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1 TEACHERS' RETIREMENT SYSTEM OF THE CITY OF NEW YORK

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INVESTMENT MEETING

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Thursday, March 5, 2026

7

10:06 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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THOMAS BROWN, CHAIR, TRUSTEE

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NADIA FAZHULINA, MAYOR'S OFFICE, TRUSTEE

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AMY SLATTERY, OFFICE OF THE COMPTROLLER, TRUSTEE

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JOHN DORSA, OFFICE OF THE COMPTROLLER, TRUSTEE

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VICTORIA LEE, TRUSTEE

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CHRISTINA MCGRATH, TRUSTEE

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JOSEPH BORELLI, PANEL FOR EDUCATIONAL POLICY, TRUSTEE

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ANTHONY GIORDANO, PANEL FOR EDUCATIONAL POLICY, TRUSTEE

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PATRICIA REILLY, EXECUTIVE DIRECTOR

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THAD MCTIGUE, DEPUTY EXECUTIVE DIRECTOR

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Also Present:

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LIZ SANCHEZ, TRS

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PRISCILLA BAILEY, TRS

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KOMIL ATAEV, TRS

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ISAAC GLOVINSKY, ESQUIRE, TRS

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DAVID LEVINE, ESQUIRE, TRS

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ANDREW ROSEN, TRS

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RENEE PEARCE, TRS

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PERRY WHITELEY, TRS

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LOREN PERRY, TRS

23

LAMONT TARBOX, BUREAU OF ASSET MANAGEMENT

24

DANIEL HAAS, BUREAU OF ASSET MANAGEMENT

25

WILFREDO SUAREZ, BUREAU OF ASSET MANAGEMENT

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1 GRACE JUHN, BUREAU OF ASSET MANAGEMENT
2 JENNIFER GAO, BUREAU OF ASSET MANAGEMENT
3 PETYA NIKOLOVA, BUREAU OF ASSET MANAGEMENT
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5 KIM BOSTON, BUREAU OF ASSET MANAGEMENT
6 ERIC OTERO, BUREAU OF ASSET MANAGEMENT
7 MAREK TYSZKIEWICZ, CHIEF ACTUARY
8 AMANDA JANUSZ, ROCATON/GOLDMAN SACHS
9 MICHAEL FULVIO, ROCATON/GOLDMAN SACHS
10 GINA TARANTINO, GOLDMAN SACHS
11 SEAN BARBER, HAMILTON LANE
12 ROSS KERBER

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1 (The proceedings commenced at 10:06 a.m.)
2 MS. REILLY: Good morning. Welcome to the
3 Investment Meeting of the Teachers' Retirement Board for
4 March 5th, 2026. I'll start by calling the roll. I'm
5 sorry.
6 Thomas Brown?
7 CHAIR BROWN: Here. Good morning, Patricia.
8 MS. REILLY: Good morning.
9 Joe Borelli?
10 MR. BORELLI: Present.
11 MS. REILLY: Phil Dukes? Nope, it is...
12 MS. FAZHULINA: Nadia Fazhulina for the
13 Mayor's Office.
14 MS. REILLY: Thank you, Nadia.
15 Gregory Faulkner?
16 Amy Slattery?
17 MS. SLATTERY: Present and good morning.
18 MS. REILLY: Good morning.
19 Victoria Lee?
20 MS. LEE: Present. Good morning.
21 MS. REILLY: Good morning.
22 Christina McGrath.
23 MS. LEE: Good morning, Patricia.
24 MS. REILLY: Good morning.
25 I'm going to turn it over to the Chair.

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1 CHAIR BROWN: Great. Thank you, Patricia.
2 Good morning, everybody. And welcome, Nadia.

3 A pleasure having you on board.

4 MS. FAZHULINA: Thank you, glad to be here.

5 CHAIR BROWN: Great. So we'll stop the Public
6 Agenda, Passport Funds with the Fourth Quarter 2025
7 Passport Funds Performance. I think Amanda is going to
8 take that.

9 MS. JANUSZ: Yes, Tom, I will, thank you.

10 CHAIR BROWN: Thank you.

11 MS. JANUSZ: Okay. So to start things off, I
12 wanted to just formally share the fourth quarter final
13 report for the Passport Funds. We had previously shared
14 a December flash report at the February meeting, but to
15 kind of summarize the year as a whole, very, very strong
16 year in terms of returns on an absolute basis.

17 You can see double digit returns looking at
18 that one-year column really across equity markets,
19 particularly strong results from non-US markets.

