

New York City
Board of Education Retirement System
Performance Overview as of June 30, 2014

Total Fund Overview



New York City
Board of Education Retirement System

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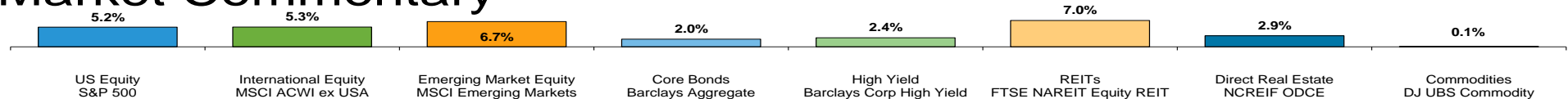
Through June 30, 2014



STATE STREET

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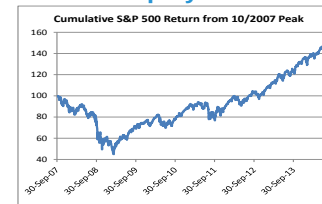
Market Commentary



Market Themes

- Equities continued their ascent during the 2nd quarter, and the S&P 500 set record highs. Stocks shrugged off conflict in Eastern Europe and the Middle East and instead found support from a stream of favorable economic data. While such an environment would generally be negative for fixed income (and supportive for yields), interest rates fell, and the yield on the 10-Year Treasury Note descended to levels not seen since mid-2013.
- Preliminary estimates for Q2 real GDP were a robust 4.0%, offsetting a -2.1% contraction in Q1. It is interesting to note that quarterly contractions in GDP greater than -1.5% have historically been associated with a recession, but that is contrary to consensus expectations calling for 3% annualized growth for the second half of 2014. While markets initially reacted adversely to the announcement of a Q1 contraction, it was eventually shrugged off as a one-time event due to unusually cold weather and not relevant.
- The labor market continued to grow at a solid pace, as non-farm payrolls averaged monthly growth of 277,000 jobs during the quarter. Unemployment inched lower during the quarter, falling from 6.3% to 6.2%.
- Despite the improving labor market, deflationary risks appeared to be the Fed's primary focus. Rolling 12-month CPI broke the 2.0% level in May (the first time since October 2012), and the Fed had previously noted that inflation at such levels could prompt tighter monetary policy. Equities took a brief pause in response but found solace from Fed Chair Yellen's comments expressing skepticism over the sustainability of higher prices, referring to the data as "noise." As of June 30, CPI for the trailing one-year period came in at 2.1%.
- In Europe, the peripheral countries were still under pressure, despite significant falls in bond yields and signs that economies were turning the corner. However, perhaps concerned with more entrenched deflationary forces, Mario Draghi finally reacted, cutting the base rate by 0.10% to 0.15% and introducing negative deposit rates (of -0.10%) in a virtually unprecedented measure. At the end of the quarter, Draghi also revealed that banks would be able to borrow up to €1 trillion from the European Central Bank ("ECB") in a targeted long-term refinancing operation ("TLTRO").
- Though the UK has seen the strongest growth within the OECD, the Bank of England ("BoE") is still cautioning not to de-rail it with premature tightening. Concern has also centered on asset price inflation bubbles, particularly housing. BoE Governor, Mark Carney, keen not to stifle the recovery, looks to apply 'macro-prudential' tools in order to manage certain parts of the financial system without removing stimulus.
- In Japan, 'Abenomics' continued with a second release of his 'third arrow' growth strategy, targeting structural reforms.

Domestic Equity



- US equities continued to post gains in an environment of healthy economic data and a Federal Reserve with an apparent dovish bias. The S&P 500 Index, which set a new record high, returned 5.2% for the quarter. This was accompanied by an unprecedented drop in expected volatility. The VIX Index, which is a measure of expected market volatility and used to gauge market uncertainty, fell to levels not seen since 2007 and set a new record low in June at 10.4%.

- Large and mid-cap stocks returned about 5% for the quarter, outperforming the 2% return from small-cap. The former benefited from their larger allocation to energy (+12%), the only sector to produce double digit returns having found support from Middle East conflict. Utilities also produced strong returns (8%) coinciding with falling interest rates.

International Equity

- International Equity** returns roughly matched that of the United States in the quarter. With monetary policies remaining accommodative, many stock markets hit record highs.
- In contrast to the previous quarter, **Japan** was among the stronger performing regions over the quarter. The market returned 7% over the period, as the Bank of Japan opined that economic trends remained on track and concluded that no additional monetary stimulus was required in the short term.
- European (ex UK) Equities** struggled somewhat as a region and only returned about 3%. The ECB was forced to move to stave off the threat of deflation, though fell short of implementing quantitative easing.

Emerging Market Equities

- Appetite for Emerging Market Equities re-surfaced during the period; the region was up 6.6% over the second quarter of 2014.
- Indian equities surged, following the election victory of Narendra Modi.
- China's GDP growth of 7.5% met its target. Economic indicators also improved in China, further soothing fears of a "hard landing," although financial stresses from shadow banking and the property market continued to be a source of great concern.

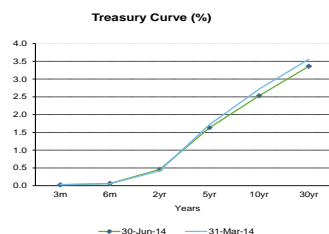
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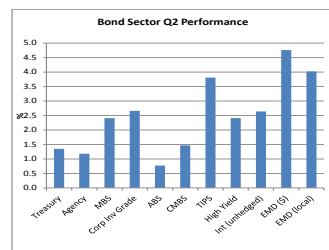
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Market Commentary



Bond Markets – Interest Rates

- Interest rates declined across the curve during the quarter, and the yield on the **10 Year Treasury Note** dipped to as low as 2.4% before stabilizing at quarter end at around 2.55%. The curve flattened, and the greatest returns were seen at the long end of the Treasury curve. TIPS also generated outsized returns, as signs of inflation began to emerge.



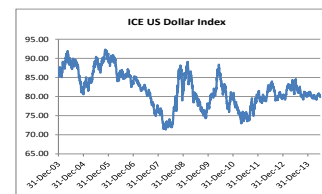
Bond Markets – Sectors

- The **Barclays Aggregate Index** returned 2.0% for the quarter with spread sectors producing higher returns. Credit was the best performing sector within the benchmark. MBS also managed to produce solid returns despite continued expectations for Federal Reserve purchases of such securities to end later in 2014. While high-yield returns were comparable to investment grade credits, spreads narrowed to multi-year lows.

- Long duration sectors again generated the strongest returns, bolstered by lower rates and a flattening yield curve. Long Gov/Credit and long Treasuries returned approximately 5% for the quarter, roughly matching the increase in the Citigroup Pension Liability Index.

Global Bond Markets

- Europe and UK bond markets were similar to US in that outperformance was seen at the long end of their respective curves. Credit was also the best performing sector, particularly at the lower-rated end of the credit spectrum.
- Emerging Market Debt** ("EMD"), like emerging market equities, saw a rebound in valuations from the sell-off of mid-2013 and finally exhibited signs of recovery following the announcement of "tapering" by the Federal Reserve mid last year.

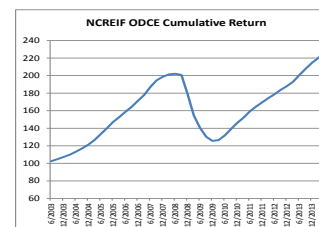
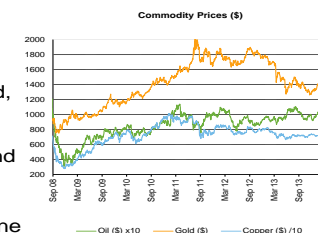


Currency

- The US dollar index weakened -0.4% for the quarter. The British pound exhibited relative strength on hawkish tones from the Bank of England and signs that monetary tightening could commence in 2014. The Canadian dollar and Japanese yen also gained on the US dollar. The euro weakened on a cut of interest rates by the ECB. In emerging markets, results were mixed. Latin America did well with the exception of Argentina. The South Korea won was among the stronger EM Asia performers.

Commodities

- Gold** prices pushed higher over the second quarter of 2014, driven by the rapidly deteriorating conflicts in Iraq, Syria, and Ukraine.
- Meanwhile **Copper** prices continued to fall over the period, as weakening growth and a deteriorating trade balance in China, where copper is used as much for financing transactions as for its commodity properties, led to demand concerns.
- Oil** prices edged up to levels not seen for nine months in June, as escalating violence in the Middle East and Ukraine exasperated worries about the security of crude oil exports and Russian gas supplies keeping up with strengthening global demand.



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 2.9% (gross) during the quarter. Property occupancies rose from 91.1% to 92.3%, which is the highest since Q3 2007. Leverage was 22.1% as of quarter end.
- The FTSE NAREIT Equity REIT Index outperformed the broader equity market with a 7% return. All sectors produced positive gains, and the return spread between sectors was relatively narrow. Hotels led with an 11% return, followed by apartment REITs at 9%. Industrial REITs bring up the rear at 2%.



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

Asset Allocation

- At June 30, 2014, the Board of Education Retirement System (BERS) Total Portfolio was \$4.2 billion versus \$4.0 billion for March 31.
- 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 7% help to offset (these underweights will be gradually reduced as these asset classes are slowly built up), but the net difference results in a 4% overweight to equity versus fixed income. This is still within permissible allocation ranges.

Manager Issues

- Zevenbergen's investment management agreement with the NYC Board of Education expired effective June 30, 2014. Assets have been liquidated and divided between emerging market equity and cash.



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

Total Fund Performance

- The Total Plan returned 4.1% in the quarter versus 4.0% for the benchmark, placing the Plan in the 29th percentile versus its Public Master Trusts > \$ 1 billion Universe. For the trailing year, the Total Plan returned 19.4% versus 18.3% for the benchmark. This also placed the Total Plan in the 2nd percentile ranking. The Total Plan return over the trailing five- and ten-year periods are ahead of benchmark.
- Performance attribution indicates private investments, including private equity and real estate, as having contributed to relative return during the quarter. Note that such analysis has limitations when applied to private equity due to the inability to properly account for J-curve effects and distributions. Within public equity, Wellington did well during the quarter, and Loomis continues to outperform within the Plan's fixed income allocation.

U.S. Equity

- For the quarter, Total Domestic Equity returned 4.7%, slightly trailing the 4.9% return for the Russell 3000 Index. Total active equity returned 4.0% for the quarter. Wellington outperformed for the quarter, while Daruma lagged. For the trailing year, Total Domestic Equity returned 26.1% versus 25.2% for the Russell 3000. Active equity returned 29.3%. The best performers for the trailing year were Zevenbergen (whose contract expired at quarter end) and Wellington.
- **Wellington** significantly outperformed for the quarter and returned 6.9% versus 4.3% for the S&P Midcap 400 Index. This extends the portfolio's lead over the trailing year to 32.8% versus 25.2%. Security selection was the main contributor to performance during the quarter, primarily in the technology and consumer discretionary sectors. Among technology investments, holdings in Zillow (+62%) and MICROS Systems (+28%) were the largest contributors to relative return. In consumer discretionary, Trip Advisor was a major contributor given its 2% allocation in the portfolio and 20% return for the quarter. In terms of sector allocation, Wellington is reducing its health care exposure through profit-taking in biotechnology names that contributed to 2013 performance. Still, health care remains overweight, 16% versus 10%. In contrast, the allocation to energy rose by about 2% to 11% versus 5% for the benchmark. In energy, low cost oil and natural gas producing companies are being targeted.



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

U.S. Equity (continued)

- **Zevenbergen** returned 4.8% during its final quarter in the Fund versus 4.9% for its Russell 3000 Growth Index benchmark. Long-term performance has been strong, with the portfolio returning 11.0% over the trailing ten-year period compared to 8.3% for the benchmark. Zevenbergen's investment management agreement with the NYC Board of Education expired effective June 30, 2014, and assets were divided between emerging market equity and cash. New RFPs for the asset class are expected to be issued next year.
- **Daruma** returned -0.4% for the quarter, underperforming the 2.0% return of its Russell 2000 benchmark. Performance for the trailing year slipped behind benchmark as a result, 22.2% versus 23.6%. Longer-term return remains slightly ahead of the index, with Daruma leading the benchmark over four years, 20.2% versus 19.9%. Much of the underperformance during the quarter is attributed to poor security selection in the consumer discretionary and technology sectors. In the former, retail stocks such as Vera Bradley and Francesca's each declined approximately -19%, compared to a benchmark sector return of approximately +0.9%. In technology, a position in Acxiom (marketing software provider) tumbled -37% during the quarter in reaction to a weak earnings outlook and an unfavorable reaction to its announced acquisition of another technology company. Management continues to concentrate exposure to its top 10 holdings, with such stocks accounting for 35% of assets at quarter end. Technology remains a primary overweight (25% versus 15%) and financials a significant underweight (6% versus 24%), with the latter attributable to the absence of REITs from the portfolio. All other sector exposures are +/-5% from the benchmark.



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

U.S. Equity (continued)

- **Progress** returned 4.0% for the quarter versus 4.9% for its Russell 3000 benchmark. For the year, Progress remains ahead, 27.8% versus 25.2%. The five-year record has slipped slightly behind the benchmark, 19.1% versus 19.3%.
- **FIS** returned 0.4% during the quarter versus 2.0% for its Russell 2000 Index benchmark. FIS is also behind for the trailing year, 22.1% versus 23.6%. FIS remains ahead over the trailing three- and five-year periods.

International Equity

- The Total Developed Market portfolio lagged the MSCI EAFE (net dividend) Index during the quarter, 3.0% versus 4.1%, and this was mainly due to underperformance by Baillie Gifford. Total Developed Market remains ahead of benchmark for the trailing year, 25.6% versus 23.6%, and over all other longer time periods.
- **Baillie Gifford** returned 1.6% during the quarter compared to 4.1% for the MSCI EAFE (net) Index during the quarter. The fund experienced difficulty across the board, but the most significant detractors were security selection in consumer discretionary and an underweight in energy. Larger detractors within consumer discretionary include European auto manufacturer Fiat (-15%) and Japanese internet retailer Rakuten (-3%). The underweight in energy was a detractor given that it led all other benchmark sectors during the quarter, after having sound support from conflict in Eastern Europe and the Middle East. The lack of exposure to the sector is partially a result of portfolio themes that include observed shifts toward increased energy efficiency and anticipated advances in “green” technology. The primary themes in the portfolio include “Technology & Connectedness” and “Increasing Wealth & Aspirations”. The former is manifested in the portfolio through a general technology sector overweight (17% versus 4%). Baillie Gifford observes the latter theme, an observation of increasing urbanization and rising life expectancies, to be especially applicable in emerging markets (EM), where they are increasing investment both directly and indirectly through companies with EM exposure. Direct EM exposure represented 14% of assets.



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

International Equity (continued)

- **Sprucegrove** returned 4.2% in the quarter versus 4.1% for the MSCI EAFE (net), but trails for the year, 22.5% versus 23.6%. Longer-term numbers remain strong with both the three- and five-year ahead of benchmark. Opposing effects on performance during the quarter included positive security selection in energy and financials, which were offset by negative selection in industrials, energy, and consumer discretionary. New holdings added during the quarter included Lloyds Banking Group and SAP. Positions were added to in consumer discretionary (especially auto and related industries), at the expense of health care, materials and industrials. The largest active sector exposure as of quarter end were underweights to financials (15% versus 25%) and consumer staples (5% versus 11%) and overweights of approximately 5% in energy, materials, industrials. From a regional perspective, Europe is underweight, 51% versus 68%, including underweight exposure in both the UK and Eurozone. Non-benchmark exposures include a 14% allocation to emerging markets, 4% to Canada, and 2% to cash and equivalents.
- **Acadian** returned 3.9% for the quarter, ahead of the 2.5% of its S&P EPAC Small Cap Index. For the trailing year, Acadian is ahead 34.8% versus 29.6%. Outperformance from the portfolio's allocation to emerging markets, approximately 12% for the quarter, contributed to outperformance. Contribution was seen from a number of industries, including technology, food/beverage, and utilities. Security selection in Europe and Canada also helped relative return. While a large number of stocks are held in the quantitatively-managed portfolio, we note a continued decline in the number of holdings. The portfolio consisted of 813 holdings as of quarter end. This compares to 841 the previous quarter, and 899 for the quarter before that. Valuation metrics remain indicative of a value style tilt, especially a price/earnings ratio of 14.0x compared to 21.2x for the benchmark. Sector allocations do not generally vary a significant amount from benchmark, but there are a couple of exceptions. This includes an 9% underweight to financials, which is partially offset by a 6% overweight to technology.



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

Emerging Markets

- **Acadian** outperformed for the quarter, 7.6% versus 6.6%, and now also leads for the trailing one-year period, 16.3% versus 14.3%. From a sector perspective, security selection in financials and consumer staples added to return. Regional exposures that were important contributors included South Africa and Mexico. The quantitatively-managed portfolio held 392 stocks as of quarter end (compared to 355 at the previous quarter and 836 for the benchmark). While not specifically a value equity style portfolio, it exhibits many such characteristics including lower valuation metrics versus benchmark (P/E of 10.5x versus 12.9x) and a higher dividend yield (2.9% versus 2.6%). The market capitalization is also tilted smaller compared to the benchmark with a weighted average of \$37 billion compared to \$45 billion for the benchmark. Active regional positioning includes an overweight to the Pacific (including India, Thailand, and South Korea), an overweight in Brazil, and an underweight in emerging Europe (especially 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 2.7% for the quarter, slightly outperforming its NYC Core + 5 Index return of 2.6%. This was the result of strong credit returns, mainly Taplin Canada. Government and MBS returned near or slightly behind benchmark. The Total Structured Portfolio remains ahead for the trailing year, 6.0% versus 5.5%.
- **Taplin Canada** (credit) returned 3.3% during the quarter versus 2.6% for the customized Citigroup Credit Index. The portfolio also leads for the trailing year, 9.4% versus 7.2%. Taplin found support in Q2 from the same factors that contributed to performance in Q1. This includes an emphasis on longer-term credit issues (which helped given curve flattening during the quarter) and an overweight at the lower quality end of the investment grade spectrum (as lower quality paper outperformed).
- **Prudential** (credit) returned 2.7% during the quarter versus 2.6% for the customized Citigroup Credit Index. For the trailing year, Prudential returned 7.6% versus 7.2% for the index. Longer-term numbers remain favorable with the three- and five-year returns ahead of benchmark.
- **PRIVEST** (credit) returned 1.8% trailing the 2.6% benchmark return. The portfolio slipped behind for the trailing year, 5.9% versus 7.2%. Management again attributes underperformance to increased spread narrowing among public-market credit issues. While public spreads narrowed to historically low levels, private spreads remained roughly flat. Downgrades were slightly greater than upgrades (\$123 million versus \$87 million), but note the total fund size of \$5.3 billion. PRIVEST committed to \$195 million during the quarter, with a weighted average spread of 183 basis points over Treasuries and a BBB+ average credit quality. Management observes a “heating up” in the credit market, as deals have become oversubscribed at tight pricing, and as spreads have narrowed to levels not seen since 2007.



