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JOHN C. LIU
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MEMORANDUM

TO: Trustees
New York City Police Pension Fund

FROM: Larry Schloss

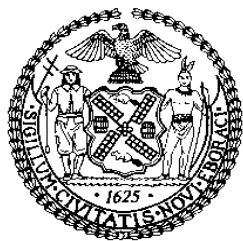
DATE: December 4, 2012

RE: New York City Police Pension Fund Investment Meeting –
December 10, 2012

Enclosed is a copy of the **public agenda** for the Monday, December 10, 2012 Investment Meeting. The meeting will be held at the Police Pension Fund, 233 Broadway – 25th Floor; beginning at 9:00am.

Please remember to bring your **Quarterly Performance Overview book** with you to the meeting, it will be 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

NEW YORK CITY POLICE PENSION FUND

INVESTMENT MEETING

DECEMBER 10, 2012

INVESTMENT MEETING

DECEMBER 10, 2012

PUBLIC AGENDA

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PUBLIC AGENDA

I. Performance Reviews:

ETI Quarterly Report

Police Economically Targeted Investments Quarterly Report

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Public/Private Apartment Rehabilitation Program (PPAR)

Lenders*	CPC		NHS		BOA		CCD		CFSB		NCBCI		LIIF		All Lender Totals	
	Dollars	Units	Dollars	Units	Dollars	Units	Dollars	Units	Dollars	Units	Dollars	Units	Dollars	Units	Dollars	Units
Contractual Commitments	\$160,000,000	n/a	\$5,000,000	n/a	\$20,000,000	n/a	\$7,600,000	n/a	\$19,100,000	n/a	\$4,750,000	n/a	\$14,100,000	n/a	\$230,550,000	n/a
Current Market Value	\$103,042,351	n/a	\$586,119	n/a	\$6,215,545	n/a	\$2,677,629	n/a	\$1,148,226	n/a	\$660,337	n/a	\$926,088	n/a	\$115,256,295	n/a
Commitments 3Q 12 (included in total)																
Bronx	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0
Brooklyn	0	0	0	0	0	0	0	0	0	0	188,100	21	0	0	188,100	21
Manhattan	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Queens	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Staten Island	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$188,100	21	\$0	0	\$188,100	21
Delivered 3Q 12 (included in total)																
Bronx	\$476,365	82	\$0	0	\$5,435,177	1,216	\$0	0	\$0	0	\$0	0	\$0	0	\$5,911,542	1,298
Brooklyn	767,594	29	0	0	0	0	0	0	0	0	0	0	0	0	767,594	29
Manhattan	1,168,986	118	0	0	0	0	0	0	0	0	182,377	18	0	0	1,351,363	136
Queens	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Staten Island	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	\$2,412,945	229	\$0	0	\$5,435,177	1,216	\$0	0	\$0	0	\$182,377	18	\$0	0	\$8,030,499	1,463
Total Commitments																
Bronx	\$13,179,007	1,520	\$0	0	\$0	0	\$2,401,030	376	\$0	0	\$0	0	\$0	0	\$15,580,037	1,896
Brooklyn	30,553,622	1,277	0	0	0	0	1,173,820	128	0	0	362,206	54	1,008,722	118	33,098,369	1,577
Manhattan	13,171,151	1,031	0	0	475,691	48	706,848	49	389,007	30	1,304,156	188	2,214,556	246	18,261,408	1,592
Queens	3,306,250	56	0	0	7,170,613	239	0	0	0	0	0	0	0	0	10,476,862	295
Staten Island	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	\$60,210,029	3,884	\$0	0	\$7,646,303	287	\$4,281,698	553	\$389,007	30	\$1,666,362	242	\$3,223,278	364	\$77,416,677	5,360
Historical Investments																
Bronx	\$67,812,562	4,780	\$0	0	\$5,435,177	1,216	\$508,250	76	\$0	0	\$0	0	\$0	0	\$73,755,989	6,072
Brooklyn	64,491,904	3,427	330,213	7	763,676	88	770,604	124	0	0	0	0	1,027,988	174	67,384,384	3,820
Manhattan	64,537,658	3,571	252,445	15	0	0	933,640	204	1,138,473	167	669,215	84	0	0	67,531,431	4,041
Queens	20,845,926	1,242	0	0	0	0	380,000	54	0	0	0	0	0	0	21,225,926	1,296
Staten Island	2,700,000	103	0	0	0	0	0	0	0	0	0	0	0	0	2,700,000	103
Total	\$220,388,050	13,123	\$582,658	22	\$6,198,853	1,304	\$2,592,494	458	\$1,138,473	167	\$669,215	84	\$1,027,988	174	\$232,597,730	15,332

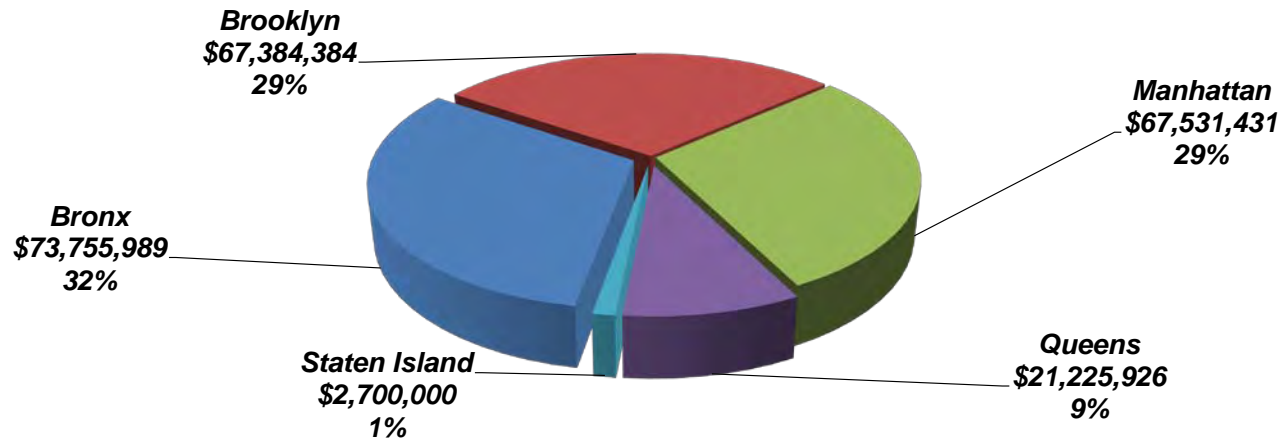
*Lenders : The Community Neighborhood Bank of Citibank Community Carver Federal NCB Capital Impact Low Income
 Preservation Corporation Housing Services America Development Savings Bank Investment Fund

Police Economically Targeted Investments Quarterly Report

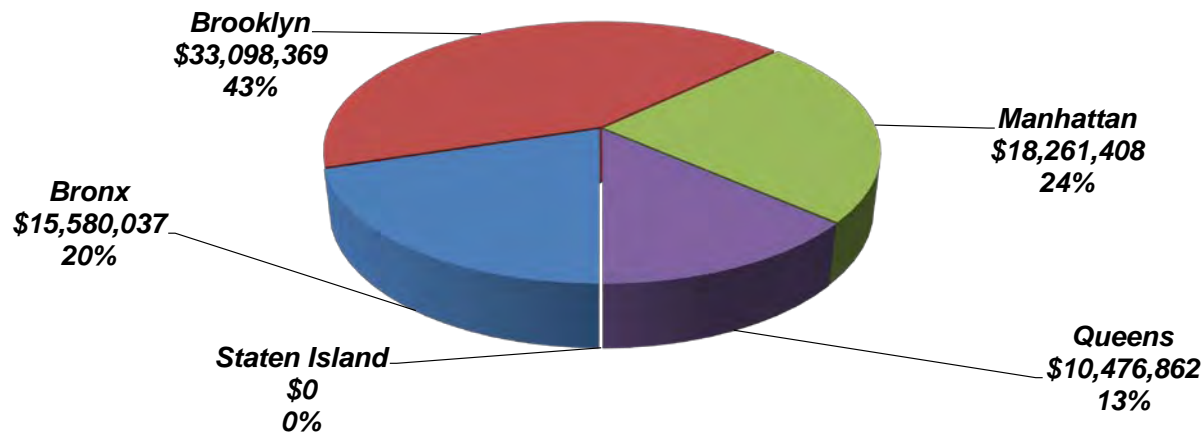
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Public/Private Apartment Rehabilitation Program (PPAR)

Historical Investment Since Inception All PPAR Lenders



Current Commitments All PPAR Lenders



Police Economically Targeted Investments Quarterly Report

AFL-CIO Housing Investment Trust (HIT)

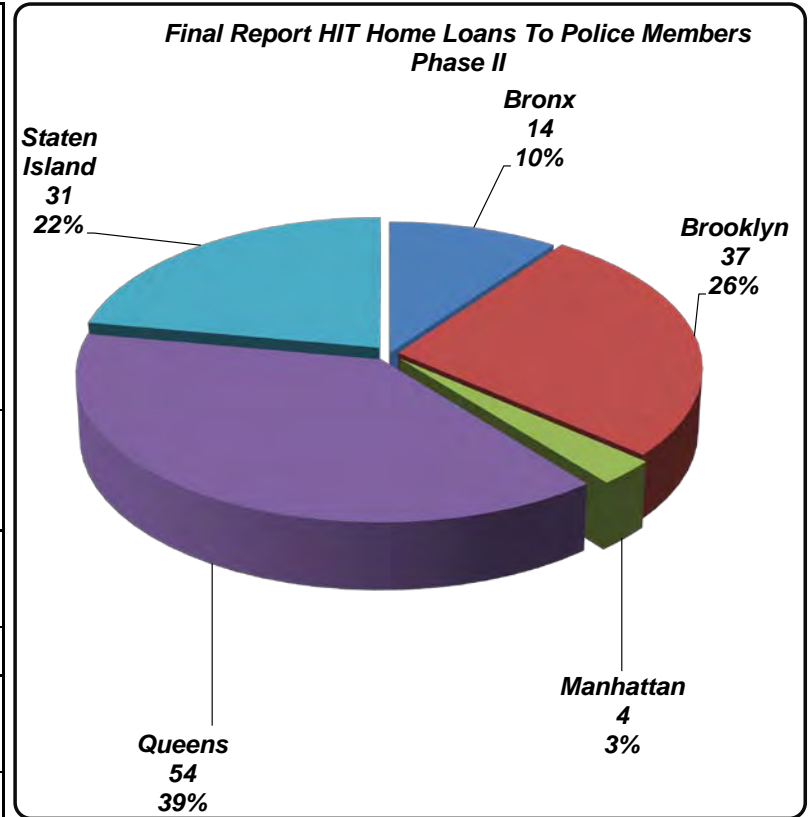
Market Value \$116.1 million*

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	\$218,082,108	1,017	14	296
Brooklyn	864,892,271	3,435	37	1,115
Manhattan	214,244,680	851	4	265
Queens	894,399,418	3,627	54	973
Staten Island	359,980,460	1,433	31	439
Total	\$2,551,598,937	10,363	140	3,088
Grand Total NYCCII Phase II	\$2,777,567,037			
Other-NYC Metro Area **	\$100,000,000	137		
NYCCII Phase I 2002 - 2005				
	Dollars	Units	Member Loans	Total All NYC PF's
Multifamily Investments	\$249,123,500	12,337	n/a	n/a
Single Family Investments	348,300,563	n/a	131	446
Total NYCCII Phase I	\$597,424,063	12,337	131	446
NYCCII Phases I & II				
	Dollars	Units	Member Loans	Total All NYC PF's
Multifamily Investments	\$475,091,600	19,051	n/a	n/a
Single Family Investments	2,899,899,500	n/a	271	3534
Grand Total NYCCII Phases I & II	\$3,374,991,100	19,051	271	3,534

*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.



Police Economically Targeted Investments Quarterly Report

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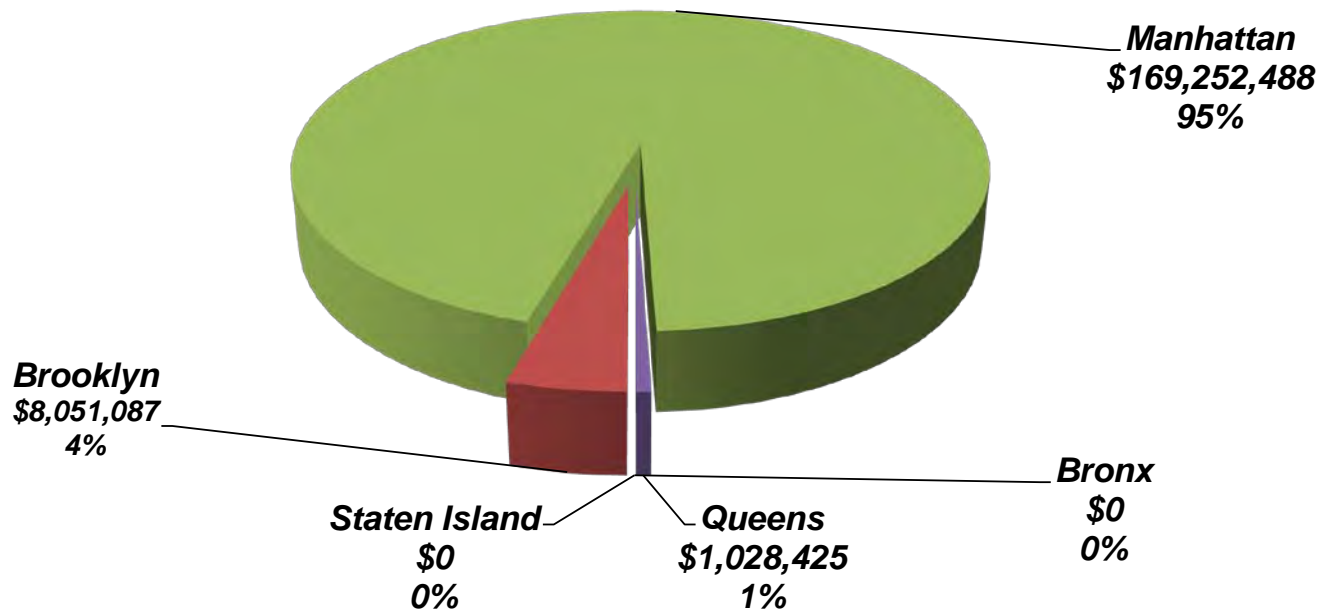
AFL-CIO Housing Investment Trust (HIT)
NYC Workforce Housing Initiative 2009-2014

Investments Through 09/30/2012

Workforce Investments Detail

<u>Borough</u>	<u>Dollars</u>	<u>Workforce Housing Units</u>
Bronx	\$0	0
Brooklyn	8,051,087	422
Manhattan	169,252,488	4,627
Queens	1,028,425	208
Staten Island	0	0
Total	\$178,332,000	5,257

HIT Workforce Housing Initiative



Police Economically Targeted Investments Quarterly Report

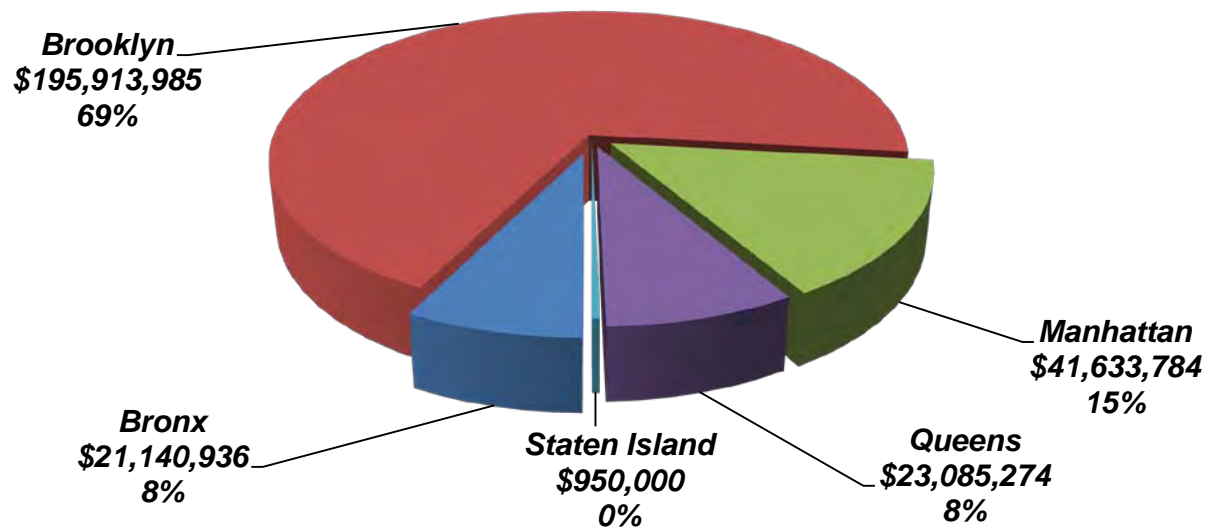
CPC Term Loan*

Current Commitments NYC	\$282,723,979
Police Commitment Share	\$9,562,227
Police Market Value*	\$9,562,227

	# Loans	\$ Committed	# Units Residential	# Units Commercial
Bronx	18	\$21,140,936	828	24
Brooklyn	53	\$195,913,985	1,780	41
Manhattan	36	\$41,633,784	820	22
Queens	7	\$23,085,274	254	10
Staten Island	1	\$950,000	3	0
Grand Total NYC	115	\$282,723,979	3,685	97
Other NY State	31	\$82,693,560	985	14

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

CPC Term Loan NYC Commitments



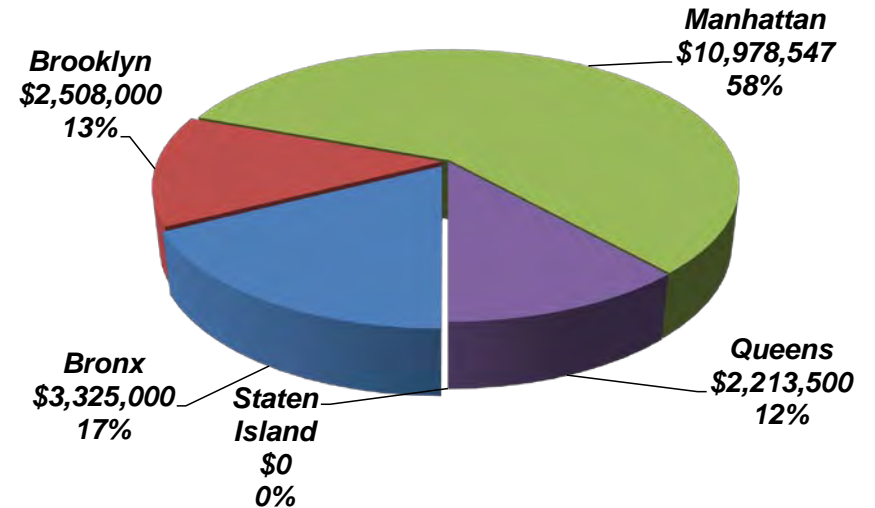
Police Economically Targeted Investments Quarterly Report

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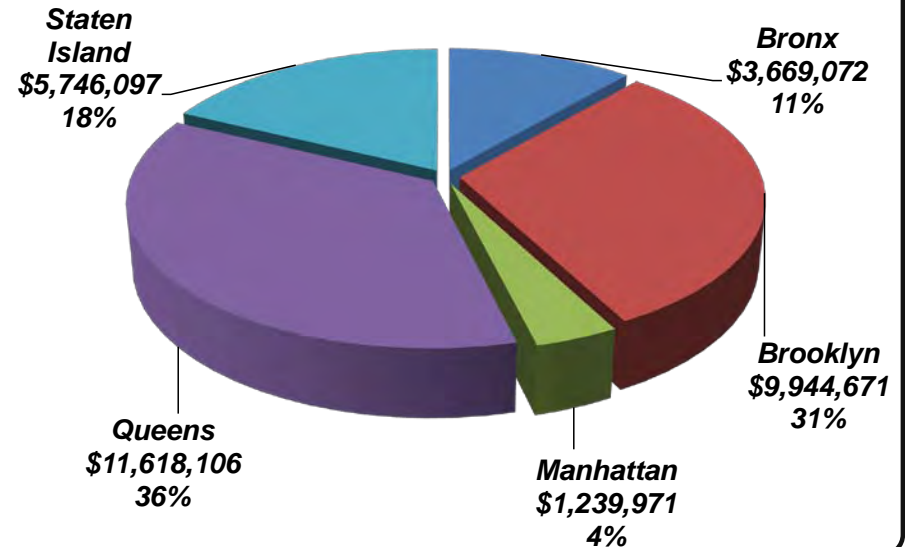
ACCESS CAPITAL STRATEGIES (Since Inception 2/1/07)

Allocated Amount \$19 million (19% of total account)			
Market Value \$26.4 million			
Multifamily Investments Detail			
	Police Investment	Total Units	# of LMI* Units
Bronx	\$3,325,000	508	508
Brooklyn	2,508,000	404	404
Manhattan	10,978,547	2,815	1,677
Queens	2,213,500	762	762
Staten Island	0	0	0
Total Police Multifamily Investments	\$19,025,047	4,489	3,351
MultifamilyTotal All Systems	\$100,131,826	4,489	3,351
Single Family Investments Detail			
	Police Investment	Total Units	# of LMI* Units
Bronx	\$3,669,072	113	113
Brooklyn	9,944,671	287	287
Manhattan	1,239,971	28	28
Queens	11,618,106	304	304
Staten Island	5,746,097	153	153
Total Police Single Family Investments	\$32,217,916	885	885
Single Family Total All Systems	\$169,567,980	885	885
Other Investments Detail			
	Police Investment	# of Loans	
Bronx	\$128,250	1	
Brooklyn	1,024,176	8	
Manhattan	462,252	5	
Queens	103,252	3	
Staten Island	0	0	
Total Police Other Investments	\$1,717,931	17	
Other InvestmentsTotal All Systems	\$9,041,740	17	
Grand Total Police	\$52,960,894		
Grand Total All Systems	\$278,741,546		
* LMI = Low or Moderate Income			

Access Multifamily Investments Since Inception Police



Access Single Family Investments Since Inception Police



Police Economically Targeted Investment Quarterly Report

	Assets (\$MM)	Trailing 1 Month	Trailing 3 Months	6/30/2007 9/30/2012	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
Police															
AFL-CIO HOUSING INV TRUST	116.14	0.30	1.48	1.48	4.16	5.73	6.07	6.55	5.94	5.34	5.33	****	****	5.33	09/30/02
CPC -PPAR	103.04	0.71	2.34	2.34	6.68	7.84	7.94	8.45	7.99	7.98	7.64	7.79	7.58	10.11	11/30/84
ACCESS RBC	26.37	0.21	1.49	1.49	3.99	5.23	5.27	7.29	****	****	****	****	****	6.82	02/28/07
CPC - Term Loan	9.58	0.18	0.62	0.62	1.89	2.45	2.19	2.96	****	****	****	****	****	3.43	02/28/07
BOA-PPAR	6.22	0.21	1.87	1.87	5.04	7.28	****	****	****	****	****	****	****	6.62	01/31/11
ERASMUS	3.96	****	****	****	****	****	****	****	****	****	****	****	****	****	10/31/08
CCD-PPAR	2.68	0.91	2.49	2.49	8.71	10.24	9.25	9.54	****	****	****	****	****	9.00	11/30/06
CCB-PPAR	1.15	-0.19	1.07	1.07	5.46	6.71	7.90	7.87	****	****	****	****	****	7.40	09/30/06
LIIF-PPAR	0.93	0.65	1.41	1.41	4.46	5.64	5.38	****	****	****	****	****	****	5.55	07/31/09
NCBCI-PPAR	0.66	0.67	2.85	2.85	6.85	10.32	7.27	****	****	****	****	****	****	7.04	07/31/09
NHS-PPAR	0.59	0.73	2.54	2.54	6.83	8.30	8.45	8.66	****	****	****	****	****	8.66	09/30/07
SHORT TERM INVESTMENTS	0.32	0.01	0.03	0.03	0.08	0.10	0.12	0.90	2.10	2.07	2.03	2.21	3.24	4.73	11/30/84
GNMA	0.05	0.81	2.36	2.36	6.96	3.15	3.11	4.60	5.53	5.26	4.94	5.30	6.06	8.30	11/30/84
TOTAL Police ETI (w/cash)**	267.72	0.45	1.78	1.78	5.06	6.39	6.56	7.22	6.83	6.67	6.42	6.62	6.73	9.96	04/30/82
Police CUSTOM ETI BENCHMARK (no cash)	267.40	0.45	1.80	1.80	5.12	6.45	6.62	7.28	6.88	6.80	6.56	6.80	7.17	8.90	11/30/84
Police CUSTOM ETI BENCHMARK (no cash)		0.17	1.32	1.32	3.40	4.63	5.99	6.63	6.16	5.70	5.58	5.80	6.41		
BARCLAYS CAPITAL US AGGREGATE BOND INDEX		0.14	1.59	1.59	3.99	5.16	6.18	6.53	5.92	5.31	5.32	5.62	6.15		

*Time periods greater than one year are annualized. Excludes Erasmus.

* Historical returns prior to April 2004 provided by Citigroup.

**Returns are net of fees and exclude Erasmus.

Real Estate Quarterly Report

The New York City Police Pension Fund

Performance Measurement Report Second Quarter 2012

The Townsend Group

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

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Market Overview		Exhibit B

The Townsend Group

Performance Measurement Report

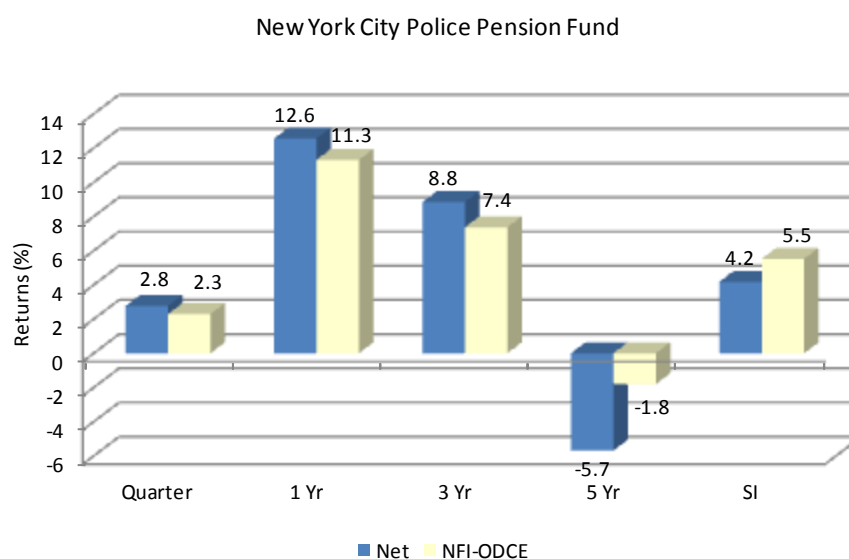
THE NEW YORK CITY POLICE PENSION FUND

SECOND QUARTER 2012

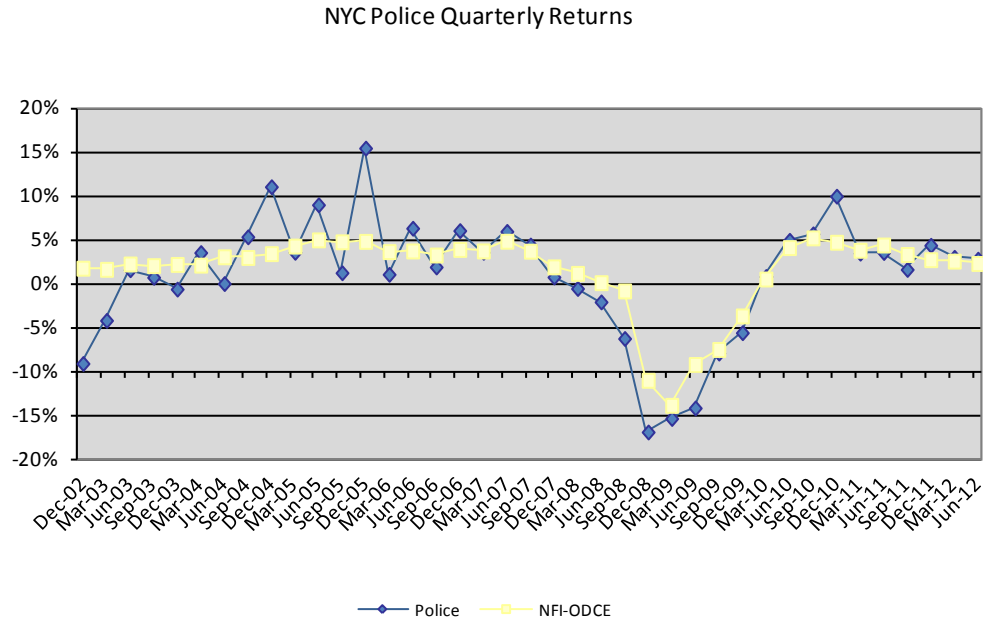
I. Performance Summary

At the end of the Second Quarter 2012, ("Quarter") The New York City Police Pension Fund ("Police") Real Estate Portfolio ("Portfolio") had a cumulative market value of \$744.0 million. Total market value plus unfunded commitments was \$1.2 billion, or 76.4% of the real estate allocation. During the Quarter, the Portfolio achieved a total gross return of 3.3% which was comprised of 0.8% income and 2.5% appreciation. The NCREIF Open-end Diversified Core Equity Index ("NFI-ODCE") reported a total net return of 2.3%. In addition, the Portfolio achieved a total net return of 2.8%.

The following chart reflects the total net returns for the Police Portfolio compared to the NFI-ODCE. Economic growth moderated in the US during the Quarter as concerns were heightened over domestic fiscal policy and the stability of the European Union. Job growth and retail sales growth slowed along with US GDP growth which slipped to a 1.5% annual rate, down from 2.0% in the First Quarter 2012. Unlike the broader economy, property market fundamentals benefited from the delayed impact of solid job growth in 4Q11 and 1Q12 along with low levels of new supply coming to market. Commercial real estate leasing across all sectors showed continued strength with vacancy rates decreasing during the Quarter for all property types. Many values are still below the cost of rebuilding, thereby offering an attractive entry point. Commercial real estate yields remain attractive relative to other asset classes offering beneficial risk premiums. Investor capital remains focused in the safest core sectors although signs are emerging of a migration to secondary and tertiary markets in search of higher yields. 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.

Returns (%)	Quarter				1 Year				3 Year				5 Year				Inception	
	INC	APP	TGRS	TNET	INC	APP	TGRS	TNET	INC	APP	TGRS	TNET	INC	APP	TGRS	TNET	TGRS	TNET
New York City Police Pension Fund	0.8	2.5	3.3	2.8	4.0	10.2	14.6	12.6	3.8	7.3	11.4	8.8	3.4	-6.8	-3.6	-5.7	8.8	4.2
NFI-ODCE Value Weighted Index	1.3	1.2	2.6	2.3	5.4	6.7	12.4	11.3	6.0	2.2	8.4	7.4	5.7	-6.3	-0.9	-1.8	6.5	5.5

II. Portfolio Composition

New York City Police Pension Fund		
Total Plan Assets	6/30/2012	\$25,273
Real Estate Allocation (%)		6.0%
Real Estate Allocation (\$)		\$1,516
Style Sector Allocation		
Core / Core Plus Portfolio	40.0%	\$607
Non-Core Portfolio	55.0%	\$834
Emerging Managers Portfolio	5.0%	\$76
Uncommitted Core / Core Plus Portfolio		\$212
Uncommitted Non-Core Portfolio		\$89
Uncommitted Emerging Managers Portfolio		\$57
Funded (Market Value) and Committed Statistics		
Core / Core Plus Portfolio		34.1%
Non-Core Portfolio		64.3%
Emerging Managers Portfolio		1.6%
\$ Committed		\$1,158
% Committed on Real Estate Allocation		76.4%
% Committed on Total Plan Assets		4.6%
Funded (Market Value) Statistics		
% Funded (Market Value) of Total Plan Assets		2.9%
% Funded (Market Value) of Total Real Estate Allocation		49.1%

Police		
Investment Cash Flow Summary		
	Quarter	To Date
Contributions	\$67.6	\$911.5
Distributions	-\$13.4	-\$125.6
Withdrawals	-\$4.5	-\$58.5

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.

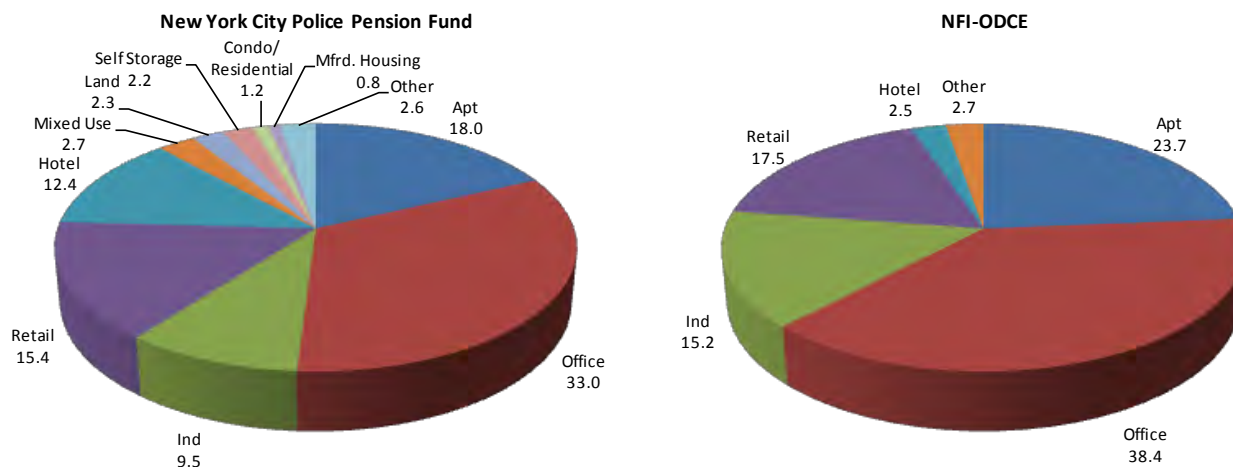
III. Portfolio Compliance

Category	Requirement	Portfolio Status
Benchmark	NFI-ODCE (net) over rolling five-year periods	<i>Portfolio returns underperform benchmark.</i>
Portfolio Composition	Core/Core Plus (minimum of 40%) Non Core (minimum of 40%) Non Core Emerging (greater of \$54 million or 5% of the total real estate allocation)	<i>The portfolio is funded (market value) and committed at 76.4% of real estate allocation with a portfolio composition of 34.1% core, 64.3% non-core, and 1.6% emerging.</i>
Real Estate Allocation	Target of 6.0%	<i>Funded (market value) and committed dollars place the portfolio at 4.6% of total plan assets.</i>
	Currently Funded at 2.9%	
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 in compliance (47.0%).</i>
Manager Exposure	0%-25% of real estate allocation	<i>Manager exposure is within compliance ranges.</i>

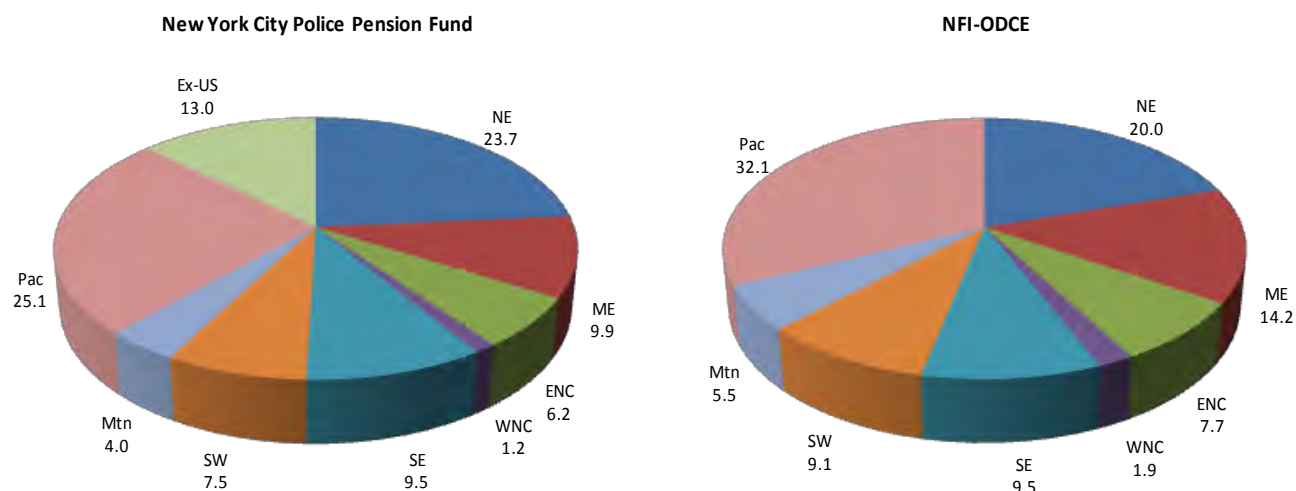
IV. Portfolio Diversification

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



Private Equity Monitoring Report

For the period ended June 30, 2012

Report Prepared For:

New York City Police Pension Fund, Subchapter 2



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I. Executive Summary

The New York City Police Pension Fund, Subchapter 2 (“NYCPPF”) established the Alternative Investment Program (the “Program”) on January 1, 1997 on behalf of its beneficiaries to participate in attractive long-term investment opportunities and to provide diversification to its overall pension investment portfolio.

StepStone Group LLC (“StepStone”) was engaged by NYCPPF on February 1, 2012 to provide private equity advisory services for prospective investment opportunities and monitoring and reporting services for existing and new investments.

Since inception through June 30, 2012, the Program has committed US\$3.4 billion to 146 partnership investments (the “Portfolio”). During the first quarter of 2012 and subsequent to quarter-end, NYCPPF sold interests in nine partnership investments in secondary transactions (the “Secondary Sale”). This quarterly monitoring report covers the performance of the Portfolio as of June 30, 2012 Pro-Forma for the Secondary Sale as well as significant activity that occurred during the first quarter of 2012.

Performance Summary

<i>US\$ in millions</i>	June 30, 2012	March 31, 2012	Quarterly Change
Number of Managers	103	102	1
Number of Investments	149	146	3
Committed Capital	\$3,556.1	\$3,364.8	\$191.3
Net Contributed Capital ¹	\$2,315.4	\$2,237.9	\$77.5
Net Distributed Capital ²	\$1,215.5	\$1,124.7	\$90.8
Market Value ³	\$1,801.8	\$1,789.8	\$12.1
Total Value	\$3,017.3	\$2,914.5	\$102.8
Total Gain/(Loss)	\$702.0	\$676.6	\$25.4
Unfunded Commitment ⁴	\$1,169.2	\$1,054.2	\$114.9
Total Exposure ⁵	\$2,971.0	\$2,844.0	\$127.0
DPI ⁶	0.52x	0.50x	0.02x
TVM ⁷	1.30x	1.30x	0.00x
IRR ⁸	9.5%	9.7%	- 18 bps
TVM Net of StepStone Fees ⁹	1.30x	1.30x	0.00x
IRR Net of StepStone Fees ⁹	9.5%	9.7%	- 18 bps

¹ Net Contributed Capital represents total contributed capital net of distributions subject to recall.

² Net Distributed Capital represents total permanent (non-recallable) distributed capital. Please note that the Net Distributed Capital as of June 30, 2012 is presented Pro-Forma for the proceeds received and expected to be received from the sale of nine partnership investments in secondary transactions that closed during the first half of 2012.

³ Please note that the Market Value as of June 30, 2012 is presented Pro-Forma for the sale of nine partnership investments in secondary transactions that closed during the first half of 2012.

⁴ Unfunded Commitment represents the aggregate remaining commitments to partnership investments. Please note that the Unfunded Commitment is presented Pro-Forma for the sale of nine partnership investments in secondary transactions that closed during the first half of 2012.

⁵ Total Exposure represents the sum of Market Value and Unfunded Commitment.

⁶ DPI, or Distributed to Paid-In Multiple, is a performance metric that measures distributions received relative to capital invested. DPI is calculated as Net Distributed Capital divided by Net Contributed Capital.

⁷ TVM, or Total Value Multiple, is a performance metric that measures total value created by the Portfolio relative to capital invested, without consideration for time. TVM is calculated as Total Value, which is comprised of Market Value plus Net Distributed Capital, divided by Net Contributed Capital.

⁸ IRR, or Internal Rate of Return, is a performance metric that is calculated based on the Portfolio's daily cash flows and market value as of quarter-end. IRR is net of fund manager's fees, expenses and carried interest.

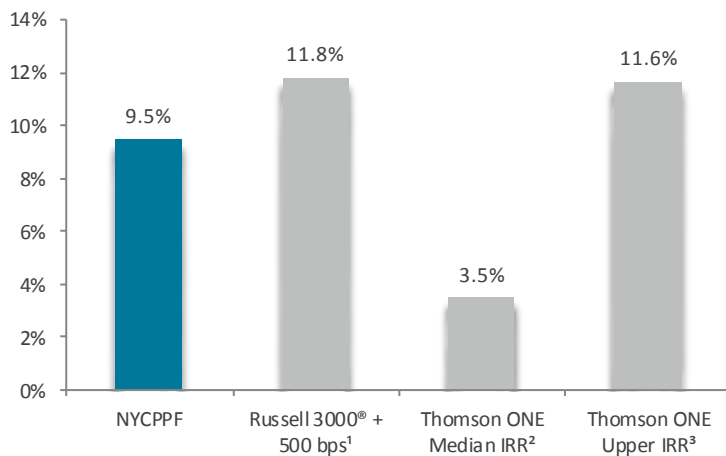
⁹ TVM and IRR Net of StepStone fees represent TVM and IRR net of fees paid by NYCPPF to StepStone.

Portfolio Performance vs. Benchmarks

The Portfolio's performance is measured against two benchmarks:

1. A dollar-weighted public benchmark, which produced the return that would have been earned if NYCPPF's private equity cash flows were invested in the Russell 3000® Index¹ plus a 500 basis point liquidity premium (*the Opportunity Cost Benchmark*).
2. The Thomson ONE (formerly Venture Economics) Median Return (*the Relative Benchmark*).

The following graph illustrates Portfolio IRR performance versus benchmarks as of June 30, 2012.



¹Benchmark is a dollar-weighted Long-Nickels calculation of quarterly changes in the Russell 3000® Index. Russell Investment Group is the source and owner of the trademark, service marks and copyrights related to the Russell Indexes. Russell® is a trademark of Russell Investment Group.

²Benchmark is provided by Thomson ONE and reflects U.S. All Private Equity Funds Median Quartile IRR as of June 30, 2012 for funds with vintage years 1998 to 2011. Note: Thomson ONE data is continuously updated and is therefore subject to change.

³Benchmark is for informational purposes only and is NOT part of the Program's Policy Benchmarks. Benchmark is provided by Thomson ONE and reflects U.S. All Private Equity Funds Upper Quartile IRR as of June 30, 2012 for funds with vintage years 1998 to 2011. Note: Thomson ONE data is continuously updated and is therefore subject to change.

Portfolio Diversification

By Strategy

As of June 30, 2012 (US\$ in millions)	Market Value		Unfunded Commitment		Total Exposure	
	\$	% of Total	\$	% of Total	\$	% of Total
Buyout	1,137.0	63.1%	644.8	55.1%	1,781.7	60.0%
Growth Equity	122.4	6.8%	245.9	21.0%	368.3	12.4%
Special Situations	67.0	3.7%	75.6	6.5%	142.6	4.8%
Energy	95.0	5.3%	24.6	2.1%	119.5	4.0%
Secondaries	69.0	3.8%	100.2	8.6%	169.2	5.7%
Co-Investment	48.9	2.7%	11.9	1.0%	60.8	2.0%
Other	262.7	14.6%	66.2	5.7%	328.9	11.1%
Total	1,801.8	100.0%	1,169.2	100.0%	2,971.0	100.0%

By Fund Geographic Focus

As of June 30, 2012 (US\$ in millions)	Market Value		Unfunded Commitment		Total Exposure	
	\$	% of Total	\$	% of Total	\$	% of Total
North America	1,180.6	65.5%	714.4	61.1%	1,894.9	63.8%
Global	472.6	26.2%	295.6	25.3%	768.1	25.9%
Western Europe	122.6	6.8%	143.6	12.3%	266.2	9.0%
Rest of World	26.1	1.4%	15.7	1.3%	41.8	1.4%
Total	1,801.8	100.0%	1,169.2	100.0%	2,971.0	100.0%

II. Market Overview

Executive Summary

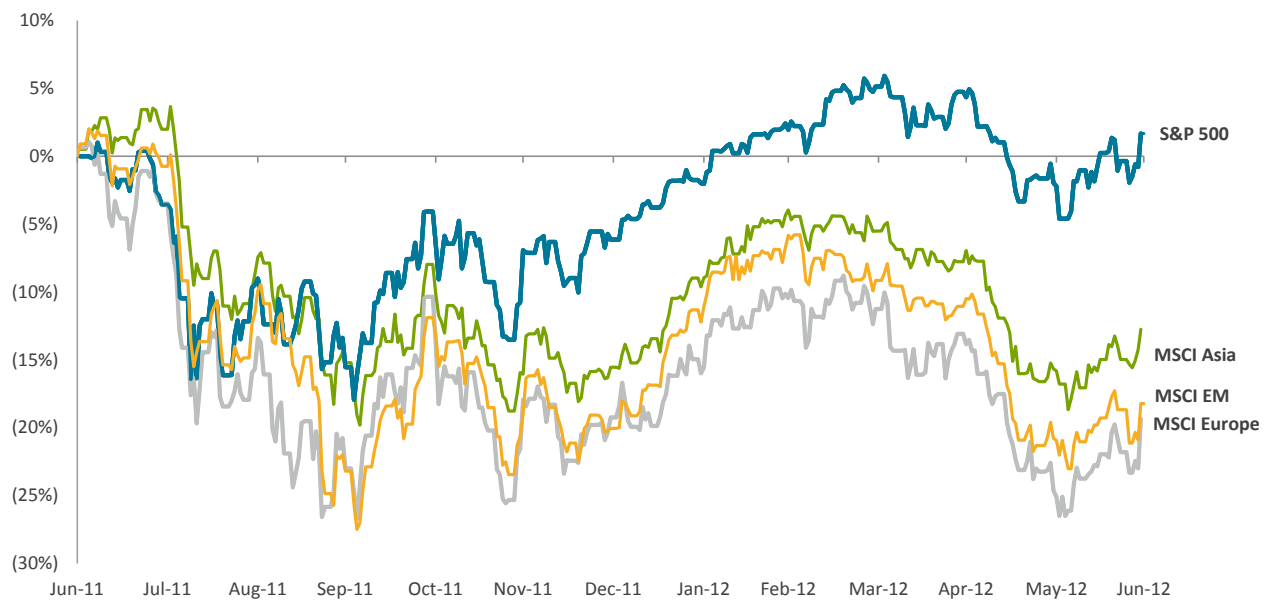
Global public equity markets regressed during the second quarter of 2012 after generally positive returns over the two prior quarters. European and Emerging Markets public equity indices experienced the sharpest declines, due in part to the socioeconomic climate in the European Union. U.S. LBO new loan issuance volume totaled \$11.6 billion in the second quarter of 2012, bouncing back 42.4% compared to the prior quarter. Purchase price multiples for U.S. LBOs continued to decline, dropping from 8.3x EBITDA in the first quarter of 2012 to 8.0x EBITDA in the second quarter. Private equity investment activity increased 80.3% during the quarter, with \$58.9 billion of capital deployed, compared to only \$32.7 billion in the first quarter of 2012. Fundraising activity remained nearly flat, with private equity managers raising \$56.5 billion in the second quarter of 2012, compared to the \$55.3 billion raised in the first quarter of 2012. With the record-breaking \$16.0 billion initial public offering ("IPO") of Facebook, 2012 is on track to become the most active year for the IPO market in terms of dollars raised.

Capital Markets Overview

Public Equity Markets

Positive trends in public markets that started in the fourth quarter of 2011 began to taper off through the second quarter of 2012. Though regional indices throughout the world dropped significantly during the quarter, the U.S. held its value better than other international markets. The S&P 500 index dropped only 3.3% during the quarter while the MSCI Asia, MSCI Europe and MSCI Emerging Markets fell 7.7%, 9.1% and 10.0%, respectively. For the one-year period ending June 30, 2012, the S&P 500 increased in value by 3.1% while the MSCI Asia, the MSCI Europe and the MSCI Emerging Markets dropped 12.7%, 19.3% and 18.2%, respectively (as seen on the chart below).

1-Year Global Public Indices



Source: Capital IQ

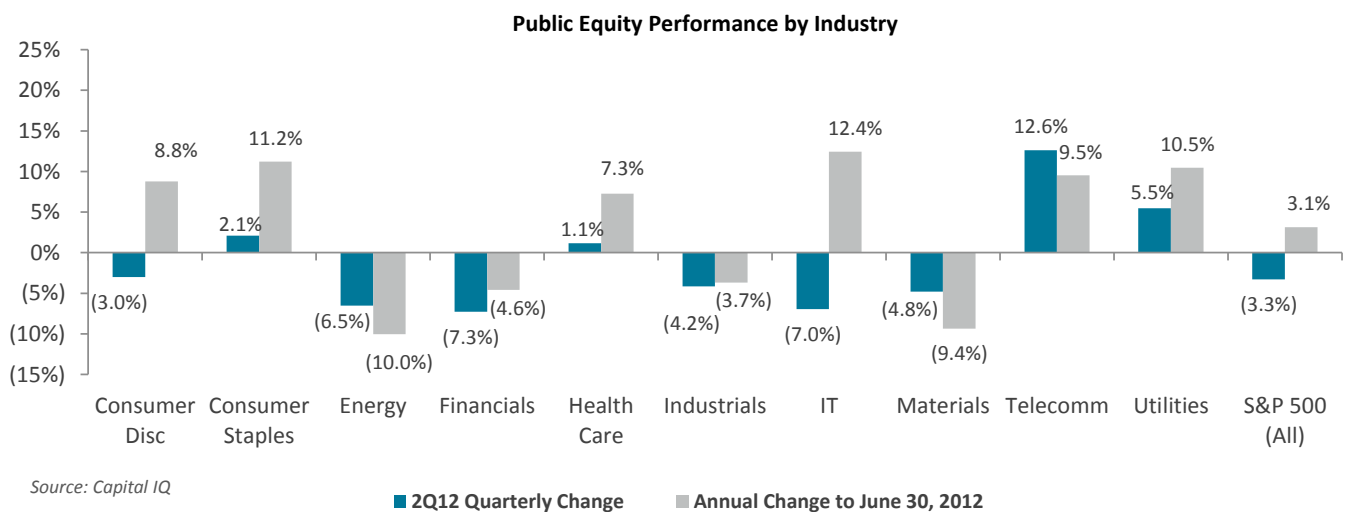
The following table shows the holding period returns of three MSCI indices and the S&P 500 over various time horizons from three months to ten years through June 30, 2012. All indices declined in value during the quarter with the MSCI Emerging Markets posting the greatest loss at 10.0%.

Regional Indices					
	Current Qtr	1 Yr	3 Yr	5 Yr	10 Yr
MSCI Asia	(7.7%)	(12.7%)	10.8%	(24.1%)	47.4%
MSCI Europe	(9.1%)	(19.3%)	9.4%	(40.6%)	22.7%
MSCI EM	(10.0%)	(18.2%)	23.1%	(11.5%)	193.2%
S&P 500	(3.3%)	3.1%	48.2%	(9.4%)	37.6%

For the period ended June 30, 2012

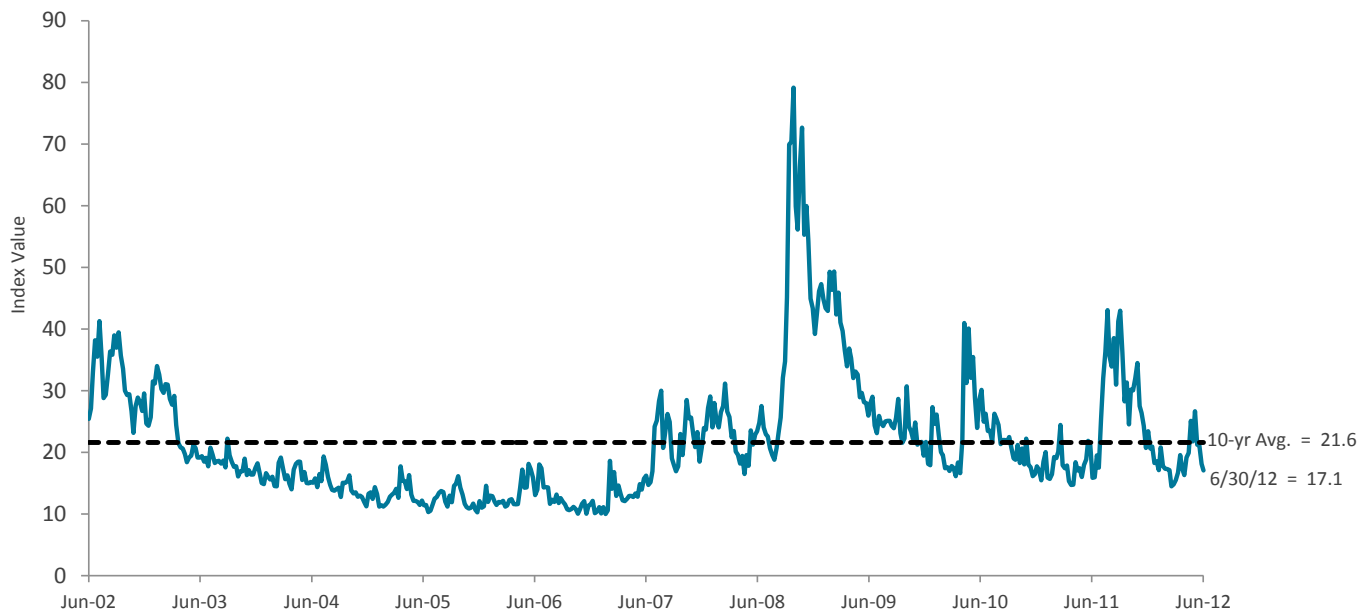
Source: Capital IQ

During the second quarter of 2012, weighted average stock prices decreased for six out of ten industry sectors in the S&P 500, with the index as a whole decreasing 3.3%. The worst performing sector was Financials, which decreased by 7.3% over the quarter. Over the past 12 months, six out of ten sectors exhibited positive performance. Despite a 7.0% decrease during the quarter, Information Technology ("IT") remains the best-performing sector, posting a gain of 12.4% over the past 12 months, compared to an increase of 3.1% in the S&P 500. The chart below details the capitalization-weighted average change in stock prices for the S&P 500 by industry during the second quarter and last 12 months ended June 30, 2012.



The CBOE Volatility Index (“VIX”), maintained by the Chicago Board Options Exchange, is a popular indicator of investor sentiment and public market volatility. VIX measures the market's expectation of 30-day volatility based on S&P 500 index option prices. At the end of the second quarter, the VIX was trading at 17.1, below the 10-year historical average of 21.6, but slightly higher than its trading value of 15.5 at the end of the first quarter of 2012. The graph below depicts the historical level of the VIX over the last ten years through June 30, 2012.

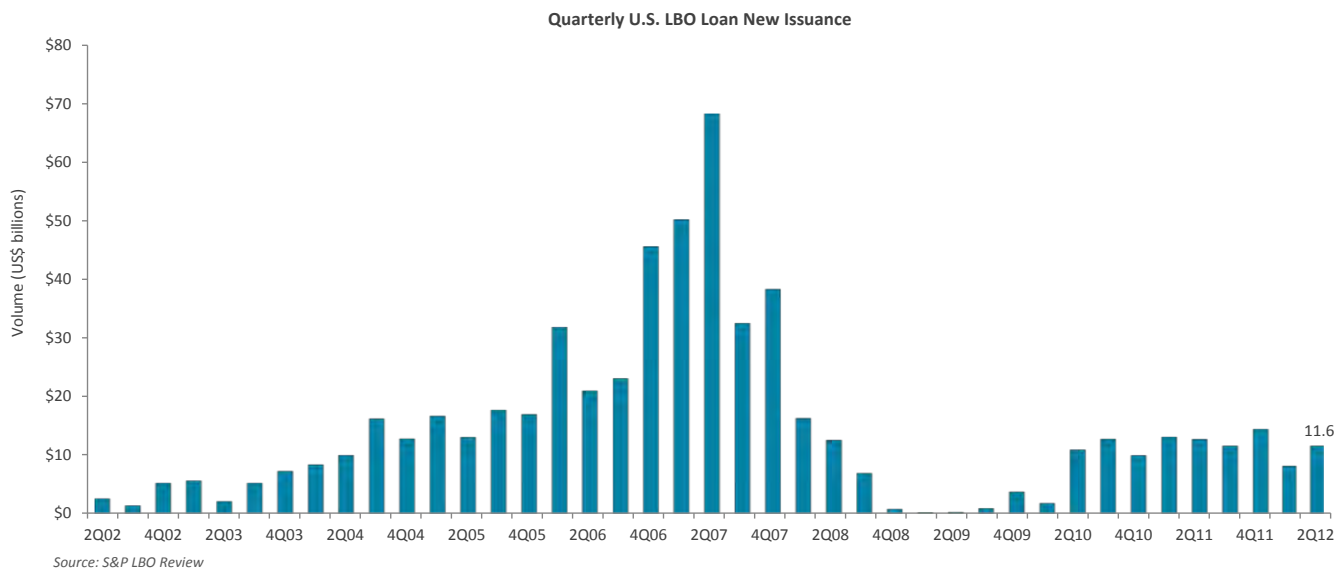
VIX Volatility Index (^VIX)



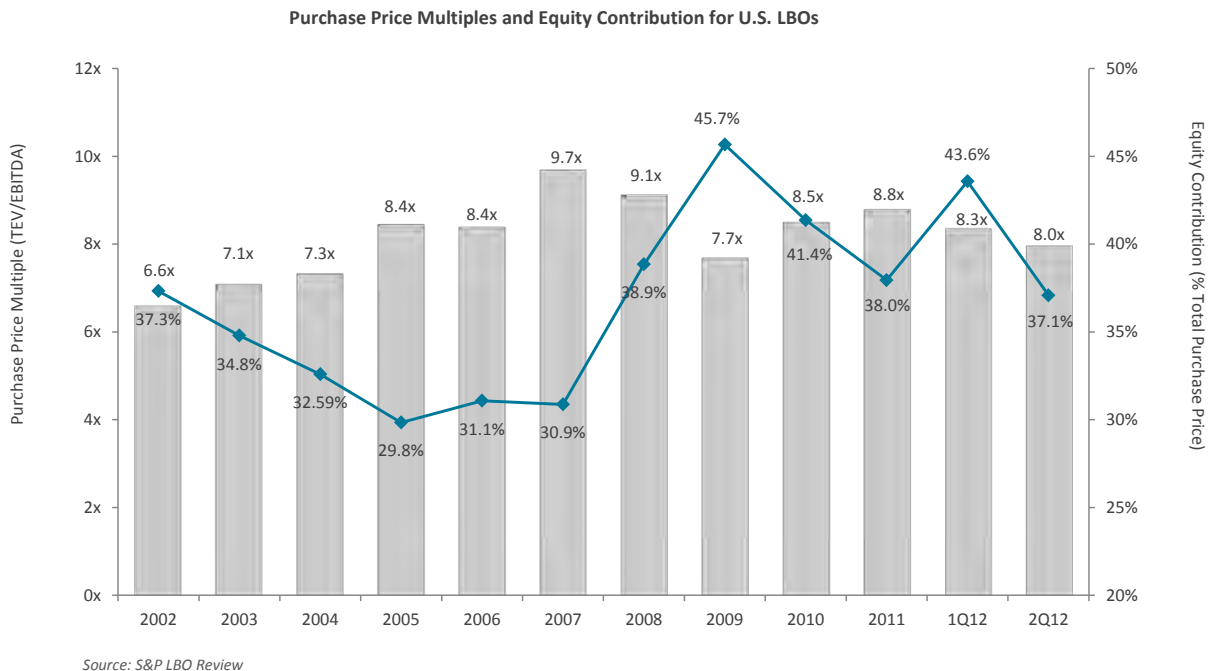
Source: Capital IQ

Debt Markets

During the second quarter of 2012, U.S. LBO new loan issuance totaled \$11.6 billion, representing an increase of 42.4% from the prior quarter. After a dip in new issuance during the first quarter of 2012, volume returned to average levels seen during the past two years. The following chart shows the quarterly volume of U.S. LBO new loan issuance for the past ten years.



