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1 NEW YORK CITY TEACHERS' RETIREMENT SYSTEM
2 INVESTMENT MEETING
3 Held on Thursday, June 4, 2020
4 Via
5 Zoom Videoconference
6
7 ATTENDEES:
8 DEBRA PENNY, Chairperson, Trustee, TRS
9 THOMAS BROWN, Trustee, TRS
10 DAVID KAZANSKY, Trustee, TRS
11 JOHN ADLER, Trustee, Mayor's Office
12 JOHN DORSA, Trustee, Comptroller's Office
13 SUZANNE VICKERS, Trustee, Comptroller's Office
14 NATALIE GREEN GILES, Trustee
15 CHRISTOPHER BUCKLEY, Trustee
16 PATRICIA REILLY, TRS, Executive Director
17 THADDEUS MCTIGUE, TRS, Deputy Executive Director
18 VALERIE BUDZIK, TRS
19 LIZ SANCHEZ, TRS
20 SUSAN STANG, TRS
21 ALEX DONE, Comptroller's Office
22 SHERRY CHAN, Chief Actuary
23 STEVE YUAN, Mayor's Office
24 SUMANTA RAY, Mayor's Office

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1 Attendees (Cont'd)
2 ROBIN PELLISH, Rocaton
3 MICHAEL FULVIO, Rocaton

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1 P R O C E E D I N G S

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3 (Time noted: 10:17 a.m.)

4 (Note: Meeting was already in
5 progress when the reporter was given the
6 proper computer link.)

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8 MR. FULVIO: -- some of the
9 relative performance here that you see,
10 again, due to the more modest asset
11 allocation in these funds. And as these
12 funds are continuing to ramp-up, the cash
13 flows into them will have a bit of a
14 meaningful impact on the relative results
15 in the short term. And over the long
16 term we should expect to see that
17 normalized over time.

18 But you can see, year to date, both
19 of these funds are ahead of their
20 respective benchmarks due to that cash
21 flow dynamic, as well.

22 I'll pause there and see if there's
23 any questions on April before we turn to
24 May.

25 MR. ADLER: Just looking across the

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1 board at the overall equity fund returns,
2 actively, returns are consistently below
3 the benchmark for all periods except one
4 month, but longer term performance is
5 substantially below the benchmark. And
6 I'm wondering, are we just going to
7 tolerate that forever?

8 MR. FULVIO: I'm hearing definite
9 interest in looking through the
10 underlying managers, but I'm sensing also
11 some question about whether or not to
12 spend more time looking for a role in
13 active management.

14 Obviously, to your point, results
15 are disappointing for the composite. So
16 I think it sounds like you'd like us to
17 take a closer look at that, and talk
18 through it in more detail.

19 (Talking over each other.)

20 THE SPEAKER: -- presentation, if
21 I'm not mistaken, manager by manager.

22 MR. FULVIO: We don't generally do
23 manager specific -- during public agenda.
24 If there were specific questions on
25 managers, I think generally we'd try to

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1 take that up related to specific
2 investments offline.

3 THE SPEAKER: Okay.

4 MR. FULVIO: Happy to save it for
5 the executive agenda.

6 Any other questions on the overall
7 results for April?

8 Not hearing any, we'll switch over
9 to May.

10 You should be able to see, again, a
11 more positive period for markets so --
12 although fears of the pandemic are far
13 from over, the global markets continued
14 to rally during May.

15 You can see here, the U.S. equity
16 markets are up over 5 percent for the
17 month of May -- return back to negative
18 5.6 year to date -- fiscal year positive
19 again, to the tune of 2.6 percent.

20 The international composite
21 benchmark is made up of developed and
22 emerging markets. You can see in
23 aggregate 4.1 percent, both year to date
24 and fiscal year to date, the market
25 continued to be negative.

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1 The defensive composite for March
2 participated in the up market to a
3 notable degree, up 4.6, 4.7 percent, and
4 a pretty strong result there, fiscal year
5 to date 5, 4.8 percent, fiscal year to
6 date -- a good example of how these
7 drawdowns in the market are not going
8 down as much because of equity markets,
9 defensive composite, helps compound --
10 really just less negative return, more
11 notable impact on performance, the lower
12 volatility helped the fiscal year to date
13 return, positive 4.8 percent for the
14 diversified equity fund.

15 You can see in total the benchmark
16 was up about 5 percent in the month of
17 May, and fiscal year to date positive by
18 about 1 percent.