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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 2.9% for the quarter, lagging its benchmark by 7 basis points. For the year, SSgA returned 4.0% and was ahead of the benchmark return of 3.8%. The portfolio underperformed given a duration underweight that existed for most of the quarter. This was corrected by the end of the quarter as short-duration positions were removed and a yield curve flattening position was added emphasizing 5 year and 30 year Treasuries. An overweight to agency securities remains, but was reduced slightly to 7% of assets, compared to 8% last quarter.
- **PIMCO** (mortgages) returned 2.5%, slightly outperforming the 2.4% performance of its Citigroup Mortgage Index benchmark for the quarter. For the year, the portfolio lags slightly, 4.5% versus 4.6%. An overweight to non-agency issues again contributed to performance, although this was partially offset by shorter duration positioning given the falling interest-rate environment. Portfolio duration was 4.1 year as of quarter end, compared to 4.4 years for the benchmark.

Fixed Income - TIPS

- **PIMCO** returned 3.7% versus 3.8% for the Barclays Capital US TIPS Index. Performance for the trailing year was positive with a return of 4.4%, which matched the benchmark. Performance over the trailing three- and five-year time periods are ahead of the benchmark. TIPS securities outperformed nominal Treasuries during the quarter, as inflation accruals added to return. The portfolio registered slight underperformance due to shorter duration and an underweight at the long-end of the curve. Effective duration was 6.3 year as of quarter end versus 7.1 years for the benchmark. Approximately 5% of the portfolio is in non-inflation linked securities, including 1% in cash equivalents.



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

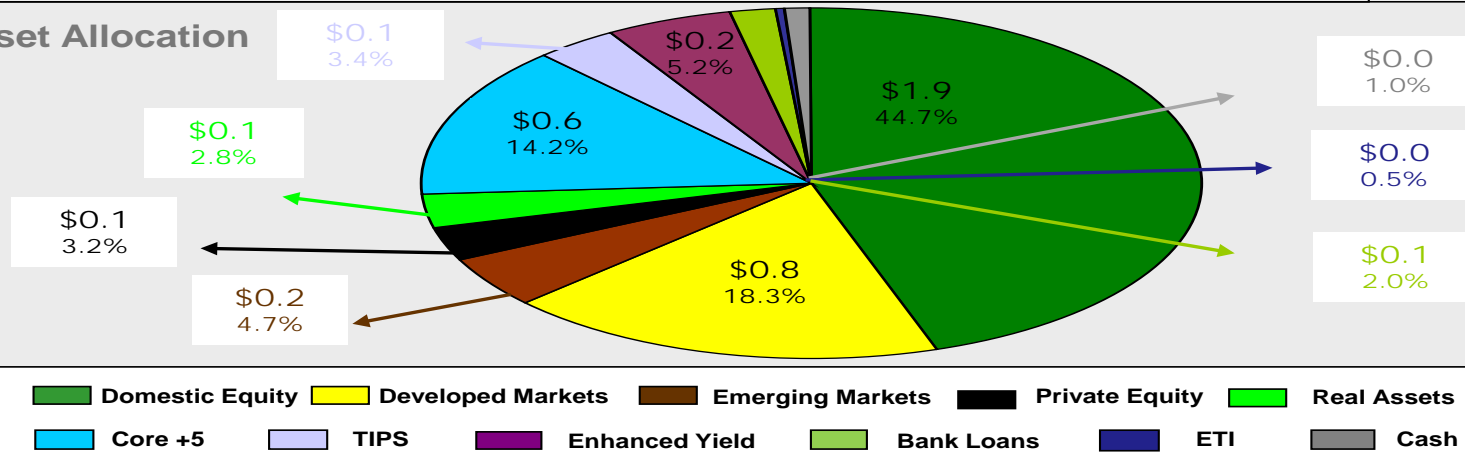
Enhanced Yield Fixed Income

- Total High Yield returned 2.3% for the quarter, which was seven basis points ahead of the Citigroup BB & B Index. Again, outperformance by Loomis was offset by lagging returns from Shenkman. Bank loans slightly underperformed their benchmark.
- **Loomis Sayles** returned 3.4% for the quarter versus 2.6% for the Merrill Lynch High Yield Master II index. The portfolio continues to lead its benchmark for the trailing year, 14.1% versus 11.8%. Security selection contributed to performance, especially in the industrials industry. Long-standing exposure to convertibles was also an important contributor. Exposure has been pared back, however, as they now account for 9% of assets, compared to 14% for the previous quarter. Finally, a longer duration also provided a tailwind. Duration was 6.5 years as of quarter end, compared to 4.0 years for the benchmark. Average credit quality is B1, which is in line with the benchmark.
- **Shenkman** returned 1.87%, underperforming the 2.3% return for its Citigroup BB & B Index benchmark. For the trailing year, the portfolio slipped behind the index with a return of 11.59% versus 10.9%. Yield curve placement and shorter duration detracted from performance for the quarter. The portfolio is structured with an underweight in 10+ year maturities and a duration of only 2.7 years. In terms of industry positioning, the combination of poor selection and an underweight in banking and electrical utility issues hurt relative return. Average credit quality remained at B1/B+.
- **Babson** returned 1.2% during the quarter, lagging the 1.5% return of the Credit Suisse Leveraged Loan Index. Underperformance for the quarter is explained by the lack of portfolio exposure to TXU Energy, which Babson has avoided due to their distressed status. Strong performance from their loans, however, combined with a relatively large allocation within the benchmark, cost Babson in terms of relative return. Babson remains slightly ahead over the trailing year, 6.3% versus 6.1%.

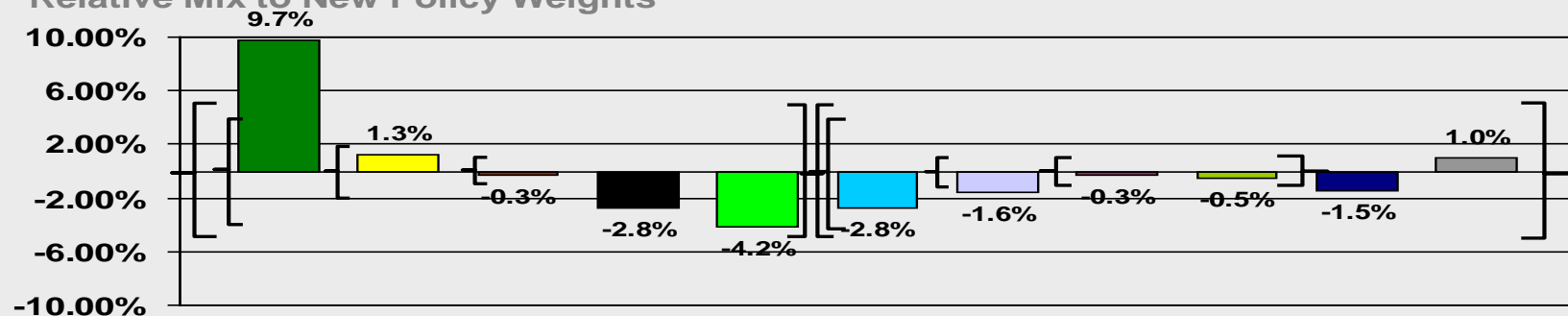


\$4.2B Under Management

Asset Allocation



Relative Mix to New Policy Weights



Note: Brackets represent rebalancing ranges versus Policy.

Prepared by State Street Investment Analytics

Total Portfolio Returns: June 30, 2014



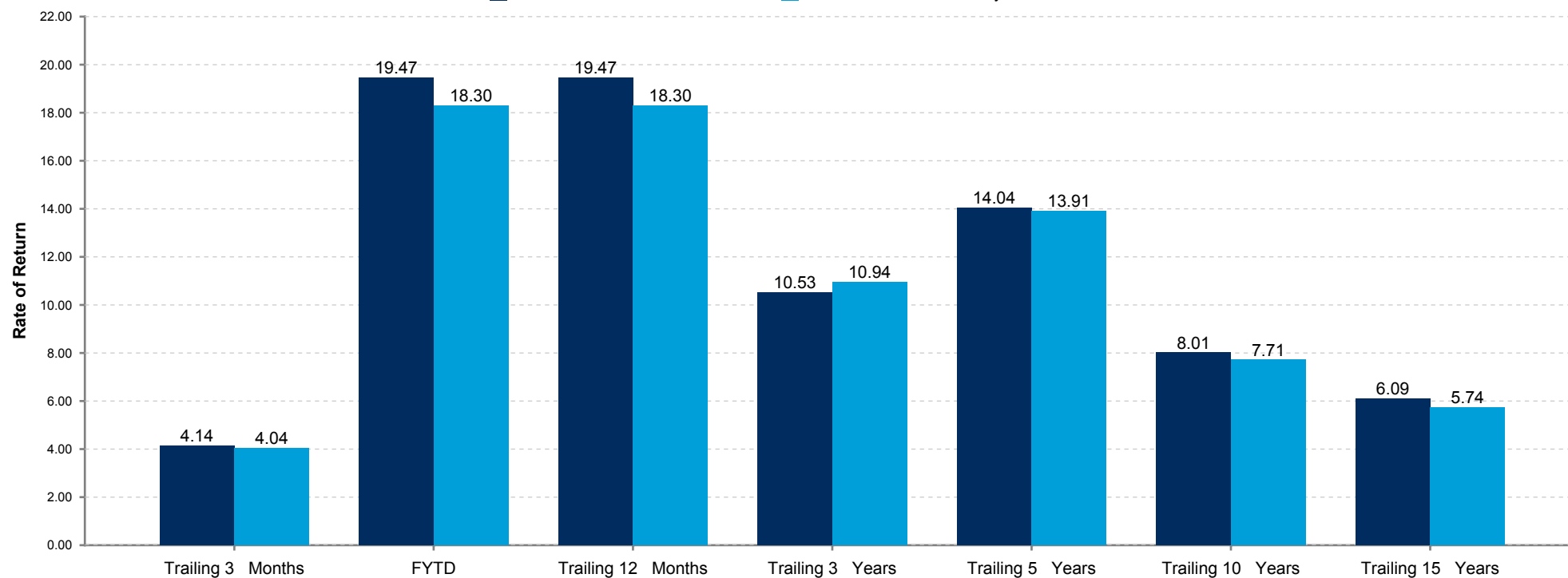
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TOTAL BOARD OF EDUCATION

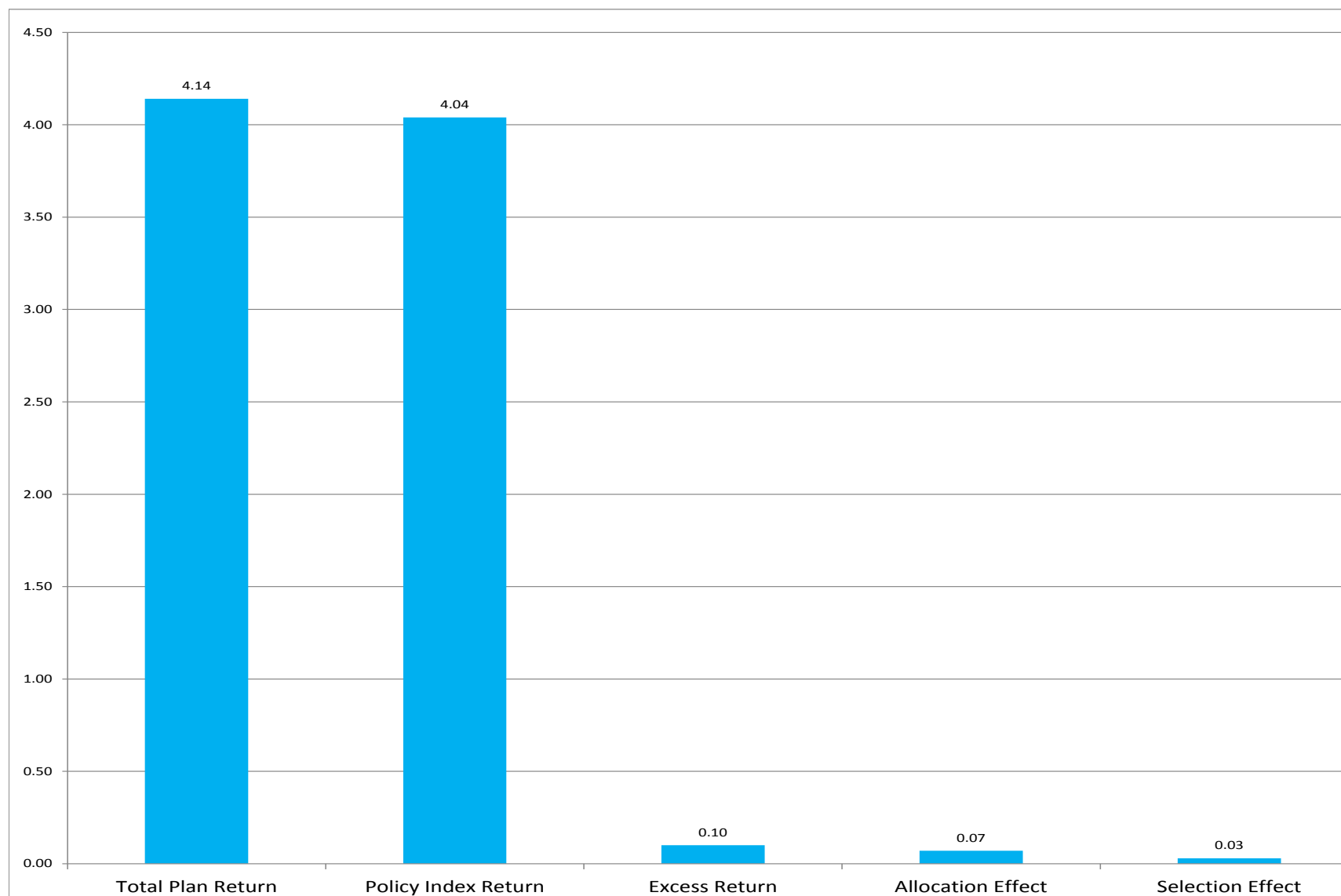
Market Value (Billions)

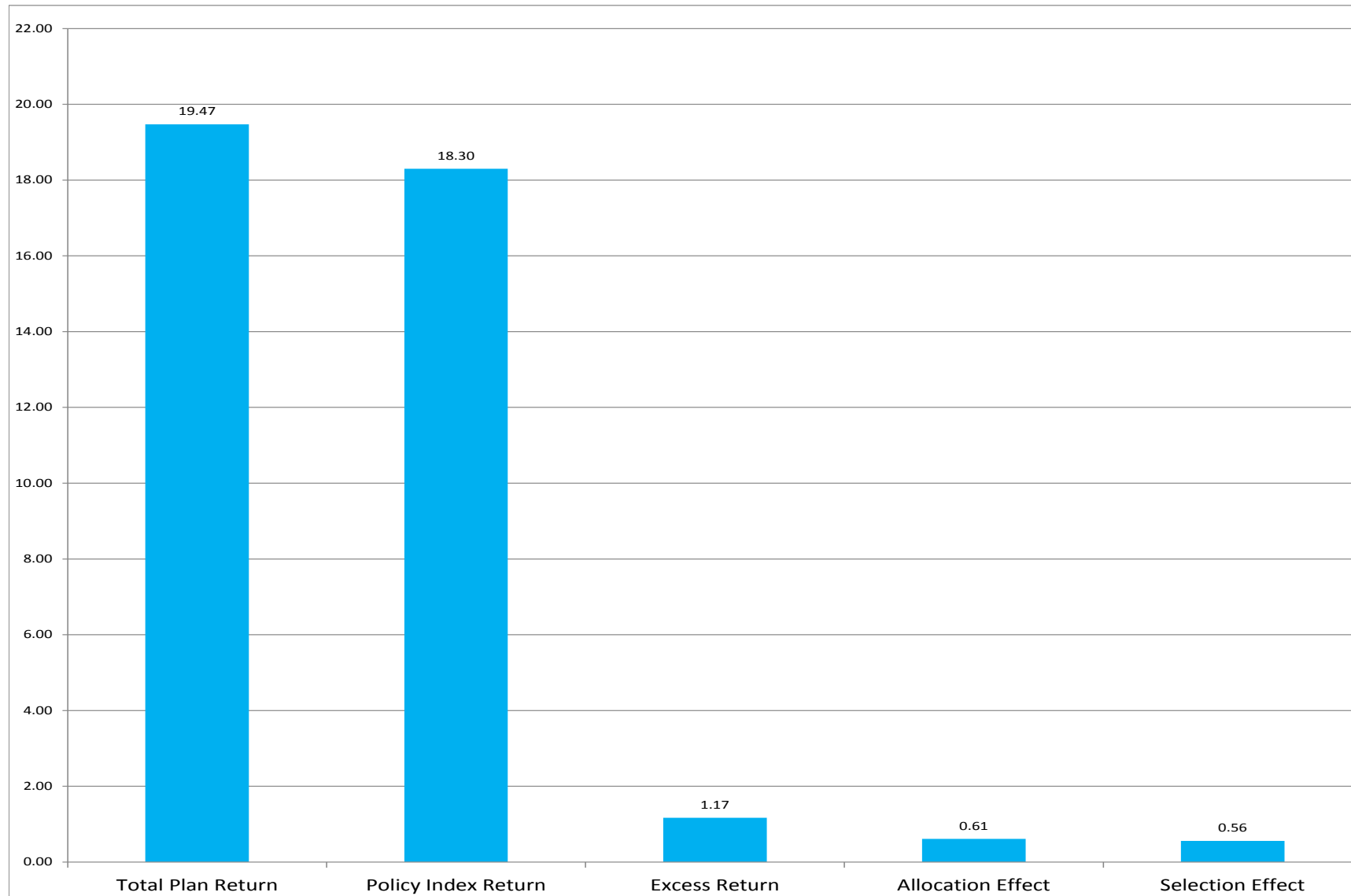
\$4.2

■ TOTAL BOARD OF EDUCATION ■ Board of Education Policy Benchmark



	Plan 3 Years	Benchmark 3 Years	Plan 5 Years	Benchmark 5 Years	Plan 10 Years	Benchmark 10 Years
Standard Deviation						
TOTAL BOARD OF EDUCATION	9.3	9.3	14.0	10.1	11.1	11.6

