

New York City
Board of Education Retirement System
Performance Overview as of December 31, 2013

Total Fund Overview



New York City
Board of Education Retirement System

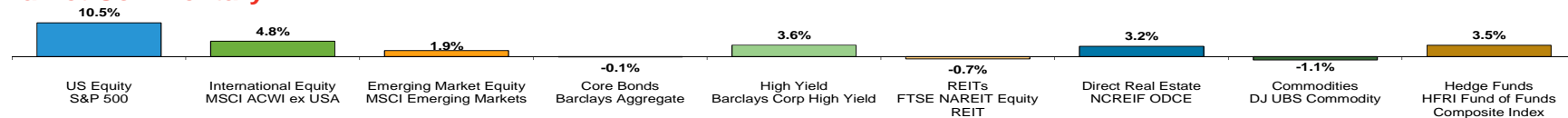
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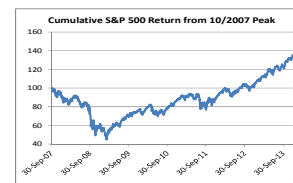
Market Commentary



Market Themes

- The quarter ending 31 December 2013 was dominated by two principal themes. The first was uncertainty as to whether the Federal Reserve would finally implement a long awaited tapering of asset purchases related to quantitative easing and how the markets would react as a result. The second was the gradually spreading upgrade of global economic growth forecasts and debate about whether this would be sufficient to maintain the upward momentum of equities in 2014 to back up a strong 2013.
- In the December FOMC meeting, the Fed announced a modest reduction to its purchases of government and mortgage-backed bonds, from \$85 billion a month to \$75 billion, citing an improving labor market. If economic conditions cooperated, QE would continue to be reduced at further \$10 billion increments with the expectation of the program ending in late 2014. The Boston Fed was the lone dissenter on the decision (opposed to tapering), which is not surprising given their typically "dovish" bias.
- Riskier asset classes, which had been in negative territory in the lead-up to the meeting, eventually changed course. Some market participants attributed the relatively positive response to the acceptance of the Ben Bernanke mantra that "tapering isn't tightening" and recognition that decelerating asset purchases will do little to reduce the Federal Reserve's \$4 trillion balance sheet. Others attributed recognition that improving economic fundamentals are a long-term positive and offset the effects of short-term monetary policy decisions.
- Tempering positive sentiment somewhat was the Federal Reserve's retraction of the 6.5% unemployment rate threshold at which point interest rates could again be targeted upwards. They declined to present a new target with later meeting minutes fearing a potential undermining of credibility. The Fed also noted deflationary concerns with inflation running below their 2% target. CPI gained 1.5% in 2013. Market participants were also cognizant that reduced unemployment levels were accompanied by labor market participation rates falling to historically low levels.
- In a move widely expected, Janet Yellen was nominated by President Obama to be Ben Bernanke's designated successor as Chair of the Fed, the first woman to head America's central bank in its 100-year history.
- In Europe, The European Central Bank ("ECB") cut its benchmark lending rate to 0.75%, its lowest-ever level, and threatened unconventional measures, including the possibility of imposing negative interest rates on deposits. A Fed-style QE program has repeatedly been ruled out by ECB policymakers. Deflation remains a concern with inflation dropping below 1% during the quarter.

Domestic Equity



- US equities continued to set new highs with the S&P 500 Index ending the year well over the 1,800 threshold and returning nearly 11% just during Q4 (returned 32% for the year). Continued budget conflicts in Congress presented only a temporary obstacle at the beginning of the year, and news of the Fed's initial tapering of QE was taken in stride.
- Mega-cap stocks did best during the quarter, supported by technology-sector names, such as Apple and Google. For the year, however, smaller-cap stocks outperformed.
- With respect to sector, 7 of 10 produced double digit returns for the quarter, and technology did best with an 18% return. The laggards included defensive sectors that traditionally underperform during strong market environments: telecom and utilities.

International Equity

- Looking outside of the US, performance was mixed with better returns seen from developed country markets. The MSCI EAFE Index returned 6% for the quarter (and 23% year-to-date). Germany was the best performer with a 13% return. Spain also returned in the double digits, as did peripheral Eurozone countries, such as Greece and Ireland. Japan only returned 2% in USD terms, where local market gains were offset by weakness in the Japanese yen. UK equities returned 7% during the quarter, doing well initially, but improving labor-market data increased expectations for tighter monetary policy and weighed on stocks accordingly.

Emerging Market Equities

- Emerging Market Equities** underperformed their developed counterparts over the quarter, as has been the case since they had been hit particularly hard by the Fed's talk of tapering that started in May. The MSCI Emerging Market index return only 2% during the quarter (and down 3% for the calendar year 2013 period).
- Similar to last quarter, India performed particularly poorly over the period. In November, the rate of consumer price inflation unexpectedly rose to 11.2%, year on year, raising fears that the Reserve Bank would increase interest rates at its upcoming meeting to counter further inflationary pressures.

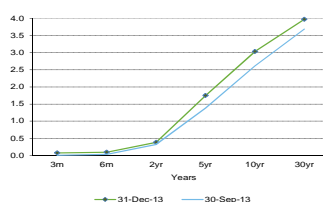
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Market Commentary

Treasury Curve (%)



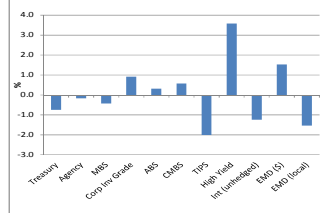
Bond Markets – Interest Rates

- While interest rates dipped slightly toward the beginning of the quarter on US Government shutdown concerns, they later steadily rose throughout the quarter. The yield on the **10 Year Treasury Note** ended the year above 3.0% soon after the Fed's announced tapering. The Treasury curve steepened as yields on longer-dated securities rose relatively higher. It should be noted that corporate credit spreads narrowed at year end to levels not seen since 2007.

Bond Markets – Sectors

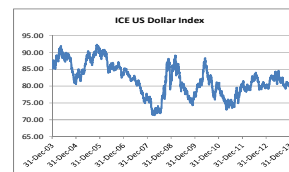
- The **Barclays Aggregate Index** returned -0.1% for the quarter, producing a total loss of -2.0% for the year. Treasuries and mortgage-backed securities were the biggest losers, hurt by news of tapering. Credit did well during the quarter in light of the "risk-off" environment. CMBS also produced positive returns in contrast to their US agency-issued counterparts.
- High yield and TIPS, neither of which are constituents in the Barclays Aggregate Index, represent the "book ends" of fixed income sector performance during the quarter. High yield returned nearly 4%, and like its investment-grade counterparts, saw their spreads to Treasuries narrow to the lowest levels since 2007. TIPS, in contrast, suffered during Q4 with a -2.0% loss, given increasing concern over potential deflation.

Bond Sector Q4 Performance



Global Bond Markets

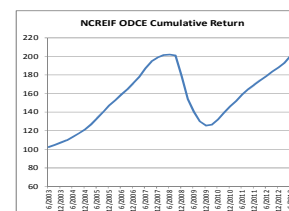
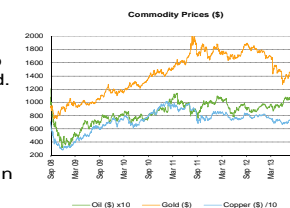
- International Fixed Income** lagged during the quarter and returned -1.2%. Although European bond prices were roughly flat in local terms (returned 0.5%), foreign exchange fluctuations pushed returns into the red for US dollar-based investors.
- Emerging market debt** in US dollar-denominated issues produced comparatively decent returns with the JPM EMBI Global Diversified Index returning 1.5% during the quarter. Emerging market local currency debt, however, did not fare as well, and returned about -1.5% for the quarter.



tended to weaken given increased sensitivity to the prospect for higher US interest rates and decelerating growth.

Commodities

- Gold** prices fell further over the quarter, hit hard by benign inflation and economic data that ultimately led to a reduction in the scale of monetary stimulus by the Fed.
- Other Metals** returned positively during the period with copper gaining as stabilizing Chinese growth expectations and improving US economic forecasts provided support.
- Oil** prices fell over the period, as increased confidence in economic recovery was more than outweighed by price pressure from prospects of healthy US supplies, the impact of cheap shale energy, and the resumption of Libyan oil exports.



Real Estate

- The NCREIF Open-End Diversified Core (**ODCE**) Index, an index of open-end diversified core real estate funds that invest in direct real estate, returned 3.2% (gross) during the quarter. Of the 3.2% return, 1.9% was derived from capital appreciation, while 1.3% came from income.
- The FTSE NAREIT Equity REIT Index returned -0.7% for the quarter. Although underlying property fundamentals were strong during the quarter, rising interest rates took their toll. Short lease sectors (e.g., hotels) did best given their ability to change pricing nightly. Self storage also did well.

Funds of Hedge Funds

- The final quarter of 2013 saw good returns from **Hedge Funds**. A 4% return for the quarter resulted in a strong year for the HFRI Fund of Funds Composite Index, up 9% YTD.
- All of the major hedge fund strategies performed well over the quarter with particularly strong returns coming from equity-hedged and event-driven strategies, which capitalized on the year-end equity market rallies.

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City of New York Board of Education Retirement System Pension Fund Summary

Asset Allocation

- At December 31, 2013, the Board of Education Retirement System (BERS) Total Portfolio was \$3.9 billion versus \$3.7 billion for September 30.
- The overall allocation is 74% equity (including Real Estate and Private Equity) and 26% 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 10% and international equity by 1%. Underweights in private equity and real estate by a combined 8% help to offset (these underweights will be gradually reduced as these asset classes are slowly built up), but the net difference results in a 3% overweight to equity versus fixed income. This is still within permissible allocation ranges.

Manager Issues

- Ridgeworth Capital Management, which has a 20% ownership in Zevenbergen (ZCI), announced that private equity firm Lightyear Capital LLC, in partnership with Ridgeworth employees, has entered into an agreement to purchase Ridgeworth Capital from Sun Trust. The transaction is expected to close in the 2Q14. Ridgeworth would retain its 20% ownership in ZCI and would have no seats on ZCI's board or involvement or control over its operations. Nancy Zevenbergen will retain her 80% ownership.
- Sprucegrove announced that Erik Parnoja is transferring responsibility of the Research Director role to Alanna Marshall, who has been with Sprucegrove for 17 years and is currently an Assistant Portfolio Manager. Sprucegrove also announced that they are ending their relationship with Fair Haven Partners, who has been providing marketing and client service activities to Sprucegrove in the US. Sprucegrove has decided to bring these responsibilities in house and will transition the changeover through the end of 2015 before separating fully from Fair Haven.



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City of New York Board of Education Retirement System Pension Fund Summary

Manager Issues

- On January 21, 2014, PIMCO announced that Mohammed El-Erian, CEO, co-CIO and expected heir apparent to founder Bill Gross, will step down from his duties in March, but remain with parent firm Allianz in an advisory committee role. A reshuffling also was announced that included the appointment of new Deputy CIOs that will be reporting to Mr. Gross, and the elevation of the current COO to the CEO position.
- This announcement comes as a surprise, and Buck manager research will be looking into the situation with PIMCO, and will be assessing new senior team members and their revision of succession planning. While funds have experienced outflows, this can be partially attributable to market developments outside of their control, such as rising interest rates leading to investors moving out of bonds. Overall, we remain confident in Mr. Gross and the depth and resources of the PIMCO organization. Senior level personnel turnover has historically been low at the firm, and they have had no trouble attracting the best talent in the industry. Mr. El-Erian did not have direct portfolio responsibility for the portfolios managed on behalf of the Plan and as such we do not believe that any action is warranted at this time.



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City of New York Board of Education Retirement System Pension Fund Summary

Total Fund Performance

- The Total Plan returned 5.8% in the quarter versus 5.5% for the benchmark, placing the Plan in the 17th percentile versus its Public Master Trusts > \$ 1 billion Universe. For the year, the Total Plan returned 18.8% versus 17.9% for the benchmark. This also placed the Total Plan in the top quartile of its universe with a 12th percentile ranking. The Total Plan remains ahead of benchmark over the trailing five-year period, 14.2% versus 14.0%.
- During the quarter, the fixed income portion of the plan outperformed, particularly credit-related allocations, while performance was mixed among equity managers. Zevenbergen lagged, but the showing capped off a stellar calendar year. Outperformance for the year was driven by equity manager outperformance. While the allocation to Zevenbergen is not large, it contributed by nearly doubling the return of its benchmark over the course of 2013. Strong returns from the international equity managers also contributed.

U.S. Equity

- For the quarter, Total Domestic Equity returned 9.8% versus 10.1% for the Russell 3000 Index. Total active equity returned 8.9% during the quarter, with Zevenbergen lagging by 436 bps. Performance was far more favorable for the year, with domestic equity returning 36.0 versus 33.6%. Active equity returned 44.8%, and Zevenbergen was the star performer with a 60.9% return. Outperformance from emerging managers was also a contributor.



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City of New York Board of Education Retirement System Pension Fund Summary

U.S. Equity (continued)

- **Zevenbergen's** results slowed in the fourth quarter, as it returned 5.9% to 10.3% for the Russell 3000 Growth index. However, for the year the portfolio rose 60.9% to 34.2% for the index and the returns are now ahead of the benchmark over the past three, five and ten year periods. Stock selection during the year accounted for most of the outperformance with three sectors – consumer discretionary, financials and technology - providing nearly all of the relative gains. These three sectors accounted for about 80% of the assets in the portfolio on average versus 54% for the index. The top performer, by far, was consumer discretionary, where ZCI's stocks outperformed those in the index by a wide margin. This sector added more than half of the relative value earned during the year due to mainly to Netflix (+297% return in 2013) and Tesla (+344% return). In financials, Financial Engines (+155%) was a key performer while in technology, Facebook (+105%), LinkedIn (+89%) and Zillow (+194%) were meaningful positions in the portfolio and accounted for much of the outperformance there. Given the portfolio's focus on relatively high-beta names, we expect the volatility to remain at elevated levels. However, the fund has compensated for its risk with strong relative returns over the past five and ten year periods.
- **Wellington** returned 9.4% for the quarter compared to 8.3% for its S&P Midcap 400 Index benchmark. For the year, the portfolio is also ahead, 40.1% versus 33.5%. Outperformance for the year was driven primarily through positioning in two sectors: healthcare and financials. A consistent overweight to healthcare helped return for the year as it was best performing sector within the S&P 400 (+50%), but the portfolio's allocation did even better and returned more than 70% for the year. Biotech names were the primary contributors and included Incyte (+205%), Actavis (+67%) and Alkermes PLC (+120%). Real estate was a key contributor, mainly in that the portfolio lacked such holdings for the year (less than 1%, compared to 9% for the benchmark), and they continue to be avoided due to unattractive fundamentals. Healthcare remains the primary overweight as of year end (18% versus 9% for the benchmark), while financials are the main underweight (13% versus 22%), again a residual of their dislike for REITs.

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City of New York Board of Education Retirement System Pension Fund Summary

U.S. Equity (continued)

- **Daruma** returned 8.5% for the quarter to 8.7% for the Russell 2000 Index. For 2013, Daruma had a strong year with a 44.5% return to 38.8% for the index. The good results this past year have helped the longer-term returns and Daruma is now ahead of the index slightly for three years (15.9% to 15.7%) before fees. For the year, consumer discretionary and technology were the key areas to add value. The portfolio benefited from being overweight to these strong performing sectors and generating better returns within the sectors. The top 10 stocks continue to represent a meaningful percentage (34.6% at year end). Sector positioning has the key overweight positions in consumer discretionary, technology and materials & processing. The key underweight remains to financials, where the portfolio has just 6.6% versus 23.8% for the index. Within this allocation, the fund is mostly underweighted to REITS, which are not in the portfolio but are nearly 15% of the index.
- **Progress** returned 11.6% for the quarter versus 10.1% for its Russell 3000 benchmark during quarter. For the year, Progress finished ahead, 37.6% versus 33.6%. The three year record has improved, and the manager is now ahead over both the trailing three- and five-year time periods.
- **FIS** returned 9.0% during the quarter, outperforming the 8.7% return of its Russell 2000 Index benchmark. FIS also led for the year, 43.4% versus 38.8%. FIS remains ahead of benchmark over both the trailing three- and five-year periods.