For the second quarter of 2012, the average purchase price multiple for LBO deals was 8.0x total enterprise value (“TEV”) to earnings before interest, tax, depreciation, and amortization (“EBITDA”), down from 8.3x in the first quarter of 2012. Additionally, the average equity contribution for LBOs decreased to 37.1% in the second quarter, down from 43.6% in the first quarter of 2012, representing the lowest level seen since before the financial crisis in 2008.



Private Equity Market Overview

All Private Equity

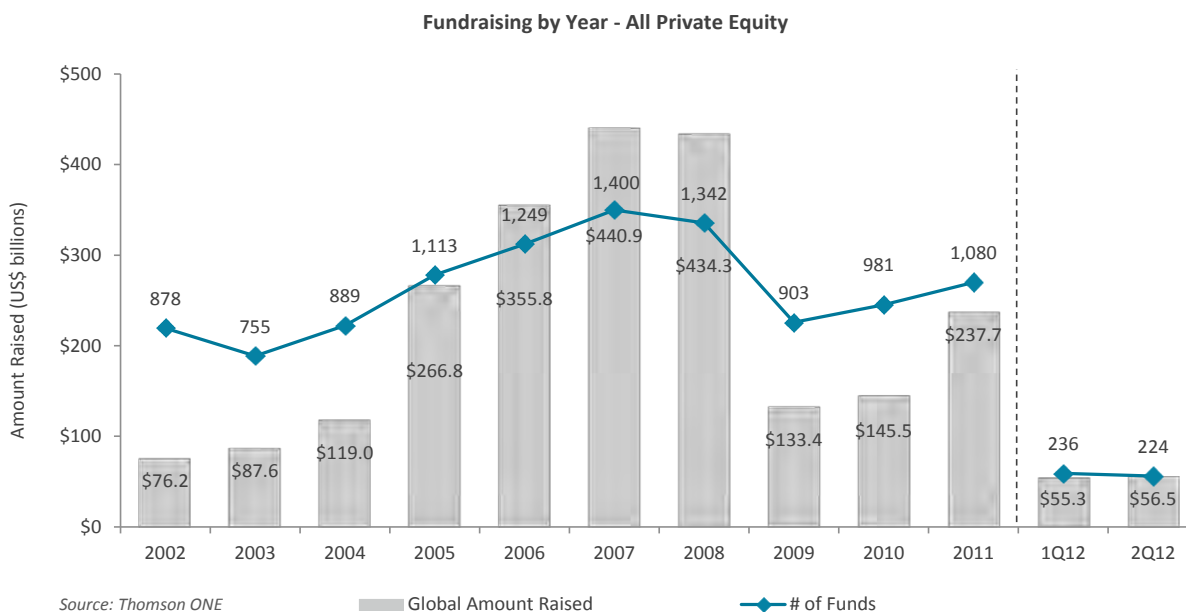
During the second quarter of 2012, private equity fund performance decreased 0.1% compared to the S&P 500 which saw a decrease of 3.3% during the same period. No sector showed a notable increase or decrease in performance during the quarter. The table below shows the pooled Internal Rate of Return (“IRR”) performance of global private equity investments by sector over various investment horizons from 3 months to 20 years through June 30, 2012.

Sector	3 Mo	6 Mo	1 Yr	3 Yr	5 Yr	10 Yr	20 Yr
Venture Capital	1.2%	5.2%	2.5%	4.8%	1.2%	3.1%	15.8%
All Buyouts	(0.5%)	4.6%	2.9%	11.1%	2.8%	9.5%	10.1%
Small/Middle Buyouts (<\$3bn)	0.4%	5.9%	6.1%	8.3%	3.5%	9.7%	11.0%
Large/Mega Buyouts (>\$3bn)	(0.9%)	4.1%	1.4%	13.2%	2.3%	9.2%	8.8%
Mezzanine	2.0%	1.7%	10.5%	6.7%	3.3%	6.8%	8.0%
All Private Equity	(0.1%)	4.7%	3.5%	10.1%	3.0%	8.1%	11.1%

Source: Thomson ONE

Fundraising

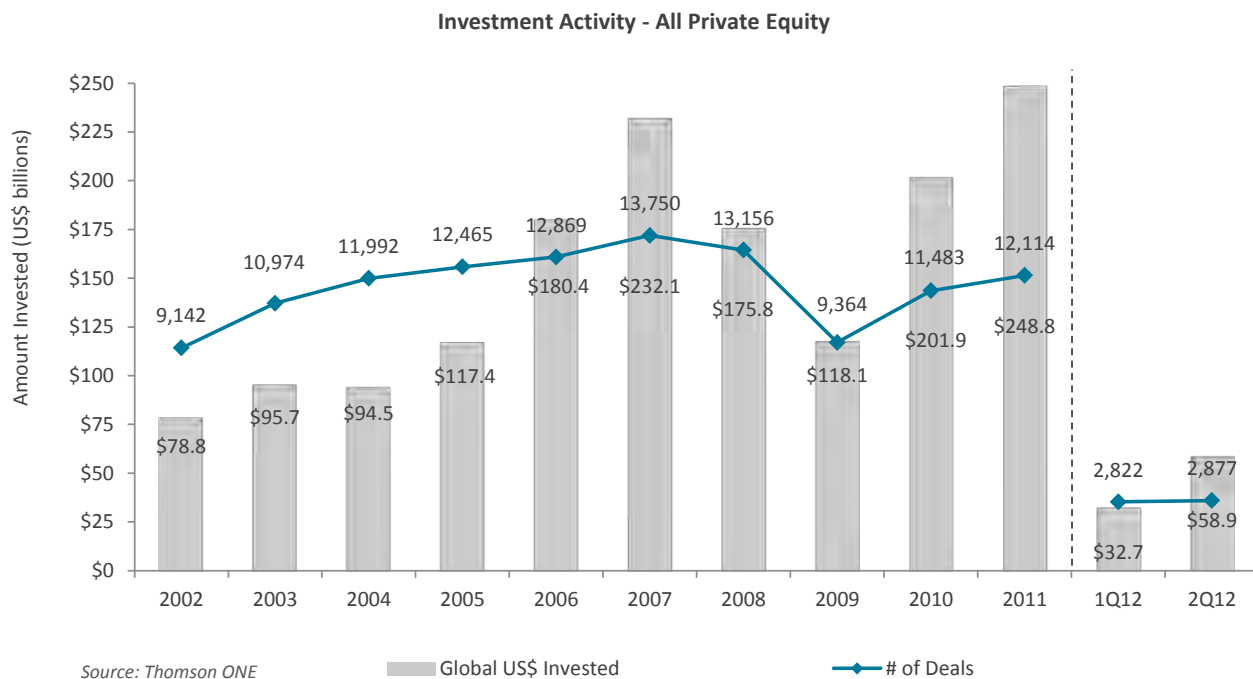
Private equity fundraising totaled \$56.5 billion in the second quarter of 2012, an increase of 2.3% from the prior quarter's total of \$55.3 billion and a decrease of 5.5% from the same period in the prior year. Buyout funds accounted for 61.9% of the amount raised during the second quarter of 2012, consistent with the 10-year average of 61.2%. Notable funds that closed during the second quarter include: Green Equity Investors VI, Warburg Pincus Private Equity XI, and Mount Kellett Capital Partners II¹. The chart below shows private equity fundraising activity by calendar year over the last ten years through the second quarter of 2012.



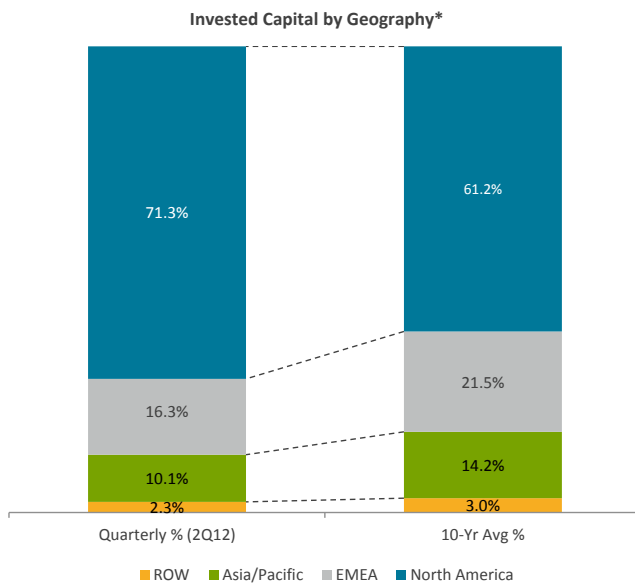
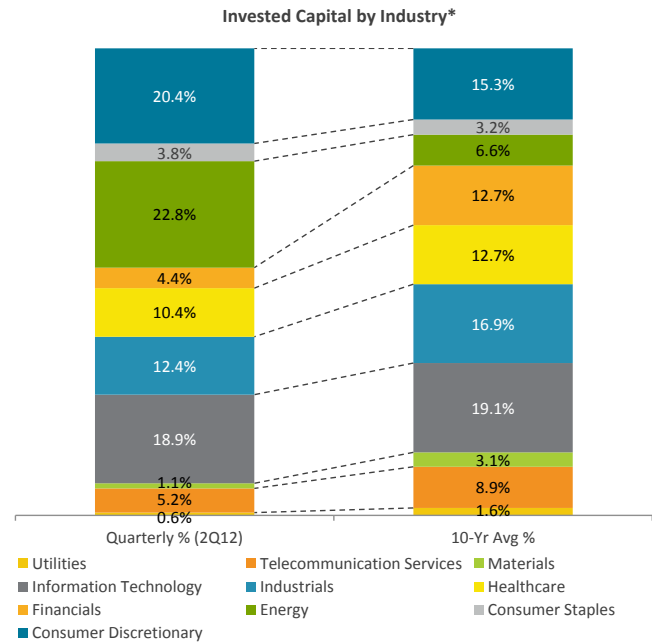
¹ Inclusion of fund names does not constitute an investment recommendation. For illustrative purposes only.

Investment Activity

During the second quarter of 2012, private equity funds invested \$58.9 billion in 2,877 investments, compared to \$32.7 billion invested in the first quarter of 2012 and \$52.3 billion invested in the second quarter of 2011, representing an increase of 80.3% and 12.6%, respectively. During the second quarter of 2012, the average investment size increased from \$11.6 million to \$20.5 million, or 76.9%, quarter-over-quarter.



Energy was the most active industry in terms of investment activity during the second quarter of 2012. Private equity funds invested \$13.3 billion, or 22.8% of total capital invested during the quarter, in 107 energy companies. This stands in stark contrast to the historical level of investment in the sector, which over the last ten years has represented 6.6% of total invested capital on average. Conversely, investments in the financial sector represented 4.4% of invested capital during the quarter, compared to the 10-year average of 12.7% of invested capital. The chart on the right details the percentage of invested capital by industry for the second quarter of 2012 and over the last ten years.

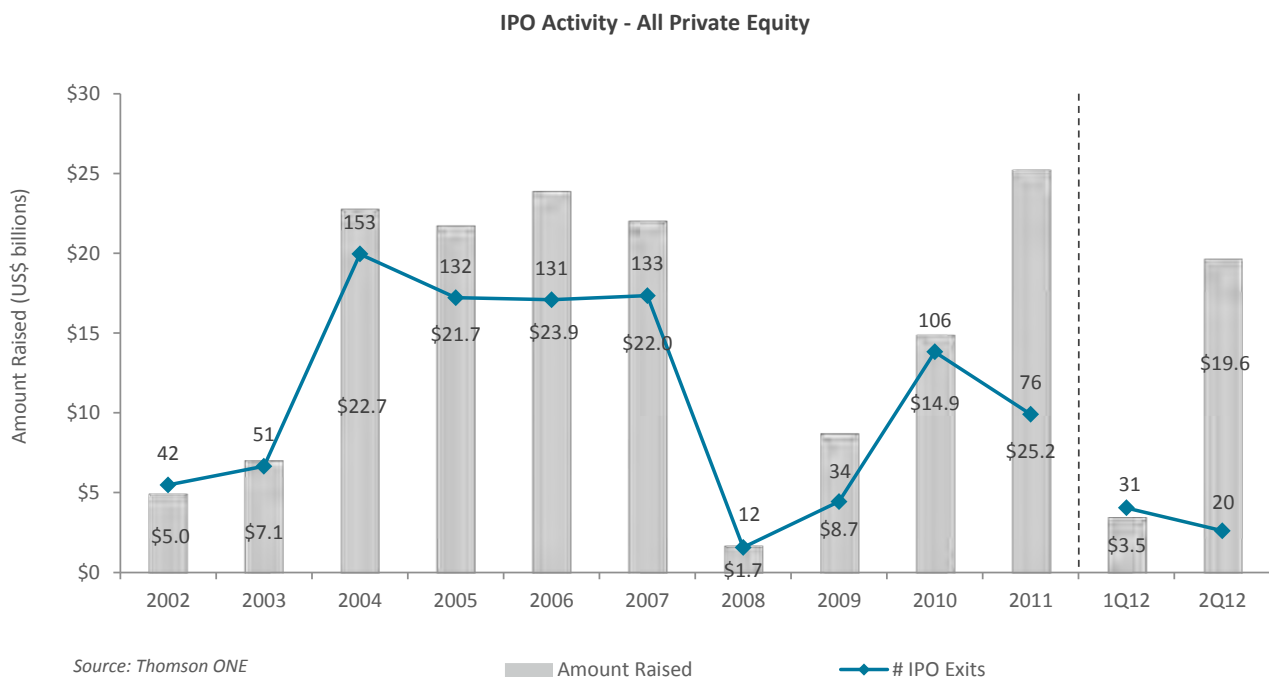


The graph to the left shows invested capital by geography based on the geographic region in which portfolio companies are located. In the second quarter of 2012, investment activity in North America was well above the historical average, representing 71.3% of total invested capital during the quarter compared to 61.2% over the last ten years.

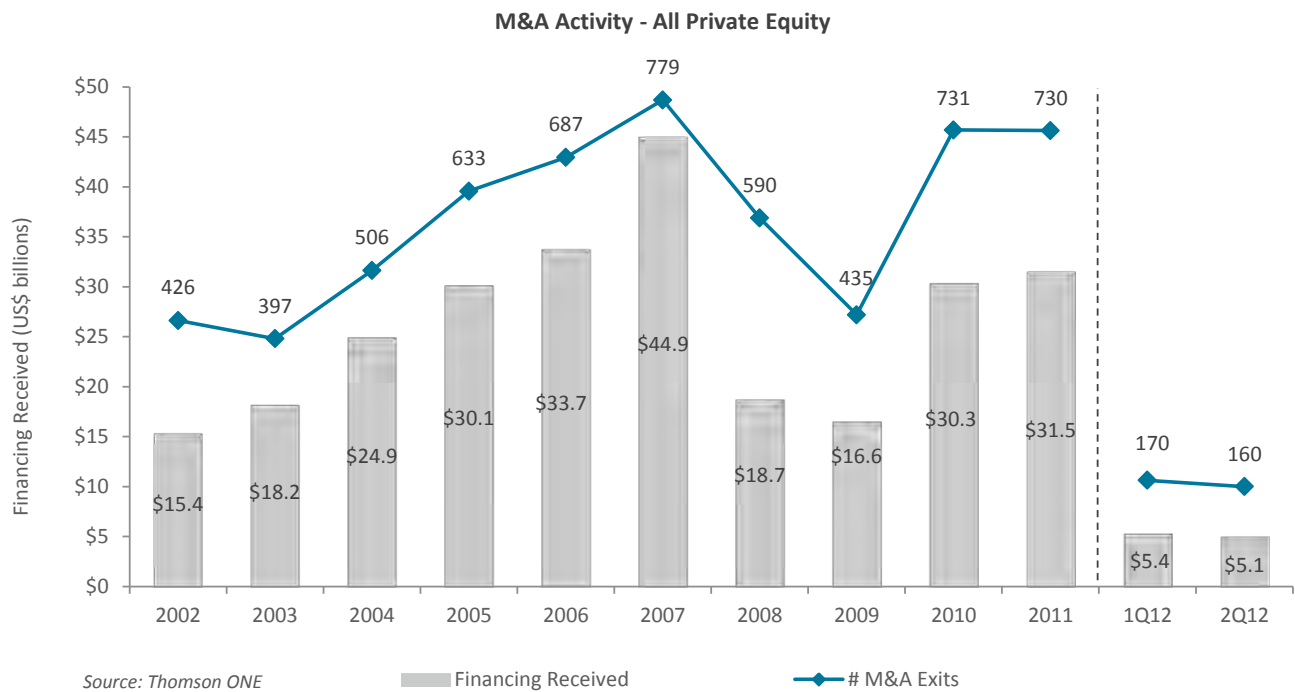
*Note: Invested Capital is for all private equity from 2002-2Q12.

Deal Environment

During the second quarter of 2012, there were 20 private equity-backed initial public offerings (“IPOs”) which raised a total of \$19.6 billion, compared to 31 IPOs which raised \$3.5 billion in the first quarter of 2012, representing a quarter-over-quarter decrease of 35.5% in the number of IPOs and an increase of 459.8% in total dollars raised. On a year-over-year basis, second quarter 2012 activity was more than double the second quarter of 2011 in terms of total dollars raised. In terms of proceeds, the largest IPO of the quarter was Facebook (NASDAQ: FB), the operator of the global social network, which raised \$16.0 billion, and is backed by several private equity firms including Accel Partners, Greylock Partners and Meritech Partners. The Facebook IPO was the largest private equity-backed IPO in history. Since the IPO, Facebook’s share price has fallen 48.5% as of September 30, 2012. The second largest IPO during the quarter was PetroLogistics (NYSE: PDH), the owner and operator of a propane dehydrogenation facility in the United States, which raised \$595.0 million, and is backed by Lindsay Goldberg and York Capital Management. Since the IPO, PetroLogistics’ share price has fallen 21.4% as of September 30, 2012.



Private equity-backed Mergers and Acquisitions (“M&A”) deal activity² decreased relative to the first quarter of 2012 in terms of deal volume and total dollars raised. Of the 160 deals closed during the second quarter of 2012, 125 deals had disclosed financing and received \$5.1 billion in financing, representing a 5.7% quarter-over-quarter decrease in financing received.



² Private equity-backed M&A deal activity includes both strategic M&A exits as well as exits through buyouts and recapitalizations.

III. Portfolio Review

Quarterly Highlights

- Cash Flow Activity** – During the second quarter of 2012, the Portfolio made US\$77.5 million of net contributions and received US\$90.6 million of net distributions, for a net cash inflow of US\$13.1 million, compared to a net cash outflow of US\$43.1 million during the prior quarter and a net cash inflow of US\$9.3 million during the second quarter of 2011. Net contributions decreased 23.8% from the prior quarter and increased 34.6% from the second quarter of 2011. The most recent four quarter average of the Program’s net contributions is US\$91.9 million. Net distributions increased 54.7% from the prior quarter and 35.6% from the second quarter of 2011. The most recent four quarter average of the Program’s net distributions is US\$63.8 million.
- Secondary Sale** – During the first half of 2012, NYCPFF sold interests in nine partnership investments in secondary transactions (the “Secondary Sale”). These nine investments represented \$154.3 million of committed capital and \$117.1 million of market value as of September 30, 2011 (the transaction pricing date) and were sold at an average discount of 6.4%, releasing the Portfolio from an unfunded liability of \$44.6 million.
 - During the first quarter of 2012, NYCPFF sold four investments (“Tranche 1”), which represented \$74.3 million of committed capital and \$59.8 million of market value, at an average discount of 5.4%, releasing the Portfolio from an unfunded liability of \$19.8 million.
 - During the second quarter of 2012, NYCPFF sold five investments (“Tranche 2”), which represented \$80.0 million of committed capital and \$57.3 million of market value, at an average discount of 7.5%, releasing the Portfolio from an unfunded liability of \$24.8 million.

The investments sold in the Secondary Sale were:

<i>(US\$ in millions)</i>	Vintage Year	Sub-Strategy	Geographic Focus	Committed Capital
Tranche 1				
Clayton, Dubilier & Rice Fund VII, L.P.	2005	Large Buyout	Global	\$ 20.0
Clayton, Dubilier & Rice Fund VIII, L.P.	2009	Large Buyout	Global	22.5
Silver Lake Partners II, L.P.	2004	Large Buyout	North America	11.8
Silver Lake Partners III, L.P.	2007	Mega Buyout	North America	20.0
Subtotal Tranche 1				\$ 74.3
Tranche 2				
AEA Investors 2006 Fund L.P.	2006	Middle-Market Buyout	Global	\$ 15.0
HM 2006 Sector Performance Fund	2007	Small Buyout	North America	15.0
NewSpring Growth Capital II, L.P.	2006	Venture Capital	North America	15.0
Tailwind Capital Partners, L.P.	2007	Middle-Market Buyout	North America	15.0
Vitruvian Investment Partnership I	2007	Middle-Market Buyout	Western Europe	20.0
Subtotal Tranche 2				\$ 80.0
Total Secondary Sale				\$ 154.3

- Recent Portfolio Activity** – During the second quarter of 2012, net of cash flow activity and Pro-Forma for the Secondary Sale, the valuation of the Portfolio increased by US\$25.4 million, or 1.4%, from the prior quarter. The increase in Portfolio value is primarily attributable to strong performance of middle-market buyout funds during the quarter, which generated a \$17.8 million increase in valuation from the prior quarter-end despite a modest decline of the public equity markets during the quarter. During the last twelve months, net of cash flow activity and Pro-Forma for the Secondary Sale, the valuation of the Portfolio increased by US\$70.0 million, or 4.0%, from the quarter ended June 30, 2011. The table below illustrates recent portfolio activity, with fourth quarter of 2011 and first half of 2012 data presented Pro-Forma for the Secondary Sale.

US\$ in millions				2012	
	Q2	Q3	Q4	Q1	Q2
Beginning Market Value	\$1,624.9	\$1,691.2	\$1,711.5	\$1,718.2	\$1,789.8
Net Contributed Capital	\$57.5	\$107.1	\$81.4	\$101.6	\$77.5
Net Distributed Capital	(\$66.7)	(\$33.0)	(\$120.0)	(\$83.2)	(\$90.8)
Appreciation/(Depreciation)	\$75.5	(\$53.7)	\$45.2	\$53.2	\$25.4
Ending Market Value	\$1,691.2	\$1,711.5	\$1,718.2	\$1,789.8	\$1,801.8
Unfunded Commitment	\$870.8	\$983.6	\$1,121.3	\$1,054.2	\$1,169.2
Total Exposure	\$2,561.9	\$2,695.2	\$2,839.5	\$2,844.0	\$2,971.0
TVM	1.32x	1.28x	1.29x	1.30x	1.30x
Since Inception IRR	10.7%	9.5%	9.5%	9.7%	9.5%
Weighted Avg. Age of Commitments (years)	5.0	4.8	4.7	5.0	5.0

- New Investment Commitment** – During the second quarter of 2012, the Program increased its commitment to one partnership and closed on three new investment commitments, totaling \$195.0 million.

As of June 30, 2012 (US\$ in millions)	Month Closed	Sub-Strategy	Geographic Focus	Committed Capital	
Ares Corporate Opportunities Fund IV, L.P.	April 2012	Special Situations	North America	\$	50.0
Vista Equity Partners Fund IV, L.P.	May 2012	Growth Equity	North America		30.0
Warburg Pincus Private Equity XI, L.P.	May 2012	Growth Equity	Global		80.0
Palladium Equity Partners IV, L.P.	June 2012	Small Buyout	North America		35.0
Total				\$	195.0

- Subsequent Investment Commitments** – Subsequent to quarter-end through November 15, 2012, the Program closed on one new investment commitments for US\$50.0 million.

As of November 15, 2012 (US\$ in millions)	Month Closed	Sub-Strategy	Geographic Focus	Committed Capital	
Trilantic Capital Partners V L.P.	July 2012	Middle-Market Buyout	North America	\$	50.0
Total				\$	50.0

Investment Performance

Since Inception Performance

US\$ in millions	June 30, 2012	March 31, 2012	Quarterly Change
Active Investments			
Number of Managers	94	93	1
Number of Investments	138	135	3
Committed Capital	\$3,366.4	\$3,174.9	\$191.5
Net Contributed Capital ¹	\$2,181.9	\$2,106.5	\$75.4
Net Distributed Capital ²	\$1,063.8	\$974.4	\$89.3
Market Value ³	\$1,801.8	\$1,789.8	\$12.1
Total Value	\$2,865.6	\$2,764.2	\$101.4
Total Gain/(Loss)	\$683.7	\$657.7	\$26.0
Unfunded Commitment ⁴	\$1,169.2	\$1,052.2	\$117.0
Total Exposure ⁵	\$2,971.0	\$2,841.9	\$129.1
DPI ⁶	0.49x	0.46x	0.02x
TVM ⁷	1.31x	1.31x	0.00x
IRR ⁸	9.7%	9.9%	- 17 bps
Exited Investments			
Number of Managers	9	9	-
Number of Investments	11	11	-
Committed Capital	\$189.7	\$189.9	(\$0.2)
Net Contributed Capital ¹	\$133.5	\$131.4	\$2.1
Net Distributed Capital ²	\$151.7	\$150.3	\$1.4
Market Value ³	0	0	0
Total Value	\$151.7	\$150.3	\$1.4
Total Gain/(Loss)	\$18.2	\$18.9	(\$0.6)
Unfunded Commitment ⁴	\$0.0	\$2.1	(\$2.1)
Total Exposure ⁵	\$0.0	\$2.1	(\$2.1)
DPI ⁶	1.14x	1.14x	-0.01x
TVM ⁷	1.14x	1.14x	-0.01x
IRR ⁸	4.9%	5.3%	- 39 bps
Total Portfolio			
Number of Managers	103	102	1
Number of Investments	149	146	3
Committed Capital	\$3,556.1	\$3,364.8	\$191.3
Net Contributed Capital ¹	\$2,315.4	\$2,237.9	\$77.5
Net Distributed Capital ²	\$1,215.5	\$1,124.7	\$90.8
Market Value ³	\$1,801.8	\$1,789.8	\$12.1
Total Value	\$3,017.3	\$2,914.5	\$102.8
Total Gain/(Loss)	\$702.0	\$676.6	\$25.4
Unfunded Commitment ⁴	\$1,169.2	\$1,054.2	\$114.9
Total Exposure ⁵	\$2,971.0	\$2,844.0	\$127.0
DPI ⁶	0.52x	0.50x	0.02x
TVM ⁷	1.30x	1.30x	0.00x
IRR ⁸	9.5%	9.7%	- 18 bps

¹ Net Contributed Capital represents total contributed capital net of distributions subject to recall.

² Net Distributed Capital represents total permanent (non-recallable) distributed capital. Please note that the Net Distributed Capital as of June 30, 2012 is presented Pro- Forma for the proceeds received and expected to be received from the sale of nine partnership investments in secondary transactions that closed during the first half of 2012.

³ Please note that the Market Value as of June 30, 2012 is presented Pro-Forma for the sale of nine partnership investments in secondary transactions that closed during the first half of 2012.

⁴ Unfunded Commitment represents the aggregate remaining commitments to partnership investments. Please note that the Unfunded Commitment is presented Pro-Forma for the sale of nine partnership investments in secondary transactions that closed during the first half of 2012.

⁵ Total Exposure represents the sum of Market Value and Unfunded Commitment.

⁶ DPI, or Distributed to Paid-In Multiple, is a performance metric that measures distributions received relative to capital invested. DPI is calculated as Net Distributed Capital divided by Net Contributed Capital.

⁷ TVM, or Total Value Multiple, is a performance metric that measures total value created by the Portfolio relative to capital invested, without consideration for time. TVM is calculated as Total Value, which is comprised of Market Value plus Net Distributed Capital, divided by Net Contributed Capital.

⁸ IRR, or Internal Rate of Return, is a performance metric that is calculated based on the Portfolio's daily cash flows and market value as of quarter-end. IRR is net of fund manager's fees, expenses and carried interest.

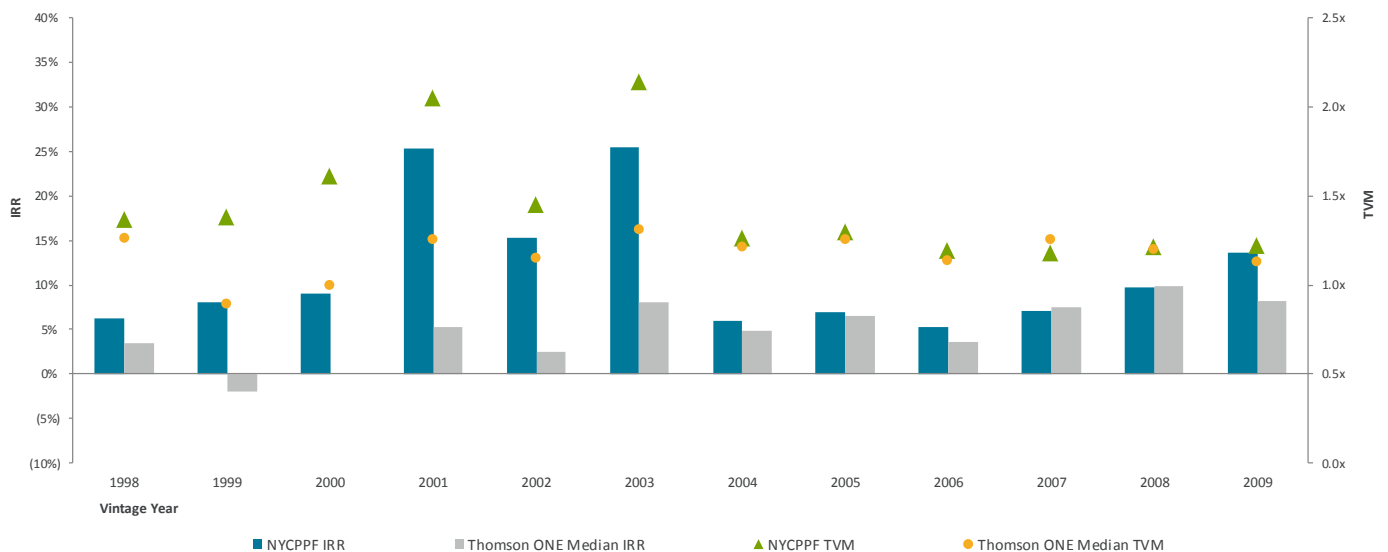
Performance by Vintage Year

The following table and chart illustrate the Portfolio's since inception investment performance by vintage year as of June 30, 2012 Pro-Forma for the Secondary Sale relative to the median quartile U.S. All Private Equity TVM and IRR benchmarks as provided by Thomson ONE. Performance of funds that are less than two years old is not meaningful. Note that Thomson ONE data is continuously updated and is therefore subject to change.

As of June 30, 2012 (US\$ in millions)

Vintage Year	Committed Capital	Net Contributed Capital	Net Distributed Capital	Market Value	Unfunded Commitment	Total Exposure	TVM	IRR	Thomson ONE U.S. All PE Median Quartile TVM	Thomson ONE U.S. All PE Median Quartile IRR
1998	\$20.0	\$20.0	\$25.5	\$1.8	\$0.0	\$1.8	1.37x	6.3%	1.26x	3.4%
1999	112.0	109.7	132.9	18.2	2.4	20.6	1.38x	8.0%	0.90x	(2.0%)
2000	60.0	56.5	62.1	28.8	4.4	33.3	1.61x	9.0%	1.00x	0.0%
2001	100.0	94.4	167.4	26.3	4.4	30.7	2.05x	25.4%	1.26x	5.3%
2002	80.0	74.9	77.5	31.2	5.9	37.2	1.45x	15.3%	1.15x	2.5%
2003	100.0	90.5	134.1	59.8	6.3	66.1	2.14x	25.5%	1.31x	8.1%
2004	192.1	175.2	96.2	124.4	18.6	143.0	1.26x	6.0%	1.22x	4.8%
2005	310.1	282.3	139.0	228.4	31.3	259.7	1.30x	6.9%	1.25x	6.5%
2006	550.1	481.2	159.0	415.0	69.2	484.2	1.19x	5.2%	1.14x	3.6%
2007	441.3	343.9	126.8	280.1	85.0	365.1	1.18x	7.1%	1.25x	7.5%
2008	649.7	391.6	76.5	396.9	204.1	601.1	1.21x	9.8%	1.20x	9.8%
2009	122.5	65.5	18.1	61.6	47.7	109.3	1.22x	13.6%	1.13x	8.2%
2010	102.5	35.0	0.1	32.8	67.9	100.8	0.94x	NM	1.08x	NM
2011	420.9	86.2	0.2	88.2	335.2	423.5	1.03x	NM	0.93x	NM
2012	295.0	8.4	-	8.1	286.6	294.7	0.96x	NM	N/A	N/A
Total	\$3,556.1	\$2,315.4	\$1,215.5	\$1,801.8	\$1,169.2	\$2,971.0	1.30x	9.5%	1.13x	3.5%

As of June 30, 2012



Portfolio Periodic Returns vs. Russell 3000® Index

As of June 30, 2012	1 Year	3 Year	5 Year	10 Year	Since Inception
NYCPPF IRR	3.9%	14.1%	6.1%	10.1%	9.5%
Russell 3000® ¹	8.2%	17.6%	6.3%	7.3%	6.8%
Russell 3000® + 500 bps ¹	13.2%	22.6%	11.3%	12.3%	11.8%
NYCPPF Outperformance/(Underperformance)	(9.3%)	(8.5%)	(5.2%)	(2.2%)	(2.3%)

¹Benchmark is a dollar-weighted Long-Nickels calculation of quarterly changes in the Russell 3000® Index. Russell Investment Group is the source and owner of the trademark, service marks and copyrights related to the Russell Indexes. Russell® is a trademark of Russell Investment Group.

Performance by Strategy / Sub-Strategy

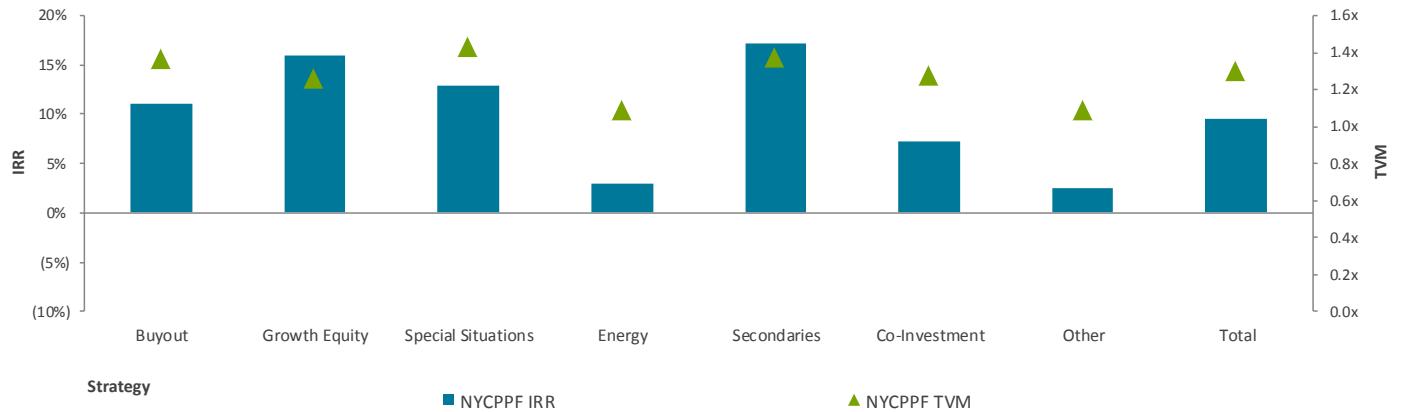
The following table and charts illustrate the Portfolio's since inception investment performance by strategy and sub-strategy as of June 30, 2012 Pro-Forma for the Secondary Sale.

As of June 30, 2012 (US\$ in millions)

Strategy / Sub-Strategy	Committed Capital	Net Contributed Capital	Net Distributed Capital	Market Value	Unfunded Commitment	Total Exposure	TVM	IRR
Buyout	\$2,132.4	\$1,466.1	\$855.1	\$1,137.0	\$644.8	\$1,781.7	1.36x	11.0%
Mega Buyout	552.3	338.2	174.9	316.4	206.7	523.1	1.45x	13.2%
Large Buyout	352.6	204.0	250.7	105.7	136.9	242.6	1.75x	25.8%
Middle-Market Buyout	624.0	486.9	223.5	370.4	130.2	500.7	1.22x	6.1%
Small Buyout	603.6	436.9	206.1	344.4	171.0	515.4	1.26x	8.4%
Growth Equity	361.3	116.7	25.2	122.4	245.9	368.3	1.26x	16.0%
Special Situations	205.0	110.1	90.2	67.0	75.6	142.6	1.43x	12.9%
Energy	130.0	105.6	20.0	95.0	24.6	119.5	1.09x	2.9%
Secondaries	207.3	108.4	79.4	69.0	100.2	169.2	1.37x	17.1%
Co-Investment	109.1	62.6	30.4	48.9	11.9	60.8	1.27x	7.3%
Other	411.0	345.9	115.2	262.7	66.2	328.9	1.09x	2.5%
Venture Capital	354.5	295.3	83.3	225.2	58.8	284.0	1.04x	1.2%
Mezzanine	56.5	50.6	31.9	37.5	7.4	44.9	1.37x	13.3%
Total	\$3,556.1	\$2,315.4	\$1,215.5	\$1,801.8	\$1,169.2	\$2,971.0	1.30x	9.5%

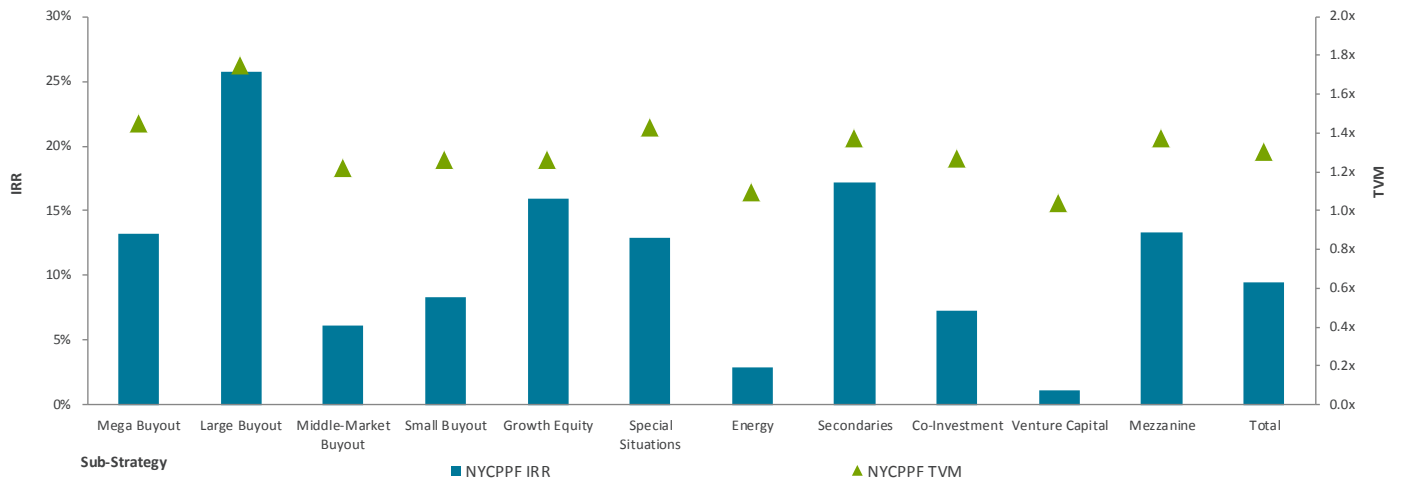
Performance by Strategy

As of June 30, 2012



Performance by Sub-Strategy

As of June 30, 2012



Portfolio Diversification

The following tables illustrate the Portfolio's diversification by strategy and fund geographic focus as of June 30, 2012 Pro-Forma for the Secondary Sale.

By Strategy/Sub-Strategy

As of June 30, 2012 (US\$ in millions)	Market Value		Unfunded Commitment		Total Exposure	
	\$	% of Total	\$	% of Total	\$	% of Total
Buyout	1,137.0	63.1%	644.8	55.1%	1,781.7	60.0%
Mega Buyout	316.4	17.6%	206.7	17.7%	523.1	17.6%
Large Buyout	105.7	5.9%	136.9	11.7%	242.6	8.2%
Middle-Market Buyout	370.4	20.6%	130.2	11.1%	500.7	16.9%
Small Buyout	344.4	19.1%	171.0	14.6%	515.4	17.3%
Growth Equity	122.4	6.8%	245.9	21.0%	368.3	12.4%
Special Situations	67.0	3.7%	75.6	6.5%	142.6	4.8%
Energy	95.0	5.3%	24.6	2.1%	119.5	4.0%
Secondaries	69.0	3.8%	100.2	8.6%	169.2	5.7%
Co-Investment	48.9	2.7%	11.9	1.0%	60.8	2.0%
Other	262.7	14.6%	66.2	5.7%	328.9	11.1%
Venture Capital	225.2	12.5%	58.8	5.0%	284.0	9.6%
Mezzanine	37.5	2.1%	7.4	0.6%	44.9	1.5%
Total	1,801.8	100.0%	1,169.2	100.0%	2,971.0	100.0%

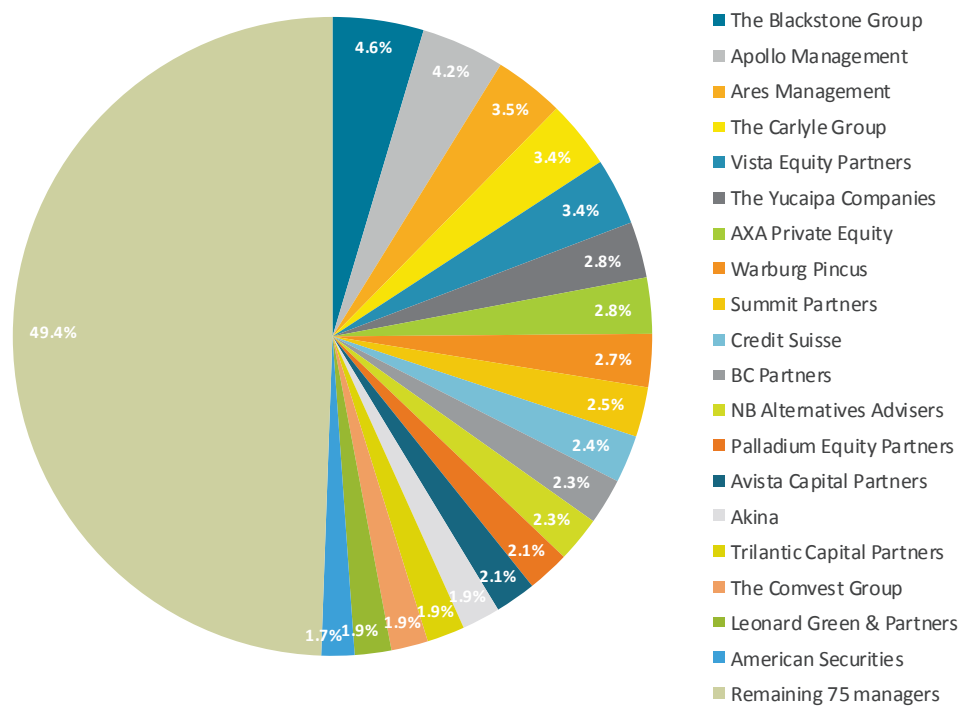
By Fund Geographic Focus

As of June 30, 2012 (US\$ in millions)	Market Value		Unfunded Commitment		Total Exposure	
	\$	% of Total	\$	% of Total	\$	% of Total
North America	1,180.6	65.5%	714.4	61.1%	1,894.9	63.8%
Global	472.6	26.2%	295.6	25.3%	768.1	25.9%
Western Europe	122.6	6.8%	143.6	12.3%	266.2	9.0%
Rest of World	26.1	1.4%	15.7	1.3%	41.8	1.4%
Total	1,801.8	100.0%	1,169.2	100.0%	2,971.0	100.0%

By Investment Manager

As of June 30, 2012 and Pro Forma for the Secondary Sale, the Portfolio was highly diversified by investment manager, with 19 managers comprising US\$1,404.2 million, or 50.6% of total exposure. The remaining 75 managers comprised 49.4% of total exposure as of quarter-end.

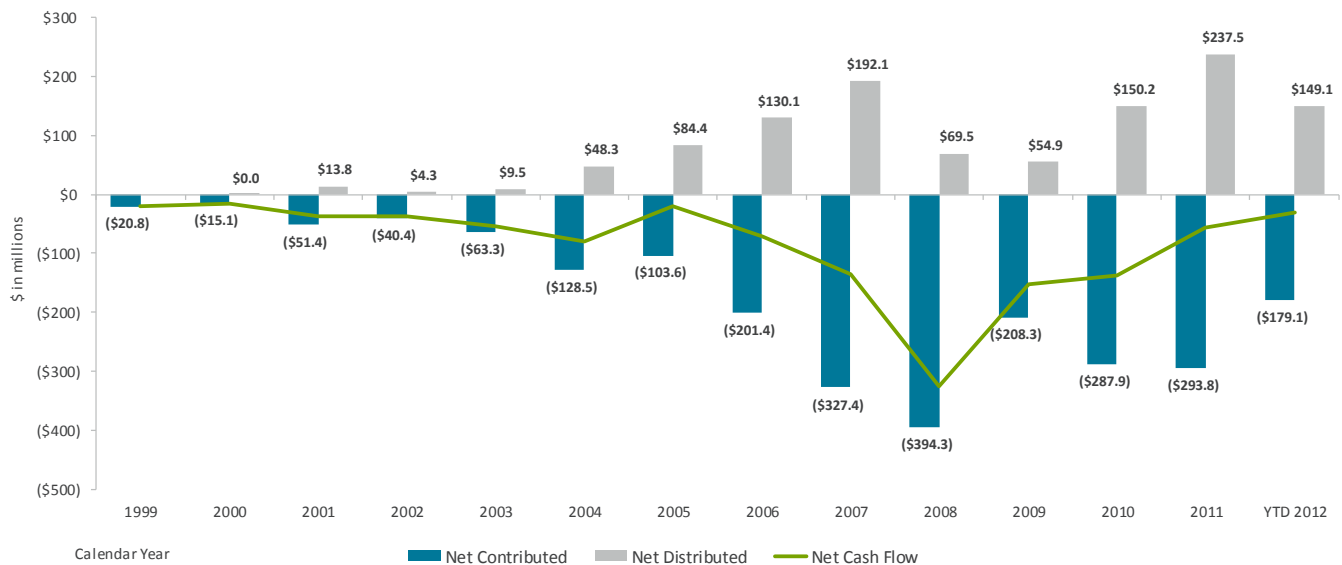
Portfolio Total Exposure by Investment Manager
As of June 30, 2012



Portfolio Cash Flow Analysis

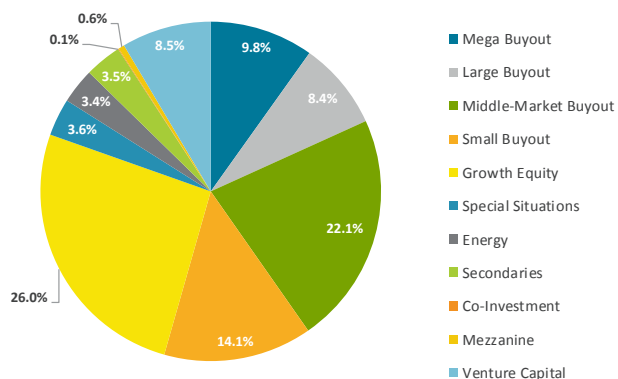
Year to Date Cash Flow Activity

During the six months ended June 30, 2012, the Portfolio made US\$179.1 million of net contributions and received US\$149.1 million of net distributions, for a net cash outflow of US\$30.0 million, compared to a net cash inflow of US\$26.0 million during the same period in the prior year. The increase in net cash outflow from the prior year period reflects an increase in net contribution activity during the first six months of 2012 (up US\$73.8 million, or 70.0%, from the same period in the prior year). The graph below illustrates cash flow activity since inception by calendar year.

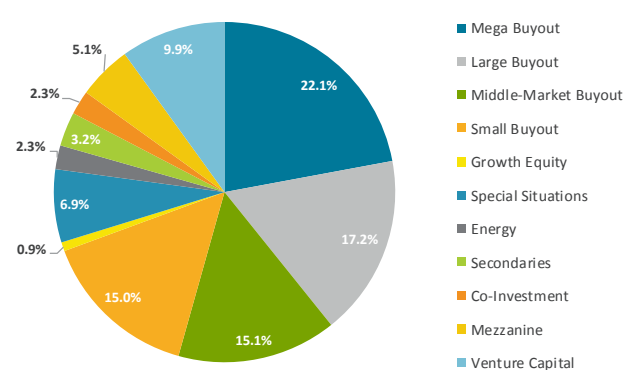


Buyout funds were the most active in terms of cash flow activity during the first six months of 2012. Buyout funds drew down US\$97.4 million, or 54.4% of total net contributions during first six months of 2012, and distributed US\$103.4 million, or 69.4% of total net distributions during the first six months of 2012.

YTD 2012 Net Contributed by Sub-Strategy

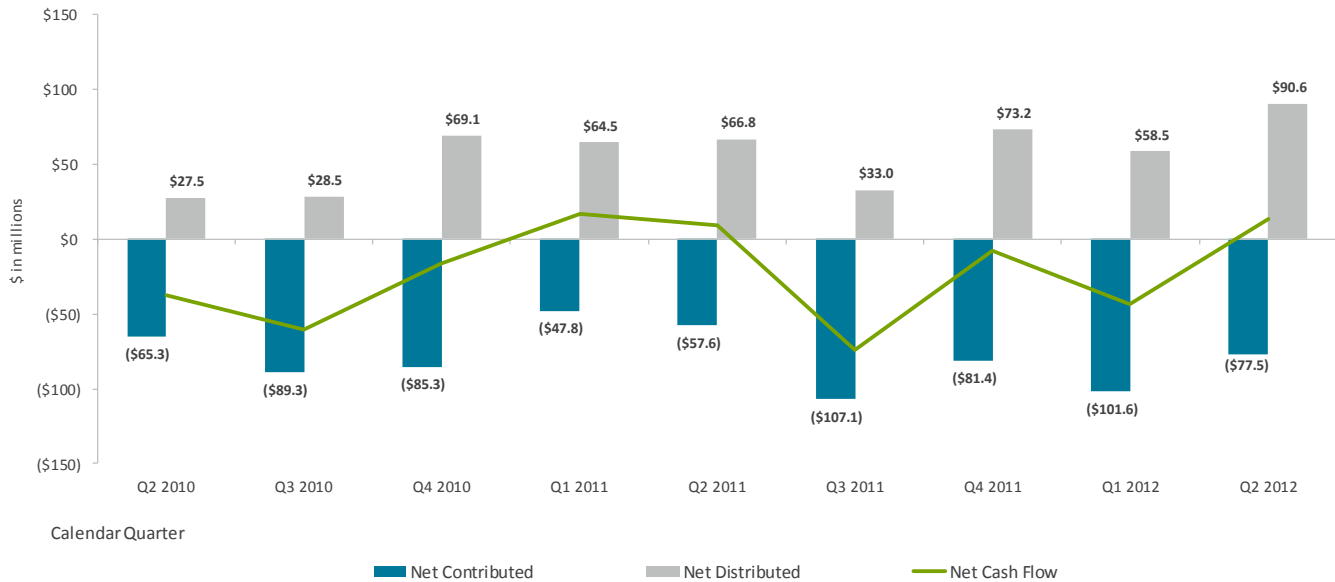


YTD 2012 Net Distributed by Sub-Strategy



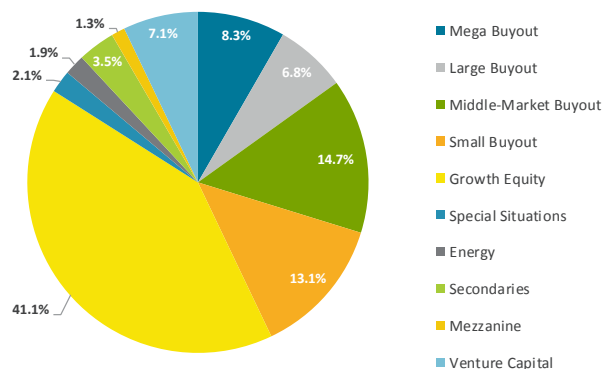
Quarterly Cash Flow Activity

During the second quarter of 2012, the Portfolio made US\$77.5 million of net contributions and received US\$90.6 million of net distributions, for a net cash inflow of US\$13.1 million. The graph below illustrates recent cash flow activity by quarter.

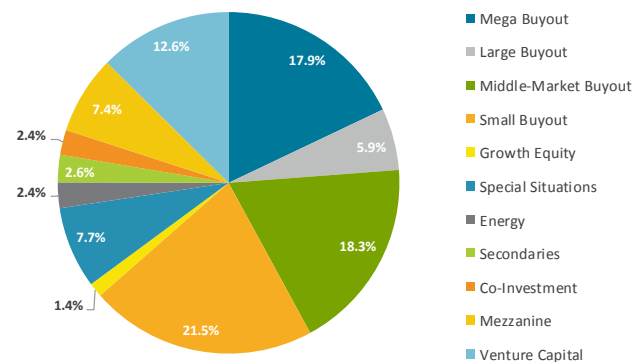


Buyout funds were the most active in terms of cash flow activity during the second quarter of 2012. Buyout funds drew down US\$33.2 million, or 42.9% of total net contributions during the quarter, and distributed US\$57.5 million, or 63.5% of total net distributions during the quarter.

Q2 2012 Net Contributed by Sub-Strategy



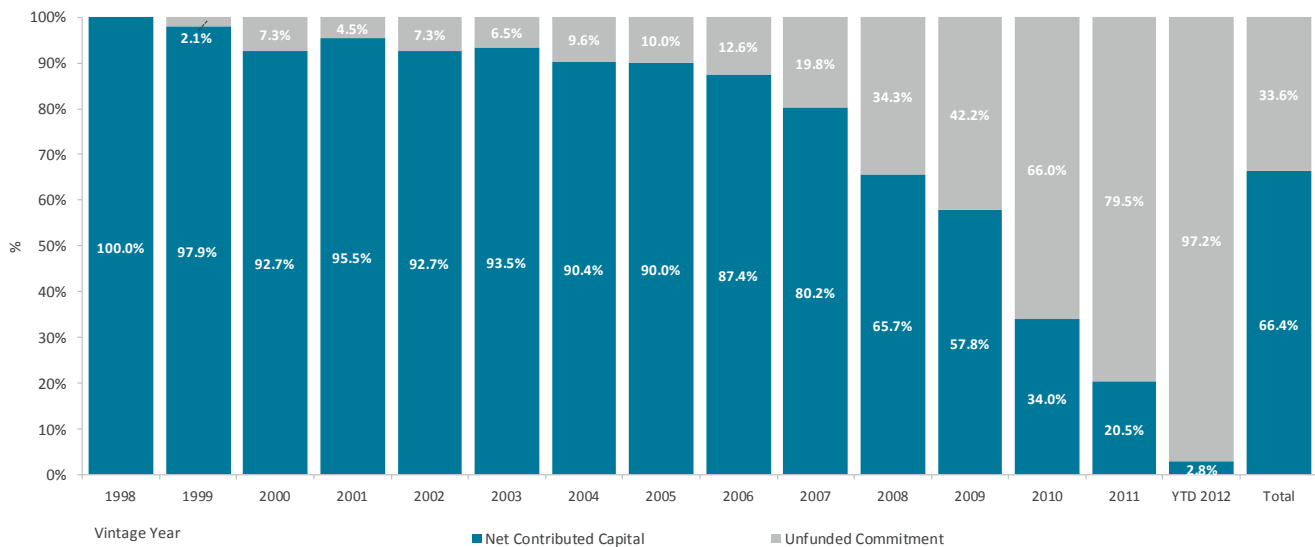
Q2 2012 Net Distributed by Sub-Strategy



Invested Capital by Vintage Year

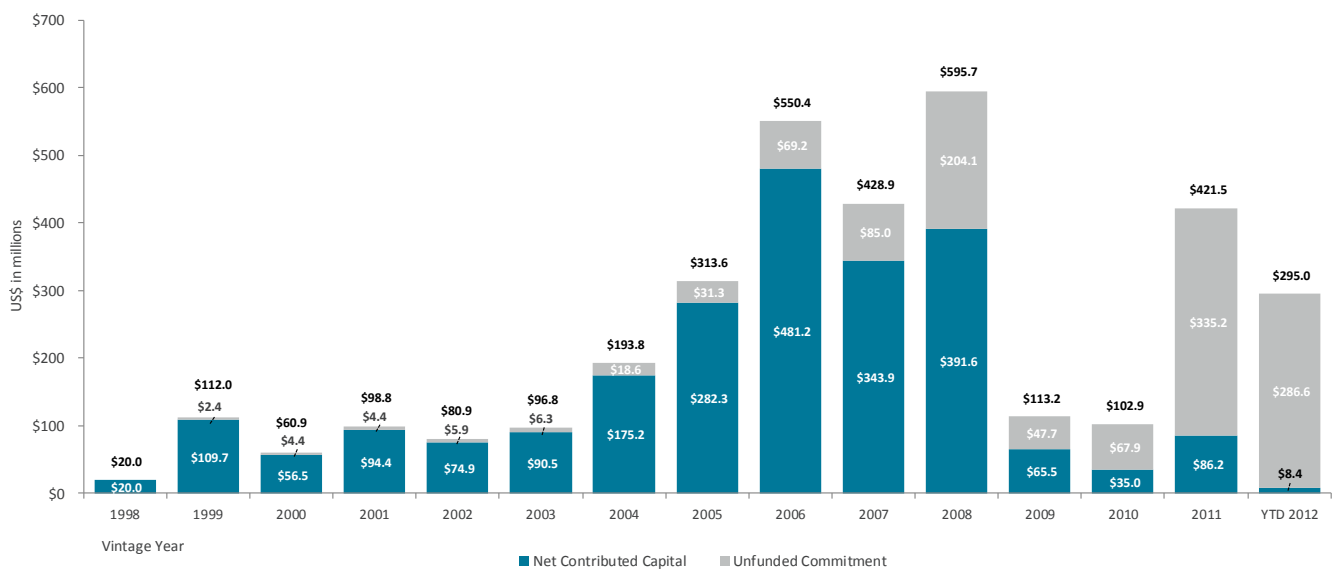
The following chart illustrates cumulative net capital contributions as a percentage of total capital commitments, by fund vintage year, as of June 30, 2012 Pro-Forma for the Secondary Sale.

Capital Contributions to Unfunded by Vintage Year (%)



The following chart illustrates cumulative net capital contributions relative to unfunded commitment, by fund vintage year, as of June 30, 2012 Pro-Forma for the Secondary Sale.