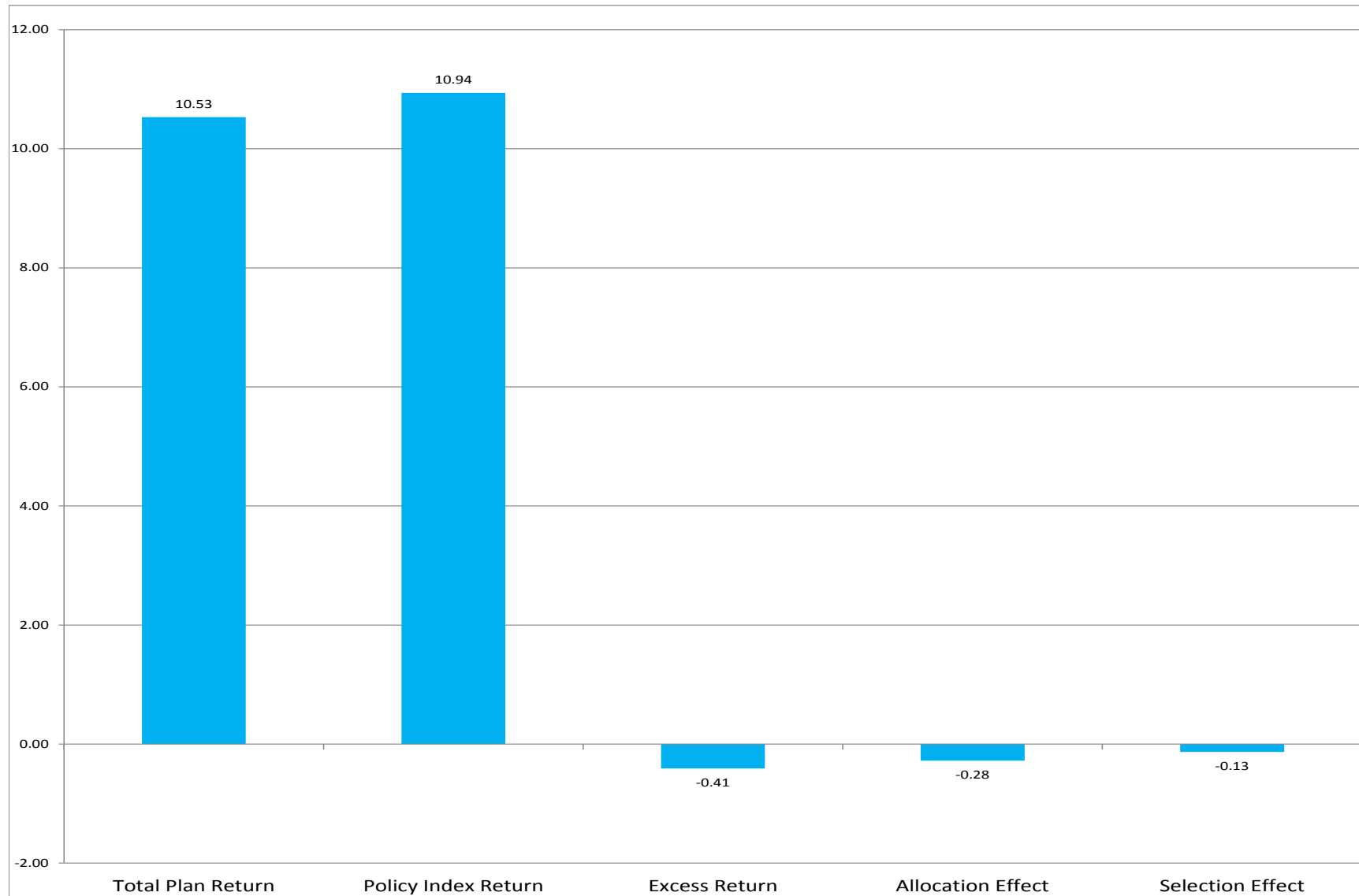




Performance Attribution: Total Plan - 3 Years Ending June 30, 2014



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Allocation Effect - Asset Class Breakdown

	<u>Quarter</u>	<u>12 Months</u>	<u>3 Years</u>	<u>Benchmark</u>
TOTAL BOARD OF EDUCATION	0.07	0.61	-0.28	BOARD OF EDUCATION POLICY
TOTAL DOMESTIC EQUITY	0.02	0.09	-0.03	RUSSELL 3000
TOTAL DEVELOPED EQUITY	0.00	0.03	-0.06	MSCI EAFE NET
TOTAL EMERGING MARKETS	-0.01	0.00	-0.06	MSCI EMERGING MARKETS
TOTAL PRIVATE EQUITY	0.00	0.01	0.00	NYC R3000 +3% Lagged
TOTAL REAL ASSETS	0.00	0.00	0.00	NCREIF NFI-ODCE NET + 1%
TOTAL STRUCTURED	0.03	0.13	-0.15	NYC - CORE PLUS FIVE
TOTAL ACTIVE TIPS MANAGERS	0.00	0.14	0.07	BARCLAYS US TIPS INDEX
TOTAL HIGH YIELD	0.00	0.00	-0.04	CITIGROUP BB & B
TOTAL BANK LOANS	0.01	0.03	0.02	CSFB LEVERAGED LOAN INDEX

Selection Effect - Asset Class Breakdown

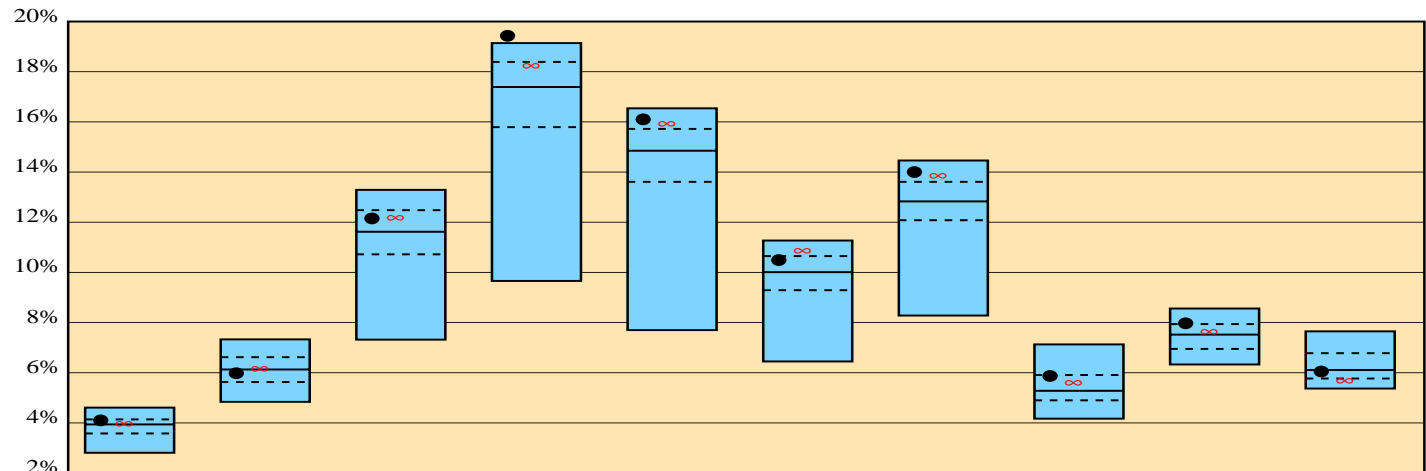
	<u>Quarter</u>	<u>12 Months</u>	<u>3 Years</u>	<u>Benchmark</u>
TOTAL BOARD OF EDUCATION	0.03	0.56	-0.13	BOARD OF EDUCATION POLICY
TOTAL DOMESTIC EQUITY	-0.10	0.24	-0.08	RUSSELL 3000
TOTAL DEVELOPED EQUITY	-0.21	0.25	0.18	MSCI EAFE NET
TOTAL EMERGING MARKETS	0.04	0.07	0.01	MSCI EMERGING MARKETS
TOTAL PRIVATE EQUITY	0.19	-0.14	-0.15	NYC R3000 +3% Lagged
TOTAL REAL ASSETS	0.11	0.00	-0.01	NCREIF NFI-ODCE NET + 1%
TOTAL STRUCTURED	0.01	0.06	0.08	NYC - CORE PLUS FIVE
TOTAL ACTIVE TIPS MANAGERS	-0.01	0.00	0.01	BARCLAYS US TIPS INDEX
TOTAL HIGH YIELD	0.00	0.07	0.03	CITIGROUP BB & B
TOTAL BANK LOANS	-0.01	0.00	0.00	CSFB LEVERAGED LOAN INDEX

Through June 30, 2014



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City of New York - BOE Total Returns of Public Master Trusts > \$1 Billion Rates of Return for Periods Ending June 30, 2014



	1 Quarter	2 Quarters	3 Quarters	1 Year	2 Years	3 Years	5 Years	7 Years	10 Years	15 Years
5th Percentile	4.61	7.33	13.29	19.14	16.54	11.27	14.46	7.13	8.56	7.65
25th Percentile	4.14	6.62	12.48	18.39	15.72	10.65	13.61	5.91	7.94	6.78
Median	3.94	6.13	11.62	17.39	14.85	10.01	12.83	5.28	7.52	6.11
75th Percentile	3.58	5.63	10.72	15.79	13.61	9.29	12.08	4.90	6.95	5.77
95th Percentile	2.81	4.84	7.32	9.66	7.70	6.45	8.28	4.17	6.33	5.37
● Total System	4.14 (25)	6.02 (54)	12.19 (33)	19.47 (1)	16.14 (15)	10.53 (27)	14.04 (17)	5.91 (25)	8.01 (18)	6.09 (50)
∞ Board of Ed Policy Benchmark	4.04 (38)	6.21 (44)	12.25 (30)	18.31 (26)	15.98 (19)	10.94 (13)	13.91 (17)	5.65 (29)	7.71 (31)	5.74 (75)

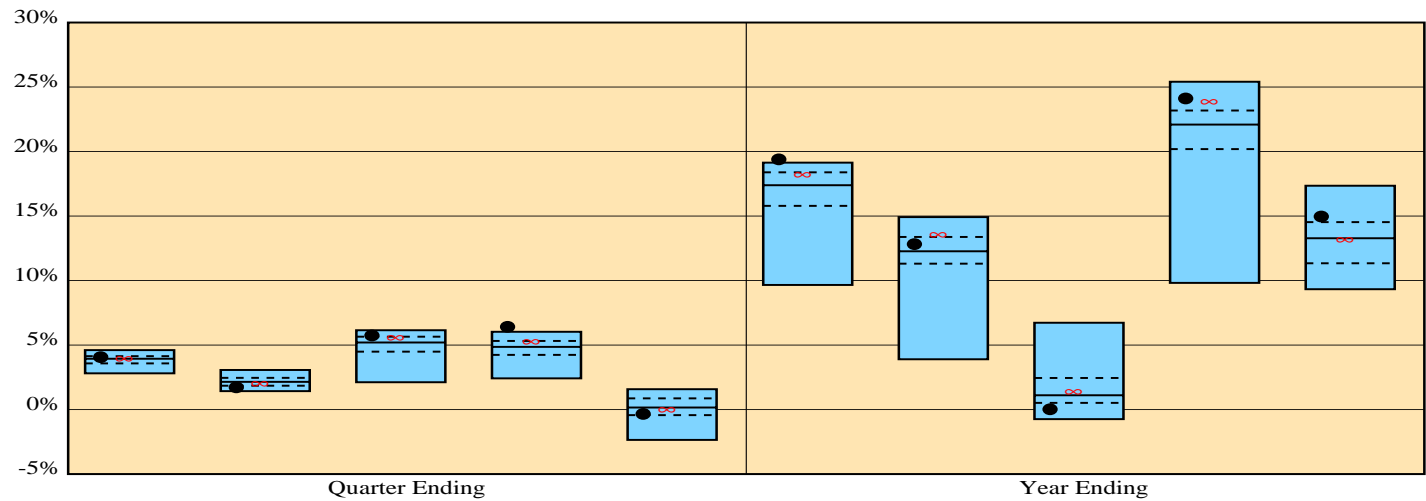
Returns for periods greater than one year are annualized.

Through June 30, 2014



STATE STREET.

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



● Total System	4.14 (25)	1.80 (80)	5.82 (14)	6.49 (1)	-0.26 (72)	19.47 (1)	12.90 (33)	0.10 (80)	24.19 (15)	15.04 (17)
∞ Board of Ed Policy Benchmark	4.04 (38)	2.09 (54)	5.69 (19)	5.39 (19)	0.13 (50)	18.31 (26)	13.70 (19)	1.52 (37)	23.99 (15)	13.25 (50)

Returns for periods greater than one year are annualized.



New York City
Board of Education Retirement System

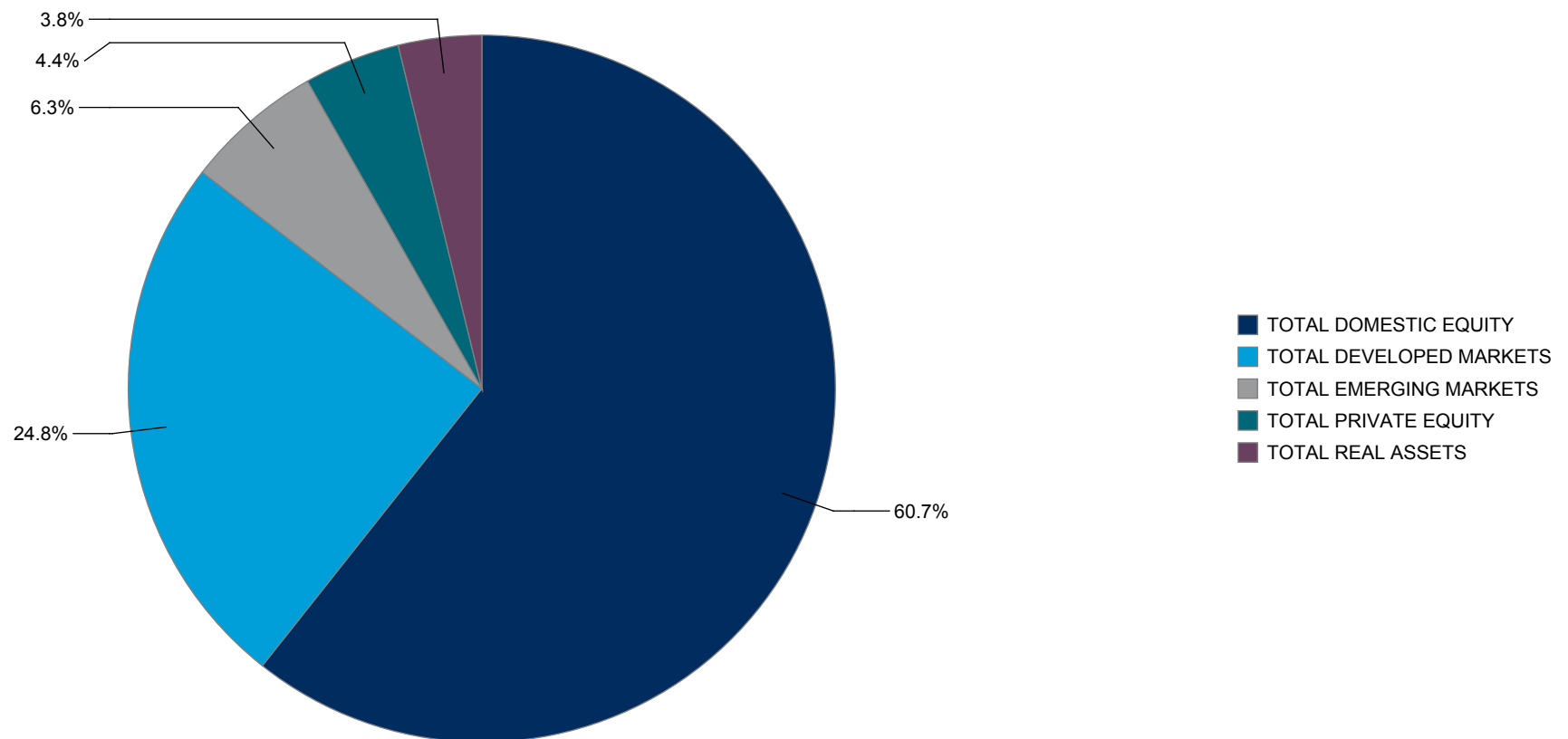
Equity Analysis

Total Equity Asset Allocation: June 30, 2014



STATE STREET.

