

**New York City**

**Police Pension Fund, Subchapter 2**

**Performance Overview as of June 30, 2011**

# **Total Fund Overview**

# New York City

## Police Pension Fund, Subchapter 2

### Table of Contents:

**Equity Analysis**

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**Fixed Income Analysis**

---



**Appendix**

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# Consultant's Commentary

## Through June 30, 2011

### Total Fund Performance

During the second quarter of 2011, The New York City Police Plan gained 1.0%, and matched the return of the Plan's policy benchmark. Over the longer term ten-year period, the Plan has outperformed its policy index by nearly 20 basis points, annually. Most of the Plan's asset classes performed in line with their respective benchmarks and as such, sector and allocation effects were relatively minor. An underweighting to enhanced yield fixed income was the primary detractor from overall performance. Slight underperformance among the Plan's equity (domestic, international developed and emerging markets) holdings also hampered returns.

### Asset Allocation

Relative to asset allocation targets, domestic equity was overweight by 1.2%. Among the international managers, developed market equity was underweight by 1.4% and emerging market equity was overweight by 0.9%. On the fixed income side, the Plan's structured allocation was underweight by 2.4%, TIPS were underweight by 0.6% and enhanced yield was also underweight by 1.0%. It should be noted that this report does not yet reflect the full implementation of all approved asset allocation targets. Target allocations adopted in 2003 that remain outstanding are the lower allocation to U.S. equity and higher allocations to private equity and real estate which are expected to move toward their new targets over time.

### US Equity

Equity style returns were mixed during the second quarter of 2011. The broad market Russell 3000 was slightly negative (-0.03%). The style indices fell within the range of 0.8% (Large Cap Growth) to -2.7% (Small Cap Value) with growth outperforming value at the both ends of the market cap spectrum. Of the ten sectors that comprise the S&P 500 (0.1%), most posted a positive return. Health Care led the way with a return of 7.8%, followed by Utilities (6.2%). Overall performance was dragged down by Energy (-4.5%) and Financials (-6.0%).

The Plan's total domestic equity position returned -0.2%, trailing the Russell 3000 Index return by almost 20 basis points. The Plan's combined large cap managers slid 0.2% and lagged the Russell 1000 Large Cap Index (0.1%) by 30 basis points. Large Cap Growth performed especially poorly, losing 1.2%, and trailed the Russell Large Cap Growth Index by nearly 200 basis points. Zevenbergen (-2.4%) was the chief contributor to the group's underperformance. Profit Investment Management (0.4%) posted a gain for the quarter, but trailed the index by over 30 basis points. CastleArk managed to beat

## Consultant's Commentary

### Through June 30, 2011

the index with a return of 1.0%. Over the longer one-year period, the combined large cap growth managers gained 37.4%, and beat the Russell 1000 Growth Index by 240 basis points. For the quarter, the Plan's large cap value managers outperformed on a relative basis. The combined portfolio gained 0.4% while the Russell 1000 Value Index lost 0.5%. Of the two large cap value managers to remain after the large cap manager restructuring, Aronson Johnson led the way (0.6%) while Denali Advisors lagged with a loss of 0.8%. Much of the composite's relative outperformance was due to an 85% weighting in AJO, the group's leader. The Plan's large cap core portfolio returned -0.1% and trailed the Russell 1000 Index (0.1%). The underperformance of the composite was due entirely to Seizert's -0.3% quarterly return. Piedmont Investment Advisors gained 0.2%, beating the index by 10 basis points. The composite has also struggled over the one-year period, trailing the Russell 1000 Index by 120 basis points. Combined, the fundamental index large cap managers returned 0.1%, and matched the return of the Russell 1000 Index. Research Affiliates (RAFI) gained 0.2%, exceeding both the Russell 1000 Value (-0.5%) and the Russell 1000 (0.1%) Indices. VTL, revenue weighted index manager, ended the quarter flat while dividend index manager WisdomTree was terminated over the first quarter of 2011.

Over the past several quarters, the Plan has supplemented its mid cap offerings by adding a variety of new managers. In its second full quarter with the Plan, Frontier Capital (mid cap growth) shed 50 basis points, trailing the return of the Russell Mid Cap Growth Index (1.6%) and dragging the return of the total mid cap growth composite into negative territory (-0.3%). TimeSquare, the Plan's other mid cap growth manager posted a return of 0.2% but still lagged the index significantly. Recent additions Iridian and Systematic both outperformed the Russell Mid Cap Value Index (-0.7%), returning 1.2% and -0.2%, respectively. Mid cap core manager Wellington fell 0.8% during the second quarter of 2011 and trailed the S&P 400 Mid Cap Index by nearly 10 basis points. The Plan added State Street Global Advisors (SSgA) as a passive mid cap manager and as expected, its performance matched the index (-0.7%) over the quarter.

The Plan also reconstituted its SMID portfolio with the addition of TimesSquare (SMID Growth) and Security Global Investors (SMID Value) over the third quarter of 2010. TimesSquare (-0.4%) trailed the Russell 2500 Growth Index (0.4%) while Security Global Investors (-4.4%) underperformed significantly for the second consecutive quarter, trailing the Russell 2500 Value Index (-1.5%) by 290 basis points.

## Consultant's Commentary

### Through June 30, 2011

Overall, small cap stocks experienced a weak quarter with the Russell 2000 Index returning -1.6%. The Plan's combined small cap managers exceeded the return but still lost 1.0% over the quarter. Core manager Daruma lagged the Russell 2000 Index (-1.6%) with a return of -1.7%. Small cap growth actually met with some success over the quarter, returning a combined 0.5% and achieving over 100 basis points of outperformance relative to the Russell 2000 Growth Index. Most of the relative outperformance was due to Brown Asset Management's quarterly return of 2.9%. Perimeter also logged a positive quarterly return (0.3%) while Pier Capital lagged, losing 1.5% over the quarter. Although The Plan's combined Small Cap Value managers lost a combined 1.4% over the quarter, they still managed to beat the Russell 2000 Value Index return of -2.7%. Dalton Greiner led the way with a return of -0.8%, while Lord Abbett lost 3.0%. A significant overweighting to Dalton Greiner (75% of the composite) mitigated the damage caused by Lord Abbett's underperformance. Enhanced Index manager Research Affiliates (RAFI) returned -1.4%, beating both the Russell 2000 and Russell 2000 Value Indices. Over the first quarter of 2011, the Plan added BlackRock as a Russell 2000 Small Cap Index manager. In its first full quarter with the plan, BlackRock matched the Russell 2000 Index return of -1.6%.

The four fund-of-funds (emerging managers) faltered over the second quarter. The combined emerging managers returned -0.6% and trailed the broad market Russell 3000 Index (-0.03%) by nearly 50 basis points. Much of the relative underperformance was due to weakness in the small cap market as a whole. Both Progress (-1.5%) and Attucks (-0.4%) surpassed the Russell 2000 Index return of -1.6% but dragged down the performance of the larger composite. Among all cap emerging managers, FIS lead the way with a return of 0.5% while Capital Prospects lost 0.5% over the quarter.

#### **Non-US Environmental**

The Environmental Portfolio (1.0%) surpassed the MSCI World Index return of 0.7% thanks to the strong performance of the Generation Global Equity Strategy. After the termination of KBC's Alternative Energy and Water portfolios, Generation remains as the sole Environmental manager in the New York Police Plan.

#### **Non-US Activist**

Governance for Owners, the Plan's lone activist equity manager returned -0.8% and lagged the FTSE all World Developed Europe index by 350 basis points.

## Consultant's Commentary

### Through June 30, 2011

#### International Equity

International developed markets grew modestly over the second quarter of 2011, with the MSCI EAFE Index gaining 1.6%. All of the index's appreciation came in the month of August as the index actually posted a negative return through May and June (-4.2%, combined). International developed returns were helped by a weak dollar. In local currency terms, the index actually lost 0.8% over the quarter. In early April, the European Central bank, which had been holding interest rates at historic lows, announced an increase of 25 basis points to 1.25%, signaling the first rate increase in three years. The Euro continued its upward surge against the US Dollar, gaining 1.7% over the quarter. The run-up in the Pound Sterling subsided with the British currency actually losing 40 basis points against the dollar. The Japanese Yen continued to dominate over the one-quarter and one-year periods, gaining 2.9% and 10.2%, respectively. Within the index, Europe ex-UK was the top performing region, despite a 16.5% loss in Greece. The United Kingdom followed closely with a quarterly return of 1.7%. Japan posted a slightly positive quarter, returning 0.2% while Pacific ex-Japan lost 0.2%. Over the one-year period, each region posted double digit returns with the MSCI EAFE Index as a whole returning 30.4%.

The emerging markets took a breather over the second quarter and declined 1.0%, overall. Over the one-year period, the performance of the MSCI Emerging Markets Index remained strong, at 28.2%. Europe and the Middle East, contracted over the quarter and lost 3.4%. Latin America shed 2.6% of its value due, in part, to a 4.1% slide in the value of Brazilian equities. South Africa lost 2.0% while performance in the Asian Emerging Markets (-0.05%) was hampered by weakness in China (-1.9%). Over the one-year period however, every emerging markets country (except Egypt) appreciated in value with key contributions coming from Korea and Thailand, both returning 43%.

The Plan's combined international developed market managers returned 1.4%, and just barely trailed the MSCI EAFE (net dividend) return of 1.5%. Selection effects were relatively minor with little individual under or over-performance. Alliance Bernstein was the laggard of the group for the second consecutive quarter with a quarterly gain of only 0.2%. Capital Guardian and Philadelphia also trailed the index, returning 0.6% and 1.3% respectively. All other international developed managers actually beat the index. Thornburg logged a return of 1.7%, representing 10 basis points of relative outperformance. Pyramis (2.0%) and Baillie Gifford (2.4%) both contributed positively while Mondrian experienced another successful quarter with a gain of 3.9%. International developed passive equity manager BlackRock was terminated over the first quarter of 2011 and was replaced by State Street Global Advisors (SSgA). In its first full quarter with the Plan, SSgA actually beat the index, returning 1.7%.

## Consultant's Commentary

### Through June 30, 2011

Emerging markets as a whole pulled back over the quarter as the MSCI EM Index lost 1.0%. The Plan's Emerging Markets managers underperformed the index overall, returning -1.8% combined. Baillie Gifford trailed the group for the second consecutive quarter, losing 2.7%. Dimensional Fund Advisors (DFA) and Pictet followed, returning -2.4% and -2.2%, respectively. State Street Global Advisors (SSgA) also trailed the index with a return of -1.1%. Marvin and Palmer lost 1.0%, matching the return of the index while Acadian actually outperformed, returning -0.9% over the quarter.

#### **Fixed Income**

The Federal Reserve maintained the short term interest rate at the historically low range of 0-0.25% over the first quarter hoping to allow for increased lending and economic activity. In its June 22 press release, The Federal Open Market Committee indicated that it "anticipates that economic conditions, including low rates of resource utilization, subdued inflation trends, and stable inflation expectations, are likely to warrant exceptionally low levels for the Federal Funds rate for an extended period." The 10 Year UST Yield fell slightly over the quarter, from 3.47% to 3.18%. The Treasury Yield curve has flattened somewhat at the short end with 91 day T-bills yielding 0.03% at the end of the quarter, down from 0.09%. The yield curve remained flat at the longer end as 30 year yields fell to 4.38% from 4.51%. US Treasuries ended their decline, rising 2.4% over the quarter. Over the longer term one-year period, Treasuries rose 2.2%. Along with Treasuries, Yankees also led the way with a return of 2.4%. Corporate issues and mortgage backed securities (MBS) followed closely, returning 2.3%. Longer duration instruments performed best over the second quarter with 10+ year and 7-10 year issues returning 3.1%. Returns were uniformly positive across the quality spectrum during the second quarter. Over the one-year period, however, lower quality issues continued to dominate with BAA issues returning 8.4%.

The Plan's total structured fixed income portfolio gained 2.42% but trailed the Core Plus Fixed Index return by 15 basis points. The Plan's Corporate (Credit) portfolio matched the 2.35% return of its respective index, the NYC Investment Grade Credit Index. On an individual basis, T. Rowe Price continued to perform well, leading the way with a return of 2.47% while Pyramis also beat the index, returning 2.45%. BlackRock's return of 2.29% underperformed the index by 6 basis points. Prudential and Taplin Candida also trailed the index, returning 2.27% and 2.23%, respectively. Combined, the Plan's mortgage managers returned 2.15% but underperformed the Citigroup Mortgage Index by 19 basis points. Of the constituent managers, only Wellington (2.55%) was able to beat the index. BlackRock (2.04%) and PIMCO (2.14%) detracted chiefly from the composite's overall performance. Neuberger Berman and Goldman Sachs also lagged, returning 2.18% and

## Consultant's Commentary

### Through June 30, 2011

2.25%, respectively. Although the Plan's Treasury/Agency portfolio gained 3.32% over the quarter, it still trailed the Treasury Agency Plus Five Index (3.39%) by 7 basis points. Fischer Francis was the composite's laggard, gaining only 3.18% over the quarter while PIMCO also underperformed with a return of 3.29%. BlackRock and SSgA both exceeded the index, returning 3.40% and 3.43%, respectively.

In the second quarter of 2011, the plan's lone global fixed income manager, LM Capital returned 2.51% and exceeded the Barclays Global Aggregate Index by 22 basis points.

The Plan's combined high yield managers gained 1.11% during the second quarter, edging out the Citigroup BB&B Index (1.05%). This overall outperformance was due entirely to the strong returns of the two managers pegged to the Merrill Lynch High Yield Master II Index (0.99%). Loomis Sayles experienced another highly successful quarter, returning 1.85%, and beating the ML HY II Index by 86 basis points. Mackay Shields' return of 1.23% also contributed to relative outperformance. However, none of the three managers pegged to the Citigroup BB&B Index surpassed the index. Shenkman faltered somewhat over the quarter, gaining only 0.52%. Seix (0.99%) and T. Rowe Price (0.83%) also trailed the Citigroup Index.

The total TIPS portfolio returned 3.43%, lagging the return of the Barclays US TIPS Index by 23 basis points. BlackRock detracted most significantly from the performance of the composite with a return of 3.20%. PIMCO (3.43%) also trailed the index. SSgA (3.60%), the passive TIPS manager actually trailed the index slightly, but only by 6 basis points.

Relative to its overall index, the Plan's convertible managers composite experienced another difficult quarter, returning -0.76% and lagging the Merrill Lynch All Convertibles Index (ex Mandatory) by 16 basis points. The composite also trailed the newly created custom convertible bond index by 24 basis points. Among individual managers, only Advent (-0.25%) was able to beat the overall index, or its respective index (BofA ML Yield Alt. Index). Victory lost 1.01% and trailed the BofA ML Convertible Bonds (Investment Grade) Index by 45 basis points. Lord Abbett lagged all other managers with a loss of 1.06% and 44 basis points of underperformance relative to the the BofA ML All Convertibles Index.



# Consultant's Commentary

Through June 30, 2011

## Performance Highlights

Second Quarter results were enhanced by the following factors:

1. The Plan's combined Large Cap Value managers returned 0.4% and outperformed the Russell 1000 Value Index (-0.5%) by 90 basis points. The relative success of the composite was due entirely to strong performance by Aronson Johnson (0.6%) as well as a significant overweighting to that manager (86% of the composite). Stock selection effects were almost uniformly positive within the portfolio with significant alpha coming from holdings in the Consumer Discretionary sector. Luxury retailer Coach, Inc. gained 23.3% over the quarter due primarily to very strong Q1 earnings which exceeded analysts' expectations. Coach investors were rewarded by impressive sales growth within North America and among its various sales channels. Media conglomerate CBS Corp. (14.2%) benefitted from a number of analyst upgrades over the quarter citing increased free cash flow and advertising momentum. Health Care stocks such as Biogen (45.7%) and Forrest Labs (21.8%) also impacted returns favorably. Denali (-0.8%) underperformed the benchmark but the relatively small allocation to this manager mitigated the overall damage to the composite. Industrials holdings, such as construction services company Tutor Perini (-21.3%), detracted from performance. Much of Tutor Perini's quarterly loss came in early May as investors expressed concern about deteriorating net income, disappointing return on equity and poor profit margins.
2. Combined, the Fundamental Index Large Cap managers returned 0.1% over the quarter, matching the Russell 1000 Index. Research Affiliates (RAFI) Enhanced Large Company (0.2%) was the group's leader for the third consecutive quarter as strong picks in the Health Care and Information Technology sectors boosted returns. Global biotechnology company BioGen Idec, Inc. (45.7%) rose after announcing FDA approval for Rituxan Plus, an anti-vasculitis drug co-produced by Genentech, a unit of Roche Holdings. National Semiconductor soared 71.6% after announcing that it had signed a definitive agreement under which Texas Instruments will acquire National for \$25 per share in an all-cash transaction of about \$6.5 billion. The boards of directors of both companies have unanimously approved the transaction. As expected, this announcement was immediately followed by a litany of lawsuits filed by National's shareholders alleging that the asking price was too low. In addition to strong stock selection, RAFI also derived positive alpha from overweighting in the Consumer Staples sector and an

## Consultant's Commentary

### Through June 30, 2011

- underweighting in the Information Technology sector. VTL, a dividend weighted index manager was flat over the quarter and trailed the S&P 500 Index by 10 basis points. VTL's performance was hampered chiefly by its holdings in the Financials sectors such as Janus Capital Group (-24.0%) and Genworth Financial (-23.6%).
3. In its second full quarter with the New York City Police Plan, the combined mid cap value composite (0.5%) exceeded the Russell MidCap Value Index (-0.7%) thanks to a very strong quarterly return by Iridian Asset Management. Iridian's 1.2% quarterly gain is attributable primarily to stock selection in the Materials and Information Technology sectors. Temple-Inland Inc., a corrugated packaging and building product manufacturer, gained 27.8% during the second quarter of 2011 as a result of a tender offer by International Paper to purchase all outstanding shares at a substantial premium. Specialty chemicals and advanced materials company Rockwood Holdings appreciated by 12.3% over the quarter as investors cheered its plan to raise prices of its lithium-based products. Electronic measurements solutions provider Agilent Technologies (14.1%) benefitted from a better-than expected rise in fiscal second quarter due to increased demand for its products. Hard disk drive manufacturer Seagate Technologies gained 13.4% over the quarter after updating Q3 2011 revenue guidance to a range in-line with analysts' expectations. Investors also signaled their approval over the announcement that the firm would enter into a broad strategic agreement with Samsung Electronics. As a part of the deal, Seagate would purchase Samsung's hard disk drive business for \$1.4 billion in cash and stock.
  4. The New York City Police Plan hired State Street Global Advisors (SSgA) as an S&P 400 Mid Cap Index manager during the first quarter of 2011. In its first full quarter with the plan, SSgA returned -0.7%, matching the S&P 400 Mid Cap Index.
  5. The Plan's combined small cap growth managers returned 0.5% and beat the Russell 2000 Growth Index by 110 basis points. Brown Asset Management was the chief contributor to the relative outperformance with a quarterly gain of 2.9%. Brown's managers found significant value in the Consumer Staples and Information Technology sectors. Green Mountain Coffee Roasters continued its upward trend, rising 38.1% over the quarter after reporting solid Q2 results that far exceeded analysts' expectations. Much of this success was due to a 94% increase in the sales of its K-Cup, the single cup of coffee brewing packet. Machine vision product manufacturer Cognex, Inc. (25.8%)

## Consultant's Commentary

### Through June 30, 2011

gained after issuing Q2 2011 revenue guidance above analysts' expectations. Shares of Cognex rose further after reporting record first quarter earnings. Perimeter's quarterly gain of 0.3% also boosted the relative return of the composite thanks to strong stock selection in the Consumer Discretionary sector. Footwear manufacturer Crocs, Inc. rose 44.3% during the quarter due to an earnings surprise in April as well as investor optimism concerning its newly announced choice for CEO. Crocs has enjoyed sales growth among its multiple sales channels (wholesale and online). International warehouse store operator PriceSmart appreciated by 39.8% during the quarter. Although the firm is headquartered in San Diego, most of its stores are located in Central America and the Caribbean. PriceSmart benefitted from a 19% increase in revenue from warehouse clubs open longer than 13.5 months. This figure is a key indicator of a retailer's health because it excludes results from locations recently opened or closed. Pier Capital lost 1.5%, mitigating the overall success of the composite. Unlike the other two small cap growth managers, Pier Capital's picks within the Information Technology sector actually detracted from returns. Organic light emitting diode (LED) manufacturer Universal Display Corporation (-36.2%) slid steadily over the quarter as a variety of investment banks either downgraded the stock or maintained a mediocre "neutral" rating on the stock. Analysts cited the prediction of a negative quarterly EPS as the primary reason for their rating. Broadsoft (-20.0%) also struggled, despite posting first quarter revenue that far exceeded expectations.

6. Combined, the small cap value composite returned -1.4% but exceeded the Russell 2000 Value Index by 130 basis points. Individually, however, only Dalton Greiner (-0.8%) actually beat the index. Strong stock selection in the Industrials and Materials sectors boosted relative returns. Fabricated plastics and rubber company, Ashland Inc. rose 12.2% as investors cheered its plan to acquire privately owned International Specialty Products, a chemical manufacturer of functional ingredients and technologies. PolyOne Corporation, a provider of specialized polymer material appreciated by 9.2% as it moved forward with plans to expand into Asia by opening a new polymer distribution warehouse and sales facility in Shanghai, China. Workplace uniforms and service provider UniFirst Corporation (6.1%) rose after announcing strong financial results for the third quarter and first nine months of fiscal 2011. Lord Abbett lost 3.0% over the quarter although a significant underweighting to the manager (25% of the composite) offset much of the potential damage. Financial stocks such as MGIC Investment Corp (-33.1%) and Piper Jaffray (-30.5%) dragged down Lord Abbett's performance. Although the losses for MGIC (the nation's largest mortgage insurance company) narrowed over the quarter due to fewer delinquencies, the results were not as

## Consultant's Commentary

### Through June 30, 2011

strong as analysts were expecting. Furthermore, insurers have been collecting lower premiums overall.

7. Enhanced Small Cap Core manager Research Affiliates (RAFI) returned -1.4% over the quarter, beating both the Russell 2000 (-1.6%) and Russell 2000 Value (-2.7%) Indices. On a sector basis, allocation effects were widespread and relatively minor. RAFI derived much of its positive alpha from the Consumer Discretionary and Materials sectors. Electronics and home furnishings retailer Conn's, Inc. soared over 93% during the second quarter after posting a first-quarter profit that exceeded analysts' expectations. Shares in Conn's continued to rise through the end of the quarter as the company reaffirmed its Q2 2011 same-store sales guidance. Home decoration company Blyth, Inc. (55.3%) rose after announcing that it had completed the sale of Midwest-CBK, its premium wholesale seasonal decorations and home decor business, to MVP Group International, a manufacturer of private label candles and home fragrance products. Diversified chemicals holding company, Valhi, Inc. (88.1%) appreciated over the quarter as investors signaled their approval of the company's plan to increase its quarterly dividend.
8. In its first full quarter with the Plan, the BlackRock Russell 2000 (small cap) Index fund lost 1.6%, matching the return of the Russell 2000 Index.
9. Among the Plan's all-cap (Russell 3000 Index) passive equity managers, both BlackRock and newly hired State Street Global Advisors (SSgA) were flat over the quarter.
10. The Plan's Non- US Environmental portfolio (1.0%) surpassed the MSCI World Index by 30 basis points over the second quarter of 2011. KBC was fired late last year with both Alternative Energy and Water Strategies defunded, leaving Generation's Global Equity Strategy as the only Non-US Environmental Strategy in the New York City Police Plan.
11. The Corporate (Credit) portfolio gained 2.35% over the second quarter, matching the performance of the NYC Investment Grade Credit Index with no significant over or underperformance by any of the constituent managers. T. Rowe Price led the pack with a return of 2.47% with Pyramis following closely at 2.45%. BlackRock gained only 2.29%, trailing the index by 6 basis points. Prudential and Taplin Canida also lagged, returning 2.27% and 2.23%,

## Consultant's Commentary

### Through June 30, 2011

respectively.