Capital Contributions to Unfunded by Vintage Year

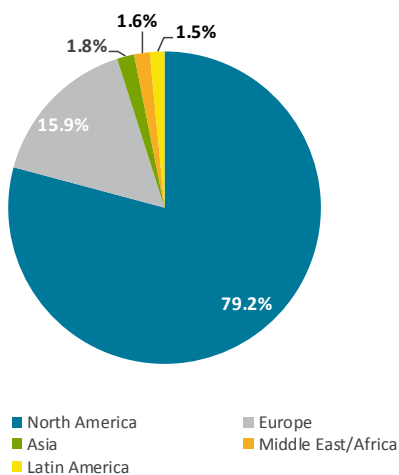


Portfolio Company-Level Analysis

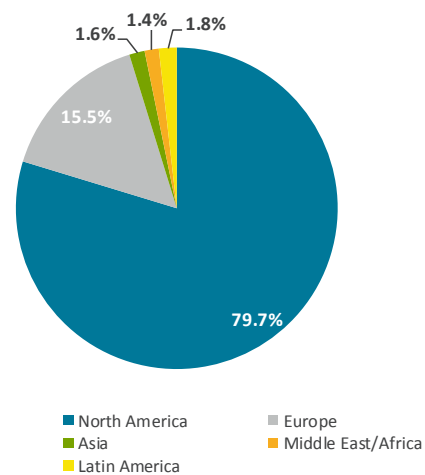
Geographic Exposure

The following charts illustrate the Portfolio's current exposure by geography at the portfolio company level as of June 30, 2012.

Geographic Exposure by Current Cost



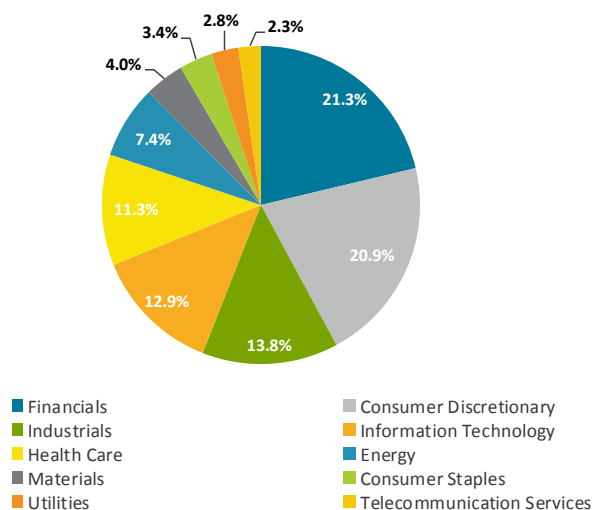
Geographic Exposure by Current Market Value



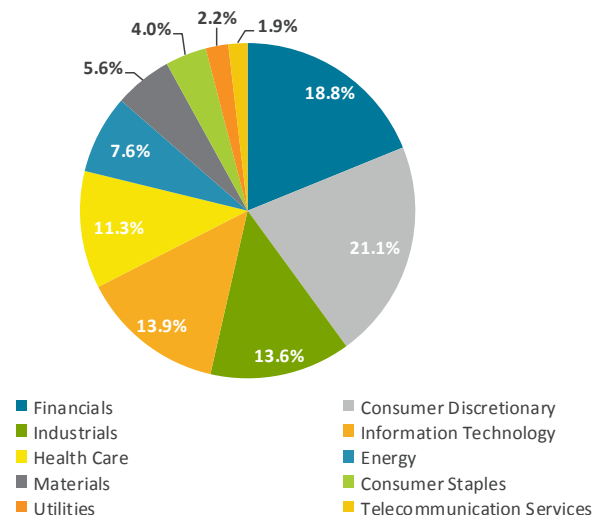
Industry Exposure

The following charts illustrate the Portfolio's current exposure by industry at the portfolio company level as of June 30, 2012. Please note that the Financials category includes investments in various debt securities as well as certain undisclosed fund of funds investments.

Industry Exposure by Current Cost



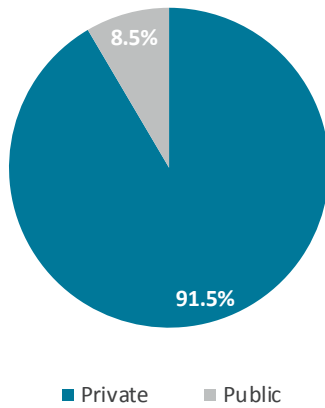
Industry Exposure by Current Market Value



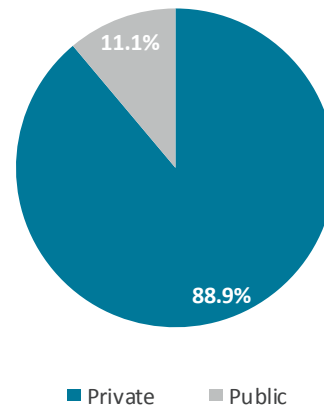
Public Market Exposure

As of quarter-end, publicly traded investments comprised 8.5% of the Portfolio’s exposed cost and 11.1% of the Portfolio’s exposed market value. The following charts illustrate the current public market exposure at the portfolio company level.

Public Market Exposure by Current Cost



Public Market Exposure Current Market Value



IV. Appendix

New York City Police Pension Fund, Subchapter 2
Active Investments
As of June 30, 2012 (in USD)

Vintage Year	Investment	First Drawdown	Committed Capital	Net Contributed Capital	Net Distributed Capital	Market Value	Multiple	IRR
Active Investments								
1998	VS&A Communications Partners III, L.P.	12/15/1998	\$ 20,000,000	\$ 20,025,450	\$ 25,529,961	\$ 1,829,764	1.37x	6.3%
1999	Cypress Merchant Banking Partners II, L.P.	3/29/1999	50,000,000	49,853,018	36,809,818	5,103,871	0.84x	(3.6%)
1999	FdG Capital Partners LLC	6/2/1999	50,000,000	48,605,531	76,227,089	10,497,868	1.78x	15.2%
1999	Lincolnshire Equity Fund II, L.P.	10/20/1999	12,000,000	11,226,962	19,875,857	2,607,541	2.00x	25.0%
2000	Carlyle Partners III, L.P.	3/1/2000	25,000,000	22,777,383	53,726,452	504,695	2.38x	23.3%
2000	Solera Partners, L.P.	5/26/2000	10,000,000	8,249,480	2,660,987	17,080,126	2.39x	10.9%
2000	SCP Private Equity Partners II, L.P.	6/15/2000	25,000,000	25,427,595	5,665,781	11,255,663	0.67x	(5.5%)
2001	New Mountain Partners, L.P.	3/16/2001	15,000,000	12,830,735	16,896,846	1,704,756	1.45x	12.7%
2001	Apollo Investment Fund V, L.P.	4/13/2001	35,000,000	32,504,044	72,671,903	14,561,597	2.68x	39.2%
2001	Prism Venture Partners IV, L.P.	7/12/2001	25,000,000	25,037,757	16,491,093	2,759,277	0.77x	(5.5%)
2001	CVC European Equity Partners III, L.P.	9/4/2001	25,000,000	24,001,319	61,317,466	7,240,543	2.86x	41.2%
2002	Yucaipa American Alliance Fund I, LP	7/1/2002	20,000,000	20,030,746	12,384,623	14,173,539	1.33x	7.9%
2002	Coller International Partners IV, L.P.	7/2/2002	30,000,000	26,589,334	29,038,506	10,065,488	1.47x	14.9%
2002	Landmark Equity Partners XI, L.P.	10/23/2002	30,000,000	28,296,063	36,059,561	7,004,074	1.52x	24.8%
2003	FS Equity Partners V, L.P.	1/20/2003	15,000,000	12,021,939	13,528,829	11,201,533	2.06x	16.5%
2003	Blackstone Capital Partners IV, L.P.	2/26/2003	50,000,000	44,708,924	80,568,466	34,111,328	2.57x	37.6%
2003	Ares Corporate Opportunities Fund, L.P.	4/1/2003	35,000,000	33,794,315	40,021,663	14,490,803	1.61x	13.9%
2004	Markstone Capital Partners, LP	1/30/2004	10,000,000	9,369,625	3,745,669	4,740,449	0.91x	(2.7%)
2004	Euro Choice II (Delaware) L.P.	2/25/2004	20,267,960	19,205,521	8,049,013	15,270,579	1.21x	4.8%
2004	FdG Capital Partners II LP	8/30/2004	25,000,000	19,749,462	6,902,148	15,886,416	1.15x	2.6%
2004	Paladin Homeland Security Fund (NY City), L.P.	9/27/2004	30,000,000	30,185,554	3,454,589	11,670,707	0.50x	(12.3%)
2004	Lincolnshire Equity Fund III, L.P.	10/1/2004	15,000,000	14,080,342	16,396,421	10,224,572	1.89x	38.3%
2004	Palladium Equity Partners III, L.P.	11/12/2004	25,000,000	20,703,159	8,583,096	24,266,415	1.59x	15.1%
2004	Aurora Equity Partners III L.P.	11/16/2004	15,000,000	15,165,124	7,333,398	15,138,701	1.48x	13.1%
2004	Trilantic Capital Partners III L.P.	11/18/2004	20,000,000	16,873,746	21,963,289	6,242,106	1.67x	15.0%
2004	Medica III Investments (International) L.P.	12/1/2004	10,000,000	9,331,638	4,237,089	4,964,000	0.99x	(0.5%)
2004	Celtic Pharmaceutical Holdings L.P.	12/23/2004	10,000,000	10,160,838	160,838	15,992,237	1.59x	9.6%
2005	New Mountain Partners II, L.P.	1/12/2005	7,741,935	6,049,740	5,202,804	5,292,154	1.73x	11.7%
2005	VSS Communications Partners IV, L.P.	3/14/2005	12,500,000	12,572,221	1,629,261	8,299,828	0.79x	(5.5%)
2005	Carlyle Partners IV, L.P.	4/29/2005	50,000,000	46,935,526	37,839,637	43,044,685	1.72x	11.6%
2005	Levine Leichtman Capital Partners Deep Value Fund, L.P.	5/18/2005	20,000,000	22,591,554	10,730,897	14,415,528	1.11x	3.4%
2005	Prism Venture Partners V-A, L.P.	7/14/2005	20,000,000	19,300,000	4,690,587	9,209,354	0.72x	(10.0%)
2005	Arlington Capital Partners II, L.P.	7/29/2005	20,000,000	18,550,535	6,904,861	17,383,377	1.31x	7.9%
2005	Quadrangle Capital Partners II LP	8/29/2005	25,000,000	19,022,070	4,433,901	15,636,492	1.06x	1.4%
2005	Snow Phipps Group, L.P.	9/7/2005	10,000,000	9,264,832	3,162,363	9,339,801	1.35x	11.8%
2005	GI Partners Fund II L.P.	9/26/2005	12,500,000	12,446,905	4,646,593	12,160,939	1.35x	6.5%
2005	Blackstone Mezzanine Partners II, L.P.	10/10/2005	14,000,000	12,390,072	9,404,315	6,677,808	1.30x	7.9%
2005	Psilos Group Partners III, L.P.	10/24/2005	12,500,000	11,562,029	6,122,007	8,753,072	1.29x	7.6%
2005	FirstMark IV, L.P.	11/21/2005	10,000,000	9,945,444	8,195,462	18,308,704	2.66x	43.5%
2005	USPF II Institutional Fund, L.P.	11/23/2005	20,000,000	18,064,776	5,835,241	17,467,734	1.29x	5.8%
2005	Bridgepoint Europe III	12/6/2005	15,815,146	14,480,947	2,799,071	12,239,809	1.04x	0.8%
2005	JP Morgan Fleming (Tranche A)	12/21/2005	40,000,000	30,747,391	6,439,401	30,220,618	1.19x	5.9%
2006	Aisling Capital II, LP	1/12/2006	2,500,000	2,306,800	400,668	1,630,522	0.88x	(3.3%)
2006	InterMedia Partners VII, L.P.	1/20/2006	12,500,000	11,690,543	165,968	15,538,663	1.34x	6.5%
2006	Falconhead Capital Partners II, L.P.	1/24/2006	15,000,000	15,597,610	2,778,131	17,433,573	1.30x	8.1%
2006	Terra Firma Capital Partners III, L.P.	3/8/2006	15,478,040	14,464,680	330,718	7,339,049	0.53x	(21.5%)
2006	Fenway Partners Capital Fund III, L.P.	3/29/2006	15,000,000	14,890,550	6,418,578	6,798,730	0.89x	(3.5%)
2006	Blackstone Capital Partners V, L.P.	4/13/2006	42,875,000	40,330,621	4,703,567	36,909,315	1.03x	0.8%
2006	Avista Capital Partners, L.P.	4/27/2006	20,000,000	19,323,744	11,291,886	15,578,309	1.39x	8.0%
2006	GSC Recovery III, L.P.	5/4/2006	5,000,000	5,026,983	2,592,933	2,607,895	1.03x	1.1%
2006	Apollo Investment Fund VI, L.P.	5/10/2006	45,000,000	40,253,658	8,306,118	47,018,372	1.37x	7.5%
2006	Landmark Equity Partners XIII, L.P.	5/11/2006	10,000,000	9,206,504	5,464,340	5,105,983	1.15x	4.4%
2006	Ares Corporate Opportunities Fund II, L.P.	5/23/2006	15,000,000	12,939,449	12,606,400	9,955,264	1.74x	14.1%
2006	Atlantic Equity Partners IV, L.P.	7/12/2006	20,000,000	16,339,086	-	8,878,470	0.54x	(14.8%)
2006	CCMP Capital Investors II, L.P.	8/17/2006	20,000,000	15,232,698	4,386,868	16,542,301	1.37x	11.5%
2006	Capital Partners Private Equity Income Fund, L.P.	8/23/2006	15,000,000	13,787,360	10,060,833	10,995,887	1.53x	18.9%
2006	Perseus Partners VII, L.P.	8/31/2006	15,000,000	13,757,833	24,985	9,509,359	0.69x	(11.2%)
2006	NB Co-Investment Partners LP	9/28/2006	60,000,000	52,725,195	29,509,226	39,643,832	1.31x	8.2%
2006	Euro Choice III L.P.	11/21/2006	26,815,012	22,892,877	2,903,753	18,945,304	0.95x	(1.9%)
2006	Thomas, McNerney & Partners II, L.P.	11/30/2006	10,000,000	8,075,000	1,026,453	6,767,721	0.97x	(1.3%)
2006	Catterton Partners VI, L.P.	12/14/2006	20,000,000	16,560,456	4,872,316	20,705,185	1.54x	11.4%
2006	First Reserve Fund XI, L.P.	12/14/2006	20,000,000	18,392,316	5,138,431	15,270,227	1.11x	3.1%
2006	Permira IV, L.P.	12/14/2006	16,026,301	14,021,837	1,255,354	15,252,577	1.18x	4.6%

New York City Police Pension Fund, Subchapter 2
Active Investments
As of June 30, 2012 (in USD)

Vintage Year	Investment	First Drawdown	Committed Capital	Net Contributed Capital	Net Distributed Capital	Market Value	Multiple	IRR
2006	Arsenal Capital Partners II, LP	12/19/2006	10,000,000	8,559,731	978,021	12,576,110	1.58x	15.1%
2006	RRE Ventures IV, L.P.	12/19/2006	15,000,000	14,656,528	1,911,910	20,497,328	1.53x	15.1%
2006	Collier International Partners V, L.P.	12/21/2006	10,000,000	8,221,866	3,534,743	6,338,181	1.20x	7.3%
2006	MidOcean Partners III, L.P.	12/21/2006	40,000,000	28,035,863	377,049	26,635,206	0.96x	(1.1%)
2006	GF Capital Private Equity Fund, L.P.	12/22/2006	10,000,000	9,381,397	5,479,321	7,634,412	1.40x	14.9%
2006	The Fourth Civen Fund	1/22/2007	13,893,135	12,119,812	2,382,496	12,891,252	1.26x	6.6%
2007	Pegasus Partners IV, L.P.	1/29/2007	15,000,000	14,662,529	6,329,197	15,066,821	1.46x	12.6%
2007	Olympus Capital Asia III, L.P.	1/31/2007	20,000,000	11,520,638	2,656,446	7,352,437	0.87x	(6.4%)
2007	FTVentures III, LP	3/1/2007	7,500,000	5,189,482	574,786	8,869,179	1.82x	17.4%
2007	Highland Consumer Fund I LP	3/16/2007	10,000,000	8,116,060	-	5,871,872	0.72x	(10.9%)
2007	Montreux Equity Partners IV, L.P.	3/27/2007	10,000,000	8,150,000	3,296,419	6,122,248	1.16x	5.7%
2007	Gleacher Mezzanine Fund II, L.P.	3/30/2007	10,000,000	7,639,740	3,342,513	5,310,116	1.13x	7.6%
2007	Quaker BioVentures II, L.P.	3/30/2007	15,000,000	8,758,819	612,538	7,314,573	0.91x	(4.2%)
2007	SCP Vitalife Partners II Fund	4/13/2007	15,000,000	10,874,774	1,184	9,032,426	0.83x	(7.8%)
2007	Comvest Investment Partners III, L.P.	5/15/2007	15,000,000	13,410,734	5,584,526	10,293,310	1.18x	7.1%
2007	Constellation Venture Capital III, L.P.	5/22/2007	15,000,000	13,933,490	5,407	12,555,188	0.90x	(4.9%)
2007	United States Power Fund III, L.P.	6/28/2007	15,000,000	11,689,610	1,140,000	10,764,781	1.02x	0.6%
2007	Carlyle Partners V, L.P.	7/6/2007	50,000,000	30,952,292	6,964,064	32,953,620	1.29x	9.0%
2007	PCG Clean Energy & Technology Fund (East), LLC	7/6/2007	40,000,000	30,592,755	1,829,294	25,610,946	0.90x	(4.6%)
2007	GSO Capital Opportunities Fund LP	7/16/2007	17,500,000	16,802,468	9,072,592	14,539,613	1.41x	16.9%
2007	New Mountain Partners III, L.P.	8/9/2007	35,000,000	24,329,687	3,809,156	24,963,828	1.18x	8.0%
2007	Vista Equity Partners Fund III, L.P.	10/3/2007	20,000,000	18,833,405	9,639,379	30,410,745	2.13x	29.4%
2007	Trilantic Capital Partners IV L.P.	10/22/2007	45,856,523	41,964,950	14,762,372	43,371,732	1.39x	16.5%
2008	Paladin III (NY City), L.P.	1/8/2008	30,000,000	16,475,090	3,053,008	15,264,057	1.11x	3.6%
2007	Pine Brook Capital Partners, L.P.	1/11/2008	15,000,000	10,142,338	3,608,691	9,741,098	1.32x	15.2%
2008	Relativity Fund, L.P.	1/17/2008	15,000,000	7,315,643	354,243	2,791,221	0.43x	(31.3%)
2008	Apollo Investment Fund VII, L.P.	1/28/2008	50,000,000	34,547,924	9,813,611	40,822,221	1.47x	20.2%
2008	NGN BioMed Opportunity II, L.P.	2/11/2008	10,000,000	6,725,911	11,844	4,906,119	0.73x	(12.8%)
2008	Carpenter Community BancFund-A, L.P.	2/12/2008	15,000,000	13,509,090	65,433	15,547,578	1.16x	6.3%
2008	Riverstone/Carlyle Global Energy & Power Fund IV, L.P.	3/3/2008	15,000,000	12,017,228	4,979,163	11,962,642	1.41x	17.1%
2008	Yucaipa American Alliance Fund II, LP	3/28/2008	50,000,000	47,268,230	11,078,056	56,766,412	1.44x	17.3%
2008	Milestone Partners III, L.P.	4/7/2008	15,000,000	13,288,853	609,056	16,024,575	1.25x	9.8%
2008	Levine Leichtman Capital Partners IV, L.P.	4/8/2008	10,000,000	6,660,452	1,003,111	8,877,406	1.48x	26.1%
2008	Lee Equity Partners Fund, L.P.	4/23/2008	20,000,000	9,323,311	1,358,356	6,777,666	0.87x	(5.2%)
2008	Coral's 2007 Institutional Momentum Fund, L.P.	5/13/2008	10,000,000	8,492,863	-	8,746,695	1.03x	1.0%
2008	Yucaipa Corporate Initiatives Fund II, LP	6/23/2008	15,000,000	12,748,364	8,784	8,439,058	0.66x	(29.7%)
2008	CVC European Equity Partners V, L.P.	7/21/2008	33,608,378	21,856,883	4,496,019	21,137,429	1.17x	8.1%
2008	GI Partners Fund III L.P.	7/29/2008	17,500,000	14,811,288	1,045,794	17,469,603	1.25x	14.4%
2008	Ares Corporate Opportunities Fund III, L.P.	7/30/2008	25,000,000	15,720,341	7,906,694	18,285,846	1.67x	25.4%
2008	CS NYCPF Emerging Manager Co-Investment Fund, L.P.	8/22/2008	9,090,909	5,009,722	886,087	5,986,810	1.37x	13.2%
2008	CS NYCPF Emerging Manager Fund, L.P.	8/22/2008	59,909,091	22,920,388	1,780,878	21,574,508	1.02x	1.1%
2008	First Reserve Fund XII, L.P.	8/25/2008	20,000,000	14,888,813	1,110,490	13,889,261	1.01x	0.4%
2008	Landmark Equity Partners XIV, L.P.	9/19/2008	27,250,000	13,884,398	3,866,924	12,995,585	1.21x	20.8%
2008	Crestview Partners II, L.P.	10/1/2008	22,500,000	13,843,532	832,402	17,139,372	1.30x	15.9%
2008	Erasmus New York City Growth Fund IA	10/17/2008	40,000,000	4,835,960	-	3,220,276	0.67x	(10.9%)
2008	Euro Choice IV L.P.	10/22/2008	19,578,824	7,717,469	56,896	6,494,234	0.85x	(11.5%)
2008	Avista Capital Partners II, L.P.	11/5/2008	35,000,000	26,224,983	1,867,498	35,449,898	1.42x	16.2%
2008	Blue Wolf Capital Fund II, L.P.	11/14/2008	15,000,000	10,599,235	4,006,867	8,641,911	1.19x	13.9%
2008	Bridgepoint Europe IV	11/14/2008	13,293,027	8,597,861	-	9,217,990	1.07x	4.8%
2008	Aisling Capital III, LP	11/20/2008	7,000,000	2,378,306	53,443	1,722,243	0.75x	(20.9%)
2008	Onex Partners III LP	12/10/2008	15,000,000	7,138,871	140,710	6,789,929	0.97x	(1.8%)
2009	NorthBound Emerging Manager Custom Fund LP	1/29/2009	20,000,000	10,873,024	375,986	12,433,321	1.18x	12.0%
2009	Welsh, Carson, Anderson & Stowe XI, L.P.	2/10/2009	22,500,000	13,069,624	-	14,805,744	1.13x	8.7%
2009	Scale Venture Partners III, LP	5/1/2009	10,000,000	7,059,024	726,164	11,475,841	1.73x	39.8%
2009	FS Equity Partners VI, L.P.	7/27/2009	20,000,000	10,805,547	91,801	11,892,247	1.11x	7.3%
2009	Lincolnshire Equity Fund IV, L.P.	8/5/2009	7,500,000	1,746,110	42,477	1,174,590	0.70x	(21.8%)
2009	Lexington Capital Partners VII, L.P.	12/3/2009	20,000,000	8,781,726	1,408,523	9,795,375	1.28x	20.5%
2010	Snow Phipps II, L.P.	1/8/2010	17,500,000	5,102,320	34,948	5,689,576	1.12x	NM
2010	Trident V, L.P.	4/29/2010	40,000,000	14,173,890	-	13,609,056	0.96x	NM
2010	Comvest Investment Partners IV, L.P.	10/21/2010	45,000,000	15,712,442	44,658	13,537,744	0.86x	NM
2011	Blackstone Capital Partners VI, L.P.	1/24/2011	35,000,000	4,697,679	-	3,878,549	0.83x	NM
2011	Ampersand 2011	3/11/2011	12,500,000	6,000,000	-	7,371,354	1.23x	NM
2011	BDCM Opportunity Fund III, L.P.	4/8/2011	20,000,000	7,198,292	174,600	7,258,884	1.03x	NM
2011	AXA Secondary Fund V B L.P.	6/16/2011	80,000,000	13,426,667	-	17,677,344	1.32x	NM

New York City Police Pension Fund, Subchapter 2
Active Investments
As of June 30, 2012 (in USD)

Vintage Year	Investment	First Drawdown	Committed Capital	Net Contributed Capital	Net Distributed Capital	Market Value	Multiple	IRR
2011	Wellspring Capital Partners V, L.P.	7/1/2011	22,500,000	4,806,703	-	4,229,980	0.88x	NM
2011	EQT VI, L.P.	8/1/2011	48,752,831	4,338,094	-	3,164,394	0.73x	NM
2011	Pegasus Partners V, L.P.	8/16/2011	13,786,118	6,841,004	-	6,287,015	0.92x	NM
2011	BC European Capital IX	9/19/2011	68,328,301	7,681,880	-	8,675,914	1.13x	NM
2011	American Securities Partners VI, L.P.	11/18/2011	50,000,000	8,580,493	-	8,100,417	0.94x	NM
2011	Vista Equity Partners Fund IV, L.P.	11/30/2011	70,000,000	22,673,739	-	21,594,544	0.95x	NM
2012	Warburg Pincus Private Equity XI, L.P.	5/24/2012	80,000,000	5,028,634	-	4,764,920	0.95x	NM
2012	Summit Partners Growth Equity Fund VIII-A, L.P.	6/14/2012	75,000,000	3,375,000	-	3,305,468	0.98x	NM
2012	Palladium Equity Partners IV, L.P.	10/10/2012	35,000,000	-	-	-	0.00x	N/A
2012	Ares Corporate Opportunities Fund IV, L.P.	11/5/2012	50,000,000	-	-	-	0.00x	N/A
2012	Green Equity Investors VI, L.P.	11/30/2012	55,000,000	-	-	-	0.00x	N/A
Total Active Investments			\$ 3,366,366,532	\$ 2,181,857,311	\$ 1,063,751,009	\$ 1,801,844,931	1.31x	9.7%

Note: IRRs presented are interim estimates and may not be indicative of the ultimate performance of fund investments due to a number of factors, such as the lack of industry valuation standards and the differences in the investment pace and strategy of various funds. Until a fund is liquidated, typically over 10 to 12 years, the IRR is only an interim estimated return. The IRR calculated in early years of a fund is not meaningful given the J-curve effect. The actual IRR performance of any fund is not known until all capital contributed and earnings have been distributed to the investor. The IRRs contained in this report are calculated by StepStone Group LLC ("StepStone"), a consultant to the New York City Police Pension Fund, Subchapter 2, based on information provided by the general partners (e.g. cash flows and valuations). The IRR calculations and other information contained in this report have not been reviewed or confirmed by the general partners. The result of the IRR calculation may differ from that generated by the general partner or other limited partners. Differences in IRR calculations can be affected by cash-flow timing, the accounting treatment of carried interest, fund management fees, advisory fees, organizational fees, other fund expenses, sale of distributed stock, and valuations.

New York City Police Pension Fund, Subchapter 2
Subsequent Commitments
As of June 30, 2012 (in USD)

Vintage Year	Investment	First Drawdown	Committed Capital	Net Contributed Capital	Net Distributed Capital	Market Value	Multiple	IRR
Commitments Closed Subsequent to as of Date								
2012	Trilantic Capital Partners V L.P.	9/20/2012	\$ 50,000,000	\$ -	\$ -	\$ -	N/A	N/A
Total Commitments Closed Subsequent to as of Date			\$ 50,000,000	\$ -	\$ -	\$ -	N/A	N/A

Note: IRRs presented are interim estimates and may not be indicative of the ultimate performance of fund investments due to a number of factors, such as the lack of industry valuation standards and the differences in the investment pace and strategy of various funds. Until a fund is liquidated, typically over 10 to 12 years, the IRR is only an interim estimated return. The IRR calculated in early years of a fund is not meaningful given the J-curve effect. The actual IRR performance of any fund is not known until all capital contributed and earnings have been distributed to the investor. The IRRs contained in this report are calculated by StepStone Group LLC ("StepStone"), a consultant to the New York City Police Pension Fund, Subchapter 2, based on information provided by the general partners (e.g. cash flows and valuations). The IRR calculations and other information contained in this report have not been reviewed or confirmed by the general partners. The result of the IRR calculation may differ from that generated by the general partner or other limited partners. Differences in IRR calculations can be affected by cash-flow timing, the accounting treatment of carried interest, fund management fees, advisory fees, organizational fees, other fund expenses, sale of distributed stock, and valuations.

II. October Monthly Performance Review:



Monthly Performance Review *October 2012*

Prepared for the New York City
Police Pension Fund
12.10.2012

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ECONOMIC INDICATORS

as of November 2012

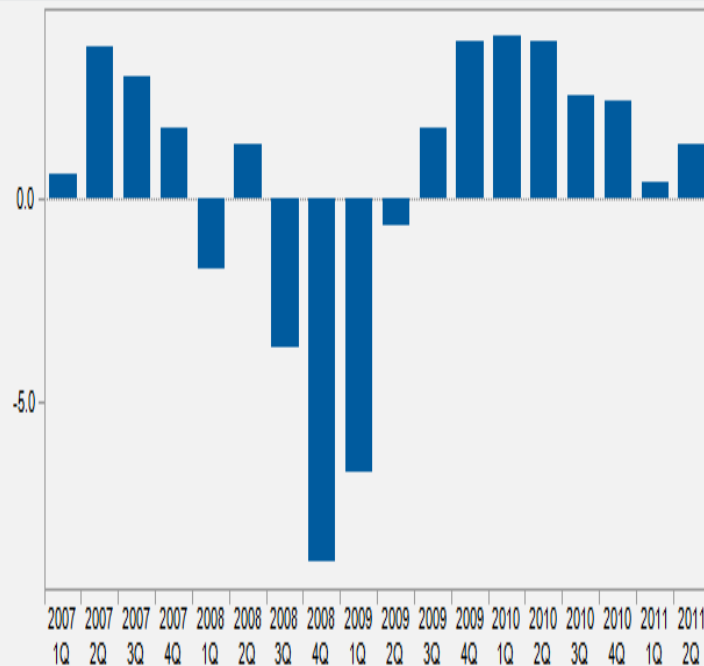


**NYC OFFICE OF THE COMPTROLLER
BUREAU OF ASSET MANAGEMENT**

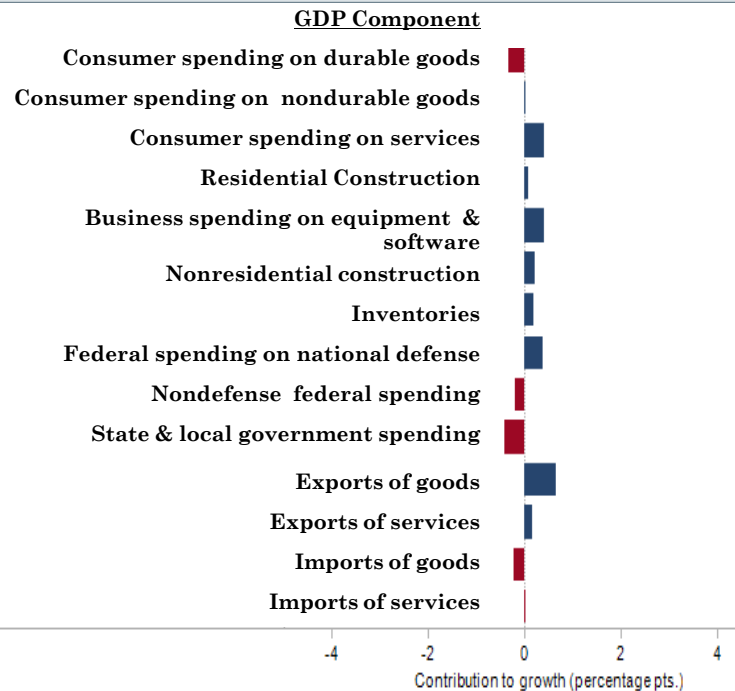
COMPONENTS OF GDP

2

ALL SHOW OVERALL % CHANGE FROM PRECEDING QUARTER AT SEASONAL ADJUSTED ANNUAL RATE



COMPONENTS WHICH CONTRIBUTED TO GDP GROWTH

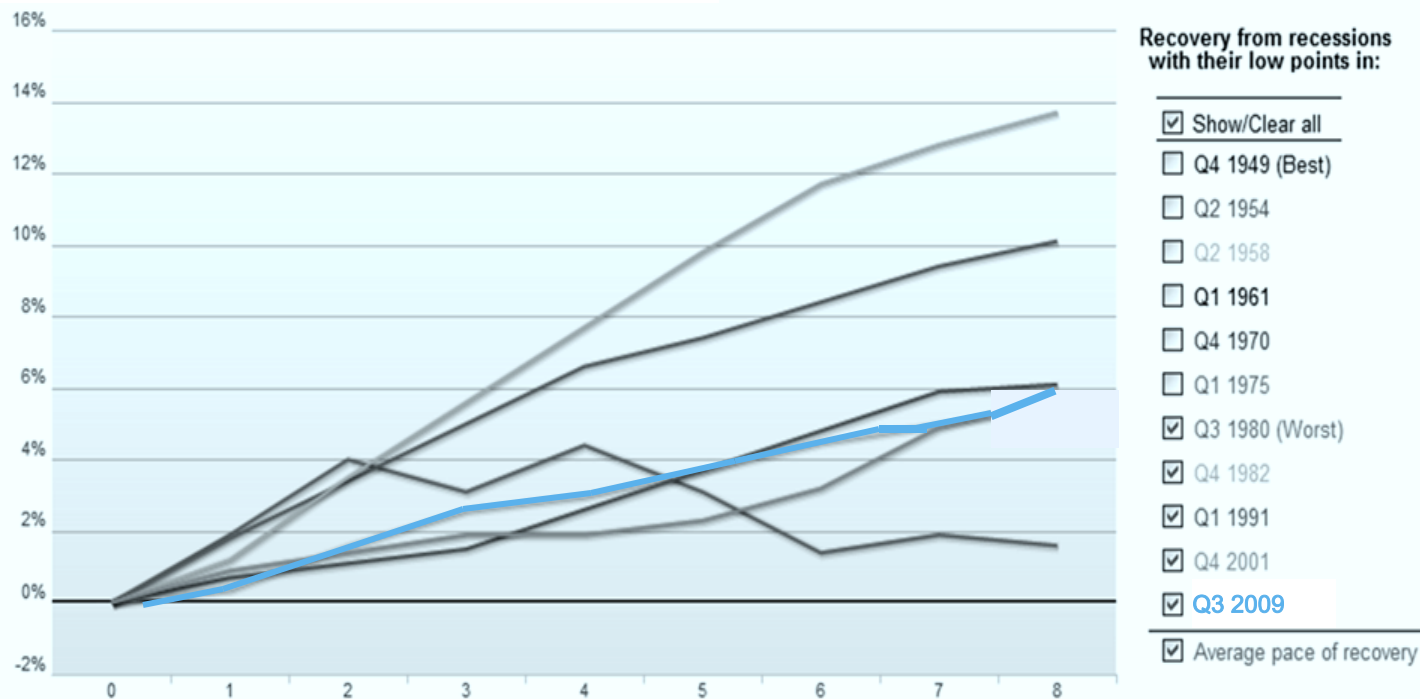


- NOTE: THE MARKET INDICATORS CONTAINED IN THE BOARD MATERIALS ARE A SUBSET OF INDICATORS RELEVANT TO FUND PERFORMANCE AND STRATEGIC PLANNING AND ARE NOT INTENDED AS THE EXCLUSIVE INDICATORS.

US GROSS DOMESTIC PRODUCT (INFLATION ADJUSTED)

3

US GROSS DOMESTIC PRODUCT, INFLATION ADJUSTED QUARTERLY



Sources: Commerce Department (corporate profits, income, GDP); Federal Reserve (bank lending); Robert J. Shiller (real home prices); Labor Department (jobs); Federal Reserve Bank of St. Louis (inflation-adjusted exports and consumer spending)

- **NOTES: 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.**
- **GDP GROWTH DURING THE CURRENT RECOVERY INCLUDES SECOND-QUARTER FORECAST CALCULATED USING CONSENSUS FORECAST OF 2 % ANNUAL GROWTH.**

CPTICHNG 77.8% For Oct Next Release 14 Dec 09:15 Survey --

US Capacity Utilization % of Total Capacity SA

CPTICHNG Index 95 Save As 96 Actions 97 Edit 98 Table Line Chart

11/30/2007 - 11/28/2012 Latest/Last 1) Compare Mov. Avgs No Lower Chart

1D 3D 1M 6M YTD 1Y 5Y Max Daily

Security/Study Event

- LAST PRICE 77.8
- HIGH ON 12/31/07 80.6
- AVERAGE 75.1
- LOW ON 06/30/09 66.8

Dec 31 Mar 31 Jun 30 Sep 30 Dec 31 Mar 31 Jun 30 Sep 30 Dec 31 Mar 31 Jun 30 Sep 30 Dec 31 Mar 31 Jun 30 Sep 30 Dec 31 Mar 31 Jun 30 Sep 30 ...

2008 2009 2010 2011 2012

Australia 61 2 9777 8600 Brazil 5511 3048 4500 Europe 44 20 7330 7500 Germany 49 69 9204 1210 Hong Kong 852 2977 6000
 Japan 81 3 3201 8900 Singapore 65 6212 1000 U.S. 1 212 318 2000
 SN 884688 G556-1798-0 28-Nov-12 15:25:01 EST GMT-5:00

- SOURCE: BLOOMBERG

ISM MANUFACTURING INDEX

5



- 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.

WEEKLY UNEMPLOYMENT CLAIMS

6



- 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.

UNEMPLOYMENT RATE

7

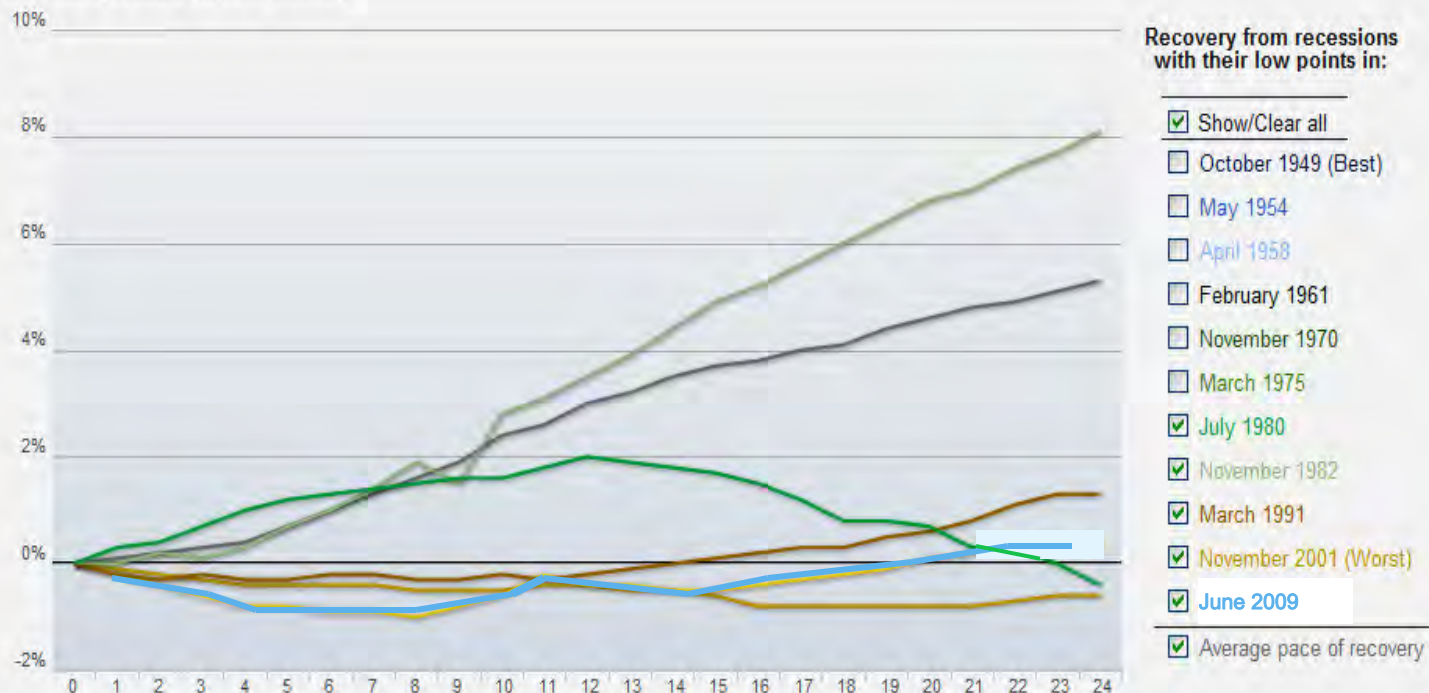


- NOTE: THE MARKET INDICATORS CONTAINED IN THE BOARD MATERIALS ARE A SUBSET OF INDICATORS RELEVANT TO FUND PERFORMANCE AND STRATEGIC PLANNING AND ARE NOT INTENDED AS THE EXCLUSIVE INDICATORS.

US JOBS (NON-AGRICULTURAL PAYROLLS)

8

U.S. non-agricultural payrolls, monthly

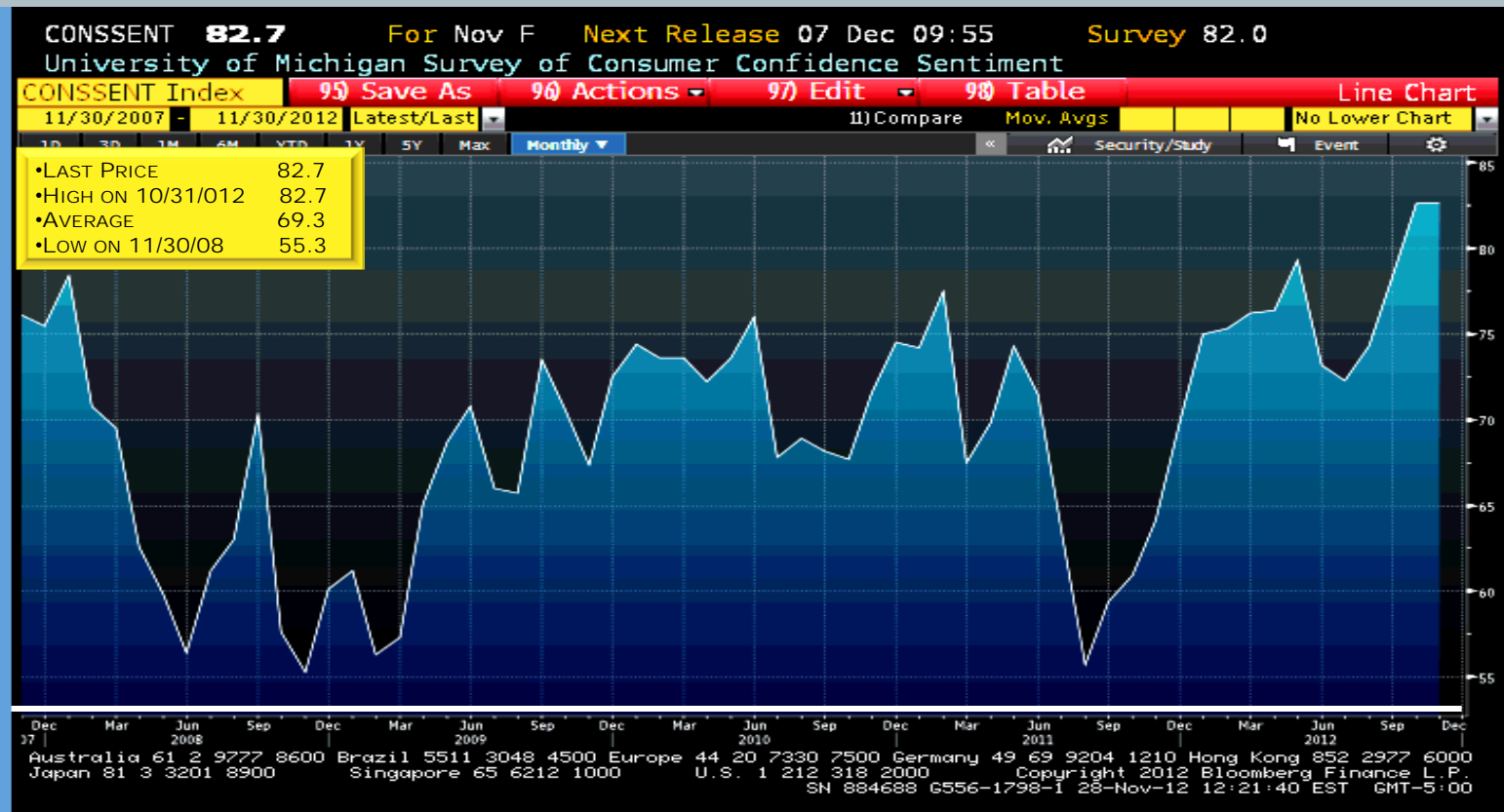


Sources: Commerce Department (corporate profits, income, GDP); Federal Reserve (bank lending); Robert J. Shiller (real home prices); Labor Department (jobs); Federal Reserve Bank of St. Louis (inflation-adjusted exports and consumer spending)

- 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.

CONSUMER SENTIMENT

9



- 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.

ARCHITECTURAL BILLINGS INDEX

10

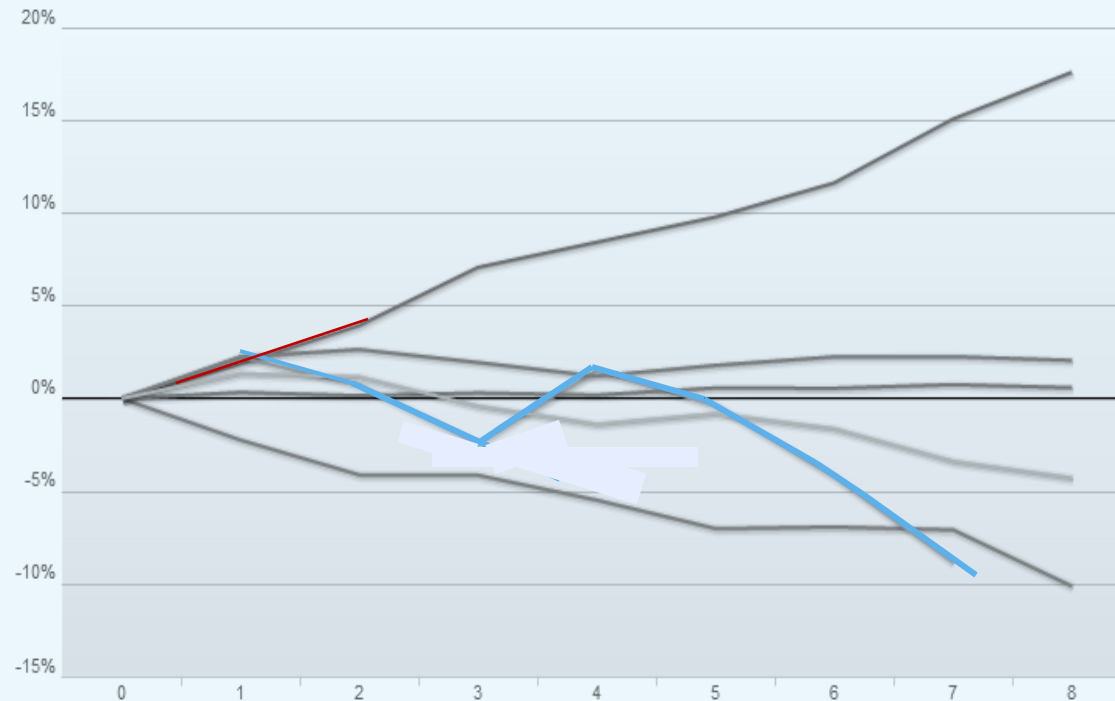


- A SCORE ABOVE 50 INDICATES AN INCREASE IN BILLINGS WHILE A READING BELOW 50 INDICATES A NEGATIVE OUTLOOK
- THIS INDEX IS CONSIDERED A LEADING INDICATOR FOR COMMERCIAL BUILDING CONSTRUCTION WITH A 6-9 MONTH LAG
- NOTE: THE MARKET INDICATORS CONTAINED IN THE BOARD MATERIALS ARE A SUBSET OF INDICATORS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

US HOUSE PRICES (INFLATION ADJUSTED)

11

U.S. house prices, inflation adjusted, quarterly



Recovery from recessions
with their low points in:

☒ Show/Clear all

☐ Q2 1954

☐ Q2 1958

☐ Q1 1961

☐ Q4 1970

☐ Q1 1975

☒ Q3 1980 (Worst)

☒ Q4 1982

☒ Q1 1991

☒ Q4 2001 (Best)

☒ Q3 2009

☒ Average pace of recovery

Sources: Commerce Department (corporate profits, income, GDP); Federal Reserve (bank lending); Robert J. Shiller (real home prices); Labor Department (jobs); Federal Reserve Bank of St. Louis (inflation-adjusted exports and consumer spending)

- **NOTES: 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.**
- **QUARTERLY REAL HOME PRICES DATA BEGAN IN 1953. RECOVERY DATA BEFORE 1953 ARE NOT INCLUDED IN RANKINGS OR AVERAGES**

EXISTING HOME SALES

12



- 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.

NEW HOUSING STARTS

13



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RETAIL SALES

14



- 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.

US AUTO SALES

15



- 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.

INDEX OF LEADING ECONOMIC INDICATORS

16



- 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.

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MARKET INDICATORS

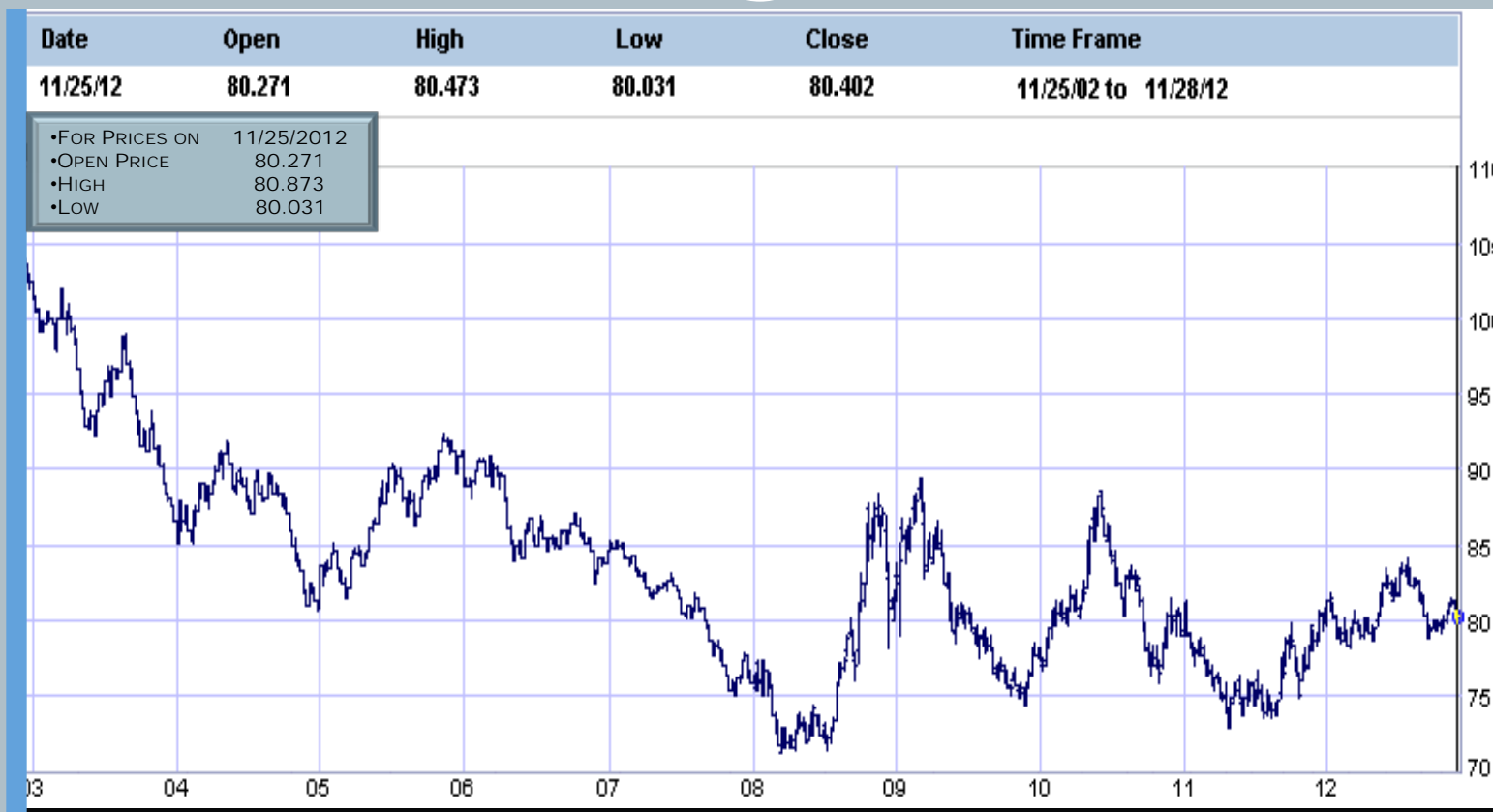
as of November 2012



NYC OFFICE OF THE COMPTROLLER
BUREAU OF ASSET MANAGEMENT

TRADE WEIGHTED US DOLLAR INDEX

19



- 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.

USD/EUR EXCHANGE RATE

20



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3-MONTH LIBOR RATES

21



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VOLATILITY INDEX (THE "VIX")

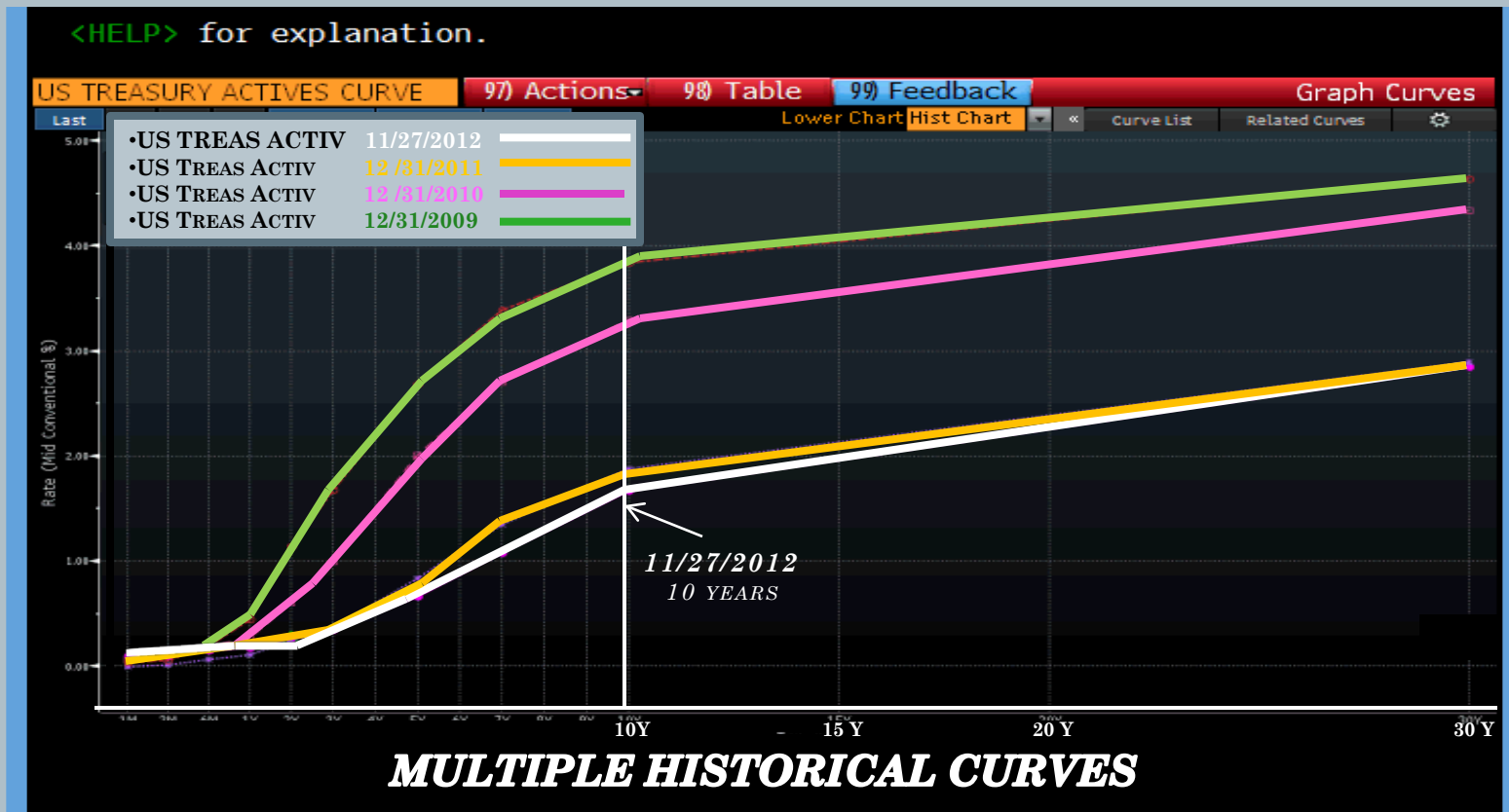
22



- **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.**

US TREASURY YIELD CURVES

23



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10 YEAR TREASURY RATES

24



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INVESTMENT GRADE AND HY SPREADS

25



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CORPORATE EARNINGS

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

26

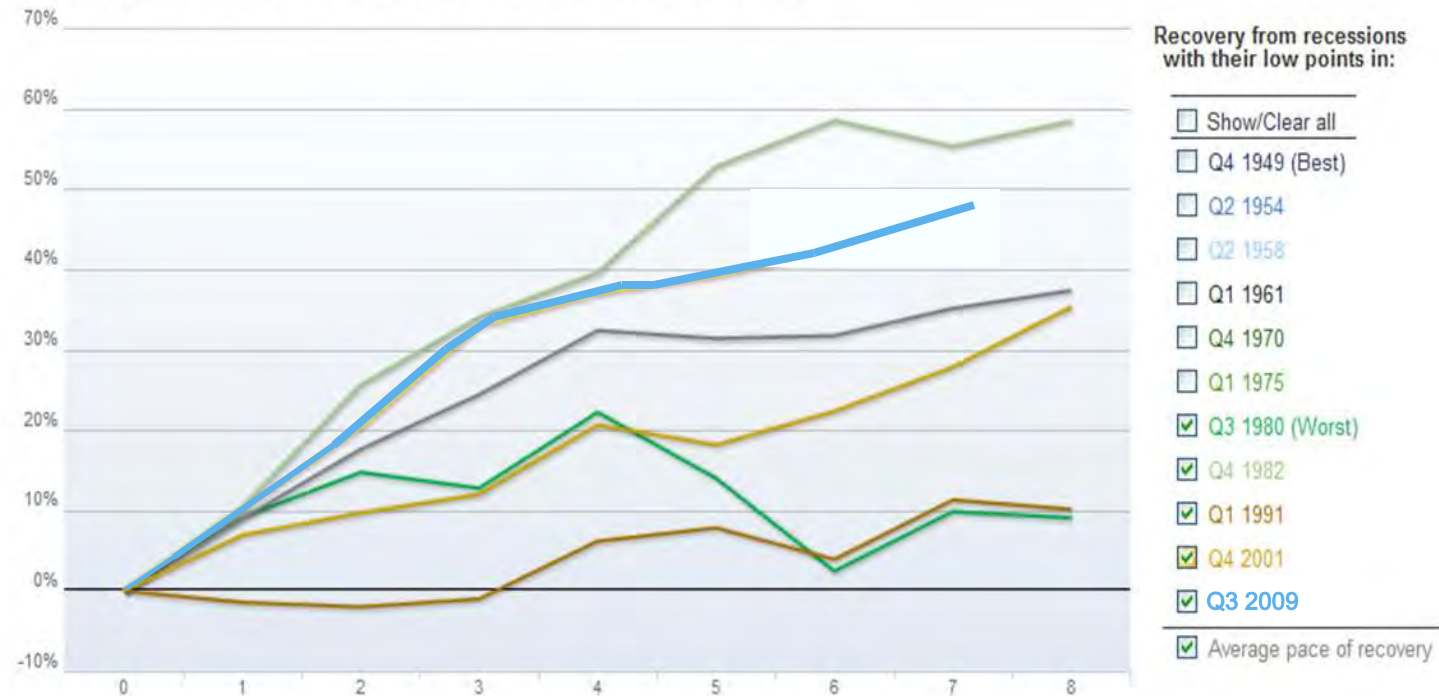


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CORPORATE PROFITS

27

Corporate profits with inventory valuation and capital consumption adjustments, quarterly



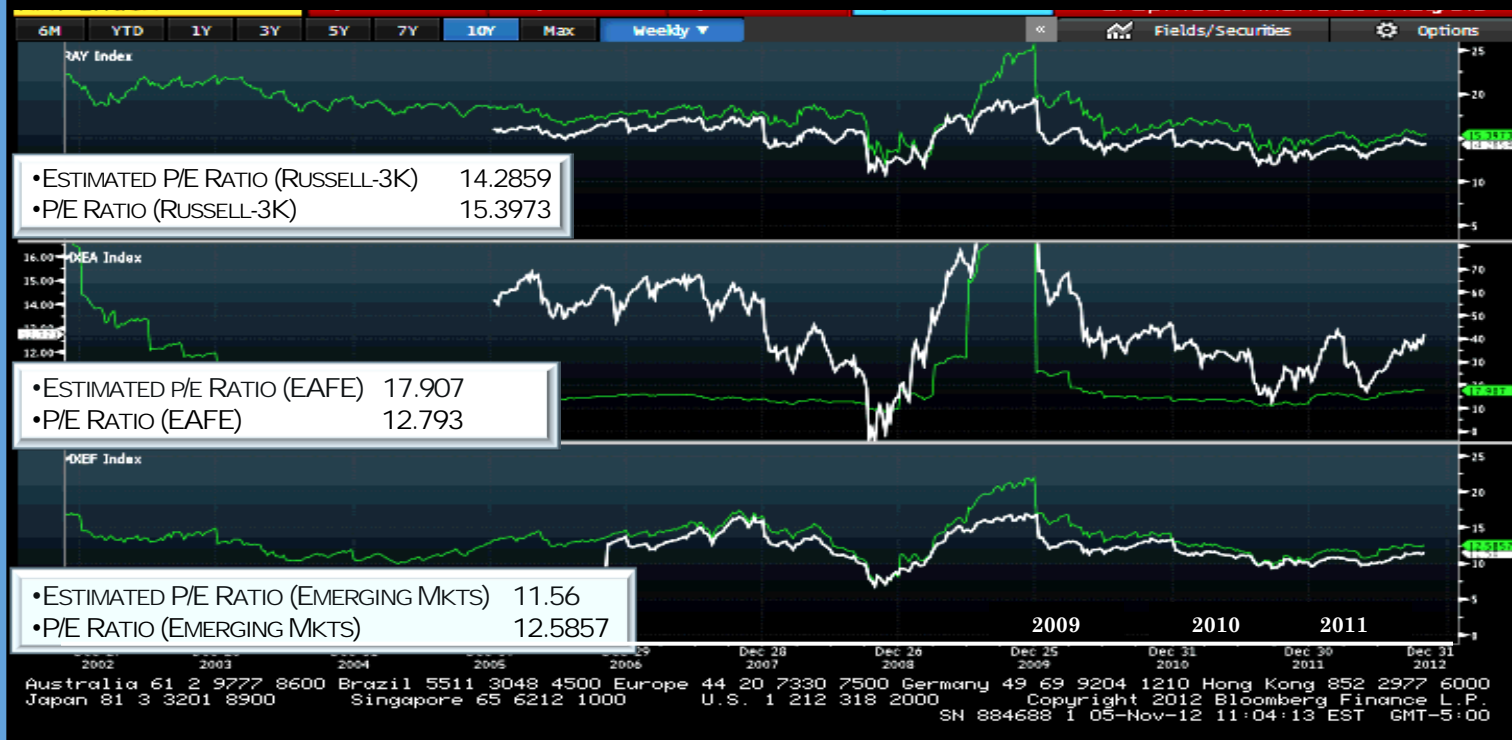
Sources: Commerce Department (corporate profits, income, GDP); Federal Reserve (bank lending); Robert J. Shiller (real home prices); Labor Department (jobs); Federal Reserve Bank of St. Louis (inflation-adjusted exports and consumer spending)

- 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.

