

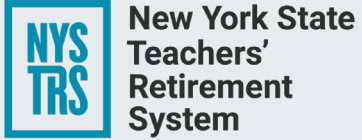


New York State
Teachers' Retirement
System

MWBE 2025

**Investments & Professional
Services Conference**

A Seat at the Table

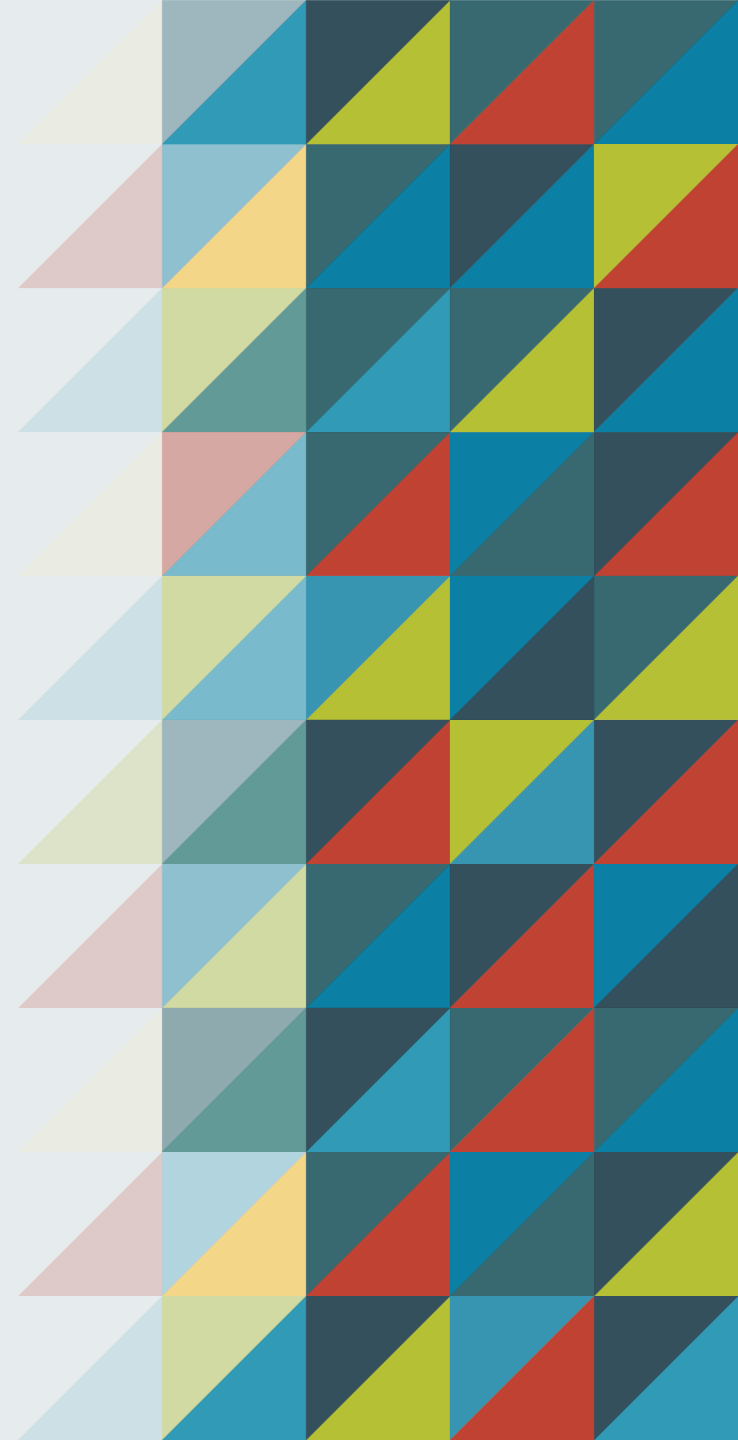


MWBE 2025

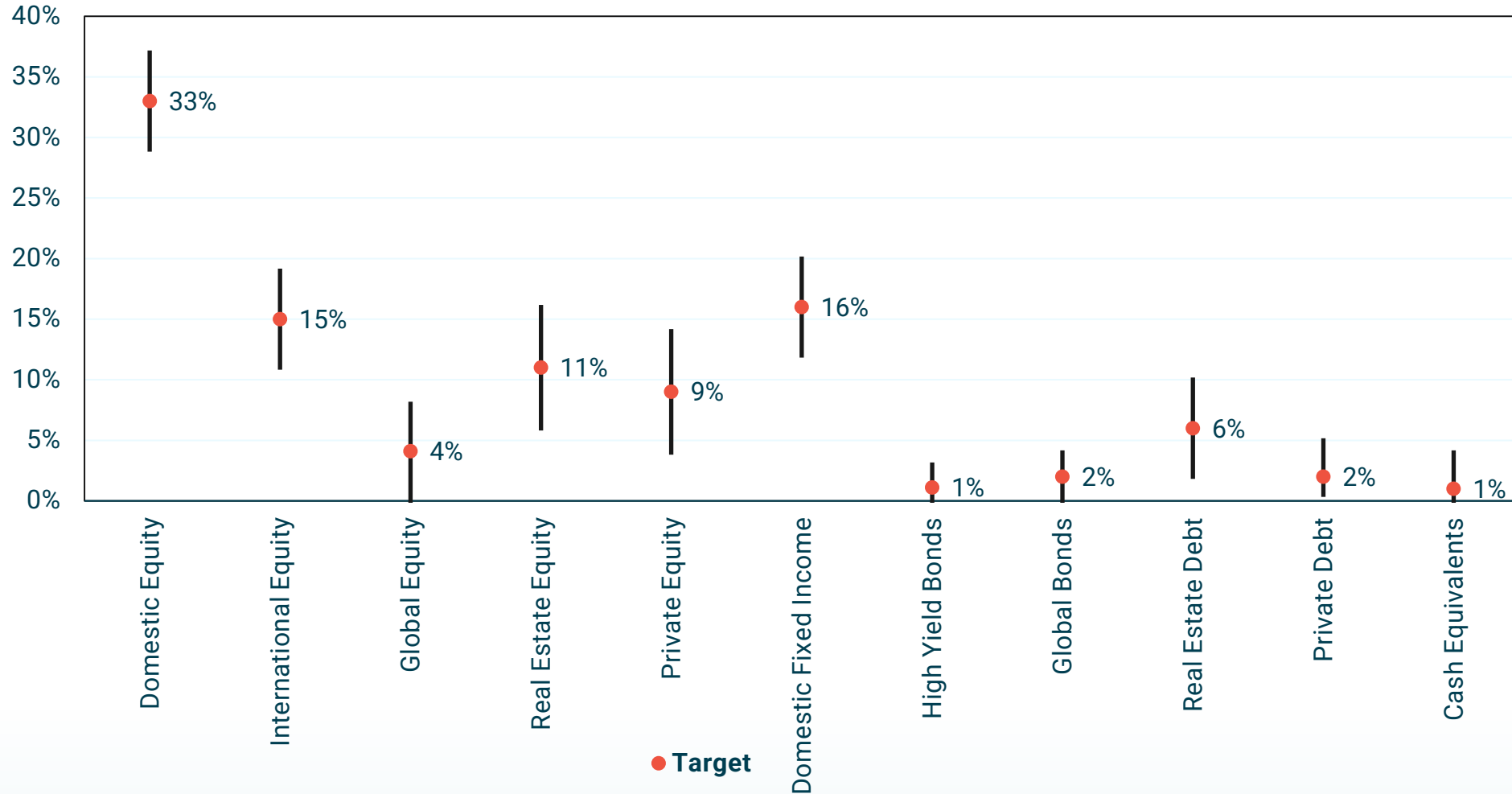
**Investments & Professional
Services Conference**

Real Estate Conference Workshop

David Gillan, CPA, Managing Director



NYSTRS' Target Asset Allocation as of June 30, 2024

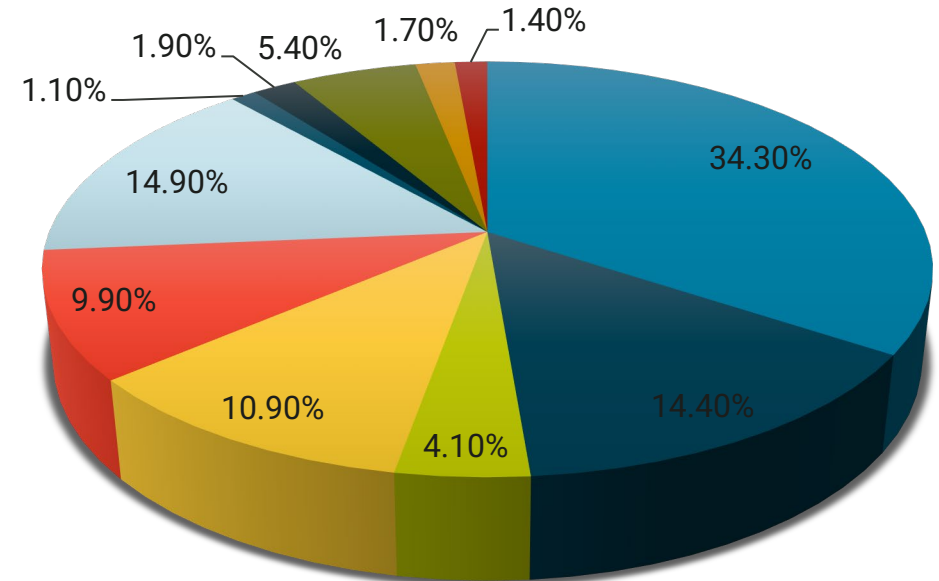


Asset Allocation & Total Investments

June 30, 2024: \$143.4B Investment Portfolio AUM

	Allocation Range
Domestic Equity	29-37%
International Equity	11-19%
Global Equity	0-8%
Commercial Real Estate Equity	6-16%
Private Equity	4-14%
Domestic Fixed Income	12-20%
Global Bonds	0-4%
High Yield	0-3%
Commercial Real Estate Debt	2-10%
Private Debt	0.5-5%
Cash	0-4%

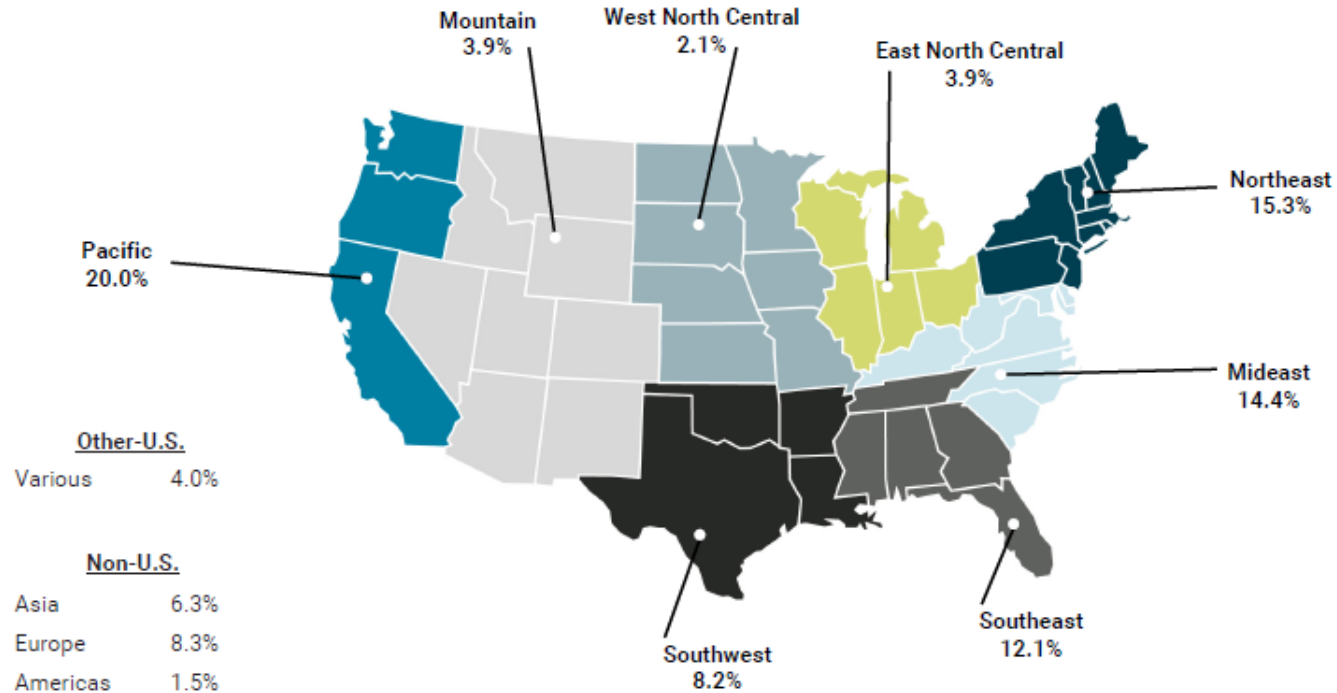
Allocation as of 06/30/24



- Domestic Equity
- International Equity
- Global Equity
- Real Estate Equity
- Private Equity
- Domestic Fixed Income
- High-Yield Bonds
- Global Bonds
- Real Estate Debt
- Private Debt
- Cash Equivalents

Commercial Real Estate Equity Asset Allocation and Strategic Targets

Geographic Distribution of the Equity Real Estate Portfolio



	Target	Range	Actual Invested	Including Unfunded
Equity Portfolio	11%	6%-16%	10.9%	13.3%
Core Private/Public		55%-90%	66.5%	55.4%
Non-Core		10%-45%	33.4%	44.6%

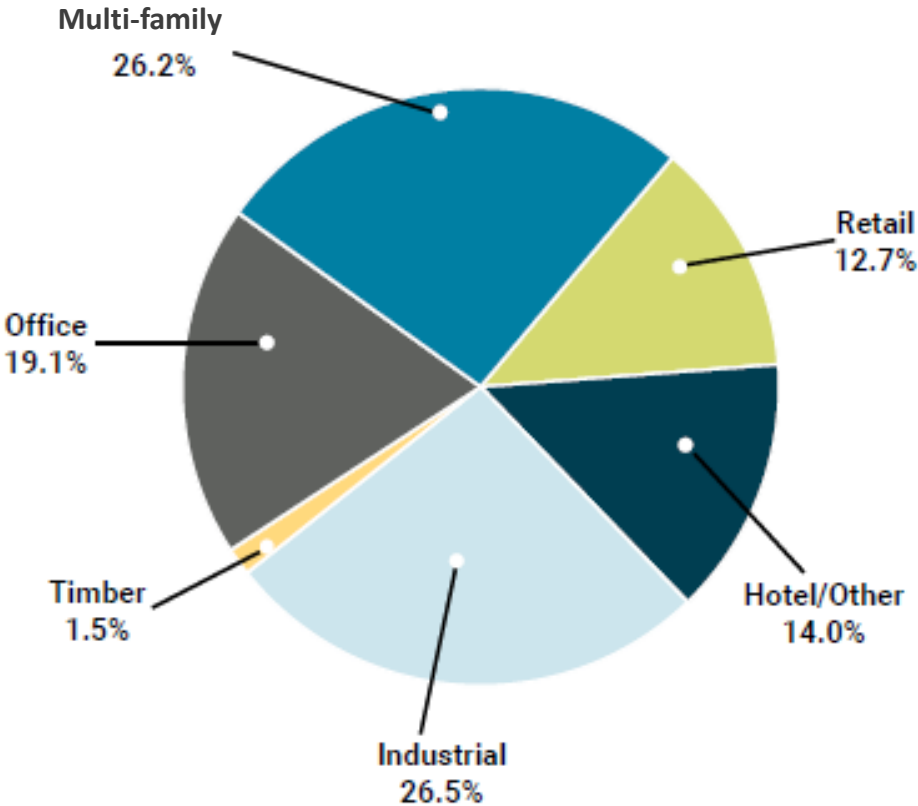
Commercial Equity Portfolio Summary as of 06/30/24

Equity Portfolio Summary	
(in millions)	
Equity Real Estate Investments	
Direct Equity	
Office	\$1,761
Retail	\$1,412
Industrial	\$1,626
Multi-family	\$1,426
Timber	<u>\$241</u>
Total Direct Equity	\$6,466
Commingled Funds	
Core	\$1,449
Value-Added	\$1,706
Opportunistic	\$3,284
Public Real Estate Securities	<u>\$2,757</u>
Total Current Equity Real Estate Holdings	\$15,662
Outstanding Commitments	
Direct Equity	\$227
Non-Discretionary Separate Accounts	\$489
Core Funds	\$134
Value-Added Funds	\$950
Opportunistic Funds	<u>\$2,101</u>
Total Outstanding Commitments	\$3,901
Total Equity Real Estate Portfolio	\$19,563

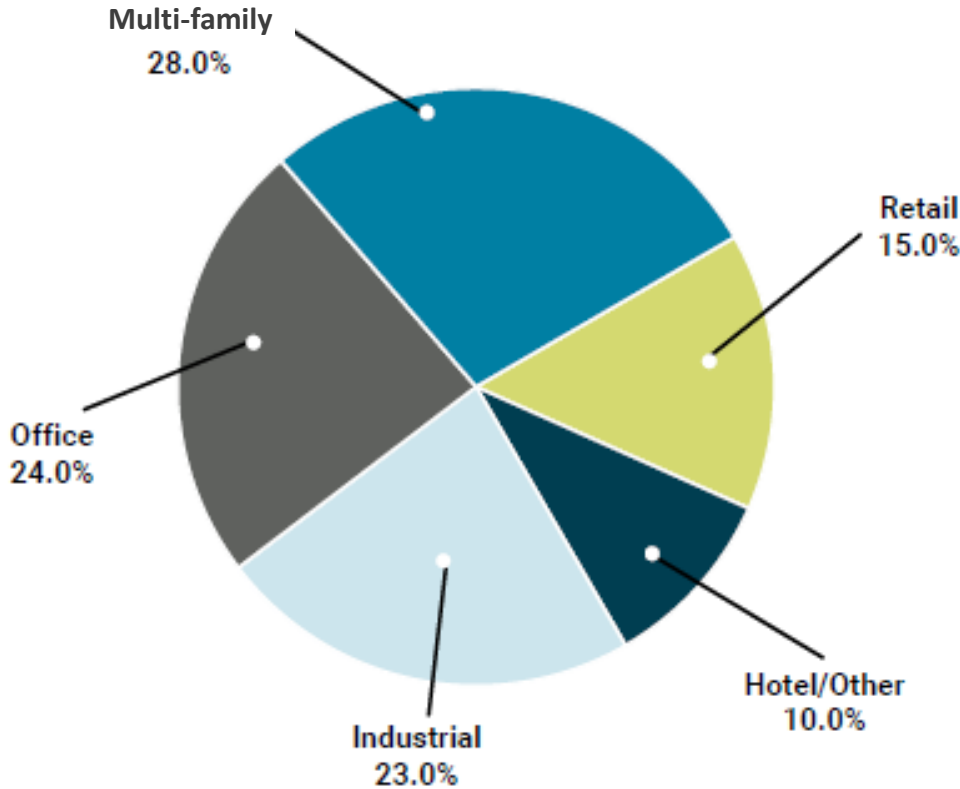
Equity Portfolio Performance		
	<u>NYSTRS</u>	<u>NCREIF- ODCE (Spliced)</u>
Current Quarter	-0.4%	-0.7%
1 Year	-3.6%	-10.0%
3 Year	2.1%	1.0%
5 Year	4.3%	2.5%
10 Year	7.1%	5.6%
Inception	7.9%	6.1%

