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Chief Investment Officer

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MEMORANDUM

TO: Trustees
Teachers' Retirement System of the City of New York

FROM: Larry Schloss

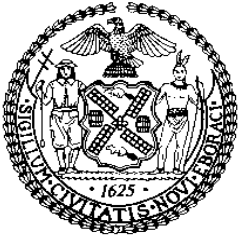
DATE: May 27, 2011

RE: **Teachers' Retirement System of the City of New York Investment Meeting – June 2, 2011**

Enclosed is a copy of the public agenda for the June 2, 2011 Investment Meeting. The meeting will be held at 55 Water Street, 16th Floor Conference Room beginning at (9:30am).

Please remember to bring your **Quarterly Performance Overview book** with you to the meeting; it has been mailed to you.

If you have questions about any agenda item, please give me a call at 212-669-8318.



THE CITY OF NEW YORK
OFFICE OF THE COMPTROLLER
1 CENTRE STREET
NEW YORK, N.Y. 10007-2341

John C. Liu
COMPTROLLER

TEACHERS' RETIREMENT SYSTEM OF THE CITY OF NEW YORK

INVESTMENT MEETING

JUNE 2, 2011

INVESTMENT MEETING

JUNE 2, 2011

PUBLIC AGENDA

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I. Monthly Performance Review: (30 Minutes)	4
II. Performance Reviews: (30 Minutes)	
• Quarterly Reports:	
➤ Overall Performance – March 31, 2011 (Previously Distributed)	---
➤ ETI Quarterly Report – March 31, 2011	52
➤ Real Estate Quarterly Report – December 30, 2010	59
➤ Private Equity Quarterly Report – December 30, 2010	67
III. Asset Allocation (cont.): (45 Minutes)	92
IV. Opportunistic Fixed Income IPS: (20 Minutes)	106
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PUBLIC AGENDA

I. Monthly Performance Review:

Monthly Performance Review

April 2011

*Prepared for the New York City
Teachers' Retirement System
6/2/2011*

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ECONOMIC INDICATORS

as of May 2011



NYC OFFICE OF THE COMPTROLLER
BUREAU OF ASSET MANAGEMENT

GROSS DOMESTIC PRODUCT

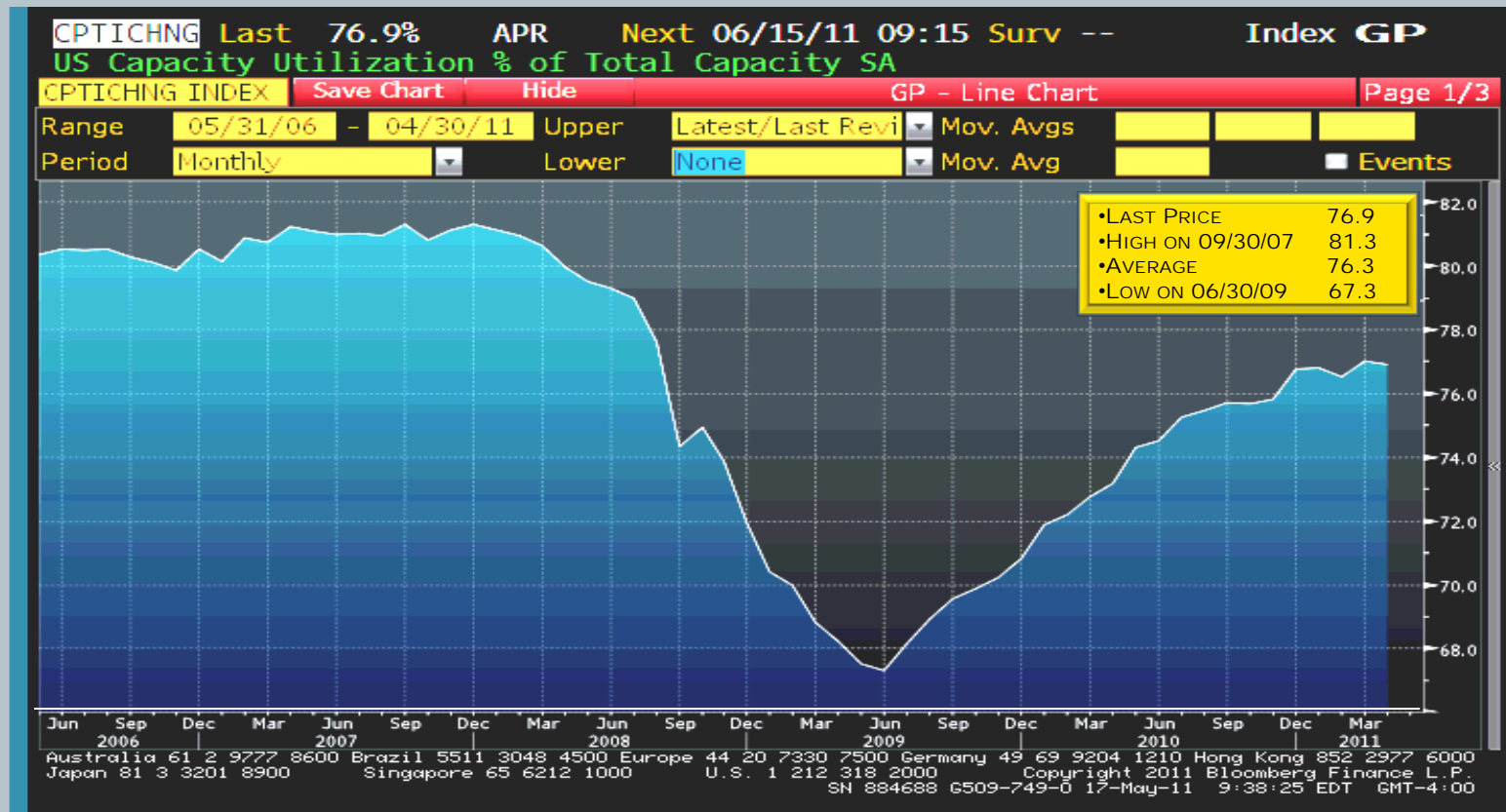
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- NOTE: THE MARKET INDICATORS CONTAINED IN THE BOARD MATERIALS ARE A SUBSET OF INDICATORS RELEVANT TO FUND PERFORMANCE AND STRATEGIC PLANNING AND ARE NOT INTENDED AS THE EXCLUSIVE INDICATORS.

CAPACITY UTILIZATION

3



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ISM MANUFACTURING INDEX

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WEEKLY UNEMPLOYMENT CLAIMS

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UNEMPLOYMENT RATE

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CONSUMER SENTIMENT

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ARCHITECTURAL BILLINGS INDEX

8



- A SCORE ABOVE 50 INDICATES AN INCREASE IN BILLINGS WHILE A READING BELOW 50 INDICATES A NEGATIVE OUTLOOK
- THIS INDEX IS CONSIDERED A LEADING INDICATOR FOR COMMERCIAL BUILDING CONSTRUCTION WITH A 6-9 MONTH LAG
- NOTE: THE MARKET INDICATORS CONTAINED IN THE BOARD MATERIALS ARE A SUBSET OF INDICATORS RELEVANT TO FUND PERFORMANCE AND STRATEGIC PLANNING AND ARE NOT INTENDED AS THE EXCLUSIVE INDICATORS.

EXISTING HOME SALES

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NEW HOUSING STARTS

10



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RETAIL SALES

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US AUTO SALES

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INDEX OF LEADING ECONOMIC INDICATORS

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- THE INDEX OF LEI IS COMPOSED OF: AVE. WEEKLY MANUFACTURING HRS, AVE. WEEKLY JOBLESS CLAIMS, MANUFACTURERS' NEW ORDERS-CONSUMER & CAPITAL, VENDOR PERFORMANCE, NEW BUILDING PERMITS, STOCK PRICES, MONEY SUPPLY-M2, INT. RATE SPREADS & CONSUMER EXPECTATIONS
- NOTE: THE MARKET INDICATORS CONTAINED IN THE BOARD MATERIALS ARE A SUBSET OF INDICATORS RELEVANT TO FUND PERFORMANCE AND STRATEGIC PLANNING AND ARE NOT INTENDED AS THE EXCLUSIVE INDICATORS.

INFLATION- CPI

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MARKET INDICATORS

as of May 2011



NYC OFFICE OF THE COMPTROLLER
BUREAU OF ASSET MANAGEMENT

USD/EUR EXCHANGE RATE

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STRENGTH OF THE US DOLLAR

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- THIS DOLLAR INDEX IS BASED ON STRENGTH VS. THE EURO, YEN, BRITISH POUND, CANADIAN DOLLAR, SWEDISH KRONA & THE SWISS FRANC
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3-MONTH LIBOR

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VOLATILITY INDEX (VIX)

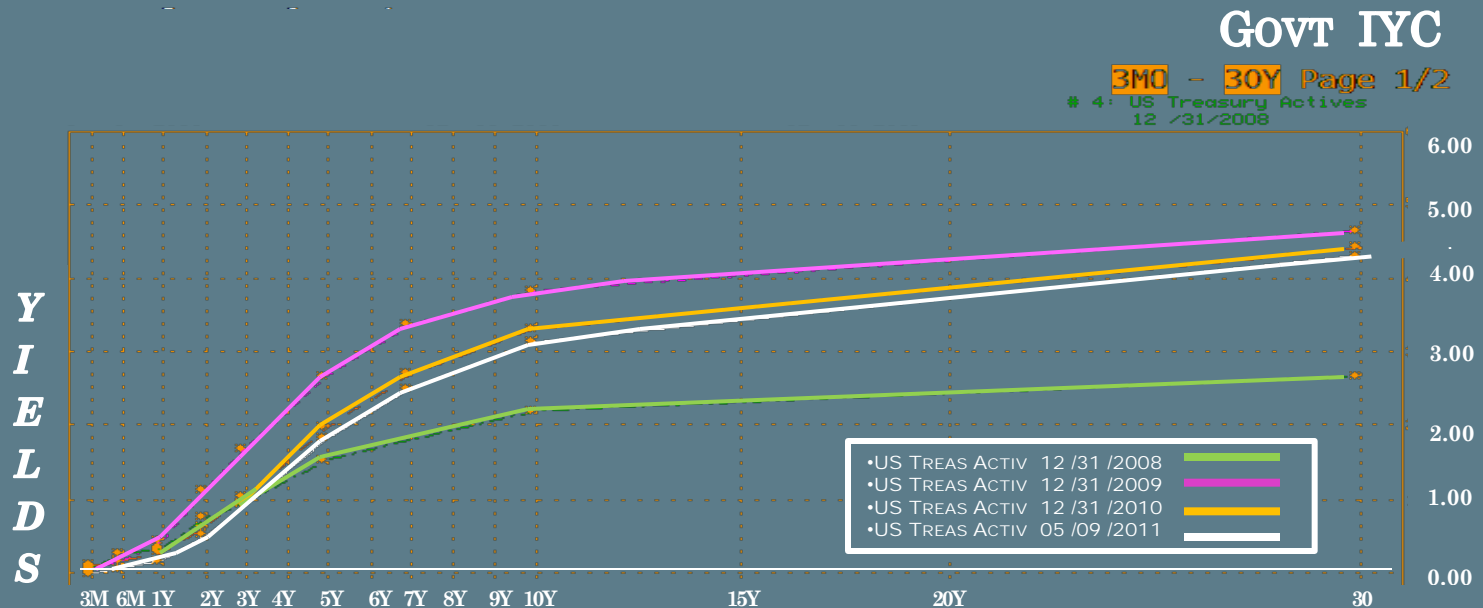
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US TREASURY YIELD CURVES

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MULTIPLE HISTORICAL CURVES

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10 YEAR TREASURY RATES

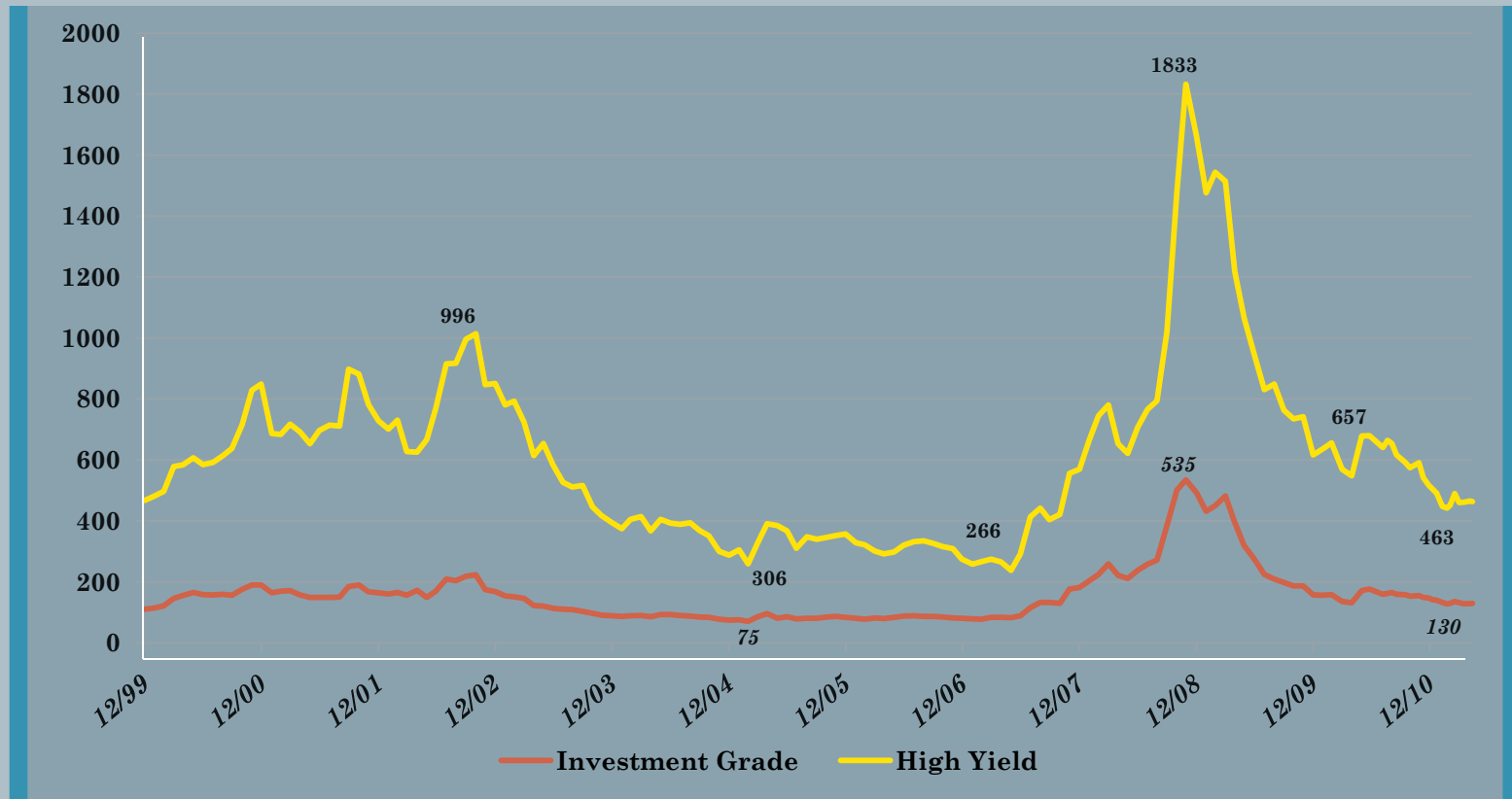
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INVESTMENT GRADE AND HY SPREADS

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CORPORATE EARNINGS

S & P 500 EARNINGS PER SHARE & P/E RATIO

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23



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PRICE TO EARNING RATIOS INCLUDING ESTIMATES

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PRICE TO EARNING RATIOS INCLUDING ESTIMATES

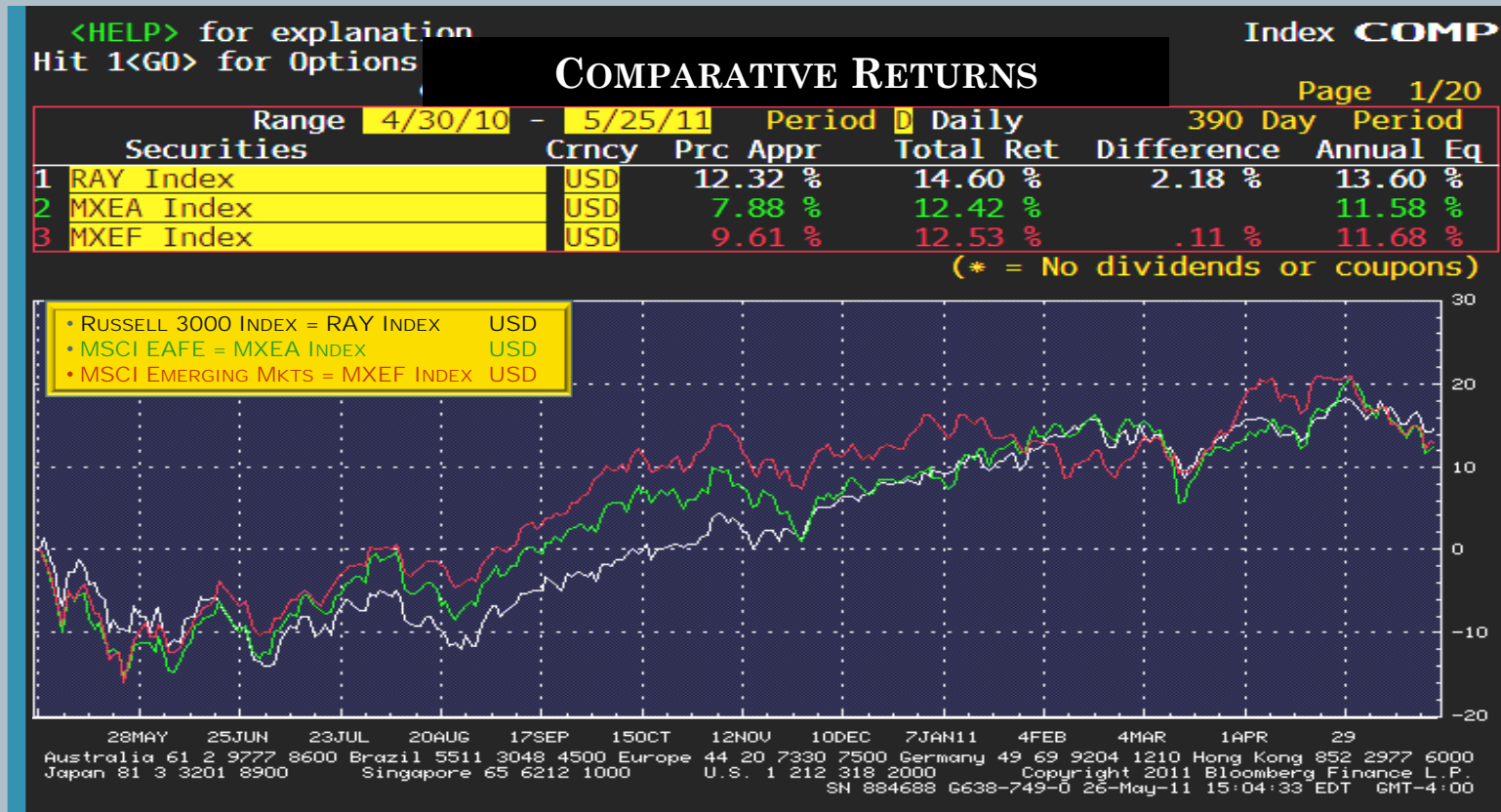
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RECENT GLOBAL EQUITY MARKET RETURNS

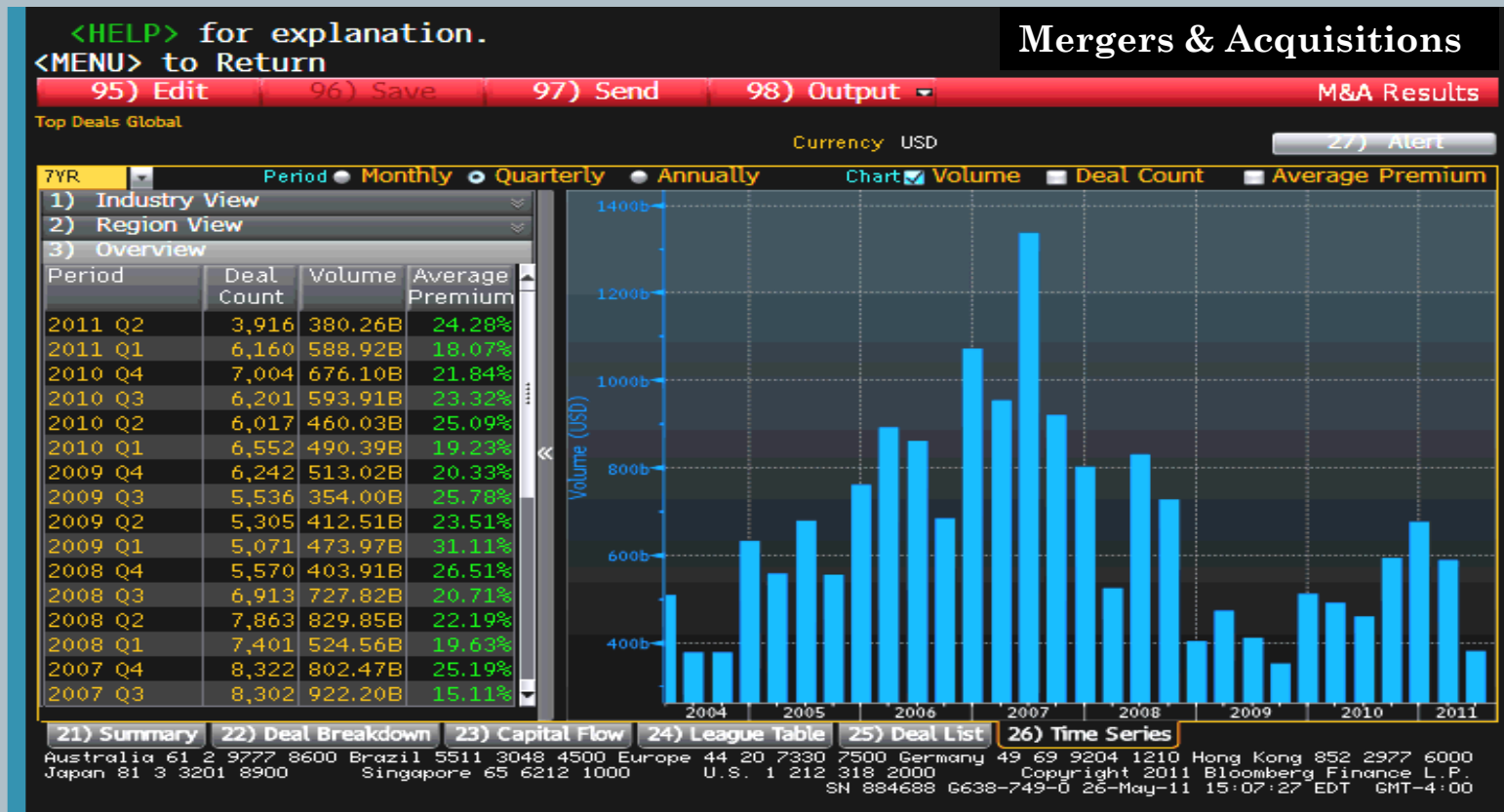
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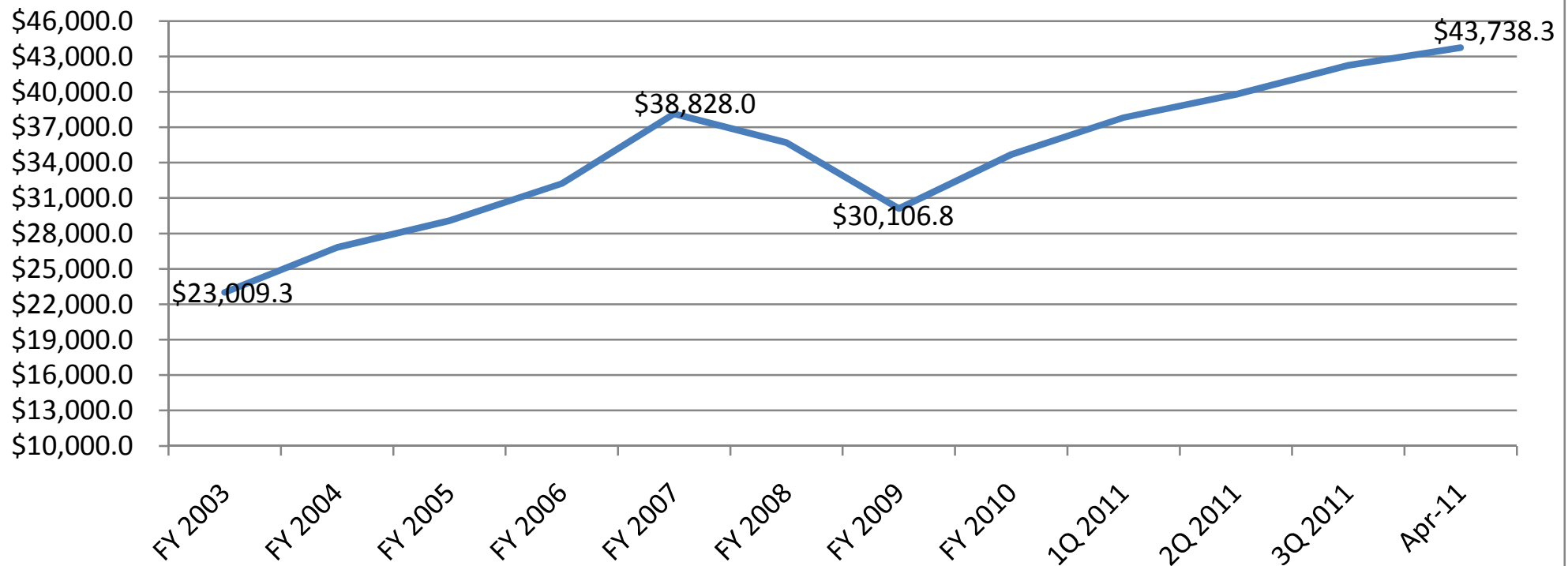
MERGERS & ACQUISITIONS ACTIVITY

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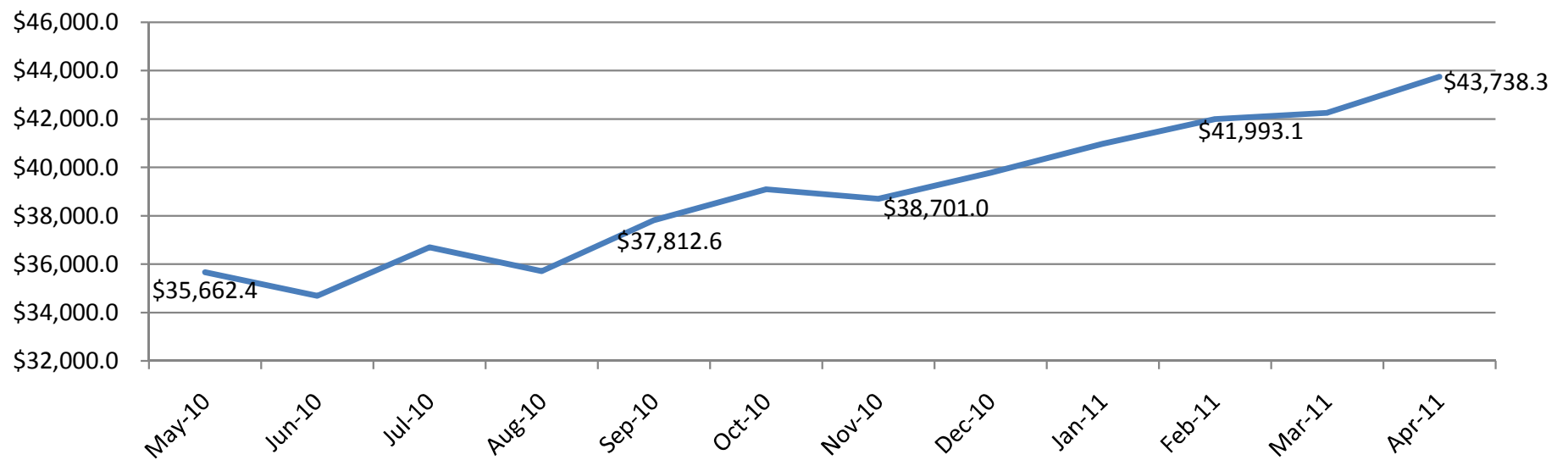
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TRS Market Value 2003 - 2011



The April 2011 market value of \$43.738 billion marks a new high for the fund. The previous high was \$38.828 billion in September 2007.

