



SURS Diversity Report

**Senate Special Committee on
Pension Investments**

December 11, 2020

Overview as of June 30, 2020

MEMBERSHIP

157 SURS employees

Defined Benefit Plan:

- 63,206 active members
- 83,744 inactive members
- 69,172 benefit recipients

Total DB members: 216,122

61 different employers

- 9 state universities
- 39 community colleges
- 13 affiliated agencies

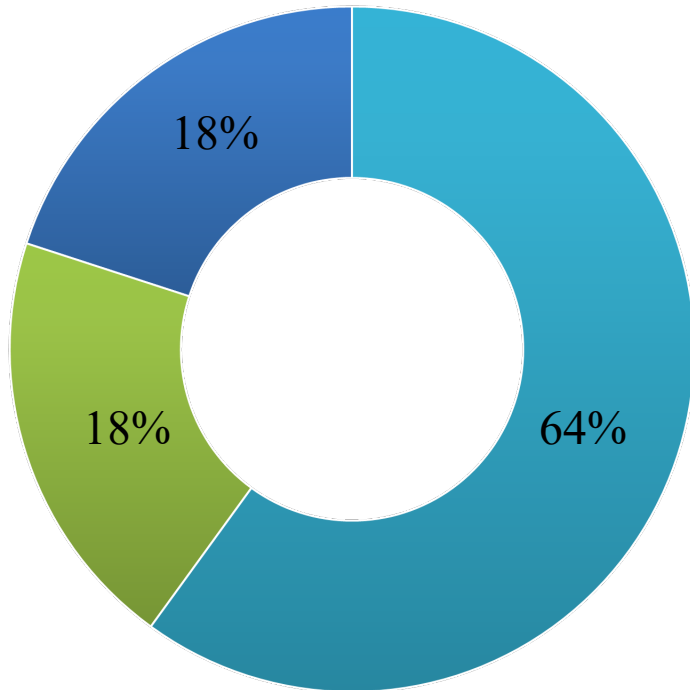
PORTFOLIO

SURS Assets:

- SURS Defined Benefit Assets: \$19.5 billion
 - 1 Year Return Net of Fees: 2.64%

SURS paid \$2.7 billion in Defined Benefit plan benefits during FY2020

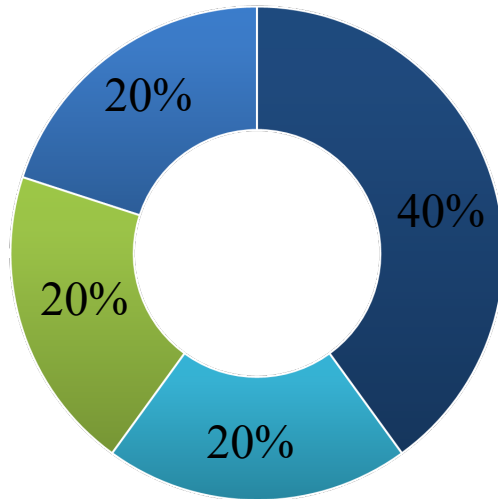
Board of Trustees



■ African American ■ Hispanic or Latino ■ Non-Minority

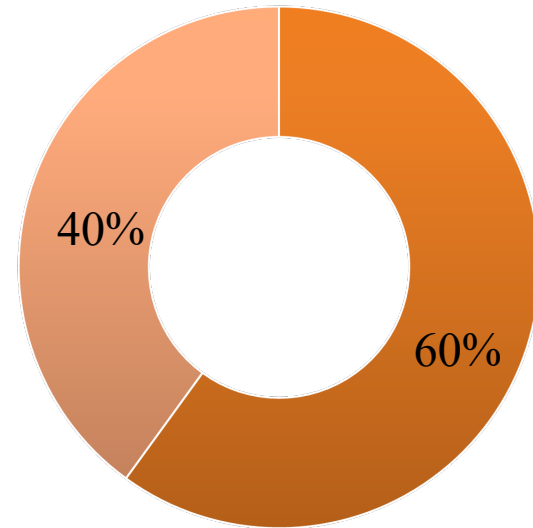
- 11 members:
 - 4 elected participating (active) SURS members
 - 2 elected annuitant (retired) SURS members
 - 4 members appointed by the Governor
 - Chairperson, appointed by the Governor, also serves as Chair of Illinois Board of Higher Education
- 2 of current 11 Trustees are African-American
 - 1 woman and 1 man
- 2 of current 11 Trustees are Hispanic or Latino
 - 2 men

