

ANNUAL REPORT TO GOVERNOR AND GENERAL ASSEMBLY

**In compliance with Public Act 96-0006
As Required by the Illinois Pension Code, 40 ILCS 5/1-109.1(8)**

December 19, 2025



**State Universities Retirement System
1901 Fox Drive
Champaign, IL 61820**

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December 19, 2025

The Honorable J. B. Pritzker
Governor of Illinois
207 Statehouse
Springfield, Illinois 62706

Dear Governor Pritzker:

The State Universities Retirement System (SURS) is pleased to provide the Report to the Governor and General Assembly regarding the Use of Emerging Investment Managers for Fiscal Year 2025 as required by 40 ILCS 5/1-109.

SURS continues to be committed to providing opportunities for investment management firms and broker/dealers owned by minorities, women, and persons with a disability. The SURS Board of Trustees has long had an established policy that formally addresses the initiative to increase the participation of minority-, women- or persons with a disability-owned (MWDBE) firms.

Included below are some key points highlighting the progress of the SURS diversity initiative over the past decade as well as more recent activities. SURS continues with the additional work to improve and maintain accomplishments in all areas.

Summary of Key Points

- SURS continues to allocate directly to additional MWDBE private market investment managers via our respective discretionary advisor in private equity (Aksia) adding one allocation, discretionary advisor in private credit (Meketa) adding one allocation, and non-discretionary real assets consultant (Callan) adding four commitments in FY 2025.
- In FY 2025, SURS made commitments of \$590 million with private equity, private credit and real asset firms with partnership and direct allocations with advisors and consultants.
- SURS Investment staff consists of twelve positions, which six of the twelve positions are held by diverse individuals including women and minorities.
- The SURS Investment team continued their use of the Diverse Manager Outreach Portal which arranged and conducted over 46 virtual meetings with diverse-owned firms this FY 2025. Since its launch in 2023, SURS has conducted over 180 of these virtual meetings.

Over forty-seven percent (49 of 103) of SURS' current investment managers are owned by minorities, women, or persons with a disability, as of June 30, 2025. SURS assets managed by these 49 firms total \$11.7 billion, representing 47.5% of the total investment portfolio.

The Manager Diversity Program (MDP) is one of the key initiatives developed by SURS aimed at increasing the utilization of MWDBE investment managers. The MDP, approved by the Board in March 2004, is managed with program oversight by internal investment staff, allowing investment managers to have a direct contractual relationship with SURS. The program currently consists of 49 managers, an increase of 7 managers over the past fiscal year. The program continued to expand during FY 2025. As of June 30, 2025, the total assets under management in the Manager Diversity Program total \$11.7 billion.

Outreach to diverse firms is an important component of SURS investment program. In addition to MWDBE-focused programs with external manager-of-emerging managers providers and the internally managed Manager Diversity Program, SURS attracts diverse firms throughout the year by use of its Diverse Manager Outreach Program. The portal provides opening invites to MWDBE firms in strategies across the portfolio to present their capabilities to staff and the corresponding consultants/advisors (either general or specialty). The objective is to identify exceptional talent early in the firm's life and provide opportunities for partnership with SURS. The implementation of the SURS Diverse Manager Outreach Portal in 2023, which was an expansion of SURS annually hosted Diverse Manager Week, has also expanded the ability to reach more diverse-owned firms throughout the year on a monthly and quarterly basis.

SURS has several diversity policies in place to comply with the Illinois Pension Code. Quantifiable goals have been set and are reviewed annually for the management of assets and utilization of broker dealers owned by minorities, women, and persons with a disability. Over the past year, SURS has continued to reach for these goals and will continue to do so in the coming year.

SURS continues to make its investment managers aware of trading opportunities with MWDBE brokerage firms. The System's Investment Policy, subject to best execution, requires its investment managers to meet certain minimum levels of trading with MWDBE brokerage firms. SURS investment managers in each asset class are, in aggregate, exceeding the minimum brokerage expectations set by the Board of Trustees. Minority brokerage utilization rates for U.S. equity, non-U.S. equity, global equity, and fixed income investment managers were 100%, 64.6%, 32.9%, and 53.5%, respectively, for FY 2025.

SURS places the utmost importance on promoting diversity among its investment advisors and investment professionals. We will continue to strive to implement and evaluate the strategies developed to date and will make a conscious effort to continue our focus on serving our members to the best of our ability.

Sincerely,



Michael C. Schlachter, CFA
Chief Investment Officer

cc: Suzanne M. Mayer, Executive Director

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Introduction

The State Universities Retirement System (SURS) is committed to providing opportunities for diverse and emerging investment managers¹. SURS has taken and is continuing to take important and appropriate actions to provide increased opportunities for minority-, women- and persons with a disability- owned (MWDBE) investment managers. This program has been and will continue to be of utmost importance to the SURS Board of Trustees and has received the highest priority.

As of June 30, 2025, the SURS investment portfolio is valued at approximately \$25.2 billion. SURS has engaged the services of 103 investment managers in six functional classes. These investment managers have been hired through a competitive search process to identify the best qualified managers in each asset class. Managers are selected to invest their portfolios in a specific strategy or style. More generally, SURS seeks a diversified mix of investment managers, each having different styles in different asset classes. Over forty-seven percent (49 of 103) of SURS' current investment managers are minority, - women- or persons with a disability-owned businesses.

SURS is an active member or conference attendee in the National Association of Securities Professionals (NASP), the New America Alliance (NAA), the Association of Asian American Investment Managers (AAAIM), and National Association of Investment Companies (NAIC) which promote diversity in the investment industry. In addition, meaningful goals have been established for the use of

¹ The phrase "emerging investment manager" is used throughout the text of this document. The current definition applicable to SURS is found in 40 ILCS 5/1-109.1(4) and is defined as "a qualified investment adviser that manages an investment portfolio of at least \$10,000,000 but less than \$10,000,000,000 and is a 'minority owned business', 'women owned business' or 'business owned by a person with a disability' as those terms are defined in the Business Enterprise for Minorities, Women, and Persons with Disabilities Act."

investment management firms owned by minorities, women, and persons with a disability in each asset class. SURS has significantly increased assets with MWDBE firms over the past several years. Emphasis will continue to be placed on brokerage activity with minority-, women- or persons with a disability-owned (MWDBE) firms. SURS continues the implementation of the strategies developed to date and further strengthening of the relationships already in place with firms owned by minorities, women, or persons with a disability.

Goals for Utilization of Emerging Managers that are Minority-Owned Businesses

40 ILCS 5/1-109.1(4)

The SURS Board of Trustees policies and established goals for the percent of assets under management by minority-owned and women-owned businesses are provided in Exhibit A. Additionally, Exhibit B, shows a summary of the overall utilization goals for diverse-owned investment managers, names and addresses of the emerging investment managers that are minority-owned businesses used by SURS. Exhibit C depicts the utilization goals for emerging investment managers for each asset class. In addition to the policy and goals mentioned above, affirmative steps have been taken to remove any barriers to full participation in investment opportunities with SURS.

Investment Manager Selection

SURS' manager search process begins with defining the need for a specific type of investment to improve the risk/return profile of the overall portfolio and presenting the rationale to the Board of Trustees. Generally, once a need for retaining investment managers has been identified, the investment staff, along with SURS' investment consultant, conducts a search.

SURS Investment Procurement Policy, Exhibit D, includes general procedures in soliciting bids and surveying the market for investment advisers, consultants, and other investment services. Selection and appointment of firms by the Board are made and awarded in accordance with the Illinois Pension Code and any applicable policy under the Illinois Compiled Statutes.

SURS does not use any criteria that would be considered a barrier to an emerging or diverse-owned manager such as a minimum number of years in business or a minimum level of assets under management. If an emerging or diverse-owned investment manager meets the criteria established for a specific search, then that investment manager shall receive an invitation by the Board and Investment

team to present his or her firm for final consideration of a contract. If multiple MWDBE investment managers meet the criteria of the search, the internal investment staff may choose the most qualified firm(s) to present to the Board of Trustees.

**Goals for Increasing Racial, Ethnic, and Gender Diversity of Fiduciaries,
Consultants, and Senior Staff**

40 ILCS 5/1-109.1(5)

Effective August 17, 2018, Public Act 100-0902 requires each retirement system, pension fund and investment board to make its best efforts to ensure that the racial and ethnic makeup of its senior administrative staff represents the racial and ethnic makeup of its membership. This requirement was added to the diversity of fiduciaries section in 40 ILCS 5/1-109.1(5).

The SURS Inclusion Policy, Exhibit E, was established in 2015 to promote utilization of MWDBEs in SURS contracts and services, as well as, to advance racial, ethnic, and gender diversity of SURS fiduciaries, including consultants and senior staff.