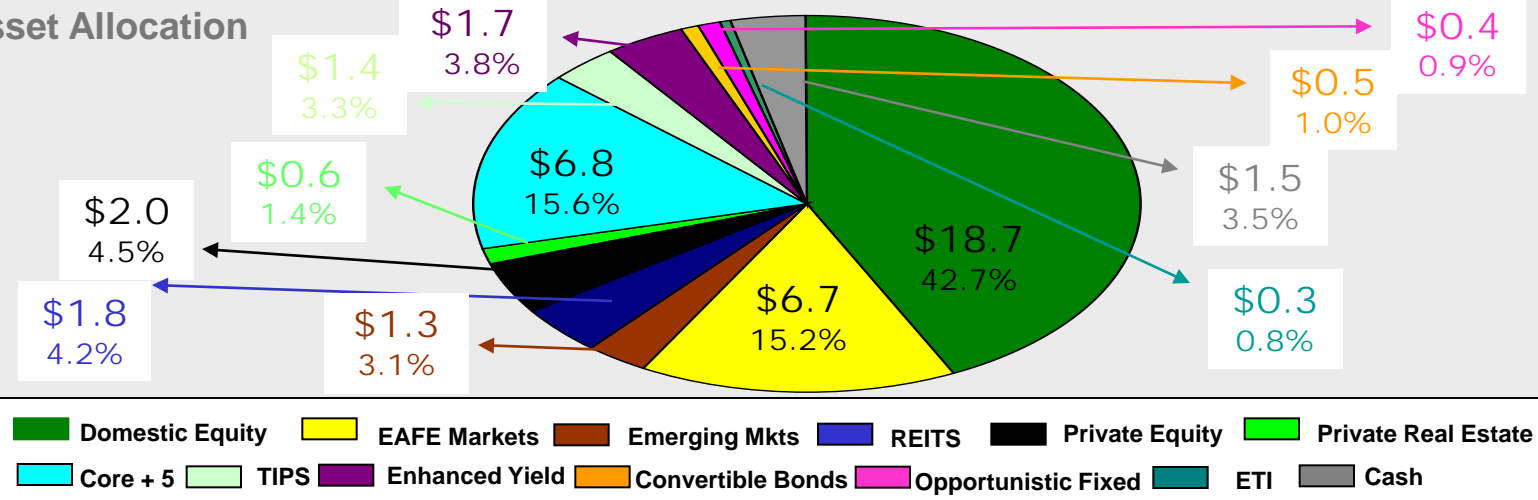
TRS - Market Values May 2010 - April 2011



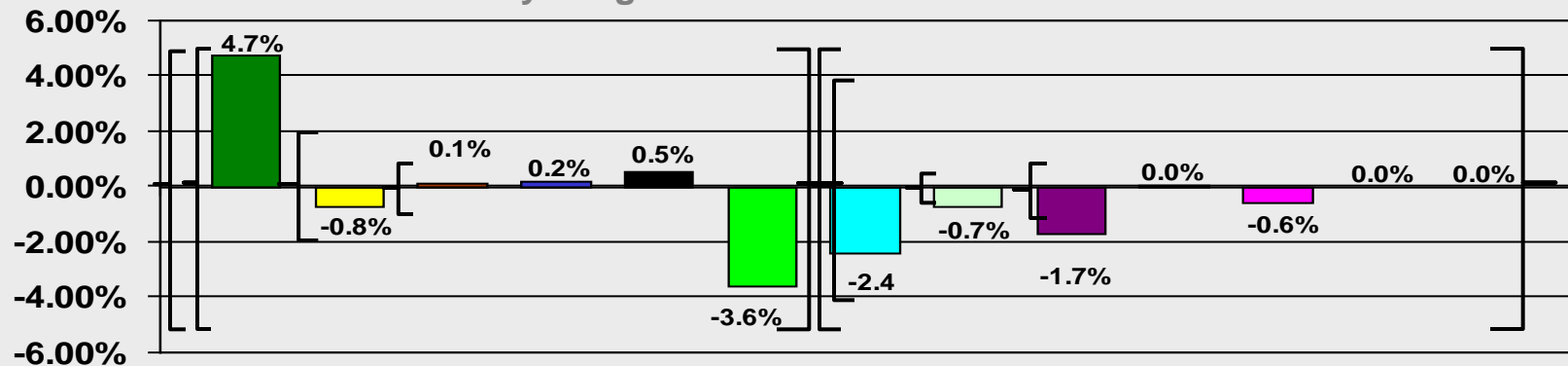
Portfolio Asset Allocation: April 30, 2011

\$43.7B Under Management

Asset Allocation



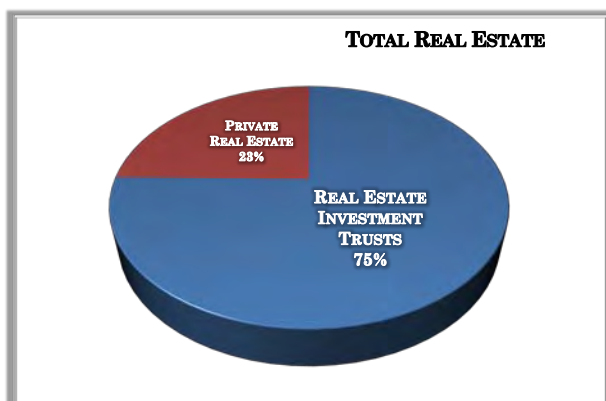
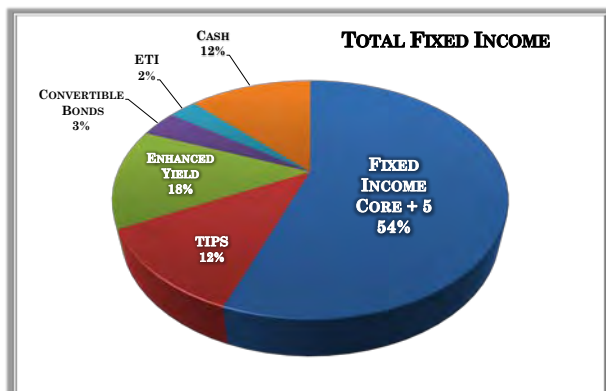
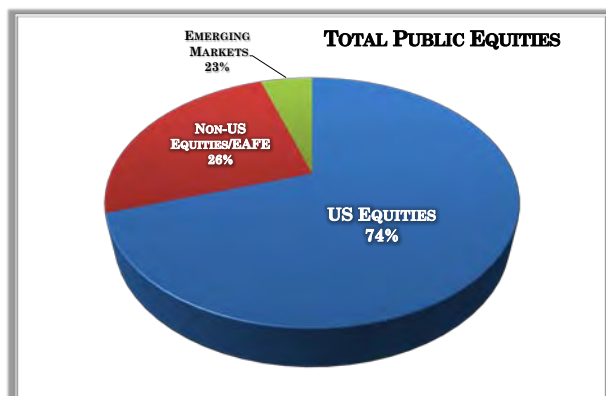
Relative Mix to Actual Policy Weights



Note: Brackets represent rebalancing ranges versus Actual Policy.

**NYC TEACHERS' RETIREMENT SYSTEM
CLASSIFICATION OF INVESTMENTS
(as of April 30th 2011)**

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	In \$MM	Actual %	Policy %	*Adjusted Policy %	Rebalancing Range %
US Equities	\$18,684.0	42.7%	38.0%	41.6%	36.6%-46.6%
Non-US Equities/EAFE	\$6,666.8	15.2%	16.0%	16.0%	14.0%-18.0%
Emerging Markets	\$1,347.1	3.1%	3.0%	3.0%	3.0%
Total Public Equities	\$26,697.8	61.0%	57.0%	60.6%	

	In \$MM	Actual %	Policy %	*Adjusted Policy %	Rebalancing Range %
US - Government	\$1,098.5	16.1%	21.2%	21.2%	<i>Neutral to the Core + 5 Index Weights</i>
US - Mortgage	\$3,328.0	48.8%	43.8%	43.8%	
US - Investment Grade Credit	\$2,397.1	35.1%	35.0%	35.0%	
Fixed Income Core + 5	\$6,823.7	15.6%	18.0%	18.1%	14.1%-22.1%
TIPS	\$1,440.4	3.3%	4.0%	4.0%	3.5%-4.5%
Enhanced Yield	\$1,659.1	3.8%	5.5%	6.0%	5.0%-7.0%
Convertible Bonds	\$446.3	1.0%	1.0%	1.0%	1.0%
ETI	\$344.4	0.8%	**2.0%	**0.8%	0.8%
Cash	\$1,526.3	3.5%	0.0%	0.0%	0.0%
Sub-total Fixed Income	\$12,240.1	28.0%	28.5%	29.1%	

	In \$MM	Actual %	Policy %	Adjusted Policy %	Rebalancing Range %
Real Estate Investment Trusts	\$1,826.7	4.2%	4.0%	4.0%	3.0%-5.0%
Private Real Estate	\$600.0	1.4%	5.0%	1.4%	1.4%
Total Real Estate	\$2,426.7	5.5%	9.0%	5.4%	

	In \$MM	Actual %	Policy %	Adjusted Policy %	Rebalancing Range %
Private Equity	\$1,966.8	4.5%	4.0%	4.0%	4.0%

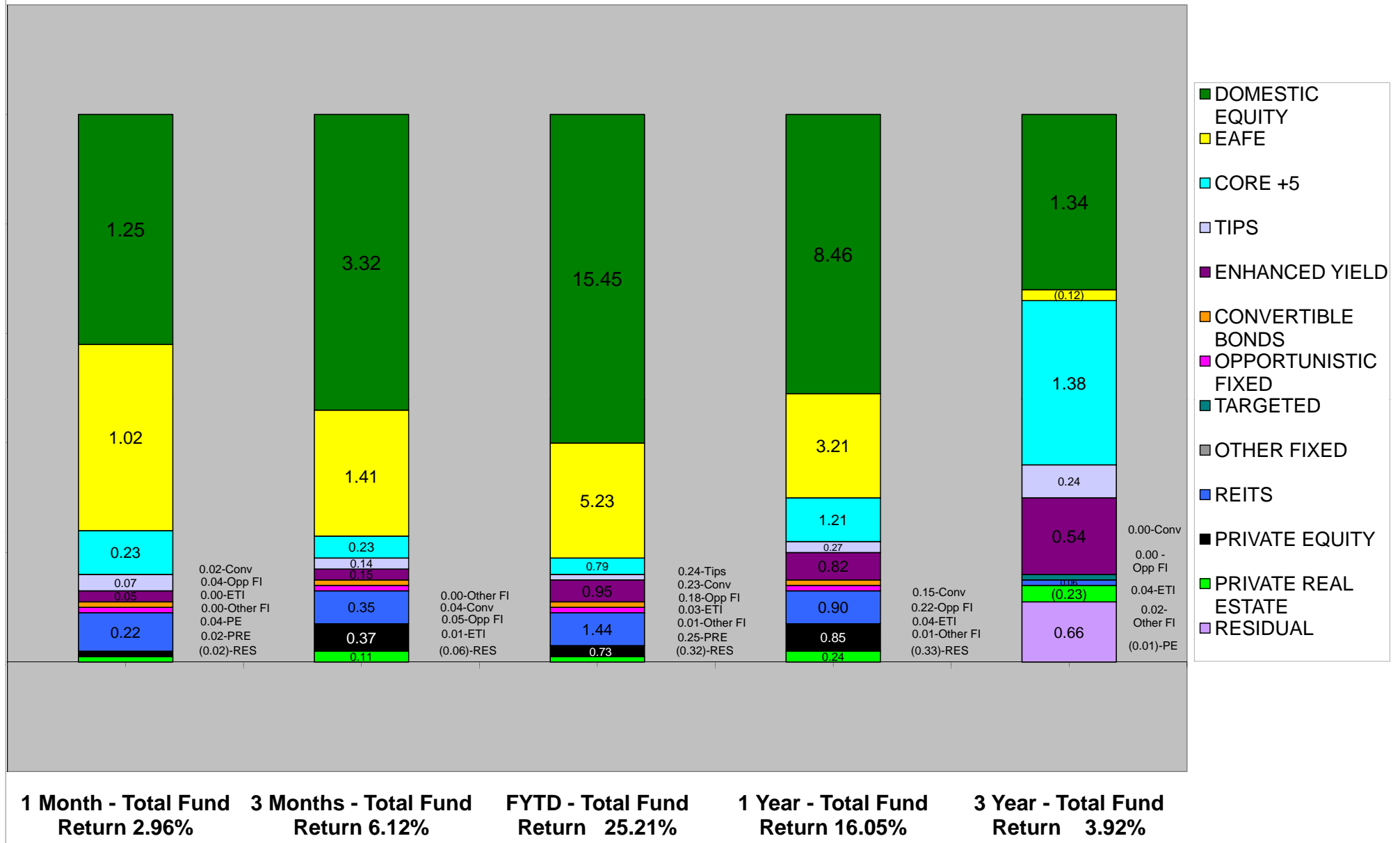
	In \$MM	Actual %	Policy %	Adjusted Policy %	Rebalancing Range %
Opportunistic Fixed Income	\$406.8	0.9%	1.5%	0.9%	0.9%
Absolute Return	\$406.8	0.9%	1.5%	0.9%	

	In \$MM	Actual %	Policy %	Adjusted Policy %	Rebalancing Range %
Total Equities	\$31,091.4	71.1%	70.0%	70.0%	65.0%-75.0%
Total Fixed Income	\$12,647.0	28.9%	30.0%	30.0%	25.0%-35.0%
TOTAL	\$43,738.3	100.0%	100.0%	100.0%	

*If PE, RE, OR OPPORTUNISTIC FI ACTUAL WEIGHTS ARE BELOW THE POLICY WEIGHTS, THE SHORTFALL WILL BE INVESTED IN US EQUITY, CORE + 5, OR HIGH YIELD AS APPROPRIATE.

**ETI'S HAVE A POLICY OF 2% OF THE TOTAL FUND. THE ETI ADJUSTED POLICY % IS SHOWN FOR ILLUSTRATIVE PURPOSES ONLY AND IS NOT INCLUDED IN THE SUB-TOTALS. THE ETI POLICY % IS INCLUDED WITHIN THE POLICY % OF THE OTHER ASSET CLASSES.

NYC Teachers' Retirement System Contribution to Return - April 2011



THE BANK OF NEW YORK MELLON
CITY OF NEW YORK
Market Indicator Page *NYC Teachers' Retirement System
April 30, 2011

	Trailing 1 Month	Trailing 3 Months	06/30/10 04/30/11	Trailing 1 Year	Trailing* 2 Years	Trailing* 3 Years	Trailing* 5 Years	Trailing* 10 Years
<u>MARKET INDICATORS</u>								
STANDARD & POORS 500	2.96	6.53	34.43	17.22	27.59	1.73	2.95	2.82
S&P MIDCAP INDEX 400	2.72	10.13	44.22	25.07	36.50	8.28	6.35	8.52
RUSSELL 1000	3.01	6.87	35.74	18.02	28.66	2.30	3.29	3.34
RUSSELL 2000	2.64	11.08	43.34	22.20	34.94	8.03	3.89	7.34
RUSSELL 3000	2.98	7.21	36.34	18.35	29.16	2.75	3.33	3.64
RUSSELL 3000 GROWTH	3.37	7.43	39.36	21.62	29.90	4.95	5.04	2.37
RUSSELL 3000 VALUE	2.58	6.98	33.37	15.17	28.40	0.39	1.47	4.63
MSCI EAFE (NET DIVIDEND)	5.98	7.02	36.03	19.18	26.59	-2.85	1.53	5.29
MSCI EMERGING MARKETS FREE	3.12	8.20	33.56	21.00	38.10	2.98	10.17	16.92
FTSE CUSTOM BENCHMARK	3.44	8.15	35.77	22.20	41.37	4.66	11.17	****
MSCI WORLD INDEX	4.31	6.99	35.93	18.87	27.98	0.01	2.89	4.43
MSCI EUROPE SMID CAP INDEX	7.48	11.54	50.88	30.21	37.24	0.26	****	****
NYC - TREASURY AGENCY PLUS FIVE	1.62	1.79	0.69	7.12	4.38	5.80	7.33	6.73
CITIGROUP MORTGAGE	1.12	1.53	2.49	5.09	5.26	6.31	6.77	5.82
NYC - INVESTMENT GRADE CREDIT INDEX	1.62	2.22	5.18	6.97	12.97	7.09	6.56	6.30
NYC - CORE PLUS FIVE	1.40	1.83	2.97	6.06	7.49	6.60	6.96	6.26
CITIGROUP BROAD INVESTMENT GRADE	1.23	1.48	2.59	5.32	6.38	5.92	6.50	5.85
BARCLAYS CAPITAL AGGREGATE	1.27	1.58	2.86	5.36	6.82	5.82	6.33	5.74
CITIGROUP BB & B	1.32	2.98	14.91	13.11	20.59	7.28	6.67	7.22
BofA MERRILL LYNCH HY MASTER II	1.52	3.31	16.00	13.38	27.89	11.74	9.22	8.72
BARCLAYS CAPITAL GLOBAL US TIPS (INFLATION NOTES)	2.51	4.44	6.55	8.13	9.44	5.56	6.81	6.95
BofA ML ALL CONVERTIBLES EX MANDATORY	1.68	5.13	25.61	16.29	28.09	7.42	****	****
DJ WILSHIRE REAL ESTATE SECURITIES INDEX	5.98	9.23	37.78	23.19	45.95	1.32	2.52	11.49
NCREIF NFI-ODCE NET	0.00	3.79	14.34	19.02	-1.67	-9.76	-1.03	****
91 DAY TREASURY BILL	0.02	0.06	0.15	0.17	0.16	0.49	2.16	2.19

THE BANK OF NEW YORK MELLON

CITY OF NEW YORK

Manager / Benchmark Comparison Report *NYC Teachers' Retirement System

April 30, 2011

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	Assets (\$MM)	% of Total	Trailing 1 Month	Trailing 3 Months	Fiscal YTD	Calendar YTD	Calendar YTD 2010	Calendar YTD 2009	Calendar YTD 2008	Calendar YTD 2007	Trailing 1 Year	Trailing* 3 Years	Trailing* 5 Years	Trailing* 10 Years	Since Inception
ASSET CLASS SUMMARY															
DOMESTIC EQUITY	\$ 18,684.0	42.72%	2.92%	7.49%	36.72%	9.64%	17.33%	28.33%	-37.09%	4.86%	18.82%	3.01%	3.40%	****	9.96%
INTERNATIONAL EAFE	6,666.8	15.24%	6.11	7.85	36.01	9.47	11.42	32.77	-42.36	11.49	20.53	-0.82	2.87	****	8.30
TOTAL EMERGING MARKETS	1,347.1	3.08%	3.59	****	****	****	****	****	****	****	****	****	****	****	3.59
TOTAL REAL ESTATE EQUITY SECURITIES	1,826.7	4.18%	5.34	8.42	37.49	12.17	32.10	30.86	-41.06	-16.75	24.07	1.44	3.36	****	13.96
CORE + 5	6,823.7	15.60%	1.43	1.42	4.18	2.17	8.58	8.54	2.98	6.64	7.04	7.03	6.91	6.34	8.40
CONVERTIBLE BONDS	446.3	1.02%	1.45	4.14	21.47	6.07	13.18	34.16	****	****	14.22	****	****	****	8.64
TIPS MANAGERS	1,440.4	3.29%	2.30	4.19	6.00	4.21	6.47	10.14	-0.74	11.71	7.73	5.63	6.89	****	5.57
ENHANCED YIELD	1,659.1	3.79%	1.39	3.11	15.06	5.28	13.43	38.75	-18.14	3.95	13.31	10.19	8.51	7.78	6.22
OPPORTUNISTIC FIXED INCOME	406.8	0.93%	3.81	5.74	18.03	8.73	23.88	18.09	-9.68	****	24.95	12.84	****	****	7.84
ECONOMICALLY TARGETED INVESTMENTS	344.4	0.79%	0.97	1.50	3.42	1.80	6.61	7.62	6.43	6.20	5.44	6.74	6.71	6.34	9.80
PRIVATE EQUITY	1,966.8	4.50%	0.74	7.96	14.23	9.25	14.04	-4.44	-1.50	15.33	19.99	5.26	8.30	****	12.30
PRIVATE REAL ESTATE	600.0	1.37%	1.74	8.91	21.85	10.18	9.99	-44.20	-7.61	68.62	24.92	-14.69	2.84	****	6.73
CASH	1,483.3	3.39%	0.11	0.09	0.30	0.15	0.48	1.25	3.80	5.67	0.40	1.38	2.97	2.81	5.68
TOTAL TEACHERS	\$ 43,738.3		2.96%	6.12%	25.21%	7.84%	13.92%	21.15%	-26.35%	6.24%	16.05%	3.92%	4.85%	5.55%	8.80%
TOTAL EQUITY	28,524.6	65.22%	3.83	7.74	36.72	9.86	16.64	29.37	-38.60	4.94	19.65	1.99	3.31	****	6.44
TOTAL FIXED INCOME	11,120.7	25.43%	1.61	2.32	7.39	3.33	9.77	14.75	-2.25	6.80	8.99	7.84	7.47	****	6.12
TOTAL PRIVATE EQUITY	1,966.8	4.50%	0.74	7.96	14.23	9.25	14.04	-4.44	-1.50	15.33	19.99	5.26	8.30	****	12.30
TOTAL PRIVATE REAL ESTATE	600.0	1.37%	1.74	8.91	21.85	10.18	9.99	-44.20	-7.61	68.62	24.92	-14.69	2.84	****	6.73
TOTAL CASH	1,526.3	3.49%	0.12	0.10	0.32	0.16	0.45	1.23	3.70	5.66	0.43	1.34	2.94	****	3.03

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EQUITY ASSET CLASS SUMMARY															
DOMESTIC EQUITY	\$ 18,684.0	44.11%	2.92%	7.49%	36.72%	9.64%	17.33%	28.33%	-37.09%	4.86%	18.82%	3.01%	3.40%	3.72%	9.96%
ACTIVE DOMESTIC EQUITY	860.4	2.03%	2.79	7.68	36.71	9.34	18.47	31.54	-39.33	6.32	19.66	3.34	2.84	3.44	1.90
RUSSELL 3000			2.98	7.21	36.34	9.55	16.93	28.34	-37.31	5.13	18.35	2.75	3.33	3.64	
+/-			(0.19)	0.47	0.37	(0.21)	1.54	3.20	(2.02)	1.19	1.31	0.59	(0.49)	(0.20)	
PASSIVE DOMESTIC EQUITY	17,767.2	41.94%	2.92	7.47	36.58	9.52	17.23	28.40	-37.16	5.16	18.60	2.88	3.43	3.74	9.03
RUSSELL 3000			2.98	7.21	36.34	9.55	16.93	28.34	-37.31	5.13	18.35	2.75	3.33	3.64	
+/-			(0.06)	0.26	0.24	(0.03)	0.30	0.06	0.15	0.03	0.25	0.13	0.10	0.10	
DEVELOPED MARKETS	6,666.8	15.74%	6.11	7.85	36.01	9.47	11.42	32.77	-42.36	11.49	20.53	-0.82	2.87	****	8.30
ACTIVE DEVELOPED MARKETS	6,456.5	15.24%	6.10	7.75	35.64	9.41	11.14	32.60	-42.05	11.49	20.31	-0.78	2.89	6.24	7.27
MSCI EAFE (NET DIVIDEND)			5.98	7.02	36.03	9.54	7.75	31.78	-43.39	11.17	19.18	-2.85	1.53	5.29	
+/-			0.12	0.73	(0.39)	(0.13)	3.39	0.82	1.34	0.32	1.13	2.07	1.36	0.95	
EMERGING MARKETS	1,347.1	3.18%	3.59	****	****	****	****	****	****	****	****	****	****	****	3.59
PASSIVE EMERGING MARKETS	1,347.1	3.18%	3.59	****	****	****	****	****	****	****	****	****	****	****	3.59
MSCI EMERGING MARKETS FREE			3.12	8.20	33.56	5.29	19.20	79.02	-53.17	39.78	21.00	2.98	10.17	16.92	
+/-			0.47	****	****	****	****	****	****	****	****	****	****	****	

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US EQUITY															
TOTAL RUSSELL 3000	15,442.2	35.31%	2.95	7.16	36.54	9.49	17.23	28.40	-37.16	5.16	18.57	2.87	3.42	3.73	9.96
RUSSELL 3000			2.98	7.21	36.34	9.55	16.93	28.34	-37.31	5.13	18.35	2.75	3.33	3.64	
			+/-	(0.03)	(0.05)	0.20	(0.06)	0.30	0.06	0.15	0.03	0.22	0.12	0.09	0.09
STATE STREET R3000	7,591.4	17.36%	2.96	7.22	****	9.56	****	****	****	****	****	****	****	****	22.25
BLACKROCK R3000	7,850.8	17.95%	2.95	7.10	36.11	9.42	16.92	****	****	****	18.22	****	****	****	29.06
RUSSELL 3000			2.98	7.21	36.34	9.55	16.93	28.34	-37.31	5.13	18.35	2.75	3.33	3.64	
STATE STREET R3000			+/-	(0.02)	0.01	****	0.01	****	****	****	****	****	****	****	****
BLACKROCK R3000			+/-	(0.03)	(0.11)	(0.23)	(0.13)	(0.01)	****	****	****	(0.13)	****	****	****
TOTAL SMALL CAP	183.1	0.42%	2.59	14.76	52.22	12.76	29.21	****	****	****	38.41	****	****	****	42.25
RUSSELL 2000			2.64	11.08	43.34	10.79	26.85	27.18	-33.80	-1.55	22.20	8.03	3.89	7.34	
			+/-	(0.05)	3.68	8.88	1.97	2.36	****	****	16.21	****	****	****	****
TOTAL SMALL CAP ACTIVE	183.1	0.42%	2.59	14.76	52.22	12.76	29.21	****	****	****	38.41	****	****	****	42.25
RUSSELL 2000			2.64	11.08	43.34	10.79	26.85	27.18	-33.80	-1.55	22.20	8.03	3.89	7.34	
			+/-	(0.05)	3.68	8.88	1.97	2.36	****	****	16.21	****	****	****	****
TOTAL SMALL CAP GROWTH ACTIVE	183.1	0.42%	2.59	14.76	52.22	12.76	29.21	****	****	****	38.41	****	****	****	42.25
BROWN AM (D)	183.1	0.42%	2.59	14.76	52.22	12.76	29.21	****	****	****	38.41	****	****	****	42.25
RUSSELL 2000 GROWTH			3.60	13.81	49.55	13.18	29.09	34.47	-38.53	7.03	30.29	9.63	5.14	5.59	
TOTAL SMALL CAP GROWTH			+/-	(1.01)	0.95	2.67	(0.42)	0.12	****	****	8.12	****	****	****	****
BROWN AM			+/-	(1.01)	0.95	2.67	(0.42)	0.12	****	****	8.12	****	****	****	****
TOTAL MID CAP	2,325.0	5.32%	2.73	10.12	****	****	****	****	****	****	****	****	****	****	10.12
RUSSELL MIDCAP			2.99	8.54	42.02	10.85	26.85	27.18	-33.80	-1.55	23.36	5.98	5.14	7.96	
			+/-	(0.26)	1.58	****	****	****	****	****	****	****	****	****	****
TOTAL MID CAP PASSIVE	2,325.0	5.32%	2.73	10.12	****	****	****	****	****	****	****	****	****	****	10.12
SSGA S&P 400	2,325.0	5.32%	2.73	10.12	****	****	****	****	****	****	****	****	****	****	10.12
S&P 400 MIDCAP			2.72	10.13	44.22	12.33	16.71	37.22	-38.43	11.82	25.07	8.28	6.35	8.52	
TOTAL MID CAP PASSIVE			+/-	0.01	(0.01)	****	****	****	****	****	****	****	****	****	****
SSGA S&P 400			+/-	0.01	(0.01)	****	****	****	****	****	****	****	****	****	****
TOTAL LARGE CAP GROWTH	141.6	0.32%	3.18	4.90	31.02	8.23	9.54	****	****	****	12.98	****	****	****	24.67
PROFIT INV MGMT (D)	141.6	0.32%	3.18	4.90	31.02	8.23	9.54	****	****	****	12.98	****	****	****	24.67
RUSSELL 1000 GROWTH			3.35	6.86	38.48	9.58	16.71	37.22	-38.43	11.82	20.87	4.56	5.06	2.11	
TOTAL LARGE CAP GROWTH			+/-	(0.17)	(1.96)	(7.46)	(1.35)	(7.17)	****	****	(7.89)	****	****	****	****
PROFIT INV MGMT			+/-	(0.17)	(1.96)	(7.46)	(1.35)	(7.17)	****	****	(7.89)	****	****	****	****
TOTAL LARGE CAP CORE	291.5	0.67%	2.76	5.77	32.91	8.23	15.87	****	****	****	16.29	****	****	****	34.14
SEIZERT CAPITAL PTNRS (D)	153.4	0.35%	2.55	6.60	34.37	10.06	15.84	****	****	****	18.90	****	****	****	29.73
PIEDMONT INV ADV (D)	138.1	0.32%	3.00	4.85	31.33	6.27	15.91	****	****	****	13.52	****	****	****	24.99
RUSSELL 1000			3.01	6.87	35.74	9.44	16.10	28.43	-37.60	5.77	18.02	2.30	3.29	3.34	
TOTAL LARGE CAP CORE			+/-	(0.25)	(1.10)	(2.83)	(1.21)	(0.23)	****	****	(1.73)	****	****	****	****
SEIZERT CAPITAL PTNRS			+/-	(0.46)	(0.27)	(1.37)	0.62	(0.26)	****	****	0.88	****	****	****	****
PIEDMONT INV ADV			+/-	(0.01)	(2.02)	(4.41)	(3.17)	(0.19)	****	****	(4.50)	****	****	****	****
TOTAL LARGE CAP	433.2	0.99%	2.90	5.05	31.07	7.75	12.82	****	****	****	13.83	****	****	****	29.97
RUSSELL 1000			3.01	6.87	35.74	9.44	16.10	28.43	-37.60	5.77	18.02	2.30	3.29	3.34	
			+/-	(0.11)	(1.82)	(4.67)	(1.69)	(3.28)	****	****	(4.19)	****	****	****	****

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EMERGING MANAGERS															
F.I.S FUND MGMT	83.4	0.19%	2.87	7.69	36.66	9.76	16.51	27.00	-35.46	****	19.25	3.06	****	****	1.42
CAPITAL PROSPECTS	35.9	0.08%	2.71	8.83	38.16	10.78	18.58	27.10	-37.68	****	21.10	3.78	****	****	1.00
RUSSELL 3000			2.98	7.21	36.34	9.55	16.93	28.34	-37.31	5.13	18.35	2.75	3.33	3.64	
F.I.S FUND MGMT +/-			(0.11)	0.48	0.32	0.21	(0.42)	(1.34)	1.85	****	0.90	0.31	****	****	
CAPITAL PROSPECTS +/-			(0.27)	1.62	1.82	1.23	1.65	(1.24)	(0.37)	****	2.75	1.03	****	****	
ATTUCKS	40.5	0.09%	2.71	11.27	45.77	12.08	28.59	26.84	-36.42	****	26.33	7.89	****	****	4.62
RUSSELL 2000			2.64	11.08	43.34	10.79	26.85	27.18	-33.80	-1.55	22.20	8.03	3.89	7.34	
+/-			0.07	0.19	2.43	1.29	1.74	(0.34)	(2.62)	****	4.13	(0.14)	****	****	
PROGRESS EQUITY	84.5	0.19%	2.66	10.19	42.15	11.72	22.53	34.20	-40.56	****	23.19	5.33	****	****	2.67
RUSSELL MIDCAP			2.99	8.54	42.02	10.85	25.47	40.46	-41.46	5.59	23.36	5.98	5.14	7.96	
+/-			(0.33)	1.65	0.13	0.87	(2.94)	(6.26)	0.90	****	(0.17)	(0.65)	****	****	
TOTAL EMERGING MGRS	244.2	0.56%	2.75	9.30	40.36	10.96	21.13	29.70	-37.28	****	22.16	5.21	****	****	2.79
RUSSELL 3000			2.98	7.21	36.34	9.55	16.93	28.34	-37.31	5.13	18.35	2.75	3.33	3.64	
+/-			(0.23)	2.09	4.02	1.41	4.20	1.36	0.03	****	3.81	2.46	****	****	
U.S. ENVIRONMENTAL															
WALDEN ASSET MGMT	56.3	0.13%	3.10	10.56	38.51	11.09	25.69	29.88	****	****	24.54	9.78	****	****	9.78
RUSSELL 2000			2.64	11.08	43.34	10.79	26.85	27.18	-33.80	-1.55	22.20	8.03	3.89	7.34	
+/-			0.46	(0.52)	(4.83)	0.30	(1.16)	2.70	****	****	2.34	1.75	****	****	
TOTAL U.S. ENVIRONMENTAL	56.3	0.13%	3.10	10.56	38.51	11.09	27.39	31.28	****	****	24.54	7.82	****	****	7.82
RUSSELL 2000			2.64	11.08	43.34	10.79	26.85	27.18	-33.80	-1.55	22.20	8.03	3.89	7.34	
+/-			0.46	(0.52)	(4.83)	0.30	0.54	4.10	****	****	2.34	(0.21)	****	****	
NON - US EQUITY															
TOTAL INTL GROWTH	2,689.4	6.15%	6.52	9.23	36.42	9.88	12.52	34.40	-40.92	****	21.51	0.73	****	****	0.25
BAILLIE	996.4	2.28%	6.69	9.27	39.79	9.35	18.23	41.76	-44.08	****	24.12	1.61	****	****	0.74
WALTER -SCOTT	870.5	1.99%	6.12	8.03	30.59	8.31	14.30	34.26	-32.07	****	20.42	4.84	****	****	4.33
MARTIN CURRIE	822.6	1.88%	6.74	10.47	38.92	12.25	4.47	26.80	-46.34	****	19.61	-4.80	****	****	-6.55
MSCI EAFE GROWTH			6.22	8.33	36.68	8.66	12.60	29.91	-42.46	16.85	21.79	-1.80	2.82	****	
TOTAL INTL GROWTH +/-			0.30	0.90	(0.26)	1.22	(0.08)	4.49	1.54	****	(0.28)	2.53	****	****	
BAILLIE +/-			0.47	0.94	3.11	0.69	5.63	11.85	(1.62)	****	2.33	3.41	****	****	
WALTER -SCOTT +/-			(0.10)	(0.30)	(6.09)	(0.35)	1.70	4.35	10.39	****	(1.37)	6.64	****	****	
MARTIN CURRIE +/-			0.52	2.14	2.24	3.59	(8.13)	(3.11)	(3.88)	****	(2.18)	(3.00)	****	****	
TOTAL INTL VALUE	2,444.8	5.59%	5.78	6.19	33.97	8.64	9.44	31.02	-42.34	9.93	18.07	-2.09	2.50	****	8.44
SPRUCEGROVE (NEW)	969.2	2.22%	5.78	6.95	34.81	7.28	19.93	35.62	-41.62	****	20.57	1.96	****	****	-0.31
MONDRIAN INVESTMENT PARTNERS LTD II	864.4	1.98%	6.44	7.19	33.18	11.07	3.16	24.13	****	****	18.10	-1.96	****	****	-1.96
ALLIANCE	611.2	1.40%	4.86	3.64	33.76	7.48	3.65	34.15	-48.24	****	14.25	-6.93	****	****	-6.86
MSCI EAFE VALUE			5.93	6.05	36.00	10.85	3.81	35.06	-43.68	6.47	17.51	-3.01	1.13	****	
TOTAL INTL VALUE +/-			(0.15)	0.14	(2.03)	(2.21)	5.63	(4.04)	1.34	3.46	0.56	0.92	1.37	****	
SPRUCEGROVE (NEW) +/-			(0.15)	0.90	(1.19)	(3.57)	16.12	0.56	2.06	****	3.06	4.97	****	****	
MONDRIAN INVESTMENT PARTNERS LTD II +/-			0.51	1.14	(2.82)	0.22	(0.65)	(10.93)	****	****	0.59	1.05	****	****	
ALLIANCE +/-			(1.07)	(2.41)	(2.24)	(3.37)	(0.16)	(0.91)	(4.56)	****	(3.26)	(3.92)	****	****	