	<u>Market Value (Billions)</u>	<u>% of Plan</u>
TOTAL EQUITY	\$3.1	73.7

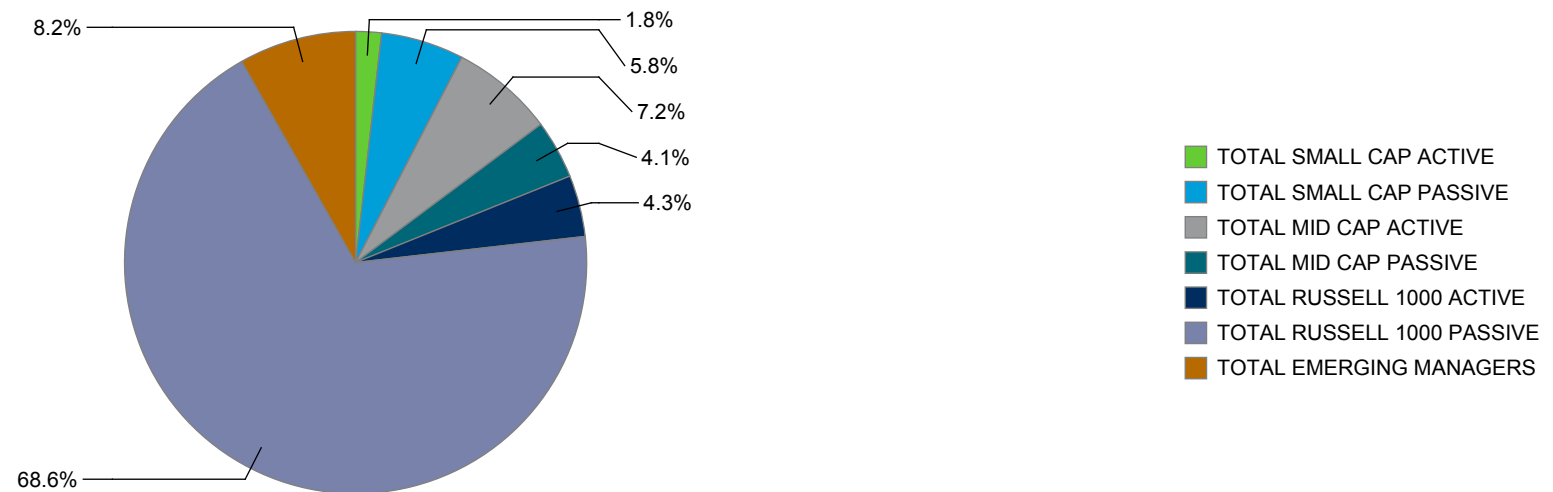


Total Domestic Equity Asset Allocations: June 30, 2014



STATE STREET

	Market Value (Billions)	% of Plan
TOTAL DOMESTIC EQUITY	\$1.9	44.7



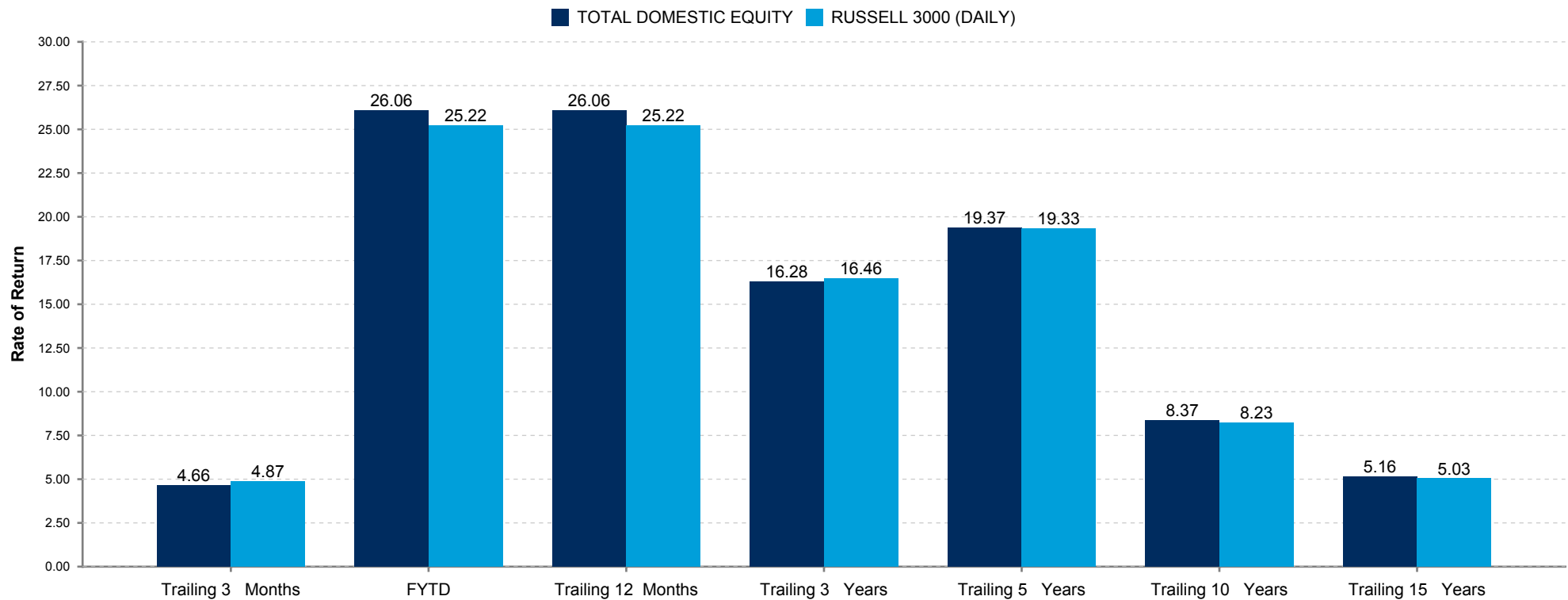
Sub Sector	Policy Weight	Actual Weight	Under/Over Weight	Index Return	Actual Return	Difference
Total Small Cap Active	2.83	1.79	-1.04	2.05	-0.36	-2.41
Total Small Cap Passive	5.39	5.79	0.40	2.05	2.06	0.01
Total Mid Cap Active	7.25	7.20	-0.05	4.97	6.94	1.97
Total Mid Cap Passive	3.75	4.13	0.38	4.33	4.31	-0.02
Total Russell 1000 Active	11.25	4.34	-6.91	5.12	4.75	-0.37
Total Russell 1000 Passive	62.03	68.57	6.54	5.12	5.10	-0.02
Total Emerging Managers	7.50	8.18	0.68	4.87	2.20	-2.67

Total Domestic Equity Returns vs Russell 3000 Index: June 30, 2014



STATE STREET

	Market Value (Billions)	% of Plan
TOTAL DOMESTIC EQUITY	\$1.9	44.7



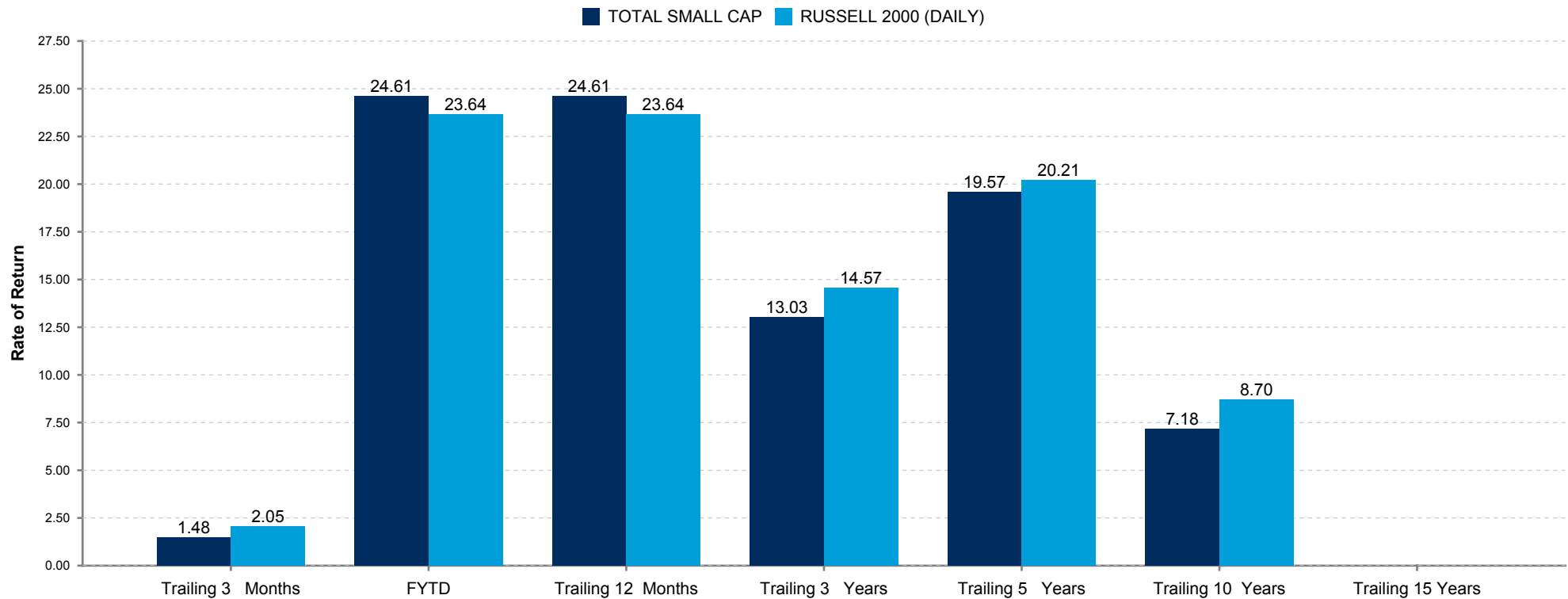
	Plan 3 Years	Benchmark 3 Years	Plan 5 Years	Benchmark 5 Years	Plan 10 Years	Benchmark 10 Years
Standard Deviation						
TOTAL DOMESTIC EQUITY	13.7	12.9	14.3	13.9	15.6	15.3

Small Cap Returns vs Russell 2000 Index: June 30, 2014



STATE STREET.

	Market Value (Millions)	% of Plan
TOTAL SMALL CAP	\$141.8	3.4



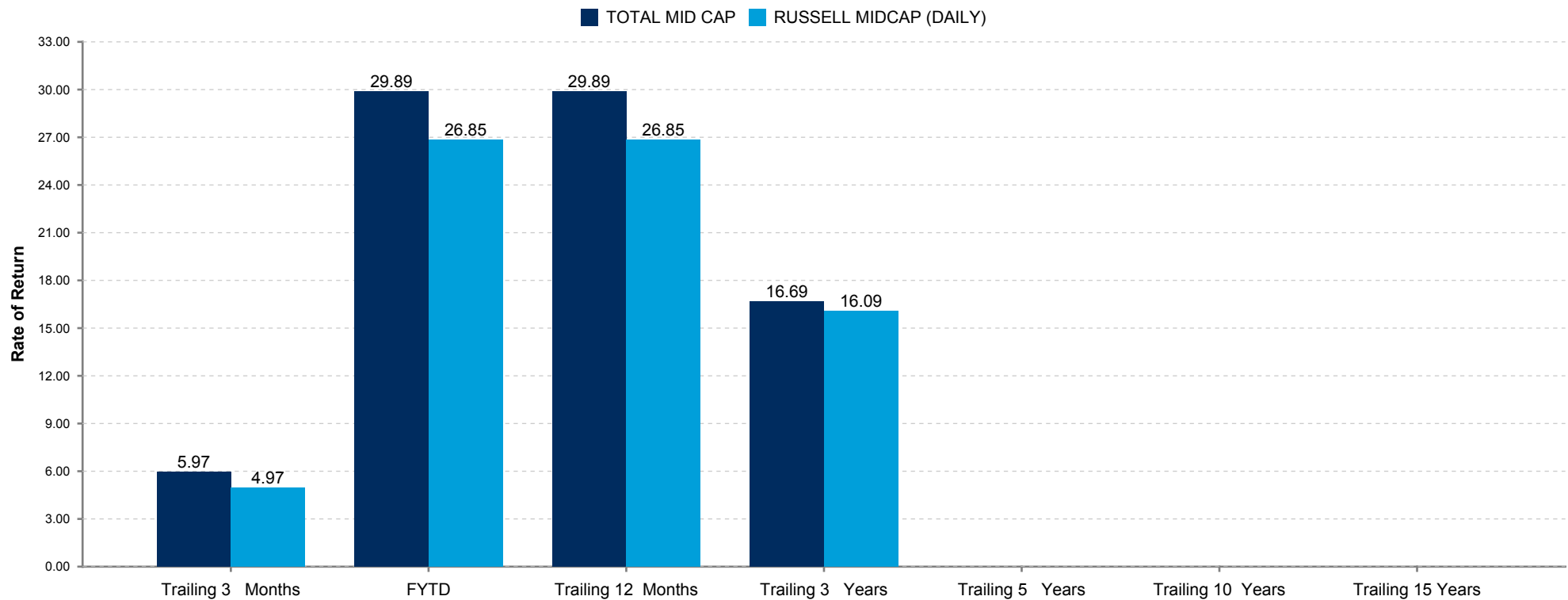
	Plan 3 Years	Benchmark 3 Years	Plan 5 Years	Benchmark 5 Years	Plan 10 Years	Benchmark 10 Years
Standard Deviation						
TOTAL SMALL CAP	19.2	17.0	19.1	18.2	19.3	19.7

Mid Cap Returns vs Russell MidCap Index: June 30, 2014



STATE STREET.

	Market Value (Millions)	% of Plan
TOTAL MID CAP	\$211.7	5.1



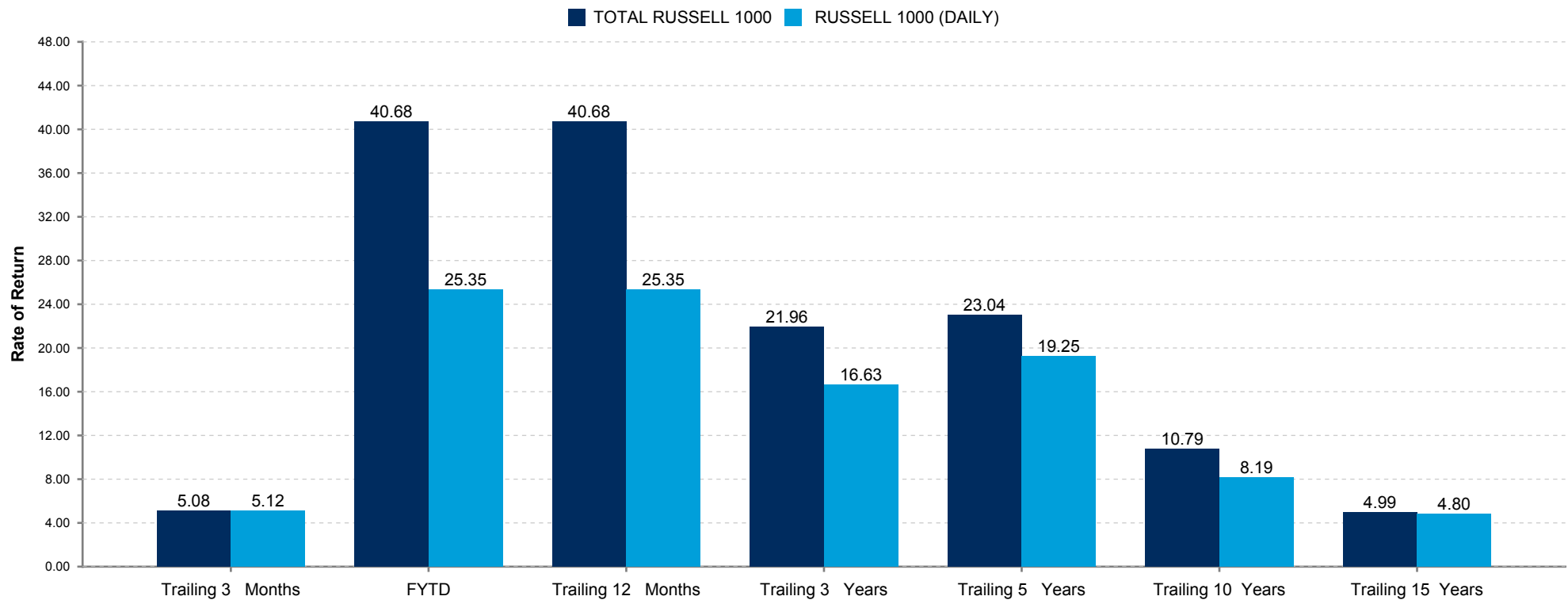
	Plan 3 Years	Benchmark 3 Years	Plan 5 Years	Benchmark 5 Years	Plan 10 Years	Benchmark 10 Years
Standard Deviation						
TOTAL MID CAP	15.7	14.4				

Russell 1000 Returns vs Russell 1000 Index: June 30, 2014



STATE STREET.