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City of New York Board of Education Retirement System Pension Fund Summary

International Equity

- The Total Developed Market portfolio outperformed the MSCI EAFE (net dividend) Index during the quarter, 6.4% versus 5.7%. This resulted in outperformance for the year, 24.2% versus 22.8%. Long-term results remain strong for Baillie Gifford and Sprucegrove, and Acadian small cap is off to a strong start.
- **Baillie Gifford** returned 7.5% during the quarter compared to 5.7% for the MSCI EAFE (net) Index during the quarter. For the year, the portfolio returned 29.5% outperforming the 22.8% return for the benchmark. Longer-term three- and five-year returns also remain favorable. From a regional perspective, about one-third of excess return for the year was driven by allocation decisions, and the majority from stock selection. A non-benchmark allocation to emerging markets helped, and averaged about 14% of the portfolio over the course of the year. From a stock selection perspective, Japanese stocks did very well. This included Softbank and Rakuten, which returned 145% and 97%, respectively. While investment decisions are generally made on a bottom-up basis, management maintains an optimistic view for the global macroeconomic environment. This includes observations of a continued US economic recovery and a ceasing of economic contraction in Europe. They continue to favor non-benchmark allocations to emerging markets, especially China.
- **Sprucegrove** returned 4.7% in the quarter versus 5.7% for the MSCI EAFE (net). For 2013, the portfolio is behind, 16.9% to 22.8% for the index. Over the longer-term, the three-year return trails the index, 7.5% to 8.2%, while the five year result remains well ahead (14.6% to 12.4%). For the year, the fund was negatively impacted by an underweight to, and weaker selection in, telecom and financials and weaker selection in consumer discretionary. At the regional level, the fund was hurt most by its allocation to emerging markets (12.5% at year end), which were not in the EAFE index. Emerging markets returned -2% last year. Specifically, the fund was hurt most by exposure to South Africa and Brazil. Elsewhere, overweights to Hong Kong and Singapore detracted from returns. Partially offsetting these results were an underweight and better results in Australia and an overweight to Ireland. During the quarter, the managers continued to reduce exposure to Japan and added to exposure in emerging markets. Sprucegrove established a new position in Banco Bradesco and increased positions in Petrobras, China Mobil, steel company POSCO and others. Overall, the average normalized P/E ratio of the additions during the quarter was just 8.8x while on the sell side, the average normalized P/E ratio was 20.8x, according to Sprucegrove. The portfolio has a meaningful underweight to financials (13% to 26%) and is underweight to consumer staples. It is overweight most to technology, industrials, energy and materials.

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City of New York Board of Education Retirement System Pension Fund Summary

International Small Cap

- **Acadian** outperformed in Q4, 8.5% versus 5.9%, enabling the portfolio to finish the year ahead of benchmark from June 30th. Security selection drove outperformance, with contribution being derived from a number of sectors. Stocks from the materials, consumer discretionary and healthcare sectors were among the largest contributors to relative return. No single stock stands out due to the relatively large number of holdings (899 securities as of year end), selected through a quantitative process. Valuation metrics continue to reveal a value tilt, with the most notable being a price/earnings ratio of 14.9x compared to 24.0x for the benchmark as of year end. Regional positioning includes an overweight to emerging markets (11% versus 4%) and a non-benchmark allocation to North America (5% in Canada). This is offset by underweights in Europe and Asia ex-Japan. Sector allocations do not generally vary a significant amount from benchmark, but there are a couple of exceptions. This includes an 8% underweight to financials, which is partially offset by a 5% overweight to technology.

Emerging Markets

- **Acadian** slightly underperformed for the quarter, 1.3% versus 1.8%. From a regional perspective, selection in Brazil, India, and Malaysia were contributors to relative return, but these results were offset by poor selection in South Korea and an overweight in Thailand. The quantitatively-managed portfolio held 396 stocks (compared to 824 for the benchmark) as of quarter end and maintained active factor exposures not atypical for quantitative strategies, such as, a value style orientation (11x P/E ratio versus 13x for the benchmark), and a tilt toward smaller market capitalization holdings (\$38.7 billion weighted average market cap compared to \$45.4 billion for the benchmark). Active regional positioning includes an overweight to the Pacific (especially India and Thailand) and an underweight in emerging Europe (Russia).

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City of New York Board of Education Retirement System Pension Fund Summary

Fixed Income – Structured Manager Composite

- The Total Structured Portfolio returned 0.1% during the quarter, outperforming the negative return of its NYC Core + 5 Index by 26 basis points. All of the managers, with the exception of PRIVEST outperformed their respective benchmarks, and Taplin was the best performer. For the year, the Total Structured Portfolio produced losses, but still finished ahead of benchmark, -2.4% versus -2.8%, supported by the credit managers. Trailing three- and five-year returns are ahead of benchmark.
- **Taplin Canada** (credit) returned 1.7% during the quarter versus 0.9% for the customized Citigroup Credit Index. For 2013, the portfolio returned -1.0% to -1.9% for the benchmark. Most of the outperformance occurred in the fourth quarter. Taplin benefited from an overweight to lower quality bonds relative to the benchmark, as BBB-rated bonds outperformed higher quality issues, and its exposure to longer maturity corporates helped, as the credit spread yield curve flattened in the period.
- **Prudential** (credit) returned 1.1% during the quarter versus 0.9% for the customized Citigroup Credit Index. For the year, Prudential returned -1.2% versus -1.9% for the index. Longer-term numbers remain favorable with the three-year return ahead of benchmark.
- **PRIVEST** (credit) returned -0.1% versus 0.9% for the benchmark during the quarter. For 2013, the portfolio returned 0.3% to -1.9% for the custom credit benchmark. The fund's private credit focus added value for the year, as such issues experienced greater spread tightening compared to their public-credit counterparts. The average spread of the Barclays U.S. Credit Index tightened 20 basis points, ending the year at 111 basis points. Private placement spreads tightened to a greater extent. This was a catch up in that public spreads tightened to a more in 2012. The manager believes the market is at a more normalized private versus public spread advantage with the potential for some additional marginal private placement spread tightening in 2014. The fund consists of 96% private issues, is diversified across 471 total issues, has an average credit rating of BBB+, a duration of 5.5 years and a yield to maturity of 3.5% (up 60 basis points from the end of 2012).

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City of New York Board of Education Retirement System Pension Fund Summary

Fixed Income – Structured Manager Composite (continued)

- **SSgA** (governments) returned -1.7% during the quarter, beating its benchmark by 30 basis points. For the year, SSGA returned -7.5%, just a single basis point behind benchmark. Longer-term numbers are favorable, with the portfolio now ahead of benchmark over three and five years. A decision to tactically position with a shorter duration compared to benchmark during the second half of the year contributed to outperformance, and ended the year shorter by 0.30 years. An overweight to agency issues also helped given the favorable environment for spread product. While the agency sector remains overweight (by 14% as of year end), profit-taking drove a reduction in the magnitude of the overweight, as it had been over 20% at one point.
- **PIMCO** (mortgages) returned -0.5% during the quarter compared to -0.6% for the benchmark. For the year, the portfolio returned -1.7% to -1.5% for the benchmark. PIMCO remains ahead of its benchmark over three-year and longer time periods. Duration increased during the quarter from 4.41 years to 5.05 years. The fund remained slightly above the benchmark duration, by 0.03 years. For the quarter, the portfolio slightly lagged the benchmark. An underweight to FHLMC was the key detractor in the period.

Fixed Income - TIPS

- **PIMCO** returned -2.2% versus -2.2% for the Barclays Capital US TIPS Index. Returns are decidedly negative for the year but slightly ahead of the benchmark (-8.5% versus -9.3%). Real duration was 7.5 years to 7.4 years for the index. PIMCO's performance was hurt in the quarter by an overweight to the intermediate portion of the curve and exposure to UK and EMU real return bonds.

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City of New York Board of Education Retirement System Pension Fund Summary

Enhanced Yield Fixed Income

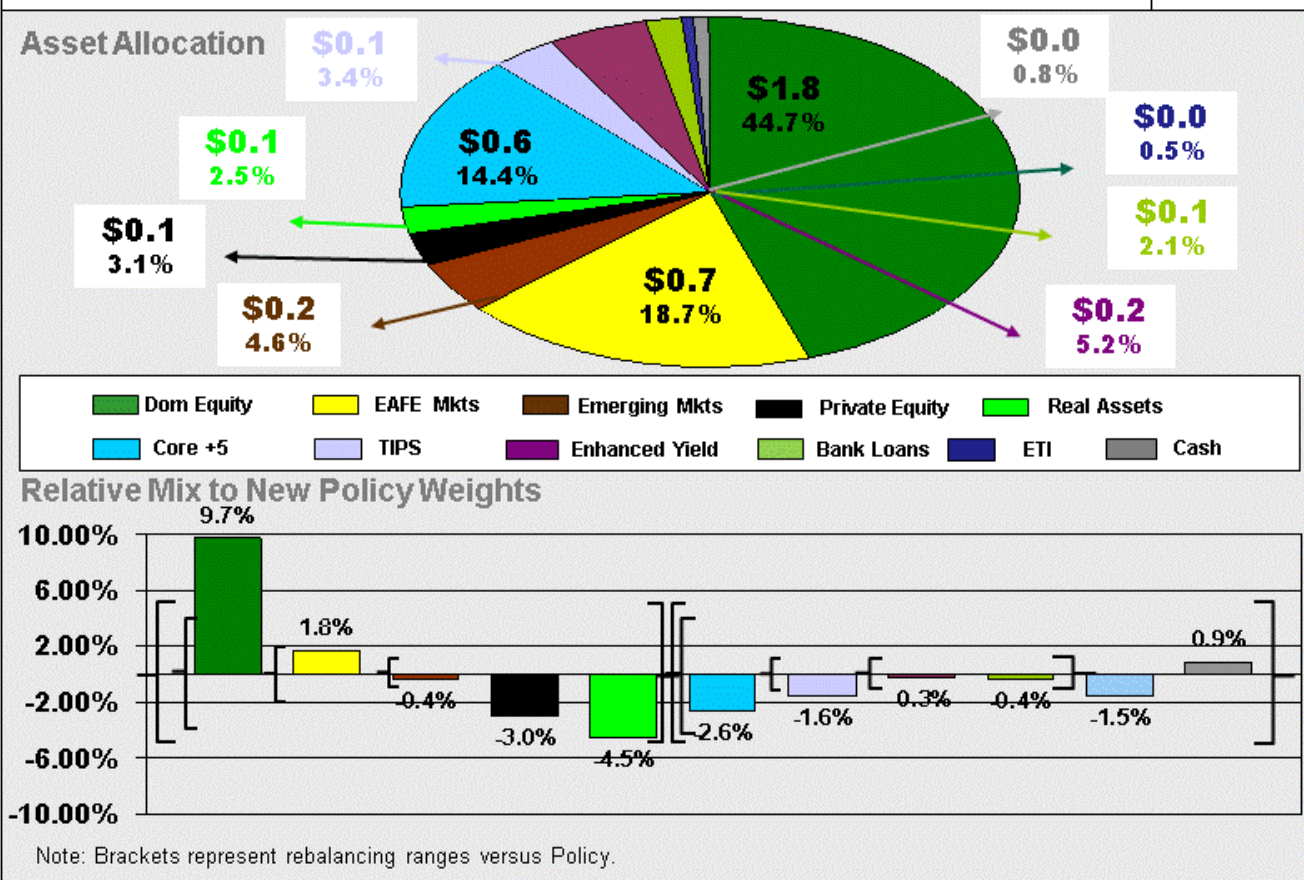
- Total High Yield returned 4.0% during the quarter versus 3.4% for the Citigroup BB & B Index. Loomis lagged, but capped off a strong calendar year. Shenkman outperformed for the quarter. Bank loans also outperformed their benchmark.
- **Loomis Sayles** returned 3.4% for the quarter versus 3.5% for the Merrill Lynch High Yield Master II index. For the year, the fund returned 10.0% versus 7.4% 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 in the year. Better results in the high yield bond portion of the fund helped, especially an overweight to CCC-rated bonds. The fund's exposure to BBB-rated paper detracted, as did an allocation to cash.
- **Shenkman** returned 4.7% for the quarter versus 3.4% for its Citigroup BB & B Index benchmark. For the year, the fund lagged with a return of 6.6% versus 6.2%. The portfolio holds a small amount of bank loans (approximately 8% as of year end). While not directly related to the BERS portfolio, we note that in September Shenkman brought in David Lerner from Credit Suisse Asset Management, to lead Shenkman's bank loan investments. This follows another arrival from Credit Suisse in July, Robert Kricheff, former Head of Americas High Yield Sector Strategy, at Credit Suisse. Duration dipped slightly over the course of Q4, to just under 3.0 years. Average credit quality remained at B1/B+.
- **Babson** returned 2.3% during the quarter compared to 1.8% for the Credit Suisse Leveraged Loan Index benchmark. For the year, the portfolio returned 6.3% versus 6.2% for the benchmark. During the quarter, the portfolio saw its credit quality adjusted slightly lower, resulting in an averaged weighted credit rating that is solidly in the single B area.

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Portfolio Asset Allocation: December 31, 2013

\$3.9B Under Management



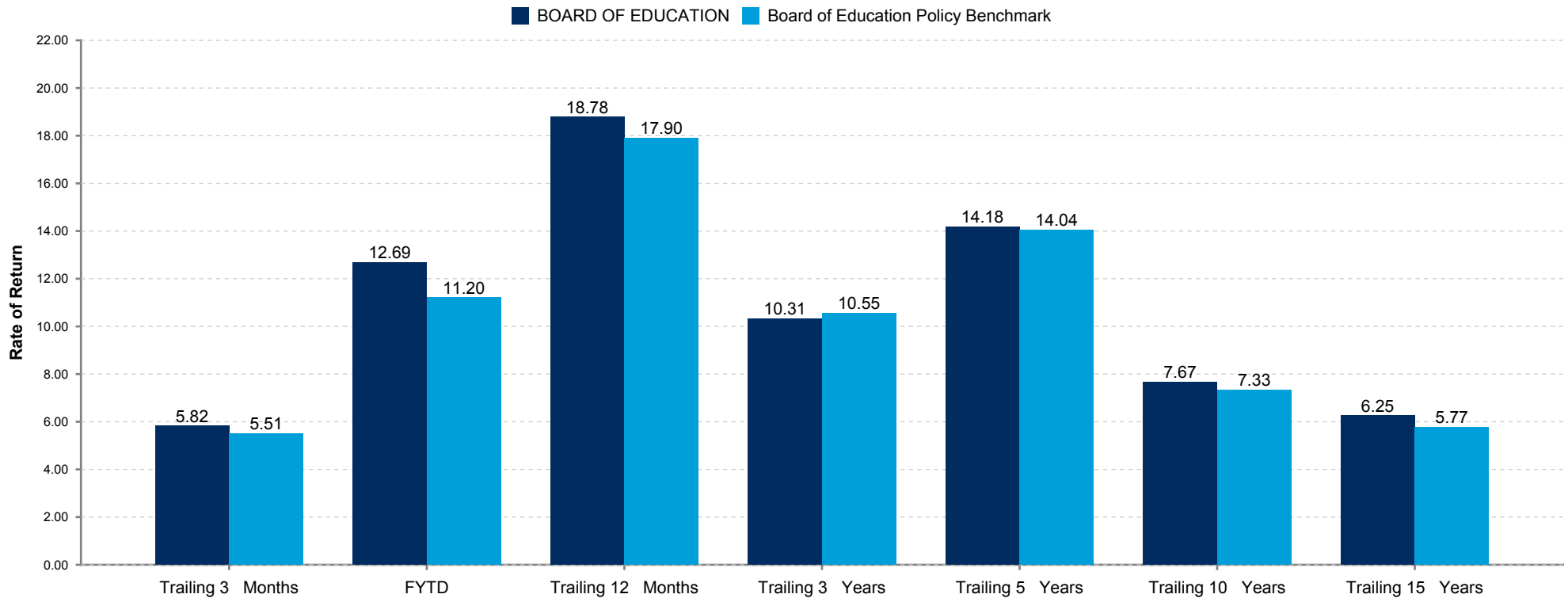
New York City Board of Education Retirement System
 Performance Overview as of December 31, 2013
 Prepared by State Street Investment Analytics