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TOTAL INTL CORE	1,319.5	3.02%	5.87	7.70	37.15	9.93	11.45	32.36	-42.17	****	22.08	-1.51	****	****	-1.91
THORNBURG	622.8	1.42%	5.47	8.17	37.25	9.47	15.10	30.12	-42.86	****	23.35	-0.17	****	****	-1.94
BLACKROCK	416.9	0.95%	5.92	6.76	36.57	9.47	9.01	30.70	****	****	19.64	-2.87	****	****	-0.73
PHILADELPHIA	279.7	0.64%	6.71	8.10	37.80	11.66	7.36	40.88	-48.33	****	23.01	-2.81	****	****	-4.01
MSCI EAFE (NET DIVIDEND)			5.98	7.02	36.03	9.54	7.75	31.78	-43.39	11.17	19.18	-2.85	1.53	5.29	
TOTAL INTL CORE +/-			(0.11)	0.68	1.12	0.39	3.70	0.58	1.22	****	2.90	1.34	****	****	
THORNBURG +/-			(0.51)	1.15	1.22	(0.07)	7.35	(1.66)	0.53	****	4.17	2.68	****	****	
BLACKROCK +/-			(0.06)	(0.26)	0.54	(0.07)	1.26	(1.08)	****	****	0.46	(0.02)	****	****	
PHILADELPHIA +/-			0.73	1.08	1.77	2.12	(0.39)	9.10	(4.94)	****	3.83	0.04	****	****	
TOTAL NON-U.S. ENVIRONMENTAL	84.2	0.19%	4.54	6.39	33.85	7.34	8.67	33.34	****	****	15.89	****	****	****	-2.97
F&C SGE	84.1	0.19%	4.54	6.39	31.34	7.34	12.37	38.14	****	****	16.18	****	****	****	3.73
MSCI WORLD INDEX			4.31	6.99	35.93	9.44	12.34	30.80	-40.33	9.57	18.87	0.01	2.89	4.43	
TOTAL NON-U.S. ENVIRONMENTAL +/-			0.23	(0.60)	(2.08)	(2.10)	(3.67)	2.54	****	****	(2.98)	****	****	****	
F&C SGE +/-			0.23	(0.60)	(4.59)	(2.10)	0.03	7.34	****	****	(2.69)	****	****	****	
TOTAL NON-U.S. ACTIVIST	126.1	0.29%	7.79	14.18	60.09	14.18	36.48	42.60	****	****	40.99	****	****	****	42.44
GOVERNANCE FOR OWNERS	126.1	0.29%	7.79	14.18	60.09	14.18	36.48	42.60	****	****	40.99	****	****	****	42.44
MSCI EUROPE SMID CAP INDEX			7.48	11.54	50.88	14.51	16.03	53.23	-52.13	****	30.21	0.26	****	****	
TOTAL NON-U.S. ACTIVIST +/-			0.31	2.64	9.21	(0.33)	20.45	(10.63)	****	****	10.78	****	****	****	
GOVERNANCE FOR OWNERS +/-			0.31	2.64	9.21	(0.33)	20.45	(10.63)	****	****	10.78	****	****	****	
EMERGING MARKETS	1,347.1	3.08%	3.59	****	****	****	****	****	****	****	****	****	****	****	3.59
BLACKROCK - EM	1,347.1	3.08%	3.59	****	****	****	****	****	****	****	****	****	****	****	3.59
MSCI EMERGING MARKETS FREE			3.12	8.20	33.56	5.29	16.03	53.23	-52.13	****	21.00	2.98	10.17	16.92	
EMERGING MARKETS +/-			0.47	****	****	****	****	****	****	****	****	****	****	****	
BLACKROCK EM +/-			0.47	****	****	****	****	****	****	****	****	****	****	****	
TOTAL ACTIVE-INTL EQUITY	6,456.5	14.76%	6.10	7.75	35.64	9.41	11.14	32.60	-42.05	11.49	20.31	-0.78	2.89	6.24	7.27
MSCI EAFE (NET DIVIDEND)			5.98	7.02	36.03	9.54	7.75	31.78	-43.39	11.17	19.18	-2.85	1.53	5.29	
+/-			0.12	0.73	(0.39)	(0.13)	3.39	0.82	1.34	0.32	1.13	2.07	1.36	0.95	
TOTAL INTERNATIONAL EQUITY	8,013.8	18.32%	5.68	8.05	36.27	9.68	11.43	32.77	-42.36	11.49	20.76	-0.75	2.91	6.25	7.12
MSCI EAFE (NET DIVIDEND)			5.98	7.02	36.03	9.54	7.75	31.78	-43.39	11.17	19.18	-2.85	1.53	5.29	
+/-			(0.30)	1.03	0.24	0.14	3.68	0.99	1.03	0.32	1.58	2.10	1.38	0.96	
REITS															
TOTAL REAL ESTATE EQUITY SECURITIES	1,826.7	4.18%	5.34	8.42	37.49	12.17	32.10	30.86	-41.06	-16.75	24.07	1.44	3.36	****	13.96
MORGAN STANLEY	730.7	1.67%	5.46	8.71	38.65	12.19	33.27	34.42	-39.07	-16.95	24.47	3.86	4.98	****	15.44
SECURITY CAPITAL	549.7	1.26%	5.27	8.03	37.22	12.10	31.77	27.56	-39.62	-16.63	23.96	0.71	3.13	****	9.67
ADELANTO CAPITAL MANAGEMENT	546.3	1.25%	5.26	8.43	36.22	12.22	30.87	29.00	-44.91	-16.67	23.64	-1.14	1.34	****	12.12
DJ WILSHIRE REAL ESTATE SECURITIES INDEX			5.98	9.23	37.78	13.05	28.47	29.01	-39.83	-17.87	23.19	1.32	2.52	11.49	
TOTAL REAL ESTATE EQUITY SECURITIES +/-			(0.64)	(0.81)	(0.29)	(0.88)	3.63	1.85	(1.23)	1.12	0.88	0.12	0.84	****	
MORGAN STANLEY +/-			(0.52)	(0.52)	0.87	(0.86)	4.80	5.41	0.76	0.92	1.28	2.54	2.46	****	
SECURITY CAPITAL +/-			(0.71)	(1.20)	(0.56)	(0.95)	3.30	(1.45)	0.21	1.24	0.77	(0.61)	0.61	****	
ADELANTO CAPITAL MANAGEMENT +/-			(0.72)	(0.80)	(1.56)	(0.83)	2.40	(0.01)	(5.08)	1.20	0.45	(2.46)	(1.18)	****	

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FIXED INCOME															
TOTAL STRUCTURED FIXED INCOME	6,823.7	15.60%	1.43	1.42	4.18	2.17	8.58	8.54	2.98	6.64	7.04	7.03	6.91	6.34	8.40
NYC - CORE PLUS FIVE			1.40	1.83	2.97	1.88	7.13	6.28	6.64	7.02	6.06	6.60	6.96	6.26	
+/-			0.03	(0.41)	1.21	0.29	1.45	2.26	(3.66)	(0.38)	0.98	0.43	(0.05)	0.08	
ALL MORTGAGE	3,328.0	7.61%	1.14	0.44	3.82	1.88	7.70	8.30	3.09	6.58	6.37	6.72	6.53	5.90	7.42
PIMCO	1,078.8	2.47%	1.11	1.58	3.46	1.85	7.26	8.47	5.26	6.74	6.00	6.90	7.06	6.28	7.72
BLACKROCK	1,085.5	2.48%	1.15	1.57	4.22	1.83	8.24	9.46	3.22	6.65	6.77	7.06	6.84	6.04	6.41
NEUBERGER BERMAN -MORT	376.6	0.86%	1.14	1.60	3.45	2.14	****	****	****	****	6.15	****	****	****	5.82
GOLDMAN SACHS -MORT	297.0	0.68%	1.13	1.37	2.67	1.50	5.82	****	****	****	4.98	****	****	****	5.42
WELLINGTON -MORT	299.4	0.68%	1.26	1.71	2.88	1.87	5.90	****	****	****	5.51	****	****	****	5.58
SMITH BREEDEN -MORT	149.6	0.34%	1.11	1.64	3.23	1.67	6.31	****	****	****	5.71	****	****	****	5.93
CITIGROUP MORTGAGE INDEX			1.12	1.53	2.49	1.74	5.50	5.76	8.49	6.99	5.09	6.31	6.77	5.82	
ALL MORTGAGE +/-			0.02	(1.09)	1.33	0.14	2.20	2.54	(5.40)	(0.41)	1.28	0.41	(0.24)	0.08	
PIMCO +/-			(0.01)	0.05	0.97	0.11	1.76	2.71	(3.23)	(0.25)	0.91	0.59	0.29	0.46	
BLACKROCK +/-			0.03	0.04	1.73	0.09	2.74	3.70	(5.27)	(0.34)	1.68	0.75	0.07	0.22	
NEUBERGER BERMAN -MORT +/-			0.02	0.07	0.96	0.40	****	****	****	****	1.06	****	****	****	
GOLDMAN SACHS -MORT +/-			0.01	(0.16)	0.18	(0.24)	0.32	****	****	****	(0.11)	****	****	****	
WELLINGTON -MORT +/-			0.14	0.18	0.39	0.13	0.40	****	****	****	0.42	****	****	****	
SMITH BREEDEN -MORT +/-			(0.01)	0.11	0.74	(0.07)	0.81	****	****	****	0.62	****	****	****	
ALL INVESTMENT GRADE CREDIT	2,397.1	5.48%	1.74	2.56	6.33	2.93	9.47	19.96	-6.90	4.21	7.94	7.76	6.76	6.32	7.60
BLACKROCK -CREDIT	618.8	1.41%	1.62	2.23	5.99	2.57	9.44	17.16	-4.82	5.60	7.58	7.43	6.96	6.78	7.12
TAPLIN,CANIDA -CREDIT	603.8	1.38%	1.74	3.07	6.56	3.44	9.26	21.33	-12.66	2.14	8.07	6.40	5.22	6.29	7.01
T.ROWE PRICE -CREDIT	600.3	1.37%	1.90	2.66	6.95	3.20	10.00	18.91	-3.22	4.93	8.58	8.84	7.74	6.66	7.87
PRUDENTIAL - CREDIT	339.2	0.78%	1.64	2.22	5.13	2.41	8.63	****	****	****	7.06	****	****	****	9.09
BARROW HANLEY - CREDIT	235.0	0.54%	1.74	2.34	6.87	2.63	10.00	****	****	****	8.23	****	****	****	9.60
NYC - INVESTMENT GRADE CREDIT			1.62	2.22	5.18	2.45	8.36	16.36	-4.06	4.73	6.97	7.09	6.56	6.30	
ALL INVESTMENT GRADE CREDIT +/-			0.12	0.34	1.15	0.48	1.11	3.60	(2.84)	(0.52)	0.97	0.67	0.20	0.02	
BLACKROCK -CREDIT +/-			0.00	0.01	0.81	0.12	1.08	0.80	(0.76)	0.87	0.61	0.34	0.40	0.48	
TAPLIN,CANIDA -CREDIT +/-			0.12	0.85	1.38	0.99	0.90	4.97	(8.60)	(2.59)	1.10	(0.69)	(1.34)	(0.01)	
T.ROWE PRICE -CREDIT +/-			0.28	0.44	1.77	0.75	1.64	2.55	0.84	0.20	1.61	1.75	1.18	0.36	
PRUDENTIAL - CREDIT +/-			0.02	0.00	(0.05)	(0.04)	0.27	****	****	****	0.09	****	****	****	
BARROW HANLEY - CREDIT +/-			0.12	0.12	1.69	0.18	1.64	****	****	****	1.26	****	****	****	
ALL TREASURY / AGENCY	1,098.5	2.51%	1.64	1.96	0.77	1.44	9.39	-5.89	17.50	10.00	7.15	6.12	7.54	6.91	8.01
PIMCO	425.7	0.97%	1.57	2.00	0.86	1.46	9.90	-4.47	16.19	10.20	7.34	6.33	7.71	7.09	7.45
STATE STREET -GOVT	356.0	0.81%	1.69	1.87	0.68	1.41	8.96	****	****	****	6.91	****	****	****	6.02
BLACKROCK -GOVT	316.8	0.72%	1.68	1.99	0.74	1.46	9.20	****	****	****	7.16	****	****	****	5.93
NYC - TREASURY AGENCY PLUS FIVE			1.62	1.79	0.69	1.26	9.24	-7.44	18.91	9.85	7.12	5.80	7.33	6.73	
ALL TREASURY / AGENCY +/-			0.02	0.17	0.08	0.18	0.15	1.55	(1.41)	0.15	0.03	0.32	0.21	0.18	
PIMCO +/-			(0.05)	0.21	0.17	0.20	0.66	2.97	(2.72)	0.35	0.22	0.53	0.38	0.36	
STATE STREET -GOVT +/-			0.07	0.08	(0.01)	0.15	(0.28)	****	****	****	(0.21)	****	****	****	
BLACKROCK -GOVT +/-			0.06	0.20	0.05	0.20	(0.04)	****	****	****	0.04	****	****	****	

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HIGH YIELD															
TOTAL ENHANCED YIELD	1,659.1	3.79%	1.39	3.11	15.06	5.28	13.43	38.75	-18.14	3.95	13.31	10.19	8.51	7.78	6.22
CITIGROUP BB & B			1.32	2.98	14.91	5.17	13.35	40.37	-25.10	2.25	13.11	7.28	6.67	7.22	
+/-			0.07	0.13	0.15	0.11	0.08	(1.62)	6.96	1.70	0.20	2.91	1.84	0.56	
MACKAY SHIELDS	380.0	0.87%	1.16	2.90	13.42	4.68	13.48	44.70	-20.41	4.35	12.90	10.47	8.81	****	8.36
BofA MERRILL LYNCH HY MASTER II			1.52	3.31	16.00	5.48	15.19	57.51	-26.39	2.19	13.38	11.74	9.22	8.72	
+/-			(0.36)	(0.41)	(2.58)	(0.80)	(1.71)	(12.81)	5.98	2.16	(0.48)	(1.27)	(0.41)	****	
SEIX	421.9	0.96%	1.56	3.25	16.92	5.93	14.44	36.16	-18.19	3.44	14.68	9.99	8.29	****	7.46
SHENKMAN	338.5	0.77%	1.32	2.92	13.64	4.68	11.77	29.79	-12.75	4.11	11.53	9.37	7.91	****	7.91
T.ROWE PRICE ENHANCED	342.4	0.78%	1.50	3.25	15.77	5.47	14.00	43.45	-19.90	4.34	13.57	10.91	8.98	****	8.81
STONE HARBOR INVESTMENT PARTNERS	176.1	0.40%	1.45	3.38	15.53	5.72	12.84	40.64	-19.83	3.10	13.62	9.93	8.36	****	8.54
CITIGROUP BB & B			1.32	2.98	14.91	5.17	13.35	40.37	-25.10	2.25	13.11	7.28	6.67	7.22	
SEIX +/-			0.24	0.27	2.01	0.76	1.09	(4.21)	6.91	1.19	1.57	2.71	1.62	****	
SHENKMAN +/-			0.00	(0.06)	(1.27)	(0.49)	(1.58)	(10.58)	12.35	1.86	(1.58)	2.09	1.24	****	
T.ROWE PRICE ENHANCED +/-			0.18	0.27	0.86	0.30	0.65	3.08	5.20	2.09	0.46	3.63	2.31	****	
STONE HARBOR INVESTMENT PARTNERS +/-			0.13	0.40	0.62	0.55	(0.51)	0.27	5.27	0.85	0.51	2.65	1.69	****	
TIPS															
TOTAL TIPS MANAGERS	1,440.4	3.29%	2.30	4.19	6.00	4.21	6.47	10.14	-0.74	11.71	7.73	5.63	6.89	****	5.57
PIMCO-TIPS-MTA	814.1	1.86%	2.32	4.06	5.83	4.08	6.57	10.24	-0.88	11.77	7.73	5.60	6.89	****	5.45
STATE STREET-TIPS-MTA	357.6	0.82%	2.36	4.35	6.35	4.46	6.34	10.00	-0.96	11.51	8.05	5.53	6.78	****	5.85
BLACKROCK-TIPS-MTA	268.7	0.61%	2.13	4.36	6.02	4.27	6.34	10.02	-0.03	11.79	7.29	5.86	7.07	****	6.23
BARCLAYS CAPITAL US TIPS INDEX			2.51	4.44	6.55	4.65	6.37	11.41	-2.35	11.64	8.13	5.56	6.81	6.95	
TOTAL TIPS MANAGERS +/-			(0.21)	(0.25)	(0.55)	(0.44)	0.10	(1.27)	1.61	0.07	(0.40)	0.07	0.08	****	
PIMCO-TIPS-MTA +/-			(0.19)	(0.38)	(0.72)	(0.57)	0.20	(1.17)	1.47	0.13	(0.40)	0.04	0.08	****	
STATE STREET-TIPS-MTA +/-			(0.15)	(0.09)	(0.20)	(0.19)	(0.03)	(1.41)	1.39	(0.13)	(0.08)	(0.03)	(0.03)	****	
BLACKROCK-TIPS-MTA +/-			(0.38)	(0.08)	(0.53)	(0.38)	(0.03)	(1.39)	2.32	0.15	(0.84)	0.30	0.26	****	
CONVERTIBLE BONDS															
TOTAL CONVERTIBLE BONDS	446.3	1.02%	1.45	4.14	21.47	6.07	13.18	34.16	****	****	14.22	****	****	****	8.64
BofA ML ALL CONVERTIBLES EX MANDATORY			1.68	5.13	25.61	7.44	16.52	47.19	-33.02	****	16.29	7.42	****	****	
+/-			(0.23)	(0.99)	(4.14)	(1.37)	(3.34)	(13.03)	****	****	(2.07)	****	****	****	
F&C CONVERTIBLE BONDS	121.6	0.28%	1.42	3.74	18.42	4.99	9.81	37.07	****	****	12.06	****	****	****	12.20
UBS Global Focus Customised			1.01	3.77	16.59	4.67	8.66	27.02	****	****	10.70	****	****	****	
+/-			0.41	(0.03)	1.83	0.32	1.15	10.05	****	****	1.36	****	****	****	
ADVENT CONVERTIBLE BONDS	116.6	0.27%	1.16	3.92	20.25	5.82	14.97	36.37	****	****	13.74	****	****	****	11.24
BofA ML CONVERTIBLES YIELD ALT. INDEX			0.86	3.09	16.39	5.08	12.98	46.25	****	****	11.60	****	****	****	
+/-			0.30	0.83	3.86	0.74	1.99	(9.88)	****	****	2.14	****	****	****	
VICTORY CONVERTIBLE BONDS	101.2	0.23%	1.48	4.02	20.19	6.24	11.63	27.36	****	****	13.36	****	****	****	5.47
BofA ML CONVERTIBLE BONDS INVST GRADE			1.48	3.82	17.25	5.83	7.89	25.49	****	****	10.50	****	****	****	
+/-			0.00	0.20	2.94	0.41	3.74	1.87	****	****	2.86	****	****	****	
LORD ABBETT CONVERTIBLE BONDS	107.0	0.24%	1.76	4.94	27.91	7.46	16.90	35.38	****	****	18.21	****	****	****	7.04
BofA ML ALL CONVERTIBLES INDEX			1.88	4.87	25.62	7.05	16.77	49.13	-35.73	4.53	15.87	6.47	5.88	5.65	
+/-			(0.12)	0.07	2.29	0.41	0.13	(13.75)	****	****	2.34	****	****	****	

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OPPORTUNISTIC FIXED INCOME															
TOTAL OPPORTUNISTIC FIXED	406.8	0.93%	3.81	5.74	18.03	8.73	23.88	18.09	-9.68	****	24.95	12.84	****	****	7.84
NYC-CORE PLUS 5 + 200BPS			1.54	2.30	4.64	2.51	9.13	8.28	8.64	9.02	8.06	8.60	****	****	
+/-			2.27	3.44	13.39	6.22	14.75	9.81	(18.32)	****	16.89	4.24	****	****	
TOTAL DISTRESSED FIXED	342.8	0.78%	4.40	6.33	18.03	9.48	26.12	20.90	-9.68	****	27.76	14.68	****	****	9.31
PIMCO-DISCO	253.9	0.58%	4.64	4.64	16.10	8.76	29.68	22.26	****	****	28.04	****	****	****	23.52
AVE EURO SP SITS FD	34.6	0.08%	4.54	10.20	26.88	12.62	7.35	24.29	****	****	23.78	****	****	****	20.08
AVE SPECIAL SITUATIONS FD V	7.9	0.02%	27.16	70.47	75.83	70.47	20.71	3.63	-18.04	****	89.46	20.47	****	****	****
TORCHLIGHT INVESTORS	46.4	0.11%	-1.13	1.89	23.22	1.56	29.36	****	****	****	27.16	****	****	****	31.21
3 MONTH LIBOR PLUS 750BPS			0.63	1.89	6.47	2.53	7.85	8.16	10.11	****	7.85	8.41	****	****	
TOTAL DISTRESSED FIXED +/-			3.77	4.44	11.56	6.95	18.27	12.74	(19.79)	****	19.91	6.27	****	****	
PIMCO-DISCO +/-			4.01	2.75	9.63	6.23	21.83	14.10	****	****	20.19	****	****	****	
AVE EURO SP SITS FD +/-			3.91	8.31	20.41	10.09	(0.50)	16.13	****	****	15.93	****	****	****	
AVE SPECIAL SITUATIONS FD V +/-			26.53	68.58	69.36	67.94	12.86	(4.53)	(28.15)	****	81.61	12.06	****	****	
TORCHLIGHT INVESTORS +/-			(1.76)	0.00	16.75	(0.97)	21.51	****	****	****	19.31	****	****	****	
ADVENT GLOBAL	64.0	0.15%	0.70	2.72	18.11	4.81	13.43	****	****	****	11.66	****	****	****	15.38
BofA ML GLOBAL CONVERTIBLES INDEX (VG00)			1.45	3.59	18.62	5.02	11.73	36.34	-29.35	6.53	11.75	5.24	5.13	4.53	
ADVENT GLOBAL +/-			(0.75)	(0.87)	(0.51)	(0.21)	1.70	****	****	****	(0.09)	****	****	****	
OTHER FIXED INCOME															
TOTAL ETI	344.4	0.79%	0.97	1.50	3.42	1.80	6.61	7.62	6.43	6.20	5.44	6.74	6.71	6.34	9.80
TEACHERS CUSTOM BENCHMARK (NO CASH)			1.18	1.55	2.94	1.70	6.31	5.12	6.62	6.89	5.41	5.87	6.39	5.80	
+/-			(0.21)	(0.05)	0.48	0.10	0.30	2.50	(0.19)	(0.69)	0.03	0.87	0.32	0.54	
AFL-CIO HOUSING INV TRUST	189.6	0.43%	1.26	1.76	3.41	2.05	6.16	6.28	5.26	6.69	5.28	6.16	6.36	****	5.06
BARCLAYS CAPITAL AGGREGATE			1.27	1.58	2.86	1.70	6.54	5.93	5.24	6.97	5.36	5.82	6.33	5.74	
+/-			(0.01)	0.18	0.55	0.35	(0.38)	0.35	0.02	(0.28)	(0.08)	0.34	0.03	****	
ACCESS RBC	41.9	0.10%	1.30	1.40	2.41	1.51	5.36	10.99	6.67	****	3.87	7.41	****	****	6.93
ACCESS CUSTOM BENCHMARK			1.09	1.18	2.17	1.36	5.52	****	****	****	4.74	5.55	6.40	****	
+/-			0.21	0.22	0.24	0.15	(0.16)	****	****	****	(0.87)	1.86	****	****	
STATE STREET SHORT TERM	1,483.3	3.39%	0.11	0.09	0.30	0.15	0.48	1.25	3.80	5.67	0.40	1.38	2.97	2.81	5.68
ML 91 DAY TREASURY BILL INDEX			0.02	0.06	0.15	0.07	0.13	0.21	2.06	5.00	0.17	0.49	2.16	2.19	
+/-			0.09	0.03	0.15	0.08	0.35	1.04	1.74	0.67	0.23	0.89	0.81	0.62	
PRIVATE EQUITY															
TOTAL PRIVATE EQUITY	1,966.8	4.50%	0.74	7.96	14.23	9.25	14.04	-4.44	-1.50	15.33	19.99	5.26	8.30	****	12.30
RUSSELL 3000 PLUS 5%			2.60	7.84	40.86	10.80	21.93	33.34	-32.30	10.13	23.36	8.03	8.51	8.75	
+/-			(1.86)	0.12	(26.63)	(1.55)	(7.89)	(37.78)	30.80	5.20	(3.37)	(2.77)	(0.21)	****	
PRIVATE REAL ESTATE															
TOTAL PRIVATE REAL ESTATE	600.0	1.37%	1.74	8.91	21.85	10.18	9.99	-44.20	-7.61	68.62	24.92	-14.69	2.84	****	6.73
NCREIF NFI-ODCE NET			0.00	3.79	14.34	3.79	15.26	-30.40	-10.70	14.84	19.02	-9.76	-1.03	****	
+/-			1.74	5.12	7.51	6.39	(5.27)	(13.80)	3.09	53.78	5.90	(4.93)	3.87	****	
TOTAL TEACHERS	43,738.3		2.96	6.12	25.21	7.84	13.92	21.15	-26.35	6.24	16.05	3.92	4.85	5.55	8.80
TEACHERS POLICY BENCHMARK			3.10	5.87	26.86	7.75	14.01	25.01	-28.50	5.86	16.17	3.86	4.79	5.44	
+/-			(0.14)	0.25	(1.65)	0.09	(0.09)	(3.86)	2.15	0.38	(0.12)	0.06	0.06	0.11	

Teachers' Retirement System of the City of New York
(as of December 31, 2010)

