

New York State Common Retirement Fund

Fiduciary and Conflict of Interest Review

November 19, 2025



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EXECUTIVE SUMMARY

Weaver and Tidwell, LLP (“Weaver”, “we” or “us”) conducted the New York State Common Retirement Fund (the “CRF”, or the “Fund”) triennial Fiduciary and Conflict of Interest Review (the “Review”) of the CRF for the three-year period of April 1, 2021 through March 31, 2024 (the “Covered Period”).

Regulations of the New York State Department of Financial Services (“DFS”) provide that the New York State Comptroller shall require a review of the Fund every three years by a qualified, unaffiliated person (11 NYCRR Part 136-2.5(g)(5)).

The Fund has completed four prior reviews; each focused on specific topics within investment-related operations of the Fund. The scope of services under this Review required us to complete the four following tasks (hereinafter collectively referred to as “Tasks”). The Review is not meant to analyze individual investments, nor meant to review the administrative operations of the New York State and Local Retirement System (“NYSLRS” or the “System”).

Task 1

Evaluate compliance with Fund investment policies and procedures, and compliance with DFS Regulations, for every transaction requiring Comptroller approval that closed during the Covered Period.

We reviewed every investment transaction that required approval by Thomas P. DiNapoli, Comptroller of the State of New York (the “Comptroller”), as Trustee of the Fund, which closed during the Covered Period. There were 198 such transactions during the Covered Period.

Based on our review of each transaction, the Fund complied with internal investment policies and procedures as well as DFS Regulations for 198 in-scope transactions. A detailed list of in-scope transactions and results are presented in Appendix A: Transaction Summary and Review Results.

Task 2

Review the Fund’s asset allocation process, specifically:

- ▶ **Review the Fund’s asset allocation process, including significant inputs and their sources, as well as key steps in the decision-making process, including internal and external collaboration;**
- ▶ **Identify the Fund’s unique characteristics such as its risk appetite and legal restrictions that result in a customized asset allocation proposal; and**
- ▶ **For context, compile strategic asset allocations, targets, and ranges in both public and private markets for the 10 largest U.S. state pension plans as of March 31, 2024, along with funded status information, payout ratios, and a brief narrative overview of each (compiled from publicly available materials).**

We assessed each phase of setting the Division of Pension Investment and Cash Management’s (“PICM”) Long Term Policy Asset Allocation which became effective April 1, 2024, and reviewed the responsibilities of the Comptroller, the Fund’s Chief Investment Officer (“CIO”) and the Comptroller’s external Investment Advisory Committee (“IAC”). We also reviewed Retirement and Social Security Law (“RSSL”) Article 4-A, which authorizes the public retirement systems in New York State to invest their assets in specific types of investments and contains limitations on the amount and quality of investments pursuant to those

categories. Investments purchased pursuant to these provisions are “legal list” investments. Weaver assessed the impact of the legal list on the Fund’s allocation.

We then performed procedures to gain an understanding of the Fund’s asset allocation process, key inputs and their sources, risk appetite and collaboration with external parties. Such procedures included:

- ▶ A review of the Asset Liability Study and key data points that are used in the asset allocation process
- ▶ A review of internal Fund policies and procedures
- ▶ Interviews with key members of the asset allocation process, including internal employees at PICM and Office of the New York State Comptroller (“OSC”) and external parties
- ▶ Review of committee meeting minutes, presentations, and memos
- ▶ Review of both internal and external reports, deliverables, and studies

Weaver found that the processes used by the Comptroller, CIO, and PICM Staff to evaluate, revise, and implement the Fund’s allocation plan and manage investment risks have the appropriate oversight and control structure to ensure that the statutory requirements are followed and that the CRF adheres to its fiduciary requirement to manage the Fund in the best interest of the participants and beneficiaries of the Retirement System. Weaver also compiled the strategic allocations, targets, and ranges in both public and private markets for the 10 largest U.S. State pension plans and provided our analysis of CRF’s position in comparison to its peers. The Information used was obtained from publicly available materials only.

Task 3

Based upon the above matters examined in the course of this fiduciary and conflict of interest review, evaluate whether the Fund continues to be in compliance with the fiduciary principles set out in the DFS Regulations.

In addition to the matters examined in Task 1 and Task 2, Weaver evaluated whether the CRF remains in compliance with the fiduciary principles set out in the DFS Regulations to which the Fund is subject.

Based on the extensive documentation we reviewed and the interviews we conducted, we have determined that the CRF adheres to investment policies and procedures and is in compliance with the fiduciary principles set out in the DFS Regulations, which require specifically:

- ▶ The Fund operates under a strong governance framework with a rigorous system of internal controls
- ▶ The Fund maintains a high level of operational transparency
- ▶ The Comptroller adheres to and manages the Fund with highest ethical, professional, and conflict of interest standards
- ▶ The Comptroller acts for the sole benefit of the retirement system’s members and beneficiaries
- ▶ The CRF staff is knowledgeable and dedicated and the Fund is managed in the most efficient and effective manner possible

Task 4 Recommend improvement opportunities identified in the course of the review, if any, to the Fund’s investment-related policies, procedures, and practices to bring them in line with prevailing and/or best practices.

Based upon our procedures documented above and within this report and our review of the investment-related policies, procedures, and practices in connection with Tasks 1, 2, and 3, we identified five recommendations the CRF should consider as the organization continues to move towards industry best practices in the areas reviewed by Weaver.

Recommendations Summary

Weaver's recommendations to the CRF are summarized below and detailed in the Task 4 section of this report. We have determined that the CRF has strong policies, processes, and controls in place to oversee and manage its fiduciary responsibilities and conflicts of interest, and our recommendations are opportunities to enhance processes, increase efficiencies and build additional operational resilience.

1. Advancing Technology to Support Investments and Investment Operations

The CRF has a technology roadmap to better align the technology supporting the CRF with the investment industry. More specifically, it calls for providing consolidated asset class reporting through an investment book of record ("IBOR"), client relationship management ("CRM") platform, middle office solutions, along with a data governance framework and strategy. Weaver identified some areas where the roadmap might be improved to better position the Fund for obtaining optimal results and for keeping up with the dynamic changes in technology in the investment management space. Additionally, Weaver identified opportunities within support and staffing where changes to the current models may be enhanced both internally and with external resources for managing daily operations and planned projects. Weaver also identified opportunities to update security technology for PICM staff traveling overseas and for its record-keeping systems.

2. Investment Operations Structure

As PICM progresses through implementing technology enhancements included in its technology roadmap, especially the IBOR and data governance systems, PICM should consider the consolidation of operations functions and tasks into Investment Operations that are either within the asset classes or the retirement accounting group to increase efficiencies while maintaining appropriate segregation of duties where necessary.

3. Evaluation of Investment and Consultant Fees

In addition to its active fee negotiations on a deal-by-deal basis, the CRF should consider some additional approaches to evaluating investment fees by identifying trends in its portfolios through additional internal benchmarking. Weaver also recommends that the CRF consider whether there are opportunities for internalizing certain processes and/or potentially consolidating various consistent work streams.

4. Securities Lending

As CRF increases its shares on loan along with the revenue generated from its securities lending program, the CRF should enhance its Securities Lending Policy to reflect its contractual practices and governing statutory requirements (RSSL Sec. 177-d) regarding securities on loan.

5. Compliance Resources and Reporting

Weaver recommends expanded compliance reporting to leadership and key governance committees to allow for better identification of trends, rule changes, conflicts, or challenges impacting the Fund.

Additionally, Weaver recommends the CRF continue to grow its Compliance staff to support the organization.

OVERVIEW OF THE COMMON RETIREMENT FUND

The Comptroller is the administrator of both the New York State and Local Employees' Retirement System ("ERS") and the New York State and Local Police and Fire Retirement System ("PFRS"), collectively referred to as "NYSLRS" or the "System," and the trustee of the CRF which holds the assets of the System. The CRF's mission is to provide System participants with a secure pension through prudent asset management. The Fund's investments span a diversified portfolio across public and private markets, with a focus on achieving strong returns while managing risks to pay the System's pension obligations. Additionally, the CRF has an active corporate governance program that seeks to protect the Fund's assets. The Pension Investment and Cash Management division ("PICM") within OSC is responsible for the day-to-day management of the CRF's assets.

As the trustee of the CRF, the Comptroller is responsible for the investment of assets. The Comptroller is entrusted with fiduciary responsibilities to act in the sole interests of plan members, retirees, and beneficiaries, and to provide prudent investment and stewardship of pension assets. The Comptroller, along with support from the Deputy Comptroller for PICM/Chief Investment Officer ("CIO"), the Deputy CIO, and various staff, set investment strategies, asset allocation, risk management practices, and governance policies, with further support and advice from consultants and external advisory committees appointed by the Comptroller, including the Investment Advisory Committee ("IAC") and the Real Estate Advisory Committee ("REAC").

The CRF is subject to provisions of the RSSL, which governs the investments by the public retirement systems in New York State. The CRF is not governed by the United States Department of Labor and is not subject to the regulations of the Federal Employee Retirement Income Security Act of 1974 ("ERISA"); however, the CRF utilizes relevant and appropriate guidance within its investment policies and procedures.

The fiduciary net position of the System as of the end of the review period, March 31, 2024, was \$267.4 billion. The CRF managed these investments on behalf of over 1.2 million members, retirees, and beneficiaries across approximately 3,000 participating employers. The system continues to remain one of the best funded United States public pension plans. As of March 31, 2024, ERS and PFRS were 93.9% and 89.7% funded, respectively. Additionally, the Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the System for its Annual Comprehensive Financial Report for the fiscal year ended March 31, 2024. This is the 21st consecutive year the System has achieved this prestigious award.

General Investment Objectives

The general investment objectives of the Fund are to:

- ▶ Provide the means, together with employee and employer contributions, to pay benefits, when due, to the System's members, retirees, and beneficiaries
- ▶ Seek to optimize long-term risk-adjusted returns, consistent with liquidity and diversification parameters that are prudent under existing circumstances
- ▶ Invest according to an asset allocation that provides for the diversification of assets

- ▶ Invest assets efficiently, bearing in mind the impact of management and transaction costs on the returns of the assets
- ▶ Exercise all investor responsibilities on behalf of the CRF, including the voting of proxies, in the best long-term interest of the CRF and in accordance with the applicable statutes and voting guidelines of the CRF

Asset Allocation

The CRF has a Long-Term Policy Allocation which establishes the allocation targets for each asset class to optimize returns, manage risk, and align with the long-term pension payment obligations of the System. The plan is reassessed and updated every five years unless there are market events or changes that would prompt a reassessment sooner. In December of 2022 there was a change to RSSL Sec. 177 (9) that increased the portion of assets that New York public retirement plans could invest outside of specifically enumerated types of investments (i.e., the legal list). As a result, the CIO initiated an asset liability study and asset allocation review earlier in the 5-year cycle, leading to a revised asset allocation implemented in 2024. The Fund is invested in the following asset classes:

- ▶ Public Equities (Domestic and International) – role is to provide the largest source of nominal returns in the Fund’s portfolio over the long-term through diversified public equity market exposure
- ▶ Private Equity – role is to achieve its target rate of return by providing the highest returns of any class over the market cycle while maintaining prudent risk management
- ▶ Real Estate – role is to achieve excess returns through non-core investments and provide steady cash flow through core investments
- ▶ Real Assets – role is to create risk adjusted returns and hedge against inflation
- ▶ Fixed Income – role is to provide a diversified, stable income stream while preserving capital, and includes (i) a long-term component to generate maximum income without adding significant risk, as well as offset volatility in the equity markets, and (ii) a short-term component, which accommodates the disbursement and funding needs of the various investment divisions
- ▶ Credit – role is to out-perform the Fund’s actuarial rate of return via a portfolio of diversified credit investments which are outside of traditional fixed income markets
- ▶ Opportunistic/Absolute Return Strategies (“OARS”) – goal is to create excess returns while maintaining a low correlation to other asset classes and creating diversity across the Fund’s portfolio
- ▶ Cash – used by the CRF to meet the daily liquidity requirements of the Fund

The previous Long-Term Policy Asset Allocation effective as of April 1, 2020, was as follows:

Asset Class	Target Allocation (%)
Domestic Equity	32.0
International Equity	15.0
Private Equity	10.0
Real Estate	9.0
Real Assets	3.0
Fixed Income	23.0
Credit	4.0
Opportunistic / Absolute Return Strategy	3.0
Cash	1.0
Total	100.0%

The new Long-Term Policy Asset Allocation for the Fund effective April 1, 2024, the process for which is the subject of Task 2, is below:

Asset Class	Target Allocation (%)
Domestic Equity	25.0
International Equity	14.0
Private Equity	15.0
Real Estate	12.0
Real Assets	4.0
Fixed Income	22.0
Credit	4.0
Opportunistic / Absolute Return Strategy	3.0
Cash	1.0
Total	100.0%

Weaver Review Methodology and Approach

Weaver provides assurance and advisory services to government entities and has deep experience with state, county, and local pension funds and public organizations relevant to the OSC. Our broad client experience helps our government clients meet regulatory requirements by bringing a long-term perspective to help them improve operations and services. Weaver's Asset Management Consulting practice led the engagement team which was comprised of qualified individuals that support pension funds and investment advisers through consulting, internal audit, compliance, and financial statement audits.

Full biographies of the team leaders are provided in Appendix B.

Weaver's approach to this review included an extensive review of documentation provided by the CRF that included policies and procedures, governance manuals, contracts, samples of performance and risk

reports, compliance reports, advisory committee materials, investment support and analysis, and internal planning and strategy documents. In addition, Weaver conducted in-depth interviews with 32 individuals within PICM and the OSC that included:

- ▶ Thomas P. DiNapoli, New York State Comptroller
- ▶ Chief Investment Officer
- ▶ Deputy Chief Investment Officer
- ▶ Counsel to the Comptroller
- ▶ General Counsel to the CRF
- ▶ OSC's Special Counsel for Ethics
- ▶ Investment Advisory Committee Chair
- ▶ Real Estate Advisory Committee Chair
- ▶ Chief Actuary of the System
- ▶ OSC's Chief Information Officer
- ▶ Directors of the Asset Classes and Programs of the CRF
- ▶ Investment Officers and Investment Operations staff
- ▶ Director of Operations
- ▶ Deputy Directors of Operations
- ▶ Director of Compliance
- ▶ Executive Director of Corporate Governance
- ▶ Interim Director of Risk
- ▶ OSC's Human Resources Director
- ▶ PICM's Investment Technology Staff
- ▶ OSC's IT Business Relationship Manager for PICM
- ▶ OSC's Director of Internal Audit
- ▶ OSC's Inspector General
- ▶ Investment Consultant to the CRF

Weaver's approach considered each of the tasks and considered how each task was aligned with the goals of the engagement and the broader requirements of the Fiduciary and Conflicts Review. Our interviews and documentation were focused on confirming our understanding of how the CRF manages its investment approval, asset allocation and investment processes, and compliance with DFS fiduciary principles.

Task 1: Review of Investments: Compliance with Fund Investment Policies and Procedures and DFS Regulations

Weaver has reviewed Fund documents for all investment transactions requiring the Comptroller’s approval that closed during the Covered Period to determine whether the respective transaction documents:

- (i) Demonstrate the Fund’s compliance with its investment policies and procedures, and
- (ii) Include representations from investment managers on the use of placement agents, disclosure of conflicts of interest and access to records as required by the DFS Regulations, and other key terms as identified by the Fund.

Testing the viability of the investments was not included in the scope of our review, and as such, we do not opine on any investments.

There were 198 closed transactions that required Comptroller review during the Covered Period. The allocation of such transactions by asset class is as follows:

Asset Class	In-Scope Transactions
Public Equities	6
Private Equity	64
Real Estate	33
Real Assets	19
Fixed Income	1
OARS	26
Credit	49
Total	198

Review Procedures

To ascertain completeness of the population of transactions that required approval during the Covered Period, we reviewed publicly available information disclosed by the Comptroller, which included Monthly Disclosures of Investments & Transactions and Annual Reports that can be found on the OSC’s website.

