

Report on Investment

Exhibit 6: Diverse Emerging Fund Managers

Introduction

As part of the Board's prospective and monitoring of current investment managers, the Board is devoting more time and attention to its commitment and willingness to embrace diversity and inclusion in its hiring decisions, investment decision-making process, and ownership structure.

The following tables provide a detailed look at the Board's exposure to diverse and emerging investment managers as of the end of the fiscal year. For purposes of this report, the Diverse Emerging Fund Managers and Reporting Requirements Amendment Act of 2020 (D.C. Law 23-161) defines a "diverse emerging fund manager" to mean an asset management firm with (i) total assets under management that do not exceed \$2 billion (subject to annual adjustment based on inflation and industry growth rates); and (ii) substantial diversity among its senior leadership or firm ownership, as determined by the Board¹. Diverse managers are defined by the Board as firms having substantial ownership and/or senior leadership participation from minorities, women, disabled individuals, and/or veterans.

Methods

Although the Board has supported diverse and emerging investment managers for more than two decades, over the last ten years, the Board has worked with Meketa to proactively identify and invest with institutional-quality investment firms that have demonstrated a commitment to embrace diversity and inclusion. The Board leverages Meketa's direct sourcing and network approach in the industry and also requires the investment consultant to maintain a database of all qualified investment management firms, including diverse managers. Through the consultant's Emerging and Diverse Manager Investment Committee, DCRB's exposure has been expanded to over 1,000 small and diverse firms.

A majority of the Board's investment managers meet this criterion and made considerable progress in building diverse organizations. However, given the Board's minimum investment sizes, and a requirement for the Board's investment not to comprise no more than 20% of any investment fund, only two diverse firms currently meet the law's emerging manager criteria (\$2 billion or less in total firm assets under management).

At the same time, there is potential to do more. For example, there is a significant opportunity to engage with the Board's existing investment managers to discuss and document their diversity and inclusion efforts. The results from the Board's investment consultant's inaugural diversity and inclusion survey, which is expected in the first half of 2021, will be a helpful tool to better understanding existing managers' initiatives and their ability to influence greater diversity and inclusion in their hiring and investment decisions as well as firm ownership. In addition, the Board's investment consultant will continue to identify promising emerging diverse fund managers, particularly in the private markets, where the Board's size constraints are generally less restrictive. Furthermore, the Board plans to enhance its website to facilitate diverse emerging fund managers connecting with the Board's investment consultant for an introductory meeting.

¹ See D.C. Code § 1-901.02(2B).

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Results

Diverse Emerging Fund Managers

(Dollars in thousands)

| Firm Name | Market Value as of 9/30/2020 | Total Assets Under Management | Diverse Firm Ownership | Gender Diversity ³ (Senior Leadership) | Racial Diversity ⁴ (Senior Leadership) | % of Total Assets as of 9/30/2020 |
|--------------------------------|------------------------------|-------------------------------|------------------------|---|---|-----------------------------------|
| Channing Capital ¹ | \$ 197,515 | \$ 1,863,300 | 100 % | 33 % | 100 % | 2.20 % |
| Homestead Capital ² | 3,897 | 1,108,594 | 50 | 17 | 17 | 0.04 |

Racial Diversity Breakdown (Senior Leadership)

| Firm Name | American Indian/Alaskan Native | Asian | Black/African American | Hawaiian/Pacific Islander | Hispanic/Latino | Multi-Racial |
|-------------------|--------------------------------|-------|------------------------|---------------------------|-----------------|--------------|
| Channing Capital | 0 % | 0 % | 67 % | 0 % | 33 % | 0 % |
| Homestead Capital | 0 | 0 | 0 | 0 | 100 | 0 |

Exhibit 7: Sudan Divestment

The Prohibition of the Investment of Public Funds in Certain Companies Doing Business with the Government of Sudan Act of 2007 (D.C. Code §§1-335.01 et. seq.) requires the Board to report on the following:

(1) All investments sold, redeemed, divested, or withdrawn in compliance with Section 1-335.03(a).

The Board did not have any direct holdings of securities of companies on the Scrutinized Companies List during the last year that needed to be sold, redeemed, divested, or withdrawn from any investments in order to comply with Section 1-335.03(a) of the Act.

(2) All prohibited investments under Section 1-335.03(b).

The Board did not directly acquire any securities of companies on the Scrutinized Companies List during the last year.

(3) Any progress made under Section 1-335.03(d).

In accordance with Section 1-335.03(d), the Board submitted letters to the managers of actively-managed investment funds with indirect holdings of securities of companies on the Scrutinized Companies List requesting that they consider either removing such securities from the fund or creating a similar actively-managed fund with indirect holdings devoid of such securities. Despite the Board's requests, the managers of these funds have neither removed those securities from the funds nor created similar actively managed funds absent such securities.

(4) A list of any investments held by the Public Fund that would have been divested under Section 1-335.03 but for Section 1-335.03(e), including a statement of reasons why a sale or transfer of the investments is inconsistent with the fiduciary responsibilities of the District of Columbia Retirement Board and the circumstances under which the District of Columbia Retirement Board anticipates that it will sell, transfer, or reduce the investment.

The Board does not hold any investments that would have been divested under Section 1-335.03, but for Section 1-335.03(e).

¹ Total Assets Under Management data is based on eVestment Alliance.

² Total Assets Under Management data is based on Regulatory AUM as reported by manager.

³ Gender diversity is based on percentage of Total Firm identifying as Female.

⁴ Racial diversity is based on percentage of Total Firm identifying as American Indian/Alaskan Native, Asian, Black/African American, Hawaiian/Pacific Islander, Hispanic/Latino, or Multi-Racial