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NEW YORK CITY TEACHERS' RETIREMENT SYSTEM  
INVESTMENT MEETING

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Held on Thursday, November 3, 2022  
Via Videoconference

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10:10 a.m.  
ATTENDEES:

- 10 DEBRA PENNY, Chairperson, Trustee
- 11 DAVID KAZANSKY, Trustee
- 12 THOMAS BROWN, Trustee
- 13 BRYAN BERGE, Trustee, Mayor's Office
- 14 ALISON HIRSH, Trustee, Comptroller's Office
- 15 RUSSELL BUCKLEY, Trustee
- 16 PATRICIA REILLY, Teachers' Retirement System
- 17 SUSAN STANG, Teachers' Retirement System
- 18 ROBIN PELLISH, Rocaton
- 19 DEVON ALEXANDER, Rocaton
- 20 MICHAEL FULVIO, Rocaton
- 21 VALERIE BUDZIK, Teachers' Retirement System

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REPORTED BY:  
YAFFA KAPLAN  
JOB NO. 8828831

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ATTENDEES (Continued):

- 3 LIZ SANCHEZ, Teachers' Retirement System
- 4 THAD McTIGUE, Teachers' Retirement System
- 5 DAVID LEVINE, Groom Law Group
- 6 STEVEN MEIER, Comptroller's Office
- 7 JOHN DORSA, Comptroller's Office
- 8 KOMIL ATAEV, Teachers' Retirement System
- 9 RON SWINGLE, Teachers' Retirement System
- 10 KATE VISCONTI, Bureau of Asset Management
- 11 KIM BOSTON, Bureau of Asset Management
- 12 TINA SUO, Bureau of Asset Management
- 13 JOHN GLUSZAK, Bureau of Asset Management
- 14 MINJOO NA, Bureau of Asset Management
- 15 DAN HAAS, Bureau of Asset Management
- 16 VICTORIA LEE, Bureau of Asset Management
- 17 JANET LONDONO-VALLE, Bureau of Asset Management
- 18 MORAIMA PARES, Bureau of Asset Management
- 19 BLAIR BARBERINO, Bureau of Asset Management
- 20 WILFREDO SUAREZ, Bureau of Asset Management
- 21 TOM CARROLL, Bureau of Asset Management
- 22 MAREK TSZYKIEWICZ, Office of the Actuary
- 23 SUMANTE RAY, Mayor's Office

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2 ATTENDEES:  
3 KEVIN BALOAD  
4 AMANDA JANUSZ, Rocaton  
5 DEV SUBHASH, StepStone  
6 MARC RIVITZ, StepStone  
7 JAMES MAINA, StepStone  
8 JUSTIN THIBAULT, StepStone  
9 ISAAC GLOVINSKY, TRS  
10 ARISTA AFTOOMIS, TRS  
11 KEVIN LIU, Mayor's Office  
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1 Proceedings  
2 MS. REILLY: Good morning. Welcome to  
3 the Teachers' Retirement System of the City of  
4 New York investment meeting for November 3,  
5 2022. I am going to start by calling the  
6 roll.  
7 Bryan Berge?  
8 MR. BERGE: Representing Mayor Eric  
9 Adams.  
10 MS. REILLY: Thomas Brown?  
11 MR. BROWN: Good morning, Patricia.  
12 MS. REILLY: Russell Buckley?  
13 MR. BUCKLEY: Representing Panel For  
14 Educational Policy Chair Dr. Angela Green and  
15 Interim CFO Benjamin Schanback.  
16 MS. REILLY: Alison Hirsh?  
17 MS. HIRSH: Here, representing  
18 Comptroller Brad Lander.  
19 MS. REILLY: David Kazansky?  
20 MR. KAZANSKY: Present.  
21 MS. REILLY: Debra Penny? Debra is  
22 stuck on the train. You got to say here,  
23 Debra. Sorry.  
24 MS. PENNY: I am here virtually.  
25 MS. REILLY: So we do have a quorum. I

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am going to ask for a nomination for a temporary chair until Debra Penny can arrive here.

MR. KAZANSKY: I nominate Thomas Brown.

MS. REILLY: Do I hear a second?

MS. HIRSH: Second.

MS. REILLY: All those in favor?

MS. PENNY: Aye.

MR. BERGE: Aye.

MS. HIRSH: Aye.

MR. KAZANSKY: Aye.

MR. BROWN: Aye.

MR. BUCKLEY: Aye.

MS. REILLY: Tom, I am going to turn it over to you.

MR. BROWN: Great. Good morning, everybody. I guess we will start with Michael Fulvio for the Passport Funds performance review.

MR. FULVIO: I am still in the process of setting up the screen share so I apologize, but I know folks have the materials. In the meantime, I will start speaking through what we saw in the month of September. You will

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recall it was quite a challenging month for the markets. The fortunate thing I will say we had to trot through a challenging month of September to get to October which Dev will speak more about in a few moments.

