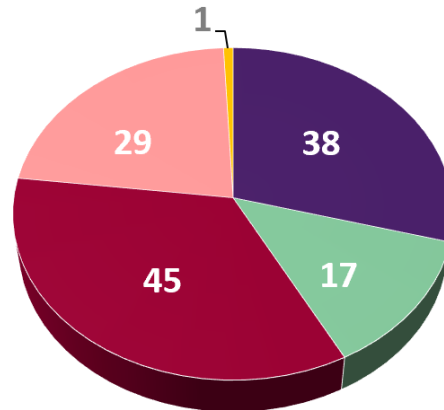
45 White

Gender



■ Women 58.5% ■ Men 41.5%

Ethnicity



■ Black or African American 29.2%

■ Asian American 13.1%

■ White 34.6%

■ Hispanic or Latino 22.3%

■ Two or more Races 0.8%

Full-time and part-time regular employees as of 6/30/23

SENIOR MANAGEMENT DIVERSITY

The CTPF Senior Management Staff had 13 employees:

5 Women

8 Men

4 Black or African American

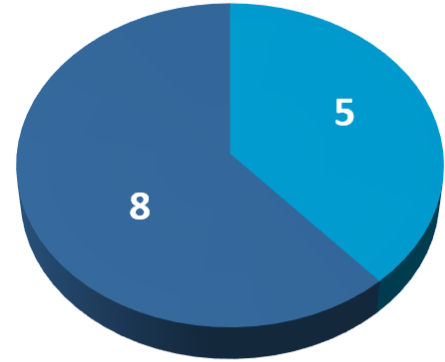
1 Asian American

6 White

1 Hispanic or Latino

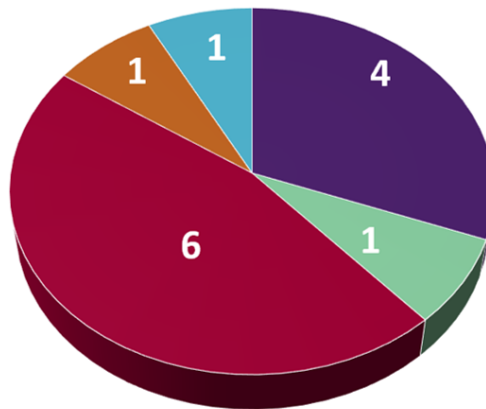
1 Two or more Races

Gender



■ Women 41.7% ■ Men 58.3%

Ethnicity



■ Black or African American 30.8%

■ Asian American 7.7%

■ White 46.2%

■ Hispanic or Latino 7.7%

■ Two or more Races 7.7%

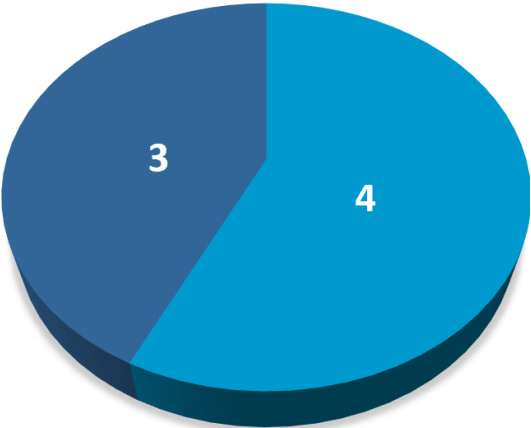
DIVERSITY OF INVESTMENT STAFF

The CTPF Investment Management Staff had 7 employees:

- 4 Women
- 3 Men

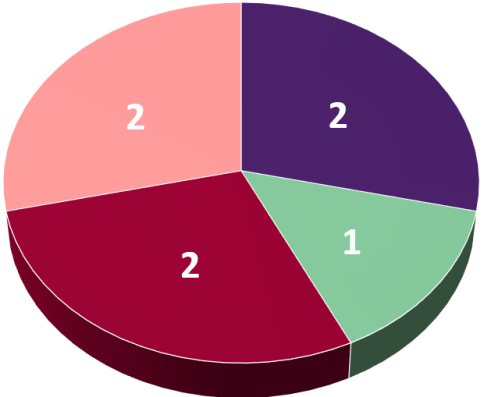
- 2 Black or African American
- 2 Asian
- 1 Asian American
- 2 White

Gender



■ Women 57.1% ■ Men 42.9%

Ethnicity



- Black or African American 28.6%
- Asian 14.3%
- White 28.6%
- Asian American 28.6%

CTPF INVESTMENT CONSULTANT DIVERSITY

Callan Associates is our Investment Consultant. They are committed to promoting diversity within their organization and the institutional investment community.

Callan's Firm Statistics:

- **5%** of the employees are Black or African American
- **21%** of the employees are Asian American
- **7%** of the employees are Hispanic or Latino
- **2%** of the employees are of Two or more Races
- **25%** of the employees are Non-Minority Women

The CTPF Callan Consultant Team:

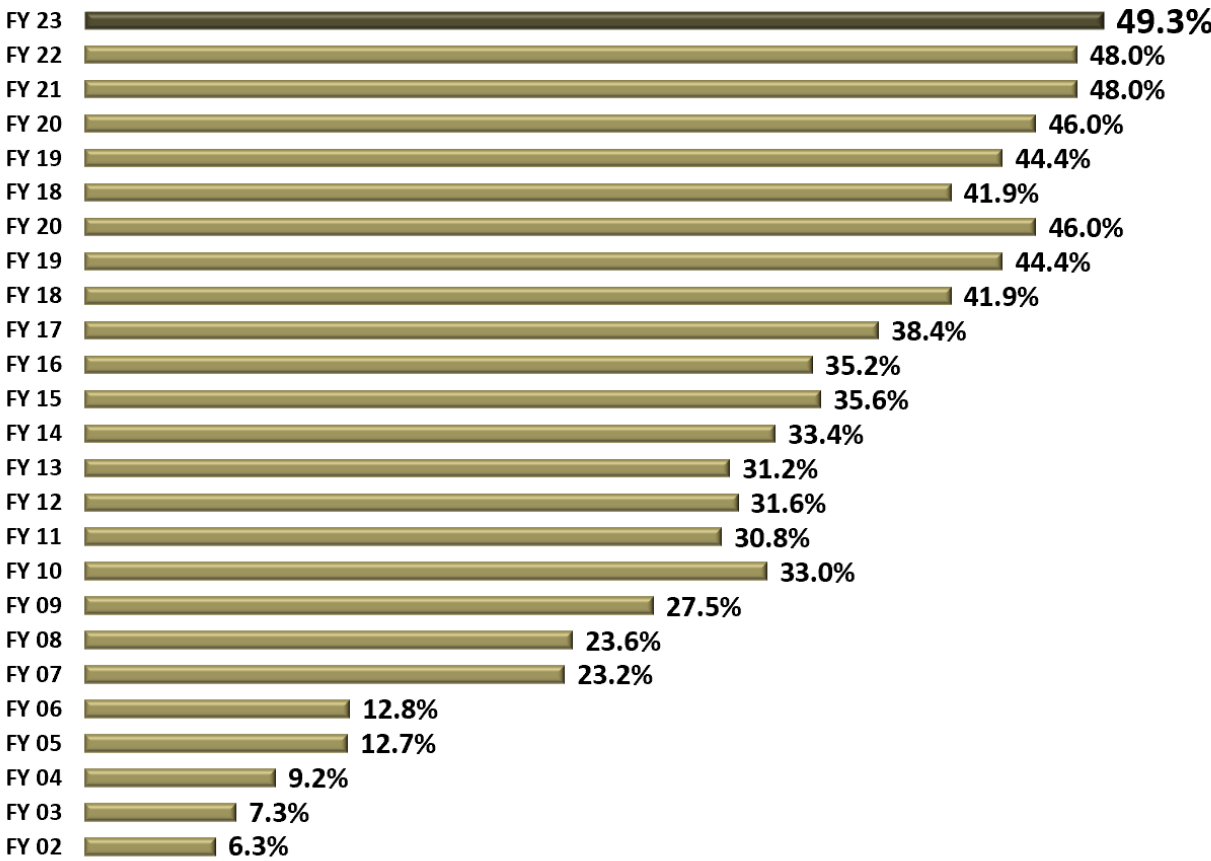
- **18%** of the employees are Black or African American
- **18%** of the employees are Asian American
- **18%** of the employees are Hispanic or Latino
- **36%** of the employees are Non-Minority Women

IMPACT OF PUBLIC ACT 096-0006

TOTAL MWDBE % GROWTH SINCE 2002

CTPF began investing with MWDBE firms in the early 1990s

- Some of CTPF’s earliest MWDBE dollars were invested with firms such as Ariel Investment (Black or African American), Zevenbergen (Women), Taplin, Canida & Habacht (Hispanic or Latino), Attucks (Black or African American), and Progress (Black or African American).
- As of June 30, 2023, the Fund invested **\$5.9B** or **49.3%** of total Fund assets with MWDBE firms.



IMPACT OF PUBLIC ACT 096-0006 – MANAGERS

Since Public Act 096-0006 was enacted, CTPF has enhanced its MWDBE diversity goals:

- **20%** of total Fund assets will be invested with MWDBE firms
- **25%** of actively managed assets will be invested with MWDBE firms

Additionally:

- **30%** of all equity assets will be invested with MWDBE firms
 - 25% invested with Minority Business Enterprise firms
 - 5% invested with Women Business Enterprise firms
 - Best efforts invested with Disabled Owned Business Enterprise firms
- **15%** of all fixed income assets will be invested with MWDBE firms
 - 12% invested with Minority Business Enterprise firms
 - 3% invested with Women Business Enterprise firms
 - Best efforts invested with Disabled Owned Business Enterprise firms
- **12%** of all alternative assets will be invested with MWDBE firms
 - 10% invested with Minority Business Enterprise firms
 - 2% invested with Women Business Enterprise firms
 - “Best efforts” invested with Disabled Owned Business Enterprise firms

