

New York City

Board of Education Retirement System

Performance Overview as of September 30, 2013

Total Fund Overview

New York City Board of Education Retirement System

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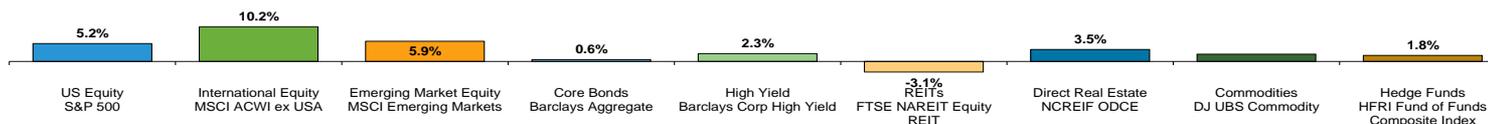


Appendix



Consultant's Commentary

Through September 30, 2013



Market Themes

- Over the third quarter of 2013, markets continued to be heavily influenced by the US Federal Reserve (the "Fed") and its plans for tapering its bond purchases from \$85 billion a month. Investors were surprised in late September when the Fed, contrary to its guidance and near-unanimous market expectations, decided not to slow its bond purchases after all. In the end, equities rallied, while interest rates retreated from newly recorded highs to finish the quarter with little change.
- The withdrawal of ex-Treasury Secretary Larry Summers from consideration to succeed Ben Bernanke as head of the Fed led to expectations of the nomination of Janet Yellen, regarded as an advocate for a more dovish line on monetary policy.
- In Europe, political turmoil heightened in Italy with Berlusconi threatening to break up the governing coalition. However soon after quarter-end, Berlusconi's revolt collapsed, and in a vote of confidence, the ruling coalition government emerged victorious. This provided the Italian government with a reinforced platform upon which it can enact ambitious, but much-needed, reforms to stimulate the economy.
- In the UK, economic data started to come through surprisingly strongly during the summer with early indications that annualized GDP growth could be running above 3%. However, concerns remain over the sustainability of this revival, particularly with gathering concern in some quarters of a renewed housing bubble under formation.
- Japan's resurgence continued, though the market is now poised for the re-release of premier Abe's 'third arrow' of economic reforms. The response to the earlier announcement was lukewarm, but with an improved political mandate following the elections over the summer, optimism remains high that Abe can deliver a durable economic resurgence. Recently, there was optimism that Japan's acute long term fiscal imbalances were at long last beginning to be addressed with the long-postponed increase in the value added tax (VAT) to 8% from 5%.
- At the end of the quarter, the world's eyes were firmly back on the US. The partial federal government shutdown, as the political parties failed to reach an agreement funding the US government budget for the current fiscal year, created anxiety amongst investors. The concurrent battle over raising the US debt ceiling with potentially far more serious consequences kept markets on edge. Although a temporary agreement was eventually reached at the 11th hour, deepening dysfunction of the US political system threatens a sapping of the US economic recovery and an undermining of confidence in the financial system.

Domestic Equity



- US Equities continued to record gains, benefiting from a widely unexpected delay in Federal Reserve "tapering." US fiscal uncertainty, combined with some anticipation of adverse effects to the US economy, served to cap gains somewhat. Still, the S&P 500 returned a healthy 5.2% for the quarter.
- Gains were most evident among smaller market-capitalization stocks. Small-cap recorded double digits with a 10.2% return followed by mid-cap at 7.7% and mega-cap at 5.3%.
- With respect to sector, those with a more cyclical orientation did the best. Materials led with a 10.3% return followed by industrials at 8.9%. Conversely, the traditionally defensive telecom and utility sectors lagged at -4.4% and 0.2%, respectively. In terms of style, growth outperformed equity across the market-cap spectrum.

International Equity

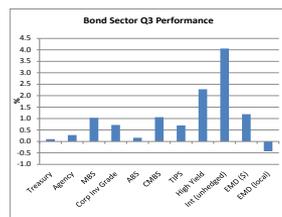
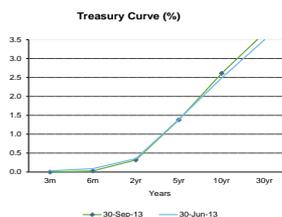
- Looking outside of North America, the pace of economic decline continued to moderate. This is particularly the case in Europe, where fears have continued to ease in response to ECB actions. Activity in Japan indicates signs of improvement, supported by a weaker currency and optimism around recently implemented reforms.
- The MSCI ACWI ex US Index returned 10.2% during the quarter. A weaker US dollar, triggered in part by delayed tapering and fears of decelerating economic growth, supported performance in USD terms, adding a premium of more than 400 basis points to the MSCI ACWI ex US in local-market terms. In terms of region, Europe did well with a 13.7% return and most countries recorded double digit returns. The troubled tertiary Eurozone markets did well with Greece, Spain, and Italy returning 20+% for the quarter. Japan lagged with a 6.7% return.

Emerging Market Equities

- Emerging Market Equities** experienced their first positive quarter this year when measured in local currency terms, returning 5.6% (compared to 5.9% in USD terms).
- Emerging markets were buoyed by some encouraging Chinese data that suggested the slowdown was bottoming out, together with the Eurozone's exit from recession, which also helped support central European equities.
- However, India performed poorly over the period as concerns about reduced global liquidity pushed the rupee to a new record low against the US dollar in August. The same concerns drove significant underperformance by Indonesia with slowing domestic growth in both economies also hurting sentiment.

Consultant's Commentary

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Global Bond Markets

- **International Fixed Income** was a stand-out performer during the quarter and returned 4.0%. UK Gilts did especially well with the Citi UK Government Bond Index returning more than 7%. Much of the gains are attributable to US dollar weakness, however. International fixed income only returned 1.0% in local terms with the UK only managing a 50 basis point return in Sterling terms.
- **Emerging market debt** performance was mixed. US dollar denominated debt did reasonably well with a 1.2% return, but local currency debt suffered. The performance of developed and emerging market currencies diverged relative to the US dollar. While developed currencies appreciated, emerging currencies tended to decline, resulting in the -0.4% return for local currency debt.

Bond Markets – Interest Rates

- Interest rates continued their ascent with the yield on the **10 Year Treasury Note** approaching the key 3.0% level in anticipation of a reduction in Fed quantitative easing. The surprise lack of action, a result of lackluster US economic data, triggered a drop in yields back to the 2.6% level, only slightly higher than where they began the quarter. The Treasury curve steepened with short Treasuries recording gains and longer securities incurring losses.

Bond Markets – Sectors

- The **Barclays Aggregate Index** returned 0.6% during the quarter. Among investment grade sectors, MBS outperformed on the Fed decision to not curtail purchases. MBS returned about 1.0% for the quarter. CMBS did similarly well. Nominal Treasuries produced the lowest returns (albeit positive) among the Barclays Aggregate sectors.
- High yield (not included in the Barclays Aggregate) did well during the quarter and was one of the better performing sectors. This sector not only gained in sympathy with equities, but also benefited from the general "risk-on" sentiment that was encouraged by the lack of Federal Reserve action

Currency



- The US dollar weakened versus developed market currencies, as the absence of Fed tapering and lackluster economic data capped a rise in US rates. US fiscal issues also weighed on the dollar.
- The Euro, British pound, and Japanese yen all appreciated versus the dollar. The pound exhibited notable strength on better than expected data. Emerging market currencies fared relatively worse, such as the Indian rupee, which declined 5% versus the US dollar.

Commodities

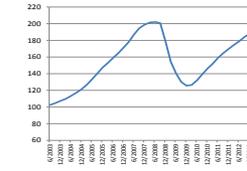
- **Gold** prices rallied slightly over the quarter with stronger demand driven by consumers in Asia fearing increased inflation, concerns over events in Syria and India, and just as supply begins to fall, miners start to scale back production.
- **Metals** also returned positively during the period with **Copper** gaining on the back of signs of broadening economic recovery in many developed economies as well as a 'soft landing' to the slowdown in China.
- There was a sharp rise in **Oil** prices during the period due to greater political instability and increasingly violent internal conflict in Egypt and Syria, despite some apparent progress in diplomatic relations with Iran.



Real Estate

- The NCREIF Open-End Diversified Core (**ODCE**) Index returned a preliminary 3.5% (gross) during the quarter. Capital appreciation contributed about two-thirds of the return, with the remainder derived from income.
- The FTSE NAREIT Equity **REIT** Index returned -3.1% for the quarter, declining due to an overall rise in interest rates. The industrials sector was the lone positive performer, while all others were negative (especially retail and residential).

Funds of Hedge Funds



Funds of Hedge Funds

- Overall, a positive quarter for **Hedge Funds** with the majority of strategies making gains.
- Equity hedged strategies fared the best, as markets rose in July and again in September, while event driven and relative value strategies also performed relatively well.
- Macro strategies posted negative returns overall with many managers maintaining positive interest rate exposure and struggling to trade effectively in currency markets.

Consultant's Commentary

Through September 30, 2013

Asset Allocation

At September 30, 2013, the Board of Education Retirement System (BERS) Total Portfolio was \$3.7 billion versus \$3.5 billion for June 30.

The overall allocation is 72% equity (including Real Estate and Private Equity) and 28% fixed income versus a target allocation of 70% equity and 30% fixed income. Within the equity portfolio, the Plan is overweighted to US equity by approximately 7%, while also underweighted to Private Equity and Real Estate by the same amount (combined). The overweight in US equity is in place to help offset the Private Equity/Real Estate underweights, and will be gradually reduced as these latter asset classes slowly build up.

The Total Equity and Total Fixed Income allocations are within their allowable ranges. The PE and RE allocations are outside of their ultimate target ranges but this is a function of building up the portfolios.

Total Fund Performance

The Total Plan returned 6.5% in the quarter versus 5.4% for the benchmark, placing the Plan in the 3rd percentile versus its Public Master Trusts > \$ 1 billion Universe. For the year-to-date period, the Total Plan returned 12.2% versus 11.7% for the benchmark. This placed in the top quartile of its universe with a 19th percentile ranking. The Total Plan remains ahead of benchmark over the trailing five-year period, 9.3% versus 9.1%.

Manager outperformance was the primary reason for outperformance during the quarter, especially in US equity. Although both active managers there did well, Zevenbergen outperformed by nearly 1,500 basis points (bps). Within international equity managers, strong returns from Baillie Gifford offset lagging returns from the other managers.

Consultant's Commentary

Through September 30, 2013

U.S. Equity

For the quarter, Total Domestic Equity returned 7.7% versus 6.4% for the Russell 3000 Index. Total active equity returned 12.3% during the quarter, with Zevenbegen leading the way. Domestic equity is also ahead for the year-to-date period, 23.8% versus 21.3%. Again, all of the active managers are ahead (including the emerging managers), and Zevenbergen again stands out with an outperformance in excess of 3,000 bps.

In September, the Total Plan's Russell 3000 equity allocation was broken up into the four "style boxes", with separate portfolios established that track the Russell 1000 Growth, Russell 1000 Value, Russell 2000 Growth, and Russell 2000 Value indices. The impact on fees is negligible, and more than offsets it with the added flexibility now available for equity-style positioning.

Zevenbergen generated a sizeable 23.0% return during the quarter compared to 8.5% for the Russell 3000 Growth benchmark. Year-to-date, the portfolio returned 51.9% versus 21.8% for the benchmark. As a result, performance is now in line or ahead of benchmark over all trailing time periods. Consumer discretionary and technology were the largest contributors to performance for the quarter. In the former, positions in Tesla and Netflix did extremely well and returned 80% and 47%, respectively. Both remain prominent positions in the fund at 7% and 4%, respectively. In technology, contributing stocks included Facebook and Zillow, with returns of 102% and 50%. Health care was somewhat of a headwind to performance, but the negative effects were clearly offset elsewhere. Given the portfolio's focus on relatively high-beta names, we expect volatility to remain at elevated levels. Still, we are comfortable with such positioning given the minimal levels of active manager exposure elsewhere within the BERS US domestic equity manager allocation.

Wellington returned 9.3% for the quarter compared to 7.5% for its S&P Midcap 400 Index benchmark. Year-to-date, the portfolio is also ahead, 28.0% versus 23.2%. Security selection in health care was the main contributor to outperformance, where a position in Incyte gained 73%. Allocation to the stock was 1.1% as of quarter end. A position in generic pharmaceutical company Mylan also helped given its 23% return. Gains were somewhat muted by negative selection in the energy sector, where holdings in Cobalt Intl Energy declined about 6%.

Consultant's Commentary

Through September 30, 2013

U.S. Equity (continued)

While not the worst performing holding in the portfolio, the 1.2% position size made it more influential to overall relative return. The primary active sector positions remain health care (17% versus 9%) and financials (13% versus 23%). In the former, they are focused on companies they believe are best positioned to benefit from the implementation of the Affordable Care Act. In contrast, financials remain underweighted due to a lack of REIT exposure.

Daruma returned 11.8% during the quarter, outperforming the 10.2% return of its Russell 2000 Index benchmark. Year-to-date, the fund is also ahead, 33.3% versus 27.7%. Technology-sector stocks again figured prominently on the list of stocks that contributed to performance, though other sectors were also helpful in generating excess return. Pandora was again an important contributor, adding almost 100 bps to total return despite only being a 2% position. Other top contributors included CoStar Group (real estate information services) and Acxiom (direct marketing services). The top 10 stocks in the portfolio accounted for 36% of assets as of quarter end. Sector allocation is cyclically-focused with overweights in technology (22% versus 15%) and consumer discretionary (24% versus 15%). Financials are significantly underweighted with only a 6% allocation compared to 23% for the benchmark. This is partially a result of Daruma's avoidance of REITs (which they do not consider to be of the equity asset class) and the large allocation to REITs within small-cap indices.

Progress returned 8.3% for the quarter versus 6.4% for its Russell 3000 benchmark during quarter. For the year-to-date period, Progress is now ahead, 23.3% versus 21.3%. While the manager remains slightly behind over three years, they are now ahead over the trailing five-year period.

FIS returned 11.1% during the quarter, outperforming the 10.2% return of its Russell 2000 Index benchmark. FIS also leads year-to-date, 31.6% versus 27.7%. FIS now leads its benchmark over both the trailing three- and five-year periods.

Consultant's Commentary

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International Equity

The Total Developed Market portfolio outperformed the MSCI EAFE (net dividend) Index during the quarter, 13.6% versus 11.6%. This result maintains the lead for the year-to-date period, 16.7% versus 16.1%. Long-term results remain strong for Baillie Gifford and Sprucegrove, each having a record of adding value versus both EAFE and their respective EAFE-style benchmarks (EAFE Growth for Baillie Gifford and EAFE Value for Sprucegrove).

Baillie Gifford returned 16.9% during the quarter compared to 11.6% for the MSCI EAFE (net) Index during the quarter. For the year-to-date period, the portfolio returned 20.5% compared to 16.1% for the benchmark. The portfolio remains ahead over the trailing three- and five-year time periods. With about 65% of the portfolio invested in Europe (including the United Kingdom) the regional positioning was a strong contributor to performance during the quarter, as European markets delivered strong returns on the back of improving economic data and a more promising outlook. Baillie Gifford did particularly well in stock selection in the information technology sector with internet sites Rakuten and Baidu (in a reverse of fortune from last quarter) being among the top contributors.

Sprucegrove returned 9.9% for the quarter compared to 11.6% for the MSCI EAFE (net). Year-to-date, the portfolio is also behind, 11.7% versus 16.1%. With respect to longer-term performance, the three-year return is ahead of benchmark and the five-year return remains strong. Security selection was the main detractor during the quarter, mainly in consumer discretionary and industrials. Carnival, Television Broadcasts, Jardine Strategic, and Ryannair were among the detractors. From a country perspective, security selection in Hong Kong hurt, as did an overweight to Singapore and underweight to France. Transactions during the quarter included adding to financials and industrials as they view the fundamental and valuation measures are at attractive levels. They conversely reduced the exposure to the consumer discretionary sector. There were no major shifts in the portfolio, as SpruceGrove continues to hold names for a long investment horizon based on the projected return to equity calculation.

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International Small Cap

Acadian small cap returned 14.0% during its first full quarter in the fund, underperforming the 15.0% return of its S&P EPAC Small Cap Index benchmark. In terms of sector effects, selection in the consumer discretionary weighed on relative return. From a country perspective, selection in the UK hurt returns, as did an underweight in Spain. Individual detractors included a position in William Hill (UK, casino/gaming) and the lack of exposure to Spanish bank Banco Popular. Acadian's quantitative investment approach has led to a portfolio of 917 holdings. Size factors are comparable to the benchmark with a \$2.6 billion weighted average market cap compared to \$3.0 billion for the benchmark. Style factors, however, are indicative of a slight value tilt. This is exhibited in P/E (14.4x versus 23.5x), P/B (1.3x versus 1.4x) and dividend yield (2.8% versus 2.4%). Emerging market exposure is modest at 12%, and this compares to 5% for the S&P EPAC Small Cap index.

Emerging Markets

Acadian returned 5.6% during the quarter, compared to 5.9% for its MSCI Emerging Markets Index benchmark. Selection in Brazil and South Korea detracted from return although this was partially offset by good stock selection in Mexico, India and Taiwan. In terms of sectors, energy stocks had trouble during the quarter. This was partially offset, however, by favorable security selection in financials and consumer staples. The quantitatively-managed portfolio held 410 stocks (compared to 818 for the benchmark) as of quarter end and maintained active factor exposures not atypical for quantitative strategies, such as, a value style orientation (10x P/E ratio versus 13x for the benchmark), and a tilt toward smaller market capitalization holdings (\$40.7 billion weighted average market cap compared to \$46.6 billion for the benchmark). Active regional positioning includes an overweight to the Pacific (especially India and Thailand) and an underweight in emerging Europe (Russia).

