

2018 **Fund Profiles**

PASSPORT FUNDS
TRSNYC

trsnyc



trsnyc Teachers' Retirement System of the City of New York

Who is eligible to invest in the Passport Funds?

All TRS members, regardless of tier, may invest their Tax-Deferred Annuity (TDA) Program contributions in the Passport Funds. Tiers I/II members may invest Qualified Pension Plan (QPP) contributions (that is, contributions to the Annuity Savings Fund and Increased-Take-Home Pay accounts) in the Passport Funds.

Investments are not permitted after retirement. However, all members—both in-service and retired—may change their investment allocations within the Passport Funds at any time.

Fixed Return Fund

Inception Date

January 1968

Objective

To provide a fixed rate of return determined by the New York State Legislature.

Strategy

Not applicable

Investment Manager

Not applicable

Risk

The crediting rate on the Fixed Return Fund is guaranteed in accordance with applicable laws.

Annual Crediting Rate

- 8.25% for all QPP investments (available to Tiers I/II members only)
- 7% for TDA investments by members who are serving in (or resigned/retired from) titles represented by the United Federation of Teachers
- 8.25% for TDA investments by all other members

Historical rates are published on our website.

Fees and Expenses

See page 13.

Additional Information

More information about the investment of the assets of TRS' Pension Fund (which includes members' investments in the Fixed Return Fund) is available in TRS' *Investment Portfolios* publication. *Investment Portfolios* is published annually as of June 30, the end of TRS' fiscal year, and may be obtained by accessing our website at www.trsnyc.org.

Diversified Equity Fund

Inception Date

January 1968

Objective

To achieve a rate of return comparable to the return of the broad equity market.

Strategy

The Fund invests primarily in the stocks of U.S. companies. About 10% of the Fund is allocated to “defensive strategies” and 20% is allocated to stocks of non-U.S. companies, in both developed and emerging markets. The Fund uses both passively and actively managed strategies. Controlling risk and cost-effectiveness are important focuses of the investment structure.

Of the total Fund assets, about 55% is passively managed against the Russell 3000 Index. Up to 15% is actively managed by different domestic investment managers who employ a range of investment strategies across the market capitalization and investment style spectrum.

Defensive strategies (about 10% of the total Fund) include investments such as convertible bonds, two tactical asset allocation strategies (which shift allocations to stocks, bonds, and cash depending upon the managers’ analysis of market conditions), and conservatively oriented equity strategies.

20% of the Fund is invested in non-U.S. companies, divided between an index strategy, a group of non-U.S. developed markets active managers, and two active emerging markets managers.

The Fund has two benchmarks, the Russell 3000 Index and a hybrid benchmark that reflects the Fund’s target allocations to non-U.S. equities and defensive strategies.

Investment Manager

The Fund is invested by multiple investment managers selected by the Teachers’ Retirement Board.