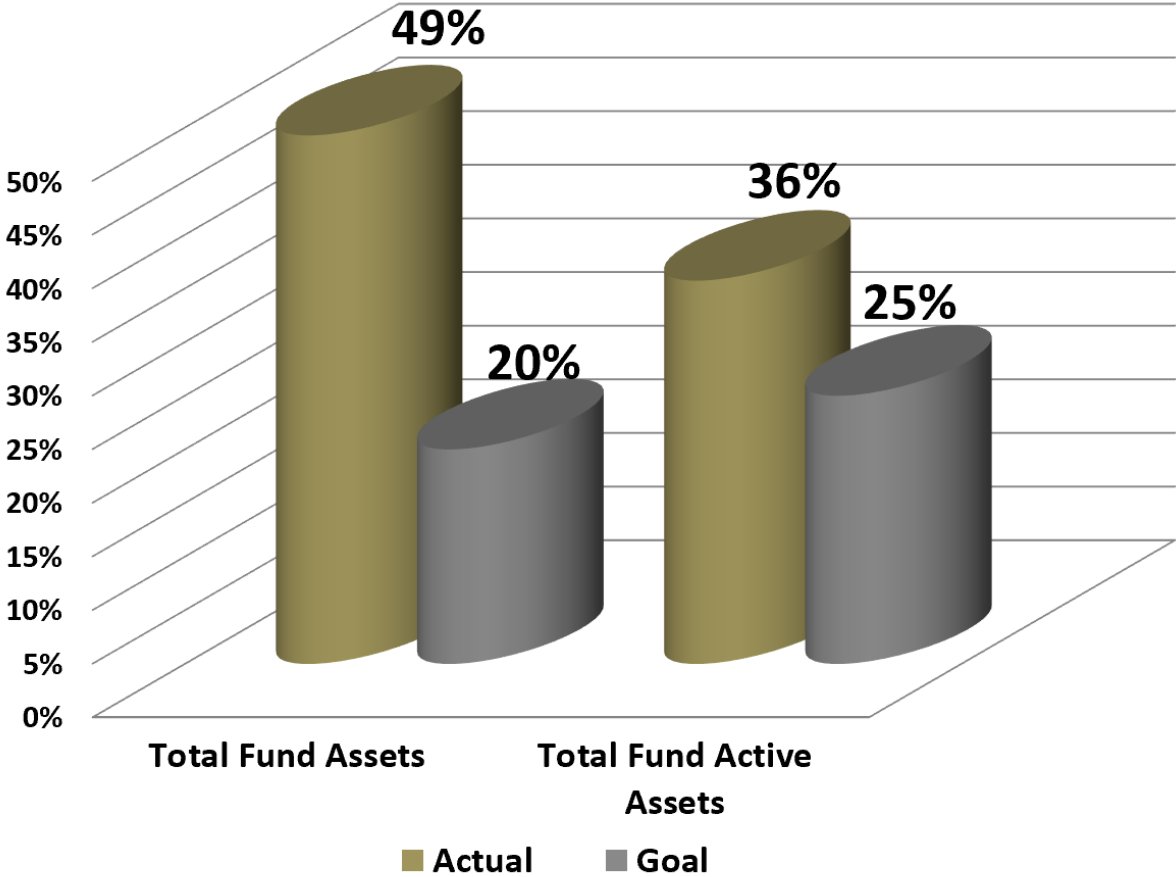
TOTAL FUND MWDBE ASSETS

CTPF had \$5.9B of the Fund's *total assets* invested with MWDBE firms:

- 49.3% of total Fund assets were managed by MWDBE firms

CTPF had \$2.9B of the Fund's *active assets* invested with MWDBE firms:

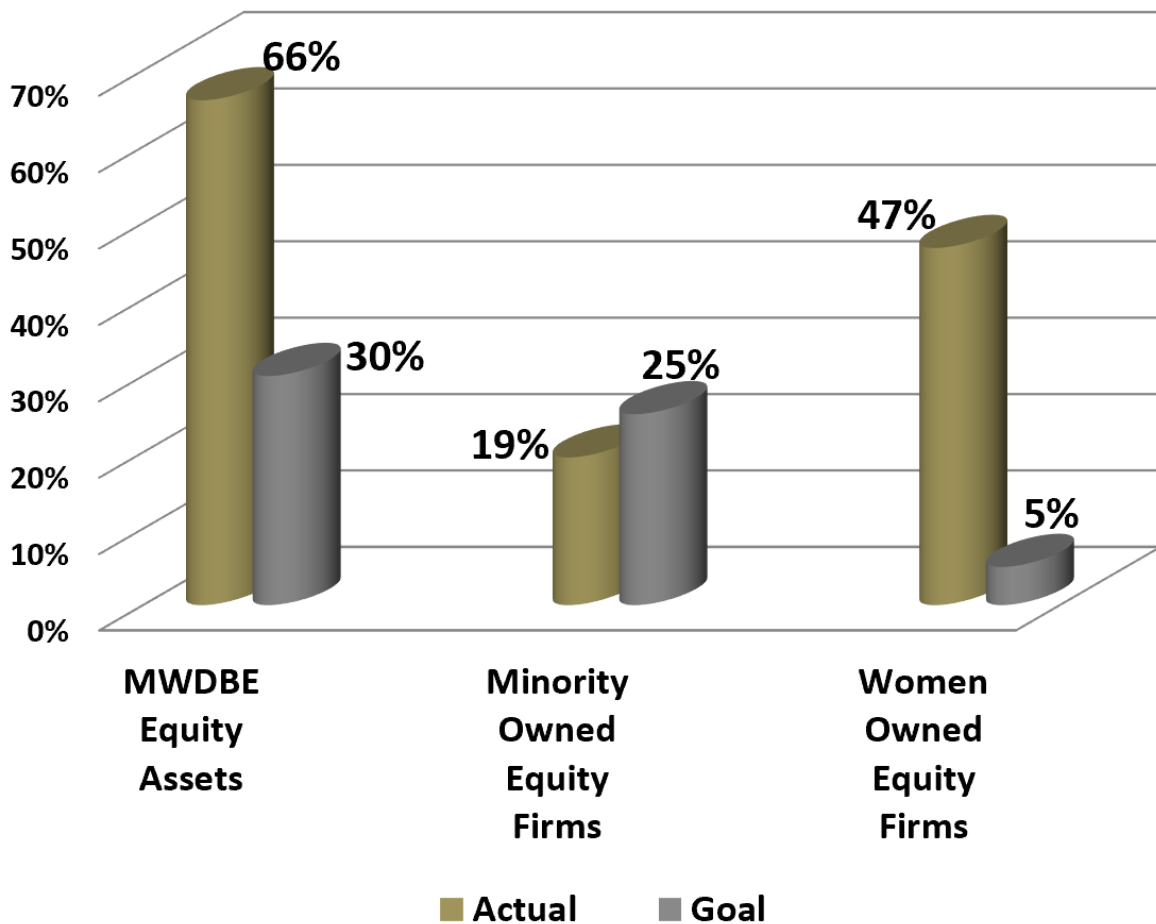
- 35.7% of active Fund assets were managed by MWDBE firms



