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2 NEW YORK CITY RETIREMENT SYSTEM
3 INVESTMENT MEETING
4 TEACHERS' RETIREMENT SYSTEM
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6
7 DATE: Thursday, November 4, 2021

8
9 TIME: 10:06 a.m. - 12:05 p.m.

10 HELD: Via Zoom Videoconference

11
12 REPORTER: Tara M. Drake, RPR
13 Job No. J7321261

14 ATTENDEES:
15 Debra Penny, Chairperson, Trustee, TRS
16 Thaddeus McTigue, TRS, Deputy Executive Director
17 John Adler, Trustee, Mayor's Office
18 Thomas Brown, Trustee, TRS
19 Russell Buckley, Trustee
20 Cynthia Collins, Trustee, Mayor's Office
21 John Dorsa, Trustee, Comptroller's Office
22 Natalie Green Giles, Trustee
23 David Kazansky, Trustee
24 Patricia Reilly, TRS, Deputy Executive Director
25 Sumanta Ray, Trustee, Mayor's Office

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1 ATTENDEES CONTINUED:
2 Susannah Vickers, Trustee, Comptroller's Office
3 Steve Yuan, Trustee, Mayor's Office
4 Daniel Haas, Comptroller's Office
5 Michael Haddad, Comptroller's Office
6 Devon Alexander, TRS
7 Valerie Budzik, TRS
8 Liz Sanchez, TRS
9 Susan Stang, TRS
10 David Levine, Groom Law Group
11 Sireen Hajj, Sustainalytics
12 Tara McHugh, Sustainalytics
13 Robin Pellish, Rocation
14 Katie Piro, Rocation
15 Michael Fulvio, Rocation
16 Sanford Rich
17 Craig Fletcher, Westwood Global Investments
18 Meg Reynolds, Westwood Global Investments
19 Kevin Stowell, Westwood Global Investments
20 Celeste Tambaro, Westwood Global Investments
21 Bryan Ward, Westwood Global Investments

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1 11/4/2021 Proceedings
2 MS. REILLY: Good morning.
3 Welcome to the TRS investment meeting
4 for November 4th, 2021.
5 I'll start by calling the roll.
6 John Adler?
7 MR. ADLER: I am here.
8 MS. REILLY: Thomas Brown?
9 MR. BROWN: Good morning. I'm here.
10 MS. REILLY: Natalie Green Giles?
11 MS. PENNY: She's going to be here
12 later today.
13 MS. REILLY: David Kazansky?
14 MR. KAZANSKY: Present.
15 MS. REILLY: Russell Buckley?
16 MR. BUCKLEY: Russell Buckley, right
17 here.
18 MS. REILLY: Debra Penny?
19 MS. PENNY: I am here.
20 MS. REILLY: Susannah Vickers?
21 MS. VICKERS: Here.
22 MS. REILLY: Madam Reporter, I'll turn
23 it over to the chair.
24 MS. PENNY: Okay. Great. Good
25 morning, everyone.

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1 11/4/2021 Proceedings
2 We will start out with passport funds,
3 September 2021 performance review. Take it
4 away, Mr. Fulvio.
5 MR. FULVIO: Thanks, Madam Chair.
6 Good morning, everyone. I hope all is
7 well.
8 Everyone should have the -- the
9 materials, and I'm going to begin with the
10 September report. I'll start by just noting,
11 as a follow in from last month's discussion,
12 September was a negative month for global
13 equity markets.
14 We saw -- you know, we saw markets in
15 the U.S. fall by about four-and-a-half
16 percent. Abroad, the fall was not quite as
17 dramatic. Develop markets were down about 2.9
18 percent with about a three-and-a-half to 4
19 percent fall for non-U.S. small cap markets.
20 And then in emerging markets, we saw
21 about a 3.9, 4 percent decline, depending on
22 the -- the market proxy you're using.
23 So what that meant in total was largely
24 negative results for the September -- for the
25 passport funds during the month of September.