Consultant's Commentary

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Fixed Income – Structured Manager Composite

The Total Structured Portfolio returned 0.6% during the quarter, lagging its NYC Core + 5 Index by only 6 basis points. The PRIVEST portfolio did very well, but only accounts for a small portion of the Core + 5 exposure. Underperformance by PIMCO MBS and Taplin Canada credit were more influential. Year-to-date, the Total Structured Portfolio maintains a slight lead for the year-to-date period, -2.4% versus -2.6%. Trailing three- and five-year returns are ahead of benchmark.

Taplin Canada (credit) returned 0.4% during the quarter, underperforming the 0.8% return of its customized Citigroup Credit Index. Year-to-date, the portfolio returned -2.7%, which is one basis point ahead of its benchmark. Yield curve positioning was the primary detractor from performance during the quarter. The portfolio was overweight to longer-dated securities, and this made it vulnerable to curve steepening. Such positioning detracted about 20 basis points from relative return. Sector allocation also detracted from performance, mainly an overweight to the industrials sector, which underperformed the broader credit market. Positive highlights that mitigated relative losses were an overweight to financials, as well as a focus on BBB-rated issues.

Prudential (credit) returned 0.9% during the quarter versus 0.8% for the customized Citigroup Credit Index. Year-to-date, Prudential returned -2.3% versus -2.8% for the index. Longer-term numbers remain favorable with the three-year return also slightly ahead of the benchmark.

PRIVEST (credit) returned 1.5% during the quarter, outperforming the 0.8% return of its custom credit benchmark. The fund is well ahead of benchmark on a year-to-date basis, and has also moved into positive territory (0.1% versus -2.8%). The fund's private credit focus contributed to return, as such issues experienced greater spread tightening compared to their public-credit counterparts. Income accounted for the majority of the quarterly return. The quarter invested in 22 issues during the quarter with an average BBB quality and average duration of 7.9 years.

Consultant's Commentary

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Fixed Income – Structured Manager Composite (continued)

In total, the fund consists of 95% private issues, compared to 96% the previous quarter, and was diversified across 464 total issues. The average credit rating was unchanged at BBB+ and it maintained a duration of 5.5 years.

SSgA (governments) returned -0.6% during the quarter, two basis points ahead of index. For the year-to-date, SSGA returned -5.9% to -5.6% for its benchmark. Longer-term numbers are mixed, with three-year returns slightly behind but five-year numbers slightly ahead of the benchmark. Contributing factors to outperformance included a tactical decision to position with a shorter duration (0.25 years) compared to benchmark, and to overweight agency securities. While profits were taken on the agency security overweight (trimmed to 22% versus 25% last quarter), it still represents a 15% overweight compared to benchmark.

PIMCO (mortgages) returned 0.8% during the quarter compared to 1.1% for the benchmark. This extended the benchmark's lead over the portfolio year-to-date with a return of -1.3% versus -1.0%. PIMCO remains ahead of its benchmark over three-year and longer time periods. Although the portfolio ended the quarter with a 4.4 year duration that is shorter than that of benchmark (5 years), it spent most of the quarter longer than benchmark and this hurt relative returns. Security selection also hurt through a decision to underweight 4.5% coupon MBS, which benefited the most from the Fed's decision to defer tapering.

Fixed Income - TIPS

PIMCO returned 0.9% versus 0.7% for the Barclays Capital US TIPS Index. Returns are decidedly negative for the year-to-date benchmark but still ahead of benchmark (-6.5% versus -6.7%). PIMCO remains ahead of its benchmark over all longer time periods. Factors that contributed included an overweight at the long end of the real curve (as opposed to the nominal curve), and tactical exposure to the UK (non-benchmark).

Consultant's Commentary

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Enhanced Yield Fixed Income

Total High Yield returned 2.3% during the quarter versus 1.9% for the Citigroup BB & B Index. Outperformance is attributed to Loomis while Shenkman mildly underperformed. In bank loans, Babson also slightly underperformed.

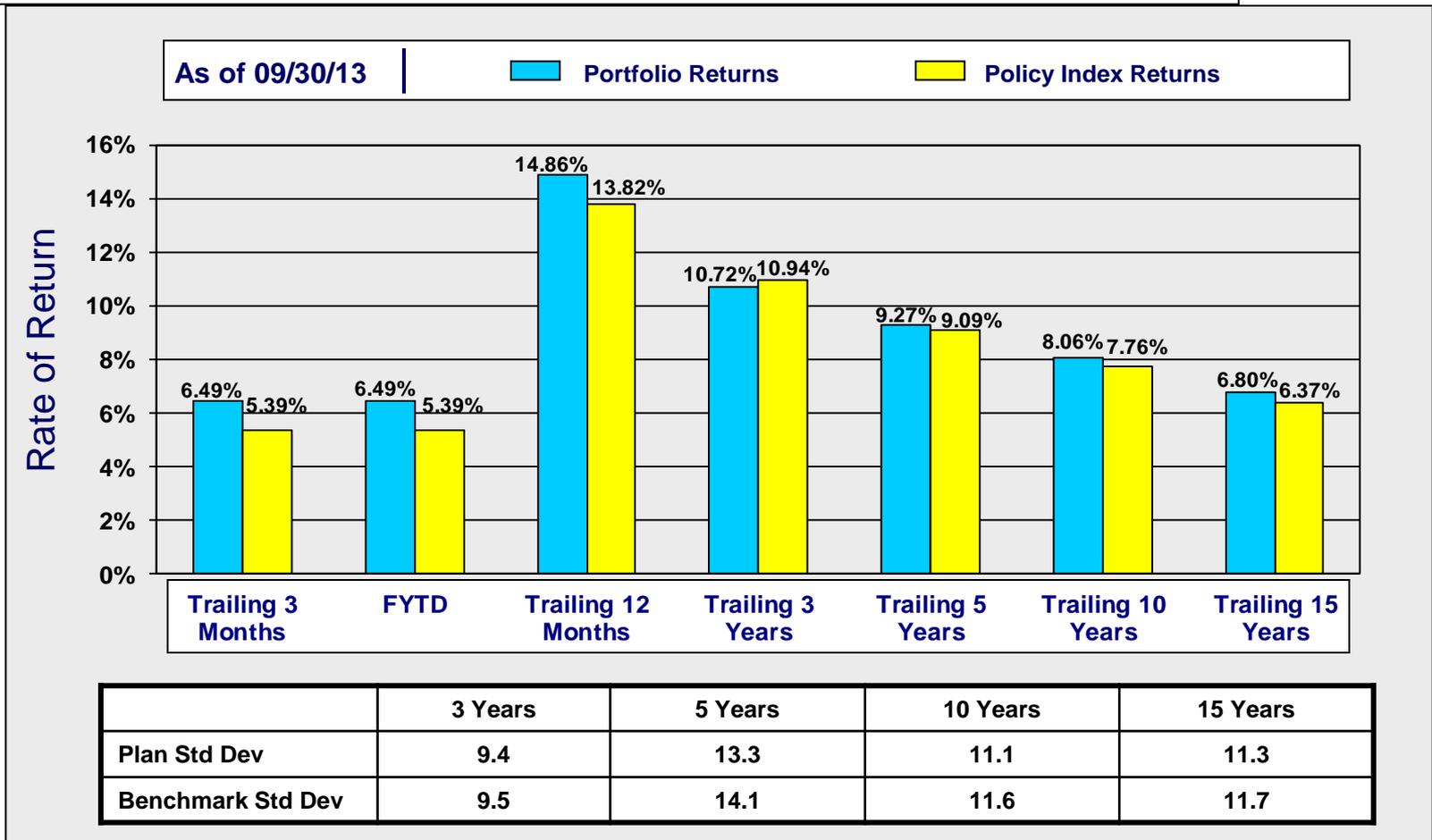
Loomis Sayles returned 2.8% for the quarter versus 2.3% for the Merrill Lynch High Yield Master II index. Year-to-date, the fund returned 6.3% versus 3.8% for the index. Performance also remains ahead of the benchmark over longer time periods. The portfolio's non-benchmark allocation to convertibles, about 11% of assets, was responsible for more than half of the excess return generated during the quarter. The remainder came from security selection in high yield. This included an overweight to securities rated Caa and lower (23% compared to 17% for the benchmark). The portfolio's credit exposure can be described as barbelled, as the Caa overweight is accompanied by 9% in cash and an additional 8% in Baa-rated cross-over debt.

Shenkman returned 1.7% for the quarter versus 1.9% for its Citigroup BB & B Index benchmark. Year-to-date, the portfolio returned 1.8% versus 2.7%. The fund underperformed for the quarter but the differential was relatively narrow, as negative factors (selection in selection in media and financials) were only slightly larger in magnitude versus positive contributing factors (selection in utilities and health care). Duration was 3.3 years as of quarter end, and average credit quality remained at B1/B+.

Babson returned 1.3% during the quarter compared to 1.4% for the Credit Suisse Leveraged Loan Index benchmark. The slight underperformance was the result of negative credit selection offsetting positive sector allocation effects. This included a default from a position with Preferred Sands and underperformance from a position with Getty Images. The current yield of the portfolio is 5.35% versus 4.87% for the benchmark. This includes a discount margin of 534 basis points and an average loan price in the fund of 99.43.

Total Portfolio Returns: September 30, 2013

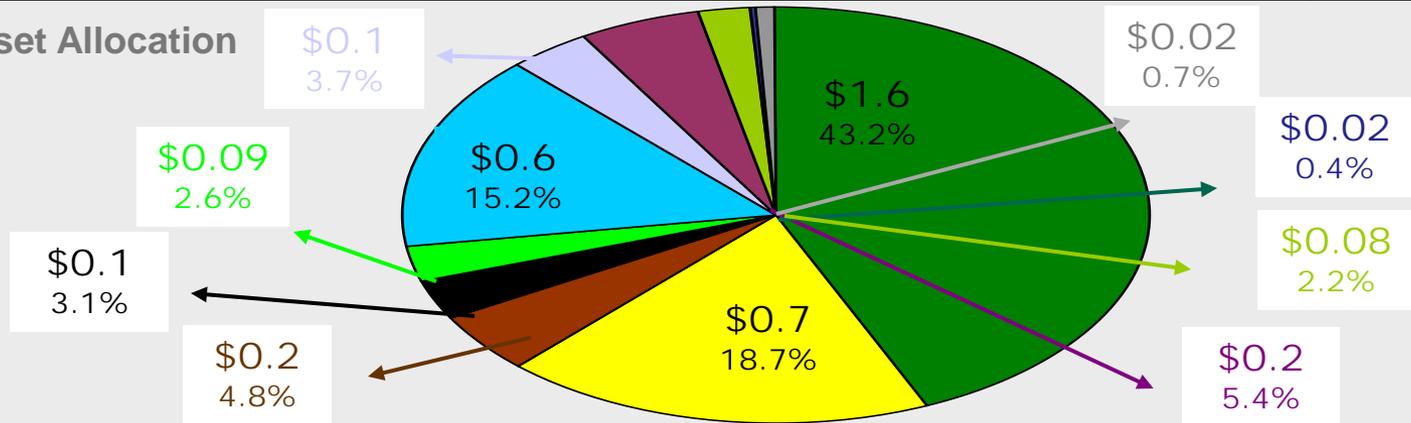
\$3.7B Under Management



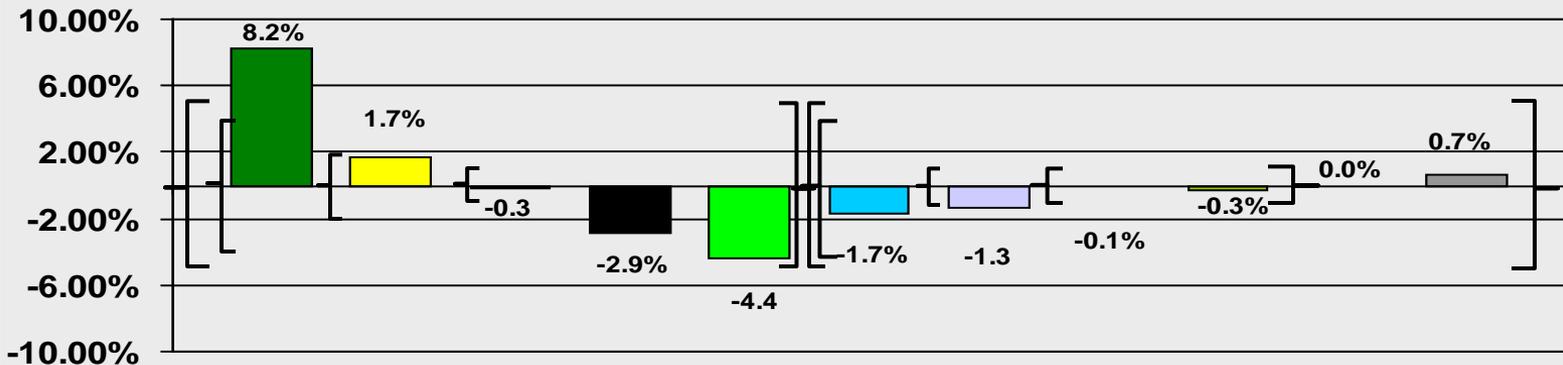
Portfolio Asset Allocation: September 30, 2013

