



Lawrence Schloss  
Deputy Comptroller /  
Chief Investment Officer

THE CITY OF NEW YORK  
OFFICE OF THE COMPTROLLER  
BUREAU OF ASSET MANAGEMENT  
1 CENTRE STREET ROOM 736  
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## MEMORANDUM

**TO:** Trustees  
New York City Employees' Retirement System

**FROM:** Lawrence Schloss

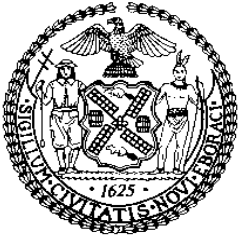
**DATE:** September 16, 2011

**RE:** **NYC Employees' Retirement System Investment Meeting –  
September 23, 2011**

Enclosed is a copy of the **public agenda** for the September 23, 2011 Investment Meeting. The meeting will be held at 335 Adams Street, Suite 2200, Brooklyn, N.Y. **beginning at 9:00am.**

Please remember to bring your **Quarterly Performance Overview book** with you to the meeting; it has been mailed to you.

If you have questions about any agenda item please call me at (212) 669-8318.



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John C. Liu  
COMPTROLLER

# **NEW YORK CITY EMPLOYEES' RETIREMENT SYSTEM**

## **INVESTMENT MEETING**

**SEPTEMBER 23, 2011**

# NEW YORK CITY EMPLOYEES' RETIREMENT SYSTEM

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## INVESTMENT MEETING

SEPTEMBER 23, 2011

### PUBLIC AGENDA

	<u>Page</u>
I. Performance Reviews: (45 Minutes)	
• Quarterly Review/ Annual Review – June 30, 2011 <b>(Previously Distributed)</b>	---
• Quarterly Reports:	
– ETI Quarterly Report – June 30, 2011	7
– Real Estate Quarterly Report – March 31, 2011	14
– Private Equity Quarterly Report – March 31, 2011	22
II. July Monthly Performance Review: (20 Minutes)	35
III. Asset Allocation: (30 Minutes)	
• Rebalancing Ranges	90
<u>APPENDICES:</u>	
• Basket Clause	96

## **PUBLIC AGENDA**

## I. Performance Reviews:

**QUARTERLY REVIEW/ ANNUAL REVIEW**

-

**JUNE 30, 2011**

(Previously Distributed)

## **QUARTERLY REPORTS:**

## **ETI QUARTERLY REPORT**



The City of New York - Office of the Comptroller  
Bureau of Asset Management  
NYCERS Economically Targeted Investments Quarterly Report  
Collateral Benefits as of 6/30/2011

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**Public/Private Apartment Rehabilitation Program (PPAR)**

Lender*	CPC		JPMC		NHS		BOA		CCD		CFSB		NCBCI		LIIF		All Lender Totals	
	Dollars	Units	Dollars	Units	Dollars	Units	Dollars	Units	Dollars	Units	Dollars	Units	Dollars	Units	Dollars	Units	Dollars	Units
Contractual Commitments	\$267,500,000		\$75,000,000		\$10,000,000		\$50,000,000		\$16,000,000		\$60,000,000		\$10,000,000		\$10,000,000		\$498,500,000	
Current Market Value	\$133,924,778	n/a	\$35,499,179	n/a	\$1,192,728	n/a	\$2,028,537	n/a	\$2,662,974	n/a	\$2,066,739	n/a	\$467,764	n/a	\$2,035,232	n/a	\$179,877,931	n/a
Commitments 2Q 11 (included in total)																		
Bronx	\$6,383,350	717	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$6,383,350	717
Brooklyn	2,154,037	96	0	0	0	0	0	0	2,340,000	128	0	0	0	0	0	0	4,494,037	224
Manhattan			0	0	0	0	0	0	0	0	0	0	0	0	670,000	31	670,000	31
Queens	0	0	0	0	0	0	12,708,397	109	0	0	0	0	0	0	0	0	12,708,397	109
Staten Island	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	\$8,537,387	813	\$0	0	\$0	0	\$12,708,397	109	\$2,340,000	128	\$0	0	\$0	0	\$670,000	31	\$24,255,784	1,081
Delivered 2Q 11 (included in total)																		
Bronx	\$2,160,483	132	\$1,400,000	54	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$3,560,483	186
Brooklyn	7,225,734	524	0	0	0	0	0	0	0	0	0	0	0	0	0	0	7,225,734	524
Manhattan	794,000	87	2,043,500	48	0	0	0	0	0	0	0	0	0	0	0	0	2,837,500	135
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
Total	\$10,180,216	743	\$3,443,500	102	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$13,623,716	845
Total Commitments - Detail																		
Bronx	\$25,432,852	1853	\$2,120,000	65	\$0	0	\$0	0	\$3,430,000	366	\$0	0	\$0	0	\$0	0	\$30,982,852	2,284
Brooklyn	81,645,683	1869	1,860,420	67	0	0	0	0	8,752,800	182	0	0	366,539	33	724,025	71	93,349,467	2,222
Manhattan	18,800,028	793	2,393,178	105	0	0	1,044,878	48	2,541,382	178	1,114,838	61	3,168,713	225	2,947,704	122	32,010,720	1,532
Queens	8,370,332	123	0	0	0	0	14,851,297	174	0	0	0	0	0	0	0	0	23,221,629	297
Staten Island	1,440,000	39	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,440,000	39
Total	\$135,688,895	4,677	\$6,373,598	237	\$0	0	\$15,896,175	222	\$14,724,182	726	\$1,114,838	61	\$3,535,252	258	\$3,671,728	193	\$181,004,668	6,374
Historical Investments																		
Bronx	\$83,571,953	4,936	\$24,431,904	1,174	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$108,003,857	6,110
Brooklyn	70,392,564	3,185	19,710,313	567	660,425	7	1,909,324	88	1,622,323	124	0	0	0	0	2,164,184	174	96,459,134	4,145
Manhattan	69,245,404	3,831	43,069,219	1,257	504,891	15	0	0	912,277	75	2,021,806	136	480,251	34	0	0	116,233,847	5,348
Queens	20,021,542	767	14,795,260	591	0	0	0	0	0	0	0	0	0	0	0	0	34,816,802	1,358
Staten Island	0	0	1,282,000	35	0	0	0	0	0	0	0	0	0	0	0	0	1,282,000	35
Total	\$243,231,463	12,719	\$103,288,696	3,624	\$1,165,316	22	\$1,909,324	88	\$2,534,600	199	\$2,021,806	136	\$480,251	34	\$2,164,184	174	\$356,795,640	16,996

\*Lenders:

The Community Preservation Corporation

JPMorganChase

Neighborhood Housing Services

Bank of America

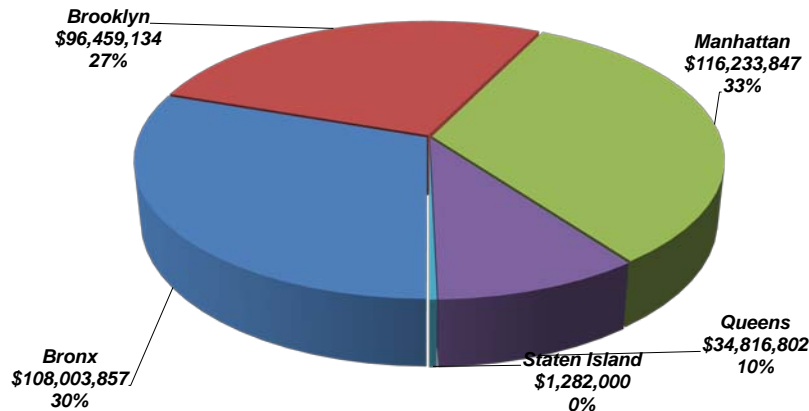
Citibank Community Development

Carver Federal Savings Bank

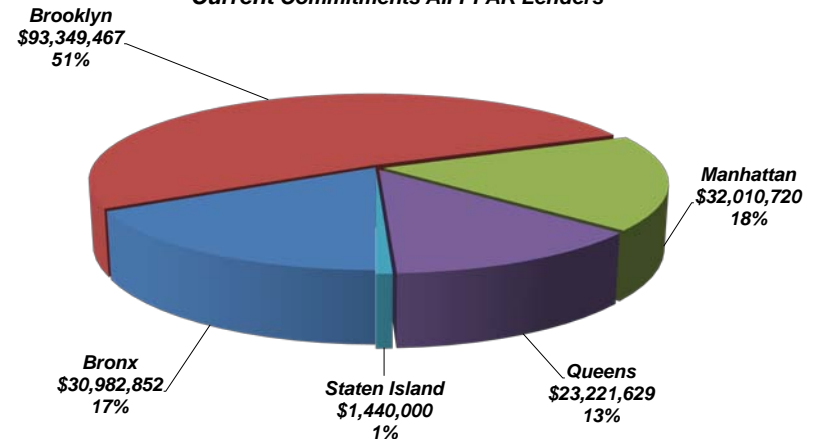
NCB Capital Impact

Low Income Investment Fund

**Historical Investments Since Inception All PPAR Lenders**



**Current Commitments All PPAR Lenders**



AFL-CIO Housing Investment Trust (HIT)  
Market Value \$207.6 million\*

**NYC Community Investment Initiative (NYCCII)**

**NYCCII Phase II 2006-2012**

**Multifamily Investments Detail**

Borough	Dollars	Units
Bronx	\$52,827,900	802
Brooklyn	14,890,446	3,033
Manhattan	134,075,200	926
Queens	17,760,000	1,260
Staten Island	6,414,554	693
<b>Total</b>	<b>\$225,968,100</b>	<b>6,714</b>

**Single Family Investments Detail**

	Home Loans	Transactions	Member Loans	Total All NYC PF's
Bronx	\$119,674,641	532	60	187
Brooklyn	543,029,895	1,985	259	715
Manhattan	92,527,947	342	11	119
Queens	574,251,033	2,260	211	678
Staten Island	188,327,618	670	70	208
<b>Total</b>	<b>\$1,517,811,134</b>	<b>5,789</b>	<b>611</b>	<b>1,907</b>

Grand Total NYCCII Phase II \$1,743,779,234

Other-NYC Metro Area \*\* \$100,000,000 137

**NYCCII Phase I 2002 - 2005**

	Dollars	Units	Member Loans	Total All NYC PF's
Multifamily Investments	\$249,123,500	12,337	n/a	na
Single Family Investments	348,300,563	n/a	134	446
<b>Total NYCCII Phase I</b>	<b>\$597,424,063</b>	<b>12,337</b>	<b>134</b>	<b>446</b>

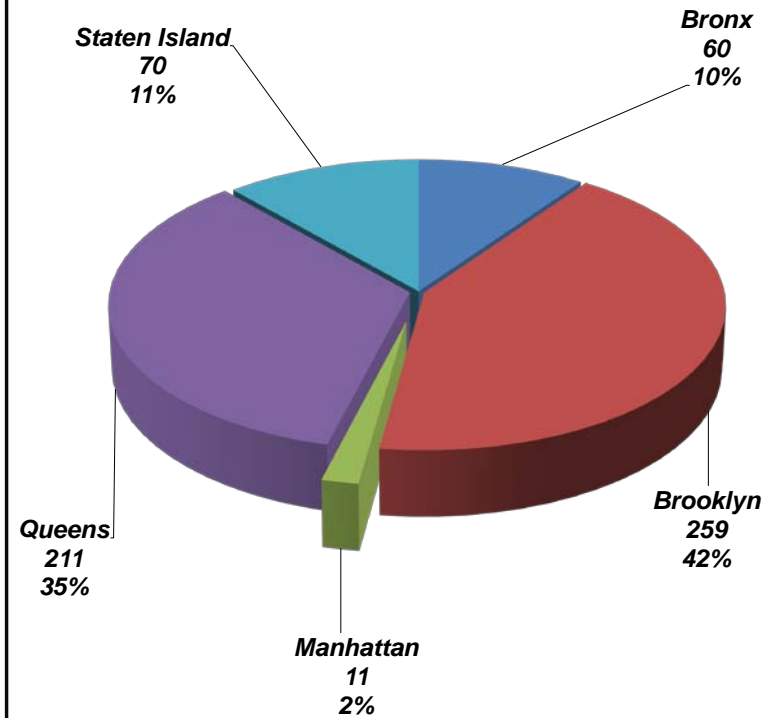
**NYCCII Phases I & II**

	Dollars	Units	Member Loans	Total All NYC PF's
Multifamily Investments	\$475,091,600	19,051	n/a	n/a
Single Family Investments	1,866,111,697	n/a	745	2353
<b>Grand Total NYCCII Phases I &amp; II</b>	<b>\$2,341,203,297</b>	<b>19,051</b>	<b>745</b>	<b>2,353</b>

\*Interest is reinvested

\*\*This investment is for a pediatric nursing facility in Yonkers, approximately 4 miles from the NYC border. It will finance a replacement facility for the Elizabeth Seton Pediatric Center, currently located in Chelsea, which is "one of only two pediatric nursing facilities in downstate New York, and the only one dedicated to long-term care." The new facility will have 137 beds and serve children from NYC, Westchester and Putnam Counties.

**HIT Home Loans To NYCERS Members Phase II**



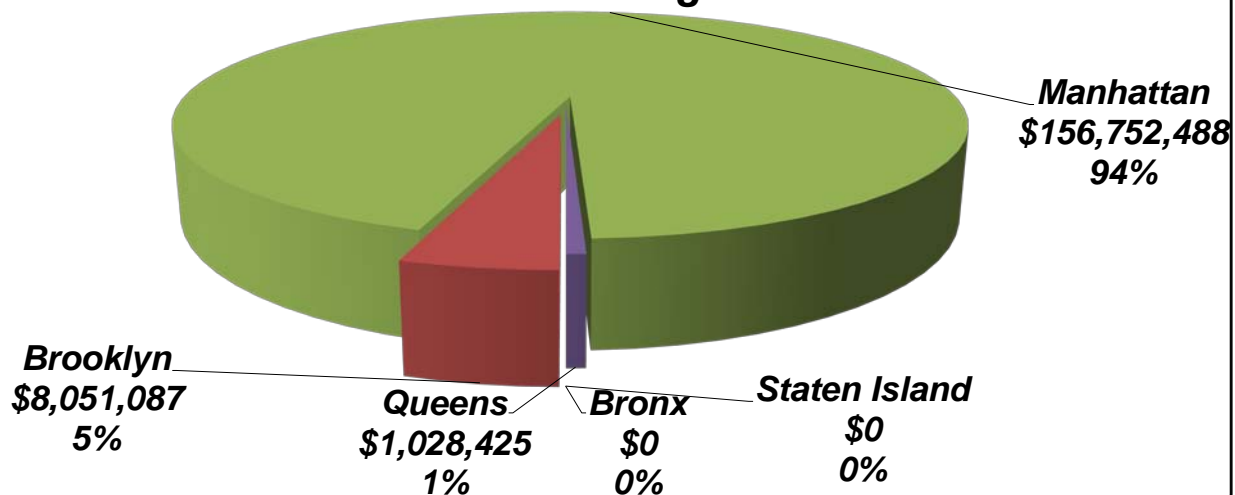
**AFL-CIO Housing Investment Trust (HIT)  
 NYC Workforce Housing Initiative 2009-2014**

**Investments Through 6/30/2011**

**Workforce Investments Detail**

<u>Borough</u>	<u>Dollars</u>	<u>Workforce Housing Units</u>
Bronx	\$0	0
Brooklyn	8,051,087	422
Manhattan	156,752,488	4,447
Queens	1,028,425	208
Staten Island	0	0
<b>Total</b>	<b>\$165,832,000</b>	<b>5,077</b>

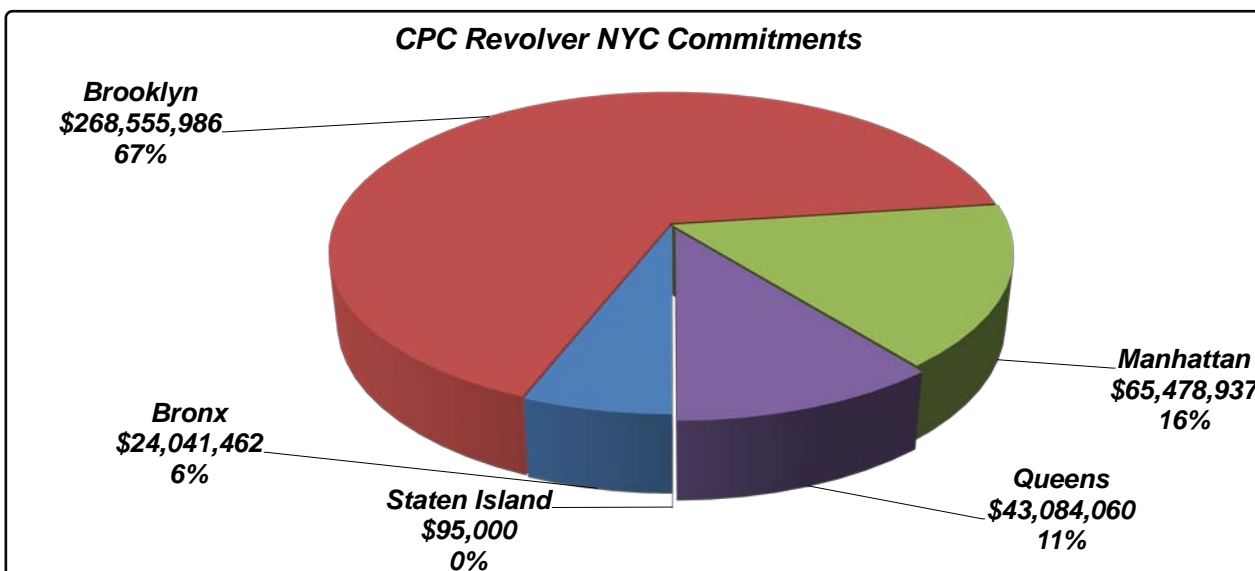
***HIT Workforce Housing Initiative***



### CPC Revolver

Revolver Current Commitments NYC	\$401,255,445			
NYCERS Commitment Share	\$30,000,000			
NYCERS Market Value*	\$25,538,907			
	# Loans	\$ Committed	# Units Residential	# Units Commercial
Bronx	26	\$24,041,462	865	28
Brooklyn	79	268,555,986	2,130	42
Manhattan	45	65,478,937	1,087	29
Queens	12	43,084,060	336	11
Staten Island	1	95,000	3	0
Grand Total NYC	163	\$401,255,445	4,421	110
Other NY State	58	\$159,502,328	1,665	43

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



The City of New York -Office of the Comptroller  
Bureau of Asset Management  
NYCERS Economically Targeted Investments Quarterly Report  
Collateral Benefits as of 6/30/2011

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ACCESS CAPITAL STRATEGIES (Since Inception 2/01/07)

Allocated Amount \$40 million (40% of total account)  
Market Value \$51.3 million

Multifamily Investments Detail

Borough	NYCERS Investment	Total Units	# of LMI* Units
Bronx	\$7,000,000	508	508
Brooklyn	5,280,000	404	404
Manhattan	23,112,730	2,815	1,677
Queens	4,660,000	762	762
Staten Island	0	0	0
<b>Total NYCERS Multifamily Investments</b>	<b>\$40,052,730</b>	<b>4,489</b>	<b>3,351</b>

MultifamilyTotal All Systems \$100,131,826 4,489 3,351

Single Family Investments Detail

Borough	NYCERS Investment	Total Units	# of LMI* Units
Bronx	\$7,156,496	105	105
Brooklyn	18,547,430	257	257
Manhattan	2,256,270	25	25
Queens	21,926,827	269	269
Staten Island	11,084,720	140	140
<b>Total NYCERS Single Family Investments</b>	<b>\$60,971,743</b>	<b>796</b>	<b>796</b>

Single Family Total All Systems \$152,429,356 796 796

Other Investments Detail

Borough	NYCERS Investment	# of Loans
Bronx	\$270,000	1
Brooklyn	2,156,161	8
Manhattan	973,162	5
Queens	217,373	3
Staten Island	0	0
<b>Total NYCERS Other Investments</b>	<b>\$3,616,696</b>	<b>17</b>

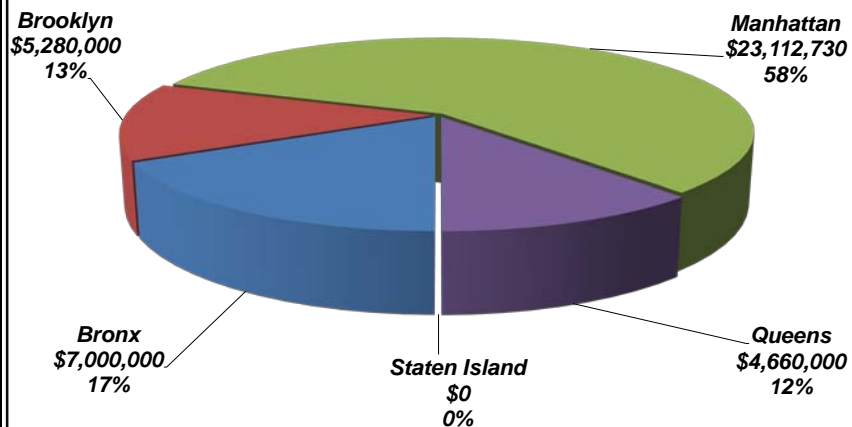
Other InvestmentsTotal All Systems \$9,041,740 17

Grand Total All NYCERS \$104,641,169

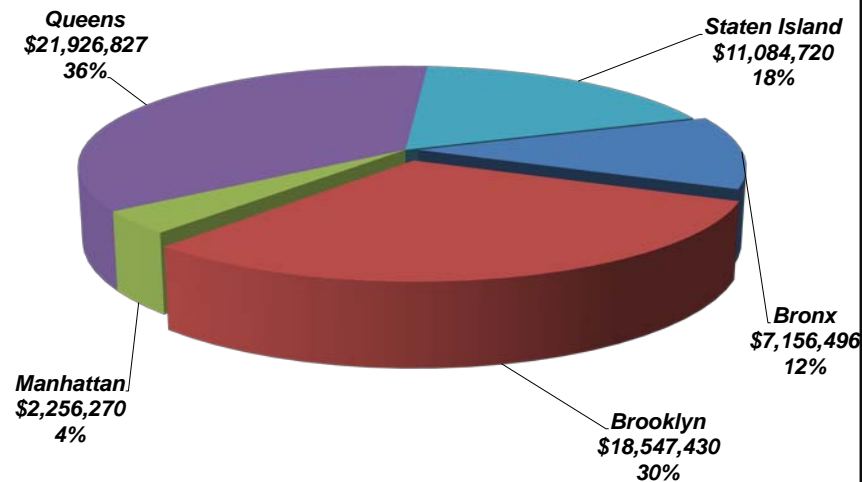
Grand Total All Systems \$261,602,922

\* LMI = Low or Moderate Income

*Access Multifamily Investments Since Inception NYCERS*



*Access Single Family Investments Since Inception NYCERS*



The City of New York Office of the Comptroller  
Bureau of Asset Management  
NYCERS Economically Targeted Investment Quarterly Report  
Collateral Benefits as of 6/30/2011

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	Assets (\$MM)	Trailing 1 Month	Trailing 3 Months	6/30/2007 6/30/2011	Year To Date	Trailing 1 Year	Trailing* 3 Years	Trailing* 5 Years	Trailing* 7 Years	Trailing* 9 Years	Trailing* 10 Years	Trailing* 11 Years	Trailing* 15 Years	Since Inception	Data Start Date
<b>EMPLOYEES</b>															
AFL-CIO HOUSING INV TRUST	207.61	-0.26	2.08	4.25	2.89	4.25	6.58	6.53	5.52	****	****	****	****	5.06	09/30/02
CPC -PPAR	133.92	0.57	1.46	5.88	2.79	5.88	8.94	8.65	7.66	7.58	8.01	8.83	8.31	10.10	11/30/84
ACCESS RBC	51.32	-0.02	2.43	3.56	2.65	3.56	8.26	****	****	****	****	****	****	6.93	02/28/07
JPM CHASE- PPAR	35.50	0.58	1.55	3.65	3.13	3.65	8.49	8.39	7.76	7.96	****	****	****	8.02	10/31/01
CPC - REVOLVER	25.54	0.17	0.49	2.09	1.01	2.09	2.51	4.22	4.52	****	****	****	****	4.51	03/31/04
ERASMUS	21.57	****	****	****	****	****	****	****	****	****	****	****	****	****	10/31/05
CCD-PPAR	2.66	0.37	1.33	8.53	2.91	8.53	10.37	****	****	****	****	****	****	8.97	11/30/06
CFSB-PPAR	2.07	0.48	0.90	9.32	1.98	9.32	9.31	****	****	****	****	****	****	7.93	09/30/06
LIIF-PPAR	2.04	0.45	1.15	0.62	2.26	0.62	****	****	****	****	****	****	****	5.45	07/31/09
BOA-PPAR	2.03	0.47	1.44	****	****	****	****	****	****	****	****	****	****	2.23	01/31/11
FNMA	1.30	0.83	2.01	6.21	4.47	6.21	8.62	8.51	7.30	7.05	7.18	7.56	7.52	7.81	02/29/92
NHS-PPAR	1.19	0.44	1.32	4.22	3.01	4.22	10.72	****	****	****	****	****	****	9.53	09/30/07
GNMA	0.50	0.81	2.50	2.25	4.76	2.25	6.06	6.95	6.62	6.37	6.44	7.00	6.98	8.71	11/30/84
NCBCI-PPAR	0.47	0.08	1.30	2.93	3.53	2.93	****	****	****	****	****	****	****	5.49	07/31/09
SHORT TERM INVESTMENTS	0.02	0.01	0.02	0.16	0.04	0.16	0.56	1.82	2.22	2.14	2.45	2.93	3.54	2.24	11/30/84
TOTAL EMPLOYEES ETI (w/cash)**	466.16	0.11	1.80	4.52	2.75	4.52	7.42	7.27	6.48	6.35	6.74	7.31	7.17	10.04	04/30/82
TOTAL EMPLOYEES ETI (w/o cash)**	464.83	0.11	1.81	4.56	2.77	4.56	7.48	7.30	6.52	6.48	6.64	7.20	7.11	8.78	11/30/84
EMPLOYEES CUSTOM ETI BENCHMARK (no cash)		-0.03	2.45	4.33	3.03	4.33	6.68	6.89	5.92	5.62	5.99	6.47	6.72		
BARCLAYS CAPITAL US AGGREGATE BOND INDEX		-0.29	2.29	3.90	2.72	3.90	6.46	6.52	5.48	5.43	5.75	6.23	6.32		

\*Time periods greater than one year are annualized. Excludes Erasmus.

\* Historical returns prior to April 2004 provided by Citigroup.

\*\*Returns are net of fees and exclude Erasmus.

## **REAL ESTATE QUARTERLY REPORT**

**The New York City Employees'  
Retirement System**

**Performance Measurement Report  
First Quarter 2011**

The Townsend Group

Cleveland, OH   San Francisco, CA   London, UK   Hong Kong



## Table of Contents

I.	Performance Summary	Page 1
II.	Portfolio Composition	Page 3
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IV.	Portfolio Diversification	Page 5
V.	Portfolio Data Sheets	Page 6
VI.	Investment Profiles	Page 13
Glossary of Terms		Exhibit A
Market Overview		Exhibit B

# The Townsend Group

## Performance Measurement Report

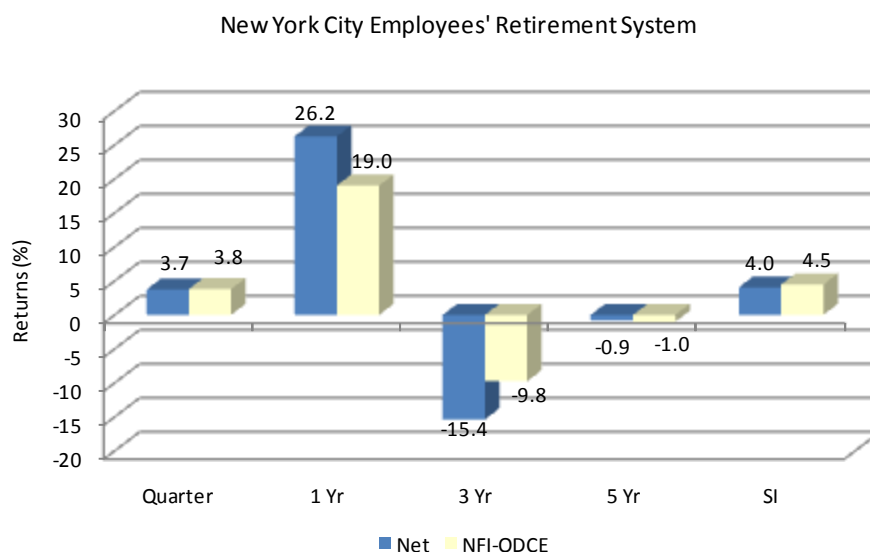
### THE NEW YORK CITY EMPLOYEES' RETIREMENT SYSTEM

#### FIRST QUARTER 2011

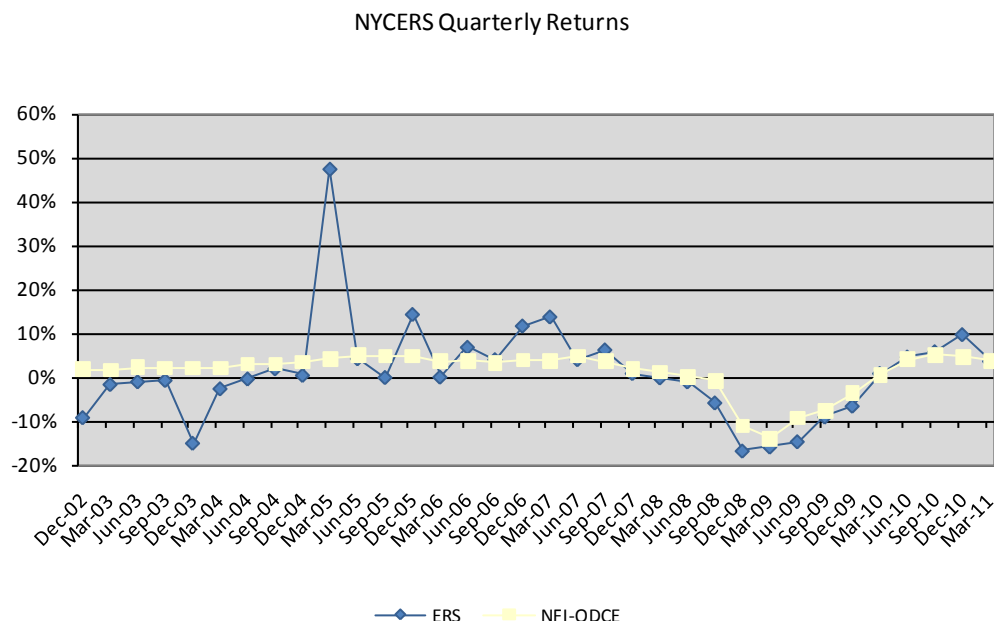
#### I. Performance Summary

At the end of the First Quarter 2011, ("Quarter") The New York City Employees' Retirement System ("NYCERS") Real Estate Portfolio ("Portfolio") had a cumulative market value of \$1.2 billion. Total market value plus unfunded commitments was \$1.772 billion, or 71.7% of the real estate allocation. During the Quarter, the Portfolio achieved a total gross return of 4.4% which was comprised of 0.8% income and 3.6% appreciation. The NCREIF Open-end Diversified Core Equity Index ("NFI-ODCE") reported a total net return of 3.8%. In addition, the Portfolio achieved a total net return of 3.7%.

