



# REPORT

ON USE OF INVESTMENT FIRMS AND  
CONTRACTORS OWNED BY MINORITY  
PERSONS, WOMEN, VETERANS, AND  
PERSONS WITH A DISABILITY IN FISCAL  
YEAR 2022

**DECEMBER 5, 2022**



Michael W. Frerichs  
ILLINOIS STATE TREASURER

# TABLE OF CONTENTS

I.	INTRODUCTION .....	3
II.	USE OF INVESTMENT FIRMS OWNED BY MWVD PERSONS.....	4
	Investment Firms Report Summary.....	5
	MWVD Broker/Dealers .....	6-10
	MWVD Asset Managers.....	11-13
III.	USE OF CONTRACTORS OWNED BY MWVD PERSONS .....	14
	Procurement Report Summary.....	15-17



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## INTRODUCTION

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A core tenet of the mission of the Office of the Illinois State Treasurer (“Illinois Treasurer”) is to promote education, access, and opportunity for individuals and governmental bodies across our state to give families the tools to achieve the American Dream. In furtherance of that mission, the Illinois Treasurer is committed to providing equal access for minority persons, women, qualified veterans, and persons with disabilities (“MWVD Persons”).

The Illinois Treasurer believes that our government should mirror the great diversity in our state. Furthermore, diversity is good for business. Research demonstrates that diverse-owned companies are often well-situated to ascertain capital inefficiencies in the market, and as such, many are primed to outperform their peers. That is why the Illinois Treasurer is focused on providing more opportunities to qualified investment firms and contractors owned by MWVD Persons.

Beyond this fundamental belief in the value of diversity, Section 30 of the State Treasurer Act declares that it be policy of the Illinois Treasurer to promote and encourage the use of businesses owned by or under the control of MWVD Persons and sets forth the aspirational goal of directing 25% of the total dollar amount of funds under management, purchases of investment securities, and other contracts to businesses owned by or under the control of MWVD Persons.

This report summarizes utilization of MWVD businesses by the Office of the Illinois State Treasurer in FY 2022, focusing on the utilization of investment firms, including broker/dealers and asset managers, and contractors procured for goods and services. Notable takeaways include the following:

- **Assets Brokered by MWVD Firms Increased from \$603 million to \$51 billion** – Total assets brokered by MWVD firms increased from \$603 million in FY 2014 to \$51 billion in FY 2022. That represents an 84-fold increase.
- **Assets Managed by MWVD Firms Increased from \$18 million to \$3.7 billion** – Total assets managed by MWVD firms increased from \$18 million in December 2014 to \$3.7 billion in June 2022. That represents a 206-fold increase.
- **MWVD Procurement Goals Met** – 18% of the Illinois Treasurer’s vendors are MWVD businesses, a number which may very well be higher as the Office increases its efforts, as further detailed in this report, to obtain data from several of its vendors.

Looking ahead, we are committed to continuing to transform the culture, policies, and operations of the Illinois Treasurer to help ensure equal opportunity. For more information on the Illinois Treasurer’s focus on equity, diversity and inclusion, please visit the following webpage:

[www.illinoistreasurer.gov/Financial Institutions/Equity, Diversity Inclusion](http://www.illinoistreasurer.gov/Financial%20Institutions/Equity,%20Diversity%20Inclusion).

Sincerely,



Michael W. Frerichs  
Illinois State Treasurer

# **Use of Investment Firms Owned by MWVD Persons**

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## Investment Firms Report Summary

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The purpose of this section is to illustrate the utilization of investment firms owned by MWVD Persons by the Illinois Treasurer over the course of FY 2014 to FY 2022, with attention paid to historical utilization where data is available.

The two categories of investment firms documented in this report include (1) MWVD Broker/Dealers and (2) MWVD Asset Managers.

