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TEACHERS' RETIREMENT SYSTEM OF THE CITY OF NEW YORK

INVESTMENT MEETING

February 5, 2026
10:08 a.m.

Teachers' Retirement System of NYC
55 Water Street, 16th Floor
New York, New York 10041

William Montague
Digital Reporter
Notary Commission No. 01MO0009174

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APPEARANCES

PATRICIA REILLY, EXECUTIVE DIRECTOR
THAD MCTIGUE, DEPUTY EXECUTIVE DIRECTOR
THOMAS BROWN, CHAIR, TRUSTEE
KEVIN LIU, MAYOR'S OFFICE, TRUSTEE
AMY SLATTERY, OFFICE OF THE COMPTROLLER, TRUSTEE
JOHN DORSA, OFFICE OF THE COMPTROLLER, TRUSTEE
KATE VISCONTI, OFFICE OF THE COMPTROLLER, TRUSTEE
VICTORIA LEE, TRUSTEE
CHRISTINA MCGRATH, TRUSTEE

Also Present:
LIZ SANCHEZ, TRS
PRISCILLA BAILEY, TRS
KOMIL ATAEV, TRS
ISAAC GLOVINSKY, ESQUIRE, TRS
DAVID LEVINE, ESQUIRE, TRS
DANIEL WHITMAN, ESQUIRE, LAW DEPARTMENT
ANDREW ROSEN, TRS
RENEE PEARCE, TRS
NADIA FAZHULINA, OFFICE OF THE MAYOR
LAMONT TARBOX, BUREAU OF ASSET MANAGEMENT
DANIEL HAAS, BUREAU OF ASSET MANAGEMENT
WILFREDO SUAREZ, BUREAU OF ASSET MANAGEMENT
STEVE PAK, BUREAU OF ASSET MANAGEMENT

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GRACE JUHN, BUREAU OF ASSET MANAGEMENT
DONALD DE ROSA, BUREAU OF ASSET MANAGEMENT
MAREK TYSZKIEWICZ, CHIEF ACTUARY
AMANDA JANUSZ, ROCATON/GOLDMAN SACHS
MICHAEL FULVIO, ROCATON/GOLDMAN SACHS
GINA TARANTINO, GOLDMAN SACHS
LINDSEY MCMURRAY, POLLEN STREET CAPITAL CREDIT
WILLIAM TICE, POLLEN STREET CAPITAL CREDIT
BRANDON WRIGHT, POLLEN STREET CAPITAL CREDIT

(The proceedings commenced at 10:08 a.m.)

MS. REILLY: Good morning.

CHAIRMAN BROWN: Good morning.

MS. REILLY: Welcome to the Teachers' Retirement Board for February 5th, 2026. I'll start by calling the roll.

Joseph Borelli?

Thomas Brown?

CHAIRMAN BROWN: Good morning, Patricia. Present.

MS. REILLY: Phil Dukes? Oh, I see --

MR. LIU: Kevin.

MS. REILLY: -- Kevin is here.

Kevin Liu?

MR. LIU: Present.

MS. REILLY: Gregory Faulkner?

Amy Slattery?

MS. SLATTERY: Present.

MS. REILLY: Victoria Lee?

MS. LEE: Good morning. Present.

MS. REILLY: Good morning.

Christina McGrath?

MS. MCGRATH: Good morning. Present.

MS. REILLY: We have a quorum. And I'll hand it over to the Chair.

CHAIRMAN BROWN: Good morning, Patricia.

Good morning, everybody. We'll start the agenda today with the December 2025 Passport Funds Flash Report, and I think Amanda from GSAM is here to help us out.

MS. JANUSZ: Thank you, Tom.

CHAIRMAN BROWN: Hey, Amanda. How are you?

MS. JANUSZ: Doing well, thanks. And yourself?

CHAIRMAN BROWN: Good, thank you.

MS. JANUSZ: All right. So closing out the year for the Passport Funds, we have December -- results will be in December for the Variable Funds here, and the good news is it was a very strong year. So ended the year at 23.6 billion in total assets across the Variable Funds. That's up from 21.2 billion at the end of 2024. And a lot of that is attributable to very strong equity markets throughout the year.

So for the month of December, I would say modest market appreciation in equity markets, primarily driven by non-US markets, while US markets were essentially flat for the month. We also did, in December, see an additional Fed rate cut another 25 basis points on the -- on that key interest rate there, which is now -- has now been cut 175 basis points since

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the peak in 2024.