Investments Team



■ Hispanic or Latino ■ Asian-American
■ Non-Minority Woman ■ Non-Minority Men

- 2 Hispanic or Latino
 - 1 woman and 1 man
- 2 Asian American
 - 1 woman and 1 man
- 2 Non-Minority Women
- 4 Non-Minority Men

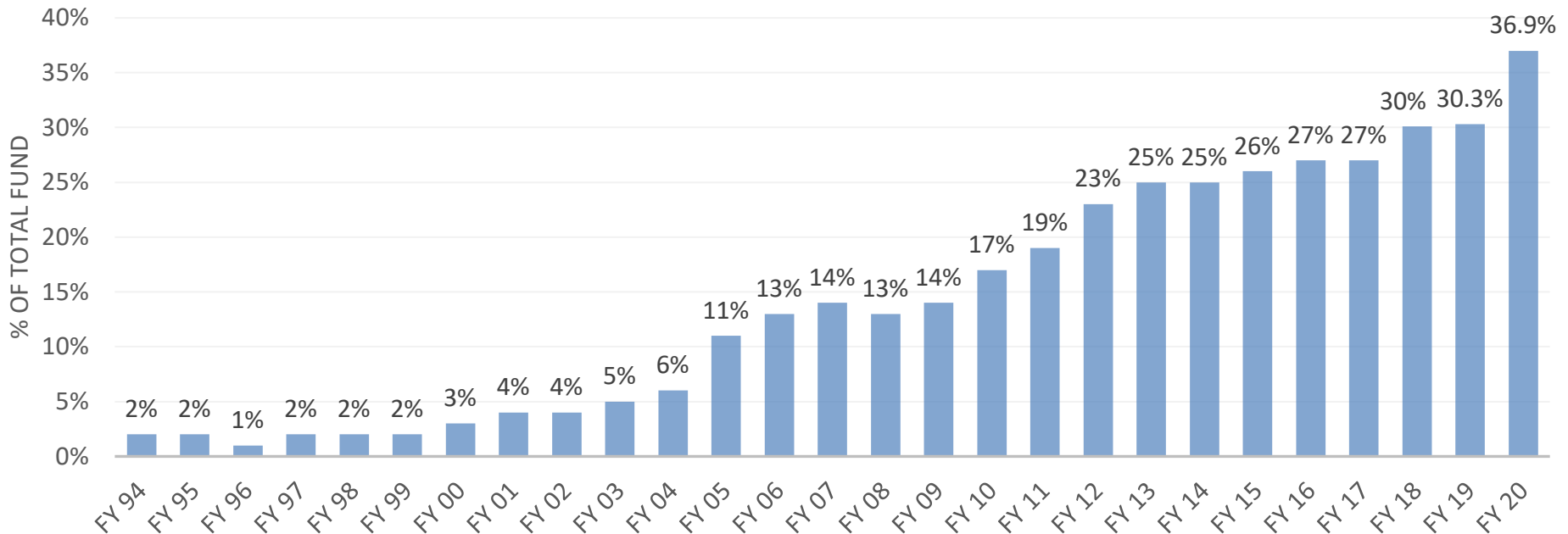


■ Women ■ Men

- 4 Women
- 6 Men

Assets with MWDBEs*

* Minority-, Women-, Persons with a Disability-owned Business

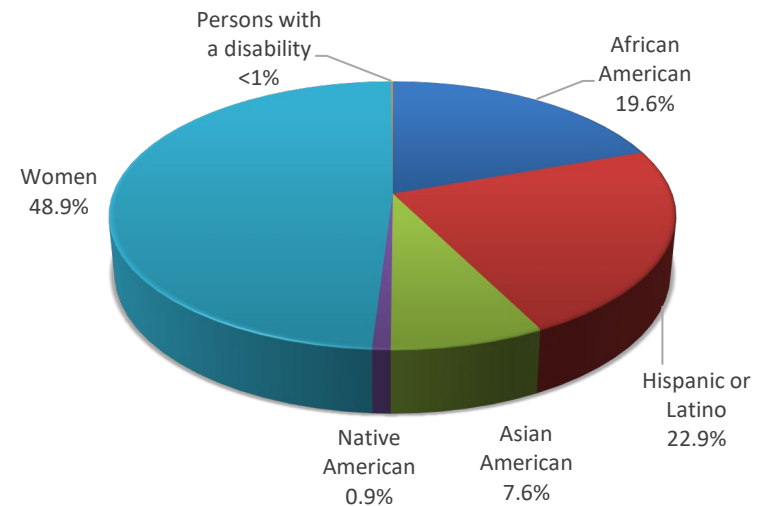


FY 94	FY 98	FY 02	FY 06	FY 10	FY 14	FY 20
\$103.4	\$195.8	\$392.9	\$1,847.7	\$2,067	\$4,341.5	\$7,219

Note: Assets in millions

Manager Diversity Breakdown

	June 30, 2020		
	<u>Assets in \$MM*</u>	<u>% of MWDB Total</u>	<u>% of Total Fund</u>
African American	\$1,412.5	19.6%	7.2%
Hispanic or Latino	1,655.6	22.9%	8.5%
Asian American	547.3	7.6%	2.8%
Native American	62.4	0.9%	0.3%