PRICE TO EARNING RATIOS INCLUDING ESTIMATES

28

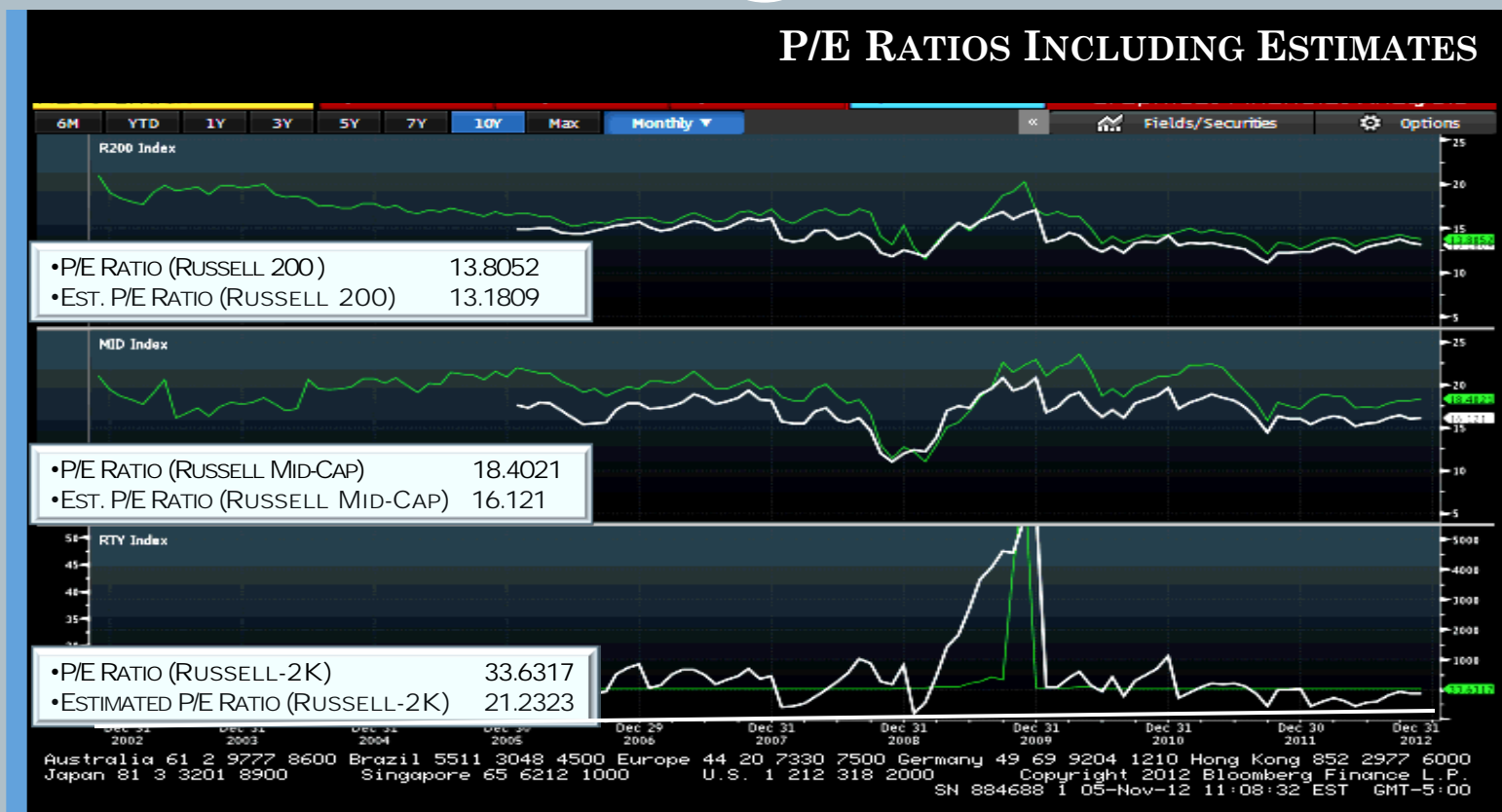
P/E RATIOS INCLUDING ESTIMATES



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PRICE TO EARNING RATIOS INCLUDING ESTIMATES

29



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RECENT GLOBAL EQUITY MARKET RETURNS

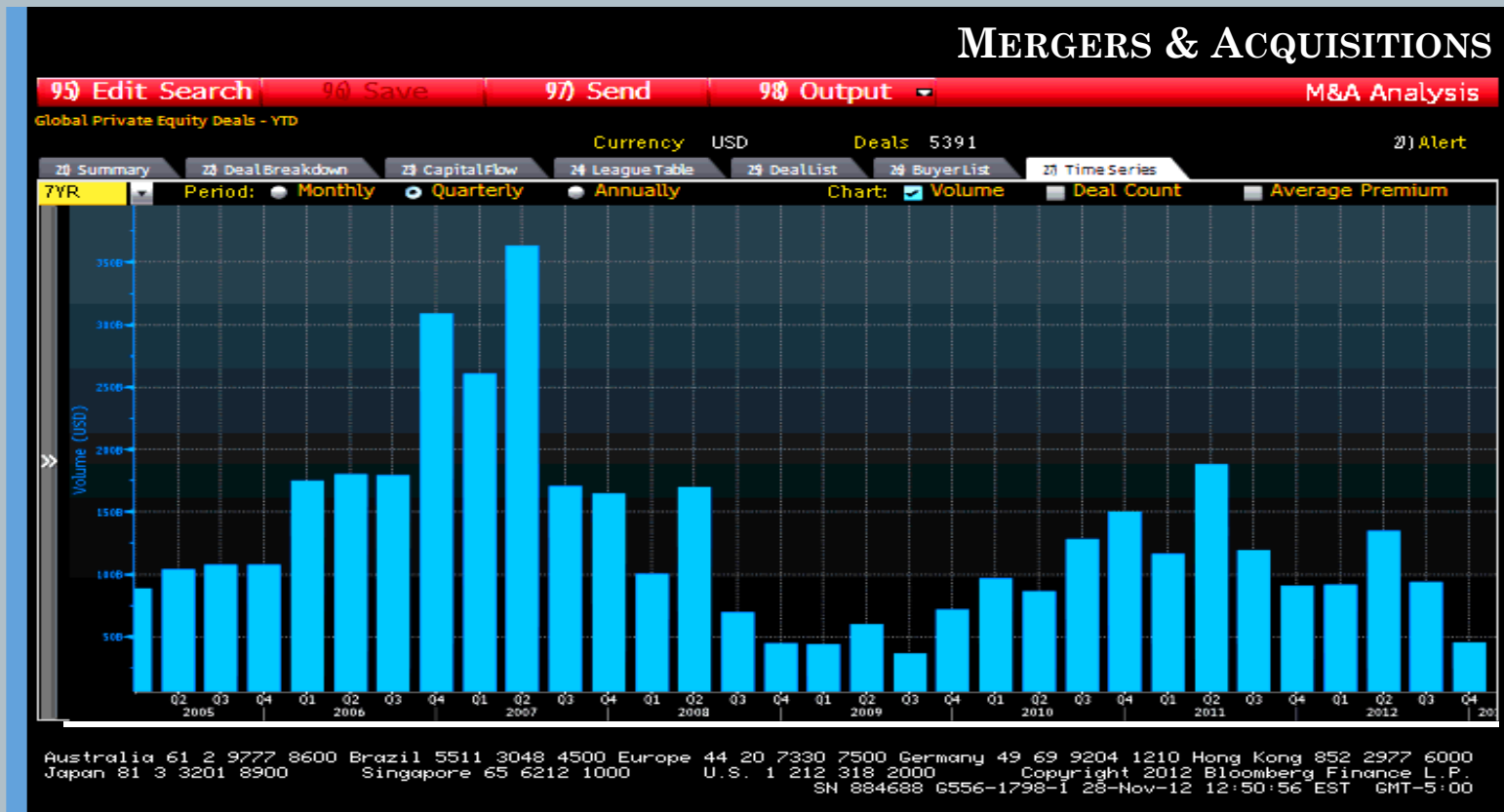
30



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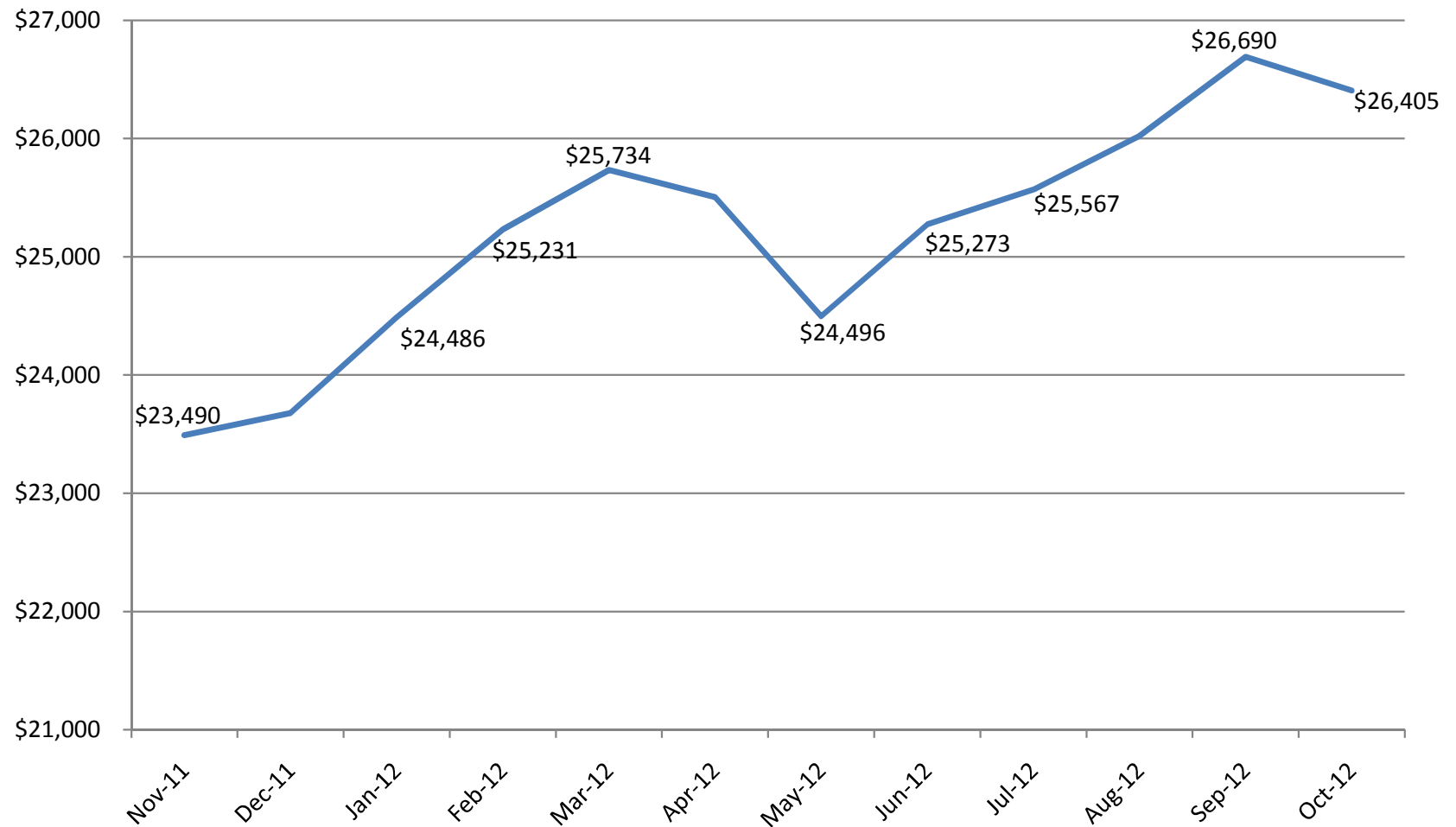
MERGERS & ACQUISITIONS ACTIVITY

31

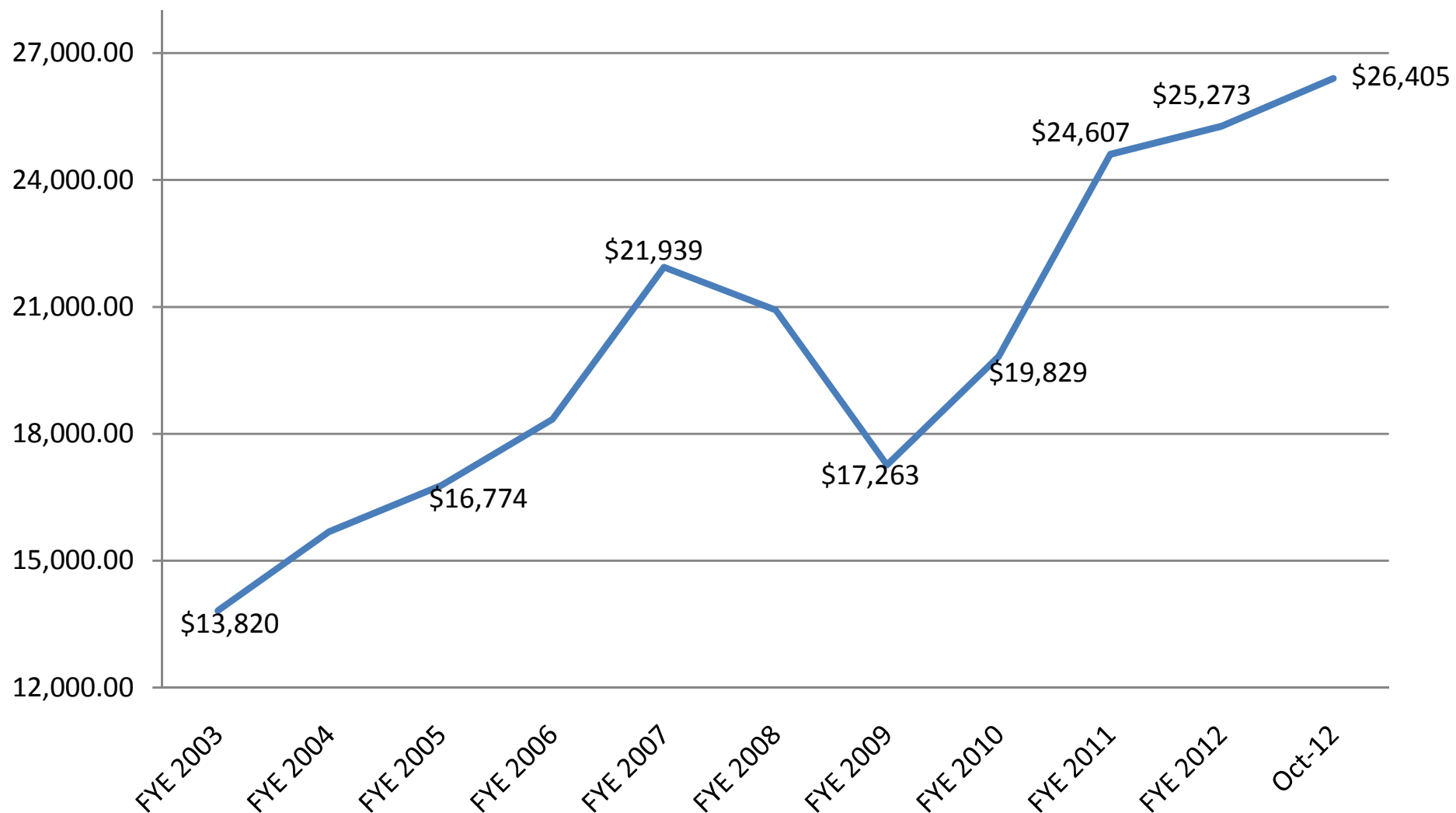


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POLICE Market Values November 2011 - October 2012



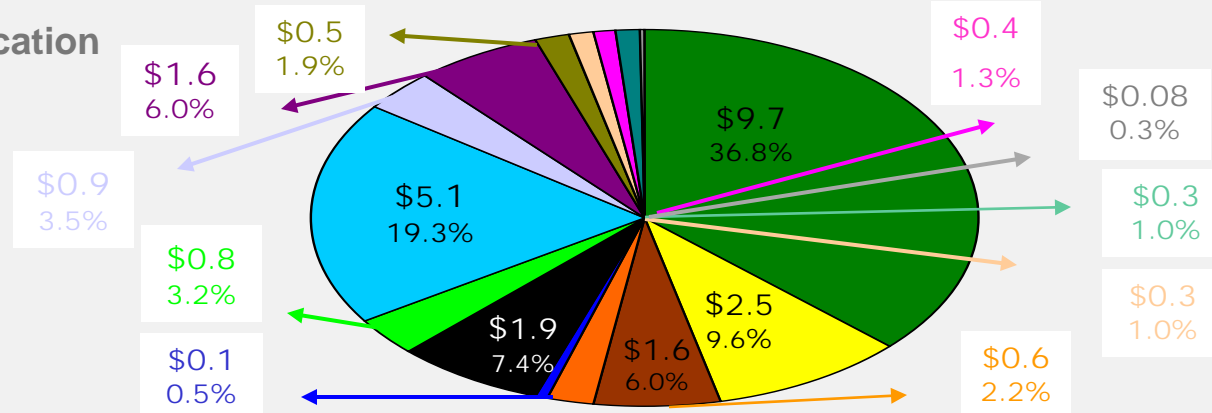
POLICE Market Values 2003 - 2012



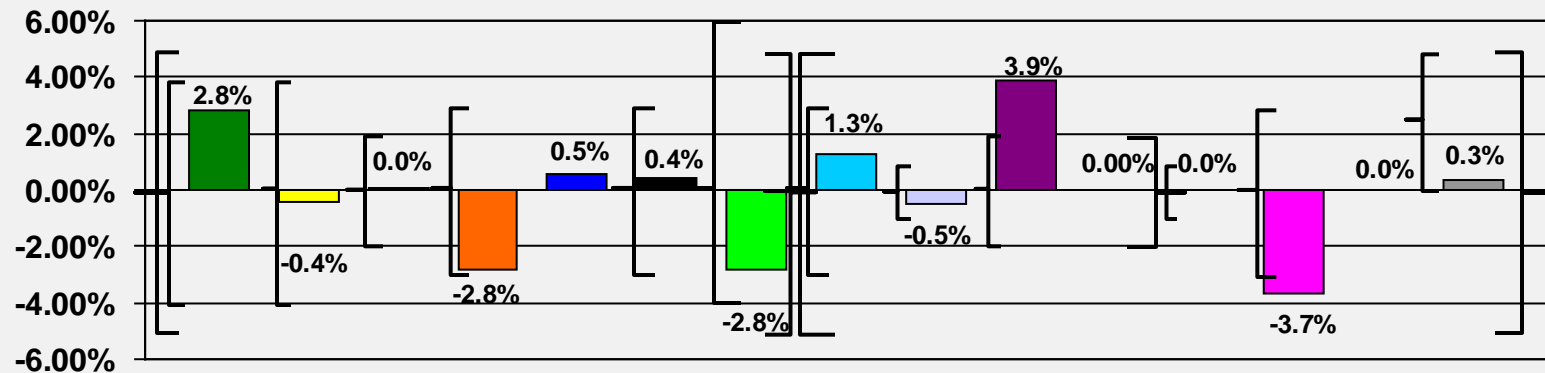
Portfolio Asset Allocation: October 31, 2012

\$26.4 B Under Management

Asset Allocation



Relative Mix to New Policy Weights

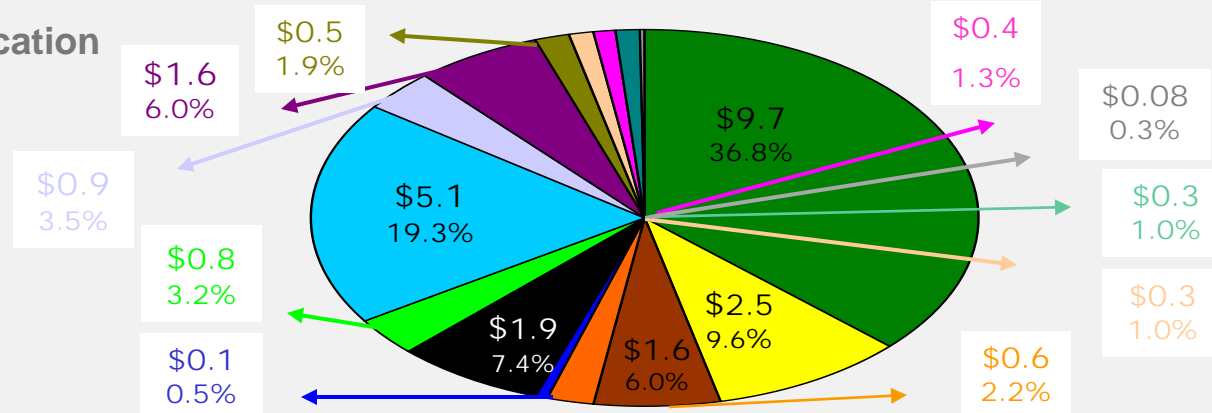


Note: Brackets represent rebalancing ranges versus Policy.

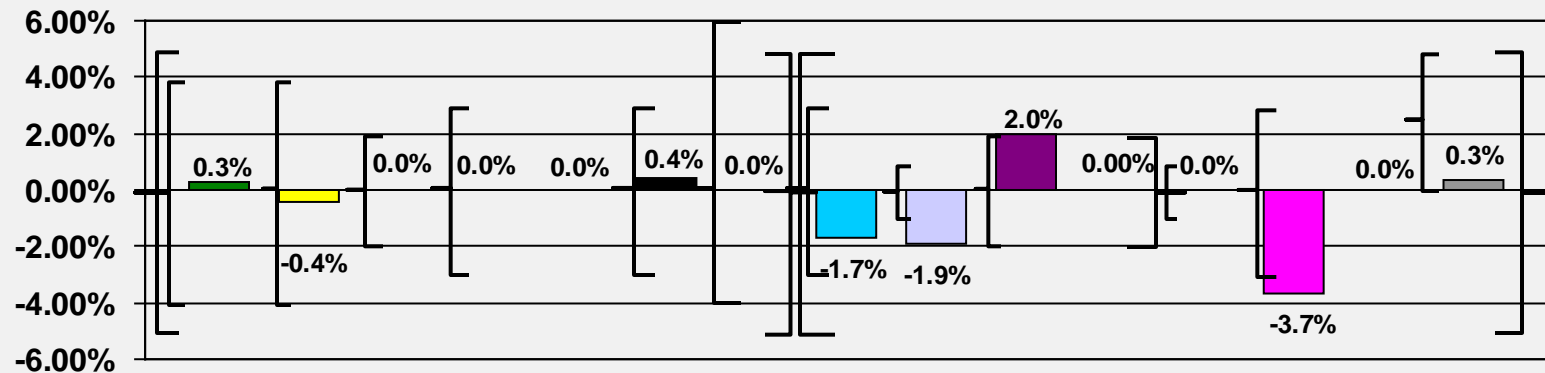
Portfolio Asset Allocation: October 31, 2012

\$26.4 B Under Management

Asset Allocation



Relative Mix to Adjusted New Policy Weights



Note: Brackets represent rebalancing ranges versus Policy.

NYC POLICE PENSION FUND

CLASSIFICATION OF INVESTMENTS

(as of October 31st 2012)

ASSET CLASS ALLOCATIONS

	In \$MM	Actual	Policy Target	Adjustment	Adjusted Policy	Adjusted Target Range ***
TOTAL EQUITIES	\$17,356.9	65.7%	68.0%	NA	65.5%	60.5% - 70.5%
TOTAL FIXED INCOME	\$9,047.7	34.3%	32.0%	NA	34.5%	29.5% - 39.5%
TOTAL ASSETS	\$26,404.6	100.0%	100.0%	NA	100.0%	

	In \$MM	Actual	Policy Target	Adjustment	Adjusted Policy	Adjusted Target Range ***
US Equities	\$9,724.9	36.8%	34.0%	2.6%	36.6%	32.6% - 40.6%
Non-US Equities/EAFE	\$2,528.1	9.6%	10.0%	NA	10.0%	6.0% - 14.0%
Emerging Markets	\$1,594.7	6.0%	6.0%	NA	6.0%	4.0% - 8.0%
Real Estate Investment Trusts	\$139.5	0.5%	0.0%	0.5%	0.5%	0.5%
TOTAL PUBLIC EQUITY	\$13,987.3	53.0%	50.0%	3.1%	53.1%	
HEDGE FUNDS	\$583.5	2.2%	5.0%	NA	2.2%	2.0% - 8.0%
* PRIVATE REAL ESTATE	\$835.7	3.2%	6.0%	NA	3.2%	2.0% - 12.0%
* PRIVATE EQUITY	\$1,950.4	7.4%	7.0%	NA	7.0%	4.0% - 10.0%
TOTAL EQUITIES	\$17,356.9	65.7%	68.0%	NA	65.5%	60.5% - 70.5%

	In \$MM	Actual	Policy Target	Adjustment	Adjusted Policy	Adjusted Target Range ***
Core +5	US - Government	\$803.3	18.0%	NA	21.0%	18.0% - 24.0%
	US - Mortgage	\$2,113.3		NA		
	US - Investment Grade Credit	\$2,071.1		NA		
	TOTAL CORE + 5	\$5,089.9	18.0%	3.0%	21.0%	18.0% - 24.0%
	High Yield	\$1,584.3	4.0%	NA	5.8%	3.8% - 7.8%
	Bank Loans	\$501.5		NA		0.0% - 1.9%
	Total High Yield & Bank Loans	\$2,085.8	4.0%	1.8%	5.8%	3.8% - 7.8%
	TIPS	\$921.0	3.5%	4.0%	5.4%	4.4% - 6.4%
	Convertible Bonds	\$250.1	0.9%	1.0%	1.0%	0.0% - 2.0%
	** ETI	\$269.2	1.0%	** 2.0%	** 1.0%	** 1.0%
	Cash	\$84.2	0.3%	0.0%	0.0%	0.0% - 5.0%
	TOTAL PUBLIC FIXED INCOME	\$8,700.2	32.9%	27.0%	33.2%	
	* OPPORTUNISTIC FIXED INCOME	\$347.5	1.3%	5.0%	1.3%	1.0% - 8.0%
	TOTAL FIXED INCOME	\$9,047.7	34.3%	32.0%	34.5%	29.5% - 39.5%

* Ranges for illiquid asset classes represent minimums and maximums which will be monitored and will influence pacing analysis but will not necessarily result in purchases or sales.

** ETIs 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.

*** Adjusted Target Ranges are calculated as follows: Total Equities: +/-5%; Total Fixed Income: +/-5%; US Equities: +/-4%; Non-US Equities/EAFE: +/-4%; Emerging Markets: +/-2%; Hedge Funds: +/-3%; Real Estate: +/-4%; Private Equity: +/-3%; Core +5: +/-3%; TIPS: +/-1%; High Yield & Bank Loans: +/-2% (Bank Loans up to 1/3 of Adjusted Policy); Convertible Bonds: +/-1%; Cash: 0-5%; OFI: +/-3%-4%.

NYC POLICE PENSION FUND

CLASSIFICATION OF INVESTMENTS

(as of October 31st 2012)

Adjustments to Long-Term Asset Allocation

1) Private Equity

80% of uninvested commitments will be invested in Domestic Equity and 20% of uninvested commitments will be invested in International Equity.

2) Real Estate

31% of uninvested commitments will be invested in Domestic Equity, 19% of uninvested commitments will be invested in REITs and 50% of uninvested commitments will be invested in TIPS.

3) Opportunistic Fixed Income

50% of uninvested commitments will be invested in Fixed Income Core +5 and 50% of uninvested commitments will be invested in High Yield.

4) Hedge Funds

60% of uninvested commitments will be invested in Domestic Equity and 40% of uninvested commitments will be invested in Fixed Income Core +5.

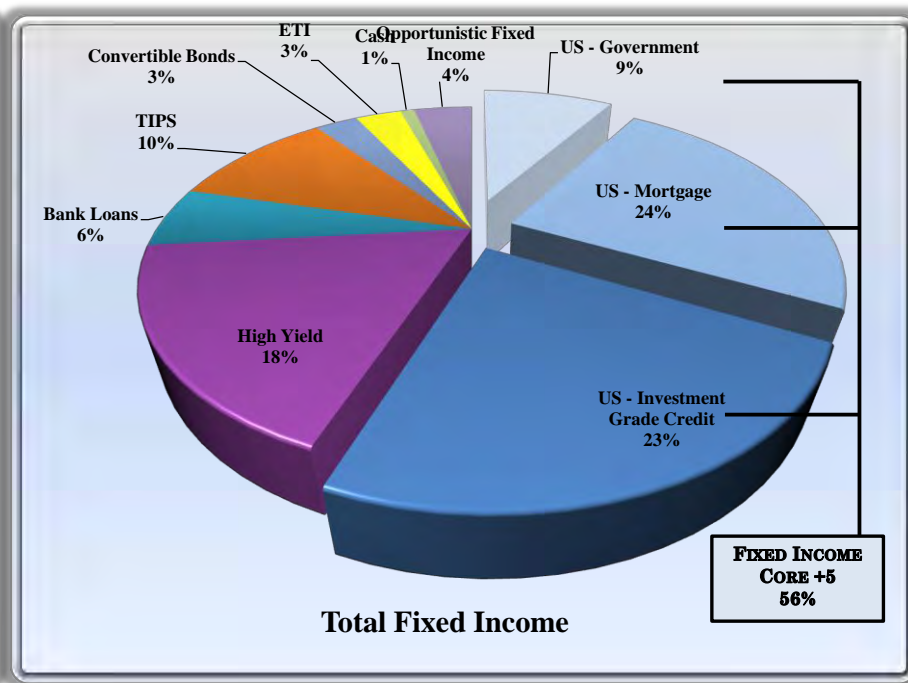
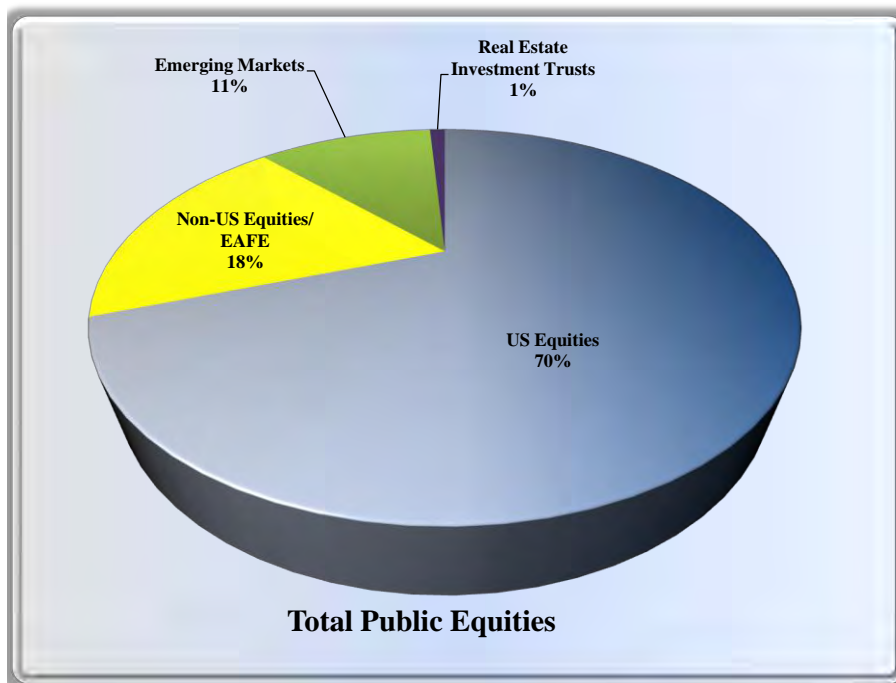
Impact of Adjustments

1) Core +5 Policy Target %	18.0%
Adjustment: 50% of uninvested Opportunistic Fixed Income	1.8%
Adjustment: 40% of uninvested Hedge Funds	<u>1.1%</u>
Adjusted Core+5 Policy Target %	21.0%
2) High Yield Policy Target %	4.0%
Adjustment: 50% of uninvested Opportunistic Fixed Income	1.8%
Adjusted High Yield Policy Target %	5.8%
3) Domestic Equity Policy Target %	34.0%
Adjustment: 31% of uninvested Real Estate	0.9%
Adjustment: 60% of uninvested Hedge Funds	<u>1.7%</u>
Adjusted Domestic Equity Policy Target %	36.6%
4) Real Estate Investment Trusts Policy Target %	0.0%
Adjustment: 19% of uninvested Real Estate	<u>0.5%</u>
Adjusted Real Estate Investment Trusts Policy Target %	0.5%
5) TIPS Policy Target %	4.0%
Adjustment: 50% of uninvested Real Estate	<u>1.4%</u>
Adjusted TIPS Policy Target %	5.4%

NYC POLICE PENSION FUND

CLASSIFICATION OF INVESTMENTS

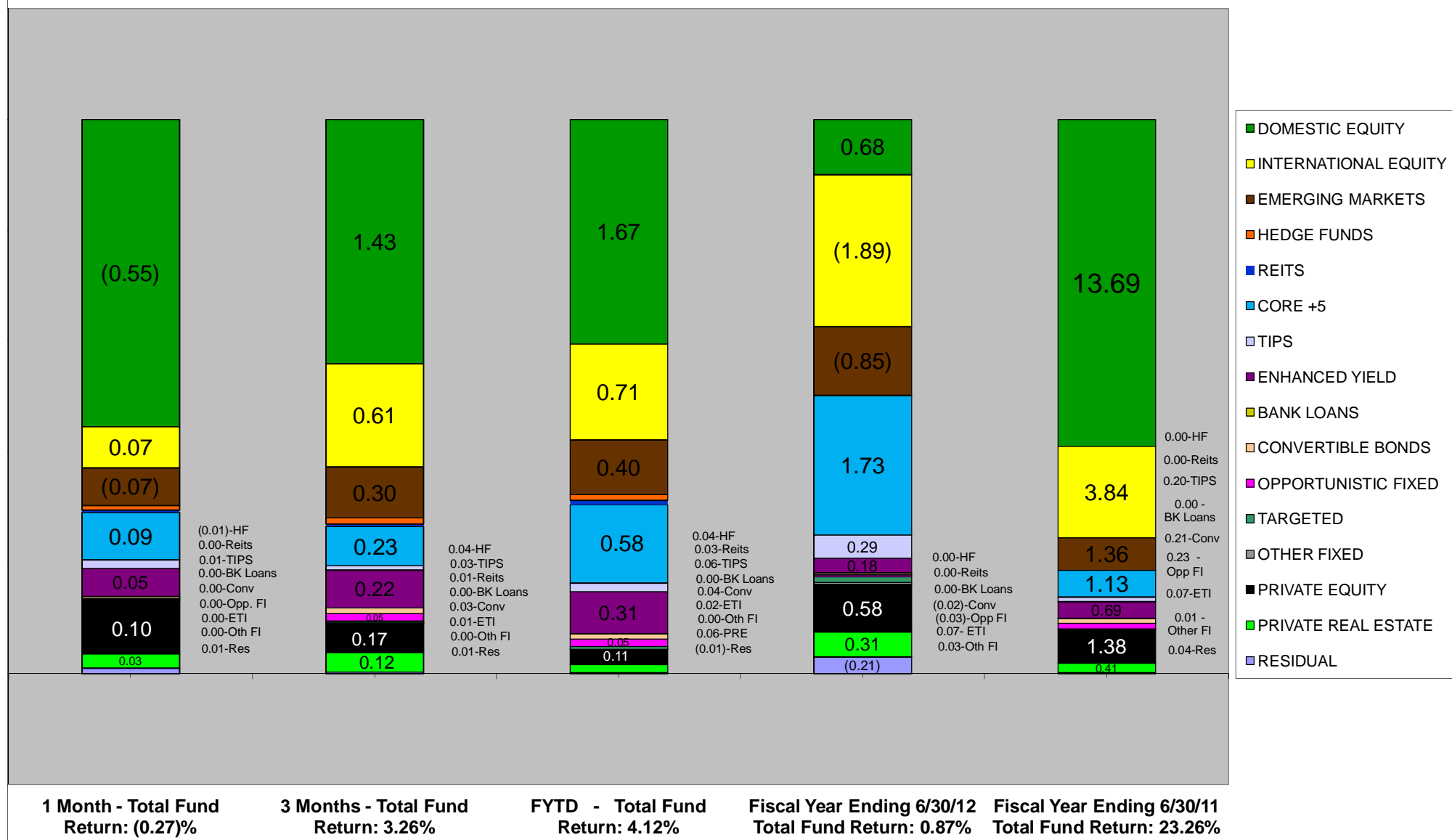
(as of October 31st 2012)



THE BANK OF NEW YORK MELLON
CITY OF NEW YORK
Market Indicator Page *NYC Police Pension Fund
October 31, 2012

	Trailing 1 Month	Trailing 3 Months	06/30/12 10/31/12	Trailing 1 Year	Trailing* 2 Years	Trailing* 3 Years	Trailing* 5 Years	Trailing* 10 Years
<u>MARKET INDICATORS</u>								
STANDARD & POORS 500	-1.85	2.96	4.39	15.21	11.58	13.21	0.36	6.90
S&P MIDCAP INDEX 400	-0.79	4.65	4.60	12.11	10.31	15.81	3.12	10.21
RUSSELL 1000	-1.69	3.29	4.51	14.97	11.43	13.47	0.53	7.31
RUSSELL 2000	-2.17	4.41	2.97	12.08	9.35	14.82	1.19	9.58
RUSSELL 3000	-1.72	3.37	4.40	14.75	11.27	13.58	0.58	7.47
RUSSELL 3000 GROWTH	-2.93	1.78	2.90	12.76	11.32	14.24	1.90	7.32
RUSSELL 3000 VALUE	-0.55	4.94	5.86	16.70	11.18	12.90	-0.85	7.49
MSCI EAFE (NET DIVIDEND)	0.83	6.60	7.81	4.61	0.17	2.83	-5.81	7.72
MSCI EMERGING MARKETS FREE	-0.60	5.12	7.24	2.98	-2.37	5.70	-3.17	16.56
FTSE CUSTOM BENCHMARK	-1.64	4.68	7.03	2.61	-1.76	7.19	-1.54	****
MSCI WORLD INDEX	-0.65	4.77	6.14	10.11	6.13	8.48	-2.30	7.77
MSCI EUROPE SMID CAP INDEX	1.44	10.84	11.76	8.70	0.52	5.47	-5.62	****
1 YEAR TREASURY BILL YIELD + 4%	0.32	1.02	1.46	****	****	****	****	****
HFRI FUND OF FUNDS COMPOSITE INDEX + 1%	-0.34	1.40	2.26	****	****	****	****	****
NYC - TREASURY AGENCY PLUS FIVE	-0.21	-1.35	0.61	7.47	8.60	9.45	8.98	6.87
CITIGROUP MORTGAGE	-0.20	0.12	0.91	3.56	4.09	4.76	6.17	5.23
NYC - INVESTMENT GRADE CREDIT INDEX	1.10	2.07	4.84	9.80	7.64	8.64	7.58	6.65
NYC - CORE PLUS FIVE	0.31	0.57	2.35	6.74	6.37	7.15	7.42	6.15
CITIGROUP BROAD INVESTMENT GRADE	0.19	0.40	1.82	5.24	5.11	5.96	6.53	5.52
BARCLAYS CAPITAL AGGREGATE	0.20	0.40	1.78	5.25	5.12	6.08	6.38	5.39
CITIGROUP BB & B	0.89	3.10	5.04	12.87	9.47	11.83	7.00	9.56
BofA MERRILL LYNCH HY MASTER II	0.82	3.49	5.48	13.18	8.91	12.26	9.11	10.96
BARCLAYS CAPITAL GLOBAL US TIPS (INFLATION NOTES)	0.87	1.09	3.00	8.03	8.52	9.17	7.89	7.02
BofA ML ALL CONVERTIBLES EX MANDATORY	-0.61	3.26	3.88	9.32	5.60	10.40	3.23	****
DJ WILSHIRE REAL ESTATE SECURITIES INDEX	-0.90	-3.10	-1.32	13.91	12.63	22.03	1.00	11.92
NCREIF NFI-ODCE NET	0.00	2.47	2.47	10.40	13.74	11.10	-2.04	****
91 DAY TREASURY BILL	0.01	0.03	0.04	0.08	0.10	0.11	0.66	1.81

NYC Police Pension Fund Contribution to Return - October 2012



THE BANK OF NEW YORK MELLON
CITY OF NEW YORK
Manager / Benchmark Comparison Report *NYC Police Pension Fund
October 31, 2012

97

	Assets (\$MM)	% of Total	Trailing 1 Month	Trailing 3 Months	Fiscal YTD	Calendar YTD	FY Ending 06/30/12	Calendar Yr Ending 2011	Calendar Yr Ending 2010	Calendar Yr Ending 2009	Calendar Yr Ending 2008	Trailing 1 Year	Trailing* 3 Years	Trailing* 5 Years	Trailing* 10 Years	Since Inception
ASSET CLASS SUMMARY																
DOMESTIC EQUITY	\$ 9,724.9	36.83%	-1.49%	3.91%	4.53%	13.83%	1.69%	-0.20%	18.02%	28.69%	-37.21%	14.01%	13.38%	0.53%	7.51%	10.50%
INTERNATIONAL EAFE	2,528.1	9.57%	0.78	6.55	7.71	10.86	-13.83	-12.12	9.65	33.28	-44.48	4.78	3.68	-5.62	****	4.69
EMERGING MARKETS	1,594.7	6.04%	-1.12	5.04	6.90	10.39	-17.25	-19.93	19.76	82.60	-56.30	1.70	4.99	-4.47	17.44	8.44
HEDGE FUNDS	583.5	2.21%	-0.38	1.67	1.94	2.94	-2.03	****	****	****	****	2.73	****	****	****	-0.10
REAL ESTATE SECURITIES	139.5	0.53%	0.78	2.47	6.40	****	****	****	****	****	****	****	****	****	****	11.63
CORE + 5	4,987.7	18.89%	0.43	1.15	2.91	6.54	9.29	8.88	8.50	8.82	3.92	7.71	7.88	7.74	6.39	8.56
CONVERTIBLE BONDS	250.1	0.95%	-0.41	3.31	4.13	9.74	-2.40	-3.62	14.57	33.18	****	8.48	8.60	****	****	5.03
TIPS MANAGERS	921.0	3.49%	0.76	1.19	3.02	7.19	12.07	13.52	6.45	10.13	-0.73	8.36	9.20	8.00	****	6.59
ENHANCED YIELD	1,584.3	6.00%	0.86	3.63	5.13	11.87	7.05	6.05	14.13	41.55	-19.09	12.56	11.84	8.97	10.39	8.42
BANK LOANS	501.5	1.90%	****	****	****	****	****	****	****	****	****	****	****	****	****	****
OPPORTUNISTIC FIXED	347.5	1.32%	0.06	3.66	4.39	19.08	-2.53	-4.67	26.77	23.34	-8.63	13.96	14.80	****	****	****
PROGRESS FIXED INCOME	70.1	0.27%	0.38	0.77	2.21	****	****	****	****	****	****	****	****	****	****	2.27
CORE PLUS FIXED INCOME	32.0	0.12%	0.18	0.94	2.62	5.81	7.65	8.18	7.57	****	****	6.76	7.43	****	****	8.63
ECONOMICALLY TARGETED INVESTMENTS	269.2	1.02%	0.21	1.11	2.00	5.28	6.96	6.42	7.21	8.24	6.51	6.43	6.41	7.07	6.66	9.95
PRIVATE EQUITY	1,950.4	7.39%	1.35	2.33	1.48	8.53	8.62	14.23	18.45	-6.93	-4.53	6.57	15.41	5.76	****	13.17
PRIVATE REAL ESTATE	835.7	3.17%	0.85	3.98	1.99	11.38	14.88	20.18	7.84	-42.93	-5.29	11.56	11.31	-4.64	****	4.75
CASH	84.2	0.32%	0.02	0.08	0.11	0.37	0.49	0.41	0.66	1.30	3.82	0.44	0.51	1.48	****	2.58
TOTAL POLICE	\$ 26,404.6		-0.27%	3.26%	4.12%	10.28%	0.87%	0.84%	13.96%	21.41%	-27.51%	9.28%	9.97%	1.53%	7.96%	8.49%
TOTAL EQUITY	13,987.3	52.97%	-1.02	4.49	5.38	12.80	-3.81	-4.80	16.15	32.31	-40.44	10.67	10.30	-1.44	7.96	7.98
HEDGE FUNDS	583.5	2.21%	-0.38	1.67	1.94	2.94	-2.03	****	****	****	****	2.73	****	****	****	-0.10
TOTAL FIXED INCOME	8,963.5	33.95%	0.47	1.73	3.35	7.90	8.51	8.04	9.73	13.86	-0.84	8.77	8.79	8.00	****	6.58
TOTAL PRIVATE EQUITY	1,950.4	7.39%	1.35	2.33	1.48	8.53	8.62	14.23	18.45	-6.93	-4.53	6.57	15.41	5.76	****	13.17
TOTAL PRIVATE REAL ESTATE	835.7	3.17%	0.85	3.98	1.99	11.38	14.88	20.18	7.84	-42.93	-5.29	11.56	11.31	-4.64	****	4.75
TOTAL CASH	84.2	0.32%	0.02	0.08	0.11	0.37	0.49	0.41	0.66	1.30	3.82	0.44	0.51	1.48	****	2.58

* Returns data throughout the various reports are shown Gross of Fees with the exception of PE, RE, Opp FI, and Hedge Funds.

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	Assets (\$MM)	% of Total	Trailing 1 Month	Trailing 3 Months	Fiscal YTD	Calendar YTD	FY Ending 06/30/12	Calendar Yr Ending 2011	Calendar Yr Ending 2010	Calendar Yr Ending 2009	Calendar Yr Ending 2008	Trailing 1 Year	Trailing* 3 Years	Trailing* 5 Years	Trailing* 10 Years	Since Inception
EQUITY ASSET CLASS SUMMARY																
DOMESTIC EQUITY	9,724.9	36.83%	-1.49%	3.91%	4.53%	13.83%	1.69%	-0.20%	18.02%	28.69%	-37.21%	14.01%	13.38%	0.53%	7.51%	10.50%
PASSIVE DOMESTIC EQUITY	7,162.3	27.13%	-1.62	3.51	4.40	13.80	2.95	0.41	17.15	28.41	-37.05	14.30	13.30	0.54	7.39	10.85
RUSSELL 3000			-1.72	3.37	4.40	14.12	3.84	1.03	16.93	28.34	-37.31	14.75	13.58	0.58	7.47	
			0.11	0.14	0.00	(0.32)	(0.89)	(0.62)	0.22	0.07	0.26	(0.45)	(0.28)	(0.05)	(0.08)	
TOTAL RUSSELL 3000	6,320.3	23.94%	-1.72	3.36	4.37	14.02	3.84	1.08	17.15	28.40	-37.06	14.65	13.62	0.71	7.51	10.72
RUSSELL 3000			-1.72	3.37	4.40	14.12	3.84	1.03	16.93	28.34	-37.31	14.75	13.58	0.58	7.47	
			0.00	(0.01)	(0.03)	(0.11)	(0.00)	0.05	0.22	0.06	0.25	(0.10)	0.04	0.12	0.03	
TOTAL MID CAP PASSIVE	842.0	3.19%	-0.79	4.64	4.60	12.75	-2.42	****	****	****	****	12.02	****	****	****	4.85
S&P MIDCAP INDEX 400			-0.79	4.65	4.60	12.87	-2.33	****	****	****	****	12.11	****	****	****	
			0.00	(0.01)	(0.01)	(0.12)	(0.08)	****	****	****	****	(0.09)	****	****	****	
ACTIVE DOMESTIC EQUITY	2,562.7	9.71%	-1.14	5.05	4.91	13.90	-1.90	-1.98	19.42	29.74	-37.62	13.19	13.22	0.40	7.70	9.49
RUSSELL 3000			-1.72	3.37	4.40	14.12	3.84	1.03	16.93	28.34	-37.31	14.75	13.58	0.58	7.47	
			0.59	1.68	0.51	(0.22)	(5.74)	(3.00)	2.49	1.40	(0.31)	(1.55)	(0.36)	(0.19)	0.22	
TOTAL LARGE CAP	1,008.9	3.82%	-1.49	4.70	4.37	12.73	0.17	0.19	15.93	28.96	-37.45	12.49	12.27	0.13	****	8.01
RUSSELL 1000			-1.69	3.29	4.51	14.32	4.37	1.50	16.10	28.43	-37.60	14.97	13.47	0.53	****	
			0.20	1.41	(0.14)	(1.59)	(4.21)	(1.31)	(0.17)	0.53	0.15	(2.48)	(1.20)	(0.40)	****	
TOTAL MID CAP ACTIVE	722.3	2.74%	-0.78	4.54	5.38	16.26	-1.66	-3.50	23.21	27.70	-36.94	15.17	14.99	0.81	****	5.26
RUSSELL MIDCAP			-1.01	4.28	4.52	12.85	-1.65	-1.55	25.47	40.46	-41.46	12.15	15.59	1.70	****	
			0.23	0.27	0.86	3.41	(0.01)	(1.95)	(2.26)	(12.76)	4.52	3.02	(0.60)	(0.89)	****	
TOTAL SMALL CAP ACTIVE	522.8	1.98%	-1.12	5.71	4.94	12.91	-6.47	-5.76	29.55	30.09	-34.22	11.44	15.36	1.65	****	5.60
RUSSELL 2000			-2.17	4.41	2.97	11.75	-2.08	-4.18	26.85	27.18	-33.80	12.08	14.82	1.19	****	
			1.05	1.30	1.97	1.16	(4.39)	(1.58)	2.70	2.91	(0.42)	(0.64)	0.54	0.46	****	
TOTAL SMALL/MID CAP	175.6	0.66%	-0.45	6.82	5.95	15.41	0.45	-0.96	****	****	****	15.03	****	****	****	13.06
RUSSELL 2500			-1.05	5.18	4.46	13.14	-2.29	-2.51	****	****	****	13.00	****	****	****	
			0.60	1.64	1.49	2.28	2.74	1.54	****	****	****	2.03	****	****	****	
TOTAL EMERGING MGRS (Program changed 7/01/2012)	133.1	0.50%	-1.40	5.63	4.92	12.64	-1.48	-0.82	22.59	28.29	-36.48	13.13	14.57	****	****	2.23
RUSSELL 2000			-2.17	4.41	2.97	11.75	-2.08	-4.18	26.85	27.18	-33.80	12.08	14.82	****	****	
RUSSELL 3000			-1.72	3.37	4.40	14.12	3.84	1.03	16.93	28.34	-37.31	14.75	13.58	****	****	
			0.77	1.22	1.95	0.88	0.60	3.36	(4.26)	1.11	(2.68)	1.05	(0.25)	****	****	
			0.33	2.26	0.53	(1.48)	(5.32)	(1.85)	5.66	(0.05)	0.83	(1.62)	0.99	****	****	
INTERNATIONAL EQUITY	4,122.8	15.61%	0.04	5.96	7.39	10.33	-15.03	-14.17	11.77	41.03	-46.95	3.52	3.67	-5.65	8.82	6.50
PASSIVE DEVELOPED MARKETS	1,221.8	4.63%	0.84	6.67	7.68	11.25	-13.33	-12.29	8.18	32.26	-42.86	4.85	2.99	-5.47	8.05	5.08
MSCI EAFE (NET DIVIDEND)			0.83	6.60	7.81	11.00	-13.83	-12.14	7.75	31.78	-43.39	4.61	2.83	-5.81	7.72	
			0.01	0.07	(0.13)	0.25	0.51	(0.15)	0.43	0.48	0.53	0.24	0.17	0.34	0.32	
PASSIVE EMERGING MARKETS	496.5	1.88%	-0.64	5.13	7.15	11.36	-16.43	****	****	****	****	2.30	****	****	****	-7.40
MSCI EMERGING MARKETS FREE			-0.60	5.12	7.24	11.66	-15.67	****	****	****	****	2.98	****	****	****	
			(0.05)	0.02	(0.09)	(0.30)	(0.76)	****	****	****	****	(0.67)	****	****	****	
ACTIVE DEVELOPED MARKETS	1,172.9	4.44%	0.76	6.27	7.86	10.38	-14.03	-11.68	9.38	33.19	-44.67	4.43	3.56	-5.72	7.53	6.49
MSCI EAFE (NET DIVIDEND)			0.83	6.60	7.81	11.00	-13.83	-12.14	7.75	31.78	-43.39	4.61	2.83	-5.81	7.72	
			(0.07)	(0.34)	0.05	(0.62)	(0.20)	0.46	1.63	1.41	(1.28)	(0.18)	0.73	0.09	(0.20)	
ACTIVE EMERGING MARKETS	1,098.2	4.16%	-1.34	4.99	6.78	9.95	-17.54	-20.17	19.76	82.60	-56.30	1.34	4.74	-4.60	****	11.76
MSCI EMERGING MARKETS FREE			-0.60	5.12	7.24	11.66	-15.67	-18.17	19.20	79.02	-53.17	2.98	5.70	-3.17	****	
			(0.74)	(0.12)	(0.46)	(1.71)	(1.86)	(2.00)	0.56	3.58	(3.13)	(1.64)	(0.96)	(1.43)	****	
TOTAL NON-U.S. ENVIRONMENTAL	73.3	0.28%	-1.04	4.97	5.11	13.62	-4.50	-7.77	9.13	37.25	****	10.96	7.27	****	****	-0.79
MSCI WORLD INDEX			-0.65	4.77	6.14	12.82	-4.42	-5.02	12.34	30.80	****	10.11	8.48	****	****	
			(0.40)	0.20	(1.04)	0.80	(0.08)	(2.76)	(3.21)	6.45	****	0.85	(1.21)	****	****	
TOTAL NON-U.S. ACTIVIST	60.1	0.23%	2.27	11.76	8.58	11.01	-25.49	-24.01	32.64	36.32	****	3.64	7.41	****	****	13.48
MSCI EUROPE SMID CAP INDEX			1.44	10.84	11.76	18.41	-19.00	-17.56	16.03	53.23	****	8.70	5.47	****	****	
			0.83	0.92	(3.18)	(7.40)	(6.49)	(6.45)	16.61	(16.91)	****	(5.07)	1.94	****	****	