Vintage Year	Deal Name	First Drawdown	Capital Committed	Cash In	Cash Out	Market Value	Multiple	IRR
1999	Cypress Merchant Banking Partners II, LP	7/8/1999	\$ 50,000,000	\$ 53,737,713	\$ 36,090,214	\$ 9,593,096	0.85x	(3.9%)
	FdG Capital Partners, L.P.	6/2/1999	30,000,000	34,397,448	50,173,456	8,372,420	1.70x	15.9%
	Lincolnshire Equity Fund II, L.P.	2/26/2001	15,000,000	14,446,100	25,257,218	4,151,804	2.04x	25.9%
2000	Allegra Capital Partners IV, L.P.	7/25/2000	18,000,000	16,000,000	2,626,450	1,159,847	0.24x	(19.6%)
	Carlyle Partners III, L.P.	12/22/2000	30,000,000	33,948,802	63,345,367	6,707,079	2.06x	23.2%
	SCP Private Equity Partners II, L.P.	1/19/2001	20,000,000	22,037,544	6,607,483	11,099,364	0.80x	(3.7%)
	Solera Partners, L.P.	7/8/2002	15,000,000	17,255,966	4,375,785	18,766,369	1.34x	5.7%
2001	Apollo Investment Fund V, L.P.	8/23/2001	30,000,000	46,658,872	79,683,746	12,837,248	1.98x	39.9%
	New Mountain Partners, L.P.	7/20/2001	15,000,000	12,901,792	14,117,941	4,312,429	1.43x	13.2%
	Ripplewood Partners II, L.P.	6/30/2002	15,000,000	16,055,090	9,545,118	8,150,938	1.10x	3.5%
	RRE Ventures III, L.P.	6/13/2002	20,000,000	25,089,882	11,538,556	25,612,324	1.48x	9.4%
2002	BDCM Opportunity Fund, L.P.	11/10/2003	25,000,000	54,113,138	66,894,917	21,030,112	1.62x	24.6%
	Coller International Partnership IV, L.P.	11/6/2002	35,000,000	30,903,548	27,665,056	15,769,891	1.41x	15.6%
	Landmark Equity Partners XI, L.P.	9/15/2004	20,000,000	20,967,163	24,240,568	5,800,000	1.43x	25.9%
	Thomas McNerney & Partners, L.P.	11/26/2002	15,000,000	13,612,500	5,252,354	8,425,772	1.00x	0.1%
	Yucaipa American Alliance Fund I, L.P.	10/1/2004	55,000,000	79,814,682	59,003,465	36,698,273	1.20x	8.9%
2003	Ares Corporate Opportunities Fund, L.P.	5/4/2004	15,000,000	17,882,261	18,065,587	9,111,874	1.52x	15.8%
	Blackstone Capital Partners IV L.P.	1/10/2003	30,000,000	30,535,872	50,458,605	19,893,383	2.30x	40.7%
	FS Equity Partners V, L.P.	5/30/2003	25,000,000	20,686,062	16,181,443	18,608,630	1.68x	15.1%
	Leeds Weld Equity Partners IV, L.P.	12/13/2004	15,000,000	14,987,042	5,634,979	19,108,141	1.65x	13.3%
2004	Aurora Equity Partners III, L.P.	5/19/2005	20,000,000	21,648,122	9,279,730	19,197,545	1.32x	14.2%
	Celtic Pharmaceutical Holdings, L.P.	7/10/2006	15,000,000	15,241,256	241,256	24,703,375	1.64x	14.7%
	FdG Capital Partners II, L.P.	8/30/2004	35,000,000	36,136,867	8,768,276	17,785,408	0.73x	(9.4%)
	Lincolnshire Equity Fund III, L.P.	12/23/2004	25,000,000	20,460,321	27,280,724	14,336,582	2.03x	43.8%
	Markstone Capital Partners, L.P.	7/21/2004	35,000,000	32,746,485	11,728,225	22,200,039	1.04x	1.2%
	New York/Fairview Emerging Managers (Tranche A), L.P.	10/21/2004	24,000,000	17,220,000	1,483,103	13,847,534	0.89x	(4.0%)
	Paladin Homeland Security Fund (NY), L.P.	10/1/2004	15,000,000	15,674,740	1,925,490	6,766,737	0.55x	(14.3%)
	Palladium Equity Partners III, L.P.	8/10/2005	35,000,000	28,311,102	11,676,736	23,265,649	1.23x	10.5%
	Silver Lake Partners II, L.P.	7/28/2004	32,400,000	32,465,748	17,502,580	29,556,175	1.45x	10.9%
	Trilantic Capital Partners III (fka LBMB III), L.P.	9/22/2005	30,000,000	23,366,546	19,323,397	16,273,806	1.52x	15.0%
2005	Blackstone Mezzanine Partners II, L.P.	5/26/2006	20,000,000	18,770,275	8,595,302	14,926,010	1.25x	9.4%
	Bridgepoint Europe III, L.P.	12/6/2005	31,455,465	26,978,225	713,284	27,822,194	1.06x	1.7%
	Clayton, Dubilier & Rice Fund VII, L.P.	4/28/2006	30,000,000	30,989,674	3,747,591	34,901,187	1.25x	7.3%
	Erasmus New York City Growth Fund, L.P.	8/16/2005	30,000,000	26,117,536	6,448,809	16,405,603	0.88x	(4.2%)
	Ethos Private Equity Fund V, L.P.	6/28/2006	15,000,000	12,887,298	4,018,864	10,393,900	1.12x	5.2%
	GI Partners Fund II, L.P.	6/19/2006	25,000,000	24,269,887	690,543	30,597,871	1.29x	7.2%
	JP Morgan Fleming (Tranche A), L.P.	12/21/2005	35,000,000	19,652,529	2,303,943	17,536,943	1.01x	0.4%
	New Mountain Partners II, L.P.	1/12/2005	23,225,800	20,973,567	9,897,474	18,595,626	1.36x	9.1%
	Prism Venture Partners V-A, L.P.	7/14/2005	20,000,000	17,600,000	3,530,955	10,162,824	0.78x	(9.8%)
	Psilos Group Partners III, L.P.	10/17/2007	25,000,000	19,874,059	141,315	17,180,124	0.87x	(5.8%)
	Quadrangle Capital Partners II, L.P.	2/28/2006	35,000,000	27,653,678	7,597,998	24,540,673	1.16x	5.5%
	Snow Phipps Group, L.P.	8/2/2007	15,000,000	13,764,477	3,608,247	14,792,966	1.34x	19.6%
	USPF II Institutional Fund, L.P.	11/23/2005	35,000,000	38,591,628	18,336,294	27,759,098	1.19x	6.5%
	VSS Communications Partners IV, L.P.	6/2/2006	10,000,000	9,890,895	1,001,052	6,269,495	0.74x	(10.1%)
2006	AEA Investors 2006 Fund, L.P.	6/30/2008	20,000,000	12,586,929	-	14,408,427	1.14x	8.9%
	Aisling Capital II, L.P.	1/12/2006	4,500,000	3,496,710	511,682	2,410,709	0.84x	(6.4%)
	Ampersand 2006, L.P.	7/6/2007	15,000,000	11,850,000	3,540,241	10,131,635	1.15x	5.7%
	Apollo Investment Fund VI, L.P.	5/10/2006	35,000,000	41,351,129	12,981,477	37,799,713	1.23x	8.9%
	Ares Corporate Opportunities Fund II, L.P.	5/23/2006	30,000,000	31,255,717	14,689,753	25,635,286	1.29x	9.9%
	Arsenal Capital Partners II, L.P.	12/19/2006	13,500,000	11,066,496	111,408	11,796,112	1.08x	4.2%
	Avista Capital Partners, L.P.	8/11/2006	30,000,000	35,650,399	13,884,279	30,800,784	1.25x	8.8%
	BDCM Opportunity Fund II, L.P.	12/28/2006	25,000,000	22,697,930	7,977,133	18,540,552	1.17x	9.3%
	Blackstone Capital Partners V, L.P.	4/13/2006	75,600,000	69,905,181	7,334,637	61,126,903	0.98x	(0.8%)
	Catterton Partners VI, L.P.	12/14/2006	30,000,000	23,229,904	2,255,499	26,674,179	1.25x	8.1%
	CCMP Capital Investors II, L.P.	5/22/2007	20,000,000	12,122,623	521,549	12,510,540	1.08x	3.6%
	Fairview Ventures Fund III, L.P.	7/13/2007	20,000,000	8,249,472	302,714	7,350,640	0.93x	(4.6%)
	First Reserve Fund XI, L.P.	12/22/2006	30,000,000	25,599,693	3,246,777	23,101,000	1.03x	1.2%
	GF Private Equity Capital Fund, L.P.	3/20/2008	15,000,000	10,985,765	-	12,245,434	1.11x	9.1%
	GSC Recovery III, L.P.	5/4/2006	10,000,000	10,184,868	3,283,211	6,132,688	0.92x	(3.3%)
	InterMedia Partners VII, L.P.	6/8/2006	25,000,000	24,047,652	331,937	25,127,851	1.06x	1.8%
	Landmark Equity Partners Fund XIII, L.P.	5/15/2006	25,000,000	20,941,973	6,306,647	14,400,000	0.99x	(0.4%)
	MidOcean Partners III, L.P.	6/19/2007	40,000,000	24,166,507	1,013,996	16,315,570	0.72x	(14.3%)
	NewSpring Ventures II, L.P.	2/26/2008	15,000,000	8,671,315	-	10,506,051	1.21x	10.8%
	Perseus Partners VII, L.P.	8/6/2007	20,000,000	17,934,296	1,932,271	18,048,099	1.11x	6.0%
	RRE Ventures IV, L.P.	10/25/2006	25,000,000	18,384,468	1,360,686	21,814,192	1.26x	11.2%
	Terra Firma Capital Partners III, L.P.	2/26/2007	31,150,769	21,015,532	602,140	6,833,507	0.35x	(36.0%)
	Cinven Fourth Fund	1/22/2007	45,016,225	31,065,668	-	33,939,770	1.09x	3.1%
	Thomas H. Lee Equity Fund VI, L.P.	6/22/2007	25,000,000	17,022,739	351,055	15,903,273	0.95x	(1.8%)

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Vintage Year	Deal Name	First Drawdown	Capital Committed	Cash In	Cash Out	Market Value	Multiple	IRR
	Thomas, Mc Nerney & Partners II, L.P.	11/30/2006	15,000,000	8,437,500	831,917	6,631,470	0.88x	(5.5%)
2007	Carlyle Partners V, L.P.	9/28/2007	50,000,000	23,320,276	1,923,671	24,194,916	1.12x	5.6%
	Co-Investment Partners Europe, L.P.	12/5/2008	26,393,165	14,189,613	108,178	12,985,659	0.92x	(4.3%)
	Constellation Ventures III, L.P.	11/20/2008	15,000,000	7,682,367	-	5,506,079	0.72x	(19.1%)
	Craton Equity Investors I, L.P.	3/11/2008	10,000,000	6,004,193	6,094	5,070,523	0.85x	(11.1%)
	FTVentures III, L.P.	3/1/2007	14,244,080	9,543,534	266,011	10,852,126	1.16x	6.8%
	GSO Capital Opportunities Fund, L.P.	8/15/2008	30,000,000	26,638,604	12,970,232	18,927,152	1.20x	14.8%
	Halyard Capital Fund II, L.P.	11/2/2007	15,000,000	7,086,189	314,990	6,439,769	0.95x	(1.8%)
	HM 2006 Sector Performance Fund, L.P.	4/15/2008	20,000,000	16,591,253	327,466	11,948,904	0.74x	(13.3%)
	Montreux Equity Partners IV, L.P.	3/27/2007	15,000,000	8,550,000	434,810	8,007,871	0.99x	(0.6%)
	Nautic Partners VI, L.P.	6/30/2008	20,000,000	11,809,259	21,479	10,616,455	0.90x	(7.0%)
	New Mountain Partners III, L.P.	9/25/2007	35,000,000	16,333,916	3,260,522	12,699,841	0.98x	(1.6%)
	PCG Clean Energy & Technology Fund East, L.P.	4/25/2008	60,000,000	30,011,294	1,294,584	26,745,664	0.93x	(4.1%)
	Pegasus Partners IV, L.P.	10/9/2007	20,000,000	19,585,503	843,096	48,661,121	2.53x	52.7%
	Quaker BioVentures II, L.P.	4/18/2008	15,000,000	6,924,582	497,995	5,731,897	0.90x	(7.2%)
	RLJ Equity Partners Fund I, L.P.	4/14/2009	15,000,000	6,385,902	49,709	6,773,040	1.07x	7.8%
	SCP Vitalife Partners II, L.P.	1/10/2008	15,000,000	6,599,774	1,184	4,630,196	0.70x	(18.5%)
	Silver Lake Partners III, L.P.	8/13/2007	35,000,000	20,712,226	2,908,647	21,572,197	1.18x	11.6%
	StarVest Partners II, L.P.	12/8/2008	20,000,000	6,398,429	5,245	5,243,693	0.82x	(14.1%)
	Tailwind Capital Partners, L.P.	4/28/2008	20,000,000	16,743,241	2,280,249	16,813,848	1.14x	9.5%
	Trilantic Capital Partners IV, L.P.	10/22/2007	53,311,339	31,807,412	2,163,434	34,465,094	1.15x	9.2%
	USPF III Institutional Fund, L.P.	7/10/2007	30,000,000	22,939,882	3,073,986	19,413,578	0.98x	(1.0%)
	Vista Equity Partners Fund III, L.P.	11/30/2007	25,000,000	19,513,905	11,861,232	25,340,621	1.91x	33.3%
	Vitruvian Investment Partnership I (Side Car), L.P.	1/31/2008	4,072,955	1,432,340	56	956,512	0.67x	(30.3%)
	Vitruvian Investment Partnership I, L.P.	1/31/2008	36,656,494	12,890,956	506	8,609,676	0.67x	(30.3%)
	Aisling Capital III, L.P.	11/20/2008	10,500,000	1,179,218	-	722,192	0.61x	-38.0%
2008	Apollo Investment Fund VII, L.P.	4/16/2008	50,000,000	30,819,600	11,318,529	28,860,573	1.30x	25.6%
	Ares Corporate Opportunities Fund III, L.P.	7/30/2008	60,000,000	32,533,057	5,092,072	42,558,307	1.46x	31.8%
	Avista Capital Partners II, L.P.	12/31/2008	50,000,000	36,623,700	9,835,640	29,543,331	1.08x	7.3%
	Blue Wolf Capital Fund II, L.P.	11/14/2008	20,000,000	7,346,593	1,406,287	8,184,952	1.31x	21.6%
	Bridgepoint Europe IV, L.P.	9/30/2008	26,712,650	7,158,067	-	6,271,929	0.88x	-15.9%
	Carpenter Community BancFund-A, L.P.	6/5/2008	15,000,000	11,610,720	148,735	11,153,405	0.97x	-2.3%
	CS TRSCNY Emerging Manager Co-Investment Fund, L.P.	8/22/2008	12,626,263	6,773,764	53,198	6,642,175	0.99x	-1.0%
	CS TRSCNY Emerging Manager Fund, L.P.	8/22/2008	59,373,737	13,655,129	4,170,351	8,249,271	0.91x	-8.9%
	Emerald Infrastructure Development Fund, L.P.	12/2/2008	20,000,000	797,444	4,486	-	0.01x	-99.4%
	First Reserve Fund XII, L.P.	11/14/2008	30,000,000	14,805,838	1,241,032	11,020,000	0.83x	-12.5%
	GI Partners III, L.P.	7/29/2008	30,000,000	18,735,986	1,806,377	19,890,705	1.16x	24.3%
	Landmark Equity Partners XIV, L.P.	9/19/2008	50,000,000	5,650,086	761,416	6,600,000	1.30x	20.1%
	Lee Equity Partners, L.P.	4/23/2008	30,000,000	11,471,061	747,131	8,314,509	0.79x	-12.3%
	Leeds Equity Partners V, L.P.	7/28/2008	40,000,000	4,207,198	-	4,544,786	1.08x	3.4%
	Levine Leichtman Capital Partners IV, L.P.	9/22/2008	25,000,000	11,898,441	1,339,436	11,129,937	1.05x	6.2%
	New York/Fairview Emerging Managers (Tranche B), L.P.	5/28/2008	35,000,000	7,364,000	121,389	7,218,620	1.00x	-0.3%
	NGN BioMed Opportunity II, L.P.	10/31/2008	15,000,000	7,088,866	17,765	5,718,246	0.81x	-13.0%
	Onex Partners III, L.P.	3/31/2009	40,000,000	14,676,953	1,412,446	11,251,885	0.86x	-27.0%
	Paladin III (HR), L.P.	1/8/2008	20,000,000	9,656,083	1,182,022	7,380,064	0.89x	-6.4%
	Pine Brook Capital Partners, L.P.	4/7/2008	22,500,000	8,406,552	2,657,436	7,130,212	1.16x	9.2%
	Relativity Fund, L.P.	1/17/2008	15,000,000	4,719,888	161,968	2,741,170	0.62x	-22.5%
	Riverstone/Carlyle Global Energy & Power Fund IV	9/29/2008	32,500,000	21,179,629	2,621,612	23,656,895	1.24x	18.9%
	Yucaipa American Alliance Fund II, L.P.	3/28/2008	75,000,000	55,958,527	16,638,518	58,416,212	1.34x	22.4%
	Yucaipa Corporate Initiatives Fund II, L.P.	6/23/2008	35,000,000	10,773,098	106,309	5,884,618	0.56x	-32.2%
	Clayton, Dubilier & Rice Fund VIII, L.P.	9/30/2008	35,000,000	16,278,437	6,007	19,212,785	1.18x	26.5%
	Lincolnshire Equity Fund IV, L.P.	8/7/2009	12,500,000	1,050,298	-	531,912	0.51x	-65.4%
2009	Welsh, Carson, Anderson & Stowe XI, L.P.	9/30/2008	30,000,000	10,916,401	-	9,769,834	0.89x	-19.7%
	Ampersand 2011, L.P.	3/31/2009	17,500,000	0	-	0	1.00x	0.0%
	Blackstone Capital Partners VI, L.P.	N/A	60,000,000	-	-	-	0.00x	NM
2010	JP Morgan Fleming (Tranche B), L.P.	3/31/2008	10,000,000	1,170,591	-	1,267,560	1.08x	14.4%
	Trident V, L.P.	12/30/2010	35,000,000	1,962,787	-	1,554,747	0.79x	NM
Grand Total(s):			\$ 3,363,738,942	\$ 2,385,399,520	\$ 947,434,045	\$ 1,912,838,006	1.20x	8.1%

* The IRR calculated in the early years of a fund is not meaningful given the j-curve effect.

Teachers' Retirement System of the City of New York

Vintage Year	Fund Name	First Draw Down	Capital Committed	Contributions	Distributions	Market Value	Equity Multiple	Net IRR
2003	Canyon Johnson Urban Fund	12/6/2002	15,000,000	13,456,450	-15,403,730	537,313	1.2	10.9
2003	OCM Real Estate Opportunities Fund IIIA	5/30/2003	15,000,000	15,000,000	-14,025,000	9,308,813	1.6	10.9
2004	Blackstone Fund IV	5/10/2004	25,000,000	31,445,906	-25,458,842	14,112,026	1.3	12.8
2004	The City Investment Fund I	3/16/2004	120,000,000	118,337,757	-55,652,738	49,047,134	0.9	-5.1
2004	Tishman Speyer Separate Account (TRS)	8/5/2004	100,000,000	72,402,952	-162,775,190	47,298,779	2.9	58.9
2005	Canyon Johnson Urban Fund II	5/11/2005	30,000,000	26,966,112	-18,000	16,442,151	0.6	-14.9
2006	AMB US Logistics Fund	10/1/2006	10,000,000	11,131,068	-1,180,486	5,783,070	0.6	-12.2
2006	PRISA	9/29/2006	36,000,000	37,213,141	-1,060,791	28,643,088	0.8	-5.3
2006	RREEF America REIT II	10/1/2006	36,000,000	45,447,737	-9,903,162	30,224,839	0.9	-3.7
2006	UBS Trumbull Property Fund ("UBS-TPF")	9/28/2006	106,000,000	40,415,271	-3,382,336	36,045,962	1.0	-0.6
2006	Apollo Real Estate Fund V	6/15/2006	5,000,000	5,000,001	-1,103,650	1,989,437	0.6	-18.1
2007	Colony Realty Partners II	12/20/2006	15,000,000	16,065,058	-499,580	7,341,778	0.5	-19.9
2007	Heitman HART	3/29/2007	48,000,000	52,042,560	-4,042,560	45,694,839	1.0	-2.2
2007	JP Morgan Special Situation Property Fund	1/2/2007	15,000,000	15,907,865	-1,774,259	9,098,568	0.7	-10.2
2007	JP Morgan Strategic Property Fund	12/4/2006	86,000,000	54,517,557	0	49,841,606	0.9	-3.2
2007	PRISA II	6/30/2007	63,374,139	64,523,480	-1,139,026	45,391,564	0.7	-12.9
2007	RREEF America REIT III	10/1/2007	15,000,000	15,000,000	-100,040	3,312,253	0.2	-37.0
2007	Blackstone Real Estate Partners VI	9/27/2007	50,000,000	36,250,104	-45,200	41,483,376	1.1	6.7
2007	Carlyle Realty Partners V	8/27/2007	15,000,000	15,473,276	-2,986,842	13,158,049	1.0	2.1
2007	Metropolitan Workforce Housing Fund	7/13/2007	10,500,000	4,273,269	-306,882	1,613,120	0.4	-57.6
2007	UrbanAmerica II	1/30/2007	11,000,000	10,218,031	0	6,045,553	0.6	-17.8
2008	American Value Partners Fund I	10/18/2007	25,000,000	12,170,542	-630,540	6,958,620	0.6	-34.7
2008	Capri Urban Investors	6/3/2008	40,000,000	24,654,738	0	11,338,726	0.5	-39.2
2008	Silverpeak Legacy Partners III (Lehman)	5/28/2008	30,000,000	11,748,148	-2,577,066	3,733,706	0.5	-35.1
2008	Stockbridge Real Estate Fund III	9/9/2008	22,500,000	10,673,850	0	6,791,446	0.6	-25.0
2009	Carbon Capital III	7/2/2009	40,000,000	22,985,571	-5,358,934	19,811,810	1.1	10.9
2009	JP Morgan Urban Renaissance Property Fund	12/18/2008	16,360,625	4,206,523	-4,206,523	0	1.0	0.0
2009	Thor Urban Property Fund II	10/30/2008	12,500,000	6,684,988	-1,764,094	3,269,579	0.8	-30.0
2010	LaSalle Property Fund	7/1/2010	50,000,000	8,034,207	-29,075	8,478,974	1.1	15.2
2010	Blackstone Real Estate Partners Europe III (USD Vehicle)	10/24/2008	50,000,000	3,284,311	0	3,964,631	1.2	17.7
2010	Canyon Johnson Urban Fund III	3/29/2010	25,000,000	5,267,488	-82,250	3,914,229	0.8	-59.9
2010	Westbrook Real Estate Fund VIII	12/28/2009	50,000,000	11,824,141	-4,462,260	7,783,893	1.0	12.7
2011	H/2 Special Opportunities Fund II	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2011	Taconic New York City Investment Fund LP	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Teachers' Retirement System of the City of New York			1,188,234,764	822,622,101	-319,969,056	538,458,932	1.0	2.1

Source: PCG historical cash flow data. TTG cash flow data from Fund Managers, effective 2005.

Note: The equity multiples and IRRs contained in this report are interim calculations based upon information provided by the investment managers of the New York City Retirement Systems, including cash flows and quarterly unaudited, or audited, valuations. The IRR calculated in early years of a fund life is not meaningful given the J-curve effect and can be significantly impacted by the timing of cash flows, investment strategy, investment pacing, and fund life. The calculations are not necessarily indicative of total fund performance, which can only be determined after the fund is liquidated and all capital contributed and earnings have been distributed to the investor. All data supplied is as of December 31, 2010.

Note: The General Partner of the JPMorgan Urban Renaissance Fund terminated the Fund on February 23, 2010 and all capital contributed, including management fees, was returned to investors.

II. Performance Reviews:

ETI QUARTERLY REPORT

The City of New York - Office of the Comptroller
Bureau of Asset Management
TRS Economically Targeted Investments Quarterly Report
Collateral Benefits as of 3/31/2011

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Public/Private Apartment Rehabilitation Program (PPAR)

Lenders*	<u>CPC</u>		<u>NHS</u>		<u>CCD</u>		<u>CFSB</u>		<u>NCBCI</u>		<u>LIIF</u>		<u>All Lender Totals</u>	
	Dollars	Units	Dollars	Units	Dollars	Units	Dollars	Units	Dollars	Units	Dollars	Units	Dollars	Units
Contractual Commitments	\$235,000,000	n/a	\$5,000,000	n/a	\$13,200,000	n/a	\$49,500,000	n/a	\$8,250,000	n/a	\$8,250,000	n/a	\$319,200,000	n/a
Current Market Value	\$78,719,558	n/a	\$599,299	n/a	\$2,204,380	n/a	\$1,718,787	n/a	\$385,536	n/a	\$1,696,758	n/a	\$85,324,318	n/a
Commitments 1Q 11 (included in total)														
Bronx	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0
Brooklyn	924,879	94	0	0	0	0	0	0	251,938	27	0	0	1,176,817	121
Manhattan	842,368	19	0	0	0	0	0	0	0	0	0	0	842,368	19
Queens	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Staten Island	0	0	0	0	0	0	0	0	0	0	0	0	\$0	0
Total	\$1,767,246	113	\$0	0	\$0	0	\$0	0	\$251,938	27	\$0	0	\$2,019,184	140
Delivered 1Q 11 (included in total)														
Bronx	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0
Brooklyn	683,200	22	0	0	0	0	0	0	0	0	0	0	683,200	22
Manhattan	79,289	10	0	0	0	0	0	0	198,248	21	0	0	277,537	31
Queens	282,800	22	0	0	0	0	0	0	0	0	0	0	282,800	22
Staten Island	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	\$1,045,289	54	\$0	0	\$0	0	\$0	0	\$198,248	21	\$0	0	\$1,243,537	75
Total Commitments														
Bronx	\$18,443,797	1,268	\$0	0	\$2,829,750	366	\$0	0	\$0	0	\$0	0	\$21,273,547	1,634
Brooklyn	76,149,489	2,322	0	0	5,290,560	54	0	0	302,395	33	597,320	71	82,339,764	2,480
Manhattan	17,222,473	880	0	0	2,096,640	178	919,741	61	2,614,188	225	1,879,105	91	24,732,148	1,435
Queens	7,324,041	123	0	0	0	0	0	0	0	0	0	0	7,324,041	123
Staten Island	1,260,000	39	0	0	0	0	0	0	0	0	0	0	1,260,000	39
Total	\$120,399,800	4,632	\$0	0	\$10,216,950	598	\$919,741	61	\$2,916,583	258	\$2,476,426	162	\$136,929,500	5,711
Historical Investments														
Bronx	\$28,417,220	1,781	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$28,417,220	1,781
Brooklyn	36,001,293	1,584	330,213	7	1,338,417	124	0	0	0	0	1,785,452	174	39,455,374	1,889
Manhattan	29,947,854	1,955	252,445	15	752,628	75	1,667,990	136	396,207	34	0	0	33,017,123	2,215
Queens	21,494,299	877	0	0	0	0	0	0	0	0	0	0	21,494,299	877
Staten Island	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	\$115,860,666	6,197	\$582,658	22	\$2,091,044	199	\$1,667,990	136	\$396,207	34	\$1,785,452	174	\$122,384,017	6,762

*Lenders:

The Community Preservation Corporation

Neighborhood Housing Services

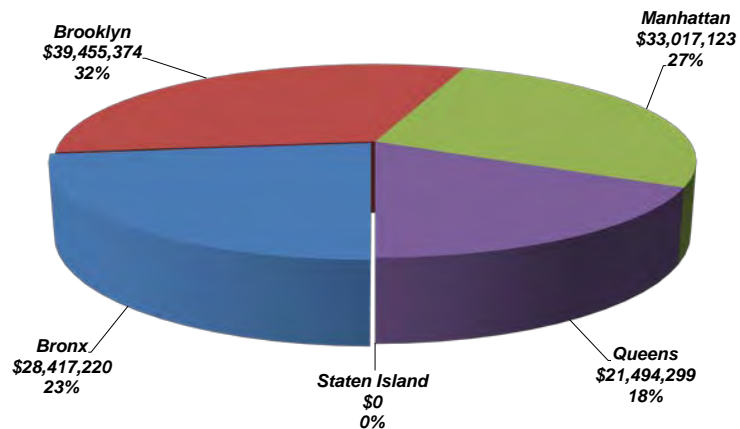
Citibank Community Development

Carver Federal Savings Bank

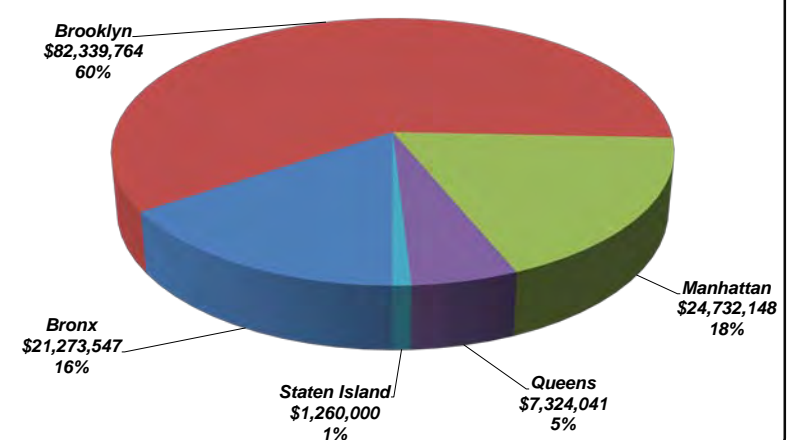
NCB Capital Impact

Low Income Investment Fund

Historical Investments Since Inception All PPAR Lenders



Current Commitments All PPAR Lenders



AFL-CIO Housing Investment Trust (HIT)
Market Value \$187.2 million*
NYC Community Investment Initiative (NYCCII)

NYCCII PHASE II 2006-2012

Multifamily Investments Detail

Borough	Dollars	Units
Bronx	\$52,827,900	802
Brooklyn	14,890,446	3,033
Manhattan	134,075,200	926
Queens	17,760,000	1,260
Staten Island	6,414,554	693
Total	\$225,968,100	6,714

Single Family Investments Detail

	Home Loans	Transactions	Member Loans	Total All NYC PF's
Bronx	\$102,598,420	464	100	168
Brooklyn	494,711,605	1,794	381	663
Manhattan	84,269,029	310	96	110
Queens	569,567,481	2,241	403	673
Staten Island	169,558,833	602	101	199
Total	\$1,420,705,368	5,411	1,081	1,813

Grand Total NYCCII Phase II

\$1,646,673,468

Other-NYC Metro Area**

\$100,000,000

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NYCCII Phase I 2002 - 2005

		Units	Member Loans	Total All NYC PF's
Multifamily Investments	\$249,123,500	12,337	n/a	na
Single Family Investments	348,300,563	n/a	133	446
Total NYCCII Phase I	\$597,424,063	12,337	133	446

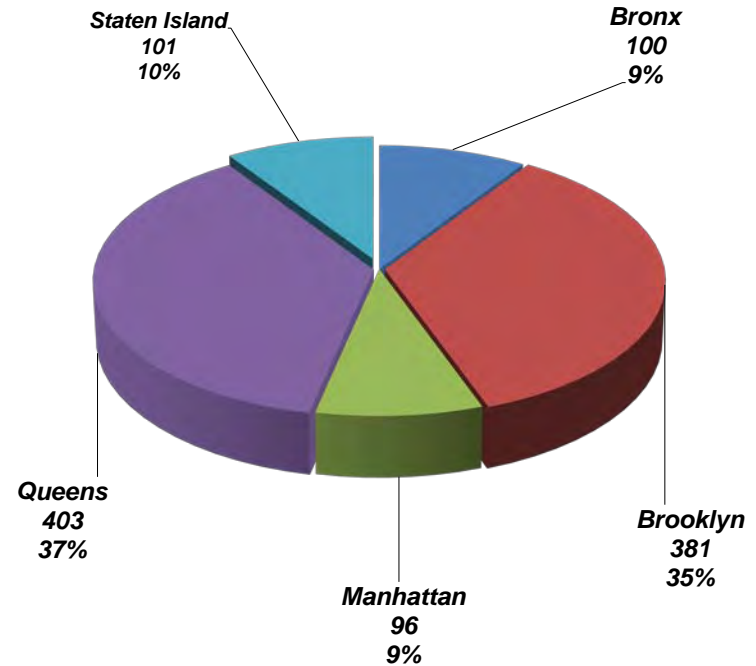
NYCCII Phases I & II

		Units	Member Loans	Total All NYC PF's
Multifamily Investments	\$475,091,600	19,051	n/a	na
Single Family Investments	1,769,005,931	n/a	1,214	2,259
Grand Total NYCCII Phases I & II	\$2,244,097,531	19,051	1,214	2,259

*Interest is reinvested

**This investment is for a pediatric nursing facility in Yonkers, approximately 4 miles from the NYC border. It will finance a replacement facility for the Elizabeth Seton Pediatric Center, currently located in Chelsea, which is "one of only two pediatric nursing facilities in downstate New York, and the only one dedicated to long-term care." The new facility will have 137 beds and serve children from NYC, Westchester and Putnam Counties.

