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1 TEACHERS' RETIREMENT SYSTEM OF THE CITY OF NEW YORK

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INVESTMENT MEETING

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PUBLIC SESSION

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October 5, 2023

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10:07 a.m.

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Remote Proceeding

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New York, New York

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Sophian DeFrance

Digital Reporter

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Notary Commission No. 01DE0006274

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APPEARANCES:

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PATRICIA REILLY, TRS EXECUTIVE DIRECTOR

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KEVIN LIU, MAYOR'S OFFICE

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THOMAS BROWN, CHAIR, TRUSTEE

5

ANTHONY GIORDANO, PANEL FOR EDUCATIONAL POLICIES

6

ALISON HIRSCH, COMPTROLLER'S OFFICE

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DAVID KAZANSKY, TRUSTEE

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VICTORIA LEE, TRUSTEE

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ALSO PRESENT:

11

MICHAEL FULVIO, ROCATON/GOLDMAN SACHS

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STEVEN MEIER

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AMANDA JANUSZ

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GRACE JUHN

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TINA SUO

16

AMY LESCH

17

KATE VISCONTI

18

WILFREDO SUAREZ

19

MAREK TYSZKIEWICZ

20

ARISTEA AFTOUSMI

21

MARC RIVITZ

22

ISAAC GOVINSKY

23

DAVID LEVEN

24

KOMIL ATAEV

25

DEV SUBHASH

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1 ENEASZ KADZIELA
2 TOM CARROLL
3 JONATHAN LESSER
4 SEAN BARBER
5 SANYA COWAN, BAM
6 JENNIFER GAO
7 GABRIELLE WELLS
8 BILLY BUTCHER
9 KRISTIN CUSTAR
10 RICH CAPUTO
11 CHRIS LEE
12 DEVIN ALEXANDER
13 JANET LONDONO
14 MICHAEL PATTERSON
15 STEPHANIE WONG
16 VIKAS KESWANI
17 PATRICIA MILLER ZOLLAR
18 ETHAN COOPER
19 ANDREY BONSOVSKY
20 RON SWINGLE, TRS
21 THAD MCTIGUE, TRS DEPUTY EXECUTIVE DIRECTOR

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1 (The proceedings commenced at 10:07 a.m.)
2 MS. REILLY: Good morning. Welcome to the
3 Investment Meeting of the Teachers Retirement Board for
4 October 5th, 2023.
5 I'll start by calling the roll. Bryan Berge?
6 MR. LIU: Actually, Kevin Liu representing
7 Mayor Adams.
8 MS. REILLY: Thomas Brown?
9 CHAIRMAN BROWN: Good morning, Patricia.
10 Present.
11 MS. REILLY: Gregory Faulkner? Anthony
12 Giordano? Alison Hirsch?
13 MS. HIRSCH: Present, representing Comptroller
14 Brad Lander.
15 MS. REILLY: David Kazansky? David Kazansky?
16 Oh, he's here.
17 Victoria Lee?
18 MS. LEE: Present.
19 MS. REILLY: Okay.
20 UNIDENTIFIED SPEAKER: (Indiscernible.)
21 MS. REILLY: Okay. Well, I'll mark him as
22 here.
23 UNIDENTIFIED SPEAKER: He's here.
24 MS. REILLY: Okay. So we have a quorum. So
25 I'll turn it over to you, Chair.

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1 CHAIRMAN BROWN: Good morning, everyone. Tom
2 Brown speaking.

3 The first agenda item, Passport Funds August
4 2023 Performance Review. That would be Rocaton and
5 Amanda.

6 Let the record show that David is here.

7 MS. REILLY: Okay.

8 MS. JANUSZ: Amanda Janusz. Give me one
9 second while I pull up the August performance report.

10 Okay. So for the month of August, markets
11 were slightly negative across asset classes. For the
12 Passport Funds, the diversified equity funds, where the
13 bulk of your assets sit today, a little shy of 17
14 billion. The return for the month of August was
15 negative 2-and-a-half percent.