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FIXED INCOME ASSET CLASS SUMMARY																
TOTAL FIXED INCOME	8,963.5	33.95%	0.47%	1.73%	3.35%	7.90%	8.51%	8.04%	9.73%	13.86%	-0.84%	8.77%	8.79%	8.00%	****	6.58%
CORE + 5	4,987.7	18.89%	0.43	1.15	2.91	6.54	9.29	8.88	8.50	8.82	3.92	7.71	7.88	7.74	6.39	8.56
NYC - CORE PLUS FIVE			0.31	0.57	2.35	5.42	9.35	9.40	7.13	6.28	6.64	6.74	7.15	7.42	6.15	
			+/-	0.13	0.58	0.55	1.11	(0.06)	(0.53)	1.37	2.54	(2.72)	0.97	0.72	0.32	0.25
ALL MORTGAGE	2,113.3	8.00%	-0.13	0.75	1.62	4.18	5.84	6.24	7.50	8.53	4.00	5.06	5.96	6.47	5.47	7.34
CITIGROUP MORTGAGE INDEX			-0.20	0.12	0.91	2.62	5.05	6.38	5.50	5.76	8.49	3.56	4.76	6.17	5.23	
			+/-	0.07	0.63	0.71	1.57	0.79	(0.13)	2.00	2.77	(4.49)	1.51	1.20	0.29	0.24
ALL INVESTMENT GRADE CREDIT	2,071.1	7.84%	1.28	2.52	5.31	10.52	9.53	7.98	9.47	18.91	-4.97	10.92	9.50	8.31	7.16	7.89
NYC - INVESTMENT GRADE CREDIT			1.10	2.07	4.84	9.53	9.14	7.80	8.36	16.36	-4.06	9.80	8.64	7.58	6.65	
			+/-	0.18	0.45	0.47	0.99	0.39	0.18	1.11	2.55	(0.91)	1.12	0.86	0.73	0.51
ALL TREASURY / AGENCY	803.3	3.04%	-0.14	-1.22	0.68	4.10	18.60	18.28	9.42	-5.54	17.51	7.76	9.56	9.20	7.07	8.40
NYC - TREASURY AGENCY PLUS FIVE			-0.21	-1.35	0.61	3.89	18.72	18.44	9.24	-7.44	18.91	7.47	9.45	8.98	6.87	
			+/-	0.07	0.14	0.07	0.21	(0.12)	(0.16)	0.18	1.90	(1.40)	0.30	0.11	0.22	0.20
ENHANCED YIELD	1,584.3	6.00%	0.86	3.63	5.13	11.87	7.05	6.05	14.13	41.55	-19.09	12.56	11.84	8.97	10.39	8.42
CITIGROUP BB & B			0.89	3.10	5.04	12.10	8.45	6.58	13.35	40.37	-25.10	12.87	11.83	7.00	9.56	
			+/-	(0.03)	0.53	0.09	(0.24)	(1.40)	(0.53)	0.78	1.18	6.01	(0.31)	0.01	1.97	0.83
BANK LOANS	501.5	1.90%	****	****	****	****	****	****	****	****	****	****	****	****	****	****
CREDIT SUISSE LEVERAGED LOAN INDEX			****	****	****	****	****	****	****	****	****	****	****	****	****	****
			+/-	****	****	****	****	****	****	****	****	****	****	****	****	****
TIPS MANAGERS	921.0	3.49%	0.76	1.19	3.02	7.19	12.07	13.52	6.45	10.13	-0.73	8.36	9.20	8.00	****	6.59
BARCLAYS CAPITAL US TIPS INDEX			0.87	1.09	3.00	7.17	11.66	13.56	6.37	11.41	-2.35	8.03	9.17	7.89	****	
			+/-	(0.11)	0.10	0.01	0.02	0.41	(0.04)	0.08	(1.28)	1.62	0.33	0.03	0.11	****
CONVERTIBLE BONDS	250.1	0.95%	-0.41	3.31	4.13	9.74	-2.40	-3.62	14.57	33.18	****	8.48	8.60	****	****	5.03
BofA ML ALL CONVERTIBLES EX MANDATORY			-0.61	3.26	3.88	11.06	-1.68	-3.42	16.52	47.19	****	9.32	10.40	****	****	
			+/-	0.20	0.06	0.25	(1.32)	(0.72)	(0.20)	(1.95)	(14.01)	****	(0.84)	(1.79)	****	****
OPPORTUNISTIC FIXED	347.5	1.32%	0.06	3.66	4.39	19.08	-2.53	-4.67	26.77	23.34	-8.63	13.96	14.80	****	****	****
NYC - JP MORGAN HY PLUS 3%			1.27	4.52	6.66	15.68	10.67	8.73	18.05	61.90	-23.83	17.01	15.91	15.91	****	
			+/-	(1.21)	(0.86)	(2.28)	3.40	(13.20)	(13.39)	8.72	(38.56)	15.20	(3.04)	(1.11)	****	****
PROGRESS FIXED INCOME	70.1	0.27%	0.38	0.77	2.21	****	****	****	****	****	****	****	****	****	****	2.27
BARCLAYS CAPITAL AGGREGATE			0.20	0.40	1.78	****	****	****	****	****	****	****	****	****	****	
			+/-	0.18	0.37	0.43	****	****	****	****	****	****	****	****	****	****
CORE PLUS FIXED INCOME	32.0	0.12%	0.18	0.94	2.62	5.81	7.65	8.18	7.57	****	****	6.76	7.43	****	****	8.63
BARCLAYS CAPITAL AGGREGATE			0.20	0.40	1.78	4.20	7.47	7.84	6.54	5.93	5.24	5.25	6.08	6.38	5.39	
			+/-	(0.02)	0.54	0.84	1.62	0.18	0.34	1.03	****	****	1.51	1.35	****	****
ECONOMICALLY TARGETED INVESTMENTS	269.2	1.02%	0.21	1.11	2.00	5.28	6.96	6.42	7.21	8.24	6.51	6.43	6.41	7.07	6.66	9.95
POLICE CUSTOM BENCHMARK (NO CASH)			-0.09	0.15	1.23	3.31	6.67	7.74	6.54	5.25	7.04	4.35	5.78	6.41	5.54	
			+/-	0.30	0.97	0.77	1.97	0.29	(1.32)	0.67	2.99	(0.53)	2.08	0.63	0.66	1.12
CASH ASSET CLASS SUMMARY																
CASH	84.2	0.32%	0.02	0.08	0.11	0.37	0.49	0.41	0.66	1.30	3.82	0.44	0.51	1.48	****	2.58
ML 91 DAY TREASURY BILL INDEX			0.01	0.03	0.04	0.08	0.06	0.10	0.13	0.21	2.06	0.08	0.11	0.66	****	
			+/-	0.01	0.04	0.06	0.29	0.43	0.31	0.53	1.09	1.76	0.37	0.40	0.82	****

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US EQUITY																
TOTAL RUSSELL 3000	6,320.3	23.94%	-1.72	3.36	4.37	14.02	3.84	1.08	17.15	28.40	-37.06	14.65	13.62	0.71	7.51	10.72
RUSSELL 3000			-1.72	3.37	4.40	14.12	3.84	1.03	16.93	28.34	-37.31	14.75	13.58	0.58	7.47	
			0.00	(0.01)	(0.03)	(0.11)	(0.00)	0.05	0.22	0.06	0.25	(0.10)	0.04	0.12	0.03	
BLACKROCK R3000	3,550.1	13.45%	-1.72	3.37	4.38	14.10	3.85	0.95	16.96	28.35	-37.03	14.71	13.54	0.65	7.46	2.28
STATE STREET R3000	2,770.1	10.49%	-1.73	3.36	4.36	13.91	3.82	1.23	****	****	****	14.56	****	****	****	12.84
RUSSELL 3000			-1.72	3.37	4.40	14.12	3.84	1.03	16.93	28.34	-37.31	14.75	13.58	0.58	7.47	
BLACKROCK R3000	+/-		0.00	(0.01)	(0.01)	(0.02)	0.01	(0.07)	0.03	0.01	0.28	(0.04)	(0.03)	0.06	(0.01)	
STATE STREET R3000	+/-		(0.00)	(0.02)	(0.04)	(0.21)	(0.02)	0.20	****	****	****	(0.19)	****	****	****	
TOTAL SMALL CAP	522.8	1.98%	-1.12	5.71	4.94	12.34	-6.22	-5.65	29.55	30.09	-34.22	11.03	15.21	1.57	9.66	6.20
RUSSELL 2000			-2.17	4.41	2.97	11.75	-2.08	-4.18	26.85	27.18	-33.80	12.08	14.82	1.19	9.58	
			1.05	1.30	1.97	0.59	(4.14)	(1.48)	2.70	2.91	(0.42)	(1.05)	0.39	0.38	0.07	
TOTAL SMALL CAP ACTIVE	522.8	1.98%	-1.12	5.71	4.94	12.91	-6.47	-5.76	29.55	30.09	-34.22	11.44	15.36	1.65	****	5.60
RUSSELL 2000			-2.17	4.41	2.97	11.75	-2.08	-4.18	26.85	27.18	-33.80	12.08	14.82	1.19	9.58	
			1.05	1.30	1.97	1.16	(4.39)	(1.58)	2.70	2.91	(0.42)	(0.64)	0.54	0.46	****	
TOTAL SMALL CAP GROWTH ACTIVE	191.1	0.72%	-2.24	5.52	3.75	12.29	-6.02	-3.78	21.80	****	****	9.47	13.51	****	****	18.75
PERIMETER	60.3	0.23%	-2.24	4.74	4.31	9.13	-8.14	-5.65	****	****	****	7.13	****	****	****	7.91
PIER CAPITAL	61.1	0.23%	-3.98	2.65	1.71	9.91	-9.45	-6.29	****	****	****	7.70	****	****	****	7.72
BROWN AM (D)	69.7	0.26%	-0.66	8.90	5.11	17.47	-0.61	0.59	29.20	****	****	13.25	19.26	****	****	23.89
RUSSELL 2000 GROWTH			-3.11	3.38	1.58	10.53	-2.71	-2.91	29.09	****	****	9.70	15.73	****	****	
TOTAL SMALL CAP GROWTH	+/-		0.87	2.14	2.18	1.76	(3.31)	(0.87)	(7.29)	****	****	(0.23)	(2.23)	****	****	
PERIMETER	+/-		0.87	1.36	2.74	(1.40)	(5.43)	(2.74)	****	****	****	(2.57)	****	****	****	
PIER CAPITAL	+/-		(0.87)	(0.73)	0.14	(0.62)	(6.74)	(3.38)	****	****	****	(2.01)	****	****	****	
BROWN AM (D)	+/-		2.45	5.52	3.53	6.94	2.10	3.50	0.11	****	****	3.55	3.53	****	****	
TOTAL SMALL CAP VALUE ACTIVE	205.2	0.78%	-0.35	5.98	5.77	13.37	-2.96	-5.02	30.76	21.32	-24.44	16.02	16.11	3.95	10.94	7.98
DALTON GREINER	154.9	0.59%	-0.13	6.70	6.23	15.56	-1.70	-5.65	32.07	21.32	-24.44	18.12	16.98	4.42	11.19	8.23
LORD ABBETT	50.3	0.19%	-1.04	3.82	4.40	7.10	-6.58	-3.19	****	****	****	9.99	****	****	****	7.17
RUSSELL 2000 VALUE			-1.25	5.42	4.34	12.93	-1.44	-5.50	24.50	20.59	-28.93	14.47	13.82	0.87	9.38	
TOTAL SMALL CAP VALUE	+/-		0.90	0.56	1.43	0.43	(1.52)	0.48	6.26	0.73	4.49	1.55	2.28	3.08	1.56	
DALTON GREINER	+/-		1.12	1.29	1.89	2.63	(0.26)	(0.14)	7.57	0.73	4.49	3.65	3.16	3.55	1.81	
LORD ABBETT	+/-		0.22	(1.60)	0.05	(5.83)	(5.14)	2.31	****	****	****	(4.48)	****	****	****	
RAFI ENHANCED SMALL CO.	38.1	0.14%	-1.52	5.91	4.58	13.24	-3.41	-4.65	29.81	34.57	****	13.55	15.89	****	****	7.33
RUSSELL 2000 VALUE			-1.25	5.42	4.34	12.93	-1.44	-5.50	24.50	20.59	****	14.47	13.82	****	****	
			(0.26)	0.49	0.24	0.31	(1.97)	0.85	5.31	13.98	****	(0.92)	2.07	****	****	
TOTAL SMALL CAP CORE ACTIVE	88.4	0.33%	-0.25	5.39	5.74	13.14	-13.23	-10.11	31.72	45.24	-37.03	6.94	14.45	2.48	10.40	7.30
DARUMA	88.4	0.33%	-0.25	5.39	5.74	13.14	-13.23	-10.11	31.72	45.24	-37.03	6.94	14.45	2.48	11.62	7.95
RUSSELL 2000			-2.17	4.41	2.97	11.75	-2.08	-4.18	26.85	27.18	-33.80	12.08	14.82	1.19	9.58	
TOTAL SMALL CAP CORE	+/-		1.92	0.98	2.78	1.39	(11.15)	(5.93)	4.87	18.06	(3.23)	(5.14)	(0.37)	1.28	0.82	
DARUMA	+/-		1.92	0.98	2.78	1.39	(11.15)	(5.93)	4.87	18.06	(3.23)	(5.14)	(0.37)	1.28	2.04	
TOTAL SMALL/MID CAP	175.6	0.66%	-0.45	6.82	5.95	15.41	0.45	-0.96	****	****	****	15.03	****	****	****	13.06
RUSSELL 2500			-1.05	5.18	4.46	13.14	-2.29	-2.51	****	****	****	13.00	****	****	****	
			0.60	1.64	1.49	2.28	2.74	1.54	****	****	****	2.03	****	****	****	
TIMESQUARE CAPITAL	94.8	0.36%	-0.19	6.61	6.28	18.11	5.44	3.29	****	****	****	19.42	****	****	****	17.44
RUSSELL 2500 GROWTH			-1.88	4.28	3.24	11.96	-3.19	-1.57	****	****	****	10.08	****	****	****	
	+/-		1.70	2.33	3.04	6.16	8.63	4.87	****	****	****	9.34	****	****	****	

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SECURITY GLOBAL INV	80.7	0.31%	-0.76	7.07	5.56	12.40	-4.82	-5.34	****	****	****	10.25	****	****	****	7.72
RUSSELL 2500 VALUE			-0.39	5.89	5.44	14.03	-1.49	-3.36	****	****	****	15.55	****	****	****	
+/-			(0.38)	1.17	0.12	(1.63)	(3.33)	(1.98)	****	****	****	(5.30)	****	****	****	
TOTAL MID CAP	1,564.3	5.92%	-0.78	4.59	4.96	14.44	-1.97	-3.55	26.35	34.43	-40.46	13.53	15.53	0.88	8.20	7.77
RUSSELL MIDCAP			-1.01	4.28	4.52	12.85	-1.65	-1.55	25.47	40.46	-41.46	12.15	15.59	1.70	10.52	
+/-			0.23	0.32	0.44	1.60	(0.32)	(2.00)	0.88	(6.03)	1.00	1.39	(0.06)	(0.82)	(2.32)	
TOTAL MID CAP PASSIVE	842.0	3.19%	-0.79	4.64	4.60	12.75	-2.42	****	****	****	****	12.02	****	****	****	4.85
SSGA S&P 400	842.0	3.19%	-0.79	4.64	4.60	12.75	-2.42	****	****	****	****	12.02	****	****	****	4.85
S&P MIDCAP INDEX 400			-0.79	4.65	4.60	12.87	-2.33	****	****	****	****	12.11	****	****	****	
TOTAL MID CAP PASSIVE +/-			0.00	(0.01)	(0.01)	(0.12)	(0.08)	****	****	****	****	(0.09)	****	****	****	
SSGA S&P 400 +/-			0.00	(0.01)	(0.01)	(0.12)	(0.08)	****	****	****	****	(0.09)	****	****	****	
TOTAL MID CAP ACTIVE	722.3	2.74%	-0.78	4.54	5.38	16.26	-1.66	-3.50	23.21	27.70	-36.94	15.17	14.99	0.81	****	5.26
RUSSELL MIDCAP			-1.01	4.28	4.52	12.85	-1.65	-1.55	25.47	40.46	-41.46	12.15	15.59	1.70	****	
+/-			0.23	0.27	0.86	3.41	(0.01)	(1.95)	(2.26)	(12.76)	4.52	3.02	(0.60)	(0.89)	****	
TOTAL MID CAP GROWTH ACTIVE	289.4	1.10%	-1.25	4.04	3.32	14.97	0.47	-3.27	****	****	****	13.13	****	****	****	11.65
FRONTIER CAPITAL	183.9	0.70%	-1.67	3.08	2.10	14.60	0.25	-4.18	****	****	****	12.22	****	****	****	9.67
TIMESQUARE CAPITAL	105.5	0.40%	-0.51	5.76	5.51	15.64	0.88	-1.64	****	****	****	14.74	****	****	****	11.12
RUSSELL MIDCAP GROWTH			-2.28	3.08	2.94	11.29	-2.99	-1.65	****	****	****	9.09	****	****	****	
TOTAL MID CAP GROWTH +/-			1.03	0.96	0.38	3.69	3.46	(1.62)	****	****	****	4.04	****	****	****	
FRONTIER CAPITAL +/-			0.61	0.00	(0.84)	3.31	3.23	(2.53)	****	****	****	3.14	****	****	****	
TIMESQUARE CAPITAL +/-			1.77	2.68	2.57	4.35	3.86	0.01	****	****	****	5.65	****	****	****	
TOTAL MID CAP VALUE ACTIVE	301.6	1.14%	-0.52	5.33	7.70	17.14	-3.25	-2.21	24.42	27.70	-36.94	17.32	16.17	1.43	****	5.53
IRIDIAN ASSET	163.8	0.62%	-0.45	6.50	9.61	20.15	-2.75	-0.29	****	****	****	20.93	****	****	****	14.39
SYSTEMATIC FINANCIAL	137.8	0.52%	-0.61	3.96	5.52	13.75	-3.81	-4.28	****	****	****	13.29	****	****	****	9.25
RUSSELL MIDCAP VALUE			0.11	5.33	5.92	14.16	-0.37	-1.38	24.75	34.20	-38.44	14.99	15.76	1.68	****	
TOTAL MID CAP VALUE +/-			(0.63)	(0.01)	1.79	2.99	(2.87)	(0.83)	(0.33)	(6.50)	1.50	2.33	0.41	(0.25)	****	
IRIDIAN ASSET +/-			(0.56)	1.17	3.70	5.99	(2.38)	1.09	****	****	****	5.95	****	****	****	
SYSTEMATIC FINANCIAL +/-			(0.72)	(1.37)	(0.40)	(0.40)	(3.43)	(2.90)	****	****	****	(1.70)	****	****	****	
TOTAL MID CAP CORE ACTIVE	131.3	0.50%	-0.31	3.89	4.80	17.13	-2.70	-6.79	****	****	****	14.91	****	****	****	10.57
WELLINGTON MGMT	131.3	0.50%	-0.31	3.89	4.80	17.13	-2.70	-6.79	****	****	****	14.91	****	****	****	10.57
S&P MIDCAP INDEX 400			-0.79	4.65	4.60	12.87	-2.33	-1.73	****	****	****	12.11	****	****	****	
TOTAL MID CAP CORE +/-			0.49	(0.76)	0.19	4.26	(0.37)	(5.06)	****	****	****	2.80	****	****	****	
WELLINGTON MGMT +/-			0.49	(0.76)	0.19	4.26	(0.37)	(5.06)	****	****	****	2.80	****	****	****	
TOTAL LARGE CAP	1,008.9	3.82%	-1.49	4.70	4.37	12.73	0.17	0.19	15.93	28.96	-37.45	12.49	12.27	0.13	****	8.01
RUSSELL 1000			-1.69	3.29	4.51	14.32	4.37	1.50	16.10	28.43	-37.60	14.97	13.47	0.53	****	
+/-			0.20	1.41	(0.14)	(1.59)	(4.21)	(1.31)	(0.17)	0.53	0.15	(2.48)	(1.20)	(0.40)	****	
TOTAL LARGE CAP GROWTH	266.9	1.01%	-3.83	3.28	0.54	7.36	-5.47	-3.81	16.37	39.51	-41.67	4.56	9.71	-1.06	5.69	7.91
RUSSELL 1000 GROWTH			-2.92	1.65	3.01	13.39	5.76	2.64	16.71	37.22	-38.43	13.02	14.12	1.95	7.15	
+/-			(0.92)	1.63	(2.47)	(6.03)	(11.23)	(6.45)	(0.34)	2.29	(3.24)	(8.46)	(4.41)	(3.01)	(1.46)	

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ZEVENBERGEN	150.4	0.57%	-4.92	3.29	-1.31	3.49	-11.17	-10.02	23.05	56.77	****	0.04	8.57	****	****	4.90
RUSSELL 3000 GROWTH			-2.93	1.78	2.90	13.17	5.05	2.18	17.64	37.00	****	12.76	14.24	****	****	
		+/-	(1.98)	1.51	(4.21)	(9.68)	(16.22)	(12.20)	5.41	19.77	****	(12.72)	(5.67)	****	****	
CASTLEARK MGMT (D)	78.9	0.30%	-2.12	3.73	2.57	12.34	1.92	1.15	21.90	****	****	9.23	14.24	****	****	17.42
PROFIT INV MGMT (D)	37.6	0.14%	-2.98	2.30	4.03	13.78	6.92	2.98	9.54	****	****	15.02	12.11	****	****	15.98
RUSSELL 1000 GROWTH			-2.92	1.65	3.01	13.39	5.76	2.64	16.71	****	****	13.02	14.12	****	****	
CASTLEARK MGMT (D)		+/-	0.80	2.08	(0.44)	(1.05)	(3.84)	(1.49)	5.19	****	****	(3.78)	0.12	****	****	
PROFIT INV MGMT (D)		+/-	(0.06)	0.66	1.01	0.39	1.16	0.34	(7.17)	****	****	2.00	(2.01)	****	****	
TOTAL LARGE CAP VALUE	382.7	1.45%	-0.39	5.97	6.16	15.15	2.27	2.45	14.94	20.42	-35.11	16.15	13.06	-0.08	****	8.62
RUSSELL 1000 VALUE			-0.49	4.90	5.98	15.18	3.01	0.39	15.51	19.69	-36.85	16.89	12.81	-1.00	****	
		+/-	0.10	1.08	0.17	(0.03)	(0.74)	2.06	(0.57)	0.73	1.74	(0.74)	0.25	0.92	****	
ARONSON JOHNSON	328.6	1.24%	-0.56	6.22	6.51	15.83	2.74	2.70	15.72	15.67	-33.25	17.06	13.47	-0.13	****	8.94
RUSSELL 1000 VALUE			-0.49	4.90	5.98	15.18	3.01	0.39	15.51	19.69	-36.85	16.89	12.81	-1.00	****	
ARONSON JOHNSON		+/-	(0.07)	1.33	0.53	0.65	(0.27)	2.31	0.21	(4.02)	3.60	0.17	0.66	0.88	****	
DENALI ADVISORS (D)	54.1	0.20%	0.69	4.50	4.06	11.20	-0.42	-0.36	11.14	****	****	10.94	10.44	****	****	15.04
RUSSELL 1000 VALUE			-0.49	4.90	5.98	15.18	3.01	0.39	15.51	****	****	16.89	12.81	****	****	
DENALI ADVISORS (D)		+/-	1.18	(0.40)	(1.92)	(3.98)	(3.43)	(0.75)	(4.37)	****	****	(5.95)	(2.38)	****	****	
TOTAL LARGE CAP CORE	109.8	0.42%	-1.58	3.70	5.00	13.71	0.88	-1.97	15.87	****	****	13.13	11.93	****	****	20.58
SEIZERT CAPITAL PTNRS (D)	57.5	0.22%	-0.60	5.35	6.26	12.84	-0.81	-0.07	15.84	****	****	11.34	12.44	****	****	16.79
PIEDMONT INV ADV (D)	52.2	0.20%	-2.64	1.94	3.65	14.68	2.77	-4.01	15.91	****	****	15.16	11.37	****	****	14.70
RUSSELL 1000			-1.69	3.29	4.51	14.32	4.37	1.50	16.10	****	****	14.97	13.47	****	****	
TOTAL LARGE CAP CORE		+/-	0.11	0.41	0.49	(0.61)	(3.49)	(3.47)	(0.23)	****	****	(1.84)	(1.55)	****	****	
SEIZERT CAPITAL PTNRS (D)		+/-	1.09	2.06	1.75	(1.48)	(5.19)	(1.57)	(0.26)	****	****	(3.63)	(1.03)	****	****	
PIEDMONT INV ADV (D)		+/-	(0.95)	(1.35)	(0.87)	0.36	(1.60)	(5.51)	(0.19)	****	****	0.19	(2.10)	****	****	
TOTAL FUNDAMENTAL INDEX LARGE CAP	249.5	0.94%	-0.54	4.76	5.67	14.72	3.54	1.98	17.72	25.98	****	16.02	14.06	****	****	4.69
RUSSELL 1000			-1.69	3.29	4.51	14.32	4.37	1.50	16.10	28.43	****	14.97	13.47	****	****	
		+/-	1.15	1.47	1.16	0.40	(0.84)	0.48	1.62	(2.45)	****	1.05	0.59	****	****	
RAFI ENHANCED LARGE CO.	168.3	0.64%	-0.59	4.49	5.42	14.24	3.73	2.30	19.02	27.53	****	16.06	14.45	****	****	6.65
RUSSELL 1000			-1.69	3.29	4.51	14.32	4.37	1.50	16.10	28.43	****	14.97	13.47	****	****	
RAFI ENHANCED LARGE CO.		+/-	1.10	1.20	0.90	(0.08)	(0.64)	0.80	2.92	(0.90)	****	1.08	0.98	****	****	
VTL S&P 500	81.2	0.31%	-0.44	5.31	6.20	15.72	3.13	0.92	17.45	30.82	****	15.95	14.02	****	****	5.64
STANDARD & POORS 500			-1.85	2.96	4.39	14.29	5.45	2.11	15.06	26.47	****	15.21	13.21	****	****	
		+/-	1.41	2.35	1.82	1.43	(2.31)	(1.19)	2.39	4.35	****	0.75	0.82	****	****	
EMERGING MANAGERS																
TOTAL EMERGING MGRS (Program changed 7/01/2012)	133.1	0.50%	-1.40	5.63	4.92	12.64	-1.48	-0.82	22.59	28.29	-36.48	13.13	14.57	****	****	2.23
RUSSELL 2000			-2.17	4.41	2.97	11.75	-2.08	-4.18	26.85	27.18	-33.80	12.08	14.82	****	****	
RUSSELL 3000			-1.72	3.37	4.40	14.12	3.84	1.03	16.93	28.34	-37.31	14.75	13.58	****	****	
		+/-	0.77	1.22	1.95	0.88	0.60	3.36	(4.26)	1.11	(2.68)	1.05	(0.25)	****	****	
		+/-	0.33	2.26	0.53	(1.48)	(5.32)	(1.85)	5.66	(0.05)	0.83	(1.62)	0.99	****	****	

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ATTUCKS	27.7	0.10%	-1.03	4.98	5.14	11.62	-3.39	-1.07	28.60	26.86	-36.36	12.79	15.97	****	****	2.87
CAPITAL PROSPECTS	32.1	0.12%	-1.67	5.20	3.63	****	****	****	****	****	****	****	****	****	****	8.43
F.I.S FUND MGMT	33.5	0.13%	-1.34	6.14	5.62	****	****	****	****	****	****	****	****	****	****	9.94
PROGRESS EQUITY	39.7	0.15%	-1.48	6.00	5.25	9.98	-5.51	-1.55	25.67	29.35	-37.65	11.28	14.47	****	****	1.94
RUSSELL 2000			-2.17	4.41	2.97	11.75	-2.08	-4.18	26.85	27.18	-33.80	12.08	14.82	****	****	
ATTUCKS +/-			1.14	0.57	2.17	(0.13)	(1.31)	3.10	1.75	(0.32)	(2.56)	0.71	1.16	****	****	
CAPITAL PROSPECTS +/-			0.50	0.79	0.66	****	****	****	****	****	****	****	****	****	****	
F.I.S FUND MGMT +/-			0.83	1.72	2.65	****	****	****	****	****	****	****	****	****	****	
PROGRESS EQUITY +/-			0.69	1.59	2.28	(1.77)	(3.43)	2.63	(1.18)	2.17	(3.85)	(0.80)	(0.35)	****	****	
NON - US EQUITY																
EAFE GROWTH	435.1	1.65%	0.91	6.77	8.54	13.29	-11.72	-11.67	11.46	35.48	-45.63	6.75	5.10	-3.98	****	7.16
MSCI EAFE (NET DIVIDEND)			0.83	6.60	7.81	11.00	-13.83	-12.14	7.75	31.78	-43.39	4.61	2.83	-5.81	****	8.71
MSCI EAFE GROWTH			0.39	5.02	6.82	11.29	-12.22	-11.82	12.60	29.91	-42.46	5.05	4.85	-4.56	****	
+/-			0.08	0.17	0.73	2.29	2.11	0.47	3.71	3.70	(2.24)	2.14	2.27	1.83	****	
+/-			0.52	1.75	1.72	2.00	0.51	0.15	(1.14)	5.57	(3.17)	1.71	0.25	0.57	****	
TOTAL INTL GROWTH	435.1	1.65%	0.91	6.77	8.54	13.29	-11.72	-11.67	11.46	35.48	-45.63	6.75	5.10	-3.98	****	7.16
BAILLIE	301.0	1.14%	1.10	6.79	8.57	12.89	-11.91	-10.71	17.36	45.29	-44.75	5.93	7.43	****	****	-1.06
PYRAMIS GLOBAL ADVISORS	133.9	0.51%	0.48	6.73	8.48	14.45	-11.02	-11.43	10.69	33.91	-43.34	8.35	5.46	****	****	-3.27
MSCI EAFE GROWTH			0.39	5.02	6.82	11.29	-12.22	-11.82	12.60	29.91	-42.46	5.05	4.85	-4.56	****	
TOTAL INTL GROWTH +/-			0.52	1.75	1.72	2.00	0.51	0.15	(1.14)	5.57	(3.17)	1.71	0.25	0.57	****	
BAILLIE +/-			0.71	1.78	1.76	1.60	0.31	1.11	4.76	15.38	(2.29)	0.89	2.59	****	****	
PYRAMIS GLOBAL ADVISORS +/-			0.09	1.72	1.67	3.16	1.21	0.40	(1.91)	4.00	(0.88)	3.31	0.61	****	****	
EAFE VALUE	158.7	0.60%	0.42	6.34	6.30	6.16	-15.69	-11.07	5.79	29.96	-44.81	2.02	1.32	-7.69	****	4.31
MSCI EAFE (NET DIVIDEND)			0.83	6.60	7.81	11.00	-13.83	-12.14	7.75	31.78	-43.39	4.61	2.83	-5.81	****	8.71
MSCI EAFE VALUE			1.28	8.29	8.93	11.64	-14.60	-11.65	3.81	35.06	-43.68	5.14	1.70	-6.21	****	
+/-			(0.42)	(0.26)	(1.51)	(4.84)	(1.86)	1.08	(1.96)	(1.82)	(1.42)	(2.60)	(1.51)	(1.88)	****	
+/-			(0.86)	(1.95)	(2.62)	(5.48)	(1.09)	0.58	1.98	(5.10)	(1.13)	(3.12)	(0.38)	(1.48)	****	
TOTAL INTL VALUE	158.7	0.60%	0.42	6.34	6.30	6.16	-15.69	-11.07	5.79	29.96	-44.81	2.02	1.32	-7.69	****	4.31
MONDRIAN INVESTMENT PARTNERS LTD	158.1	0.60%	0.42	6.37	6.33	6.21	-10.52	-3.00	3.36	25.20	-36.84	2.06	3.73	-4.09	9.77	6.48
MSCI EAFE VALUE			1.28	8.29	8.93	11.64	-14.60	-11.65	3.81	35.06	-43.68	5.14	1.70	-6.21	****	
TOTAL INTL VALUE +/-			(0.86)	(1.95)	(2.62)	(5.48)	(1.09)	0.58	1.98	(5.10)	(1.13)	(3.12)	(0.38)	(1.48)	****	
MONDRIAN INVESTMENT PARTNERS LTD +/-			(0.86)	(1.93)	(2.60)	(5.43)	4.09	8.65	(0.45)	(9.86)	6.84	(3.08)	2.03	2.12	****	
TOTAL INTL CORE	578.3	2.19%	0.74	5.87	7.78	11.08	-14.72	-12.57	11.79	35.33	-44.47	4.47	4.20	-5.04	****	4.72
THORNBURG	276.5	1.05%	0.79	4.70	7.33	12.22	-13.53	-12.15	15.67	33.68	-42.96	5.43	5.64	****	****	-2.85
CAPITAL GUARDIAN MTA	104.2	0.39%	0.83	6.84	8.72	13.08	-12.95	-12.88	12.02	29.06	****	6.58	4.74	****	****	-2.68
PHILADELPHIA	197.6	0.75%	0.63	7.03	7.94	8.27	-17.97	-12.71	7.34	44.35	-48.68	1.69	2.19	****	****	-5.74
MSCI EAFE (NET DIVIDEND)			0.83	6.60	7.81	11.00	-13.83	-12.14	7.75	31.78	-43.39	4.61	2.83	-5.81	****	
TOTAL INTL CORE +/-			(0.09)	(0.73)	(0.03)	0.08	(0.89)	(0.43)	4.04	3.55	(1.08)	(0.15)	1.37	0.77	****	
THORNBURG +/-			(0.05)	(1.90)	(0.49)	1.22	0.30	(0.01)	7.92	1.90	0.43	0.81	2.81	****	****	
CAPITAL GUARDIAN MTA +/-			0.00	0.23	0.91	2.08	0.88	(0.74)	4.27	(2.72)	****	1.96	1.91	****	****	
PHILADELPHIA +/-			(0.21)	0.43	0.13	(2.73)	(4.14)	(0.57)	(0.41)	12.57	(5.29)	(2.92)	(0.63)	****	****	
TOTAL PASSIVE DEVELOPED MARKET	1,221.8	4.63%	0.84	6.67	7.68	11.25	-13.33	-12.29	8.18	32.26	-42.86	4.85	2.99	-5.47	8.05	5.08
STATE STREET	1,221.7	4.63%	0.84	6.67	7.68	11.25	-13.33	****	****	****	****	4.85	****	****	****	-2.35
MSCI EAFE (NET DIVIDEND)			0.83	6.60	7.81	11.00	-13.83	-12.14	7.75	31.78	-43.39	4.61	2.83	-5.81	7.72	
TOTAL PASSIVE DEVELOPED MARKET +/-			0.01	0.07	(0.13)	0.25	0.51	(0.15)	0.43	0.48	0.53	0.24	0.17	0.34	0.32	
STATE STREET +/-			0.01	0.07	(0.13)	0.25	0.50	****	****	****	****	0.24	****	****	****	

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NON-US ACTIVIST & ENVIRONMENTAL EQUITY																
TOTAL NON-U.S. ENVIRONMENTAL	73.3	0.28%	-1.04	4.97	5.11	13.62	-4.50	-7.77	9.13	37.25	****	10.96	7.27	****	****	-0.79
GENERATION GE	73.3	0.28%	-1.04	4.97	5.11	13.62	-4.49	-7.77	15.09	48.07	****	10.96	9.41	****	****	6.66
MSCI WORLD INDEX			-0.65	4.77	6.14	12.82	-4.42	-5.02	12.34	30.80	****	10.11	8.48	****	****	
TOTAL NON-U.S. ENVIRONMENTAL +/-			(0.40)	0.20	(1.04)	0.80	(0.08)	(2.76)	(3.21)	6.45	****	0.85	(1.21)	****	****	
GENERATION GE +/-			(0.40)	0.20	(1.04)	0.80	(0.08)	(2.76)	2.75	17.27	****	0.85	0.93	****	****	
TOTAL NON-U.S. ACTIVIST	60.1	0.23%	2.27	11.76	8.58	11.01	-25.49	-24.01	36.14	42.63	****	3.64	7.41	****	****	13.48
GOVERNANCE FOR OWNERS	60.1	0.23%	2.27	11.76	8.58	11.01	-25.49	-23.39	36.14	42.63	****	3.64	8.97	****	****	15.75
MSCI EUROPE SMID CAP INDEX			1.44	10.84	11.76	18.41	-19.00	-17.56	16.03	53.23	****	8.70	5.47	****	****	
TOTAL NON-U.S. ACTIVIST +/-			0.83	0.92	(3.18)	(7.40)	(6.49)	(6.45)	20.11	(10.60)	****	(5.07)	1.94	****	****	
GOVERNANCE FOR OWNERS +/-			0.83	0.92	(3.18)	(7.40)	(6.49)	(5.84)	20.11	(10.60)	****	(5.07)	3.50	****	****	
TOTAL DEVELOPED MARKETS	2,394.7	9.07%	0.80	6.47	7.77	10.84	-13.75	-11.95	9.14	32.99	-44.30	4.71	3.48	-5.65	7.64	5.88
MSCI EAFE (NET DIVIDEND)			0.83	6.60	7.81	11.00	-13.83	-12.14	7.75	31.78	-43.39	4.61	2.83	-5.81	7.72	
+/-			(0.03)	(0.13)	(0.05)	(0.16)	0.09	0.20	1.39	1.21	(0.91)	0.09	0.65	0.16	(0.08)	
TOTAL DEVELOPED-ENVIRONMENTAL-ACTIVIST	2,528.1	9.57%	0.78	6.55	7.71	10.86	-13.83	-12.12	9.65	33.28	-44.48	4.78	3.68	-5.62	****	4.69
MSCI EAFE (NET DIVIDEND)			0.83	6.60	7.81	11.00	-13.83	-12.14	7.75	31.78	-43.39	4.61	2.83	-5.81	****	
+/-			(0.05)	(0.06)	(0.11)	(0.14)	(0.00)	0.02	1.90	1.50	(1.09)	0.16	0.85	0.20	****	
EMERGING MARKETS																
TOTAL EMERGING MARKETS	1,594.7	6.04%	-1.12	5.04	6.90	10.39	-17.25	-19.93	19.76	82.60	-56.30	1.70	4.99	-4.47	17.44	8.44
ACTIVE EMERGING MARKETS	1,098.2	4.16%	-1.34	4.99	6.78	9.95	-17.54	-20.17	19.76	82.60	-56.30	1.34	4.74	-4.60	****	11.76
DFA	292.7	1.11%	-1.74	5.60	6.41	9.25	-21.04	-24.01	26.87	93.86	-51.31	-0.61	5.31	-1.70	****	5.66
BAILLIE GIFFORD	320.9	1.22%	-1.73	3.65	6.36	11.08	-13.61	-19.78	19.87	99.12	-56.41	2.36	5.00	-2.28	****	11.64
EATON VANCE	289.1	1.09%	-0.82	5.79	7.10	****	****	****	****	****	****	****	****	****	****	12.24
ACADIAN	189.4	0.72%	-0.91	5.30	7.78	12.39	-14.34	-16.65	23.72	83.09	-55.98	4.58	7.98	-2.46	****	10.12
MSCI EMERGING MARKETS FREE			-0.60	5.12	7.24	11.66	-15.67	-18.17	19.20	79.02	-53.17	2.98	5.70	-3.17	****	
ACTIVE EMERGING MARKETS +/-			(0.74)	(0.12)	(0.46)	(1.71)	(1.86)	(2.00)	0.56	3.58	(3.13)	(1.64)	(0.96)	(1.43)	****	
DFA +/-			(1.15)	0.48	(0.83)	(2.41)	(5.36)	(1.00)	7.67	14.84	1.86	(3.59)	(0.39)	1.47	****	
BAILLIE GIFFORD +/-			(1.13)	(1.47)	(0.88)	(0.58)	2.07	(0.00)	0.67	20.10	(3.24)	(0.62)	(0.70)	0.89	****	
ACADIAN +/-			(0.22)	0.68	(0.14)	****	****	****	****	****	****	****	****	****	****	
EATON VANCE +/-			(0.31)	0.19	0.54	0.73	1.33	2.00	4.52	4.07	(2.81)	1.60	2.29	0.71	****	
PASSIVE EMERGING MARKETS	496.5	1.88%	-0.64	5.13	7.15	11.36	-16.43	****	****	****	****	2.30	****	****	****	-7.40
BLACKROCK	496.5	1.88%	-0.64	5.13	7.15	11.36	-16.43	****	****	****	****	2.30	****	****	****	-7.40
MSCI EMERGING MARKETS FREE			-0.60	5.12	7.24	11.66	-15.67	****	****	****	****	2.98	****	****	****	
PASSIVE EMERGING MARKETS +/-			(0.05)	0.02	(0.09)	(0.30)	(0.76)	****	****	****	****	(0.67)	****	****	****	
BLACKROCK +/-			(0.05)	0.02	(0.09)	(0.30)	(0.76)	****	****	****	****	(0.67)	****	****	****	
INTERNATIONAL EQUITY	4,122.8	15.61%	0.04	5.96	7.39	10.33	-15.03	-14.17	11.77	41.03	-46.95	3.52	3.67	-5.65	8.82	6.50
MSCI WORLD INDEX			-0.65	4.77	6.14	12.82	-4.42	-5.02	12.34	30.80	-40.33	10.11	8.48	-2.30	7.77	
+/-			0.69	1.19	1.25	(2.49)	(10.62)	(9.16)	(0.57)	10.23	(6.62)	(6.59)	(4.80)	(3.35)	1.05	

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HEDGE FUNDS																
TOTAL HEDGE FUNDS	583.5	2.21%	-0.38	1.67	1.94	2.94	-2.03	****	****	****	****	2.73	****	****	****	-0.10
1 YEAR TREASURY BILL YIELD + 4%			0.32	1.02	1.46	3.50	4.26	****	****	****	****	4.22	****	****	****	
HFRI FUND OF FUNDS COMPOSITE INDEX + 1%			-0.34	1.40	2.26	3.75	-3.45	****	****	****	****	2.38	****	****	****	
+/-			(0.71)	0.65	0.48	(0.56)	(6.29)	****	****	****	****	(1.49)	****	****	****	
+/-			(0.04)	0.27	(0.32)	(0.81)	1.42	****	****	****	****	0.35	****	****	****	
TOTAL DIRECT HEDGE FUNDS	434.7	1.65%	-0.48	1.62	3.30	4.70	****	****	****	****	****	****	****	****	****	4.70
BLUE TREND FD	67.3	0.26%	****	-4.62	1.22	****	****	****	****	****	****	****	****	****	****	1.22
BREXAN HOWARD LP	118.4	0.45%	****	2.58	5.00	1.19	****	****	****	****	****	****	****	****	****	1.19
D.E. SHAW COMPOSITE FD	128.0	0.48%	****	3.90	3.83	8.92	****	****	****	****	****	****	****	****	****	8.92
BRIGADE LEV CAP STR	69.0	0.26%	****	1.19	1.55	****	****	****	****	****	****	****	****	****	****	3.05
CASPIAN SELECT CF	52.0	0.20%	****	3.20	3.93	****	****	****	****	****	****	****	****	****	****	3.94
HFRI FUND OF FUNDS COMPOSITE INDEX + 1%			-0.34	1.40	2.26	3.75	****	****	****	****	****	****	****	****	****	
MSCI AC WORLD INDEX STD NET			-0.67	4.69	6.12	12.12	****	****	****	****	****	****	****	****	****	
BARCLAYS CAPITAL AGGREGATE			0.20	0.40	1.78	4.20	****	****	****	****	****	****	****	****	****	
TOTAL DIRECT HEDGE FUNDS +/-			(0.14)	0.22	1.05	0.95	****	****	****	****	****	****	****	****	****	
BLUE TREND FD +/-			****	(6.02)	(1.04)	****	****	****	****	****	****	****	****	****	****	
BREXAN HOWARD LP +/-			****	1.17	2.74	(2.56)	****	****	****	****	****	****	****	****	****	
D.E. SHAW COMPOSITE FD +/-			****	2.50	1.57	5.17	****	****	****	****	****	****	****	****	****	
BRIGADE LEV CAP STR +/-			****	(0.22)	(0.71)	****	****	****	****	****	****	****	****	****	****	
CASPIAN SELECT CF +/-			****	1.80	1.68	****	****	****	****	****	****	****	****	****	****	
TOTAL PERMAL HEDGE FUNDS OF FUNDS	148.7	0.56%	-0.10	1.83	-1.94	-1.90	-2.95	****	****	****	****	-2.10	****	****	****	-3.63
HFRI FUND OF FUNDS COMPOSITE INDEX + 1%			-0.34	1.40	2.26	3.75	-3.45	****	****	****	****	2.38	****	****	****	
+/-			0.24	0.42	(4.20)	-5.65	0.50	****	****	****	****	(4.48)	****	****	****	
REITS																
TOTAL REAL ESTATE EQUITY SECURITIES	139.5	0.53%	0.78	2.47	6.40	****	****	****	****	****	****	****	****	****	****	11.63
SSGA REIT MTA	139.5	0.53%	0.78	2.47	6.40	****	****	****	****	****	****	****	****	****	****	11.63
FTSE EPRA/NAREIT DEVELOPED INDEX USD			0.84	2.68	6.39	****	****	****	****	****	****	****	****	****	****	
TOTAL REAL ESTATE EQUITY SECURITIES +/-			(0.05)	(0.22)	0.01	****	****	****	****	****	****	****	****	****	****	
SSGA REIT MTA +/-			(0.05)	(0.22)	0.01	****	****	****	****	****	****	****	****	****	****	
FIXED INCOME																
TOTAL STRUCTURED FIXED INCOME	4,987.7	18.89%	0.43	1.15	2.91	6.54	9.29	8.88	8.50	8.82	3.92	7.71	7.88	7.74	6.39	8.56
NYC - CORE PLUS FIVE			0.31	0.57	2.35	5.42	9.35	9.40	7.13	6.28	6.64	6.74	7.15	7.42	6.15	
+/-			0.13	0.58	0.55	1.11	(0.06)	(0.53)	1.37	2.54	(2.72)	0.97	0.72	0.32	0.25	
ALL MORTGAGE	2,113.3	8.00%	-0.13	0.75	1.62	4.18	5.84	6.24	7.50	8.53	4.00	5.06	5.96	6.47	5.47	7.34
PIMCO - MORTGAGE	690.1	2.61%	-0.22	0.62	1.50	3.74	5.49	6.38	7.76	9.13	4.57	4.62	5.92	6.75	5.72	7.60
BLACKROCK	705.6	2.67%	0.03	1.14	2.01	5.60	6.73	5.93	8.39	10.58	2.59	6.41	6.68	6.96	5.69	6.49
NEUBERGER BERMAN -MORT	384.9	1.46%	-0.25	0.39	1.26	3.06	4.90	6.27	****	****	****	3.95	****	****	****	5.22
WELLINGTON -MORT	173.4	0.66%	-0.28	0.32	1.12	2.79	5.45	7.02	5.91	****	****	3.84	5.19	****	****	5.54
GOLDMAN SACHS -MORT	159.4	0.60%	-0.02	0.83	1.76	3.96	6.14	6.20	6.08	****	****	4.92	5.33	****	****	5.65
CITIGROUP MORTGAGE INDEX			-0.20	0.12	0.91	2.62	5.05	6.38	5.50	5.76	8.49	3.56	4.76	6.17	5.23	
ALL MORTGAGE +/-			0.07	0.63	0.71	1.57	0.79	(0.13)	2.00	2.77	(4.49)	1.51	1.20	0.29	0.24	
PIMCO - MORTGAGE +/-			(0.02)	0.50	0.59	1.12	0.43	0.01	2.26	3.37	(3.92)	1.06	1.16	0.57	0.48	
BLACKROCK +/-			0.23	1.02	1.10	2.98	1.67	(0.45)	2.89	4.82	(5.90)	2.85	1.92	0.79	0.45	
NEUBERGER BERMAN -MORT +/-			(0.05)	0.27	0.35	0.44	(0.15)	(0.10)	****	****	****	0.39	****	****	****	
WELLINGTON -MORT +/-			(0.08)	0.19	0.21	0.17	0.40	0.65	0.41	****	****	0.29	0.43	****	****	
GOLDMAN SACHS -MORT +/-			0.18	0.70	0.85	1.34	1.08	(0.18)	0.58	****	****	1.37	0.57	****	****	

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ALL INVESTMENT GRADE CREDIT	2,071.1	7.84%	1.28	2.52	5.31	10.52	9.53	7.98	9.47	18.91	-4.97	10.92	9.50	8.31	7.16	7.89
T. ROWE PRICE -CREDIT	664.5	2.52%	1.55	3.09	5.91	11.45	9.50	8.05	10.16	19.31	-3.64	11.77	10.09	9.03	7.59	8.18
BLACKROCK -CREDIT	512.6	1.94%	1.18	2.37	5.17	10.36	9.69	7.89	9.22	16.77	-4.88	10.82	9.31	7.89	6.89	7.41
PRUDENTIAL - CREDIT	476.5	1.80%	1.13	2.08	4.86	9.68	9.69	8.06	8.90	****	****	10.14	8.98	****	****	9.74
TAPLIN,CANADA -CREDIT	154.5	0.59%	1.68	3.16	5.74	10.50	8.64	7.99	9.43	22.57	-11.39	10.80	9.76	7.17	6.66	6.66
PYRAMIS - CREDIT	153.0	0.58%	1.21	2.26	5.13	10.77	9.43	7.66	9.23	****	****	11.16	9.40	****	****	9.87
PRUDENTIAL-PRIVEST	110.0	0.42%	0.00	****	****	****	****	****	****	****	****	****	****	****	****	0.06
NYC - INVESTMENT GRADE CREDIT			1.10	2.07	4.84	9.53	9.14	7.80	8.36	16.36	-4.06	9.80	8.64	7.58	6.65	
ALL INVESTMENT GRADE CREDIT +/-			0.18	0.45	0.47	0.99	0.39	0.18	1.11	2.55	(0.91)	1.12	0.86	0.73	0.51	
T. ROWE PRICE -CREDIT +/-			0.46	1.02	1.07	1.92	0.36	0.25	1.80	2.95	0.42	1.97	1.45	1.45	0.94	
BLACKROCK -CREDIT +/-			0.09	0.30	0.33	0.83	0.55	0.10	0.86	0.41	(0.82)	1.02	0.67	0.31	0.23	
PRUDENTIAL - CREDIT +/-			0.03	0.01	0.02	0.15	0.55	0.27	0.54	****	****	0.34	0.34	****	****	
TAPLIN,CANADA -CREDIT +/-			0.58	1.09	0.90	0.97	(0.50)	0.20	1.07	6.21	(7.33)	1.00	1.12	(0.41)	****	
PYRAMIS - CREDIT +/-			0.11	0.19	0.29	1.25	0.30	(0.13)	0.87	****	****	1.36	****	****	****	
PRUDENTIAL-PRIVEST +/-			(1.10)	****	****	****	****	****	****	****	****	****	****	****	****	
ALL TREASURY / AGENCY	803.3	3.04%	-0.14	-1.22	0.68	4.10	18.60	18.28	9.42	-5.54	17.51	7.76	9.56	9.20	7.07	8.40
PIMCO	324.7	1.23%	-0.11	-1.15	0.76	4.37	18.49	18.01	10.00	-4.67	16.59	8.08	9.77	9.35	7.21	8.23
STATE STREET -GOVT	160.9	0.61%	-0.12	-1.23	0.65	3.98	18.69	18.50	8.90	****	****	7.57	9.44	****	****	9.46
BLACKROCK -GOVT	159.0	0.60%	-0.22	-1.26	0.64	3.98	18.57	18.41	9.14	****	****	7.64	9.47	****	****	9.47
FISCHER,FRANCIS	158.6	0.60%	-0.14	-1.29	0.58	3.76	18.79	18.47	9.01	-4.96	17.14	7.44	9.33	9.14	7.03	8.48
NYC - TREASURY AGENCY PLUS FIVE			-0.21	-1.35	0.61	3.89	18.72	18.44	9.24	-7.44	18.91	7.47	9.45	8.98	6.87	
ALL TREASURY / AGENCY +/-			0.07	0.14	0.07	0.21	(0.12)	(0.16)	0.18	1.90	(1.40)	0.30	0.11	0.22	0.20	
PIMCO +/-			0.11	0.21	0.15	0.48	(0.23)	(0.43)	0.76	2.77	(2.32)	0.62	0.32	0.37	0.34	
STATE STREET -GOVT +/-			0.09	0.12	0.04	0.09	(0.03)	0.06	(0.34)	****	****	0.10	(0.01)	****	****	
BLACKROCK -GOVT +/-			(0.01)	0.10	0.03	0.09	(0.15)	(0.03)	(0.10)	****	****	0.17	0.02	****	****	
FISCHER,FRANCIS +/-			0.07	0.06	(0.03)	(0.13)	0.07	0.03	(0.23)	2.48	(1.77)	(0.03)	(0.12)	0.16	0.16	
PROGRESS FIXED																
TOTAL PROGRESS FIXED	70.1	0.27%	0.38	0.77	2.21	****	****	****	****	****	****	****	****	****	****	2.27
PIM AMBASSADOR MTA	17.4	0.07%	0.41	0.32	1.82	****	****	****	****	****	****	****	****	****	****	1.81
PIM GIA MTA	14.2	0.05%	0.69	1.44	3.00	****	****	****	****	****	****	****	****	****	****	3.29
PIM HILLSWICK MTA	7.0	0.03%	0.05	0.31	1.48	****	****	****	****	****	****	****	****	****	****	1.42
PIM NEW CENTURY MTA	17.6	0.07%	0.21	0.78	2.27	****	****	****	****	****	****	****	****	****	****	2.26
PIM PUGH CAP MTA	14.0	0.05%	0.40	0.86	2.22	****	****	****	****	****	****	****	****	****	****	2.24
BARCLAYS CAPITAL AGGREGATE			0.20	0.40	1.78	****	****	****	****	****	****	****	****	****	****	
TOTAL PROGRESS FIXED +/-			0.18	0.37	0.43	****	****	****	****	****	****	****	****	****	****	
PIM AMBASSADOR MTA +/-			0.21	(0.08)	0.03	****	****	****	****	****	****	****	****	****	****	
PIM GIA MTA +/-			0.49	1.04	1.21	****	****	****	****	****	****	****	****	****	****	
PIM HILLSWICK MTA +/-			(0.14)	(0.09)	(0.30)	****	****	****	****	****	****	****	****	****	****	
PIM NEW CENTURY MTA +/-			0.01	0.38	0.49	****	****	****	****	****	****	****	****	****	****	
PIM PUGH CAP MTA +/-			0.20	0.46	0.43	****	****	****	****	****	****	****	****	****	****	
HIGH YIELD																
TOTAL ENHANCED YIELD	1,584.3	6.00%	0.86	3.63	5.13	11.87	7.05	6.05	14.13	41.55	-19.09	12.56	11.84	8.97	10.39	8.42
CITIGROUP BB & B			0.89	3.10	5.04	12.10	8.45	6.58	13.35	40.37	-25.10	12.87	11.83	7.00	9.56	
+/-			(0.03)	0.53	0.09	(0.24)	(1.40)	(0.53)	0.78	1.18	6.01	(0.31)	0.01	1.97	0.83	
LOOMIS SAYLES	302.0	1.14%	1.24	5.99	7.46	15.69	6.97	7.70	16.35	53.76	-23.36	16.47	14.56	11.04	12.64	9.63
NYC-LOOMIS (BofA ML-MST II 7-03/BB&B PRIOR)			0.82	3.49	5.48	12.94	6.51	4.38	15.19	57.51	-26.39	13.18	12.26	9.11	10.90	
+/-			0.42	2.50	1.98	2.75	0.45	3.32	1.16	(3.75)	3.03	3.29	2.30	1.93	1.74	

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T. ROWE PRICE	354.8	1.34%	0.72	3.24	5.14	10.99	5.66	4.84	14.10	43.83	-20.16	11.91	11.26	8.55	****	8.44
NEUBERGER BERMAN	309.5	1.17%	0.94	****	****	****	****	****	****	****	****	****	****	****	****	2.29
STONE HARBOR	207.5	0.79%	0.88	****	****	****	****	****	****	****	****	****	****	****	****	2.26
FORT WASHINGTON	188.6	0.71%	0.74	****	****	****	****	****	****	****	****	****	****	****	****	2.11
SHENKMAN	147.8	0.56%	0.55	2.41	3.74	9.59	7.01	5.10	11.88	29.17	-12.72	10.35	9.78	7.55	****	7.74
OAKTREE	74.0	0.28%	****	****	****	****	****	****	****	****	****	****	****	****	****	****
CITIGROUP BB & B			0.89	3.10	5.04	12.10	8.45	6.58	13.35	40.37	-25.10	12.87	11.83	7.00	****	
T. ROWE PRICE +/-			(0.17)	0.14	0.10	(1.11)	(2.78)	(1.74)	0.75	3.46	4.94	(0.95)	(0.57)	1.55	****	
NEUBERGER BERMAN +/-			0.06	****	****	****	****	****	****	****	****	****	****	****	****	
STONE HARBOR +/-			(0.00)	****	****	****	****	****	****	****	****	****	****	****	****	
FORT WASHINGTON +/-			(0.15)	****	****	****	****	****	****	****	****	****	****	****	****	
SHENKMAN +/-			(0.33)	(0.69)	(1.31)	(2.51)	(1.43)	(1.47)	(1.47)	(11.20)	12.38	(2.52)	(2.04)	0.56	****	
OAKTREE +/-			****	****	****	****	****	****	****	****	****	****	****	****	****	
BANK LOANS																
TOTAL BANK LOANS	501.5	1.90%	****	****	****	****	****	****	****	****	****	****	****	****	****	****
BABSON BL MTA	201.0	0.76%	****	****	****	****	****	****	****	****	****	****	****	****	****	****
CREDIT SUISSE BL MTA	200.3	0.76%	****	****	****	****	****	****	****	****	****	****	****	****	****	****
GUGGENHEIM BL MTA	100.2	0.38%	****	****	****	****	****	****	****	****	****	****	****	****	****	****
CREDIT SUISSE LEVERAGED LOAN INDEX			****	****	****	****	****	****	****	****	****	****	****	****	****	
TOTAL BANK LOANS +/-			****	****	****	****	****	****	****	****	****	****	****	****	****	
BABSON BL MTA +/-			****	****	****	****	****	****	****	****	****	****	****	****	****	
CREDIT SUISSE BL MTA +/-			****	****	****	****	****	****	****	****	****	****	****	****	****	
GUGGENHEIM BL MTA +/-			****	****	****	****	****	****	****	****	****	****	****	****	****	
TIPS																
TOTAL TIPS MANAGERS	921.0	3.49%	0.76	1.19	3.02	7.19	12.07	13.52	6.45	10.13	-0.73	8.36	9.20	8.00	****	6.59
PIMCO-TIPS-MTA	463.4	1.76%	0.80	1.39	3.20	7.62	12.36	13.34	6.57	10.24	-0.88	9.08	9.31	8.07	****	6.58
STATE STREET-TIPS-MTA	274.8	1.04%	0.71	1.06	2.91	6.96	11.68	13.61	6.34	10.00	-0.96	7.88	9.11	7.86	****	6.81
BLACKROCK-TIPS	182.7	0.69%	0.73	0.89	2.74	6.46	11.95	13.82	6.34	10.02	-0.03	7.32	9.05	8.01	****	7.11
BARCLAYS CAPITAL US TIPS INDEX			0.87	1.09	3.00	7.17	11.66	13.56	6.37	11.41	-2.35	8.03	9.17	7.89	****	
TOTAL TIPS MANAGERS +/-			(0.11)	0.10	0.01	0.02	0.41	(0.04)	0.08	(1.28)	1.62	0.33	0.03	0.11	****	
PIMCO-TIPS-MTA +/-			(0.07)	0.30	0.19	0.45	0.70	(0.22)	0.20	(1.17)	1.47	1.04	0.14	0.19	****	
STATE STREET-TIPS-MTA +/-			(0.16)	(0.03)	(0.10)	(0.21)	0.02	0.05	(0.03)	(1.41)	1.39	(0.15)	(0.06)	(0.02)	****	
BLACKROCK-TIPS +/-			(0.14)	(0.20)	(0.26)	(0.71)	0.29	0.26	(0.03)	(1.39)	2.32	(0.71)	(0.12)	0.12	****	