MWDBE EQUITY MANAGERS

For Domestic and International Equity assets, CTPF had \$4.5B assets invested with MWDBE firms:

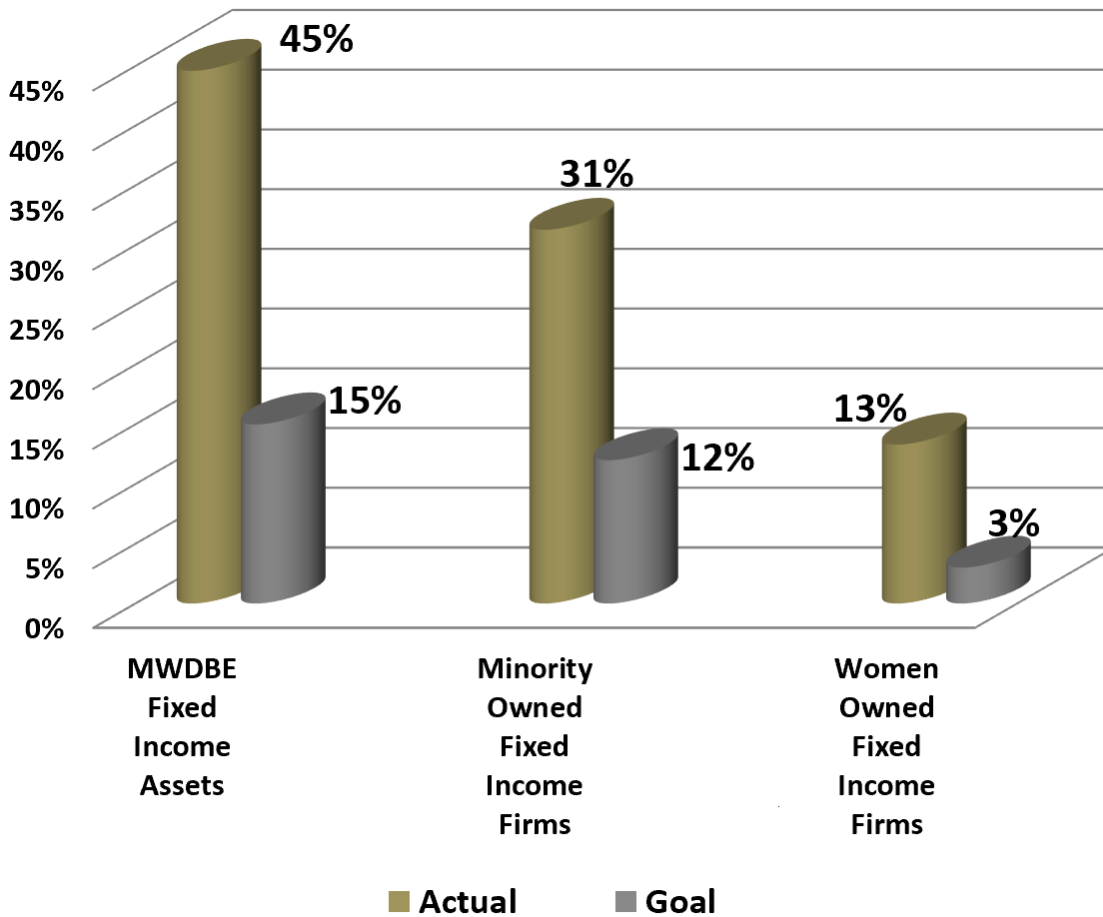
- **66.1%** of all Equity assets were managed by MWDBE firms
 - **19.3%** of these assets were managed by Minority owned firms
 - **46.8%** of these assets were managed by Women owned firms



