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1 TEACHERS' RETIREMENT SYSTEM OF THE CITY OF NEW YORK

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INVESTMENT MEETING

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6

Thursday, October 10, 2024

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10:13 a.m.

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Teachers' Retirement System of NYC

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55 Water Street, 16th Floor

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New York, New York 10041

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William Montague

Digital Reporter

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Notary Commission No. 01MO0009174

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APPEARANCES:

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PATRICIA REILLY, EXECUTIVE DIRECTOR

3

THAD MCTIGUE, DEPUTY EXECUTIVE DIRECTOR

4

THOMAS BROWN, CHAIR, TRUSTEE

5

KEVIN LIU, MAYOR'S OFFICE, TRUSTEE

6

ALISON HIRSH, OFFICE OF THE COMPTROLLER, TRUSTEE

7

VICTORIA LEE, TRUSTEE

8

CHRISTINA MCGRATH, TRUSTEE

9

ANTHONY GIORDANO, PANEL FOR EDUCATIONAL POLICIES,  
TRUSTEE

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Also Present:

12

JOHN DORSA, OFFICE OF THE COMPTROLLER

13

NADIA FAZHULINA

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VALERIE BUDZIK, TRS

15

LIZ SANCHEZ, TRS

16

PRISCILLA BAILEY, TRS

17

ARISTEA AFTOUMIS, TRS

18

LOREN PERRY, TRS

19

ISAAC GLOVINSKY, TRS

20

KOMIL ATAEV, TRS

21

KEVIN BALAOD, TRS

22

WILFREDO SUAREZ, TRS

23

SHAQUANA DEVISSIERE, OFFICE OF THE COMPTROLLER

24

STEVE MEIER, BUREAU OF ASSET MANAGEMENT

25

ED BERMAN, BUREAU OF ASSET MANAGEMENT

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1 HARRY TYQUIN, BUREAU OF ASSET MANAGEMENT  
2 KATE VISCONTI, BUREAU OF ASSET MANAGEMENT  
3 STEVE PAK, BUREAU OF ASSET MANAGEMENT  
4 ENEASZ KADZIELA, BUREAU OF ASSET MANAGEMENT  
5 STEVE POULOS, BUREAU OF ASSET MANAGEMENT  
6 JOHN GLUSZAK, BUREAU OF ASSET MANAGEMENT  
7 JOHN MERSEBURG, BUREAU OF ASSET MANAGEMENT  
8 DANIEL HAAS, BUREAU OF ASSET MANAGEMENT  
9 MITCH FIELDING, BUREAU OF ASSET MANAGEMENT  
10 MORAIMA PARES, BUREAU OF ASSET MANAGEMENT  
11 JONATHAN LESSER, BUREAU OF ASSET MANAGEMENT  
12 SANYA COWAN, BUREAU OF ASSET MANAGEMENT  
13 JOHN AHN, BUREAU OF ASSET MANAGEMENT  
14 KIM BOSTON, BUREAU OF ASSET MANAGEMENT  
15 MINJOO NA, BUREAU OF ASSET MANAGEMENT  
16 DONALD DE ROSA, OFFICE OF THE COMPTROLLER  
17 DAVID LEVINE, GROOM LAW GROUP  
18 MICHAEL FULVIO, ROCATON/GOLDMAN SACHS  
19 AMANDA JANUSZ, ROCATON/GOLDMAN SACHS  
20 SEAN BARBER, HAMILTON LANE  
21 GINA TARANTINO, GOLDMAN SACHS  
22 MARC RIVITZ, STEPSTONE  
23 SHAH BADKOUBEI, FIDELITY INSTITUTIONAL  
24 ART GREENWOOD, FIDELITY INSTITUTIONAL  
25 TOM COUTTS, BAILLIE GIFFORD

