



New York City
Fire Department Pension Fund, Subchapter Two
Performance Overview as of December 31, 2012

Total Fund Overview

New York City Fire Department Pension Fund, Subchapter Two

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Through December 31, 2012

Equity Markets

US equities posted mixed results for the fourth quarter amid uncertainties around the outcomes of the presidential election and the fiscal cliff. Macroeconomic concerns also took a bite out of returns. For the three months ended Dec. 31, the S&P 500 Index recorded a loss of 0.4%. Small cap stocks, as measured by the Russell 2000 Index, gained 1.9%. For the full year, however, US equity markets rose strongly with gains fueled by improving fundamentals in the financial services sector, a more robust housing market and lower unemployment. In terms of strategy, value trumped growth across all market capitalizations.

International equity markets, buoyed by positive news flow within the Euro zone, Japanese export-driven stocks and stronger economic data from China, beat domestic and emerging markets in the fourth quarter. To this end, the MSCI EAFE Index recorded gains of 6.6% during the period, with consumer discretionary and financial sectors leading the pack. Emerging markets trailed developed markets in the fourth quarter. Posting gains of 5.6% during the period, developing countries initially started the quarter trading sideways. They subsequently rallied after the US elections, positive commentary out of Europe, and the change in leadership in China coupled with encouraging economic data. Asian markets led the group, bolstered by solid performance in China. Latin America finished last, with Brazil posting the strongest performance of 3.5%.

Fixed Income Markets

Risky fixed income assets continued their relentless march in the fourth quarter. Emerging markets debt and high yield bonds rose the most as yield hungry investors sought higher returns in the low interest rate environment. Even as massive government stimulus poured into Treasuries, the yield curve shifted upwards in the quarter, retreating from all time lows in the summer. Despite the recent increase, Treasury yields were suppressed in 2012, defying the consensus that they could only go up. The yield on the 10-year Treasury ended the year at 1.8%, compared to 1.7% in the third quarter and 1.9% a year earlier. The Barclays Aggregate Index returned 0.2% in the fourth quarter. Gains in credit and commercial mortgage backed securities (CMBS) aided results, which were partially offset by the increase in rates. Banks and financials dominated investment grade credit. Agency MBS delivered positive returns over the year but were in the red in the fourth quarter, at -0.2%. Assets continued to gush into the high yield sector even as yields eroded and spreads traded at historical averages. The Barclays High Yield Index gained 3.3% in the fourth quarter and 15.8% in 2012. The Credit Suisse Leveraged Loan Index, a bellwether of the US bank loan

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Through December 31, 2012

market, was up 1.4% in the three months ended Dec. 31 and 9.7% in 2012. Emerging markets debt beat most fixed income asset classes last year. US dollar denominated emerging debt was up 3.2% in the fourth quarter and 18.0% in 2012, driven by the drop in US rates and robust demand. Local currency debt, as measured by the JP Morgan GBI-EM GD (unhedged), gained 4.1% in the fourth quarter and 16.8% in 2012 as local interest rates declined and local currencies appreciated versus the dollar

Commodity Markets

Commodities suffered a steady bruising in the fourth quarter, wiping out most increases for the year. In particular, agricultural products, a strong performer during the third quarter, erased all weather-related gains. Within agriculture, price volatility in soybeans spiked dramatically as availability concerns eased after Brazil reported record supplies and the USDA posted a higher than forecasted yield for soybeans in 2012. Similarly, within the energy sector, natural gas retreated from its previous highs during the quarter. Gas storage levels remained robust, with increased production keeping pace with manageable demand, aided by a relatively warm winter and a seasonal rebound in nuclear energy production.

Private Markets

The private equity industry continued its recovery in 2012. Investments in new private equity funds totaled \$257 billion last year, a 6% jump from 2011. US and European fundraising gained modestly during the year, with \$168 billion and \$53 billion, respectively, committed to new funds. Private equity in Asia fell moderately as investors took stock of the region's near term growth prospects. Perhaps signaling a degree of investor confidence in the economic recovery, buyout and growth equity funds raised \$126 billion, comprising nearly half of all new commitments for 2012. Commitments to opportunistic strategies in the distressed and secondary categories ratcheted up two-fold and three-fold, respectively, as investors chased managers positioned to capitalize on financial or liquidity challenges. Global private equity returned 2.1% in the third quarter (the most recent period for which data are available), according to the Burgiss Group. All regions were in the black for that quarter with Europe at the top. In the ten years through the third quarter of 2012, global private equity earned 12.5%, annualized, with buyout funds returning 14.3% and venture capital funds gaining 5.4%. With the dust yet to settle on the near-term economic outlook, we believe a blend of growth- and value-oriented strategies is vital to balance the macroeconomic risk in a private equity program. We find secondary, mezzanine and direct lending strategies particularly attractive as they benefit from restructuring and regulation of the global banking industry.

Consultant's Commentary

Through December 31, 2012

In private core real estate, recent quarterly total returns have been above historical averages but are trending downward toward more normalized returns. NEPC has a neutral view for US core real estate. Heartening signs for core real estate: improving fundamentals in occupancy and rental rates, limited new construction, and attractive relative spreads versus Treasuries. A concern: lower absolute yields and significant capital inflows are driving up pricing for assets. NEPC remains neutral on US Real Estate Investment Trusts (REITs). REITs are trading at historically high multiples of their funds from operations (FFO), driven, in part, by investors hunting for yield. NEPC continues to spot opportunities in value-add and opportunistic real estate strategies, especially in Europe where the weakened lending power of the region's banks present an upper hand for investors seeking yield in non-core/secondary assets and capital structure distress. Debt related investment opportunities, also in Europe, appear to offer an attractive risk-return profile for investors.

Hedge Funds:

Hedge funds delivered solid returns in the fourth quarter with net exposure approaching calendar year highs in December. The Dow Jones Credit Suisse Hedge Fund Composite rose 1.9% during the quarter— even as the S&P 500 declined 0.4%— bringing year-to-date gains to 7.7%. The fourth quarter brought the curtain down on a strong performance by select credit and event driven strategies. Fixed income funds returned 2.0%, buoyed by spread compression across asset classes and gains from Non-Agency residential MBS and other asset backed securities. Event driven assets posted returns of 3.2%, aided by the liquidation trades of Lehman Brothers and Capmark. Long-short equity strategies gained 2.1% in the quarter, with emerging markets leading the way with returns of 3.9%. Managed futures strategies (-3.1%) struggled during the quarter, particularly in October (-4.6%), when periods of elevated short-term volatility dealt a blow to managers following medium- and longer-term trend strategies. Exposure to commodities, especially metals, hurt global macro (-0.7%) and managed futures strategies in October.

Performance: For the quarter, the Fund returned 2.18% outperforming the policy index return of 1.68%. The fund ranked in the 3rd quartile of the BNY Mellon Public Master Trust Universe. Active managers added 0.49% to aggregate performance during the quarter versus the policy index, and allocation decisions contributed 0.01% to Total Fund return. For the year ended December 31, 2012, the Fund returned 13.1% ranking in the second quartile of the BNY Mellon Public Master Trust Universe, with active managers detracting 14 basis points over the trailing year, and deviations from policy detracted 17 basis points from overall returns.

Consultant's Commentary

Through December 31, 2012

Domestic Equity Composite

The Fund had 34% invested in domestic equity at the end of the fourth quarter. Within domestic equity, the Fund was underweight the Russell 3000 Index by 2.0%, Overweight the Russell 1000 Active index by 1.5%, underweight Small Cap Active by approximately 0.1%, overweight Mid Cap Active by 1.8% and underweight S&P 400 Index by 1.0%.

For the quarter, the Total Domestic Equity Portfolio returned 1.03%, outperforming the Russell 3000 Index return of 0.25% by approximately 78 bps. Mid cap active, Russell 1000 Active, Russell 3000 Index Fund and Emerging Managers outperformed their respective benchmark, while the Small Cap Active, Small to Mid Cap Active and Mid Cap S&P 400 Index managers underperformed their benchmark.

International Equity Composite

At the end of the fourth quarter, the Fund had an allocation to international equity of 16%. Of this total, 41% was allocated to emerging markets equity and 59% was allocated to developed international markets. The Fund also allocates across style in the developed international space, with 14.3% of the allocation invested in active value mandates, 25.6% in core mandates, 12.0% in growth mandates, and the residual invested in Non-US Activist mandates. A total of 18.7% of the total international allocation was invested passively, including 13.3% invested in Emerging Markets Passive investments and 5.4% invested in Passive developed investments.

The International Developed Markets Equity Composite (excludes the activist/environmental managers) returned 6.1% in the fourth quarter, underperforming the MSCI EAFE Index (6.6%). Passive managers outperformed active managers within the Fund by 44 bps during the quarter. Amongst active managers, in the growth space Pyramis (6.4%), and Philadelphia (6.6%) in the core space outperformed their respective style benchmarks, while Sprucegrove (5.9) underperformed its style benchmark over the quarter.

The Emerging Markets Composite returned 4.2% in the fourth quarter, underperforming the MSCI EM Index by 137 basis points.

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Through December 31, 2012

Fixed Income Composite

At the end of the fourth quarter, the Fund had an allocation to fixed income of 33%. Of the allocation to fixed income, 55.6% was invested in structured fixed income, 16.5% was allocated to high yield, 8.6% was invested in TIPS, 4.5% was allocated to cash, 4.5% allocated to bank loans, 2.7% was in convertible bonds, 1.9% was allocated to economically targeted investments (ETI), 4.4% was allocated to opportunistic fixed income, 0.9% to Progress Fixed and 0.4% was allocated to global bonds.

The Structured Fixed Income Composite returned 0.7% in the fourth quarter, outperforming the NYC Core plus 5 Index return of 0.3%. The Barclays Capital Aggregate Index returned 0.2% in the quarter. Treasury and agency returns were flat again in the fourth quarter.

The Enhanced Yield or high yield fixed income composite, posted a return of 3.1%, which slightly outperformed the Citigroup BB & B Index return of 3.0%.

The TIPS Composite returned 0.7% in line with the Barclays Capital US TIPS Index (0.7%).

Real Estate Equity Securities Composite & Private Equity

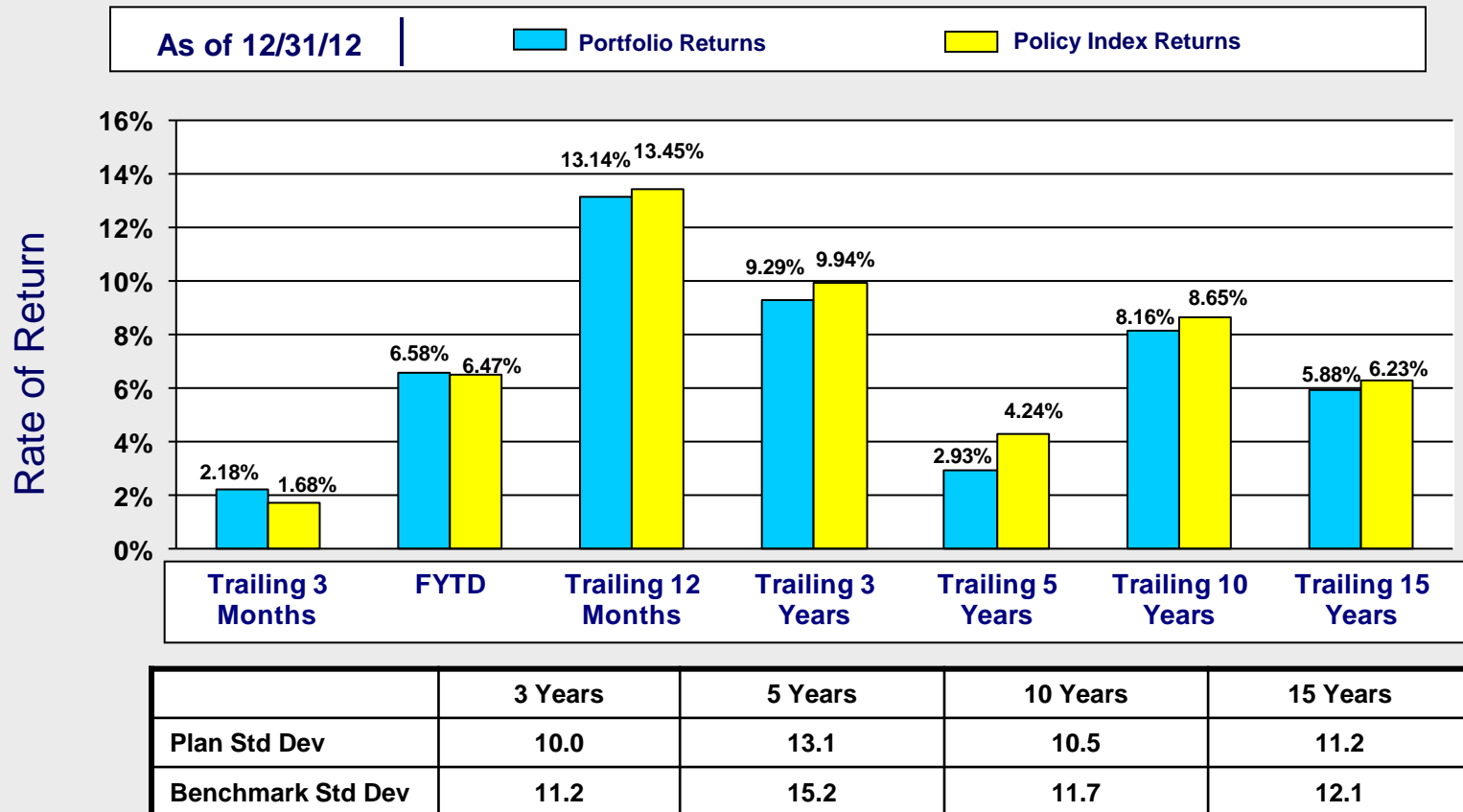
As of December 31, 2012, the Fund had \$314 million invested in REITs for a commitment of 3.6% of Total Fund assets. In the fourth quarter the REIT portfolio returned 3.7%, outperforming the DJ US Select Real Estate Securities Index by 138 basis points. As of December 31, the Fund had an allocation to Private Real Estate of 3.6% and 6.8% allocated to Private Equity.

Hedge Funds

The allocation to hedge funds as of December 31, 2012 was \$199 million, 2.3% of the total fund. The fourth quarter return for the hedge fund portfolio was 3.0%, outperforming the HFRI FOF Composite Index +1% return of 1.6%, and outperforming the 1 Yr TBill yield +4% return of 1.0%.

Total Portfolio Returns: December 31, 2012

\$8.7B Under Management

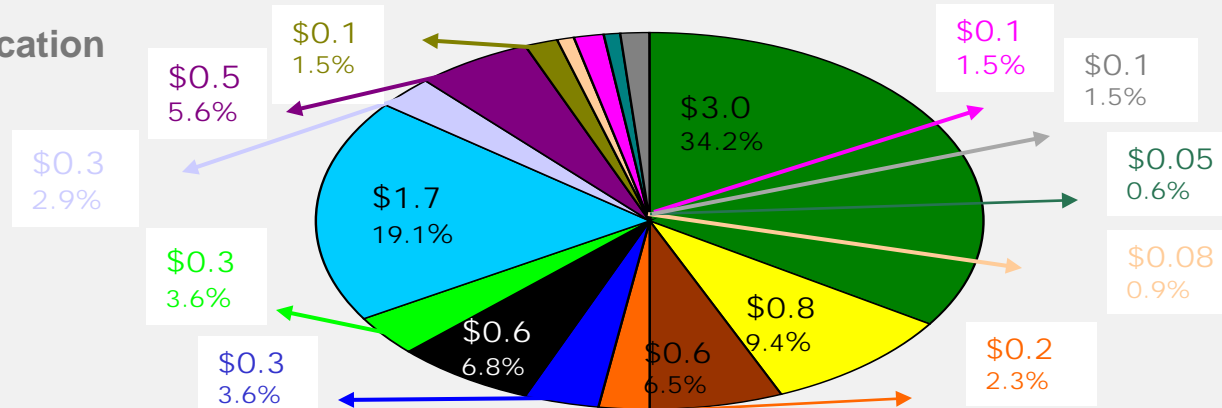


All returns are Gross. An estimate of fees for major investment programs is provided in the Appendix.

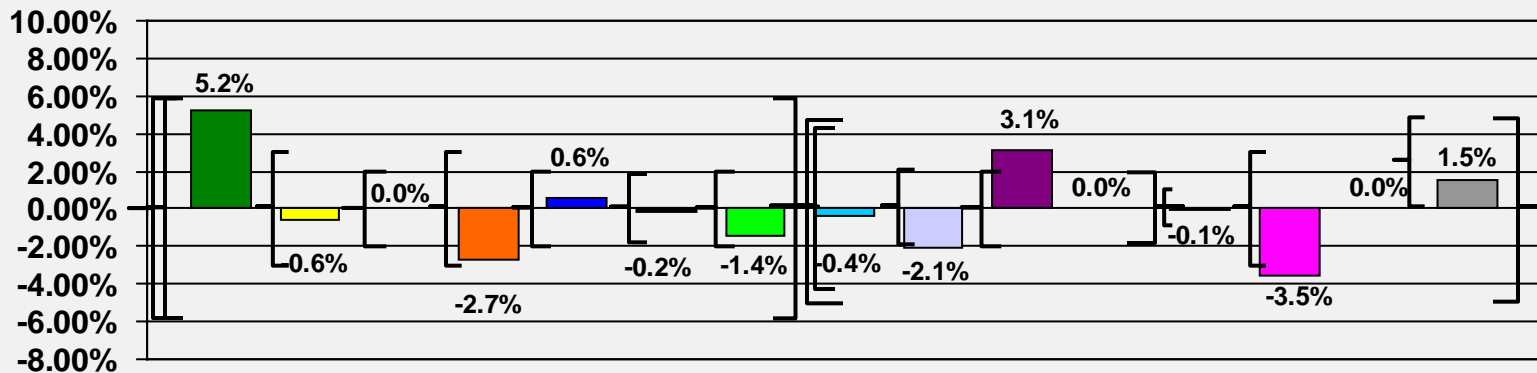
Portfolio Asset Allocation: December 31, 2012

\$8.7B Under Management

Asset Allocation



Relative Mix to New Policy Weights

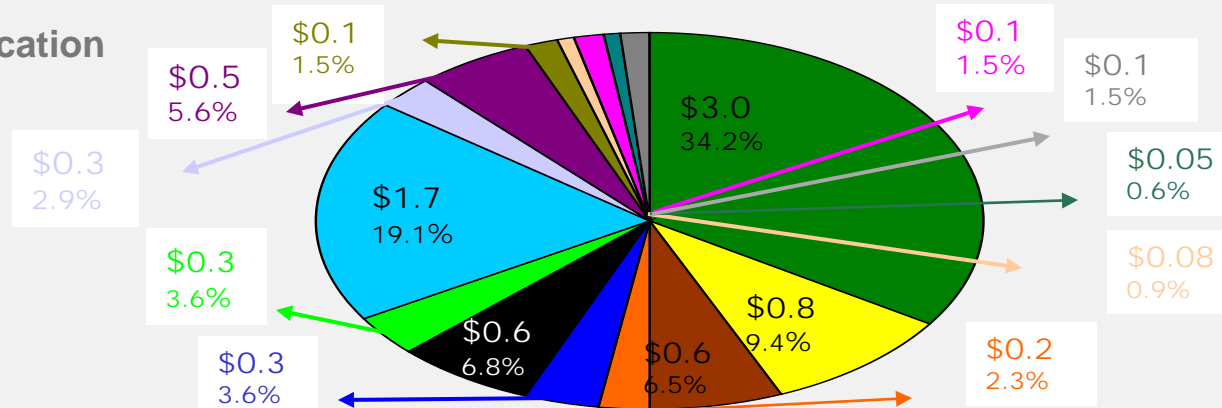


Note: Brackets represent rebalancing ranges versus Policy.