Risk

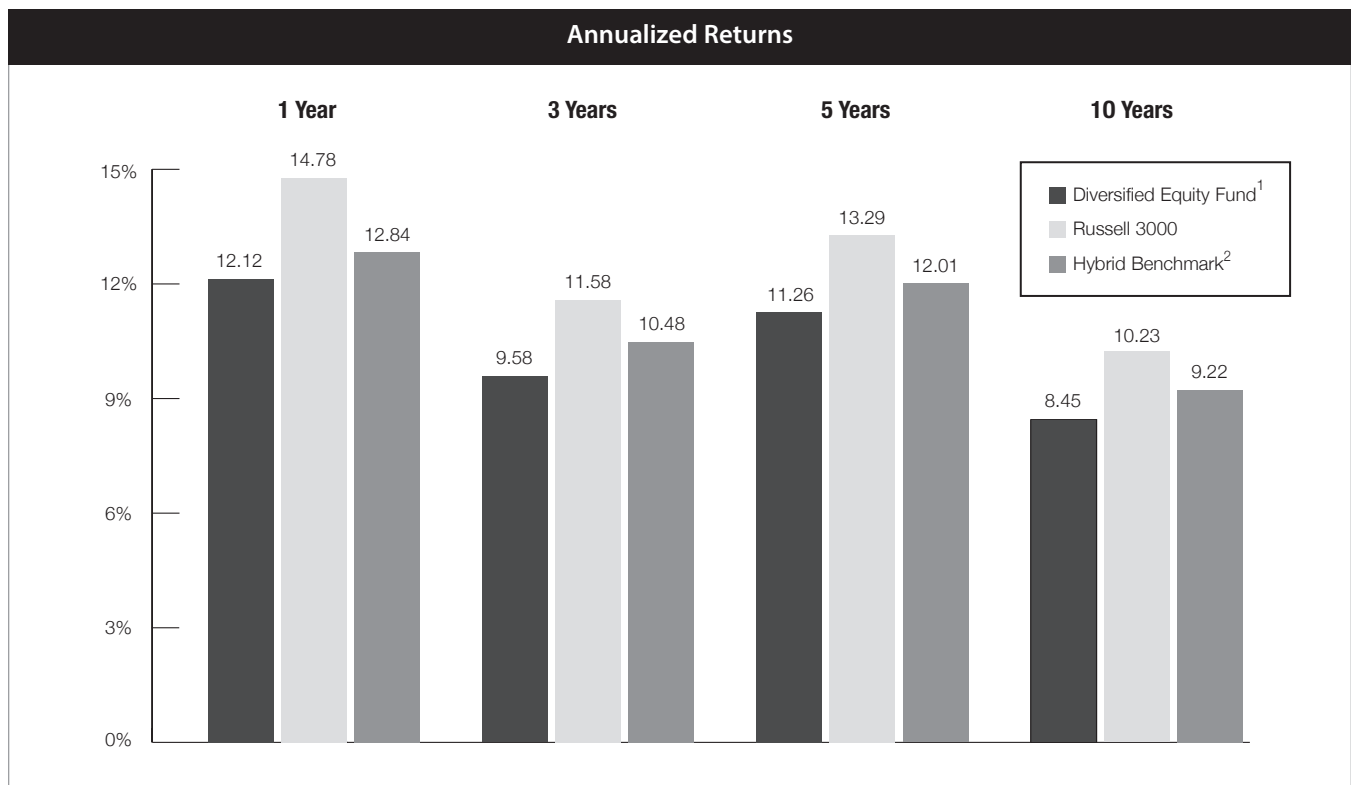
The value of an investment in this Fund will fluctuate in response to stock market movements in the U.S. and in foreign countries.

Fees and Expenses

See page 13.

Performance as of June 30, 2018

Fund Performance by Fiscal Year										
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Diversified Equity Fund¹	12.12%	18.09%	-0.62%	4.85%	23.56%	20.05%	1.42%	30.51%	14.11%	-27.18%
Russell 3000	14.78%	18.51%	2.14%	7.29%	25.22%	21.46%	3.84%	32.37%	15.72%	-26.56%
Hybrid Benchmark²	12.84%	18.60%	0.77%	5.25%	24.24%	19.87%	2.92%	30.36%	14.29%	-25.46%



¹ Note that investment strategies used within the Diversified Equity Fund have changed and will change over time, and the historical returns of the Diversified Equity Fund reflect the historical investment strategies.

² The Hybrid Benchmark is composed of 70% Russell 3000 Index, 20% International Composite Benchmark, and 10% Defensive Strategies Composite Benchmark. No fees are reflected in the benchmark.

Performance data represents past performance and is not a guarantee of future results. The investment return and principal value of an investment will fluctuate, so your investment, when redeemed, may be worth more or less than your original contributions. Performance is reported net of all fund fees and expenses. No fees are reflected in either benchmark.

Additional Information

In some TRS materials, the Diversified Equity Fund may be referred to by its original name, Variable A.

More information about this Fund, including a statement of investments and a listing of investment managers, is available in TRS' *Investment Portfolios* publication. *Investment Portfolios* is published annually as of June 30, the end of TRS' fiscal year, and may be obtained by accessing our website at www.trsnyc.org.

Balanced Fund

Inception Date

January 1, 2018 (Bond Fund from 2012-2017; Stable-Value Fund from 1983-2011)

Objective

The investment objective of the Balanced Fund is to seek current income and some capital appreciation.

Strategy

The Balanced Fund invests in both stocks and bonds and targets a conservative mix of approximately 70% bonds and 30% stocks.

The Fund's bond allocation includes U.S. Treasuries, Agencies, short-term investment-grade Corporate Bonds, and some foreign securities. The Fund's bond allocation is passively managed and is benchmarked to the Bloomberg Barclays US 1-5 Year Government/Credit Float Adjusted Index.

The Fund's stock allocation is composed of U.S. and non-U.S. companies located in developed and emerging markets, traded on a variety of stock exchanges and denominated in a variety of currencies around the world. The Fund's stock allocation is passively managed against the FTSE Global All Cap Index.

The Fund has a custom benchmark that reflects the target allocation of 70% bonds and 30% stocks.

Investment Managers

The Fund is invested by investment managers selected by the Teachers' Retirement Board.