Diversification By Property Type

NYSTRS' Current Portfolio

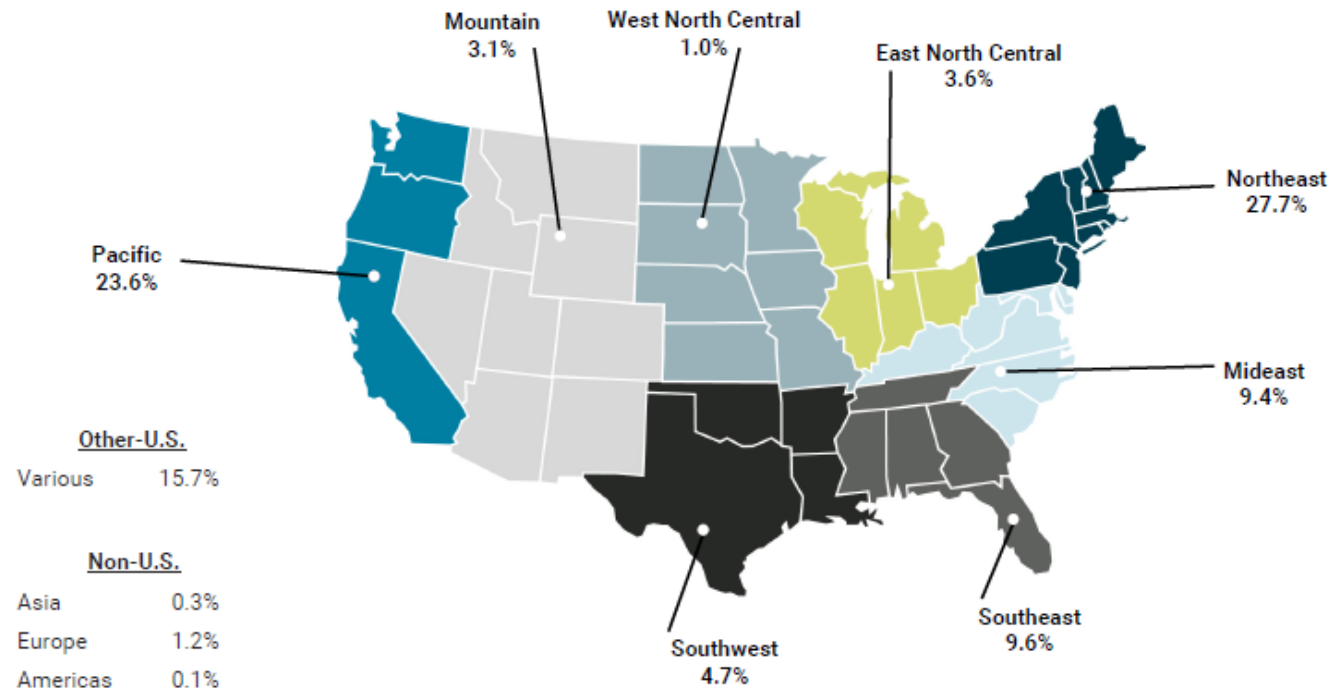


NYSTRS' Strategic Plan



Commercial Real Estate Debt Asset Allocation and Strategic Targets

Geographic Distribution of the Debt Real Estate Portfolio



	Target	Range	Actual Invested	Including Unfunded
Debt Portfolio	6%	2%-10%	5.4%	6.7%
Core Private/Public		50%-100%	65.1%	54.5%
Non-Core		0%-50%	34.9%	45.5%

Commercial Debt Portfolio Summary as of 06/30/24

Debt Portfolio Summary

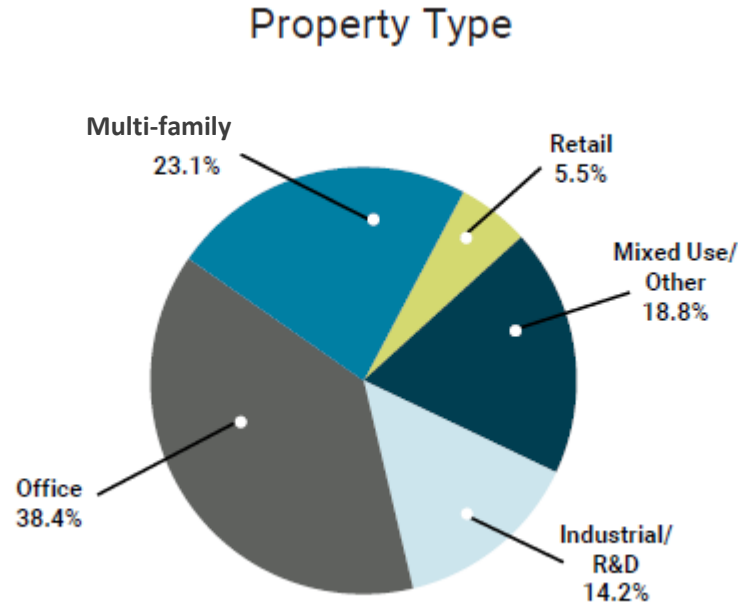
(in millions)

Real Estate Debt Investments	
Direct Mortgage Portfolio	\$2,058
Debt Funds/Separate Accounts	
Core Plus	\$1,995
Opportunistic	\$718
CMBS	<u>\$3,001</u>
Total Current Real Estate Debt Holdings	\$7,772
Outstanding Commitments	
Direct Mortgage	\$0
Core Plus Funds/Separate Accounts	\$1,107
Opportunistic Funds	\$651
CMBS	<u>\$287</u>
Total Outstanding Commitments	\$2,045
Total Real Estate Debt Portfolio	\$9,817

Debt Portfolio Performance

	<u>NYSTRS</u>	<u>Giliberto-Levy Custom Index (Spliced)</u>
Current Quarter	1.4%	1.1%
1 Year	5.7%	4.8%
3 Year	1.0%	-0.6%
5 Year	2.6%	1.7%
10 Year	3.6%	3.0%
Inception	7.6%	7.7%

Debt Portfolio Diversification as of June 30, 2024



Debt Portfolio Metrics					
	<u>Duration</u>	<u>Weighted Avg. Interest Rate</u>		<u>Duration</u>	<u>Weighted Avg. Yield to Maturity</u>
Direct Mortgages	1.6 years	4.8%	CMBS Portfolio	3.8 years	7.7%
G-L Custom Benchmark	4.2 years	4.1%	CMBS Benchmark	3.8 years	6.2%

MWBE INVESTMENTS & PROFESSIONAL SERVICES CONFERENCE

NEW YORK STATE TEACHERS' RETIREMENT SYSTEM

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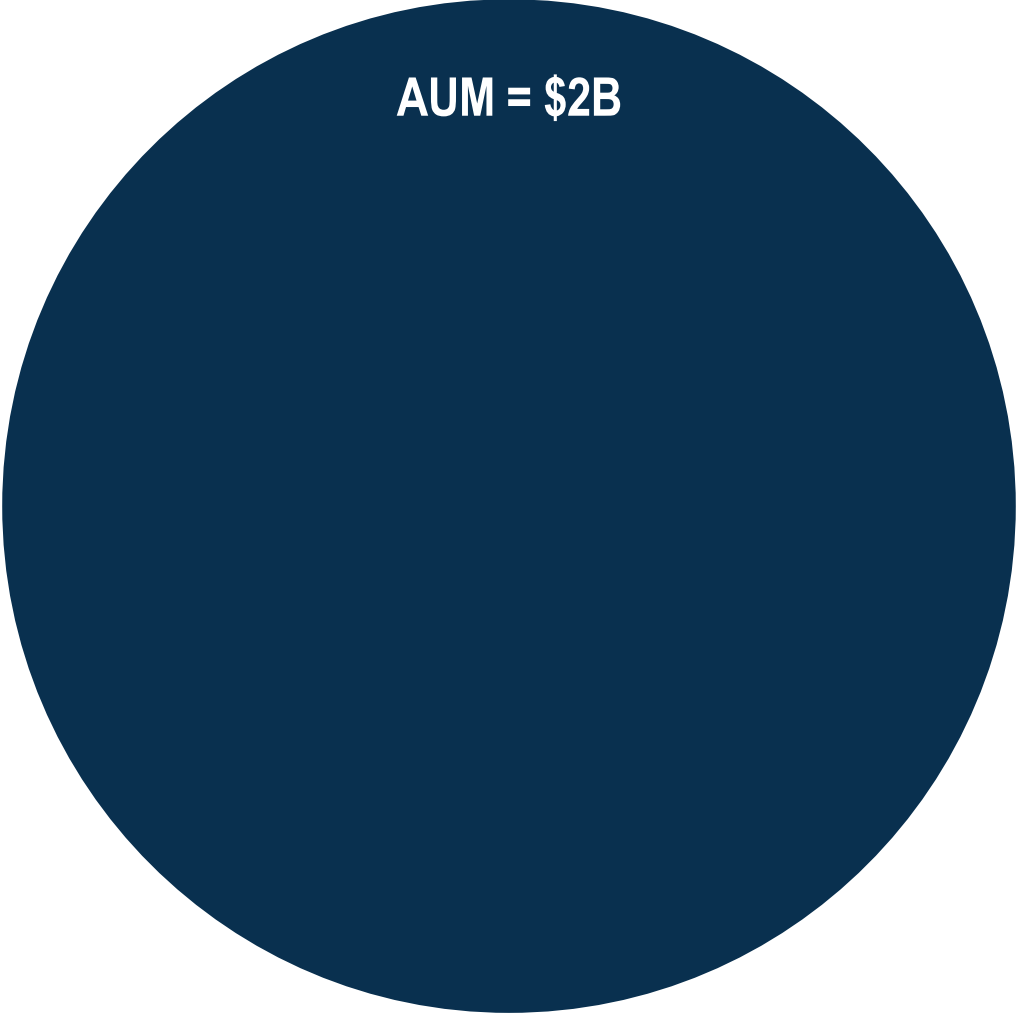
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Notes and Disclosures

Important Risk Information

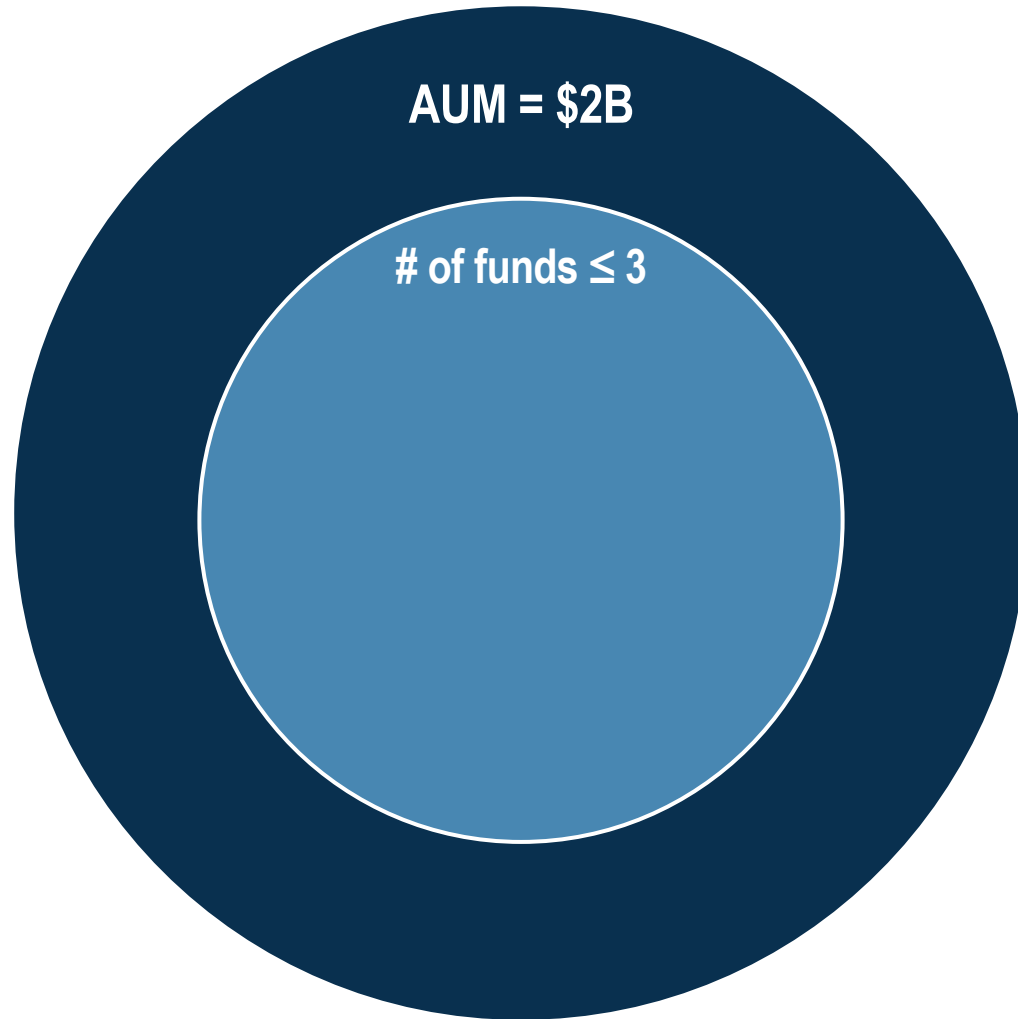
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DEFINING EMERGING AND DIVERSE MANAGERS

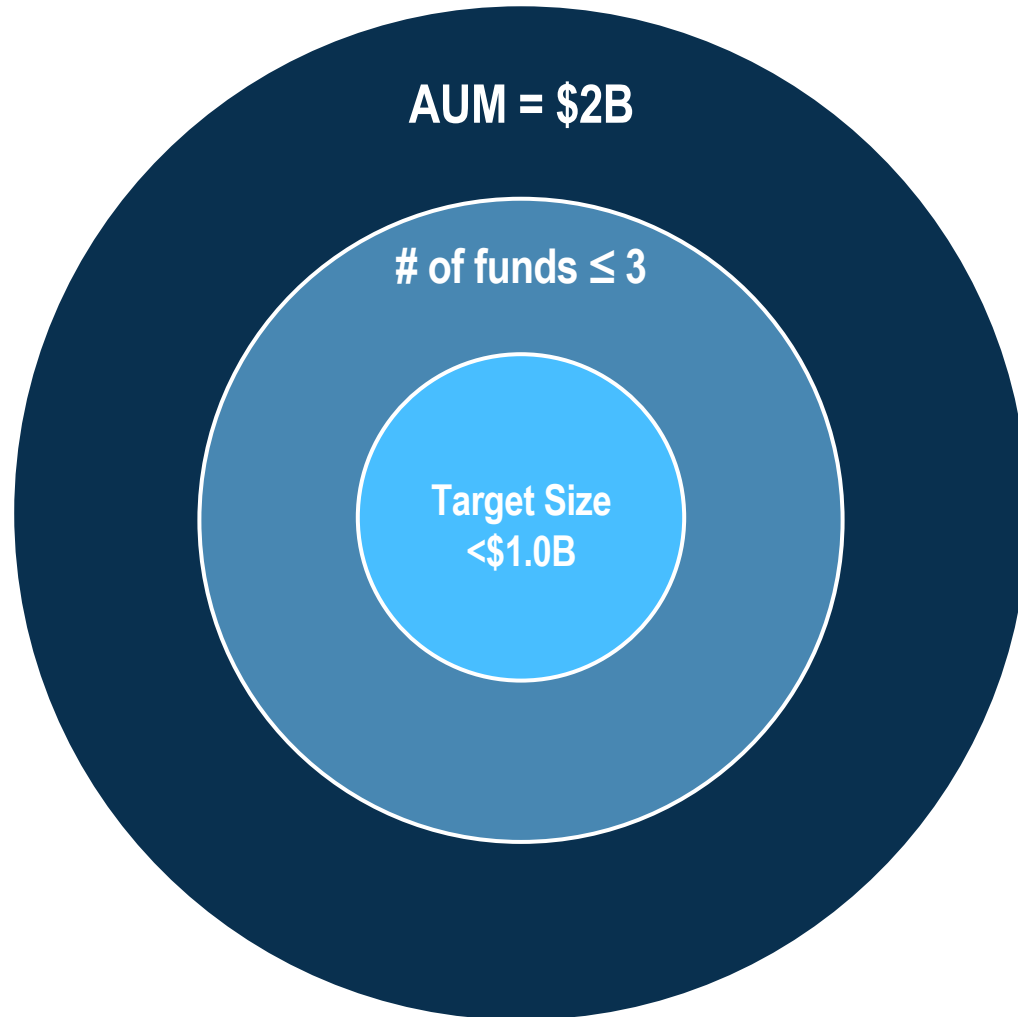


AUM = \$2B

DEFINING EMERGING AND DIVERSE MANAGERS



DEFINING EMERGING AND DIVERSE MANAGERS



DEFINING EMERGING AND DIVERSE MANAGERS



The EM Universe is growing, with AUM up to \$3B and up to 4 funds

Diverse Managers are typically defined as a subset of emerging managers with at least

25%

of the firm owned by individuals in the following sub-groups:

ETHNICALLY DIVERSE

WOMEN

LGBTQ+ INDIVIDUALS

VETERANS

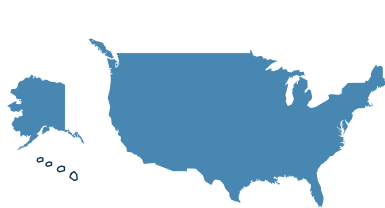
INDIVIDUALS WITH DISABILITIES

OUR EMERGING MANAGER INVESTMENT GUIDELINES

MANAGER QUALITIES

- Attributable track record within strategy
- Ability to source investment opportunities
- History of the team working together
- Experienced investment professionals

