REPORT ON THE USE OF MINORITY- AND WOMEN-OWNED BROKERAGE AND INVESTMENT MANAGEMENT FIRMS BY THE STATE OF MARYLAND

Fiscal Year 2012

Martin O'Malley, Governor
Anthony G. Brown, Lt. Governor
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GOVERNOR'S OFFICE OF
MINORITY AFFAIRS

DIVERSITY REPORT ON THE FINANCIAL SERVICES ACTIVITIES OF MARYLAND STATE AGENCIES FY 2012

The Governor's Office of Minority Affairs (GOMA), publishes an update on the diversity and inclusion efforts of selected Maryland State agencies in regards to the management of particular investment portfolios. The agencies reporting data for this report are the State Retirement and Pension System (SRPS), Injured Workers' Insurance Fund (IWIF), Maryland Automobile Insurance Fund (MAIF), and the Maryland State Treasurer's Office.

The following fiscal year report represents the collaborative efforts of GOMA and four participating agencies. For FY2012, the percentage of total assets under management statewide by minority- and woman-owned investment managers decreased slightly from 10.8% in FY2011 to 10.4%. Despite this decline, statewide utilization of minority investment managers is still significantly higher now than it was five years ago. See Appendix 1.

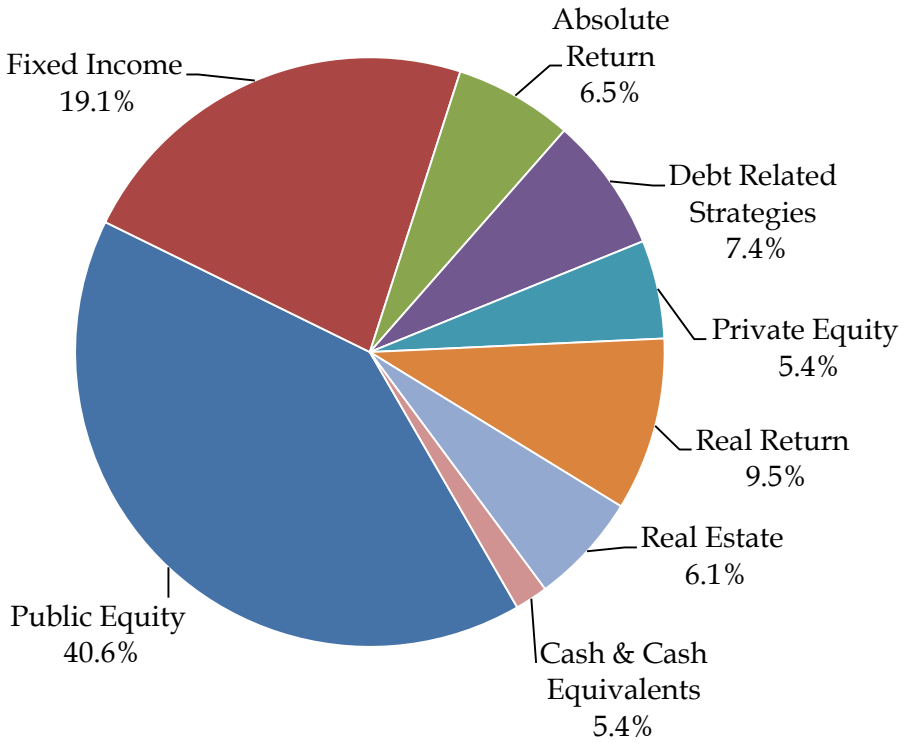
FINANCIAL HIGHLIGHTS[1]: *July 1, 2011 through June 30, 2012*

	FY2011	FY2012
TOTAL ASSETS UNDER MANAGEMENT STATEWIDE	$39,474.8 million	$39,080.6 million
Total Assets Managed by Minority-- and Woman-Owned Investment Managers	$4,280.2 million	$4,047.5 million

[1] Total Assets Under Management excludes the internally managed portfolio of the State Treasurer's Office.

Percentage %	**10.8%**	**10.4%**

ASSET ALLOCATION STATEWIDE



MINORITY- AND WOMAN-OWNED INVESTMENT MANAGERS BY ASSET CLASS - STATEWIDE:

	Total Portfolio	Minority- and Woman-Owned Investment Managers	Percentage %
Public Equity	$15,867.0 million	$2,231.1 million	14.1%
Fixed Income	$8,887.7 million	$511.1 million	5.8%
Absolute Return	$2,554.4 million	$411.2 million	16.1%
Private Equity	$2,107.6 million	$315.0 million	14.9%
Debt Related Strategies	$2,882.7 million	$408.0 million	14.2%

Real Return	$3,709.2 million	$171.1 million	4.6%
Real Estate	$2,383.1 million	$0.0 million	0.0%

MINORITY- AND WOMAN-OWNED INVESTMENT MANGERS BY SIZE CLASSIFICATION:

Generally, the financial services industry uses two classifications, "emerged" and "emerging", to identify firms participating in programs used to increase the ethnic and gender diversity of firms utilized to manage and invest funds. The term "emerged" refers to qualified minority- and woman-owned investment managers, with total assets under management of at least $2 billion. The term "emerging" refers to qualified minority- and woman-owned investment managers with assets under management less than $2 billion.

TOTAL FIRMS BY SIZE CLASSIFICATION-STATEWIDE	FY2011 # of Firms	FY2012 # of Firms
Emerged Investment Managers	26	32
Emerging Investment Managers	46	43
Total	**72**	**75**

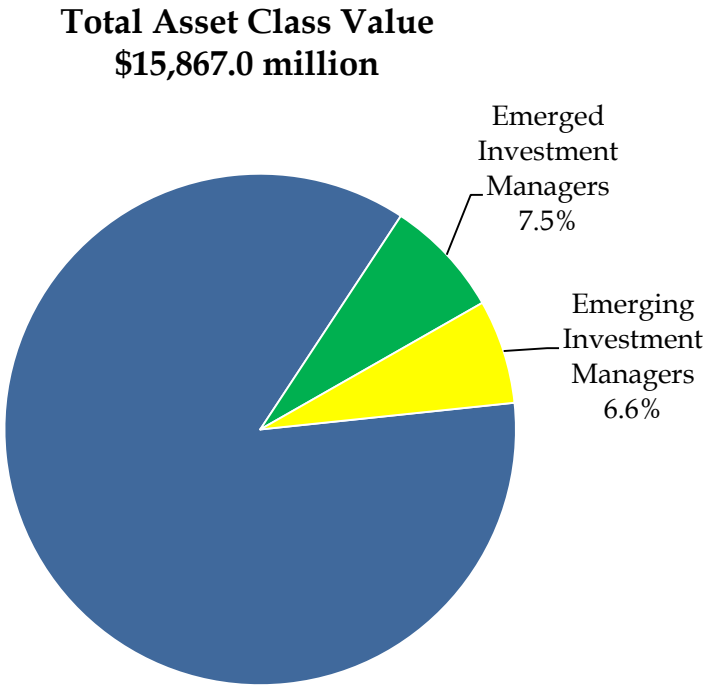
TOTAL FIRMS BY SIZE CLASSIFICATION-AGENCY	FY2011 # of Firms	FY2012 # of Firms
State Retirement and Pension System (SRPS)	**65**	**69**
Emerged	24	29
Emerging	41	40
Injured Workers' Insurance Fund (IWIF)	**4**	**3**
Emerged	1	2
Emerging	3	1
Maryland Automobile Insurance Fund (MAIF)	**3**	**3**
Emerged	1	1
Emerging	2	2

STATEWIDE ASSET CLASS BREAKDOWN BY SIZE CLASSIFICATION

PUBLIC EQUITY

Public equity refers to investments in securities, known as shares or stocks that represent an ownership interest in the corporation and are generally traded on a stock exchange.

PUBLIC EQUITY BREAKDOWN BY SIZE CLASSIFICATION - STATEWIDE



	FY2012
Emerged Investment Managers	$1,187.1 million
Emerging Investment Managers	$1,044.0 million
Total	**$2,231.1 million**

PUBLIC EQUITY FIRMS UTILIZED IN FY2012 - STATEWIDE

Emerged Investment Managers

Ariel Investments
Brown Capital Management
Earnest Partners
Globeflex Capital
GW Capital
Herdon Capital Management
Lombardia Capital Partners
New Amsterdam Partners
Sit Investment Associates
Sky Investment Council
Westwood Global Investments
Zevenbergen Capital Investments

Emerging Investment Manager

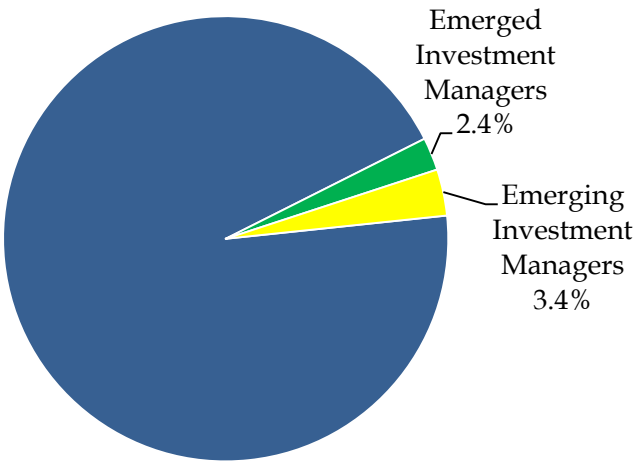
Affinity Investment Advisors
AH Lisanti Capital Growth
Apex Capital Management
ARGA Investment Management
Ativo Capital Management
Boston Common Asset Management
Campbell Newman Asset Management
Channing Capital Management
Cheswold Lane Asset Management
Credo Capital Management
Decatur Capital Management
Edgar Lomax Company
Greenfield Seitz Capital Management
Hanoverian Capital Management
Hanseatic Management Services
Holt Smith Advisors
John HSU Capital Group
Lesa Sroufe & Company
Mar Vista Investment Partners
New Century Investment Management
Nicholas Investment Partners
Opus Capital Management
Paradigm Asset Management
Phocas Financial Group
Profit Investment Management
Redwood Investments
San Juan Asset Management
Seacrest Investment Management
Strategic Global Advisors
Victoria 1522 Investments

FIXED INCOME

Fixed Income refers to investments in securities, known as bonds that represent an ownership interest in the debt of governments and corporations that are generally not traded on an exchange.

