



MINORITY & WOMEN OWNED BUSINESS ENTERPRISES

Asset Management
& Financial Institution
Strategy Report

Fiscal Year 2022-2023



Kenneth R. Theobalds
Chairman
Board of Commissioners



June 1, 2023

Honorable Kathy Hochul
Governor of New York State
New York State Capitol Building

Honorable Carl E. Heastie
Speaker
New York State Assembly

Honorable Crystal D. Peoples-Stokes
Majority Leader
New York State Assembly

Honorable William A. Barclay
Minority Leader
New York State Assembly

Honorable Andrea Stewart-Cousins
President Pro Tempore and Majority Leader
New York State Senate

Honorable Michael Gianaris
Deputy Majority Leader
New York State Senate

Honorable Robert G. Ort
Minority Leader
New York State Senate

Julissa Gutierrez
Chief Diversity Officer
New York State Capitol Building

Dear Governor Hochul, Senate and Assembly Leaders, and Officer Gutierrez,

In 2022, The New York State Insurance Fund (NYSIF) continued to exceed the Minority & Women-Owned Business Enterprises (MWBE) participation goals set by the New York State Governor’s Office and NYSIF’s Board of Commissioners.

NYSIF reaffirms its commitment to help MWBE firms succeed in New York, and will continue striving to encourage diversity and inclusion as part of fulfilling its core mission – delivering high financial returns and value to NYSIF’s customers. NYSIF will also continue its efforts to utilize numerous outreach programs to cultivate new relationships with MWBE businesses, boosting innovation, and expanding opportunities for MWBE vendors.

The following report provides additional details of how NYSIF utilized MWBEs for investment and financial services. We will simultaneously publish this report on NYSIF’s web site for at least 60 days following its release.

Respectfully submitted,

Chairman Kenneth R. Theobalds
Acting Chair, Investment Committee

CC: Albert Pulido, Deputy Secretary for Financial Services & Technology
James Katz, Deputy Secretary for Economic Development
Cherell Beddard, Assistant Counsel to the Governor
Gaurav Vasisht, NYSIF Executive Director & CEO



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ABOUT NYSIF

NYSIF's mission is to guarantee the availability of workers' compensation and disability insurance with the lowest possible cost to New York employers while maintaining a solvent fund. Since its inception in 1914, NYSIF has fulfilled this mission by competing with other carriers to ensure a fair marketplace while serving as a guaranteed source of coverage for employers who cannot secure coverage elsewhere. NYSIF strives to achieve the best health outcomes for injured workers and be an industry leader in price, quality and service for New York State employers.

NYSIF is the largest workers' compensation carrier in New York State and among the top 10 largest workers' compensation carriers in the nation, insuring approximately 191,000 policyholders, with more than \$1.48 billion in in-force premium and approximately \$19 billion in assets. A self-supporting insurance carrier, NYSIF operates without taxpayer funding. In 2022, NYSIF also began offering coverage to select out-of-state workers for New York-based companies.

In addition to workers' compensation insurance, NYSIF provides disability benefits coverage for off-the-job injuries. In 2018, NYSIF added paid family leave as a component of its disability benefits product, providing New Yorkers with job-protected, paid time away from work to care for their families.



Rucker Lumber, a certified New York State WBE, is also a NYSIF policyholder. NYSIF Policyholder Rep Rob Burey recently presented Nancy Caugagl, Treasurer, with a plaque recognizing Rucker Lumber's 85-year business relationship with NYSIF.



NYSIF recently recognized certified New York State WBE Atlantic Blue Print Company for its 85-year business relationship with NYSIF. Chris Lordi, son of owner Diane Lordi, is pictured.

NYSIF FINANCIAL HIGHLIGHTS

(as of March 31, 2023)

Total Assets Managed

Assets	Market Value	Percentage
Total Assets Under Management	19,167,674,344	100%
Total Assets Internally Managed	15,402,526,976	80%
Total Assets Externally Managed	3,765,147,368	20%
External Equity Portfolios Managed by MWBE Firms	1,424,687,048	100%

NYSIF Investment Staff Diversity

Professionals	Total Employees	Percentage of Staff
Minority & Women	14	85%

HISTORY OF MWBE LEGISLATION

The New York State MWBE Asset Management and Financial Institution Strategy, Chapter 171 of the Laws of 2010, was established to codify and replicate best practices for the inclusion of MWBE asset managers, investment banks and financial and professional service providers. The strategy encourages greater utilization of the services of MWBEs by fiduciary-controlled entities established by New York State law. Such entities include the New York State Common Retirement Fund (CRF) under the sole trusteeship of the Office of the State Comptroller (OSC), the New York State Deferred Compensation Plan (NYSDCP), the New York State Teachers' Retirement System (TRS) and NYSIF.