SURS Senior Staff Makeup

Through its recruitment efforts, SURS strives to reach broad pools of applicants. SURS recruits from diverse, qualified pools of potential applicants to secure a high-performing workforce drawn from all segments of the community. Diversity is promoted throughout the organization to ensure a culture of inclusivity.

SURS' senior administrative staff consists of seven positions. Currently, six of the seven positions are held by diverse individuals, including five women and one Latino. As the group of senior staff is small, any changes to the make-up may take time.

SURS Consultants

As SURS policy dictates, requests for proposals for consultant services are conducted every five years. Makeup of staff, diversity policies, and MWDBE-inclusive processes and databases are considered

critical criteria during the search period. SURS considers that partnering with consultants that have established formal processes to include MWDBEs in the investment management search process is of high importance and adds value to the organization.

As of June 30, 2025, SURS utilized two consultants within its defined benefit investment program: Meketa Investment Group to serve as general consultant and Callan to serve as specialty real assets consultant. SURS requests information regarding each firm's staff diversity and consultant initiatives that would ensure equal participation of MWDBE investment management firms on an annual basis.

Goals for Utilization of MWDBEs for Contracts and Services 40 ILCS 5/1-109.1(6)

The Board of Trustees adopted an Inclusion Policy in December 2009 to establish guidelines for inclusion of minority, women or disabled owned businesses in SURS procurement processes. A copy of the SURS Inclusion Policy is included as Exhibit E. The goal adopted at that time for all contracts and purchases from businesses owned by minorities, women, and persons with a disability was 12%.

The goals have been subsequently reviewed and increased over time. For Fiscal Year 2025, 16.4% of the contracts and purchases included businesses owned by minorities, women, and persons with a disability, falling short of the 20% goal. The plan for Fiscal Year 2026 is to maintain the goal at 20%, with the intent to continue expanding our minority-, women-, and persons with a disability-owned vendor group. SURS staff will continue to be proactive during Fiscal Year 2026 in seeking minority-, women-, and persons with a disability-owned businesses in our procurement opportunities.

Goals for Utilization of MWDBE Broker/Dealers 40 ILCS 5/1-109.1(7)

The Board of Trustees adopted a policy that sets forth goals for increasing the utilization of MWDBE broker/dealers (Exhibit A).

Current Role of MWDBE Brokerage Firms

SURS requires all of its public markets investment managers to use minority-, women- or persons with a disability-owned (MWDBE) brokerage firms. Throughout the year, SURS occasionally receives inquiries from MWDBE brokerage firms regarding the opportunity to execute trades for the portfolio. SURS investment staff, at a minimum, meets with interested firms when requested and provides a listing of its current investment managers, which is available online at www.surs.org. If requested, SURS staff will send a letter of introduction along with the firm's marketing materials.

Since Fiscal Year 2004, SURS has had in place a brokerage policy designed to increase the utilization of MWDBE brokerage firms, subject to best execution. The policy is asset class-specific and calls for SURS' investment managers to meet certain minimum levels of usage over continually rolling twelve-month periods. As shown in the table below, SURS seeks to consistently exceed these high-level goals while achieving best execution.

Asset Class	Goal
Equity	
U.S. Equity	35%
Non-U.S. Equity	25%
Global Equity	22%
Fixed Income	
Principal Protection, TIPS, and Long Duration	35%
Credit	5%

SURS monitors managers' compliance with this policy and has established a series of consequences for those managers who repeatedly fail to meet expectations, up to and including termination. Initially, a follow-up letter will be distributed to the investment managers not achieving the minimum level of MWDBE broker/dealer usage. The investment managers are expected to achieve the desired levels over quarterly rolling twelve-month periods. Only trades executed directly with minority-owned broker/dealers will be considered in the achievement of these goals. The table that follows lists the goals for each asset class as well as actual utilization for the year ending June 30, 2025.

Asset Class	Actual Utilization	Goal
EQUITY		
U.S. Equity	100%	35.0%
Non-U.S. Equity	64.6%	25.0%
Global Equity	32.9%	22.0%
FIXED INCOME		
Fixed Income	53.5%	35.0%

In aggregate, SURS investment managers are currently exceeding the minimum expectations levels established by the Board of Trustees. SURS continues to emphasize the importance of this program to all of its new and existing investment managers, and given the established minimum levels of utilization, expects to see continued meaningful usage of MWDBE brokers in future years.

Goals for Increasing the Utilization of MWDBE Managers 40 ILCS 5/1-109.1(9)

Exhibit A shows the pertinent policy that establishes additional goals for assets specific to MWDBE managers. Exhibit B shows a summary of these goals.

In September 2014, the Board established a new goal that 20% of total assets be managed by MWDBE investment managers which has since been increased to 35%. As of June 30, 2025, 47.5% of total assets were managed by MWDBE firms.

SURS has managed a dedicated program for minority-, women- and persons with a disability-owned investment management firms since fiscal year 1997. Initially, SURS utilized the services of external manager-of-emerging-managers providers. In 2004, SURS expanded its program with the launch of an internal manager of emerging managers program, the Manager Diversity Program.

Outreach to diverse firms is an important component of SURS investment program. In addition to MWDBE-focused programs with external manager-of-emerging managers providers and the internally managed Manager Diversity Program, SURS attracts diverse firms throughout the year by the use of its Diverse Manager Outreach Portal. Prior to the portal, SURS hosted an annual Diverse Manager Week for four years which invited MWDBE firms in strategies across the portfolio to present their capabilities to staff and the corresponding consultants/advisors (either general or specialty). During FY 2023 SURS Investment staff launched the Diverse Manager Outreach Portal to provide for diverse-owned firms with greater than 51% MWDBE ownership to present to the SURS investment team, its manager-of-manager partners, and/or its consultants on a monthly or quarterly basis depending on asset class. The portal was an expansion of the annual Diverse Manager Week event designed to meet with more managers throughout the year. Since its launch in FY 2023, over 180 meetings have been arranged and conducted with diverse firms, as of June 30, 2025.

SURS Investment staff also participates in various themed conferences/webinars to familiarize themselves with more diverse-owned firms in both public and private markets. The Investment staff participated in several of these conferences/webinars throughout FY 2025 either as a participant, panelist, or attendee.

Bivium Investment Management Company

Bivium Investment Management Company, a manager-of-emerging-managers provider, selects, retains, and compensates the investment managers that are managing assets within their program. By teaming with Bivium, SURS can establish relationships with a larger number of emerging investment managers. Currently, the Bivium program consists of 5 managers (6 mandates) implementing a global credit portfolio consisting of investment grade, high yield fixed income and emerging market debt. As of June 30, 2025, all 5 managers providing investment services through Bivium Investment are MWDBE investment managers. Exhibit F details the managers that are a part of the Bivium program. The performance of these managers is closely monitored by SURS staff, with the goal of identifying highly successful managers that can potentially be funded directly by SURS. Bivium also partners with SURS staff to share research in an effort to enhance the System's line- up of deserving MWDBE investment managers.

As of June 30, 2025, the total value of assets under management by Bivium is \$431 million.

Xponance Investment Management Company

Xponance Investment Management Company, as manager-of-emerging-managers provider, selects, retains, and compensates the investment managers that are managing the assets within their program. By teaming with Xponance, SURS can establish relationships with a larger number of emerging investment managers. Currently, the Xponance program consists of 7 managers across public equity. As of June 30, 2025, all 7 managers providing investment services to SURS, through Xponance Investment, are MWDBE

investment managers. Exhibit G details the managers that are a part of the Xponance program. The performance of these managers is closely monitored by SURS staff, with the goal of identifying highly successful managers that can potentially be funded directly by SURS. Xponance also partners with SURS staff to share research in an effort to enhance the System's line- up of deserving MWDBE investment managers.