Risks

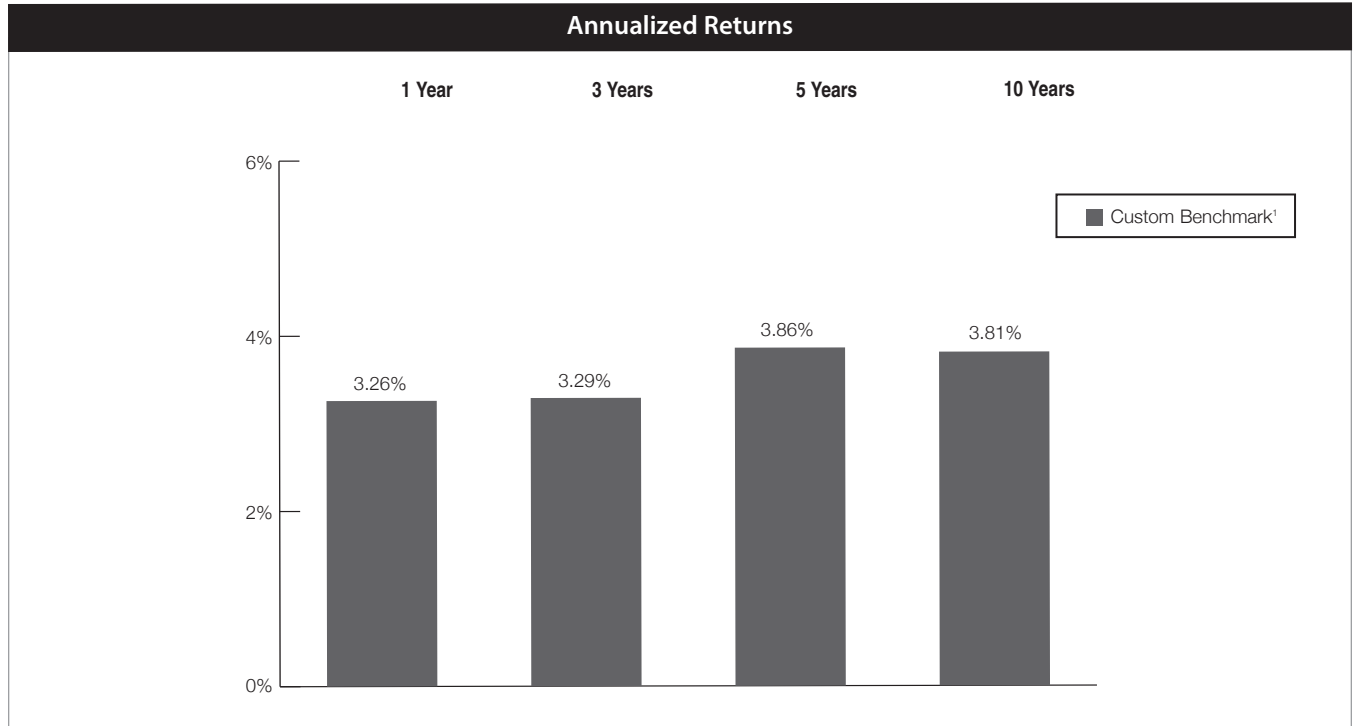
The Fund does not provide any type of principal protection or guaranteed level of income, and it is possible to lose money by investing in the fund. The value of an investment in this Fund may fluctuate over a wide range in response to a variety of factors across U.S. and non-U.S. stock and bond markets. The Fund is subject to a variety of risks, including but not limited to equity risk, interest rate risk, inflation risk, currency exchange rate, economic risk, political risk, and active management risk.

Fees and Expenses

See page 13.

Performance as of June 30, 2018

Fund Performance by Fiscal Year										
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Custom Benchmark ¹	3.26%	5.62%	1.05%	1.41%	8.16%	5.53%	0.21%	10.78%	7.98%	-4.97%



Performance data represents past performance and is not a guarantee of future results. The investment return and principal value of an investment are not guaranteed, so your investment, when redeemed, may be worth more or less than your original contributions.

As of January 1, 2018, the Bond Fund became the Balanced Fund; thus, there is no 1-year actual performance data available. For the 6 months ended 6/30/2018, the Balanced Fund returned -0.39%.

¹ The Custom Benchmark is composed of 70% Bloomberg Barclays U.S. Government/Credit 1-5 Year Float Adjusted Index and 30% FTSE Global All Caps Index.

Additional Information

In some TRS materials, the Balanced Fund may be referred to by its original name, Variable B.

Additional information, including a statement of investments and a listing of investment managers, will be available in future editions of TRS' *Investment Portfolios* publication. *Investment Portfolios* is published annually as of June 30, the end of TRS' fiscal year, and may be obtained by accessing our website at www.trsnyc.org.

International Equity Fund

Inception Date

July 2008

Objective

To provide long-term capital growth and to achieve a rate of return comparable to the return of the non-U.S. equity markets over a full market cycle.