MWDBE FIXED INCOME MANAGERS

For Fixed Income assets, CTPF had \$989.5M invested with MWDBE firms

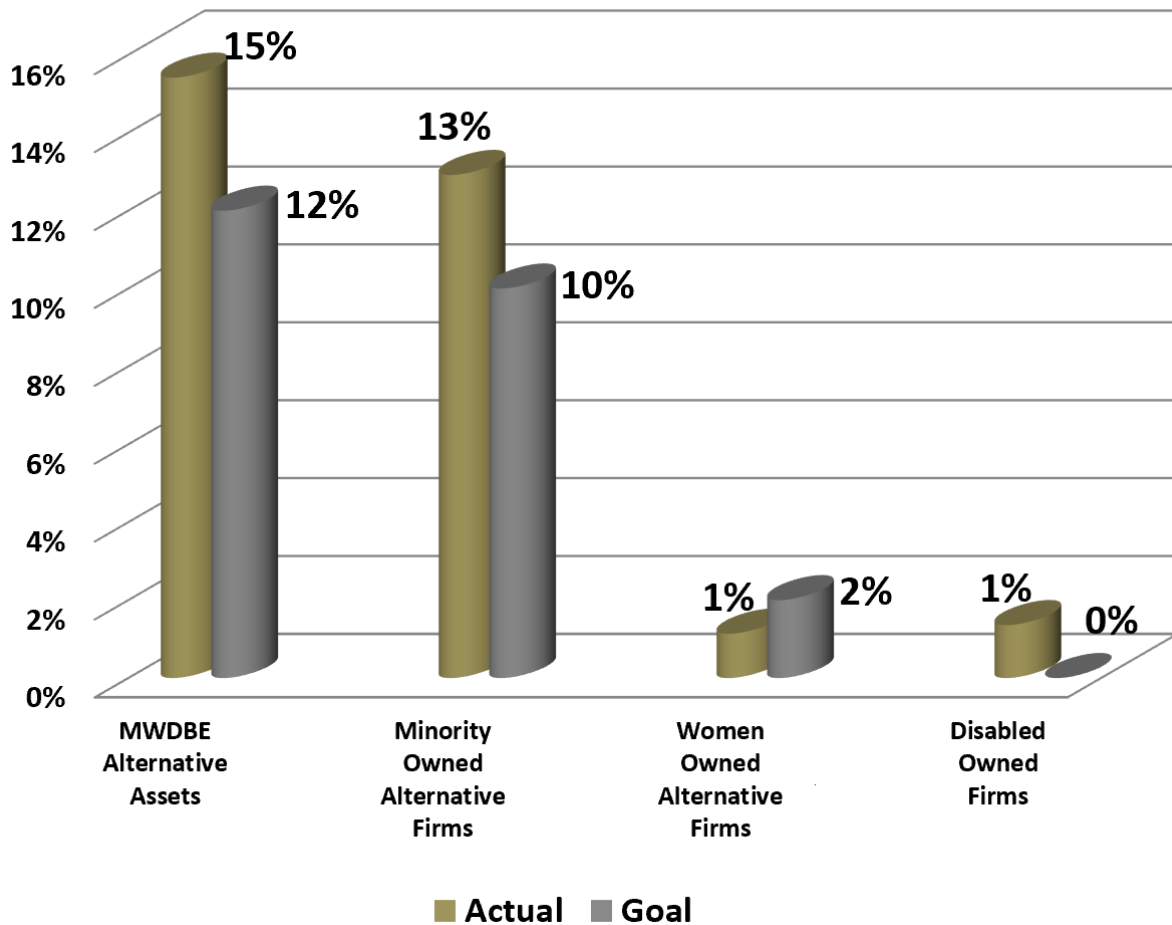
- 44.6% of all Fixed Income assets were managed by MWDBE firms
 - 31.3% of these assets were managed by Minority owned firms
 - 13.3% of these assets were managed by Women owned firms



MWDBE ALTERNATIVE MANAGERS

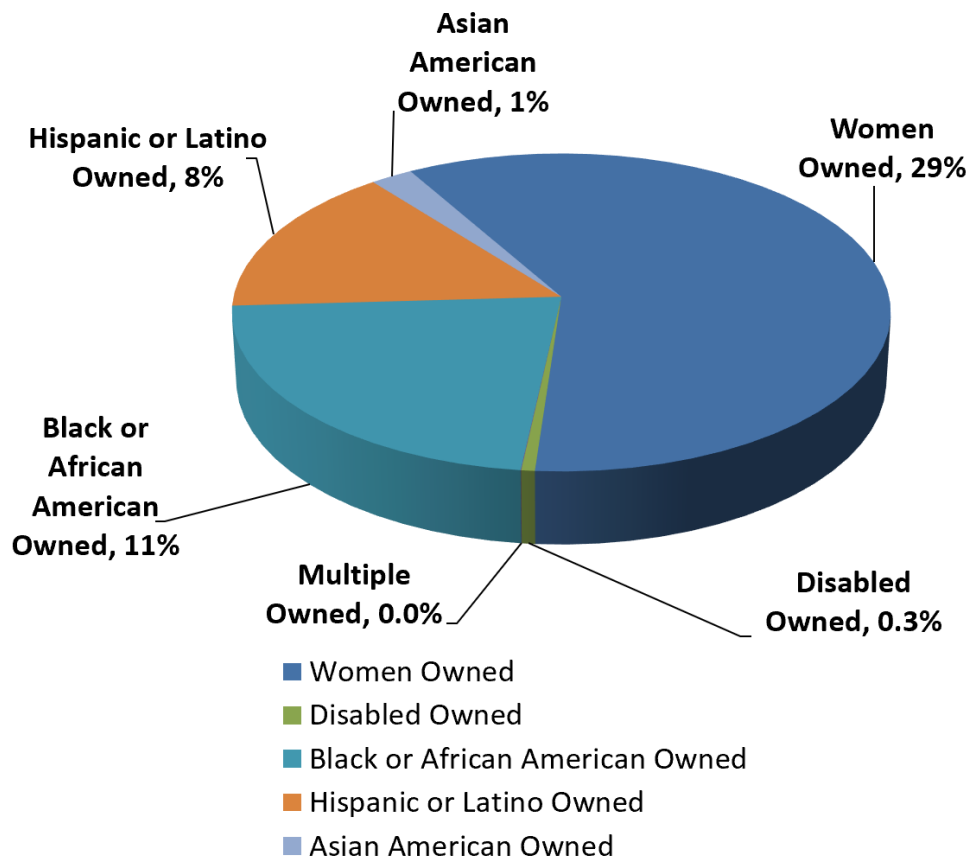
For Alternative assets, CTPF had \$329.7M invested with MWDBE firms:

- **15.4%** of all Alternative assets were managed by MWDBE firms
 - **12.9%** of these assets were managed by Minority owned firms
 - **1.1%** of these assets were managed by Women owned firms
 - **1.4%** of these assets were managed by Disabled owned firms