	Market Value (Billions)	% of Plan
TOTAL RUSSELL 1000	\$1.4	32.6



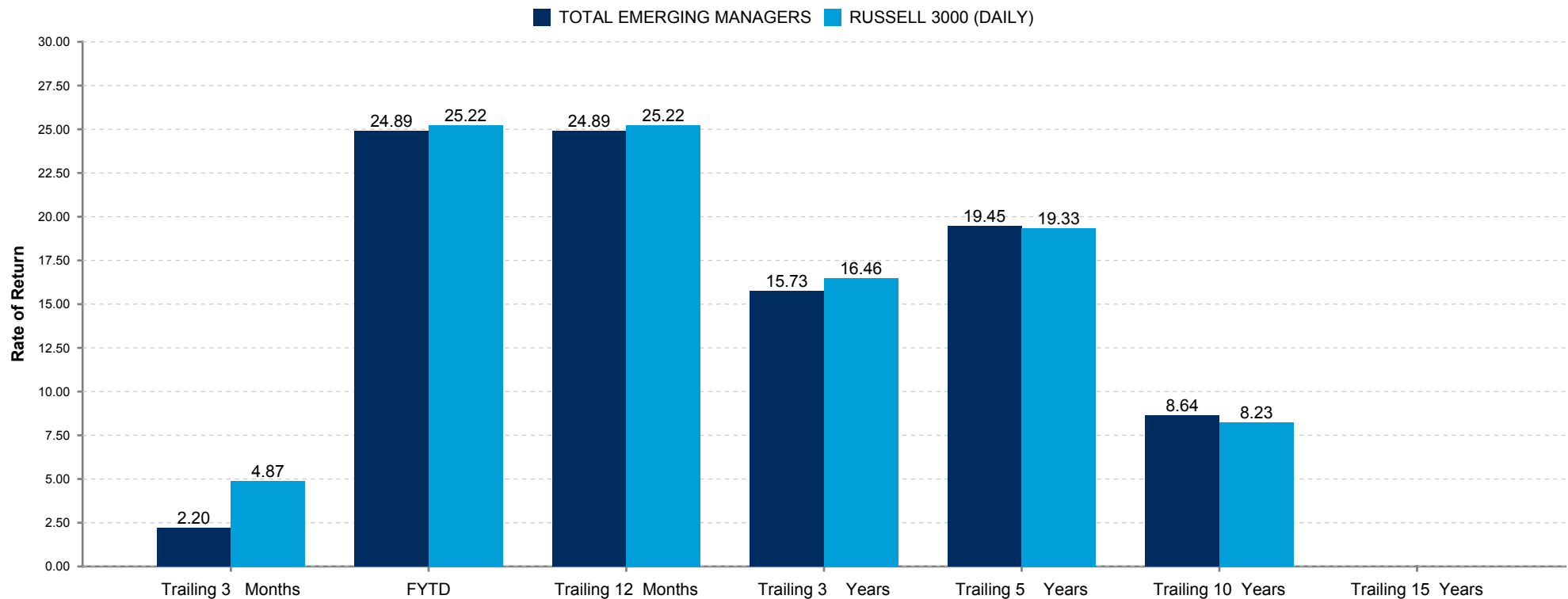
	Plan 3 Years	Benchmark 3 Years	Plan 5 Years	Benchmark 5 Years	Plan 10 Years	Benchmark 10 Years
Standard Deviation						
TOTAL RUSSELL 1000	15.7	12.6	15.3	13.7	16.0	15.0

Emerging Managers Returns vs Russell 3000 Index: June 30, 2014



STATE STREET

	Market Value (Millions)	% of Plan
TOTAL EMERGING MANAGERS	\$152.9	3.7



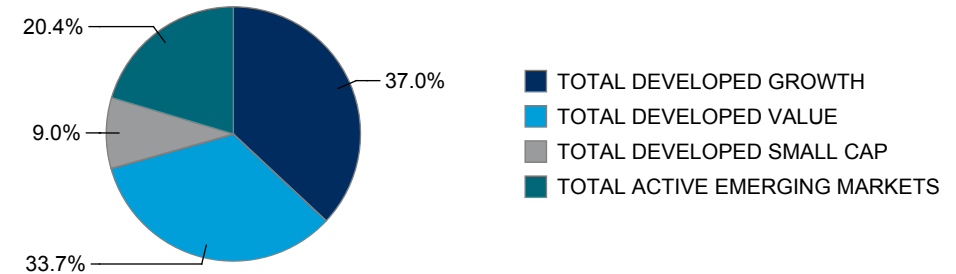
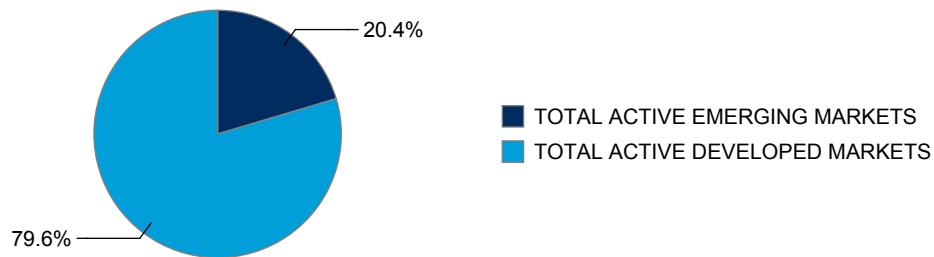
	Plan 3 Years	Benchmark 3 Years	Plan 5 Years	Benchmark 5 Years	Plan 10 Years	Benchmark 10 Years
Standard Deviation						
TOTAL EMERGING MANAGERS	15.2	12.9	15.4	13.9	16.4	15.3

International Equity Asset Allocation: June 30, 2014



STATE STREET

	<u>Market Value (Millions)</u>	<u>% of Plan</u>
TOTAL INTERNATIONAL EQUITY	\$958.7	22.9



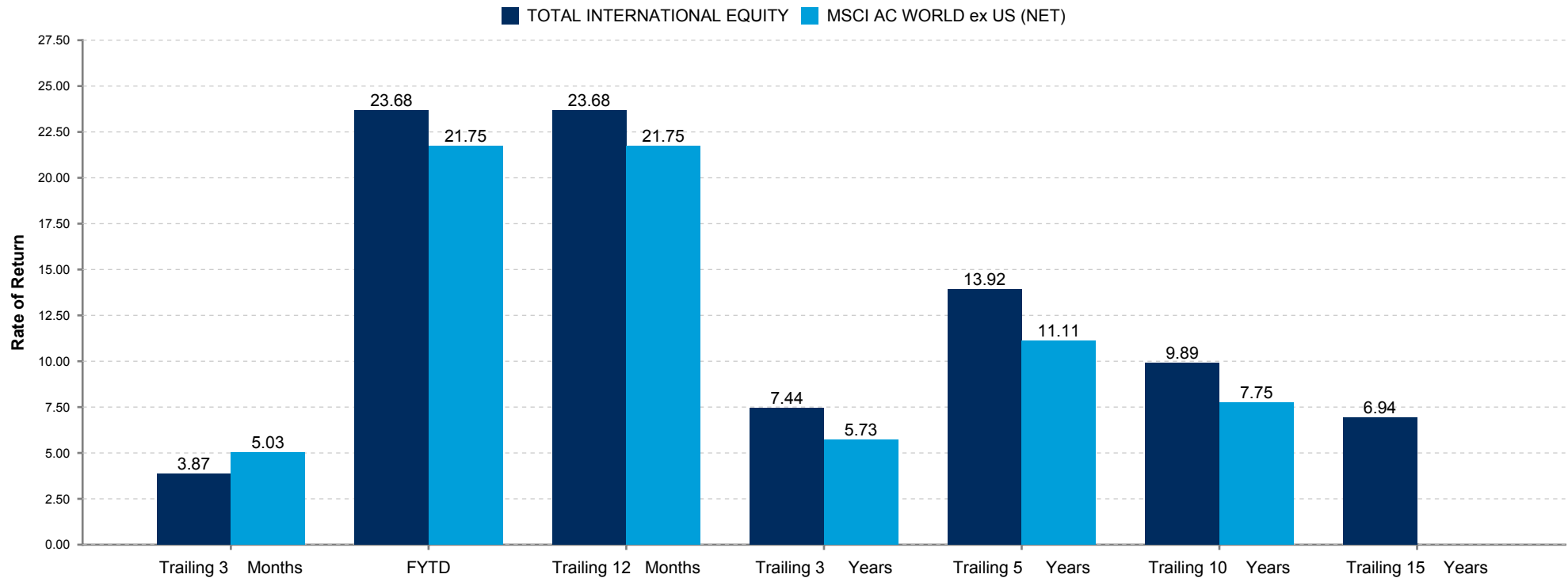
	<u>Asset Weight</u>	<u>Quarterly Returns - Fund and Benchmark</u>		
		<u>Fund</u>	<u>Benchmark</u>	<u>Excess</u>
TOTAL DEVELOPED GROWTH	36.97	1.60	3.45	(1.85)
TOTAL DEVELOPED VALUE	33.66	4.21	4.73	(0.51)
TOTAL DEVELOPED SMALL CAP	9.03	3.91	2.53	1.39
TOTAL ACTIVE EMERGING MARKETS	20.35	7.62	6.60	1.02
TOTAL INTERNATIONAL EQUITY	100.00	3.87	5.03	(1.16)

Total International Returns vs MSCI AC World ex US Net Index: June 30, 2014



STATE STREET.

	Market Value (Millions)	% of Plan
TOTAL INTERNATIONAL EQUITY	\$958.7	22.9



	Plan 3 Years	Benchmark 3 Years	Plan 5 Years	Benchmark 5 Years	Plan 10 Years	Benchmark 10 Years
Standard Deviation						
TOTAL INTERNATIONAL EQUITY	16.7	16.6	17.3	16.9	19.0	18.9

Developed Markets Returns vs MSCI EAFE Net Index: June 30, 2014



STATE STREET

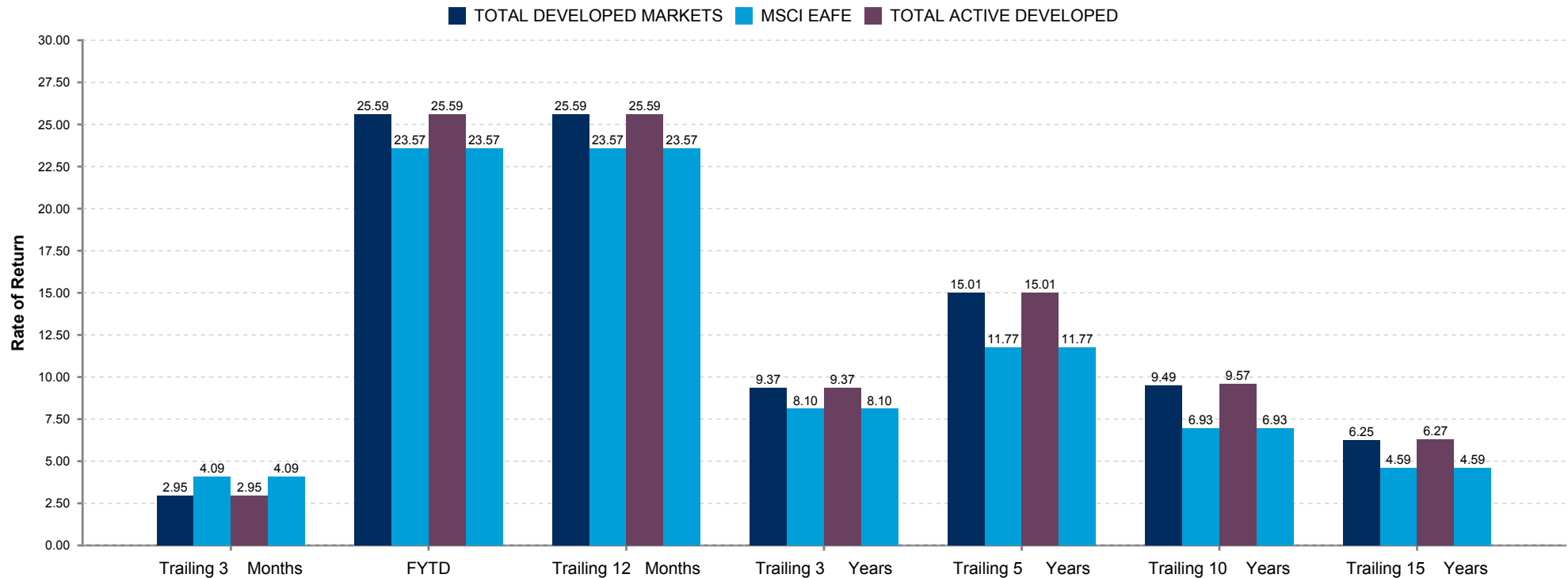
TOTAL DEVELOPED MARKETS

Market Value (Millions)

\$763.6

% of Plan

18.3



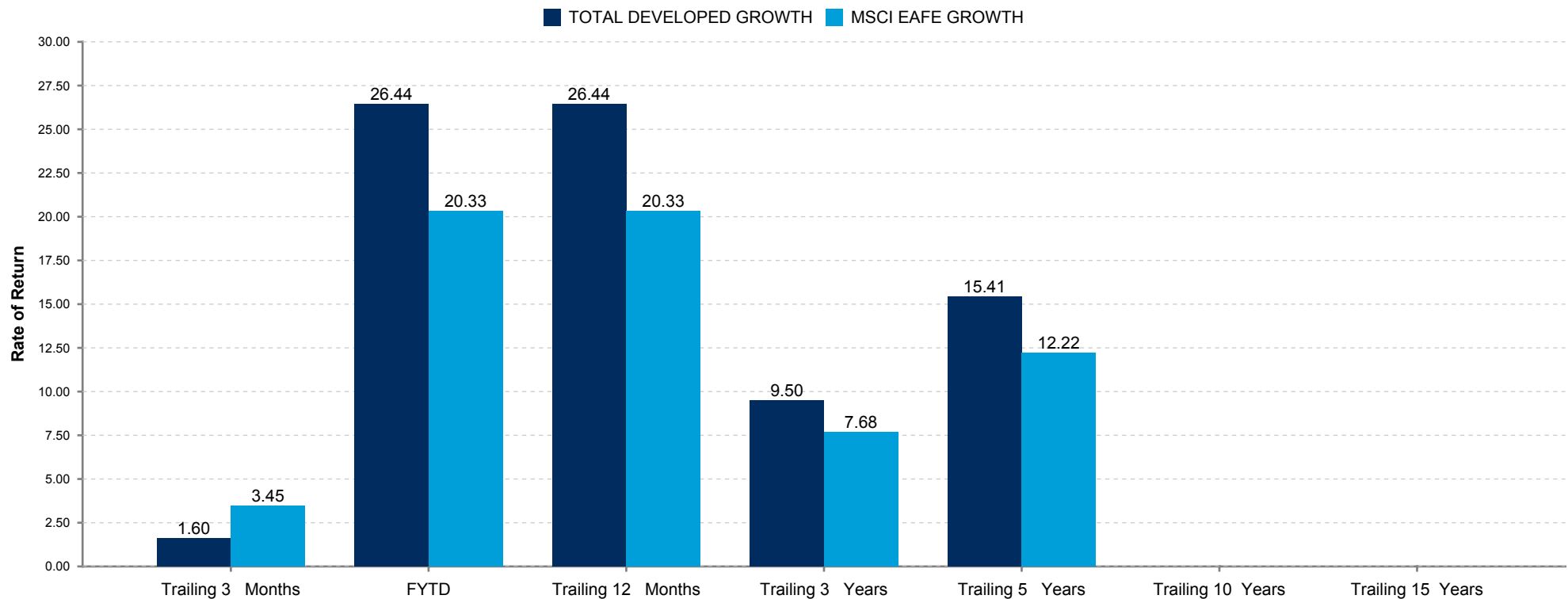
	Plan 3 Years	Benchmark 3 Years	Plan 5 Years	Benchmark 5 Years	Plan 10 Years	Benchmark 10 Years
Standard Deviation						
TOTAL DEVELOPED MARKETS	16.3	16.3	17.1	17.0	18.2	18.2
TOTAL DEVELOPED ACTIVE	16.3	16.3	17.1	17.0	18.2	18.2

Developed Growth Returns vs MSCI EAFE Growth Index: June 30, 2014



STATE STREET.

	Market Value (Millions)	% of Plan
TOTAL DEVELOPED GROWTH	\$354.4	8.5



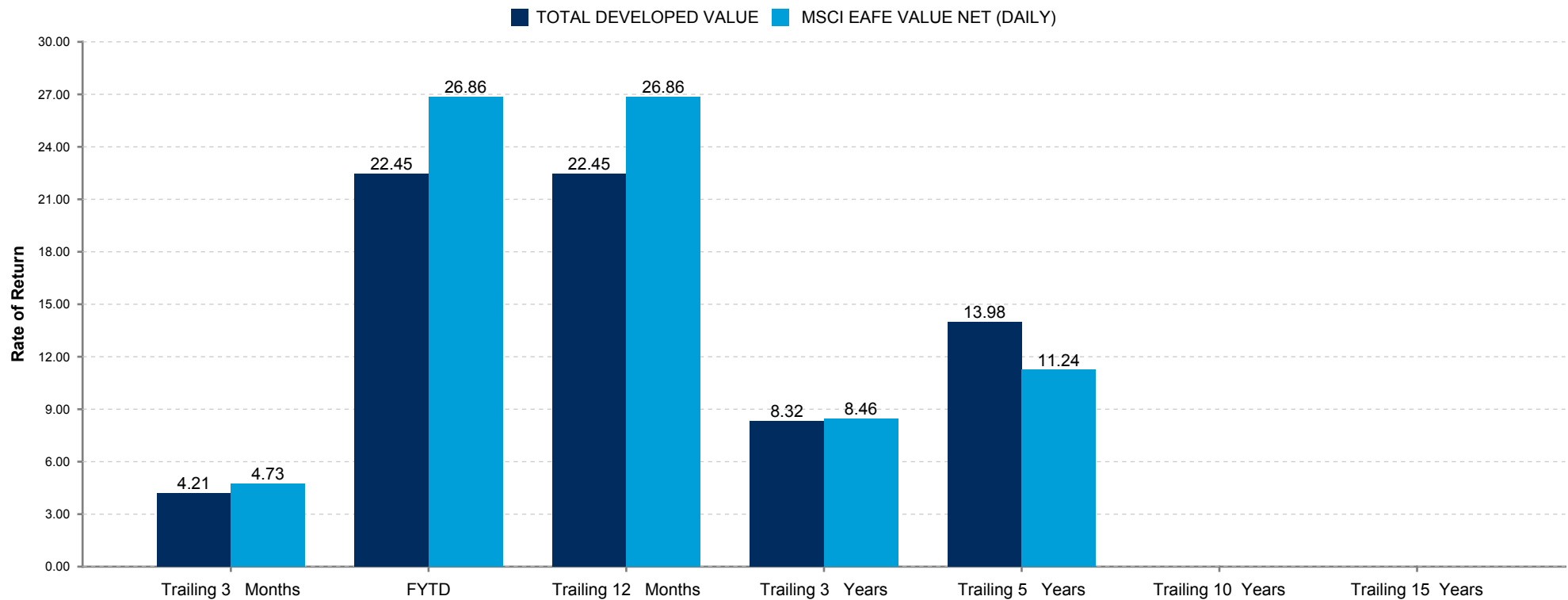
	Plan 3 Years	Benchmark 3 Years	Plan 5 Years	Benchmark 5 Years	Plan 10 Years	Benchmark 10 Years
Standard Deviation						
TOTAL DEVELOPED GROWTH	18.2	15.9	18.6	16.3		