FIXED INCOME BREAKDOWN BY SIZE CLASSIFICATION - STATEWIDE

Total Asset Class Value
$8,887.7 million



	FY2012
Emerged Investment Managers	$212.0 million
Emerging Investment Managers	$299.1 million
Total	**$511.1 million**

FIXED INCOME FIRMS UTILIZED IN FY 2012 - STATEWIDE

Emerged Investment Managers

Garcia Hamilton & Associates
LM Capital Group
Longfellow Investment Management
Piedmont Investment Advisors
Sit Investment Associates

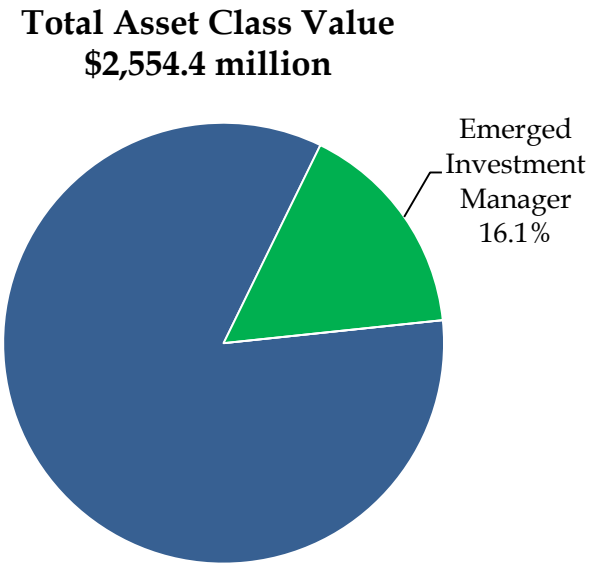
Emerging Investment Managers

Ambassador Capital Management
Hughes Capital Management
New Century Advisors
Pugh Capital Management
The Swarthmore Group

ABSOLUTE RETURN

Absolute Return refers to investments whose performance is expected to deliver absolute (i.e. more than zero percent) returns in any market condition.

ABSOLUTE RETURN BREAKDOWN BY SIZE CLASSIFICATION - STATEWIDE



	FY2012
Emerged Investment Manager	$411.2 million
Emerging Investment Managers	$0.0 million
Total	**$411.2 million**

ABSOLUTE RETURN FIRMS UTILIZED IN FY 2012 - STATEWIDE

Emerged Investment Manager

Rock Creek Group[2]

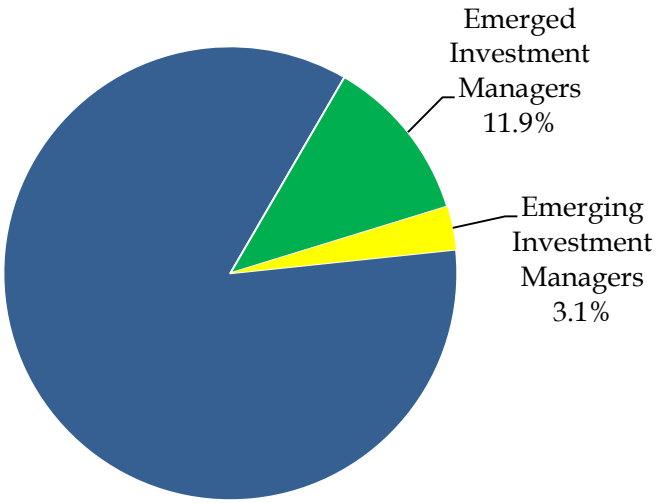
[2] The investment manager is a fund-of-fund manager—a pooled investment whose underlying investments are others funds rather than individual securities.

PRIVATE EQUITY

Private Equity refers to investments in companies that are not registered with the Securities and Exchange Commission (SEC) and are not traded in the public markets.

PRIVATE EQUITY BREAKDOWN BY SIZE CLASSIFICATION - STATEWIDE

Total Asset Class Value
$2,107.6 million



	FY2012
Emerged Investment Managers	$250.0 million
Emerging Investment Managers	$65.0 million
Total	**$315.0 million**

PRIVATE EQUITY FIRMS UTILIZED IN FY 2012 - STATEWIDE

Emerged Investment Managers

Asia Alternatives
Vista Equity Partners

Emerging Investment Managers

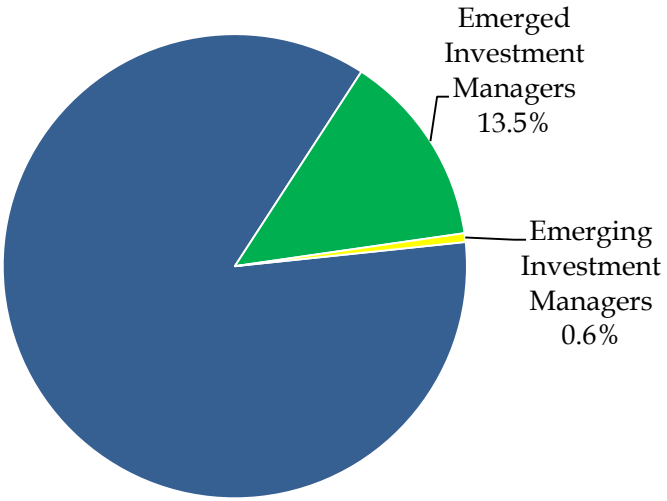
Longitude Venture Partners

DEBT RELATED STRATEGIES

Debt Related Strategies refers to investments in debt instruments issued by corporations and other non-government sectors of the fixed income market.

DEBT RELATED STRATEGIES BREAKDOWN BY SIZE CLASSIFICATION - STATEWIDE

Total Asset Class Value
$2,882.7 million



	FY2012
Emerged Investment Managers	$390.5 million
Emerging Investment Manager	$17.5 million
Total	**$408.0 million**

DEBT RELATED STRATEGY FIRMS UTILIZED IN FY 2012 - STATEWIDE

Emerged Investment Managers

Advent Capital Management

Blaylock Robert Van/Marathon Asset Management

CastleOak Securities & Park Madison Partners/ Angelo Gordon

Falcon Strategic Partners

Penn Capital Management

RLJ/Western Management

Emerging Investment Managers

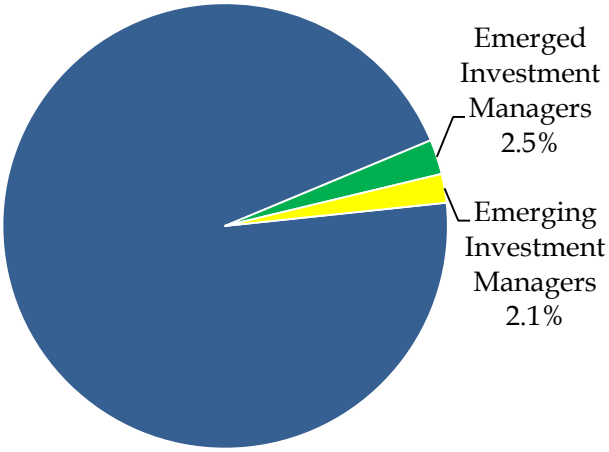
Nicholas Investment Partners

REAL RETURN

Real Return refers to investments whose performance is expected to exceed the rate of inflation over an economic cycle.

REAL RETURN BREAKDOWN BY SIZE CLASSIFICATION - STATEWIDE

Total Asset Class Value
$3,709.2 million



	FY2012
Emerged Investment Manager	$93.7 million
Emerging Investment Managers	$77.4 million
Total	**$171.1 million**

REAL RETURN FIRMS UTILIZED IN FY 2012 - STATEWIDE

Emerged Investment Manager
Tortoise Capital

Emerging Investment Managers
Arbalet Capital Management
New Century Advisors

FEES PAID

The following three methods of compensation are available to finanacial management professionals:

- *Commission-Based* – Firms are paid a commission whenever a product or service is purchased from them.
- *Fee-Based* – Firms are paid for the time they spend with their clients. This is in the form of either a flat fee for specific services or a fee based upon the amount of funds that they are managing for the client.
- *Fee Plus Commission* – Firms charge a fee to consult with clients and also charge a commission if products or services are purchased.