12. During the second quarter of 2011, LM Capital, the plan's lone global fixed income manager, returned 2.51% and exceeded the Barclays Capital Aggregate Index by 22 basis points.
13. Overall, the combined Enhanced Yield managers (1.11%) surpassed the return of the primary index, the Citigroup BB&B (1.05%). The overall performance of the composite was buoyed by the managers pegged to the Merrill Lynch High Yield Master II Index (0.99%). Loomis Sayles trounced both indices with a return of 1.85% while MacKay Shields also outperformed, returning 1.23% on the quarter. Seix gained 0.99%, matching the return of the ML Index but trailing Citigroup. T. Rowe and Shenkman lagged both indices, returning 0.83% and 0.52%, respectively.

Second quarter results were hindered by the following factors:

1. The Large Cap Growth Composite lost 1.2% over the quarter, trailing the return of the Russell 1000 Growth Index (0.8%). Poor performance by Zevenbergen (-2.4%) as well as a significant overweighting to the struggling manager (61.1% of the composite) dragged down returns. Zevenbergen suffered from very weak stock selection in the Information Technology and Energy sectors. Custom semiconductor manufacturer Skyworks Solutions tumbled 29.1% after issuing Q3 2011 guidance below analysts' expectations. Furthermore, Skyworks' completed acquisition of SiGe Semiconductor, Inc., a global supplier of radio frequency (RF) front-end solutions, failed to impress investors. Shares of SuccessFactors (-24.8%), a provider of cloud-based Business Execution Software, fell amid skepticism regarding its plan to acquire Plateau, a learning management system (LMS), a Next Generation Portal technology, and CaaS- Content as a Service. Online restaurant reservation firm OpenTable Inc. (-21.8%) relinquished much of its first quarter gain after the resignation of Jeffrey Jordan, the Company's President and Chief Executive Officer. Independent oil and Gas company Forest Oil (-29.4%) fell steadily throughout the second quarter. Forest Oil experienced a number of analyst downgrades in May after missing its consensus estimate for its quarterly EPS. An announcement that that Lone Pine Resources Inc. (Lone Pine), a wholly owned subsidiary of Forest, would be spun off as its own publicly traded entity, failed to reverse the downward trajectory in the parent

## Consultant's Commentary

### Through June 30, 2011

company's share price. Whiting Petroleum (-22.5%) fell after lowering its Q2 and full-year 2011 production guidance. Although Profit Investment Management generated a positive return of 0.4%, it still trailed the index by 40 basis points. Negative alpha was derived primarily from weak stock selection in the Financials sector. Retail finance behemoth Bank of America (-17.7%) slid throughout the quarter as revenue from mortgage lending continued to decline. Investors also expressed concern about pending litigation which alleges that many of its mortgages were handled improperly. Venerable investment banking house Goldman Sachs (-15.8%) also experienced difficulty over the quarter due, in part, to a number of analyst downgrades citing increased pressure on the US Department of Justice to bring criminal charges against the firm for its role in the 2008 financial collapse. Specifically, potential charges would allege that Goldman Sachs deliberately mislead clients by not disclosing its proprietary interest in certain CDO sales. CastleArk (1.0%) actually beat the Russell 1000 Growth Index over the quarter, generating more than 20 basis points of relative outperformance. Wise picks in the Information Technology sector buoyed returns. Shares of Teradata, a provider of enterprise data warehousing, rose 18.7% over the quarter after the firm raised its FY 2011 guidance and reported an 18% increase in its Q1 revenue. Investors also cheered the announcement that its acquisition of Aster Data Systems, Inc., a leader in big data analytics had been completed. Programmable systems manufacturer Cypress Semiconductor added 9.6% over the quarter with much of the gain coming after the company issued Q2 2011 revenue guidance in line with analysts' expectations.

2. The Plan's Large Cap Core Portfolio lost 0.1% and trailed the Russell 1000 Index by 20 basis points. The relative underperformance was due entirely to Seizert Capital Partners' quarterly return of -0.3%. Although stock selection effects were actually positive for the quarter, Seizert's sector weightings detracted from overall performance. Seizert maintained significant overweightings in both Financials and Energy, the two worst performing sectors in the index. Seizert's top holding, Cisco Systems shed 9.0% over the quarter after reporting 3Q 2011 guidance well below expectations. After a round of high profile acquisitions failed to rekindle investor interest, the company announced plans to cut \$1 billion in costs through staff reductions. Energy giant Conoco Phillips (Seizert's second largest holding) fell 5.0% after lowering its FY 2011 production guidance due, in part, to political unrest in Libya. Piedmont Investment Advisors gained 0.2% and actually beat the Russell 1000 Index by 10 basis points. Piedmont's slight outperformance came from moderately positive stock selection effects in the Consumer Discretionary and Financials sectors. Venerable department store chain Macy's (21%) rose over the quarter after a significant rise in

## Consultant's Commentary

### Through June 30, 2011

- first-quarter earnings. Additionally, the company raised its full-year earnings forecast while doubling its dividend. Diversified Financials company American Express (15.2%) announced that would begin a share buyback program after receiving permission to do so by federal regulators.
3. The New York City Police Plan added a mid cap growth portfolio throughout the end of 2010. During the second quarter of 2011, the combined mid cap growth managers returned -0.3%, significantly underperforming the Russell Mid Cap Growth Index (1.6%). Both constituent managers lagged the index. Frontier Capital lost 0.5% over the quarter, harmed primarily by poor stock selection in the Information Technology and Financials sectors. Triquant Semiconductor (-21.1%), a supplier of modules, components and foundry services for communications applications, fell after announcing a weak second quarter outlook. Discount brokerage firm Raymond James (-15.6%) slid amid concerns that it would be forced to repurchase auction-rate securities it sold to clients. The securities, touted as offering investors cash-like liquidity, have been illiquid since early 2008. An underweighting to the resurgent Consumer Staples sector also hampered Frontier's performance. TimeSquare generated a positive return of 0.2%, but still underperformed the index by 140 basis points. Weakness among TimeSquare's Energy and Information Technology stocks impacted performance negatively. Independent oil and natural gas company Concho Resources fell 14.4% over the quarter despite raising its FY 2011 production guidance. Cimarex Energy slid 21.9% after missing Q1 EPS estimates by \$0.05 and missing Q1 revenue estimates by \$3.4 million. Shares of Juniper Networks lost 25.1% over the quarter amid a number of analysts downgrades citing possible profit erosion due to open sourced networks and cloud computing.
  4. Wellington, now the Plan's sole mid cap core manager after the termination of Chicago Equity, lost 0.8% and trailed the S&P MidCap 400 Index by 10 basis points. Wellington's performance was hampered slightly by poor stock selection in the Financials sector. Stifel Financial lost 25.1% over the quarter after a significant miss in Q1 earnings due primarily to weakness in investment banking revenue. Despite having purchased struggling Thomas Weisel Partners Group for about \$318.2 million in stock last year to bolster its investment banking business, revenue from its institutional group, including its investment banking business, fell 23.5 percent sequentially. Genworth Financial also struggled over the quarter as a plan to sell its Medicare supplemental insurance business to Aetna failed to impress investors. Wellington also suffered from a significant underweighting to the Consumer Staples sector.



## Consultant's Commentary

### Through June 30, 2011

- During the second quarter of 2011, Consumer Staples was the top performing sector within the S&P Mid Cap 400 Index, with an overall return of 17.2%.
5. The New York City Police Plan added two new SMid Cap managers over the third quarter of 2010. In the second quarter of 2011, the combined SMid Cap portfolio returned -2.4%, trailing the Russell 2500 Index by 180 basis points. SMid Value manager Security Global fell 4.4%, significantly lagging the Russell 2500 Value Index return of -1.5%. This underperformance was due, almost entirely, to very poor stock selection in the Energy sector. Undersea pipeline manufacturer Global Industries tumbled 44.0% during the quarter after receiving a downgrade from Barclay's Capital. Weakness occurred in Materials stocks such as wood and plastic composite manufacturer Trex Company which shed 25% of its value over the quarter. On the growth side, TimeSquare returned -0.4% and trailed the Russell 2500 Growth Index by 80 basis points. Although stock selection effects were actually positive over the quarter, TimeSquare maintained an overweighting to the Energy sector which, as a whole, lost 10.4%. TimeSquare was also underweight in the resurgent Consumer Staples sector.
  6. Daruma, the Plan's lone Small Cap Core manager returned -1.8% and trailed the Russell 2000 Index (-1.6%) over the second quarter of 2011. Daruma's performance was hampered by weak stock selection, especially in the Financials and Consumer Staples sectors.
  7. During the second quarter of 2011, the Plan's combined Emerging Managers (fund-of-funds) returned -0.6% and lagged the broad market Russell 3000 Index (0%) by 60 basis points. The composite's small cap managers contributed chiefly to this underperformance. Both Progress (-1.5%) and Attucks (-0.4%) surpassed the Russell 2000 Index return of -1.6% but dragged down the performance of the larger composite. Among all cap emerging managers, FIS lead the way with a return of 0.5% while Capital Prospects lost 0.5% over the quarter.
  8. Combined, the Plan's international developed managers returned 1.4% but trailed the MSCI EAFE Index (net dividend) by 20 basis points. On an individual basis, each of the constituent managers followed the index closely with no significant under or overperformance. AllianceBernstein was the group's laggard, returning 0.2% over the quarter. Performance was hampered by weakness among Consumer Discretionary and Financials holdings.



## Consultant's Commentary

### Through June 30, 2011

Consumer Discretionary stocks, such as apparel maker Esprit, slid over the quarter amid investor concerns regarding exposure to the still troubled European markets. Lloyd's Banking Group also faced headwinds in the European markets as home prices and GDP growth continued to weaken, especially in the United Kingdom. Capital Guardian (0.6%) also lagged the index as a result of weakness in its Energy holdings amid a widespread decrease in the price of oil and natural gas. Falling commodity prices also adversely affected the performance of Materials stocks such as Cameco, a uranium mining company. Philadelphia Investment Advisors return of 1.3% barely underperformed the index by 30 basis points. Negative stock selection effects in sectors such as Information Technology and Materials hampered returns. An overweighting to the Energy sector also impacted returns negatively. Thornburg rose 1.7% over the quarter, edging out the MSCI EAFE Index return of 1.6%. Thornburg benefitted from its holdings in defensive sectors such as Health Care. Drug maker Novartis performed well over the quarter, helped by new product development as well as a more general rotation in the defensive stocks. Strong stock selection in the Consumer Discretionary also impacted returns favorably. Car makers Volkswagen and Hyundai continue to gain market share, benefitting from the supply interruptions in Japan as well as increasing demand in China. Chinese demand has also buoyed the stocks of consumer goods manufacturers such as LVMH and Adidas. Pyramis' return of 2.0% resulted in 30 basis points of relative outperformance. Stock selection in the Industrials and Consumer Discretionary sectors contributed positively to relative performance. Among Industrials, French aerospace and defense product manufacturer Safran was the chief contributor. Safran rose over the quarter after announcing first quarter earnings that beat analysts' expectations. Automaker BMW also gained value as it reported higher than expected quarterly earnings thanks to continued strong consumer demand in China. The Baillie Gifford Developed Strategy gained 2.4% over the quarter. Despite an environment of risk-aversion in the global markets, the growth-oriented Baillie Gifford actually outperformed the index by 70 basis points. Consumer Discretionary holdings such as the newly acquired Swatch, were particularly beneficial. Mondrian Investment Partners led the way over the quarter with a return of 3.9%. Strong stock selection within Asian markets contributed to the portfolio's outperformance. Singaporean engineering and construction firm Jardine Matheson rose 28.7% on positive announcements reflecting the ongoing strength of the Asian markets. Trend Micro, a Japanese cybersecurity firm, gained 12.4% amid a strong rebound after the Japanese earthquake.

## Consultant's Commentary

### Through June 30, 2011

9. Governance for Owners, the Plan's lone Activist Equity manager, lost 0.8% and lagged the FTSE all World Developed Europe Index (2.7%) by 350 basis points.
10. Emerging markets stocks faltered somewhat during the second quarter of 2011, with the MSCI EM Index losing 1.0%. Combined, the Plan's emerging markets managers fared even worse, falling 1.7%, trailing the index by 110 basis points with each constituent manager posting a negative return. For the second consecutive quarter, Baillie Gifford (-2.7%) was the group's laggard. Baillie Gifford suffered primarily from poor stock selection among Russian stocks although the damage was mitigated somewhat by an overall underweighting to that region. Russian stocks such as Petropavlovsk (gold miner) and Evraz (steel producer) fell over the quarter due to declining commodity prices. Dimensional Fund Advisors' (DFA) return of -2.4% also lagged the index. Poor stock selection in Brazil was the chief detractor from performance. DFA also suffered from an overall value bias as well as poor stock selection among Consumer Discretionary stocks. Pictet (-2.2%) trailed the index due to very weak stock selection among Chinese companies such as Bank of China and China Mobile. A slight underweighting to Latin America helped to mitigate the damage as Brazilian and Mexican markets fell over the quarter due to declining commodity prices. State Street Global Advisors' loss of 1.1% lagged the index slightly. Like many other emerging markets managers, SSgA suffered primarily from an overweighting to Russian stocks which fell over the quarter due to declining oil prices. Peru was also a significant detractor due to concerns regarding the election of Ollanta Humala, a socialist, as president. Returns were boosted somewhat by an overweighting to Korea which benefitted from the supply disruptions affecting many of its Japanese competitors. Marvin and Palmer lost 1.0% and matched the index. Marvin and Palmer benefitted primarily from its holdings in emerging Asia. Indonesian stocks gained 7.7% amid easing inflationary pressures and increasing domestic demand for consumer goods while Malaysia (3.5%) rose due to the defensive nature of its equity markets. Acadian was the group's top performing with a relatively small loss of 0.9% and 10 basis points of relative outperformance. Strong country allocations added value, offsetting negative overall stock-selection effects.
11. The combined Treasury/Agency (Government) managers gained 3.32% over the second quarter but trailed the NYC Treasury Agency plus Five Index by 7 basis points. Fischer Francis returned 3.18% as the worst performing manager in the composite. PIMCO fared slightly better, rising 3.29%. BlackRock and State Street (SSgA) both beat

## Consultant's Commentary

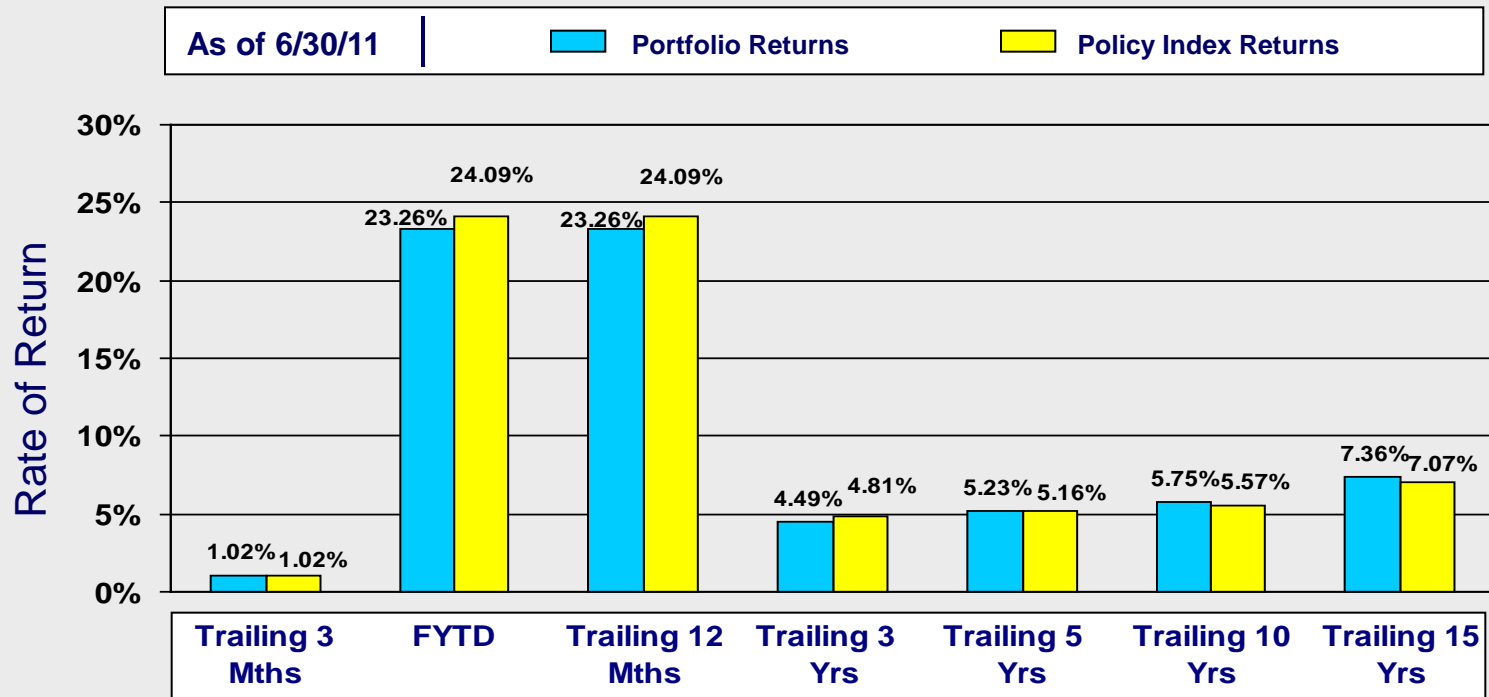
### Through June 30, 2011

the index, returning 3.40% and 3.43%, respectively.

12. Although the Plan's mortgage managers returned 2.15% combined, they underperformed the Citigroup Mortgage Index (2.34%) by 19 basis points. BlackRock, the group's laggard, returned 2.04%. PIMCO gained 2.14% with Neuberger Berman following closely at 2.18%. Goldman Sachs (2.25%) also lagged the index. Wellington was the only manager to actually beat the index over the quarter, gaining 2.55%.
13. The Plan's combined TIPS managers gained 3.43% but lagged the Barclays US TIPS Index by 23 basis points. BlackRock was the chief laggard over the second quarter, rising just 3.2%. PIMCO performed better with a return of 3.43%. State Street (3.60%), the Plan's passive TIPS manager actually underperformed slightly, trailing the benchmark by 6 basis points.
14. Combined, The Plan's convertible managers returned -0.76% lagging the Merrill Lynch All Convertibles Index (ex Mandatory) by 16 basis points. Lord Abbett underperformed significantly, returning -1.06% and trailed the BofA ML All Convertibles Index by 44 basis points. Victory also lagged its index, the BofA ML Convertible Bonds (Investment Grade), with a return of -1.01%. Advent actually outperformed, losing only 0.25%, exceeding the BofA ML Convertibles Yield Alt. Index return of -0.41%.

## Total Portfolio Returns: June 30, 2011

**\$24.6B** Under Management



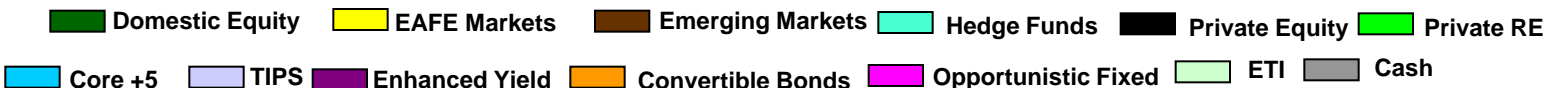
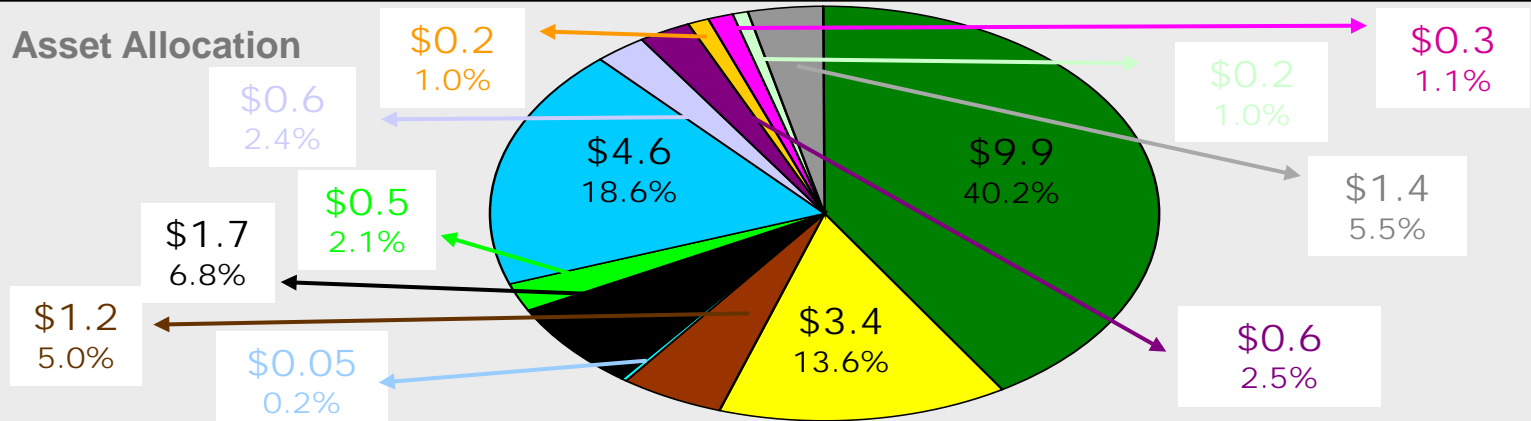
	3 Years	5 Years	10 Years	15 Years
Plan Std Dev	14.4	12.2	10.8	11.2
Benchmark Std Dev	16.3	13.6	11.8	11.7

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

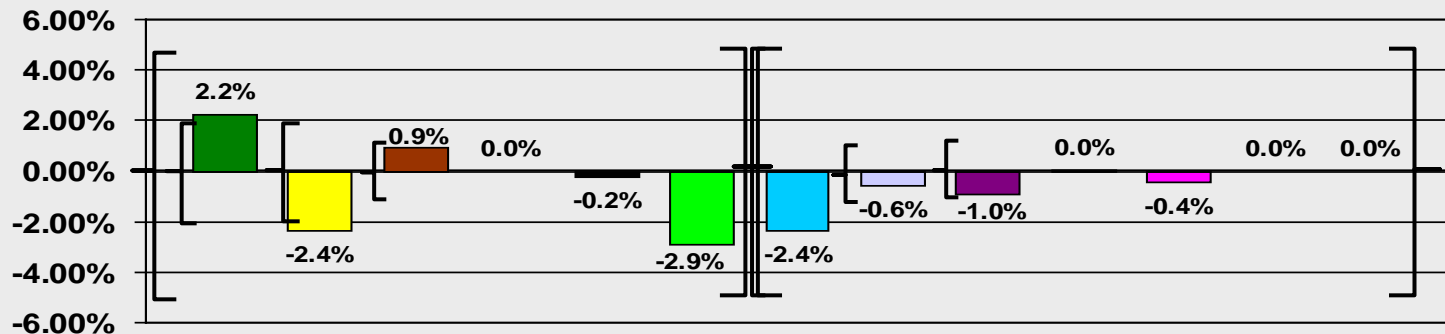
# Portfolio Asset Allocation: June 30, 2011