HIT Home Loans To TRS Members Phase II



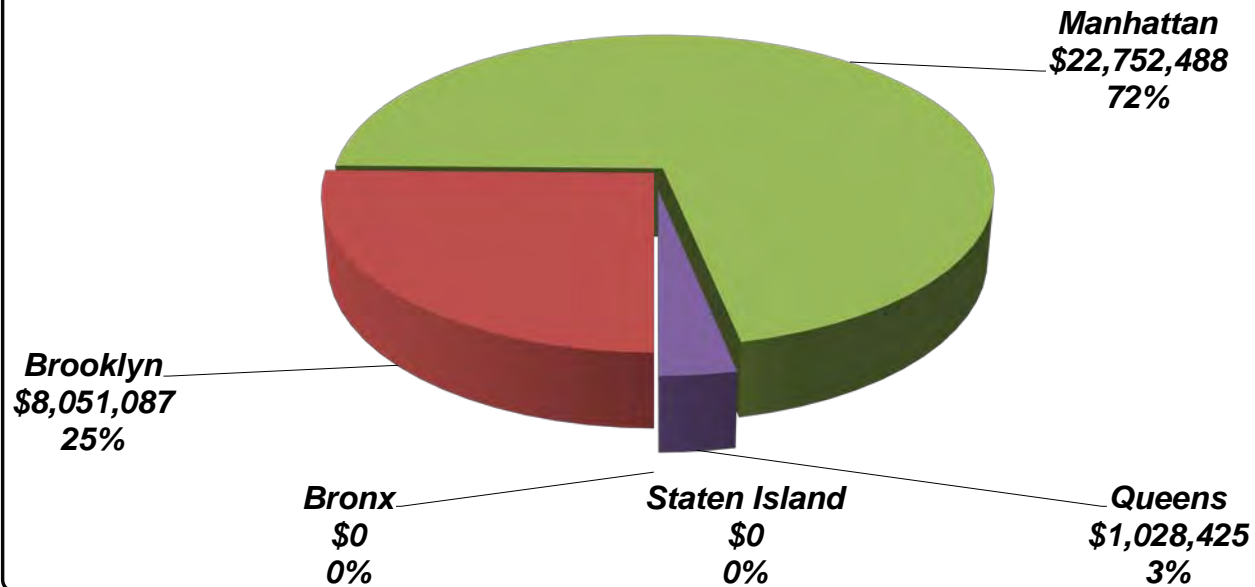
**AFL- CIO Housing Investment Trust (HIT)
 NYC Workforce Housing Initiative 2009-2014**

Investments Through 3/31/2011

Workforce Investment Detail

Borough	<u>Dollars</u>	<u>Workforce Housing Units</u>
Bronx	\$0	0
Brooklyn	8,051,087	422
Manhattan	22,752,488	1,627
Queens	1,028,425	208
Staten Island	0	0
Total	\$31,832,000	2,257

HIT Workforce Housing Initiative



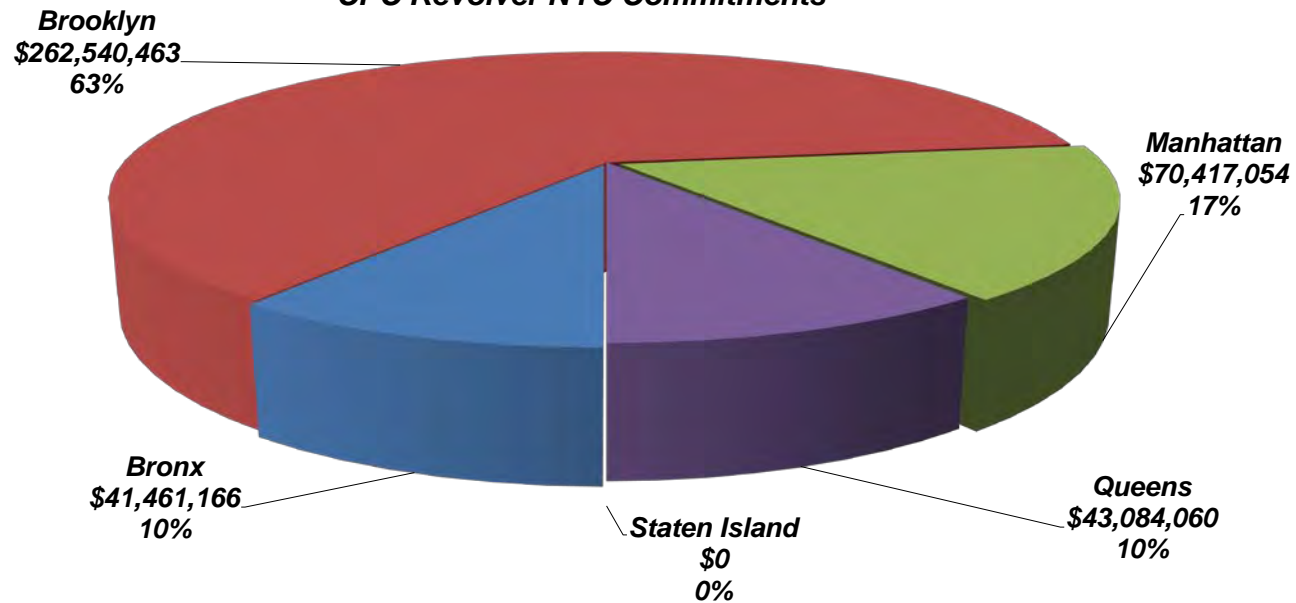
CPC Revolver

Revolver Current Commitments	\$417,502,743
TRS Commitments Shares	\$25,000,000
TRS Market Value*	\$24,021,251

	# Loans	\$ Committed	# Units Residential	# Units Commercial
Bronx	29	\$41,461,166	1,301	30
Brooklyn	81	\$262,540,463	2,735	49
Manhattan	47	\$70,417,054	1,206	29
Queens	12	\$43,084,060	336	12
Staten Island	0	0	0	0
Grand Total NYC	169	\$417,502,743	5,578	120
 Other NY State	 61	 \$155,141,767	 1,974	 43

* Equals the amount drawn down. Interest is paid monthly.

CPC Revolver NYC Commitments



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

Allocated Amount \$33 million (33% of total account)
Market Value \$41.3 million

Multifamily Investments Detail

	TRS Investment	Total Units	# of LMI* Units
Borough			
Bronx	\$5,775,000	508	508
Brooklyn	4,356,000	404	404
Manhattan	19,821,915	2,949	1,811
Queens	3,844,500	762	762
Staten Island	0	0	0
Total TRS Multifamily Investments	\$33,797,415	4,623	3,485

MultifamilyTotal All Systems \$102,416,409 4,623 3,485

Single Family Investments Detail

	TRS Investment	Total Units	# of LMI* Units
Borough			
Bronx	\$3,603,028	65	65
Brooklyn	10,185,309	166	166
Manhattan	888,966	16	16
Queens	12,625,360	198	198
Staten Island	5,839,024	95	95
Total TRS Single Family Investments	\$33,141,687	540	540

Single Family Total All Systems \$100,429,356 540 540

Other Investments Detail

	TRS Investment	# of Loans
Borough		
Bronx	\$222,750	1
Brooklyn	1,778,832	8
Manhattan	802,859	5
Queens	179,333	3
Staten Island	0	0
Total TRS Other Investments	\$2,983,774	17

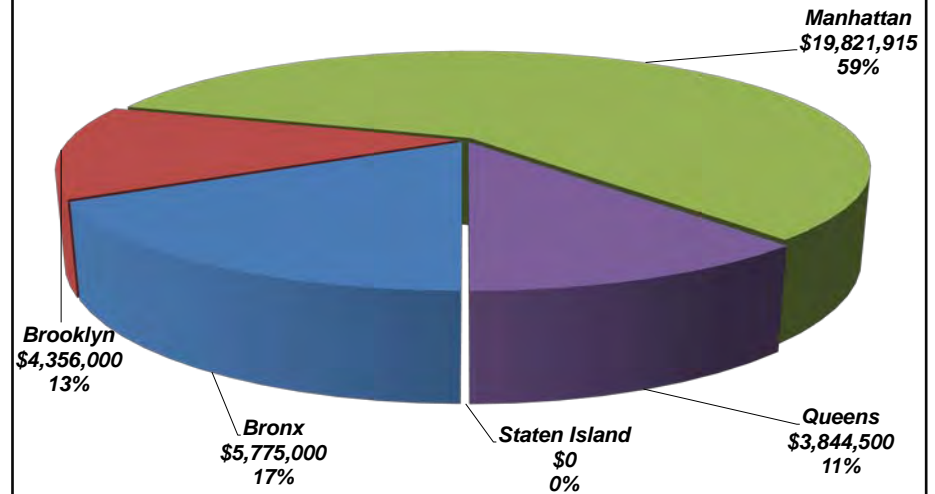
Other InvestmentsTotal All Systems \$9,041,740 17

Grand Total TRS \$69,922,876

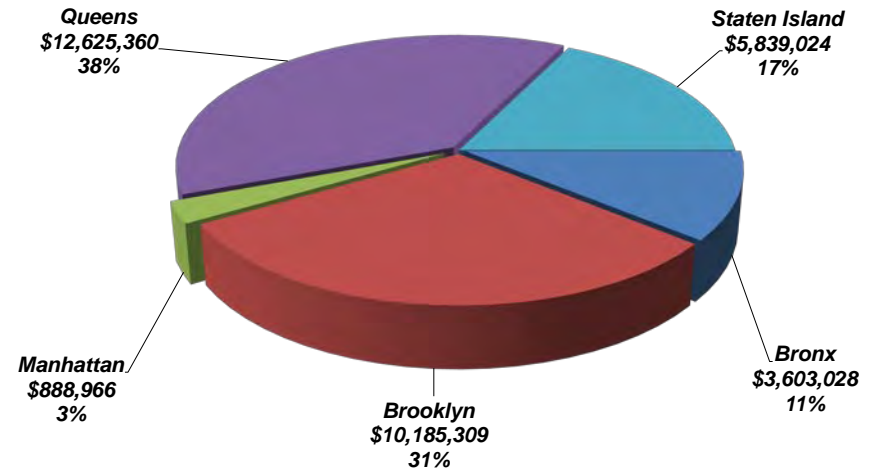
Grand Total All Systems \$211,887,505

* LMI = Low or Moderate Income

Access Multifamily Investments Since Inception TRS



Access Single Family Investments Since Inception TRS



The City of New York Office of the Comptroller
Bureau of Asset Management
TRS Economically Targeted Investment Quarterly Report
Collateral Benefits as of 3/31/2011

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	Assets (\$MM)	Trailing 1 Month	Trailing 3 Months	6/30/2007 3/31/2011	Year To Date	Trailing 1 Year	Trailing* 3 Years	Trailing* 5 Years	Trailing* 7 Years	Trailing* 9 Years	Trailing* 10 Years	Trailing* 11 Years	Trailing* 15 Years	Since Inception	Data Start Date
TEACHERS															
AFL-CIO HOUSING INV TRUST	187.24	0.10	0.79	2.12	0.79	4.81	5.56	6.06	4.83	****	****	****	****	4.96	09/30/02
CPC -PPAR	78.72	0.44	1.30	3.77	1.30	7.50	8.91	8.55	8.21	****	****	****	****	8.22	10/31/01
ACCESS VOYAGEUR	41.34	-0.31	0.21	1.09	0.21	3.50	6.82	****	****	****	****	****	****	6.73	02/28/07
CPC - REVOLVER	24.02	0.18	0.52	1.59	0.52	2.11	2.72	4.47	4.60	****	****	****	****	4.60	03/31/04
ERASMUS	16.31	****	****	****	****	****	****	****	****	****	****	****	****	****	10/31/05
CCD-PPAR	2.20	0.66	1.56	7.11	1.56	10.64	10.30	****	****	****	****	****	****	9.18	11/30/06
CCB-PPAR	1.72	0.26	1.07	8.34	1.07	11.79	8.93	****	****	****	****	****	****	8.17	09/30/06
LIIF	1.70	0.23	1.10	-0.52	1.10	3.30	****	****	****	****	****	****	****	5.56	07/31/09
NHS-PPAR	0.60	0.74	1.67	2.86	1.67	7.53	10.05	****	****	****	****	****	****	9.83	09/30/07
NCBCI	0.39	1.50	2.21	1.61	2.21	4.82	****	****	****	****	****	****	****	5.52	07/31/09
GNMA	0.15	0.66	0.07	0.12	0.07	2.33	3.85	6.84	6.35	****	****	****	****	6.46	10/31/01
SHORT TERM INVESTMENTS	0.00	0.01	0.03	0.12	0.03	0.16	0.69	2.33	2.51	****	****	****	****	2.99	10/31/01
TOTAL TEACHERS TARGETED (w/cash)**	338.08	0.14	0.83	2.43	0.83	5.19	6.19	6.52	5.59	5.92	6.34	6.86	7.19	10.20	09/30/81
TOTAL TEACHERS TARGETED (w/o cash)**	335.34	0.15	0.84	2.46	0.84	5.26	6.25	6.55	5.62	6.00	6.35	6.97	7.14	8.97	11/30/84
TEACHERS CUSTOM BENCHMARK (no cash)		0.12	0.51	1.73	0.51	5.08	5.42	6.10	5.04	5.54	5.71	6.32	6.55		
BARCLAYS CAPITAL US AGGREGATE BOND INDEX		0.06	0.42	1.57	0.42	5.12	5.30	6.02	4.77	5.59	5.57	6.18	6.20		

*Time periods greater than one year are annualized. Historical returns prior to April 2004 provided by Citigroup.

** Returns are net of fees and exclude Erasmus.

REAL ESTATE QUARTERLY REPORT

Teachers' Retirement System of the City of New York

Performance Measurement Report Fourth Quarter 2010

The Townsend Group

Cleveland, OH San Francisco, CA London, UK Hong Kong

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Glossary of Terms		Exhibit A
Market Overview		Exhibit B

The Townsend Group Performance Measurement Report

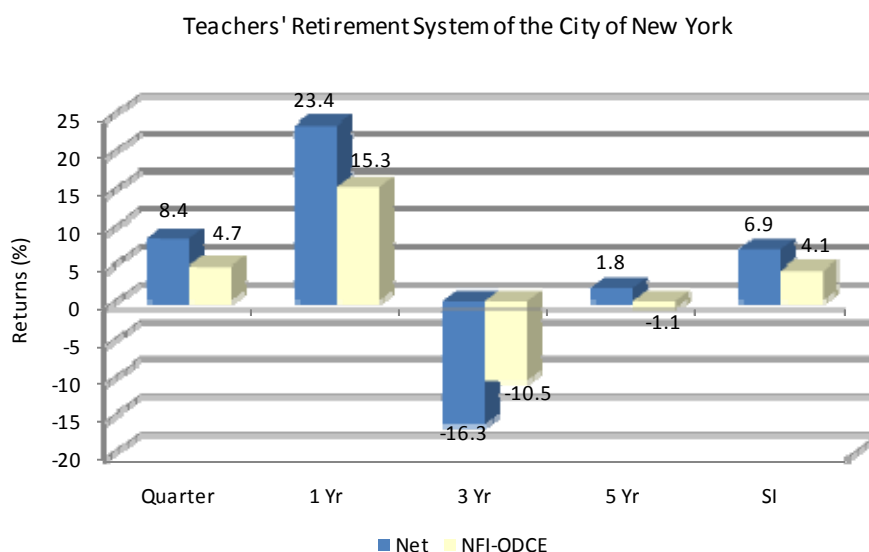
TEACHERS' RETIREMENT SYSTEM OF THE CITY OF NEW YORK

FOURTH QUARTER 2010

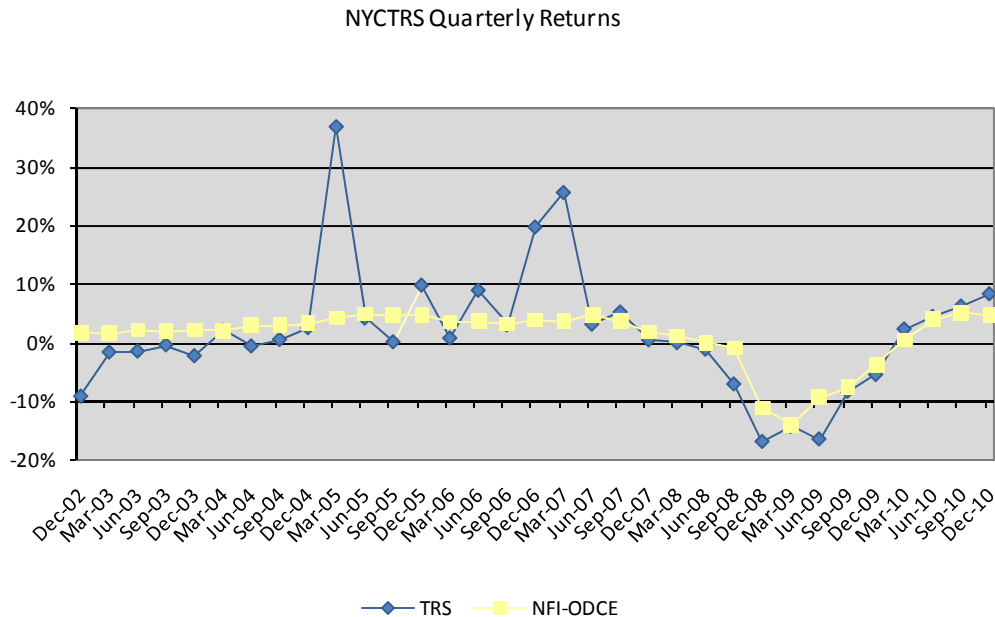
I. Performance Summary

At the end of the Fourth Quarter 2010, ("Quarter") The Teachers' Retirement System of the City of New York ("NYCTRS") Real Estate Portfolio ("Portfolio") had a cumulative market value of \$538 million. Total market value plus unfunded commitments was \$984 million, or 48.8% of the real estate allocation. During the Quarter, the Portfolio achieved a total gross return of 8.9% which was comprised of 1.1% income and 7.9% appreciation. The NCREIF Open-end Diversified Core Equity Index ("NFI-ODCE") reported a total net return of 4.7%. In addition, the Portfolio achieved a total net return of 8.4%.

The following chart reflects the total net returns for the NYCTRS' Portfolio compared to the NFI-ODCE. Real estate continues to offer attractive returns compared to other asset classes. Capital appreciation advanced in 2010 ahead of expectations, particularly in the "elite" markets, as relatively high income yields attracted capital from fixed income and other asset classes. Capital value recovery has outpaced the recovery in fundamentals due, in part, to monetary easing which has produced lower interest rates. Recovering fundamentals and yield spreads over the risk-free rate support current valuations. Core appraisal pricing is reasonable and we have expanded our focus to include stable leased properties in primary markets. We believe tactical buying opportunities will continue in primary markets with assets facing lease-up risk as well as sales from financial institutions and distressed sellers. Historical data suggests that periods following major downturns are opportune times to pursue new investments on a selective basis. The benchmark established for the Portfolio is the NFI-ODCE net over rolling five-year periods.



The graph below shows the total net returns for the Portfolio by quarter since inception. NFI-ODCE total net return performance is also included. It is important to note the effects of the "J-curve" whereby fees on committed capital exceed distributions to the Portfolio due to minimal invested capital and the early stages of the value-added/opportunistic process in the underlying investments.



The table below reflects the returns for the Portfolio and the NFI-ODCE during pertinent time periods and segments these returns by their components: income, appreciation, and total return. The Portfolio's objective is to generate a total net return that exceeds the NFI-ODCE total net return measured over rolling five-year periods.

II. Portfolio Composition

New York City Teachers Retirement System			
Total Plan Assets	12/31/10	\$	40,306
Real Estate Allocation (%)			5.0%
Real Estate Allocation (\$)		\$	2,015
Style Sector Allocation			
Core/Core Plus	40%	\$	806
Non Core	55%	\$	1,108
Non Core Emerging Manager	greater of \$84 million, or 5%	\$	101
Uncommitted Core		\$	391
Uncommitted Non Core		\$	574
Uncommitted Non Core Emerging Manager		\$	66
Funded (Market Value) and Committed Statistics			
Core/Core Plus			42.2%
Non Core			54.3%
Non Core Emerging Manager			3.5%
\$ Committed		\$	984
% Committed on Real Estate Allocation			48.8%
% Committed on Total Plan Assets			2.4%
Funded (Market Value) Statistics			
% Funded (Market Value) of Total Plan Assets			1.3%
% Funded (Market Value) of Total Real Estate Allocation			26.7%

Teachers		
Investment Cash Flow Summary		
	Quarter	To Date
Contributions	\$49.3	\$822.6
Distributions	-\$4.3	-\$262.0
Withdrawals	\$0.0	-\$57.9

Contributions: Includes actual cash funded to the investment for acquisition and capital items during the quarter.

Distributions: Includes actual cash returned during the quarter from the investments which represents distributions of income from operations and profit.

Withdrawals: Includes cash returned from the investment as a result of return of capital.

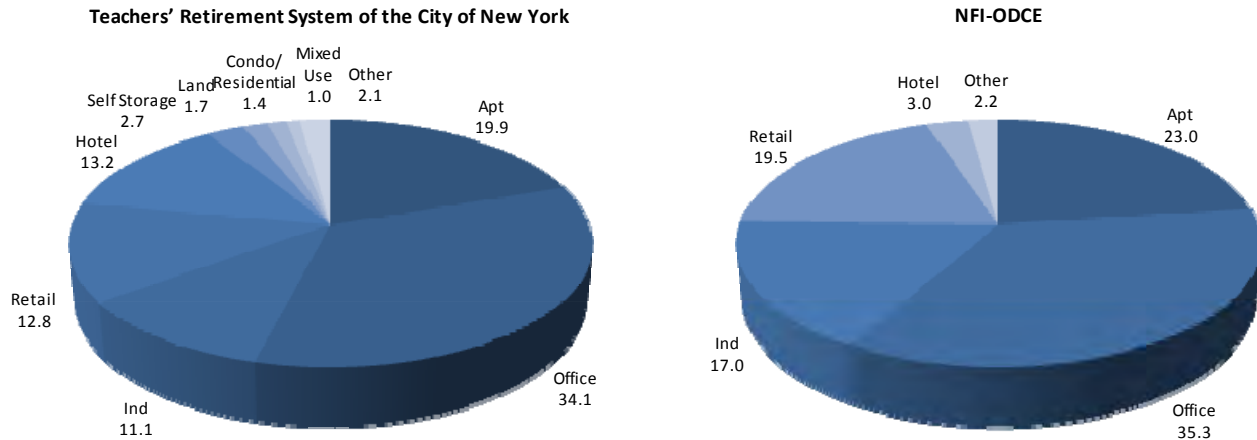
III. Portfolio Compliance

Category	Requirement	Portfolio Status
Benchmark	NFI-ODCE (net) over rolling five-year periods	<i>Portfolio returns in excess of benchmark.</i>
Portfolio Composition	Core/Core Plus (minimum of 40%) Non Core (minimum of 40%) Non Core Emerging (greater of \$84 million or 5% of the total real estate allocation)	<i>The portfolio is funded (market value) and committed at 48.8% of real estate allocation with a portfolio composition of 42.2% core, 54.3% non-core, and 3.5% emerging.</i>
Real Estate Allocation	Target of 5.0%	<i>Funded (market value) and committed dollars place the portfolio at 2.4% of total plan assets.</i>
	Currently Funded at 1.3%	
Diversification	$\pm 30\%$ of NFI-ODCE Other property type (0%-15%)	<i>All property types and geographic locations are in compliance.</i>
LTV	50%	<i>Portfolio is in early stages of funding, but is out of compliance (54.0%).</i>
Manager Exposure	0%-25% of real estate allocation	<i>Manager exposure is within compliance ranges.</i>

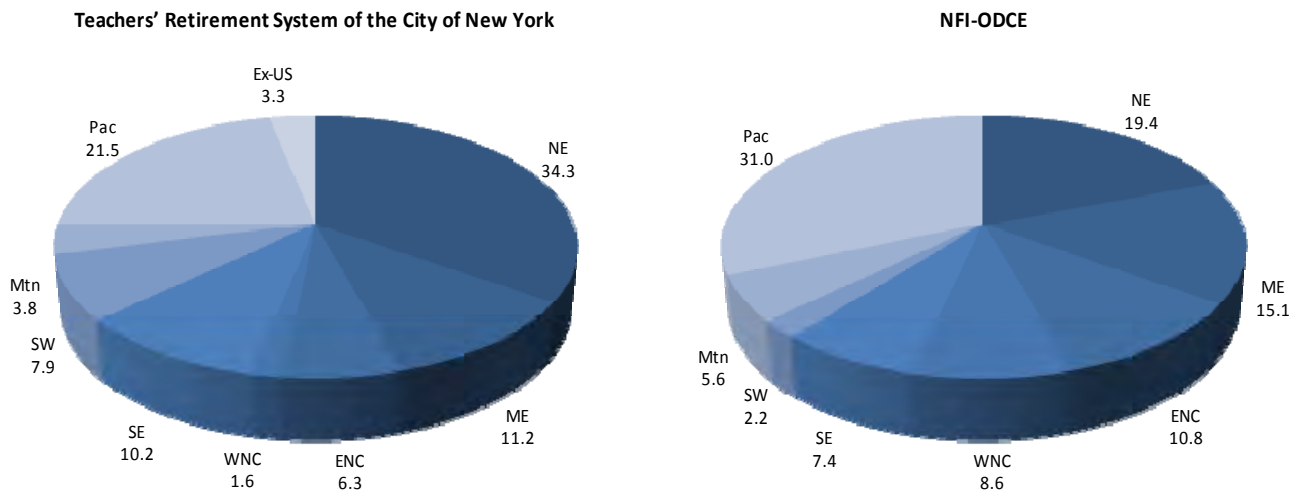
IV. Portfolio Diversification

The Investment Policy Statement (IPS) establishes ranges for diversification by property type and geographic region. These ranges are broad based and allow for investment in all major property types and all geographic regions. The diversification of the current portfolio by property type and geographic region is shown below and compared to diversification of the NFI-ODCE at the end of the Quarter.

Property Type Diversification (%)



Geographic Diversification (%)



PRIVATE EQUITY QUARTERLY REPORT



DECEMBER 31, 2010

ALTERNATIVE INVESTMENT REPORT

Teachers' Retirement System of the City of New York

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www.hamiltonlane.com | P 610.934.2222 | F 610.617.9853

Teachers' Retirement System of the City of New York

Fourth Quarter 2010 Report

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[Section 2 – Market Update](#)

[Section 3 – Portfolio Update](#)

[Section 4 – Portfolio Assessment](#)

[Appendix A – Glossary of Terms](#)

[Appendix B – Disclosure Statements](#)

Section 1:

Firm Update

Teachers' Retirement System of the City of New York

Fourth Quarter 2010 Report

2010 Hamilton Lane Update

Over the course of 2010, Hamilton Lane continued to expand our business and add to our pool of talented and highly qualified individuals. With a client centric approach to our business, this growth reflects the goals of providing every client with both opportunistic investments and exemplary client service. Similar to previous years, attaining these goals is increasingly important as we continue to face uncertainties within the global financial markets.

We believe that the global nature of this asset class demands that we have a presence in all of the major geographic markets. Our team is now made up of more than 150 employees (an increase of more than 30 individuals since our last update), 14% of whom are located outside of the United States.

Gaining a number of client mandates throughout 2010 has enabled us to continue our collaboration with sophisticated, thoughtful institutional investors across the globe. To this end, our extensive diligence efforts also continued as we met with more than 390 general partners during the year.

Firm Growth

With respect to employee growth, we note the addition of five senior professionals in 2010:

- Camilla Rasmussen, a Vice President in our Business Development Group based in our London office.
- Jackson Chan, a Vice President in our Business Development Group based in our Hong Kong office.
- Melissa Nigro, a Vice President and Product Manager for our diversified funds-of-funds based in our Bala Cynwyd office.
- Lars Pace, a Vice President and Relationship Manager, based in our Bala Cynwyd office.
- Keith Brittain, a Vice President on our Due Diligence Team focusing on Secondary Investments.

Overall, we grew by 34 people during the past 12 months across all departments including due diligence, monitoring and reporting, relationship management and IT.

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Product Updates

Our firm has grown strategically over the past year as well, as detailed below:

- We held a fourth close on Hamilton Lane Private Equity Fund VII, L.P. in January 2011; we anticipate holding a final close in June 2011. The Fund is a globally diversified fund-of-funds pursuing the following principal strategies: primary partnership investments, co-investments and secondary transactions.
- We began fundraising in January 2011 for Hamilton Lane-Carpenters Partnership Fund III L.P., which is specific to Carpenters investors throughout North America. The Fund has a target commitment of \$400 million, and we anticipate holding a first close in the first quarter of 2011.
- We will be launching Hamilton Lane Secondary Fund III later this year. This is a successor fund to Hamilton Lane Secondary Fund II, which closed on \$591 million in August 2009.

Fund Administration

Hamilton Lane is excited to announce that its performance reporting service is now being offered as a standalone product. This product expansion is in line with Hamilton Lane's mission of continuously improving while diligently searching for new and innovative ways to service our existing clients and reach potential new clients. We believe that outsourcing fund administration gives an institutional investor two major advantages: first, having an experienced third party manage the complexities of performance reporting gives the institutional investor peace of mind; and second, outsourcing allows the client's internal staff to focus on managing its assets.

With more than 20 years of fund administrative experience we provide services to small and large institutions around the world to include:

- Portfolio monitoring and reporting
- Cash flow transactional reporting
- Detailed portfolio holding reports
- Timely and transparent client reports

We monitor and report on both private equity and real estate. Spanning more than 29 years our fund database includes more than 1,700 funds representing more than 500 managers, providing us access to an extensive data pool. This, along with our proprietary models, allows us to conduct detailed analytics on individual investments, industry trends and portfolio progress. Further, Hamilton Lane's technology is state-of-the-art, providing web-based fund and portfolio holding reports as well as a document warehouse. Lastly, having our operational team SAS 70 Type II certified exemplifies the pride we take in our data integrity and operational oversight.

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Recent Accolades

Hamilton Lane is pleased to announce that we were awarded the European Gatekeeper of the Year Award for 2010, the second time we've received this honor. We appreciate the acknowledgement and the opportunity to work with all of our clients around the world.

Section 2:

Market Update

Teachers' Retirement System of the City of New York

Fourth Quarter 2010 Report

March 2011

The global economic environment has recently shown positive signs of continued improvement led by increased growth in the United States and Asian economies. However, the lingering European sovereign debt crisis, political unrest in the Middle East and North Africa ("MENA") and economic and other hardships related to the Japanese earthquake pose significant impediments to continued growth. Public indices suggest that the United States is emerging and helping to lead the way out of a global recession, as illustrated by the 13% appreciation in the S&P 500 from December 31, 2009 to December 31, 2010 and continued increase of 4% subsequent to year-end¹. With the U.S. stock market rebound and increased availability of credit, stable companies once again have access to capital markets as a source of funding and liquidity. Favorable U.S. data has continued on the consumer front as well; the February 2011 U.S. consumer confidence index topped the highest level in three years, and the U.S. unemployment rate fell in February 2011 to 8.9%, the lowest level in 22 months. Despite the positive developments, certain headwinds are still present as the U.S. unemployment rate continues to be relatively high when compared to average rates over the last ten years and consumers continue to struggle with depressed real estate asset values, which may restrain consumer spending in the near term. To help mitigate these concerns, the sustained availability of low cost capital, coupled with continued efforts to trim debt and build cash, should make both consumers and corporations better equipped to help grow the global economy in the long-term with ready cash.

Asia as well as other emerging markets experienced significant growth in 2010, rapidly rebounding from the global economic crisis with increased cash inflow as investors sought areas with growth opportunities. In Europe, the sovereign debt crisis has dominated headlines throughout 2010. Beginning in Greece in January 2010, the crisis spread throughout Europe and escalated mid-year market volatility to levels comparable to the depths of the financial crisis. While the European Union did create a €750 billion emergency facility, the issue still remains a great concern to market participants. We believe Portugal, Ireland and Spain currently pose the greatest cause for concern. Political uncertainties in MENA have accelerated in recent months. Following Egypt's revolution, unrest erupted in Libya with Muammar Qaddafi losing control of much of the country's oil-rich east. Libya is Africa's largest producer of oil, but only ranks 15th among the world's oil exporters². Traders have been concerned that fighting could not only jeopardize Libya's oil production, but also spread to other countries in the region such as Saudi Arabia. Increased oil prices also weigh on the U.S. economy by increasing business' operating costs and decreasing consumers' disposable income. A sustained \$10 increase in the price of oil translates into a 0.2 percent cut in economic growth over 12 months and poses a risk to global growth, according to a recent estimate by economists at Goldman Sachs.