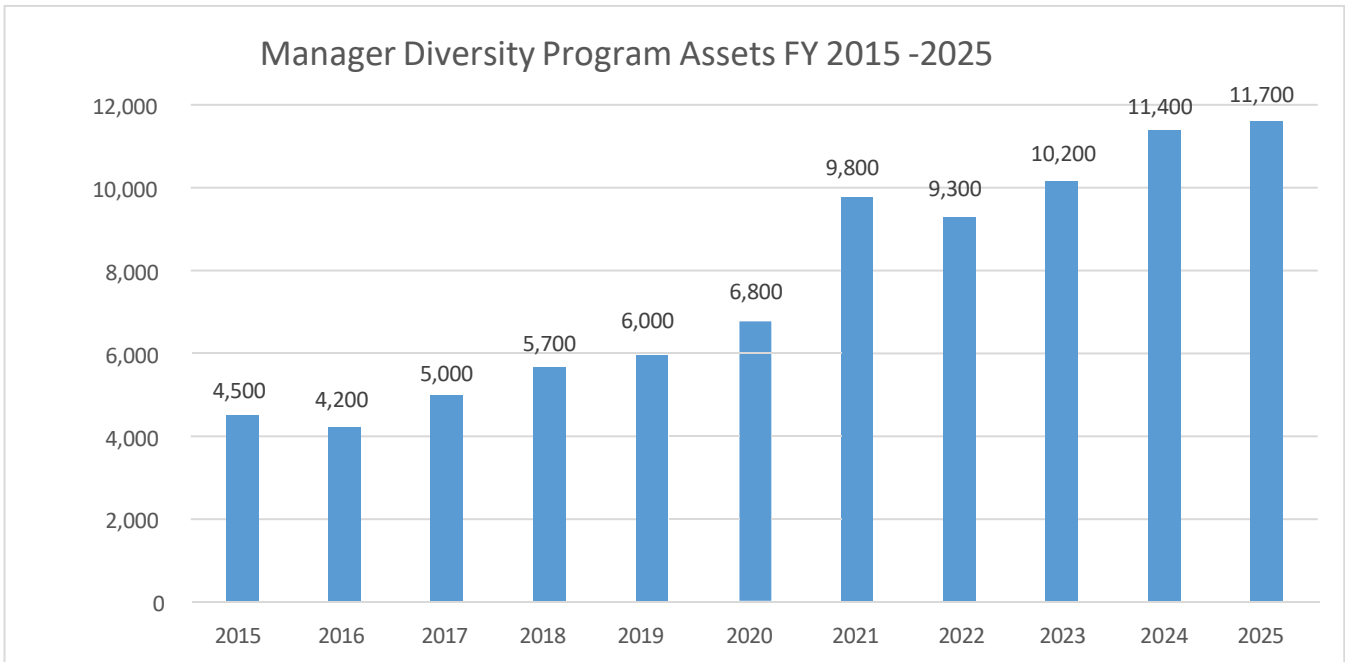
As of June 30, 2025, the total value of assets under management by Xponance is \$390 million.

Manager Diversity Program

The Manager Diversity Program (MDP) was created by the SURS Board of Trustees in March 2004 as one of four initiatives² designed to further increase the utilization of MWDBE investment management firms. As of June 30, 2025, the program consists of 49 managers across the portfolio. Investment firms selected for participation in the MDP contract directly with SURS. Ultimately, the goal of the MDP is to identify highly successful managers and meaningfully increase the firm's allocation, if consistent with the structure of the overall SURS portfolio.

Due to the success of the MDP, the program has significantly expanded since its creation. As the chart below illustrates, MDP assets have grown from \$127.4 million in fiscal year 2005 to approximately \$11.7 billion at the end of fiscal year 2025. As part of the expansion, the structure has been strategically modified to be more consistent with the overall SURS investment program, including allocations to private equity and real estate.

² The other three initiatives involved creation of a private equity fund-of-funds focused on minority- and women-owned partnerships, a search for minority- or women-owned equity index fund providers, and expansion of the existing roster of minority- and women-owned firms. Each of the four initiatives has been successfully implemented.



The MDP continues to expand, as discussed below.

- In partnership with Aksia and Fairview Capital, SURS currently has private equity commitments totaling \$749 million to MWDBE-owned private equity firms with \$235 million commitments in FY 2025. □
- In FY 2025, SURS made direct private credit allocations through our private credit advisor, Meketa. SURS currently has commitments totaling \$444 million to MWDBE-owned private credit funds with \$200 million of those commitments made in the past fiscal year.
- In FY 2025, SURS also made direct real asset commitments via an open search process conducted by Callan totaling approximately \$155 million to four MWDBE-owned funds.
- In FY 2025, the SURS Investment staff continued to utilize the Diverse Manager Outreach Portal to provide for diverse-owned firms with greater than 51% MWDBE ownership to present to the

SURS investment team. Since its launch, over 180 meetings have been arranged and conducted with diverse firms.

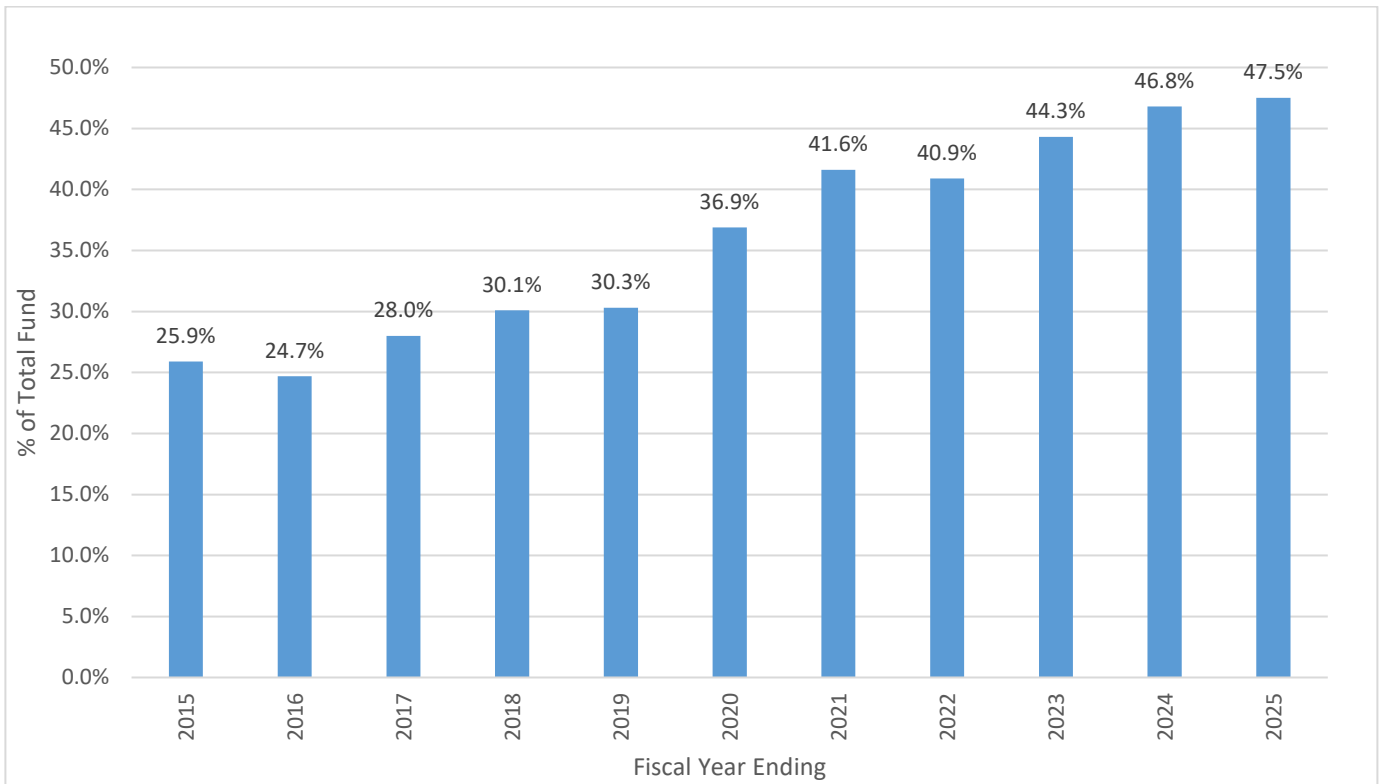
Exhibit H details the managers in the MDP along with the current level of assets under management for the System. As of June 30, 2025, the total assets under management in the Manager Diversity Program are approximately \$11.7 billion, an increase in market value of approximately \$.3 billion from last year's report. The MDP is managed with program oversight by SURS internal investment staff, allowing investment managers to have a direct contractual relationship with SURS. Significant staff resources continue to be dedicated to the construction, management, and evaluation of the program.

Current Role of MWDBE Investment Managers

- **Defined Benefit Plan**

SURS investment program totaled \$25.2 billion as of June 30, 2025. Of this amount, \$11.7 billion, or 47.5%, is managed by investment management firms owned by minorities, women, or persons with a disability. SURS assets with MWDBE firms have grown steadily over time, as seen in the chart that follows.

SURS Assets with MWDBE Investment Management Firms FY 2015 – FY 2025



K. Emerging Investment Managers, MWDBE Managers and Minority-Owned Broker/Dealers

SURS is committed to providing opportunities for Emerging Investment Managers and Minority Owned Broker/Dealers. SURS is also committed to providing ongoing opportunities for minority-, woman-, and persons with a disability-owned (“MWDBE”) Managers that have advanced beyond the statutory definition of Emerging Investment Managers. In determining the status of a business enterprise, SURS will use the definitions found in the Business Enterprise for Minorities, Women, and Persons with Disabilities Act, 30 ILCS 575/2(A) and (B).

The Illinois Pension Code, in 40 ILCS 5/1-109.1, encourages the Board to use Emerging Investment Managers in managing the System’s assets to the greatest extent feasible within the bounds of financial and fiduciary prudence, and to take affirmative steps to remove any barriers to the full participation of Emerging Investment Managers in investment opportunities afforded by the System. Furthermore, in accordance with the Illinois Pension Code, SURS encourages its Fund-of-Fund Managers to use Emerging Investment Managers as subcontractors when the opportunity arises.