**\$24.6B** Under Management

## Asset Allocation

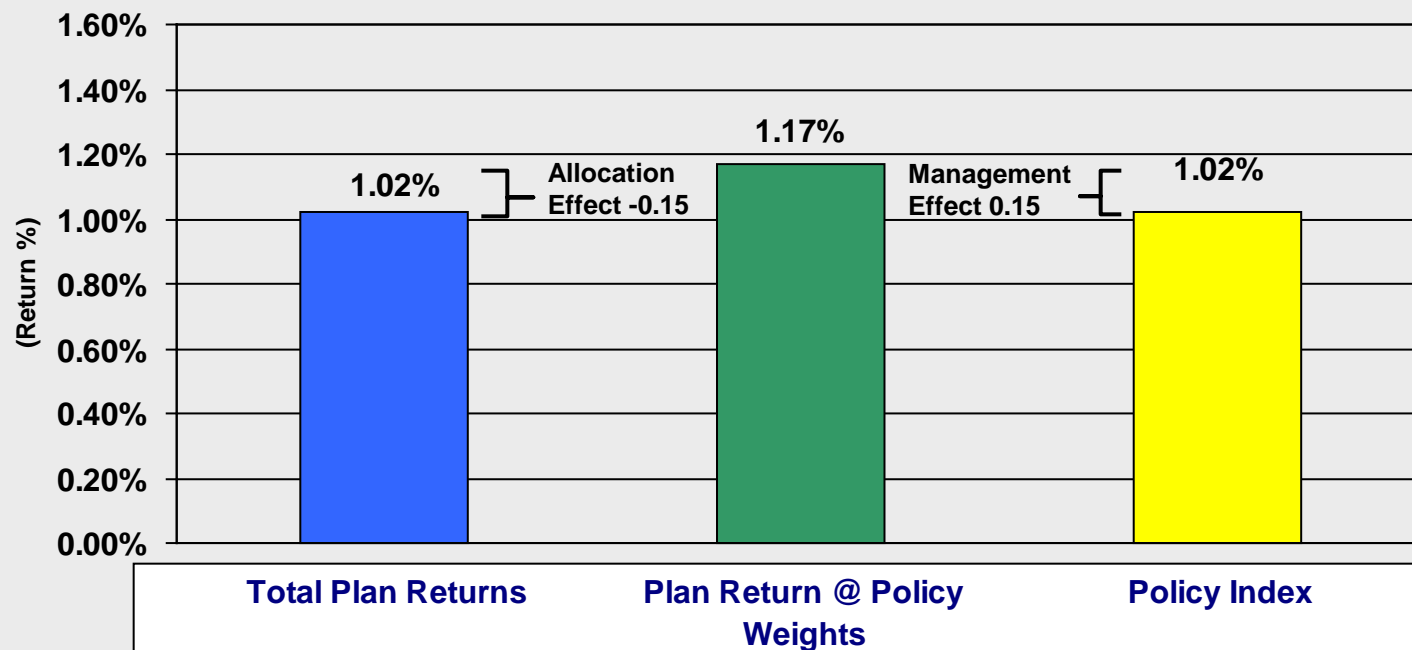


## Relative Mix to Actual Policy Weights

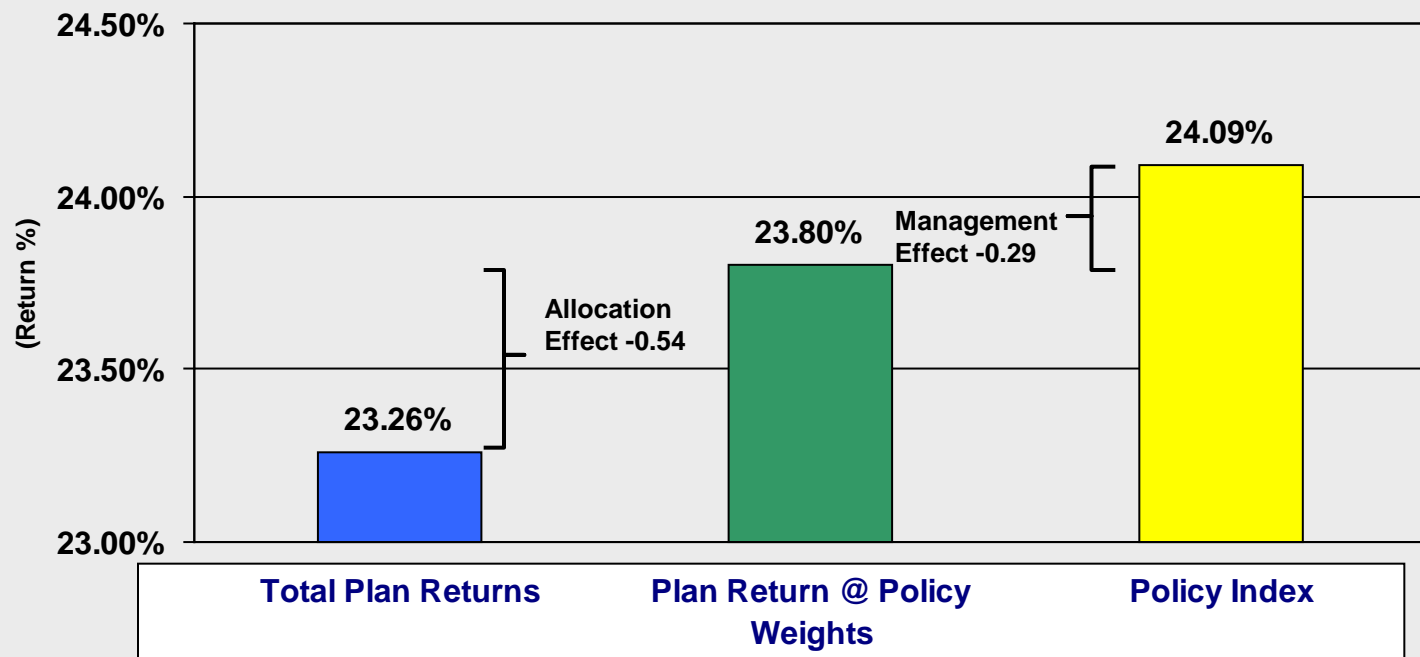


Note: Brackets represent rebalancing ranges versus Actual Policy.

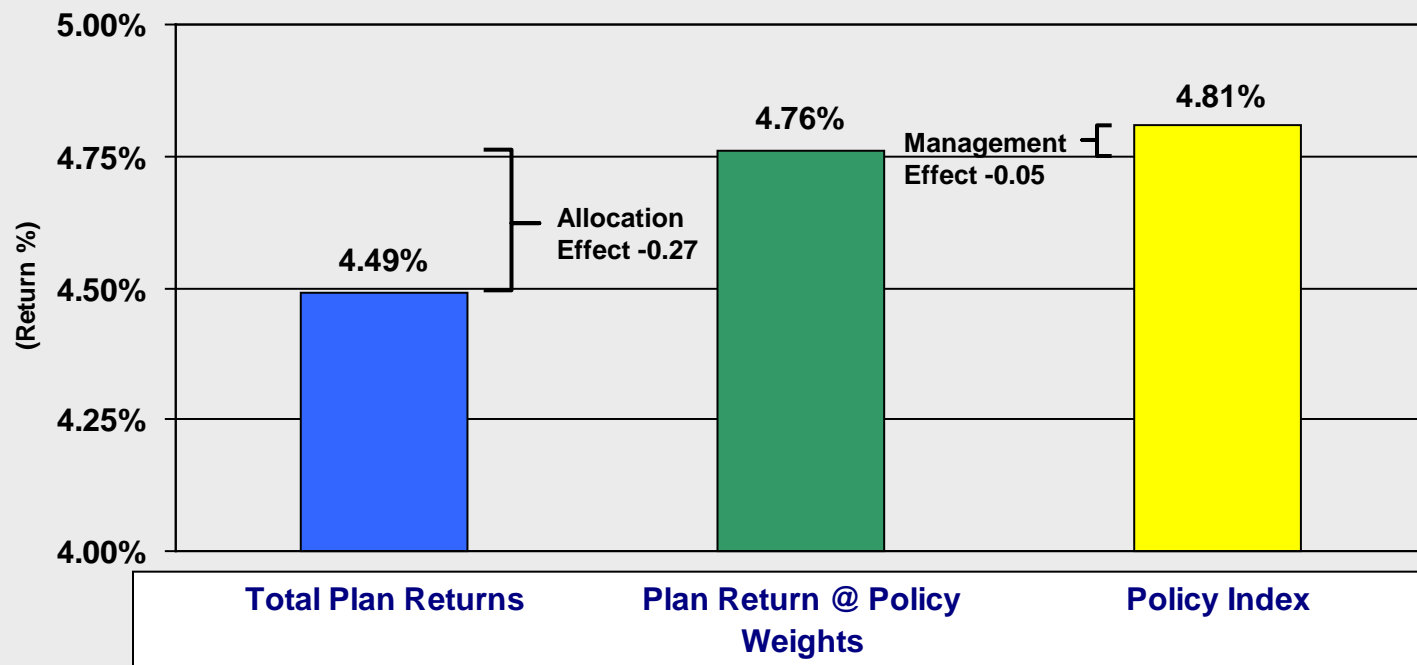
## Performance Attribution: Total Plan – Quarter Ending June 30, 2011



## Performance Attribution: Total Plan – 12 Month Ending June 30, 2011



## Performance Attribution: Total Plan – 3 Years Ending June 30, 2011





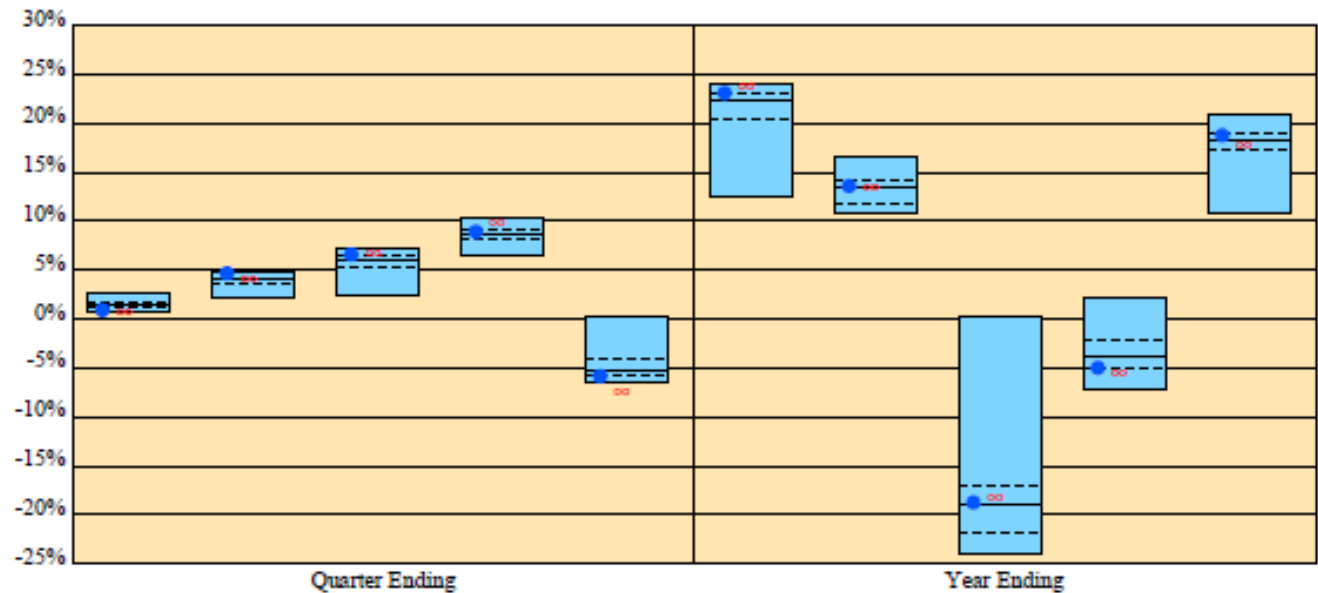
## Total Plan: June 30, 2011

### Management Effect – Asset Class Breakdown

<u>Plan</u>	<u>Quarter</u>	<u>12 Months</u>	<u>3 Years</u>	<u>Benchmark</u>
Domestic Equity	-0.08	0.47	0.22	Russell 3000 Index
EAFE Markets	-0.02	-0.01	0.00	MSCI EAFE Index
Emerging Markets	-0.03	0.00	-0.06	MSCI Emerging Markets Index
Private Equity	0.30	-0.96	-0.46	Russell 3000 Index + 500 b.p.
Private Real Estate	-0.02	0.08	-0.10	NCREIF ODCE net
Domestic Fixed	-0.03	0.19	0.09	NYC Core +5 Index
Enhanced Yield	0.00	0.03	0.11	Citigroup BB&B Index
TIPS	-0.01	-0.01	0.00	Barclays Capital US TIPS
Convertible Bonds	0.00	-0.03	-0.02	Merrill All Converts ex Mandatory (VOAO)
Opportunistic Fixed	0.02	0.12	0.06	10% Annual Return

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

# City of New York - Police Total Returns of Public Master Trusts > \$10 Billion Recent Periods



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

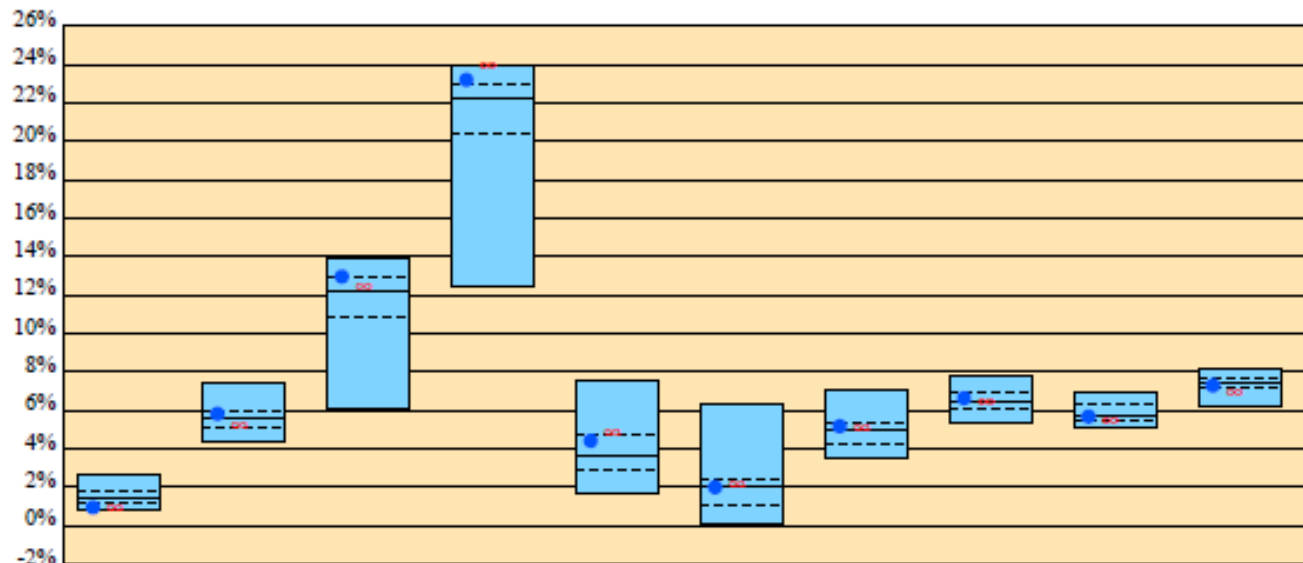
	Jun 11	Mar 11	Dec 10	Sep 10	Jun 10	Jun 11	Jun 10	Jun 09	Jun 08	Jun 07
5th Percentile	2.67	4.91	7.19	10.47	0.30	23.98	16.65	0.21	2.15	21.03
25th Percentile	1.80	4.74	6.57	9.25	-4.00	23.03	14.30	-16.99	-2.04	19.06
Median	1.46	4.23	6.01	8.62	-5.21	22.30	13.42	-18.84	-3.84	18.23
75th Percentile	1.19	3.64	5.38	8.20	-5.81	20.43	11.75	-21.75	-4.95	17.34
95th Percentile	0.80	2.23	2.48	6.59	-6.39	12.45	10.84	-23.91	-7.16	10.81

● Total System

● Police Policy Benchmark

1.02 (90)	4.82 (14)	6.74 (16)	9.06 (30)	-5.71 (69)	23.26 (16)	13.73 (47)	-18.62 (44)	-4.85 (72)	18.92 (30)
1.02 (90)	4.28 (33)	6.92 (11)	10.17 (5)	-7.09 (99)	24.09 (1)	13.71 (47)	-18.11 (27)	-5.36 (78)	18.08 (53)

City of New York - Police  
Total Returns of Public Master Trusts > \$10 Billion  
Rates of Return for Periods Ending June 30, 2011



	1 Quarter	2 Quarters	3 Quarters	1 Year	3 Years	4 Years	5 Years	7 Years	10 Years	15 Years
5th Percentile	2.67	7.42	13.88	23.98	7.59	6.28	7.04	7.77	6.90	8.18
25th Percentile	1.80	6.00	12.95	23.03	4.75	2.46	5.33	6.94	6.29	7.69
Median	1.46	5.55	12.22	22.30	3.68	2.02	4.94	6.47	5.69	7.43
75th Percentile	1.19	5.13	10.89	20.43	2.92	1.05	4.29	6.05	5.53	7.14
95th Percentile	0.80	4.43	6.14	12.45	1.66	0.06	3.48	5.38	5.08	6.26
● Total System	1.02 (90)	5.89 (33)	13.03 (19)	23.26 (16)	4.49 (31)	2.07 (43)	5.24 (37)	6.70 (34)	5.75 (46)	7.36 (55)
∞ Police Policy Benchmark	1.02 (90)	5.34 (62)	12.63 (31)	24.09 (1)	4.94 (19)	2.26 (28)	5.25 (34)	6.55 (40)	5.61 (56)	7.10 (79)

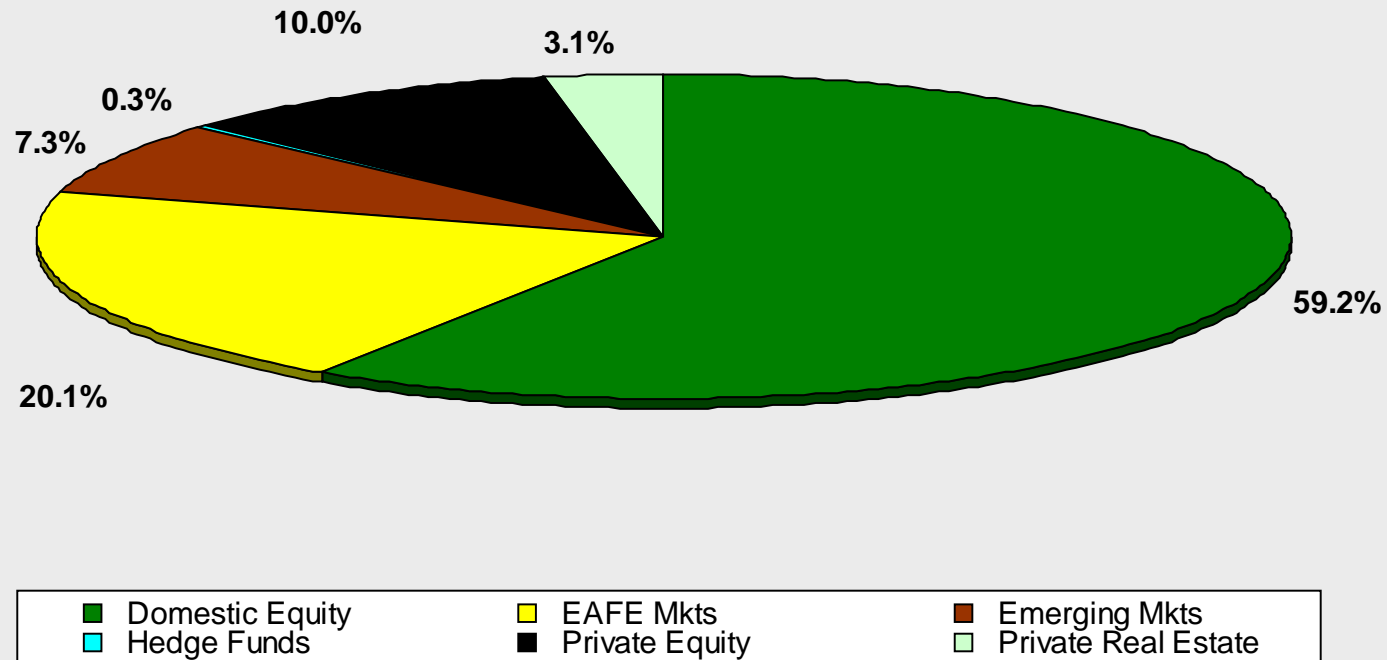
**New York City**  
**Police Pension Fund, Subchapter 2**

# **Equity Analysis**

## Total Equity Asset Allocation: June 30, 2011

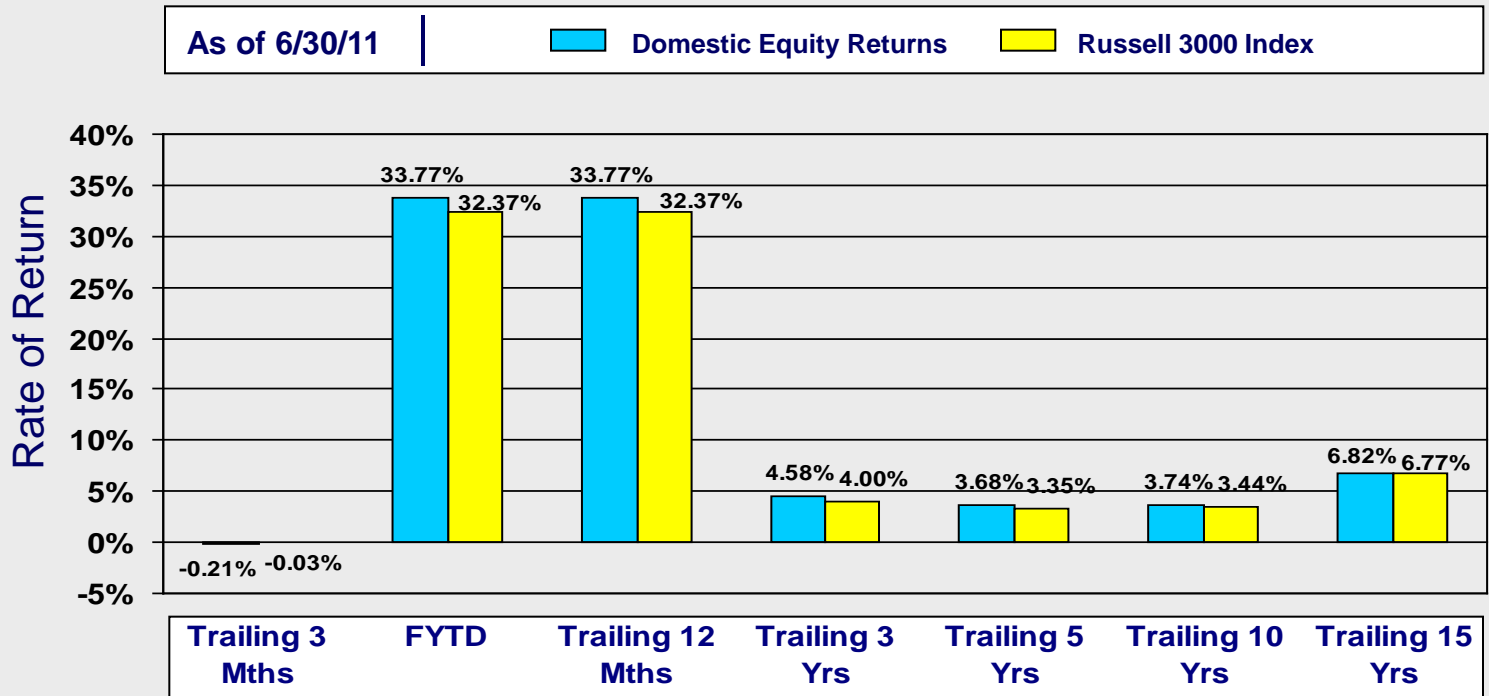
**\$16.7B** Under Management, **68%** of Total Funds