The following chart reflects the total net returns for the NYCERS Portfolio compared to the NFI-ODCE. Macro economic conditions continue to improve but at a measured pace with volatile labor markets failing to continuously deliver gains in employment. Supply of new developments remains muted, except for multi-family, where projects are being re-started at an increasing pace. Real estate debt capital markets continue to offer sufficient credit to quality real estate; equity has focused primarily on core real estate coming out of the downturn. Fundamentals are improving but continue to lag the capital market recovery given economic uncertainty. Investors willing to take prudent value-add risk may be able to generate outsized returns as a result. The benchmark established for the Portfolio is the NFI-ODCE net over rolling five-year periods.



The graph below shows the total net returns for the Portfolio by quarter since inception. NFI-ODCE total net return performance is also included. It is important to note the effects of the "J-curve" whereby fees on committed capital exceed distributions to the Portfolio due to minimal invested capital and the early stages of the value-added/opportunistic process in the underlying investments.



The table below reflects the returns for the Portfolio and the NFI-ODCE during pertinent time periods and segments these returns by their components: income, appreciation, and total return. The Portfolio's objective is to generate a total net return that exceeds the NFI-ODCE total net return measured over rolling five-year periods.

Returns (%)	Quarter				1 Year				3 Year				5 Year				Inception	
	INC	APP	TGRS	TNET	INC	APP	TGRS	TNET	INC	APP	TGRS	TNET	INC	APP	TGRS	TNET	TGRS	TNET
New York City Employees' Retirement System	0.8	3.6	4.4	3.7	4.0	24.4	29.2	26.2	3.6	-17.2	-14.1	-15.4	3.2	-0.9	2.4	-0.9	11.1	4.0
NFI-ODCE Value Weighted Index	1.4	2.6	4.0	3.8	6.3	13.2	20.1	19.0	5.9	-14.2	-9.0	-9.8	5.7	-5.6	-0.1	-1.0	5.4	4.5

## II. Portfolio Composition

New York City Employees' Retirement System		
Total Plan Assets	3/31/2011	\$41,160
Real Estate Allocation (%)		6.0%
Real Estate Allocation (\$)		\$2,470
Style Sector Allocation		
Core / Core Plus Portfolio	40.0%	\$988
Non-Core Portfolio	55.0%	\$1,358
Emerging Managers Portfolio	5.0%	\$123
Uncommitted Core / Core Plus Portfolio		\$177
Uncommitted Non-Core Portfolio		\$467
Uncommitted Emerging Managers Portfolio		\$53
Funded (Market Value) and Committed Statistics		
Core / Core Plus Portfolio		45.8%
Non-Core Portfolio		50.3%
Emerging Managers Portfolio		4.0%
\$ Committed		\$1,772
% Committed on Real Estate Allocation		71.7%
% Committed on Total Plan Assets		4.3%
Funded (Market Value) Statistics		
% Funded (Market Value) of Total Plan Assets		3.0%
% Funded (Market Value) of Total Real Estate Allocation		49.8%

Employees		
Investment Cash Flow Summary		
	Quarter	To Date
Contributions	\$53.0	\$1,799.6
Distributions	-\$10.1	-\$392.4
Withdrawals	-\$0.9	-\$67.9

Contributions: Includes actual cash funded to the investment for acquisition and capital items during the quarter.

Distributions: Includes actual cash returned during the quarter from the investments which represents distributions of income from operations and profit.

Withdrawals: Includes cash returned from the investment as a result of return of capital.

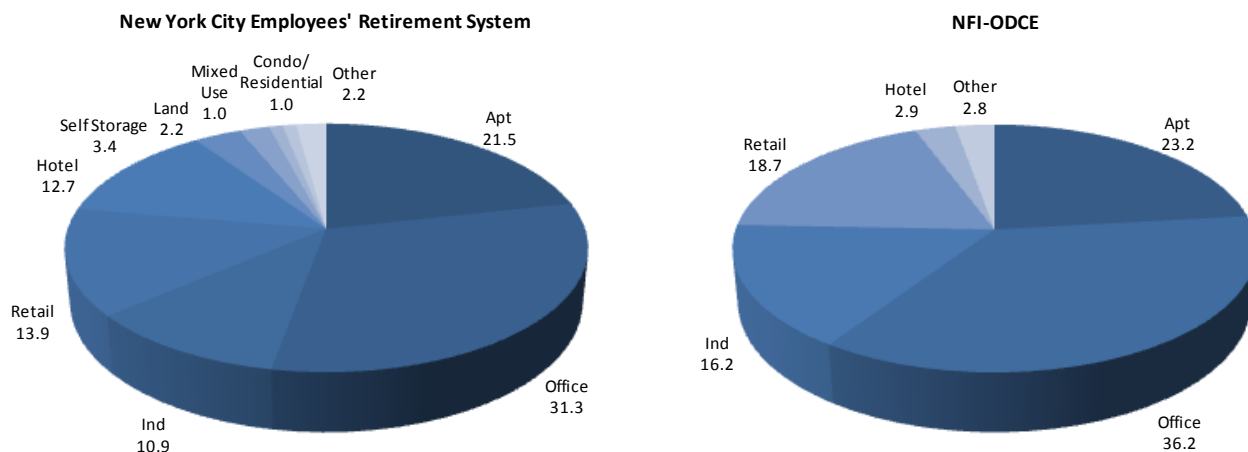
### III. Portfolio Compliance

Category	Requirement	Portfolio Status
Benchmark	NFI-ODCE (net) over rolling five-year periods	<i>Portfolio returns in excess of benchmark.</i>
Portfolio Composition	<p>Core/Core Plus (minimum of 40%)</p> <p>Non Core (minimum of 40%)</p> <p>Non Core Emerging (greater of \$100 million or 5% of the total real estate allocation)</p>	<i>The portfolio is funded (market value) and committed at 71.7% of real estate allocation with a portfolio composition of 45.8% core, 50.3% non-core, and 4.0% emerging.</i>
Real Estate Allocation	Target of 6.0%	<i>Funded (market value) and committed dollars place the portfolio at 4.3% of total plan assets.</i>
	Currently Funded at 3.0%	
Diversification	<p><math>\pm 30\%</math> of NFI-ODCE</p> <p>Other property type (0%-15%)</p>	<i>All property types and geographic locations are in compliance.</i>
LTV	65%	<i>Portfolio is in early stages of funding, but is in compliance (54.7%).</i>
Manager Exposure	0%-25% of real estate allocation	<i>Manager exposure is within compliance ranges.</i>

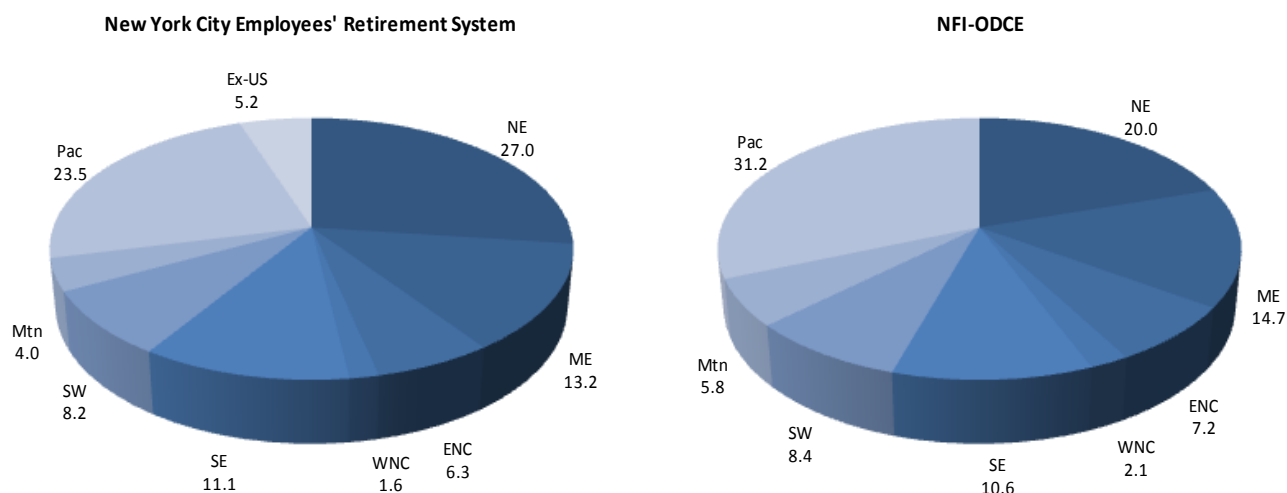
#### IV. Portfolio Diversification

The Investment Policy Statement (IPS) establishes ranges for diversification by property type and geographic region. These ranges are broad based and allow for investment in all major property types and all geographic regions. The diversification of the current portfolio by property type and geographic region is shown below and compared to diversification of the NFI-ODCE at the end of the Quarter.

##### Property Type Diversification (%)



##### Geographic Diversification (%)



## **PRIVATE EQUITY QUARTERLY REPORT**



NEW YORK CITY EMPLOYEES' RETIREMENT SYSTEM

# Private Equity Portfolio Report

## First Quarter 2011





# Table of Contents

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**1** Executive Summary

**3** Portfolio Summary

Portfolio Review

Program Summary

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Actions & Events

Performance

Exposure

## Introduction

This report contains confidential information provided to PCG Asset Management, LLC (the “Advisor” or “PCG AM”) solely for the purpose of evaluating the New York City Employees’ Retirement System (“NYCERS”) private equity portfolio. This information shall be maintained as confidential and shall not be provided to anyone other than the NYCERS, its officers, employees and lawful agents.

NYCERS or (the “System”) 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.

The Quarterly Review (the “Review”) has been prepared by PCG AM to cover the significant events that occurred during the period with respect to the Program’s portfolio of partnership investments. To complete PCG AM’s independent analysis, information was requested and obtained from NYCERS’ representatives, Bank of New York (the custodian for NYCERS) and the general partners of the individual partnerships; while PCG AM has reconciled the information across various sources, it relies on the data provided by the aforementioned parties.

PCG AM has endeavored to reflect the information received in its independent analysis of the Program’s performance and current portfolio valuation accurately. Individual partnerships are subject to an annual audit and PCG AM reviews each general partner’s valuation methodology. Subsequent monitoring reports will reflect future developments, as well as refine the analysis of past activities as better or more accurate information is received.

## Important Notes and Other Information

### PORTFOLIO PERFORMANCE CALCULATIONS

The portfolio’s performance is summarized primarily using three methods:

**An internal rate of return (IRR).** The IRR takes into account the timing of an investment’s cash flows. Calculating a fund’s IRR since inception, given the long-term nature of alternative equity investments (generally ten to twelve years), is one of the most appropriate means of measurement.

**The total value multiple.** Reflects the total capital generated compared to the total capital invested. This measurement is a simplified means of measuring the value created by a fund, without consideration for time.

**The performance assessment method of measurement.** Developed by PCG AM, this measurement takes into account a broader spectrum of data when calculating the performance of an investment, including age of investment, peer comparisons, total value multiple and IRR. Based on this data, each investment is assigned a rating by PCG AM on an annual basis indicating whether the investment is performing at, above or below expectations. Investments less than 24 months old are considered too early to be meaningful.

### CURRENCY CONVERSION

The Program includes commitments to funds denominated in Euros. For purposes of this report, 1.0 Euro is equal to 1.4158 U.S. Dollars as of March 31, 2011. Cash flows are converted to U.S. Dollars at the spot conversion rate on that date, and subsequently reconciled with the custodial bank to reflect the actual conversion rate.

# Executive Summary

## NYCERS Alternative Investment Program (the "Program")

### PRIVATE EQUITY PORTFOLIO

The Program was established 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. However, the first fund commitment was made in the 1998 vintage year.

### PERFORMANCE OBJECTIVE

The Program's objective is to create significant, long-term net returns to NYCERS. As of quarter-end the total program has achieved a return of 8.7% since inception. NYCERS' private equity program has a weighted average age of commitments of 4.3 years and weighted average age of contributions of 3.4 years.

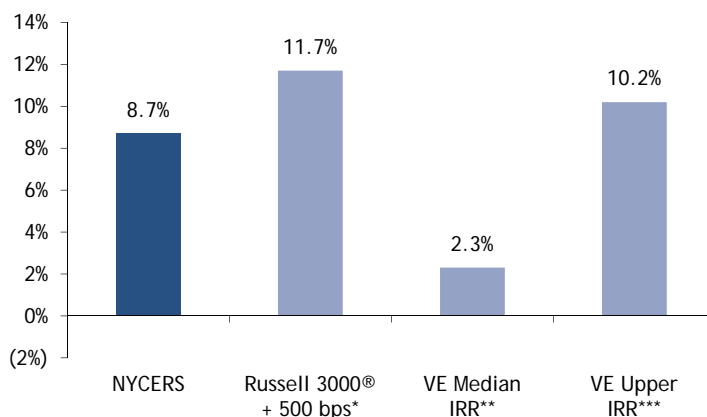
### INVESTMENT PACING

NYCERS approved an increase to its private equity allocation from 5% to 7% in June 2011. The 2011 Annual Plan calls for annual private equity commitments of \$500-\$750 million per year over the next four years (2011-2014). NYCERS' current allocation to private equity is 7.4%, which slightly exceeds but is within range of the target exposure to private equity.

### RETURN BENCHMARK

The Program's performance is measured against two benchmarks:

1. A dollar-weighted public benchmark, which produced the return that would have been earned if NYCERS' private equity cash flows were invested in the Russell 3000® Index\* plus a 500 basis points liquidity premium (*the Opportunity Cost Benchmark*)
2. The Venture Economics Median Return (*the Relative Benchmark*).



\*Data is dollar-weighted Long-Nickels calculation of quarterly changes in the Russell 3000® Index. Russell Investment Group is the source and owner of the trademarks, service marks and copyrights related to the Russell Indexes. Russell ® is a trademark of Russell Investment Group.

\*\*Venture Economics data reflects *All US Private Equity Funds* Median Quartile IRR at March 31, 2011 for funds with vintage years from 1998 to 2010. Note: Data is continuously updated and is therefore subject to change.

\*\*\* This benchmark is for informational purposes only and is NOT part of the Program's Policy Benchmarks.

## PORTFOLIO EXPOSURE

Figures may not add due to rounding

INVESTMENT TYPE	POLICY TARGET	FMV	UNFUNDED	TOTAL
Corporate Finance	60-80%	76.4%	69.3%	73.5%
Venture Capital	10-20%	10.3%	8.3%	9.5%
Distressed and Mezzanine	5-15%	4.2%	3.7%	4.0%
Secondary, Fund of Funds and Co-Investments	0-10%	9.2%	18.7%	13.1%
Grand Total		100.0%	100.0%	100.0%

Recently, the Avenue Capital Group Funds (Avenue Europe Special Situations Fund and Avenue Special Situations Fund V) have been reclassified from the Private Equity investment class to the Fixed Income Opportunity bucket of NYCERS' portfolio. As a result of this reclassification, the Avenue Funds have been removed from PCG AM's performance report of the Program.

Removing all Avenue funds from private equity performance has altered historical performance numbers as compared to previous quarterly reports. Additionally, the removal of the Avenue Funds has resulted in a drop in NYCERS' exposure to private equity Distressed and Mezzanine investments. As portrayed in the table above, NYCERS' exposure to Distressed and Mezzanine investments has fallen below the lower end of the policy target range.

# Portfolio Summary

## Portfolio Review

### NEW COMMITMENTS

During the quarter, the Program did not close on any new commitments.

### PROGRAM IRR<sup>1</sup>

The IRR of the Program since inception increased 50 basis points from the prior quarter to 8.7% as of quarter-end.

### CONTRIBUTIONS DECREASED

Contributions decreased 34.5% over the prior quarter but increased 16.5% from same time period last year. The most recent four quarter average for NYCERS' contributions is \$166.4 million.

### DISTRIBUTIONS INCREASED

Distributions increased 16.9% from the prior quarter and increased 128.7% from the same time period last year. The Program was cash flow positive during the quarter. The most recent four quarter average for NYCERS' distributions is \$99.4 million.

### SUBSEQUENT DEVELOPMENTS

Subsequent to quarter-end, the NYCERS Board approved \$395 million to four new partnerships, all of which also closed subsequent to quarter-end.

### Recent Investment Activity<sup>2</sup>

\$ Million | Figures may not add due to rounding

	2010				2011
	1Q	2Q	3Q	4Q	1Q
Starting Valuation	\$2,242.4	\$2,397.3	\$2,453.8	\$2,701.0	\$2,969.9
Contributions	\$109.5	\$139.9	\$203.3	\$194.8	\$127.6
Distributions	(\$59.3)	(\$73.2)	(\$72.9)	(\$116.0)	(\$135.6)
Appreciation/(Depreciation)	\$104.6	(\$10.2)	\$116.8	\$190.1	\$119.9
Ending Valuation	\$2,397.3	\$2,453.8	\$2,701.0	\$2,969.9	\$3,081.8
Unfunded Commitments	\$2,455.4	\$2,372.5	\$2,291.0	\$2,231.2	\$2,141.7
<b>Total</b>	<b>\$4,852.7</b>	<b>\$4,826.3</b>	<b>\$4,992.0</b>	<b>\$5,201.0</b>	<b>\$5,223.5</b>
IRR Since Inception	6.4%	5.8%	6.7%	8.2%	8.7%
Weighted Avg. Age of Commitments (yrs)	3.5	3.7	3.9	4.1	4.3

<sup>1</sup>It should be noted that partnership investments held less than two years generally tend to have low or negative returns, which are not meaningful, due to the fact that management fees and other costs have not been offset by capital gains typically generated by more mature portfolio investments (this is termed the J-curve effect).

<sup>2</sup>Historical data has changed as a result of the reclassification of the Avenue Funds out of the Program.

## Program Summary

Active, Exited and Overall Program Performance

\$ Million | Figures may not add due to rounding

	December 31, 2010	March 31, 2011
Total Pension Assets	\$39,666.6	\$41,623.0
Allocation to Private Equity (7% Target)	7.5%	7.4%
<b>ACTIVE</b>		
NUMBER OF MANAGERS	87	86
NUMBER OF INVESTMENTS	127	126
Capital Committed	\$5,461.6	\$5,434.6
Capital Contributed	\$3,653.5	\$3,757.2
Recallable Distributions	\$391.4	\$418.2
Capital Distributed	\$1,403.0	\$1,526.9
FMV	\$2,969.9	\$3,081.6
Total Value	\$4,372.8	\$4,608.6
Unfunded Commitments	\$2,231.2	\$2,138.7
Total Value Multiple	1.22x	1.25x
IRR	8.2%	9.1%
<b>EXITED</b>		
NUMBER OF MANAGERS	1	2
NUMBER OF INVESTMENTS	1	2
Capital Committed	\$25.0	\$52.0
Capital Contributed	\$1.0	\$25.0
Recallable Distributions	\$0.0	\$0.0
Capital Distributed	\$0.0	\$11.7
FMV	\$0.0	\$0.1
Total Value	\$0.0	\$11.8
Unfunded Commitments	\$0.0	\$3.0
Total Value Multiple	0.01x	0.47x
IRR	NM	-9.2%
<b>OVERALL</b>		
Portfolio Multiple	1.22x	1.25x
IRR	8.2%	8.7%

- As of quarter-end NYCERS had contributed \$3.8 billion to active investments, equivalent to 69.1% of active commitments. In addition, 11.1% of contributed capital has been returned and can be called again.
- Approximately \$2.1 billion of capital commitments remain outstanding, and approximately \$1.5 billion has been distributed to NYCERS. However, 27.4% of distributed capital can be called again.
- One fund investment, Allegra Capital Partners IV, was exited during the quarter.
- The Program's partnership commitments have a weighted average age of 4.3 years and contributions have a weighted average age of 3.4 years.

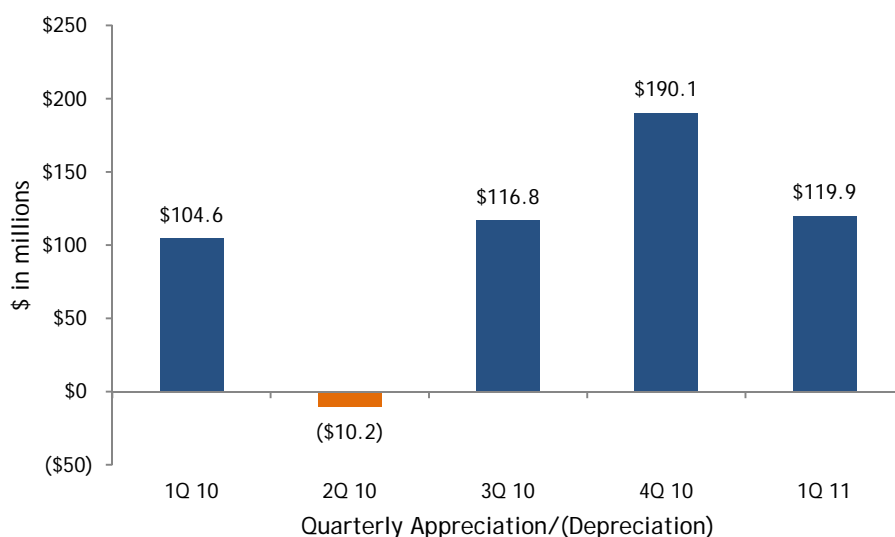
# Activity Detail

## Actions & Events

### RECENT INVESTMENT ACTIVITY

Investment Name	Month Authorized	Date Closed	Amount Committed
<u>Closed During Current Quarter:</u>			
None			
<u>Closed Subsequent to Quarter End:</u>			
AXA Private Equity Secondary Fund V B	June 2011	July 2011	\$75 million
BC Partners IX	March 2011	July 2011	\$150 million
EQT VI	April 2011	July 2011	\$120 million
Pegasus Partners V	June 2011	August 2011	\$50 million

- Overall, the Program appreciated by \$119.8 million, or 3.9% during the quarter.
- Net of cash flows, 85 funds reported gains totaling \$135.7 million compared to 37 funds reporting losses totaling \$15.9 million. Two funds had not drawn capital as of quarter-end and three funds had no cash flow activity or valuation adjustment during the quarter.
- During the quarter, contributions totaled approximately \$127.6 million and distributions totaled \$135.6 million.



## Performance

As an overview, the following table compares investments by vintage year (i.e., by initial draw down date of the fund).

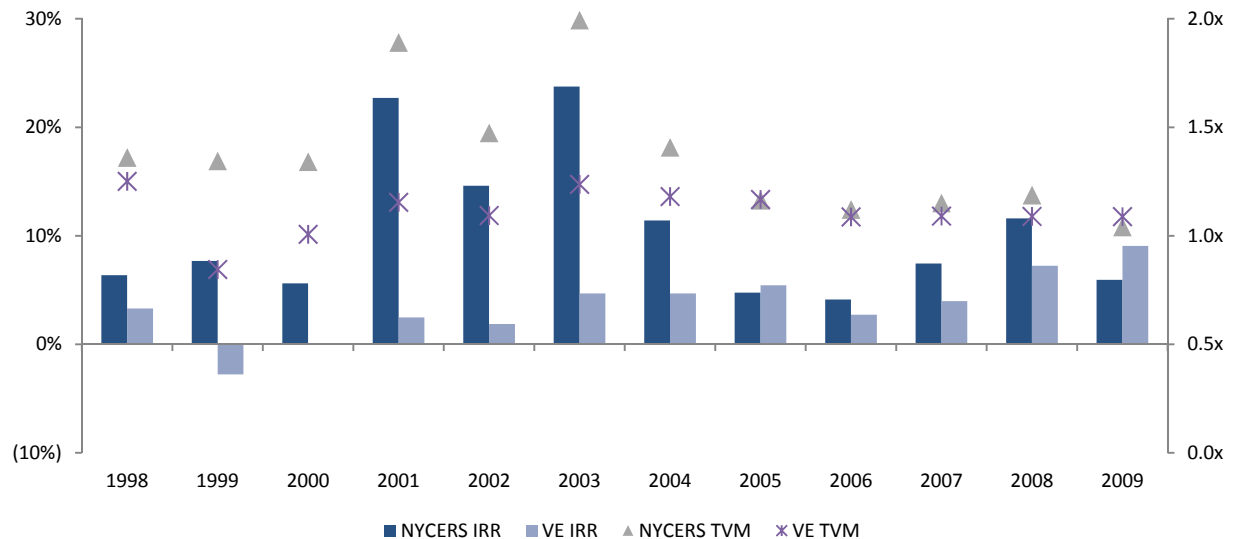
### Vintage Year Review

\$ Million

VINTAGE YEAR	COMMITMENT	NYCERS RETURNS		BENCHMARK COMPARISON	
		MULTIPLE	IRR	VE MEDIAN MULTIPLE <sup>1,2</sup>	VE MEDIAN IRR <sup>1,2</sup>
1998	\$50.0	1.36x	6.4%	1.25x	3.3%
1999	\$95.0	1.35x	7.7%	0.85x	(2.8%)
2000	\$127.0	1.34x	5.6%	1.01x	0.1%
2001	\$100.0	1.89x	22.7%	1.15x	2.5%
2002	\$190.0	1.47x	14.6%	1.09x	1.9%
2003	\$110.0	1.99x	23.7%	1.24x	4.7%
2004	\$389.9	1.41x	11.4%	1.18x	4.7%
2005	\$514.5	1.16x	4.8%	1.17x	5.4%
2006	\$1,020.2	1.12x	4.1%	1.09x	2.7%
2007	\$960.5	1.15x	7.5%	1.09x	4.0%
2008	\$1,324.6	1.19x	11.6%	1.09x	7.2%
2009	\$200.0	1.04x	5.9%	1.09x	9.1%
2010	\$175.0	0.89x	NM	1.00x	NM
2011	\$230.0	0.59x	NM	N/A	NM
<b>Total</b>	<b>\$5,486.6</b>	<b>1.25x</b>	<b>8.7%</b>	<b>1.09x</b>	<b>2.3%</b>

<sup>1</sup>NM - IRRs are generally not meaningful during the early years of a partnership's life. PCG AM classifies the IRRs of all funds as NM for the first two years.

<sup>2</sup>Venture Economics data reflects All US Private Equity Funds Median Quartile TVPI & IRR at March 31, 2011. Note: Data is continuously updated and is therefore subject to change.





## PERIODIC RETURNS VS. RUSSELL 3000® INDEX

AS OF 31 MAR 2011	1 YEAR	3 YEAR	5 YEAR	10 YEAR	SINCE INCEPTION
Portfolio IRR	16.3%	5.6%	7.9%	9.1%	8.7%
Russell 3000®*	18.7%	8.6%	6.6%	7.2%	6.9%
Russell 3000® + 500 bps*	24.2%	13.3%	11.3%	12.0%	11.7%
<i>Difference</i>	<i>-7.9%</i>	<i>-7.7%</i>	<i>-3.4%</i>	<i>-2.9%</i>	<i>-3.0%</i>

\*Data is dollar-weighted Long-Nickels calculation of quarterly changes in the Russell 3000® Index. Russell Investment Group is the source and owner of the trademarks, service marks and copyrights related to the Russell Indexes. Russell ® is a trademark of Russell Investment Group.

## Exposure

Each of the portfolio investments is allocated to an investment sector based on its primary investment strategy. The sectors include the following: corporate finance (large, medium and small sized), venture capital and special situations (distressed, mezzanine, co-investments, secondaries, and fund-of-funds).

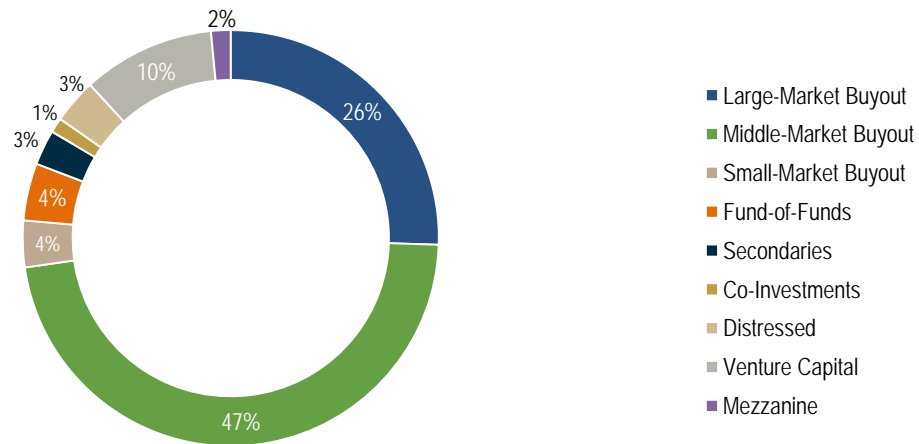
## Program Exposure\*

Aggregate Portfolio Exposure as of Quarter-End | Based on Fair Market Value + Unfunded  
Figures may not add due to rounding | \$ in millions

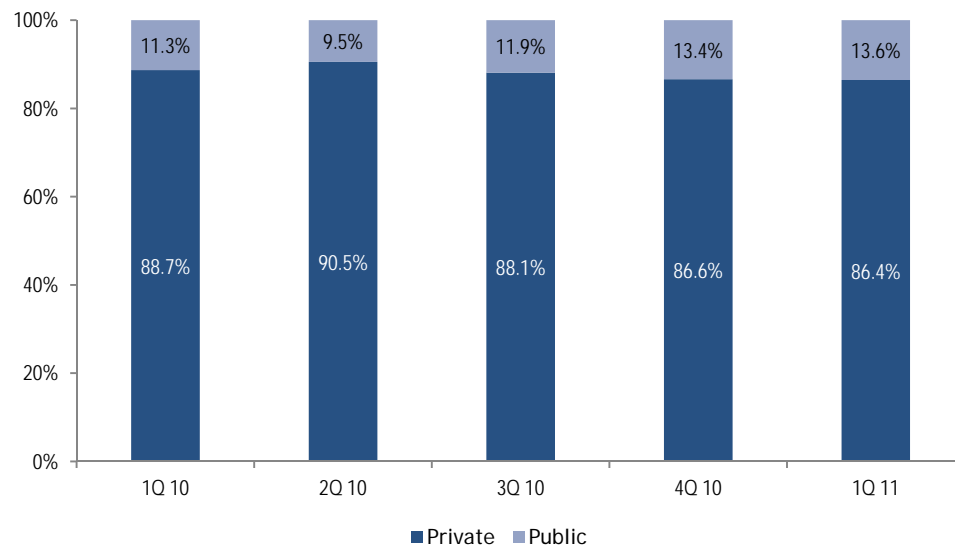
INVESTMENT SECTOR	TARGET	MARKET VALUE	%	UNFUNDED	%	TOTAL	%
Corporate Finance	60-80%	\$2,353.4	76.4%	\$1,484.4	69.3%	\$3,837.7	73.5%
Lrg Corp.		786.0	25.5%	505.3	23.6%	1,291.3	24.7%
Med Corp.		1,455.8	47.2%	915.5	42.7%	2,371.4	45.4%
Small Corp.		111.5	3.6%	63.5	3.0%	175.0	3.4%
Venture Capital	10-20%	\$317.2	10.3%	\$177.6	8.3%	\$494.7	9.5%
Distressed and Mezzanine	0-10%	\$128.1	4.2%	\$80.3	3.7%	\$208.4	4.0%
Distressed		81.1	2.6%	56.0	2.6%	137.1	2.6%
Mezzanine		47.1	1.5%	24.3	1.1%	71.3	1.4%
Secondary, Fund of Fund and Co-Investments		\$283.1	9.2%	\$399.5	18.7%	\$682.6	13.1%
Co-Investments		61.4	2.0%	28.1	1.3%	89.5	1.7%
Fund-of-Funds		137.4	4.5%	235.3	11.0%	372.7	7.1%
Secondaries		84.3	2.7%	136.2	6.4%	220.5	4.2%
Other		0.0	0.0%	0.0	0.0%	0.0	0.0%
USA and Canada	70-100%	\$2,883.4	93.6%	\$1,995.9	93.2%	\$4,879.3	93.4%
International	0-30%	\$198.3	6.4%	\$145.8	6.8%	\$344.1	6.6%
Geographic Focus Total:		\$3,081.8	100.0%	\$2,141.7	100.0%	\$5,223.5	100.0%

\*NYCERS' exposure to Distressed and Mezzanine investments has fallen below the policy target range as a result of the reclassification of Avenue Funds out of the Program.