20 One of the things that we saw as really a key
21 dynamic of the year, in particular in the rally that we
22 saw coming out of the April Liberation Day recovery, was
23 the fact that it was a kind of historically difficult
24 period for active managers, particularly those that
25 focus on higher quality stocks because what rallied the

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1 strongest coming out of that market downturn was really
2 lowest quality, more speculative names, that a lot of
3 your active managers simply don't prioritize in their
4 strategies. Not surprisingly, right? A lot of active
5 managers do gravitate towards higher quality names, and
6 particularly within defined contribution programs, it's
7 not typical for us to be engaging with a lot of those
8 managers that are going to be looking at the riskier end
9 of the market.

10 So you do see more -- a bit of
11 underperformance from the active portions of these
12 sleeves. So you can see that, particularly within the
13 US and international active sleeves of the Diversified
14 Equity Fund, looking at that one-year page, a bit of
15 drag there from the active management, and also within
16 the Sustainable Equity Fund where we're seeing some
17 relative underperformance, really driven in large part
18 by that market environment that was very much a headwind
19 for managers emphasizing quality.

20 But overall, very strong year. You closed the
21 year of the Passport Fund at \$23.6 billion in total
22 assets. That was up from 21.2 a year prior. And
23 overall returns year for the Diversified Equity Fund up
24 over 18 percent on the year.

25 Your strongest performer, as I mentioned,

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1 coming from the non-US equity piece. So you can see the
2 International Equity Standalone Fund up close to 27
3 percent, and the International Equity Index up over 31
4 percent on the calendar year. So very strong year in

5 terms of the goals.

6 If there's not any questions, I will flip over
7 to more recent numbers through the end of January.

8 CHAIR BROWN: Great. Any questions?

9 Sure. Looking at January.

10 MS. JANUSZ: Can you still see this? Yeah.

11 So for the month of January, we had,
12 essentially, a continued or sustained rally in equity
13 markets through the month that were supported by robust
14 corporate earnings that came out earlier this year, a
15 more stable labor market. Some of that was offset by a
16 bit of volatility tied to some geopolitical events. So
17 in particular, the activity in Venezuela and around
18 Greenland, continued tariff threats. All of those
19 caused a little bit of noise throughout the month, but
20 we ended in a positive place for most segments of the
21 equity markets, and you can see that reflected in the
22 one-month returns here for the Passport Funds.

23 The Diversified Equity Fund up 2.3 percent for
24 the month of January, really with the one drag
25 continuing to come from that US equity active sleeve,

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1 which was the one component that was down with a
2 negative result of negative 0.36 percent for the month.

3 As of the close of January, total assets in
4 the Passport Funds moved up to just over \$24 billion.

5 And then our last update here is just a
6 preliminary benchmark report through the end of February
7 representing, or as a proxy for Passport Fund results.

8 The one thing I'll just mention to be clear is
9 that these numbers are not going to capture any of the
10 effects of the weekend's activities since that
11 technically was after the close of markets on Friday.
12 So that really has only begun to impact markets here
13 this week.

14 But in terms of the month of February, a
15 little bit of a mix here for equity markets. You saw
16 very, very strong results from emerging markets up 5.5
17 percent, and US small caps also had their strongest
18 month since August, but we saw a drag from tech names,
19 so software, IT, particularly the Mag seven, and you can
20 see that reflected here, particularly in the Russell
21 1000 Growth Index, which is one of the now three
22 benchmarks that are part of the Sustainable Equity Fund
23 composite. So that was down about 3.3 percent for the
24 month.

25 CHAIR BROWN: Great. Thank you, Amanda.

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1 Any questions?

2 MS. JANUSZ: Thanks, Tom.

3 CHAIR BROWN: Thank you.

4 So we move on to the Public Agenda Pension
5 Fund with a market overview and performance update and
6 risk update from Dan.