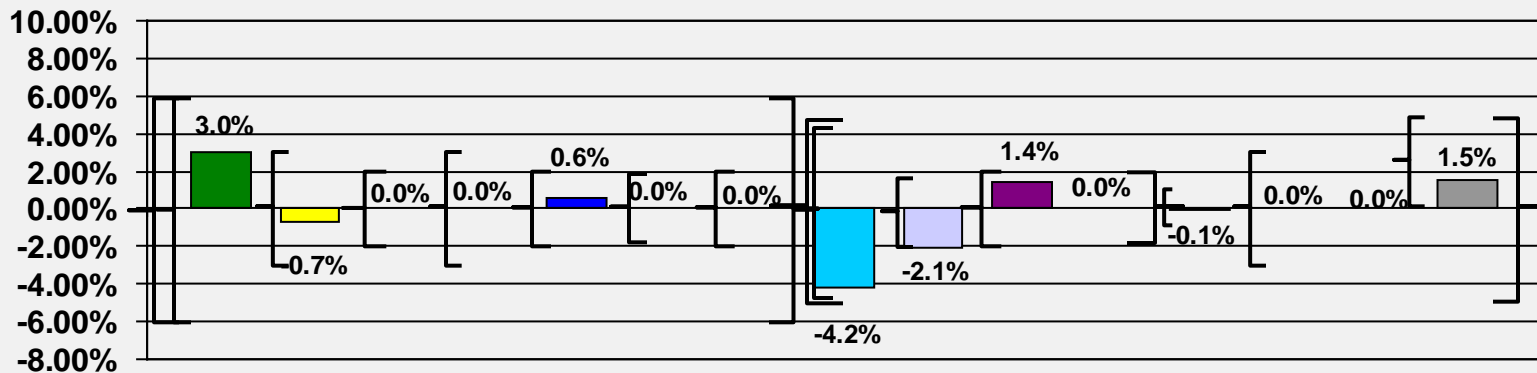
Portfolio Asset Allocation: December 31, 2012

\$8.7B Under Management

Asset Allocation

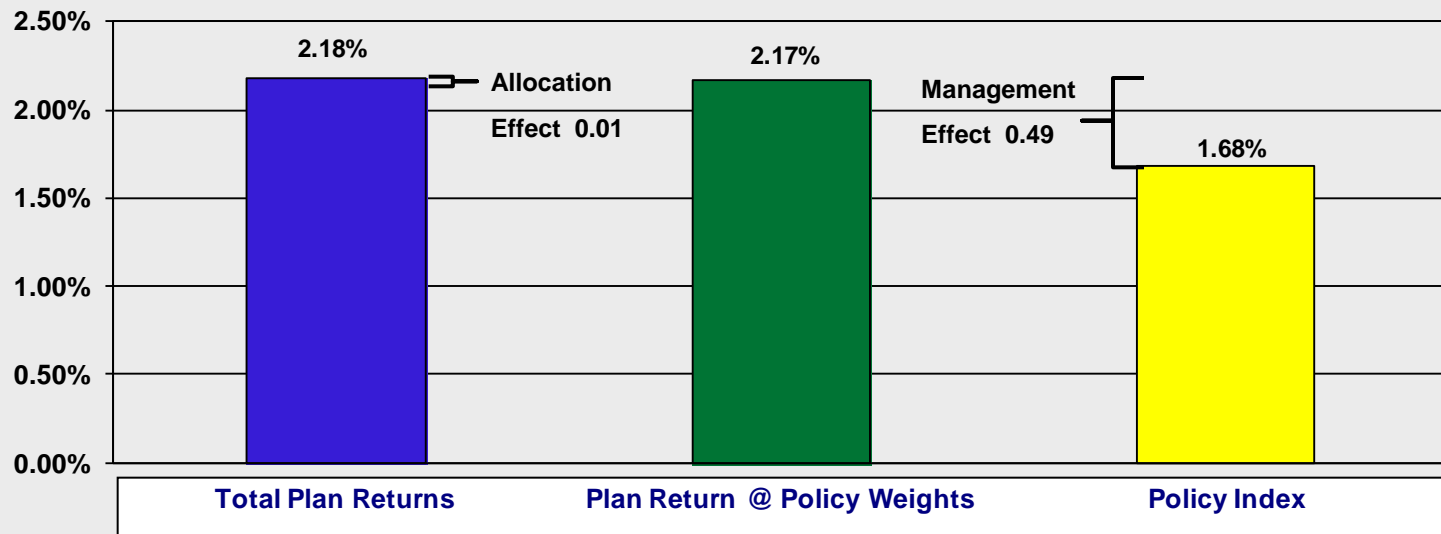


Relative Mix to Adjusted New Policy Weights

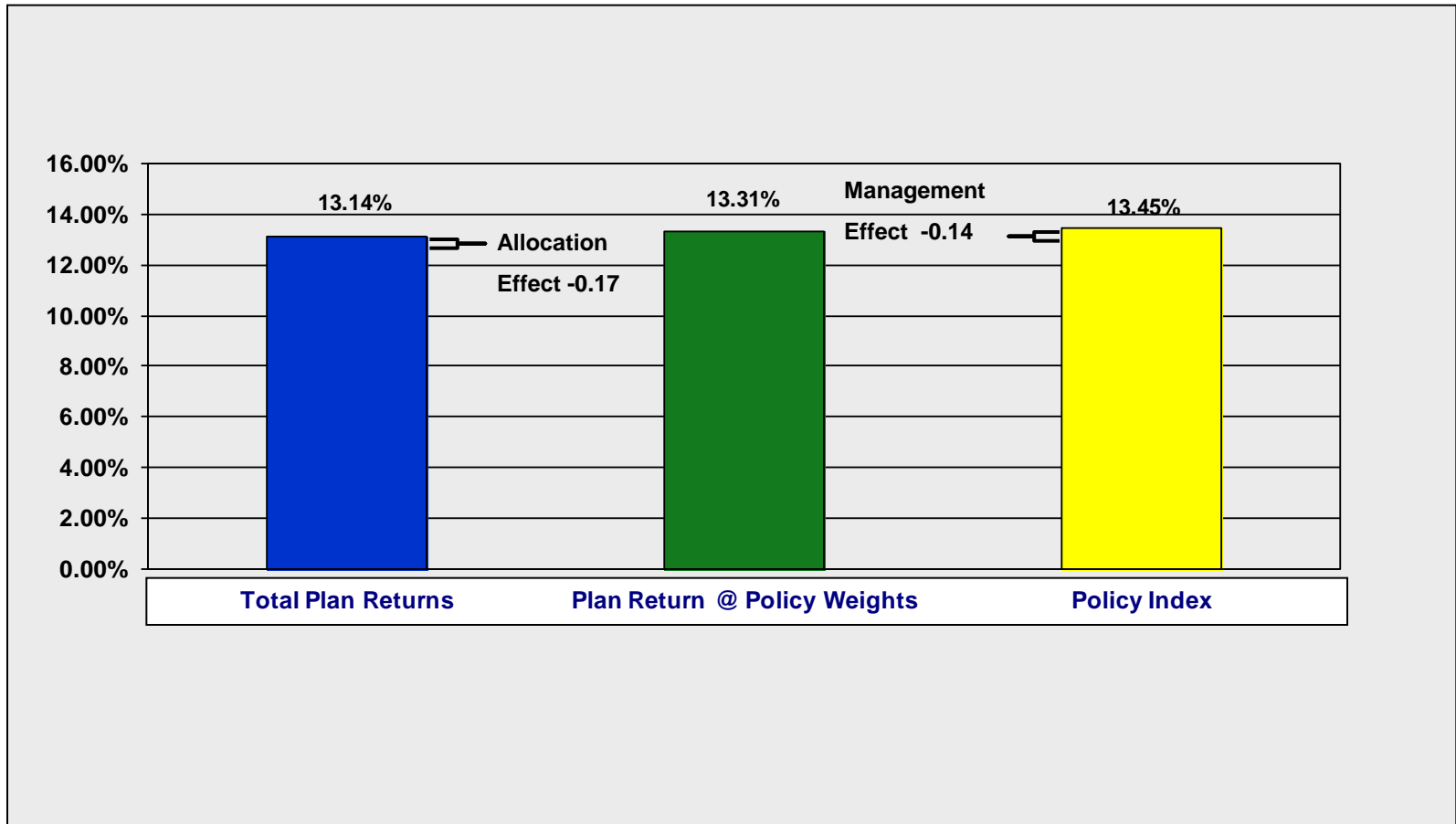


Note: Brackets represent rebalancing ranges versus Policy.

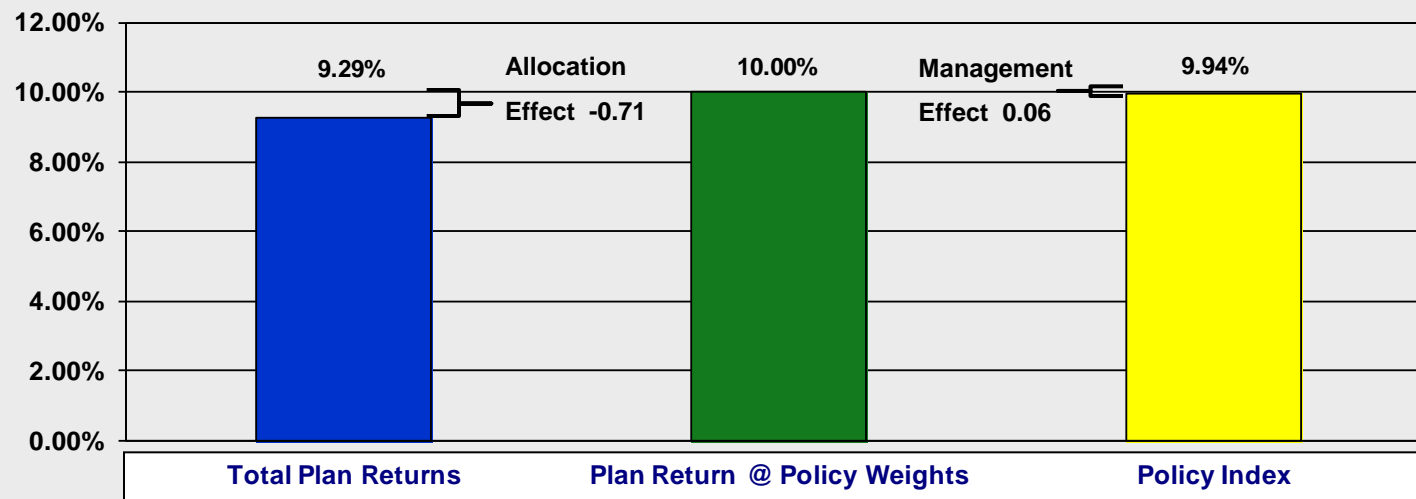
Performance Attribution: Total Plan – Quarter Ending December 31, 2012



Performance Attribution: Total Plan – 12 Month Ending December 31, 2012



Performance Attribution: Total Plan – 3 Years Ending December 31, 2012



Total Plan: December 31, 2012

Allocation Effect – Asset Class Breakdown

<u>Plan</u>	<u>Quarter</u>	<u>12 Months</u>	<u>3 Years</u>	<u>Benchmark</u>
Domestic Equity	-0.04	0.06	-0.09	Russell 3000 Index
EAFE Markets	-0.05	-0.10	-0.12	MSCI EAFE Index
Emerging Markets	0.00	-0.10	-0.03	MSCI Emerging Markets Index
REITS	0.01	0.12	0.05	DJ US Select RE Securities Index
Private Equity	0.00	-0.01	-0.01	Russell 3000 Index + 300 b.p.
Private Real Estate	0.00	0.00	0.00	NCREIF ODCE net
Hedge Funds	0.00	0.02	N/A	HFRI Fund of Funds Composite Index + 1%
Domestic Fixed	0.06	0.10	-0.29	NYC Core +5 Index
Enhanced Yield	0.01	0.02	-0.03	Citigroup BB&B Index
TIPS	0.02	0.11	-0.04	Barclays Capital US TIPS Index
Convertible Bonds	0.00	0.00	0.00	ML All US Convertibles ex Mandatory (V0A0)
Opportunistic Fixed	0.00	0.00	0.01	JPM Global High Yield +3%
State Street Short Term	-0.02	-0.41	-0.33	Total Plan

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

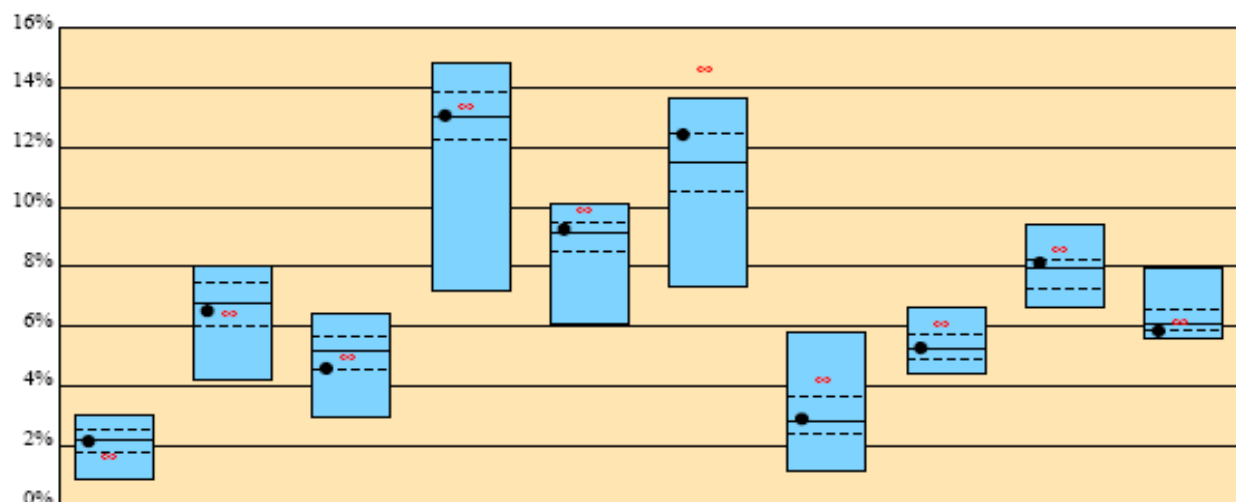
Total Plan: December 31, 2012

Management Effect – Asset Class Breakdown

<u>Plan</u>	<u>Quarter</u>	<u>12 Months</u>	<u>3 Years</u>	<u>Benchmark</u>
Domestic Equity	0.27	0.07	-0.10	Russell 3000 Index
EAFE Markets	-0.04	0.02	0.20	MSCI EAFE Index
Emerging Markets	-0.09	-0.09	-0.03	MSCI Emerging Markets Index
REITS	0.05	0.10	0.05	DJ US Select RE Securities Index
Private Equity	0.18	-0.61	-0.29	Russell 3000 Index + 300 b.p.
Private Real Estate	0.06	0.13	-0.01	NCREIF ODCE net
Hedge Funds	0.03	0.02	N/A	HFRI Fund of Funds Composite Index + 1%
Domestic Fixed	0.08	0.25	0.14	NYC Core +5 Index
Enhanced Yield	0.00	-0.05	-0.01	Citigroup BB&B Index
TIPS	0.00	0.00	0.00	Barclays Capital US TIPS Index
Convertible Bonds	-0.01	-0.02	-0.01	ML All US Convertibles ex Mandatory (V0A0)
Opportunistic Fixed	-0.03	-0.04	-0.04	JPM Global High Yield +3%

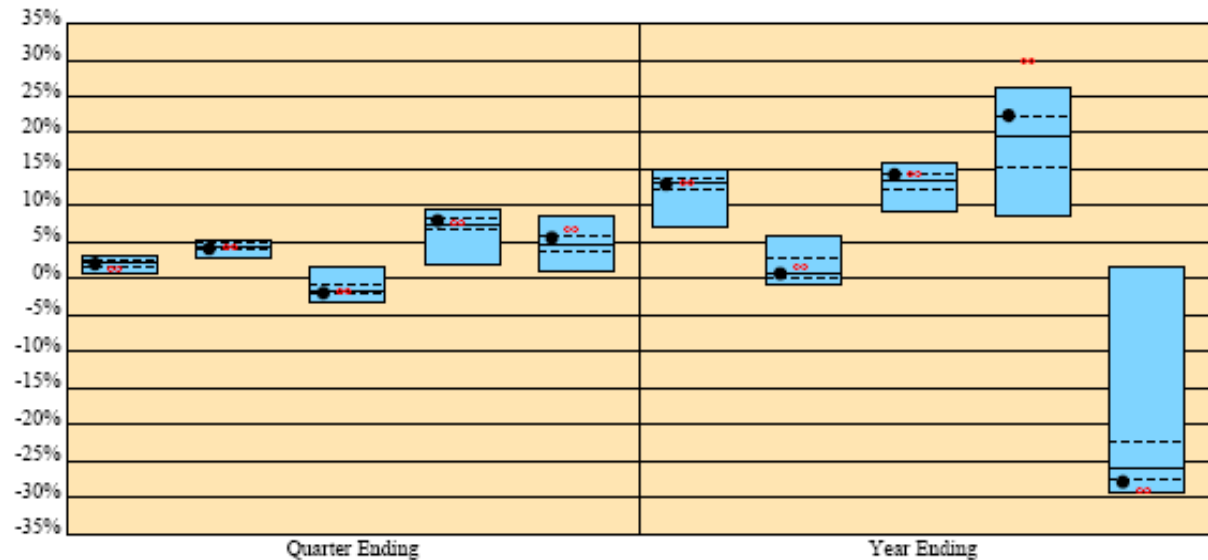
Note: Detailed effects may not add up to total due to reallocation and trading effects.

City Of New York - Fire
Total Returns of Public Master Trusts > \$1 Billion
Rates of Return for Periods Ending December 31, 2012



	1 Quarter	2 Quarters	3 Quarters	1 Year	3 Years	4 Years	5 Years	7 Years	10 Years	15 Years
5th Percentile	3.02	7.99	6.44	14.85	10.13	13.62	5.80	6.61	9.40	7.94
25th Percentile	2.52	7.44	5.68	13.83	9.46	12.46	3.63	5.72	8.24	6.56
Median	2.18	6.79	5.15	13.04	9.12	11.46	2.83	5.25	7.96	6.11
75th Percentile	1.74	6.02	4.58	12.25	8.48	10.53	2.37	4.88	7.24	5.88
95th Percentile	0.84	4.17	2.93	7.22	6.09	7.34	1.17	4.40	6.65	5.56
● Total System	2.18 (51)	6.55 (64)	4.62 (73)	13.10 (48)	9.28 (34)	12.46 (25)	2.93 (44)	5.31 (44)	8.16 (32)	5.88 (75)
⊞ Fire Policy Benchmark	1.68 (76)	6.47 (66)	5.04 (51)	13.45 (32)	9.94 (10)	14.68 (1)	4.24 (13)	6.17 (13)	8.65 (13)	6.23 (47)

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



5th Percentile
25th Percentile
Median
75th Percentile
95th Percentile

	Dec 12	Sep 12	Jun 12	Mar 12	Dec 11	Dec 12	Dec 11	Dec 10	Dec 09	Dec 08
5th Percentile	3.02	5.40	1.46	9.42	8.50	14.85	5.93	15.92	26.29	1.53
25th Percentile	2.52	4.98	-0.92	8.31	5.74	13.83	2.68	14.24	22.29	-22.45
Median	2.18	4.49	-1.67	7.50	4.62	13.04	0.84	13.43	19.47	-25.99
75th Percentile	1.74	4.16	-2.00	6.89	3.89	12.25	0.08	12.29	15.19	-27.50
95th Percentile	0.84	2.82	-3.20	1.97	0.97	7.22	-0.90	9.28	8.60	-29.46

● Total System
∞ Fire Policy Benchmark

Total System	2.18 (51)	4.28 (69)	-1.81 (66)	8.11 (28)	5.76 (23)	13.10 (48)	0.84 (51)	14.41 (21)	22.55 (23)	-27.76 (78)
Fire Policy Benchmark	1.68 (76)	4.71 (32)	-1.34 (37)	8.01 (35)	6.96 (10)	13.45 (32)	2.02 (30)	14.81 (12)	30.18 (1)	-28.84 (87)

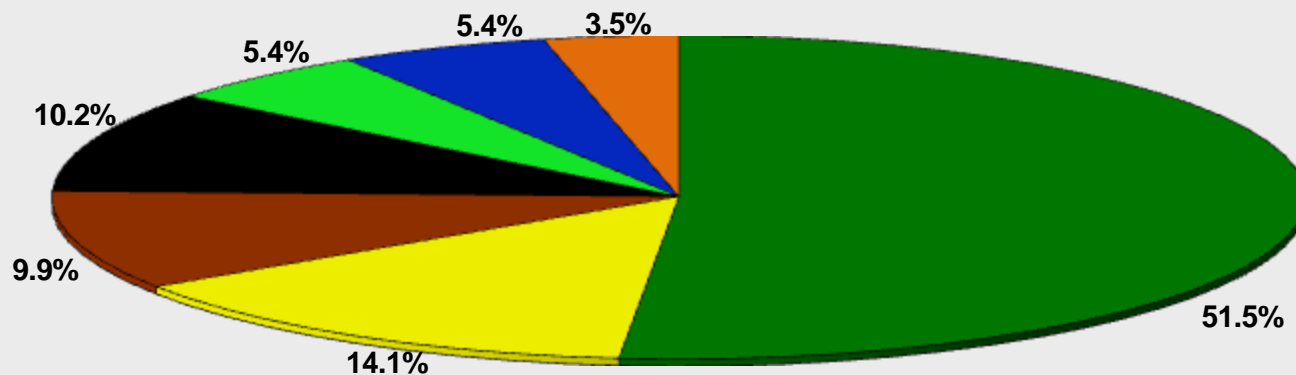
New York City
Fire Department Pension Fund, Subchapter Two

Equity Analysis

Total Equity Asset Allocation: December 31, 2012

\$5.8B Under Management, **66%** of Total Funds

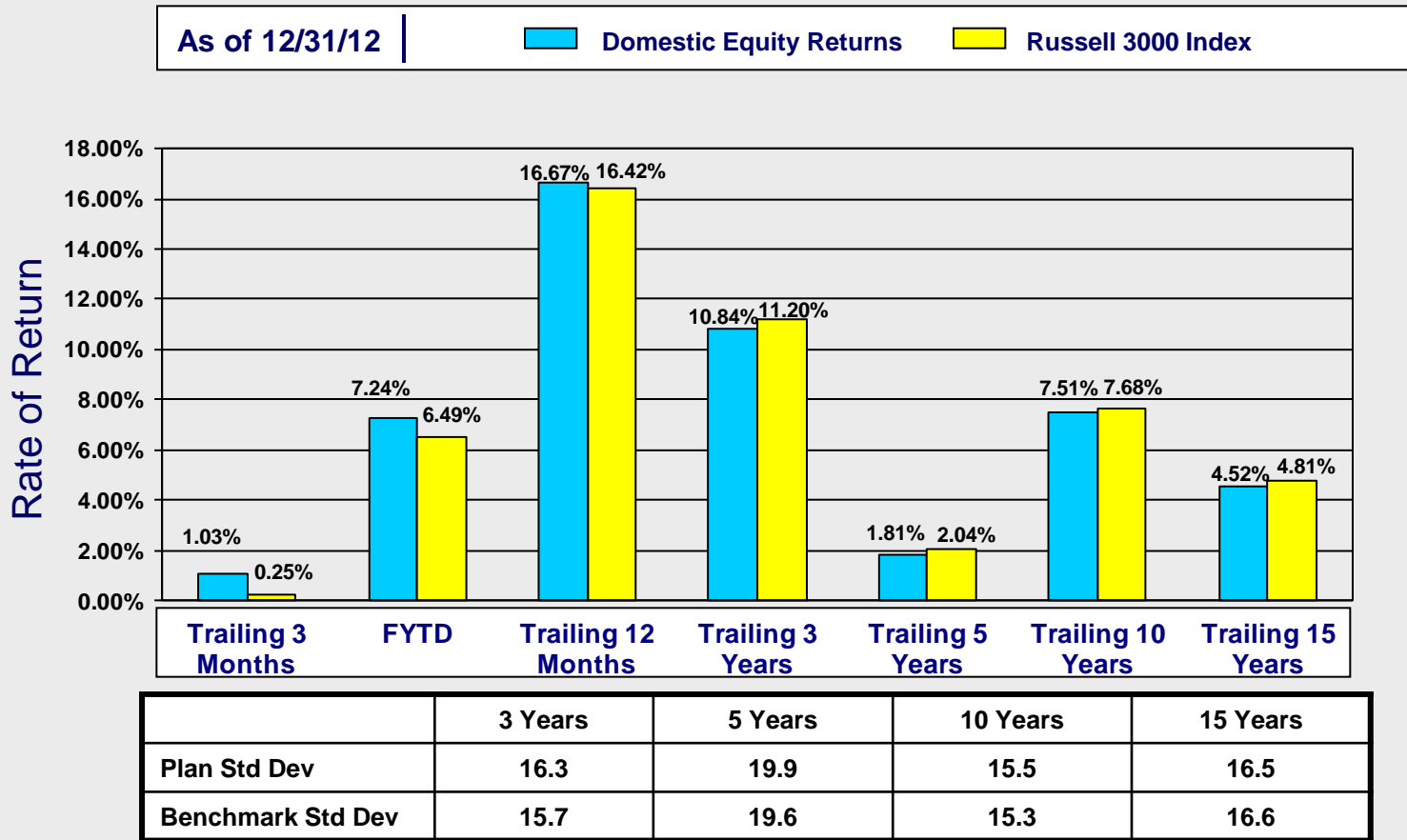
Asset Allocation by Groups



■ Domestic Equity ■ EAFE Markets ■ Emerging Markets ■ Private Equity ■ Private Real Estate ■ REITS ■ Hedge Funds

