



THE CITY OF NEW YORK  
OFFICE OF THE COMPTROLLER  
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Scott M. Stringer  
COMPTROLLER

## **NEW YORK CITY POLICE PENSION FUND**

### **COMMON INVESTMENT MEETING**

#### **REPORTING & INITIATIVES**

**DECEMBER 15, 2016**

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LOCATION:

Office of the New York City Comptroller  
1 Centre Street, 10<sup>th</sup> Floor - Northside  
New York, NY 10007

**NEW YORK CITY POLICE PENSION FUND  
COMMON INVESTMENT MEETING – REPORTING & INITIATIVES  
DECEMBER 15, 2016  
PUBLIC AGENDA MATERIAL**

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**PUBLIC AGENDA MATERIAL**



**Total Fund Performance Overview – Public**  
(Material to be sent under separate cover)



## **ETI Quarterly Report**



# Police Pension Fund - Economically Targeted Investments Quarterly Report

## Public/Private Apartment Rehabilitation Program (PPAR)

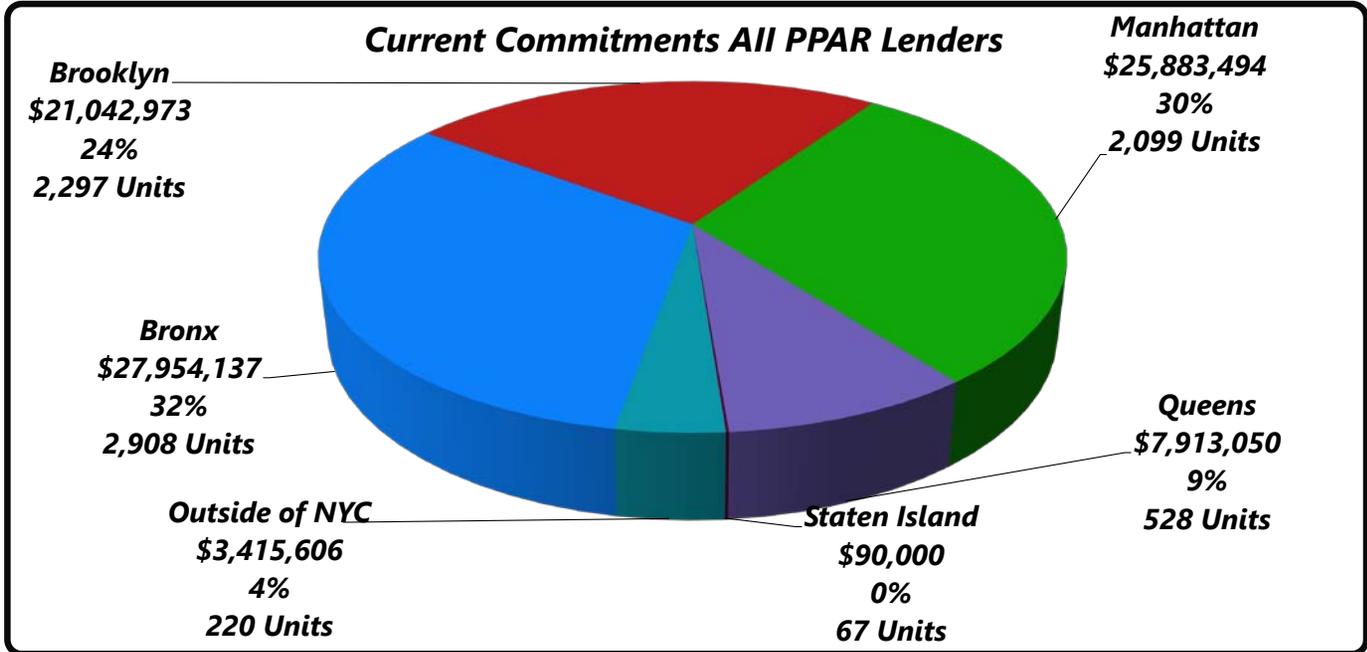
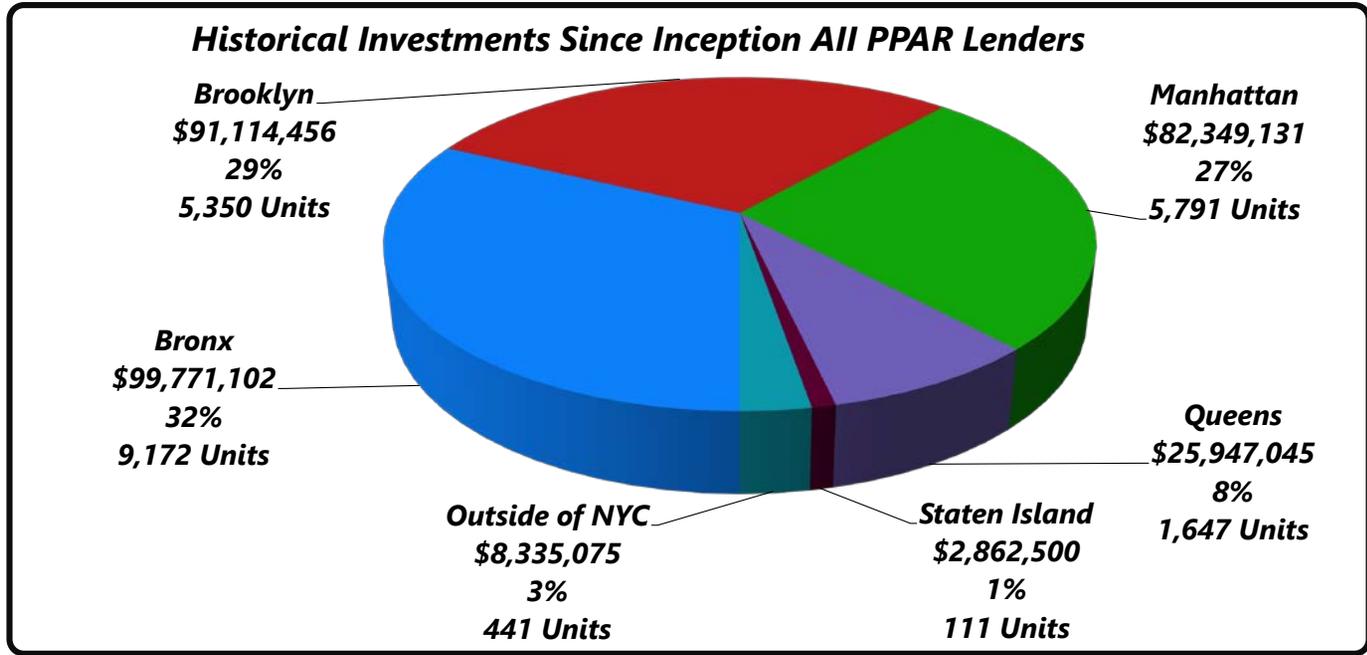
Lenders*	BOA		CCD		CFSB		CPC		JPM		LIIF		NCBCI		NHS		WF		LISC		BE	
Contractual Commitment	\$25.00 MM		\$10.00 MM		\$4.00 MM		\$160.00 MM		\$40.00 MM		\$15.00 MM		\$4.00 MM		\$2.00 MM		\$5.00 MM		\$5.00 MM		\$5.00 MM	
Current Market Value	\$14.78 MM		\$5.91 MM		\$1.39 MM		\$114.33 MM		\$13.67 MM		\$4.92 MM		\$1.00 MM		\$0.64 MM		\$0.00 MM		\$0.00 MM		\$0.00 MM	
	Dollars	Units	Dollars	Units	Dollars	Units	Dollars	Units	Dollars	Units	Dollars	Units	Dollars	Units	Dollars	Units	Dollars	Units	Dollars	Units	Dollars	Units
<b>Commitments Q3 2016</b> (included in total)																						
Bronx	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$200,000	90	\$0	0	\$0	0
Brooklyn	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Manhattan	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	985,155	83
Queens	0	0	0	0	0	0	0	0	1,462,000	68	0	0	0	0	0	0	0	0	0	0	0	0
Staten Island	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Outside of NYC	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>\$0</b>	<b>0</b>	<b>\$0</b>	<b>0</b>	<b>\$0</b>	<b>0</b>	<b>\$0</b>	<b>0</b>	<b>\$1,462,000</b>	<b>68</b>	<b>\$0</b>	<b>0</b>	<b>\$0</b>	<b>0</b>	<b>\$0</b>	<b>0</b>	<b>\$200,000</b>	<b>90</b>	<b>\$0</b>	<b>0</b>	<b>\$985,155</b>	<b>83</b>
<b>Delivered Q3 2016</b> (included in total)																						
Bronx	\$0	0	\$0	0	\$0	0	\$0	0	\$1,399,980	72	\$98,000	20	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0
Brooklyn	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Manhattan	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Queens	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Staten Island	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Outside of NYC	0	0	0	0	0	0	0	0	1,318,000	56	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>\$0</b>	<b>0</b>	<b>\$0</b>	<b>0</b>	<b>\$0</b>	<b>0</b>	<b>\$0</b>	<b>0</b>	<b>\$2,717,980</b>	<b>128</b>	<b>\$98,000</b>	<b>20</b>	<b>\$0</b>	<b>0</b>	<b>\$0</b>	<b>0</b>	<b>\$0</b>	<b>0</b>	<b>\$0</b>	<b>0</b>	<b>\$0</b>	<b>0</b>
<b>Total Commitments</b>																						
Bronx	\$0	0	\$2,034,694	350	\$0	0	\$14,300,470	1,324	\$9,957,332	1,035	\$937,000	61	\$0	0	\$0	0	\$200,000	90	\$524,641	48	\$0	0
Brooklyn	2,502,087	346	1,442,029	161	0	0	11,643,715	897	744,800	127	2,535,993	251	0	0	0	0	0	0	1,153,668	156	1,020,681	359
Manhattan	1,792,000	100	0	0	0	0	15,706,622	1,134	1,923,420	214	3,342,058	275	0	0	0	0	1,206,604	203	927,637	90	985,155	83
Queens	480,000	54	0	0	0	0	5,971,050	406	1,462,000	68	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	90,000	67	0	0	0	0
Outside of NYC	476,000	39	527,000	41	0	0	2,189,250	74	223,356	66	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>\$5,250,087</b>	<b>539</b>	<b>\$4,003,723</b>	<b>552</b>	<b>\$0</b>	<b>0</b>	<b>\$49,811,107</b>	<b>3,835</b>	<b>\$14,310,908</b>	<b>1,510</b>	<b>\$6,815,051</b>	<b>587</b>	<b>\$0</b>	<b>0</b>	<b>\$0</b>	<b>0</b>	<b>\$1,496,604</b>	<b>360</b>	<b>\$2,605,945</b>	<b>294</b>	<b>\$2,005,835</b>	<b>442</b>
<b>Historical Investments</b>																						
Bronx	\$6,835,177	1,276	\$1,771,950	452	\$0	0	\$80,867,602	6,491	\$9,378,979	836	\$917,394	117	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0
Brooklyn	2,249,226	142	1,355,604	252	0	0	84,665,794	4,614	1,170,520	90	1,343,101	245	0	0	330,213	7	0	0	0	0	0	0
Manhattan	475,691	48	1,525,075	283	1,531,217	197	74,824,625	4,729	256,800	119	2,613,722	277	869,556	123	252,445	15	0	0	0	0	0	0
Queens	4,015,744	239	380,000	54	0	0	21,191,301	1,258	360,000	96	0	0	0	0	0	0	0	0	0	0	0	0
Staten Island	0	0	0	0	0	0	2,862,500	111	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Outside of NYC	0	0	0	0	0	0	7,017,075	385	1,318,000	56	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>\$13,575,837</b>	<b>1,705</b>	<b>\$5,032,629</b>	<b>1,041</b>	<b>\$1,531,217</b>	<b>197</b>	<b>\$271,428,897</b>	<b>17,588</b>	<b>\$12,484,298</b>	<b>1,197</b>	<b>\$4,874,217</b>	<b>639</b>	<b>\$869,556</b>	<b>123</b>	<b>\$582,658</b>	<b>22</b>	<b>\$0</b>	<b>0</b>	<b>\$0</b>	<b>0</b>	<b>\$0</b>	<b>0</b>

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

# Police Pension Fund - Economically Targeted Investments Quarterly Report

## Public/Private Apartment Rehabilitation Program (PPAR)

Lenders*	All Lender Totals	
Contractual Commitment	\$275.00 MM	
Current Market Value	\$156.64 MM	
	Dollars	Units
<b>Commitments Q3 2016</b> (included in total)		
Bronx	\$200,000	90
Brooklyn	0	0
Manhattan	985,155	83
Queens	1,462,000	68
Staten Island	0	0
Outside of NYC	0	0
<b>Total</b>	<b>\$2,647,155</b>	<b>241</b>
<b>Delivered Q3 2016</b> (included in total)		
Bronx	\$1,497,980	92
Brooklyn	0	0
Manhattan	0	0
Queens	0	0
Staten Island	0	0
Outside of NYC	1,318,000	56
<b>Total</b>	<b>\$2,815,980</b>	<b>148</b>
<b>Total Commitments</b>		
Bronx	\$27,954,137	2,908
Brooklyn	21,042,973	2,297
Manhattan	25,883,494	2,099
Queens	7,913,050	528
Staten Island	90,000	67
Outside of NYC	3,415,606	220
<b>Total</b>	<b>\$86,299,260</b>	<b>8,119</b>
<b>Historical Investments</b>		
Bronx	\$99,771,102	9,172
Brooklyn	91,114,456	5,350
Manhattan	82,349,131	5,791
Queens	25,947,045	1,647
Staten Island	2,862,500	111
Outside of NYC	8,335,075	441
<b>Total</b>	<b>\$310,379,308</b>	<b>22,512</b>



# Police Pension Fund - Economically Targeted Investments Quarterly Report

AFL-CIO Housing Investment Trust (HIT)

Market Value \$158.3 million\*

NYC Community Investment Initiative (NYCCII)

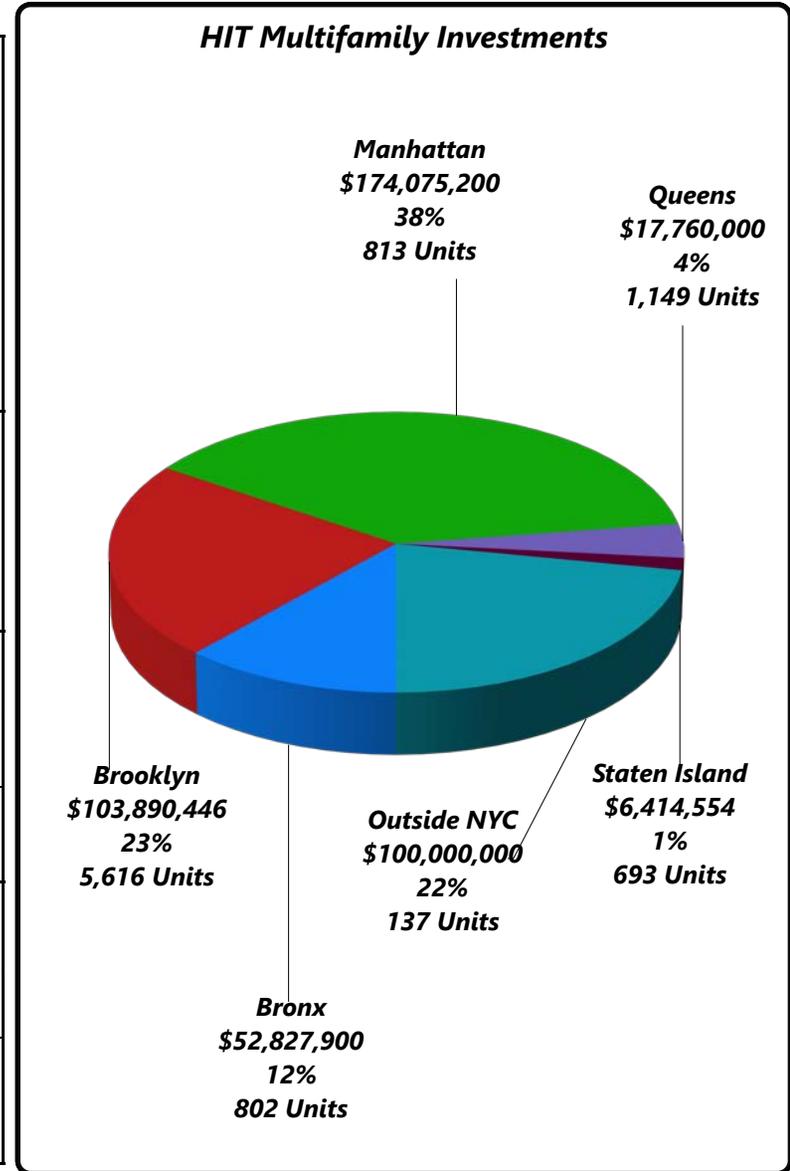
NYCCII Phase II 2006-2013					
<u>Multifamily Investments Detail</u>					
<u>Borough</u>	<u>Q3 Investments</u>	<u>Investments</u>		<u>Housing Units</u>	
		<u>Since Inception</u>	<u>Q3 Housing Units</u>	<u>Since Inception</u>	
Bronx	\$0	\$52,827,900	0		802
Brooklyn	0	103,890,446	0		5,616
Manhattan	0	174,075,200	0		813
Queens	0	17,760,000	0		1,149
Staten Island	0	6,414,554	0		693
Outside NYC	0	100,000,000	0		137
<b>Total</b>	<b>\$0</b>	<b>\$454,968,100</b>	<b>0</b>		<b>9,210</b>
<b>Grand Total NYCCII Phase II</b>		<b>\$454,968,100</b>			<b>9,210</b>

NYCCII Phase I 2002-2005				
	<u>Dollars</u>	<u>Units</u>	<u>Member Loans</u>	<u>Total All NYC PF's</u>
Multifamily Investments	\$249,123,500	12,024	n/a	n/a
HIT Home Investments	348,300,563	n/a	131	446
<b>Total NYCCII Phase I</b>	<b>\$597,424,063</b>	<b>12,024</b>	<b>131</b>	<b>446</b>

NYCCII Phases I & II				
	<u>Dollars</u>	<u>Units</u>	<u>Member Loans</u>	<u>Total All NYC PF's</u>
Multifamily Investments	\$704,091,600	21,234	n/a	n/a
HIT Home Investments	2,899,899,500	n/a	131	446
<b>Grand Total NYCCII Phases I &amp; II</b>	<b>\$3,603,991,100</b>	<b>21,234</b>	<b>131</b>	<b>446</b>



