

mwbe

Minority- and Women-Owned Business Enterprise



2016-2017 Fiscal Year

Asset Management and Financial Institution Strategy Report



Thomas P. DiNapoli | Office of the New York State Comptroller

History of the MWBE Legislation

The New York State Minority- and Women-Owned Business Enterprise (MWBE) Asset Management and Financial Institution Strategy (Chapter 171, Laws of 2010) was enacted to codify and replicate best practices for providing MWBEs that are asset managers, investment banks and financial and professional service providers with the opportunity to offer services to fiduciary-controlled entities established by New York State law. The law authorized the State Comptroller, as the Trustee of the New York State Common Retirement Fund (CRF or the Fund), and other fiduciary-controlled entities (i.e., the New York State Teachers' Retirement System (NYSTRS), the New York State Insurance Fund (NYSIF) and the New York State Deferred Compensation Plan (NYSDCP)) to establish an MWBE Asset Management and Financial Institution Strategy (the Strategy). State Comptroller Thomas P. DiNapoli has formulated and implemented the Strategy in accordance with the law.

Under the Strategy, the Fund has developed guidelines for the certification of MWBE firms that are conducting investment-related business with the Fund or seeking to do so. The guidelines, which were adopted December 13, 2010, are listed below. The Fund, in conjunction with NYSTRS and NYSIF, is continuing to develop and update a database of these MWBEs and will issue periodic reports on the success of the Strategy. Additionally, the Fund works closely with NYSTRS and NYSIF to advertise the Strategy and coordinate conferences for MWBE firms to learn about business opportunities with fiduciary-controlled entities.

In accordance with the Strategy, the Fund submits this report to the Governor, the Legislature and the Chief Diversity Officer of the State of New York. The data included in this report reflects the Fund's utilization of MWBEs as of March 31, 2017.

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Introduction

A Message from Comptroller Thomas P. DiNapoli

May 2017

I am pleased to present our annual Report on the Minority- and Women-Owned Business Enterprise (MWBE) Asset Management and Financial Institution Strategy for the fiscal year ended March 31, 2017.

Since I took office in 2007, I have made it a priority to ensure that the principles of diversity and inclusion pervade the way we carry out our responsibilities in the Office of the State Comptroller. This commitment includes establishing a level playing field for firms seeking to do business with our agency, and cultivating opportunities for diverse firms to compete for our business.

During my tenure as Trustee of the New York State Common Retirement Fund, we have expanded our efforts to access a broader, deeper pool of talented investment managers. This pool includes newer and smaller firms, many of them MWBEs, which might otherwise have been overlooked.

The diverse firms we have identified have helped the Common Retirement Fund deliver strong results, demonstrating the value of our efforts to discover new talent. The Fund was recently valued at \$192 billion as of March 31, 2017, reflecting a robust 11 percent annual return on investment. The Fund currently has \$13.8 billion invested with or committed to MWBEs, an increase of over 40 percent since last year.

Opening up the doors of opportunity by seeking out fresh ideas, different opinions and original strategies fosters competition and innovation. Diversity has strengthened our bottom line, and helped us fulfill our mission of keeping the Common Retirement Fund strong for the benefit of the one million members and pensioners of the New York State and Local Retirement System.



A Message from Chief Investment Officer Vicki Fuller

The New York State Common Retirement Fund has long appreciated the value of diversity, including racial, cultural and gender diversity, in its staff, in its external investment managers and advisors, and in the leadership of its portfolio companies. The increasing globalization of investment opportunities and risks is making a diversity of perspectives and experiences an even more essential asset for institutional investors today.

In keeping with New York's MWBE Asset Management and Financial Institution Strategy as developed by Comptroller DiNapoli, we strive to educate diverse market participants about opportunities to do business with the Fund, to establish relationships with highly qualified MWBEs in the investment arena, and to build a pipeline of investments and service providers which enables the Fund to reap the benefits of diversity going forward.



The Common Retirement Fund is widely recognized as an industry leader in a number of areas, including supporting diversity, and we prize our reputation as an institutional investor who “walks the talk,” putting real money in the hands of diverse investment managers. As this Report illustrates, fiscal year 2016-17 was a banner year for the Fund's diversification efforts, as total MWBE investments and commitments grew from approximately \$9.7 billion to \$13.8 billion. This remarkable growth did not happen overnight. It is the fruit of years of sustained, patient pursuit of our objectives, as we have expanded and strengthened our network and as successful MWBEs have moved up to manage larger investments.

Since I took the helm as Chief Investment Officer in 2012, we have been initial or seed investors in dozens of newly formed firms and strategies. Our Emerging Manager Program leverages the Fund's resources with the help of 11 program partners who act as managers of managers. Including direct allocations, the Fund currently works with 121 emerging managers, 57 percent of which are MWBEs.

In February 2017, we hosted over 500 guests at our 10th Annual Emerging Manager & MWBE Conference, an event that enables MWBE teams to meet with Fund staff and partners. We look forward to continuing to strengthen the Fund by cultivating relationships with talented and diverse professionals in the investment and financial services arena.

Overview of the New York State Common Retirement Fund

The Comptroller is the administrative head of the New York State and Local Employees' Retirement System and the New York State and Local Police and Fire Retirement System, which are collectively referred to as the New York State and Local Retirement System (the System).

The New York State Common Retirement Fund (CRF or the Fund) was established in 1967 to hold the assets of the System. The Division of Pension Investment and Cash Management within the Office of the State Comptroller (OSC) is responsible for the management of the assets of the CRF.

The Fund's primary objectives are to provide the means to pay benefits to the System's participants and to minimize employer contributions, which are funded by taxpayers, through an investment program designed to protect and enhance the long-term value of the assets. The Fund's asset allocation policy was constructed to meet these objectives by achieving a maximum level of return consistent with policies on liquidity, diversification and investment risk.

The Fund diversifies the investment of its assets among various classes including domestic and international equity, private equity, real estate, absolute return strategies, opportunistic funds, real assets and fixed income (bonds, mortgages and inflation-indexed bonds).

The sound investment framework provided by the Fund's asset allocation and diversification policies has enabled it to generate positive returns as the economy has recovered from the Great Recession.

The New York State Common Retirement Fund is the third largest public pension fund in the United States, with more than \$192 billion in assets held in trust for pension benefits as of March 31, 2017.

Summary / MWBE Participation

Overview of MWBE Participation

In the 2016-17 fiscal year, the Common Retirement Fund recorded the largest and most dramatic increase in its MWBE investing in the history of the Strategy. As detailed in the tables below, total allocations, investments and commitments of Fund capital to MWBE partners rose from \$9.7 billion to \$13.8 billion, an increase of over 41 percent.

Gains were particularly robust in private equity (\$2.3 billion or 125 percent, including \$1.1 billion in new allocations to Vista Equity Partners and an additional \$125 million commitment to Farol Asset Management), opportunistic funds (\$870 million or 290 percent, including a \$300 million commitment to Stellex Capital Management), and real estate (\$527 million or 110 percent, with program partner Artemis Real Estate reaching 25 emerging managers). The fixed income asset class also grew considerably, by \$463 million or 80 percent, including new allocations to Semper Capital, New Century Advisors and Smith Graham.

Last year's remarkable growth is the product of many years of sustained effort in reaching out to the MWBE investment community, publicizing and explaining opportunities to do business with the Fund through the Annual Conference and other venues, expanding our network, building relationships and allowing firms that have successfully managed small investments to take the next step up to handle larger amounts. While Fund management is very pleased with these exceptional results, our long-term focus remains oriented to a model of steady, incremental growth.

