



Seema R. Hingorani  
Chief Investment Officer

THE CITY OF NEW YORK  
OFFICE OF THE COMPTROLLER  
BUREAU OF ASSET MANAGEMENT  
1 CENTRE STREET ROOM 736  
NEW YORK, N.Y. 10007-2341

TELEPHONE: (212) 669-3679  
FAX NUMBER: (212) 815-8548  
WWW.COMPTROLLER.NYC.GOV

EMAIL: SHINGOR@COMPTROLLER.NYC.GOV

---

SCOTT M. STRINGER  
COMPTROLLER

## MEMORANDUM

TO: Trustees  
New York City Police Pension Fund

FROM: Seema R. Hingorani

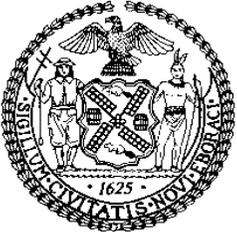
DATE: February 25, 2014

RE: New York City Police Pension Fund Investment Meeting –  
March 4, 2014

Enclosed is a copy of the **public agenda** for the Tuesday, March 4, 2014 Investment Meeting. The meeting will be held at the Police Pension Fund, 233 Broadway – 25<sup>th</sup> Floor; beginning at 10:00am.

Please remember to bring your Quarterly Performance Overview book with you to the meeting, it will be mailed to you.

If you have questions about any agenda item, please give me a call at 212-669-3679.



THE CITY OF NEW YORK  
OFFICE OF THE COMPTROLLER  
1 CENTRE STREET  
NEW YORK, N.Y. 10007-2341

---

Scott M. Stringer  
COMPTROLLER

## NEW YORK CITY POLICE PENSION FUND

### INVESTMENT MEETING

MARCH 4, 2014

# NEW YORK CITY POLICE PENSION FUND

## INVESTMENT MEETING

MARCH 4, 2014

### PUBLIC AGENDA

	Page
I. Performance Reviews: (30 Minutes)	
• Quarterly Review/Annual Review – December 31, 2013 <b>(To be distributed)</b>	....
• ETI Quarterly Report – December 31, 2013	5
• Private Equity Quarterly Report – September 30, 2013	12
• Real Estate Quarterly Report – September 30, 2013	44
II. January Monthly Performance Review ( <b>Handout</b> ): (30 Minutes)	....
III. Risk Presentation: (30 Minutes)	56

#### APPENDICES:

• Basket Clause	63
• Liquidity Analysis	65

# PUBLIC AGENDA

## I. Performance Reviews/ Quarterly Reports:

# ETI Quarterly Report

# Police Economically Targeted Investments Quarterly Report

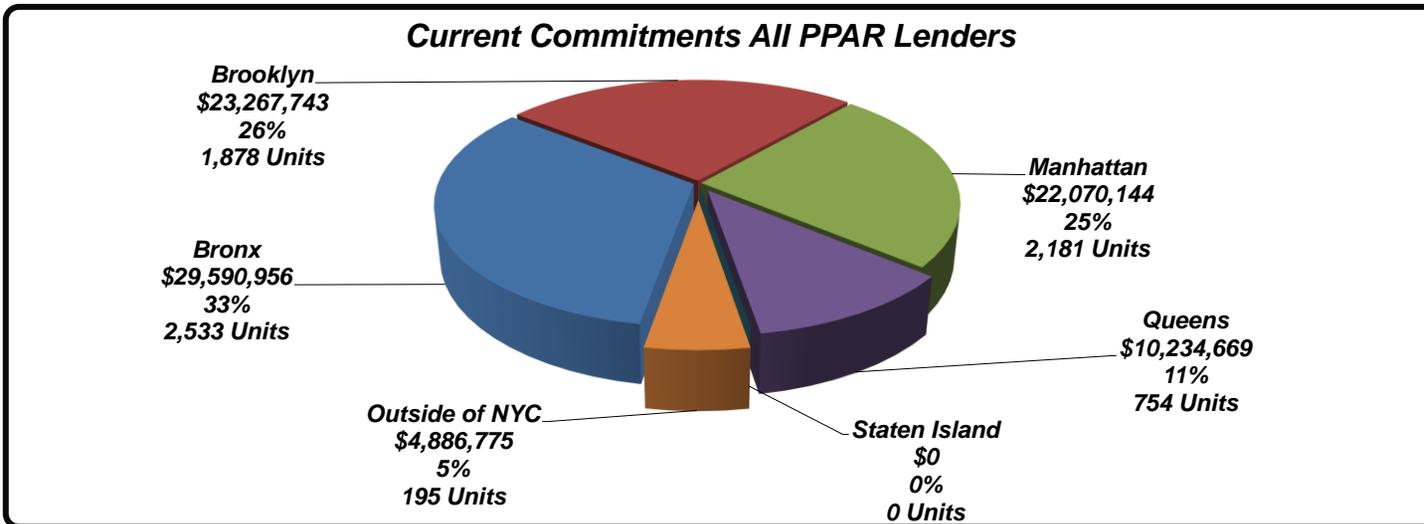
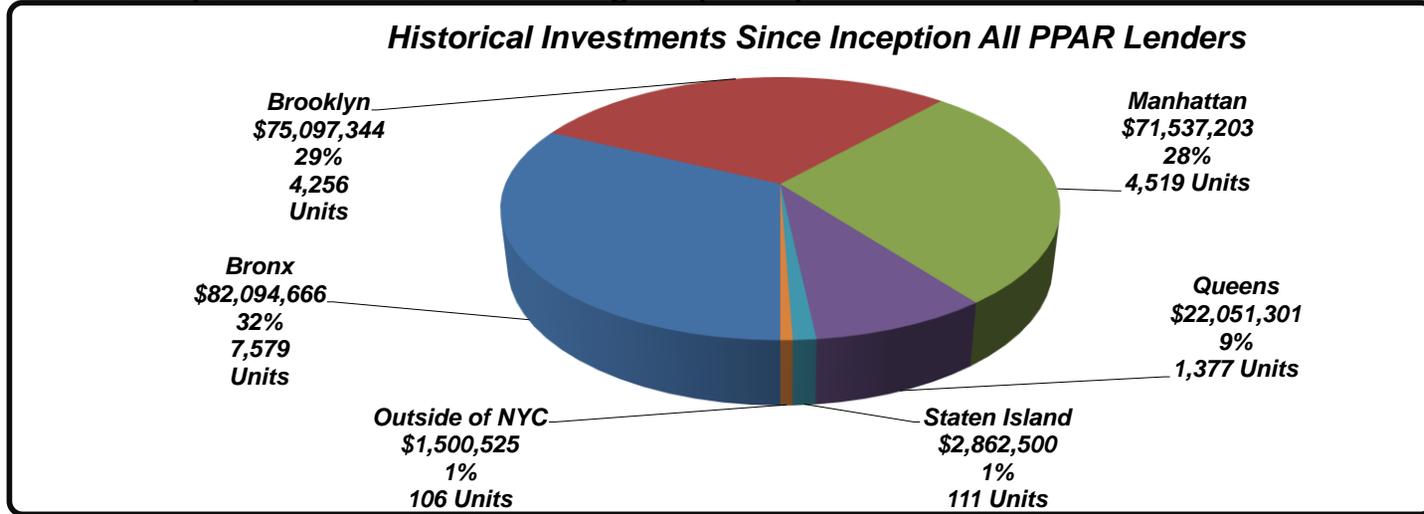
## Public/Private Apartment Rehabilitation Program (PPAR)

Lenders*	BOA		CCD		CFSB		CPC		JPMS		LIIF		NCBCI		NHS		All Lender Totals	
	Dollars	Units	Dollars	Units	Dollars	Units	Dollars	Units	Dollars	Units	Dollars	Units	Dollars	Units	Dollars	Units	Dollars	Units
<b>Contractual Commitments</b>	<b>\$25,000,000</b>	<b>n/a</b>	<b>\$10,000,000</b>	<b>n/a</b>	<b>\$4,000,000</b>	<b>n/a</b>	<b>\$160,000,000</b>	<b>n/a</b>	<b>\$40,000,000</b>	<b>n/a</b>	<b>\$15,000,000</b>	<b>n/a</b>	<b>\$4,000,000</b>	<b>n/a</b>	<b>\$2,000,000</b>	<b>n/a</b>	<b>\$260,000,000</b>	<b>n/a</b>
<b>Commitments 4Q 13 (included in total)</b>																		
Bronx	\$0	0	\$0	0	\$0	0	\$1,153,125	66	\$3,808,000	264	\$0	0	\$0	0	\$0	0	\$4,961,125	330
Brooklyn	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Manhattan	0	0	172,125	1	0	0	540,276	66	0	0	0	0	0	0	0	0	712,401	67
Queens	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Staten Island	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Outside of NYC	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>\$0</b>	<b>0</b>	<b>\$172,125</b>	<b>1</b>	<b>\$0</b>	<b>0</b>	<b>\$1,693,401</b>	<b>132</b>	<b>\$3,808,000</b>	<b>264</b>	<b>\$0</b>	<b>0</b>	<b>\$0</b>	<b>0</b>	<b>\$0</b>	<b>0</b>	<b>\$5,673,526</b>	<b>397</b>
<b>Delivered 4Q 13 (included in total)</b>																		
Bronx	\$0	0	\$590,000	290	\$0	0	\$621,869	135	\$0	0	\$0	0	\$0	0	\$0	0	\$1,211,869	425
Brooklyn	0	0	0	0	0	0	2,012,810	168	0	0	0	0	0	0	0	0	2,012,810	168
Manhattan	0	0	0	0	0	0	165,375	9	54,000	47	0	0	0	0	0	0	219,375	56
Queens	480,000	65	0	0	0	0	0	0	0	0	0	0	0	0	0	0	480,000	65
Staten Island	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Outside of NYC	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>\$480,000</b>	<b>65</b>	<b>\$590,000</b>	<b>290</b>	<b>\$0</b>	<b>0</b>	<b>\$2,800,053</b>	<b>312</b>	<b>\$54,000</b>	<b>47</b>	<b>\$0</b>	<b>0</b>	<b>\$0</b>	<b>0</b>	<b>\$0</b>	<b>0</b>	<b>\$3,924,053</b>	<b>714</b>
<b>Total Commitments</b>																		
Bronx	\$1,400,000	60	\$673,700	86	\$0	0	\$13,588,277	1,171	\$12,970,979	1,099	\$958,000	117	\$0	0	\$0	0	\$29,590,956	2,533
Brooklyn	1,485,521	54	617,800	128	0	0	17,400,799	1,317	1,500,920	137	2,053,005	188	209,698	54	0	0	23,267,743	1,878
Manhattan	0	0	259,125	30	0	0	16,570,412	1,486	1,796,020	232	2,858,769	280	585,819	153	0	0	22,070,144	2,181
Queens	3,535,744	174	0	0	0	0	6,338,925	484	360,000	96	0	0	0	0	0	0	10,234,669	754
Staten Island	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Outside of NYC	0	0	0	0	0	0	4,886,775	195	0	0	0	0	0	0	0	0	4,886,775	195
<b>Total</b>	<b>\$6,421,265</b>	<b>288</b>	<b>\$1,550,625</b>	<b>244</b>	<b>\$0</b>	<b>0</b>	<b>\$58,785,188</b>	<b>4,653</b>	<b>\$16,627,918</b>	<b>1,564</b>	<b>\$5,869,775</b>	<b>585</b>	<b>\$795,517</b>	<b>207</b>	<b>\$0</b>	<b>0</b>	<b>\$90,050,287</b>	<b>7,541</b>
<b>Historical Investments</b>																		
Bronx	\$5,435,177	1,216	\$1,098,250	366	\$0	0	\$75,561,239	5,997	\$0	0	\$0	0	\$0	0	\$0	0	\$82,094,666	7,579
Brooklyn	763,676	88	770,604	124	0	0	72,204,864	3,863	0	0	1,027,988	174	0	0	330,213	7	75,097,344	4,256
Manhattan	475,691	48	1,265,950	253	1,531,217	197	66,027,735	3,735	54,000	47	1,060,610	101	869,555	123	252,445	15	71,537,203	4,519
Queens	480,000	65	380,000	54	0	0	21,191,301	1,258	0	0	0	0	0	0	0	0	22,051,301	1,377
Staten Island	0	0	0	0	0	0	2,862,500	111	0	0	0	0	0	0	0	0	2,862,500	111
Outside of NYC	0	0	0	0	0	0	1,500,525	106	0	0	0	0	0	0	0	0	1,500,525	106
<b>Total</b>	<b>\$7,154,543</b>	<b>1,417</b>	<b>\$3,514,804</b>	<b>797</b>	<b>\$1,531,217</b>	<b>197</b>	<b>\$239,348,164</b>	<b>15,070</b>	<b>\$54,000</b>	<b>47</b>	<b>\$2,088,598</b>	<b>275</b>	<b>\$869,555</b>	<b>123</b>	<b>\$582,658</b>	<b>22</b>	<b>\$255,143,538</b>	<b>17,948</b>

\*Lenders : Bank of America Citibank Community Development Carver Federal Savings Bank The Community Preservation Corporation JP Morgan Chase Low Income Investment Fund NCB Capital Impact Neighborhood Housing Service

# Police Economically Targeted Investments Quarterly Report

## Public/Private Apartment Rehabilitation Program (PPAR)



# Police Economically Targeted Investments Quarterly Report

AFL-CIO Housing Investment Trust (HIT)  
 Market Value \$113.5million\*  
 NYC Community Investment Initiative (NYCCII)

NYCCII Phase II 2006-2013 Multifamily Investments Detail					
Borough	4 Q Investments	Investments		Housing Units	
		Since Inception	4Q Housing Units	Since Inception	
Bronx	\$0	\$52,827,900	0	802	
Brooklyn	0	103,890,446	0	5,616	
Manhattan	0	174,075,200	0	926	
Queens	0	17,760,000	0	1,260	
Staten Island	0	6,414,554	0	693	
<b>Total</b>	<b>\$0</b>	<b>\$354,968,100</b>	<b>0</b>	<b>9,297</b>	
<b>Grand Total NYCCII Phase II</b>		<b>\$354,968,100</b>			

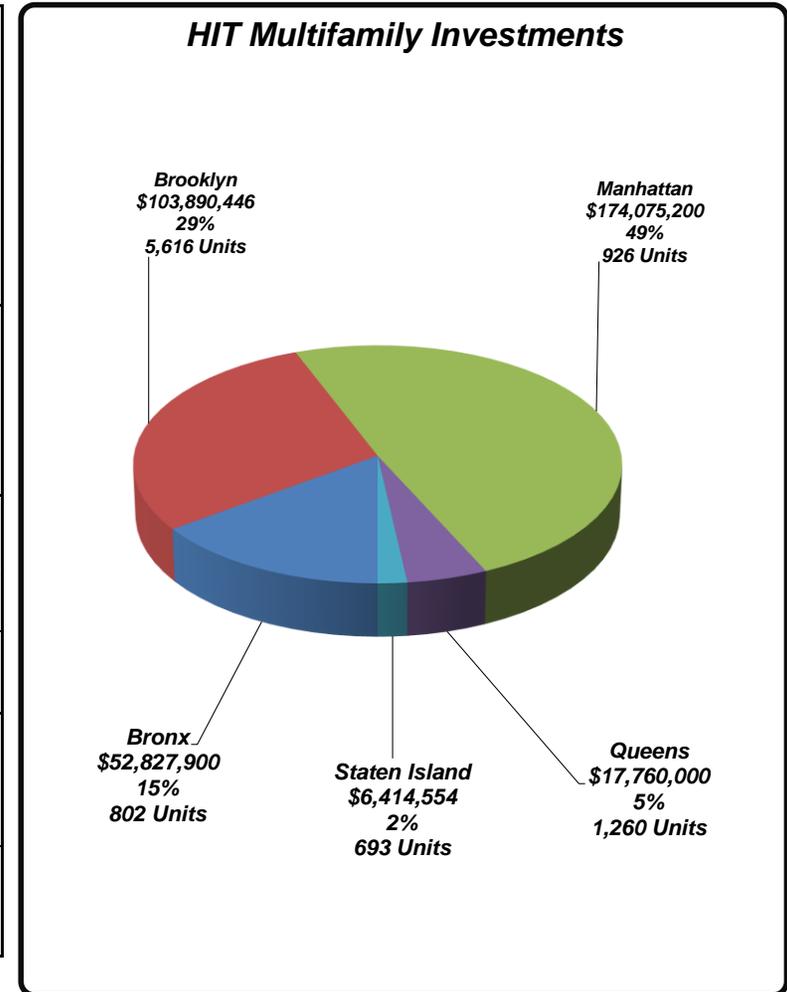
  

NYCCII Phase I 2002 - 2005					
	Dollars	Units	Member Loans	Total All NYC PF's	
Multifamily Investments	\$249,123,500	12,337	n/a	n/a	
HIT Home Investments	348,300,563	n/a	131	446	
<b>Total NYCCII Phase I</b>	<b>\$597,424,063</b>	<b>12,337</b>	<b>131</b>	<b>446</b>	

NYCCII Phases I & II					
	Dollars	Units	Member Loans	Total All NYC PF's	
Multifamily Investments	\$604,091,600	21,634	n/a	n/a	
HIT Home Investments	2,899,899,500	n/a	131	446	
<b>Grand Total NYCCII Phases I &amp; II</b>	<b>\$3,503,991,100</b>	<b>21,634</b>	<b>131</b>	<b>446</b>	

\*Interest is reinvested



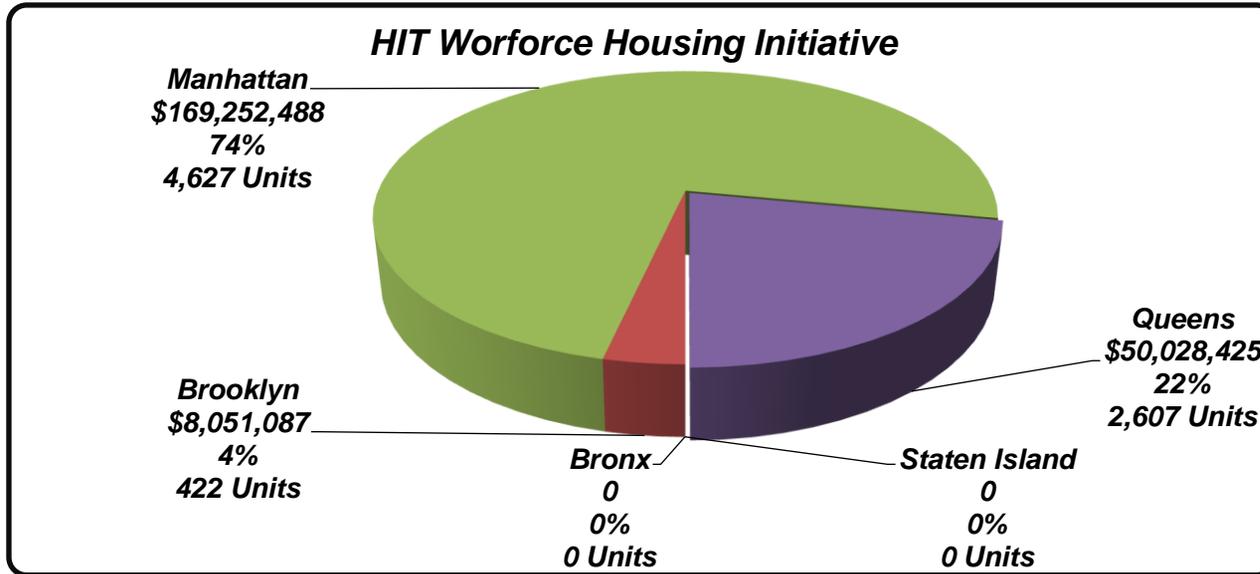
# Police Economically Targeted Investments Quarterly Report

AFL-CIO Housing Investment Trust (HIT)  
 NYC Workforce Housing Initiative 2009-2013

Investments Through 12/31/2013

Workforce Investments Detail

<u>Borough</u>	<u>4 Q Investments</u>	<u>Investments Since Inception</u>	<u>4Q Housing Units</u>	<u>Housing Units Since Inception</u>
Bronx	\$0	\$0	0	0
Brooklyn	0	8,051,087	0	422
Manhattan	0	169,252,488	0	4,627
Queens	0	50,028,425	0	2,607
Staten Island	0	0	0	0
<b>Total</b>	<b>\$0</b>	<b>\$227,332,000</b>	<b>0</b>	<b>7,656</b>

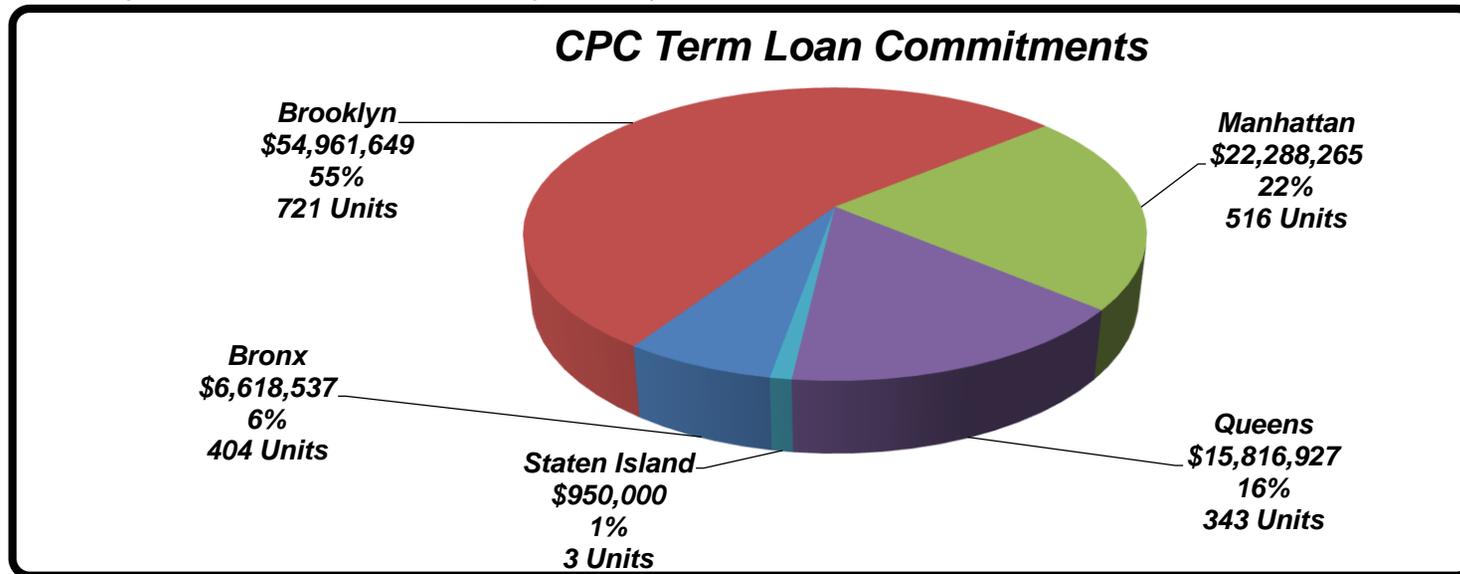


# Police Economically Targeted Investments Quarterly Report

<b>CPC Term Loan</b>	
Commitments All Lenders as of 3Q	\$116,445,065
4Q Paydown	-\$15,809,687
<b>Commitments All Lenders as of 4Q</b>	<b>\$100,635,378</b>
<hr/>	
Police Commitment Share/Market Value* as of 3Q 2013	\$5,434,193
4Q Paydown	-\$254,193
<b>Police Commitment Share/Market Value* as of 4Q 2013</b>	<b>\$5,180,000</b>

	# Loans		\$ Committed (MM)		# Res. Units		# Comm. Units	
	3Q	4Q	3Q	4Q	3Q	4Q	3Q	4Q
Bronx	12	11	\$9.3	\$6.6	443	404	21	17
Brooklyn	29	23	71.9	55.0	871	721	22	19
Manhattan	24	22	17.9	22.3	548	516	20	17
Queens	5	4	16.4	15.8	78	343	3	3
Staten Island	1	1	1.0	1.0	3	3	0	0
<b>Grand Total NYC</b>	<b>71</b>	<b>61</b>	<b>\$116.4</b>	<b>\$100.6</b>	<b>1,943</b>	<b>1,987</b>	<b>66</b>	<b>56</b>
<b>Other NY State</b>	<b>25</b>	<b>20</b>	<b>\$59.3</b>	<b>\$57.6</b>	<b>721</b>	<b>658</b>	<b>15</b>	<b>11</b>

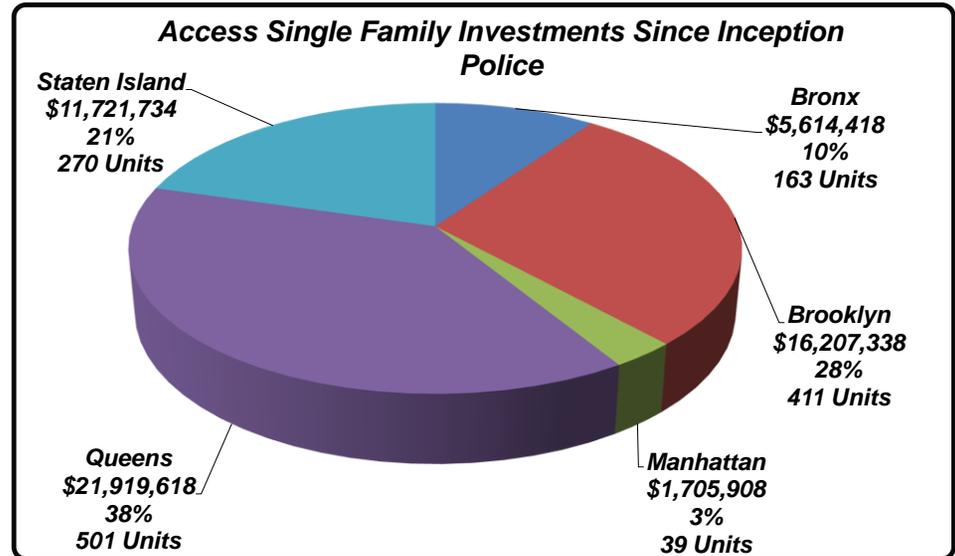
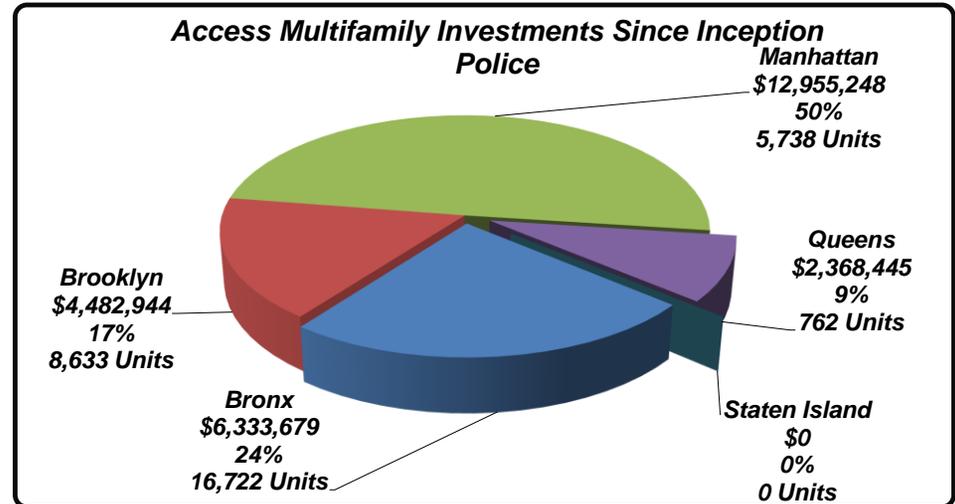
\*Equals the amount drawn down. Interest is paid monthly.