Total Portfolio Returns: December 31, 2013

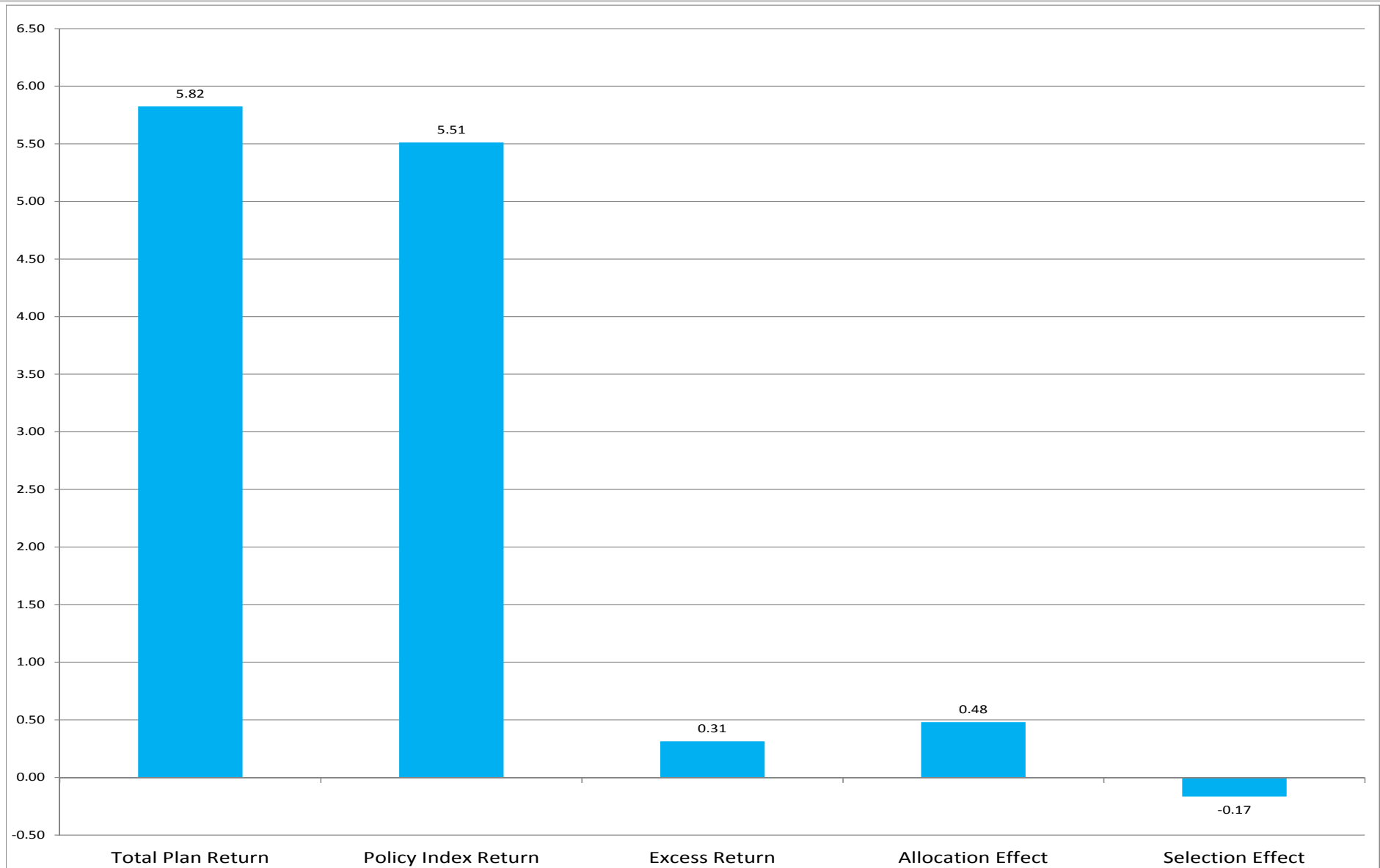


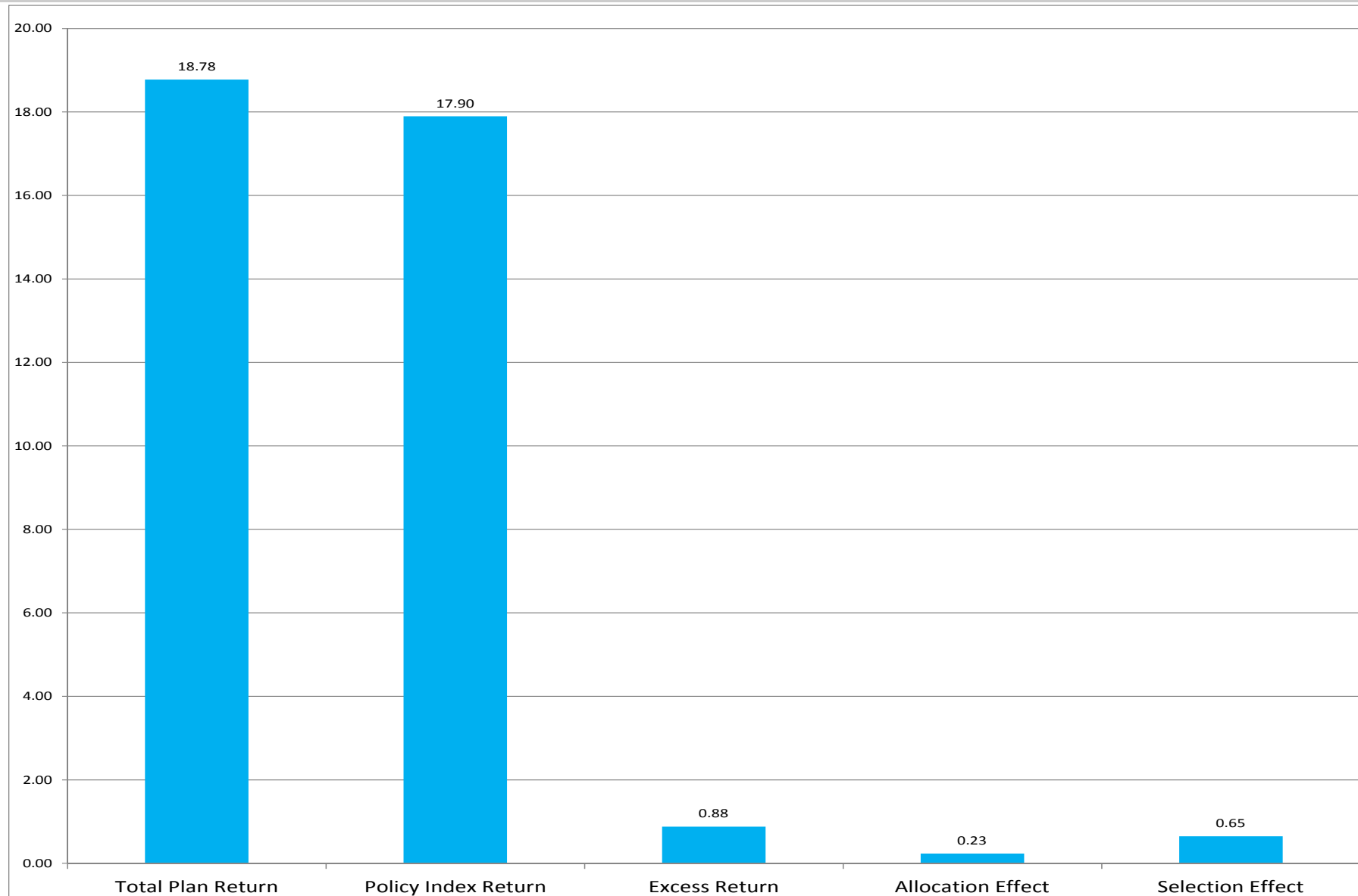
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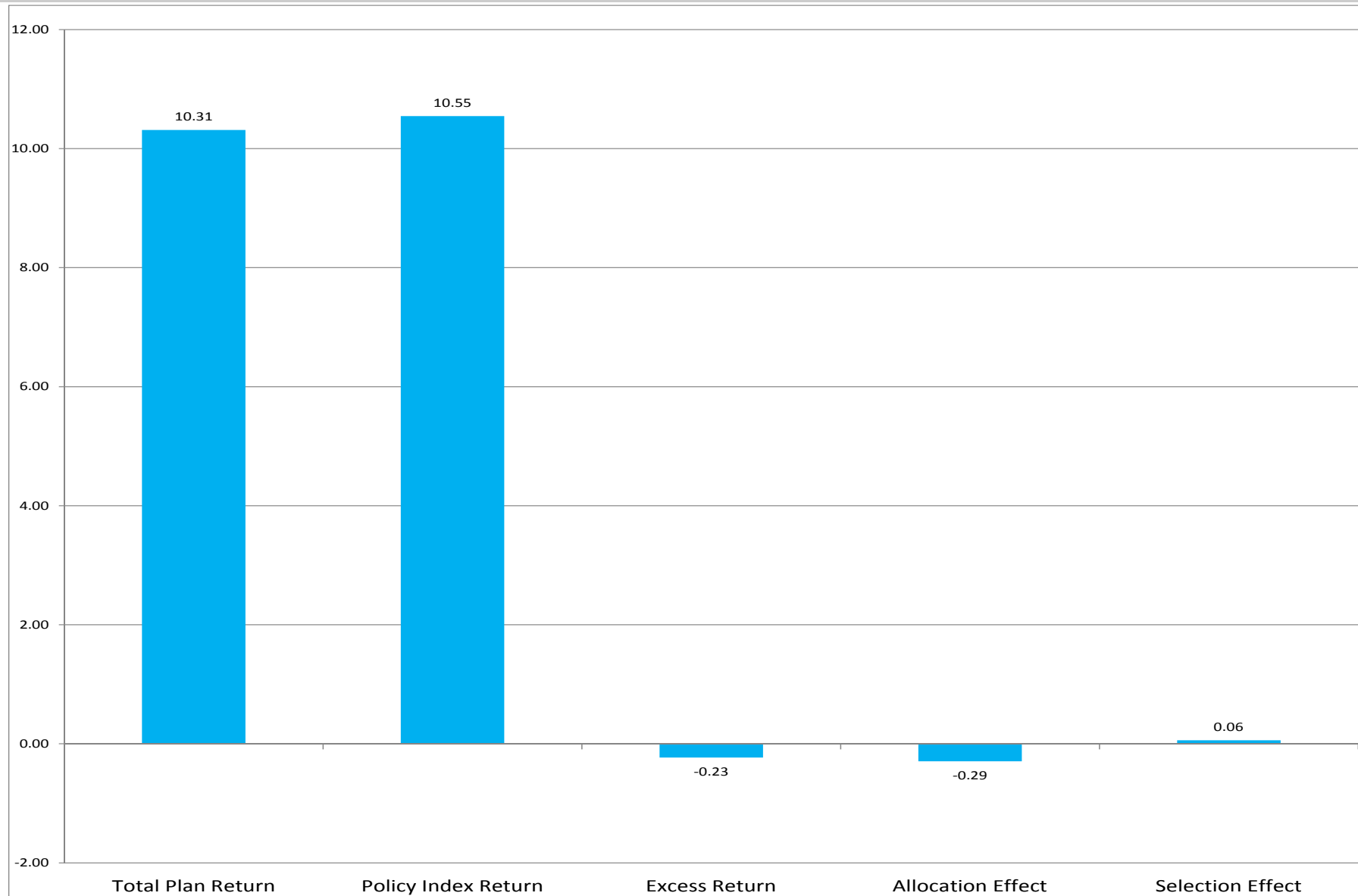
\$3.9B Under Mangement



	Plan 3 Years	Benchmark 3 Years	Plan 5 Years	Benchmark 5 Years	Plan 7 Years	Benchmark 7 Years	Plan 10 Years	Benchmark 10 Years
Standard Deviation								
BOARD OF EDUCATION	9.2	9.3	14.1	12.0	12.6	13.3	11.1	11.5









Allocation Effect - Asset Class Breakdown

	<u>Quarter</u>	<u>12 Months</u>	<u>3 Years</u>	<u>Benchmark</u>
BERS-TOTAL BOARD OF ED.	0.48	0.23	-0.29	Board of Education Poli
BERS-TOTAL DOM EQUITY	0.08	-0.09	-0.04	RUSSELL 3000 (DAILY)
BERS - Total EAFE Equity	0.00	0.03	-0.06	MSCI EAFE NET (DAILY)
BERS-TOTAL EMERGING (INTL)	0.01	0.07	-0.10	MSCI EMERGING MARKETS
BERS-TOTAL PRIVATE EQUITY	0.00	0.01	0.00	NYC R3000 +3% Lagged
BERS-TOTAL PRIVATE REAL ESTATE	0.00	0.01	0.00	NCREIF NFI-ODCE NET + 1
BERS-TOTAL STRUCTURED	0.10	0.07	-0.18	NYC - CORE PLUS FIVE
BERS-TOTAL ACTIVE TIPS MANAGERS	0.10	0.27	0.10	BARCLAYS US TIPS INDEX
BERS-TOTAL HIGH YIELD	0.00	-0.03	-0.05	CITIGROUP BB & B
BERS-TOTAL BANK LOANS	0.01	0.02	0.02	CSFB LEVERAGED LOAN IND

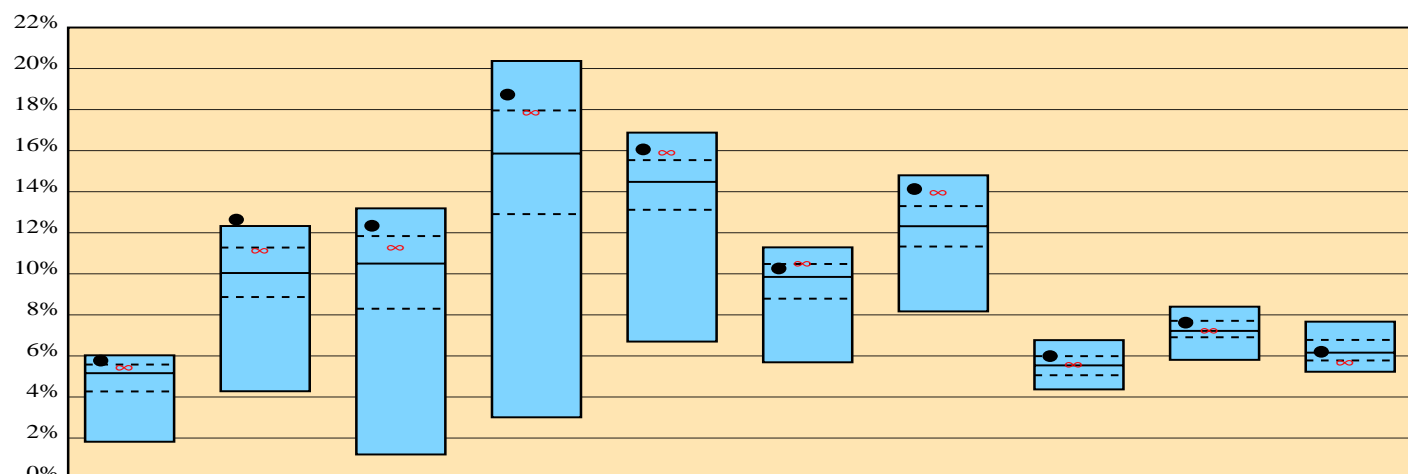
Selection Effect - Asset Class Breakdown

	<u>Quarter</u>	<u>12 Months</u>	<u>3 Years</u>	<u>Benchmark</u>
BERS-TOTAL BOARD OF ED.	-0.17	0.65	0.06	Board of Education Poli
BERS-TOTAL DOM EQUITY	-0.14	0.84	0.03	RUSSELL 3000 (DAILY)
BERS - Total EAFE Equity	0.13	0.18	0.30	MSCI EAFE NET (DAILY)
BERS-TOTAL EMERGING (INTL)	-0.04	-0.10	-0.02	MSCI EMERGING MARKETS
BERS-TOTAL PRIVATE EQUITY	-0.11	-0.35	-0.32	NYC R3000 +3% Lagged
BERS-TOTAL PRIVATE REAL ESTATE	-0.09	-0.16	-0.10	NCREIF NFI-ODCE NET + 1
BERS-TOTAL STRUCTURED	0.04	0.07	0.10	NYC - CORE PLUS FIVE
BERS-TOTAL ACTIVE TIPS MANAGERS	0.00	0.04	0.01	BARCLAYS US TIPS INDEX
BERS-TOTAL HIGH YIELD	0.03	0.13	0.06	CITIGROUP BB & B
BERS-TOTAL BANK LOANS	0.01	0.00	0.00	CSFB LEVERAGED LOAN IND



Through December 31, 2013

City of New York - BOE
Total Returns of Public Master Trusts > \$1 Billion
 Rates of Return for Periods Ending December 31, 2013