For each in-scope transaction, where applicable, we tested compliance through review of the following supporting documentation:

- ▶ Investment Recommendation to the CIO and Comptroller
- ▶ Staff Recommendation to the Real Estate Advisory Committee (“REAC”) for Real Estate transactions only
- ▶ Placement Agent Fee Disclosure Determination Memo
- ▶ Internal Investment Committee Meeting Minutes
- ▶ REAC Meeting Minutes
- ▶ Consultant Recommendation
- ▶ Background Check or Waiver
- ▶ ESG Assessment

- ▶ Acknowledgement of the restrictions on Gifts and Entertainment
- ▶ Internal and External Legal Review, where applicable
- ▶ Commitment/Subscription Agreements
- ▶ Limited Partnership Agreements
- ▶ Side Letters
- ▶ Acknowledgement of Political Contribution Limitations
- ▶ Conflicts of Interest Disclosure Acknowledgement
- ▶ FEAA Boycotts Agreement
- ▶ MacBride Fair Employment Acknowledgement
- ▶ DFS Access to Records Provision

Review Results

For all in-scope transactions, we found there was adequate, appropriate, and complete documentation, and the Fund's internal policies and procedures and DFS Regulations listed below were followed:

- ▶ A Consultant Recommendation, which includes significant investment terms, strategies, and risks, was prepared and included in the Comptroller Signing Package
- ▶ A Staff Recommendation, signed by each respective asset class director and the CIO, was prepared, and included in the Comptroller Signing Package
- ▶ A Placement Agent Fee Disclosure Determination Memo was prepared and included in the Comptroller Signing Package
- ▶ The investment was presented to the Internal Investment Committee and/or REAC and memorialized within the respective committee meeting minutes
- ▶ A background check was performed and reviewed or appropriately waived in accordance with the Fund's background investigation policy
- ▶ An ESG Assessment was performed and included in the Comptroller Signing Package
- ▶ The respective Investment Manager acknowledged its requirement to comply with the provisions of Section 73, sub (5) of the New York Public Officers Law ("Gift Restriction Acknowledgement")
- ▶ The respective Investment Manager represented and warranted that a placement agent was not used
- ▶ The respective Investment Manager represented there has been no violation of Rule 206(4)-5 of the US Investment Advisers Act of 1940 ("Political Contribution Limits")
- ▶ The respective Investment Manager provided representations, acknowledgements and agreements required under DFS Regulation 136-2.4(c) ("Conflicts of Interest")
- ▶ The respective Investment Manager provided representations and agreements that there have been and will be no international boycott in violation of the Federal Export Administration Act of 1979 and successor laws (as amended) ("FEAA Boycotts")
- ▶ The respective Investment Manager provided acknowledgements that the Fund is subject to Section 423-a of the NYS RSSL ("MacBride Fair Employment")
- ▶ The respective Investment Manager provided acknowledgements and agreements required by DFS Regulation 136-2.5(b) ("DFS Access")

The listing of in-scope transactions and results is presented in Appendix A: Transaction Summary and Review Results.

Task 2: Review of the Asset Allocation Process

Weaver performed a detailed review of the Fund’s asset allocation process, specifically:

1. Review the Fund’s asset allocation process, including significant inputs and their sources, as well as key steps in the decision-making process, including internal and external collaboration.
2. Identify the Fund’s unique characteristics, such as its risk appetite and legal restrictions that result in a customized asset allocation proposal.
3. For context, compile strategic asset allocations, targets, and ranges in both public and private markets for the 10 largest U.S. State pension plans, along with the funded status information, payout ratios, and brief narrative overview of each, compiled. This was compiled only through publicly available materials.

Our procedures included examination of steps 2.1 and 2.2 holistically, assessing each phase of the new Asset Allocation Policy which became effective April 1, 2024. We reviewed the amendments to Retirement and Social Security Law (“RSSL”) Sec. 177 that was signed into law by the New York State Governor on December 23, 2022. This amendment to Sec. 177(9) increased the permissible allocation of New York public retirement system assets to investments outside of the list of specifically authorized investments elsewhere within RSSL Sec. 177 from 25% to 35%. Sec. 177(9) is generally known as the “Basket Clause,” and allows the Fund to invest in asset classes not explicitly authorized elsewhere within RSSL Sec. 177.

The CRF by policy is required to review and establish the asset allocation at least once every five years and performs an asset-liability study to inform the allocation decisions. After the 2022 change to RSSL Sec. 177, the Chief Investment Officer (“CIO”) initiated an Asset Liability Study and Asset Allocation review that ultimately led to the revised asset allocation implemented in 2024 which was ahead of the five-year cycle.

Weaver reviewed the roles of the CIO, Asset Class Directors, other staff, consultants, and the external Investment Advisory Committee (“IAC”) who contribute to the establishment and approval of the allocation. Weaver also reviewed the implementation of the allocation plan, along with the investment and operations processes used within PICM to oversee and manage the Fund’s portfolio and monitor investment risks within the accepted risk appetite of the CRF.

Lastly, we compared the strategic asset allocation of the CRF against the 10 largest U.S. State pension plans to provide PICM context and perspective of how its current allocation, targets and ranges in public and private assets compare to its peer organizations.

Weaver found that the processes used by the Comptroller, CIO, and PICM Staff to evaluate, revise and implement the Fund’s allocation plan and manage investment risks appear to have the appropriate oversight and control structure to ensure that the statutory requirements are met and that the CRF adheres to its fiduciary requirement to manage the Fund in the best interest of the participants, retirees and beneficiaries of the Retirement System. Weaver also identified opportunities that are further detailed within Task 4 where the CRF and the Comptroller can continue to mature the organization to align with best practices within the investment industry.

Asset Allocation Process

Under law, as mentioned above and more fully described below, the Comptroller is authorized to invest the assets of the CRF in specific types of investments enumerated in section 235 of the New York State Banking Law and several sections of the RSSL. These statutory sections also contain limitations on the amount and quality of investments the CRF may hold in certain asset categories, subject to certain caps and qualitative restrictions. These investments are the so-called “legal list” investments. In addition to the foregoing, RSSL Sec. 177(9) the Basket Clause currently allows that up to 35 percent of the CRF’s assets-to be invested in investments not otherwise specifically authorized by any other statute. These categories and restrictions provide a framework, and various constraints in the setting of the asset allocation for the Fund.

Equity Investments

- ▶ Registered equity securities of U.S. corporations and investment companies registered under the Investment Company Act of 1940
- ▶ Interest bearing obligations convertible into equity securities of U.S. corporations or investment companies
- ▶ Equity securities of foreign companies which (a) are registered on a U.S. national securities exchange or on a regulated foreign exchange and (b) have market capitalizations of \$1Billion (or a three-year rolling average of \$1Billion in annual sales)
- ▶ With additional specific requirements:
 - No more than 2% of Fund assets in any one corporation (including subsidiaries)
 - No more than 5% of the total issued and outstanding equity securities of any one corporation
- ▶ Category Cap: 70% of Fund assets, including a cap of 10% of Fund assets for foreign equities

Fixed Income Investments

- ▶ Domestic and Canadian Investment Grade Debt
- ▶ Investment grade obligations of the United States, any U.S. state, the District of Columbia, or Puerto Rico, and of any department, agency or political subdivision of the U.S.
- ▶ Investment grade obligations, payable in U.S. funds, of any issuer created or existing under the laws of the U.S. and investment grade obligations, payable in U.S. funds, of Canada or any province or city of Canada:
 - Aggregate investments by the Fund in the obligations of one issuer (other than U.S. obligations and those guaranteed by the full faith and credit of the U.S. government), not to exceed 2% of Fund assets and 5% of the direct liabilities of an issuer
- ▶ Category Cap: None
- ▶ Conventional Mortgages, subject to the following:
 - Mortgage on unimproved real property, LTV not exceeding 60%
 - Mortgage on improved real property LTV not exceeding 75%
 - Single mortgage capped at 5% of Fund assets
 - Category Cap: 30% of Fund assets
- ▶ International Debt:
 - Highly rated, dollar-denominated obligations of foreign issuers
 - Category Cap: None
 - Indebtedness issued or guaranteed by the State of Israel as are approved by the U.S. Comptroller of Currency, and obligations issued or guaranteed by various other international development banks and agencies
 - Category Cap: Generally, for each subcategory, 5% of Fund assets

Real Estate

- ▶ Real property acquired for investment (including improvement or development), subject to the following restrictions:
 - Property not to be used primarily for agricultural, horticultural, ranch, mining, recreational, amusement or club purposes
 - Acquisition cost (with estimated improvement/development costs) no more than 2% of Fund assets
- ▶ Investments in entities investing the majority of their assets in real property and/or debt secured by real estate
- ▶ Category Cap: 10% of Fund assets

The Basket Clause - RSSL § 177(9)¹

- ▶ Allows up to 35% of the Fund's assets to be invested in investments that do not qualify, or are not otherwise permitted, under other sections of 177 (including the Banking Law), provided that those investments:
 - Must be made for the exclusive benefit of participants and beneficiaries in accordance with the "prudent expert" standard; and
 - Shall, to the extent reasonably possible, benefit the overall economic health of New York State, so long and only if such investments satisfy the above fiduciary requirements.

The Comptroller and PICM utilize these requirements as the basis for setting any asset allocation for the Fund. The amendment of the statute to expand the Basket Clause was a specific point of analysis that caused the CIO to initiate an Asset Liability Study slightly ahead of the required five-year cycle.

The process steps CRF undertakes to set a new long-term target allocation include:

1. Conducting an Asset Liability Study ("ALS") utilizing CRF staff and a qualified investment consultant ("Consultant").
2. Engaging in an iterative review and a series of discussions spanning several months on the capital market outlook, the current allocation, the impact of the data within the ALS, requirements of RSSL Sec. 177 and other applicable laws and regulations, investment class strategic plans, and CIO guidance, amongst other factors.
3. Leveraging the ALS and the information provided to draft, review, and revise the Asset Allocation.
4. Presenting the Asset Allocation, along with relevant information (including the ALS), to the IAC.
5. IAC asking questions and providing feedback to the CRF on the revised Asset Allocation and voting to recommend approval by the Comptroller.
6. Making any adjustments to the proposed Asset Allocation or providing additional information pursuant to the IAC comments or requests from the Comptroller. Thereafter, the Comptroller approves the Asset Allocation.
7. The CIO and Asset Class Directors and staff work to implement the new allocation over time not to adversely impact the portfolio.

Asset Liability Study

¹ CRF's Private Equity, Credit, Real Assets and OARS investments, as well as real estate and international equity above 10%, respectively, are allocated to the Basket.

The Asset Liability Study (“ALS”) provides valuable information for the asset allocation and the CRF utilized the Consultant to assist with both the ALS and the Asset Allocation development. The Consultant works with the Chief Actuary, CIO and PICM Investment staff throughout the process. The purpose of the ALS is to review the asset classes, risk and return assumptions, correlation with benchmarks along with the key information from the Retirement System, and to examine the probable future outcomes of applying alternative asset allocation strategies over time. The annual Report of the Chief Actuary of the Retirement System provides a summary of the valuation of the assets, liabilities, and system membership.

Some of the relevant data within the 2022 Chief Actuary Annual Report, which was used for the ALS review included:

- ▶ The ERS Salary (4.4%) and PRFR Salary (6.2%) scale increases remained unchanged
- ▶ Pensioner mortality assumptions were unchanged
- ▶ The Inflation adjustment increased to 2.9% (up from 2.7%) and the Cost-of-Living Adjustment increased to 1.5% (up from 1.4%)
- ▶ The Investment Rate of Return remained unchanged at 5.9%
- ▶ The Asset Valuation methodology used an 8-year smoothing of gains and losses above or below assumed return applied to all assets and cash flows. The smoothing method was suspended in 2021 with the recommendation to restart it in 2022.

The ALS by the Consultant examined a series of issues to project future outcomes for the Plan under two different methodologies:

- ▶ Deterministic – Assumes all underlying assumptions, liabilities, contributions and most critically, investment returns, are achieved precisely and without variance in each year
- ▶ Stochastic - Assumes outcomes for investment returns vary each year according to estimated volatility with contribution requirements following suit while actual contribution policy and liabilities remain in their current form

The Consultant leverages its annual Capital Market Outlook along with an asset class-specific White Paper which assesses the anticipated impacts to each of the asset classes within the CRF for market conditions, inflation and overall volatility. The CIO and CRF Asset Class Directors meet individually and collectively with the Consultant throughout the process to discuss anticipated outcomes in these areas, along with investment strategies, current portfolio structures and other contribution factors related to investment risk tolerances and liquidity needs of the Fund to customize asset class assumptions and to reflect current portfolio structuring and strategic plans.

The proposed plan looks at the investment assumptions and expected return and standard deviations for each asset class, the current allocation, the various restrictions under RSSL Sec. 177 and Section 235 of the State Banking Law to provide a series of allocation variance optimization modeling along with a potential target allocation for consideration by staff, CIO, IAC and the Comptroller. It also includes a series of reasonableness tests, including the implied Sharpe Ratio, probability of achieving the assumed rate of return, volatility, plan liquidity, and Basket Clause implications. Once completed, the proposed plan is presented to the Investment Advisory Committee (“IAC”).

The IAC is an external advisory committee established pursuant to RSSL Section 423 to assist the Comptroller in managing the monies of the CRF, to advise the Comptroller on investment policies relating to the CRF, to review, from time to time, the investment portfolio of the CRF and make such recommendations as may be deemed necessary, and to approve the appointment of members of REAC. As it specifically relates to the asset allocation, IAC is tasked with providing a recommendation to the

Comptroller prior to the Comptroller's adoption of a proposed asset allocation plan developed by the CIO after the completion of an asset-liability study and monitoring it on an ongoing basis. The CIO presents an update on the asset allocation to the IAC on an annual basis. The Allocation process occurs over a series of months, and staff present the asset allocation plan at the Comptroller's IAC meetings.

The Comptroller, CIO, the Consultant, Asset Class Directors and staff discuss the proposed allocation, providing feedback, questions, and requests for additional clarification or data to support the recommended asset allocation plan. Based on the results of the Fund's Asset Allocation Review and discussion and recommendation by the IAC, the Comptroller reviews the recommendation, and his approval of the revised allocation plan is documented in writing.

The latest ALS and Asset Allocation review resulted in the following long-term policy allocation targets as of April 1, 2024:

Asset Class	Target Allocation
Domestic Equity	25%
International Equity	14%
Private Equity	15%
Real Estate	12%
Real Assets	4%
Fixed Income	22%
Credit	4%
Opportunistic / Absolute Return Strategies	3%
Cash	1%
Total	100.0%

Once the Asset Allocation plan is approved by the Comptroller, the CIO and the Asset Class Directors work collaboratively on the implementation plan to move the portfolio towards the revised allocation over time. Allocation changes must occur gradually over time due to operational and market considerations that are assessed by the CIO and the Directors to manage these risks. These considerations, among other factors, are included in the implementation process for working towards the target allocation over time while managing performance and fiduciary responsibilities:

- ▶ **Liquidity and Funding**
Each investment team must assess the impact of cash flow timing, assess existing commitments, and adjust pacing schedules. The vast majority of the Fund's private market investments are illiquid, and most have lengthy terms.

- ▶ **Market Impact and Execution**
Large security transactions can move market prices in less liquid sectors, including small cap equity or fixed income instruments, and rapid reallocation could result in unfavorable pricing if not managed appropriately. Shifts can increase tracking error from the defined policy benchmarks and could lead to unintended risk exposure.

► **Due Diligence and Operations**

Sourcing and hiring new managers for certain mandates requires significant due diligence (see Task 1 for additional details), negotiation of terms (including fees), and requires operations to set up relevant accounts, parameters, and compliance rules within custodian, order management, performance, and other key systems.

The CIO and Investment staff design and implement the overall investment strategy of the Fund and review this with the Comptroller regularly. The CRF monitors the portfolio allocations on an ongoing basis in accordance with the CRF's asset allocation rebalancing guidelines. Staff manage the implementation of allocation changes, giving consideration to capital market dynamics and cash flow requirements, all of which impact the actual allocations. The Rebalance Committee meets at least monthly to review and determine if discretionary rebalancing is needed. When initiated, a plan is developed based on the degree of the over/underweight in the various asset classes, liquidity characteristics and current market conditions balanced with seeking to minimize trading costs and tracking error.

Each asset class has unique characteristics that are managed by the CIO and Asset Class. PICM also engages Investment Consultants to support each asset class for research, due diligence, strategic planning, valuation, performance, and other asset-class specific services.

The strategic plan of each of the asset classes is reviewed by the IAC and presented to the Comptroller.

Asset Class Requirements and Portfolio Design

Public Equities

Managing assets both internally and through external managers, the role of the Public Equities portfolio is to provide the largest source of nominal returns in the Fund's portfolio over the long term through diversified public equity market exposure. The asset class makes investments in public equity securities through internally and externally managed passive index portfolios and actively managed external investment manager portfolios to achieve its mandate. These investments cross geographies and market capitalizations to ensure broad, diversified exposure. External managers are used to generate a superior return to specific benchmarks through active strategies.