7 MR. HAAS: Great.
8 CHAIR BROWN: Thank you, Dan.
9 MR. HAAS: Is here okay? Or do you have a
10 mic?
11 CHAIR BROWN: Sure. I think that's fine.
12 MR. HAAS: I think Wilfredo will be driving
13 today. I think he'll probably bring it up in just a
14 second here.
15 But good morning, everyone, and thank you for
16 having me yet again. It's always a pleasure to come
17 before the Board.
18 CHAIR BROWN: Good morning. Wilfredo came
19 through.
20 MR. HAAS: Thank you, Wilfredo. Can we just
21 jump to the next slide, please?
22 So I guess kind of tailing on what Amanda
23 said, there's a bit of a lag here. We'll catch up, I
24 promise.
25 The Iranian conflict certainly roiled markets,
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1 introduced a -- not real profound here, but it's more of
2 a significant uncertainty over the coming months and
3 what that will mean for your investments.
4 That said, major US equities are down about a
5 percent-and-a-half over the last week this morning.
6 CHAIR BROWN: What percent was that?
7 MR. HAAS: Major US markets.
8 CHAIR BROWN: What percent down?
9 MR. HAAS: About a percent-and-a-half.
10 CHAIR BROWN: Wow.
11 MR. HAAS: Yeah. And this morning, the
12 futures were trading down about another half percent.
13 They seem to have bounced since then. So chop, but
14 nothing considered to be a correction, necessarily.
15 International markets, they're about 4 to 6
16 percent off in USD terms this week. The dollar drove
17 about a percent of that 4.4 to 6 percent range, I was
18 able to glean. And then yields on sovereign debt across
19 the world are also up. I saw US Treasury yields across
20 the curve, various maturities, up about 15 basis points
21 over the last couple of weeks. So again, there
22 certainly is some pricing activity which can have a
23 significant impact on -- or will certainly have an
24 impact on your returns.
25 The key takeaway, though, is there's really no
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1 predicting how long this will last or what the impact
2 will have on the value of the investments overall,
3 whether there's a regime change or just market shock.
4 We were sitting in a weekly rebalancing
5 committee meeting yesterday and it gives BAM, our asset
6 class managers and our DCIOs and Monte an opportunity to
7 kind of sit down. It's a good cadence that we have on a
8 weekly basis where we look at your active weights and

9 talk about whether there should be trading in and out of
10 your portfolio. Usually, it has more to do with raising
11 cash and just making sure that we're in line with the
12 balances, but we usually have a pretty good economic
13 discussion there as well. And yesterday was no
14 exception, particularly with the Iranian war kind of at
15 the top of our minds.

16 Ed Berman kind of took us around the world in
17 it felt like 45 seconds, but I think it was a little bit
18 longer.

19 CHAIR BROWN: So this is affecting worldwide
20 markets?

21 MR. HAAS: Yeah. Yeah, it is. What we came
22 to -- I mean, once my head stopped spinning, you have
23 all met Ed and he's got a one in a million mind and he
24 reads everything and he has deep and broad knowledge of
25 many things, but he took us around the world very

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1 quickly.

2 The conclusion that we came to, though, is
3 that this is chop, right? We are long-term investors.
4 We're not really tuned toward taking tactical bets or
5 being reactive to short-term changes in the market,
6 significant as they may be. And the bar that we would
7 have for recommending any change in how your assets are
8 allocated is quite high. We haven't reached that yet.
9 That's sort of the takeaway from yesterday's discussion
10 anyway. So that's affirmation that we're set and we're
11 comfortable with where we are.

12 Notwithstanding the last few days, the equity
13 markets are actually performing well. They continue to
14 set records throughout January or February. We saw
15 Magnificent Seven, you know, tech stocks retrace some of
16 their gains in the first couple of months of this year,
17 which is good news. There was some concern that the
18 market was top heavy and quite reliant on the
19 performance of those. So though the S&P was relatively
20 flat for the first couple of months, a lot of that was
21 just maybe profit-taking, but price depreciation for the
22 Mag Seven.

23 If you look at kind of an equal weighted S&P
24 500, that was about 7 percent year-to-date, whereas the
25 market cap weight, the headline that we all see in the

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1 news, that was flat for the first couple of months. And
2 again, the dynamic driving that is kind of the unwind of
3 the AI valuation or the AI driven stocks.

4 Wilfredo, can you go back one slide, please?

5 Still on headlines. Forgive me. One of the
6 news items that we are really paying attention to, and I
7 think Monte will probably jump in once I'm done with the
8 little setup here, is just that. It's the first kind of
9 three headlines, right? We spoke about, in past
10 meetings, quite a lot about sort of the unprecedented

11 level of dispersion among opinions of the Fed, among the
12 Fed governors.

13 You recall also that Chairman Powell's term is
14 up in May. You may have heard in the news that the
15 president appointed Kevin Warsh to be the new Fed
16 governor. That was generally received well by markets.
17 It was sort of a horse race between Kevin Warsh and
18 Kevin Hassett, if I remember correctly. Kevin Hassett
19 was seen as a little more accommodative to the
20 administration's policy goals of keeping low rates and
21 promoting economic growth, whereas Kevin Warsh is,
22 historically at least, a bit more of an inflation hawk.

23 There is some concern though that as Chairman
24 Warsh -- I don't know if this is lightly, or I don't
25 want to put it too lightly, but that he won't -- he will

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1 cave to administration's concerns, right? He'll be a
2 little bit more accommodative. There's concerns that
3 the Fed will not maintain the level of independence that
4 it has in the past, and that has huge implications for
5 the world market's confidence in its ability to
6 accommodate these things. You know, ripple effects can
7 run across that.