# Police Economically Targeted Investments Quarterly Report

## ACCESS CAPITAL STRATEGIES (Since Inception 2/1/07)

\$61.0 million Allocated (20.33% of total account) Market Value \$45.5 million				
<u>Multifamily Investments Detail</u>	4Q \$ Invested (MMs)	Total	4Q Total Units	Total
Bronx	\$0.0	\$6.3	0	16,724
Brooklyn	0.0	4.5	0	8,633
Manhattan	0.4	13.0	1,689	5,738
Queens	0.0	2.4	0	762
Staten Island	0.0	0.0	0	0
<b>Total Police Multifamily Investments</b>	<b>\$0.37</b>	<b>\$26.1</b>	<b>1,689</b>	<b>31,857</b>
<b>Multifamily Total All Systems</b>	<b>\$1.8</b>	<b>\$128.6</b>	<b>1,689</b>	<b>31,857</b>
<u>Single Family Investments Detail</u>	4Q \$ Invested (MMs)	Total	4Q Total Units	Total
Bronx	\$1.0	\$5.6	32	163
Brooklyn	2.1	16.2	50	411
Manhattan	0.2	1.7	5	39
Queens	3.9	21.9	86	501
Staten Island	2.7	11.7	56	270
<b>Total Police Single Family Investments</b>	<b>\$9.96</b>	<b>\$57.2</b>	<b>229</b>	<b>1,384</b>
<b>Single Family Total All Systems</b>	<b>\$49.0</b>	<b>\$281.2</b>	<b>229</b>	<b>1,384</b>
<u>Other Investments Detail</u>	4Q \$ Invested (MMs)	Total	4Q # of Loans	Total
Bronx	\$0.0	\$0.1	0	1
Brooklyn	0.0	1.1	0	8
Manhattan	0.0	0.5	0	5
Queens	0.0	0.1	0	3
Staten Island	0.0	0.0	0	0
<b>Total Police Other Investments</b>	<b>\$0.0</b>	<b>\$1.8</b>	<b>0</b>	<b>17</b>
<b>Other Investments Total All Systems</b>	<b>\$0.0</b>	<b>\$9.0</b>	<b>0</b>	<b>17</b>
<b>Grand Total Police</b>	<b>\$10.3</b>	<b>\$85.1</b>		
<b>Grand Total All Systems</b>	<b>\$50.8</b>	<b>\$418.8</b>		



## Private Equity Quarterly Report

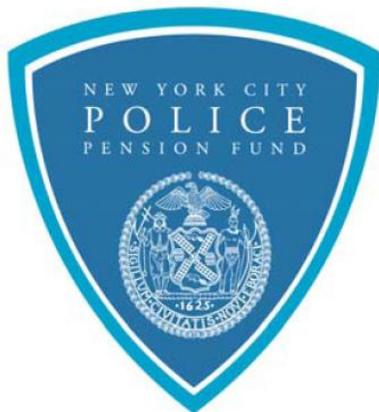


## Private Equity Monitoring Report

For the period ended September 30, 2013

Report Prepared For:

New York City Police Pension Fund, Subchapter 2



## Table of Contents

I. Executive Summary .....	1
Performance Summary .....	1
Portfolio Performance vs. Benchmarks .....	2
Portfolio Diversification .....	2
By Strategy .....	2
By Fund Geographic Focus .....	2
II. Market Overview .....	3
Executive Summary .....	3
Capital Markets Overview .....	3
Public Equity Markets .....	3
Debt Markets .....	6
Private Equity Market Overview .....	7
All Private Equity .....	7
Fundraising .....	7
Investment Activity .....	8
Deal Environment .....	10
III. Portfolio Review .....	12
Quarterly Highlights .....	12
Investment Performance .....	13
Since Inception Performance .....	13
Performance by Vintage Year .....	14
Portfolio Periodic Returns vs. Russell 3000® Index .....	15
Performance by Strategy / Sub-Strategy .....	15
Performance by Strategy .....	16
Performance by Sub-Strategy .....	16
Portfolio Diversification .....	17
By Strategy/Sub-Strategy .....	17
By Fund Geographic Focus .....	17
By Investment Manager .....	18
Portfolio Cash Flow Analysis .....	19
Year to Date Cash Flow Activity .....	19
Quarterly Cash Flow Activity .....	20
Invested Capital by Vintage Year .....	21
Portfolio Company-Level Analysis .....	22
Geographic Exposure .....	22
Industry Exposure .....	22
Public Market Exposure .....	23
IV. Appendix .....	24
Private Equity Portfolio .....	25
Subsequent Commitments .....	28

## Important Information

This document is meant only to provide a broad overview for discussion purposes. All information provided here is subject to change. This document is for informational purposes only and does not constitute an offer to sell, a solicitation to buy, or a recommendation for any security, or as an offer to provide advisory or other services by StepStone Group LP, its subsidiaries or affiliates (collectively, “StepStone”) in any jurisdiction in which such offer, solicitation, purchase or sale would be unlawful under the securities laws of such jurisdiction. The information contained in this document should not be construed as financial or investment advice on any subject matter. StepStone expressly disclaims all liability in respect to actions taken based on any or all of the information in this document.

This document is confidential and solely for the use of StepStone and the existing and potential clients of StepStone to whom it has been delivered, where permitted. By accepting delivery of this presentation, each recipient undertakes not to reproduce or distribute this presentation in whole or in part, nor to disclose any of its contents (except to its professional advisors), without the prior written consent of StepStone. While some information used in the presentation has been obtained from various published and unpublished third-party sources considered to be reliable, StepStone does not guarantee its accuracy or completeness and accepts no liability for any direct or consequential losses arising from its use. Thus, all such information is subject to independent verification by prospective investors.

The presentation is being made based on the understanding that each recipient has sufficient knowledge and experience to evaluate the merits and risks of investing in private equity products. All expressions of opinion are intended solely as general market commentary and do not constitute investment advice or a guarantee of returns. All expressions of opinion are as of the date of this document, are subject to change without notice and may differ from views held by other businesses of StepStone.

All valuations are based on current values provided by the general partners of the Underlying Funds and may include both realized and unrealized investments. Due to the inherent uncertainty of valuation, the stated value may differ significantly from the value that would have been used had a ready market existed for all of the portfolio investments, and the difference could be material. The long-term value of these investments may be lesser or greater than the valuations provided.

StepStone is not in the business of providing tax or legal advice. These materials and any tax-related statements are not intended or written to be used, and cannot be used or relied upon, by any taxpayer for the purpose of avoiding tax penalties. Tax-related statements, if any, may have been written in connection with the “promotion or marketing” of the transaction(s) or matter(s) addressed by these materials, to the extent allowed by applicable law. Any taxpayer should seek advice based on the taxpayer’s particular circumstances from an independent tax advisor.

Prospective investors should inform themselves and take appropriate advice as to any applicable legal requirements and any applicable taxation and exchange control regulations in the countries of their citizenship, residence or domicile which might be relevant to the subscription, purchase, holding, exchange, redemption or disposal of any investments. Each prospective investor is urged to discuss any prospective investment with its legal, tax and regulatory advisors in order to make an independent determination of the suitability and consequences of such an investment.

An investment involves a number of risks and there are conflicts of interest.

StepStone Group LP is an Investment Adviser registered with the Securities and Exchange Commission. StepStone Group Europe LLP is authorized and regulated by the Financial Conduct Authority, firm reference number 551580.

**Past performance is not necessarily indicative of future results. Actual performance may vary.**

## I. Executive Summary

The New York City Police Pension Fund, Subchapter 2 (“NYCPPF”) established the Alternative Investment Program (the “Program”) on January 1, 1997 on behalf of its beneficiaries to participate in attractive long-term investment opportunities and to provide diversification to its overall pension investment portfolio.

StepStone Group LP (“StepStone”) was engaged by NYCPPF on February 1, 2012 to provide private equity advisory services for prospective investment opportunities and monitoring and reporting services for existing and new investments.

Since inception through September 30, 2013, the Program has committed US\$4.0 billion to 165 partnership investments (the “Portfolio”). This quarterly monitoring report covers the performance of the Portfolio as of September 30, 2013 as well as significant activity that occurred during the third quarter of 2013.

### Performance Summary

<i>US\$ in millions</i>	September 30, 2013	June 30, 2013	September 30, 2012	Quarterly Change	Yearly Change
Number of Managers	110	110	103	-	7
Number of Investments	165	165	150	-	15
Committed Capital <sup>1</sup>	\$4,018.1	\$4,014.9	\$3,505.1	\$3.2	\$513.0
Contributed Capital	\$3,011.3	\$2,949.3	\$2,678.2	\$62.0	\$333.1
Distributed Capital <sup>2</sup>	\$2,045.6	\$1,944.9	\$1,569.6	\$100.7	\$476.0
Market Value <sup>2</sup>	\$1,965.9	\$1,917.4	\$1,859.5	\$48.5	\$106.5
Total Value	\$4,011.5	\$3,862.3	\$3,429.1	\$149.2	\$582.4
Total Gain/(Loss)	\$1,000.2	\$913.0	\$750.9	\$87.2	\$249.3
Unfunded Commitment <sup>3</sup>	\$1,406.9	\$1,472.9	\$1,174.7	(\$66.0)	\$232.2
Total Exposure <sup>4</sup>	\$3,372.8	\$3,390.3	\$3,034.2	(\$17.5)	\$338.6
DPI <sup>5</sup>	0.68x	0.66x	0.59x	0.02x	0.09x
<b>TVM<sup>6</sup></b>	<b>1.33x</b>	<b>1.31x</b>	<b>1.28x</b>	<b>0.02x</b>	<b>0.05x</b>
<b>IRR<sup>7</sup></b>	<b>10.1%</b>	<b>9.8%</b>	<b>9.6%</b>	<b>+ 31 bps</b>	<b>+ 56 bps</b>
TVM Net of StepStone Fees <sup>8</sup>	1.33x	1.31x	1.28x	0.02x	0.05x
IRR Net of StepStone Fees <sup>8</sup>	10.1%	9.8%	9.6%	+ 30 bps	+ 50 bps

<sup>1</sup> Committed Capital is presented net of any commitment releases or expirations and reflects foreign currency exchange rate fluctuations.

<sup>2</sup> Please note that the Distributions and Market Value are presented Pro-Forma for the sale of nine partnership investments in secondary transactions that closed during the first half of 2012.

<sup>3</sup> Unfunded Commitment represents the aggregate remaining commitments to partnership investments. Please note that the Unfunded Commitment is presented Pro-Forma for the sale of nine partnership investments in secondary transactions that closed during the first half of 2012.

<sup>4</sup> Total Exposure represents the sum of Market Value and Unfunded Commitment.

<sup>5</sup> DPI, or Distributed to Paid-In Multiple, is a performance metric that measures distributions received relative to capital invested. DPI is calculated as Distributed Capital divided by Contributed Capital.

<sup>6</sup> TVM, or Total Value Multiple, is a performance metric that measures total value created by the Portfolio relative to capital invested, without consideration for time. TVM is calculated as Total Value, which is comprised of Market Value plus Distributed Capital, divided by Contributed Capital.

<sup>7</sup> IRR, or Internal Rate of Return, is a performance metric that is calculated based on the Portfolio's daily cash flows and market value as of quarter-end. IRR is net of fund manager's fees, expenses and carried interest.

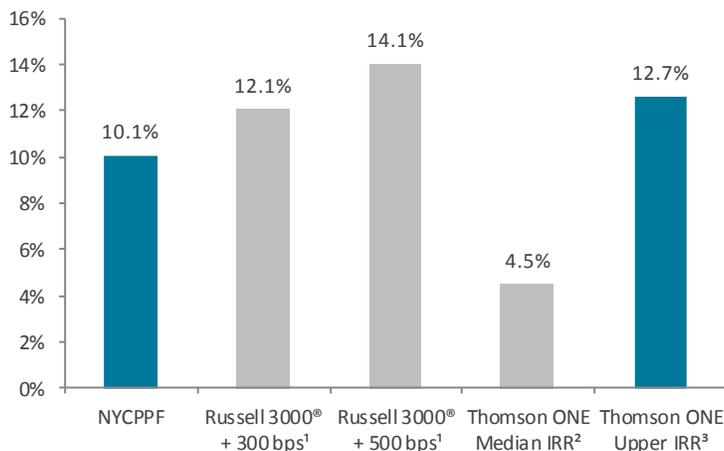
<sup>8</sup> TVM and IRR Net of StepStone fees represent TVM and IRR net of fees paid by NYCPPF to StepStone.

## Portfolio Performance vs. Benchmarks

The Portfolio's performance is measured against two benchmarks:

1. A dollar-weighted public benchmark, which produced the return that would have been earned if NYCPPF's private equity cash flows were invested in the Russell 3000<sup>®</sup> Index<sup>1</sup> plus a 300 and a 500 basis point liquidity premium (*the Opportunity Cost Benchmark*).
2. The Thomson ONE (formerly Venture Economics) Median Return (*the Relative Benchmark*).

The following graph illustrates Portfolio IRR performance versus benchmarks as of September 30, 2013.



<sup>1</sup>Benchmark is a dollar-weighted Long-Nickels calculation of quarterly changes in the Russell 3000<sup>®</sup> Index. Russell Investment Group is the source and owner of the trademark, service marks and copyrights related to the Russell Indexes. Russell<sup>®</sup> is a trademark of Russell Investment Group.

<sup>2</sup>Benchmark is provided by Thomson ONE and reflects U.S. All Private Equity Funds Median Quartile IRR as of September 30, 2013 for funds with vintage years 1998 to 2013. Note: Thomson ONE data is continuously updated and is therefore subject to change.

<sup>3</sup>Benchmark is for informational purposes only and is NOT part of the Program's Policy Benchmarks. Benchmark is provided by Thomson ONE and reflects U.S. All Private Equity Funds Upper Quartile IRR as of September 30, 2013 for funds with vintage years 1998 to 2013. Note: Thomson ONE data is continuously updated and is therefore subject to change.

## Portfolio Diversification

### By Strategy

	Market Value		Unfunded Commitment		Total Exposure	
	\$	% of Total	\$	% of Total	\$	% of Total
<i>As of September 30, 2013 (US\$ in millions)</i>						
Buyout	1,228.2	62.5%	833.1	59.2%	2,061.3	61.1%
Growth Equity	160.9	8.2%	214.2	15.2%	375.1	11.1%
Special Situations	67.0	3.4%	102.7	7.3%	169.7	5.0%
Energy	93.1	4.7%	15.4	1.1%	108.5	3.2%
Secondaries	109.3	5.6%	122.5	8.7%	231.9	6.9%
Co-Investment	54.3	2.8%	80.3	5.7%	134.6	4.0%
Other	253.1	12.9%	38.7	2.8%	291.8	8.7%
<b>Total</b>	<b>1,965.9</b>	<b>100.0%</b>	<b>1,406.9</b>	<b>100.0%</b>	<b>3,372.8</b>	<b>100.0%</b>

### By Fund Geographic Focus

	Market Value		Unfunded Commitment		Total Exposure	
	\$	% of Total	\$	% of Total	\$	% of Total
<i>As of September 30, 2013 (US\$ in millions)</i>						
North America	1,271.8	64.7%	817.9	58.1%	2,089.7	62.0%
Global	492.8	25.1%	480.1	34.1%	972.9	28.8%
Western Europe	166.7	8.5%	103.4	7.3%	270.0	8.0%
Rest of World	34.6	1.8%	5.6	0.4%	40.2	1.2%
<b>Total</b>	<b>1,965.9</b>	<b>100.0%</b>	<b>1,406.9</b>	<b>100.0%</b>	<b>3,372.8</b>	<b>100.0%</b>

## II. Market Overview

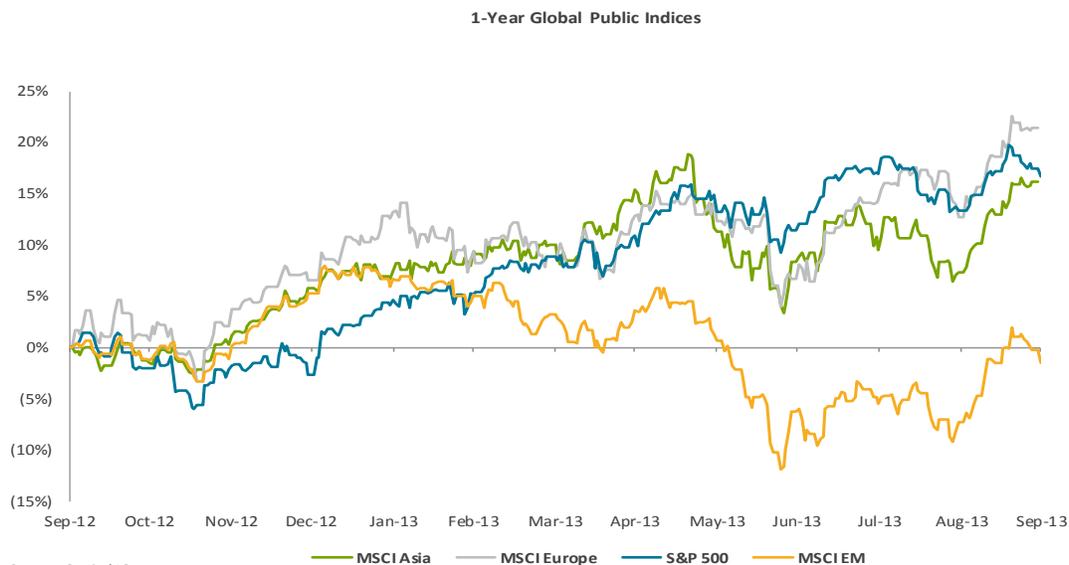
### Executive Summary

Equity markets continued the upward trend experienced in the first half of 2013. U.S. public equity markets delivered positive returns, helped by stronger economic data and the U.S. Federal Reserve’s decision to not reduce its bond purchases. Ironically, stocks surged even higher with the formal announcement to taper the program (from US\$85 billion purchases of mortgage-backed securities and treasury bonds per month to US\$75 billion per month) coming in mid-December, interpreted by investors as a sign that the economy no longer needs as much stimulus. European and Asian public markets also posted gains, with Eurozone markets showing the biggest improvement over last quarter. Debt activity rebounded from a restrained US\$9.7 billion in the second quarter (due to a number of large deals falling through), to US\$31.5 billion in the third quarter, including a US\$12 billion loan issued to Verizon Communications Inc. (“Verizon”; NYSE: VZ). Purchase price multiples for U.S. LBOs increased to 8.5x EBITDA, bouncing back to the ten-year average. Fundraising activity picked up in the third quarter of 2013, increasing 4.9% from the second quarter, but private equity investment activity dropped by 50.6%, following the US\$23.2 billion investment in H.J. Heinz Co (“Heinz”) in the second quarter. Exit activity declined, with most large IPOs occurring last quarter and M&A volume skewed by the US\$28.0 billion buyout of Heinz in the prior quarter.

### Capital Markets Overview

#### Public Equity Markets

Several major stock market indices reached all-time highs during the third quarter of 2013. Since the last recession, they have demonstrated consistent positive trends, undergoing several cycles of steady progress with short-term corrections. U.S. equity markets rose, but stumbled as the quarter ended amid concerns about the growing likelihood of the federal government shutdown in October. Asian equity markets produced strong gains and the Eurozone economy is showing improvement, driven by impressive growth in the UK and the possibility that Greece may emerge from a six-year recession. Emerging markets posted positive returns during the quarter but are still lagging behind both U.S. and developed international markets. For the one-year period ending September 30, 2013, only the MSCI Emerging Market Index posted a negative return. The MSCI Europe Index posted the largest increase at 20.7% (as seen on the chart below).



The following table shows the holding period returns of three MSCI indices and the S&P 500, as well as the S&P 500 total return, over various time horizons from three months to ten years through September 30, 2013. For the first time this year, holding period returns for all three MSCI indices outperformed the S&P 500 over the quarter. The MSCI Europe posted the only double digit gain during the quarter with a strong return of 13.2%. On both a three-year and five-year horizon, the S&P 500 has significantly outperformed the other three indices. On the longer 10-year horizon, the MSCI Emerging Market Index grew by more than 160%, which was more than double the growth of the other three indices. The S&P 500 total return was 5.2% for the quarter.