- **MWVD Broker/Dealers** – The Illinois Treasurer’s two internally managed investment programs, the State Investment Portfolio and Illinois Public Treasurers’ Investment Pool (also referred to as “The Illinois Funds”), are made up of direct purchases and brokered investments. Tapping diverse-owned broker/dealers is one of the quickest and best ways to ensure MWVD participation.
- **MWVD Asset Managers** – The Illinois Treasurer has made tremendous strides expanding the use of MWVD asset managers. MWVD asset managers are used to assist the Office’s externally managed investment programs, including two Illinois 529 College Savings Plans, Bright Start and Bright Directions, which are designed as “qualified tuition programs” under Section 529 of the Internal Revenue Code, and the Illinois Growth and Innovation Fund, which is an impact investment fund that invests in ways that attract, assist and retain quality technology businesses in Illinois.<sup>1</sup>

Key takeaways for this section include the following:

- **Assets Brokered by MWVD Firms Increased from 1% to 67%** – Only 1% of the Illinois Treasurer’s investment assets were brokered through MWVD firms in FY 2014, compared to 67% in FY 2022.
- **Total Assets Brokered with MWVD Firms Exceeded \$51 Billion in FY 2022** – Total assets brokered with MWVD firms increased from \$603 million in FY 2014 to \$51 billion in FY 2022, which represents an 84-fold increase.
- **Under Treasurer Frerichs, \$266 billion has been brokered by MWVD Firms over the course of FY 2015 to FY 2022.**
- **Assets Managed by MWVD Firms Increased from \$18 Million to \$3.7 Billion** – Total assets managed by MWVD firms increased from \$18 million in December 2014 to \$3.7 billion in June 2022. That represents a 206-fold increase.
- **Under the Illinois Growth and Innovation Fund (ILGIF) 48% of all commitments were invested with MWVD Firms** – Ending June 30, 2022, ILGIF invested 48% of the total capital committed to funds managed by MWVD firms.

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<sup>1</sup> For more information on the Office’s investment programs, please visit [www.illinoistreasurer.gov/Office\\_of\\_the\\_Treasurer/Investments](http://www.illinoistreasurer.gov/Office_of_the_Treasurer/Investments).