\$3.7B Under Management

Asset Allocation

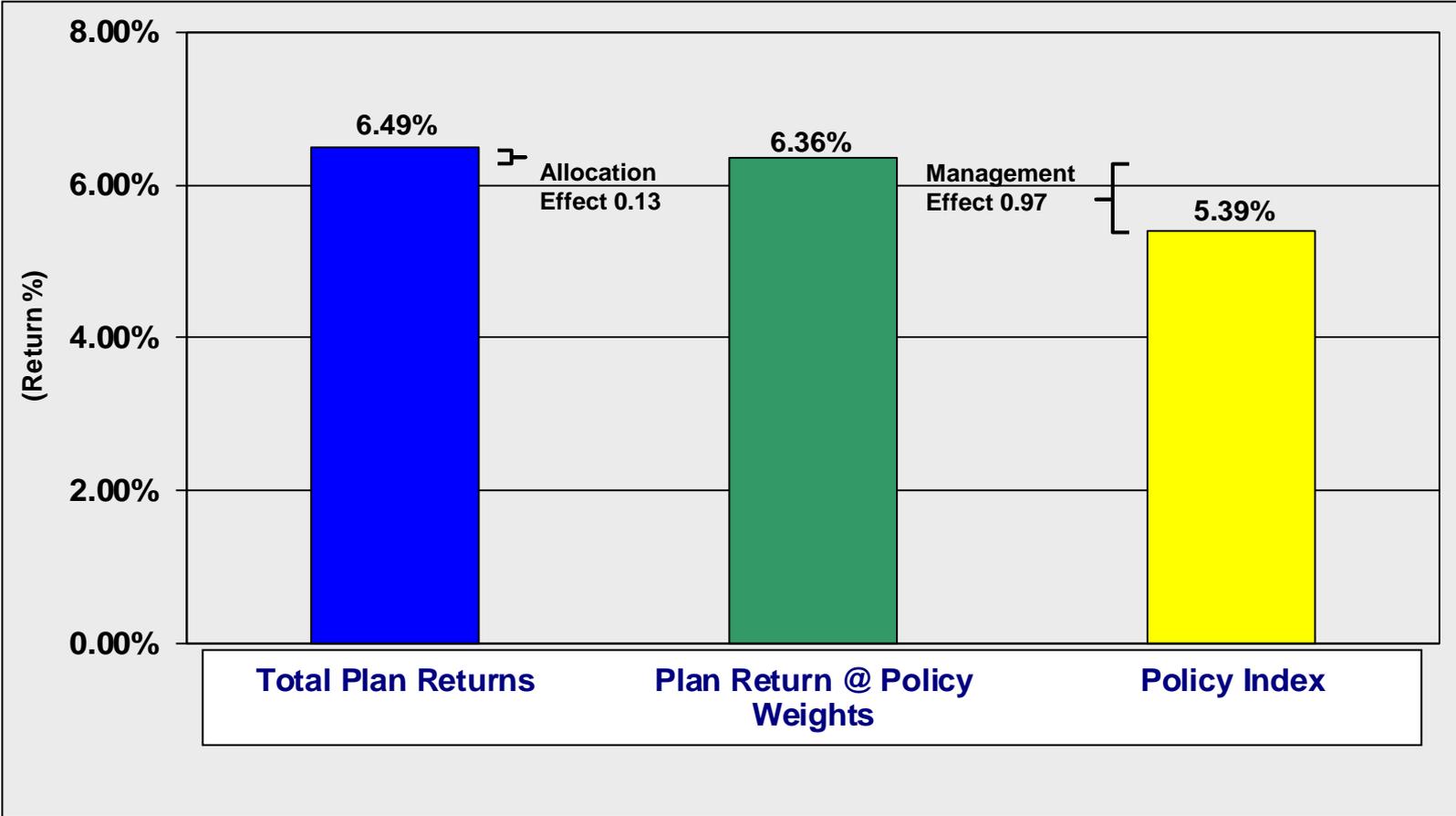


Relative Mix to New Policy Weights

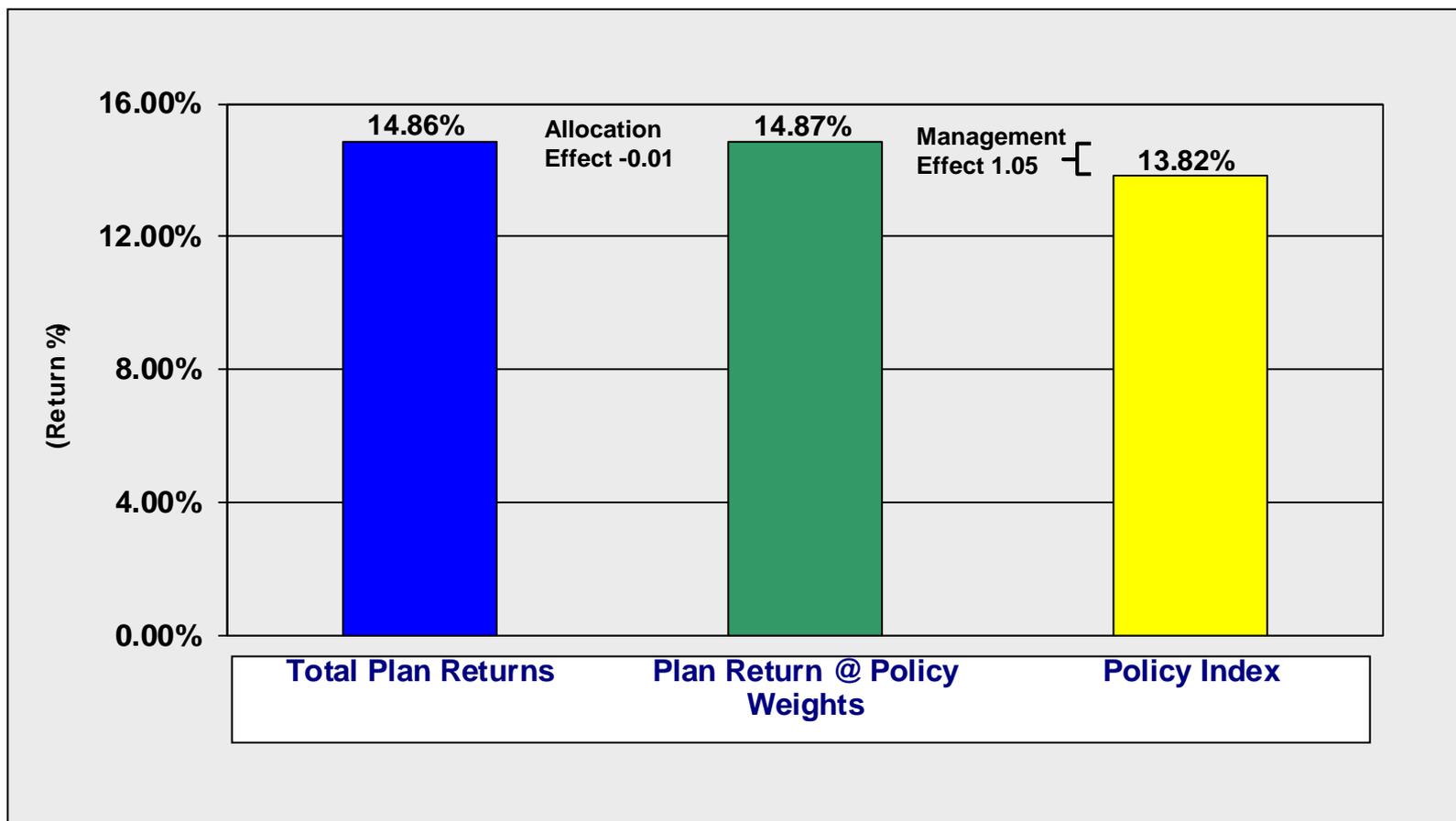


Note: Brackets represent rebalancing ranges versus Policy.

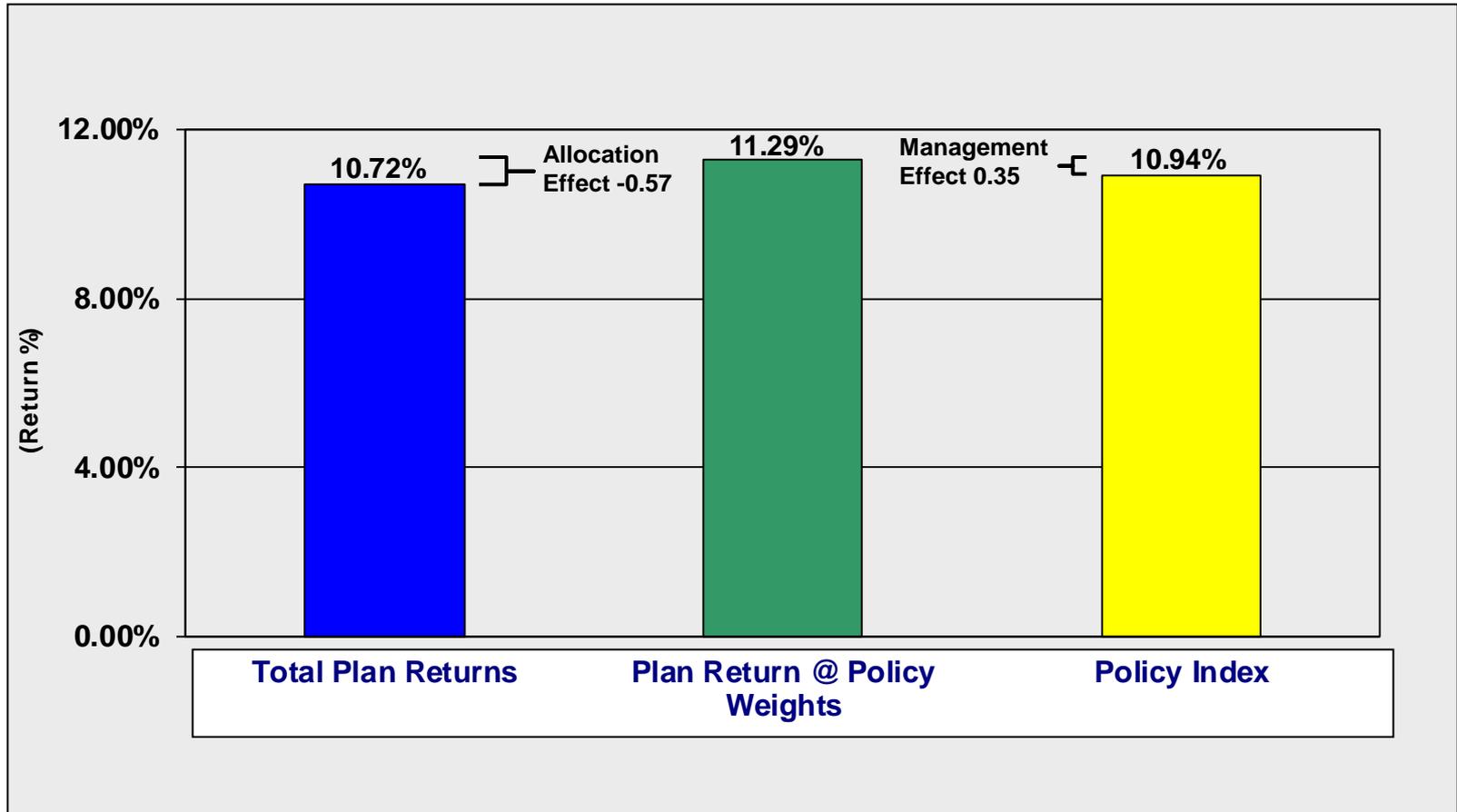
Performance Attribution: Total Plan - Quarter Ending September 30, 2013



Performance Attribution: Total Plan – 12 Months Ending September 30, 2013



Performance Attribution: Total Plan – 3 Years Ending September 30, 2013



Total Plan - Quarter Ending September 30, 2013

Allocation Effect – Asset Class Breakdown

<u>Plan</u>	<u>Quarter</u>	<u>12 Months</u>	<u>3 Years</u>	<u>Benchmark</u>
Domestic Equity	-0.01	-0.12	-0.15	Russell 3000 Index
EAFE Markets	0.04	0.12	-0.03	MSCI EAFE Index
Emerging Markets	0.00	0.06	-0.05	MSCI Emerging Markets Index
Private Equity	0.00	0.00	0.00	Russell 3000 Index + 300 b.p.
Private Real Estate	0.00	0.00	****	NCREIF ODCE NET + 100 b.p.
Domestic Fixed	0.06	0.00	-0.11	NYC Core +5 Index
Enhanced Yield	0.00	-0.02	-0.05	Citigroup BB&B Index
TIPS	0.07	0.17	0.05	Barclays Capital US TIPS Index
State Street Short Term	-0.07	-0.16	-0.34	Total Plan

Note: Detailed effects may not add up to total due to reallocation and trading effects.

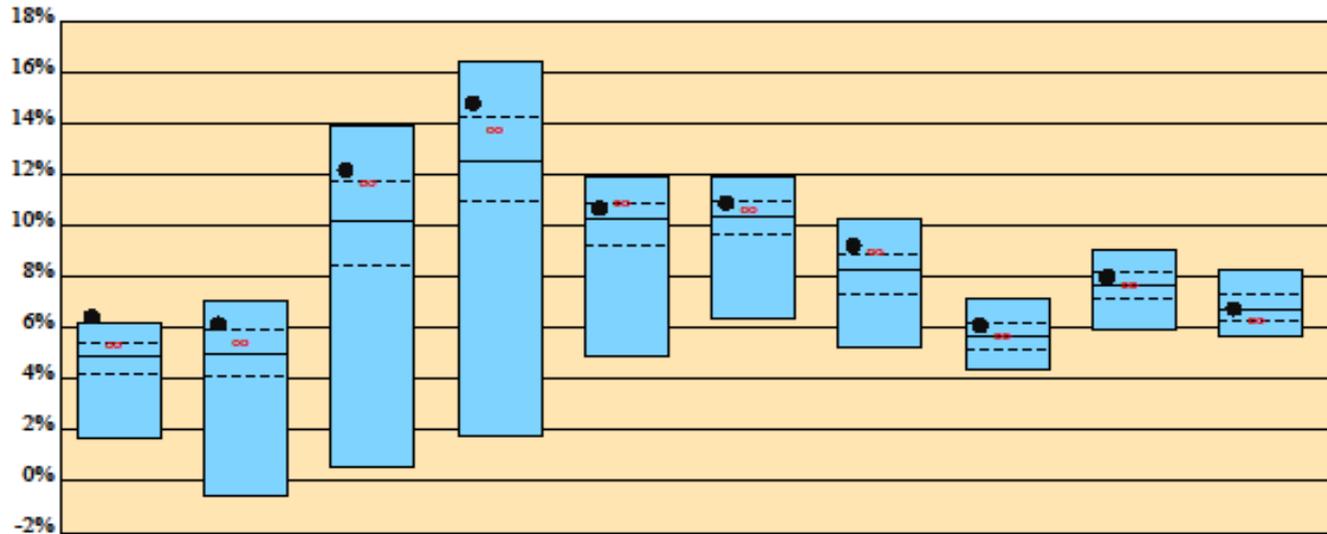
Total Plan - Quarter Ending September 30, 2013

Management Effect – Asset Class Breakdown

<u>Plan</u>	<u>Quarter</u>	<u>12 Months</u>	<u>3 Years</u>	<u>Benchmark</u>
Domestic Equity	0.54	1.11	0.14	Russell 3000 Index
EAFE Markets	0.33	0.02	0.32	MSCI EAFE Index
Emerging Markets	0.00	0.02	-0.02	MSCI Emerging Markets Index
Private Equity	0.10	-0.38	-0.25	Russell 3000 Index + 300 b.p.
Private Real Estate	-0.03	-0.02	****	NCREIF ODCE NET + 100 b.p.
Domestic Fixed	-0.01	0.06	0.10	NYC Core +5 Index
Enhanced Yield	0.02	0.11	0.07	Citigroup BB&B Index
TIPS	0.01	0.02	0.01	Barclays Capital US TIPS Index

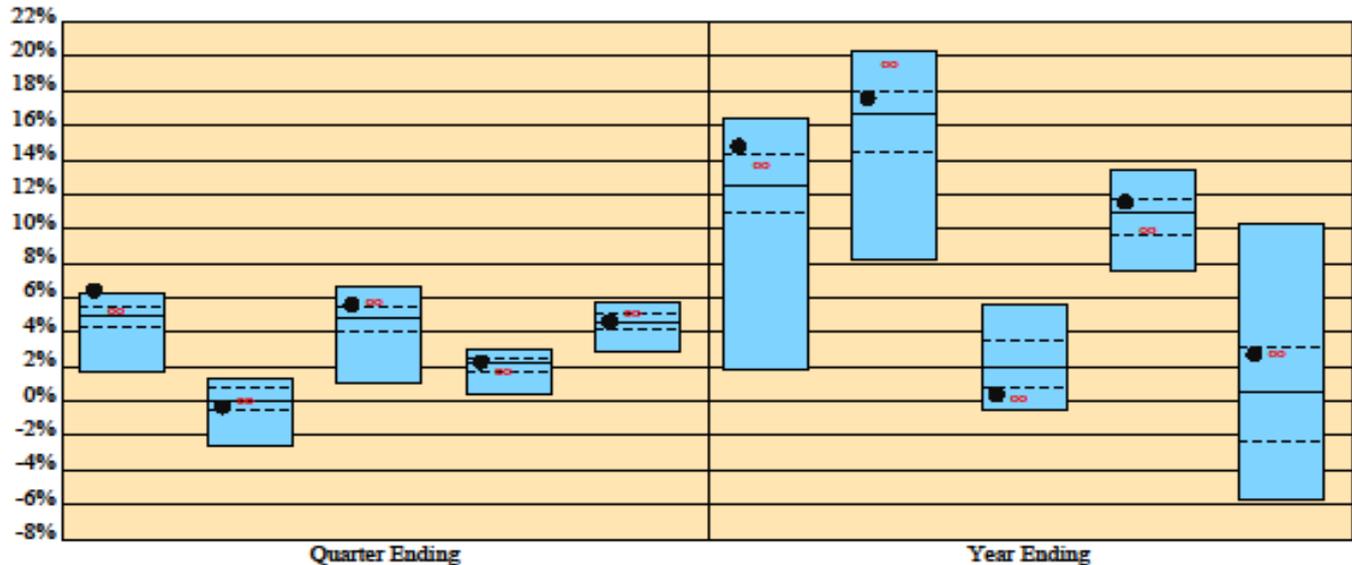
Note: Detailed effects may not add up to total due to reallocation and trading effects.

City of New York - Board of Education Total Returns of Public Master Trusts > \$1 Billion Rates of Return for Periods Ending September 30, 2013



	1 Quarter	2 Quarters	3 Quarters	1 Year	3 Years	4 Years	5 Years	7 Years	10 Years	15 Years
5th Percentile	6.22	7.05	13.91	16.46	11.93	11.97	10.24	7.17	9.10	8.31
25th Percentile	5.43	5.93	11.74	14.27	10.92	11.00	8.91	6.16	8.23	7.34
Median	4.92	5.01	10.23	12.52	10.31	10.40	8.29	5.68	7.66	6.74
75th Percentile	4.24	4.08	8.44	10.95	9.24	9.67	7.35	5.15	7.19	6.25
95th Percentile	1.69	-0.61	0.57	1.78	4.90	6.41	5.22	4.37	5.94	5.67
● Total System	6.49 (3)	6.21 (19)	12.24 (18)	14.86 (16)	10.73 (30)	10.95 (27)	9.27 (16)	6.15 (27)	8.06 (31)	6.81 (45)
∞ Board of Ed Policy Benchmark	5.39 (26)	5.53 (30)	11.74 (25)	13.82 (30)	10.94 (23)	10.71 (36)	9.08 (21)	5.76 (41)	7.77 (44)	6.38 (60)

City of New York - Board of Education Total Returns of Public Master Trusts > \$1 Billion Recent Periods



	Quarter Ending					Year Ending				
	Sep 13	Jun 13	Mar 13	Dec 12	Sep 12	Sep 13	Sep 12	Sep 11	Sep 10	Sep 09
5th Percentile	6.22	1.35	6.67	3.02	5.75	16.46	20.30	5.67	13.41	10.30
25th Percentile	5.43	0.82	5.54	2.54	5.14	14.27	18.00	3.57	11.76	3.16
Median	4.92	0.05	4.81	2.18	4.57	12.52	16.63	1.97	10.92	0.51
75th Percentile	4.24	-0.56	4.10	1.74	4.21	10.95	14.45	0.77	9.69	-2.35
95th Percentile	1.69	-2.55	0.99	0.41	2.82	1.78	8.18	-0.52	7.58	-5.73
● Total System	6.49 (3)	-0.26 (67)	5.68 (20)	2.34 (40)	4.67 (45)	14.86 (16)	17.67 (29)	0.45 (81)	11.62 (31)	2.78 (27)
∞ Board of Ed Policy Benchmark	5.39 (26)	0.13 (47)	5.89 (13)	1.86 (67)	5.28 (17)	13.82 (30)	19.69 (7)	0.24 (87)	10.00 (72)	2.82 (26)