Women	3,532.7	48.9%	18.1%
Persons with a disability	8.5	0.1%	<0.1%
	\$7,219.0	100%	36.9%



- Manager of manager assets categorized according to ethnicity of sub-managers.
- Totals may not add due to rounding.

Current Investment Diversity Program

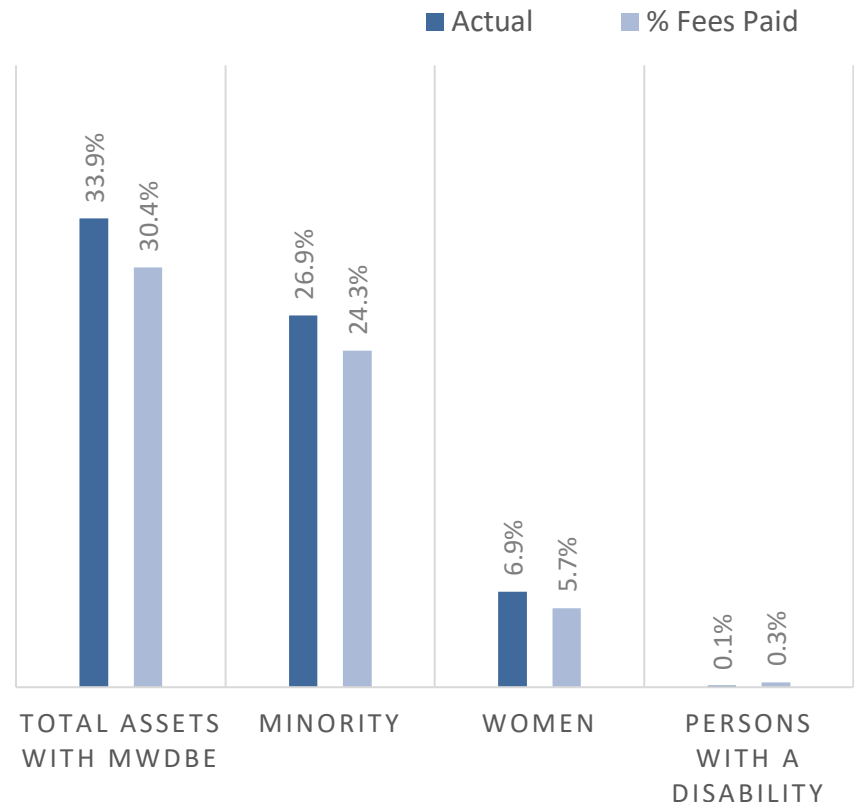
- **June 30, 2020: Current Program**
 - SURS Total Portfolio
 - \$7.2 billion invested with 24 MWDBEs
 - This includes:
 - Manager Diversity Program (MDP)
 - ❖ \$4.1 billion invested with 22 managers (24 mandates)
 - Manager of Emerging Managers Program
 - ❖ Xponance
 - Approximately \$223 million invested with 6 managers
 - ❖ Bivium
 - Approximately \$352 million invested with 5 managers (6 mandates)
 - Passive MWDBE manager in SURS portfolio
 - ❖ \$2.5 billion invested in passive U.S. Equity, TIPS, and Long Duration