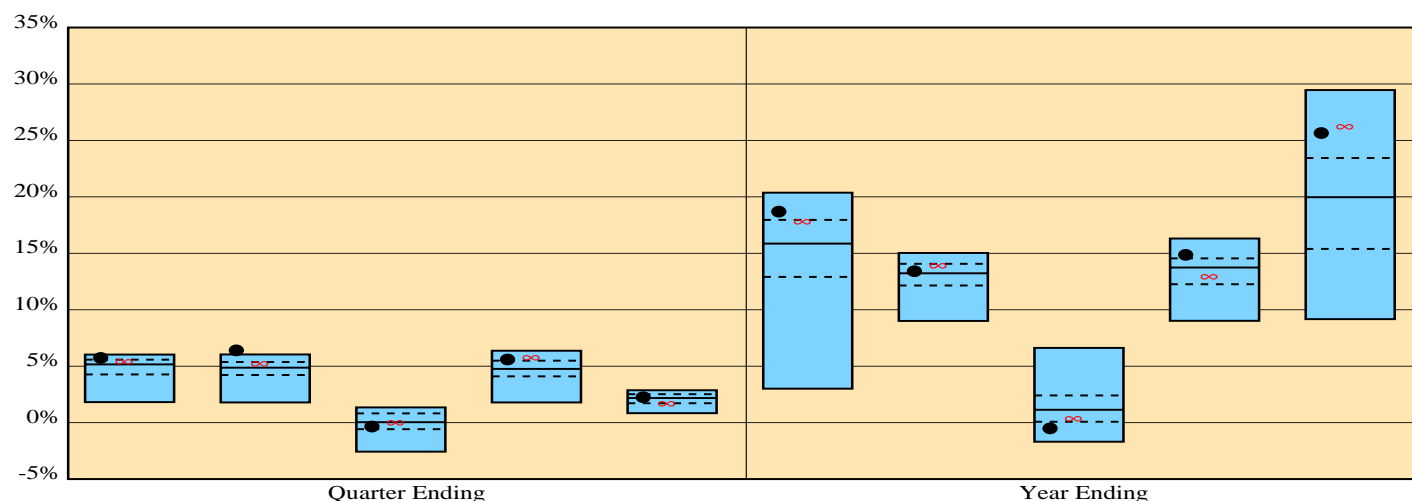
	1 Quarter	2 Quarters	3 Quarters	1 Year	2 Years	3 Years	5 Years	7 Years	10 Years	15 Years
5th Percentile	6.03	12.33	13.19	20.37	16.88	11.29	14.80	6.77	8.40	7.67
25th Percentile	5.58	11.28	11.84	17.96	15.54	10.48	13.30	5.99	7.71	6.78
Median	5.16	10.04	10.50	15.86	14.48	9.85	12.32	5.54	7.22	6.16
75th Percentile	4.27	8.87	8.30	12.91	13.12	8.79	11.33	5.06	6.91	5.78
95th Percentile	1.82	4.28	1.20	3.01	6.70	5.69	8.17	4.37	5.81	5.23
● Total System	5.82 (12)	12.69 (2)	12.39 (18)	18.78 (15)	16.11 (19)	10.31 (28)	14.18 (11)	6.04 (22)	7.67 (25)	6.25 (43)
∞ Board of Ed Policy Benchmark	5.52 (29)	11.21 (26)	11.35 (27)	17.91 (25)	15.96 (19)	10.55 (22)	14.04 (12)	5.64 (40)	7.33 (41)	5.77 (78)

Returns for periods greater than one year are annualized.



Through December 31, 2013

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



	Quarter Ending					Year Ending				
	Dec 13	Sep 13	Jun 13	Mar 13	Dec 12	Dec 13	Dec 12	Dec 11	Dec 10	Dec 09
5th Percentile	6.03	6.04	1.35	6.37	2.87	20.37	15.03	6.62	16.31	29.46
25th Percentile	5.58	5.37	0.82	5.49	2.52	17.96	14.07	2.41	14.55	23.44
Median	5.16	4.87	0.04	4.76	2.18	15.86	13.23	1.14	13.74	19.97
75th Percentile	4.27	4.22	-0.58	4.10	1.72	12.91	12.15	0.08	12.26	15.39
95th Percentile	1.82	1.79	-2.57	1.79	0.84	3.01	9.01	-1.69	9.02	9.17
● Total System	5.82 (12)	6.49 (2)	-0.26 (66)	5.68 (19)	2.34 (39)	18.78 (15)	13.50 (38)	-0.42 (83)	14.95 (17)	25.74 (13)
∞ Board of Ed Policy Benchmark	5.52 (29)	5.39 (22)	0.13 (46)	5.89 (11)	1.86 (66)	17.91 (25)	14.05 (26)	0.47 (66)	13.04 (60)	26.32 (9)

Returns for periods greater than one year are annualized.



New York City
Board of Education Retirement System

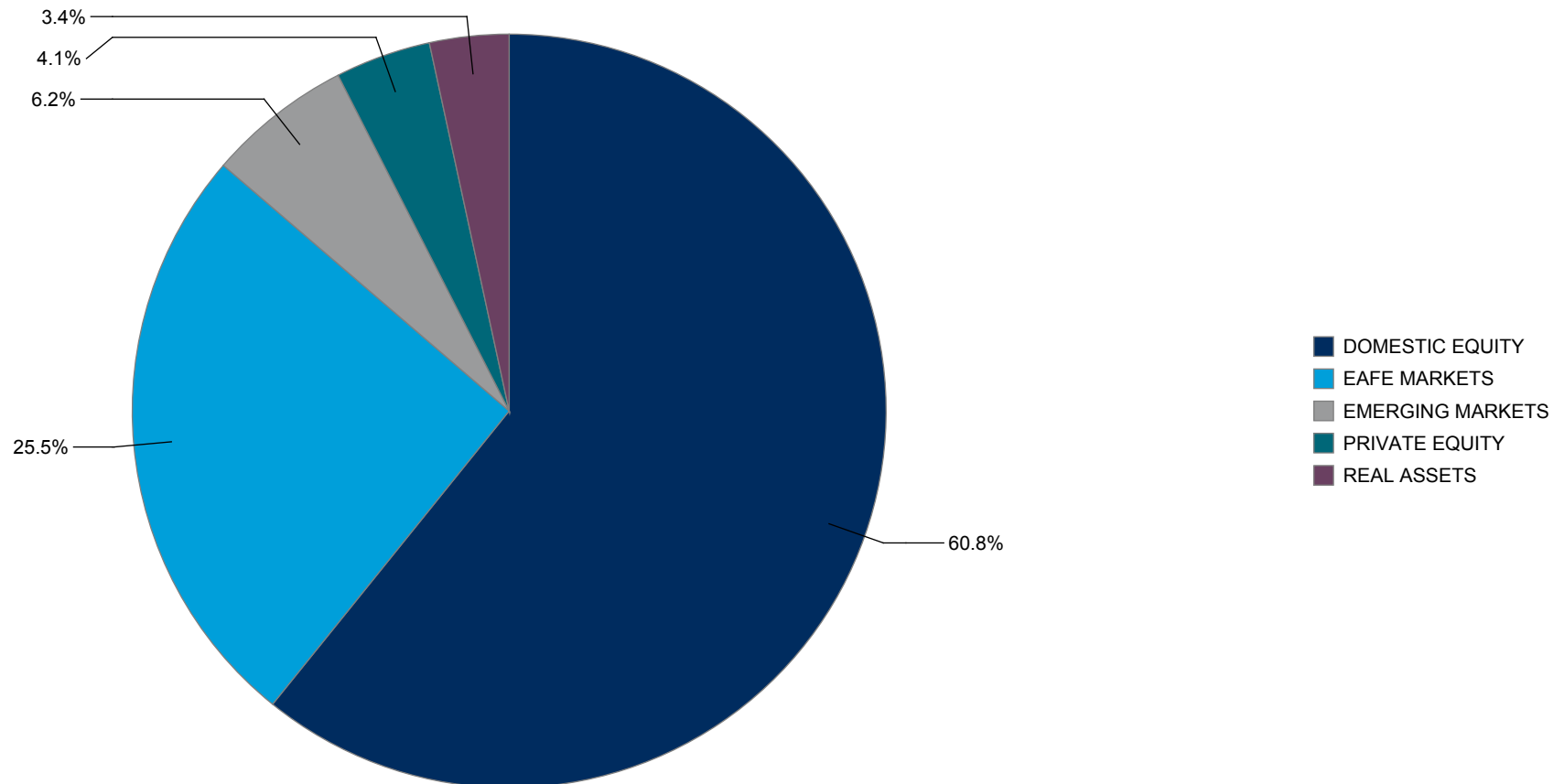
Equity Analysis

Total Equity Asset Allocation: December 31, 2013



STATE STREET.

\$2.9B Under Management, **73.7%** of Total Funds

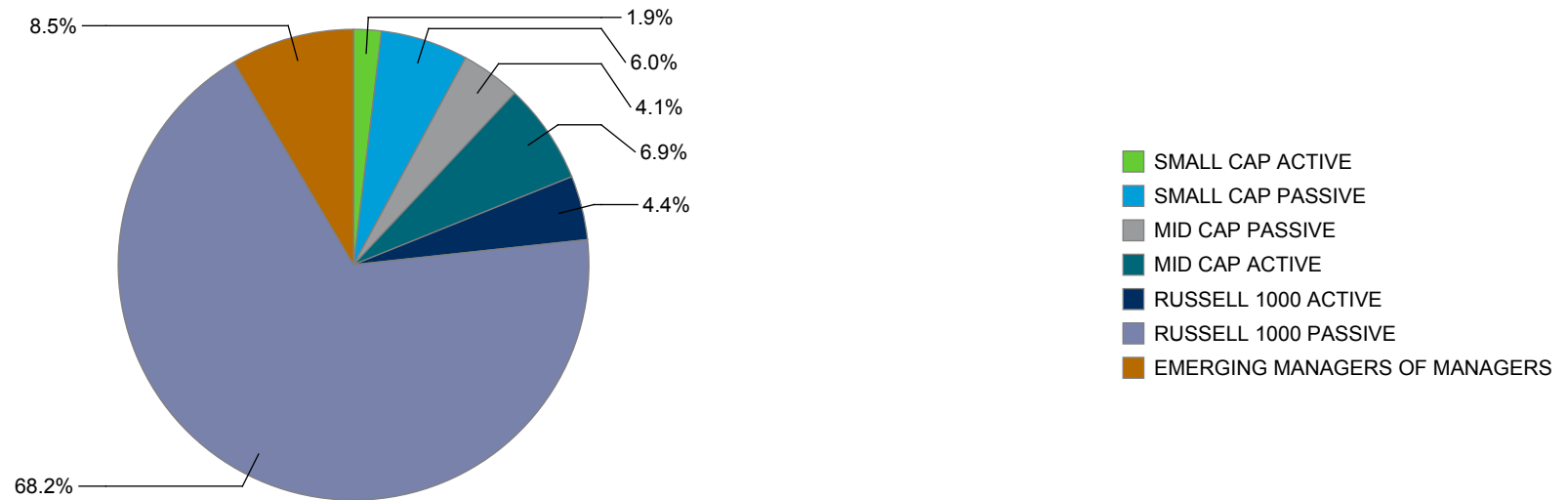


Total Domestic Equity Asset Allocations: Quarter Ending December 31, 2013



STATE STREET.

\$1.7B Under Management, **44.7%** of Total Funds



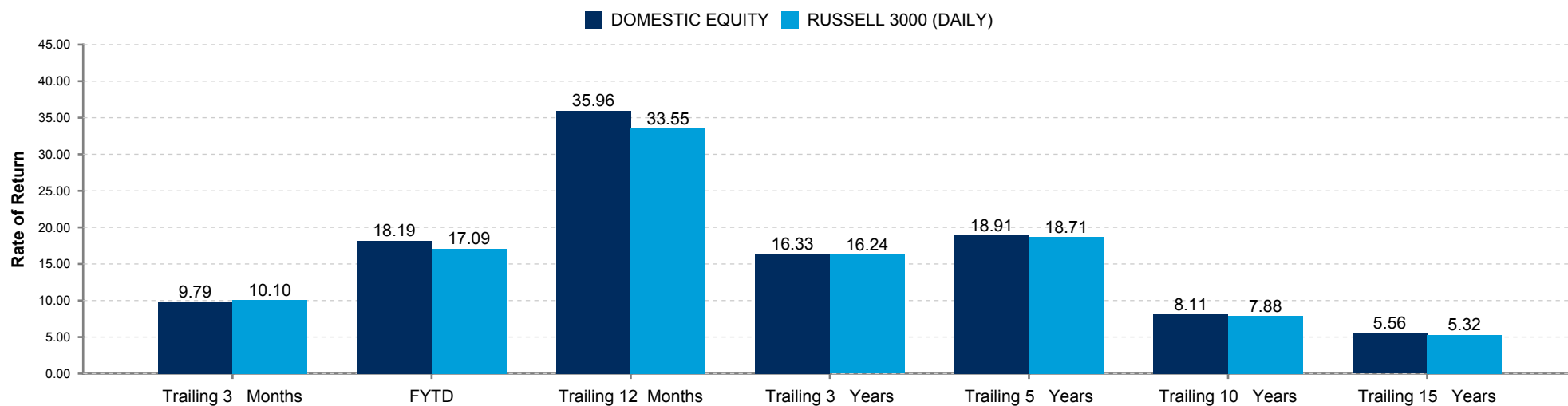
Sub Sector	Policy Weight	Actual Weight	Under/Over Weight	Index Return	Actual Return	Difference
Small Cap Active	2.83	1.90	-0.93	8.72	8.47	-0.25
Small Cap Passive	5.39	5.99	0.60	8.72	8.95	0.23
Mid Cap Active	7.25	6.93	-0.32	8.39	9.39	1.00
Mid Cap Passive	3.75	4.10	0.35	8.33	8.31	-0.02
Russell 1000 Active	11.25	4.44	-6.81	10.23	5.89	-4.34
Russell 1000 Passive	62.03	68.18	6.15	10.44	10.25	-0.19
Emerging Manager of Managers	7.50	8.46	0.96	10.10	10.26	0.16

Total Domestic Equity Returns vs Russell 3000 Index



STATE STREET

\$1.7B Under Management, **44.7%** of Total Funds



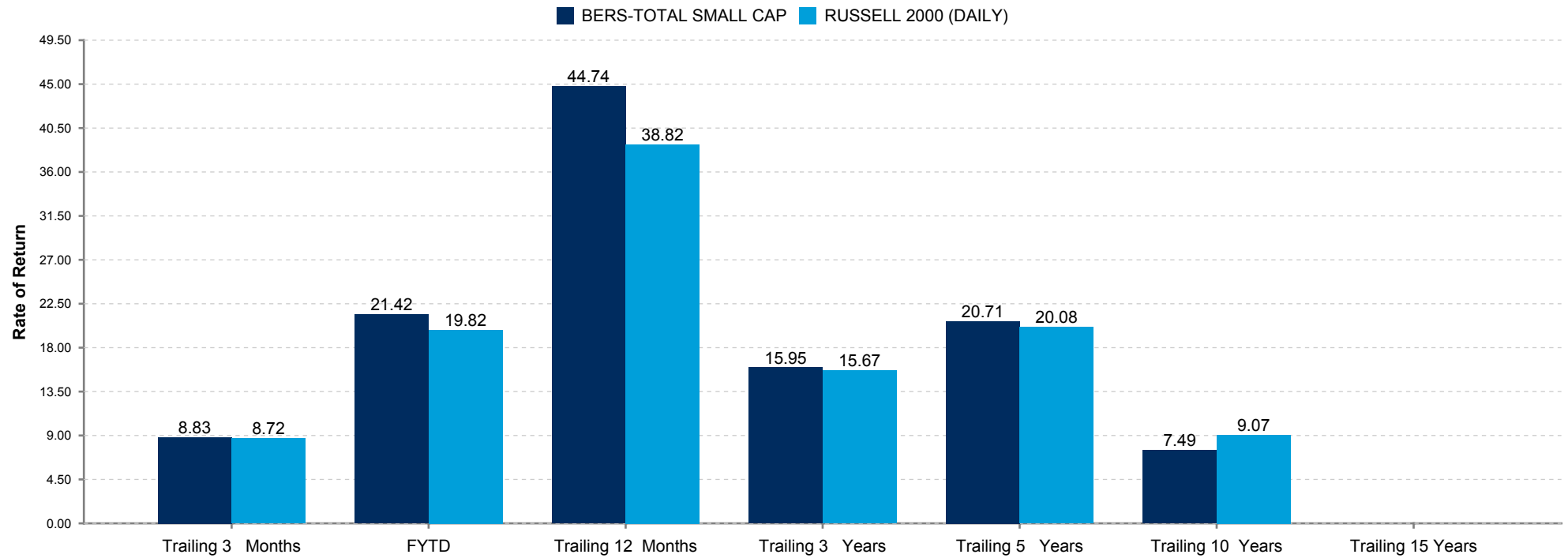
	Plan 3 Years	Benchmark 3 Years	Plan 5 Years	Benchmark 5 Years	Plan 10 Years	Benchmark 10 Years
Standard Deviation						
DOMESTIC EQUITY	13.5	12.7	16.6	16.3	15.5	15.2