Private Equity

Private Equity helps the CRF achieve its target rate of return by providing the highest returns of any class over the market cycle while maintaining prudent risk management. Private Equity is generally considered to possess a higher degree of risk with higher return potential than traditional investments. Private Equity sub asset classes include leveraged buyouts, venture capital, growth equity, and special situations such as investment in general partner interests and industry sector funds, and include co-investments, secondaries and other customized strategies.

Real Estate

Real estate asset class diversifies the Fund's holdings by investing across different property sectors, geographic locations, and risk profiles, encompassing core and non-core strategies. The asset class has a low correlation with other asset classes, reducing the overall volatility of the portfolio. The CRF invests through funds, joint ventures, fund-of-funds, and other investment vehicles. The CRF may also invest in mortgages and real property through separate accounts.

Real Assets

Real Assets are tangible assets covering a broad spectrum of opportunities which may include, but are not limited to, capital assets, farmland, timber and forestry, infrastructure, metals, natural resources, energy, pipelines and telecommunication infrastructure. Strategy and style selection have been critical in meeting the portfolio's objective with a tilt towards infrastructure assets and smaller allocations to capital assets and natural resources.

Fixed Income

Fixed Income provides a diversified, stable income stream while preserving capital. Fixed Income assets are managed internally and externally. The role of Long-Term Fixed Income is to generate maximum income without adding significant risk, and to offset volatility in the equity markets. The role of Short-Term Fixed Income is to accommodate the disbursement and funding needs of the various investment divisions. The investment goals for the Short-Term portfolio are to obtain the maximum yield consistent with safety of principal and to develop a portfolio emphasizing quality, flexibility, diversity, liquidity and marketability. The Internally Managed Core Fixed Income portfolio consists primarily of investment grade, US dollar denominated debt obligations. The externally managed Fixed Income investment program is to outperform the benchmark for the internally managed fixed income program by selectively allocating assets to external managers who will help the CRF obtain exposure to segments of the markets that are considered relatively inefficient or too costly to replicate through internal management. Additionally, the externally managed selectively allocates assets to external managers to invest in non-core fixed income, including high-yield, emerging markets, global fixed income, and select illiquid investments.

Credit

The Credit portfolio seeks to outperform the Fund's actuarial rate of return outside of traditional fixed income markets by investing through external managers with strategies focused on direct lending, mezzanine finance, distressed and special situations, specialty finance, structured credit, real assets credit, real estate credit. In addition, the liquid credit sub-strategy focuses on non-investment grade markets globally which includes high-yield bonds, leveraged loans, structured credit and emerging market debt.

Opportunistic and Absolute Return Strategies ("OARS")

OARS portfolio invests across the capital structures of public and private companies and other strategies. OARS investments may not fit other asset classes' mandates or portfolio construction needs. The portfolio invests with managers which include Funds of One, Separately Managed Accounts, Commingled Funds, Co-Investments, and Fund of Funds. OARS consists of two sub-portfolios: the Opportunistic portfolio and a legacy Hedge Fund portfolio titled Absolute Return Strategies ("ARS").

Weaver identified an opportunity for the CRF to review its reliance on investment consultants and expand on its approach to the analysis of investment fees paid by the Fund, which is further detailed in **Task 4, Recommendation 3**.

Internal Investment Committee

The CIO, Deputy CIO and the Investment Directors meet regularly to discuss market trends, investment strategies, portfolio performance, and the investment pipeline. The CRF has an Internal Investment Committee ("IIC") comprised of the CIO, Deputy CIO and the Investment Directors that meets weekly. The goal of the IIC is to assist the CIO in making investment recommendations through a formal evaluation process that evaluates the risks and merits of each new investment and helps the CIO in making investment recommendations.

Other Programs

In addition to the investment designation and requirements of each asset class, the CRF has implemented a number of processes and investment considerations on how PICM will implement a consistent process within its portfolio design and maximize returns while monitoring investment risk and fiduciary responsibilities.

- ▶ Through its corporate stewardship program (including proxy voting) and the incorporation of environmental, social, and governance (“ESG”) factors into the investment analysis consistent with the Fund’s fiduciary responsibilities across each asset class, the corporate governance bureau works to promote long-term shareholder value.
- ▶ The CRF has an Emerging Manager Program designed to identify new, small, and diverse investment managers including enterprises substantially owned and/or operated by minority or women (“MWBE”) while, in all cases, maintaining the Fund’s fiduciary standards for investment across each asset class.
- ▶ The Sustainable Investments and Climate Solutions investment program (“SICS”) seeks to capitalize on opportunities that are aligned with United Nations Sustainable Development Goals and to advance areas, including Resources & Environment, Human Rights, Social Inclusion, and Economic Development.
- ▶ The CRF utilizes securities lending to supplement the income of the Fund by lending securities to approved borrowers, who are required to provide collateral to the Fund. The income is derived from investment of collateral and the fees paid by the borrowers. The program has seen significant growth in the revenue earned over the period reviewed by Weaver, and Weaver identified an opportunity for the CRF to enhance its Securities Lending Policy to include specific provisions that are critical to the Program including securities on loan, collateral, loan terms, and proxy voting.

This recommendation is further detailed in **Task 4, Recommendation 4.**

- ▶ Each Investment team is supported by its own internal Investment Operations staff member to support the implementation of the investment strategy of the asset class. There is also a small, dedicated Investment Operations function which focuses on the integration and daily functionality of PICM investment technology and data management, and the OSC’s Investment Accounting function provides support through overseeing the settlement and reconciliation of the investment trading. Additionally, the organization is supported by the Technology function and Legal teams of the OSC, with dedicated Legal Counsel providing daily support to PICM.

Weaver identified that the CRF approach to Investment Operations varies from what is typically seen in the asset management industry and within many of its peer pension organizations and identified an opportunity for the CRF to centralize certain functions within its structure to better support the Fund as it continues to evolve.

This is further detailed in **Task 4, Recommendation 2.**

- ▶ To assist the CIO and Investment Directors with their oversight of the complex investment risks associated with the Fund, the CRF has a Director of Risk who is responsible for monitoring and

reporting on investment risk through the Risk Committee. Risk monitoring is formalized and organizationally supported through the Risk Committee, which is tasked with risk oversight of the internal and external investment strategies, the CRF Risk Management program, and oversight of the compliance with risk standards and policies. The Risk team is responsible for devising and implementing CRF investment risk frameworks, measuring and monitoring investment risks, recommending investment risk controls, and monitoring compliance with CRF's risk appetite. The Committee informs and advises the CIO and Asset Class Directors on such areas as market and credit risk, operational risks of investment processes, liquidity risk, reputation risk, asset / liability risk, cyber risks and overall governance risk also serves as an escalation point for any violations of risk policy.

During the review, Weaver also identified that the current technology structure and resources in place to support the investment and investment operations processes require modernization, updates, and additional resources to keep pace with the investment industry. Many of these areas are also within the CRF's planned future state, and Weaver supports the current modernization plan. We also contend the staffing and support model can be enhanced to align with the industry and successfully implement its future state development plans. This is further detailed in **Task 4, Recommendation 1**

Allocation Comparison with Peer Organizations

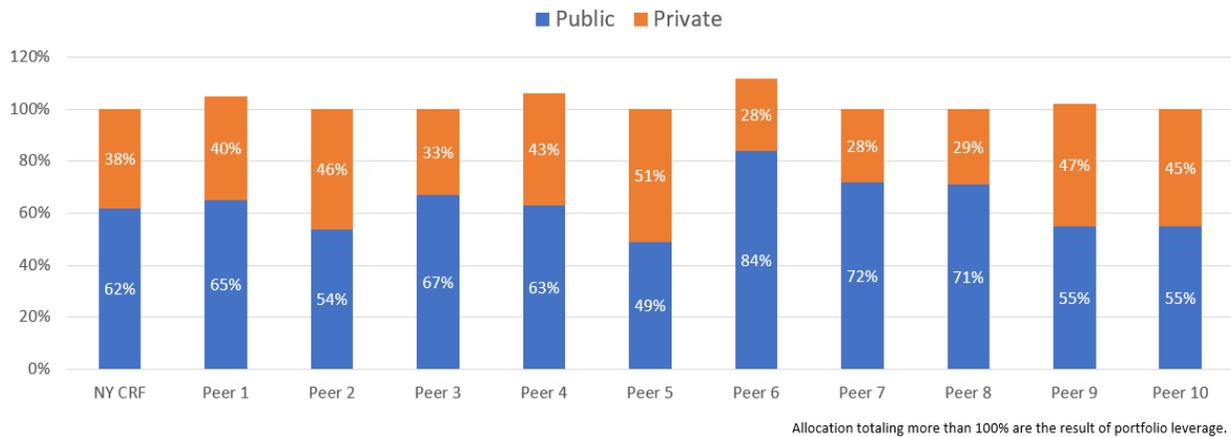
To provide additional insights on how the unique characteristics of the CRF impact its asset allocation and align with its peer state pensions, Weaver compiled the strategic asset allocations, targets, and ranges in both public and private markets for the 10 largest U.S. State pension plans², along with the funded status information, payout ratios, and brief narrative overview of each, compiled only through publicly available materials:

Public and Private Markets Analysis

The CRF demonstrates a strategic asset allocation between public and private markets that closely aligns with its peer group. With 62% allocated to public markets and 38% to private markets, the CRF sits just below the peer group's average and median public allocation of 63%. For this analysis, Weaver included Equity, Fixed Income and Cash in the totals for Public Assets.

On the private side, its 38% allocation is marginally lower than the peer group's average of 39% and median of 40%. This positioning suggests the CRF broad market allocations are generally aligned with the peer group average while exhibiting a slightly more conservative tilt toward private market exposure compared to its peers. Weaver included Private Equity, Real Estate, Real Assets, and each organization's unique strategic allocations most associated with private market investments

² For this comparison, Weaver reviewed all the assets under management for the organization, which often included assets not specifically allocated to the state pension fund.



► **Public Equities³**

The CRF’s total equity allocation of 39% is well-aligned with the peer group sitting just below the average of 40% and slightly above the median of 38%, suggesting that CRF is neither overly aggressive nor overly conservative relative to its peers. The CRF’s equity allocation is also aligned in terms of exposure to equity market cycles as its performance is likely to track peer benchmarks in equity-driven upturns and downturns. The majority (6 of 10) do not have specific allocations between U.S. Domestic and International Equity.

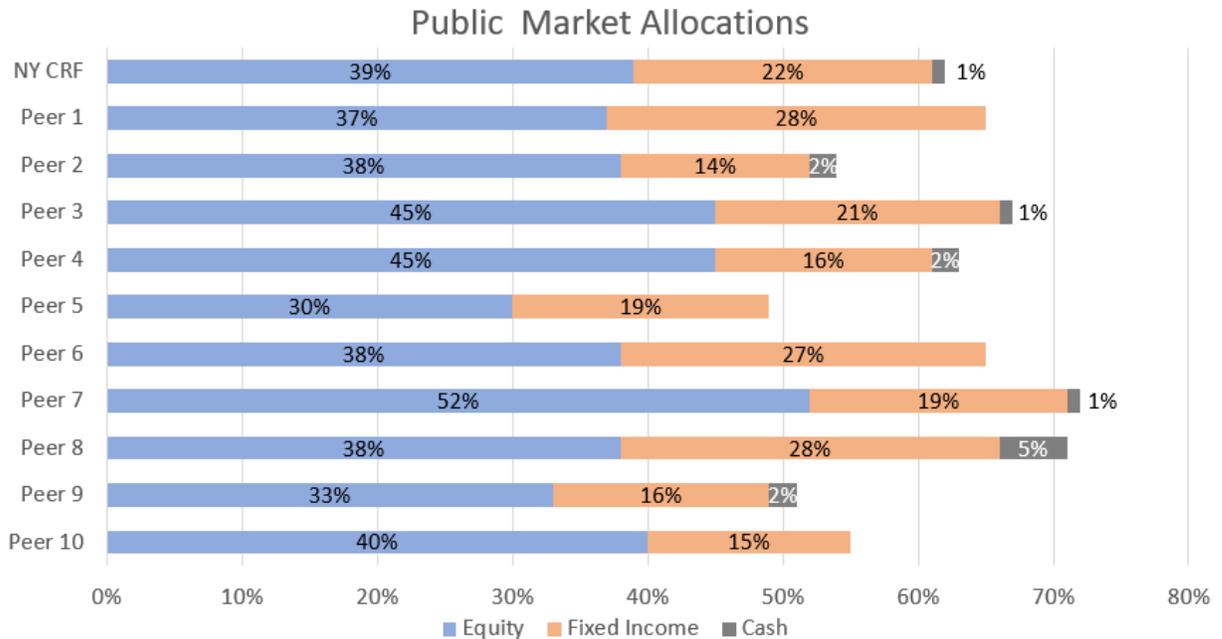
► **Public Fixed Income**

The CRF’s 22% fixed income allocation, higher than both the 20% average and 19% median of its peer group, reflects a slightly more conservative, income-oriented strategy that is more sensitive to interest rate fluctuations. Pension funds often increase fixed income allocations as they mature or improve funded status, to better match liabilities and reduce funded status volatility.

► **Cash and Cash Equivalents**

Approximately 64% of the peer group has a target allocation to cash or cash equivalents, with both the average and median allocation equal to 2%. The CRF’s current 1% target allocation to cash is less conservative than that segment of the peer group with allocations to cash or cash equivalents.

³ Six of the ten organizations do not distinguish between U.S. Domestic Equity and International Equity within their approved allocation percentages.



► **Private Equity**

While the peer group’s target allocation to private equity ranges from 7% to 25%, the CRF’s 15% allocation is equal to both the peer group average and median allocations, suggesting that the CRF is strategically aligned with industry peers for private equity exposure. Matching the peer group’s central tendencies, positions the Fund as neither a risk-seeking outlier nor overly conservative.

► **Real Estate⁴**

With a 12% allocation to real estate, which is equal to the peer median and just below the peer average, the CRF is well-aligned to the industry peer group and suggests a conventional approach to utilizing real estate as a diversifying and inflation-hedging asset without taking on excessive concentration risk.

► **Real Assets⁵**

Approximately 46% of the peer group have target allocation exposure to real assets with an average allocation of 9% and median allocation of 8%. With less than half the peer group average allocated to Real Assets, 4%, the CRF’s position is underweight. This is a newer asset class to the CRF, and a prudent approach has been taken to its introduction to the asset allocation strategy. This position also suggests a reduced emphasis on inflation-sensitive strategies with confidence that inflation risks are managed through other asset classes (e.g., TIPS or Real Estate).

⁴ Two of the ten organizations do not distinguish between Real Estate and Real Assets within their approved allocation percentages.

⁵ Two of the ten organizations include Real Estate within the Real Asset category which result in a slightly higher allocation to Real Assets when compared to organizations that have separate Real Estate and Real Asset allocations.

► **Credit⁶**

The CRF's credit allocation is three percentage points below the peer average and median of 7%. The underweight suggests a more cautious stance toward credit risk exposure or seeking return through other assets classes (e.g., private equity, real estate).

► **Strategic Allocation**

This category represents a broad array of investment strategies employed by the CRF and its peers. Typically, these "strategic assets" often include opportunistic investments, hedge funds, risk parity, or multi-asset strategies; assets that may not fit neatly into traditional categories but are expected to enhance returns or manage risk dynamically. For the CRF, the OARS asset class is an example of this type of investment strategy. Other strategies utilized by peers include Inflation Sensitive, Risk Mitigating Strategies, Risk Parity, Diversifying Strategies, Private Investment Partnerships (PIP), Real Return and Opportunistic, Multi-Strategy and Stable Value Hedge Funds.

Due to the varying investment objectives associated with these strategies, a direct comparison by strategy could not be made. However, a broad comparison based on the percentage of the portfolios allocated to these unique investment strategies reveals that the CRF's 3% allocation to OARS is below the 10% peer group mean and median allocation to these strategic assets, indicating a more conservative, traditional investment approach. It suggests the Fund may be less willing or able to pursue complex, opportunistic, or flexible investment strategies, possibly due to governance, risk tolerance, or structural or legal constraints. While this limits potential for enhanced diversification and tactical return opportunities, it also aligns with a focus on simplicity, transparency, and lower operational risk.

► **Leverage**

While the CRF does not have a specific target asset allocation for leverage, four of its peer funds include a negative target asset allocation to leverage which reflects any excess allocation to the combined cash and investment exposure that is greater than 100%. The negative asset allocations to leverage range from -2% to -12%, with the average and median equal to (-6%). The CRF is aligned with the majority of its peer funds that do not have a target asset allocation to leverage.