¹ As of March 10, 2011

² Source: Bloomberg

Teachers' Retirement System of the City of New York

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Transaction Volume

The private equity buyout industry experienced a resurgence in global deal activity in 2010 as 2,171 deals³ were announced with an aggregate value of \$225 billion⁴, a 38% increase in number and 89% increase in value of deals globally compared to 2009. Asia and Rest of World continued to account for a greater percentage of overall deal activity in 2010 as there were 279 deals announced valued at \$27 billion³, a 61% increase in value from 2009. Transaction volume during the fourth quarter of 2010 was higher than 35 of the last 47 quarters, and represented the peak of deal flow for the year, and for any quarter since mid-2008⁴. Purchase multiples continued to rise during 2010 and are close to 2006 levels⁵; resulting in transactions being executed at the largest average prices seen in the post financial crisis landscape. One of the notable trends that emerged during the year was an increase in bigger deals, which was largely fuelled by improved credit conditions. The largest deal announced in 2010 was the \$5.3 billion public-to-private transaction of Del Monte Foods Company by KKR, Vestar Capital Partners and Centerview Partners. The equity contribution in the Del Monte deal was much lower than the average equity contribution level required by investors in 2010 of 41%, down only slightly from 2009's peak of 46%⁶.

In addition to the increased availability of leverage, record levels of cash on corporate balance sheets is stimulating deal activity. Private equity firms have found ways to capitalize on the economic recession by growing their portfolio companies through the acquisition of struggling competitors and complimentary new businesses. Pitchbook reported that add-ons as a percentage of private equity buyouts climbed for the sixth straight year in 2010 to account for 41% of all U.S. buyouts. While market conditions are still challenging, there remains a significant amount of uninvested capital, approximately \$485 billion⁷, sitting idle in general partner's coffers, and with market confidence and leverage availability returning, buyout deal flow is likely to maintain an upward trend going into 2011.

³ Source: Preqin

⁴ Source: Thompson Reuters

⁵ Source: S&P LCD

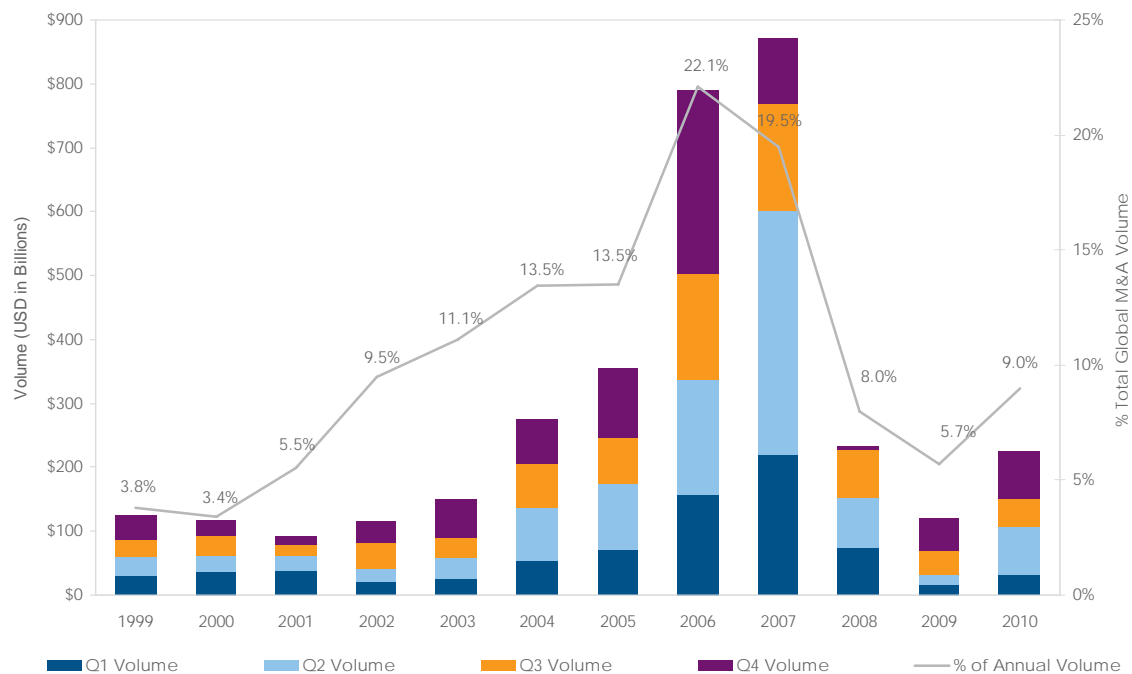
⁶ Source: UBS

⁷ Source: Pitchbook

Teachers' Retirement System of the City of New York

Fourth Quarter 2010 Report

Global LBO Volume



(Source: Thomson Reuters)

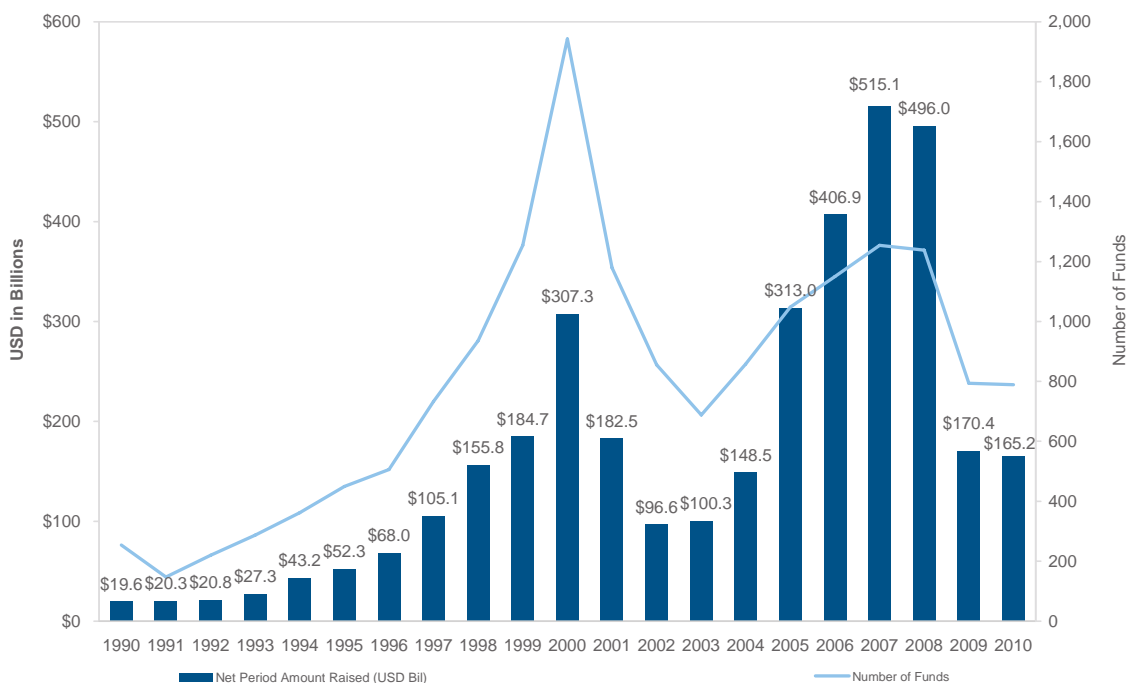
Teachers' Retirement System of the City of New York

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Fundraising

While deal volume is increasing, the capital overhang of \$485 billion continues to make fundraising difficult. Funds that reached a final close in 2010 spent an average of 20.4 months on the road, almost double the time spent by 2007 and 2008 vintage funds³. The average fund size was down markedly in 2010 to \$911 million from \$1.5 billion just two years ago⁷. The decline in fund size came as general partners opted to close funds short or at the low end of their target range rather than spend more time on the road. Moreover, mega and large buyout managers were not as active in fundraising as they had been in previous years. Despite the difficulties, there were some positives in private equity fundraising during 2010. Mid-market buyout funds had some success as they were responsible for raising nearly 90% of the total capital in the U.S. for 2010⁷. Firms with exceptional historical track records and strong management teams were also able to raise capital quickly and in some cases exceed their targets. Asia and Rest of World focused funds increased their market presence in 2010, increasing it from 11% of global fundraising in 2009 to account for 19% of the marketplace in 2010³.

Global Fundraising



Source: Thomson Reuters as of 1/14/2011

³ Source: Preqin

⁷ Source: Pitchbook

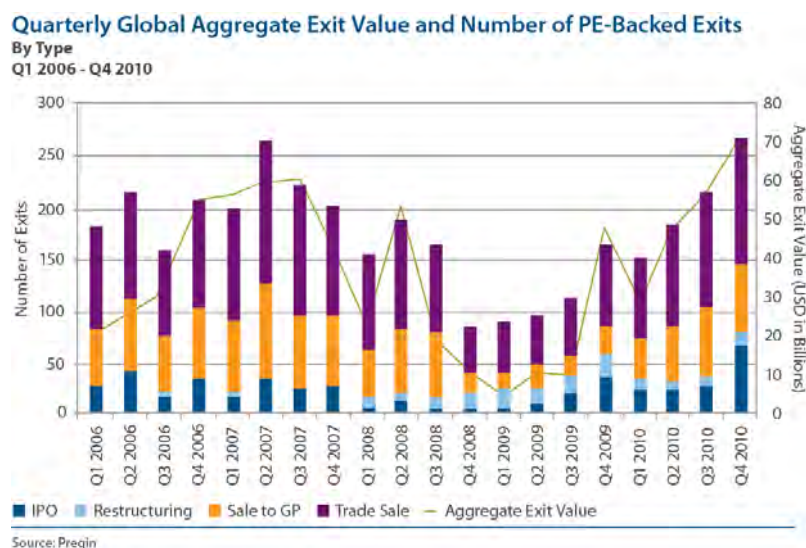
Teachers' Retirement System of the City of New York

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Exit Activity

In addition to an increase in deal volume, there has been a marked surge in exit activity. The number of private equity exits reached 811 for 2010, which equates to twice the number of deals and three times the total value seen in 2009. The aggregate value of exited deals for the fourth quarter of 2010 was a high for the buyout industry, as firms began to exit the massive volume of investments made during the boom years of 2005 to mid-2008. Favorable market conditions have been a significant driver of the rise in exit activity, which allowed general partners to not only exit mature portfolio companies, but sell them at expanded multiples relative to entry.

While the majority of exits came via strategic acquisitions, 2010 saw a shift back to secondary sales and IPOs. Secondary sales, or PE-to-PE transactions, increased in both number and value throughout the year, surpassing the previous two years. While this does generate liquidity for limited partners, in the case of larger private equity portfolios, these types of exits could have a limited effect on a limited partner's capital-at-risk. The IPO window has begun to reopen as 2010 witnessed 145 IPOs and share sales with an aggregate value of \$39 billion, double the aggregate value seen in 2009, and a twelve-fold comparison to 2008, the lowest point for IPO activity in recent years³. There have already been several successful PE-backed IPOs in 2011 including, energy company Kinder Morgan raising \$2 billion and hospital chain HCA raising \$3.8 billion. The \$3.8 billion offering for HCA was the largest IPO in private equity history and brought 2011 IPO volume as of March 10, 2011 to \$12.5 billion, which is six times larger than volume at this time last year⁴. Moreover, Thompson Reuters reported there have been more IPOs so far in 2011 than in 2008, 2009 and 2010 combined.



³ Source: Preqin

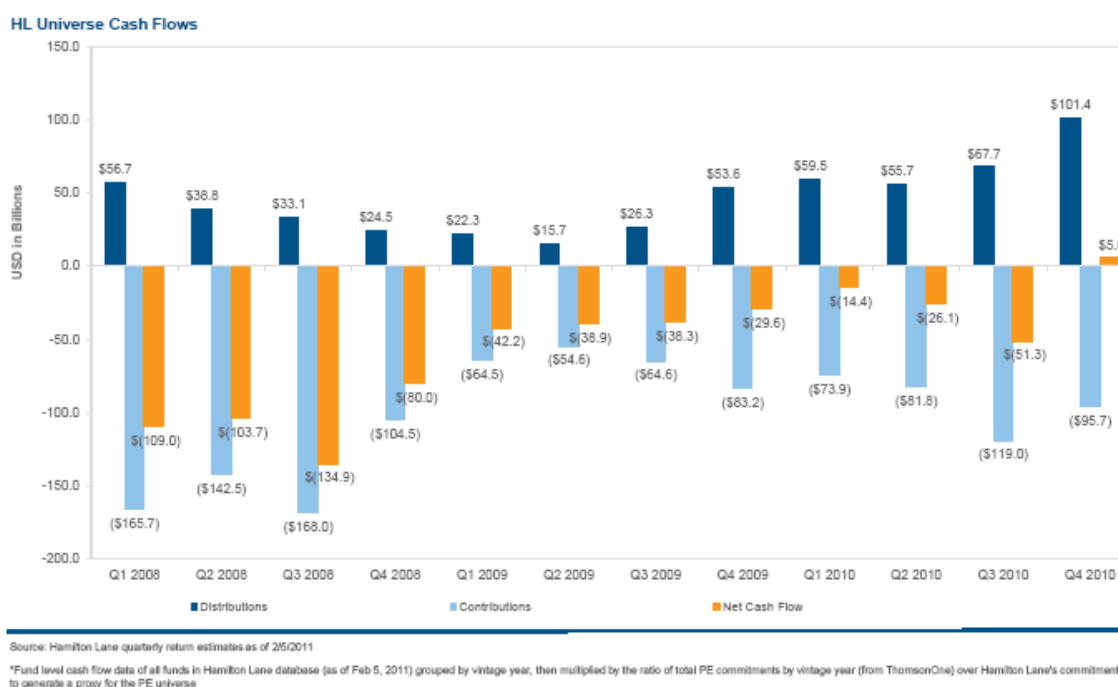
⁴ Source: Thompson Reuters

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Cash Flow Trends

Industry aggregate cash flow estimates based on Hamilton Lane's database turned cash flow positive during the fourth quarter of 2010 for the first time in several years. On an absolute level, distributions during the fourth quarter exceeded the prior eleven quarters, while contributions outpaced six of the prior seven quarters. The high levels of capital calls and distributions are expected to continue as firms put remaining dry powder to work and exit some of the investments made during the boom years.



Teachers' Retirement System of the City of New York

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Outlook

The public equity markets rallied in 2010; however, continued high unemployment figures and rising oil prices caused by turmoil in the Middle East pose risks to global growth. The political strife overseas as well as sovereign debt issues in Europe and broader concerns about the global economic recovery represent sizable headwinds; however, a number of factors support cautious optimism for 2011. Increased availability of credit, as well as significant amounts of dry powder and corporations flush with cash, supports continued competition for deal flow. Pricing for new deals continues to increase and equates to general partners paying full entry multiple valuations. On the other hand, it can offer attractive exit opportunities on the sale side for general partners that spent a significant amount of time in 2009 and 2010 pushing out debt maturities, aggressively cutting costs and maximizing operations of their existing portfolio companies to better position an exit. The IPO markets are opening up and are providing exit opportunities for large and mega deals completed during the boom years. In addition, strategic acquisitions and secondary sales are providing strong avenues for exit, and dividend recapitalizations are creating means for liquidity. Limited partners enjoyed an increase in distributions during the fourth quarter of 2010, and robust financing and strong performance of equity markets thus far in 2011 suggests that the trend will continue. Despite the cautious optimism, events around the world are worrisome enough that the investment landscape could quickly change.

Section 3:

Portfolio Update

Teachers' Retirement System of the City of New York

Fourth Quarter 2010 Report

Portfolio Snapshot

Hamilton Lane was engaged by the Teachers' Retirement System of the City of New York ("TRS") in October 2010 to provide alternative investment consulting services in accordance with the investment objectives of the TRS Private Equity portfolio (the "Portfolio"). This report represents the review by Hamilton Lane of TRS's Portfolio and is based upon information made available to Hamilton Lane by the general partners sponsoring each of the partnership investments in the Portfolio as of December 31, 2010, with highlights through March 31, 2011.

Private Equity Target: TRS has a target of 4% to Private Equity for 2011.

Performance: As of December 31, 2010, the Portfolio consists of 125 partnerships and 85 underlying fund managers. The Portfolio has generated a since inception internal rate of return ("IRR") of 8.13% and a total value multiple of 1.2x.

Portfolio Summary			
\$ millions	9/30/2010 ⁽¹⁾	12/31/2010	Change
Active Partnerships	124	125	1
Active GP Relationships ⁽²⁾	84	85	1
Capital Committed ⁽³⁾	\$3,330.3	\$3,363.7	\$33.4
Unfunded Commitment	\$1,363.2	\$1,289.8	(\$73.4)
Capital Contributed	\$2,265.6	\$2,385.4	\$119.8
Capital Distributed	\$868.7	\$947.4	\$78.7
Market Value	\$1,745.7	\$1,912.8	\$167.1
Total Value Multiple	1.2x	1.2x	-
Since Inception IRR	6.69%	8.13%	144 bps
Avg. Age of Active Commitments	4.1 years	4.3 years	0.2 years

⁽¹⁾ Hamilton Lane has reconciled TRS historical data with the General Partner since the release of the September 30, 2010 report. The data as of September 30, 2010 will vary from what was originally reported on the TRS Third Quarter 2010 report.

⁽²⁾ The Active GP relationships include the General Partner Aldus, the manager of Erasmus New York City Growth Fund, L.P. According to the information provided to Hamilton Lane, the General Partner status for this fund is to be determined

⁽³⁾ The "change" in capital committed from the prior year reflects currency adjustments from existing foreign denominated funds.

Portfolio Exposures: The Corporate Finance/Buyout strategy represents 72% of the Portfolio's total exposure, Venture Capital accounts for 11%, Special Situation represents 10%, Distressed Debt represents 4%, Mezzanine represents 2% and Secondaries accounts for the remaining 1%. The Portfolio has significant exposure to North America; 79% of the underlying company market value based in the region.

Teachers' Retirement System of the City of New York

Fourth Quarter 2010 Report

Portfolio Overview

Commitments

The table below highlights the funds that closed during 2010.

Year-to-Date Commitments - 2010			
Closing Date	Partnership	Investment Strategy	Commitment Amount
12/17/10	Trident V, L.P.	Corporate Finance/Buyout	\$35.0
Total			\$35.0

During the fourth quarter of 2010, the Portfolio completed one additional investment. Subsequent to the fourth quarter of 2010 the Portfolio made an additional commitment of \$35.0 million, detailed above:

Trident V, L.P. (\$35.0 million) the fund will seek to make control oriented investments in cash flow or service companies with proven business models and quality management teams. The fund has opportunistically made investments in balance-sheet oriented companies in response to severe dislocations in the financial services space. Given the current environment, the fund anticipates that several of these investments will be made by the partnership including up to 20% in bank investments.

The table below details performance of the Portfolio in comparison with two comparable Hamilton Lane clients; the data below represents the most recently available data for Plan A and Plan B.

Competitive Pension Plan Statistics			
	NYC Teachers	Plan A	Plan B
Allocation to Private Equity	4%	10%	10%
Since-Inception Return as of 12/31/10	8.13%	12.68%*	6.77%**

* Data as of 9/30/2010

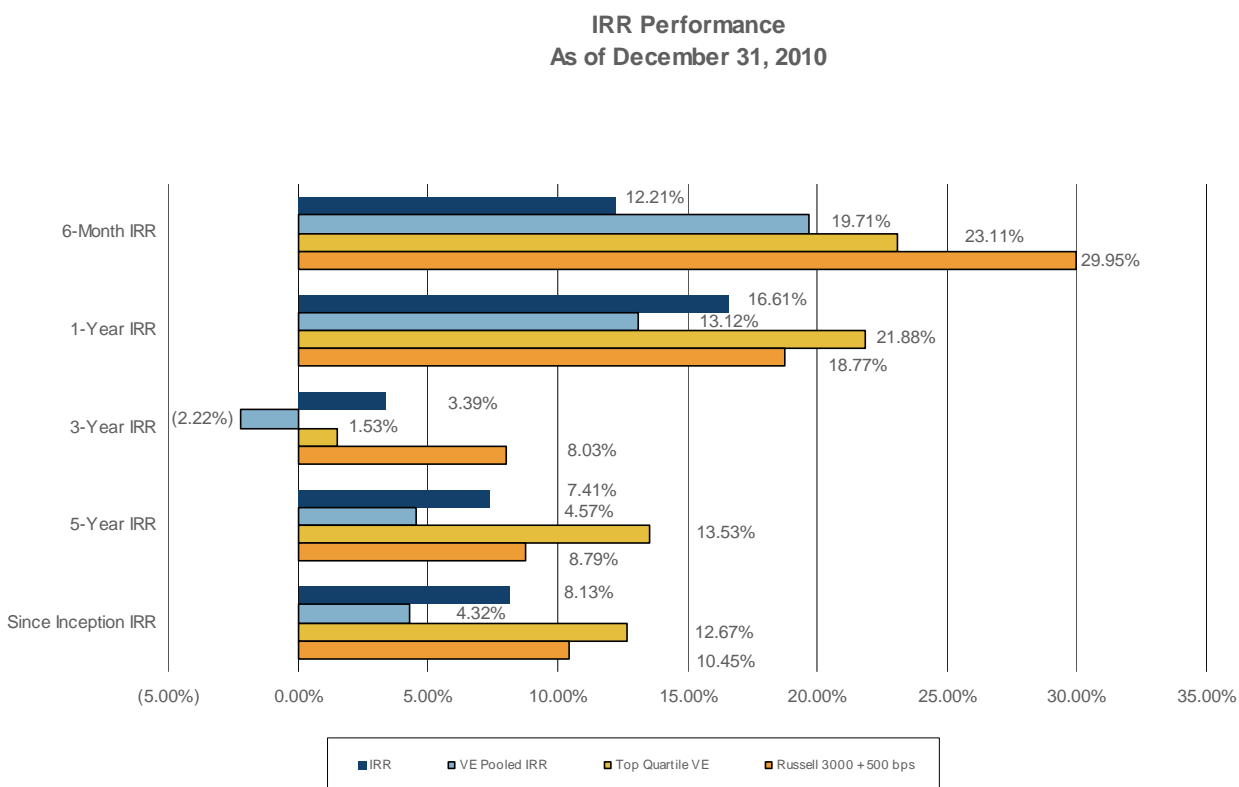
** Data as of 6/30/2010

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Performance

The chart below is a graphical depiction of the IRR performance of the Portfolio with respect to 1-, 3-, 5-, and since-inception time periods. The Portfolio is benchmarked against the VE Pooled IRR, Top Quartile VE and the Russell 3000 plus 500 basis points.



Note: Since Inception IRR for VE benchmarks represent the returns for funds within latest 10 vintage years, the closest available benchmark to the inception date of NYC Teachers Portfolio. The Russell 3000 Total return index incorporates the Long Nickels methodology where the assumption is that the capital is being invested and withdrawn from the index on the days the capital was called and distributed from the underlying fund managers. This calculation includes a 5% premium.

- As private equity is a long-term asset class, the most significant time horizons are the ten year and since inception time periods.
 - Performance on a since-inception basis for the fourth quarter of 2010 increased by 144 basis points, with the Portfolio generating an IRR of 8.13%. Performance for the one-year time horizon was 16.61%.

Teachers' Retirement System of the City of New York

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The table below details quarterly performance of the Portfolio for the year ending December 31, 2010.

Portfolio Summary					
in \$ millions	Quarter Ending				Year Ending
	3/31/2010	6/30/2010	9/30/2010	12/31/2010	12/31/2010
Beginning Market Value	\$1,471.6	\$1,567.1	\$1,600.8	\$1,745.7	\$1,471.6
Paid-in Capital	66.5	88.8	109.1	119.8	384.2
Distributions	(36.2)	(45.4)	(41.6)	(78.7)	(201.9)
Net Value Change	65.2	(9.7)	77.4	126.0	258.9
Ending Market Value	\$1,567.1	\$1,600.8	\$1,745.7	\$1,912.8	\$1,912.8
Unfunded Commitments	\$1,529.7	\$1,443.3	\$1,363.2	\$1,289.8	\$1,289.8
Total Exposure	\$3,096.8	\$3,044.1	\$3,108.9	\$3,202.6	\$3,202.6
Point to Point IRR	4.37%	(0.61%)	4.74%	7.08%	16.61%
Since Inception IRR	6.41%	5.76%	6.69%	8.13%	8.13%

- Over the past twelve months, the Portfolio has generated an IRR of 16.61% and has experienced a total of \$258.9 million in net value gain.
- Pegasus Partners IV was the top performing partnership for the year ended December 31, 2010, generating a net value increase of \$20.3 million and a point-to-point IRR of 76.71%.
 - Pegasus IV distributed \$0.7 million during the year to the Portfolio. The partnership called \$4.4 million for the year ending December 31, 2010, for investments.

Teachers' Retirement System of the City of New York

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Value Drivers

The table below displays the Portfolio's top five performance drivers by net value change for the quarter ending December 31, 2010.

Top Five Performing Investments for the Quarter Ending December 31, 2010				
Investment Name	Vintage Year	Net Value Change (\$ Millions)	Point-to-Point IRR	Since Inception IRR
Pegasus Partners IV, L.P.	2007	\$16.5	51.40%	52.73%
Vista Equity Partners Fund III, L.P.	2007	7.5	26.97%	33.26%
Ares Corporate Opportunities Fund III, L.P.	2008	7.2	21.56%	31.77%
Silver Lake Partners II, L.P.	2004	4.6	16.95%	10.93%
Clayton, Dubilier & Rice Fund VII, L.P.	2005	4.4	14.48%	7.30%

- The above five partnerships generated a net value increase of \$40.2 million in the fourth quarter 2010.
 - Pegasus Partners IV, a 2007 mid-market buyout partnership, was the top performing investment for the quarter, generating a net value change of \$16.5 million. The partnership called just under \$1.0 million and distributed less than \$0.1 million in capital in the fourth quarter. The total portfolio is currently being held at a 2.5x multiple. The portfolio company with the largest increase in holdings value for the quarter was MolyCorp Minerals, LLC, a materials company based out of Colorado. The company was previously held at 8.5x cost as of September 30, 2010; as of December 31, 2010, the company is being held at 14.9x cost.
 - Vista Equity Partners Fund III, also a 2007 mid-market buyout partnership, was the second best performing partnership for the fourth quarter, generating \$7.5 million in net value change. Portfolio holdings are currently being held at 1.9x cost as of December 31, 2010. The partnership distributed \$11.7 million to the TRS in the fourth quarter, as a result of a partial sale and recapitalization proceeds from Sunquest Information Systems, a Tucson-based healthcare information systems provider to large and mid-sized hospitals, clinics and other facilities.

Teachers' Retirement System of the City of New York

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The table below shows the Portfolio's bottom five performance drivers by net value change for the quarter ending December 31, 2010.

Bottom Five Performing Investments for the Quarter Ending December 31, 2010				
Investment Name	Vintage Year	Net Value Change (\$ Millions)	Point-to-Point IRR	Since Inception IRR
Constellation Ventures III, L.P.	2007	(\$1.2)	(17.70%)	(19.08%)
NGN BioMed Opportunity II, L.P.	2008	(0.9)	(13.72%)	(12.99%)
Blackstone Capital Partners V, L.P.	2006	(0.9)	(1.39%)	(0.76%)
USPF II Institutional Fund, L.P.	2005	(0.9)	(2.97%)	6.54%
Leeds Equity Partners V, L.P.	2008	(0.9)	(15.77%)	3.45%

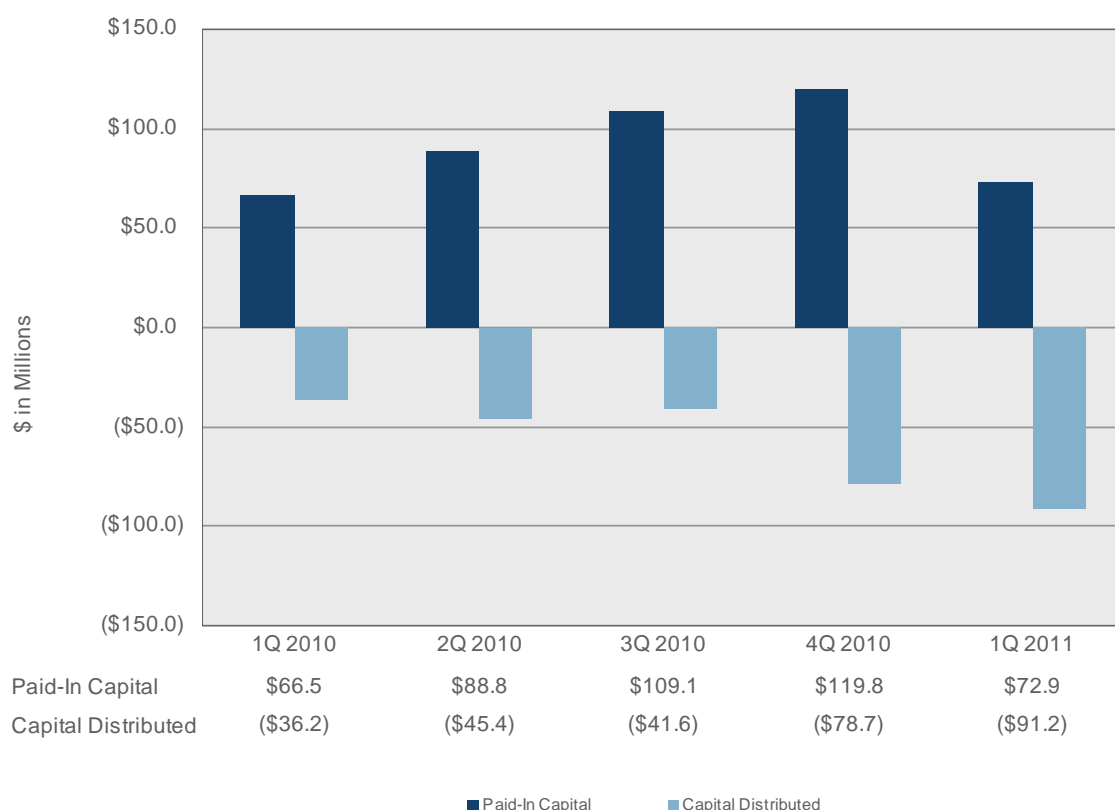
- The above five partnerships generated a net value loss of \$4.8 million in the fourth quarter 2010.
- Constellation Ventures III, a 2007 multi-stage venture capital partnership, was the worst performing partnership in the fourth quarter 2010, generating (\$1.2) million in net value loss. There was no distribution activity and there was minimal capital call activity in the fourth quarter. The portfolio investments are currently being held at 0.7x cost as of December 31, 2010.
- NGN BioMed Opportunity II, a 2008 late-stage venture capital partnership, was the second bottom performing partnership for the quarter, experiencing a net value loss of (\$0.9) million. There was no cash flow activity during the fourth quarter. Portfolio investments are currently being held at 0.8x cost as of December 31, 2010.

Teachers' Retirement System of the City of New York

Fourth Quarter 2010 Report

Cash Flow Drivers

The chart below highlights the cash flows of the Portfolio over the past five quarters ended March 31, 2011.