Asset Allocation by Groups



# Total Domestic Equity Returns vs Russell 3000 Index

**\$9.9B** Under Management, **40%** of Total Funds

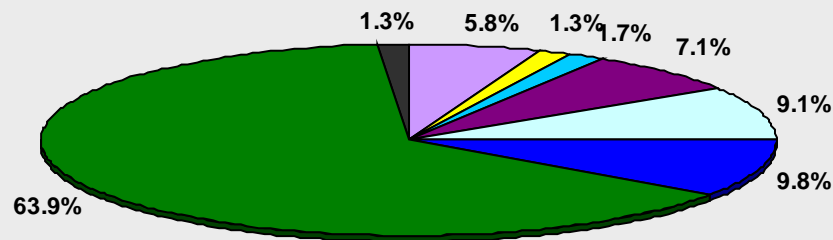


	3 Years	5 Years	10 Years	15 Years
Plan Std Dev	21.7	18.3	16.2	16.5
Benchmark Std Dev	21.7	18.3	16.2	16.6

## Total Domestic Equity Asset Allocation: Quarter Ending June 30, 2011

**\$9.9B** Under Management, **40%** of Total Funds

### Asset Allocation by Groups



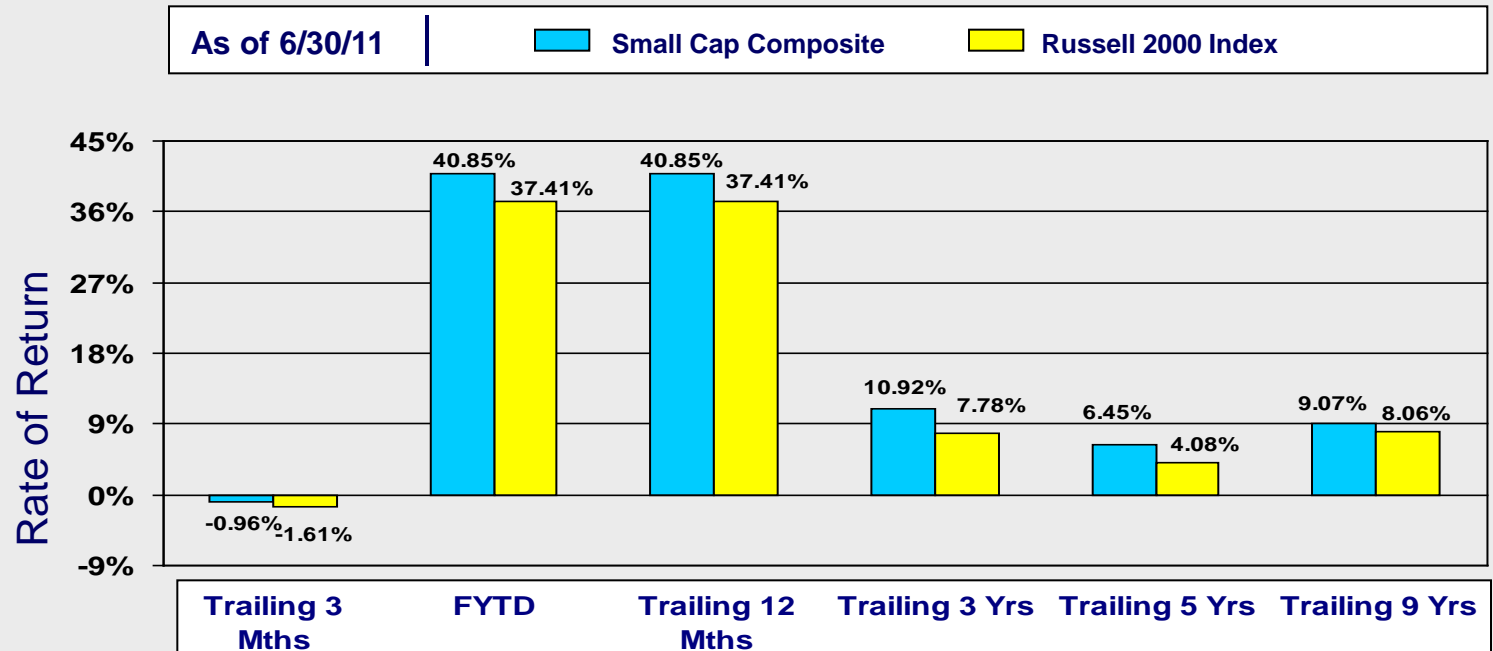
Small Cap Active	Small Russell 2000	Small to Mid Cap Active	Mid Cap Active
Mid Cap S&P400	Russell 1000 Active	Russell 3000 Index Fund	Emerging Managers

### Value Added by Sectors

Sub Sector	Policy Weight	Actual Weight	Under/Over Weight	Index Return	Actual Return	Difference	Contribution to Out/Under Performance	
							Allocation	Management
Small Cap Active	5.80	5.80	0.00	-1.61	-0.81	0.80	0.00	0.04
Small Russell 2000 Index	0.40	1.32	0.92	-1.61	-1.63	-0.02	-0.01	0.00
Small to Mid Cap Active	1.56	1.69	0.13	-0.59	-2.39	-1.80	0.00	-0.03
Mid Cap Active	6.58	7.09	0.51	0.42	-0.03	-0.45	0.00	-0.03
Mid Cap S&P400 Index	8.00	9.15	1.15	-0.73	-0.70	0.03	0.00	0.00
Russell 1000 Active	9.96	9.79	-0.17	0.12	-0.17	-0.29	0.00	-0.03
Russell 3000 Index Fund	66.10	63.86	-2.24	-0.03	-0.03	0.00	0.00	0.00
Emerging Managers	1.60	1.30	-0.30	-0.03	-0.55	-0.52	0.00	-0.01

## Small Cap Returns vs Russell 2000 Index

**\$705M** Under Management, **3%** of Total Funds

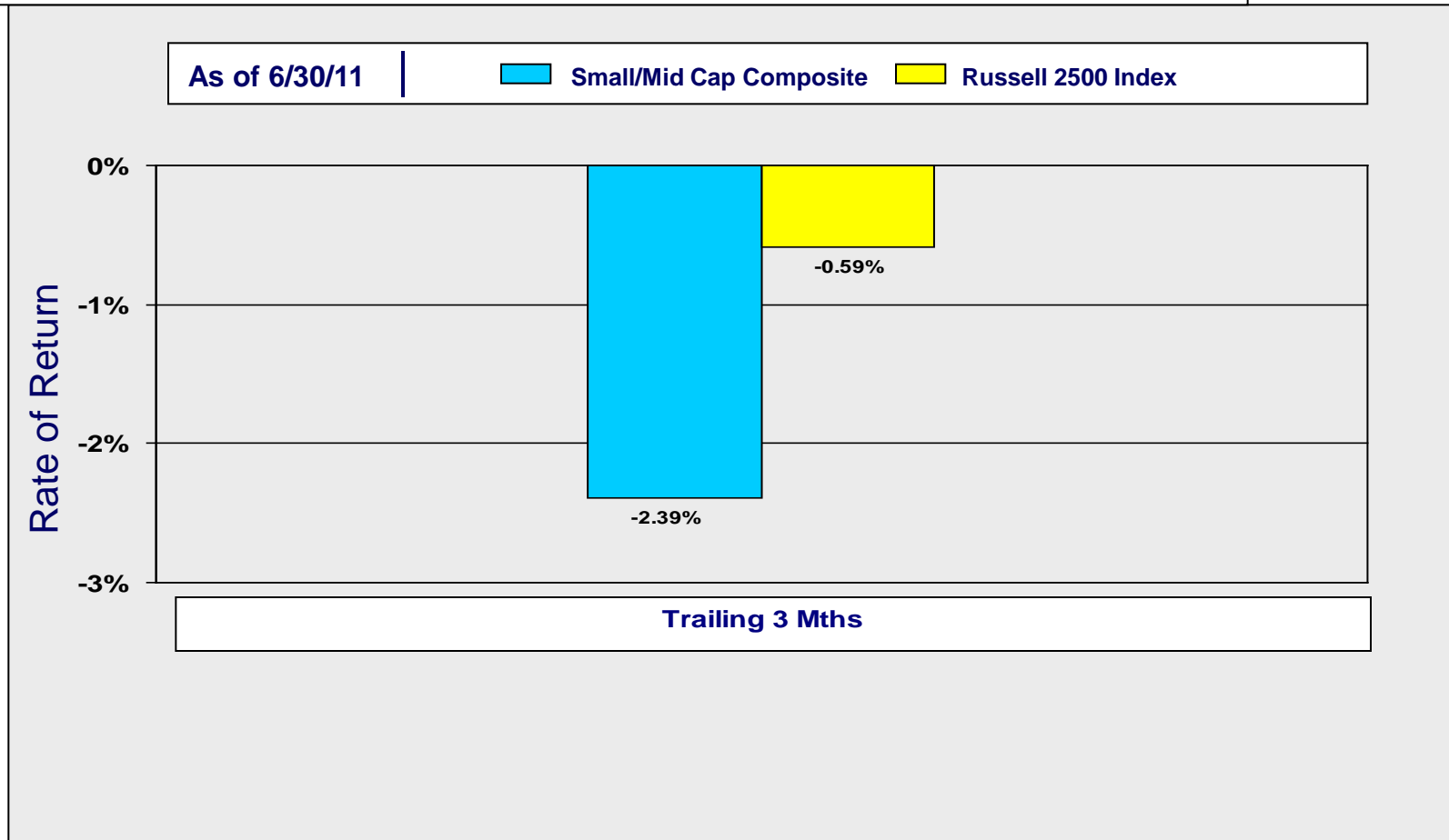


	3 Years	5 Years	9 Years
Plan Std Dev	24.3	20.6	19.7
Benchmark Std Dev	26.9	22.6	20.6



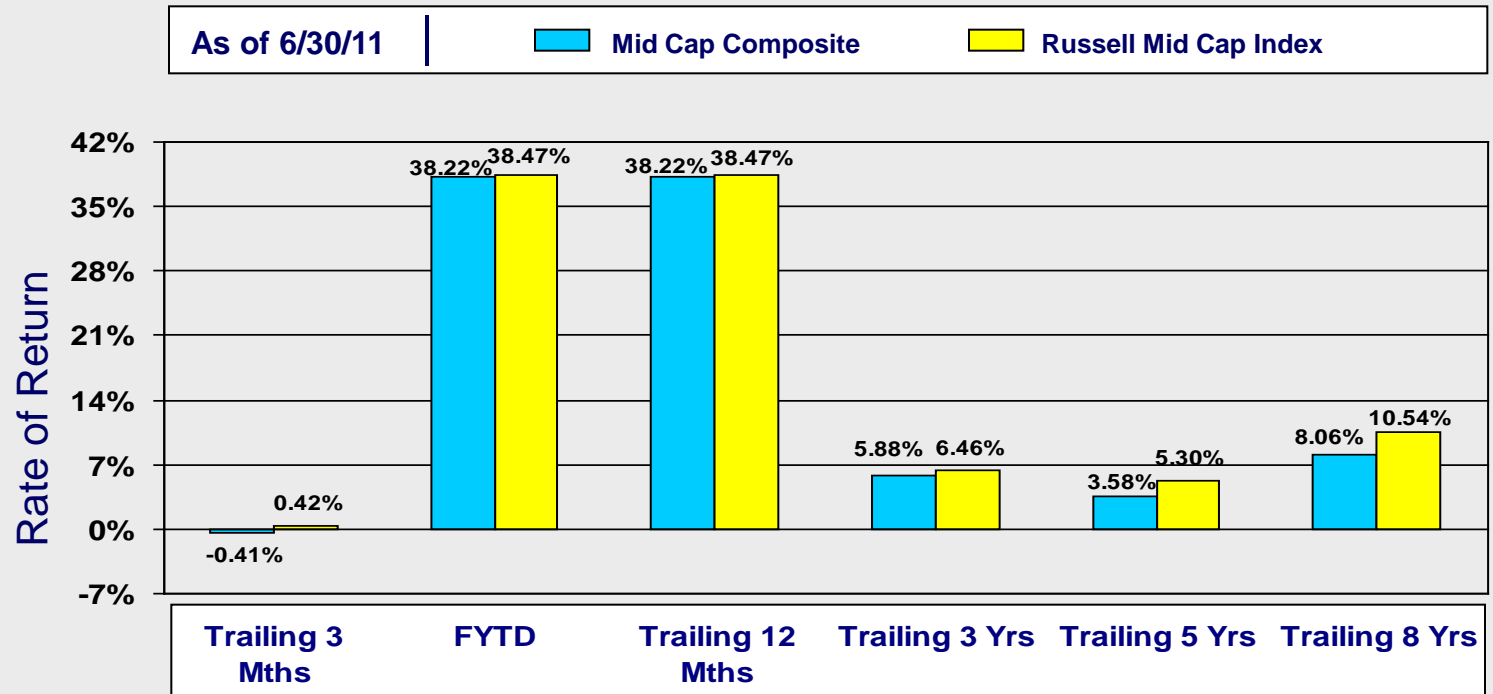
## Small/Mid Cap Returns vs Russell 2500 Index

**\$167M** Under Management, **1%** of Total Funds



## Mid Cap Returns vs Russell Mid Cap Index

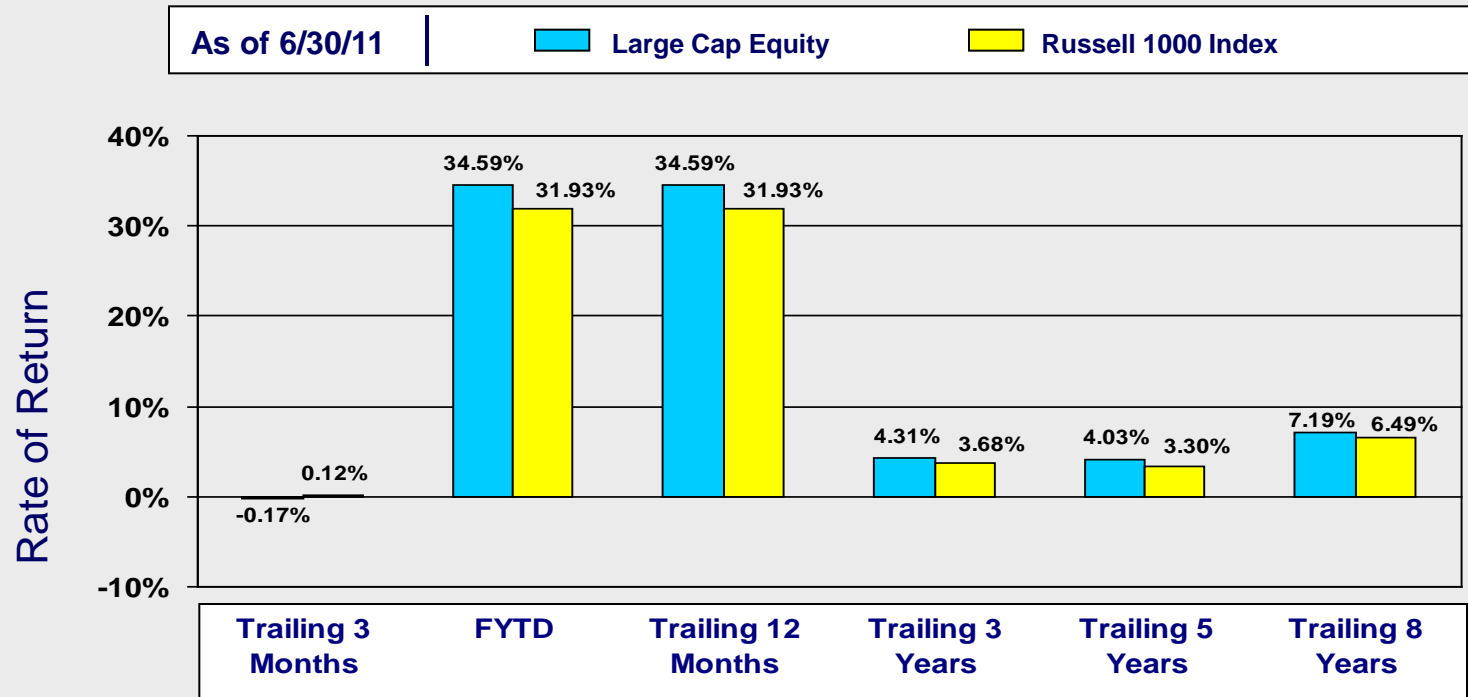
**\$1.6B** Under Management, **7%** of Total Funds



	3 Years	5 Years	8 Years
Plan Std Dev	23.6	19.9	17.0
Benchmark Std Dev	25.4	21.2	18.0

# Large Cap Returns vs Russell 1000 Index

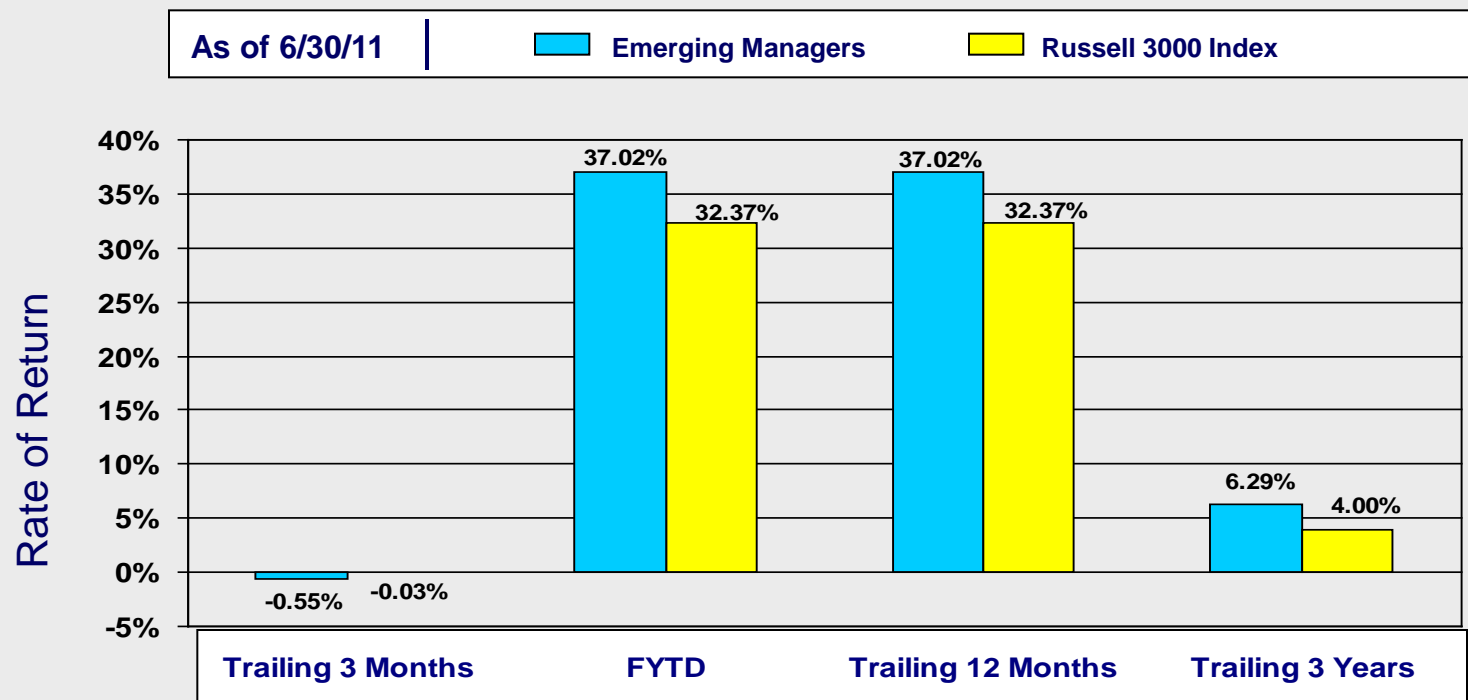
**\$1B** Under Management, **4%** of Total Funds



	3 Yrs	5 Yrs	7 Yrs
Plan Std Dev	21.3	18.1	16.0
Benchmark Std Dev	21.4	18.1	15.8

## Emerging Managers Returns vs Russell 3000 Index

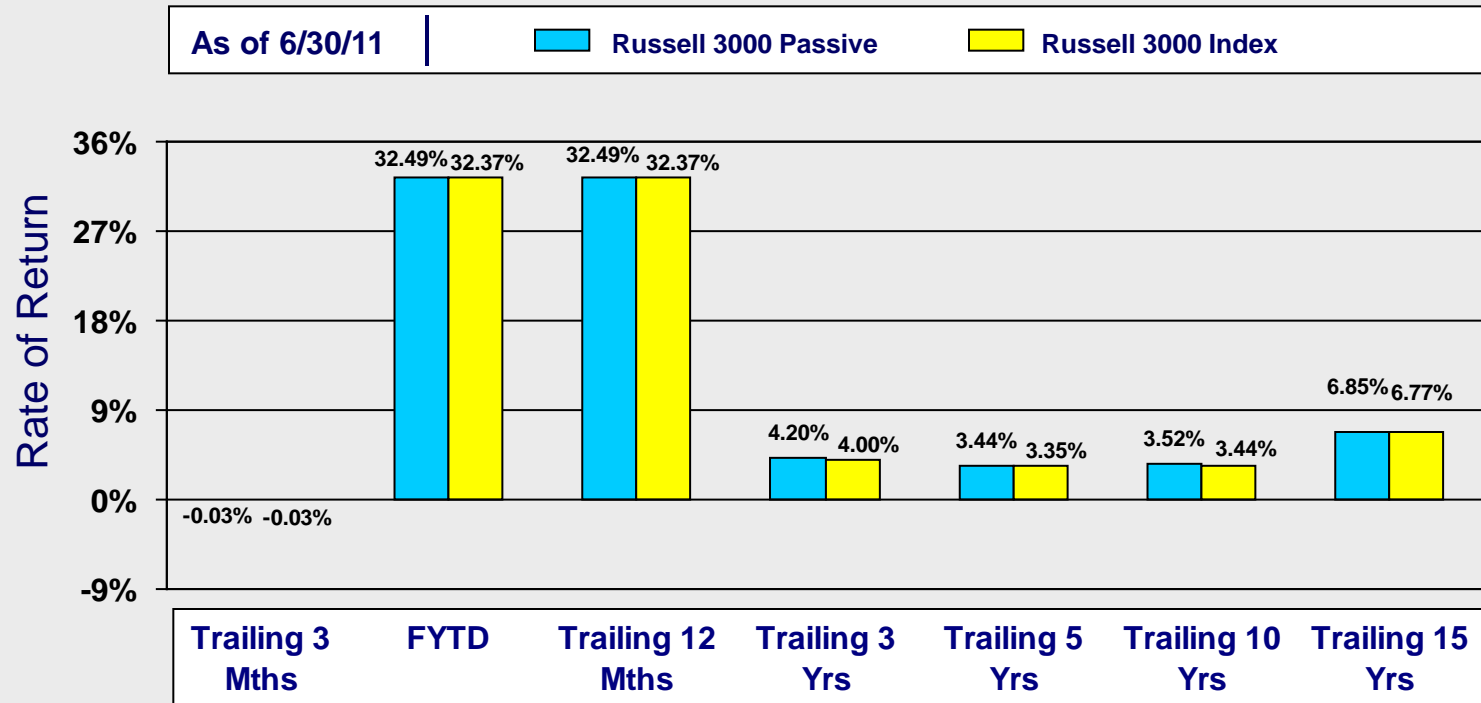
**\$129M** Under Management, **1%** of Total Funds



	3 Yrs
Plan Std Dev	23.5
Benchmark Std Dev	21.7

## Russell 3000 Composite Returns vs Russell 3000 Index

**\$6.3B** Under Management, **26%** of Total Funds

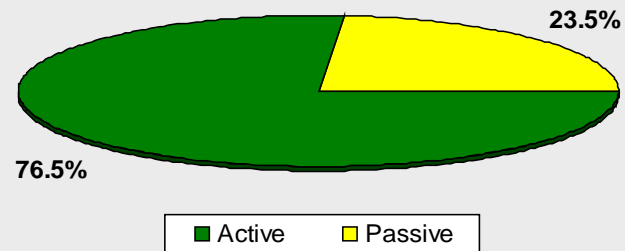


	3 Years	5 Years	10 Years	15 Years
Plan Std Dev	21.6	18.2	16.1	16.6
Benchmark Std Dev	21.7	18.3	16.2	16.6

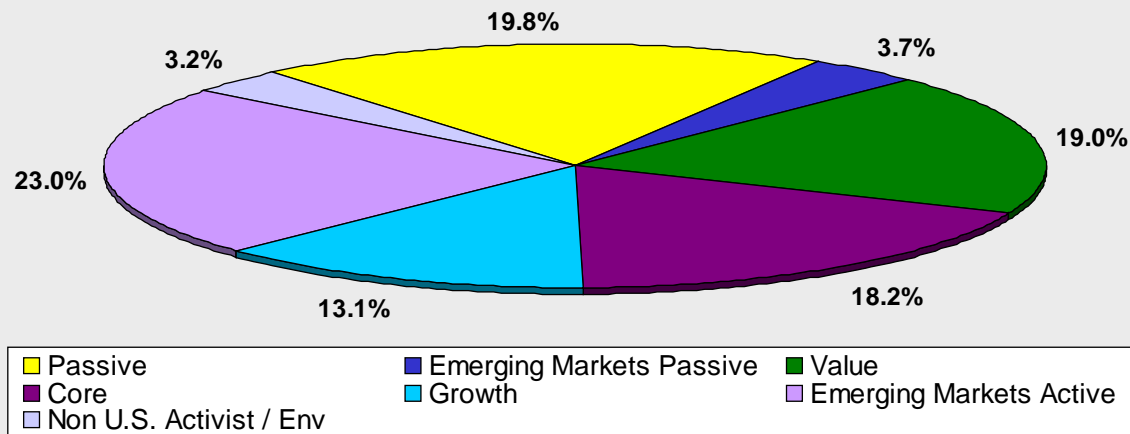
## International Equity Asset Allocation: June 30, 2011