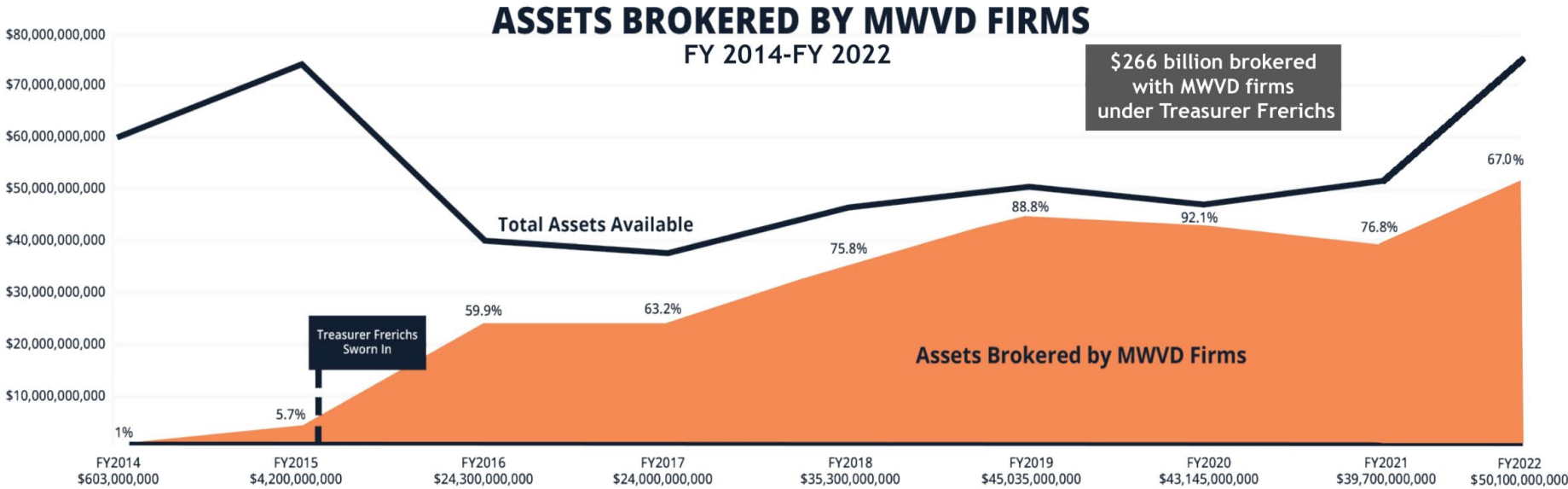
## MWVD Broker/Dealers

**TABLE 1: Assets Brokered by MWVD Firms through the State Investments and The Illinois Funds**

<b>Year-by-Year Comparison of Assets Brokered by MWVD Firms FY 2014 - FY 2022</b>									
	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>
<b>Assets Brokered by MWVD Firms</b>	\$603 million	\$4.2 billion	\$24.4 billion	\$24.0 billion	\$35.4 billion	\$45.0 billion	\$43.1 billion	\$39.7 billion	<b>\$51.1 billion</b>
<b>Total Assets Available</b>	\$60 billion	\$74 billion	\$40.7 billion	\$38 billion	\$46.7 billion	\$50.7 billion	\$46.9 billion	\$51.7 billion	<b>\$76.3 billion</b>
<b>% Brokered by MWVD Firms</b>	1.0%	5.7%	59.9%	63.2%	75.8%	88.8%	92.1%	76.8%	<b>67.0%</b>

- **Assets Brokered by MWVD Firms Increased from 1% to 67%** – There has been impressive growth in the utilization rate of MWVD broker/dealers over the course of FY 2014 to FY 2022, characterized by sharp growth and steady utilization at heightened levels. In FY 2014, only 1% of assets were brokered by MWVD firms. In FY 2022, 67% of assets were brokered with MWVD firms.

**GRAPH 1: Assets Brokered with MWVD Firms for FY 2014 through FY 2022**



- **Impressive Gains in Assets Brokered by MWVD Firms Since FY 2014** – Assets brokered by MWVD firms has made impressive gains since FY 2014. The utilization of MWVD firms has increased from 1% to 67%, and total assets brokered with MWVD firms increased from \$603 million in FY 2014 to \$51 billion in FY 2022.
- **Totals Assets Brokered by MWVD Firms under Treasurer Frerichs Increased to \$266 Billion.**

**TABLE 2: Total Assets Brokered with MWVD Firms through State Investments and The Illinois Funds from FY 2016 to FY 2022**

Measure	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
<b>State Investments</b>							
Assets Brokered in the MWVD Space	\$26,192,520,000	\$20,150,689,000	\$25,864,307,000	\$35,786,422,000	\$33,313,218,000	\$27,146,424,000	\$35,481,723,000
Assets Brokered by MWVD Firms	\$17,001,870,000	\$14,378,589,000	\$23,520,376,000	\$34,513,977,000	\$31,393,953,000	\$21,293,543,000	\$25,500,246,500
% Brokered by MWVD Firms	64.9%	71.4%	90.9%	96.4%	94.2%	78.4%	71.9%
<b>Illinois Funds</b>							
Assets Brokered in the MWVD Space	\$14,460,182,000	\$17,822,671,000	\$20,792,015,695	\$14,921,264,000	\$13,551,476,745	\$24,527,560,237	\$40,828,020,769
Assets Brokered by MWVD Firms	\$7,352,425,000	\$9,621,893,000	\$10,521,272,000	\$10,521,272,000	\$11,750,902,750	\$18,409,155,437	\$24,566,860,000
% Brokered by MWVD Firms	50.8%	54.0%	70.5%	70.5%	86.7%	75.1%	60.2%
<b>State Investments + Illinois Funds</b>							
Assets Brokered in the MWVD Space	\$40,652,702,000	\$37,973,360,000	\$46,656,322,695	\$50,707,686,000	\$46,864,694,745	\$51,673,984,237	\$76,309,743,769
Assets Brokered by MWVD Firms	\$24,354,295,000	\$24,000,482,000	\$35,375,009,000	\$45,035,249,000	\$43,144,855,750	\$39,702,698,437	\$51,127,106,500
% Brokered by MWVD Firms	59.9%	63.2%	75.8%	88.8%	92.1%	76.8%	67.0%

- **Steady Utilization of MWVD Broker/Dealers at Heightened Levels** – Overall utilization of MWVD broker/dealers within State Investments and The Illinois Funds maintained over 67% in FY 2022.



