



New York City
Board of Education Retirement System
Performance Overview as of December 31, 2014

Total Fund Overview



New York City Board of Education Retirement System

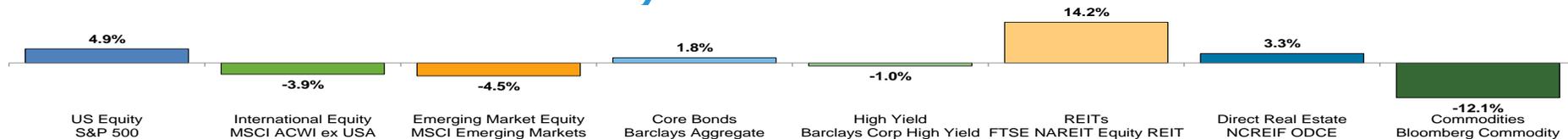
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Through December 31, 2014

Market Commentary



Market Themes

- The fourth quarter of 2014 was marked by a profound shift in market views of the strength and durability of the global economic recovery. While economic data remained positive in the US, they deteriorated abroad. An accompanying collapse in oil prices reinforced a downward spiral in government bond yields and inflation in most major economies.
- The US experience continued equity market strength in Q4 and a drop in interest rates to levels not seen since early 2013 (when quantitative easing was in full swing). While low interest rates are generally contrary to an improving economy and widespread expectations for a 2015 rate hike, low inflation and increased purchases of Treasuries by foreign investors (motivated by low local yields and a strengthening US dollar) boosted Treasuries and depressed interest rates.
- Market participants drew parallels to the "conundrum" described in 2005 by then Fed Chair Alan Greenspan who faced low long-term interest rates despite continued interest rate hikes. Of course, the current Fed has yet to tighten rates, and also maintains the ability to unwind its \$4 trillion+ balance sheet built up through quantitative easing measures.
- Advance estimates for Q4 GDP came in at 2.6%, slightly below consensus expectations of 3.0%. This follows a strong 5.0% reading for Q3. Labor market data indicated improvement as the unemployment rate declined to 5.6% at year end, and payrolls grew by a monthly average of 289,000 in Q4.
- Inflation approached deflationary levels as CPI grew only 0.80% during calendar 2014. A 40% decline in oil prices during Q4 was an important factor, triggered by signs of decreasing global demand, increased supply from US producers, and inaction on the part of OPEC to support pricing.
- Elsewhere however, the growth outlook became darker. In Europe, growth for Q3 was anemic at 0.9% (annualized). More worrying still, the Eurozone slipped into deflation with prices falling 0.2% over 2014.
- In Japan, as growth struggled to recover from the impact of the hike in sales taxes earlier in the year, Prime Minister Shinzo Abe was re-elected following a snap general election called in mid-December. It remains to be seen how much life remains in the "third arrow" of fiscal reform and consolidation.
- Conditions across most of Asia remained robust with GDP in China, although slowing, still growing at more than 7% a year and GDP in India growing by 5.3% for the year ending-September, better in both cases than the more gloomy forecasts earlier in the year.

Domestic Equity



- The **S&P 500** managed to end the year on a strong note, despite a continued uptick in volatility, and returned 4.9% in Q4.
- Utilities was the best performing sector for the quarter and gained 13.2% due to the decline in interest rates. Energy was again the weakest sector due to the continued collapse in energy prices and lost -10.7% for the quarter.

- Sector performance was varied for the calendar year period. Utilities led with a 29% return, followed by health care and technology at 25% and 20%, respectively. Energy was the sole sector to produce losses (-7.7%).

International Equity

- **International Equity** returns were again largely influenced by currency fluctuations. The MSCI ACWI ex US Index declined -3.9% during the quarter in dollar terms but actually gained 1.2% in local currency terms. Both the euro and Japanese yen declined against the dollar. Both the ECB and BOJ contemplated continued monetary easing measures, while the Federal Reserve was focused on its exit strategy.
- Nearly all developed market equities experienced losses during the quarter in USD terms. German equity losses were confined to less than 1%, while Japan and France lost -2.4% and -5.8%, respectively. The volatile tertiary euro zone market produced double digit losses. Norway also produced notable weakness (-25%) given the reliance of its economy on energy prices.

Emerging Market Equities

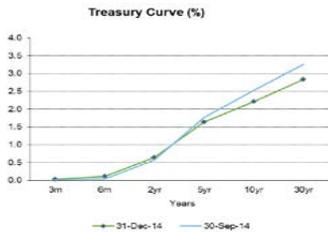
- Investor appetite for **Emerging Market Equities** was subdued during Q4, as the strong US dollar and falling oil prices proved a challenge to many.
- Russia was the worst performing of the emerging markets over the quarter and declined nearly 50% in USD terms during the year. The combination of economic sanctions and declining energy prices took their toll.





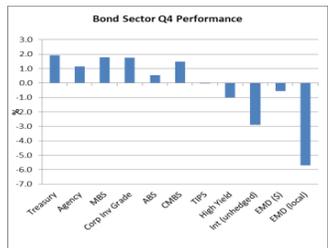
Through December 31, 2014

Market Commentary



Bond Markets – Interest Rates

- Interest rates tumbled in mid October on signs of economic slowing. Although volatility seemed to have been exacerbated by thin market conditions, interest rates maintained a lower bias for the remainder of the quarter. The short-end of the curve ticked higher in anticipation of tighter monetary policy, but the yield on the 10-Year Treasury Note declined to 2.2%.



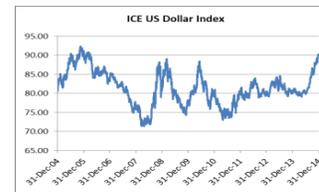
Bond Markets – Sectors

- The **Barclays Aggregate Index** returned 1.8% for the quarter. The bond market exhibited flight-to-quality characteristics as Treasuries and investment-grade credit produced comparable gains. The former returned 1.9%, while credit returned 1.8%. Larger discrepancies were seen in non-benchmark sectors, such as TIPS (0%) and high yield (-1%). Benign inflation drove the former, while the combination of flight-to-quality and energy-sector weakness played a role in the latter.

- Long duration sectors outperformed as longer rates reverted lower to levels not seen since mid-2013 prior to the announced end of quantitative easing. The Barclays Long Gov/Credit returned 5.6% for the quarter. This is compared to an 8.2% increase in the Citigroup Pension Liability Index.

Global Bond Markets

- The general risk aversion pervading in markets, together with increased bond purchases announced by the BoJ, continuing progress towards QE by the ECB, and the concerns around Greece, all resulted in a strong close for key sovereign bond markets.
- In Europe, while ECB President Draghi prepared to use unconventional tools (i.e., sovereign bond purchases) to spark economic activity and stave off deflation, the ECB Board was disunited over the issue. However, yields across Europe traded lower towards the end of the year on anticipation that a sovereign bond buying program would be coming to the markets. By the end of the year, eight European countries had negative yields on 2-year bonds. 10-year German bund yields fell from 0.95% at the start of the quarter to end the year at a then record low of 0.54%.
- Japanese bond yields have rallied since the BoJ expanded its asset purchase program and, 10-year yields fell from 0.53% at the start of the quarter to 0.33%.

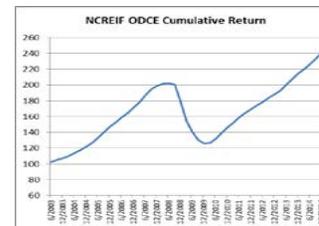


Currency

- The **US dollar** strengthened relative to the euro, Japanese yen, and the British pound. Weak growth figures weighed on foreign currencies versus the dollar. Increased foreign monetary easing was also a factor, including an announced expansion of such activities in Japan and the anticipation of such in Europe were also important factors.

Commodities

- Gold** prices fell back slightly over the quarter but held up much better than many commodities. Pressure from weak oil prices and gains in the US dollar were partially offset by demand from investors worried about tensions in Russia and political uncertainty in the Eurozone.
- Meanwhile **copper** prices also declined sharply over the period on concerns that a supply surplus would hit the market next year as Chinese economic growth expectations are being revised down.
- A collapse in **oil** prices was the key headline of the quarter, dropping in response to weakening global demand and slowing emerging market growth, exacerbated by sustained oversupply from the US, Russia, and OPEC.



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 a preliminary 3.3% (gross) during the quarter. 200 basis points were derived from capital appreciation and the remainder from income. As of Q3, leverage in the index stood at 22%.
- In contrast to direct real estate, the **FTSE NAREIT Equity REIT Index** gained a sizable 14.2%, apparently in sympathy to falling interest rates, and residential issues produced the highest returns. Manufactured housing, multi-family, and hotels returned 21%, 16%, and 16%, respectively.



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

Asset Allocation

- At December 31, 2014, the Board of Education Retirement System (BERS) Total Portfolio was \$4.2 billion versus \$4.1 billion for September 30.
- The overall allocation is 71% equity (including Real Estate and Private Equity) and 29% fixed income versus a target allocation of 70% equity and 30% fixed income. Within the equity portfolio, the Plan is overweighted to US equity by approximately 7%, offsetting a combined underweight of approximately 6% in private equity and real estate (these underweights will be gradually reduced as these asset classes are slowly built up). Accounting for the public/private equity allocation, the Fund's broader asset allocation remains within allowable ranges.

Manager Issues

- During Q4, the PIMCO was terminated as MBS manager and assets were transitioned to BlackRock.



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

Total Fund Performance

- The Total Plan returned 2.1% in the quarter versus 1.6% for the benchmark, placing the Plan in the 28th percentile versus its Public Master Trusts > \$ 1 billion Universe. For the year, the Total Plan returned 6.6% versus 6.8% for the benchmark and placed at the 61st percentile. The Total Plan return over the trailing five- and ten-year periods are ahead of benchmark and ranked near the top quartile of its universe.
- Outperformance for the quarter was driven by outperformance among international equity managers, including Baillie Gifford (developed) and Acadian (emerging markets). For the year, general underperformance by the Fund's active US equity managers weighed on relative return.

U.S. Equity

- For the quarter, Total Domestic Equity returned 5.2%, roughly in line with the return of the Russell 3000 Index. Total active equity returned 5.7% for the quarter. Although most of the managers underperformed, the allocation to small-cap emerging managers helped offset individual manager underperformance. For the year, Total Domestic Equity returned 11.3% versus 12.5% for the Russell 3000. Active equity returned 6.7%. Wellington is the only manager to finish ahead of benchmark for the year, while Daruma lagged by the most.
- **Wellington** underperformed for the quarter, but outperformed for the year. The portfolio's quarterly and annual returns were 5.1% and 11.6% respectively, versus 6.3% and 9.8% for the S&P Midcap 400 Index. For the quarter, an overweight in energy detracted as oil and gas prices continued their fall. Stock selection in information technology and financials also detracted. An overweight in health care and stock selection in health care and industrials contributed, with strong results posted by Robert Half International, Alkermes, Incyte, and Cubist Pharmaceuticals. For the year, the health care holdings did very well, stock selection in industrials was strong, and stock selection in IT detracted. At the end of 2014, the portfolio maintained an overweight to health care, industrials, and information technology, and an underweight to financials, materials, consumer discretionary, and utilities.



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

U.S. Equity (continued)

- **Daruma** had a tough quarter and year. The portfolio returned 6.6% during the 4th quarter, underperforming the 9.7% return of its Russell 2000 benchmark. Performance for 2014 was also behind, with a return of -1.4% versus 4.9% for the index. Most of the underperformance for the 4th quarter was booked in October, when the portfolio did not keep up with the market's sharp rebound (4.7% vs. 6.6%). Daruma's 20% underweight to financials hurt as this sector outperformed during the quarter, further dragged down by the poor performance of the portfolio's 2 financial stocks, Texas Capital Bancshares and WEX. On a returns basis, Daruma only outperformed in 2 sectors, energy and technology. The portfolio's 2014 relative performance was hurt by an underweight to technology as well as dismal performance in the technology and consumer discretionary sectors. The top 10 stocks comprise 35% of the portfolio. New purchases include H.B. Fuller and On Assignment, and recent sales include Armstrong World Industries, Microsemi, and Interface.



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

U.S. Equity (continued)

- **Progress** returned 3.7% for the quarter versus 5.2% for its Russell 3000 benchmark. For the year, Progress is behind, 8.4% versus 12.6%. The five-year record remains slightly behind the benchmark, 14.8% versus 15.6%.
- **FIS** returned 8.4% during the quarter versus 9.7% for its Russell 2000 Index benchmark. FIS is behind for the year, 2.6% versus 4.9%. FIS maintains outperformance versus benchmark over the trailing three- and five-year periods.

International Equity

- The Total Developed Market portfolio outperformed the MSCI EAFE (net dividend) Index during the quarter, -2.3% versus -3.6%, and this was mainly due to underperformance by Sprucegrove. Within emerging markets, Acadian outperformed. Total Developed Market held a slight lead versus benchmark for the year, -4.8% versus -4.9%, and still maintains outperformance over the trailing three- and five-year time periods. Acadian emerging markets substantially outperformed its benchmark for the year.
- **Baillie Gifford** outperformed during the quarter, returning -0.9% compared to -3.6% for the MSCI EAFE (net) Index. For the year, the portfolio underperformed, -6.4% versus -4.9%. 2014 ended dramatically, with markets impacted by cyber terrorism, the currency collapse in Russia, and a plunge in oil prices. Like the broad market, the fund experienced difficulty across the board. 9 out of 10 sectors generated negative returns, with consumer discretionary posting the only positive return for the quarter. Baidu.com and Fiat Chrysler Automobiles were the top performers for the year, while Softbank Corp and Rolls-Royce were the worst performers. The end of 2014 was a fertile period for new holdings – the portfolio participated in the IPOs of Rocket Internet, the Berlin-based incubator of e-commerce businesses targeted at emerging consumers, and China's Alibaba.



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

International Equity (continued)

- **Sprucegrove** returned -3.3% in the quarter versus -3.6% for the MSCI EAFE (net), and led for the year, -3.0% versus -4.9%. The portfolio's outperformance was due to stock selection in the industrials, health care, and a combination of stock selection and an overweight position in information technology. A sharp decline in the price of crude oil created an opportunity to add to several of the holdings in the energy sector during the quarter on weakness. The top 10 holdings accounted for 23.5% of the portfolio. During the 4th quarter, Spectris was added and there were no eliminations. Relative to the index, the fund had notably higher exposures to information technology, energy, industrials, and materials and lower exposures to consumer staples, health care, telecommunication services and financials.
- **Acadian** returned -4.4% for the quarter compared to -1.9% for the S&P EPAC Small Cap Index. For the trailing year, the portfolio also underperformed, returning -4.6% versus -3.1%. Most of the underperformance was due to stock selection. Country allocations also contributed slightly. Key sources of negative active return included a combination of stock selection and an underweight to the UK, stock selection in Germany, and an opportunistic exposure to Canada. Underweight positions in Korea and Spain proved more successful, as did an opportunistic exposure to Taiwan. At year end, the portfolio's emerging markets exposure was 13%. The portfolio held 823 stocks.



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

Emerging Markets

- **Acadian** outperformed for the quarter, -2.6% versus -4.5% for the MSCI Emerging Markets Index, and also led for 2014, 4.1% versus -2.2%. The outperformance was attributable to an underweight in Russia, stock selection in Brazil, and a combination of stock selection and a market underweight in Malaysia. Less successful investments included stock selection in South Africa, a combination of stock selection and an overweight position in Thailand, and a market underweight to China. The quantitatively-managed portfolio held 423 stocks as of quarter end (compared to 444 at the previous quarter and 834 for the benchmark). While not specifically a value equity style portfolio, it exhibited many such characteristics including lower valuation metrics versus benchmark (P/E of 11.0x versus 13.2x). The market capitalization was also tilted smaller compared to the benchmark with a weighted average of \$40 billion compared to \$48 billion for the benchmark.



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

Fixed Income – Structured Manager Composite

- The Total Structured Portfolio returned 1.9% for the quarter, slightly outperforming its NYC Core + 5 Index return of 2.2%, and this was due to underperformance within the MBS allocation. The Total Structured Portfolio performance for the year is in line with benchmark at 7.7%. Outperformance within credit offset underperformance within MBS and governments.
- **Taplin Canida** (credit) returned 1.3 % during the quarter versus 1.6% for the customized Citigroup Credit Index. The portfolio also leads for the trailing year, 8.8% versus 7.0%. Taplin found support in Q4 in yield curve positioning and the overweight to longer dated credit securities benefited as the yield curve flattened. Quality selection detracted from performance during the quarter as higher quality securities outperformed.
- **Prudential** (credit) returned 1.6% during the quarter, in line with the return of the customized Citigroup Credit Index. For the year, Prudential returned 7.3% versus 7.0% for the index.
- **PRIVEST** (credit) returned 1.9%, ahead of the 1.6% benchmark return. The portfolio outperformed in 2014, returning 7.3% versus 6.0%. Management attributed the quarter's outperformance to relative public spread widening as well as the portfolio's yield advantage and gains derived from optional prepayment activity. Annual credit migration included 19 upgrades and 15 downgrades. In 2014, PRIVEST invested \$697.5 million at a weighted average spread, coupon, credit quality and average life of 171 basis points, 4.11%, BBB+, and 11.10 years respectively. PRIVEST received \$214.0 million in optional prepayments during the year, resulting in market value gains of \$11.6 million.



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

Fixed Income – Structured Manager Composite (continued)

- **SSgA** (governments) returned 4.5% for the quarter, inline with that of its benchmark. For the year, SSGA returned 12.3%, which was about 10 basis points behind benchmark.
- **NYC BERS Mortgages** returned 1.3% for the quarter versus 1.8% for the Citigroup Mortgage Index. For the year the portfolio returned 5.8% versus 6.1% for the benchmark. PIMCO was terminated as MBS manager for NYCBERS and assets were transitioned to BlackRock. Commentary will commence following its first full quarter with NYCBERS.

Fixed Income - TIPS

- **PIMCO** returned -.2% versus 0% for the Barclays Capital US TIPS Index. For the year, PIMCO returned 3.4%, just behind the 3.6% return for the benchmark.