**\$4.6B** Under Management, **19%** of Total Funds

### Asset Allocation by Groups



### Asset Allocation by Style



## EAFE Markets Returns vs MSCI EAFE Index

**\$3.2B** Under Management, **13%** of Total Funds

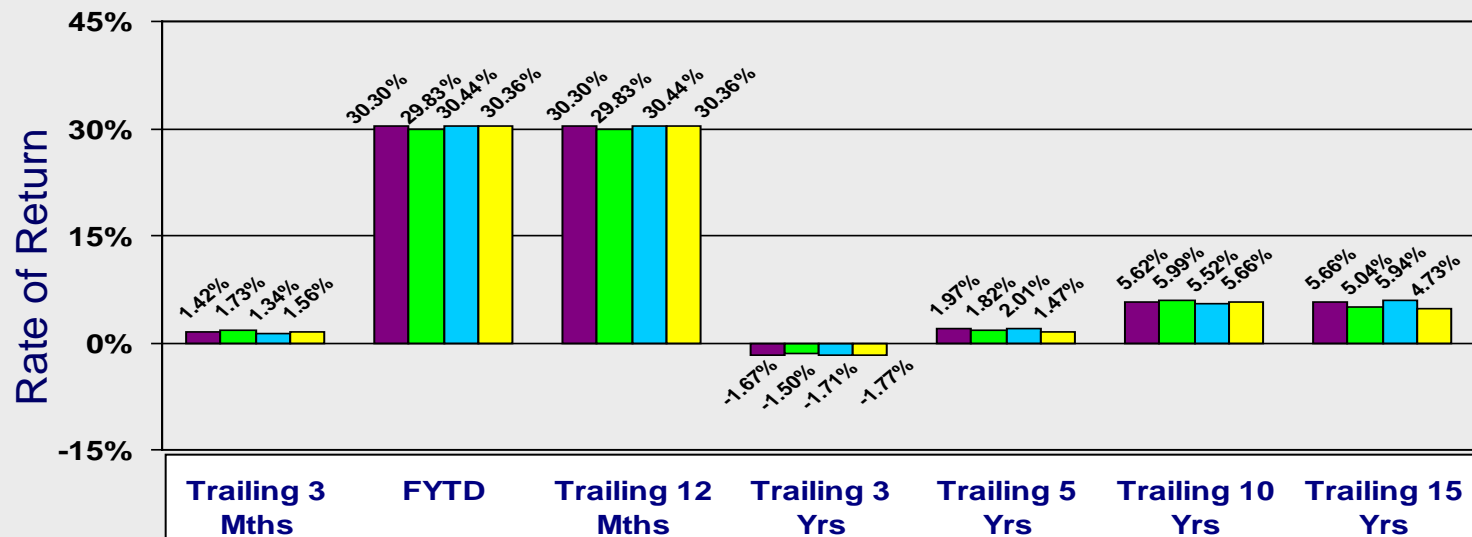
As of 6/30/11

EAFE Mkts

Passive Equity

Active Equity

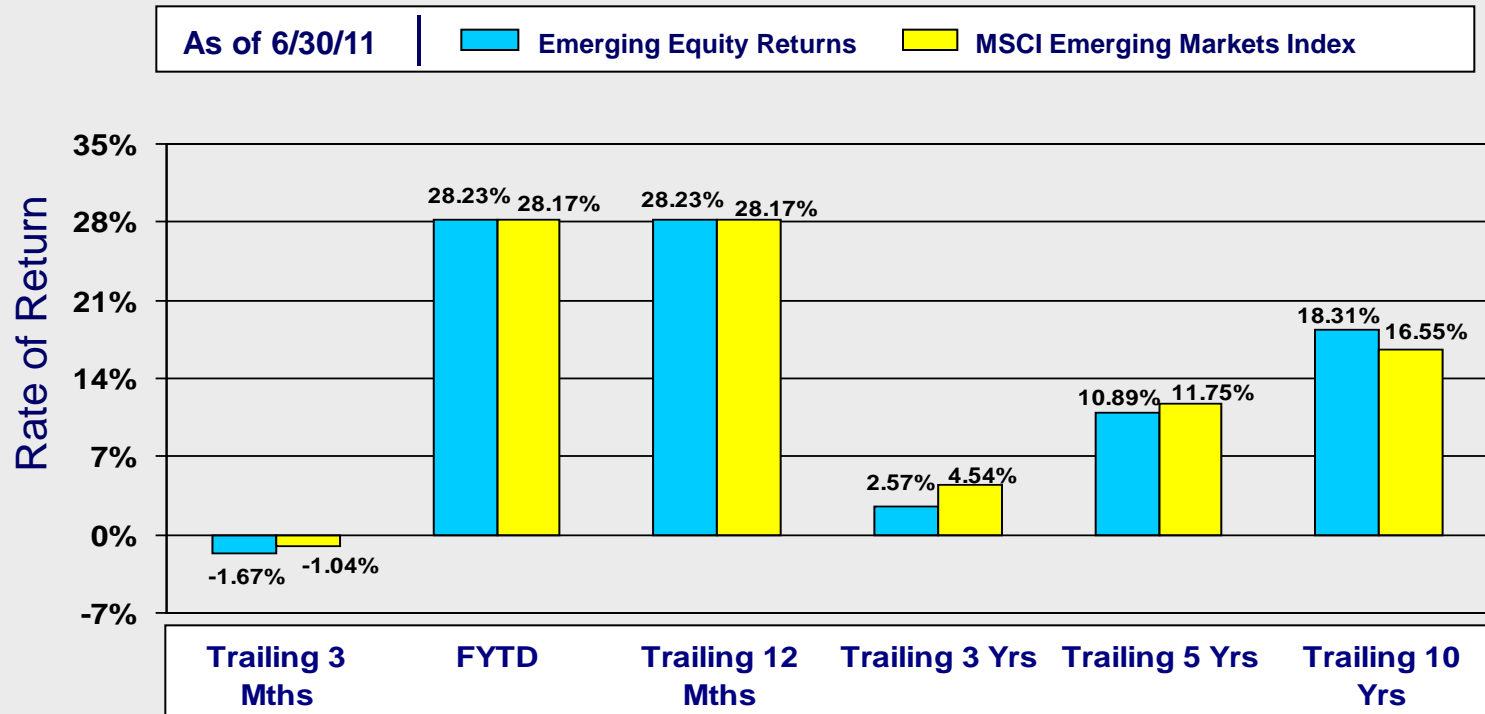
MSCI EAFE Index



	3 Years	5 Years	10 Years	15 Years
EAFE Plan Std Dev	25.4	21.2	18.3	17.6
Passive Plan Std Dev	25.3	21.2	18.1	17.3
Active Plan Std Dev	25.4	21.2	18.4	17.8
Benchmark Std Dev	25.5	21.3	18.2	17.4

# Emerging Equity Returns vs MSCI Emerging Markets Index

**\$1.2B** Under Management, **5%** of Total Funds

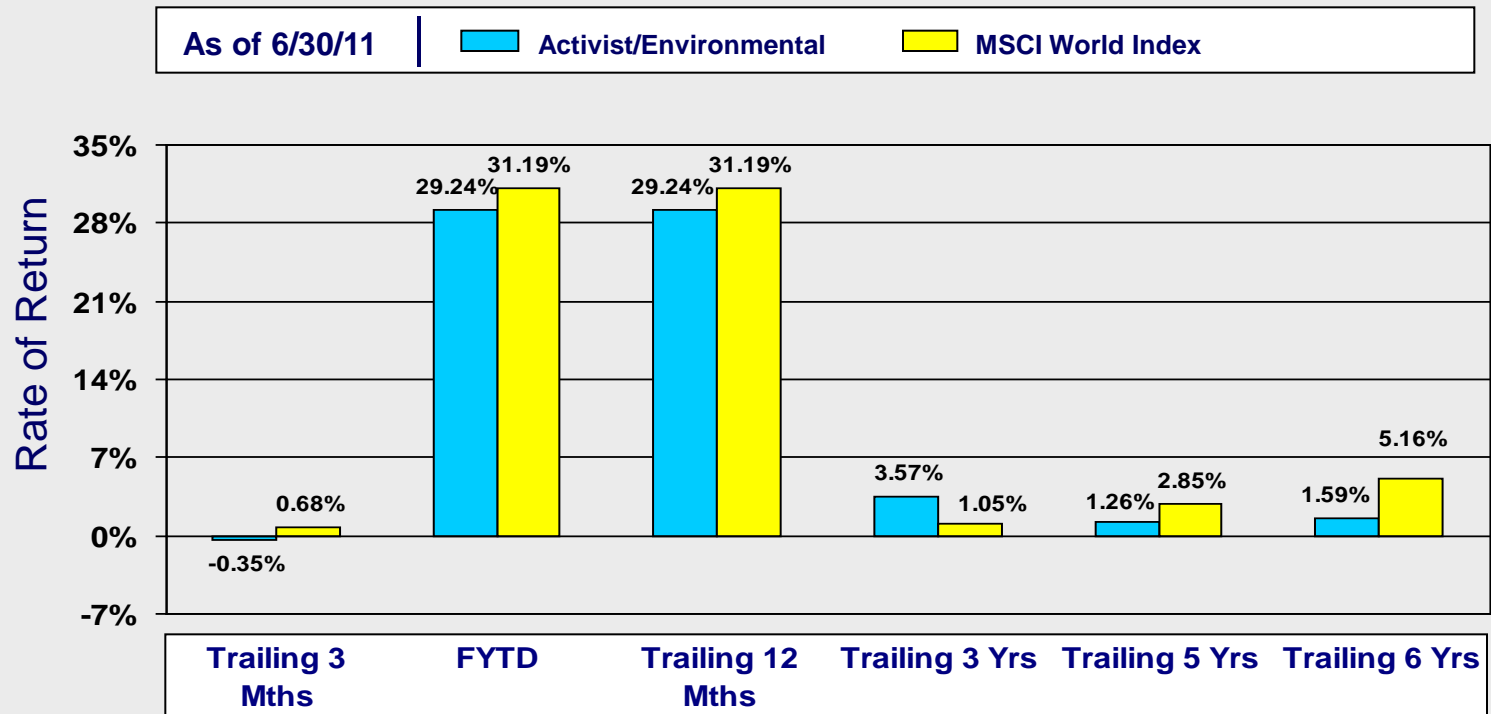


	3 Years	5 Years	10 Years
Plan Std Dev	32.2	28.1	24.3
Benchmark Std Dev	30.7	27.2	24.0



## Activist & Environmental/Sustainable Strategies vs MSCI World Index

**\$148M** Under Management, **1%** of Total Funds



	3 Years	5 Years	6 Years
Plan Std Dev	24.4	20.6	19.0
Benchmark Std Dev	22.9	19.2	17.9

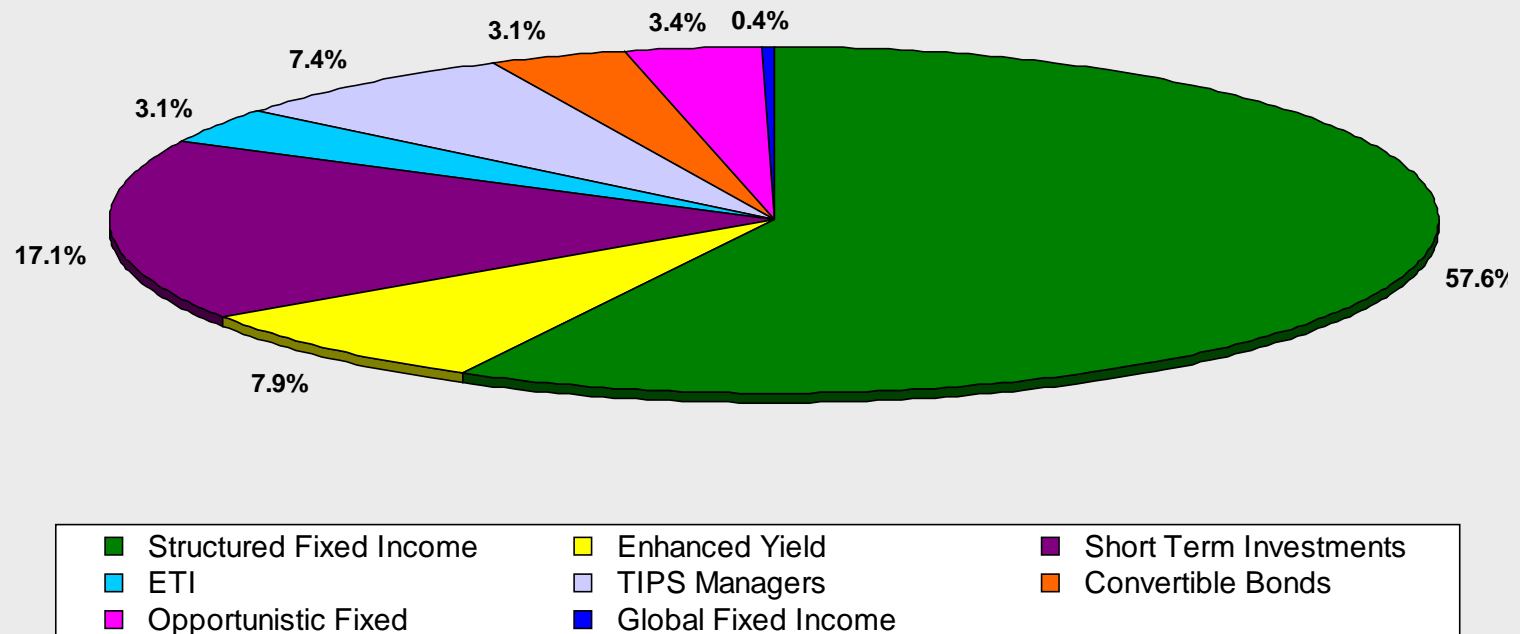
**New York City**  
**Police Pension Fund, Subchapter 2**

# **Fixed Income Analysis**

## Total Fixed Income Asset Allocation: June 30, 2011

**\$7.9B** Under Management, **32%** of Total Funds

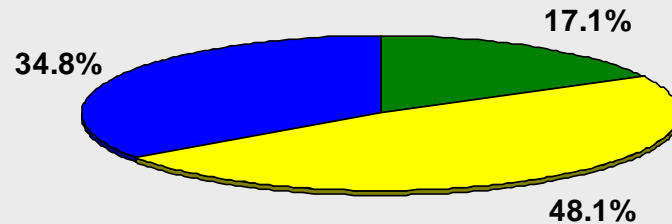
Asset Allocation by Groups



## Structured Fixed Income Asset Allocation: Quarter Ending June 30, 2011

**\$4.6B** Under Management, **19%** of Total Funds

### Asset Allocation by Groups



■ Treasury/Agency    ■ Mortgage    ■ Inv. Grade Credit

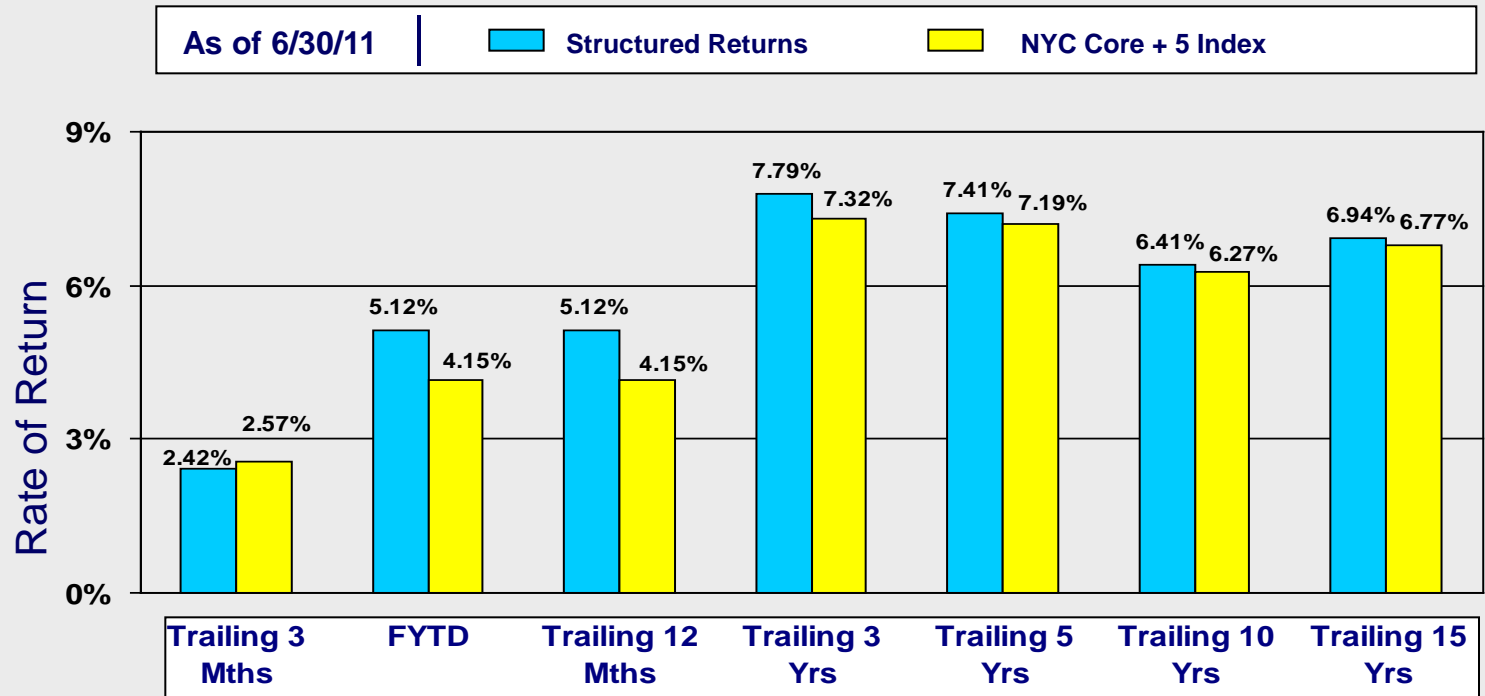
### Value Added by Sectors

Sub Sector	Policy Weight	Actual Weight	Under/Over Weight	Index Return	Actual Return	Difference	Contribution to Out/Under Performance	
							Allocation	Management
Treasury/Agency	20.74	17.12	-3.62	3.39	3.32	-0.07	-0.04	-0.01
Mortgage	44.02	48.12	4.10	2.34	2.15	-0.19	-0.01	-0.09
Inv. Grade Credit	35.24	34.76	-0.48	2.35	2.35	0.00	0.00	0.00

\*NYC Core +5 Breakdown

## Structured Returns vs NYC Core + 5 Index

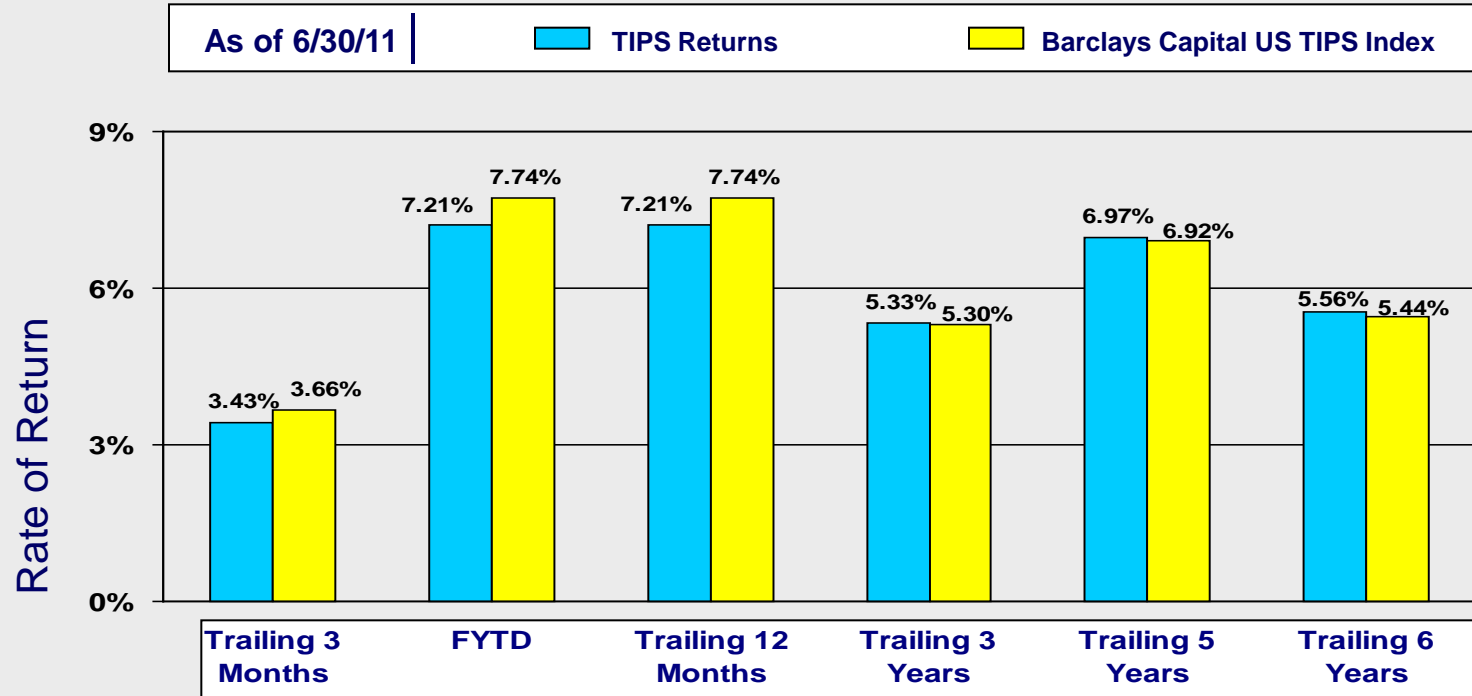
**\$4.6B** Under Management, **19%** of Total Funds



	3 Years	5 Years	10 Years	15 Years
Plan Std Dev	4.8	4.2	4.3	4.2
Benchmark Std Dev	5.1	4.4	4.4	4.2

## TIPS Returns vs Barclays Capital US TIPS Index

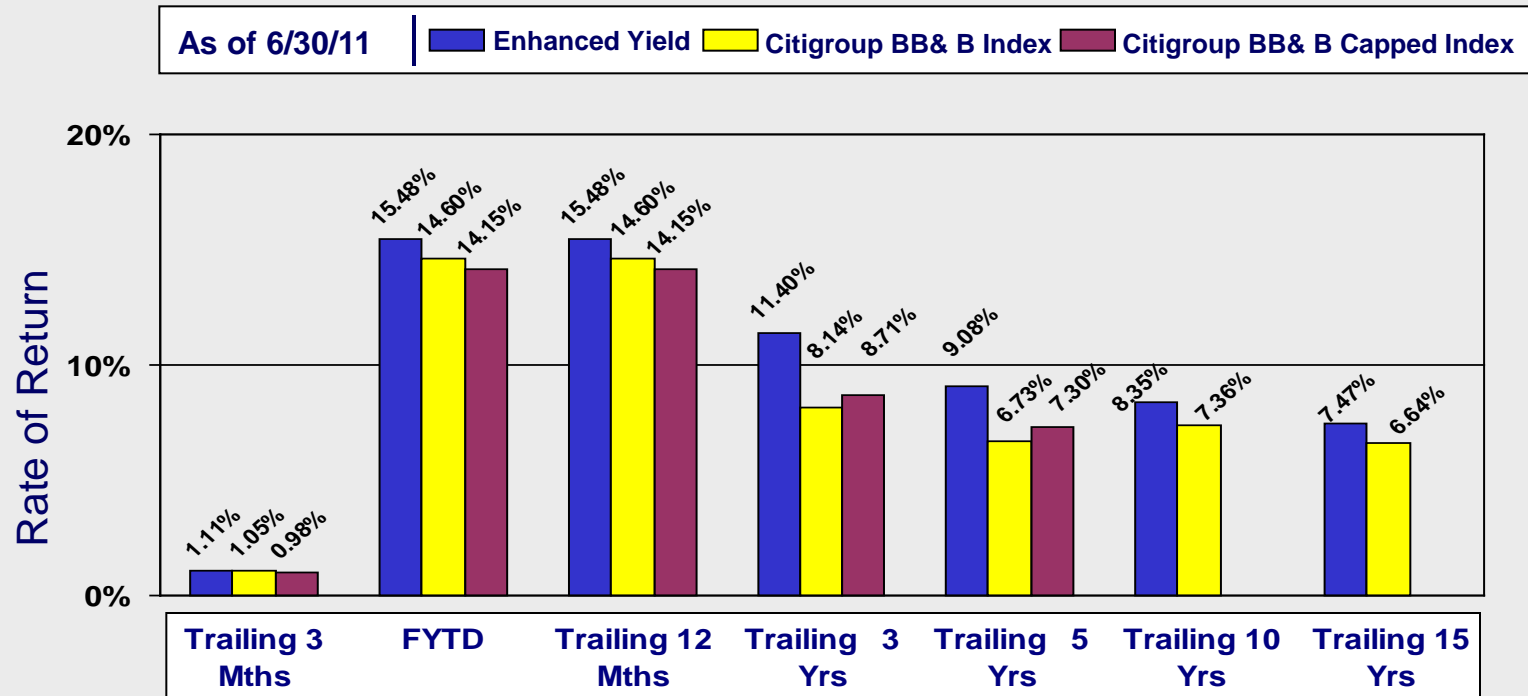
**\$587M** Under Management, **2%** of Total Funds



