For over 20 years, the City of New York has been a leader in hiring minority and women managers to invest pension funds. As of May 31, 2016, over $11 billion, or 6% of the portfolio, was invested with minority and/or women managers.

When looking for managers to hire, Scott Evans, Deputy Comptroller for Asset Management/Chief Investment Officer, says, “When we see homogeneity, we are concerned. When we see diversity, that is definitely a plus.” He continues, “Diversity is not merely a social value, it has strong economic value for our investments.”

In May 2015, Comptroller Stringer announced that the New York City Pension Funds had taken steps to formally consider diversity as a criterion in manager evaluation and selection, by systematically asking current and prospective money managers about the diversity of their investment professionals as part of the due diligence process (you can read the press release here: [http://comptroller.nyc.gov/newsroom/comptroller-stringer-announces-major-new-diversity-initiative-for-investment-managers/](http://comptroller.nyc.gov/newsroom/comptroller-stringer-announces-major-new-diversity-initiative-for-investment-managers/)). General consultants who help choose managers for these funds will also be required to consider the diversity of a manager’s investment professionals in the selection process, among all other relevant factors, such as the investment returns a manager has achieved in both up and down markets. A collateral benefit of this process is to potentially create an incentive for augmenting the pipeline of diverse investment professionals and advancing minorities and women to lead firms and possibly open firms of their own. (you can view a copy of the New York City Bureau of Asset Management Diversity Due Diligence Questionnaire – Public Markets [here: http://diverseassetmanagers.org/fiduciaryguide](http://diverseassetmanagers.org/fiduciaryguide).)

In addition to requiring firms to report data on the diversity and composition of their board and staff, they also require reporting on compensation. “Understanding compensation allows us to really understand who is at the decision-making table,” says Evans. “Going forward, you’ll hear us talk not just about the assets invested with minorities and/or women; we’ll also have a category called ‘Diversity Practitioners.’ This will be managers that demonstrate strong diversity in their decision-makers and a commitment to diversity in their policies and practices.” (you can see a copy of the Diversity Profile Scorecard here: [http://diverseassetmanagers.org/fiduciaryguide](http://diverseassetmanagers.org/fiduciaryguide).)

Comptroller Stringer remarks, “The New York City Pension Funds intend to help set a standard and push the envelope for how pension funds and asset managers alike engage on diversity on a holistic level. As our society and economy become dramatically more diverse, so too must our investors and our investments. The opportunities of tomorrow won’t be captured using the business practices of yesterday. Fostering diversity, in the interest of improving long term risk-adjusted returns, is a fiduciary duty, and these funds are poised to prove that.”

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**CASE STUDY:**

**NEW YORK CITY COMPTROLLER’S OFFICE**

The overarching reason for the New York City Comptroller Office’s commitment to investing with diverse managers is science. Study after study shows that diverse groups make better decisions.
ENDNOTES

CASE STUDY: NEW YORK CITY COMPTROLLER’S OFFICE

56. Unless otherwise noted, information in the following section is drawn from: Scott Evans, Deputy Comptroller for Asset Management/Chief Investment Officer for the City of New York, in person interview by the author, February 3, 2016.

57. Provided by the Office of the New York City Comptroller.

58. Provided by the Office of the New York City Comptroller.