The Diversified Equity Fund as a whole was down about 9.4 percent for the month in line with what we saw across the markets and year to date that puts the calendar year to date that puts the fund down by about 26 percent. For the fiscal year to date or the first month, the first quarter if you will of the fiscal year, the fund was about down 5.6 percent, and again those numbers are roughly in line with the benchmark. But the year to date, a little bit more lagging due to a contribution if you will from active management.

As far as the other Passport Funds, the Balanced Fund was down about 4 and a third percent, roughly in line with its benchmark. Calendar year to date, that fund was down about 13.5 percent. Again, speaking to not only the challenges we see with equity markets

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globally but also the rise in bond yields,

3 this year has been quite notable.

4 The International Equity Fund, that  
5 returned negative 9.7 percent. That was ahead  
6 of its benchmark during September. Year to  
7 date that fund is down about 28 percent, just  
8 slightly behind its composite benchmark, and  
9 the Sustainable Equity Fund down about 10  
10 percent for the month, 33 percent for the  
11 calendar year, again speaking to the  
12 challenges we have seen with respect to  
13 growth-oriented stocks more broadly. So not  
14 surprising, this fund is down more than the  
15 core indices but very closely in line with the  
16 growth market with the growth part of the  
17 market.

18 US Equity Index Fund again down about 9  
19 percent in line with US markets and the  
20 International Equity Index Fund down about 10  
21 percent in line with the markets. So again, a  
22 really challenging month. What we have seen  
23 for the quarter all told was slightly better  
24 because you will recall the quarter did start  
25 out with a better month in July, and

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2 unfortunately that was more than offset by  
3 what we saw in August and September. So I  
4 will pause there and see if there are any  
5 questions before we speak to what was a better  
6 market in October.

7 MR. BROWN: Questions? So Dev, you will  
8 take October.

9 MR. ALEXANDER: Yes, I will. As Mike  
10 alluded to, we did have a rebound for the  
11 month of October. We did see some positive  
12 results across the board. In the global  
13 market composite we saw returns of 7 percent  
14 in the Diversified Equity Fund. Hybrid we saw  
15 also returned 7 percent as well. As Mike  
16 alluded to as well, fiscal year to date, we  
17 did see a rebound per se that compensated for  
18 the loss in the early part of the year where  
19 we had fiscal year to date results of just  
20 under 1 percent for both the global market  
21 composite and the Diversified Equity Fund. On  
22 the Balanced Fund we also saw positive return  
23 as well up 1.66 percent.

24 Going down to the National Equity Fund,  
25 we did see positive return again up 3 percent

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2 although still negative for the fiscal year  
3 down by 7.11 percent. And the remainder of  
4 the asset classes, Sustainable Equity Fund and

5 US Equity Fund, US Equity Index Funds all  
6 performed positive as well. We did see the US  
7 Equity Fund performed quite well actually with  
8 8.16 percent for the month and also positive  
9 for the fiscal year 3.23 percent.  
10 International equity we also saw positive  
11 returns as well, 3.44 percent. Although still  
12 down for the fiscal year down by 7.36 percent.

13 MR. FULVIO: I will just add to I think  
14 the notable update coming out of the markets  
15 came yesterday with the Fed announcement of  
16 another 75-basis-point hike. The market took  
17 the language around the announcement to be a  
18 little bit more dovish than what we have seen  
19 in recent pasts. I think there will probably  
20 more people deciphering when the minutes come  
21 out how the market fully interprets that news  
22 but it was met positively yesterday and that's  
23 helped with the returns we have seen over the  
24 last week or so.

25 MR. BROWN: Thank you, Mike. Questions

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2 for Mike and Devon?

3 MR. KAZANSKY: Regarding the rate hikes,  
4 is the feeling that they are pretty much done  
5 for the year and that anything -- or is there  
6 more and if there are more --

7 MR. FULVIO: I think the expectation is  
8 there may not be as notable hikes but likely  
9 continued small hikes and the language was  
10 more specific around being more precise and  
11 deliberate with something that's more measured  
12 as opposed to what we have seen, but again I  
13 think until we have seen the full minutes, we  
14 are reading between the lines on the  
15 announcement yesterday.