	3 Years	5 Years	6 Years
Plan Std Dev	8.5	7.4	7.0
Benchmark Std Dev	8.4	7.3	7.0

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

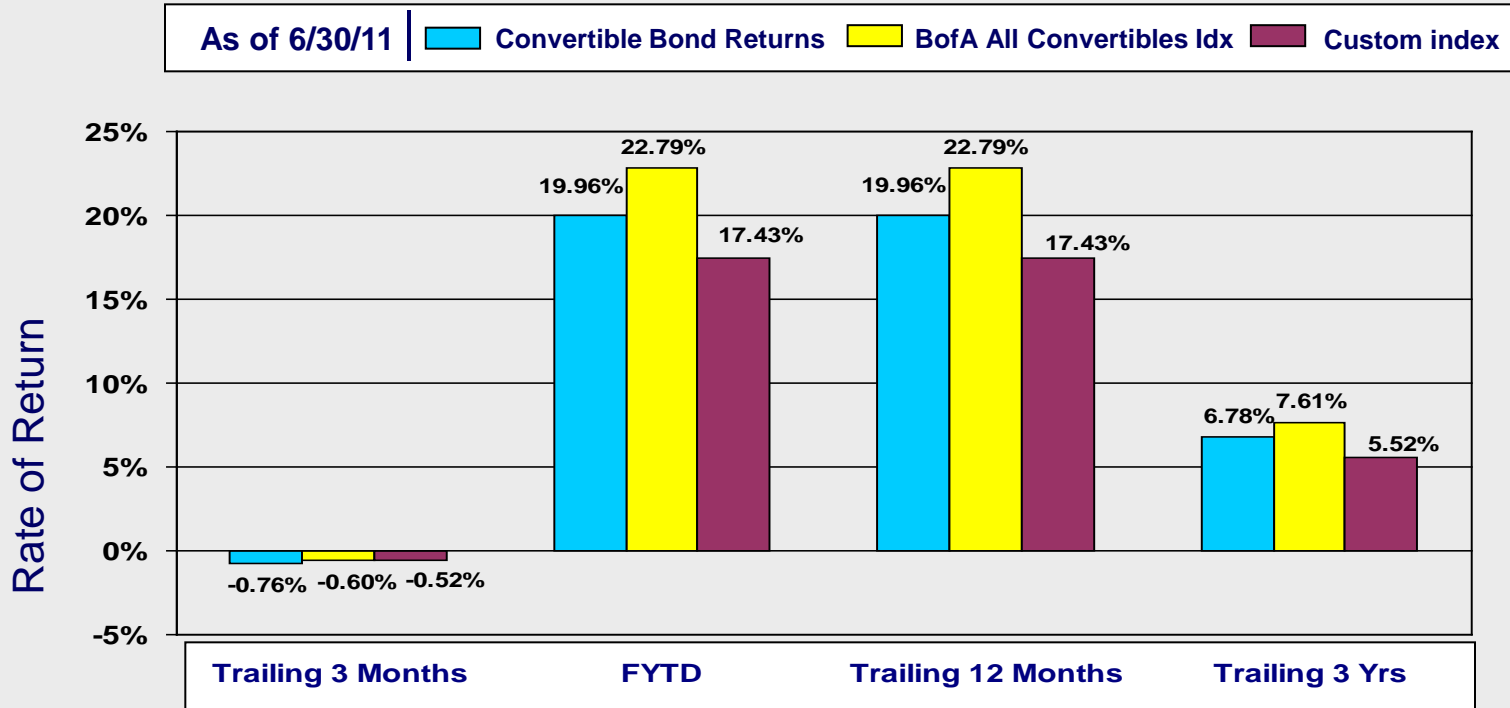
**\$626M** Under Management, **3%** of Total Funds



	3 Years	5 Years	10 Years	15 Years
Plan Std Dev	12.5	10.2	8.6	8.3
Citigroup BB&B	14.0	11.4	10.0	9.0
Citigroup BB&B Capped	13.7	11.1	N/A	N/A

## Convertible Bond Returns vs Benchmarks

**\$247M** Under Management, **1%** of Total Funds



	3 Years
Plan Std Dev	14.4
BofA All Convertibles	17.7
Custom Index	15.9

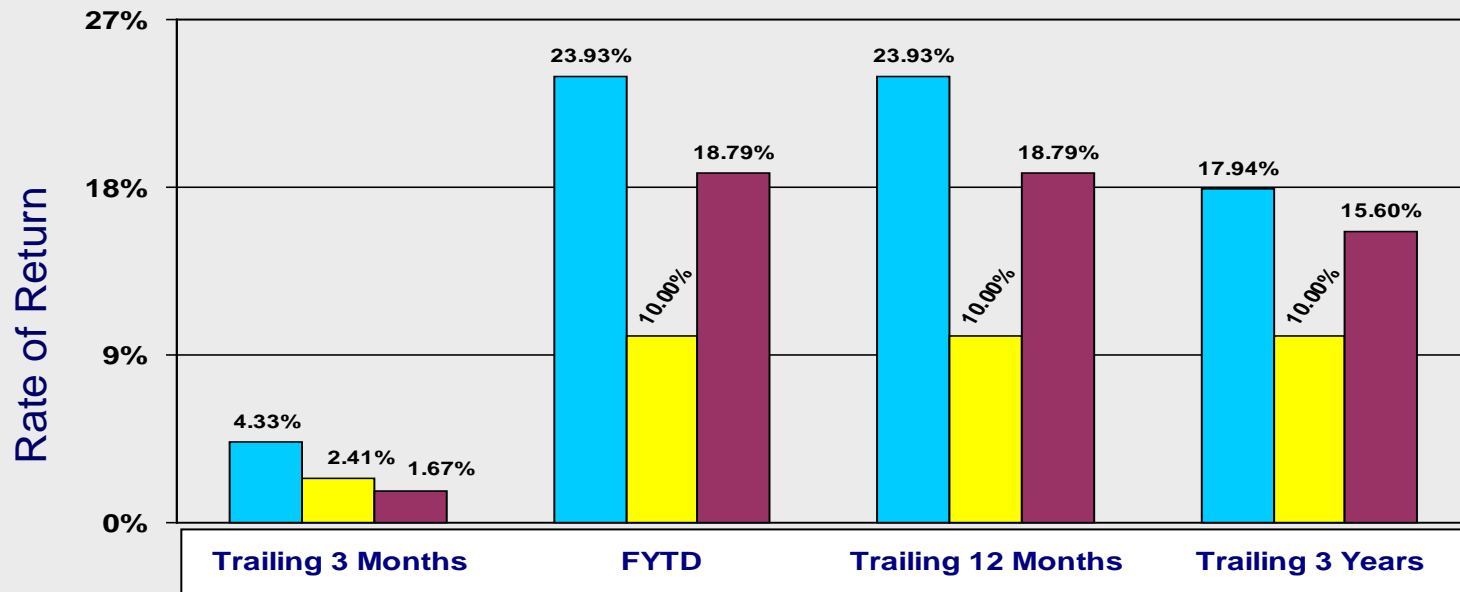


# Opportunistic Fixed Income Returns vs Benchmarks

**\$267M** Under Management, **1%** of Total Funds

As of 6/30/11 |

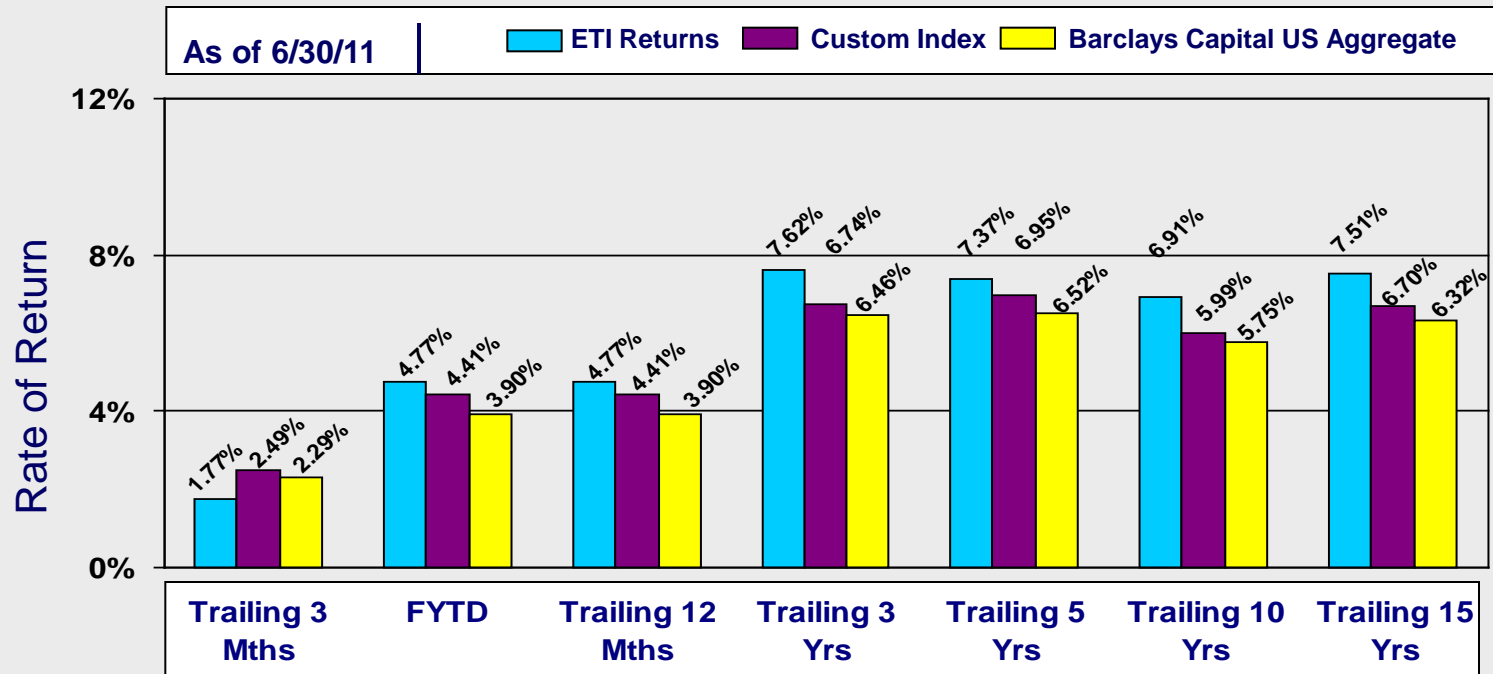
Opportunistic Fixed 10% Annual Return JPM High Yield + 3%



	3 Years
Plan Std Dev	15.6
JPM High Yield + 3% Std Dev	15.5

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

**\$242M** Under Management, **1%** of Total Funds



	3 Years	5 Years	10 Years	15 Years
Plan Std Dev	2.4	2.2	3.4	3.2
Custom Index Std Dev	3.2	2.9	2.9	2.7
Barclays Capital US Agg. Std Dev	4.1	3.6	3.8	3.6

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

**New York City**  
**Police Pension Fund, Subchapter 2**

# **Appendix**

# Consolidated Performance Report

Through June 30, 2011

Assets (\$MM)	% Total		3 Mos Apr-11 Jun-11	YTD Jan-11 Jun-11	1 Yr Jul-10 Jun-11	3 Yrs Jul-08 Jun-11	5 Yrs Jul-06 Jun-11	10 Yrs Jul-01 Jun-11	15 Yrs Jul-96 Jun-11
<b>EQUITY MANAGEMENT</b>									
<b>SMALL CAP</b>									
67.39	0.27	BROWN AM	2.91	13.11	52.68	****	****	****	****
63.43	0.26	PERIMETER	0.27	7.45	39.42	****	****	****	****
67.02	0.27	PIER CAPITAL	-1.50	11.83	47.17	****	****	****	****
197.84	0.80	TOTAL SMALL CAP GROWTH	0.54	10.81	46.36	****	****	****	****
		RUSSELL 2000 GROWTH	-0.59	8.59	43.50	****	****	****	****
149.41	0.61	DALTON GREINER	-0.78	4.42	32.52	10.16	7.76	****	****
52.08	0.21	LORD ABBETT	-2.97	6.30	37.45	****	****	****	****
201.49	0.82	TOTAL SMALL CAP VALUE	-1.35	4.90	33.76	9.96	7.64	****	****
		RUSSELL 2000 VALUE	-2.65	3.77	31.35	7.09	2.24	****	****
		SMALL CAP VALUE MEDIAN	-2.57	4.04	33.28	11.24	5.51	****	****
136.46	0.55	DARUMA	-1.77	10.84	47.36	14.52	9.76	****	****
136.46	0.55	TOTAL SMALL CAP CORE	-1.77	10.84	47.36	14.52	9.76	****	****
		RUSSELL 2000	-1.61	6.21	37.41	7.78	4.08	****	****
		SMALL CAP CORE MEDIAN	-1.44	6.89	36.69	10.50	5.79	****	****
37.86	0.15	RAFI ENHANCED SMALL CO.	-1.37	6.88	37.95	10.40	****	****	****
		RUSSELL 2000	-1.61	6.21	37.41	7.78	****	****	****
		RUSSELL 2000 VALUE	-2.65	3.77	31.35	7.09	****	****	****
573.65	2.33	TOTAL SMALL CAP ACTIVE	-0.81	8.41	41.35	11.05	6.52	****	****
		RUSSELL 2000	-1.61	6.21	37.41	7.78	4.08	****	****
130.89	0.53	BLACKROCK R2000	-1.63	****	****	****	****	****	****
130.89	0.53	TOTAL SMALL CAP PASSIVE	-1.63	****	****	****	****	****	****
		RUSSELL 2000	-1.61	****	****	****	****	****	****

# Consolidated Performance Report

Through June 30, 2011

Assets (\$MM)	% Total		3 Mos Apr-11 Jun-11	YTD Jan-11 Jun-11	1 Yr Jul-10 Jun-11	3 Yrs Jul-08 Jun-11	5 Yrs Jul-06 Jun-11	10 Yrs Jul-01 Jun-11	15 Yrs Jul-96 Jun-11
704.54	2.86	<b>TOTAL SMALL CAP</b>	-0.96	8.03	40.85	10.92	6.45	****	****
		<b>RUSSELL 2000</b>	-1.61	6.21	37.41	7.78	4.08	****	****
		<b>SMALL/MID CAP</b>							
85.64	0.35	<b>TIMESQUARE CAPITAL SMDG</b>	-0.43	8.87	****	****	****	****	****
		<b>RUSSELL 2500 GROWTH</b>	0.38	10.25	****	****	****	****	****
81.15	0.33	<b>SECURITY GLOBAL INV SMDV</b>	-4.37	5.90	****	****	****	****	****
		<b>RUSSELL 2500 VALUE</b>	-1.47	6.10	****	****	****	****	****
166.79	0.68	<b>TOTAL SMALL/MID CAP</b>	-2.39	7.40	****	****	****	****	****
		<b>RUSSELL 2500</b>	-0.59	8.06	****	****	****	****	****
		<b>MID CAP</b>							
180.47	0.73	<b>FRONTIER CAPITAL MCG</b>	-0.53	7.28	****	****	****	****	****
99.98	0.41	<b>TIMESQUARE CAPITAL</b>	0.22	6.86	****	****	****	****	****
280.45	1.14	<b>TOTAL MID CAP GROWTH</b>	-0.26	7.13	****	****	****	****	****
		<b>RUSSELL MIDCAP GROWTH</b>	1.61	9.59	****	****	****	****	****
		<b>MID CAP GROWTH MEDIAN</b>	0.37	9.18	****	****	****	****	****
154.97	0.63	<b>IRIDIAN ASSET MCV</b>	1.18	12.39	****	****	****	****	****
136.72	0.56	<b>SYSTEMATIC FINANCIAL MCV</b>	-0.20	7.28	****	****	****	****	****
291.69	1.19	<b>TOTAL MID CAP VALUE</b>	0.53	9.93	39.55	7.73	4.52	****	****
		<b>RUSSELL MIDCAP VALUE</b>	-0.69	6.69	34.28	6.35	4.01	****	****
		<b>MID CAP VALUE MEDIAN</b>	-1.25	6.55	33.73	6.34	4.95	****	****

# Consolidated Performance Report

Through June 30, 2011

Assets (\$MM)	% Total		3 Mos Apr-11 Jun-11	YTD Jan-11 Jun-11	1 Yr Jul-10 Jun-11	3 Yrs Jul-08 Jun-11	5 Yrs Jul-06 Jun-11	10 Yrs Jul-01 Jun-11	15 Yrs Jul-96 Jun-11
129.64	0.53	WELLINGTON MGMT	-0.79	7.06	****	****	****	****	****
129.64	0.53	TOTAL MID CAP CORE	-0.79	9.43	42.64	6.20	3.82	****	****
		S&P MIDCAP INDEX 400	-0.73	8.56	39.38	7.82	6.60	****	****
		MID CAP CORE MEDIAN	0.05	8.13	35.69	8.92	7.11	****	****
701.78	2.85	TOTAL MID CAP ACTIVE	-0.03	8.26	36.10	6.84	4.00	****	****
		RUSSELL MIDCAP	0.42	8.08	38.47	6.46	5.30	****	****
905.04	3.68	STATE STREET GA S&P 400	-0.70	****	****	****	****	****	****
905.04	3.68	TOTAL MID CAP PASSIVE	-0.70	****	****	****	****	****	****
		S&P MIDCAP INDEX 400	-0.73	****	****	****	****	****	****
1,606.82	6.53	<b>TOTAL MID CAP</b>	-0.41	7.28	38.22	5.88	3.58	****	****
		RUSSELL MIDCAP	0.42	8.08	38.47	6.46	5.30	****	****
		<b>LARGE CAP</b>							
75.85	0.31	CASTLEARK MGMT	0.97	8.70	43.09	****	****	****	****
33.95	0.14	PROFIT INV MGMT	0.42	5.35	27.44	****	****	****	****
172.11	0.70	ZEVENBERGEN	-2.44	6.22	41.20	10.71	****	****	****
281.91	1.15	TOTAL LARGE CAP GROWTH	-1.19	8.65	37.36	5.14	****	****	****
		RUSSELL 1000 GROWTH	0.76	6.83	35.01	5.03	****	****	****
		LARGE CAP GROWTH MEDIAN	0.56	6.80	34.72	4.27	****	****	****
301.40	1.22	ARONSON JOHNSON	0.64	8.71	32.81	3.44	1.86	****	****
52.46	0.21	DENALI ADVISORS	-0.80	6.93	28.39	****	****	****	****
353.87	1.44	TOTAL LARGE CAP VALUE	0.42	8.66	33.97	3.14	2.58	****	****
		RUSSELL 1000 VALUE	-0.50	5.92	28.94	2.28	1.15	****	****
		LARGE CAP VALUE MEDIAN	-0.39	6.37	29.86	3.61	2.30	****	****

# Consolidated Performance Report

Through June 30, 2011

Assets (\$MM)	% Total		3 Mos Apr-11 Jun-11	YTD Jan-11 Jun-11	1 Yr Jul-10 Jun-11	3 Yrs Jul-08 Jun-11	5 Yrs Jul-06 Jun-11	10 Yrs Jul-01 Jun-11	15 Yrs Jul-96 Jun-11
49.32	0.20	PIEDMONT INV ADV	0.17	3.34	27.72	****	****	****	****
54.83	0.22	SEIZERT CAPITAL PTNRS	-0.31	7.00	30.63	****	****	****	****
104.15	0.42	TOTAL LARGE CAP CORE	-0.08	5.24	29.23	****	****	****	****
		RUSSELL 1000	0.12	6.37	31.93	****	****	****	****
154.24	0.63	RAFI ENHANCED LARGE CO.	0.21	6.87	32.58	6.54	****	****	****
		RUSSELL 1000	0.12	6.37	31.93	3.68	****	****	****
		RUSSELL 1000 VALUE	-0.50	5.92	28.94	2.28	****	****	****
74.24	0.30	VTL S&P 500	0.01	6.63	31.50	5.02	****	****	****
		STANDARD & POORS 500	0.10	6.02	30.69	3.34	****	****	****
228.48	0.93	TOTAL FUNDAMENTAL INDEX LARGE CAP	0.14	6.93	32.04	5.56	****	****	****
		RUSSELL 1000	0.12	6.37	31.93	3.68	****	****	****
968.41	3.94	TOTAL LARGE CAP	-0.17	8.03	34.59	4.31	4.03	****	****
		RUSSELL 1000	0.12	6.37	31.93	3.68	3.30	****	****
		ATTUCKS							
5.43	0.02	APEX CAPITAL - SCG	3.51	14.44	52.28	11.70	****	****	****
5.87	0.02	GW CAPITAL -SCC	-0.40	12.10	47.30	****	****	****	****
5.07	0.02	LOMBARDIA - SCV	-2.28	6.09	32.27	12.12	****	****	****
6.01	0.02	PARADIGM - SCC	-0.27	7.95	40.61	****	****	****	****
4.91	0.02	PHOCAS - SCV	-2.61	2.80	34.68	11.75	****	****	****
27.29	0.11	TOTAL ATTUCKS	-0.38	8.71	41.37	8.17	****	****	****
		RUSSELL 2000	-1.61	6.21	37.41	7.78	****	****	****
		CAPITAL PROSPECTS							
3.27	0.01	APEX CAPITAL - LCG	1.37	9.18	39.37	5.73	****	****	****
2.78	0.01	HIGH POINTE - SC	0.50	9.12	32.09	12.94	****	****	****