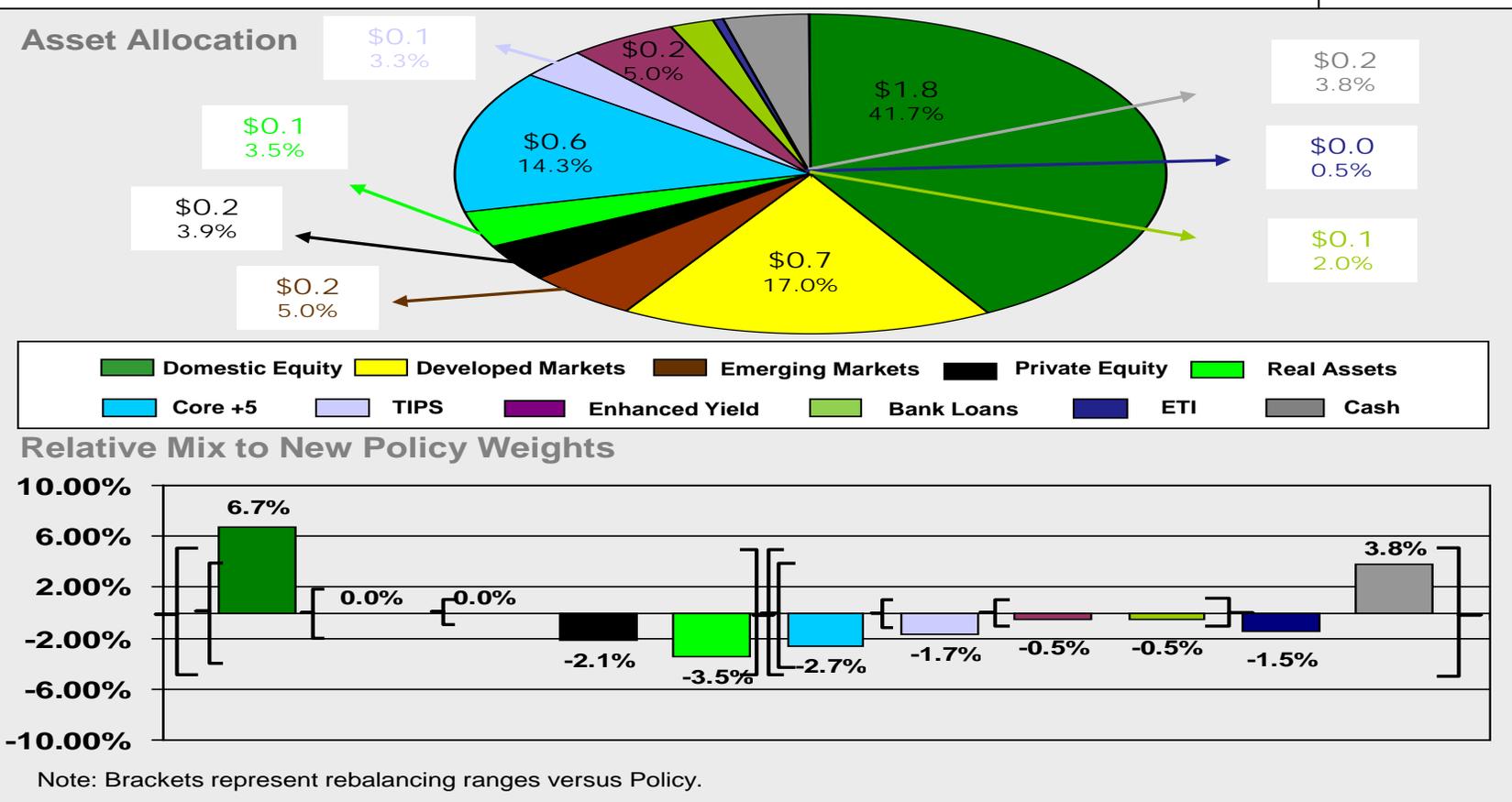
City of New York Board of Education Retirement System Pension Fund Summary

Enhanced Yield Fixed Income

- Total High Yield returned -1.1% for the quarter, lagging the -0.8% return of the Citigroup BB & B Index. Outperformance by Shenkman was offset by lagging returns from Loomis Sayles. Bank loans slightly outperformed their benchmark. Both high yield and bank loans beat their benchmark for the year.
- **Loomis Sayles** returned -2.2% for the quarter versus -1.1% for the Merrill Lynch High Yield Master II Index. The portfolio continues to lead its benchmark for the trailing year, 3.2% versus 2.5%. An underweight in high-yield compared to benchmark helped relative return, but this was offset by a non-benchmark allocation to convertibles that hurt. Allocation to the latter remained unchanged at 9% of assets. Duration was 6.6 years as of quarter end, compared to 6.7 years for the benchmark. Average credit quality is B1, which is in line with the benchmark.
- **Shenkman** returned 0.2%, outperforming the -0.8% return for its Citigroup BB & B Index benchmark. For the trailing year, the portfolio remains ahead of benchmark, 3.0% versus 2.8%. 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 3.5 years, up from 3.4 last quarter. In terms of industry positioning, the combination of poor security selection and an underweight in finance hurt relative return. Average credit quality remained at B2/B+.
- **Babson** returned -0.1% during the quarter, outperforming the -0.4% return of the Credit Suisse Leveraged Loan Index. Performance for the quarter is explained by the lack of portfolio exposure to TXU Energy, which Babson has avoided due to their bankrupt status. The portfolio's exposure to the financial sector (more than double the index) also added to performance.



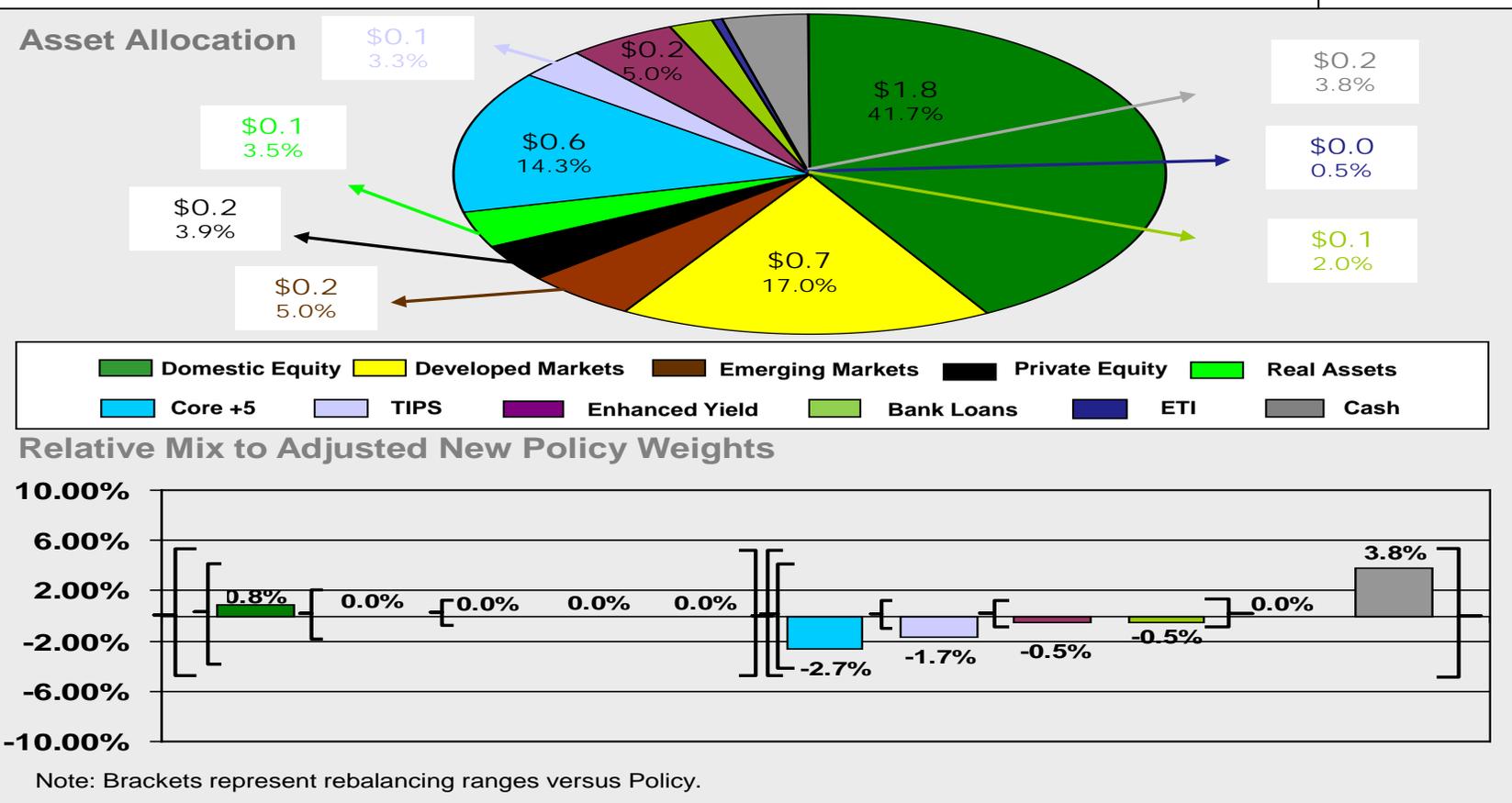
\$4.2B Under Management



Prepared by State Street Investment Analytics



\$4.2B Under Management



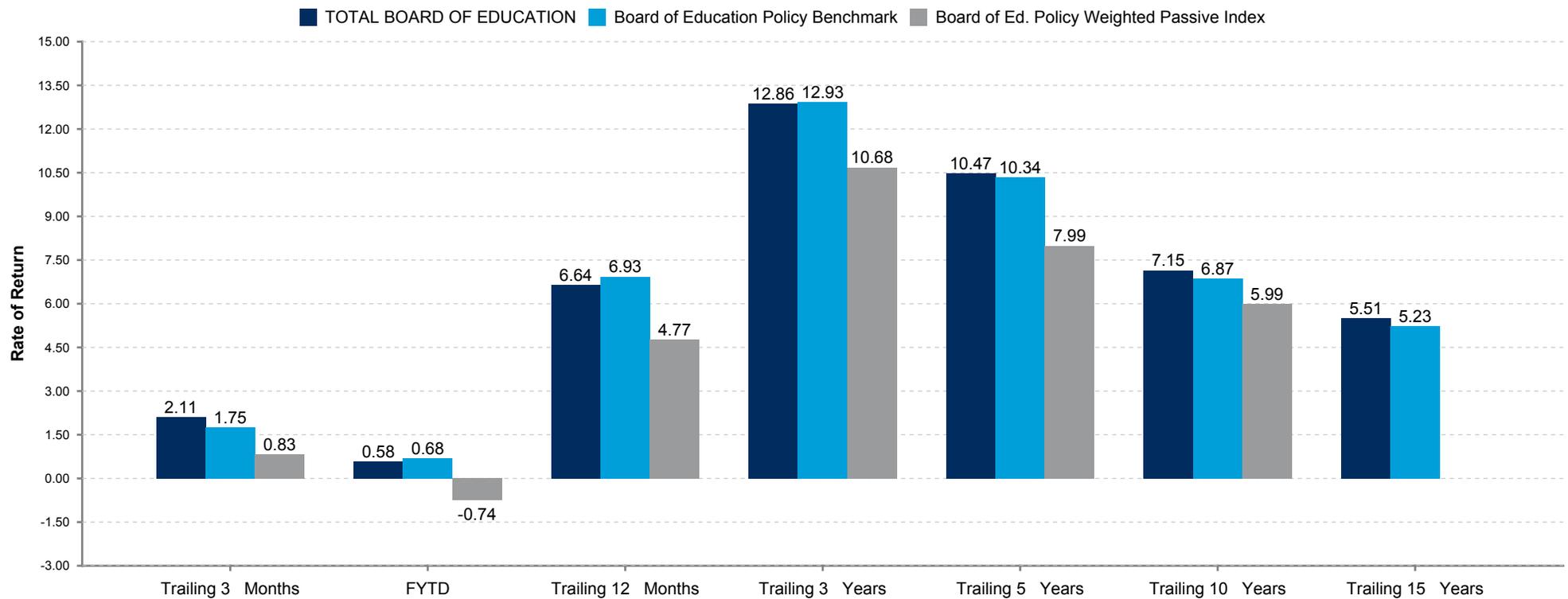
Prepared by State Street Investment Analytics



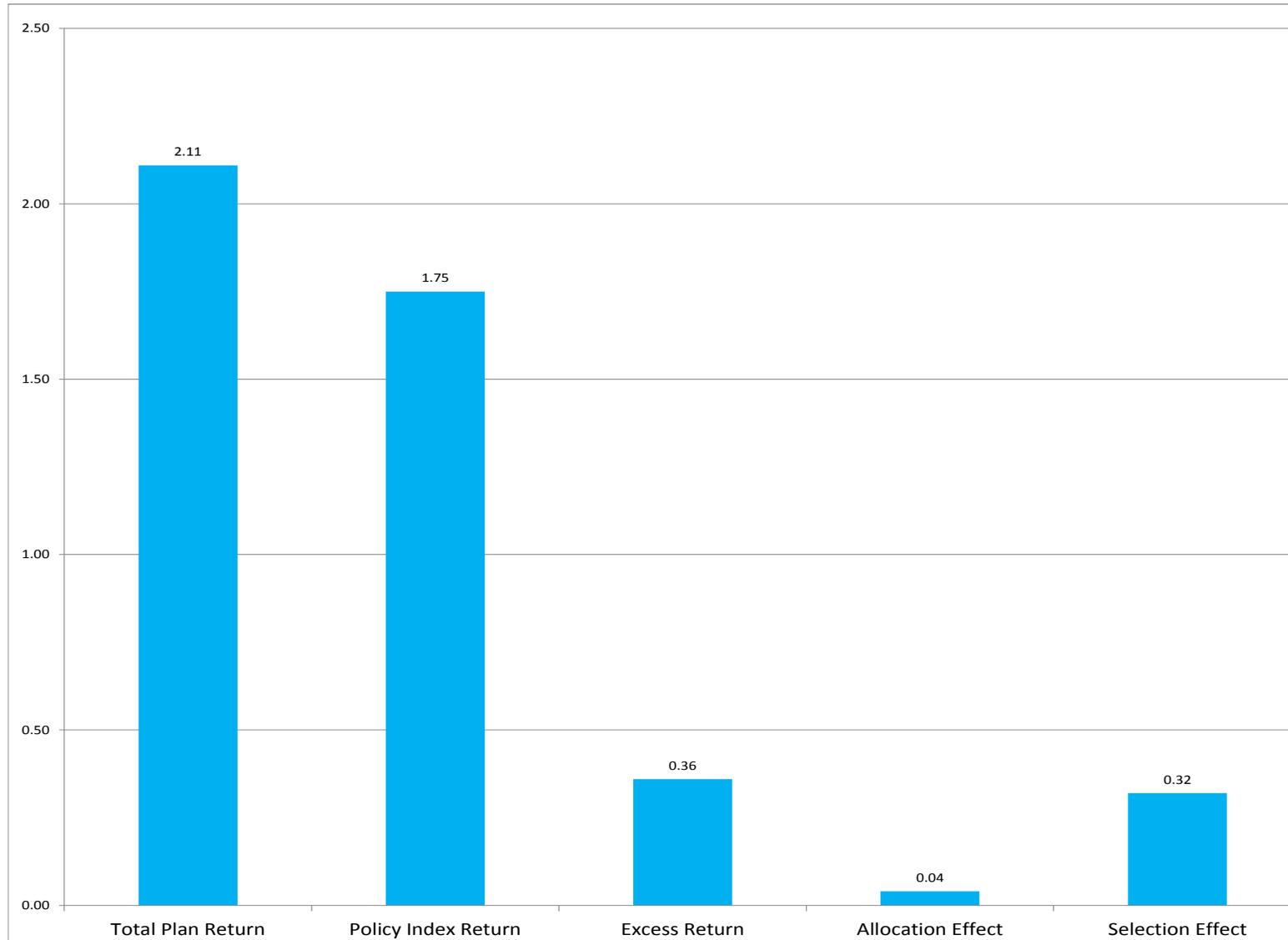
TOTAL BOARD OF EDUCATION

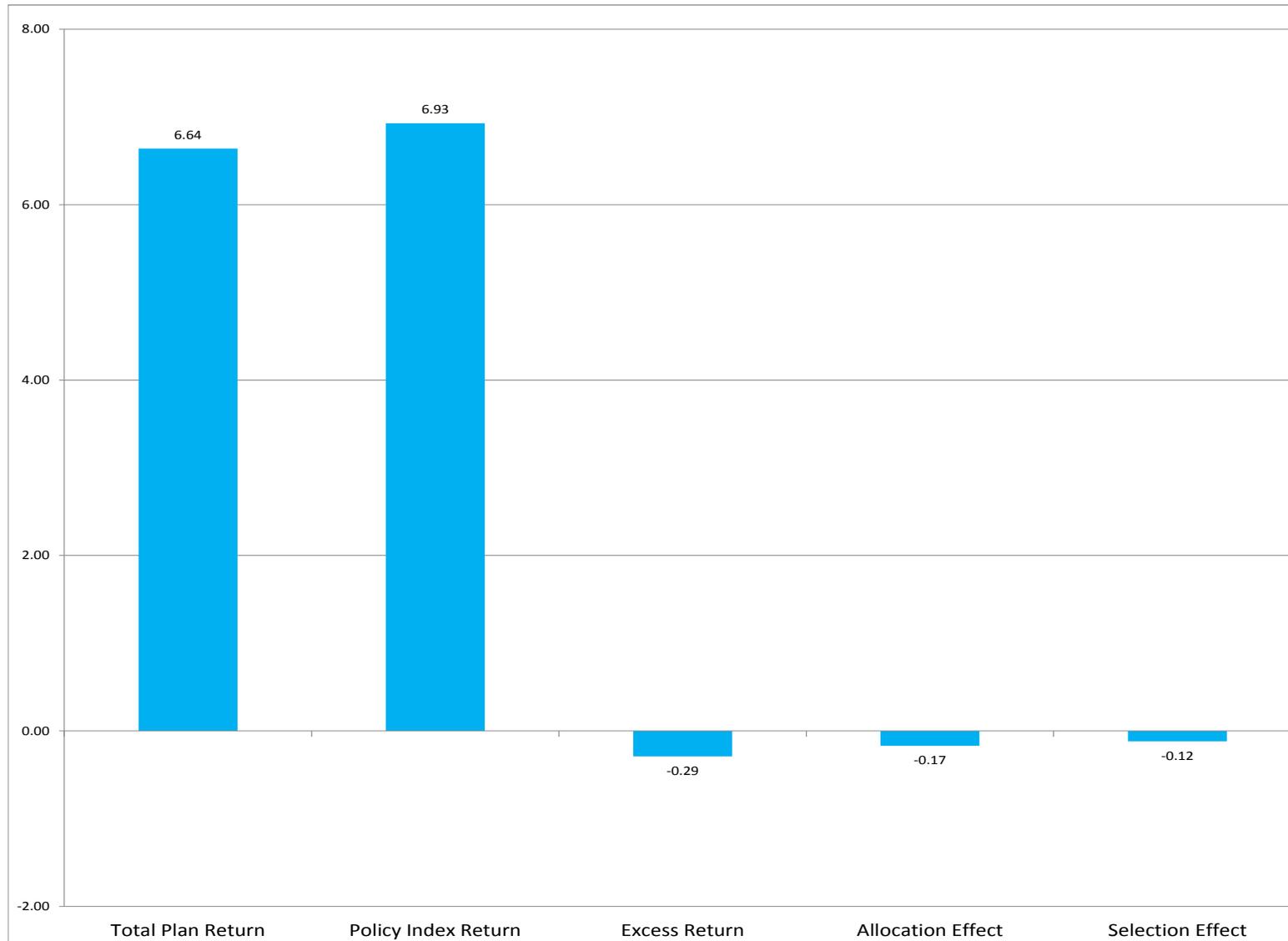
Market Value (Billions)