\*Interest is reinvested

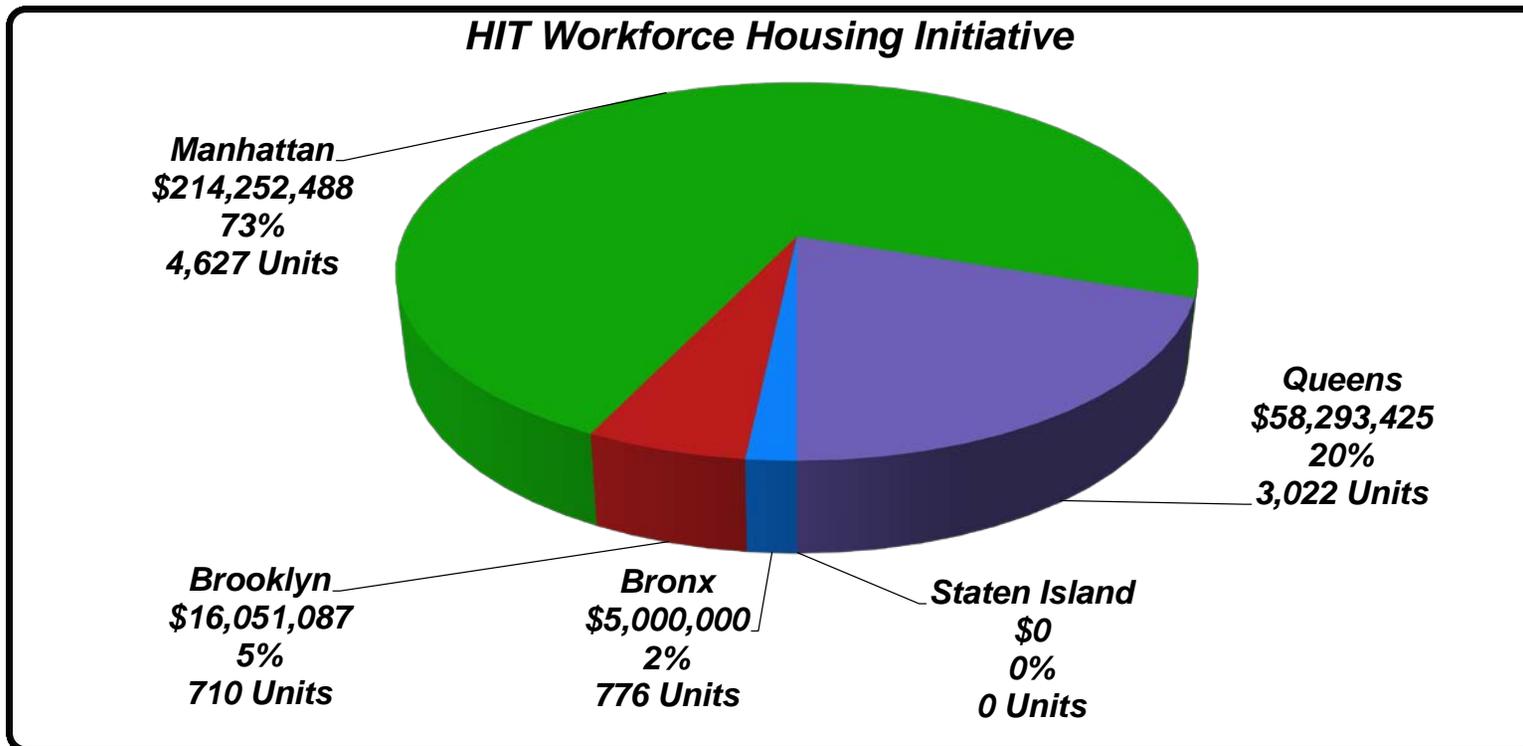
# Police Pension Fund - Economically Targeted Investments Quarterly Report

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

Investments From 2009 Through Q3 2016

Workforce Investments Detail

<u>Borough</u>	<u>Q3 Investments</u>	<u>Investments</u>		<u>Housing Units</u>	
		<u>Since Inception</u>	<u>Q3 Housing Units</u>	<u>Since Inception</u>	
Bronx	\$0	\$5,000,000	0	776	
Brooklyn	0	16,051,087	0	710	
Manhattan	0	214,252,488	0	4,627	
Queens	0	58,293,425	0	3,022	
Staten Island	0	0	0	0	
<b>Total</b>	<b>\$0</b>	<b>\$293,597,000</b>	<b>0</b>	<b>9,135</b>	



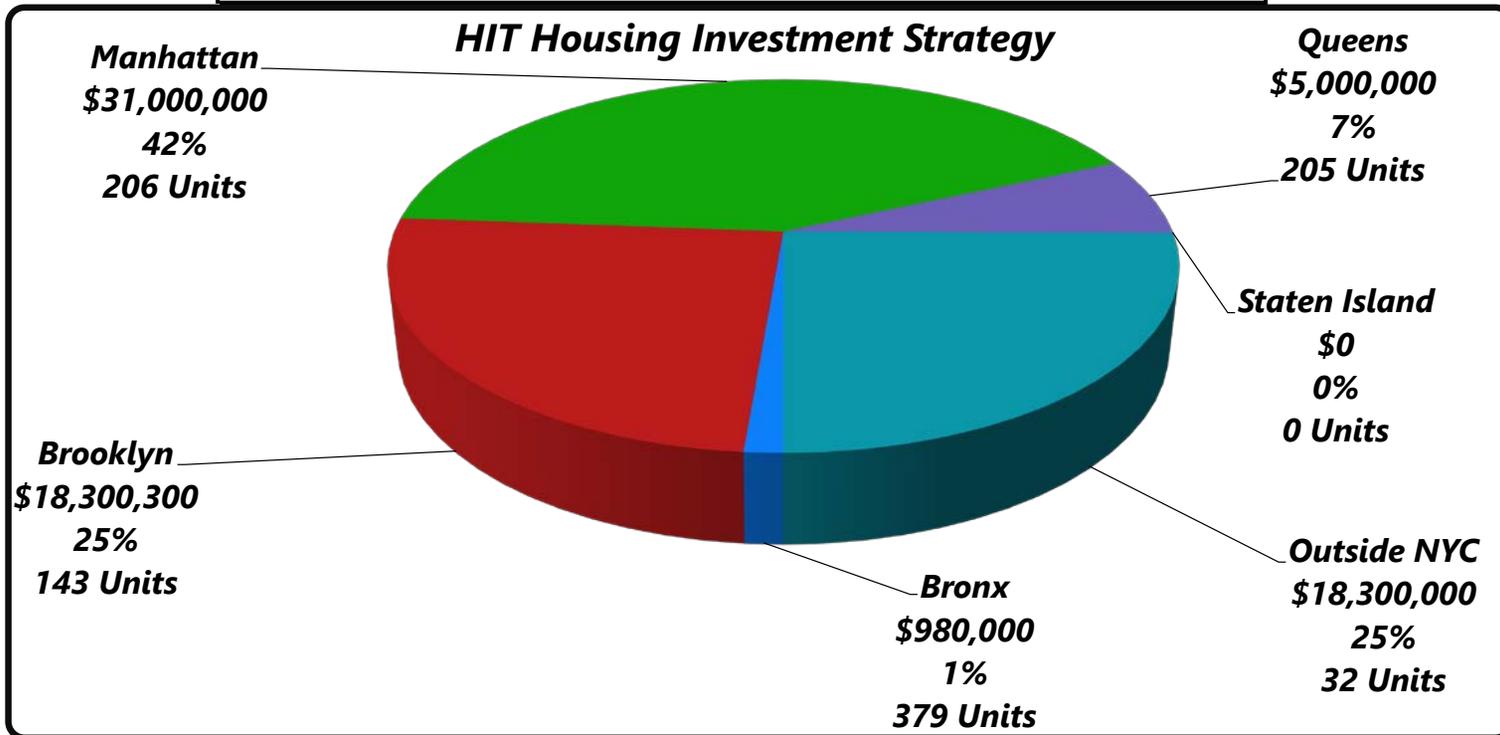
# Police Pension Fund - Economically Targeted Investments Quarterly Report

**AFL-CIO Housing Investment Trust (HIT)**  
**HIT Housing Investment Strategy**

Investments From Q4 2015 Through Q3 2016

Housing Investment Strategy Detail

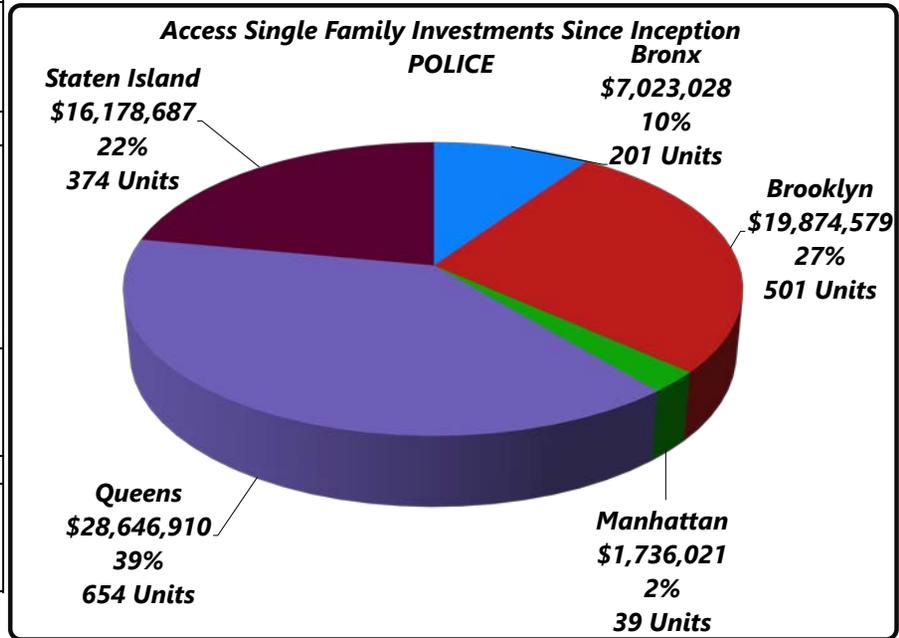
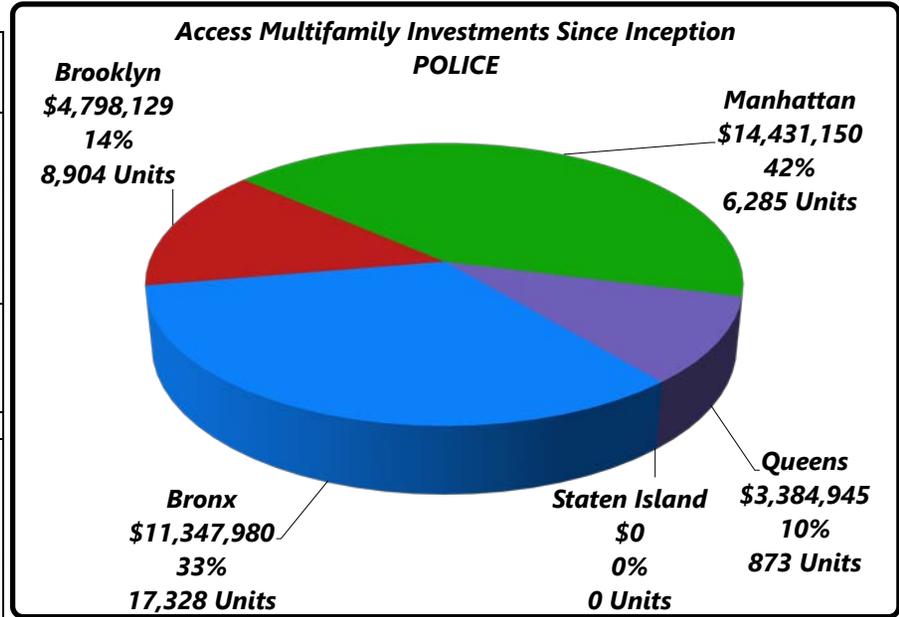
<u>Borough</u>	<u>Q3 Investments</u>	<u>Investments Since Inception</u>	<u>Q3 Housing Units</u>	<u>Housing Units Since Inception</u>
Bronx	\$0	\$980,000	0	379
Brooklyn	18,300,300	18,300,300	143	143
Manhattan	31,000,000	31,000,000	206	206
Queens	0	5,000,000	0	205
Staten Island	0	0	0	0
Outside NYC	0	18,300,000	0	32
<b>Total</b>	<b>\$49,300,300</b>	<b>\$73,580,300</b>	<b>349</b>	<b>965</b>



# Police Pension Fund - Economically Targeted Investments Quarterly Report

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

\$61 million Allocated (20.33% of total account)				
Market Value \$54.31 million				
<b>Multifamily Investments Detail</b>	<b>\$ Invested<sup>1</sup></b>		<b>Units<sup>2</sup></b>	
	<b>Q3</b>	<b>Total</b>	<b>Q3</b>	<b>Total</b>
Bronx	\$0	\$11,347,980	0	17,328
Brooklyn	0	4,798,129	0	8,904
Manhattan	0	14,431,150	0	6,285
Queens	0	3,384,945	0	873
Staten Island	0	0	0	0
<b>Total POLICE Multifamily Investments</b>	<b>\$0</b>	<b>\$33,962,204</b>	<b>0</b>	<b>33,390</b>
<b>Multifamily Total All Systems</b>	<b>\$0</b>	<b>\$167,054,619</b>	<b>0</b>	<b>33,390</b>
<b>Single Family Investments Detail</b>	<b>\$ Invested</b>		<b>Units</b>	
	<b>Q3</b>	<b>Total</b>	<b>Q3</b>	<b>Total</b>
Bronx	\$48,182	\$7,023,028	1	201
Brooklyn	0	19,874,579	0	501
Manhattan	0	1,736,021	0	39
Queens	0	28,646,910	0	654
Staten Island	160,810	16,178,687	3	374
<b>Total POLICE Single Family Investments</b>	<b>\$208,992</b>	<b>\$73,459,225</b>	<b>4</b>	<b>1,769</b>
<b>Single Family Total All Systems</b>	<b>\$1,028,000</b>	<b>\$361,334,111</b>	<b>4</b>	<b>1,769</b>
<b>Other Investments Detail</b>	<b>\$ Invested</b>		<b>Loans</b>	
	<b>Q3</b>	<b>Total</b>	<b>Q3</b>	<b>Total</b>
Bronx	\$0	\$137,228	0	1
Brooklyn	0	1,095,869	0	8
Manhattan	0	494,610	0	5
Queens	0	110,480	0	3
Staten Island	0	0	0	0
<b>Total POLICE Other Investments</b>	<b>\$0</b>	<b>\$1,838,186</b>	<b>0</b>	<b>17</b>
<b>Other Investments Total All Systems</b>	<b>\$0</b>	<b>\$9,041,740</b>	<b>0</b>	<b>17</b>
<b>Grand Total POLICE</b>	<b>\$208,992</b>	<b>\$109,259,615</b>		
<b>Grand Total All Systems</b>	<b>\$1,028,000</b>	<b>\$537,430,470</b>		



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

<sup>2</sup> If not indicated otherwise, superintendent units are allocated based on building size.

## **Private Equity Quarterly Report**





## Private Equity Monitoring Report

For the period ended June 30, 2016

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 LP (“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, 2016, the Program has committed US\$5.0 billion to 196 partnership investments (the “Portfolio”). This quarterly monitoring report covers the performance of the Portfolio as of June 30, 2016 as well as significant activity that occurred during the second quarter of 2016.

### Performance Summary

<i>US\$ in millions</i>	June 30, 2016	March 31, 2016	June 30, 2015	Quarterly Change	Yearly Change
Number of Managers	116	115	114	1	2
Number of Investments	196	191	185	5	11
Committed Capital <sup>1</sup>	\$4,984.8	\$4,752.7	\$4,461.9	\$232.1	\$522.9
Contributed Capital	\$4,085.8	\$3,987.9	\$3,691.5	\$97.9	\$394.4
Distributed Capital	\$3,303.2	\$3,163.0	\$2,861.0	\$140.2	\$442.3
Market Value	\$2,326.3	\$2,316.9	\$2,289.2	\$9.5	\$37.1
Total Value	\$5,629.6	\$5,479.9	\$5,150.2	\$149.7	\$479.4
Total Gain/(Loss)	\$1,543.7	\$1,492.0	\$1,458.7	\$51.8	\$85.0
Unfunded Commitment <sup>2</sup>	\$1,418.4	\$1,255.6	\$1,238.2	\$162.8	\$180.2
Total Exposure <sup>3</sup>	\$3,744.8	\$3,572.5	\$3,527.5	\$172.3	\$217.3
DPI <sup>4</sup>	0.81x	0.79x	0.78x	0.02x	0.03x
<b>TVM<sup>5</sup></b>	<b>1.38x</b>	<b>1.37x</b>	<b>1.40x</b>	<b>0.00x</b>	<b>-0.02x</b>
<b>IRR<sup>6</sup></b>	<b>10.0%</b>	<b>10.0%</b>	<b>10.6%</b>	<b>-2 bps</b>	<b>-65 bps</b>
TVM Net of StepStone Fees <sup>7</sup>	1.38x	1.37x	1.39x	0.01x	-0.01x
IRR Net of StepStone Fees <sup>7</sup>	9.9%	10.0%	10.6%	-1 bps	-65 bps

<sup>1</sup> Committed Capital is presented net of any commitment releases or expirations and reflects foreign currency exchange rate fluctuations.

<sup>2</sup> Unfunded Commitment represents the aggregate remaining commitments to partnership investments.

<sup>3</sup> Total Exposure represents the sum of Market Value and Unfunded Commitment.

<sup>4</sup> DPI, or Distributed to Paid-In Multiple, is a performance metric that measures distributions received relative to capital invested. DPI is calculated as Distributed Capital divided by Contributed Capital.

<sup>5</sup> 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 Distributed Capital, divided by Contributed Capital.

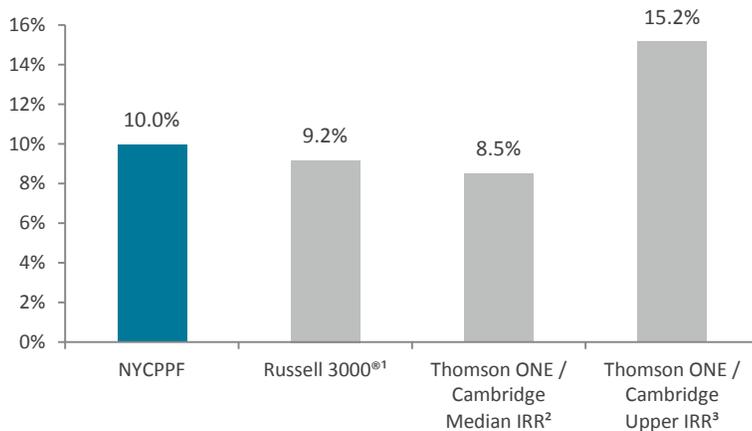
<sup>6</sup> IRR, or Internal Rate is Return, is a performance metric that is calculated based on the Portfolio’s daily cash flows and market value as of quarter-end. IRR is net of fund manager’s fees, expenses and carried interest.