# Consolidated Performance Report

Through June 30, 2011

Assets (\$MM)	% Total		3 Mos Apr-11 Jun-11	YTD Jan-11 Jun-11	1 Yr Jul-10 Jun-11	3 Yrs Jul-08 Jun-11	5 Yrs Jul-06 Jun-11	10 Yrs Jul-01 Jun-11	15 Yrs Jul-96 Jun-11
3.06	0.01	KEEL - MCV	-1.29	3.28	30.35	5.22	****	****	****
2.69	0.01	LOMBARDIA - SCV	-2.26	6.12	32.33	12.83	****	****	****
1.79	0.01	MONTROSE - SCG	-3.57	7.62	41.90	-2.22	****	****	****
2.00	0.01	PARADIGM - AC	0.17	6.86	36.45	0.08	****	****	****
2.91	0.01	REDWOOD - MCG	1.38	12.85	53.35	4.55	****	****	****
3.06	0.01	RUNNYMEDE - LCG	-1.34	8.13	30.45	2.12	****	****	****
3.23	0.01	SEIZERT - LCV	-0.28	7.44	32.03	3.19	****	****	****
2.77	0.01	TEN - LCV	-0.03	7.32	27.76	0.10	****	****	****
3.29	0.01	TWIN - TOP 50	-1.27	3.47	24.84	2.46	****	****	****
30.85	0.13	<b>TOTAL CAPITAL PROSPECTS</b>	-0.52	7.30	33.83	4.18	****	****	****
		RUSSELL 3000	-0.03	6.35	32.37	4.00	****	****	****
		<b>PROGRESS EQUITY</b>							
6.79	0.03	CROSSWIND INV -SCG	****	****	****	****	****	****	****
6.11	0.02	CWC ADVISORS -SCG	****	****	****	****	****	****	****
8.17	0.03	GW CAPITAL - SCV	-2.63	10.23	37.20	8.37	****	****	****
4.51	0.02	IRONWOOD - SCC	-1.69	8.77	39.77	****	****	****	****
8.18	0.03	LOMBARDIA CAPITAL PTNR - SCV	-2.26	6.12	32.33	12.83	****	****	****
6.32	0.03	NICHOLS ASSET MGMT -SCG	****	****	****	****	****	****	****
40.09	0.16	<b>TOTAL PROGRESS EQUITY</b>	-1.48	8.88	38.41	7.53	****	****	****
		RUSSELL 2000	-1.61	6.21	37.41	7.78	****	****	****
		<b>F.I.S. FUND MGMT</b>							
0.76	0.00	CREDO CAPITAL MGMT MCG	0.85	9.51	44.15	2.22	****	****	****
1.48	0.01	DSM CAPITAL MGMT LCG	0.52	4.06	35.03	0.70	****	****	****
5.05	0.02	HERNDON CAPITAL MGMT INV ADVISORS -LCV	2.38	10.22	38.99	8.36	****	****	****
3.54	0.01	HUBER CAP MGMT -LCV	****	****	****	****	****	****	****
1.85	0.01	MARTIN INV MGT -LCC	****	****	****	****	****	****	****
1.47	0.01	NICHOLAS INV PTNRS -SCG	****	****	****	****	****	****	****
2.81	0.01	OAKBROOK LCV	-0.29	6.08	29.47	1.90	****	****	****



# Consolidated Performance Report

Through June 30, 2011

Assets (\$MM)	% Total		3 Mos Apr-11 Jun-11	YTD Jan-11 Jun-11	1 Yr Jul-10 Jun-11	3 Yrs Jul-08 Jun-11	5 Yrs Jul-06 Jun-11	10 Yrs Jul-01 Jun-11	15 Yrs Jul-96 Jun-11
2.65	0.01	OAKBROOK LCG	0.79	7.27	35.96	4.80	****	****	****
1.98	0.01	OPUS CAPITAL MGMT SCV	-4.27	3.11	30.95	8.52	****	****	****
5.51	0.02	STUX CAPITAL MGMT -LCC	****	****	****	****	****	****	****
4.08	0.02	VISION CAPITAL MGMT -LCG	****	****	****	****	****	****	****
31.16	0.13	TOTAL F.I.S FUND MGMT	0.53	7.27	33.55	3.58	****	****	****
		RUSSELL 3000	-0.03	6.35	32.37	4.00	****	****	****
129.39	0.53	TOTAL EMERGING MGRS	-0.55	8.07	37.02	6.29	****	****	****
		RUSSELL 3000	-0.03	6.35	32.37	4.00	****	****	****
		RUSSELL 3000							
3,275.23	13.31	BLACKROCK R3000	-0.05	6.26	32.21	4.07	3.39	3.47	****
3,042.49	12.36	STATE STREET R3000	0.00	6.44	****	****	****	****	****
6,317.72	25.67	TOTAL RUSSELL 3000	-0.03	6.34	32.49	4.20	3.44	3.52	6.85
		RUSSELL 3000	-0.03	6.35	32.37	4.00	3.35	3.44	6.77
0.13	0.00	ACTIVIST EQUITY TRANSITION	****	****	****	****	****	****	****
		S&P 500	****	****	****	****	****	****	****
0.13	0.00	TOTAL US ACTIVIST	****	****	****	****	****	****	****
2,540.01	10.32	TOTAL ACTIVE	-0.45	8.49	36.94	5.43	4.29	3.48	5.08
7,353.65	29.88	TOTAL PASSIVE	-0.13	6.34	32.49	4.20	3.45	3.64	7.19
9,893.79	40.21	TOTAL DOMESTIC EQUITY	-0.21	6.90	33.77	4.58	3.68	3.74	6.82

# Consolidated Performance Report

Through June 30, 2011

Assets (\$MM)	% Total		3 Mos Apr-11 Jun-11	YTD Jan-11 Jun-11	1 Yr Jul-10 Jun-11	3 Yrs Jul-08 Jun-11	5 Yrs Jul-06 Jun-11	10 Yrs Jul-01 Jun-11	15 Yrs Jul-96 Jun-11
		<b>INTERNATIONAL EQUITY</b>							
		<b>DEVELOPED MARKETS</b>							
		<b>GROWTH</b>							
314.73	1.28	BAILLIE	2.43	5.39	34.48	2.45	****	****	****
275.58	1.12	PYRAMIS GLOBAL ADVISORS	1.99	5.02	31.60	-0.82	****	****	****
0.06	0.00	GE INVESTMENT	****	****	****	****	****	****	****
9.96	0.04	MARTIN CURRIE	****	****	****	****	****	****	****
600.34	2.44	<b>TOTAL INTL GROWTH</b>	0.76	4.42	31.40	-1.45	4.49	****	****
		MSCI EAFE GROWTH	2.31	4.66	31.65	-1.49	2.89	****	****
		<b>VALUE</b>							
422.48	1.72	ALLIANCE	0.15	2.44	27.34	-5.22	****	****	****
443.09	1.80	MONDRIAN INVESTMENT PARTNERS LTD	3.88	8.28	29.83	0.14	3.34	8.82	****
865.85	3.52	<b>TOTAL INTL VALUE</b>	2.02	5.35	28.59	-3.47	0.92	****	****
		MSCI EAFE VALUE	1.34	6.04	30.10	-1.15	0.95	****	****
		<b>CORE</b>							
278.96	1.13	CAPITAL GUARDIAN MTA	0.64	4.09	30.11	-1.11	****	****	****
256.98	1.04	PHILADELPHIA	1.31	6.73	32.15	-0.47	****	****	****
297.97	1.21	THORNBURG	1.70	6.23	33.10	2.24	****	****	****
833.91	3.39	<b>TOTAL INTL CORE</b>	1.22	5.66	31.80	0.26	2.64	****	****
		MSCI EAFE (NET DIVIDEND)	1.56	4.98	30.36	-1.77	1.47	****	****
0.55	0.00	BANK OF IRELAND	****	****	****	****	****	****	****
0.03	0.00	OECHSLE	****	****	****	****	****	****	****
0.01	0.00	T.ROWE PRICE INTERNATIONAL	****	****	****	****	****	****	****
0.09	0.00	TRANSITION-EAFE REBALANCE	****	****	****	****	****	****	****
2,300.77	9.35	<b>TOTAL ACTIVE DEVELOPED MKTS</b>	1.34	5.14	30.44	-1.71	2.01	5.52	5.94
0.06	0.00	BLACKROCK	****	****	****	****	****	****	****
905.88	3.68	SSGA	1.73	****	****	****	****	****	****
905.94	3.68	<b>TOTAL PASSIVE DEVELOPED MKTS</b>	1.73	4.55	29.83	-1.50	1.82	5.99	5.04

# Consolidated Performance Report

Through June 30, 2011

Assets (\$MM)	% Total		3 Mos Apr-11 Jun-11	YTD Jan-11 Jun-11	1 Yr Jul-10 Jun-11	3 Yrs Jul-08 Jun-11	5 Yrs Jul-06 Jun-11	10 Yrs Jul-01 Jun-11	15 Yrs Jul-96 Jun-11
3,206.72	13.03	<b>TOTAL DEVELOPED MARKETS</b>	1.42	5.00	30.30	-1.67	1.97	5.62	5.66
		MSCI EAFE (NET DIVIDEND)	1.56	4.98	30.36	-1.77	1.47	5.66	4.73
73.04	0.30	GENERATION GE	0.99	4.39	26.09	****	****	****	****
0.02	0.00	KBC WATER	****	****	****	****	****	****	****
73.06	0.30	<b>TOTAL NON-US ENV/SUSTAINABLE</b>	0.99	4.39	28.17	****	****	****	****
		MSCI WORLD INDEX	0.68	5.62	31.19	****	****	****	****
75.11	0.31	GOVERNANCE FOR OWNERS	-0.76	5.13	47.03	****	****	****	****
		FTSE ALL WORLD DEV EUROPE	2.67	7.03	27.95	****	****	****	****
75.11	0.31	<b>TOTAL NON-US ACTIVIST</b>	-0.76	4.28	39.40	****	****	****	****
3,354.89	13.63	<b>TOTAL DEV- ENV &amp; ACTIVIST EQ STRATEGIES</b>	1.36	4.98	30.47	-1.56	2.04	****	****
		MSCI WORLD INDEX	0.68	5.62	31.19	1.05	2.85	****	****
		<b>EMERGING MARKETS</b>							
205.59	0.84	ACADIAN	-0.87	1.46	31.83	3.69	11.37	****	****
200.59	0.82	BAILLIE GIFFORD	-2.67	-3.03	22.50	4.61	13.09	****	****
212.62	0.86	DFA	-2.41	-1.20	28.15	10.46	****	****	****
118.08	0.48	MARVIN & PALMER	-1.01	1.37	32.12	-3.81	7.94	****	****
135.53	0.55	PICTET INTL	-2.17	-0.74	28.28	0.42	8.87	16.96	****
178.41	0.73	STATE STREET	-1.10	1.09	29.43	1.12	10.00	****	****
0.02	0.00	EMERGING MARKETS TRANSITION	****	****	****	****	****	****	****
1,051.08	4.27	<b>TOTAL ACTIVE EMERGING MARKETS</b>	-1.76	-0.32	27.90	2.49	10.84	****	****
		MSCI EMERGING MARKETS	-1.04	1.03	28.17	4.54	11.75	16.55	****

# Consolidated Performance Report

Through June 30, 2011

Assets (\$MM)	% Total		3 Mos Apr-11 Jun-11	YTD Jan-11 Jun-11	1 Yr Jul-10 Jun-11	3 Yrs Jul-08 Jun-11	5 Yrs Jul-06 Jun-11	10 Yrs Jul-01 Jun-11	15 Yrs Jul-96 Jun-11
166.49	0.68	BLACKROCK	-1.16	****	****	****	****	****	****
166.49	0.68	TOTAL PASSIVE EMERGING MARKETS	-1.16	****	****	****	****	****	****
		MSCI EMERGING MARKETS	-1.04	****	****	****	****	****	****
1,217.56	4.95	TOTAL EMERGING MARKETS	-1.67	-0.07	28.23	2.57	10.89	18.31	****
		EMERGING MARKET MEDIAN	-0.63	0.31	27.46	5.75	12.92	16.83	****
4,572.46	18.58	TOTAL INTERNATIONAL EQUITY	0.53	3.77	29.96	-0.89	3.84	7.07	6.49
		HEDGE FUNDS							
46.50	0.19	PERMAL ASSET MANAGEMENT	****	****	****	****	****	****	****
46.50	0.19	TOTAL HEDGE FUNDS OF FUNDS	****	****	****	****	****	****	****
46.50	0.19	TOTAL HEDGE FUNDS	****	****	****	****	****	****	****

# Consolidated Performance Report

Through June 30, 2011

Assets (\$MM)	% Total		3 Mos Apr-11 Jun-11	YTD Jan-11 Jun-11	1 Yr Jul-10 Jun-11	3 Yrs Jul-08 Jun-11	5 Yrs Jul-06 Jun-11	10 Yrs Jul-01 Jun-11	15 Yrs Jul-96 Jun-11
<b>PRIVATE EQUITY INVESTMENTS</b>									
9.83	0.04	AEA INVESTORS 2006 FD	****	****	****	****	****	****	****
1.38	0.01	AISLING CAPITAL II	****	****	****	****	****	****	****
0.76	0.00	AISLING CAPITAL III	****	****	****	****	****	****	****
1.15	0.00	AMPERSAND 2008	****	****	****	****	****	****	****
13.83	0.06	APOLLO INVESTMENT FD V	****	****	****	****	****	****	****
51.22	0.21	APOLLO INVESTMENT FD VI	****	****	****	****	****	****	****
30.22	0.12	APOLLO INVESTMENT FD VII	****	****	****	****	****	****	****
19.57	0.08	ARES CORP OPP	****	****	****	****	****	****	****
13.08	0.05	ARES CORP OPP FD II	****	****	****	****	****	****	****
16.90	0.07	ARES CORP OPP FD III	****	****	****	****	****	****	****
20.45	0.08	ARLINGTON CAPITAL PTNRS III	****	****	****	****	****	****	****
9.78	0.04	ARSENAL CAP PTNRS II	****	****	****	****	****	****	****
14.80	0.06	AURORA EQUITY CAPITAL PTNRS III	****	****	****	****	****	****	****
21.31	0.09	AVISTA CAPITAL PTNRS	****	****	****	****	****	****	****
23.83	0.10	AVISTA CAPITAL PTNRS II	****	****	****	****	****	****	****
1.18	0.00	BDCM OPPORTUNITY FD III	****	****	****	****	****	****	****
37.80	0.15	BLACKSTONE CAPITAL PTNRS IV	****	****	****	****	****	****	****
36.29	0.15	BLACKSTONE CAPITAL PTNRS V	****	****	****	****	****	****	****
9.38	0.04	BLACKSTONE MEZZ PTNRS II	****	****	****	****	****	****	****
4.24	0.02	BLUE WOLF CAPITAL FUND II	****	****	****	****	****	****	****
14.91	0.06	BRIDGEPOINT EUROPE III	****	****	****	****	****	****	****
4.67	0.02	BRIDGEPOINT EUROPE IV	****	****	****	****	****	****	****
11.38	0.05	CAPITAL PTNRS	****	****	****	****	****	****	****
3.76	0.02	CARLYLE PTNRS III	****	****	****	****	****	****	****
46.72	0.19	CARLYLE PTNRS IV	****	****	****	****	****	****	****
32.42	0.13	CARLYLE PTNRS V	****	****	****	****	****	****	****
11.10	0.05	CARPENTER COMMUNITY BANC FUND	****	****	****	****	****	****	****
17.94	0.07	CATTERTON PTNRS VI	****	****	****	****	****	****	****
13.59	0.06	CCMP CAPITAL INVESTORS II	****	****	****	****	****	****	****
22.78	0.09	CLAYTON, DUBLIER AND RICE FUND VII	****	****	****	****	****	****	****

# Consolidated Performance Report

Through June 30, 2011

Assets (\$MM)	% Total		3 Mos Apr-11 Jun-11	YTD Jan-11 Jun-11	1 Yr Jul-10 Jun-11	3 Yrs Jul-08 Jun-11	5 Yrs Jul-06 Jun-11	10 Yrs Jul-01 Jun-11	15 Yrs Jul-96 Jun-11
13.24	0.05	CLAYTON, DUBLIER AND RICE FUND VIII	****	****	****	****	****	****	****
16.44	0.07	CELTIC PHARM HLDGS, LP	****	****	****	****	****	****	****
13.72	0.06	COLLER INTERNATIONAL PTNRS IV	****	****	****	****	****	****	****
6.52	0.03	COLLER INTERNATIONAL PTNRS V	****	****	****	****	****	****	****
11.37	0.05	COMVEST INVST PTNRS III	****	****	****	****	****	****	****
8.76	0.04	CONSTELLATION VENTURES III	****	****	****	****	****	****	****
6.27	0.03	CORALS 2007 MOMENTUM FUND	****	****	****	****	****	****	****
4.78	0.02	CREDIT SUISSE CUST FD INV GR	****	****	****	****	****	****	****
11.09	0.05	CREDIT SUISSE EM DOM MGRS FD	****	****	****	****	****	****	****
11.50	0.05	CRESTVIEW PTNRS II	****	****	****	****	****	****	****
13.45	0.05	CVC EURO EQ PTNRS III	****	****	****	****	****	****	****
18.57	0.08	CVC EURO EQ PTNRS V	****	****	****	****	****	****	****
5.42	0.02	CYPRESS MERCH BK PTNRS II	****	****	****	****	****	****	****
0.01	0.00	DMR MORTGAGE OPP FD	****	****	****	****	****	****	****
3.96	0.02	ERASMUS NYC GROWTH FD A	****	****	****	****	****	****	****
15.40	0.06	FALCONHEAD CAPITAL PTNRS II	****	****	****	****	****	****	****
13.70	0.06	FDG CAPL PTNRS	****	****	****	****	****	****	****
18.54	0.08	FDG CAPL PTNRS II	****	****	****	****	****	****	****
11.26	0.05	FENWAY PTNRS CAPITAL III	****	****	****	****	****	****	****
8.58	0.03	FIRST MARK FUND IV	****	****	****	****	****	****	****
12.95	0.05	FIRST RESERVE FD XI	****	****	****	****	****	****	****
9.15	0.04	FIRST RESERVE FD XII	****	****	****	****	****	****	****
13.23	0.05	FOURTH CINVEN FD	****	****	****	****	****	****	****
10.41	0.04	FS EQUITY PTNRS V	****	****	****	****	****	****	****
6.50	0.03	FS EQUITY PTNRS VI	****	****	****	****	****	****	****
7.56	0.03	FST ATLANTIC EQUITY PTNRS IV	****	****	****	****	****	****	****
8.03	0.03	FT VENTURES FD III	****	****	****	****	****	****	****
16.23	0.07	GI PTNRS FD II	****	****	****	****	****	****	****

# Consolidated Performance Report

Through June 30, 2011

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12.64	0.05	GI PTNRS FD III	****	****	****	****	****	****	****
8.82	0.04	GF CAPITAL	****	****	****	****	****	****	****
4.04	0.02	GLEACHER MEZZANINE FD II	****	****	****	****	****	****	****
2.60	0.01	GSC RECOVERY III	****	****	****	****	****	****	****
11.77	0.05	GSO CAPITAL OPP FD	****	****	****	****	****	****	****
3.96	0.02	HIGHLAND CONSUMER FD I	****	****	****	****	****	****	****
6.87	0.03	HM 2006 SECTOR PERFORM FD	****	****	****	****	****	****	****
14.63	0.06	INTERMEDIA PARTNERS VII	****	****	****	****	****	****	****
28.09	0.11	JP MORGAN INVST MGMT	****	****	****	****	****	****	****
7.89	0.03	LANDMARK EQUITY PTNRS XI	****	****	****	****	****	****	****
5.64	0.02	LANDMARK EQUITY PTNRS XIV	****	****	****	****	****	****	****
5.70	0.02	LANDMARK FD XIII	****	****	****	****	****	****	****
4.37	0.02	LEE EQUITY PARTNERS	****	****	****	****	****	****	****
15.52	0.06	LEVINE LEICHTMAN DEEP VALUE FUND	****	****	****	****	****	****	****
4.85	0.02	LEVINE LEICHTMAN DEEP VALUE FUND IV	****	****	****	****	****	****	****
7.36	0.03	LEXINGTON CAP PTNRS VII	****	****	****	****	****	****	****
3.32	0.01	LINCOLNSHIRE EQ FD II	****	****	****	****	****	****	****
9.01	0.04	LINCOLNSHIRE EQ FD III	****	****	****	****	****	****	****
0.80	0.00	LINCOLNSHIRE EQ FD IV	****	****	****	****	****	****	****
21.66	0.09	LODH EURO CHOICE II	****	****	****	****	****	****	****
4.19	0.02	LODH EURO IV	****	****	****	****	****	****	****
17.85	0.07	LOMBARD ODIER DH III	****	****	****	****	****	****	****
6.46	0.03	MARKSTONE CAPITAL PTNRS	****	****	****	****	****	****	****
5.80	0.02	MEDICA MGMT III LP	****	****	****	****	****	****	****
21.74	0.09	MIDOCEAN PARTNERS III	****	****	****	****	****	****	****
12.51	0.05	MILESTONE PTNRS III	****	****	****	****	****	****	****
6.34	0.03	MONTREUX EQ PTNRS IV	****	****	****	****	****	****	****
38.94	0.16	NEUBERGER BERMAN CO-INV PART	****	****	****	****	****	****	****

# Consolidated Performance Report

Through June 30, 2011

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5.37	0.02	NEUBERGER BERMAN EMG MGR	****	****	****	****	****	****	****
1.98	0.01	NEW MOUNTAIN PTNRS	****	****	****	****	****	****	****
6.25	0.03	NEW MOUNTAIN PTNRS II	****	****	****	****	****	****	****
19.08	0.08	NEW MOUNTAIN PTNRS III	****	****	****	****	****	****	****
12.59	0.05	NEWSPRING VENTURE II	****	****	****	****	****	****	****
4.34	0.02	NGN BIOMED OPPORTUNITY II	****	****	****	****	****	****	****
5.78	0.02	OLYMPUS CAPITAL ASIA III	****	****	****	****	****	****	****
3.68	0.01	ONEX PTNRS III	****	****	****	****	****	****	****
12.58	0.05	PALADIN HOMELAND SECURITY	****	****	****	****	****	****	****
14.66	0.06	PALADIN HOMELAND SECURITY III	****	****	****	****	****	****	****
22.79	0.09	PALLADIUM EQ PTNRS III	****	****	****	****	****	****	****
21.77	0.09	PCGAM CLEAN ENERGY & TECH FD	****	****	****	****	****	****	****
34.91	0.14	PEGASUS PTNRS IV	****	****	****	****	****	****	****
13.28	0.05	PERMIRA FUND IV	****	****	****	****	****	****	****
14.86	0.06	PERSEUS PTNRS VII	****	****	****	****	****	****	****
6.06	0.02	PINE BROOK CAPITAL PTNRS	****	****	****	****	****	****	****
9.80	0.04	PRISM VENTURE PTNRS IV	****	****	****	****	****	****	****
9.81	0.04	PRISM VENTURE PTNRS V	****	****	****	****	****	****	****
10.56	0.04	PSILOS GROUP PTNRS III	****	****	****	****	****	****	****
16.74	0.07	QUADRANGLE CAP PTNRS II	****	****	****	****	****	****	****
6.79	0.03	QUAKER BIOVENTURES II	****	****	****	****	****	****	****
3.61	0.01	RELATIVITY FD	****	****	****	****	****	****	****
12.53	0.05	RIVERSTONE/CARLYLLE GLOBAL EP IV	****	****	****	****	****	****	****
12.88	0.05	RRE VENTURES IV	****	****	****	****	****	****	****
6.23	0.03	SCALE VENTURE PTNRS III	****	****	****	****	****	****	****
14.35	0.06	SCP PRIV EQ PTNRS II	****	****	****	****	****	****	****
7.02	0.03	SCP VITALIFE PTNRS II	****	****	****	****	****	****	****
8.76	0.04	SILVER LAKE PTNRS II	****	****	****	****	****	****	****
12.04	0.05	SILVER LAKE PTNRS III	****	****	****	****	****	****	****
9.56	0.04	SNOW PHIPPS GROUP	****	****	****	****	****	****	****
1.94	0.01	SNOW PHIPPS II	****	****	****	****	****	****	****
13.14	0.05	SOLERA PTNRS	****	****	****	****	****	****	****



# Consolidated Performance Report

Through June 30, 2011

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11.76	0.05	TAILWIND CAPITAL PTNRS	****	****	****	****	****	****	****
4.44	0.02	TERRA FIRMA CAP III	****	****	****	****	****	****	****
5.24	0.02	THOMAS MCNERNEY PTNRS II	****	****	****	****	****	****	****
7.79	0.03	TRIDENT V	****	****	****	****	****	****	****
8.77	0.04	TRILANTIC CAPITAL PTNRS III	****	****	****	****	****	****	****
25.27	0.10	TRILANTIC CAPITAL PTNRS IV	****	****	****	****	****	****	****
17.95	0.07	US POWER FUND II	****	****	****	****	****	****	****
11.30	0.05	US POWER FUND III	****	****	****	****	****	****	****
19.54	0.08	VISTA EQUITY PTNRS III	****	****	****	****	****	****	****
10.71	0.04	VITRUVIAN PTNRS	****	****	****	****	****	****	****
5.95	0.02	VS&A COMM PTNRS III	****	****	****	****	****	****	****
7.88	0.03	VSS COMM PTNRS IV	****	****	****	****	****	****	****
7.72	0.03	WELSH CARSON ANDERSON & STOWE XI	****	****	****	****	****	****	****
13.37	0.05	YUCAIPA AMERICAN ALLIANCE FD	****	****	****	****	****	****	****
43.69	0.18	YUCAIPA AMERICAN ALLIANCE FD II	****	****	****	****	****	****	****
3.02	0.01	YUCAIPA CORP INITIATIVE II	****	****	****	****	****	****	****
1,666.38	6.77	<b>TOTAL PRIVATE EQUITY</b>	****	****	****	****	****	****	****
<b>PRIVATE REAL ESTATE</b>									
19.86	0.08	AG REALTY FUND VII	****	****	****	****	****	****	****
6.12	0.02	AMB ALLIANCE FD III	****	****	****	****	****	****	****
5.29	0.02	AMER VALUE PTNRS	****	****	****	****	****	****	****
20.69	0.08	APOLLO EUROPE III	****	****	****	****	****	****	****
1.88	0.01	APOLLO REAL ESTATE FD V	****	****	****	****	****	****	****
9.40	0.04	ARA ASIA DRAGON FD	****	****	****	****	****	****	****
12.08	0.05	BLACKROCK CARBON III	****	****	****	****	****	****	****
4.64	0.02	BLACKSTONE REAL ESTATE PTNRS EU III	****	****	****	****	****	****	****
8.93	0.04	BLACKSTONE REAL ESTATE PTNRS IV	****	****	****	****	****	****	****