Small Cap Returns vs Russell 2000 Index



STATE STREET

\$138.3M Under Management, **3.5%** of Total Funds



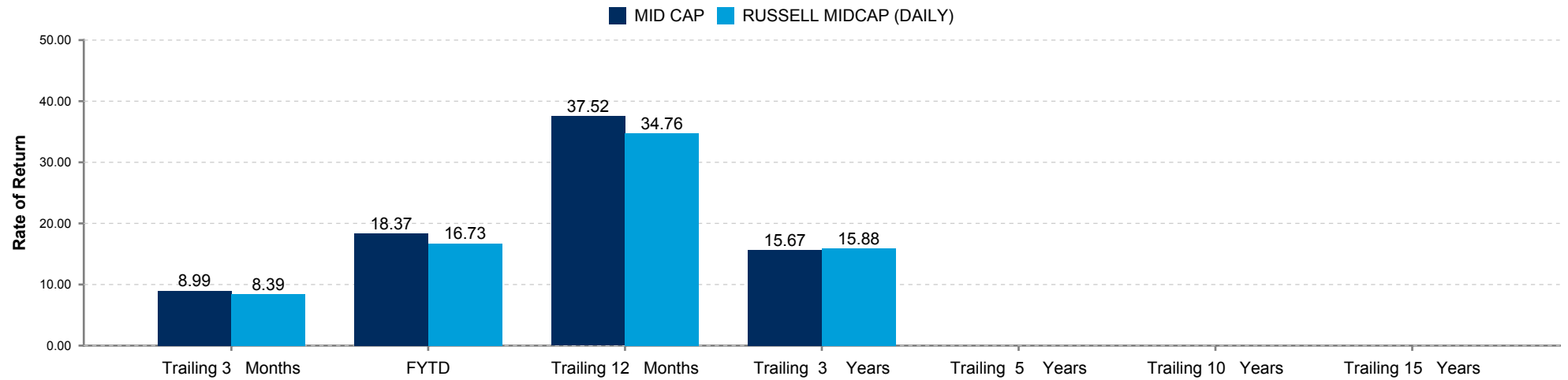
	Plan 3 Years	Benchmark 3 Years	Plan 5 Years	Benchmark 5 Years	Plan 10 Years	Benchmark 10 Years
Standard Deviation						
BERS-TOTAL SMALL CAP	19.1	16.7	20.5	20.9	19.2	19.7

Mid Cap Returns vs Russell MidCap Index



STATE STREET.

\$193M Under Management, **4.9%** of Total Funds



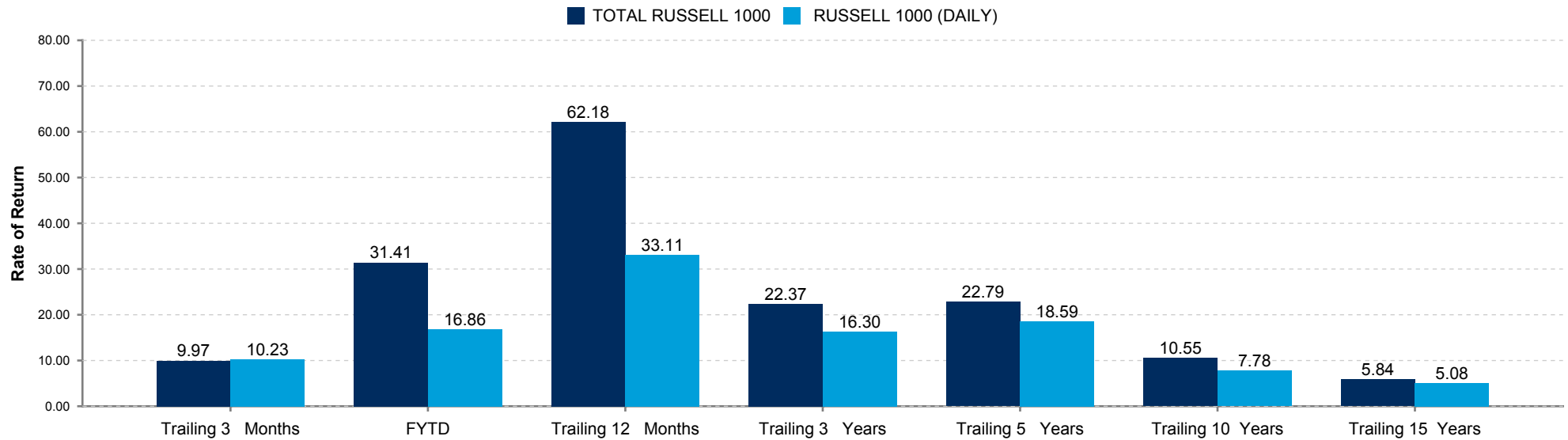
	Plan 3 Years	Benchmark 3 Years	Plan 5 Years	Benchmark 5 Years	Plan 10 Years	Benchmark 10 Years
Standard Deviation						
MID CAP	15.5	14.2				

Russell 1000 Returns vs Russell 1000 Index



STATE STREET

\$1.3B Under Management, **32.5%** of Total Funds



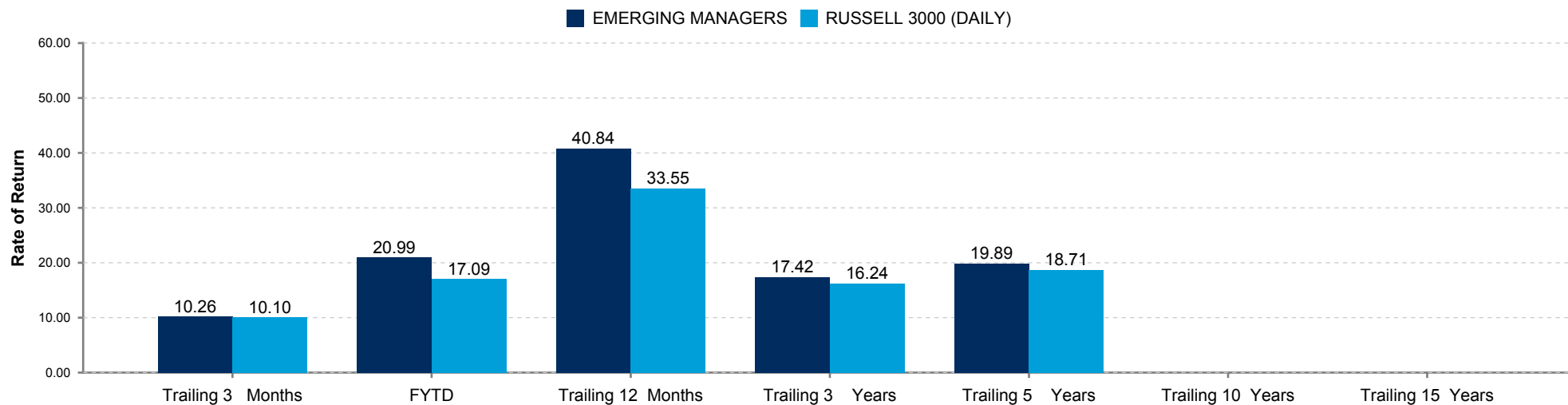
	Plan 3 Years	Benchmark 3 Years	Plan 5 Years	Benchmark 5 Years	Plan 10 Years	Benchmark 10 Years
Standard Deviation						
TOTAL RUSSELL 1000	15.6	12.4	17.1	16.0	15.9	14.9

Emerging Managers Returns vs Russell 3000 Index



STATE STREET

\$148M Under Management, **3.8%** of Total Funds



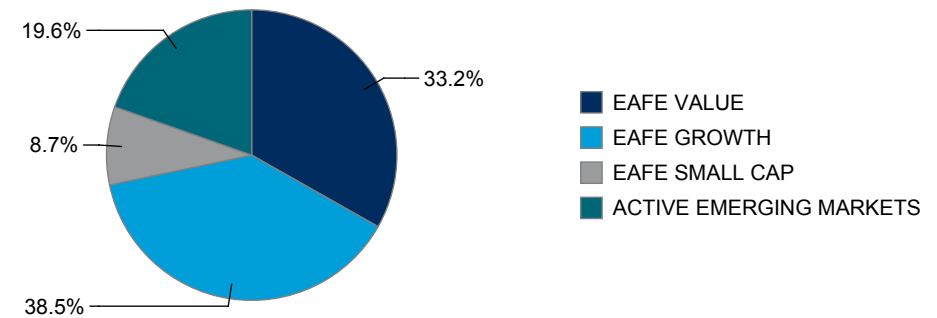
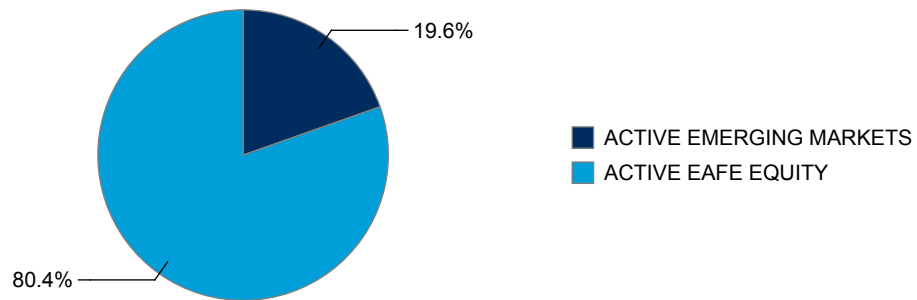
	Plan 3 Years	Benchmark 3 Years	Plan 5 Years	Benchmark 5 Years	Plan 10 Years	Benchmark 10 Years
Standard Deviation						
EMERGING MANAGERS	14.8	16.7	17.5	20.9		

International Equity Asset Allocation: December 31, 2013



STATE STREET.

\$914M Under Management, **23.3%** of Total Funds



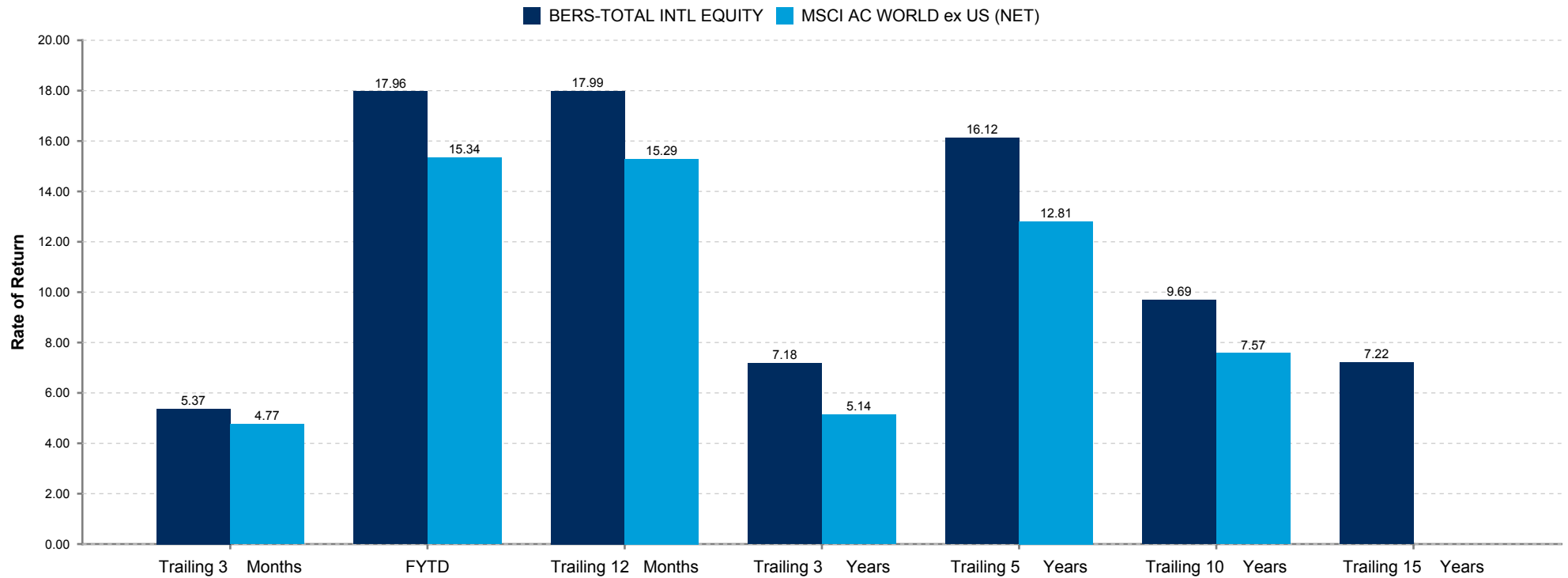
	Asset Weight	Quarterly Returns - Fund and Benchmark		
		Fund	Benchmark	Excess
EAFE VALUE	33.17	4.72	5.71	(0.99)
EAFE GROWTH	38.51	7.45	5.15	2.30
EAFE SMALL CAP	8.68	8.53	5.92	2.60
ACTIVE EMERGING MARKETS	19.63	1.25	1.83	(0.58)
BERS-TOTAL INTL EQUITY	100.00	5.37	4.77	0.60

Total International Returns vs MSCI AC World ex US (net): December 31, 2013



STATE STREET.