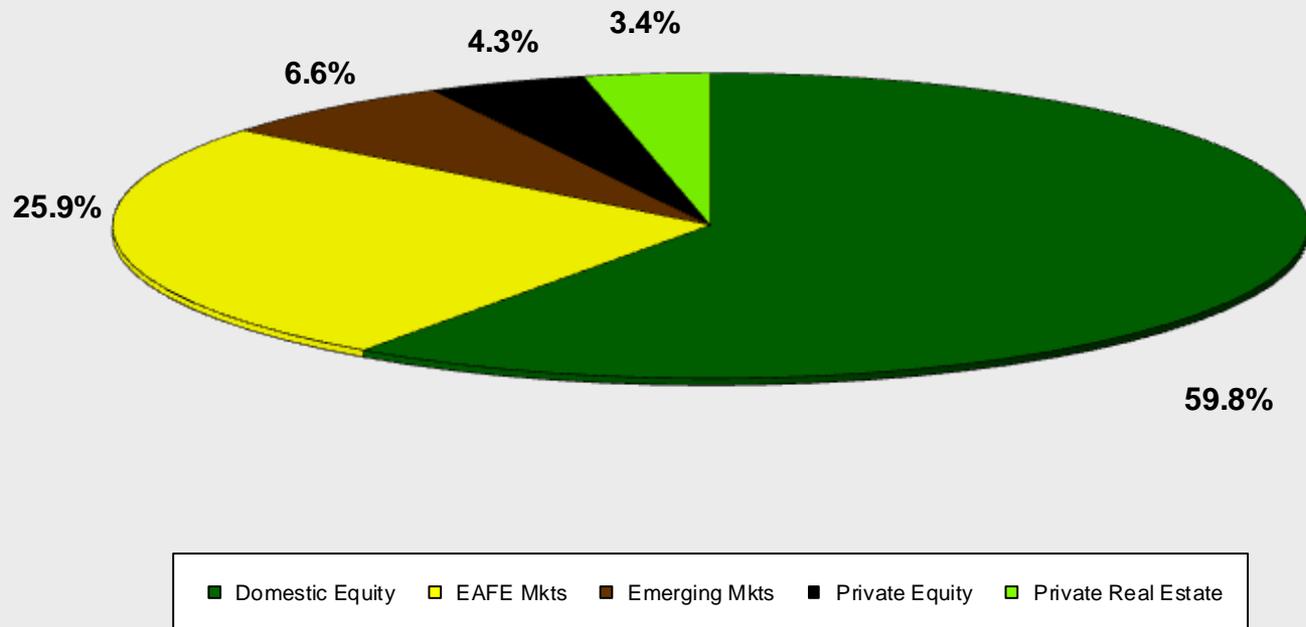
New York City
Board of Education Retirement System

Equity Analysis

Total Equity Asset Allocation: September 30, 2013

\$2.7B Under Management, **72%** of Total Funds

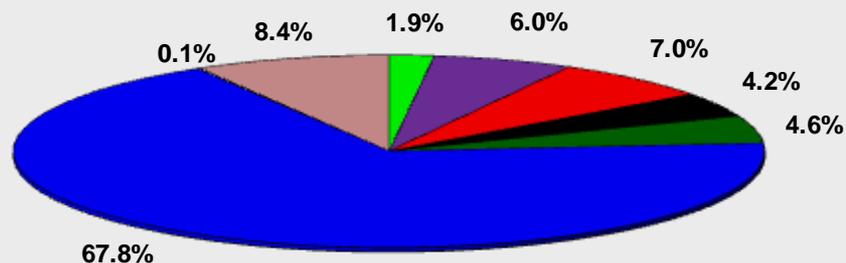
Asset Allocation by Groups



Total Domestic Equity Asset Allocation: Quarter Ending September 30, 2013

\$1.6B Under Management, **43%** of Total Funds

Asset Allocation by Groups



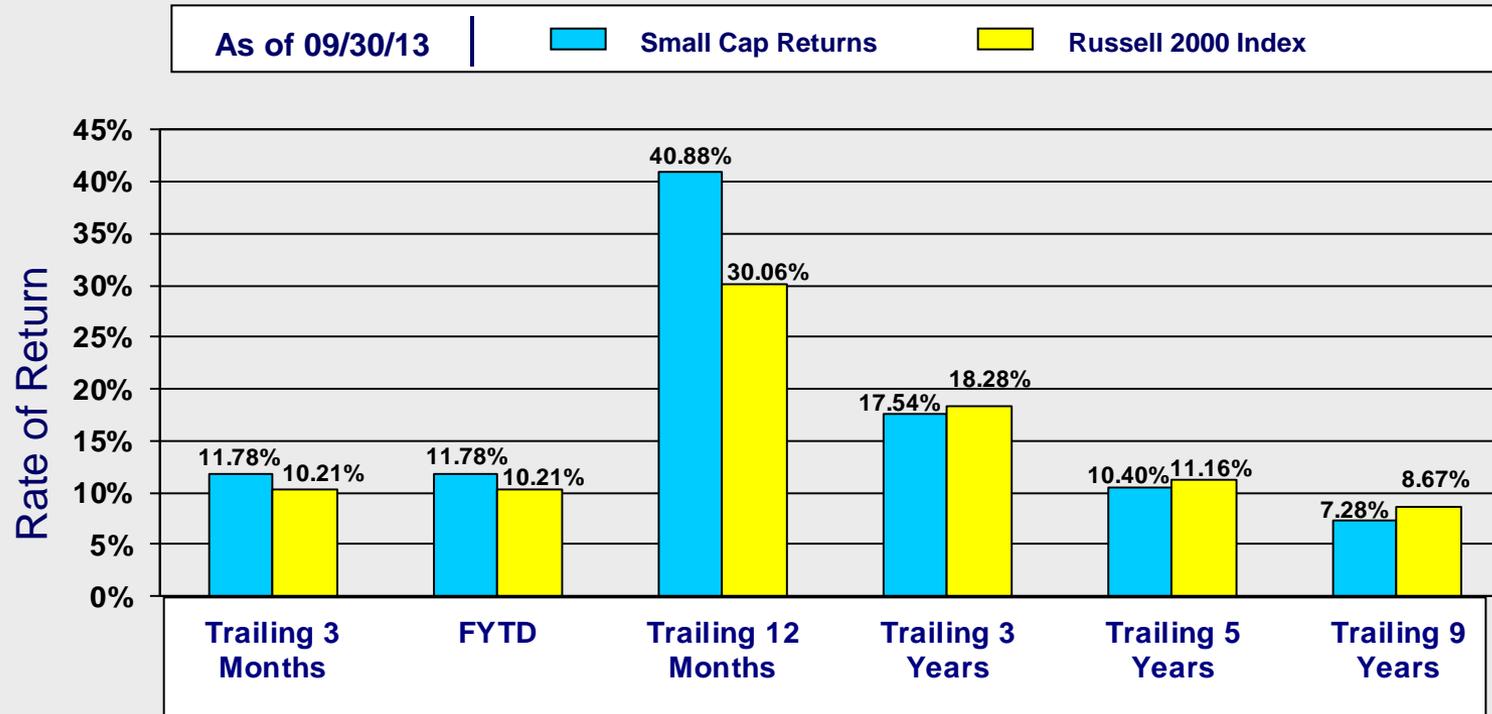
■ Small Cap Active	■ Russell 2000 Index	■ Mid Cap Active	■ Mid Cap S&P 400 Index
■ Russell 1000 Active	■ Russell 1000 Index Funds	■ Russell 3000 Index Funds	■ Manager of Managers

Value Added by Sectors

Sub Sector	Policy Weight	Actual Weight	Under/Over Weight	Index Return	Actual Return	Difference	Contribution to Out/Under Performance	
							Allocation	Management
Small Cap Active	2.83	1.93	-0.90	10.21	11.78	1.57	-0.05	0.02
Russell 2000 Index Funds	5.39	6.03	0.64	10.21	****	****	****	****
Mid Cap Active	7.25	6.96	-0.29	7.70	9.29	1.59	-0.01	0.11
Mid Cap S&P 400 Index	3.75	4.15	0.40	7.54	7.51	-0.03	0.01	0.00
Russell 1000 Active	11.25	4.61	-6.64	6.02	23.03	17.02	-0.13	0.79
Russell 1000 Index	62.03	67.76	5.73	6.02	****	****	****	****
Russell 3000	0.00	0.14	0.14	6.35	****	****	****	****
Manager of Managers	7.50	8.42	0.92	6.35	9.73	3.39	0.01	0.29

Small Cap Returns vs Russell 2000 Index

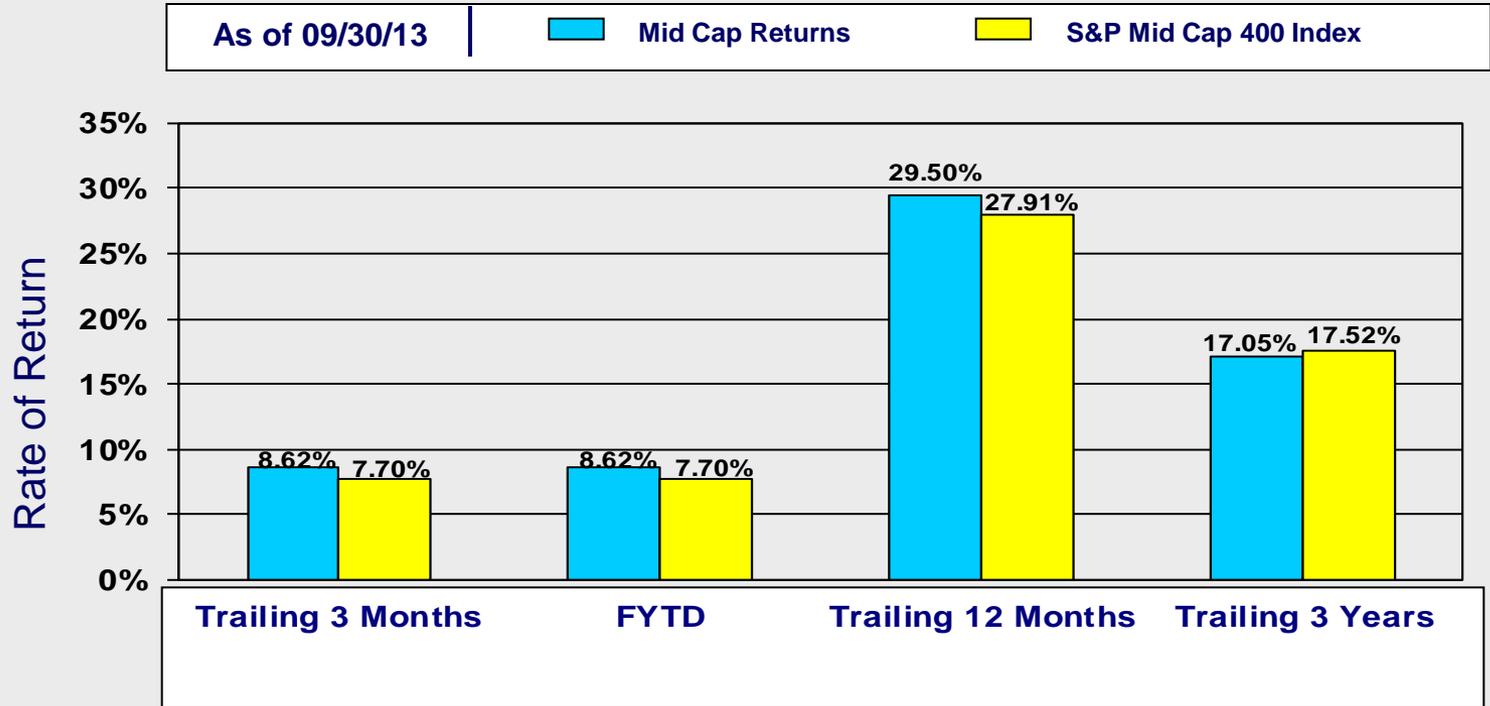
\$31M Under Management, **1%** of Total Funds



	3 Years	5 Years	9 Years
Plan Std Dev	19.1	23.6	19.8
Benchmark Std Dev	16.9	23.8	20.3

Mid Cap Returns vs Russell MidCap Index

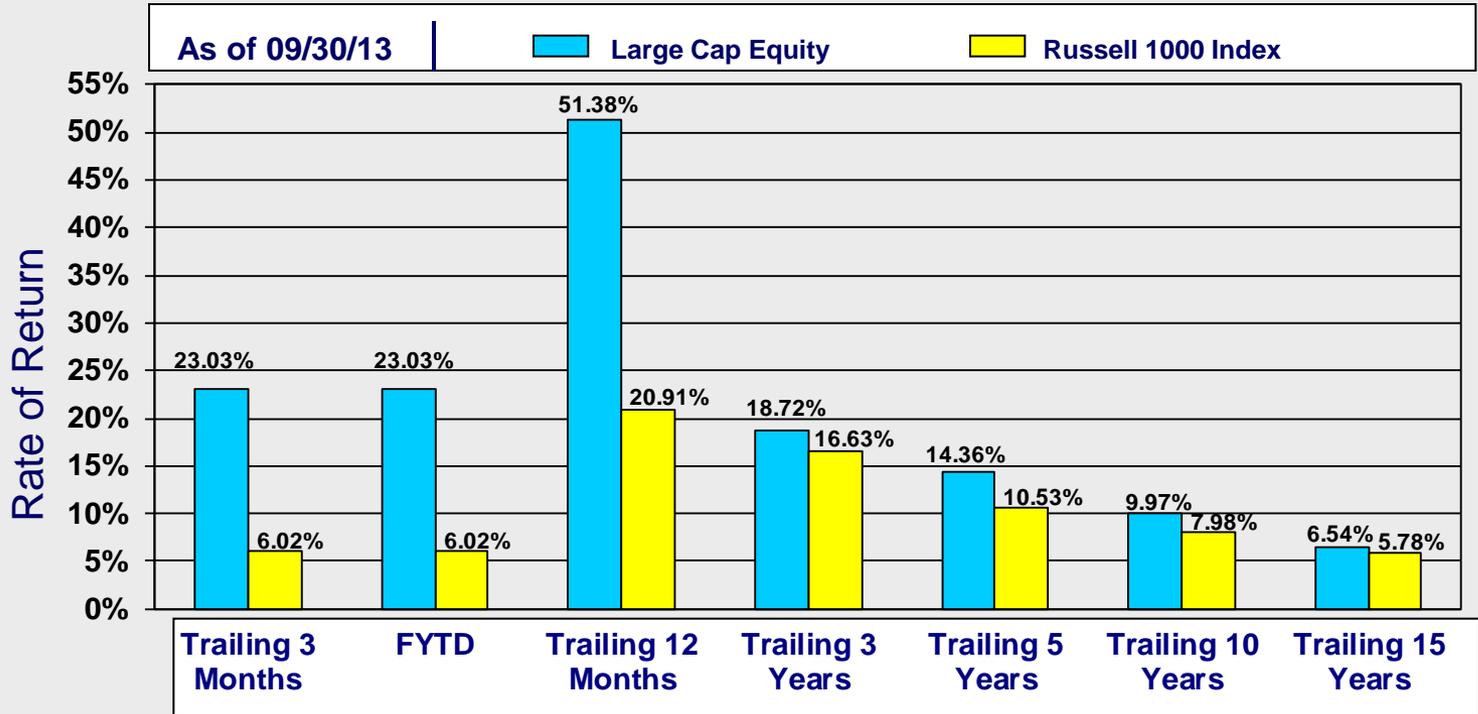
\$177M Under Management, **5%** of Total Funds



	3 Years
Plan Std Dev	15.6
Benchmark Std Dev	14.4

Large Cap Returns vs Russell 1000 Index

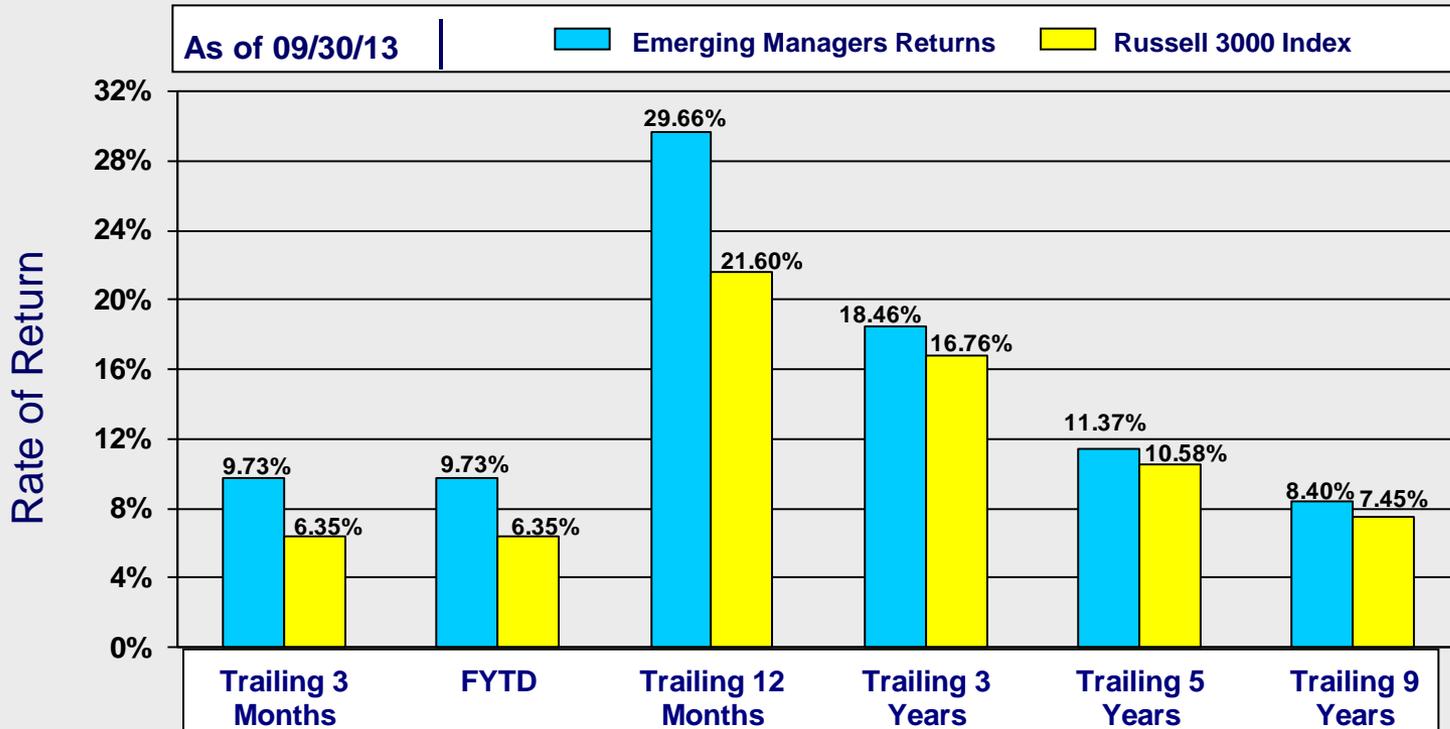
\$74M Under Management, **2%** of Total Funds