In State Fiscal Year (SFY) 2010-2011, NYSIF's Board of Commissioners, in accordance with Workers' Compensation Law §87-i, established an MWBE Asset Management and Financial Institution Strategy (the MWBE Strategy) aimed at increasing the utilization of MWBE investment and financial services firms. The MWBE strategy adopted an objective standard for reporting on MWBE usage, as required under Workers' Compensation Law §87-i for entities owned by fifty-one percent (51%) women or minority group members.

In SFY 2017-2018, OSC entered into a Consulting Agreement with Lenox Park Solutions, Inc. (Lenox Park). This Agreement continues to allow NYSIF to work with Lenox Park, in conjunction with OSC and TRS, to assist with the certification of MWBE firms providing investment-related services. With agency assistance, Lenox Park has developed a concurrent listing of certified MWBE firms doing business with NYSIF, OSC and TRS.



As part of our MWBE outreach, NYSIF promotes its procurement opportunities at trade shows across the state. Here, NYSIF Contract Management Specialists Melissa McClellan (left) and Angela Sgambelluri (center) join NYSIF MWBE /SDVOB Compliance Specialist Amanda Huguley-Williams (right) at the 12th Annual New York State MWBE Forum at the Albany Capital Center in October 2022.



NYSIF'S MWBE POLICY & EFFORTS IN INVESTMENTS

NYSIF encourages participation by MWBEs in its procurement projects and is committed to achieving the statewide goal of increasing opportunities for MWBEs and helping these businesses thrive. NYSIF has established an MWBE participation goal of at least 30 percent for NYSIF contracts and has exceeded this goal for the last several years. NYSIF's Procurement Unit continues to incorporate diversity and inclusion inquiries into best-value procurement processes. It seeks to secure innovative contracts to include more MWBE businesses that will compete and be awarded contracts.

The NYSIF Board of Commissioners is committed to providing ongoing opportunities for MWBE investment management firms to manage assets on its behalf. As such, it is the policy of NYSIF to ensure that no barrier exists to the full participation of MWBE managers in the investment opportunities it affords them. NYSIF believes that effectively accessing and managing MWBE talent from varied backgrounds, age, experience, race, gender, ethnicity, and culture leads to improved outcomes. All external investment asset managers, financial and professional service firms are expected to respect NYSIF's values of diversity and inclusion, reflect them in their own organizations, and strive to establish MWBE goals for their own external service providers.

In 2021, NYSIF's Chief Investment Officer and Investment Committee reviewed NYSIF's Investment Policy Statement (IPS) intending to strengthen NYSIF's mission of investing with MWBE firms. For the first time, an MWBE Investment Manager Policy was adopted by NYSIF's Board of Commissioners. It is now an addendum to NYSIF's IPS and sets forth a 35% aspirational goal for externally managed assets, and targets by asset class segments. By doing this, NYSIF hopes to expand more pathways for diverse asset managers.

OVERVIEW OF NYSIF MWBE PARTICIPATION

Comparative Analysis

Total dollars paid for all MWBE-certified and non-MWBE asset management, financial institutions (broker dealer and other financial services) and professional service providers (accounting and valuation services) for SFY 2022-23: **\$16,798,908**

- ▶ Total dollars paid for MWBE-certified asset management, financial institution participation and professional service providers for SFY 2022-23: **\$6,590,294 or 39% MWBE certified participation**
- ▶ Total dollars paid to non-MWBE asset management firms, financial institution participation and professional service providers for SFY 2022-23: **\$10,208,614 or 61% non-MWBE certified participation**

Asset Managers

Total dollars paid to all MWBE-certified and non-MWBE asset management firms for SFY 2022-23: **\$10,062,701**

- ▶ Total dollars paid to MWBE-certified asset management firms for SFY 2022-23: **\$6,367,638 or 63% MWBE-certified participation**
- ▶ Total dollars paid to non-MWBE asset management firms for SFY 2022-23: **\$3,695,064 or 37% non-MWBE certified participation**

Financial Institutions

Total dollars paid to all MWBE-certified and non-MWBE financial institutions (excluding Asset Management firms) for SFY 2022-23: **\$1,171,421**

- ▶ Total dollars for MWBE-certified financial institutions for SFY 2022-23: **\$132,657 or 11% MWBE-certified participation**
- ▶ Total dollars paid for non-MWBE financial institutions for SFY 2022-23: **\$1,038,765 or 89% non-MWBE participation**

Professional Service Providers

Total dollars paid to all MWBE-certified and non-MWBE professional service providers for SFY 2022-23: **\$5,564,785**

- ▶ Total dollars for MWBE-certified professional service providers for SFY 2022-23: **\$90,000 or 2% MWBE-certified participation**
- ▶ Total dollars paid for non-MWBE professional service providers for SFY 2022-23: **\$5,474,785 or 98% non-MWBE participation**

PROGRESS OF OUTREACH EFFORTS

NYSIF continues to do extensive outreach to MWBE vendors. All competitive investment and financial services procurement opportunities are advertised on **nysif.com**; in the New York State Contract Reporter, which is New York State's official publication of procurement opportunities; and in Minority Commerce Weekly, a published journal in which procurement opportunities are advertised to MWBE providers.