\$914M Under Management, **23.3%** of Total Funds



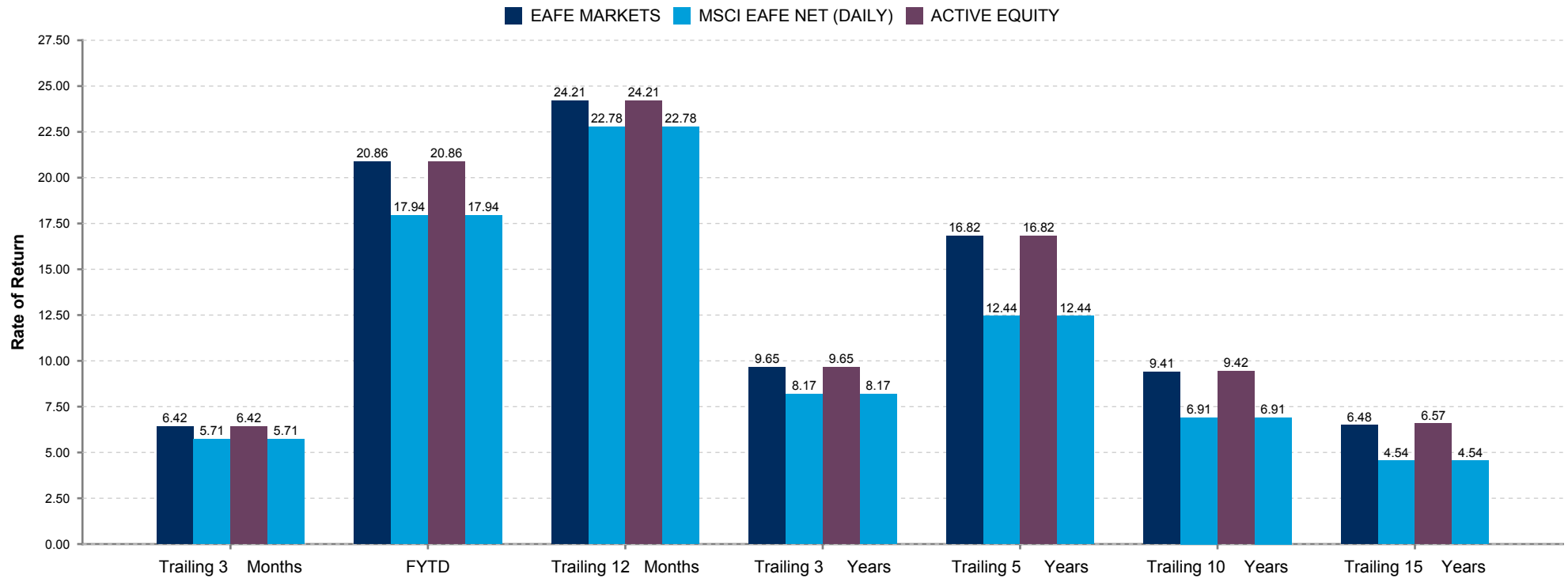
	Plan 3 Years	Benchmark 3 Years	Plan 5 Years	Benchmark 5 Years	Plan 10 Years	Benchmark 10 Years
Standard Deviation						
BERS-TOTAL INTL EQUITY	16.7	16.5	19.5	19.8	19.0	18.8

EAFE Markets Returns vs MSCI EAFE INDEX: December 31, 2013



STATE STREET

\$734.8M Under Management, **18.7%** of Total Funds



	Plan 3 Years	Benchmark 3 Years	Plan 5 Years	Benchmark 5 Years	Plan 10 Years	Benchmark 10 Years
Standard Deviation						
EAFE MARKETS	16.3	16.5	19.2	19.7	18.2	18.2
ACTIVE EQUITY	16.3	16.5	19.2	19.7	18.2	18.2

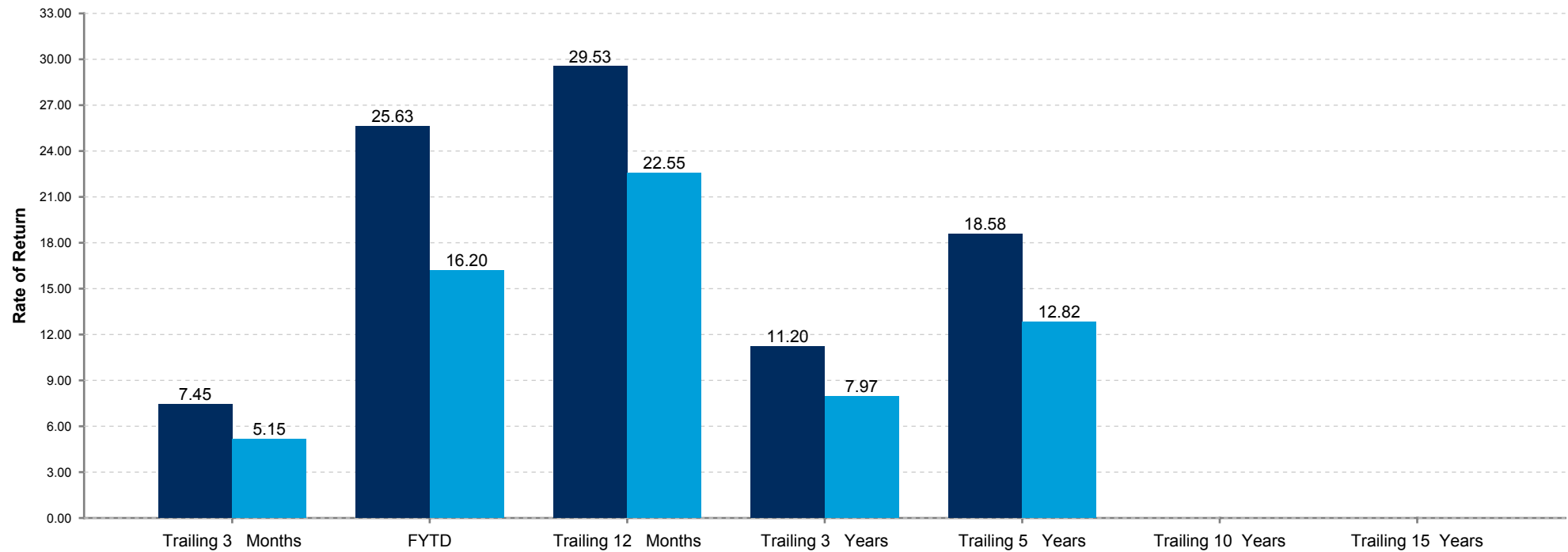
Developed Growth Returns vs MSCI EAFE Growth Index



STATE STREET.

\$352M Under Management, **9.0%** of Total Funds

■ TOTAL DEVELOPED GROWTH ■ MSCI EAFE GROWTH NET (DAILY)



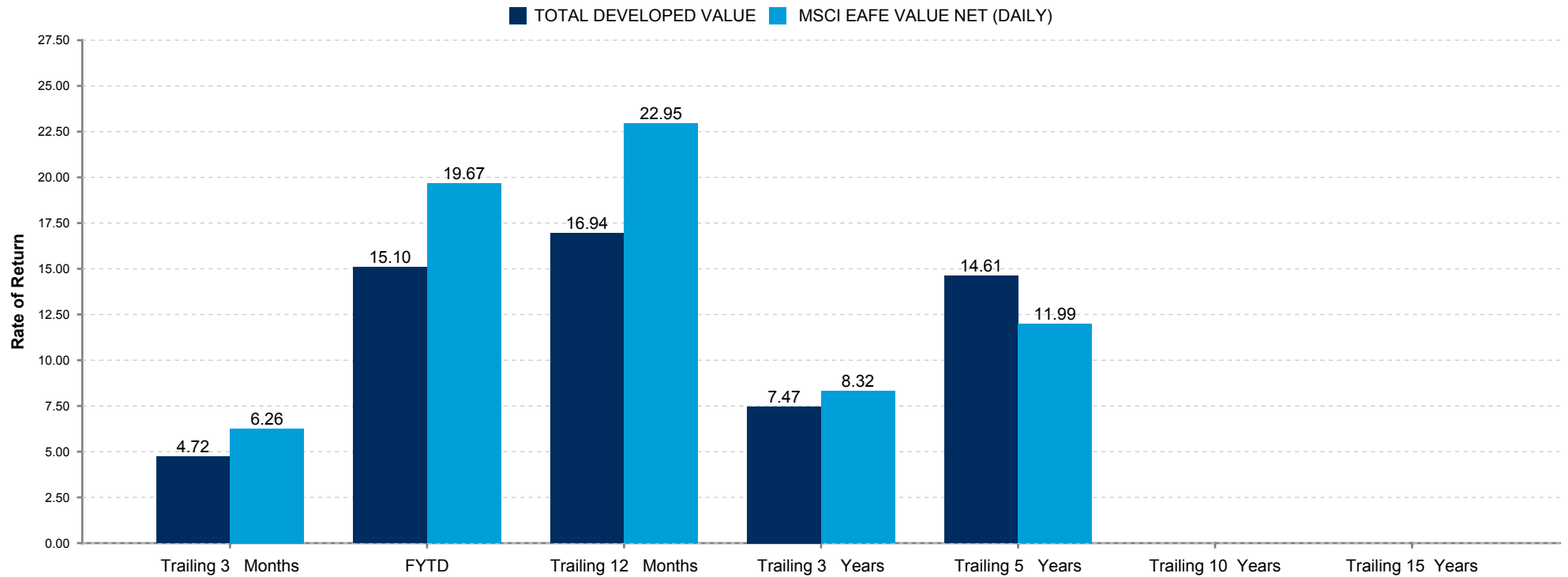
	Plan 3 Years	Benchmark 3 Years	Plan 5 Years	Benchmark 5 Years	Plan 10 Years	Benchmark 10 Years
Standard Deviation						
TOTAL DEVELOPED GROWTH	18.2	15.9	20.8	18.4		

Developed Value Returns vs MSCI EAFE Value Index



STATE STREET

\$303M Under Management, **7.7%** of Total Funds



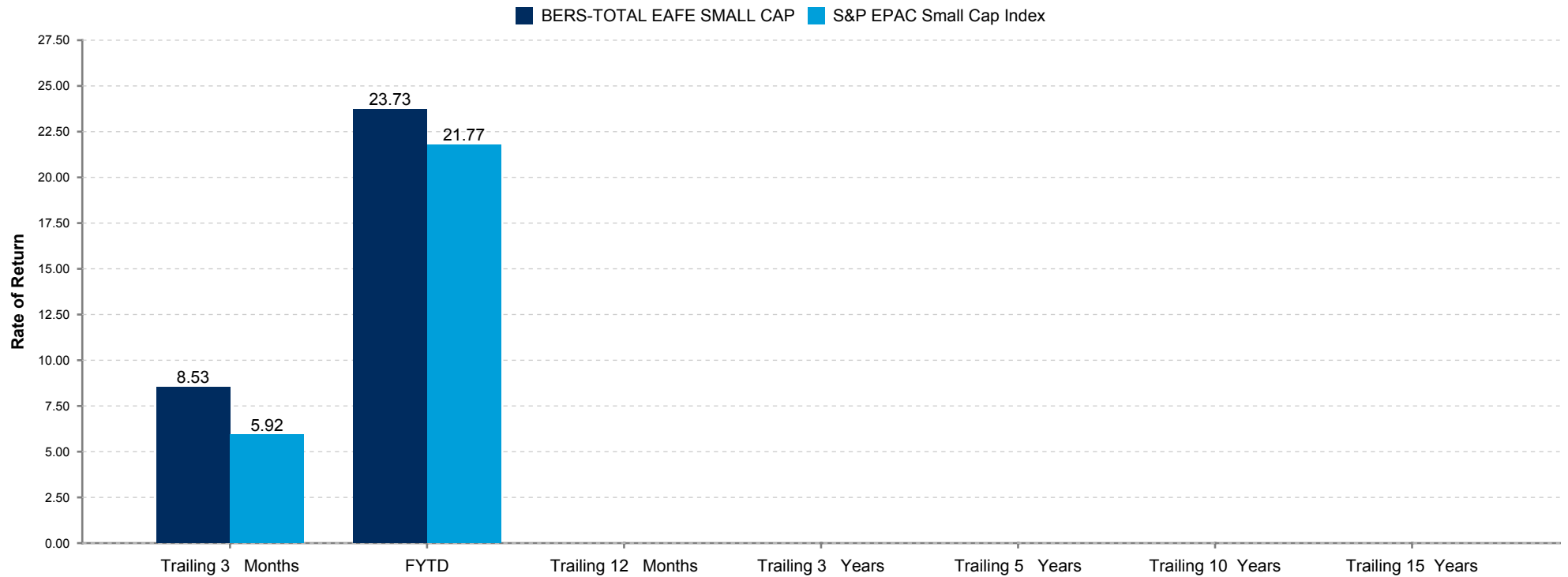
	Plan 3 Years	Benchmark 3 Years	Plan 5 Years	Benchmark 5 Years	Plan 10 Years	Benchmark 10 Years
Standard Deviation						
TOTAL DEVELOPED VALUE	14.4	17.4	17.5	21.6		

Developed Small Cap Returns vs S&P EPAC Small Cap Index



STATE STREET.

\$79.4M Under Management, **2.0%** of Total Funds



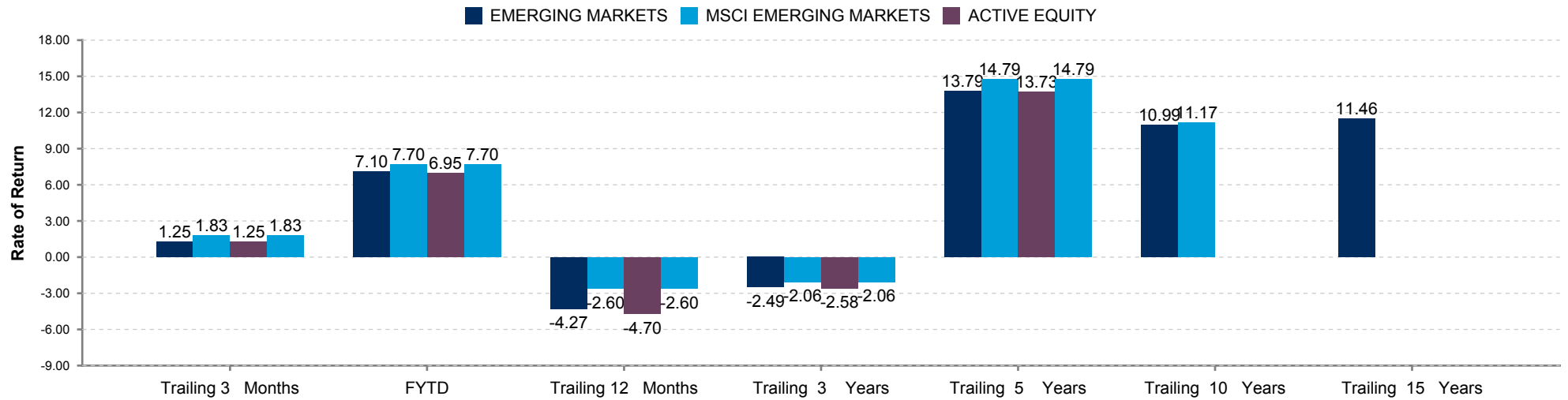
	Plan 3 Years	Benchmark 3 Years	Plan 5 Years	Benchmark 5 Years	Plan 10 Years	Benchmark 10 Years
Standard Deviation						
BERS-TOTAL EAFE SMALL CAP						

Emerging Markets Returns vs MSCI Emerging Markets Index



STATE STREET

\$179.5M Under Management, **4.6%** of Total Funds



	Plan 3 Years	Benchmark 3 Years	Plan 5 Years	Benchmark 5 Years	Plan 10 Years	Benchmark 10 Years
Standard Deviation						
EMERGING MARKETS	19.8	19.3	22.6	22.6	23.9	23.8
ACTIVE EQUITY	19.9	19.3	22.7	22.6		



New York City
Board of Education Retirement System

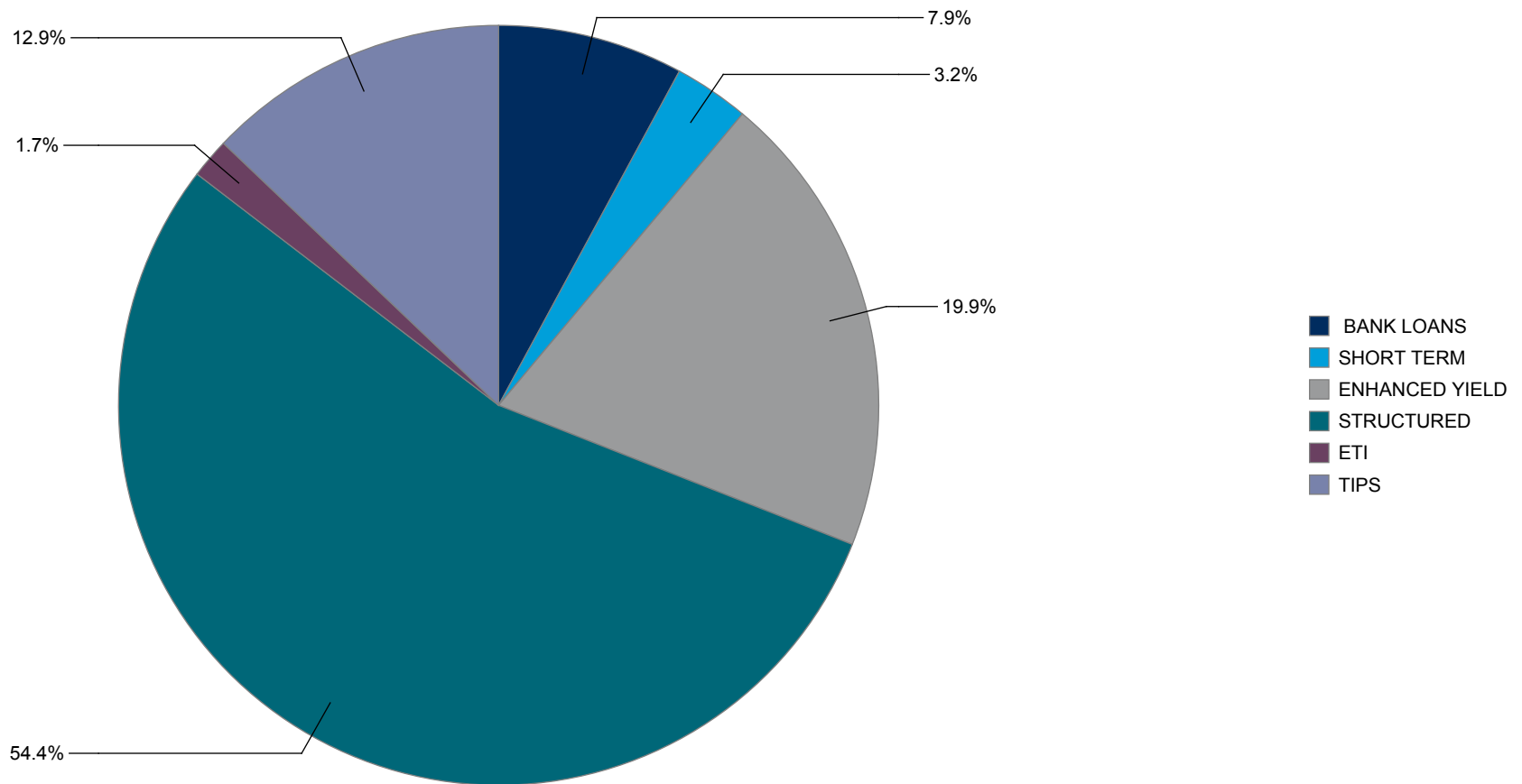
Fixed Income Analysis

Total Fixed Income Asset Allocation: December 31, 2013



STATE STREET.