1. Goals for Utilization of Emerging Investment Managers and MWDBE Managers

Beginning January 1, 2016, the Illinois Pension Code, in 40 ILCS 5/1-109.1, established aspirational goals of 20% for pension funds, with respect to assets under management by Emerging Investment Managers and the percentage number of MWDBE Managers.

In December of 2019, the Board (subject to its fiduciary responsibility) established goals for the percent of assets under management for MWDBE managers, Emerging Investment Managers as defined by Illinois statute, the percent of fees paid to MWDBE managers, and the percent of managers that are MWDBE. Furthermore, with the intent of having MWDBE Managers significantly represented in each broad Asset Class and not concentrated in any particular Asset Class, the Board has established additional goals for emerging managers in each asset class.

A summary of the Board’s goals is set forth in Exhibit 6. These goals shall be reviewed annually.

2. Goals for Utilization of Minority-Owned Broker/Dealers

The Board has set minimum expectations for the use of qualified Broker/Dealers that meet the definition of a minority-owned business, woman-owned business or a business owned by a person with a disability (“Minority-owned Broker/Dealer”) by the



System's Managers. Only trades executed directly with Minority-owned Broker/Dealers will be considered in the achievement of these goals.

Goals for Minority-owned Broker/Dealer Utilization have been established for the various public equity and fixed income classes as set forth in Exhibit 7. SURS seeks to have its Managers consistently meet or exceed these goals, while achieving best execution.

In order to achieve the goals, minimum expectations have been established for individual Managers within a number of Sub-Asset Classes. Subject to best execution, SURS requires its Managers to meet the minimum expectations set forth in Exhibit 7 for each rolling twelve (12) month period.

Reporting Guidelines

Each Manager will submit a compliance report within 30 days after March 31, June 30, September 30, and December 31 of each year. Reporting will be monitored over a rolling twelve-month period.

Consequences of Non-Compliance

Repeated failure to meet Minority-owned Broker/Dealer Utilization Goals will lead to the following:

- 1) Staff notification to the non-compliant Manager;
- 2) Staff examination of reasons for non-compliance;
- 3) Invitation to the non-compliant Manager to appear before Staff and/or the Board; and
- 4) Remediation plan acceptable to the Staff or recommendation to the Board to Terminate.

3. Manager Diversity Program

Program Description

SURS has implemented a Manager Diversity Program (“MDP”) to identify highly successful MWDBE firms. The process used for selection of investment managers is set forth in Policy No. 6.3, ***SURS Investment Procurement Policy***. Manager Benchmarks are identified in the Manager Guidelines for each Manager in the program.

4. Manager-of-Managers Program

Program Description

SURS utilizes a “Manager-of-Managers” program, overseen by SURS Staff. The program’s primary goal is to identify MWDBE Managers that will be initially awarded smaller allocations within the program. Staff may recommend, for the Board’s approval, one or more Manager-of-Managers to play an active role in identifying emerging MWDBE Managers and maintain an ongoing involvement in the evaluation and performance oversight of such Managers. Staff shall work with the Manager-of-Managers to identify, recruit, and monitor Managers in the program.

Graduation Program

On an annual basis, SURS Staff and the Manager-of-Managers will identify one underlying Manager to be considered for a meaningful, direct allocation. The following factors are considered in determining when an underlying Manager should be awarded a larger allocation in the SURS Portfolio:

- Acceptable measure of performance over a three-to-five-year period;
- Stability in Manager’s organization;
- Institutional quality infrastructure;
- Growth in Assets Under Management;
- Confidence in Manager’s investment process; and
- Product Fit.

In addition to the factors mentioned above, the needs of the overall SURS investment program will be considered.

Beginning January 1, 2022, if an investment adviser acting in its capacity as an investment manager of a multimanager portfolio made up of emerging investment managers (an “EIM Manager”) provides a written recommendation to SURS for its selection or appointment of an emerging investment manager, and such emerging investment manager has been providing investment services in such multimanager portfolio for at least 24 months, then the Board or the Staff Investment Committee (“SIC”), subject to the allocation limits imposed on the SIC



by the Delegation Matrix contained in the Investment Procurement Policy, may select or appoint such emerging investment manager as a direct Manager for SURS. Any emerging investment manager appointed pursuant to the immediately preceding sentence shall be disclosed on the SURS website as an appointment per the exception provided in 40 ILCS 5/113.24 to the requirements of 40 ILCS 5/1-113.14 as it currently exists or may be amended (and such disclosure shall include the name of the EIM Manager, a statement that the Board has authorized selection or appointment of such emerging investment manager as a Manager for SURS, and a brief explanation of the reason such emerging investment manager was selected or appointed as an exception to 40 ILCS 5/1-113.14.

Initially adopted December 8, 2006; Revised April 26, 2007; September 21, 2007; September 12, 2008; April 23, 2009; September 11, 2009; December 2, 2009; September 3, 2010; September 16, 2011; October 25, 2012; September 13, 2013, September 19, 2014; September 11, 2015; December 9, 2016; June 9, 2017; December 8, 2017; March 9, 2018; April 18, 2019; June 7, 2019; September 13, 2019; October 17, 2019; December 6, 2019; January 30, 2020; November 17, 2020; December 4, 2020; January 29, 2021; September 10, 2021; April 21, 2022; September 15, 2022; October 19, 2023; September 12, 2024; September 11, 2025; October 23, 2025.

**Schedule of Minority-, Women- and Persons with a Disability- Owned (MWDBE)
Investment Management Firms
As of June 30, 2025**

	Minorities	Non-Minority Women	Persons with a Disability	Overall Goal
% by Total Assets				
Goal	20%	14%	1%	35%
Actual	27.9%	22.8%	.08%	47.5%

	MWDBE Goals	Actual
% by Manager Count	35%	39%
% by Manager Fees	25%	32%

**State Universities Retirement System
Schedule of Emerging, Minority, and Female-Owned Firms
As of June 30, 2025**

Manager

Contact Information

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Chicago, IL 60601

Ativo Capital Management

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120 N LaSalle Street, Suite 2150
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New York, NY 10019

Base10 Partners

101 Mission Street, Suite 1115
San Francisco, CA 94105

Basis Investment Group

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180 Maiden Lane, Suite 3202
New York, NY 10038

Bivium Capital Partners

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601 Montgomery Street, Suite 1212
San Francisco, CA 94111

Brasa Capital Management

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Los Angeles, CA 90067

Bregal Sagemount

Kevin Richardson
277 Park Avenue, 29th Floor
New York, NY 10172

Brightwood Capital Management

Zakira Ralling
810 Seventh Ave, 26th Floor
New York, NY 10019

Clearlake Capital Partners

233 Wilshire Blvd, Suite 800
Santa Monica, CA 90401

Manager

Crayhill Capital Management

EARNEST Partners

Ember Infrastructure Partners

Fairview Capital Partners

Garcia Hamilton & Associates

GlobeFlex Capital

LM Capital Group

Long Wharf Capital

Longpoint Realty Partners

LongTail Alpha, LLC

MBK Partners

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**State Universities Retirement System
Utilization of Emerging Investment Managers*, as defined by 40 ILCS 5/1-109.1(4)¹
As of June 30, 2025**

Asset Class	Minorities	Non-Minority Women	Persons with a Disability	Overall Utilization/Goal
Total Fund				
<i>Goal</i>	16%	8%	1%	25%
<i>Actual</i>	14.5%	7.4%	.08%	24%
Equities				
<i>Goal</i>	16%	8%	1%	25%
<i>Actual</i>	4.6%	17.8%	0%	22.5%
Fixed Income**				
<i>Goal</i>	16%	8%	1%	25%
<i>Actual</i>	27.5%	1.8%	0%	29.2%
Alternatives***				
<i>Goal</i>	10%	9%	1%	20%
<i>Actual</i>	17.1%	2.2%	.08%	20.9%

Data as of June 30, 2025 for public markets/as of March 31, 2025 for private markets

* MWDBE ownership of over 50% and assets under management below \$10 billion

** Includes allocation to Principal Protection, Credit, TIPS, and Long Duration

*** Includes private markets, options, alternative risk premia, and trend following strategies

¹40 ILCS 5/1-109.1(4), defines "emerging investment manager" as a qualified investment adviser that manages an investment portfolio of at least \$10,000,000 but less than \$10,000,000,000 and is a "minority owned business", "female owned business" or "business owned by a person with a disability" as those terms are defined in the Business Enterprise for Minorities, Females, and Persons with Disabilities Act.