	3 Years	5 Years	10 Years	15 Years
Plan Std Dev	18.5	21.3	17.8	20.9
Benchmark Std Dev	12.6	18.3	14.9	15.9

Emerging Managers Returns vs Russell 3000 Index

\$135M Under Management, **4%** of Total Funds

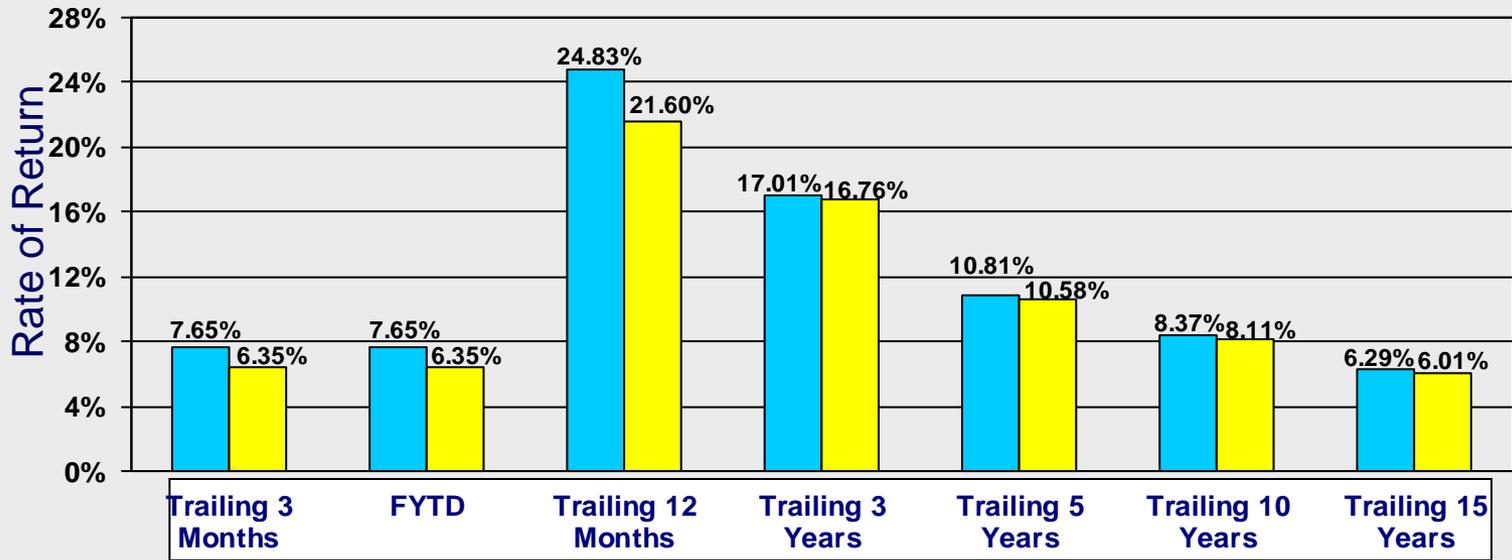


	3 Years	5 Years	9 Years
Plan Std Dev	14.9	20.0	16.9
Benchmark Std Dev	12.8	18.7	15.8

Total Domestic Equity Returns vs Russell 3000 Index

\$1.6B Under Management, **43%** of Total Funds

As of 09/30/13 | Domestic Equity Returns | Russell 3000 Index

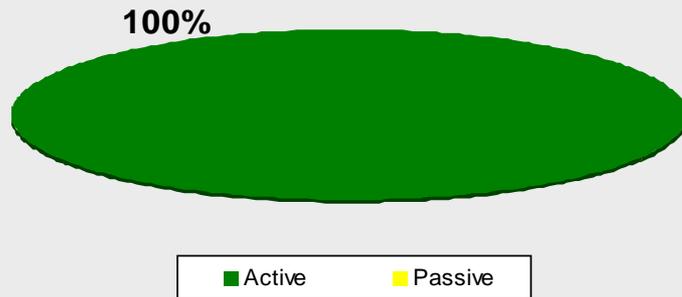


	3 Years	5 Years	10 Years	15 Years
Plan Std Dev	13.6	18.9	15.5	16.3
Benchmark Std Dev	12.8	18.7	15.2	16.0

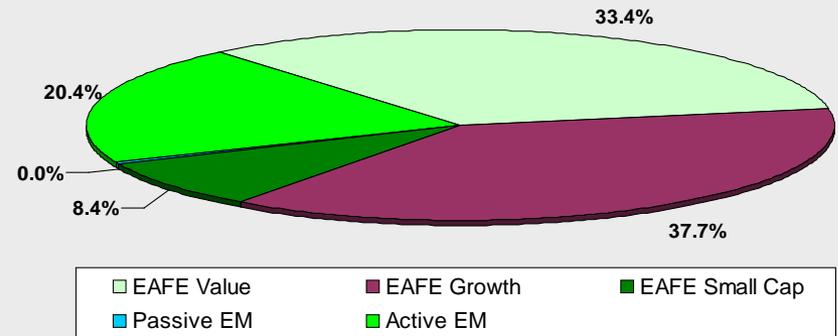
International Equity Asset Allocation: September 30, 2013

\$868M Under Management, **24%** of Total Funds

Asset Allocation by Groups



Asset Allocation by Style



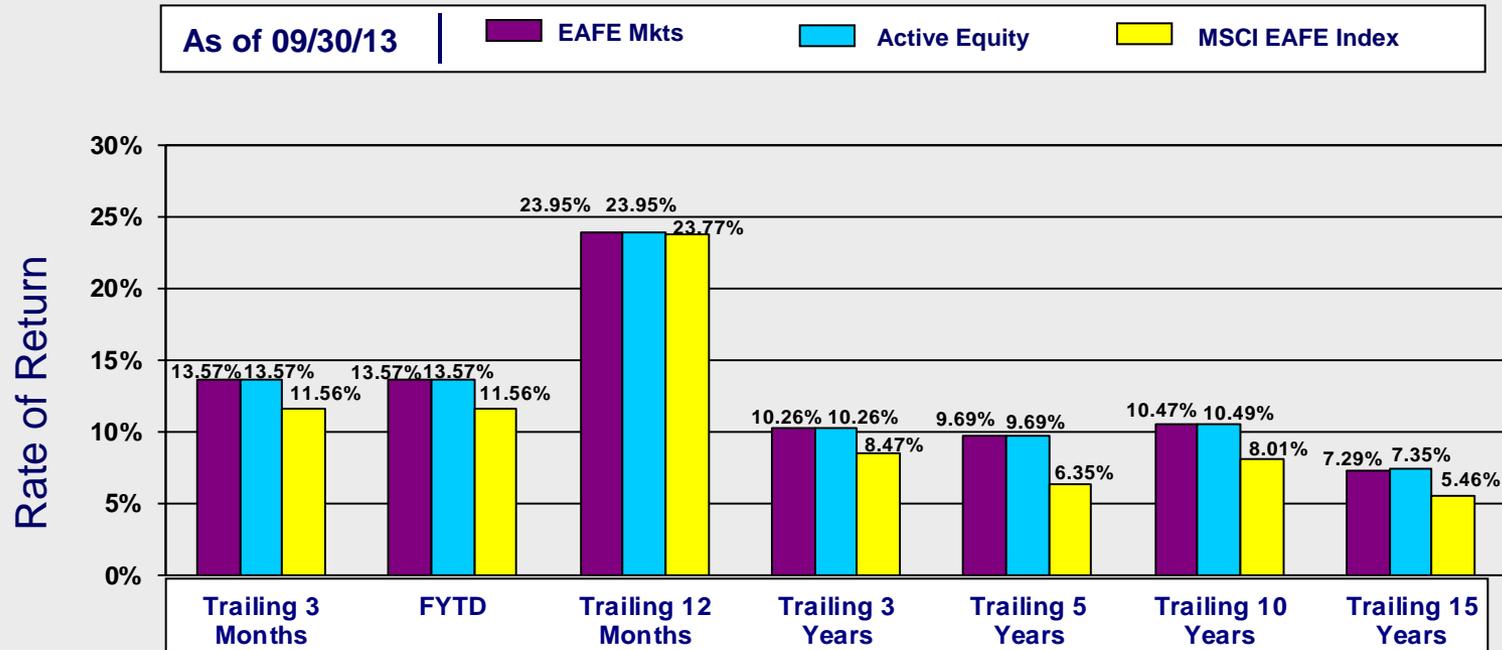
Value Added by Sectors

Sub Sector	Policy Weight	Actual Weight	Under/Over Weight	Index Return	Actual Return	Difference	Contribution to Out/Under Performance	
							Allocation	Management
EAFE Growth		37.77		10.53	16.92	6.39		3.25
EAFE Value		33.43		12.69	9.91	-2.78		-0.76
EAFE Small Cap		8.43		14.96	14.01	-0.94		-0.07
ACTIVE EM		20.43		5.90	5.63	-0.27		-0.04
PASSIVE EM*		-0.01		****	****	****		****

*Passive EM had an overdraft as a result of transition/reallocation to active. The allocation to the retirement system was amended at month end and the overdraft was subsequently reversed

EAFE Markets Returns vs MSCI EAFE Index

\$691M Under Management, **19%** of Total Funds

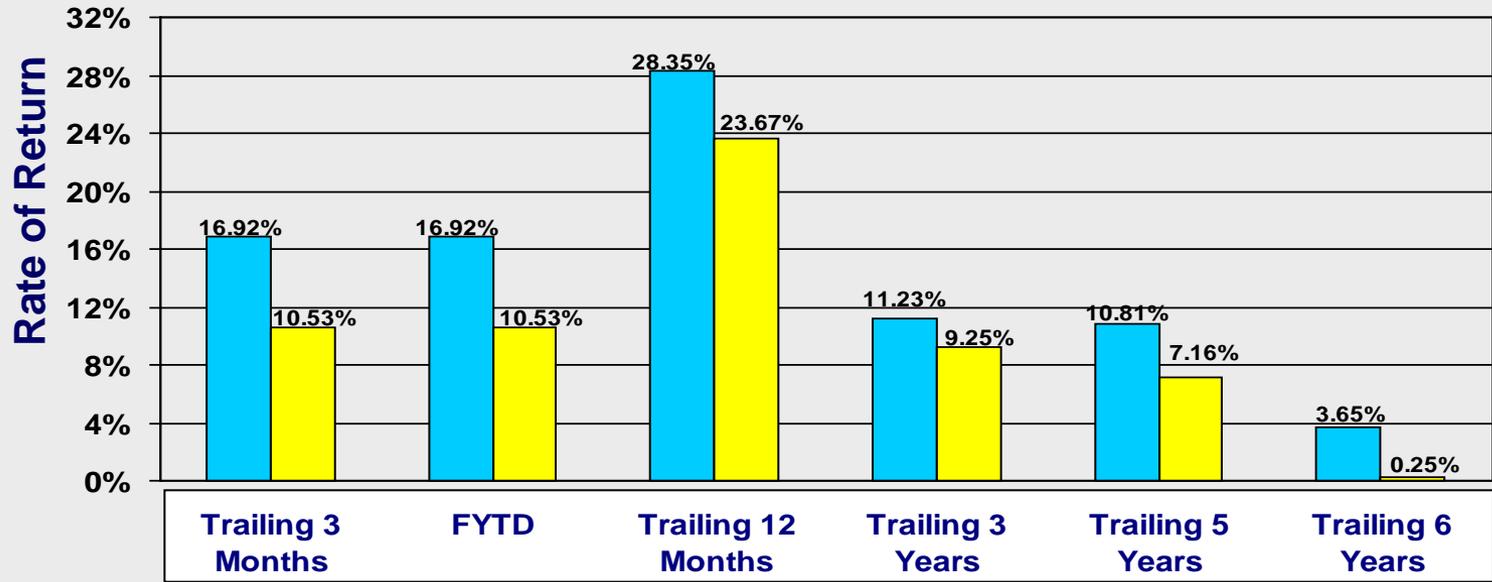


	3 Years	5 Years	10 Years	15 Years
EAFE Plan Std Dev	16.7	22.1	18.3	18.0
Active Plan Std Dev	16.7	22.1	18.3	18.1
Benchmark Std Dev	17.1	22.0	18.3	17.8

International Growth Returns vs MSCI EAFE Growth Index

\$328M Under Management, **9%** of Total Funds

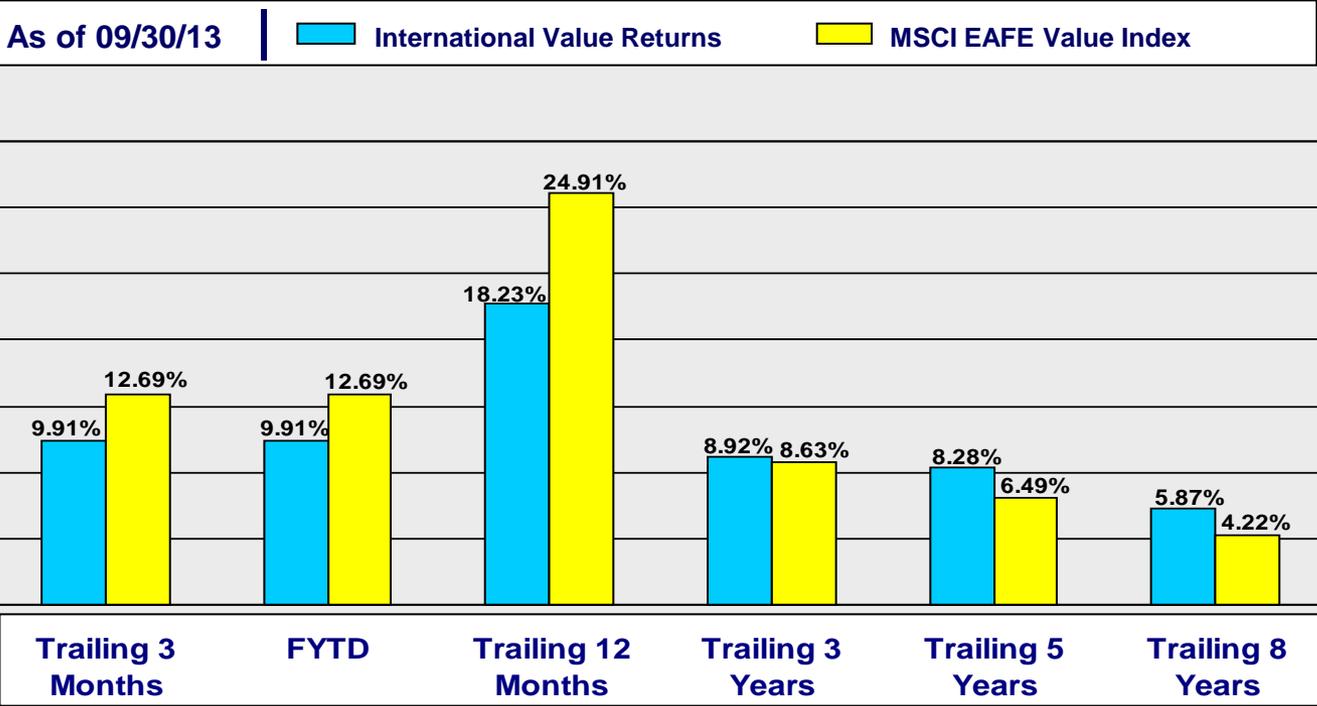
As of 09/30/13 | ■ International Growth Returns ■ MSCI EAFE Growth Index