\$1.0B Under Management, **26.4%** of Total Funds

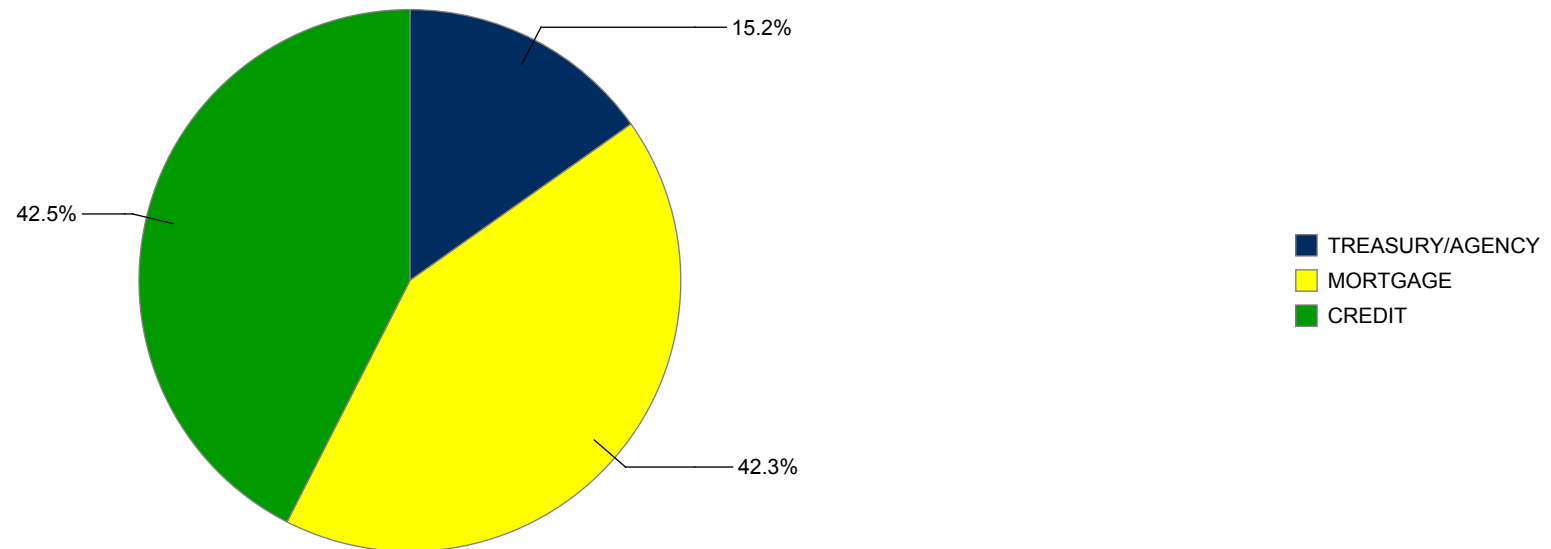


Structured Fixed Income Asset Allocation: Quarter Ending December 31, 2013



STATE STREET.

\$564M Under Management, **14.4%** of Total Funds



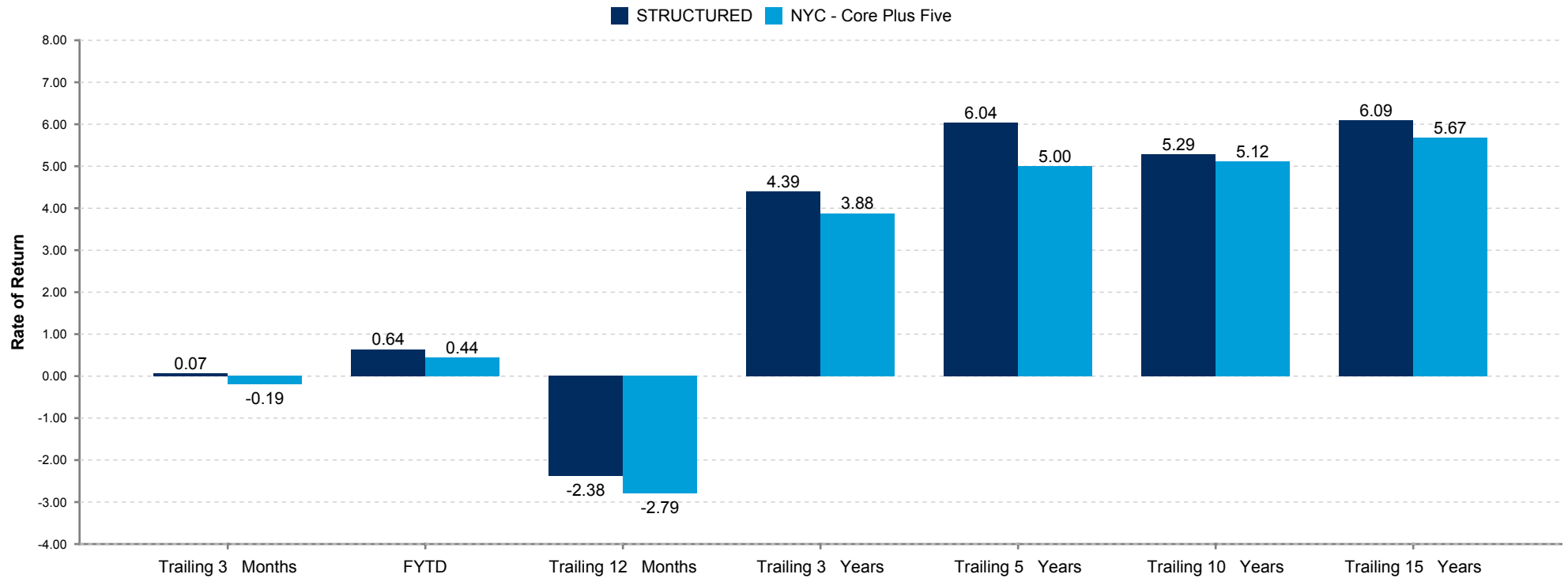
Sub Sector	Policy Weight	Actual Weight	Under/Over Weight	Index Return	Actual Return	Difference
Treasury/Agency	18.21	15.20	-3.01	-1.98	-1.68	0.30
Mortgage	39.05	42.34	3.29	-0.55	-0.48	0.07
Inv Grade Credit	42.74	42.46	-0.28	0.92	1.26	0.34

Structured Returns vs NYC Core + 5 Index



STATE STREET

\$564M Under Management, **14.4%** of Total Funds



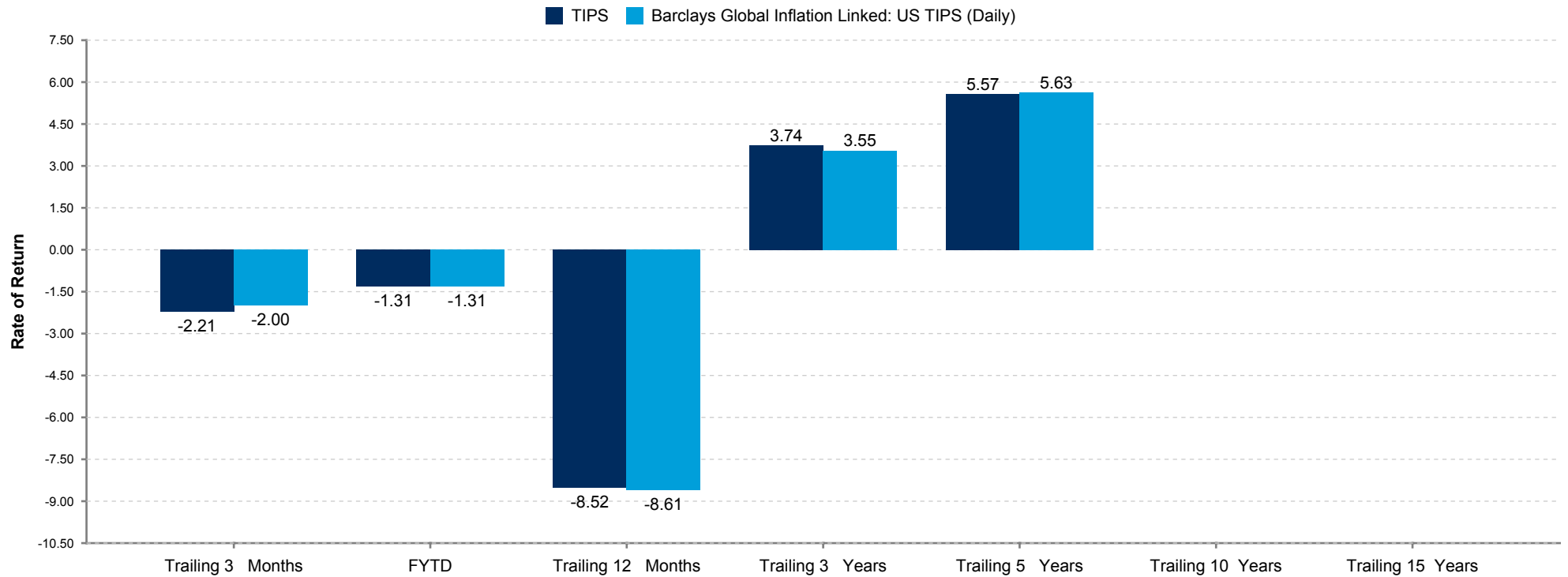
	Plan 3 Years	Benchmark 3 Years	Plan 5 Years	Benchmark 5 Years	Plan 10 Years	Benchmark 10 Years
Standard Deviation						
STRUCTURED	3.3	3.4	3.4	3.5	3.9	4.1

TIPS Returns vs Barclays US TIPS Index



STATE STREET

\$134M Under Management, **3.4%** of Total Funds



	Plan 3 Years	Benchmark 3 Years	Plan 5 Years	Benchmark 5 Years	Plan 10 Years	Benchmark 10 Years
TIPS	5.4	5.4	5.9	5.9		

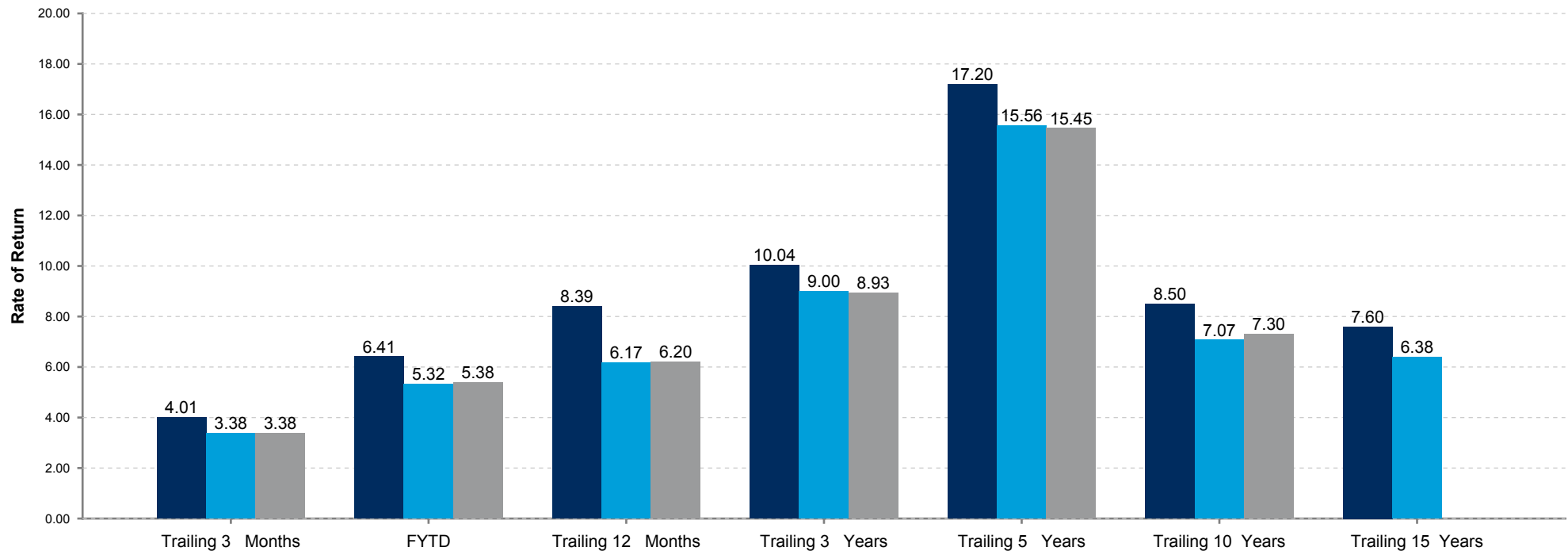
Enhanced Yield Returns vs Citigroup BB & B Index & Citigroup BB & B Capped Index



STATE STREET.

\$206M Under Management, **5.2%** of Total Funds

■ ENHANCED YIELD ■ CITIGROUP BB & B ■ CITIGROUP BB & B CAPPED



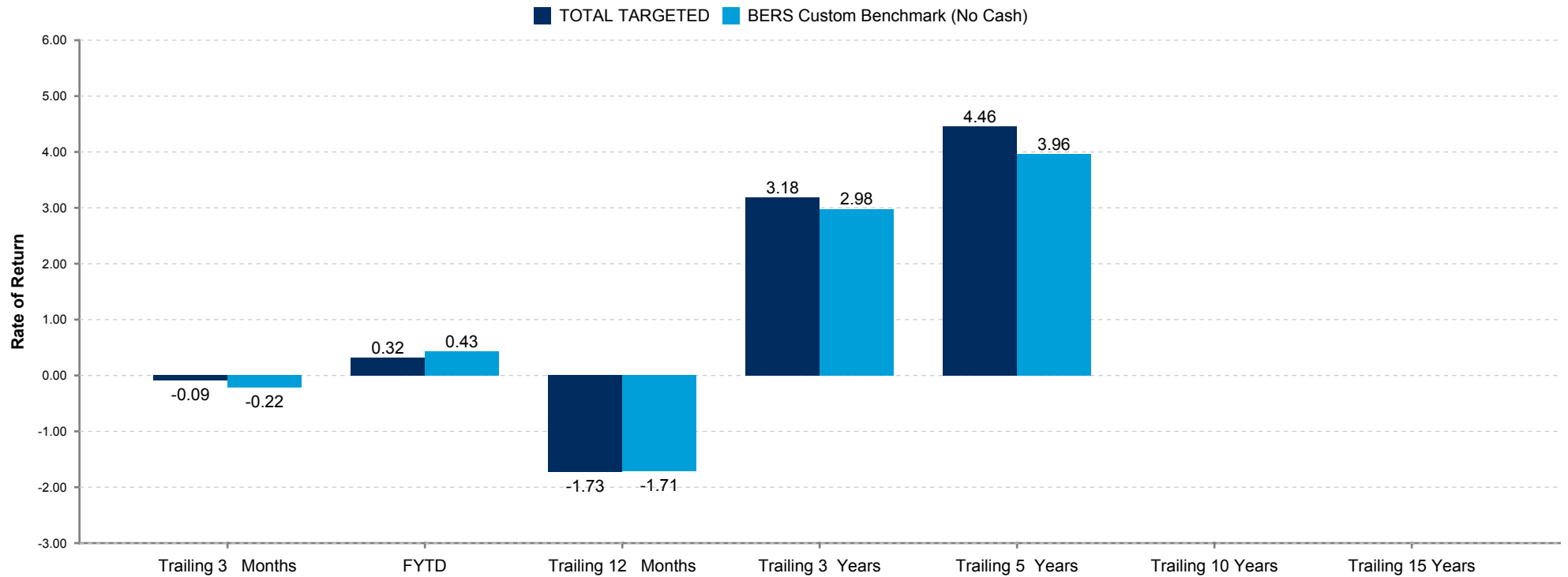
	Plan 3 Years	Benchmark 3 Years	Plan 5 Years	Benchmark 5 Years	Plan 10 Years	Benchmark 10 Years
ENHANCED YIELD	10.0	5.8	7.5	7.4	8.7	8.9

ETI Returns vs Custom Index



STATE STREET.