8 Monte mentioned last month that has -- it's
9 probably one of the biggest stories of the year. I
10 think the term that Monte used was which Kevin Warsh is
11 going to show up.

12 MR. TARBOX: Well, Dan has heard my little
13 sermon about 2026 often enough that he's managed to
14 weave it into his remarks.

15 My only point to make is that I think that
16 we're going to look back on 2026 and there'll be a good
17 chance that we'll see it as a real sea change or
18 inflection point in how central banks, not just in the
19 United States but globally, operate. In the United
20 States, obviously, the Fed is under a ton of pressure
21 from Trump and the administration to be more
22 accommodated to what their interests are, which is
23 exactly why the Fed was set up to be independent.

24 So Trump is making a full scale assault on the
25 Fed's independence, and so that in and of itself

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1 represents a big change that we haven't seen in decades,
2 first of all.

3 Secondly, if Trump succeeds, it's not clear
4 about what America First means for Central Bank policy.
5 Part of the reason that we survived, the global economy
6 has survived as well as it has since 2008, is because
7 our Central Bank, which is sort of at the hub or at the
8 center of Central Bank relationship to policy, at the
9 slightest sign of a recession or a bad downturn, the US
10 Fed would step up and provide tons of liquidity.

11 As a result, we haven't had a proper recession
12 in a long time, and that's generally a good thing. They

13 have done a masterful job, in my opinion, of navigating
14 those shoals, but part of the way they have done it is
15 to not only prop up the US economy, but wherever
16 necessary, provide liquidity to the rest of the
17 developed world.

18 And they have done this through a variety of
19 vehicles, notably dollar swap lines with other central
20 banks. This is really wonky behind the scenes stuff,
21 but it's exactly what's kept the global economy ticking
22 on in the face of the dot com crash, the recession --
23 well, the blow up of 2008 and COVID.

24 And I don't know what Trump will think about
25 those kind of relationships. Let's pray he doesn't find

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1 out, nobody tells him, because we're better off with the
2 status quo.

3 And long story short, as Dan alluded to, I
4 think there's a good chance we'll look back on 2026 and
5 say, well, this is really an important change in how the
6 economy is managed from Wall Street -- excuse me, from
7 White House. We'll never know on a certain day, okay,
8 now it's different. It'll be slow, it'll be subtle and
9 might take us a couple of years to realize the true
10 impact, but I think this has got the makings. I said I
11 thought it'd be the biggest economic story of 2026, but
12 as of last weekend, I may be wrong. It may be one of
13 the biggest, but maybe not the biggest, so we'll see.

14 So with that, I'll give it back to Dan.

15 CHAIR BROWN: Thank you.

16 MR. HAAS: Thanks, Monte.

17 Why don't we move on to the next slide?

18 And again, benefit from Monte's insights and
19 so you can contextualize what I'm trying to say in a way
20 that really adds a lot of value there.

21 As we look at the -- just jumping into some of
22 the economic data, fourth quarter, we saw both inflation
23 gauges kind of continue to show some moderation. The
24 white line there is the CPI's kind of headline inflation
25 index that we talk about.

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1 The orange line is the PCE. Again, that's the
2 inflation measure that the Fed pays attention to. The
3 point is they have been kind of turning down over the
4 last couple of years, which is a good sign. They are
5 still struggling over the 2 percent target that the Fed
6 likes to see, CPCE at 3 percent there. And again, it's
7 good news, but it's not quite mission accomplished
8 there. So there still remains some concerns, some
9 inflationary concerns to the upside that we can flare
10 back up if we're not kind of diligent about maintaining
11 controls.

12 Moving on to kind of our unemployment
13 measures, we've got the January numbers that came in at
14 4.3 percent, and fairly strong job numbers, 130,000 new

15 jobs, which is much higher than we have seen in recent
16 months. That doubled the 65,000 job estimate that the
17 consensus had.

18 Overall, you can think of full employment in a
19 3.5 to 4.5 percent range. So we're there, certainly,
20 4.3 percent is a pretty favorable level. Over here, you
21 can see that the white line there is trending up over
22 the last couple of years, slowly but steadily. Again,
23 it could be a sign that -- well, something to pay
24 attention to anyway, in terms of the economy slowing
25 down, particularly when you hear about massive layoffs

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1 among Amazon and UPS and large employers like that.

2 That green line there, the prime age labor
3 participation rate, again, those are workers 25 to 54.
4 That's continuing to creep up towards 30-year highs that
5 we have seen in 1999, if I remember correctly. Again,
6 the good news is that we're firing on all cylinders and
7 people are employed and spending money and working as
8 you hope they would.