**TABLE 3: List of Approved MWVD Broker/Dealers (as of 6/30/2022)**

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

**TABLE 4: MWVD Broker/Dealers among All Approved Broker/Dealers (as of 6/30/2022)<sup>2</sup>**

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

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<sup>2</sup> The Illinois Treasurer's approved broker/dealer list can be viewed at [www.illinoistreasurer.gov/Financial\\_Institutions/BrokerDealers\\_Counterparties/Approved\\_Brokers\\_and\\_Dealers](http://www.illinoistreasurer.gov/Financial_Institutions/BrokerDealers_Counterparties/Approved_Brokers_and_Dealers).

## MWVD Asset Managers

**TABLE 5: Assets Managed by MWVD Firms across Investment Programs (as of 6/30/2022)**

<b>Comparison of Assets Managed by MWVD Firms June 30, 2015 – June 30, 2022</b>								
	<b>June 30, 2015</b>	<b>June 30, 2016</b>	<b>June 30, 2017</b>	<b>June 30, 2018</b>	<b>June 30, 2019</b>	<b>June 30, 2020</b>	<b>June 30, 2021</b>	<b>June 30, 2022</b>
<b>Assets Managed by MWVD Firms</b>	\$20.4 million	\$70.9 million	\$209.5 million	\$303.8 million	\$446.3 million	\$3.9 billion	\$3.3 billion	<b>\$3.7 billion</b>
<b>Total Externally Managed Assets*</b>	\$7.6 billion	\$8.1 billion	\$9.7 billion	\$11.0 billion	\$12.5 billion	\$15.8 billion	\$18.9 billion	<b>\$19.1 billion</b>
<b>% Managed by MWVD Firms</b>	0.3%	0.9%	2.2%	2.8%	3.6%	24.9%	17.6%	<b>19.4%</b>

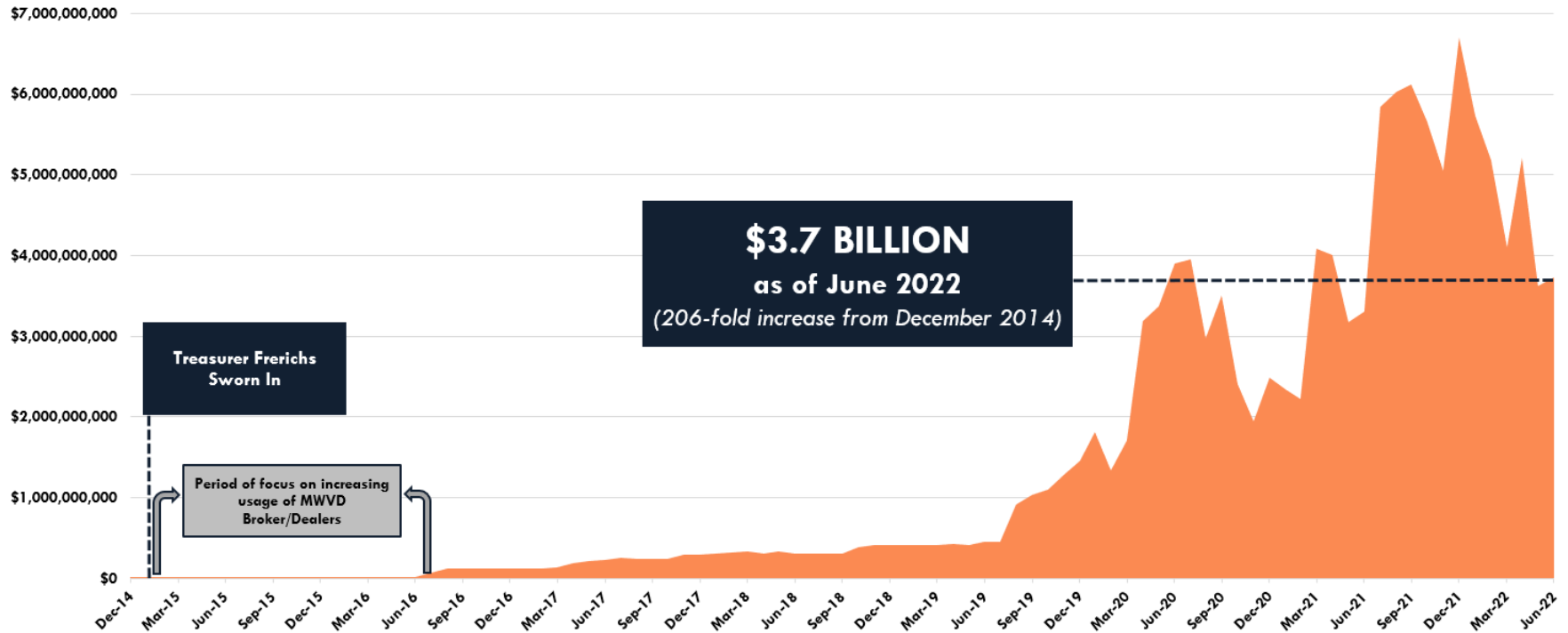
*\*Includes moneys under 529 College Savings Plans, the Illinois Growth and Innovation Fund (ILGIF), Secure Choice, ABLE and externally managed assets under the State Investments Portfolio and The Illinois Funds.*