#### Regional Indices

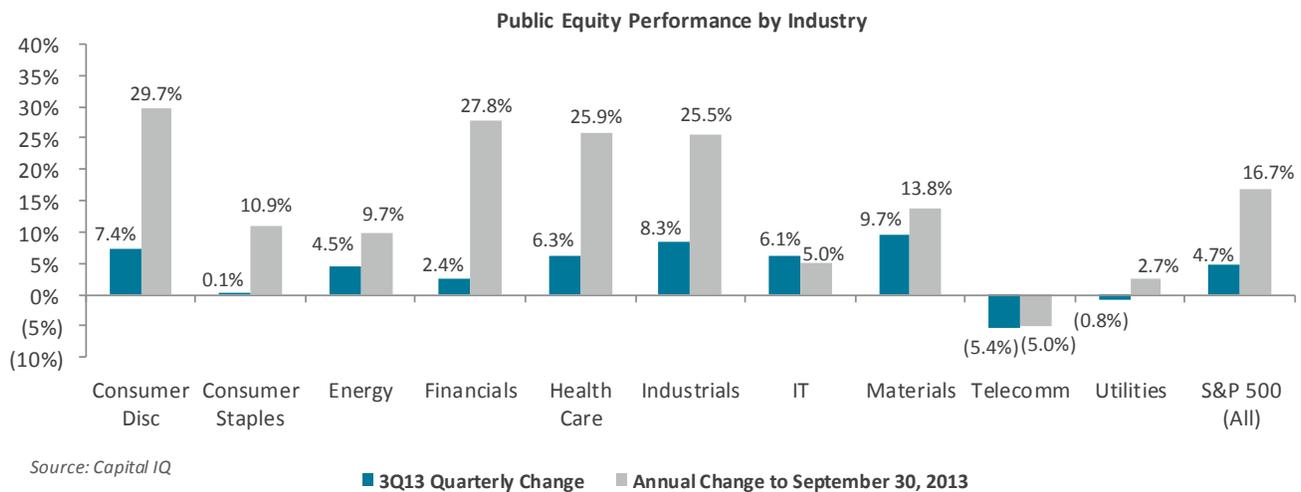
	Current Qtr	1 Yr	3 Yr	5 Yr	10 Yr
MSCI Asia	5.4%	14.2%	9.6%	28.0%	67.2%
MSCI Europe	13.2%	20.7%	16.9%	14.3%	68.0%
MSCI EM	5.0%	(1.5%)	(8.2%)	25.5%	161.5%
S&P 500	4.7%	16.7%	47.3%	44.2%	68.8%
S&P 500 Total Return*	5.2%	19.3%	57.2%	61.2%	107.4%

For the period ended September 30, 2013

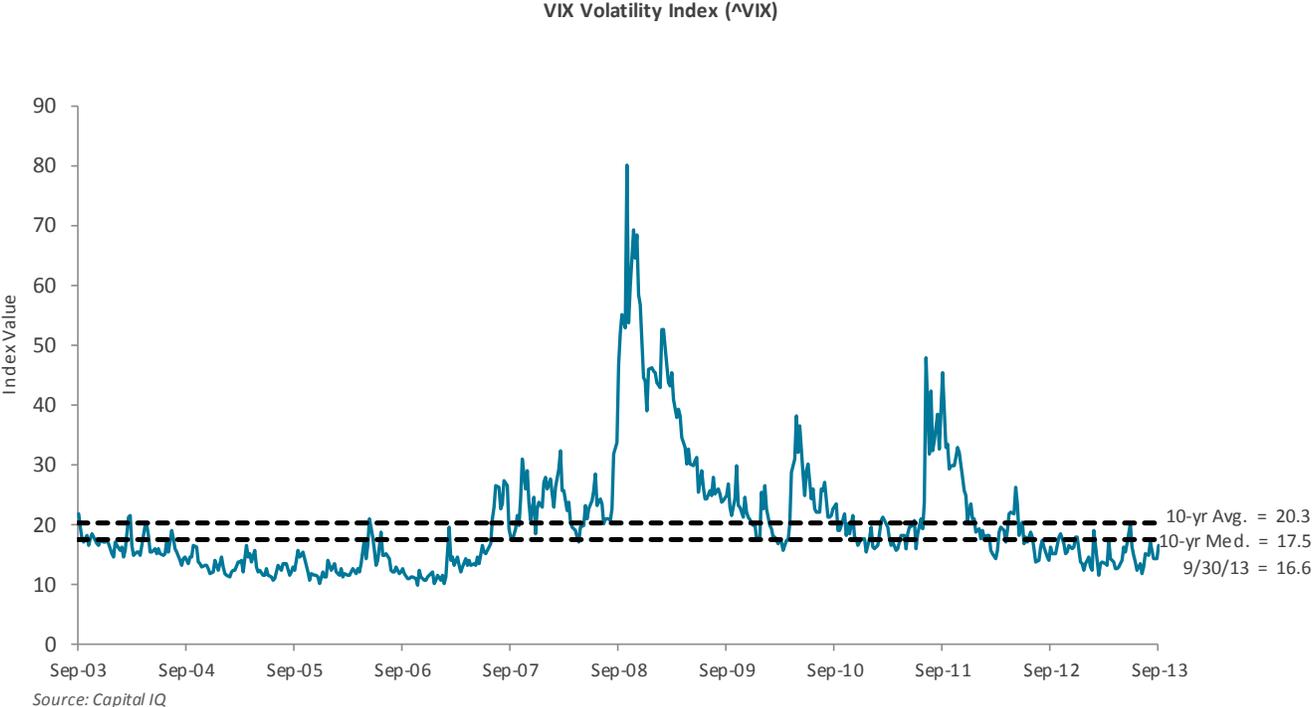
\*Includes reinvestment of dividends.

Source: Capital IQ

During the third quarter of 2013, weighted average stock prices increased in eight of ten industry sectors in the S&P 500. The best performing sectors were Materials and Industrials, which posted gains of 9.7% and 8.3%, respectively, for the quarter. Telecommunications fared the worst, posting a loss of 5.4%. Over the past 12 months, nine out of ten sectors exhibited positive performance, with Telecommunications posting the only loss of 5.0%. The chart below details the capitalization-weighted average change in stock prices for the S&P 500 by industry during the third quarter of 2013 and last 12 months ended September 30, 2013.

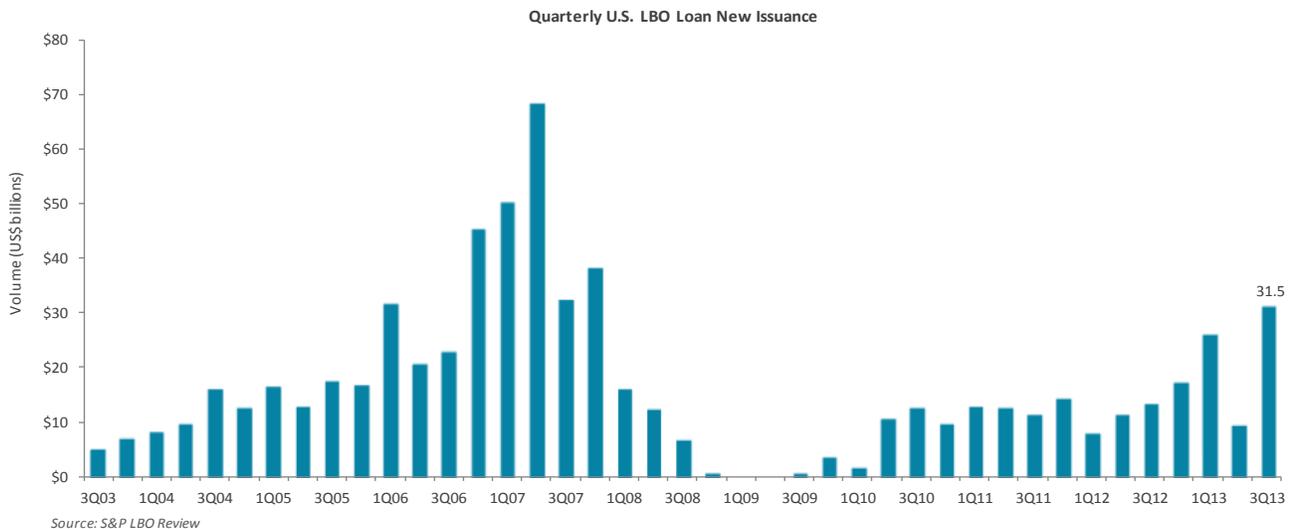


The CBOE Volatility Index (“VIX”), maintained by the Chicago Board Options Exchange, is a popular indicator of investor sentiment and public market volatility. VIX measures the market's expectation of 30-day volatility based on S&P 500 index option prices. At the end of the third quarter of 2013 the VIX was trading at 16.6, below the 10-year historical average of 20.3 and the 10-year median of 17.5. The graph below depicts the historical level of the VIX over the last ten years through September 30, 2013.

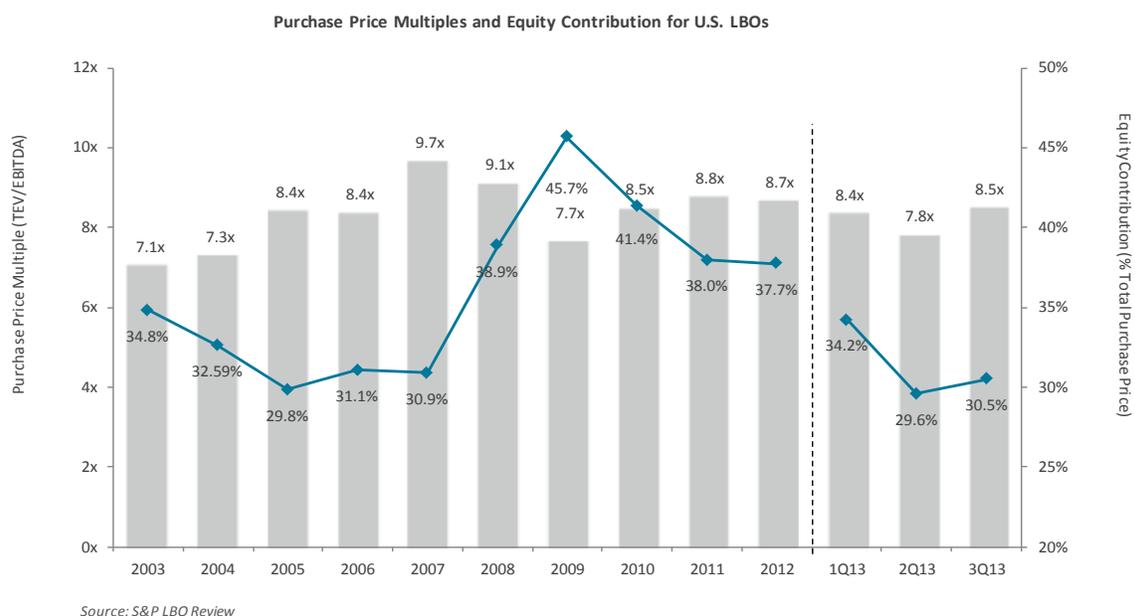


## Debt Markets

U.S. LBO new loan issuance totaled US\$67.4 billion through the first three quarters of 2013, which already outpaces the roughly US\$50 billion seen in each of the previous two calendar years. Total loan volume of US\$31.5 billion in the third quarter of 2013 is skewed upwards for the third quarter due to the US\$12 billion loan issued to Verizon. This is in sharp contrast to the low of US\$9.7 billion issued last quarter, which was due to a number of large deals falling through and the expected reduction of the bond buying program by the Federal Reserve. The following chart shows the quarterly volume of U.S. LBO new loan issuance for the past ten years.



The average purchase price multiple for LBO deals in the third quarter of 2013 was 8.5x total enterprise value (“TEV”) to EBITDA, notably higher than the previous quarter multiple of 7.8x. Purchase price multiples for larger transactions have historically been higher than those in smaller markets, and is reflective of the larger deals that closed during the quarter. The average equity contribution for LBOs increased as well, to 30.5% in the third quarter of 2013, up from 29.6% in the second quarter of 2013.



## Private Equity Market Overview

### All Private Equity

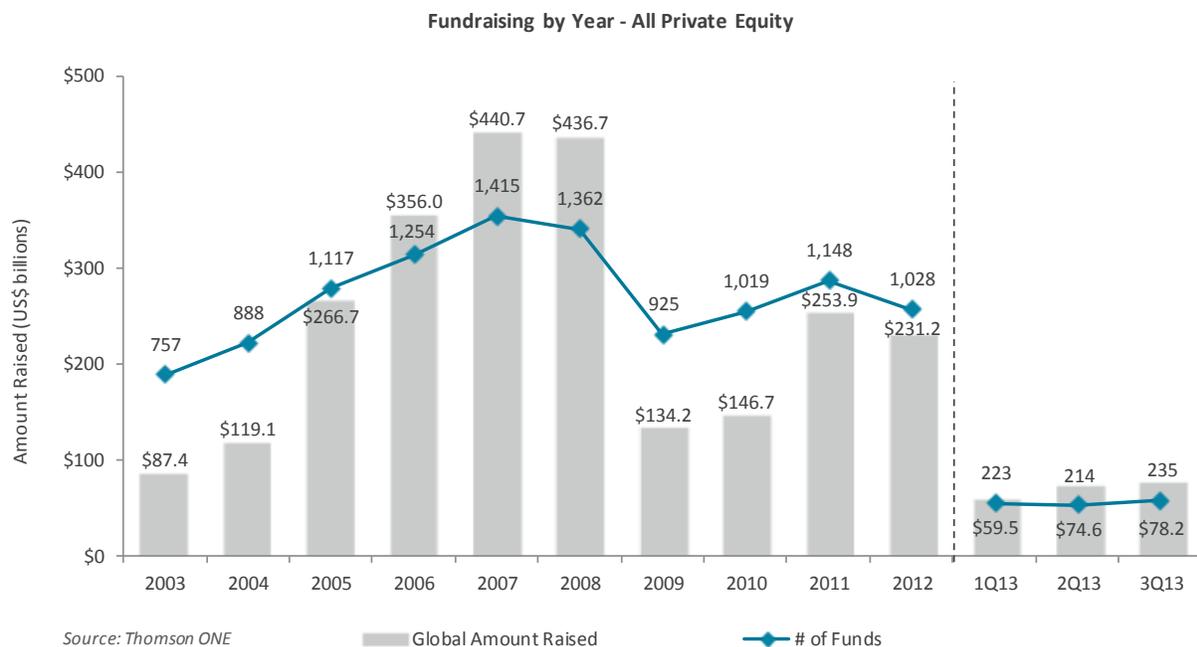
During the third quarter of 2013, private equity fund performance increased 4.9% compared to the S&P 500 which saw an increase of 4.7% during the same period. Of note, the Large Buyouts sector increased 6.6% during the quarter, the largest single-sector increase during the third quarter. The table below shows the pooled Internal Rate of Return (“IRR”) performance of global private equity investments by sector over various investment horizons from 3 months to 20 years through September 30, 2013.

Sector	3 Mo	6 Mo	1 Yr	3 Yr	5 Yr	10 Yr	20 Yr
<b>Venture Capital</b>	<b>4.1%</b>	<b>7.7%</b>	<b>8.2%</b>	<b>5.2%</b>	<b>2.3%</b>	<b>5.0%</b>	<b>14.8%</b>
<b>All Buyouts</b>	<b>5.8%</b>	<b>9.6%</b>	<b>19.5%</b>	<b>11.2%</b>	<b>7.2%</b>	<b>10.7%</b>	<b>10.6%</b>
Small/Middle Buyouts (<\$2bn)	3.1%	6.9%	13.6%	8.9%	5.4%	11.4%	11.6%
Large Buyouts (>\$2bn)	6.6%	10.4%	21.1%	12.2%	8.0%	10.4%	9.7%
<b>Mezzanine</b>	<b>2.8%</b>	<b>5.1%</b>	<b>13.9%</b>	<b>7.0%</b>	<b>4.6%</b>	<b>7.0%</b>	<b>7.6%</b>
<b>All Private Equity</b>	<b>4.9%</b>	<b>8.6%</b>	<b>17.4%</b>	<b>10.2%</b>	<b>6.6%</b>	<b>9.6%</b>	<b>11.2%</b>

Source: Thomson ONE

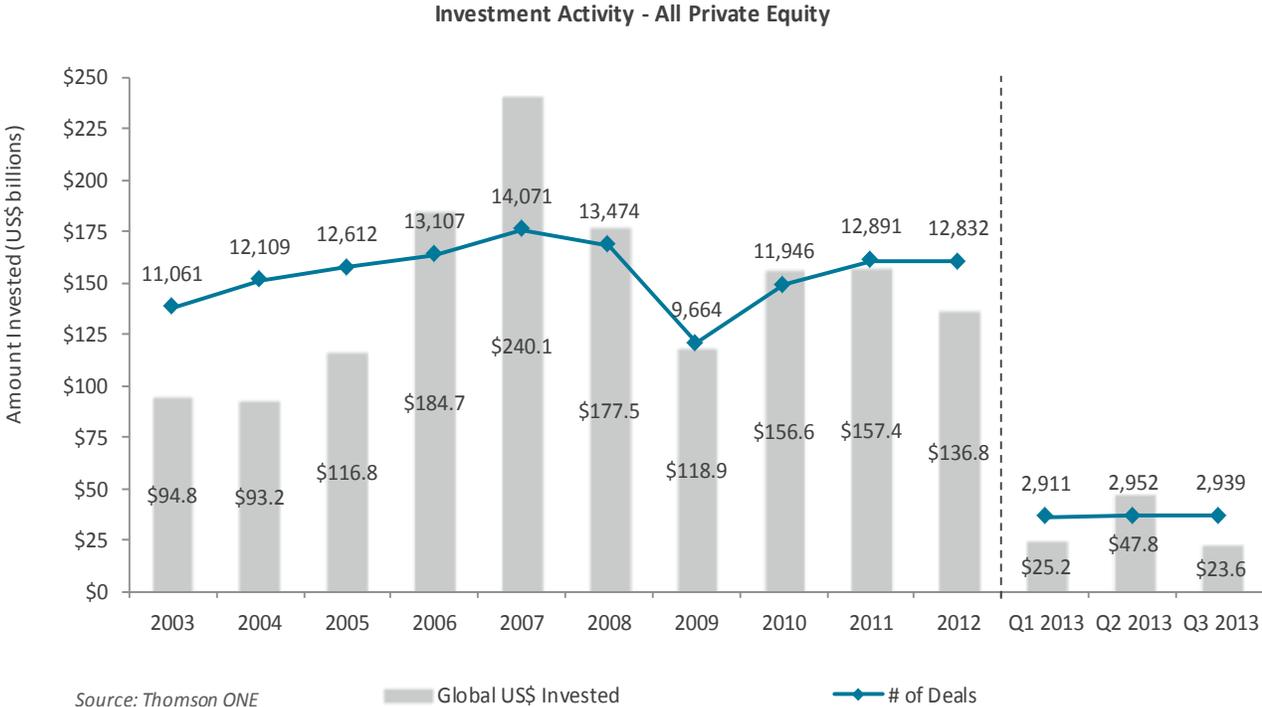
### Fundraising

Private equity fundraising totaled US\$78.2 billion in the third quarter of 2013, representing an increase of 4.9% from the prior quarter’s total of US\$74.6 billion and an increase of 17.9% from the same period in the prior year. Buyout funds accounted for 68.5% of the amount raised during the third quarter, higher than the 10-year average of 66.3%. Venture Capital fundraising was up for the quarter, raising US\$7.8 billion, an increase from US\$5.1 billion last quarter. The chart below shows private equity fundraising activity by calendar year over the last ten years and year-to-date through the third quarter of 2013.

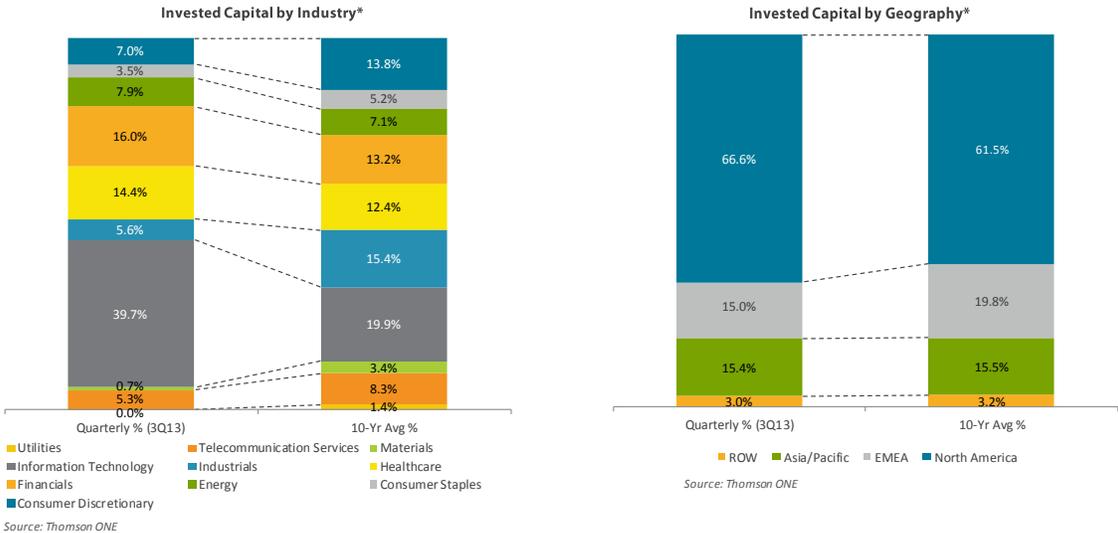


**Investment Activity**

Private equity funds invested US\$23.6 billion during the third quarter, a decrease of 50.6% from the prior quarter. The large quarter-over-quarter decrease is attributable to the US\$23.2 billion investment in Heinz, made during the second quarter. The average investment size during the quarter fell to US\$8.0 million, or down 50.0%, quarter-over-quarter.



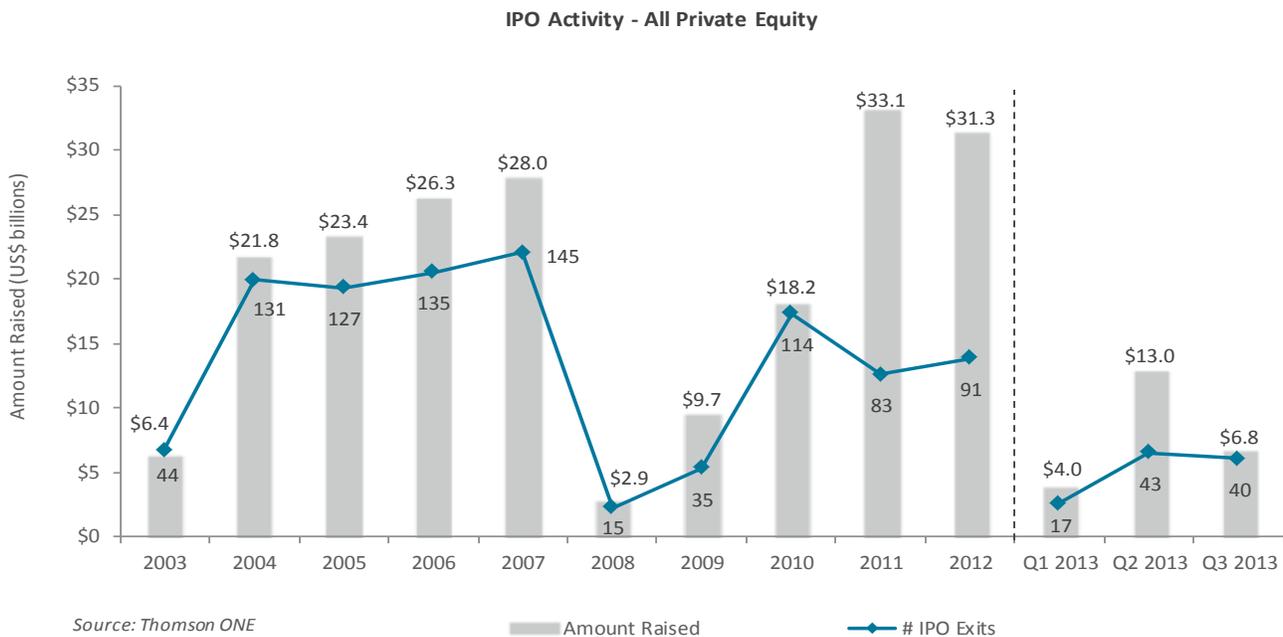
The graphs below depict the percentage of invested capital by industry and geography for the third quarter of 2013 and over the last ten years. The Information Technology sector attracted the most capital, including a transaction valued at US\$1.0 billion for Digital Insight, a financial management software company, by Thoma Bravo, a middle-market private equity firm. The sector accounted for US\$9.3 billion of transactions, or 39.7% of total capital invested during the third quarter by private equity firms, compared to a 10-year pro rata average of 19.9%. In the third quarter of 2013, investment activity in the North America region was above the historical average, representing 66.6% of total invested capital during the quarter compared to 61.5% over the last ten years.



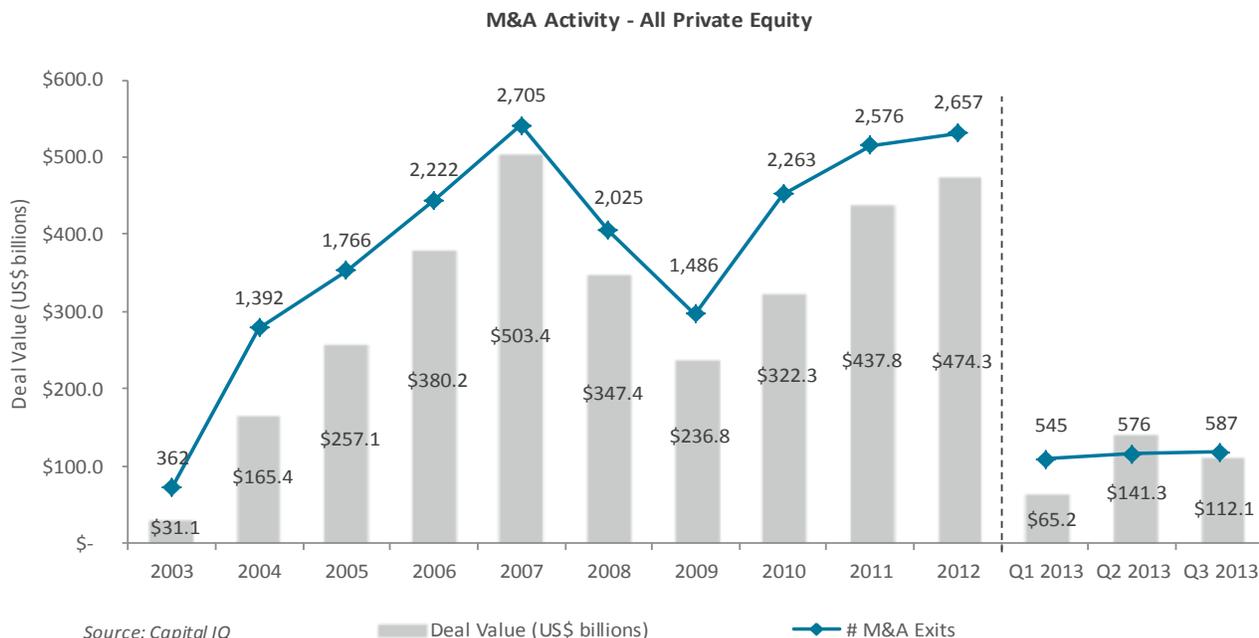
\*Note: Invested Capital is for all private equity from 3Q03 – 3Q13.