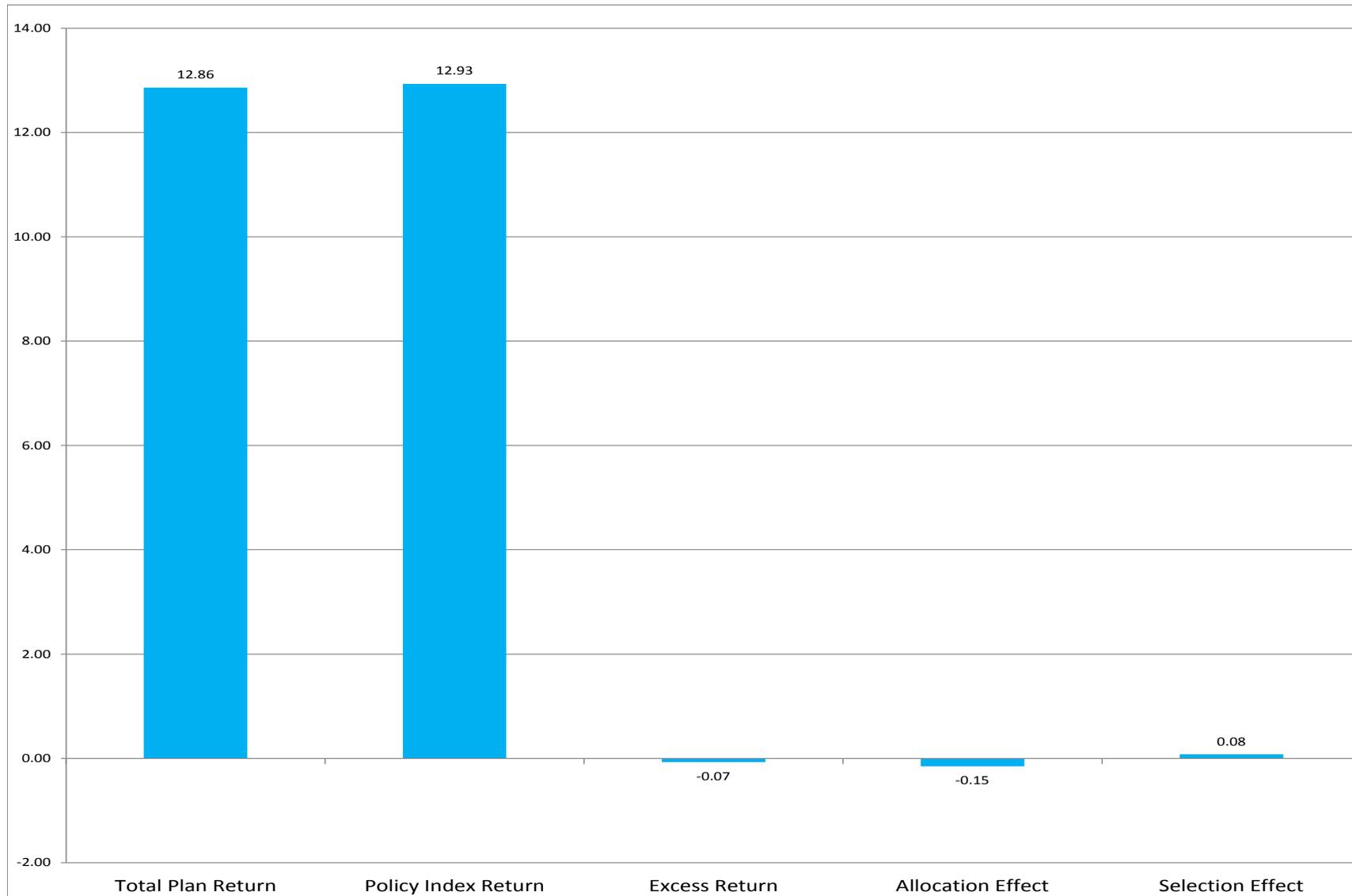
\$4.2



	Plan 3 Years	Benchmark 3 Years	Plan 5 Years	Benchmark 5 Years	Plan 10 Years	Benchmark 10 Years
Standard Deviation						
TOTAL BOARD OF EDUCATION	7.1	7.0	10.5	9.8	11.1	11.5









Allocation Effect - Asset Class Breakdown

	<u>Quarter</u>	<u>12 Months</u>	<u>3 Years</u>	<u>Benchmark</u>
TOTAL BOARD OF EDUCATION	0.04	-0.17	-0.15	Board of Education Policy Benchmark
TOTAL DOMESTIC EQUITY	0.05	0.06	-0.05	RUSSELL 3000
TOTAL DEVELOPED EQUITY	-0.02	-0.10	-0.08	MSCI EAFE NET
TOTAL EMERGING MARKETS	-0.01	-0.05	0.02	MSCI EMERGING MARKETS
TOTAL PRIVATE EQUITY	0.00	0.01	0.00	NYC R3000 +3% Lagged
TOTAL PRIVATE REAL ESTATE	0.00	0.01	0.00	NCREIF NFI-ODCE NET + 1%
TOTAL INFRASTRUCTURE	0.00	0.00	0.00	CPI + 4%
TOTAL STRUCTURED	-0.01	-0.04	0.04	NYC - CORE PLUS FIVE
TOTAL ACTIVE TIPS MANAGERS	0.03	0.04	0.10	BARCLAYS U.S TIPS INDEX
TOTAL HIGH YIELD	0.01	0.01	-0.01	CITIGROUP BB & B
TOTAL BANK LOANS	0.01	0.02	0.02	CSFB LEVERAGED LOAN INDEX
TOTAL CASH	-0.04	-0.10	-0.29	

Selection Effect - Asset Class Breakdown

	<u>Quarter</u>	<u>12 Months</u>	<u>3 Years</u>	<u>Benchmark</u>
TOTAL BOARD OF EDUCATION	0.32	-0.12	0.08	Board of Education Policy Benchmark
TOTAL DOMESTIC EQUITY	-0.01	-0.50	0.07	RUSSELL 3000
TOTAL DEVELOPED EQUITY	0.22	0.00	0.09	MSCI EAFE NET
TOTAL EMERGING MARKETS	0.10	0.31	0.07	MSCI EMERGING MARKETS
TOTAL PRIVATE EQUITY	0.09	0.04	-0.08	NYC R3000 +3% Lagged
TOTAL PRIVATE REAL ESTATE	-0.02	-0.04	-0.01	NCREIF NFI-ODCE NET + 1%
TOTAL INFRASTRUCTURE	0.00	0.00	0.00	CPI + 4%
TOTAL STRUCTURED	-0.05	0.00	0.06	NYC - CORE PLUS FIVE
TOTAL ACTIVE TIPS MANAGERS	-0.01	-0.01	0.00	BARCLAYS U.S TIPS INDEX
TOTAL HIGH YIELD	-0.02	0.02	0.05	CITIGROUP BB & B
TOTAL BANK LOANS	0.00	0.01	0.00	CSFB LEVERAGED LOAN INDEX
TOTAL CASH	0.00	0.00	0.01	

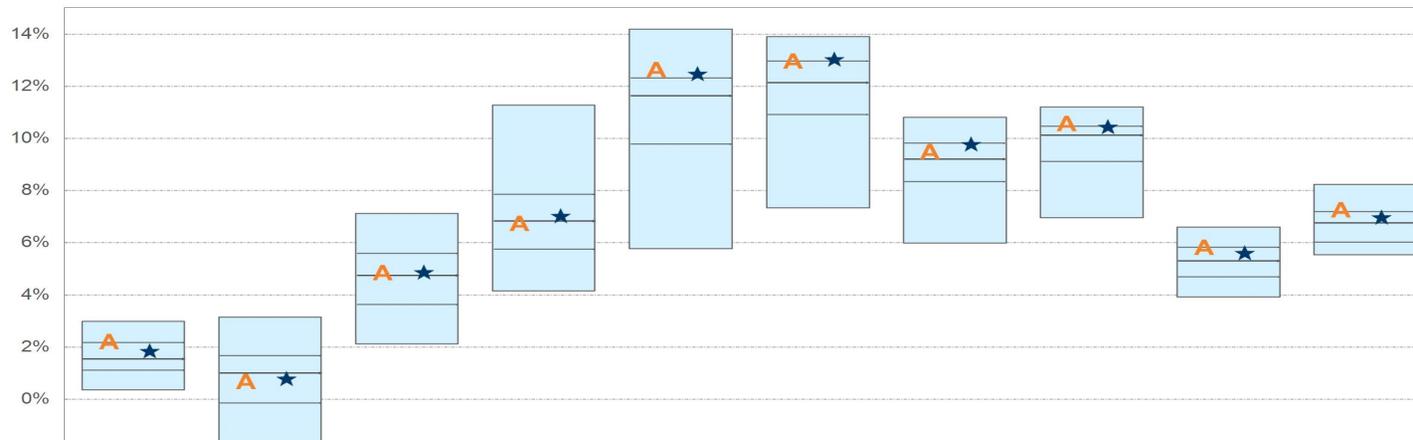


Through December 31, 2014



City of New York Performance Comparison

Total Returns of Master Trusts - Public : Plans > \$1 Billion
Cumulative Periods Ending : December 31, 2014

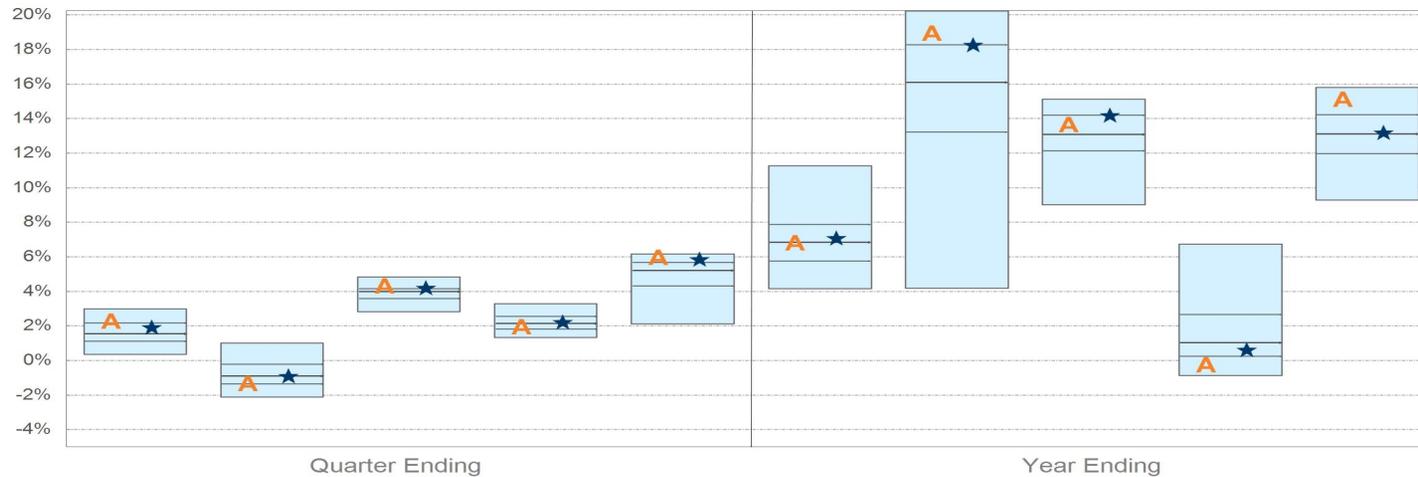


Percentile Rankings	1 Qtr	2 Qtrs	3 Qtrs	1 Year	2 Years	3 Years	4 Years	5 Years	7 Years	10 Years
5th	2.99	3.14	7.13	11.27	14.19	13.91	10.81	11.21	6.60	8.24
25th	2.17	1.67	5.60	7.86	12.32	12.96	9.82	10.47	5.83	7.19
50th	1.55	1.01	4.75	6.84	11.64	12.14	9.20	10.13	5.30	6.77
75th	1.12	-0.15	3.64	5.75	9.79	10.92	8.35	9.12	4.70	6.02
95th	0.35	-1.71	2.13	4.15	5.78	7.34	5.98	6.96	3.92	5.54
No. Of Obs	60	60	60	60	60	59	58	56	56	53
A Total System - BOE	2.11 (28)	0.58 (56)	4.75 (50)	6.64 (61)	12.54 (23)	12.86 (28)	9.38 (41)	10.47 (26)	5.71 (26)	7.15 (26)
★ Board of Ed Policy Ben	1.75 (46)	0.68 (51)	4.76 (48)	6.93 (45)	12.37 (23)	12.93 (26)	9.68 (26)	10.34 (35)	5.51 (35)	6.87 (40)

Wilshire Trust Universe Comparison Service® (TUCS®)



**City of New York
Performance Comparison**
Total Returns of Master Trusts - Public : Plans > \$1 Billion
Consecutive Time Periods: December 31, 2014



Percentile Rankings	Dec 14	Sep 14	Jun 14	Mar 14	Dec 13	Dec 14	Dec 13	Dec 12	Dec 11	Dec 10
5th	2.99	0.99	4.83	3.27	6.15	11.27	20.23	15.13	6.72	15.79
25th	2.17	-0.21	4.14	2.55	5.68	7.86	18.28	14.21	2.65	14.24
50th	1.55	-0.90	3.98	2.15	5.20	6.84	16.10	13.09	1.04	13.11
75th	1.12	-1.37	3.58	1.81	4.31	5.75	13.23	12.15	0.25	11.97
95th	0.35	-2.11	2.81	1.34	2.12	4.15	4.17	9.02	-0.88	9.28
No. Of Obs	60	60	60	60	60	60	60	59	58	56
A Total System - BOE	2.11 (28)	-1.49 (80)	4.14 (25)	1.80 (78)	5.82 (18)	6.64 (61)	18.78 (18)	13.50 (31)	-0.42 (87)	14.95 (13)
★ Board of Ed Policy Ben	1.75 (46)	-1.05 (55)	4.05 (40)	2.07 (53)	5.69 (21)	6.93 (45)	18.10 (26)	14.05 (25)	0.47 (64)	13.04 (50)

Wilshire Trust Universe Comparison Service® (TUCS®)