So the Diversified Equity Fund, you can see at the top of the slide there, which is where about 90 percent of the assets sit within the Passport Funds, we talk about 75 basis points for the month of December, most of that coming from your International Equity Fund. We also did see some outperformance from the active management sleeves within both US and non-US equities.

Looking out to the one-year column, very strong absolute returns at over 18 percent for the Diversified Equity, although trailing that custom benchmark in large part because the year on the whole has been a very challenging environment for active managers. So both your US and international active sleeves have trailed their respective benchmarks somewhat and that's really been the case across the market. But overall, a very strong month to close out the year.

CHAIRMAN BROWN: Thank you, Amanda.

Any questions for Amanda? So we'll skip, right, one month ahead and then we go into January 2026, the Preliminary Benchmark Performance, and Amanda is going to take that as well.

MS. JANUSZ: One second here.

So we don't yet have our January results for

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the Passport Funds, so just sharing your benchmark results through the close of January. And again, another positive month in markets, in most asset classes, here across the month of January.

Some of the positive things we saw, certainly, again, continued strength in non-US markets. We also saw robust earnings, for the most part, corporate earnings that have come in for the fourth quarter. But we also had some volatility driven primarily by some geopolitical events. So if you think about the US intervention in Venezuela, that raised some concerns about oil markets in particular, and then some of the political posturing around Greenland, both -- any of those events, that caused some market uncertainty.

But as we have seen over the last couple of years, we saw the markets rebound very quickly in both cases, right? So neither caused really dramatic market impact and we ended the month here in positive territory.

So again, international markets leading the month. You can see developed markets up around 5 percent for January, emerging markets up close to 9 percent, with US markets up around 2 percent for the month.

CHAIRMAN BROWN: Thank you, Amanda.

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Any questions? Great.

We move into the Public Agenda for the Pension Fund, and we have a Performance Update by Dan.

Do you want to sit at the table, perhaps, or? Whatever you're comfortable with, Dan.

MR. HAAS: Whatever you prefer.

CHAIRMAN BROWN: Right there.

MR. HAAS: Okay, great.

CHAIRMAN BROWN: You can sit right there. Thank you, Dan, welcome.

MR. HAAS: Appreciate it.

CHAIRMAN BROWN: Our pleasure.

MR. HAAS: Good morning, everyone. Pleasure to be before you again today. Why don't we jump right in?

The slides you see, again, very familiar to you, the kind of same content that we have seen over the last few months. I'm going to kind of highlight some issues and not gloss over but move kind of quickly over the ones, just not to belabor certain points that have already been made.

Tom, can we move to the next slide? Thanks.

So just, again, top right there, the real GDP, we're starting to see some December prints. You see China and Germany have posted up their quarterly

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observations. These, of course, are annualized, so it's a quarterly number that's been effectively multiplied by four to give you the apples to apples comparison across those economies.

Our most recent observation was, again, from September, at 4.4 percent. We expect results out from them on February 20th this year. And the expectations are, depending on who you look at, a bit higher. The Atlanta Fed GDP now suggests a 4.2 percent print for the fourth quarter. That's a bit higher than New York Fed Now cast, another source. They're showing a 2.7 percent growth rate there, which has an interval of something between 1.6 and 4 percent. So their estimates tend to be a little bit lower. Obviously, we'll find out towards the end of this month where it actually comes.

But what's driving a lot of that information, actually, is the net export number. That seems to be, at least in the Atlanta Fed's model, that seems to be causing most of the variability that you see in there.

As we look at the unemployment numbers there, the jobs market showing some moderate improvements at the margins. When we last spoke, I showed you the unemployment rate at 4.6 percent for November. That number was subsequently revised down a tick to 4.5 percent, and then the December print came in at 4.4

percent. So it's good news, but nothing that's going to move markets or necessarily changes policy.

Labor participation rate is also down a 10th of a percent to 62.4. Not abnormally high, but again, we noted that the prime age labor participation rate workers age 25 to 64 is near its historical high.

The non-farm job creation also remained positive. It was somewhat anemic compared to what we have seen in recent months. So we saw 50,000 new jobs there, in December, created, which is a little bit higher than -- I'm sorry, is that a little higher? A little bit lower than census estimate of 70,000 jobs and a little bit lower also than the 56,000 that we saw the prior month.