Developed Value Returns vs MSCI EAFE Value Net Index: June 30, 2014



STATE STREET

	Market Value (Millions)	% of Plan
TOTAL DEVELOPED VALUE	\$322.6	7.7



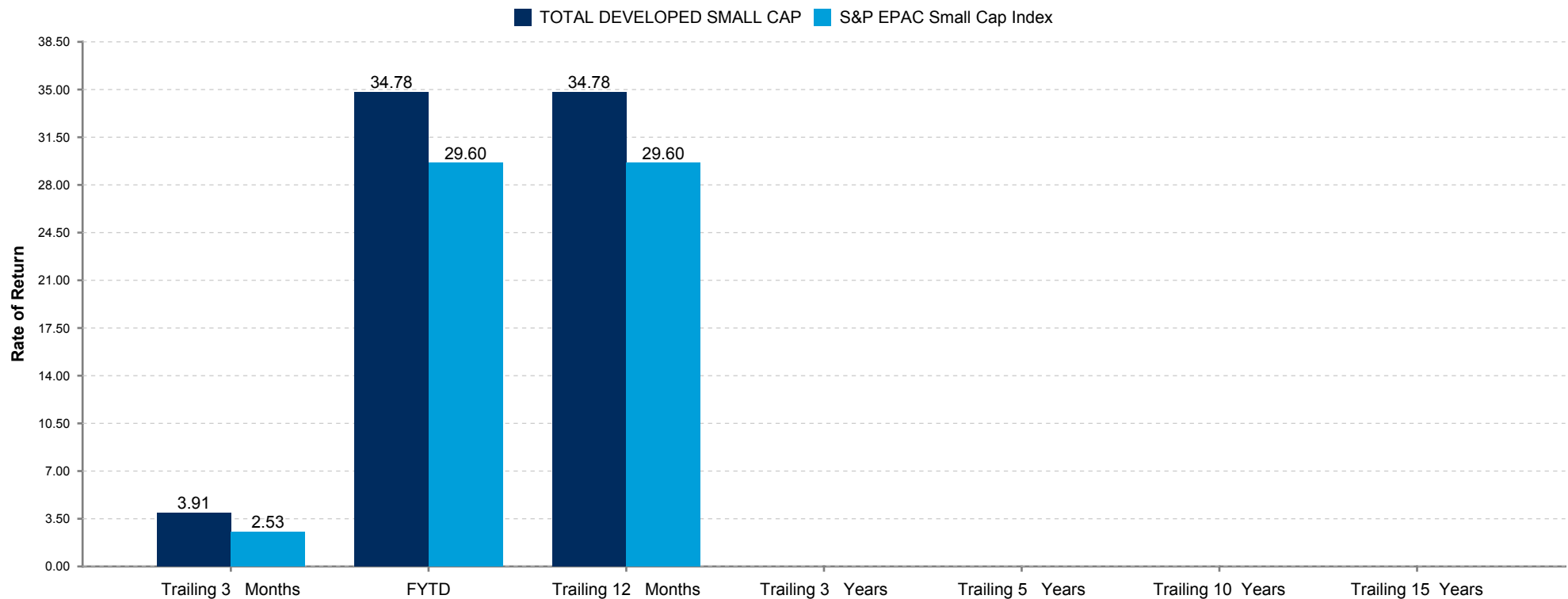
	Plan 3 Years	Benchmark 3 Years	Plan 5 Years	Benchmark 5 Years	Plan 10 Years	Benchmark 10 Years
Standard Deviation						
TOTAL DEVELOPED VALUE	14.6	17.1	15.7	18.1		

Developed Small Cap Returns vs S&P EPAC Small Cap Index: June 30, 2014



STATE STREET.

	<u>Market Value (Millions)</u>	<u>% of Plan</u>
TOTAL DEVELOPED SMALL CAP	\$86.5	2.1



	Plan 3 Years	Benchmark 3 Years	Plan 5 Years	Benchmark 5 Years	Plan 10 Years	Benchmark 10 Years
Standard Deviation						
TOTAL DEVELOPED SMALL CAP						

Emerging Markets Returns vs MSCI Emerging Markets Index: June 30, 2014



STATE STREET

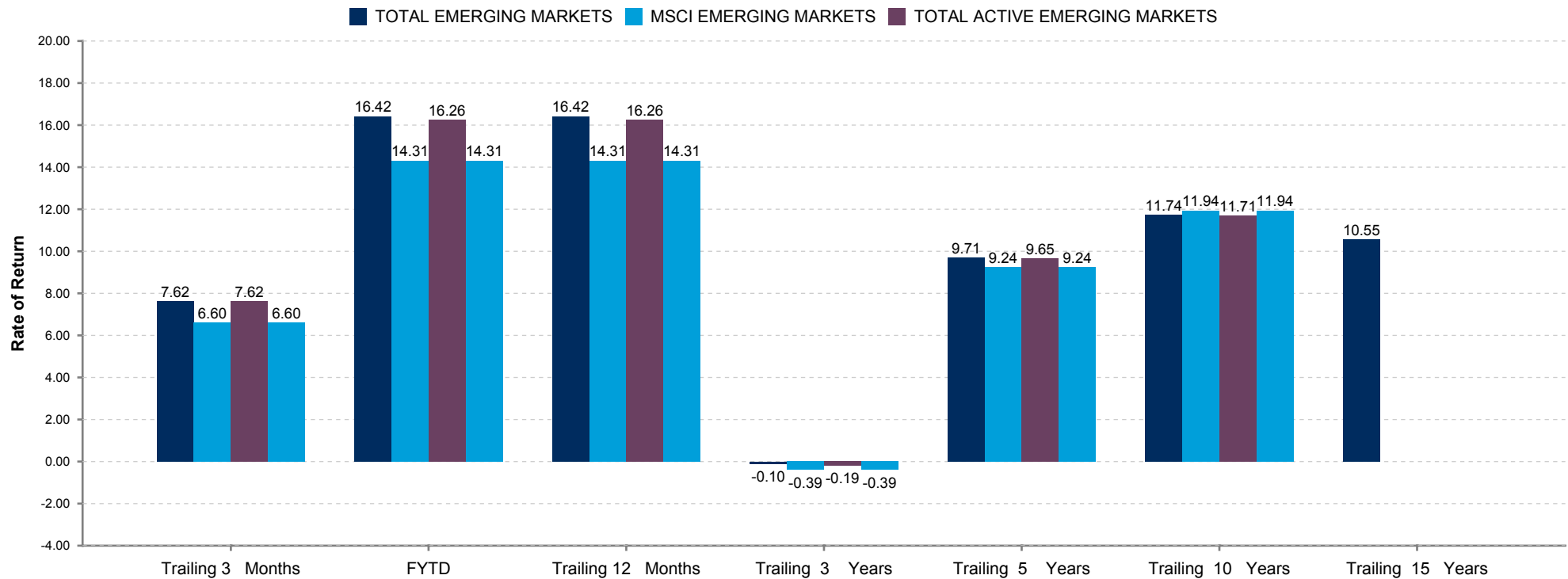
TOTAL EMERGING MARKETS

Market Value (Millions)

\$195.1

% of Plan

4.7



	Plan 3 Years	Benchmark 3 Years	Plan 5 Years	Benchmark 5 Years	Plan 10 Years	Benchmark 10 Years
Standard Deviation						
TOTAL EMERGING MARKETS	19.7	19.5	19.7	19.2	23.8	23.8
TOTAL ACTIVE EMERGING MARKETS	19.8	19.5	19.8	19.2	23.9	23.8



New York City
Board of Education Retirement System

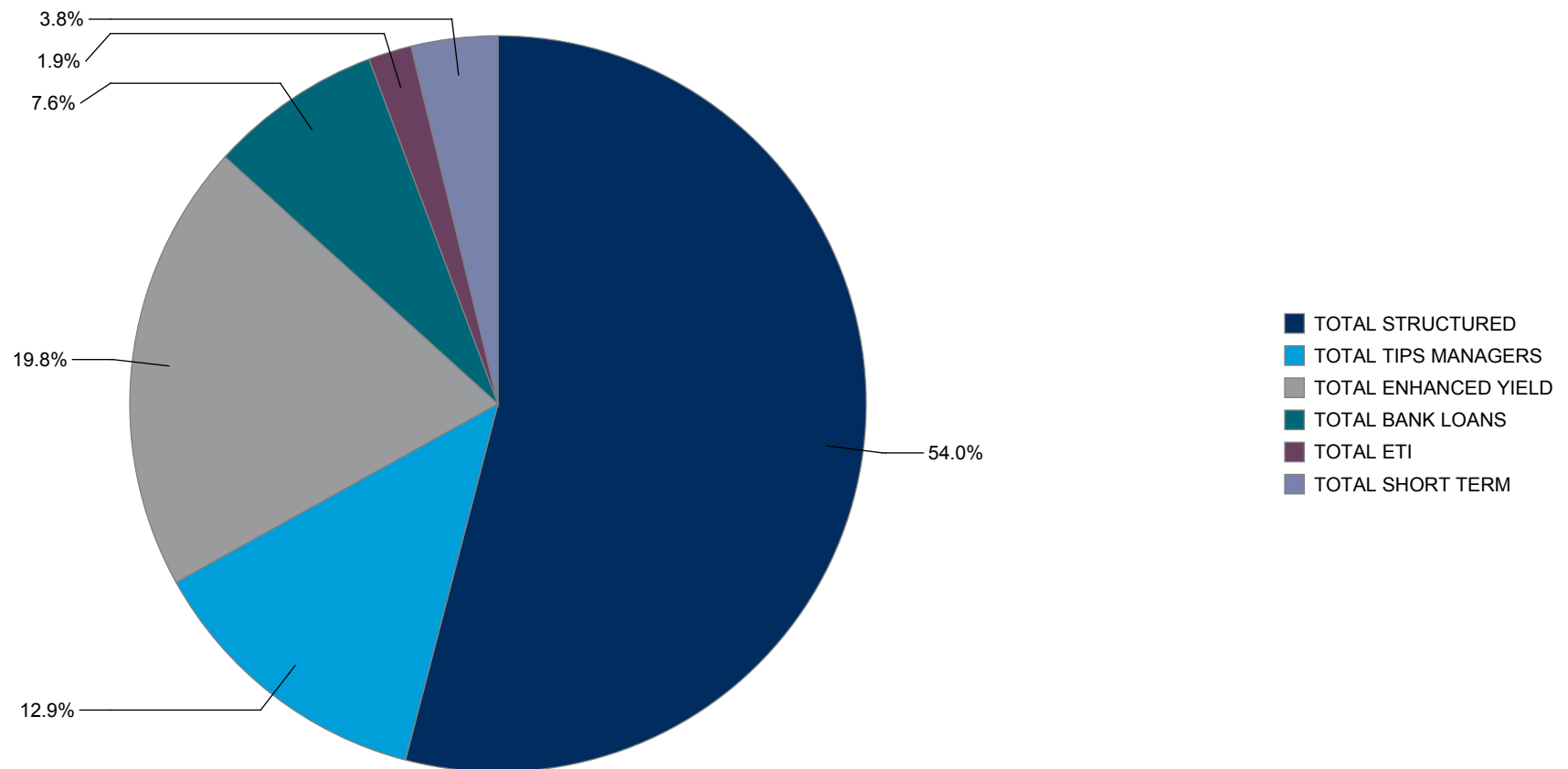
Fixed Income Analysis

Total Fixed Income Asset Allocation: June 30, 2014



STATE STREET.

	<u>Market Value (Billions)</u>	<u>% of Plan</u>
TOTAL FIXED INCOME	\$1.1	26.2

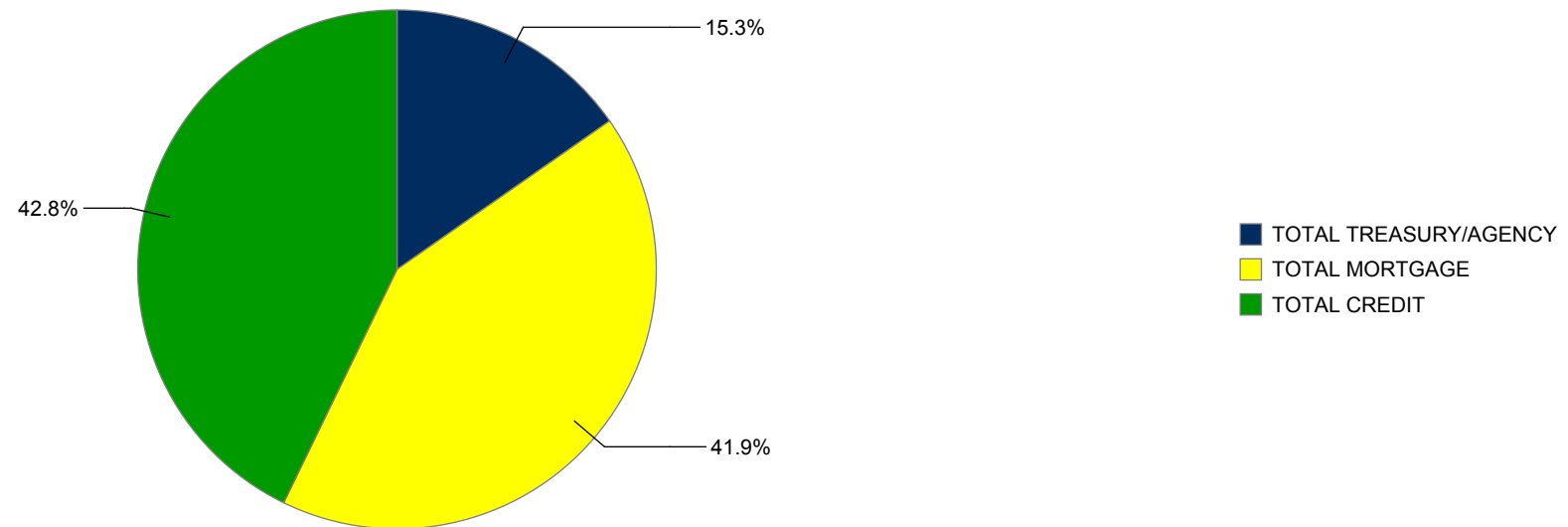


Structured Fixed Income Asset Allocation: Quarter Ending: June 30, 2014



STATE STREET.

	<u>Market Value (Millions)</u>	<u>% of Plan</u>
TOTAL STRUCTURED	\$593.6	14.2



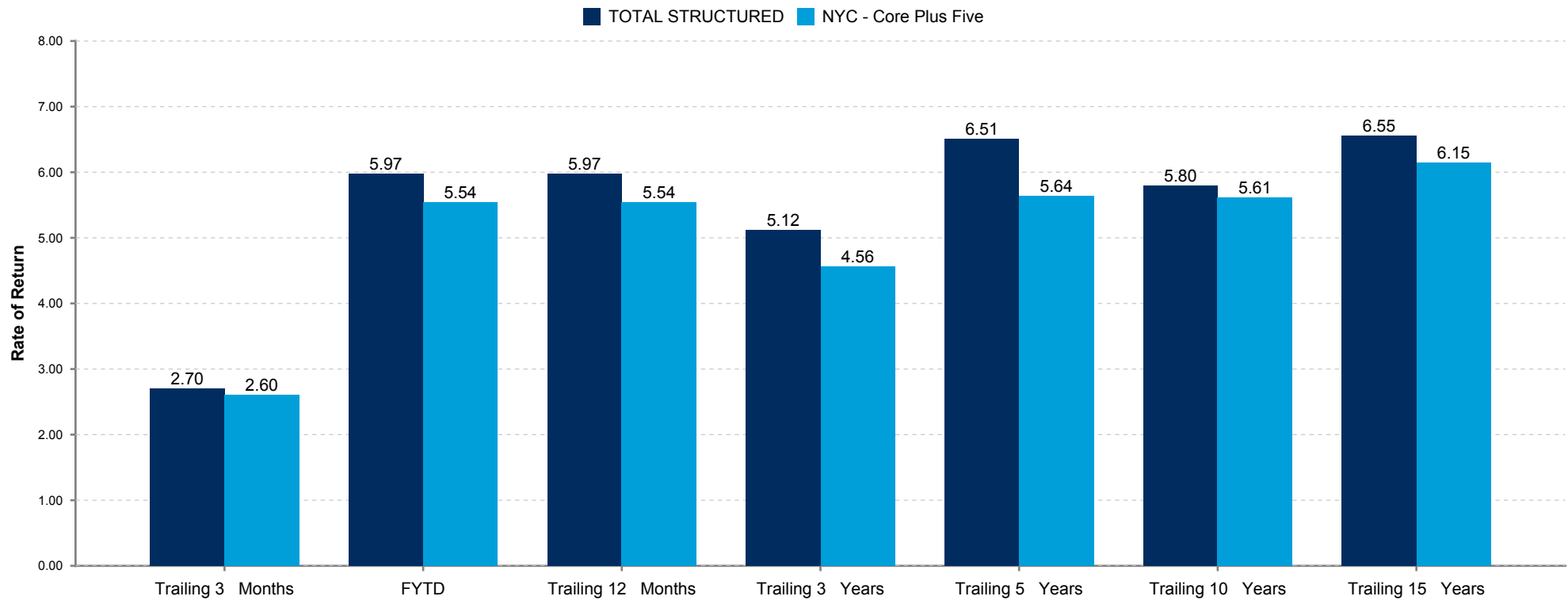
Sub Sector	Policy Weight	Actual Weight	Under/Over Weight	Index Return	Actual Return	Difference
Total Treasury/Agency	18.25	15.34	-2.91	2.94	2.87	-0.07
Total Mortgage	38.19	41.89	3.70	2.41	2.46	0.05
Total Inv Grade Credit	43.56	42.76	-0.80	2.62	2.87	0.25

Structured Returns vs NYC Core + 5 Index: June 30, 2014



STATE STREET

	Market Value (Millions)	% of Plan
TOTAL STRUCTURED	\$593.6	14.2



	Plan 3 Years	Benchmark 3 Years	Plan 5 Years	Benchmark 5 Years	Plan 10 Years	Benchmark 10 Years
Standard Deviation						
TOTAL STRUCTURED	3.3	3.5	3.4	3.5	3.8	4.0