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CONVERTIBLE BONDS																
TOTAL CONVERTIBLE BONDS	250.1	0.95%	-0.41	3.31	4.13	9.74	-2.40	-3.62	14.57	33.18	****	8.48	8.60	****	****	5.03
BofA ML ALL CONVERTIBLES EX MANDATORY			-0.61	3.26	3.88	11.06	-1.68	-3.42	16.52	47.19	****	9.32	10.40	****	****	
POLICE CUSTOM CONVERTIBLES BOND INDEX			-0.10	3.73	4.56	10.67	-1.59	-3.33	12.53	39.96	****	8.44	8.30	****	****	
+/-			0.20	0.06	0.25	(1.32)	(0.72)	(0.20)	(1.95)	(14.01)	****	(0.84)	(1.79)	****	****	
+/-			(0.31)	(0.42)	(0.42)	(0.93)	(0.81)	(0.29)	2.04	(6.78)	****	0.04	0.31	****	****	
ADVENT CONVERTIBLE BONDS	90.7	0.34%	-0.19	2.94	4.08	10.01	-0.58	-2.11	14.92	36.65	****	9.60	9.27	****	****	7.41
BofA ML CONVERTIBLES YIELD ALT. INDEX			0.55	3.73	4.50	9.89	-0.41	-1.73	12.98	46.25	****	8.13	8.39	****	****	
+/-			(0.74)	(0.78)	(0.42)	0.13	(0.18)	(0.39)	1.94	(9.60)	****	1.47	0.88	****	****	
LORD ABBETT CONVERTIBLE BONDS	81.4	0.31%	-0.45	3.76	4.14	9.78	-4.91	-5.76	17.06	35.43	****	8.26	9.02	****	****	4.09
BofA ML ALL CONVERTIBLES INDEX			-0.43	3.84	4.47	11.35	-3.22	-5.18	16.77	49.13	****	8.91	9.94	****	****	
+/-			(0.02)	(0.08)	(0.33)	(1.57)	(1.70)	(0.58)	0.29	(13.70)	****	(0.65)	(0.92)	****	****	
VICTORY CONVERTIBLE BONDS	78.1	0.30%	-0.63	3.28	4.19	9.38	-1.78	-3.05	11.64	27.40	****	7.43	7.44	****	****	3.48
BofA ML CONVERTIBLE BONDS INVST GRADE			-0.43	3.62	4.71	10.72	-1.23	-3.14	7.89	25.49	****	8.24	6.50	****	****	
+/-			(0.20)	(0.34)	(0.51)	(1.34)	(0.55)	0.09	3.75	1.91	****	(0.81)	0.94	****	****	
OPPORTUNISTIC FIXED																
TOTAL OPPORTUNISTIC FIXED MANAGERS	347.5	1.32%	0.06	3.66	4.39	19.08	-2.53	-4.67	26.77	23.34	-8.63	13.96	14.80	****	****	****
JP MORGAN GLOBAL HIGH YIELD PLUS 3%			1.27	4.52	6.66	15.68	10.67	8.73	18.05	61.90	-23.83	17.01	15.91	****	****	
+/-			(1.21)	(0.86)	(2.28)	3.40	(13.20)	(13.39)	8.72	(38.56)	15.20	(3.04)	(1.11)	****	****	
TOTAL FUND STRATEGIES	100.7	0.38%	****	****	****	****	****	****	****	****	****	****	****	****	****	****
AVE EURO SPECIAL SITUATION FD	3.2	0.01%	14.56	5.22	2.11	5.24	-24.82	-0.86	4.58	68.35	****	-10.48	3.59	****	****	14.56
AVE SPECIAL SITUATIONS FD V	1.4	0.01%	11.47	37.13	35.97	39.04	-25.95	-4.18	19.07	76.44	****	10.91	21.50	12.30	****	11.47
AVE SPECIAL SITUATIONS FD VI	40.5	0.15%	-2.79	0.00	0.00	9.55	-1.75	-14.53	33.90	63.62	****	13.84	****	****	****	-2.79
TORCHLIGHT INVESTORS***	30.5	0.12%	1.00	3.33	3.33	12.36	****	0.72	5.43	14.94	****	15.56	7.28	****	****	8.76
3 MONTH LIBOR PLUS 750BPS			0.63	1.91	2.56	6.58	7.96	7.85	7.85	8.16	10.11	7.97	7.87	****	****	
AVE EURO SPECIAL SITUATION FD +/-			13.93	3.31	(0.45)	(1.34)	(32.78)	(8.71)	(3.27)	60.19	****	(18.45)	(4.28)	****	****	
AVE SPECIAL SITUATIONS FD V +/-			10.84	35.22	33.41	32.46	(33.91)	(12.03)	11.22	68.28	****	2.94	13.63	****	****	
AVE SPECIAL SITUATIONS FD VI +/-			(3.42)	(1.91)	(2.56)	2.97	(9.71)	(22.38)	26.05	55.46	****	****	****	****	****	
TORCHLIGHT INVESTORS +/-			0.37	1.42	0.77	5.78	****	(7.13)	(2.42)	6.78	****	7.59	(0.59)	****	****	
*** GP reported IRR for 9/30/2012																
ALLIANCE BERNSTEIN LEGACY SECS LP	0.5	0.00%	****	****	****	****	****	****	****	****	****	****	****	****	****	19.71
AG GECC LP	24.5	0.09%	****	****	****	****	****	****	****	****	****	****	****	****	****	24.59
NYC-CORE PLUS 5 + 200BPS			0.48	1.09	3.01	7.08	11.35	11.40	9.13	8.28	8.64	8.74	9.15	9.42	****	

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TOTAL STRATEGIC MANDATES	246.8	0.93%	0.20	3.19	4.75	15.49	****	****	****	****	****	****	****	****	****	15.49
ANGELO GORDON PTNRS LP	36.8	0.14%	0.00	0.21	****	****	****	****	****	****	****	****	****	****	****	0.21
APOLLO PTNRS LP	44.5	0.17%	0.00	0.00	0.00	****	****	****	****	****	****	****	****	****	****	0.01
FORTRESS PTNRS LP	12.3	0.05%	0.00	-0.29	-0.29	****	****	****	****	****	****	****	****	****	****	-0.29
GOLDENTREE OD MTA	71.0	0.27%	0.64	3.02	4.63	11.48	****	****	****	****	****	****	****	****	****	11.48
MARATHON PRTNS	70.7	0.27%	****	****	****	****	****	****	****	****	****	****	****	****	****	****
MARATHON OD MTA	1.7	0.01%	0.02	7.13	10.64	24.89	****	****	****	****	****	****	****	****	****	24.89
OAK HILL PTNRS LP	9.9	0.04%	0.35	****	****	****	****	****	****	****	****	****	****	****	****	0.35
JP MORGAN GLOBAL HIGH YIELD BOND INDEX			0.81	3.59	5.55	13.38	****	****	****	****	****	****	****	****	****	
JP MORGAN GLOBAL HIGH YIELD PLUS 3%			1.27	4.52	6.66	15.68	****	****	****	****	****	****	****	****	****	
TOTAL STRATEGIC MANDATES +/-			(1.08)	(1.34)	(1.91)	(0.19)	****	****	****	****	****	****	****	****	****	
ANGELO GORDON PTNRS LP +/-			(1.27)	(4.32)	****	****	****	****	****	****	****	****	****	****	****	
APOLLO PTNRS LP +/-			(1.27)	(4.52)	(6.66)	****	****	****	****	****	****	****	****	****	****	
FORTRESS PTNRS LP +/-			(1.27)	(4.81)	(6.96)	****	****	****	****	****	****	****	****	****	****	
GOLDENTREE OD MTA +/-			(0.63)	(1.50)	(2.03)	(4.20)	****	****	****	****	****	****	****	****	****	
MARATHON PRTNS +/-			****	****	****	****	****	****	****	****	****	****	****	****	****	
MARATHON OD MTA +/-			(1.26)	2.61	3.97	9.20	****	****	****	****	****	****	****	****	****	
OAK HILL PTNRS LP +/-			(0.92)	****	****	****	****	****	****	****	****	****	****	****	****	
CORE PLUS FIXED INCOME																
TOTAL CORE PLUS FIXED INCOME	32.0	0.12%	0.18	0.94	2.62	5.81	7.65	8.18	7.57	****	****	6.76	7.43	****	****	8.63
LM CAPITAL-MTA	32.0	0.12%	0.18	0.94	2.62	5.81	7.65	8.18	7.57	****	****	6.76	7.43	****	****	8.63
BARCLAYS CAPITAL AGGREGATE			0.20	0.40	1.78	4.20	7.47	7.84	6.54	****	****	5.25	6.08	****	****	
TOTAL CORE PLUS FIXED INCOME +/-			(0.02)	0.54	0.84	1.62	0.18	0.34	1.03	****	****	1.51	1.35	****	****	
LM CAPITAL-MTA +/-			(0.02)	0.54	0.84	1.62	0.18	0.34	1.03	****	****	1.51	1.35	****	****	
OTHER FIXED INCOME																
TOTAL ETI	269.2	1.02%	0.21	1.11	2.00	5.28	6.96	6.42	7.21	8.24	6.51	6.43	6.41	7.07	6.66	9.95
POLICE CUSTOM BENCHMARK (NO CASH)			-0.09	0.15	1.23	3.31	6.67	7.74	6.54	5.25	7.04	4.35	5.78	6.41	5.54	
+/-			0.30	0.97	0.77	1.97	0.29	(1.32)	0.67	2.99	(0.53)	2.08	0.63	0.66	1.12	
AFL-CIO HOUSING INV TRUST	116.2	0.44%	0.02	0.51	1.50	4.18	7.60	7.86	6.16	6.28	5.26	5.62	5.93	6.39	5.32	5.29
BARCLAYS CAPITAL AGGREGATE			0.20	0.40	1.78	4.20	7.47	7.84	6.54	5.93	5.24	5.25	6.08	6.38	****	
+/-			(0.18)	0.11	(0.28)	(0.02)	0.13	0.02	(0.38)	0.35	0.02	0.36	(0.15)	0.01	****	
ACCESS RBC	26.3	0.10%	-0.10	0.38	1.39	3.88	6.57	6.78	5.36	10.99	6.67	4.96	5.27	7.00	****	6.70
ACCESS CUSTOM BENCHMARK			-0.16	0.08	0.82	2.37	5.24	6.32	5.52	****	****	3.31	4.59	5.82	****	
+/-			0.06	0.31	0.57	1.52	1.33	0.46	(0.16)	****	****	1.65	0.68	1.18	****	
BOA-PPAR	6.7	0.03%	0.28	1.33	2.16	5.33	6.84	****	****	****	****	7.16	****	****	****	6.46
CFSB-PPAR	0.8	0.00%	-27.76	-27.79	-26.98	-23.81	5.67	3.29	12.80	9.82	5.50	-23.08	-3.49	0.84	****	1.71
CCD-PPAR	2.7	0.01%	0.81	2.44	3.31	9.58	8.83	5.59	11.58	12.48	6.69	10.63	9.13	9.45	****	9.01
LIIF-PPAR	1.4	0.01%	0.73	1.38	2.16	5.23	5.72	4.96	4.34	****	****	5.98	5.32	****	****	5.64
NCBCI-PPAR	0.7	0.00%	0.74	2.03	3.62	7.65	8.88	8.50	4.10	****	****	10.68	6.81	****	****	7.09
NHS-PPAR	0.6	0.00%	0.97	2.63	3.54	7.87	5.04	3.85	9.95	14.83	5.41	8.95	8.57	8.67	****	8.42
TARGETED INVESTMENT	104.2	0.39%	0.78	2.31	3.11	7.44	6.85	5.31	9.20	10.07	8.19	8.37	7.72	8.31	7.81	10.32
CPC TERM LOAN	9.6	0.04%	0.20	0.62	0.82	2.09	2.34	2.09	2.06	2.20	4.81	2.48	2.20	2.88	****	3.41

THE BANK OF NEW YORK MELLON
CITY OF NEW YORK
Manager / Benchmark Comparison Report *NYC Police Pension Fund
October 31, 2012

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	Assets (\$MM)	% of Total	Trailing 1 Month	Trailing 3 Months	Fiscal YTD	Calendar YTD	FY Ending 06/30/12	Calendar Yr Ending 2011	Calendar Yr Ending 2010	Calendar Yr Ending 2009	Calendar Yr Ending 2008	Trailing 1 Year	Trailing* 3 Years	Trailing* 5 Years	Trailing* 10 Years	Since Inception
CASH																
TOTAL CASH	84.2	0.32%	0.02	0.08	0.11	0.37	0.49	0.41	0.66	1.30	3.82	0.44	0.51	1.48	****	2.58
ML 91 DAY TREASURY BILL INDEX			0.01	0.03	0.04	0.08	0.06	0.10	0.13	0.21	2.06	0.08	0.11	0.66	1.81	
			0.01	0.04	0.06	0.29	0.43	0.31	0.53	1.09	1.76	0.37	0.40	0.82	****	
PRIVATE EQUITY																
TOTAL PRIVATE EQUITY	1,950.4	7.39%	1.35	2.33	1.48	8.53	8.62	14.23	18.45	-6.93	-4.53	6.57	15.41	5.76	****	13.17
RUSSELL 3000 PLUS 5%			-1.07	5.03	6.46	18.08	8.84	6.03	21.93	33.34	-32.30	19.75	18.58	5.73	12.56	
			2.42	(2.70)	(4.98)	(9.55)	(0.22)	8.21	(3.48)	(40.27)	27.77	(13.17)	(3.17)	0.03	****	
PRIVATE REAL ESTATE																
TOTAL PRIVATE REAL ESTATE	835.7	3.17%	0.85	3.98	1.99	11.38	14.88	20.18	7.84	-42.93	-5.29	11.56	11.31	-4.64	****	4.75
NCREIF NFI-ODCE NET			0.00	2.47	2.47	7.49	11.31	14.97	15.26	-30.40	-10.70	10.40	11.10	-2.04	****	
			0.85	1.51	(0.48)	3.89	3.57	5.22	(7.42)	(12.53)	5.41	1.16	0.21	(2.60)	****	
TOTAL POLICE	26,404.6		-0.27	3.26	4.12	10.28	0.87	0.84	13.96	21.41	-27.51	9.28	9.97	1.53	7.96	8.49
POLICE POLICY BENCHMARK			-0.49	3.09	4.46	11.31	3.26	1.23	13.64	25.68	-28.61	10.99	10.79	2.26	8.15	
			0.22	0.17	(0.34)	(1.03)	(2.39)	(0.40)	0.32	(4.27)	1.10	(1.71)	(0.82)	(0.73)	(0.20)	

New York City Police Pension Fund, Subchapter 2
Active Investments and Subsequent Commitments
As of June 30, 2012 (in USD)

Vintage Year	Investment	First Drawdown	Committed Capital	Net Contributed Capital	Net Distributed Capital	Market Value	Multiple	IRR
Active Investments								
1998	VS&A Communications Partners III, L.P.	12/15/1998	\$ 20,000,000	\$ 20,025,450	\$ 25,529,961	\$ 1,829,764	1.37x	6.3%
1999	Cypress Merchant Banking Partners II, L.P.	3/29/1999	50,000,000	49,853,018	36,809,818	5,103,871	0.84x	(3.6%)
1999	FdG Capital Partners LLC	6/2/1999	50,000,000	48,605,531	76,227,089	10,497,868	1.78x	15.2%
1999	Lincolnshire Equity Fund II, L.P.	10/20/1999	12,000,000	11,226,962	19,875,857	2,607,541	2.00x	25.0%
2000	Carlyle Partners III, L.P.	3/1/2000	25,000,000	22,777,383	53,726,452	504,695	2.38x	23.3%
2000	Solera Partners, L.P.	5/26/2000	10,000,000	8,249,480	2,660,987	17,080,126	2.39x	10.9%
2000	SCP Private Equity Partners II, L.P.	6/15/2000	25,000,000	25,427,595	5,665,781	11,255,663	0.67x	(5.5%)
2001	New Mountain Partners, L.P.	3/16/2001	15,000,000	12,830,735	16,896,846	1,704,756	1.45x	12.7%
2001	Apollo Investment Fund V, L.P.	4/13/2001	35,000,000	32,504,044	72,671,903	14,561,597	2.68x	39.2%
2001	Prism Venture Partners IV, L.P.	7/12/2001	25,000,000	25,037,757	16,491,093	2,759,277	0.77x	(5.5%)
2001	CVC European Equity Partners III, L.P.	9/4/2001	25,000,000	24,001,319	61,317,466	7,240,543	2.86x	41.2%
2002	Yucaipa American Alliance Fund I, LP	7/1/2002	20,000,000	20,030,746	12,384,623	14,173,539	1.33x	7.9%
2002	Collier International Partners IV, L.P.	7/2/2002	30,000,000	26,589,334	29,038,506	10,065,488	1.47x	14.9%
2002	Landmark Equity Partners XI, L.P.	10/23/2002	30,000,000	28,296,063	36,059,561	7,004,074	1.52x	24.8%
2003	FS Equity Partners V, L.P.	1/20/2003	15,000,000	12,021,939	13,528,829	11,201,533	2.06x	16.5%
2003	Blackstone Capital Partners IV, L.P.	2/26/2003	50,000,000	44,708,924	80,568,466	34,111,328	2.57x	37.6%
2003	Ares Corporate Opportunities Fund, L.P.	4/1/2003	35,000,000	33,794,315	40,021,663	14,490,803	1.61x	13.9%
2004	Markstone Capital Partners, LP	1/30/2004	10,000,000	9,369,625	3,745,669	4,740,449	0.91x	(2.7%)
2004	Euro Choice II (Delaware) L.P.	2/25/2004	20,267,960	19,205,521	8,049,013	15,270,579	1.21x	4.8%
2004	FdG Capital Partners II LP	8/30/2004	25,000,000	19,749,462	6,902,148	15,886,416	1.15x	2.6%
2004	Paladin Homeland Security Fund (NY City), L.P.	9/27/2004	30,000,000	30,185,554	3,454,589	11,670,707	0.50x	(12.3%)
2004	Lincolnshire Equity Fund III, L.P.	10/1/2004	15,000,000	14,080,342	16,396,421	10,224,572	1.89x	38.3%
2004	Palladium Equity Partners III, L.P.	11/12/2004	25,000,000	20,703,159	8,583,096	24,266,415	1.59x	15.1%
2004	Aurora Equity Partners III L.P.	11/16/2004	15,000,000	15,165,124	7,333,398	15,138,701	1.48x	13.1%
2004	Trilantic Capital Partners III L.P.	11/18/2004	20,000,000	16,873,746	21,963,289	6,242,106	1.67x	15.0%
2004	Medica III Investments (International) L.P.	12/1/2004	10,000,000	9,331,638	4,237,089	4,964,000	0.99x	(0.5%)
2004	Celtic Pharmaceutical Holdings L.P.	12/23/2004	10,000,000	10,160,838	160,838	15,992,237	1.59x	9.6%
2005	New Mountain Partners II, L.P.	1/12/2005	7,741,935	6,049,740	5,202,804	5,292,154	1.73x	11.7%
2005	VSS Communications Partners IV, L.P.	3/14/2005	12,500,000	12,572,221	1,629,261	8,299,828	0.79x	(5.5%)
2005	Carlyle Partners IV, L.P.	4/29/2005	50,000,000	46,935,526	37,839,637	43,044,685	1.72x	11.6%
2005	Levine Leichtman Capital Partners Deep Value Fund, L.P.	5/18/2005	20,000,000	22,591,554	10,730,897	14,415,528	1.11x	3.4%
2005	Prism Venture Partners V-A, L.P.	7/14/2005	20,000,000	19,300,000	4,690,587	9,209,354	0.72x	(10.0%)
2005	Arlington Capital Partners II, L.P.	7/29/2005	20,000,000	18,550,535	6,904,861	17,383,377	1.31x	7.9%
2005	Quadrangle Capital Partners II LP	8/29/2005	25,000,000	19,022,070	4,433,901	15,636,492	1.06x	1.4%
2005	Snow Phipps Group, L.P.	9/7/2005	10,000,000	9,264,832	3,162,363	9,339,801	1.35x	11.8%
2005	GI Partners Fund II L.P.	9/26/2005	12,500,000	12,446,905	4,646,593	12,160,939	1.35x	6.5%
2005	Blackstone Mezzanine Partners II, L.P.	10/10/2005	14,000,000	12,390,072	9,404,315	6,677,808	1.30x	7.9%
2005	Psilos Group Partners III, L.P.	10/24/2005	12,500,000	11,562,029	6,122,007	8,753,072	1.29x	7.6%
2005	FirstMark IV, L.P.	11/21/2005	10,000,000	9,945,444	8,195,462	18,308,704	2.66x	43.5%
2005	USPF II Institutional Fund, L.P.	11/23/2005	20,000,000	18,064,776	5,835,241	17,467,734	1.29x	5.8%
2005	Bridgepoint Europe III	12/6/2005	15,815,146	14,480,947	2,799,071	12,239,809	1.04x	0.8%
2005	JP Morgan Fleming (Tranche A)	12/21/2005	40,000,000	30,747,391	6,439,401	30,220,618	1.19x	5.9%
2006	Aisling Capital II, LP	1/12/2006	2,500,000	2,306,800	400,668	1,630,522	0.88x	(3.3%)
2006	InterMedia Partners VII, L.P.	1/20/2006	12,500,000	11,690,543	165,968	15,538,663	1.34x	6.5%
2006	Falconhead Capital Partners II, L.P.	1/24/2006	15,000,000	15,597,610	2,778,131	17,433,573	1.30x	8.1%
2006	Terra Firma Capital Partners III, L.P.	3/8/2006	15,478,040	14,464,680	330,718	7,339,049	0.53x	(21.5%)
2006	Fenway Partners Capital Fund III, L.P.	3/29/2006	15,000,000	14,890,550	6,418,578	6,798,730	0.89x	(3.5%)
2006	Blackstone Capital Partners V, L.P.	4/13/2006	42,875,000	40,330,621	4,703,567	36,909,315	1.03x	0.8%
2006	Avista Capital Partners, L.P.	4/27/2006	20,000,000	19,323,744	11,291,886	15,578,309	1.39x	8.0%
2006	GSC Recovery III, L.P.	5/4/2006	5,000,000	5,026,983	2,592,933	2,607,895	1.03x	1.1%
2006	Apollo Investment Fund VI, L.P.	5/10/2006	45,000,000	40,253,658	8,306,118	47,018,372	1.37x	7.5%
2006	Landmark Equity Partners XIII, L.P.	5/11/2006	10,000,000	9,206,504	5,464,340	5,105,983	1.15x	4.4%
2006	Ares Corporate Opportunities Fund II, L.P.	5/23/2006	15,000,000	12,939,449	12,606,400	9,955,264	1.74x	14.1%
2006	Atlantic Equity Partners IV, L.P.	7/12/2006	20,000,000	16,339,086	-	8,878,470	0.54x	(14.8%)
2006	CCMP Capital Investors II, L.P.	8/17/2006	20,000,000	15,232,698	4,386,868	16,542,301	1.37x	11.5%
2006	Capital Partners Private Equity Income Fund, L.P.	8/23/2006	15,000,000	13,787,360	10,060,833	10,995,887	1.53x	18.9%
2006	Perseus Partners VII, L.P.	8/31/2006	15,000,000	13,757,833	24,985	9,509,359	0.69x	(11.2%)
2006	NB Co-Investment Partners LP	9/28/2006	60,000,000	52,725,195	29,509,226	39,643,832	1.31x	8.2%
2006	Euro Choice III L.P.	11/21/2006	26,815,012	22,892,877	2,903,753	18,945,304	0.95x	(1.9%)
2006	Thomas, Mc Nerney & Partners II, L.P.	11/30/2006	10,000,000	8,075,000	1,026,453	6,767,721	0.97x	(1.3%)
2006	Catterton Partners VI, L.P.	12/14/2006	20,000,000	16,560,456	4,872,316	20,705,185	1.54x	11.4%
2006	First Reserve Fund XI, L.P.	12/14/2006	20,000,000	18,392,316	5,138,431	15,270,227	1.11x	3.1%
2006	Permira IV, L.P.	12/14/2006	16,026,301	14,021,837	1,255,354	15,252,577	1.18x	4.6%
2006	Arsenal Capital Partners II, LP	12/19/2006	10,000,000	8,559,731	978,021	12,576,110	1.58x	15.1%
2006	RRE Ventures IV, L.P.	12/19/2006	15,000,000	14,656,528	1,911,910	20,497,328	1.53x	15.1%
2006	Collier International Partners V, L.P.	12/21/2006	10,000,000	8,221,866	3,534,743	6,338,181	1.20x	7.3%
2006	MidOcean Partners III, L.P.	12/21/2006	40,000,000	28,035,863	377,049	26,635,206	0.96x	(1.1%)
2006	GF Capital Private Equity Fund, L.P.	12/22/2006	10,000,000	9,381,397	5,479,321	7,634,412	1.40x	14.9%
2006	The Fourth Cinven Fund	1/22/2007	13,893,135	12,119,812	2,382,496	12,891,252	1.26x	6.6%
2007	Pegasus Partners IV, L.P.	1/29/2007	15,000,000	14,662,529	6,329,197	15,066,821	1.46x	12.6%
2007	Olympus Capital Asia III, L.P.	1/31/2007	20,000,000	11,520,638	2,656,446	7,352,437	0.87x	(6.4%)
2007	FTVentures III, LP	3/1/2007	7,500,000	5,189,482	574,786	8,869,179	1.82x	17.4%
2007	Highland Consumer Fund I LP	3/16/2007	10,000,000	8,116,060	-	5,871,872	0.72x	(10.9%)
2007	Montreux Equity Partners IV, L.P.	3/27/2007	10,000,000	8,150,000	3,296,419	6,122,248	1.16x	5.7%
2007	Gleacher Mezzanine Fund II, L.P.	3/30/2007	10,000,000	7,639,740	3,342,513	5,310,116	1.13x	7.6%
2007	Quaker BioVentures II, L.P.	3/30/2007	15,000,000	8,758,819	612,538	7,314,573	0.91x	(4.2%)
2007	SCP Vitalife Partners II Fund	4/13/2007	15,000,000	10,874,774	1,184	9,032,426	0.83x	(7.8%)
2007	Comvest Investment Partners III, L.P.	5/15/2007	15,000,000	13,410,734	5,584,526	10,293,310	1.18x	7.1%
2007	Constellation Venture Capital III, L.P.	5/22/2007	15,000,000	13,933,490	5,407	12,555,188	0.90x	(4.9%)
2007	United States Power Fund III, L.P.	6/28/2007	15,000,000	11,689,610	1,140,000	10,764,781	1.02x	0.6%
2007	Carlyle Partners V, L.P.	7/6/2007	50,000,000	30,952,292	6,964,064	32,953,620	1.29x	9.0%
2007	PCG Clean Energy & Technology Fund (East), LLC	7/6/2007	40,000,000	30,592,755	1,829,294	25,610,946	0.90x	(4.6%)
2007	GSO Capital Opportunities Fund LP	7/16/2007	17,500,000	16,802,468	9,072,592	14,539,613	1.41x	16.9%

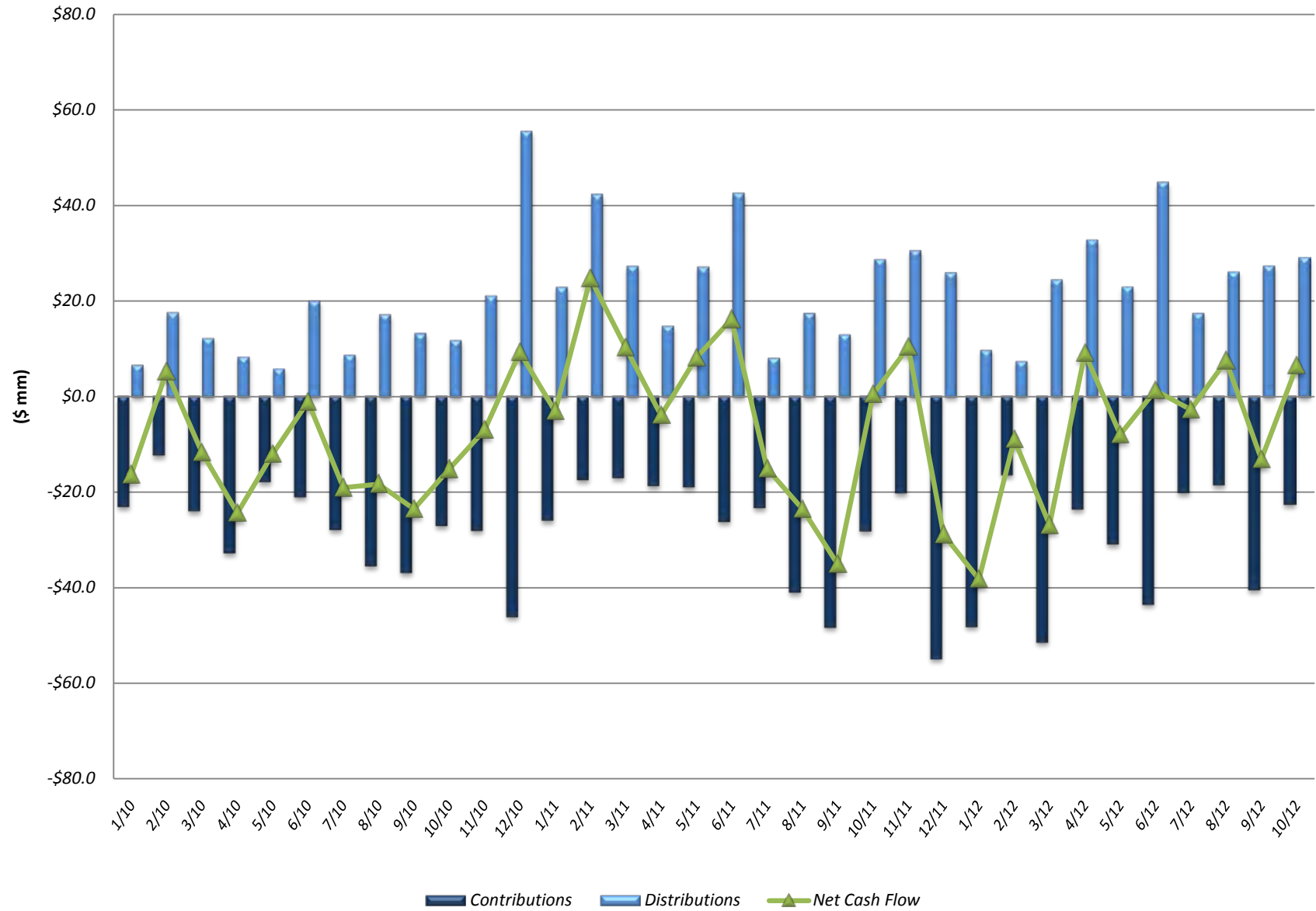
New York City Police Pension Fund, Subchapter 2
Active Investments and Subsequent Commitments
As of June 30, 2012 (in USD)

Vintage Year	Investment	First Drawdown	Committed Capital	Net Contributed Capital	Net Distributed Capital	Market Value	Multiple	IRR
2007	New Mountain Partners III, L.P.	8/9/2007	35,000,000	24,329,687	3,809,156	24,963,828	1.18x	8.0%
2007	Vista Equity Partners Fund III, L.P.	10/3/2007	20,000,000	18,833,405	9,639,379	30,410,745	2.13x	29.4%
2007	Trilantic Capital Partners IV L.P.	10/22/2007	45,856,523	41,964,950	14,762,372	43,371,732	1.39x	16.5%
2008	Paladin III (NY City), L.P.	1/8/2008	30,000,000	16,475,090	3,053,008	15,264,057	1.11x	3.6%
2007	Pine Brook Capital Partners, L.P.	1/11/2008	15,000,000	10,142,338	3,608,691	9,741,098	1.32x	15.2%
2008	Relativity Fund, L.P.	1/17/2008	15,000,000	7,315,643	354,243	2,791,221	0.43x	(31.3%)
2008	Apollo Investment Fund VII, L.P.	1/28/2008	50,000,000	34,547,924	9,813,611	40,822,221	1.47x	20.2%
2008	NGN BioMed Opportunity II, L.P.	2/11/2008	10,000,000	6,725,911	11,844	4,906,119	0.73x	(12.8%)
2008	Carpenter Community BancFund-A, L.P.	2/12/2008	15,000,000	13,509,090	65,433	15,547,578	1.16x	6.3%
2008	Riverstone/Carlyle Global Energy & Power Fund IV, L.P.	3/3/2008	15,000,000	12,017,228	4,979,163	11,962,642	1.41x	17.1%
2008	Yucaipa American Alliance Fund II, LP	3/28/2008	50,000,000	47,268,230	11,078,056	56,766,412	1.44x	17.3%
2008	Milestone Partners III, L.P.	4/7/2008	15,000,000	13,288,853	609,056	16,024,575	1.25x	9.8%
2008	Levine Leichtman Capital Partners IV, L.P.	4/8/2008	10,000,000	6,660,452	1,003,111	8,877,406	1.48x	26.1%
2008	Lee Equity Partners Fund, L.P.	4/23/2008	20,000,000	9,323,311	1,358,356	6,777,666	0.87x	(5.2%)
2008	Coral's 2007 Institutional Momentum Fund, L.P.	5/13/2008	10,000,000	8,492,863	-	8,746,695	1.03x	1.0%
2008	Yucaipa Corporate Initiatives Fund II, LP	6/23/2008	15,000,000	12,748,364	8,784	8,439,058	0.66x	(29.7%)
2008	CVC European Equity Partners V, L.P.	7/21/2008	33,608,378	21,856,883	4,496,019	21,137,429	1.17x	8.1%
2008	GI Partners Fund III L.P.	7/29/2008	17,500,000	14,811,288	1,045,794	17,469,603	1.25x	14.4%
2008	Ares Corporate Opportunities Fund III, L.P.	7/30/2008	25,000,000	15,720,341	7,906,694	18,285,846	1.67x	25.4%
2008	CS NYCPFF Emerging Manager Co-Investment Fund, L.P.	8/22/2008	9,090,909	5,009,722	886,087	5,986,810	1.37x	13.2%
2008	CS NYCPFF Emerging Manager Fund, L.P.	8/22/2008	59,909,091	22,920,388	1,780,878	21,574,508	1.02x	1.1%
2008	First Reserve Fund XII, L.P.	8/25/2008	20,000,000	14,888,813	1,110,490	13,889,261	1.01x	0.4%
2008	Landmark Equity Partners XIV, L.P.	9/19/2008	27,250,000	13,884,398	3,866,924	12,995,585	1.21x	20.8%
2008	Crestview Partners II, L.P.	10/1/2008	22,500,000	13,843,532	832,402	17,139,372	1.30x	15.9%
2008	Erasmus New York City Growth Fund IA	10/17/2008	40,000,000	4,835,960	-	3,220,276	0.67x	(10.9%)
2008	Euro Choice IV L.P.	10/22/2008	19,578,824	7,717,469	56,896	6,494,234	0.85x	(11.5%)
2008	Avista Capital Partners II, L.P.	11/5/2008	35,000,000	26,224,983	1,867,498	35,449,898	1.42x	16.2%
2008	Blue Wolf Capital Fund II, L.P.	11/14/2008	15,000,000	10,599,235	4,006,867	8,641,911	1.19x	13.9%
2008	Bridgepoint Europe IV	11/14/2008	13,293,027	8,597,861	-	9,217,990	1.07x	4.8%
2008	Aisling Capital III, LP	11/20/2008	7,000,000	2,378,306	53,443	1,722,243	0.75x	(20.9%)
2008	Onex Partners III LP	12/10/2008	15,000,000	7,138,871	140,710	6,789,929	0.97x	(1.8%)
2009	NorthBound Emerging Manager Custom Fund LP	1/29/2009	20,000,000	10,873,024	375,986	12,433,321	1.18x	12.0%
2009	Welsh, Carson, Anderson & Stowe XI, L.P.	2/10/2009	22,500,000	13,069,624	-	14,805,744	1.13x	8.7%
2009	Scale Venture Partners III, LP	5/1/2009	10,000,000	7,059,024	726,164	11,475,841	1.73x	39.8%
2009	FS Equity Partners VI, L.P.	7/27/2009	20,000,000	10,805,547	91,801	11,892,247	1.11x	7.3%
2009	Lincolnshire Equity Fund IV, L.P.	8/5/2009	7,500,000	1,746,110	42,477	1,174,590	0.70x	(21.8%)
2009	Lexington Capital Partners VII, L.P.	12/3/2009	20,000,000	8,781,726	1,408,523	9,795,375	1.28x	20.5%
2010	Snow Phipps II, L.P.	1/8/2010	17,500,000	5,102,320	34,948	5,689,576	1.12x	NM
2010	Trident V, L.P.	4/29/2010	40,000,000	14,173,890	-	13,609,056	0.96x	NM
2010	Comvest Investment Partners IV, L.P.	10/21/2010	45,000,000	15,712,442	44,658	13,537,744	0.86x	NM
2011	Blackstone Capital Partners VI, L.P.	1/24/2011	35,000,000	4,697,679	-	3,878,549	0.83x	NM
2011	Ampersand 2011	3/11/2011	12,500,000	6,000,000	-	7,371,354	1.23x	NM
2011	BDCM Opportunity Fund III, L.P.	4/8/2011	20,000,000	7,198,292	174,600	7,258,884	1.03x	NM
2011	AXA Secondary Fund V B L.P.	6/16/2011	80,000,000	13,426,667	-	17,677,344	1.32x	NM
2011	Wellspring Capital Partners V, L.P.	7/1/2011	22,500,000	4,806,703	-	4,229,980	0.88x	NM
2011	EQT VI, L.P.	8/1/2011	48,752,831	4,338,094	-	3,164,944	0.73x	NM
2011	Pegasus Partners V, L.P.	8/16/2011	13,786,118	6,841,004	-	6,287,015	0.92x	NM
2011	BC European Capital IX	9/19/2011	68,328,301	7,681,880	-	8,675,914	1.13x	NM
2011	American Securities Partners VI, L.P.	11/18/2011	50,000,000	8,580,493	-	8,100,417	0.94x	NM
2011	Vista Equity Partners Fund IV, L.P.	11/30/2011	70,000,000	22,673,739	-	21,594,544	0.95x	NM
2012	Warburg Pincus Private Equity XI, L.P.	5/24/2012	80,000,000	5,028,634	-	4,764,920	0.95x	NM
2012	Summit Partners Growth Equity Fund VIII-A, L.P.	6/14/2012	75,000,000	3,375,000	-	3,305,468	0.98x	NM
2012	Palladium Equity Partners IV, L.P.	10/10/2012	35,000,000	-	-	-	0.00x	N/A
2012	Ares Corporate Opportunities Fund IV, L.P.	11/5/2012	50,000,000	-	-	-	0.00x	N/A
2012	Green Equity Investors VI, L.P.	11/30/2012	55,000,000	-	-	-	0.00x	N/A
Total Active Investments			\$ 3,366,366,532	\$ 2,181,857,311	\$ 1,063,751,009	\$ 1,801,844,931	1.31x	9.7%

Vintage Year	Investment	First Drawdown	Committed Capital	Net Contributed Capital	Net Distributed Capital	Market Value	Multiple	IRR
Commitments Closed Subsequent to as of Date								
2012	Trilantic Capital Partners V L.P.	9/20/2012	\$ 50,000,000	\$ -	\$ -	\$ -	N/A	N/A
Total Commitments Closed Subsequent to as of Date			\$ 50,000,000	\$ -	\$ -	\$ -	N/A	N/A

Note: IRRs presented are interim estimates and may not be indicative of the ultimate performance of fund investments due to a number of factors, such as the lack of industry valuation standards and the differences in the investment pace and strategy of various funds. Until a fund is liquidated, typically over 10 to 12 years, the IRR is only an interim estimated return. The IRR calculated in early years of a fund is not meaningful given the J-curve effect. The actual IRR performance of any fund is not known until all capital contributed and earnings have been distributed to the investor. The IRRs contained in this report are calculated by StepStone Group LLC ("StepStone"), a consultant to the New York City Police Pension Fund, Subchapter 2, based on information provided by the general partners (e.g. cash flows and valuations). The IRR calculations and other information contained in this report have not been reviewed or confirmed by the general partners. The result of the IRR calculation may differ from that generated by the general partner or other limited partners. Differences in IRR calculations can be affected by cash-flow timing, the accounting treatment of carried interest, fund management fees, advisory fees, organizational fees, other fund expenses, sale of distributed stock, and valuations.

NYC Police Monthly PE Cash Flow Summary



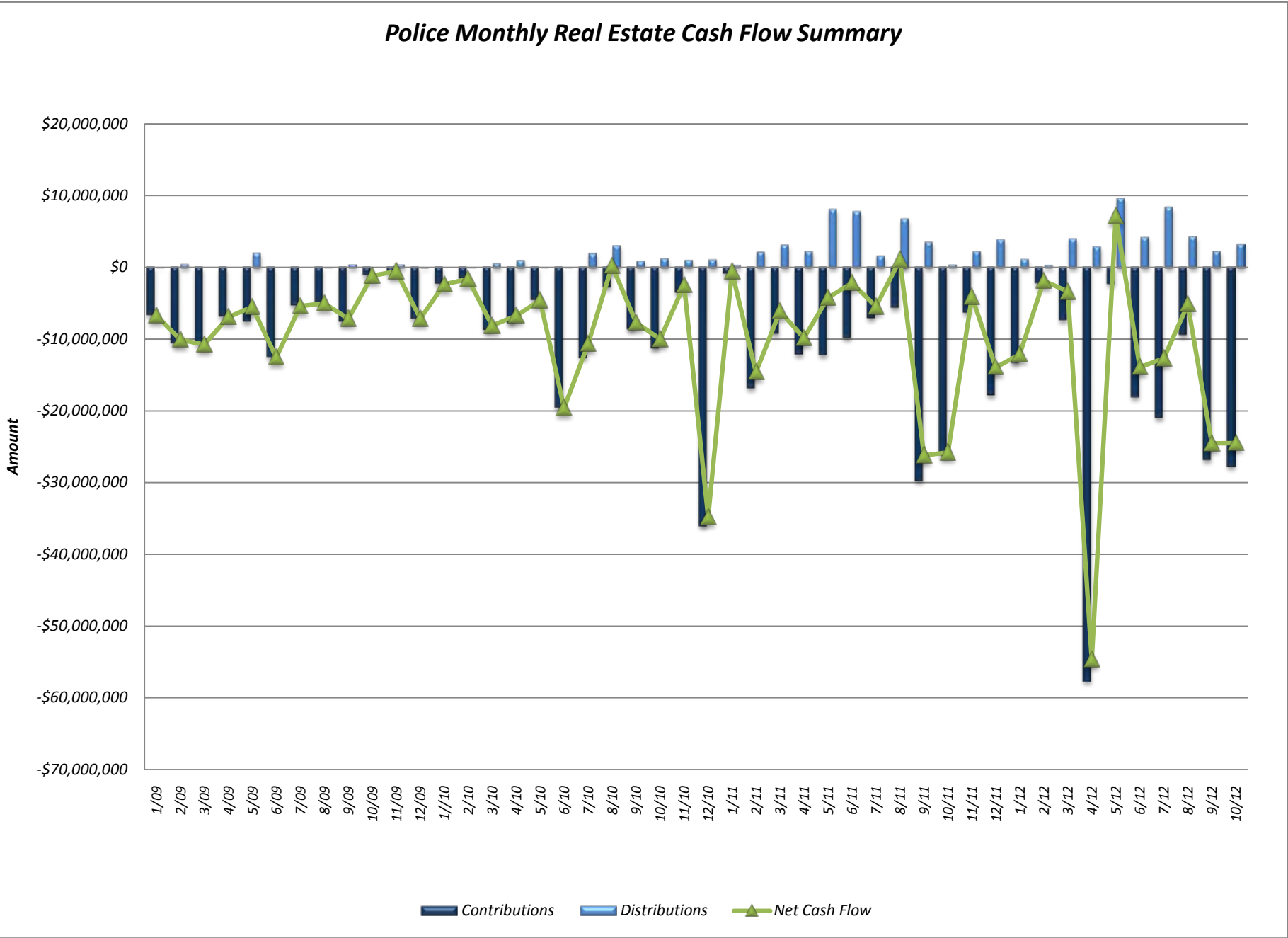
New York City Police Pension Fund

Vintage Year	Fund Name	Style Sector	Geographic Play	First Draw Down	Capital Committed	Contributions	Distributions	Market Value	Equity Multiple	Net IRR
2003	Canyon Johnson Urban Fund	Non-Core Portfolio	Developed Americas	12/6/2002	\$10,000,000	\$8,970,966	(\$10,269,153)	\$214,349	1.2	10.2%
2003	OCM Real Estate Opportunities Fund III	Non-Core Portfolio	Global	3/5/2003	\$15,000,000	\$15,000,000	(\$22,534,563)	\$3,305,716	1.7	11.9%
2004	The City Investment Fund I	Non-Core Portfolio	Developed Americas	3/16/2004	\$70,000,000	\$69,030,360	(\$40,296,360)	\$29,508,342	1.0	0.3%
2004	Blackstone Fund IV	Non-Core Portfolio	Developed Americas	5/10/2004	\$15,000,000	\$19,109,564	(\$16,413,826)	\$8,510,590	1.3	11.9%
2005	Canyon Johnson Urban Fund II	Non-Core Portfolio	Developed Americas	5/11/2005	\$20,000,000	\$17,977,405	(\$12,000)	\$10,150,598	0.6	-11.7%
2006	AREA Real Estate Fund V	Non-Core Portfolio	Developed Americas	6/15/2006	\$5,000,000	\$5,000,004	(\$1,210,801)	\$2,230,170	0.7	-10.0%
2006	Prologis Targeted U.S. Logistics Fund	Core / Core Plus Portfolio	Developed Americas	10/1/2006	\$10,000,000	\$11,485,570	(\$1,554,565)	\$7,192,862	0.8	-5.5%
2006	PRISA	Core / Core Plus Portfolio	Developed Americas	9/29/2006	\$21,000,000	\$21,913,058	(\$1,795,668)	\$19,761,294	1.0	-0.3%
2006	RREEF America REIT II	Core / Core Plus Portfolio	Developed Americas	10/1/2006	\$21,000,000	\$27,724,347	(\$7,996,675)	\$19,968,208	1.0	0.2%
2006	UBS Trumbull Property Fund ("UBS-TPF")	Core / Core Plus Portfolio	Developed Americas	9/28/2006	\$61,000,000	\$65,911,572	(\$3,784,481)	\$67,111,675	1.1	3.3%
2007	Colony Investors VIII	Non-Core Portfolio	Global	9/18/2007	\$20,000,000	\$19,999,679	(\$1,461,629)	\$5,569,350	0.4	-25.3%
2007	RREEF America REIT III - 1410	Core / Core Plus Portfolio	Developed Americas	10/1/2007	\$15,000,000	\$15,000,000	(\$100,040)	\$5,709,805	0.4	-18.3%
2007	Colony Realty Partners II	Core / Core Plus Portfolio	Developed Americas	12/20/2006	\$20,000,000	\$21,420,211	(\$666,108)	\$9,449,500	0.5	-14.8%
2007	JP Morgan Special Situation Property Fund	Core / Core Plus Portfolio	Developed Americas	1/2/2007	\$15,000,000	\$16,180,459	(\$2,070,932)	\$11,534,841	0.8	-3.5%
2007	PRISA II	Core / Core Plus Portfolio	Developed Americas	6/30/2007	\$60,278,867	\$62,115,770	(\$3,636,109)	\$53,663,534	0.9	-2.1%
2007	Metropolitan Workforce Housing Fund	Emerging Managers Portfolio	Developed Americas	7/13/2007	\$7,000,000	\$6,900,377	(\$152,388)	\$6,866,104	1.0	1.0%
2007	Heitman HART	Core / Core Plus Portfolio	Developed Americas	3/29/2007	\$28,000,000	\$32,105,462	(\$4,105,462)	\$31,840,359	1.1	3.5%
2007	JP Morgan Strategic Property Fund	Core / Core Plus Portfolio	Developed Americas	12/4/2006	\$56,000,000	\$57,552,032	\$0	\$65,020,903	1.1	4.2%
2007	Carlyle Realty Partners V	Non-Core Portfolio	Developed Americas	8/27/2007	\$20,000,000	\$22,512,370	(\$11,123,342)	\$14,469,021	1.1	4.7%
2007	Blackstone Real Estate Partners VI	Non-Core Portfolio	Developed Americas	9/27/2007	\$40,000,000	\$40,511,172	(\$4,760,901)	\$46,790,796	1.3	8.8%
2008	Silverpeak Legacy Partners III (Lehman)	Non-Core Portfolio	Global	5/28/2008	\$30,000,000	\$13,301,089	(\$299,144)	\$5,574,588	0.4	-20.7%
2008	American Value Partners Fund I	Emerging Managers Portfolio	Developed Americas	10/18/2007	\$15,000,000	\$10,360,199	(\$1,471,799)	\$6,651,556	0.8	-9.4%
2008	Stockbridge Real Estate Fund III	Non-Core Portfolio	Developed Americas	9/9/2008	\$27,000,000	\$21,395,758	\$0	\$18,154,597	0.8	-8.0%
2008	Fidelity Real Estate Growth Fund III	Non-Core Portfolio	Developed Americas	5/19/2008	\$15,000,000	\$12,788,518	(\$2,226,841)	\$9,548,534	0.9	-4.3%
2008	Westbrook Real Estate Fund VII	Non-Core Portfolio	Global	12/3/2007	\$10,000,000	\$10,804,194	(\$1,163,637)	\$8,326,043	0.9	-4.1%
2008	AREA European Real Estate Fund III	Non-Core Portfolio	Developed Europe	5/6/2008	\$30,000,000	\$26,715,000	(\$3,712,500)	\$23,860,288	1.0	1.6%
2008	PRISA III	Non-Core Portfolio	Developed Americas	9/30/2008	\$30,000,000	\$31,504,468	\$0	\$37,180,823	1.2	6.8%
2008	AG Realty Fund VII	Non-Core Portfolio	Developed Americas	5/20/2008	\$25,000,000	\$21,062,500	(\$7,687,500)	\$17,516,712	1.2	8.9%
2008	ARA Asia Dragon Fund	Non-Core Portfolio	Developed Asia	7/9/2008	\$10,000,000	\$8,781,000	(\$1,328,624)	\$10,339,484	1.3	12.5%
2009	Thor Urban Property Fund II	Non-Core Portfolio	Developed Americas	10/30/2008	\$20,000,000	\$16,935,304	(\$8,883,607)	\$5,469,346	0.8	-13.7%
2009	Walton Street Real Estate Fund VI	Non-Core Portfolio	Developed Americas	4/27/2009	\$30,000,000	\$22,394,360	(\$4,060,513)	\$20,870,273	1.1	6.3%
2009	Carbon Capital III	Non-Core Portfolio	Developed Americas	7/2/2009	\$15,000,000	\$16,408,936	(\$6,208,592)	\$12,473,714	1.1	8.5%
2010	Canyon Johnson Urban Fund III	Non-Core Portfolio	Developed Americas	3/29/2010	\$15,000,000	\$9,555,307	(\$1,072,074)	\$8,526,499	1.0	0.4%
2010	Blackstone Real Estate Partners Europe III (USD Vehicle)	Non-Core Portfolio	Developed Europe	10/24/2008	\$35,000,000	\$13,335,007	(\$147,486)	\$14,778,434	1.1	11.2%
2010	LaSalle Property Fund	Core / Core Plus Portfolio	Developed Americas	7/1/2010	\$50,000,000	\$26,499,607	(\$1,084,497)	\$29,708,292	1.2	14.5%
2010	Westbrook Real Estate Fund VIII	Non-Core Portfolio	Global	12/28/2009	\$35,000,000	\$28,278,690	(\$9,223,993)	\$23,248,649	1.1	20.6%
2011	Carlyle Realty Partners VI	Non-Core Portfolio	Developed Americas	9/14/2011	\$40,000,000	\$7,546,611	(\$47,017)	\$7,678,025	1.0	4.5%
2011	H/2 Special Opportunities Fund II	Non-Core Portfolio	Developed Americas	1/31/2011	\$25,000,000	\$4,902,634	\$0	\$6,096,952	1.2	23.1%
2012	Taconic New York City Investment Fund LP	Non-Core Portfolio	Developed Americas	n/a	\$40,000,000	\$0	\$0	(\$122,350)	n/a	n/a
2012	Almanac Realty Securities VI	Core / Core Plus Portfolio	Developed Americas	6/6/2012	\$50,000,000	\$1,219,285	\$0	\$1,225,903	1.0	8.6%
2012	Divco West Fund III	Non-Core Portfolio	Developed Americas	1/6/2012	\$70,000,000	\$29,788,098	(\$115,657)	\$35,493,717	1.2	69.1%
2012	Blackstone Real Estate Partners VII	Non-Core Portfolio	Global	3/31/2012	\$100,000,000	\$21,404,734	(\$1,407,685)	\$22,441,977	1.1	97.1%
New York City Police Pension Fund					\$1,246,278,867	\$911,401,675	(\$184,086,167)	\$743,910,073	1.0	0.7%

Funds Closed Subsequent to Quarter

Vintage	Fund Name	First Draw Down	Capital Committed	Contributions
2012	Brookfield Strategic Real Estate Partners		\$60,000,000	-
Grand Total			\$60,000,000	-

Source: PCG historical cash flow data. TTG cash flow data from Fund Managers, effective 2005. Note: The equity multiples and IRRs contained in this report are interim calculations based upon information provided by the investment managers of the New York City Retirement Systems, including cash flows and quarterly unaudited, or audited, valuations. The IRR calculated in early years of a fund life is not meaningful given the J-curve effect and can be significantly impacted by the timing of cash flows, investment strategy, investment pacing, and fund life. The calculations are not necessarily indicative of total fund performance, which can only be determined after the fund is liquidated and all capital contributed and earnings have been distributed to the investor. All data supplied is as of June 30, 2012. 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.



III. Superstorm Sandy:

IV. Asset Allocation – Tips:

STRATEGIC INVESTMENT SOLUTIONS, INC.*memorandum*

TO: NYCPFF

CC: Martin Gantz

FROM: Barry Dennis

DATE: October 10, 2012

SUBJECT: **TIPS POLICY RANGE**

The TIPS Policy Range of $\pm 1\%$ was based on a target allocation of 3% (now 4%). Additional Real Estate “parking” of uncommitted allocations bring the “adjusted” TIPS allocation to a current 5.6%.

In light of this substantial increase, we recommend raising the TIPS Policy Range from $\pm 1\%$ to $\pm 2\%$. Once the Real Estate allocation is filled, the TIPS range should come down to $\pm 1.5\%$

V. Private Equity IPS:

NEW YORK CITY POLICE DEPARTMENT
PENSION FUND, SUBCHAPTER 2

PRIVATE EQUITY INVESTMENT POLICY

Adopted: September 8, 2003

Proposed: December 10, 2012

I. SCOPE

The Private Equity Program Investment Policy Statement (the “IPS”) applies to the Private Equity Program assets within the New York City Police Department Pension Fund, Subchapter 2 (“Police”, the “Fund”, or the “System”).

II. PURPOSE

The IPS provides the broad strategic framework for managing the Systems’ Private Equity assets. The design of the IPS ensures that Managers, Advisors, Consultants and other participants selected by the System adhere to the investment principles and guidelines of the Fund. Additionally, the use of the IPS assures sufficient flexibility in managing investment risks and returns associated with the Private Equity Program (the “Program”). The purpose of the Program is to provide access to a portion of the global markets that are not publicly-traded as well as to access strategies which benefit from longer holding periods. The Program targets superior risk adjusted returns to what is generally available in public equity markets.

III. INVESTMENT PHILOSOPHY

The System’s Board of Trustees believes that Private Equity markets are inefficient and illiquid and should therefore provide superior returns for risk taken, and that there is a return premium for investors who are willing to take an opportunistic approach to this asset class. The Board believes that risk can be managed through a combination of quantitative and qualitative constraints; including liquidity, vintage, manager, currency, industry, leverage and market value (see Section IX) and that a successful Private Equity program has the following strategy diversification: Buyout, Growth Equity, Special Situations, Energy, Secondary and Co-Investment (see Section V).

IV. STRATEGIC OBJECTIVE

The System has mandated investments in Private Equity Assets¹ as part of its strategic asset allocation to:

- A. Increase the diversification of its assets.
- B. Take advantage of the ability to accept illiquidity in exchange for an illiquidity premium.
- C. Make investments that have less correlation to public markets.
- D. Invest with Managers who have demonstrated the ability to or have the potential to outperform the 10-year average of the Russell 3000 Index (one quarter lag) plus a 300 basis point risk premium (net of fees and expenses) or Performance Objective returns as compared to similar investments.
- E. Reduce the volatility and increase the risk-adjusted returns of the overall portfolio of the System.

¹ Private Equity Assets are non-traditional investments made with the objective of achieving returns that are greater than those earned in the traditional public equity and debt markets. Alternative asset class components may be broadly categorized as (1) non-marketable, illiquid assets, and (2) marketable, liquid securities managed in a nontraditional format. Special debt, private equity, (including venture capital) real-estate-related investments, oil and gas, as well as timber, are examples of non-marketable assets. Risk arbitrage, commodities and derivatives are examples of the more liquid alternative asset types.

The System also expects that commitments to and investments in Private Equity Assets will establish, maintain and continually improve the reputation of the System as an investor, and that the System will make both continuous use of and contributions to the best practices of investors in Alternative Investments. The Fund will seek investments in which the proposer demonstrates a commitment to standards of good conduct, including compliance with all Federal, State and local laws, including, but not limited to, labor, anti-discrimination, environmental, and health and safety laws, and will reject investments that would pose reputational risk to the Fund or bring public or regulatory scrutiny other than that which is required by law or regulation to consummate an investment transaction. The Fund will not entertain investments that have the potential of eliminating public-sector jobs. The Fund encourages the submission of proposals for review from proposers that demonstrate a strong commitment to diversity in their firms.

The Fund seeks to employ Emerging Managers¹. Emerging Managers are asset managers the Board believes will add significant value to the Fund through implementation of investment strategies consistent with the Board's asset allocation and other policies, but which, because of size, length of track record, or other similar factors, have not been awarded contracts through the Board's manager selection process².

As part of Police's continued commitment to drive asset class best practices and support long-term partnerships between Limited Partners and General Partners the Fund will strive to adhere to the Institutional Limited Partner Association's ("ILPA") guiding principles emphasizing alignment of interest, governance and transparency.

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

V. ASSET ALLOCATION

Asset allocation is a critical driver for the long-term success of the private equity program. Since it is not possible to rebalance quickly in private equity, pacing and manager selection have heightened importance as tools to influence allocation. Pursuant to a 2011 asset allocation study performed by the System's general consultant, SIS, Inc ("SIS"), the Board has adopted an allocation to Private Equity of **7.0%** of the market value of the total assets of the System **plus** or **minus 2.0%**. Long-term asset allocation targets have been developed with the assistance of the System's Private Equity Consultant, StepStone, and the strategies are denoted below:

Strategy
Buyout
Growth Equity
Special Situations/Turnaround
Energy
Secondary
Co-Invest
Other

¹ Emerging Managers are sponsors targeting capital raises up to \$750 million and investing through funds I – III. Emerging Managers include Minority & Women-Owned Business Enterprise ("MWBE")

² Per Police's Core IPS dated December 17, 2007

VI. RESPONSIBILITIES AND DELEGATION

A. Role of Board of Trustees

The Board of Trustees (the “Board”) is responsible for reviewing and approving Policies, including the IPS. In addition the Board shall:

- Review the Program at least annually and approve and adopt the Annual Private Equity Plan.
- Approve the retention of strategic consultants, advisors and other external resources, as needed.
- Oversee performance, risk and execution of the Program.
- Approve investment recommendations.
- Delegate investment approval authority as appropriate.
- Approve and/or ratify exceptions to the Annual Private Equity Plan as triggering events may arise.

B. Role of 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 to develop and implement an Annual Private Equity Plan, identifying and evaluating private equity strategies, investment managers and investments appropriate for the Program, and 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 System’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 System obtains the maximum value from those relationships.
- Monitoring and reporting on the performance metrics as provided by the Managers with respect to the overall purpose and objectives of the Program; and monitoring and reporting on the performance of the consultants at least annually.
- Recommend the sale of LP interests, in the secondary market, to optimize the Program’s performance.
- In a discretionary capacity, work with the Consultant to implement the Emerging Manager component of the Program including the selection of Managers, portfolio construction and as an Investment Committee member. The Investment Committee includes the Consultant, Head of Private Equity, Executive Director of

Private Equity - Emerging Managers and the Chief Investment Officer. The Board will be apprised of the progress of this aspect of the Program periodically.