GEOGRAPHY



United States



Europe
Opportunistically

ASSET CLASS



Residential



Industrial



Retail



Multifamily



Niche

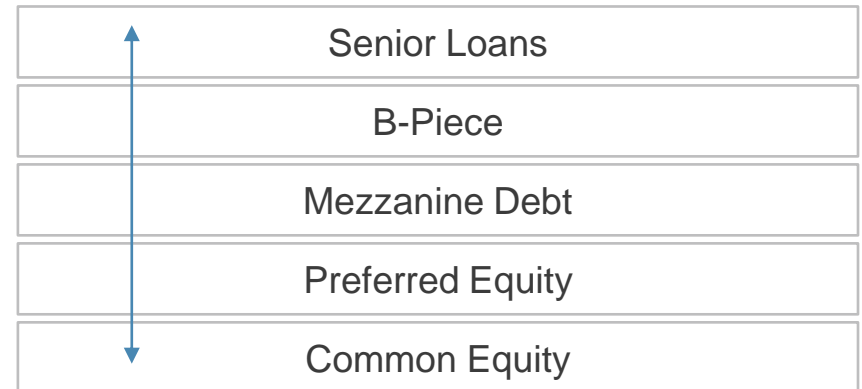


Hotel



Office

CAPITAL STACK



OUR EMERGING MANAGER DUE DILIGENCE PROCESS

Real Estate

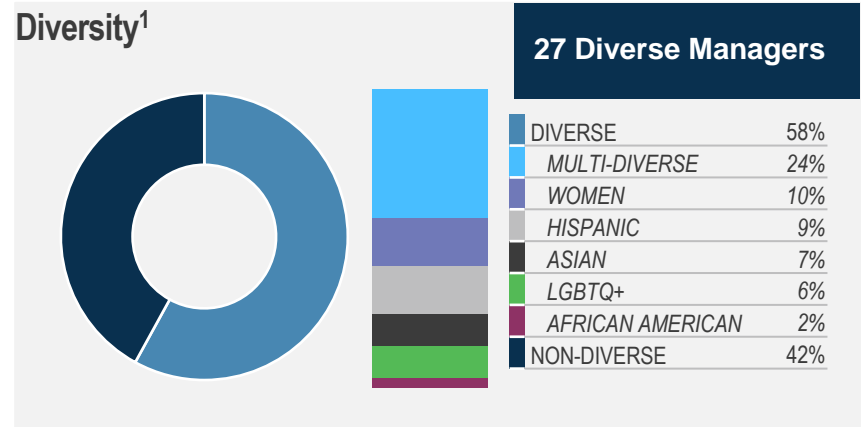
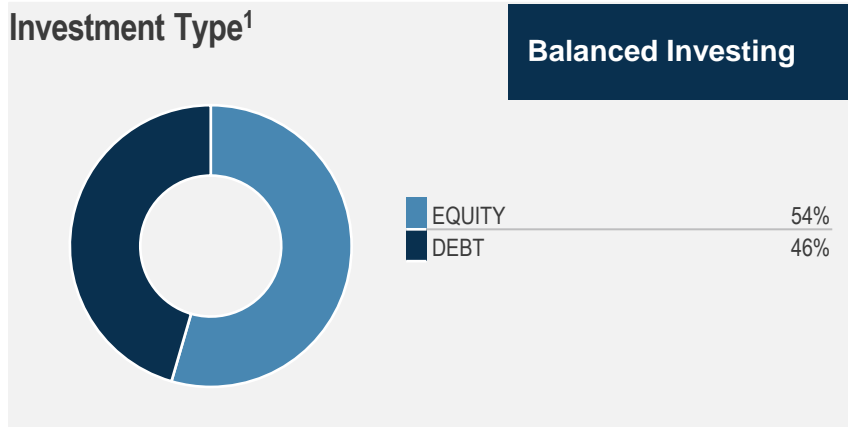
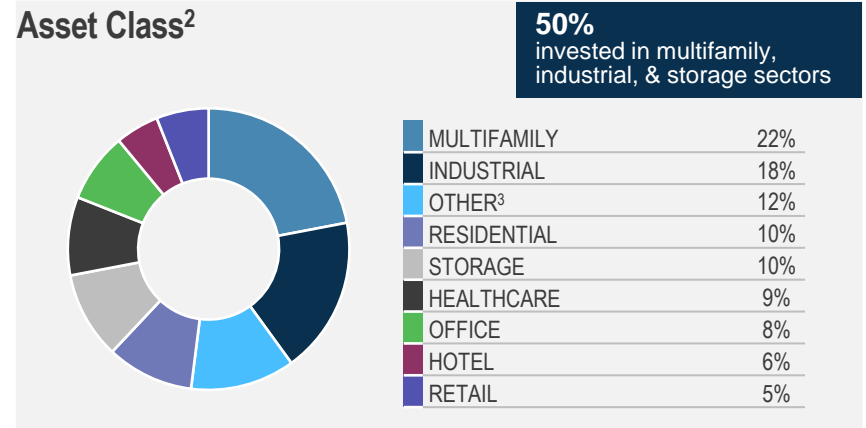
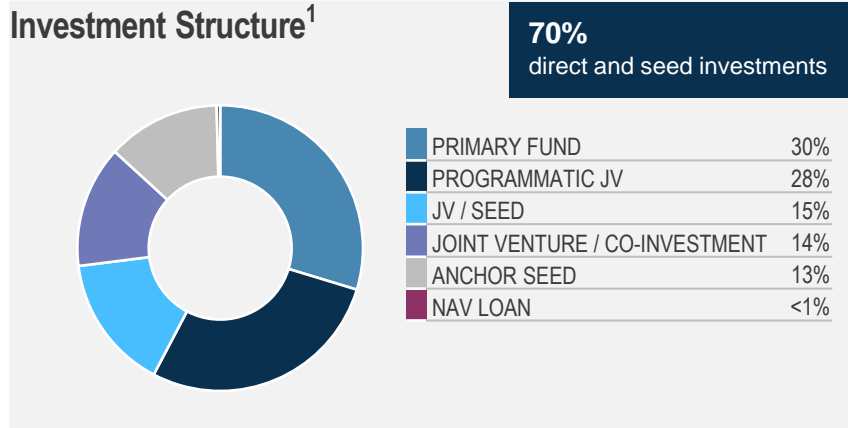


For illustrative purposes only.

← **Meet with NYSTRS** →

NYSTRS-GCM PROGRAM PORTFOLIO OVERVIEW

The Program's commitments and investments can be broken down as follows:



¹ Commitments are as of September 30, 2024, and pro forma for completion of NYSTRS GCM Program.

² Data is based on the portfolio's exposure to the underlying investments as of September 30, 2024.

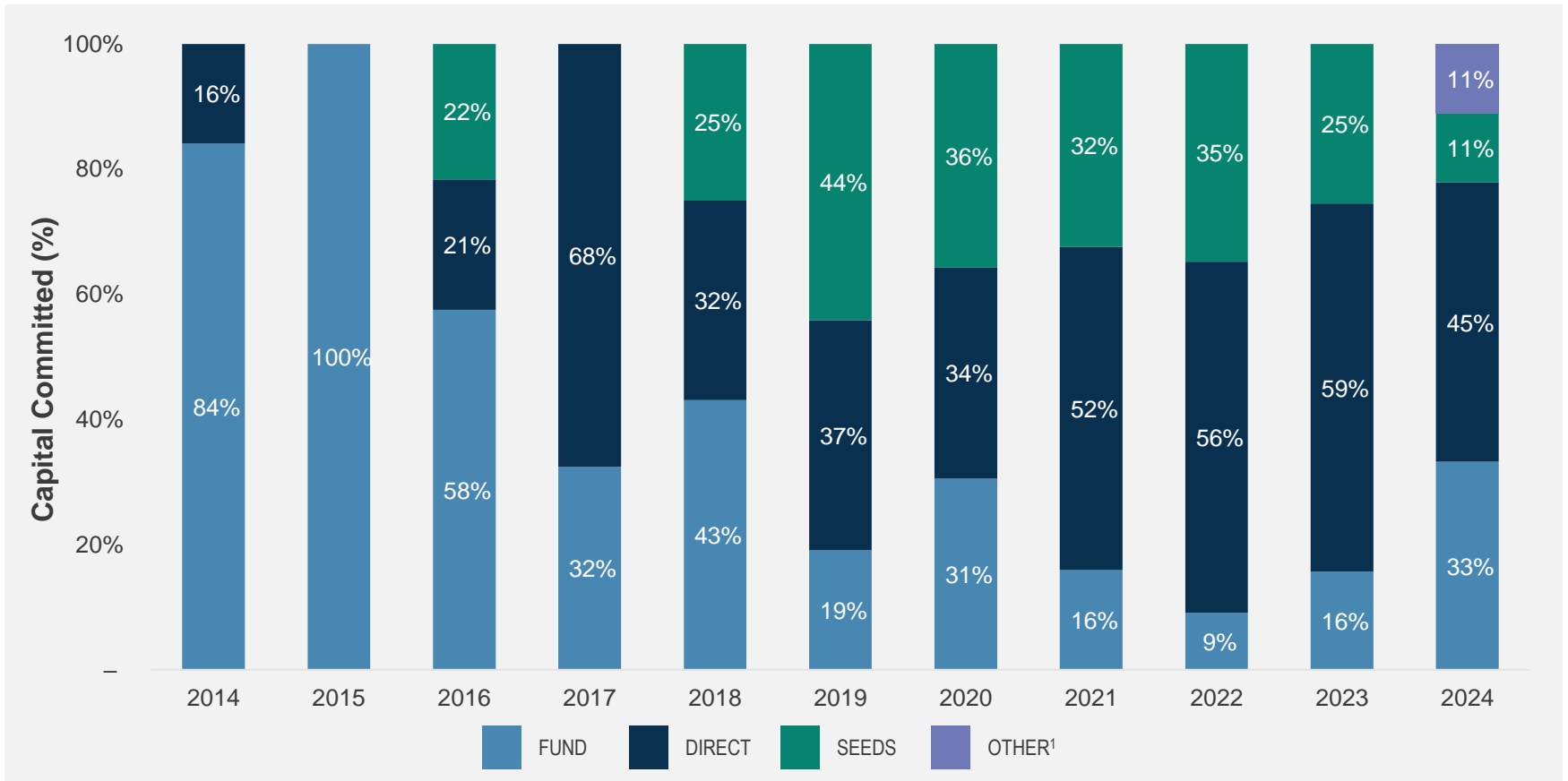
³ Other includes: mixed-use, securitized product, diversified, land, student housing, education

No assurance can be given that any investment will achieve its objectives or avoid losses.

NYSTRS-GCM PROGRAM PORTFOLIO OVERVIEW

In the last 3 years, 83% of commitments were made to direct and seed investments.

INVESTMENT STRUCTURE OVER TIME (% OF COMMITMENTS)



¹ Other represents NAV loan.

Commitments are as of September 30, 2024, and pro forma for completion of NYSTRS GCM Program.

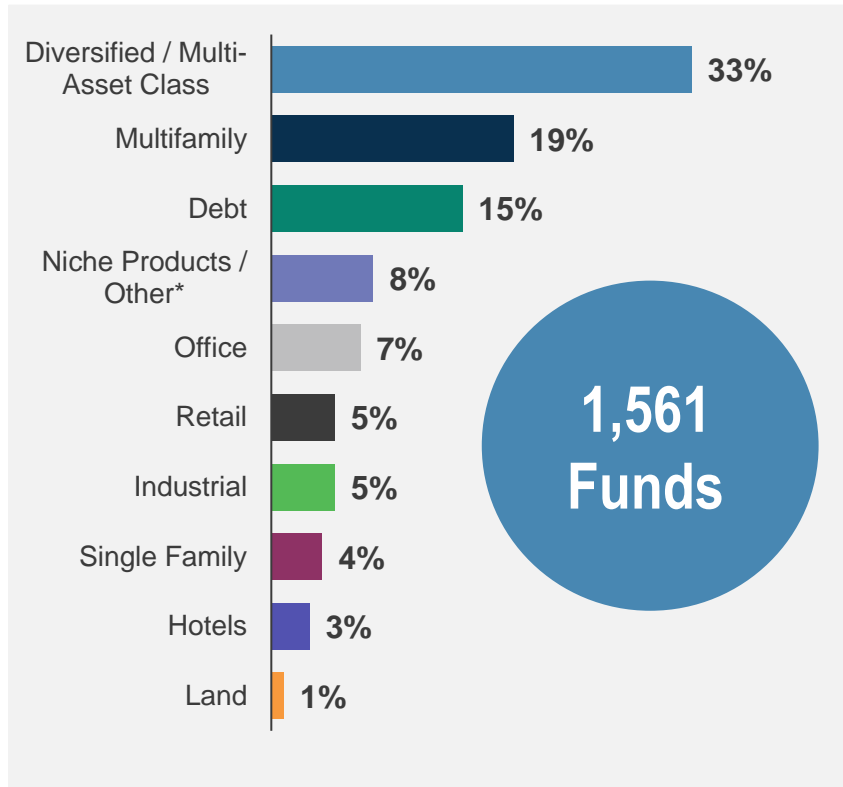
No assurance can be given that any investment will achieve its objectives or avoid losses.

REAL ESTATE EMERGING MANAGER UNIVERSE

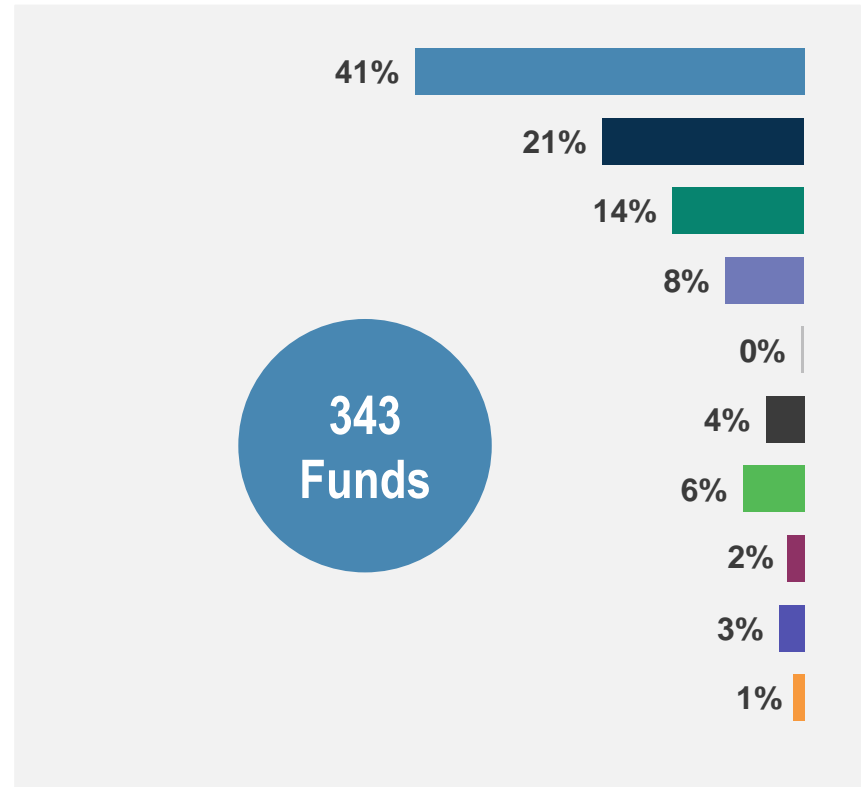
We have tracked 1,561 real estate emerging manager funds since 2010, which has expanded in size by 112 funds per year:

PRODUCT TYPE (% BY NUMBER OF FUNDS)

2010 - 2024



Last 3 Years



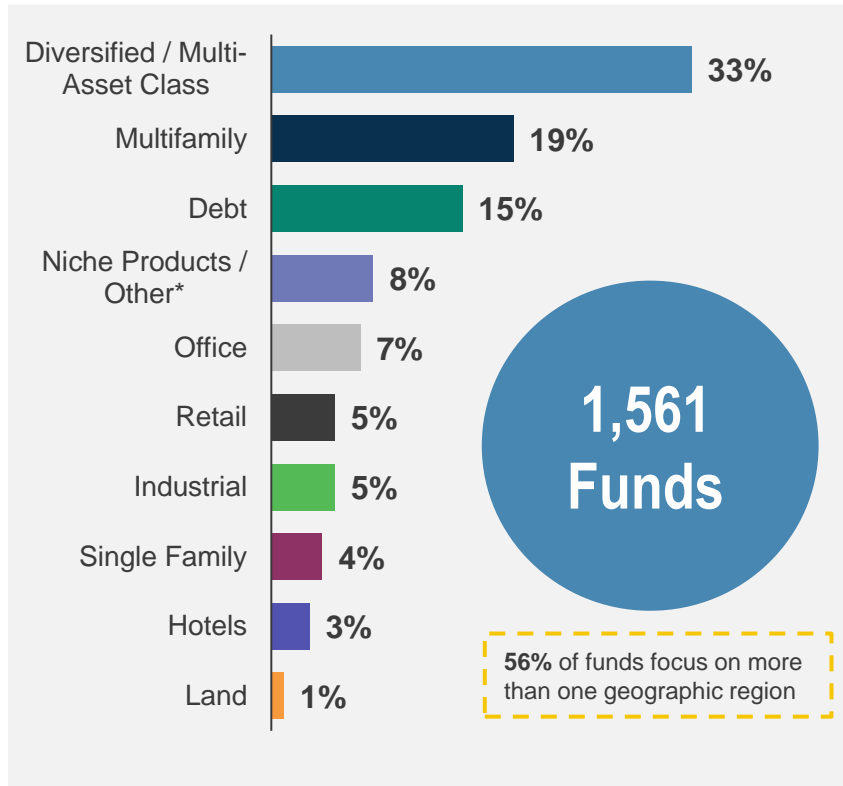
* Niche Products include medical office, senior housing, boat storage, self storage, and student housing.
Source: GCM Grosvenor proprietary research (December 2024). Property of GCM Grosvenor.

REAL ESTATE EMERGING MANAGER UNIVERSE

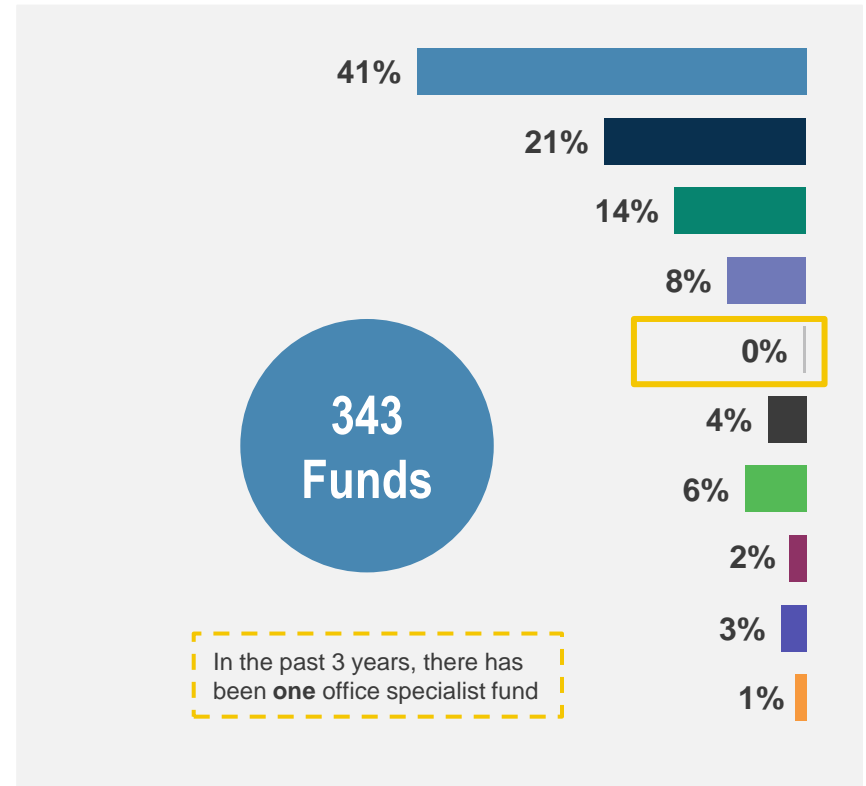
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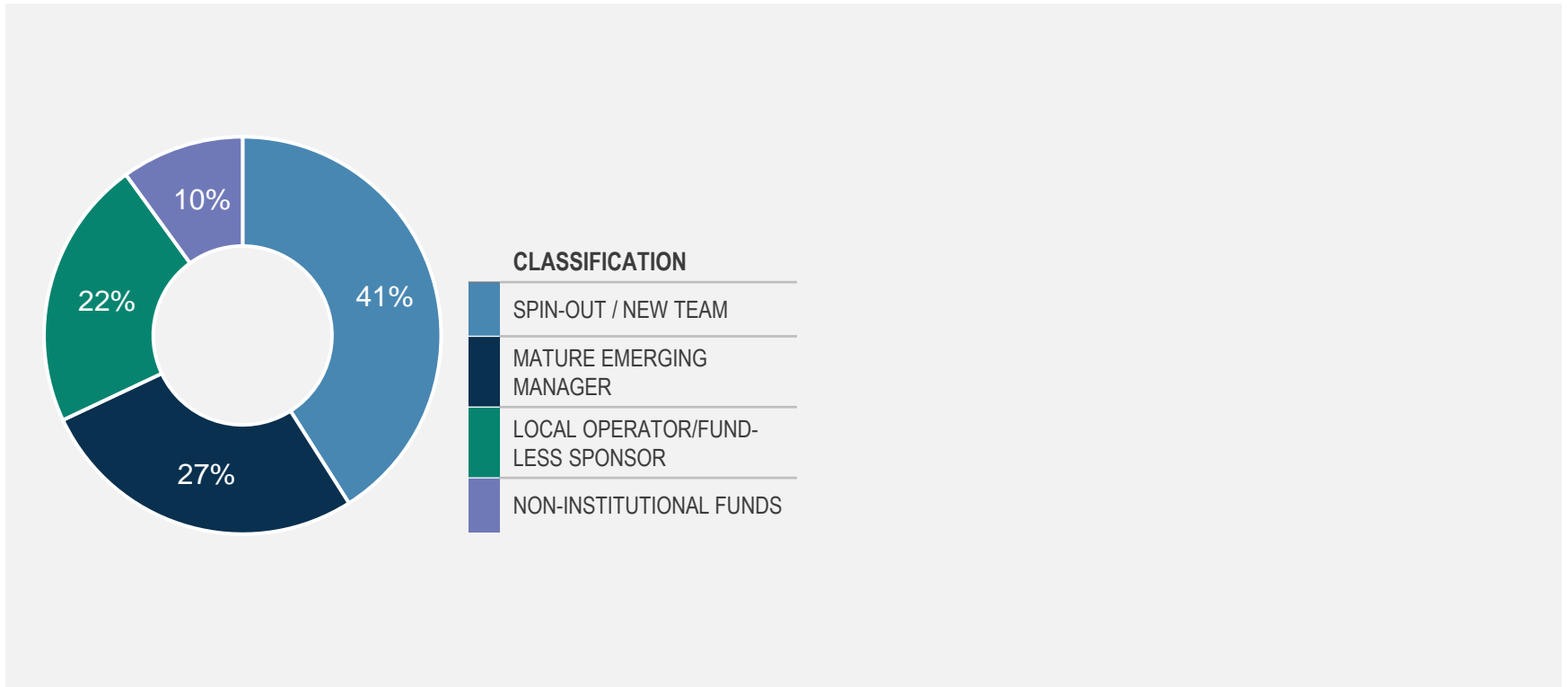
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Source: GCM Grosvenor proprietary research (December 2024). Property of GCM Grosvenor.