16 Within that fund, the US equity option, the US
17 equity component fared better than the non-US equities.
18 Within non-US equities, China was particularly
19 challenged during August.

20 Year to date through the end of 8/31, that
21 diversified equity fund is still in positive territory,
22 up over 16 percent on (indiscernible) basis.

23 Looking down the page, you can see your US
24 equity funds, including the INDEX fund, down around 1.9
25 percent for the month of August, although positive 18

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1 percent year to date through the end of 8/31, and the
2 international equity, similar to, within the diversified
3 equity fund, down around 4 percent for the month of
4 August.

5 Within US equities, we did see a negative
6 month for tech, a little bit of a reversal from what
7 we've seen certainly the first half of the year, as tech
8 has been driving a lot of the US equity market returns,
9 but some of your more growth oriented funds, like the
10 Sustainable Equity Fund, do reflect the strength of the
11 tech sector and growth stocks in general over the year
12 to date period, with the strongest results among the
13 Passport Funds at over 29 percent year to date through
14 the end of August.

15 I'll pause there and see if there's any
16 questions on August results.

17 CHAIRMAN BROWN: Questions for Amanda? Thank
18 you, Amanda.

19 Next, we go to the September 2023 Market
20 Performance Update. That's also Rocaton.

21 Devin, just say your name for us.

22 MR. ALEXANDER: Thank you, Tom. Devin
23 Alexander.

24 So, for the month of September, investors did
25 have a bit of a headwind, as we saw wavering consumer

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1 confidence, we saw higher oil prices, and we also saw
2 potential government shutdown.

3 That being said, we did see that the global
4 market composite was down by 4, 4.41 percent, although

5 it was up by 1.75 percent the other day. The hybrid
6 benchmark was also down by 4.44 percent.
7 The best performer for the month of September
8 was the Balance Fund. That was only down by 1.52
9 percent.

10 On the international front, international
11 equity fund -- international composite benchmark was
12 down by 3.31 percent, and the Sustainable Equity Fund
13 fared far worse than the rest, down by over 6 percent.

14 So, overall, for the month of September, we
15 saw losses across all major asset classes. However,
16 calendar year to date still remain positive.

17 I'll pause here for any questions.

18 CHAIRMAN BROWN: Any questions for Devin?
19 Thank you, Devin, appreciate it.

20 Next on the agenda, we have a Tentative Public
21 Agenda, Strategic Asset Allocation Discussion, and I
22 guess we go to Steve, and then perhaps Mike.

23 MR. FULVIO: Today, the intent was just to
24 revisit the discussion that we had at last month's
25 meeting. One of the -- there were a number of

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1 follow-ups, which I understand we're still working on,
2 with respect to procurement and staffing questions, new
3 asset classes as it relates to the basket. So there's
4 still more work to be done, more conversations to be had
5 with the legal group.

6 MR. MEIER: Particularly on the CPA strategy,
7 yeah.

8 MR. FULVIO: Particularly, yeah.

9 MR. MEIER: I'm sorry, I --

10 MR. FULVIO: That's okay.

11 MR. MEIER: I didn't mean to burden you with
12 that. No, no, we've actually been working on it with
13 the legal folks. We're still -- we still have some open
14 issues, as Michael said, around procurement.

15 There's some questions of staffing, where that
16 fits in, and how we would actually oversee the program,
17 and then, again, to Mike's point, a question as to
18 whether we would gross up the numbers to have a more,
19 I'd say negative or traumatic impact on the basket
20 clause. So we have some open issues.

21 We're hoping to be able to come back next
22 month with some firm, definitive issues -- answers in
23 terms of the procurement process.