<sup>7</sup> 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 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® Index<sup>1</sup>.

The following graph illustrates Portfolio IRR performance versus benchmarks as of June 30, 2016.



<sup>1</sup>Benchmark is a dollar-weighted PME+ calculation of daily 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.

<sup>2</sup> Benchmark is for informational purposes only and is NOT part of the Program's Policy Benchmarks. Benchmark is provided by Thomson ONE/Cambridge and reflects U.S. All Private Equity Funds Median Quartile IRR as of June 30, 2016 for funds with vintage years 1998 to 2016. Note: Thomson ONE/Cambridge data is continuously updated and is therefore subject to change.

<sup>3</sup>Benchmark is for informational purposes only and is NOT part of the Program's Policy Benchmarks. Benchmark is provided by Thomson ONE/Cambridge and reflects U.S. All Private Equity Funds Upper Quartile IRR as of June 30, 2016 for funds with vintage years 1998 to 2016. Note: Thomson ONE/Cambridge data is continuously updated and is therefore subject to change.

## Portfolio Diversification

### By Strategy

As of June 30, 2016 (US\$ in millions)	Market Value		Unfunded Commitment		Total Exposure	
	\$	% of Total	\$	% of Total	\$	% of Total
Buyout	\$1,407.2	60.5%	\$859.6	60.6%	\$2,266.8	60.5%
Growth Equity	256.6	11.0%	138.1	9.7%	394.7	10.5%
Special Situations	132.3	5.7%	101.8	7.2%	234.1	6.3%
Energy	65.1	2.8%	7.9	0.6%	73.0	1.9%
Secondaries	157.3	6.8%	207.4	14.6%	364.7	9.7%
Co-Investment	94.3	4.1%	89.9	6.3%	184.1	4.9%
Other	213.6	9.2%	13.8	1.0%	227.4	6.1%
<b>Total</b>	<b>\$2,326.3</b>	<b>100.0%</b>	<b>\$1,418.4</b>	<b>100.0%</b>	<b>\$3,744.8</b>	<b>100.0%</b>

### By Fund Geographic Focus

As of June 30, 2016 (US\$ in millions)	Market Value		Unfunded Commitment		Total Exposure	
	\$	% of Total	\$	% of Total	\$	% of Total
North America	\$1,658.2	71.3%	\$733.4	51.7%	\$2,391.6	63.9%
Global	501.7	21.6%	511.2	36.0%	1,012.9	27.0%
Western Europe	138.0	5.9%	172.2	12.1%	310.2	8.3%
Rest of World	28.4	1.2%	1.7	0.1%	30.1	0.8%
<b>Total</b>	<b>\$2,326.3</b>	<b>100.0%</b>	<b>\$1,418.4</b>	<b>100.0%</b>	<b>\$3,744.8</b>	<b>100.0%</b>

Prior to a fund being 75% drawn, fund geographic focus is based on the GP-stated geographic strategy. Subsequent to a fund being 75% drawn, fund geographic focus is based on actual portfolio company exposure by total invested capital. Funds with less than 75% of total invested capital allocated to one geographic region are classified as Global.

## II. Market Overview

### Executive Summary

Global equities finished a volatile quarter with modest gains. The major story of the second quarter was the vote in the United Kingdom to leave the European Union, and the quarter ended with increased global market volatility due to the so-called “Brexit”. This vote added to the uncertainty in the markets and led to speculation that the United Kingdom and the European Union could be headed for growth headwinds, if not a recession. Amid the uncertainty in global markets and a weaker than expected job report in May, the United States Federal Reserve decided against a further rate hike, pushing out the possibility of the year’s first rate increase to the third quarter at the earliest. The S&P 500 Total Return Index finished the quarter 2.5% higher, despite the lack of growth in the global markets.<sup>1</sup> The MSCI Asia and MSCI EM were both flat for the quarter, while the MSCI Europe index was down 4.2%.<sup>1</sup> With all of the uncertainty in Europe, the U.S. dollar strengthened significantly against the British pound, and more modestly against the euro.<sup>2</sup>

In private markets, U.S. LBO debt volume was down 2.3% compared to the first quarter of 2016 at US\$21.0 billion, but was above the 10-year quarterly average of US\$18.3 billion and above the Q2 2015 level by 3.3%.<sup>3</sup> Purchase price multiples for U.S. LBOs fell from 10.5x EBITDA in the first quarter to 9.7x EBITDA in the second quarter.<sup>3</sup> This multiple is also below the 10.3x multiple of the second quarter of 2015.<sup>3</sup> Average debt multiples of large corporate U.S. LBO loans fell slightly quarter-over-quarter from 5.6x to 5.5x.<sup>3</sup> Equity contributions for U.S. LBOs were also down from the first quarter’s level of 46.3% to 44.7%.<sup>3</sup>

The first quarter’s healthy level of private equity fundraising continued in the second quarter, as the US\$93.0 billion raised is the most for any quarter since Q3 2008.<sup>4</sup> Buyout fundraising increased 38.9% quarter-over-quarter and 11.2% compared to the second quarter of 2015.<sup>4</sup> Venture Capital fundraising was down considerably for the quarter, decreasing 36.2% versus the first quarter of 2016 and down 24.3% compared to Q2 2015.<sup>4</sup> Geographically, U.S. fundraising represented 54.7% of total funds raised in the second quarter.<sup>4</sup> Similarly to the first quarter, the percentage of funds raised in Asia was significantly below the 12.8% 10-year average, at 0.4%.<sup>4</sup> Europe accounted for 25.2% of the global funds raised, above the 10-year average of 20.0%.<sup>4</sup> The rest of the world made up 19.7% of the global fundraising, well above the 10-year average of 5.4%.<sup>4</sup> Fundraising for the rest of the world was the highest it has ever been in a single quarter.<sup>4</sup> However, this was driven by one firm, Brookfield Asset Management Inc, which raised over US\$15.8 billion across two funds.<sup>4</sup> Removing the effects of this one firm would bring the rest of the world’s portion of fundraising down to 3.4%.<sup>4</sup> Private equity investment activity was up 42.7% quarter-over-quarter, but was lower by 8.3% compared to the second quarter of 2015.<sup>4</sup>

NYSE and NASDAQ private equity-backed IPO transaction volume rebounded from the low levels of the first quarter with a 439.4% quarter-over-quarter increase and US\$3.1 billion raised in 19 IPOs in the second quarter of 2016.<sup>4</sup> Despite an increase over the previous quarter, volume was down 70.3% compared to the second quarter of 2015.<sup>4</sup> The largest IPO of the quarter was US Foods Holding Corp. (NYSE: USFD), which raised US\$1.2 billion.<sup>4</sup> Second quarter M&A volume was US\$131.1 billion for the quarter, a decrease of 45.5% and 39.3% compared to the first quarter of 2016 and the second quarter of 2015, respectively.<sup>4</sup> The largest M&A deal of the quarter was the US\$19.0 billion merger of Newell Brands Inc. and Jarden Corp.<sup>4</sup>

<sup>1</sup> Source: Capital IQ

<sup>2</sup> Source: Bloomberg database

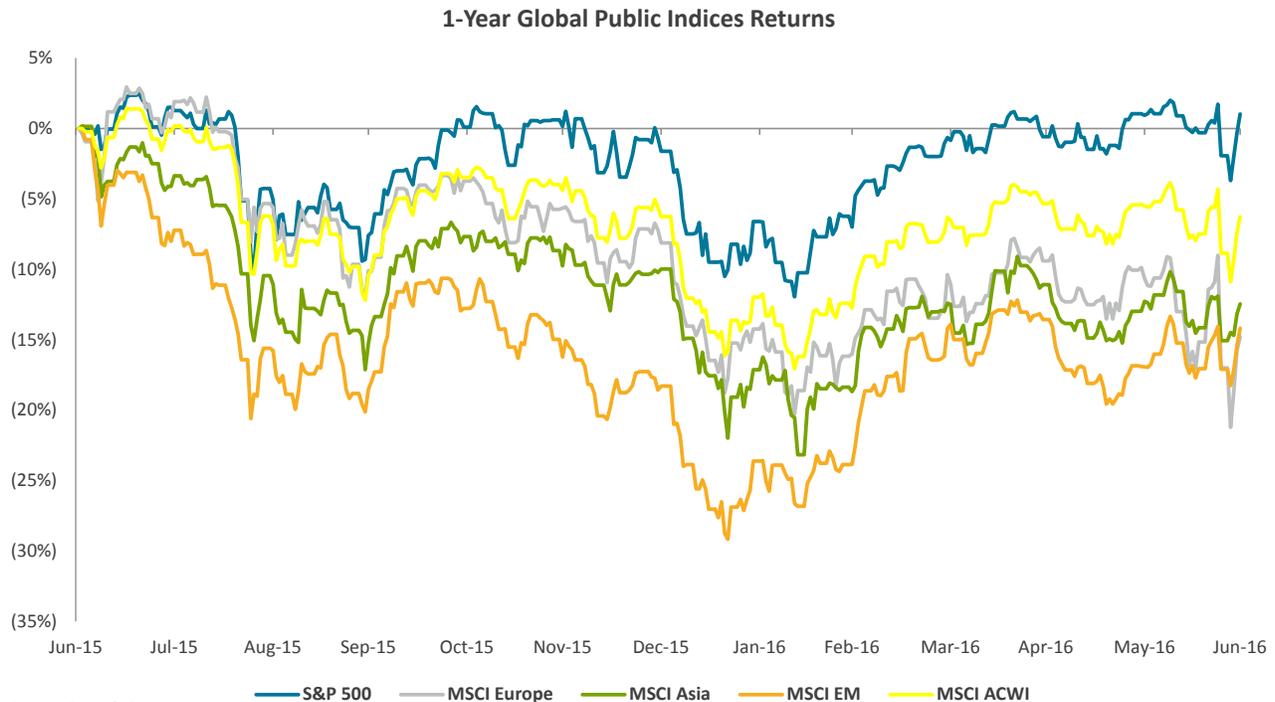
<sup>3</sup> Source: S&P LBO Review

<sup>4</sup> Source: Thomson ONE

## Capital Markets Overview

### Public Equity Markets

The second quarter of 2016 was marked by volatility in the public markets. The United Kingdom’s vote in late June to leave the European Union caused significant declines in all global markets, however most rebounded from the lows, with the exception of European markets. The S&P 500 Total Return outperformed other global markets, increasing 2.5% for the quarter. The MSCI Asia index was flat for the quarter and the MSCI Emerging Markets index declined slightly, down 0.3%. The MSCI Europe index, impacted heavily by the UK vote, was down 4.2% for the quarter.



The following table shows the returns of four major MSCI indices, as well as the S&P 500 and the S&P 500 Total Return Index, over various time horizons through June 30, 2016. Returns for time periods greater than one year are annualized. The U.S. market has outperformed the Asian, European, and emerging markets over the past quarter, as well as the 1 year, 3 year, 5 year, and 10 year periods.

Regional Indices					
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr
MSCI Asia	0.0%	(12.4%)	0.3%	(0.2%)	0.1%
MSCI Europe	(4.2%)	(13.8%)	(0.8%)	(1.9%)	(1.5%)
MSCI EM	(0.3%)	(14.2%)	(3.9%)	(6.2%)	1.1%
MSCI ACWI	0.3%	(5.7%)	3.9%	3.2%	2.1%
S&P 500	1.9%	1.7%	9.3%	9.7%	5.2%
S&P 500 Total Return*	2.5%	4.0%	11.7%	12.1%	7.4%

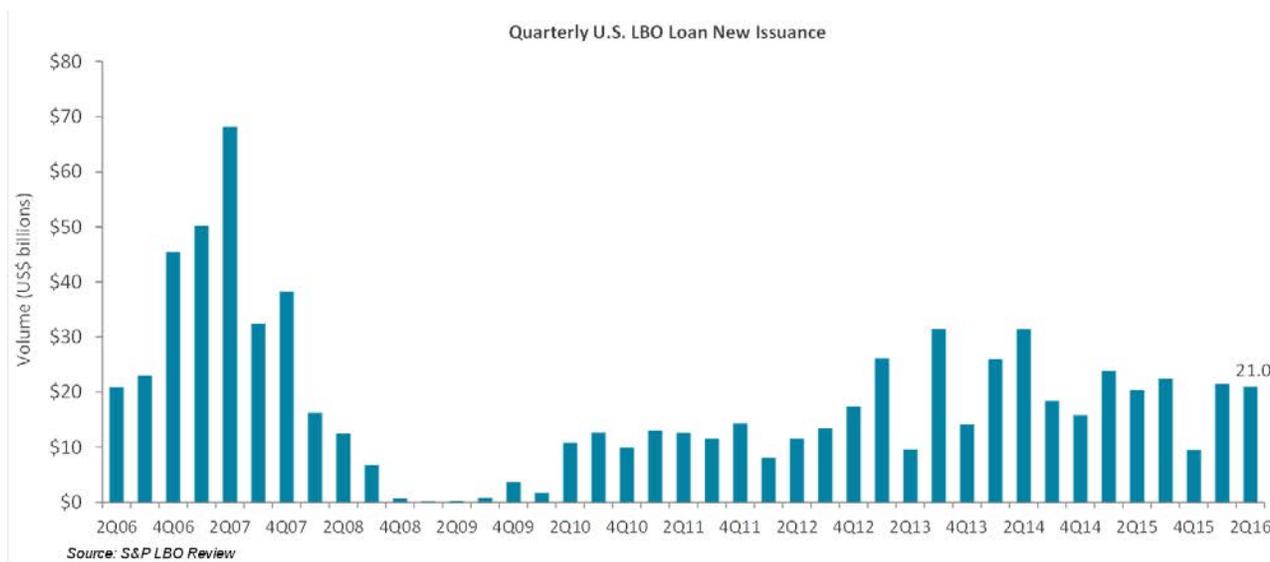
For the period ended June 30, 2016

\*Includes reinvestment of dividends.

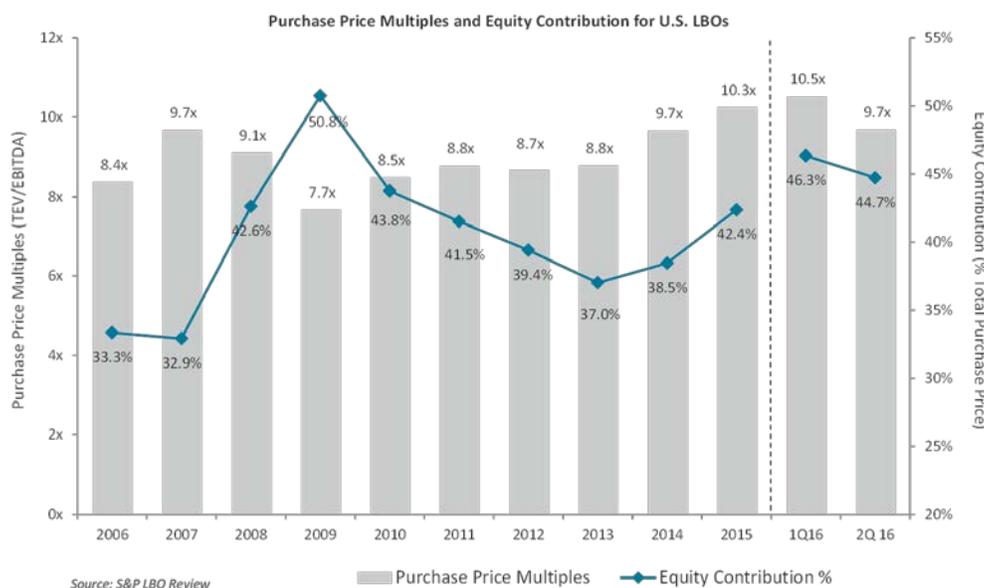
Source: Capital IQ

## Debt Markets

During the second quarter of 2016, U.S. LBO new loan issuance totaled US\$21.0 billion, representing a decrease of 2.3% from the prior quarter, but 15.2% higher than the 10-year quarterly average of US\$18.3 billion. The US\$21.0 billion represents a 3.3% increase from the Q2 2015 level of US\$20.4 billion. The following chart shows the quarterly volume of U.S. LBO new loan issuance for the past ten years.



In the second quarter, weighted average purchase price multiples for U.S. LBO deals was 9.7x total enterprise value (“TEV”) to EBITDA, an decrease from 10.5x in the prior quarter and below the 10.3x multiple from Q2 2015. Average debt multiples of large corporate U.S. LBO loans decreased from 5.6x in the first quarter of 2016 to 5.5x EBITDA in the second quarter, which is below the Q2 2015 value of 5.8x. Equity contributions for U.S. LBOs slightly decreased from 46.3% in the first quarter to 44.7% in the second quarter of this year. The equity contribution for this quarter represents a 6.9% increase compared to the second quarter of last year. The following chart compares purchase price multiples and equity contribution percentages for U.S. LBO deals.



## Private Equity Market Overview

### All Private Equity

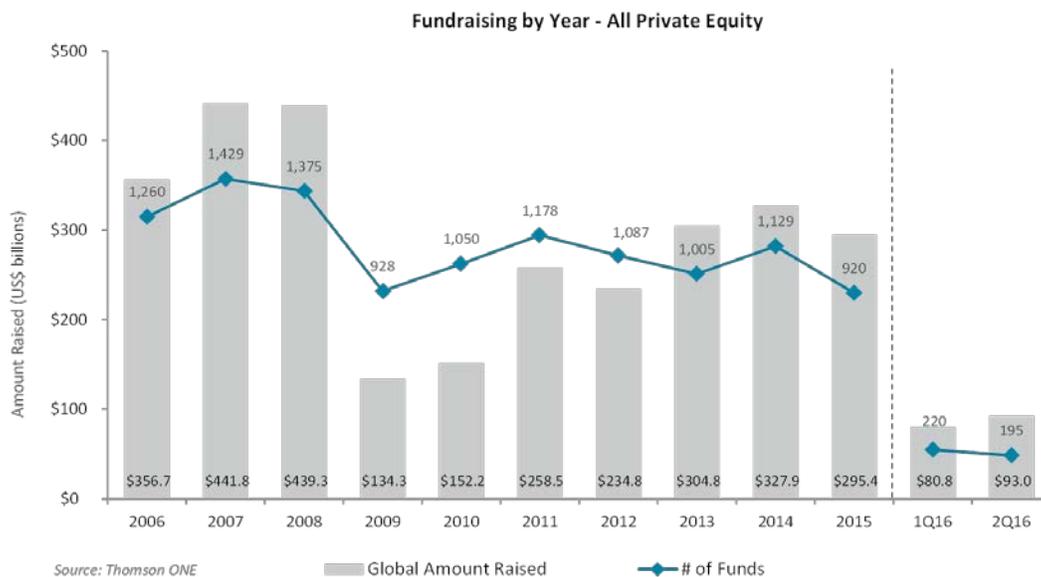
The table below shows the pooled Internal Rate of Return (“IRR”) performance of global private equity investments by sector over various investment horizons through June 30, 2016. The All Private Equity benchmark was up 1.4% for the quarter. All sectors except Mezzanine were up quarter-over-quarter, with Mezzanine declining modestly from 0.9% last quarter to 0.2% this quarter. The Energy sector was the best performer, with a positive quarter-to-date IRR for the first time since the second quarter of 2015. Following Energy’s 5.2% IRR for the quarter were Large Buyouts (+1.5%) and Small/Middle Buyouts (+1.4%). Venture Capital was flat for the quarter.