OFFICIAL POLICY

Investment Procurement Policy

Policy Register Part: VI – Investments		Policy Number: 6.3
Approval Authority: Board of Trustees		Originating Department: Investments Responsible Executive Staff Member: Chief Investment Officer
Version:	Effective Date:	Description of Changes and Link(s) to Earlier Version(s):
1	March 9, 2018	N/A – Original
2	March 8, 2019	Clarified that the Quiet Period applies to RFP process, reorganized existing language regarding specialty consultants, and clarified that specialty consultant is required to satisfy procurement diversity requirements
3	September 13, 2019	Updated procurement exceptions to match Pension Code Section 1-113.14(b) and to clarify staff involvement in strategic allocation and periodic search updates to Board
4	June 5, 2020	Added a new section detailing procurement requirements for Opportunistic Investments

5	January 29, 2021	Amended to permit Staff to authorize Specialty Consultant recommendations for commitments of \$50 million or less, to remove requirement of General Partner presentations of follow-on funds, and to require commitments to new General Partners in excess of \$50 million to be presented to the Investment Committee
6	September 15, 2022	<p>Formatted into template and amended as follows:</p> <ul style="list-style-type: none"> • In Section 5.A., Applicability of RFP Procedures, added 5.A.1.d and e as allowable exceptions per statute • Amended Section 5.B.8 to raise the mandate limit requiring manager appearance before the Board from \$50 million to \$100 million • In section 5.B., deleted 5.B.9 to reflect expansion of definition of investment committee to include entire board • Added language to Section 5.E., Procurement Requirements for Recommendations by Specialty Consultant, to document desire to seek emerging firm representation • In Section 5.E, increased size of mandate coming to the Board from \$50 million to \$100 million. Same change made to 5.E.2.d related to RFPs with the Specialty
7	October 19, 2023	Updated to reflect Sustainability Disclosure requirements effective January 1, 2024 (30 ILCS 238/10)
8	September 12, 2024	<p>Updated Section 5.A. for consistency with other SURS policies regarding RFP issuance and exceptions.</p> <p>Updated Section 5.E. to reflect change in approval process for certain follow-on fund commitments and Section F to change language around number and frequency of Specialty Consultant recommendations</p>

9	September 11, 2025	<p>4.D. E. and J. – Terms added to definitions</p> <p>5.A.1. – “Investment Managers” added to list of service providers</p> <p>5.A.2. – change to comply with statutory language</p> <p>5.B.6. – simplification of language</p> <p>5.B.7. through 5.B.10. – changes to procurement process that delegate decision-making powers to Investment Staff for investments up to the limits contained in 5.B.8.</p> <p>5.C.2. – Unnecessary language removed</p> <p>5.C.7.c. – Gift ban language simplified</p> <p>5.D.1. through 5.D.2.d. – changes to delegate some decision making to Investment Staff</p>
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1. Policy Statement

This policy (the “Policy”) addresses the general procedures of the State Universities Retirement System (“SURS”) in soliciting bids and surveying the market for Investment Services. The selection and appointment of firms to provide Investment Services shall be made and awarded in accordance with the Illinois Pension Code (the “Code”), 40 ILCS 5/1-101 *et seq.*, and all other relevant authority under the Illinois Compiled Statutes.

2. Departments and/or Staff Positions Required to Comply with Policy:

All Investment Department employees are required to read and comply with this Policy.

3. Directives

Is Policy internal only?	Does Policy Include any reporting requirements for Stoplight Report?	Citation to Statutory Mandates, if applicable
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No	Procurement Policy must be posted to SURS website and filed with the Illinois Procurement Policy Board	Pension Code, 40 ILCS 5/1-113.14(b)
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4. Definitions

As used in this Policy, the following term(s) shall have the meanings indicated.

- A. “Board”** - The Board of Trustees of SURS, or the Investment Committee of the Board exercising the authority of the Board pursuant to the Board’s bylaws, as the context may indicate.
- B. “Consultant”** - Any person or entity retained or employed by the Board to make recommendations in developing an investment strategy, assist with finding appropriate investment advisers or monitor the Board’s investments. “Consultant” does not include discretionary Investment Advisers or non-investment related professionals or professionals offering services that are not directly related to the investment of assets, such as legal counsel, actuary, proxy-voting services, services used to track compliance with legal standards and investment in fund of funds where the Board has no direct contractual relationship with the investment advisers or partnerships. A Consultant must be registered as an investment adviser under the federal Investment Advisers Act of 1940 or as a bank, as defined in the federal Investment Advisers Act of 1940. Included in the definition of a consultant is a **“Specialty Consultant”**. A “Specialty Consultant” is a consultant who specializes in one or more investment areas of expertise and is selected by the Board pursuant to a Request for Proposal (“RFP”) process. Also included in the definition of a consultant is a **“General Investment Consultant.”** A “General Investment Consultant” is a consultant selected by the Board pursuant to an RFP process to provide general investment consulting services, including investment manager search and selection, among other things.
- C. “Chief Procurement Officer”**- An individual designated by SURS to oversee and monitor the procurement process consistent with the requirements of this Policy, the Code and all other relevant authority under the Illinois Compiled Statutes.
- D. “Diverse Investment Manager”** - A qualified investment adviser that manages an investment portfolio and is a "minority-owned business", "women-owned business" or "business owned by a person with a disability" as those terms are defined in the Business Enterprise for Minorities, Women, and Persons with Disabilities Act (40 ILCS 5/1-109.1).
- E. “Emerging Investment Manager”** – A qualified investment adviser that manages an investment portfolio of at least \$10,000,000 but less than \$10,000,000,000 and is a "minority-owned business", "women-owned business" or "business owned by

a person with a disability" as those terms are defined in the Business Enterprise for Minorities, Women, and Persons with Disabilities Act (40 ILCS 5/1-109.1).

- F. **“Investment Adviser”**- Any person or firm who: (1) is a fiduciary appointed by the Board in accordance with Section 1-109.1 of the Code, 40 ILCS 5/1-109.1; (2) has the power to manage, acquire or dispose of any asset of SURS; (3) has acknowledged in writing that he or she is a fiduciary with respect to SURS; and (4) is either registered as an investment adviser under the federal Investment Advisers Act of 1940 or as a bank as defined in the federal Investment Advisers Act of 1940, 15 U.S. C. 80b-1 *et seq.* and 40 ILCS 5/1-113.14(b)
- G. **“Investment Services”** - Services provided by an Investment Adviser or a Consultant pursuant to Section 1-113.14 of the Code, 40 ILCS 5/1-113.14
- H. **“Opportunistic Investment”** - An investment opportunity resulting from dramatic market mispricing due to atypical external forces, which is time-sensitive in nature and would be expected to produce either: 1) risk-adjusted investment returns exceeding those found in more typical market environments or 2) enhanced downside protection of SURS assets.
- I. **“Quiet Period”** - A period of time during which an RFP for a potential Consultant, custodian, Investment Adviser or vendor is underway and during which a set of guidelines governs any communication by the Board, Consultant or Staff with such parties.
- J. **“Staff Investment Committee”** (“SIC”) – The internal decision-making group consisting of the Chief Investment Officer, Senior Investment Officers, and a non-voting member of the legal team.

5. The Policy

A. Applicability of RFP Procedures

1. RFPs are required for all contracts involving expenditures authorized or anticipated to be in excess of \$50,000 over the full term of the contract, except as noted below. The RFP procedures in this Policy apply to, but are not limited to, hiring of consultants, investment advisers/investment managers, custodians, proxy voting service providers, and defined contribution recordkeepers, other than:
 - a. sole source procurements,
 - b. emergency procurements,

- c. at the discretion of the Board, contracts for follow-on funds with the same fund sponsor through closed-end funds or limited partnerships, and
 - d. procurement exception (40 ILCS 5/1-113.24) for contracts with emerging investment managers provided through a qualified manager of emerging managers.
2. If in any case an “emerging investment manager” (as such term is defined in the Code) submits an RFP response that meets the requirements for a specific search then the “emerging investment manager” shall receive an invitation to present to the Investment Committee/Board. In the case where multiple “emerging investment managers” meet the criteria of the search, the most qualified firm or firms shall be invited to present to the Investment Committee/Board.

B. Procurement Procedures and Schedule

The following are the general procurement actions that shall be taken by SURS when considering procurement actions. SURS shall develop and use uniform documents for the solicitation, review and acceptances of all Investment Services. References to actions by the Staff in this Policy shall mean the Staff in consultation with any applicable Consultant retained by SURS.