Total Domestic Equity Returns vs Russell 3000 Index

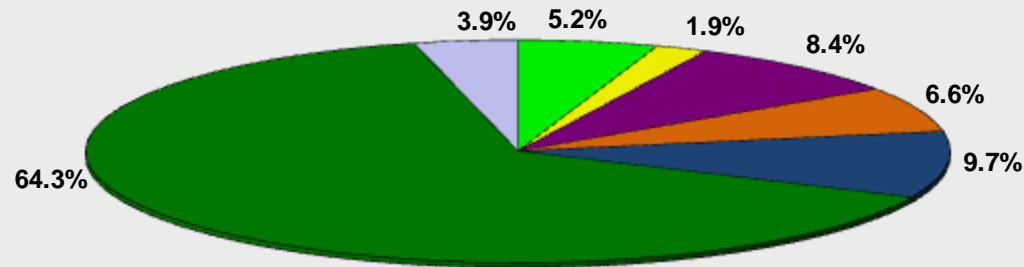
\$2.9B Under Management, **34%** of Total Funds



Total Domestic Equity Asset Allocation: Quarter Ending December 31, 2012

\$2.9B Under Management, **34%** of Total Funds

Asset Allocation by Groups



■ Small Cap Active	■ Small to Mid Cap Active	■ Mid Cap Active	■ Mid Cap S&P 400 Index
■ Russell 1000 Active	■ Russell 3000 Index Fund	■ Emerging Managers	

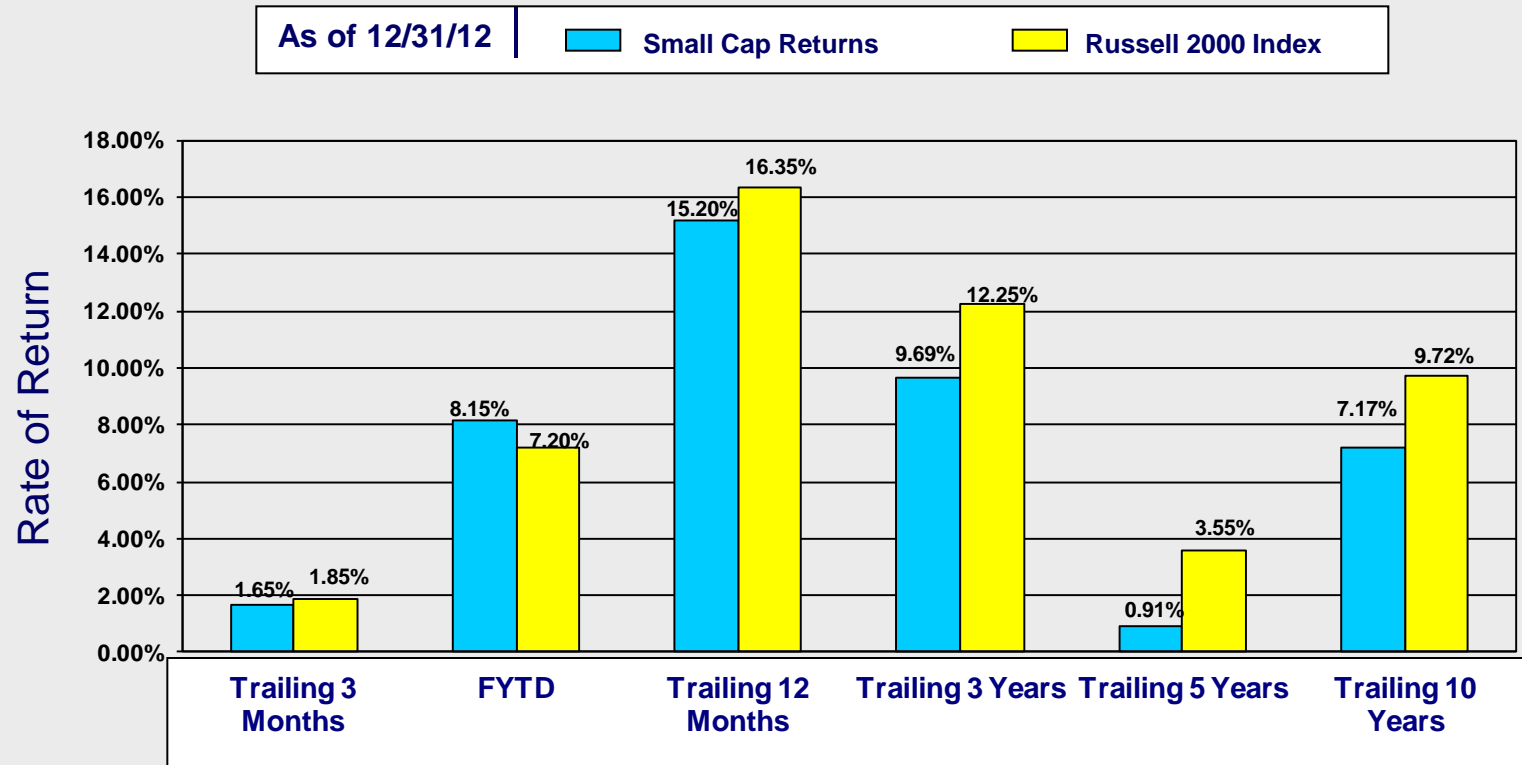
Value Added by Sectors

Sub Sector	Policy Weight	Actual Weight	Under/Over Weight	Index Return	Actual Return	Difference	Contribution to Out/Under Performance	
							Allocation	Management
Small Cap Active	5.30	5.23	-0.07	1.85	1.65	-0.20	0.00	-0.02
Small to Mid Cap Active	1.60	1.93	0.33	4.14	4.14	-0.01	0.01	0.00
Mid Cap Active	6.65	8.41	1.76	2.88	3.47	0.60	0.03	0.05
Mid Cap S&P 400 Index**	7.53	6.58	-0.95	3.61	3.60	-0.01	-0.03	0.00
Russell 1000 Active	8.17	9.66	1.49	0.12	0.45	0.33	-0.01	0.02
Russell 3000 Index Fund**	66.30	64.31	-1.99	0.25	0.28	0.03	0.01	0.02
Emerging Managers	4.45	3.88	-0.57	1.85	2.16	0.31	-0.01	0.01

**Index Fund Managers also used to meet capitalization size policy not met through Active managers.

Small Cap Returns vs Russell 2000 Index

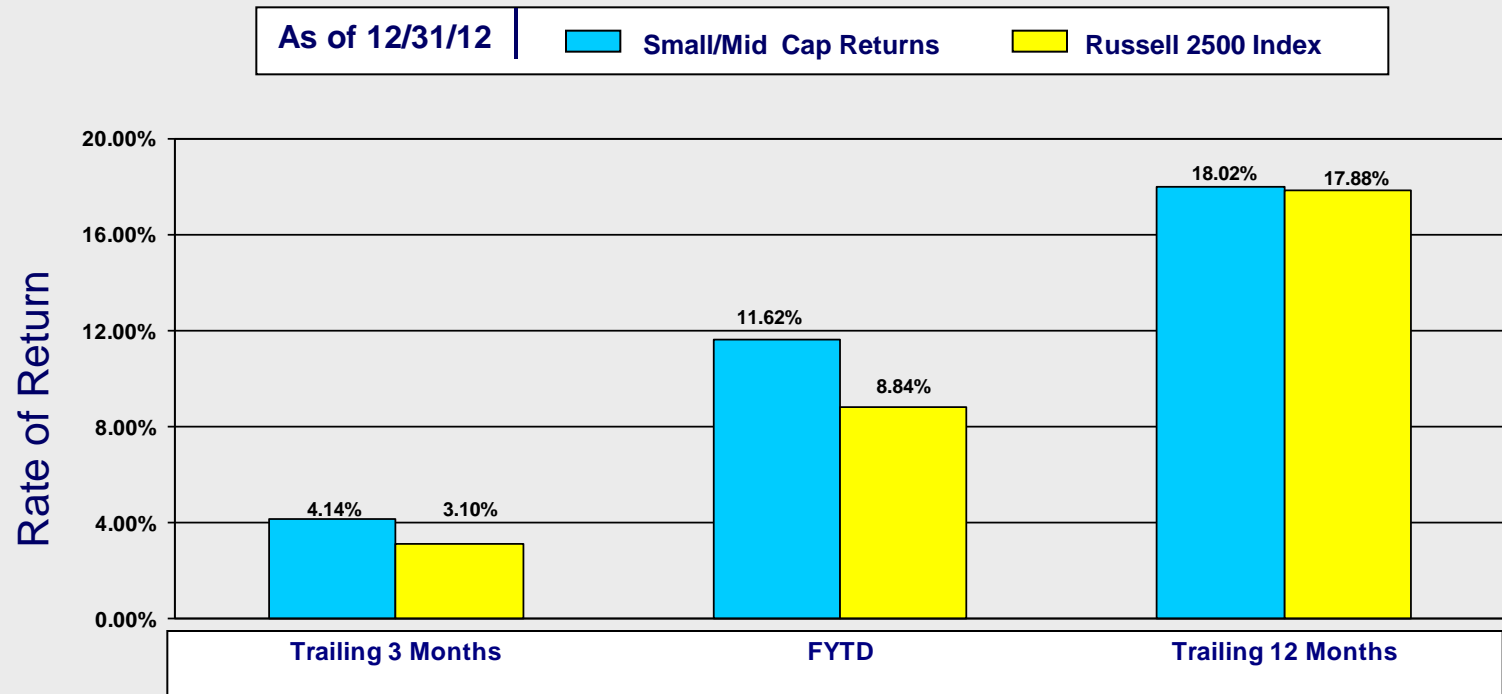
\$155M Under Management, **2%** of Total Funds



	3 Years	5 Years	10 Years
Plan Std Dev	18.8	22.8	18.3
Benchmark Std Dev	20.2	24.4	20.0

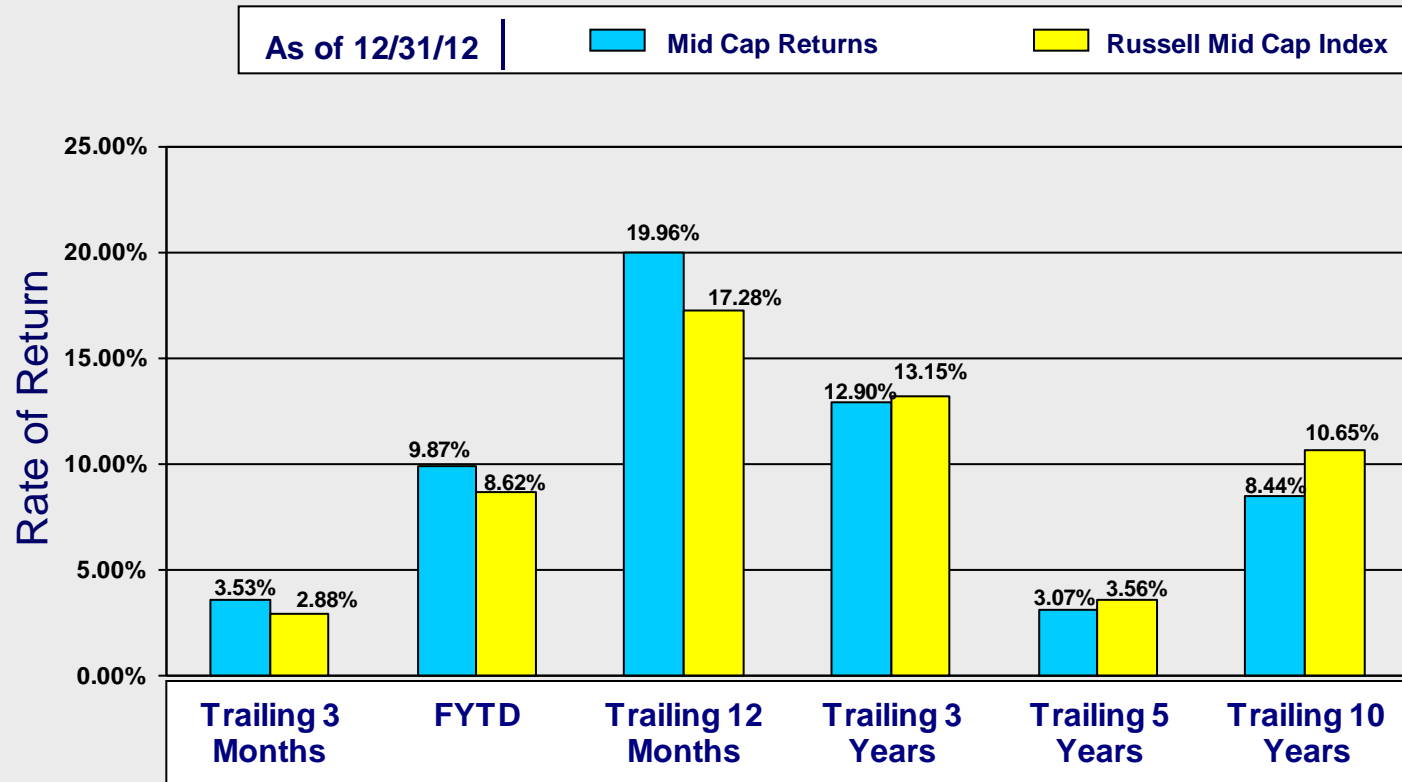
Small/Mid Cap Returns vs Russell 2500 Index

\$57M Under Management, **1%** of Total Funds



Mid Cap Returns vs Russell Mid Cap Index

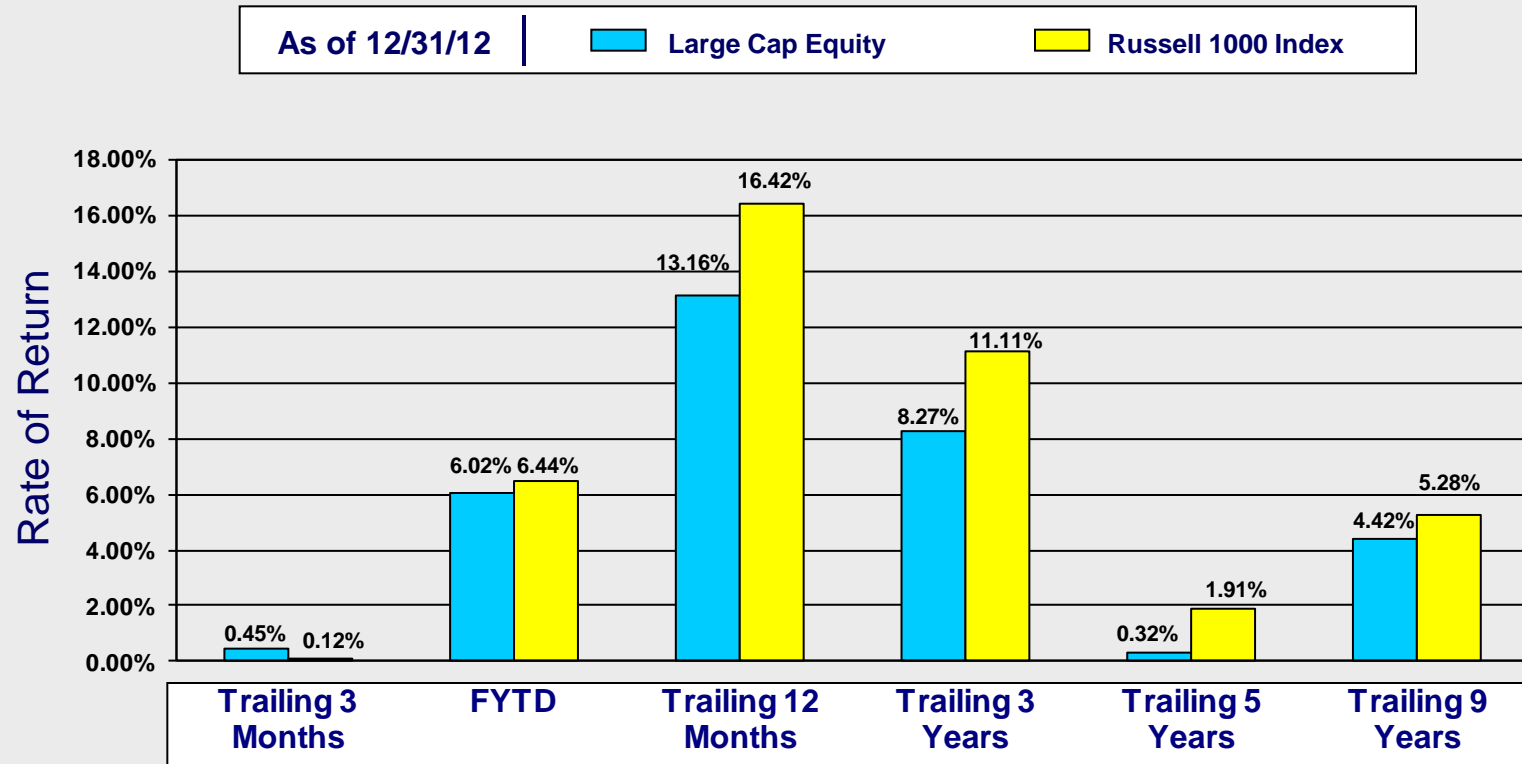
\$444M Under Management, **5%** of Total Funds



	3 Years	5 Years	10 Years
Plan Std Dev	17.7	21.9	17.5
Benchmark Std Dev	17.2	22.7	17.8

Large Cap Returns vs Russell 1000 Index

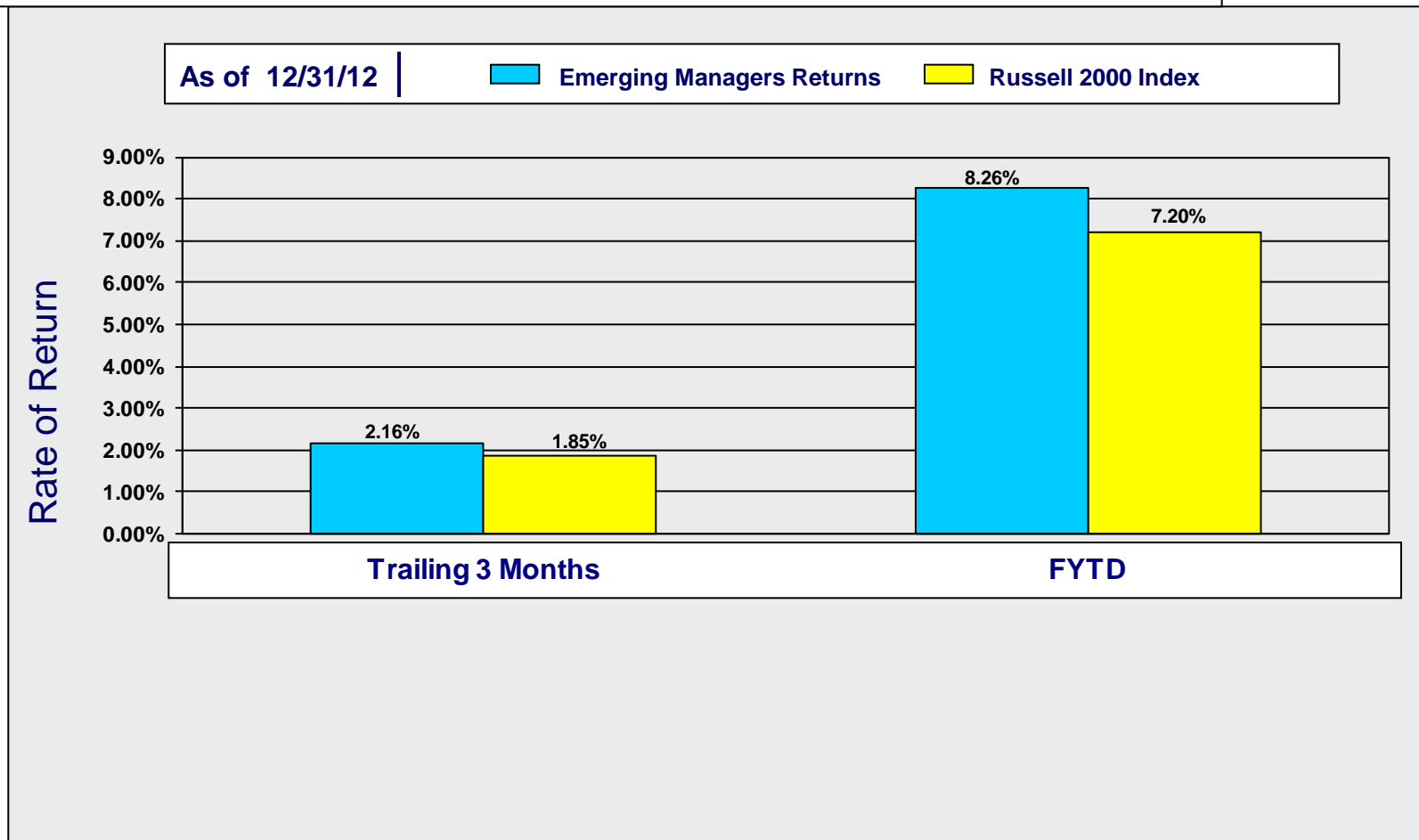
\$285M Under Management, **3%** of Total Funds