Sector	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr
Small/Middle Buyouts (<\$3bn)	1.4%	4.4%	11.0%	9.2%	10.5%
Large Buyouts (>\$3bn)	1.5%	5.4%	13.9%	11.2%	9.9%
Mezzanine	0.2%	3.9%	7.1%	7.9%	7.6%
Energy	5.2%	(13.1%)	(4.6%)	(0.5%)	4.4%
Venture Capital	0.0%	(0.7%)	17.3%	12.9%	10.5%
<b>All Private Equity</b>	<b>1.4%</b>	<b>1.9%</b>	<b>10.9%</b>	<b>9.4%</b>	<b>9.3%</b>

Source: Burgiss PrivateIQ

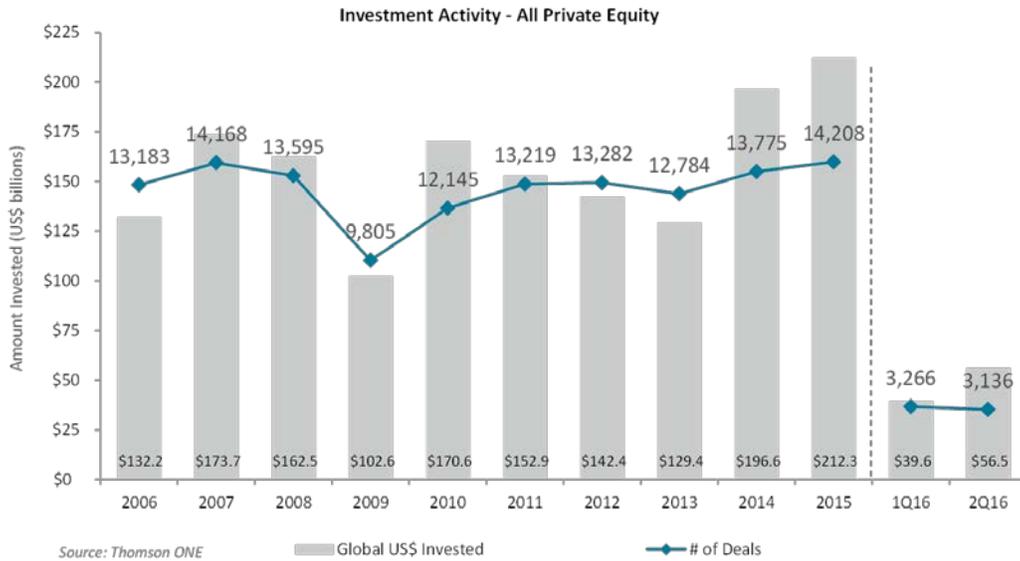
### Fundraising

Fundraising for global private equity totaled US\$93.0 billion in the second quarter of 2016, a 15.1% increase compared to the first quarter of the year. Buyout fundraising rose 38.9% quarter-over-quarter, raising US\$61.1 billion, and increased 11.2% compared to Q2 2015. Venture Capital raised US\$11.2 billion, a decrease of 36.2% and 24.3% compared to the first quarter of 2016 and second quarter of 2015, respectively. Geographically, U.S. fundraising represented 54.7% of the total amount raised in the quarter, while Europe, Asia, and the rest of the world accounted for 25.2%, 0.4%, and 19.7%, respectively. The contributions from Asia and the rest of the world are significantly off from the 10-year averages. Asia’s contribution is 96.8% below the 10-year average and the rest of the world is 264.0% above the 10-year average. The chart below shows private equity fundraising activity over the past ten years.

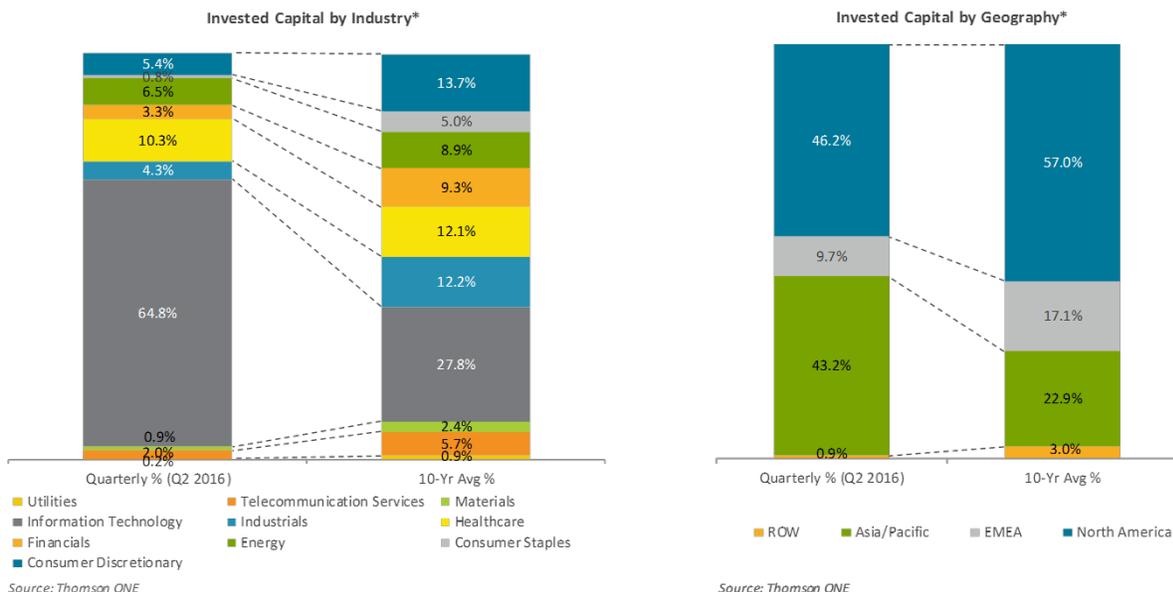


### Investment Activity

Private equity funds invested US\$56.5 billion globally during the second quarter, representing a quarter-over-quarter increase of 42.7%. The seven largest transactions for the quarter accounted for 41.4% of all private equity investment activity. The average investment size during the quarter was US\$18.0 million, up 48.6% quarter-over-quarter and 8.2% over Q2 2015.



The graphs below depict the percentage of invested capital by industry and geography for the second quarter of 2016 and over the last ten years. The Information Technology (IT) sector attracted the most capital, accounting for US\$36.6 billion of transactions, or 64.8% of total capital invested by private equity firms, compared to a 10-year pro rata average of 27.8%. The increase in capital invested in IT quarter-over-quarter is a result of a significant increase in the average equity invested. The top five IT companies attracted US\$20.5 billion in Q2, whereas the top five in Q1 raised US\$6.9 billion. In the second quarter of 2016, investment activity in the Asia/Pacific region was above the historical average, representing 43.2% of total invested capital during the quarter compared to 22.9% over the last ten years.



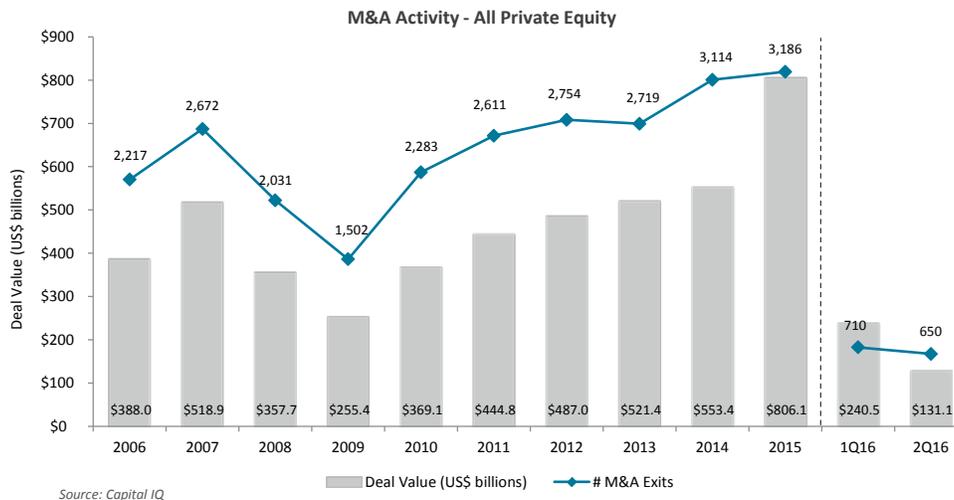
\*Note: Invested Capital is for all private equity from Q2 2006 – Q2 2016.

## Deal Environment

Private equity-backed IPOs were up in the second quarter from the low levels of the first quarter of 2016. During the quarter there were 19 private equity-backed IPOs which raised US\$3.1 billion on the NYSE and NASDAQ, 13 IPOs from venture capital, which raised a total of US\$947.0 million, and six IPOs from buyouts with a total of US\$2.2 billion raised. This is higher than the US\$574.5 million raised in six IPOs in the first quarter, but below the 49 deals that raised US\$10.4 billion in Q2 2015. Through the first two quarters of 2016, US\$3.7 billion has been raised in IPOs, compared to US\$13.1 billion in the first half of 2015. The graph below shows the amount raised and the number of Buyout and Venture Capital IPOs on the NYSE and NASDAQ over the past ten years.



The number of private equity-backed Mergers and Acquisitions (“M&A”) were down from 710 last quarter to 650 this quarter, and deal value decreased 45.5%, totaling US\$131.1 billion. The largest M&A deal of the quarter was the US\$19.0 billion Newell Brands merger with Jarden Corp., representing 14.5% of the total deal value for the quarter. M&A deal value is down 39.3% for the second quarter of 2016 compared to the second quarter of 2015.



### III. Portfolio Review

#### Quarterly Highlights

- Cash Flow Activity** – During the second quarter of 2016, the Portfolio made US\$97.9 million of contributions and received US\$140.4 million of distributions, for a net cash inflow of US\$42.5 million, compared to a net cash outflow of US\$1.4 million during the prior quarter and a net cash inflow of US\$93.4 million during the second quarter of 2015. Contributions increased 17.7% from the prior quarter and 27.4% from the second quarter of 2015. The most recent four quarter average of the Program’s contributions is US\$98.6 million. Distributions increased 71.7% from the prior quarter and decreased 17.6% from the second quarter of 2015. The most recent four quarter average of the Program’s distributions is US\$110.6 million.
- Recent Portfolio Activity** – During the second quarter of 2016, net of cash flow activity, the valuation of the Portfolio increased by US\$51.8 million, or 2.3%, from the prior quarter. The increase in Portfolio value is primarily attributable to strong performance of growth equity funds during the quarter, which generated a US\$14.9 million increase in valuation from the prior quarter-end. During the last twelve months, net of cash flow activity, the valuation of the Portfolio increased by US\$85.2 million, or 3.8%, from the quarter ended June 30, 2015.
- New Investment Commitment** – During the second quarter of 2016, the Program closed on five new investment commitments, totaling US\$236.7 million.

<i>As of June 30, 2016 (US\$ in millions)</i>	Month Closed	Sub-Strategy	Geographic Focus	Committed Capital
Green Equity Investors VII, L.P.	April 2016	Mega Buyout	North America	\$ 44.0
Vista Equity Partners Fund VI, L.P.	May 2016	Mega Buyout	North America	75.0
Apax IX USD, L.P.	May 2016	Mega Buyout	Global	60.0
BC European Capital X	June 2016	Mega Buyout	Western Europe	41.2
BCECX Co-Investment	June 2016	Co/Direct Investment	Western Europe	16.5
<b>Total</b>				<b>\$ 236.7</b>

- Subsequent Investment Commitments** – Subsequent to quarter-end through November 7, 2016, the Program closed on one new investment commitment, totaling US\$7.5 million.

<i>As of November 7, 2016 (US\$ in millions)</i>	Month Closed	Sub-Strategy	Geographic Focus	Committed Capital
FTV V, L.P.	September 2016	Growth Equity	North America	\$ 7.5
<b>Total</b>				<b>\$ 7.5</b>

## Investment Performance

### Since Inception Performance

US\$ in millions	June 30, 2016	March 31, 2016	June 30, 2015	Quarterly Change	Yearly Change
<b>Active Investments</b>					
Number of Managers	107	106	105	1	2
Number of Investments	182	177	171	5	11
Committed Capital <sup>1</sup>	\$4,783.9	\$4,551.8	\$4,260.9	\$232.1	\$522.9
Contributed Capital	\$3,864.8	\$3,766.9	\$3,470.4	\$97.9	\$394.4
Distributed Capital	\$3,031.0	\$2,890.7	\$2,588.7	\$140.2	\$442.3
Market Value	\$2,326.3	\$2,316.9	\$2,289.2	\$9.5	\$37.1
Total Value	\$5,357.3	\$5,207.6	\$4,877.9	\$149.7	\$479.4
Total Gain/(Loss)	\$1,492.5	\$1,440.7	\$1,407.5	\$51.8	\$85.0
Unfunded Commitment <sup>2</sup>	\$1,418.4	\$1,255.6	\$1,238.2	\$162.8	\$180.2
Total Exposure <sup>3</sup>	\$3,744.8	\$3,572.5	\$3,527.5	\$172.3	\$217.3
DPI <sup>4</sup>	0.78x	0.77x	0.75x	0.02x	0.04x
TVM <sup>5</sup>	1.39x	1.38x	1.41x	0.00x	-0.02x
IRR <sup>6</sup>	10.2%	10.2%	10.9%	-2 bps	-72 bps
<b>Exited Investments</b>					
Number of Managers	12	12	12	-	-
Number of Investments	14	14	14	-	-
Committed Capital <sup>1</sup>	\$201.0	\$201.0	\$201.0	\$0.0	\$0.0
Contributed Capital	\$221.0	\$221.0	\$221.0	\$0.0	\$0.0
Distributed Capital	\$272.3	\$272.3	\$272.3	\$0.0	\$0.0
Total Value	\$272.3	\$272.3	\$272.3	\$0.0	\$0.0
Total Gain/(Loss)	\$51.3	\$51.3	\$51.3	\$0.0	\$0.0
Unfunded Commitment <sup>2</sup>	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
DPI <sup>4</sup>	1.23x	1.23x	1.23x	0.00x	0.00x
TVM <sup>5</sup>	1.23x	1.23x	1.23x	0.00x	0.00x
IRR <sup>6</sup>	7.1%	7.1%	7.1%	+ 0 bps	+ 0 bps
<b>Total Portfolio</b>					
Number of Managers	116	115	114	1	2
Number of Investments	196	191	185	5	11
Committed Capital <sup>1</sup>	\$4,984.8	\$4,752.7	\$4,461.9	\$232.1	\$522.9
Contributed Capital	\$4,085.8	\$3,987.9	\$3,691.5	\$97.9	\$394.4
Distributed Capital	\$3,303.2	\$3,163.0	\$2,861.0	\$140.2	\$442.3
Market Value	\$2,326.3	\$2,316.9	\$2,289.2	\$9.5	\$37.1
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IRR <sup>6</sup>	10.0%	10.0%	10.6%	-2 bps	-65 bps

<sup>1</sup> Committed Capital is presented net of any commitment releases or expirations and reflects foreign currency exchange rate fluctuations. Total committed includes underlying fund commitments to the EM 2012 and 2015 Programs.

<sup>2</sup> Unfunded Commitment represents the aggregate remaining commitments to partnership investments.

<sup>3</sup> Total Exposure represents the sum of Market Value and Unfunded Commitment.

<sup>4</sup> DPI, or Distributed to Paid-In Multiple, is a performance metric that measures distributions received relative to capital invested. DPI is calculated as Distributed Capital divided by Contributed Capital.

<sup>5</sup> 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 Distributed Capital, divided by Contributed Capital.

<sup>6</sup> 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, 2016 relative to the median quartile U.S. All Private Equity TVM and IRR benchmarks as provided by Thomson ONE/Cambridge. Performance of funds that are less than two years old is not meaningful. Note that Thomson ONE/Cambridge data is continuously updated and is therefore subject to change.