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1 JULIE SKEDD, BAILLIE GIFFORD  
2 COLIN STEWART, BLACKROCK  
3 GEREY KAWALLER, BLACKROCK  
4 JAMES, KLAPMAN, ACADIAN ASSET MANAGEMENT  
5 DAN LE, ACADIAN ASSET MANAGEMENT  
6 WAYNE PALLADINO, PZENA INVESTMENT MANAGEMENT  
7 RAKESH BORDIA, PZENA INVESTMENT MANAGEMENT  
8 DEAN PAPAS, PZENA INVESTMENT MANAGEMENT  
9 MICHAEL O'SHAUGHNESSY, PZENA INVESTMENT MANAGEMENT  
10 ALAN EDINGTON, WALTER SCOTT & PARTNERS  
11 JANE HENDERSON, WALTER SCOTT & PARTNERS  
12 ERIC CRABTREE, CAUSEWAY CAPITAL MANAGEMENT  
13 SARAH KETTERER, CAUSEWAY CAPITAL MANAGEMENT  
14 ARJUN KUMAR, SPRUCEGROVE INVESTMENT MANAGEMENT  
15 TASLEEM JAMAL, SPRUCEGROVE INVESTMENT MANAGEMENT  
16 FARRAH YOUSUFZAI, SPRUCEGROVE INVESTMENT MANAGEMENT  
17 BRAD BERNSTEIN, FTV CAPITAL  
18 RICHARD LIU, FTV CAPITAL  
19 MIKE CICHOWSKI, FTV CAPITAL  
20 ALLY WALKER, FTV CAPITAL  
21 TONY CROOKS, AEW CAPITAL MANAGEMENT  
22 SARA CASSIDY, AEW CAPITAL MANAGEMENT  
23 RICK ERTMANN, AEW CAPITAL MANAGEMENT  
24 DOUG OSTROVOR, BLUE OWL CAPITAL  
25 TRACY HART, BLUE OWL CAPITAL

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1 MACHAL KARIM, BLUE OWL CAPITAL

2 NATALIE OELKERS, BLUE OWL CAPITAL  
3 GREG STENTO, HARBOURVEST PARTNERS  
4 JACKIE PERADOTTO, HARBOURVEST PARTNERS  
5 IAN LANE, HARBOURVEST PARTNERS  
6 JOEL HWANG, HARBOURVEST PARTNERS  
7 TOM O'HARA  
8 KEVIN GORDON

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1 (The proceedings commenced at 10:13 a.m.)  
2 MS. REILLY: Good morning. Welcome to the  
3 Investment Meeting of the Teachers' Retirement Board for  
4 October 10th, 2024.  
5 I'll start by calling the roll.  
6 Kevin Liu?  
7 MR. LIU: Kevin Liu, representing Mayor Adams.  
8 MS. REILLY: Thomas Brown?  
9 CHAIR BROWN: Good morning, Patricia.  
10 Present.  
11 MS. REILLY: Gregory Faulkner.  
12 Alison Hirsh?  
13 MS. HIRSH: Present on behalf of Comptroller  
14 Brad Lander.  
15 MS. REILLY: Victoria Lee?  
16 MS. LEE: Present.  
17 MS. REILLY: Christina McGrath?  
18 MS. MCGRATH: Good morning, present.  
19 MS. REILLY: Good morning.  
20 We have a quorum, and I'll turn it over to the  
21 Chair.  
22 CHAIR BROWN: Good morning, everyone. Sorry  
23 for the delay.  
24 First agenda item will be the Passport Funds  
25 August 2024 Performance Review, and I guess that's

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1 Rocaton.  
2 MR. FULVIO: Just getting our screen share set  
3 up.

4 CHAIR BROWN: Sure. Thank you, Michael,  
5 Amanda.

6 MS. JANUSZ: So August -- so August, for the  
7 Passport Funds, we actually had a Diversified Equity  
8 Fund end of the month at \$19.2 billion in assets, which,  
9 you know, putting that number into context, if we -- if  
10 we look back at where we were at the start of the year,  
11 it's 17-and-a-half billion in that fund, so we have seen  
12 tremendous growth so far in 2024, and a lot of that has  
13 to do with some of the strong market results we have  
14 seen.

15 If you look even just for the Diversified  
16 Equity Fund across this page, in the year-to-date column  
17 in particular, up almost 16 percent year-to-date through  
18 the end of August. So despite some of the volatility we  
19 saw, certainly in early August, we ended the month in  
20 positive territory across all of the variable funds.  
21 All ended around 2 percent across the different US and  
22 non-US, and even the Balanced Fund, which is, you know  
23 70 percent in short-term fixed income was right in that  
24 range, around 1.4 percent for the month of August.

25 And really, in August, we did see, to start  
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1 the month, a bit of volatility, as we saw some weaker  
2 jobs, jobs market data that caused a little bit of an  
3 equity selloff. It was short-lived. We did bounce  
4 back, especially with, you know, market expectation and  
5 markets pricing in what would end up being a 50 basis  
6 point Fed cut that did ultimately occur in September,  
7 which has been positive.