### Exposure by Investment Strategy Based on Fair Market Value

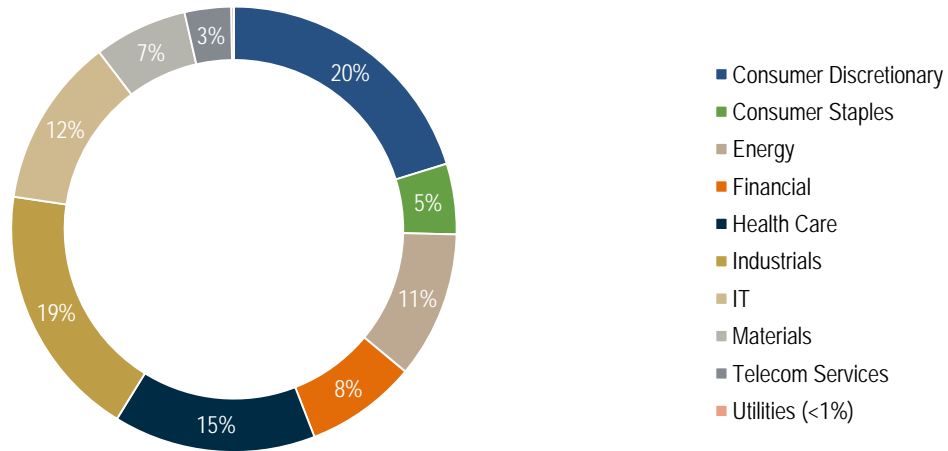


### Public vs. Private Exposure Based on Fair Market Value of Portfolio Companies



### Exposure by Industry\*

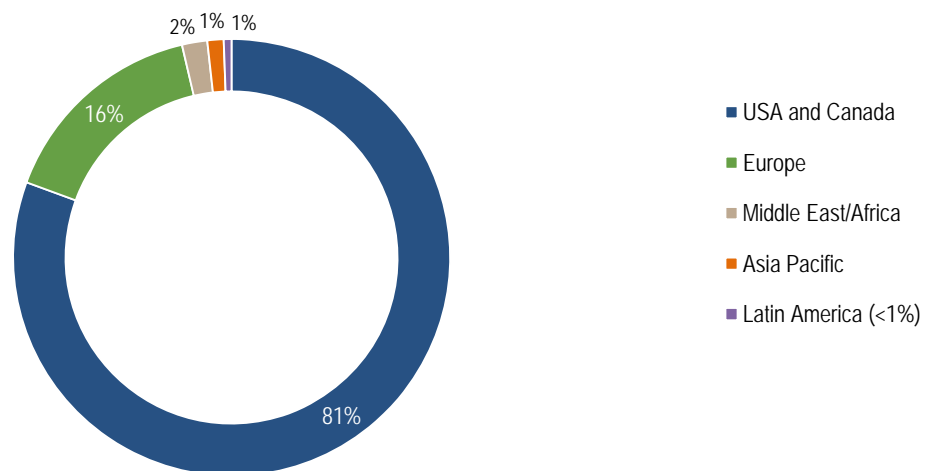
Based on Fair Market Value of Portfolio Companies



\*Please note that a small percentage of the portfolio's fair market value as reported by the general partners is presented without industry information. Such data has been excluded from these allocations along with Fund-of-Funds and Secondaries.

### Exposure by Geography\*\*

Based on Fair Market Value of Portfolio Companies



\*\*Please note that a small percentage of the portfolio's fair market value as reported by the general partners is presented without geographic information. Such data has been excluded from these allocations.

## II. July Monthly Performance Review:

# *Monthly Performance Review* *July 2011*

*Prepared for the New York City*  
*Employees' Retirement System*  
*9/23/2011*

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# **ECONOMIC INDICATORS**

*as of September 2011*

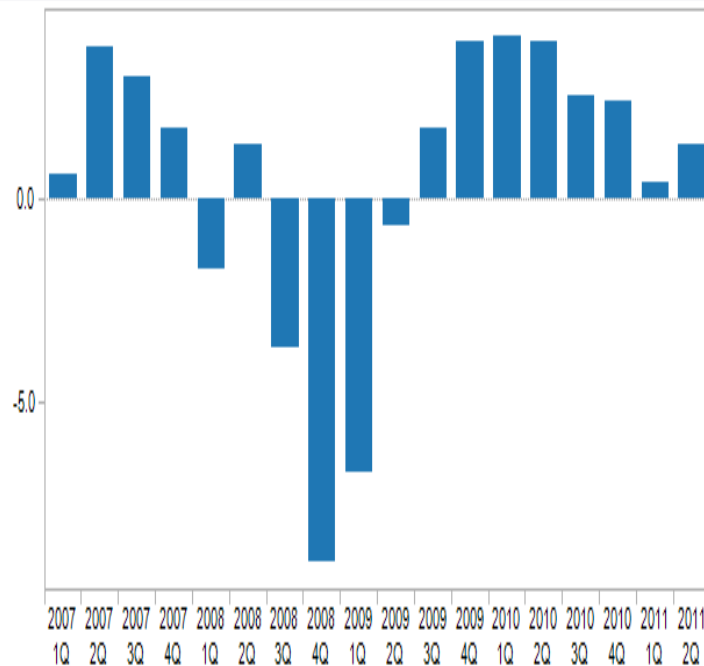


NYC OFFICE OF THE COMPTROLLER  
BUREAU OF ASSET MANAGEMENT

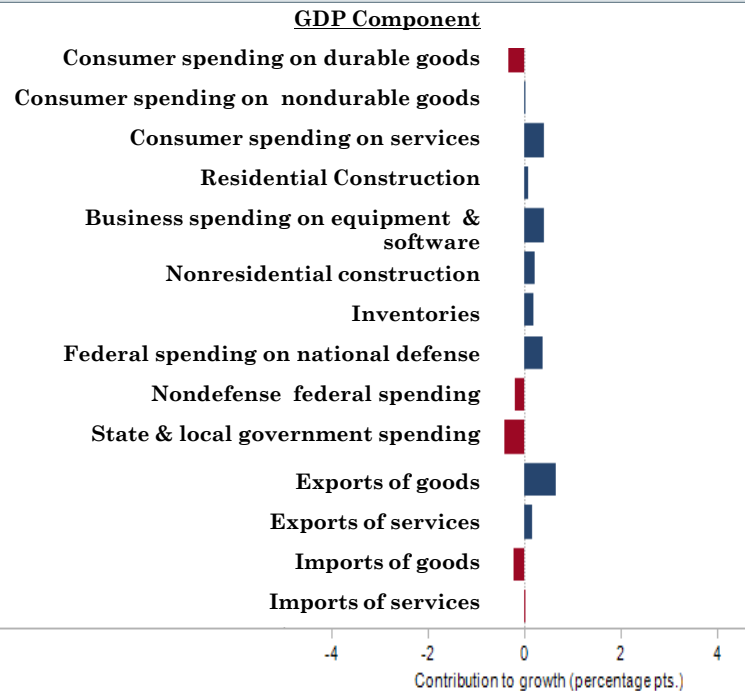
# COMPONENTS OF GDP

2

**ALL SHOW OVERALL % CHANGE FROM  
PRECEDING QUARTER AT SEASONAL ADJUSTED  
ANNUAL RATE**



**COMPONENTS WHICH CONTRIBUTED  
TO GDP GROWTH**



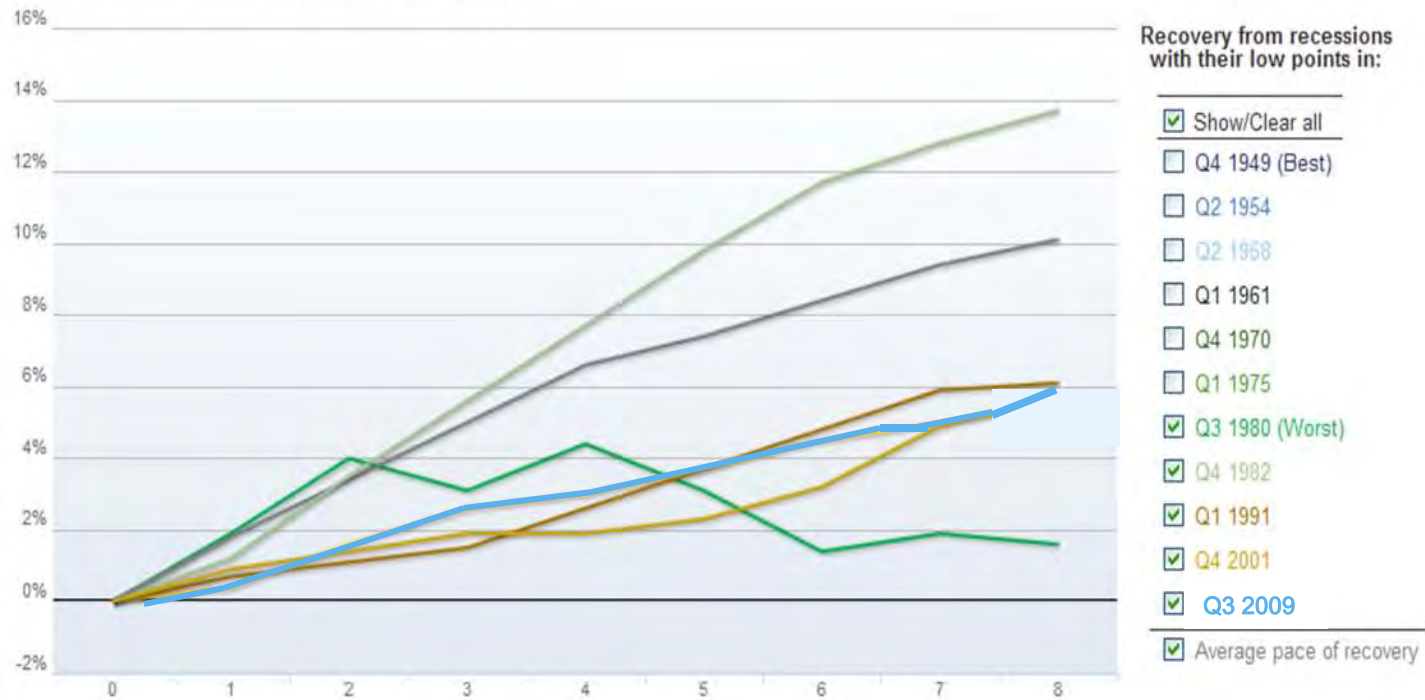
- NOTE: THE MARKET INDICATORS CONTAINED IN THE BOARD MATERIALS ARE A SUBSET OF INDICATORS RELEVANT TO FUND PERFORMANCE AND STRATEGIC PLANNING AND ARE NOT INTENDED AS THE EXCLUSIVE INDICATORS.



# US GROSS DOMESTIC PRODUCT (INFLATION ADJUSTED)

3

U.S. gross domestic product, inflation adjusted, quarterly

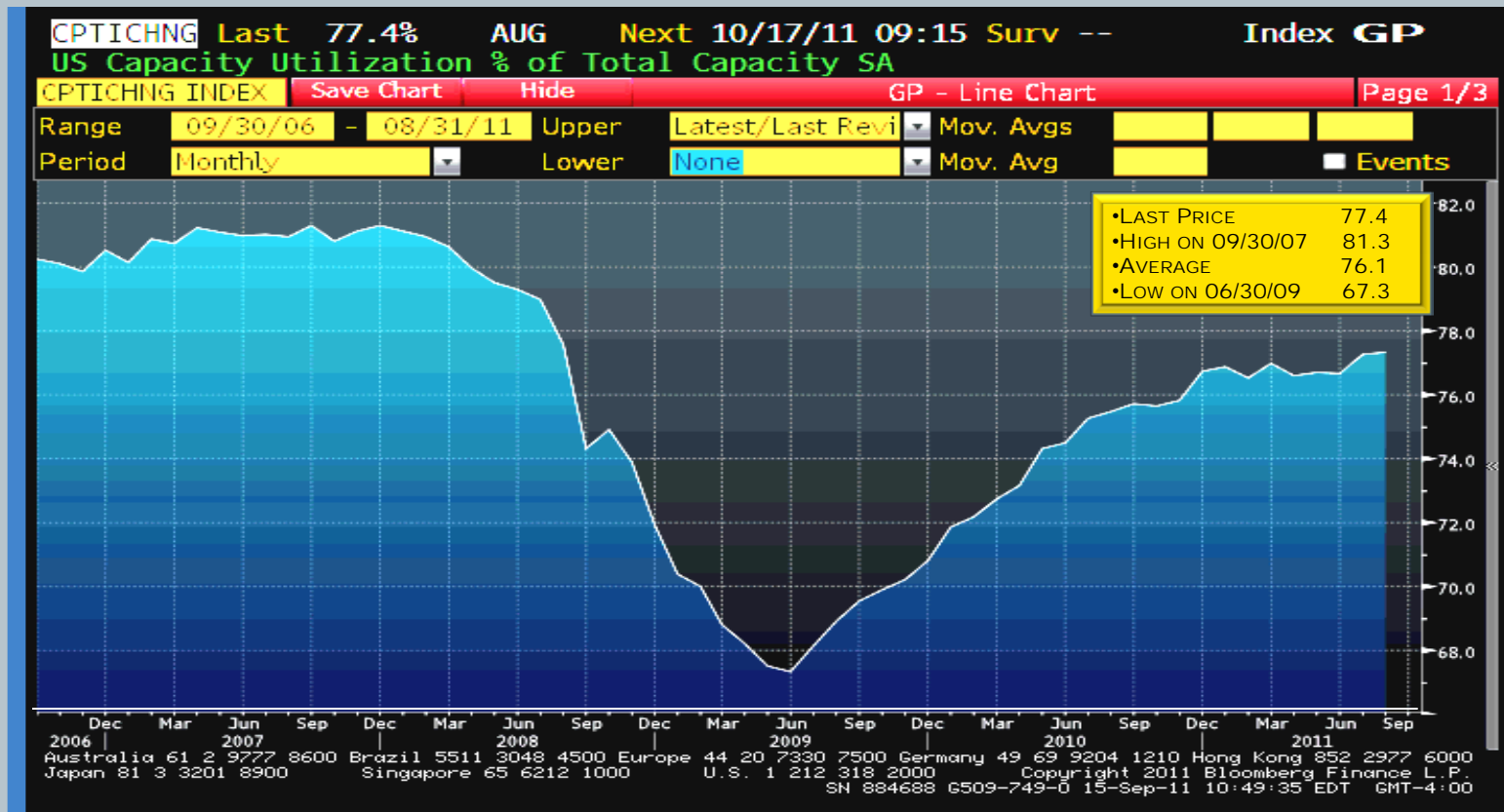


Sources: Commerce Department (corporate profits, income, GDP); Federal Reserve (bank lending); Robert J. Shiller (real home prices); Labor Department (jobs); Federal Reserve Bank of St. Louis (inflation-adjusted exports and consumer spending)

- **NOTES: THE MARKET INDICATORS CONTAINED IN THE BOARD MATERIALS ARE A SUBSET OF INDICATORS RELEVANT TO FUND PERFORMANCE AND STRATEGIC PLANNING AND ARE NOT INTENDED AS THE EXCLUSIVE INDICATORS.**
- **GDP GROWTH DURING THE CURRENT RECOVERY INCLUDES SECOND-QUARTER FORECAST CALCULATED USING CONSENSUS FORECAST OF 2 % ANNUAL GROWTH.**

# CAPACITY UTILIZATION

4



- NOTE: THE MARKET INDICATORS CONTAINED IN THE BOARD MATERIALS ARE A SUBSET OF INDICATORS RELEVANT TO FUND PERFORMANCE AND STRATEGIC PLANNING AND ARE NOT INTENDED AS THE EXCLUSIVE INDICATORS.

# ISM MANUFACTURING INDEX

5



- NOTE: THE MARKET INDICATORS CONTAINED IN THE BOARD MATERIALS ARE A SUBSET OF INDICATORS RELEVANT TO FUND PERFORMANCE AND STRATEGIC PLANNING AND ARE NOT INTENDED AS THE EXCLUSIVE INDICATORS.

# WEEKLY UNEMPLOYMENT CLAIMS

6



- NOTE: THE MARKET INDICATORS CONTAINED IN THE BOARD MATERIALS ARE A SUBSET OF INDICATORS RELEVANT TO FUND PERFORMANCE AND STRATEGIC PLANNING AND ARE NOT INTENDED AS THE EXCLUSIVE INDICATORS.

# UNEMPLOYMENT RATE

7

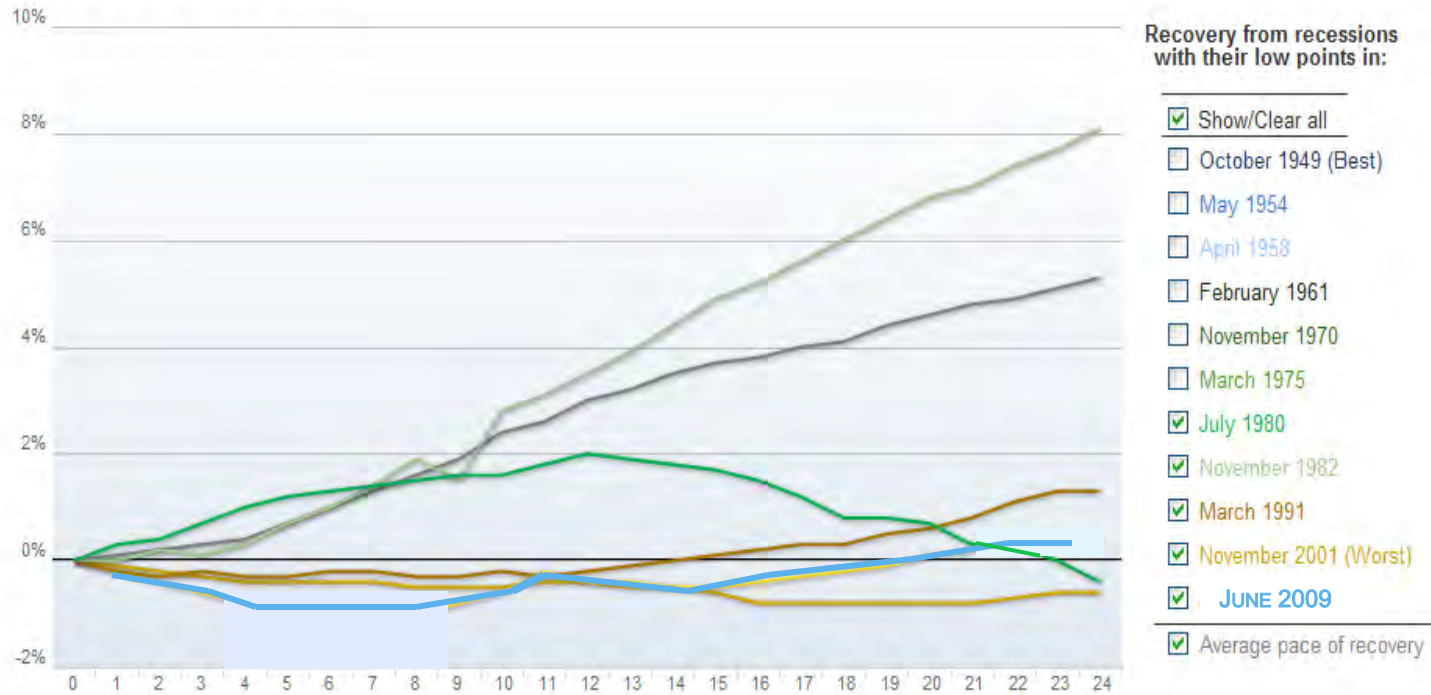


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# US JOBS (NON-AGRICULTURAL PAYROLLS)

8

U.S. non-agricultural payrolls, monthly



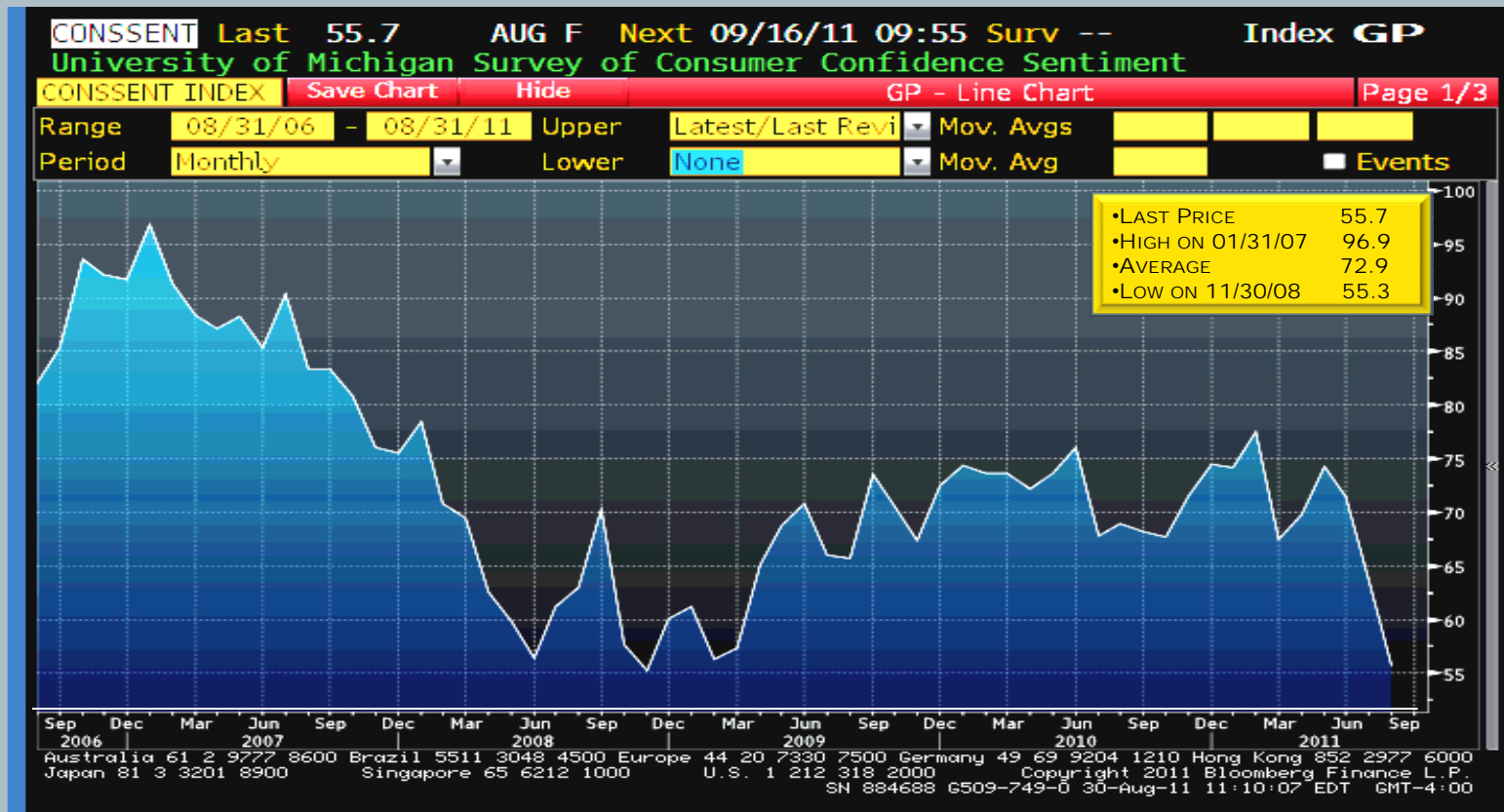
Sources: Commerce Department (corporate profits, income, GDP); Federal Reserve (bank lending); Robert J. Shiller (real home prices); Labor Department (jobs); Federal Reserve Bank of St. Louis (inflation-adjusted exports and consumer spending)

- NOTES: THE MARKET INDICATORS CONTAINED IN THE BOARD MATERIALS ARE A SUBSET OF INDICATORS RELEVANT TO FUND PERFORMANCE AND STRATEGIC PLANNING AND ARE NOT INTENDED AS THE EXCLUSIVE INDICATORS.



# CONSUMER SENTIMENT

9



- NOTE: THE MARKET INDICATORS CONTAINED IN THE BOARD MATERIALS ARE A SUBSET OF INDICATORS RELEVANT TO FUND PERFORMANCE AND STRATEGIC PLANNING AND ARE NOT INTENDED AS THE EXCLUSIVE INDICATORS.

# ARCHITECTURAL BILLINGS INDEX

10



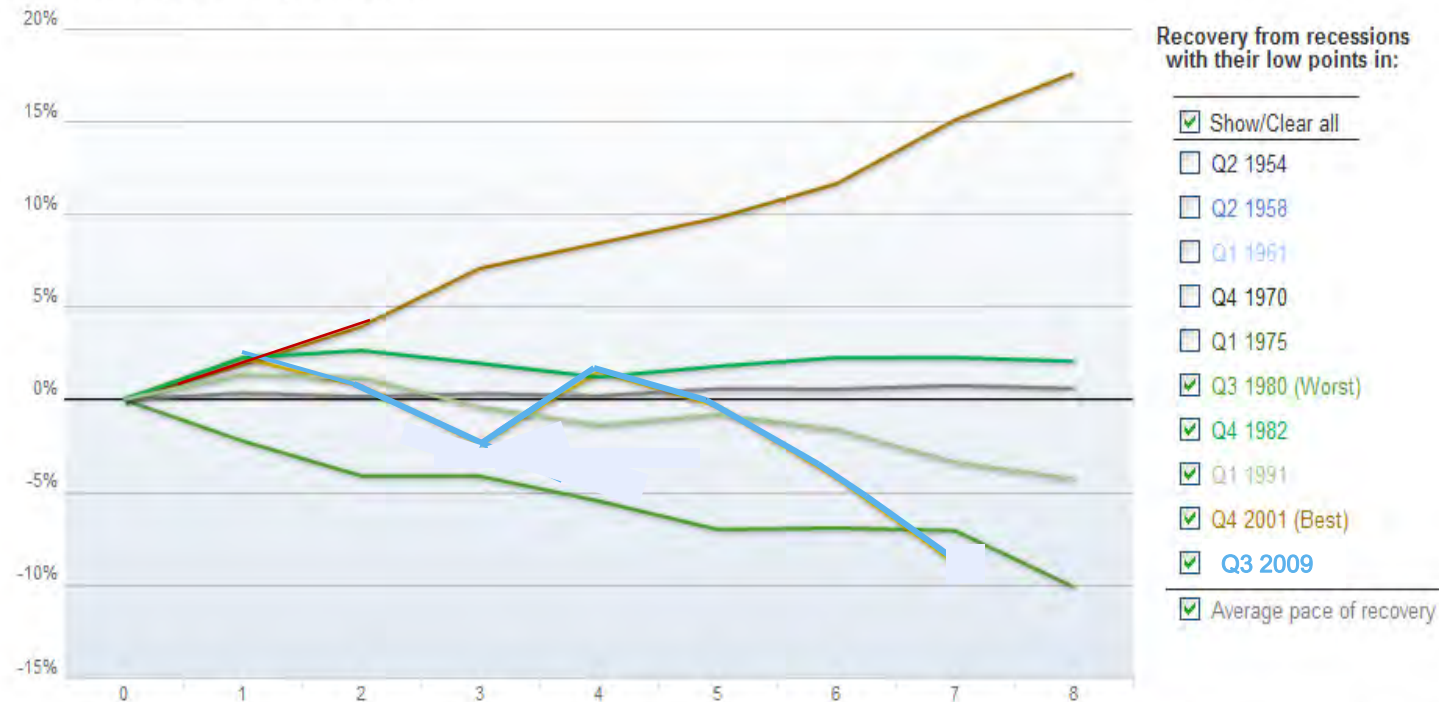
- A SCORE ABOVE 50 INDICATES AN INCREASE IN BILLINGS WHILE A READING BELOW 50 INDICATES A NEGATIVE OUTLOOK
- THIS INDEX IS CONSIDERED A LEADING INDICATOR FOR COMMERCIAL BUILDING CONSTRUCTION WITH A 6-9 MONTH LAG
- NOTE: THE MARKET INDICATORS CONTAINED IN THE BOARD MATERIALS ARE A SUBSET OF INDICATORS RELEVANT TO FUND PERFORMANCE AND STRATEGIC PLANNING AND ARE NOT INTENDED AS THE EXCLUSIVE INDICATORS.



# US HOUSE PRICES (INFLATION ADJUSTED)

11

U.S. house prices, inflation adjusted, quarterly

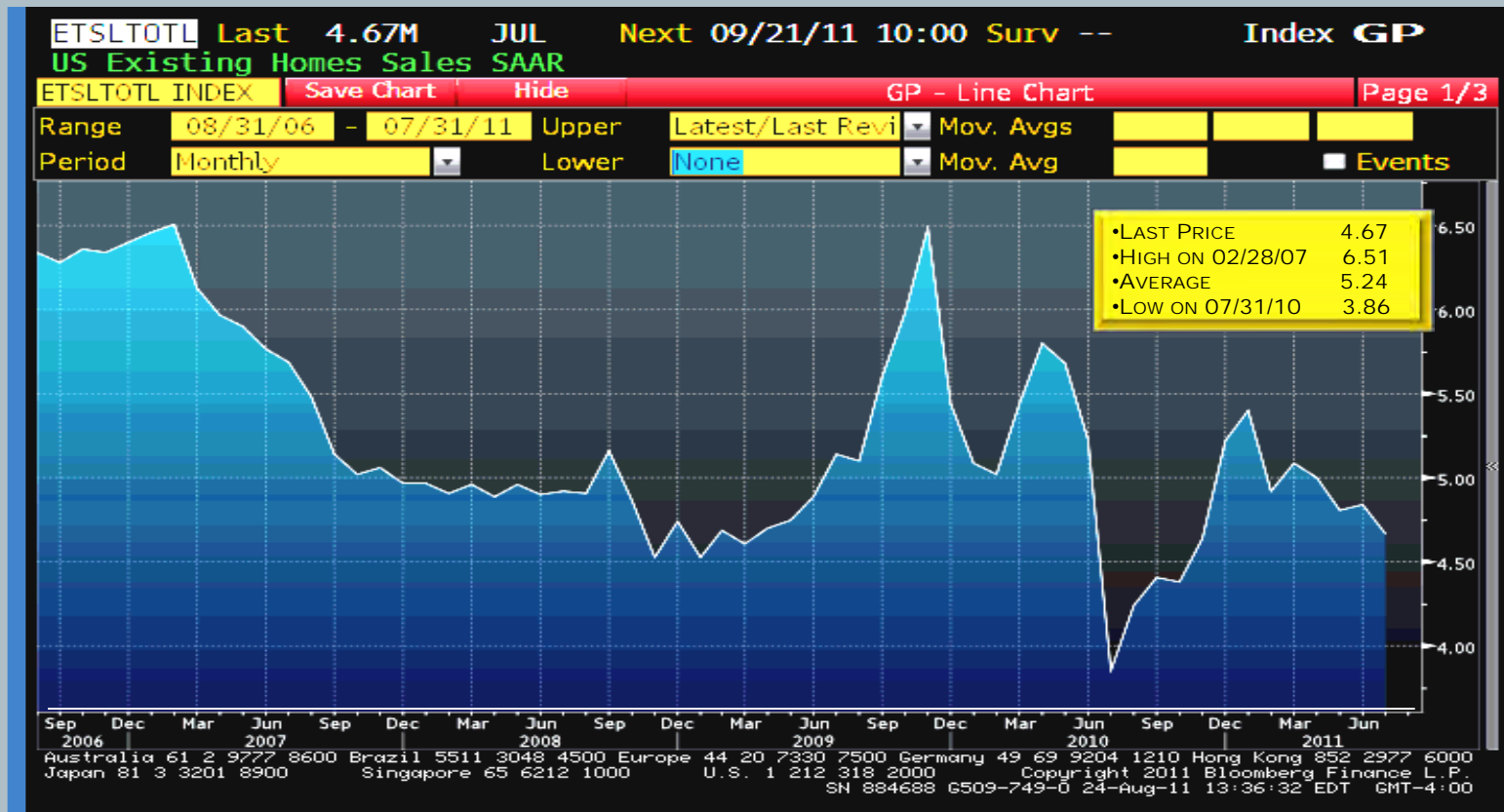


Sources: Commerce Department (corporate profits, income, GDP); Federal Reserve (bank lending); Robert J. Shiller (real home prices); Labor Department (jobs); Federal Reserve Bank of St. Louis (inflation-adjusted exports and consumer spending)

- **NOTES: THE MARKET INDICATORS CONTAINED IN THE BOARD MATERIALS ARE A SUBSET OF INDICATORS RELEVANT TO FUND PERFORMANCE AND STRATEGIC PLANNING AND ARE NOT INTENDED AS THE EXCLUSIVE INDICATORS.**
- **QUARTERLY REAL HOME PRICES DATA BEGAN IN 1953. RECOVERY DATA BEFORE 1953 ARE NOT INCLUDED IN RANKINGS OR AVERAGES**

# EXISTING HOME SALES

12



- NOTE: THE MARKET INDICATORS CONTAINED IN THE BOARD MATERIALS ARE A SUBSET OF INDICATORS RELEVANT TO FUND PERFORMANCE AND STRATEGIC PLANNING AND ARE NOT INTENDED AS THE EXCLUSIVE INDICATORS.