The 2016-17 results illustrate another important measure of the success of New York's MWBE Strategy. Roughly \$118 billion of the Common Retirement Fund's assets are invested in indexed instruments or are internally managed, and therefore are not subject to the Strategy. Of the remaining \$74 billion in assets, which are actively and externally managed, nearly a fifth (18.5 percent) have been allotted to MWBEs. Traditional MWBEs manage the lion's share of the Fund's \$13.8 billion in MWBE investments; however, substantially owned and operated MWBEs represent over \$1 billion in Fund capital, or 7 percent of the MWBE total.

Asset Class Total Investments

The charts on the following pages summarize the Fund's current utilization of MWBE asset managers and broker/dealers. The broker/dealers are reported based on "MWBEs in Pool," as they do not manage capital. They are tasked with executing trades on behalf of the Fund related to the assets that are traded in-house. The Opportunistic Funds asset class was omitted from the tabulations of last year's MWBE Strategy Report. This year's tables include a value of \$300 million in Opportunistic Funds as of March 31, 2016, so that the reported year-over-year increases are accurate.

Asset Class Investments and MWBE Participation, Fiscal Year 2017 Figures

As of March 31, 2017. (Dollars in millions)

Asset Classification	Total Assets Managed by MWBE Managers	Total Assets Managed by Substantially Owned and Operated MWBE Managers	MWBE Total	CRF Total Est. Market Value	MWBE as a Percentage of Total
Public Equities	\$ 5,722.7	\$ 420.7	\$ 6,143.4	\$ 106,896.6	5.8%
Fixed Income	892.4	150.0	1,042.4	46,326.8	2.3%
Private Equity	3,950.2	238.1	4,188.3	14,754.4	28.4%
Real Estate	1,005.2	-	1,005.2	12,754.1	7.9%
Absolute Return Strategy	-	207.3	207.3	5,516.9	3.8%
Opportunistic	1,169.8	-	1,169.8	1,997.6	58.6%
Cash & Other	-	-	-	3,755.4	-
TOTAL			\$ 13,757.0	\$ 192,001.8	7.2%

As a Percentage of Total Fund Assets	Assets	% MWBE
Total Fund NYSCRF Active & Externally Managed	\$ 74,321.8	18.5%
Total Fund Index or Internally Managed	117,680.0	-
TOTAL FUND	\$ 192,001.8	7.2%

Market values are primarily utilized for measurement of Total Assets above. For select Opportunistic, Real Estate and Private Equity vehicles commitment values are utilized, as indicated further in the report. Committed values are only utilized for vehicles in the active period of investing where market value is not representative of the contractual nature of the full relationship with the MWBE participant.

Total MWBE Relationships

	Emerging Investment Managers	Investment Managers	Broker-Dealers	Law Firms	Consultants	Total
Total MWBE Relationships	69	19	20	4	2	114

MWBE Participation by Asset Class, 2016 & 2017

Year Over Year Change

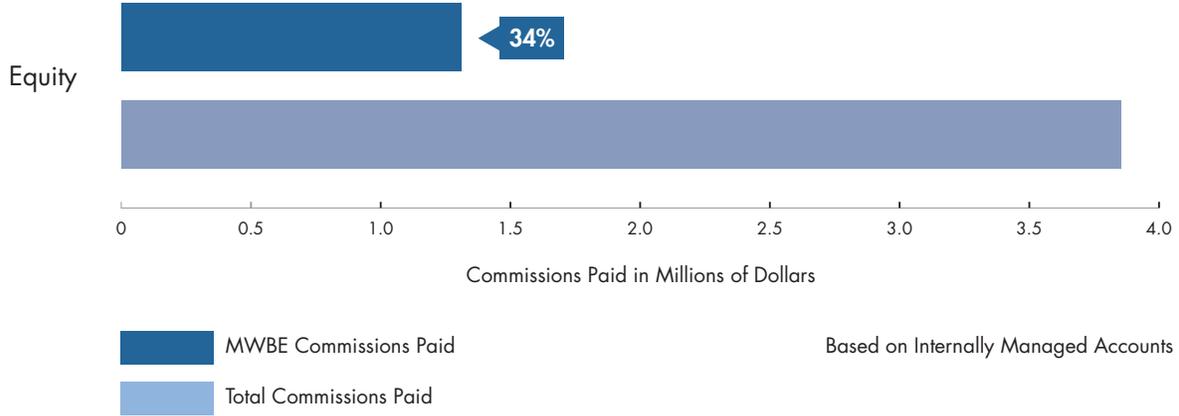
Dollars in Millions.

Asset Classification	March 2016	March 2017	% Change
MWBE ASSETS			
Public Equities	\$ 6,363.3	\$ 6,143.4	-3.5%
Fixed Income	579.2	1,042.4	80.0%
Private Equity	1,864.7	4,188.3	124.6%
Real Estate	478.0	1,005.2	110.3%
Absolute Return Strategy	132.8	207.3	56.1%
Opportunistic	300.0	1,169.8	289.9%
Total MWBE	\$ 9,717.9	\$ 13,756.4	41.6%
MWBE Share of Active & Externally Managed	12.7%	18.5%	-
FUND ASSETS ("FUND")			
Total Fund Active & Externally Managed	76,227.0	74,321.8	-2.5%
Total Fund Internally Managed or Indexed	108,275.0	117,680.0	8.7%
TOTAL FUND	\$ 184,502.0	\$ 192,001.8	4.1%

Market values are primarily utilized for measurement of Market Value. For select Opportunistic, Real Estate and Private Equity vehicles, commitment values are utilized, as indicated further in the report. Committed values are only utilized for vehicles in the active period of investing where market value is not representative of the contractual nature of the full relationship with the MWBE participant.

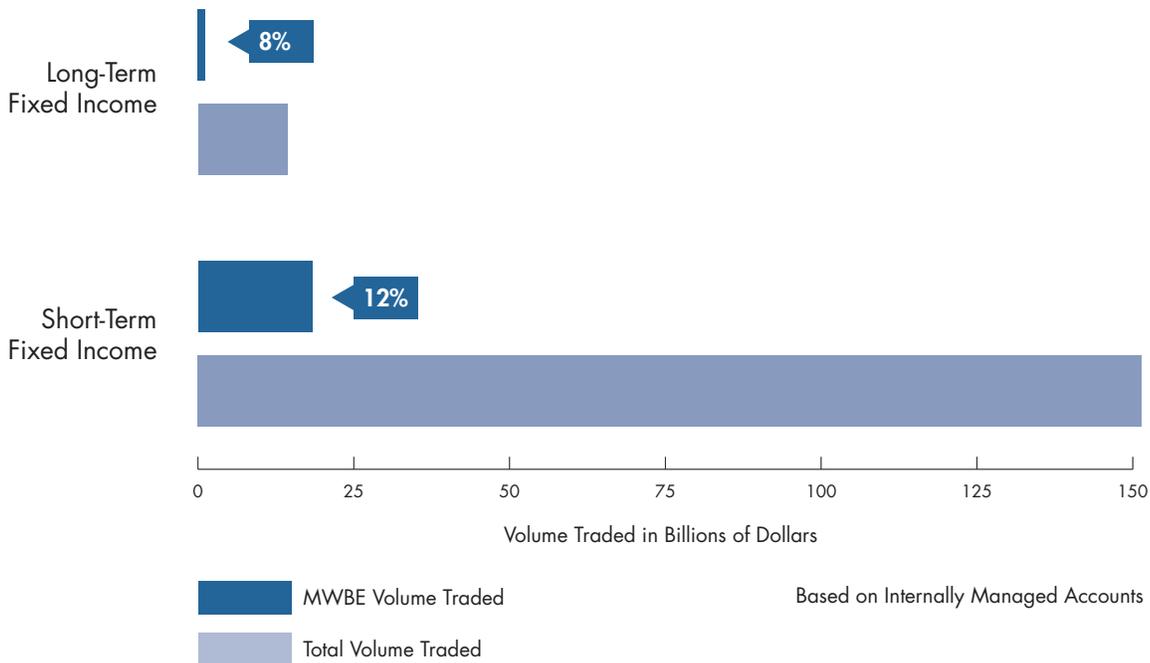
Broker/Dealer Commissions and Volume Traded – Equities