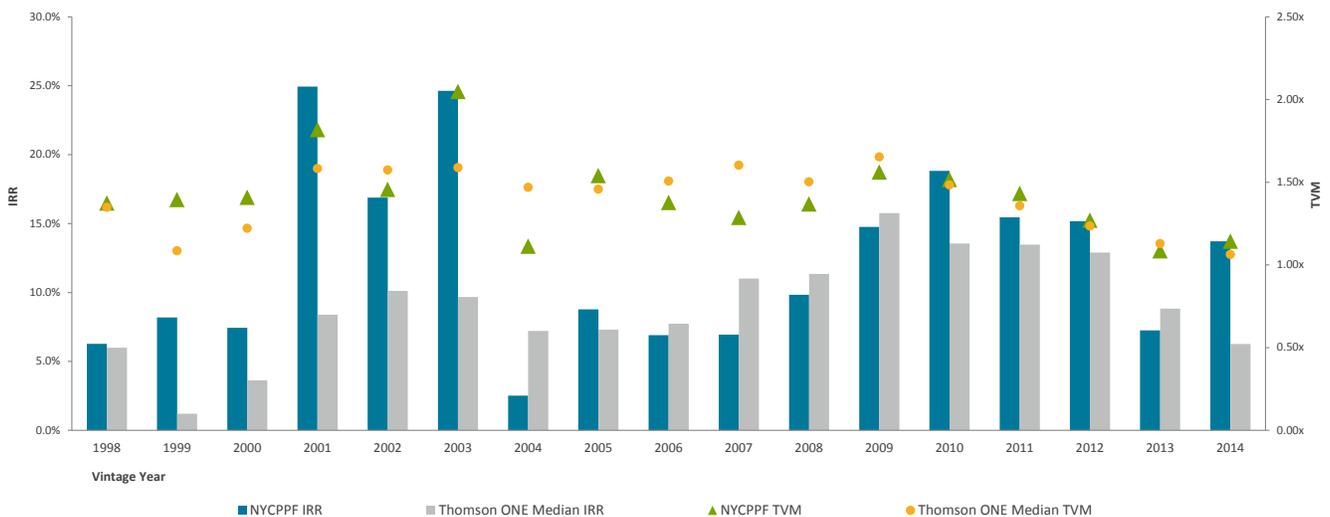
As of June 30, 2016 (US\$ in millions)

Vintage Year	Committed Capital	Contributed Capital	Distributed Capital	Market Value	Unfunded Commitment	Total Exposure	TVM	IRR	PME Benchmark <sup>1</sup>	PME Spread <sup>2</sup>	Thomson ONE / Cambridge U.S. All PE Median Quartile TVM	Thomson ONE / Cambridge U.S. All PE Median Quartile IRR
1998	\$20.0	\$20.1	\$27.6	\$0.0	\$0.0	\$0.0	1.37x	6.3%	3.4%	2.9%	1.35x	6.0%
1999	106.2	123.0	158.2	13.5	1.3	14.8	1.40x	8.2%	6.3%	1.9%	1.09x	1.2%
2000	58.0	69.6	91.0	7.1	3.8	10.9	1.41x	7.4%	6.2%	1.2%	1.22x	3.6%
2001	98.6	121.4	218.5	2.2	4.3	6.5	1.82x	24.9%	8.6%	16.4%	1.58x	8.4%
2002	56.1	55.3	77.1	3.4	1.8	5.2	1.46x	16.9%	7.2%	9.7%	1.57x	10.1%
2003	96.3	111.9	212.8	16.4	5.6	22.0	2.05x	24.6%	7.5%	17.2%	1.59x	9.7%
2004	185.6	202.3	195.0	30.3	10.3	40.6	1.11x	2.5%	6.4%	(3.9%)	1.47x	7.2%
2005	330.7	350.9	396.1	144.3	17.7	162.1	1.54x	8.8%	6.9%	1.9%	1.46x	7.3%
2006	546.8	593.7	594.9	222.8	30.8	253.6	1.38x	6.9%	8.2%	(1.3%)	1.51x	7.7%
2007	427.0	451.4	383.1	198.0	37.5	235.5	1.29x	7.0%	10.7%	(3.8%)	1.60x	11.0%
2008	578.0	641.7	515.8	362.5	56.3	418.7	1.37x	9.8%	13.3%	(3.5%)	1.50x	11.3%
2009	113.2	108.2	93.2	75.7	10.0	85.7	1.56x	14.8%	14.3%	0.4%	1.65x	15.8%
2010	102.5	101.7	72.8	81.6	22.9	104.5	1.52x	18.8%	12.3%	6.5%	1.48x	13.6%
2011	419.1	384.5	138.9	411.9	75.2	487.1	1.43x	15.5%	12.1%	3.3%	1.36x	13.5%
2012	462.0	360.9	86.7	372.0	122.9	494.9	1.27x	15.2%	9.1%	6.1%	1.24x	12.9%
2013	412.6	167.1	15.8	165.6	249.0	414.6	1.09x	7.3%	5.6%	1.6%	1.13x	8.8%
2014	313.1	166.2	25.7	164.4	165.8	330.2	1.14x	13.7%	4.8%	8.9%	1.06x	6.3%
2015	378.7	46.9	0.0	45.5	331.8	377.3	NM	NM	NM	N/A	NM	NM
2016	280.5	9.0	-	9.1	271.5	280.6	NM	NM	NM	N/A	NM	NM
<b>Total</b>	<b>\$4,984.8</b>	<b>\$4,085.8</b>	<b>\$3,303.2</b>	<b>\$2,326.3</b>	<b>\$1,418.4</b>	<b>\$3,744.8</b>	<b>1.38x</b>	<b>10.0%</b>	<b>9.2%</b>	<b>0.8%</b>	<b>1.35x</b>	<b>8.5%</b>

<sup>1</sup> Russell 3000 PME+

<sup>2</sup> PME Spread is calculated as IRR minus PME Benchmark.

As of June 30, 2016



## Portfolio Periodic Returns vs. Russell 3000® Index

As of June 30, 2016	3 Month	1 Year	3 Year	5 Year	10 Year	Since Inception
NYCPPF IRR	2.3%	3.7%	10.4%	9.2%	9.3%	10.0%
Russell 3000® <sup>1</sup>	2.6%	2.2%	11.5%	12.0%	9.3%	9.2%
Russell 3000® + 300 bps <sup>2</sup>	5.6%	5.2%	14.5%	15.0%	12.3%	12.2%
<b>NYCPPF Outperformance/(Underperformance)</b>						
vs. Russell 3000® + 300 bps <sup>2</sup>	(3.4%)	(1.5%)	(4.2%)	(5.7%)	(3.0%)	(2.2%)

<sup>1</sup>Benchmark is a dollar-weighted PME+ calculation of daily 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.

<sup>2</sup>Benchmark is a dollar-weighted PME+ calculation of daily changes in the Russell 3000® Index plus a 300 basis point illiquidity premium (the Opportunity Cost Benchmark).

## Performance by Strategy / Sub-Strategy

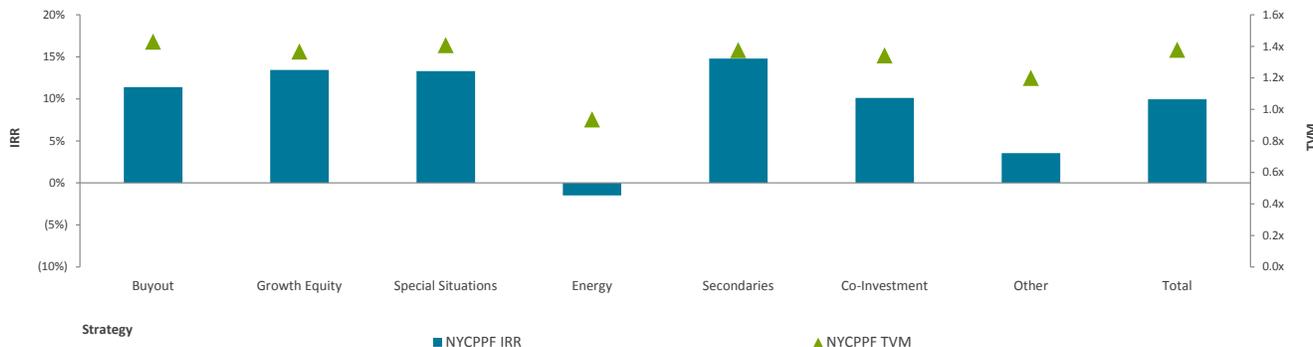
The following table and charts illustrate the Portfolio's since inception investment performance by strategy and sub-strategy as of June 30, 2016.

As of June 30, 2016 (US\$ in millions)

Strategy / Sub-Strategy	Committed Capital	Contributed Capital	Distributed Capital	Market Value	Unfunded Commitment	Total Exposure	TVM	IRR
<b>Buyout</b>	<b>\$3,091.6</b>	<b>\$2,615.0</b>	<b>\$2,332.3</b>	<b>\$1,407.2</b>	<b>\$859.6</b>	<b>\$2,266.8</b>	<b>1.43x</b>	<b>11.4%</b>
Mega Buyout	802.0	480.0	461.0	248.4	389.3	637.7	1.48x	11.9%
Large Buyout	899.0	764.6	646.0	523.9	249.2	773.2	1.53x	23.6%
Middle-Market Buyout	699.9	651.3	601.6	307.1	151.7	458.8	1.40x	8.4%
Small Buyout	690.7	719.0	623.7	327.7	69.4	397.1	1.32x	7.7%
<b>Growth Equity</b>	<b>390.6</b>	<b>285.0</b>	<b>133.0</b>	<b>256.6</b>	<b>138.1</b>	<b>394.7</b>	<b>1.37x</b>	<b>13.5%</b>
<b>Special Situations</b>	<b>296.4</b>	<b>230.8</b>	<b>192.6</b>	<b>132.3</b>	<b>101.8</b>	<b>234.1</b>	<b>1.41x</b>	<b>13.3%</b>
<b>Energy</b>	<b>130.0</b>	<b>137.4</b>	<b>63.5</b>	<b>65.1</b>	<b>7.9</b>	<b>73.0</b>	<b>0.94x</b>	<b>-1.5%</b>
<b>Secondaries</b>	<b>454.9</b>	<b>252.4</b>	<b>189.7</b>	<b>157.3</b>	<b>207.4</b>	<b>364.7</b>	<b>1.38x</b>	<b>14.8%</b>
<b>Co-Investment</b>	<b>237.2</b>	<b>156.3</b>	<b>115.6</b>	<b>94.3</b>	<b>89.9</b>	<b>184.1</b>	<b>1.34x</b>	<b>10.1%</b>
<b>Other</b>	<b>384.3</b>	<b>409.0</b>	<b>276.6</b>	<b>213.6</b>	<b>13.8</b>	<b>227.4</b>	<b>1.20x</b>	<b>3.5%</b>
Venture Capital	342.8	360.3	212.0	210.5	9.4	219.9	1.17x	2.9%
Mezzanine	41.5	48.7	64.7	3.1	4.3	7.4	1.39x	12.3%
<b>Total</b>	<b>\$4,984.8</b>	<b>\$4,085.8</b>	<b>\$3,303.2</b>	<b>\$2,326.3</b>	<b>\$1,418.4</b>	<b>\$3,744.8</b>	<b>1.38x</b>	<b>10.0%</b>

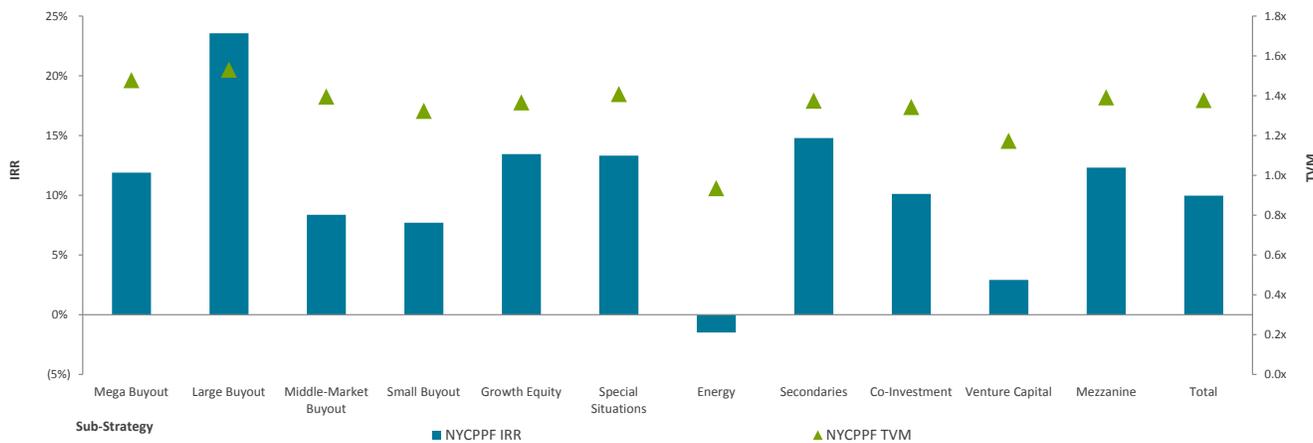
### Performance by Strategy

As of June 30, 2016



### Performance by Sub-Strategy

As of June 30, 2016



## Portfolio Diversification

The following tables illustrate the Portfolio's diversification by strategy and fund geographic focus as of June 30, 2016.

### By Strategy/Sub-Strategy

As of June 30, 2016 (US\$ in millions)	Market Value		Unfunded Commitment		Total Exposure	
	\$	% of Total	\$	% of Total	\$	% of Total
<b>Buyout</b>	<b>\$1,407.2</b>	<b>60.5%</b>	<b>\$859.6</b>	<b>60.6%</b>	<b>\$2,266.8</b>	<b>60.5%</b>
Mega Buyout	248.4	10.7%	389.3	27.4%	637.7	17.0%
Large Buyout	523.9	22.5%	249.2	17.6%	773.2	20.6%
Middle-Market Buyout	307.1	13.2%	151.7	10.7%	458.8	12.3%
Small Buyout	327.7	14.1%	69.4	4.9%	397.1	10.6%
<b>Growth Equity</b>	<b>256.6</b>	<b>11.0%</b>	<b>138.1</b>	<b>9.7%</b>	<b>394.7</b>	<b>10.5%</b>
<b>Special Situations</b>	<b>132.3</b>	<b>5.7%</b>	<b>101.8</b>	<b>7.2%</b>	<b>234.1</b>	<b>6.3%</b>
<b>Energy</b>	<b>65.1</b>	<b>2.8%</b>	<b>7.9</b>	<b>0.6%</b>	<b>73.0</b>	<b>1.9%</b>
<b>Secondaries</b>	<b>157.3</b>	<b>6.8%</b>	<b>207.4</b>	<b>14.6%</b>	<b>364.7</b>	<b>9.7%</b>
<b>Co-Investment</b>	<b>94.3</b>	<b>4.1%</b>	<b>89.9</b>	<b>6.3%</b>	<b>184.1</b>	<b>4.9%</b>
<b>Other</b>	<b>213.6</b>	<b>9.2%</b>	<b>13.8</b>	<b>1.0%</b>	<b>227.4</b>	<b>6.1%</b>
Venture Capital	210.5	9.0%	9.4	0.7%	219.9	5.9%
Mezzanine	3.1	0.1%	4.3	0.3%	7.4	0.2%
<b>Total</b>	<b>\$2,326.3</b>	<b>100.0%</b>	<b>\$1,418.4</b>	<b>100.0%</b>	<b>\$3,744.8</b>	<b>100.0%</b>

### By Fund Geographic Focus

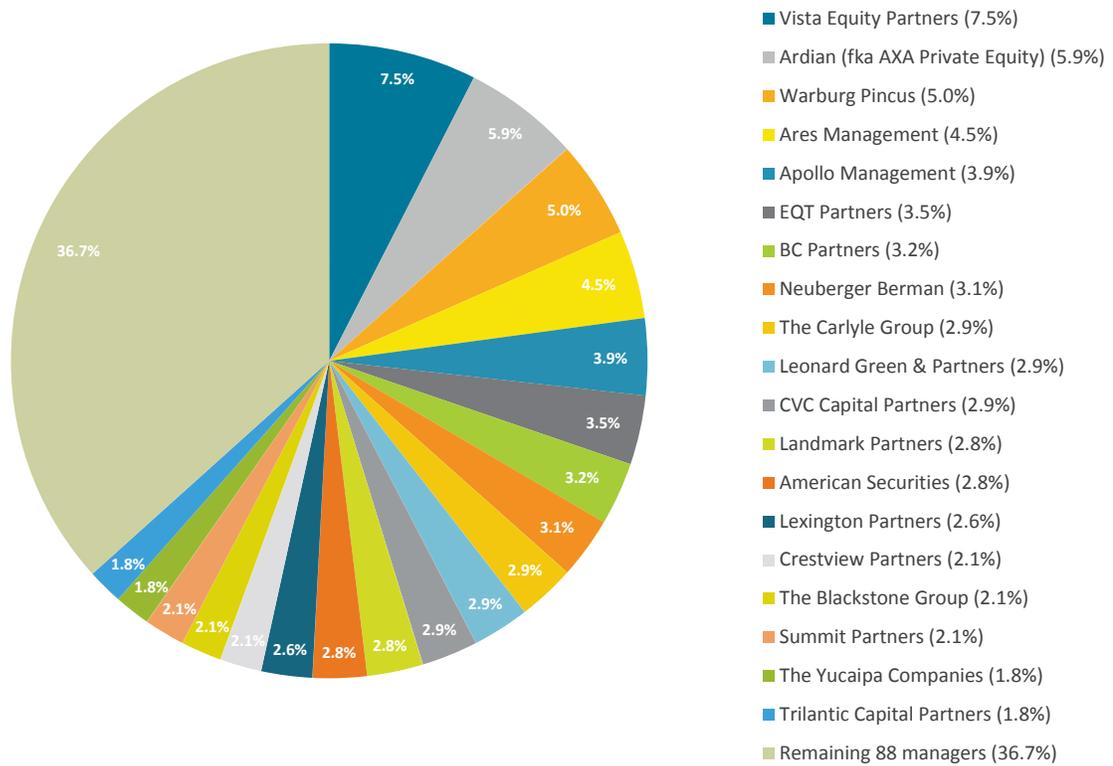
As of June 30, 2016 (US\$ in millions)	Market Value		Unfunded Commitment		Total Exposure	
	\$	% of Total	\$	% of Total	\$	% of Total
North America	\$1,658.2	71.3%	\$733.4	51.7%	\$2,391.6	63.9%
Global	501.7	21.6%	511.2	36.0%	1,012.9	27.0%
Western Europe	138.0	5.9%	172.2	12.1%	310.2	8.3%
Rest of World	28.4	1.2%	1.7	0.1%	30.1	0.8%
<b>Total</b>	<b>\$2,326.3</b>	<b>100.0%</b>	<b>\$1,418.4</b>	<b>100.0%</b>	<b>\$3,744.8</b>	<b>100.0%</b>

Prior to a fund being 75% drawn, fund geographic focus is based on the GP-stated geographic strategy. Subsequent to a fund being 75% drawn, fund geographic focus is based on actual portfolio company exposure by total invested capital. Funds with less than 75% of total invested capital allocated to one geographic region are classified as Global.

**By Investment Manager**

As of June 30, 2016, the Portfolio was highly diversified by investment manager, with 19 managers comprising US\$2.4 billion, or 63.3% of total exposure. The remaining 88 managers comprised 36.7% of total exposure as of quarter-end.