REAL ESTATE EMERGING MANAGER UNIVERSE

The 1,561 real estate emerging manager funds can be broken down further as follows:

FIRM HISTORY (% BY NUMBER OF FUNDS)

2010 - 2024

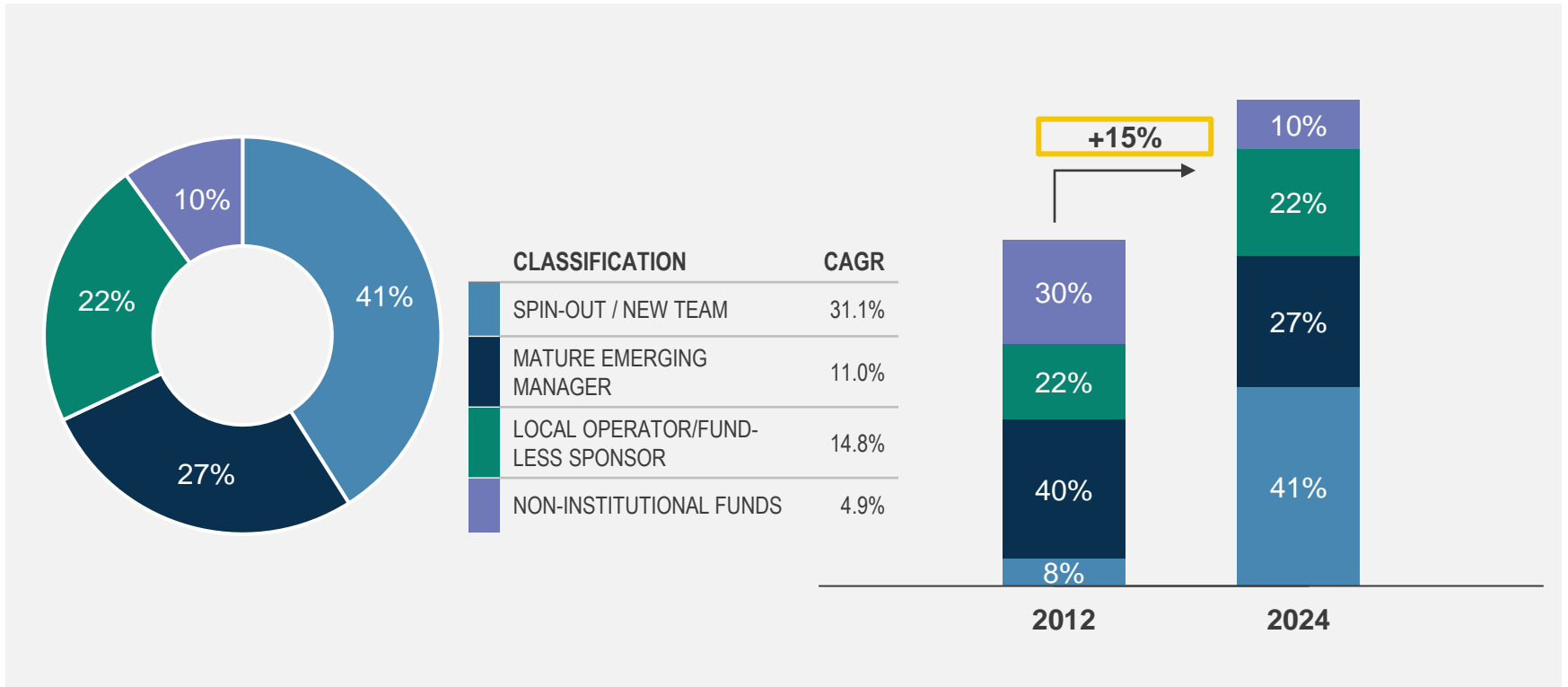


REAL ESTATE EMERGING MANAGER UNIVERSE

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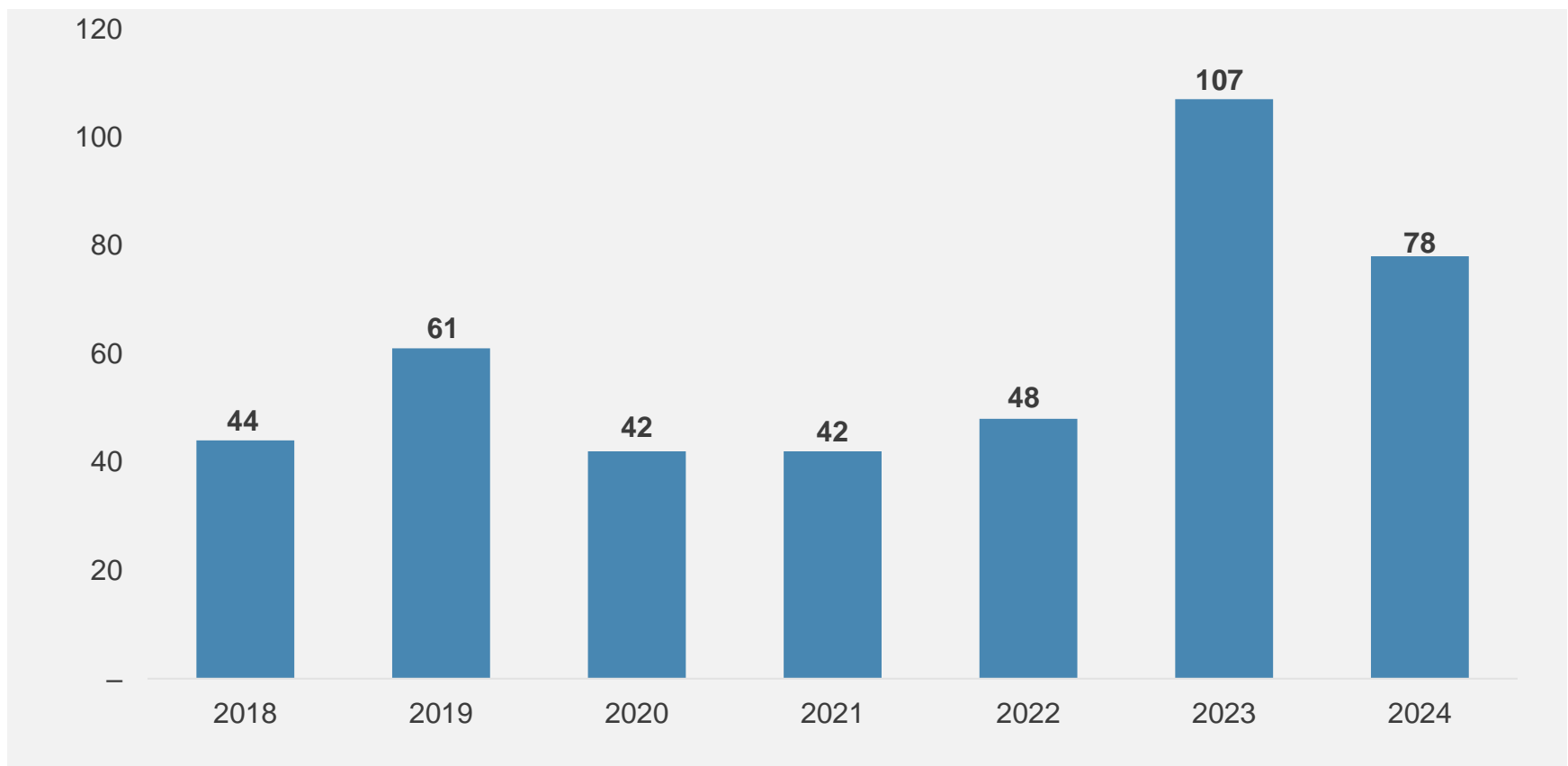
2010 - 2024



GROWING SPINOUT / NEW TEAM UNIVERSE

422 new groups entered the market from 2018 to 2024.

NUMBER OF SPINOUTS AND NEW FIRMS (YOY CHANGE)

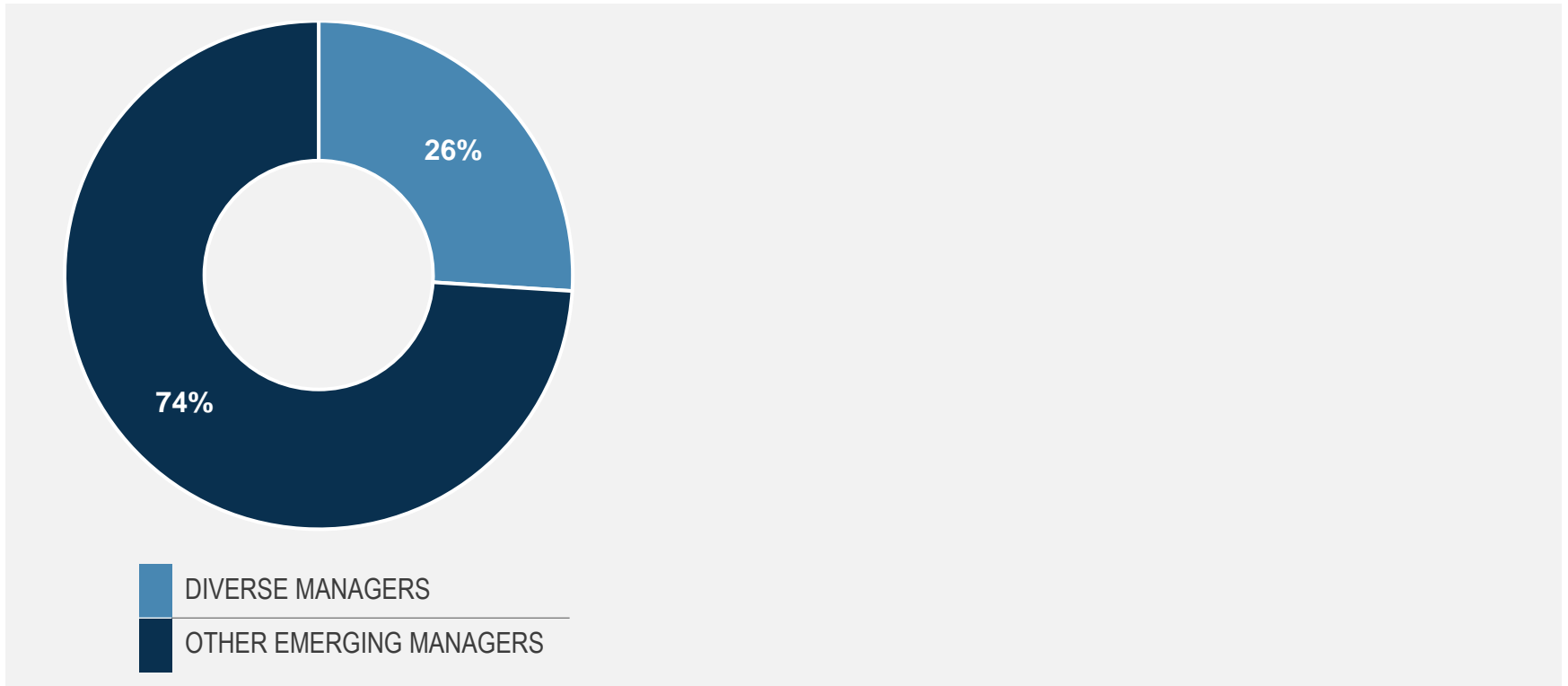


REAL ESTATE EMERGING MANAGER UNIVERSE

The 1,561 real estate emerging manager funds can be broken down further as follows:

DIVERSE MANAGERS RATIO (% BY NUMBER OF FUNDS)

2010 - 2024



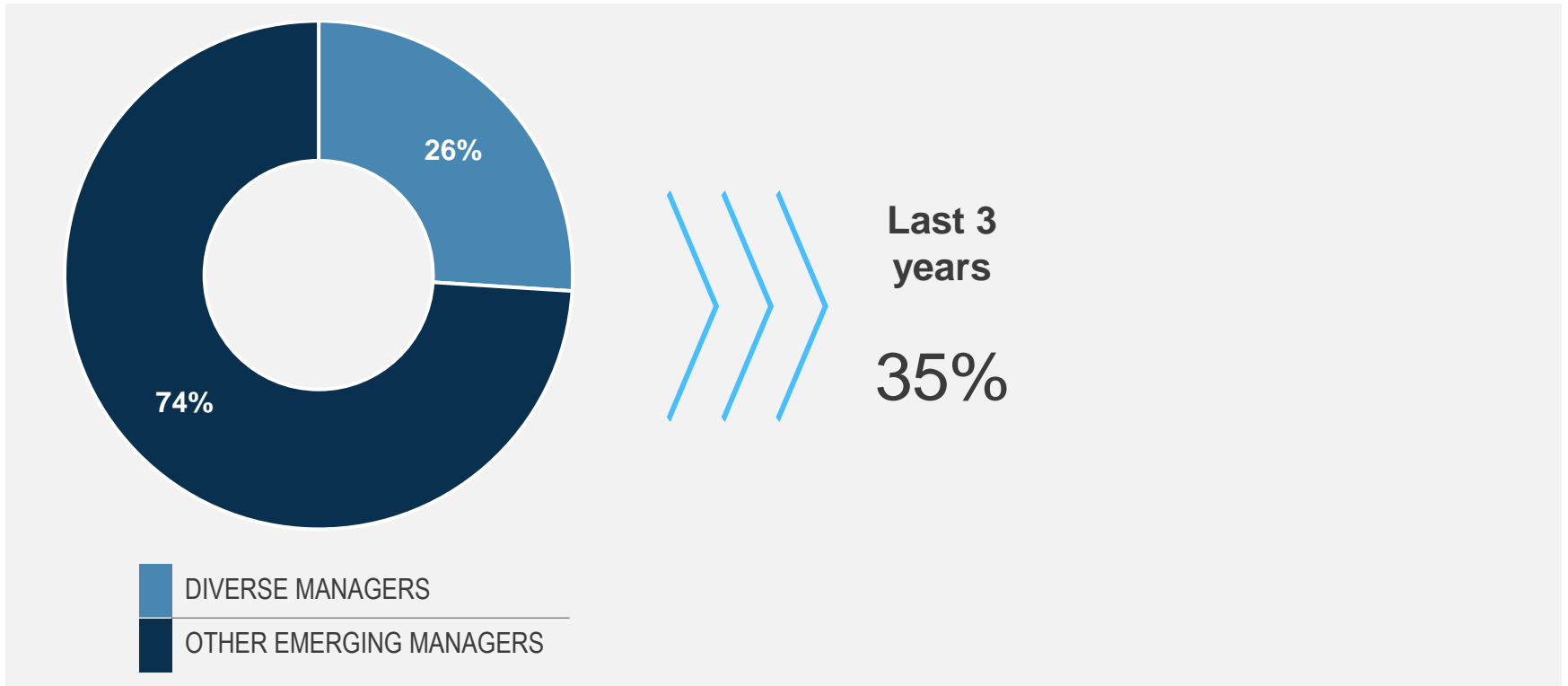
Cumulative by survey year.
Source: GCM Grosvenor proprietary research (December 2024). Property of GCM Grosvenor.

REAL ESTATE EMERGING MANAGER UNIVERSE

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DIVERSE MANAGERS RATIO (% BY NUMBER OF FUNDS)

2010 - 2024



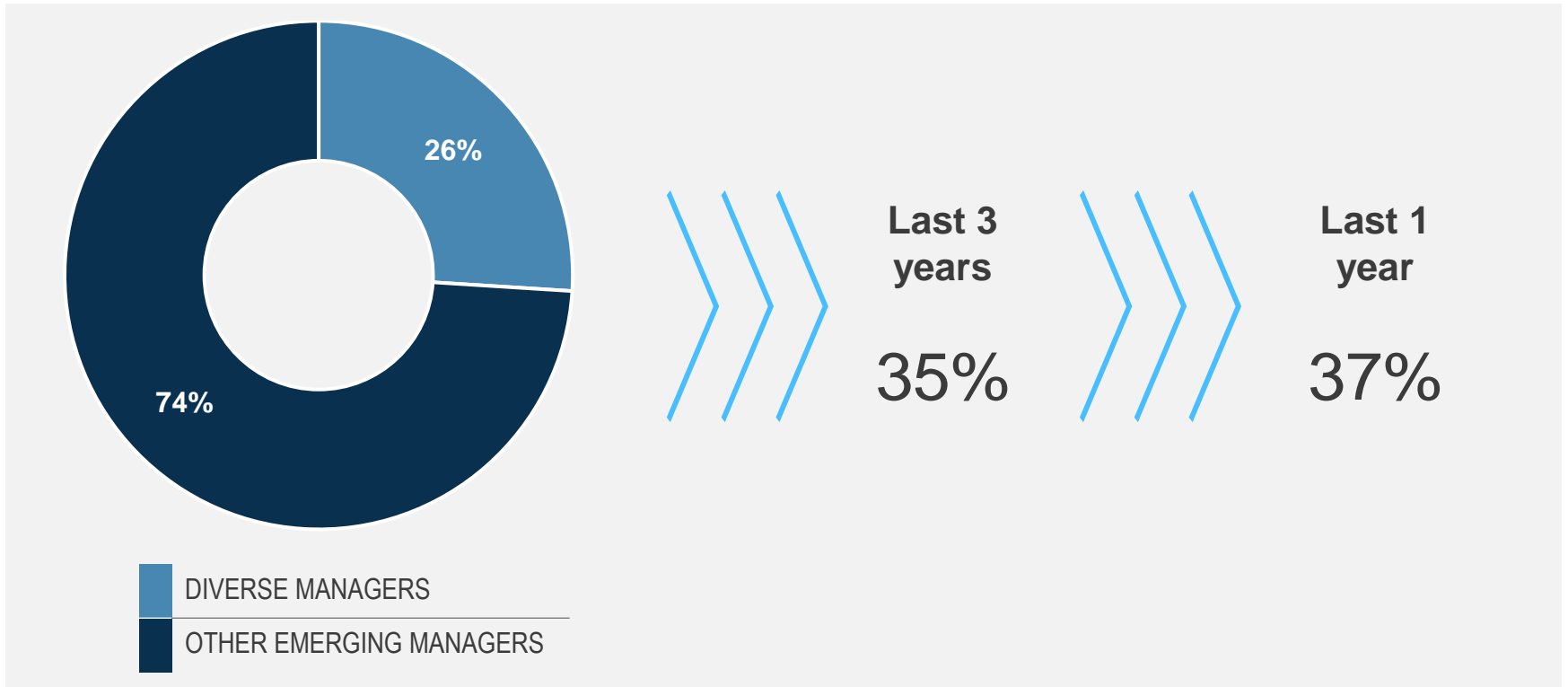
Cumulative by survey year.
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REAL ESTATE EMERGING MANAGER UNIVERSE

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2010 - 2024



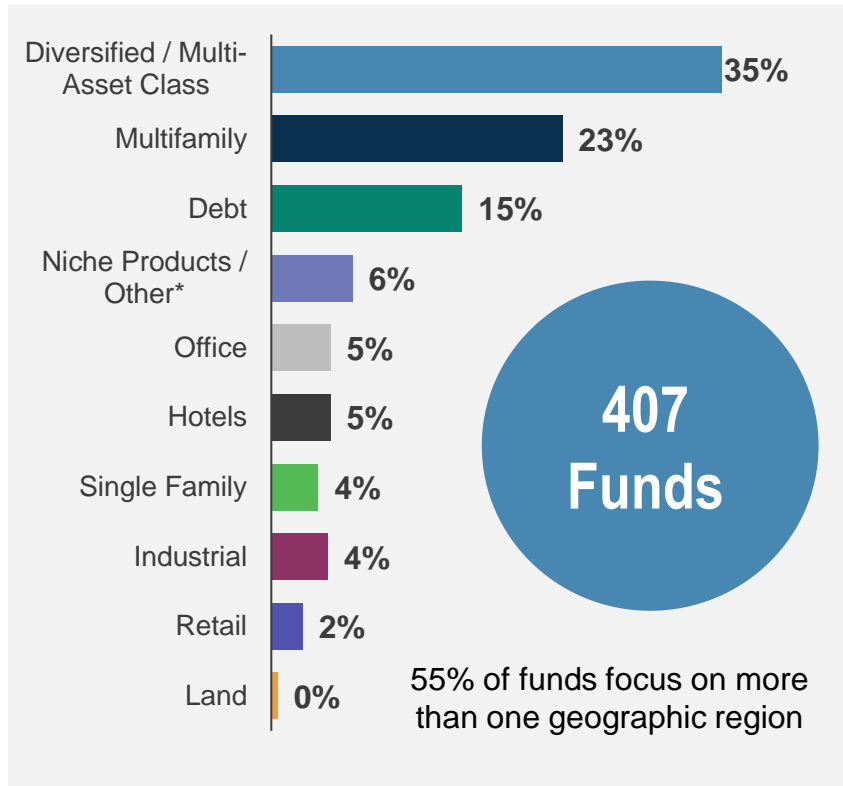
Cumulative by survey year.
Source: GCM Grosvenor proprietary research (December 2024). Property of GCM Grosvenor.

