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Scott M. Stringer
COMPTROLLER

NEW YORK CITY BOARD OF EDUCATION
RETIREMENT SYSTEM

COMMON INVESTMENT MEETING

DECEMBER 16, 2015

LOCATION:

New York Law School
185 West Broadway, 2nd Floor
(Between Worth & Leonard)
New York, NY 10013

BOARD OF EDUCATION RETIREMENT SYSTEM

(CIM) COMMON INVESTMENT MEETING

DECEMBER 16, 2015

PUBLIC AGENDA MATERIALS

	Page
Public Session <u>9:00am – 10:15am</u>	
Welcome and Opening	
CIO – Total Fund Performance Overview & Performance by Asset Class (See Separate Cover)	
– ETI Quarterly Report – September 30, 2015	5
– Private Equity Quarterly Report – June 30, 2015	11
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PUBLIC AGENDA

Performance Reviews:

ETI Quarterly Report

BERS Pension Fund - Economically Targeted Investments Quarterly Report

Public/Private Apartment Rehabilitation Program (PPAR)

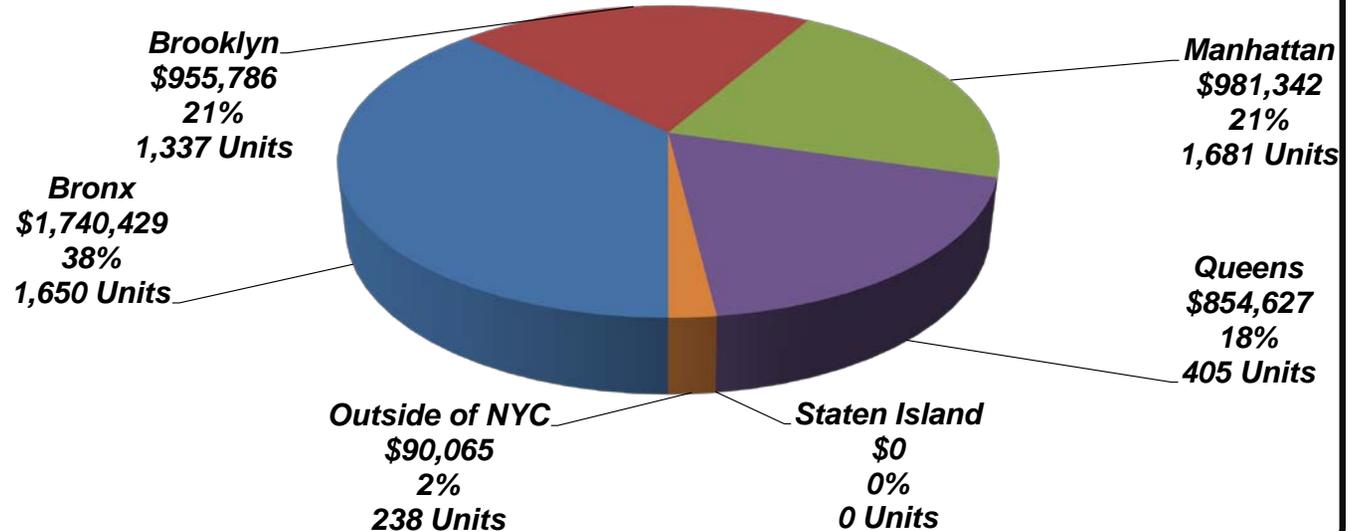
Lenders*	BOA		CCD		CFSE		CPC		JPM		LIIF		NCBCI		NHS		Wells Fargo		LISC	
Contractual Commitment	\$4.00 MM		\$4.00 MM		\$1.00 MM		\$4.00 MM		\$5.00 MM		\$4.00 MM		\$1.00 MM		\$1.00 MM		\$2.00 MM		\$1.00 MM	
Current Market Value	\$1.12 MM		\$1.29 MM		\$0.14 MM		\$0.71 MM		\$1.00 MM		\$0.60 MM		\$0.11 MM		\$0.00 MM		\$0.00 MM		\$0.00 MM	
	Dollars	Units	Dollars	Units	Dollars	Units	Dollars	Units	Dollars	Units	Dollars	Units	Dollars	Units	Dollars	Units	Dollars	Units	Dollars	Units
Commitments 3Q 15																				
(included in total)																				
Bronx	\$0	0	\$0	0	\$0	0	\$8,649	18	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0
Brooklyn	368,641	288	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Manhattan	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Queens	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Staten Island	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Outside of NYC	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	\$368,641	288	\$0	0	\$0	0	\$8,649	18	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0
Delivered 3Q 15																				
(included in total)																				
Bronx	\$262,500	60	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0
Brooklyn	0	0	0	0	0	0	3,516	35	53,178	24	0	0	0	0	0	0	0	0	0	0
Manhattan	0	0	0	0	0	0	1,631	12	0	0	0	0	0	0	0	0	0	0	0	0
Queens	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Staten Island	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Outside of NYC	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	\$262,500	60	\$0	0	\$0	0	\$5,147	47	\$53,178	24	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0
Total Commitments																				
Bronx	\$0	0	\$488,816	193	\$0	0	\$268,055	1,007	\$2,036,897	1,176	\$164,450	74	\$0	0	\$0	0	\$0	0	\$0	0
Brooklyn	747,676	400	86,800	50	0	0	302,877	1,144	111,720	127	697,398	251	0	0	0	0	0	0	0	0
Manhattan	336,000	100	0	0	0	0	365,735	1,256	318,933	286	956,702	338	0	0	0	0	388,107	103	198,779	90
Queens	90,000	54	0	0	0	0	132,690	406	0	0	0	0	0	0	0	0	0	0	0	0
Staten Island	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Outside of NYC	89,250	39	0	0	0	0	98,745	186	231,203	122	0	0	0	0	0	0	0	0	0	0
Total	\$1,262,926	593	\$575,616	243	\$0	0	\$1,168,102	3,999	\$2,698,754	1,711	\$1,818,550	663	\$0	0	\$0	0	\$424,107	170	\$198,779	90
Historical Investments																				
Bronx	\$262,500	60	\$558,980	452	\$0	0	\$105,794	558	\$725,322	537	\$87,833	43	\$0	0	\$0	0	\$0	0	\$0	0
Brooklyn	0	0	315,116	252	0	0	270,227	750	175,578	90	194,865	245	0	0	0	0	0	0	0	0
Manhattan	0	0	236,908	283	161,181	197	190,072	909	8,100	47	281,764	122	103,318	123	0	0	0	0	0	0
Queens	752,952	239	40,000	54	0	0	7,675	16	54,000	96	0	0	0	0	0	0	0	0	0	0
Staten Island	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Outside of NYC	0	0	0	0	0	0	90,065	238	0	0	0	0	0	0	0	0	0	0	0	0
Total	\$1,015,452	299	\$1,151,004	1,041	\$161,181	197	\$663,832	2,471	\$963,000	770	\$564,463	410	\$103,318	123	\$0	0	\$0	0	\$0	0

*Lenders : Bank of America Citibank Community Development Carver Federal Savings Bank The Community Preservation Corp JP Morgan Chase Low Income Investment Fund NCB Capital Impact Neighborhood Housing Service Wells Fargo Local Initiatives Support Corp

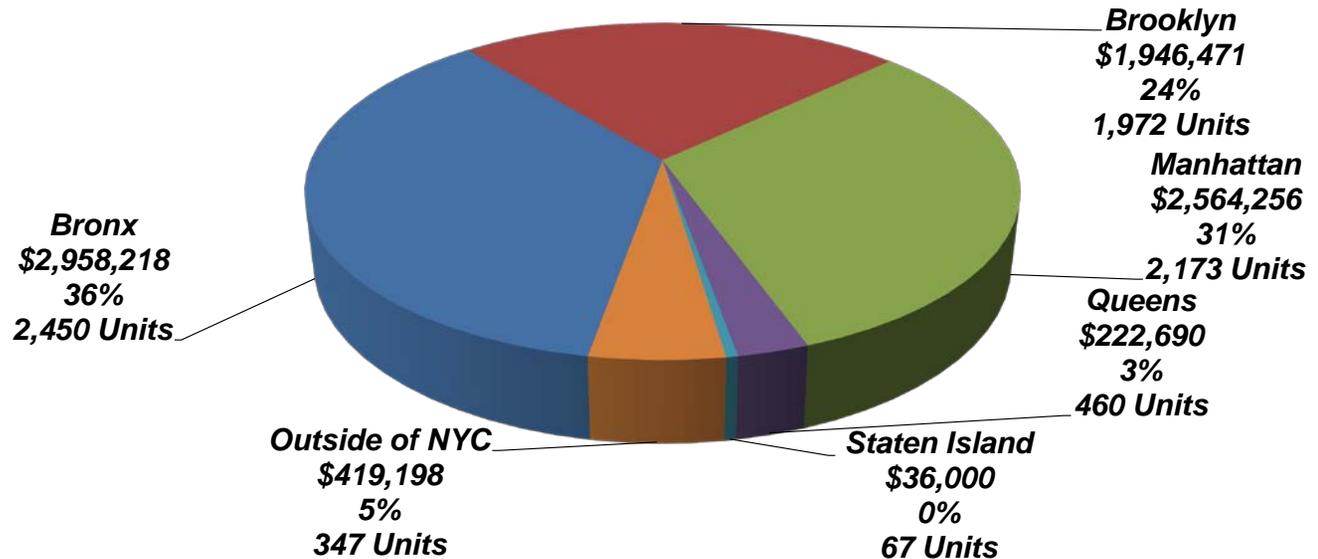
Public/Private Apartment Rehabilitation Program (PPAR)

Lenders*	All Lender Totals	
Contractual Commitment	\$27.00 MM	
Current Market Value	\$4.97 MM	
	Dollars	Units
Commitments 3Q 15 (included in total)		
Bronx	\$8,649	18
Brooklyn	368,641	288
Manhattan	0	0
Queens	0	0
Staten Island	0	0
Outside of NYC	0	0
Total	\$377,290	306
Delivered 3Q 15 (included in total)		
Bronx	\$262,500	60
Brooklyn	56,694	59
Manhattan	1,631	12
Queens	0	0
Staten Island	0	0
Outside of NYC	0	0
Total	\$320,825	131
Total Commitments		
Bronx	\$2,958,218	2,450
Brooklyn	1,946,471	1,972
Manhattan	2,564,256	2,173
Queens	222,690	460
Staten Island	36,000	67
Outside of NYC	419,198	347
Total	\$8,146,834	7,469
Historical Investments		
Bronx	\$1,740,429	1,650
Brooklyn	955,786	1,337
Manhattan	981,342	1,681
Queens	854,627	405
Staten Island	0	0
Outside of NYC	90,065	238
Total	\$4,622,249	5,311

Historical Investments Since Inception All PPAR Lenders



Current Commitments All PPAR Lenders



BERS Pension Fund - Economically Targeted Investments Quarterly Report

AFL-CIO Housing Investment Trust (HIT)
 Market Value \$12.43 million*
 NYC Community Investment Initiative (NYCCII)

**NYCCII Phase II 2006-2013
 Multifamily Investments Detail**

<u>Borough</u>	<u>3Q Investments</u>	<u>Investments</u>		<u>Housing Units</u>	
		<u>Since Inception</u>	<u>3Q Housing Units</u>	<u>Since Inception</u>	<u>Since Inception</u>
Bronx	\$0	\$52,827,900	0	802	
Brooklyn	0	103,890,446	0	5,616	
Manhattan	0	174,075,200	0	926	
Queens	0	17,760,000	0	1,260	
Staten Island	0	6,414,554	0	693	
Outside NYC	0	100,000,000	0	137	
Total	\$0	\$454,968,100	0	9,434	
Grand Total NYCCII Phase II		\$454,968,100		9,434	

NYCCII Phase I 2002-2005

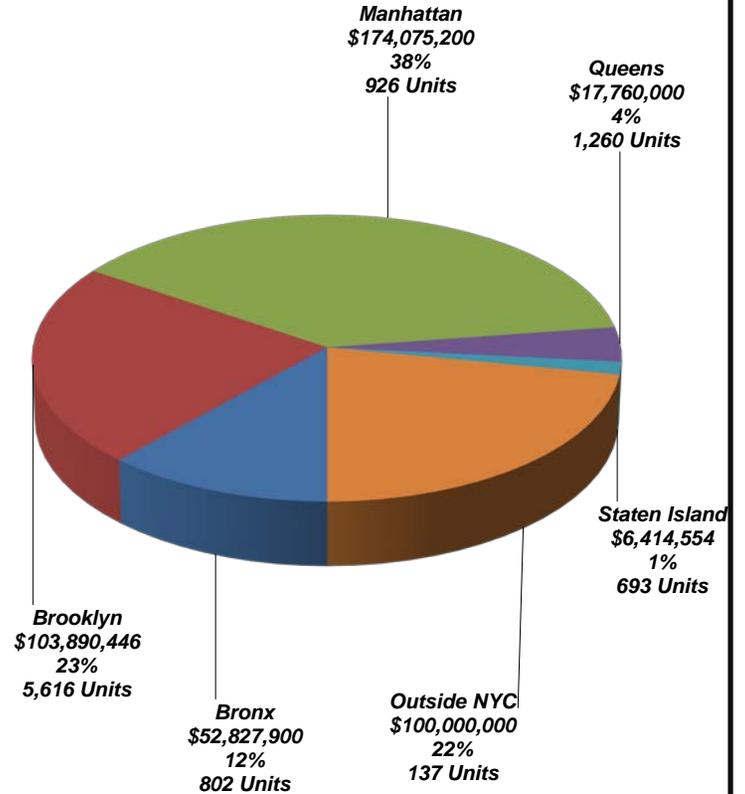
	<u>Dollars</u>	<u>Units</u>	<u>Member Loans</u>	<u>Total All NYC PF's</u>
Multifamily Investments	\$249,123,500	12,337	n/a	n/a
HIT Home Investments	348,300,563	n/a	131	446
Total NYCCII Phase I	\$597,424,063	12,337	131	446

NYCCII Phases I & II

	<u>Dollars</u>	<u>Units</u>	<u>Member Loans</u>	<u>Total All NYC PF's</u>
Multifamily Investments	\$704,091,600	21,771	n/a	n/a
HIT Home Investments	2,899,899,500	n/a	131	446
Grand Total NYCCII Phases I & II	\$3,603,991,100	21,771	131	446

*Interest is reinvested

HIT Multifamily Investments

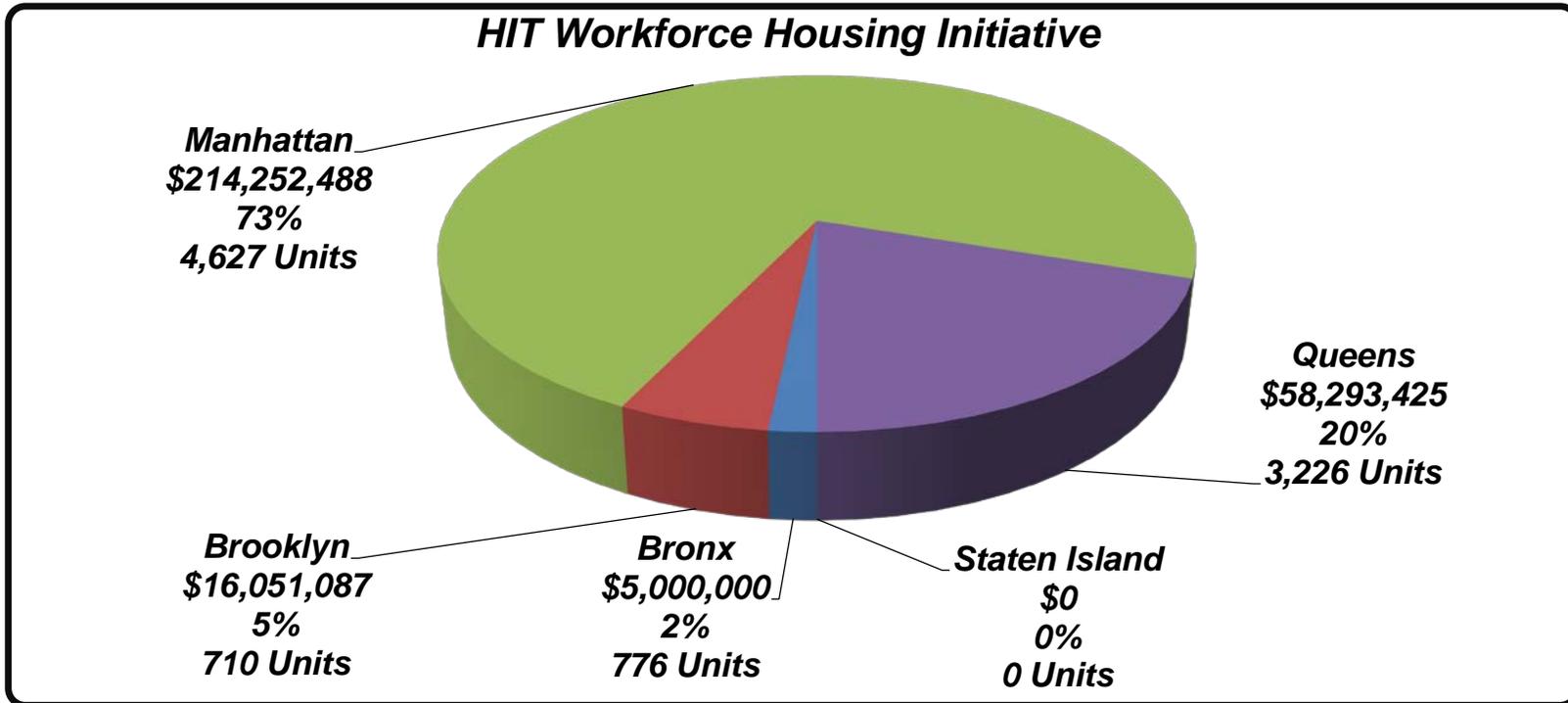


AFL-CIO Housing Investment Trust (HIT)
 NYC Workforce Housing Initiative

Investments From 2009 Through Q3 2015

Workforce Investments Detail

Borough	3Q Investments	Investments		Housing Units	
		Since Inception	3Q Housing Units	Since Inception	
Bronx	\$0	\$5,000,000	0	776	
Brooklyn	0	16,051,087	0	710	
Manhattan	0	214,252,488	0	4,627	
Queens	0	58,293,425	0	3,226	
Staten Island	0	0	0	0	
Total	\$0	\$293,597,000	0	9,339	



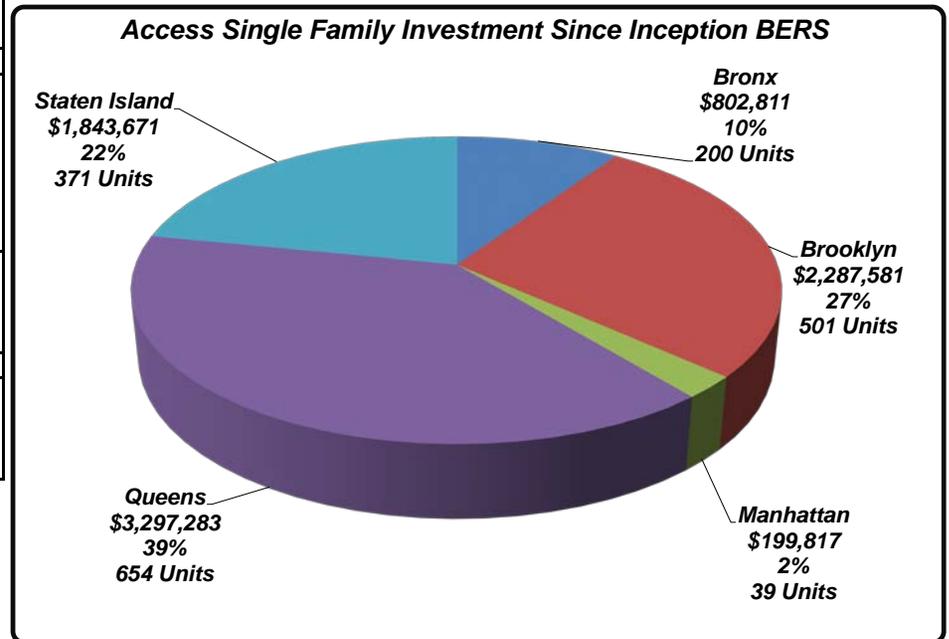
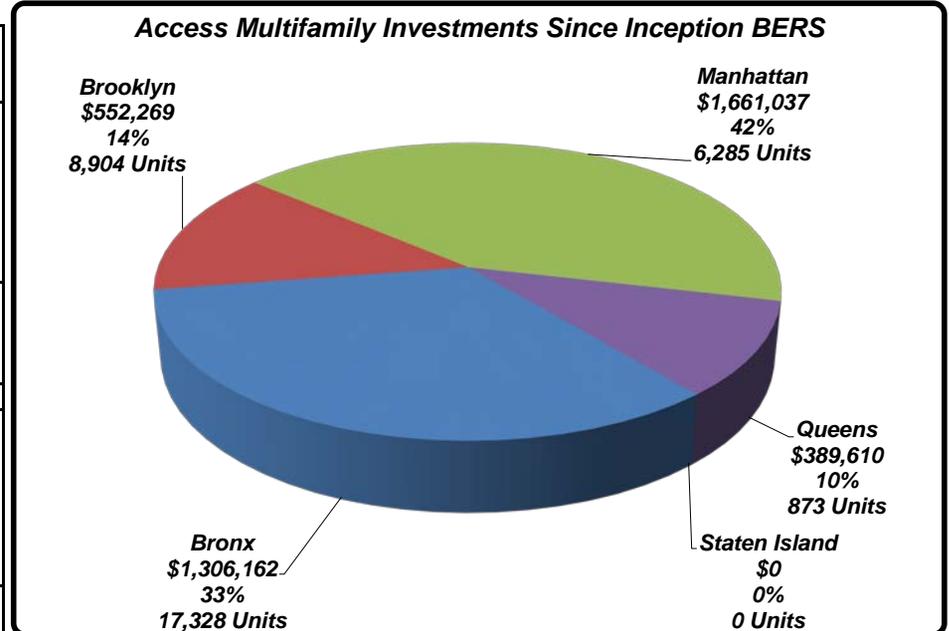
BERS Pension Fund - Economically Targeted Investments Quarterly Report

ACCESS CAPITAL STRATEGIES (Since Inception 2/1/07)

\$7.20 million Allocated (2.34% of total account)					
Market Value \$6.82 million					
Multifamily Investments Detail					
		\$ Invested¹		Units²	
	3Q	Total	3Q	Total	
Bronx	0	\$1,306,162	0	17,328	
Brooklyn	0	\$552,269	0	8,904	
Manhattan	0	\$1,661,037	0	6,285	
Queens	0	\$389,610	0	873	
Staten Island	0	\$0	0	0	
Total BERS Multifamily Investments	0	\$3,909,078	0	33,390	
Multifamily Total All Systems	0	\$167,054,619	0	33,390	
Single Family Investments Detail					
		\$ Invested		Units	
	3Q	Total	3Q	Total	
Bronx	0	\$802,811	0	200	
Brooklyn	0	\$2,287,581	0	501	
Manhattan	0	\$199,817	0	39	
Queens	0	\$3,297,283	0	654	
Staten Island	0	\$1,843,671	0	371	
Total BERS Single Family Investments	0	\$8,431,163	0	1,765	
Single Family Total All Systems	0	\$360,306,111	0	1,765	
Other Investments Detail					
		\$ Invested		Units	
	3Q	Total	3Q	Total	
Bronx	0	\$15,795	0	1	
Brooklyn	0	\$126,135	0	8	
Manhattan	0	\$56,930	0	5	
Queens	0	\$12,716	0	3	
Staten Island	0	\$0	0	0	
Total BERS Other Investments	0	\$211,577	0	17	
Other Investments Total All Systems	0	\$9,041,740	0	17	
Grand Total BERS	\$0	\$12,551,818			
Grand Total All Systems	\$0	\$536,402,470			

¹ Certain bond investment amounts are allocated pro rata across boroughs based upon unit count.