INVESTMENT MANAGER FEES

An *investment manager* refers to persons or organizations that make investments in portfolios of securities on behalf of clients, in accordance with the investment objectives and parameters defined by these clients. An investment manager may be responsible for all activities associated with the management of client's portfolios, which include daily buying and selling of securities, portfolio monitoring, settlement of transactions, performance measurement, and regulatory and client reporting.

Investment manager fees refer to any fees paid to external entities beyond the internal management structure of Maryland State agencies. 9.4%, $21.9 million, of all fees paid by Maryland State agencies were paid to minority- and woman-owned investment managers.

FEES PAID TO INVESTMENT MANAGERS - STATEWIDE

	FY2012
Total Investment Manager Fees	$232.9 million
Total Minority- and Woman-Owned Investment Manager Fees	$21.9 million
Emerged Investment Managers	*$16.6 million*
Emerging Investment Managers	*$5.3 million*
Percentage %	**9.4%**

FINANCIAL INSTITUTION FEES

A *financial institution* refers to organizations dealing with financial transactions particular to investments, deposits, and loans. As used in this report, the term refers is inclusive of banks, trust companies, and investment broker dealers. Financial institution fees refer to any fees paid to external entities performing custodial, securities lending, operational banking, and brokerage transactions.

	FY2012
Total Financial Institution fees	$15.8 million
Total Minority- and Woman-Owned Financial Institution fees	$1.3 million
Percentage %	**8.2%**

INVESTMENT-RELATED SERVICE PROVIDER FEES

An investment-related service provider refers to the wide selection of facilitators servicing institutional investors with the following services; investment manager due diligence, investment manager selection, portfolio analytics software, and risk management. Investment-related service provider fees refer to any fees paid to external entities performing investment consulting and software licensing of this manner.

	FY2012
Total Investment-Related Service Providers fees	$11.9 million
Total Minority- and Woman-Owned Investment-Related Service Providers	$4.1 million
Percentage %	**34.5%**

STATE RETIREMENT AND PENSION SYSTEM (SRPS)

Background

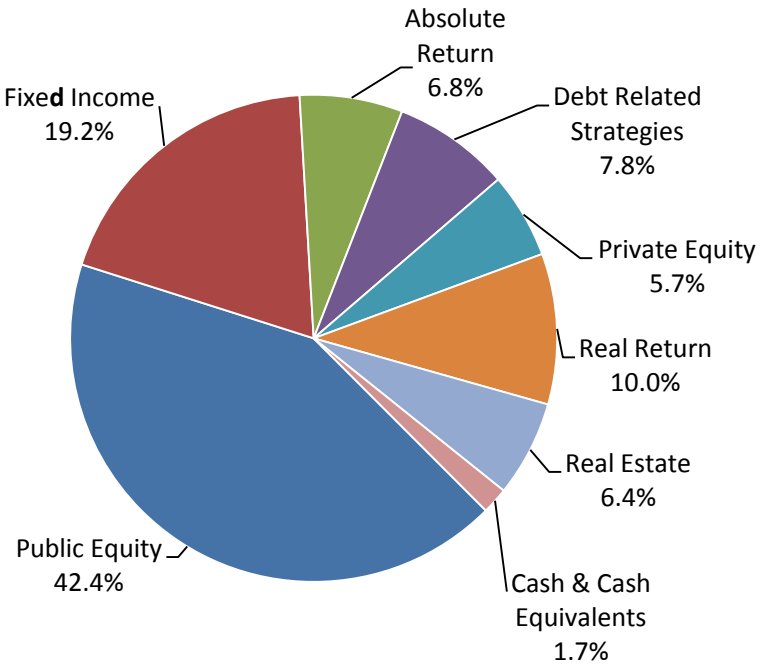
State Retirement and Pension System (SRPS) administers death, disability, and retirement benefits on behalf of more than 350,000 members. Members include active and former State employees, teachers, State police, judges, law enforcement officers, correctional officers, and legislators. Over 100 local governmental agencies voluntarily participate in Maryland's SRPS.

A Governor-appointed Board of Trustees and the Internal Investment Division share fiduciary responsibility over the administration of benefits and the management of a multiple asset class investment portfolio. An agreed upon investment policy and a core cadre of supplemental mandates, determine the manner and boundaries in which capital can be prudently deployed, long-term, for the benefit of SRPS members. The asset allocation of SRPS's investment portfolio is determined by the Board of Trustees. The SRPS Investment Division, chaired by the Chief Investment Officer, is responsible for the investment performance and operations particular to asset management. Effective and efficient management of the investment portfolio requires the Investment Division to engage external investment managers, financial institutions, and investment- related service providers.

Chief Investment Officer: A. Melissa Moye, PhD

Total Assets: $37,072.6 million

SRPS TOTAL ASSETS MANAGED: $37,072.6 Million



SRPS ASSET ALLOCATION ($MILLIONS)

	FY2012
Public Equity	$15,720.2
Fixed Income	$7,106.9
Absolute Return	$2,535.4
Private Equity	$2,107.6
Debt Related Strategies	$2,882.7
Real Return	$3,709.2
Real Estate	$2,364.3
Cash & Cash Equivalents	$646.3

SRPS ASSET CLASS BENCHMARKS:

Asset Class	*Benchmarks*	
Public Equity	Domestic Equity	Russell 3000 Index
	International Equity	MSCI All Country World Ex-U.S. Index
	Global Equities	MSCI All Country World Index
Fixed Income	Dynamically weighted blend of 80% Barclays Capital U.S. Aggregate Index and 20% Barclays Capital Global Aggregate Hedged Index, and the Barclays Capital Long Duration Government/Credit Index	
Absolute Return	Hedge Fund Research, Inc. (HFRI) Fund-of-Funds Index	
Private Equity	State Street Private Equity Index	
Debt Related Strategies	50% Barclays Capital U.S. Corporate High Yield Index and 50% Barclays Capital U.S. Credit Index	
Real Return	60% inflation-linked bonds (50% Barclays Capital U.S. Government Inflation-Linked Bond Index Hedged) 30% Dow Jones-UBS Commodity Index, 10% CPI + 500 basis points, 8% maximum	
Real Estate	Weighted average of NCREIF Property Index (NPI), Wilshire Real Estate Securities Index, the FTSE EPRA/NAREIT Global ex-U.S. Real Estate Index Series and the FTSE EPRA/NAREIT Global Index	
Cash & Cash Equivalents	Citigroup 91-Day U.S. Treasury Bill	

SRPS's Procurement Process

Investment Managers

The SRPS Investment Division actively searches for external managers across multiple asset classes (e.g. public equity, fixed income, absolute return, etc.) in an effort to generate alpha beyond categorical benchmarks. The search for potential best in class investment managers is shared by both the Investment Division and external investment-related service providers in the form of consultants. External staff in many respects is considered extensions of internal staff. External investment managers are selected to meet specific investment objectives and/or performance standards. Inclusion of emerged and emerging investment managers are encouraged by the Board of Trustees.

Although financial responsibility for selecting and terminating managers is that of the Chief Investment Officer, the Terra Maria: Developing Manager Program in Public Markets and Private Equity has spearheaded much of the inclusionary efforts of the existing emerged and emerging investment manager representation within the SRPS investment portfolio. Formed in April 2007 and later revised in September 2008, the Terra Maria: Developing Manager Program was initially established with seven program managers in public markets. Recently, the program was expanded to private equity investment managers. Investment manager monitoring is an on-going responsibility shared by the Investment Division and external consultants. The Investment Division reports that it meets with all public market separate account managers face-to-face at least once a year, and at the manager's office at least once every two years. In the case of the Terra Maria:Developing Manager in Public Markets and Private Equity, the Investment Division meets at the manager's office at least once every two years. At times, external staff is utilized to perform onsite visits. Investment manager termination remains at the discretion of the Chief Investment Officer and requires thorough deliberation by the Investment Committee and written documentation sent to the Board of Trustees.

Financial Institutions

The SRPS Investment Division utilizes financial institutions such as banks, trust companies, and investment broker dealers, primary and non-primary, when dealing with financial transactions particular to investments, deposits, and loans. At the discretion of the Chief Investment Officer and supporting investment staff, particular financial institutions are chosen. As with all SRPS expenditures, the Board of

Trustees and the Investment Division encourages the inclusion of minority- and woman-owned entities.