REAL ESTATE DIVERSE MANAGER UNIVERSE

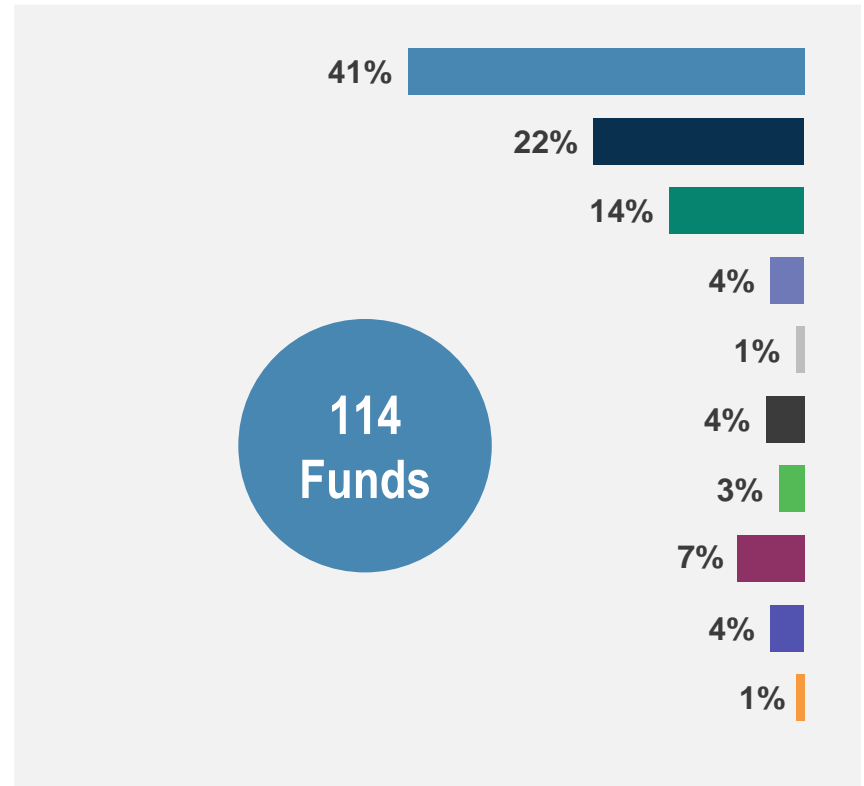
407 funds have constituted the diverse segment of our real estate emerging manager data since 2010:

PRODUCT TYPE (% BY NUMBER OF FUNDS)

2010 - 2024



Last 3 Years



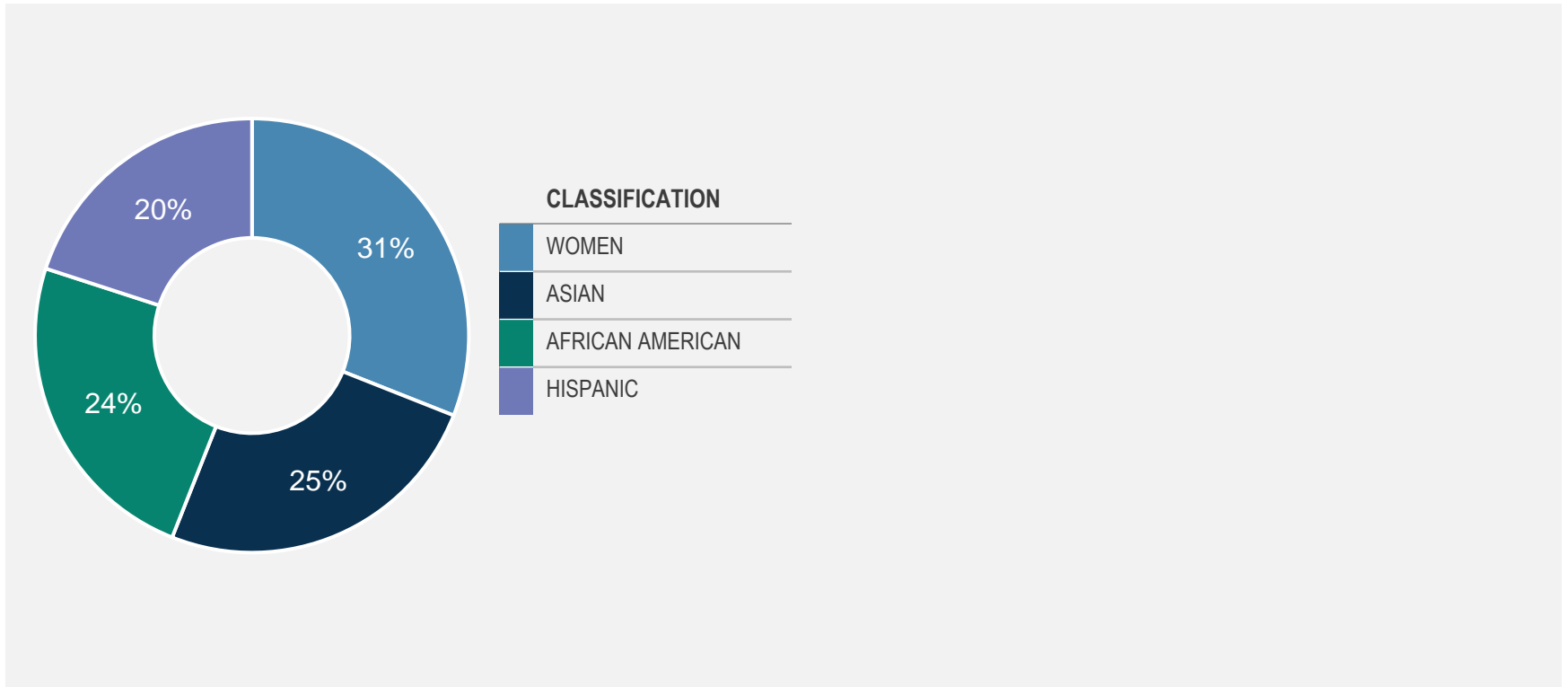
* Niche Products include medical office, senior housing, boat storage, self storage, and student housing.
Source: GCM Grosvenor proprietary research (December 2024). Property of GCM Grosvenor.

REAL ESTATE DIVERSE MANAGER UNIVERSE

The 407 diverse real estate emerging manager funds can be broken down further as follows:

DIVERSE BREAKDOWN (% BY NUMBER OF FUNDS)

2010 - 2024

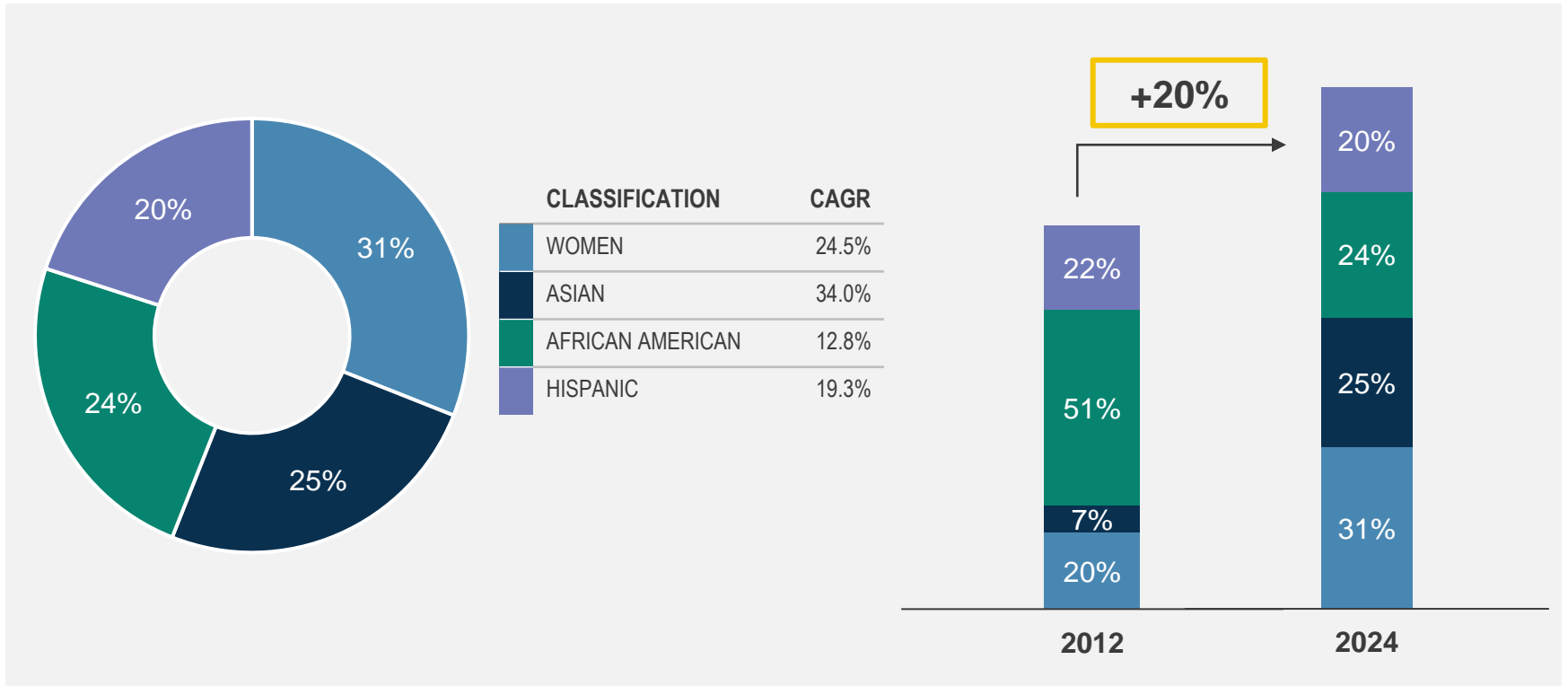


REAL ESTATE DIVERSE MANAGER UNIVERSE

The 407 diverse real estate emerging manager funds can be broken down further as follows:

DIVERSE BREAKDOWN (% BY NUMBER OF FUNDS)

2010 - 2024

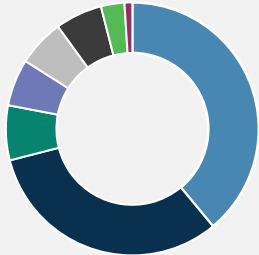


REAL ESTATE DIVERSE MANAGER UNIVERSE

The diverse segment of our real estate emerging manager data since 2010 can be further broken down by product type as follows:

African American

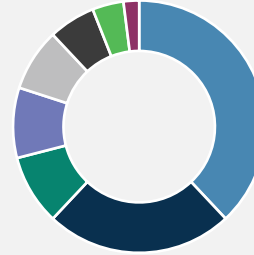
% by number of funds



DIVERSIFIED	39%
MULTIFAMILY	32%
DEBT	7%
HOTELS	6%
NICHE PRODUCTS / OTHER	6%
OFFICE	6%
RETAIL	3%
INDUSTRIAL	1%

Asian

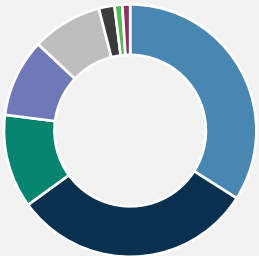
% by number of funds



DIVERSIFIED	38%
DEBT	24%
HOTELS	9%
MULTIFAMILY	9%
NICHE PRODUCTS / OTHER	8%
INDUSTRIAL	6%
OFFICE	4%
RETAIL	2%

Hispanic

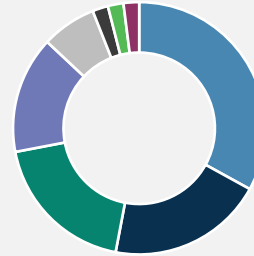
% by number of funds



MULTIFAMILY	34%
DIVERSIFIED	31%
NICHE PRODUCTS / OTHER	12%
INDUSTRIAL	10%
DEBT	9%
RETAIL	2%
OFFICE	1%
HOTELS	1%

Women

% by number of funds



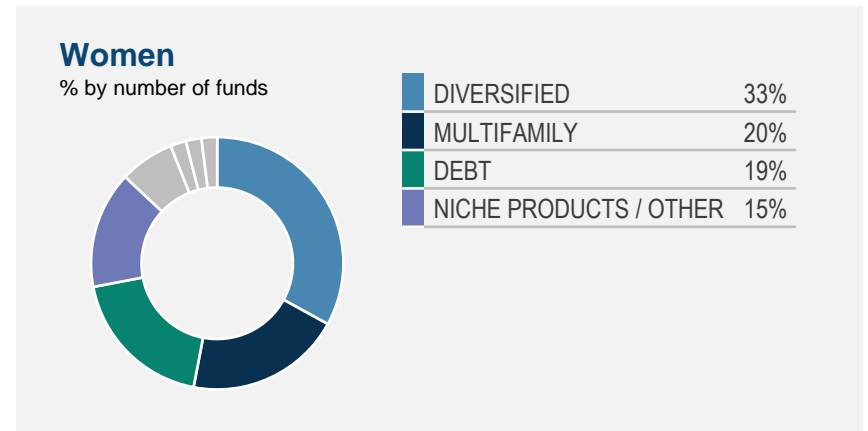
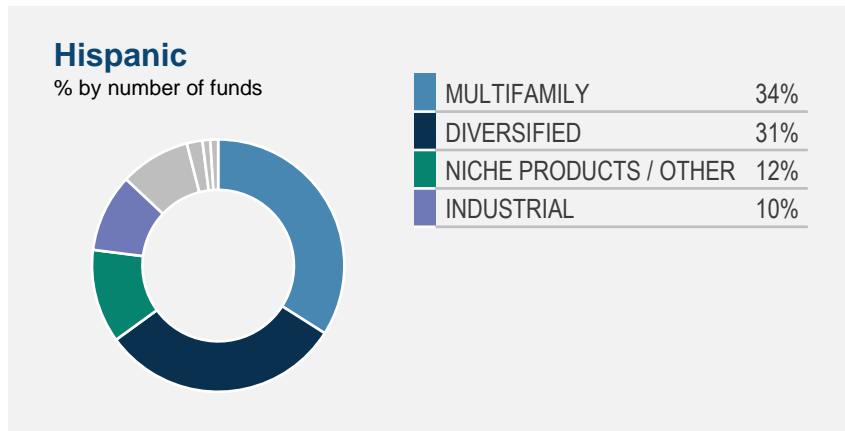
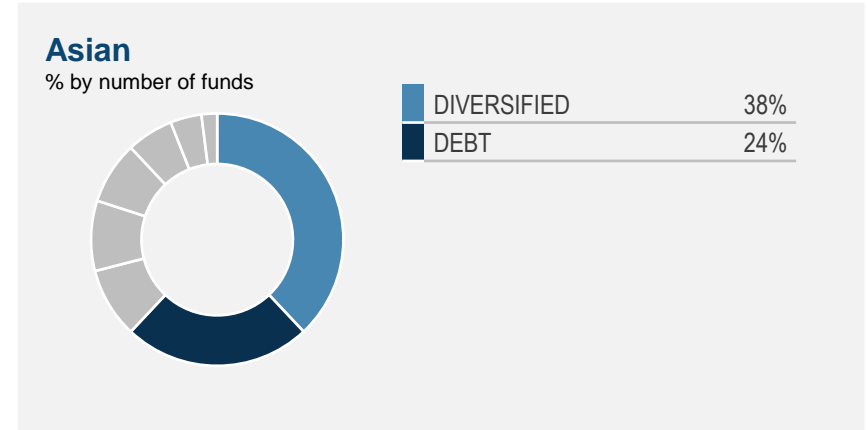
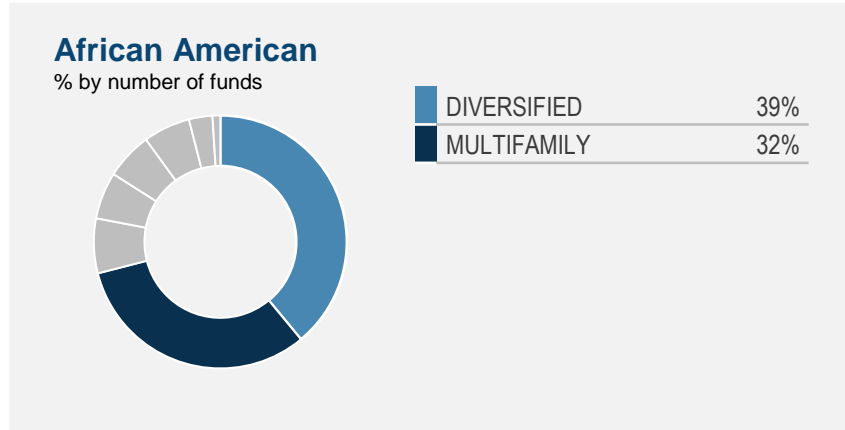
DIVERSIFIED	33%
MULTIFAMILY	20%
DEBT	19%
NICHE PRODUCTS / OTHER	15%
OFFICE	7%
RETAIL	2%
HOTELS	2%
INDUSTRIAL	2%

Niche Products include medical office, senior housing, boat storage, self storage, and student housing. Other includes single family and land.