Monthly employment numbers are normally released on the first Friday, so that would be tomorrow, of each month. We've got a partial government shutdown, of course, which seems to be pushing that number, that report out to next Wednesday, last I checked. When they are finally released, we expect the economists are expecting no significant changes to the unemployment rate or the labor participation rate. So we're looking for another 4.4 percent unemployment rate and 62.4 percent labor participation rate there.

And then finally, with employment, I'll just

note there were a few large layoff announcements. It's earning season. About a third of the companies in the country reported their earnings for fourth quarter, and some of the things falling out of that, Amazon are expected to cut 16,000 jobs globally in 2026, and then UPS came in with a 30,000-job announcement. So not great news on a forward-looking basis, certainly some headwinds to the employment number.

I looked back a couple of years, these are some of the larger layoff announcements that we have seen in the last few years. Again, it's driven a lot by Amazon and UPS, in particular, are sort of retrenching and finding less labor intensive means of delivering effectively. So UPS is scaling down because it's a reaction to Amazon. They simply are delivering fewer packages.

Since we're there, a look at the world currency rates. Again, no new news there, just again, tailwinds. It is a story of a weaker dollar over the long term, no huge changes most recently, nothing to really note, but again, good news for holders of non-US investments, and implications, obviously, the macro side.

I'll get into it a little bit later on the next slide, but there was a bit of a pop in the US

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dollar last week.

CHAIRMAN BROWN: What was that?

MR. HAAS: There was a bit of -- sorry. The US dollar recently rallied a bit last week just after the announcement of the Fed governor.

And then, Donald, if you could just move to the left again? Sure, right on inflation there.

So inflation estimates, again, have us mid-pack among our peers. The December numbers came in at 2.7 percent, which is what we were expecting them to be. Still a bit higher than the target but not significantly.

So why don't we move to the next slide?

So again, top left there, our survey of the official rates of the US and a few other major central banks. The Fed last met -- met last week, the 27th and the 28th, and as expected, there were no rate changes.

Amanda mentioned that we're at 3.75 percent target rate down from 5.5, so 175 basis point reduction. It's quite likely that those will remain there for the foreseeable future. The real news of the day is that the president nominated Kevin Warsh to be the next Fed chair. He's seen largely -- he's a very serious candidate. I've got some stats here on him.

He was a former fed governor, the youngest in

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history, as it happened, where he acted as Fed's liaison to Wall Street and he had a front seat, a front row seat through the GFC, so understands market turmoil and, you know, gained, clearly, some experience there. He's a policy advisor. He was Executive Secretary of the White House National Economic Council under George W. Bush. More recently, he's been an academic.

He's a distinguished visiting fellow in economics at Stanford's Hoover Institution. He was also a lecturer at San Francisco graduate school. So again, deep economics, the macro experience. Historically, he's been seen on -- as hawkish on inflation and monetary policy. So kind a conservative voice in that space. But more recently, but even to be fair, even before this administration, his commentary has been more aligned with the president's vision. So lower rates, higher growth, in this environment.

So that leaves an open question as to which direction he'll follow if he's confirmed. I think the balance of the commentary seems to be that the Fed remains independent, it won't be as subject to political wins as some people have feared. So that's the good news.

As we think about confirmation, or his confirmation, the objections I found in the news really

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didn't center on his qualifications. It was more political motivations. There's a group that -- there's a group of senators that, for instance, want a law -- there's a criminal investigation into Chairman Powell right now over whatever they do, political investigations, or investigations for. They'd like that dropped before confirming Secretary Warsh. And so it's, again, political considerations that tend to -- that will cause any roadblocks to his confirmation rather than his qualifications in that spot.

Markets reacted well to the announcement. The dollar rallied as the certainty around who was going to be appointed lifted. And then you also saw, you may have seen in the news kind of a rapid and significant selloff of both gold and silver. This was late last week. And again, all driven by the dollar strengthening. So people were going out of these kind of safe harbor assets back into the dollar.

MR. TARBOX: Dan, if I may? I think one of the big economic stories of 2026 is going to be right around this topic and that is it feels like we might be in an inflection point with the relationship between the Fed and the rest of government. And as you well know, the independence of the Fed is under a lot of stress.