C. Role of Private Equity Consultant

Police retains a private equity consultant (the "PE Consultant") to assist in the implementation of its strategic allocation to the private equity asset class. The strategic allocation to the asset class is recommended to the Board by SIS. The PE Consultant is a fiduciary and advises Staff and Police on all aspects of its private equity investment program. The responsibilities of the PE Consultant(s) include, but are not limited to:

- Providing strategic advice:
 - 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.
 - Assisting the Board and Staff in developing the IPS and in periodic reviews of the IPS and the Program.

Together with Staff, provide an annual and a longer-term Private Equity plan for the Program.

- Periodic assessments of industry best practices with regard to policies and procedures.
- Analysis of Police' existing private equity portfolio.
- Periodic reports on the state of the private equity marketplace.
- Attending meetings of the Board and providing educational seminars for the Trustees.
- Such other strategic advice and services as Police or Staff may reasonably require.
- New investment identification and evaluation, including:
 - 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.
 - The manager's ability to comply with the Board's investment policies and restrictions.
- Periodic reports on current and anticipated investment opportunities.
- Assisting Staff with the implementation, negotiation and execution of new commitments and/or investments.
- Portfolio monitoring:
 - Assisting Staff with the ongoing review of committed investments, including reports to the Board on significant manager developments, proposed amendments to fund documentation and investment performance.

- Update Board quarterly on any portfolio company opt-outs pertaining to the Board's investment policy.
- Periodic and real-time reports on developments at and performance of individual partnerships in the Police portfolio.

D. Role of Custodian Bank/Alternatives Administrator

The Custodian Bank and/or Alternatives Administrator shall be responsible for reviewing and certifying all Program cash flow authorizations (such as capital calls and distributions).

VII. PERFORMANCE OBJECTIVE

The performance of the Program shall be measured against the following benchmark:

A. Opportunity Cost:

The expected long-term performance objective of the Private Equity program shall be measured against the 10-year average of the Russell 3000 Index (one quarter lag) plus a 300 basis point risk premium. The performance objective is net of fees and expenses. Use of the Russell 3000 Index reflects the opportunity cost of investing in Private Equity investments versus publicly traded common stocks. The 10-year average smoothes short-term volatility and is intended to cover at least one complete market cycle, consistent with the anticipated average term of the partnership investments. The index shall be modified to reflect the Program's actual cash flows.

Staff shall report regularly to the Board on performance of individual investments and of the Program as a whole in comparison to an appropriate sector based benchmark (e.g. Thompson One, etc.).

VIII. INVESTMENT OPERATIONS

A. General Approach

The Staff shall review and manage investments using a disciplined but opportunistic management strategy. Guided by the Annual Private Equity Plan (see below), Staff shall use a "top-down" approach to making assessments as to appropriate strategic weightings within the portfolio. Staff then shall seek to identify the most attractive investment opportunities available consistent with the Annual Private Equity Plan and with the goal to be diversified prudently across strategies, industries, partnerships and geography.

B. Annual Plan

Investments made under the Program shall be made in accordance with the Annual Private Equity Plan (the "Annual Plan"). Staff along with the Consultant shall present the Annual Plan to the Board, no later than 90 days after the previous calendar year end, for the Board's approval, which will provide guidance to the Staff and Consultant in the management, operations and investments of the Program. The Annual Plan shall include an elaboration of a target strategic allocation within the Private Equity asset class.

C. Pacing

The Annual Plan shall recommend commitment ranges to be made by the System within each strategy as well as a total target commitment for the System (the “Pacing Analysis”) in order to achieve both the target strategic allocation and the overall allocation to the private equity asset class. The Pacing Analysis shall take into account the System’s overall allocation to and investments in the Private Equity asset class, within each strategy, across industries and geography, and by vintage as well as the market environment and such other considerations as are appropriate. The Program shall strive to avoid inappropriate concentrations in strategies, industries, geographic areas, funds, managers or vintage years.

D. Investment Guidelines

1. Investment Types

This IPS authorizes commitments to private equity partnerships, fund of funds partnerships and separate accounts investing in private equity partnerships. These investments may be in any type of security throughout the capital structure. This IPS also allows for structures which may not conform precisely to the previous list but whose intent is to capture private equity exposure and returns while insulating the System from liability in excess of the amounts invested.

2. Co-Investment and Direct Secondaries

Investment rights may include opportunities for additional capital participation through co-investment or other side-by-side direct investment opportunities. Secondary investments include the purchase of LP interests, co-investments or other pooled investment vehicles.

3. Separate Managed Accounts

The Program may, from time to time, use funds of funds or Managers with discretionary mandates to accomplish investment strategies and activities.

E. Exceptions to the IPS

From time to time, the Program may require exceptions to this IPS. In the event that an exception is required, the following procedures shall be followed:

1. Non-Urgent¹ matters requiring an exception to this IPS will be addressed at the next scheduled Police investment meeting. The Board shall be provided a detailed written summary and rationale warranting a potential exception to the IPS. Exceptions will only be granted with Board approval (vote, motion, etc.).
2. For urgent matters² (time-sensitive) requiring an exception to this IPS, the Staff will notify the Board, in writing or via electronic mail, as soon as practicable of the matter requiring the need for an exception to the IPS. A documented phone vote granting the exception may be obtained and the Board will ratify the decision at the next scheduled monthly investment meeting.

¹ Non-Urgent matters are defined as those not requiring an affirmative decision prior to the next scheduled Police investment meeting.

² Urgent matters are defined as those requiring an affirmative decision prior to the next scheduled Police investment meeting.

IX. RISK MANAGEMENT

Private Equity does not lend itself to traditional quantitative measures of risk such as standard deviation and benchmark tracking error. Rather, risk is managed through a combination of quantitative and qualitative constraints. The following sections identify the most significant risks with private equity investments and the method of control. The Program will only consider investment structures that provide limited liability to the System.

A. Liquidity

Private equity investments are illiquid and typically have expected holding periods of 10-12 years. Investments are typically held until maturity and selling prior to maturity generally results in a discount to fair market value. Asset allocation exposure is controlled through the investment pacing described in the Annual Plan. The Board recognizes that lowering the private equity target allocation may result in forced sales and increased exposure to liquidity risk.

B. Vintage Risk

Vintage refers to the year of first capital draw and vintage risk refers to the variability of private equity commitments over time. The Annual Plan controls the short and long-term investment pacing that minimizes vintage risk while achieving targeted exposure.

C. Manager Risk

Manager risk is the impact that a general partner has on the selection of investments to put in the portfolio. It is usually manifested in two ways: the size of the Program's exposure to a particular partnership, and the number of general partners in the private equity portfolio. Partnership exposure is controlled through careful selection and by limiting the commitment size to a partnership. The maximum commitment to a partnership is limited to the lesser of **15%** of a fund-raise, or **\$200** million. The **15%** limit does not apply to a fund of funds manager or a separate account.

The optimum number of general partners in the portfolio varies with time and is controlled by the Annual Plan.

Firm risk is the exposure to a private equity manager or general partner and is controlled by limiting the total exposure (defined as unfunded commitments plus net asset value) to pooled investment vehicles operated by a general partner and/or its affiliates. The Program's maximum total exposure to a general partner and its affiliates is limited to **15%** of the total exposure of the Private Equity Program.

D. Currency

The Private Equity program accepts the currency risks consistent with the geographic constraints. Private equity partnerships generally do not hedge currency risk and the Private Equity Program will not implement currency hedges.

E. Industry

Typically, private equity partnerships are permitted to invest in a wide variety of industries with limited controls. Industry risk is controlled primarily through appropriate diversification across classes and subclasses.

F. Leverage

General partners invest capital from private equity partnerships throughout the capital structure of firms. The capital markets control the maximum leverage available to the general partners and limited partners control leverage exposure through partnership selection and portfolio construction.

G. Market Value

Market value refers to portfolio company market value.

X. INVESTMENT / EVALUATION CRITERIA

Staff shall develop and maintain selection guidelines for Private Equity investments to include the following minimum requirements:

- The principals shall demonstrate relevant experience and expertise in the strategy they propose to execute and the market in which they propose to operate.
- The principals shall demonstrate requisite skills and experience necessary to execute the proposed strategy, including evidence from similar prior accomplishments.
- The principals shall demonstrate an ability to cooperate and to work well together over the long term and to manage a stable organization.
- The principals shall dedicate a sufficient proportion of their time and effort to the proposed investment vehicle.
- The principals shall make a meaningful personal financial commitment to the proposed investment.
- The principals shall be individuals of high character and solid professional reputation.
- The 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.
- Police will reject investments that would pose reputational risk to the Fund or bring public or regulatory scrutiny other than that which is required by law or regulation to consummate an investment transaction.
- Police will not entertain proposals that have the potential of eliminating public-sector jobs.
- The proposed strategy and business plan shall provide reasonable assurance that the investment opportunity can produce the target return.
- The risk anticipated in the strategy and market is justified by and compensated for by the proposed investment, based on reasonable assumptions.

Primary emphasis will be on the quality and experience of the general partners, sponsors or managing members (collectively for ease of reference “general partners”) and the staff of a proposed investment. Additional factors to be evaluated shall include:

- Fit within the Annual Plan and the System’s portfolio.
- Strategy: its uniqueness, the General Partner’s access to proprietary deal flow, and the flexibility and likelihood of success of the firm’s entry and exit strategy.
- Integrity and reputation of the General Partners, its employees and other investors.

- Depth and breadth of the General Partner's principals' and their employees' experience and expertise.
- Personnel turnover.
- Quality of overall partnership governance and management of the partnership including controls and reporting systems (including audited financials and reports to Limited Partners).
- Relationship with and reputation among existing investors (e.g., re-ups and declines).
- Relationship with existing portfolio companies, including terminated Managers.
- Relationship and reputation among banks and other sources of financing.
- Nature and quality of value-added involvement by General Partners.
- Demonstrated ability of General Partners and their employees.
- Past financial performance.
- Pre-existing commitments of General Partners (with particular emphasis on unrealized investments in previous funds).
- Alignment of employee interests with those of Principals.
- Alignment of General Partners interests with investors (General Partner investment relative to contemplated commitment, waterfall, treatment of transaction fees, clawbacks and lookbacks, operating budget, etc.).
- Appropriateness of terms and conditions.

Glossary of Terms:

Sectors:

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

Growth Equity: Partnerships formed to invest and create value in emerging companies with high growth potential.

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

Energy: Partnerships that generate long-term capital appreciation through privately negotiated equity and equity-related investments in energy and natural resources companies.

Secondaries: A private equity vehicle formed to purchase active partnership interests from an investor.

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

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

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

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

~~New York City Police Department Pension Fund,
Subchapter 2~~

~~Alternative Investment Policy~~

NEW YORK CITY POLICE DEPARTMENT
PENSION FUND, SUBCHAPTER 2

PRIVATE EQUITY INVESTMENT POLICY

~~Proposed: September 8, 2003~~

Adopted: September 8, 2003

Proposed: December 10, 2012

Purpose of Alternative Investments Policy

The purpose of this Alternative Investments Policy (the "Policy") for

I. SCOPE

The Private Equity Program Investment Policy Statement (the "IPS") applies to the Private Equity Program assets within the New York City Police Department Pension Fund, Subchapter 2 (the "System") is to establish ("Police", the parameters by which "Fund", or the System may invest through its Alternative Investments Program ("System").

II. PURPOSE

The IPS provides the "Program"), to ensure broad strategic framework for managing the Systems' Private Equity assets. The design of the IPS ensures that the managers, advisors, consultants Managers, Advisors, Consultants and other external resources retained participants selected by the System adhere to the investment principles and guidelines of the Board, while preserving the Fund. Additionally, the use of the IPS assures sufficient flexibility necessary to accomplish its mandates while minimizing risk in managing investment risks and correlation, maximizing diversification and consequently minimizing volatility and maximizing risk-adjusted returns. The purpose of the Program is to provide access to a portion of the global markets that are not publicly-traded as well as to access strategies which benefit from longer holding periods. The Program targets superior risk adjusted returns to what is generally available in public equity markets.

This Policy, as of its adoption date, supercedes the Alternative Investments Investment Policy Statement of the System, as last modified on December 10, 1997 (the "1997 Policy"), except with respect to that portion of the 1997 Policy which pertains to economically targeted investments, which remains in effect.

III. Objectives of Alternative Investments INVESTMENT PHILOSOPHY

The System's Board of Trustees believes that Private Equity markets are inefficient and illiquid and should therefore provide superior returns for risk taken, and that there is a return premium for investors who are willing to take an opportunistic approach to this asset class. The Board believes that risk can be managed through a combination of quantitative and qualitative constraints; including liquidity, vintage, manager, currency, industry, leverage and market value (see Section IX) and that a successful Private Equity program has the following strategy diversification: Buyout, Growth Equity, Special Situations, Energy, Secondary and Co-Investment (see Section V).

IV. STRATEGIC OBJECTIVE

The System has mandated investments in Alternative Investments⁺ in general, and the private equity asset class in particular Private Equity Assets¹ as part of its strategic asset allocation to:

⁺ Alternative Investments are non-traditional investments made with the objective of achieving returns that are greater than those earned in the traditional public equity and debt markets. Alternative asset class components may be broadly categorized as (1) non-marketable, illiquid assets, and (2) marketable, liquid securities managed in a non-traditional format. Special debt, private equity, (including venture capital)

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to increase

➤ A. Increase the diversification of ~~their~~its assets;

to take

➤ B. Take advantage of the ability to accept illiquidity in ~~the short term in~~ exchange for an illiquidity premium;

to provide an opportunity to invest in securities with a relatively lower

➤ C. Make investments that have less correlation ~~with the performance of the~~ to public markets;

➤ ~~to take advantage of quality managers who are able to transform the asymmetries of information and high transaction costs which characterize the market for Alternative Investments into excess returns; and thus~~

to reduce

D. Invest with Managers who have demonstrated the ability to or have the potential to outperform the 10-year average of the Russell 3000 Index (one quarter lag) plus a 300 basis point risk premium (net of fees and expenses) or Performance Objective returns as compared to similar investments.

➤ E. Reduce the volatility and increase the risk-adjusted returns of the overall portfolio of the System.

The System also expects that commitments to and investments in ~~Alternative~~Private Equity Assets will establish, maintain and continually improve the reputation of the System as an investor, and that the System will make both continuous use of and contributions to the best practices of investors in Alternative Investments. The Fund will seek investments in which the proposer demonstrates a commitment to standards of good conduct, including compliance with all Federal, State and local laws, including, but not limited to, labor, anti-discrimination, environmental, and health and safety laws, and will reject investments that would pose reputational risk to the Fund or bring public or regulatory scrutiny other than that which is required by law or regulation to consummate an investment transaction. The Fund will not entertain investments that have the potential of eliminating public-sector jobs. The Fund encourages the submission of proposals for review from proposers that demonstrate a strong commitment to diversity in their firms.

The Fund seeks to employ Emerging Managers². Emerging Managers are asset managers the Board believes will add significant value to the Fund through implementation of investment strategies consistent with the Board's asset allocation and other policies, but which, because of size, length of track record, or other similar factors, have not been awarded contracts through the Board's manager selection process³.

As part of Police's continued commitment to drive asset class best practices and support long-term partnerships between Limited Partners and General Partners the Fund will strive

~~real estate related investments, oil and gas, as well as timber, are examples of non-marketable assets. Risk arbitrage, commodities and derivatives are examples of the more liquid alternative asset types.~~

¹ Private Equity Assets are non-traditional investments made with the objective of achieving returns that are greater than those earned in the traditional public equity and debt markets. Alternative asset class components may be broadly categorized as (1) non-marketable, illiquid assets, and (2) marketable, liquid securities managed in a nontraditional format. Special debt, private equity, (including venture capital) real-estate-related investments, oil and gas, as well as timber, are examples of non-marketable assets. Risk arbitrage, commodities and derivatives are examples of the more liquid alternative asset types.

² Emerging Managers are sponsors targeting capital raises up to \$750 million and investing through funds I – III. Emerging Managers include Minority & Women-Owned Business Enterprise ("MWBE")

³ Per Police's Core IPS dated December 17, 2007

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to adhere to the Institutional Limited Partner Association's ("ILPA") guiding principles emphasizing alignment of interest, governance and transparency.

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

Asset Allocation

~~The asset allocation study conducted in 2003 authorized a 5% market value exposure to private equity and the Board of Trustees recognizes it will take years to achieve this market value exposure. As commitments to private equity partnerships are drawn over time, they necessarily must exceed the target market value exposure in a mature portfolio.~~

Responsibilities and Delegation

V. ASSET ALLOCATION

Asset allocation is a critical driver for the long-term success of the private equity program. Since it is not possible to rebalance quickly in private equity, pacing and manager selection have heightened importance as tools to influence allocation. Pursuant to a 2011 asset allocation study performed by the System's general consultant, SIS, Inc ("SIS"), the Board has adopted an allocation to Private Equity of 7.0% of the market value of the total assets of the System plus or minus 2.0%. Long-term asset allocation targets have been developed with the assistance of the System's Private Equity Consultant, StepStone, and the strategies are denoted below:

Strategy
Buyout
Growth Equity
Special Situations/Turnaround
Energy
Secondary
Co-Invest
Other

VI. RESPONSIBILITIES AND DELEGATION

A. Role of Board of Trustees

The Board ~~shall approve this Policy no less than biennially~~ of Trustees (the "Board") is responsible for reviewing and approving Policies, including the IPS. In addition, the Board shall:

- Review the Program at least annually and approve and adopt the Annual Private Equity Plan;
- ~~approve~~
- Approve the retention of financial, record-keeping/monitoring/reporting and strategic consultants and advisors ("Consultants") and other external resources, as needed.
- ~~➤ approve the retention of outside legal counsel;~~

~~oversee~~

- • ~~Oversee~~ performance, risk and execution of the Program.

- ~~approve investments; and~~
~~delegate~~

- Approve investment recommendations.

- • ~~Delegate~~ investment approval authority as appropriate.

Roles

- Approve and/or ratify exceptions to the Annual Private Equity Plan as triggering events may arise.

B. Role of the Comptroller's Office Staff

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

Recommending

- • ~~Reviewing and recommending~~ changes ~~in the Policy~~ to the ~~Board~~IPS, developing and implementing ~~an Annual Plan~~periodic reviews of the Program, which shall occur at least annually, and managing the operations of the Program;

Proposing, issuing and evaluating responses to RFPs for the selection of Consultants

- Working with the System's Consultants to develop and implement an Annual Private Equity Plan, identifying and evaluating private equity strategies, investment managers and investments appropriate for the Program, and 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;

Managing

- Overseeing the System's ~~existing~~ portfolio of ~~Alternative Investments~~Program investments, including management of ~~Consultants~~;

- • ~~Managing the System's relationships with Consultants~~consultants and advisors and other external resources, ~~to ensure~~ engaged on the System's behalf in connection with the Program with the objective that the System obtains the maximum value from those relationships;

- Performing, managing and supervising due diligence on and recommending commitments of capital to Alternative Investments, subject to the Policy and the Annual Plan, to the Board;

- Notifying the managers of prospective investment vehicles, in writing, as promptly as practicable following the decision of a Board to make a commitment of capital to an investment vehicle; and

- • ~~Monitoring and reporting to the Board on investment~~the performance: metrics as provided by the Managers with respect to the overall purpose and objectives of the Program; and monitoring and reporting on the performance of the consultants at least annually.

~~The duties of the Comptroller's Office legal staff include, but are not limited to:~~

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PRIVATE EQUITY INVESTMENT POLICY

- ~~Reviewing Alternative Investment policy and any other policies developed as part of the Program;~~
- ~~Reviewing Alternative Investment procedures;~~
- ~~Participating in procurement of Consultants and other necessary experts;~~
- ~~Implementing Trustee direction regarding the retention of outside legal counsel and other Consultants;~~
- ~~Managing retained outside counsel on a case by case basis sufficiently experienced and expert in the form of the Alternative Investment under consideration;~~
- ~~Conducting legal due diligence in conjunction with outside counsel, which diligence shall include a review of proposed investments for statutory and regulatory compliance;~~
- ~~Working with outside counsel in reviewing and negotiating all contracts;~~
- ~~Assisting Staff and rendering legal advice regarding any developments occurring during the life of the investment; and~~

~~Assisting Staff and rendering general legal~~

- Recommend the sale of LP interests, in the secondary market, to optimize the Program's performance.
- In a discretionary capacity, work with the Consultant to implement the Emerging Manager component of the Program including the selection of Managers, portfolio construction and as an Investment Committee member. The Investment Committee includes the Consultant, Head of Private Equity, Executive Director of Private Equity - Emerging Managers and the Chief Investment Officer. The Board will be apprised of the progress of this aspect of the Program periodically.

C. Role of Private Equity Consultant

Police retains a private equity consultant (the "PE Consultant") to assist in the implementation of its strategic allocation to the private equity asset class. The strategic allocation to the asset class is recommended to the Board by SIS. The PE Consultant is a fiduciary and advises Staff and Police on all aspects of its private equity investment program. The responsibilities of the PE Consultant(s) include, but are not limited to:

- Providing strategic advice:

- ~~Providing advice on the~~ to the Board and Staff with respect to the development and implementation ~~operation~~ of the Program;

Role of Consultants

~~The System and the Program shall retain Consultants to assist them in:~~

- ~~Developing and implementing strategy and an Annual Plan (see below);~~
 - Performing due diligence, including advice on and recommending commitments of capital to Alternative Investments, subject to the Policy and the Annual Plan, to the Staff; industry developments and portfolio construction.

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- Assisting the Board and Staff in developing the IPS and in periodic reviews of the IPS and the Program.

Together with Staff, provide an annual and a longer-term Private Equity plan for the Program.

- Periodic assessments of industry best practices with regard to policies and procedures.
- Analysis of Police' existing private equity portfolio.
- Periodic reports on the state of the private equity marketplace.
- Attending meetings of the Board and providing educational seminars for the Trustees.
- Such other strategic advice and services as Police or Staff may reasonably require.

- New investment identification and evaluation, including:

- Assisting Staff in identifying, ~~negotiating and executing~~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.
- The manager's ability to comply with the Board's investment policies and restrictions.

- Periodic reports on current and anticipated investment opportunities.

- Assisting Staff with the implementation, negotiation and execution of new commitments and/or investments; ~~and~~.

➤ ~~Fulfilling such other purposes as the Board may approve.~~
Performance Benchmarking

- Portfolio monitoring:
 - Assisting Staff with the ongoing review of committed investments, including reports to the Board on significant manager developments, proposed amendments to fund documentation and investment performance.
 - Update Board quarterly on any portfolio company opt-outs pertaining to the Board's investment policy.
 - Periodic and real-time reports on developments at and performance of individual partnerships in the Police portfolio.

D. Role of Custodian Bank/Alternatives Administrator

The Custodian Bank and/or Alternatives Administrator shall be responsible for reviewing and certifying all Program cash flow authorizations (such as capital calls and distributions).

VII. PERFORMANCE OBJECTIVE

The performance of the Program shall be measured against ~~at least two benchmarks:~~ the following benchmark:

A. Opportunity ~~cost:~~ the Cost:

- ~~The expected~~ long-term performance ~~of investments made through the Program and of the Program as a whole~~ objective of the Private Equity program shall be measured against the ~~ten~~ 10-year average of the Russell 3000 ~~+ 500 basis points~~ Index (one quarter lag) plus a 300 basis point risk premium. The performance objective is net of fees and expenses. Use of the Russell 3000 Index reflects the opportunity cost of investing in Private Equity investments versus publicly traded common stocks. The 10-year average smoothes short-term volatility and is intended to cover at least one complete market cycle, consistent with the anticipated average term of the partnership investments. The index shall be modified to reflect the Program's actual cash flows.
- ~~Relative performance: the performance of individual investments made through the Program and of the Program as a whole shall be measured against other similar Alternative Investments as reflected in the Venture Economics Median Index or a similar measure.~~

Staff shall report regularly to the Board on performance of individual investments and of the Program: as a whole in comparison to an appropriate sector based benchmark (e.g. Thompson One, etc.).

Investment Operations**VIII. INVESTMENT OPERATIONS****A. General Approach**

The Staff shall review and manage investments using a disciplined but opportunistic management strategy. Guided by the Annual Private Equity Plan (see below), Staff shall use a "top-down" approach to making assessments as to appropriate strategic weightings within the portfolio. ~~Staff then shall seek to identify the most attractive investment opportunities available consistent with the Annual Private Equity Plan and with the goal to be diversified prudently across strategies, industries, partnerships and geography.~~

B. Annual Plan

Investments made under the Program shall be made in accordance with the Annual Private Equity Plan (the "Annual Plan"). Staff along with the Consultant shall present the Annual Plan to the Board, no later than 90 days after the previous calendar year end, for ~~its~~ the Board's approval ~~an Annual Plan,~~ which ~~shall~~ will provide guidance to the Staff and Consultant in the management, operations and investments of the Program.

Portfolio analysis/construction

The Annual Plan shall include an elaboration of a target strategic allocation within the ~~private equity~~ Private Equity asset class. ~~The categories and allocation ranges initially shall be:~~

<i>Strategy</i>	<i>Allocation</i>
Corporate finance	50-60%
Venture capital	20-30%
Special situations/distressed investing	0-10%
Mezzanine finance	0-10%
Other (secondaries, etc.)	0-10%

C. Pacing

The Annual Plan shall ~~include an identification of an optimal average~~ recommend commitment ~~size~~ ranges to be made by the System within each strategy as well as a total target commitment for the System ~~within each strategy~~ (the "Pacing Analysis") in order to achieve both the target strategic allocation and the overall allocation to the ~~Alternative Investments~~ private equity asset class. The Pacing Analysis shall take into account the System's overall allocation to and investments in the ~~Alternative Investments~~ Private Equity asset class, within each strategy, across industries and geography, and by vintage as well as the market environment and such other considerations as are appropriate. The Program shall strive to avoid inappropriate concentrations in strategies, industries, geographic areas, funds, managers or vintage years.

D. Investment Guidelines*Strategic Allocations*

~~Investments made under the Program shall be made in accordance with the Annual Plan.~~

*Prohibited Investments***1. Investment Types**

This IPS authorizes commitments to private equity partnerships, fund of funds partnerships and separate accounts investing in private equity partnerships. These investments may be in any type of security throughout the capital structure. This IPS also allows for structures which may not conform precisely to the previous list but whose intent is to capture private equity exposure and returns while insulating the System from liability in excess of the amounts invested.

2. Co-Investment and Direct Secondaries

Investment rights may include opportunities for additional capital participation through co-investments, investment or other side-by-side direct investment opportunities. Secondary investments, ~~strategic~~ include the purchase of LP

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~~interests, co-investments in managers, hedge fund investments and derivative investments are not permitted~~ or other pooled investment vehicles.

~~Funds of Funds and Discretionary Mandates~~

3. Separate Managed Accounts

The Program may, from time to time, use funds of funds or ~~managers~~ Managers with discretionary mandates to accomplish investment strategies and activities ~~(including, but not limited to, highly specialized or labor-intensive activities).~~

Investment Limits

~~Commitment Size: The System shall not make a commitment to an individual fund which exceeds the lesser of \$75 million or 10-15% of the final commitments to that fund.~~

~~Concentration: The System shall maintain diversification in both commitments and investments across geography, industry, strategy, manager, vehicle and vintage year.~~

Investment Vehicles

E. Exceptions to the IPS

From time to time, the Program may require exceptions to this IPS. In the event that an exception is required, the following procedures shall be followed:

1. Non-Urgent¹ matters requiring an exception to this IPS will be addressed at the next scheduled Police investment meeting. The Board shall be provided a detailed written summary and rationale warranting a potential exception to the IPS. Exceptions will only be granted with Board approval (vote, motion, etc.).
2. For urgent matters² (time-sensitive) requiring an exception to this IPS, the Staff will notify the Board, in writing or via electronic mail, as soon as practicable of the matter requiring the need for an exception to the IPS. A documented phone vote granting the exception may be obtained and the Board will ratify the decision at the next scheduled monthly investment meeting.

IX. RISK MANAGEMENT

Private Equity does not lend itself to traditional quantitative measures of risk such as standard deviation and benchmark tracking error. Rather, risk is managed through a combination of quantitative and qualitative constraints. The following sections identify the most significant risks with private equity investments and the method of control. The Program will only consider investment structures that provide limited liability to the System.

Targeted Investments

~~Targeted private equity~~

A. Liquidity

Private equity investments are illiquid and typically have expected holding periods of 10-12 years. Investments are typically held until maturity and selling prior to maturity

¹ Non-Urgent matters are defined as those not requiring an affirmative decision prior to the next scheduled Police investment meeting.

² Urgent matters are defined as those requiring an affirmative decision prior to the next scheduled Police investment meeting.

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generally results in a discount to fair market value. Asset allocation exposure is controlled through the investment pacing described in the Annual Plan. The Board recognizes that lowering the private equity target allocation may result in forced sales and increased exposure to liquidity risk.

B. Vintage Risk

Vintage refers to the year of first capital draw and vintage risk refers to the variability of private equity commitments over time. The Annual Plan controls the short and long-term investment pacing that minimizes vintage risk while achieving targeted exposure.

C. Manager Risk

Manager risk is the impact that a general partner has on the selection of investments to put in the portfolio. It is usually manifested in two ways: the size of the Program's exposure to a particular partnership, and the number of general partners in the private equity portfolio. Partnership exposure is controlled through careful selection and by limiting the commitment size to a partnership. The maximum commitment to a partnership is limited to the lesser of **15%** of a fund-raise, or **\$200** million. The **15%** limit does not apply to a fund of funds manager or a separate account.

The optimum number of general partners in the portfolio varies with time and is controlled by the Annual Plan.

Firm risk is the exposure to a private equity manager or general partner and is controlled by limiting the total exposure (defined as unfunded commitments plus net asset value) to pooled investment vehicles operated by a general partner and/or its affiliates. The Program's maximum total exposure to a general partner and its affiliates is limited to **15%** of the total exposure of the Private Equity Program.

D. Currency

The Private Equity program accepts the currency risks consistent with the geographic constraints. Private equity partnerships generally do not hedge currency risk and the Private Equity Program will not implement currency hedges.

E. Industry

Typically, private equity partnerships are permitted to invest in a wide variety of industries with limited controls. Industry risk is controlled primarily through appropriate diversification across classes and subclasses.

F. Leverage

General partners invest capital from private equity partnerships throughout the capital structure of firms. The capital markets control the maximum leverage available to the general partners and limited partners control leverage exposure through partnership selection and portfolio construction.

G. Market Value

Market value refers to portfolio company market value.

X. INVESTMENT / EVALUATION CRITERIA

Staff shall develop and maintain selection guidelines for Private Equity investments ~~may be made and shall be in keeping with this Policy as well as any targeted investment policy of the System.~~

Minimum Requirements

~~The following shall be the~~ to include the following minimum requirements ~~for all investments:~~

- The principals shall demonstrate relevant experience and expertise in the strategy they propose to execute and the market in which they propose to operate.
- The principals shall demonstrate requisite skills and experience necessary to execute the proposed strategy, including evidence from similar prior accomplishments.
- The principals shall demonstrate an ability to cooperate and to work well together over the long term and to manage a stable organization.
- The principals shall dedicate a sufficient proportion of their time and effort to the proposed investment vehicle.
- The principals shall make a meaningful personal financial commitment to the proposed investment.
- The principals shall be individuals of high character and solid professional reputation.
- The 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.
- Police will reject investments that would pose reputational risk to the Fund or bring public or regulatory scrutiny other than that which is required by law or regulation to consummate an investment transaction.
- Police will not entertain proposals that have the potential of eliminating public-sector jobs.
- The proposed strategy and business plan shall provide reasonable assurance that the investment opportunity can produce the target return. ~~and.~~
- The risk anticipated in the strategy and market is justified by and compensated for by the proposed investment, based on reasonable assumptions.

Evaluation Criteria

Primary emphasis will be on the quality and experience of the general partners, sponsors or managing members (collectively for ease of reference "general partners") and ~~their~~ the staff of a proposed investment. Additional factors to be evaluated shall include:

- Fit within the Annual Plan and the System's portfolio.
- Strategy: –its uniqueness, the ~~general partner's~~ General Partner's access to proprietary deal flow, and the flexibility and likelihood of success of the firm's

entry and exit strategy;

- Integrity and reputation of ~~general partner~~ the General Partners, its employees and other investors;



- Depth and breadth of the ~~general partner's~~ General Partner's principals' and their employees' experience and expertise;



- • Personnel turnover;

- • Quality of overall partnership governance and management of the partnership including controls and reporting systems (including audited financials and reports to ~~limited partnerships~~ Limited Partners).

- Relationship with and reputation among existing investors (e.g., re-ups and declines);



- Relationship with existing portfolio companies, including terminated ~~managers~~ Managers.



- Relationship and reputation among banks and other sources of financing;



- Nature and quality of value-added involvement by ~~general partner~~ General Partners.



- Demonstrated ability of ~~general partners~~ General Partners and their employees;



- Past financial performance;



- Pre-existing commitments of ~~general partner~~ General Partners (with particular emphasis on unrealized investments in previous funds);



- • Alignment of employee interests with those of Principals;

- • Alignment of ~~general partner~~ General Partners interests with ~~investors'~~ (general partner investors (General Partner investment relative to contemplated commitment, waterfall, treatment of transaction fees, clawbacks and lookbacks, operating budget, etc.); and.)

- • Appropriateness of terms and conditions.

Investment Management

~~Staff and Consultants shall be responsible for monitoring the performance of, and developments at, portfolio funds.~~

Glossary of Terms:

Sectors:

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

Growth Equity: Partnerships formed to invest and create value in emerging companies with high growth potential.

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

Energy: Partnerships that generate long-term capital appreciation through privately negotiated equity and equity-related investments in energy and natural resources companies.

Secondaries: A private equity vehicle formed to purchase active partnership interests from an investor.

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

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

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

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

VI. Real Assets (Asset Allocation):

VII. Real Assets IPS:

NEW YORK CITY POLICE DEPARTMENT PENSION
FUND,
SUBCHAPTER 2

REAL ASSETS INVESTMENT POLICY

Proposed: December 10, 2012

I. SCOPE

The Real Assets Investment Policy Statement (the “IPS”) applies to the Real Assets Program within the New York City Police Department Pension Fund, Subchapter 2 (“Police” or the “System”).

II. PURPOSE

The IPS provides the broad strategic framework for managing the System’s Real Asset investments. The design of the IPS ensures that Managers, advisors, consultants and other participants selected by the System adhere to the investment principles and guidelines of Police. Additionally, the use of the IPS assures sufficient flexibility in managing investment risks and returns associated with the Real Assets Program (the “Program”). The initial portfolio of the Program will include a real estate program (the “Real Estate Program”, an already established asset class) and an infrastructure program (the “Infrastructure Program”). Investment Policy Statements for these component asset classes are attached as Attachments A and B, respectively. Additional asset classes may be considered in the future and their inclusion will be predicated upon Board approval and amendment of this document (e.g. timber, agriculture and direct energy assets).

III. STRATEGIC OBJECTIVE

The System has mandated investments in Real Assets as part of its strategic asset allocation to:

- A. Preserve investment capital;
- B. Provide a hedge against inflation;
- C. Provide diversification benefits due to the low correlation to other asset classes;
- D. Reduce the volatility and provide superior risk adjusted returns; and
- E. Take advantage of the ability to accept illiquidity in exchange for an illiquidity premium

The System also expects that commitments to and investments in Real Assets will establish, maintain and continually improve the reputation of Police as an investor. The System will seek investments in which the manager demonstrates a commitment to standards of good conduct, including compliance with all Federal, State and local laws, including, but not limited to, labor, anti-discrimination, environmental, and health and safety laws, and the System will reject investments that would pose reputational risk to the Fund or bring public or regulatory scrutiny other than that which is required by law or regulation to consummate an investment transaction. The Fund will not entertain investments that have the potential of eliminating public-sector jobs. The System encourages the submission of proposals for review from managers that demonstrate a strong commitment to diversity in their firms.

The Board recognizes that in order to comply with the investment restrictions, Staff will negotiate an opt-out right in respect of the restrictions.

All Real Asset investments shall be subject to fiduciary standards. The operation of the Program is subject to the exclusive benefit rule and all other applicable laws, including requirements of prudence.

IV. ASSET ALLOCATION

The Program will be funded by an allocation of 6% (plus or minus 2%) of the System's assets. This allocation will be prudently diversified by asset class as well as within each component asset class.

V. RESPONSIBILITIES AND DELEGATION

A. Role of the Board of Trustees

The Board is responsible for reviewing and approving policies, including this IPS. In addition the Board shall:

- Review the Program at least annually and approve and adopt the Annual Real Assets Plan¹;
- Approve the retention and review performance of strategic consultants and advisors and other external resources, as needed;
- Oversee performance and risk and Staff's (as such term is defined below) implementation of the Program;
- Delegate investment approval authority as appropriate;
- Approve investments/terminations of investment strategies and managers; and/or delegation of manager retention/termination to Staff and/or consultant as deemed appropriate.

B. Role of the Comptroller's Office Staff

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

- Identifying, evaluating and recommending investment opportunities;
- Reviewing and recommending changes to the IPS and any other policies developed as part of the Program; 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 Real Asset strategies, investment managers and investments appropriate for the Program, and on making selection recommendations to the Board;

¹ The Annual Real Assets Plan will be composed of the Annual Real Estate Plan, the Annual Infrastructure Plan and plans for any other component asset classes that may be added in the future.

- 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 System'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 the performance metrics as provided by the Managers with respect to the overall purpose and objectives of the Program; and monitoring and reporting on the performance of the consultants at least annually.
- Recommending the sale of assets in the secondary market to optimize the Program's performance.

C. Role of the Real Asset Consultants

Police retains consultants (the "Real Asset Consultants") to assist in the implementation of its strategic allocation to Real Assets. Police may retain different consultants for each component Real Asset class. The strategic allocation to the asset class is recommended to the Board by its General Consultant. The Real Asset Consultants are fiduciaries and advise Staff and Police on all aspects of its Real Assets Program. The responsibilities of the Real Asset Consultants include, but are not limited to:

- Providing Strategic Advice:
 - 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.
 - Assisting the Board and Staff in developing the Real Assets Program IPS, as well as policy statements for component asset classes, and assist in conducting periodic reviews of the IPS and the Program.
 - Together with Staff, provide an annual and a longer term plan for the Program;
 - Periodic assessments of industry best practices with regard to policies and procedures;
 - Analysis of Police's existing Real Assets Program;
 - Periodic reports on the state of the Real Asset marketplace;
 - Attending meetings of the Board and providing educational seminars for the Trustees;
 - Such other strategic advice and services as Police or Staff may reasonably require;
- New investment identification and evaluation, including:

- 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;
 - The manager's ability to comply with the Board's investment policies and restrictions;
- Periodic reports on current and anticipated investment opportunities.
- Assisting Staff with the implementation, negotiation and execution of new commitments and/or investments;
- Portfolio monitoring:
 - Assisting Staff with the ongoing review of committed investments, including reports to the Board on significant manager developments, proposed amendments to fund documentation and investment performance;
 - Periodic and real-time reports on developments at and performance of individual investments in the Police portfolio.

D. Role of Custodian Bank/Alternatives Administrator

The Custodian Bank and/or Alternatives Administrator shall be responsible for reviewing and certifying all Program cash flow authorizations (such as capital calls and distributions).

VI. EXCEPTIONS TO THE IPS

From time to time, the Program may require exceptions to this IPS. In the event that an exception is required, the following procedures shall be followed:

Non-urgent² matters requiring an exception to this IPS will be addressed at the next scheduled Police investment meeting. The Board shall be provided a detailed written summary and rationale warranting a potential exception to the IPS. Exceptions will only be granted with Board approval (vote, motion, etc.).

For urgent matters³ (time-sensitive) requiring an exception to this IPS, the Staff will notify the Board, in writing or via electronic mail, as soon as practicable of the matter requiring the need for an exception to the IPS. A documented phone vote granting the exception may be obtained and the Board will ratify the decision at the next scheduled monthly investment meeting.

² Non-Urgent matters are defined as those not requiring an affirmative decision prior to the next scheduled Police investment meeting.

³ Urgent matters are defined as those requiring an affirmative decision by the Board prior to the next scheduled Police investment meeting.

Attachment A

Real Estate Program

Real Estate Investment Policy

I. PURPOSE

This attachment to the Real Assets Investment Policy Statement sets forth the investment policy for the Real Estate Program (the “Real Estate Program”).

The inclusion of Real Estate in the investment portfolio of the System will allow for global investments in an established asset class that has been shown to (i) provide attractive risk-adjusted returns over full market cycles on a stand-alone basis and (ii) further improve risk-adjusted returns in a broader portfolio by dampening volatility and serving as a hedge against inflation.

The Fund seeks to employ Emerging Managers.⁴ Emerging Managers are asset Managers the Board believes will add significant value to the Fund through implementation of investment strategies consistent with the Board’s asset allocation and other policies, but which, because of size, length of track record, or other similar factors, have not been awarded contracts through the Board’s manager selection process.

II. INVESTMENT OPERATIONS

A. General Approach

The Staff shall review and manage investments using a disciplined management strategy. Guided by the Annual Real Estate Plan (defined below), Staff shall make assessments as to appropriate strategic weightings within the portfolio. Staff then shall seek to identify the most attractive investment opportunities available consistent with the Annual Real Estate Plan and with the goal to be diversified prudently across strategies, property types, vehicles, Managers and geography.

Portfolio construction will be guided by (i) broad allocation ranges for Core / Core Plus Real Estate investments and for Non-Core Real Estate investments (discussed below) and (ii) market opportunities and conditions.

B. Core / Core Plus Real Estate

The Core / Core Plus Real Estate Portfolio will be comprised of two sub-components.

- Core Real Estate Investments. Core Real Estate investments are of comparatively low risk. They consist of investments in operating and substantially leased properties of institutionally quality, consist primarily of investments in traditional property types

⁴ Criteria for Emerging Managers are set forth in the Emerging Manager policies adopted by the Board on January 27, 2007. These criteria include, among others, total assets under management not exceeding \$2 billion in aggregate, including non-institutional capital.

(office, industrial, retail and for-rent multifamily) and tend to use moderate leverage (generally below 40%). The Core Real Estate portion of the portfolio will generally track the NCREIF ODCE index fairly closely. (This is the index that underlies the System's benchmark for real estate.) Leverage in the Core Real Estate portfolio may be increased as a way to pair low risk assets with a higher risk capital structure, subject to the overall leverage limits discussed below.

- Core Plus Real Estate Investments. Core Plus Real Estate investments offer the opportunity to enhance returns by (i) alleviating an identifiable deficiency (in an asset's capital structure, in an asset's physical structure, in an asset's operation, etc.) or (ii) benefitting from market inefficiency. These investments may use slightly more leverage than Core Real Estate investments to improve returns.

C. Non-Core Real Estate

Non-Core Real Estate investments offer the opportunity to further enhance returns by investing in assets with greater deficiencies (such as substantial vacancy, the need for substantial renovation, etc.), by accepting different types of risks (such as development risk, redevelopment risk, repositioning, etc.), by focusing more on non-traditional property types that may have greater operating risks (such as hotels), by accepting greater capital market risk (for example, by acquiring assets with complex capital structures that may be difficult to unwind) and by seeking areas of greater market inefficiency.

D. Discretion

- Staff, in a discretionary capacity, will work with the Consultant to implement investments in follow-on funds or other vehicles where the investment is equal to or less than the investment in the predecessor vehicle, with appropriate updates to the Board.

E. Investment Classification

The System recognizes that, although specific categories of investments are delineated in this IPS for purposes of monitoring and controlling risk, the universe of investment opportunities is better characterized by a spectrum of risk and return. To facilitate the efficient classification of investments, any investment with a targeted net return below 10% will be classified by default as Core / Core Plus Real Estate, and any investment with a targeted net return of 10% or greater will be classified by default as Non-Core Real Estate. Internal rates of return will be used for closed-end vehicles, and time-weighted returns will be used for open-end vehicles.

These defaults may be altered for individual investments based on subjective judgments. Each investment will be classified at the time that the commitment is made, and may be reclassified by Staff and the Consultant, with disclosure to the Board, if the profile of the investment changes, or if market conditions change.

Investments classified as "value-add" by industry organizations such as NCREIF may, depending on the circumstances, fall into either the Core / Core Plus Real Estate Portfolio or the Non-Core Real Estate Portfolio.

F. Allocation Ranges

Core / Core Plus Real Estate:	no less than 40%
Non-Core Real Estate:	no less than 40%

Actual weightings may deviate from these limits while the Real Estate Portfolio is undergoing a repositioning.

G. Annual Real Estate Plan

Investments made under the Real Estate Program shall be made in accordance with the Annual Real Estate Plan contained within the Annual Real Assets Plan. Staff along with the Consultant shall present the Annual Real Assets Plan to the Board each fiscal year or each calendar year for the Board's approval, which will provide guidance to the Staff and Consultant in the management, operations and investments of the Program. The Annual Real Assets Plan shall include an elaboration of a target strategic allocation and tactical within the asset class. An Annual Real Assets Plan approved by the Board may supersede the guidelines and limitations included in this IPS.

H. Pacing

The Annual Real Estate Plan shall recommend commitment ranges to be made by the System within each strategy as well as a total target commitment for the System (the "Pacing Analysis") in order to achieve both the target strategic allocation and the overall allocation to the asset class. The Pacing Analysis shall take into account (i) the System's overall allocation to the asset class and each strategy, (ii) the market environment, (iii) the goal of diversifying by strategy, property-type, geography, vintage, Manager and fund and (iv) other appropriate considerations.

I. Investment Guidelines

1. Investment Types

This IPS authorizes commitments to real estate funds (open-ended and closed-ended), separate accounts, co-investments, joint ventures and direct investments. These investments may be in any type of security throughout the capital structure (including equity, preferred equity and debt).

For purposes of this IPS, "real estate" includes, but is not limited to: (i) private equity real estate investments (including interests owned through joint ventures and commingled funds), (ii) private debt investments secured by first liens (i.e., mortgages or deeds of trust) on real property and other debt investments (e.g., mezzanine and participating debt), and (iii) private interests in real estate owning and/or operating entities (e.g., real estate operating companies- or "REOCs" or limited partnerships). The Portfolio shall consist of private and equity/debt real estate investments made through separate account and direct investment vehicles or commingled fund vehicles.

Investments in real estate investment trusts ("REITs") and other public market investments will be managed outside of the Portfolio. Incidental exposure to REITs and public real estate operating companies (for example take-private transactions or

public exits of private investments) will not constitute a violation of this IPS.

2. Co-Investment and Direct Secondaries

Investment rights may include opportunities for additional capital participation through co-investment or other side-by-side direct investment opportunities. Secondary investments include the purchase of LP interests, co-investments or other pooled investment vehicles.

J. Economically Targeted Investment Policy

The Real Estate Program will be executed in a manner that complies with any Economically Targeted Investment Policy maintained by the System.

III. RISK MANAGEMENT

Consultant and Staff shall monitor compliance with risk management policies quarterly through the performance measurement process. Real Estate does not lend itself to traditional quantitative measures of risk such as standard deviation and benchmark tracking error. Rather, risk is managed through a combination of quantitative and qualitative constraints. The following sections identify the most significant risks with Real Estate investments and the method of control. The Real Estate Program will only consider investment structures that provide limited liability to the System.

A. Asset Type Diversification

The Real Estate Program will seek diversification by property type and strategy. The Real Estate Program will target weightings to each of the primary property types as follows:

Property Type	Policy Range
Multifamily	Up to 40%
Industrial	Up to 35%
Office	Up to 45%
Retail	Up to 35%
Hotel	Up to 25%
Other	Up to 20%

These bands may be revised over time as the ODCE benchmark weightings shift. Debt investments may be classified by Staff as falling into one of the traditional property types based on the composition of the underlying collateral.

B. Location Diversification

The Real Estate Program is intended to be diversified globally, with a disproportionate weighting toward the United States due to (i) the absence of currency risk and associated costs, (ii) the absence of withholding taxes, (iii) high transparency, (iv) a well-developed system of property rights and a well-developed legal system and (v) a deep and liquid market. The Real Estate Program will target exposure to investments outside the United States, no greater than 25% of the total market value.

C. Single Investment Size

The System does not want the failure of a single investment to have a material impact on the performance of the Real Estate Program. In order to mitigate this risk, the maximum commitment to a single investment is limited to no more than 15% of the Portfolio. It is anticipated that this limit will be approached rarely, if ever. This limit will not apply to a separate account.

D. Investment Position

Police does not want to invest with Managers that have significant enterprise or platform risk unless the System is adequately compensated for that risk. Accordingly, the maximum commitment to a single fund by the five New York City systems is limited to no more than 15% of a single fund-raise determined at the time of initial investment unless either (i) the System receives adequate benefits to offset the associated risk (such as preferred fees and/or enhanced representation as a non-control investor) or (ii) it is determined that the Manager's platform is viable and effective even without the System's commitment.

E. Manager

To avoid having excessive exposure to any individual Manager and/or its affiliated entities, the System will limit a single Manager to managing no more than 15% of the total Real Estate Program allocation.

F. Leverage

Real Estate Program-level leverage will be targeted not to exceed 65% under normal market conditions. In the event that market conditions cause this limit to be exceeded, the pipeline of targeted investments taken as a whole should be designed to bring the Real Estate Program back into compliance in a reasonable timeframe; however, individual investments with varying levels of leverage may still be pursued. The use of leverage by Managers will be monitored by the Staff and the Consultant on a quarterly basis to mitigate risks. In addition to total leverage, Staff and the Consultant will take into consideration factors such as recourse and cross-collateralization, term, interest rate risk, and the potential for covenant breaches and technical defaults.

G. Currency

The Real Estate Program accepts currency risks consistent with the geographic constraints. Currency risk, and the cost of hedging, will be taken into consideration as part of a proposed investment's overall risk/reward profile.

IV. INVESTMENT/EVALUATION CRITERIA

Staff and Consultant will conduct prudent and thorough due diligence upon Real Estate Investment Managers and Investments. Minimum requirements for selection of Investment Managers and Investments shall be:

- The principals must demonstrate relevant experience and expertise in the strategy they propose to execute and the market in which they propose to operate.
- The principals must demonstrate requisite skills and experience necessary to execute the proposed strategy, including evidence from similar prior accomplishments.
- The principals must demonstrate an ability to cooperate and to work well together over the long term and to manage a stable organization.
- The principals must dedicate a sufficient proportion of their time and effort to the proposed investment vehicle.
- The principals must make a meaningful personal financial commitment to the proposed investment.
- The principals must be individuals of high character and solid professional reputation.
- The proposed strategy and business plan must set forth sufficient detail to permit substantive and meaningful review of the investment opportunity, verification of the investment concept and evaluation of the appropriate risk factors.
- The proposed strategy and business plan must provide reasonable assurance that the investment opportunity can produce the target return.
- The risk anticipated in the strategy and market must be justified by and compensated for by the proposed investment, based on reasonable assumptions.

Primary emphasis will be on the quality and experience of the Manager and of its affiliates and staff. Additional factors to be evaluated include:

- Fit within the Annual Real Estate Plan and the System's portfolio.
- Strategy: its uniqueness, the Manager's access to proprietary deal flow, and the flexibility and likelihood of success of the firm's entry and exit strategy (in the case of closed-ended funds).
- Integrity and reputation of the Manager, its employees and other investors.
- Depth and breadth of the Manager's principals and their employees' experience and expertise.
- Personnel turnover.
- Quality of overall governance and management, including controls and reporting systems (including audited financials and reports to investors).
- Relationship with and reputation among existing investors (e.g., re-ups and declines).

- Relationship with existing and former operating partners (if applicable), property management companies (if applicable) and other third parties in the industry.
- Relationship and reputation among banks and other sources of financing.
- Nature and quality of value-added involvement by Managers.
- Demonstrated ability of a Manager's principals and employees.
- Past financial performance.
- Pre-existing commitments of the Manager and its principals and employees.
- Alignment of employee interests with those of Principals.
- Alignment of Managers interests with investors (Manager investment relative to contemplated commitment, waterfall, treatment of transaction fees, clawbacks and lookbacks, operating budget, etc.).
- Appropriateness of terms and conditions.

V. PERFORMANCE OBJECTIVE

The objective of the Real Estate Program is to provide stable long-term net returns that meet or exceed the Real Estate Program Benchmark while assuming suitable risk.

The Real Estate Program Benchmark equals the NCREIF Fund Index – Open-End Diversified Core Equity (“ODCE”) net of fees plus 100 basis points over full market cycles.

Performance over shorter time periods will also be measured to assess progress relative to the benchmark. Because the Real Estate Program is designed to have a higher risk/return profile than the benchmark, these shorter-term, interim measurements will likely deviate from the ODCE net of fees plus 100 basis points (both positively and negatively) at different points in the market cycle.

A secondary benchmark may be developed utilizing other indices and methodologies to provide additional context. This includes the use of (i) other private fund indices to evaluate time-weighted returns and to perform attribution analysis, (ii) non-core private fund indices for vintage year IRR rankings of individual closed-end funds, (iii) public market equivalents, period IRRs and other techniques determined to be appropriate by Staff or the Consultant and (iv) correlations and other similar metrics to assess diversification and inflation hedging benefits.

For convenience, trailing ten-year periods will often be used as a proxy for full market cycles. However, when the result is materially affected by the presence of a market inflection point, more precise measurements (such number of quarters from peak / number quarters from trough) may be employed to determine market cycles.

Attachment B

Infrastructure Program

Infrastructure Investment Policy

I. PURPOSE

This attachment to the Real Assets Program Investment Policy Statement sets forth investment policy for the Infrastructure Program.

The inclusion of Infrastructure in the System's Total Plan will allow for global investments in facilities or assets which provide core essential services critical to the operation and development of economies. Typically infrastructure investments have high barriers to entry due to significant capital expenditure requirements, exclusive long term contracts or regulatory requirements. Infrastructure investments are comprised of long useful-life assets with high tangible value and relatively low value erosion over time.

The Fund seeks to employ Emerging Managers.⁵ Emerging Managers are asset Managers the Board believes will add significant value to the Fund through implementation of investment strategies consistent with the Board's asset allocation and other policies, but which, because of size, length of track record, or other similar factors, have not been awarded contracts through the Board's manager selection process.⁶ All investments by Emerging Managers shall be subject to fiduciary standards.

II. INVESTMENT OPERATIONS

A. General Approach

The Staff shall review and manage investments using a disciplined management strategy. Guided by the Annual Infrastructure Plan, Staff shall make assessments as to appropriate strategic weightings within the portfolio. Staff then shall seek to identify the most attractive investment opportunities available consistent with the Annual Infrastructure Plan and with the goal to be diversified prudently across strategies, industries, partnerships and geography.

The Program will seek to invest in opportunities in a variety of infrastructure sectors, including but not limited to, transportation, energy, power, utilities, water, wastewater, communications and social infrastructure. Both Core and Non-Core Infrastructure Investments, as explained more fully below, will be pursued.

Core Infrastructure Investments include the lower risk strategies that acquire assets that operate in an environment of limited competition as a result of natural monopolies, government regulation or concessions, and generate a reliable income stream. These

⁵ Emerging Managers are sponsors targeting capital raises up to \$750 million and investing through funds I – III. Emerging Managers include Minority & Women-Owned Business Enterprise ("MWBE")

⁶ Per Police's Core IPS dated December 17, 2007

types of assets are part of core and value-added infrastructure strategies. These investments are in quality assets that benefit from high barriers to entry and inelastic demand for the product or service being provided. These investments are expected to comprise a majority of the infrastructure portfolio, or 60-100%.

Non-Core Infrastructure Investments seek to capture superior risk-adjusted returns caused by market imbalances. These types of investments are part of opportunistic strategies and will have higher risk driven by the following factors: competition, growth, construction, development, technology, and commodity pricing. Correspondingly, these investments will have higher expected returns than the Core Infrastructure Investments. The Infrastructure Program will target a range of 0-40% for these types of investments.

Portfolio construction will be driven by (i) broad allocation ranges to Core and Non-Core Infrastructure Investments and (ii) market opportunities and conditions. Core Infrastructure Investments will represent a majority of the Infrastructure Program. The remaining allocation will be available for Non-Core Infrastructure Investment opportunities that emerge over the market cycle. Non-Core opportunities include but are not limited to investing in Greenfield projects.

B. Allocation Ranges

Core Infrastructure Investments:	60 - 100%
Non-Core Infrastructure Investments:	0 - 40%

Actual percentages may differ substantially from these targets during the initial years of the Program.

C. Annual Infrastructure Plan

Investments made under the Program shall be made in accordance with the Annual Infrastructure Plan contained within the Annual Real Assets Plan. Staff along with the Real Asset Consultants shall present the Annual Real Assets Plan to the Board each fiscal or calendar year for the Board's approval, which will provide guidance to the Staff and Real Asset Consultants in the management, operations and investments of the Program. The Annual Infrastructure Plan shall include an elaboration of a target Core Infrastructure Investment allocation within the Real Asset class.

D. Pacing

The Annual Infrastructure Plan shall recommend commitment ranges to be made by the System within each strategy as well as a total target commitment for the System (the "Pacing Analysis") in order to achieve both the target Infrastructure allocation and the overall allocation to the Real Asset class. The Pacing Analysis shall take into account the System's overall allocation to and investments in the Infrastructure asset class, within each strategy, across investment type and geography, and by vintage as well as the market environment and such other considerations as are appropriate. The Program shall strive to avoid inappropriate concentrations in strategies, investment type, geographic areas, funds, managers or vintage years.

E. Investment Guidelines

This IPS authorizes commitments to infrastructure funds (open-ended and close-ended), separate accounts, co-investments, joint ventures and direct investments. These investments may be in any type of security throughout the capital structure.

III. RISK MANAGEMENT

Infrastructure does not lend itself to traditional quantitative measures of risk such as standard deviation and benchmark tracking error. Rather, risk is managed through a combination of quantitative and qualitative constraints. The following sections identify the most significant risks with infrastructure investments and the method of control. The Program will only consider investment structures that provide limited liability to the System(s).

A. Asset Type Diversification

The Infrastructure Program will seek diversification by asset type, revenue drivers, and geography in an effort to mitigate portfolio volatility. The portfolio may include a variety of assets including but not limited to electricity transmission, pipelines, airports, toll roads, communication towers and electric generators, windmills etc. to vary the sources of revenue to the portfolio.

B. Location Diversification

The Infrastructure Program is intended to be diversified globally.

C. Single Investment Size

The System does not want the failure of a single investment to have a significant or material impact on the performance of the Infrastructure Program. In order to mitigate this risk, the maximum commitment to a single investment is limited to no more than 15% of a single fund-raise. This limit will not apply to a separate account.

D. General Partner

To avoid having excessive exposure to any individual General Partner and/or its affiliated entities, the System will limit a single General Partner to managing no more than 10% of the total Real Assets Program allocation when fully invested.

E. Leverage

The average leverage of all investments in Infrastructure Program will be no higher than 65%. The Board acknowledges that the utilization of leverage varies widely in infrastructure investments, and typically investments with lower risk utilize higher leverage. The use of leverage by General Partners will be monitored by the Staff and Consultant on a quarterly basis to mitigate risks.

F. Currency

The Infrastructure Program accepts the currency risks consistent with the geographic constraints. Infrastructure partnerships generally do not hedge currency risk and the

Infrastructure Program will not generally require currency hedges.

IV. INVESTMENT/EVALUATION CRITERIA

Staff and Consultant will conduct prudent and thorough due diligence upon Infrastructure Investment Managers/Investments. Minimum requirements for selection of Investment Managers/Investments shall be:

- The principals shall demonstrate relevant experience and expertise in the strategy they propose to execute and the market in which they propose to operate.
- The principals shall demonstrate requisite skills and experience necessary to execute the proposed strategy, including evidence from similar prior accomplishments.
- The principals shall demonstrate an ability to cooperate and to work well together over the long term and to manage a stable organization.
- The principals shall dedicate a sufficient proportion of their time and effort to the proposed investment vehicle.
- The principals shall make a meaningful personal financial commitment to the proposed investment.
- The principals shall be individuals of high character and solid professional reputation.
- The 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 proposed strategy and business plan shall provide reasonable assurance that the investment opportunity can produce the target return.
- The risk anticipated in the strategy and market is justified by and compensated for by the proposed investment, based on reasonable assumptions.