- For the year ended December 31, 2010, the Portfolio was cash flow negative with contributions outpacing distributions by \$182.3 million. Contribution activity steadily increased throughout each quarter of 2010, but the first quarter of 2011 saw contributions decrease by 39%. Distributions increased by 16% during the first quarter of 2011 totaling \$91.2 million, the most over the past year.
 - During the first quarter 2011, Silver Lake Partners II distributed \$6.7 million, which represented the largest amount received by the Portfolio.
 - This distribution was a result of sale proceeds (and interest income proceeds) from Avago Technologies, Nasdaq, Avaya and NXP.
 - Carlyle Partners V called the most capital, calling \$7.6 million for the quarter ending March 31, 2011.
 - Capital was called for bridge financing and investments CommScope, Syniverse, and an additional investment in RPK.

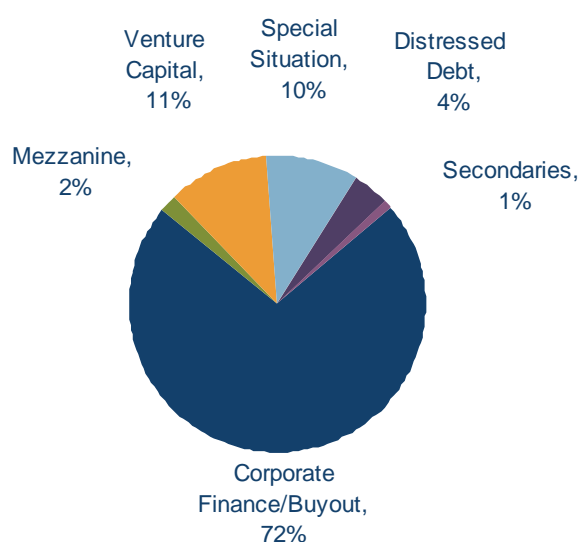
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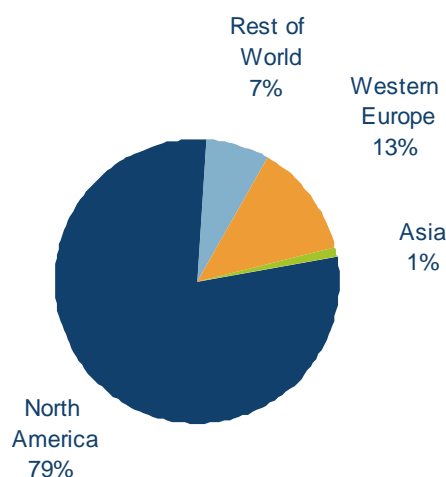
Portfolio Exposures

The pie charts below represent the strategic and geographic diversification of the Portfolio as of December 31, 2010. Strategy is measured by total exposure, which is the sum of the market value and the unfunded commitments and provides a snapshot of the Portfolio's future diversification. Geography is measured by the Portfolio's exposed market value of the underlying portfolio companies.

**Strategic Diversification
by Total Exposure
As of December 31, 2010**



**Underlying Investment Diversification
by Geographic Location
As of December 31, 2010**



- The Portfolio is focused in the Corporate Finance/Buyout strategy, with 72% of the total exposure attributable to this strategy.
- With respect to geography, the Portfolio is concentrated in North America, with 80% of the Portfolio's underlying market value attributable to this region.
 - The remaining 21% of the Portfolio's exposure is diversified between Western Europe, 'Rest-of-World' and Asia.

Teachers' Retirement System of the City of New York

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Private Equity Company Exposure

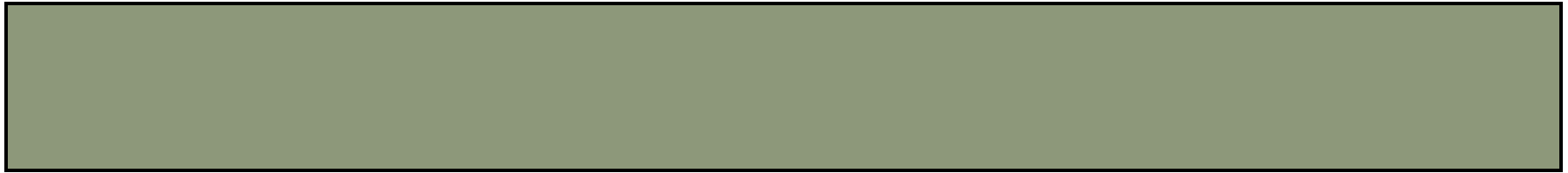
The table below identifies the top ten underlying companies held by private equity partnerships as measured by exposed market value as of December 31, 2010. As noted in the second column, the values of companies held by several partnerships have been aggregated.

Top 10 Portfolio Holdings by Exposed Market Value December 31, 2010			
Company Name	Partnership	Exposed Valuation (\$ Millions)	% of Total Portfolio
AmeriCold Realty Trust	Yucaipa American Alliance Fund I, L.P. Yucaipa American Alliance Fund II, L.P.	\$41.4	2.5%
Lighting Science Group Corporation (fka LED Holdings)	Pegasus Partners IV, L.P.	21.4	1.3%
Molycorp Minerals, LLC	Pegasus Partners IV, L.P.	20.6	1.3%
LeverageSources, L.P.	Apollo Investment Fund VII, L.P.	15.0	0.9%
Guitar Center, Inc.	Ares Corporate Opportunities Fund II, L.P. Ares Corporate Opportunities Fund III, L.P.	14.6	0.9%
Nycomed Holdings A/S	Avista Capital Partners II, L.P. Avista Capital Partners, L.P. Coller International Partnership IV, L.P.	14.0	0.8%
Allied Holdings, Inc.	BDCM Opportunity Fund II, L.P. Yucaipa American Alliance Fund I, L.P.	13.7	0.8%
PTC Alliance	BDCM Opportunity Fund, L.P.	12.8	0.8%
Ceridian Corporation	Ares Corporate Opportunities Fund II, L.P. Thomas H. Lee Equity Fund VI, L.P.	11.4	0.7%
LB SRAM Holdings	Trilantic Capital Partners IV L.P.	11.3	0.7%
Total		\$176.2	10.7%

Note: Undisclosed debt securities are not included in this analysis.

- As of December 31, 2010, the top ten companies represent 10.7% of the total Portfolio's market value, or \$176.2 million.
- AmeriCold Realty Trust, a real estate investment trust which operates 102 temperature controlled warehouses, is the Portfolio's largest exposure and is held in two partnerships.
- Five of the ten top holdings are held in multiple partnerships within the portfolio.

III. Asset Allocation (cont.):



**Pension Fund Asset
Allocation Recommendation
Teachers' Retirement System
of the City of New York
June 2, 2011**

Robin Pellish	203-621-1723
Chris Lyon	203-621-1718
Mike Fulvio	203-621-1716

Background

- At the May 12th Investment Meeting, the Board reviewed various candidate portfolios and provided feedback on the proposed asset allocation policies. As a result of that feedback, the following slides detail the asset allocation policy recommendation of the Bureau of Asset Management and Rocaton. This recommendation is consistent with the long term trend of the Teachers' Retirement System moving towards diversifying the various sources of risk and return in the Pension Fund.
- Notable characteristics of this recommended new asset allocation are as follows:
 - Versus the current policy, lower expected volatility of 11.2%, down from 12.0%.
 - Greater utilization of the basket clause.
 - Increased allocations to existing asset classes including emerging market equities, opportunistic fixed income, and convertibles, as well as a new asset class, emerging market debt. The increased allocations to these asset classes are funded through reductions to both U.S. and non-U.S. developed market equities.
 - Asset classes such as absolute return and commodities are not included in the proposed policy mix at this time.
- The following slides compare the capital allocation and expected risk/return characteristics of the current portfolio's long term targets versus the recommended portfolio mix.

Proposed Portfolio Mix

Teachers' Retirement System of the City of New York	Current Long Term Target	Recommended Target	Difference
U.S. Equity	38.0%	31.0%	-7.0%
International Developed Markets	16.0%	9.0%	-7.0%
Emerging Market Equities	3.0%	8.0%	5.0%
REITs	4.0%	3.0%	-1.0%
Private Equity ¹	4.0%	6.0%	2.0%
Private Real Estate (Core)	2.0%	3.0%	1.0%
Private Real Estate (Non-Core)	<u>3.0%</u>	<u>3.0%</u>	<u>0.0%</u>
Total Equity - Public & Private	70.0%	63.0%	-7.0%
Core+5	18.0%	18.0%	0.0%
Convertibles	1.0%	3.0%	2.0%
TIPS	4.0%	4.0%	0.0%
Opportunistic Fixed ²	1.5%	5.0%	3.5%
High Yield	5.5%	4.0%	-1.5%
Emerging Market Debt	<u>0.0%</u>	<u>3.0%</u>	<u>3.0%</u>
Total Domestic Fixed Income	30.0%	37.0%	7.0%
Total Basket Clause (Approximate)	18%	23%	5%
Total Illiquid (Approximate) ⁴	10%	15%	5%
Total	100.0%	100.0%	
<u>Risk/Return Summary</u>			
Expected Compound Return	7.6%	7.7%	0.1%
Expected Arithmetic Return	8.4%	8.4%	0.0%
Expected Risk	12.0%	11.2%	-0.8%
Sharpe Ratio	0.45	0.48	0.03
<u>VAR Analysis</u>			
1% Probability Downside (%)	-19.6%	-17.7%	1.9%
1% Probability Downside (\$ billions) ³	(\$7.9)	(\$7.1)	\$0.8

¹ 90% Buyout, 10% Venture Capital

² Modeled as 40% High Yield/40% EMD/20% U.S. Equity

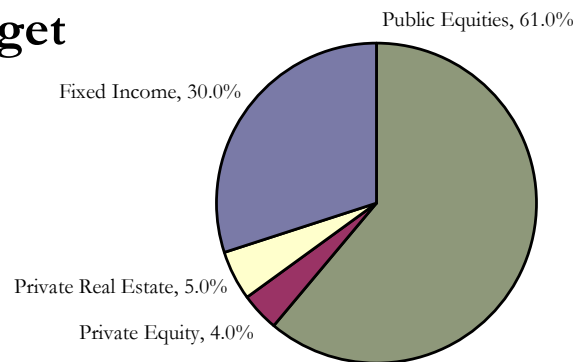
³ Estimated based on total assets of \$40.3 billion as of December 31, 2010.

⁴ Illiquids includes Private Equity, Private Real Estate (Core & Non-Core), 50% Absolute Return, and 50% Opportunistic Fixed Income

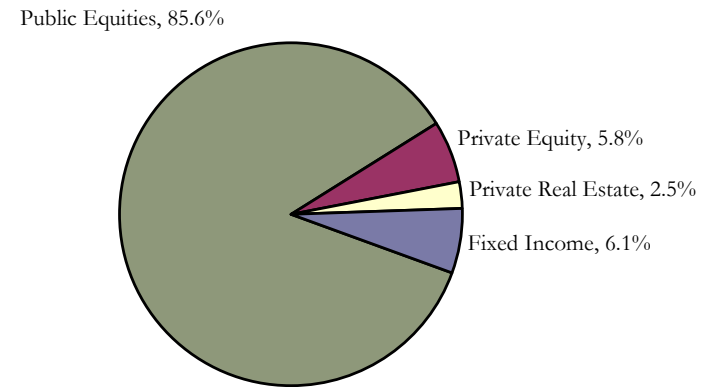
Risk Decomposition

Current Long Term Target

Capital Allocation

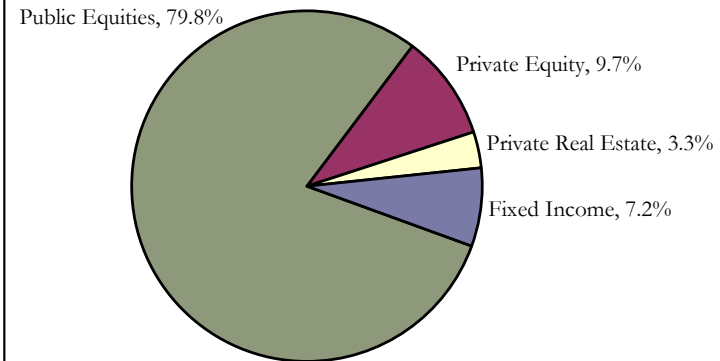
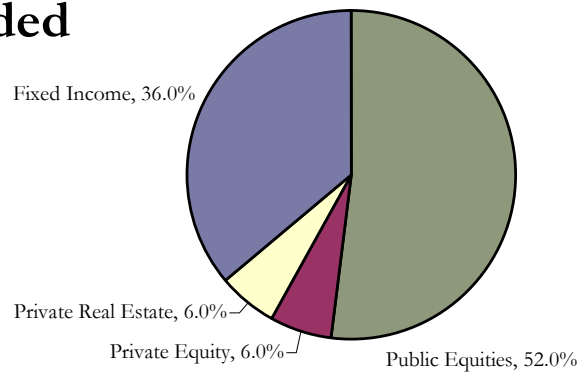


Risk Allocation



■ Public Equities ■ Private Equity ■ Private Real Estate ■ Fixed Income

Recommended Target



Notes:

¹ Public Equities includes REITS

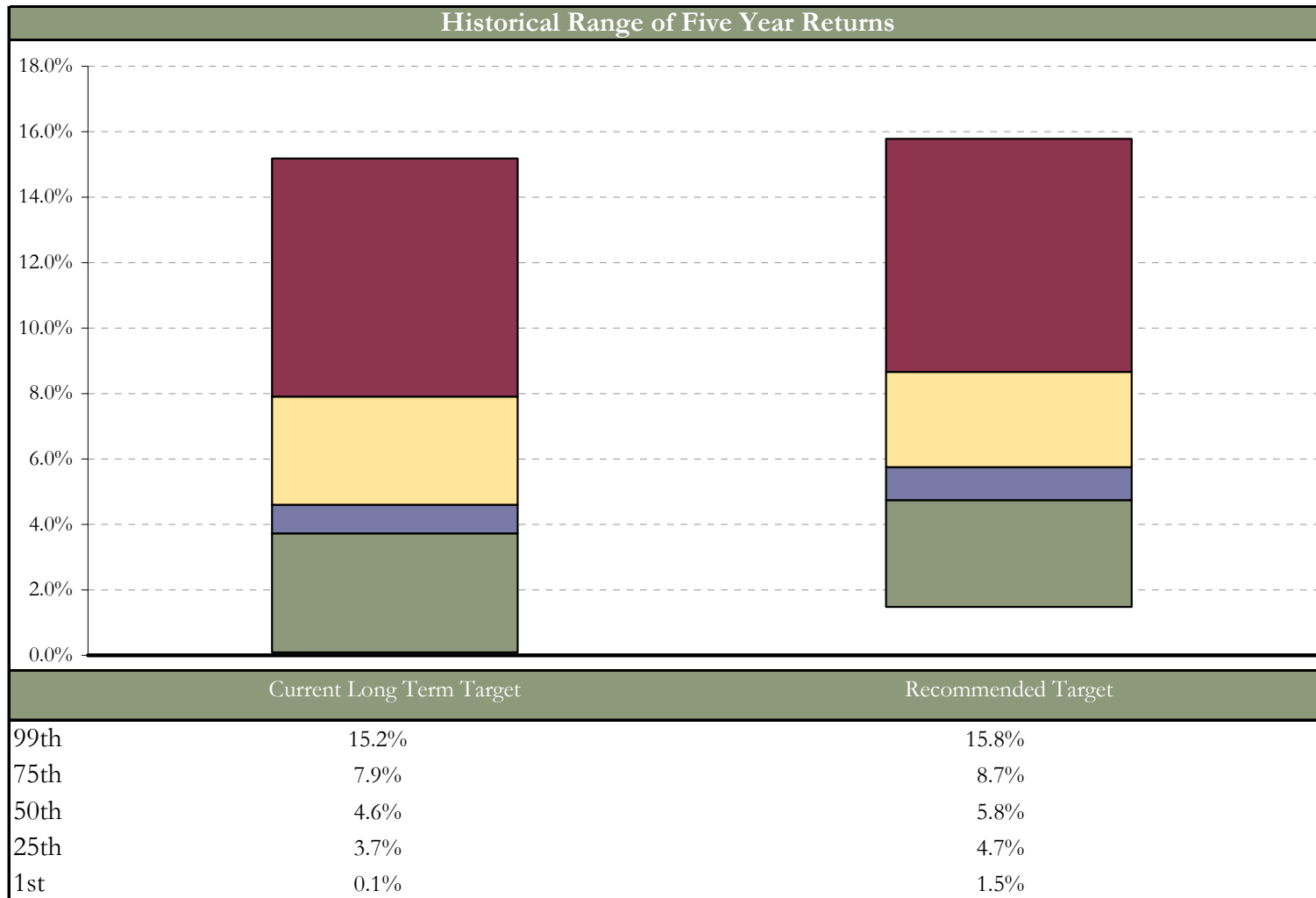
² Privatized Equity is comprised of 90% buyout/10% venture capital

³ Private real estate includes Core and non-core

⁴ Fixed Income includes Core+5, High Yield, TIPS, Opportunistic and Convertibles

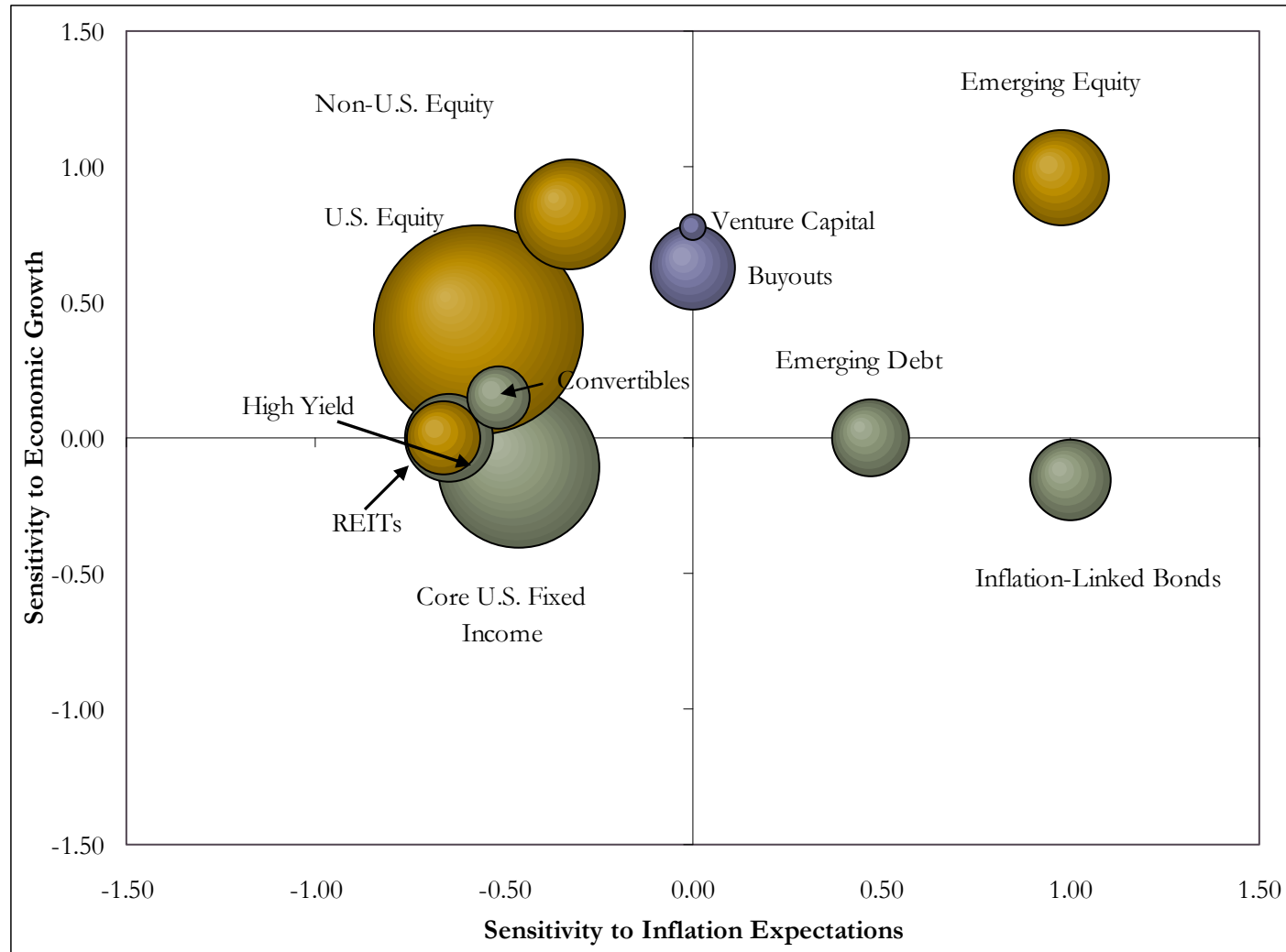
Appendix

Range of Historical Rolling 5-Year Returns (1/1994 - 3/2011)



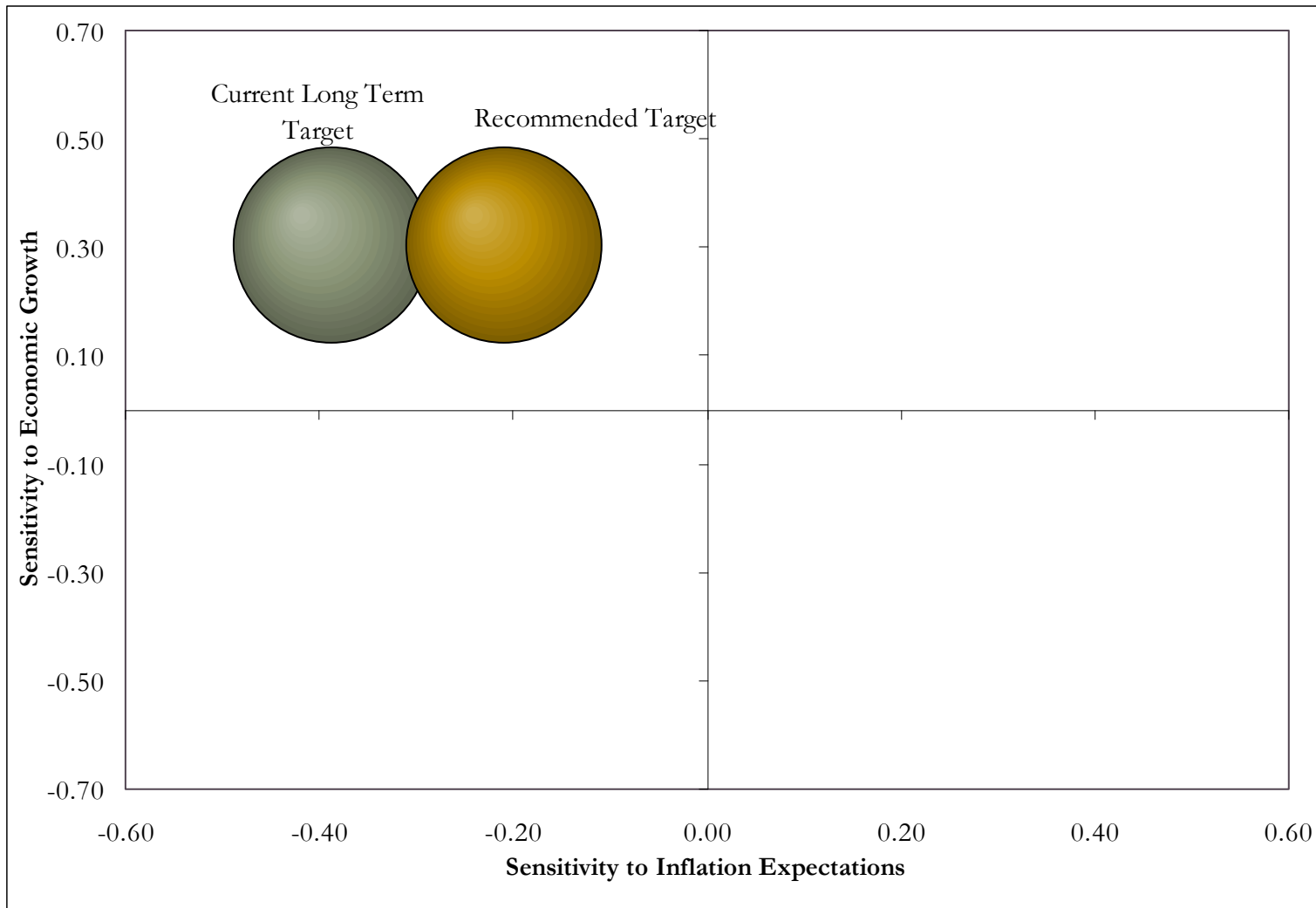
Analysis assumes monthly rebalancing. Benchmarks utilized: Russell 3000, MSCI EAFE Net, MSCI EM, DJ Wilshire REIT, DJ UBS Commodity Index, 67% Cambridge PE/33% Cambridge Venture, NCREIF Prop Index (1Q lagged), Citigroup Core+5 Index, Barclays US TIPS, BofA ML High Yield Master II Constrained, JPM EMBI Global Diversified, BofA ML Investment Grade Convertibles

Environmental Analysis – Asset Classes



This illustrative data is a combination of historical performance with quantitative overlays.

Environmental Analysis



Portfolios shown include allocations to absolute return.

This illustrative data is a combination of historical performance with quantitative overlays.

Step 4 – Develop 10-Year Forecasts (December 2010)

Asset Class	Equilibrium	Adjustments for Current Market Conditions			Next 10-Year
	Compound Return		Global Risk	Breakeven	Compound Return
	Forecast	Interest Rates	Premium	Inflation	Forecast
Fixed Income Asset Classes					
Cash	3.3%	-0.3%	0.0%	0.0%	3.0%
U.S. Inflation Linked Bonds	4.5%	-0.5%	0.0%	0.1%	4.1%
U.S. Fixed Income	4.8%	-0.5%	0.1%	0.0%	4.3%
Bank Loans	5.6%	-0.1%	0.2%	0.0%	5.8%
High Yield Fixed Income	6.5%	-0.5%	0.3%	0.0%	6.4%
Emerging Market Debt (Hard Currency)	6.3%	-0.8%	0.2%	0.0%	5.6%
Convertibles	6.9%	-0.2%	0.3%	0.0%	7.1%
Long U.S. Treasuries (12 Year Duration)	5.3%	-1.0%	0.0%	0.0%	4.3%
Long Corporate Bonds (12 Year Duration)	6.5%	-1.0%	0.1%	0.0%	5.6%
Equity Asset Classes					
U.S. Equity	7.4%	-0.2%	0.3%	0.0%	7.6%
Non-U.S. Developed Equity (Unhedged)	7.4%	-0.2%	0.3%	0.0%	7.6%
Emerging Markets Equity	8.4%	-0.2%	0.3%	0.0%	8.6%
Private Equity - Buyout	8.7%	-0.2%	0.2%	0.0%	8.6%
Private Equity - Venture	10.4%	-0.2%	0.4%	0.0%	10.6%
Other Asset Classes					
Private Real Estate	6.7%	0.0%	0.2%	0.0%	6.8%
Funds-of-Hedge-Funds	6.8%	0.0%	0.2%	0.0%	7.0%
Commodities	3.3%	0.0%	0.0%	0.2%	3.5%

Note: Numbers may not add due to rounding.

➤ Adjust each asset class return to properly reflect current market conditions.

The analysis contained in this document may contain long-term, forward-looking assumptions regarding risk and/or return. These assumptions are used for modeling purposes only and may not be realized.

Capital Market Assumptions

Rocaton Capital Market Assumptions: 10 Year Forecast as of December 31, 2010

Asset Class	Compound Annual Return	Average Annual Return	Standard Deviation of Annual Return	5th Percentile Return Outcome	95th Return Percentile Outcome	Sharpe Ratio
Cash	3.0%	3.0%	1.5%	0.5%	5.6%	N/A
Bank Loans	5.8%	6.1%	8.0%	-6.9%	19.2%	0.39
TIPS	4.1%	4.5%	8.7%	-9.8%	18.8%	0.17
Non-U.S. Fixed Income (100% H)	4.2%	4.3%	5.2%	-4.3%	12.9%	0.25
Core + 5	4.6%	4.7%	6.0%	-5.1%	14.6%	0.29
High Yield	6.4%	7.1%	11.8%	-12.3%	26.4%	0.34
EMD	5.6%	6.1%	10.1%	-10.5%	22.8%	0.31
Long Treasury Bonds (12 Year Duration)	4.3%	5.0%	11.6%	-14.1%	24.1%	0.17
Long Corporate Bonds (12 Year Duration)	5.6%	6.5%	12.9%	-14.7%	27.6%	0.27
Convertibles	7.1%	8.0%	13.7%	-14.5%	30.5%	0.36
U.S. Equities	7.6%	9.4%	19.1%	-22.0%	40.8%	0.33
Non-U.S. Equities	7.6%	9.6%	19.7%	-22.9%	42.0%	0.33
Emerging Equities	8.6%	12.1%	26.6%	-31.7%	55.9%	0.34
REITS	7.6%	9.5%	19.4%	-22.4%	41.3%	0.33
Private Equity (90% Buyout/10% Venture)	9.2%	13.0%	27.7%	-32.6%	58.6%	0.36
Private Real Estate (Core)	6.2%	6.7%	9.9%	-9.5%	22.9%	0.37
Private Real Estate (Non-Core)	7.2%	8.1%	13.8%	-14.6%	30.8%	0.37
Commodities (DJ-UBS)	3.5%	4.2%	12.3%	-16.1%	24.5%	0.10
Absolute Return	7.0%	7.3%	8.0%	-5.9%	20.5%	0.53
Opportunistic Fixed Income ¹	6.7%	7.2%	10.2%	-9.6%	23.9%	0.41

¹Represents a blend of 40% High Yield/40% EMD/20% U.S. Equity

The analysis contained in this document may contain long-term, forward-looking assumptions regarding risk and/or return. These assumptions are used for modeling purposes only and may not be realized.

Capital Market Assumptions

Rocaton 10-Year Correlation Assumptions - December 31, 2010

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
1 Cash	1.0																	
2 Bank Loans	-0.1	1.0																
3 TIPS	0.4	-0.1	1.0															
4 Non-U.S. Fixed Income (100% H)	0.2	0.2	-0.1	1.0														
5 Core + 5	0.2	0.2	0.0	0.8	1.0													
6 High Yield	0.0	0.5	0.0	0.5	0.4	1.0												
7 EMD	0.1	0.3	0.0	0.4	0.4	0.5	1.0											
8 Long Treasury Bonds (12 Year Duration)	0.1	-0.2	0.4	0.2	0.3	-0.1	0.1	1.0										
9 Long Corporate Bonds (12 Year Duration)	-0.1	0.2	0.3	0.2	0.4	0.2	0.4	0.6	1.0									
10 Convertibles	-0.2	0.3	0.0	-0.1	-0.1	0.4	0.4	0.0	0.3	1.0								
11 U.S. Equities	-0.2	0.4	-0.1	0.0	-0.1	0.6	0.3	-0.1	0.3	0.7	1.0							
12 Non-U.S. Equities	-0.1	0.3	0.1	-0.1	-0.1	0.6	0.3	0.1	0.4	0.7	0.7	1.0						
13 Emerging Equities	0.0	0.1	0.3	-0.1	-0.1	0.3	0.4	0.2	0.3	0.5	0.3	0.7	1.0					
14 REITS	-0.1	0.4	-0.1	0.0	0.1	0.3	0.5	0.0	0.3	0.3	0.4	0.4	0.3	1.0				
15 Private Equity (90% Buyout/10% Venture)	0.1	0.4	0.0	-0.2	-0.2	0.5	0.2	-0.1	0.2	0.5	0.5	0.5	0.2	0.3	1.0			
16 Private Real Estate (Core & Non-Core)	-0.1	0.4	0.0	-0.2	-0.1	0.3	0.2	0.0	0.4	0.3	0.4	0.4	0.2	0.5	0.6	1.0		
17 Commodities	0.1	0.1	0.4	-0.3	-0.2	0.0	0.2	0.3	0.4	0.3	0.2	0.3	0.4	0.4	0.3	0.3	1.0	
18 Absolute Return	0.0	0.6	-0.2	0.2	0.2	0.6	0.5	-0.4	0.1	0.4	0.5	0.4	0.2	0.4	0.4	0.4	0.0	1.0

The analysis contained in this document may contain long-term, forward-looking assumptions regarding risk and/or return. These assumptions are used for modeling purposes only and may not be realized.