## Deal Environment

During the third quarter of 2013, there were 40 private equity-backed IPOs which raised a total of US\$6.8 billion, compared to 43 IPOs which raised US\$13.0 billion in the second quarter of 2013. On a year-over-year basis, third quarter 2013 activity was up 63.1% in terms of total dollars raised. The only IPO valued over US\$1 billion during the quarter was Envision Healthcare Group (“Envision”; NYSE: EVHC), a healthcare-related service company, which raised US\$1.1 billion. Since the IPO on August 14, 2013 at US\$25.05 per share, Envision’s share price has increased 3.9% to US\$26.03 per share as of September 30, 2013. The second-largest IPO was Pattern Energy Group LP (NASDAQ: PEGI), an industrial energy company, which raised US\$404.8 million.



Private equity-backed Mergers and Acquisitions (“M&A”) deal activity decreased moderately in the third quarter of 2013 in terms of deal value, largely due to the US\$28.0 billion Heinz buyout deal last quarter. Deal value for the quarter totaled US\$112.1 billion, representing a decrease of 20.7% from last quarter and an increase of 2.8% from the third quarter of 2012. Exit opportunities increased slightly, with 587 deals closing during the third quarter of 2013, compared to 576 exits last quarter.



### III. Portfolio Review

#### Quarterly Highlights

- Cash Flow Activity** – During the third quarter of 2013, the Portfolio made US\$62.0 million of contributions and received US\$100.7 million of distributions, for a net cash inflow of US\$38.7 million, compared to a net cash inflow of US\$52.3 million during the prior quarter and a net cash inflow of US\$31.1 million during the third quarter of 2012. Contributions decreased 12.8% from the prior quarter and 28.7% from the third quarter of 2012. The most recent four quarter average of the Program’s contributions is US\$83.4 million. Distributions decreased 18.4% from the prior quarter and 14.7% from the third quarter of 2012. The most recent four quarter average of the Program’s distributions is US\$119.0 million.
- Recent Portfolio Activity** – During the third quarter of 2013, net of cash flow activity and Pro-Forma for the Secondary Sale, the valuation of the Portfolio increased by US\$87.2 million, or 4.6%, from the prior quarter. The increase in Portfolio value is primarily attributable to strong performance of mega buyout funds during the quarter, which generated a \$27.5 million increase in valuation from the prior quarter-end. During the last twelve months, net of cash flow activity and Pro-Forma for the Secondary Sale, the valuation of the Portfolio increased by US\$249.3 million, or 14.5%, from the quarter ended September 30, 2012.
- New Investment Commitment** – There were no new investment commitments made during the third quarter of 2013.
- Subsequent Investment Commitments** – Subsequent to quarter-end through February 20, 2014, the Program closed on two new investment commitments, totaling US\$10.0 million.

<i>As of February 20, 2014 (US\$ in millions)</i>	Month Closed	Sub-Strategy	Geographic Focus	Committed Capital
Vista Foundation Fund II, L.P.	October 2013	Growth	North America	\$ 5.0
FTV IV, LP	November 2013	Growth	North America	\$ 5.0
<b>Total</b>				<b>\$ 10.0</b>

## Investment Performance

### Since Inception Performance

US\$ in millions	September 30, 2013	June 30, 2013	September 30, 2012	Quarterly Change	Yearly Change
<b>Active Investments</b>					
Number of Managers	101	101	94	-	7
Number of Investments	154	154	139	-	15
Committed Capital <sup>1</sup>	\$3,885.1	\$3,881.9	\$3,372.1	\$3.2	\$513.0
Contributed Capital	\$2,863.7	\$2,801.7	\$2,530.6	\$62.0	\$333.1
Distributed Capital <sup>2</sup>	\$1,879.8	\$1,779.1	\$1,403.8	\$100.7	\$476.0
Market Value <sup>2</sup>	\$1,965.9	\$1,917.4	\$1,859.5	\$48.5	\$106.5
Total Value	\$3,845.7	\$3,696.5	\$3,263.3	\$149.2	\$582.4
Total Gain/(Loss)	\$982.0	\$894.8	\$732.7	\$87.2	\$249.3
Unfunded Commitment <sup>3</sup>	\$1,406.9	\$1,472.9	\$1,174.7	(\$66.0)	\$232.2
Total Exposure <sup>4</sup>	\$3,372.8	\$3,390.3	\$3,034.2	(\$17.5)	\$338.6
DPI <sup>5</sup>	0.66x	0.64x	0.55x	0.02x	0.10x
TVM <sup>6</sup>	1.34x	1.32x	1.29x	0.02x	0.05x
IRR <sup>7</sup>	10.3%	10.0%	9.8%	+ 32 bps	+ 57 bps
<b>Exited Investments</b>					
Number of Managers	9	9	9	-	-
Number of Investments	11	11	11	-	-
Committed Capital <sup>1</sup>	\$133.0	\$133.0	\$133.0	\$0.0	\$0.0
Contributed Capital	\$147.6	\$147.6	\$147.6	\$0.0	\$0.0
Distributed Capital <sup>2</sup>	\$165.8	\$165.8	\$165.8	\$0.0	\$0.0
Total Value	\$165.8	\$165.8	\$165.8	\$0.0	\$0.0
Total Gain/(Loss)	\$18.2	\$18.2	\$18.2	\$0.0	\$0.0
Unfunded Commitment <sup>3</sup>	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
DPI <sup>5</sup>	1.12x	1.12x	1.12x	0.00x	0.00x
TVM <sup>6</sup>	1.12x	1.12x	1.12x	0.00x	0.00x
IRR <sup>7</sup>	4.5%	4.6%	4.8%	- 8 bps	- 33 bps
<b>Total Portfolio</b>					
Number of Managers	110	110	103	-	7
Number of Investments	165	165	150	-	15
Committed Capital <sup>1</sup>	\$4,018.1	\$4,014.9	\$3,505.1	\$3.2	\$513.0
Contributed Capital	\$3,011.3	\$2,949.3	\$2,678.2	\$62.0	\$333.1
Distributed Capital <sup>2</sup>	\$2,045.6	\$1,944.9	\$1,569.6	\$100.7	\$476.0
Market Value <sup>2</sup>	\$1,965.9	\$1,917.4	\$1,859.5	\$48.5	\$106.5
Total Value	\$4,011.5	\$3,862.3	\$3,429.1	\$149.2	\$582.4
Total Gain/(Loss)	\$1,000.2	\$913.0	\$750.9	\$87.2	\$249.3
Unfunded Commitment <sup>3</sup>	\$1,406.9	\$1,472.9	\$1,174.7	(\$66.0)	\$232.2
Total Exposure <sup>4</sup>	\$3,372.8	\$3,390.3	\$3,034.2	(\$17.5)	\$338.6
DPI <sup>5</sup>	0.68x	0.66x	0.59x	0.02x	0.09x
TVM <sup>6</sup>	1.33x	1.31x	1.28x	0.02x	0.05x
IRR <sup>7</sup>	10.1%	9.8%	9.6%	+ 31 bps	+ 56 bps

<sup>1</sup> Committed Capital is presented net of any commitment releases or expirations and reflects foreign currency exchange rate fluctuations.

<sup>2</sup> Please note that the Distributions and Market Value are presented Pro-Forma for the sale of nine partnership investments in secondary transactions that closed during the first half of 2012.

<sup>3</sup> Unfunded Commitment represents the aggregate remaining commitments to partnership investments. Please note that the Unfunded Commitment is presented Pro-Forma for the sale of nine partnership investments in secondary transactions that closed during the first half of 2012.

<sup>4</sup> Total Exposure represents the sum of Market Value and Unfunded Commitment.

<sup>5</sup> DPI, or Distributed to Paid-In Multiple, is a performance metric that measures distributions received relative to capital invested. DPI is calculated as Distributed Capital divided by Contributed Capital.

<sup>6</sup> TVM, or Total Value Multiple, is a performance metric that measures total value created by the Portfolio relative to capital invested, without consideration for time. TVM is calculated as Total Value, which is comprised of Market Value plus Distributed Capital, divided by Contributed Capital.

<sup>7</sup> IRR, or Internal Rate of Return, is a performance metric that is calculated based on the Portfolio's daily cash flows and market value as of quarter-end. IRR is net of fund manager's fees, expenses and carried interest.

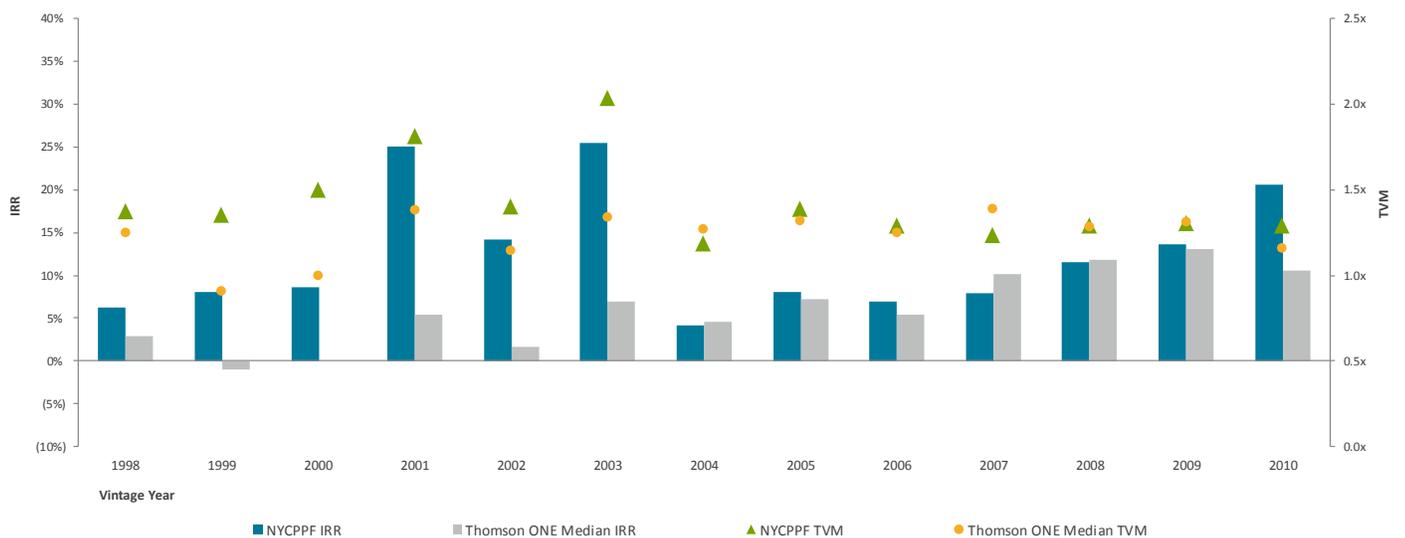
### Performance by Vintage Year

The following table and chart illustrate the Portfolio's since inception investment performance by vintage year as of September 30, 2013 Pro-Forma for the Secondary Sale relative to the median quartile U.S. All Private Equity TVM and IRR benchmarks as provided by Thomson ONE. Performance of funds that are less than two years old is not meaningful. Note that Thomson ONE data is continuously updated and is therefore subject to change.

As of September 30, 2013 (US\$ in millions)

Vintage Year	Committed Capital	Contributed Capital	Distributed Capital	Market Value	Unfunded Commitment	Total Exposure	TVM	IRR	Thomson ONE U.S. All PE Median Quartile TVM	Thomson ONE U.S. All PE Median Quartile IRR
1998	\$20.0	\$20.1	\$25.7	\$1.8	\$0.0	\$1.8	1.37x	6.3%	1.25x	2.9%
1999	106.2	122.8	150.2	15.9	1.4	17.3	1.35x	8.0%	0.91x	(1.0%)
2000	58.0	69.2	85.1	18.7	3.9	22.5	1.50x	8.6%	1.00x	0.0%
2001	98.6	121.3	211.6	8.6	4.3	13.0	1.81x	25.0%	1.38x	5.5%
2002	78.5	85.2	92.0	27.6	4.3	31.9	1.40x	14.2%	1.14x	1.7%
2003	96.3	112.7	188.3	40.6	5.8	46.4	2.03x	25.5%	1.34x	7.0%
2004	165.6	168.8	124.9	75.5	13.8	89.3	1.19x	4.1%	1.27x	4.5%
2005	331.7	341.7	264.4	210.3	25.1	235.4	1.39x	8.1%	1.32x	7.2%
2006	542.6	571.3	318.9	417.0	42.6	459.6	1.29x	6.9%	1.25x	5.4%
2007	427.0	421.3	234.7	285.0	49.1	334.1	1.23x	7.9%	1.39x	10.2%
2008	588.3	543.3	246.7	454.9	137.2	592.1	1.29x	11.5%	1.29x	11.9%
2009	113.2	88.4	38.7	76.3	30.1	106.3	1.30x	13.6%	1.31x	13.1%
2010	102.5	58.3	26.5	48.9	56.9	105.8	1.29x	20.6%	1.16x	10.5%
2011	427.1	198.1	24.4	203.0	248.1	451.1	1.15x	NM	1.09x	NM
2012	462.0	87.0	13.0	81.0	381.0	462.0	1.08x	NM	0.95x	NM
2013	404.5	1.7	0.5	0.8	403.3	404.1	0.76x	NM	0.90x	NM
<b>Total</b>	<b>\$4,018.1</b>	<b>\$3,011.3</b>	<b>\$2,045.6</b>	<b>\$1,965.9</b>	<b>\$1,406.9</b>	<b>\$3,372.8</b>	<b>1.33x</b>	<b>10.1%</b>	<b>1.17x</b>	<b>4.5%</b>

As of September 30, 2013



### Portfolio Periodic Returns vs. Russell 3000® Index

As of September 30, 2013	1 Year	3 Year	5 Year	10 Year	Since Inception
NYCPPF IRR	13.6%	12.2%	9.4%	10.8%	10.1%
Russell 3000® <sup>1</sup>	21.3%	17.0%	12.9%	9.6%	9.1%
Russell 3000® + 300 bps <sup>1</sup>	24.3%	20.0%	15.9%	12.6%	12.1%
Russell 3000® + 500 bps <sup>1</sup>	26.3%	22.0%	17.9%	14.6%	14.1%
<b>NYCPPF Outperformance/(Underperformance)</b>					
vs. Russell 3000® + 300 bps <sup>1</sup>	(10.8%)	(7.8%)	(6.5%)	(1.8%)	(2.0%)
vs. Russell 3000® + 500 bps <sup>1</sup>	(12.8%)	(9.8%)	(8.5%)	(3.8%)	(4.0%)

<sup>1</sup>Benchmark is a dollar-weighted Long-Nickels calculation of quarterly changes in the Russell 3000® Index. Russell Investment Group is the source and owner of the trademark, service marks and copyrights related to the Russell Indexes. Russell® is a trademark of Russell Investment Group.

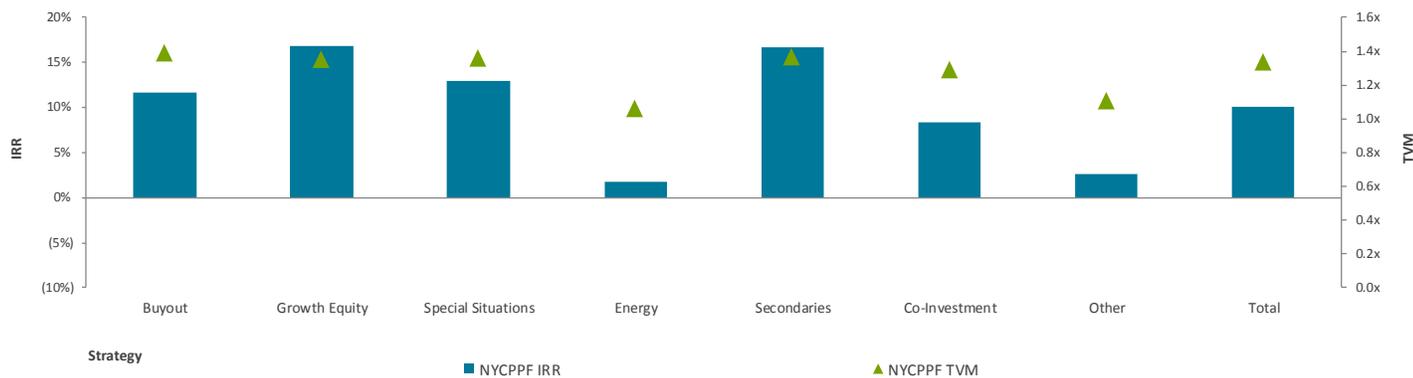
### Performance by Strategy / Sub-Strategy

The following table and charts illustrate the Portfolio's since inception investment performance by strategy and sub-strategy as of September 30, 2013 Pro-Forma for the Secondary Sale.

Strategy / Sub-Strategy	Committed Capital	Contributed Capital	Distributed Capital	Market Value	Unfunded Commitment	Total Exposure	TVM	IRR
<b>Buyout</b>	<b>\$2,458.8</b>	<b>\$1,910.8</b>	<b>\$1,429.5</b>	<b>\$1,228.2</b>	<b>\$833.1</b>	<b>\$2,061.3</b>	<b>1.39x</b>	<b>11.7%</b>
Mega Buyout	811.7	471.3	366.2	354.4	414.5	768.9	1.53x	15.2%
Large Buyout	338.2	287.0	337.5	123.2	103.2	226.4	1.53x	24.9%
Middle-Market Buyout	691.6	617.6	396.3	408.2	172.6	580.8	1.53x	7.9%
Small Buyout	617.3	534.9	329.5	342.4	142.9	485.3	1.53x	7.9%
<b>Growth Equity</b>	<b>369.6</b>	<b>187.3</b>	<b>92.5</b>	<b>160.9</b>	<b>214.2</b>	<b>375.1</b>	<b>1.35x</b>	<b>16.8%</b>
<b>Special Situations</b>	<b>232.8</b>	<b>157.8</b>	<b>147.7</b>	<b>67.0</b>	<b>102.7</b>	<b>169.7</b>	<b>1.36x</b>	<b>13.0%</b>
<b>Energy</b>	<b>130.0</b>	<b>127.5</b>	<b>42.1</b>	<b>93.1</b>	<b>15.4</b>	<b>108.5</b>	<b>1.06x</b>	<b>1.8%</b>
<b>Secondaries</b>	<b>272.8</b>	<b>153.1</b>	<b>99.6</b>	<b>109.3</b>	<b>122.5</b>	<b>231.9</b>	<b>1.36x</b>	<b>16.7%</b>
<b>Co-Investment</b>	<b>158.9</b>	<b>85.6</b>	<b>55.9</b>	<b>54.3</b>	<b>80.3</b>	<b>134.6</b>	<b>1.29x</b>	<b>8.4%</b>
<b>Other</b>	<b>399.3</b>	<b>389.2</b>	<b>178.3</b>	<b>253.1</b>	<b>38.7</b>	<b>291.8</b>	<b>1.11x</b>	<b>2.6%</b>
Venture Capital	342.8	329.7	120.3	226.1	32.6	258.6	1.53x	0.4%
Mezzanine	56.5	59.6	58.0	27.0	6.2	33.1	1.53x	14.2%
<b>Total</b>	<b>\$4,018.1</b>	<b>\$3,011.3</b>	<b>\$2,045.6</b>	<b>\$1,965.9</b>	<b>\$1,406.9</b>	<b>\$3,372.8</b>	<b>1.33x</b>	<b>10.1%</b>

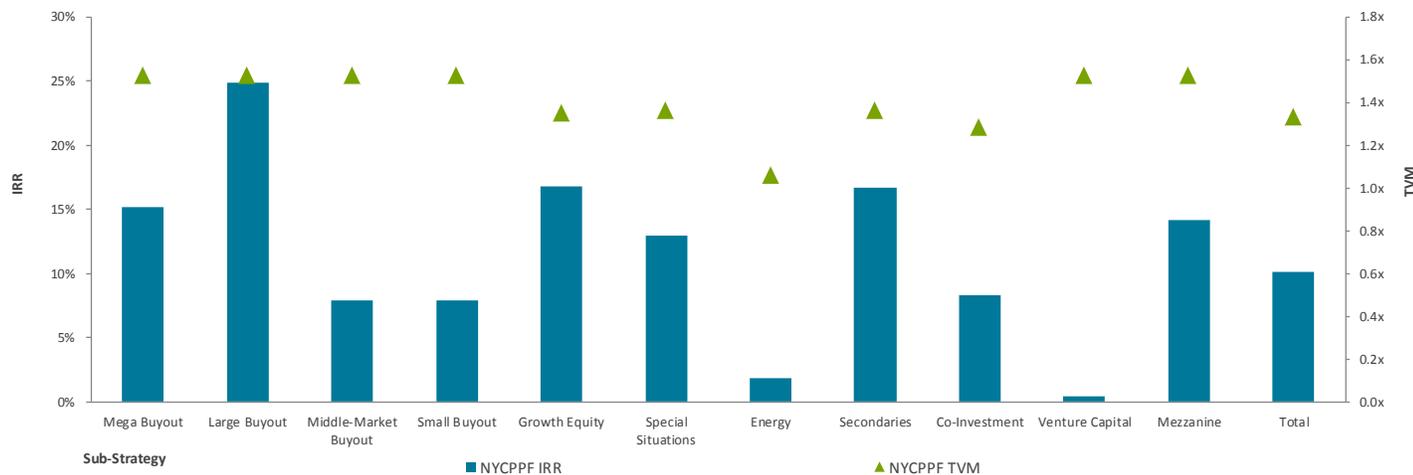
## Performance by Strategy

As of September 30, 2013



## Performance by Sub-Strategy

As of September 30, 2013



## Portfolio Diversification

The following tables illustrate the Portfolio's diversification by strategy and fund geographic focus as of September 30, 2013 Pro-Forma for the Secondary Sale.