1. Staff is authorized to issue RFPs as necessary to implement, or maintain, the strategic policy targets established by the Board.
2. Staff is expected to consult with third parties and potential respondents prior to the proposed RFP as necessary to address any inquiries and encourage participation in the procurement process. Members of the Board may communicate with third parties and potential respondents consistent with applicable law and applicable policy.
3. Following initial due diligence, Staff shall prepare the RFP. The RFP shall contain all information statutorily required, as well as such information as necessary for, or related to, any potential procurement action. Staff shall provide the Investment Committee with a tentative timeline for all actions relating to the RFP. Such timeline shall include, but not be limited to, the RFP issuance date, the date all responses are due and the date of the expected final decision. The Quiet Period is initiated with the issuance of an RFP.
4. At a minimum, Staff shall post the RFP on the SURS website, and advertise the RFP in a nationally circulated investment publication and any other publication deemed appropriate by Staff or as required by law. Staff additionally may:

- a. contact potential respondents in order to notify them of the issuance of the RFP, and
 - b. disseminate such RFP to potential respondents.
5. The deadline for submission of proposals shall be not less than fourteen (14) days following the posting of the RFP. RFP responses received by the deadline stated in the RFP shall be recorded and receipted by Staff. Staff shall review and analyze the responses to the RFP as expeditiously as reasonably practical within the RFP specifications. Staff shall verify information submitted and resolve or confirm any discrepancies. Staff will eliminate any response that fails to conform to the minimum qualifications outlined in the RFP. Staff will periodically throughout the procurement process provide an update with respect to the RFP process and include such report in Investment Committee materials.
 6. Staff and/or Consultants shall meet with representatives of the respondents selected as semi-finalists by Staff and/or Consultants to obtain an independent assessment of the firm's capabilities.
 7. If the amount of the contemplated investment or commitment will exceed the amount outlined in the Delegation Matrix, below, the Investment Committee shall interview the respondents recommended or direct that additional respondents be invited for interview. The Investment Committee may, in its discretion, approve the selection of a respondent or respondents, or may, in good faith, decline to recommend any respondent following such interviews. The Investment Committee may direct a recommencement of the RFP process or terminate the search entirely.

DELEGATION MATRIX

ASSET CLASS	DELEGATION LIMIT
Public Equities	Up to and incl the lesser of 1% of AUM or \$250M
Public Fixed Income	Up to and incl the lesser of 1% of AUM or \$250M
Real Assets, excluding "Fund 1" investments	Up to and incl \$100M
Crisis Risk Offset	Up to and incl the lesser of 1% of AUM or \$250M
Opportunistic	Up to and incl the lesser of 1% of AUM or \$250M

8. If the contemplated investment or commitment does not exceed the amount delineated in the Delegation Matrix, the Staff Investment Committee ("SIC"), may review finalists and select an investment manager(s) for contract negotiation and funding. Approvals of selections by the SIC must be unanimous among those present and the Investment Consultant must be in agreement in writing with the SIC's decision. At the discretion of the Chief

Investment Officer (“CIO”), investment managers which fail to receive unanimous approval by the SIC may be brought before the Investment Committee for approval. The SIC may also, in its discretion, defer to the Investment Committee for a decision on any selections. If any matter is elevated to the Investment Committee, the legal representative on the SIC shall report to the Investment Committee the reason for this action.

9. For any action taken by the SIC, the Executive Director shall be provided with a written record of the SIC’s decision and the opinion of the Investment Consultant.
10. Staff and/or Consultants shall, in conjunction with their legal counsel, negotiate the contract with the approved respondent. If required by the Code, such contract must at a minimum contain the specific requirements found in Section 1-113.14 of the Code, 40 ILCS 5/1-113.14. Staff shall promptly provide a report to the Investment Committee in the event Staff is unable to negotiate contract terms with the approved respondent that meet the requirements of the Code. The Quiet Period concludes with the completion of successful contract negotiations. See also, Section 5.C.7 hereinafter.
11. SURS shall post the name(s) of the successful respondent(s) on SURS’ web site, along with a disclosure including the total amount applicable to the contract, the total fees paid or to be paid, and a description of the factors that contributed to the selection of the respondent consistent with the requirements of the Code.

C. Other RFP Requirements

1. The RFP process shall comply with all relevant sections of State and Federal law, including the Pension Code and applicable case law.
2. SURS shall not enter into a contract with a Consultant that exceeds five (5) years in duration. No contract to provide consulting services may be renewed or extended. At the end of the term of a contract, however, the Consultant is eligible to compete for a new contract as permitted in the Code.
3. Any report, documentation, or list compiled or received by Staff or a Consultant relating to an RFP or procurement action shall be promptly made available to the Board upon request.
4. Nothing in this Policy is meant to prohibit or discourage any Board Member from being involved in any part of the procurement process; provided that such Board Member provides prior notice of his/her intent to participate to Staff in order to ensure such participation is in compliance with applicable

law. It is expected that Staff and Consultants shall each provide independent recommendations to the Board regarding all such procurements.

5. No Board member, SURS employee or SURS vendor shall knowingly cause or advise the Board to engage in an investment transaction with a vendor when the Board member, SURS employee, SURS consultant or any of their spouses:
 - a. has any direct interest in the income, gains or profits of the investment vendor through which the investment transaction is made or
 - b. has a relationship with that investment vendor that would result in a pecuniary benefit to the Board member, SURS employee or SURS vendor or any of their spouses as a result of the investment transaction. References to the "investment vendor" include an employee or agent of such firm who has greater than 7.5% ownership of the consulting firm.

6. Quiet Period Policy
 - a. A Quiet Period will commence upon issuance of an RFP and end once a selection has been made by the Board and contract negotiations with the selected respondent are completed
 - b. Initiation, continuation and conclusion of the Quiet Period shall be publicly communicated to prevent inadvertent violations;
 - c. All Board members, and Staff other than those directly involved in the search or the Chief Procurement Officer or their designee, shall refrain from communicating with respondents regarding any product or service related to the search in process. SURS staff and trustees will comply with the relevant provisions of the Illinois State Officials and Employees Ethics Act and the Illinois Governmental Ethics Act in all procurement matters.
 - d. Throughout the Quiet Period, if any Board member is contacted by a respondent, the Board member shall refer such party to the Chief Procurement Officer;
 - e. All authority related to the search process shall be exercised solely by the Investment Committee or Board as a whole, and not by individual Board members;

- f. The Quiet Period does not prevent Board approved due diligence, client conference attendance or communications with an existing vendor; provided, however, that discussions related to the procurement and pending selection shall be avoided during those activities;
- g. The provisions of this Policy shall apply throughout the Quiet Period and shall be communicated to respondents in conjunction with any search; and
- h. A respondent may be disqualified from a search process for a violation of the Quiet Period or any portion of this Policy.

D. Procurement Requirements for Opportunistic Investments

- 1. The Board and/or SIC (per the Delegation Matrix) will not be required to fulfill the RFP procurement requirements of this Policy when considering Opportunistic Investments as defined at Section 4.F of this Policy, if the requirements of this Section 5.D are complied with.
- 2. The following are the general procurement requirements for an Opportunistic Investment recommended by any Investment Consultant hired by the Board or SIC; provided, however, that any procurement or due diligence requirement in the contract between such Investment Consultant and the Board or SIC, and any specific directive from the Board or SIC to such Consultant regarding a proposed Opportunistic Investment takes precedence over the general requirements of this Section.
 - a. In recommending any Opportunistic Investment to the Investment Committee/Board/SIC for consideration, the Investment Consultant shall develop and utilize a consistent and uniform competitive process for analyzing and vetting potential Opportunistic Investments that shall be substantially similar to the competitive process outlined in Article 35 of the Illinois Procurement Code, 30 ILCS 500/35-1 *et seq.* if required by the Code.
 - b. The Investment Consultant shall ensure that any potential Opportunistic Investment and its terms are in compliance with the Code and any applicable law, regulation or directive of the Board, including SURS' Defined Benefit Investment Policy and approved asset allocation.
 - c. The Investment Consultant shall conduct such competitive process in a transparent and streamlined manner to ensure potential Opportunistic Investments are recommended to the Board or SIC in a timely manner.

- d. In recommending any Opportunistic Investment to the Investment Committee/Board/SIC, the Investment Consultant shall prepare a detailed report for the Investment Committee/Board/SIC outlining the utilized competitive process and its due diligence on the potential investment. As part of the recommendation process the Investment Consultant and Staff will secure and review all statutorily required disclosures and provide those disclosures to the Investment Committee/Board/SIC for consideration prior to taking action on the recommendation.

E. Procurement Requirements for Recommendations by a Specialty Consultant

1. The Board will not be required to fulfill the RFP procurement requirements of this Policy for any investment if the investment is specifically recommended by a Specialty Consultant and if such Specialty Consultant has adhered to the procurement requirements specifically outlined in this Policy for a Specialty Consultant in formulating the recommendation.
2. The following are the general procurement requirements for any investment recommended by a Specialty Consultant; provided, however that any procurement or due diligence requirement in the contract between such Specialty Consultant and the Board regarding a proposed investment takes precedence over the general requirements of this Section.
 - a. In recommending any investment to the Investment Committee/Board for consideration, the Specialty Consultant shall develop and utilize a consistent and uniform competitive process for analyzing and vetting potential investments that shall be substantially similar to the competitive process outlined in Article 35 of the Illinois Procurement Code, if required by the Code.
 - b. The Specialty Consultant shall ensure that any potential investment and its terms are in compliance with the Code and any applicable law, regulation or directive of the Board, including SURS' Investment Policy and approved asset allocation.
 - c. The Specialty Consultant shall conduct such competitive process in a transparent and streamlined manner to ensure the Specialty Consultant is recommending potential investments to the Board in a timely manner. Firms meeting the definition in the Code as an "emerging investment manager" are to be actively sought for potential investment in keeping with SURS' utilization goals.