19 For the balanced fund, it was up 1.8
20 percent for the fiscal year to date,
21 positive -- percent. I noted earlier we
22 saw, with respect to international --
23 composite, you can see individual -- good
24 month, especially small cap, especially
25 small cap proxies. The two shown here,

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1 both of them were up over 6 percent.
2 The developed only benchmark was up
3 about 7 percent, small -- then, beyond
4 that, the full month of May, the
5 underlying strategy of the inflation
6 protection fund was up 2.8 percent. We
7 were expecting the fund would have
8 participated in a portion of the full
9 month return -- your key assets being
10 wound down.

11 Then the -- sustainable equity fund
12 was up about 7.8 percent, fiscal year to
13 date return of about 16.54; 16.54 does
14 not look correct for the fiscal year to
15 date, so I might want to look further
16 into this fund.

17 For the vast majority of the fiscal
18 year, the time period has been a more
19 growth oriented strategy as -- the
20 benchmark showing here -- deviation
21 between value and growth, what you are
22 seeing here is reflective of the
23 dispersion question, that number -- and
24 really strong double digit returns
25 showing over 16 percent.

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1 It's within the range of
2 expectations for -- growth stock, which
3 even though solid off the first quarter,
4 held on pretty well and participated in
5 meaningful up market value stocks.

6 So, I believe, looking closely, the
7 numbers are correct for the sustainable
8 equity fund.

9 I will pause there to see if there
10 are any questions on May before we move
11 forward.

12 (No response.)

13 Not hearing any questions, I will
14 turn it back to the Chair for next steps.

15 CHAIRPERSON PENNY: That's it for
16 public session.

17 Do I have a motion to enter
18 executive session?

19 MR. KAZANSKY: So moved.

20 CHAIRPERSON PENNY: Is there a
21 second?

22 MS. VICKERS: Second.

23 CHAIRPERSON PENNY: Thank you.
24 Any discussion about it?

25 All in favor of moving into

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1 executive session, please say "Aye."

2 (A chorus of "Ayes.")

3 Any opposed say "Nay."

4 Any abstentions?

5 (No response.)

6 We're in executive session.

7 (Whereupon the Board entered

8 executive session.)

9 (Discussion off the record.)

10 MR. McTIGUE: There was a budget
11 matter discussed, and portfolio issues.
12 No decisions were made, Madam Chair.

13 MS. PENNY: At the last meeting we
14 took a vote on the administrative fiscal
15 budget for fiscal year 2021, and asked
16 for -- to Gulino?

17 MS. REILLY: Administrative -- for
18 Gulino fiscal 2020 budget --

19 MR. KAZANSKY: Skip to the resolves
20 on Gulino.

21 MS. REILLY: "Resolved, that TRS
22 agency budget fiscal year 2021 include
23 modernization" -- wrong resolve.

24 "Resolved, the TRS agency budget for
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1 fiscal 2021 include Gulino work in the
2 amount of (unclear) Variable A into the
3 expense funds -- provided administrative
4 expense contribution for a total Gulino
5 budget of --

6 "Be it further resolved that the
7 Trustees hereby authorize the executive
8 director or her designee to spend money
9 in the budget necessary in accordance
10 with approved governing law."

11 MS. PENNY: Is there a motion to
12 approve the budget, including the Gulino
13 piece?

14 MR. BROWN: So moved.

15 MS. PENNY: Is there a second?

16 MR. KAZANSKY: I'm happy to second
17 it.

18 MS. PENNY: Any discussion about it?
19 All those in favor of approving,
20 please say "Aye."

21 (A chorus of "Ayes.")

22 All opposed say "Nay."

23 Any abstentions?

24 (No response.)

25 Motion carries. We approved the

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1 Gulino administrative budget for fiscal
2 year 2021.
3 I believe that is the end of the
4 agenda.
5 Does anyone have anything else they
6 would like to add?
7 (No response.)
8 Do I have a motion to adjourn?
9 MS. VICKERS: So moved.
10 MR. BROWN: Second.
11 MS. PENNY: Any discussion about it?
12 (No response.)
13 All in favor of the motion to
14 adjourn, please say "Aye."
15 (A chorus of "Ayes.")
16 All opposed say "Nay."
17 Any abstentions?
18 (No response.)
19 We are finished. Everyone stay safe
20 and have a good one. See you soon.
21 (Whereupon, at 12:35 p.m. the
22 meeting concluded.)
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4 C E R T I F I C A T I O N
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6 I, Jeffrey Shapiro, a Shorthand
7 Reporter and Notary Public, within and for the
8 State of New York, do hereby certify that I
9 reported the proceedings in the within-entitled
10 matter, on Thursday, June 4, 2020, and that this
11 is an accurate transcription of these
12 proceedings.
13 IN WITNESS WHEREOF, I have hereunto
14 set my hand this 15th day of June, 2020.
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20 JEFFREY SHAPIRO
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