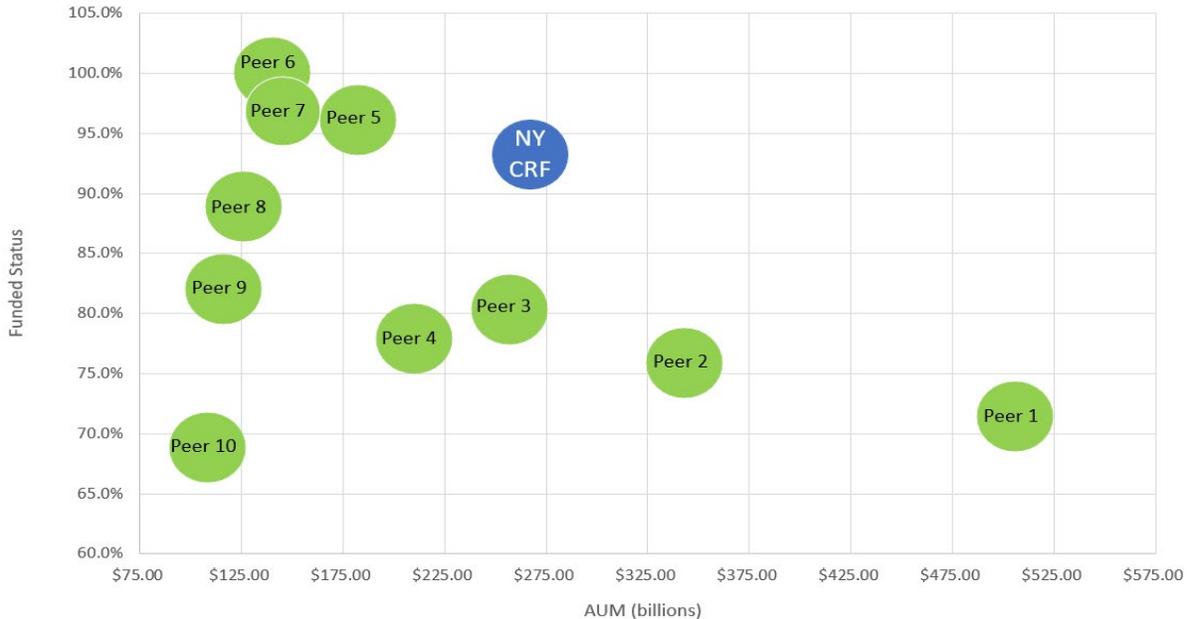
► **Funded Status⁷**

The CRF exhibits a notably strong funded status at 93.2% as of March 31, 2024, positioning it above the peer group average. Compared to the average funded status of 85% and the median of 82%, the CRF reflects a stronger financial position and greater progress toward meeting its long-term obligations to retirees. This higher funded ratio is particularly strong in light of its conservative assumed rate of return and suggests that the CRF is well-positioned within its peer group to withstand future market volatility and meet its commitments and obligations to the Retirement System.

⁶ Includes the organizations that currently have an allocation to Credit, Private Debt, Active Credit, and/or Credit Strategies

⁷ For organizations that do not provide a consolidated Funded Ratio for all plans within the system, the Funded Ratio for the largest plan(s) was utilized. Funded Ratios were sourced to the Annual Comprehensive Financial Statements (ACFR), actuarial valuation reports, or other publicly available documents.

Funded Status and AUM (billions)



► **Payout Ratio⁸**

The CRF is unique in publishing a payout ratio, as payout ratio data was not available through Weaver’s review of publicly available documents for the peer group. The CRF’s payout ratio was reported at 6.0%, which is slightly above the peer group average of 5.93% and equal to the median of 6.0%. This indicates that the CRF distributes a marginally higher portion of its assets to beneficiaries compared to its peers, although not an outlier. A 6.0% payout ratio places the pension plan in the middle of its peer group, indicating a typical benefit outflow profile.

► **Rate of Return Assumptions**

The System’s assumed rate of return is 5.9%, which is notably below both the peer group average of 6.68% and the median of 6.8%. This more conservative assumption suggests a cautious outlook on future market performance and may reflect a lower risk tolerance. By setting a lower return target, NYSLRS potentially positions itself for more stable funding outcomes, although it may also require higher contributions or stronger funded status to meet long-term obligations compared to peers with more optimistic assumptions. While a higher assumed rate of return will increase the Funded Ratio by lowering present value of future pension liabilities, the higher ratio would be cosmetic unless actual performance aligns with the higher rate of return assumptions.

⁸ The payout ratio figures used for the peer group comparison were calculated as a percentage of (FYE Benefit Payments/FYE Net Position) and sourced to the respective Annual Comprehensive Financial Reports. In addition, when consolidated financials were not available, the payout ratio was calculated as sum of all benefit payments/sum of all net positions for the largest plans within the system.

Task 3: Assess Compliance with Fiduciary Principles

In addition to the matters examined in Task 1 and Task 2, Weaver evaluated whether the CRF remains in compliance with the fiduciary principles set out in the DFS regulations to which the Fund is subject.

Based on the extensive documentation we reviewed and the interviews we conducted, we determined that the CRF adheres to investment policies and procedures and is in compliance with the fiduciary principles set out in the DFS Regulations, specifically:

1. The Fund operates under a strong governance framework with a rigorous system of internal controls
2. The Fund maintains a high level of operational transparency
3. The Comptroller adheres to and manages the Fund with the highest ethical, professional, and conflict of interest standards
4. The Comptroller acts for the sole benefit of the retirement system's members and beneficiaries
5. The CRF staff is knowledgeable and dedicated and the Fund is managed in the most efficient and effective manner possible

Weaver's evaluation of both Task 1 and Task 2 included our evaluation of the CRF's responsibilities under the DFS Fiduciary Principles and our evaluation of their processes, policies and procedures over the investment function. Weaver found that the CRF applies a wholistic approach with dedicated and knowledgeable staff to follow the principles, controls and processes over governance, transparency, and ethics. This approach supports the Comptroller's role in acting for the sole benefit of the retirement system members and beneficiaries.

Throughout the review process, we determined that CRF operates consistently with the requirements of the principles. Through that review, along with the additional focus described below, Weaver did identify opportunities for improvement which are further detailed in both this section and Task 4 which would further bring the Fund in line with prevailing and / or best practices.

1. The Fund operates under a strong governance framework with a rigorous system of internal controls

As part of our assessment of the CRF's adherence to the investment and conduct-related policies, procedures, and processes, we reviewed the governance framework associated with the CRF's oversight of the investment program. This framework includes policies, oversight committees, internal controls and enforcement. As discussed in Task 2, the Comptroller has established controls and processes to implement and execute the implementation of the allocation and investment plan along with the CIO and PICM staff. In addition to the investment policies and processes reviewed, Weaver also evaluated the CRFs additional supporting policies, procedures and controls in place to comply with the principles.

Policies

We reviewed key policies in place to address conflicts of interest, including disclosure processes, to ensure fiduciary principles are not compromised. In addition, we reviewed whether the policies are periodically updated to address changes in the control environment. Our review of the processes and

governance of the policy framework for NYS CRF showed that the Comptroller has established several key policies that provide a strong governance framework for the application of fiduciary duties, transparency, and ethical standards.

The General Investment Policy Statement and related policies outline the requirements of PICM to manage the portfolio for the CRF. The primary objective of these requirements is to create the foundation for a prudent, well diversified investment program that, in conjunction with employee contributions and actuarially required employer contributions, will be sufficient to fund the projected benefit obligations of NYSLRS. The General Investment Policy Statement outlines the mission and vision; roles and responsibilities of the Comptroller, Staff, Consultants, Managers and Advisors; investment objectives; asset allocation, rebalancing, and asset liability analysis; specific asset class requirements, performance measures and restrictions; risk management, compliance, ethical standards and related requirements; and investment-related procurement matters.

Policy Review

A policy review committee reviews all CRF policies annually to ensure the policies remain accurate, effective, and current with the requirements of the CRF and any regulatory or statutory requirements. The committee members include Compliance, Legal and PICM Operations. The policies are initially reviewed by key members of the team that own the policy. All updates and proposed changes to the policies are circulated to the policy review committee.

The CIO reviews and approves all policies prior to submission to the Comptroller for final approval. Changes that are made to the policies are noted in an appendix with a description of the change made and the date the change was approved.

All policies are consolidated in a policy manual which is provided to all employees. After each new publication of the manual, employees are required to acknowledge their receipt of the manual and certify that they are familiar with the policies and procedures that apply to their area of responsibility.

Oversight Committees

Our assessment of the CRF's oversight of the investment program included a review of the structure, roles, and responsibilities for the oversight committees. Numerous committees are established to provide oversight, guidance or assist with investment decision making.

Investment Advisory Committee

The Investment Advisory Committee ("IAC"), which serves the Comptroller in an advisory capacity only, is established pursuant to RSSL Section 423, which provides that its responsibilities include assisting the Comptroller in managing the assets within the CRF, advising the Comptroller on investment policies relating to the CRF, periodically reviewing the investment portfolio of the CRF and making such recommendations as necessary, and approving the appointment of members of the Comptroller's Real Estate Advisory Committee. In addition, the IAC has a well-defined charter that details the role and responsibilities of the committee and delineates more specific duties. IAC is responsible for reviewing and providing a recommendation to the Comptroller for the asset allocation plan, ongoing monitoring and review of the asset allocation, periodically reviewing the General Investment Policy Statement and advising on amendments as needed, reviewing annually the strategic plan for each asset class, monitoring the risk profile and reports from the Director of Risk, reviewing the risk management operations and activities, and making recommendations if requested

by the Comptroller on other matters such as the selection of investment managers, consultants and other investment professionals as appropriate.

The IAC must have a minimum of seven members appointed by the Comptroller. Each member will be experienced in the field of investments and will have served, or will be serving, as a senior officer or member of the board of an insurance company, banking corporation, or other financial or investment organization authorized to do business in the State of New York. The charter includes the criteria and process for selecting members of the IAC. There are currently ten members.

The charter provides that IAC meets at the call of the Comptroller at minimum four times a year. However, the IAC's regular calendar provides for six annual meetings and they in fact met six times per year during our review period to address matters on the agenda. The Comptroller generally attends such meetings. The agenda and briefing materials are provided in advance to the IAC members and the Comptroller.

Real Estate Advisory Committee

The Real Estate Advisory Committee ("REAC") is established pursuant to RSSL Section 423, which provides that it shall review proposed mortgage and real estate investments by the CRF and that if the committee disapproves a proposed investment, it shall not be made. Real Estate transactions are recommended by the Committee to the Comptroller as presented, disapproved, or laid aside for further consideration. REAC recommendations will be considered advisory only, and the Comptroller may decline to make any such investments. During the Covered Period, the REAC reviewed and approved all real estate investments before staff recommended an investment for final approval by the Comptroller.

The charter also details the composition of the REAC with a minimum of seven members, and it is currently composed of nine members who are appointed by the Comptroller with the advice and consent of the IAC. Each member must be experienced in the field of real estate or real estate investment, which is intended to include investment management and financing. The charter includes the criteria and process for selecting members of the REAC.

The charter provides that the REAC is to meet at the call of the Comptroller monthly to address matters on the agenda and the committee did, in fact, meet monthly during the review period. The Comptroller generally attends such meetings. The agenda and briefing materials are provided in advance to the REAC members and the Comptroller. Minutes from the meeting are included in the signing package that is presented to the Comptroller in connection with the investment's final approval.

Internal Investment Committee

The Internal Investment Committee ("IIC") is established with a well-defined charter that details the role and responsibilities of the committee which is to assist the CIO in making investment recommendations to the Comptroller. The IIC helps the CIO understand how a proposed investment fits into the CRF's broader portfolio, the risks associated with the investment, leveraging prior experience of the investment team and testing the merits of specific investments. In addition, the IIC provides the investment staff with an opportunity to engage with other asset classes to better understand how their work fits into the strategy and mission of the CRF as well as to provide collaborative learning and personal development.

The IIC meets once a week as needed, and attendees include the CIO, the Deputy CIO, heads of asset classes and investment professionals directly involved in proposals on the IIC's agenda. Other staff are encouraged to attend for development purposes and participation by the staff is broad and includes the legal, risk and compliance teams.

The charter includes the protocol to be followed for distributing investment memos for discussion at the IIC meeting, the operating model to be used during the meetings, and includes the use of a facilitator. Minutes for each IIC meeting are recorded by a member of the asset class presenting the investment proposal. The final minutes are submitted to the Director of Operations for approval prior to finalizing the signing package (for inclusion in the signing package presented to the Comptroller).

The CIO will decide on whether the investment is approved, rejected, or tabled. Tabled investments typically require further information, additional questions the CIO may need to be answered, additional steps investment staff need to take to finalize the investment or provide the CIO or the IIC a better understanding of how the investment fits into the broader portfolio across sectors and asset classes.

Risk Committee

The Risk Committee is an internal advisory committee established to assist in the management of investment risk in the CRF portfolio and of risks in the investment-related operations of the CRF. A well-defined charter details the purpose of the committee, which is to provide support and advice to the Director of Risk Management on risk issues as well as multidisciplinary advice on risk and risk management programs at the CRF. Specifically, the committee is tasked with, as appropriate, advising on the creation of a Risk Manual, advising and reviewing various risk-related aspects within the CRF, reviewing adopted risk frameworks, reviewing PICM investment processes, recommending changes that impact risk management programs, serving as a point of escalation for violations of risk management policies, providing advice on proposals for new asset classes, and advising on any ad hoc risk analysis or reporting.

The charter also details the composition of the Risk Committee as the Director of Risk (Chair) and at least five, but no more than ten, regular members. All members must have significant decision-making authority on risk management-related issues that impact the CRF investment activities and/or have specialized knowledge of relevant risk management. In addition to the Director of Risk and the Executive Deputy Comptroller for Retirement Services (“EDCRS”) members include the General Counsel to the CRF, the Director of Operations, the Director of Compliance, the Deputy CIO, the Director of Global Equity, the Director of Fixed Income, and any other asset class heads designated by the CIO.

Regular meetings are held at least quarterly although additional meetings may be called. A designated committee secretary is responsible for organizing meetings and meeting materials, taking minutes of meetings, and maintaining the records of the Committee. Minutes of the meetings are provided to the committee members and to the Comptroller, CIO and EDCRS, upon request. Any recommendations regarding violations of risk management policies are presented in writing to the CIO, the EDCRS and the Comptroller. Based on a review of Risk Committee meeting minutes, it appears that the committee meets quarterly to discuss operating environment risks, portfolio risks, asset allocation updates, risk management framework and risk reporting that can be used by the asset classes.

Rebalance Committee

The Rebalance Committee is an internal committee established to monitor the asset allocation on an ongoing basis in accordance with the asset allocation rebalancing guidelines. While no formal charter has been adopted for the Committee, the Committee acts in accordance with and is guided by the Funds' strategic asset allocation rebalancing procedures. The committee consists of PICM staff who are selected at the invitation of the CIO and/or the Director of Risk. Current members include the CIO, Deputy CIO, Director of Risk and representatives from Public Equities, Fixed Income and Operations.

The Rebalance Committee meets monthly to address any near-term liquidity needs as determined by the Director of Fixed Income as well as any strategic rebalancing needs based on the Fund's asset allocation rebalancing guidelines. The committee works to ensure that the CRF's short-term liquidity needs are met in addition to reviewing and analyzing the Fund's current asset allocation, cash flow projections, including benefit payments and capital calls, and current capital markets conditions and outlook.

Staff may recommend rebalancing at any time, and the CIO may initiate discretionary rebalancing at any time. If rebalancing is initiated, a plan is developed where specific dollar amounts are considered for movement based on the degree of the over/underweight in the various asset classes, liquidity characteristics and current market conditions. Rebalancing procedures seek to limit trading costs and tracking error. A recommendation for rebalancing is made to the CIO, who approves the rebalancing plan by signing the recommendation memo. Based on a review of Rebalance Committee Recommendation memos, the committee meets monthly to review the Fund's current asset allocation relative to the Target Asset allocation and to discuss the need for cash to address the Fund's liquidity position for maintaining necessary cash levels.

MNPI Committee

The MNPI Committee is an internal committee established by the CRF Policies and Procedures to address confidential and material non-public information ("MNPI"), and no formal charter has been adopted. The Policies and Procedures manual outlines the committee's responsibilities regarding confidential information and MNPI. Members include the Director of Compliance, General Counsel and Assistant Counsel, as well as any other staff appointed by the Director or General Counsel. The committee determines if PICM is in possession of MNPI, assesses the existence of conflicts of interests, imposes trading restrictions if necessary, and creates and maintains various restricted lists.

The committee is convened by the Director of Compliance once the Director is notified regarding confidential or MNPI information that could impact the CRF proprietary trading. The committee determines whether a trading restriction is warranted, places an issuer or security on the Confidential Information Restricted List or MNPI Restricted List, and identifies if any additional protocols are necessary. The committee also monitors when an issuer or security should be removed from the applicable restricted list and when any imposed protocols should be removed.