**New York City
Board of Education Retirement System**

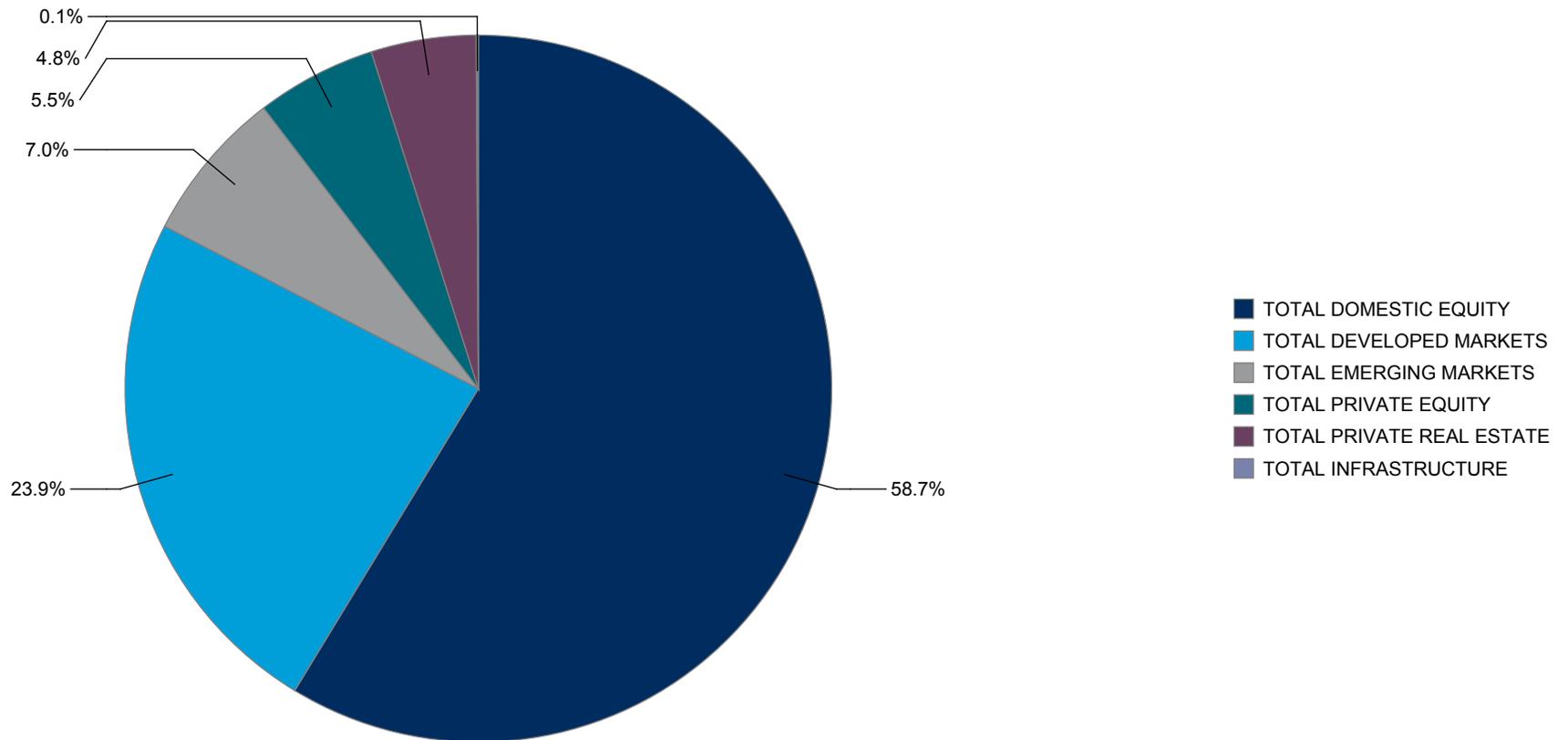
Equity Analysis

Total Equity Asset Allocation: December 31, 2014



STATE STREET

	<u>Market Value (Billions)</u>	<u>% of Plan</u>
TOTAL EQUITY	\$3.0	71.1

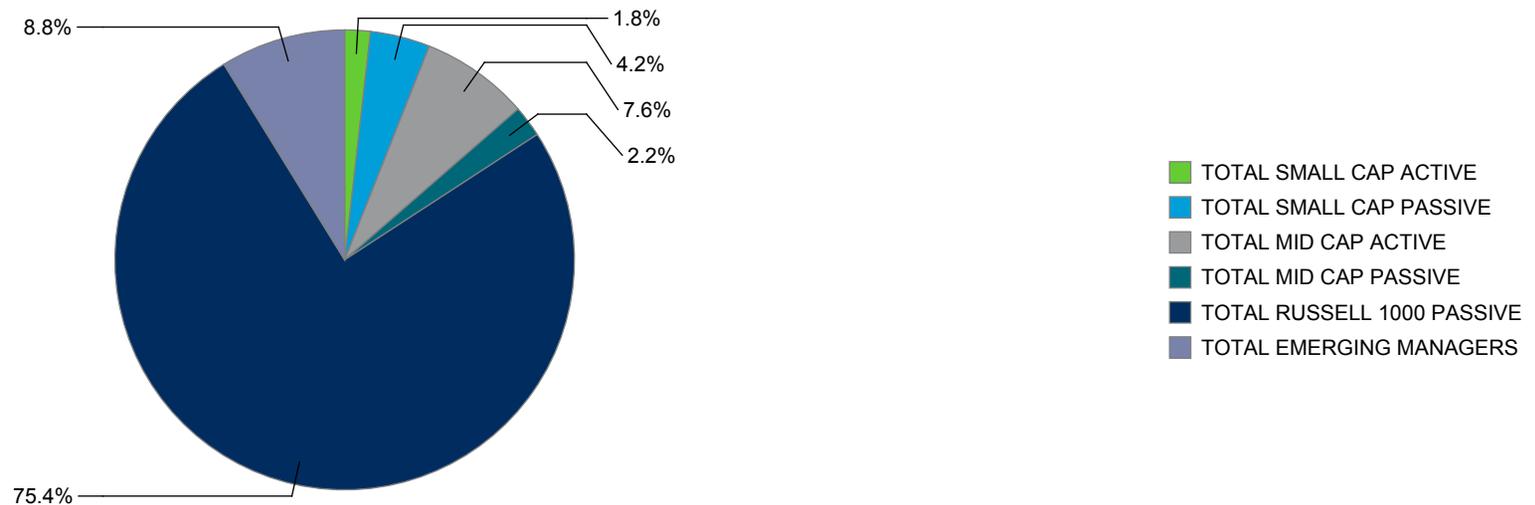


Total Domestic Equity Asset Allocations: December 31, 2014



STATE STREET

	<u>Market Value (Billions)</u>	<u>% of Plan</u>
TOTAL DOMESTIC EQUITY	\$1.8	41.7



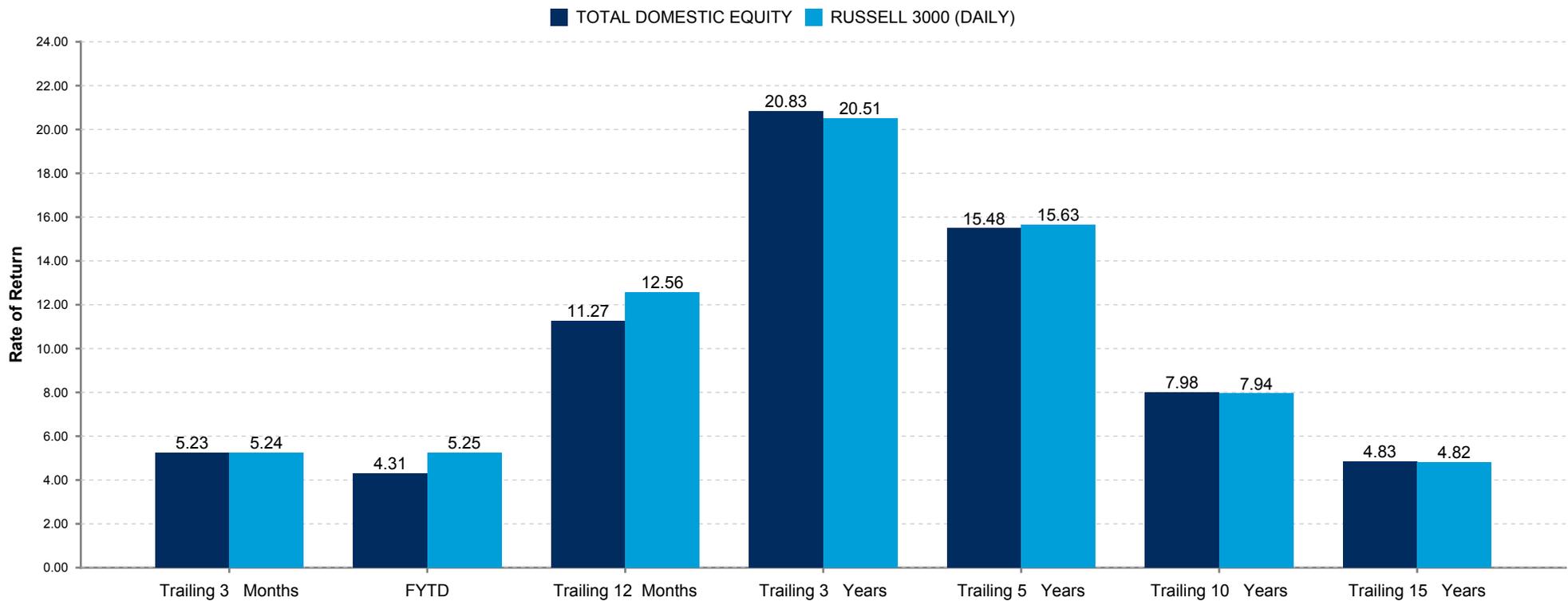
Sub Sector	Policy Weight	Actual Weight	Under/Over Weight	Index Return	Actual Return	Difference
TOTAL SMALL CAP ACTIVE	2.83	1.84	-0.99	9.73	6.64	-3.09
TOTAL SMALL CAP PASSIVE	5.39	4.18	-1.21	9.73	9.59	-0.14
TOTAL MID CAP ACTIVE	7.25	7.63	0.38	5.94	5.07	-0.87
TOTAL MID CAP PASSIVE	3.75	2.16	-1.59	6.35	6.28	-0.07
TOTAL RUSSELL 1000 ACTIVE	11.25	0.00	-11.25	4.88		-4.88
TOTAL RUSSELL 1000 PASSIVE	62.03	75.35	13.32	4.88	4.80	-0.08
TOTAL EMERGING MANAGERS	7.50	8.84	1.34	5.24	5.98	0.74

Total Domestic Equity Returns vs Russell 3000 Index: December 31, 2014



STATE STREET.

	<u>Market Value (Billions)</u>	<u>% of Plan</u>
TOTAL DOMESTIC EQUITY	\$1.8	41.7



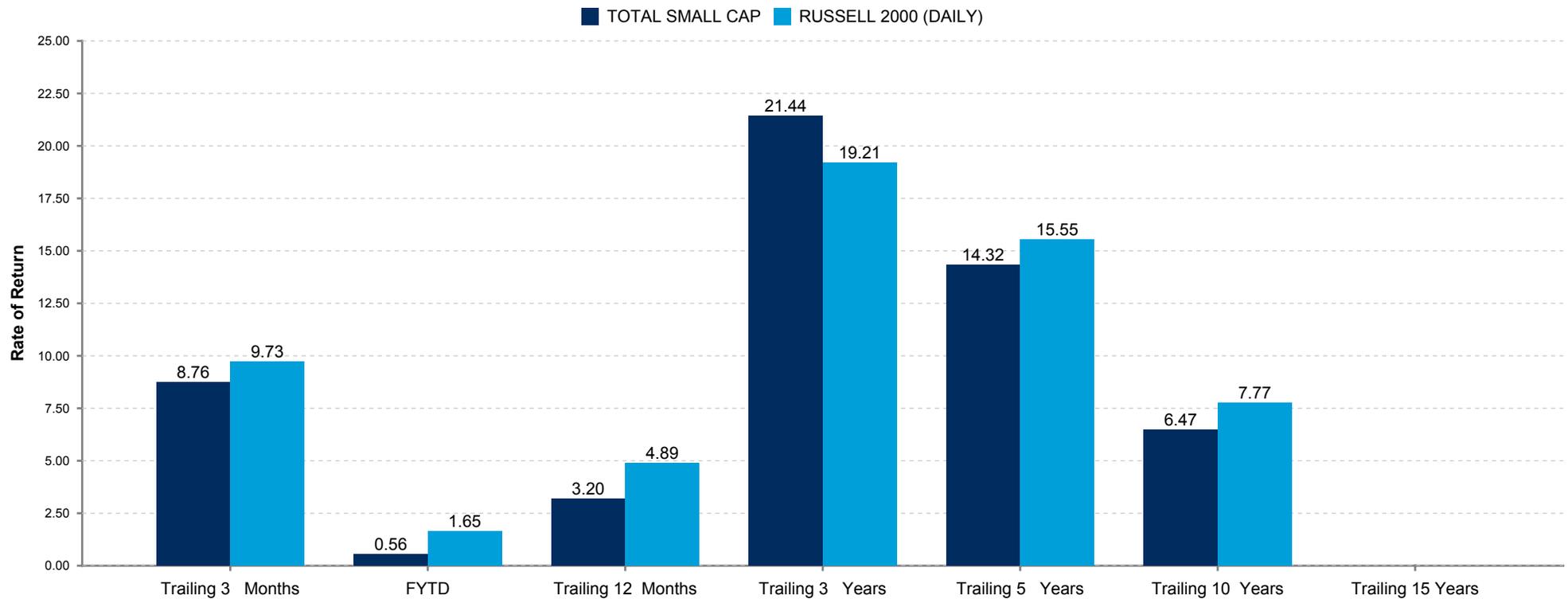
	Plan 3 Years	Benchmark 3 Years	Plan 5 Years	Benchmark 5 Years	Plan 10 Years	Benchmark 10 Years
Standard Deviation						
TOTAL DOMESTIC EQUITY	9.9	9.4	14.0	13.6	15.5	15.3

Small Cap Returns vs Russell 2000 Index: December 31, 2014



STATE STREET

	Market Value (Millions)	% of Plan
TOTAL SMALL CAP	\$106.5	2.5



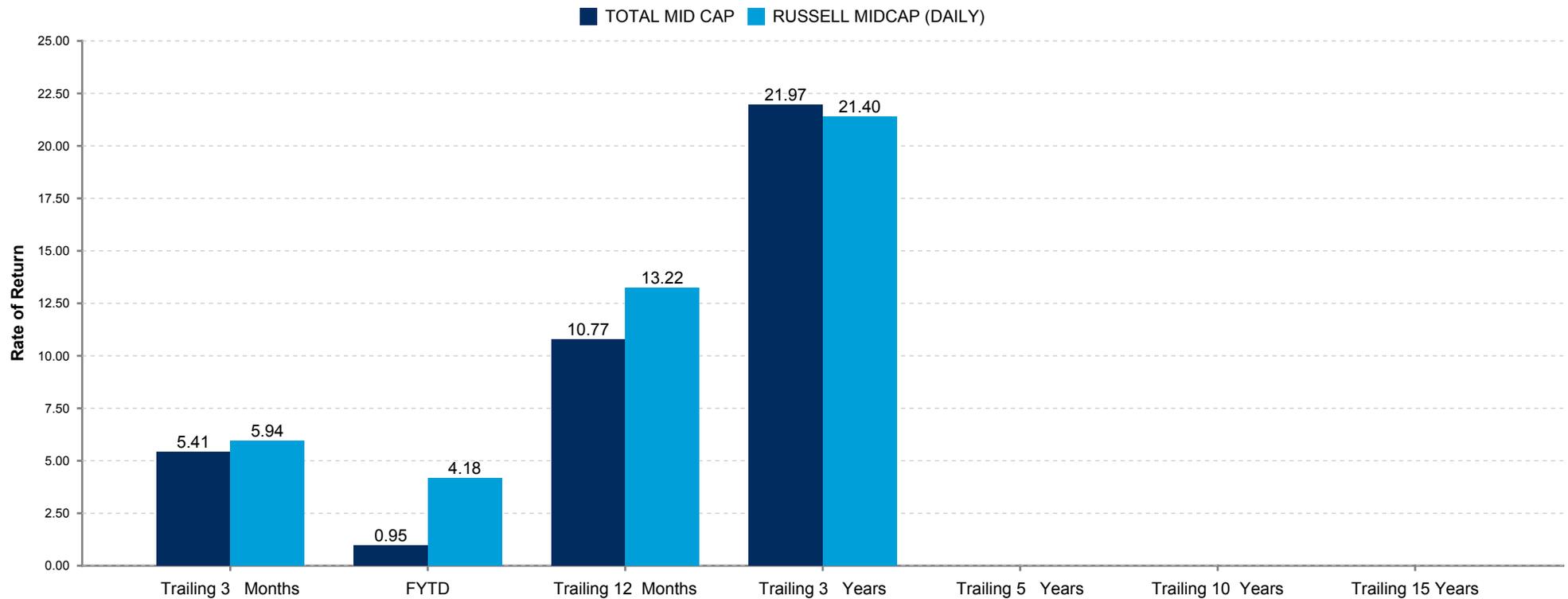
	Plan 3 Years	Benchmark 3 Years	Plan 5 Years	Benchmark 5 Years	Plan 10 Years	Benchmark 10 Years
Standard Deviation						
TOTAL SMALL CAP	13.6	13.3	18.8	18.0	19.3	19.8

Mid Cap Returns vs Russell MidCap Index: December 31, 2014



STATE STREET.

	<u>Market Value (Millions)</u>	<u>% of Plan</u>
TOTAL MID CAP	\$173.3	4.1



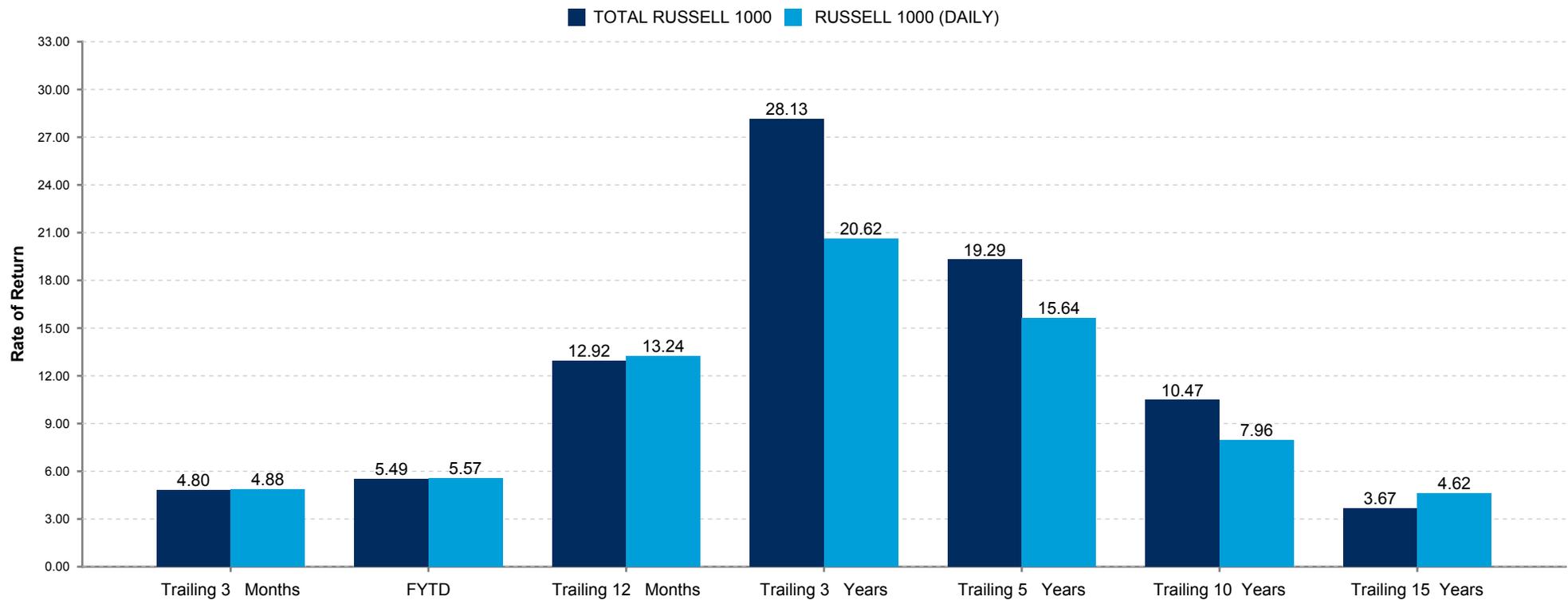
	Plan 3 Years	Benchmark 3 Years	Plan 5 Years	Benchmark 5 Years	Plan 10 Years	Benchmark 10 Years
Standard Deviation						
TOTAL MID CAP	11.4	10.3				