# NEW HOUSING STARTS

13



- NOTE: THE MARKET INDICATORS CONTAINED IN THE BOARD MATERIALS ARE A SUBSET OF INDICATORS RELEVANT TO FUND PERFORMANCE AND STRATEGIC PLANNING AND ARE NOT INTENDED AS THE EXCLUSIVE INDICATORS.

# RETAIL SALES

14



- NOTE: THE MARKET INDICATORS CONTAINED IN THE BOARD MATERIALS ARE A SUBSET OF INDICATORS RELEVANT TO FUND PERFORMANCE AND STRATEGIC PLANNING AND ARE NOT INTENDED AS THE EXCLUSIVE INDICATORS.

# US AUTO SALES

15



- NOTE: THE MARKET INDICATORS CONTAINED IN THE BOARD MATERIALS ARE A SUBSET OF INDICATORS RELEVANT TO FUND PERFORMANCE AND STRATEGIC PLANNING AND ARE NOT INTENDED AS THE EXCLUSIVE INDICATORS.

# INDEX OF LEADING ECONOMIC INDICATORS

16

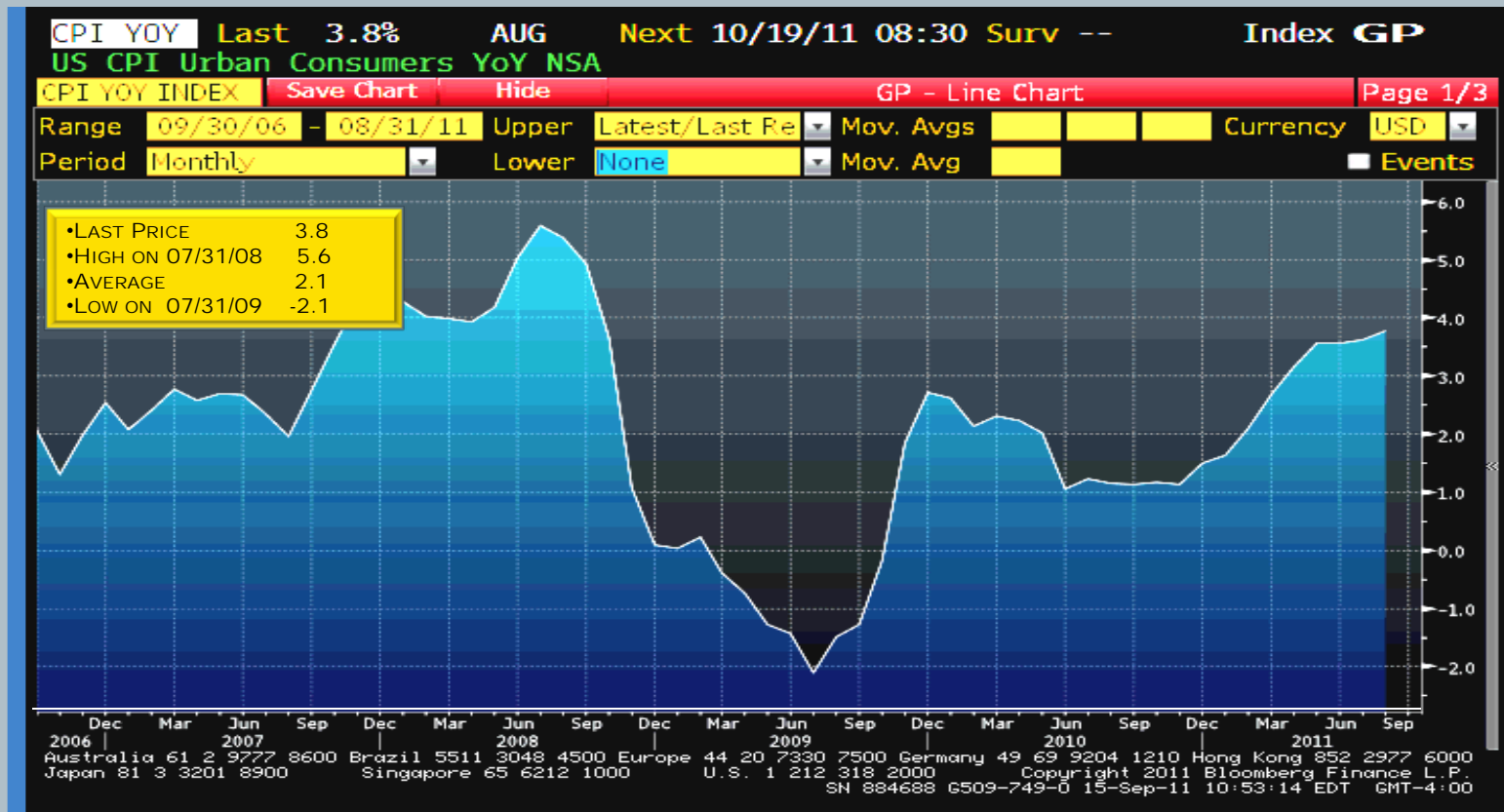


- THE INDEX OF LEI IS COMPOSED OF: AVE. WEEKLY MANUFACTURING HRS, AVE. WEEKLY JOBLESS CLAIMS, MANUFACTURERS' NEW ORDERS-CONSUMER & CAPITAL, VENDOR PERFORMANCE, NEW BUILDING PERMITS, STOCK PRICES, MONEY SUPPLY-M2, INT. RATE SPREADS & CONSUMER EXPECTATIONS
- NOTE: THE MARKET INDICATORS CONTAINED IN THE BOARD MATERIALS ARE A SUBSET OF INDICATORS RELEVANT TO FUND PERFORMANCE AND STRATEGIC PLANNING AND ARE NOT INTENDED AS THE EXCLUSIVE INDICATORS.



# INFLATION- CPI

17



- NOTE: THE MARKET INDICATORS CONTAINED IN THE BOARD MATERIALS ARE A SUBSET OF INDICATORS RELEVANT TO FUND PERFORMANCE AND STRATEGIC PLANNING AND ARE NOT INTENDED AS THE EXCLUSIVE INDICATORS.

# **MARKET INDICATORS**

*as of September 2011*



**NYC OFFICE OF THE COMPTROLLER  
BUREAU OF ASSET MANAGEMENT**



# TRADE WEIGHTED US DOLLAR INDEX

19



- **NOTE: THE MARKET INDICATORS CONTAINED IN THE BOARD MATERIALS ARE A SUBSET OF INDICATORS RELEVANT TO FUND PERFORMANCE AND STRATEGIC PLANNING AND ARE NOT INTENDED AS THE EXCLUSIVE INDICATORS.**

# USD/EUR EXCHANGE RATE

20



- NOTE: THE MARKET INDICATORS CONTAINED IN THE BOARD MATERIALS ARE A SUBSET OF INDICATORS RELEVANT TO FUND PERFORMANCE AND STRATEGIC PLANNING AND ARE NOT INTENDED AS THE EXCLUSIVE INDICATORS.

# VOLATILITY INDEX (VIX)

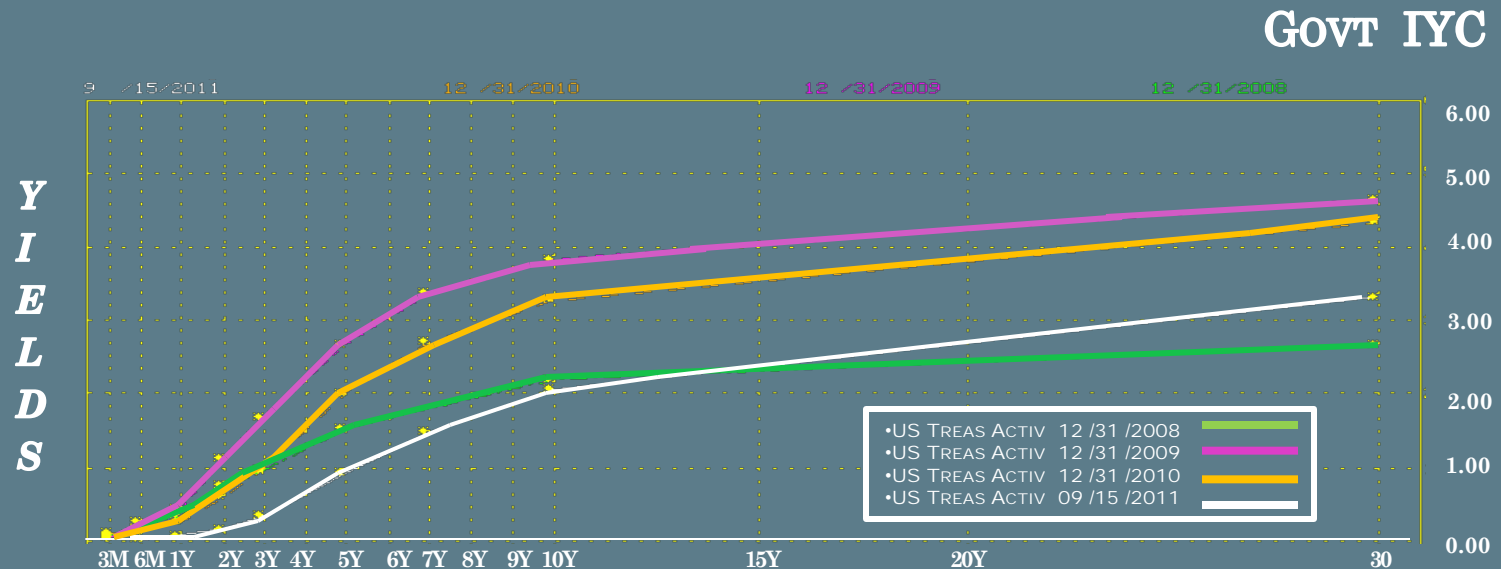
21



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# US TREASURY YIELD CURVES

22



## MULTIPLE HISTORICAL CURVES

- NOTE: THE MARKET INDICATORS CONTAINED IN THE BOARD MATERIALS ARE A SUBSET OF INDICATORS RELEVANT TO FUND PERFORMANCE AND STRATEGIC PLANNING AND ARE NOT INTENDED AS THE EXCLUSIVE INDICATORS.

# 10 YEAR TREASURY RATES

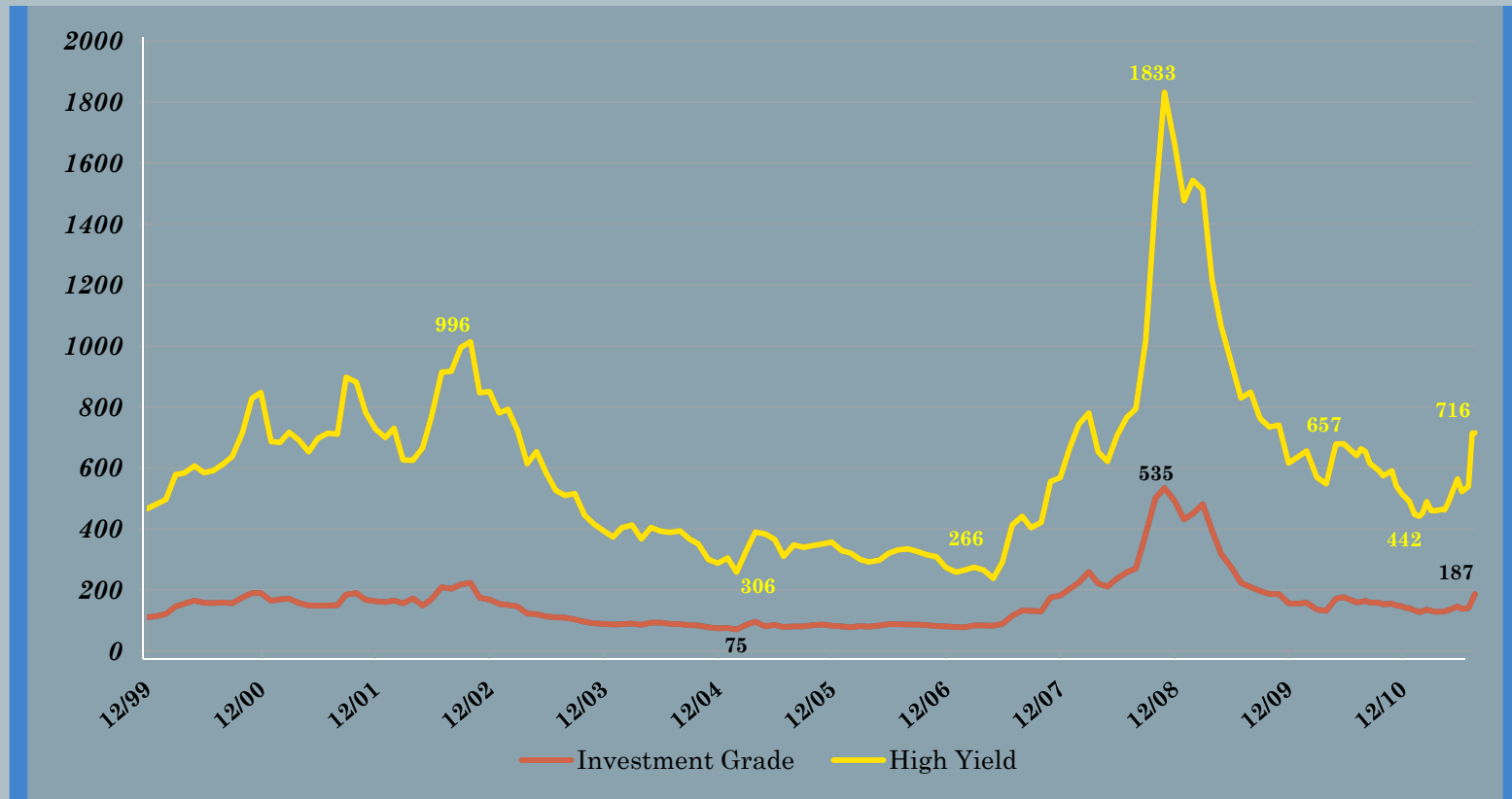
23



- NOTE: THE MARKET INDICATORS CONTAINED IN THE BOARD MATERIALS ARE A SUBSET OF INDICATORS RELEVANT TO FUND PERFORMANCE AND STRATEGIC PLANNING AND ARE NOT INTENDED AS THE EXCLUSIVE INDICATORS.

# INVESTMENT GRADE AND HY SPREADS

24



- NOTE: THE MARKET INDICATORS CONTAINED IN THE BOARD MATERIALS ARE A SUBSET OF INDICATORS RELEVANT TO FUND PERFORMANCE AND STRATEGIC PLANNING AND ARE NOT INTENDED AS THE EXCLUSIVE INDICATORS.

# CORPORATE EARNINGS

## S & P 500 EARNINGS PER SHARE & P/E RATIO

62

25

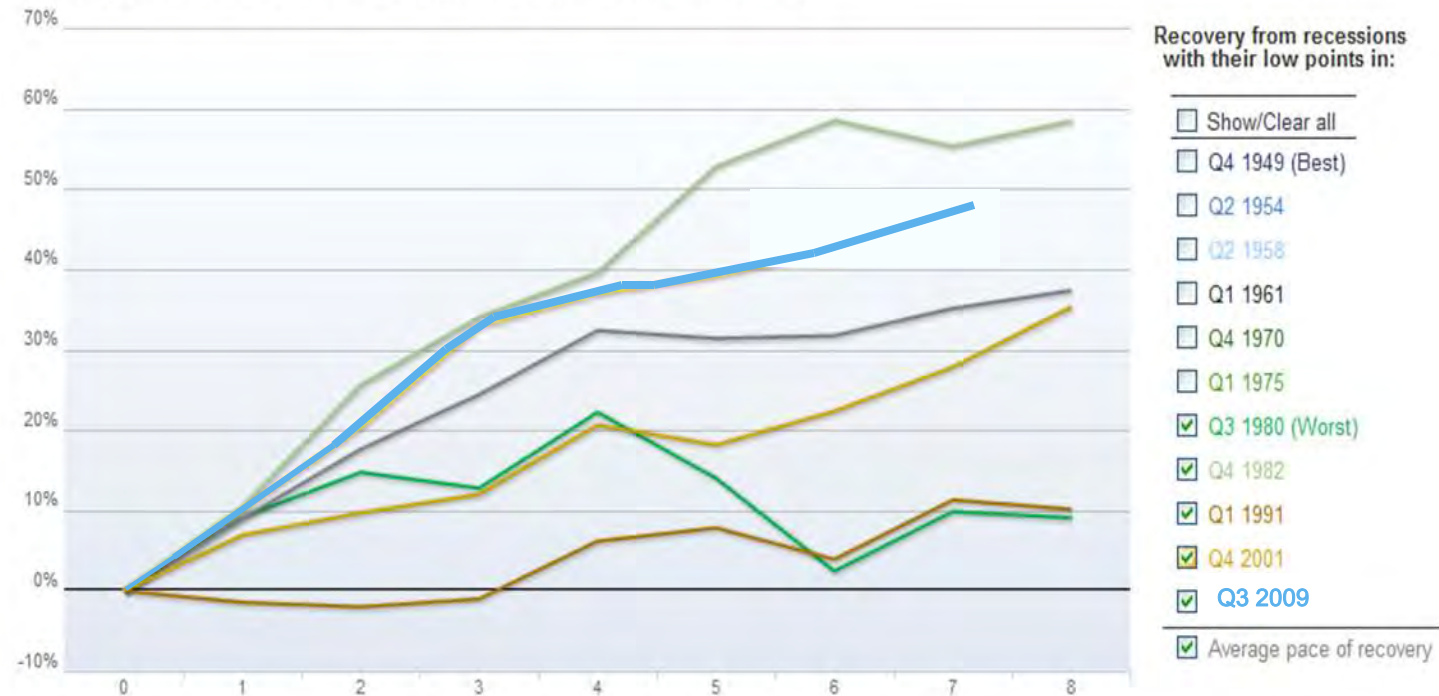


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# CORPORATE PROFITS

26

Corporate profits with inventory valuation and capital consumption adjustments, quarterly



Sources: Commerce Department (corporate profits, income, GDP); Federal Reserve (bank lending); Robert J. Shiller (real home prices); Labor Department (jobs); Federal Reserve Bank of St. Louis (inflation-adjusted exports and consumer spending)

- **NOTE: THE MARKET INDICATORS CONTAINED IN THE BOARD MATERIALS ARE A SUBSET OF INDICATORS RELEVANT TO FUND PERFORMANCE AND STRATEGIC PLANNING AND ARE NOT INTENDED AS THE EXCLUSIVE INDICATORS.**



# PRICE TO EARNING RATIOS INCLUDING ESTIMATES

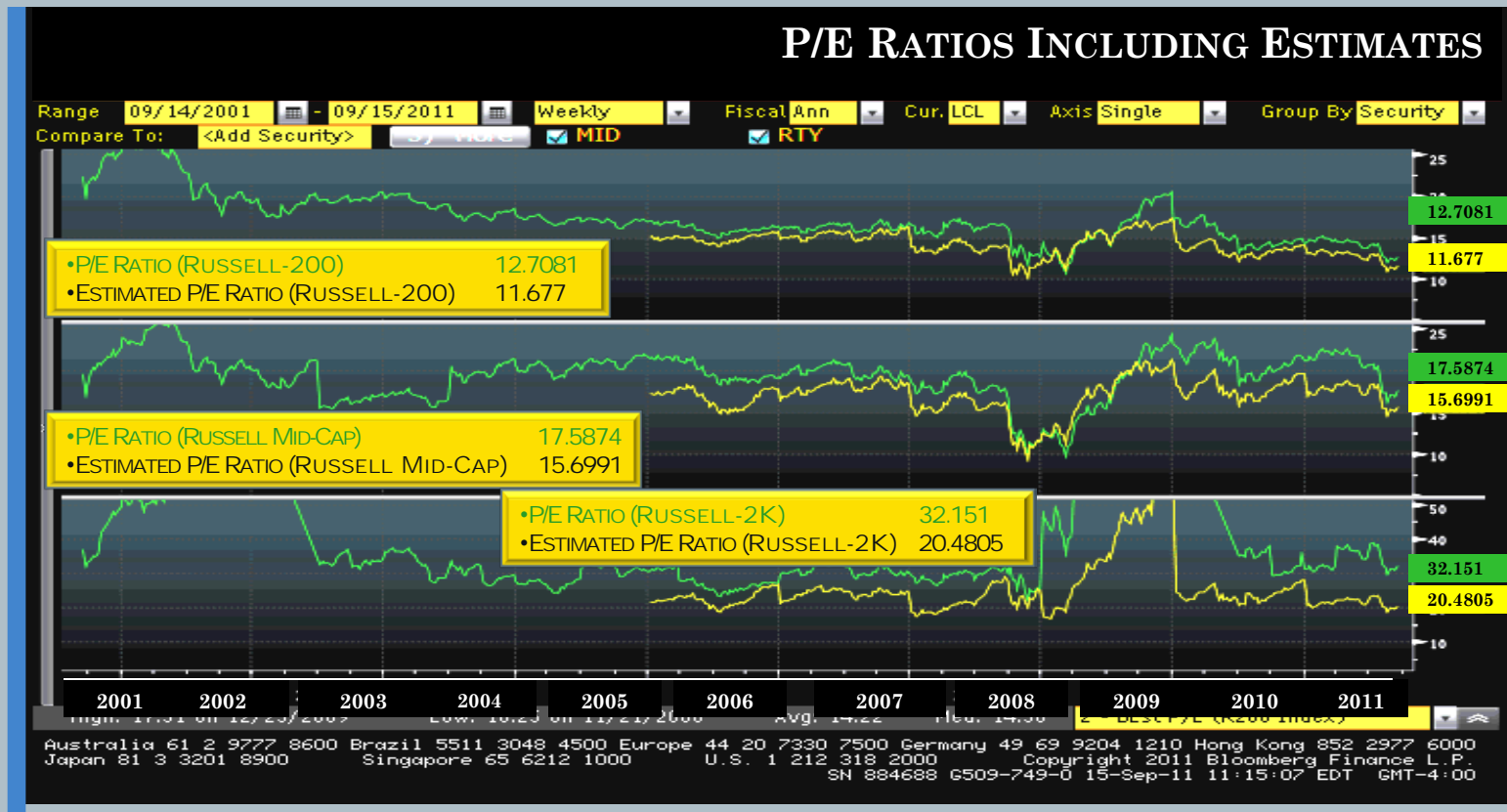
27



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# PRICE TO EARNING RATIOS INCLUDING ESTIMATES

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- NOTE: THE MARKET INDICATORS CONTAINED IN THE BOARD MATERIALS ARE A SUBSET OF INDICATORS RELEVANT TO FUND PERFORMANCE AND STRATEGIC PLANNING AND ARE NOT INTENDED AS THE EXCLUSIVE INDICATORS.

# RECENT GLOBAL EQUITY MARKET RETURNS

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## COMPARATIVE RETURNS

Range		9/15/10 - 9/14/11		Period	Daily	364 Day	Period
Securities		Crncy	Prc	Appr	Total Ret	Difference	Annual Eq
1	RAY Index	USD	6.40 %		8.38 %	14.62 %	8.41 %
2	MXEA Index	USD	-9.42 %		-6.24 %		-6.26 %
3	MXEF Index	USD	-8.24 %		-5.96 %	.29 %	-5.97 %

(\* = No dividends or coupons)

- RUSSELL 3000 INDEX = RAY INDEX USD
- MSCI EAFE = MXEA INDEX USD
- MSCI EMERGING MKTS = MXEF INDEX USD

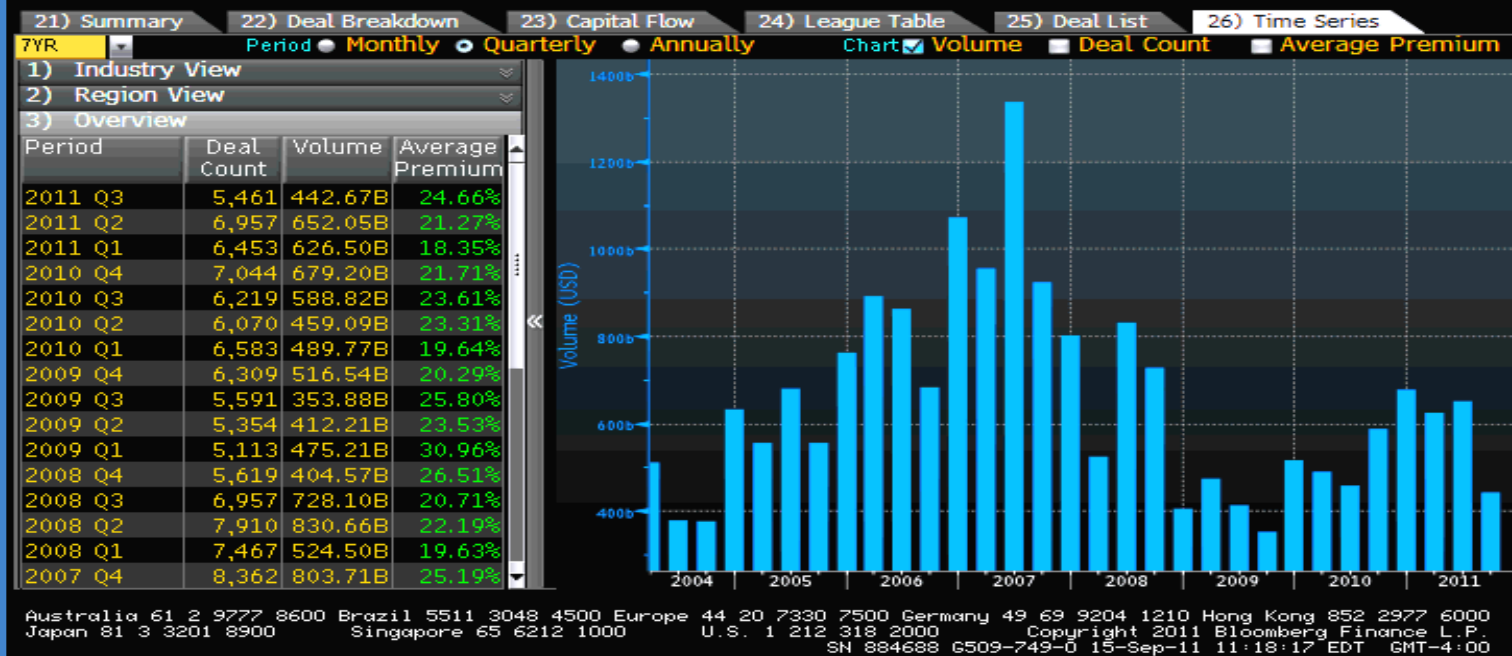


- NOTE: THE MARKET INDICATORS CONTAINED IN THE BOARD MATERIALS ARE A SUBSET OF INDICATORS RELEVANT TO FUND PERFORMANCE AND STRATEGIC PLANNING AND ARE NOT INTENDED AS THE EXCLUSIVE INDICATORS.