9 The particularly high level, you wonder if
10 there's early signs of capacity issues that would have
11 to be picked up or it could be an inflationary trend.

12 The next slide, looking toward GDP growth, I
13 kind of simplified this from what we have been showing
14 you guys recently. The red line is the US GDP growth
15 and we have plotted that alongside the UK in the white
16 line there, and China in the green line. And again,
17 among our industrialized peers, we're toward the top of
18 the pack. China has been growing at a much higher rate
19 historically. You see the green line always trends for
20 the most part above the other ones, except for COVID.

21 And so it's good news for us. We are still
22 growing at a healthy, robust rate, though we're still
23 below China. I noticed there's an article in Times
24 today that China actually revised their '26 growth
25 estimates down below. They have a 4.5 to 5 percent

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1 target this year, which is the first time they have
2 plotted below 5 percent since 1991. So again, just
3 signs of headwinds in their local economy, but they're
4 giving themselves rooms to make some adjustments rather
5 than trying to reach a particularly high level.

6 Looking at interest rates -- thanks, Wilfredo.

7 Again, we notice that -- we talked about this
8 last month, but the Fed cut rates down to 3.75 percent
9 in their January meeting. Yeah, maybe it was December.
10 That puts us in line with where the Bank of England is.
11 Again, we're showing the three, we're showing alongside
12 the Bank of England and the ECB. You see them sort of
13 trending in similar directions. 3.75 percent is, if
14 you're looking forward, we're expecting perhaps two more
15 rate cuts in 2026 with the Fed dot clocks.

16 Again, a lot of dispersion in that number,

17 difference of opinions. Some of the governors have it
18 up, have us increasing rates, others have us decreasing
19 rates more, but it plots down to perhaps another two
20 rate cuts as of now.

21 ECB likely to follow suit. They have some
22 headwinds in the economy as well, so we can expect some
23 rate cuts in 2026 from them as well.

24 And I'm sorry, that was the Bank of England, I
25 would expect that. The ECB is likely to hold at 2

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1 percent for the foreseeable future.

2 Next Fed meeting, March 17th and 18th. Again,
3 we're not expecting a change in that particular meeting.

4 Moving on to the yield curve, again, another
5 kind of simplified slide. We show you a bunch of lines
6 throughout history. We're showing you where the yield
7 curve is today and what's important about it, and it is
8 just that it is normally sloping and robust. So we're
9 being compensated again for investing in Treasuries.
10 That gray shaded area, you'll note, is maturities, it's
11 the plot for maturities between two years and 10 years,
12 and the spread between the two-year and 10-year maturity
13 yields is 56 basis points.

14 Again, a healthy indicator that the economy is
15 operating normally. You're receiving term premium for
16 investing in longer term assets, and it's healthy for
17 bank functioning, and again, great indicator of a strong
18 economy that's operating normally.

19 Credit spreads. The next slide there, again,
20 this is the amount you're being compensated for
21 investing in investment grade or high yield securities.
22 Those spreads that we have there, 295 and 83 basis
23 points respectively are still quite tight. The straight
24 lines you see across, that's the 25-year average for
25 them. So you can see where we're applying below them

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1 significantly.

2 Again, a good sign that money is flowing
3 freely. Investors are not -- they don't need to be
4 compensated at a higher level for taking additional risk
5 and investing in corporate debt.

6 And the only note I'll make here is that, when
7 rates do increase, they do so significantly and quickly,
8 and that applies a fairly large price correction when
9 that occurs. So something to watch out for. You'll
10 also rest of course that they come back out over time.

11 And then we'll -- just kind of setting us up
12 for the quarterly performance review. Again, these are
13 market returns that I'm kind of repeating a lot of what
14 Amanda said here, but for these indices, again, I'll
15 just note that particularly strong performance in non-US
16 markets/unit, partially function of a weaker dollar.

17 Also, just because capital flows were going
18 into those markets, possibly at the expense of US

19 markets, we saw capital flows going in there, which did
20 pricing out there.

21 The real important part of this though is that
22 gray column off to the right. And again, those were the
23 long run expected returns for each of those asset
24 classes back in 2023, the last time we revisited the
25 strategic asset allocation.

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1 The 6.7 percent expected returns to Russell
2 3000, you can see that we have kind of knocked that out
3 of the park, but particularly over the last three years
4 during the time the appendix allocation in place, but
5 that applies to a couple of things.