In addition, NYSIF sends notices of all procurement opportunities directly to investment and financial providers listed on the Empire State Development Corporation (ESD) Directory of Certified MWBEs.

NYSIF's bilingual MWBE and Service-Disabled Veteran Owned Businesses (SDVOB) brochures provide information on MWBE and SDVOB certification and advocate NYSIF's invitation to MWBEs and SDVOBs to participate in all its economic opportunities.

NYSIF offers ongoing support and participation in the following annual events:



- ▶ The New York State Black, Puerto Rican, Hispanic, and Asian Legislative Caucus
- ▶ The New York State MWBE Forum
- ▶ NYSIF MWBE Investment Symposium
- ▶ The Somos Conference
- ▶ Regional MWBE Outreach Statewide Events sponsored by ESD
- ▶ Veterans in Economic Transition Conference (VETCONNY)
- ▶ City & State Annual Diversity Summit
- ▶ The Competitive Edge Conference

In November, NYSIF exhibited at the 2022 Veterans in Economic Transition Conference (VETCONNY) conference in Albany, targeting SDVOB companies. Ed Young (left), NYSIF Senior Purchasing Agent, and Sophia Mayers (right), NYSIF Human Resources Specialist 2, represented NYSIF at the event.

In addition, NYSIF staff participates and supports ESD-sponsored and other diversity programs, both virtual and in person.



On October 6, 2022, NYSIF Associate Director of Human Resources Damaris Torres (pictured left) attended the 2022 New York State Minority- and Women-Owned Business Enterprises Forum Governor's Reception and Award Ceremony to receive the MWBE Champions Award.

The MWBE Champions Award celebrates NYS agency and authority staff dedicated to the state's MWBE program who have displayed tireless efforts in helping to increase MWBE utilization and the role MWBEs are playing in the delivery of goods and services to the state.

The award was presented by ESD's Executive Vice President & Executive Director, NYS Division of Minority and Women's Business Development.

NYSIF MWBE INVESTMENT SYMPOSIUM

On February 23, 2023, NYSIF held its 13th Annual MWBE Investment Symposium to honor and celebrate MWBE financial success, while also assessing both the progress which has been made in this area and ascertaining next steps for MWBE firms amid the current economic uncertainty.



The daylong seminar began with Executive Director and CEO Gaurav Vasisht (left) and NYSIF Board of Commissioners Chairman Kenneth R. Theobalds (right) and discussed MWBE achievements and future goals. The symposium was the brainchild of former Vice Chairman Sidney Holmes and former investment chair David Ourlicht.

Greg Francis, NYSIF's Chief Investment Officer, discussed the recent changes in NYSIF's asset allocation, how NYSIF is adjusting its investment portfolio to address rising inflation, and ongoing changes in the insurer's MWBE program. Roselyn Spencer (right), Managing Director of MIDA Advisors in Washington, D.C., presented an overview of investment opportunities in Africa. The symposium then had its three panel discussions.





The first panel focused on ESG (Environmental, Social, Governance) issues in investing, and how MWBE investment firms can capitalize on these opportunities, particularly in New York State. The Governor has asked state agencies like NYSIF with substantial investment portfolios to achieve net zero carbon emissions in their investments by 2040. The panel was moderated by Anika Becker (left), ESG & Sustainability Lead for NYSIF, and the panelists were Roselyn Spencer (center) of MIDA and Rajith Sebastian (right), Head of ESG & Sustainable Investments for NYSIF.

The second panel addressed due diligence issues for MWBE firms, with a focus on how Covid has impacted this important process. The panel was moderated by DeAnna Ingram Jones (left) of NEPC, and the panelists were Cesar Gonzales (right), Director of Manager Development at Xponance, Eric Hsueh, CAIA, Senior Vice President of Bivium Capital Partners, and Diallo Johnson, Senior Vice President of Leading Edge Investment Advisors.



The day's final panel was centered on diversity, equity and inclusion (DEI), and whether DEI is working in financial services and how accountability can be measured and improved. The panel was moderated by NYSIF Commissioner and Preston Hollow CEO Alexis Thomas (left). The panelists were Taffi Ayodele (right center), Director of DEI for the New York City Comptroller's Office, Jarvis Hollingsworth (right), Trustee for the Teacher Retirement System of Texas, and Sylvester McClearn (left center), Interim Director of Emerging Managers for the New York State Common Retirement Fund.

CONCLUSION

NYSIF remains committed to the statewide objective of increasing opportunities for MWBEs in New York State. Consistent with Workers' Compensation Law §87-i, NYSIF will continue to report annually to the Governor, Legislature, and the Chief Diversity Officer of the State of New York on the participation of MWBE Asset Managers, MWBE Financial Institutions, and MWBE Professional Service Providers in investment and brokerage transactions with NYSIF, or as providers of services to NYSIF.