8 So overall, you know, landed in positive  
9 territory across your funds for the month of August, and  
10 really pretty consistent results, around 2 percent for,  
11 across US equities, international equities, and the  
12 Balanced Fund.

13 I'll leave it there for August, unless there's  
14 questions.

15 CHAIR BROWN: Any questions for Amanda?  
16 Great.

17 How about September?

18 MS. JANUSZ: Okay.

19 CHAIR BROWN: Should be as good?

20 MR. FULVIO: I'll make a quick overarching  
21 comment. So the good news is you see very strong  
22 numbers here from an absolute return perspective.  
23 That's a consistent comment across the US, it's  
24 consistent across the non-US markets, and as you know,  
25 the Passport Funds are very heavily invested in public

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1 equities. So that's the great news.

2 We have not yet started seeing preliminary  
3 performance from your active managers, but I will say,  
4 from everything we have heard in the conversations we  
5 have had with managers broadly, and where we have seen

6 the markets, for example over the last quarter, do quite  
7 well. Last quarter alone, the markets are up almost 7  
8 percent in the US, over 8 percent abroad.

9 It's been a very challenging environment for  
10 active managers to add incremental value over the  
11 benchmarks that we use, and one of the key drivers  
12 behind that has been the challenges we have seen with  
13 lower quality stocks outperforming the broad market.  
14 Call it a junk rally, if you want. Some of those stocks  
15 are companies that are more highly levered, which have  
16 started to do well in an environment where the Fed is  
17 talking about cutting interest rates.

18 So I just wanted to highlight that. We  
19 haven't yet received active manager numbers. It's been  
20 a good market, but it's been a tough market for active  
21 managers to outperform public benchmarks, and we'll dive  
22 into that more over the next couple of months, but  
23 wanted to flag it.

24 Do you want to add anything else?

25 MS. JANUSZ: Yeah, the only other thing I

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1 would say is, you know, again, for the month of  
2 September, pretty similar absolute returns to the month  
3 of August, in the range of, you know, 1 to 2 percent  
4 across asset classes here. Certainly, the big news in  
5 the month of September was the 50 basis point Fed rate  
6 cut, which was long-awaited, the first rate cut since  
7 March of 2020.

8 And really, the one standout, in terms of  
9 results for the month of September, was emerging  
10 markets, which really was driven by some gains in China  
11 late in the month after China also made the decision to  
12 use their monetary policy. So emerging markets, you can  
13 see there about halfway down the page, returned about  
14 6.7 percent for the month of September. It was one of  
15 the strongest performing areas of the market.

16 CHAIR BROWN: Okay. Thank you, Michael.

17 Thank you, Amanda.

18 Any questions? Great.

19 We move on to the next agenda item, BAM Fiscal  
20 Year 2025 Work Plan.

21 MS. HIRSH: Oh, sorry, this is me. Yes, this  
22 is why Kate was telling me, you're doing the intro of  
23 the work plan. I was being distracted.

24 Yes. As folks know, at BAM, we talked about  
25 this at BAM University, and as part of the initial STAR

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1 project, one of the outcomes that came out of STAR  
2 project is there's often not clarity between trustees  
3 and Bureau of Asset Management staff as to what the  
4 Bureau of Asset Management staff is doing every day on  
5 behalf of the trustees in a way that ensures what the  
6 staff is working on and prioritizing mirrors the  
7 priorities of trustees.

8                   And so one of the proposals that we had coming  
9 out of that STAR project was to actually create an  
10 annual work plan that the Bureau of Asset Management  
11 puts forward to trustees for feedback, edits, et cetera,  
12 that each board votes on. That is probably 95, 98  
13 percent of it is probably the same across all five  
14 systems, but it allows for individualized priorities per  
15 system. So there might be something unique to Teachers'  
16 that really want folks on the team to prioritize.

17                   And the idea is that it creates a -- an  
18 opportunity for open discussion to make sure trustees  
19 actually know what the BAM team is doing, et cetera. So  
20 Steve will get into it a little bit more, but what we  
21 wanted to do, the hope is that, every year, ideally in  
22 July, as part of the fiscal year, as we shift fiscal  
23 year, obviously, we're a little late this year, this is  
24 the first time, this is something that is developed  
25 collaboratively and voted on by the Board to set the  
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1 agenda for the -- for the coming year.