Strategy

The Fund invests primarily in the stocks of non-U.S. companies located in developed markets, traded on a variety of stock exchanges and denominated in a variety of currencies around the world. Two active emerging market managers were added in 2016; consequently, approximately 10% of the fund is invested in emerging markets.

The Fund uses both an index strategy (currently about 60% of assets), and actively managed strategies using multiple investment managers of different styles and approaches. Controlling risk and cost-effectiveness are important focuses of the investment structure.

The Fund's investment strategy is executed by investing the Fund together with assets allocated to the International Sector of the Diversified Equity Fund.

The Fund's benchmark is the International Equity Composite Benchmark.

Investment Manager

The Fund is invested by multiple investment managers selected by the Teachers' Retirement Board.

Risk

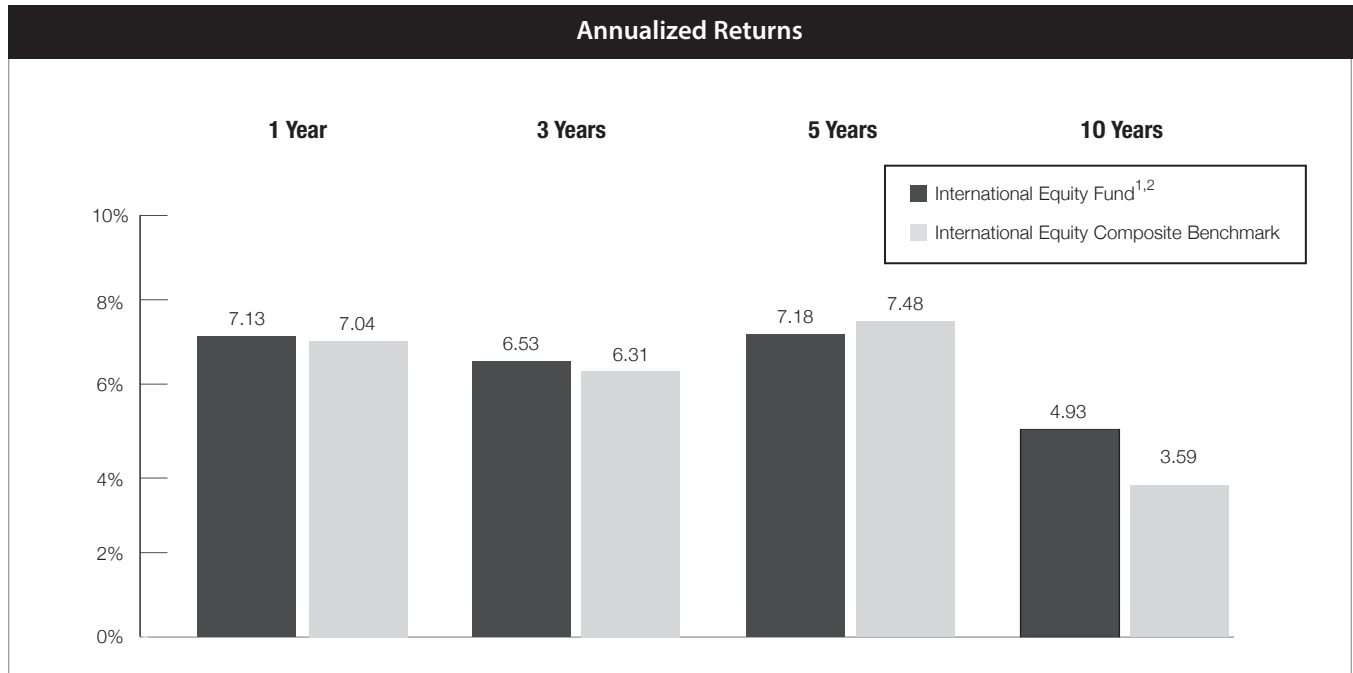
The value of an investment in this Fund may fluctuate over a wide range in response to movements in non-U.S. and U.S. stock exchanges. Investments in non-U.S. companies and in foreign currencies are also subject to interest rate, currency exchange rate, economic, and political risks.

Fees and Expenses

See page 13.

Performance as of June 30, 2018

Fund Performance by Fiscal Year										
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
International Equity Fund ^{1,2}	7.13%	20.89%	-6.65%	-3.94%	21.78%	16.85%	-12.48%	30.34%	12.80%	-23.88%
International Equity Composite Benchmark	7.04%	20.58%	-6.91%	-3.82%	24.09%	19.14%	-13.38%	30.93%	6.37%	-30.96%



¹ Note that investment strategies used within the Fund have changed and will change over time, and the historical returns of the Fund reflect the historical investment strategies.