**Portfolio Total Exposure by Investment Manager**  
As of June 30, 2016

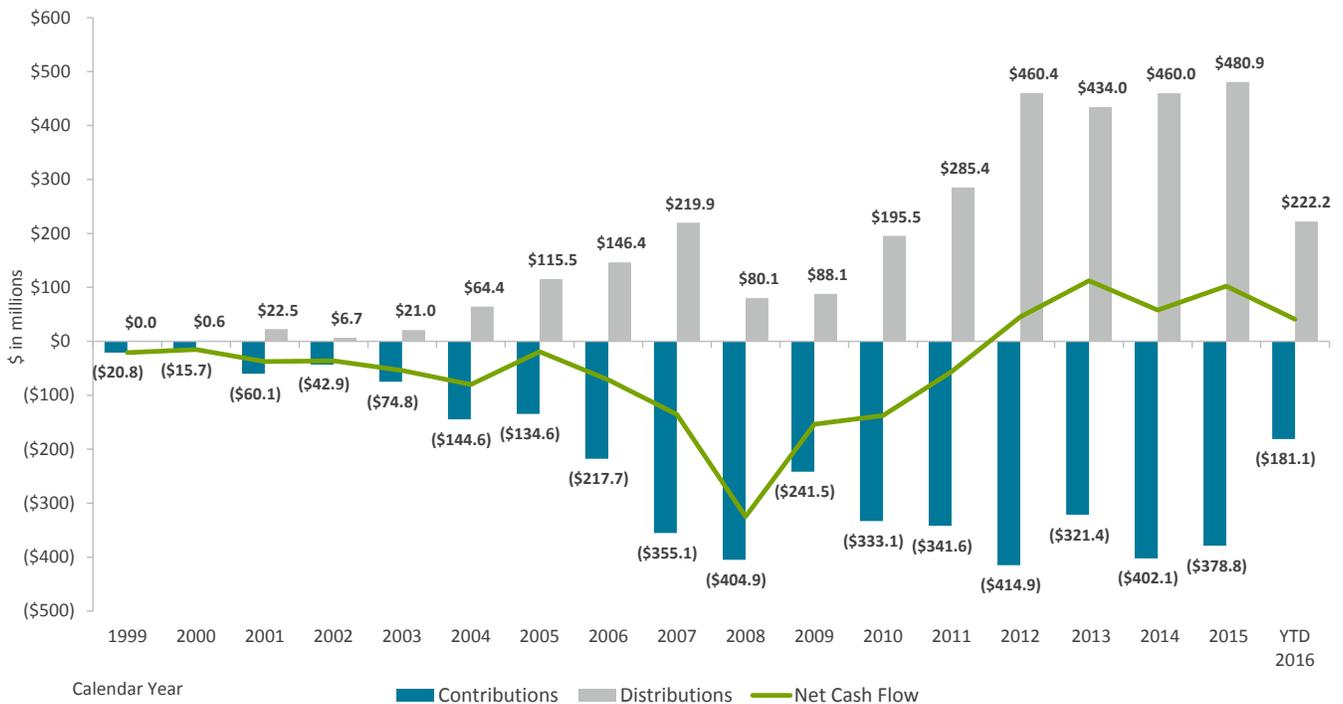


## Portfolio Cash Flow Analysis

The following yearly and quarterly cash flow analysis is based on actual Portfolio cash flows during those time periods.

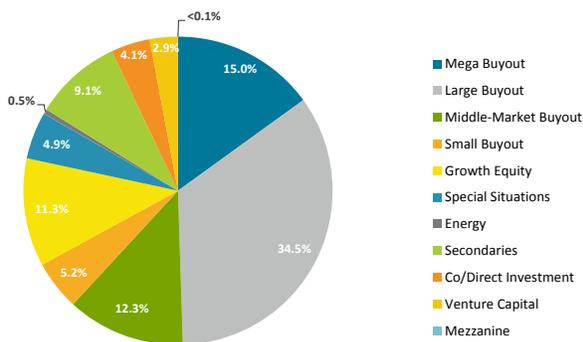
### Year to Date Cash Flow Activity

During the six months ended June 30, 2016, the Portfolio made US\$181.1 million of contributions and received US\$222.2 million of distributions, for a net cash inflow of US\$41.1 million, compared to a net cash inflow of US\$95.1 million during the same period in the prior year. The graph below illustrates cash flow activity since inception by calendar year.

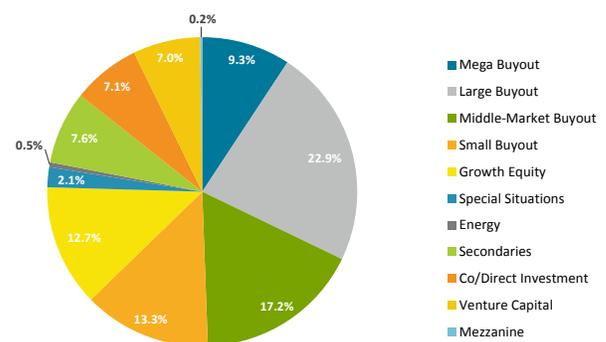


Buyout funds were the most active in terms of cash flow activity during the first six months of 2016. Buyout funds drew down US\$121.4 million, or 67.0% of total contributions during first six months of 2016, and distributed US\$139.4 million, or 62.7% of total distributions during the first six months of 2016.

YTD 2016 Total Contributed by Sub-Strategy

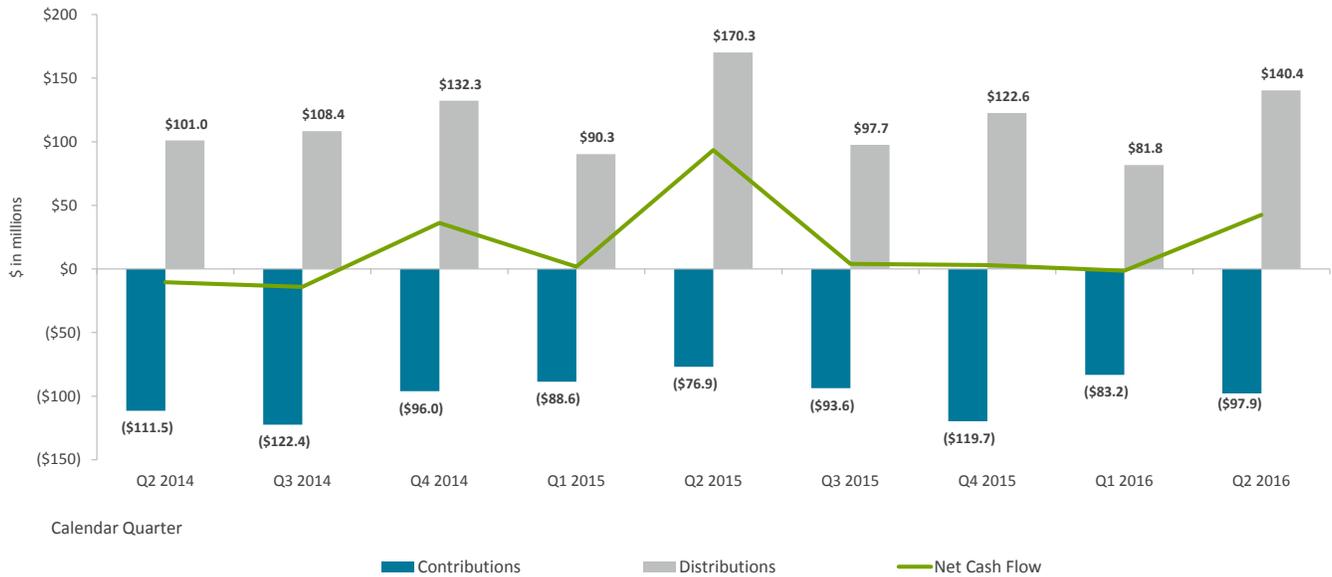


YTD 2016 Total Distributed by Sub-Strategy



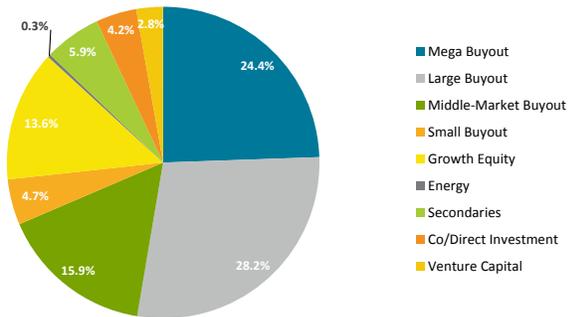
### Quarterly Cash Flow Activity

During the second quarter of 2016, the Portfolio made US\$97.9 million of contributions and received US\$140.4 million of distributions, for a net cash inflow of US\$42.5 million. The graph below illustrates recent cash flow activity by quarter.

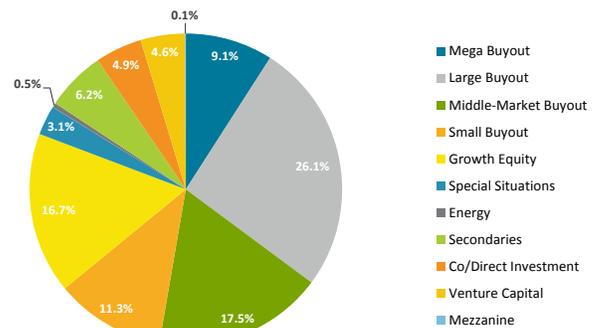


Buyout funds were the most active in terms of cash flow activity during the second quarter of 2016. Buyout funds drew down US\$72.4 million, or 73.3% of total contributions during the quarter, and distributed US\$89.9 million, or 64.0% of total distributions during the quarter.

Q2 2016 Contributed by Sub-Strategy

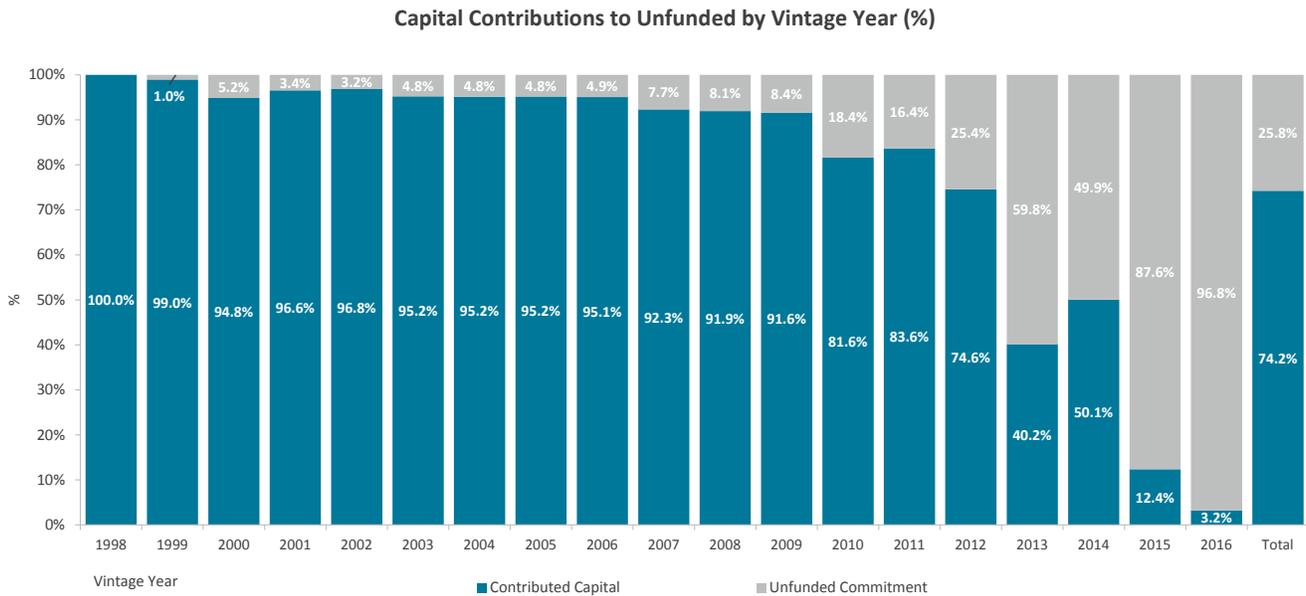


Q2 2016 Distributed by Sub-Strategy

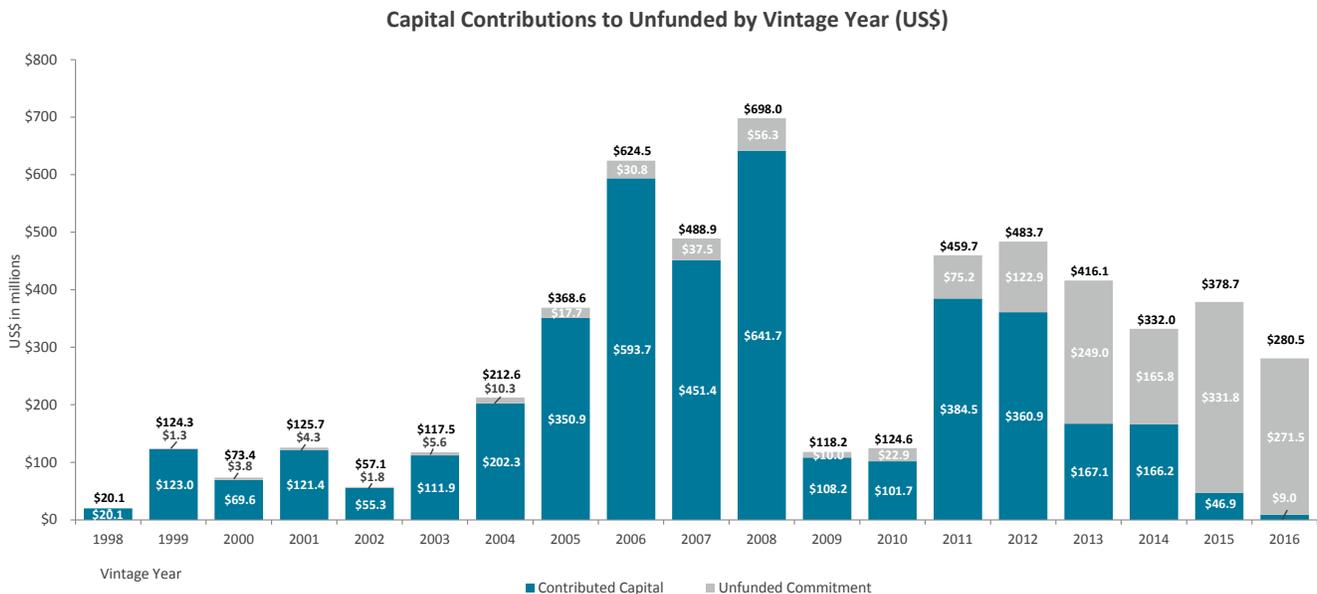


### Invested Capital by Vintage Year

The following chart illustrates cumulative capital contributions as a percentage of total capital commitments, by fund vintage year, as of June 30, 2016.



The following chart illustrates cumulative capital contributions relative to unfunded commitment, by fund vintage year, as of June 30, 2016.



## Portfolio Company-Level Analysis

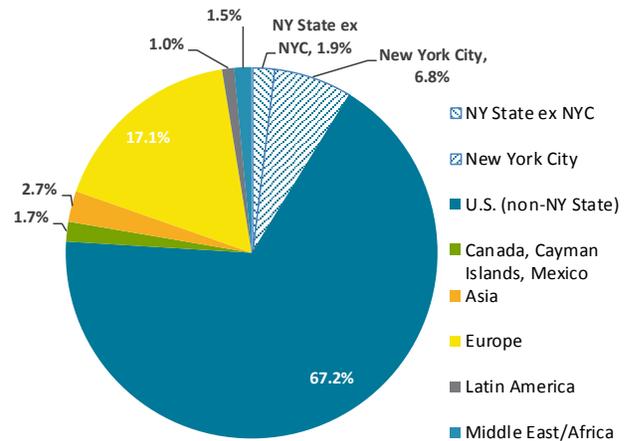
### Geographic Exposure

The following charts illustrate the Portfolio's current exposure by geography at the portfolio company level as of June 30, 2016. Please note that the geography is based upon the corporate headquarters of each portfolio company.

#### Geographic Exposure by Current Cost

As of June 30, 2016 (US\$ in millions)

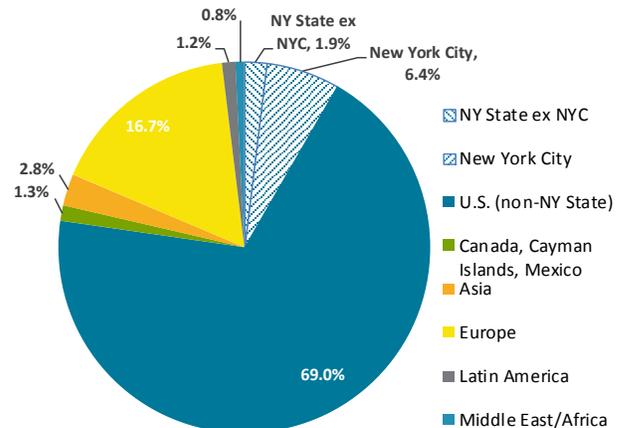
	Sum of Current Cost	% of Total
<b>North America</b>	<b>\$1,485.0</b>	<b>77.7%</b>
<b>New York</b>	<b>167.4</b>	<b>8.8%</b>
<i>NY State ex NYC</i>	36.6	1.9%
<i>New York City</i>	130.8	6.8%
<b>U.S. (non-NY State)</b>	<b>1,284.4</b>	<b>67.2%</b>
Canada, Cayman Islands, Mexico	33.1	1.7%
Asia	51.0	2.7%
Europe	326.7	17.1%
Latin America	19.9	1.0%
Middle East/Africa	28.8	1.5%
<b>Total</b>	<b>\$1,911.3</b>	<b>100.0%</b>



#### Geographic Exposure by Current Market Value

As of June 30, 2016 (US\$ in millions)

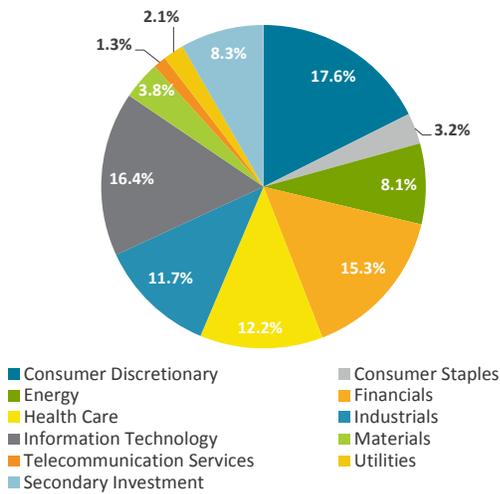
	Sum of Current Market Value	% of Total
<b>North America</b>	<b>\$1,988.0</b>	<b>78.6%</b>
<b>New York</b>	<b>210.0</b>	<b>8.3%</b>
<i>NY State ex NYC</i>	48.4	1.9%
<i>New York City</i>	161.6	6.4%
<b>U.S. (non-NY State)</b>	<b>1,744.3</b>	<b>69.0%</b>
Canada, Cayman Islands, Mexico	33.6	1.3%
Asia	70.2	2.8%
Europe	421.8	16.7%
Latin America	29.1	1.2%
Middle East/Africa	19.5	0.8%
<b>Total</b>	<b>\$2,528.6</b>	<b>100.0%</b>



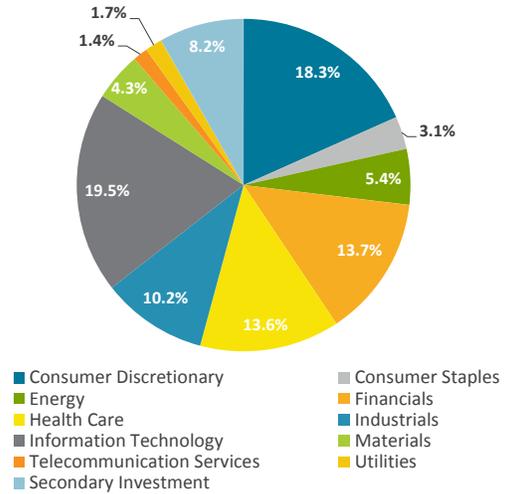
### Industry Exposure

The following charts illustrate the Portfolio's current exposure by industry at the portfolio company level as of June 30, 2016. Please note that the Financials category includes investments in various debt securities.