Broker/Dealers (Equity)	MWBEs in Pool	Non-MWBEs in Pool	MWBE Commissions Paid	Non-MWBE Commissions Paid	MWBE Share
Fiscal Year 2017	11	18	\$ 1,311,465	\$ 2,540,194	34%



Broker/Dealer Commissions and Volume Traded – Fixed Income

Asset Classification	MWBEs in Pool	Non-MWBEs in Pool	MWBE Volume Traded	Non-MWBE Volume Traded	MWBE Share
Broker/Dealers (Long-Term Fixed Income)	5	29	\$ 1,174,900,000	\$ 13,184,410,987	8%
Broker/Dealers (Short-Term Fixed Income)	4	24	\$ 18,350,182,000	\$ 133,032,516,000	12%



MWBE Certification Process

The Fund has retained Altura Capital Group, a New York State-based MWBE, to conduct an annual MWBE certification review process of firms doing business with the Fund. As part of its certification process, Altura contacts the Fund's current network of more than 450 asset managers, financial institutions and financial and professional service contractors to determine which firms qualify as MWBEs. A firm may qualify as an MWBE as follows:

Traditional MWBE

The firm is at least 51 percent owned by one or more minority group members, and/or by one or more women, in each case, who have significant experience in the relevant area.

Substantially owned and/or operated MWBE

The firm is substantially owned and/or operated by women or minority group members who have significant experience in the relevant area.

A firm is “substantially owned and/or operated” if the firm is at least 33 percent owned and/or operated (via senior managers) by members of minority groups and/or women, provided that the firm is at least 25 percent owned by members of minority groups and/or women.

Through the annual certification review process, the Fund, together with NYSTRS and NYSIF, will continue to develop and update a public database of firms certified under the above criteria as MWBEs. In a manner consistent with their fiduciary responsibilities, the Fund, NYSTRS and NYSIF have closely coordinated the adoption and management of the Strategy in order to further public awareness, outreach and expansion of business opportunities for MWBEs. As a result, MWBEs are able to promote their services more seamlessly to fiduciary-controlled entities in New York State. This year, Altura Capital Group sent surveys to 455 firms that provide a variety of services to the Fund. As of May 8, 2017, Altura had received 443 completed surveys, a response rate of over 97 percent. This report is based in part on the information received from the completed surveys.

Guidelines for Certification, Reporting and Cooperation with Other Fiduciary-Controlled Entities

I. Purpose

In accordance with subdivisions 4, 5, 6, 7, 8 and 9 of Section 176 of the Retirement and Social Security Law and Section 423-c of the Retirement and Social Security Law, the State Comptroller, acting as Trustee of the Common Retirement Fund, has chosen to establish an MWBE Asset Management and Financial Institution Strategy (“Strategy”) aimed at increasing the utilization of MWBE Asset Managers, MWBE Financial Institutions and MWBE Financial and Professional Service Firms. The Strategy shall include any or all of the following, to the extent they are in accordance with and subject to the State Comptroller’s fiduciary duties and obligations as Trustee of the Common Retirement Fund and to the members, retirees and beneficiaries of such Fund and such other investment limitations as may be prescribed by the Retirement and Social Security Law:

- A.** Investing assets of the Common Retirement Fund with MWBE Asset Managers;
- B.** Subject to Best Execution:
 - 1.** Conducting trades of public equity securities with MWBE Financial Institutions; and
 - 2.** Conducting trades of fixed-income securities with MWBE Financial Institutions.

- C.** Allocating investments of assets of the Common Retirement Fund either through:
 - 1.** Direct investments in the equities and debt securities of MWBEs; or
 - 2.** Indirectly through special programs involving MWBE Asset Managers; and
 - 3.** Awarding contracts for accounting, banking, financial advisory, insurance, legal, research, valuation and other financial and professional services to MWBE Financial Institutions and other MWBE Professional Service Firms.

II. Definitions

For the purposes of these guidelines, the following terms shall have the meanings assigned below:

- A.** The terms **“Asset Manager”** and **“Asset Management”** shall mean the person, or activity by such person, who provides a comprehensive and structured approach to short-term and long-term management of the funds of the Common Retirement Fund.
- B.** The term **“Best Execution”** shall refer to the obligation of an entity that purchases or sells publicly-traded securities to ensure the optimal mix of price improvement (getting a better price than is currently quoted), speed and likelihood of execution.
- C.** The terms **“Broker,” “Broker Dealer”** and **“Brokerage”** shall mean an individual or firm, registered in accord with state or federal law, who acts as an intermediary between a buyer and seller.
- D.** The term **“Business Enterprise”** shall include, without limitation:
 - 1.** A sole proprietorship;
 - 2.** A partnership;
 - 3.** A limited partnership;
 - 4.** A limited liability partnership;
 - 5.** A limited liability company;
 - 6.** A corporation; or
 - 7.** Another similar entity whether domestic or foreign.
- E.** The term **“MWBE Asset Manager”** shall mean:
 - 1.** An Asset Manager in any of the following asset classes:
 - a.** Public Equity or Fixed Income Securities;
 - b.** Hedge Funds;
 - c.** Fund of Hedge Funds;
 - d.** Private Equity (including Venture Capital);
 - e.** Fund of Private Equity funds;
 - f.** Real Estate Investment Funds;
 - g.** Fund of Real Estate Funds; or
 - h.** Any other asset class for which the Common Retirement Fund entity engages external asset managers; and
 - 2.** An Asset Manager that is:
 - a.** An MWBE;
 - b.** A registered Investment Advisor or an Investment Advisor exempt from such registration; and
 - c.** Certified pursuant to the provisions of subdivision 3 of Section 423-c of the Retirement and Social Security Law.

- F.** The term **“Minority Group Member”** shall mean a United States citizen or permanent resident alien who is and can demonstrate membership in one of the following groups:
1. Black persons having origins in any of the Black African racial groups;
 2. Hispanic persons of Mexican, Puerto Rican, Dominican, Cuban, Central or South American of either Indian or Hispanic origin, regardless of race;
 3. Native American or Alaskan native persons having origins in any of the original peoples of North America; or
 4. Asian American and Pacific Islander persons having origins in any of the Far East countries, South East Asia, the Indian subcontinent or the Pacific Islands.
- G.** The term **“MWBE”** for the purpose of engaging in business with the Common Retirement Fund, means:
1. A Business Enterprise:
 - a. That is at least 51 percent owned by one or more minority group members, or one or more women, in each case, who have significant experience in asset management, brokerage, other financial services or related professional services such as accounting, valuation or legal services; or
 - b. That is substantially owned and/or operated by women or minority group members who have significant experience in asset management, brokerage, other financial services or related professional services such as accounting, valuation or legal services; and
 2. A Business Enterprise:
 - a. In which such minority or women ownership or operation is real, substantial and continuing;
 - b. In which such minority or women ownership or operation has and exercises the authority to control independently the day-to-day business decisions of the enterprise;
 - c. Authorized to do business in this State; and
 - d. Certified by the State Comptroller pursuant to Section 423-c of the Retirement and Social Security Law.
- H.** The term **“Financial and Professional Services”** shall include, but not be limited to:
1. Banking;
 2. Financial Advisory;
 3. Financial Research;
 4. Insurance;
 5. Law; and
 6. Valuation.

- I. The term **“MWBE Financial Institution”** shall mean:
 1. As it relates to brokerage services, a registered broker dealer that is an MWBE certified pursuant to the provisions of this Part promulgated in accordance with subdivision 3 of Section 423-c of the Retirement and Social Security Law; and
 2. As it relates to any other financial services, an MWBE certified pursuant to the provisions of this Part promulgated in accordance with subdivision 3 of Section 423-c of the Retirement and Social Security Law that provides banking, financial advisory, insurance, financial research, valuation or other financial services.
- J. The term **“Other Fiduciary-Controlled Entities”** shall mean:
 1. The New York State Teachers’ Retirement System;
 2. The New York State Insurance Fund; and
 3. The New York State Deferred Compensation Plan.