To put a cap on what Dan said, we don't know

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which Kevin Warsh is going to show up. Is it going to be the inflation fighter of a few years ago during COVID or the inflation reducer responding to the president's concerns. But given the numerous challenges that the White House has made to the Fed, it will be, I think, a historic year, either way. Either the Fed will hold its ground and maintain its independence or it will become increasingly subject to the whims of the president. Too soon to see how that will play out.

And it's impossible to say what the markets will think about that because there's just too many threads. The Fed is just at the center of the global economy in a way that we shouldn't underestimate it. A change in regime there, and I mean, I don't mean the people, but rather a change in the role that the Fed plays and how it does its business could have profound long-term impacts on the economy. I'll leave it at that.

MR. HAAS: Yeah. Thanks, Monte, well said. That puts a pretty eloquent bow on it, actually.

As we look down toward the bottom there, again, this is the same yield chart. Just reiterating the yield curve today, that red curve, it's good news in a couple of respects.

First, we're receiving carry on fixed income

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investments. You're getting compensated for investing in Treasuries right now in a way that you weren't five years ago. And then you'll note that that positive slope of the curve is generally considered to be healthy, right? It indicates proper functioning in financial markets. You have term premium. So that's kind of how banks work, right? They borrow in the short-term and then lend for the long-term, getting picking up that positive spread. So this is good news for that.

Our 2, 10 spreads -- Donald, if you want to move over to the right a little bit -- is at 61 basis points, if I have that right? Yep. Again, anything between 50 and 100 basis points is considered good news.

And then just kind of wrapping it up, the corporate spreads on that, again, that's the amount that you're compensated for investing in investment grade or high yield corporate debt respectively. Again, near their all time lows. Again, it's suggestive of free flowing capital and market -- positive market sentiment.

And then down on the bottom, the 30-year mortgage, it's six-and-a-quarter, again, down about a percent, or 80 basis points from a year ago, about a percent to go before we hit its long-term historical averages, but moving in the right direction certainly.

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And then gold, we have kind of already spoken about where you have a huge streaming [sic] over what we saw last year, just an indicator of uncertainty in the marketplace.

So I'll leave it at that. I'm happy to take any questions you might have.

CHAIRMAN BROWN: Good. Any questions for Dan?

So you combined -- and that was your market commentary as well?

MR. HAAS: That was, yeah.

CHAIRMAN BROWN: Yeah, yeah, so you combined the two of them. Great.

Any questions for Dan?

Thank you.

So I think that brings us to the end of our Public Agenda. Does anyone have anything to add or comment while we're still in Public? Great. So I'll entertain a motion.

MS. MCGRATH: So moved.

CHAIRMAN BROWN: Great. It's been entertained. And?

MS. LEE: Second.

CHAIRMAN BROWN: A second, and it has been seconded. Any questions, comments?

All those in favor of moving into Executive

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Session, please say aye?

(Ayes were heard.)

CHAIRMAN BROWN: Opposed, say nay? Abstentions? Great. We're in Executive Session.

(Exit Public Session; enter Executive Session.)

(Exit Executive Session; enter Public Session.)

CHAIRMAN BROWN: Welcome back. We are back into Public Session and we're going to have a readout from our own Priscilla Bailey.

Hey, Priscilla.

MS. BAILEY: Hello, Mr. Chair. How is everyone?

CHAIRMAN BROWN: Good, good, how are you?

MS. BAILEY: I'm very good.

CHAIRMAN BROWN: Great.

MS. BAILEY: In the Executive Session of the Passport Fund, there was a manager update.

In the Executive Session of the Pension Fund, there was an update on preliminary performance, which was followed with a presentation on alternative credit. Consensus was reached on the alternative credit presentation, details to be made available at the appropriate time. Thank you.

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CHAIRMAN BROWN: Thanks, Priscilla.

That brings us to the end of our Public Agenda. Any questions or comments? Great.

And as always, we thank Will, our reporter, and Damian, our TRS tech person. Of course, as always, behind the scenes, Liz Sanchez.

So do I hear a motion to adjourn?

MS. MCGRATH: So moved.

CHAIRMAN BROWN: It has been moved. Do I hear a second?

MS. LEE: Second.

CHAIRMAN BROWN: It has been seconded.

Any questions, comments? All those in favor of adjourning, please say aye?

(Ayes were heard.)

CHAIRMAN BROWN: Opposed, say nay? Thank you, everyone. We are adjourned.

(The proceedings concluded at 10:56 a.m.)

CERTIFICATE OF DIGITAL REPORTER

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