	3 Years	5 Years	9 Years
Plan Std Dev	17.5	20.1	16.0
Benchmark Std Dev	15.4	19.3	15.3

Emerging Managers Returns vs Russell 2000 Index

\$115M Under Management, **1%** of Total Funds



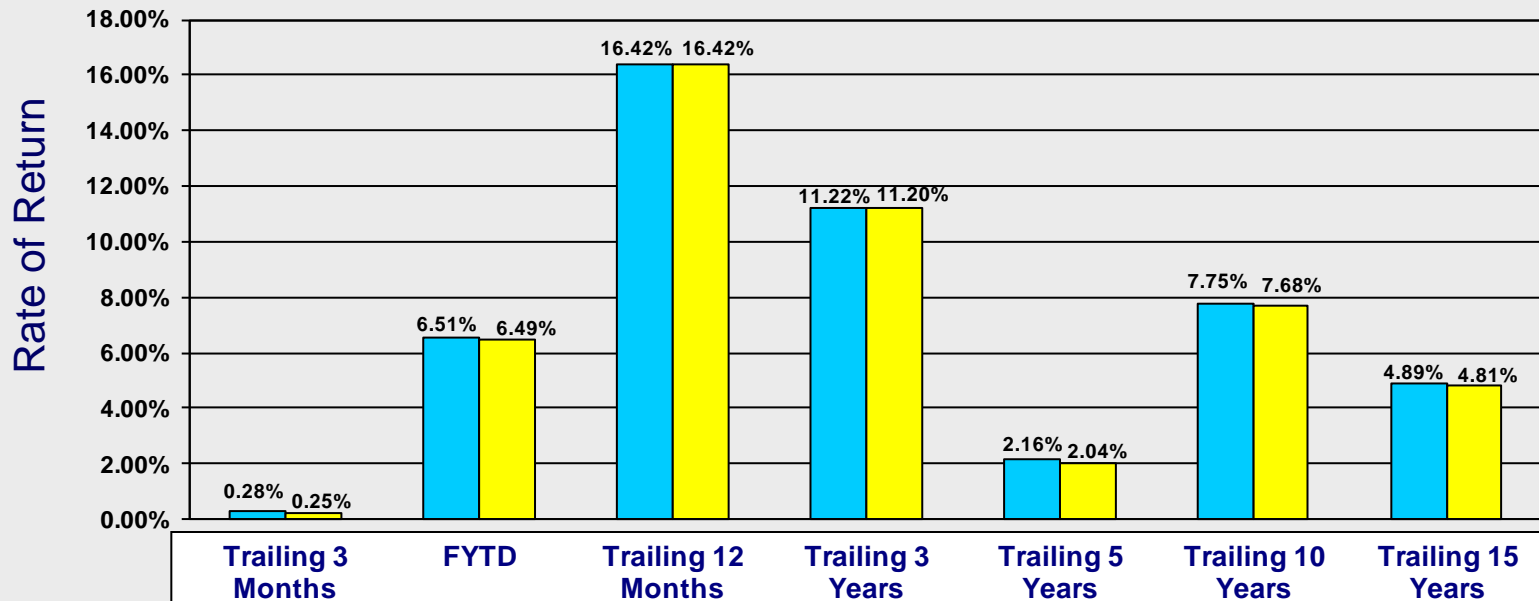
Russell 3000 Index Fund Returns vs Russell 3000 Index

\$1.9B Under Management, **22%** of Total Funds

As of 12/31/12

Russell 3000 Composite

Russell 3000 Index

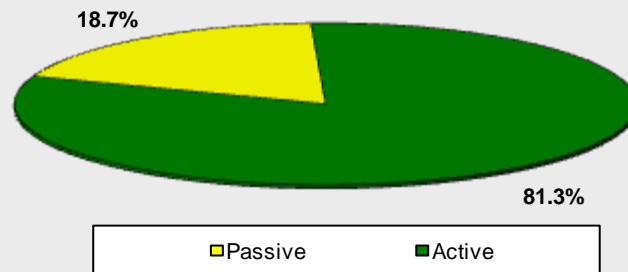


	3 Years	5 Years	10 Years	15 Years
Plan Std Dev	15.7	19.5	15.2	16.6
Benchmark Std Dev	15.7	19.6	15.3	16.6

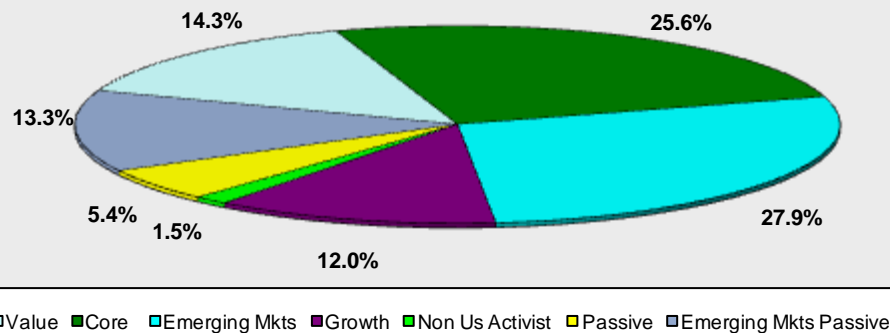
International Equity Asset Allocation: December 31, 2012

\$1.4B Under Management, **16%** of Total Funds

Asset Allocation by Groups



Asset Allocation by Style

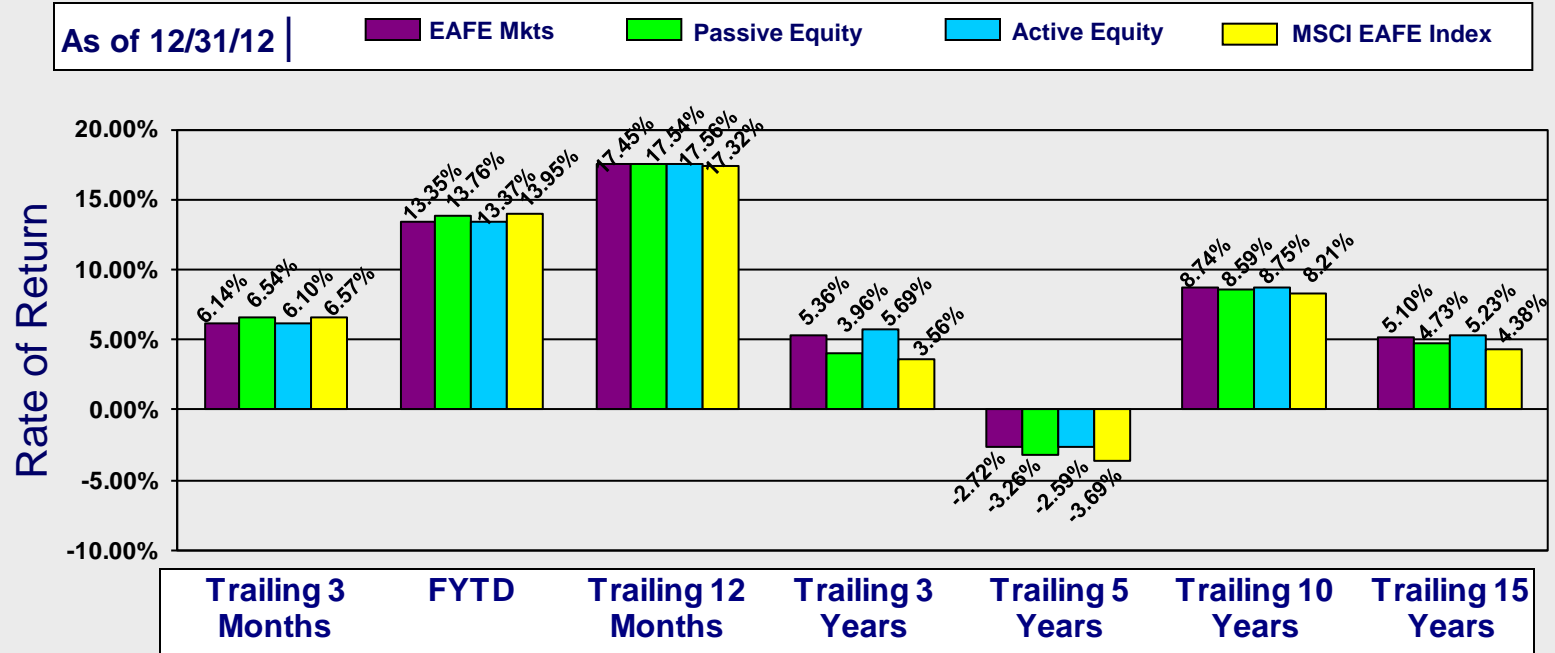


Value Added by Sectors

Sub Sector	Policy Weight	Actual Weight	Under/Over Weight	Index Return	Actual Return	Difference	Contribution to Out/Under Performance	
							Allocation	Management
EAFE Growth		11.97		5.79	6.44	0.65		0.08
EAFE Value		14.30		7.44	5.87	-1.57		-0.21
EAFE Core		25.64		6.57	6.06	-0.51		-0.13
EAFE Passive		5.35		6.57	6.54	-0.03		0.00
Non-US Activist		1.45		7.78	12.48	4.70		0.06
Active EM		27.94		5.61	3.64	-1.97		-0.47
Passive EM		13.35		5.61	5.53	-0.08		-0.01

EAFE Markets Returns vs MSCI EAFE Index

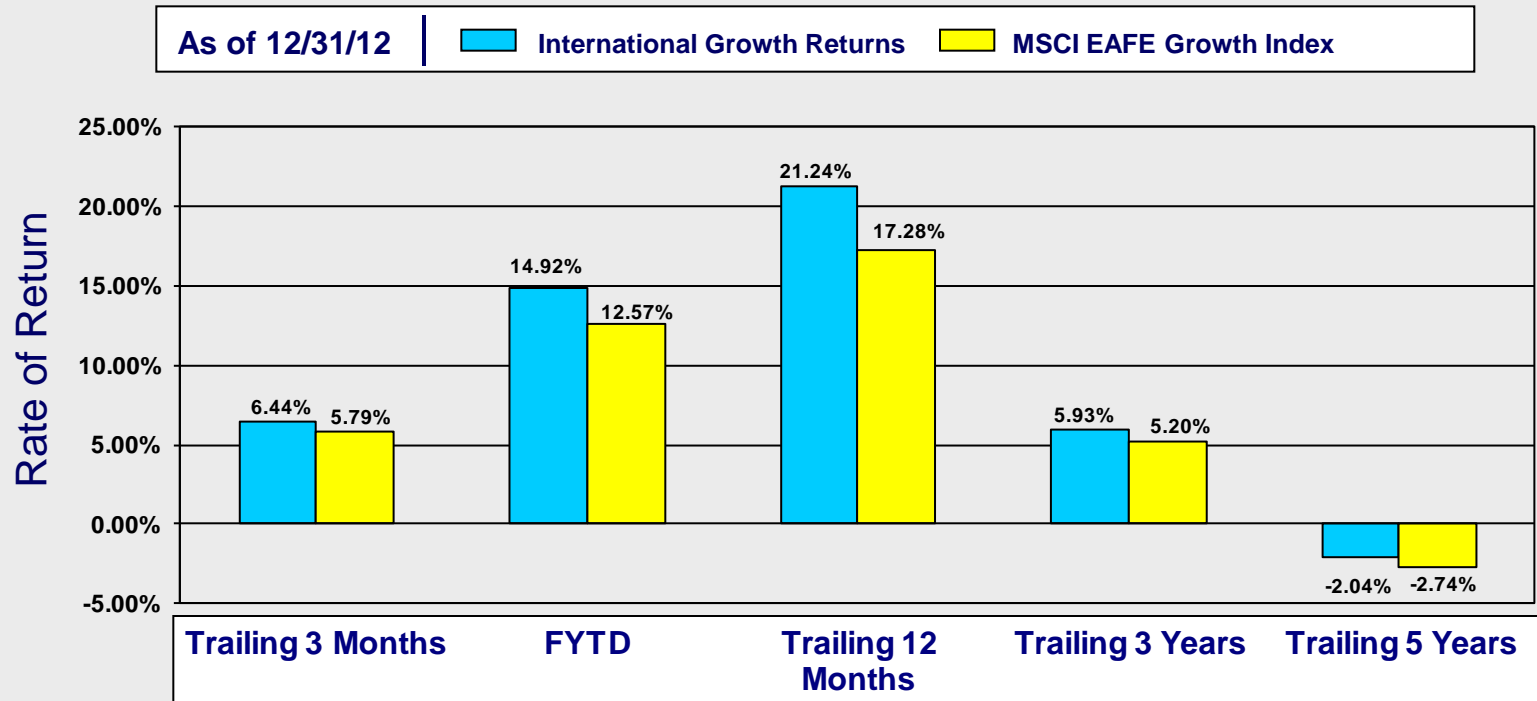
\$790M Under Management, **9%** of Total Funds



	3 Years	5 Years	10 Years	15 Years
EAFE Plan Std Dev	18.9	22.9	18.1	18.1
Passive Plan Std Dev	19.3	23.3	18.3	17.9
Active Plan Std Dev	18.9	22.8	18.1	18.2
Benchmark Std Dev	19.4	23.3	18.4	18.0

International Growth Returns vs MSCI EAFE Growth Index

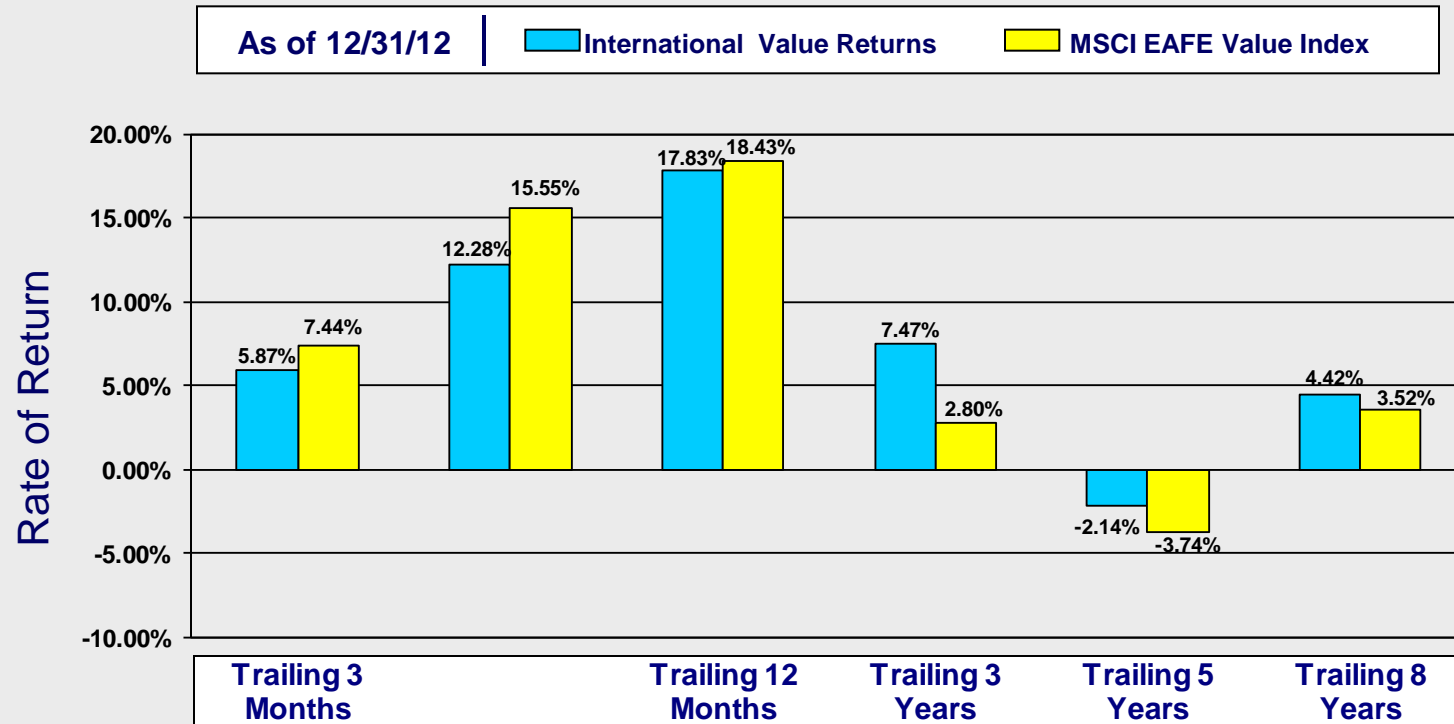
\$165M Under Management, **2%** of Total Funds



	3 Years	5 Years
Plan Std Dev	19.1	22.9
Benchmark Std Dev	18.8	22.4

International Value Returns vs MSCI EAFE Value Index

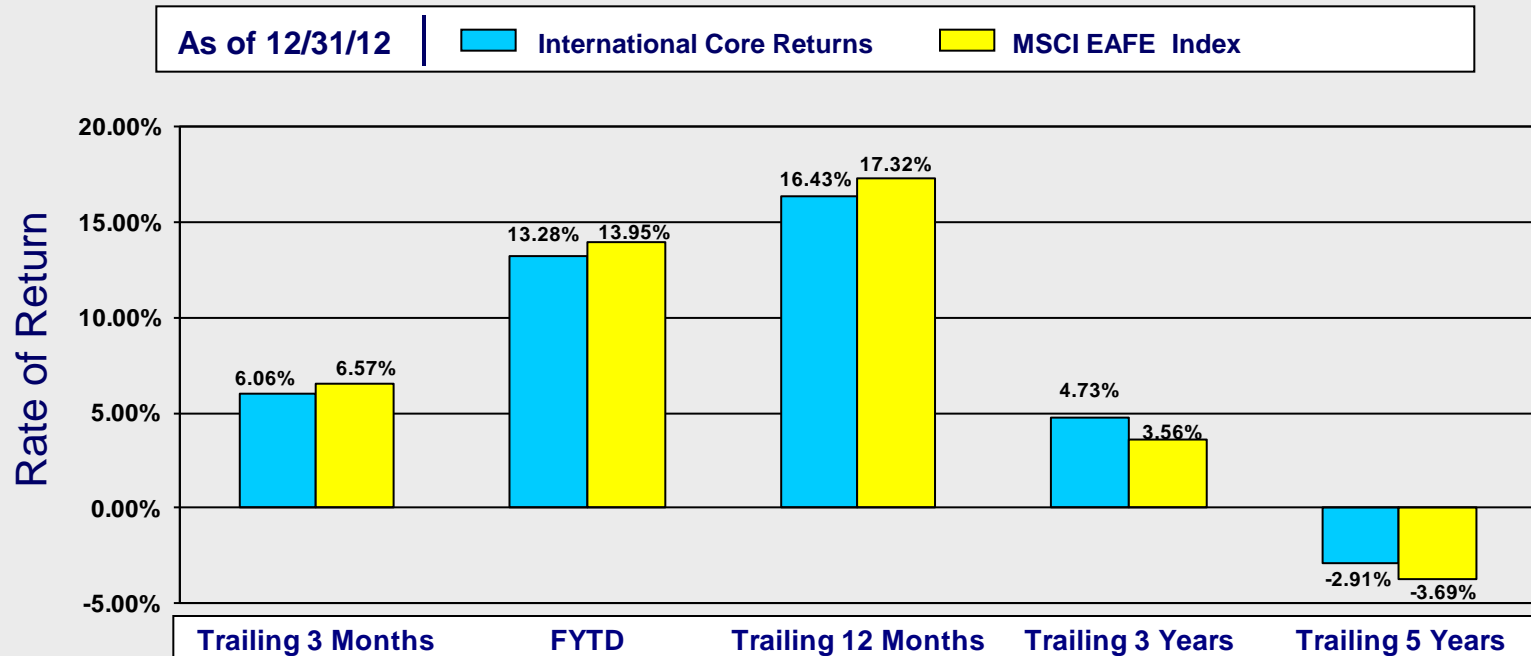
\$197M Under Management, **2%** of Total Funds



	3 Years	5 Years	8 Years
Plan Std Dev	17.8	22.2	18.7
Benchmark Std Dev	20.4	24.7	20.6

International Core Returns vs MSCI EAFE Index

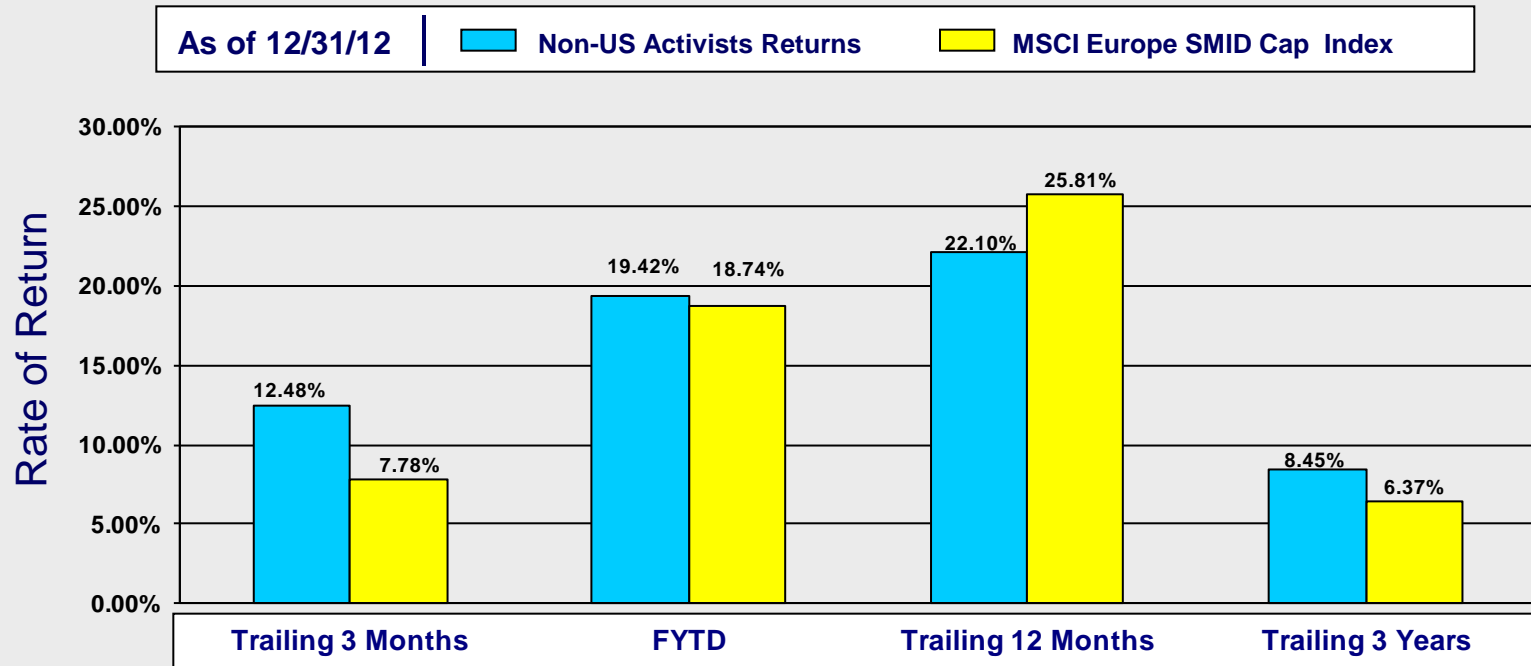
\$354M Under Management, **4%** of Total Funds