# MERGERS & ACQUISITIONS ACTIVITY

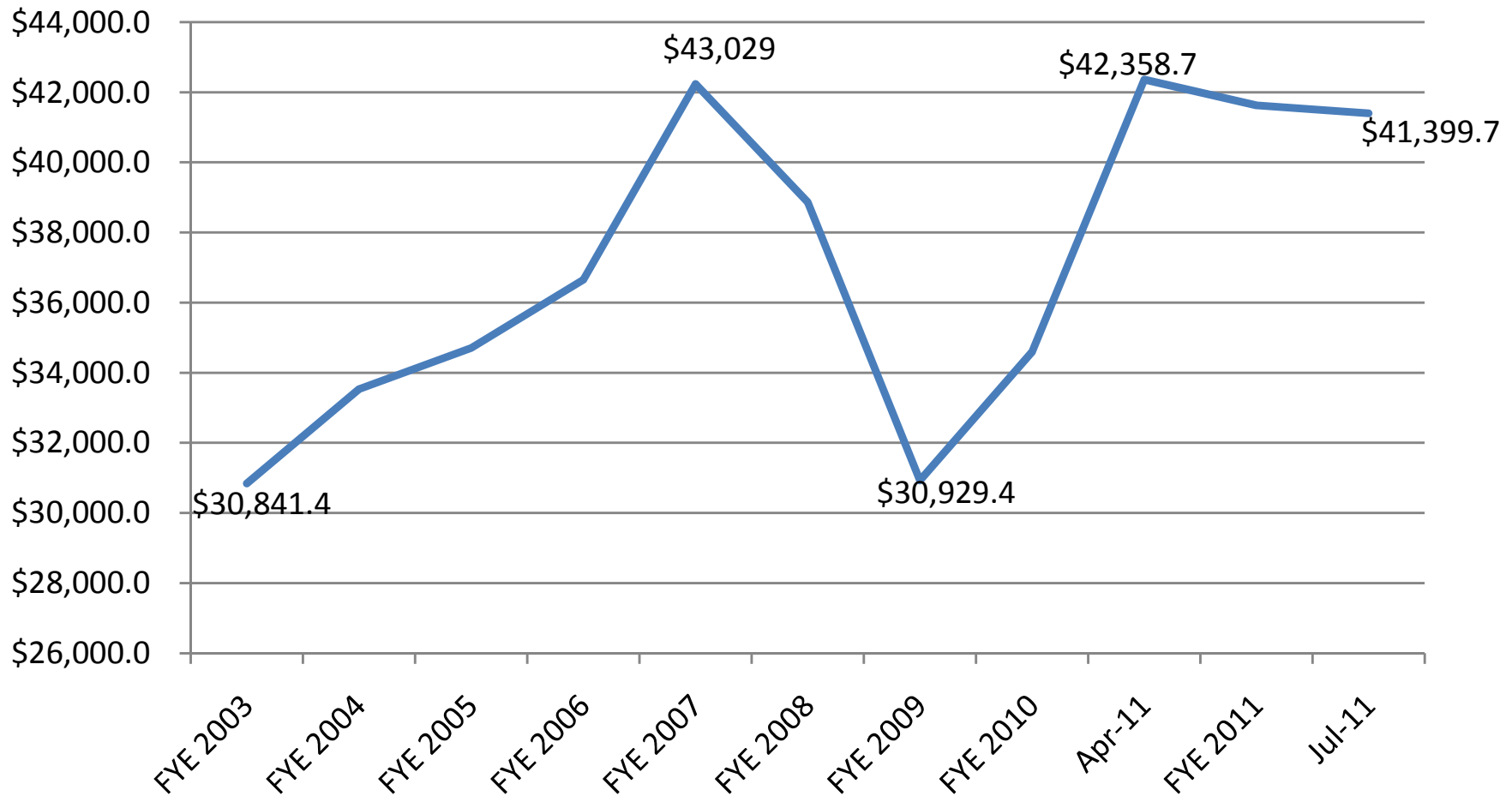
30

## MERGERS & ACQUISITIONS



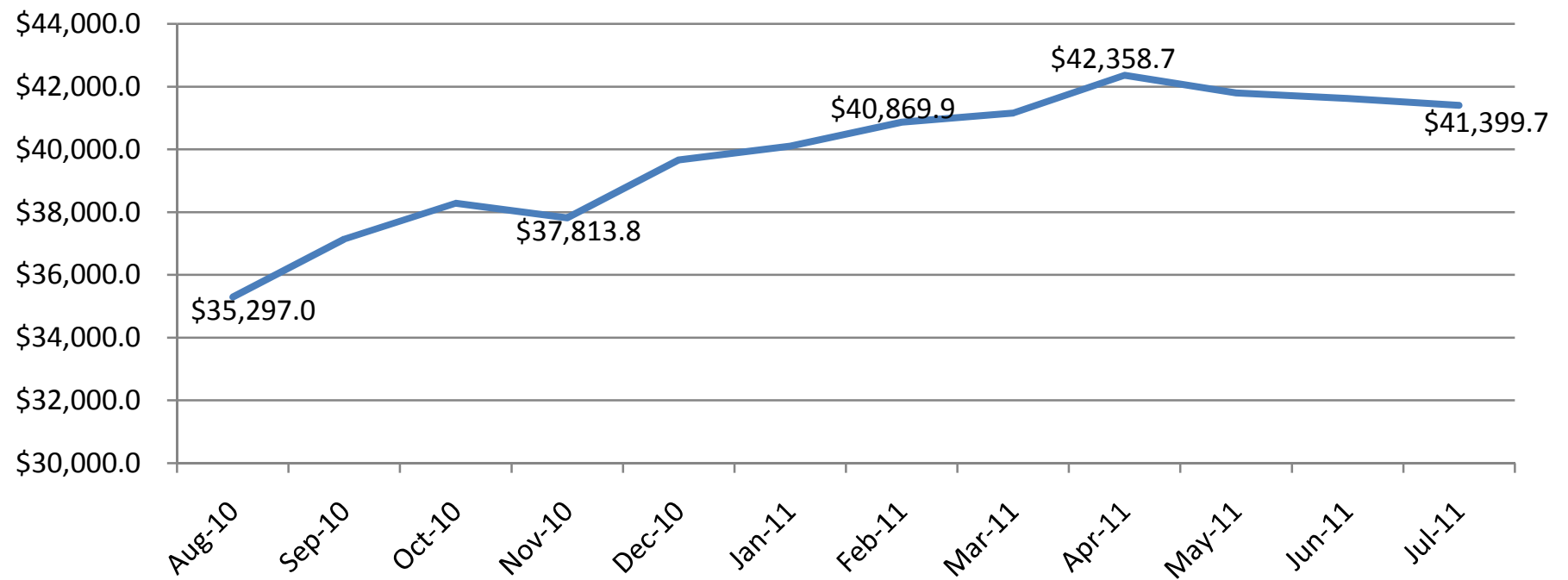
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## NYCERS - Market Values 2003 - 2011



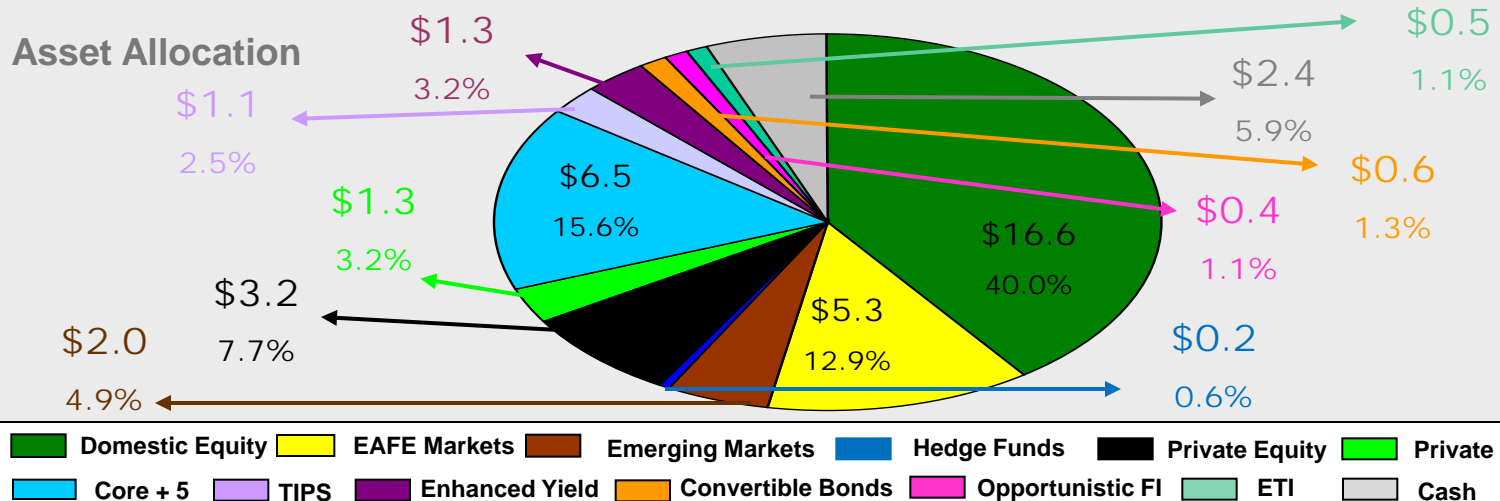
The July 2011 market value of \$41.400 billion is down 2.3% from its high of 42.359 billion in April 2011. Approximately \$6 billion of assets have been sold to pay benefits since September 2007. For the period of 2003-2011 NYCERS withdrew \$13B in assets from managers to pay benefits. This is an average of \$1.6B per year.

## NYCERS - Market Values August 2010 - July 2011

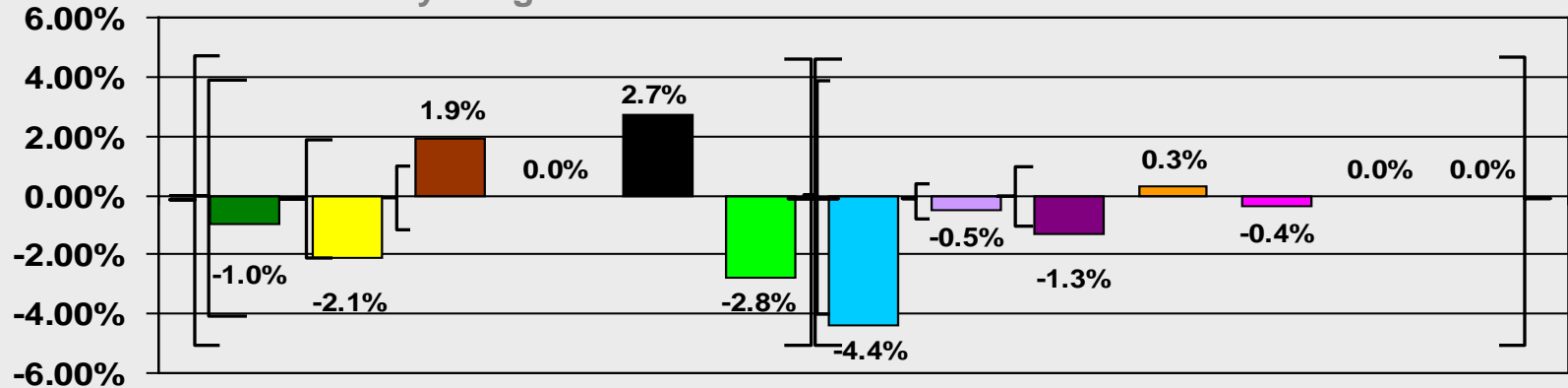


## Portfolio Asset Allocation: July 31, 2011

**\$41.4B** Under Management



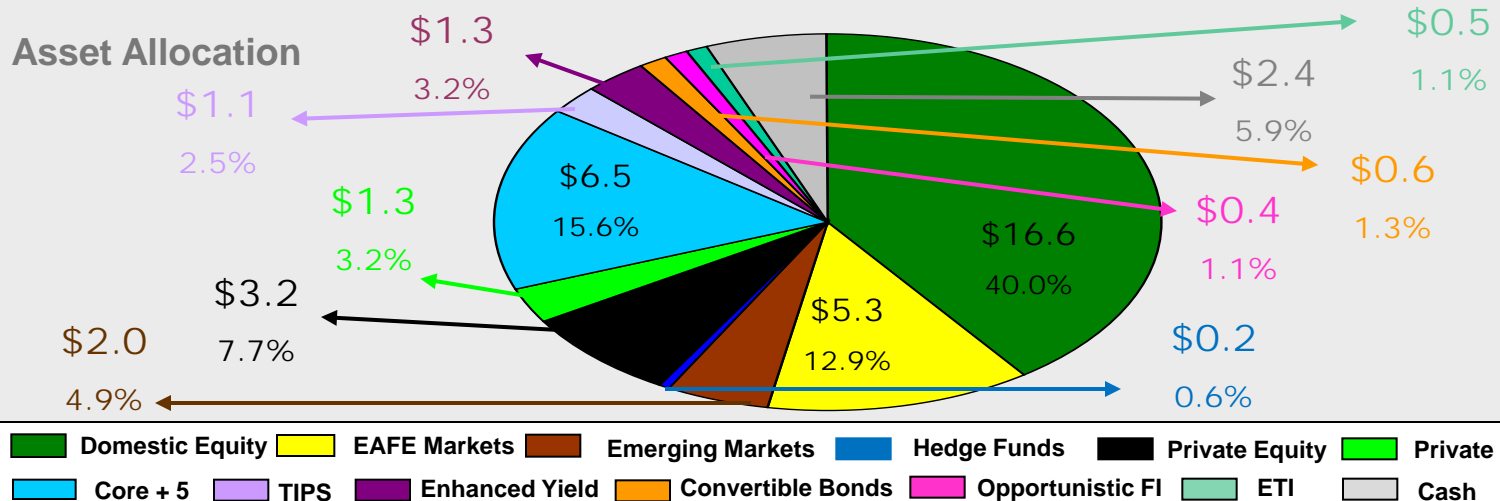
### Relative Mix to Old Policy Weights



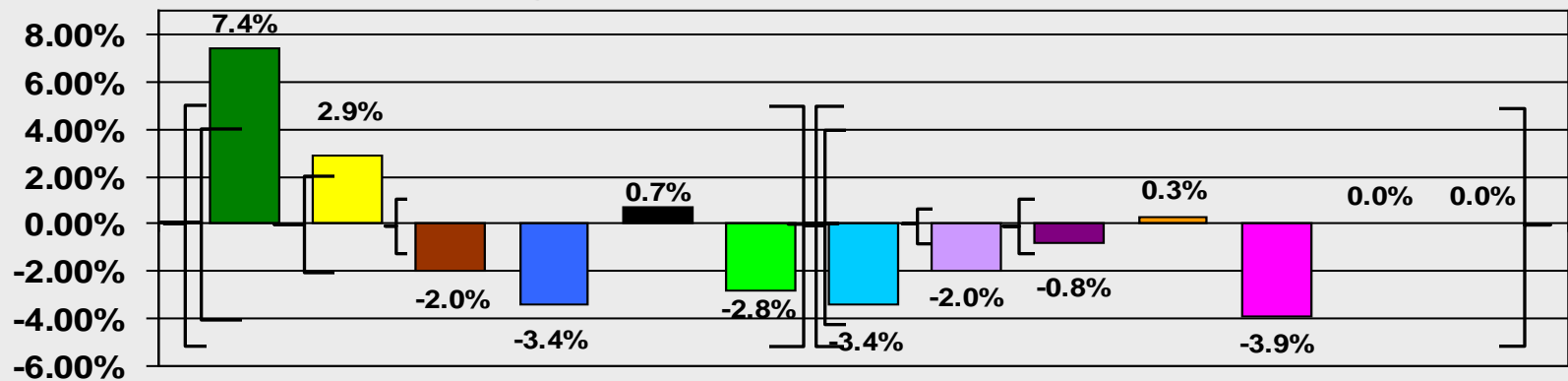
Note: Brackets represent rebalancing ranges versus policy.

## Portfolio Asset Allocation: July 31, 2011

**\$41.4B Under Management**



### Relative Mix to New Policy Weights

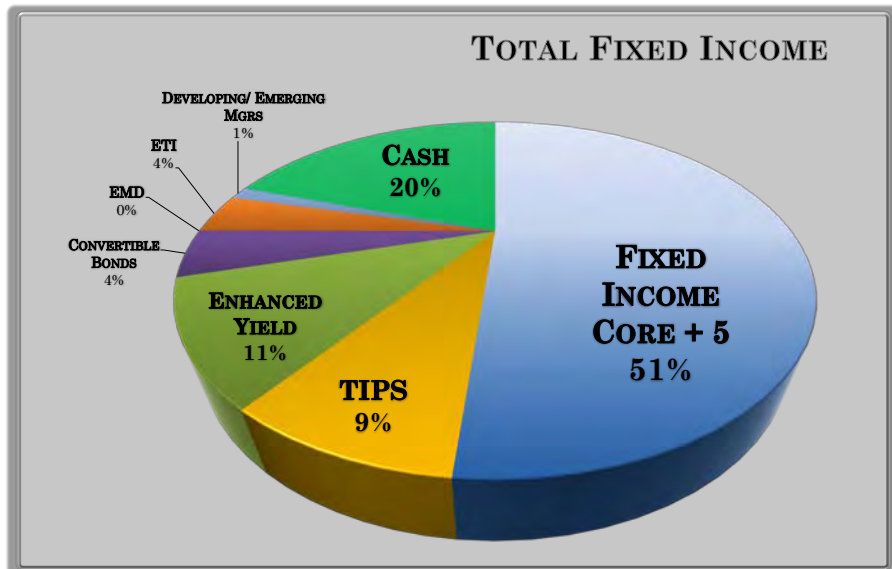
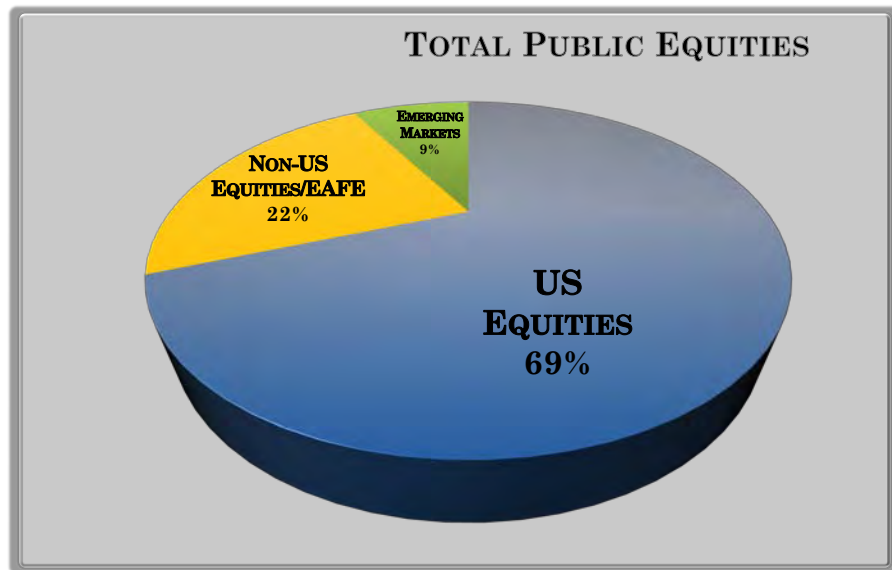


Note: Brackets represent rebalancing ranges versus policy.



**NYC EMPLOYEES' RETIREMENT SYSTEM**  
**CLASSIFICATION OF INVESTMENTS**  
(as of July 31st 2011)

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	In \$MM	Actual %	Old Policy %	New Policy %	Preliminary Rebalancing Range %
US Equities	\$16,562.9	40.0%	41.0%	32.6%	28.6%-36.6%
Non-US Equities/EAFE	\$5,332.7	12.9%	15.0%	10.4%	7.4%-13.4%
Emerging Markets	\$2,043.3	4.9%	3.0%	6.5%	4.5%-8.5%
Total Public Equities	\$23,938.9	57.8%	59.0%	49.5%	

	In \$MM	Actual %	Old Policy %	New Policy %	Preliminary Rebalancing Range %
US - Government	\$1,103.3	17.5%	21.2%	21.2%	Neutral to the Core + 5 Index Weights
US - Mortgage	\$2,868.8	45.4%	43.9%	43.9%	
US - Investment Grade	\$2,342.0	37.1%	35.0%	35.0%	
Fixed Income Core + 5	\$6,314.1	15.3%	20.0%	19.0%	14.0%-24.0%
TIPS	\$1,050.5	2.5%	3.0%	4.5%	3.5%-5.5%
Enhanced Yield	\$1,305.6	3.2%	4.5%	4.0%	2.0%-6.0%
Convertible Bonds	\$548.9	1.3%	1.0%	1.0%	1.0%
EMD	\$0.0	N/A	N/A	N/A	N/A
ETI	\$467.6	1.1%	*2.0%	*1.1%	1.1%
Developing/ Emerging Mgrs	\$150.9	0.4%	0.0%	0.0%	0.0%
Cash	\$2,441.5	5.9%	0.0%	0.0%	0.0%
Sub-total Fixed Income	\$12,278.9	29.7%	28.5%	28.5%	

	In \$MM	Actual %	Old Policy %	New Policy %	Preliminary Rebalancing Range %
Private Real Estate <sup>1</sup>	\$1,310.1	3.2%	6.0%	6.0%	4.0%-8.0%

	In \$MM	Actual %	Old Policy %	New Policy %	Preliminary Rebalancing Range %
Private Equity <sup>2</sup>	\$3,198.9	7.7%	5.0%	7.0%	5.0%-9.0%

	In \$MM	Actual %	Old Policy %	New Policy %	Preliminary Rebalancing Range %
Hedge Funds <sup>3</sup>	\$231.7	0.6%	0.0%	4.0%	3.0%-5.0%
Opportunistic Fixed Income	\$441.2	1.1%	1.5%	5.0%	2.0%-7.0%
Absolute Return	\$672.9	1.6%	1.5%	9.0%	

	IN \$MM	ACTUAL PERCENT	OLD POLICY %	NEW POLICY %	Preliminary Rebalancing Range %
TOTAL EQUITIES	\$28,447.9	69.3%	70.0%	66.5%	61.5%-71.5%
TOTAL FIXED INCOME	\$12,951.8	30.7%	30.0%	33.5%	28.5%-38.5%
TOTAL	\$41,399.7	100.0%	100.0%	100.0%	

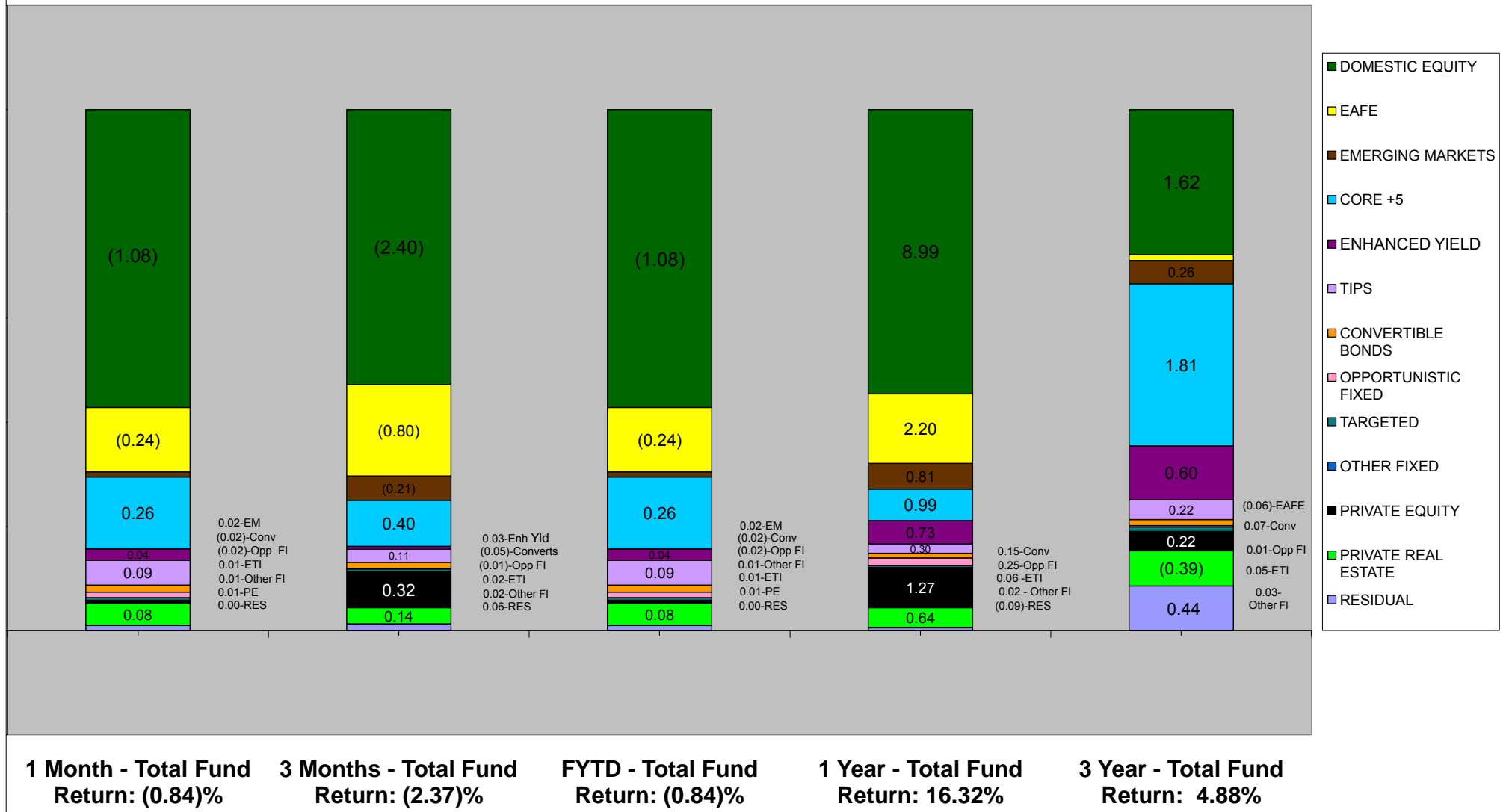
<sup>1</sup> UNINVESTED COMMITMENTS TO BE INVESTED AS FOLLOWS: 50% IN PUBLIC EQUITIES (POTENTIALLY PUBLIC REITs) & 50% IN FIXED INCOME

<sup>2</sup> UNINVESTED COMMITMENTS TO BE INVESTED PUBLIC EQUITIES THAT REFLECT ANTICIPATED GLOBAL NATURE OF ULTIMATE COMMITMENTS.

<sup>3</sup> UNINVESTED COMMITMENTS TO BE INVESTED AS FOLLOWS: 50% IN GLOBAL PUBLIC EQUITY & 50% FIXED INCOME.

\* ETI's HAVE A POLICY OF 2% OF THE TOTAL FUND. THE ETI ADJUSTED POLICY % IS SHOWN FOR ILLUSTRATIVE PURPOSES ONLY AND IS NOT INCLUDED IN THE SUB-TOTALS. THE ETI POLICY % IS INCLUDED WITHIN THE POLICY % OF THE OTHER ASSET CLASSES.

## NYC Employees' Retirement System Contribution to Return - July 2011



**THE BANK OF NEW YORK MELLON**  
**CITY OF NEW YORK**  
**Market Indicator Page \*NYC Employees' Retirement System**  
**July 31, 2011**

	Trailing 1 Month	Trailing 3 Months	06/30/11 07/31/11	Trailing 1 Year	Trailing* 2 Years	Trailing* 3 Years	Trailing* 5 Years	Trailing* 10 Years
<b><u>MARKET INDICATORS</u></b>								
STANDARD & POORS 500	-2.03	-4.76	-2.03	19.65	16.72	2.92	2.39	2.60
S&P MIDCAP INDEX 400	-3.53	-6.77	-3.53	25.77	24.31	7.20	6.45	7.72
RUSSELL 1000	-2.17	-4.91	-2.17	20.68	17.57	3.33	2.80	3.12
RUSSELL 2000	-3.61	-7.60	-3.61	23.92	21.16	5.18	4.01	6.47
RUSSELL 3000	-2.29	-5.14	-2.29	20.94	17.85	3.48	2.89	3.37
RUSSELL 3000 GROWTH	-1.25	-3.86	-1.25	25.12	19.38	5.40	5.56	2.60
RUSSELL 3000 VALUE	-3.32	-6.39	-3.32	16.90	16.35	1.49	0.14	3.93
MSCI EAFE (NET DIVIDEND)	-1.59	-5.69	-1.59	17.17	11.59	-1.23	0.95	5.69
MSCI EMERGING MARKETS FREE	-0.38	-4.40	-0.38	17.79	19.02	5.73	11.34	17.27
FTSE CUSTOM BENCHMARK	-0.33	-4.32	-0.33	19.68	22.57	7.21	12.57	****
MSCI WORLD INDEX	-1.79	-5.21	-1.79	19.16	14.70	1.27	2.35	4.47
MSCI EUROPE SMID CAP INDEX	-4.23	-9.81	-4.23	21.43	18.29	1.45	****	****
NYC - TREASURY AGENCY PLUS FIVE	3.22	5.02	3.22	4.84	7.66	7.73	7.94	6.81
CITIGROUP MORTGAGE	0.92	2.14	0.92	3.90	5.81	7.35	6.90	5.77
NYC - INVESTMENT GRADE CREDIT INDEX	2.21	2.95	2.21	6.26	9.29	8.92	6.87	6.14
NYC - CORE PLUS FIVE	1.85	3.03	1.85	4.86	7.36	8.06	7.25	6.20
CITIGROUP BROAD INVESTMENT GRADE	1.57	2.63	1.57	4.23	6.41	7.15	6.74	5.78
BARCLAYS CAPITAL AGGREGATE	1.59	2.61	1.59	4.44	6.65	7.05	6.57	5.68
CITIGROUP BB & B	1.42	1.15	1.42	12.39	15.10	9.11	6.80	7.34
BofA MERRILL LYNCH HY MASTER II	1.24	0.71	1.24	12.91	18.47	13.47	9.24	8.72
BARCLAYS CAPITAL GLOBAL US TIPS (INFLATION NOTES)	3.91	5.07	3.91	11.79	10.73	6.84	7.40	7.19
BofA ML ALL CONVERTIBLES EX MANDATORY	-2.12	-4.32	-2.12	14.83	17.04	7.80	****	****
DJ WILSHIRE REAL ESTATE SECURITIES INDEX	1.73	-0.15	1.73	25.23	39.45	4.23	1.23	10.80
NCREIF NFI-ODCE NET	0.00	4.58	0.00	19.58	5.56	-8.43	-0.86	****
91 DAY TREASURY BILL	-0.01	0.01	-0.01	0.14	0.15	0.36	1.91	2.09

**THE BANK OF NEW YORK MELLON**  
**CITY OF NEW YORK**  
**Market Indicator Page \*NYC Employees' Retirement System**  
**August 31, 2011**

	Trailing 1 Month	Trailing 3 Months	06/30/11 08/31/11	Trailing 1 Year	Trailing* 2 Years	Trailing* 3 Years	Trailing* 5 Years	Trailing* 10 Years
<b><u>MARKET INDICATORS</u></b>								
STANDARD & POORS 500	-5.43	-8.90	-7.36	18.50	11.51	0.54	0.78	2.69
S&P MIDCAP INDEX 400	-7.11	-12.22	-10.40	22.89	17.26	4.01	4.65	7.28
RUSSELL 1000	-5.76	-9.41	-7.80	19.06	12.11	0.84	1.11	3.16
RUSSELL 2000	-8.70	-14.03	-12.00	22.19	14.14	0.83	1.54	5.85
RUSSELL 3000	-6.00	-9.80	-8.15	19.30	12.27	0.84	1.14	3.36
RUSSELL 3000 GROWTH	-5.55	-8.12	-6.73	24.25	14.88	3.01	3.72	2.87
RUSSELL 3000 VALUE	-6.45	-11.44	-9.55	14.55	9.72	-1.38	-1.54	3.64
MSCI EAFE (NET DIVIDEND)	-9.03	-11.60	-10.48	10.01	3.65	-2.97	-1.48	4.96
MSCI EMERGING MARKETS FREE	-8.90	-10.60	-9.24	9.40	13.79	5.36	8.72	16.29
FTSE CUSTOM BENCHMARK	-8.44	-9.80	-8.75	11.06	16.49	6.95	9.73	****
MSCI WORLD INDEX	-7.00	-10.08	-8.67	15.06	8.37	-0.71	0.35	4.22
MSCI EUROPE SMID CAP INDEX	-9.79	-16.29	-13.61	14.55	7.95	-1.34	****	****
NYC - TREASURY AGENCY PLUS FIVE	5.43	7.91	8.82	6.29	9.82	9.03	8.60	7.20
CITIGROUP MORTGAGE	1.29	2.30	2.22	5.06	6.11	7.39	6.87	5.81
NYC - INVESTMENT GRADE CREDIT INDEX	0.34	1.86	2.56	4.51	8.49	8.78	6.55	6.05
NYC - CORE PLUS FIVE	1.83	3.32	3.72	5.08	7.70	8.31	7.27	6.27
CITIGROUP BROAD INVESTMENT GRADE	1.56	2.87	3.16	4.46	6.68	7.34	6.74	5.83
BARCLAYS CAPITAL AGGREGATE	1.46	2.77	3.07	4.62	6.88	7.23	6.56	5.71
CITIGROUP BB & B	-3.32	-2.72	-1.94	8.44	12.87	7.74	5.72	6.84
BofA MERRILL LYNCH HY MASTER II	-4.01	-3.80	-2.82	8.22	14.90	11.81	8.00	8.19
BARCLAYS CAPITAL GLOBAL US TIPS (INFLATION NOTES)	0.82	5.61	4.76	10.80	10.70	6.84	7.20	7.26
BofA ML ALL CONVERTIBLES EX MANDATORY	-5.31	-9.10	-7.32	10.06	12.05	5.86	****	****
DJ WILSHIRE REAL ESTATE SECURITIES INDEX	-5.68	-7.24	-4.05	19.82	26.42	1.41	-0.63	9.78
NCREIF NFI-ODCE NET	0.00	4.58	0.00	19.58	5.56	-8.43	-0.86	****
91 DAY TREASURY BILL	0.02	0.02	0.02	0.15	0.15	0.32	1.83	2.06