Investment-Related Service Providers

The SRPS Investment Division enhances the capacities of internal staff by retaining investment-related service providers such as general and specialty investment consultants, M*anagers of Manager*[3] firms, and financial data and software companies when performing the following, but not limited to: risk management, data collection, investment manager due diligence, and investment manager selection. The Investment Division engages in the competitive procurement process using a Request for Proposal (RFP) and Request for Information (RFI) as determined by the specific details of the procurement. Investment-related service provider opportunities are advertised via multiple sources including the agency's website and eMaryland Marketplace. Each service provider is selected to meet specific investment objectives and standards. The Board of Trustees and the Investment Division encourages the inclusion of minority- and woman-owned investment-related service providers. All investment-related service providers are subject to a level of due diligence that reflects a high level of rigor commensurate with the importance and materiality of the service in question. The Chief Investment Officer approves all procurements related to service providers.

[3] Manager of Manger (MOM) refers to a class of financial intermediary that hires professional investment managers to oversee aspects of a client's investment fund. More specifically, the MOM tracks the performance of each investment manager and has the power to fire ineffective managers and then hire replacements on a client's behalf. Using a MOM to handle investments funds is an alternative to hiring a single investment portfolio manager that makes all the asset management decisions.

MINORITY- AND WOMAN-OWNED INVESTMENT MANAGERS

Investment Manager	*Assets under Management*	*Fee*	*Minority Classification*
Public Equity:			
Emerged Investment Managers			
Ariel Investments	$31.3 million	$0.123 million	African American
Brown Capital Management	$411.0 million	$2.403 million	African American
Earnest Partners	$336.6 million	$1.858 million	African American
Globeflex Capital	$18.1 million	$0.094 million	Woman
GW Capital	$11.3 million	$0.055 million	Asian American
Herdon Capital Management	$80.0 million	$0.243 million	African American
Lombardia Capital Partners	$26.1 million	$0.109 million	Hispanic American

MINORITY- AND WOMAN-OWNED INVESTMENT MANAGERS

Investment Manager	*Assets under Management*	*Fee*	*Minority Classification*
Public Equity:			
Emerged Investment Managers			
New Amsterdam Partners	$12.0 million	$0.038 million	Woman
Sit Investment Associates	$12.9 million	$0.063 million	Asian American
Sky Investment Council	$40.2 million	$0.164 million	Asian American
Westwood Global Investments	$70.0 million	$0.517 million	Woman
Zevenbergen Capital Investments	$87.9 million	$0.969 million	Woman
Subtotal	**1,137.4 million**	**6.636 million**	

MINORITY- and WOMAN-OWNED INVESTMENT MANAGERS

Investment Manager	*Assets under Management*	*Fee*	*Minority Classification*
Public Equity:			
Emerging Investment Managers			
Affinity Investment Advisors	$38.0 million	$0.082 million	Asian American
AH Lisanti Capital Growth	$20.3 million	$0.090 million	Woman
Apex Capital Management	$17.8 million	$0.066 million	Asian American
ARGA Investment Management	$58.0 million	$0.288 million	Asian American
Ativo Capital Management	$27.0 million	$0.118 million	Hispanic American
Boston Common Asset Management	$61.8 million	$0.244 million	Asian American
Campbell Newman Asset Management	$11.0 million	$0.032 million	Woman
Channing Capital Management	$41.8 million	$0.290 million	African American
Cheswold Lane Asset Management	$27.7 million	$0.147 million	Woman
Credo Capital Management	$82.2 million	$0.348 million	African American

Decatur Capital Management	$31.9 million	$0.091 million	African American
Edgar Lomax Company	$29.2 million	$0.093 million	African American
Greenfield Seitz Capital Management	$42.3 million	$0.177 million	Woman
Hanoverian Capital Management	$37.9 million	$0.150 million	Woman
Hanseatic Management Services	$31.7 million	$0.101 million	Woman
Holt Smith Advisors	$27.7 million	$0.089 million	Woman

MINORITY- AND WOMAN-OWNED INVESTMENT MANAGERS

Investment Manager	*Assets under Management*	*Fee*	*Minority Classification*
Public Equity:			
Emerging Investment Managers			
John HSU Capital Group	$42.0 million	$0.188 million	Asian American
Lesa Sroufe & Company	$35.7 million	$0.106 million	Woman
Mar Vista Investment Partners	$19.6 million	$0.063 million	African American
New Century Investment Management	$18.5 million	$0.053 million	Woman
Nicholas Investment Partners	$13.2 million	$0.046 million	Woman
Opus Capital Management	$16.0 million	$0.079 million	African American
Paradigm Asset Management	$42.9 million	$0.139 million	African American
Phocas Financial Group	$17.7 million	$0.094 million	Asian American
Profit Investment Management	$85.4 million	$0.244 million	African American
Redwood Investments	$47.7 million	$0.159 million	Woman

San Juan Asset Management	$37.4 million	$0.147 million	Hispanic American
Seacrest Investment Management	$14.3 million	$0.049 million	Asian American
Strategic Global Advisors	$28.7 million	$0.115 million	Woman
Victoria 1522 Investments	$16.3 million	$0.112 million	Asian American
Subtotal	**$1,137.4 million**	**$4.000 million**	
Total	**$2,159.1 million**	**$10.636 million**	

MINORITY- AND WOMAN-OWNED INVESTMENT MANAGERS

Investment Manager	*Assets under Management*	*Fee*	*Minority Classification*
Fixed Income:			
Emerged Investment Managers			
Garcia Hamilton	$68.8 million	$ 0.133 million	Hispanic American
LM Capital Group	$21.7 million	$0.053 million	Hispanic American
Longfellow Investment Management	$38.6 million	$0.067 million	Woman
Piedmont Investment Advisors	$32.3 million	$0.069 million	African American
Subtotal	**$161.4 million**	**$0.322 million**	

MINORITY- AND WOMAN-OWNED INVESTMENT MANAGERS

Investment Manager	*Assets under Management*	*Fee*	*Minority Classification*
Fixed Income:			
Emerging Investment Managers			
Ambassador Capital Management	$65.5 million	$0.128 million	African American
Hughes Capital Management	$19.1 million	$0.045 million	African American
New Century Advisors	$64.1 million	$0.144 million	Woman
Pugh Capital Management	$92.9 million	$0.163 million	African American
Subtotal	**$241.6 million**	**$0.480 million**	
Total	**$403.0 million**	**$0.802 million**	

Investment Manager	*Assets under Management*	*Fee*	*Minority Classification*
Absolute Return:			
Emerged Investment Manager			
Rock Creek Group	$411.2 million	$3.431 million	Woman
Total	**$411.2 million**	**$3.431 million**	

Investment Manager	*Assets under Management*	*Fee*	*Minority Classification*
Private Equity:			
Emerged Investment Managers			
Asia Alternatives	$200.0 million	$0.586 million	Asian American
Vista Equity Partners	$50.0 million	$0.385 million	African American
Subtotal	**$250.0 million**	**$0.971 million**	

Investment Manager	*Assets under Management*	*Fee*	*Minority Classification*
Emerging Investment Manager			
Longitude Venture Partners	$65.0 million	$0.539 million	Woman
Subtotal	**$65.0 million**	**$0.539 million**	
Total	**$315.0 million**	**$1.510 million**	

MINORITY- AND WOMAN-OWNED INVESTMENT MANAGERS

Investment Manager	*Assets under Management*	*Fee*	*Minority Classification*
Debt Related Strategies:			
Emerged Investment Managers			
Advent Capital Management	$117.4 million	$0.302 million	African American
Blaylock Robert Van/Marathon Asset Management	$50.0 million	$0.791 million	African American
CastleOak Securities & Park Madison Partners/ Angelo Gordon	$50.0 million	$0.500 million	African American
Falcon Strategic Partners	$35.0 million	$0.281 million	African American
Penn Capital Management	$38.1million	$0.183 million	Woman
RLJ/ Western Asset Management	$100.0 million	$2.005 million	African American
Subtotal	**$390.5 million**	**$4.062 million**	

Investment Manager	*Assets under Management*	*Fee*	*Minority Classification*
Emerging Investment Manager			
Nicholas Investment Partners	$17.5 million	$0.067 million	Woman
Subtotal	**$17.5 million**	**$0.067 million**	
Total	**$408.0 million**	**$4.129 million**	

Investment Manager	*Assets under Management*	*Fee*	*Minority Classification*
Real Return:			
Emerged Investment Manager			
Tortoise Capital	$93.7 million	$0.688 million	Native American
Subtotal	**$93.7 million**	**$0.688 million**	

Investment Manager	*Assets under Management*	*Fee*	*Minority Classification*
Emerging Investment Managers			
Arbalet Capital Management	$43.0 million	$0.147 million	Asian American
New Century Advisors	$34.4 million	$0.091 million	Woman
Subtotal	**$77.4 million**	**$0.238 million**	
Total	**$171.1 million**	**$0.926 million**	

MINORITY- AND WOMAN-OWNED FINANCIAL INSTITUTIONS

Financial Institution	*Fee*	*Minority Classification*
Investment Broker Dealers:		
Blaylock Robert Van	$32,172.88	African American
Bley Investment Group	$768.00	Woman
BOE Securities	$30,036.94	African American
CL King & Associates	$7,558.91	Woman
Cabrera Capital Markets	$173,377.13	Hispanic American
CastleOak Securities	$12,533.85	African American
Cheevers & Company	$45,665.49	Woman
Chicago Analytic Trading Company	$5,126.42	Asian American
Direct Access Partners	$18,252.82	Hispanic American
Divine Capital Markets	$7,158.29	African American
FRS Securities	$39,292.62	African American
Gardner Rich	$7,527.96	African American
Great Pacific Securities	$1,881.94	Hispanic American
Greentree Brokerage Services	$2,536.10	African American
Guzman & Company	$6,398.38	Hispanic American
Ivy Securities	$7,686.38	Asian American