Constraint Summary – Max 23% to Basket Clause

Asset Class Constraints Summary

<u>Asset Class</u>	<u>Min</u>	<u>Max</u>
Core Fixed Income + 5	3.0%	n/a
U.S. Equities	3.0%	n/a
Non-U.S. Equities	3.0%	n/a
Emerging Equities	3.0%	7.5%
Commodities*	3.0%	10.0%
Convertibles	3.0%	3.0%
Emerging Market Debt	3.0%	10.0%
High Yield Fixed Income	3.0%	10.0%
REITS	3.0%	10.0%
TIPS	3.0%	10.0%
Private Real Estate (60% Non-Core)	3.0%	10.0%
Private Equity	3.0%	7.5%
Opportunistic Fixed Income	1.0%	5.0%
Absolute Return	3.0%	10.0%

Group Constraints

Basket Clause = Non-U.S. Equities + Emerging Equities - 10% + 60% Real Estate + Private Equity + 50% EMD + Commodities + Absolute Return 0.0%

23.0%

Total Equities (U.S., Non-U.S., Emerging, Commodities, REITS, Private Real Estate, Private Equity, Absolute Return) \geq 60%
 Total Fixed Income (Core + 5, High Yield, EMD, TIPS, Convertibles) \leq 40%

Real Estate + REITS \leq 10%

Disclosures

- The analysis contained in this document may contain historical information which may not be indicative of future experience.
- The analysis contained in this document may contain long-term, forward-looking assumptions regarding risk and/or return. These assumptions are used for modeling purposes only and may not be realized.
- The potential impact of active management may not be included in the analysis.
- This analysis was prepared on a best-efforts basis and no warranties or guarantees are made with respect to any reliance made on this analysis.

IV. Opportunistic Fixed Income IPS:

NYC TEACHERS' RETIREMENT SYSTEM
June 2, 2011

Opportunistic Fixed Income: Investment Program Policy Statement

Purpose and Objectives

The Opportunistic Fixed Income Program (the "Program") will invest in sectors and actively-managed strategies of the Fixed Income market, as defined herein, whose sources of return and risk profiles are expected to differ meaningfully from the Fund's Core + 5, Enhanced Yield and U.S. TIPS programs (the Fund's "traditional fixed income strategies") over market cycles. It is anticipated that these sectors and/or strategies will offer higher returns than traditional fixed income strategies, exploit return opportunities that offer diversification to the total Fund, and exhibit volatility (measured by standard deviation of returns) that is meaningfully higher than traditional fixed income and could be similar to global public equity markets. In addition, the correlation of the Program to public equities in normal times is expected to be moderate, although in crisis periods can be quite high.

The Program will invest in sectors and strategies that because of credit rating, illiquidity, concentration, relatively short track record, underlying asset or liability, and/or other unique characteristics, would not typically be included in the Fund's traditional fixed income portfolios. The Program will enable the Fund to take advantage of changing opportunities in fixed income markets, particularly in markets where providers of liquidity may demand commensurate return premiums. As a result, the Program is intended to provide greater flexibility to pursue these investments in an opportunistic and disciplined manner, within a due diligence framework and established risk guidelines of the fixed income and total fund allocations. Although traditional fixed income offers liquidity, lower volatility, and diversification to equities, it also has several drawbacks and limitations, including low potential returns in periods of low and rising interest rates and exposure to negative corporate event risk, among others. Opportunistic fixed income strategies are designed to overcome many of these deficiencies by offering higher potential returns, offering risk premia for specialized knowledge, aligning interests between borrowers and lenders more effectively, and tapping unique manager skills to access markets ignored by traditional managers.

The operation of the Program is subject to the exclusive benefit rule and all other applicable laws, including requirements of prudence.

Asset Allocation

The Program, first approved by the Board in 2008, has been funded with an initial allocation of approximately 1% of System assets. The allocation of the Program is 0%-5% of the total Fund. It is envisaged that as specific market opportunities evolve or market conditions change, the allocation to the Program will be modified correspondingly.

Responsibilities and Delegation

Role of Board of Trustees

The Board shall:

- approve the Fixed Income Opportunistic Program Investment Policy Statement (“IPS”) and any changes to the IPS;
- review the Program at least annually and approve and adopt the Annual Tactical Investment Plan (the “Tactical Plan”), or more often as requested by Staff as opportunities arise;
- approve the retention, and review performance, of strategic consultants and advisors and other external resources, as needed;
- oversee performance and risk and Staff’s implementation of the Program;
- approve investments/terminations of investment strategies and managers, and/or delegation of manager retention/termination to Staff and/or consultant as deemed appropriate;

Roles of the Comptroller's Office Staff

The duties of the Comptroller's Office Staff ("Staff") include, but are not limited to:

- reviewing and recommending changes to the IPS, developing and implementing periodic reviews of the Program, which shall occur at least annually, and managing the operations of the Program;
- working with the System’s consultants on identifying and evaluating opportunistic sectors and strategies, investment managers, and investment vehicles or structures appropriate for the particular managers and for the Program, and on making selection recommendations to the Board;
- as needed, identifying and evaluating strategic consultants and advisors and other external resources for the Program, and making selection recommendations to the Board;
- overseeing the Fund's portfolio of Program investments, including management of consultants and advisors and other external resources engaged on the System’s behalf in connection with the Program with the objective that the Fund obtains the maximum value from those relationships;
- monitoring and reporting on performance and risk metrics as provided by the managers with respect to the overall purpose and objectives of the Program;
- monitoring and reporting on the performance of the consultants;
- working with the System’s consultants on ongoing advice on increasing or decreasing the amount invested in the Program;
- performing other work as necessary to implement this IPS, and
- verifying all investments, guidelines, and documents are consistent with this IPS, and noting any exceptions for approval by the Board.

Role of the Consultants

The duties of the Fund's consultants include, but are not limited to:

- providing advice to the Board and Staff with respect to the development and operation of the Program, including advice on industry developments and portfolio construction, with the goal of an overall Program risk/return profile deemed appropriate by the Board, Staff and the consultants, and monitoring capital markets for investment strategies and investment opportunities;
- assisting the Board and Staff in periodic reviews of the IPS and the Program, and making recommendations to the Board concerning the Program strategy, tactics and policy changes;
- working together with Staff to provide the Board with a Tactical Plan for the Program;
- assisting Staff in identifying, evaluating, and recommending investment opportunities and terminations consistent with the IPS and believed to be appropriate for the Program, including conducting due diligence with respect to new investments, as requested;
- assisting Staff with the implementation, negotiation and execution of new investments;
- advising the Board and Staff on how the Program fits into the System's overall asset allocation and risk/return objectives;
- providing ad-hoc advice or knowledge of specific investment managers, sectors, strategies, and investment structures;
- working with Staff on ongoing advice on increasing or decreasing the amount invested in the Program;
- assisting Staff with the ongoing monitoring of committed investments, including reports to the Board on significant manager developments, proposed amendments to fund documentation and investment performance, and periodic and timely review of the risk of the System's investment portfolios, and
- fulfilling such other purposes as the Board, and Staff, may approve.

Role of the Investment Managers

The duties of the investment managers the Fund allocates to include, but are not limited to:

- selecting and trading underlying investments, selecting service providers and trading counterparties, and otherwise fulfilling their roles as investment managers of their respective funds consistent with offering documents, investment guidelines, termsheets, and other legal documentation;
- providing ongoing reporting to the System, Staff, and consultants as applicable, and responding to reasonable ad hoc requests from the Board or Staff relevant to the fund;
- highlighting portfolio risks on a timely and proactive basis, and
- meeting with the Boards, Staff, and consultants as needed to explain the market and portfolio investments, given their high level of discretion.

Benchmarking

The Program is expected to achieve enhanced returns versus traditional fixed income benchmarks over a multi-year cycle. The primary performance objective for the Program is to earn a 10% absolute net return. The Board recognizes that benchmarking this portfolio is difficult given the potentially idiosyncratic nature of the investments, diverse opportunity set, and the lack of a comparable manager universe. Recognizing these limitations, the portfolio's net returns will also be reviewed against a secondary benchmark: the JP Morgan Global High Yield Index plus 3%, net of all fees and expenses, over a full market cycle (typically 5 – 7 years).

For each strategy and investment of the Program, Staff, in consultation with the appropriate consultant, will recommend an appropriate benchmark that reflects the risk profile and return objectives of the strategy and investment. Considerations will include liquidity (or the lack thereof), leverage, default risk, sector concentration, and security concentration.

Investment Operations

A. General Approach

The Program will permit the Board to consider unique fixed income sectors and strategies on a proactive basis subject to a framework of guidelines, due diligence standards, and procedures for monitoring and reporting. The Program's overall objective is to outperform the broad fixed income markets within established risk guidelines through established measures of volatility, illiquidity, concentration and organizational risks.

It is expected that the opportunistic investments included in the Program may have one or more of the following characteristics:

- Illiquidity of individual securities and investment vehicles (e.g., securities are often private placements with no active secondary market, and limited partnership vehicles or commingled fund structures with limited opportunities for withdrawal are commonly used)
- Private market direct loans or private securities
- Low credit quality / higher-than-average default risk
- Investments in non-dollar denominated securities
- Sector concentration (e.g., distressed mortgage and real estate lending)
- Security concentration
- Complex securities that may be difficult to price and evaluate
- Some strategies may involve short selling and/or use of derivatives
- Shorter track records (implicit in opportunistic investing is the willingness to invest with newer strategies and firms)
- Performance-based fees

Most of these characteristics present strategy-, sector-, and security-specific risks, which can be assumed only if the due diligence effort has confirmed the expectation of reasonable levels of excess returns and/or diversification benefits at the Program level, in keeping with the return/risk profile of this IPS.

Potential investments to be considered for the Program may have “cross-over” characteristics with other asset classes. For example, investments in distressed debt securities may lead to a private equity position via a capital restructuring process. It is intended that such assets with “cross-over” characteristics will be considered part of this Program allocation, though Staff may propose a change in classification for Board approval.

Strategies within the Program may be non-diversified, meaning that the managers of such strategies may structure an undiversified portfolio of assets of a certain type, sector, or geographic location based on an assessment of relative value or opportunity for outperformance. To mitigate risk of potentially non-diversified strategies, the maximum initial allocation to each manager within the Program should not exceed 0.5% of the total Fund’s assets at the time of investment. The maximum allocation over the life of the investment will not be greater than 1.0% of the total Fund’s assets, subject to Staff review and subsequent Board approval. Staff will approach the Board if Staff determines that an increase in allocation over 1.0% is necessary. Diversification of the Program will be provided through a bottom-up approach by aggregating and consolidating each manager’s respective termsheet/investment guidelines. In addition, the Program will be diversified in terms of:

1. Economic sectors
2. Geographic location
3. Manager/ General Partner
4. Investment strategies
5. Securities

The Program is not expected to provide a source of liquidity for the Fund, and accordingly, investments may be illiquid.

B. Opportunistic Fixed Income Sectors and Investment Strategies

Sectors and strategies eligible for the Program may include, among other assets:

Sectors:

- Bank loans
- Private mortgage loans
- Real estate debt
- Direct corporate/high-yield loans
- Asset-backed lending/securities, including Asset-backed securities (ABS), Commercial mortgage-backed securities (CMBS), Residential mortgage-backed securities (RMBS), and leases, among others
- Structured notes
- Global bonds, including emerging market debt
- Post-reorganization / restructured equities (stand-alone public equities will be excluded from consideration unless authorized by the Board)

Strategies:

- Distressed debt (including corporate loans, real estate loans, and structured finance)
- Mezzanine financing

C. *Annual Review*

Staff, with assistance of the consultant(s), shall present to the Board an annual review of the Program, including the overall allocation to and investments within the Program and recommended changes to the IPS, as appropriate, and how the System's allocation to opportunistic fixed income fits into the System's overall asset allocation. The report will include an assessment of market conditions and valuation within each subsector of the market.

D. *Investment Implementation*

1. Sectors and Strategies

In the Tactical Plan, Staff, in consultation with the consultant(s), will identify advisability of the current allocation to the Program, as well as potential opportunistic strategies and investments for the Board's consideration. The Tactical Plan will include an assessment of market conditions and valuation within each subsector of the market, an analysis of where capital should be re-deployed in the Program at the sector, strategy and manager levels, and what the target allocation to the Program as a percentage of total Fund assets should be.

2. Manager Selection

Staff and consultants will identify investment managers and/or investments that focus on sectors or strategies identified in the Tactical Plan. Evaluation criteria shall generally include: i) the depth of experience of the firm and its investment team, ii) the firm's investment research process, operational due diligence and risk management capabilities, iii) performance and risks taken to achieve performance, iv) fees, v) the firm's capacity to handle the size of the investment mandate, vi) alignment of interests with the System's vii) capabilities related to Staff training and access to managers and knowledge sharing and viii) other criteria set forth in this IPS under Minimum Requirements, taking into account deviations appropriate to the unique characteristics of particular opportunistic strategies. Staff and consultants shall set and share with the Board the criteria for the selection of each investment manager or redeployment of capital.

Staff may, but is not required to, issue a request for qualifications ("RFQ") or request for proposals ("RFP") to help identify new strategies and investments. It is recognized that the nature of opportunistic investments may not lend themselves to an RFP process.

3. Investment Structure

Investments may be differently structured, depending on the characteristics of particular opportunistic strategies. Permissible structures include (without limitation): separate accounts under management by an investment manager engaged by the Board; commingled structures such as limited partnerships, limited liability companies, common

or collective funds, and similar structures; secondary partnership investments; co-investments, and direct investments.

The following considerations will generally apply with respect to legal structure:

- Strategies involving derivatives (including, but not limited to, futures, options, swaps, and forward agreements), leverage, short selling, shall generally be structured as a limited partnership or limited liability arrangement. In no event shall the System be a direct party or counterparty to any such investment. Furthermore, any such investment must generally be structured so as to limit the Fund's liability to the amount invested.
- All legal structures shall provide for documentation (*e.g.*, an investment management agreement, offering memorandum, or other documentation) of specific, written investment guidelines that outline investment philosophy and approach, representative portfolio characteristics, permissible and restricted procedures, strategies, securities, and an appropriate performance benchmark commensurate with targeted investment return, risk, and illiquidity.
- Evaluation of the suitability of any commingled structure may take into account factors such as: legal structure and domicile of the investment vehicle, arrangements for custody of assets, the laws and regulations of the domicile and countries where investments are made, whether or not the manager or other principals are registered with the SEC or other appropriate regulatory authorities, characteristics of other investors, roles and characteristics of material third parties (*e.g.*, administrators, prime brokers, vendors and counterparties), and fees and expenses resulting from the use of the particular commingled structure.

4. Minimum Requirements

The following shall be the minimum requirements for all investments of the Program:

- Every investment presented to the Board must have an economic and valuation-based rationale for inclusion in the Portfolio;
- Investments, strategies, and managers must be projected to add value to the total Program from a risk and/or return perspective;
- The investment manager or other principals shall demonstrate relevant skill, experience, and expertise in the strategy they propose to execute and the market in which they propose to operate;
- The manager's proposed strategy and business plan shall be set forth in sufficient detail as to permit substantive and meaningful review of the investment opportunity, verification of the investment concept, and evaluation of the appropriate risk factors;
- The Manager's proposed strategy and business plan shall provide reasonable assurance that the investment opportunity can produce the target risk and return profile;
- The risk anticipated in the strategy and market is justified by and compensated for by the potential gains of the proposed investment, based on reasonable assumptions;

- The investment manager's registration as an investment adviser with the SEC or applicable local regulatory body (e.g. the Financial Services Authority in the UK) is strongly preferred;
- The investment manager or other principals shall provide financial statements that comply with geographically appropriate accounting standards (e.g., U.S. GAAP, International Financial Reporting Standards) and any other financial reports and other information required by Staff to assess and account for performance, fees, expenses, invested capital, and any other items affecting the investment. Monthly and quarterly investment updates are expected from investment managers or other principals with respect to each investment. Financial statements provided for commingled structures, such as limited partnerships and LLCs, must be audited by a reputable auditing firm;
- There must be reasonable controls over the valuation of the investment, which may include annual audit, a valuation committee, use of third party administrators or other third parties to value assets, or other procedures and controls. Staff shall assess the valuation methodology for the investment in light of the investment's liquidity profile and receive reports of, or have the right to request, supporting information regarding the valuation of assets within the investment, and
- All investments must have reasonable and well-defined policies for exit. If exit is limited (e.g., in the case of limited partnerships), there must be a mechanism and timetable for exit. Liquidity should be appropriate given the underlying assets of the portfolio.

5. *Investment Guidelines and Prohibited Investments*

- *Investment Sizing* – The maximum allocation to an individual manager will be reviewed with the Board and monitored by Staff as appropriate;
- *Authorized Use of Derivatives* – One or more strategies may provide for the use of derivatives to assist in the efficient management of risk, asset allocation and market exposures, through the use of tools such as futures, options, swap agreements, or forward agreements. Derivatives used for the purpose of speculation shall be limited. Currency strategies using derivatives other than for hedging purposes are not permitted. The implementation of the derivatives strategies shall be thoroughly vetted by Staff and the consultants. Investments involving derivatives (including but not limited to futures, options, swaps, and forward agreements, other than for currency hedging) generally shall be structured as a limited partnership or limited liability arrangement. In no event shall the System be a direct party or counterparty to any such investment;
- *Use of Leverage* – Leverage may be used in the implementation of specific strategies within the Program. In such instances, Staff and the consultants will consider the role that leverage plays in achieving the goals of the strategy and the risks that are associated with the use of leverage. There will be no leverage applied at the Program level. Managers will be allowed a maximum of 1X leverage for senior loans, defined as capital provided to a borrower or firm that is senior to equity and other lenders. Other types of financial leverage will not be permitted. Economic leverage will exist through the use of derivatives where a margin of deposit is required before trades can be executed;

- *Proxies* - Generally, investment managers will vote proxies in accordance with the managers' policies for the strategy. However, in the event the System enters into a separate account relationship and if appropriate to the strategy, securities held in a separate account may be voted by the Comptroller's Office in accordance with the Fund's proxy voting policy;
- *Prohibited Investments* – Certain of the Board's investment policies prohibit certain investments, including investments that are likely to cause job losses in the public sector or those that are likely to pose reputational risk to the System. In the course of the due diligence process, and where appropriate to the strategy or investment, Staff will apprise potential managers of the types of prohibited investments and will require agreements to provide opt-out rights and/or satisfactory side letter language with respect to any investment that is prohibited;
- *Conflicts of Interest* - Investments shall be reviewed by Staff and the consultants for potential conflicts of interest. Managers must either agree to comply with the Ethics and Compliance Policy of the Fund or have documented policies and procedures to address conflicts that are deemed satisfactory by Staff and the consultants. Managers shall be required to agree in a side letter or similar document to implement such policies and procedures;
- *Transparency* - Staff and the consultants will evaluate the transparency available for each investment opportunity considered for the Program, establish manager reporting requirements and provide the reporting requirements to the manager. For this purpose, transparency may mean holdings-level detail, reporting of investment transactions and cash flows, or other relevant measures, and
- *Custody* – Staff and the consultants will evaluate arrangements for the custody of assets, including whether custody should be maintained with an independent, recognized institutional custodian bank or other recognized financial institution. Unless otherwise approved by the Board, the custodian will provide a report of all assets and transactions to Staff and the consultants on a quarterly basis (monthly where available). Staff and the consultants will review the reports to ensure compliance with guidelines and the stated investment process.

6. *Due Diligence Process*

- Staff with the assistance of the consultant(s) will vet each opportunity presented to the Board;
- Financial and investment data should be collected not only from the manager of the prospective investment or from databases or commercial services that rely upon managers for their data, but also directly from sources independent of the manager, such as third-party custodians, independent auditors, and entities in which or with which the manager invests;
- Staff and/or consultants, where appropriate, will perform on-site due diligence for investment managers being considered by the Board;
- Staff and/or consultants will provide written analysis and a recommendation for each investment that include a ranking process for the following categories:
 - i. Organizational structure and stability
 - ii. Qualifications and experience of people
 - iii. Investment philosophy

- iv. Investment strategy and process
- v. Risk management and measurement
- vi. Operations and infrastructure
- vii. Role of the Investment in the Program
- viii. Fit with IPS, Tactical Plan and existing Program
- ix. Fees and expenses
- x. Key investment or contractual terms
- xi. Satisfaction of minimum requirements

The report will include comparable opportunities and a rationale for the recommendation. The report will also address issues, if any, resulting from due diligence review of matters addressed by the Additional Guidelines and Prohibited Investments above. A detailed analysis on the benchmark chosen and a rationale for its appropriateness will be included, and

- Staff will make investments and commitments consistent with limitations on the Program.

7. Monitoring and Reporting

- All investments and managers in the Program will be monitored and reviewed on an ongoing basis by Staff and consultants. Investments will have stated dates for review, at least quarterly with a monthly performance snapshot, and re-evaluation, as appropriately stated in the original written recommendation presented to the Board;
- Staff and consultants will design and provide the Board with a report package for the Program based on characteristics of each strategy and investment within the Program at least annually;
- A performance review will be conducted at least quarterly. There is recognition that some opportunities will have a reporting lag. This lag should not be more than 3 months;
- The quarterly performance review should incorporate return, risk, and market value for each investment and be segmented by an appropriate classification;
- The quarterly performance review will include an assessment of the valuations and whether valuations have been conducted in accordance with the valuation methodology;
- Staff and/or the consultants should conduct regular monitoring and at least an annual meeting with each investment manager;
- Staff will present an annual performance review to the Board that shall report on the Fund's overall allocation to, and investments within, the Program, and will review the underlying economic and credit-market conditions. The annual report will include relevant risk and return measures including short and long term performance, program diversification exposures and overlap. The metrics used will be analyzed over quarterly, 1, 3, 5 and 10 years, calendar years and over rolling 3 year periods – as the program develops, and in consideration that securities may be held at cost until realization of returns;
- The annual review will also include rationale for maintaining, adding or reducing assets to the Program;

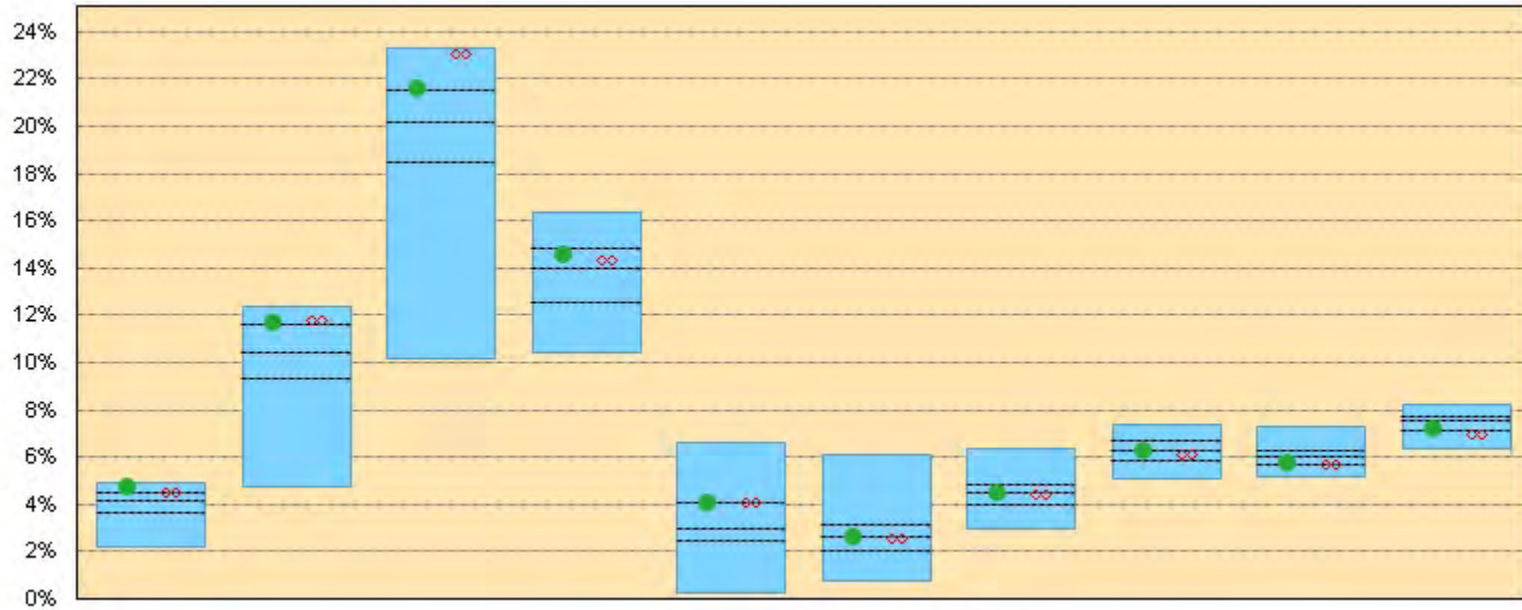
- The following factors may be considered during the monitoring process, among others as appropriate:
 - i. Risk exposures, performance, and volatility in comparison to the assigned benchmark;
 - ii. Changes in market opportunities;
 - iii. Liquidity;
 - iv. Fees and expenses incurred in connection with the investment;
 - v. Stability or changes in organization, ownership, key personnel, investment philosophy, strategy, process or assets under management;
 - vi. Risk management;
 - vii. On-going fit with the IPS and the Program;
 - viii. Legal or regulatory issues including pending actions or investigations brought by regulators or third parties;
 - ix. Good standing with regulatory bodies and other investors;
 - x. Adherence to stated investment objectives and strategies (i.e. style drift);
 - xi. Transparency with respect to fees and conflicts of interest;
 - xii. Adequacy of reporting information and disclosures, and
 - xiii. Responsiveness to investor inquiries.
- Staff shall place investments on the watch list in accordance with the System's standard investment policy procedures.

APPENDICES

TUCS PERFORMANCE RANKINGS 1Q11

City of New York - Teachers Performance Comparison

Total Returns of Public Master Trust > \$10B
Cumulative Periods Ending : March 31, 2011



Percentile Rankings	1 Qtr	2 Qtrs	3 Qtrs	1 Year	3 Years	4 Years	5 Years	7 Years	10 Years	15 Years
5th	4.91	12.41	23.31	16.36	6.58	6.11	6.32	7.38	7.28	8.23
25th	4.51	11.58	21.52	14.83	4.03	3.14	4.83	6.69	6.31	7.75
50th	4.15	10.39	20.20	13.97	2.99	2.63	4.49	6.28	5.98	7.52
75th	3.63	9.35	18.48	12.58	2.49	2.07	3.98	5.86	5.64	7.12
95th	2.23	4.74	10.21	10.40	0.27	0.80	2.98	5.12	5.14	6.32
No. Of Obs	44	43	43	43	43	43	43	42	40	30
● Total System	4.74 (22)	11.68 (20)	21.60 (22)	14.54 (29)	4.03 (25)	2.63 (50)	4.45 (52)	6.23 (52)	5.74 (65)	7.21 (67)
◇ Teachers Policy Benchm	4.51 (25)	11.82 (16)	23.05 (5)	14.35 (36)	4.03 (25)	2.52 (55)	4.38 (55)	6.06 (65)	5.66 (72)	6.98 (88)

City of New York - Teachers Performance Comparison

Total Returns of Public Master Trust > \$10B
Consecutive Time Periods: March 31, 2011



Percentile Rankings	Mar. 11	Dec. 10	Sep. 10	Jun. 10	Mar. 10	Mar. 11	Mar. 10	Mar. 09	Mar. 08	Mar. 07
5th	4.91	7.19	10.72	0.30	5.12	16.36	38.61	-6.85	5.61	16.26
25th	4.51	6.62	9.38	-4.00	3.83	14.83	35.16	-25.52	2.62	12.60
50th	4.15	6.00	8.72	-5.35	3.50	13.97	32.54	-27.84	1.37	11.79
75th	3.63	5.38	8.20	-5.82	2.95	12.58	27.84	-29.14	0.38	11.04
95th	2.23	2.48	6.59	-6.42	2.64	10.40	23.13	-32.18	-2.32	8.42
No. Of Obs	44	43	43	44	44	43	44	43	44	43
● Total System	4.74 (22)	6.63 (22)	8.88 (43)	-5.81 (72)	4.17 (16)	14.54 (29)	35.22 (22)	-27.31 (40)	-1.47 (91)	12.09 (43)
◇ Teachers Policy Benchm	4.51 (25)	6.99 (12)	10.05 (10)	-7.07 (96)	4.20 (10)	14.35 (36)	41.99 (1)	-30.66 (87)	-1.87 (94)	12.13 (40)

BASKET CLAUSE

TRS - BASKET/NON BASKET SUMMARY

As of April 30, 2011	Fund Policy			Fund Actual (PE & RE on an invested basis)		
	Non Basket	Basket	Total	Non Basket	Basket	Total
Equity						
Domestic Equity	38.00%	0.00%	38.00%	42.72%	0.00%	42.72%
REITS	4.00%	0.00%	4.00%	4.18%	0.00%	4.18%
Non-U.S. Equity	10.00%	9.00%	19.00%	10.00%	8.32%	18.32%
Private Equity	0.00%	4.00%	4.00%	0.00%	4.50%	4.50%
Real Estate	2.00%	3.00%	5.00%	0.70%	0.67%	1.37%
Total Equity	54.00%	16.00%	70.00%	57.60%	13.49%	71.08%
Fixed Income						
Core+5	18.00%	0.00%	18.00%	15.60%	0.00%	15.60%
U.S. Gov't Sector	3.81%	0.00%	3.81%	2.51%	0.00%	2.51%
Mortgage Sector	7.89%	0.00%	7.89%	7.61%	0.00%	7.61%
Credit Sector	6.30%	0.00%	6.30%	5.48%	0.00%	5.48%
High Yield	5.00%	0.50%	5.50%	3.45%	0.34%	3.79%
TIPS	3.25%	0.75%	4.00%	2.67%	0.62%	3.29%
Convertibles	0.80%	0.20%	1.00%	0.74%	0.28%	1.02%
Opportunistic	1.00%	0.50%	1.50%	0.18%	0.75%	0.93%
Other Fixed Income	0.00%	0.00%	0.00%	4.28%	0.00%	4.28%
Total Fixed Income	28.05%	1.95%	30.00%	26.93%	1.99%	28.92%
Total Fund	82.05%	17.95%	100.00%	84.53%	15.47%	100.00%
Remaining Capacity		7.05%			9.53%	