² Returns of the International Equity Fund may differ from the results of the International Equity Sector of the Diversified Equity Fund due to the timing of cash flows, investment earnings on cash balances, and expenses.

Performance data represents past performance and is not a guarantee of future results. The investment return and principal value of an investment will fluctuate, so your investment, when redeemed, may be worth more or less than your original contributions. Performance is reported net of all fund fees and expenses.

Additional Information

In some TRS materials, the International Equity Fund may be referred to as Variable C.

More information about this Fund, including a statement of investments and a listing of investment managers, is available in TRS' *Investment Portfolios* publication. *Investment Portfolios* is published annually as of June 30, the end of TRS' fiscal year, and may be obtained by accessing our website at www.trsnyc.org.

Inflation Protection Fund

Inception Date

July 2008

Objective

To provide, over a full market cycle, a real rate of return that exceeds inflation.

Strategy

The Inflation Protection Fund currently utilizes an actively managed mutual fund that seeks exposure to multiple asset classes and markets, which may include the following: floating rate debt, commodities, inflation-protected debt (including TIPS) and real estate debt and equity securities. Target allocations among these different asset classes will be set by the underlying manager and may vary modestly over time.

The Inflation Protection Fund's investment strategy may be executed by investments in one or more mutual funds or other investment vehicles, as determined by the Teachers' Retirement Board from time to time.

The Inflation Protection Fund's benchmark is a custom blended benchmark; see footnote 2 on page 9.

Investment Manager

This Fund invests in a mutual fund, the Fidelity Advisor Strategic Real Return Fund—Institutional Class. The Teachers' Retirement Board may change the management of the Fund by selecting additional mutual funds or other investment managers, or replacing the Fidelity Advisor Strategic Real Return Fund—Institutional Class, at any time.

Risk

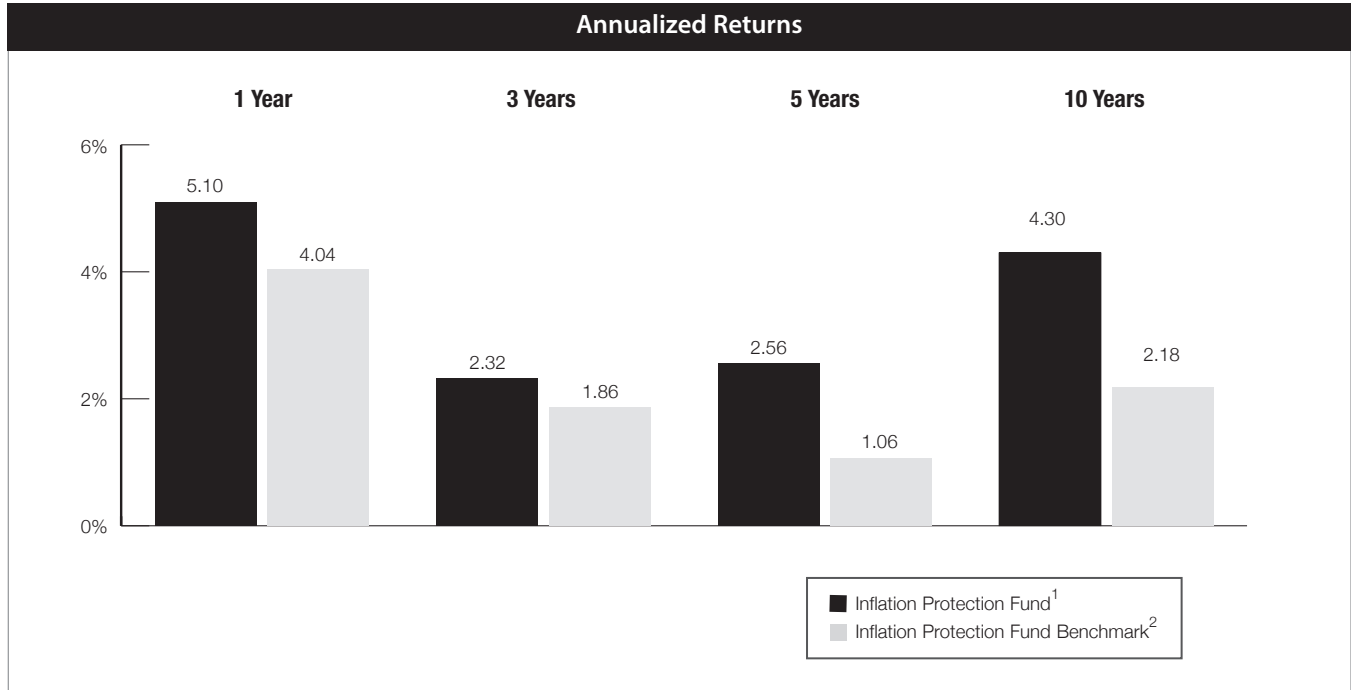
Each asset class used in the Fidelity Advisor Strategic Real Return Fund involves risks, and an investment in the Fund will be subject to any or all of the following risks at different times and to different degrees. Investments in fixed income and equity securities, commodities and real estate will fluctuate in response to market conditions in the U.S. and in foreign countries. Fixed-income investments are sensitive to changes in interest rates. When interest rates rise, the value of fixed-income securities typically declines. Investments in high-yield, lower-rated securities generally involve greater risk to principal than investments in higher-rated bonds. Derivatives and mortgage-related securities may involve costs and risks, such as liquidity risk, interest rate risk, credit risk, and management risk.