### By Strategy/Sub-Strategy

As of September 30, 2013 (US\$ in millions)	Market Value		Unfunded Commitment		Total Exposure	
	\$	% of Total	\$	% of Total	\$	% of Total
<b>Buyout</b>	<b>1,228.2</b>	<b>62.5%</b>	<b>833.1</b>	<b>59.2%</b>	<b>2,061.3</b>	<b>61.1%</b>
Mega Buyout	354.4	18.0%	414.5	29.5%	768.9	22.8%
Large Buyout	123.2	6.3%	103.2	7.3%	226.4	6.7%
Middle-Market Buyout	408.2	20.8%	172.6	12.3%	580.8	17.2%
Small Buyout	342.4	17.4%	142.9	10.2%	485.3	14.4%
<b>Growth Equity</b>	<b>160.9</b>	<b>8.2%</b>	<b>214.2</b>	<b>15.2%</b>	<b>375.1</b>	<b>11.1%</b>
<b>Special Situations</b>	<b>67.0</b>	<b>3.4%</b>	<b>102.7</b>	<b>7.3%</b>	<b>169.7</b>	<b>5.0%</b>
<b>Energy</b>	<b>93.1</b>	<b>4.7%</b>	<b>15.4</b>	<b>1.1%</b>	<b>108.5</b>	<b>3.2%</b>
<b>Secondaries</b>	<b>109.3</b>	<b>5.6%</b>	<b>122.5</b>	<b>8.7%</b>	<b>231.9</b>	<b>6.9%</b>
<b>Co-Investment</b>	<b>54.3</b>	<b>2.8%</b>	<b>80.3</b>	<b>5.7%</b>	<b>134.6</b>	<b>4.0%</b>
<b>Other</b>	<b>253.1</b>	<b>12.9%</b>	<b>38.7</b>	<b>2.8%</b>	<b>291.8</b>	<b>8.7%</b>
Venture Capital	226.1	11.5%	32.6	2.3%	258.6	7.7%
Mezzanine	27.0	1.4%	6.2	0.4%	33.1	1.0%
<b>Total</b>	<b>1,965.9</b>	<b>100.0%</b>	<b>1,406.9</b>	<b>100.0%</b>	<b>3,372.8</b>	<b>100.0%</b>

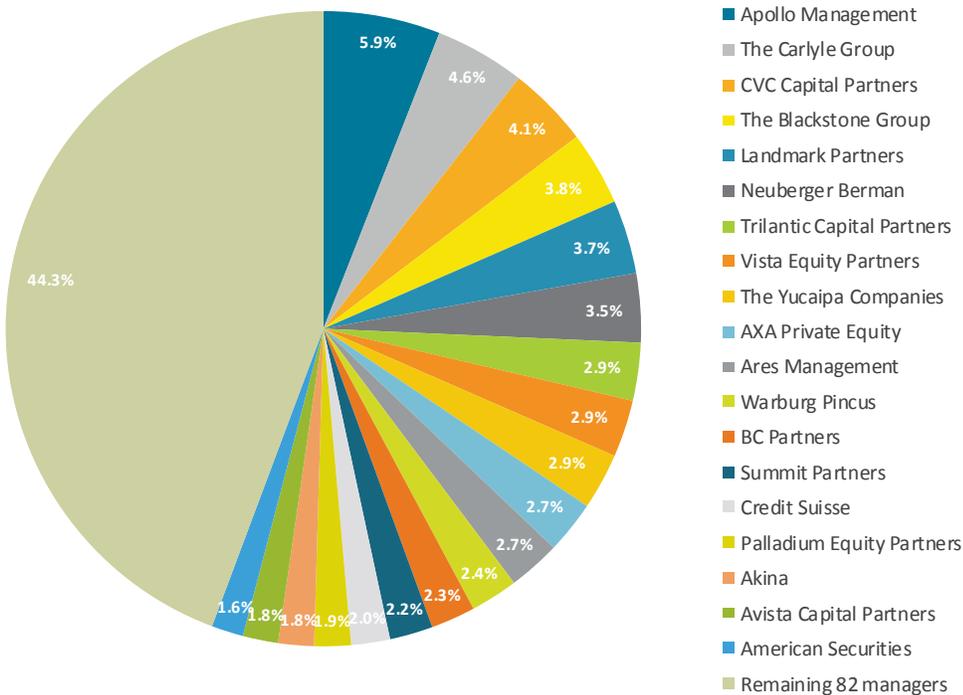
### By Fund Geographic Focus

As of September 30, 2013 (US\$ in millions)	Market Value		Unfunded Commitment		Total Exposure	
	\$	% of Total	\$	% of Total	\$	% of Total
North America	1,271.8	64.7%	817.9	58.1%	2,089.7	62.0%
Global	492.8	25.1%	480.1	34.1%	972.9	28.8%
Western Europe	166.7	8.5%	103.4	7.3%	270.0	8.0%
Rest of World	34.6	1.8%	5.6	0.4%	40.2	1.2%
<b>Total</b>	<b>1,965.9</b>	<b>100.0%</b>	<b>1,406.9</b>	<b>100.0%</b>	<b>3,372.8</b>	<b>100.0%</b>

**By Investment Manager**

As of September 30, 2013 and Pro Forma for the Secondary Sale, the Portfolio was highly diversified by investment manager, with 19 managers comprising US\$1,878.7 million, or 55.7% of total exposure. The remaining 82 managers comprised 44.3% of total exposure as of quarter-end.

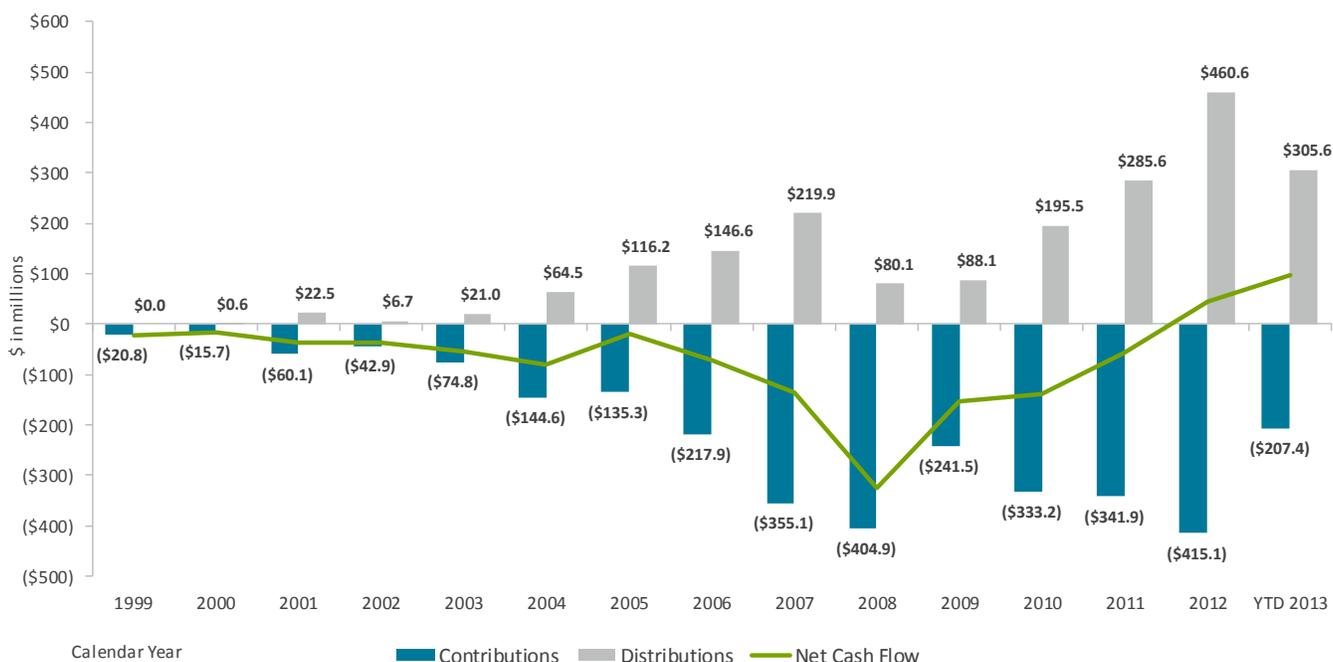
**Portfolio Total Exposure by Investment Manager**  
As of September 30, 2013



## Portfolio Cash Flow Analysis

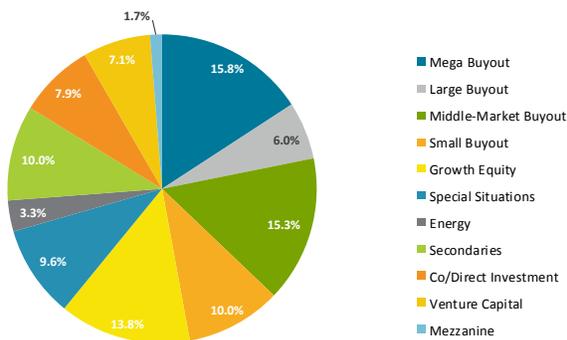
### Year to Date Cash Flow Activity

During the nine months ended September 30, 2013, the Portfolio made US\$207.4 million of contributions and received US\$305.6 million of distributions, for a net cash inflow of US\$98.1 million, compared to a net cash inflow of US\$1.1 million during the same period in the prior year. The graph below illustrates cash flow activity since inception by calendar year.

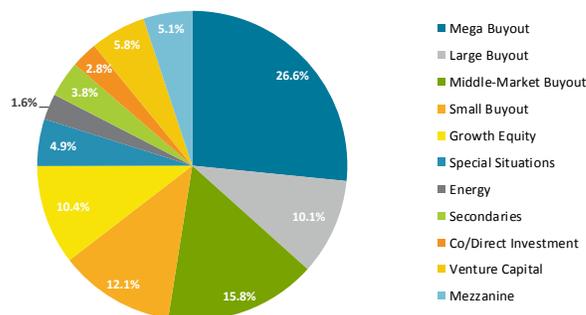


Buyout funds were the most active in terms of cash flow activity during the first nine months of 2013. Buyout funds drew down US\$97.7 million, or 47.1% of total contributions during first nine months of 2013, and distributed US\$197.2 million, or 64.6% of total distributions during the first nine months of 2013.

YTD 2013 Contributed by Sub-Strategy

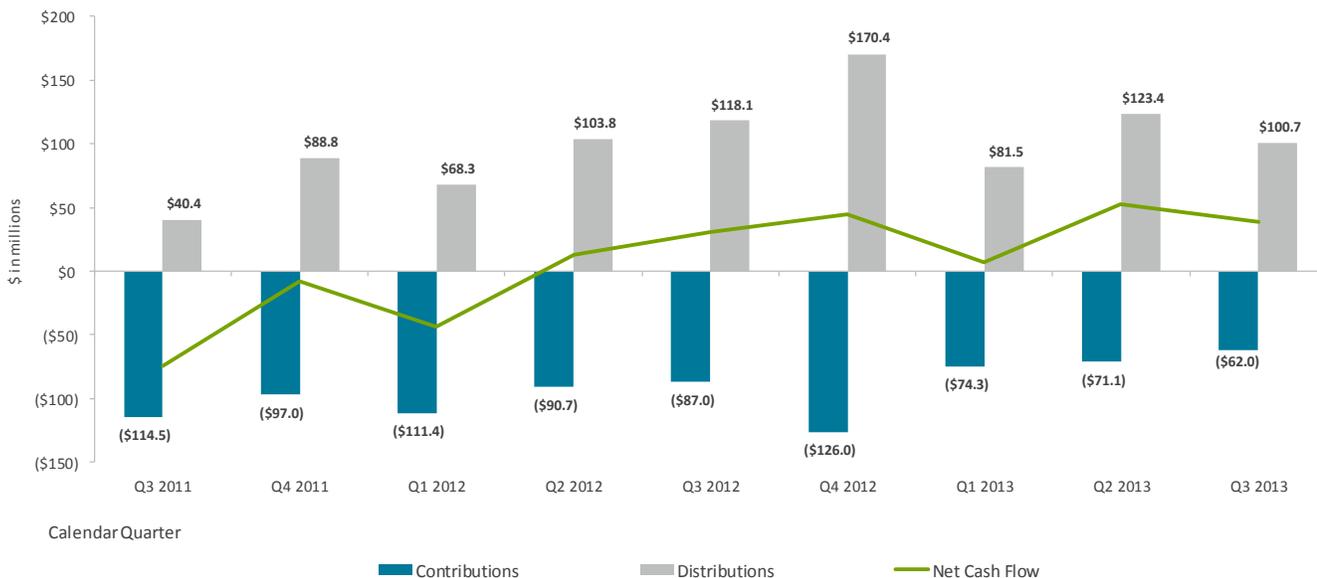


YTD 2013 Distributed by Sub-Strategy



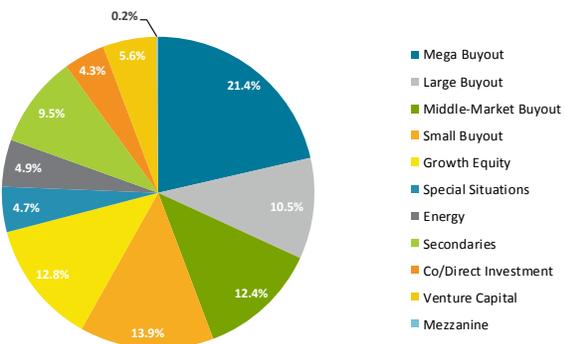
### Quarterly Cash Flow Activity

During the third quarter of 2013, the Portfolio made US\$62.0 million of contributions and received US\$100.7 million of distributions, for a net cash inflow of US\$38.7 million. The graph below illustrates recent cash flow activity by quarter.

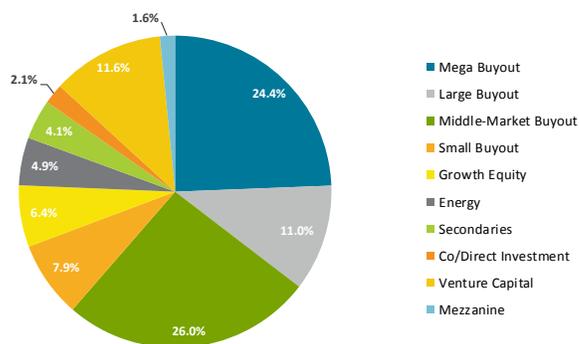


Buyout funds were the most active in terms of cash flow activity during the third quarter of 2013. Buyout funds drew down US\$36.1 million, or 58.1% of total contributions during the quarter, and distributed US\$70.5 million, or 70.0% of total distributions during the quarter.

Q3 2013 Contributed by Sub-Strategy



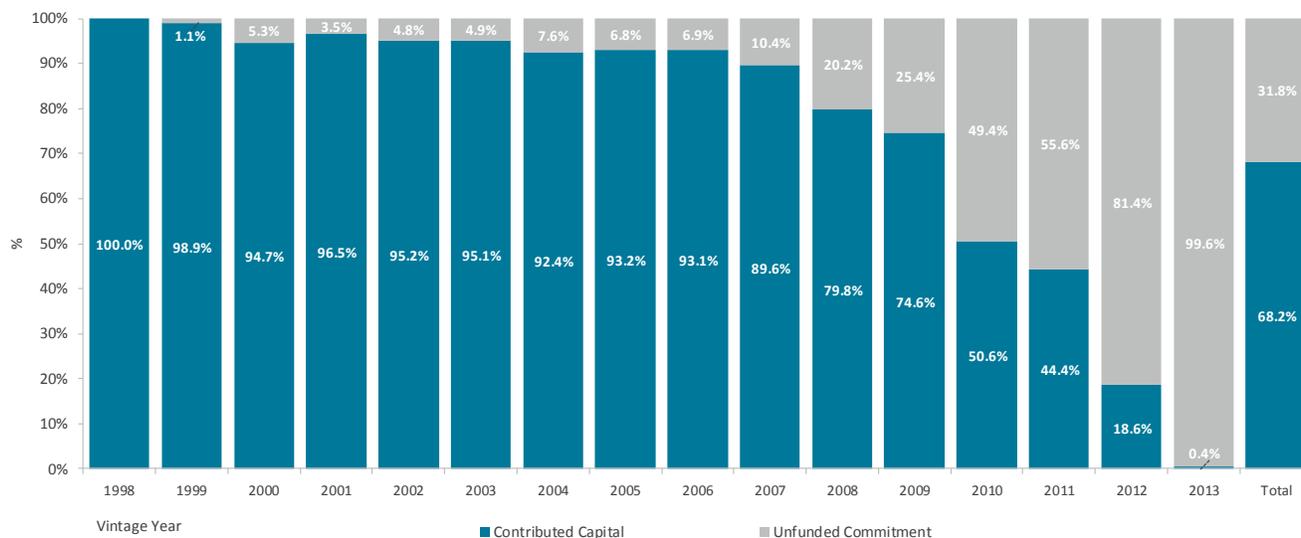
Q3 2013 Distributed by Sub-Strategy



### Invested Capital by Vintage Year

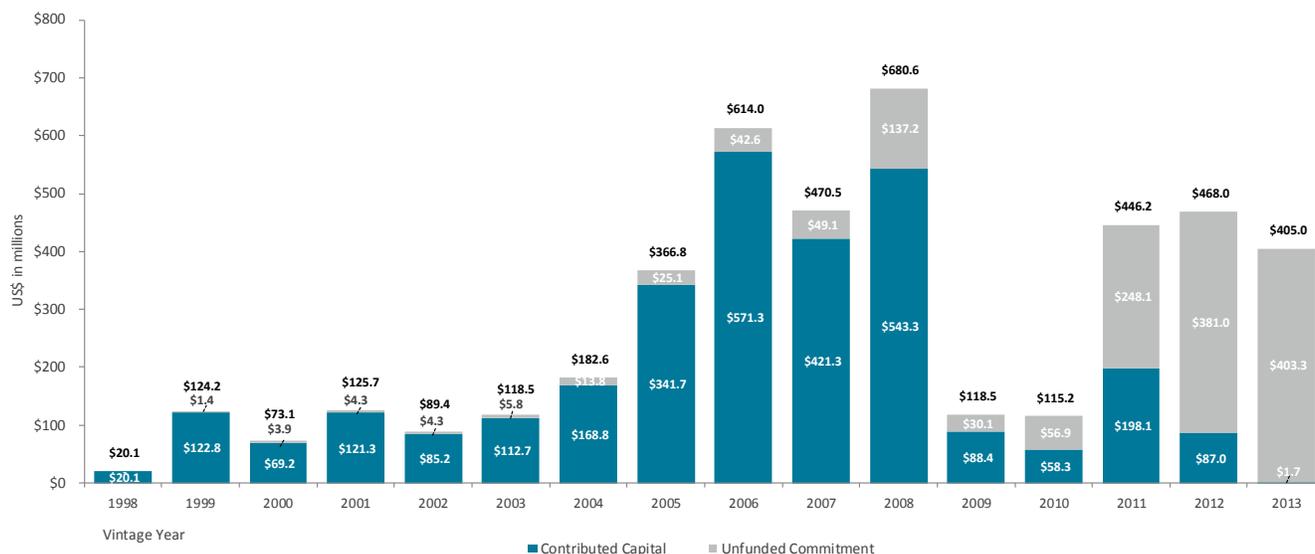
The following chart illustrates cumulative capital contributions as a percentage of total capital commitments, by fund vintage year, as of September 30, 2013 Pro-Forma for the Secondary Sale.

**Capital Contributions to Unfunded by Vintage Year (%)**



The following chart illustrates cumulative capital contributions relative to unfunded commitment, by fund vintage year, as of September 30, 2013 Pro-Forma for the Secondary Sale.

**Capital Contributions to Unfunded by Vintage Year**

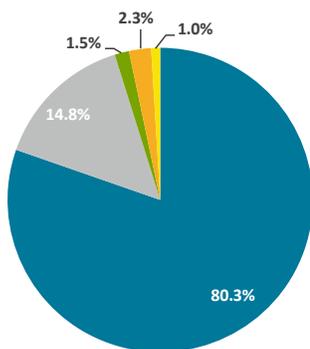


## Portfolio Company-Level Analysis

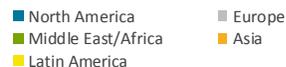
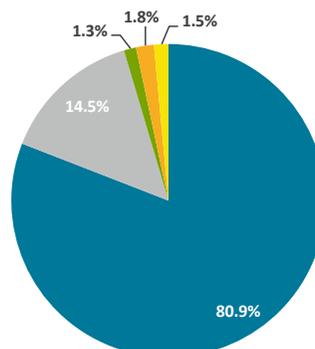
### Geographic Exposure

The following charts illustrate the Portfolio's current exposure by geography at the portfolio company level as of September 30, 2013.

Geographic Exposure by Current Cost



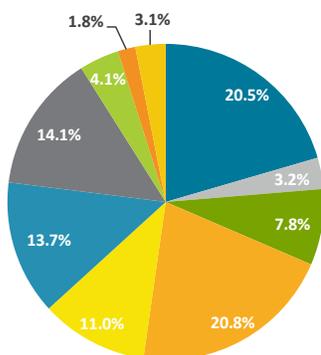
Geographic Exposure by Current Market Value



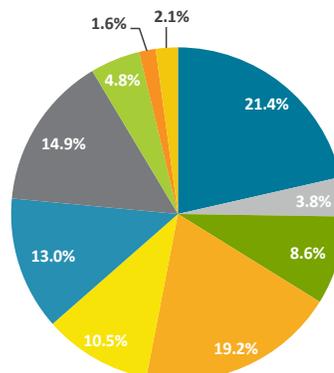
### Industry Exposure

The following charts illustrate the Portfolio's current exposure by industry at the portfolio company level as of September 30, 2013. Please note that the Financials category includes investments in various debt securities as well as certain undisclosed fund of funds investments.

Industry Exposure by Current Cost



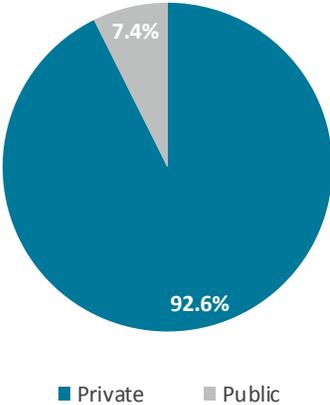
Industry Exposure by Current Market Value



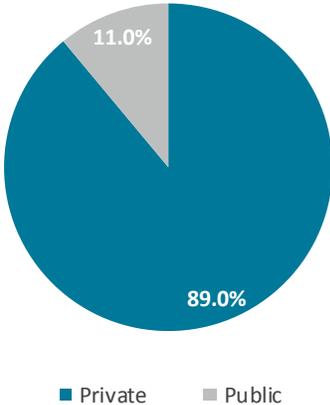
**Public Market Exposure**

As of quarter-end, publicly traded investments comprised 7.4% of the Portfolio’s exposed cost and 11.0% of the Portfolio’s exposed market value. The following charts illustrate the current public market exposure at the portfolio company level.

**Public Market Exposure by Current Cost**



**Public Market Exposure Current Market Value**



## IV. Appendix

**New York City Police Pension Fund, Subchapter 2**  
**Private Equity Portfolio**  
**As of September 30, 2013 (in USD)**