Jackson Partners	$2,310.00	African American
Kaufman Brothers	$187.25	African American
Loop Capital Markets	$267,494.90	African American
MFR Securities	$324.70	Woman
M Ramsey King Securities	$13,881.18	Native American
Melvin Securities	$62,132.17	African American
Mischler Financial Group	$10,216.84	Disabled Veteran
Mogavero, Lee & Company	$362.00	Woman

MINORITY- AND WOMAN-OWNED FINANCIAL INSTITUTIONS

Financial Institution	*Fee*	*Minority Classification*
Investment Broker Dealers:		
Montrose Securities	$8,867.67	Asian American
MR Beal & Company	$55,429.71	African American
Muriel Siebert & Company	$6,290.98	Woman
North South Capital	$18,837.21	Woman
Pacific American Securities	$445.83	African American
Penserra Securities	$7,634.54	African American
Percival Financial Partners	$158,854.46	African American
Podesta & Company	$1,992.67	Hispanic American
Ramirez & Company	$1,010.00	Hispanic American
Telsey Advisory Group	$3,125.10	Woman
Williams Capital Group	$138,873.09	African American
Wm Smith & Company	$610.00	Woman
Direct Executions – Subtotal	**$1,156,854.41**	
Step-out Credits[4] - Subtotal	**$13,266.11**	
Total	**$1,170,120.52**	

[4] Step-outs refer to brokerage transaction involving multiple broker dealers. It occurs when a brokerage firm executes an order, but gives the other brokerage firm the credit and some of the commission of the trade.

MINORITY- AND WOMAN-OWNED INVESTMENT-RELATED SERVICE PROVIDERS

Investment-Related Service Provider	*Fee*	*Minority Classification*
Program Managers:		
Attucks Asset Management	$0.742 million	Asian American
Bivium Capital Partners	$0.422 million	African American
Capital Prospects	$0.474 million	Woman

MINORITY- AND WOMAN-OWNED INVESTMENT-RELATED SERVICE PROVIDERS

Investment-Related Service Provider	*Fee*	*Mimority Classification*
Program Managers:		
FIS Group	$0.716 million	African American
Leading Edge Investment Advisors	$0.702 million	Asian American
Progress Investment Management	$1.013 million	African American
Total	**$4.069 million**	

INJURED WORKERS' INSURANCE FUND (IWIF)

Background

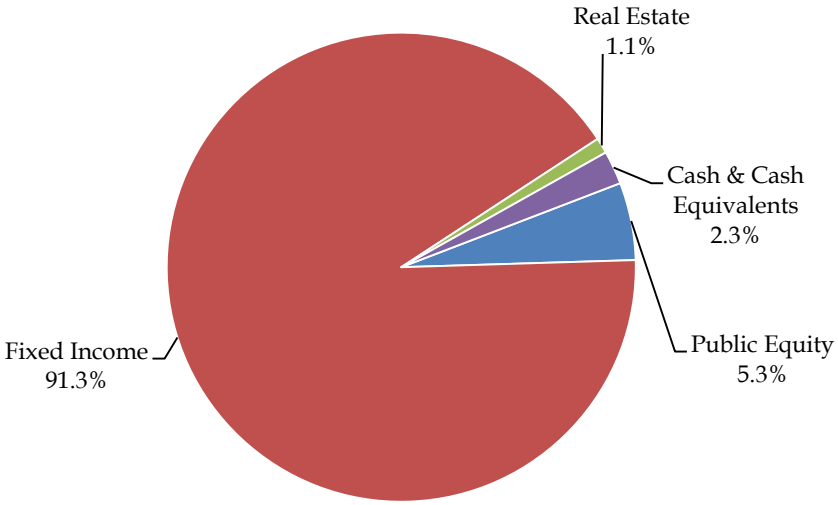
Injured Workers' Insurance Fund (IWIF) provides workers' compensation insurance to Maryland-based businesses, offering a fully integrated safety and benefits system to policyholders. IWIF has over 20,000 policyholders throughout the State of Maryland. IWIF's investment portfolio is funded through insurance premiums, existing reserves, and any surplus.

A Governor-appointed Company Board and an internal Investments Department share fiduciary responsibility over the administration of benefits and the management of a multiple asset class portfolio. An agreed upon investment policy and a cadre of supplemental mandates determine the manner and boundaries in which capital can be prudently deployed long-term for the benefit of IWIF policyholders. The asset allocation of IWIF's investment portfolio is determined by the Company Board Members. The IWIF Investment Department, chaired by the Chief Investment Officer, is responsible for the investment performance and operations particular to asset management. Effective and efficient management of the IWIF investment portfolio requires the Investment Department to engage external investment managers, financial institutions, and investment-related service providers. In 2012, Maryland Governor Martin O'Malley signed legislation issuing the conversion of the agency to a private, nonprofit, non-stock corporation. As effective October 1, 2013, IWIF will be recognized as the Chesapeake Employee's Insurance Company.

Chief Investment Officer: Julio C. Shaik, CFA

Total Assets: $1,743.1 million

IWIF Asset Allocation:



	FY2012
Fixed Income	$1,590.9 million
Public Equity	$93.2 million
Cash & Cash Equivalents	$40.2 million
Real Estate	$18.8 million

ASSET CLASS BENCHMARKS:

Asset Class	Benchmarks	
Fixed Income	Convertible Bond	Merrill Lynch Investment Grade Convertible Bond Index, top 50% of the Callan Convertible Bond Manager Universe
	Corporate-Oriented	Barclays US Corporate 25% BBB Bond Index
	Credit Plus	Merrill Lynch All Corporate Index
	Internally Managed	Barclays Aggregate Benchmark, top 50% of the Callan Core Bond Universe
	Short Duration	Barclays 1-3 Government Bond Index
Public Equity	Healthcare Small Mid Cap Growth	Russell 2500 Growth Index Healthcare Sector Index, Russell 2500 Growth Index, top 40% of the Lipper Health/Biotech Funds Universe
	Income	S&P High Yield Dividend Aristocrats Index, top 40% of the Callan Yield Equity Style Manager Universe
	Mid Cap Growth	Russell Mid Cap Growth Index, top 40% of the Callan Mid Cap Growth Manager Universe

Procurement Process

Investment Managers

The IWIF Investment Department actively searches for external managers across multiple asset classes (e.g. fixed income, public equity, etc.) in an effort to generate alpha beyond categorical benchmarks. The search for potential best in class investment managers is shared by both the Investment Department and external investment-related service providers in the form of consultants. One of the many tasks of consultants is advising Company Board Members and the Investment Department on external investment manager selection. Potential managers are selected to meet specific investment objectives and/or performance standards. Inclusion of emerged and emerging investment managers are encouraged by Company Board members.

External investment manager searches are conducted through the Request for Proposal (RFP) or Request for Information (RFI) process. During this process, external investment managers are rigorously scrutinized of the following but are not limited to: performance, investment style adherence, manager fees, risk management safeguards, investment process, and compliancy. On an on-going basis, a proprietary database of qualified external investment managers is maintained. At times, the Investment Department may receive recommendations on investment manager retainment and termination; however, actual final authority is determined by Company Board members.

Financial Institutions

The IWIF Investment Department utilizes financial institutions such as banks, trust companies, and investment broker dealers, primary and non-primary, when dealing with financial transactions particular to investments, deposits, and loans. At the discretion of the Chief Investment Officer and supporting investment staff, particular financial institutions are chosen. Fixed income bond transactions desired by internal staff, utilizing investment broker dealers, are executed on a bid-offer spread basis. Bid-offer spread basis terminology refers to the difference between prices quoted either by a single market maker or a limit order book. The size of the bid-offer in a security is a measure of liquidity and transaction costs. Broker dealer commissions (fees) in this scenario are based upon market-based assumptions. As with all IWIF expenditures, the Company Board and the Investment Department encourages the inclusion of minority- and woman-owned institutions. In

addition, this same sentiment is encouraged by IWIF to retained external entities.

Investment-related Service Providers

The IWIF Investment Department enhances the capacities of internal staff by retaining investment-related service providers such as investment consultants and financial data and software companies when performing certain tasks, including, but not limited to: risk management, data collection, investment manager due diligence, and investment manager selection. The Investment Department engages in the competitive procurement process using a Request for Proposal (RFP) and a Request for Information (RFI) as determined by the specific details of the procurement. Investment-related service provider opportunities are advertised via multiple sources, including: the agency's website and eMaryland Marketplace. Each service provider is selected to meet specific investment objectives and standards. The Company Board and the Investments Department encourages the inclusion of minority- and woman-owned investment-related service providers. All investment-related service providers, without exception, are subject to a level of due diligence that reflects a level of rigor that is commensurate with the importance and materially of the service in question. The Chief Investment Officer approves all procurements related to service providers.