III. Certification

The State Comptroller hereby establishes and adopts the following certification processes for the purpose of identifying and reporting on MWBEs performing investment-related services with or for the Common Retirement Fund: Asset Management, Brokerage, or other Financial or Professional Services as such terms are defined in Paragraph II, above.

- A.** Business Enterprises performing investment-related services with or for the Common Retirement Fund shall, upon request of the State Comptroller (or his or her agent), provide the following information:
 - 1.** A copy of financial form(s), if any, filed with the federal Securities and Exchange Commission, including, but not limited to, ADV and BD;
 - 2.** A copy of application forms and supporting documentation, if any, filed with the Division of Minority and Women-Owned Business Development (“DMWBD”) within the New York State Department of Economic Development and any subsequent certification issued by DMWBD of MWBE status;
 - 3.** A copy of any form(s) filed with any other state or federal entity for the purpose of seeking certification by such entity as an MWBE, along with any certification issued by such governmental entity of MWBE status; and
 - 4.** Any appropriate registration form setting forth such information as the State Comptroller within his or her discretion may require.
- B.** Additionally, Business Enterprises performing investment-related services with or for the Common Retirement Fund shall, upon request of the State Comptroller (or his or her agent), provide the following information relating to any position (held by an owner, officer, manager or employee of the Business Enterprise) that the State Comptroller, within his or her discretion, determines necessary, including, but not limited to, managing director, managing principal, principal, operating principal, chief financial officer, operating vice-president, vice-president, partner and owner, or equivalent positions, for the accurate identification of a Business Enterprise as:
 - 1.** 51 Percent Owned by MWBEs:
 - a.** Title;
 - b.** Position;
 - c.** Ownership percentage;
 - d.** History of ownership;
 - e.** History of ownership percentage;
 - f.** Ethnicity;
 - g.** Gender; and
 - h.** Length of service.

2. MWBEs Substantially Owned or Operated by Minorities and Women:
 - a. Title;
 - b. Position;
 - c. Ownership percentage;
 - d. History of ownership;
 - e. History of ownership percentage;
 - f. Ethnicity;
 - g. Gender;
 - h. Length of service; and
 - i. The role of individual employees and whether such individual will be performing services with or for the Common Retirement Fund and if so, to what extent such performance will occur.
- C. Documentation. Such information shall be provided on a form developed by the State Comptroller (or his or her agent), and shall be certified as to accuracy by an Owner or Officer of the Business Enterprise, authorized by the business to make the representations contained thereon. If a Business Enterprise seeks confidential treatment of proprietary business information, such information must be clearly labeled as confidential, and denial of release thereof will occur in accordance with law. The State Comptroller shall make such inquiries as he or she deems appropriate to determine the accuracy of the information provided, including, but not limited to, potential field visits and/or other means of substantiation.
- D. Determination of MWBE status. Separate determinations of MWBE status shall be made for Business Enterprises pursuant to subdivisions 1 and 2 of this Paragraph.
 1. In determining that a Business Enterprise is at least 51 percent owned by one or more minority group members, or one or more women, the State Comptroller may rely on bonafide determinations of state or federal government entities or of the Other Fiduciary-Controlled Entities, or on certified filings with the Federal Securities and Exchange Commission, in addition to the responses submitted by the Business Enterprise.
 2. In determining that a Business Enterprise is substantially owned and/or operated by women or minority group members, the State Comptroller interprets the term “substantially” as meaning at least 33 percent (ownership and/or operation). The 33 percent shall include at least 25 percent ownership by women or minority group members. Each individual counted in determining percentage of ownership or operation may only be counted once (e.g., an owner who is also a senior manager may not be counted as both).

- E.** Decertification. Any Business Enterprise previously certified as an MWBE which no longer meets the applicable certification criteria shall be decertified. All Business Enterprises certified as MWBEs must promptly inform the State Comptroller of changes in ownership, management and/or control that could impact the entity's MWBE certification.
- F.** Documentation of determination. In all cases, the State Comptroller shall maintain a written record of the reason(s) for his/her determination and subsequent certification or decertification of an entity's MWBE status.
- G.** Finality of determination. Determinations relating to MWBE status made under this Part promulgated pursuant to the provisions of subdivision 3 of Section 423-c of the Retirement and Social Security Law are made solely for identification and reporting and for no other purpose. The determination of the State Comptroller shall be final and not appealable. However, Business Enterprises that believe they should be certified as MWBEs are welcome to submit information demonstrating that they are eligible for such certification.
- H.** Submission of false information. Any individual who submits false information on behalf of a Business Enterprise, and/or any Business Enterprise that submits false information, may be barred from doing business with the Common Retirement Fund for a period of time to be determined by the State Comptroller based on the nature and extent of the false information. False submissions may also be reported to appropriate law enforcement entities.

IV. Reporting

Within 60 days of the end of each fiscal year, the State Comptroller shall report to the Governor, the Legislature and the Chief Diversity Officer of the State of New York on the participation of MWBE Asset Managers, MWBE Financial Institutions and MWBE Professional Service Providers in investment and brokerage transactions with, or as providers of services for, the Common Retirement Fund.

A. Such Report shall include:

1. A comparative analysis of such activity relative to such activity with all asset managers, financial institutions and professional service providers for the relevant period; and
2. On the progress and success of the efforts undertaken during such period to achieve the goals of the Strategy.

- B.** Such Report shall be simultaneously published on the website of the Common Retirement Fund for not less than 60 days following its release to the Governor, the Legislature and the Chief Diversity Officer of the State of New York.
- C.** Such Report shall separately document the utilization of:
 1. Entities that are at least 51 percent owned by one or more minority group members; and
 2. Entities that are substantially owned and/or operated by women or minority group members.

V. Cooperation with Other Fiduciary-Controlled Entities

- A.** The State Comptroller may, at the request of any of the Other Fiduciary-Controlled Entities, utilize the certification process established in Paragraph III, above, for the purpose of identifying and reporting on those MWBE firms that provide to such Other Fiduciary-Controlled Entities Asset Management, Brokerage, or other Financial or Professional Services as such terms are defined in Paragraph II, above. In these circumstances, with the assistance of the Other Fiduciary-Controlled Entities, all references in Paragraph III, above, to the Common Retirement Fund shall be utilized by the State Comptroller to apply to the respective Other Fiduciary-Controlled Entity.
- B.** The State Comptroller, or his or her agent, shall work with the Other Fiduciary-Controlled Entities to create a database of Business Enterprises certified as MWBEs pursuant to subdivision 3 of Section 423-c of the Retirement and Social Security Law.
- C.** In addition to advertising the existence of the Strategy so that MWBE Asset Managers, MWBE Financial Institutions and other MWBE Professional Service Firms are made aware of the opportunities made available pursuant to the Strategy, the Common Retirement Fund shall periodically, but not less than annually, hold a conference to advertise and promote the Strategy. Such conference shall be scheduled and coordinated to the extent reasonably practicable with Other Fiduciary-Controlled Entities.
- D.** The Common Retirement Fund shall meet periodically with the Other Fiduciary-Controlled Entities to discuss best practices and to consider changes to Strategy guidelines.

Detail / MWBE Participants

Asset Class Investments and MWBE Participation

The charts in this report summarize the Fund's current utilization of MWBE asset managers and broker/dealers. The broker/dealers are reported based on "MWBEs in Pool," as they do not manage capital. They are tasked with executing trades on behalf of the Fund related to the assets that are traded in-house.