Source: GCM Grosvenor proprietary research (December 2024). Property of GCM Grosvenor

REAL ESTATE DIVERSE MANAGER UNIVERSE

The diverse segment of our real estate emerging manager data since 2010 can be further broken down by product type as follows:



Niche Products include medical office, senior housing, boat storage, self storage, and student housing. Other includes single family and land.
 Source: GCM Grosvenor proprietary research (December 2024). Property of GCM Grosvenor



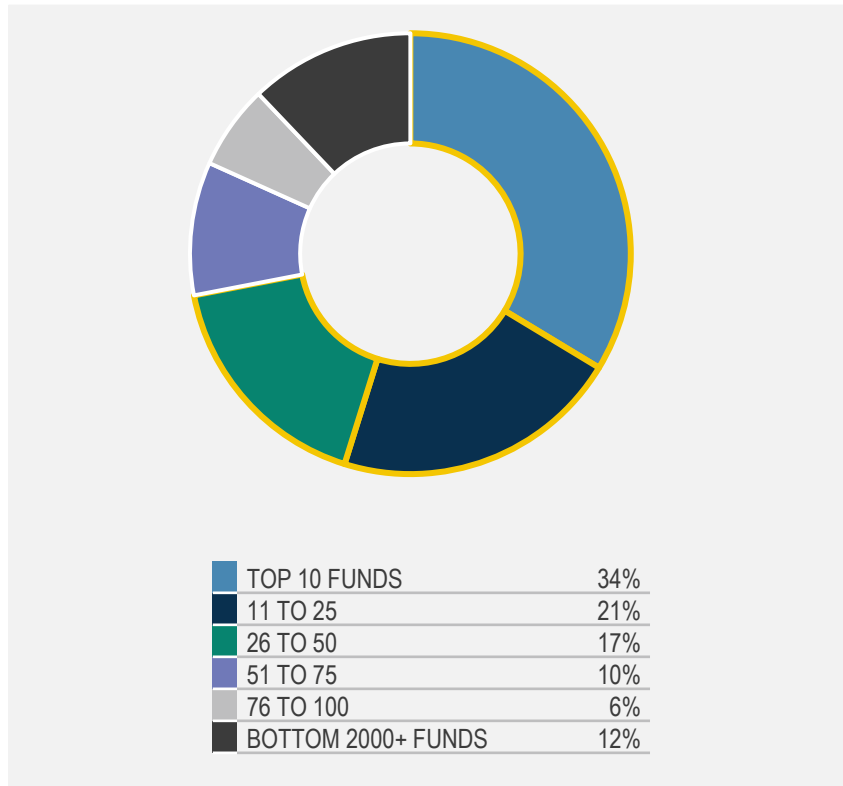
FUNDRAISING ENVIRONMENT AND WHAT TO EXPECT

CAPITAL IS CONCENTRATED IN LARGER FUNDS...

The top 50 largest funds constitute more than 70% of the capital raised from 2013 to 2024.

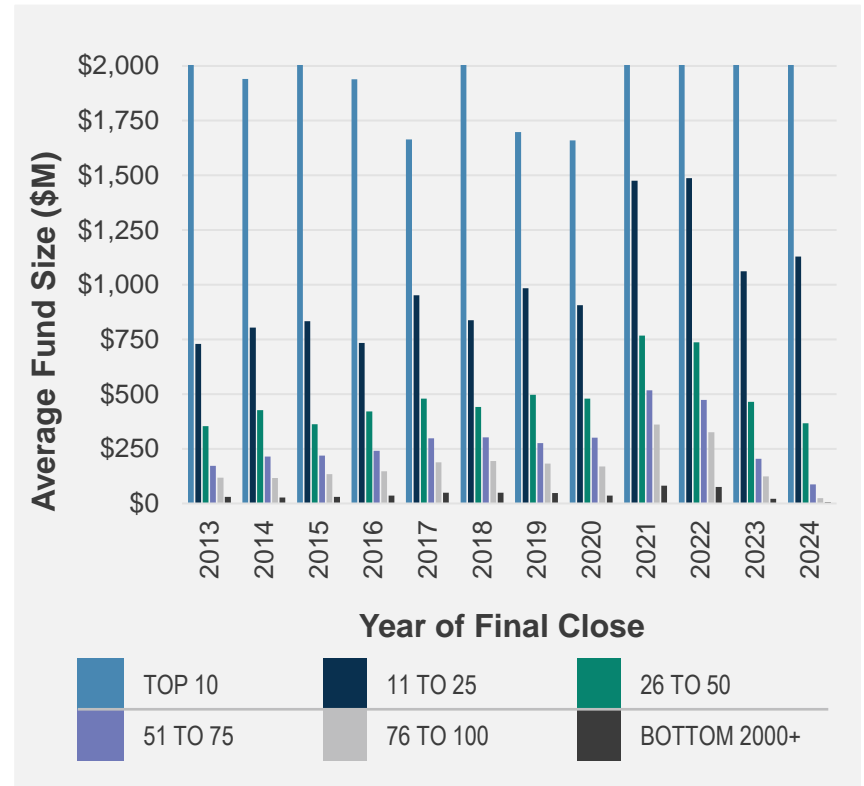
FUNDRAISING CONCENTRATION

By Fund Size Cohort



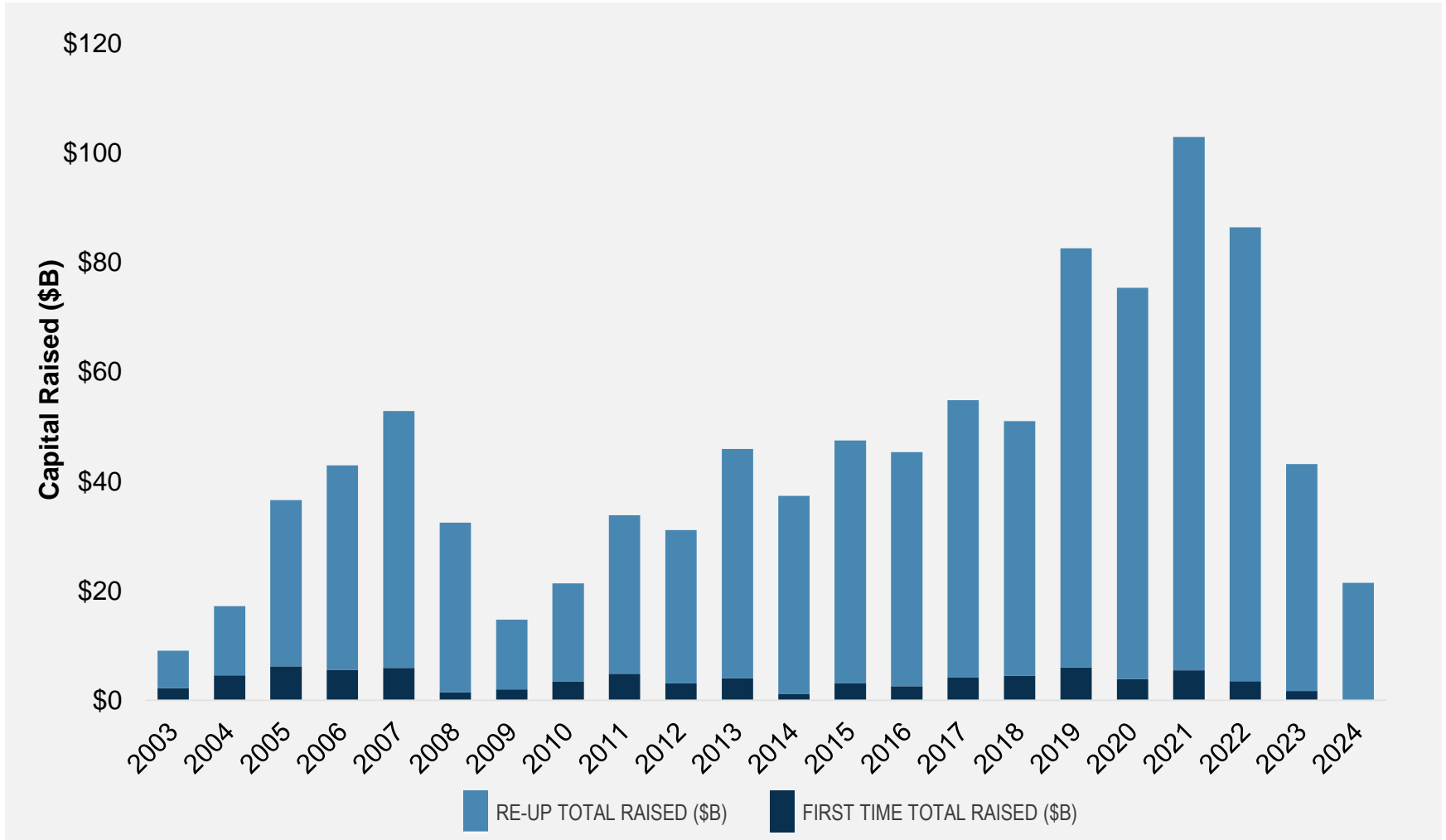
AVERAGE FUND SIZE

By Fund Cohort & Year of Final Close



... AND IN RE-UPS WITH MATURE MANAGERS

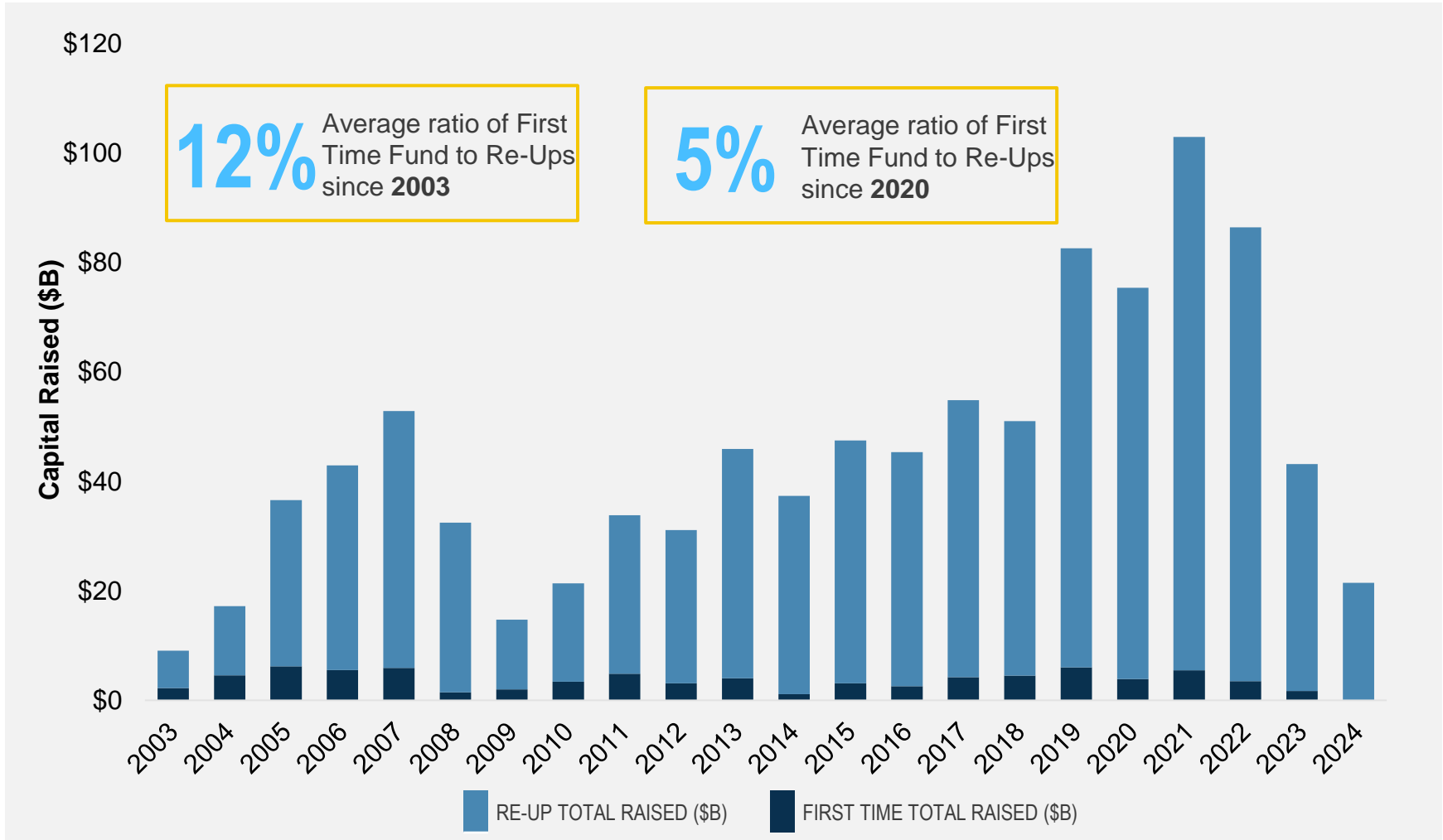
ALL MANAGERS – RE-UP VS FIRST TIME (BY AMOUNT RAISED)



Source: Preqin. Reflects U.S. Value-Add and Opportunistic Real Estate Funds as of December 2024.

... AND IN RE-UPS WITH MATURE MANAGERS

ALL MANAGERS – RE-UP VS FIRST TIME (BY AMOUNT RAISED)

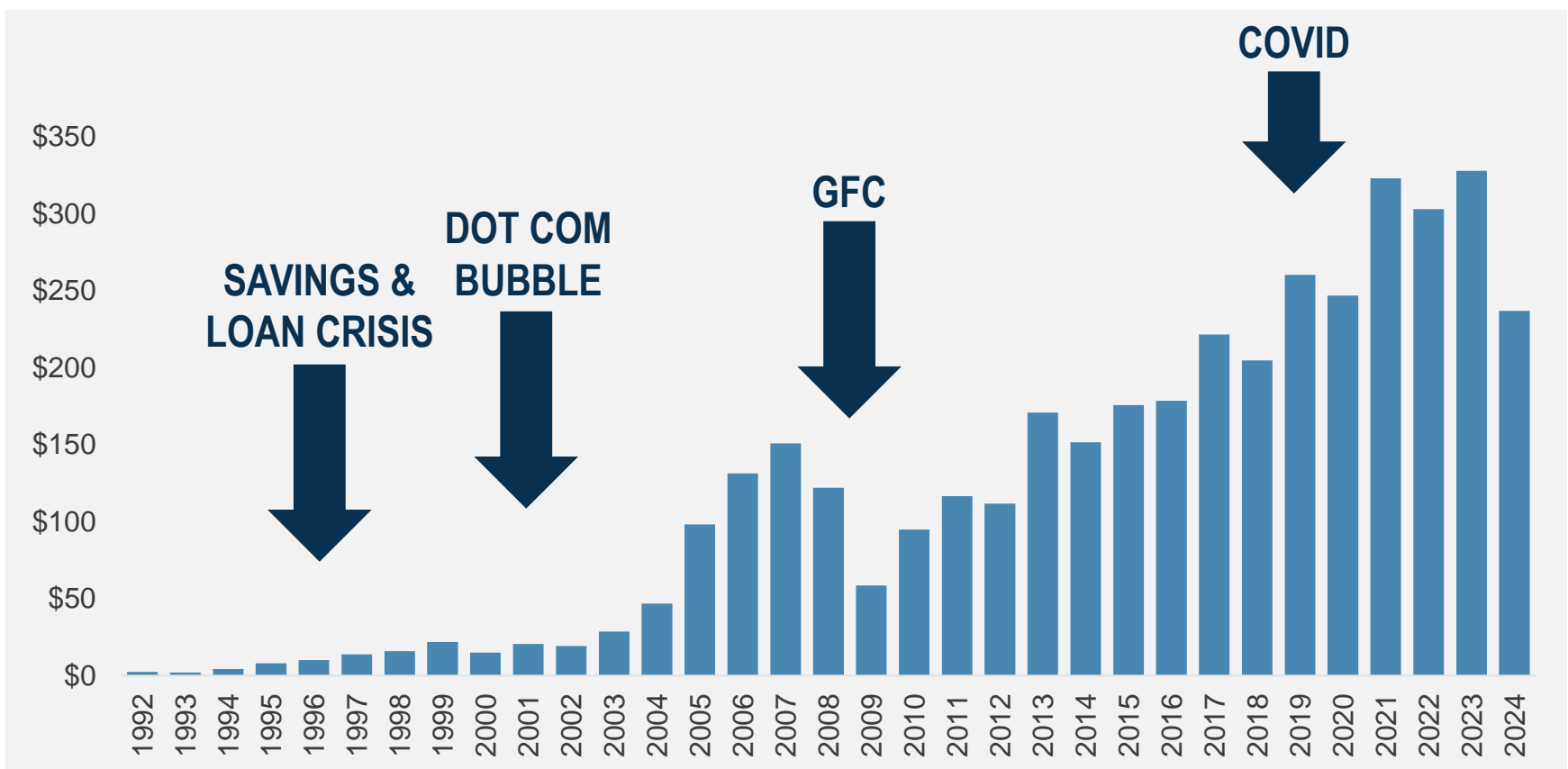


Source: Preqin. Reflects U.S. Value-Add and Opportunistic Real Estate Funds as of December 2024.

PRIVATE CAPITAL RAISING ENVIRONMENT

Financial crises have given way to additional private capital spin outs, but only after significant value destruction.