\$18M Under Management, **0.5%** of Total Funds



	Plan 3 Years	Benchmark 3 Years	Plan 5 Years	Benchmark 5 Years	Plan 10 Years	Benchmark 10 Years
Standard Deviation						
TOTAL TARGETED	2.3	2.4	2.4	2.5		



New York City
Board of Education Retirement System

Appendix

Consolidated Performance Report

Through December 31, 2013



STATE STREET.

	Assets (\$MM)	% of Total	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	15 Year
Equity Management Russell 3000									
RUSSELL 3000			10.10	33.55	33.55	16.24	18.71	7.88	5.32
SMALL CAP									
DARUMA -SCC	33.3	0.85	8.47	44.54	44.54	15.90			
TOTAL SMALL CAP CORE	33.3	0.85	8.47	44.54	44.54	15.90			
RUSSELL 2000			8.72	38.82	38.82	15.67	20.08	9.07	8.42
TOTAL SMALL CAP ACTIVE	33.3	0.85	8.47	44.54	44.54	15.90	20.68		
RUSSELL 2000			9.30	34.52	34.52	14.49	17.64	8.61	9.82
BLACKROCK R2000 GROWTH MTA	53.6	1.37	8.52						
RUSSELL 2000 GROWTH			8.17	43.30	43.30	16.82	22.58	9.41	6.48
BLACKROCK R2000 VALUE MTA	51.4	1.31	9.41						
RUSSELL 2000 VALUE			9.30	34.52	34.52	14.49	17.64	8.61	9.82
TOTAL SMALL CAP PASSIVE	105.0	2.68	8.95						
TOTAL SMALL CAP	138.3	3.53	8.83	44.74	44.74	15.95	20.71	7.49	
RUSSELL 2000			8.72	38.82	38.82	15.67	20.08	9.07	8.42
MID CAP									
WELLINGTON MID CAP CORE	121.4	3.10	9.39	40.05	40.05	16.10			
TOTAL MID CAP CORE	121.4	3.10	9.39	40.05	40.05	16.10			
S&P MIDCAP 400			8.33	33.50	33.50	15.64	21.89	10.36	9.97
STATE STREET GA S&P 400	71.8	1.83	8.31	33.46	33.46				
TOTAL MID CAP PASSIVE	71.8	1.83	8.31	33.46	33.46				
S&P MIDCAP 400			8.33	33.50	33.50	15.64	21.89	10.36	9.97
TOTAL MID CAP	193.2	4.93	8.99	37.52	37.52	15.67			

Consolidated Performance Report

Through December 31, 2013



STATE STREET.

	Assets (\$MM)	% of Total	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	15 Year
RUSSELL MIDCAP			8.39	34.76	34.76	15.88	22.36	10.22	9.22
RUSSELL 1000									
BLACKROCK R1000 GROWTH MTA	608.2	15.52	10.54						
RUSSELL 1000 GROWTH			10.44	33.48	33.48	16.45	20.39	7.83	3.33
BLACKROCK R1000 VALUE MTA	586.9	14.97	9.94						
RUSSELL 1000 VALUE			10.01	32.53	32.53	16.06	16.67	7.58	6.23
TOTAL LARGE CAP PASSIVE	1,195.1	30.49	10.25						
ZEVENBERGEN	77.9	1.99	5.89	60.88	60.88	16.21	24.82	11.37	6.02
RUSSELL 3000 GROWTH			10.25	34.23	34.23	16.47	20.56	7.95	3.56
TOTAL LARGE CAP GROWTH	77.9	1.99	5.89	60.88	60.88	16.67	21.96	9.45	5.14
TOTAL RUSSELL 1000	1,273.0	32.48	9.97	62.18	62.18	22.37	22.79	10.55	5.84
RUSSELL 1000			10.23	33.11	33.11	16.30	18.59	7.78	5.08
PROGRESS MANAGERS									
AFFINITY IA	9.8	0.25	12.06						
JOHN HSU -LCC	11.6	0.30	11.78	31.85	31.85	13.13	19.14	9.60	
HERNDON CAPITAL MGMT-LCV	12.5	0.32	12.36	31.48	31.48	16.45	20.88		
HIGH POINTE LLC -LCG	5.2	0.13	12.11	34.07	34.07	17.25			
LOMBARDIA CAPITAL -SCV	3.9	0.10	8.74	37.23	37.23	15.94	21.61		
NICHOLS ASSET MGMT -SCG	3.0	0.08	11.59	47.05	47.05				
REDWOOD INV -LCG	12.1	0.31	11.47	39.35	39.35				
TOTAL PROGRESS	72.4	1.85	11.61	37.64	37.64	16.61	19.15	8.48	
RUSSELL 3000			10.10	33.55	33.55	16.24	18.71	7.88	5.32
F.I.S. MANAGEMENT									
CHANNING -SCV	9.4	0.24	8.73	39.57	39.57				

Consolidated Performance Report

Through December 31, 2013



STATE STREET.

	Assets (\$MM)	% of Total	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	15 Year
CUPPS CAPITAL SCG	4.1	0.10	(0.75)	45.53	45.53	18.92			
EUDAIMONIA -MICRO CG	4.7	0.12	8.91	57.41	57.41	17.35			
HUBER CAP MGMT -SCV	4.3	0.11	10.31	41.49	41.49				
NICHOLS ASSET MGMT -SCG	11.5	0.29	11.53						
NICHOLAS SCG	8.1	0.21	7.47	58.90	58.90				
PIERMONT -SCV	13.3	0.34	11.18						
PUNCH SCC	9.1	0.23	10.14	42.71	42.71				
TOTAL F.I.S FUND MGMT	75.9	1.94	9.00	43.42	43.42	17.90	20.87		
RUSSELL 2000			8.72	38.82	38.82	15.67	20.08	9.07	8.42
TOTAL EMERGING MANAGERS	148.3	3.78	10.26	40.84	40.84	17.42	19.89		
RUSSELL 3000			10.10	33.55	33.55	16.24	18.71	7.88	5.32
TOTAL ACTIVE DOMESTIC EQUITY	380.9	9.72	8.91	44.80	44.80	17.72	20.15	8.94	4.72
TOTAL PASSIVE DOMESTIC EQUITY	1,371.9	35.00	10.04	33.59	33.59	16.15	18.66	7.89	5.71
TOTAL DOMESTIC EQUITY	1,752.8	44.72	9.79	35.96	35.96	16.33	18.91	8.11	5.56
INTERNATIONAL EQUITY DEVELOPED MARKETS									
BAILLIE	352.1	8.98	7.45	29.53	29.53	11.20	18.58		
MSCI EAFE GROWTH			5.17	22.94	22.94	8.33	13.21	7.34	3.52
ACADIAN	79.4	2.03	8.53						
S&P EPAC SMALL CAP			5.92	28.40	28.40	9.81	17.47	10.01	8.39
TOTAL EAFE SMALL CAP	79.4	2.03	8.53						
SPRUCEGROVE	303.3	7.74	4.72	16.94	16.94	7.47	14.61		
MSCI EAFE VALUE			6.26	22.95	22.95	8.32	11.99	6.77	5.72
TOTAL ACTIVE DEVELOPED MARKETS	734.8	18.75	6.42	24.21	24.21	9.65	16.82	9.42	6.57
TOTAL DEVELOPED MARKETS	734.8	18.75	6.42	24.21	24.21	9.65	16.82	9.41	6.48
MSCI EAFE			6.26	22.95	22.95	8.32	11.99	6.77	5.72

Consolidated Performance Report

Through December 31, 2013



STATE STREET

	Assets (\$MM)	% of Total	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	15 Year
EMERGING MARKETS									
ACADIAN	179.5	4.58	1.25						
TOTAL ACTIVE EMERGING MARKETS	179.5	4.58	1.25	(4.70)	(4.70)	(2.58)	13.73		
MSCI EMERGING MARKET FREE			1.83	(2.60)	(2.60)	(2.06)	14.79	11.17	
MSCI EMERGING MARKET FREE			1.83	(2.60)	(2.60)	(2.06)	14.79	11.17	
TOTAL EMERGING MARKETS	179.5	4.58	1.25	(4.27)	(4.27)	(2.49)	13.79	10.99	11.46
MSCI EMERGING MARKET FREE			1.83	(2.60)	(2.60)	(2.06)	14.79	11.17	
TOTAL INTERNATIONAL EQUITY	914.3	23.33	5.37	17.99	17.99	7.18	16.12	9.69	7.22
PRIVATE EQUITY INVESTMENTS									
FAIRVIEW PRIVATE EQUITY FD	12.2	0.31							
MESIROW PTNRS FD III	51.6	1.32							
MESIROW PTNRS FD IV	19.8	0.50							
MESIROW PTNRS FD V	23.1	0.59							
PLATINUM EQ PTNRS III	3.3	0.08							
WARBURG PINCUS XI	7.1	0.18							
TOTAL PRIVATE EQUITY	119.7	3.05							
NYC R3000 +3% Lagged									
REAL ASSETS									
PRIVATE REAL ESTATE									
BROOKFIELD STRATEGIC RE PTNRS	4.0	0.10							
EMMES ASSET MGMT CO	1.6	0.04							
FRANKIN TEMPLETON FD	8.2	0.21							
LASALLE US PROPERTY FD	25.8	0.66							
UBS TRUMBULL PROPERTY FD	53.9	1.37							
TOTAL PRIVATE REAL ESTATE	97.2	2.48							

Consolidated Performance Report

Through December 31, 2013



STATE STREET.

	Assets (\$MM)	% of Total	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	15 Year
NCREIF NFI-ODCE NET + 1									
Brookfield Infr Fd II	0.7								
BERS-TOTAL INFRASTRUCTURE	0.7								
BERS-TOTAL REAL ASSETS	97.8								
TOTAL EQUITY - PUBLIC & PRIVATE	2,884.7	73.60	7.78	27.83	27.83	12.72	17.43	8.38	5.89
FIXED INCOME MANAGEMENT GOVERNMENT									
STATE STREET	85.7	2.19	(1.68)	(7.49)	(7.49)	4.46	3.00	5.64	6.02
ALL TREASURY / AGENCY	85.7	2.19	(1.68)	(7.49)	(7.49)	4.46	3.00	5.48	5.90
NYC - TREASURY AGENCY PLUS 5			(1.98)	(7.48)	(7.48)	4.40	2.85	5.51	5.90
MORTGAGE									
PIMCO	238.6	6.09	(0.48)	(1.73)	(1.73)	2.96	5.15	5.08	5.88
CITIGROUP MORTGAGE INDEX			(0.55)	(1.52)	(1.52)	2.43	3.70	4.65	5.29
CREDIT									
PRUDENTIAL CREDIT	128.5	3.28	1.07	(1.21)	(1.21)	5.32			
PRUDENTIAL PRIVEST	15.0	0.38	(0.13)	0.00	0.00				
TAPLIN, CANADA	95.8	2.44	1.74	(1.04)	(1.04)	6.29	9.98	5.25	6.44
ALL INVESTMENT GRADE CREDIT	239.3	6.11	1.26	(1.07)	(1.07)	5.76	9.59	5.06	6.29
NYC - INVESTMENT GRADE CREDIT			0.92	(1.85)	(1.85)	5.03	7.88	5.12	5.76
TOTAL STRUCTURED	563.6	14.38	0.07	(2.38)	(2.38)	4.39	6.04	5.29	6.09
NYC - CORE PLUS FIVE			(0.19)	(2.79)	(2.79)	3.88	5.00	5.12	5.67
ACTIVE TIPS MANAGERS									
PIMCO-TIPS-MTA	133.5	3.41	(2.21)	(8.52)	(8.52)	3.74	5.57		
TOTAL ACTIVE TIPS MANAGERS	133.5	3.41	(2.21)	(8.52)	(8.52)	3.74	5.57		
BARCLAYS CAPITAL US TIPS INDEX			(2.00)	(8.61)	(8.61)	3.55	5.63	4.85	6.40

Consolidated Performance Report

Through December 31, 2013



STATE STREET

	Assets (\$MM)	% of Total	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	15 Year
ENHANCED YIELD									
LOOMIS SAYLES & CO	110.5	2.82	3.41	9.95	9.95	11.45	19.61	9.61	9.41
NYC-LOOMIS (BofA ML-MST II 7-03/BB&B PRIOR)			3.50	7.42	7.42	9.03	18.65	8.46	7.35
SHENKMAN ENHANCED YIELD	95.0	2.42	4.71	6.63	6.63				
ALL ENHANCED YIELD	205.5	5.24	4.01	8.39	8.39	10.04	17.20	8.50	7.60
CITIGROUP BB & B			3.38	6.17	6.17	9.00	15.56	7.07	6.38
CITIGROUP BB & B CAPPED			3.38	6.20	6.20	8.93	15.45	7.30	
BANK LOANS									
BABSON BL	81.2		2.33	6.33	6.33				
TOTAL BANK LOANS	81.2	2.07	2.33	6.33	6.33				
CREDIT SUISSE LEVERAGED LOAN INDEX			1.82	6.15	6.15	5.76	13.51	5.06	
ETI									
ACCESS/RBC	4.9	0.12	(0.88)	(2.09)	(2.09)	3.04	5.12		
AFL-CIO HOUSING INV TRUST	11.5	0.29	0.10	(2.37)	(2.37)	3.17	4.38		
CFSB-PPAR	0.1	0.00	0.55	4.28	4.28	5.22	7.61		
CCD-PPAR	0.3	0.01	1.07	8.64	8.64	8.52	9.91		
CPC-PPAR 2013	0.1	0.00							
JPMC-PPAR 2013	0.0	0.00	2.81						
LIIF-PPAR	0.2	0.00	1.29	7.82	7.82	6.53			
NCBCI-PPAR	0.1	0.00	(14.98)	(7.92)	(7.92)	3.03			
TOTAL PPAR	1.0	0.02	0.40	6.94	6.94	7.05	8.15		
GNMA PLUS 65bps			(0.38)	(1.56)	(1.56)	3.26	4.57	5.34	5.98
CPC TERM LOAN	0.6	0.01	0.62	2.45	2.45	2.35	2.26		
TOTAL BOE ETI (w/o cash)	17.9		(0.17)	(1.90)	(1.90)	3.13	4.53	5.67	4.79
TOTAL TARGETED	17.9	0.46	(0.09)	(1.73)	(1.73)	3.18	4.46		
BERS CUSTOM ETI INDEX (NO CASH)			(0.22)	(1.71)	(1.71)	2.98	3.96		
BARCLAYS CAPITAL AGGREGATE			(0.14)	(2.02)	(2.02)	3.26	4.44	4.55	5.23

Consolidated Performance Report

Through December 31, 2013



STATE STREET.

	Assets (\$MM)	% of Total	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	15 Year
TOTAL FIXED INCOME	1,001.7	25.56	0.71	(0.57)	(0.57)	5.71	8.05		
C/D - Fail Float Earnings	0.1								
SECURITY LENDING	0.4								
STATE STREET SHORT TERM	32.8	0.84	0.05	0.29	0.29	0.47	0.65		
TOTAL BOARD OF EDUCATION	3,919.6	100.00	5.82	18.78	18.78	10.31	14.18	7.67	6.25
Board of Education Policy Benchmark			5.52	17.91	17.91	10.55	14.04	7.33	5.77

Actual and Estimated Fees

Through December 31, 2013



STATE STREET

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. Equities)		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 Emerging 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

Through December 31, 2013



STATE STREET

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 December 31, 2013



STATE STREET.

NYC BOARD OF EDUCATION RETIREMENT SYSTEM SECURITIES LENDING INCOME September 30, 2013

	U.S. FIXED INCOME	U.S. EQUITY	INTERNATIONAL EQUITY	
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	
Since Inception	<u>\$8,135,000</u>	<u>\$11,968,000</u>	<u>\$4,363,000</u>	*Inception 4/89

Through December 31, 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.

Through December 31, 2013



STATE STREET.