	3 Years	5 Years	6 Years
Plan Std Dev	18.5	24.1	24.1
Benchmark Std Dev	16.4	20.8	21.0

International Value Returns vs MSCI EAFE Value Index

\$290M Under Management, **8%** of Total Funds

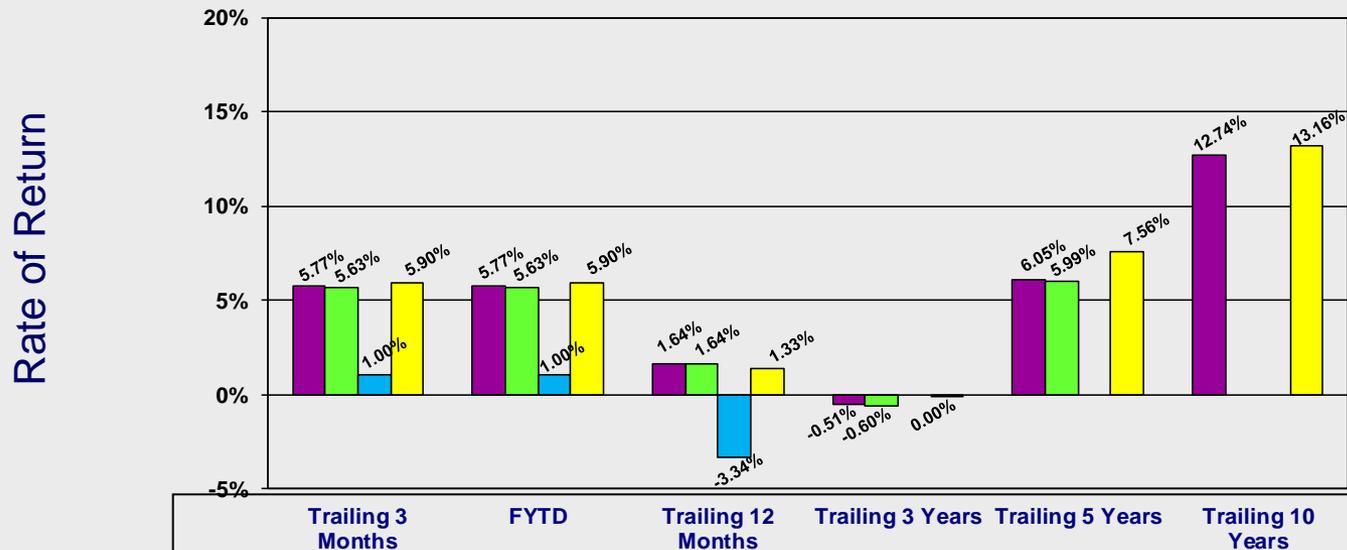


	3 Years	5 Years	8 Years
Plan Std Dev	15.0	20.2	17.9
Benchmark Std Dev	18.2	23.6	20.9

Emerging Markets Returns vs MSCI Emerging Markets Index

\$177M Under Management, **5%** of Total Funds

As of 09/30/13 | ■ Emerging Mkts Returns ■ Active Equity ■ Passive Equity ■ MSCI Emerging Mkts Index



	3 Years	5 Years	10 Years
Plan Std Dev	19.9	26.1	23.9
Active Plan Std Dev	20.0	26.2	****
Passive Plan Std Dev	****	****	****
Benchmark Std Dev	19.4	26.1	23.9

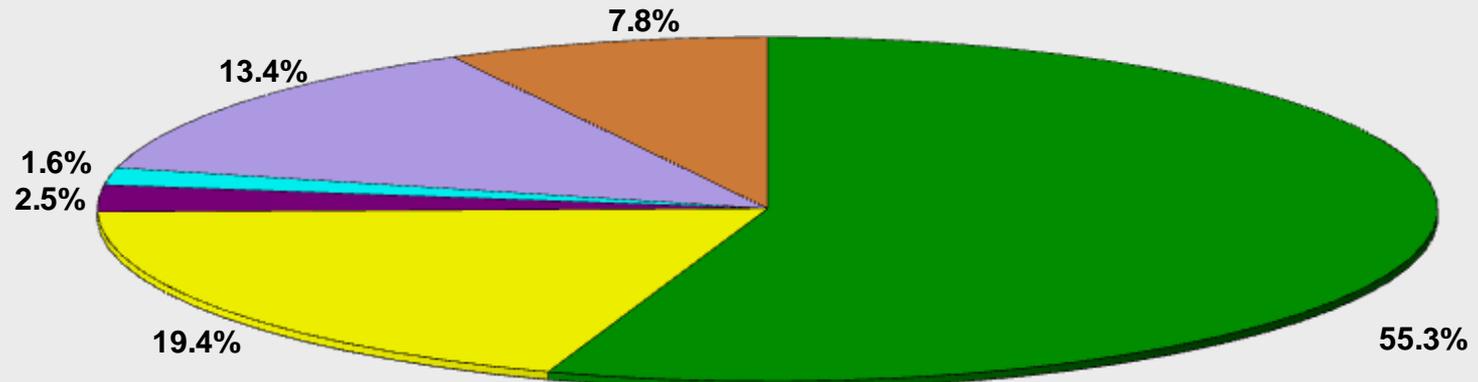
New York City
Board of Education Retirement System

Fixed Income Analysis

Total Fixed Income Asset Allocation: September 30, 2013

\$1.0B Under Management, **28%** of Total Funds

Asset Allocation by Groups

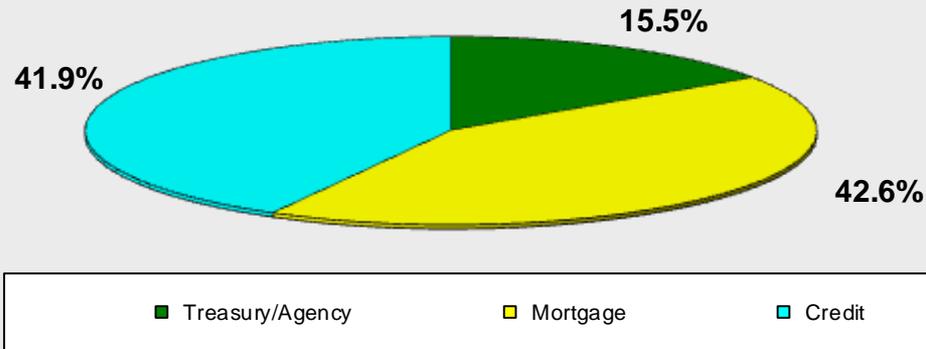


■ Structured Fixed Income ■ Enhanced Yield ■ Short Term Investments ■ ETI ■ Tips Managers ■ Bank Loans

Structured Fixed Income Asset Allocation: Quarter Ending September 30, 2013

\$564M Under Management, **15%** of Total Funds

Asset Allocation by Groups



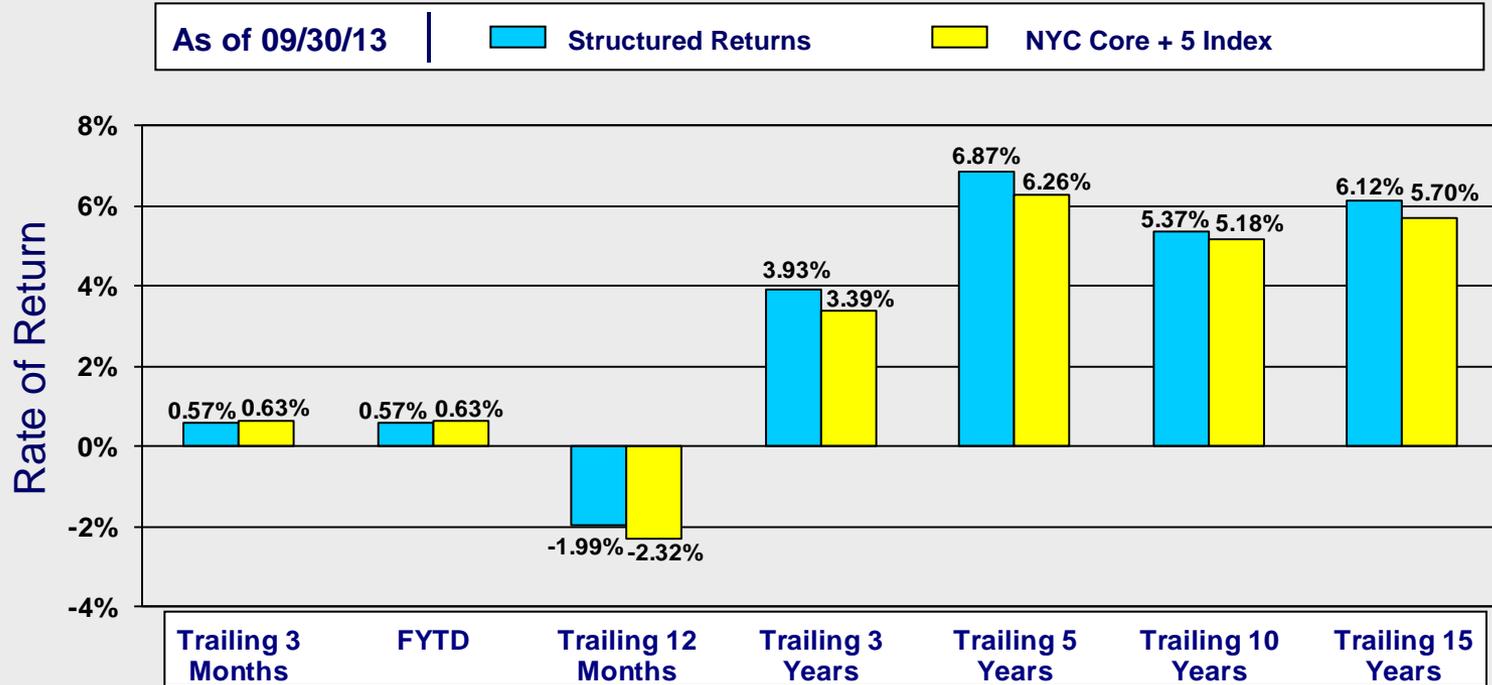
Asset Allocation by Sectors

Sub Sector	Policy Weight	Actual Weight	Under/Over Weight	Index Return	Actual Return	Difference	Contribution to Out/Under Performance	
							Allocation	Management
Treasury/Agency	18.31	15.46	-2.85	-0.58	-0.56	0.02	0.04	0.00
Mortgage	39.68	42.59	2.91	1.06	0.82	-0.24	0.01	-0.10
Credit	42.01	41.94	-0.07	0.76	0.74	-0.02	0.00	-0.01

*NYC Core +5 Breakdown

Structured Returns vs NYC Core + 5 Index

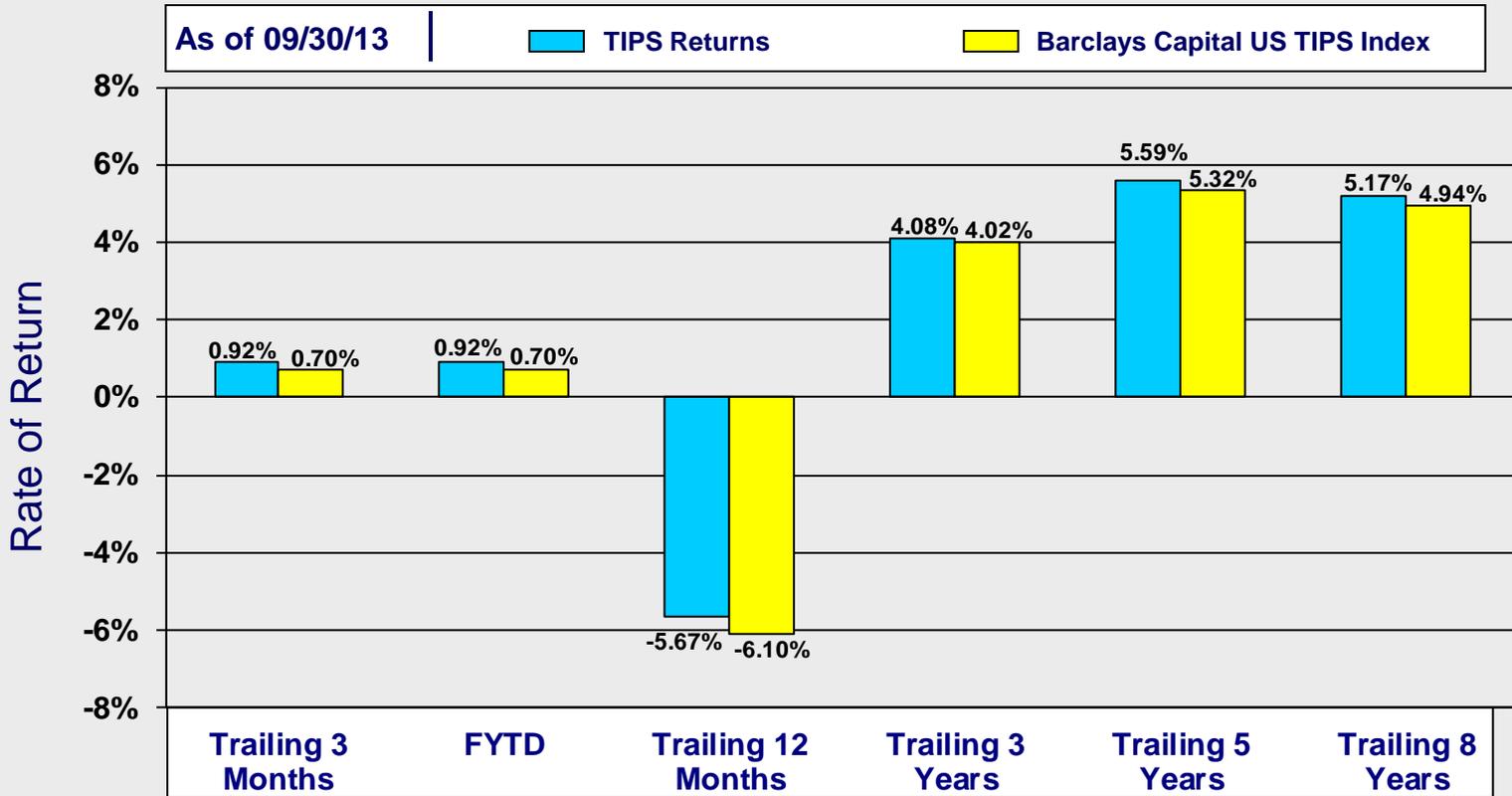
\$564M Under Management, **15%** of Total Funds