Additionally, the identities of all MWBEs with which the Fund is currently doing business are listed in the following sections by asset class:

Participating Asset Classes

Public Equities

- Active U.S. Domestic Managers
- Active Emerging Markets Managers
- Active U.S. Domestic Manager of Managers
- Active Global Manager of Managers

Fixed Income

- Active Domestic Fixed Income, Externally Managed

Private Equity

- Direct Investments
- Manager of Managers
- Co-Investment Funds

Real Estate

- Direct Investments
- Emerging Manager Equity Joint Venture Program
- Manager of Managers

Absolute Return Strategy

- Manager of Managers

Opportunistic Investments

- Direct Investments
- Manager of Managers

Broker/Dealers

Service Providers

Public Equities

Active U.S. Domestic Managers

As of March 31, 2017.

The Fund has the following direct allocations with four MWBEs in the Active U.S. Domestic Public Equities asset class.

Firm	MWBE Status	M/W Ownership	Market Value
Ariel Investments	African-American/Women/Asian-American/Hispanic	84%	\$ 58,096,542
Brown Capital Management	African-American/Women/Asian-American	95%	1,119,495,951
Earnest Partners	African-American	51%	989,153,040
Piedmont Investment Advisors	African-American/Women/Asian-American	94%	545,091,573
Active U.S. Domestic Public Equities MWBE Total			\$ 2,711,837,106

Active Emerging Markets Managers

As of March 31, 2017.

The Fund has the following direct allocation to an MWBE in the Active Emerging Markets Public Equities asset class.

Firm	MWBE Status	M/W Ownership	Market Value
The Rock Creek Group	Women/Hispanic/Asian-American	34%	\$ 489,282,830
Active Emerging Markets Equity MWBE Substantially Owned and Operated Total			\$ 489,282,830

Public Equities

Active U.S. Domestic Manager of Managers

As of March 31, 2017.

Progress Investment Management, an Emerging Manager Program Partner, has been an investment manager for the Fund since 1994.

There are seven managers in the Progress portfolio that are MWBEs. MWBEs manage over 80 percent of the Progress portfolio.

Firm	MWBE Status	M/W Ownership	Market Value
Progress Investment Management	African-American/Women/Asian-American	98%	\$ 1,088,617,127
Manager of Managers, Progress Investment Management Total			\$ 1,088,617,127

Sub-Fund Investments*

Firm	MWBE Status	M/W Ownership	Market Value
Affinity Investment Advisors	Asian-American/Women/Native American	68%	\$ 162,613,825
Lebenthal Lisanti	Women	52%	61,757,688
Channing Capital Management	African-American	100%	188,223,302
Denali Advisors	Native-American/African-American/Women	86%	165,546,063
Hahn Capital Management	Women/Asian-American	76%	136,149,528
Piedmont	African-American/Asian-American/Women	59%	84,672,607
StoneRidge Investment Partners	African-American/Women	66%	88,186,263
Progress Investment Management MWBE Total			\$ 887,149,276

* The New York State Common Retirement Fund often uses fund-of-funds (FoF) or manager-of-managers (MoM) asset managers as Emerging Manager Platforms to invest capital on its behalf. In many cases, these Emerging Manager Platforms are MWBEs that invest partially or exclusively in other MWBE (Sub-Fund) Asset Managers. Emerging Manager Platforms are not required to invest in only MWBE Sub-Funds. All Sub-Funds in each Emerging Manager Platform are listed to provide transparency.

Public Equities

Active U.S. Domestic Manager of Managers

As of March 31, 2017.

Leading Edge Investment Advisors (LEIA), an Emerging Manager Program Partner, has been an investment manager for the Fund since 2015.

There are nine managers in the LEIA portfolio that are MWBEs. MWBEs manage 100 percent of the LEIA portfolio.

Firm	MWBE Status	M/W Ownership	Market Value
Leading Edge Investment Advisors	Asian-American	100%	\$ 439,744,083
Manager of Managers, Leading Edge Total			\$ 439,744,083

Sub-Fund Investments*

Firm	MWBE Status	M/W Ownership	Market Value
Channing Capital Management	African-American	100%	\$ 69,160,400
Granite Investment Partners	Asian-American/Hispanic/Women	33%	61,683,574
Matarin Capital Management	Women/Hispanic/African-American	55%	71,562,207
Nicholas Investment Partners	Women/Hispanic	55%	29,927,224
Palisades Investment Partners	African-American	100%	39,897,081
Phocas Financial Corporation	Asian-American	66%	68,052,823
Redwood Investments	Women	51%	38,626,691
Rice Hall James & Associates	Asian-American/Women	30%	34,287,528
StoneRidge Investment Partners	African-American/Women	66%	26,546,542
Leading Edge MWBE Total			\$ 439,744,070

* The New York State Common Retirement Fund often uses fund-of-funds (FoF) or manager-of-managers (MoM) asset managers as Emerging Manager Platforms to invest capital on its behalf. In many cases, these Emerging Manager Platforms are MWBEs that invest partially or exclusively in other MWBE (Sub-Fund) Asset Managers. Emerging Manager Platforms are not required to invest in only MWBE Sub-Funds. All Sub-Funds in each Emerging Manager Platform are listed to provide transparency.

Public Equities

Active Global Manager of Managers

As of March 31, 2017.

FIS Group has been an investment manager for the Fund since 2004 and is an Emerging Manager Program Partner.

There are nine managers in the FIS portfolio that are MWBEs. MWBEs manage 80 percent of the FIS portfolio.

Direct Fund Investments

Firm	MWBE Status	M/W Ownership	Market Value
FIS Group	African-American/Women/Asian-American/Pacific Islander	68%	\$ 1,089,162,482
Manager of Managers, FIS Group Total			\$ 1,089,162,482

Sub-Fund Investments*

Firm	MWBE Status	M/W Ownership	Market Value
Ativo Capital Management	Hispanic/African-American/Asian-American	98%	\$ 31,305,384
Change Global Investments	Women	100%	40,444,645
Consilium Investment Management	Hispanic	51%	16,780,067
Denali Advisors	Native-American/African-American/Women	86%	194,468,160
Decatur Capital Management	African-American/Women/Asian-American	100%	86,933,080
FIS Global Tactical Account	African-American/Women/Asian-American/Pacific Islander	68%	212,291,279
Lombardia Capital Management	Hispanic/African-American/Asian-American	79%	63,300,974
Martin Investments	Women	53%	55,415,247
Redwood Investments	Women	51%	171,685,247
FIS Group MWBE Total			\$ 872,624,083

* The New York State Common Retirement Fund often uses fund-of-funds (FoF) or manager-of-managers (MoM) asset managers as an Emerging Manager Platform to invest capital on its behalf. In many cases, these Emerging Manager Platforms are MWBEs that invest partially or exclusively in other MWBE (Sub-Fund) Asset Managers. Emerging Manager Platforms are not required to invest in only MWBE Sub-Funds. All Sub-Funds in each Emerging Manager Platform are listed to provide transparency.

Public Equities

Active Global Manager of Managers

As of March 31, 2017.

The Fund has the following manager of managers relationship in Global Equities.

Firm	MWBE Status	M/W Ownership	Market Value
Goldman Sachs Asset Management	N/A	-	\$ 2,241,999,281
Manager of Managers, Goldman Sachs Asset Management (GSAM) Total			\$ 2,241,999,281

Sub-Fund Investments

Firm	MWBE Status	M/W Ownership	Market Value
Causeway Capital Management	Women/Hispanic/Asian-American	34%	\$ 324,683,453
Active GSAM MWBE Substantially Owned and Operated Total			\$ 324,683,453

Fixed Income

Active Domestic Fixed Income, Externally Managed

As of March 31, 2017.

The Fund has three direct allocations with MWBEs in the Fixed Income asset class.