Advisory Audit Committee

The Advisory Audit Committee is appointed by the Comptroller pursuant to 11 NYCRR 136-2 and has a well-defined charter that details the role and responsibilities of the committee which serves the Comptroller in an advisory capacity only. The roles and responsibilities of the committee broadly speaking cover the areas of external audit, internal audit and certain compliance matters. For external audit, the committee reviews the process for selecting the external auditors, the audit plan

and engagement letter, the annual audited financial statements of the Retirement System, and all matters pertaining to the Retirement System required to be communicated to the committee under generally accepted auditing standards. In addition, the committee is responsible for understanding the scope of the review of internal control over financial reporting and obtaining reports on significant findings and recommendations with management's responses.

The committee reviews the Internal Audit annual audit plan, charter, activities, staffing, organizational reporting relationship, and audit reports as well as any significant scope restrictions and the Quality Assurance Review reports. In addition, the committee develops comments and suggestions for the Comptroller's consideration based on information and reports prepared by the Office of Internal Audit. For compliance, the committee reviews the findings of any examinations by regulatory agencies, auditors' evaluations concerning communication of ethical standards to staff and the monitoring of compliance auditors' evaluations of the effectiveness of compliance with laws and regulations, and any findings or reports provided by the Director of Compliance regarding the effectiveness of the CRF's Compliance Program.

The charter also details the composition of the committee with a minimum of three, but no more than seven members appointed by the Comptroller. One member of the Committee reflects the interests of public employees, and one member reflects the interests of public employers. Each Committee member will be financially literate, and at least one member will be a financial expert. The charter includes the criteria and process for selecting members of the committee. There are currently six members.

The committee meets three times each year, or as frequently as needed. The Comptroller generally attends these meetings. The committee may meet periodically with management, the Chief Audit Executive, the Director of Compliance, and the external auditor. The Committee meets in executive session with the Chief Audit Executive at least once each year. The agenda and briefing materials are provided in advance to the members. The Chief Audit Executive prepares and provides to the committee and the Comptroller quarterly progress reports that discuss audits scheduled to be conducted, audits completed and significant audit findings and recommendations.

Internal Controls and Enforcement

Our review of the internal controls and enforcement mechanisms for PICM showed the Compliance Program is designed to monitor compliance by PICM staff and external managers with applicable statutes, policies and procedures, conflict of interest and other ethical standards governing the CRF. A PICM Compliance Internal Procedures Guidebook has been developed to provide a general overview of applicable policy requirements and a general overview of each compliance function and its responsibility.

Compliance Reporting

The Compliance Director reports to the Executive Deputy Comptroller for Retirement Services ("EDCRS") with administrative reporting to the Chief Investment Officer to avoid any reporting conflicts within PICM. The Compliance Director meets with the EDCRS regularly (typically every two weeks) to provide verbal updates on day-to-day compliance operations, active issues, and progress on compliance initiatives.

Periodically, the Compliance Director makes a presentation to the IAC on internal compliance processes and procedures. The Compliance Director also participates in IAC's annual training and

uses the opportunity to provide the IAC with material compliance updates. On a monthly basis, Compliance receives a monthly report from the Custodian on the "basket bill" investments, calculated pursuant to RSSL Sec. 177 (sect. 9). Compliance sends a summary to designated PICM investment and Legal staff notifying them of the current "basket" assets.

At the end of each fiscal year, the Compliance Director prepares and submits a written summary to the EDCRS, the CIO, and Legal Counsel which outlines key compliance activities, accomplishments, and strategic goals for the upcoming year.

A Deputy Director of Compliance role was recently established to support expanded responsibilities and provide additional leadership within the Compliance team. In reviewing the Compliance function, Weaver identified an opportunity to enhance the Compliance function and monitoring abilities. Weaver recommends a continued focus on the hiring and retention of qualified compliance professionals and a more formal approach to the reporting by Compliance to the management and advisory committees of the CRF. The recommendations are further detailed in **Task 4, Recommendation 5**.

Disclosures

The Compliance Office obtains and reviews the Financial Disclosures from members of the IAC and the REAC upon the appointment of new members and annually thereafter. IAC and REAC Committee members must disclose through the Financial Disclosure Form whether they or any affiliated entity or affiliated person has transacted business with the CRF or sought to do business with the CRF during the reporting period, has an ownership interest in a CRF vendor of the greater of 1% or \$25,000, or is indebted to any CRF vendor, other than on terms generally available to the public.

In addition, Compliance establishes certifications to ensure adherence to regulatory and internal Compliance standards for Covered employees. These certifications include:

- ▶ Onboarding Certifications: Employee Certification of Review, Broker Accounts, Onboarding Holdings Report, Outside Business Activities, and Policies and Procedures Manual
- ▶ Quarterly Certifications: Quarterly Report of Securities Transactions and Gift Disclosure, and CRF Fixed Income and Equity Trader Certification (only distributed to Fixed Income and Equity Traders)
- ▶ Annual Certifications: Employee Certification of Review, Outside Business Activities, and Annual Holding(s) Report
- ▶ Ad Hoc Certifications: Policies and Procedures Manual (for manual updates) and MNPI

Background Checks

The Comptroller has determined that, in certain circumstances as part of the investment due-diligence process, it is prudent to perform background investigations to protect the CRF from becoming associated with persons, organizations or entities tainted by fraud, scandal or financial misfeasance, or associated with terrorism or money laundering that could damage the CRF or result in significant financial losses. The Compliance Office is responsible for reviewing the background investigations conducted by vendors on managers, consultants, brokers and members of the IAC and REAC advisory committees in accordance with its background investigations policy.

Compliance Violations

Any breach of policies and procedures or internal controls is required to be reported to Compliance. The Director of Compliance is responsible for monitoring compliance with CRF policies and procedures and applicable statutes. The Director works proactively to ensure that issues are promptly and thoroughly addressed by management. If a material violation of policies and procedures is discovered, Compliance's policies require notification to the EDCRS, Counsel to the Comptroller, the CIO, the CRF's General Counsel and, if warranted, the Inspector General. When required, a written incident report will document the activities and be provided to appropriate parties.

Public equity and fixed income transactions are monitored by the Director of Compliance utilizing automated compliance systems. The Custodian performs a daily compliance review for any potential compliance violations within the portfolio based on rules set up by Compliance. The Custodian provides Compliance with the results of this review daily and highlights any potential violations. If there are no new or outstanding items requiring Compliance review, the daily notification will indicate as much. All potential violations raised by the Custodian in the daily notification are reviewed, resolved, documented, retained, and ultimately cleared by CRF Compliance. The compliance rules that are set up are tested periodically to ensure they are complete and function as intended.

Compliance Training

The Compliance Office provides onboarding and annual compliance training for all PICM, Legal, Information Technology, and Accounting staff that are identified as Covered Persons, including annual training on MNPI and personal trading restrictions, and regularly distributes appropriate compliance materials to staff. In addition, fiduciary training is provided annually to the IAC and REAC members by the CRF's General Counsel. The training includes the key duties of a fiduciary and a review of the fiduciary standards for Committee members as noted in the Code of Ethics. The training includes a discussion about transaction restrictions and the duty of confidentiality as well as conflict issues that could arise in connection with committee members' non-fund activities. The Director and the CRF's General Counsel also review any material changes to the General Investment Policy Statement or other CRF investment policies during the training.

2. The Fund maintains a high level of operational transparency

The CRF's operational transparency is reflected within their governance and internal control framework and enhanced through the availability and relevance of the CRF's reporting of performance and risk. As part of Task 1 and 2, Weaver met with investment and investment operations staff and found them to be open and forthcoming regarding their areas of responsibilities including current and anticipated challenges related to the markets, strategic plans, and evolving technology. Additionally, we reviewed their policies, procedures and processes over operational transparency and reporting for performance and risk.

Performance Reporting

Our review of the CRF reporting showed that the Comptroller, the IAC, and the REAC are provided reports that detail performance for each portfolio (in the case of REAC, the real estate portfolio only). The performance of the CRF investment program is evaluated by the Comptroller, CIO, Staff and the IAC, with the assistance of the Consultants on a regular basis. The performance for each asset class is reported quarterly to the CIO, the Comptroller and the IAC in conjunction with the total portfolio investment performance. In addition, each asset class provides to the CIO and the Comptroller the

holdings and investment activity of the portfolio on a quarterly basis, while any significant changes impacting the asset class are reported sooner. The CIO meets once a month with each asset class to discuss the position of the asset class and to review its performance.

The IAC is responsible for periodically reviewing the strategic plan of each CRF asset class and monitoring the CRF's risk profile, investment activity and performance on a periodic basis. Investment performance for each asset class and component portfolio is compared with their respective benchmark indices. Performance reviews are conducted by Staff against benchmarks, as appropriate for the respective asset classes. In addition, quarterly Fund performance results are announced by the Comptroller and posted on the CRF's public website.

On a monthly basis, the REAC and the Comptroller receive reports regarding any direct real estate investments that closed in the previous month. In addition, new investments under consideration are also disclosed to REAC and the Comptroller monthly. On an annual basis, staff provides an overview of the direct investment program to the Comptroller and REAC, who also receive quarterly performance reports on the entire real estate portfolio.

Finally, the Custodian, JP Morgan, provides daily, monthly and quarterly performance reporting as well.

Risk Reporting

Risk reporting is used to monitor and communicate compliance with investment risk guidelines and strategy. Various reports produced by the Risk Team provide analysis of potential loss, support the identification of interdependencies and interactions of risks across the CRF and provide a comprehensive view of Fund exposures. Risk Management independently measures risks using a vendor system. To help document and communicate risk information, Risk Management has built a Management Information System database. The IAC periodically reviews the CRF's risk profile. The Director of Risk provides a formal presentation to the IAC on liquidity and market risk annually. IAC members also receive quarterly risk updates as part of the regular IAC meeting materials.

Internal Risk Committee Materials are prepared quarterly for the committee to discuss. These materials include an executive summary containing key risks and a portfolio risk dashboard for the month. Detailed reports include historical and hypothetical scenarios, systematic stress testing, risk appetite analysis, factor contribution, factor contribution details, value at risk analysis, concentration, tracking error analysis, risk profile, and prototype tactical liquidity dashboard. Asset class risk dashboards are also prepared quarterly for the Risk Committee. In addition, an emerging events report is prepared monthly and provided to the Emerging Events Risk Working Group, which is a subgroup of the Risk Committee. This report includes information on top external managers, exposure across a variety of metrics, counterparty exposure and unsettled trades. A private assets analysis report is prepared monthly and is distributed to the CIO, Deputy CIO and the heads of each private asset class. It is also reviewed at the Risk Committee as part of the Risk Committee Materials each quarter.

The annual Risk Management update provided to the IAC includes an analysis of the latest actuarial parameters and capital market assumptions, and notes whether the asset allocation mix and the overall portfolio's risk and return profile need any changes. The risk model also evaluates the progress in achieving the required rate of return throughout the fiscal year by comparing the current portfolio market value to the target market value necessary to meet return expectations and benefit payouts.

The Rebalance Committee is chaired by the Director of Risk and its monthly meeting materials also include Compliance's preliminary dashboard tracking basket bill utilization.

Another report that is prepared monthly includes risk dashboards for the entire portfolio and each asset class. Information includes the strategy view and exposure, risk composition and liquidity summary for each asset class portfolio in addition to other risk reporting metrics that were developed in conjunction with the asset classes. This report is shared internally with the PICM staff.

A separate report is prepared daily for use by the Risk Management and the Actuary teams. It contains risk analytics pertaining to the Risk Appetite Guidelines to track where the CRF is each day and the probabilities of meeting or exceeding return expectations using independent sources.

Key reporting from other areas (included in Risk Management's reporting suite) includes Asset Allocation and Performance reporting from the Fund's custodian and various exposure and analysis reports from the asset class consultants.

Accessible Information

To support the Comptroller's operational transparency of the CRF to members and beneficiaries, the Fund provides a significant amount of information on its mission, values, investment philosophy, financial reporting, asset allocation, corporate governance, and policies through its website, <https://www.osc.ny.gov/common-retirement-fund>. Through the site, members and beneficiaries can access the Annual Comprehensive Financial Report, monthly investments & transactions, quarterly fund values and the current asset allocation. Information is also provided regarding the Fund's stewardship and proxy voting, its commitment to sustainable investment and climate solutions, the emerging manager program, and the Fund's commitment to invest in New York-based business ventures, companies and other programs to create and retain jobs.

3. The Comptroller adheres to and manages the Fund with the highest ethical, professional, and conflict of interest standards

To support the requirements to operate with the highest ethical, professional, and conflict of interest standards, the CRF has also implemented specific policies focused on Ethics, Code of Conduct, Personal Trading, Gifts and Entertainment, and Outside Activities. These policies govern the organization and shape the design and operation of internal controls and reporting.

Ethics

The Comptroller's Executive Order on Certain Ethics Principles outlines the expected behavior of OSC employees as related to ethics. Included in the Executive Order is an expectation that employees of the OSC will conduct their work with the highest ethical and professional standards, will not use State resources for non-governmental purposes, will not make a monetary contribution to the campaign of the Comptroller, and will not accept any gift having more than a nominal value. In addition, the CRF staff is subject to the Code of Ethics for State officers and employees set forth in the Public Officers Law. Mandatory ethics training is provided to all OSC employees, including PICM staff, who also receive additional ethics training customized specifically for PICM.

The Code of Ethics for Advisory Council and Advisory Committees has been established. It includes restrictions on transactions between Advisory Committee members and the CRF, a requirement that

advisory committee members refrain from voting, if applicable, on matters where there is a conflict of interest, and a requirement to refrain from disclosure of confidential information. Advisory Committee members are required to acknowledge in writing that they have received the Code of Ethics and agree to abide by it. Fiduciary and ethics training is provided to Advisory Committee members. The IAC and REAC are covered by a Financial Disclosure Policy and are required to file annually a statement of financial disclosure.

Code of Conduct

The Comptroller's Executive Order adopting a Code of Conduct for the Retirement System and the CRF establishes standards that apply to the conduct of the business of the Retirement System and the CRF. It applies to the Comptroller, the officers and employees of the OSC with responsibilities for matters related to the Retirement System or the CRF, investment managers and consultants or advisors, and the members of the Advisory Council and Committees. In addition to setting forth certain prohibited transactions, it requires the Retirement System and the CRF to be managed in accordance with the highest ethical, professional and conflict of interest standards and to maintain a high level of operational transparency. It further requires the Retirement System and the CRF to operate under a strong governance framework with a rigorous system of internal controls and be managed in the most efficient and effective manner possible. All covered employees must certify annually that they are in compliance with the Code of Conduct.

Personal Trading

Personal Trading Policies and Procedures address standards of conduct to prevent insider trading, conflicts of interest, front-running, and the appearance of impropriety. The Policy includes the definition of who is covered, personal trading restrictions to avoid conflicts of interests, trading preclearance requirements and exceptions, thirty-day rule requirements and exceptions, and reporting requirements for brokerage, managed, crypto and mutual fund-only accounts. In addition, the policy addresses employee certifications, penalty guidelines for violations and training regarding the policy.

As part of the onboarding process, and no later than 30 calendar days from commencement of employment, employees must submit a certification acknowledging receipt, familiarity and compliance with the policy, as well as disclose certain personal financial information for themselves and their Family Members (as defined in the policy), including a list of all Covered and Managed accounts and initial holdings of all covered securities. Employees are required to certify quarterly the list of their Covered and Managed accounts held by them and their Family Members as well as disclose or confirm account transactions for the quarter. Annually, employees must recertify that they are in compliance with the policy as well as report the year-end holdings of all securities for them and their Family Members.

Gifts and Entertainment

The Public Officers Law, as well as regulations of the New York State Commission on Ethics and Lobbying in Government (the "Commission") outline the rules and guidance regarding gifts. The law states that State officers and employees are generally prohibited from soliciting or accepting gifts of more than "nominal value" from individuals and entities that do business with the State. A gift is generally considered something that has a fair market value of \$15 or more, and includes, but is not limited to money, services, loans, travel, lodging, meals, refreshments, entertainment, forbearance, or a promise having a monetary value. Certain exceptions apply, such as attendance at certain events, as long as they are pre-approved in writing by the Special Counsel for Ethics or the Ethics Unit staff.

Employees are required to certify quarterly their compliance with gift and entertainment regulations promulgated by the Commission.