² If not indicated otherwise, superintendent units are allocated based on building size.



Private Equity Quarterly Report



NYC Board of Education Retirement System

Second Quarter 2015 Report

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Section 2 – Portfolio Update

Section 3 – Portfolio Assessment

Section 4 – Funds-of-Funds Review

Appendix A – Glossary of Terms

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NYC Board of Education Retirement System

Second Quarter 2015 Report



Section 1:

Market Update

NYC Board of Education Retirement System

Second Quarter 2015 Report

The Private Equity Market

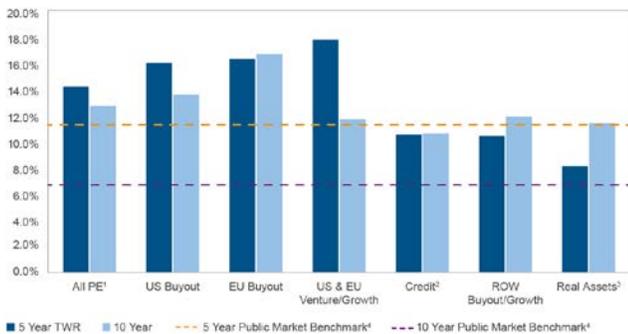
Introduction

U.S. public market growth continued to slowdown in the second quarter of 2015. The S&P 500, although reaching record highs, registered a 0.3% gain for the quarter. In May, the Federal Reserve Chair Janet Yellen cautioned equity market volatility may rise as the central bank begins to tighten its monetary policy, although an interest rate hike did not occur during the quarter.¹ In Europe, Greece's financial situation drove second quarter equity returns down 4.5%. In June, Greece's existing bailout program was set to expire and concerns loomed whether the country would be able to obtain the necessary funds to service its debt. Greece missed a debt payment, but a July 5th referendum was called for creditors to negotiate another bailout.² Despite the turmoil in Greece, developed international markets, as measured by the EAFE index, gained 0.6% during the second quarter, while the MSCI Emerging Markets index gained 0.8%.³

During the second quarter of 2015, private equity experienced slow growth across the asset class. The number of funds closed during the quarter increased quarter-over-quarter slightly, but total capital raised continued to decline from the recent peak in 4Q14. The number of deal exits increased 2% from the prior quarter, while aggregate exit value increased a much more substantial 16%.⁴ Private equity performance increased slightly at the 10-year time interval, generating a time weighted return (TWR) of 12.8%. The 5-year TWR remained unchanged from prior quarters 14.3%.⁵

Private Equity Performance

Chart 1: Time Weighted Returns: Private Equity vs. MSCI World⁴



Source: Hamilton Lane Fund Investment Database (August 2015). Return figures are geometric averages of time-weighted returns in local currency. Returns longer than one year are annualized.

¹ The All PE sample includes all funds classified as buyout, growth equity, venture capital, distressed debt, mezzanine, infrastructure, co-investment, real estate, secondaries or special situation strategies contained within the Hamilton Lane Fund Investment Database as of the date of this chart. The All PE sample's performance is calculated on a pooled basis where larger funds have a greater impact than smaller funds. Performance of the funds included in this sample takes into account the effect of fees charged by the fund's GP, but not by Hamilton Lane.

² Includes Mezzanine and Distressed Debt Strategies

³ Includes Natural Resources, Commodities, and Infrastructure strategies

⁴ MSCI World, local currency, with reinvested dividends net of tax

¹ BNY Q2 2015 Capital Markets Review

² Schroders Q2 2015 Market Overview

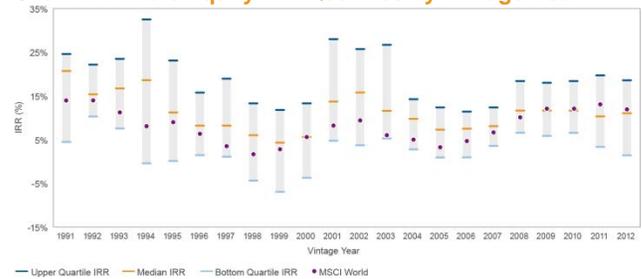
³ BNY Q2 2015 Capital Markets Review

⁴ Preqin Q2 Quarterly Private Equity Update

⁵ Hamilton Lane Fund Investment Database

Private equity has continued to provide investors with superior performance over longer time horizons, which provides a more accurate depiction of returns, given the long term duration of the asset class. As seen in Chart 1, all strategies significantly outperform the ten-year MSCI World Public Market Benchmark. Ten-Year returns are led by US Buyouts and EU Buyouts, which have outperformed the public market benchmark by 7.0% and 10.1%, respectively. The five-year time weighted return for all private equity, US & EU buyouts, and US & EU Venture/Growth, exceed the MSCI World Index, which is impressive considering the public markets are now in the seventh year of a bull market.

Chart 2: Private Equity IRR Quartiles by Vintage Year



Source: Hamilton Lane Fund Investment Database (September 2015) MSCI World, net reinvested dividends. Benchmark calculated as PME (Public Market Equivalent) using All Private Equity pooled cashflows.

As evidenced in Chart 2, investors in private equity have seen significantly greater returns than the public markets when investing with top quartile fund managers. Over the twenty-two year period, top quartile funds outperformed public markets in all vintage years, while median quartile managers outperformed public markets in all but four vintage years. Upper quartile funds have produced an average IRR of 19.2% over the twenty-two year period, exceeding the MSCI World average by 11.1%. Since most institutional investors typically require minimum returns of 8%, or greater, the exceedingly high returns private equity offers become a crucial part of their portfolios. This also helps to illustrate the importance of picking top tier fund managers.

Increase in Exit Activity

Chart 3: Global Number of Private Equity-Backed Exits



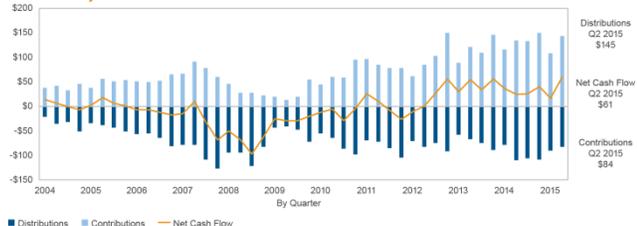
Source: Preqin Q2 Quarterly Private Equity Update

NYC Board of Education Retirement System

Second Quarter 2015 Report

Exit activity increased slightly quarter-over-quarter from 374 exits to 381. Along with the increased volume, aggregate exit value experienced a quarter-over-quarter increase of \$16.2 billion. Aggregate exit values in 2Q15 reached the highest levels since 2Q14. Trade sales and Sales to GP's continue to be the most common exit method, accounting for 76% of exits during the quarter. The number of IPO's continues to rise, increasing 16% from 1Q15.

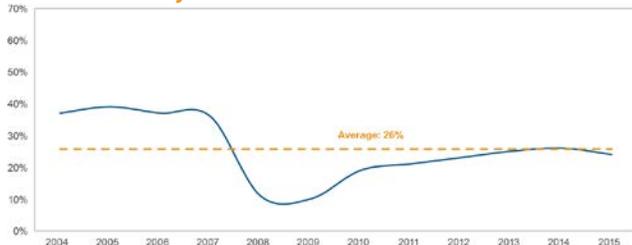
Chart 4: Private Equity Industry Level Cash Flows (USD in Billions)



Source: Hamilton Lane Fund Investment Database (September 2015). Cashflows through 6/30/2015.

The increase in exit activity and aggregate exit value has led to a 33% increase in distributions for the second quarter. The significant increase in distributions has resulted in the highest quarterly net cash flow for private equity in the past twelve years. Chart 5 shows that private equity distribution pacing continues to be below the historical average, meaning industry level net asset values are also rising to record heights.

Chart 5: Industry Level All PE¹ Distribution Pace

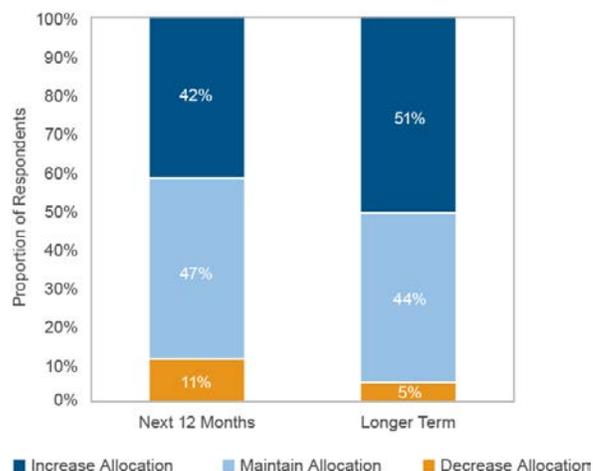


Source: Hamilton Lane Fund Investment Database (September 2015).
¹The All PE sample includes all funds classified as buyout, growth equity, venture capital, distressed debt, mezzanine, infrastructure, co-investment, real estate, secondaries or special situation strategies contained within the Hamilton Lane Fund Investment Database as of the date of this chart. The All PE sample's performance is calculated on a pooled basis where larger funds have a greater impact than smaller funds. Performance of the funds included in this sample takes into account the effect of fees charged by the fund's GP, but not by Hamilton Lane.
²Cashflows through 6/30/2015.

Increasing Allocations

Private equity allocations continue to rise in 2015. According to Preqin's Investor Outlook Survey, which surveyed 460 institutions, 35% of respondents feel their private equity fund investments have exceeded their expectations, while 52% felt they met expectations. While respondents were pleased with historical returns, expectations for the future of their private equity portfolios are rising. 49% of respondents expect their portfolio to exceed the public market by 4.1% or greater, a 14% increase from surveyed respondents one year ago. As the asset class continues to outperform public market comparables over the long term, allocations are expected to continue to rise. Looking at Chart 6, 42% of investors are currently below their target allocation. When asked what their longer term intentions are for their private equity allocation, 51% of respondents said they intend to increase their allocation.

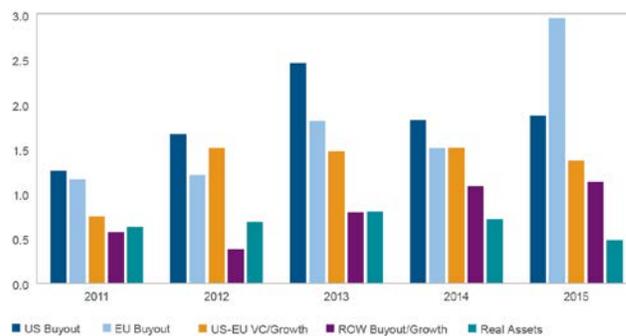
Chart 6: Investor's Intentions for Their Private Equity Allocation



Source: Preqin H2 2015 Investor Outlook Survey

A strong liquidity ratio will generally draw more investors to the private equity asset class. Chart 7 shows each private equity strategy maintains a ratio above 1.0x, demonstrating in 2015 distributions are consistently outpacing contributions. European buyouts have experienced the greatest year-over-year increase in liquidity, up 95% from 2014. US buyouts have maintained a strong liquidity ratio, exceeding 1.5x since 2012. According to Preqin's survey, 31% of investors see liquidity as being one of the biggest challenges for investors to operate an effective private equity program.

Chart 7: Annual Liquidity Ratio by Strategy (Distributions/Contributions) by Calendar Year¹



Source: Hamilton Lane Fund Investment Database (September 2015).
¹Cash flows through June 30, 2015.

Private Equity Fundraising

Fundraising remained relatively flat during 2Q15, as 243 funds closed on \$113.0 billion in commitments. Venture capital funds accounted for 33% of the number of funds closed during the period, followed by real estate funds, at 20%. Real estate funds raised the most capital during the quarter, accounting for 26.5% of total capital raised.⁶ According to Preqin's investor survey, 26% of investors intend to make more real estate fund commitments in the next twelve months than the prior year.

⁶ Preqin Q2 Quarterly Private Equity Update

NYC Board of Education Retirement System

Second Quarter 2015 Report

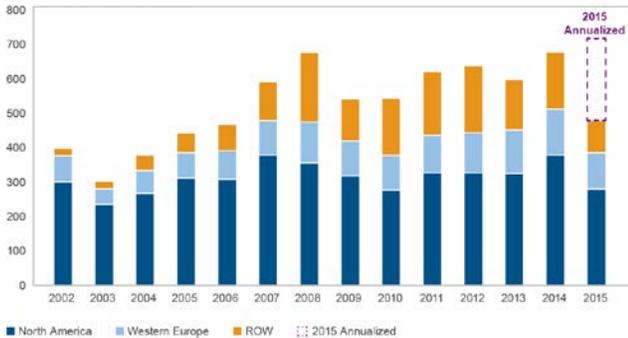
Chart 8: Quarterly Global Private Equity Fundraising



Source: Preqin Q2 Quarterly Private Equity Update

Although fundraising has been slow, 2015 is on track to be the highest volume of PPMs received historically by the Hamilton Lane Fund Investment Team. The Hamilton Lane Fund Investment Team received 203 new PPMs during 2Q15, an increase of 13 from 1Q15. The increase of PPMs is driven by continued expansion into newer markets (Asia, Latin America), broadening strategies (credit, infrastructure), and spin outs from existing fund managers. Private equity fund selection will continue to become more complex as the asset class matures.

Chart 9: PPMs Received by Hamilton Lane Fund Investment Team

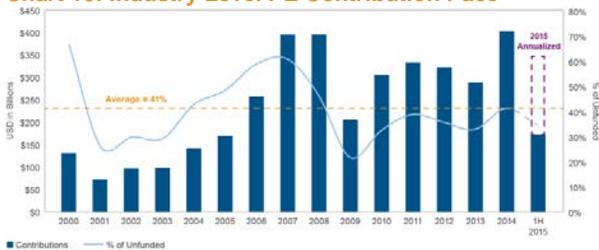


Source: Hamilton Lane Diligence (September 2015)

Deal Activity

Deal activity is slowing, as evidenced by Chart 10, which demonstrates General Partners are spending less cash and therefore less deals are taking place. Contribution pacing continues to fall below the historical average because of rising valuations, which has made it increasingly difficult for General Partners to find well-priced deals.

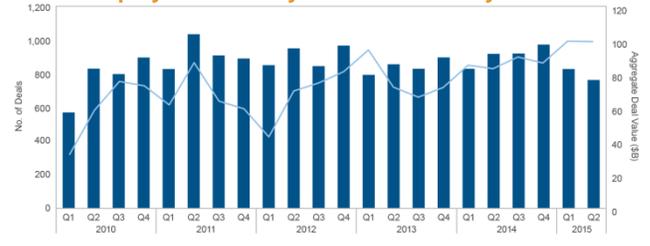
Chart 10: Industry Level PE Contribution Pace



Source: Hamilton Lane Fund Investment Database (August 2015).

As shown in Chart 10, the number of global buyout deals continued to decline from the prior quarter. With just 765 deals, 2Q15 experienced the lowest buyout deal volume since 2010. Although volume is down, aggregate deal value remains at the highest levels seen since 2007. The sustained level of deal value is driven by European buyouts, which increased 67% from the prior quarter. North America, Asia, and rest of world buyouts all experienced a decline in aggregate deal value during 2Q15.⁷

Chart 11: Quarterly Number and Aggregate Value of Private Equity-Backed Buyout Deals Globally



Source: Preqin Q2 Quarterly Private Equity Update

Chart 11 shows venture capital deal values have also reached the highest levels since 2007. Deal values increased quarter-over-quarter by 17%, while the number of deals remained relatively flat.

Chart 12: Quarterly Number and Aggregate Value of Venture Capital Deals¹ Globally, Q1 2009 - Q2 2015

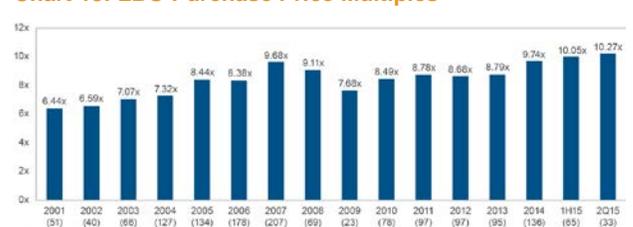


Source: Preqin Q2 Quarterly Private Equity Update
¹ Figures exclude add-ons, grants, mergers, venture debt and secondary stock purchases

Deal Pricing

LBO purchase price multiples rose during the second quarter, bringing 1H15 values to 10.05x. Competition for deals continues to drive multiples to their highest levels since before the Global Financial Crisis, while increased dry powder and steady fundraising has provided General Partners with sufficient capital to make deals at a premium.

Chart 13: LBO Purchase Price Multiples



Source: S&P Capital IQ M&A Stats June 2015

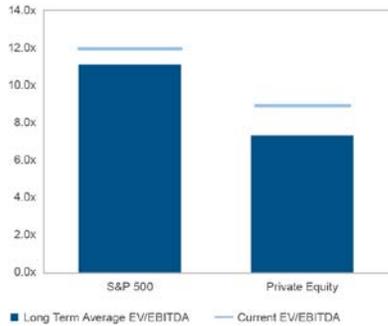
⁷ Preqin Q2 Quarterly Private Equity Update

NYC Board of Education Retirement System

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While prices are high, Chart 14 shows that private equity deals remain cheap in comparison to the public markets. According to Hamilton Lane's Fund Investment Database, current private equity purchase price multiples are 3.0x lower than the S&P 500.

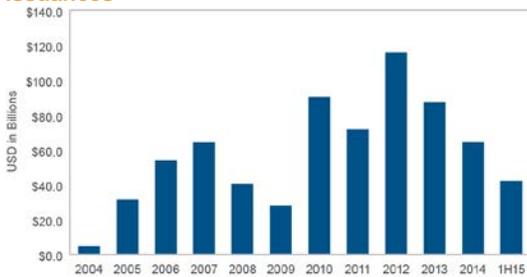
Chart 14: Public vs. Private Market Valuation Multiples



Source: Hamilton Lane Fund Investment Database, Bloomberg. As of 6/30/2015 (September 2015)

Debt Markets

Chart 15: Annual Volume of Sponsored High-Yield Bond Issuances

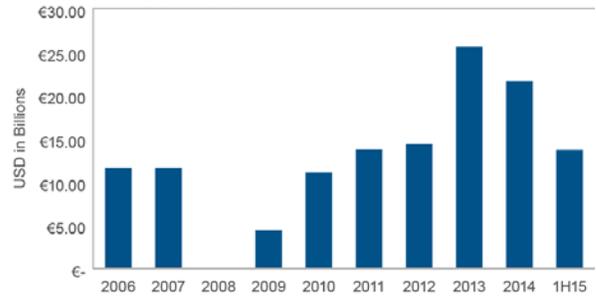


Source: S&P Capital IQ M&A Stats June 2015

High-yield bond issuance increased 20% in 2Q15, bringing total high yield issuances for 1H2015 to \$42.6 billion. European bond markets saw volatility during the quarter, as investors flocked to safe havens amid the Greece turmoil.⁸ Europe's high-yield bond issuances decreased 5% quarter-over-quarter, but are on pace to reach 2014 levels. Current high-yield default rates for both the U.S. and Europe are below historical averages.^{9 10} In Asia, Moody's Investors Service reported only \$2.7 billion high yield bond Issuances during the second quarter, the lowest levels seen since Q3 2013. Moody's cited weak market sentiment, concerns over China's economy, and Greece's debt situation as reasons for the slowdown in Asia.

⁸ Schroders Q2 2015 Market Overview
⁹ JPMorgan
¹⁰ Credit Suisse

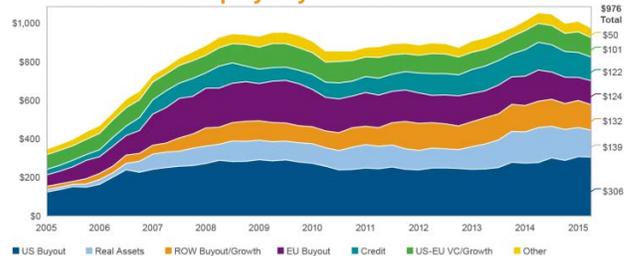
Chart 16: European Annual Volume of Sponsored High-Yield Bond Issuances



Source: S&P Capital IQ M&A Stats June 2015

Capital Overhang

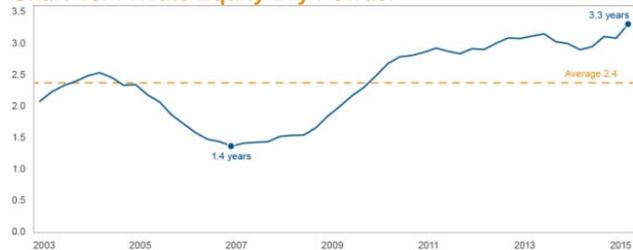
Chart 17: Private Equity Dry Powder¹



Source: Hamilton Lane Fund Investment Database (August 2015).
¹Real Assets includes Infrastructure and Natural Resources. Excludes real estate, secondary, and funds-of-funds strategies.

Industry level dry powder decreased 4% in 2Q15 to \$976 billion. All strategies experienced a reduction in dry powder, with the exception of EU buyout, which added \$4.9 billion during the quarter. Real assets led the decline, eliminating \$11.9 billion. Chart 17 shows that capital overhang has sustained 2008 levels over the past 7 years, a result of expansion into credit, real assets, and emerging markets. Age of capital overhang is at record highs, as seen in Chart 18. General Partners will begin to feel pressure to deploy aging capital as funds fall below their target investment pace.

Chart 18: Private Equity Dry Powder



Source: Hamilton Lane Fund Investment Database (August 2015).

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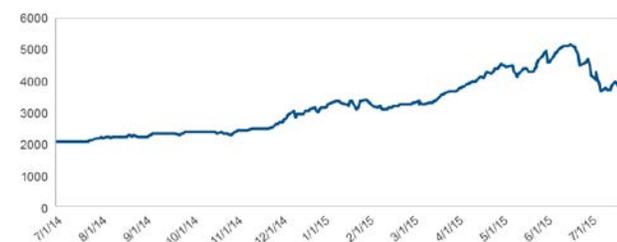
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Spotlight: China

Introduction

China's growing economy has made it a very attractive region for private equity investors. Private equity fundraising for Greater China based funds increased in 2014 for the first time in two years and continued to rise into the first half of 2015. Greater China made up 35% of aggregate Asia private equity deal volume in 2014 and has maintained this share of activity through the first half of 2015.¹¹ General Partners of venture capital and growth funds have benefited from the reopening of China's dormant IPO market in early 2014. In the challenging Asia climate, the ability to accelerate exit processes is critical, which the China IPO channel offers. Following the IPO market reopening, the Chinese equity markets grew substantially, gaining 150% from June of 2014 at its peak. Regulatory measures ended the rise in equities in 2015, which has led to drastic governmental efforts to stabilize the market, including reclosing the IPO market. Now, unprecedented government intervention and market volatility have caused uncertainty for the Chinese markets and the surrounding region.