Firm	MWBE Status	M/W Ownership	Market Value
Smith Graham & Company	African-American/Asian-American/Women	93%	\$ 523,774,068
New Century Advisors	Women	58%	249,895,808
Semper Capital Management	African-American	60%	268,685,128
Active Domestic Fixed Income MWBE Total			\$ 1,042,355,004

Private Equity

Direct Investments

As of March 31, 2017.

The Fund has direct allocations with 18 MWBEs in the Private Equity asset class.

Active Allocations, Commitment Values

Firm	MWBE Status	M/W Ownership	Commitment
Asia Alternatives Private Equity Partners	Asian-American/Women	75%	\$ 650,000,000
Clearlake Capital Partners	Hispanic	45%	114,500,000
GenNx360 Capital Partners	African-American	100%	125,000,000
Francisco Partners	Asian-American	25%	75,000,000
Palladium Equity Partners	Hispanic	61%	100,000,000
Pine Brook Capital	Hispanic/Asian-American	30%	150,000,000
Vista Equity Partners	African-American/Asian-American/Women	75%	1,875,000,000
Private Equity MWBE Total			\$ 3,089,500,000

Legacy Allocations, Market Values

Firm	MWBE Status	M/W Ownership	Est. Market Value
Asia Alternatives Private Equity Partners	Asian-American/Women	75%	\$ 73,101,391
Fairview Capital Partners	African-American/Women	100%	79,225,245
Falcon Investment Advisors	Asian-American	55%	24,649,373
GenNx360 Capital Partners	African-American	100%	34,762,381
Grosvenor Capital Management	Women/African-American/Asian-American	26%	48,489,965
Horsley Bridge Partners	Women/Asian-American	52%	7,320,057
Levine Leichtman Capital Partners	Women	51%	13,274,092
Milestone Managers, LLC	Hispanic	42%	13,628,936
Palladium Equity Partners	Hispanic	61%	38,404,039
Primary Venture Partners (FKA High Peaks)	Asian-American	50%	21,938,887
Vista Equity Partners	African-American/Asian-American/Women	75%	83,552,667
Private Equity MWBE Total			\$ 438,347,033

Note: The market values above represent commitments that were originally greater than \$1.2 billion.

Note: The above does not include additional Private Equity direct commitments of \$400 million to the New York Business Development Corporation which includes up to 40 percent in lending commitments to MWBE business owners. This information is included in the Supplemental Information at the end of this report.

Private Equity

Manager of Managers

As of March 31, 2017.

In 2011, the Fund made a \$200 million commitment to Muller and Monroe, an Emerging Manager Program partner.

Direct Fund Investment

Firm	MWBE Status	M/W Ownership	Committed Amount
Muller and Monroe	African-American/Women	52%	\$ 200,000,000
Manager of Managers, Muller and Monroe Total			\$ 200,000,000

Sub-Fund Investments*

Firm	MWBE Status	M/W Ownership	Committed Amount
Brightwood Capital SBIC I, LP	African-American	100%	\$ 15,000,000
Estancia Capital Partners, LP	Hispanic/Asian-American	100%	20,000,000
Medina Capital Fund, LP	Hispanic	100%	20,000,000
Vistria Fund, LP	African-American	51%	15,000,000
RLJ Equity Partners Fund I, LP	African-American	100%	20,000,000
Luminate	Women	100%	20,000,000
Siris Partners II, LP	African-American	40%	20,000,000
Muller and Monroe MWBE Total			\$ 130,000,000

* The New York State Common Retirement Fund often uses fund-of-funds (FoF) or manager-of-managers (MoM) asset managers as Emerging Manager Platforms to invest capital on its behalf. In many cases, these Emerging Manager Platforms are MWBEs that invest partially or exclusively in other MWBE (Sub-Fund) Asset Managers. Emerging Manager Platforms are not required to invest in only MWBE Sub-Funds. All Sub-Funds in each Emerging Manager Platform are listed to provide transparency.

Private Equity

Manager of Managers

As of March 31, 2017.

In 2009, the Fund made a \$200 million commitment to HarbourVest Horizon, an Emerging Manager Program partner. An additional commitment of \$300 million was made in 2014.

Direct Fund Investment

Firm	MWBE Status	M/W Ownership	Committed Amount
HarbourVest Horizon	N/A	–	\$ 500,000,000
Manager of Managers, Private Equity HarbourVest Horizons Total			\$ 500,000,000

Sub-Fund Investments*

Firm	MWBE Status	M/W Ownership	Committed Amount
Clearlake Capital Partners	Hispanic	45%	\$ 30,000,000
DBL Equity Fund- BAEF	Women	63%	7,500,000
Grey Mountain Partners	Asian-American/Women	40%	12,500,000
Incline Equity Partners	Asian-American	33%	20,000,000
ICV Partners	African-American	80%	25,000,000
One Rock Capital Partners	Asian-American	51%	45,200,000
Wicks Capital Partners IV, LP	African-American	25%	20,000,000
HarbourVest Horizons MWBE Total			\$ 160,200,000

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Private Equity

Manager of Managers

As of March 31, 2017.

JP Morgan took over as investment manager for the NY Emerging Legacy Fund in 2009.

Direct Fund Investment

Firm	MWBE Status	M/W Ownership	Est. Market Value
JP Morgan	None	0%	\$ 131,428,034
Manager of Managers, JP Morgan Total			\$ 131,428,034

Sub-Fund Investments*

Firm	MWBE Status	M/W Ownership	Est. Market Value
Falcon Mezzanine Partners	Asian-American	55%	\$ 1,602,521
ICV Partners	African-American	80%	3,979,391
Levine Leichtman Capital Partners	Women	51%	4,344,736
Pharos Capital Partners	African-American	68%	2,725,713
RLJ Equity Partners Fund	African-American	80%	21,039,668
SW Pelham Fund	African-American/Women	100%	4,043,091
Vicente Capital Partners Growth Equity Fund	African-American	51%	12,588,572
JP Morgan MWBE Total			\$ 50,323,692

The market values above represent commitments that were originally greater than \$450 million.

Co-Investment Funds

As of March 31, 2017.

In 2013, the Fund made a \$250 million commitment to Farol Asset Management, an Emerging Manager Program partner.

Firm	MWBE Status	M/W Ownership	Committed Amount
Farol Asset Management	African-American	100%	\$ 250,000,000
Co-Investment MWBE Total			\$ 250,000,000

* The New York State Common Retirement Fund often uses fund-of-funds (FoF) or manager-of-managers (MoM) asset managers as Emerging Manager Platforms to invest capital on its behalf. In many cases, these Emerging Manager Platforms are MWBEs that invest partially or exclusively in other MWBE (Sub-Fund) Asset Managers. Emerging Manager Platforms are not required to invest in only MWBE Sub-Funds. All Sub-Funds in each Emerging Manager Platform are listed to provide transparency.

Real Estate

Direct Investments

As of March 31, 2017.

Firm	MWBE Status	M/W Ownership	Est. Market Value
Noble Investment Management	Asian-American	53%	\$ 20,198,764
Real Estate Direct Investments MWBE Total			\$ 20,198,764

Real Estate

Emerging Manager Equity Joint Venture Program

As of March 31, 2017.

In 2011, the Fund made a \$300 million commitment to Artemis Real Estate Partners, an Emerging Manager Program partner. An additional commitment of up to \$500 million was made in 2014.