	3 Years	5 Years
Plan Std Dev	19.6	23.4
Benchmark Std Dev	19.4	23.3

Non-US Activist Returns vs MSCI Europe SMID Cap Index

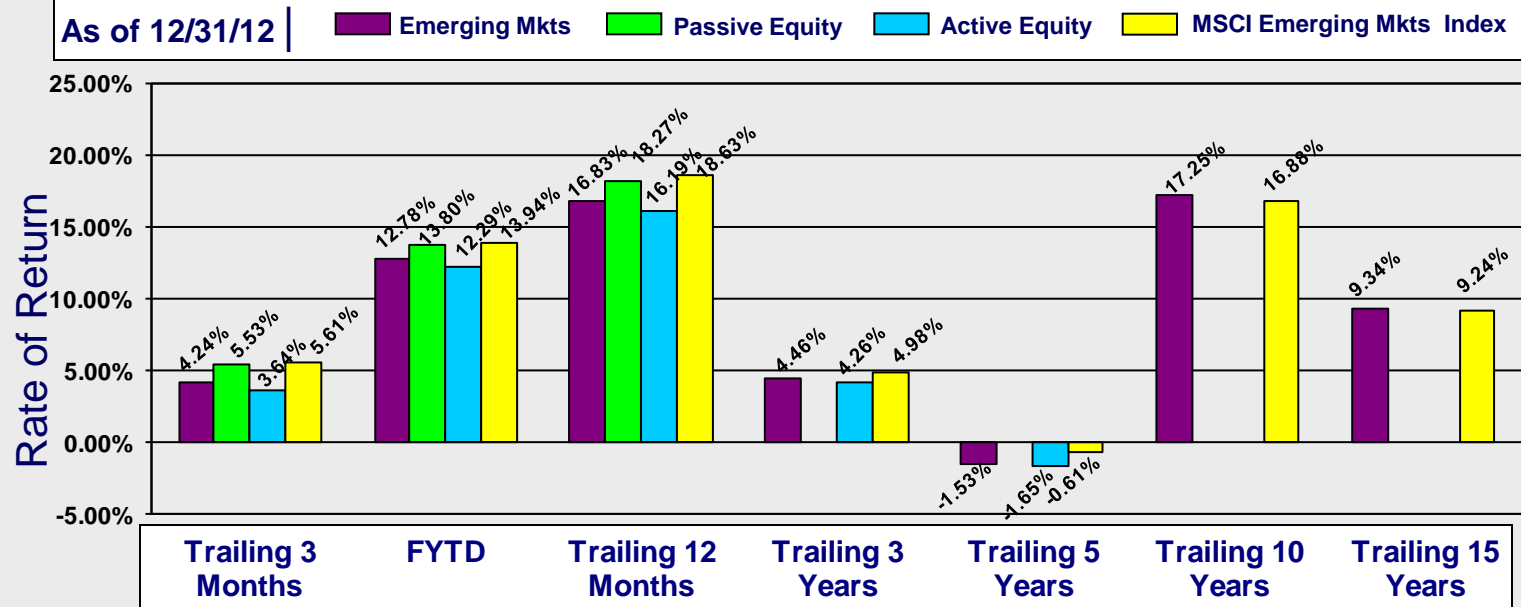
\$20M Under Management, **0%** of Total Funds



	3 Years
Plan Std Dev	26.2
Benchmark Std Dev	23.8

Emerging Markets Returns vs MSCI Emerging Markets Index

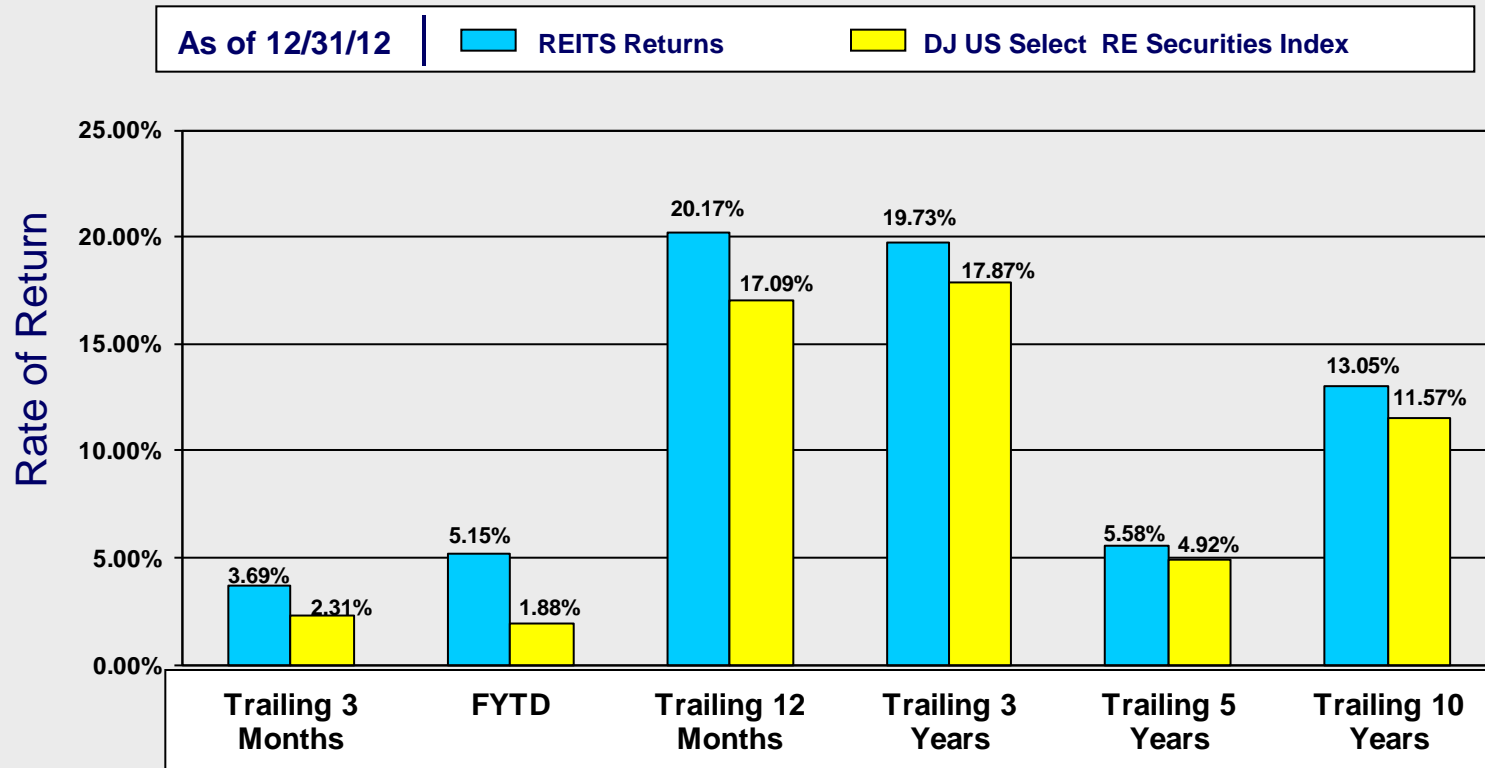
\$570M Under Management, **7%** of Total Funds



	3 Years	5 Years	10 Years	15 Years
Emerging Plan Std Dev	22.0	29.3	24.3	25.3
Passive Plan Std Dev	N/A	N/A	N/A	N/A
Active Plan Std Dev	22.2	29.4	N/A	N/A
Benchmark Std Dev	21.5	28.8	24.0	25.5

REITS Returns vs DJ US Select Real Estate Securities Index

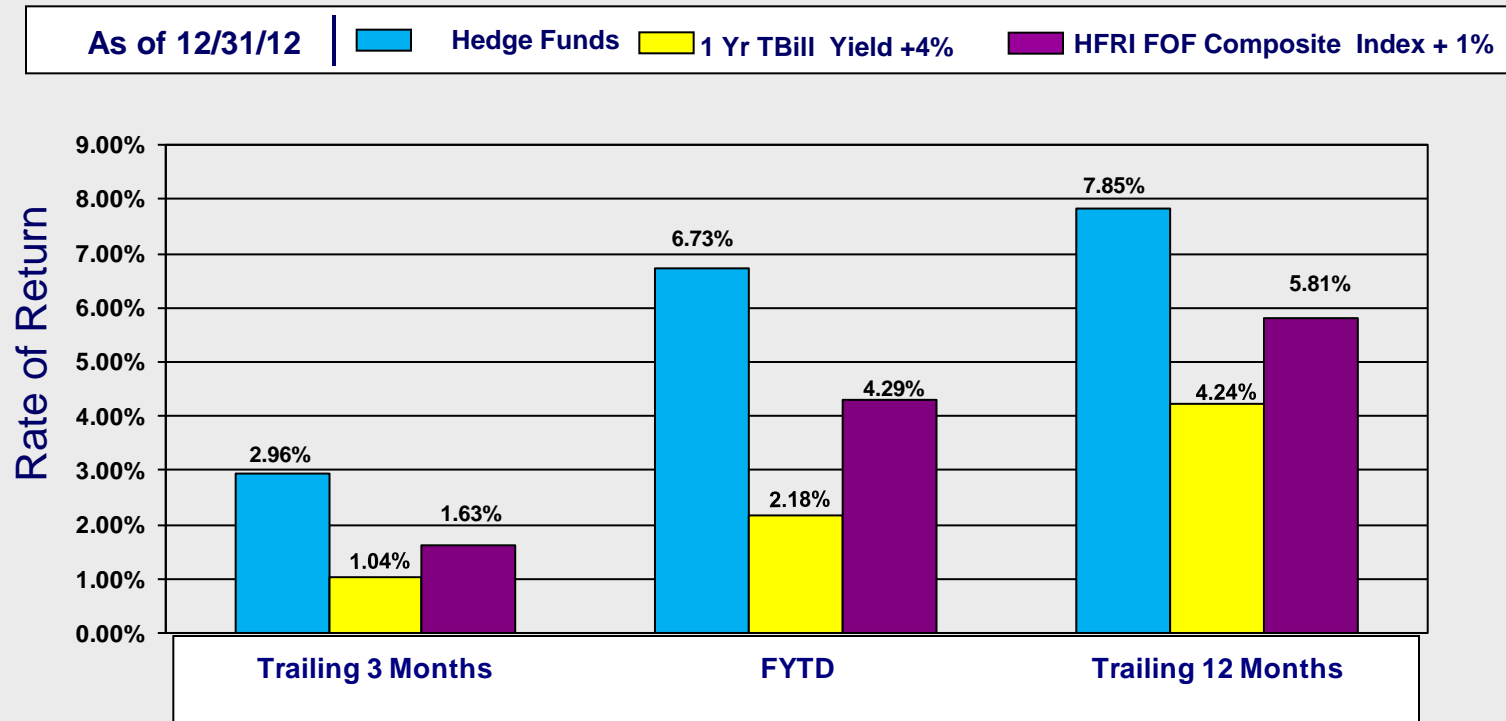
\$314M Under Management, **4%** of Total Funds



	3 Years	5 Years	10 Years
Plan Std Dev	184	32.1	25.5
Benchmark Std Dev	18.5	33.8	26.6

Hedge Fund Returns vs 1 Yr TBill Yield + 4% & HFRI Fund of Funds Composite Index + 1%

\$199M Under Management, **2%** of Total Funds



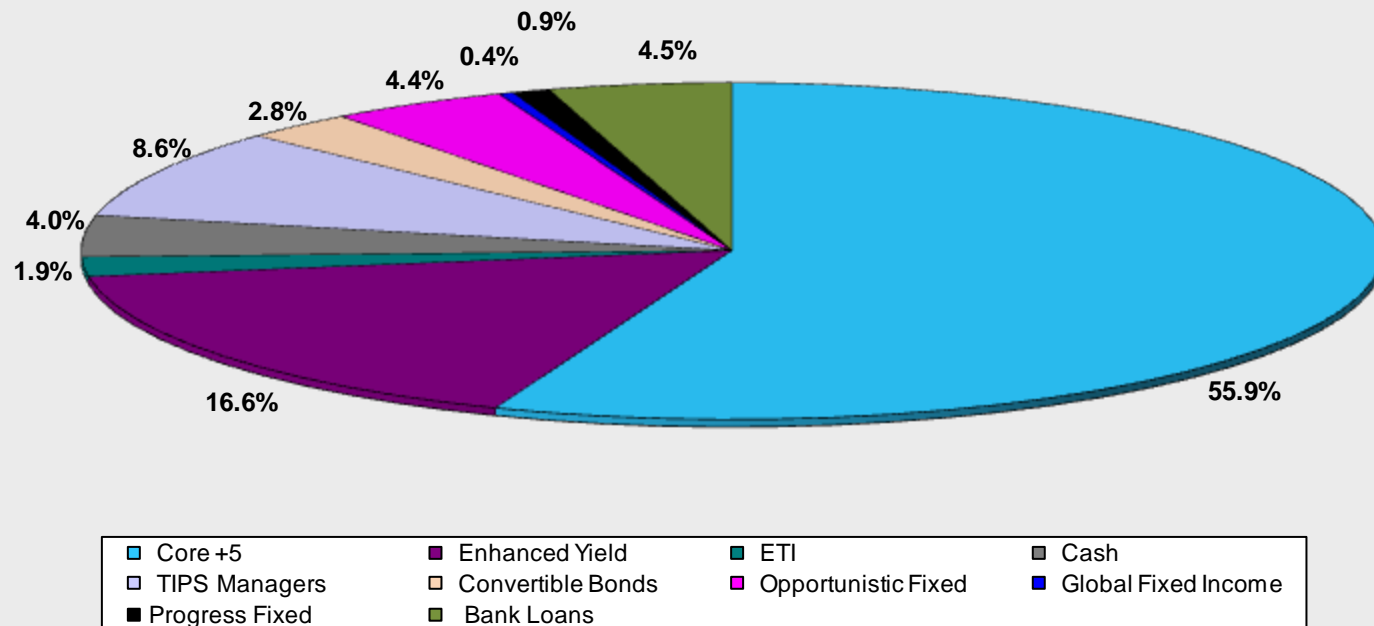
New York City
Fire Department Pension Fund, Subchapter Two

Fixed Income Analysis

Total Fixed Income Asset Allocation: December 31, 2012

\$2.9B Under Management, **33%** of Total Funds

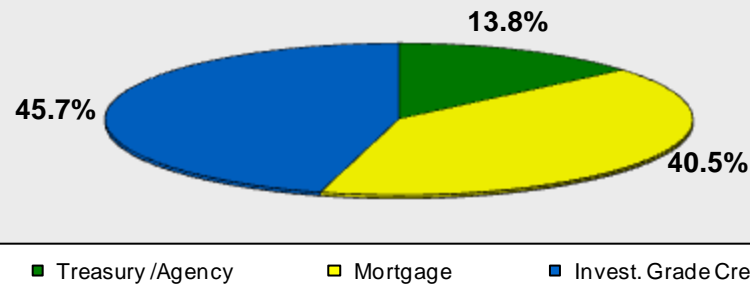
Asset Allocation by Groups



Structured Fixed Income Asset Allocation: Quarter Ending December 31, 2012

\$1.6B Under Management, **19%** of Total Funds

Asset Allocation by Groups



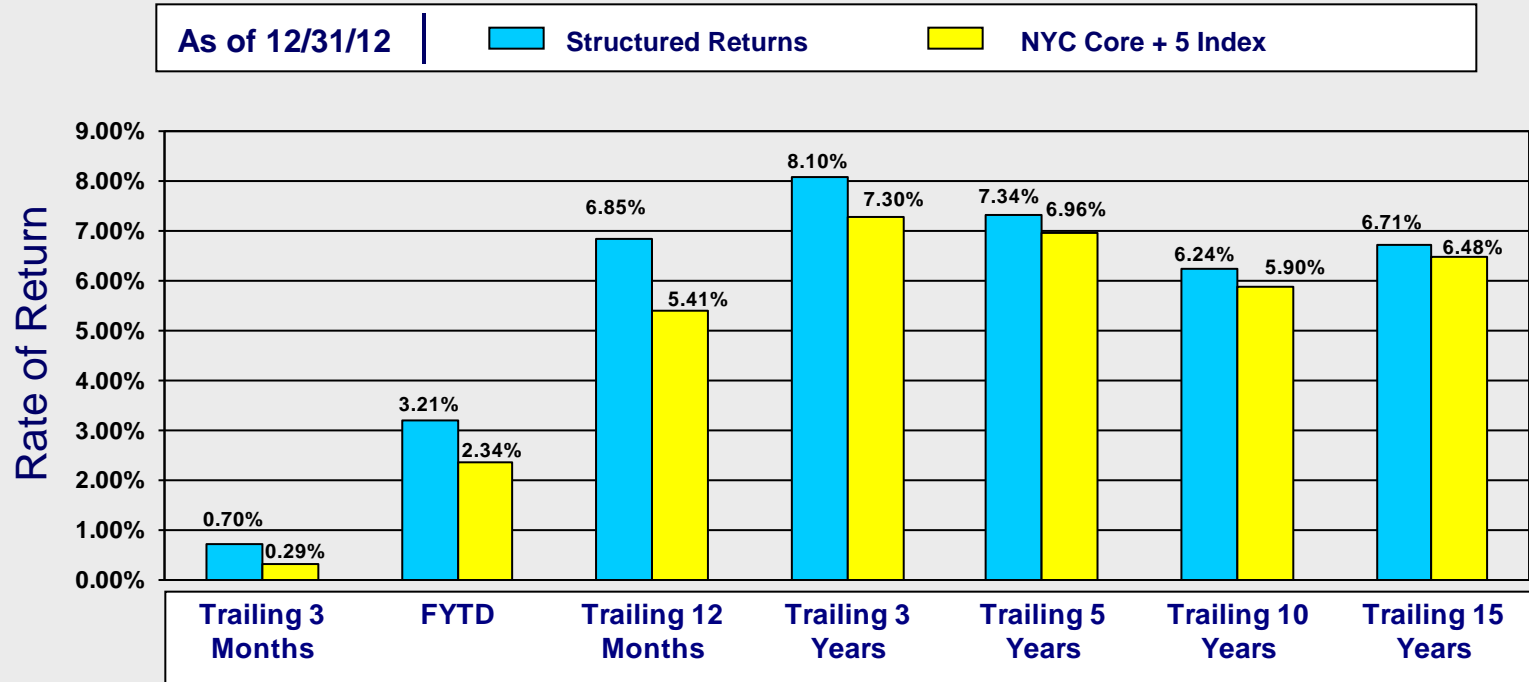
Value Added by Sectors

Sub Sector	Policy Weight	Actual Weight	Under/Over Weight	Index Return	Actual Return	Difference	Contribution to Out/Under Performance	
							Allocation	Management
Treas/Agency	19.93	13.75	-6.18	-0.26	-0.13	0.13	0.10	0.02
Mortgage	40.06	40.52	0.46	-0.22	0.16	0.38	0.00	0.23
Invest. Grade Credit	40.01	45.73	5.72	1.09	1.42	0.33	0.09	0.21

*NYC Core +5 Breakdown

Structured Returns vs NYC Core + 5 Index

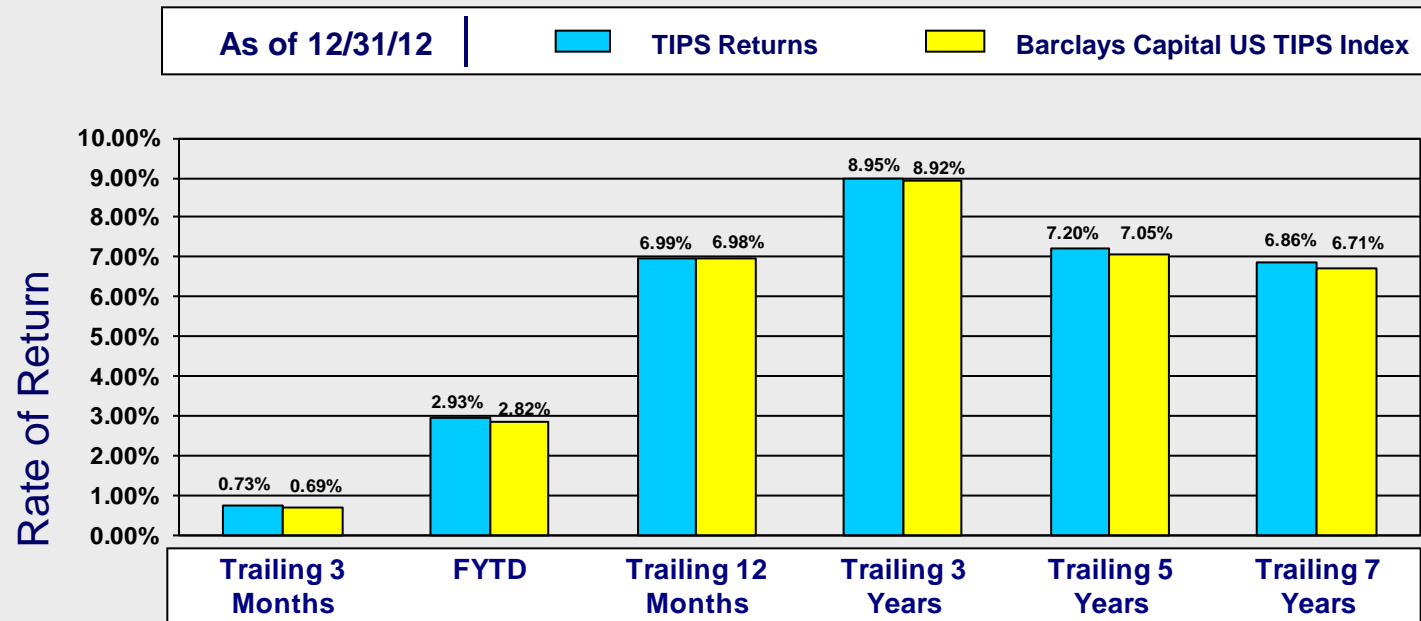
\$1.6B Under Management, **19%** of Total Funds



