

Common Investment Meeting (NYCERS)

Schedule	Wednesday, January 18, 2017, 09:00 AM — 02:00 PM EST
Venue	Office of the New York City Comptroller, 1 Centre Street, 10th Floor - Northside, New York, NY 10007
Description	Welcome to Convene!
Organizer	Kim Boston

Agenda

PUBLIC SESSION		2
9:30 AM	Welcome and Opening	3
9:45 AM	Compliance Update	4
	 Compliance Memo to the Trustees_01-2017 CIM - SB Edits_SV2.pdf	5
10:15 AM	Private Asset Placeholders & Rebalancing Ranges	8
	 Placeholders and Rebalancing Ranges_010417_DJR doc SB 01042017 FINAL (NYCERS).pdf	9

PUBLIC SESSION

Welcome and Opening

Compliance Update



OFFICE OF NEW YORK CITY COMPTROLLER SCOTT M. STRINGER

Scott C. Evans, Deputy Comptroller - Asset Management / Chief Investment Officer
Bureau of Asset Management | 1 Centre Street Room 800, New York, NY 10007-2341 | www.comptroller.nyc.gov
Telephone: (212) 669 – 8318 | Fax: (212) 669 – 3445 | sevans@comptroller.nyc.gov

5

TO: Trustees of Teachers, NYCERS, Police, Fire, and BERS
FROM: Shachi Bhatt, Sanya Cowan, Susan Rhee
DATE: January 18, 2017
RE: Compliance Updates - 2016

BAM Compliance strives to ensure that the Systems' pension funds are managed with the utmost integrity and that all employees within the Bureau of Asset Management exemplify and are held to the highest ethical standard on any and all matters related to the Systems. This year brought many enhancements to the existing compliance program, all with this goal in mind. As such, Compliance has developed and administered various, training, policies and initiatives within BAM.

I. TRAINING FOR BAM STAFF

The unique challenges found in asset management prompted BAM Compliance to work to enhance the amount of training issued to BAM staff during the year. This includes the following:

March / April 2016 – Conflicts of Interest Board – Training tailored to potential conflicts of interest relating to Asset Management.

June 2016 – Foreign Corrupt Practices Act (“FCPA”) – Training designed to help BAM employees identify and escalate any red flags or possible violations of the Foreign Corrupt Practices Act, a law that prohibits the offer, authorization, promise or payment of anything of value to a foreign official in order to obtain or retain business.

December 2016 – Fiduciary Training – Training to remind and refresh BAM and key employees in the Comptroller's Office on their fiduciary obligations and responsibilities to the NYCERS.

II. POLICIES & INITIATIVES

In an effort to add transparency to the department, a number of new and existing policies were created and enhanced. A summary of these follows.

BAM Calendar

In January, BAM Compliance implemented an online calendar designed to document all meetings



BAM staff held with investment funds or managers, consultants, service providers and other vendors of BAM or of any of the New York City Retirement Systems. In addition to gaining the ability to electronically monitor meetings with these third parties, Compliance also created a mandatory survey which accompanies each meeting. This survey requires employees to certify whether meals, refreshments or gifts were presented at the meeting. Compliance monitors this on an ongoing basis to ensure that no potential conflicts of interest arise during these meetings.

Personal Trading Policy

With access to financial reports, projections and proposed company changes, Comptroller's Office employees could potentially influence or create the appearance of influencing the market by buying, selling or trading a manager's similar securities they have insider information on. For example, by purchasing shares of a mutual fund managed by an investment advisor days prior to NYCRS investing \$200 million with them, Comptroller's Office employees create the appearance of trading on material, non-public information. By trading on material, nonpublic information, employees would violate their fiduciary responsibilities of protecting NYCRS to gain a personal financial benefit.

The Personal Trading Policy is designed to protect the Systems from any possible misuse of information by relevant Comptroller's Office employees. The policy has been rolled out, and implementation is underway, with an expected completion of 1Q 2017.

Annual Certification and Compliance Statement/Compliance and Ethics Questionnaires

Compliance delivers an annual Ethics and Compliance Questionnaire and Certification to all of its Public and Private Market Managers. This questionnaire consists of approximately 45 questions and also requests the following supporting documents: the firm's most recent Form ADVs (Parts 1 and 2), organizational chart(s), a list of all training conducted by the manager, and the Table of Contents of the firm's compliance manual. This questionnaire is a mandatory submission for all public market managers, and is optional but strongly encouraged for alternative managers.

III. 2017 Initiatives

As the financial services landscape evolves, BAM Compliance will continue to do so as well. Some of



the initiatives outlined for 2017 include:

- Create a Compliance Manual that contains the current existing policies and procedures for BAM.
- Review all existing and recommended managers against the New York City Campaign Finance Database to ensure no inadvertent violations of the "Pay-to-Play" arise.

