



Retirement News Highlights

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New York City Pensions to Expand Emerging Manager Programs *Since 2015, emerging, diverse, and minority and women business enterprises managers have outperformed their benchmarks net of fees across all asset classes, Comptroller Brad Lander said.*

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New York City's five public pension systems are expanding their emerging managers programs, Comptroller Brad Lander and trustees of the retirement systems announced on Friday.

Lander outlined the changes at the Annual Diverse and Emerging Managers Investment Conference, where he also released the second annual report of the pensions' investments in minority and women business enterprises, or MWBE, and emerging manager firms.

Since 2015, emerging, diverse and MWBE managers have outperformed their benchmarks net of fees across all asset classes. "Our efforts are central to ensuring the highest-performing firms are responsible for investing pension dollars," Lander said.

By expanding the emerging manager programs and continuing to invest with high performing MWBE managers, the comptroller's Bureau of Asset Management anticipates that 20% of the pension systems' investments will be with MWBE managers by 2029. The bureau expects the managers to achieve strong risk-adjusted returns.

"This plan will help the city's pension funds and retirement systems gain access to the best managers and the best investment ideas from an industry that is growing more diverse with each passing year," said a representative of Mayor Eric Adams, who is chairman of the board of the New York City Employees' Retirement System, and trustee of the New York City Teachers' Retirement System, the New York City Police Pension Fund and the New York City Fire Pension Fund.

During fiscal 2023, the pensions' total actively managed U.S. based assets exposure to MWBE investment managers across all asset classes increased to \$19.5 billion or about 12.7%, up from around 11.6% in the previous year. The increase accompanied an 8% rise in investment returns for the fiscal year, exceeding the 7% actuarial target rate, according to the statement.

The city's pension funds have made several commitments to diverse and emerging managers since fiscal 2022, including a \$500 million allocation to Bivium Capital Partners for the development of an emerging manager program in fixed income.

The pensions have also expanded emerging manager programs with GCM Grosvenor, which is focused on real estate; BlackRock Emerging Manager Program in infrastructure; and Neuberger Berman First Time Funds in private equity.

There has also been an increase in international fund of funds allocation in public equity from 6% to 10%, Lander's office said.

The comptroller's office is also considering proposals that include expanding the direct emerging manager program in private equity, creating similar programs in real estate and alternative credit, and expanding the fixed income emerging manager program to include "direct emerging," according to the statement.