Direct Fund Investment

Firm	MWBE Status	M/W Ownership	Committed Amount
Artemis Real Estate Partners	Women	80%	\$ 800,000,000
Manager of Managers, Real Estate Partners Equity Joint Venture MWBE Total			\$ 800,000,000

Sub-Fund Investments*

Firm	MWBE Status	M/W Ownership	Invested Amount
Basis Investment Group	African-American/Women	100%	\$ 52,760,990
Capstone Asset Management	African-American	67%	24,305,120
CRES Management	Women	51%	9,692,634
Forge Capital Partners	Hispanic	54%	10,020,098
Gerding Edlen Investment Management	Asian-American/Women	60%	11,182,119
Griffith Properties	Women	67%	29,350,150
Hillcrest Finance	Women	70%	43,712,072
HN Gorin	Women	100%	29,534,196
Innovo Property Group	Asian-American	60%	15,146,380
Internacional Realty	Hispanic/Women	100%	19,147,756
MCB Real Estate	African-American	52%	31,437,361
Olympus Properties	Hispanic	100%	45,426,017
Pillar Commercial	African-American/Women	100%	15,491,287
RailField Realty Partners	African-American	51%	27,586,158
Artemis Real Estate Partners MWBE Total			\$ 392,728,593

Firm	MWBE Status	M/W Ownership	Invested Amount
Chartres Lodging Group	Asian-American/Women	30%	20,148,909
Cruzan, LLC	Women	30%	14,829,175
Ellis Partners	Women	50%	86,919,153
Storage Solutions	Asian-American	33%	6,484,500
Artemis Real Estate Partners MWBE Substantially Owned and Operated Total			\$ 128,381,737

* The New York State Common Retirement Fund often uses fund-of-funds (FoF) or manager-of-managers (MoM) asset managers as Emerging Manager Platforms to invest capital on its behalf. In many cases, these Emerging Manager Platforms are MWBEs that invest partially or exclusively in other MWBE (Sub-Fund) Asset Managers. Emerging Manager Platforms are not required to invest in only MWBE Sub-Funds. All Sub-Funds in each Emerging Manager Platform are listed to provide transparency.

Real Estate

Manager of Mangers

As of March 31, 2017.

Franklin Templeton Real Asset Advisors has been an investment manager for the Fund since 2009.

Direct Fund Investment

Investment Type	Firm	MWBE Status	M/W Ownership	Committed Amount
Fund of Funds	Franklin Templeton Real Asset Advisors	None	0%	\$ 650,000,000
Franklin Templeton Real Assets Advisors Total				\$ 650,000,000

Sub-Fund Investments

Firm	MWBE Status	M/W Ownership	Committed Amount
GreenOak	Asian-American	51%	\$ 125,000,000
Noble Investment Group	Asian-American	53%	60,000,000
Franklin Templeton Real Estate Fund of Funds MWBE Total			\$ 185,000,000

Absolute Return Strategy

Manager of Managers

As of March 31, 2017.

The Rock Creek Group, an Emerging Manager Program Partner, has been an investment manager for the Fund since 2010.

Direct Fund Investment

Firm	MWBE Status	M/W Ownership	Est. Market Value
The Rock Creek Group	Women/Hispanic/Asian-American	34%	\$ 207,307,141
Manager of Managers, The Rock Creek Group MWBE Substantially-Owned and Operated Total			\$ 207,307,141

Sub-Fund Investments*

Firm	MWBE Status	M/W Ownership	Est. Market Value
Elizabeth Park Capital Management, LTD	African-American	84%	\$ 7,400,000
HG Vora Capital Management, LLC	Asian-American	100%	11,500,000
Hollis Park Partners, LP	African-American/Asian-American	90%	14,800,000
Lomas Capital Management, LLC	Hispanic/Women	55%	13,300,000
Matarin Capital Management, LLC	Women/African-American/Hispanic	55%	10,300,000
Tiger Pacific Capital LP	Asian-American	100%	9,600,000
The Rock Creek Group MWBE Total			\$ 66,900,000

* The New York State Common Retirement Fund often uses fund-of-funds (FoF) or manager-of-managers (MoM) asset managers as Emerging Manager Platforms to invest capital on its behalf. In many cases, these Emerging Manager Platforms are MWBEs that invest partially or exclusively in other MWBE (Sub-Fund) Asset Managers. Emerging Manager Platforms are not required to invest in only MWBE Sub-Funds. All Sub-Funds in each Emerging Manager Platform are listed to provide transparency.

Opportunistic Investments

Direct Investments

As of March 31, 2017.

Direct Fund Investments

Firm	MWBE Status	M/W Ownership	Committed Amount
Brightwood Capital Advisors	African-American	100%	\$ 400,000,000
Stellex Capital Management	African-American	51%	300,000,000
Clearlake Capital Partners	Hispanic	45%	50,000,000
Pacific Alternative Asset Management	Women/African-American/Hispanic/Asian-American	45%	315,000,000
Opportunistic Investment Direct Investments MWBE Total			\$ 1,065,000,000

Manager of Managers

As of March 31, 2017.

Pine Street Alternative Asset Management, an Emerging Manager Program Partner, began its relationship with the Fund in 2013.

Direct Fund Investment

Firm	MWBE Status	M/W Ownership	Est. Market Value
Pine Street Alternative Asset Management	African-American/Asian-American/Women	100%	\$ 104,843,765
Manager of Managers, Pine Street Asset Management MWBE Total			\$ 104,843,765

Note: The market value above represents commitments that were originally \$200 million

Sub-Fund Investments*

Firm	MWBE Status	M/W Ownership	Est. Market Value
BCK Capital	Asian-American/Woman	100%	\$ 54,221,152
BHC Marco	African-American	51%	49,711,501
Pine Street Alternative Asset Management MWBE Total			\$ 103,932,653

* The New York State Common Retirement Fund often uses fund-of-funds (FoF) or manager-of-managers (MoM) asset managers as an Emerging Manager Platform to invest capital on its behalf. In many cases, these Emerging Manager Platforms are MWBEs that invest partially or exclusively in other MWBE (Sub-Fund) Asset Managers. Emerging Manager Platforms are not required to invest in only MWBE Sub-Funds. All Sub-Funds in each Emerging Manager Platform are listed to provide transparency.

Broker/Dealers

Broker/Dealers

As of March 31, 2017.

The following broker/dealers are utilized for strategies managed internally.

Equity

Firm	MWBE Status	M/W Ownership
Blaylock Beal Van, LLC	African-American	90%
Cabrera Capital Markets, Inc.	Hispanic-American/Women	77%
Castleoak Securities	African-American	52%
C L King & Associates, Inc.	Women	100%
Great Pacific Securities, Inc.	Hispanic-American	51%
Guzman & Company	Hispanic-American/Women	100%
Loop Capital Markets	African-American/Women/Asian-American/Hispanic	100%
Siebert Cisneros Shank	African-American/Women/Hispanic	93%
Samuel A Ramirez & Company, Inc.	Hispanic-American/Women/Asian-American	86%
Sturdivant and Company, Inc.	African-American/Women	80%
Williams Capital Group, LP	African-American/Women	88%

Fixed Income

Firm	MWBE Status	M/W Ownership
Cabrera Capital Markets, Inc.	Hispanic-American/Women	77%
Castleoak Securities	African-American	52%
Great Pacific Securities, Inc.	Hispanic-American	51%
Loop Capital Markets	African-American/Women/Asian-American/Hispanic	100%
Siebert Cisneros Shank	African-American/Women/Hispanic	93%
Williams Capital Group, LP	African-American/Women	88%

Service Providers

Consultants

As of March 31, 2017.

Equity

Firm	MWBE Status	M/W Ownership
Altura Capital, LLC	Women/Hispanic	100%
Wilshire Associates, Inc.	African-American/Women	32%

Law Firms

As of March 31, 2017.

Firm	MWBE Status	M/W Ownership
Foster Pepper, LLC	Women/African-American/Native American/Asian-American	28%
Berman DeValerio Pease Tabacco Burt & Pucillo	Women	38%
Lieff Cabraser Heimann & Bernstein, LLP	Women /African-American	34%
Milberg LLP	Women	29%

Supplemental Information

Emerging Manager Program

The New York State Common Retirement Fund’s Emerging Manager Program began in 1994 with an allocation of \$49 million to Progress Investment Management Company, a minority- and women-owned firm. As of March 31, 2017, the Progress Investment portfolio had a market value of over \$1 billion, which is invested with emerging investment managers, many of which are traditional MWBEs or substantially owned or operated MWBEs.