6 First, it's great news for the portfolio.
7 You've earned quite -- you know, above and beyond what
8 our expectation was. When we proposed and you approved
9 that strategic asset allocation, the portfolio hadn't
10 expected to churn of 7 percent, right? And obviously
11 you have outperformed that over the last couple of
12 years, and again, this is what's driving this, is these
13 market dynamics that are going to help you exceed that.

14 The other thing I'll mention on this chart
15 before we move forward, so I'll tie back to it in a
16 minute, the five-year numbers, the only red you see on
17 the chart there is investment grade and government debt
18 on the five-year.

19 What drove that was rate expansion. So after
20 COVID, coming out of COVID in 2021, we saw quite a lot
21 of inflation. The Fed's reaction to that was to raise
22 interest rates and that rate expansion drove fixed
23 income pricing down, and that impacts the five-year
24 number, markets have recovered, and we have taken our
25 hit between the five year, between five years ago and

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1 three years ago. So that's why you don't see it playing
2 through in three for the one-year numbers. So again, it
3 kind of illustrates the market disruption that you see
4 back in the timeframe.

5 Why don't we jump into your quarterly review
6 here? Before I talk about this slide, a little bit of a
7 mea culpa. The slides we posted to Convene last night
8 actually were referencing a different pension system,
9 and the reason for that, a little bit behind the scenes,
10 we color code a lot of these charts to make sure that we
11 don't mix up things like that. But as it happens,
12 Teachers' gold looks a lot like --

13 CHAIR BROWN: Was it better than ours?

14 MR. HAAS: No, it looks pretty much the same.
15 Yeah.

16 CHAIR BROWN: Oh, okay.

17 MR. HAAS: It looks a lot like NYCERS orange
18 to a guy who's on a deadline.

19 So we -- happily my colleague, Kim Boston,
20 caught that this morning. We have already reposted

21 updated slides to Convene and it looks like this. So I
22 do apologize for the mistake.

23 At any rate, all this slide does is the dark
24 blue line there is a 7 percent return, a level return,
25 what you're expecting boagey. If we were to invest a

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1 thousand dollars and earn 7 percent over a period of 10
2 years, you lend just under \$2,000, it would to be \$1,967
3 and that's how that flops through.

4 If you put that same thousand dollars into the
5 future portfolio, your fixed return funds or the QPP
6 returns, the squiggly line, if you will, you're landing
7 at just under \$2,300, reflecting an 8.5 percent return
8 that we have seen over the last 10 years. So again,
9 good news, great implications for funding ratios, great
10 implications for city transfers, and again, just an
11 indicator of real strong market for the last couple of
12 years.

13 Moving on to portfolio composition. Again,
14 this slide is just a pie chart and a dollar chart, just
15 sort of level setting, and it mimics a lot of what you
16 see in your quarterly reports from Convene. But again,
17 you're about 45 percent in public equities, a third in
18 public fixed income, the remainder in alternatives.

19 We remain pretty close to your strategic
20 targets. We try to keep that as -- within a 1 percent
21 range at those high levels and we look at it on a weekly
22 basis. So pretty close to the mandate that you gave us
23 a few years ago and it's where we are.

24 Moving into your returns, the plan returns,
25 again, this chart and the table below it -- we'll let

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1 Wilfredo catch up for a second here. There we go.

2 Thanks.

3 Your fourth quarter returns at 2.2 percent.
4 Again, you're plotting a little bit below the policy,
5 you're a little bit below the public market equivalent
6 return, which would be a 65 percent mix of public
7 equities and 35 percent of the US fixed income
8 aggregate, and then you're also a little bit below the
9 TUCS, which are your peers among other large pension
10 funds.

11 A couple of different phenomena playing out
12 within these numbers. If we look at total plan versus
13 the policy returns for any of those periods, that's
14 driven a little bit by individual manager selection.
15 It's driven by the amount by which we deviate from the
16 targets, and sometimes it's functional, we typically
17 don't know. And it's also driven by sort of the
18 mismatch between the benchmarks that we have set as
19 policy, which are usually linked to public markets
20 investments, and for private markets, which have
21 different pricing dynamics. We talked about that a
22 little bit in the last couple of months, but that's what

23 drives a lot of those differences.

24 What you see us teasing out when we compare
25 the returns to the 65/35 portfolio is just that. It's
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1 usually the private nature of some of our investments
2 and the fact that they have different return profiles.
3 And then there is a bit of a deviation between your
4 actual equity exposure and that 65 percent. So that
5 changes over time. So when you start looking at a
6 10-year number, you really see that playing through a
7 little bit more.