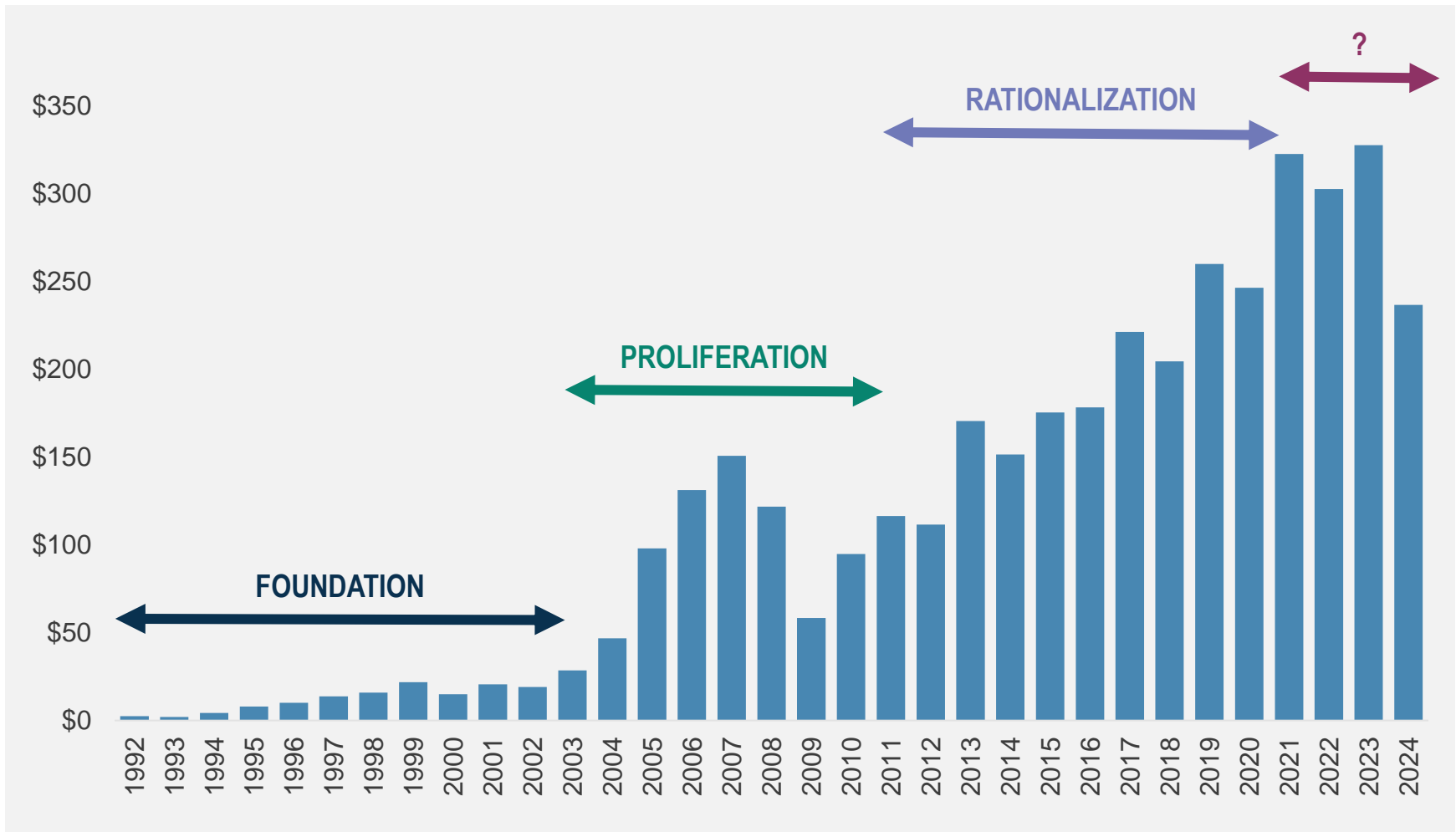
REAL ESTATE PRIVATE CAPITAL RAISED (\$B)



\$ in billions
Source: Preqin

PRIVATE CAPITAL RAISING ENVIRONMENT

REAL ESTATE PRIVATE CAPITAL RAISED (\$B)

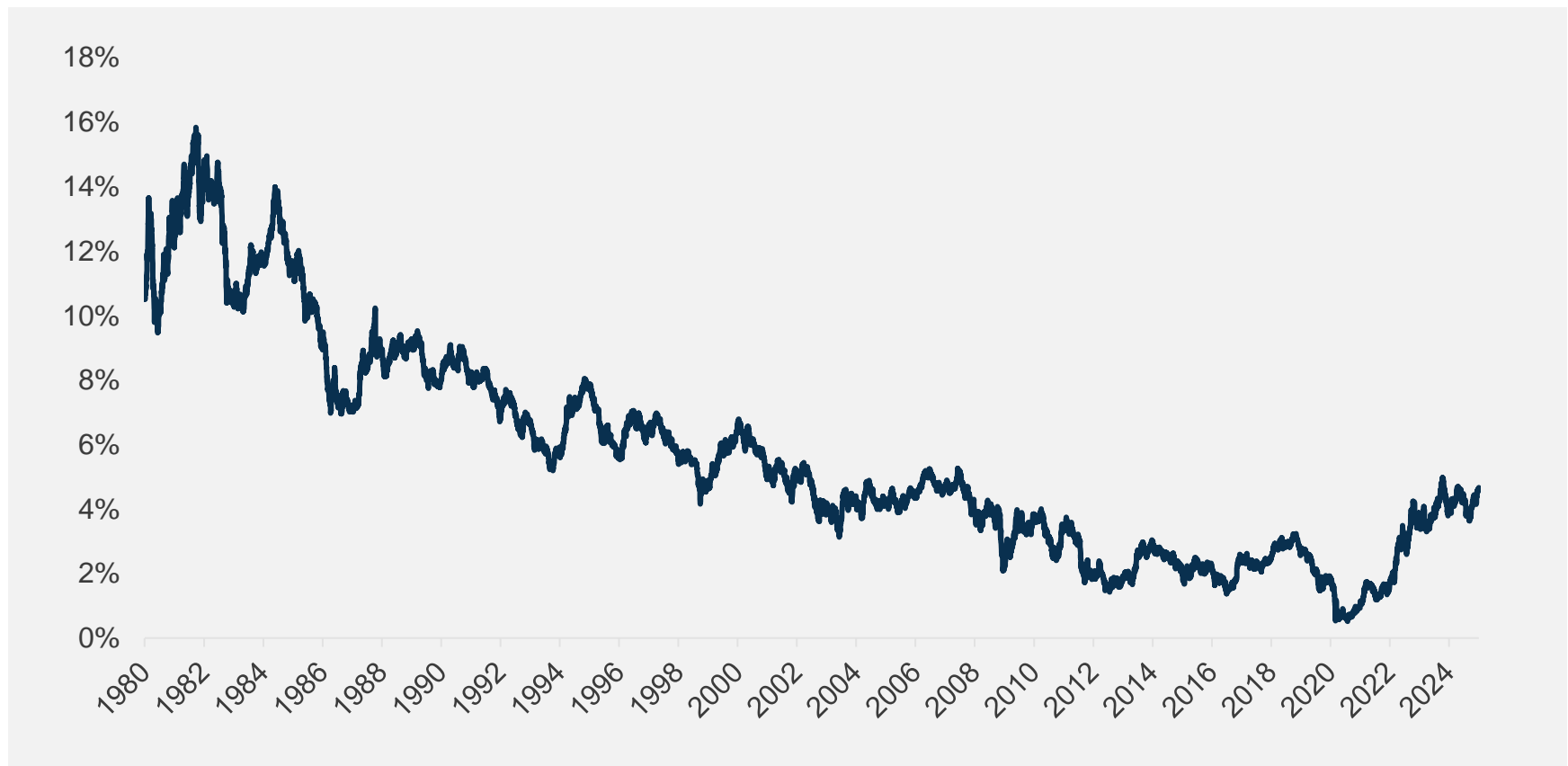


\$ in billions
Source: Preqin

A 40-YEAR SECULAR DECLINE IN INTEREST RATES

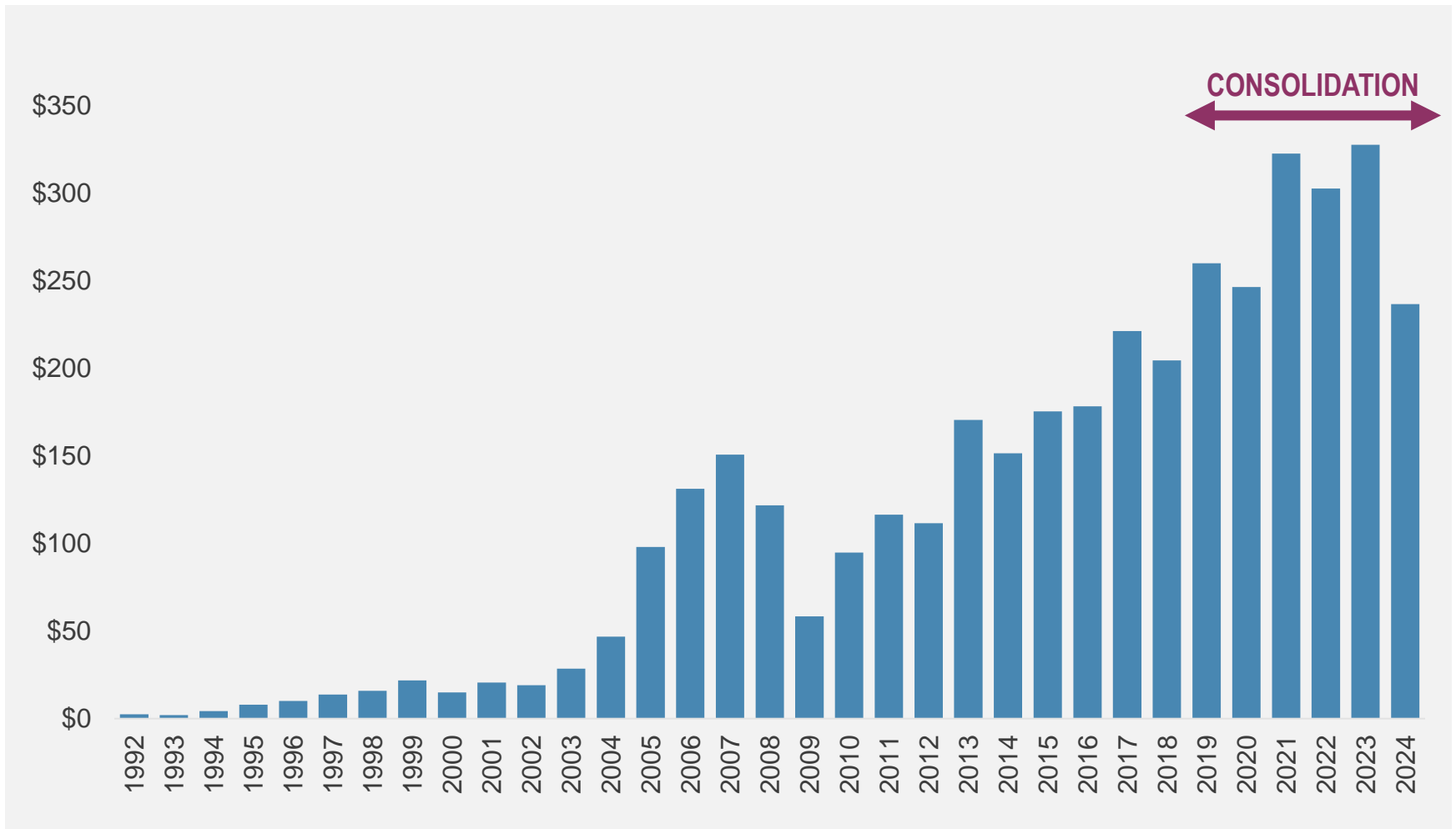
The downward progression of interest rates experienced until 2022 had a major impact on the performance of the financial markets and private investments.

10 YEAR TREASURY YIELD



PRIVATE CAPITAL RAISING ENVIRONMENT

REAL ESTATE PRIVATE CAPITAL RAISED (\$B)

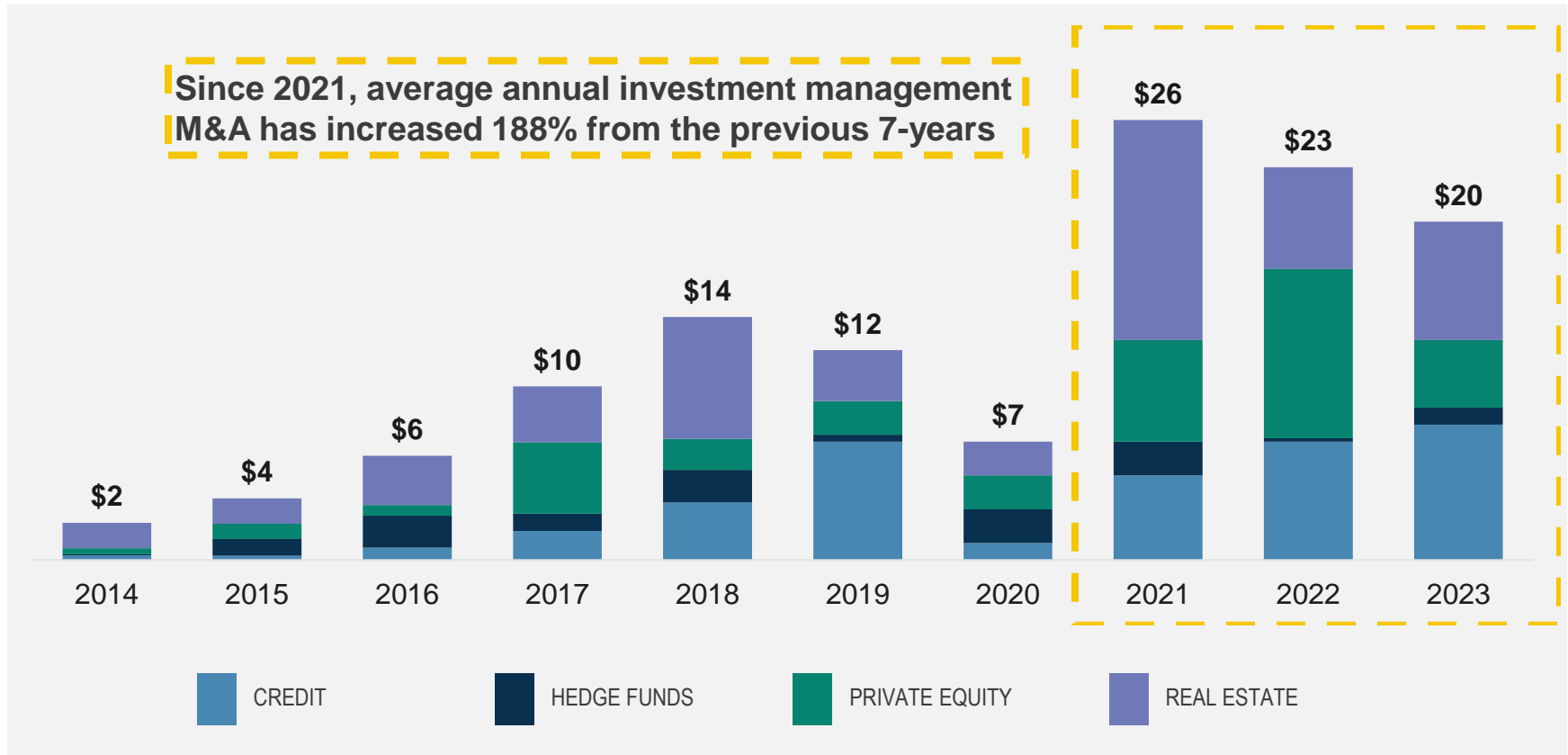


\$ in billions
Source: Preqin

STRATEGIC M&A ACCELERATES AUM GROWTH

Investment management M&A has accelerated in recent years.

INVESTMENT MANAGEMENT M&A TRANSACTION VOLUME (\$B)

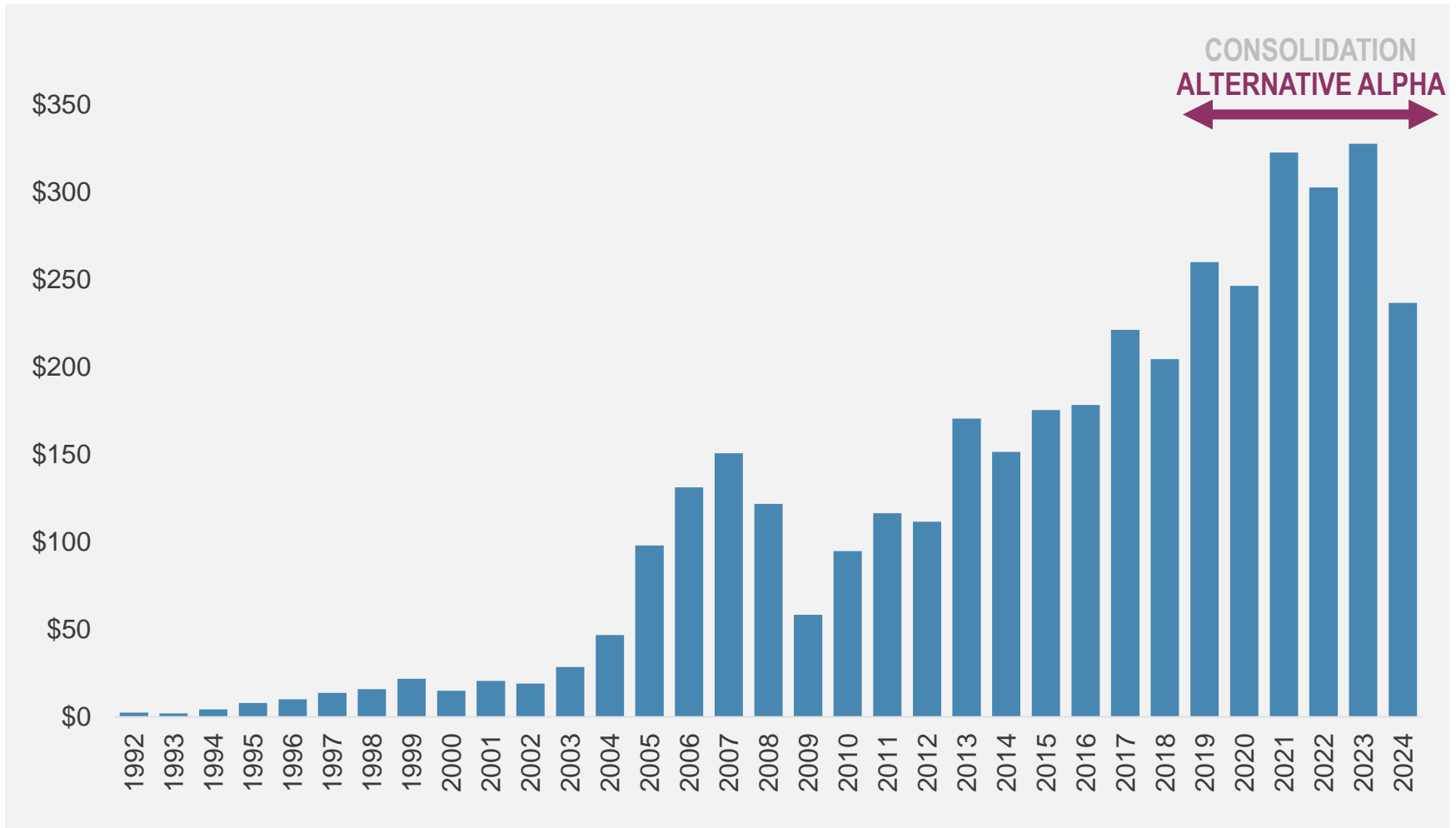


NOTABLE STRATEGIC TRANSACTIONS BY OBJECTIVE



PRIVATE CAPITAL RAISING ENVIRONMENT

REAL ESTATE PRIVATE CAPITAL RAISED (\$B)

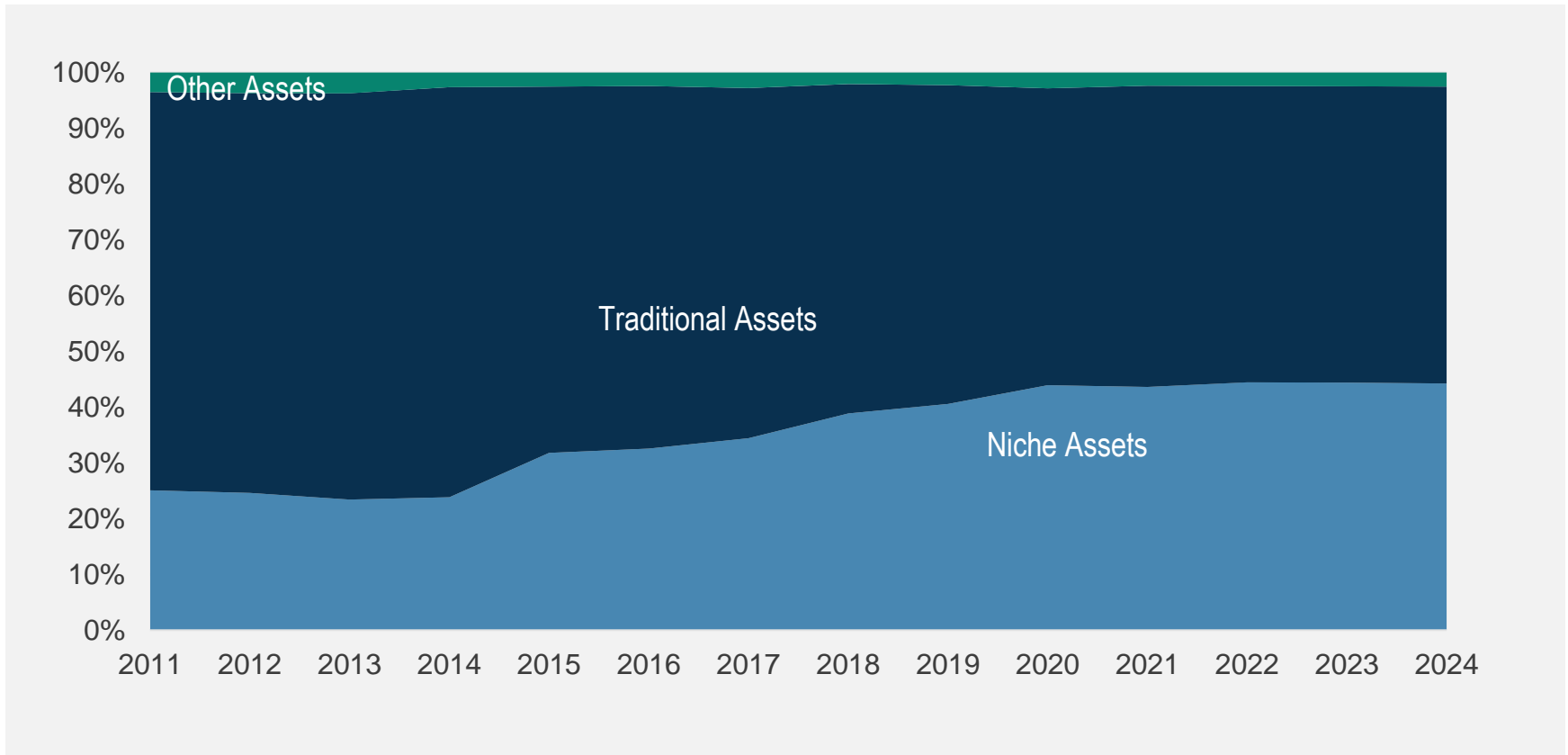


\$ in billions
Source: Preqin

NICHE ASSETS – REAL ESTATE

Real estate investors are increasingly focused on niche assets.