	3 Years	5 Years	10 Years	15 Years
Plan Std Dev	3.3	4.4	3.9	4.0
Benchmark Std Dev	3.4	4.6	4.1	4.1

TIPS Returns vs Barclays Capital US TIPS Index

\$137M Under Management, **4%** of Total Funds

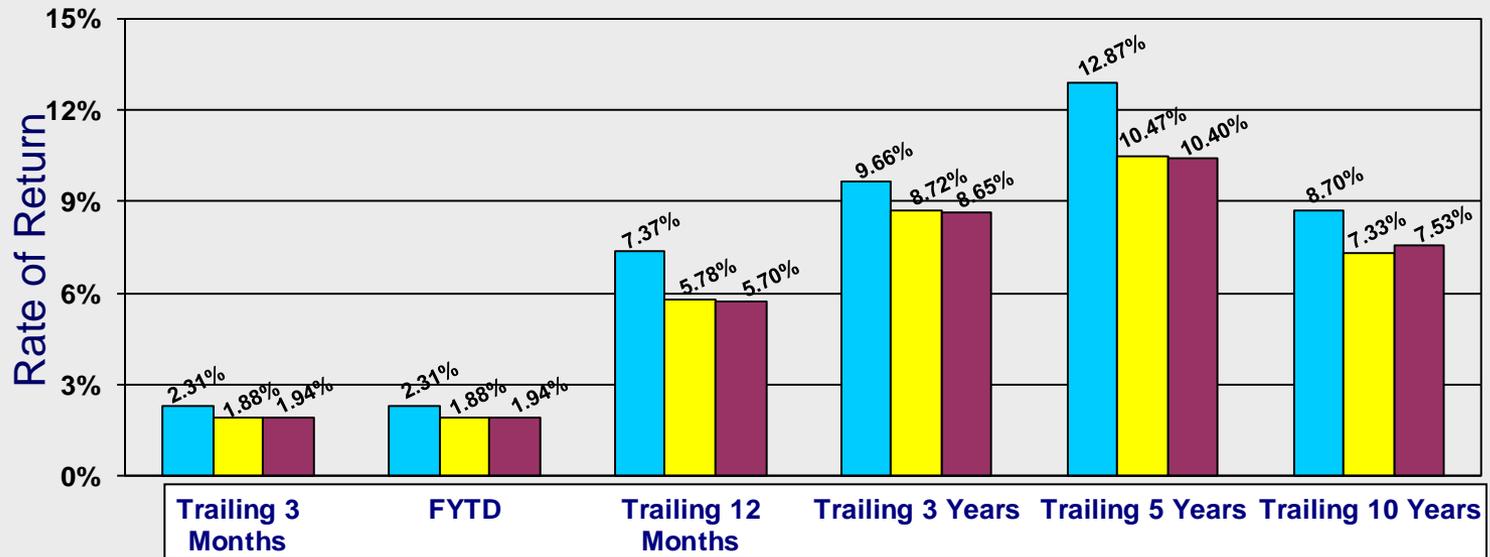


	3 Years	5 Years	8 Years
Plan Std Dev	5.6	7.6	6.9
Benchmark Std Dev	5.6	7.3	6.7

Enhanced Yield Returns vs Citigroup BB & B Index & Citigroup BB & B Capped Index

\$198M Under Management, **5%** of Total Funds

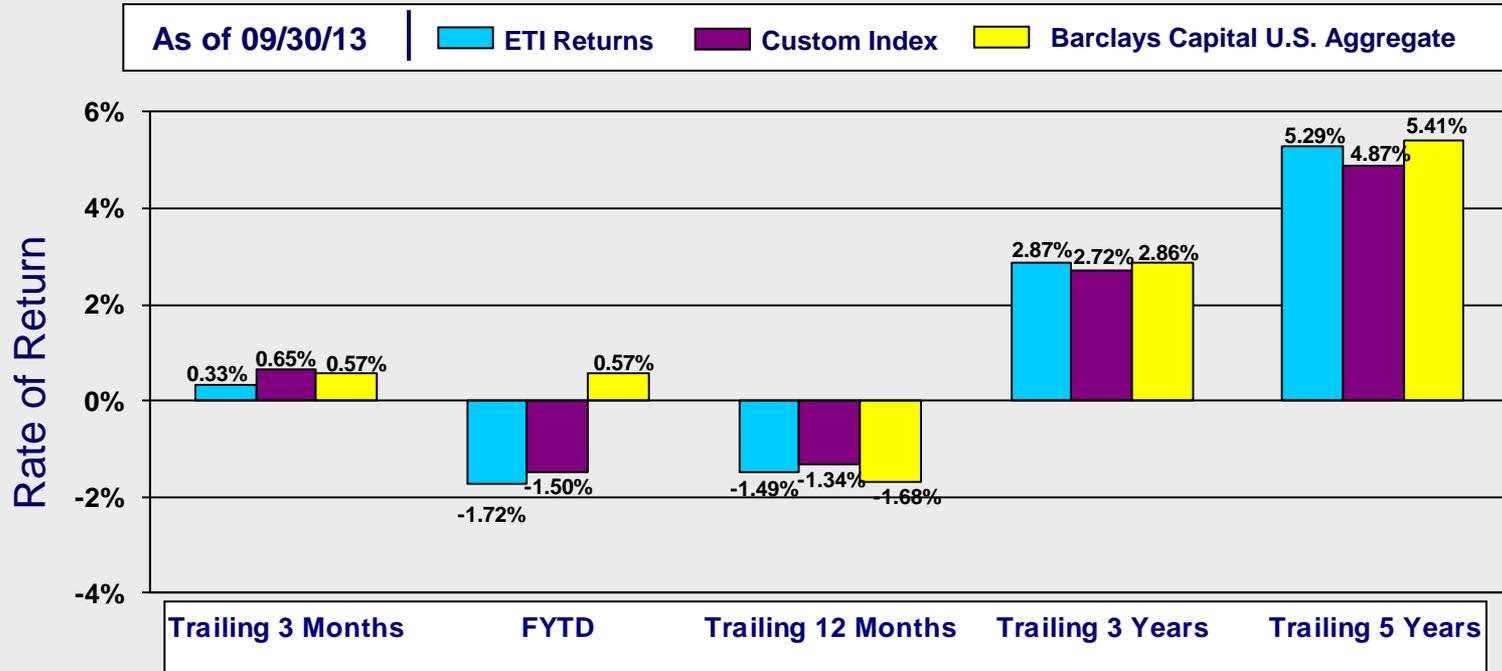
As of 09/30/13 | ■ Enhanced Yield ■ Citigroup BB& B Index ■ Citigroup BB& B Capped Index



	3 Years	5 Years	10 Years
Plan Std Dev	6.3	10.7	8.7
Citigroup BB&B	5.8	11.0	8.9
Citigroup BB&B Capped	5.7	10.9	8.6

ETI Returns vs Custom Index & Barclays Capital U.S. Aggregate

\$16M Under Management, **0.45%** of Total Funds



	3 Years	5 Years
Plan Std Dev	2.3	2.8
Custom Index Std Dev	2.4	3.1
BC US Aggreg Std Dev	2.8	3.6

Note: Returns (shown net of fees) and Market Value do not include cash

New York City
Board of Education Retirement System

Appendix

Consolidated Performance Report

Through September 30, 2013

Assets (\$MM)	% Total		3 Mos Jul-13 Sep-13	YTD Jan-13 Sep-13	1 Yr Oct-12 Sep-13	3 Yrs Oct-10 Sep-13	5 Yrs Oct-08 Sep-13	10 Yrs Oct-03 Sep-13	15 Yrs Oct-98 Sep-13
		EQUITY MANAGEMENT							
		RUSSELL 3000							
2.18	0.06	BLACKROCK R3000	6.70	21.70	22.02	16.85	10.67	8.15	****
2.18	0.06	<i>TOTAL RUSSELL 3000</i>	6.70	21.70	22.02	16.85	10.67	8.15	6.10
		RUSSELL 3000	6.35	21.30	21.60	16.76	10.58	8.11	6.01
		SMALL CAP							
30.79	0.83	DARUMA -SCC	11.78	33.26	40.88	17.54	****	****	****
30.79	0.83	<i>TOTAL SMALL CAP CORE</i>	11.78	33.26	40.88	17.54	****	****	****
		RUSSELL 2000	10.21	27.69	30.06	18.28	****	****	****
		SMALL CAP CORE MEDIAN	9.37	26.97	30.74	18.57	****	****	****
30.79	0.83	<i>TOTAL SMALL CAP ACTVE</i>	11.78	33.26	40.88	17.54	10.40	****	****
		RUSSELL 2000	10.21	27.69	30.06	18.28	11.16	****	****
49.41	1.34	BLACKROCK R2000 GROWTH MTA	****	****	****	****	****	****	****
		RUSSELL 2000 GROWTH	****	****	****	****	****	****	****
49.41	1.34	<i>TOTAL SMALL CAP GROWTH PASSIVE</i>	****	****	****	****	****	****	****
46.94	1.27	BLACKROCK R2000 VALUE MTA	****	****	****	****	****	****	****
		RUSSELL 2000 VALUE	****	****	****	****	****	****	****
46.94	1.27	<i>TOTAL SMALL CAP VALUE PASSIVE</i>	****	****	****	****	****	****	****
96.35	2.61	<i>TOTAL SMALL CAP PASSIVE</i>	****	****	****	****	****	****	****
127.14	3.45	<i>TOTAL SMALL CAP</i>	11.56	33.00	40.60	17.46	10.36	7.93	****
		RUSSELL 2000	10.21	27.69	30.06	18.28	11.16	9.64	****

Consolidated Performance Report

Through September 30, 2013

Assets (\$MM)	% Total		3 Mos Jul-13 Sep-13	YTD Jan-13 Sep-13	1 Yr Oct-12 Sep-13	3 Yrs Oct-10 Sep-13	5 Yrs Oct-08 Sep-13	10 Yrs Oct-03 Sep-13	15 Yrs Oct-98 Sep-13
111.08	3.01	WELLINGTON MID CAP CORE	9.29	28.03	30.64	17.33	****	****	****
111.08	3.01	<i>TOTAL MID CAP CORE</i>	9.29	28.03	30.64	17.33	****	****	****
		S&P MIDCAP 400	7.54	23.23	27.68	17.45	****	****	****
66.32	1.80	STATE STREET GA S&P 400	7.51	23.21	27.65	****	****	****	****
66.32	1.80	<i>TOTAL MID CAP PASSIVE</i>	7.51	23.21	27.65	****	****	****	****
		S&P MIDCAP 400	7.54	23.23	27.68	****	****	****	****
177.40	4.81	<i>TOTAL MID CAP</i>	8.62	26.19	29.50	17.05	****	****	****
		RUSSELL MIDCAP	7.70	24.34	27.91	17.52	****	****	****
549.27	14.89	BLACKROCK R1000 GROWTH MTA	****	****	****	****	****	****	****
		RUSSELL 1000 GROWTH	****	****	****	****	****	****	***
549.27	14.89	<i>TOTAL LARGE CAP GROWTH PASSIVE</i>	****	****	****	****	****	****	****
532.66	14.44	BLACKROCK R1000 VALUE MTA	****	****	****	****	****	****	****
		RUSSELL 1000 VALUE	****	****	****	****	****	****	***
532.66	14.44	<i>TOTAL LARGE CAP VALUE PASSIVE</i>	****	****	****	****	****	****	****
		<i>LARGE CAP</i>							
73.59	1.99	ZEVENBERGEN	23.03	51.94	51.38	18.76	15.98	12.10	7.76
		RUSSELL 3000 GROWTH	8.48	21.75	20.30	17.17	12.16	7.98	4.51
73.59	1.99	<i>TOTAL LARGE CAP GROWTH</i>	23.03	51.94	51.38	18.72	14.36	9.97	6.54
		LARGE CAP GROWTH MEDIAN	8.15	20.72	20.88	16.73	11.68	8.79	****
1081.92	29.33	<i>TOTAL LARGE CAP PASSIVE</i>	****	****	****	****	****	****	****
1155.52	31.32	<i>TOTAL LARGE CAP</i>	19.50	47.47	48.55	22.76	15.10	10.66	6.98
		RUSSELL 1000	6.02	20.76	20.91	16.63	10.53	7.98	5.78

Consolidated Performance Report

Through September 30, 2013

Assets (\$MM)	% Total		3 Mos Jul-13 Sep-13	YTD Jan-13 Sep-13	1 Yr Oct-12 Sep-13	3 Yrs Oct-10 Sep-13	5 Yrs Oct-08 Sep-13	10 Yrs Oct-03 Sep-13	15 Yrs Oct-98 Sep-13
		PROGRESS MANAGERS							
8.79	0.24	AFFINITY IA	5.49	****	****	****	****	****	****
10.42	0.28	JOHN HSU -LCC	10.90	17.96	21.25	13.78	9.74	10.17	****
11.14	0.30	HERNDON CAPITAL MGMT-LCV	5.04	17.01	17.01	16.19	13.23	****	****
4.59	0.12	HIGH POINTE LLC -LCG	5.71	19.59	16.12	17.00	****	****	****
3.57	0.10	LOMBARDIA CAPITAL -SCV	8.52	26.20	28.80	18.36	12.22	****	****
2.70	0.07	NICHOLS ASSET MGMT -SCG	11.60	31.78	30.71	****	****	****	****
10.85	0.29	REDWOOD INV -LCG	10.82	25.00	19.48	****	****	****	****
12.84	0.35	SEIZERT CAPITAL PTNRS -LCV	9.31	33.89	43.21	****	****	****	****
64.90	1.76	TOTAL PROGRESS	8.31	23.30	24.30	16.69	10.84	8.60	****
		RUSSELL 3000	6.35	21.30	21.60	16.76	10.58	8.11	****
		F.I.S. MANAGEMENT							
3.52	0.10	APEX SCG	11.07	26.83	30.23	****	****	****	****
8.60	0.23	CHANNING -SCV	12.45	28.37	39.24	****	****	****	****
4.11	0.11	CUPPS CAPITAL SCG	14.54	46.62	39.71	25.45	****	****	****
4.35	0.12	EUDAIMONIA -MICRO CG	15.65	44.52	44.98	22.41	****	****	****
3.93	0.11	HUBER CAP MGMT -SCV	8.62	28.27	37.06	****	****	****	****
10.34	0.28	NICHOLS ASSET MGMT -SCG	11.62	****	****	****	****	****	****
7.58	0.21	NICHOLAS SCG	15.74	47.86	43.08	****	****	****	****
6.94	0.19	OPUS SCV	7.47	21.29	26.44	****	****	****	****
11.95	0.32	PIERMONT -SCV	6.15	****	****	****	****	****	****
8.29	0.22	PUNCH SCC	12.91	29.57	33.85	****	****	****	****
69.61	1.89	TOTAL F.I.S FUND MGMT	11.10	31.58	36.16	20.75	11.33	****	****
		RUSSELL 2000	10.21	27.69	30.06	18.28	11.16	****	****
0.75	0.02	EMOM TRANSITION	0.02	****	****	****	****	****	****
134.51	3.65	TOTAL EMERGING MANAGERS	9.73	27.71	29.66	18.46	11.37	****	****
		RUSSELL 3000	6.35	21.30	21.60	16.76	10.58	****	****
349.98	9.49	TOTAL ACTIVE DOMESTIC EQUITY	12.32	32.95	35.04	18.86	12.02	9.29	5.53
1246.77	33.79	TOTAL PASSIVE DOMESTIC EQUITY	6.40	21.40	21.98	16.68	10.58	8.13	6.41
1596.76	43.28	TOTAL DOMESTIC EQUITY	7.65	23.83	24.83	17.01	10.81	8.37	6.29

Consolidated Performance Report

Through September 30, 2013

Assets (\$MM)	% Total		3 Mos Jul-13 Sep-13	YTD Jan-13 Sep-13	1 Yr Oct-12 Sep-13	3 Yrs Oct-10 Sep-13	5 Yrs Oct-08 Sep-13	10 Yrs Oct-03 Sep-13	15 Yrs Oct-98 Sep-13
		INTERNATIONAL EQUITY							
		DEVELOPED MARKETS							
327.69	8.88	BAILLIE	16.92	20.54	28.35	11.23	10.81	****	****
		MSCI EAFE GROWTH	10.53	16.90	23.67	9.25	7.16	****	****
73.16	1.98	ACADIAN EAFE SMALL CAP MTA	14.01	****	****	****	****	****	****
		S&P EPAC SMALL CAP	14.96	****	****	****	****	****	****
73.16	1.98	TOTAL EAFE SMALL CAP	14.01	****	****	****	****	****	****
289.62	7.85	SPRUCEGROVE	9.91	11.67	18.23	8.92	8.28	****	****
		MSCI EAFE VALUE	12.69	16.26	24.91	8.63	6.49	****	****
0.01	0.00	TRANSITION - EAFE REBALANCE	8.31	70.38	68.38	20.15	****	****	****
690.47	18.71	TOTAL ACTIVE DEVELOPED MARKETS	13.57	16.72	23.95	10.26	9.69	10.49	7.35
690.47	18.71	TOTAL DEVELOPED MARKETS	13.57	16.72	23.95	10.26	9.69	10.47	7.29
		MSCI EAFE (NET DIVIDEND)	11.56	16.14	23.77	8.47	6.35	8.01	5.46
		INTERNATIONAL EQUITY MEDIAN	10.76	15.07	22.28	9.08	7.67	9.34	7.59
		EMERGING MARKETS							
177.22	4.80	ACADIAN	5.63	****	****	****	****	****	****
177.22	4.80	TOTAL ACTIVE EMERGING MARKETS	5.63	-5.88	1.64	-0.60	5.99	****	****
		MSCI EMERGING MARKET FREE	5.90	-4.05	1.33	0.00	7.56	****	****
-0.08	0.00	BLACKROCK EMERGING MARKETS	1.00	-8.41	-3.34	****	****	****	****
-0.08	0.00	TOTAL PASSIVE EMERGING MARKETS	1.00	-8.41	-3.34	****	****	****	****
		MSCI EMERGING MARKET FREE	5.90	-4.05	1.33	****	****	****	****
177.14	4.80	TOTAL EMERGING MARKETS	5.77	-5.45	1.64	-0.51	6.05	12.74	12.15
		MSCI EMERGING MARKET FREE	5.90	-4.05	1.33	0.00	7.56	13.16	12.32
		EMERGING MARKET MEDIAN	5.78	-2.45	3.34	1.59	8.06	13.96	13.89
867.62	23.52	TOTAL INTERNATIONAL EQUITY	11.95	11.98	19.20	8.09	8.91	10.88	8.04

*Passive EM had an overdraft as a result of transition/reallocation to active. The allocation to the retirement system was amended at month end and the overdraft was subsequently reversed

Consolidated Performance Report

Through September 30, 2013

Assets (\$MM)	% Total		3 Mos Jul-13 Sep-13	YTD Jan-13 Sep-13	1 Yr Oct-12 Sep-13	3 Yrs Oct-10 Sep-13	5 Yrs Oct-08 Sep-13	10 Yrs Oct-03 Sep-13	15 Yrs Oct-98 Sep-13
		PRIVATE EQUITY INVESTMENTS							
13.89	0.38	FAIRVIEW PRIVATE EQUITY FD	****	****	****	****	****	****	****
52.10	1.41	MESIROW PTNRS FD III	****	****	****	****	****	****	****
19.61	0.53	MESIROW PTNRS FD IV	****	****	****	****	****	****	****
21.44	0.58	MESIROW PTNRS FD V	****	****	****	****	****	****	****
2.19	0.06	PLATINUM EQ PTNRS III	****	****	****	****	****	****	****
4.86	0.13	WARBURG PINCUS XI	****	****	****	****	****	****	****
114.09	3.09	TOTAL PRIVATE EQUITY	6.05	10.59	13.21	13.87	6.49	****	****
		PRIVATE REAL ESTATE							
3.79	0.10	BROOKFIELD STRATEGIC RE PTNRS	****	****	****	****	****	****	****
0.75	0.02	EMMES ASSET MGMT CO	****	****	****	****	****	****	****
6.79	0.18	FRANKIN TEMPLETON FD	****	****	****	****	****	****	****
25.20	0.68	LASALLE US PROPERTY FD	****	****	****	****	****	****	****
0.18	0.00	RFM NYCRS SANDY LLC	****	****	****	****	****	****	****
54.42	1.47	UBS TRUMBULL PROPERTY FD	****	****	****	****	****	****	****
91.19	2.47	TOTAL PRIVATE REAL ESTATE	2.44	8.51	12.28	****	****	****	****
2669.65	72.36	TOTAL EQUITY - PUBLIC & PRIVATE	8.76	18.60	22.10	13.53	9.91	8.97	6.70