THE BANK OF NEW YORK MELLON

CITY OF NEW YORK

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Manager / Benchmark Comparison Report \*NYC Employees' Retirement System

July 31, 2011

	Assets (\$MM)	% of Total	Trailing 1 Month	Trailing 3 Months	Fiscal YTD	Calendar YTD	Calendar YTD 2010	Calendar YTD 2009	Calendar YTD 2008	Calendar YTD 2007	Trailing 1 Year	Trailing* 3 Years	Trailing* 5 Years	Trailing* 10 Years	Since Inception
<b>ASSET CLASS SUMMARY</b>															
DOMESTIC EQUITY	\$ 16,562.9	40.01%	-2.65%	-5.53%	-2.65%	3.81%	17.16%	28.26%	-36.69%	5.04%	20.62%	3.74%	3.05%	3.43%	10.94%
INTERNATIONAL EAFE	5,332.7	12.88%	-1.80	-5.97	-1.80	2.85	11.17	33.66	-44.37	11.14	18.30	-0.43	1.53	****	6.36
EMERGING MARKETS	2,043.3	4.94%	0.38	-4.21	0.38	-0.22	26.33	86.55	-54.13	42.87	21.07	7.60	13.10	****	14.96
CORE + 5	6,314.1	15.25%	1.74	2.75	1.74	5.04	9.42	9.65	3.27	6.65	5.80	9.00	7.64	6.48	8.74
CONVERTIBLE BONDS	548.9	1.33%	-1.90	-3.90	-1.90	2.42	14.54	33.08	****	****	13.42	6.89	****	****	4.80
TIPS MANAGERS	1,050.5	2.54%	3.69	4.84	3.69	9.25	6.47	10.15	-0.66	11.70	10.95	6.86	7.45	****	6.11
ENHANCED YIELD	1,305.6	3.15%	1.34	0.73	1.34	7.21	14.24	40.25	-18.55	3.83	13.78	12.28	9.17	8.36	8.43
PROGRESS FIXED EMERGING MGRS	96.9	0.23%	1.76	2.49	1.76	4.52	7.43	8.78	6.21	3.77	5.29	8.39	7.29	6.64	6.71
OPPORTUNISTIC FIXED	441.2	1.07%	-1.86	-0.60	-1.86	11.82	26.01	19.13	-6.33	****	20.52	17.40	****	****	9.86
CORE PLUS FIXED INCOME	53.9	0.13%	1.62	2.43	1.62	5.28	7.46	****	****	****	6.05	****	****	****	9.57
ECONOMICALLY TARGETED INVESTMENTS	467.6	1.13%	0.87	1.79	0.87	3.65	6.87	8.23	6.28	7.49	5.12	7.66	7.20	6.71	10.04
PRIVATE EQUITY	3,198.9	7.73%	0.14	4.43	0.14	12.76	14.02	-4.17	-2.73	13.63	17.93	5.18	7.60	****	12.70
PRIVATE REAL ESTATE	1,310.1	3.16%	2.66	4.82	2.66	16.44	8.46	-43.87	-7.38	40.33	26.35	-12.98	0.31	****	6.03
HEDGE FUNDS	231.7	0.56%	0.48	****	0.48	****	****	****	****	****	****	****	****	****	0.48
CASH	2,429.8	5.87%	0.12	0.39	0.12	0.72	0.26	1.38	3.50	5.54	0.52	1.33	2.72	2.64	5.59
<b>TOTAL EMPLOYEES</b>	<b>\$ 41,399.7</b>		<b>-0.84%</b>	<b>-2.37%</b>	<b>-0.84%</b>	<b>5.10%</b>	<b>13.79%</b>	<b>20.98%</b>	<b>-26.36%</b>	<b>8.63%</b>	<b>16.32%</b>	<b>4.88%</b>	<b>4.98%</b>	<b>5.48%</b>	<b>8.88%</b>
TOTAL EQUITY	23,938.9	57.82%	-2.21	-5.50	-2.21	3.43	16.31	31.61	-39.34	8.36	20.23	3.03	3.29	4.40	8.29
TOTAL FIXED INCOME	10,278.7	24.83%	1.48	2.11	1.48	5.87	10.68	15.55	-1.87	6.67	8.48	9.74	8.11	****	6.46
TOTAL PRIVATE EQUITY	3,198.9	7.73%	0.14	4.43	0.14	12.76	14.02	-4.17	-2.73	13.63	17.93	5.18	7.60	****	12.70
TOTAL PRIVATE REAL ESTATE	1,310.1	3.16%	2.66	4.82	2.66	16.44	8.46	-43.87	-7.38	40.33	26.35	-12.98	0.31	****	6.03
HEDGE FUNDS	231.7	0.56%	0.48	****	0.48	****	****	****	****	****	****	****	****	****	0.48
TOTAL CASH	2,441.5	5.90%	0.12	0.39	0.12	0.72	0.49	1.31	3.42	5.53	0.55	1.35	2.73	****	3.02

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<b>EQUITY ASSET CLASS SUMMARY</b>																
DOMESTIC EQUITY	\$	16,562.9	40.01%	-2.65%	-5.53%	-2.65%	3.81%	17.27%	28.79%	-37.22%	5.69%	20.62%	3.74%	3.05%	3.43%	10.94%
ACTIVE DOMESTIC EQUITY		3,140.3	7.59%	-3.28	-6.06	-3.28	2.90	19.89	30.13	-35.57	5.70	20.37	4.87	4.04	3.65	10.07
RUSSELL 3000				-2.29	-5.14	-2.29	3.92	16.93	28.34	-37.31	5.13	20.94	3.48	2.89	3.37	
	+/-			(0.99)	(0.92)	(0.99)	(1.02)	2.96	1.79	1.74	0.57	(0.57)	1.39	1.15	0.28	
PASSIVE DOMESTIC EQUITY		13,265.8	32.04%	-2.48	-5.39	-2.48	3.88	16.58	27.80	-37.04	5.08	20.67	3.39	2.79	3.32	10.70
RUSSELL 3000				-2.29	-5.14	-2.29	3.92	16.93	28.34	-37.31	5.13	20.94	3.48	2.89	3.37	
	+/-			(0.19)	(0.25)	(0.19)	(0.04)	(0.35)	(0.54)	0.27	(0.05)	(0.27)	(0.09)	(0.10)	(0.05)	
DEVELOPED MARKETS		4,878.4	11.78%	-1.66	-5.66	-1.66	3.03	10.09	33.65	-44.34	11.14	17.87	-0.68	1.38	5.97	6.57
ACTIVE DEVELOPED MARKETS		3,580.9	8.65%	-1.71	-5.73	-1.71	3.10	10.56	34.00	-44.73	11.09	18.20	-0.61	1.40	6.00	7.28
MSCI EAFE (NET DIVIDEND)				-1.59	-5.69	-1.59	3.31	7.75	31.78	-43.39	11.17	17.17	-1.23	0.95	5.69	
	+/-			(0.12)	(0.04)	(0.12)	(0.21)	2.81	2.22	(1.34)	(0.08)	1.03	0.62	0.45	0.31	
PASSIVE DEVELOPED MARKETS		1,297.6	3.13%	-1.50	-5.46	-1.50	2.73	8.18	32.26	-42.78	11.37	16.52	-0.98	1.26	5.98	5.63
MSCI EAFE (NET DIVIDEND)				-1.59	-5.69	-1.59	3.31	7.75	31.78	-43.39	11.17	17.17	-1.23	0.95	5.69	
	+/-			0.09	0.23	0.09	(0.58)	0.43	0.48	0.61	0.20	(0.65)	0.25	0.31	0.29	
EMERGING MARKETS		2,043.3	4.94%	0.38	-4.21	0.38	-0.22	26.33	86.55	-54.13	42.87	21.07	7.60	13.10	****	14.96
ACTIVE EMERGING MARKETS		1,482.4	3.58%	0.30	-4.17	0.30	-0.29	27.43	86.55	-54.13	42.87	20.62	7.88	13.27	****	15.41
FTSE CUSTOM BENCHMARK				-0.33	-4.32	-0.33	-0.40	24.60	83.92	-52.98	39.34	19.68	7.21	12.57	****	
	+/-			0.63	0.15	0.63	0.11	2.83	2.63	(1.15)	3.53	0.94	0.67	0.70	****	
PASSIVE EMERGING MARKETS		560.9	1.35%	0.56	-4.30	0.56	****	****	****	****	****	****	****	****	****	-0.88
FTSE CUSTOM BENCHMARK				-0.33	-4.32	-0.33	-0.40	24.60	83.92	-52.98	39.34	19.68	7.21	12.57	****	
	+/-			0.89	0.02	0.89	****	****	****	****	****	****	****	****	****	

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<b>US EQUITY</b>															
TOTAL RUSSELL 3000	6,653.8	16.07%	-2.27	-5.11	-2.27	3.92	17.22	28.29	-37.16	5.03	21.13	3.61	2.94	3.41	9.17
RUSSELL 3000			-2.29	-5.14	-2.29	3.92	16.93	28.34	-37.31	5.13	20.94	3.48	2.89	3.37	
+/-			0.02	0.03	0.02	0.00	0.29	(0.05)	0.15	(0.10)	0.19	0.13	0.05	0.04	
BLACKROCK RUSSELL 3000	3,866.4	9.34%	-2.27	-5.10	-2.27	3.86	17.04	28.21	-37.29	4.98	20.90	3.51	2.83	3.35	1.52
STATE STREET R3000	2,787.4	6.73%	-2.27	-5.11	-2.27	4.00	****	****	****	****	****	****	****	****	16.05
RUSSELL 3000			-2.29	-5.14	-2.29	3.92	16.93	28.34	-37.31	5.13	20.94	3.48	2.89	3.37	
BLACKROCK RUSSELL 3000 +/-			0.02	0.04	0.02	(0.06)	0.11	(0.13)	0.02	(0.15)	(0.04)	0.03	(0.06)	(0.02)	
STATE STREET R3000 +/-			0.02	0.03	0.02	0.08	****	****	****	****	****	****	****	****	
TOTAL STANDARD & POORS 500	3,852.1	9.30%	-2.09	-4.80	-2.09	3.70	14.90	26.45	-37.11	5.68	19.42	2.77	2.33	2.58	0.67
AMALGAMATED S & P 500 INDEX	3,852.1	9.30%	-2.09	-4.80	-2.09	3.70	14.90	26.45	-37.11	5.68	19.42	2.77	2.33	2.53	0.83
STANDARD & POORS 500			-2.03	-4.76	-2.03	3.87	15.06	26.47	-37.00	5.49	19.65	2.92	2.39	2.60	
TOTAL STANDARD & POORS 500 +/-			(0.06)	(0.04)	(0.06)	(0.17)	(0.16)	(0.02)	(0.11)	0.19	(0.23)	(0.15)	(0.06)	(0.02)	
AMALGAMATED S & P 500 INDEX +/-			(0.06)	(0.04)	(0.06)	(0.17)	(0.16)	(0.02)	(0.11)	0.19	(0.23)	(0.15)	(0.06)	(0.07)	
TOTAL SMALL CAP	1,456.3	3.52%	-4.17	-7.86	-4.17	3.41	29.84	38.79	-42.32	4.81	25.40	8.56	4.89	****	6.85
RUSSELL 2000			-3.61	-7.60	-3.61	2.37	26.85	27.18	-33.80	-1.55	23.92	5.18	4.01	6.47	
+/-			(0.56)	(0.26)	(0.56)	1.04	2.99	11.61	(8.52)	6.36	1.48	3.38	0.88	****	
TOTAL SMALL CAP PASSIVE	578.8	1.40%	-3.64	-7.59	-3.64	****	****	****	****	****	****	****	****	****	2.72
BLACKROCK R2000	578.8	1.40%	-3.64	-7.59	-3.64	****	****	****	****	****	****	****	****	****	2.72
RUSSELL 2000			-3.61	-7.60	-3.61	2.37	26.85	27.18	-33.80	-1.55	23.92	5.18	4.01	6.47	
TOTAL SMALL CAP PASSIVE +/-			(0.03)	0.01	(0.03)	****	****	****	****	****	****	****	****	****	
BLACKROCK R2000 +/-			(0.03)	0.01	(0.03)	****	****	****	****	****	****	****	****	****	
TOTAL SMALL CAP ACTIVE	877.5	2.12%	-4.52	-8.04	-4.52	1.94	29.84	38.79	-42.32	4.81	23.61	8.04	4.59	****	5.76
RUSSELL 2000			-3.61	-7.60	-3.61	2.37	26.85	27.18	-33.80	-1.55	23.92	5.18	4.01	6.47	
+/-			(0.91)	(0.44)	(0.91)	(0.43)	2.99	11.61	(8.52)	6.36	(0.31)	2.86	0.58	****	
TOTAL SMALL CAP VALUE ACTIVE	66.2	0.16%	-3.13	-6.50	-3.13	3.28	30.42	37.72	-38.61	0.45	24.68	9.61	5.56	****	6.32
GABELLI	66.2	0.16%	-3.13	-6.50	-3.13	3.28	30.42	37.72	-36.22	4.18	24.68	9.25	7.26	****	8.78
RUSSELL 2000 VALUE			-3.31	-7.37	-3.31	0.34	24.50	20.59	-28.93	-9.77	18.55	4.15	1.84	7.41	
TOTAL SMALL CAP VALUE +/-			0.18	0.87	0.18	2.94	5.92	17.13	(9.68)	10.22	6.13	5.46	3.72	****	
GABELLI +/-			0.18	0.87	0.18	2.94	5.92	17.13	(7.29)	13.95	6.13	5.10	5.42	****	
TOTAL SMALL CAP CORE ACTIVE	206.2	0.50%	-8.03	-12.29	-8.03	1.92	31.75	45.44	****	****	24.04	****	****	****	23.16
DARUMA ASSET MANAGEMNT	206.2	0.50%	-8.03	-12.29	-8.03	1.92	31.75	45.44	****	****	24.04	****	****	****	23.16
RUSSELL 2000			-3.61	-7.60	-3.61	2.37	26.85	27.18	-33.80	-1.55	23.92	5.18	4.01	6.47	
TOTAL SMALL CAP CORE +/-			(4.42)	(4.69)	(4.42)	(0.45)	4.90	18.26	****	****	0.12	****	****	****	
DARUMA ASSET MANAGEMNT +/-			(4.42)	(4.69)	(4.42)	(0.45)	4.90	18.26	****	****	0.12	****	****	****	
RAFI ENHANCED SMALL CO.	605.2	1.46%	-3.42	-6.67	-3.42	3.02	29.59	34.62	****	****	24.31	7.90	****	****	8.70
RUSSELL 2000			-3.61	-7.60	-3.61	2.37	26.85	27.18	-33.80	-1.55	23.92	5.18	4.01	6.47	
+/-			0.19	0.93	0.19	0.65	2.74	7.44	****	****	0.39	2.72	****	****	
TOTAL MID CAP	2,181.1	5.27%	-3.50	-6.71	-3.50	****	****	****	****	****	****	****	****	****	2.72
RUSSELL MIDCAP			-3.63	-6.03	-3.63	4.17	26.85	27.18	-33.80	-1.55	24.51	6.07	4.99	7.50	
+/-			0.13	(0.68)	0.13	****	****	****	****	****	****	****	****	****	
TOTAL MID CAP PASSIVE	2,181.1	5.27%	-3.50	-6.71	-3.50	****	****	****	****	****	****	****	****	****	2.72
SSGA S&P 400	2,181.1	5.27%	-3.50	-6.71	-3.50	****	****	****	****	****	****	****	****	****	2.72
S&P MIDCAP INDEX 400			-3.53	-6.77	-3.53	4.73	26.85	27.18	-33.80	-1.55	25.77	7.20	6.45	7.72	
TOTAL MID CAP PASSIVE +/-			0.03	0.06	0.03	****	****	****	****	****	****	****	****	****	
SSGA S&P 400 +/-			0.03	0.06	0.03	****	****	****	****	****	****	****	****	****	

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TOTAL LARGE CAP RUSSELL 1000	1,610.9	3.89%	-3.03 -2.17 (0.86)	-5.67 -4.91 (0.76)	-3.03 -2.17 (0.86)	2.71 4.06 (1.35)	16.74 16.10 0.64	27.39 28.43 (1.04)	**** **** ****	**** 5.77 ****	18.26 20.68 (2.42)	4.13 3.33 0.80	**** 2.80 ****	**** 3.12 ****	2.76
+/-															
TOTAL LARGE CAP GROWTH	225.8	0.55%	-2.32	-4.97	-2.32	4.07	13.59	****	****	****	21.99	****	****	****	20.87
PROFIT INV MGMT (D)	144.3	0.35%	-2.13	-4.74	-2.13	3.11	9.48	****	****	****	17.19	****	****	****	19.01
CASTLEARK MGMT (D)	81.5	0.20%	-2.67	-5.37	-2.67	5.82	21.89	****	****	****	31.52	****	****	****	24.41
RUSSELL 1000 GROWTH			-1.00	-3.48	-1.00	5.76	16.71	37.22	-38.43	11.82	24.76	5.35	5.53	2.40	
TOTAL LARGE CAP GROWTH +/-			(1.32)	(1.49)	(1.32)	(1.69)	(3.12)	****	****	****	(2.77)	****	****	****	
PROFIT INV MGMT +/-			(1.13)	(1.26)	(1.13)	(2.65)	(7.23)	****	****	****	(7.57)	****	****	****	
CASTLEARK MGMT +/-			(1.67)	(1.89)	(1.67)	0.06	5.18	****	****	****	6.76	****	****	****	
TOTAL LARGE CAP VALUE	111.9	0.27%	-2.78	-5.49	-2.78	2.44	10.60	****	****	****	15.34	****	****	****	18.95
DENALI ADVISORS (D)	111.9	0.27%	-2.78	-5.49	-2.78	3.96	11.13	****	****	****	17.31	****	****	****	20.90
RUSSELL 1000 VALUE			-3.32	-6.30	-3.32	2.40	15.51	19.69	-36.85	-0.18	16.76	1.26	-0.01	3.65	
TOTAL LARGE CAP VALUE +/-			0.54	0.81	0.54	0.04	(4.91)	****	****	****	(1.42)	****	****	****	
DENALI ADVISORS +/-			0.54	0.81	0.54	1.56	(4.38)	****	****	****	0.55	****	****	****	
TOTAL LARGE CAP CORE	223.0	0.54%	-2.56	-5.26	-2.56	2.54	15.86	****	****	****	17.74	****	****	****	35.84
SEIZERT CAPITAL PRTRNS (D)	117.4	0.28%	-2.67	-5.38	-2.67	4.14	15.82	****	****	****	19.38	****	****	****	22.87
PIEDMONT INV ADV (D)	105.6	0.26%	-2.45	-5.13	-2.45	0.82	15.91	****	****	****	15.97	****	****	****	19.07
RUSSELL 1000			-2.17	-4.91	-2.17	4.06	16.10	28.43	-37.60	5.77	20.68	3.33	2.80	3.12	
TOTAL LARGE CAP CORE +/-			(0.39)	(0.35)	(0.39)	(1.52)	(0.24)	****	****	****	(2.94)	****	****	****	
SEIZERT CAPITAL PRTRNS +/-			(0.50)	(0.47)	(0.50)	0.08	(0.28)	****	****	****	(1.30)	****	****	****	
PIEDMONT INV ADV +/-			(0.28)	(0.22)	(0.28)	(3.24)	(0.19)	****	****	****	(4.71)	****	****	****	
TOTAL FUNDAMENTAL INDEX LARGE CAP	1,050.2	2.54%	-3.30	-5.92	-3.30	2.62	18.05	26.11	****	****	18.24	4.13	****	****	2.76
RUSSELL 1000			-2.17	-4.91	-2.17	4.06	16.10	28.43	-37.60	5.77	20.68	3.33	2.80	3.12	
+/-			(1.13)	(1.01)	(1.13)	(1.44)	1.95	(2.32)	****	****	(2.44)	****	****	****	
VTL S&P 500	259.8	0.63%	-3.36	-6.17	-3.36	3.04	17.47	30.84	****	****	18.89	4.20	****	****	3.75
STANDARD & POORS 500			-2.03	-4.76	-2.03	3.87	15.06	26.47	-37.00	5.49	19.65	2.92	2.39	2.60	
+/-			(1.33)	(1.41)	(1.33)	(0.83)	2.41	4.37	****	****	(0.76)	1.28	****	****	
RAFI ENHANCED LARGE CO.	790.4	1.91%	-3.28	-5.84	-3.28	3.46	18.99	27.48	****	****	19.51	5.10	****	****	5.26
RUSSELL 1000			-2.17	-4.91	-2.17	4.06	16.10	28.43	-37.60	5.77	20.68	3.33	2.80	3.12	
RAFI ENHANCED LARGE CO. +/-			(1.11)	(0.93)	(1.11)	(0.60)	2.89	(0.95)	****	****	(1.17)	****	****	****	
<b>EMERGING MANAGERS</b>															
TOTAL EMERGING MGRS	651.9	1.57%	-2.18	-4.24	-2.18	5.54	17.79	28.04	-36.45	8.98	23.95	4.02	4.10	3.55	8.03
PROGRESS EQUITY	257.7	0.62%	-2.05	-4.06	-2.05	5.84	16.81	30.87	-37.03	9.06	23.94	4.26	4.27	3.77	8.19
ATTUCKS	197.3	0.48%	-2.22	-4.09	-2.22	5.73	18.78	24.63	-36.63	****	24.82	3.51	****	****	-0.23
F.I.S FUND MGMT	150.0	0.36%	-2.16	-4.24	-2.16	5.18	16.39	26.79	-35.41	6.75	22.66	3.61	3.48	3.07	2.40
CAPITAL PROSPECTS	46.9	0.11%	-2.80	-5.86	-2.80	4.28	18.56	27.04	-37.64	****	22.73	3.54	****	****	-0.73
RUSSELL 3000			-2.29	-5.14	-2.29	3.92	16.93	28.34	-37.31	5.13	20.94	3.48	2.89	3.37	
TOTAL EMERGING MGRS +/-			0.11	0.90	0.11	1.62	0.86	(0.30)	0.86	3.85	3.01	0.54	1.21	0.18	
PROGRESS EQUITY +/-			0.24	1.08	0.24	1.92	(0.12)	2.53	0.28	3.93	3.00	0.78	1.38	0.40	
ATTUCKS +/-			0.07	1.05	0.07	1.81	1.85	(3.71)	0.68	****	3.88	0.03	****	****	
F.I.S FUND MGMT +/-			0.13	0.90	0.13	1.26	(0.54)	(1.55)	1.90	1.62	1.72	0.13	0.59	(0.30)	
CAPITAL PROSPECTS +/-			(0.51)	(0.72)	(0.51)	0.36	1.63	(1.30)	(0.33)	****	1.79	0.06	****	****	



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	Assets (\$MM)	% of Total	Trailing 1 Month	Trailing 3 Months	Fiscal YTD	Calendar YTD	Calendar YTD 2010	Calendar YTD 2009	Calendar YTD 2008	Calendar YTD 2007	Trailing 1 Year	Trailing* 3 Years	Trailing* 5 Years	Trailing* 10 Years	Since Inception
<b>ACTIVIST EQUITY</b>															
TOTAL U.S. ACTIVIST RUSSELL 2500	95.2	0.23%	-4.00	-7.14	-4.00	6.70	3.93	20.21	-28.66	-3.93	9.70	0.72	0.76	****	0.81
			-3.81	-7.05	-3.81	3.95	26.71	34.40	-36.78	1.38	25.17	6.55	5.06	7.38	
			(0.19)	(0.09)	(0.19)	2.75	(22.78)	(14.19)	8.12	(5.31)	(15.47)	(5.83)	(4.30)	****	
BREEDEN CAPITAL MANAGEMENT RUSSELL 2500	95.1	0.23%	-4.01	-7.14	-4.01	7.38	-3.11	29.42	****	****	13.71	****	****	****	12.39
			-3.81	-7.05	-3.81	3.95	26.71	34.40	-36.78	1.38	25.17	6.55	5.06	7.38	
			(0.20)	(0.09)	(0.20)	3.43	(29.82)	(4.98)	****	****	(11.46)	****	****	****	
<b>U.S. ENVIRONMENTAL</b>															
WALDEN ASSET MGMT RUSSELL 2000	61.6	0.15%	-3.55	-5.70	-3.55	4.73	26.98	29.89	****	****	24.54	8.86	****	****	7.36
			-3.61	-7.60	-3.61	2.37	26.85	27.18	-33.80	-1.55	23.92	5.18	4.01	6.47	
			0.06	1.90	0.06	2.36	0.13	2.71	****	****	0.62	3.68	****	****	
<b>NON - US EQUITY</b>															
EAFE GROWTH MSCI EAFE (NET DIVIDEND)	1,127.5	2.72%	-1.66	-6.53	-1.66	2.45	10.16	33.99	-44.76	26.18	18.35	-1.34	3.61	****	8.58
			-1.59	-5.69	-1.59	3.31	7.75	31.78	-43.39	11.17	17.17	-1.23	0.95	5.69	
			-0.66	-4.31	-0.66	3.97	12.60	29.91	-42.46	16.85	20.72	-0.54	2.65	****	
			(0.07)	(0.84)	(0.07)	(0.86)	2.41	2.21	(1.37)	15.01	1.18	(0.11)	2.66	****	
			(1.00)	(2.22)	(1.00)	(1.52)	(2.44)	4.08	(2.30)	9.33	(2.37)	(0.80)	0.96	****	
TOTAL INTL GROWTH BAILLIE GIFFORD	417.2	1.01%	-2.26	-6.08	-2.26	2.08	17.57	46.55	-44.86	****	21.02	3.19	****	****	-0.85
			-0.71	-4.62	-0.71	4.39	10.72	34.05	-42.74	****	20.50	0.42	****	****	-3.29
			-1.95	-5.62	-1.95	2.59	6.38	28.21	-42.40	****	16.76	-3.46	****	****	-5.85
			-4.15	-12.48	-4.15	-2.00	4.65	27.07	-46.82	****	11.28	-6.96	****	****	-9.73
			-0.66	-4.31	-0.66	3.97	12.60	29.91	-42.46	16.85	20.72	-0.54	2.65	****	
			(1.00)	(2.22)	(1.00)	(1.52)	(2.44)	4.08	(2.30)	9.33	(2.37)	(0.80)	0.96	****	
			(1.60)	(1.77)	(1.60)	(1.89)	4.97	16.64	(2.40)	****	0.30	3.73	****	****	
			(0.05)	(0.31)	(0.05)	0.42	(1.88)	4.14	(0.28)	****	(0.22)	0.96	****	****	
			(1.29)	(1.31)	(1.29)	(1.38)	(6.22)	(1.70)	0.06	****	(3.96)	(2.92)	****	****	
			(3.49)	(8.17)	(3.49)	(5.97)	(7.95)	(2.84)	(4.36)	****	(9.44)	(6.42)	****	****	
EAFE VALUE MSCI EAFE (NET DIVIDEND)	1,329.6	3.21%	-1.51	-4.60	-1.51	3.01	10.16	33.99	-44.76	26.18	16.93	-1.28	0.81	****	6.86
			-1.59	-5.69	-1.59	3.31	7.75	31.78	-43.39	11.17	17.17	-1.23	0.95	5.69	
			-2.49	-6.72	-2.49	3.40	3.81	35.06	-43.68	6.47	14.60	-1.01	0.14	****	
			0.08	1.09	0.08	(0.30)	2.41	2.21	(1.37)	15.01	(0.24)	(0.05)	(0.14)	****	
			0.98	2.12	0.98	(0.39)	6.35	(1.07)	(1.08)	19.71	2.33	(0.27)	0.67	****	
TOTAL INTL VALUE SPRUCEGROVE (NEW)	514.3	1.24%	-1.22	-3.74	-1.22	2.60	19.06	34.90	-41.78	****	19.13	3.90	****	****	-1.28
			-1.34	-3.73	-1.34	6.89	3.98	25.02	****	****	17.75	0.68	****	****	-2.33
			-1.99	-6.27	-1.99	0.40	3.97	38.60	-49.59	****	13.76	-4.84	****	****	-7.89
			-2.49	-6.72	-2.49	3.40	3.81	35.06	-43.68	6.47	14.60	-1.01	0.14	****	
			0.98	2.12	0.98	(0.39)	6.26	(3.58)	(1.31)	3.94	2.33	(0.27)	0.67	****	
			1.27	2.98	1.27	(0.80)	15.25	(0.16)	1.90	****	4.53	4.91	****	****	
			1.15	2.99	1.15	3.49	0.17	(10.04)	****	****	3.15	1.69	****	****	
			0.50	0.45	0.50	(3.00)	0.16	3.54	(5.91)	****	(0.84)	(3.83)	****	****	

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	Assets (\$MM)	% of Total	Trailing 1 Month	Trailing 3 Months	Fiscal YTD	Calendar YTD	Calendar YTD 2010	Calendar YTD 2009	Calendar YTD 2008	Calendar YTD 2007	Trailing 1 Year	Trailing* 3 Years	Trailing* 5 Years	Trailing* 10 Years	Since Inception
TOTAL PASSIVE DEVELOPED	1,297.6	3.13%	-1.50	-5.46	-1.50	2.73	8.18	32.26	-42.78	11.37	16.52	-0.98	1.26	5.98	5.63
SSGA	1,297.4	3.13%	-1.50	-5.46	-1.50	****	****	****	****	****	****	****	****	****	1.21
MSCI EAFE (NET DIVIDEND)			-1.59	-5.69	-1.59	3.31	7.75	31.78	-43.39	11.17	17.17	-1.23	0.95	5.69	
TOTAL PASSIVE +/-			0.09	0.23	0.09	(0.58)	0.43	0.48	0.61	0.20	(0.65)	0.25	0.31	0.29	
SSGA +/-			0.09	0.23	0.09	****	****	****	****	****	****	****	****	****	
TOTAL INTL CORE	1,080.9	2.61%	-2.05	-6.08	-2.05	4.13	11.66	37.63	-44.88	****	19.67	1.29	****	****	-3.28
THORNBURG	593.9	1.43%	-2.10	-6.00	-2.10	3.67	16.28	32.90	-42.20	****	20.83	2.59	****	****	-2.12
PHILADELPHIA	487.0	1.18%	-2.00	-6.17	-2.00	4.70	6.45	43.38	-47.64	****	18.29	-0.11	****	****	-4.34
MSCI EAFE (NET DIVIDEND)			-1.59	-5.69	-1.59	3.31	7.75	31.78	-43.39	11.17	17.17	-1.23	0.95	5.69	
TOTAL INTL CORE +/-			(0.46)	(0.39)	(0.46)	0.82	3.91	5.85	(1.49)	****	2.50	2.52	****	****	
THORNBURG +/-			(0.51)	(0.31)	(0.51)	0.36	8.53	1.12	1.19	****	3.66	3.82	****	****	
PHILADELPHIA +/-			(0.41)	(0.48)	(0.41)	1.39	(1.30)	11.60	(4.25)	****	1.12	1.12	****	****	
TOTAL PROGRESS INTL	42.6	0.10%	-0.58	-4.39	-0.58	2.43	12.96	36.52	-44.31	****	17.59	0.68	****	****	-4.01
MSCI EAFE (NET DIVIDEND)			-1.59	-5.69	-1.59	3.31	7.75	31.78	-43.39	11.17	17.17	-1.23	0.95	5.69	
+/-			1.01	1.30	1.01	(0.88)	5.21	4.74	(0.92)	****	0.42	1.91	****	****	
<b>NON-US ACTIVIST &amp; ENVIRONMENTAL EQUITY</b>															
TOTAL NON-U.S. ENVIRONMENTAL	175.3	0.42%	-2.80	-5.38	-2.80	1.39	8.66	40.08	****	****	16.32	****	****	****	-1.80
GENERATION GE	123.3	0.30%	-2.86	-5.39	-2.86	1.40	15.09	48.07	****	****	15.74	****	****	****	8.57
F&C SGE	52.1	0.13%	-2.65	-5.36	-2.65	1.37	13.52	40.22	****	****	16.51	****	****	****	1.45
MSCI WORLD INDEX			-1.79	-5.21	-1.79	3.73	12.34	30.80	-40.33	9.57	19.16	1.27	2.35	4.47	
TOTAL NON-U.S. ENVIRONMENTAL +/-			(1.01)	(0.17)	(1.01)	(2.34)	(3.68)	9.28	****	****	(2.84)	****	****	****	
GENERATION GE +/-			(1.07)	(0.18)	(1.07)	(2.33)	2.75	17.27	****	****	(3.42)	****	****	****	
F&C SGE +/-			(0.86)	(0.15)	(0.86)	(2.36)	1.18	9.42	****	****	(2.65)	****	****	****	
GOVERNANCE FOR OWNERS	278.9	0.67%	-3.72	-11.35	-3.72	1.26	36.13	42.60	****	****	28.67	****	****	****	31.72
MSCI EUROPE SMID CAP INDEX			-4.23	-9.81	-4.23	3.28	16.03	53.23	-52.13	****	21.43	1.45	****	****	
+/-			0.51	(1.54)	0.51	(2.02)	20.10	(10.63)	****	****	7.24	****	****	****	
TOTAL DEVELOPED MARKETS	4,878.4	11.78%	-1.66	-5.66	-1.66	3.03	10.09	33.65	-44.34	11.14	17.87	-0.68	1.38	5.97	6.57
MSCI EAFE (NET DIVIDEND)			-1.59	-5.69	-1.59	3.31	7.75	31.78	-43.39	11.17	17.17	-1.23	0.95	5.69	
+/-			(0.07)	0.03	(0.07)	(0.28)	2.34	1.87	(0.95)	(0.03)	0.70	0.55	0.43	0.28	
TOTAL DEVELOPED-ENVIRONMENTAL-ACTIVIST	5,332.7	12.88%	-1.80	-5.97	-1.80	2.85	11.17	33.66	-44.37	11.14	18.30	-0.43	1.53	****	6.36
MSCI EAFE (NET DIVIDEND)			-1.59	-5.69	-1.59	3.31	7.75	31.78	-43.39	11.17	17.17	-1.23	0.95	5.69	
+/-			(0.21)	(0.28)	(0.21)	(0.46)	3.42	1.88	(0.98)	(0.03)	1.13	0.80	0.58	****	