In October 2007, Comptroller DiNapoli stated: “One of my top priorities has been to expand the diversity of our manager pools. The firms in our Emerging Manager Program, the majority of which are women- and minority-owned, have proven to be more entrepreneurial, focusing on smaller ends of the market. These investments have created a stabilizing force for the Fund.”

Today, the Common Retirement Fund utilizes 11 manager-of-manager Emerging Manager Program partners as an extension of staff in order to deploy capital to emerging investment managers. The partners help us identify emerging managers in the public equities, private equity, absolute return, opportunistic, and real estate asset classes. In addition, the Emerging Manager Program makes select direct investments with managers in the real estate, fixed income and opportunistic asset classes.

Program Overview

As of March 31, 2017. (Dollars in millions)

Asset Class	Type of Investment	Total Assets
Public Equities	Emerging Manager Program Partners	\$ 2,618.0
Fixed Income	Direct	518.6
Private Equity	Emerging Manager Program Partners	937.8
Private Equity Co-Invest	Emerging Manager Program Partners	250.0
Absolute Return	Emerging Manager Program Partners	210.0
Opportunistic	Direct & Emerging Manager Program Partners	404.8
Real Estate	Direct & Emerging Manager Program Partners	800.0
Total		\$ 5,739.2

Market values are primarily utilized for measurement of Total Assets above. For select Opportunistic, Real Estate and Private Equity vehicles, commitment values are utilized, as indicated further in the report. Committed values are only utilized for vehicles in the active period of investing where market value is not representative of the contractual nature of the full relationship with the MWBE participant.

The Emerging Manager Program partners, detailed in the next table, extend our emerging manager platform. They include Progress Investment Management, FIS Group, Leading Edge Investment Advisors, HarbourVest Horizon, Muller and Monroe, Farol Asset Management, Artemis Real Estate Partners, The Rock Creek Group, Stepstone Group, JP Morgan and Pine Street Alternative Asset Management. These Program partners have enabled the Fund to cultivate, develop, and incubate the next generation of external investment managers as candidates for transition into the core portfolio.

Over the last 20 years, the CRF has transitioned more than 14 managers from the Emerging Manager Program, including nine MWBEs from the Emerging Manager Program's portfolio into the CRF's core portfolio.

As of March 31, 2017, investment firms participating in the Emerging Manager Program managed an estimated \$5.7 billion in assets for the Common Retirement Fund. The Emerging Manager Program was established to:

- Invest in newer, smaller and diverse investment management firms;
- Access the next generation of talent in the investment field; and
- Provide opportunities for the CRF to invest with qualified traditional MWBEs and MWBEs substantially owned or operated by minorities or women.

Firms seeking to explore opportunities with the Emerging Manager Program may utilize multiple avenues. Strategy materials and details may be sent to emergingmanager@osc.state.ny.us. In addition, contact information for the Emerging Manager Program partners is detailed on the Emerging Manager Program website under "Our Program" at www.osc.state.ny.us/pension/emerging.

Emerging Manager Program Partners

Managers of Managers

As of March 31, 2017.

Based on Current Market Value. (Dollars in millions)

Manager of Managers	MWBE Ownership	MWBE Categories	Program Type	Est. Market Value
FIS Group	68%	African-American/Asian-American/ Pacific Islander	Global Equity	\$ 1,089.2
Leading Edge Investment Advisors	100%	Asian-American	U.S. Equity Small and Mid Cap	439.7
Progress Investment Management Company	98%	African-American/Women/Asian	Global and U.S. Equity Mid Cap	1,088.6
The Rock Creek Group	34%	Women/Asian-American	Absolute Return	207.3
Pine Street Alternative Asset Management	100%	African-American	Opportunistic Seed	104.8
Stepstone Group	9%	Hispanic	Legacy Private Equity	66.0
JP Morgan Asset Management	N/A	Non-MWBE	Legacy Private Equity	171.8

Based on Committed Amounts. (Dollars in millions)

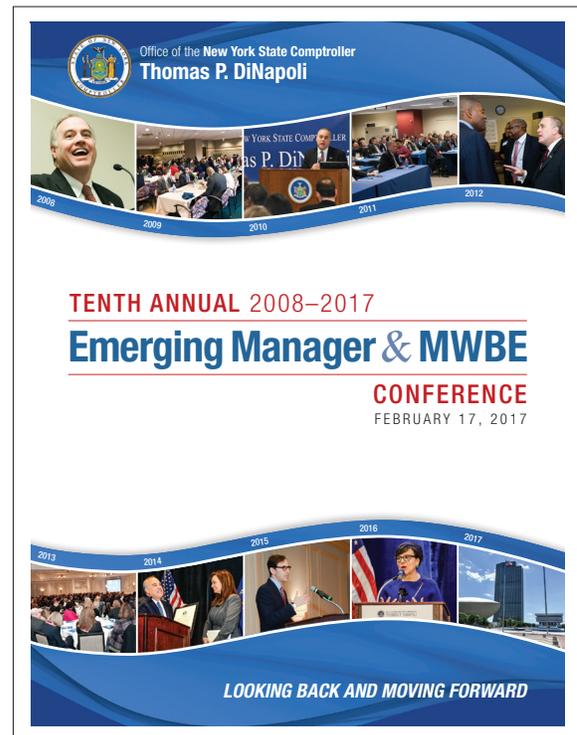
Manager of Managers	MWBE Ownership	MWBE Categories	Program Type	Committed Amount
Artemis Real Estate Partners	75%	Women	Real Estate Joint Venture	\$ 800
HarbourVest Horizon	0%	Non-MWBE	Private Equity Fund of Funds	500
Farol Asset Management	100%	African-American	Private Equity Co Investment Program	250
Muller and Monroe	52%	African-American/Women	Private Equity Fund of Funds	200

Annual Emerging Manager & MWBE Conference

The New York State Common Retirement Fund hosts its combined Emerging Manager & MWBE Conference annually in February. The conference offers an opportunity for managers to meet with CRF staff and the Fund's investment partners, as well as to network with industry peers, consultants, and other institutional investors. Managers are able to learn how the CRF selects and monitors investment partners and constructs a well-balanced portfolio.

On February 17, 2017, the CRF hosted its Tenth Annual Emerging Manager & MWBE Conference in Albany, New York. The conference was attended by more than 500 emerging managers and emerging manager investors, many of which were minority- and women-owned business enterprises. In addition, staff members from pension plans in several other states who are interested in replicating our all-asset-class approach attended. In welcoming their guests, Comptroller Thomas P. DiNapoli and Chief Investment Officer Vicki Fuller outlined the growth of the Emerging Manager Program over the past decade, emphasized the Fund's abiding commitment to achieving results, and introduced Sheryl Mejia, the Program's new Director.

The keynote speaker was Linda Johnson Rice, Chairman of Johnson Publishing Company & EBONY Media (Emeritus). Vicki Fuller, the Fund's CIO, hosted a fireside chat with Elinor Ruth Tatum, Publisher and Editor in Chief, New York Amsterdam News, as well as a roundtable featuring the leadership of all of our asset classes.



Fund Staff Diversity

The Common Retirement Fund's commitment to diversity extends to our own staff. Our investment team is made up of a diverse group who bring varying knowledge, experience and viewpoints to work each day. We provide our answers to the survey's diversity categories, utilizing our entire team to represent our ownership of the Fund's process:

Common Retirement Fund Investment, Legal & Operational Staff

Minority or Women Team Members	Percent
45 of 68 team members	66%

Composition	Percent
Women	40%
African American	22%
Asian American and Pacific Islanders	12%
Hispanic	7%