24 CHAIRMAN BROWN: Okay, thank you.

25 MR. MEIER: Sorry, Mike.

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1 MR. FULVIO: No, that was really what covered

2 --

3 CHAIRMAN BROWN: Any other suggestions or
4 questions?

5 UNIDENTIFIED SPEAKER: Yeah, I'd just like to
6 ask that, you know, if, by next month, there seems to be

7 no kind of set idea on CPAs, then I think it would
8 behoove us to move forward, you know, with a different
9 asset allocation, so that we can get our pacing plans
10 and everything going.

11 MR. MEIER: I agree.

12 MR. FULVIO: Absolutely. Yeah, I think that's
13 the right approach.

14 CHAIRMAN BROWN: Okay. Thank you. Anything
15 else about strategic asset allocations?

16 MS. LEE: Would you mind just spending a
17 moment to explain the rationale why convertibles are not
18 included as an asset class for the strategic asset
19 allocation?

20 MR. FULVIO: Sure. So as part of the
21 analysis, I like to think we cast a fairly wide net in
22 terms of looking at a variety of different asset
23 classes, not only those that, you know, are part of the
24 portfolio today, but also ideas that are not part of the
25 portfolio, other asset classes where more institutional

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1 investors can allocate, and we did look at many,
2 including convertibles. So that was certainly a part of
3 the broad opportunities that we looked at when we were
4 constructing the portfolios.

5 We do think that convertibles can play a role
6 in a diversified portfolio. However, we didn't, as part
7 of this analysis and the recommendations, as you saw,
8 include that in the ultimate recommendation.

9 CHAIRMAN BROWN: Thank you, Mike. Any more
10 questions for Steve or Mike?

11 All right. Let the record show that Anthony
12 Giordano has arrived. Patricia will put him as present.

13 MR. GIORDANO: Thank you, sir.

14 CHAIRMAN BROWN: Thank you. We go, now --
15 well, I think that's everything for the Public Agenda.
16 Do I hear a motion to go into the Executive Session?

17 MR. KAZANSKY: So moved.

18 CHAIRMAN BROWN: Is there a second?

19 MS. LEE: Second.

20 CHAIRMAN BROWN: Great. Any discussion? All
21 those in favor of going into the Executive Session,
22 please say aye.

23 (Ayes were heard.)

24 CHAIRMAN BROWN: All those opposed, say nay.
25 We are now in the Executive Session.

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1 (Off the record from 10:17 a.m. to 12:52 p.m.)

2 CHAIRMAN BROWN: We are back in Public
3 Session. Welcome, everyone.

4 We will have a readout from Ron Swingle.

5 MR. SWINGLE: Thanks. This is Ron Swingle
6 speaking.

7 For the Executive Agenda, on Passport Funds,
8 there were two manager updates.

9 For the Executive Agenda of the Pension Fund,
10 there was preliminary performance data that was
11 discussed.

12 There was a revised commitment to a real
13 estate investment. Consensus was reached.

14 There was a real estate presentation.
15 Consensus was reached.

16 There was an alternative credit presentation.
17 Consensus was reached.

18 And there were two private equity
19 presentations, and consensus was reached on both.

20 CHAIRMAN BROWN: Thank you, Ron. Is our
21 business over for today?

22 MS. HIRSCH: Point of order.

23 CHAIRMAN BROWN: Question?

24 MS. HIRSCH: Mr. Chair, I would just like to
25 say, on the record, happy birthday.

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1 CHAIRMAN BROWN: Thank you.

2 (Crosstalk.)

3 CHAIRMAN BROWN: Much appreciated. Is there a
4 motion to adjourn?

5 MR. KAZANSKY: So moved.

6 CHAIRMAN BROWN: And do I hear a second?

7 MR. GIORDANO: Second.

8 CHAIRMAN BROWN: Any questions? Any
9 discussions? All those in favor, please say aye.

10 (Ayes were heard.)

11 CHAIRMAN BROWN: And all those against, please
12 nay. We are adjourned. Thank you.

13 (The proceedings concluded at 12:54 p.m.)

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