Russell 1000 Returns vs Russell 1000 Index: December 31, 2014



STATE STREET

	<u>Market Value (Billions)</u>	<u>% of Plan</u>
TOTAL RUSSELL 1000	\$1.3	31.4



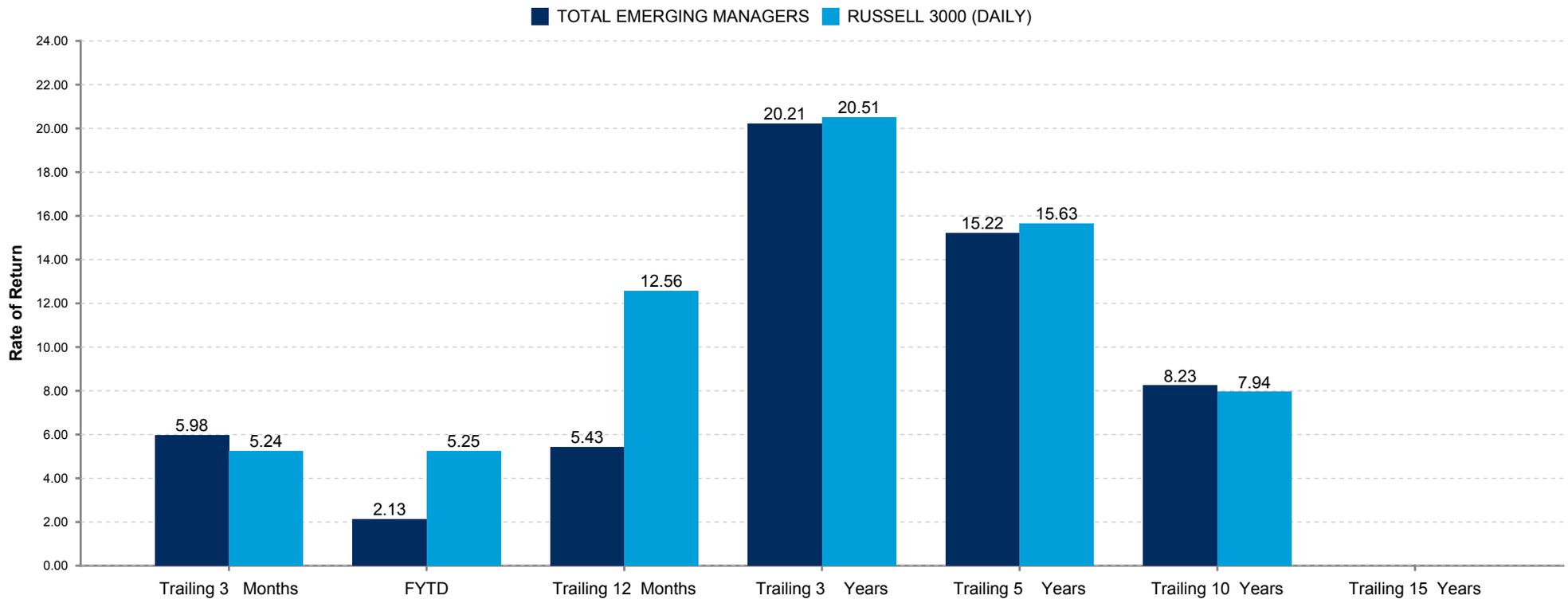
	Plan 3 Years	Benchmark 3 Years	Plan 5 Years	Benchmark 5 Years	Plan 10 Years	Benchmark 10 Years
Standard Deviation						
TOTAL RUSSELL 1000	11.9	9.2	15.1	13.3	15.9	15.0

Emerging Managers Returns vs Russell 3000 Index: December 31, 2014



STATE STREET

	Market Value (Millions)	% of Plan
TOTAL EMERGING MANAGERS	\$156.2	3.7



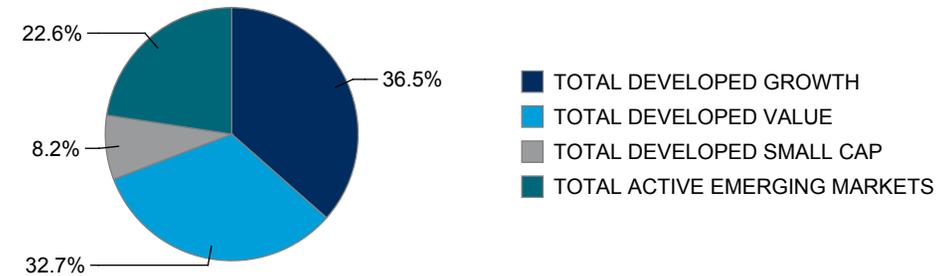
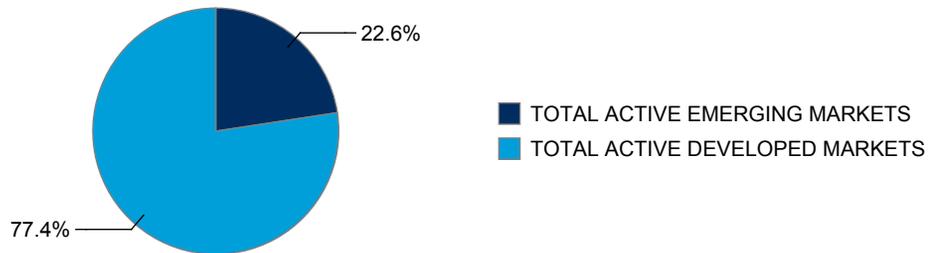
	Plan 3 Years	Benchmark 3 Years	Plan 5 Years	Benchmark 5 Years	Plan 10 Years	Benchmark 10 Years
Standard Deviation						
TOTAL EMERGING MANAGERS	11.5	9.4	15.3	13.6	16.4	15.3

International Equity Asset Allocation: December 31, 2014



STATE STREET

	<u>Market Value (Millions)</u>	<u>% of Plan</u>
TOTAL INTERNATIONAL EQUITY	\$929.3	21.9



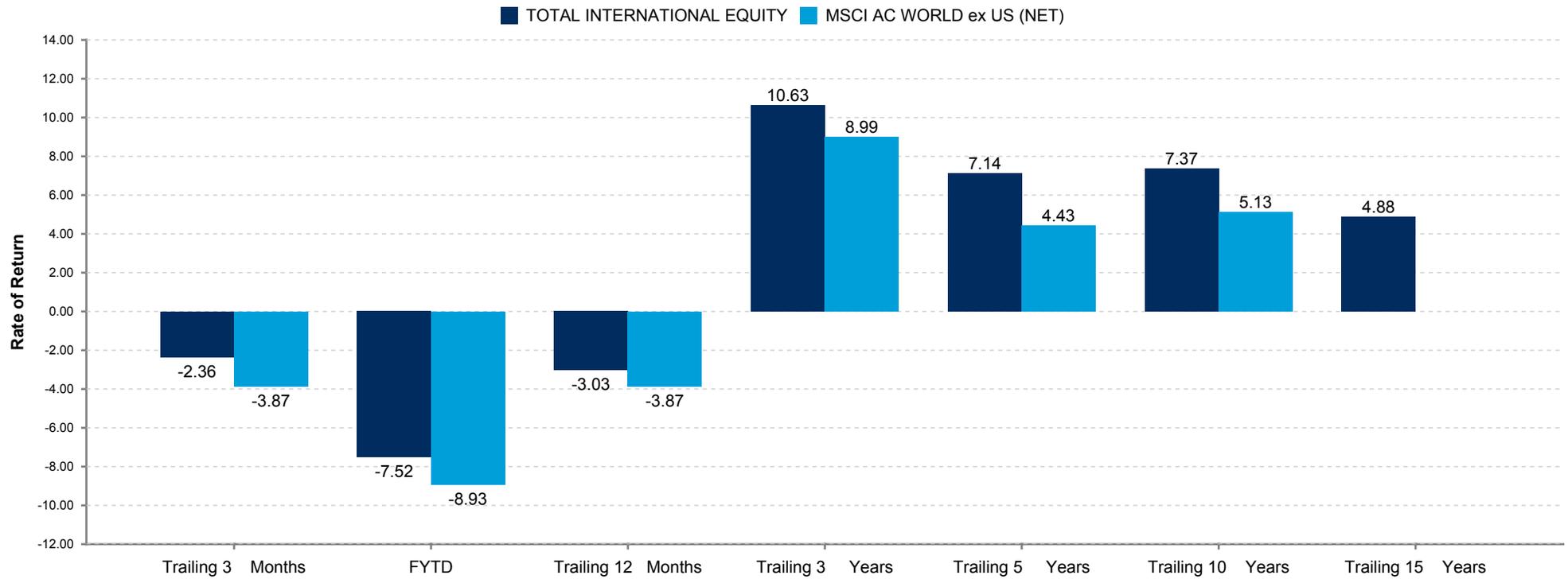
	<u>Asset Weight</u>	<u>Quarterly Returns - Fund and Benchmark</u>		
		<u>Fund</u>	<u>Benchmark</u>	<u>Excess</u>
TOTAL DEVELOPED GROWTH	36.48	(0.87)	(2.29)	1.42
TOTAL DEVELOPED VALUE	32.72	(3.28)	(4.85)	1.57
TOTAL DEVELOPED SMALL CAP	8.16	(4.44)	(1.89)	(2.55)
TOTAL ACTIVE EMERGING MARKETS	22.64	(2.60)	(4.50)	1.90
TOTAL INTERNATIONAL EQUITY	100.00	(2.36)	(3.87)	1.50

Total International Returns vs MSCI AC World ex US Net Index: December 31, 2014



STATE STREET

	Market Value (Millions)	% of Plan
TOTAL INTERNATIONAL EQUITY	\$929.3	21.9



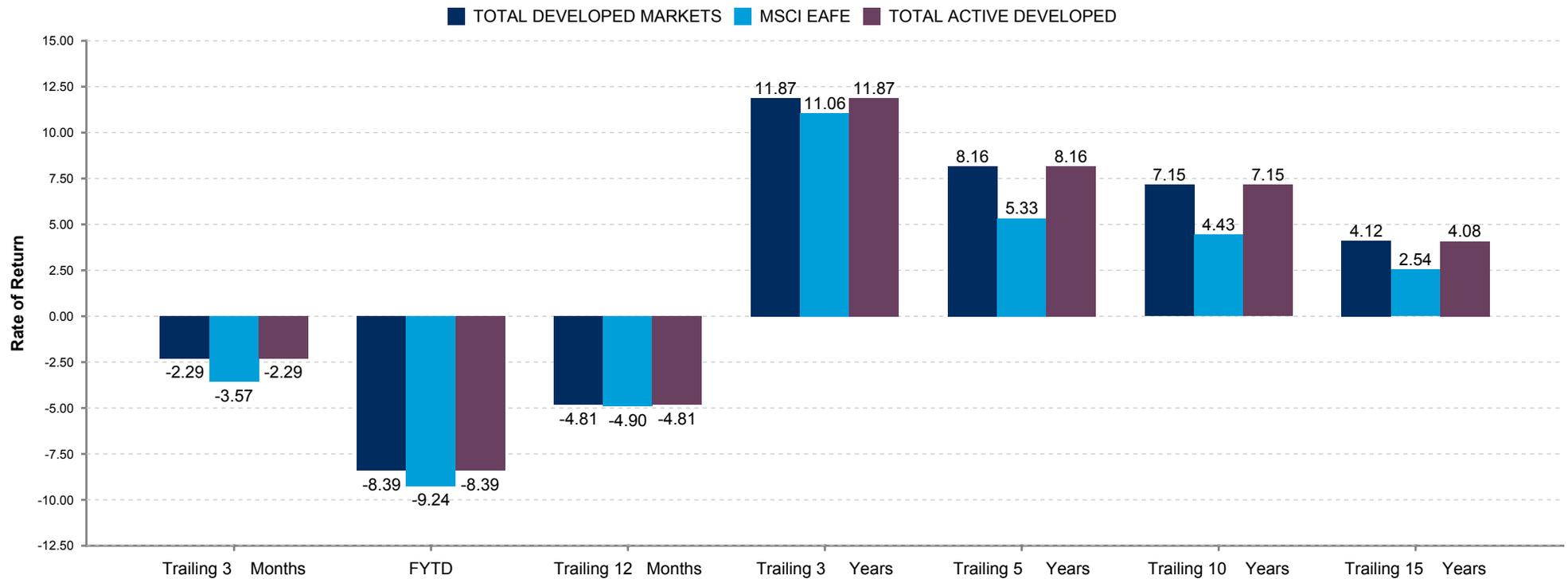
	Plan 3 Years	Benchmark 3 Years	Plan 5 Years	Benchmark 5 Years	Plan 10 Years	Benchmark 10 Years
Standard Deviation						
TOTAL INTERNATIONAL EQUITY	12.9	13.0	16.9	16.5	19.0	18.8

Developed Markets Returns vs MSCI EAFE Index: December 31, 2014



STATE STREET

	Market Value (Millions)	% of Plan
TOTAL DEVELOPED MARKETS	\$718.8	17.0



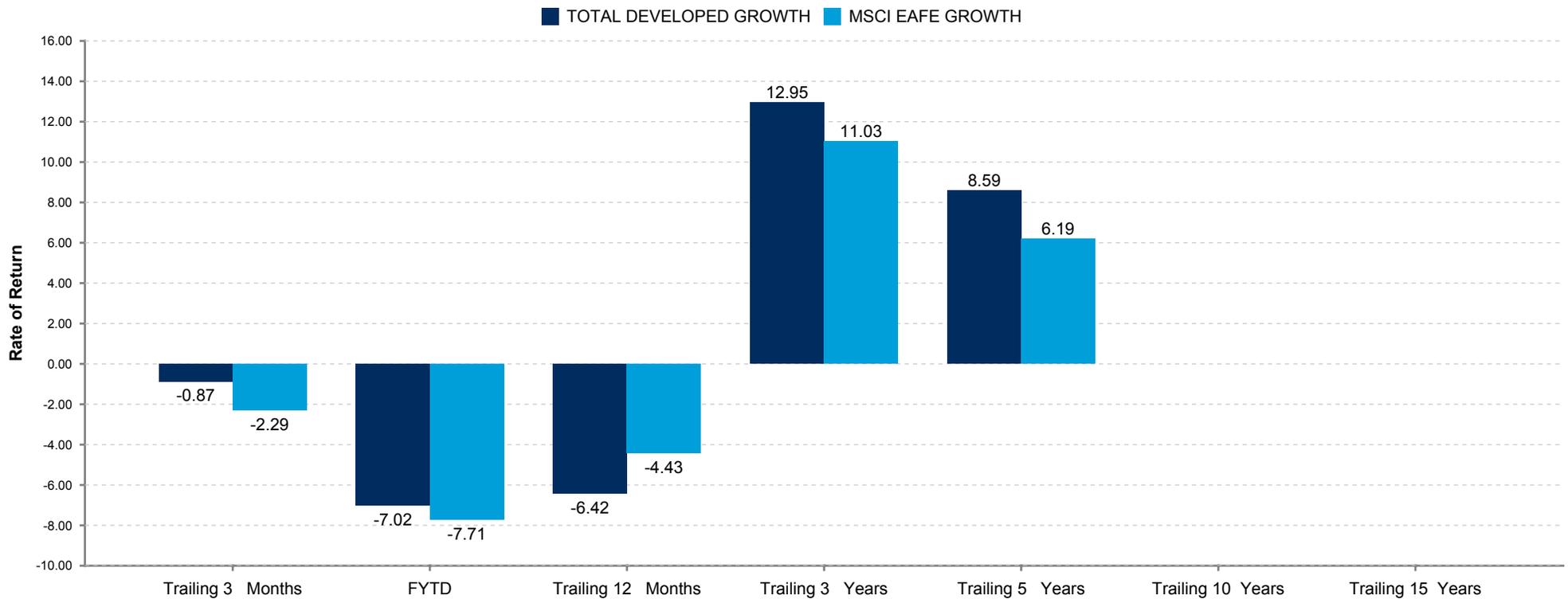
	Plan 3 Years	Benchmark 3 Years	Plan 5 Years	Benchmark 5 Years	Plan 10 Years	Benchmark 10 Years
Standard Deviation						
TOTAL DEVELOPED MARKETS	12.9	13.2	16.7	16.7	18.2	18.2
TOTAL DEVELOPED ACTIVE	12.9	13.2	16.7	16.7	18.2	18.2

Developed Growth Returns vs MSCI EAFE Growth Index: December 31, 2014



STATE STREET

	Market Value (Millions)	% of Plan
TOTAL DEVELOPED GROWTH	\$339.0	8.0



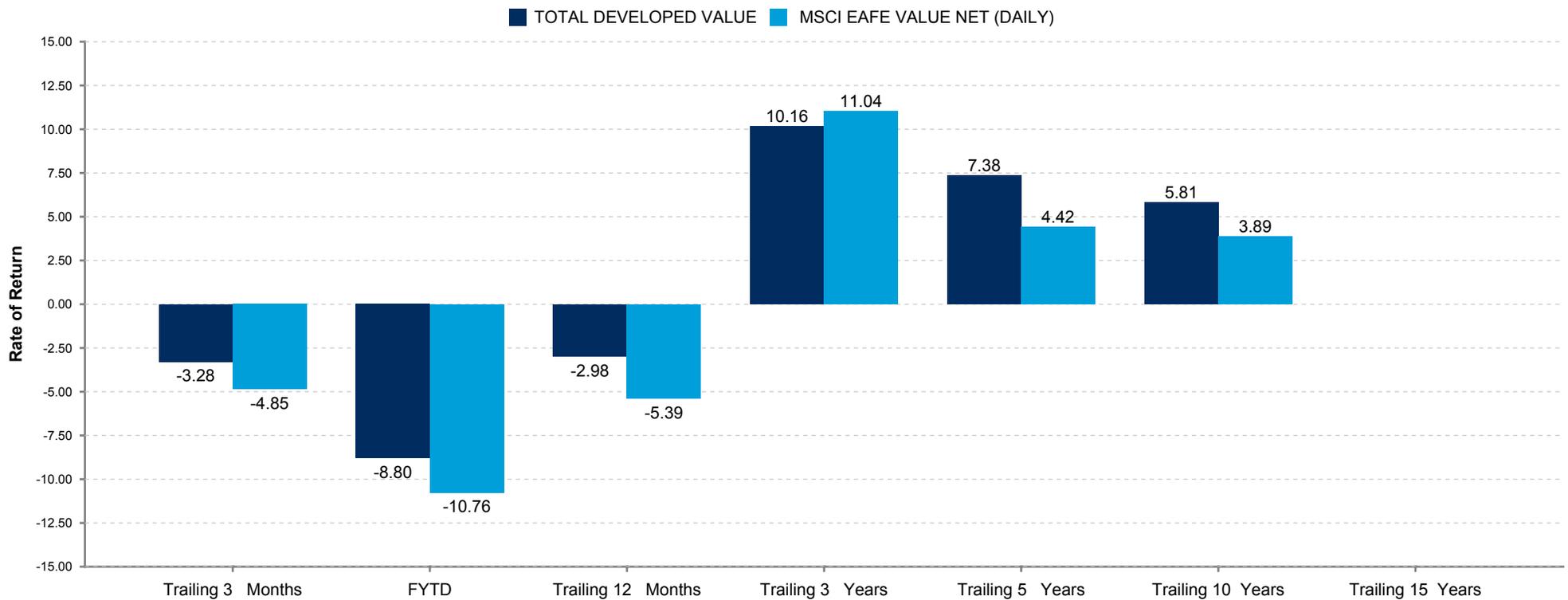
	Plan 3 Years	Benchmark 3 Years	Plan 5 Years	Benchmark 5 Years	Plan 10 Years	Benchmark 10 Years
Standard Deviation						
TOTAL DEVELOPED GROWTH	14.4	12.4	18.2	16.2		