- **Substantial Increase in Assets Managed by MWVD Firms** – Since June 30, 2015, the utilization rate of MWVD asset managers has increased dramatically, from 0.3% to 19.4%.
- **Assets Managed by MWVD Firms Increased 181-fold from July 2015 to June 2022** – Since June 31, 2015, assets managed by MWVD managers have increased from \$20.4 million to \$3.7 billion.

**GRAPH 2: Assets Managed by MWVD Firms December 31, 2014 – June 30, 2022**

**ASSETS MANAGED BY MWVD FIRMS**

December 2014 to June 2022



- Assets Managed by MWVD Firms Increased Exponentially** – As of June 30, 2022, the Illinois Treasurer had approximately \$3.7 billion with MWVD managers. That represents a 206-fold increase from December 31, 2014, when assets managed by MWVD firms totaled \$18.1 million.

**TABLE 6: List of MWVD Asset Managers (as of 6/30/2022)**

	<b>Firm Name</b>	<b>MWVD Status</b>
1	Williams Capital Group	Minority
2	Garcia Hamilton	Minority
3	Ramirez Asset Management	Minority
4	Drexel Hamilton, Goldman Sachs	Veteran
5	Academy Securities, JP Morgan Prime	Veteran
6	Cabrera Capital Markets	Minority
7	Ariel Investments	Minority
8	Sit Investment Associates	Minority
9	American Beacon, Garcia Hamilton	Minority
10	Ceres Venture Fund	Woman
11	I2A Fund - IL Innovation Accelerator	Minority
12	Builders Venture Capital	Minority
13	Moderne Ventures	Woman
14	Brightwood Capital	Minority
15	New Enterprise Associates 16	Woman and Minority
16	Vistria Group II*	Minority
17	Tensility Venture Partners	Minority
18	New Mainstream Capital III	Minority
19	Impact Engine II	Woman
20	Chingona Ventures	Minority
21	Palladium Equity Partners	Minority
22	Vistria Group III	Minority
23	Agent Capital I	Woman
24	Vista Equity Partners VII*	Minority
25	Reverence Capital Partners Opportunity Fund II	Minority
26	Valor Siren Ventures I	Minority
27	Vista Credit Partners Fund III, L.P.	Minority
28	Moderne Ventures Core Fund II, L.P.	Woman
29	Vista Foundation Fund IV, L.P.	Minority
30	Vamos Ventures Fund I, L.P.	Minority
31	Cleveland Avenue State Treasurer's Urban Success Fund, LP	Minority
32	M25 Fund III, L.P.	Minority
33	Vistria Fund IV, LP	Minority
34	Chingona Ventures II LP	Woman- and Minority
35	Agent Capital Fund II LP	Woman
36	Avance Investment Partners, L.P.	Minority
37	Lightspring Capital I, LP	Woman
38	5th Century Partners Fund I LP	Minority
39	Valor Siren Ventures II L.P.	Minority
40	Reverence Capital Partners Opportunities Fund V (PE Fund III), L.P.	Minority
41	Red Arts Capital Opportunity Fund I, L.P.	Minority