Chart 1: Shanghai Composite Index Composite Index 7/1/2014 – 7/15/2015

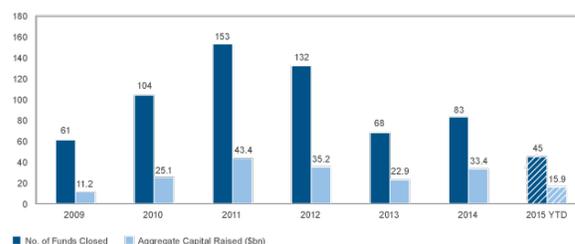


— Closing Price (CNY)
Source: Bloomberg

Fundraising

Private equity fundraising in Greater China continued to expand during the first half of 2015, with 45 funds closing on nearly \$16 billion in commitments. While fundraising for Greater China focused funds is growing, more General Partners are choosing to raise regional funds, rather than country-focused funds. Country-focused fundraising experienced a decline in 2014, while regional-focused funds raised 33% more capital than the prior year.¹² Regional-focused funds are attractive because they offer General Partners the ability to diversify across multiple Asia-Pacific economies.

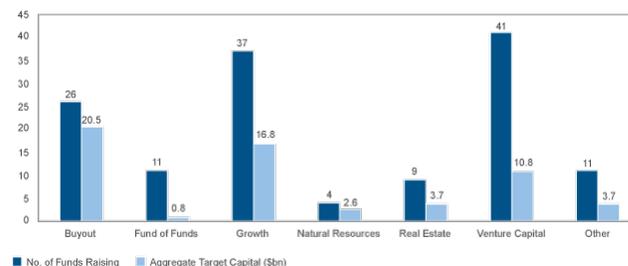
Chart 2: Annual Greater China-Based Private Equity Fundraising, 2008 - 2015 YTD¹



■ No. of Funds Closed ■ Aggregate Capital Raised (\$Bn)
Source: Preqin
¹As of August 24, 2015

In the current Greater China fundraising market, the number of venture and growth funds far exceed other strategies, as seen in Chart 3. When Preqin surveyed Asia-based investors in June of 2015, 43% of respondents thought venture capital funds provided the best private equity investment opportunities, a 28% increase from those surveyed one year prior.

Chart 3: Greater China-Based Private Equity Funds in Market by Fund Type¹



■ No. of Funds Raising ■ Aggregate Target Capital (\$Bn)
Source: Preqin
¹As of August 24, 2015

Deal Activity

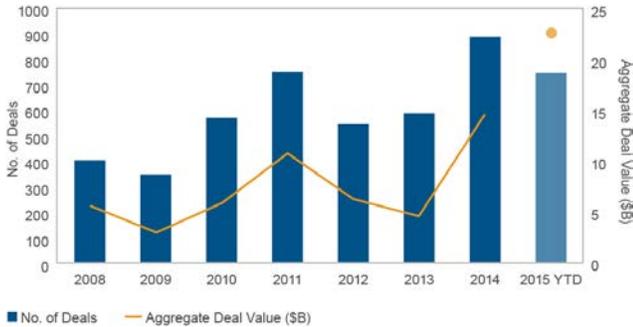
As shown in Chart 4, aggregate venture capital deal values are reaching 7-year highs in Greater China. Aggregate deal values more than doubled year-over-year in 2014 and they are on pace to do so again this year. It can also be seen that while venture deal values are high, the number of deals occurring is also very high. In the first half of 2015, 746 venture capital deals have already occurred. The reopening of the IPO markets has potentially sparked an increase in venture investments, given venture capital GPs now have an exit avenue that was unavailable for the past several years.

¹¹ Preqin
¹² Preqin

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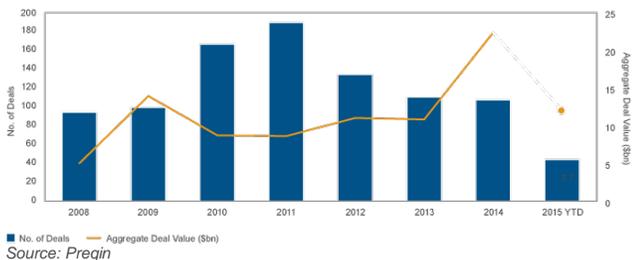
Chart 4: Number and Aggregate Value of Venture Capital Deals¹ in Greater China, 2007 - 2015 YTD²



Source: Preqin
¹ Figures exclude add-ons, grants, mergers, secondary stock purchases and venture debt
² As of August 24, 2015

Buyout deals in Greater China are also experiencing record-setting aggregate deal values. Unlike venture capital, the number of deals is declining, meaning this growth is being driven by mega-deals with high valuations. Total Chinese deal value grew significantly in 2014, increasing over 180% relative to 2013 totals.¹³ Increased competition and rising valuations, partly driven by public market comparables, has pushed private deal prices higher. This is evidenced by the average purchase price multiple of 15.3x seen in Asia-Pacific private equity-backed transactions during 2014. This trend has continued into 2015, as there have been 44 buyout deals that have generated \$12 billion in aggregate deal value. The average deal size has been approximately \$270 million, up from the 2014 average deal size of \$208 million.

Chart 5: Number and Aggregate Value of Private Equity-Backed Buyout Deals in Greater China, 2007 - 2015 YTD (As at 24 August 2015)

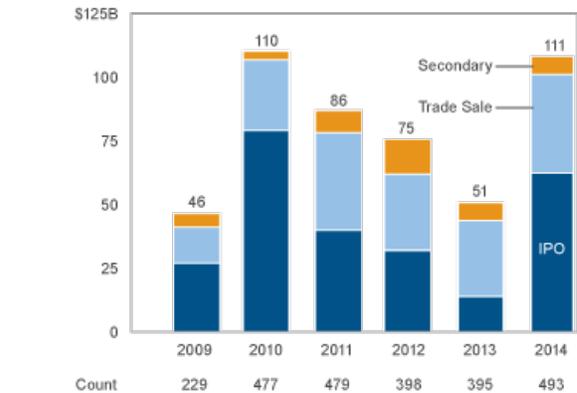


Source: Preqin

Exit Activity

When China closed its IPO channel in late 2012 through 2013, it caused a downturn in both exit values and number of exits in the Asia-Pacific region. Chart 5 demonstrates the drastic affect reopening China's IPO channel in early 2014 had on exit activity. The increase in IPOs created a 218% surge in exit value in Greater China.¹⁴ This was largely driven by the \$25 billion IPO from online commerce company, Alibaba.

Chart 6: Number and Aggregate Value of Private Equity-Backed Exits in Asia Pacific Region, 2009 - 2014 YTD

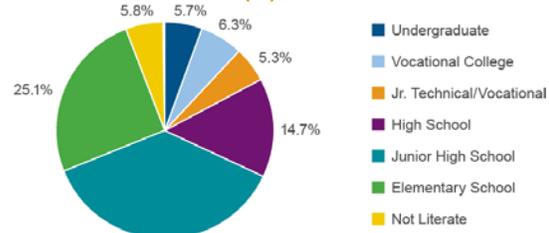


Source: Thomson, AVCJ

The Chinese Retail Investor

Since 2014, IPOs have created a staggering amount of wealth for Chinese investors, returning an average of 417.5%, as of May 2015.¹⁵ In hopes of making quick returns, large amounts of novice investors began opening brokerage accounts. In the first quarter of 2015 more than 10 million new retail stock accounts were opened in China.¹⁶ According to a 2014 China Household Finance Survey, more than two-thirds of new Chinese equity investors had exited the education system by middle school. Retail investors increased their chances of obtaining IPO shares by opening new accounts and then weak margin regulations allowed them to leverage their bets. In the U.S., margin lending as a percentage of total market cap is about 2.5%, while China's reached 20% near the end of June.¹⁷

Chart 7: Highest Level of Education Attained in New Investor Households (%)



Source: SWUFE China Household Finance Survey

Challenges Going Forward

In June of 2015 the China Securities Regulatory Commission (CSRC) published draft rules capping margin trading, which appears to have triggered a sharp sell-off in public equities. In an attempt to ease the selloff, the People's Bank of China (PBOC) announced it would cut interest rates by .25% on June 28th and multiple regulators announced more powerful

¹³ Thomson; AVCJ
¹⁴ Bain & Company Asia-Pacific Private Equity Report 2015

¹⁵ Barrons Asia
¹⁶ U.S. Global Investors, Inc.
¹⁷ U.S. Global Investors, Inc.

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measures they would take to stabilize the market on the weekend of July 3rd. After three weeks' decline, as of July 8, the Shanghai Composite shed 29%. The selloff caused multiple Chinese regulatory bodies to take action. The China's Securities Finance Corporation (CSF) announced an aggressive plan to lend \$42 billion (260 billion yuan) to 21 different brokerage firms to purchase blue chip stocks in an attempt to stop the selloff. An additional \$40 billion (250 billion yuan) was allocated to stimulate areas of China's slowing economy. Also, government spending will be used to improve infrastructure by building roads and utilities. Lastly, state council suspended all IPO's, allowed half of the companies on the stock exchange to halt trading, and prohibited controlling shareholders and board members from selling company shares for six months.

The actions of Chinese authorities will have implications for the private markets. The suspension of IPOs will impact some near-term planned IPOs in domestic stock exchanges. However, Chinese PE-backed companies also go to IPO in the U.S. and Hong Kong markets. Also, for USD denominated funds, the domestic market is still not the main channel for IPO exits. Market volatility may affect the performance of private equity funds if they have large publicly listed positions in their portfolio. Although, these positions should not negatively affect overall returns very much, as the Chinese stock market is still one of the best performers in the world compared to one year ago, or YTD.

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Section 2:

Portfolio Update

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Portfolio Snapshot

Hamilton Lane was engaged by the NYC Board of Education Retirement System (“BERS”) in November 2012 to provide alternative investment fund administration services in accordance with the investment objectives of the BERS Private Equity portfolio (the “Portfolio”). This report represents the review by Hamilton Lane of the BERS’s Portfolio and is based on information made available to Hamilton Lane by the general partners sponsoring each of the partnership investments in the Portfolio as of June 30, 2015, with highlights through September 30, 2015.

Private Equity Allocation: BERS has a target allocation of 6.0% to Private Equity. As of June 30, 2015, Private Equity constituted 4.2% of BERS total plan.

Performance: As of June 30, 2015, the Portfolio consists of 30 active partnerships from 23 underlying fund managers. The Portfolio has generated a since inception internal rate of return (“IRR”) of 10.69% and a total value multiple of 1.42x.

Portfolio Summary			
\$ millions	3/31/2015	6/30/2015	Change
Active Partnerships	25	30	5
Active GP Relationships	19	23	4
Capital Committed ⁽¹⁾	\$376.8	\$405.3	\$28.5
Unfunded Commitment	\$200.4	\$217.9	\$17.5
Capital Contributed	\$179.6	\$190.6	\$11.0
Capital Distributed	\$76.9	\$87.3	\$10.4
Market Value	\$176.6	\$183.2	\$6.6
Total Value Multiple	1.41x	1.42x	0.01x
Since Inception IRR	10.54%	10.69%	15 bps
Avg. Age of Active Commitments	3.6 years	3.7 years	0.1 years

⁽¹⁾The “change” in capital committed from the prior quarter reflects currency adjustments from existing foreign denominated funds and additional commitments made during the quarter.

Portfolio Exposures: The Corporate Finance/Buyout strategy represents 50% of the Portfolio’s total exposure, Secondary represents 14%, Venture Capital represents 10%, Growth Equity accounts for 10%, Distressed/Turnaround represents 8%, Co-Investment represents 6%, and Other represents 2%. Strategic exposure takes into account the strategies for each of the underlying partnerships in the funds-of-funds within the BERS Portfolio.

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Portfolio Overview

Commitments

The table below highlights the funds that have closed through the second quarter of the 2015 calendar year.

YTD Commitments - 2015			
Closing Date	Partnership	Investment Strategy	Commitment (\$ in Millions)
1/9/2015	American Securities Partners VII, L.P.	Corporate Finance/Buyout - Large	\$8.0
2/4/2015	Siris Partners III, L.P.	Corporate Finance/Buyout - Mid	\$3.5
5/28/2015	Valor Equity Partners III, L.P.	Growth Equity	\$3.5
6/26/2015	Welsh, Carson, Anderson & Stowe XII, L.P.	Corporate Finance/Buyout - Large	\$10.0
6/30/2015	Bridgepoint Europe V, L.P.	Corporate Finance/Buyout - Mid	€7.5/\$8.3
6/30/2015	Bridgepoint Europe V Co-Invest	Co/Direct Investment	€2.5/\$2.8
6/30/2015	Patriot Financial Partners II, L.P.	Growth Equity	\$3.5
Total			\$39.6

The Portfolio closed on seven new investments, totaling \$39.6 million, which are detailed below:

American Securities Partners VII, L.P. (\$8.0 million) the fund will target control investments in the industrial and services sectors and will opportunistically invest in energy services, healthcare and consumer businesses.

Siris Partners III, L.P. (\$3.5 million) the fund will target investments in complex middle-market technology businesses that possess both a mature business line that generates stable cash flows, as well as next-generation growth assets.

Valor Equity Partners III, L.P. (\$3.5 million) the fund, an Emerging Manager 2012 Program commitment, will target growth equity investments within North America. The fund utilizes an opportunistic approach targeting disruptive businesses with significant growth potential across sectors.

Welsh, Carson, Anderson & Stowe XII, L.P. (\$10.0 million) the fund will pursue control investments in the information/business services and healthcare sectors, focusing primarily on businesses in the United States.

Bridgepoint Europe V, L.P. (€7.5/\$8.3 million) the fund will target mid-market companies with predominant exposure to Western Europe. Investments will be made across sectors and geographies with no more than 10% of investments outside of Europe.

Bridgepoint Europe V Co-Invest (€2.5/\$2.8 million) the fund is a co-investment vehicle related to the Bridgepoint Europe V, L.P. commitment.

Patriot Financial Partners II, L.P. (\$3.5 million) the fund, an Emerging Manager 2012 Program commitment, will target growth equity investments in the North American financial services sector. The fund seeks to make smaller toe-hold investments in certain publicly traded community banks with the goal of obtaining board representation and eventually consummating a transaction.

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Subsequent Closings

Subsequent to the quarter end June 30, 2015, the portfolio closed on two additional commitments totaling \$38.4 million.

Subsequent Closings			
Partnership	Investment Strategy	Commitment (\$ in Millions)	Closing Date
EQT VII, L.P.	Corporate Finance/Buyout - Large	€15.0/\$16.9	7/31/2015
Warburg Pincus Private Equity XII, L.P.	Special Situations	\$21.5	11/19/2015
		\$38.4	

EQT VII, L.P. (€15.0/\$16.9 million) the fund will primarily target mid-market companies in the Nordic, DACH and Benelux regions. The fund uses a generalist sector approach with increasing focus on Technology, Media and Telecommunications (“TMT”) and healthcare.

Warburg Pincus Private Equity XII, L.P. (\$21.5 million) the fund will primarily invest in growth companies but opportunistically invests across all investment stages focused across five industry sectors: Healthcare, Technology/Media/Telecommunications, Energy, Financial Services, and Consumer, Industrial, and Services.

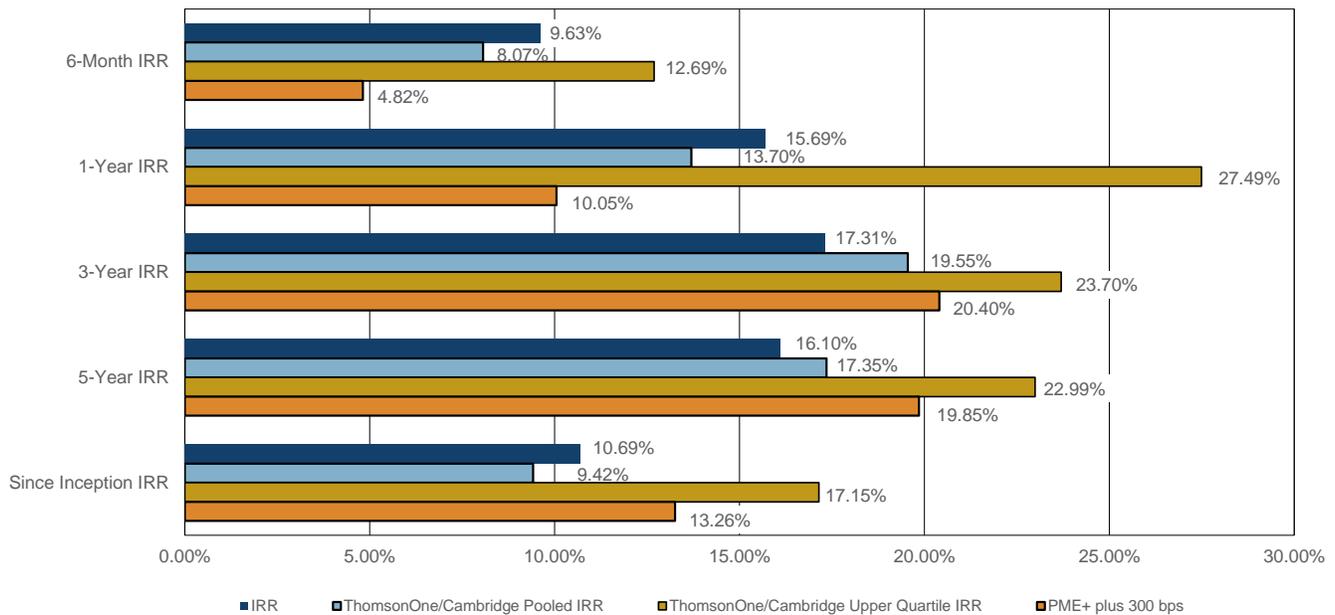
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Portfolio Performance Summary

The chart below is a graphical depiction of the IRR performance of the Portfolio with respect to 6-Month, 1-, 3-, 5-Year, and Since Inception time periods. The Portfolio is benchmarked against the ThomsonOne/Cambridge Pooled IRR, and ThomsonOne/Cambridge Upper Quartile IRR, as well as the Russell 3000 Public Market Equivalent ("PME+") plus 300 bps.

**IRR Performance
vs. Benchmarks
As of June 30, 2015**



Note: Private Equity benchmark is provided by ThomsonOne/Cambridge and reflects U.S. Buyout Funds Pooled IRR and Upper Quartile IRR as of June 30, 2015, for funds with vintage years 2005, 2006, 2009, 2012, 2013, 2014 and 2015. PME+ is the Russell 3000 Total Return Index and incorporates the PME+ methodology for all partnerships where distributions have occurred, and incorporates the Long Nickels methodologies for those partnerships that have not yet had any distributions to date. This calculation includes a 3.0% premium.

- As private equity is a long term asset class, the most significant time horizon is the since inception time period. Performance on a since inception basis for the second quarter of 2015 increased 15 basis points from the prior quarter, with the Portfolio generating an IRR of 10.69%.
 - Relative to the benchmarks, the since inception IRR is outperforming the ThomsonOne/Cambridge Pooled IRR by 127 basis points, but is underperforming the ThomsonOne/Cambridge Upper Quartile IRR by 646 basis points and the Russell 3000 PME+ plus 300 basis points by 257 basis points.
- Performance on a one-year basis for the second quarter 2015 decreased 159 basis points from the first quarter 2015, with the Portfolio generating an IRR of 15.69%.
 - Relative to the benchmarks, the one-year IRR is outperforming the ThomsonOne/Cambridge Pooled IRR by 199 basis points and the Russell 3000 PME+ plus 300 bps by 564 basis points, but is underperforming the ThomsonOne/Cambridge Upper Quartile IRR by 1,180 basis points.

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Vintage Year Performance

The table below details IRR performance of the Portfolio with respect to Vintage Year. The Portfolio is benchmarked against the ThomsonOne/Cambridge Median Quartile IRR, the ThomsonOne/Cambridge Upper Quartile IRR, and the Russell 3000 Public Market Equivalent ("PME+").

Performance by Vintage Year ⁽¹⁾						
Vintage Year	Capital Committed	IRR	ThomsonOne/ Cambridge Median Quartile IRR	ThomsonOne/ Cambridge Upper Quartile IRR	PME Benchmark ⁽²⁾	PME Spread ⁽³⁾
2005	\$ 57,000,000	9.42%	8.39%	13.56%	8.66%	0.76%
2006	44,000,000	8.73%	9.81%	15.72%	11.29%	(2.56%)
2009	45,000,000	17.56%	20.73%	27.75%	15.50%	2.06%
2012	40,000,000	27.57%	12.08%	24.38%	15.21%	12.36%
2013	85,738,761	4.36%	5.63%	14.84%	9.31%	(4.95%)
2014	97,450,000	N/M	N/M	N/M	N/M	N/M
2015	36,095,085	N/M	N/M	N/M	N/M	N/M

⁽¹⁾ For details regarding Paid-In Capital, Distributions and Market Value by Vintage Year please see Section 3 of the report, Portfolio Assessment.

*ThomsonOne/Cambridge Benchmark - U.S. Buyouts as of 6/30/2015

⁽²⁾ PME is the Russell 3000 Total Return Index and incorporates the PME+ methodology for all partnerships where distributions have occurred, and incorporates the Long Nickels methodologies for those partnerships that have not yet had any distributions to date.

⁽³⁾ PME Spread is the percentage difference between the IRR and PME Benchmark for each respective partnership.

- Vintage year 2012 has generated the highest since inception IRR for the Portfolio at 27.57% and is outperforming the ThomsonOne/Cambridge Median Quartile IRR by 1,549 basis points, the ThomsonOne/Cambridge Upper Quartile IRR by 319 basis points, and the Russell 3000 PME+ by 1,236 basis points.
 - The top performing partnership in the vintage year 2012 is Platinum Equity Capital Partners III, L.P., a Distressed/Turnaround partnership, which has generated a since inception IRR of 57.74%.

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Quarterly Value Analysis

The table below details quarterly performance of the Portfolio for the year ending June 30, 2015.