	3 Years	5 Years	10 Years	15 Years
Plan Std Dev	2.7	4.1	4.0	3.9
Benchmark Std Dev	2.9	4.4	4.2	4.0

TIPS Returns vs Barclays Capital US TIPS Index

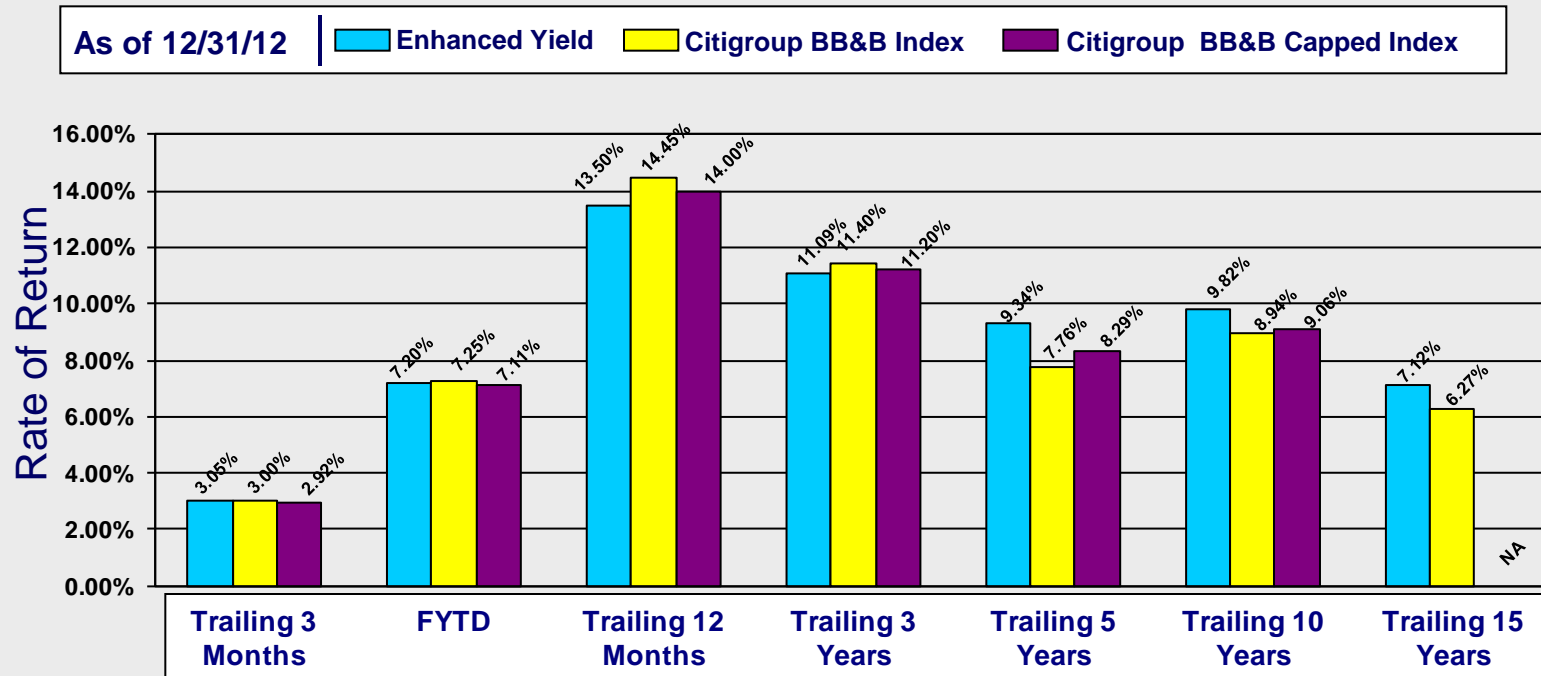
\$251M Under Management, **3%** of Total Funds



	3 Years	5 Years	7 Years
Plan Std Dev	4.2	7.2	6.6
Benchmark Std Dev	4.4	7.3	6.6

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

\$481M Under Management, **6%** of Total Funds



	3 Years	5 Years	10 Years	15 Years
Plan Std Dev	6.0	10.6	8.1	8.9
Citigroup BB&B Std Dev	6.1	11.7	9.0	9.2
Citigroup BB&B Capped Std Dev	5.9	11.4	8.8	N/A

Convertible Bond Returns vs Benchmarks

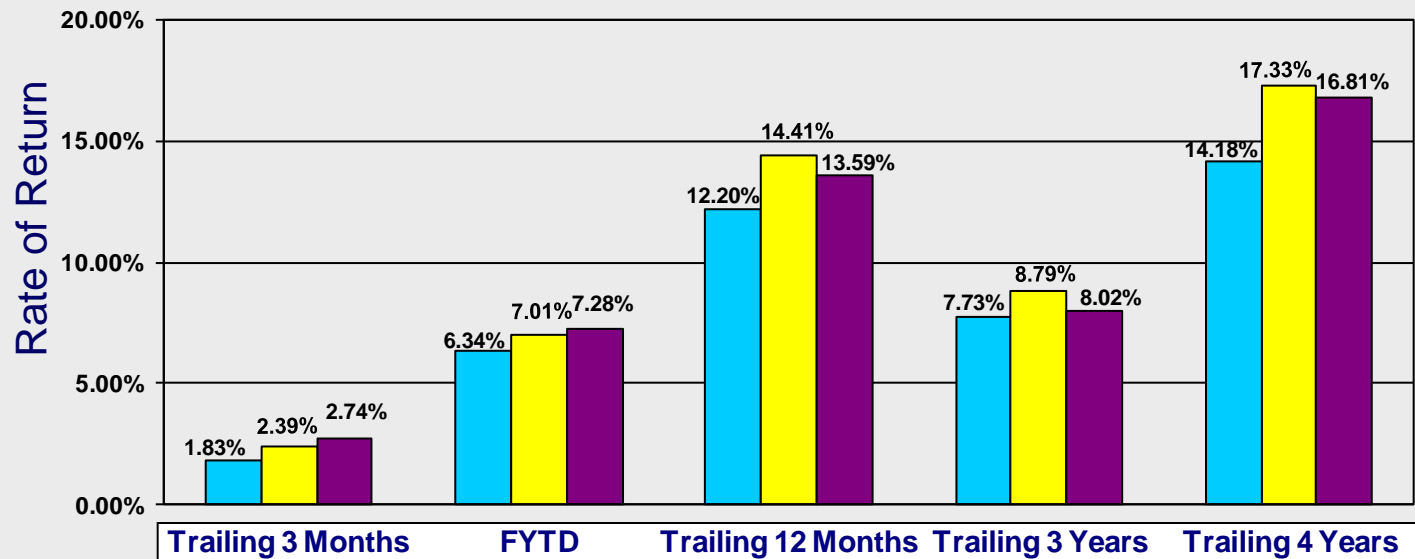
\$80M Under Management, **1%** of Total Funds

As of 12/31/12

Conv. Bond Returns

Bofa ML All Conv. Ex Mandatory Index

Custom Index



	3 Years	4 Years
Plan Std Dev	9.0	9.2
Bofa ML All Conv. Ex Mandatory Index	10.0	11.1
Custom Index	8.3	9.7

Opportunistic Fixed Income Returns vs Benchmarks

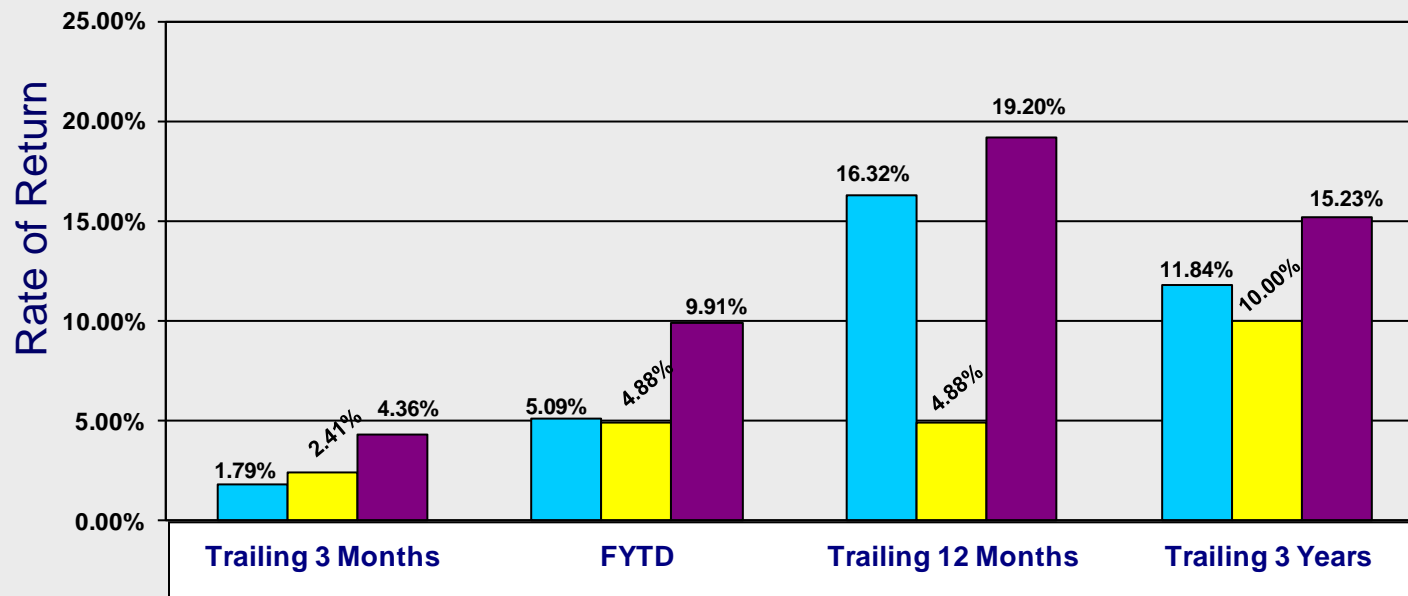
\$128M Under Management, **1%** of Total Funds

As of 12/31/12

Opportunistic Fixed

10% Annual Return

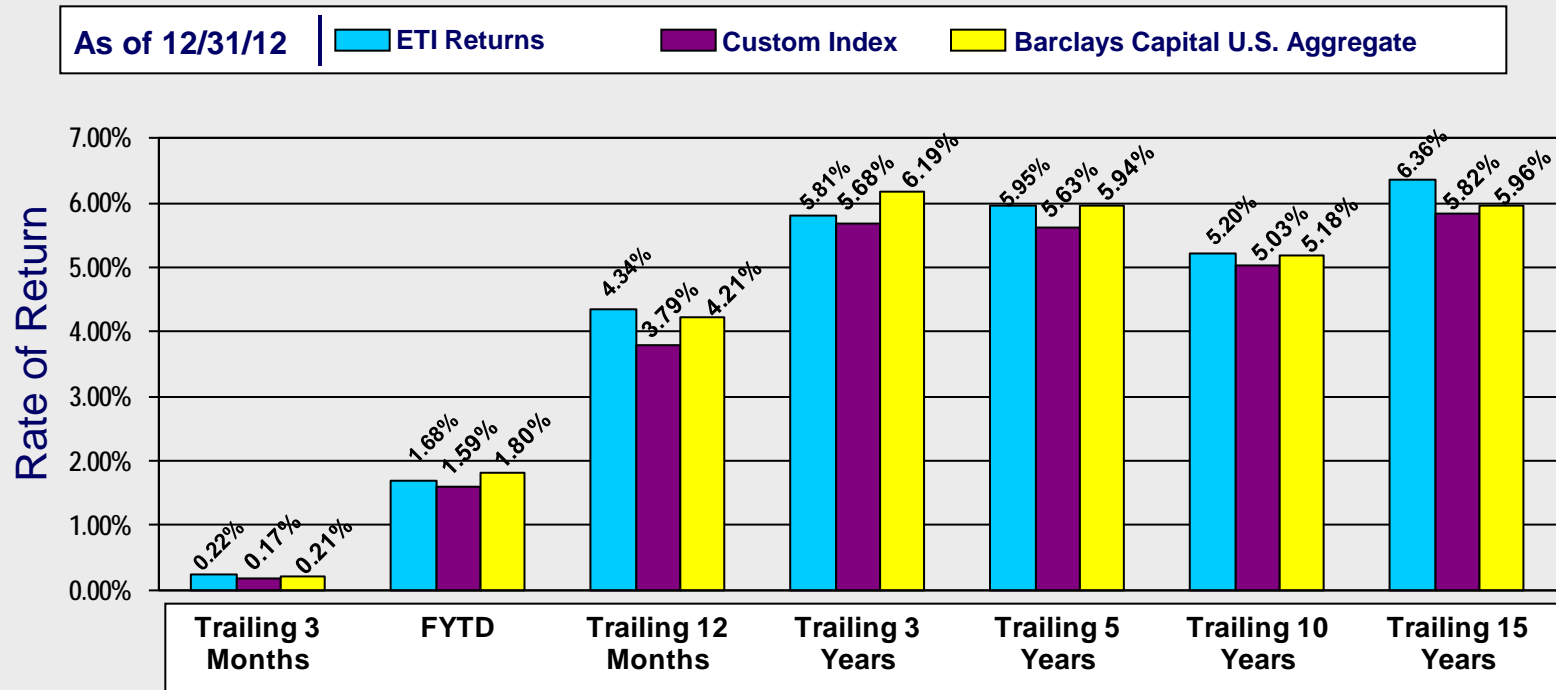
JPM Global HY +3%



	3 Years
Plan Std Dev	7.6
JPM Global HY +3% Std Dev	6.7

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

\$54M Under Management, **1%** of Total Funds



	3 Years	5 Years	10 Years	15 Years
Plan Std Dev	1.8	2.7	3.2	2.9
Custom Index Std Dev	2.1	3.0	3.3	3.0
BC US Aggreg Std Dev	2.4	3.5	3.5	3.5

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

New York City
Fire Department Pension Fund, Subchapter Two

Appendix

Consolidated Performance Report

Through December 31, 2012

Assets (\$MM)	% Total		3 Mos Oct-12 Dec-12	YTD Jan-12 Dec-12	1 Yr Jan-12 Dec-12	3 Yrs Jan-10 Dec-12	5 Yrs Jan-08 Dec-12	10 Yrs Jan-03 Dec-12	15 Yrs Jan-98 Dec-12
EQUITY MANAGEMENT									
SMALL CAP									
23.65	0.27	BROWN AM	2.71	21.40	21.40	16.42	****	****	****
39.29	0.45	PERIMETER	-0.61	10.95	10.95	****	****	****	****
62.94	0.73	TOTAL SMALL CAP GROWTH	0.42	13.93	13.93	10.39	3.09	8.94	****
		RUSSELL 2000 GROWTH	0.45	14.59	14.59	12.82	3.49	9.80	****
		SMALL CAP GROWTH MEDIAN	1.63	14.38	14.38	13.04	4.48	11.42	****
55.73	0.64	CEREDEX	****	****	****	****	****	****	****
36.26	0.42	DALTON GREINER	4.28	20.60	20.60	****	****	****	****
91.98	1.06	TOTAL SMALL CAP VALUE	2.94	19.05	19.05	****	****	****	****
		RUSSELL 2000 VALUE	3.22	18.05	18.05	****	****	****	****
154.92	1.79	TOTAL SMALL CAP ACTIVE	1.65	16.41	16.41	10.22	1.20	****	****
		RUSSELL 2000	1.85	16.35	16.35	12.25	3.55	****	****
154.92	1.79	TOTAL SMALL CAP	1.65	15.20	15.20	9.69	0.91	7.17	****
		RUSSELL 2000	1.85	16.35	16.35	12.25	3.55	9.72	****
57.14	0.66	SECURITY GLOBAL INV	4.14	18.02	18.02	****	****	****	****
		RUSSELL 2500 VALUE	4.14	19.21	19.21	****	****	****	****
117.01	1.35	TIMESSQUARE CAPITAL	2.81	19.47	19.47	****	****	****	****
		RUSSELL MIDCAP GROWTH	1.69	15.81	15.81	****	****	****	****
MIDCAP									
64.33	0.74	IRIDIAN ASSET	6.29	27.87	27.87	****	****	****	****
64.33	0.74	TOTAL MID CAP VALUE	6.29	27.87	27.87	17.15	5.30	10.03	****
		RUSSELL MIDCAP VALUE	3.93	18.51	18.51	13.39	3.79	10.62	****

Consolidated Performance Report

Through December 31, 2012

Assets (\$MM)	% Total		3 Mos Oct-12 Dec-12	YTD Jan-12 Dec-12	1 Yr Jan-12 Dec-12	3 Yrs Jan-10 Dec-12	5 Yrs Jan-08 Dec-12	10 Yrs Jan-03 Dec-12	15 Yrs Jan-98 Dec-12
67.66	0.78	WELLINGTON MGMT	2.04	19.87	19.87	****	****	****	****
67.66	0.78	TOTAL MID CAP CORE	2.04	19.87	19.87	11.87	2.54	8.83	****
		S&P MIDCAP INDEX 400	3.61	17.88	17.88	13.62	5.14	10.53	****
249.00	2.87	TOTAL MID CAP ACTIVE	3.47	21.64	21.64	13.85	3.59	****	****
194.72	2.25	STATE STREET GA S&P 400	3.60	17.87	17.87	****	****	****	****
194.72	2.25	TOTAL MID CAP PASSIVE	3.60	17.87	17.87	****	****	****	****
		S&P MIDCAP INDEX 400	3.61	17.88	17.88	****	****	****	****
443.72	5.12	TOTAL MID CAP	3.53	19.96	19.96	12.90	3.07	8.44	****
		RUSSELL MIDCAP	2.88	17.28	17.28	13.15	3.56	10.65	****
		LARGE CAP							
37.87	0.44	PROFIT INV MGMT	0.50	17.87	17.87	9.96	****	****	****
124.87	1.44	ZEVENBERGEN	-0.36	8.46	8.46	6.29	****	****	****
162.74	1.88	TOTAL LARGE CAP GROWTH	-0.16	10.51	10.51	6.81	-0.27	5.52	3.77
		RUSSELL 1000 GROWTH	-1.32	15.26	15.26	11.35	3.13	7.52	3.60
		RUSSELL 3000 GROWTH	-1.19	15.21	15.21	11.46	3.15	7.68	3.60
		LARGE CAP GROWTH MEDIAN	-0.68	15.49	15.49	10.17	3.03	8.88	5.61
84.43	0.97	ARONSON JOHNSON	1.15	17.61	17.61	11.79	1.95	****	****
84.43	0.97	TOTAL LARGE CAP VALUE	1.15	17.61	17.61	10.86	1.29	****	****
		RUSSELL 1000 VALUE	1.52	17.51	17.51	10.86	0.59	****	****
		LARGE CAP VALUE MEDIAN	1.52	16.06	16.06	10.16	1.35	****	****

Consolidated Performance Report

Through December 31, 2012

Assets (\$MM)	% Total		3 Mos Oct-12 Dec-12	YTD Jan-12 Dec-12	1 Yr Jan-12 Dec-12	3 Yrs Jan-10 Dec-12	5 Yrs Jan-08 Dec-12	10 Yrs Jan-03 Dec-12	15 Yrs Jan-98 Dec-12
38.65	0.45	SEIZERT CAPITAL PTNRS	1.53	15.25	15.25	10.10	****	****	****
38.65	0.45	TOTAL LARGE CAP CORE	1.53	15.25	15.25	10.10	****	****	****
		RUSSELL 1000	0.12	16.42	16.42	11.11	****	****	****
285.82	3.30	TOTAL LARGE CAP	0.45	13.16	13.16	8.27	0.32	****	****
		RUSSELL 1000	0.12	16.42	16.42	11.11	1.91	****	****
		RUSSELL 3000							
1,059.06	12.22	BLACKROCK R3000	0.26	16.40	16.40	11.16	2.10	7.71	****
844.03	9.74	STATE STREET R3000	0.32	16.44	16.44	****	****	****	****
1,903.08	21.96	TOTAL RUSSELL 3000	0.28	16.42	16.42	11.22	2.16	7.75	4.89
		RUSSELL 3000	0.25	16.42	16.42	11.20	2.04	7.68	4.81
		ATTUCKS							
3.55	0.04	APEX	1.02	****	****	****	****	****	****
1.70	0.02	BIRD ROCK	4.66	****	****	****	****	****	****
3.58	0.04	EAM	-0.41	****	****	****	****	****	****
4.58	0.05	OPUS	4.25	****	****	****	****	****	****
4.67	0.05	PARADIGM ASSET MGMT	1.58	****	****	****	****	****	****
18.09	0.21	TOTAL ATTUCKS	2.01	****	****	****	****	****	****
		RUSSELL 2000	1.85	****	****	****	****	****	****
		CAPITAL PROSPECTS							
2.47	0.03	AH LISANTI	-3.40	****	****	****	****	****	****
2.78	0.03	BERNZOTT CAP AD	8.14	****	****	****	****	****	****
2.90	0.03	CHANNING	8.81	****	****	****	****	****	****
2.51	0.03	CWC	1.30	****	****	****	****	****	****