Private Asset Placeholders & Rebalancing Ranges



OFFICE OF NEW YORK CITY COMPTROLLER SCOTT M. STRINGER

Scott C. Evans, Deputy Comptroller - Asset Management / Chief Investment Officer
Bureau of Asset Management | 1 Centre Street Room 800, New York, NY 10007-2341 | www.comptroller.nyc.gov
Telephone: (212) 669 – 8318 | Fax: (212) 669 – 3445 | sevans@comptroller.nyc.gov

TO: Trustees of the Teachers’ Retirement System of the City of New York (“TRS”)
Trustees of the New York City Employees’ Retirement System (“NYCERS”)
Trustees of the New York City Police Pension Fund (“POLICE”)
Trustees of the New York City Fire Department Pension Fund (“FIRE”)
Trustees of the Board of Education Retirement System of the City of New York (“BERS”)

FROM: BAM Investment Committee

DATE: January 18, 2017

RE: Establishment of Placeholders and Rebalancing Ranges

I. RECOMMENDATION

In order to implement the recently approved asset allocations, The New York City Office of the Comptroller - Bureau of Asset Management (“BAM”) is recommending an update to asset-level Placeholders and Rebalancing Ranges, as detailed on the attached charts.

REBALANCING RANGES: Previous (adopted in 2011) vs. Proposed

See Appendix A.

PLACEHOLDERS: Previous (adopted in 2011) vs. Proposed

See Appendix B.



DISCLOSURES

Information presented is current as of the date of this posting only. Past performance does not guarantee the future performance of any manager or strategy. The historical information provided herein may have been adversely or favorably impacted by events and economic conditions that will not prevail in the future. Therefore, these results are not indicative of the future performance of any strategy, index, fund, manager or group of managers.



APPENDIX A: REBALANCING RANGES

NYCERS	NYCERS	NYCERS	NYCERS
PREVIOUS	PREVIOUS	NEW	PROPOSED
Strategic	Rebalancing	Strategic	Rebalancing
Allocation	Range +/-	Allocation	Range +/-

PUBLIC EQUITY				
U.S.	32.6%	4.0%	29.0%	5.0%
Developed Ex-U.S. Equity	10.0%	3.0%	13.0%	4.0%
Emerging Markets	6.9%	2.0%	7.0%	3.0%
REITS	0.0%	0.0%	0.0%	0.0%
PUBLIC FIXED INCOME				
Core +5 Securities ⁽¹⁾	19.0%	5.0%	0.0%	0.0%
U.S. Treasuries – All Maturities	0.0%	0.0%	0.0%	5.0%
U.S. Treasuries - Longer Than Five Years	0.0%	0.0%	10.0%	5.0%
Core Mortgage-Backed Securities	0.0%	0.0%	1.5%	1.0%
ETI	0.0%	0.0%	2.0%	1.0%
Credit - Investment Grade Corporates	0.0%	0.0%	3.5%	1.0%
Corporate - High Yield Securities	4.0%	2.0%	5.0%	3.0%
Corporate - Bank Loans ⁽²⁾	0.0%	0.0%	2.0%	1.0%
Treasury Inflation Protected Securities	4.5%	1.5%	4.0%	1.0%
Convertible Securities	1.0%	1.0%	0.0%	0.0%
Emerging Market Debt	0.0%	0.0%	0.0%	0.0%
Cash	0.0%	0-5%	0.0%	0.0%
ALTERNATIVE ASSETS				
Private Equity	7.0%	2.0%	7.0%	3.0%
Private Real Estate - Core	6.0%	2.0%	5.0%	2.0%
Private Real Estate - Opportunistic	0.0%	0.0%	4.0%	2.0%
Private Infrastructure	0.0%	0.0%	2.0%	1.0%
Opportunistic Fixed Income	5.0%	+2%&-5%	5.0%	2.0%
Hedge Funds	4.0%	2.0%	0.0%	0.0%

1) Under the old asset allocation, Core +5 was comprised of Governments/US Treasuries, Mortgages, And Investment Grade Corporates

2) Bank Loans weight should be 1/3 of HY's weight



APPENDIX B: PLACEHOLDERS

**PREVIOUS
PLACEHOLDERS**

NYCERS

Real Estate	50%-Core+5 Securities 50%-Equity (incl. REITS)
Infrastructure	N/A
Private Equity	100% Global Equity
Hedge Funds	50%-Core+5 Securities 50%- Global Equity
Opportunistic Fixed Income	50%-Core +5 Securities 50%- High Yield Securities
Emerging Market Debt	N/A

**PROPOSED
PLACEHOLDERS**

NYCERS

Real Estate Core	40% U.S. Equity 12% U.S. Treasuries 24% Investment Grade Corporates 24% Mortgage-Backed Securities
Real Estate Opportunistic	60% U.S. Equity 8% U.S. Treasuries 16% Investment Grade Corporates 16% Mortgage-Backed Securities
Infrastructure	27% U.S. Equity 18% Developed Ex-U.S. Equity 5% Emerging Markets Equity 5% U.S. Treasuries 10% Investment Grade Corporates 10% Mortgage-Backed Securities 25% Treasury Inflation-Protected Securities
Private Equity	100% U.S. Equity
Hedge Funds	N/A
Opportunistic Fixed Income	10% U.S. Treasuries 20% Investment Grade Corporates 20% Mortgage-Backed Securities 50% High Yield Securities*

* Existing Convertibles holdings to be used as a temporary placeholder for High Yield Securities