Active Assets with MWDBEs

- **SURS' utilization of active MWDBE managers:**

- As of June 30, 2020, MWDBEs managed 33.9% of SURS active assets
- 30.4% of total fees were paid to MWDBEs

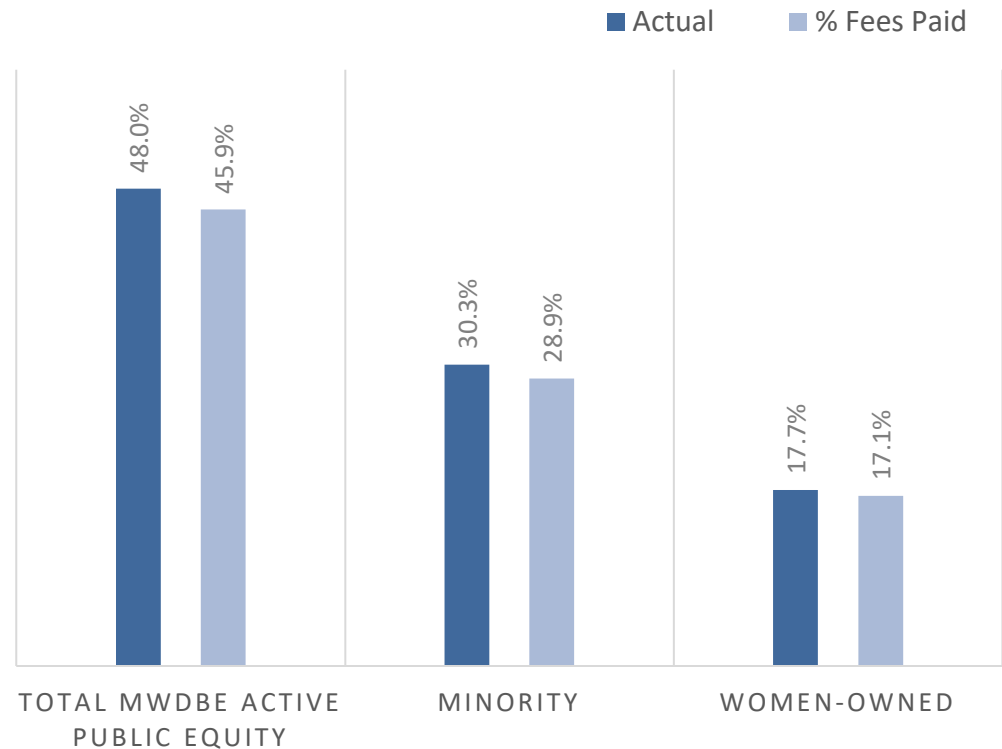
	Utilization	% Fees paid
Minority-Owned total	26.9%	24.3%
* African American	10.3%	10.8%
* Asian American	4.0%	5.2%
* Latino or Hispanic	12.1%	7.8%
* American Indian or Alaskan Native	0.5%	0.5%
Women-Owned total	6.9%	5.7%
Persons with a disability	0.1%	0.3%



Active Public Equity Assets with MWDBEs

- **SURS' utilization for active equity assets managed by MWDBE firms**
 - As of June 30, 2020, MWDBE firms managed 48% of SURS active equity assets
 - 46.2% of active equity fees were paid to MWDBE managers

	Utilization	% Fees paid
Minority-Owned total	30.3%	28.9%
* African American	21.1%	21.0%
* Asian American	1.0%	1.0%
* Latino or Hispanic	5.0%	4.9%
* American Indian or Alaskan Native	2%	2.0%
Women-Owned total	17.1%	17.1%