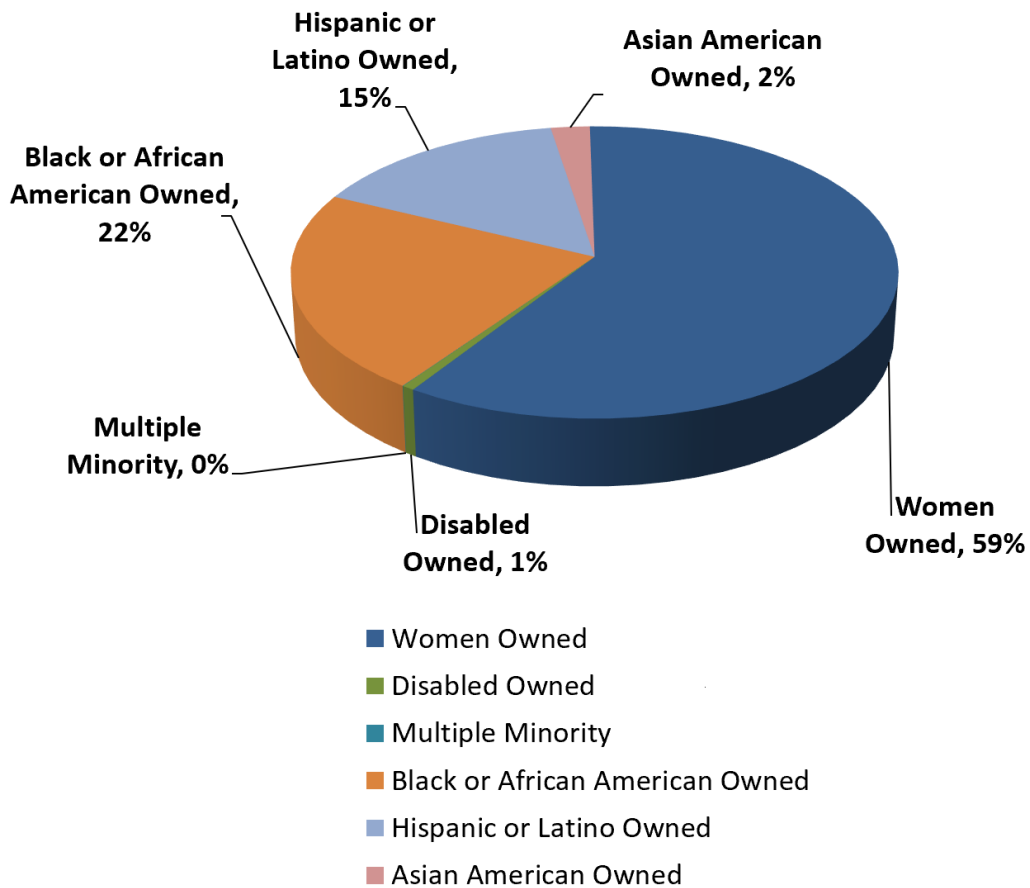
BREAKDOWN OF TOTAL FUND BY MWDDBE CLASSIFICATION

- **\$3.49B** was managed by Women owned firms
- **\$1.31B** was managed by Black or African American owned firms
- **\$894.6M** was managed by Hispanic or Latino owned firms
- **\$134.6M** was managed by Asian American owned firms
- **\$35.5M** was managed by Disabled owned firms
- **\$1.5M** was managed by Multiple Minority owned firms



BREAKDOWN OF TOTAL MWD BE BY CLASSIFICATION

- **\$3.49B** was managed by Women owned firms
- **\$1.31B** was managed by Black or African American owned firms
- **\$894.6M** was managed by Hispanic or Latino owned firms
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- **\$1.5M** was managed by Multiple Minority owned firms



HOW WE INVEST IN EMERGING MANAGERS

CTPF invests in MWDBE firms in four ways:

Direct Mandates

- Currently the Fund has direct relationships with **40** MWDBE firms, with **51** funds

Fund of Funds (FoF)

- The Fund has one Real Estate (Majority-owned) Fund of Fund program
- Through the FoF programs, the Fund has relationships with **1** MWDBE firms via **2** investment funds

Manager of Managers (MoM)

- The Fund has one Domestic Equity (African American owned) and one International Equity (Asian American owned) Manager of Manager program
- Through the MoM programs, the Fund has relationships with **21** MWDBE firms via **16** investment strategies

Graduation Program

- Since the inception of the Fund's MoM programs, **9** firms have graduated to direct mandates with CTPF.

CTPF MWDBE INVESTMENTS FY2023

- CTPF committed **\$10 million to Turning Rock III**, Women owned Private Equity firm.
- CTPF committed **\$10 million to Estancia III**, Latino owned Private Equity firm.

CTPF OUTREACH

CTPF's First Friday Meeting

This meeting occurs the first Friday of every other month (six times per year) to provide the opportunity for Emerging and MWDBE managed firms to meet with CTPF's Investment Consultant, CTPF Trustees, CTPF Investment Staff, and CTPF's Executive Director to highlight their firm's products and accomplishments.

Manager of Managers (MoM) Programs

Emerging managers have an opportunity to manage CTPF public market assets. Due to their small size, these opportunities would not be available to them without the Manager of Managers programs.

Fund of Funds (FoF) Programs

Emerging managers have an opportunity to manage CTPF public market assets. Due to their small size, these opportunities would not be available to them without the Fund of Funds programs.