Outside Activities

Provisions of the Public Officers Law, as well as regulations of the Commission, preclude State employees from engaging in any “outside activity” which interferes or substantially conflicts with the proper and effective discharge of their official State duties or responsibilities. Outside activities requiring Ethics Unit approval include outside employment, business ventures (including owning rental property), serving on the board of a corporation (for-profit or not-for-profit), holding public office (appointed or elected, e.g., planning board or school board), paid coaching, and/or contracting to provide goods or services to any State agency. Employees are required to certify annually whether they are engaged in any outside business activities as well as identify any outside business affiliations.

Segregation of Duties

Our review of the segregation of duties for PICM showed that the roles of the Comptroller, staff, consultants, managers, and advisors are clearly defined in the various governing policies. The Comptroller, as Trustee of the CRF, is responsible for the investment of all CRF assets and adopts the investment policies with the advice from the CIO, Legal, investment staff, consultants and managers as well as from IAC and REAC. Staff are responsible for implementing investment policies and managing investments. Consultants are responsible for reviewing potential investments by the CRF and providing recommendations based on their knowledge and expertise. Managers and advisors, monitored by staff, are responsible for investing assets of a particular asset class in accordance with the relevant investment guidelines.

In addition, the CIO has delegated to various senior PICM staff signing authority to approve and execute certain matters for the CRF. The delegation identifies who has signing authority in the absence of the CIO for documentation related to private investment funds, real estate, external investment managers and consultants, other CRF contracts and CRF miscellaneous documents. While certain review, approval and signing authorities are delegated to the Director of Real Estate, the Director of Operations, the Director of Public Equities and the Director of Accounting, if they are absent or unavailable, the Deputy CIO may execute any matters otherwise delegated to them as well as those delegated to the Deputy CIO.

However, there is no segregation of duties matrix or documentation to ensure appropriate responsibilities among the Investments, Operations, Compliance, and Finance teams across all critical investment processes. This documentation should be developed and reviewed at least annually to ensure appropriate separation of responsibilities. Weaver determined the CRF can strengthen its control process by documenting the segregation of duties matrix, and we provided additional details on this in **Task 4, Recommendation 2**.

4. The Comptroller Acts for the Sole Benefit of the Retirement System' Participants and Beneficiaries

The assets of a state pension plan should be invested for the sole benefit of the System's members, beneficiaries and present and future retirees. Our assessment of whether the Comptroller and his designees act for the sole benefit of the retirement system's members, retirees and beneficiaries included a review of laws and code of conduct in place for covered employees and showed that the fiduciary duty is met.

Through our review of the allocation and investment processes under Tasks 1 and 2, Weaver reviewed how the Comptroller follows DFS regulation 136-2.3 requiring the Comptroller to act solely in the interests of the members and beneficiaries of the retirement system and that the Fund shall at all times be under control of the Comptroller, who shall adopt an investment policy statement and any amendments as needed. In addition to the key elements of the investment policy and delegation of investment powers reviewed under Task 2, Weaver also reviewed the policies, procedures and controls covering the requirement that the Comptroller (and all designees) may not:

- ▶ Deal in the assets of the retirement system or the fund for his or her own account
- ▶ Act in any capacity in any transaction involving the retirement system or the fund on behalf of a party whose interests are adverse to the retirement system or the fund
- ▶ Receive any consideration from any party other than OSC, the retirement system or the fund in connection with a transaction involving the retirement system or the fund
- ▶ Own or maintain any indicia of ownership or personal interest in any assets of the retirement system or the fund other than an interest in the retirement system as a member or beneficiary.

In addition to these elements, Weaver also reviewed the additional policies and processes in place including:

NYS Public Officers Law

Section 74 of the Public Officer Law - Code of Ethics for State officers and employees set forth in the New York State Public Officers Law applies to all staff at OSC, including PICM. It includes a rule of conduct which states that "No officer or employee of a state agency... should have any interest, financial or otherwise, direct or indirect, or engage in any business or transaction or professional activity or incur any obligation of any nature, which is in substantial conflict with the proper discharge of his or her duties in the public interest."

Code of Conduct

The Code of Conduct for the Retirement System and the CRF discussed above addresses the sole benefit requirement. It specifically states, "All actions on behalf of the Retirement System and the CRF must be for the sole benefit of the Retirement System's members, retirees and beneficiaries." All covered employees must certify annually that they are in compliance with the Code of Conduct.

Political Contributions

The Comptroller's Executive Order on Certain Ethics Principles applies to all OSC employees, including PICM. The order specifically states: "No OSC employee may make or offer to make any monetary contribution to the campaign of the Comptroller, or to any political campaign committee organized by or for the specific benefit of the Comptroller." In addition, the Securities and Exchange

Commission (“SEC”) Rule 206(4)-5 under the Investment Advisers Act of 1940 [previously covered in the Executive Order and Interim Policy on Political Contributions] precludes an investment adviser from providing advisory services to the CRF for compensation if it or its employees made any political contribution to the State Comptroller or to a candidate for the State Comptroller within the previous two years. In the side letter for each investment, Managers are required to make representations regarding their compliance with the Rule.

Insider Trading and Confidential Information

The Insider Trading and Confidential Information Policy, addresses restricted transactions, and treatment of MNPI and other confidential information, (“Sensitive Information”), standards of conduct to prevent insider trading, the misuse of Sensitive Information, and conflicts of interest restrictions. The policy incorporates Section 74 of the Public Officers Law and includes personal trading restrictions based on job responsibilities and access to confidential information about an issuer to further ensure that there are no conflicts between personal financial interests and the work of the Fund.

The policy addresses restricted transactions, the treatment of Sensitive Information with specific requirements, risk mitigations, and safeguards. It also covers employee certifications, penalty guidelines for violations, and training regarding the policy. Under the policy, employees must:

- ▶ only access Sensitive Information in carrying out their official duties
- ▶ treat all non-public information obtained as confidential
- ▶ not use Sensitive Information for their own personal or financial advantage
- ▶ safeguard all Sensitive Information
- ▶ not obtain, use, or disclose Sensitive Information except in accordance with the rules and procedures set forth in the policy

As part of the onboarding process, employees must submit a certification acknowledging receipt, familiarity, and compliance with the policy no later than 30 calendar days from the commencement of employment. Then employees must recertify compliance with the policy annually thereafter.

Corporate Engagement

Pension funds, as large institutional investors, engage with companies to encourage them to operate in a responsible and sustainable manner for the benefit of their participants and beneficiaries. The CRF’s stewardship activities include: managing and periodically evaluating investment restrictions that the CRF puts in place; engaging with regulators on issues that could impact the CRF; engaging with all managers periodically on environmental, social and governance issues; engaging with public companies in its portfolio through meetings, letters and shareholder proposals; proxy voting in accordance with the CRF’s Proxy Voting Guidelines; and taking legal action, if necessary. A Corporate Governance Stewardship Report which details the CRF’s engagement efforts for the year is posted on the CRF website annually.

Securities Litigation

Pension funds have a fiduciary duty to manage assets responsibly and recover funds lost due to corporate misconduct, often necessitating participation in securities litigation. This involves monitoring potential claims, filing claims in class action lawsuits, and potentially becoming a lead plaintiff. The CRF has developed a Securities Litigation Protocol to evaluate and determine which securities litigation, if any, that the Comptroller, on behalf of the CRF, should participate in, as well as recommend the methods for retaining evaluation and litigation counsel.

The Fund's Securities Litigation Committee includes the First Deputy Comptroller, the Counsel to the Comptroller, the CIO and the Executive Deputy Comptroller of the Division of Retirement Services. The committee meets when convened by the Counsel to the Comptroller to consider new or potential securities litigation and the possible role of the CRF in such litigation. The committee makes recommendations to the Comptroller with respect to securities litigation. The ultimate decision of what role, if any, the CRF will take in any securities litigation is the Comptroller's.

Based on our review of these programs, our assessment is that the fiduciary duty of the Comptroller and his designees to act for the sole benefit of the retirement system's members, retirees and beneficiaries is being met.

5. The CRF staff are knowledgeable and dedicated and the Fund is managed in an efficient and effective manner

As part of Tasks 1 and 2, Weaver reviewed the policies, processes and controls used in the management of the Fund by the CIO and investment staff. We also conducted in-depth interviews with 32 individuals within PICM and the OSC that support the management and operations of the CRF and found them to be both knowledgeable and forthcoming regarding their investment or investment operations processes. We also evaluated the segregation of duties between the Comptroller and each of the functional investment areas for reporting and governance.

As detailed earlier in the report, the CIO and investment teams are well positioned and supported by consultants and technology to implement the investment allocation and investment policies of the Fund. Weaver also reviewed the Fund's technology roadmap which focuses on technology efficiencies with a commitment to compliance and ensuring the Fund is aligned with best practices within the investment industry.

Weaver found that the Fund's policies, procedures, practices and strategic approach are aligned to ensure that the Fund is managed in an efficient and effective manner.

Task 4 - Recommendations

Weaver evaluated the functions and processes associated with Tasks 1, 2 and 3 and is recommending improvement opportunities identified during this review to the Fund's investment-related policies, procedures, and practices to bring the items identified further in line with prevailing and / or best practices.

Based on Weaver's discussions with PICM and OSC, along with our review of investment practices and the various supporting documents, including policies, procedures, operating manuals, committee and management reporting, and other items under Tasks 1, 2, and 3, there are five recommendations that the CRF should consider as the organization continues to implement industry best practices.

Recommendations:

1. Advancing Technology to Support Investments and Investment Operations

Weaver's assessment included a review of the technology needed to support the Investment processes for the CRF, including meetings with each Asset Class Director, PICM Investment Operations leadership and technology support staff, and OSC's Chief Information Officer. Through these interviews, and a review of the supporting systems, and the technology roadmap, Weaver identified four areas where the CRF technology should continue to evolve to better align with industry standards and increase operational efficiency for the organization.

The technology function for PICM is supported through the OSC's enterprise technology division which provides the hardware, infrastructure, information security, and enterprise applications and services used by PICM to support the general non-investment activities for the Fund. PICM has a small internal technology function that interfaces with the broader OSC Technology functions and supports the daily operations of the Fund by ensuring data flows and key investment systems are functioning properly.

This structure of a focused technology team for Investments existing alongside and interfacing with a broader technology function is a common structure for public pension funds. The challenges and recommendations outlined below, while not unusual, are areas that many organizations are addressing. The investment industry is extremely dynamic from a technology perspective, and both investment managers and asset owners like CRF are applying resources into managing data and the evolving technological innovations around data management, analytics and visualization, artificial intelligence, and records management to ensure investment teams can manage their portfolios while maintaining a high level of efficiency and accuracy.

Investment Technology

PICM has made some progress with the small implementations of data integrations in lieu of a formal and full scale straight-through-processing model for of its operations functions, and the CRF has begun the processes necessary for the selection and implementation of enhancements that will establish an investment book of record ("IBOR") and allow for consolidated reporting across asset classes. Weaver recommends that the CRF continue to focus its resources and efforts towards the selection of an IBOR system, an implementation vendor, obtaining any additional resources and funding necessary, and refining the scope, implementation plan and timeline. Weaver concurs with the CRF, given the current size and resources within PICM, that a partner experienced with the challenges of this scale implementation is critical for success of the project, which is expected to take place over an anticipated two-year timeline. This project is being undertaken by many firms in the asset management industry

including CRF's peer pension organizations. -Weaver recommends that the Director of Operations collaborate with other peer firms to leverage their research and experiences to determine if a two-year implementation is feasible for the organization.

The initial phase of the project includes establishing the architecture and structure for the technology system using a data-driven hub and spoke model and the implementation of a Customer Relationship Management ("CRM") strategy for relationship management, deal documentation, and streamlining due diligence. The current roadmap includes a second phase for implementation of an enterprise data warehouse and a formal data governance framework to ensure consistency, quality, and accessibility of data across the organization.

As the CRF moves from its roadmap to a full-scale project plan, the CRF should be mindful of clearly defining the key sponsor, decision making authority, and how project changes would be approved. CRF should also address the initial data management at the beginning of the project, as it is a critical step to implementation of a hub and spoke model and Weaver recommends that the CRF establish a formal data governance framework either ahead of, or in parallel with, the IBOR implementation. The successful implementation of an IBOR is reliant on the accuracy, consistency, and reliability of investment data flowing from multiple systems, and a well-defined framework would allow the CRF to manage this data effectively throughout the implementation and ongoing use. Weaver would recommend that the CRF look to existing solutions for data management and integration rather than custom development. There are existing solutions that simplify data integration from the outset, provide quality data pipelines and allow for varying reporting layers by stakeholders.

Weaver recommends review of the timing of each Phase. CRF should leverage the data management structure to bring the overall quality of data to an acceptable level, design your model to get to a data warehouse, and then design the semantic layers that operate with a business intelligence tool. CRF should focus on obtaining operational efficiencies throughout the project timeline, rather than timing with the later phases of the project.

Weaver recommends a full change management program for the organization as this will be a significant technology stack change and the service providers usually only provide training to a handful of individuals, relying on a train the trainer model.

A proper Governance Framework helps reduce the risk of the IBOR being technically sound but not fully utilized for the benefit of the organization due to poor data quality, unclear ownership, or untraceable exceptions. Weaver recommends CRF establish a framework with the following key elements:

- ▶ Data Ownership Model
- ▶ Data Dictionary & Metadata Management
- ▶ Data Quality Management
- ▶ Data Lineage & Traceability Tools
- ▶ Issue Management & Escalation
- ▶ Policy & Compliance Framework
- ▶ Stewardship Roles & Committees

Support and Staffing

Recent hires have begun to close the gaps related to PICM's ability to implement new technology solutions while still being able to maintain the necessary interfaces and data feeds needed to support

investment management and oversight of the Fund. However, Weaver recommends additional focus within this area with continued staffing with the requisite investment technology experience as the aforementioned projects for implementing both the IBOR and CRM systems as planned are large, complex, resource-demanding implementations, and require such specialized expertise for the project and ongoing support of systems. The pace of implementation for the CRF is slower than what Weaver has seen in the asset management industry but is not unusual for a large public pension fund. The current pace is indicative of the size and scale for the planned project, as a great deal of time and research has gone into the planning of the technology future-state. Knowledgeable staff and resources will be a consistent need for the CRF throughout each stage of the assessment, design, and implementation stages of each phase of the project, as well as post-go-live for care and maintenance of the implemented systems.

The number of dedicated individuals that are specifically responsible for supporting investment technology is lower than expected, even considering the daily enterprise support provided by the central IT division of OSC. Similar organizations have dedicated technology services groups that specialize in investment-related data and technology, and the small size of PICM's current team establishes risks of both business continuity and/or project implementation delays if staff turnover were to occur.

The resources needed to implement data governance and IBOR systems are significant, and the current staffing model would require staff augmentation to address project management, documentation, review, planning, data mapping, and conducting the process conversion, system integration, and implementation testing needed to achieve the project goals within the planned timeline and budget. Weaver agrees with the current plan to engage an implementation partner that can advise on design and integration models, and supplement resources for gaps in staffing for efforts such as customization, testing, and training. The CRF's ability to expand internal staff and the use of external implementation resources for the planned future state will help mitigate the risk of project time and cost overruns during the project's implementation. These resources, while supplementing the staff augmentation, will also be additive for the ongoing sustainability of the new technology solutions and potentially act as data stewards and owners. If the Technology staff added are part of the OSC's Technology team, rather than within CRF directly, these individuals should be dedicated specifically to the needs of CRF, supporting data, infrastructure integration, application development and ongoing innovation and support.

Technology Needs for Investments

CRF Asset Class Directors and Staff are required to travel internationally as a part of their investment due diligence and to represent the CRF at the various limited partner investment committees, and investment conferences. As a requirement of the OSC information security policy, these individuals are required to utilize limited function loaner laptops and phones which is unusual for the industry. There are solutions that peers have implemented that address the information security risks that exist for the broader OSC organization and protect the Fund.

Weaver recommends that PICM and the OSC Technology team explore some of the more widely used approaches to this challenge and enhance solutions specifically designed for individuals within CRF where international travel is a necessity for their job duties. Some of these include:

- ▶ Virtual Desktop Infrastructure (VDI) – this should be configured so that access to critical daily functions, files, and data is relatively seamless regardless of the location of the user, while still maintaining the security of the information in transit.

- ▶ Mobile Device Management (MDM) + Endpoint Detection and Response (EDR) with specific configuration to address international travel risks including device hardening, strong authentication, remote wipe capabilities, privacy screens, security audits, and required password management protocols.
- ▶ Travel-Mode or Hardened Profiles with specific configuration for restricted or sensitive applications and data
- ▶ Zero Trust Network Access (ZTNA) with segmented access

While OSC has some solutions in place, they are not specifically configured to support the industry norms that are seen across investment managers and asset owners, including the CRF's peer pension plans. The solutions in place do not appear fully integrated into the CRF infrastructure and applications in a manner that supports the ability to conduct work daily, which is common in the industry for key investment personnel. Access should be sufficient for investment personnel to access information such as portfolio data and CRM information, allowing them to make key investment or management decisions or perform operations due diligence in real time.