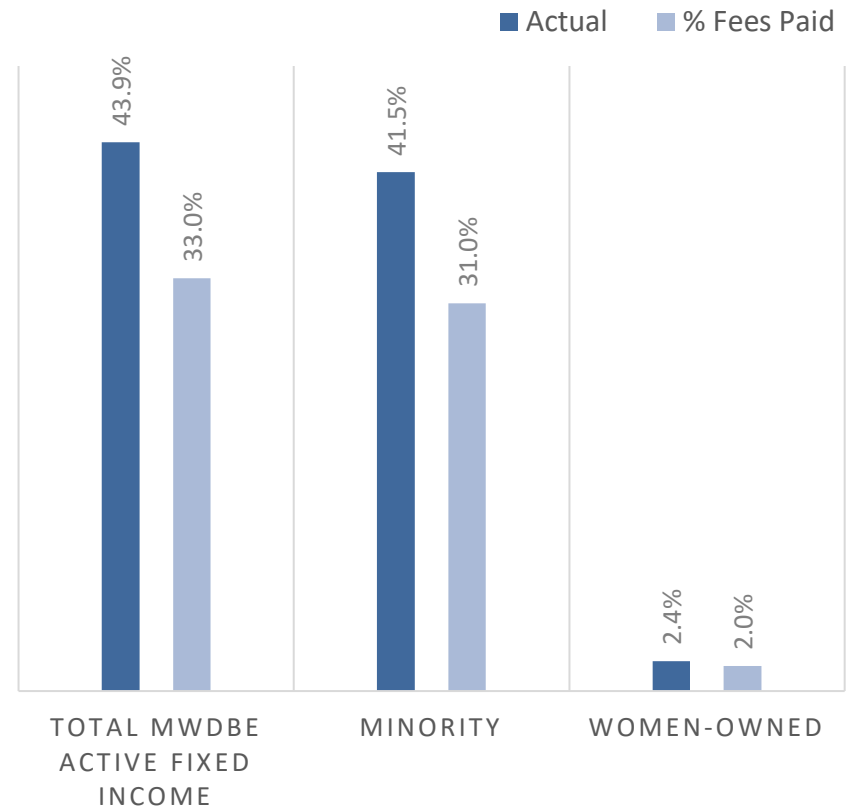


Active Fixed Income Assets with MWDBEs

- **SURS' utilization for active fixed income assets managed by MWDBE firms**

- As of June 30, 2020, MWDBEs managed 43.9% of SURS active fixed income assets
- 33% of total active fixed income fees were paid to MWDBE managers

	Utilization	% Fees paid
Minority-Owned total	41.5%	31%
* African American	9.2%	10.1%
* Hispanic or Latino	32.2%	20.9%
Women-Owned total	2.4%	2.0%