Portfolio Summary					
\$ in millions	Quarter Ending				Year Ending
	9/30/2014	12/31/2014	3/31/2015	6/30/2015	6/30/2015
Beginning Market Value	\$142.3	\$153.3	\$164.5	\$176.6	\$142.3
Paid-in Capital	13.3	16.4	9.9	11.0	50.6
Distributions	(6.6)	(9.0)	(7.9)	(10.4)	(33.9)
Net Value Change	4.3	3.8	10.1	6.0	24.2
Ending Market Value	\$153.3	\$164.5	\$176.6	\$183.2	\$183.2
Unfunded Commitments	\$207.3	\$200.3	\$200.4	\$217.9	\$217.9
Total Exposure	\$360.6	\$364.8	\$377.0	\$401.1	\$401.1
Point to Point IRR	2.95%	2.40%	6.03%	3.53%	15.69%
Since Inception IRR	9.86%	9.86%	10.54%	10.69%	10.69%

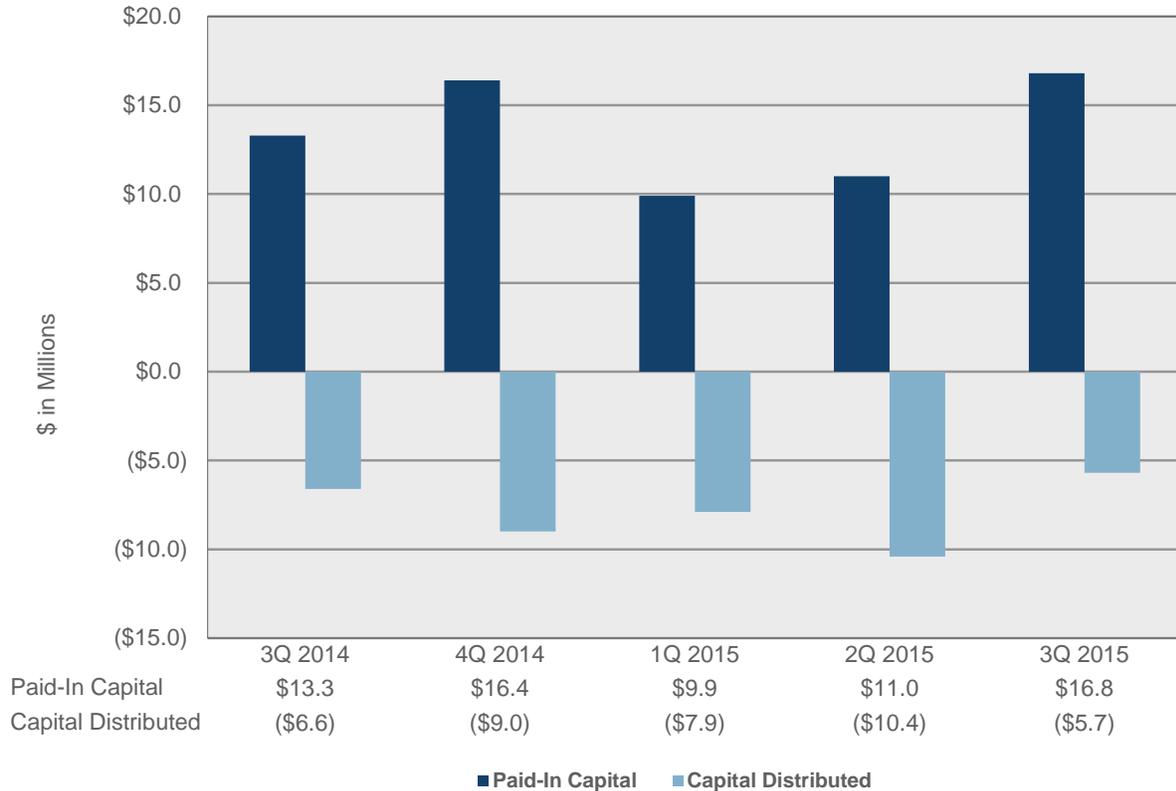
- Over the past twelve months, the Portfolio has experienced a total of \$24.2 million in net value appreciation.
 - The one-year IRR of 15.69% represents a 159 basis point decrease when compared to the one-year IRR as of March 31, 2015.
 - The since inception IRR of 10.69% represents a 15 basis point increase when compared to the since inception IRR as of March 31, 2015.

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Cash Flow Drivers

The chart below highlights the cash flows of the Portfolio over the past five quarters ended September 30, 2015.



- Contribution and distribution activity increased slightly during the second quarter of 2015. Contributions increased 11% to \$11.0 million and distributions increased 32% to \$10.4 million.
 - Warburg Pincus Private Equity XI, L.P. called the most capital during the second quarter of 2015, calling \$1.7 million for investments in Sterigenics International and eDaijia Inc.
 - Headquartered in Deerfield, Illinois, Sterigenics International is a provider of contract sterilization, gamma technologies and medical isotopes.
 - Headquartered in China, eDaijia Inc is a mobile-based marketplace for designated driving services in China.
 - Mesirow Financial Private Equity Partnership Fund III, L.P. distributed the most capital during the second quarter of 2015, distributing \$2.8 million in proceeds from various underlying investments.
- Contribution activity increased to \$16.8 million while distributions slowed to \$5.7 million during the third quarter of 2015.
 - Vista Equity Partners Fund V, L.P. called the most capital during the third quarter of 2015, calling \$4.6 million for investments in MediaOean LLC and EagleView.

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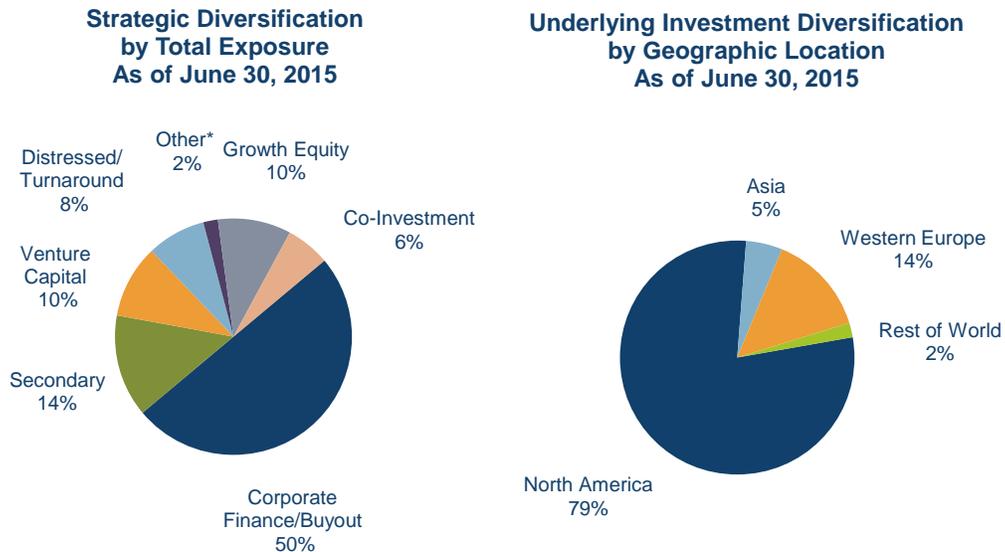
- Headquartered in Bothell, Washington, EagleView provides aerial imagery, 3-D measurement software, data analytics and GIS solutions serving the government, insurance and residential contractor markets.
- Headquartered in New York, New York, MediaOean LLC is provider of media management systems software for advertising entities worldwide to manage and coordinate advertising workflow for client accounts.
- Mesirow Financial Private Equity Partnership Fund III, L.P., a consistent top distributor over past quarters, distributed the most capital during the third quarter of 2015, distributing \$2.2 million in proceeds from various underlying investments.

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Portfolio Exposures

The pie chart below represents the strategic and geographic diversification of the Portfolio as of June 30, 2015. Strategy is measured by total exposure, which is the sum of the market value and the unfunded commitments, providing a snapshot of the Portfolio’s future diversification. Strategic exposure takes into account the strategies for each underlying partnership in the funds-of-funds within the BERS Portfolio. Geography is measured by the Portfolio’s exposed market value of the underlying portfolio holdings.



*Strategic exposure to ‘Other’ consists of underlying partnerships for which investment strategies are not disclosed in the quarter end financial statements.

As of June 30, 2015

	Sum of Current Exposed Market Value	% of Total
North America	\$156.8	79%
U.S. (non-NY State)	\$140.0	71%
U.S. (NY State)	\$16.8	8%
New York City	\$3.2	2%
Non-New York City	\$13.6	6%
Western Europe	\$28.0	14%
Asia	\$10.1	5%
Rest of World	\$2.8	2%
Total	\$197.7	100%

- The Portfolio is focused in the Corporate Finance/Buyout strategy, with 50% of the total exposure attributable to this strategy.
- With respect to geography, the Portfolio is concentrated in North America, with 79% of the Portfolio’s underlying market value attributable to this region.
 - The remaining 21% of the Portfolio’s exposure is diversified between Western Europe, ‘Rest-of-World’ and Asia.

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- Roughly 8% of the Portfolio's current exposed market value is based in New York, with 2% based in New York City companies and fund managers.

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Private Equity Company Exposure

The table below identifies the top ten partnership underlying holdings held by partnerships in the BERS Portfolio, as measured by exposed market value as of June 30, 2015. As noted in the second column, the values of underlying holdings held by several partnerships have been aggregated.

Top 10 Partnership Holdings by Exposed Market Value June 30, 2015			
Partnership Name	Partnership	Exposed Valuation (\$ in Millions)	% of Total Portfolio
Acosta, Inc.	Carlyle Partners VI, L.P. Carlyle Partners VI, L.P. - Side Car	3.6	1.8%
DCM V, L.P.	Mesirow Financial Private Equity Partnership Fund III, L.P.	3.5	1.8%
TIBCO Software, Inc.	Vista Equity Partners Fund V, L.P.	3.4	1.7%
Kelso Investment Associates VIII, L.P.	Mesirow Financial Private Equity Partnership Fund III, L.P. Mesirow Financial Private Equity Partnership Fund IV, L.P. Mesirow Financial Private Equity Partnership Fund V, L.P.	3.3	1.6%
Lightspeed Venture Partners IX	Mesirow Financial Private Equity Partnership Fund V, L.P.	2.9	1.5%
Vicente Capital Partners Growth Equity Fund	New York Fairview Private Equity Fund, L.P.	2.7	1.4%
Draper, Fisher, Jurvetson Fund IX, L.P.	Mesirow Financial Private Equity Partnership Fund III, L.P. Mesirow Financial Private Equity Partnership Fund IV, L.P.	2.6	1.3%
Sun Capital Partners V, L.P.	Mesirow Financial Private Equity Partnership Fund III, L.P. Mesirow Financial Private Equity Partnership Fund IV, L.P.	2.6	1.3%
New Enterprise Associates 13, L.P.	Mesirow Financial Private Equity Partnership Fund IV, L.P. Mesirow Financial Private Equity Partnership Fund V, L.P.	2.5	1.3%
Thoma Bravo Fund X, L.P.	Mesirow Financial Private Equity Partnership Fund IV, L.P. Mesirow Financial Private Equity Partnership Fund V, L.P.	2.5	1.2%
Total		\$29.6	14.9%

Note: Undisclosed fund investments are not included in this analysis.

- As of June 30, 2015, the top ten partnership holdings represent 14.9% of the total Portfolio's exposed market value, or \$29.6 million of exposed market value.
- Six of the ten top partnership holdings are held in multiple funds within the portfolio.
- Acosta, Inc., the Portfolio's largest exposure, is a provider of outsourced sales, retail merchandising and marketing services to consumer packaged goods companies, consumer electronics companies and retailers across North America.

NYC Board of Education Retirement System

Second Quarter 2015 Report



Section 3:

Portfolio Assessment

NYC Board of Education Retirement System
Private Equity Portfolio
As of June 30, 2015 (in USD)

Vintage Year	Investment	First Drawdown	Committed Capital	Paid-In Capital	Distributed Capital	Market Value	Multiple	IRR	PME Benchmark ¹	PME Spread ²
Active Investments										
2005	Mesirow Financial Private Equity Partnership Fund III, L.P.	7/20/2006	\$ 57,000,000	\$ 54,238,273	\$ 47,977,092	\$ 42,606,888	1.67x	9.42%	8.66%	0.76%
2006	Mesirow Financial Private Equity Partnership Fund IV, L.P.	3/31/2008	25,000,000	21,217,233	11,503,759	21,104,582	1.54x	10.68%	13.03%	(2.35%)
2006	New York Fairview Private Equity Fund, L.P.	7/14/2006	19,000,000	17,036,122	11,747,767	10,876,609	1.33x	6.49%	9.35%	(2.86%)
2009	Mesirow Financial Private Equity Partnership Fund V, L.P.	3/7/2011	45,000,000	28,364,326	6,533,886	36,096,341	1.50x	17.56%	15.50%	2.06%
2012	Platinum Equity Capital Partners III, L.P.	1/14/2013	15,000,000	7,846,818	5,677,611	6,330,166	1.53x	57.74%	16.03%	41.71%
2012	Warburg Pincus Private Equity XI, L.P.	7/17/2012	25,000,000	16,725,572	2,424,347	19,312,566	1.30x	19.26%	14.91%	4.35%
2013	Apollo Investment Fund VIII, L.P.	12/11/2013	20,000,000	4,264,744	12,766	4,150,941	0.98x	(4.40%)	6.77%	(11.17%)
2013	Carlyle Partners VI, L.P.	7/3/2013	20,000,000	6,707,731	208,211	6,522,711	1.00x	0.36%	9.43%	(9.07%)
2013	Carlyle Partners VI, L.P. - Side Car	9/23/2014	2,200,000	485,899	-	449,217	0.00x	(7.55%)	6.64%	(14.19%)
2013	Centerbridge Capital Partners III, L.P.	5/21/2015	2,500,000	158,877	-	162,527	1.02x	3.04%	(2.32%)	5.36%
2013	CVC Capital Partners VI, L.P.	2/18/2014	17,338,761	1,516,031	2,600	1,044,456	0.69x	(30.55%)	6.59%	(37.14%)
2013	Landmark Equity Partners XV, L.P.	10/30/2013	19,000,000	4,406,608	1,030,569	4,432,841	1.24x	20.67%	11.24%	9.43%
2013	Landmark Equity Partners XV, L.P. - Side Car	12/24/2013	6,000,000	2,515,826	-	2,835,810	1.13x	18.50%	6.75%	11.75%
2014	American Securities Partners VII, L.P.	N/A	8,000,000	-	-	-	0.00x	N/M	N/M	N/M
2014	ASF VI, L.P.	5/9/2014	15,000,000	5,054,895	86,770	6,291,988	1.26x	N/M	N/M	N/M
2014	ASF VI NYC Co-Invest, L.P.	5/9/2014	5,000,000	2,920,163	-	3,606,850	1.24x	N/M	N/M	N/M
2014	Crestview Partners III, L.P.	3/3/2015	15,000,000	2,035,163	41,292	1,834,187	0.92x	N/M	N/M	N/M
2014	Crestview Partners III (Co-Investment B), L.P.	N/A	5,000,000	-	-	-	0.00x	N/M	N/M	N/M
2014	Lexington Capital Partners VIII, L.P.	1/8/2015	20,000,000	1,415,834	3,491	2,332,632	1.65x	N/M	N/M	N/M
2014	Siris Partners III, L.P.	5/4/2015	3,500,000	22,018	-	-	0.00x	N/M	N/M	N/M
2014	Vista Equity Partners Fund V, L.P.	9/8/2014	25,000,000	11,398,786	1,949	11,315,587	0.99x	N/M	N/M	N/M
2012	NYCTRS - 2012 Emerging Manager Program*	10/31/2014	25,000,000	2,269,730	3,772	1,901,716	0.84x	N/M	N/M	N/M
2015	Bridgepoint Europe V, L.P.	N/A	8,321,314	-	-	-	0.00x	N/M	N/M	N/M
2015	Bridgepoint Europe V Co-Invest	N/A	2,773,771	-	-	-	0.00x	N/M	N/M	N/M
2015	Welsh, Carson, Anderson & Stowe XII, L.P.	8/26/2015	10,000,000	-	-	-	0.00x	N/M	N/M	N/M
Total Portfolio			\$ 415,633,846	\$ 190,600,649	\$ 87,255,881	\$ 183,208,615	1.42x	10.69%		

Vintage Year	Investment	First Drawdown	Committed Capital	Net Contributed Capital	Net Distributed Capital	Market Value	Multiple	IRR	PME Benchmark ¹	PME Spread ²
Commitments Closed Subsequent to as of Date										
2015	EQT VII, L.P.	N/A	\$ 16,866,251	-	-	-	N/A	N/A	N/A	N/A
Total Commitments Closed Subsequent to as of Date			\$ 16,866,251	\$ -	\$ -	\$ -	N/A	N/A	N/A	N/A

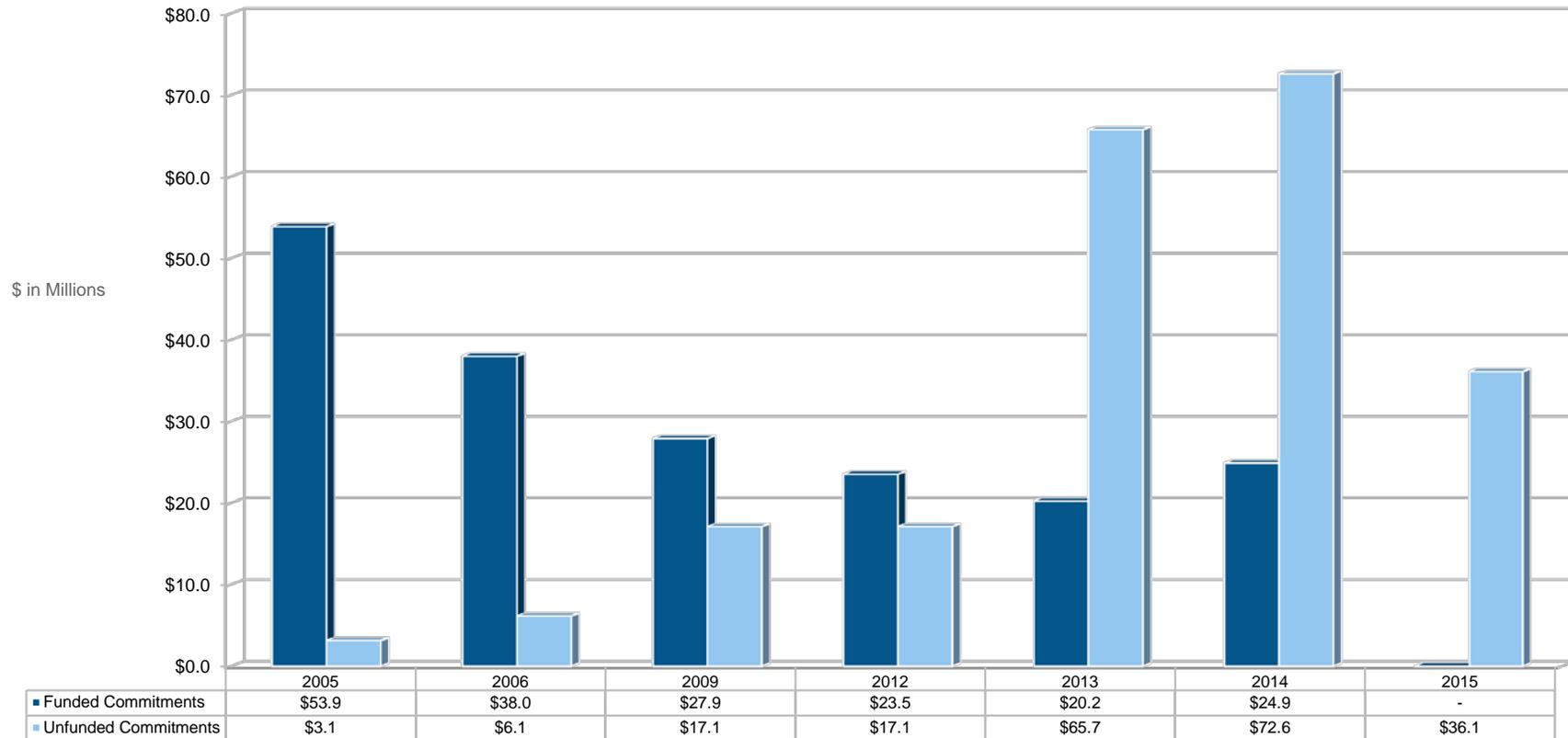
*Mill City Fund II, L.P., NMS Fund II, L.P., Patriot Financial Partners II, L.P., Raine Partners II, L.P., Valor Equity Partners III, L.P. and Webster Capital III, L.P. are part of the NYCBERS - 2012 Emerging Manager Program of which NYCBERS has total commitments of \$25.0 million.

¹PME Benchmark is the Russell 3000 Total Return Index and incorporates the PME + methodology for all partnerships where distributions have occurred, and incorporates the Long Nickels methodologies for those partnerships that have not yet had any distributions to date.

²PME Spread is the percentage difference between the IRR and PME Benchmark for each respective partnership.

Note: Where available, June 30, 2015 reported valuations were used. In the absence of June 30, 2015 reported values, market values have been adjusted forward using interim cashflows through June 30, 2015. The IRR calculated in the early years of a fund is not meaningful given the j-curve effect. The aggregate portfolio performance figures for IRR and multiple are as of June 30, 2015.

**NYC Board of Education Retirement System
Commitments By Vintage Year
As of June 30, 2015**



Funded Commitments exclude additional fees.

Unfunded Commitments include recallable returns of capital.

NYC Board of Education Retirement System

Second Quarter 2015 Report



Section 4:

Funds-of-Funds Review

NYC Board of Education Retirement System

Second Quarter 2015 Report

Mesirow Financial Private Equity Partnership Fund III, L.P.

Fund Overview

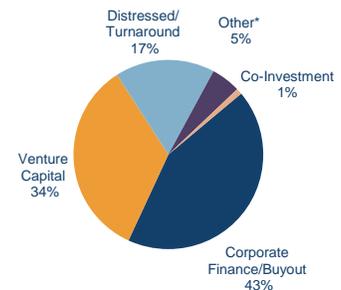
The Partnership, a 2005 vintage year Partnership, was formed on April 6, 2005 with the intent of investing capital in various private equity limited partnerships. As of June 30, 2015, the Partnership has invested in 42 underlying funds.

Partnership Summary

NYC Board of Education Retirement System committed \$57.0 million to the Mesirow Financial Private Equity Partnership Fund III, L.P. and as of June 30, 2015, has generated a 9.42% IRR and a Total Value Multiple of 1.67x from its investment. The Partnership is well diversified strategically.

Performance Summary			
\$ in millions	3/31/2015	6/30/2015	Change
Capital Commitment	\$57.0	\$57.0	-
Unfunded Commitment	\$3.1	\$3.1	-
Capital Contributed	\$54.2	\$54.2	-
Capital Distributed	\$45.1	\$48.0	\$2.9
Market Value	\$44.3	\$42.6	(\$1.7)
Total Value Multiple	1.65x	1.67x	0.02x
Since Inception IRR	9.39%	9.42%	3 bps

Strategic Diversification
by Exposed Market Value
As of June 30, 2015



Time Horizon Performance				
6-Month IRR	1-Year IRR	3-Year IRR	5-Year IRR	Since Inception IRR
12.15%	11.98%	16.62%	16.43%	9.42%

*Strategic exposure to 'Other' consists of underlying partnerships for which investment strategies are not disclosed in the quarter end financial statements.

Performance Drivers

When compared to global private equity funds of the same vintage, Mesirow Financial Private Equity Partnership Fund III, L.P. is underperforming the upper quartile benchmark¹ by 139 bps and is outperforming the median quartile benchmark¹ by 316 bps on a since inception basis, as of June 30, 2015.

Outperformance of the median quartile benchmark¹ is being driven by ten underlying funds, all of which are being held above a 2.0x total value multiple as of June 30, 2015. The ten underlying partnerships are equally spread across buyout, venture capital and distressed/turnaround strategies and represent roughly 22.5% of underlying commitments and 34.6% of underlying market value.

Underperformance when compared to the upper quartile benchmark¹ is being driven by nine underlying funds, all of which are being held below a 1.0x total value multiple as of June 30, 2015. Three of the ten funds are European focused, which were established in tough vintage years and have been further hurt by exchange rates. The nine funds represent roughly 22.6% of underlying commitments and 12.1% of underlying market value.

¹ThomsonOne/Cambridge – Global All Private Equity IRR as of June 30, 2015

NYC Board of Education Retirement System

Second Quarter 2015 Report

Mesirow Financial Private Equity Partnership Fund IV, L.P.