Fees and Expenses

See Page 13.

Performance as of June 30, 2018

Fund Performance by Fiscal Year										
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Inflation Protection Fund¹	5.10%	1.43%	0.50%	-4.82%	11.29%	5.54%	2.97%	12.90%	17.13%	-6.62%
Inflation Protection Fund Benchmark²	4.04%	-0.06%	1.65%	-3.73%	3.59%	-3.14%	6.26%	7.48%	8.52%	-1.95%



¹ Returns of the Inflation Protection Fund differ from the results of the Fidelity Advisor Strategic Real Return Fund due mainly to the change in Investment Managers in 2014, and due to the timing of cash flows, investments on cash balances, and expenses.

² The Inflation Protection Fund Benchmark is comprised of 25% Bloomberg Commodity Index, 25% S&P/LSTA Leveraged Loan Index, 30% Barclays US TIPS Index, 12% Dow Jones Wilshire Real Estate Securities Index, and 8% BofAML US Real Estate Corporate Bond Index. The benchmark for this Fund changed in 2014. The benchmark returns shown above reflect the Fund's benchmark in existence at that time.

Performance data represents past performance and is not a guarantee of future results. The investment return and principal value of an investment will fluctuate, so your investment, when redeemed, may be worth more or less than your original contributions. Performance is reported net of all fund fees and expenses.

Additional Information

In some TRS materials, the Inflation Protection Fund may be referred to as Variable D.

More information about this Fund, including a statement of investments, is available in TRS' *Investment Portfolios* publication. *Investment Portfolios* is published annually as of June 30, the end of TRS' fiscal year, and may be obtained by accessing our website at www.trsnyc.org. Prospectus information for the mutual fund(s) underlying the Inflation Protection Fund is available upon request.

Socially Responsive Equity Fund

Inception Date

July 2008

Objective

To achieve positive long-term capital growth and to earn a rate of return comparable to the return of the broader equity market over a full market cycle, while reflecting social priorities.

Strategy

The Socially Responsive Equity Fund invests in stocks of large and mid-cap U.S. and non-U.S. companies that meet certain financial and social criteria. Financially, this Fund looks for companies with solid balance sheets, strong management teams, good cash flow, the prospect for above-average earnings growth, and other value-related factors.

Among companies that meet its financial criteria, the Fund seeks companies that show leadership in areas such as environmental concerns, diversity in the workforce, and progressive employment and workplace practices. The Fund may also consider a company's record in public health and the nature of its products. The Fund attempts to avoid companies that derive substantial revenue from alcohol, tobacco, nuclear power, or weapons. The Fund's normal strategy is to invest at least 80% of total assets in equity securities meeting its social policy.

The Socially Responsive Equity Fund's benchmark is the Standard & Poor's 500 Index.

Investment Manager

This Fund is currently managed by Neuberger Berman, LLC. The Teachers' Retirement Board may change the management of the Fund by selecting additional managers for the Fund, or replacing Neuberger Berman, at any time.