- d. In recommending any investment to the Investment Committee/Board, the Specialty Consultant shall prepare a detailed report for the Investment Committee/Board outlining the utilized competitive process and its due diligence of the potential investment. As part of the recommendation process, the Specialty Consultant and Staff will secure and review all statutorily required disclosures and provide those disclosures to the Investment Committee/Board for consideration prior to taking action on the recommendation. If the contemplated investment or commitment is \$100 million or less, the recommended respondents shall be invited to make final written submissions to the Investment Committee, but live interviews shall not be required unless the Investment Committee so directs.
- e. The Specialty Consultant can recommend a commitment to a closed-end private fund, the direct predecessor to which SURS previously made a commitment (a “follow-on fund”). The General Partner of any follow-on fund previously approved by the Board will not be required to present to the Investment Committee. Further, if such follow-on fund commitment is for \$100 million or less, said commitment may be made without Investment Committee/Board approval. Once all legal negotiations have been satisfactorily completed, the Specialty Consultant and/or Staff will report the outcome to the Investment Committee/Board at its next regularly scheduled meeting.
- f. Where appropriate, the Specialty Consultant should endeavor to recommend qualified firms to the Investment Committee/Board, if consistent with SURS’ Investment Policy, Procurement Policy, asset class pacing plan and approved asset allocation.

F. Reporting and Other Compliance Requirements

- 1. Must be posted to SURS website
 - a. Procurement Policy (40 ILCS 5/113.14(b))
 - b. Procurement exception (40 ILCS 5/113.14) for follow-on commitments with the same fund sponsor
 - c. Procurement exception (40 ILCS 5/113.24) for contracts with emerging investment managers through a qualified manager of emerging managers
- 2. Investment Procurement Reporting
 - a. Per 40 ILCS 5/1-109.1(8) SURS shall submit a report to the Governor and the General Assembly by January 1 of each

year that includes the following: (i) the emerging investment manager policy adopted, including the names and addresses of the emerging investment managers used, percentage of the assets under the investment control of emerging investment managers for the 3 separate goals, and the actions undertaken to increase the use of emerging investment managers, including encouraging other investment managers to use emerging investment managers as subcontractors when the opportunity arises; (ii) the policy adopted setting forth goals for increasing the racial, ethnic, and gender diversity of SURS' fiduciaries, including its consultants and senior staff; (iii) the policy setting forth goals for utilization of businesses owned by minorities, women, and persons with disabilities for all contracts and services; (iv) the policy adopted setting forth goals for increasing the utilization of minority broker-dealers, including specific actions undertaken to increase the use of minority broker-dealers; and (v) the policy adopted setting forth goals for increasing the utilization of minority investment managers.

- b. Per 40 ILCS 5/1-113.22, no later than January 1 annually, each consultant retained by SURS shall disclose to its board of trustees: the total number of searches for investment services made by the consultant in the prior calendar year; the total number of searches for investment services made by the consultant in the prior calendar year that included (i) a minority-owned business, (ii) a women-owned business, or (iii) a business owned by a person with a disability; the total number of searches for investment services made by the consultant in the prior calendar year in which the consultant recommended for selection (i) a minority-owned business, (ii) a women-owned business, or (iii) a business owned by a person with a disability; the total number of searches for investment services made by the consultant in the prior calendar year that resulted in the selection of (i) a minority-owned business, (ii) a women-owned business, or (iii) a business owned by a person with a disability; and the total dollar amount of investment made in the previous calendar year with (i) a minority-owned business, (ii) a women-owned business, or (iii) a business owned by a person with a disability that was selected after a search for investment services performed by the consultant.

- a. Per 40 ILCS 5/1-113.23, no later than January 1 annually, a consultant retained SURS shall disclose to its board of trustees all compensation and economic opportunity received in the last 24 months from investment advisors retained by the board of a retirement system, board of a pension fund, or investment board. Additionally, each consultant must be disclosed to the Board any compensation or economic opportunity received in the last 24 months from an investment advisor that is recommended for selection by the consultant. A consultant shall make this disclosure prior to the board selecting an investment advisor for appointment.
3. Reports Received
 - a. Diversity disclosure (40 ILCS 5/1-113.21) - No contract for investment services, consulting services, or commitment to a private market fund shall be awarded without an appropriate disclosure.
 - b. SURS Sustainability Disclosure (30 ILCS 238/10) - Investment managers shall disclose, prior to the award of a contract, a description of any process through which the manager prudently integrates the sustainability factors, outlined in the Illinois Sustainable Investing Act, into their investment decision making, investment analysis, portfolio construction, due diligence, and investment ownership in order to maximize anticipated risk-adjusted financial returns, identify projected risk, and execute the manager's fiduciary duties.

6. Exhibits

Attached hereto and incorporated herein are the following Exhibits:

N/A

7. Approval

Name	Suzanne Mayer
Title	Executive Director
Signature	<i>Suzanne Mayer</i> <small>Suzanne Mayer (Sep 24, 2025 06:36:35 CDT)</small>
Date	Sep 24, 2025

**THIS POLICY WAS APPROVED BY THE INVESTMENT COMMITTEE
ACTING AS THE SURS BOARD OF TRUSTEES PURSUANT TO
SECTION 4.A. OF THIS POLICY**

on

September 11, 2025.



OFFICIAL POLICY OF THE BOARD OF TRUSTEES

Section 1/109.1(5) and (6) Procurement and Staffing Inclusion Policy

Policy Register Part:		Policy Number:
XII – BOARD OF TRUSTEES		12.7
Approval Authority:		Originating Department:
SURS BOARD OF TRUSTEES		Administration
		Responsible Executive Staff Member:
		Executive Director
Version:	Effective Date:	Description of Changes and Link(s) to Earlier Version(s):
1	August 2019	N/A – Original
2	December 2021	Updated SURS' MWDBE goal from 25% to 20%
3	June 6, 2025	Formatted to template and edited to remove repetition/redundancy and to add references to Defined Benefit Investment Policy and applicable statutory citations throughout; removed reference to specific goal percentage number in Section 5.F to permit change annually without Policy revision.

1. Policy Statement

- A. This Policy outlines the State Universities Retirement System's (SURS) statutory goals for diversity and inclusion in its fiduciaries, including its senior staff and

consultants, as well as its outside vendors, as set forth in Sections 1-109.1(5) and 1-109.1(6) of the Illinois Pension Code, 40 ILCS 5/1-109.1(5) and (6).

Requirements imposed by Sections 1-109.1(4), 1-109.1(7) and 1-109.1(9) of the Illinois Pension Code for the utilization of emerging investment managers, minority broker-dealers and minority investment managers are not addressed within this Policy but are separately addressed and contained within Section 5.K of SURS Policy No. 6.1, SURS Defined Benefit Investment Policy, and its exhibits.

B. Subject to its fiduciary duties and in its efforts to comply with the provisions of 40 ILCS 5/1-109.1, SURS has developed the following objectives:

1. Promote competitive utilization of businesses owned by minorities, women, and persons with disabilities in SURS contracts, purchases and services in order to meet set goals;
2. Advance racial, ethnic, and gender diversity of SURS fiduciaries, including consultants and senior staff in order to meet set goals;
3. Create a culture of inclusion to ensure a strong, productive work environment; and
4. Assure compliance with Illinois statutes.

2. Officers and/or Staff Positions Required to Comply with Policy:

All Members of the SURS Board of Trustees, the SURS Executive Director, the SURS Officer of Procurement and DEI, SURS Chief Financial Officer, SURS senior staff, and all employees of the Human Resources department are required to read and comply with this Policy.