MINORITY- AND WOMAN-OWNED INVESTMENT MANAGERS

Investment Manager	*Assets under Management*	*Fee*	*Minority Classification*
Fixed Income:			
Emerged Investment Manager			
Sit Investment Advisers	$50.5 million	$0.067 million	Asian American
Subtotal	**$50.5 million**	**$0.067 million**	
Emerging Investment Manager			
Xavier Capital Management	$0.0 million	$0.028 million	African American
Subtotal	**$0.0 million**	**$0.028 million**	
Total	**$50.5 million**	**$0.095 million**	
Public Equity:			
Emerged Investment Manager			
Brown Capital Management	$44.1 million	$0.391 million	African American
Subtotal	**$44.1 million**	**$0.391 million**	

MINORITY- AND WOMAN-OWNED INVESTMENT MANAGERS

Investment Manager	*Assets under Management*	*Fee*	*Minority Classification*
Public Equity:			
Emerging Investment Manager			
Credo Capital Management	$22.3 million	$0.154 million	African American
Subtotal	**$22.3 million**	**$0.154 million**	
Total	**$66.4 million**	**$0.545 million**	

MINORITY- AND WOMAN-OWNED FINANCIAL INSTITUTIONS

Financial Institution	*Fee*	*Minority Classification*
Broker/Dealers:		
Blaylock Robert Van	$84.99	African American
Cabrera Capital Markets	$249.94	Hispanic American
CastleOak Securities	$58,427.70	African American
Cheevers & Company	$1,588.66	Woman
Duncan Williams	$139.70	Woman
Guzman & Company	$187.98	Hispanic American
Ivy Securities	$89.43	Asian American
Loop Capital Markets	$151.57	African American
Percival Financial Partners	$2,200.61	African American
Sandgrain Securities	$16,125.00	Woman
Telsey Advisors	$1,906.87	Woman
Williams Capital Group	$28,380.97	African American
Total	$109,533.42	
Direct Executions	*$102,771.50*	
Step-out Credits	*$6,761.92*	

MARYLAND AUTOMOBILE INSURANCE FUND (MAIF)

Background

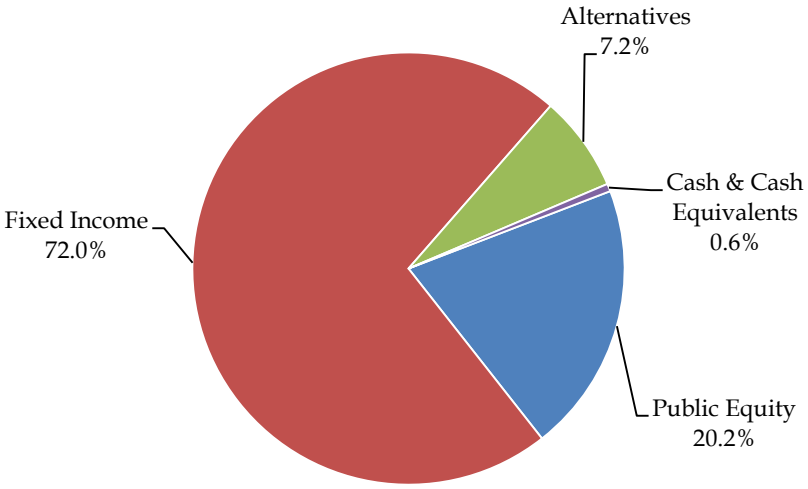
The Maryland Automobile Insurance Fund (MAIF), provides automobile liability insurance to Maryland residents who are unable to obtain coverage in the private insurance market. Over 49,000 Maryland vehicles are insured through MAIF. MAIF's investment portfolio is resourced through insurance premiums earned, uninsured income, and surplus.

MAIF's Board of Trustees and the Executive Director share fiduciary responsibility over the administration of benefits and the management of a multiple asset class investment portfolio. An agreed upon investment policy and a cadre of supplemental mandates determine the manner and boundaries in which capital can be prudently invested long-term for the benefit of MAIF's policyholders. The asset allocation of MAIF's investment portfolio is determined by the Board of Trustees. The MAIF Financial Management Committee, consisting of the Executive Director and two board members, is responsible for the investment performance and operations particular to asset managers. Effective and efficient management of the MAIF investment portfolio requires the Board of Trustees and the Financial Management Committee to engage external investment managers, financial institutions, and investment-related service providers.

Executive Director: M. Kent Krabbe

Total Assets: $264.9 Million

MAIF Asset Allocation:



	FY2012
Fixed Income	$190.8 million
Public Equity	$53.6 million
Absolute Return	$19.0 million
Cash & Cash Equivalents	$1.5 million

ASSET CLASS BENCHMARKS:

Asset Class	Benchmarks	
Fixed Income	Barclays Intermediate Government/Credit Index, 80% Barclays Intermediate Government/Credit Index and 20% Mortgage-backed Securities Index	
Public Equity	Large Cap	Russell 1000 Growth Index/ Russell 1000 Value Index
	Mid Cap	Russell Mid Cap Growth Index
	Small Cap	Russell 2000 Value Index
	International	MSCI Europe, Australia, Far East Index (net)
Alternatives	40% Russell 2000 Index	

Procurement Process

Investment Managers

The MAIF Financial Management Committee actively searches for external managers across multiple asset classes (e.g. fixed income, public equity, etc.) in an effort to generate alpha beyond categorical benchmarks. The search for potential best in class investment managers is shared by both the MAIF Financial Management Committee and external investment- related service providers in the form of consultants. One of the many efforts of consultants is advising the MAIF Board of Trustees and the MAIF Financial Management Committee on external investment manager selection. Potential managers are selected to meet specific investment objectives and/or performance standards.

Inclusion of emerged and emerging investment managers are encouraged by the Financial Management Committee members. External investment manager searches are conducted through the Request for Proposal (RFP) or Request for Information (RFI) process. During this process, external investment managers are rigorously scrutinized on the following criteria, including but not limited to: performance, investment style adherence, manager fees, risk management safeguards, investment process, and compliancy. On an on-going basis a proprietary database of qualified external investment managers is maintained. At times the Financial Management Committee may receive recommendations on investment manager retention and termination; however, actual final authority is determined by Financial Management Committee members.

Financial Institutions

The MAIF Financial Management Committee utilizes financial institutions, such as banks and trusts companies, when dealing with financial transactions particular to investments, deposits, and loans. At the discretion of the MAIF Financial Management Committee and the Fiscal Department, particular financial institutions are chosen. As with all MAIF expenditures, the MAIF Financial Management Committee and the Fiscal Department encourages the inclusion of minority- and woman-owned financial institutions. In addition, MAIF encourages all entities it retains to implement the same diversity efforts.

Investment-Related Service Providers

The MAIF Financial Management Committee enhances the capacities of internal staff by retaining investment-related service providers such as investment consultants and

financial data and software companies when performing the following tasks, including but not limited to: risk management, data collection, investment manager due diligence, and investment manager selection. The Financial Management Committee engages in the competitive procurement process using a Request for Proposal (RFP) and a Request for Information (RFI) as determined by the specific details of the procurement. Investment-related service provider opportunities are advertised using multiple sources, including eMaryland Marketplace and the agency website. Each service provider is selected to meet specific investment objectives and standards. The MAIF Board of Trustees and the MAIF Financial Management Committee encourages the inclusion of minority- and woman-owned investment-related service providers. No matter what the case, all investment-related service providers are subject to a level of due diligence that reflects a level of rigor commensurate with the importance and materially of the service in question. The Executive Director, along with the MAIF Financial Management Committee approves all procurements related to service providers.

MINORITY- AND WOMAN-OWNED INVESTMENT MANAGERS

Investment Manager	Assets under Management	Fee	Classification
Public Equity:			
Emerged Investment Manager			
Brown Capital Management	$5.6 million	$0.040 million	African American
Subtotal	$5.6 million	$0.040 million	
Fixed Income:			
Emerging Investment Manager			
Hughes Capital Management	$4.3 million	$0.000 million	African American
The Swarthmore Group	$53.2 million	$0.100 million	African American
Xavier Capital Management	$0.0 million	$0.020 million	African American
Subtotal	**$57.5 million**	**$0.120 million**	
Total	**$63.1 million**	**$0.160 million**	

MARYLAND STATE TREASURER'S OFFICE

Background

The State Treasurer's Office manages and invests the cash deposits, bond sale revenue, all other securities and collateral of the State of Maryland. The Investments Division, chaired by the Director of Investments, is responsible for the investment performance and operations particular to asset management. Effective and efficient management of securities requires the Investments Division to engage financial institutions.

The Investment Division invests the cash balances that are temporarily idle between the time revenue is collected and the time budgeted amounts are disbursed. The Investment Division is also responsible for a number of longer-term investment activities associated with the purchase of 20-year development easements on agricultural land and the payment of lottery prizes over 19-year periods. The Investment Division manages the investment of General Obligation Bond proceeds and also directs the short-term and long-term investments of a number of trustee accounts under State agency bond indentures.