The OSC should work with CRF to determine the key applications and abilities needed and configure their solutions to allow for ongoing business continuity for personnel while maintaining the security of the data.

Relationship Management and Records Management Systems

The CRF has not implemented a CRM system to support the Investment organization in its identification and due diligence processes with the various investment advisors that manage or are looking to manage funds for the various asset classes in the CRF. The CRF has included a CRM solution within its future-state roadmap, and Weaver concurs that this is a business need that will align the CRF with its peer pension firms and the investment industry. Weaver further recommends that CRF adopt and integrate a formal content and records management process for record keeping aligning the CRM with documentation and better oversight and controls around Fund data.

2. Investment Operations Structure

Many of CRF's Investment Operations functions are currently either embedded in the Asset Management teams or within the Retirement System's Investment Accounting function. As the CRF moves forward with their IBOR, technology, and data projects, Weaver would recommend that PICM examine the current structure to determine if a dedicated Investment Operations team would be more efficient and effective for the long-term support of CRF's investment teams, and if in the interim, whether discrete overlapping tasks could be consolidated among a smaller group to generate greater internal efficiencies.

Many of the CRF's peers in the asset management industry and pension space have dedicated teams for these functions to address a unilateral workstream with consistent controls and practices, segregation of duties, scalability, business resiliency, and organizational knowledge continuity.

One of the primary reasons for implementing this structure, or incremental consolidation of tasks, is to build a functional support area for the Investment teams that are more resilient to staffing issues with specialists across similar asset classes for either Public or Private Markets and allowing for the development of internal personnel.

The proposed changes would also be better suited for providing the necessary support and testing that is required with implementation of a data warehouse and IBOR structure. Investment Operations personnel conduct most of the operational testing within a conversion of this scale to ensure successful implementation; however, under the current distribution of investment operational duties for the CRF, this would entail pulling investment operations personnel away from some of the daily investment operation management of the Fund. Organizations benefit from the accountability that comes from not having a distributed model for decisions and process changes, automation, and other improvements are more readily implemented across asset classes with similar processes.

Weaver understands that there are operational functions within the Investment teams necessary for manager due diligence, research, and daily investment-related processes that are performed by junior investment analysts as they learn the portfolio management and investment process and would not recommend changes to that model for those functions.

However, the segregated structure for Investment Operations duties from the Investment team allows organizations to achieve scale across asset classes and to mitigate concealment of errors or losses within the portfolio. This scale allows for better support for similar functions and would reduce the time spent by the investment management teams supporting operations due to staff attrition or turnover. The areas most associated with Investment Operations are:

Public Markets

Consolidation of Investment Operations functions across the public asset class is typical as the requirements across equity, fixed income, and cash trading operate in a similar fashion and follow a consistent trade workflow that includes:

- ▶ **Account and Security Set Up and Maintenance:**
Operations personnel are responsible for ensuring proper account set up and linkages with the OMS, Custodian, Performance, and Investment Risk systems, and assisting with the onboarding of new investment managers to the organization through an operational playbook that ensures all systems, data flows, compliance rules, benchmarks, and performance decisions are accurately implemented.

Operations areas also are responsible for maintaining the security master file for all securities being traded by the organization, ensuring that the proper CUSIP/ISIN/SEDOL, security types, and other requirements are in place and maintained prior to trading to ensure smooth trade flows from the OMS to the Custodian and to the Performance and Investment Risk monitoring systems.

- ▶ **Trade Confirmation, Settlement, and Reconciliation**
Investment Operations functions are responsible for the oversight of trade confirmation and settlement due to their familiarity with the Custodian, OMS, Portfolio Management and rebalancing systems, and approved trading processes. This includes the oversight of the settlement activities related to trades, verifying receipt or payment by the custodian and brokers (matching) as well as reconciling the OMS records to the Custodian.
- ▶ **Corporate Actions and Dividends**
Operations personnel are responsible for monitoring all corporate actions and events, ensuring they are processed and applied correctly to the custodian accounts and reflected in the Portfolio

Management systems to ensure proper data feeds to the OMS for daily trading. This includes monitoring and recording dividend and interest payments and receipt of principle.

▶ Collateral Monitoring

Investment Operations are responsible for monitoring the daily collateral requirements for derivative investments, repos, and the securities lending program, including collateral limits and required types.

Private Markets

Similarly, within private markets, the Investment Operations teams should support alternatives (credit, opportunistic, private equity, real estate, and real asset transactions) as these also should have similar requirements and operational workflows.

▶ New Account Set Up

As with the public market account set up, Investment Operations personnel are responsible across the private markets for account set up at the custodian and the retention of the LPA or Co-Investment agreements.

▶ Capital Calls, Distributions, Redemptions and Money Movements

Investment Operations are responsible for identifying when capital call notices are received from GPs and verifying that the records received match what was provided to the Custodian and the requirements of the LPA or Co-Investment agreement. Operations personnel also support the receipt, reporting, and allocation of distributions. Operations personnel are often the initiators of redemption requests for funds and money movements for capital calls, which would then flow through the multi-step approval process prior to payment.

Cash Reporting

Daily cash reporting to the investment teams is a challenge across pension investments due to the integration of the systems for financial flows of the retirement system's need to be incorporated into the disparate investment systems. Investment Operations are responsible for aggregation of this information with the daily net investments, redemptions, distributions, capital calls, interest payments, dividends and other inflows / outflows to give daily and intra-day cash positions to the investment teams.

Third Party Oversight

As the function that has the most daily interaction with the Custodian and the Lending Agent, Investment Operations are typically responsible for monitoring these key relationships. This could be through audits, review of Statement of Control reports, service level agreements and key risk indicators, in addition to the daily interaction.

Segregation of Duties

Weaver recommends that the CRF create a documented segregation of duties matrix or equivalent documentation to help ensure appropriate responsibilities among the Investments, Operations, Compliance, Risk, and Accounting teams across all critical investment processes are met with clear understanding of those responsibilities by each party. This documentation should be developed and reviewed at least annually to ensure appropriate separation of responsibilities. Documentation of the requirements for segregation of duties helps to ensure that individuals are not granted access

that would open the organization to fraud risk or concealment of trade errors, unauthorized trades, or improper valuation.

As the Operations function is currently structured, the analysis will help to ensure that Investment personnel do not use their influence on the Operations staff within their asset class and would define what can and cannot be done for transactions and system updates across each level. Specifically, this will help the CRF to provide clarity to the roles of various members of the organization for key transactions (e.g., initiation, review, approval, reconciliation, resolution, funding release) as the CRF moves forward with any implementation of Investment Operations restructuring.

While no single structure fits all organizations as investment related functions and departments within the Investment Lifecycle are interconnected through data and linked processes, Weaver has seen client success with scalability and effective operations within peer organizations using models similar the diagram below.



3. Evaluation of Investment and Consultant Fees

The CRF maintains a consistent focus on the fees and expenses of the Fund through the efforts of the Comptroller, CIO, Investment Staff and advisory committees which Weaver was able to view through our interviews and review of transactions. However, Weaver has identified two areas where the CRF should consider implementing ongoing assessments to ensure that investment expenses remain a focus for the organization.

Investment Consultants

PICM's investment teams have each engaged different investment consultants that provide key services to the CRF, including market analysis, investment due diligence, manager selection, evaluation of appropriate benchmarks, investment data, performance reporting, and other on-demand support. While this reliance and use of investment consultants is not unusual in the pension fund industry, it is best practice that services provided by advisers are periodically evaluated, and Weaver recommends that the CRF periodically examine the services provided by the Investment Consultant for each asset class to determine if there are opportunities for reduced costs through elimination of duplicative processes or discounted consultant rates through consolidation of services across asset classes.

There is also an industry trend occurring where similar organizations are looking at the cost reduction available through the development of in-house solutions for performance and risk management.

Weaver recommends this be periodically evaluated by CRF to identify further opportunities to reduce Fund expenses.

Aggregate Benchmarking of Fees

Additionally, Weaver recommends that CRF consider implementation of periodic benchmarking for investment fees similar to what is performed by public equities asset class to determine if the fees charged by asset managers are aligned with the quickly changing industry on an aggregate basis. The CRF has a great deal of focus on the fees applied to each individual deal and whether the proposed fees fall within prevailing market norms, and this was evident in the transaction files reviewed by Weaver. We expect there could be added benefit to the organization by looking at these fees periodically for all managers within an asset class as well as on a consolidated basis across asset classes. By conducting this internal benchmarking, the CRF would identify fee outliers within their portfolio at an earlier stage and be better positioned from a timing and information perspective when renegotiations and renewals with the adviser are presented.

4. Securities Lending

Over the last few years, the CRF has seen a significant increase in the shares on loan and the revenues generated for the Fund through the securities lending program. While this growth is commensurate with the industry, Weaver recommends that the CRF consider making further refinements to the Securities Lending Policy to include specific restrictions and requirements of the Program.

- ▶ **Maximum Percentage of Securities on Loan**
With the continued growth of securities lending across the investment industry, the CRF should evaluate and define the maximum percentage of shares within the portfolio that can be on loan at any given time and still be within the acceptable risk tolerances of the organization.
- ▶ **Define Specific Collateral Requirements and Acceptable Collateral**
Securities Lending Policies typically include the amount of collateral required by the organization based on the security type (102-105%) and also define the specific security types of acceptable collateral. The current policy incorporates by reference the relevant statute (RSSL Sec. 177-D) but these are more commonly defined within the policy as well to provide additional clarity to the staff responsible for the Program.
- ▶ **Alignment with Corporate Governance and Investment Engagement**
More specifically for the CRF, Weaver recommends that the Policy includes the requirements needed to align the Program with the Proxy Voting guidelines under the Corporate Governance Program. Specifically, the CRF should address when shares will be recalled for voting, what is required for any financial analysis, attendant to a decision not to recall shares for proxy votes due to the financial benefits to the Fund, along with who approves such a decision.

The Policy should also provide clarity on the requirements for establishing restrictions on securities that cannot be on loan due to investment engagement efforts by the CRF with company management. This would ensure that, when engagement efforts are specific to a potential proxy vote, the CRF can fully leverage the shares owned without risk of recall failure by the lending agent.

Commensurate with the Policy changes, Program management should adjust the required monitoring and reporting on collateral agents to senior management or advisory committees which include reporting on the success and failure rates of recalls.

Some of these activities are covered in the required statutes, daily procedures or the contractual agreements with the lending agent, and there are controls in place to monitor and mitigate risks. Weaver recommends the inclusion of these elements into the Policy as governance and requirements should be driven by policy, and those policies are also reviewed annually by key personnel at the organization to ensure they are accurate and consistent with fiduciary requirements and principles. Clear direction from policy requirements helps to ensure that internal department procedures and contractual arrangements remain consistent with the CRF's requirements through staff, process, and organizational changes over time.

5. Compliance Resources and Reporting

Weaver reviewed the structure and oversight role of the Compliance function. The CCO is effectively positioned with sufficient authority and access, and the team appears to be effectively monitoring the CRF's investment processes to help ensure compliance with applicable laws and regulations. However, we identified opportunities to strengthen the function through both staffing and enhanced reporting to bring the function in line with industry best practices.

Staffing

As the Compliance function has grown in its role and capacity to support the CRF, Weaver recommends a continued focus in this area to align with its peers. While the staffing has remained stable, the hiring of a Deputy Director of Compliance with meaningful compliance experience only recently occurred despite a long-identified need to better support the organization. Similar to other industries, the CRF should continue to invest in the development of the function as a key second line of defense to further enhance compliance's capabilities in key areas including investment restriction monitoring, due diligence and conflicts of interest are identified and mitigated.

Weaver recommends that the CRF continue to focus on the growth and capabilities of the Compliance function to further monitor investment restrictions, conflicts of interest, and fiduciary expectations as the current level of staffing is below what Weaver has seen as similarly sized peer organizations.

Reporting

While Compliance provides routine reporting to the Executive Deputy Comptroller for the Retirement System and the CRF CIO, Weaver recommends that more formal reporting be put in place that is aligned with what is seen within the industry and CRF's peers.

Weaver determined that Compliance functions should have formal, periodic reporting requirements to allow for identification of trends, rule changes, conflicts, or challenges impacting the Fund. Within the CRF, this reporting could go to the advisory committees (IAC and REAC), the IIC, Risk Committee, or directly to PICM Senior Leadership, and would typically include updates on key issues, anticipated changes to regulations or requirements that could impact investments or PICM, significant compliance violations, evolving compliance or conflict of interest risks, and key metrics relevant to the ongoing Compliance oversight and monitoring function.

Appendix A:
Transaction Summary and Review Results

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Trans. No.	Transaction	Date	Consultant Rec	Staff Rec	Comptroller Approval	Placement Agent Fee Memo	IIC or REAC	Background Check	ESG Risk Assessment	Gift Restriction Acknowledgement	Placement Agent	Legal Review	Political Contribution Limits	Conflicts of Interest	FEAA Boycotts	MacBride Fair Employment	DFS Access
Credit																	
1	Blackstone Capital Opportunities Fund IV LP	9/9/21	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
2	Blackstone COF IV Co-Investment Fund LP	9/9/21	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
3	Brightwood Capital Fund V, LP	7/30/21	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
4	Brookfield Special Investments Fund L.P.	4/26/21	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
5	BSI Co-Invest (C) L.P.	4/26/21	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
6	FP Credit Partners II - NYSCRF Co-Investment, L.P.	10/12/21	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
7	FP Credit Partners II Aggregator, L.P.	9/30/21	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
8	ICG Excelsior SCSp - Europe Fund Strategy	5/11/21	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
9	ICG Excelsior SCSp - Strategic Equity Strategy	5/11/21	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
10	ICG Excelsior SCSp - Co Invest Strategy	5/11/21	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
11	KSL Capital Partners Coto Co-Invest I, L.P.	6/21/21	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
12	KSL Capital Partners Credit Opportunities Fund III, L.P	6/21/21	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
13	KSL Capital Partners Tactical Opportunities Fund I, L.P	6/21/21	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
14	Owl Rock Diversified Lending 2020 Fund, L.P.	10/26/21	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
15	Pearl Diver Empire Fund (PDC Opportunities IX, LP)	4/1/21	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
16	Strategic Value Excelsior Fund, L.P.	9/15/21	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
17	Apollo Excelsior Co-Invest, L.P.	3/31/22	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
18	Apollo Excelsior LP	2/7/22	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
19	Ares SSG Capital Partners VI LP	2/25/22	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
20	Ares SSG VI Co-Investment, L.P.	2/25/22	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
21	Blackstone Green Private Credit Fund III LP	8/9/22	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
22	CVI Clean Energy Fund B II LP	5/31/22	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
23	Clearlake Opportunities Partners Fund III, L.P.	9/15/22	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
24	Domain Excelsior Fund, LP	10/31/22	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
25	Ellington Empire Fund LLC	2/10/22	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
26	KSL Capital Partners Credit Opportunities Fund IV, L.P	12/29/22	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
27	OHA Strategic Credit III Fund III, L.P.	4/7/22	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
28	Silver Rock Empire Fund (A), L.P.	3/23/22	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
29	Silver Rock Empire Fund (B), L.P.	3/23/22	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

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30	Sixth Street Growth Partners II (A) LP	6/13/22	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
31	Sixth Street Opportunities Partners V (A) LP	6/13/22	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
32	Blantyre Special Situations Fund III LP	4/25/23	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
33	CVI Excelsior Opportunities Fund LP	6/21/23	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
34	Golub Emerald Fund, L.P.	5/19/23	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
35	Golub Sapphire Fund, L.P.	5/19/23	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
36	ICG Excelsior SCSP (Strategic Equity)	7/24/23	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
37	ICG Excelsior SCSP (Co-Invest Strategy)	7/24/23	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
38	KLIM Delta Excelsior Fund LP	9/15/23	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
39	KSL Capital Partners Tactical Opportunities Fund II, L.P	7/20/23	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
40	L2 Point Opportunities I, L.P.	10/19/23	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
41	L2 Point Excelsior Co-Invest Holdings I	10/19/23	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
42	LCM Partners CO IX SLP	4/11/23	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
43	Madison Square Fund III LP	4/25/23	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
44	MSD Empire Fund, L.P. - Series 1A	6/12/23	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
45	MSD Empire Fund, L.P. - Series 1B	6/12/23	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
46	Pearl Diver Empire Fund LP	9/7/23	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
47	PIMCO Specialty Finance Income Fund, L.P.	9/11/23	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
48	ICG Excelsior SCSP - LPS Strategy	3/15/24	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
49	ICG Excelsior SCSP - Co-Investment Strategy	3/15/24	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Real Estate																	
50	Exeter Europe Logistic Value Fund IV SCSp	4/27/21	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
51	ComRef 380, LLC*	5/26/21	✓	✓	✓	NA	✓	NA	✓	NA	NA	NA	NA	NA	NA	NA	NA
52	KKR Real Estate Partners Americas III SCSp	6/11/21	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
53	Black Creek Industrial Fund LP	6/30/21	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
54	MetLife Core Plus Partners, LLC	8/19/21	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
55	Brookfield Strategic Real Estate Partners IV, L.P.	9/1/21	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
56	Ventas Life Science and Healthcare Real Estate Fund, L.P.	12/9/21	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
57	Blackstone Real Estate Partners Asia III L.P.	12/22/21	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