# Consolidated Performance Report

Through June 30, 2011

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41.90	0.17	BLACKSTONE REAL ESTATE PTNRS VI	****	****	****	****	****	****	****
0.33	0.00	CANYON-JOHNSON URBAN FD	****	****	****	****	****	****	****
10.91	0.04	CANYON-JOHNSON URBAN FD II	****	****	****	****	****	****	****
3.91	0.02	CANYON-JOHNSON URBAN FD III	****	****	****	****	****	****	****
16.79	0.07	CARLYLE R.P. FD V	****	****	****	****	****	****	****
8.89	0.04	COLONY INVESTORS VIII	****	****	****	****	****	****	****
10.16	0.04	COLONY REALTY PTNRS II	****	****	****	****	****	****	****
6.62	0.03	FIDELITY RE GTH FD III	****	****	****	****	****	****	****
27.63	0.11	HEITMAN AMERICA	****	****	****	****	****	****	****
3.51	0.01	H/2 SPEC OPPORTUNITY FD II	****	****	****	****	****	****	****
47.29	0.19	JPM STRATEGIC PROP FUND	****	****	****	****	****	****	****
9.92	0.04	JPM SPECIAL SIT FUND	****	****	****	****	****	****	****
16.48	0.07	LASALLE US PROPERTY FD	****	****	****	****	****	****	****
1.60	0.01	METRO WORKFORCE HOUSING FD	****	****	****	****	****	****	****
7.27	0.03	OCM REAL ESTATE OPPORTUNITIES FD III	****	****	****	****	****	****	****
17.43	0.07	PRUDENTIAL PRISA	****	****	****	****	****	****	****
45.19	0.18	PRUDENTIAL PRISA II	****	****	****	****	****	****	****
28.81	0.12	PRUDENTIAL PRISA III	****	****	****	****	****	****	****
18.62	0.08	RREEF AMER. II	****	****	****	****	****	****	****
3.54	0.01	RREEF AMER. III	****	****	****	****	****	****	****
6.26	0.03	SILVERPEAK RE PTNRS III	****	****	****	****	****	****	****
8.10	0.03	STOCKBRIDGE RE FD III	****	****	****	****	****	****	****
21.35	0.09	THE CITY INVESTMENT FD	****	****	****	****	****	****	****
2.13	0.01	THOR URBAN PROPERTY FD II	****	****	****	****	****	****	****
21.75	0.09	UBS TRUMBULL PROPERTY FD	****	****	****	****	****	****	****
18.47	0.08	WALTON ST RE FD VI	****	****	****	****	****	****	****
7.44	0.03	WESTBROOK RE FD VII	****	****	****	****	****	****	****
13.55	0.06	WESTBROOK RE FD VIII	****	****	****	****	****	****	****

# Consolidated Performance Report

Through June 30, 2011

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514.79	2.09	<b>TOTAL PRIVATE REAL ESTATE</b>	****	****	****	****	****	****	****
16,693.91	67.84	<b>TOTAL EQUITY - PUBLIC &amp; PRIVATE</b>	0.62	6.83	31.37	2.48	3.89	****	****
		<b>FIXED INCOME MANAGEMENT</b>							
		<b>TREASURY/AGENCY</b>							
155.71	0.63	BLACKROCK - GOVT	3.40	3.18	2.50	****	****	****	****
150.35	0.61	FISCHER FRANCIS - GOVT	3.18	2.89	2.00	7.03	7.85	7.07	7.55
316.48	1.29	PIMCO - GOVT	3.29	3.16	2.57	7.35	8.08	7.23	****
157.21	0.64	STATE STREET - GOVT	3.43	3.15	2.42	****	****	****	****
779.75	3.17	<b>ALL TREASURY/AGENCY</b>	3.32	3.11	2.41	7.14	7.90	7.05	7.50
		NYC - TREASURY AGENCY PLUS FIVE	3.39	3.02	2.44	6.70	7.62	6.83	7.30
		<b>MORTGAGE</b>							
734.71	2.99	BLACKROCK - MORT	2.04	2.75	5.32	7.61	7.22	6.14	****
161.62	0.66	GOLDMAN SACHS - MORT	2.25	2.22	3.67	****	****	****	****
400.33	1.63	NEUBERGER BERMAN -MORT	2.18	3.10	4.43	****	****	****	****
731.67	2.97	PIMCO - MORT	2.14	3.08	4.96	7.66	7.47	6.41	7.01
162.81	0.66	WELLINGTON - MORT	2.55	3.17	4.18	****	****	****	****
2,191.14	8.90	<b>ALL MORTGAGE</b>	2.15	2.92	4.83	7.20	7.00	6.07	6.66
		CITIGROUP MORTGAGE INDEX	2.34	2.97	3.74	6.96	7.02	5.87	6.44
		<b>INVESTMENT GRADE CREDIT</b>							
420.47	1.71	BLACKROCK - CREDIT	2.29	3.21	6.57	7.94	6.93	6.60	****
390.73	1.59	PRUDENTIAL - CREDIT	2.27	3.05	5.99	****	****	****	****
114.93	0.47	PYRAMIS - CREDIT	2.45	3.66	7.23	****	****	****	****
116.18	0.47	TAPLIN,CANADA - CREDIT	2.23	3.88	7.16	7.94	6.08	****	****
540.61	2.20	T. ROWE PRICE	2.47	3.83	7.77	9.39	7.85	6.53	6.93
1,582.92	6.43	<b>ALL INVESTMENT GRADE CREDIT</b>	2.35	3.46	6.92	8.64	7.29	6.14	6.66
		NYC - INVESTMENT GRADE CREDIT	2.35	3.18	5.94	7.84	6.73	6.21	6.61

# Consolidated Performance Report

Through June 30, 2011

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		<b>CORE PLUS FIXED INCOME</b>							
28.98	0.12	LM CAPITAL-MTA	2.51	3.62	5.97	****	****	****	****
28.98	0.12	<b>TOTAL CORE PLUS FIXED INCOME</b>	2.51	3.62	5.97	****	****	****	****
		BARCLAYS CAPITAL AGGREGATE	2.29	2.72	3.90	****	****	****	****
4,553.81	18.51	<b>TOTAL STRUCTURED</b>	2.42	3.14	5.12	7.79	7.41	6.41	6.94
		NYC - CORE PLUS FIVE	2.57	3.05	4.15	7.32	7.19	6.27	6.77
4,582.79	18.62	<b>TOTAL STRUCTURED PLUS LM CAPITAL</b>	2.42	3.14	5.12	7.79	7.40	6.41	6.94
		<b>TIPS MANAGERS</b>							
		<b>ACTIVE TIPS MANAGERS</b>							
117.00	0.48	BLACKROCK-TIPS-MTA	3.20	5.35	7.13	5.59	7.10	****	****
293.11	1.19	PIMCO-TIPS-MTA	3.43	5.20	6.98	5.29	6.96	****	****
410.11	1.67	<b>TOTAL ACTIVE TIPS MANAGERS</b>	3.36	5.25	7.02	5.37	7.00	****	****
		<b>PASSIVE TIPS MANAGERS</b>							
176.78	0.72	STATE STREET-TIPS-MTA	3.60	5.73	7.64	5.24	6.91	****	****
176.78	0.72	<b>TOTAL PASSIVE TIPS MANAGERS</b>	3.60	5.73	7.64	5.24	6.91	****	****
586.89	2.39	<b>TOTAL TIPS MANAGERS</b>	3.43	5.39	7.21	5.33	6.97	****	****
		BARCLAYS US TIPS (INFLATION NOTES)	3.66	5.81	7.74	5.30	6.92	****	****
		<b>ENHANCED YIELD</b>							
130.80	0.53	LOOMIS SAYLES	1.85	8.40	19.70	14.80	10.85	10.03	8.49
		NYC-LOOMIS (BOFA-MST II 7-03/BB&B PRIOR)	0.99	4.93	15.40	12.40	9.20	8.83	7.61

# Consolidated Performance Report

Through June 30, 2011

Assets (\$MM)	% Total		3 Mos Apr-11 Jun-11	YTD Jan-11 Jun-11	1 Yr Jul-10 Jun-11	3 Yrs Jul-08 Jun-11	5 Yrs Jul-06 Jun-11	10 Yrs Jul-01 Jun-11	15 Yrs Jul-96 Jun-11
145.80	0.59	MACKAY SHIELDS	1.23	4.68	13.62	10.82	9.09	****	****
		MERRILL LYNCH HY MASTER II	0.99	4.93	15.40	12.40	9.20	8.76	7.45
140.55	0.57	SEIX	0.99	5.25	16.18	10.66	8.35	****	****
96.44	0.39	SHENKMAN	0.52	3.76	12.52	9.42	7.94	****	****
112.31	0.46	T. ROWE PRICE	0.83	4.74	15.18	11.14	8.97	****	****
625.91	2.54	ALL ENHANCED YIELD	1.11	5.42	15.48	11.40	9.08	8.35	7.47
		CITIGROUP BB & B	1.05	4.88	14.60	8.14	6.73	7.36	6.64
		CITIGROUP BB & B CAPPED	0.98	4.79	14.15	8.71	7.30	****	****
		ENHANCED YIELD MEDIAN	0.90	4.74	14.99	10.73	8.73	9.51	8.67
		CONVERTIBLE BONDS							
88.12	0.36	ADVENT CONVERTIBLE BONDS	-0.25	4.07	18.31	9.64	****	****	****
		BofA ML CONVERTIBLES YIELD ALT. INDEX	-0.41	3.76	14.93	8.55	****	****	****
82.40	0.33	LORD ABBETT CONVERTIBLE BONDS	-1.06	4.47	24.54	6.32	****	****	****
		BofA ML ALL CONVERTIBLES INDEX	-0.62	4.43	22.54	6.85	****	****	****
76.58	0.31	VICTORY CONVERTIBLE BONDS	-1.01	3.62	17.21	4.27	****	****	****
		BofA ML CONVERTIBLE BONDS INVST GRADE	-0.56	3.70	14.90	1.09	****	****	****
247.11	1.00	TOTAL CONVERTIBLE BONDS	-0.76	4.06	19.96	6.78	****	****	****
		ML ALL CONVERTIBLES EX MANDATORY	-0.60	5.03	22.79	7.61	****	****	****
		CUSTOM CONVERTIBLE BOND INDEX	-0.52	3.97	17.43	5.52	****	****	****
		OPPORTUNISTIC FIXED							
23.12	0.09	AVE EURO SPECIAL SITUATIONS FD	7.08	15.70	30.52	****	****	****	****
6.27	0.03	AVE SPECIAL SITUATIONS FD V	56.72	110.08	116.69	31.97	****	****	****
28.45	0.12	AVE SPECIAL SITUATIONS FD VI	****	****	****	****	****	****	****
106.65	0.43	PIMCO-DISCO	4.64	8.76	16.10	****	****	****	****

# Consolidated Performance Report

Through June 30, 2011

Assets (\$MM)	% Total		3 Mos Apr-11 Jun-11	YTD Jan-11 Jun-11	1 Yr Jul-10 Jun-11	3 Yrs Jul-08 Jun-11	5 Yrs Jul-06 Jun-11	10 Yrs Jul-01 Jun-11	15 Yrs Jul-96 Jun-11
34.62	0.14	TORCHLIGHT INVESTORS	0.94	3.67	10.10	****	****	****	****
		3 MONTH LIBOR PLUS 750BPS	1.89	3.82	7.81	8.35	****	****	****
199.10	0.81	TOTAL DISTRESSED FIXED	6.07	11.89	19.72	16.96	****	****	****
34.58	0.14	AG GECC LP	-2.54	11.26	44.00	****	****	****	****
33.23	0.14	ALLIANCE BERNSTEIN LEGACY SECS LP	2.71	10.32	30.69	****	****	****	****
67.80	0.28	TOTAL PPIP	-0.03	10.85	37.20	****	****	****	****
266.91	1.08	TOTAL OPPORTUNISTIC FIXED	4.33	11.57	23.93	17.94	****	****	****
		10% ANNUAL RETURN	2.41	4.88	10.00	10.01	****	****	****
		JP MORGAN HIGH YIELD PLUS 3%	1.67	6.55	18.79	15.60	****	****	****
		ETI							
24.38	0.10	ACCESS/RBC	2.43	2.65	3.56	8.26	****	****	****
106.36	0.43	AFL-CIO HOUSING INV TRUST	2.08	2.89	4.25	6.58	6.53	****	****
0.81	0.00	BOA-PPAR	1.44	****	****	****	****	****	****
0.98	0.00	CFSB-PPAR	0.90	1.98	9.32	9.31	****	****	****
1.26	0.01	CCD-PPAR	1.33	2.91	8.53	10.37	****	****	****
0.60	0.00	NHS-PPAR	1.32	3.01	4.22	10.72	****	****	****
0.97	0.00	LIIF-PPAR	1.15	2.26	0.62	****	****	****	****
0.22	0.00	NCBCI-PPAR	1.30	3.53	2.93	****	****	****	****
95.53	0.39	TARGETED INVESTMENT	1.42	2.71	5.71	8.87	8.54	7.71	7.76
11.92	0.05	ETI CPC REVOLVING	0.49	1.01	2.09	2.51	****	****	****
243.03	0.99	TOTAL ETI (WITH CASH)	1.76	2.71	4.75	7.59	7.35	6.73	7.10
		POLICE CUSTOM BENCHMARK (NO CASH)	2.49	3.08	4.41	6.74	6.95	5.99	6.70
		BARCLAYS U.S. AGGREGATE BOND INDEX	2.29	2.72	3.90	6.46	6.52	5.75	6.32

Note: All ETI Returns are shown Net of Fees

# Consolidated Performance Report

Through June 30, 2011

Assets (\$MM)	% Total		3 Mos Apr-11 Jun-11	YTD Jan-11 Jun-11	1 Yr Jul-10 Jun-11	3 Yrs Jul-08 Jun-11	5 Yrs Jul-06 Jun-11	10 Yrs Jul-01 Jun-11	15 Yrs Jul-96 Jun-11
1,346.96	5.47	SHORT TERM INVESTMENTS	0.11	0.19	0.43	1.42	2.84	2.73	3.82
7,899.59	32.10	<i>TOTAL FIXED INCOME</i>	2.03	3.62	7.20	7.98	7.51	6.59	6.89
13.69	0.06	SECURITIES LENDING	****	****	****	****	****	****	****
0.01	0.00	BNY - CD	****	****	****	****	****	****	****
24,607.20	100.00	<i>TOTAL POLICE PENSION FUND</i>	1.02	5.89	23.26	4.49	5.23	5.75	7.36
		POLICE POLICY BENCHMARK	1.02	5.34	24.09	4.81	5.16	5.57	7.07

## Actual and Estimated Fees

NEW YORK CITY POLICE PENSION FUND SUBCHAPTER 2				
ACTUAL FEES FOR FISCAL YEAR ENDING JUNE 30, 2009 AND ESTIMATED FEES FOR FY 2010 UPDATED THROUGH DECEMBER 2009				
	Actual			Estimated
	2009			2010
INVESTMENT STYLE (EQUITIES)	BASIS POINTS			BASIS POINTS
Small Cap	47.89			66.81
Small Cap Core	55.64			64.04
Small Cap Value	22.58			64.86
Small Cap Growth	51.94			100.00
Small Cap Fundamental	24.76			30.19
Small/Mid Cap Growth	37.17			45.00
Mid Cap	23.03			35.21
Mid Cap Core	29.02			24.24
Mid Cap Value	19.85			55.52
Large Cap	22.15			28.87
Large Cap Growth	23.44			29.77
Large Cap Value	24.92			31.46
Large Cap Core	-			26.73
Large Cap Fundamental	13.50			16.53
Emerging Managers (U.S. Equities)	68.97			70.94
Emerging Managers (Fixed)	-			40.00
Passive Equities	0.14			0.17
Activist	93.41			76.65
Environmental	32.11			52.26
Fixed Income	-			85.02
Int'l Active Equities (EAFE)	27.68			30.78
Int'l Passive Equities (EAFE)	1.15			1.14
Emerging Markets	45.13			59.21



## Actual and Estimated Fees

NEW YORK CITY POLICE PENSION FUND SUBCHAPTER 2				
ACTUAL FEES FOR FISCAL YEAR ENDING JUNE 30, 2009 AND ESTIMATED FEES FOR FY 2010 UPDATED THROUGH DECEMBER 2009				
	Actual			Estimated
	2009			2010
INVESTMENT STYLE (Fixed Income)	BASIS POINTS			BASIS POINTS
Core +5 Fixed Income	5.40			-
Government Sector	4.84			-
Mortgage Sector	5.12			-
Corporate Sector	5.79			-
Yankee Sector	7.31			-
Investment Grade – Fixed Income	-			8.89
Government Sector	-			8.46
Mortgage Sector	-			7.42
Credit Sector	-			11.18
TIPS	6.77			6.52
Active TIPS	9.52			9.11
Passive TIPS	0.47			0.50
Enhanced Yield	30.66			32.59
Convertible Bonds	41.58			40.43
Global Fixed Income	-			23.04
ETI - AFL-CIO	40.00			40.00
ETI - Access / RBC	38.00			39.01
In-House Short Term	0.00			0.00
Total Overall*	13.74			18.44
*Only Public Markets fees are calculated in the overall total				

# Securities Lending Income

Through June 30, 2011

	U.S. <u>FIXED INCOME</u>	U.S. <u>EQUITY</u>	INTERNATIONAL <u>EQUITY</u>
1989*	\$254,000	--	--
1990	288,000	--	--
1991	464,000	--	--
1992	996,000	\$138,000	\$126,000
1993	1,852,000	434,000	203,000
1994	1,846,000	815,000	317,000
1995	1,465,000	888,000	224,000
1996	1,465,000	1,051,000	379,000
1997	1,632,000	1,793,000	599,000
1998	2,770,000	2,517,000	1,006,000
1999	2,681,000	2,713,000	1,184,000
2000	2,697,000	2,899,000	1,520,000
2001	3,947,000	3,595,000	1,980,000
2002	2,646,000	3,401,000	1,725,000
2003	1,238,000	2,257,000	1,859,000
2004	1,515,000	2,306,000	2,097,000
2005	2,333,000	3,172,000	2,503,000
2006	2,104,000	5,043,000	2,243,000
2007	4,582,000	8,425,000	2,727,000
2008	13,856,000	16,383,000	3,872,000
2009	5,163,000	9,110,000	2,695,000
2010	2,405,000	5,813,000	1,979,000
2011 (6 Months)	1,431,000	4,081,000	2,020,000
Since Inception (4/89)	\$59,630,000	\$76,834,000	\$31,258,000

## Footnotes

### Through June 30, 2011

- The Barclays Capital Aggregate (then known as the Lehman Brothers Aggregate) was used prior to 1/1/89. Effective 1/1/89, in the Government Sector, maturities of less than 5 years were dropped from the Salomon and Lehman indices. From that date until 7/1/99 the benchmark was the NYC Core + 5, from Lehman.
- Effective 7/1/94, the NYC Core + 5 Index includes BBB rated securities.
- Effective 7/1/99, the basis of the NYC Index was changed from Lehman Brothers to Salomon. Also effective 7/1/99, only Salomon indices have been used to compare all fixed income managers.
- Effective 4/1/03, the name of the benchmark provider was changed from Salomon to Citigroup.
- Effective 7/1/03, the “NYC-Loomis” benchmark index for the Loomis Sayles Enhanced Yield portfolio reflects a change from the Citigroup BB&B Index to the more appropriate Merrill Lynch High Yield Master II Index.
- Effective 7/1/09, the Core+5 program was restructured.
  - The U.S. Gov’t sector benchmark Index was changed from the Citigroup Core+5 Treasury/Gov’t Sponsored Index to the Citigroup Core+5 Treasury/Agency Index.
  - The Corporate and Yankee sectors were combined to form the new Investment Grade Credit sector. The benchmark for the new combined sector is the customized Citigroup Credit Index. For historical performance purposes, the old Corporate sector Index is linked to the new Credit sector Index.
  - There were no changes to the Mortgage sector Index.
  - The total Core+5 results and benchmark returns combine the three sectors. Historical total Core+5 returns continue to include the old Corporate and Yankee sector returns.

## Glossary of Terms

### Through June 30, 2011

#### **General Notes**

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

#### **Page Specific**

#### **Page 21 - Portfolio asset Allocation**

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

# Glossary of Terms

Through June 30, 2011

## Page 22 - Performance Attribution: Total Plan

- Plan Return at Policy Weights: the return of the Total Plan assuming actual Asset Class results were maintained at target (Adjusted Policy) weights. *Figure = (Return of Asset Class 1 \* Target Weight) plus (Return Of Asset Class 2 \* Target Weight) plus (.....)*
- **Allocation Effect** = Total Plan Return minus Plan Return at Adjusted Policy Weights.
- **Management Effect** = Equal to the Custom Benchmark (Adjusted Policy Index) Return minus Plan Return at Adjusted Policy Weights. This illustrates how the Managers have added or removed value based on their Security Selection decisions.
- **Policy Index = Custom Benchmark**  
*The “policy index” is a custom benchmark representing the weighted average return of the weighted benchmark indexes for each major investment program. Weights may reflect an adjustment of actual policy for outstanding commitments for new or revised programs, such as for private market programs, which are invested gradually, of for any new or updated program requiring the completion of RFPs and contracts. The policy index/custom benchmark is calculated monthly based on adjusted policy weights at the beginning of each month.*  
*The indexes and most recent policy weights are as follows:*  
*U.S. Equity: Russell 3000 \* 41.35%*  
*International Developed (EAFE) Markets: MSCI EAFE \* 16.00%*  
*International Emerging Markets: MSCI Emerging Markets \* 4%*  
*Private Equity: Russell 3000 + 500 b.p. per annum \* 6.62%*  
*Private Real Estate: NCREIF Property Index +100 b.p. per annum \*2.02%*  
*Domestic Fixed Income: NYC Core +5 \* 21.05%*  
*TIPS: Lehman U.S. TIPS \* 3%*  
*Enhanced Yield: Citigroup BB&B \* 4%*  
*Convertible Bonds: Merrill All US Converts \* 1%*  
*Opportunistic Fixed: 10% Annual Return \* 0.95%*

# Glossary of Terms

## Through June 30, 2011

### **Page 25 - Management Effect - Asset Class Breakdown**

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

### **Page 31 - Domestic Equity Asset Allocation**

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

### **Page 44 – Structured Fixed Income Asset Allocation**

- See Domestic Equity Asset Allocation for explanation

### **Page 50 – ETI Returns vs Custom Index and Barclays Capital U.S. Aggregate**

- Targeted has implemented a Custom Benchmark to better track the performance of the individual Targeted programs relative to their respective benchmarks. The Custom Benchmark represents the weighted average return of the individual benchmark indexes for each program, updated monthly. The indexes are as follows:
- AFL-CIO Housing Inv Trust: Barclays Capital U.S. Aggregate Bond Index
- GNMA: Citigroup 15 yr. GNMA
- PPAR: Citigroup GNMA + 65 bps per annum
- Access/Voyageur: 60% Merrill Lynch 30 yr Mortgage Index and 40% Merrill Lynch US Treasury 1-10yr Index
- CPC Revolving: 30 Day Libor + 180 bps per annum