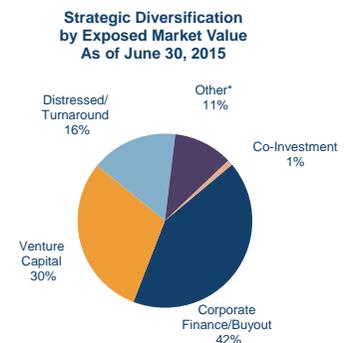
Fund Overview

The Partnership, a 2006 vintage year Partnership, was formed on November 21, 2006 with the intent of investing capital in various private equity limited partnerships. As of June 30, 2015, the Partnership has invested in 53 underlying funds.

Partnership Summary

NYC Board of Education Retirement System committed \$25.0 million to the Mesirow Financial Private Equity Partnership Fund IV, L.P. and as of June 30, 2015, has generated a 10.68% IRR and a Total Value Multiple of 1.54x from its investment. The Partnership is well diversified strategically.

Performance Summary			
\$ in millions	3/31/2015	6/30/2015	Change
Capital Commitment	\$25.0	\$25.0	-
Unfunded Commitment	\$4.5	\$4.0	(\$0.5)
Capital Contributed	\$20.7	\$21.2	\$0.5
Capital Distributed	\$8.9	\$11.5	\$2.6
Market Value	\$22.3	\$21.1	(\$1.2)
Total Value Multiple	1.51x	1.54x	0.03x
Since Inception IRR	10.40%	10.68%	28 bps



Time Horizon Performance				
6-Month IRR	1-Year IRR	3-Year IRR	5-Year IRR	Since Inception IRR
7.67%	14.34%	17.54%	15.80%	10.68%

*Strategic exposure to 'Other' consists of underlying partnerships for which investment strategies are not disclosed in the quarter end financial statements.

Performance Drivers

When compared to global private equity funds of the same vintage, Mesirow Financial Private Equity Partnership Fund IV, L.P. is underperforming the upper quartile benchmark¹ by 69 bps and is outperforming the median quartile benchmark¹ by 401 bps on a since inception basis, as of June 30, 2015.

Outperformance of the median quartile benchmark¹ is being driven by eight underlying funds, all of which are being held above a 2.0x total value multiple as of June 30, 2015. These eight funds represent roughly 12.4% of underlying commitments and 18.7% of underlying market value.

Underperformance when compared to the upper quartile benchmark¹ is being driven by four underlying funds, which are being held at or below a 1.0x total value multiple as of June 30, 2015. Two of the funds are European focused, and were established in tough vintage years and have been further hurt by exchange rates. The four funds represent roughly 8.7% of underlying commitments and 5.0% of underlying market value.

¹ThomsonOne/Cambridge – Global All Private Equity IRR as of June 30, 2015

NYC Board of Education Retirement System

Second Quarter 2015 Report

Mesirow Financial Private Equity Partnership Fund V, L.P.

Fund Overview

The Partnership, a 2009 vintage year Partnership, was formed on November 5, 2008 with the intent of investing capital in various private equity limited partnerships. As of June 30, 2015, the Partnership has invested in 55 underlying funds.

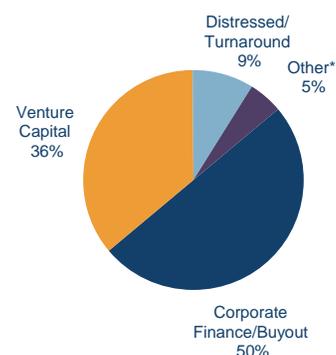
Partnership Summary

NYC Board of Education Retirement System committed \$45.0 million to the Mesirow Financial Private Equity Partnership Fund V, L.P. and as of June 30, 2015, has generated a 17.56% IRR and a Total Value Multiple of 1.50x from its investment. The Partnership is well diversified strategically.

Performance Summary			
\$ in millions	3/31/2015	6/30/2015	Change
Capital Commitment	\$45.0	\$45.0	-
Unfunded Commitment	\$18.5	\$17.1	(\$1.4)
Capital Contributed	\$27.0	\$28.4	\$1.4
Capital Distributed	\$4.7	\$6.5	\$1.8
Market Value	\$34.3	\$36.1	\$1.8
Total Value Multiple	1.45x	1.50x	0.05x
Since Inception IRR	16.63%	17.56%	93 bps

Time Horizon Performance				
6-Month IRR	1-Year IRR	3-Year IRR	5-Year IRR	Since Inception IRR
17.93%	19.86%	19.80%	N/A	17.56%

Strategic Diversification
by Exposed Market Value
As of June 30, 2015



*Strategic exposure to 'Other' consists of underlying partnerships for which investment strategies are not disclosed in the quarter end financial statements.

Performance Drivers

When compared to global private equity funds of the same vintage, Mesirow Financial Private Equity Partnership Fund V, L.P. is underperforming the upper quartile benchmark¹ by 352 bps and outperforming the median quartile benchmark¹ by 272 bps on a since inception basis, as of June 30, 2015.

Outperformance of the median quartile benchmark¹ is being driven by seven underlying funds, all of which are being held above a 2.0x total value multiple as of June 30, 2015. Two of the seven underlying funds are secondary purchases. These top drivers represent roughly 10.0% of underlying commitments and 18.9% of underlying market value.

Underperformance when compared to the upper quartile benchmark¹ is being driven by two underlying funds, all of which are being held at or below a 1.0x total value multiple as of June 30, 2015. The two funds represent roughly 3.6% of underlying commitments and 0.4% of underlying market value.

¹ThomsonOne/Cambridge – Global All Private Equity IRR as of June 30, 2015

NYC Board of Education Retirement System

Second Quarter 2015 Report

New York Fairview Private Equity Fund, L.P.

Fund Overview

The Partnership, a 2006 vintage year Partnership, was formed on May 22, 2006 with the intent of investing in emerging private equity funds with aggregate capital commitments of no more than \$300 million. As of June 30, 2015, the Partnership has invested in 6 underlying funds.

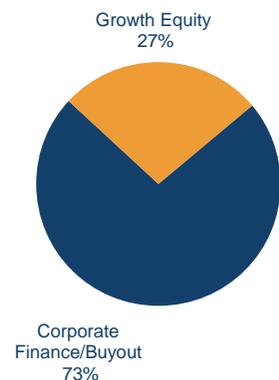
Partnership Summary

NYC Board of Education Retirement System committed \$19.0 million to the New York Fairview Private Equity Fund, L.P. and as of June 30, 2015 has generated a 6.49% IRR and a Total Value Multiple of 1.33x from its investment. The Partnership is heavily weighted towards Corporate Finance/Buyout, with roughly 73% of the underlying funds exposed market value attributable to this sector.

Performance Summary			
\$ in millions	3/31/2015	6/30/2015	Change
Capital Commitment	\$19.0	\$19.0	-
Unfunded Commitment	\$2.2	\$2.1	(\$0.1)
Capital Contributed	\$16.9	\$17.0	\$0.1
Capital Distributed	\$10.8	\$11.7	\$0.9
Market Value	\$11.6	\$10.9	(\$0.7)
Total Value Multiple	1.32x	1.33x	0.01x
Since Inception IRR	6.52%	6.49%	(3 bps)

Time Horizon Performance				
6-Month IRR	1-Year IRR	3-Year IRR	5-Year IRR	Since Inception IRR
0.42%	8.20%	11.33%	10.31%	6.49%

Strategic Diversification
by Exposed Market Value
As of June 30, 2015



Performance Drivers

When compared to global private equity funds of the same vintage, New York Fairview Private Equity Fund, L.P. is underperforming the upper quartile benchmark¹ by 488 bps and underperforming the median quartile benchmark¹ by 18 bps, on a since inception basis, as of June 30, 2015.

Underlying fund performance has been mixed, with one fund performing well and being held above a 2.0x total value multiple, one fund being held below a 1.0x total value multiple. The four remaining underlying funds are being held at or above 1.0x total value multiple as of June 30, 2015.

¹ThomsonOne/Cambridge – Global All Private Equity IRR as of June 30, 2015

NYC Board of Education Retirement System

Second Quarter 2015 Report



Appendix A:
Glossary of Terms

NYC Board of Education Retirement System

Second Quarter 2015 Report

Additional Fees: The amount of capital an investor pays into a fund/investment that does not count against the investors' commitment. Additional fees typically consist of management fees or late-closing interest expense.

Capital Committed: An investor's financial obligation to provide a set amount of capital to the investment.

Capital Contributed: Capital contributed from an investor's capital commitment to fund partnership investments, organizational expenses and management fees.

Capital Distributed: Cash or stock disbursed to the investors of an investment.

Co/Direct Investment: A direct investment is a purchased interest of an operating company. A co-investment is a direct investment made alongside a partnership.

Corporate Finance/Buyout: Funds seeking to make controlling and non-controlling investments in established companies which have the potential to achieve greater value through improved performance.

Cost Basis: Capital contributions less return of principal.

Fund-of-Funds: An investment vehicle which invests in other private equity partnerships.

Fund/Investment Size: The total amount of capital committed by investors to a fund.

Investment Category: Used to identify investments in one of the following categories: co/direct investments, fund-of-funds, primary funds, secondary fund-of-funds or secondary purchases.

Investment Strategy: A sub-classification of a partnership's investment type, such as Co/Direct Investment, Corporate Finance/Buyout, Mezzanine, Real Estate, Special Situation, Venture Capital.

Life Cycle Period: The current stage of a partnership depending on the percentage contributed to date. Life cycle periods are investment and realization.

Mezzanine: An investment strategy involving the purchase of subordinated debt. These securities exist between the senior debt and equity of a holding's capital structure. Subordinated debt carries a lower level of risk than pure equity structures because they generate current income and have a more senior position in the company's capital structure.

Net Internal Rate Of Return ("IRR"): The discount rate that equates the net present value of the partnership's cash outflows with its inflows and residual value at the time of calculation. The calculation is net of management fees and the general partner's carried interest.

Originator: The institution responsible for recommending a client commit to an investment.

Ownership Percentage: The investor's percent of ownership as measured by capital committed divided by fund/investment size.

Paid-In Capital: The amount of capital an investor has contributed to a partnership, which includes capital contributions and additional fees.

Pooled Average IRR: An IRR calculation which aggregates cash flows (paid-in capital and capital distributed) and the reported market values of each investment within a portfolio to create one portfolio investment and return.

NYC Board of Education Retirement System

Second Quarter 2015 Report

Portfolio Holding Exposure: The limited partner's pro rata allocation to an underlying investment based on the ownership percentage of the partnership.

Primary Fund: Defines when the investor acquired an interest in the partnership. Primary fund is the investment category when an investor participates in a closing at the inception of the partnership.

Private Equity Partnership: A professionally managed pool of capital that generally invests in unlisted companies or securities. Common investment strategies include corporate finance/buyout, mezzanine, special situations and venture capital.

Realized Multiple: Ratio of cumulative distributions to paid-in capital.

Return On Investment ("ROI"): A calculation based on the total value (market value plus distributions) divided by paid-in capital for an investment.

Reported Market Value: The investment's capital account balance at quarter end, which includes the general partner's reported value of the underlying holdings and other assets and liabilities.

Secondary Fund-of-Funds: A private equity vehicle formed to purchase active partnership interests from an investor.

Secondary Purchase: A purchase of an existing partnership interest or pool of partnership interests from an investor.

Special Situation: Partnerships that invest using a unique strategy. Examples include distressed and turnaround, industry focused and multi-stage partnerships.

Total Exposure: Calculated by the summation of market value and unfunded commitments.

Venture Capital: An investment strategy that provides start-up or growth capital to companies in the early stages of development. Venture investments generally involve a greater degree of risk, but have the potential for higher returns.

Vintage Year: The year in which a partnership makes its first capital call for an investment into a portfolio company/holding.

NYC Board of Education Retirement System

Second Quarter 2015 Report



Appendix B:

Disclosure Statement

NYC Board of Education Retirement System

Second Quarter 2015 Report

Non-public information contained in this report is confidential and intended solely for dissemination to NYC Board of Education Retirement System and/or its Affiliates. Hamilton Lane has prepared this report to enable NYC Board of Education Retirement System and/or its Affiliates to assess the performance and status of its alternative investment portfolio. Hamilton Lane hereby disclaims any liability resulting from any unauthorized dissemination of the attached information.

The information contained in this report may include forward-looking statements regarding the funds presented or their portfolio companies. Forward-looking statements include a number of risks, uncertainties and other factors beyond the control of the funds or the portfolio companies, which may result in material differences in actual results, performance or other expectations. The information presented is not a complete analysis of every material fact concerning each fund or each company. The opinions, estimates and analyses reflect our current judgment, which may change in the future.

All opinions, estimates and forecasts of future performance or other events contained herein are based on information available to Hamilton Lane as of the date of this presentation and are subject to change. Past performance of the investments described herein is not indicative of future results. Certain of the information included in this presentation has not been reviewed or audited by independent public accountants. Certain information included herein has been obtained from sources that Hamilton Lane believes to be reliable but the accuracy of such information cannot be guaranteed.

The past performance information contained in this report is not necessarily indicative of future results and there is no assurance that the funds will achieve comparable results or that they will be able to implement their investment strategy or achieve their investment objectives. The actual realized value of currently unrealized investments will depend on a variety of factors, including future operating results, the value of the assets and market conditions at the time of disposition, any related transaction costs and the timing and manner of sale, all of which may differ from the assumptions and circumstances on which the current unrealized valuations are based.

Any tables, graphs or charts relating to past performance included in this report are intended only to illustrate the performance of the funds or the portfolio companies referred to for the historical periods shown. Such tables, graphs and charts are not intended to predict future performance and should not be used as the basis for an investment decision.

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Real Assets Quarterly Report

The New York City Board of Education Retirement System

Executive Summary: Second Quarter 2015 Performance Measurement Report Real Estate

Portfolio Profile

The New York City Board of Education Retirement System has allocated 7.0% (+/- 2%) of the total plan to Real Assets. Real Estate investments are categorized under Real Assets. The Real Estate Portfolio's objective is to generate a total net return that exceeds the NFI-ODCE +100 bps total net return measured over full market cycles.

Portfolio Statistics (June 30, 2015)

Total Plan Assets	\$4.4 billion
Target Real Assets Allocation (%)	7%
Target Real Assets Allocation (\$)	\$308.5 million
Total Real Estate Market Value	\$179.9 million
Real Estate Unfunded Commitments	\$72.0 million
Total Real Estate Exposure	\$251.9 million
Number of Investments	11
Number of Managers	11

Net Returns (as of June 30, 2015)

2Q15 Time-Weighted Net Return:	3.8%
1 Year Time Weighted Net Return:	13.9%
3 Year Time Weighted Net Return:	12.1%
Inception-to-Date (ITD) Time-Weighted:	8.6%
ITD Net IRR:	12.1%
ITD Net Equity Multiple:	1.3x

Investment Guidelines

Style Sector:	Target •40-60% Core/Core Plus •40-60% Non-Core
Benchmark	NFI-ODCE Index +100 bps net over full market cycles
Region Diversification	Maximum 25% Int'l
Investment Diversification	Limit 15% to a single investment
Manager Diversification	Limit 15% to a single manager
Leverage	65%

Fourth Quarter Investment Activity

During the Quarter, the Board made a \$11.0 million commitment to an emerging manager separate account.

OVERVIEW

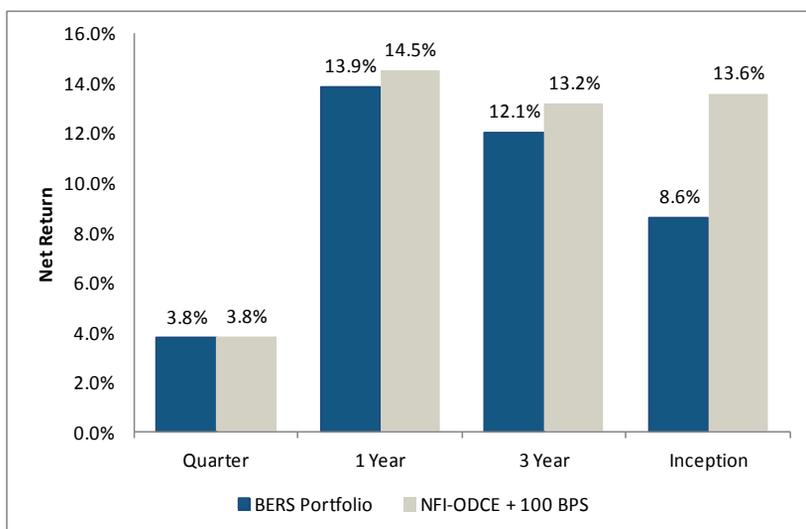
Real estate markets are building momentum as leasing activity has been matched by investment activity for the first time in the current cycle. Investment activity remains high, and does not show signs of slowing. Investment volumes continue to expand as first half volumes rose to \$177 billion which is 9% above the first half of 2014. Commercial real estate investments in Europe decreased 2% from the first quarter to €55.8 billion for the Second Quarter. Finland, Norway, Spain and Portugal had investment activity double in comparison to second quarter of 2014. Investment activity was up 62% in Germany with €12 billion in activity, representing the largest European market. The Asia-Pacific market has seen significant growth in leasing activity with 41% growth year-on-year. Transactional volumes in China were up 54% year-on-year during the Second Quarter. Sentiment for the office sector has been improving in Tier 1 and top-end Tier 2 cities. Borrowing costs are expected to lower due to lower interest rates and bank reserve requirement ratios.

Direct Commercial Real Estate Investment - Regional Volumes, 2014-2015

\$ US Billions	% Change		% Change		% Change			
	Q1 15	Q2 15	Q1 15 - Q2 14	Q2 14 - Q2 15	YTD 2014	YTD 2015		
Americas	73	81	11%	67	20%	129	153	19%
EMEA	59	65	11%	63	3%	120	124	3%
Asia Pacific	25	31	24%	31	-2%	55	56	2%
Total	156	177	13%	162	9%	304	333	9%

Source: Jones Lang LaSalle, July 2015

The New York City Board of Education Retirement System ("NYCBERS") Real Estate Portfolio is well positioned to take advantage of conditions in the real estate marketplace and has been an active investor in the most recent vintage years. At the end of the Second Quarter 2015, the Portfolio achieved a total gross return of 4.3% which was comprised of 2.0% income and 2.3% appreciation. The net return for the Quarter was 3.8%. A detailed analysis of the Portfolios real estate performance is found later in this Executive Summary.



The New York City Board of Education Retirement System

Executive Summary: Second Quarter 2015 Performance Measurement Report
Real Estate

FUNDING AND COMPOSITION

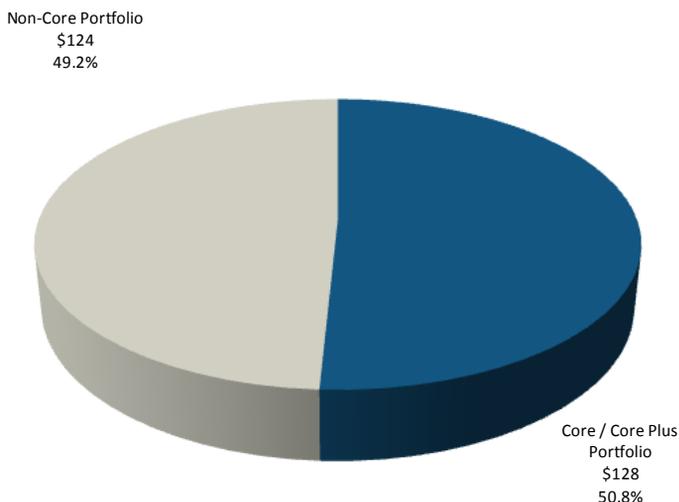
At the end of the Second Quarter, the Portfolio was funded at \$179.9 million, or 4.1% of total plan assets. A total of \$72.0 million in unfunded commitments are still outstanding. Unfunded commitments are down from \$88.8 million as of first quarter 2015. New commitment activity has accelerated over the past several months and the trend will continue throughout 2015.

New contributions for the Quarter totaled \$13.1 million, offset by \$6.1 million in distributions and withdrawals. Distributions were weighted to the Non-Core sector.

Shown in the pie chart to the right is the current risk sector exposure calculated by Market Value + Unfunded Commitments. The Core/ Core Plus component accounts for 50.8% of the Portfolio exposure during the Quarter. The Non-Core component accounts for 49.2% of the Portfolio exposure.

A more detailed break-down of the Portfolio Composition is shown in the table below. Attached as Exhibit A is a matrix which demonstrates compliance with various Investment Policy Statement guidelines.

Real Estate Exposure



New York City Board of Education Retirement System

Total Plan Assets	6/30/2015	4,408
Real Assets Allocation (%)		7.0
Real Assets Allocation (\$)		309

Style Sector Statistics

Funded (Market Value) Core / Core Plus Portfolio	\$119
Funded (Market Value) Non-Core Portfolio	\$61
Funded (Market Value) Emerging Managers Portfolio	\$0
Unfunded Core / Core Plus Portfolio	\$9
Unfunded Non-Core Portfolio	\$63
Unfunded Emerging Managers Portfolio	\$0

Funded (Market Value) and Committed Statistics

Core / Core Plus Portfolio	50.8%
Non-Core Portfolio	49.2%
Emerging Managers Portfolio	0.0%
\$ Committed	252
% Committed on Real Asset Allocation	81.5%
% Committed on Total Plan Assets	5.7%

Funded (Market Value) Statistics

% Funded (Market Value) of Total Plan Assets	4.1%
% Funded (Market Value) of Total Real Assets Allocation	58.2%

The New York City Board of Education Retirement System

Executive Summary: Second Quarter 2015 Performance Measurement Report
Real Estate

PERFORMANCE

During the Quarter under review, the NYCBERS Real Estate Portfolio produced a 4.3% total gross return. The total net return for the Quarter was 3.8%. On a rolling one-year basis the total gross return of 15.9% was recorded. On a net basis the total return was 13.9%. The benchmark return contemplates a 100 bps premium over the ODCE net return over full market cycles. This benchmark is not meaningful at this point in time as the NYCBERS Portfolio is in its infancy. The various components of the Portfolio returns are depicted in the chart below.

Core/Core Plus

As of June 30, 2015 the market value of the Core/ Core Plus Portfolio was \$119.0 million, or 66.2% on an invested basis. On a funded and committed basis, the Core/ Core Plus Portfolio totaled \$128.0 million, or 50.8% of the total Portfolio. The Core/ Core plus Portfolio generated a 3.2% total gross return for the Quarter comprised of 1.3% in income and 2.0% in appreciation. The total net return for the Quarter was 3.1%.

The most significant contributor to the Quarterly return for the Core/Core Plus Portfolio was LaSalle, which added 0.33% to the total return. The largest detractor from the Core/Core Plus Portfolio was UBS Trumbull Property Fund, which detracted (0.46)% from the total net return.