8 So before I move on, I just want to see if
9 there's any questions I can address.

10 CHAIR BROWN: Any questions for Dan?
11 You're good.

12 MR. HAAS: Okay, great.

13 So we'll just jump into your strategy returns
14 and run through these two kind of subsections left here.
15 These are your public market returns, again, going from
16 three months out to 10 years. Again, net returns, so
17 net of manager fees, and again, pretty good news. The
18 only negative that you see there is within the core
19 fixed income. And again, that's that dynamic of the
20 rate expansion when the Fed was hiking rates in response
21 to inflation in 2022.

22 Again, I won't belabor the point, but stellar
23 performance in the one or three years on the public
24 market space. It's really kind of moved portfolio
25 performance.

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1 As we move into the returns relative to the
2 benchmark, not terrible news here. Again, US equity,
3 you're tracking your benchmark fairly well. The
4 negative excesses that you're seeing in the world XUS or
5 your developed markets portfolio is driven by some of
6 the active managers in there. We won't get into it
7 here, but happy to answer any follow-up questions when
8 we move into executive.

9 And also I'll remind you that Ed Berman is
10 rolling out the MARS process. He spoke to you about
11 that either last month or in December, but he's giving
12 you a review next month, and that's when you really kind
13 of get into the managers that are performing, how the
14 managers are performing, what's driving their
15 performance, and what we're doing about it. So just a
16 bit of a preview, a bit of a plug for that product
17 because it's kind of -- it's foundational. It's a great
18 tool.

19 Any questions here before we move on?

20 CHAIR BROWN: We're good.

21 MR. HAAS: Okay. Looking at your
22 alternatives, again, these are going to be lagged a
23 quarter. It just has to do with how quickly those
24 managers can report back to us. And we want to give you

25 the actual kind of final numbers. So these are sourced
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1 mostly from your consultants and just reflective of the
2 fact that there is some lagging in the report itself.

3 Pretty good news across the board, not public
4 markets returns, but positive and solid performance,
5 especially when you look out for those longer periods of
6 10 year, private equity earning 12 percent, I mean,
7 that's a pretty good 10-year number.

8 Private real estate, again, a bit of weakness
9 in the three-year, has to do with some inflationary
10 pressures, has to do with some stress in that market.
11 But again, you can see that the returns have started to
12 rebound and the long-term nature of our viewpoint is
13 paying off.

14 Looking at these returns relative to their
15 benchmarks on the next slide, again, you can see the red
16 there in the private equity space. Again, I tend to be
17 an apologist for this kind of stuff. I need to be.
18 This is a reflection that the public markets have
19 performed so well, we have all made money, right?

20 The private equity performance is clipping
21 along. It's doing what it's supposed to do. We hope
22 for returns in excess of public market returns. We are
23 paying up effectively a liquidity premium for investing
24 in that space. The managers are in control of when they
25 call capital distributed back to us and that's worth

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1 something to us. That's why we have a 300 basis point
2 premium on that. But you really can't control for the
3 fundamental runup we saw in public markets and that's
4 really what's driving a lot of those numbers.

5 Real estate, again, performing pretty well.
6 That's relative to the Odyssey, and actually, there
7 should be a hundred basis point premium on that. I
8 double checked that this morning, my apologies, but
9 that's performing pretty well.

10 Infrastructure alternative credit, again,
11 perennial strong performance relative to their
12 benchmarks.

13 Any questions before we move on?

14 Okay. And then finally, just a quick review
15 of the risk. A little feedback, the data here is a
16 little bit dense and could be a little bit tough to
17 read. It's really meant to be kind of a quick visual,
18 right? If you think of the portfolio risk as how much
19 you could expect the portfolio to gain or lose in any
20 timeframe, right, we simply scaled that down to expected
21 returns for a quarter, and that's what those bars
22 represent, how much two-thirds of the time you'd expect
23 to gain or lose either in the portfolio or in any of
24 those strategies or sub-strategies.

25 And then those orange triangles are actually

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1 how you performed in the last quarter, the fourth
2 quarter, right? Those are accounting returns for
3 alternatives. It's a little bit different than the
4 returns we report for you on a lag basis, but it's what,
5 over the long run, kind of evens out.

6 The takeaway here is, last quarter, you didn't
7 see the stellar performance you saw in the third
8 quarter, but it was positive. It was within the
9 expected range that we hope to see and pretty good news.

10 If we move into our last slide here, just the
11 portfolio risk summary, I always tend to get bogged down
12 in this. I'm going to give you the highlights, and if
13 you have any questions, I'm happy to jump into detail.
14 But again, what we're trying to demonstrate here in the
15 table we'll focus on a little bit broadly before we get
16 to the meat of it, we're comparing a market portfolio,
17 which is a 65/35 mix of public investments to your
18 policy benchmark. So again, that's how we set the
19 strategic asset allocation three years ago, and then we
20 compare that to how your portfolio actually performed.