Consolidated Performance Report

Through September 30, 2013

Assets (\$MM)	% Total		3 Mos Jul-13 Sep-13	YTD Jan-13 Sep-13	1 Yr Oct-12 Sep-13	3 Yrs Oct-10 Sep-13	5 Yrs Oct-08 Sep-13	10 Yrs Oct-03 Sep-13	15 Yrs Oct-98 Sep-13
		FIXED INCOME MANAGEMENT							
		GOVERNMENT							
87.13	2.36	STATE STREET	-0.56	-5.91	-6.09	3.26	6.11	5.73	6.08
87.13	2.36	ALL TREASURY / AGENCY	-0.56	-5.91	-6.09	3.26	6.11	5.57	5.95
		NYC - TREASURY AGENCY PLUS 5	-0.58	-5.60	-5.85	3.36	5.98	5.63	5.99
		MORTGAGE							
240.01	6.51	PIMCO	0.82	-1.25	-1.43	3.28	5.59	5.24	5.95
		CITIGROUP MORTGAGE INDEX	1.06	-0.98	-1.20	2.70	4.68	4.81	5.39
		CREDIT							
127.13	3.45	PRUDENTIAL CREDIT	0.89	-2.26	-1.26	4.40	****	****	****
15.03	0.41	PRUDENTIAL PRIVEST	1.54	0.13	****	****	****	****	****
94.18	2.55	TAPLIN, CANIDA	0.42	-2.74	-0.84	5.24	9.89	5.26	6.47
236.33	6.41	ALL INVESTMENT GRADE CREDIT	0.74	-2.31	-0.92	4.81	9.61	5.13	6.29
		NYC - INVESTMENT GRADE CREDIT	0.76	-2.75	-1.68	4.12	8.65	5.10	5.74
563.47	15.27	TOTAL STRUCTURED	0.57	-2.44	-1.99	3.93	6.87	5.37	6.12
		NYC - CORE PLUS FIVE	0.63	-2.60	-2.32	3.39	6.26	5.18	5.70
		ACTIVE TIPS MANAGERS							
136.49	3.70	PIMCO-TIPS-MTA	0.92	-6.45	-5.67	4.08	5.59	****	****
136.49	3.70	TOTAL ACTIVE TIPS MANAGERS	0.92	-6.45	-5.67	4.08	5.59	****	****
		BARCLAYS CAPITAL US TIPS INDEX	0.70	-6.74	-6.10	4.02	5.32	****	****

Consolidated Performance Report

Through September 30, 2013

Assets (\$MM)	% Total		3 Mos Jul-13 Sep-13	YTD Jan-13 Sep-13	1 Yr Oct-12 Sep-13	3 Yrs Oct-10 Sep-13	5 Yrs Oct-08 Sep-13	10 Yrs Oct-03 Sep-13	15 Yrs Oct-98 Sep-13
		ENHANCED YIELD							
106.91	2.90	LOOMIS SAYLES & CO	2.81	6.33	9.82	11.15	15.03	9.94	9.79
		NYC-LOOMIS (BofA ML-MST II 7-03/BB&B PRIOR)	2.25	3.79	7.09	8.87	13.36	8.71	7.35
90.78	2.46	SHENKMAN ENHANCED YIELD	1.73	1.84	4.63	****	****	****	****
197.69	5.36	ALL ENHANCED YIELD	2.31	4.22	7.37	9.66	12.87	8.70	7.80
		CITIGROUP BB & B	1.88	2.70	5.78	8.72	10.47	7.33	6.39
		CITIGROUP BB & B CAPPED	1.94	2.70	5.70	8.65	10.40	7.53	****
		ENHANCED YIELD MEDIAN	2.20	3.60	7.05	8.93	11.71	8.27	8.26
		BANK LOANS							
79.49	2.15	BABSON BL MTA	1.33	3.92	****	****	****	****	****
79.49	2.15	TOTAL BANK LOANS	1.33	3.92	****	****	****	****	****
		CREDIT SUISSE LEVERAGED LOAN INDEX	1.40	4.25	****	****	****	****	****
		ETI							
3.50	0.09	ACCESS/RBC	0.80	-1.21	-1.06	3.21	6.24	****	****
11.49	0.31	AFL-CIO HOUSING INV TRUST	0.15	-2.47	-2.36	2.65	5.10	****	****
0.13	0.00	CFSB-PPAR	1.86	3.71	6.37	5.66	7.88	****	****
0.33	0.01	CCD-PPAR	2.35	7.49	10.15	9.86	10.21	****	****
0.07	0.00	CPC-PPAR 2013	****	****	****	****	****	****	****
0.01	0.00	JPMC-PPAR 2013	****	****	****	****	****	****	****
0.27	0.00	LIIF-PPAR	2.12	6.45	8.87	6.32	****	****	****
0.10	0.00	NCBCI-PPAR	3.34	8.31	10.95	9.10	****	****	****
0.90	0.02	TOTAL PPAR	2.27	6.51	8.96	7.77	8.50	****	****
		GNMA PLUS 65bps	1.31	-1.18	-1.40	3.53	5.51	****	****
0.58	0.02	CPC TERM LOAN	0.61	1.82	2.45	2.32	2.36	****	****
16.47	0.45	TOTAL ETI (WITH CASH)	0.38	-1.69	-1.46	2.84	5.14	4.41	4.74
		BERS CUSTOM ETI INDEX (NO CASH)	0.65	-1.50	-1.34	2.72	4.87	4.99	****
		BARCLAYS CAPITAL AGGREGATE	0.57	-1.89	-1.68	2.86	5.41	4.59	****
1019.12	27.62	TOTAL FIXED INCOME	1.00	-1.23	-0.19	4.45	7.08	5.61	6.04

Consolidated Performance Report

Through September 30, 2013

Assets (\$MM)	% Total		3 Mos Jul-13 Sep-13	YTD Jan-13 Sep-13	1 Yr Oct-12 Sep-13	3 Yrs Oct-10 Sep-13	5 Yrs Oct-08 Sep-13	10 Yrs Oct-03 Sep-13	15 Yrs Oct-98 Sep-13
0.65	0.02	SECURITIES LENDING	***	***	***	***	***	***	***
25.45	0.69	STATE STREET SHORT TERM	0.61	0.25	0.40	0.47	0.98	2.30	3.04
0.06	0.00	BNY-MELLON - CD	***	***	***	***	***	***	***
3689.42	100.00	TOTAL BOARD OF EDUCATION	6.49	12.24	14.86	10.72	9.27	8.06	6.80
		BOARD OF EDUCATION POLICY BENCHMARK	5.39	11.74	13.82	10.94	9.09	7.76	6.37

Actual And Estimated Fees

NEW YORK CITY BERS RETIREMENT SYSTEMS						
ACTUAL FEES FOR FISCAL YEAR ENDING JUNE 30, 2012 AND ESTIMATED FEES FOR FY 2013 UPDATED THROUGH SEPTEMBER 2012						
		Actual 2012			Estimates 2013	
INVESTMENT STYLE (EQUITIES)		MARKET VALUE 06-30-2012 (\$MM)	BASIS POINTS		MARKET VALUE 09-30-2012 (\$MM)	BASIS POINTS
US Equities		1,114	14.31		1,178	16.90
Small Cap Active		25	64.23		22	63.55
	Small Cap Growth	-	-		-	-
	Small Cap Value	-	-		-	-
	Small Cap core	25	64.23		22	63.55
	Small Cap Fundamental Index	-	-		-	-
Small/Mid Cap Active		-	-		-	-
	Small/Mid Cap Growth	-	-		-	-
	Small/Mid Cap Value	-	-		-	-
Mid Cap Active		82	55.04		86	57.64
	Mid Cap Growth	-	-		-	-
	Mid Cap Value	-	-		-	-
	Mid Cap core	82	55.04		86	57.64
Large Cap Active		142	22.00		150	24.25
	Large Cap Growth	47	23.63		49	23.31
	Large Cap Value	95	21.19		101	24.70
	Large Cap Core	-	-		-	-
	Large Cap Fundamental Index	-	-		-	-
Active Emerging Managers (U.S.)		97	66.38		104	92.53
Total US Active Equities		345	45.37		362	54.22
Total US Passive Equities		769	0.36		816	0.36
Opportunistic US Equity Strategies		-	-		-	-
International Equities		693	24.03		739	31.21
Active EAFE Equities		561	21.18		599	27.95
	Growth	305	20.36		328	27.07
	Value	256	22.15		271	29.00
	Core	-	-		-	-
Opportunistic-Non US Equity Strategies		-	-		-	-
Active Emeraina Markets		106	43.44		112	55.00
Total Int'l Active Equities		667	24.72		711	32.21
Total Int'l Passive Equities		26	6.33		28	5.73
REITS Passive Index		-	-		-	-

Actual And Estimated Fees

NEW YORK CITY BERS RETIREMENT SYSTEMS ACTUAL FEES FOR FISCAL YEAR ENDING JUNE 30, 2012 AND ESTIMATED FEES FOR FY 2013 UPDATED THROUGH SEPTEMBER 2012					
		Actual 2012		Estimates 2013	
INVESTMENT STYLE (FIXED INCOME)		MARKET VALUE 06-30-2012 (\$MM)	BASIS POINTS	MARKET VALUE 09-30-2012 (\$MM)	BASIS POINTS
Fixed Income		981	9.82	1,073	13.56
Structured Program		546	8.55	560	6.66
	Government Sector	92	4.51	93	5.00
	Mortgage Sector	239	11.35	244	6.10
	Investment Grade Credit Sector	215	7.17	224	7.95
Global Fixed Income		-	-	-	-
Progress Fixed Emerging Managers		-	-	-	-
TIPS		73	10.16	145	10.00
	Active TIPS	73	10.16	145	10.00
	Passive TIPS	-	-	-	-
Opportunistic Fixed Income		-	-	-	-
Enhanced Yield		176	20.82	185	32.81
Bank Loans		-	-	75	36.11
Convertible Bonds		-	-	-	-
Targeted - Access Voyageur		3	26.75	3	27.90
Targeted - AFL-CIO		12	41.41	12	44.00
Other ETI Programs		2	-	2	-
In-House Short Term		170	0.00	92	0.00
Total Public Markets		2,789	15.15	2,990	19.24
INVESTMENT STYLE (PRIVATE)					
Hedge Funds		-	-	-	-
Private Equity Investments *		97	115.60	100	132.57
Private Real Estate Investments		63	106.62	68	108.36
Total Private Markets		160	112.05	169	122.27
Total Overall		2,949	20.41	3,158	24.77
* Private Equity Investments exclude GP CARRY					

Securities Lending Income

Through September 30, 2013

	U.S. <u>FIXED INCOME</u>	U.S. <u>EQUITY</u>	INTERNATIONAL <u>EQUITY</u>
1989*	\$70,000	--	--
1990	79,000	--	--
1991	111,000	--	--
1992	122,000	\$11,000	--
1993	79,000	32,000	\$15,000
1994	93,000	77,000	20,000
1995	112,000	93,000	12,000
1996	99,000	76,000	27,000
1997	101,000	126,000	40,000
1998	111,000	170,000	60,000
1999	159,000	263,000	100,000
2000	193,000	310,000	97,000
2001	295,000	208,000	159,000
2002	209,000	143,000	152,000
2003	153,000	158,000	195,000
2004	226,000	255,000	174,000
2005	384,000	479,000	217,000
2006	303,000	734,000	246,000
2007	593,000	1,208,000	272,000
2008	2,514,000	2,266,000	451,000
2009	698,000	1,416,000	367,000
2010	246,000	729,000	326,000
2011	340,000	943,000	599,000
2012	516,000	1,144,000	495,000
2013 (9 Months)	329,000	1,127,000	339,000
<u>Since Inception</u>	<u>\$8,135,000</u>	<u>\$11,968,000</u>	<u>\$4,363,000</u>

Note: Inception 4/89

Footnotes

Through September 30, 2013

- The Barclays Capital Aggregate (then known as the Lehman Brothers Aggregate) was used prior to 1/1/89. Effective 1/1/89, in the Government Sector, maturities of less than 5 years were dropped from the Salomon and Lehman indices. From that date until 7/1/99 the benchmark was the NYC Core + 5, from Lehman.
- Effective 7/1/94, the NYC Core + 5 Index includes BBB rated securities.
- Effective 7/1/99, the basis of the NYC Index was changed from Lehman Brothers to Salomon. Also effective 7/1/99, only Salomon indices have been used to compare all fixed income managers.
- Effective 4/1/03, the name of the benchmark provider was changed from Salomon to Citigroup.
- Effective 7/1/03, the “NYC-Loomis” benchmark index for the Loomis Sayles Enhanced Yield portfolio reflects a change from the Citigroup BB&B Index to the more appropriate BofA Merrill Lynch High Yield Master II Index.
- Effective 7/1/09, the Core+5 program was restructured.
 - The U.S. Gov’t sector benchmark Index was changed from the Citigroup Core+5 Treasury/Gov’t Sponsored Index to the Citigroup Core+5 Treasury/Agency Index.
 - The Corporate and Yankee sectors were combined to form the new Investment Grade Credit sector. The benchmark for the new combined sector is the customized Citigroup Credit Index. For historical performance purposes, the old Corporate sector Index is linked to the new Credit sector Index.
 - There were no changes to the Mortgage sector Index.
 - The total Core+5 results and benchmark returns combine the three sectors. Historical total Core+5 returns continue to include the old Corporate and Yankee sector returns.

Glossary of Terms

Through September 30, 2013

General Notes

- All Returns are Gross of investment advisory fees unless otherwise indicated.

Page Specific

Page 16- Portfolio Asset Allocation

- Rebalancing Ranges: the minimum and maximum weights that actual Asset Allocation may reach before rebalancing between Asset Classes is necessary.

Glossary of Terms

Through September 30, 2013

Page 17- Performance Attribution: Total Plan

- Plan Return At Policy Weights: the return of the Total Plan assuming actual Asset Class results were maintained at target (Adjusted Policy) weights. *Figure = (Return of Asset Class 1 * Target Weight) plus (Return Of Asset Class 2 * Target Weight) plus (.....)*
- **Allocation Effect** = Total Plan Return minus Plan Return At Adjusted Policy Weights.
- **Management Effect** = Equal to the Custom Benchmark (Adjusted Policy Index) Return minus Plan Return at Adjusted Policy Weights. This illustrates how the Managers have added or removed value based on their Security Selection decisions.

- **Policy Index = Custom Benchmark**

The “policy index” is a custom benchmark representing the weighted average return of the weighted benchmark indexes for each major investment program. Weights may reflect an adjustment of actual policy for outstanding commitments for new or revised programs, such as for private market programs, which are invested gradually, of for any new or updated program requiring the completion of RFPs and contracts. The policy index/custom benchmark is calculated monthly based on adjusted policy weights at the beginning of each month.

The indexes and most recent policy weights are as follows:

*U.S. Equity: Russell 3000 * 42.53%*

*International Developed (EAFE) Markets: MSCI EAFE * 17%*

*International Emerging Markets: MSCI Emerging Markets * 5%*

*Private Equity: Russell 3000 + 300 b.p. per annum * 2.96%*

Private Real Estate: NFI - ODCE Net +100 b.p. 2.51%*

*Domestic Fixed Income: NYC Core +5 * 17%*

*TIPS: Barclays Capital U.S. TIPS * 5%*

*Enhanced Yield: Citigroup BB&B * 5.50%*

*Bank Loans: Credit Suisse Leveraged Loan * 2.50%*

Glossary of Terms

Through September 30, 2013

Page 19 - Management Effect - Asset Class Breakdown

- This chart aims to break down the Management Effect shown on the Performance Attribution pages. The aim of the Page is to show the asset classes where Managers are either out performing or under performing their benchmark and to show the basis point effect that this is having on Plan performance.

Page 24- Domestic Equity Asset Allocation

- **Value Added By Sectors:** This disaggregates out-performance or under-performance by Asset Allocation and Management Effect.
- **Implied Policy** = Retirement's System Asset Allocation.
- **Implied Return** = Benchmark Return
- **Allocation** = the Contribution to Performance resulting from an overweight or underweight to an asset class. *E.g. an underweight to an Asset Class that under-performs rests in a positive Allocation Effect and vice versa.*
- **Management** = Contribution to Performance from security selection versus the Benchmark, e.g., *If the managers Actual Returns are higher than the Implied Return there will be a positive Management Effect.*

Page 37 – Structured Fixed Income Asset Allocation

- See Domestic Equity Asset Allocation for explanation

Page 41 – ETI Returns vs Custom Index and Barclays Capital U.S. Aggregate

- ETI has implemented a Custom Benchmark to better track the performance of the individual ETI programs relative to their respective benchmarks. The Custom Benchmark represents the weighted average return of the individual benchmark indexes for each program, updated monthly. The indexes are as follows:
- AFL-CIO Housing Inv Trust: Barclays Capital U.S. Aggregate Bond Index
- CPC Term Loan: 30 Day Libor + 200 bps per annum (with a floor of 250 bps)
- PPAR: Citigroup GNMA + 65 bps per annum
- Access/RBC: 60% BofA Merrill Lynch 30 yr Mortgage Index plus 40% BofA Merrill Lynch US Treasury 1-10yr Index