16 MR. MEIER: So actually I agree with  
17 everything. Fourth consecutive 75-basis-point  
18 rate hike which is hawkish in nature. I think  
19 the official statement was a little more  
20 dovish; the comments afterward was very  
21 hawkish. Right now the way they left it in  
22 September, they thought the terminal rate of  
23 debt funds would be 4.6 percent. Markets are  
24 not pressing 5.20 percent this morning, and  
25 the Fed chair did say that given the

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2 persistent strength of the employment market  
3 and the high levels of inflation, they are  
4 going to go further. And I agree with  
5 Michael. The pace may change but they are not  
6 done. They are allowed to go 50, 75. There

7 are two more employment reports and two more  
8 inflation reports before they meet  
9 December 13th and 14th. So wait to see what  
10 that looks like, but I do think they are going  
11 to go at least another 50, and now the market  
12 is pricing another 50 for February 1st. So  
13 there is a little bit more wood to chop there.

14 MR. KAZANSKY: Thank you.

15 MS. HIRSH: Is there anything the Fed  
16 can do as they are trying to stem inflation by  
17 raising rates? One of the additional factors  
18 of inflation are profit margins continue to  
19 increase. Is there anything the Fed can do to  
20 force companies to not price gouge?

21 MR. MEIER: The Fed doesn't have that  
22 mandate. There are things that perhaps the  
23 president can do in terms of executive orders  
24 around price gouging, but you are actually  
25 right. The earnings figure for the third

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2 quarter are coming out weak but not as weak as  
3 expected. That's why we saw the rally in  
4 October. And Devon was dead on. The rally in  
5 October I think was pretty significant. I  
6 wonder if it's another bear market rally like  
7 we saw in July, early part of August because  
8 it's giving a lot of it back today and yields  
9 are up about 17, 18 basis points pretty much  
10 across the curve. I think there are going to  
11 be more challenges ahead. My expectation is  
12 things will start to feel a little better  
13 mid-year 2023. At that point the Fed I think  
14 would have reached its terminal rate of Fed  
15 funds and monetary policy operates with a lag  
16 of around 12 to 18 months. It's only four and  
17 a half months since they really started hiking  
18 in earnest with 75-basis-point hikes, so I  
19 think it's a little more of a challenging time  
20 ahead of us notwithstanding the rally we saw  
21 in October. Looks like we are giving a good  
22 portion of it back today.

23 MR. BROWN: What did the markets do  
24 today?

25 MR. MEIER: There is a lot of red on the

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2 screen.

3 MR. BROWN: Thank you. Anything else?  
4 Thank you, Steve, Mike. Anything else for  
5 public agenda, public session? So I guess we  
6 will go into the executive session. Do I hear  
7 a motion?

8 MR. KAZANSKY: So moved.

9 MR. BROWN: Do I hear a second?  
10 MR. BUCKLEY: Second.  
11 MR. BROWN: Great. Thank you, Russell.  
12 All in favor, say aye. Aye.  
13 MR. BERGE: Aye.  
14 MS. HIRSH: Aye.  
15 MR. KAZANSKY: Aye.  
16 MR. BUCKLEY: Aye.  
17 MS. PENNY: Aye.  
18 MR. BROWN: All opposed, say nay. So  
19 now we are going into executive session.  
20 (Discussion off the record.)  
21 MS. PENNY: Susan?  
22 MS. STANG: Can you all see me?  
23 MS. PENNY: Yes. Looking lovely.  
24 MS. STANG: Hardly. Anyway so are we  
25 all ready?

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2 MS. PENNY: We are indeed.  
3 MS. STANG: In executive session we  
4 received some preliminary performance data.  
5 We received an update on the excluded company  
6 list process. We received a real estate  
7 presentation. Consensus was reached. We  
8 received a presentation on an alternative  
9 credit investment. Consensus was roached. We  
10 also received an an update on a personnel  
11 matter within a consulting firm.  
12 MS. PENNY: Thank you, Ms. Stang. Does  
13 anyone else have anything for public session?  
14 All right. Hearing none, do I hear a motion  
15 to adjourn?  
16 MR. KAZANSKY: So moved.  
17 MS. PENNY: Thank you, Mr. Kazansky. Do  
18 I hear a second?  
19 MS. HIRSH: Second.  
20 MS. PENNY: Thank you, Ms. Hirsh. Any  
21 questions? All those in favor, please say  
22 aye.  
23 Aye.  
24 MR. BERGE: Aye.  
25 MS. HIRSH: Aye.

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2 MR. KAZANSKY: Aye.  
3 MR. BROWN: Aye.  
4 MR. BUCKLEY: Aye.  
5 MS. PENNY: Any opposed? Any  
6 abstentions. We stand adjourned.  
7 (Time noted: 12:10 p.m.)  
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C E R T I F I C A T E

STATE OF NEW YORK        )  
                                  : ss.  
COUNTY OF QUEENS        )

I, YAFFA KAPLAN, a Notary Public within and for the State of New York, do hereby certify that the foregoing record of proceedings is a full and correct transcript of the stenographic notes taken by me therein.

IN WITNESS WHEREOF, I have hereunto set my hand this 15th day of November, 2022.

\_\_\_\_\_  
YAFFA KAPLAN