Vintage Year	Investment	First Drawdown	Committed Capital	Contributed Capital	Distributed Capital	Market Value	Multiple	IRR
<b>Active Investments</b>								
1998	VS&A Communications Partners III, L.P.	12/15/1998	\$ 20,000,000	\$ 20,095,463	\$ 25,713,905	\$ 1,848,858	1.37x	6.3%
1999	Cypress Merchant Banking Partners II, L.P.	3/29/1999	45,172,972	53,861,600	43,440,706	4,272,305	0.89x	(2.5%)
1999	FdG Capital Partners LLC	6/2/1999	50,000,000	57,405,089	85,026,647	10,339,179	1.66x	14.9%
1999	Lincolnshire Equity Fund II, L.P.	10/20/1999	11,038,409	11,556,880	21,743,313	1,292,275	1.99x	24.9%
2000	Carlyle Partners III, L.P.	3/1/2000	22,989,887	28,296,561	59,977,912	39,264	2.12x	23.3%
2000	Solera Partners, L.P.	5/26/2000	9,999,888	12,919,259	16,848,249	9,029,916	2.00x	10.8%
2000	SCP Private Equity Partners II, L.P.	6/15/2000	25,000,000	28,021,175	8,259,361	9,598,709	0.64x	(6.3%)
2001	New Mountain Partners, L.P.	3/16/2001	13,606,449	12,830,735	17,181,449	1,420,092	1.45x	12.5%
2001	Apollo Investment Fund V, L.P.	4/13/2001	35,000,000	54,512,753	104,537,038	4,129,352	1.99x	38.9%
2001	Prism Venture Partners IV, L.P.	7/12/2001	25,000,000	25,037,757	18,362,864	30,023	0.73x	(6.5%)
2001	CVC European Equity Partners III, L.P.	9/4/2001	25,000,000	28,947,553	71,517,199	3,030,818	2.58x	41.1%
2002	Yucaipa American Alliance Fund I, LP	7/1/2002	20,000,000	29,967,488	22,321,365	15,590,664	1.27x	7.9%
2002	Collier International Partners IV, L.P.	7/2/2002	28,500,000	26,729,284	31,273,490	6,866,116	1.43x	13.3%
2002	Landmark Equity Partners XI, L.P.	10/23/2002	30,000,000	28,469,436	38,375,966	5,155,812	1.53x	24.1%
2003	FS Equity Partners V, L.P.	1/20/2003	15,000,000	13,713,531	22,657,338	5,819,415	2.08x	17.3%
2003	Blackstone Capital Partners IV, L.P.	2/26/2003	46,253,267	56,933,332	107,812,369	28,479,703	2.39x	37.2%
2003	Ares Corporate Opportunities Fund, L.P.	4/1/2003	35,000,000	42,006,955	57,844,089	6,323,180	1.53x	13.9%
2004	Markstone Capital Partners, LP	1/30/2004	10,000,000	10,515,987	4,892,031	4,089,750	0.85x	(4.1%)
2004	Euro Choice II (Delaware) L.P.	2/25/2004	20,279,743	20,142,503	12,872,165	16,076,966	1.44x	7.9%
2004	FdG Capital Partners II LP	8/30/2004	25,000,000	26,295,400	20,039,504	7,362,660	1.04x	0.9%
2004	Paladin Homeland Security Fund (NY City), L.P.	9/27/2004	30,000,000	32,036,064	5,344,134	14,769,812	0.63x	(7.5%)
2004	Lincolnshire Equity Fund III, L.P.	10/1/2004	15,000,000	14,175,612	16,814,372	9,337,018	1.84x	34.3%
2004	Aurora Equity Partners III L.P.	11/16/2004	15,000,000	16,264,480	14,849,763	11,807,857	1.64x	14.1%
2004	Trilantic Capital Partners III L.P.	11/18/2004	20,000,000	17,804,773	28,736,952	985,863	1.67x	15.0%
2004	Medica III Investments (International) L.P.	12/1/2004	10,000,000	9,551,936	4,237,089	4,965,000	0.96x	(1.2%)
2004	Celtic Pharmaceutical Holdings L.P.	12/23/2004	10,000,000	10,160,838	160,838	6,081,094	0.61x	(7.7%)
2005	Palladium Equity Partners III, L.P.	11/12/2004	25,000,000	25,611,468	20,598,541	24,288,580	1.75x	17.1%
2005	New Mountain Partners II, L.P.	1/12/2005	7,741,935	6,894,839	9,971,769	3,039,679	1.89x	13.6%
2005	VSS Communications Partners IV, L.P.	3/14/2005	12,500,000	13,413,294	3,573,670	6,926,143	0.78x	(5.0%)
2005	Carlyle Partners IV, L.P.	4/29/2005	50,000,000	50,778,506	66,120,894	30,264,193	1.90x	12.9%
2005	Levine Leichtman Capital Partners Deep Value Fund, L.P.	5/18/2005	20,000,000	24,893,895	18,336,759	6,897,060	1.01x	0.4%
2005	Prism Venture Partners V-A, L.P.	7/14/2005	20,000,000	20,199,852	7,883,117	8,866,943	0.83x	(4.5%)
2005	Arlington Capital Partners II, L.P.	7/29/2005	20,000,000	19,677,184	15,872,677	10,494,181	1.34x	7.5%
2005	Quadrangle Capital Partners II LP	8/29/2005	23,276,527	22,248,687	11,176,717	12,180,636	1.05x	1.2%
2005	Snow Phipps Group, L.P.	9/7/2005	10,000,000	10,632,985	6,978,236	6,576,070	1.27x	8.4%
2005	GI Partners Fund II L.P.	9/26/2005	12,500,000	12,610,778	12,290,842	6,691,924	1.51x	7.7%
2005	Blackstone Mezzanine Partners II, L.P.	10/10/2005	14,000,000	13,329,389	14,209,672	3,231,699	1.31x	7.8%
2005	Psilos Group Partners III, L.P.	10/24/2005	12,500,000	12,725,292	6,410,270	10,439,743	1.32x	7.5%
2005	FirstMark Capital I, L.P. (fka FirstMark IV)	11/21/2005	10,000,000	10,815,838	10,423,479	25,579,292	3.33x	42.2%
2005	USPF II Institutional Fund, L.P.	11/23/2005	20,000,000	26,379,750	14,299,525	17,643,427	1.21x	5.1%
2005	Bridgepoint Europe III	12/6/2005	15,904,090	14,480,947	7,464,146	8,697,278	1.12x	2.0%
2005	JP Morgan Fleming (Tranche A)	12/21/2005	40,000,000	36,290,419	15,483,994	28,482,176	1.21x	5.6%
2006	Aisling Capital II, LP	1/12/2006	2,500,000	2,624,148	921,862	1,783,351	1.03x	0.7%
2006	InterMedia Partners VII, L.P.	1/20/2006	12,500,000	13,918,639	1,770,860	18,558,888	1.46x	7.6%
2006	Falconhead Capital Partners II, L.P.	1/24/2006	15,000,000	16,567,490	9,297,552	10,420,448	1.19x	4.6%
2006	Terra Firma Capital Partners III, L.P.	3/8/2006	15,535,369	14,845,637	331,028	8,448,550	0.59x	(12.6%)
2006	Fenway Partners Capital Fund III, L.P.	3/29/2006	15,000,000	16,799,765	8,111,069	6,870,737	0.89x	(3.2%)
2006	Blackstone Capital Partners V, L.P.	4/13/2006	42,875,500	43,842,052	15,288,945	41,510,735	1.30x	5.5%
2006	Avista Capital Partners, L.P.	4/27/2006	20,000,000	25,220,537	18,426,816	15,853,476	1.36x	8.0%
2006	GSC Recovery III, L.P.	5/4/2006	5,000,000	5,559,077	4,091,830	1,929,399	1.08x	2.4%
2006	Apollo Investment Fund VI, L.P.	5/10/2006	45,000,000	56,041,209	47,116,901	40,381,624	1.56x	11.3%
2006	Landmark Equity Partners XIII, L.P.	5/11/2006	10,000,000	9,381,802	6,714,733	4,667,401	1.21x	5.3%
2006	Ares Corporate Opportunities Fund II, L.P.	5/23/2006	15,000,000	16,345,042	21,040,445	6,128,182	1.66x	14.1%
2006	Atlantic Equity Partners IV, L.P.	7/12/2006	20,000,000	20,580,000		14,009,815	0.68x	(8.9%)
2006	CCMP Capital Investors II, L.P.	8/17/2006	20,000,000	21,668,838	13,425,908	19,241,920	1.51x	14.6%
2006	Capital Partners Private Equity Income Fund, L.P.	8/23/2006	15,000,000	14,343,304	12,929,522	10,484,668	1.63x	18.1%
2006	Perseus Partners VII, L.P.	8/31/2006	15,000,000	16,806,224	4,188,232	3,634,466	0.47x	(21.9%)
2006	NB Co-Investment Partners LP	9/28/2006	60,000,000	59,534,845	49,409,038	30,649,771	1.34x	8.4%
2006	Euro Choice III L.P.	11/21/2006	26,989,449	24,900,017	5,232,430	21,660,302	1.08x	2.4%
2006	Thomas, McNERney & Partners II, L.P.	11/30/2006	10,000,000	8,575,000	2,714,832	6,380,919	1.06x	1.7%
2006	Catterton Partners VI, L.P.	12/14/2006	20,000,000	21,392,229	14,799,109	23,918,713	1.81x	14.8%
2006	First Reserve Fund XI, L.P.	12/14/2006	20,000,000	21,132,834	9,540,448	15,532,643	1.19x	4.5%
2006	Permira IV, L.P.	12/14/2006	16,036,703	16,708,196	7,433,416	15,132,782	1.35x	7.8%

**New York City Police Pension Fund, Subchapter 2**  
**Private Equity Portfolio**  
**As of September 30, 2013 (in USD)**

Vintage Year	Investment	First Drawdown	Committed Capital	Contributed Capital	Distributed Capital	Market Value	Multiple	IRR
2006	Arsenal Capital Partners II, LP	12/19/2006	10,000,000	11,491,786	3,992,080	11,294,482	1.33x	8.8%
2006	RRE Ventures IV, L.P.	12/19/2006	15,000,000	16,673,403	2,862,922	21,009,812	1.43x	10.1%
2006	Coller International Partners V, L.P.	12/21/2006	10,000,000	8,395,387	4,128,552	6,573,987	1.27x	7.5%
2006	MidOcean Partners III, L.P.	12/21/2006	40,000,000	40,223,188	9,216,549	40,090,658	1.23x	6.0%
2006	GF Capital Private Equity Fund, L.P.	12/22/2006	10,000,000	10,121,891	7,188,861	8,394,625	1.54x	15.5%
2006	The Fourth Civen Fund	1/22/2007	13,962,922	13,760,362	7,120,235	12,395,778	1.42x	8.7%
2007	Pegasus Partners IV, L.P.	1/29/2007	15,000,000	16,009,823	6,981,882	13,478,653	1.28x	7.0%
2007	Olympus Capital Asia III, L.P.	1/31/2007	20,000,000	18,501,785	3,591,031	14,988,540	1.00x	0.2%
2007	FTVentures III, LP	3/1/2007	7,500,000	7,635,000	5,922,804	9,079,161	1.96x	20.2%
2007	Highland Consumer Fund I LP	3/16/2007	10,000,000	8,916,060		6,054,637	0.68x	(10.0%)
2007	Montreux Equity Partners IV, L.P.	3/27/2007	10,000,000	9,839,800	3,296,419	8,943,660	1.24x	7.4%
2007	Gleacher Mezzanine Fund II, L.P.	3/30/2007	10,000,000	9,098,349	5,446,881	5,246,574	1.18x	8.1%
2007	Quaker BioVentures II, L.P.	3/30/2007	15,000,000	11,293,331	2,139,158	8,127,529	0.91x	(3.4%)
2007	SCP Vitalife Partners II Fund	4/13/2007	15,000,000	13,499,774	1,184	10,578,081	0.78x	(8.1%)
2007	Comvest Investment Partners III, L.P.	5/15/2007	15,000,000	18,267,897	10,860,840	5,937,603	0.92x	(3.9%)
2007	Constellation Venture Capital III, L.P.	5/22/2007	15,000,000	14,933,426	359,698	12,025,477	0.83x	(5.9%)
2007	United States Power Fund III, L.P.	6/28/2007	15,000,000	14,992,160	4,998,105	11,050,102	1.07x	2.0%
2007	Carlyle Partners V, L.P.	7/6/2007	50,000,000	47,424,881	22,809,668	44,309,922	1.42x	12.8%
2007	PCG Clean Energy & Technology Fund (East), LLC	7/6/2007	40,000,000	33,766,637	2,235,176	21,197,884	0.69x	(11.2%)
2007	GSO Capital Opportunities Fund LP	7/16/2007	17,500,000	22,788,915	25,456,455	8,025,554	1.47x	19.1%
2007	New Mountain Partners III, L.P.	8/9/2007	35,000,000	33,817,230	9,845,273	32,134,891	1.24x	8.9%
2007	Vista Equity Partners Fund III, L.P.	10/3/2007	20,000,000	19,622,184	28,342,803	21,950,391	2.56x	30.8%
2007	Trilantic Capital Partners IV L.P.	10/22/2007	45,856,523	45,047,323	35,341,949	40,296,638	1.68x	20.3%
2007	Pine Brook Capital Partners, L.P.	1/11/2008	15,000,000	13,364,860	7,332,082	11,565,981	1.41x	16.3%
2008	Paladin III (NY City), L.P.	1/8/2008	30,000,000	26,028,329	7,905,800	21,393,293	1.13x	4.4%
2008	Relativity Fund, L.P.	1/17/2008	15,000,000	7,935,796	500,905	2,625,301	0.39x	(25.9%)
2008	Apollo Investment Fund VII, L.P.	1/28/2008	50,000,000	55,379,267	53,498,969	37,854,854	1.65x	26.4%
2008	NGN BioMed Opportunity II, L.P.	2/11/2008	10,000,000	7,925,911	1,714,742	4,363,233	0.77x	(8.2%)
2008	Carpenter Community BancFund-A, L.P.	2/12/2008	15,000,000	14,181,319	174,916	18,130,967	1.29x	7.6%
2008	Riverstone/Carlyle Global Energy & Power Fund IV, L.P.	3/3/2008	15,000,000	13,783,074	8,149,143	10,913,100	1.38x	13.2%
2008	Yucaipa American Alliance Fund II, LP	3/28/2008	50,000,000	62,434,424	28,251,818	67,435,331	1.53x	17.5%
2008	Milestone Partners III, L.P.	4/7/2008	15,000,000	14,161,147	4,168,234	12,425,789	1.17x	4.9%
2008	Levine Leichtman Capital Partners IV, L.P.	4/8/2008	10,000,000	9,744,844	6,051,828	9,030,721	1.55x	23.2%
2008	Lee Equity Partners Fund, L.P.	4/23/2008	20,000,000	18,010,885	3,465,175	16,927,190	1.13x	5.5%
2008	Coral's 2007 Institutional Momentum Fund, L.P.	5/13/2008	10,000,000	8,992,863		8,440,670	0.94x	(1.6%)
2008	Yucaipa Corporate Initiatives Fund II, LP	6/23/2008	14,030,930	13,466,251	1,561,541	8,995,713	0.78x	(9.7%)
2008	CVC European Equity Partners V, L.P.	7/21/2008	34,287,060	28,441,756	13,301,431	22,187,543	1.25x	9.5%
2008	GI Partners Fund III L.P.	7/29/2008	17,500,000	18,253,282	11,866,234	13,317,119	1.38x	15.2%
2008	Ares Corporate Opportunities Fund III, L.P.	7/30/2008	25,000,000	26,576,095	21,064,432	19,473,653	1.53x	22.8%
2008	CS NYCPPF Emerging Manager Co-Investment Fund, L.P.	8/22/2008	4,457,094	5,057,308	2,665,532	4,493,242	1.42x	11.0%
2008	CS NYCPPF Emerging Manager Fund, L.P.	8/22/2008	59,909,091	41,535,712	10,692,841	33,143,119	1.06x	3.2%
2008	First Reserve Fund XII, L.P.	8/25/2008	20,000,000	17,439,624	2,853,626	16,789,529	1.13x	4.1%
2008	Landmark Equity Partners XIV, L.P.	9/19/2008	27,250,000	19,733,337	8,491,110	16,834,081	1.28x	17.7%
2008	Crestview Partners II, L.P.	10/1/2008	22,500,000	21,282,663	7,662,315	21,655,097	1.38x	16.6%
2008	Erasmus New York City Growth Fund IA	10/17/2008	4,835,960	4,835,960	1,670,495	1,549,781	0.67x	(8.7%)
2008	Euro Choice IV L.P.	10/22/2008	20,235,605	11,621,227	988,614	10,865,493	1.02x	1.1%
2008	Avista Capital Partners II, L.P.	11/5/2008	35,000,000	38,287,081	22,105,471	33,386,653	1.45x	16.1%
2008	Blue Wolf Capital Fund II, L.P.	11/14/2008	15,000,000	15,158,127	5,988,120	12,267,203	1.20x	11.9%
2008	Bridgepoint Europe IV	11/14/2008	13,544,921	11,142,262	851,472	12,901,369	1.23x	9.8%
2008	Aisling Capital III, LP	11/20/2008	7,000,000	4,939,511	1,969,605	4,317,022	1.27x	15.6%
2008	Onex Partners III LP	12/10/2008	15,000,000	14,172,179	2,939,131	13,147,947	1.14x	7.7%
2009	NorthBound Emerging Manager Custom Fund LP	1/29/2009	20,000,000	13,155,156	3,844,158	12,593,608	1.25x	10.9%
2009	Welsh, Carson, Anderson & Stowe XI, L.P.	2/10/2009	22,500,000	17,688,809	3,738,683	19,422,263	1.31x	13.3%
2009	Scale Venture Partners III, LP	5/1/2009	10,000,000	8,717,847	3,691,199	12,297,258	1.83x	29.3%
2009	FS Equity Partners VI, L.P.	7/27/2009	20,000,000	14,544,231	3,349,984	15,738,205	1.31x	13.4%
2009	Lincolnshire Equity Fund IV, L.P.	8/5/2009	7,500,000	4,468,025	591,762	3,295,631	0.87x	(8.3%)
2009	Lexington Capital Partners VII, L.P.	12/3/2009	20,000,000	13,989,970	5,397,718	12,937,373	1.31x	17.5%
2010	Snow Phipps II, L.P.	1/8/2010	17,500,000	7,974,899	874,153	8,576,647	1.19x	10.0%
2010	Trident V, L.P.	4/29/2010	40,000,000	25,844,649	2,288,071	25,582,558	1.08x	5.7%
2010	Comvest Investment Partners IV, L.P.	10/21/2010	45,000,000	24,488,060	23,319,693	14,753,563	1.55x	43.2%
2011	Blackstone Capital Partners VI, L.P.	1/24/2011	35,000,000	9,510,504	501,184	10,007,272	1.10x	7.9%
2011	Amersand 2011	3/11/2011	12,500,000	9,750,000		11,000,859	1.13x	8.8%
2011	BDGM Opportunity Fund III, L.P.	4/8/2011	20,000,000	12,971,288	3,894,839	10,567,699	1.11x	11.5%
2011	AXA Secondary Fund V B L.P.	6/16/2011	80,000,000	46,373,152	5,213,594	56,304,795	1.33x	27.5%

**New York City Police Pension Fund, Subchapter 2**  
**Private Equity Portfolio**  
**As of September 30, 2013 (in USD)**

Vintage Year	Investment	First Drawdown	Committed Capital	Contributed Capital	Distributed Capital	Market Value	Multiple	IRR
2011	Wellspring Capital Partners V, L.P.	7/1/2011	22,500,000	6,194,681	1,293,552	3,993,942	0.85x	(10.5%)
2011	EQT VI, L.P.	8/1/2011	51,176,671	17,821,359		15,161,281	0.85x	(14.2%)
2011	Pegasus Partners V, L.P.	8/16/2011	14,552,940	7,675,219	219	7,838,113	1.02x	1.5%
2011	BC European Capital IX	9/19/2011	71,340,951	32,958,217	3,267,374	35,232,649	1.17x	18.5%
2011	American Securities Partners VI, L.P.	11/18/2011	50,000,000	16,290,220	5,583,935	15,383,274	1.29x	NM
2011	Vista Equity Partners Fund IV, L.P.	11/30/2011	70,000,000	38,515,377	4,637,327	37,545,984	1.10x	NM
2012	Warburg Pincus Private Equity XI, L.P.	5/24/2012	80,000,000	20,688,634	5,072,000	17,337,784	1.08x	NM
2012	Summit Partners Growth Equity Fund VIII-A, L.P.	6/14/2012	75,000,000	11,250,000		10,379,515	0.92x	NM
2012	Trilantic Capital Partners V L.P.	9/20/2012	50,000,000	5,882,902	33,338	4,729,762	0.81x	NM
2012	Palladium Equity Partners IV, L.P.	10/10/2012	35,000,000	5,678,460	248,444	5,776,348	1.06x	NM
2012	Ares Corporate Opportunities Fund IV, L.P.	11/5/2012	50,000,000	6,342,579		5,796,941	0.91x	NM
2012	Green Equity Investors VI, L.P.	11/30/2012	55,000,000	8,732,396	139,771	7,981,766	0.93x	NM
2012	Platinum Equity Capital Partners III, L.P.	1/14/2013	50,000,000	10,281,816	5,285,131	9,884,213	1.48x	NM
2012	NYCPPF - 2012 Emerging Manager Program*	2/7/2013	50,000,000	3,249,300	647,768	2,170,440	0.87x	NM
2012	Neuberger Berman Strategic Co-Investment II LP	3/20/2013	60,000,000	16,221,409	2,106,716	17,606,765	1.22x	NM
2013	Carlyle Partners VI, L.P.	7/3/2013	60,000,000	413,055		160,464	0.39x	N/A
2013	Landmark Equity Partners XV, L.P.	10/30/2013	67,000,000				N/A	N/A
2013	Apollo Investment Fund VIII, L.P.	12/11/2013	100,000,000				N/A	N/A
2013	Carlyle Partners VI, L.P. (Side Car)	N/A	6,600,000				N/A	N/A
2013	CVC Capital Partners VI, L.P.	2/18/2014	100,000,000				N/A	N/A
2013	Landmark - NYC Fund I, L.P.	12/24/2013	23,000,000				N/A	N/A
2013	Olympus Growth Fund VI, L.P.	1/21/2014	35,000,000				N/A	N/A
<b>Total Portfolio<sup>1</sup></b>			<b>\$ 4,052,225,681</b>	<b>\$ 3,011,277,872</b>	<b>\$ 2,045,565,637</b>	<b>\$ 1,965,912,122</b>	<b>1.33x</b>	<b>10.1%</b>

\* Please note that the NYCPPF - 2012 Emerging Manager Program total commitment amount includes the full amount allocated to the Program, of which \$25.9 million has been committed as of February 20, 2014.

<sup>1</sup> Total Portfolio includes liquidated investments and is presented Pro-Forma for the proceeds received and expected to be received from the sale of nine partnership investments in secondary transactions that closed during the first half of 2012.

Note: IRRs presented are interim estimates and may not be indicative of the ultimate performance of fund investments due to a number of factors, such as the lack of industry valuation standards and the differences in the investment pace and strategy of various funds. Until a fund is liquidated, typically over 10 to 12 years, the IRR is only an interim estimated return. The IRR calculated in early years of a fund is not meaningful given the J-curve effect. The actual IRR performance of any fund is not known until all capital contributed and earnings have been distributed to the investor. The IRRs contained in this report are calculated by StepStone Group LP ("StepStone"), a consultant to the New York City Police Pension Fund, Subchapter 2, based on information provided by the general partners (e.g. cash flows and valuations). The IRR calculations and other information contained in this report have not been reviewed or confirmed by the general partners. The result of the IRR calculation may differ from that generated by the general partner or other limited partners. Differences in IRR calculations can be affected by cash-flow timing, the accounting treatment of carried interest, fund management fees, advisory fees, organizational fees, other fund expenses, sale of distributed stock, and valuations.

New York City Police Pension Fund, Subchapter 2  
 Subsequent Commitments  
 As of September 30, 2013 (in USD)

Vintage Year	Investment	First Drawdown	Committed Capital	Contributed Capital	Distributed Capital	Market Value	Multiple	IRR
<b>Commitments Closed Subsequent to as of Date</b>								
2013	FTV IV, LP	12/2/2013	\$ 5,000,000	\$ -	\$ -	\$ -	N/A	N/A
2013	Vista Foundation Fund II, L.P.	12/27/2013	5,000,000	-	-	-	N/A	N/A
<b>Total Commitments Closed Subsequent to as of Date</b>			<b>\$ 10,000,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>N/A</b>	<b>N/A</b>

Note: IRRs presented are interim estimates and may not be indicative of the ultimate performance of fund investments due to a number of factors, such as the lack of industry valuation standards and the differences in the investment pace and strategy of various funds. Until a fund is liquidated, typically over 10 to 12 years, the IRR is only an interim estimated return. The IRR calculated in early years of a fund is not meaningful given the J-curve effect. The actual IRR performance of any fund is not known until all capital contributed and earnings have been distributed to the investor. The IRRs contained in this report are calculated by StepStone Group LP ("StepStone"), a consultant to the New York City Police Pension Fund, Subchapter 2, based on information provided by the general partners (e.g. cash flows and valuations). The IRR calculations and other information contained in this report have not been reviewed or confirmed by the general partners. The result of the IRR calculation may differ from that generated by the general partner or other limited partners. Differences in IRR calculations can be affected by cash-flow timing, the accounting treatment of carried interest, fund management fees, advisory fees, organizational fees, other fund expenses, sale of distributed stock, and valuations.

## Real Estate Quarterly Report

# The New York City Police Pension Fund

## Executive Summary: Third Quarter 2013 Performance Measurement Report Real Estate

45

### Portfolio Profile

The New York City Police Pension Fund has allocated 6.0% (+/- 2%) of the total plan to Real Assets. Real Estate investments are categorized under Real Assets. The Real Estate Portfolio's objective is to generate a total net return that exceeds the NFI-ODCE +100 bps total net return measured over full market cycles.

### Portfolio Statistics (September 30, 2013)

Total Plan Assets	\$30.4 billion
Target Real Assets Allocation (%)	6%
Target Real Assets Allocation (\$)	\$1.8 billion
Total Real Estate Market Value	\$1.0 billion
Real Estate Unfunded Commitments	\$415.1million
Total Real Estate Exposure	\$1.4 billion
Number of Investments	47
Number of Managers	35

### Net Returns (as of September 30, 2013)

3Q13 Time-Weighted Net Return:	3.4%
1 Year Time Weighted Net Return:	14.0%
3 Year Time Weighted Net Return:	16.0%
Inception-to-Date (ITD) Time-Weighted:	5.3%
ITD Net IRR:	4.3%
ITD Net Equity Multiple:	1.1x

### Investment Guidelines

Style Sector:	Target •40-60% Core/Core Plus •40-60% Non-Core
Benchmark	NFI-ODCE Index +100 bps net over full market cycles
Region Diversification	Maximum 25% Int'l
Investment Diversification	Limit 15% to a single investment
Manager Diversification	Limit 15% to a single manager
Leverage	65%

### Third Quarter Investment Activity

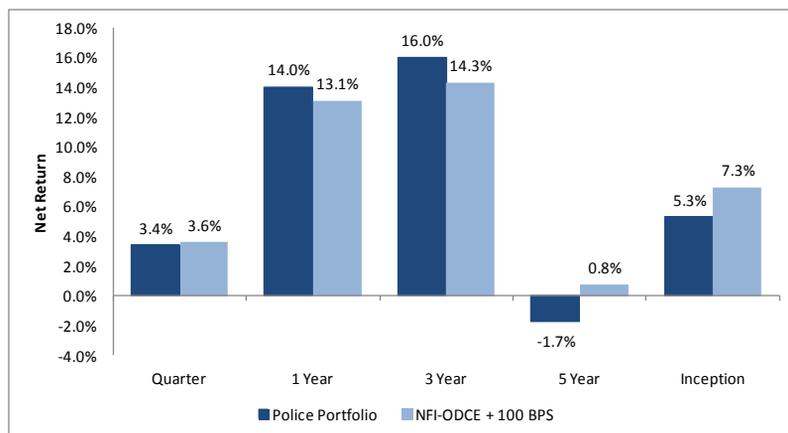
During the Quarter, the Board made a \$70.0 million commitment to DivcoWest IV and a \$75.0 million commitment to Lone Star III.

### OVERVIEW

During the Third Quarter of 2013 the global real estate market experienced \$140 billion in transaction volume, 41% higher than the same period in 2012. Property markets continue to recover, although there still remains a gap between valuations of primary and secondary assets. However, yield compression for prime assets has compelled investors to target secondary market opportunities further along the risk spectrum.

In the United States, private sector balance sheets remain strong and investors continue to pursue opportunities in secondary and suburban markets in search for yield. Despite uncertainties regarding domestic policy, the outlook on the region remains strong. In Europe, sentiment has turned cautiously optimistic, given that the major issues appear to have been identified. Investors priced out of core assets in primary cities continue to track secondary markets and value-add opportunities which offer significantly higher yields than core assets in primary markets. In the Asia Pacific region, domestic and international investors continue to pursue investments in logistics, as there remains a shortage of quality supply. The Market Update section of this report provides additional information on global real estate conditions.

