



**THE CITY OF NEW YORK
OFFICE OF THE COMPTROLLER
SCOTT M. STRINGER**

**REMARKS OF NEW YORK CITY COMPTROLLER
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**REMARKS AT THE BUREAU OF ASSET MANAGEMENT
“EMERGING MANAGERS AND MWBE MANAGERS CONFERENCE”**

October 11, 2019

Welcome to our Annual Emerging & MWBE Manager Conference! I'd like to start out, first and foremost, by thanking the trustees of the New York City Pension Funds—particularly Michael Mulgrew and those representing the UFT, which is generously hosting us today. Your commitment to supporting New York City's retirees and their families is unmatched. Thank you for all your hard work.

I would also like to thank the staff of the Bureau of Asset Management at the Comptroller's office who work tirelessly to maximize our pension fund growth, and on the issues that make a lasting difference across the industry. As well as First Deputy Comptroller Alaina Gilligo, Chief of Staff Sascha Owen, and Assistant Comptroller of Pensions Susannah Vickers. And thanks to all of you for joining us here today from all over the country.

Now, this is our sixth annual Emerging and MWBE manager conference. Each year, this event gives us a chance to take stock, build on our successes, and plan our strategy to deliver strong results for the teachers, firefighters, police officers, and city workers who keep our city moving.

From day one, we've been laser-focused on the issue of diversity: why it's good for business; why, here in New York City, diversity isn't a buzzword—but an airtight commitment. And we have been able to make great progress—not just in New York City, but across the industry: in the boardrooms of the country's largest companies; in the investment portfolio of our pension funds—the fourth largest in the country; and in the halls of City government as well.

These efforts are being led by our Chief Diversity Officer Wendy Garcia, our BAM Director of Diversity and Inclusion and Emerging Manager Strategy, Chavon Sutton, and of course, Alex Doñé, our Chief Investment Officer. And they were started by the great Carra Wallace, the City's first-ever Chief Diversity Officer who will be generously joining us later today to lead a panel on gender diversity. Let's give them all another round of applause.

Because of their leadership—and the work of everyone in the Comptroller's office, the pension funds' investments with firms led by women and people of color have grown by 51% since 2014. All while we consistently overshot our baseline return target of 7%. So the hardworking New Yorkers who depend on us can rest-assured that we are safeguarding their retirement and the financial security of their families.

We've been able to make these strides because each and every year, we set new targets—and we meet them. Last year, at this conference, I set out a goal to allocate 10% of our assets to MWBE firms. I'm proud to say that we have hit that goal—and even exceeded it in some asset classes. And today, we're pushing the goalpost even further to declare a new standard of 12%. Because we know that leading with our own funds, putting our money where our mouth is, will give the best and the brightest in the business a fair chance and set the momentum for everyone else.

That's why I'm proud to announce a groundbreaking new effort to deploy \$1.5 billion to early-stage emerging managers, as well as first-time funds, a segment of the market that we are expanding our engagement in. We'll target these investments in private equity, real estate, alternative credit and infrastructure—as approved by the Boards before the end of the year.

But the Systems' have already been at work to move the needle, with a \$600 million re-up investment to emerging managers, including MWBEs, in private equity. It's a new record that is over \$100 million more than we initially set-out to achieve.

And as our numbers continue to climb, we'll also use the institutional knowledge of our office to empower MWBE firms across the country. That's why in 2020, the Bureau of Asset Management will launch a new program to source and engage qualified diverse managers with webinars and workshops throughout the year. It goes to show that when we act, there's a ripple effect that creates an unstoppable wave of change.

But look, it wasn't always this case. When we first set-out to make seeking diverse managers an engine of growth progress was not the expectation. The conventional wisdom in the industry was that qualified, best-in-class diverse managers were simply too hard to find.

It was like that when we launched our nationwide Boardroom Accountability Project to bring Proxy Access rights into the boardroom and get a picture of who was sitting around the boardroom table. Companies refused to listen, at first. But we said time and time again: diversity matters, transparency matters, oversight and independence at the top matter. And guess what? As a result of our push for proxy access and boardroom transparency: 62 companies that we invest in have brought on 77 diverse directors to their boardrooms; twice as many companies are now reporting the diversity of their boardrooms; and proxy access is now in-place at over 600 companies.

That's an achievement we are deeply proud of, that can deliver long-term results for the people we ultimately work for at the end of the day—our pensioners. But there is still much to do.

As of 2018, just 34% of board members at Fortune 500 companies were women and people of color. When it comes to executive leadership—the data is even more stark. Just 6.6% of Fortune 500 CEOs are women. And the number of men and women of color leading these companies is often in the single digits. This will be the subject of today's fireside chat later on, but here, let me put it in another way.

We all know this story, and I'm sure some of the folks in this room really know this story, of a young ambitious person who finds themselves on the elevator to success. They made all the right decisions: first person in their family to go to, and graduate from college; president of their class... the elevator is moving up. After school, they land that internship and turn it into that first real job. The kind of job that helps you pay down the debt and support your family... the elevator keeps moving up.

Maybe they take a big chance or land a big opportunity. They've hit what—by any standard—is a great success. But somewhere along the line that elevator slows down. It stops moving. It's not because they got comfortable, or stopped trying. Something else is at play. The elevator never makes it to the C-suite or the boardroom. It just stalls.

Well, today, we're launching a new stage of our Boardroom Accountability Project 3.0 to deliver sustainable, structural change, and ensure that elevator never gets stuck again.

Today, we're calling on companies to adopt the Rooney Rule. You might know it from the NFL – but now we're bringing it to the companies we invest in, in a big way. We're demanding they adopt a policy to consider both women and people of color every time they seek to hire a new board member and a new CEO. Because the fact is: there are brilliant, skilled, and experienced diverse candidates who are on that elevator, stuck just below the top floors who have potential that should be unleashed.

Research shows that when you include people from diverse backgrounds in your candidate pool for a leadership position – the whole outlook shifts. It becomes 79 times more likely that you'll hire a woman. And a staggering 193 times more likely that you'll hire a person of color. So this new standard will force the biggest companies in our country to shake off the stubborn status quo.

It's exactly the boost this industry needs if we're going to keep growing. Because, as fiduciaries, we want our funds to invest in companies firmly planted in the 21st century, companies that represent the future. We can't do that if companies have leadership teams that look like they're out of the 1950s.

As I said, we are doing this not just because it's the right thing to do—we're doing it because it's the smart thing to do. Diversity must be front and center in conversations about wealth creation. It's not a box to be checked, it's a living, breathing commitment to empower people who have been fighting with one hand behind their back for far too long.

In New York City, we also have a singular chance to put diversity and equity at the center of our City's constitution. The creation of a MWBE office reporting directly to the Mayor is on the ballot for New Yorkers this November – and I hope you'll join me in supporting it.

So thank you again for attending this year's conference and I hope you're just as excited as we are to get to work!