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2 You can see at the top of the page, the
3 Diversified Equity Fund, which ended the month
4 with about 19.3 billion in assets, had a
5 negative 4.1 percent return.

6 That was slightly ahead of the global
7 market composite for that fund, which you'll
8 note was down about 4.2 percent. The hybrid
9 benchmark which represents the underlying
10 strategies benchmarks at target was down about
11 3.9 percent.

12 What we did see, which, to some extent
13 mitigates some of the negative results, on
14 absolute basis is that there were -- there
15 were some positive relative results from
16 different parts within the fund. So the
17 defensive strategies composite did return
18 about negative 2.7 percent. So protected in
19 the down market.

20 I'm sorry?

21 MR. KAZANSKY: We're distracted by the
22 window washer behind you.

23 MR. FULVIO: I'm sorry about that.

24 The -- the defensive composite was down
25 about 2.7 percent; so it did -- it did protect

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2 a little bit in the down market this month, as
3 you can see, compared to the global market
4 composite.

5 The actively managed U.S. strategies
6 were down about 2.7 versus the Russell 3
7 Index -- I'm sorry, versus that composite
8 index, which was down about 3.1 percent. And
9 in -- in the international equity composite,
10 you could see in -- in aggregate, that was
11 down about 3.9, and that -- that composite did
12 lag its composite benchmark by about 60 basis
13 points, 70 basis points.

14 Year-to-date, calendar year-to-date,
15 that is, the Diversified Equity Fund ended --
16 ended September up about 12.8 percent. And
17 you can see that that's modestly ahead of the
18 hybrid benchmark, though does lag the global
19 market composite, which I'll -- again, I'll
20 note includes the first six months of the
21 year. That benchmark is reflective of the
22 Russell 3000 Index.

23 The balanced fund had assets of about
24 \$587 million at the end of the month. That
25 fund was down about 1.7 percent. Modestly

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2 behind the -- the balanced funds composite
3 benchmark for the month. Year-to-date, that

4 fund has returned about 3.4 percent.

5 The International Equity Fund, which I
6 noted earlier, is -- is similarly structured
7 to the international equity composite,
8 returned about negative 3.9 percent for the
9 month as well. Year-to-date that fund is up
10 about 6.2 percent.

11 The Sustainable Equity Fund with 532
12 million in assets at month end returned
13 negative 5.5 -- 5.4 percent. Very slightly
14 ahead of its benchmark. Year-to-date, that
15 fund has a 19.3 percent return and is about 5
16 percent ahead of its benchmark.

17 Beyond that, the other two remaining
18 passport funds are the two index funds. As
19 you'll recall, the U.S. Equity Index has
20 assets of about 77 million. That fund, in
21 line with the broad U.S. equity market, was
22 down about 4.2 percent. And the International
23 Equity Index Fund was down about 3.3 percent.
24 Roughly in line with its developed and
25 emerging non-U.S. Equity Index.

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2 So I'll pause there and see if there's
3 any questions on September before moving ahead
4 to October, where, I promise, the numbers will
5 be a little bit better.

6 Okay. So not hearing any -- any
7 questions or comments, I'll ask everyone to
8 flip over to the October report.

9 And, as you can see, October finished
10 up on -- on quite a high note. Particularly,
11 we saw some positive results through the
12 month, but -- but even going strong through
13 the end of the month, the -- the global equity
14 markets posted a -- a pretty positive return
15 of about 5.8 percent, 5.9 percent. That's the
16 return for the global market composite
17 benchmark during October.