Primary emphasis will be on the quality and experience of the general partners, sponsors or managing members (collectively, "General Partner") and the staff of a proposed investment. Additional factors to be evaluated shall include:

- Fit within the Annual Infrastructure Plan and the System's portfolio.
- Strategy: its uniqueness, the General Partner's access to proprietary deal flow, and the flexibility and likelihood of success of the firm's entry and exit strategy (in the case of close-ended funds).
- Integrity and reputation of the General Partner, its employees and other

investors.

- Depth and breadth of the General Partner's principals' and employees' experience and expertise.
- Personnel turnover.
- Quality of overall partnership governance and management of the partnership including controls and reporting systems (including audited financials and reports to Limited Partners).
- Relationship with and reputation among existing investors (e.g., re-ups and declines).
- Relationship with existing portfolio companies, including terminated Managers.
- Relationship and reputation among banks and other sources of financing.
- Nature and quality of value-added involvement by General Partner.
- Demonstrated ability of General Partner and its employees.
- Past financial performance.
- Pre-existing commitments of General Partner.
- Alignment of employee interests with those of Principals.
- Alignment of General Partner interests with investors (General Partner investment relative to contemplated commitment, waterfall, treatment of transaction fees, clawbacks and lookbacks, operating budget, etc.).
- Appropriateness of terms and conditions.

V. PERFORMANCE OBJECTIVE

The objective of the program is to provide stable long-term returns that meet or exceed the Program Benchmark while assuming suitable risk.

The performance benchmark for the Infrastructure Portfolio is to meet or exceed the Consumer Price Index ("CPI") plus 4% net of fees over a rolling 5-year period.

The Infrastructure Portfolio is expected to generate a total return, net of investment management fees, of at least 6.5%.

Glossary of Terms:

Annual Infrastructure Plan: The infrastructure component of the Annual Real Assets Plan.

Annual Real Assets Plan: See *Section IV*.

Annual Real Estate Plan: The real estate component of the Annual Real Assets Plan.

Brownfield Investments: Assets that have been previously constructed and that have an operating history.

Closed-ended Fund: A fund with a fixed number of units (shares). All fund capital is usually contributed on the same date and non-withdrawable until the fund's expiration date. Shares may be traded among investors on a secondary basis.

Co-Investments: A minority investment, made directly into an operating company, alongside a general partner or other infrastructure investor(s).

Core Infrastructure Investments: See *Attachment C. Section II. A*.

Core Plus Real Estate Investments: See *Attachment A. Section II. B*.

Core Real Estate Investments: See *Attachment A. Section II. B*.

The Board: The Board of Trustees of the New York City Police Department Pension Fund, Subchapter 2.

Direct Investments: Investments that represent direct ownership interests in assets or companies as opposed to through a fund vehicle.

General Consultant: The consultant retained by the Board to advise on the composition of its entire investment portfolio.

General Partner: The active manager of an investment vehicle.

Greenfield Investments: Assets in development and lacking an operating history.

Infrastructure Program: The infrastructure component of the Real Assets Program.

Joint Ventures: An agreement whereby the parties agree to develop, for a fixed time, a new entity and new assets by contributing equity. All parties exercise control over the enterprise.

Managers: A person or organization that makes investments in portfolios of securities on behalf of Police, in accordance with the investment objectives and parameters defined by the System.

Non-Core Infrastructure Investments: See *Attachment A. Section II. A*.

Non-Core Real Estate Investments: See *Attachment B. Section II. C*.

OECD countries: Countries that belong to the Organization for Economic Co-operation and Development.

Open-ended Fund: An investment fund which can issue and redeem shares at any time. Shares in the fund are typically purchased directly from the fund itself.

Opportunistic Investments: Assets that are either 1) core but in development in OECD countries, 2) assets in OECD countries that are only semi-monopolistic or are subject to larger degrees of user-demand and competition, or 3) assets in non-OECD countries and developing markets.

Program: The Real Assets Program.

Real Assets: See *Section II*.

Real Asset Consultant: One or more consulting firms retained by the Comptroller's office to assist in the construction and monitoring of the Real Assets Program.

Real Assets Investment Policy Statement: This Investment Policy Statement, or "IPS".

Real Assets Program: The investment program of Police in Real Assets, or the "Program".

Real Estate Program: The real estate component of the Real Assets Program.

Staff: See *Section IV. B*.

Value-Added Investments: Assets in the early stages of operation or with potential for add-on development in Core-like assets in OECD countries.

NEW YORK CITY POLICE DEPARTMENT PENSION
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REAL ESTATE ASSETS INVESTMENT POLICY

~~Adopted on May 3, 2005~~

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**NEW YORK CITY POLICE PENSION FUND, SUBCHAPTER 2
REAL ESTATE INVESTMENT POLICY**

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Proposed: December 10, 2012

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SECTION I—INTRODUCTION

A. Purpose of Real Estate Investment Policy

The purpose of this Real Estate Investment Policy (the "Investment Policy") for within the New York City Police Department Pension Fund, Subchapter 2 (the "Fund") is to establish the parameters by which the Fund may invest through its Real Estate Program (the "Program"), to ensure that the Managers (which term collectively refers to and includes, but is not limited to, "principals," "managing members," "general partners," "sponsors," "advisors," and "proposers"), and the Consultant and other external resources retained by the Fund, adhere to the investment principles and guidelines of the Board of Trustees (the "Board"), while preserving the flexibility necessary to accomplish the objectives of the Program ("Police" or the "System").

B. Objectives of Real Estate Investments

Consistent with the strategy approved by the Board, the role of real estate investments made through the Program is:

- To enhance the diversification of the Fund's investments through the historically low or negative correlation between real estate and other financial asset classes;
- To provide competitive risk-adjusted returns relative to other asset classes;

II. To serve as PURPOSE

The IPS provides the broad strategic framework for managing the System's Real Asset investments. The design of the IPS ensures that Managers, advisors, consultants and other participants selected by the System adhere to the investment principles and guidelines of Police. Additionally, the use of the IPS assures sufficient flexibility in managing investment risks and returns associated with the Real Assets Program (the "Program"). The initial portfolio of the Program will include a real estate program (the "Real Estate Program", an already established asset class) and an infrastructure program (the "Infrastructure Program"). Investment Policy Statements for these component asset classes are attached as Attachments A and B, respectively. Additional asset classes may be considered in the future and their inclusion will be predicated upon Board approval and amendment of this document (e.g. timber, agriculture and direct energy assets).

III. STRATEGIC OBJECTIVE

The System has mandated investments in Real Assets as part of its strategic asset allocation to:

A. Preserve investment capital;

•B. Provide a hedge against inflation;

- To emphasize long-term income returns.

Domestic private market equity real estate possesses the best attributes to meet the role defined for the Program.

C. Provide diversification benefits due to the low correlation to other asset classes;

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NEW YORK CITY POLICE ~~DEPARTMENT~~ PENSION FUND, SUBCHAPTER 2
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D. Reduce the volatility and provide superior risk adjusted returns; and

E. Take advantage of the ability to accept illiquidity in exchange for an illiquidity premium

The ~~Fund~~~~System~~ also expects that commitments to and investments in ~~the real estate asset class~~~~Real Assets~~ will establish, maintain and continually improve the reputation of the ~~Fund~~~~Police~~ as an investor, ~~and that the Fund will make both continuous use of, and contributions to, the best practices of investors in real estate.~~ The ~~Fund~~, The ~~System~~ will seek investments in which the ~~proposer~~~~manager~~ demonstrates a commitment to standards of good conduct, including compliance with all Federal, State and local laws, including, but not limited to, labor, anti-discrimination, environmental, and health and safety laws, and ~~the System~~ will reject investments that would ~~pose reputational risk to the Fund or~~ bring public or regulatory scrutiny, ~~other than that which is required by law or regulation to consummate an investment transaction.~~ The Fund ~~will not entertain investments that have the potential of eliminating public-sector jobs.~~ The ~~System~~ encourages the submission of proposals for review from ~~proposers~~~~managers~~ that demonstrate a strong commitment to diversity in their firms.

The Board recognizes that in order to comply with the investment restrictions, Staff will negotiate an opt-out right in respect of the restrictions.

All Real Asset investments shall be subject to fiduciary standards. The operation of the Program is subject to the exclusive benefit rule and all other applicable laws, including requirements of prudence.

IV. C. ASSET ALLOCATION

Pursuant to a 2003 asset allocation study performed by the Fund's general consultant, SIS, Inc., the Board has adopted an allocation to private market real estate of three percent (3%) of the market value of the total investable assets of the Fund. The Board recognizes that it will take several years to achieve this market value exposure. As it is the case that commitments in connection with the Program are drawn down over time, such commitments at any particular time may exceed the target market value exposure in a mature Program.

SECTION II- RESPONSIBILITIES AND DELEGATION

A. The Program will be funded by an allocation of 6% (plus or minus 2%) of the System's assets. This allocation will be prudently diversified by asset class as well as within each component asset class.

V. RESPONSIBILITIES AND DELEGATION

A. Role of the Board of Trustees

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The Board, ~~assisted by the recommendations of Staff and Consultant, will, is responsible for reviewing and approving policies, including this IPS. In addition the Board shall:~~

- Review ~~the Program at least annually and approve this Investment Policy, along with and adopt~~ the Annual Real Assets Plan;¹
 - ~~Review and approve the scope for any Program Requests for Proposals;~~
 - ~~Approve Investment Managers pursuant to recommendations by Staff and Consultant;~~
- ~~Approve the retention and review performance of strategic consultants and advisors and other external resources, as needed;~~
- ~~Oversee performance and risk and Staff's (as such term is defined below) implementation of the Program;~~
- Delegate investment approval authority as appropriate;
~~Review the performance~~
 - ~~Approve investments/terminations of the Program investment strategies and its compliance with the objectives managers; and policies stated herein;~~
 - ~~Complete /or enable the completion delegation of any other activities necessary to implement and monitor real estate investments through the Program;~~
- ~~Approve the manager retention of other external resources to the Program/termination to Staff and/or consultant as deemed appropriate.~~

~~B. B.~~ ~~Role of the Comptroller's~~ ~~Comptroller's~~ Office Staff

~~Comptroller's Office Staff ("Staff") will:~~

- ~~Oversee and participate with the Consultant in the preparation of the Investment Policy and the recommendation of changes in the Policy to the Board;~~
- ~~Oversee and participate with the Consultant in the preparation of an Annual Plan;~~
- ~~Oversee and participate with the Consultant in the preparation of all other necessary Program policies, guidelines and documents;~~
- ~~Manage the operations of the Program including management of external resources to the Program;~~
- ~~Manage the Fund's relationships with external resources, to ensure that the Fund obtains the maximum value from these relationships;~~

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¹ The Annual Real Assets Plan will be composed of the Annual Real Estate Plan, the Annual Infrastructure Plan and plans for any other component asset classes that may be added in the future.

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NEW YORK CITY POLICE DEPARTMENT PENSION FUND, SUBCHAPTER 2
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- ~~Work with the Consultant to search for, identify, evaluate and recommend to the Board investment vehicles operated by qualified Stable, Enhanced Return and High Return Managers;~~
- ~~Review and negotiate the business terms of documents in connection to real estate investments;~~
- ~~Perform, manage and supervise due diligence on and recommendations of commitments of capital to real estate investments, subject to the Investment Policy and Annual Plan;~~
- ~~Monitor the process for the transfer of funds including capital calls or contributions or distributions, Consultant certifications, and the coordination of the receipt and distribution of capital with respect to funding new and/or existing real estate investments or the liquidation/disposition of investments;~~
- ~~Monitor and report to the Board on investment performance; and~~
- ~~Complete any other activities required by the Board or those specifically delegated to the Staff in the Investment Policy or Annual Plan, or other applicable policies.~~

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

Review the Real Estate Investment Policy

- Identifying, evaluating and recommending investment opportunities;
- ~~Reviewing and recommending changes to the IPS and any other policies developed as part of the Program where legal oversight is required;~~
- ~~Participate in the procurement of external resources to the Program;~~
- ~~Manage retained outside counsel sufficiently experienced and expert in the form of the investment under consideration;~~
- ~~Conduct on a case-by-case basis legal due diligence in conjunction with outside counsel, which due diligence will include a review of proposed investments for statutory and regulatory compliance;~~
- ~~Coordinate and work with outside counsel and Staff the review and negotiation of all legal documents related to Program investments;~~
- ~~Assist Staff and render legal advice regarding any developments occurring during the life of the investment;~~
- ~~Assist Staff and render general legal advice on the development and implementation of the Program.~~

C. Role of the Consultant

~~Consultant will:~~

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- ~~Monitor on an ongoing basis the real estate and capital markets and the investable universe of Managers and real estate investment vehicles;~~
- ~~Assist Staff in: developing the Investment Policy and Annual Plan and review the latter document periodically in order to recommend revisions that reflect changes in the real estate and capital markets; and implementing periodic reviews of the Program, which shall occur at least annually; and managing the operations of the Program;~~
 - ~~Assist Staff in searching for, identifying, evaluating and recommending select investment vehicles operated by qualified Managers;~~
 - ~~Perform due diligence on and recommend commitments of capital to real estate investments, subject to the Investment Policy and the Annual Plan;~~

Assist Staff in the

- Working with the System's consultants on identifying and evaluating Real Asset strategies, investment managers and investments appropriate 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 System'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 the performance metrics as provided by the Managers with respect to the overall purpose and objectives of the Program; and monitoring and reporting on the performance of the consultants at least annually.
- Recommending the sale of assets in the secondary market to optimize the Program's performance.

C. Role of the Real Asset Consultants

Police retains consultants (the "Real Asset Consultants") to assist in the implementation of its strategic allocation to Real Assets. Police may retain different consultants for each component Real Asset class. The strategic allocation to the asset class is recommended to the Board by its General Consultant. The Real Asset Consultants are fiduciaries and advise Staff and Police on all aspects of its Real Assets Program. The responsibilities of the Real Asset Consultants include, but are not limited to:

- Providing Strategic Advice:
 - 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.

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- Assisting the Board and Staff in developing the Real Assets Program IPS, as well as policy statements for component asset classes, and assist in conducting periodic reviews of the IPS and the Program.
- Together with Staff, provide an annual and a longer term plan for the Program;
- Periodic assessments of industry best practices with regard to policies and procedures;
- Analysis of Police's existing Real Assets Program;
- Periodic reports on the state of the Real Asset marketplace;
- Attending meetings of the Board and providing educational seminars for the Trustees;
- Such other strategic advice and services as Police or Staff may reasonably require;
- New investment identification and evaluation, including:
 - 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;
 - The manager's ability to comply with the Board's investment policies and restrictions;
- Periodic reports on current and anticipated investment opportunities.
- Assisting Staff with the implementation, negotiation and execution of new commitments and/or investments and consult, as necessary, on the termination of Managers;
 - Facilitate the transfer of funds in order to perfect investments;
 - Monitor and evaluate, on an on-going basis, Manager performance; alert
- Portfolio monitoring:
 - Assisting Staff regarding any with the ongoing review of committed investments, including reports to the Board on significant organizational changes of contractual non-compliance on the part of a Manager;
 - Monitor the custodian of the pension manager developments, proposed amendments to fund with respect to Program investments;
 - Provide quarterly Performance Measurement Reports;
 - Periodically report to the Board and advise the Board on investments;

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- ~~Undertake such other activities necessary to the efficient functioning of the Program as determined by the Board and Staff.~~

~~SECTION III – PROGRAM OPERATIONS~~

~~A. General Approach~~

~~Investment decisions regarding the Program will be guided by the following objectives: (i) to maintain a broad diversification of assets; (ii) to achieve a total return competitive with other asset classes;~~

- ~~o (iii) to serve as a hedge against inflation; and (iv) to emphasize long term income returns. Controlling risk in the Program is equally as important as obtaining the desired risk adjusted returns. The Fund will follow prudent risk management policies that will manage risk through control over the investment process documentation and investment vehicles and will ensure prudent diversification by investment style sector, property type, geographic location, and by manager performance;~~

~~B. Strategy Allocation~~

~~The categories and allocation ranges by investment style sector will initially be:~~

- ~~1. Stable Return: 60% -80%~~
- ~~2. Enhanced Return: 10% -40%~~
- ~~3. High Return : 0% -30%~~

~~For each of the four traditional property types (Office, Retail, Industrial, Multifamily) and for each of the primary NCREIF Property Index (NPI) regions (East, West, Midwest, South) the Program will be invested such that the Program weighting will be within a range of the NPI weighting for such property type or region of $\pm 30\%$. The four property types will represent at least 85% of the total real estate portfolio. For all other property types, the Fund will limit the aggregate holdings of such types to no more than 15% of the total portfolio. This category includes specialized property types:~~

~~C. Investment Vehicles~~

~~The Program will only consider investment structures that provide limited liability to the Fund. Investments may be made by means of any legally permissible investment vehicles, including, but not limited to: separate accounts, joint ventures, commingled funds, limited partnerships, group trusts, real estate operating companies, insurance company separate~~

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~~accounts and limited liability corporations. The Fund will consider co-investments with comparable institutional investors who have similar investment objectives.~~

~~D. Discretionary Mandates~~

~~The Program will use Managers who will have discretion at the fund and property level within their mandate to accomplish investment strategies and activities.~~

~~E. Program Benchmark~~

~~The Program's objective is to generate a total return, gross of investment management fees, that exceeds the return of the NPI by 100 basis points, measured over rolling five year periods. (NB: the NPI is reported gross of fees.)~~

~~F. Annual Plan~~

~~Staff and Consultant will present to the Board annually for its approval an Annual Plan~~

- ~~o Periodic and real-time reports on developments at and performance of individual investments in the Police portfolio.~~

~~D. Role of Custodian Bank/Alternatives Administrator~~

~~The Custodian Bank and/or Alternatives Administrator shall be responsible for reviewing and certifying all Program cash flow authorizations (such as capital calls and distributions).~~

VI. EXCEPTIONS TO THE IPS

From time to time, the Program may require exceptions to this IPS. In the event that an exception is required, the following procedures shall be followed:

Non-urgent² matters requiring an exception to this IPS will be addressed at the next scheduled Police investment meeting. The Board shall be provided a detailed written summary and rationale warranting a potential exception to the IPS. Exceptions will only be granted with Board approval (vote, motion, etc.).

For urgent matters³ (time-sensitive) requiring an exception to this IPS, the Staff will notify the Board, in writing or via electronic mail, as soon as practicable of the matter requiring

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² Non-Urgent matters are defined as those not requiring an affirmative decision prior to the next scheduled Police investment meeting.

³ Urgent matters are defined as those requiring an affirmative decision by the Board prior to the next scheduled Police investment meeting.

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the need for an exception to the IPS. A documented phone vote granting the exception may be obtained and the Board will ratify the decision at the next scheduled monthly investment meeting.

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Attachment A

Real Estate Program

Real Estate Investment Policy

I. PURPOSE

This attachment to the Real Assets Investment Policy Statement sets forth the investment policy for the Real Estate Program (the "Real Estate Program").

The inclusion of Real Estate in the investment portfolio of the System will allow for global investments in an established asset class that has been shown to (i) provide attractive risk-adjusted returns over full market cycles on a stand-alone basis and (ii) further improve risk-adjusted returns in a broader portfolio by dampening volatility and serving as a hedge against inflation.

The Fund seeks to employ Emerging Managers.⁴ Emerging Managers are asset Managers the Board believes will add significant value to the Fund through implementation of investment strategies consistent with the Board's asset allocation and other policies, but which, because of size, length of track record, or other similar factors, have not been awarded contracts through the Board's manager selection process.

II. INVESTMENT OPERATIONS

A. General Approach

The Staff shall review and manage investments using a disciplined management strategy. Guided by the Annual Real Estate Plan (defined below), Staff shall make assessments as to appropriate strategic weightings within the portfolio. Staff then shall seek to identify the most attractive investment opportunities available consistent with the Annual Real Estate Plan and with the goal to be diversified prudently across strategies, property types, vehicles, Managers and geography.

Portfolio construction will be guided by (i) broad allocation ranges for Core / Core Plus Real Estate investments and for Non-Core Real Estate investments (discussed below) and (ii) market opportunities and conditions.

B. Core / Core Plus Real Estate

The Core / Core Plus Real Estate Portfolio will be comprised of two sub-components.

- Core Real Estate Investments. Core Real Estate investments are of comparatively low risk. They consist of investments in operating and substantially leased properties of institutionally quality, consist primarily of investments in traditional property types

⁴ Criteria for Emerging Managers are set forth in the Emerging Manager policies adopted by the Board on January 27, 2007. These criteria include, among others, total assets under management not exceeding \$2 billion in aggregate, including non-institutional capital.

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(office, industrial, retail and for-rent multifamily) and tend to use moderate leverage (generally below 40%). The Core Real Estate portion of the portfolio will generally track the NCREIF ODCE index fairly closely. (This is the index that underlies the System's benchmark for real estate.) Leverage in the Core Real Estate portfolio may be increased as a way to pair low risk assets with a higher risk capital structure, subject to the overall leverage limits discussed below.

- Core Plus Real Estate Investments. Core Plus Real Estate investments offer the opportunity to enhance returns by (i) alleviating an identifiable deficiency (in an asset's capital structure, in an asset's physical structure, in an asset's operation, etc.) or (ii) benefitting from market inefficiency. These investments may use slightly more leverage than Core Real Estate investments to improve returns.

C. Non-Core Real Estate

Non-Core Real Estate investments offer the opportunity to further enhance returns by investing in assets with greater deficiencies (such as substantial vacancy, the need for substantial renovation, etc.), by accepting different types of risks (such as development risk, redevelopment risk, repositioning, etc.), by focusing more on non-traditional property types that may have greater operating risks (such as hotels), by accepting greater capital market risk (for example, by acquiring assets with complex capital structures that may be difficult to unwind) and by seeking areas of greater market inefficiency.

D. Discretion

- Staff, in a discretionary capacity, will work with the Consultant to implement investments in follow-on funds or other vehicles where the investment is equal to or less than the investment in the predecessor vehicle, with appropriate updates to the Board.

E. Investment Classification

The System recognizes that, although specific categories of investments are delineated in this IPS for purposes of monitoring and controlling risk, the universe of investment opportunities is better characterized by a spectrum of risk and return. To facilitate the efficient classification of investments, any investment with a targeted net return below 10% will be classified by default as Core / Core Plus Real Estate, and any investment with a targeted net return of 10% or greater will be classified by default as Non-Core Real Estate. Internal rates of return will be used for closed-end vehicles, and time-weighted returns will be used for open-end vehicles.

These defaults may be altered for individual investments based on subjective judgments. Each investment will be classified at the time that the commitment is made, and may be reclassified by Staff and the Consultant, with disclosure to the Board, if the profile of the investment changes, or if market conditions change.

Investments classified as "value-add" by industry organizations such as NCREIF may, depending on the circumstances, fall into either the Core / Core Plus Real Estate Portfolio or the Non-Core Real Estate Portfolio.

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F. Allocation Ranges

Core / Core Plus Real Estate: no less than 40%

Non-Core Real Estate: no less than 40%

Actual weightings may deviate from these limits while the Real Estate Portfolio is undergoing a repositioning.

G. Annual Real Estate Plan

Investments made under the Real Estate Program shall be made in accordance with the Annual Real Estate Plan contained within the Annual Real Assets Plan. Staff along with the Consultant shall present the Annual Real Assets Plan to the Board each fiscal year or each calendar year for the Board's approval, which will provide guidance to the Staff and Consultant in the management, operations and investments of the Program. The Annual Real Assets Plan will specify the target amount for investment in that year and a pacing analysis (see below). The Plan will shall include an elaboration of a target strategic allocation and tactical within the real estate asset class. It will specify ranges across investment style sectors. An Annual Real Assets Plan approved by the Board may supersede the guidelines and diversification by property type and geographic location limitations included in this IPS.

H. G. Pacing

The Annual Real Estate Plan will include an identification of an optimal averages shall recommend commitment size ranges to be made by the Fund System within each investment style sector strategy as well as a total target commitment for the Fund within each sector System (the "Pacing Analysis") in order to achieve both the target strategic allocation and the overall allocation to the Real Estate Program. Ranges will be utilized in describing the aforementioned targets asset class. The Pacing Analysis will shall take into account (i) the Fund's System's overall allocation to investments. The Program will strive to avoid inappropriate concentrations by investment style sector, property type, geographic location and manager.

H. Risk Management

The Fund recognizes the inevitability of the assumption of risk in the management of a Real Estate Investment Program. The portfolio will be diversified in order to achieve a balance of risks within this asset class. Managers selected by the Board shall provide information adequate in quantity, quality and timeliness to permit Staff and the Consultant to monitor risk, and shall have risk management systems appropriate to their investment disciplines. Investment performance is a function of risk and return, and should be construed as such when the term is used in this

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~~policy statement. Managers shall also have internal procedures and controls appropriate to the industry. Such controls should address operational safeguards, conflicts of interest, ethical compliance issues and such other risk concerns as appropriate.~~

SECTION IV — PROGRAM GUIDELINES

A. — Strategic Allocations

~~Investments made under the Program will be made in accordance with the Investment Policy and Annual Plan.~~

B. — Permissible Investments

~~All investments will be of institutional quality. Such opportunities may be found in the Stable, Enhanced Return and High Return sectors. Institutional quality investments are typically well located in stable, diversified economic markets. Investments should be of high quality design and construction and in a competitive position within the immediate geographic market area of such investment. Investments may be made by means of any legally permissible investment vehicles.~~

C. — Leverage

~~The Fund recognizes that the use of leverage can enhance returns and can facilitate additional diversification within the Program. Utilization of leverage also introduces volatility and risk. In light of the fact that leverage carries with it potential positive and negative impacts on the Program, the use of leverage will be limited to no more than a 50% loan to value once 80% of the Program's real estate allocation has been invested. Until such time the 50% limitation may be exceeded, depending upon the portfolio mix of Stable Return, Enhanced Return and High Return style sector investments, as Enhanced Return and High Return investments commonly utilize leverage in excess of 50%. This level will allow the Fund to capture some of the benefits of using leverage without dramatically increasing expected risk. The Fund will not use leverage in all situations, and Staff and Consultant will recommend the deployment of leverage only under appropriate circumstances.~~

D. — Environmental Liability

~~Prior to closing on any real estate investment, the Fund's Managers will have performed an appropriate environmental survey of the property~~

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~~performed by a qualified environmental services firm. The survey will identify any potential hazardous materials located on, or near, the property that may create any liability to the Fund. The survey will further analyze and quantify the potential risk and will determine any actions that may mitigate the risk. If the identified risks cannot be appropriately mitigated, then the Manager will not close on the property.~~

E. Valuations

~~The real estate the asset class is relatively illiquid and is not fungible. In addition, many investments have a longer term holding period. As a result, real estate lacks the trading frequency to establish values and relies on an appraisal process to periodically value investments. The Fund will utilize valuation policies consistent with industry standards for the asset class of real estate and each strategy, (ii) the market environment, (iii) the goal of diversifying by strategy, property-type, geography, vintage, Manager and fund and (iv) other appropriate considerations.~~

I. F. Investment Guidelines

1. Investment Types

~~This IPS authorizes commitments to real estate funds (open-ended and closed-ended), separate accounts, co-investments, joint ventures and direct investments. These investments may be in any type of security throughout the capital structure (including equity, preferred equity and debt).~~

~~For purposes of this IPS, "real estate" includes, but is not limited to: (i) private equity real estate investments (including interests owned through joint ventures and commingled funds), (ii) private debt investments secured by first liens (i.e., mortgages or deeds of trust) on real property and other debt investments (e.g., mezzanine and participating debt), and (iii) private interests in real estate owning and/or operating entities (e.g., real estate operating companies- or "REOCs" or limited partnerships). The Portfolio shall consist of private and equity/debt real estate investments made through separate account and direct investment vehicles or commingled fund vehicles.~~

~~Investments in real estate investment trusts ("REITs") and other public market investments will be managed outside of the Portfolio. Incidental exposure to REITs and public real estate operating companies (for example take-private transactions or public exits of private investments) will not constitute a violation of this IPS.~~

2. Co-Investment and Direct Secondaries

~~Investment rights may include opportunities for additional capital participation through co-investment or other side-by-side direct investment opportunities. Secondary investments include the purchase of LP interests, co-investments or other pooled investment vehicles.~~

J. Economically Targeted Investment Policy

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The Real Estate Program will be executed in a manner that complies with any Economically Targeted Investment Policy maintained by the System.

III. RISK MANAGEMENT

Consultant and Staff shall monitor compliance with risk management policies quarterly through the performance measurement process. Real Estate does not lend itself to traditional quantitative measures of risk such as standard deviation and benchmark tracking error. Rather, risk is managed through a combination of quantitative and qualitative constraints. The following sections identify the most significant risks with Real Estate investments and the method of control. The Real Estate Program will only consider investment structures that provide limited liability to the System.

A. Asset Type Diversification

The Real Estate Program will seek diversification by property type and strategy. The Real Estate Program will target weightings to each of the primary property types as follows:

<u>Property Type</u>	<u>Policy Range</u>
<u>Multifamily</u>	<u>Up to 40%</u>
<u>Industrial</u>	<u>Up to 35%</u>
<u>Office</u>	<u>Up to 45%</u>
<u>Retail</u>	<u>Up to 35%</u>
<u>Hotel</u>	<u>Up to 25%</u>
<u>Other</u>	<u>Up to 20%</u>

These bands may be revised over time as the ODCE benchmark weightings shift. Debt investments may be classified by Staff as falling into one of the traditional property types based on the composition of the underlying collateral.

B. Location Diversification

The Real Estate Program is intended to be diversified globally, with a disproportionate weighting toward the United States due to (i) the absence of currency risk and associated costs, (ii) the absence of withholding taxes, (iii) high transparency, (iv) a well-developed system of property rights and a well-developed legal system and (v) a deep and liquid market. The Real Estate Program will target exposure to investments outside the United States, no greater than 25% of the total market value.

C. Single Investment Size

The Fund will monitor the amount of equity in any single investment opportunity (including but not limited to commingled funds, separate account relationships, individual properties and joint ventures) to maintain a prudent level of diversification and efficiency. System does not want the failure of a single investment to have a material impact on the performance of the Real Estate Program. In order to mitigate this risk, the maximum commitment to a single investment is limited to no more than 15% of the Portfolio. It is anticipated that this limit will be approached rarely, if ever. This limit will not apply to a separate account.

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G. ~~Manager Exposure~~

~~Manager risk consists of two elements: the exposure to a Manager/product and the number of Managers in the real estate portfolio. To control Manager exposure, the allocation to a single manager in the Program is limited to 25 % of the Fund's total real estate allocation. Manager affiliates cannot be utilized without Fund consent.~~

H. ~~Economically Targeted Investments~~

~~Economically targeted real estate investments may be made in keeping with this Investment Policy as well as with any Economically Targeted Investment Policy of the Fund.~~

I. ~~Emerging Managers~~

~~The Fund seeks to make investments with emerging managers to achieve greater diversification in a manner consistent with this Investment Policy.~~

SECTION V — SEPARATE ACCOUNTS

A. ~~Lease Maturities~~

~~A large percentage of the commercial property leases maturing during a period in which the real estate markets are under performing would subject the Program to significant risk. The Fund will seek investments that have staggered portfolio level lease maturation dates in order to reduce volatility and to mitigate concentrated leasing risk.~~

B. ~~Insurance~~

~~The appropriate type and level of insurance will be obtained for Program investments. In the event that assets are directly owned, the ability to design, place and efficiently price a comprehensive insurance program that addresses the unique characteristics of directly owned assets will be sought.~~

C. ~~Deal Allocation~~

~~In order to ensure fairness, Managers are expected to present investment opportunities to their clients on a rotation basis. The Fund will require~~

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~~periodic reporting by the Manager of all transaction activity indicating closed investments and the equitable distribution of deals.~~

~~D. — Tenant Revenue~~

~~D. The Fund seeks to limit its reliance on the revenue generated by any one tenant in its real estate portfolio so that the loss of that tenant will not have a material impact Investment Position~~

~~Police does not want to invest with Managers that have significant enterprise or platform risk unless the System is adequately compensated for that risk. Accordingly, the maximum commitment to a single fund by the five New York City systems is limited to no more than 15% of a single fund-raise determined at the time of initial investment unless either (i) the System receives adequate benefits to offset the associated risk (such as preferred fees and/or enhanced representation as a non-control investor) or (ii) it is determined that the Manager's platform is viable and effective even without the System's commitment.~~

~~E. Manager~~

~~To avoid having excessive exposure to any individual Manager and/or its affiliated entities, the System will limit a single Manager to managing no more than 15% of the total Real Estate Program allocation.~~

~~F. Leverage~~

~~Real Estate Program-level leverage will be targeted not to exceed 65% under normal market conditions. In the event that market conditions cause this limit to be exceeded, the pipeline of targeted investments taken as a whole should be designed to bring the Real Estate Program back into compliance in a reasonable timeframe; however, individual investments with varying levels of leverage may still be pursued. The use of leverage by Managers will be monitored by the Staff and the Consultant on a quarterly basis to mitigate risks. In addition to total leverage, Staff and the Consultant will take into consideration factors such as recourse and cross-collateralization, term, interest rate risk, and the potential for covenant breaches and technical defaults.~~

~~G. Currency~~

~~The Real Estate Program accepts currency risks consistent with the geographic constraints. Currency risk, and the cost of hedging, will be taken into consideration as part of a proposed investment's overall risk/reward profile.~~

IV. INVESTMENT/EVALUATION CRITERIA

~~Staff and Consultant will conduct prudent and thorough due diligence upon the performance of the Program.~~

~~E. — Concentration~~

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~~The Fund will maintain diversification through previously referenced ranges in both commitments and investments across investment style sectors, property type, geographic location and manager.~~

~~SECTION VI POOLED INVESTMENTS~~

~~A. Alignment of Interests~~

~~The Manager's interests and the interests of the Fund will be aligned to the extent possible through co-investment capital provided by the Manager and/or through incentive-based compensation structures.~~

~~B. Key Person Protection~~

~~To mitigate risks during the investment period and to ensure that adequate time is being dedicated to the fund, certain executives may be required to restrict their time spent on other matters.~~

~~C. Fund Size~~

~~The Fund will consider pooled fund investments in offerings that have or contemplate at least \$250 million in commitments. This threshold will ensure a desirable level of diversification.~~

~~SECTION VII OTHER INVESTMENT VEHICLES~~

~~An investment opportunity that does not fit within the separate account or pooled investment structure will be evaluated on a case-by-case basis. All such investments must conform to the Investment Policy Statement.~~

~~In connection with direct investments, the Fund will seek investments in which the proposer demonstrates a commitment to standards of good conduct, including compliance with all Federal, State and local laws, including, but not limited to, labor, anti-discrimination, environmental, and health and safety laws, and will reject investments that would embarrass investors or bring public or regulatory scrutiny.~~

~~SECTION VIII MINIMUM REQUIREMENTS AND EVALUATION CRITERIA FOR PROGRAM~~ Real Estate Investment Managers and Investments

~~The following will be the minimum. Minimum requirements for all selection of Investment Managers and investments: Investments shall be:~~

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- The ~~Manager will~~principals ~~must~~ demonstrate relevant experience and expertise in the strategy they propose to execute and the market~~(s)~~ in which they propose to operate~~;~~.
- The ~~Manager will~~principals ~~must~~ demonstrate requisite skills and experience necessary to execute the proposed strategy, including evidence from similar prior accomplishments~~;~~.
- The ~~Manager will~~principals ~~must~~ demonstrate an ability to cooperate and to work well together over the long term and to manage a stable organization~~;~~.
- The ~~Manager will~~principals ~~must~~ dedicate a sufficient ~~portion~~proportion of their time and effort to the proposed investment vehicle~~;~~.

- ~~The Manager's interests and the interests of the Fund will be aligned to the extent possible through co-investment capital provided by the Manager and/or through incentive-based compensation structures. Each compensation structure will be reviewed by Staff and Consultant. The Fund recognizes that co-investment practices and compensation structures may vary in part by the investment strategy to be executed and by the type of vehicle under consideration;~~

~~The Manager's personnel will~~

- ~~The principals must make a meaningful personal financial commitment to the proposed investment.~~
- ~~The principals must~~ be individuals of high character and solid professional reputation~~;~~.
- ~~The proposed strategy and business plan must set forth sufficient detail to permit substantive and meaningful review of the investment opportunity, verification of the investment concept and evaluation of the appropriate risk factors.~~
- ~~The proposed strategy and business plan must provide reasonable assurance that the investment opportunity can produce the target return.~~
- ~~The risk anticipated in the strategy and market must be justified by and compensated for by the proposed investment, based on reasonable assumptions.~~

~~Primary emphasis will be on the quality and experience of the Manager and of its affiliates and staff. Additional factors to be evaluated include:~~

- ~~Fit within the Annual Real Estate Plan and the System's portfolio.~~
- ~~Strategy: its uniqueness, the Manager's access to proprietary deal flow, and the~~

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flexibility and likelihood of success of the firm's entry and exit strategy (in the case of closed-ended funds).

- Integrity and reputation of the Manager, its employees and other investors.
- Depth and breadth of the Manager's principals and their employees' experience and expertise.
- Personnel turnover.
- Quality of overall governance and management, including controls and reporting systems (including audited financials and reports to investors).
- Relationship with and reputation among existing investors (e.g., re-ups and declines).
- Relationship with existing and former operating partners (if applicable), property management companies (if applicable) and other third parties in the industry.
- Relationship and reputation among banks and other sources of financing.
- Nature and quality of value-added involvement by Managers.
- Demonstrated ability of a Manager's principals and employees.
- Past financial performance.
- Pre-existing commitments of the Manager and its principals and employees.
- Alignment of employee interests with those of Principals.
- Alignment of Managers interests with investors (Manager investment relative to contemplated commitment, waterfall, treatment of transaction fees, clawbacks and lookbacks, operating budget, etc.).
- Appropriateness of terms and conditions.

V. PERFORMANCE OBJECTIVE

The objective of the Real Estate Program is to provide stable long-term net returns that meet or exceed the Real Estate Program Benchmark while assuming suitable risk.

The Real Estate Program Benchmark equals the NCREIF Fund Index – Open-End Diversified Core Equity ("ODCE") net of fees plus 100 basis points over full market cycles.

Performance over shorter time periods will also be measured to assess progress relative to the benchmark. Because the Real Estate Program is designed to have a higher risk/return profile than the benchmark, these shorter-term, interim measurements will likely deviate from the ODCE net of fees plus 100 basis points (both positively and negatively) at different points in the market cycle.

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A secondary benchmark may be developed utilizing other indices and methodologies to provide additional context. This includes the use of (i) other private fund indices to evaluate time-weighted returns and to perform attribution analysis, (ii) non-core private fund indices for vintage year IRR rankings of individual closed-end funds, (iii) public market equivalents, period IRRs and other techniques determined to be appropriate by Staff or the Consultant and (iv) correlations and other similar metrics to assess diversification and inflation hedging benefits.

For convenience, trailing ten-year periods will often be used as a proxy for full market cycles. However, when the result is materially affected by the presence of a market inflection point, more precise measurements (such number of quarters from peak / number quarters from trough) may be employed to determine market cycles.

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Attachment B

Infrastructure Program

Infrastructure Investment Policy

I. PURPOSE

This attachment to the Real Assets Program Investment Policy Statement sets forth investment policy for the Infrastructure Program.

The inclusion of Infrastructure in the System's Total Plan will allow for global investments in facilities or assets which provide core essential services critical to the operation and development of economies. Typically infrastructure investments have high barriers to entry due to significant capital expenditure requirements, exclusive long term contracts or regulatory requirements. Infrastructure investments are comprised of long useful-life assets with high tangible value and relatively low value erosion over time.

The Fund seeks to employ Emerging Managers.⁵ Emerging Managers are asset Managers the Board believes will add significant value to the Fund through implementation of investment strategies consistent with the Board's asset allocation and other policies, but which, because of size, length of track record, or other similar factors, have not been awarded contracts through the Board's manager selection process.⁶ All investments by Emerging Managers shall be subject to fiduciary standards.

II. INVESTMENT OPERATIONS

A. General Approach

The Staff shall review and manage investments using a disciplined management strategy. Guided by the Annual Infrastructure Plan, Staff shall make assessments as to appropriate strategic weightings within the portfolio. Staff then shall seek to identify the most attractive investment opportunities available consistent with the Annual Infrastructure Plan and with the goal to be diversified prudently across strategies, industries, partnerships and geography.

The Program will seek to invest in opportunities in a variety of infrastructure sectors, including but not limited to, transportation, energy, power, utilities, water, wastewater, communications and social infrastructure. Both Core and Non-Core Infrastructure Investments, as explained more fully below, will be pursued.

Core Infrastructure Investments include the lower risk strategies that acquire assets that operate in an environment of limited competition as a result of natural monopolies.

⁵ Emerging Managers are sponsors targeting capital raises up to \$750 million and investing through funds I – III. Emerging Managers include Minority & Women-Owned Business Enterprise ("MWBE")

⁶ Per Police's Core IPS dated December 17, 2007

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government regulation or concessions, and generate a reliable income stream. These types of assets are part of core and value-added infrastructure strategies. These investments are in quality assets that benefit from high barriers to entry and inelastic demand for the product or service being provided. These investments are expected to comprise a majority of the infrastructure portfolio, or 60-100%.

Non-Core Infrastructure Investments seek to capture superior risk-adjusted returns caused by market imbalances. These types of investments are part of opportunistic strategies and will have higher risk driven by the following factors: competition, growth, construction, development, technology, and commodity pricing. Correspondingly, these investments will have higher expected returns than the Core Infrastructure Investments. The Infrastructure Program will target a range of 0-40% for these types of investments.

Portfolio construction will be driven by (i) broad allocation ranges to Core and Non-Core Infrastructure Investments and (ii) market opportunities and conditions. Core Infrastructure Investments will represent a majority of the Infrastructure Program. The remaining allocation will be available for Non-Core Infrastructure Investment opportunities that emerge over the market cycle. Non-Core opportunities include but are not limited to investing in Greenfield projects.

B. Allocation Ranges

Core Infrastructure Investments: 60 - 100%

Non-Core Infrastructure Investments: 0 - 40%

Actual percentages may differ substantially from these targets during the initial years of the Program.

C. Annual Infrastructure Plan

Investments made under the Program shall be made in accordance with the Annual Infrastructure Plan contained within the Annual Real Assets Plan. Staff along with the Real Asset Consultants shall present the Annual Real Assets Plan to the Board each fiscal or calendar year for the Board's approval, which will provide guidance to the Staff and Real Asset Consultants in the management, operations and investments of the Program. The Annual Infrastructure Plan shall include an elaboration of a target Core Infrastructure Investment allocation within the Real Asset class.

D. Pacing

The Annual Infrastructure Plan shall recommend commitment ranges to be made by the System within each strategy as well as a total target commitment for the System (the "Pacing Analysis") in order to achieve both the target Infrastructure allocation and the overall allocation to the Real Asset class. The Pacing Analysis shall take into account the System's overall allocation to and investments in the Infrastructure asset class, within each strategy, across investment type and geography, and by vintage as well as the market environment and such other considerations as are appropriate. The Program shall strive to avoid inappropriate concentrations in strategies, investment type, geographic areas, funds, managers or vintage years.

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E. Investment Guidelines

This IPS authorizes commitments to infrastructure funds (open-ended and close-ended), separate accounts, co-investments, joint ventures and direct investments. These investments may be in any type of security throughout the capital structure.

III. RISK MANAGEMENT

Infrastructure does not lend itself to traditional quantitative measures of risk such as standard deviation and benchmark tracking error. Rather, risk is managed through a combination of quantitative and qualitative constraints. The following sections identify the most significant risks with infrastructure investments and the method of control. The Program will only consider investment structures that provide limited liability to the System(s).

A. Asset Type Diversification

The Infrastructure Program will seek diversification by asset type, revenue drivers, and geography in an effort to mitigate portfolio volatility. The portfolio may include a variety of assets including but not limited to electricity transmission, pipelines, airports, toll roads, communication towers and electric generators, windmills etc. to vary the sources of revenue to the portfolio.

B. Location Diversification

The Infrastructure Program is intended to be diversified globally.

C. Single Investment Size

The System does not want the failure of a single investment to have a significant or material impact on the performance of the Infrastructure Program. In order to mitigate this risk, the maximum commitment to a single investment is limited to no more than 15% of a single fund-raise. This limit will not apply to a separate account.

D. General Partner

To avoid having excessive exposure to any individual General Partner and/or its affiliated entities, the System will limit a single General Partner to managing no more than 10% of the total Real Assets Program allocation when fully invested.

E. Leverage

The average leverage of all investments in Infrastructure Program will be no higher than 65% The Board acknowledges that the utilization of leverage varies widely in infrastructure investments, and typically investments with lower risk utilize higher leverage. The use of leverage by General Partners will be monitored by the Staff and Consultant on a quarterly basis to mitigate risks.

F. Currency

The Infrastructure Program accepts the currency risks consistent with the geographic

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constraints. Infrastructure partnerships generally do not hedge currency risk and the Infrastructure Program will not generally require currency hedges.

IV. INVESTMENT/EVALUATION CRITERIA

Staff and Consultant will conduct prudent and thorough due diligence upon Infrastructure Investment Managers/Investments. Minimum requirements for selection of Investment Managers/Investments shall be:

- The principals shall demonstrate relevant experience and expertise in the strategy they propose to execute and the market in which they propose to operate.
- The principals shall demonstrate requisite skills and experience necessary to execute the proposed strategy, including evidence from similar prior accomplishments.
- The principals shall demonstrate an ability to cooperate and to work well together over the long term and to manage a stable organization.
- The principals shall dedicate a sufficient proportion of their time and effort to the proposed investment vehicle.
- The principals shall make a meaningful personal financial commitment to the proposed investment.
- The principals shall be individuals of high character and solid professional reputation.
- The proposed strategy and business plan shall be set forth in sufficient detail so as to permit substantive and meaningful review of the investment opportunity, verification of the investment concept and evaluation of the appropriate risk factors.
- The proposed strategy and business plan ~~will~~shall provide reasonable assurance that the investment opportunity can produce the target return.
- The risk anticipated in the strategy and market is ~~both justified by and compensated for and justified by~~ the proposed investment, based on reasonable assumptions.
- ~~Other requirements notwithstanding, part of the Program allocation may be set aside for the creation of an emerging managers program.~~

Evaluation Criteria

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Primary emphasis will be ~~placed~~ on the quality and experience of the ~~Manager~~ and on the personnel assigned to implement general partners, sponsors or managing members (collectively, "General Partner") and the staff of a proposed investment. ~~All investments will be underwritten, managed and disposed of by a qualified Manager that has an established and successful record of providing advisory and investment services to institutions and who is deemed capable of delivering similar services in the future. The Manager will have proven experience providing like services, a successful performance history and an established client base. All Managers will assume a fiduciary relationship with the Fund.~~

Evaluation criteria applying to the stability and organization of Managers proposing services to the Fund will ~~Additional factors to be evaluated shall include the following:~~

- ~~Stability of the firm, as measured by any changes in the organizational or ownership structure of the firm during a relevant time period prior to engaging the Manager;~~
- ~~The existence of, or potential for, significant developments in the firm such as acquisitions, mergers or management succession over the next five years;~~
- ~~The expected financial stability of the firm;~~
- ~~Adverse organizational issues, such as the existence of litigation or other investigations; and the existence of financial problems;~~
- ~~Quality of references from clients, as measured by responses relating to quality and responsiveness of investment management services; knowledge and accessibility of the portfolio manager(s); and the quality of client services.~~

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Evaluation criteria applying to the experience of the Manager in implementing a specified investment strategy for the Fund may include the following:

- The total number of clients utilizing the Manager's services for the specified strategy and the growth or decline in this number historically;
- The total net equity tax exempt dollar amount of assets under management currently and historically;
- The total number and net equity tax exempt dollar investments made by the firm during a relevant historical period;
- The percentage that net equity assets under management following the strategy proposed represent of the firm's total net equity real estate assets under management;
- Property type and geographic diversification characteristics of net equity assets under management.

Evaluation criteria regarding the quality, stability, depth and experience of the Manager's personnel assigned to implement a specified strategy for the Fund may include:

- Experience of the proposed portfolio manager(s) in managing for institutional investors as measured by the length of time the portfolio manager(s) has served as a in such a capacity;
- Capacity of the proposed portfolio manager(s) as measured by the total number, dollar amount and status (actively investing, periodically investing, divesting) of other accounts to which the proposed portfolio manager(s) is providing services;
- Experience of other professionals (asset managers, acquisitions and dispositions professionals, analysts and other professionals) in providing investment management services as measured by the length of time dedicated support staff have provided such services to institutional investors;
- Depth of personnel, as measured by the firm's account/portfolio manager and account/investment management personnel ratios;

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and back-up procedures for providing services in the absence of the portfolio manager(s);

- Stability of the firm's professional base, as measured by investment professional personnel turnover over a relevant time period.

Evaluation criteria regarding processes utilized by the Manager in implementing real estate investments for the Fund along a specified investment strategy may include:

- A well defined investment management process and consistent process implementation, as measured by documented acquisition, underwriting and management procedures; a defined portfolio construction methodology; and the implementation of risk controls which provide appropriate safeguards for prudent underwriting and risk management;
- A well defined, documented and equitable process by which potential investments are allocated among the Manager's clients, as measured by historical allocation results, written documentation, and whether any client(s) have any preference or advantage over other clients;
- Capacity to execute this strategy for the Fund, as measured by capital available for investment by the Manager's clients for all strategies and capital available for investment specifically in the strategy of interest to the Fund;
- A well defined disposition process, as measured by documented disposition procedures;
- A well defined procedure for measuring investment performance and the capacity to monitor performance.

Evaluation criteria regarding past performance of the Manager may include:

- The historical performance of the Manager's investments as measured by its cumulative and annual performance compared to the NPI during a relevant historical period;

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- ~~The historical realized performance of the Manager's investments as measured by its since inception internal rate of return for all investments both made and sold by the Manager during a relevant historical period.~~

Evaluation criteria regarding Manager compensation may include the following:

- ~~The total cost of performing investment management services, and the competitiveness of the Manager's fees when considering the Fund's capital commitment and the fees typically charged through the marketplace;~~
- ~~The structure of the fees, as measured by the degree of Manager compensation tied to performance actually delivered to the Fund to ensure proper alignment of interests with the Fund.~~

SECTION IX – PROGRAM MONITORING

A. Staff and Consultant

~~Staff and Consultants will be responsible for monitoring the performance of, and developments within, Program investments. Reports prepared by the Consultant will be furnished on a quarterly basis to Staff and to the Board and will include but not be limited to the Program's performance from inception to date, individual investment and Manager performance, highlights of investment activity, performance of the investment in the context of the market and sub-asset class and analysis of the current state of the market and projected market trends.~~

B. Managers

- ~~At least quarterly, Managers will be required to certify, in writing, their compliance with the Fund's real estate investment policy as described herein or as detailed in a side letter between the parties. Fit within the Annual Infrastructure Plan and the System's portfolio.~~
- ~~Strategy: its uniqueness, the General Partner's access to proprietary deal flow, and the flexibility and likelihood of success of the firm's entry and exit strategy (in the case of close-ended funds).~~
- ~~Integrity and reputation of the General Partner, its employees and other investors.~~

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- Depth and breadth of the General Partner's principals' and employees' experience and expertise.
- Personnel turnover.
- Quality of overall partnership governance and management of the partnership including controls and reporting systems (including audited financials and reports to Limited Partners).
- Relationship with and reputation among existing investors (e.g., re-ups and declines).
- Relationship with existing portfolio companies, including terminated Managers.
- Relationship and reputation among banks and other sources of financing.
- Nature and quality of value-added involvement by General Partner.
- Demonstrated ability of General Partner and its employees.
- Past financial performance.
- Pre-existing commitments of General Partner.
- Alignment of employee interests with those of Principals.
- Alignment of General Partner interests with investors (General Partner investment relative to contemplated commitment, waterfall, treatment of transaction fees, clawbacks and lookbacks, operating budget, etc.).
- Appropriateness of terms and conditions.

V. PERFORMANCE OBJECTIVE

The objective of the program is to provide stable long-term returns that meet or exceed the Program Benchmark while assuming suitable risk.

The performance benchmark for the Infrastructure Portfolio is to meet or exceed the Consumer Price Index ("CPI") plus 4% net of fees over a rolling 5-year period.

The Infrastructure Portfolio is expected to generate a total return, net of investment management fees, of at least 6.5%.

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Glossary of Terms:

Annual Infrastructure Plan: The infrastructure component of the Annual Real Assets Plan.

Annual Real Assets Plan: See *Section IV*.

Annual Real Estate Plan: The real estate component of the Annual Real Assets Plan.

Brownfield Investments: Assets that have been previously constructed and that have an operating history.

Closed-ended Fund: A fund with a fixed number of units (shares). All fund capital is usually contributed on the same date and non-withdrawable until the fund's expiration date. Shares may be traded among investors on a secondary basis.

Co-Investments: A minority investment, made directly into an operating company, alongside a general partner or other infrastructure investor(s).

Core Infrastructure Investments: See *Attachment C. Section II. A.*

Core Plus Real Estate Investments: See *Attachment A. Section II. B.*

Core Real Estate Investments: See *Attachment A. Section II. B.*

The Board: The Board of Trustees of the New York City Police Department Pension Fund, Subchapter 2.

Direct Investments: Investments that represent direct ownership interests in assets or companies as opposed to through a fund vehicle.

General Consultant: The consultant retained by the Board to advise on the composition of its entire investment portfolio.

General Partner: The active manager of an investment vehicle.

Greenfield Investments: Assets in development and lacking an operating history.

Infrastructure Program: The infrastructure component of the Real Assets Program.

Joint Ventures: An agreement whereby the parties agree to develop, for a fixed time, a new entity and new assets by contributing equity. All parties exercise control over the enterprise.

Managers: A person or organization that makes investments in portfolios of securities on behalf of Police, in accordance with the investment objectives and parameters defined by the System.

Non-Core Infrastructure Investments: See *Attachment A. Section II. A.*

Non-Core Real Estate Investments: See *Attachment B. Section II. C*

OECD countries: Countries that belong to the Organization for Economic Co-operation and Development.

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Open-ended Fund: An investment fund which can issue and redeem shares at any time. Shares in the fund are typically purchased directly from the fund itself.

Opportunistic Investments: Assets that are either 1) core but in development in OECD countries, 2) assets in OECD countries that are only semi-monopolistic or are subject to larger degrees of user-demand and competition, or 3) assets in non-OECD countries and developing markets.

Program: The Real Assets Program.

Real Assets: See Section II.

Real Asset Consultant: One or more consulting firms retained by the Comptroller's office to assist in the construction and monitoring of the Real Assets Program.

Real Assets Investment Policy Statement: This Investment Policy Statement, or "IPS".

Real Assets Program: The investment program of Police in Real Assets, or the "Program".

Real Estate Program: The real estate component of the Real Assets Program.

Staff: See Section IV. B.

Value-Added Investments: Assets in the early stages of operation or with potential for add-on development in Core-like assets in OECD countries.

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APPENDICES:

BASKET CLAUSE

POLICE- BASKET/NON BASKET SUMMARY

As of October 31st, 2012						
<u>Equity</u>	<u>Adjusted Fund Policy</u>			<u>Fund Actual (PE & RE on an invested basis)</u>		
	<u>Non Basket*</u>	<u>Basket*</u>	<u>Total</u>	<u>Non Basket*</u>	<u>Basket*</u>	<u>Total</u>
Domestic Equity	36.60%	0.00%	36.60%	36.80%	0.00%	36.80%
Non-U.S. Equity	10.00%	6.00%	16.00%	10.00%	5.60%	15.60%
Private Equity	0.00%	7.00%	7.00%	0.00%	7.40%	7.40%
Real Estate	3.20%	0.00%	3.20%	3.20%	0.00%	3.20%
REITS	0.50%	0.00%	0.50%	0.50%	0.00%	0.50%
Hedge Funds	0.00%	2.20%	2.20%	0.00%	2.20%	2.20%
Total Equity	50.30%	15.20%	65.50%	50.50%	15.20%	65.70%
 <u>Fixed Income</u>						
Core+5	20.60%	0.40%	21.00%	18.89%	0.40%	19.29%
<i>U.S. Gov't Sector</i>	<i>4.19%</i>	<i>0.00%</i>	<i>4.19%</i>	<i>3.04%</i>	<i>0.00%</i>	<i>3.04%</i>
<i>Mortgage Sector</i>	<i>8.26%</i>	<i>0.00%</i>	<i>8.26%</i>	<i>8.00%</i>	<i>0.00%</i>	<i>8.00%</i>
<i>Credit Sector</i>	<i>8.16%</i>	<i>0.40%</i>	<i>8.56%</i>	<i>7.44%</i>	<i>0.40%</i>	<i>7.84%</i>
High Yield	3.30%	0.60%	3.90%	5.40%	0.60%	6.00%
Bank Loans	0.00%	1.90%	1.90%	0.00%	1.90%	1.90%
TIPS	4.90%	0.50%	5.40%	2.76%	0.73%	3.49%
Convertibles	1.00%	0.00%	1.00%	1.00%	0.00%	1.00%
Opportunistic	0.10%	1.20%	1.30%	0.10%	1.20%	1.30%
Other Fixed Income	0.00%	0.00%	0.00%	1.33%	0.00%	1.33%
Total Fixed Income	29.90%	4.60%	34.50%	29.48%	4.83%	34.30%
Total Fund	80.20%	19.80%	100.00%	79.98%	20.03%	100.00%
 Remaining Capacity		5.20%			4.97%	

* Note: Basket amounts are estimates

LIQUIDITY ANALYSIS

Police Liquidity Profile - Static Analysis

11/30/12

AUM as of October 31, 2012

	Current MV	Liquid Assets		
		Today	1 Year	2 Years
Domestic Equity	\$9,725	\$9,725	\$9,725	\$9,725
International Equity	2,528	2,528	2,528	2,528
Emerging Markets	1,595	1,595	1,595	1,595
Hedge Funds	583	0	461	556
REITS	140	140	140	140
Private Equity	1,950	0	0	0
Private Real Estate	836	0	0	0
Core + 5	5,090	5,090	5,090	5,090
TIPS	921	921	921	921
Opportunistic Fixed Income	348	261	348	348
Enhanced Yield	1,584	1,584	1,584	1,584
Bank Loans	501	501	501	501
Convertible Bonds	250	250	250	250
ETI	269	26	116	269
Cash	84	84	84	84
Total Assets	\$26,404	\$22,705	\$23,343	\$23,591
Total Illiquid \$		\$3,698	\$3,060	\$2,812
Total Illiquid %		14.0%	11.6%	10.7%
Unfunded PE Commitments	\$1,125			
Unfunded RE Commitments	404			
Unfunded OFI Commitments	353			
Total commitments \$	\$1,882			
Total commitments %	7.1%			

Police Liquidity Profile - Static Analysis

11/30/12

AUM as of October 31, 2012

Denominator Effect - Decrease AUM by One-Third

Total Illiquid \$	\$3,698	\$3,060	\$2,812
Total Illiquid %	21.0%	17.4%	16.0%

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

	Current MV	Liquid Assets		
		Today	1 Year	2 Years
Total Assets	\$26,404	\$22,705	\$23,343	\$23,591

Private Equity, Real Estate and Opportunistic Fixed Income Stress Case

Unfunded PE Commitments Drawn	\$225	\$450
Unfunded RE Commitments Drawn	81	162
Unfunded OFI Commitments Drawn	176	0
Total commitments \$	\$482	\$612
Total commitments %	1.8%	2.3%

Total Illiquid \$	\$3,543	\$3,424
Total Illiquid %	13.4%	13.0%

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

Denominator Effect - Decrease AUM by One-Third

Total Illiquid \$	\$3,698	\$3,543	\$3,424
Total Illiquid %	21.0%	20.1%	19.5%

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