**Industry Exposure by Current Cost**



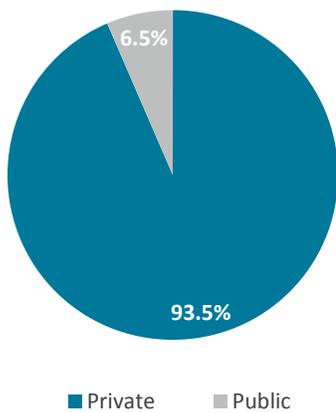
**Industry Exposure by Current Market Value**



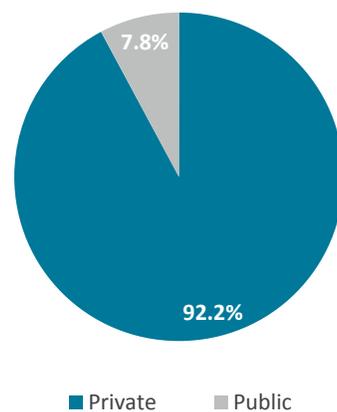
### Public Market Exposure

As of quarter-end, publicly traded investments comprised 6.5% of the Portfolio's exposed cost and 7.8% 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  
Private Equity Portfolio  
As of June 30, 2016 (in USD)

Vintage Year	Investment	First Drawdown	Committed Capital	Contributed Capital	Distributed Capital	Market Value	Multiple	IRR <sup>1</sup>	PME Benchmark <sup>2</sup>	PME Spread <sup>3</sup>
<b>Active Investments</b>										
1999	Cypress Merchant Banking Partners II, L.P.	3/29/1999	\$ 45,172,972	\$ 53,961,600	\$ 50,423,097	\$ 169,951	0.94x	(1.2%)	5.5%	(6.7%)
1999	FdG Capital Partners LLC	6/2/1999	50,000,000	57,513,671	85,895,768	12,730,780	1.71x	14.8%	6.6%	8.2%
1999	Lincolnshire Equity Fund II, L.P.	10/20/1999	11,038,409	11,556,880	21,877,852	622,774	1.95x	24.6%	6.9%	17.7%
2000	Solera Partners, L.P.	5/26/2000	9,999,888	13,238,207	20,817,577	1,836,858	1.71x	8.5%	6.3%	2.2%
2000	SCP Private Equity Partners II, L.P.	6/15/2000	25,000,000	28,057,160	10,166,299	5,236,399	0.55x	(7.2%)	5.6%	(12.8%)
2001	New Mountain Partners, L.P.	3/16/2001	13,606,449	12,837,351	18,323,621	353,479	1.45x	12.4%	6.2%	6.1%
2001	Apollo Investment Fund V, L.P.	4/13/2001	35,000,000	54,534,624	107,300,827	1,131,484	1.99x	38.8%	8.4%	30.4%
2001	CVC European Equity Partners III, L.P.	9/4/2001	25,000,000	28,947,553	74,439,614	667,554	2.59x	41.1%	10.8%	30.2%
2002	Collier International Partners IV, L.P.	7/2/2002	26,100,000	26,761,761	35,281,296	1,196,348	1.36x	11.7%	7.1%	4.6%
2002	Landmark Equity Partners XI, L.P.	10/23/2002	30,000,000	28,518,970	41,817,511	2,236,071	1.54x	23.5%	7.3%	16.1%
2003	FS Equity Partners V, L.P.	1/20/2003	15,000,000	12,835,910	25,051,276	1,390,161	2.06x	15.7%	4.9%	10.8%
2003	Blackstone Capital Partners IV, L.P.	2/26/2003	46,253,267	57,111,074	126,378,390	11,520,847	2.41x	36.4%	8.3%	28.1%
2003	Ares Corporate Opportunities Fund, L.P.	4/1/2003	35,000,000	41,988,154	61,414,834	3,512,337	1.55x	13.6%	7.4%	6.2%
2004	Markstone Capital Partners, LP	1/30/2004	10,000,000	11,724,772	4,955,651	488,982	0.46x	(35.3%)	18.0%	(53.3%)
2004	Euro Choice II (Delaware) L.P.	2/25/2004	20,253,466	20,142,503	27,880,930	1,424,309	1.45x	7.1%	6.0%	1.1%
2004	FdG Capital Partners II LP	8/30/2004	25,000,000	26,874,461	30,356,466	1,706,949	1.19x	3.5%	6.6%	(3.0%)
2004	Paladin Homeland Security Fund (NY City), L.P.	9/27/2004	30,000,000	32,696,065	10,498,856	4,582,618	0.46x	(10.7%)	6.1%	(16.7%)
2004	Lincolnshire Equity Fund III, L.P.	10/1/2004	15,000,000	14,746,396	18,945,592	7,425,350	1.79x	30.0%	10.3%	19.7%
2004	Yucaipa American Alliance Fund I, LP	10/1/2004	20,000,000	29,967,488	25,901,853	7,128,761	1.10x	2.9%	10.4%	(7.4%)
2004	Aurora Equity Partners III, L.P.	11/16/2004	15,000,000	16,236,943	25,918,608	1,694,298	1.70x	14.4%	9.8%	4.6%
2004	Trilantic Capital Partners III L.P.	11/18/2004	20,000,000	18,079,250	29,208,586	430,150	1.64x	14.6%	3.9%	10.7%
2004	Medica III Investments (International) L.P.	12/1/2004	10,000,000	9,816,293	4,237,089	3,856,000	0.82x	(4.4%)	(3.1%)	(1.3%)
2004	Celtic Pharmaceutical Holdings L.P.	12/23/2004	10,000,000	10,160,838	160,838	1,590,407	0.17x	(18.7%)	9.5%	(28.3%)
2005	Palladium Equity Partners III, L.P.	11/12/2004	25,000,000	26,782,228	37,272,544	12,888,293	1.87x	15.7%	10.5%	5.1%
2005	New Mountain Partners II, L.P.	1/12/2005	7,741,935	6,963,466	13,477,943	121,316	1.95x	13.7%	4.4%	9.3%
2005	VSS Communications Partners IV, L.P.	3/14/2005	12,345,176	14,215,032	9,462,010	1,111,917	0.74x	(5.2%)	7.4%	(12.6%)
2005	Carlyle Partners IV, L.P.	4/29/2005	50,000,000	51,531,593	97,922,054	4,263,837	1.98x	13.1%	4.1%	9.0%
2005	Levine Leichtman Capital Partners Deep Value Fund, L.P.	5/18/2005	20,000,000	24,978,381	23,020,581	2,649,613	1.03x	0.7%	5.3%	(4.6%)
2005	Prism Venture Partners V-A, L.P.	7/14/2005	20,000,000	20,508,481	11,142,526	3,260,320	0.70x	(6.9%)	8.0%	(14.9%)
2005	Arlington Capital Partners II, L.P.	7/29/2005	20,000,000	20,224,665	30,996,771	3,750,530	1.72x	11.3%	6.4%	4.9%
2005	Quadrangle Capital Partners II LP	8/29/2005	22,663,116	23,568,586	23,212,906	5,668,475	1.23x	4.2%	7.4%	(3.2%)
2005	Snow Phipps Group, L.P.	9/7/2005	10,000,000	11,537,181	9,035,666	5,948,322	1.30x	6.9%	10.3%	(3.4%)
2005	GI Partners Fund II L.P.	9/26/2005	12,500,000	12,658,045	14,945,807	4,457,765	1.53x	7.1%	5.5%	1.6%
2005	Blackstone Mezzanine Partners II, L.P.	10/10/2005	14,000,000	13,355,500	17,644,741	327,829	1.35x	7.9%	3.7%	4.3%
2005	Psilos Group Partners III, L.P.	10/24/2005	12,500,000	13,287,792	6,410,270	9,645,269	1.21x	3.7%	7.1%	(3.4%)
2005	FirstMark Capital I, L.P. (fka FirstMark IV)	11/21/2005	10,000,000	10,927,097	22,885,943	41,956,034	5.93x	38.6%	9.2%	29.4%
2005	USPF II Institutional Fund, L.P.	11/23/2005	20,000,000	26,379,750	18,291,893	18,160,782	1.38x	6.2%	7.0%	(0.8%)
2005	Bridgepoint Europe III	12/6/2005	15,648,520	14,480,947	9,262,145	6,799,862	1.11x	1.6%	5.4%	(3.9%)
2005	JP Morgan Fleming (Tranche A)	12/21/2005	40,000,000	38,766,802	27,843,162	23,332,156	1.32x	6.0%	10.2%	(4.2%)
2006	Aisling Capital II, LP	1/12/2006	2,500,000	2,943,662	1,972,984	663,561	0.90x	(2.3%)	7.1%	(9.4%)
2006	InterMedia Partners VII, L.P.	1/20/2006	12,500,000	14,485,101	8,937,074	12,047,568	1.45x	5.5%	9.8%	(4.3%)
2006	Falconhead Capital Partners I, L.P.	1/24/2006	15,000,000	16,747,713	13,925,346	5,135,133	1.14x	2.9%	8.4%	(5.5%)
2006	Terra Firma Capital Partners III, L.P.	3/8/2006	15,528,481	15,764,303	1,591,594	6,112,337	0.49x	(11.0%)	8.2%	(19.3%)
2006	Fenway Partners Capital Fund III, L.P.	3/29/2006	15,000,000	16,976,091	13,254,579	5,821,491	1.12x	2.4%	7.0%	(4.6%)
2006	Blackstone Capital Partners V, L.P.	4/13/2006	42,087,697	44,697,096	57,530,237	14,919,189	1.62x	8.2%	8.1%	0.0%
2006	Avista Capital Partners, L.P.	4/27/2006	20,000,000	26,132,094	23,070,532	9,824,960	1.26x	5.1%	5.9%	(0.8%)
2006	GSC Recovery III, L.P.	5/4/2006	5,000,000	5,635,384	5,939,453	572,732	1.16x	3.8%	6.5%	(2.7%)
2006	Apollo Investment Fund VI, L.P.	5/10/2006	45,000,000	57,919,123	72,655,611	13,595,684	1.49x	9.0%	7.3%	1.7%
2006	Landmark Equity Partners XIII, L.P.	5/11/2006	10,000,000	9,566,089	8,945,805	3,379,510	1.29x	5.6%	6.0%	(0.4%)
2006	Ares Corporate Opportunities Fund II, L.P.	5/23/2006	15,000,000	16,428,261	24,843,474	2,925,967	1.69x	13.5%	3.9%	9.6%
2006	Atlantic Equity Partners IV, L.P.	7/12/2006	25,124,928	21,894,132	-	13,193,323	0.60x	(7.6%)	15.3%	(22.8%)
2006	CCMP Capital Investors II, L.P.	8/17/2006	20,000,000	21,989,927	26,628,484	10,206,397	1.68x	13.6%	10.1%	3.5%
2006	Capital Partners Private Equity Income Fund, L.P.	8/23/2006	15,000,000	14,405,892	27,069,283	4,549,167	2.19x	21.1%	10.9%	10.2%
2006	CLP 2014 (fka Perseus Partners VII)	8/31/2006	15,000,000	17,507,724	6,052,983	362,224	0.37x	(23.9%)	13.1%	(36.9%)
2006	NB Co-Investment Partners LP	9/28/2006	60,000,000	60,404,413	80,071,124	7,036,742	1.44x	8.7%	5.6%	3.1%
2006	Euro Choice III L.P.	11/21/2006	26,743,766	26,386,304	20,083,945	10,052,836	1.14x	2.9%	11.8%	(8.9%)
2006	Thomas, McNerney & Partners II, L.P.	11/30/2006	10,000,000	9,939,667	16,878,663	5,549,714	2.26x	17.4%	11.1%	6.3%
2006	Catterton Partners VI, L.P.	12/14/2006	20,000,000	22,172,197	27,154,437	14,572,332	1.88x	13.1%	8.3%	4.8%
2006	First Reserve Fund XI, L.P.	12/14/2006	20,000,000	21,253,053	12,260,947	2,083,148	0.67x	(9.8%)	5.5%	(15.3%)
2006	Permira IV, L.P.	12/14/2006	16,136,330	17,056,520	20,146,104	5,423,606	1.50x	8.3%	9.1%	(0.8%)
2006	Arsenal Capital Partners II, LP	12/19/2006	10,000,000	11,961,192	11,373,154	8,647,103	1.67x	10.9%	11.4%	(0.4%)
2006	RRE Ventures IV, L.P.	12/19/2006	15,000,000	18,661,640	9,019,243	19,115,320	1.51x	7.8%	10.2%	(2.5%)
2006	Collier International Partners V, L.P.	12/21/2006	10,000,000	8,642,760	9,722,496	2,462,461	1.41x	8.5%	10.4%	(1.9%)
2006	MidOcean Partners III, L.P.	12/21/2006	40,000,000	45,564,065	34,348,738	36,656,438	1.56x	9.6%	9.0%	0.5%
2006	GF Capital Private Equity Fund, L.P.	12/22/2006	10,000,000	10,437,343	11,523,375	6,844,896	1.76x	14.0%	11.5%	2.5%
2006	The Fourth Cinven Fund	1/22/2007	13,930,942	14,218,057	18,359,161	1,052,935	1.77x	6.5%	7.2%	(0.7%)
2007	Pegasus Partners IV, L.P.	1/29/2007	15,000,000	17,725,032	8,948,887	8,704,985	1.00x	(0.1%)	10.7%	(10.8%)
2007	Olympus Capital Asia III, L.P.	1/31/2007	20,000,000	23,081,820	8,803,740	16,920,412	1.11x	3.0%	10.9%	(7.9%)
2007	FTVentures III, LP	3/1/2007	7,500,000	7,635,000	9,104,509	7,215,861	2.14x	16.4%	9.8%	6.6%
2007	Highland Consumer Fund I LP	3/16/2007	10,000,000	9,716,060	2,943,522	4,839,833	0.80x	(3.7%)	9.9%	(13.6%)
2007	Montreux Equity Partners IV, L.P.	3/27/2007	10,000,000	3,421,889	9,862,864	1.33x	5.9%	9.7%	(3.9%)	
2007	Gleacher Mezzanine Fund II, L.P.	3/30/2007	10,000,000	9,190,269	11,442,438	414,787	1.29x	9.8%	11.6%	(1.9%)
2007	Quaker BioVentures II, L.P.	3/30/2007	15,000,000	13,244,055	8,578,954	7,870,288	1.24x	5.5%	12.2%	(6.7%)

New York City Police Pension Fund, Subchapter 2  
Private Equity Portfolio  
As of June 30, 2016 (in USD)