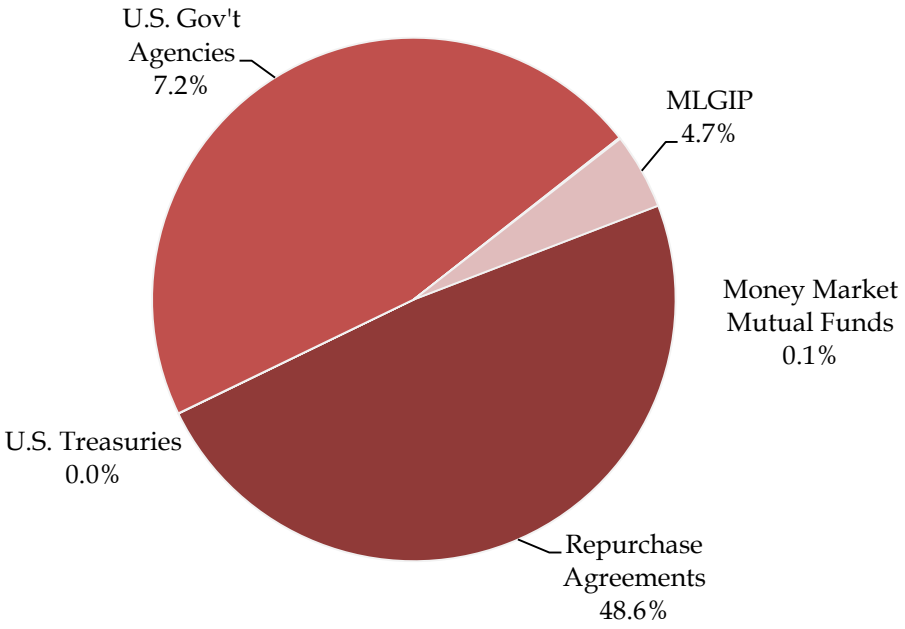
The State Treasurer's Office is not responsible for the investment management of government funds specfic to the Maryland SRPS, MAIF, IWIF, the Maryland College Savings Program, and certain endowments at Maryland public colleges and universities.

Essentially an all fixed income low risk investment portfolio, the State Treasurer's Office has the following categorized investment types in its portfolio: Repurchase Agreements, U.S. Treasuries, U.S. Government Agencies, Money Market Mutual Funds, and Maryland Local Government Investment Pool (MLGIP). All investment decisions are handled internally without the need of external investment managers.

Director of Investments: Mary Christine Jackman

Total Assets: $5,063.0 Million

PORTFOLIO COMPOSITION:



	FY2012
Repurchase Agreements	$2,463.0 million
U.S. Government Agencies	$2,357.4 million
MLGIP	$237.7 million
Money Market Mutual Funds	$4.0 million
U.S. Treasuries	$0.9 million

PROCUREMENT PROCESS

Financial Institutions

The State Treasurer's Office utilizes financial institutions such as banks, trust companies, and investment broker dealers, primary and non-primary, when dealing with financial transactions particular to investments, deposits, and loans. At the discretion of the Director of Investment and supporting staff, particular financial institutions are chosen. Fixed income transactions desired by internal staff utilizing investment broker dealers are executed on a bid-offer spread basis. Bid-offer spread terminology refers to the difference between prices quoted either by a single market maker or a limit order book[5]. The size of the bid-offer in a security is a measure of liquidity and transaction costs. Investment broker dealer commissions (fees) in this scenario, are based upon market-based assumptions.

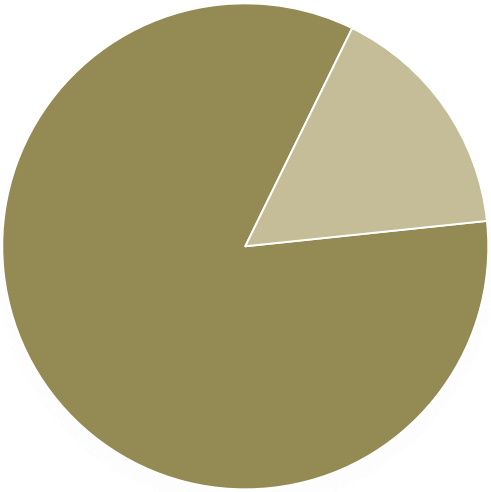
The State Treasurer's Office fiduciary responsibility to Maryland residents requires that it scrupulously seek the best prices for all investments. The State Treasurer's policy is to make sure that local, regional, minority- and woman-owned investment broker dealers have an opportunity to bid on a portion of the State's investable funds. As part of its policies, the State Treasurer Office operates from a preapproved list comprised of primary and non-primary broker dealers. A primary broker dealer is a designation given by the Federal Reserve System to commercial banks or broker dealers who meet specific criteria. Among the criteria are capital requirements and meaningful participation in Treasury auctions. Non-primary broker dealers consist of all the other firms not considered as primary broker dealers. Inclusion on the pre-approved list grants the privilege to broker dealers of submitting bids and/or offers but does not guarantee a transaction/contract. One of the requirements for investment broker dealers to be eligible to do business with the State Treasurer is that the firms must have a minimum net capitalization of $25 million or more in order to have the adequate capital to fulfill the State Treasurer's commitments.

[5] *Market maker* refers to a dealer broker's availablty to trade a specific security using its own account at any time at the quoted price. Market makers promote liquidty for a security. *Limit order book* refers to a book that contains orders of a certain security that have not yet been filled.

SECURITIES PURCHASED BY THE STATE TREASURER'S OFFICE:

Securities purchased by the State Treasure's Office, requires the utilization of investment broker dealers. Financial transactions of this manner represent an inclusionary effort by the agency. Below illustrates the representation minority- and womwn-owned broker dealers have within the total securities purchased by the State Treasurer's Office.

Total Securities Purchased
$4,858.2 million



	FY2012
Minority- and Woman-Owned Broker Dealer	$781.2 million
Percentage %	**16.1%**

Minority- and Woman-Owned Broker Dealers

Beasley Financial Group
Blaylock Robert Van
Cabrera Capital Markets
CastleOak Securities
De La Rosa & Company
Drexel Hamilton
Foreman Financial Group
FRS Securities
Goode Investment Management
Great Pacific Securities
Greentree Brokerage Services
Grigsby & Associates
Gryphon Asset Management
International Financial Solutions
Kaufman Bros.
Loop Capital Markets
M.R. Beal & Co
MFR Securities
Mischler Financial Group
Muriel Siebert & Co
Pacific American Securities
Percival Financial Partners
Quoin Capital
Rice Financial
Toussaint Capital Partners
Wall Street Access
Williams Capital Group
Wm Smith & Co

CONCLUSION

The State of Maryland plans to continue its efforts to promote and strengthen opportunities for the inclusion of minority- and women-owned firms across a broad spectrum of financial services activities. At the conclusion of the 2012 fiscal year, financial services diversity representation was the following:

- Assets under management – 10.4%
- Investment manager fees – 9.4%
- Financial institution fees – 8.2%
- Investment-related service providers – 34.5%

In this year's reporting, GOMA provided additional data on asset class categorization fee structure amongst investment managers, financial institutions, investment-related service providers, future procurement opportunities, and other state and local government comparables. Financial services activities represent over $260.6 million in expenditures, of that roughly $27.3 million or 10.5% was awarded to minority- and woman-owned firms.

The intended purpose of categorizing fees and firms by investment managers, financial institutions, and investment-related service providers was to enhance the data analytics of the information reported and focus future efforts on procurement matters particular to each category. For example, the expiration of renewal dates for three of SRPS's investment-related service providers – Hewitt Ennis Knupp, Pension Consulting Alliance (PCA), and Altius Associates – are June 30, 2014, April 30, 2017, and April 30, 2017. All three firms provide SRPS with investment consulting services whether in the general or specialty capacity. General investment consultants provide advice to the Trustees regarding SRPS's investment program. Specialty investment consultants identify potential investments in private equity and real estate asset classes. Investment consultants are commonly considered as "gatekeepers" for investment managers.

This year the IWIF is planning to conduct sub-advisory activity in two investment sectors – bank loans and fixed income credit management. The comprehensiveness of the report has been expanded in order to provide readers with a better understanding of State operations and procurement in the area of finanacial services. This, in turn, should assist small, minority- and women-owned firms in preparing to compete for opportunities in these areas.

INVESTMENT MANAGERS: ASSET UNDER MANAGEMENT COMPARISON

	SURS	IMRF	MD	NYSTRS
Total Assets Under Management	$13, 573.2 million	$27, 433.0 million[6]	$39,080.6 million	$29,009.2 million
Total Assets Managed by Minority- and Woman-owned Investment Managers	$3,162.8 million	$5,208.0 million	$4,047.5 million	$1,768.5 million
Percentage %	**23.3%**	**18.9%**	**10.4%**	6.1%

FEES: FINANCIAL INSTITUTIONS

	SURS	IMRF	NYSTRS	MD
Total Financial Institution fees	$4.7 million	$19.3 million	$4.1 million	$15.8 million
Total Minority- and Woman-owned Financial Institution fees	$1.6 million	$4.5 million	$0.8 million	$1.3 million
Percentage %	**34.0%**	**23.3%**	**19.5%**	**8.2%**

[6] This total represents the amount of assets under management that are externally managed. This total and not the combined (internal and external assets under management) is preferred as a much more comparable tally for the present exercise.