Developed Value Returns vs MSCI EAFE Value Net Index: December 31, 2014



STATE STREET

TOTAL DEVELOPED VALUE	<u>Market Value (Millions)</u> \$304.0	<u>% of Plan</u> 7.2
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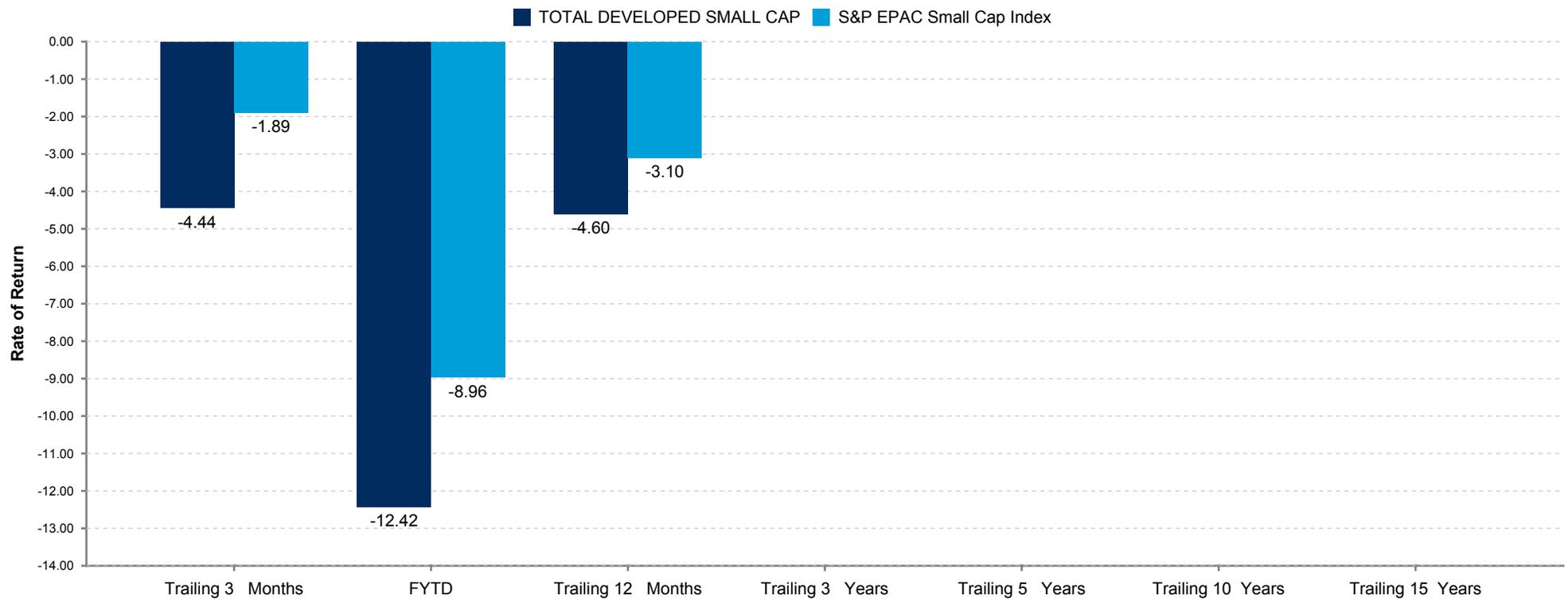
	Plan 3 Years	Benchmark 3 Years	Plan 5 Years	Benchmark 5 Years	Plan 10 Years	Benchmark 10 Years
Standard Deviation						
TOTAL DEVELOPED VALUE	11.8	14.3	15.2	17.6	16.6	19.2

Developed Small Cap Returns vs S&P EPAC Small Cap Index: December 31, 2014



STATE STREET

	<u>Market Value (Millions)</u>	<u>% of Plan</u>
TOTAL DEVELOPED SMALL CAP	\$75.8	1.8



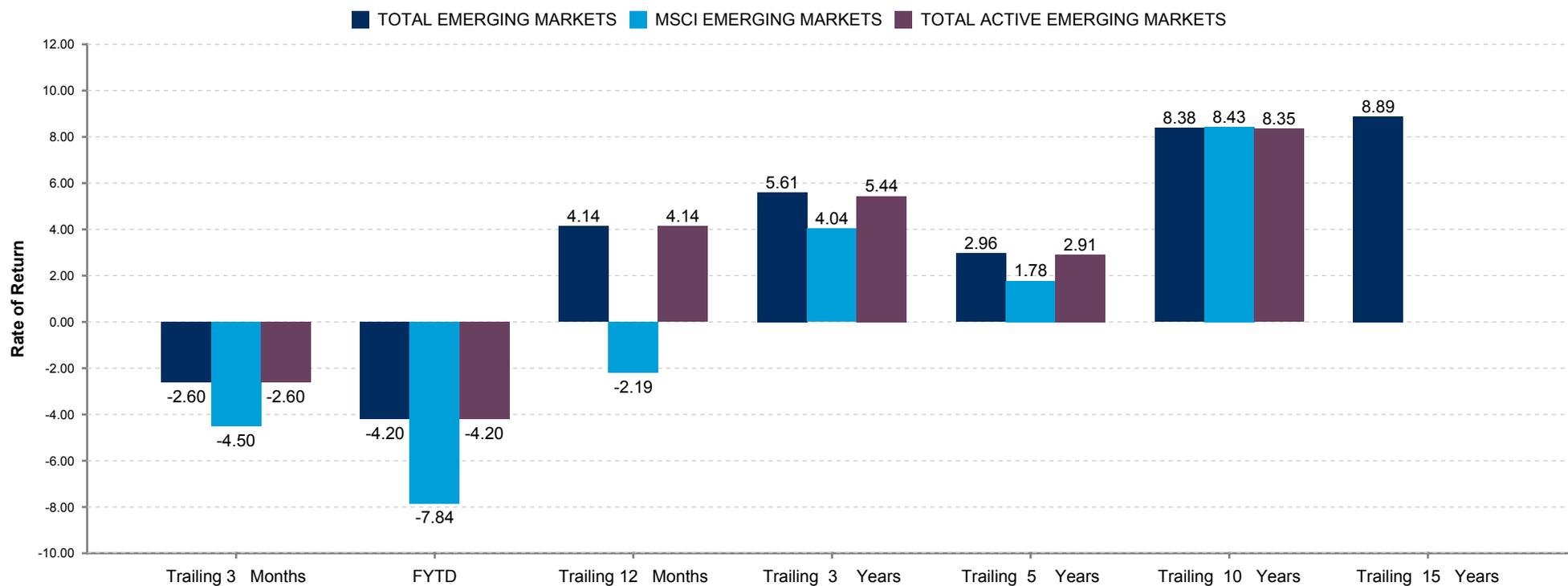
	Plan 3 Years	Benchmark 3 Years	Plan 5 Years	Benchmark 5 Years	Plan 10 Years	Benchmark 10 Years
Standard Deviation						
TOTAL DEVELOPED SMALL CAP						

Emerging Markets Returns vs MSCI Emerging Markets Index: December 31, 2014



STATE STREET

TOTAL EMERGING MARKETS Market Value (Millions)
\$210.5 % of Plan
5.0



	Plan 3 Years	Benchmark 3 Years	Plan 5 Years	Benchmark 5 Years	Plan 10 Years	Benchmark 10 Years
Standard Deviation						
TOTAL EMERGING MARKETS	14.7	15.2	18.9	18.5	23.7	23.7
TOTAL ACTIVE EMERGING MARKETS	14.8	15.2	19.0	18.5	23.8	23.7



**New York City
Board of Education Retirement System**

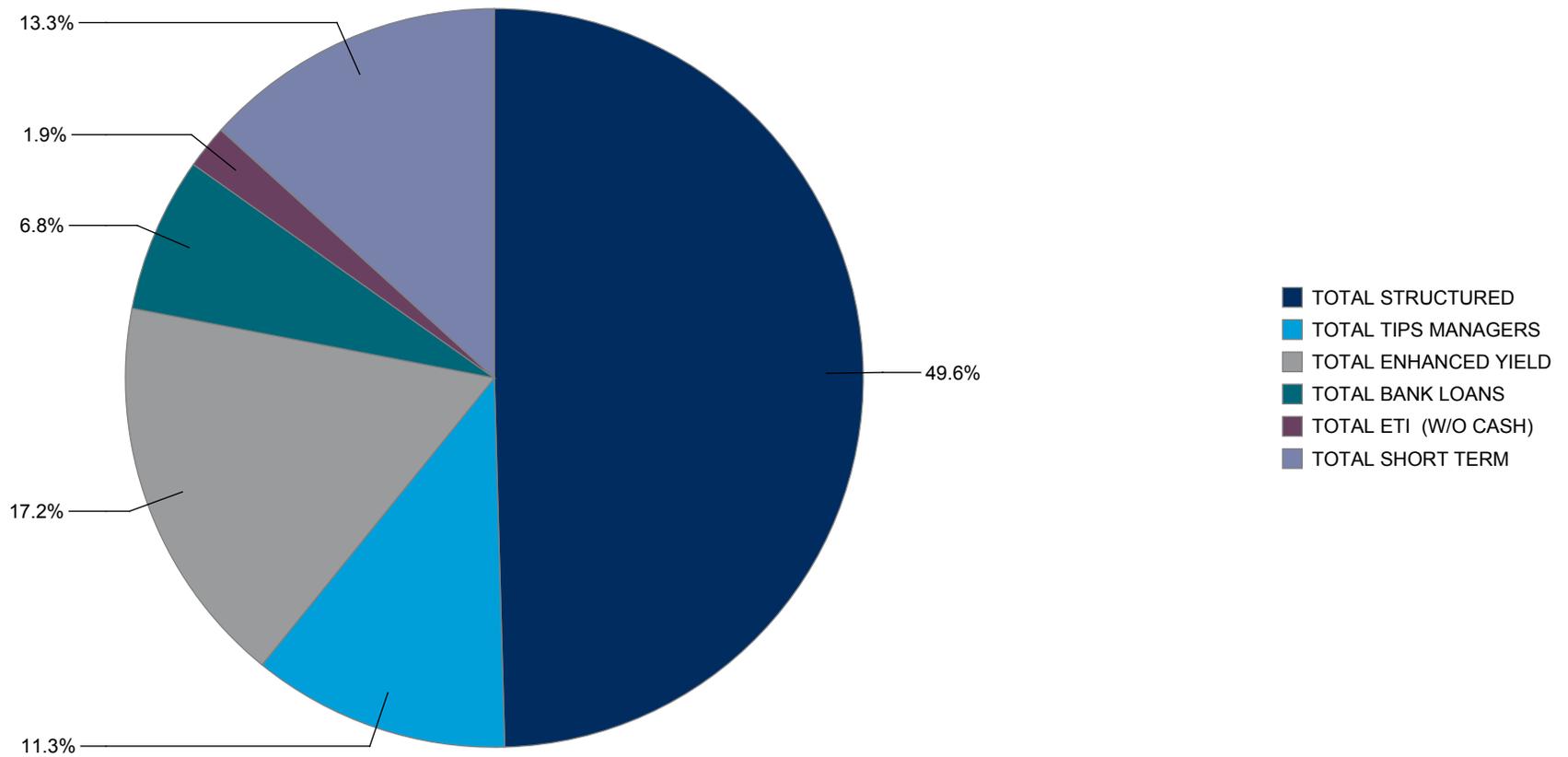
Fixed Income Analysis

Total Fixed Income Asset Allocation: December 31, 2014



STATE STREET.

	<u>Market Value (Billions)</u>	<u>% of Plan</u>
TOTAL FIXED INCOME	\$1.2	28.9

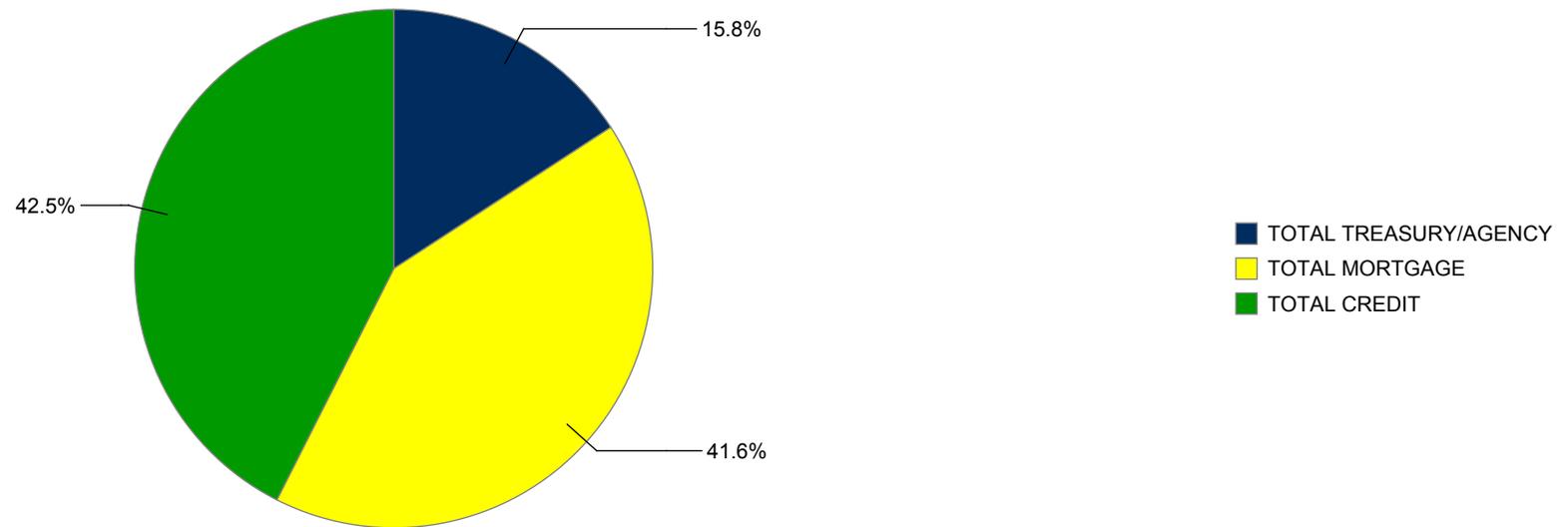


Structured Fixed Income Asset Allocation: December 31, 2014



STATE STREET

	<u>Market Value (Millions)</u>	<u>% of Plan</u>
TOTAL STRUCTURED	\$606.7	14.3



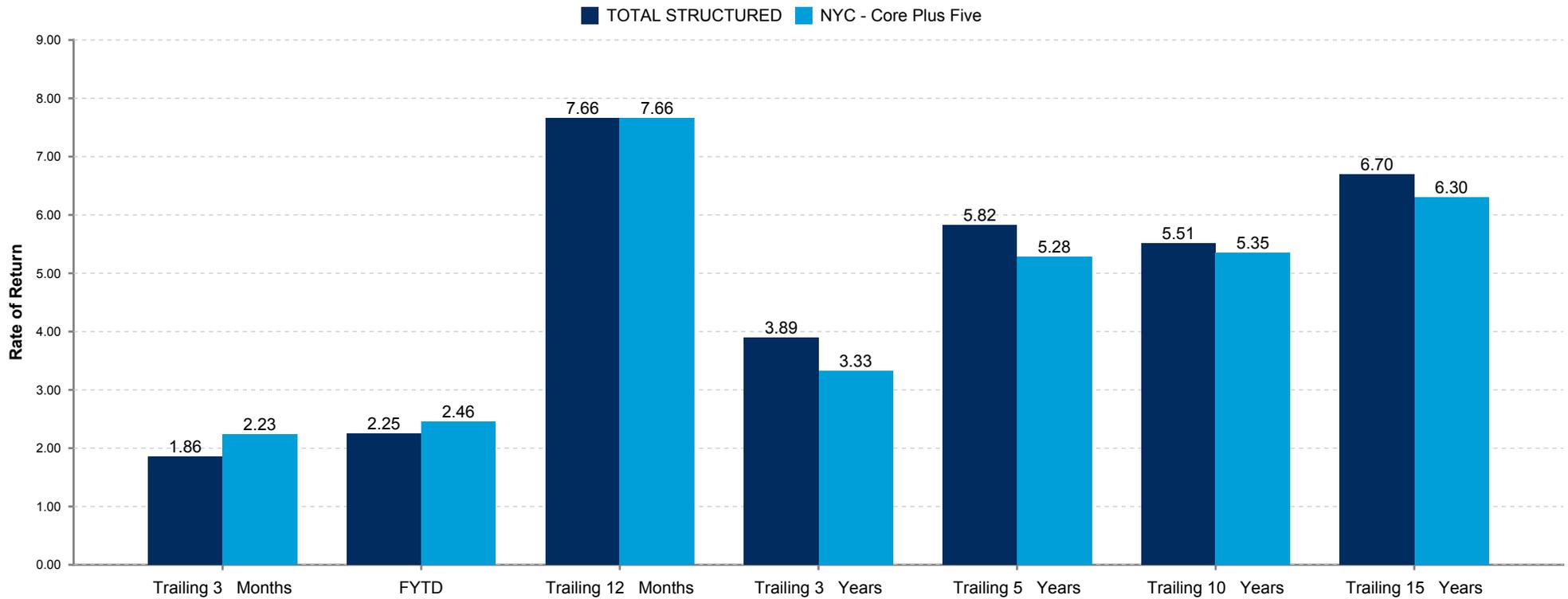
Sub Sector	Policy Weight	Actual Weight	Under/Over Weight	Index Return	Actual Return	Difference
TOTAL TREASURY/AGENCY	19.55	15.84	-3.71	4.45	4.46	0.01
TOTAL MORTGAGE	37.27	41.64	4.37	1.80	1.26	-0.54
TOTAL INV GRADE CREDIT	43.19	42.53	-0.66	1.63	1.51	-0.12

