



Description of the Emerging Manager Program of the New York City Retirement Systems

The New York City Retirement Systems (“NYCRS” or “Systems”) are dedicated to expanding exposure to top performing fund managers that demonstrate exceptional potential and are committed to diversity in their investment decision-making process, ownership structure and compensation and profit sharing policies. The Emerging Manager Program seeks to access unique and diverse investment opportunities, including small Minority and Women-owned Business Enterprise (MWBE) fund managers, and foster the growth and development of successful managers with whom we invest. By investing with managers who actively cultivate diversity in their organizations, offer diversification of talent and strategies and provide appropriate and competitive risk-adjusted rates of return to our funds, we seek to deliver superior long-term, risk-adjusted investment returns to the Systems which provide retirement security to more than 715,000 beneficiaries.

As of June 30, 2015, the Systems have invested \$12 billion, or 7.2% of total plan assets, with Emerging Managers and MWBE managers. On August 4, 2015, New York City Comptroller Scott M. Stringer and the Systems’ Trustees announced a \$500 million expansion of the Systems’ Private Equity Emerging Manager program. This expansion is in addition to the \$1 billion Emerging Managers program announced on April 25, 2014 which was the inaugural Emerging Manager commitment in the hedge fund and opportunistic fixed income asset classes and included an additional commitment in the real estate asset class. These commitments complement existing Emerging Manager programs in public and private equity and public fixed income asset classes.

Preliminary Process – Open Door Policy (For All Asset Classes)

- Managers are encouraged to contact the appropriate investment staff point person as well as Asset Class Head in the Comptroller’s Bureau of Asset Management (“BAM”) and provide marketing materials, a PPM and a short overview of the fund and investment opportunity. Contact information for each asset class is provided below.
- Managers are also welcome to contact the appropriate consultant for their relevant asset class. Each of the Systems generally have different consultants for different asset classes. The consultants and the New York City Retirement Systems that they serve are listed below for each asset class.

Outreach Events

BAM investment staff will coordinate events throughout the year to engage directly with the Emerging and MWBE Manager community. Events include:

- New York City Comptroller’s Office Annual Investment Manager Conference (last held on May 1, 2015);
- Semi-annual networking events by relevant private asset classes to get to know the investment staff, consultants and other investment managers; and

- Participation in major industry conferences and events.

Common Criteria for Emerging Manager Program in All Asset Classes

The Emerging Manager Program seeks managers that meet the following minimum criteria:

- Significantly experienced investors that are capable of generating competitive risk-adjusted returns and manage funds which may have shorter track records than more established managers.
- Institutional quality operations with established front/back office, systems and risk management (reputable administrator, auditor and an independent 3rd party pricing source where appropriate).
- Broad institutional capital base with significant GP commitment.

Additional specific criteria for each asset class are explained below

Public Markets Emerging Manager Program

Program Overview

As of June 30, 2015, the Systems have invested over \$7.4 billion in Emerging and MWBE Managers in public equity and public fixed income. The Emerging Managers of Managers are charged with selecting a portfolio of sub-managers, monitoring them on a regular basis and providing performance measurement and analysis on at least a quarterly basis. Public equity manager mandates consist of Russell 2000, 3000 and EAFE portfolios. Public fixed income currently consists of core/core plus but may be open to other public fixed income strategies. Sub-managers are generally limited to under \$2 billion of firm-wide assets under management.

Contact Information

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Marc Gross
 Public Markets / Emerging Managers
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Consultants

Board of Education Retirement System (BERS):	Buck Consultants
Fire Department Pension Fund:	New England Pension Consultants
NYC Employees Retirement System (NYCERS):	Callan Associates
Police Pension Fund:	SIS, Inc.

Private Equity Emerging Manager Program*Program Overview*

As of June 30, 2015, the Systems have invested \$3.3 billion with private equity (PE) funds managed by Emerging and MWBE Managers. In 2012, the Systems launched the \$425 million direct PE Emerging Manager Program (PE EM Program) and in August 2015 expanded the PE EM Program by an addition \$500 million. The direct PE EM Program seeks to invest in experienced and proven fund managers with a differentiated investment strategy that can demonstrate the ability to continue to generate superior risk-adjusted returns.

Program Criteria/Guidelines

- Primarily Funds I – III, raising up to \$1 billion with a broad institutional investor base.
- Buyout, growth equity and distressed/special situations investment strategies.
- Allocation to manager not to exceed 10% of the total fund size.
- Will consider first time funds, but not first time investors.

Contact Information

Alex Doñé

Head of Private Equity

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Consultants

Fire Dept. Pension, NYCERS, Police Pension:

StepStone Group

Teachers Retirement System:

Hamilton Lane

Hedge Funds Emerging Manager Program*Program Overview*

As of June 30, 2015, the Systems have invested \$339 million with Emerging and MWBE Hedge Funds. The Hedge Fund Program (HF Program) invests in globally active strategies that look to produce returns between that of public equities and fixed income markets over a full market cycle (typically 5-7 years) while maintaining low correlation to the global public equity markets. The Teachers Retirement System (TRS) and Board of Education Retirement System (BERS) do not invest in hedge funds.

Program Criteria/Guidelines

- Managers must have less than \$1 billion in assets under management and/or less than a 3 year track record at time of funding.
- Discretionary and systematic macro, commodities, credit, long/short equity, event driven, tactical trading, relative value strategies and focus on low net exposure funds.

- Allocation to manager must not exceed 10% of the total fund size.

Contact Information

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Consultants

Fire Dept. Pension, NYCERS and Police Pension: Aksia

Real Estate Emerging Manager Program

Program Overview

As of June 30, 2015, the Systems have invested \$666 million with Emerging and MWBE real estate managers. The Systems are re-launching the Real Estate Small and Emerging Manager (SEM) Program to gain greater accessibility to the sector.

Program Criteria/Guidelines

- Managers with less than \$2 billion in assets under management at time of funding.
- Primarily Funds I – III, raising up to \$500 million with a broad institutional investor base.
- Niche investment strategies encouraged.
- Allocation to manager must not exceed 15% of the total fund size.

Contact Information

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Consultants

BERS, Fire Dept., NYCERS, Police, Teachers: The Townsend Group
Courtland Partners

Opportunistic Fixed Income Emerging Manager Program

Program Overview

The Opportunistic Fixed Income Program invests in sectors and in actively-managed fixed income strategies whose sources of return and risk profiles differ meaningfully over market cycles from the Systems' Core, Enhanced Yield and TIPS programs (Traditional Fixed Income Strategies). As of June 30, 2015, the Systems have invested \$53 million with Emerging Managers. It is anticipated that these sectors and/or strategies will offer higher returns than Traditional Fixed Income Strategies by return opportunities that offer diversification to the total Fund and that exhibit volatility (measured by standard deviation of returns) that is meaningfully higher compared to traditional fixed income.

Program Criteria / Guidelines

- Managers must have less than \$2 billion in assets under management and/or less than a 5 year track record at time of funding.
- Allocation to manager must not exceed 10% of the manager's relevant assets under management.

Contact Information

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Consultants

Fire Department Pension Fund:

NYC Employees Retirement System (NYCERS):

Police Pension Fund:

Teachers Retirement System:

New England Pension Consultants

Callan Associates

SIS, Inc.

Rocaton Investment Advisors