**Note:** Firms indicating an asterisk (\*) indicate that the Illinois State Treasurer has invested into more than one fund. For example, at Vistria Group, the Illinois State Treasurer has invested in Group II, Group III, and Group IV funds. At Vista Equity Partners, the Illinois State Treasurer has invested in Fund VII, the Credit Opportunity Fund III and the Foundation Fund IV.



## **Use of Contractors Owned by MWVD Persons**

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## Procurement Report Summary

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The following is a report on information gathered on the use of contractors that are owned by minority persons, women, veterans, and persons with a disability (“MWVD contractors”) by the Office of the Illinois State Treasurer (“Illinois Treasurer”). This report describes current policies and practices in place to gather MWVD contractor information and highlights policies intended to improve contractor reporting.

Public Act (“PA”) 100-969 established aspirational goals for investments and authorized procurement preferences for the Illinois Treasurer in relation to selecting businesses owned by qualified veterans, qualified service-disabled veterans, minority persons, women, and persons with a disability.

PA 100-969 added Section 30 to the State Treasurer Act [15 ILCS 505], “Preferences for veterans, minorities, women, and persons with disabilities.” Section 30 codifies the Illinois Treasurer’s aspirational goal of directing 25% of the total dollar amount of funds under management, purchases of investment securities, and other contracts to businesses owned by or under the control of qualified veterans, qualified service-disabled veterans, minority persons, women, and persons with a disability. Section 30 also states that the Illinois Treasurer is authorized to incorporate preferences in the scoring process for MWVD businesses as well as for businesses with a record of support for increasing diversity and inclusion in board membership, management, employment, philanthropy, and supplier diversity, including investment professionals and investment sourcing.

The Illinois Treasurer has taken steps to encourage MWVD contractor participation and has instituted language in required documents to complete a bid or proposal submission. As explained further below, MWVD reporting provisions have also been negotiated into contracts and amendments to help keep track of the diversity among current contractors.

### Data Collection

As noted, the Illinois Treasurer currently includes detailed questions regarding diverse ownership in its Requests for Proposals (“RFPs”). These questions allow the Illinois Treasurer to better understand which communities are responding to its public procurements. Below is an example of a statement regarding diversity that is included in the Illinois Treasurer’s current RFPs:

“Respondent’s diversity score will be based on the answers the Respondent provides to the Diversity & Inclusion questions of this RFP. The Evaluation Team shall award a higher diversity score to Respondents that are female, minority, person with disabilities, or veteran owned or managed. Having a higher percentage of subcontractors that are female, minority, person with disabilities, or veteran owned or managed shall also result in higher scores.”

The Illinois Treasurer offers the following statement leading into its specific Equity, Diversity and Inclusion questions in RFPs:

As set forth in Section 30 of the State Treasurer Act, 15 ILCS 505/30, it is an aspirational goal of the State Treasurer to use businesses owned by or under the control of veterans, qualified service-disabled veterans, minority persons, women, or persons with a disability (“MWVD Persons”) for not less than twenty-five percent (25%) of the total dollar amount of funds under management, purchases of investment securities, and other contracts. As used herein, the terms “minority person”, “woman”, “person with a disability”, and “control” have the meanings provided in Section 1 of the Business Enterprise for Minorities, Women, and Persons with Disabilities Act, 30 ILCS 575/2. Further, the terms “veteran” and “qualified service-disabled veteran” have the meanings provided in Section 45-57 of the Illinois Procurement Code, 30 ILCS 500/45-57. For any question below relating to MWVD Persons, the response should include a breakdown by veterans, qualified service-disabled veterans, minority persons, women, or persons with a disability.