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	Assets (\$MM)	% of Total	Trailing 1 Month	Trailing 3 Months	Fiscal YTD	Calendar YTD	Calendar YTD 2010	Calendar YTD 2009	Calendar YTD 2008	Calendar YTD 2007	Trailing 1 Year	Trailing* 3 Years	Trailing* 5 Years	Trailing* 10 Years	Since Inception
<b>EMERGING MARKETS</b>															
TOTAL EMERGING MARKETS	2,043.3	4.94%	0.38	-4.21	0.38	-0.22	26.33	86.55	-54.13	42.87	21.07	7.60	13.10	****	14.96
ACTIVE EMERGING MARKETS	1,482.4	3.58%	0.30	-4.17	0.30	-0.29	27.43	86.55	-54.13	42.87	20.62	7.88	13.27	****	15.41
DFA	459.0	1.11%	0.10	-4.75	0.10	-1.40	32.76	93.27	-50.75	47.86	20.45	12.19	18.02	****	18.82
BAILLIE GIFFORD	353.7	0.85%	-0.22	-4.74	-0.22	-3.12	24.87	89.08	-55.93	37.46	15.62	5.61	10.76	****	13.99
STATE STREET	352.3	0.85%	0.44	-3.42	0.44	1.83	25.68	76.16	-54.78	39.51	22.47	5.55	11.12	****	13.31
ACADIAN	317.5	0.77%	1.05	-3.51	1.05	2.33	25.57	87.79	-54.82	46.89	24.80	8.24	13.32	****	15.42
FTSE CUSTOM BENCHMARK			-0.33	-4.32	-0.33	-0.40	24.60	83.92	-52.98	39.34	19.68	7.21	12.57	****	
ACTIVE EMERGING MARKETS +/-			0.63	0.15	0.63	0.11	2.83	2.63	(1.15)	3.53	0.94	0.67	0.70	****	
DFA +/-			0.43	(0.43)	0.43	(1.00)	8.16	9.35	2.23	8.52	0.77	4.98	5.45	****	
BAILLIE GIFFORD +/-			0.11	(0.42)	0.11	(2.72)	0.27	5.16	(2.95)	(1.88)	(4.06)	(1.60)	(1.81)	****	
STATE STREET +/-			0.77	0.90	0.77	2.23	1.08	(7.76)	(1.80)	0.17	2.79	(1.66)	(1.45)	****	
ACADIAN +/-			1.38	0.81	1.38	2.73	0.97	3.87	(1.84)	7.55	5.12	1.03	0.75	****	
PASSIVE EMERGING MARKETS	560.9	1.35%	0.56	-4.30	0.56	****	****	****	****	****	****	****	****	****	-0.88
BLACKROCK-EM	560.9	1.35%	0.56	-4.30	0.56	****	****	****	****	****	****	****	****	****	-0.88
FTSE CUSTOM BENCHMARK			-0.33	-4.32	-0.33	-0.40	24.60	83.92	-52.98	39.34	19.68	7.21	12.57	****	
PASSIVE EMERGING MARKETS +/-			0.89	0.02	0.89	****	****	****	****	****	****	****	****	****	
BLACKROCK-EM +/-			0.89	0.02	0.89	****	****	****	****	****	****	****	****	****	
<b>HEDGE FUNDS</b>															
TOTAL HEDGE FUNDS	231.7	0.56%	0.48	****	0.48	****	****	****	****	****	****	****	****	****	0.48
PERMAL ASSET MANAGEMENT	129.8	0.31%	0.52	****	0.52	****	****	****	****	****	****	****	****	****	0.52
CPF LLC PERMAL ASSET MANAGEMENT	101.9	0.25%	****	****	****	****	****	****	****	****	****	****	****	****	****
<b>FIXED INCOME</b>															
TOTAL STRUCTURED FIXED INCOME	6,314.1	15.25%	1.74	2.75	1.74	5.04	9.42	9.65	3.27	6.65	5.80	9.00	7.64	6.48	8.74
NYC - CORE PLUS FIVE			1.85	3.03	1.85	4.96	7.13	6.28	6.64	6.65	4.86	8.06	7.25	6.20	
+/-			(0.11)	(0.28)	(0.11)	0.08	2.29	3.37	(3.37)	(0.37)	0.94	0.94	0.39	0.28	
ALL MORTGAGE	2,868.8	6.93%	0.84	1.92	0.84	3.91	9.12	9.15	3.67	6.43	5.02	8.42	7.23	6.07	7.64
PIMCO	738.3	1.78%	0.66	1.91	0.66	4.02	8.35	9.30	4.48	6.76	5.23	8.45	7.45	6.33	7.90
NEUBERGER BERMAN -MORT	720.5	1.74%	0.87	1.82	0.87	4.01	****	****	****	****	4.85	****	****	****	6.34
BLACKROCK	675.7	1.63%	0.89	1.79	0.89	3.76	8.81	10.93	2.28	6.74	5.86	8.62	7.16	6.06	6.56
WELLINGTON -MORT	284.6	0.69%	1.01	2.38	1.01	4.22	6.02	****	****	****	4.54	****	****	****	6.51
GOLDMAN SACHS -MORT	281.7	0.68%	0.96	2.05	0.96	3.58	5.80	****	****	****	3.73	****	****	****	5.95
SMITH BREEDEN -MORT	168.1	0.41%	0.78	1.98	0.78	3.66	6.40	****	****	****	4.49	****	****	****	6.26
CITIGROUP MORTGAGE INDEX			0.92	2.14	0.92	3.92	5.50	5.76	8.49	6.99	3.90	7.35	6.90	5.77	
ALL MORTGAGE +/-			(0.08)	(0.22)	(0.08)	(0.01)	3.62	3.39	(4.82)	(0.56)	1.12	1.07	0.33	0.30	
PIMCO +/-			(0.26)	(0.23)	(0.26)	0.10	2.85	3.54	(4.01)	(0.23)	1.33	1.10	0.55	0.56	
NEUBERGER BERMAN -MORT +/-			(0.05)	(0.32)	(0.05)	0.09	****	****	****	****	0.95	****	****	****	
BLACKROCK +/-			(0.03)	(0.35)	(0.03)	(0.16)	3.31	5.17	(6.21)	(0.25)	1.96	1.27	0.26	0.29	
WELLINGTON -MORT +/-			0.09	0.24	0.09	0.30	0.52	****	****	****	0.64	****	****	****	
GOLDMAN SACHS -MORT +/-			0.04	(0.09)	0.04	(0.34)	0.30	****	****	****	(0.17)	****	****	****	
SMITH BREEDEN -MORT +/-			(0.14)	(0.16)	(0.14)	(0.26)	0.90	****	****	****	0.59	****	****	****	

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ALL INVESTMENT GRADE CREDIT	2,342.0	5.66%	2.21	2.80	2.21	5.79	9.63	20.37	-6.68	4.52	7.21	9.71	7.27	6.35	7.75
PRUDENTIAL - CREDIT	632.9	1.53%	2.22	2.85	2.22	5.39	9.01	19.47	-2.40	5.43	6.51	10.34	8.09	6.80	7.46
T. ROWE PRICE -CREDIT	464.8	1.12%	2.39	2.99	2.39	6.37	10.54	20.33	-4.18	4.91	8.02	10.68	8.23	6.55	8.05
BLACKROCK - CREDIT	459.4	1.11%	2.20	2.89	2.20	5.58	9.56	18.44	-5.39	5.66	6.99	9.42	7.40	6.68	7.26
TAPLIN, CANADA -CREDIT	403.1	0.97%	2.20	2.60	2.20	6.50	9.33	23.02	-12.92	2.54	7.78	8.93	5.89	6.32	7.40
BARROW HANLEY - CREDIT	381.7	0.92%	2.00	2.56	2.00	5.27	9.97	****	****	****	7.10	****	****	****	9.69
NYC - INVESTMENT GRADE CREDIT			2.21	2.95	2.21	5.47	8.36	16.36	-4.06	4.73	6.26	8.92	6.87	6.14	
ALL INVESTMENT GRADE CREDIT +/-			0.00	(0.15)	0.00	0.32	1.27	4.01	(2.62)	(0.21)	0.95	0.79	0.40	0.21	
PRUDENTIAL - CREDIT +/-			0.01	(0.10)	0.01	(0.08)	0.65	3.11	1.66	0.70	0.25	1.42	1.22	0.66	
T. ROWE PRICE -CREDIT +/-			0.18	0.04	0.18	0.90	2.18	3.97	(0.12)	0.18	1.76	1.76	1.36	0.41	
BLACKROCK - CREDIT +/-			(0.01)	(0.06)	(0.01)	0.11	1.20	2.08	(1.33)	0.93	0.73	0.50	0.53	0.54	
TAPLIN, CANADA -CREDIT +/-			(0.01)	(0.35)	(0.01)	1.03	0.97	6.66	(8.86)	(2.19)	1.52	0.01	(0.98)	0.18	
BARROW HANLEY - CREDIT +/-			(0.21)	(0.39)	(0.21)	(0.20)	1.61	****	****	****	0.84	****	****	****	
ALL TREASURY / AGENCY	1,103.3	2.67%	3.12	4.87	3.12	6.46	9.55	-6.56	17.73	9.99	4.86	7.88	8.04	6.86	8.17
PIMCO	480.0	1.16%	3.19	4.90	3.19	6.51	10.17	-4.80	15.74	10.27	5.06	8.10	8.25	7.09	7.67
BLACKROCK -GOVT	441.3	1.07%	3.03	4.81	3.03	6.43	9.14	****	****	****	4.70	****	****	****	7.69
STATE STREET	182.0	0.44%	3.14	4.96	3.14	6.40	8.93	-6.54	18.90	9.90	4.73	8.05	8.11	6.93	8.50
NYC - TREASURY AGENCY PLUS FIVE			3.22	5.02	3.22	6.34	9.24	-7.44	18.91	9.85	4.84	7.73	7.94	6.81	
ALL TREASURY / AGENCY +/-			(0.10)	(0.15)	(0.10)	0.12	0.31	0.88	(1.18)	0.14	0.02	0.15	0.10	0.05	
PIMCO +/-			(0.03)	(0.12)	(0.03)	0.17	0.93	2.64	(3.17)	0.42	0.22	0.37	0.31	0.28	
BLACKROCK -GOVT +/-			(0.19)	(0.21)	(0.19)	0.09	(0.10)	****	****	****	(0.14)	****	****	****	
STATE STREET +/-			(0.08)	(0.06)	(0.08)	0.06	(0.31)	0.90	(0.01)	0.05	(0.11)	0.32	0.17	0.12	
HIGH YIELD															
TOTAL ENHANCED YIELD	1,305.6	3.15%	1.34	0.73	1.34	7.21	14.24	40.25	-18.55	3.83	13.78	12.28	9.17	8.36	8.43
CITIGROUP BB & B			1.42	1.15	1.42	6.37	13.35	40.37	-25.10	2.25	12.39	9.11	6.80	7.34	
+/-			(0.08)	(0.42)	(0.08)	0.84	0.89	(0.12)	6.55	1.58	1.39	3.17	2.37	1.02	
LOOMIS SAYLES	336.7	0.81%	1.60	1.16	1.60	10.84	16.36	52.81	-23.17	3.12	18.40	16.09	11.04	9.76	9.80
NYC-LOOMIS (BoFA ML-MST II 7-03/BB&B PRIOR)			1.24	0.71	1.24	6.23	15.19	57.51	-26.39	2.19	12.91	13.47	9.24	8.78	
+/-			0.36	0.45	0.36	4.61	1.17	(4.70)	3.22	0.93	5.49	2.62	1.80	0.98	
T. ROWE PRICE	346.0	0.84%	1.37	0.66	1.37	6.16	14.14	43.67	-19.96	4.34	12.89	11.87	9.12	9.21	9.36
SEIX	326.9	0.79%	1.22	0.75	1.22	6.72	14.70	36.39	-18.08	3.65	13.59	11.31	8.51	****	7.66
SHENKMAN	296.0	0.71%	1.12	0.34	1.12	5.02	11.70	29.38	-12.87	4.20	10.15	9.81	7.92	****	7.58
CITIGROUP BB & B			1.42	1.15	1.42	6.37	13.35	40.37	-25.10	2.25	12.39	9.11	6.80	7.34	
T. ROWE PRICE +/-			(0.05)	(0.49)	(0.05)	(0.21)	0.79	3.30	5.14	2.09	0.50	2.76	2.32	1.87	
SEIX +/-			(0.20)	(0.40)	(0.20)	0.35	1.35	(3.98)	7.02	1.40	1.20	2.20	1.71	****	
SHENKMAN +/-			(0.30)	(0.81)	(0.30)	(1.35)	(1.65)	(10.99)	12.23	1.95	(2.24)	0.70	1.12	****	
TIPS															
TOTAL TIPS MANAGERS	1,050.5	2.54%	3.69	4.84	3.69	9.25	6.47	10.15	-0.66	11.70	10.95	6.86	7.45	****	6.11
PIMCO-TIPS-MTA	592.1	1.43%	3.61	4.73	3.61	9.00	6.57	10.24	-0.88	11.76	10.52	6.76	7.41	****	6.02
STATE STREET-TIPS-MTA	261.0	0.63%	3.90	5.16	3.90	9.86	6.34	10.00	-0.96	11.51	11.88	6.82	7.39	****	6.48
BLACKROCK-TIPS	197.5	0.48%	3.67	4.75	3.67	9.22	6.34	10.02	0.22	11.79	11.02	7.13	7.63	****	6.93
BARCLAYS CAPITAL US TIPS INDEX			3.91	5.07	3.91	9.95	6.37	11.41	-2.35	11.64	11.79	6.84	7.40	7.19	
TOTAL TIPS MANAGERS +/-			(0.22)	(0.23)	(0.22)	(0.70)	0.10	(1.26)	1.69	0.06	(0.84)	0.02	0.05	****	
PIMCO-TIPS-MTA +/-			(0.30)	(0.34)	(0.30)	(0.95)	0.20	(1.17)	1.47	0.12	(1.27)	(0.08)	0.01	****	
STATE STREET-TIPS-MTA +/-			(0.01)	0.09	(0.01)	(0.09)	(0.03)	(1.41)	1.39	(0.13)	0.09	(0.02)	(0.01)	****	
BLACKROCK-TIPS +/-			(0.24)	(0.32)	(0.24)	(0.73)	(0.03)	(1.39)	2.57	0.15	(0.77)	0.29	0.23	****	

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**Manager / Benchmark Comparison Report \*NYC Employees' Retirement System  
July 31, 2011**

	Assets (\$MM)	% of Total	Trailing 1 Month	Trailing 3 Months	Fiscal YTD	Calendar YTD	Calendar YTD 2010	Calendar YTD 2009	Calendar YTD 2008	Calendar YTD 2007	Trailing 1 Year	Trailing* 3 Years	Trailing* 5 Years	Trailing* 10 Years	Since Inception
<b>CONVERTIBLE BONDS</b>															
TOTAL CONVERTIBLE BONDS	548.9	1.33%	-1.90	-3.90	-1.90	2.42	14.54	33.08	****	****	13.42	6.89	****	****	4.80
BofA ML ALL CONVERTIBLES EX MANDATORY			-2.12	-4.32	-2.12	2.80	16.52	47.19	-33.02	****	14.83	7.80	****	****	
NYCERS CUSTOM CONVERTIBLE BOND INDEX			-1.63	-3.51	-1.63	2.27	12.53	39.96	****	****	11.53	5.86	****	****	
+/-			0.22	0.42	0.22	(0.38)	(1.98)	(14.11)	****	****	(1.41)	(0.91)	****	****	
+/-			(0.27)	(0.39)	(0.27)	0.15	2.01	(6.88)	****	****	1.89	1.03	****	****	
ADVENT CONVERTIBLE BONDS	260.6	0.63%	-1.53	-2.89	-1.53	3.03	14.96	36.66	****	****	13.11	9.74	****	****	7.71
BofA ML CONVERTIBLES YIELD ALT. INDEX			-0.78	-2.02	-0.78	2.96	12.98	46.25	****	****	10.90	9.00	****	****	
+/-			(0.75)	(0.87)	(0.75)	0.07	1.98	(9.59)	****	****	2.21	0.74	****	****	
LORD ABBETT CONVERTIBLE BONDS	148.6	0.36%	-2.62	-5.32	-2.62	1.78	16.94	35.17	****	****	15.35	6.08	****	****	5.15
BofA ML ALL CONVERTIBLES INDEX			-2.32	-4.71	-2.32	2.01	16.77	49.13	-35.73	4.53	14.24	7.15	5.15	5.53	
+/-			(0.30)	(0.61)	(0.30)	(0.23)	0.17	(13.96)	****	****	1.11	(1.07)	****	****	
VICTORY CONVERTIBLE BONDS	139.6	0.34%	-1.82	-4.23	-1.82	1.74	11.63	27.36	****	****	11.08	4.48	****	****	3.51
BofA ML CONVERTIBLE BONDS INVST GRADE			-1.81	-3.78	-1.81	1.83	7.89	25.49	****	****	9.44	1.38	****	****	
+/-			(0.01)	(0.45)	(0.01)	(0.09)	3.74	1.87	****	****	1.64	3.10	****	****	
<b>FIXED INCOME EMERGING/DEVELOPING MANAGERS</b>															
TOTAL PROGRESS FIXED EMERGING MGRS	96.9	0.23%	1.76	2.49	1.76	4.52	7.43	8.78	6.21	3.77	5.29	8.39	7.29	6.64	6.71
BARCLAYS CAPITAL AGGREGATE			1.59	2.61	1.59	4.35	6.54	5.93	5.24	6.97	4.44	7.05	6.57	5.68	
+/-			0.17	(0.12)	0.17	0.17	0.89	2.85	0.97	(3.20)	0.85	1.34	0.72	0.96	
TOTAL CORE PLUS FIXED INCOME	53.9	0.13%	1.62	2.43	1.62	5.28	7.46	****	****	****	6.05	****	****	****	9.57
LM CAPITAL - MTA	53.9	0.13%	1.62	2.43	1.62	5.28	7.46	****	****	****	6.05	****	****	****	9.57
BARCLAYS CAPITAL AGGREGATE			1.59	2.61	1.59	4.35	6.54	5.93	5.24	6.97	4.44	7.05	6.57	5.68	
CORE PLUS FIXED INCOME +/-			0.03	(0.18)	0.03	0.93	0.92	****	****	****	1.61	****	****	****	
LM CAPITAL - MTA +/-			0.03	(0.18)	0.03	0.93	0.92	****	****	****	1.61	****	****	****	
<b>OPPORTUNISTIC FIXED</b>															
TOTAL OPPORTUNISTIC FIXED	441.2	1.07%	-1.86	-0.60	-1.86	11.82	26.01	19.13	-6.33	****	20.52	17.40	****	****	9.86
NYC - 10% ANNUAL			0.80	2.41	0.80	5.72	10.00	10.00	10.00	****	10.00	10.00	****	****	
NYC - JP MORGAN HY PLUS 3%			1.56	1.72	1.56	8.21	27.19	6.88	2.98	****	16.64	16.62	****	****	
+/-			(2.66)	(3.01)	(2.66)	6.10	16.01	9.13	(16.33)	****	10.52	7.40	****	****	
+/-			(3.42)	(2.32)	(3.42)	3.61	(1.18)	12.25	(9.31)	****	3.88	0.78	****	****	
PIMCO-DISCO	246.6	0.60%	-2.66	-2.66	-2.66	5.86	29.68	22.26	****	****	13.01	****	****	****	20.07
AVE SPECIAL SITUATIONS FD V	23.1	0.06%	0.00	23.24	0.00	109.56	20.71	4.09	-15.03	****	116.15	32.06	****	****	20.45
AVE SPECIAL SITUATIONS FD VI	47.8	0.12%	****	****	****	****	****	****	****	****	****	****	****	****	****
AVE EURO SPECIAL SITUATIONS FD	44.7	0.11%	3.53	6.26	3.53	20.04	7.97	25.46	****	****	27.32	****	****	****	22.54
TOTAL DISTRESSED FIXED	362.2	0.87%	-1.40	0.58	-1.40	14.25	24.09	19.13	-6.33	****	20.81	17.64	****	****	10.04
3 MONTH LIBOR PLUS 750BPS			0.63	1.88	0.63	4.47	7.85	8.16	10.11	****	7.79	8.28	****	****	
PIMCO-DISCO +/-			(3.29)	(4.54)	(3.29)	1.39	21.83	14.10	****	****	5.22	****	****	****	
AVE SPECIAL SITUATIONS FD V +/-			(0.63)	21.36	(0.63)	105.09	12.86	(4.07)	(25.14)	****	108.36	23.78	****	****	
AVE SPECIAL SITUATIONS FD VI +/-			****	****	****	****	****	****	****	****	****	****	****	****	
AVE EURO SPECIAL SITUATIONS FD +/-			2.90	4.38	2.90	15.57	0.12	17.30	****	****	19.53	****	****	****	
TOTAL DISTRESSED FIXED +/-			(2.03)	(1.30)	(2.03)	9.78	16.24	10.97	(16.44)	****	13.02	9.36	****	****	

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**Manager / Benchmark Comparison Report \*NYC Employees' Retirement System  
July 31, 2011**

	Assets (\$MM)	% of Total	Trailing 1 Month	Trailing 3 Months	Fiscal YTD	Calendar YTD	Calendar YTD 2010	Calendar YTD 2009	Calendar YTD 2008	Calendar YTD 2007	Trailing 1 Year	Trailing* 3 Years	Trailing* 5 Years	Trailing* 10 Years	Since Inception
TOTAL PPIP	79.1	0.19%	-3.94	-5.50	-3.94	2.48	31.50	****	****	****	21.73	****	****	****	19.63
ALLIANCE BERNSTEIN LEGACY SECS LP	45.8	0.11%	-3.06	-5.64	-3.06	0.33	28.34	****	****	****	16.75	****	****	****	16.40
AG GECC LP	33.3	0.08%	-5.14	-5.38	-5.14	5.56	****	****	****	****	29.22	****	****	****	28.25
NYC-CORE PLUS 5 + 200BPS			1.98	3.46	1.98	6.06	9.13	8.28	8.64	9.02	6.86	10.06	****	****	
TOTAL PPIP +/-			(5.92)	(8.96)	(5.92)	(3.58)	22.37	****	****	****	14.87	****	****	****	
ALLIANCE BERNSTEIN LEGACY SECS LP +/-			(5.04)	(9.10)	(5.04)	(5.73)	19.21	****	****	****	9.89	****	****	****	
AG GECC LP +/-			(7.12)	(8.84)	(7.12)	(0.50)	****	****	****	****	22.36	****	****	****	
OTHER FIXED INCOME															
TOTAL ETI	467.6	1.13%	0.87	1.79	0.87	3.65	6.87	8.23	6.28	7.49	5.12	7.66	7.20	6.71	10.04
EMPLOYEES CUSTOM BENCHMARK (NO CASH)			1.31	2.56	1.31	4.38	6.47	5.21	7.01	7.29	4.63	7.14	6.87	5.93	
+/-			(0.44)	(0.77)	(0.44)	(0.73)	0.40	3.02	(0.73)	0.20	0.49	0.52	0.33	0.78	
AFL-CIO HOUSING INV TRUST	210.2	0.51%	1.24	2.06	1.24	4.16	6.16	6.28	5.26	6.69	4.26	6.98	6.48	****	5.15
BARCLAYS CAPITAL AGGREGATE			1.59	2.61	1.59	4.35	6.54	5.93	5.24	6.97	4.44	7.05	6.57	5.68	
+/-			(0.35)	(0.55)	(0.35)	(0.19)	(0.38)	0.35	0.02	(0.28)	(0.18)	(0.07)	(0.09)	****	
ACCESS RBC	51.8	0.13%	0.90	2.03	0.90	3.58	5.36	10.99	6.67	****	3.58	8.59	****	****	7.01
ACCESS CUSTOM BENCHMARK			1.10	2.31	1.10	3.70	5.52	****	****	****	3.70	6.52	6.58	****	
+/-			(0.20)	(0.28)	(0.20)	(0.12)	(0.16)	****	****	****	(0.12)	2.07	****	****	
STATE STREET SHORT TERM	2,429.8	5.87%	0.12	0.39	0.12	0.72	0.26	1.38	3.50	5.54	0.52	1.33	2.72	2.64	5.59
ML 91 DAY TREASURY BILL INDEX			-0.01	0.01	-0.01	0.08	0.13	0.21	2.06	5.00	0.14	0.36	1.91	2.09	
+/-			0.13	0.38	0.13	0.64	0.13	1.17	1.44	0.54	0.38	0.97	0.81	0.55	
PRIVATE EQUITY															
TOTAL PRIVATE EQUITY	3,198.9	7.73%	0.14	4.43	0.14	12.76	14.02	-4.17	-2.73	13.63	17.93	5.18	7.60	****	12.70
RUSSELL 3000 PLUS 5%			-1.79	-4.22	-1.79	6.12	21.93	33.34	-32.30	10.13	25.94	8.57	7.96	8.44	
+/-			1.93	8.65	1.93	6.64	(7.91)	(37.51)	29.57	3.50	(8.01)	(3.39)	(0.36)	****	
PRIVATE REAL ESTATE															
TOTAL PRIVATE REAL ESTATE	1,310.1	3.16%	2.66	4.82	2.66	16.44	8.46	-43.87	-7.38	40.33	26.35	-12.98	0.31	****	6.03
NCREIF NFI-ODCE NET			0.00	4.58	0.00	8.54	15.26	-30.40	-10.70	14.84	19.58	-8.43	-0.86	****	
+/-			2.66	0.24	2.66	7.90	(6.80)	(13.47)	3.32	25.49	6.77	(4.55)	1.17	****	
TOTAL EMPLOYEES	41,399.7		-0.84	-2.37	-0.84	5.10	13.79	20.98	-26.36	8.63	16.32	4.88	4.98	5.48	8.88
EMPLOYEES POLICY BENCHMARK			-0.80	-2.57	-0.80	4.54	13.77	25.03	-28.19	8.01	16.60	5.05	4.93	5.39	
+/-			(0.04)	0.20	(0.04)	0.56	0.02	(4.05)	1.83	0.62	(0.28)	(0.17)	0.05	0.09	