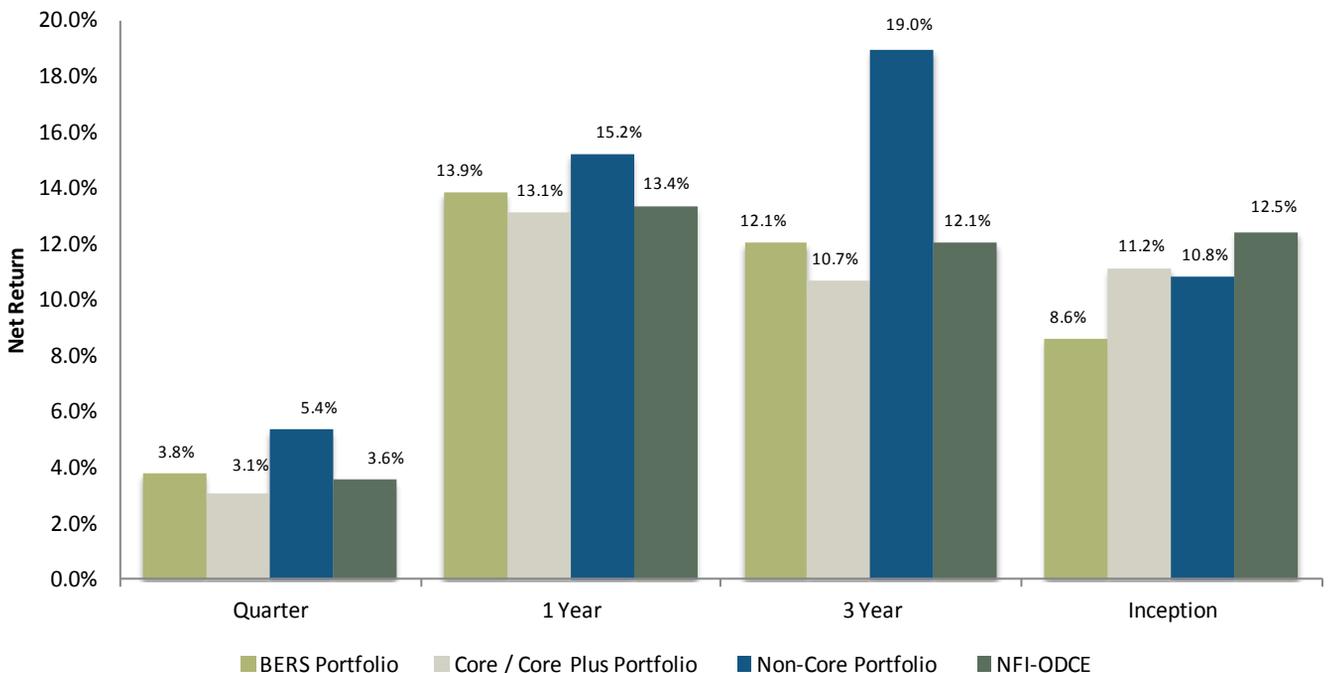
The Core/Core Plus Portfolio achieved a 13.1% net return over the one-year period ending June 30, 2015 and has achieved a 11.2% net return since the inception of the Core/ Core Plus Portfolio in 2011.

Non-Core

As of June 30, 2015 the market value of the Non-Core Portfolio was \$60.8 million, or 33.8% on an invested basis. On a funded and committed basis, the Non-Core Portfolio totaled \$123.9 million, or 49.2% of the total Portfolio. The Non-Core Portfolio generated a 6.4% total gross return for the Quarter comprised of 3.4% in income and 3.0% in appreciation. The total net return for the Quarter was 5.4%.

Of the seven Non-Core Funds that contributed to the Quarterly return, Blackstone Real Estate Partners Europe IV contributed the most, adding 1.93%. Franklin Templeton Private Real Estate Fund was the largest detractor for the Quarter, taking away (1.19)% from the overall performance of the Non-Core Portfolio.

The Non-Core Portfolio achieved a 15.2% net return over the one-year period ending June 30, 2015 and has achieved a 10.8% net return since the inception of the Non-Core Portfolio in 2011.



The New York City Board of Education Retirement System

Executive Summary: Second Quarter 2015 Performance Measurement Report Real Estate

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PERFORMANCE

Portfolio Performance

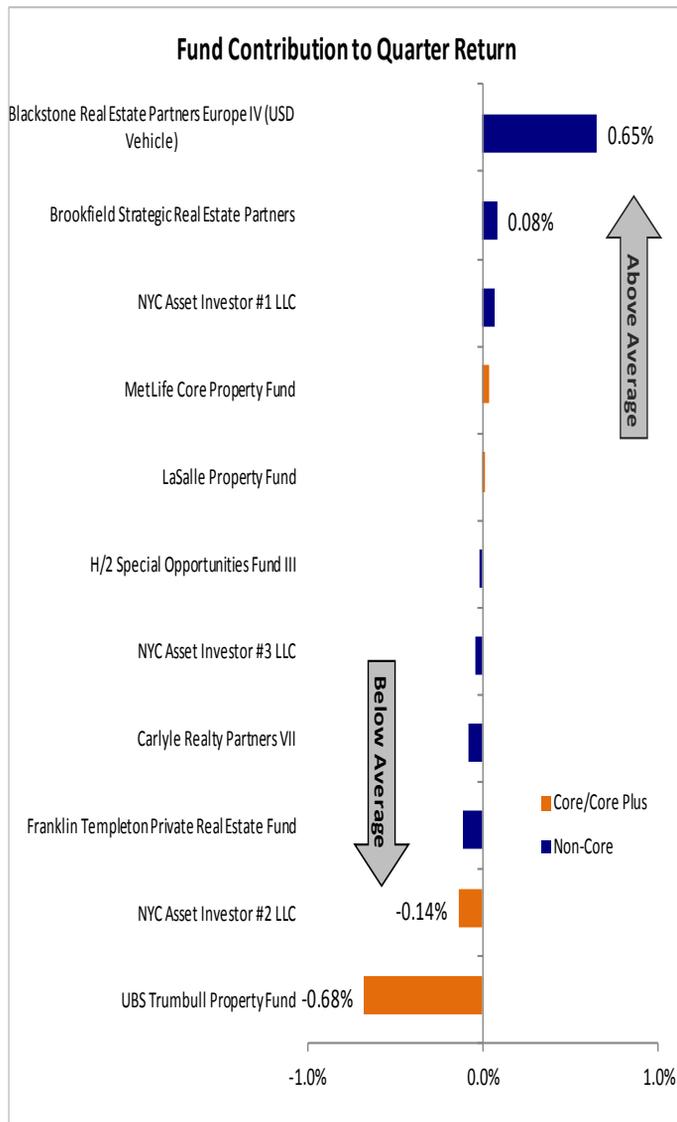
At the end of the Second Quarter 2015, the Portfolio had a cumulative market value of \$179.9 million. Total market value plus unfunded commitments was \$251.9 million, or 81.5% of the real estate allocation. During the Quarter, the Portfolio achieved a total gross return of 4.3% which was comprised of 2.0% income and 2.3% appreciation. The Portfolio achieved a total net return of 3.8%. Since inception, the Portfolio has a net IRR of 12.1% and an equity multiple of 1.3x as of June 30, 2015. Note, attached as Exhibit B are performance metrics relating to each investment within the Portfolio.

The Quarterly return was driven by Blackstone Real Estate Partners Europe IV, which contributed 0.65% to the overall performance. The primary laggard in the Portfolio UBS Trumbull Property Fund, which detracted (0.68%). Brief reviews of the Funds in the Portfolio are found below. Note, that attached as Exhibit C is a chart relating to fund contributions to returns over the one-year period.

Blackstone Real Estate Partners Europe IV (BREP Europe IV). BREP Europe IV had a total gross return of 13.5% comprised of 1.0% in income and 12.5% of appreciation. The net return after fees was 11.2%. Valuation for the portfolio increased by €267 million during the quarter or approximately 7.2%. €1.4 billion of equity was invested across 17 transactions during the Second Quarter. Distributions for the Quarter totaled €46 million. An Italian real estate fund that sold three assets during the first quarter, generated proceeds that added €5.2 million of distributions for the current Quarter. 26 logistic assets were acquired across Germany, France, the Netherlands and Portugal during the Second Quarter as part of a larger European platform.

Brookfield Strategic Real Estate Partners (BSREP). BSREP produced a total gross return of 6.5% comprised of 0.6% in income and 5.8% in appreciation. The net return after fees was 5.1%. Net asset value increased \$243.9 million, or 5.7%, for the Quarter. Net asset value as of Quarter end was \$4.5 billion. The Fund distributed \$108.5 million during Second Quarter due to one of the major dispositions of the Quarter. Significant transactions for the Quarter include securing a \$120 million construction loan for the development of an office park, the sale of a tech center within an office portfolio for \$16 million and the disposition of a 671,000 square foot build-to-suit industrial development for \$37 million. \$6.9 million of capital was called during the Quarter to repay a credit facility used during first quarter. Fund performance as of June 30, 2015 was a gross IRR of 21.3% with a 1.3x equity multiple (gross).

NYC Asset Investor #1 LLC (Emmes). The Fund's total gross return for the Quarter was 5.5% comprised of (0.2%) in income and 5.6% in appreciation. The net return after fees was 5.2%. Total Fund capitalization is \$233 million, with \$124 million in equity. During the Quarter, the fund sold its retail center located in Brooklyn for \$22 million with \$10.7 million of proceeds being distributed to the client. With a five-year hold on the 32,352 square-foot retail center, the asset generated a 17.6% net IRR when it was sold in April 2015, which exceeded initial underwriting. Currently there are five remaining assets in the Fund. Occupancy at the end of the Quarter was 83%, up from 72% at the end of first quarter.

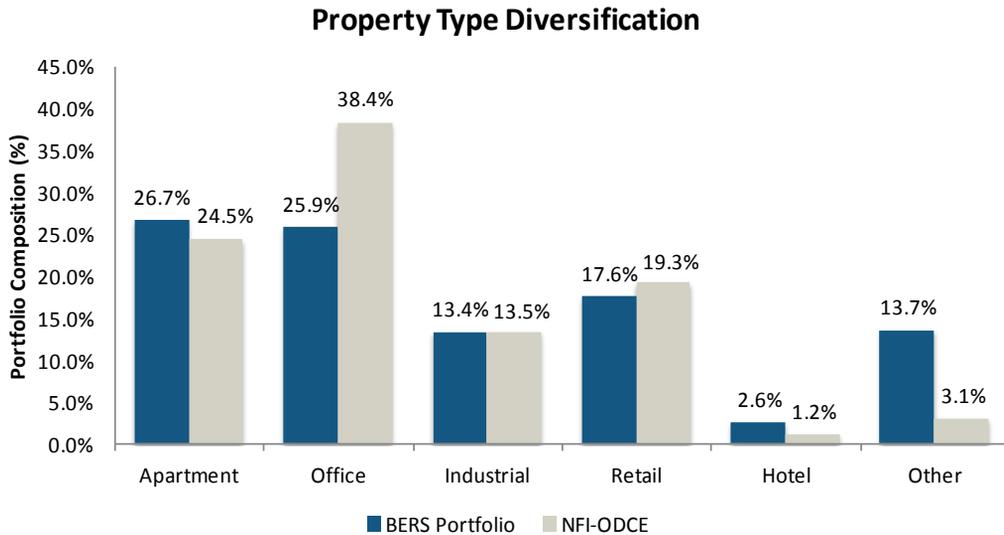


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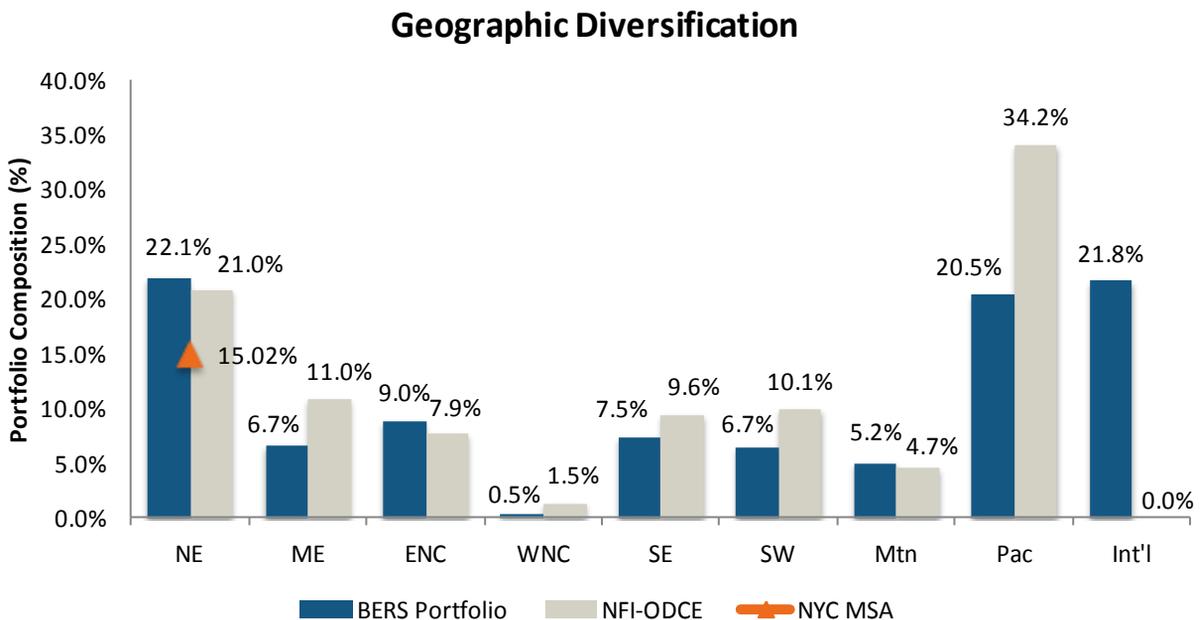
PROPERTY TYPE DIVERSIFICATION

The diversification of the current Portfolio by property type is shown below and compared to the diversification of the NCREIF-ODCE at the end of the Quarter. The Portfolio is in line with all property sectors relative to the ODCE, with an underweight to Office and a slight overweight to Apartments, Hotel and Other.



GEOGRAPHIC DIVERSIFICATION

The diversification of the current funded Portfolio by geographic region is shown below and compared to the diversification of the NFI-ODCE at the end of the Quarter. The ODCE is a US-only index. The domestic portion of the Portfolio is well diversified relative to the ODCE with a slight overweight to the Northeast and East North Central and a slight underweight to the Mideast, Southeast, Southwest and Pacific. The 21.8% international exposure is appropriate for the risk and return profile of NYCBERS and consistent with our long-term target.



The New York City Board of Education Retirement System

Executive Summary: Second Quarter 2015 Performance Measurement Report
Real Estate

MARKET UPDATE

General

- As of 2Q15, real GDP exceeded the Commerce department's initial expectations by 140 bps, with a growth rate of 3.7%, 310 bps above 1Q15. After rebounding from temporary winter doldrums, the economic growth was further stimulated by rising consumer and government spending, business investments, private inventory investments, and positive net export.
- As of 2Q15, consumer spending representing two thirds of the GDP, grew by 3.1%, 130 bps above 1Q15 due to a boost in purchasing power, characterized by a 1.3% increase in disposable income, as well as strong fundamentals in the job market. In addition, household wealth was positively influenced by weak energy prices, a strong U.S. Dollar as well as the ongoing housing recovery.
- During the quarter, business investment was the principal catalyst of the GDP's upward revision rising 3.2%, or 380 bps above estimates. This rise was due to higher investment in construction, research and development, equipment, and inventories. While spending on intellectual property rose by 8.6%, the highest since 4Q07, inventory grew to \$121.1 billion, or \$11 billion above estimates. Note, growth in business investment was partially offset by low energy prices and a strong U.S. Dollar due to reduced drilling activities and expensive exports, respectively.
- In 2Q15, CMBS loss severity increased to 41.6%, or 17.1% above 1Q15 and only 50 bps below the total weighted average loss severity between 1Q00 and 2Q15. Although the CMBS market remains strong with issuance up to 8.0%, it has become more volatile due to (i) excess deal supply, (ii) low energy prices, (iii) an expected Fed tightening before year-end 2015, (iv) the Greek debt crisis and (v) the devaluation of the Chinese Yuan.

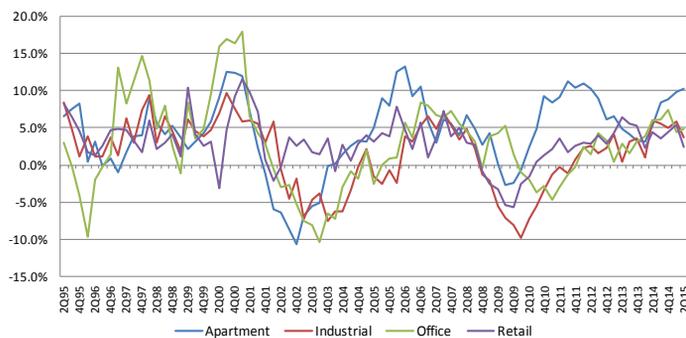
Commercial Real Estate

- During 1H15, the U.S. commercial real estate sector remained the strongest on the global scale, with \$232 billion of year-to-date transaction volumes, representing an annual investment sale growth of 46.4%. Consistently, current macroeconomic and financial indicators suggest ample room for continued potential expansion, with an anticipated full year growth of 20%.
- During 1H15, the office sector was the busiest market in the U.S., representing 31.6% of total transaction activities.
- As of 1H15, transaction cap rates from all traditional property sectors continued to decline. Year-to-date, industrial recorded the sharpest cap rate compression (-25 bps), with a primary cap rate of 5.2%. Multifamily recorded the lowest primary cap rate (4.4%) at mid year, with core apartment trading at 30 bps point above 2007 peak level.
- As of 1H15, foreign capital represented 14.8% of total transaction activity, exceeding 2014 year-end figures and nearing 2007 peak levels, with Singapore and China representing two of the five most active investors since 2014. While the office sector has long been representing more than half of total foreign acquisitions on an annual basis, foreign investors have progressively grown interest in large-scale industrial multimarket portfolios in primary locations as well as iconic hotel investments.

Current Value Cap Rates by Property Type as of June 2015



4-Qtr Rolling NOI Growth by Property Type as of June 2015



The New York City Board of Education Retirement System

Executive Summary: Second Quarter 2015 Performance Measurement Report
Real Estate

EXHIBIT A: COMPLIANCE MATRIX

Category	Requirement	Portfolio Status
Benchmark	NFI-ODCE (net) +100 bps over full market cycles (10-year)	N/A
Portfolio Composition	Core/Core Plus (minimum of 40%)	<i>The portfolio is funded (market value) and committed at 81.5% of real asset allocation with a portfolio composition of 50.8% core and 49.2% non-core.</i>
	Non Core (minimum of 60%)	
Real Asset Allocation	Target of 7.0%	<i>Funded (market value) and committed dollars place the portfolio at 5.7% of total plan assets.</i>
	Currently Funded at 4.1%	
Property Type Diversification	Up to 40% Multifamily Up to 35% Industrial Up to 45% Office Up to 35% Retail Up to 25% Hotel Up to 20% Other	<i>All property type locations are in compliance.</i>
Geographic Diversification	Diversified geographically Max 25% Ex-US	<i>All geographic type locations are in compliance</i>
LTV	65%	<i>Portfolio is in early stages of funding, but is in compliance (29.3 %).</i>
Manager Exposure	15% of real estate allocation	N/A

The New York City Board of Education Retirement System

Executive Summary: Second Quarter 2015 Performance Measurement Report
Real Estate

EXHIBIT B: SECOND QUARTER 2015 FOIL



New York City Board of Education Retirement System

Vintage Year	Fund Name	First Draw Down	Capital Committed	Contributions	Distributions	Market Value	Equity	
							Multiple	Net IRR
2011	LaSalle Property Fund	12/13/2010	27,600,000	27,600,000	-3,667,345	34,199,919	1.4	12.7
2014	MetLife Core Property Fund	7/1/2014	15,000,000	12,500,000	-366,000	13,276,667	1.1	20.1
2013	NYC Asset Investor #2 LLC	7/9/2013	11,000,000	6,720,329	-1,202,253	6,313,408	1.1	12.1
2011	UBS Trumbull Property Fund	4/1/2011	41,400,000	51,698,217	-8,243,784	65,250,482	1.4	10.3
	Core/Core Plus Portfolio		95,000,000	98,518,546	-13,479,382	119,040,476	1.3	11.1
2014	Blackstone Real Estate Partners Europe IV (USD Ve	12/23/2013	32,500,000	17,238,020	-1,627,693	16,461,427	1.0	6.3
2012	Brookfield Strategic Real Estate Partners	9/20/2012	10,000,000	10,067,374	-2,255,581	9,935,423	1.2	16.9
2014	Carlyle Realty Partners VII	6/30/2014	25,000,000	3,715,096	0	3,359,648	0.9	-26.1
2011	Franklin Templeton Private Real Estate Fund	3/31/2011	30,000,000	26,659,542	-15,410,780	18,300,775	1.3	21.8
2015	H/2 Special Opportunities Fund III	12/29/2014	15,000,000	2,921,470	0	3,222,125	1.1	50.1
2013	NYC Asset Investor #1 LLC	6/25/2013	10,000,000	7,667,534	-1,074,386	7,963,841	1.2	20.7
2013	NYC Asset Investor #3 LLC	9/20/2013	8,000,000	1,565,574	-31,308	1,599,726	1.0	4.5
	Non-Core Portfolio		130,500,000	69,834,610	-20,399,748	60,842,965	1.2	17.0
	New York City Board of Education Retirement System		225,500,000	168,353,156	-33,879,130	179,883,441	1.3	12.1

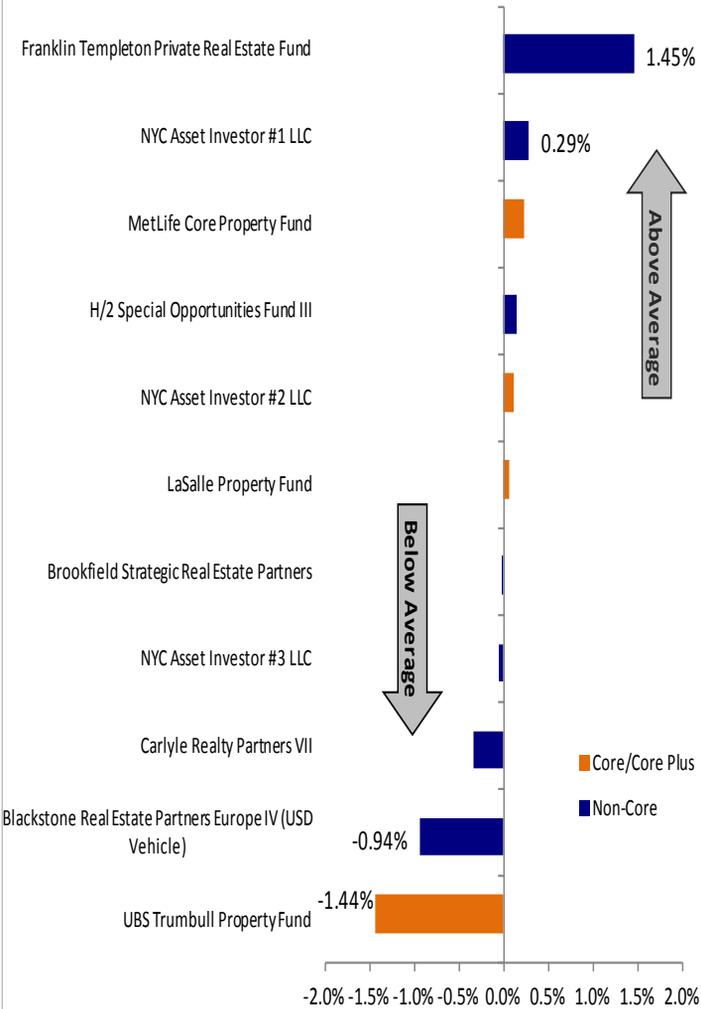
Source: PCG historical cash flow data. TTG cash flow data from Fund Managers, effective 2005. Note: The equity multiples and IRRs contained in this report are interim calculations based upon information provided by the investment managers of the New York City Retirement Systems, including cash flows and quarterly unaudited, or audited, valuations. The IRR calculated in early years of a fund life is not meaningful given the J-curve effect and can be significantly impacted by the timing of cash flows, investment strategy, investment pacing, and fund life. The calculations are not necessarily indicative of total fund performance, which can only be determined after the fund is liquidated and all capital contributed and earnings have been distributed to the investor. All data supplied is as of June 30, 2015.