Below are examples of the Diversity questions that are currently used in Illinois Treasurer RFPs:

1. Please confirm whether Respondent is at least fifty-one percent (51%) owned by MWVD Persons. Please cite with supporting data, including the number and percentage of the Respondent’s owners who are MWVD persons. Note if Respondent has submitted an EEO-1 report in the last year, Respondent may at its discretion provide the information in its EEO-1 report to supplement the response to this question.
2. Please confirm whether Respondent is under the control of MWVD Persons. Please cite with supporting data. Please provide the number and percentage of the Respondent’s owners who are MWVD persons. Note if Respondent has submitted an EEO-1 report in the last year, Respondent may at its discretion provide the information in its EEO-1 report to supplement the response to this question. What is the percentage of Respondent’s intended use of subcontractors for this project, if any, that are under the control of MWVD Persons?
3. For the next four questions regarding Respondent’s leadership and workforce, all responses must include supporting data. If Respondent has submitted an EEO-1 report in the last year, Respondent may at its discretion provide the information in its EEO-1 report to supplement its responses:
  - a. If publicly owned, please provide (i) the total number of members on the Respondent’s board of directors and (ii) the number of members on the Respondent’s board of directors who are MWVD Persons.
  - b. Please provide the number and percentage of the Respondent’s senior leaders (e.g. partners, executive officers, managing directors, etc.) that are MWVD Persons. Note that senior leaders are considered those who create strategies and plans for the entire organization to follow, communicating

directly with the board of directors or are within two reporting levels to the CEO on the Respondent's official organizational chart.

- c. Please provide the number and percentage of Respondent's professional staff who are MWVD Persons. Note that professional staff are considered those who maintain a bachelor's degree or certification or are first/mid-level officials and managers that report to executive/senior leaders or middle managers.
  - d. Please provide the number and percentage of the Respondent's full-time, U.S. workforce employees who are MWVD Persons.
4. How does the Respondent promote supplier diversity or maintain a supplier diversity program? Please provide a summary of objectives and any targets, benchmarks, or performance metrics that substantiate this work.
  5. Please describe any policies, programs, or activities the Respondent administers to promote equity, diversity and inclusion both within the Respondent's organization and the community. Please note any targets, benchmarks, or performance metrics that substantiate this work.

Further, the Illinois Treasurer continues to seek appropriate opportunities to include preferences for MWVD firms. For example, in the Illinois Treasurer's Invitation for Bid Promotional Products, issued April 15, 2022 ("IFB"), the Illinois Treasurer reserved the following right:

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

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

As noted previously, the Illinois Treasurer now seeks to include negotiating an additional term in new contracts and amendments to existing contracts to require MWVD reporting pursuant to Section 30 of the State Treasurer Act:

**EQUITY, DIVERSITY, AND INCLUSION DATA**

Contractor shall respond to requests for data from the Treasurer, as deemed necessary by the Treasurer, to report on the Treasurer's use of equitable, diverse, and inclusive businesses in accordance with Section 30 of the State Treasurer Act, 15 ILCS 505. Contractor shall provide all requested data within thirty days of any request, or within a timeframe otherwise agreed upon by the Treasurer.

While contracts remain that do not include this provision, following its implementation the Illinois Treasurer has seen an increase in responses to its requests for diversity data. This year, the Illinois Treasurer distributed a diversity assessment to all current contractors with active contractual agreements with the Illinois Treasurer, which includes those with whom the Illinois Treasurer has executed certain purchase orders from statewide master contracts. Out of 105 contractors, the Illinois Treasurer obtained the MWVD status of 77; 15 contractors claim MWVD status. This represents a 36% increase in reported MWVD contractors from the prior fiscal year. Compensation this year on contracts held by MWVD contractors totaled \$17,545,051.13, an increase of over 11% from the prior fiscal year. The Illinois Treasurer will continue to take steps to encourage its current contractors to report on their ownership status and to increase MWVD participation.