Risk

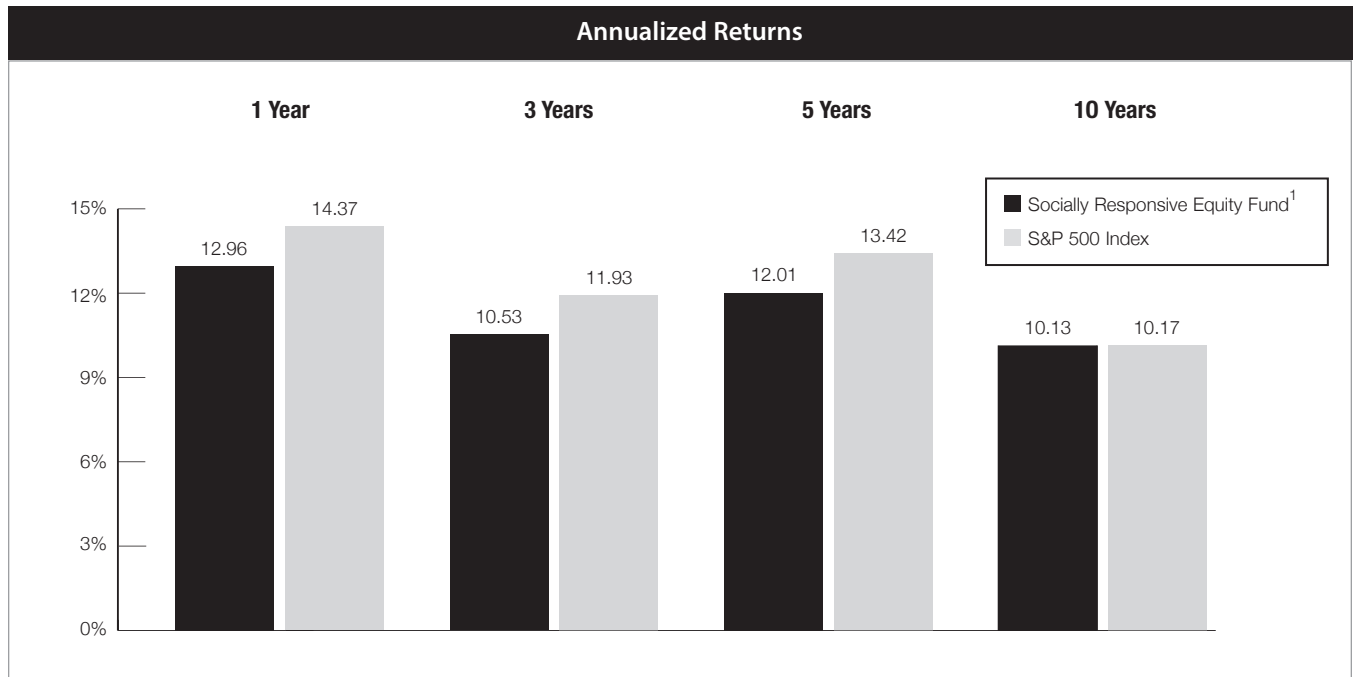
The value of an investment in this Fund will fluctuate in response to U.S. stock market movements. With a value-sensitive approach, there is the risk that stocks may remain undervalued for a given period. Funds that follow social policies may underperform similar funds that do not have such policies for a given period.

Fees and Expenses

See page 13.

Performance as of June 30, 2018

Fund Performance by Fiscal Year										
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Socially Responsive Equity Fund ¹	12.96%	18.43%	0.93%	6.09%	23.11%	25.63%	-4.96%	30.75%	17.96%	-19.20%
S&P 500 Index	14.37%	17.90%	3.99%	7.42%	24.61%	20.60%	5.45%	30.69%	14.43%	-26.21%



¹ Returns of the Socially Responsive Equity Fund may differ from the results of the Neuberger Berman Socially Responsive Fund due to the timing of cash flows, and expenses. In addition, the Socially Responsive Fund was changed to a separate account format in 2013.

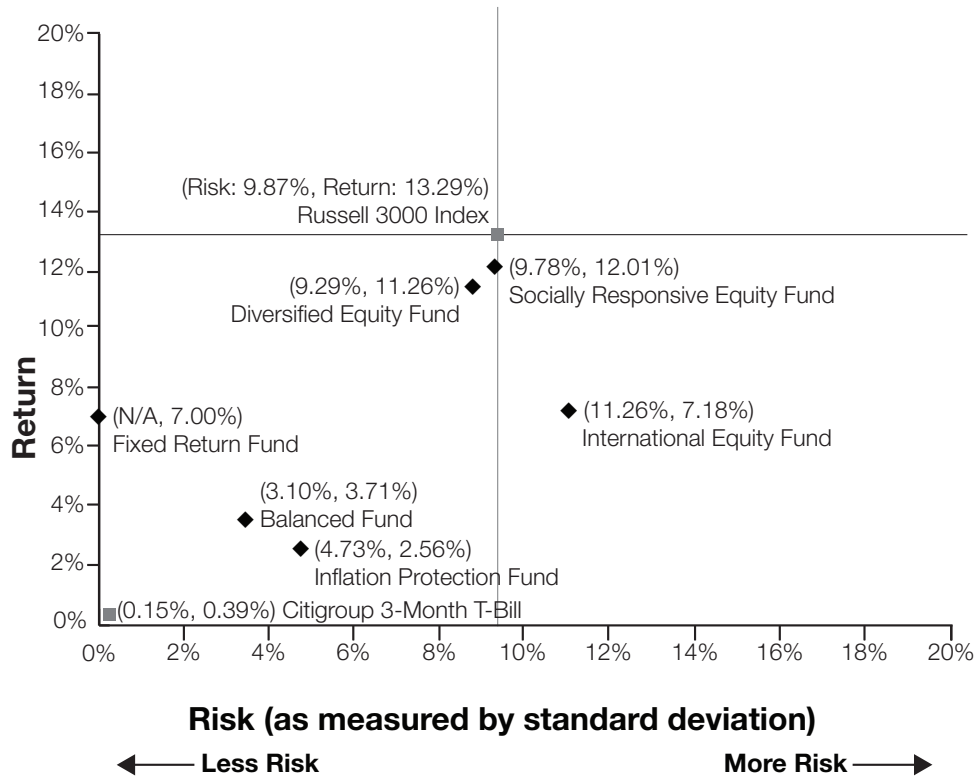
Performance data represents past performance and is not a guarantee of future results. The investment return and principal value of an investment will fluctuate, so your investment, when redeemed, may be worth more or less than your original contributions. Performance is reported net of all fund fees and expenses. No fees are reflected in the benchmark.