Organizations and Involvement

- Accelerate Investors (ACCEL)
- African Private Equity and Venture Capital Association
- Association of Asian American Investment Managers (AAAIM)
- Institutional Limited Partners Association (ILPA)
- National Association of Investment Companies (NAIC)
- National Association of Security Professionals (NASP)
- New America Alliance (NAA)
- Pension Real Estate Association (PREA)
- Women Investment Professionals (WIP)

Conferences

- Accelerate Investors (ACCEL)
- Association of Asian American Investment Managers (AAAIM)
- National Association of Investment Companies (NAIC)
- National Association of Securities Professionals (NASP)
- New American Alliance (NAA)
- The Investment Diversity Exchange (TIDE)

Publications

- Crain's Chicago Business
- Emerging Manager Monthly
- Financial Times
- FundFire
- IREI Infrastructure
- Mandate Wire
- PEI Media (PERE News)
- Pensions & Investments
- Wall Street Journal

IMPACT OF PUBLIC ACT 096-0006 - Brokerage

Trades are executed with CTPF approved MWDBE brokers.

Non-directed trading is not considered in meeting the Fund's goals. Step-outs are not allowed nor counted.

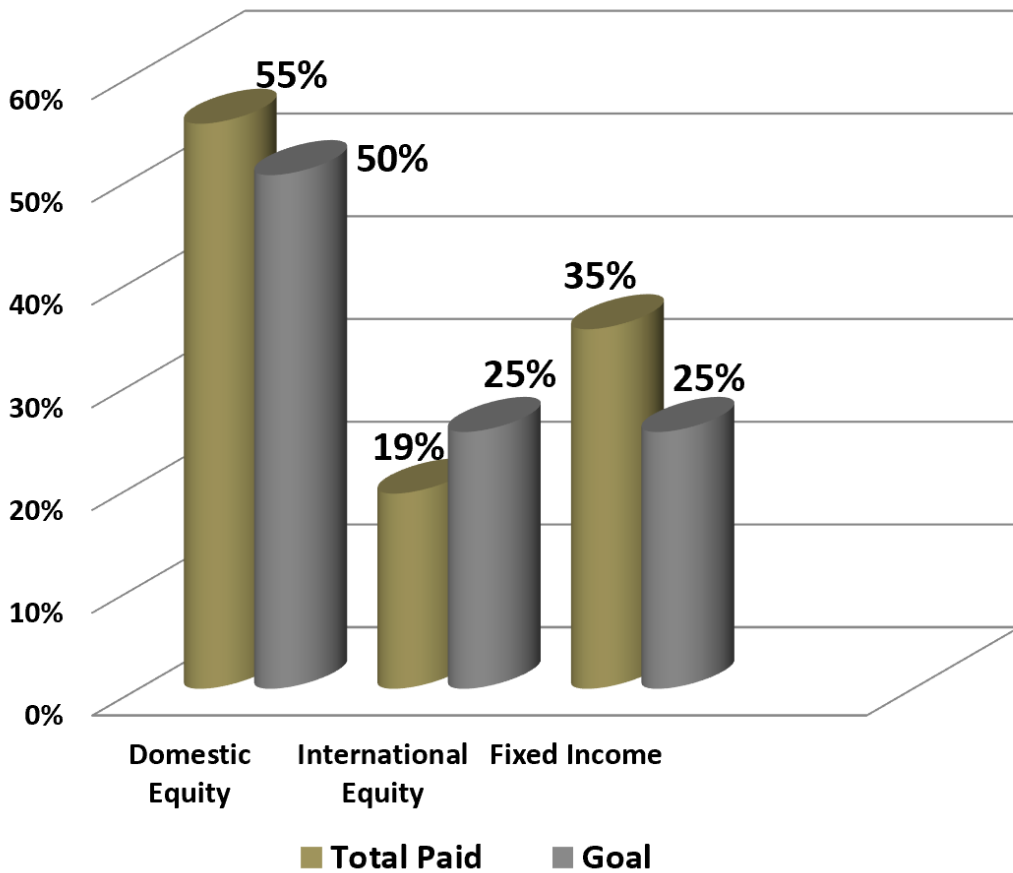
CTPF MWDBE Brokerage Goals:

- **50%** of Domestic Equity trades: Active Large Cap, and MoMs
- **35%** of Domestic Equity trades: Active Small Cap, and Passive
- **25%** of International Equity trades: Active Large Cap, MoMs, and Passive
- **5%** of International Equity trades: Active Small Cap, and Passive
- **25%** of all Fixed Income Volume Traded
- **10%** Active REIT Managers

BROKERAGE COMMISSIONS for 2022

In calendar year 2022, the Fund paid over **\$3.4M** in Domestic and International Equity commissions. **\$776K** was directed to MWDBE brokers; **23%** of all commissions paid.

In 2022, the Fund had **\$6.7B** in Fixed Income par volume traded. **\$2.4B** of that par volume traded was directed to MWDBE brokerage firms.



CTPF'S MWDBE BROKERAGE PROGRAM

CTPF maintains a list of approved MWDBE brokerage firms. To be an approved MWDBE broker with CTPF, the following qualifications must be met:

- Active Certification of Minority Business Enterprise status
- Proof of Firm's National Association of Securities Dealers certification (FINRA)
- Proof that all head trading staff and employees with 5% or more ownership have a Series 7 license
- Proof that Firm owners have both a Series 63 and a Series 7 license
- Current registration and Certificate of Good Standing from the State of headquarter

PROCUREMENT & PURCHASING POLICY

DIVERSITY PROCUREMENT AND PURCHASING POLICY

CTPF fully supports the public policy considerations of SB364 (Public Act 096-0006) which, among other provisions, mandates the establishment of procurement policies by all major public pension funds in Illinois that promote inclusion and diversity. The law also mandates establishment of incremental goals for the inclusion of minorities, women, and persons with disabilities, when pension funds seek fiduciaries and services.