The New York City Police Pension Fund ("Police") Real Estate Portfolio is, and has been, well positioned to take advantage of conditions in the real estate marketplace. Police has been an active global investor in both the Core/Core Plus space and Non-core space. Since the economic downturn, Police has committed to 19 investments totaling \$980 million of commitments. Post economic downturn, in the period reflected in the rolling three-year returns, Police performance exceeds benchmark by 170 basis points. At the end of the Third Quarter 2013, the Portfolio achieved a total gross return of 4.0% which was comprised of 1.3% in income and 2.8% in appreciation. The net return for the Quarter was 3.4%. A detailed analysis of the Portfolio's real estate performance is found later in this Executive Summary.



### FUNDING AND COMPOSITION

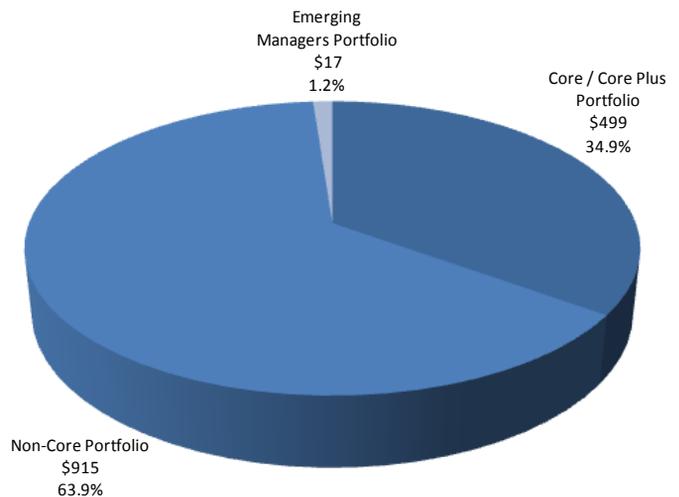
At the end of the Third Quarter, the Portfolio was funded at \$1.0 billion, or 3.3% of total plan assets. A total of \$414 million in unfunded commitments are still outstanding. Unfunded commitments are up from just over \$373 million as of Second Quarter 2013. However, new commitment activity has accelerated over the past several months and the trend will continue into 2014.

New contributions for the Quarter totaled \$44.9 million, offset by just over \$22.2 million in distributions and withdrawals. Distributions were weighted to the non-core sector.

Shown in the pie chart to the right is the current risk sector exposure calculated by Market Value + Unfunded Commitments. The Core/ Core Plus component accounts for 34.9% of the Portfolio exposure during the Quarter. The Non-Core component accounts for 63.9% of the Portfolio exposure. The Emerging Manager component accounts for 1.2% of the Portfolio exposure.

A more detailed break-down of the Portfolio Composition is shown in the table below. Attached as Exhibit A is a matrix which demonstrates compliance with various Investment Policy Statement guidelines.

### Real Estate Exposure



New York City Police Pension Fund		
Total Plan Assets	9/30/2013	\$30,446
Real Asset Allocation (%)		6.0%
Real Asset Allocation (\$)		\$1,827
Style Sector Allocation		
Core / Core Plus Portfolio	40.0%	\$731
Non-Core Portfolio	55.0%	\$1,005
Emerging Managers Portfolio	5.0%	\$91
Funded (Market Value) and Committed Statistics		
Core / Core Plus Portfolio		34.9%
Non-Core Portfolio		63.9%
Emerging Managers Portfolio		1.2%
\$ Committed		\$1,432
% Committed on Real Asset Allocation		78.4%
% Committed on Total Plan Assets		4.7%
Funded (Market Value) Statistics		
% Funded (Market Value) of Total Plan Assets		3.3%
% Funded (Market Value) of Total Real Asset Allocation		55.6%

### PERFORMANCE

During the Quarter under review, the Police Real Estate Portfolio produced a 4.0% total gross return. The total net return for the Quarter was 3.4%. On a rolling one-year basis the total gross return of 17.4% was recorded. On a net basis the total return was 14.0%. On a gross basis the Police Portfolio exceeds the NFI-ODCE in all but the five-year and inception time periods. The benchmark return contemplates a 100 bps premium over the ODCE net return over full market cycles. This benchmark is exceeded over all relevant time periods with the exception of the Quarter, five-year period and inception. The various components of the Portfolio returns are depicted in the chart below.

#### Core/Core Plus

As of September 30, 2013 the market value of the Core/ Core Plus Portfolio was \$395 million, or 38.9% on an invested basis. On a funded and committed basis, the Core/ Core Plus Portfolio totaled \$499 million, or 34.9% of the total Portfolio. The Core/ Core plus Portfolio generated a 3.5% total gross return for the Quarter comprised of 1.3% in income and 2.2% in appreciation. The total net return for the Quarter was 3.3%.

The most significant contribution to the Quarterly return in this sector was JP Morgan Strategic Property Fund, with 0.15%. RREEF II and PRISA II each contributed an additional 0.10%. The largest detractor from the Core/Core Plus Portfolio was UBS Trumbull Property Fund, which detracted (0.18%) from the total net return. It is important to note that while UBS may have underperformed it still maintained positive performance with a 2.5% total net return for the Quarter.

Post economic downturn, the Core/Core Plus Portfolio achieved a 13.8% net return over the three-year period ending September 30, 2013. Of the 13 Core/Core Plus Funds, PRISA II was the largest contributor, adding 0.60% to the overall performance of the Portfolio. UBS Trumbull Property Fund was the largest detractor, taking away (0.54%) from the overall performance of the Core/Core Plus Portfolio, however, with its low leverage target, UBS historically outperforms during down cycles.

#### Non-Core

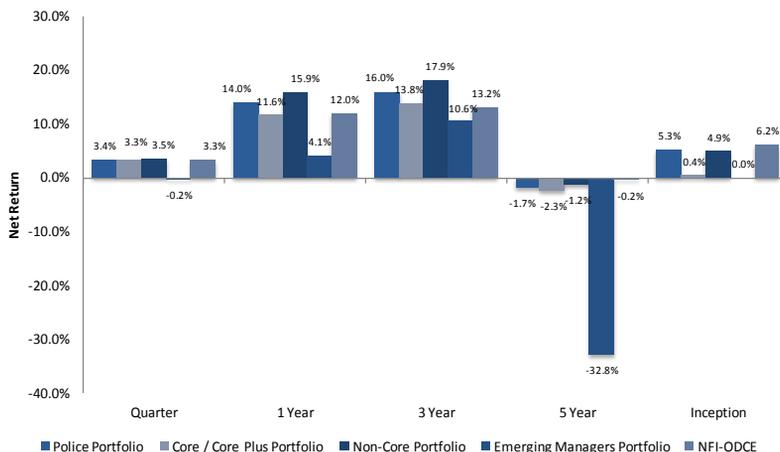
As of September 30, 2013 the market value of the Non-Core Portfolio was \$608 million, or 59.8% on an invested basis. On a funded and committed basis, the Non-Core Portfolio totaled \$915 million, or 63.9% of the total Portfolio. The Non-Core Portfolio generated a 4.5% total gross return for the Quarter comprised of 1.2% in income and 3.3% in appreciation. The total net return for the Quarter was 3.5%.

Of the 30 Funds contributing to the Quarterly return of the Non-Core Portfolio, Blackstone VII was the largest contributor, adding 0.41%. The City Investment Fund was the largest detractor for the Quarter, taking away (0.29%) from the overall performance of the Non-Core Portfolio.

The Non-Core Portfolio generated a three-year net return of 17.9%. Of the 31 non-core Funds contributing to the three-year performance of the Portfolio, The City Investment Fund was the largest contributor, adding 2.04%. The largest detractor among these Funds was Canyon Johnson Urban Fund II, which took away (0.94%) from overall Non-Core performance.

#### Emerging Managers

As of September 30, 2013 the market value of the Emerging Managers Portfolio was \$13 million, or 1.3% on an invested basis. On a funded and committed basis, the Emerging Managers Portfolio totaled \$17 million, or 1.2% of the total Portfolio. The Emerging Managers Portfolio generated a 0.1% total gross return for the Quarter comprised of 2.5% in income and (2.4)% in appreciation. The total net return for the Quarter was (0.2)%. The Emerging Managers Portfolio has underperformed for a number of reasons including the fact that performance has been adversely impacted by virtue of the vintage years of these funds.



### PERFORMANCE

#### Portfolio Performance

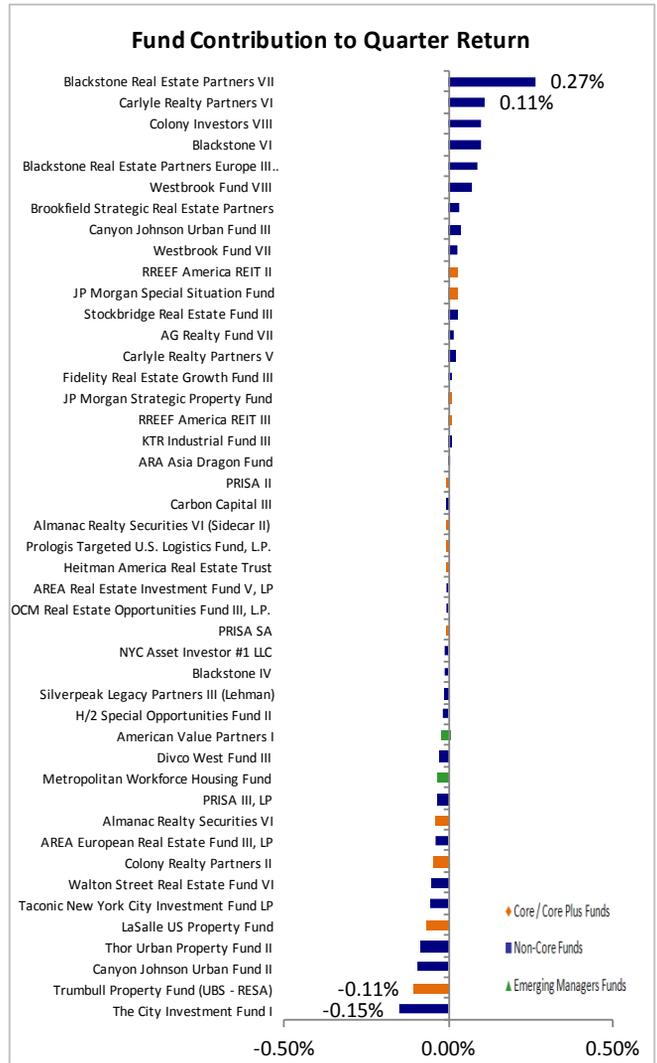
At the end of the Third Quarter 2013, the Portfolio had a cumulative market value of \$1.0 billion. Total market value plus unfunded commitments was \$1.4 billion, or 78.4% of the real estate allocation. During the Quarter, the Portfolio achieved a total gross return of 4.0% which was comprised of 1.3% income and 2.8% appreciation. The Portfolio achieved a total net return of 3.4%. Since inception, the Portfolio has a net IRR of 4.3% and an equity multiple of 1.1x as of September 30, 2013. Note, attached as Exhibit B are performance metrics relating to each investment within the Portfolio.

The Quarterly return was driven by Blackstone Real Estate Partners VII which contributed 0.27% to the overall performance. In addition, Carlyle Realty Partners VI had a substantial impact on the Portfolio, contributing 0.11%. The primary laggards in the Portfolio were The City Investment Fund and UBS Trumbull Property Fund, detracting (0.15%) and (0.11%), respectively. Brief reviews of Funds making positive contributions to performance during the Quarter are found below. Note, that attached as Exhibit C are charts relating to fund contributions to returns during different relevant periods.

**Blackstone Real Estate Partners VII (BREP VII).** BREP VII had a total Third Quarter return of 8.0% comprised of 0.7% in income and 7.2% in appreciation. The net return after fees was 6.0%. Since the Fund's inception in August 2011, BREP VII has invested \$8.5 billion in equity and distributed \$1.8 billion of capital and gain. As of September 30, 2013, the valuation of BREP VII's portfolio had increased by \$630.0 million, or approximately 8.0% (including currency adjustments). BREP VII remained active in the market in the Quarter, investing a total of \$897.0 million of equity in 25 transactions and committing an additional \$1.2 billion in 13 investments which should close in by early 2014. During the Quarter, the Fund completed the sale of its 95.0% interest in 30 properties in a shopping center portfolio for \$1.54 billion. In July 2013, BREP VI filed registration for a potential IPO for an investment. In conjunction, BREP VII will contribute several assets to the IPO.

**Carlyle Realty Partners VI (Carlyle VI).** Carlyle VI had a total gross return of 9.7% comprised of 4.5% in income and 5.2% in appreciation. The net return after fees was 7.6%. As of September 30, 2013, Carlyle VI has closed on 87 investments requiring approximately \$1.5 billion of Fund equity. Subsequent to Quarter end, Carlyle placed under contract or closed on an additional 21 investments, bringing the total equity commitment amount to approximately \$1.7 billion. The Fund has fully realized eight investments and partially realized one, resulting in a gross IRR of 69% and a 2.1x gross equity multiple.

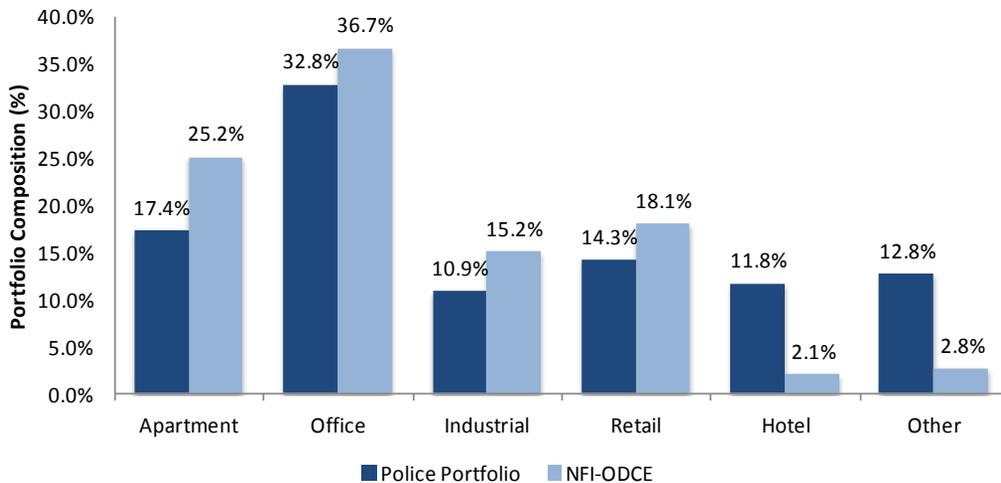
**Colony Investors VIII (Colony VIII).** The Fund's total gross return for the Quarter was 19.7%, comprised of 0.3% in income and 19.3% in appreciation. The net return after fees was 18.8%. During the Quarter, Colony sold 100% of its remaining position in First Republic Bank, capitalizing on the dramatic share price increase since its IPO in December 2010. The investment resulted in a cumulative realized IRR of 40% and a 2.1x multiple on invested equity. As of September 30, five investments have been fully realized and two partially realized for a combined 38% of originally invested equity. Improvement in European markets has led to valuation gains in several of the fund's investments, improving the prospects for recovery of the fund's original equity investment. During the first three quarters of 2013, the Fund distributed \$234.7 million to investors, bringing total distributions to date to \$621.0 million.



### PROPERTY TYPE DIVERSIFICATION

The diversification of the current Portfolio by property type is shown below and compared to the diversification of the NCREIF-ODCE at the end of the Quarter. Relative to the ODCE, the Portfolio is still underweight to all property sectors (excluding hotels) due to its allocation to other property types such as For Sale Residential, Self Storage, Land, Health Care, Medical Office, Data Centers, Senior Living and Student Housing.

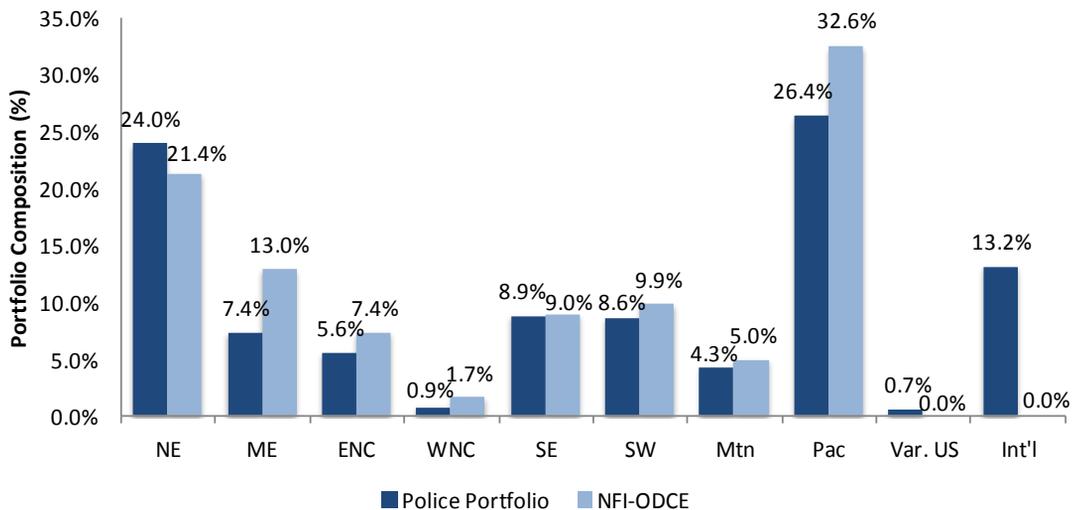
#### Property Type Diversification



### GEOGRAPHIC DIVERSIFICATION

The diversification of the current funded Portfolio by geographic region is shown below and compared to the diversification of the NFI-ODCE at the end of the Quarter. The ODCE is a US-only index. The domestic portion of the Portfolio is well diversified relative to the ODCE with a slight overweight to the Northeast and a slight underweight to the Midwest, East North Central and Pacific. The 13.2% international exposure is appropriate for the risk and return profile of Police and consistent with our long-term target.

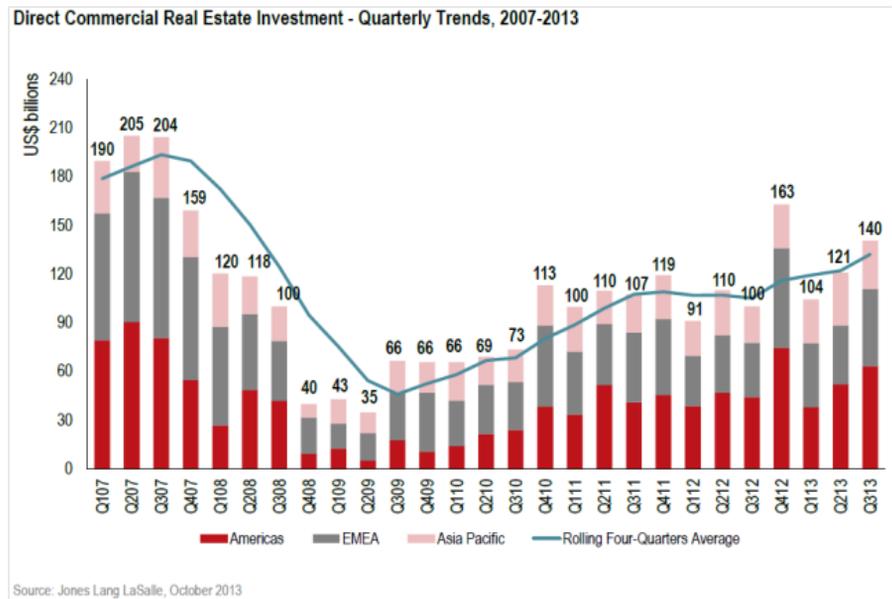
#### Geographic Diversification



### MARKET UPDATE

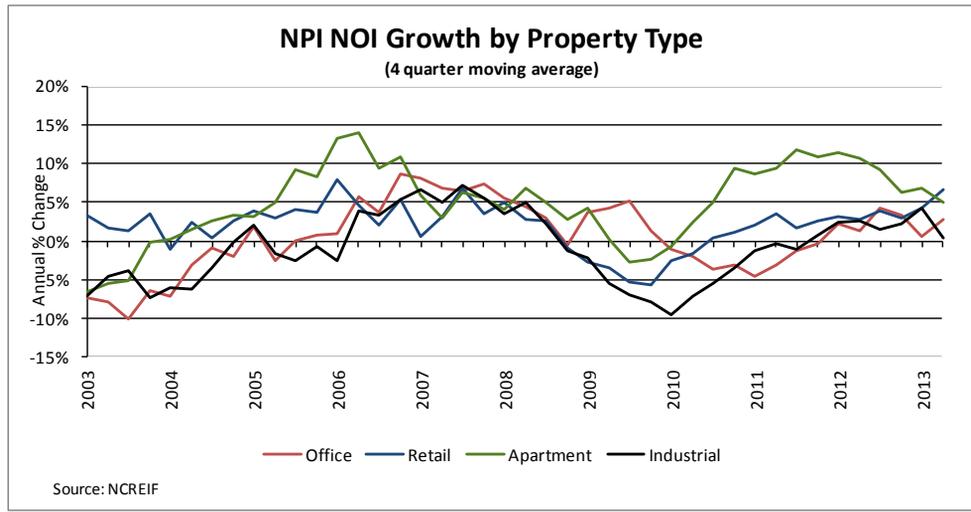
#### General Market Overview

The commercial real estate market experienced transaction volume of \$140 billion during the third quarter, 16% higher than second quarter 2013, and 41% higher than third quarter 2012. Liquidity across all sectors seems to be improving, as sales volumes for the full-year are expected to be between 525-\$575 billion (20-25% lower than the peak in 2007). Albeit concerns regarding the U.S. government shutdown, the global commercial real estate outlook remains positive.



Across the world, increasing investor confidence and competition for core assets in prime markets is pushing yields down and driving investors up the risk spectrum. Investors who have been priced out of primary/CBD markets continue to search for yield in secondary/suburban markets. This theme ties to the macro trend of urbanization and the emergence of new CBD locations in secondary and suburban markets.

Real Estate NOI Growth has been healthy over the last few years, and is expected to do so until capped by macro-economic outlook and a resurgence of new supply. Of the main property types, apartments and retail have exhibited the most growth; however, growth rate differentials from all of the property types are expected to narrow over time. The chart below depicts property level NOI growth over the past ten years.



### MARKET UPDATE cont.

#### Direct Commercial Real Estate Volumes, 2012-2013

\$ US Billions			% Change 2Q13 -		% Change 3Q12 -		% Change YTD 2012 -	
	2Q13	3Q13	3Q13	3Q12	3Q13	YTD 2012	YTD 2013	YTD 2013
Americas	52	63	21%	44	43%	129	153	18%
EMEA	36	47	31%	33	42%	100	123	23%
Asia Pacific	33	30	-8%	22	33%	72	90	25%
<b>Total</b>	<b>121</b>	<b>140</b>	<b>16%</b>	<b>99</b>	<b>41%</b>	<b>301</b>	<b>366</b>	<b>21%</b>

Source: Jones Lang LaSalle, October 2013

#### The United States

The Americas experienced \$63 billion in transaction volume during the Quarter, up 43% from Third Quarter 2012. Of these transactions, \$55.0 billion is attributable to the United States. This is the first time since 2007 that the US has seen transaction volumes surpass \$50.0 billion (ignoring 4Q12, which was driven by circumstances linked to changing tax rules for transactions). The government shutdown infused uncertainty into the recovery, pushed October consumer confidence to its lowest point in nine months, and is expected to temper GDP Growth. Furthermore, market uncertainty over when the Fed will taper its \$85 billion monthly bond buying program persists. Albeit uncertainties about domestic policy implications, the underlying outlook on the region has remained unchanged.

Private sector balance sheets remain strong and growth is expected to continue into the foreseeable future, non-core investments remain attractive due to positive spreads over core assets, and investors priced out of primary/CBD markets continue to search for yield in secondary/suburban markets.

#### Europe

Townsend's view toward the European commercial real estate market has turned cautiously optimistic, given that the major issues in the region appear to have been identified. Recent interventions from European Central Bank have helped stabilize borrowing costs, and economic fundamentals are improving across the entire region. The United Kingdom is leading the region's economic recovery with other countries such as Sweden, Germany and even Spain exhibiting positive signs for growth.

The majority of the transactions that took place during the Quarter were core assets in primary cities; primarily within the United Kingdom, Germany, and France. However, investors have shown growing interest in secondary markets and value add opportunities which offer significantly higher yields than core assets in primary markets. As a result, markets such as Poland, Spain and the Netherlands, which have seen limited investment action over the past few years, are beginning to see an influx of capital from investors.

#### Asia

The Asian Pacific real estate market experienced \$30 billion in transaction volume during the Quarter, up 33% from Third Quarter 2012. Transaction volume has slowed in the second half of the year as investors are becoming more concerned that rising interest rates will lead to higher property yields, resulting in reduced property values. Nonetheless, 2013 is set to become a record year for transaction volumes in the region. It is important to note that although the region has exhibited positive signs in terms of growth, investors should remain cautious regarding the region's interest rate environment and longer-term cap rate outlook.