Consolidated Performance Report

Through December 31, 2012

Assets (\$MM)	% Total		3 Mos Oct-12 Dec-12	YTD Jan-12 Dec-12	1 Yr Jan-12 Dec-12	3 Yrs Jan-10 Dec-12	5 Yrs Jan-08 Dec-12	10 Yrs Jan-03 Dec-12	15 Yrs Jan-98 Dec-12
1.11	0.01	HIGH POINTE	2.96	****	****	****	****	****	****
2.87	0.03	HUBER	6.61	****	****	****	****	****	****
2.35	0.03	LOMBARDIA	2.11	****	****	****	****	****	****
2.58	0.03	PROFIT	2.90	****	****	****	****	****	****
2.55	0.03	QUOTIENT	0.04	****	****	****	****	****	****
2.52	0.03	STEPHENS	-2.07	****	****	****	****	****	****
2.53	0.03	SUMMIT CREEK	-3.22	****	****	****	****	****	****
27.18	0.31	TOTAL CAPITAL PROSPECTS	2.20	****	****	****	****	****	****
		RUSSELL 2000	1.85	****	****	****	****	****	****
		PROGRESS EQUITY							
12.35	0.14	APEX	2.68	****	****	****	****	****	****
7.64	0.09	CARDINAL	4.21	****	****	****	****	****	****
6.01	0.07	HUBER	6.55	****	****	****	****	****	****
9.08	0.10	IRONWOOD	-0.87	****	****	****	****	****	****
4.08	0.05	LOMBARDIA CAPITAL	2.21	****	****	****	****	****	****
5.33	0.06	MONARCH PARTNERS	1.94	****	****	****	****	****	****
3.64	0.04	NICHOLS ASSET MGMT	-0.81	****	****	****	****	****	****
6.93	0.08	OMT	-0.87	****	****	****	****	****	****
6.17	0.07	PHOCAS	1.83	****	****	****	****	****	****
8.20	0.09	SIGNIA	4.53	****	****	****	****	****	****
69.44	0.80	TOTAL PROGRESS EQUITY	2.19	****	****	****	****	****	****
		RUSSELL 2000	1.85	****	****	****	****	****	****
114.70	1.32	TOTAL EMERGING MANAGERS	2.16	17.69	17.69	10.58	1.83	7.99	****
		RUSSELL 2000	1.85	16.35	16.35	12.25	3.55	9.72	****
		RUSSELL 3000	0.25	16.42	16.42	11.20	2.04	7.68	****
862.84	9.96	TOTAL ACTIVE DOMESTIC EQUITY	2.13	17.18	17.18	10.27	1.37	7.30	3.51

Consolidated Performance Report

Through December 31, 2012

Assets (\$MM)	% Total		3 Mos Oct-12 Dec-12	YTD Jan-12 Dec-12	1 Yr Jan-12 Dec-12	3 Yrs Jan-10 Dec-12	5 Yrs Jan-08 Dec-12	10 Yrs Jan-03 Dec-12	15 Yrs Jan-98 Dec-12
2,097.80	24.21	TOTAL PASSIVE DOMESTIC EQUITY	0.58	16.43	16.43	10.97	2.02	7.64	5.13
2,960.65	34.17	<i>TOTAL DOMESTIC EQUITY</i>	1.03	16.67	16.67	10.84	1.81	7.51	4.52
		INTERNATIONAL EQUITY							
		DEVELOPED MARKETS							
		GROWTH							
165.19	1.91	PYRAMIS GLOBAL ADVISORS	6.44	21.24	21.24	5.93	-2.04	****	****
165.19	1.91	<i>TOTAL INTL GROWTH</i>	6.44	21.24	21.24	5.93	-2.04	****	****
		MSCI EAFE GROWTH	5.79	17.28	17.28	5.20	-2.74	****	****
		VALUE							
197.38	2.28	SPRUCEGROVE	5.87	17.84	17.84	7.96	-0.05	****	****
197.38	2.28	<i>TOTAL INTL VALUE</i>	5.87	17.83	17.83	7.47	-2.14	****	****
		MSCI EAFE VALUE	7.44	18.43	18.43	2.80	-3.74	****	****
		CORE							
145.45	1.68	PHILADELPHIA	6.60	14.70	14.70	2.43	****	****	****
208.51	2.41	THORNBURG	5.68	17.67	17.67	6.14	-1.83	****	****
353.96	4.09	<i>TOTAL INTL CORE</i>	6.06	16.43	16.43	4.73	-2.91	****	****
		MSCI EAFE (NET DIVIDEND)	6.57	17.32	17.32	3.56	-3.69	****	****
716.63	8.27	<i>TOTAL ACTIVE DEVELOPED MARKETS</i>	6.10	17.56	17.56	5.69	-2.59	8.75	5.23
73.80	0.85	SSGA	6.54	17.54	17.54	****	****	****	****
73.80	0.85	<i>TOTAL PASSIVE DEVELOPED MARKETS</i>	6.54	17.54	17.54	3.96	-3.26	8.59	4.73
790.43	9.12	<i>TOTAL DEVELOPED MARKETS</i>	6.14	17.45	17.45	5.36	-2.72	8.74	5.10
		MSCI EAFE (NET DIVIDEND)	6.57	17.32	17.32	3.56	-3.69	8.21	4.38
		INTERNATIONAL EQUITY MEDIAN	6.12	19.48	19.48	5.67	-1.59	9.87	7.17

Consolidated Performance Report

Through December 31, 2012

Assets (\$MM)	% Total		3 Mos Oct-12 Dec-12	YTD Jan-12 Dec-12	1 Yr Jan-12 Dec-12	3 Yrs Jan-10 Dec-12	5 Yrs Jan-08 Dec-12	10 Yrs Jan-03 Dec-12	15 Yrs Jan-98 Dec-12
20.03	0.23	GOVERNANCE FOR OWNERS	12.48	22.10	22.10	8.45	****	****	****
		MSCI EUROPE SMID CAP	7.78	25.81	25.81	6.37	****	****	****
20.03	0.23	<i>TOTAL NON-U.S. ACTIVIST</i>	12.48	22.10	22.10	8.45	****	****	****
736.66	8.50	<i>TOTAL ACTIVE DEV-ENVIRON -ACTVIST</i>	6.26	17.67	17.67	5.64	-2.87	****	****
810.46	9.35	<i>TOTAL DEV ENVIRONMENTAL ACTIVIST</i>	6.28	17.57	17.57	5.34	-2.94	****	****
		EMERGING MARKETS							
109.02	1.26	ACADIAN	6.05	20.27	20.27	7.44	-0.01	****	****
158.58	1.83	BAILLIE GIFFORD	1.10	14.27	14.27	3.19	-0.95	****	****
54.43	0.63	DFA	5.55	****	****	****	****	****	****
63.46	0.73	EATON VANCE	4.50	****	****	****	****	****	****
0.19	0.00	EMERGING MARKETS TRANSITION	****	****	****	****	****	****	****
385.69	4.45	<i>TOTAL ACTIVE EMERGING MARKETS</i>	3.64	16.19	16.19	4.26	-1.65	****	****
		MSCI EMERGING MARKETS FREE	5.61	18.63	18.63	4.98	-0.61	****	****
184.20	2.13	BLACKROCK	5.53	18.27	18.27	****	****	****	****
184.20	2.13	<i>TOTAL PASSIVE EMERGING MARKETS</i>	5.53	18.27	18.27	****	****	****	****
		MSCI EMERGING MARKETS FREE	5.61	18.63	18.63	****	****	****	****
569.88	6.58	<i>TOTAL EMERGING MARKETS</i>	4.24	16.83	16.83	4.46	-1.53	17.25	9.34
		EMERGING MARKETS MEDIAN	6.10	20.02	20.02	6.46	1.11	17.83	10.92
1,380.34	15.93	<i>TOTAL INTERNATIONAL EQUITY</i>	5.43	17.16	17.16	4.85	-2.81	10.17	5.88

Consolidated Performance Report

Through December 31, 2012

Assets (\$MM)	% Total		3 Mos Oct-12 Dec-12	YTD Jan-12 Dec-12	1 Yr Jan-12 Dec-12	3 Yrs Jan-10 Dec-12	5 Yrs Jan-08 Dec-12	10 Yrs Jan-03 Dec-12	15 Yrs Jan-98 Dec-12
HEDGE FUNDS									
50.96	0.59	TOTAL PERMAL HEDGE FUND OF FUNDS	2.69	5.73	5.73	****	****	****	****
		HFRI FOF COMPOSITE INDEX + 1%	1.63	5.81	5.81	****	****	****	****
DIRECT HEDGE FUNDS									
22.83	0.26	BLUE TREND FD	-1.28	****	****	****	****	****	****
40.43	0.47	BREXAN HOWARD	2.11	3.68	3.68	****	****	****	****
23.02	0.27	BRIGADE LEV CAP STR	1.66	****	****	****	****	****	****
16.82	0.19	CASPIAN SELECT CF	1.15	****	****	****	****	****	****
45.83	0.53	D.E. SHAW	7.75	16.98	16.98	****	****	****	****
148.93	1.72	TOTAL DIRECT HEDGE FUNDS	3.05	8.64	8.64	****	****	****	****
		HFRI FOF COMPOSITE INDEX + 1%	1.63	5.81	5.81	****	****	****	****
		MSCI AC WORLD INDEX STD NET	2.88	16.13	16.13	****	****	****	****
		BARCLAYS CAPITAL AGGREGATE	0.21	4.21	4.21	****	****	****	****
199.90	2.31	TOTAL HEDGE FUNDS	2.96	7.85	7.85	****	****	****	****
		1 YEAR TREASURY BILL YIELD + 4%	1.04	4.24	4.24	****	****	****	****
		HFRI FUND OF FUNDS COMPOSITE INDEX + 1%	1.63	5.81	5.81	****	****	****	****
REAL ESTATE EQUITY SECURITIES									
55.60	0.64	ADELANTE CAPITAL MANAGEMENT	2.05	17.13	17.13	19.02	3.62	11.56	****
104.71	1.21	EUROPEAN REIT	6.59	****	****	****	****	****	****
153.92	1.78	MORGAN STANLEY	2.69	18.03	18.03	18.86	6.61	****	****
314.24	3.63	TOTAL REAL ESTATE EQUITY SECURITIES	3.69	20.17	20.17	19.73	5.58	13.05	****
		DJ US SELECT RE SECURITIES INDEX	2.31	17.09	17.09	17.87	4.92	11.57	****

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PRIVATE EQUITY INVESTMENTS									
0.63	0.01	AISLING CAPITAL II	****	****	****	****	****	****	****
1.57	0.02	AISLING CAPITAL III	****	****	****	****	****	****	****
31.05	0.36	ALDUS NEW YORK FIRE FD	****	****	****	****	****	****	****
6.21	0.07	AMERICAN SEC PTNRS VI	****	****	****	****	****	****	****
3.27	0.04	AMPERSAND 2009	****	****	****	****	****	****	****
4.18	0.05	APOLLO INVESTMENT FD V	****	****	****	****	****	****	****
20.48	0.24	APOLLO INVESTMENT FD VI	****	****	****	****	****	****	****
20.73	0.24	APOLLO INVESTMENT FD VII	****	****	****	****	****	****	****
2.03	0.02	ARES CORP OPP	****	****	****	****	****	****	****
2.65	0.03	ARES CORP OPP FD II	****	****	****	****	****	****	****
9.46	0.11	ARES CORP OPP FD III	****	****	****	****	****	****	****
0.62	0.01	ARES CORP OPP FD IV	****	****	****	****	****	****	****
5.05	0.06	AURORA EQUITY CAPITAL PTNRS III	****	****	****	****	****	****	****
4.14	0.05	AVISTA CAPITAL PTNRS	****	****	****	****	****	****	****
9.48	0.11	AVISTA CAPITAL PTNRS II	****	****	****	****	****	****	****
18.85	0.22	AXA SECONDARY FD V	****	****	****	****	****	****	****
7.94	0.09	BC EUR CAP IX	****	****	****	****	****	****	****
3.26	0.04	BDCM OPPORTUNITY FD III	****	****	****	****	****	****	****
10.60	0.12	BLACKSTONE CAPITAL PTNRS IV	****	****	****	****	****	****	****
8.50	0.10	BLACKSTONE CAPITAL PTNRS V	****	****	****	****	****	****	****
2.23	0.03	BLACKSTONE CAPITAL PTNRS VI	****	****	****	****	****	****	****
1.34	0.02	BLACKSTONE MEZZ PTNRS II	****	****	****	****	****	****	****
3.95	0.05	BRIDGEPOINT EUROPE III	****	****	****	****	****	****	****
4.74	0.05	BRIDGEPOINT EUROPE IV	****	****	****	****	****	****	****
0.39	0.00	CARLYLE PTNRS III	****	****	****	****	****	****	****
3.92	0.05	CARLYLE PTNRS IV	****	****	****	****	****	****	****
7.67	0.09	CARLYLE PTNRS V	****	****	****	****	****	****	****

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6.38	0.07	CATTERTON PTNRS VI	****	****	****	****	****	****	****
4.78	0.06	CCMP CAPITAL INVESTORS II	****	****	****	****	****	****	****
2.33	0.03	CLAYTON, DUBILIER AND RICE FUND VII	****	****	****	****	****	****	****
2.81	0.03	CLAYTON, DUBILIER AND RICE FUND VIII	****	****	****	****	****	****	****
3.84	0.04	CELTIC PHARM HLDGS, LP	****	****	****	****	****	****	****
3.06	0.04	COLLER INTERNATIONAL PTNRS V	****	****	****	****	****	****	****
8.51	0.10	COMVEST INVEST PTNRS IV	****	****	****	****	****	****	****
4.27	0.05	CONSTELLATION VENTURES III	****	****	****	****	****	****	****
0.93	0.01	CREDIT SUISSE EM FD	****	****	****	****	****	****	****
3.55	0.04	CREDIT SUISSE EM CO/INV FD	****	****	****	****	****	****	****
6.27	0.07	CRESTVIEW PARTNERS II	****	****	****	****	****	****	****
3.07	0.04	CVC EURO EQ PTNRS III	****	****	****	****	****	****	****
9.46	0.11	CVC EURO EQ PTNRS V	****	****	****	****	****	****	****
2.39	0.03	CYPRESS MERCH BK PTNRS II	****	****	****	****	****	****	****
4.21	0.05	EQT VI LP	****	****	****	****	****	****	****
0.99	0.01	ERASMUS NYC GROWTH FD A	****	****	****	****	****	****	****
3.81	0.04	FAIRVIEW EMERGING MGRS FD	****	****	****	****	****	****	****
5.25	0.06	FDG CAPL PTNRS	****	****	****	****	****	****	****
3.23	0.04	FDG CAPL PTNRS II	****	****	****	****	****	****	****
2.37	0.03	FENWAY PTNRS CAPITAL III	****	****	****	****	****	****	****
2.88	0.03	FIRST MARK FUND IV	****	****	****	****	****	****	****
4.18	0.05	FIRST RESERVE FD XI	****	****	****	****	****	****	****
3.84	0.04	FIRST RESERVE FD XII	****	****	****	****	****	****	****
2.68	0.03	FOURTH CINVEN FD	****	****	****	****	****	****	****
2.60	0.03	FS EQUITY PTNRS V	****	****	****	****	****	****	****
8.89	0.10	FS EQUITY PTNRS VI	****	****	****	****	****	****	****
3.33	0.04	FT VENTURES FD III	****	****	****	****	****	****	****
2.42	0.03	GI PTNRS FD II	****	****	****	****	****	****	****
7.46	0.09	GI PTNRS FD III	****	****	****	****	****	****	****

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3.04	0.04	GREEN EQ INV VI	****	****	****	****	****	****	****
6.25	0.07	GSO CAPITAL OPPORTUNITES FD	****	****	****	****	****	****	****
1.18	0.01	HIGHLAND CONSUMER FD I	****	****	****	****	****	****	****
3.08	0.04	INTERMEDIA PARTNERS VII	****	****	****	****	****	****	****
2.36	0.03	JP MORGAN INVST MGMT	****	****	****	****	****	****	****
0.98	0.01	LANDMARK EQUITY PTNRS XI	****	****	****	****	****	****	****
7.48	0.09	LANDMARK EQUITY PTNRS XIV	****	****	****	****	****	****	****
4.68	0.05	LEE EQUITY PARTNERS	****	****	****	****	****	****	****
5.14	0.06	LEVINE LEICHTMAN CAP PTNS IV	****	****	****	****	****	****	****
5.88	0.07	LEXINGTON CAPITAL PTNRS VII	****	****	****	****	****	****	****
1.63	0.02	LINCOLNSHIRE EQ FD II	****	****	****	****	****	****	****
3.42	0.04	LINCOLNSHIRE EQ FD III	****	****	****	****	****	****	****
1.19	0.01	LINCOLNSHIRE EQ FD IV	****	****	****	****	****	****	****
4.02	0.05	LODH EURO CHOICE II	****	****	****	****	****	****	****
3.81	0.04	LODH EURO CHOICE III	****	****	****	****	****	****	****
2.69	0.03	LODH EURO CHOICE IV	****	****	****	****	****	****	****
2.34	0.03	MARKSTONE CAPITAL PTNRS	****	****	****	****	****	****	****
8.52	0.10	MIDOCEAN PTNRS III	****	****	****	****	****	****	****
3.67	0.04	MONTREUX EQ PTNRS IV	****	****	****	****	****	****	****
2.83	0.03	NEUBERGER BERMAN EMG MGR	****	****	****	****	****	****	****
0.93	0.01	NEW MOUNTAIN PTNRS	****	****	****	****	****	****	****
0.93	0.01	NEW MOUNTAIN PTNRS II	****	****	****	****	****	****	****
8.36	0.10	NEW MOUNTAIN PTNRS III	****	****	****	****	****	****	****
2.39	0.03	NEWSPRING VENTURE II	****	****	****	****	****	****	****
3.06	0.04	NGN BIOMED OPPORTUNITY II	****	****	****	****	****	****	****
2.65	0.03	OLYMPUS CAPITAL ASIA III	****	****	****	****	****	****	****
3.63	0.04	ONEX PRTNRS III	****	****	****	****	****	****	****

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2.85	0.03	PALADIN HOMELAND SECURITY FD	****	****	****	****	****	****	****
4.15	0.05	PALADIN FUND III	****	****	****	****	****	****	****
9.42	0.11	PALLADIUM EQ PTNRS III	****	****	****	****	****	****	****
6.63	0.08	PCGAM CLEAN ENERGY & TECH FD	****	****	****	****	****	****	****
6.90	0.08	PEGASUS PTNRS IV	****	****	****	****	****	****	****
2.76	0.03	PEGASUS PTNRS V	****	****	****	****	****	****	****
4.73	0.05	PERMIRA FUND IV	****	****	****	****	****	****	****
2.84	0.03	PERSEUS PTNRS VII	****	****	****	****	****	****	****
5.07	0.06	PINE BROOK CAPITAL PTNRS	****	****	****	****	****	****	****
0.30	0.00	PRISM VENTURE PTNRS IV	****	****	****	****	****	****	****
3.67	0.04	PRISM VENTURE PTNRS V-A	****	****	****	****	****	****	****
1.75	0.02	PSILOS GROUP PTNRS III	****	****	****	****	****	****	****
5.87	0.07	RIVERSTONE/CARLYLE GLB EP IV	****	****	****	****	****	****	****
3.34	0.04	RRE VENTURES IV	****	****	****	****	****	****	****
6.19	0.07	SCALE VENTURE PTNRS III	****	****	****	****	****	****	****
6.74	0.08	SCP PRIV EQ PTNRS II	****	****	****	****	****	****	****
3.23	0.04	SCP VITALIFE PTNRS II	****	****	****	****	****	****	****
3.81	0.04	SNOW PHIPPS GROUP	****	****	****	****	****	****	****
2.92	0.03	SNOW PHIPPS II	****	****	****	****	****	****	****
2.03	0.02	SUMMIT GR EQ VIII	****	****	****	****	****	****	****
0.31	0.00	TAILWIND CAPITAL PTNRS	****	****	****	****	****	****	****
2.53	0.03	TERRA FIRMA CAP III	****	****	****	****	****	****	****
5.96	0.07	TRIDENT V	****	****	****	****	****	****	****
0.02	0.00	TRILANTIC CAPITAL PTNRS	****	****	****	****	****	****	****
1.37	0.02	TRILANTIC CAPITAL PTNRS III	****	****	****	****	****	****	****
8.65	0.10	TRILANTIC CAPITAL PTNRS IV	****	****	****	****	****	****	****
4.17	0.05	US POWER FUND II	****	****	****	****	****	****	****
3.61	0.04	US POWER FUND III	****	****	****	****	****	****	****

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7.96	0.09	VISTA EQUITY PTNRS III	****	****	****	****	****	****	****
10.10	0.12	VISTA EQUITY PTNRS IV	****	****	****	****	****	****	****
2.13	0.02	VITRUVIAN PTNRS	****	****	****	****	****	****	****
0.87	0.01	VS&A COMM PTNRS III	****	****	****	****	****	****	****
1.43	0.02	VSS COMM PTNRS IV	****	****	****	****	****	****	****
7.20	0.08	WARBURG PINCUS XI	****	****	****	****	****	****	****
1.71	0.02	WELLSPRING CAP PTNRS V	****	****	****	****	****	****	****
5.89	0.07	WELSH CARSON ANDERSON & STOWE XI	****	****	****	****	****	****	****
3.61	0.04	YUCAIPA AMERICAN ALLIANCE FD	****	****	****	****	****	****	****
18.82	0.22	YUCAIPA AMERICAN ALLIANCE FD II	****	****	****	****	****	****	****
2.49	0.03	YUCAIPA CORP INITIATIVE II	****	****	****	****	****	****	****
584.90	6.75	TOTAL PRIVATE EQUITY	****	****	****	****	****	****	****
PRIVATE REAL ESTATE									
11.99	0.14	AG REALTY FUND VIII	****	****	****	****	****	****	****
2.32	0.03	AMER VALUE PTNRS I	****	****	****	****	****	****	****
12.98	0.15	APOLLO EUROPE III	****	****	****	****	****	****	****
13.10	0.15	ARA ASIA DRAGON FD	****	****	****	****	****	****	****
7.79	0.09	BLACKROCK CARBON III	****	****	****	****	****	****	****
3.71	0.04	BLACKSTONE REAL ESTATE PTNRS EU III	****	****	****	****	****	****	****
2.86	0.03	BLACKSTONE REAL ESTATE PTNRS IV	****	****	****	****	****	****	****
11.91	0.14	BLACKSTONE REAL ESTATE PTNRS VI	****	****	****	****	****	****	****
13.66	0.16	BLACKSTONE REAL ESTATE PTNRS VII	****	****	****	****	****	****	****
1.67	0.02	BROOKFIELD STRATEGIC RE PTNRS	****	****	****	****	****	****	****
5.00	0.06	CANYON-JOHNSON URBAN FD II	****	****	****	****	****	****	****
3.75	0.04	CANYON JOHNSON URBAN FD III	****	****	****	****	****	****	****