Structured Returns vs NYC Core + 5 Index: December 31, 2014



STATE STREET

	<u>Market Value (Millions)</u>	<u>% of Plan</u>
TOTAL STRUCTURED	\$606.7	14.3



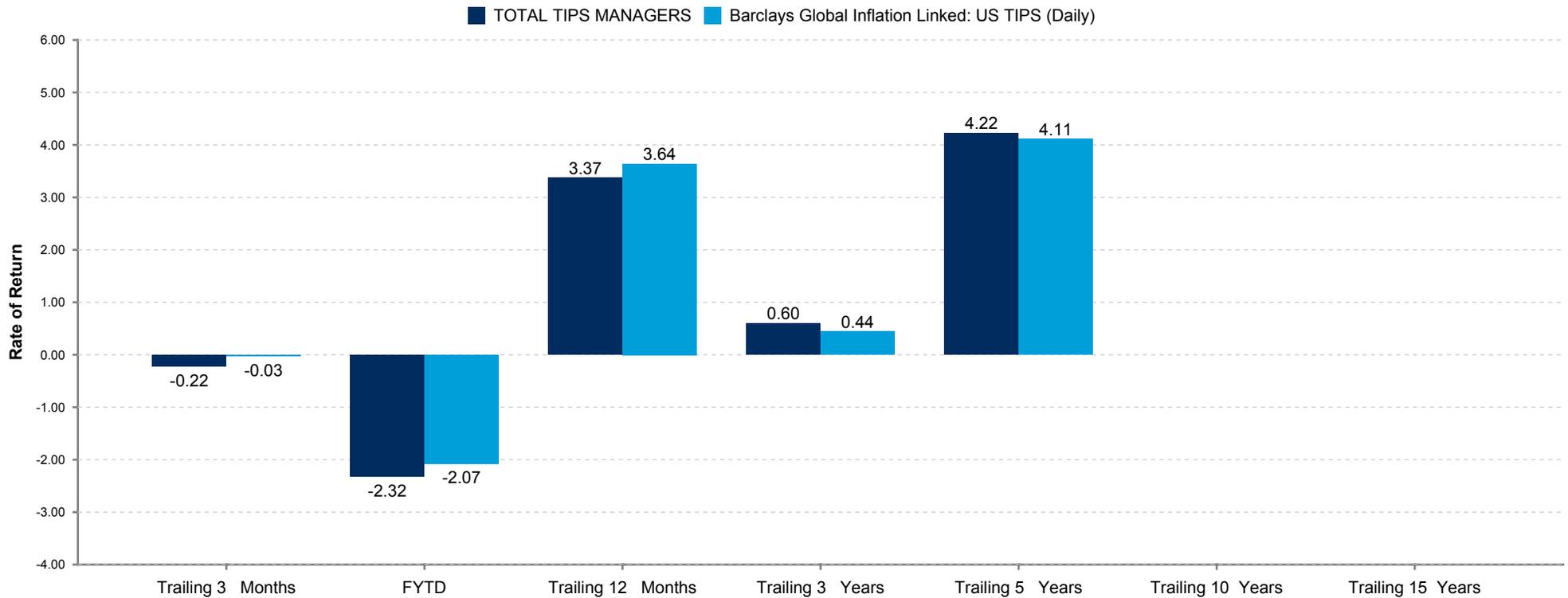
	Plan 3 Years	Benchmark 3 Years	Plan 5 Years	Benchmark 5 Years	Plan 10 Years	Benchmark 10 Years
Standard Deviation						
TOTAL STRUCTURED	3.2	3.3	3.2	3.3	3.8	4.0

TIPS Returns vs Barclays Global Inflation Linked US TIPS Index: December 31, 2014



STATE STREET

	<u>Market Value (Millions)</u>	<u>% of Plan</u>
TOTAL TIPS MANAGERS	\$138.0	3.3



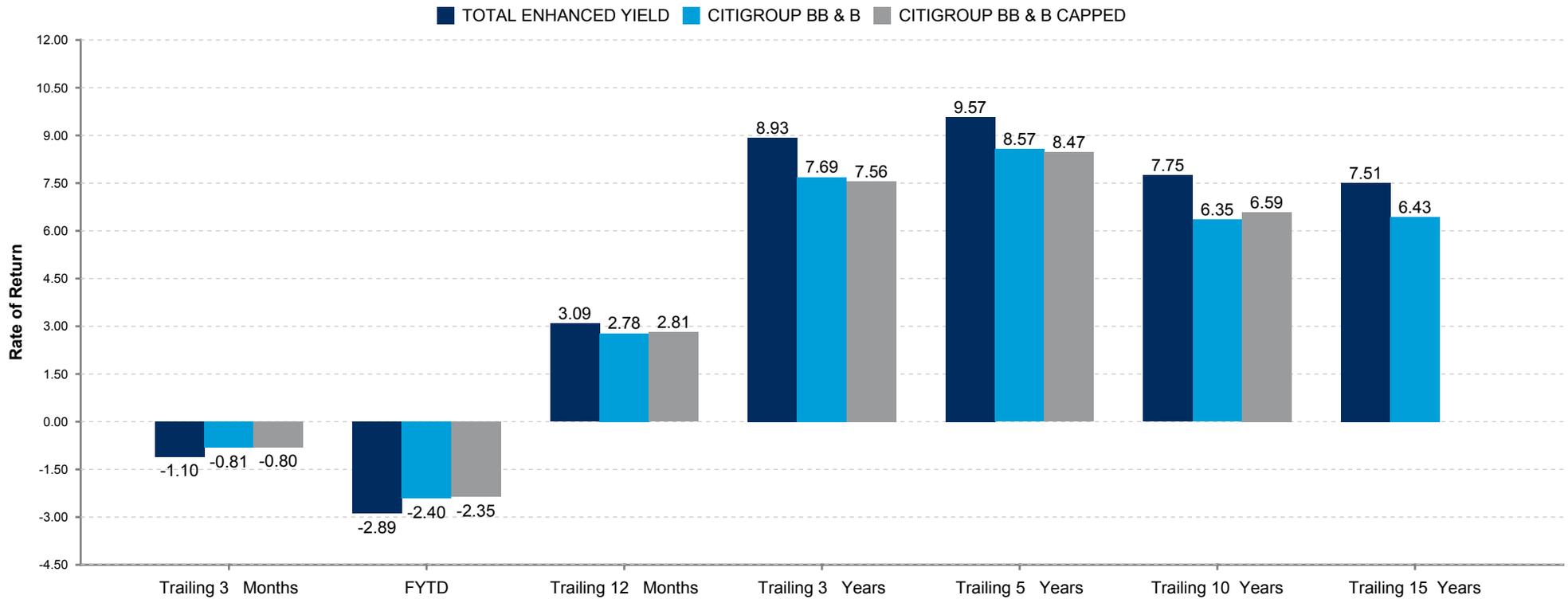
	Plan 3 Years	Benchmark 3 Years	Plan 5 Years	Benchmark 5 Years	Plan 10 Years	Benchmark 10 Years
TOTAL TIPS MANAGERS	5.4	5.2	5.1	5.1		

Enhanced Yield Returns vs Benchmarks: December 31, 2014



STATE STREET

TOTAL ENHANCED YIELD Market Value (Millions) \$210.4 % of Plan 5.0



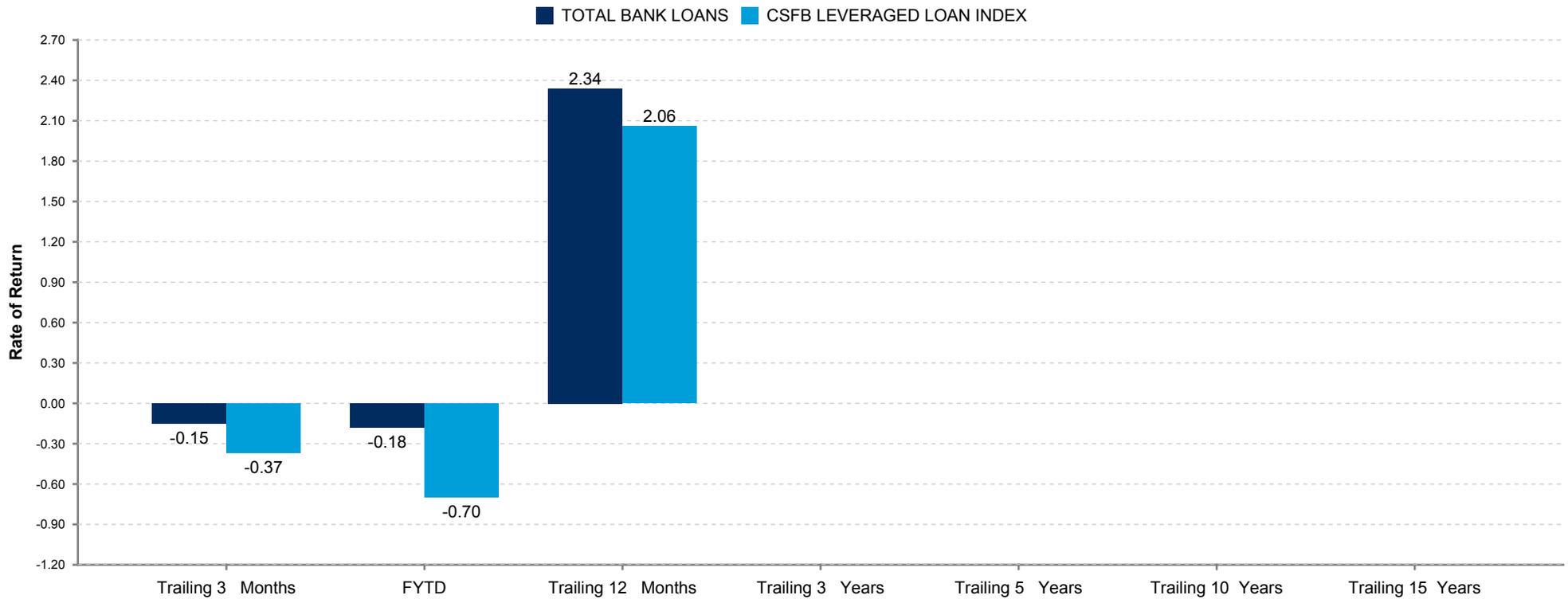
	Plan 3 Years	Benchmark 3 Years	Plan 5 Years	Benchmark 5 Years	Plan 10 Years	Benchmark 10 Years
TOTAL ENHANCED YIELD	8.9	4.4	6.0	5.6	8.7	8.9

Bank Loan Returns vs CSFB Leveraged Loan Index: December 31, 2014



STATE STREET

	<u>Market Value (Millions)</u>	<u>% of Plan</u>
TOTAL BANK LOANS	\$83.1	2.0



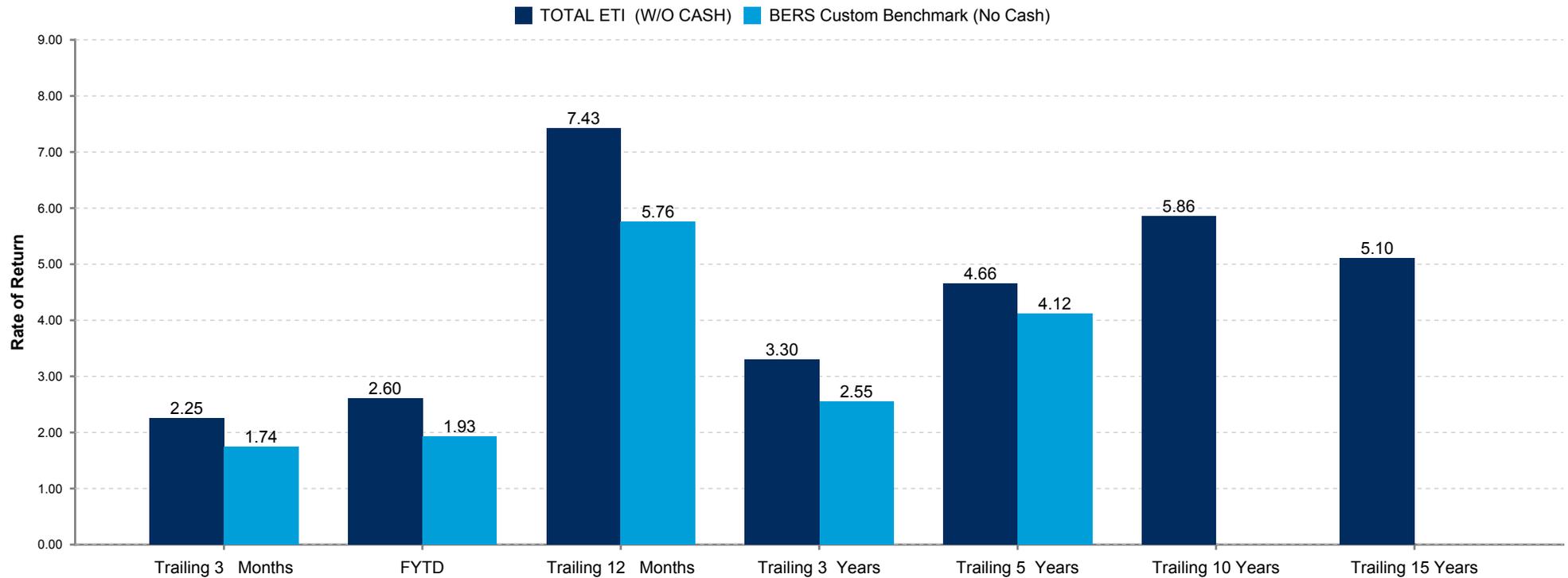
	Plan 3 Years	Benchmark 3 Years	Plan 5 Years	Benchmark 5 Years	Plan 10 Years	Benchmark 10 Years
TOTAL BANK LOANS						

ETI Returns vs Custom Index: December 31, 2014



STATE STREET

	Market Value (Millions)	% of Plan
TOTAL ETI (W/O CASH)	\$22.9	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)	2.5	2.4	2.3	2.4	2.8	



**New York City
Board of Education Retirement System**

Appendix

Consolidated Performance Report

Through December 31, 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	32.7	0.77	6.64	(1.37)	(1.37)	19.57			
TOTAL SMALL CAP CORE	32.7	0.77	6.64	(1.37)	(1.37)	19.57			
RUSSELL 2000			9.73	4.89	4.89	19.21	15.55	7.77	7.38
TOTAL SMALL CAP ACTIVE	32.7	0.77	6.64	(1.37)	(1.37)	19.57	13.26	5.98	
RUSSELL 2000			9.73	4.89	4.89	19.21	15.55	7.77	7.38
Blackrock R2000 Growth MTA	36.9	0.87	9.93	5.50	5.50				
RUSSELL 2000 GROWTH			10.06	5.60	5.60	20.14	16.80	8.54	4.34
Blackrock R2000 Value MTA	36.9	0.87	9.25	4.12	4.12				
RUSSELL 2000 VALUE			9.40	4.22	4.22	18.29	14.26	6.89	10.23
TOTAL SMALL CAP PASSIVE	73.8	1.74	9.59	4.82	4.82				
TOTAL SMALL CAP	106.5	2.51	8.76	3.20	3.20	21.44	14.32	6.47	
RUSSELL 2000			9.73	4.89	4.89	19.21	15.55	7.77	7.38
MID CAP									
WELLINGTON MID CAP CORE	135.0	3.19	5.07	11.58	11.58	23.27			
TOTAL MID CAP CORE	135.0	3.19	5.07	11.58	11.58	23.27			
S&P 400 MID CAP INDEX			6.35	9.77	9.77	19.99	16.54	9.71	9.65
State St GA S&P 400	38.3	0.90	6.28	9.71	9.71	19.96			
TOTAL MID CAP PASSIVE	38.3	0.90	6.28	9.71	9.71	19.96			
S&P MIDCAP 400			6.35	9.77	9.77	19.99	16.54	9.71	9.65

Consolidated Performance Report



Through December 31, 2014

	Assets (\$MM)	% of Total	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	15 Year
TOTAL MID CAP	173.3	4.09	5.41	10.77	10.77	21.97			
RUSSELL MIDCAP			5.94	13.22	13.22	21.40	17.19	9.56	8.90
RUSSELL 1000									
Blackrock R1000 Growth MTA	666.7	15.74	4.72	12.92	12.92				
RUSSELL 1000 GROWTH			4.78	13.05	13.05	20.26	15.81	8.49	2.21
Blackrock R1000 Value MTA	665.3	15.71	4.95	13.39	13.39				
RUSSELL 1000 VALUE			4.98	13.45	13.45	20.89	15.42	7.30	6.62
TOTAL RUSSELL 1000 PASSIVE	1,332.0	31.45	4.80	13.12	13.12				
TOTAL RUSSELL 1000	1,332.0	31.45	4.80	12.92	12.92	28.13	19.29	10.47	3.67
RUSSELL 1000			4.88	13.24	13.24	20.62	15.64	7.96	4.62
PROGRESS MANAGERS									
AFFINITY IA	11.3	0.27	5.69	14.69	14.69				
JOHN HSU -LCC	12.4	0.29	3.24	6.77	6.77	17.63	12.94	9.03	4.50
HERNDON CAPITAL MGMT-LCV	12.8	0.30	(2.15)	2.19	2.19	16.58	13.97		
HIGH POINTE LLC -LCG	5.9	0.14	5.18	14.07	14.07	20.17			
Lombardia Cap Ptnrs LLC - Small Value	4.0	0.09	8.66	3.08	3.08	16.48	15.09		
Nichols Asset Mgmt - SCG	3.0	0.07	7.68	(0.13)	(0.13)	18.99			
REDWOOD INV -LCG	13.9	0.33	5.18	14.76	14.76	22.39			
SEIZART CAPITAL - MCC	15.2	0.36	3.80	6.68	6.68	24.85			
TOTAL PROGRESS MANAGERS	78.5	1.85	3.67	8.40	8.40	20.36	14.81	8.24	4.91
RUSSELL 3000			5.24	12.56	12.56	20.51	15.63	7.94	4.82
F.I.S. MANAGERS									
Channing Cap Mgmt - SCV	17.2	0.41	7.97	5.39	5.39	21.66			