* Items marked as not applicable as the transaction is a mortgage

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58	Star Lake Fund IV, LLC	12/23/21	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
59	Cortland Growth and Income, L.P.	12/29/21	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
60	Artemis Real Estate Healthcare Fund II	2/15/22	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
61	Asana Partners Fund III, LP	3/11/22	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
62	GID Mainstay Fund LP	3/30/22	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
63	Lion Industrial Trust	4/11/22	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
64	BIG Real Estate Fund II, L.P.	5/26/22	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
65	Principal U.S. Property Separate Account	6/8/22	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
66	J.P. Morgan Commingled Pension Trust Fund (Strategic Property)	6/14/22	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
67	Fairfield U.S. Multifamily Core Plus II, LP	6/29/22	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
68	Blackstone Real Estate Partners X L.P.	6/30/22	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
69	PRISA LP	6/30/22	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
70	Noble Hospitality Fund V, L.P.	7/25/22	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
71	Bridge Workforce & Affordable Housing II LP	9/23/22	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
72	LaSalle Property Fund, L.P.	9/30/22	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
73	Empire GCM Anchor Fund II, L.P.	10/5/22	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
74	EQT Exeter Industrial Value Fund VI, L.P.	10/27/22	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
75	Artemis Real Estate Partners IV, L.P.	1/30/23	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
76	Cortland Enhance Value Fund VI, L.P.	2/15/23	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
77	Waterton Residential Property Venture XV, L.P.	5/5/23	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
78	Bell Value-Add Fund VIII, L.P.	6/12/23	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
79	Asana Partners Select Fund, L.P.	8/29/23	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
80	KKR Real Estate Partners America IV SCSp	1/19/24	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
81	NYSCRF Frontier Mach III, LLC	2/15/24	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
82	BREP Europe VII (Cayman) L.P.	2/28/24	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Real Assets																	
83	KKR Global Infrastructure Investors IV, L.P.	6/29/21	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
84	Northleaf Infrastructure Capital Partners (US) III LP	6/30/21	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
85	Brookfield Global Transition Fund-B, L.P.	12/23/21	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
86	Hull Street Energy Partners II, L.P.	2/24/22	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

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87	Oaktree Power Opportunities Fund VI, L.P.	4/14/22	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
88	Copenhagen Infrastructure Partners IV SCSp	4/19/22	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
89	ISQ Co-Investment Fund III (NY), L.P.	7/21/22	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
90	DIF Infrastructure Fund VII SCSp	7/22/22	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
91	DIF Core-plus Infrastructure Fund III	7/29/22	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
92	Northleaf Infrastructure Capital Partners IV US LP	4/4/23	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
93	Brookfield Infrastructure Fund V-B, L.P.	4/14/23	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
94	EQT Infrastructure VI (No.2) USD SCSp	5/10/23	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
95	Antin Infrastructure Partners V-A SCSp	5/19/23	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
96	Antin Infrastructure Partners V Co-Invest	9/15/23	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
97	Stonepeak Opportunities Fund, LP	10/27/23	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
98	CastleLake Avitation V Stable Yield, L.P.	10/31/23	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
99	Carlyle Renewable and Sustainable Energy Fund II, S.C.Sp.	12/19/23	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
100	DigitalBridge Partners III	12/21/23	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
101	ITE Rail Fund, L.P.	3/20/24	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Private Equity																	
102	ICON III - Clearlake Continuation Fund	4/13/21	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
103	Tribeca Access Fund II, LP	10/3/23	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
104	Armory Square Ventures Fund III, LP	5/3/23	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
105	Primary Select Fund II, L.P.	4/23/21	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
106	Contour Venture Partners V-A, L.P.	12/4/23	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
107	Contour Opportunity Fund III-A, L.P.	6/14/21	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
108	Madison CV I RUN, L.P.	5/11/22	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
109	Insight Vision Capital II, L.P.	5/12/23	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
110	Primary Venture Partners IV, L.P.	3/29/23	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
111	Primary Select Fund III, L.P.	3/29/23	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
112	KSL Capital Partners CV II 3, L.P.	3/29/23	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
113	Insight Partners Fund XI Follow-On Fund, L.P.	3/31/23	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
114	New York Credit SBIC Fund II, L.P.	6/9/22	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

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115	Hudson River Co-Investment Fund III L.P.	5/5/22	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
116	Insight Partners Fund X Follow-On Fund, L.P.	8/2/21	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
117	Vistria SMA-NYCRF Co-Invest, LP	9/29/23	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
118	Green Equity Partners Jade II, L.P.	3/18/22	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
119	TB Empire Opportunities L.P.	5/23/23	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
120	Marble Arch Albany Co-Investment LP	6/3/22	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
121	EagleTree Excelsior Sidecar, LP	10/13/23	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
122	ICV Partners V, L.P.	11/9/23	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
123	Vertu Partners Fund I (U.S. II), L.P.	10/3/22	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
124	Francisco Partners Agility III, L.P.	4/15/22	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
125	Providence Strategic Growth V, L.P.	9/23/21	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
126	Empire Co-Invest II, L.P.	12/22/23	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
127	Siris Partners V, LP	7/1/22	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
128	Insight Partners XII Buyout Annex Fund, L.P.	12/13/21	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
129	PSG Europe II L.P.	6/30/23	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
130	Thoma Bravo Discover IV, L.P.	3/10/22	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
131	Thoma Bravo Growth Fund, L.P.	3/10/22	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
132	EagleTree Partners VI (Onshore), LP	6/16/23	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
133	Vistria Fund V, LP	9/29/23	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
134	TowerBrook Investors VI, L.P.	5/11/23	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
135	Apollo Impact Mission Fund, L.P.	12/16/21	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
136	Warburg Pincus Financial Services II, L.P.	8/13/21	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
137	57 Stars Global Opportunity Fund (NYSCRF), LP.	8/31/23	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
138	Altaris Health Partners VI, L.P.	12/15/23	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
139	New York Co-Investment Pool Asia Investors IV, L.P.	11/3/21	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
140	Crestview Partners V, L.P.	10/11/23	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
141	Vista Equity Co-Invest Fund 2018-2, L.P.	11/8/22	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
142	Clearlake Capital VII, L.P.	2/18/22	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
143	Roark Capital Partners VI, L.P.	7/20/21	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
144	New York Balanced Pool Asia Investors IV, L.P.	9/30/21	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

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145	EQT X EUR SCSp	7/13/22	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
146	Bridgepoint Europe VII, LP	6/3/22	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
147	PSG VI L.P.	8/11/23	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
148	Genstar Capital Partners XI, L.P.	4/26/23	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
149	Francisco Partners VII, L.P.	4/15/22	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
150	The Eighth Cinven Fund, LP	8/12/22	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
151	Insight Partners XIII, L.P.	9/8/23	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
152	Insight Partners XII, L.P.	10/26/21	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
153	Knickerbocker Co-Investment Partners, LP	6/30/22	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
154	Green Equity Partners IX, L.P.	3/18/22	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
155	Apollo Investment Fund X, L.P.	9/29/22	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
156	Hamilton Lane/NYSCRF Israel Investment Fund II, L.P.	6/28/22	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
157	Vista Equity Partners VIII, L.P.	5/2/22	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
158	CVC Capital Partners IX (A) L.P.	7/7/23	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
159	Thoma Bravo XV, L.P.	3/10/22	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
160	KKR Americas Fund XIII	7/9/21	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
161	TA XIV-A, L.P.	5/27/21	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
162	TA XV-A, L.P.	6/12/23	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
163	Hellman & Friedman Capital Partners X, L.P.	5/10/21	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
164	M2 NY Pioneer Fund III, L.P.	5/14/21	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
165	Hudson River Co-Investment Fund IV L.P.	2/7/23	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
OARS (Opportunistic and Absolute Return Strategies)																	
166	AC Side Fund III, L.P.	11/2/21	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
167	Altura Capital Fund III, L.P.	8/20/21	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
168	Capital Constellation L.P.	12/15/21	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
169	Carlyle Aviation Leasing Fund LP	12/15/21	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
170	Frazier Life Sciences Public Fund, L.P.	10/19/21	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
171	NGP ETP IV, L.P.	11/18/21	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
172	B CAPITAL GLOBAL GROWTH III, L.P.	5/12/22	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
173	B CAPITAL ASCENT FUND II, L.P.	5/12/22	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

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174	B Capital Coinvest Fund (N), L.P	9/16/22	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
175	Frazier Life Sciences Public Overage Fund, L.P	3/31/22	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
176	GCC Adirondack Co-Invest I L.P	8/11/22	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
177	GrowthCurve Capital Partners I L.P	8/11/22	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
178	KSL Capital Partners VI, L.P	12/22/22	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
179	North Haven Tactical Value Fund II LP	8/18/22	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
180	Neuberger Berman Opportunistic Capital Solution Fund LP	2/28/22	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
181	Apollo Excelsior PE Co-Invest, LP	3/16/23	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
182	Fundamental Empire Fund LP - Series Capital	10/13/23	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
183	Fundamental Empire Fund LP - Overflow Series	10/13/23	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
184	H.I.G. Middle Market LBO Fund IV, L.P.	7/21/23	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
185	H.I.G Middle Market IV Co-Investment SMA (C), L.P.	9/1/23	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
186	Khosla Ventures Excelsior, L.P	5/18/23	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
187	North Haven Tactical Value Fund II Co-Investment Excelsior L.P	8/23/23	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
188	PSC EP Discretionary Coinvest III, L.P	1/31/23	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
189	Patient Square Equity Partners, LP	1/5/23	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
190	B Capital Ascent Fund III, L.P.	3/26/24	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
191	B Capital Opportunities Fund II, L.P.	2/29/24	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Public Equity																	
192	ARGA Investment Management, LP	9/27/21	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
193	Lisanti Captial Growth, LLC	12/17/21	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
194	Artisan Partners Limited Partnership	4/1/22	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
195	Pictet Asset Management SA	6/15/22	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
196	BlackRock Institutional Trust Company, N.A	1/24/23	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
197	ARGA Investment Management LP	2/15/24	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Fixed Income																	
198	Ramirez Asset Management, Inc.	5/9/22	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

Appendix B: Team Member Biographies

Bruce Mills, CIA, CFE | Partner, Asset Management Consulting

Bruce Mills has more than 35 years of experience building and developing internal audit, compliance, risk and operations teams within the asset management sector and leads Weaver's Asset Management Consulting (AMC) practice. Through this practice, Weaver provides clients with business process improvement and automation solutions, internal audits, technology assessments, compliance reviews, risk and maturity assessments, third-party risk management and ESG program assistance. We work with some of the largest pension funds in the U.S. that manage over \$1.2T in AUM and support public and private funds, ETFs and RIAs, with a focus on investments and the supporting operational functions.

Bruce and his team have broad global asset management experience and an understanding of investments, operations, regulatory requirements, process improvement and system implementations, and have worked across the North America, EMEA and Asia-Pacific regions. Bruce has led internal audits and compliance reviews; presented audit and compliance plans, issues and corrective actions to boards and senior management; conducted fraud/regulatory investigations; led risk assessments, process mapping and innovation projects; and conducted AML/BSA reviews. He is a Certified Internal Auditor (CIA) and Certified Fraud Examiner (CFE) and earned a bachelor's degree in history from the University of Texas at Austin.

Alyssa Martin, CPA | Partner, National Strategy Leader & GRC Advisory

Alyssa leads the firm's national strategy for public entities, focusing on multi-disciplinary solutions across services and geographic expansion. She also leads the firm's strategy for growth through industry specialization. Alyssa founded the firm's public pension focused service offerings focusing on the intersection of public sector and financial services. Alyssa leverages her deep experience to assist public companies, large public sector entities and large private companies in navigating regulatory complexities, financial transformation and organizational change. Alyssa facilitates delivery firm-wide to coordinate Weaver's different services for such clients to improve communications and efficiency. In addition, she maintains her client service leadership role assisting with managing risk, establishing governance and strategy, ensuring compliance, and improving operations.

Alyssa has more than 30 years of experience in public accounting. She is widely recognized for her work collaborating with management teams on growth strategies and governance matters. She has many years of experience working directly with state agencies, regional entities, municipalities and other complex government clients, and understands the unique needs of these environments. Alyssa has deep knowledge and experience in internal audit, risk management, operational analysis, quality assurance reviews, fraud prevention, IT audit, business management consulting, strategic planning and technology consulting.

Mark Ottosen, CPA | Partner, Financial Services

Mark is a Partner in Weaver's financial services practice and has more than 12 years of public accounting experience with investment funds. His background is in the asset and wealth management industry, servicing public and private companies. Mark spends extensive time delivering high-quality audit and attest services. He has conducted internal control assessments, which helped clients identify weaknesses in control systems, and provided remediation plans to enhance the overall control environment. He has worked closely with asset management clients to assess their compliance risks, identify potential issues and implement corrective actions to mitigate risks and enhance compliance.

Mark is a member of the American Institute of Certified Public Accountants (AICPA) and a Certified Public Accountant (CPA) in the state of New York. Mark earned a Bachelor of Science and Master of Science in accountancy from the University of North Carolina at Wilmington.

Marci Sundbeck, CIA, CISA, CCSA, CFE, CRMA | Senior Consultant

Marci is a Senior Consultant and a subject matter advisor in Weaver's Asset Management Consulting practice. For 30 years, Marci has provided audit and advisory services to state governments, including 25 years of experience with Employees Retirement System of Texas (ERS), a fiduciary fund of more than \$35 billion in net assets. Having served as both the Director of Enterprise Risk Management and the Director of Internal Audit at ERS, Marci has extensive experience reviewing, developing and managing governance and enterprise risk management programs and processes in a state agency environment.

Marci is a Certified Internal Auditor (CIA), a Certified Information Systems Auditor (CISA), and a Certified Fraud Examiner (CFE). She holds the Certification in Control Self-Assessment (CCSA) and the Certification in Risk Management Assurance (CCSA). She earned a Bachelor of Business Administration (accounting) from Texas A&M University.

Paula A. Jones, J.D. | Subject Matter Advisor, Legal Compliance

Paula has 35 years of experience in the legal field, providing compliance advice and counsel. She held varied legal counsel positions at the Employees Retirement System of Texas (ERS), serving as General Counsel for over 22 years, and ending her time there as Deputy Executive Director, General Counsel and Chief Compliance Officer. In her time at ERS, Paula gave legal and compliance advice and provided oversight regarding general retirement system legal and procurement business for programs administered by ERS, including:

- ▶ Retirement programs and related benefits for more than 430,000 members and retirees
- ▶ Investment of trust fund assets for approximately \$32 billion pension fund
- ▶ Health, dental, long- and short-term disability, vision, accidental death and dismemberment and life insurance for more than 550,000 participant group benefits program that insures 1 in 53 Texans. In this field, she recovered insurance subrogation amounts of approximately \$22.3 million for the Groups Benefit Program (GBP)

Paula earned her Doctor of Jurisprudence from Texas Tech University School of Law and her Bachelor of Science in Speech from the University of Texas at Austin.

Kelly Ragsdale, CIA, CRCP | Director, Asset Management Consulting

Kelly is a Director in Weaver's Asset Management Consulting practice and has over 25 years of experience in the asset management industry with a focus on risk management, compliance and internal auditing. He most recently served as a director at independent investment management firm where he led global projects and developed strategic initiatives within risk and audit operations. Kelly executed and led audits across all facets of the asset management business, was instrumental in designing and implementing internal audit strategies and risk management frameworks and also leading a team to improve governance practices.

His experience in internal audit and consulting capabilities has spanned across operations, back office, pension funds, investment advisers, mutual funds, ETFs, private funds and other investment vehicles. Kelly has designed, developed, and completed user testing of in-house audit management solutions and successfully completed two External Quality Assessment (EQA) reviews, each receiving the highest rating attainable.