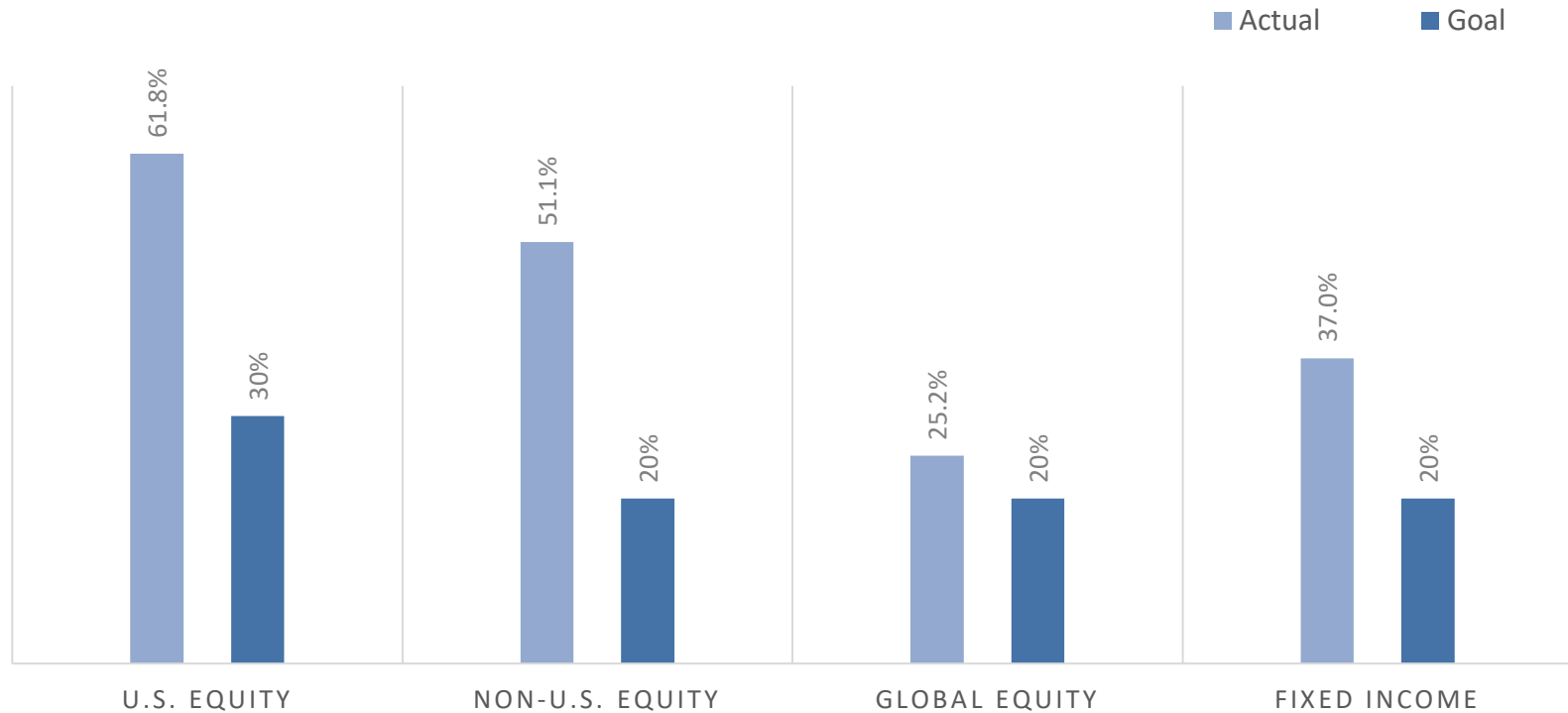


Alternative Assets with MWDBEs

- **SURS' goal for alternative assets managed by MWDBE firms**
 - SURS Board changed the goal from 20% of new alternative allocations to 20% of total utilization in December 2019
 - As of June 30, 2020, approximately \$687 million (13.8% of alternatives) were managed by firms of diversity:
 - 91.9% Minority-owned
 - 8.5% African American
 - 69.5% Asian American
 - 13.9% Hispanic or Latino
 - 6.1% Women-owned
 - 2.0% Persons with a disability-owned
- **FY20 activity includes:**
 - \$215 million committed to MWDBE Private Equity and Non-Core Real Asset firms, representing 34.1% of total

Minority Brokerage Results

Year Ending June 30, 2020



- Actual brokerage numbers for each asset class exceed their respective brokerage goals
- Managers not meeting brokerage expectations face consequences up to and including termination

Minority Brokerage Results

Year Ending June 30, 2020

- **U.S. Equity:**
 - \$290,808 directed to MWDBEs, representing 61.8% of total equity commissions
 - Three of SURS' top five U.S. equity brokers were MWDBEs
 - 2 African American, 1 Latino-owned firm
- **Non-U.S. Equity:**
 - \$572,764 directed to MWDBEs, represent 51.1% of total Non-U.S. Equity commissions
 - Three of SURS' top five Non-U.S. equity brokers were MWDBEs
 - 1 African American, 2 Woman-owned firms
- **Global Equity:**
 - \$130,759 directed to MWDBEs, representing 25.2% of total global equity commissions
- **Fixed Income:**
 - \$3.3 billion in fixed income trading volume was directed to MWDBEs, representing 37.0% of total trading volume
 - SURS' #1 fixed income broker (by trading volume) was an African American-owned firm

Summary

- **SURS has a history of consistent utilization of MWDBEs**
 - Assets allocated to MWDBEs as of June 30, 2020 represent 36.9% of total assets, an annual increase of nearly 22%
 - \$7.2 billion invested with 24 MWDBEs in 2020
- **SURS and its partners are committed to continue providing opportunities to diverse firms**
 - Significant improvement during FY 2020
 - Annual Diverse Manager Week event as a staple of SURS outreach efforts