Consolidated Performance Report



Through December 31, 2014

	Assets (\$MM)	% of Total	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	15 Year
EUDAIMONIA -MICRO CG	4.8	0.11	15.15	1.82	1.82	23.54	18.03		
Huber Cap Mgmt - SCV	3.9	0.09	(0.95)	(8.86)	(8.86)	19.05			
NICHOLS ASSET MGMT - SCG	11.5	0.27	7.70	(0.06)	(0.06)				
Nicholas Investment Partners - SCG	8.2	0.19	7.60	0.17	0.17				
Piermont Capital - SCV	14.3	0.34	10.25	7.43	7.43				
Punch & Associates Inv Mgmt - SCC	9.1	0.21	7.73	(0.31)	(0.31)				
Rice Hall James	8.7	0.20	10.03						
TOTAL F.I.S MANAGERS	77.7	1.83	8.42	2.58	2.58	19.96	16.51		
RUSSELL 2000			9.73	4.89	4.89	19.21	15.55	7.77	7.38
TOTAL EMERGING MANAGERS	156.2	3.69	5.98	5.43	5.43	20.21	15.22	8.23	
RUSSELL 3000			5.24	12.56	12.56	20.51	15.63	7.94	4.82
TOTAL ACTIVE DOMESTIC EQUITY	323.9	7.65	5.67	6.75	6.75	21.80	15.47	8.22	3.46
RUSSELL 2000			9.73	4.89	4.89	19.21	15.55	7.77	7.38
TOTAL PASSIVE DOMESTIC EQUITY	1,444.1	34.10	5.14	12.22	12.22	20.43	15.52	7.90	5.15
TOTAL DOMESTIC EQUITY	1,768.0	41.74	5.23	11.27	11.27	20.83	15.48	7.98	4.83
RUSSELL 3000			5.24	12.56	12.56	20.51	15.63	7.94	4.82
INTERNATIONAL EQUITY									
DEVELOPED MARKETS									
GROWTH									
Baillie Gifford	339.0	8.00	(0.87)	(6.42)	(6.42)	12.95	8.59		
TOTAL DEVELOPED GROWTH	339.0	8.00	(0.87)	(6.42)	(6.42)	12.95	8.59		
MSCI EAFE GROWTH			(2.29)	(4.43)	(4.43)	11.03	6.19	4.91	1.13

Consolidated Performance Report

Through December 31, 2014



STATE STREET

VALUE	Assets (\$MM)	% of Total	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	15 Year
Sprucegrove	304.0	7.18	(3.28)	(2.98)	(2.98)	10.16	7.38	5.81	
TOTAL DEVELOPED VALUE	304.0	7.18	(3.28)	(2.98)	(2.98)	10.16	7.38	5.81	
MSCI EAFE VALUE			(4.85)	(5.39)	(5.39)	11.04	4.42	3.89	3.82
SMALL CAP									
Acadian	75.8	1.79	(4.44)	(4.60)	(4.60)				
TOTAL DEVELOPED SMALL CAP	75.8	1.79	(4.44)	(4.60)	(4.60)				
S&P EPAC SMALL CAP			(1.89)	(3.10)	(3.10)	14.43	8.90	6.92	6.69
TOTAL ACTIVE DEVELOPED MARKETS	718.8	16.97	(2.29)	(4.81)	(4.81)	11.87	8.16	7.15	4.08
TOTAL DEVELOPED MARKETS	718.8	16.97	(2.29)	(4.81)	(4.81)	11.87	8.16	7.15	4.12
MSCI EAFE NET			(3.57)	(4.90)	(4.90)	11.06	5.33	4.43	2.54
EMERGING MARKETS									
Acadian	210.5	4.97	(2.60)	4.14	4.14				
TOTAL ACTIVE EMERGING MARKETS	210.5	4.97	(2.60)	4.14	4.14	5.44	2.91	8.35	
MSCI EMERGING MARKETS			(4.50)	(2.19)	(2.19)	4.04	1.78	8.43	
TOTAL EMERGING MARKETS	210.5	4.97	(2.60)	4.14	4.14	5.61	2.96	8.38	8.89
MSCI EMERGING MARKETS			(4.50)	(2.19)	(2.19)	4.04	1.78	8.43	
TOTAL INTERNATIONAL EQUITY	929.3	21.94	(2.36)	(3.03)	(3.03)	10.63	7.14	7.37	4.88
MSCI AC WORLD ex US			(3.87)	(3.87)	(3.87)	8.99	4.43	5.13	
PRIVATE EQUITY INVESTMENTS									
Apollo Investment Fund VIII	1.8	0.04							
Ardian Secondary VI	7.0	0.17							
Carlyle Partners VI, L.P.	6.2	0.15							

Consolidated Performance Report

Through December 31, 2014



STATE STREET

	Assets (\$MM)	% of Total	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	15 Year
CVC Capital Partners VI	1.4	0.03							
Landmark Equity Partners XV	7.1	0.17							
Mesirow Financial Private Equity Fnd III	46.0	1.09							
Mesirow Financial Private Equity Fund IV	21.9	0.52							
Mesirow Financial Private Equity Fund V	31.9	0.75							
Mill City Capital II	0.6	0.01							
New Mainstream Capital II	0.2	0.00							
New York Fairview Private Equity, L.P.	11.5	0.27							
Platinum Equity Capital Partners III, LP	5.1	0.12							
VISTA EQUITY V	7.7	0.18							
Warburg Pincus Private Equity XI, LP	16.0	0.38							
TOTAL PRIVATE EQUITY	164.5	3.88							
NYC R3000 +3% Lagged									

REAL ASSETS

PRIVATE REAL ESTATE

Blackstone Europe IV	12.2	0.29							
Brookfield Strategic Real Estate Partners L.P.	8.4	0.20							
Emmes Interborough Fund LLC	5.2	0.12							
Franklin Templeton Private Real Estate Fund	15.3	0.36							
Hudson Sandy Manager, LLC	1.2	0.03							
H/2 Special Opp Fund III	0.9	0.02							
LaSalle US Property Fund	30.1	0.71							
METLIFE CORE PROPERTY	7.7	0.18							
Related Sep Acct	5.0	0.12							
UBS Trumbull Property Fund LP	59.8	1.41							
TOTAL PRIVATE REAL ESTATE	145.6	3.44							
NCREIF NFI-ODCE NET + 1%									

Consolidated Performance Report



STATE STREET

Through December 31, 2014

	Assets (\$MM)	% of Total	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	15 Year
INFRASTRUCTURE									
Brookfield Infrastructure Fund II	4.2	0.10							
FIRST RESERVE EIF II	0.1	0.00							
TOTAL INFRASTRUCTURE	4.3	0.10							
CPI + 4%									
TOTAL REAL ASSETS	150.0	3.54							
TOTAL EQUITY (INCLUDES PRIVATE EQUITY & REAL ASSETS)	3,011.7	71.11	2.61	7.08	7.08	16.91	12.51	7.66	4.73
FIXED INCOME MANAGEMENT									
GOVERNMENT									
State Street - Gov't	96.1	2.27	4.46	12.27	12.27	2.59	6.87	6.21	7.31
TOTAL TREASURY / AGENCY	96.1	2.27	4.46	12.27	12.27	2.59	6.87	6.13	7.20
NYC - TREASURY AGENCY PLUS FIVE			4.45	12.38	12.38	2.59	6.92	6.11	7.22
MORTGAGE									
Blackrock Mortgages	251.5	5.94							
PIMCO - Mortgage	1.2	0.03							
TOTAL MORTGAGE	252.7	5.97	1.26	5.80	5.80	2.80	4.48	5.14	6.13
CITIGROUP MORTGAGE INDEX			1.80	6.12	6.12	2.35	3.77	4.78	5.58
CREDIT									
Prudential - Credit	137.7	3.25	1.61	7.28	7.28	5.09	6.39		
Prudential-Privest - Credit	16.1	0.38	1.90	7.27	7.27				
Taplin Canida Habacht Credit	104.1	2.46	1.32	8.77	8.77	6.27	7.41	5.53	7.05
TOTAL INVESTMENT GRADE CREDIT	258.0	6.09	1.51	7.88	7.88	5.60	6.82	5.26	6.93
NYC - INVESTMENT GRADE CREDIT			1.63	7.04	7.04	4.79	6.09	5.28	6.37

Consolidated Performance Report



Through December 31, 2014

	Assets (\$MM)	% of Total	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	15 Year
TOTAL STRUCTURED	606.7	14.33	1.86	7.66	7.66	3.89	5.82	5.51	6.70
NYC - CORE PLUS FIVE			2.23	7.66	7.66	3.33	5.28	5.35	6.30
TIPS MANAGERS									
PIMCO TIPS - MTA	138.0	3.26	(0.22)	3.37	3.37	0.60	4.22		
TOTAL ACTIVE TIPS MANAGERS	138.0	3.26	(0.22)	3.37	3.37	0.60	4.22		
BARCLAYS CAPITAL US TIPS INDEX			(0.03)	3.64	3.64	0.44	4.11	4.37	6.49
ENHANCED YIELD									
LOOMIS SAYLES & CO	113.6	2.68	(2.18)	3.16	3.16	10.06	10.58	8.67	8.66
NYC-LOOMIS (BofA ML-MST II 7-03/BB&B PRIOR)			(1.06)	2.50	2.50	8.37	8.88	7.61	7.38
SHENKMAN ENHANCED YIELD	96.8	2.29	0.20	3.01	3.01				
TOTAL ENHANCED YIELD	210.4	4.97	(1.10)	3.09	3.09	8.93	9.57	7.75	7.51
CITIGROUP BB & B			(0.81)	2.78	2.78	7.69	8.57	6.35	6.43
CITIGROUP BB & B CAPPED			(0.80)	2.81	2.81	7.56	8.47	6.59	
BANK LOANS									
Babson BL	83.1	1.96	(0.15)	2.34	2.34				
TOTAL BANK LOANS	83.1	1.96	(0.15)	2.34	2.34				
CREDIT SUISSE LEVERAGED LOAN INDEX			(0.37)	2.06	2.06	5.84	5.83	4.70	
ETI									
BOA - PPAR ETI MTA (FNMA)	0.2	0.01	1.60	13.31	13.31				
CCD - PPAR (GNMA)	0.4	0.01	3.66	15.37	15.37	11.77	10.47		
CCD - PPAR ETI MTA (FNMA)	0.6	0.01	13.23	25.71	25.71				
CFSB - PPAR (GNMA)	0.1	0.00	3.81	15.34	15.34	9.17	8.67		
CPC - PPAR (FNMA)	0.6	0.01	2.58	13.91	13.91				

Consolidated Performance Report



STATE STREET.

Through December 31, 2014

	Assets (\$MM)	% of Total	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	15 Year
JPMC - PPAR (FNMA)	0.6	0.01	1.14	12.06	12.06				
LIIF - PPAR (GNMA)	0.2	0.00	2.03	9.74	9.74	8.13	6.72		
LIIF - PPAR ETI MTA (FNMA)	0.4	0.01	1.28	38.12	38.12				
NCBCI - PPAR (GNMA)	0.1	0.00	4.42	16.66	16.66	12.69	10.08		
NCB-CI PPAR ETI MTA (FNMA)	0.0	0.00	3.70	14.93	14.93				
TOTAL PPAR	3.2	0.08	4.25	17.33	17.33	11.94	9.82		
GNMA Plus 65bps			1.78	6.65	6.65	2.61	4.73	5.48	6.25
FNMA Plus 85bps			2.16	7.13	7.13	3.34	4.62	5.68	6.49
Access RBC	7.0	0.17	2.01	6.95	6.95	3.02	4.34		
Access RBC Benchmark			1.57	5.08	5.08	1.95	3.52		
AFL-CIO Hsg Inv Trust	12.2	0.29	1.94	6.33	6.33	2.67	4.39		
Barclays Aggregate			1.79	5.97	5.97	2.66	4.45	4.71	5.70
CPC CONST FACILITY	0.4	0.01	0.68						
CPC CONST BENCHMARK			0.71						
TOTAL ETI (W/O CASH)	22.9	0.54	2.25	7.43	7.43	3.30	4.66	5.86	5.10
BERS CUSTOM ETI INDEX			1.74	5.76	5.76	2.55	4.12		
TOTAL FIXED INCOME	1,061.1	25.05	0.84	5.69	5.69	4.49	6.43	5.89	
C/D - Fail Float Earnings	0.1	0.00							
Security Lendings	0.1	0.00							
State Street Short Term	162.6	3.84	0.16	0.27	0.27	0.37	0.43	2.22	
TOTAL BOARD OF EDUCATION	4,235.6	100.00	2.11	6.64	6.64	12.86	10.47	7.15	5.51
Board of Education Policy Benchmark			1.75	6.93	6.93	12.93	10.34	6.87	5.23

Through December 31, 2014



NEW YORK CITY BERS RETIREMENT SYSTEMS					
ACTUAL FEES FOR FISCAL YEAR ENDING JUNE 30, 2014 AND ESTIMATED FEES FOR FY 2015 UPDATED THROUGH SEPTEMBER 2014					
		Actual 2014		Estimates 2015	
INVESTMENT STYLE (EQUITIES)		MARKET VALUE 06-30-14 (\$MM)	FEES IN BASIS POINTS	MARKET VALUE 09-30-14 (\$MM)	FEES IN BASIS POINTS
US Equities		1,869	9.42	1,771	12.09
Small Cap Active		34	49.08	31	61.27
	Small Cap Growth	-	-	-	-
	Small Cap Value	-	-	-	-
	Small Cap core	34	49.08	31	61.27
	Small Cap Fundamental Index	-	-	-	-
Small/Mid Cap Active		-	-	-	-
	Small/Mid Cap Growth	-	-	-	-
	Small/Mid Cap Value	-	-	-	-
Mid Cap Active		134	42.52	128	56.76
	Mid Cap Growth	-	-	-	-
	Mid Cap Value	-	-	-	-
	Mid Cap core	134	42.52	128	56.76
Russell 1000 Active		81	16.73	-	-
	Russell 1000 Growth	81	16.73	-	-
	Russell 1000Core	-	-	-	-
	Russell 1000 Fundamental Index	-	-	-	-
Active Emerging Managers (U.S. Equities)		153	54.99	147	79.13
Total US Active Equities		402	42.61	307	67.97
Total US Passive Equities		1,467	0.33	1,464	0.39
Opportunistic US Equity Strategies		-	-	-	-
International Equities		959	24.99	932	27.69
Active EAFE Equities		764	22.96	716	25.39
	Growth	354	24.29	332	25.90
	Value	323	19.58	304	22.75
	Core	-	-	-	-
	Small Cap	87	30.09	79	33.37
Environmental-Non US E. Strategies		-	-	-	-
Active Emerging Markets		195	32.95	216	35.30
Total Int'l Active Equities		959	24.99	932	27.69
Total Int'l Passive Equities		-	-	-	-
REITS Passive Index		-	-	-	-



NEW YORK CITY BERS RETIREMENT SYSTEMS					
ACTUAL FEES FOR FISCAL YEAR ENDING JUNE 30, 2014 AND					
ESTIMATED FEES FOR FY 2015 UPDATED THROUGH SEPTEMBER 2014					
		Actual 2014		Estimates 2015	
INVESTMENT STYLE (FIXED INCOME)		MARKET VALUE 06-30-14 (\$MM)	FEES IN BASIS POINTS	MARKET VALUE 09-30-14 (\$MM)	FEES IN BASIS POINTS
Fixed Income		1,097	14.71	757	19.58
Structured Program		594	6.96	346	7.54
	Government Sector	91	4.76	92	5.00
	Mortgage Sector	249	6.28	-	-
	Investment Grade Credit Sector	254	8.42	254	8.46
Global Fixed Income		-	-	-	-
Progress Fixed Emerging Managers		-	-	-	-
TIPS		141	9.18	-	10.00
	Active TIPS	141	9.18	-	10.00
	Passive TIPS	-	-	-	-
Opportunistic Fixed Income		-	-	-	-
Enhanced Yield		217	31.86	213	40.51
Bank Loans		83	37.86	83	34.85
Convertible Bonds		-	-	-	-
ETI - Access - RBC		7	19.48	7	22.92
ETI - AFL-CIO HIT		12	42.82	12	44.00
Other ETI Programs		2	-	3	-
In-House Short Term		42	0.00	93	0.00
Total Public Markets		3,925	14.71	3,460	17.93
INVESTMENT STYLE (PRIVATE)					
Hedge Funds		-	-	-	-
Private Equity Investments **		134	143.65	146	182.67
Real Assets**		114	86.24	134	99.13
	Private Real Estate **	111	78.74	130	94.53
	Infrastructure**	3	399.48	4	258.75
Total Private Markets		248	117.23	280	142.65
Total Overall		4,173	20.80	3,740	27.27
* 10 bps placeholder					
** Private Equity & Real Assets Investments exclude GP CARRY & Incentive Fees					

Securities Lending Income



STATE STREET

Through December 31, 2014

NYC BOARD OF EDUCATION RETIREMENT SYSTEM SECURITIES LENDING INCOME December 31, 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	287,000	512,000	1,387,000	
Since Inception	<u>\$8,442,000</u>	<u>\$12,678,000</u>	<u>\$5,857,000</u>	*Inception 4/89



Through December 31, 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 & 15 - Portfolio Asset Allocation

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

Pages 17 - 19 - 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 * 40.90%*

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



*Emerging Markets: MSCI Emerging Markets * 5.00%*

*Private Equity: Russell 3000 + 300 b.p. per annum * 3.69%*

*Private Real Estate: NFI - ODCE Net+100BPS * 3.32%*

*Infrastructure: CPI + 4% *0.09%*

*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 20 – 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 45 – 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 Const Benchmark: 30 Day Libor + 275 bps per annum
- 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