**New York City Employees' Retirement System**  
As of March 31, 2011 (Amounts in USD)

Vintage Year	Deal Name	First Drawdown	Capital Committed	Total Contribution	Recallable Distribution	Total Distribution	Market Value	Multiple	IRR
1998	VS&A Communications Partners III	12/15/1998	\$ 50,000,000	\$ 50,238,655	\$ 175,030	\$ 53,432,617	\$ 14,870,805	1.36x	6.4%
1999	Cypress Merchant Banking Partners II	3/29/1999	50,000,000	53,779,715	3,946,442	40,275,908	5,474,298	0.84x	(3.8%)
	FdG Capital Partners	6/2/1999	25,000,000	28,684,924	4,399,779	41,831,598	6,962,860	1.83x	15.8%
	Lincolnshire Equity Fund II	10/20/1999	20,000,000	19,261,466	549,863	33,676,292	5,533,500	2.07x	25.7%
2000	Allegra Capital Partners IV*	1/10/2000	27,000,000	24,000,000	-	11,660,203	130,437	0.49x	(8.3%)
	Carlyle Partners III	3/1/2000	50,000,000	55,655,979	10,785,033	97,761,606	7,917,127	2.11x	20.3%
	SCP Private Equity Partners II	6/15/2000	30,000,000	30,546,373	2,864,044	8,813,898	13,829,806	0.71x	(5.2%)
	Solera Partners	5/26/2000	20,000,000	23,572,717	5,491,028	6,522,184	26,273,046	1.51x	6.4%
2001	Apollo Investment Fund V	4/13/2001	40,000,000	62,396,287	25,040,569	108,414,163	15,811,118	2.66x	39.6%
	New Mountain Partners	3/16/2001	20,000,000	17,299,599	808,043	19,208,910	5,607,301	1.46x	13.0%
	Ripplewood Partners II	2/28/2001	20,000,000	21,405,460	760,058	12,964,120	12,732,067	1.21x	6.2%
	RRE Ventures III	7/6/2001	20,000,000	25,288,448	333,059	12,403,478	27,838,311	1.60x	10.6%
2002	BDCM Opportunity Fund	10/14/2002	25,000,000	52,215,681	29,593,342	68,013,883	20,379,894	2.60x	24.6%
	Landmark Equity Partners XI	10/23/2002	55,000,000	57,659,709	7,497,271	67,910,954	14,936,339	1.50x	25.6%
	Thomas, McNeerney & Partners	10/9/2002	20,000,000	18,150,000	-	7,003,139	10,506,118	0.96x	(1.0%)
	Yucaipa American Alliance Fund I	7/1/2002	90,000,000	112,945,366	23,320,987	77,088,099	60,734,389	1.28x	8.5%
2003	Ares Corporate Opportunities Fund	4/1/2003	45,000,000	53,684,001	10,450,097	56,181,615	25,996,519	1.66x	15.7%
	Blackstone Capital Partners IV	2/26/2003	40,000,000	38,686,002	9,266,304	69,702,272	19,964,829	2.73x	41.3%
	FS Equity Partners V	1/20/2003	25,000,000	22,500,011	2,782,927	17,460,403	17,354,373	1.62x	13.2%
2004	Aurora Equity Partners III	11/16/2004	50,000,000	54,120,290	3,627,146	23,199,326	49,235,065	1.36x	14.0%
	Celtic Pharmaceutical Holdings	12/23/2004	25,000,000	25,402,094	-	402,094	42,851,373	1.70x	14.9%
	FdG Capital Partners II	8/30/2004	35,000,000	36,170,684	8,699,551	13,543,914	25,950,279	1.12x	2.4%
	Lincolnshire Equity Fund III	10/1/2004	55,000,000	45,086,472	-	60,017,593	33,043,977	2.06x	43.2%
	Markstone Capital Partners	1/30/2004	40,000,000	37,733,153	2,476,430	13,712,291	25,835,324	1.05x	1.6%
	New York/Fairview Emerging Managers (Tranche A)	10/21/2004	32,000,000	24,560,000	-	2,207,081	20,067,906	0.91x	(3.3%)
	Paladin Homeland Security Fund (NY City)	9/27/2004	15,000,000	15,730,999	711,573	1,981,748	6,291,463	0.50x	(14.9%)
	Palladium Equity Partners III	11/12/2004	35,000,000	26,248,780	4,843,507	11,029,468	22,644,400	1.35x	12.2%
	Silver Lake Partners II	7/28/2004	52,900,000	53,022,512	6,575,708	38,816,833	41,261,105	1.58x	11.6%
	Trilantic Capital Partners III (fka LBMB III)	11/18/2004	50,000,000	39,015,116	2,119,454	35,977,009	22,786,368	1.54x	14.2%
2005	Blackstone Mezzanine Partners II	10/10/2005	25,000,000	23,084,773	1,569,080	9,654,292	19,882,889	1.30x	9.3%
	Clayton, Dubilier & Rice Fund VII	3/31/2005	45,000,000	46,598,100	5,172,022	6,075,954	53,802,185	1.32x	7.8%
	Erasmus New York City Growth Fund	8/16/2005	40,000,000	34,819,694	-	8,545,125	21,697,352	0.87x	(4.1%)
	Ethos Private Equity Fund V	11/9/2005	40,000,000	34,671,818	9,341,416	10,650,021	28,982,977	1.20x	5.8%
	GI Partners Fund II	9/26/2005	35,000,000	34,124,411	-	985,006	45,447,160	1.36x	8.3%
	JP Morgan Fleming (Tranche A)	12/21/2005	43,000,000	28,907,013	1,011,312	4,488,112	26,056,862	1.06x	2.4%
	New Mountain Partners II	1/12/2005	46,451,615	42,083,229	5,068,602	20,491,252	37,489,143	1.43x	9.1%
	Prism Venture Partners V-A	7/14/2005	30,000,000	26,400,000	-	6,495,547	13,821,731	0.77x	(9.5%)
	Psilos Group Partners III	10/24/2005	35,000,000	27,823,681	-	197,841	27,465,881	0.99x	(0.2%)
	Quadrangle Capital Partners II	8/29/2005	65,000,000	55,865,001	6,122,145	17,428,319	50,238,602	1.24x	6.9%
	Snow Phipps Group	9/7/2005	20,000,000	18,617,181	381,573	5,634,943	19,112,553	1.34x	17.3%
	USPF II Institutional Fund	11/23/2005	65,000,000	79,444,714	20,734,194	34,859,625	59,002,097	1.25x	6.4%
	VSS Communications Partners IV	3/14/2005	25,000,000	24,727,085	710,662	2,799,405	15,958,894	0.75x	(8.4%)
2006	AEA Investors 2006 Fund	12/29/2006	30,000,000	19,260,040	-	3,473,953	18,998,784	1.17x	8.9%
	Aisling Capital II	1/12/2006	7,000,000	5,698,566	126,446	963,680	3,729,620	0.82x	(6.7%)
	Ampersand 2006	8/14/2006	25,000,000	19,750,000	-	5,900,401	15,848,949	1.10x	3.6%
	Apollo Investment Fund VI	5/10/2006	90,000,000	106,331,466	29,280,674	37,787,600	99,605,472	1.40x	10.3%
	Ares Corporate Opportunities Fund II	5/23/2006	50,000,000	52,162,639	10,481,103	24,699,377	47,491,526	1.48x	11.9%
	Arsenal Capital Partners II	12/19/2006	22,500,000	18,967,236	386,612	388,180	22,737,926	1.22x	10.2%
	Avista Capital Partners	4/27/2006	45,000,000	54,291,763	11,190,650	23,178,273	47,950,520	1.39x	10.0%
	BDCM Opportunity Fund II	3/29/2006	25,000,000	25,547,042	5,728,718	7,977,133	23,340,196	1.29x	12.2%
	Blackstone Capital Partners V	4/13/2006	123,900,000	118,102,785	8,064,772	14,556,288	102,996,353	1.00x	(0.2%)
	Catterton Partners VI	12/14/2006	45,000,000	34,844,855	996,361	3,383,248	40,373,202	1.26x	7.8%
	CCMP Capital Investors II	8/17/2006	30,000,000	18,745,019	-	1,361,910	19,576,517	1.12x	5.1%
	Cinven Fourth Fund	1/22/2007	66,825,020	50,871,810	-	-	62,555,502	1.23x	6.8%
	Fairview Ventures Fund III	6/29/2006	25,000,000	11,811,840	-	571,613	11,046,704	0.98x	(1.0%)
	First Reserve Fund XI	12/14/2006	45,000,000	38,639,208	3,414,586	11,590,035	29,235,000	1.06x	2.1%
	GF Capital Private Equity Fund	12/22/2006	20,000,000	15,430,509	-	-	17,290,527	1.12x	8.3%
	GSC Recovery III	5/4/2006	25,000,000	25,608,014	942,621	12,301,114	11,344,349	0.92x	(3.2%)
	InterMedia Partners VII	1/20/2006	25,000,000	24,257,740	-	331,937	30,227,115	1.26x	7.0%
	Landmark Equity Partners XIII	5/11/2006	50,000,000	44,783,906	-	18,826,009	29,565,898	1.08x	3.1%
	MidOcean Partners III	12/21/2006	60,000,000	37,415,563	1,318,363	1,533,857	27,108,669	0.76x	(10.8%)
	NewSpring Growth Capital II (fka NewSpring Ventures II)	11/15/2006	20,000,000	11,561,753	-	-	16,220,582	1.40x	17.1%
	Perseus Partners VII	8/31/2006	30,000,000	28,092,502	2,858,594	2,898,406	28,700,538	1.14x	6.1%
	RRE Ventures IV	12/19/2006	35,000,000	28,689,115	-	1,452,204	30,448,887	1.11x	5.0%
	Terra Firma Capital Partners III	3/8/2006	50,000,000	38,552,435	-	1,124,908	14,748,706	0.41x	(32.1%)
	Thomas H. Lee Equity Fund VI	7/12/2006	50,000,000	36,452,461	1,284,669	2,667,730	36,450,751	1.08x	2.7%
	Thomas, McNeerney & Partners II	11/30/2006	25,000,000	15,000,000	-	2,178,811	11,581,196	0.92x	(3.7%)
	Carlyle Partners V	7/6/2007	70,000,000	47,767,232	5,834,742	6,481,061	48,955,346	1.18x	9.0%
	Co-Investment Partners Europe	3/19/2007	38,157,000	27,081,399	65,425	193,372	25,861,429	0.96x	(2.3%)
	Constellation Ventures III	5/22/2007	25,000,000	13,893,370	-	-	10,507,338	0.76x	(15.4%)
	Craton Equity Investors I	4/30/2007	20,000,000	13,999,611	-	12,194	11,839,948	0.85x	(9.7%)
	FT Ventures III	3/1/2007	25,000,000	16,750,000	450,000	466,061	23,777,268	1.46x	15.5%
	GSO Capital Opportunities Fund I	7/16/2007	45,000,000	35,023,131	7,700,354	17,676,043	27,187,447	1.36x	16.3%
	Halyard Capital Fund II	7/2/2007	25,000,000	11,963,461	303,345	709,016	10,602,219	0.94x	(2.0%)
	HM 2006 Sector Performance Fund	7/20/2007	25,000,000	21,245,756	2,790,050	3,054,643	11,456,199	0.64x	(14.7%)
	Montreux Equity Partners IV	3/27/2007	20,000,000	12,720,000	-	579,872	13,406,816	1.10x	4.6%
	Nautic Partners VI	5/14/2007	30,000,000	19,881,958	-	32,218	18,386,375	0.93x	(4.9%)
	New Mountain Partners III	8/9/2007	100,000,000	50,924,399	5,578,024	8,521,700	42,403,609	1.00x	0.0%
	PCG Clean Energy & Technology Fund East	7/6/2007	90,000,000	50,665,472	-	2,959,295	43,986,262	0.93x	(4.2%)
	Pegasus Partners IV	1/29/2007	30,000,000	30,274,274	1,205,374	8,434,909	69,977,260	2.66x	49.5%
	Quaker BioVentures II	3/30/2007	20,000,000	10,257,775	217,848	713,993	9,232,652	0.97x	(2.0%)
	RLJ Equity Partners Fund I	11/30/2007	20,000,000	8,081,353	-	66,280	9,738,981	1.21x	17.7%
	SCP Vitalife Partners II Fund	4/13/2007	20,000,000	9,499,698	-	1,579	6,753,840	0.71x	(17.0%)
	Silver Lake Partners III	8/13/2007	65,000,000	38,083,623	6,152,981	8,144,148	38,853,435	1.28x	12.7%
	StarVest Partners II	8/1/2007	25,000,000	9,598,437	-	6,556	7,458,037	0.78x	(17.8%)

**New York City Employees' Retirement System**  
As of March 31, 2011 (Amounts in USD)

Vintage Year	Deal Name	First Drawdown	Capital Committed	Total Contribution	Recallable Distribution	Total Distribution	Market Value	Multiple	IRR
2007	Tailwind Capital Partners	2/2/2007	30,000,000	25,192,361	3,368,698	4,613,651	23,857,140	1.15x	7.7%
	Trilantic Capital Partners IV (fka LBMB IV)	10/22/2007	69,028,637	42,023,912	872,705	2,731,584	46,491,093	1.17x	8.8%
	USPF III Institutional Fund	6/28/2007	65,000,000	49,703,076	3,212,899	6,660,311	42,383,503	0.99x	(0.6%)
	Vista Equity Partners Fund III	10/3/2007	30,000,000	23,589,088	-	14,233,478	29,309,747	1.85x	29.3%
	Vitruvian Investment Partnership I	3/15/2007	65,988,000	28,656,502	-	843	23,745,908	0.83x	(15.5%)
	Vitruvian Investment Partnership I (Side Car)	3/15/2007	7,332,000	3,182,508	-	94	2,638,190	0.83x	(15.5%)
2008	Aisling Capital III	11/20/2008	14,000,000	2,137,629	-	-	1,487,809	0.70x	(33.1%)
	Apollo Investment Fund VII	1/28/2008	100,000,000	66,835,564	23,015,433	29,351,085	60,301,157	1.52x	26.4%
	Ares Corporate Opportunities Fund III	7/30/2008	75,000,000	41,449,216	6,957,734	11,049,779	52,695,071	1.65x	31.6%
	Avista Capital Partners II	11/5/2008	75,000,000	55,517,249	12,129,279	15,335,174	45,630,722	1.13x	8.1%
	Blue Wolf Capital Fund II	11/14/2008	25,000,000	9,183,242	814,299	6,055,366	7,069,152	1.47x	25.5%
	Bridgepoint Europe IV	11/14/2008	30,934,000	7,800,251	-	-	7,213,535	0.92x	(7.2%)
	Carpenter Community BancFund-A	2/12/2008	20,000,000	15,480,958	145,977	233,221	14,800,510	0.97x	(2.1%)
	Crestview Partners II	10/1/2008	50,000,000	22,125,566	1,292,623	1,292,623	25,545,795	1.23x	21.8%
	CS NYCERS Emerging Manager Co-Investment Fund	8/22/2008	26,262,627	14,036,839	-	110,794	13,853,895	0.99x	(0.4%)
	CS NYCERS Emerging Manager Fund	8/22/2008	116,737,374	31,315,496	7,996,776	9,837,184	19,111,017	0.90x	(7.6%)
	Emerald Infrastructure Development Fund*	12/2/2008	25,000,000	996,804	-	5,607	-	0.01x	NM
	First Reserve Fund XII	8/25/2008	45,000,000	23,584,611	-	1,902,070	18,177,000	0.85x	(9.9%)
	GI Partners Fund III	7/29/2008	45,000,000	28,346,119	1,328,486	2,911,627	31,519,034	1.23x	24.3%
	Landmark Equity Partners XIV	9/19/2008	109,120,000	16,465,801	-	2,673,550	20,151,303	1.39x	30.2%
	Lee Equity Partners Fund	4/23/2008	42,500,000	17,895,954	1,680,953	1,691,203	12,199,352	0.75x	(13.0%)
	Leeds Equity Partners V	7/28/2008	60,000,000	6,310,797	-	195,402	7,040,881	1.15x	5.6%
	Levine Leichtman Capital Partners IV	4/8/2008	35,000,000	17,398,662	2,131,398	2,409,711	18,142,246	1.21x	18.1%
	New York/Fairview Emerging Managers (Tranche B)	5/28/2008	45,000,000	10,593,000	-	156,072	10,868,130	1.04x	3.2%
	NGN BioMed Opportunity II	2/11/2008	20,000,000	10,651,821	-	23,687	8,689,612	0.82x	(12.1%)
	Onex Partners III	12/10/2008	75,000,000	28,038,593	6,534,668	6,549,179	17,924,666	0.83x	(18.7%)
	Paladin III (NY City)	1/8/2008	30,000,000	16,651,795	165,914	1,790,498	14,247,480	0.96x	(2.0%)
	Pine Brook Capital Partners	1/11/2008	30,000,000	11,885,236	-	3,543,247	10,466,126	1.18x	9.4%
	Relativity Fund	1/17/2008	20,000,000	6,295,159	-	215,958	3,248,222	0.55x	(24.5%)
	Riverstone/Carlyle Global Energy and Power Fund IV	3/3/2008	45,000,000	30,824,836	1,291,970	6,167,359	33,857,575	1.31x	20.4%
	Yucaipa American Alliance Fund II	3/28/2008	120,000,000	94,776,533	21,032,579	29,289,139	102,572,288	1.50x	23.3%
	Yucaipa Corporate Initiatives Fund II	6/23/2008	45,000,000	15,331,389	95,000	136,683	8,821,137	0.58x	(29.1%)
2009	Clayton, Dubilier & Rice Fund VIII	1/12/2009	50,000,000	23,254,906	-	8,582	27,147,428	1.17x	17.9%
	FS Equity Partners VI	1/27/2009	32,500,000	14,544,410	536,917	542,394	13,023,503	0.93x	NM
	Lexington Capital Partners VII	12/3/2009	50,000,000	16,931,397	-	22,740	19,626,337	1.16x	NM
	Lincolnshire Equity Fund IV	8/5/2009	27,500,000	4,320,718	-	-	2,942,306	0.68x	NM
	Welsh, Carson, Anderson & Stowe XI	2/10/2009	40,000,000	14,724,289	-	-	13,446,693	0.91x	(11.4%)
2010	JP Morgan Fleming (Tranche B)	2/26/2010	35,000,000	6,260,099	-	23,601	6,261,567	1.00x	NM
	Snow Phipps II	1/8/2010	30,000,000	4,725,858	-	117,000	3,741,594	0.82x	NM
	Trident V	4/29/2010	110,000,000	10,699,926	-	-	9,231,165	0.86x	NM
2011	Amersand 2011	3/11/2011	25,000,000	1,250,000	-	-	1,047,217	0.84x	NM
	BDCM Opportunity Fund III	4/8/2011	45,000,000	-	-	-	-	N/A	NM
	Blackstone Capital Partners VI	1/24/2011	120,000,000	360,700	-	-	(96,723)	N/A	NM
	Wellspring Capital Partners V	7/1/2011	40,000,000	-	-	-	-	N/A	NM
Grand Total(s):			\$ 5,486,636,273	\$ 3,782,155,280	\$ 418,204,876	\$ 1,538,598,244	\$ 3,081,757,056	1.25x	8.7%

\*Exited investment.

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 PCG Asset Management, LLC ("PCG"), a consultant to the New York City Pension Funds and Retirement Systems, 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 Employees' Retirement System

Vintage Year	Fund Name	First Draw Down	Capital Committed	Contributions	Distributions	Market Value	Equity Multiple	Net IRR
2003	Canyon Johnson Urban Fund	12/6/2002	\$15,000,000	\$13,456,450	(\$15,403,730)	\$499,596	1.2	10.8%
2004	The City Investment Fund I	3/16/2004	\$225,000,000	\$221,883,300	(\$104,348,886)	\$91,695,468	0.9	-4.9%
2004	Blackstone Fund IV	5/10/2004	\$30,000,000	\$37,816,854	(\$30,550,618)	\$17,860,112	1.3	13.1%
2004	Tishman Speyer Separate Account (ERS)	12/16/2003	\$100,000,000	\$71,066,452	(\$203,100,170)	\$32,725,308	3.3	63.6%
2005	Canyon Johnson Urban Fund II	5/11/2005	\$40,000,000	\$35,954,818	(\$24,000)	\$21,824,820	0.6	-14.0%
2006	AREA Real Estate Fund V	6/15/2006	\$25,000,000	\$25,000,001	(\$5,518,252)	\$9,957,236	0.6	-17.0%
2006	Prologis Targeted U.S. Logistics Fund, L.P.	10/1/2006	\$25,000,000	\$27,951,214	(\$3,097,111)	\$15,146,797	0.7	-10.6%
2006	PRISA	9/29/2006	\$86,000,000	\$89,066,993	(\$3,390,831)	\$71,385,476	0.8	-3.9%
2006	RREEF America REIT II	10/1/2006	\$86,000,000	\$109,657,561	(\$25,228,329)	\$74,668,524	0.9	-2.6%
2006	UBS Trumbull Property Fund ("UBS-TPF")	9/28/2006	\$156,000,000	\$97,634,607	(\$8,952,845)	\$89,078,496	1.0	0.1%
2007	Metropolitan Workforce Housing Fund	7/13/2007	\$14,000,000	\$5,805,503	(\$408,971)	\$2,047,620	0.4	-51.7%
2007	RREEF America REIT III	10/1/2007	\$90,000,000	\$90,000,000	(\$600,237)	\$21,245,657	0.2	-33.7%
2007	Colony Realty Partners II	12/20/2006	\$20,000,000	\$21,420,211	(\$666,108)	\$10,156,303	0.5	-17.9%
2007	UrbanAmerica II	1/30/2007	\$25,000,000	\$23,222,735	\$0	\$13,793,688	0.6	-16.3%
2007	PRISA II	6/30/2007	\$141,518,761	\$144,378,047	(\$3,390,774)	\$106,105,031	0.8	-10.0%
2007	JP Morgan Special Situation Property Fund	1/2/2007	\$90,000,000	\$95,703,090	(\$10,901,360)	\$56,493,861	0.7	-9.0%
2007	JP Morgan Strategic Property Fund	12/4/2006	\$136,000,000	\$124,028,166	\$0	\$115,820,982	0.9	-2.2%
2007	Heitman HART	3/29/2007	\$115,000,000	\$125,676,125	(\$10,676,125)	\$113,479,376	1.0	-0.5%
2007	Carlyle Realty Partners V	8/27/2007	\$20,000,000	\$20,897,389	(\$6,273,094)	\$15,734,599	1.1	2.4%
2007	Blackstone Real Estate Partners VI	9/27/2007	\$110,000,000	\$82,310,162	(\$767,851)	\$99,166,424	1.2	8.8%
2008	Capri Urban Investors	6/3/2008	\$60,000,000	\$45,338,907	\$0	\$24,928,828	0.5	-33.9%
2008	Silverpeak Legacy Partners III (Lehman)	5/28/2008	\$50,000,000	\$22,168,479	(\$298,391)	\$10,685,563	0.5	-26.3%
2008	American Value Partners Fund I	10/18/2007	\$55,000,000	\$27,747,235	(\$2,324,920)	\$16,566,201	0.7	-25.4%
2008	Stockbridge Real Estate Fund III	9/9/2008	\$27,000,000	\$12,808,616	\$0	\$8,104,876	0.6	-22.1%
2008	Westbrook Real Estate Fund VII	12/3/2007	\$40,000,000	\$41,740,640	(\$1,624,243)	\$29,226,276	0.7	-14.5%
2008	PRISA III	9/30/2008	\$50,000,000	\$50,993,785	\$0	\$48,016,527	0.9	-4.6%
2008	AREA European Real Estate Fund III	5/6/2008	\$30,000,000	\$18,465,000	(\$1,500,000)	\$16,927,946	1.0	-0.1%
2009	Thor Urban Property Fund II	10/30/2008	\$40,000,000	\$21,391,963	(\$6,239,323)	\$9,617,720	0.7	-26.8%
2009	JP Morgan Urban Renaissance Property Fund	12/18/2008	\$16,360,625	\$4,206,523	(\$4,206,523)	\$0	1.0	0.0%
2009	Walton Street Real Estate Fund VI	4/27/2009	\$50,000,000	\$22,323,933	\$0	\$24,035,688	1.1	6.1%
2009	Carbon Capital III	7/2/2009	\$40,000,000	\$29,012,915	(\$6,125,867)	\$25,416,762	1.1	9.8%
2010	Canyon Johnson Urban Fund III	3/29/2010	\$30,000,000	\$7,003,059	(\$101,655)	\$5,495,399	0.8	-35.7%
2010	LaSalle Property Fund	7/1/2010	\$50,000,000	\$9,260,535	(\$127,677)	\$9,796,789	1.1	13.0%
2010	Westbrook Real Estate Fund VIII	12/28/2009	\$50,000,000	\$17,499,280	(\$4,462,260)	\$13,861,169	1.0	15.6%
2010	Blackstone Real Estate Partners Europe III (USD Vehicle)	10/24/2008	\$50,000,000	\$3,471,811	\$0	\$4,303,658	1.2	17.3%
2011	H/2 Special Opportunities Fund II	1/31/2011	\$40,000,000	\$3,222,649	\$0	\$3,998,697	1.2	279.9%
2011	Taconic New York City Investment Fund LP	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>New York City Employees' Retirement System</b>			<b>\$2,227,879,386</b>	<b>\$1,799,585,009</b>	<b>(\$460,310,152)</b>	<b>\$1,229,867,473</b>	<b>0.9</b>	<b>-2.6%</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 March 31, 2011. 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.

### III. Asset Allocation:

## **REBALANCING RANGES**

# CALLAN ASSOCIATES<sup>INC</sup>



## MEMORANDUM

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SAN FRANCISCO

NEW YORK

CHICAGO

ATLANTA

DENVER

To: New York City Employees' Retirement System

From: Callan Associates

Date: August 18, 2011

Subject: Follow Up to Asset Allocation Discussion

The Board of the New York City Employees' Retirement System adopted a new asset allocation policy at the May Board Meeting. As a follow up to the discussion and the decisions reached by the Board, Callan was asked to provide additional information and thoughts on questions posed during those discussions.

### **1. How should the 16.9% allocation to non- U.S. equities be allocated between Developed and Emerging Markets?**

Callan performed asset allocation optimizations using broad non-U.S. equity as the benchmark. In other words, we did not break out non U.S. equity between developed and emerging markets. The Board adopted a new target allocation of 16.9% to non U.S. equity (reduced from the current target of 18%). The current target of 18% to non U.S. equity is split 13% to developed markets and 5% to emerging markets.

There are a number of variables which may be considered in determining an allocation to emerging markets. Issues such as the market capitalization breakdown between developed and emerging markets at any point in time; current investment policy for the Fund; optimal use of the basket clause; and the expectations for more rapid growth in emerging economies may all be considered. Finally, while Callan did not provide an optimized solution as part of our asset allocation recommendations for NYCERS, had we done so, it would have produced an allocation of approximately 70-75% to developed and 25-30% to emerging markets.

Callan believes that an allocation of 6-7% of total non U.S. equity to emerging markets is reasonable for NYCERS to consider based on all the factors above. We would therefore suggest that the 16.9% non US equity allocation be targeted 10.4% to developed markets and 6.5% to emerging markets.

**2. What is the expected 5 year Geometric Mean Return for the new Asset Allocation Target?**

The newly adopted target asset allocation has a 10 year expected Geometric Mean Return of 7.33%. The Board asked Callan to determine the 5 year expected return. That is 7.36%

**3. It will take an extended period of time to reach target allocations in certain new or illiquid asset classes including hedge funds, real estate, private equity and opportunistic fixed income. Where should assets which are ultimately targeted for those asset classes be held until they are committed and called?**

There is not a perfect answer for where to invest assets ultimately destined for those asset classes. Over the years some of the primary issues we have considered in helping clients develop policies in these areas have included correlations with other asset classes; characteristics of the asset classes; (equity orientation, income component, goal of the asset class etc.) and where allocations are typically drawn from in an optimization process. In other words, we attempt to arrive as closely as we can, to investing the assets in a manner that is consistent with the actual asset allocation target. Over the years, that has led to relatively consistent policies for clients in 3 of the 4 asset classes above. While some clients have adopted different policies than those shown below, we would suggest the following for consideration for NYCERS:

- Assets ultimately targeted for private equity should be invested in public equity in a manner that reflects the expected global nature of the ultimate commitments.
- Assets ultimately targeted for real estate should generally be evenly split between public equity (potentially including public REITS) and fixed income. If non US real estate investments are anticipated, it could reflect any expected non US allocations similar to private equity.
- Assets ultimately targeted for hedge funds should generally be evenly split between global public equity and fixed income.

The decision on where to hold uncommitted opportunistic fixed income is not as clear cut. One could argue that high yield is the publicly traded asset class most like opportunistic fixed income and to hold it there. However, in the new target asset allocation policy, high yield is also being reduced so using it as a holding place is not consistent with that goal. A decision could be made to hold some of it in equity since equity, along with high yield, is the ultimate source of much of the new allocation to opportunistic fixed income. However, one of the goals of the new asset allocation policy is reduction in public equity. Investment Grade Fixed Income would be a possible holding place in spite of the fact that one of the reasons for the allocation to opportunistic fixed income is the relative unattractiveness of investment grade fixed income currently. On the other hand, one could argue that larger calls for opportunistic fixed/distressed debt may likely occur when the markets are stressed, equity and high yield are down, and at

least the Treasury portion of fixed income is up. Finally, hedge funds also represent another form of opportunistic investments. Therefore, while there is not a perfect solution; we would suggest NYCERS consider the following:

- Fund initial allocations from high yield to the extent necessary to bring the high yield allocation closer to the new target allocation of 4%
- Hold the remaining uncommitted/uncalled opportunistic fixed income investment in public equity, fixed income and hedge funds. Callan would tend to favor an allocation that is weighted more to fixed income and hedge funds than equity. However as mentioned earlier, there are reasonable arguments for and against that decision. We are open to other alternatives should NYCERS desire.

#### 4. What rebalancing ranges should NYCERS adopt?

Callan approaches rebalancing ranges from a variety of angles. First of all, we want the ranges to be narrow enough to protect the integrity of the long term strategic asset allocation adopted by the Board. However, we also recognize that the markets have a certain momentum to them. We therefore, do not want rebalancing frequency to force frequent buying or selling into momentum oriented markets in a way that exacerbates downside losses. Moderate, as opposed to very tight rebalancing ranges, can help control unnecessary transaction costs. Lastly, we believe reasonable rebalancing ranges provide a forced discipline that encourages a buy low / sell high approach.

In determining appropriate rebalancing ranges, we consider issues such as size of the allocation, expected return, volatility and importantly, correlation. As an example, equities, with the highest volatility, would be expected to have the widest rebalancing ranges; especially given their prominent role in NYCERS portfolios. In fact, we do assign equities a relatively wide range. However, given the high correlation of U.S. and non U.S. equity; wider ranges around both could result in substantially higher or lower allocations to total equity if we did not consider correlations. On the other hand, the fact that core plus 5 has the lowest correlation with most other asset classes leads to a wider than expected rebalancing range than might otherwise be assumed. Finally, we do not offer a rebalancing range for private equity. We believe that is best dealt with through a disciplined pacing model and on ongoing discussions among Board, BAM, and the respective consultants.

Listed below are rebalancing ranges we would suggest NYCERS could consider.

	Domestic Equity	Non U.S. Equity	Core +5	High Yield
Minimum	-4.0%	-4.0%	-5.0%	-2.0%
Target	32.6%	16.9%	20.0%	4.0%
Maximum	+4.0%	+4.0%	+5.0%	+2.0%

	Opportunistic	TIPS	Real Estate	Hedge Funds
Minimum	-3.0%	-1.0%	-2.0%	-1.0%
Target	5.0%	4.5%	6.0%	4.0%
Maximum	+2.0%	+1.0%	+2.0%	+1.0%

Opportunistic Fixed Income is the one area we do not show a symmetrical rebalancing range. It is important to recognize that by its very nature, Opportunistic Fixed Income allocations are subject to potential market opportunities. Therefore, additional flexibility around target allocations are warranted, especially on the low side.

Note that since we modeled non U.S. equity as a separate asset class, we show a rebalancing range around total non U.S. equity. If NYCERS wants to further break out non U.S. equity between developed and emerging markets, we believe rebalancing ranges of  $\pm 3\%$  for developed and  $\pm 2\%$  for emerging markets would be reasonable.

## **APPENDICES:**



## BASKET CLAUSE

## NYCERS - BASKET/NON BASKET SUMMARY

As of July 31, 2011	Fund Policy			Fund Actual (PE & RE on an invested basis)		
	Non Basket*	Basket*	Total	Non Basket*	Basket*	Total
Equity						
Domestic Equity	32.60%	0.00%	32.60%	39.96%	0.00%	39.96%
Non-U.S. Equity	10.00%	6.90%	16.90%	10.00%	7.79%	17.79%
Private Equity	0.00%	7.00%	7.00%	0.00%	7.71%	7.71%
Real Estate	2.40%	3.60%	6.00%	1.85%	1.31%	3.16%
Hedge Funds	0.00%	4.00%	4.00%	0.00%	0.68%	0.68%
Total Equity	45.00%	21.50%	66.50%	51.81%	17.50%	69.31%
Fixed Income						
Core+5	19.00%	0.00%	19.00%	15.23%	0.00%	15.23%
U.S. Gov't Sector	4.03%	0.00%	4.03%	2.66%	0.00%	2.66%
Mortgage Sector	8.26%	0.00%	8.26%	6.92%	0.00%	6.92%
Credit Sector	6.71%	0.00%	6.71%	5.65%	0.00%	5.65%
High Yield	3.75%	0.25%	4.00%	2.88%	0.27%	3.15%
TIPS	4.25%	0.25%	4.50%	2.06%	0.48%	2.53%
Convertibles	1.00%	0.00%	1.00%	1.32%	0.00%	1.32%
Opportunistic Fixed Income	3.00%	2.00%	5.00%	0.20%	0.86%	1.06%
Other Fixed Income	0.00%	0.00%	0.00%	7.35%	0.03%	7.38%
Total Fixed Income	31.00%	2.50%	33.50%	29.04%	1.64%	30.68%
Total Fund	76.00%	24.00%	100.00%	80.85%	19.15%	100.00%
Remaining Capacity		1.00%			5.85%	

\* Note: Basket amounts are estimates