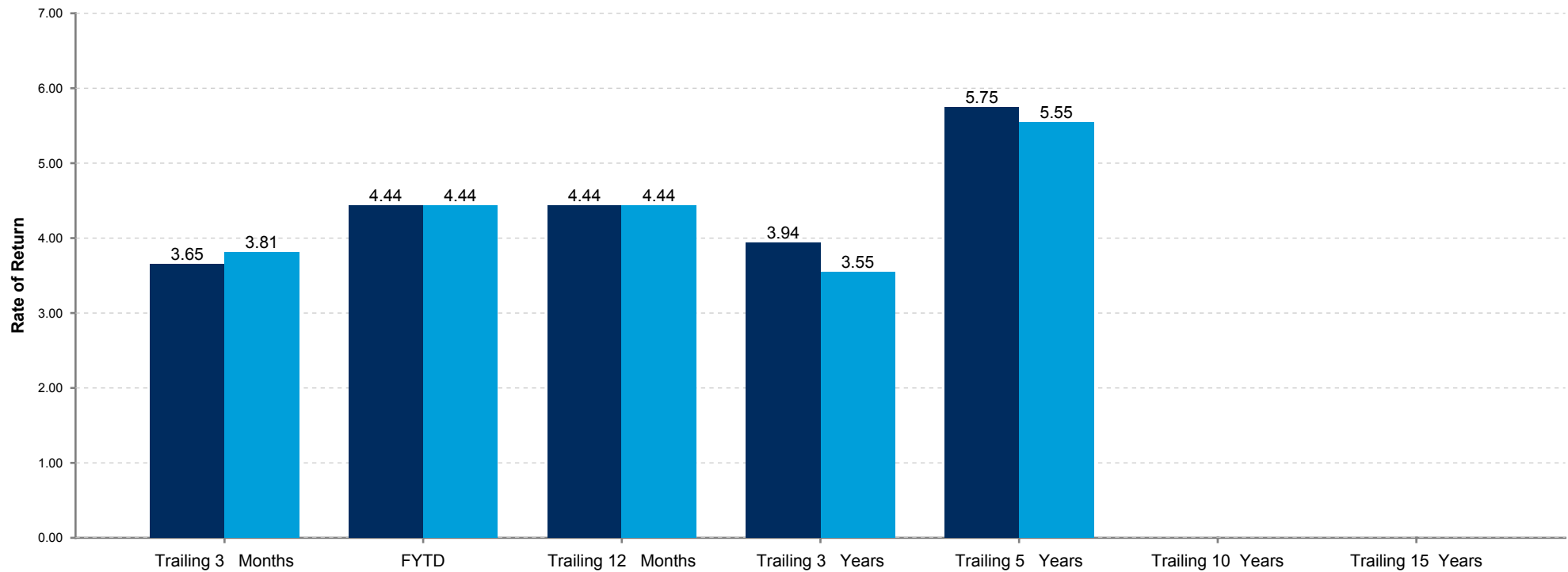
TIPS Returns vs Barclays Global Inflation Linked: US TIPS Index: June 30, 2014



STATE STREET

	<u>Market Value (Millions)</u>	<u>% of Plan</u>
TOTAL TIPS MANAGERS	\$141.3	3.4

■ TOTAL TIPS MANAGERS ■ Barclays Global Inflation Linked: US TIPS (Daily)



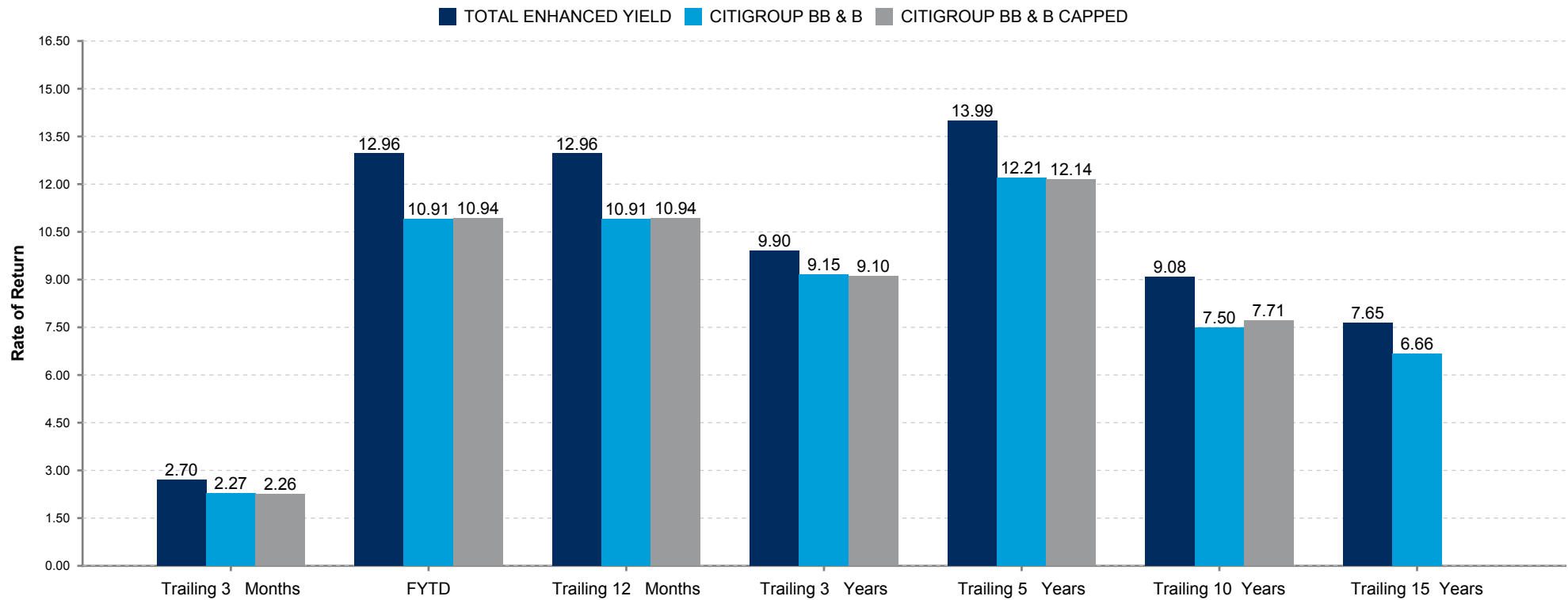
	Plan 3 Years	Benchmark 3 Years	Plan 5 Years	Benchmark 5 Years	Plan 10 Years	Benchmark 10 Years
TOTAL TIPS MANAGERS	5.5	5.5	5.2	5.2		

Enhanced Yield Returns vs Citigroup BB & B Index & Citigroup BB & B Capped Index: June 30, 2014



STATE STREET.

	Market Value (Millions)	% of Plan
TOTAL ENHANCED YIELD	\$217.0	5.2



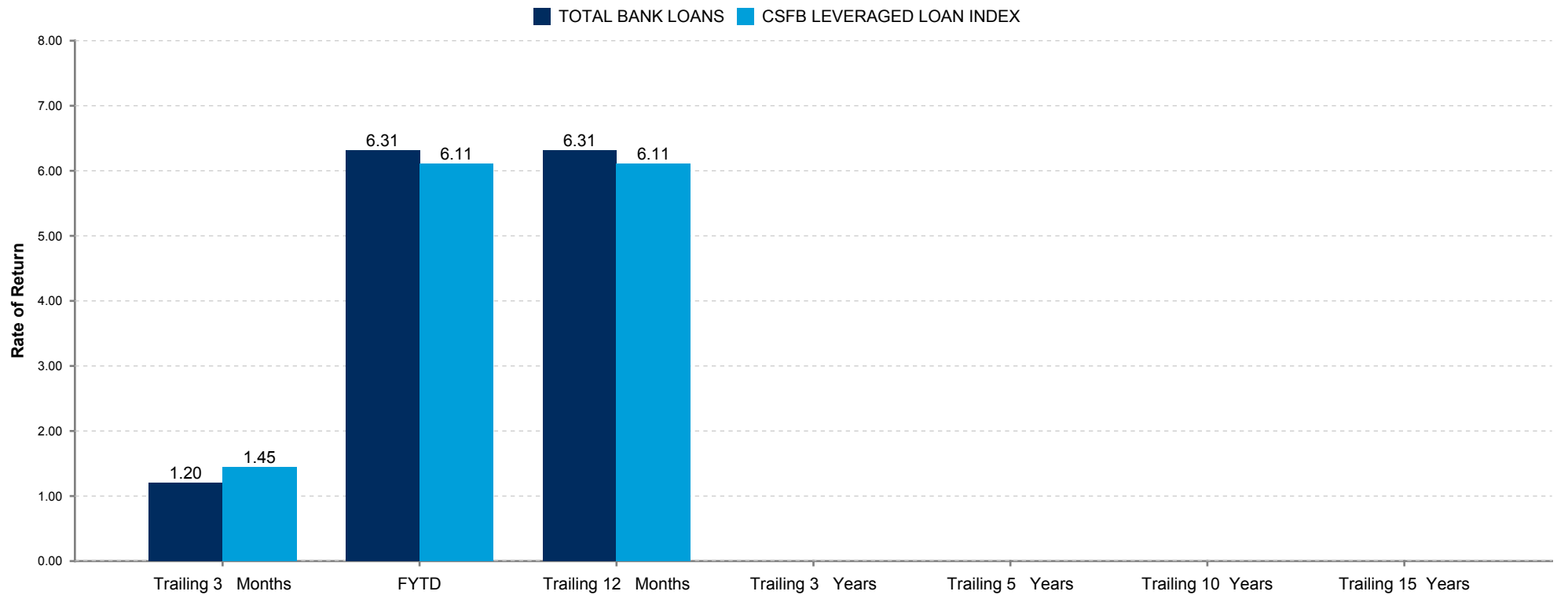
	Plan 3 Years	Benchmark 3 Years	Plan 5 Years	Benchmark 5 Years	Plan 10 Years	Benchmark 10 Years
TOTAL ENHANCED YIELD	9.8	5.7	6.4	5.8	8.6	8.8

Bank Loan Returns vs CSFB Leveraged Loan Index: June 30, 2014



STATE STREET.

	<u>Market Value (Millions)</u>	<u>% of Plan</u>
TOTAL BANK LOANS	\$83.3	2.0



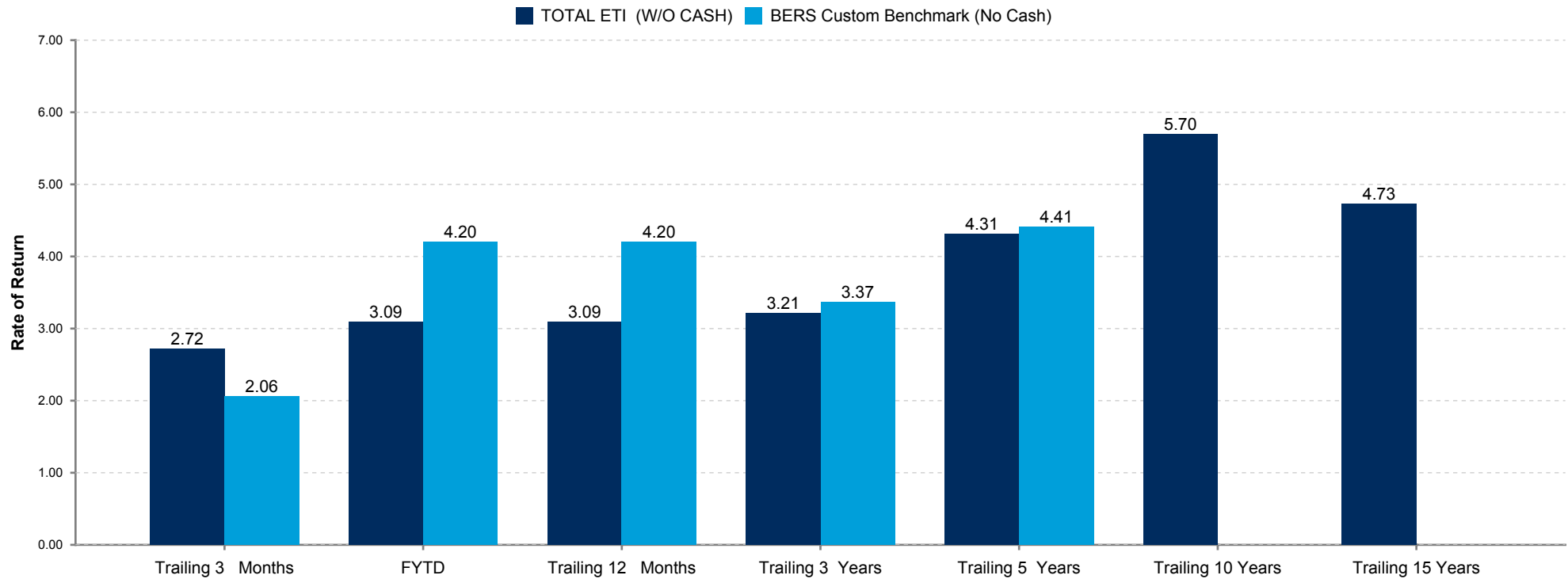
	Plan 3 Years	Benchmark 3 Years	Plan 5 Years	Benchmark 5 Years	Plan 10 Years	Benchmark 10 Years
TOTAL BANK LOANS						

ETI Returns vs Custom Index: June 30, 2014



STATE STREET.

	Market Value (Millions)	% of Plan
TOTAL ETI (W/O CASH)	\$20.5	0.5



	Plan 3 Years	Benchmark 3 Years	Plan 5 Years	Benchmark 5 Years	Plan 10 Years	Benchmark 10 Years
Standard Deviation						
TOTAL ETI (W/O CASH)	2.8	2.5	2.6	2.5	2.8	



New York City
Board of Education Retirement System

Appendix

Consolidated Performance Report

Through June 30, 2014



STATE STREET

	Assets (\$MM)	% of Total	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	15 Year
EQUITY MANAGEMENT									
SMALL CAP									
DARUMA -SCC	33.6	0.80	(0.36)	0.79	22.21	12.30			
TOTAL SMALL CAP CORE	33.6	0.80	(0.36)	0.79	22.21	12.30			
RUSSELL 2000			2.05	3.19	23.64	14.57	20.21	8.70	8.01
TOTAL SMALL CAP ACTIVE	33.6	0.80	(0.36)	0.79	22.21	12.30	19.11	6.98	
RUSSELL 2000			2.05	3.19	23.64	14.57	20.21	8.70	8.01
Blackrock R2000 Growth MTA	54.8	1.31	1.73	2.23					
RUSSELL 2000 GROWTH			1.72	2.22	24.73	14.49	20.50	9.04	5.78
Blackrock R2000 Value MTA	53.4	1.28	2.40	4.23					
RUSSELL 2000 VALUE			2.38	4.20	22.54	14.65	19.88	8.24	9.74
TOTAL SMALL CAP PASSIVE	108.2	2.59	2.06	3.21					
TOTAL SMALL CAP	141.8	3.39	1.48	2.63	24.61	13.03	19.57	7.18	
RUSSELL 2000			2.05	3.19	23.64	14.57	20.21	8.70	8.01
MID CAP									
WELLINGTON MID CAP CORE	134.5	3.22	6.94	11.06	32.77	17.53			
TOTAL MID CAP CORE	134.5	3.22	6.94	11.06	32.77	17.53			
S&P 400 MID CAP INDEX			4.33	7.50	25.24	15.26	21.67	10.50	10.02
State St GA S&P 400	77.2	1.85	4.31	7.48	25.16	15.27			
TOTAL MID CAP PASSIVE	77.2	1.85	4.31	7.48	25.16	15.27			
S&P MIDCAP 400			4.33	7.50	25.24	15.26	21.67	10.50	10.02

Consolidated Performance Report

Through June 30, 2014



STATE STREET.