The New York City Board of Education Retirement System

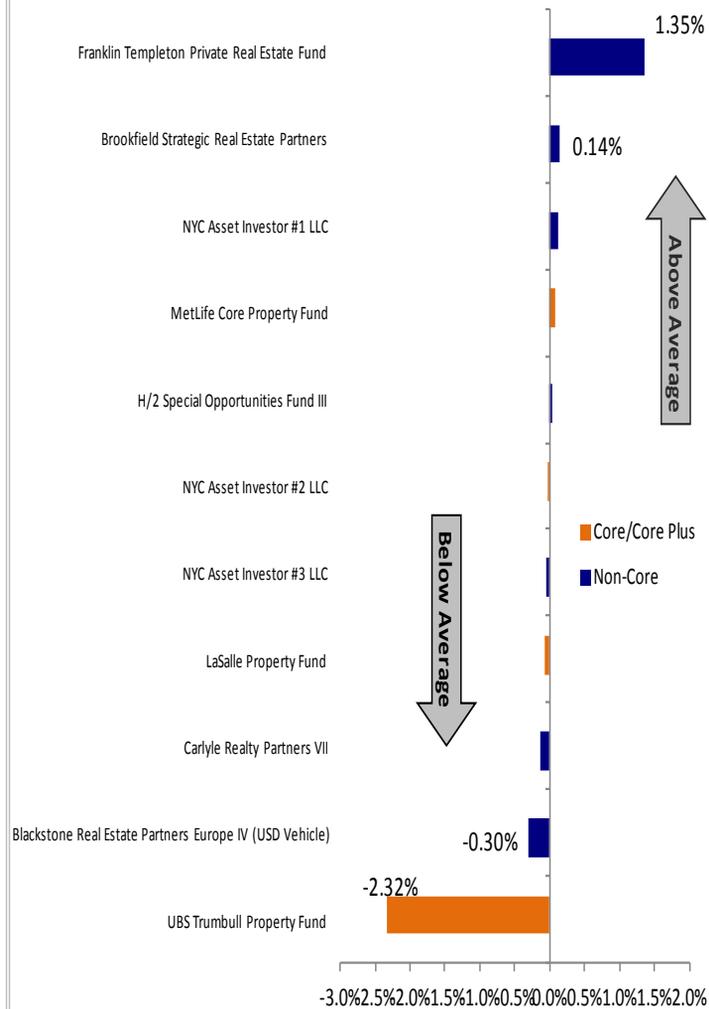
Executive Summary: Second Quarter 2015 Performance Measurement Report
Real Estate

EXHIBIT C : ATTRIBUTION

Fund Contribution to 1 Year Return



Fund Contribution to 3 Year Return





Infrastructure Monitoring Report

For the period ended June 30, 2015

Report Prepared For:

New York City Board of Education Retirement System



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I. Executive Summary

New York City Board of Education Retirement System (“NYC BERS”) established the Infrastructure Program (the “Program”) in December of 2012 on behalf of its beneficiaries to participate in attractive long-term investment opportunities and to provide diversification to its overall pension investment portfolio.

The inclusion of infrastructure in the NYC BERS pension portfolio allows for global investments in facilities or assets that provide core essential services critical to the operation and development of economies. Typically infrastructure investments have high barriers to entry due to significant capital expenditure requirements, exclusive long term contracts or regulatory requirements. Infrastructure investments are comprised of long useful-life assets with high tangible value and relatively low value erosion over time.

The Program seeks to invest in opportunities in a variety of infrastructure sectors, including but not limited to, transportation, energy, power, utilities, water, wastewater, communications and social infrastructure.

StepStone Group LP (“StepStone”) was engaged by NYC BERS on October 20, 2014 to provide infrastructure advisory services for prospective investment opportunities and monitoring and reporting services for existing and new investments.

Since inception through June 30, 2015, the Program has committed US\$59.0 million to four partnership investments (the “Portfolio”). This quarterly monitoring report covers the performance of the Portfolio as of June 30, 2015 as well as significant activity that occurred during the second quarter of 2015.

Allocation Summary

NYC BERS has a Real Assets allocation target of 7% (plus or minus 2%) of total pension assets. Infrastructure is a component asset class within the NYC BERS Real Assets investment program.

As of June 30, 2015, the market value of NYC BERS Real Assets Program represented approximately 4.5% of total pension assets. The market value of NYC BERS Infrastructure Program represented approximately 0.5% of total pension assets, a 35 basis point increase from the prior quarter.

As the Program matures, the percentage of its market value relative to the total NYC BERS pension assets as well as total Real Assets will continue to increase.

<i>US\$ in millions</i> [*]	June 30, 2015	March 31, 2015	June 30, 2014	Quarterly Change	Yearly Change
Total Pension Assets [*]	\$4,408.0	\$4,360.0	\$4,179.0	\$48.0	\$229.0
Total Real Assets [*]	\$197.0	\$169.0	\$118.0	\$28.0	\$79.0
% Allocation to Real Assets (Target of 7% +/- 2%)	4.5%	3.9%	2.8%	+ 59 bps	+ 165 bps
Total Infrastructure Assets	\$20.6	\$4.9	\$2.6	\$15.6	\$18.0
% Allocation to Infrastructure vs. Total Pension Assets	0.5%	0.1%	0.1%	+ 35 bps	+ 40 bps
% Allocation to Infrastructure vs. Total Real Assets	10.4%	2.9%	2.2%	+ 752 bps	+ 824 bps

^{*}NYC BERS total Pension Assets and total Real Assets are as of quarter-end (or, if not yet available, the most recent month-end prior to quarter-end) as reported by The New York City Comptroller’s Office on www.comptroller.nyc.gov

Performance Summary

As of June 30, 2015, the Infrastructure Program has achieved a Total Value to Paid-In multiple of 1.0x invested capital and an IRR of 9.7%. Note that, given the relative immaturity of the Portfolio and underlying fund investments, the current performance to-date is not meaningful.

<i>US\$ in millions</i> [*]	June 30, 2015	March 31, 2015	June 30, 2014	Quarterly Change	Yearly Change
Number of Managers	4	3	3	1	1
Number of Investments	4	3	3	1	1
Committed Capital ¹	\$59.0	\$40.0	\$40.0	\$19.0	\$19.0
Contributed Capital	\$20.4	\$4.9	\$2.6	\$15.5	\$17.9
Distributed Capital	\$0.4	\$0.3	\$0.0	\$0.1	\$0.4
Market Value	\$20.6	\$4.9	\$2.6	\$15.6	\$18.0
Total Value	\$21.0	\$5.2	\$2.7	\$15.8	\$18.4
Total Gain/(Loss)	\$0.6	\$0.3	\$0.1	\$0.2	\$0.5
Unfunded Commitment	\$38.6	\$35.1	\$37.4	\$3.5	\$1.1
Exposure ²	\$59.2	\$40.1	\$40.0	\$19.1	\$19.1
DPI ³	0.0x	0.1x	0.0x	0.0x	0.0x
TVPI ⁴	1.03x	1.07x	1.03x	-0.04x	0.00x
IRR ⁵	9.7%	11.9%	10.6%	-2.3%	-0.9%
TVPI Net of StepStone Fees ⁶	1.03x	1.07x	1.03x	-0.04x	0.00x
IRR Net of StepStone Fees ⁶	9.6%	11.9%	10.6%	-2.3%	-1.0%

^{*} Note that amounts may not total due to rounding.

¹ Committed Capital is presented net of any commitment releases or expirations and reflects foreign currency exchange rate fluctuations. Note that the Base/(US\$) committed capital for foreign currency-denominated investments as of respective quarter-end dates is calculated as follows: (total net amount funded in Base currency) + (unfunded commitment in Local currency * quarter-end exchange rate). StepStone utilizes S&P Capital IQ as the source for quarter-end exchange rates to calculate committed capital.

² Exposure represents the sum of Market Value and Unfunded Commitment.

³ DPI, or Distributed to Paid-In Multiple, is a performance metric that measures distributions received relative to capital invested. DPI is calculated as Distributed Capital divided by Contributed Capital.

⁴ TVPI, or Total Value to Paid-In Multiple, is a performance metric that measures total value created by the Portfolio relative to capital invested, without consideration for time. TVPI is calculated as Total Value, which is comprised of Market Value plus Distributed Capital, divided by Contributed Capital.

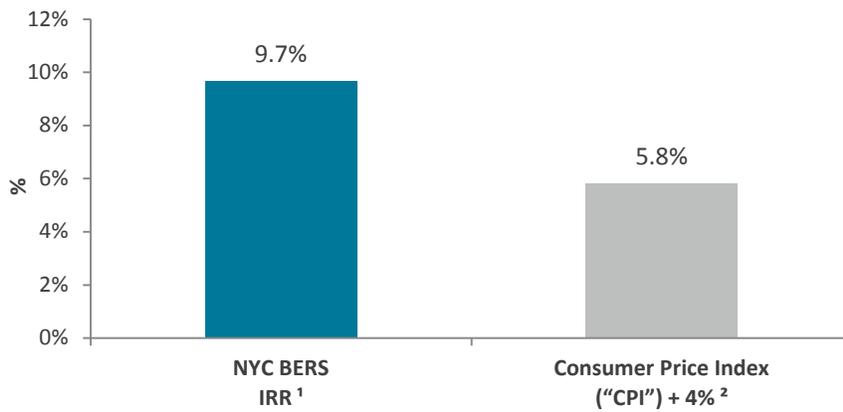
⁵ IRR, or Internal Rate of Return, is a performance metric that is calculated based on the Portfolio's daily cash flows and market value as of quarter-end. IRR is net of fund managers' fees, expenses and carried interest.

⁶ TVPI and IRR Net of StepStone fees represent TVPI and IRR net of fees paid by NYC BERS to StepStone through the quarter-end date.

Portfolio Performance vs. Benchmarks

The performance benchmark for the Infrastructure Portfolio is to meet or exceed the Consumer Price Index (“CPI”) plus 4% net of fees over a rolling 5-year period. The Infrastructure Portfolio is expected to generate a total return, net of investment management fees, of at least 6.5%.

As of June 30, 2015, the Program outperformed the benchmark by 3.8%. However, as noted previously, given the relative immaturity of the Portfolio, the current performance to-date versus benchmarks is not meaningful. The following graph illustrates Portfolio IRR performance versus the benchmark as of June 30, 2015.



¹NYC BERS since inception Internal Rate of Return (“IRR”) is calculated based on the Portfolio’s daily cash flows and market value as of quarter-end. IRR is net of fund managers’ fees, expenses and carried interest.

²Consumer Price Index (“CPI”) benchmark represents the compound annual growth rate of the Consumer Price Index for All Urban Consumers and All Items, as provided by the U.S. Department of Labor: Bureau of Labor Statistics, calculated over a five-year rolling period plus a 4.0% premium.

Portfolio Diversification

The Program’s objective is to build a Portfolio that is diversified by investment strategy, asset type, and geography. The target investment strategy ranges are as follows:

- Core Infrastructure Investments: 60% to 100%; and
- Non-Core Infrastructure Investments: 0% to 40%.

Actual percentages may differ substantially from these targets during the initial years of the Program. The following table illustrates the current diversification of the Portfolio by fund strategy, geography and industry focus.

As of June 30, 2015 (US\$ in millions)	Market Value		Unfunded Commitment		Exposure	
	\$	% of Total	\$	% of Total	\$	% of Total
By Strategy:						
Core	20.6	100.0%	38.6	100.0%	59.2	100.0%
Non-Core	-	0.0%	-	0.0%	-	0.0%
Total	20.6	100.0%	38.6	100.0%	59.2	100.0%
By Geographic Focus:						
Global	4.8	23.1%	5.4	14.0%	10.2	17.2%
OECD	15.8	76.9%	33.2	86.0%	49.0	82.8%
Total	20.6	100.0%	38.6	100.0%	59.2	100.0%
By Industry Focus:						
Diversified	19.9	96.7%	24.4	63.3%	44.3	74.9%
Energy	0.7	3.3%	14.2	36.7%	14.8	25.1%
Total	20.6	100.0%	38.6	100.0%	59.2	100.0%

II. Infrastructure Market Overview

Market Overview

Demand for infrastructure investments from institutional investors remained strong during the second quarter of 2015 (“2Q15”). This demand was primarily a result of expansionary monetary policies in most markets, which has kept interest rates at very low levels and caused investors to seek alternatives to traditional sources of investment income. This demand continued to drive a high valuation environment for the infrastructure asset class, particularly in mature markets with a wide range of opportunities, such as Western Europe, the Nordic region and Australia.

Global economic growth continued to exhibit divergence in the second quarter. According to the IMF, global growth is projected at 3.3 percent in 2015, marginally lower than in 2014, with a gradual pickup in advanced economies and a slowdown in emerging market and developing economies. Growth in advanced economies is projected to increase from 1.8 percent in 2014 to 2.1 percent in 2015. During the second quarter, accommodative central bank policies, lower fuel prices, and improving confidence and labor market conditions helped to accelerate economic activity in advanced economies. Conversely, growth in emerging market and developing economies is projected to slow from 4.6 percent in 2014 to 4.2 percent in 2015. The slowdown reflects several factors, including lower commodity prices and tighter external financial conditions, structural bottlenecks, rebalancing in China, and economic distress related to geopolitical factors.

Infrastructure investment in the US and Canada has been concentrated in the energy sector, although public-private partnerships (“P3s”) in the transport and social infrastructure sectors continue to grow in the US, Canada and Mexico. In the US, fiscal constraints on public-sector funding for these projects has been a significant factor in the increase in recent activity levels. Deal count is expected to increase as a growing number of states are entertaining legislation to allow private investment in infrastructure. In June, the Obama administration announced a clean-energy investment program that includes \$4 billion in commitments from the private sector, including more than \$1 billion from institutional investors.

European markets remain competitive, with a significant amount of capital targeting infrastructure investment in the region. The resulting upward pricing pressure, combined with uncertain medium-term economic growth in the Eurozone, ongoing financial sector reforms, concerns surrounding bank capital adequacy, and geopolitical risks in Eastern Europe, present an uncertain outlook for investors. Notwithstanding this, activity levels are being sustained by the ongoing unbundling of integrated utilities, commitments to renewable energy targets, balance sheet deleveraging by existing asset owners, and security of energy supply priorities.

Investment activity in Latin America remains strong. In Mexico, recent changes in government policy are driving significant growth in infrastructure investment opportunities. Policy initiatives include allowing foreign investment in the energy sector and a National Infrastructure Plan that contains 743 projects requiring investment of approximately US\$600 billion from 2014 to 2018. StepStone is aware of several infrastructure fund managers reviewing opportunities in Mexico. Infrastructure is a political and economic priority in many other parts of Latin America, including Brazil, Chile, Peru and Columbia, each of which continues to provide a range of potential investment opportunities.

While infrastructure investment in Japan has traditionally been dominated by government-related entities and infrastructure companies with limited private participation by institutional investors, the government continues to face high debt levels. The country recently announced the privatization act for infrastructure assets. In Australia, fiscal constraints placed on the federal and state governments have increased the reliance on private sector capital in meeting the country’s infrastructure deficit. Government initiatives have encouraged a number of high profile opportunities including ports, energy and airport privatizations.

Infrastructure Fundraising

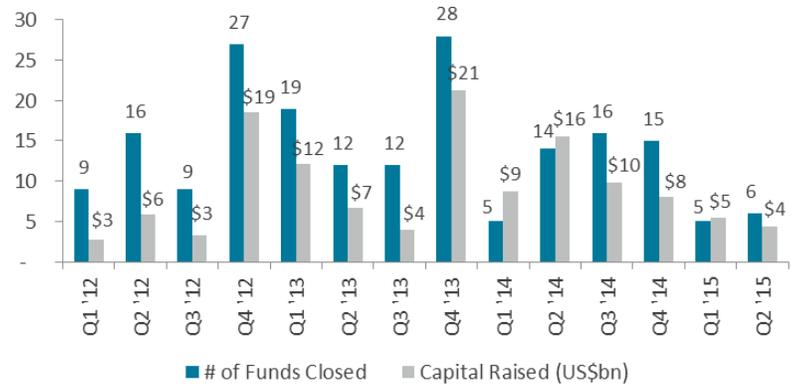
Fundraising for infrastructure strategies continues to be robust with a large number of funds in market, although the aggregate amount raised by funds that closed during the second quarter was down compared to recent periods.

During the second quarter, six funds held final closings. Aggregate capital raised was US\$4.4 billion. The amount represented a year over year decrease of 72% compared to Q2 2014, when 14 funds held a final close raising US\$15.5 billion.

The largest fund to reach a final closing during Q2 was ISQ Global Infrastructure Fund, which raised US\$3.0 billion of commitments. The fund will primarily focus on the energy, utilities and transportation sectors globally. Additionally, iCON Infrastructure Partners III closed with €800 million of commitments. The Fund will continue iCON Infrastructure's strategy of investing in mid-sized infrastructure assets in core infrastructure sectors in Europe and North America.

Unlisted Infrastructure Fundraising

Source: Preqin



Fund	General Partner	Size	Final Close Date	Location Focus
ISQ Global Infrastructure Fund	I Squared Capital	\$ 3,000	Apr-15	US
iCON Infrastructure Partners III	iCON Infrastructure	€ 800	May-15	Europe
MC-Seamax Shipping Opportunities Fund	MC-Seamax Management	\$ 300	May-15	US
CVI Shipping Opportunities Fund	CarVal Investors	\$ 252	Jun-15	US
Equitix Energy Efficiency Fund	Equitix	£ 150	Apr-15	Europe

At the end of the second quarter, Preqin observed 151 funds in market targeting aggregate capital commitments of US\$99 billion. The largest funds in market include: Alinda Infrastructure Fund III, targeting US\$5.0 billion; Morgan Stanley Infrastructure Partners II, targeting US\$4.0 billion; Arclight Energy Partners Fund VI, targeting US\$4.0 billion; Ardian Infrastructure Generation IV, targeting €2.5 billion for a European-focused strategy; and The UK Technologies Media Telecommunications and Infrastructures Fund, targeting €2.5 billion to focus on investments in large-scale communications projects in the UK and disruptive European start-ups in the TMT industry.

Unlisted Infrastructure Fundraising

Source: Preqin



Major Transactions

During the second quarter, 121 infrastructure deals were completed with an estimated aggregate deal value of US\$69.5 billion, representing a 38% decline in deal value compared to the prior quarter. Several significant infrastructure transactions completed in the second quarter are presented below.

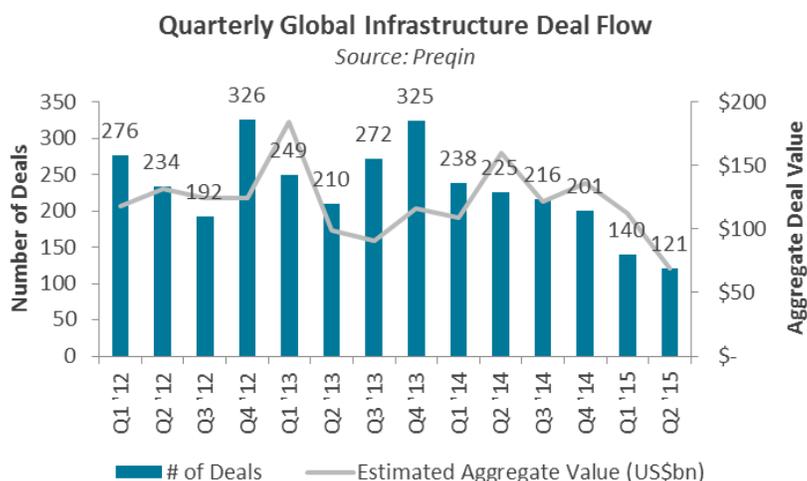
In May 2015, LaGuardia Gateway Partners was chosen by the Port Authority of New York and New Jersey to design, build, finance, operate and maintain a new terminal at LaGuardia Airport. The consortium is led by Swedish construction company Skanska AB and a Vancouver-based airport operator. The US\$4.0 billion construction project is expected to break ground in the first part of 2016.

In June 2015, Global Infrastructure Partners entered into a strategic joint venture with Hess Corporation through the acquisition of a 50% interest in Hess Infrastructure Partners for US\$2.7 billion. The midstream assets are located primarily in Williams, Mountrail and McKenzie counties, North Dakota, and are comprised of crude oil and natural gas gathering systems, a natural gas processing and fractionation facility, crude oil export logistics assets and an underground propane storage facility. Hess will retain operational and budget control, while decisions on capital structure, debt and equity offerings, and contracts will require joint agreement.

In April 2015, the Government of Canada announced that Signature on the Saint-Lawrence Group had been selected as the preferred proponent for the construction of a new bridge over the St. Lawrence River to replace the Champlain Bridge and associated infrastructure. The project cost is CAD\$2.2 billion.

In May 2015, a consortium led by Macquarie Infrastructure and Real Assets entered into an agreement to acquire Crown Castle Australia Holdings Pty Ltd, an Australian wireless communications infrastructure business majority owned by US-based Crown Castle International. Total deal size is AUD\$2.0 billion, an implied price of 20x EBITDA.

In April 2015, a consortium formed by EDF Invest, Ginkgo Tree Investment Ltd, and Dutch pension fund manager PGGM entered into an agreement to purchase Madrileña Red de Gas, a Spanish gas distribution company, from Morgan Stanley Infrastructure for €1.3 billion.



III. Portfolio Review

Quarterly Highlights

- **New Investment Commitments** – During the second quarter of 2015, the Program closed on one new investment commitment totaling US\$19.0 million. This is shown in the table below.

US\$ in millions

Investment	Month and Year Closed	Vintage Year	Strategy	Geographic Focus	Industry Focus	Committed Capital
KKR Global Infrastructure Investors II L.P.	June 2015	2014	Infrastructure	OECD	Diversified	\$19.0
Total						\$19.0

- **Subsequent Investment Commitments** – Subsequent to quarter-end through November 13, 2015, the Program has not closed on any additional investment commitments.
- **Cash Outflow Increased** – During the second quarter of 2015, the Program made US\$15.5 million of contributions and received US\$0.1 million of distributions, for a net cash outflow of US\$15.4 million. This compared to a net cash outflow of US\$1.7 million during the prior quarter. Net cash flow is expected to remain negative for the next several years as the Program’s committed capital is drawn down for investments, fees and expenses by fund managers.
- **Valuation Increased** – During the second quarter of 2015, net of cash flow activity, the valuation of the Portfolio increased by approximately US\$0.2 million, or 1.1%, from the prior quarter. The valuation increase reflects the increase in value of underlying investments in IFM Global Infrastructure Fund and Brookfield Infrastructure Fund II.
- **Significant New Investments** – During the second quarter of 2015, 15 new investment positions were added to the Portfolio as a result of closing on commitments to IFM Global Infrastructure Fund and KKR Global Infrastructure Investors II. Of the 15 new investments, 14 were made in previous quarters by the aforementioned funds. The top five new investments in terms of the Portfolio’s exposed invested capital are below.