In Japan, logistics development opportunities continue to generate solid risk-adjusted returns due to the shortage of quality supply in the region. Chinese retail and logistics sectors continue to be of interest due to strong fundamental trends such as urbanization, income growth and supportive government policies. India continues to battle with macro-economic issues that present a less attractive investment environment. The Australian market presents attractive core opportunities with high absolute unleveraged yields (6.25% to 8.0%) and with spreads to government bonds that are at, or near, historic highs.

# The New York City Police Pension Fund

Executive Summary: Third Quarter 2013 Performance Measurement Report  
Real Estate

52

## EXHIBIT A: COMPLIANCE MATRIX

Category	Requirement	Portfolio Status
Benchmark	NFI-ODCE (net) +100 bps over full market cycles	<i>Portfolio returns underperform the benchmark.</i>
Portfolio Composition	Core/Core Plus (minimum of 40%)	<i>The portfolio is funded (market value) and committed at 78.4% of real estate allocation with a portfolio composition of 34.9% core, 63.9% non-core, and 1.2% emerging.</i>
	Non Core (minimum of 40%)	
	Non Core Emerging (greater of \$54 million or 5% of the total real estate allocation)	
Real Estate Allocation	Target of 6.0%	<i>Funded (market value) and committed dollars place the portfolio at 4.7% of total plan assets.</i>
	Currently Funded at 3.3%	
Property Type Diversification	Up to 40% Mutlifamily Up to 35% Industrial Up to 45% Office Up to 35% Retail Up to 25% Hotel Up to 20% Other	<i>All property type locations are in compliance.</i>
Geographic Diversification	Diversified geographically Max 25% Ex-US	<i>All geographic type locations are in compliance</i>
LTV	65%	<i>Portfolio is in early stages of funding, but is in compliance (42.2 %).</i>
Manager Exposure	15% of real estate allocation	<i>Manager exposure is within compliance ranges.</i>

# The New York City Police Pension Fund

## Executive Summary: Third Quarter 2013 Performance Measurement Report

### Real Estate

53

### EXHIBIT B: FOIL

The Townsend Group

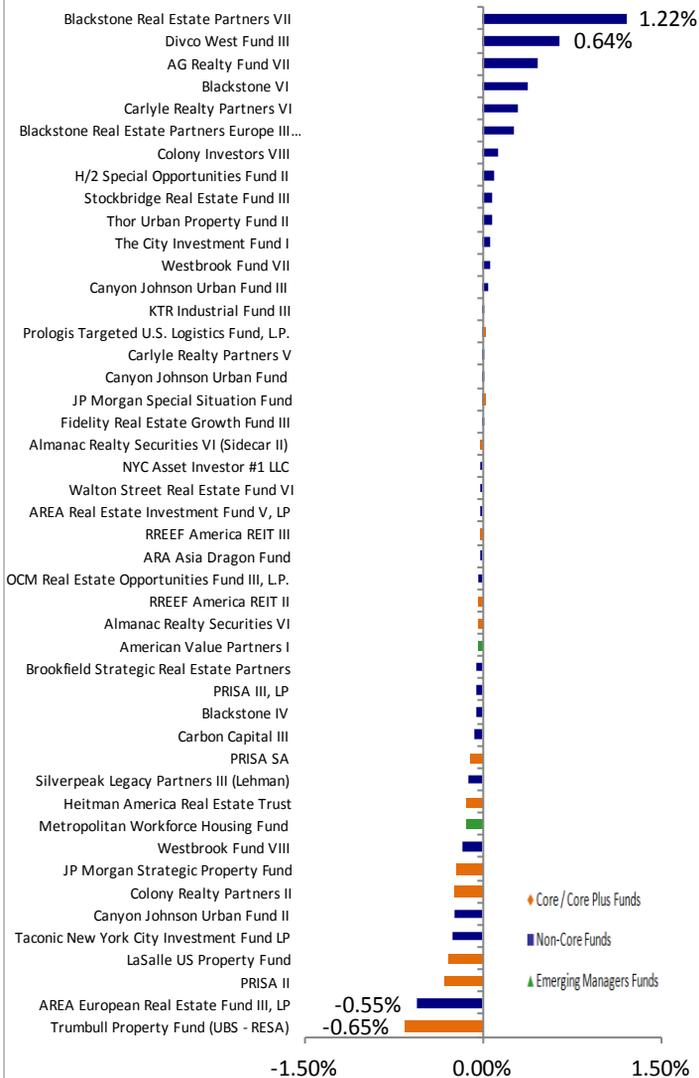
#### New York City Police Pension Fund

Vintage Year	Fund Name	First Draw Down	Capital Committed	Contributions	Distributions	Market Value	Equity Multiple	Net IRR
2006	UBS Trumbull Property Fund ("UBS-TPF")	9/28/2006	\$61,000,000	\$70,218,754	(\$7,273,737)	\$75,736,577	1.2	5.2%
2006	RREEF America REIT II	10/1/2006	\$21,000,000	\$27,724,347	(\$9,400,140)	\$22,104,418	1.1	2.4%
2006	PRISA SA	9/29/2006	\$21,000,000	\$22,117,126	(\$2,834,313)	\$21,574,981	1.1	1.5%
2006	Prologis Targeted U.S. Logistics Fund	10/1/2006	\$10,000,000	\$11,859,712	(\$1,949,374)	\$8,611,735	0.9	-2.0%
2007	JP Morgan Strategic Property Fund	12/4/2006	\$56,000,000	\$58,446,965	\$0	\$77,434,118	1.3	6.8%
2007	PRISA II	6/30/2007	\$60,278,867	\$62,488,651	(\$5,868,522)	\$59,882,250	1.1	1.0%
2007	Heitman HART	3/29/2007	\$28,000,000	\$33,986,051	(\$5,986,051)	\$37,537,015	1.3	6.0%
2007	JP Morgan Special Situation Property Fund	1/2/2007	\$15,000,000	\$16,427,010	(\$2,530,033)	\$13,683,144	1.0	-0.2%
2007	Colony Realty Partners II	12/20/2006	\$20,000,000	\$21,420,211	(\$666,108)	\$8,090,000	0.4	-14.2%
2007	RREEF America REIT III - 1410	10/1/2007	\$15,000,000	\$15,000,000	(\$1,895,774)	\$5,150,479	0.5	-12.1%
2010	LaSalle Property Fund	7/1/2010	\$50,000,000	\$42,935,223	(\$3,177,522)	\$48,759,262	1.2	12.2%
2012	Almanac Realty Securities VI	6/6/2012	\$50,000,000	\$16,166,793	(\$3,017,973)	\$14,282,124	1.1	10.1%
2012	Almanac Realty Securities VI (Sidecar II)	7/31/2012	\$15,000,000	\$1,528,138	(\$85,824)	\$1,563,881	1.1	10.2%
2013	NYC Asset Investor #2 LLC	7/9/2013	\$60,000,000	\$1,023,871	\$0	\$951,406	0.9	-27.6%
<b>Core / Core Plus Portfolio</b>			<b>\$482,278,867</b>	<b>\$401,342,851</b>	<b>(\$44,685,370)</b>	<b>\$395,361,391</b>	<b>1.1</b>	<b>2.2%</b>
2003	OCM Real Estate Opportunities Fund III	3/5/2003	\$15,000,000	\$15,000,000	(\$24,074,046)	\$1,884,169	1.7	11.8%
2003	Canyon Johnson Urban Fund	12/6/2002	\$10,000,000	\$9,060,242	(\$10,582,954)	\$0	1.2	10.2%
2004	The City Investment Fund I	3/16/2004	\$70,000,000	\$69,030,360	(\$44,453,524)	\$30,420,061	1.1	2.1%
2004	Blackstone Fund IV	5/10/2004	\$15,000,000	\$19,220,353	(\$16,938,010)	\$8,834,138	1.3	11.3%
2005	Canyon Johnson Urban Fund II	5/11/2005	\$20,000,000	\$17,977,405	(\$1,454,573)	\$8,052,401	0.5	-10.3%
2006	AREA Real Estate Investment Fund V, LP	6/15/2006	\$5,000,000	\$5,000,004	(\$1,389,386)	\$2,257,264	0.7	-6.8%
2007	Blackstone Real Estate Partners VI	9/27/2007	\$40,000,000	\$43,024,479	(\$12,097,490)	\$51,882,882	1.5	11.0%
2007	Carlyle Realty Partners V	8/27/2007	\$20,000,000	\$24,320,074	(\$21,532,494)	\$8,997,948	1.3	7.2%
2007	Colony Investors VIII	9/18/2007	\$20,000,000	\$21,249,679	(\$3,103,427)	\$7,070,752	0.5	-15.4%
2007	Metropolitan Workforce Housing Fund	7/13/2007	\$7,000,000	\$7,006,513	(\$497,679)	\$6,510,211	1.0	0.0%
2008	PRISA III	9/30/2008	\$30,000,000	\$32,220,779	\$0	\$44,715,389	1.4	9.2%
2008	Stockbridge Real Estate Fund III	9/9/2008	\$27,000,000	\$26,285,345	\$0	\$28,619,768	1.1	3.0%
2008	AREA European Real Estate Fund III, LP	5/6/2008	\$30,000,000	\$30,487,500	(\$6,505,000)	\$23,876,878	1.0	-0.1%
2008	AG Realty Fund VII	5/20/2008	\$25,000,000	\$23,500,000	(\$16,500,000)	\$15,694,484	1.4	12.5%
2008	Fidelity Real Estate Growth Fund III	5/19/2008	\$15,000,000	\$13,388,046	(\$5,421,468)	\$8,880,797	1.1	2.3%
2008	Westbrook Real Estate Fund VII	12/3/2007	\$10,000,000	\$10,945,820	(\$3,284,847)	\$8,224,988	1.1	1.2%
2008	ARA Asia Dragon Fund	7/9/2008	\$10,000,000	\$9,284,000	(\$6,309,344)	\$7,018,879	1.4	12.0%
2008	American Value Partners Fund I	10/18/2007	\$15,000,000	\$11,291,112	(\$2,981,918)	\$6,834,466	0.9	-4.2%
2008	Silverpeak Legacy Partners III (Lehman)	5/28/2008	\$30,000,000	\$13,301,089	(\$466,604)	\$5,277,327	0.4	-16.3%
2009	Walton Street Real Estate Fund VI	4/27/2009	\$30,000,000	\$26,594,360	(\$5,425,094)	\$27,556,693	1.2	9.0%
2009	Thor Urban Property Fund II	10/30/2008	\$20,000,000	\$25,878,333	(\$8,883,607)	\$16,583,602	1.0	-1.1%
2009	Carbon Capital III	7/2/2009	\$15,000,000	\$16,408,936	(\$14,556,604)	\$5,103,429	1.2	8.4%
2010	Blackstone Real Estate Partners Europe III (USD Vehicle)	10/24/2008	\$35,000,000	\$32,056,959	(\$3,261,173)	\$36,754,992	1.2	17.5%
2010	Westbrook Real Estate Fund VIII	12/28/2009	\$35,000,000	\$40,810,090	(\$16,310,755)	\$32,798,926	1.2	14.4%
2010	Canyon Johnson Urban Fund III	3/29/2010	\$15,000,000	\$12,888,526	(\$4,536,748)	\$10,665,565	1.2	9.8%
2011	Carlyle Realty Partners VI	9/14/2011	\$40,000,000	\$16,892,733	(\$1,540,168)	\$20,390,202	1.3	24.6%
2011	H/2 Special Opportunities Fund II	1/31/2011	\$25,000,000	\$13,273,036	(\$1,630,598)	\$15,465,658	1.3	24.2%
2012	Divco West Fund III	12/30/2011	\$70,000,000	\$66,052,340	(\$5,201,410)	\$79,770,703	1.3	28.1%
2012	Blackstone Real Estate Partners VII	3/31/2012	\$100,000,000	\$59,958,708	(\$11,004,002)	\$66,309,900	1.3	32.9%
2012	Brookfield Strategic Real Estate Partners	9/20/2012	\$60,000,000	\$15,081,271	\$0	\$16,419,624	1.1	14.8%
2012	Taconic New York City Investment Fund LP	7/5/2012	\$40,000,000	\$12,090,909	\$0	\$11,608,954	1.0	-3.9%
2013	KTR Industrial Fund III	6/28/2013	\$30,000,000	\$4,109,606	\$0	\$4,199,179	1.0	12.6%
2013	NYC Asset Investor #1 LLC	6/25/2013	\$30,000,000	\$2,275,283	\$0	\$2,244,852	1.0	-4.9%
2013	NYC Asset Investor #3 LLC	9/20/2013	\$40,000,000	\$312,375	\$0	\$308,432	1.0	-37.1%
<b>Non Core and Emerging Manager Portfolio</b>			<b>\$999,000,000</b>	<b>\$746,276,266</b>	<b>(\$249,942,923)</b>	<b>\$621,233,512</b>	<b>1.2</b>	<b>6.2%</b>
<b>New York City Police Pension Fund</b>			<b>\$1,481,278,867</b>	<b>\$1,147,619,117</b>	<b>(\$294,628,293)</b>	<b>\$1,016,594,903</b>	<b>1.1</b>	<b>4.3%</b>

Source: PCG historical cash flow data. TTG cash flow data from Fund Managers, effective 2005. Note: The equity multiples and IRRs contained in this report are interim calculations based upon information provided by the investment managers of the New York City Retirement Systems, including cash flows and quarterly unaudited, or audited, valuations. The IRR calculated in early years of a fund life is not meaningful given the J-curve effect and can be significantly impacted by the timing of cash flows, investment strategy, investment pacing, and fund life. The calculations are not necessarily indicative of total fund performance, which can only be determined after the fund is liquidated and all capital contributed and earnings have been distributed to the investor. All data supplied is as of September 30, 2013. Note: The General Partner of the JPMorgan Urban Renaissance Fund terminated the Fund on February 23, 2010 and all capital contributed, including management fees, was returned to investors.

### EXHIBIT C : ATTRIBUTION

#### Fund Contribution to 1 Year Return



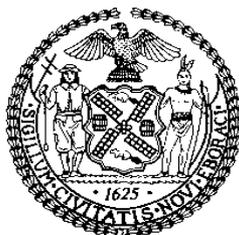
#### Fund Contribution to 3 Year Return



## II. January Monthly Performance Review (Handout):

### III. Risk Presentation:

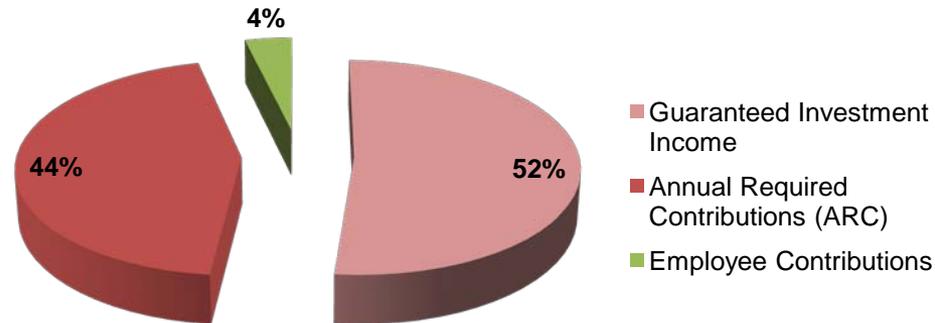
# The Pension Balance Sheet: A Risk Manager's Perspective



THE CITY OF NEW YORK  
OFFICE OF THE COMPTROLLER  
BAM Risk Management  
February 19, 2014

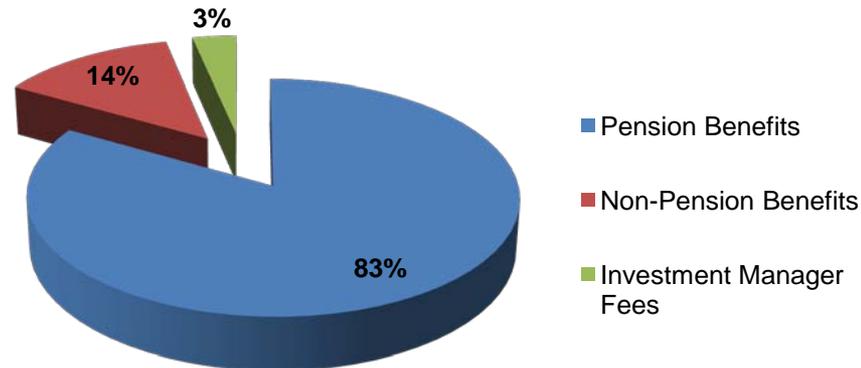
# Annual Income

- \$11.0B Guaranteed Annual Investment Income
- \$9.5B Annual Required Contributions (ARC)
- \$0.8B Employee Contributions
- \$21.3B Total Income



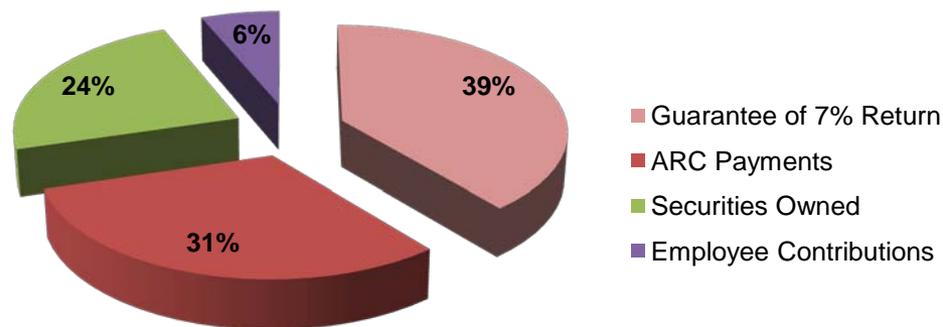
# Annual Disbursements

- \$10.0B Pension Benefits
- \$1.6B Non-Pension Benefits
- \$0.4B Investment Management Fees
- \$12.0B Total Disbursements



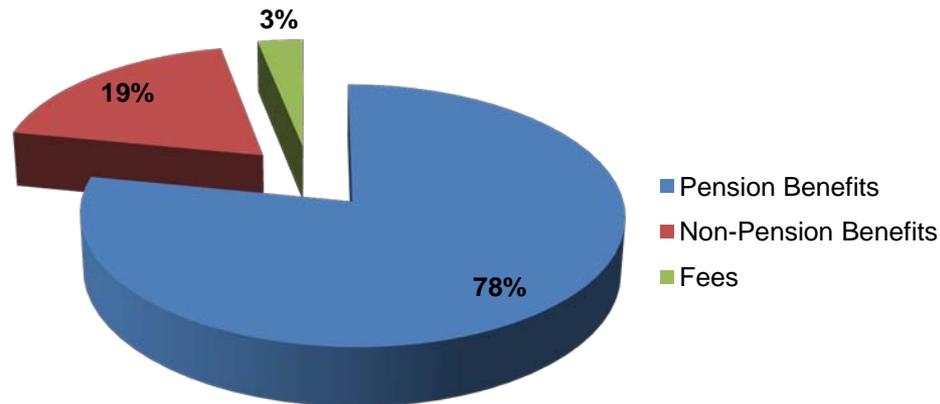
# Market Value of Assets

- \$250B Guarantee of 7% Return
- \$200B ARC Payments
- \$150B Securities Owned
- \$40B Employee Contributions
- \$640B Total Assets



# Market Value of Liabilities

- \$500B Pension Benefits
- \$120B Non-Pension Benefits
- \$20B Investment Management Fees
- \$640B Total Liabilities



**APPENDICES:**

Basket Clause

### Police- BASKET/NON BASKET SUMMARY

As of December 31st, 2013	Adjusted Fund Policy			Fund Actual (PE & RE on an invested basis)		
	Non Basket*	Basket*	Total	Non Basket*	Basket*	Total
<b>Equity</b>						
Domestic Equity	36.4%	0.0%	36.4%	40.9%	0.0%	40.9%
Non-U.S. Equity	10.0%	6.1%	16.1%	10.0%	6.7%	16.7%
Private Equity	0.0%	6.4%	6.4%	0.0%	6.4%	6.4%
Real Assets	3.4%	0.0%	3.4%	3.4%	0.0%	3.4%
REITS	0.2%	0.2%	0.5%	0.2%	0.2%	0.5%
Hedge Funds	0.0%	3.2%	3.2%	0.0%	3.2%	3.2%
<b>Total Equity</b>	<b>50.0%</b>	<b>16.0%</b>	<b>66.0%</b>	<b>54.5%</b>	<b>16.6%</b>	<b>71.1%</b>
<b>Fixed Income</b>						
Core+5	19.7%	0.5%	20.2%	15.9%	0.5%	16.4%
<i>U.S. Gov't Sector</i>	3.7%	0.0%	3.7%	2.3%	0.0%	2.3%
<i>Mortgage Sector</i>	7.9%	0.0%	7.9%	6.6%	0.0%	6.6%
<i>Credit Sector</i>	8.2%	0.5%	8.7%	6.7%	0.5%	7.2%
High Yield	3.0%	0.8%	3.8%	3.2%	0.8%	4.0%
Bank Loans	0.0%	1.7%	1.7%	0.0%	1.7%	1.7%
TIPS	4.8%	0.5%	5.3%	2.6%	0.3%	2.9%
Convertibles	1.0%	0.0%	1.0%	0.6%	0.0%	0.6%
Opportunistic	0.0%	2.0%	2.0%	0.0%	2.0%	2.0%
Other Fixed Income	0.0%	0.0%	0.0%	1.3%	0.0%	1.3%
<b>Total Fixed Income</b>	<b>28.6%</b>	<b>5.5%</b>	<b>34.0%</b>	<b>23.7%</b>	<b>5.2%</b>	<b>28.9%</b>
<b>Total Fund</b>	<b>78.6%</b>	<b>21.4%</b>	<b>100.0%</b>	<b>78.2%</b>	<b>21.8%</b>	<b>100.0%</b>
<b>Remaining Capacity</b>		3.6%			3.2%	

\* Note: Basket amounts are estimates

## Liquidity Analysis

## Police Liquidity Profile - Static Analysis

1/31/14

AUM as of December 31, 2013

	Current MV	Liquid Assets		
		Today	1 Year	2 Years
Domestic Equity	\$13,017	\$13,017	\$13,017	\$13,017
International Equity	3,390	3,390	3,390	3,390
Emerging Markets	2,132	2,132	2,132	2,132
Hedge Funds	1,008	0	791	991
REITS	151	151	151	151
Private Equity	2,047	0	0	0
Private Real Estate	1,071	0	0	0
Core + 5	5,233	5,233	5,233	5,233
TIPS	916	916	916	916
Opportunistic Fixed Income	628	471	628	628
Enhanced Yield	1,269	1,269	1,269	1,269
Bank Loans	532	532	532	532
Convertible Bonds	197	197	197	197
ETI	283	45	159	164
Cash	146	146	146	146
<b>Total Assets</b>	<b>\$32,019</b>	<b>\$27,499</b>	<b>\$28,561</b>	<b>\$28,765</b>
<b>Total Illiquid \$</b>		<b>\$4,520</b>	\$3,458	\$3,254
<b>Total Illiquid %</b>		<b>14.1%</b>	10.8%	10.2%
Unfunded PE Commitments	\$1,313			
Unfunded RE Commitments	324			
Unfunded OFI Commitments	346			
<b>Total commitments \$</b>	<b>\$1,983</b>			
<b>Total commitments %</b>	<b>6.2%</b>			

## Police Liquidity Profile - Static Analysis

1/31/14

AUM as of December 31, 2013

### Denominator Effect - Decrease AUM by One-Third

<b>Total Illiquid \$</b>	\$4,520	\$3,458	\$3,254
<b>Total Illiquid %</b>	21.2%	16.2%	15.2%

Note: Assumes zero realizations, no new commitments and a five-year investment period; funded out of liquids

	Current MV	Liquid Assets		
		Today	1 Year	2 Years
<b>Total Assets</b>	<b>\$32,019</b>	<b>\$27,499</b>	<b>\$28,561</b>	<b>\$28,765</b>

### Private Equity, Real Estate and Opportunistic Fixed Income Stress Case

Unfunded PE Commitments Drawn	\$263	\$525
Unfunded RE Commitments Drawn	65	129
Unfunded OFI Commitments Drawn	173	0
<b>Total commitments \$</b>	<b>\$501</b>	<b>\$655</b>
<b>Total commitments %</b>	<b>1.6%</b>	<b>2.0%</b>

<b>Total Illiquid \$</b>	\$3,959	\$3,908
<b>Total Illiquid %</b>	12.4%	12.2%

Note: Assumes zero realizations, no new commitments and a five-year investment period; funded out of liquids

### Denominator Effect - Decrease AUM by One-Third

<b>Total Illiquid \$</b>	\$4,520	\$3,959	\$3,908
<b>Total Illiquid %</b>	21.2%	18.5%	18.3%

Note: Assumes zero realizations, no new commitments and a five-year investment period; funded out of liquids