	Assets (\$MM)	% of Total	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	15 Year
TOTAL MID CAP	211.7	5.07	5.97	9.73	29.89	16.69			
RUSSELL MIDCAP			4.97	8.67	26.85	16.09	22.07	10.43	9.11
RUSSELL 1000									
Zevenbergen ACG	81.1	1.94	4.75	4.16	35.70	15.46	21.22	11.04	4.18
TOTAL RUSSELL 1000 GROWTH	81.1	1.94	4.75	4.16	35.70	15.46	19.50	9.39	4.10
RUSSELL 1000 GROWTH			5.13	6.31	26.92	16.26	19.24	8.20	3.07
RUSSELL 3000 GROWTH			4.86	5.98	26.75	16.11	19.34	8.27	3.27
Blackrock R1000 Growth MTA	646.3	15.46	5.11	6.25					
RUSSELL 1000 GROWTH			5.13	6.31	26.92	16.26	19.24	8.20	3.07
Blackrock R1000 Value MTA	635.3	15.20	5.09	8.26					
RUSSELL 1000 VALUE			5.10	8.28	23.81	16.92	19.23	8.03	5.93
TOTAL RUSSELL 1000 PASSIVE	1,281.6	30.67	5.10	7.24					
TOTAL RUSSELL 1000	1,362.7	32.61	5.08	7.05	40.68	21.96	23.04	10.79	4.99
RUSSELL 1000			5.12	7.27	25.35	16.63	19.25	8.19	4.80
PROGRESS MANAGERS									
AFFINITY IA	10.7	0.26	5.01	8.40	28.13				
JOHN HSU -LCC	12.1	0.29	4.81	3.64	28.47	12.80	17.54	9.69	5.20
HERNDON CAPITAL MGMT-LCV	13.1	0.31	3.11	4.53	23.38	14.13	20.12		
HIGH POINTE LLC -LCG	5.5	0.13	5.21	7.34	27.21	17.29			
Lombardia Cap Ptnrs LLC - Small Value	4.0	0.10	3.52	3.81	22.51	15.12	20.71		
Nichols Asset Mgmt - SCG	3.0	0.07	(0.95)	(1.76)	22.35	15.30			
REDWOOD INV -LCG	13.0	0.31	4.56	7.57	32.89	16.43			
SEIZART CAPITAL - MCC	15.2	0.36	3.77	6.50	29.51	19.19			
TOTAL PROGRESS MANAGERS	76.6	1.83	4.02	5.71	27.78	15.79	19.12	8.66	5.81
RUSSELL 3000			4.87	6.94	25.22	16.46	19.33	8.23	5.03

Consolidated Performance Report

Through June 30, 2014



STATE STREET

	Assets (\$MM)	% of Total	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	15 Year
F.I.S. MANAGERS									
Channing Cap Mgmt - SCV	17.1	0.41	2.08	5.00	28.38	17.78			
EUDAIMONIA -MICRO CG	4.5	0.11	(7.51)	(5.88)	18.56	14.28			
Huber Cap Mgmt - SCV	4.5	0.11	5.46	2.80	23.19	22.23			
NICHOLS ASSET MGMT - SCG	11.3	0.27	(0.95)	(1.71)	22.36				
Nicholas Investment Partners - SCG	8.1	0.19	(1.30)	(0.75)	23.45				
Piermont Capital - SCV	13.8	0.33	1.99	3.76	22.46				
Punch & Associates Inv Mgmt - SCC	9.1	0.22	1.04	(0.01)	24.35				
Rice Hall James	8.0	0.19							
TOTAL F.I.S MANAGERS	76.4	1.83	0.43	0.85	22.13	15.45	20.31		
RUSSELL 2000			2.05	3.19	23.64	14.57	20.21	8.70	8.01
TOTAL EMERGING MANAGERS									
TOTAL EMERGING MANAGERS	152.9	3.66	2.20	3.22	24.89	15.73	19.45	8.64	
RUSSELL 3000			4.87	6.94	25.22	16.46	19.33	8.23	5.03
TOTAL ACTIVE DOMESTIC EQUITY									
TOTAL ACTIVE DOMESTIC EQUITY	402.1	9.62	4.03	5.70	29.30	16.86	20.12	8.96	4.08
RUSSELL 2000			2.05	3.19	23.64	14.57	20.21	8.70	8.01
TOTAL PASSIVE DOMESTIC EQUITY									
TOTAL PASSIVE DOMESTIC EQUITY	1,467.0	35.10	4.83	6.93	25.20	16.37	19.27	8.22	5.41
TOTAL DOMESTIC EQUITY	1,869.1	44.72	4.66	6.66	26.06	16.28	19.37	8.37	5.16
RUSSELL 3000			4.87	6.94	25.22	16.46	19.33	8.23	5.03
INTERNATIONAL EQUITY									
DEVELOPED MARKETS									
GROWTH									
Baillie Gifford	354.4	8.48	1.60	0.64	26.44	9.50	15.41		
TOTAL DEVELOPED GROWTH	354.4	8.48	1.60	0.64	26.44	9.50	15.41		
MSCI EAFE GROWTH			3.45	3.56	20.33	7.68	12.22	7.09	3.51

Consolidated Performance Report

Through June 30, 2014



STATE STREET

	Assets (\$MM)	% of Total	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	15 Year
VALUE									
Sprucegrove	322.6	7.72	4.21	6.38	22.45	8.32	13.98		
TOTAL DEVELOPED VALUE	322.6	7.72	4.21	6.38	22.45	8.32	13.98		
MSCI EAFE VALUE			4.73	6.01	26.86	8.46	11.24	6.71	5.53
SMALL CAP									
Acadian	86.5	2.07	3.91	8.93	34.78				
TOTAL DEVELOPED SMALL CAP	86.5	2.07	3.91	8.93	34.78				
S&P EPAC SMALL CAP			2.53	6.43	29.60	9.81	15.20	9.57	8.35
TOTAL ACTIVE DEVELOPED MARKETS	763.6	18.27	2.95	3.91	25.59	9.37	15.01	9.57	6.27
TOTAL DEVELOPED MARKETS	763.6	18.27	2.95	3.91	25.59	9.37	15.01	9.49	6.25
MSCI EAFE NET			4.09	4.78	23.57	8.10	11.77	6.93	4.59
EMERGING MARKETS									
Acadian	195.1	4.67	7.62	8.70	16.26				
TOTAL ACTIVE EMERGING MARKETS	195.1	4.67	7.62	8.70	16.26	(0.19)	9.65	11.71	
MSCI EMERGING MARKETS			6.60	6.14	14.31	(0.39)	9.24	11.94	
TOTAL EMERGING MARKETS	195.1	4.67	7.62	8.70	16.42	(0.10)	9.71	11.74	10.55
MSCI EMERGING MARKETS			6.60	6.14	14.31	(0.39)	9.24	11.94	
TOTAL INTERNATIONAL EQUITY	958.7	22.94	3.87	4.85	23.68	7.44	13.92	9.89	6.94
MSCI AC WORLD ex US			5.03	5.56	21.75	5.73	11.11	7.75	
PRIVATE EQUITY INVESTMENTS									
Apollo Investment Fund VIII, L.P.	0.8	0.02							
Ardian Secondary VI, L.P.	1.7	0.04							
Carlyle Partners VI, L.P.	3.8	0.09							

Consolidated Performance Report

Through June 30, 2014



STATE STREET.

	Assets (\$MM)	% of Total	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	15 Year
CVC Capital Partners VI, L.P.	0.1	0.00							
Landmark Equity Partners XV	2.9	0.07							
New York Fairview Private Equity Fund, L.P.	12.8	0.31							
Mesirow Partnership Fund III LP	48.8	1.17							
Mesirow Partnership Fund IV LP	21.8	0.52							
Mesirow Financial Private Equity V	28.0	0.67							
Platinum Equity Capital Partners III, L.P.	3.5	0.08							
Warburg Pincus XI, L.P.	11.3	0.27							
TOTAL PRIVATE EQUITY	135.6	3.25							
NYC R3000 +3% Lagged									

REAL ASSETS

PRIVATE REAL ESTATE

Blackstone Europe IV	7.5	0.18							
Brookfield Strategic Real Estate Partners L.P.	3.8	0.09							
Emmes Interborough Fund LLC	3.6	0.09							
Franklin Templeton Private Real Estate Fund	12.5	0.30							
Hudson Sandy Manager, LLC	0.6	0.01							
LaSalle US Property Fund	26.9	0.64							
Related Sep Acct	4.4	0.10							
UBS Trumbull Property Fund LP	56.5	1.35							
TOTAL PRIVATE REAL ESTATE	115.8	2.77							
NCREIF NFI-ODCE NET + 1%									

INFRASTRUCTURE

Brookfield Infrastructure Fund II	2.7	0.06							
TOTAL INFRASTRUCTURE	2.7	0.06							
CPI + 4%									

Consolidated Performance Report

Through June 30, 2014



STATE STREET

	Assets (\$MM)	% of Total	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	15 Year
TOTAL REAL ASSETS	118.5	2.84							
TOTAL EQUITY (INCLUDES PRIVATE EQUITY & REAL ASSETS)	3,081.9	73.75	4.70	6.37	24.69	12.82	17.22	8.65	5.52
FIXED INCOME MANAGEMENT									
GOVERNMENT									
State Street - Gov't	91.1	2.18	2.87	6.35	3.97	5.52	5.88	6.31	6.83
TOTAL TREASURY / AGENCY	91.1	2.18	2.87	6.35	3.97	5.52	5.88	6.19	6.71
NYC - TREASURY AGENCY PLUS FIVE			2.94	6.51	3.79	5.57	5.87	6.20	6.74
MORTGAGE									
PIMCO - Mortgage	248.7	5.95	2.46	4.11	4.45	3.34	5.15	5.40	6.09
TOTAL MORTGAGE	248.7	5.95	2.46	4.11	4.45	3.34	5.15	5.40	6.09
CITIGROUP MORTGAGE INDEX			2.41	4.06	4.59	2.79	3.97	5.00	5.53
CREDIT									
Prudential - Credit	135.5	3.24	2.70	5.55	7.63	6.23			
Prudential-Privest - Credit	15.7	0.38	1.85	4.45	5.92				
Taplin Canida Habacht Credit	102.6	2.45	3.26	7.11	9.44	7.38	9.21	5.96	6.94
TOTAL INVESTMENT GRADE CREDIT	253.8	6.07	2.87	6.10	8.24	6.71	8.63	5.68	6.81
NYC - INVESTMENT GRADE CREDIT			2.62	5.40	7.17	5.78	7.44	5.68	6.29
TOTAL STRUCTURED	593.6	14.20	2.70	5.30	5.97	5.12	6.51	5.80	6.55
NYC - CORE PLUS FIVE			2.60	5.08	5.54	4.56	5.64	5.61	6.15
TIPS MANAGERS									
PIMCO TIPS - MTA	141.3	3.38	3.65	5.83	4.44	3.94	5.75		
TOTAL ACTIVE TIPS MANAGERS	141.3	3.38	3.65	5.83	4.44	3.94	5.75		
BARCLAYS CAPITAL US TIPS INDEX			3.81	5.83	4.44	3.55	5.55	5.25	6.67

Consolidated Performance Report

Through June 30, 2014



STATE STREET

	Assets (\$MM)	% of Total	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	15 Year
ENHANCED YIELD									
LOOMIS SAYLES & CO	118.4	2.83	3.39	7.35	14.13	11.38	16.03	10.34	9.17
NYC-LOOMIS (BofA ML-MST II 7-03/BB&B PRIOR)			2.57	5.64	11.80	9.27	13.94	8.91	7.65
SHENKMAN ENHANCED YIELD	98.6	2.36	1.87	4.76	11.59				
TOTAL ENHANCED YIELD	217.0	5.19	2.70	6.16	12.96	9.90	13.99	9.08	7.65
CITIGROUP BB & B			2.27	5.31	10.91	9.15	12.21	7.50	6.66
CITIGROUP BB & B CAPPED			2.26	5.28	10.94	9.10	12.14	7.71	
BANK LOANS									
Babson BL	83.3	1.99	1.20	2.53	6.31				
TOTAL BANK LOANS	83.3	1.99	1.20	2.53	6.31				
CREDIT SUISSE LEVERAGED LOAN INDEX			1.45	2.77	6.11	5.68	8.79	5.03	
ETI									
BOA - PPAR ETI MTA (FNMA)	0.1	0.00	4.38	9.78					
CFSB - PPAR (GNMA)	0.1	0.00	4.16	9.54	12.19	7.76	8.50		
CCD - PPAR (GNMA)	0.3	0.01	5.22	9.84	13.62	10.90	10.39		
CCD - PPAR ETI MTA (FNMA)	0.3	0.01	4.40	9.32					
CPC - PPAR (FNMA)	0.2	0.01	4.43	11.13					
JPMC - PPAR (FNMA)	0.2	0.01	0.58	9.08					
LIIF - PPAR (GNMA)	0.2	0.00	3.34	6.89	10.56	8.12			
LIIF - PPAR ETI MTA (FNMA)	0.2	0.01	20.28	26.22					
NCBCI - PPAR (GNMA)	0.1	0.00	4.47	9.98	17.59	12.23			
NCB-CI PPAR ETI MTA (FNMA)	0.0	0.00	3.91	9.43					
TOTAL PPAR	1.8	0.04	5.27	10.41	13.76	9.86	9.04		
GNMA Plus 65bps			2.46	4.47	5.44	3.46	4.96	5.70	6.21
FNMA Plus 85bps			2.69	4.48	5.30	3.68	4.79	5.88	6.43

Consolidated Performance Report

Through June 30, 2014



STATE STREET.

	Assets (\$MM)	% of Total	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	15 Year
Access RBC	6.7	0.16	2.78	4.44	4.34	3.61	4.68		
Access RBC Benchmark			1.99	3.33	3.55	2.60	3.62		
AFL-CIO Hsg Inv Trust	12.0	0.29	2.40	4.19	4.45	3.60	4.52		
Barclays Aggregate			2.04	3.93	4.37	3.66	4.85	4.93	5.60
TOTAL ETI (W/O CASH)	20.5	0.49	2.72	2.81	3.09	3.21	4.31	5.70	4.73
BERS CUSTOM ETI INDEX			2.06	3.76	4.20	3.37	4.41		
TOTAL FIXED INCOME	1,055.6	25.26	2.70	5.27	7.10	6.14	7.93	6.45	
C/D - Fail Float Earnings	0.1	0.00							
Security Lendings	0.2	0.01							
State Street Short Term	41.3	0.99	0.05	0.09	0.75	0.39	0.51	2.31	
TOTAL BOARD OF EDUCATION	4,179.1	100.00	4.14	6.02	19.47	10.53	14.04	8.01	6.09
Board of Education Policy Benchmark			4.04	6.21	18.30	10.94	13.91	7.71	5.74

Actual and Estimated Fees

Through June 30, 2014



STATE STREET

NEW YORK CITY BERS RETIREMENT SYSTEMS					
ACTUAL FEES FOR FISCAL YEAR ENDING JUNE 30, 2013 AND ESTIMATED FEES FOR FY 2014 UPDATED THROUGH SEPTEMBER 2013					
		Actual 2013		Estimates 2014	
INVESTMENT STYLE (EQUITIES)		MARKET VALUE 06-30-2013 (\$MM)	BASIS POINTS	MARKET VALUE 09-30-2013 (\$MM)	BASIS POINTS
US Equities		1,583	10.16	1,597	12.72
Small Cap Active		28	53.13	31	58.22
Small Cap Growth		-	-	-	-
Small Cap Value		-	-	-	-
Small Cap core		28	53.13	31	58.22
Small Cap Fundamental Index		-	-	-	-
Small/Mid Cap Active		-	-	-	-
Small/Mid Cap Growth		-	-	-	-
Small/Mid Cap Value		-	-	-	-
Mid Cap Active		102	45.11	111	50.00
Mid Cap Growth		-	-	-	-
Mid Cap Value		-	-	-	-
Mid Cap core		102	45.11	111	50.00
Large Cap Active		160	14.34	74	22.19
Large Cap Growth		60	19.93	74	22.19
Large Cap Value		100	10.98	-	-
Large Cap Core		-	-	-	-
Large Cap Fundamental Index		-	-	-	-
Active Emerging Managers (U.S. Equities)		123	60.37	135	80.18
Total US Active Equities		411	38.26	350	56.47
Total US Passive Equities		1,172	0.30	1,247	0.43
Opportunistic / Environmental US E. Strategies		-	-	-	-
International Equities		765	21.90	868	27.35
Active EAFE Equities		608	23.79	690	24.79
Growth		280	28.28	328	25.90
Value		263	23.17	290	21.29
Core		-	-	-	-
Small Cap		64	6.72	73	33.70
Opportunistic/Environmental-Non US E. Strategies		-	-	-	-
Active Emerging Markets		131	15.78	177	37.30
Total Int'l Active Equities		739	22.37	868	27.35
Total Int'l Passive Equities		27	8.72	-	-
REITS Passive Index		-	-	-	-

Actual and Estimated Fees

Through June 30, 2014



STATE STREET

NEW YORK CITY BERS RETIREMENT SYSTEMS					
ACTUAL FEES FOR FISCAL YEAR ENDING JUNE 30, 2013 AND					
ESTIMATED FEES FOR FY 2014 UPDATED THROUGH SEPTEMBER 2013					
		Actual 2013		Estimates 2014	
INVESTMENT STYLE (FIXED INCOME)		MARKET VALUE 06-30-2013 (\$MM)	BASIS POINTS	MARKET VALUE 09-30-2013 (\$MM)	BASIS POINTS
Fixed Income		1,021	15.05	1,051	15.17
Structured Program		560	9.80	563	7.90
Government Sector		88	5.16	87	5.00
Mortgage Sector		238	13.69	240	8.81
Investment Grade Credit Sector		235	7.57	236	8.04
Global Fixed Income		-	-	-	-
Progress Fixed Emerging Managers		-	-	-	-
TIPS		135	12.62	136	10.00
Active TIPS		135	12.62	136	10.00
Passive TIPS		-	-	-	-
Opportunistic Fixed Income		-	-	-	-
Enhanced Yield		193	27.86	198	33.95
Bank Loans		78	28.27	79	35.44
Convertible Bonds		-	-	-	-
ETI - Access - RBC		3	27.49	4	26.79
ETI - AFL-CIO HIT		11	42.67	11	44.00
Other ETI Programs		1	-	1	-
In-House Short Term		38	0.00	57	0.00
Total Public Markets		3,369	14.31	3,515	17.06
INVESTMENT STYLE (PRIVATE)					
Hedge Funds		-	-	-	-
Private Equity Investments *		105	146.80	114	148.60
Real Assets		29	127.65	37	150.42
Private Real Estate		29	127.65	36	114.34
Infrastructure**		-	-	1	86.88
Total Private Markets		134	142.66	151	149.04
Total Overall		3,503	19.23	3,666	22.48
* Private Equity Investments exclude GP CARRY					
** Included investment held for less than a full year; Basis Points shown represent average for the period.					

Securities Lending Income

Through June 30, 2014



STATE STREET.

NYC BOARD OF EDUCATION RETIREMENT SYSTEM SECURITIES LENDING INCOME June 30, 2014

	<u>U.S. FIXED INCOME</u>	<u>U.S. EQUITY</u>	<u>INTERNATIONAL 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	349,000	1,325,000	446,000	
2014 (6 Months)	139,000	248,000	523,000	
Since Inception	<u>\$8,294,000</u>	<u>\$12,414,000</u>	<u>\$4,993,000</u>	*Inception 4/89

Through June 30, 2014



- 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.



General Notes

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

Page Specific

Page 14 - Portfolio Asset Allocation

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

Pages 16 - 18 - 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. Allocation is 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 results in a positive Allocation Effect and vice versa.
- **Selection 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, e.g., *If the manager's Actual Returns are higher than the Implied Return there will be a positive Selection Effect.*

- **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, or 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 * 42.26%*

*International Developed (EAFE) Markets: MSCI EAFE * 17.00%*



*Emerging Markets: MSCI Emerging Markets * 5.00%*

*Private Equity: Russell 3000 + 300 b.p. per annum * 2.91%*

*Private Real Estate: NFI - ODCE Net+100BPS * 2.83%*

*Domestic Fixed Income: NYC Core +5 * 17.00%*

*TIPS: Lehman U.S. TIPS * 5.00%*

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

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

Page 19 – Allocation and Selection Effects - Asset Class Breakdown

- This chart aims to break down the Allocation and Selection Effects 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 44 – ETI Returns vs Custom Index

- Targeted has implemented a Custom Benchmark to better track the performance of the individual Targeted 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% Merrill Lynch 30 yr Mortgage Index and 40% Merrill Lynch US Treasury 1-10 yr Index