21 The headline there is you're taking a little
22 bit less equity risk in the portfolio, both from a
23 policy and an as-invested basis. We're taking a little
24 bit less rate risk. You see that playing out in the
25 rates duration of the spread duration in the 65/35

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1 market portfolio. And you can see that we're taking a
2 little bit less risk than that 65/35 portfolio as well,
3 when you get down to the portfolio risks there.

4 So the portfolio as invested is at a 9.5
5 percent annual volatility or risk compared to the 10
6 percent risk you take if you just kind of blindly index
7 the fund to a 65/35 bogey. The active risk at 1.8
8 percent is, I'll move into that in a second, but tightly
9 bound. It's about what we have been running for the
10 last several years.

11 If we look at the tables on the right there,
12 or the charts on the right there, you can see same kind
13 of observations as last quarter. You see risk across
14 the board popping up. Again, that was in relation to
15 the tariff announcements in April last year, and it's
16 been kind of trickling down steadily ever since. We're
17 pretty much back to -- we're still a bit higher, but
18 we're getting close to where we were prior to those
19 announcements. So again, the market has assessed the
20 impact of those and sort of evened it out. We'll see
21 how we plot out next quarter after the Iran invasion.

22 The chart at the bottom there, again, that is
23 just your active risk of that 1.8 percent for December.
24 We're just looking back at it over the course of the
25 year. You can see it's fairly tightly bound from 1.7,

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1 1.9 percent. Again, good news, just since the portfolio
2 is acting as we expect it to. It's invested fairly

3 close to its bench mark wire and not displaying any
4 outward active risk at any point in time.
5 Do you have any questions on this material?
6 CHAIR BROWN: No questions. Okay.
7 MR. HAAS: Or anything I spoke about,
8 actually? That kind of concludes all my slides.
9 CHAIR BROWN: Thank you, Dan.
10 MR. HAAS: Thank you.
11 CHAIR BROWN: Any questions for Dan? Great.
12 So that brings us to the end of our Public
13 Agenda. Do we have a motion to move into Executive
14 Session.
15 MS. LEE: So moved.
16 CHAIR BROWN: Is there a second?
17 MS. LEE: Second.
18 CHAIR BROWN: Great. All those in favor of
19 going into an Executive Session, please say aye?
20 (Ayes were heard.)
21 CHAIR BROWN: Opposed, say nay? Abstentions?
22 We're now in Executive Session. Thank you.
23 Let the record show that Anthony Giordano is
24 now present.
25 MS. REILLY: I did.
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1 CHAIR BROWN: Thank you.
2 MS. REILLY: Thank you.
3 CHAIR BROWN: Thank you.
4 (Exit Public Session; enter Executive
5 Session.)
6 (Exit Executive Session; enter Public
7 Session.)
8 CHAIR BROWN: Great. Now we're back into
9 Public Session. Welcome.
10 And we'll have a readout from Priscilla
11 Bailey.
12 MS. BAILEY: Good morning, Mr. Chairman.
13 CHAIR BROWN: Good morning, Priscilla. How
14 are you?
15 MS. BAILEY: Good. How are you?
16 CHAIR BROWN: Good. Thank you.
17 MS. REILLY: Sorry, I can't see everyone, but
18 I can definitely get to the readout.
19 In the Executive Session of the Passport Fund,
20 there were two manager updates.
21 In the Executive Session of the Pension Fund,
22 there was an update on preliminary performance.
23 The Board had a presentation on a private
24 equity partnership.
25 In conclusion, details to be made available at
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1 the appropriate time. Thank you.
2 CHAIR BROWN: Thank you, Priscilla.
3 MS. BAILEY: Thank you.
4 CHAIR BROWN: Are there any questions before

5 we ask for adjournment? Great.
6 Thanks again, as always, to Genis (phonetic),
7 our TRS tech, and to Will, our recorder. Much
8 appreciated, guys.
9 And with that, I'll entertain a motion to
10 adjourn.
11 MS. MCGRATH: So moved.
12 CHAIR BROWN: It's been moved. And is there a
13 second?
14 MS. LEE: Second.
15 CHAIR BROWN: It's been seconded.
16 All those in favor of adjourning, please say
17 aye?
18 (Ayes were heard.)
19 CHAIR BROWN: Opposed, nay? Abstentions?
20 We are now adjourned. Thank you, everybody.
21 Appreciate it.
22 (The proceedings concluded at 11:44 a.m.)
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14 IN WITNESS THEREOF, I have hereunto set my
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