Comparing MD with other Government Asset Management Programs

Three state and local governments implementing diversity efforts in their finanacial services activity that are comparable to Maryland's efforts were chosen for a benchmarking exercise. Assets under management and financial institution fees were chosen as performance measurers. Both measures serve as viable indicators for investment manager and investment broker dealer utilization. The two tables in this section illustrate how Maryland's efforts fare when compared with other similar government efforts in the United States.

Illinois Municipal Retirement Fund (IMRF)

The Illinois Municipal Retirement Fund (IMRF) was created in 1939 by the Illinois General Assembly and began operating in 1941 with five original employers and $5,000 in assets. Since 1941, IMRF has provided employees of local governments and school districts in Illinois (with the exception of the City of Chicago and Cook County) with a sound and efficient system for the payment of retirement, disability, and death benefits. IMRF engages over 181,000 active members, 92,000 benefit recipients, and 2,900 local units of government in Illinois. Annually, IMRF publishes a diversity report on diversity policies established for IMRF as required under Section 1-109(8) of Public Act 96-0006.As of September 30, 2012, IMRF total assets under management were $27,433.0 million[7].

New York State Teachers' Retirement System (NYSTRS)

The New York Teachers' Retirement System (NYSTRS) is the second largest retirement system in the State of New York and one of the 10 largest systems in the nation. NYSTRS serves more than 277,000 active members and nearly 150,000 retires and beneficiaries. Eligible retires are guaranteed a monthly benefit payment for life. NYSTRS administers a defined benefit plan that provides retirement, disability and death benefits to eligible New York State public school teachers and administrators. Eligibility for these benefits depends on factors such as a member's tier of membership, age, earnings, and service credit. The Retirement System was established in 1921 by the New York State Legislature, and benefits are paid in accordance with the laws enacted by New York State Legislature.

Annually, NYSTRS publishes a diversity report on the financial service activities of the agency. The

[7] Referenced data is taken from the Illinois Municipal Retirement Fund's "Annual Diversity Report" submitted to Illinois Governor Pat Quinn on December 21, 2012.

most recent being the "Minority- and Woman-owned Business Enterprises (MWBE) Asset Management and Financial Institution Strategy Report for the 2011-12 Fiscal Year", captures NYSTRS 2012 fiscal year activity. As of June 30, 2012, NYSTRS total assets under management were $85,867.0 million – $56,857.8 million managed internally and $29,009.2 million managed externally[8].

State Universities Retirement System of Illinois (SURS)

The State Universities Retirement System of Illinois (SURS) is an Illinois government agency that administers retirement, disability, death, and survivor benefits to eligible SURS participants and annuitants. Membership in SURS is obtained through employment with more than 70 employing agencies, including public universities, community colleges, and other qualified state agencies. Eligible employees are automatically enrolled in SURS when employment begins. SURS serves over 208,000 active and inactive members and benefit recipients.

In 2004, the SURS Board of Trustees created the Manager Diversity Program (MDP) as one of four initiatives designed to further increase the utilization of minority-, woman-, and persons with a disability-owned broker dealers (MFDB) investment firms. As of June 30, 2012 the Board of Trustees established a goal of 17% of total actively managed assets to be managed by emerging investment managers and MFDB investment firms. In October 2012, the Board of Trustees increased the goal to 25% of actively managed assets. As of June 30, 2012 SURS total assets under management were $13,573.2 million[9].

LEGISLATIVE UPDATES

[8] Referenced data is taken from the New York State Teachers' Retirement System's annual report, "Minority and Woman-owned Business Enterprises (MWBE) Asset Management and Financial Institution Strategy Report for the 2011-12 Fiscal Year".

[9] Referenced data is taken from the State University Retirement System of Illinois annual report to Governor and General Assembly "Use of Emerging Investment Managers" on November 27, 2012.

During the 2012 Session of the Maryland General Assembly, new legislation was passed expanding the number of State agencies reporting on diversity and inclusion efforts regarding financial services activities. The new legislation added the Department of Business and Economic Development (DBED), Maryland Higher Education Commission (MHEC), Department of Housing and Community Development (DHCD), and Maryland's Teachers' and State Employee's Supplemental Retirement Plans (MSRP) to the existing four State agencies – SRPS, IWIF, MAIF, and the State Treasurer's Officer. From past experiences, GOMA has learned that financial services activities vary by agency. The addition should presumably require both the newly added agencies and GOMA to expand human capital capacity in regards to public policy assessment, public administration compliancy, data analytics, and inclusionary outreach to minority- and women-owned businesses.

APPENDIX: DIRECTORY OF RETAINED MINORITY- AND WOMAN-OWNED FINANCIAL SERVICES FIRMS

Ariel Investments
200 East Randolph Drive, Suite 2900
Chicago, IL 60601
312-726-0140

Advent Capital Management
1271 Avenue of the Americas, 45 Floor
New York, NY 10020
212-480-96-55

Affinity Investment Advisors
1811 Von Karman Avenue, Suite 550
Irvine, CA 92612
949-660-6373

AH Lisanti Capital Growth
608 Fifth Avenue, Suite 301
New York, NY 10020
212-792-6992

Ambassador Capital Management
500 Griswold Street, Suite 2800
Detroit, MI 48226
313-961-3111

Apex Capital Management
8163 Old Yankee Street, Suite E
Dayton, OH 45458
937-428-9222

Arbalet Capital Management
3 Columbus Circle, 12 Floor
New York, NY 10019
212-812-2100

ARGA Investment Management
1010 Washington Boulevard, 6th Floor
Stamford, CT 06901
203-6140800

Asia Alternatives
1 Maritime Plaza, Suite 1000
San Francisco, CA 94111
415-723-8100

Ativo Capital Management
120 North LaSalle Street, Suite 2150
Chicago, IL 60602
312-263-7600

Attucks Asset Management

Bivium Capital Partners
44 Montgomery Street, Suite 4250
San Francisco, CA 94104
415-825-0616

Blaylock Robert Van
600 Lexington Avenue, 3rd Floor
New York, NY 10022
212-715-6600

Bley Investment Group
4200 South Hulen Street, Suite 519
Fort Worth, TX 76109
817-732-2442

BOE Securities
2 South Penn Square
Philadelphia, PA 19102
215-568-5500

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Baltimore, MD
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Cabrera Capital Markets
10 South LaSalle Street, Suite 1050
Chicago, IL 60603
312-236-8888

Campbell Newman Asset Management
12080 North Corporate Parkway, Suite 130
Mequon, WI 53092
262-243-7000

Capital Prospects
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Stamford, CT 06902
203-388-4220

CastleOak Securities
110 East 59th Street, 2nd Floor
New York, NY 10022
646-521-6700

Channing Capital Management

321 North Clark Street, Suite 850
Chicago, IL 60654
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Beasley Financial Group
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Baltimore, MD 21282
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Cheswold Lane Asset Management
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West Conshohocken, PA 19428
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Chicago Analytic Trading Company
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Chicago, IL 60603
312-334-1500

CL King & Associates
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Albany, NY 12207
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Credo Capital Management
225 East Redwood Street, 2nd Floor
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De La Rosa & Company
10866 Wilshire Boulevard, Penthouse Suite 1650
Los Angeles, CA 90024
310-207-1975

Decatur Capital Management
250 East Ponce de Leon Avenue, Suite 325
Decatur, GA 30030
404-270-9838

Direct Access Partners
14 Wall Street
New York, NY 10005
212-344-0177

Divine Capital Markets
39 Broadway, 36th Floor
New York, NY 10006
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Drexel Hamilton
77 Water Street
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212-632-0403

10 South LaSalle Street, Suite 2650
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Cheevers & Company
440 South LaSalle Street, Suite 710
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312-663-2794

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Foreman Financial Group
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FRS Securities
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Garcia Hamilton
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Gardner Rich
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Chicago, IL 60605
312-922-3333

Globeflex Capital
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Goode Investment Management
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Cleveland, OH 44113
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Great Pacific Securities
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Duncan Williams
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Earnest Partners
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Gryphon Asset Management
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Guzman & Company
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101 Aragon Avenue
Coral Gables, FL 33134
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GW Capital
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Bellevue, WA 98004
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Hanoverian Capital
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Kennett Square, PA 19348
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Holt Smith Advisors
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Hughes Capital Management
916 Prince Street
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Greenfield Seitz
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Kaufman Brothers
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Leading Edge Investment Advisors
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LM Capital Group
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Lombardia Capital Partners
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Longfellow Investment Management
20 Winthrop Square
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Longitude Venture Partners
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Loop Capital Markets
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International Financial Solutions
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Ivy Securities
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Jackson Partners
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MFR Securities
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93 Tomlin Circle
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