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3.62	0.04	CARLYLE R. P. FD V	****	****	****	****	****	****	****
6.32	0.07	CARLYLE REALTY VI	****	****	****	****	****	****	****
6.26	0.07	COLONY INVESTORS VIII	****	****	****	****	****	****	****
2.19	0.03	COLONY REALTY PTNRS II	****	****	****	****	****	****	****
19.47	0.22	DIVCO WEST FD III	****	****	****	****	****	****	****
3.14	0.04	H/2 SP OPPORTUNITY FD II	****	****	****	****	****	****	****
10.85	0.13	HEITMAN AMERICA	****	****	****	****	****	****	****
27.26	0.31	JPM STRATEGIC PROF FD	****	****	****	****	****	****	****
4.05	0.05	JPM SPECIAL SIT FD	****	****	****	****	****	****	****
20.27	0.23	LASALLE US PROPERTY FD	****	****	****	****	****	****	****
2.07	0.02	METRO WORKFORCE HOUSING FD	****	****	****	****	****	****	****
6.76	0.08	PRISA	****	****	****	****	****	****	****
18.86	0.22	PRISA II	****	****	****	****	****	****	****
3.73	0.04	PROLOGIS TARGETED US LOGISTICS FD	****	****	****	****	****	****	****
7.02	0.08	RREEF AMER. II	****	****	****	****	****	****	****
2.09	0.02	RREEF AMER. III	****	****	****	****	****	****	****
0.92	0.01	SILVERPEAK RE PTNRS III	****	****	****	****	****	****	****
11.49	0.13	STOCKBRIDGE RE FD III	****	****	****	****	****	****	****
5.84	0.07	TACONIC NY INV FD	****	****	****	****	****	****	****
14.33	0.17	THE CITY INVESTMENT FD	****	****	****	****	****	****	****
3.32	0.04	THOR URBAN PRPTY FD II	****	****	****	****	****	****	****
31.00	0.36	UBS TRUMBULL PROPERTY FD	****	****	****	****	****	****	****
4.71	0.05	WALTON ST RE FD VI	****	****	****	****	****	****	****
4.78	0.06	WESTBROOK RE FUND VIII	****	****	****	****	****	****	****
311.10	3.59	TOTAL PRIVATE REAL ESTATE	****	****	****	****	****	****	****
5,751.12	66.37	TOTAL EQUITY - PUBLIC & PRIVATE	2.70	16.16	16.16	9.93	0.72	****	****

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FIXED INCOME MANAGEMENT									
TREASURY / AGENCY									
60.66	0.70	FISCHER FRANCIS	-0.15	3.77	3.77	10.32	8.32	6.77	7.51
102.61	1.18	PIMCO	-0.10	4.30	4.30	10.73	8.46	6.91	****
59.31	0.68	STATE STREET	-0.14	3.98	3.98	10.24	****	****	****
222.58	2.57	ALL TREASURY / AGENCY	-0.13	4.07	4.07	10.49	8.28	6.71	7.38
		NYC - TREASURY AGENCY PLUS FIVE	-0.26	3.84	3.84	10.34	8.13	6.61	7.29
MORTGAGE									
224.07	2.59	BLACKROCK	0.09	5.65	5.65	6.67	6.68	5.61	****
89.17	1.03	GOLDMAN SACHS	-0.14	3.78	3.78	5.41	****	****	****
112.33	1.30	NEUBERGER BERMAN	-0.34	2.88	2.88	****	****	****	****
230.43	2.66	PIMCO	0.58	4.05	4.05	6.12	6.34	5.64	6.46
656.01	7.57	ALL MORTGAGE	0.16	4.37	4.37	6.08	6.16	5.41	6.18
		CITIGROUP MORTGAGE INDEX	-0.22	2.60	2.60	4.81	5.72	5.13	5.88
INVESTMENT GRADE CREDIT									
133.97	1.55	BLACKROCK	1.19	10.18	10.18	8.90	****	****	****
131.94	1.52	PRUDENTIAL	1.04	9.34	9.34	8.69	****	****	****
40.12	0.46	PRUDENTIAL-PRIVEST	0.26	****	****	****	****	****	****
225.66	2.60	TAPLIN, CANIDA	1.85	11.18	11.18	9.52	7.60	6.79	****
208.53	2.41	T. ROWE PRICE	1.50	11.13	11.13	9.82	8.73	7.05	6.68
740.21	8.54	ALL INVESTMENT GRADE CREDIT	1.42	10.56	10.56	9.32	7.76	6.76	6.60
		NYC - INVESTMENT GRADE CREDIT	1.09	9.52	9.52	8.56	7.39	6.17	6.48

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		CORE PLUS FIXED INCOME							
10.71	0.12	LM CAPITAL	0.57	6.22	6.22	7.32	****	****	****
10.71	0.12	TOTAL CORE PLUS FIXED INCOME	0.57	6.22	6.22	7.32	****	****	****
		BARCLAYS CAPITAL AGGREGATE	0.21	4.21	4.21	6.19	****	****	****
1,618.79	18.68	TOTAL STRUCTURED	0.70	6.85	6.85	8.10	7.34	6.24	6.71
		NYC - CORE PLUS FIVE	0.29	5.41	5.41	7.30	6.96	5.90	6.48
1,629.51	18.81	TOTAL STRUCTURED PLUS LM CAPITAL	0.70	6.85	6.85	8.09	7.33	6.23	6.71
6.65	0.08	PIM AMBASSADOR	0.40	****	****	****	****	****	****
5.44	0.06	PIM GIA	1.00	****	****	****	****	****	****
2.69	0.03	PIM HILLSWICK	0.12	****	****	****	****	****	****
6.72	0.08	PIM NEW CENTURY	0.37	****	****	****	****	****	****
5.35	0.06	PIM PUGH CAP	0.50	****	****	****	****	****	****
26.85	0.31	TOTAL PROGRESS FIXED	0.50	****	****	****	****	****	****
		BARCLAYS CAPITAL AGGREGATE	0.21	****	****	****	****	****	****
		TIPS MANAGERS							
		ACTIVE TIPS MANAGERS							
93.96	1.08	BLACKROCK	0.69	6.42	6.42	8.80	7.21	****	****
94.21	1.09	PIMCO	0.84	7.67	7.67	9.15	7.28	****	****
188.17	2.17	TOTAL ACTIVE TIPS MANAGERS	0.77	7.03	7.03	8.98	7.25	****	****
		PASSIVE TIPS MANAGERS							
62.54	0.72	STATE STREET	0.62	6.87	6.87	8.89	7.06	****	****
62.54	0.72	TOTAL PASSIVE TIPS MANAGERS	0.62	6.87	6.87	8.89	7.06	****	****
250.71	2.89	TOTAL TIPS MANAGERS	0.73	6.99	6.99	8.95	7.20	****	****
		BARCLAYS CAPITAL US TIPS INDEX	0.69	6.98	6.98	8.92	7.05	****	****

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		ENHANCED YIELD							
133.41	1.54	LOOMIS	3.14	****	****	****	****	****	****
		BofA MERRILL LYNCH HY MASTER II	3.18	****	****	****	****	****	****
139.16	1.61	PENN	3.18	****	****	****	****	****	****
208.70	2.41	T. ROWE PRICE	2.91	13.75	13.75	10.93	9.40	****	****
481.27	5.55	ALL ENHANCED YIELD	3.05	13.50	13.50	11.09	9.34	9.82	7.12
		CITIGROUP BB & B	3.00	14.45	14.45	11.40	7.76	8.94	6.27
		CITIGROUP BB & B CAPPED	2.92	14.00	14.00	11.20	8.29	9.06	****
		ENHANCED YIELD MEDIAN	2.94	14.39	14.39	11.18	9.31	9.50	8.27
		BANK LOANS							
66.16	0.76	BABSON	****	****	****	****	****	****	****
65.59	0.76	GUGGENHEIM	****	****	****	****	****	****	****
131.75	1.52	TOTAL BANK LOANS	****	****	****	****	****	****	****
		CREDIT SUISSE LEVERAGED LOAN INDEX	****	****	****	****	****	****	****
		CONVERTIBLE BONDS							
44.62	0.51	ADVENT CONVERTIBLE BONDS	1.34	11.70	11.70	7.87	****	****	****
		BofA ML CONVERTIBLES YIELD ALT. INDEX	2.67	12.21	12.21	7.60	****	****	****
35.49	0.41	LORD ABBETT CONVERTIBLE BONDS	2.38	12.76	12.76	7.58	****	****	****
		BofA ML ALL CONVERTIBLES INDEX	2.80	14.96	14.96	8.37	****	****	****
80.11	0.92	TOTAL CONVERTIBLE BONDS	1.83	12.20	12.20	7.73	****	****	****
		BofA ML ALL CONVERT EX MANDATORY	2.39	14.41	14.41	8.79	****	****	****
		FIRE CUSTOM CONVERTIBLE BOND INDEX	2.74	13.59	13.59	8.02	****	****	****

Consolidated Performance Report

Through December 31, 2012

Assets (\$MM)	% Total		3 Mos Oct-12 Dec-12	YTD Jan-12 Dec-12	1 Yr Jan-12 Dec-12	3 Yrs Jan-10 Dec-12	5 Yrs Jan-08 Dec-12	10 Yrs Jan-03 Dec-12	15 Yrs Jan-98 Dec-12
		OPPORTUNISTIC							
1.26	0.01	AVE EURO SPECIAL SITUATIONS FD	****	****	****	****	****	****	****
0.28	0.00	AVE SPECIAL SITUATIONS FD V	****	****	****	****	****	****	****
14.22	0.16	AVE SPECIAL SITUATIONS FD VI	****	****	****	****	****	****	****
12.71	0.15	TORCHLIGHT INVESTORS	****	****	****	****	****	****	****
28.47	0.33	TOTAL FUND STRATEGIES	****	****	****	****	****	****	****
		3 MONTH LIBOR PLUS 750BPS	****	****	****	****	****	****	****
17.13	0.20	ANGELO GORDON PTNRS LP	0.01	****	****	****	****	****	****
13.70	0.16	APOLLO PTNRS LP	0.00	****	****	****	****	****	****
6.12	0.07	FORTRESS PTNRS LP	0.99	****	****	****	****	****	****
26.77	0.31	GOLDENTREE	4.42	15.67	15.67	****	****	****	****
31.25	0.36	MARATHON	0.46	25.44	25.44	****	****	****	****
4.73	0.05	OAK HILL PTNRS LP	-1.18	****	****	****	****	****	****
99.71	1.15	TOTAL STRATEGIC MANDATES	1.46	16.89	16.89	****	****	****	****
		JP MORGAN GLOBAL HY BOND INDEX	3.32	16.20	16.20	****	****	****	****
		JP MORGAN GLOBAL HY PLUS 3%	4.36	19.20	19.20	****	****	****	****
128.17	1.48	TOTAL DISTRESSED FIXED	****	****	****	****	****	****	****
128.17	1.48	TOTAL OPPORTUNISTIC FIXED	1.79	16.32	16.32	11.84	****	****	****
		10% ANNUAL RETURN	2.41	10.00	10.00	10.00	****	****	****
		JP MORGAN GLOBAL HIGH YIELD PLUS 3%	4.36	19.20	19.20	15.23	****	****	****
		ETI							
8.34	0.10	ACCESS RBC	0.16	4.15	4.15	5.42	6.64	****	****
40.84	0.47	AFL - CIO HOUSING INV TRUST	0.11	4.27	4.27	6.09	5.96	5.17	****
0.36	0.00	CFSB-PPAR	2.56	8.16	8.16	8.01	7.86	****	****

Note: All ETI Returns are shown Net of Fees

Consolidated Performance Report

Through December 31, 2012

Assets (\$MM)	% Total		3 Mos Oct-12 Dec-12	YTD Jan-12 Dec-12	1 Yr Jan-12 Dec-12	3 Yrs Jan-10 Dec-12	5 Yrs Jan-08 Dec-12	10 Yrs Jan-03 Dec-12	15 Yrs Jan-98 Dec-12
0.85	0.01	CCD PPAR	2.48	11.40	11.40	9.48	9.51	****	****
0.52	0.01	LIIF-PPAR	2.27	6.84	6.84	5.37	****	****	****
0.21	0.00	NCBCI-PPAR	2.44	9.46	9.46	7.33	****	****	****
2.78	0.03	CPC - TERM LOAN	0.61	2.51	2.51	2.22	2.73	****	****
0.01	0.00	TARGETED INVESTMENT	1.28	7.93	7.93	3.51	4.82	6.32	6.94
53.92	0.62	TOTAL ETI (with cash)	0.22	4.29	4.29	5.75	5.89	5.17	6.19
		FIRE CUSTOM ETI BENCHMARK (NO CASH)	0.17	3.79	3.79	5.68	5.63	5.03	5.82
		BARCLAYS CAPITAL AGGREGATE	0.21	4.21	4.21	6.19	5.94	5.18	5.96
2,897.18	33.44	TOTAL FIXED INCOME	1.16	7.72	7.72	7.94	7.15	6.57	6.57
15.70	0.18	SECURITIES LENDING	****	****	****	****	****	****	****
114.90	1.33	STATE STREET SHORT TERM	0.08	0.37	0.37	0.44	1.25	2.27	3.25
0.66	0.01	BNY-MELLON – CD	****	****	****	****	****	****	****
8,664.66	100.00	TOTAL FIRE DEPARTMENT PENSION FUND	2.18	13.14	13.14	9.29	2.93	8.16	5.88
		FIRE POLICY BENCHMARK	1.68	13.45	13.45	9.94	4.24	8.65	6.23

Note: All ETI Returns are shown Net of Fees

Actual and Estimated Fees

NEW YORK CITY FIRE RETIREMENT SYSTEMS ACTUAL FEES FOR FISCAL YEAR ENDING JUNE 30, 2012 AND ESTIMATED FEES FOR FY 2013 UPDATED THROUGH SEPTEMBER 2012						
Actual 2012			Estimates 2013			
INVESTMENT STYLE (EQUITIES)	MARKET VALUE 06-30-2012 (\$MM)	BASIS POINTS	MARKET VALUE 09-30-2012 (\$MM)	BASIS POINTS		
US Equities	2,804	14.32	2,975	15.10		
Small Cap Active	147	64.65	156	66.25		
Small Cap Growth	75	73.44	80	75.10		
Small Cap Value	72	55.45	76	56.99		
Small Cap core	-	-	-	-		
Small Cap Fundamental Index	-	-	-	-		
Small/Mid Cap Active	51	61.06	55	61.01		
Small/Mid Cap Growth	-	-	-	-		
Small/Mid Cap Value	51	61.06	55	61.01		
Mid Cap Active	226	59.37	241	62.52		
Mid Cap Growth	107	61.97	114	66.82		
Mid Cap Value	55	59.29	61	59.77		
Mid Cap core	63	55.02	67	57.64		
Large Cap Active	270	24.81	285	27.95		
Large Cap Growth	156	24.28	163	27.77		
Large Cap Value	78	21.23	83	24.70		
Large Cap Core	36	34.97	38	35.85		
Large Cap Fundamental Index	-	-	-	-		
Active Emerging Managers (U.S. Equities)	106	59.53	112	63.54		
Total US Active Equities	800	48.82	849	51.66		
Total US Passive Equities	2,003	0.54	2,126	0.51		
Opportunistic US Equity Strategies	-	-	-	-		
International Equities	1,251	29.64	1,310	34.42		
Active EAFE Equities	632	31.57	675	34.23		
Growth	144	27.39	155	28.83		
Value	176	22.15	187	29.00		
Core	312	38.79	334	39.66		
Opportunistic-Non US Equity Strategies	17	69.05	18	68.34		
Active Emerging Markets	296	50.10	372	52.68		
Total Int'l Active Equities	945	38.04	1,066	41.25		
Total Int'l Passive Equities	306	3.71	244	4.57		
REITS Passive Index	333	34.38	337	38.96		

Actual and Estimated Fees

NEW YORK CITY FIRE RETIREMENT SYSTEMS ACTUAL FEES FOR FISCAL YEAR ENDING JUNE 30, 2012 AND ESTIMATED FEES FOR FY 2013 UPDATED THROUGH SEPTEMBER 2012						
		Actual 2012		Estimates 2013		
INVESTMENT STYLE (FIXED INCOME)		MARKET VALUE 06-30-2012 (\$MM)	BASIS POINTS		MARKET VALUE 09-30-2012 (\$MM)	BASIS POINTS
Fixed Income		2,548	13.51		2,909	17.37
Structured Program		1,514	8.21		1,648	7.82
	Government Sector	221	8.28		223	8.75
	Mortgage Sector	669	9.00		663	6.20
	Investment Grade Credit Sector	623	7.34		762	8.95
Global Fixed Income		10	21.15		11	22.39
Progress Fixed Emerging Managers		26	5.73		27	40.00
TIPS		166	6.38		169	6.44
	Active TIPS	124	8.34		127	8.41
	Passive TIPS	41	0.48		42	0.50
Opportunistic Fixed Income		91	72.16		106	87.58
Enhanced Yield		345	26.46		477	32.76
Bank Loans		-	-		130	39.10
Convertible Bonds		80	37.50		84	38.47
ETI - RBC Access		8	26.75		8	27.90
ETI - AFL-CIO HIT		40	41.41		41	44.00
Other ETI Programs		5	-		5	-
In-House Short Term		263	0.00		203	0.00
Total Public Markets		6,936	17.75		7,531	20.40
INVESTMENT STYLE (PRIVATE)						
Hedge Funds		166	81.46		194	160.05
Private Equity Investments *		466	163.84		476	172.52
Private Real Estate Investments		244	125.72		269	126.68
Total Private Markets		875	137.63		939	156.81
Total Overall		7,811	31.18		8,470	35.53
* Private Equity Investments exclude GP CARRY						

Securities Lending Income

Through December 31, 2012

	U.S. <u>FIXED INCOME</u>	U.S INTERNATIONAL <u>EQUITY</u>	<u>EQUITY</u>
1989*	\$109,000	--	--
1990	104,000	--	--
1991	157,000	--	--
1992	429,000	\$47,000	\$48,000
1993	762,000	146,000	102,000
1994	693,000	267,000	102,000
1995	495,000	306,000	96,000
1996	455,000	228,000	179,000
1997	473,000	512,000	257,000
1998	789,000	552,000	356,000
1999	716,000	690,000	408,000
2000	734,000	897,000	408,000
2001	1,176,000	1,286,000	561,000
2002	671,000	1,162,000	506,000
2003	349,000	644,000	452,000
2004	505,000	670,000	462,000
2005	740,000	1,070,000	574,000
2006	599,000	1,753,000	713,000
2007	1,437,000	3,180,000	786,000
2008	4,172,000	6,798,000	1,236,000
2009	1,606,000	3,588,000	817,000
2010	760,000	2,047,000	563,000
2011	977,000	2,674,000	927,000
2012	1,229,000	3,324,000	832,000
Since Inception	<u>\$20,137,000</u>	<u>\$31,841,000</u>	<u>\$10,385,000</u>
*Inception 4/89			

Footnotes

Through December 31, 2012

- 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 7/1/09, the Core+5 program was restructured.
 - The U.S. Gov't sector benchmark Index was changed from the Citigroup Core+5 Treasury/Gov't Sponsored Index to the Citigroup Core+5 Treasury/Agency Index.
 - The Corporate and Yankee sectors were combined to form the new Investment Grade Credit sector. The benchmark for the new combined sector is the customized Citigroup Credit Index. For historical performance purposes, the old Corporate sector Index is linked to the new Credit sector Index.
 - There were no changes to the Mortgage sector Index.
 - The total Core+5 results and benchmark returns combine the three sectors. Historical total Core+5 returns continue to include the old Corporate and Yankee sector returns.

Glossary of Terms

Through December 31, 2012

General Notes

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

Page Specific

Page 9 - Portfolio Asset Allocation

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

Page 11 - Performance Attribution: Total Plan

- Plan Return at Policy Weights: the return of the Total Plan assuming actual Asset Class results were maintained at target (Adjusted Policy) weights. *Figure = (Return of Asset Class 1 * Target Weight) plus (Return Of Asset Class 2 * Target Weight) plus (.....)*
- **Allocation Effect** = Total Plan Return minus Plan Return at Adjusted Policy Weights.
- **Management Effect** = Custom Benchmark (Adjusted Policy Index) Return minus Plan Return at Adjusted Policy Weights
This illustrates how the Managers have added or removed value based on their Security Selection decisions.
- **Policy Index = Custom Benchmark**
The "policy index" is a custom benchmark representing the weighted average return of the 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 adjusted policy weights are as follows:
U.S. Equity: Russell 3000 * 31.32%
International Developed (EAFE) Markets: MSCI EAFE * 10.08%
International Emerging Markets: MSCI Emerging Markets * 6.50%
REITs: DJ US Select Real Estate Securities * 3.00%
Private Equity: Russell 3000 + 500 b.p. per annum * 6.68%
Private Real Estate: NCREIF NFI-ODCE Net * 3.57%
Hedge Funds: 1yr T- Bill yield + 4% * 2.28%
Domestic Fixed Income: NYC Core +5 * 23.39%
TIPS: Barclays Capital U.S. TIPS * 5.00%
Enhanced Yield: Citigroup BB&B * 4.27%
Bank Loans: Credit Suisse Leveraged Loan Index * 1.54%
Convertible Bonds: Bofa ML All Convertibles ex Mandatory Index * 1.00%
Opportunistic Fixed: JPM Global High Yield +3% * 1.39%

Glossary of Terms

Through December 31, 2012

Page 15 - Management Effect - Asset Class Breakdown

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

Page 21 - Domestic Equity Asset Allocation

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

Page 39– Structured Fixed Income Asset Allocation

- See Domestic Equity Asset Allocation for explanation

Page 45– ETI Returns vs Custom Index and Barclays Capital U.S. Aggregate Bond Index

ETI has implemented a Custom Benchmark to better track the performance of the individual ETI programs relative to their respective benchmarks. The Custom Benchmark represents the weighted average return of the individual benchmark indexes for each program, updated monthly. The indexes are as follows:

AFL-CIO Housing Inv Trust: Barclays Capital U.S. Aggregate Bond Index

CPC Term Loan: 30 Day Libor + 200 bps, with a floor of 250 bps

GNMA: Citigroup 15 yr. GNMA

PPAR: Citigroup GNMA +65bp per annum

Access/RBC: 60% Bofa Merrill Lynch 30 yr Mortgage Index plus 40% Bofa Merrill Lynch US Treasury 1-10yr Index