18 What drove that, pretty strong results
19 from U.S. equity markets. U.S. equities were
20 up about 6.8 percent all told. The defensive
21 composite benchmark was up about
22 four-and-a-half percent, and the international
23 part of -- the global equity markets -- or I
24 should say the non-U.S. part of global equity
25 markets were -- also returned a positive

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2 return. Not quite as strong as the U.S. for
3 the month, but you can see the MSCI EAFE
4 Index, in the middle of the page, up about
5 two-and-a-half percent. And down at the very

6 bottom, emerging markets up about 1 percent.
7 So pretty strong month, definitely the
8 strongest we've seen so far in the TRS fiscal
9 year, and a -- and a good rebound from what we
10 saw in September.
11 Beyond the -- the market returns on
12 this page, you can see the underlying strategy
13 for the sustainable fund was up about 9
14 percent in the month. That was enough to
15 outpace its benchmark by -- by about a half of
16 a percent.
17 And, beyond that, the underlying index
18 funds for the -- the other two passport funds
19 options, also with -- with positive results to
20 the tune of about 6.7 percent for the U.S.
21 Equity Index and about 2.6 percent for the
22 non-U.S. Equity Index.
23 So I'll pause there and see if there's
24 any questions. I think we saw generally
25 positive earnings. A little bit more

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2 mixed, but generally positive earnings
3 announcements toward the late end of October,
4 which certainly helped, and -- and that's --
5 that's continued so far in what we've seen
6 this week in the first week of November.
7 I'll turn it back to the chair.
8 MS. PENNY: Okay. Great. I'm muted.
9 Any other questions for -- okay. All
10 right. So then if I can motion, we'll go into
11 executive session.
12 Do I hear a motion?
13 MR. KAZANSKY: So moved. David
14 Kazansky, so moved.
15 MS. PENNY: Okay. Thank you.
16 MR. BROWN: Tom Brown, second.
17 MS. PENNY: Thank you, Mr. Kazansky.
18 Thank you, Mr. Brown.
19 All those in favor, please say, "Aye."
20 THE TRUSTEES: Aye.
21 MS. PENNY: Any opposed? Discussion?
22 Okay. We're going into executive
23 session -- oh, I haven't had my gavel in a
24 while -- executive session.
25 (Off the record at 10:16 a.m.)

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2 MS. PENNY: Okay. We are going into public
3 session.
4 (Off the record at 12:02 p.m.)
5 (On the record at 12:04 p.m.)
6 MS. PENNY: Will you, please, report
7 out, Ms. Stang?

8 MS. STANG: Absolutely.
9 In executive session, we received a
10 presentation from a service provider. We
11 discussed an updated investment policy within
12 the variable funds and a specific
13 implementation of said policy. A path forward
14 was agreed to.
15 We discussed a contract matter within
16 the pension fund.
17 We discussed three manager renewals and
18 provided an update on recent transition
19 activity.
20 MS. PENNY: Thank you, Ms. Stang.
21 Is there anything else for public
22 agenda?
23 Okay. Hearing none, do I have a motion
24 to adjourn?
25 MR. BROWN: Tom Brown, so moved.

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2 MS. PENNY: Thank you, Mr. Brown.
3 Do I have a second?
4 MS. VICKERS: Susannah Vickers, second.
5 MS. PENNY: Thank you, Ms. Vickers.
6 Any discussion?
7 All opposed -- or in favor to adjourn,
8 please say, "Aye."
9 THE TRUSTEES: Aye.
10 MS. PENNY: Opposed?
11 Okay. We stand adjourned. Use my
12 gavel.
13 MS. VICKERS: Thank you.
14 (End time: 12:05 p.m.)
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1 REPORTER'S CERTIFICATE
2
3 I, TARA M. DRAKE, RPR, a Court Reporter
4 and Notary Public in and for the State of New
5 York, certify:
6 That the foregoing proceedings were
7 stenographically reported by me at the time and
8 place therein set forth and were thereafter
9 transcribed;

That the foregoing is a true and correct transcript of my shorthand notes so taken to the best of my ability and belief.

I further certify that I am not a relative or employee of any attorney of the parties nor financially interested in the action.

I declare under penalty of perjury under the laws of New York that the foregoing is true and correct.

Dated: November 16, 2021

Tara M. Drake, RPR