FTSE NAREIT ALL EQUITY REITS INDEX COMPOSITION



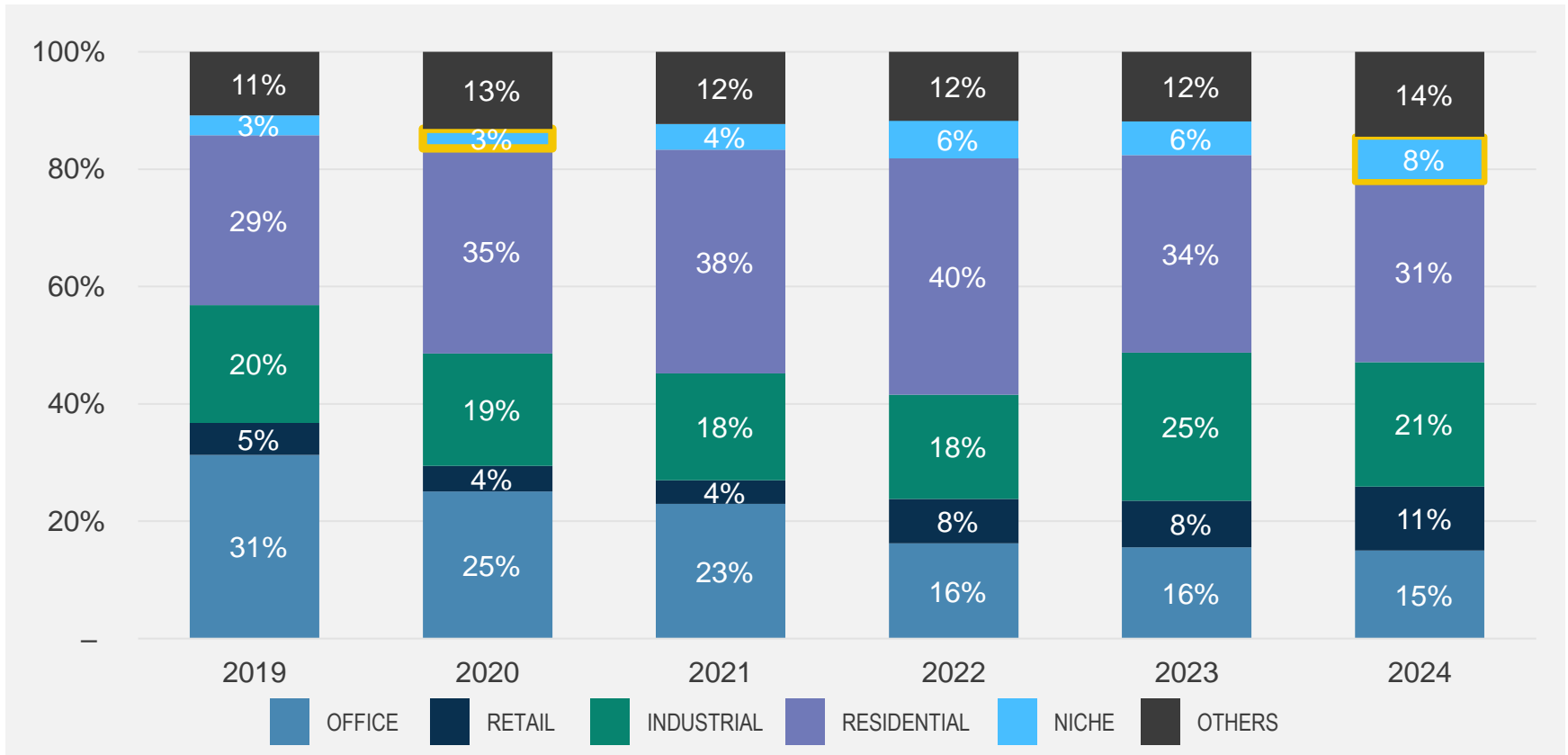
Source: NAREIT

Note: Traditional Assets include the five major property types (Apartment, Industrial, Hospitality, Office, and Retail) and Other includes timber and specialty products such as farmland.

GROWING PRIVATE MARKET APPETITE FOR NICHE

Although the private market has been slower to invest in niches, the niche sector's share of total deal value has more than doubled from 2020 to 2024.

TRANSACTION ACTIVITY (% OF TOTAL REAL ESTATE DEAL VALUE BY SECTOR IN NORTH AMERICA)

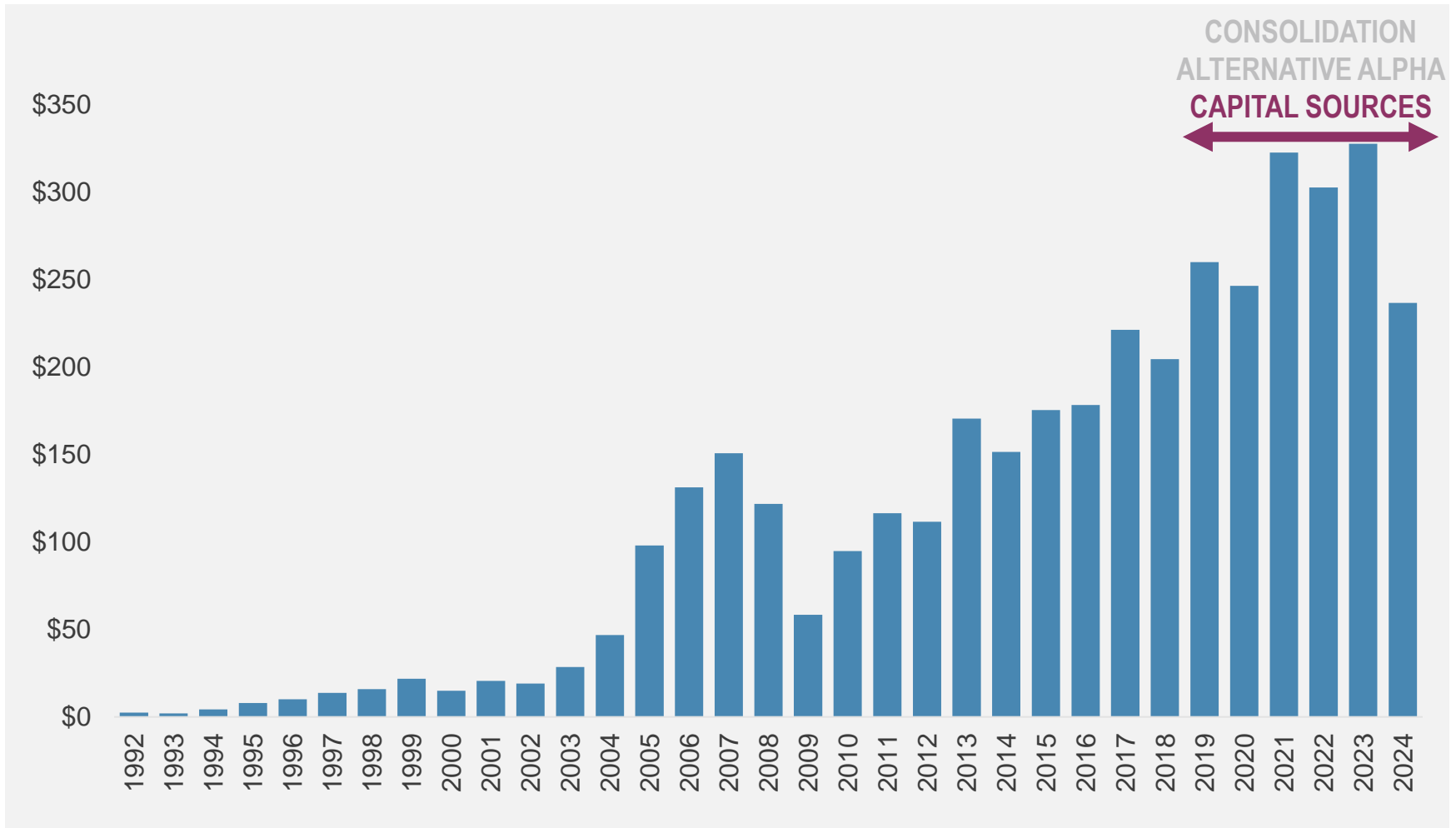


Source: Prequin as of September 30, 2024.

Note: Others include Hotel, Mixed Use, Operating Company, and Land.

PRIVATE CAPITAL RAISING ENVIRONMENT

REAL ESTATE PRIVATE CAPITAL RAISED (\$B)

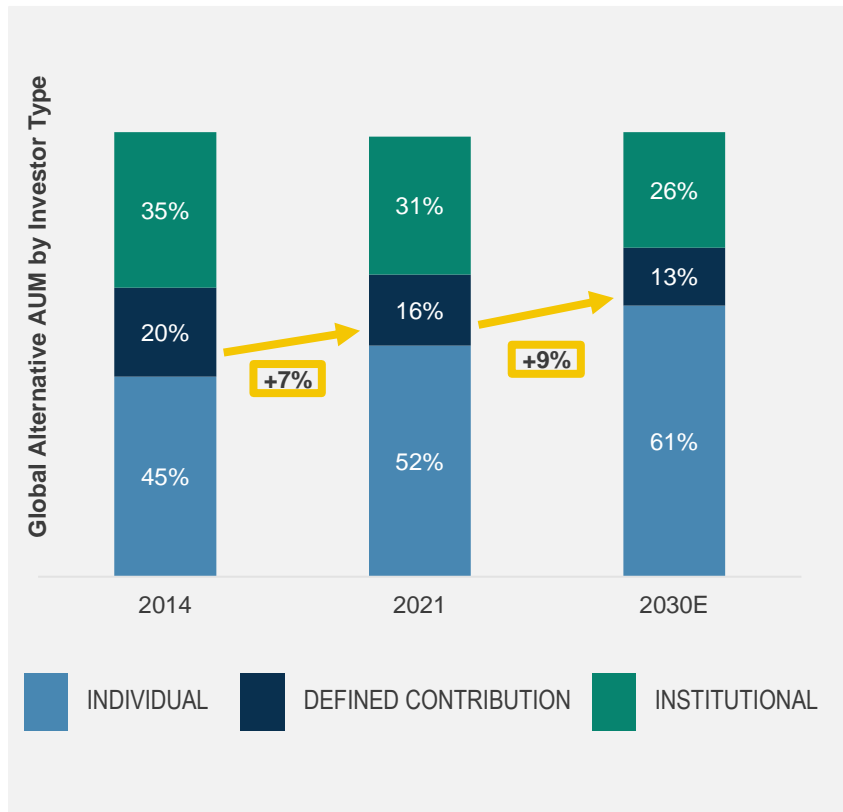


\$ in billions
Source: Preqin

GROWING CAPITAL SOURCES

PRIVATE WEALTH / RETAIL

Private wealth / retail assets are growing quickly relative to pension assets and very little of that capital is allocated to alternatives...for now.



FAMILY OFFICES

Family offices have more than tripled over the last five years and have grown to manage over \$6 trillion of AUM, with an average portfolio maintaining a 46% allocation to alternatives.



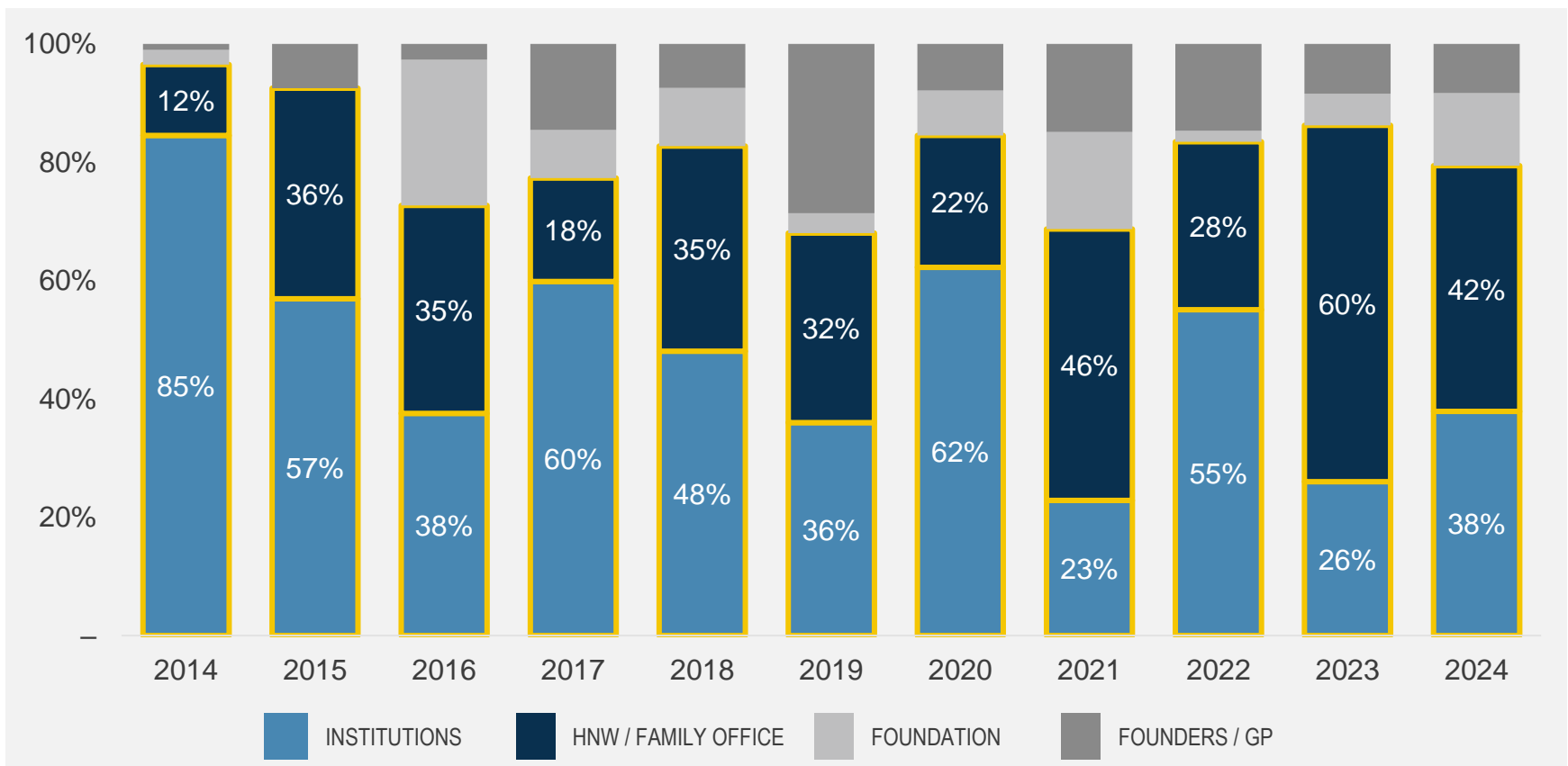
"Institutional" represents defined benefit ("DB"), insurance, endowments, foundations, sovereign wealth, and corporate treasury. The Individual channel is comprised of assets from retail and private banks, financial advisors, family offices, as well as direct.

Source: Indefi GROM, Indefi analysis, Simfund. Bain & Company: Global Private Equity Report 2023.

CAPITAL SOURCES FOR SPINOUTS / NEW FIRMS

The main capital source for new groups are institutions, high-net worth individuals, and family offices.

CAPITAL SOURCE % BREAKDOWN



RE MANAGER 101 – DO'S AND DON'TS

DO

- Be transparent – tell us what we'll find during diligence or when a problem may be brewing
- Be proactive and communicative
- Be collaborative
- Be patient and measured in your risk-taking
- Be an active investor – not just a fundraiser
- Be forward-thinking
- Have your concise pitch book be a blinding glimpse into your uniqueness
- Build a thoughtful capital plan
- Develop a platform that is built to last

DON'T

- Assume your meetings have gone well or that an investment is even remotely likely
- Exclusively build your business plan around a single capital raising strategy (be open!)
- Hide problems from your investors
- Lose sight of what you're good at and/or take outsized risk
- Be too aggressive in your assumptions
- Throw good money after bad
- Ignore your debt
- Refuse to show...anything!
- Assume LPs don't talk to each other (*beware of the double negative!*)
- Be late to your pitch meeting or attend meetings alone

NOTES AND DISCLOSURES



DATA SOURCES

Notes and Disclosures

Bloomberg Finance L.P.

Credit Suisse.

Preqin.

Eurekahedge.

HFR, Inc. www.HFR.com.

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New York State
Teachers'
Retirement
System

MWBE 2025

Investments & Professional Services Conference

A Seat at the Table

10:00 a.m.-11:00 a.m.	General Registration & Check-in	Entrance Table
11:00 a.m.-11:15 a.m.	Conference Welcome	Ballroom
11:15 a.m.-11:30 a.m.	Opening Remarks	Ballroom
	<i>Thomas K. Lee, Executive Director & Chief Investment Officer</i>	
11:30 a.m.-12:00 p.m.	ED & CIO Opening Fireside Chat	Ballroom
	<i>Featured Speaker – Cathy Marcus, PGIM Real Estate</i>	
12:00 p.m.-1:00 p.m.	Lunch Break	
	<i>Boxed Lunches in Long Hallway</i>	Long Hallway
	<i>Attendees can take lunch to Ballroom</i>	Ballroom
1:00 p.m.-1:30 p.m.	ED & CIO Fireside Chat	Ballroom
	<i>Featured Speaker – Maggie Arvedlund, Turning Rock Partners</i>	
1:30 p.m.-2:00 p.m.	Networking Session	Long Hallway
2:00 p.m.-2:30 p.m.	Miscellaneous Breakout Sessions	
	<i>Gender Equity in Finance Roundtable (Emily Ekland)</i>	Albany Room
	<i>Culture Building & DEI (Danny Malavé)</i>	Troy Room
	<i>Private Debt Seminar (Endurance Aku & David Maye)</i>	Big Breakout
	<i>Cont. Networking (Business Partner Tabling)</i>	Long Hallway
2:45 p.m.-4:15 p.m.	Asset Class Breakouts	
	<i>Private Equity</i>	Ballroom
	<i>Fixed Income</i>	Albany Room
	<i>Real Estate</i>	Troy Room
	<i>Public Equities</i>	Big Breakout
4:30 p.m.	Closing Speaker/Remarks	Ballroom