Additional Information

In some TRS materials, the Socially Responsive Equity Fund may be referred to as Variable E.

More information about this Fund, including a statement of investments, is available in TRS' *Investment Portfolios* publication. *Investment Portfolios* is published annually as of June 30, the end of TRS' fiscal year, and may be obtained by accessing our website at www.trsnyc.org.

5-Year Risk/Return Comparison of Different Investments (as of June 30, 2018)



This chart presents TRS' investment vehicles and displays their net annualized five-year returns on the vertical axis and their risk on the horizontal axis. Risk, as measured by standard deviation, is a measure of how much an investment vehicle's return will vary over time. Investment vehicles with higher return normally have greater risk (greater variation in their yearly rate of return). The exception to the higher-risk/higher-return normal expectation is the Fixed Return Fund; its return is guaranteed by the New York State Legislature in accordance with applicable laws.

Performance shown is net of fees; calculations are based on monthly returns.

Fees and Expenses

All performance results shown are net of all expenses and fees. No administrative or fund management expenses apply against the Fixed Return Fund.

Administrative expenses for the Passport Funds (except the Fixed Return Fund) are set at 0.18% and are reflected in the unit value of each fund.

In addition, each fund (except the Fixed Return Fund) also bears investment management and custodial fees, which are reflected in the unit value of each fund. The average annual fee for each fund for the fiscal year ending June 30, 2018 is listed below:

Diversified Equity Fund:	0.108%
Balanced Fund:	0.094%
International Equity Fund:	0.201%
Inflation Protection Fund:	0.945% <i>(Includes 0.88% in investment management fees charged by the underlying mutual fund.)</i>
Socially Responsive Equity Fund:	0.511%

Important Information About Post-Retirement Payments

Fixed Return Fund

This paragraph describes how interest is determined for retired members receiving monthly payments under the QPP or TDA Program that include money from the Fixed Return Fund. The calculation of a QPP retirement allowance or TDA annuity is determined based on the balance of the member's Fixed Return Fund account and his or her life expectancy, as well as an assumed interest rate and other actuarial assumptions. The assumed interest rate is 7% if the annuity was calculated on a unisex mortality table, or 4% if the annuity was calculated based on the applicable male or female mortality table. By law, the mortality table that provides the highest payment to the member must be selected.

For a retired member, the amount paid monthly from the Fixed Return Fund will not normally change, unless the member changes the investment composition of his or her account.

Other Passport Funds

This paragraph describes how monthly post-retirement payments that include money from the Passport Funds (other than the Fixed Return Fund) are determined under the QPP or TDA Program. The calculation of this "variable" portion of a QPP retirement allowance or TDA annuity is determined based on the account balance held in each investment fund (other than the Fixed Return Fund), as well as an actuarial factor based on the member's life expectancy and an assumed 4% annual increase in the number of units. The member actually is credited with a set number of units each month; however, the payment amount may vary based on changes in the unit value of each investment fund.

For a retired member, the number of units paid monthly from these funds will not normally change, unless the member changes the investment composition of his or her account.



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Fund Profiles is published annually as of July 1 and reports performance information for the Passport Funds on a fiscal-year basis. The Teachers' Retirement Board reserves the right to change or discontinue the investments described herein at any time.

This publication should not be solely relied upon, as it is based on currently available information that is subject to change. TRS suggests that you consult with an attorney and/or a tax advisor if you have any specific legal or tax questions concerning this information. In all cases, the specific provisions of the governing laws, rules, and regulations prevail.