CTPF'S SERVICE PROVIDER GOAL

CTPF's Service Provider Goal - a minimum of **20%** of all Fund expenditures for fiduciaries, suppliers, consultants, and service providers are paid to firms classified as Minority, Women, and Disabled-Owned Business Enterprises.

This goal is consistent with CTPF's MWDBE Investment professional allocation goal that a minimum of **20%** of the total Fund assets will be invested with MWDBE firms.

CONTRACT AND PROCUREMENT POLICY

The CTPF Contract and Procurement Policy applies to all selected fiduciaries and service providers.

Contract and Procurement Administrator

The Contract and Procurement Administrator’s role and responsibilities, and working with the Chief Legal Counsel or his/her designee, ensure MWDBE businesses are afforded opportunities to participate in CTPF procurement and contract activities to the fullest extent possible.

Reporting

The Fund’s staff shall prepare periodic reports of purchases and contract activities. Major reports include the annual MWDBE reports, reports prepared for Legislative committees, and various management reports.

Minority, Women, and Disabled Owned Business Enterprises (MWDBE)

CTPF is committed to empowering all MWDBEs with an opportunity to respond to solicitations for CTPF purchases and contracts for goods or services. CTPF is committed to vendors that demonstrate a substantial commitment to diversity within the vendor’s workforce and in the vendor’s relationships with professional providers and sub-vendors. CTPF will expend all reasonable and prudent efforts to utilize the services of vendors, consultants, and service providers who are diverse based on race, ethnicity, gender, disability, sexual orientation, age, religion, veteran’s status, and other factors, as well as those who are committed to and have a record of commitment to diversity.

The Contract Lead shall determine whether subcontracting opportunities are probable for the contract. If subcontracting opportunities are probable, vendors are required to submit a MWDBE Subcontracting Plan (MWDBE-SP) with their solicitation response, reflecting the use of MWDBE subcontractors or good faith efforts to utilize the same, as a condition of being eligible to receive a purchase or contract. If subcontracting opportunities are not probable, documentation of this determination will be maintained with the procurement or contract file.

FIDUCIARIES & SERVICE PROVIDERS

In fiscal year 2023, Minority, Women, and Disabled Owned Business Enterprises received:

- **34.4%** of total business expenditures paid by the Fund were to MWDBE fiduciaries and service providers for goods and services
- **34.3%** of Investment related expenditures were paid to MWDBE Investment Managers

MWDBE Status & Allocation

Service	Expense			% of Service Type	% of Total Expenses
Disaster Recovery	\$ 269,742				
Education and Training	171,970				
Equipment	1,369,309	MWDBE	\$ 961	0.07%	
Membership Dues & Subscriptions	58,779				
Miscellaneous	104,349	MWDBE	20,195	19.35%	
Personnel	14,947,695	MWDBE	7,690,389	51.45%	
Professional Services	7,156,176	MWDBE	1,141,636	15.95%	
Property	1,246,279				
Supplemental	90,160	MWDBE	2,583	2.87%	
Supplies	56,445	MWDBE	17,709	31.37%	
Utilities	123,794				
TOTAL	\$25,594,700	MWDBE	\$ 8,873,475		34.67%
Investment Consulting & Services					
Master Custodian	965,842				
Investment Consultants	695,295				
Investment Legal Fees	108,009				
Investment Manager Fees	44,801,892	MWDBE	15,953,969		35.61%
TOTAL	\$46,571,039	MWDBE	\$15,953,969		34.26%
Total Participation	\$72,165,739	MWDBE	\$24,827,444		34.40%

Table data as of June 30, 2023

CTPF EMERGING MANAGERS

Aldrich Capital Partners Tower Vienna, VA	IC Berkeley Partners San Francisco, CA	Phocas Financial Corporation Alameda, CA
Ariel Investments Chicago, IL	ICV Partners New York, NY	Pugh Capital Management Seattle, WA
Astra Capital Management Washington, DC	JLC MJE-Loop Capital Partners LLC Chicago, IL	Ramirez & Co., Inc. New York, NY
Attucks Asset Management Chicago, IL	Leading Edge Investment Advisors San Francisco, CA	Red Arts Capital, LP Chicago, IL
AUA Private Equity Partners New York, NY	LM Capital Group San Diego, CA	RhumbLine Advisers Boston, MA
Basis Investment Group, LLC New York, NY	Long Arc Capital, LP New York, NY	RLJ Equity Partners Bethesda, MD
Channing Capital Management Chicago, IL	Longpoint Realty Partners, LP Boston, MA	Strategic Global Advisors Newport Beach, CA
Earnest Partners Atlanta, GA	Long Wharf Capital Boston, MA	Southwest Multifamily Partners Los Angeles, CA
Estancia Capital Partners Scottsdale, AZ	MB Global Partners New York, NY	Syncom Venture Partners Bethesda, MD
Farol Fund Advisors, LP Wilmington, DE	New Mainstream Capital, LP New York, NY	Turning Rock Partners New York, NY
GAP Asset Management, LLC South Bend, IN	Newport Capital Partners Chicago, IL	WM Partners, LP Dania Beach, FL
Garcia Hamilton & Associates Houston, TX	Oak Street Real Estate Capital, LLC Chicago, IL	Zevenbergen Capital Investments Seattle, WA
GreenOak Real Estate Advisors, LP New York, NY	P4G Capital Partners San Francisco, CA	
H Venture Partners Cincinnati, OH	Palladium Equity Partners New York, NY	
HCP & Company Chicago, IL	Pharos Capital Partners Dallas, TX	

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