3. Directives

Is Policy Internal Only?	Does Policy Include any Reporting Requirements for Spotlight Report?	Citation to Statutory Mandates, if applicable
No	Yes – See immediately below	Illinois Pension Code, including but not limited to 40 ILCS 5/1-109.1; Business Enterprise for Minorities, Women and Persons with Disabilities Act, 30 ILCS 575/1 <i>et seq.</i>

	<p>Goals set within this Policy are to be reviewed annually (traditionally done at the September Board meeting) – Referenced also in SURS Policy 1.1, Fiscal Management Policy</p>	<p>Illinois Pension Code, Section 1/109.1(6), 40 ILCS 5/1-109.1(6)</p>
	<p>Occupational Ethnic and Gender Report to be filed quarterly with the State Universities Civil Service System – Referenced also in SURS Policy 5.1, Equal Employment Opportunity and Reporting Compliance Policy</p>	<p>Civil Service Rule 250.140</p>
	<p>By January 1st of each year, SURS shall submit a report to the Governor and General Assembly that includes: (1) the policy adopted under Section 1/109.1(4) (policy setting forth goals for utilization of emerging investment managers), (2) the policy adopted under Section 1/109.1(5) (policy setting forth goals for increasing the racial, ethnic and gender diversity of fiduciaries including consultants and senior staff), (3) the policy adopted under Section 1/109.1(6) (policy setting forth goals for utilization of businesses owned by minorities, women, and persons with disabilities for all contracts and services), (4) the policy adopted under Section 1/109.1(7) (policy setting forth goals for increasing the utilization of minority broker-dealers, and (5) the policy adopted under Section 1/109.1(9) (policy setting forth the goals for increasing the utilization of minority investment managers)</p>	<p>Illinois Pension Code, Section 1/109.1(8), 40 ILCS 5/1-109.1(8)</p>

4. Definitions

As used in this Policy, the following term(s) shall have the meanings indicated.

- A. “Senior Staff”:** All members of the SURS Executive Leadership Team (as supported by legislative intent expressed prior to the passage of 5 ILCS 5/1-109.1)

- B.** “**Section 1-109.1**”: Refers to Section 1-109.1 of the Illinois Pension Code, 40 ILCS 5/1-109.1, titled “Allocation and delegation of fiduciary duties.”

5. The Policy

- A.** Per the mandates of 40 ILCS 5/1-109.1(5) and (6), SURS must set goals for increasing diversity and inclusion in its procurement and employment decisions. SURS recognizes that these goals advance its primary fiduciary duties set forth throughout the Pension Code and are to be pursued to the extent that they serve those primary fiduciary duties.
- B.** SURS’ procurement and employment goals are intended to increase diversity and inclusion among its vendors, consultants, senior staff and all other fiduciaries.
- C.** SURS’ employment goals for increasing racial, ethnic and gender diversity of SURS fiduciaries must work within existing State Universities Civil Service System mandates when required. These goals must be reviewed on an annual basis as required by 40 ILCS 5/1-109.1(5). Associated information shall be tracked by the Chief Human Resources Officer and reported annually as required by 40 ILCS 5/1-109.1(8).
- D.** SURS’ procurement process includes efforts to attract qualified businesses owned by minorities, women, and persons with disabilities (these terms as defined by the Business Enterprise for Minorities, Women, and Persons with Disabilities Act, and referred to, collectively, as “MWDBE,” 30 ILCS 575/1 *et seq.*) to participate in the procurement process. SURS further commits to the objective evaluation of all qualified businesses regardless of ownership by race, gender or disability status in fair consideration of all suppliers and consultants in the acquisition of goods and services.
- E.** SURS strives to identify and notify possible MWDBE contractors and service providers of upcoming procurement opportunities via resources provided by the United States Small Business Administration, Illinois Central Management Services Business Enterprise Program and other public agencies.
- F.** Pursuant to 40 ILCS 5/1-109.1(10) it shall be SURS’ aspirational goal to utilize businesses owned by minorities, women, and persons with disabilities for no less than 20% of contracts awarded for “information technology services,” “accounting services,” “insurance brokers,” “architectural and engineering services” and “legal services” as those terms are defined in the Business Enterprises for Minorities, Women, and Persons with Disabilities

Act, 30 ILCS 575/1 *et seq.* More specifically, as required by 40 ILCS 5/1-109.1(6), on an annual basis, SURS through its Board of Trustees sets its specific percentage goal for utilization of businesses owned by minorities, women, and persons with disabilities for all of its contracts and services. Associated information shall be tracked by the Chief Financial Officer and reported annually as required by 40 ILCS 5/1-109.1(8).

- G. Notwithstanding all of the above, SURS shall remain mindful that its procurement and staffing decisions must and will be made in compliance with the fiduciary duties owed to its members and beneficiaries, which, to the extent of any conflict, must take precedence over its achievement of the aspirational goals described in this Policy.

6. Exhibits

Attached hereto and incorporated herein are the following Exhibits:

None

7. Approval

Name	Suzanne Mayer
Title	Executive Director
Signature	<i>Suzanne Mayer</i> <small>Suzanne Mayer (Jun 13, 2025 09:52 CDT)</small>
Date	Jun 13, 2025

APPROVED BY THE BOARD OF TRUSTEES OF THE STATE UNIVERSITIES
RETIREMENT SYSTEM
ON THE
6TH DAY OF JUNE 2025.

**Bivium Capital Investment Management Company
Minority-, Women- and Persons with a Disability-Owned (MWDBE)
Manager Program Status
As of June 30, 2025**

<u>Asset Class/Manager Name</u>	<u>Market Value (in \$Millions)</u>
Emerging Market Debt	
GIA Partners	74.7
LM Capital	81.5
RVX Asset Management	73.9
Fixed Income	
GIA Partners	101.1
Integrity Fixed Income	44.2
New Century Advisors	55.9
 Total Assets	 <u>\$431.3</u>¹

¹ Totals may not add due to rounding.

**Xponance Investment Management Company
Minority-, Women- and Persons with a Disability-Owned (MWDBE)
Manager Program Status
As of June 30, 2025**

<u>Asset Class/Manager Name</u>	<u>Market Value (in \$Millions)</u>
Global Equity	
Arga Investors	52.2
Channing Global	53.1
Fithian Global	54.6
IQI Global	46.1
Maytech Global	60.9
Promethos Capital	68.3
Zevin Global	54.1
Total Assets	<u>\$390.0¹</u>

¹ Totals may not add due to rounding from terminated accounts with small remaining assets (.7).

**SURS Manager Diversity Program
As of June 30, 2025**

Manager Name	Market Value (in \$Millions)
Ativo Capital Management	238
GlobeFlex Capital	484
Nipun Emerging Markets	110
Solstein Capital	128
Strategic Global Advisors	372
Total Non-US Equity	\$1,332
RhumbLine S&P/Wilshire	2,365
Total US Equity	\$2,365
Ariel Investments	314
Earnest Global	354
Strategic Global Advisors	277
Xponance	390
Total Global Equity	\$1,335
Basis Real Estate Fund I	21.5
Basis Real Estate Fund II	38
Brasa Real Estate Fund II	40
Brasa Real Estate Fund III	4.7
Ember Infrastructure I	36
Ember Infrastructure II	14
Franklin Templeton MDP RE 2015	51.5
Long Wharf RE Partners VI	26.5
Long Wharf RE Partners VII	20.3
Longpoint Realty Partners II	51
Longpoint Realty Partners III	38.5
Newport Capital Partners	8
Total Non-Core Real Assets	\$350
Fairview Capital Partners	159
M2 Emerging PE Fund	106
Avance Partners	18
Base10 Partners	46

Bregal Sagemount	10
Clearlake Capital Partners	84
MBK Partners Fund	59
Oak HC-FT Partners	53
OceanSound Partners	77
One Rock Capital	35
Reverence Capital	70
Stellex Capital Partners	32
Total Private Equity	\$749

Brightwood Capital	48
Crayhill Capital Management	32
Silver Rock Tactical	96
Silver Rock Tactical 2022	200
Turning Rock Partners	68
Total Private Credit	\$444

Bivium PC Funds	431
Total Public Credit	\$431

Garcia Hamilton	599
LM Capital Group	607
Pugh Capital Management	609
Ramirez Asset Management	606
Total Principal Protection	\$2,421

RhumbLine TIPS	1,075
Total Inflation Sensitive	\$1,075

Longtail Alpha	377
LongTail Tail Risk	90
RhumbLine Long Duration	414
Versor Investments	283
Total Crisis Risk Offset	\$1,164

Total MDP **\$11,666**

State Universities Retirement System
Schedule of Illinois-Based Investment Managers
As of June 30, 2025

<u>Manager</u>	<u>Market Value</u> <u>(\$Millions)</u>	<u>% of SURS</u> <u>Total Fund</u>
Adams Street Partners	\$772	2.74%
Ariel Investments	313.4	1.10%
Ativo Capital Management	238	0.84%
Blue Vista Real Estate Partners	4.1	0.02%
Heitman America Real Estate Trust	269.7	0.96%
Mesirow Financial Investment	397.5	1.41%
Muller & Monroe Asset Management	105.8	0.38%
Newport Capital Partners	1.2	0.00%
William Blair & Company	<u>106.3</u>	<u>0.38%</u>
Total Assets with Illinois-Based Investment Managers¹	<u>\$2,208</u>	<u>7.83%</u>
SURS Total Fund as of June 30, 2025	<u>\$28,202</u>	

Emerging managers shown in bold

¹ Total may not add due to rounding.