2                   MR. MEIER: Yeah, and just to echo what Alison  
3 said, a lot -- this is all about transparency and  
4 accountability, to be transparent with the individual  
5 boards and the unique needs of the boards, in terms of  
6 the things that we're working on, and for you to hold us  
7 accountable for those actions over the course of the  
8 year.

9                   So I know -- Kate, are there slides that we're  
10 sharing? I know you -- there were -- a document we sent  
11 out that actually has --

12                   MS. VISCONTI: Hey, Steve. So we don't have  
13 slides for this. We just wanted to draw attention to  
14 the fact that the work plan is in Convene for now and  
15 make trustees aware that they have it to review it and  
16 have that for other meetings.

17                   MS. HIRSH: Yeah, I don't think we expect  
18 there to be any kind of vote today, since we have not  
19 had time to discuss it, but we wanted to put it in there  
20 and bring it up, so hopefully that we can discuss it.  
21 If there are questions between this meeting and next or  
22 there are things that trustees do want to discuss, we  
23 can hopefully resolve them and have a conversation at  
24 the next -- the next month's meeting to vote on it and  
25 move it forward.

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1                   MR. MEIER: I think that one of the other  
2 takeaways is, in addition to managing, you know, the  
3 aggregate amount of \$285 billion in assets, there's a  
4 number of strategic initiatives that we're pursuing to  
5 hopefully improve our efficiency and deliver better  
6 performance over time. So it's a comprehensive list of  
7 things broken out by different categories that we're  
8 focused on, but we're happy to talk about any of those  
9 things in more detail at an appropriate time.

10 CHAIR BROWN: Thank you, Steve. Thank you,  
11 Alison.  
12 Any questions for Steve or Alison? Thank you.  
13 I think that concludes our business in Public  
14 Agenda. So do I hear a motion to go into Executive  
15 Session?  
16 MS. MCGRATH: So moved.  
17 CHAIR BROWN: Is there a second?  
18 MS. LEE: Second.  
19 CHAIR BROWN: Any questions?  
20 All those in favor of going into Executive  
21 Session, please say aye.  
22 (Ayes were heard.)  
23 CHAIR BROWN: Those opposed, say nay? Any  
24 abstentions?  
25 So we are in Executive Session.

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1 (Exit Public Session; enter Executive  
2 Session.)  
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4 (Exit Executive Session; enter Public  
5 Session.)  
6 CHAIR BROWN: Thank you, everyone. We're back  
7 into Public Session. Welcome back.  
8 And I think we'll be having a readout from our  
9 own Priscilla Bailey. Thank you.  
10 MS. BAILEY: Thank you.  
11 In Executive Session of the Passport Fund,  
12 there was no manager update.  
13 During the Executive Session of the pension  
14 fund, there was an update on preliminary performance.  
15 There was a manager update. Consensus was reached.  
16 The Board received an update, a presentation  
17 on a manager operational issue.  
18 The Board received recommendations and heard  
19 presentations related to a previously issued  
20 solicitation. No action was taken.  
21 There were two private equity presentations.  
22 Consensus was reached on all two.  
23 There was a real estate presentation.  
24 Consensus was reached.  
25 There was an alternative credit presentation.

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1 Consensus was reached.  
2 Details to be made available at the  
3 appropriate time. Thank you.  
4 CHAIR BROWN: Thank you, Priscilla.  
5 And I think we're at the end of our Public  
6 Session. Before we ask for a motion to adjourn, I'd  
7 like to publicly thank Will, our recorder, again. A  
8 fabulous job, thank you.  
9 And to Ricardo, our TRS IT person who is there  
10 all the time.  
11 At this time, I'd also like to thank, if she's

12 listening, Liz Sanchez, who puts this all together and  
13 she makes it so much better. Thank you.  
14 And thank everybody because it's nice being  
15 here with a good group of people. Thank you, everybody.  
16 So with that, do I hear a motion to adjourn?  
17 MS. LEE: So moved.  
18 CHAIR BROWN: And is there a second?  
19 MS. HIRSH: There is --  
20 MS. MCGRATH: Second.  
21 CHAIR BROWN: There are two seconds.  
22 Any discussion? All those in favor of  
23 adjourning, please say aye?  
24 (Ayes were heard.)  
25 CHAIR BROWN: And those against, say nay? Any

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1 abstentions? Let the record show that, Will, we are  
2 adjourned.

3 (The proceedings concluded at 3:09 p.m.)  
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4 Notary Public within and for the State of New York, do  
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10 I further certify that I am not related to any  
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William Montague, Digital Reporter  
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