US\$ in millions

Company	Fund(s)	Investment Date	Stage	Industry	Country	Exposed Invested Capital	Exposed Market Value	TVM
Indiana Toll Road	IFM Global Infrastructure Fund	May-15	Private	Industrials	United States	4.4	4.4	1.0x
Manchester Airports Group	IFM Global Infrastructure Fund	Feb-13	Private	Industrials	United Kingdom	1.8	2.7	1.5x
Essential Power	IFM Global Infrastructure Fund	May-08	Private	Utilities	United States	1.4	0.6	0.4x
Freeport Investment Notes	IFM Global Infrastructure Fund	Nov-14	Private	Energy	United States	1.4	1.4	1.1x
Veresen Midstream	KKR Global Infrastructure Investors II L.P.	Mar-15	Private	Energy	Canada	0.9	0.9	1.0x

- **No Exits** – There were no exits of investment positions during the quarter.

Performance by Vintage Year

The following table illustrates the Portfolio's since-inception investment performance by vintage year as of June 30, 2015. Note that the performance of funds that are less than one year old is not meaningful.

As of June 30, 2015 (US\$ in millions)

Vintage Year	Committed Capital	Contributed Capital	Distributed Capital	Market Value	Total Value	Total Gain/(Loss)	Unfunded Commitment	Exposure	DPI	TVPI	IRR
2013	\$10.0	\$4.6	\$0.4	\$4.8	\$5.2	\$0.6	\$5.4	\$10.2	0.1x	1.1x	15.3%
2014	49.0	15.8	-	15.8	15.8	(0.0)	33.2	49.0	NM	NM	NM
Total	\$59.0	\$20.4	\$0.4	\$20.6	\$21.0	\$0.6	\$38.6	\$59.2	0.0x	1.0x	9.7%

Performance by Strategy and Industry Focus

The following table illustrates the Portfolio's since-inception investment performance by strategy and industry focus as of June 30, 2015.

As of June 30, 2015 (US\$ in millions)

Strategy/Industry	Committed Capital	Contributed Capital	Distributed Capital	Market Value	Total Value	Total Gain/(Loss)	Unfunded Commitment	Exposure	DPI	TVPI	IRR
Core	\$59.0	\$20.4	\$0.4	\$20.6	\$21.0	\$0.6	\$38.6	\$59.2	0.0x	1.0x	9.7%
Diversified	44.0	19.6	0.4	19.9	20.3	0.7	24.4	44.3	0.0x	1.0x	12.8%
Energy	15.0	0.8	-	0.7	0.7	(0.2)	14.2	14.8	NM	NM	NM
Total	\$59.0	\$20.4	\$0.4	\$20.6	\$21.0	\$0.6	\$38.6	\$59.2	0.0x	1.0x	9.7%

Performance by Geographic Focus

The following table and charts illustrate the Portfolio's since-inception investment performance by geographic focus as of June 30, 2015.

As of June 30, 2015 (US\$ in millions)

Geographic Focus	Committed Capital	Contributed Capital	Distributed Capital	Market Value	Total Value	Total Gain/(Loss)	Unfunded Commitment	Exposure	DPI	TVPI	IRR
Global	\$10.0	\$4.6	\$0.4	\$4.8	\$5.2	\$0.6	\$5.4	\$10.2	0.1x	1.1x	15.3%
OECD	49.0	15.8	-	15.8	15.8	(0.0)	33.2	49.0	NM	NM	NM
Total	\$59.0	\$20.4	\$0.4	\$20.6	\$21.0	\$0.6	\$38.6	\$59.2	0.0x	1.0x	9.7%

Portfolio Diversification

By Strategy, Geography and Industry Focus

The Program's objective is to build a Portfolio that is diversified by investment strategy, asset type, and geography. The target investment strategy ranges are as follows:

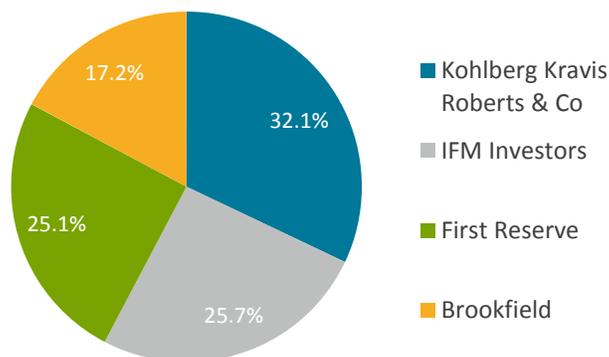
- Core Infrastructure Investments: 60% to 100%; and
- Non-Core Infrastructure Investments: 0% to 40%.

Actual percentages may differ substantially from these targets during the initial years of the Program. The following table illustrates the current diversification of the Portfolio by fund strategy, geography and industry focus.

As of June 30, 2015 (US\$ in millions)	Market Value		Unfunded Commitment		Exposure	
	\$	% of Total	\$	% of Total	\$	% of Total
By Strategy:						
Core	20.6	100.0%	38.6	100.0%	59.2	100.0%
Non-Core	-	0.0%	-	0.0%	-	0.0%
Total	20.6	100.0%	38.6	100.0%	59.2	100.0%
By Geographic Focus:						
Global	4.8	23.1%	5.4	14.0%	10.2	17.2%
OECD	15.8	76.9%	33.2	86.0%	49.0	82.8%
Total	20.6	100.0%	38.6	100.0%	59.2	100.0%
By Industry Focus:						
Diversified	19.9	96.7%	24.4	63.3%	44.3	74.9%
Energy	0.7	3.3%	14.2	36.7%	14.8	25.1%
Total	20.6	100.0%	38.6	100.0%	59.2	100.0%

By Investment Manager

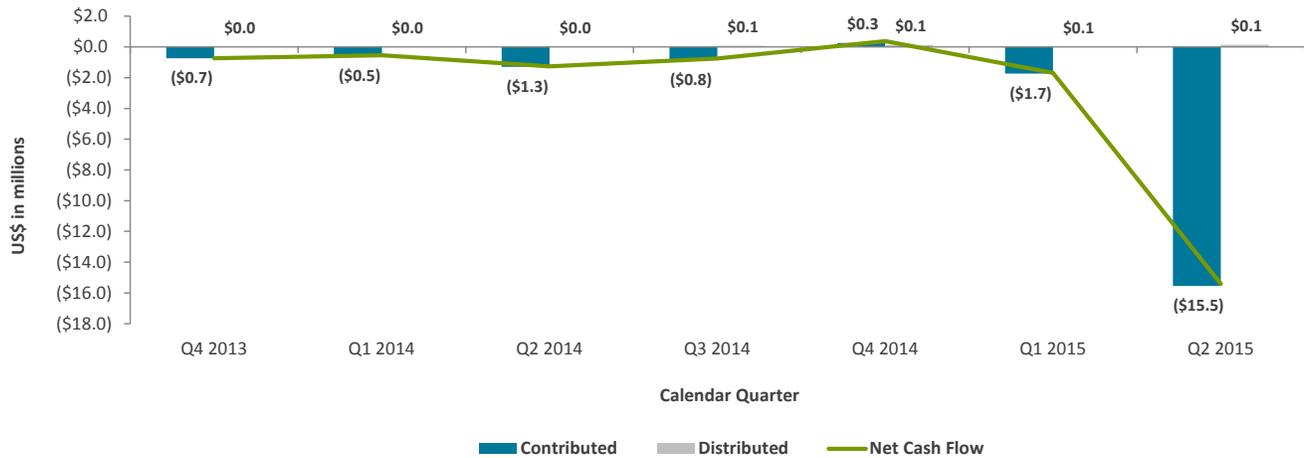
As of June 30, 2015, the Program had made four investment commitments to four managers. NYC BERS seeks to limit its exposure to any single manager to no more than 10% of the total Real Assets Program when fully invested. As the Program matures and closes on additional commitments, the single manager exposure is expected to decline significantly. Below is the Portfolio's current exposure by manager.



Portfolio Cash Flow Analysis

Quarterly Cash Flow Activity

During the second quarter of 2015, the Program made US\$15.5 million of contributions and received US\$0.1 million of distributions, for a net cash outflow of US\$15.4 million. As of June 30, 2015, three fund investments in the Portfolio had cash flow activity. As the Program's commitment and investment activity increases, net cash outflow is expected to increase. The graph below illustrates cash flow activity since inception by calendar quarter.



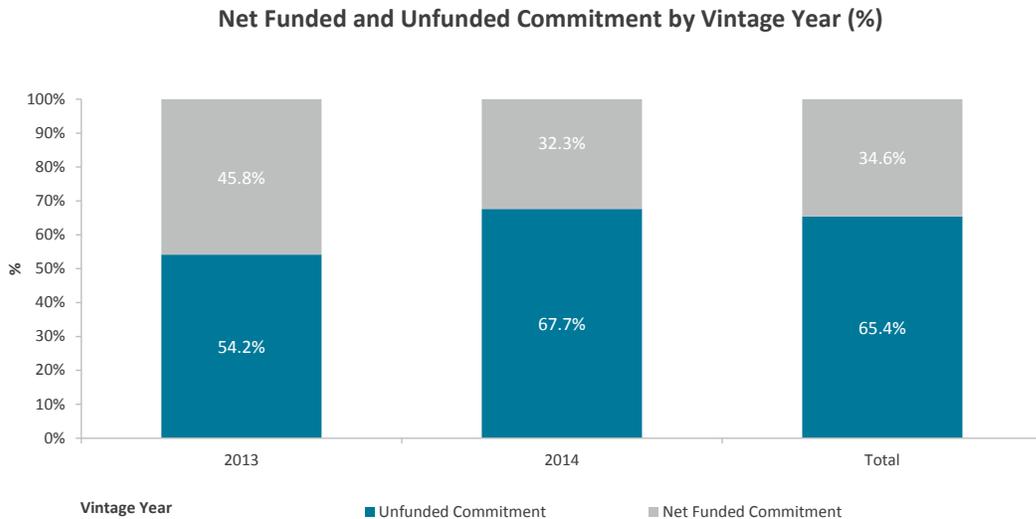
Annual Cash Flow Activity

During the first six months of 2015, the Program made US\$17.3 million of contributions and received US\$0.2 million of distributions, for a net cash outflow of US\$17.1 million. The graph below illustrates cash flow activity since inception by calendar year.

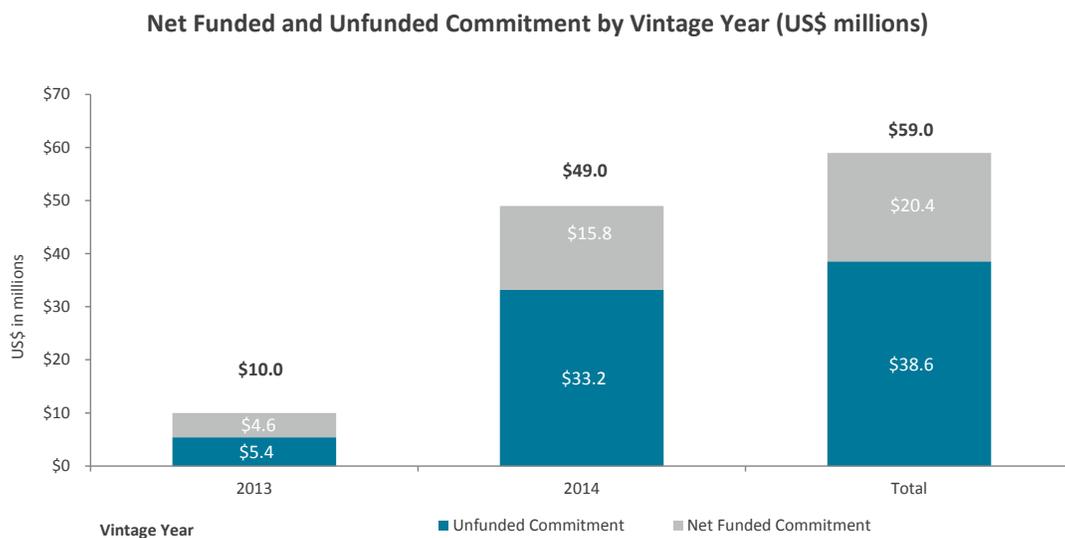


Net Funded and Unfunded Commitments by Vintage Year

The following chart illustrates the Portfolio's net funded commitments (defined as total contributions inside commitment less any returns of excess capital and callable distributions) as a percentage of total capital commitments, by fund vintage year, as of June 30, 2015. Overall, the Portfolio was 65.4% unfunded as of quarter-end.



The following chart illustrates the Portfolio's net funded commitments relative to total capital commitments, by fund vintage year, as of June 30, 2015. Overall, the Portfolio had US\$38.6 million of unfunded commitments as of quarter-end.



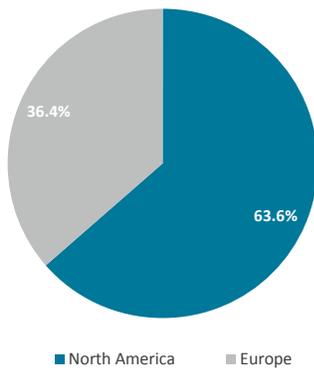
Portfolio Company-Level Analysis

As of quarter-end, the Portfolio had exposure to 24 unique portfolio companies/investment positions. As the Portfolio matures, the number of unique portfolio companies/investment positions is expected to increase significantly. On the individual fund level, all current investments are within the single investment limitation of 15% of total fund size. The Program's individual portfolio investment exposure is relatively concentrated as a result of the relative immaturity of the Program.

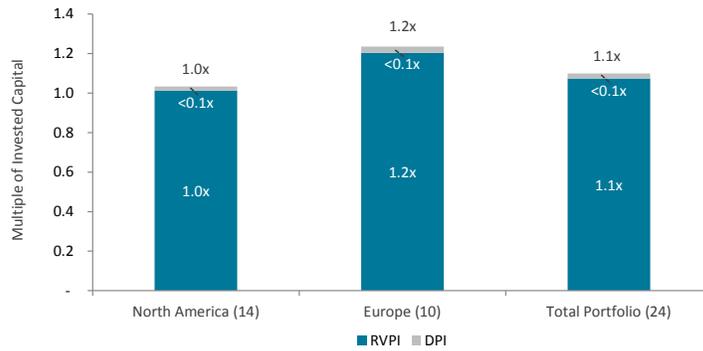
Geographic Exposure and Performance

The following charts illustrate the Portfolio's current exposure and performance by geographic region at the portfolio company level.

Geographic Exposure by Current Market Value



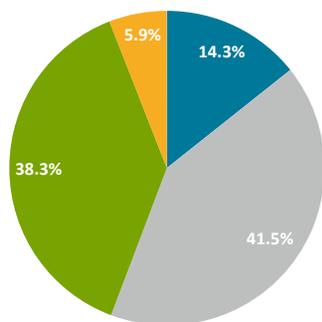
Company Performance by Geography



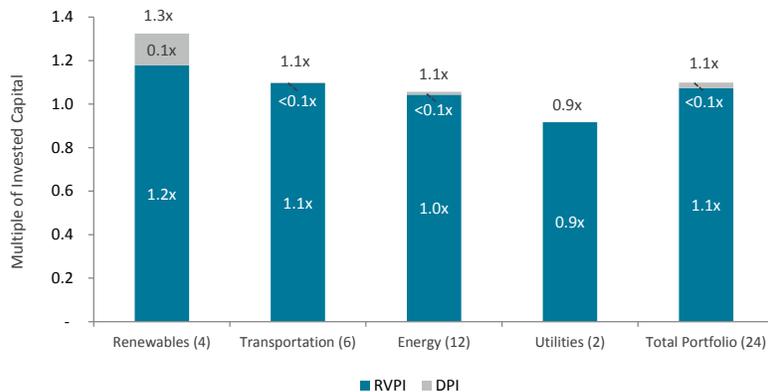
Industry Exposure and Performance

The following charts illustrate the Portfolio's current exposure and performance by industry at the portfolio company level.

Industry Exposure by Current Market Value



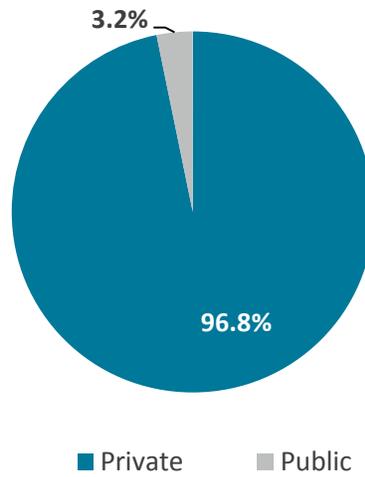
Company Performance by Industry



Public Market Exposure

As of quarter-end, publicly traded investments comprised 3.2% of the Portfolio's exposed market value. The following chart illustrates the current public market exposure at the portfolio company level.

Public Market Exposure Current Market Value



IV. Risk Management Matrix

Category	Requirement	Status	Status Notes
Allocation	<p>NYC BERS has a Real Assets allocation target of 7% (plus or minus 2%) of total pension assets.</p> <p>Infrastructure is a component asset class within the NYC BERS Real Assets investment program.</p>	✓	<p>The market value of NYC BERS Real Assets Program currently represents approximately 4.5% of total pension assets and the market value of NYC BERS Infrastructure Program represents approximately 0.5% of total pension assets.</p> <p>As the Program matures, its market value as a percentage of the total NYC BERS pension assets and the total Real Assets Program is expected to increase.</p>
Performance vs. Benchmarks	<p>The performance benchmark for the Infrastructure Portfolio is to meet or exceed the Consumer Price Index ("CPI") plus 4% net of fees over a rolling 5-year period.</p> <p>The Infrastructure Portfolio is expected to generate a total return, net of investment management fees, of at least 6.5%.</p>	✓	<p>As of June 30, 2015, the Portfolio outperformed the benchmark by 3.8%.</p> <p>However, given the relative immaturity of the Portfolio, the current performance to-date versus benchmarks is not meaningful.</p>
Strategy Diversification	<p>Core Infrastructure Investments: 60-100% Non-Core Infrastructure Investments: 0-40%</p> <p>Actual percentages may differ substantially from these targets during the initial years of the Program.</p>	✓	<p>The Program is in compliance with the Core/Non-Core allocation ranges. Currently the Program only has exposure to Core investments.</p>
Asset Type & Location Diversification	<p>The Program will seek diversification by asset type, revenue drivers, and geography. The portfolio may include a variety of assets including but not limited to electricity transmission, pipelines, airports, toll roads, communication towers and electric generators, windmills etc. to vary the sources of revenue to the portfolio.</p>	✓	<p>Given the relative immaturity of the Portfolio, it is not yet diversified by asset type.</p> <p>The asset types and geographic location of current Portfolio investments are in compliance with the Program's Investment Policy Statement and Permissible Markets.</p>
Leverage	<p>The average leverage of all investments in the Program is to be no higher than 65%.</p>	✓	<p>The Program is in compliance with the average leverage limitation. The current leverage level is 42.0%*.</p>
Single Investment Size & Manager Diversification	<p>The maximum commitment to a single investment is limited to no more than 15% of the aggregate committed capital of each fund.</p> <p>The maximum commitment to a single manager is limited to 10% of the total Real Assets Program allocation when fully invested.</p>	✓	<p>On the individual fund level, all current investments are in compliance with the single investment limitation of 15% of total fund size.</p> <p>The Program is in compliance with the single manager limitation of 10% of the total Real Assets Program.</p> <p>The Program's manager exposure is currently relatively concentrated as a result of the relative immaturity of the Program. Manager diversification is expected to increase as the Program closes on new investment commitments.</p>

*The Program's leverage level is calculated by using a weighted average of each underlying investment's leverage and Net Asset Value as of June 30, 2015.

APPENDICES:

Basket Clause

BERS - BASKET/NON BASKET SUMMARY

As of October 31st, 2015	Adjusted Fund Policy			Fund Actual (PE & RE on an invested basis)		
<u>Equity</u>	<u>Non Basket*</u>	<u>Basket*</u>	<u>Total</u>	<u>Non Basket*</u>	<u>Basket*</u>	<u>Total</u>
Domestic Equity	38.4%	0.0%	38.4%	40.2%	0.0%	40.2%
Non-U.S. Equity	10.0%	12.0%	22.0%	10.0%	11.1%	21.1%
Private Equity	0.0%	4.5%	4.5%	0.0%	4.5%	4.5%
Real Assets	5.1%	0.0%	5.1%	5.1%	0.0%	5.1%
Total Equity	53.5%	16.5%	70.0%	55.3%	15.6%	70.9%
 <u>Fixed Income</u>						
Core+5	16.5%	0.5%	17.0%	14.3%	0.5%	14.8%
<i>U.S. Gov't Sector</i>	3.5%	0.0%	3.5%	2.2%	0.0%	2.2%
<i>Mortgage Sector</i>	6.1%	0.0%	6.1%	5.9%	0.0%	5.9%
<i>Credit Sector</i>	6.8%	0.5%	7.3%	6.7%	0.5%	7.2%
High Yield	4.5%	1.0%	5.5%	3.9%	1.0%	4.8%
Bank Loans	0.0%	2.5%	2.5%	0.0%	1.9%	1.9%
TIPS	4.5%	0.5%	5.0%	2.8%	0.3%	3.1%
Other Fixed Income	0.0%	0.0%	0.0%	4.4%	0.0%	4.4%
Total Fixed Income	25.5%	4.5%	30.0%	25.4%	3.7%	29.1%
Total Fund	79.0%	21.0%	100.0%	80.7%	19.3%	100.0%
 Remaining Capacity		4.0%			5.7%	

* Note: Basket amounts are estimates

Liquidity Analysis

BERS Liquidity Profile - Static Analysis

11/30/15

AUM as of October 31, 2015

	Current MV	Liquid Assets		
		Today	1 Year	2 Years
Domestic Equity	\$1,767	\$1,767	\$1,767	\$1,767
International Equity	725	725	725	725
Emerging Markets	201	201	201	201
Private Equity	199	0	0	0
Private Real Estate	223	0	0	0
Core + 5	651	651	651	651
TIPS	138	138	138	138
Enhanced Yield	212	212	212	212
Bank Loans	85	85	85	85
ETI	28	15	22	22
Cash	167	167	167	167
Total Assets	\$4,396	\$3,962	\$3,969	\$3,969
Total Illiquid \$		\$434	\$427	\$427
Total Illiquid %		9.9%	9.7%	9.7%
Unfunded PE Commitments	\$237			
Unfunded RE Commitments	132			
Total commitments \$	\$369			
Total commitments %	8.4%			

BERS Liquidity Profile - Static Analysis

11/30/15

AUM as of October 31, 2015

Denominator Effect - Decrease AUM by One-Third

Total Illiquid \$	\$434	\$427	\$427
Total Illiquid %	14.8%	14.6%	14.6%

Note: Assumes zero realizations, no new commitments and a five-year investment period; funded out of liquids

	Current MV	Liquid Assets		
		Today	1 Year	2 Years
Total Assets	\$4,396	\$3,962	\$3,969	\$3,969

Private Equity, Real Estate and Opportunistic Fixed Income Stress Case

Unfunded PE Commitments Drawn	\$47	\$95
Unfunded RE Commitments Drawn	26	53
Total commitments \$	\$74	\$147
Total commitments %	1.7%	3.4%

Total Illiquid \$	\$501	\$575
Total Illiquid %	11.4%	13.1%

Note: Assumes zero realizations, no new commitments and a five-year investment period; funded out of liquids

Denominator Effect - Decrease AUM by One-Third

Total Illiquid \$	\$434	\$501	\$575
Total Illiquid %	14.8%	17.1%	19.6%

Note: Assumes zero realizations, no new commitments and a five-year investment period; funded out of liquids