Vintage Year	Investment	First Drawdown	Committed Capital	Contributed Capital	Distributed Capital	Market Value	Multiple	IRR <sup>1</sup>	PME Benchmark <sup>2</sup>	PME Spread <sup>3</sup>
2007	SCP Vitalife Partners II Fund	4/13/2007	15,000,000	15,074,774	1,184	9,401,904	0.62x	(8.8%)	9.0%	(17.8%)
2007	Comvest Investment Partners III, L.P.	5/15/2007	15,000,000	19,009,285	11,293,544	9,481,623	1.09x	2.6%	10.6%	(8.0%)
2007	Constellation Venture Capital III, L.P.	5/22/2007	15,000,000	16,296,009	3,405,627	9,623,219	0.80x	(4.4%)	16.1%	(20.5%)
2007	United States Power Fund III, L.P.	6/28/2007	15,000,000	16,547,716	7,798,105	14,096,011	1.32x	5.7%	7.9%	(2.3%)
2007	Carlyle Partners V, L.P.	7/6/2007	50,000,000	50,920,778	60,381,059	23,753,617	1.65x	13.3%	10.5%	2.8%
2007	PGC Clean Energy & Technology Fund (East), LLC	7/6/2007	40,000,000	35,380,037	4,435,816	16,928,232	0.60x	(9.2%)	12.8%	(22.0%)
2007	GSO Capital Opportunities Fund LP	7/16/2007	17,500,000	26,135,484	35,566,273	2,337,577	1.45x	17.9%	10.2%	7.7%
2007	New Mountain Partners III, L.P.	8/9/2007	35,000,000	34,519,461	27,697,222	29,648,853	1.66x	12.0%	12.1%	(0.1%)
2007	Vista Equity Partners Fund III, L.P.	10/3/2007	20,000,000	21,247,684	45,233,824	9,299,818	2.57x	28.3%	9.8%	18.5%
2007	Trilantic Capital Partners IV L.P.	10/22/2007	45,856,523	47,523,753	64,628,215	8,891,077	1.55x	13.9%	10.7%	3.2%
2007	Pine Brook Capital Partners, L.P.	1/11/2008	15,000,000	15,711,027	9,232,146	8,741,936	1.14x	4.5%	10.6%	(6.1%)
2008	Paladin III (NY City), L.P.	1/8/2008	30,000,000	37,486,156	17,846,948	31,087,631	1.31x	7.7%	11.0%	(3.3%)
2008	Relativity Fund, L.P.	1/17/2008	8,158,371	8,080,212	1,726,554	2,598,924	0.54x	(10.9%)	10.2%	(21.1%)
2008	Apollo Investment Fund VII, L.P.	1/28/2008	50,000,000	59,013,843	88,309,355	14,835,733	1.75x	24.3%	13.3%	11.0%
2008	NGN BioMed Opportunity II, L.P.	2/11/2008	10,000,000	9,575,911	1,973,105	4,831,404	0.71x	(7.6%)	15.7%	(23.3%)
2008	Carpenter Community BancFund-A, L.P.	2/12/2008	15,000,000	14,639,741	8,743,840	14,087,695	1.56x	8.1%	14.9%	(6.8%)
2008	Riverstone/Carlyle Global Energy & Power Fund IV, L.P.	3/3/2008	15,000,000	16,553,054	11,269,151	7,495,859	1.13x	4.3%	13.6%	(9.3%)
2008	Yucaipa American Alliance Fund II, LP	3/28/2008	50,000,000	68,226,790	40,539,046	52,280,745	1.36x	8.4%	11.7%	(3.3%)
2008	Milestone Partners III, L.P.	4/7/2008	15,000,000	15,929,368	7,326,536	7,380,340	0.92x	(1.7%)	12.2%	(14.0%)
2008	Levine Leichtman Capital Partners IV, L.P.	4/8/2008	10,000,000	10,040,438	12,673,472	5,050,224	1.77x	20.6%	14.1%	6.5%
2008	Lee Equity Partners Fund, L.P.	4/23/2008	17,534,865	23,538,841	26,810,127	1,887,406	1.22x	6.3%	13.3%	(7.1%)
2008	Coral's 2007 Institutional Momentum Fund, L.P.	5/13/2008	10,000,000	9,492,863	2,951,671	2,302,036	0.55x	(9.5%)	10.3%	(19.8%)
2008	Yucaipa Corporate Initiatives Fund II, LP	6/23/2008	14,030,930	13,645,978	4,223,223	8,322,112	0.92x	(1.8%)	10.6%	(12.5%)
2008	CVC European Equity Partners V, L.P.	7/21/2008	34,255,656	36,046,529	35,055,997	18,031,503	1.47x	12.2%	12.2%	0.0%
2008	GI Partners Fund III L.P.	7/29/2008	17,500,000	18,744,188	19,050,937	7,843,516	1.43x	12.1%	15.2%	(3.1%)
2008	Ares Corporate Opportunities Fund III, L.P.	7/30/2008	25,000,000	29,487,205	30,379,668	22,752,873	1.80x	20.8%	11.6%	9.3%
2008	GCM Grosvenor NYCPFF Emerging Manager Co-Investment Fund, L.P.	8/22/2008	4,457,094	5,190,486	9,111,656	16,981	1.76x	13.8%	11.4%	2.3%
2008	GCM Grosvenor NYCPFF Emerging Manager Fund, L.P.	8/22/2008	59,909,091	65,321,046	39,977,944	45,327,396	1.31x	10.4%	12.9%	(2.6%)
2008	First Reserve Fund XII, L.P.	8/25/2008	20,000,000	21,305,217	9,396,190	6,356,048	0.74x	(8.2%)	16.6%	(24.8%)
2008	Landmark Equity Partners XIV, L.P.	9/19/2008	27,250,000	25,460,992	21,018,620	12,417,902	1.31x	11.8%	14.1%	(2.2%)
2008	Crestview Partners II, L.P.	10/1/2008	22,500,000	24,526,375	19,920,721	15,628,791	1.45x	12.0%	14.5%	(2.5%)
2008	NB New York City Growth Fund IA	10/17/2008	4,835,960	4,835,960	1,670,495	1,549,781	0.67x	(6.7%)	16.9%	(23.6%)
2008	Euro Choice IV L.P.	10/22/2008	19,388,283	16,928,236	5,374,561	14,748,106	1.19x	5.1%	12.7%	(7.6%)
2008	Avista Capital Partners II, L.P.	11/5/2008	35,000,000	42,584,025	47,621,965	29,254,682	1.81x	17.4%	14.3%	3.1%
2008	Blue Wolf Capital Fund II, L.P.	11/14/2008	15,000,000	16,300,742	7,500,716	11,978,671	1.20x	5.7%	15.6%	(9.9%)
2008	Bridgepoint Europe IV	11/14/2008	13,371,388	12,300,482	10,647,413	13,238,185	1.45x	10.4%	14.9%	(4.5%)
2008	Aising Capital III, LP	11/20/2008	7,000,000	7,427,665	6,724,235	4,611,455	1.53x	18.9%	14.7%	4.2%
2008	Onex Partners III LP	12/10/2008	15,000,000	16,205,396	11,783,032	12,542,563	1.50x	12.7%	14.7%	(2.0%)
2009	NorthBound Emerging Manager Custom Fund LP	1/29/2009	20,000,000	16,778,548	12,731,498	14,959,783	1.65x	15.9%	14.1%	1.8%
2009	Welsh, Carson, Anderson & Stowe XI, L.P.	2/10/2009	22,500,000	21,791,228	18,104,365	14,583,768	1.50x	12.8%	14.3%	(1.6%)
2009	Scale Venture Partners III, LP	5/1/2009	10,000,000	9,787,455	11,311,055	9,608,609	2.14x	21.9%	13.2%	8.7%
2009	FS Equity Partners VI, L.P.	7/27/2009	20,000,000	19,253,137	14,990,562	19,894,227	1.81x	17.9%	14.9%	3.0%
2009	Lincolnshire Equity Fund IV, L.P.	8/5/2009	7,500,000	7,686,249	2,628,781	6,742,885	1.22x	7.3%	12.9%	(5.6%)
2009	Lexington Capital Partners VII, L.P.	12/3/2009	20,000,000	17,067,528	15,372,965	9,933,374	1.48x	15.3%	14.0%	1.2%
2010	Snow Phipps II, L.P.	1/8/2010	17,500,000	17,407,693	8,353,557	17,676,462	1.50x	17.5%	12.3%	5.2%
2010	Trident V, L.P.	4/29/2010	40,000,000	42,241,777	11,894,871	41,426,096	1.26x	8.0%	11.0%	(2.9%)
2010	Comvest Investment Partners IV, L.P.	10/21/2010	45,000,000	42,053,065	52,521,519	22,460,968	1.78x	35.3%	13.8%	21.5%
2011	Blackstone Capital Partners VI, L.P.	1/24/2011	35,000,000	32,539,686	5,717,800	33,677,728	1.21x	9.8%	10.9%	(1.1%)
2011	Ampersand 2011	3/11/2011	12,500,000	12,062,500	4,347,071	18,701,825	1.91x	19.2%	12.2%	7.0%
2011	BDCM Opportunity Fund III, L.P.	4/8/2011	20,000,000	25,513,911	9,212,561	20,964,595	1.18x	8.4%	11.0%	(2.6%)
2011	AXA Secondary Fund V B L.P.	6/16/2011	80,000,000	63,261,939	43,344,642	52,011,934	1.51x	17.0%	14.1%	2.9%
2011	Wellspring Capital Partners V, L.P.	7/1/2011	22,500,000	20,180,690	2,737,419	24,681,950	1.36x	14.6%	10.7%	3.9%
2011	EQT VI, L.P.	8/1/2011	48,554,752	41,464,301	1,188,396	50,701,120	1.25x	8.6%	10.4%	(1.8%)
2011	Pegasus Partners V, L.P.	8/16/2011	14,552,940	11,517,414	2,590,619	15,948,635	1.61x	16.7%	13.4%	3.3%
2011	BC European Capital IX	9/19/2011	65,967,452	55,738,001	19,316,778	48,284,889	1.21x	8.3%	12.6%	(4.3%)
2011	American Securities Partners VI, L.P.	11/18/2011	50,000,000	53,033,511	16,367,629	58,097,119	1.40x	18.8%	10.7%	8.1%
2011	Vista Equity Partners Fund IV, L.P.	11/30/2011	70,000,000	69,223,587	34,050,537	88,828,987	1.78x	22.8%	12.1%	10.7%
2011	Warburg Pincus Private Equity XI, L.P.	5/24/2012	80,000,000	74,715,264	13,460,880	79,503,204	1.24x	12.4%	10.0%	2.4%
2012	Summit Partners Growth Equity Fund VIII-A, L.P.	6/14/2012	75,000,000	69,593,018	21,243,297	70,885,953	1.32x	18.1%	8.6%	9.5%
2012	NYCPFF - 2012 Emerging Manager Program <sup>4</sup>	6/21/2012	50,000,000	27,885,504	1,951,687	29,298,991	1.12x	8.7%	6.1%	2.6%
2012	Trilantic Capital Partners V L.P.	9/20/2012	50,000,000	28,198,885	1,827,149	26,324,730	1.00x	(0.1%)	8.3%	(8.5%)
2012	Palladium Equity Partners IV, L.P.	10/10/2012	35,000,000	15,884,411	1,721,604	15,490,002	1.08x	4.0%	11.5%	(7.5%)
2012	Ares Corporate Opportunities Fund IV, L.P.	11/5/2012	50,000,000	39,188,381	3,483,118	42,381,951	1.17x	9.2%	7.1%	2.1%
2012	Green Equity Investors VI, L.P.	11/30/2012	55,000,000	44,350,654	7,181,488	46,524,921	1.21x	11.7%	8.5%	3.3%
2012	Platinum Equity Capital Partners III, L.P.	1/14/2013	50,000,000	30,088,506	18,072,064	31,772,028	1.66x	46.6%	11.2%	35.4%
2012	Neuberger Berman Strategic Co-Investment II LP	3/20/2013	60,000,000	54,460,517	18,947,517	54,140,726	1.34x	19.8%	8.3%	11.5%
2013	Carlyle Partners VI, L.P.	7/3/2013	60,000,000	30,289,878	998,674	32,900,741	1.12x	8.0%	5.8%	2.2%
2014	Carlyle Partners VI, L.P. (Side Car)	9/23/2014	3,654,000	3,579,498	-	3,340,271	0.93x	NM	NM	N/A
2013	Landmark Equity Partners XV, L.P.	10/30/2013	67,000,000	23,204,143	9,184,094	17,833,097	1.16x	11.1%	7.7%	3.4%
2013	Landmark - NYC Fund I, L.P.	12/24/2013	23,000,000	10,156,639	2,730,263	10,031,009	1.26x	16.1%	3.9%	12.2%
2013	Apollo Investment Fund VIII, L.P.	12/11/2013	100,000,000	43,303,941	971,079	46,162,483	1.09x	9.2%	4.7%	4.5%
2013	CVC Capital Partners VI, L.P.	2/18/2014	86,667,790	32,432,322	592,149	31,728,796	1.00x	(0.4%)	5.8%	(6.2%)
2013	Crestview Partners III, L.P.	3/3/2015	45,000,000	10,303,737	170,137	8,902,783	0.88x	NM	NM	N/A
2013	Crestview Partners III (Co-Investment B), L.P.	12/17/2015	15,000,000	5,028,324	210,699	4,985,541	1.03x	NM	NM	N/A

**New York City Police Pension Fund, Subchapter 2  
Private Equity Portfolio  
As of June 30, 2016 (in USD)**

Vintage Year	Investment	First Drawdown	Committed Capital	Contributed Capital	Distributed Capital	Market Value	Multiple	IRR <sup>1</sup>	PME Benchmark <sup>2</sup>	PME Spread <sup>3</sup>
2014	Olympus Growth Fund VI, L.P.	1/21/2014	35,000,000	17,770,433	2,699,285	18,343,979	1.18x	28.0%	9.1%	19.0%
2014	ASF VI B L.P.	5/9/2014	60,000,000	29,050,835	1,560,723	33,368,271	1.20x	15.2%	4.9%	10.3%
2014	ASF VI B NYC Co-Invest L.P.	5/9/2014	20,000,000	12,615,736	2,826,065	13,162,092	1.27x	18.3%	2.7%	15.7%
2014	Vista Equity Partners Fund V, L.P.	9/8/2014	85,000,000	74,586,065	14,732,713	66,736,431	1.09x	NM	NM	N/A
2014	Lexington Capital Partners VIII, L.P.	1/8/2015	80,000,000	17,703,544	3,487,652	18,820,696	1.26x	NM	NM	N/A
2014	Centerbridge Capital Partners III, L.P.	5/21/2015	11,100,000	2,955,686	117,014	3,113,835	1.09x	NM	NM	N/A
2015	Siris Partners III, L.P.	5/4/2015	15,000,000	2,319,274	11,565	2,031,045	0.88x	NM	NM	N/A
2015	Welsh, Carson, Anderson & Stowe XII, L.P.	8/26/2015	37,000,000	9,714,094	-	10,145,439	1.04x	NM	NM	N/A
2015	Warburg Pincus Private Equity XII, L.P.	12/21/2015	97,000,000	6,733,262	-	5,781,575	0.86x	NM	NM	N/A
2015	ASF VII B L.P.	12/29/2015	44,500,000	3,115,463	11,738	3,648,194	1.17x	NM	NM	N/A
2015	ASF VII B NYC Co-Invest L.P.	12/29/2015	22,000,000	2,200	-	2,200	1.00x	NM	NM	N/A
2015	EQT VII, L.P.	1/8/2016	75,242,154	14,175,518	-	12,544,206	0.88x	NM	NM	N/A
2015	American Securities Partners VII, L.P.	1/19/2016	37,000,000	-	-	(228,640)	-	N/A	N/A	N/A
2015	Bridgepoint Europe V L.P.	2/8/2016	28,893,112	6,011,763	-	6,175,488	1.03x	NM	NM	N/A
2015	Bridgepoint Europe V Co-Invest	8/16/2016	7,773,920	-	-	-	-	N/A	N/A	N/A
2015	NYCPFF - 2015 Emerging Manager Program <sup>4</sup>	2/22/2016	60,000,000	1,709,071	-	1,646,725	0.96x	NM	NM	N/A
2016	Vista Equity Partners Fund VI, L.P.	6/28/2016	75,000,000	8,998,399	-	9,085,777	1.01x	NM	NM	N/A
2016	Ares Corporate Opportunities Fund V, L.P.	N/A	44,000,000	-	-	-	-	N/A	N/A	N/A
2016	Apax IX USD, L.P.	N/A	60,000,000	-	-	-	-	N/A	N/A	N/A
2016	BC European Capital X	N/A	41,090,720	-	-	-	-	N/A	N/A	N/A
2016	BCECX Co-Investment	N/A	16,436,288	-	-	-	-	N/A	N/A	N/A
2016	Green Equity Investors VII, L.P.	N/A	44,000,000	-	-	-	-	N/A	N/A	N/A
<b>Total Portfolio<sup>5</sup></b>			<b>\$ 5,039,331,842</b>	<b>\$ 4,085,847,887</b>	<b>\$ 3,303,248,802</b>	<b>\$ 2,326,342,913</b>	<b>1.38x</b>	<b>10.0%</b>	<b>9.2%</b>	<b>0.8%</b>

<sup>1</sup> Performance for funds with less than eight (8) quarters of activity is not meaningful.

<sup>2</sup> Russell 3000 PME+

<sup>3</sup> PME Spread is calculated as IRR minus PME Benchmark.

<sup>4</sup> NYCPFF - 2012 Emerging Manager Program total commitment amount includes the full amount allocated to the Program, of which \$47.0 million has been committed as of November 7, 2016.

<sup>5</sup> NYCPFF - 2015 Emerging Manager Program total commitment amount includes the full amount allocated to the Program, of which \$16.0 million has been committed as of November 7, 2016.

<sup>6</sup> Total Portfolio includes liquidated investments.

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 LP ("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, 2016 (in USD)

Vintage Year	Investment	First Drawdown	Committed Capital	Contributed Capital	Distributed Capital	Market Value	Multiple	IRR <sup>1</sup>	PME Benchmark <sup>2</sup>	PME Spread <sup>3</sup>
<b>Commitments Closed Subsequent to as of Date</b>										
2016	FTV V, L.P.	N/A	\$ 7,500,000	-	-	-	N/A	N/A	N/A	N/A
<b>Total Commitments Closed Subsequent to as of Date</b>			<b>\$ 7,500,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>

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 LP ("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.

## **Real Assets Quarterly Report**



# The New York City Police Pension Fund

## Executive Summary: Second Quarter 2016 Performance Measurement Report Real Estate

### Portfolio Profile

The New York City Police Pension Fund has allocated 8.0% (+/- 2%) of the total plan to Real Assets. Real Estate investments are categorized under Real Assets. The Real Estate Portfolio's objective is to generate a total net return that exceeds the NFI-ODCE+100 bps total net return measured over full market cycles.

### Portfolio Statistics (June 30, 2016)

Total Plan Assets	\$33.6 billion
Target Real Estate Allocation (%)	8%
Target Real Estate Allocation (\$)	\$2.7 billion
Total Real Estate Market Value	\$1.5 billion
Real Estate Unfunded Commitments	\$594.2 million
Total Real Estate Exposure	\$2.1 billion
Number of Investments	63
Number of Managers	42

### Net Returns (as of June 30, 2016)

2Q16 Time-Weighted Net Return:	2.3%
1 Year Time Weighted Net Return:	12.1%
3 Year Time Weighted Net Return:	14.6%
Inception-to-Date (ITD) Time-Weighted:	7.1%
ITD Net IRR:	8.3%
ITD Net Equity Multiple:	1.3x

### Investment Guidelines

Style Sector: Target •4% Core/Core Plus  
•4% Non-Core

Benchmark NFI-ODCE Index +100 bps net over full market cycles  
Region Diversification Maximum 25% Int'l  
Investment Diversification Limit 15% to a single investment  
Manager Diversification Limit 15% to a single manager  
Leverage 65%

### Second Quarter Investment Activity

During the Quarter, the Board made a \$61.0 million commitment to a core-plus open-end fund, a \$92.7 million commitment to an opportunistic global distressed commercial real estate credit fund, and a \$61.0 million commitment to a U.S. focused non-core commercial real estate credit fund.

### OVERVIEW

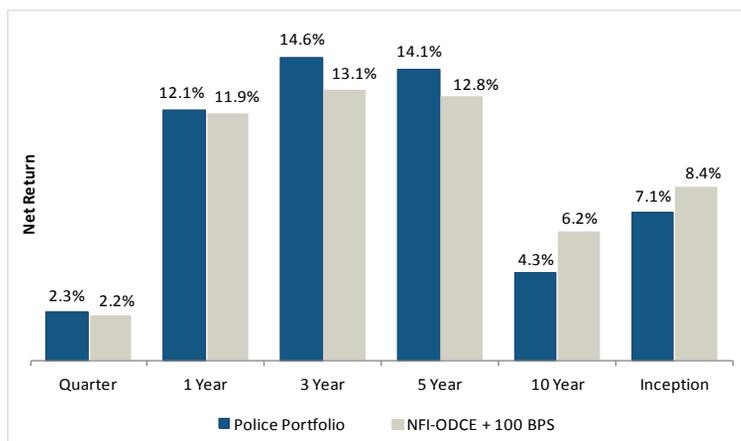
Global investment activity for 2Q16 was generally modest, coming in at \$154 billion, bringing the first half down 10% y/y compared to 2015. U.S. cities continue to be attractive targets for global capital with New York and Los Angeles (1<sup>st</sup> and 3<sup>rd</sup> respectively), accounting for 12% of global transactions. Foreign investment represented approximately 12% of total U.S. activity, with China overtaking Canada as the primary foreign capital source year-to-date. On average, industrial and multifamily transaction cap rates were essentially flat for the first half of 2016 while hotel and office saw 15 and 11 basis point expansions respectively.

### Direct Commercial Real Estate Investment - Regional Volumes, 2015-2016

\$ US Billions	% Change		% Change		% Change	
	Q1 16	Q2 16	Q1 16 - Q2 16	Q2 15	Q2 15 - Q2 16	H1 2015 - H1 2016
Americas	61	69	13%	80	-14%	153
EMEA	51	57	12%	58	-2%	115
Asia Pacific	25	28	12%	31	-10%	56
Total	137	154	12%	169	-9%	324

Source: Jones Lang LaSalle, July 2016

The New York City Police Pension Fund ("Police") Real Estate Portfolio is, and has been, well positioned to take advantage of conditions in the real estate market place. Post economic downturn, in the period reflected in the rolling five-year returns, Police performance exceeds the benchmark by 128 basis points. At the end of the Second Quarter 2016, the Portfolio achieved a total gross return of 2.9% which was comprised of 1.1% in income and 1.8% in appreciation. The net return for the Quarter was 2.3%. The Portfolio meets or exceeds the benchmark over the Quarter, one-year, three-year and five-year time periods. A detailed analysis of the Portfolio's real estate performance is found later in this Executive Summary.



### FUNDING AND COMPOSITION

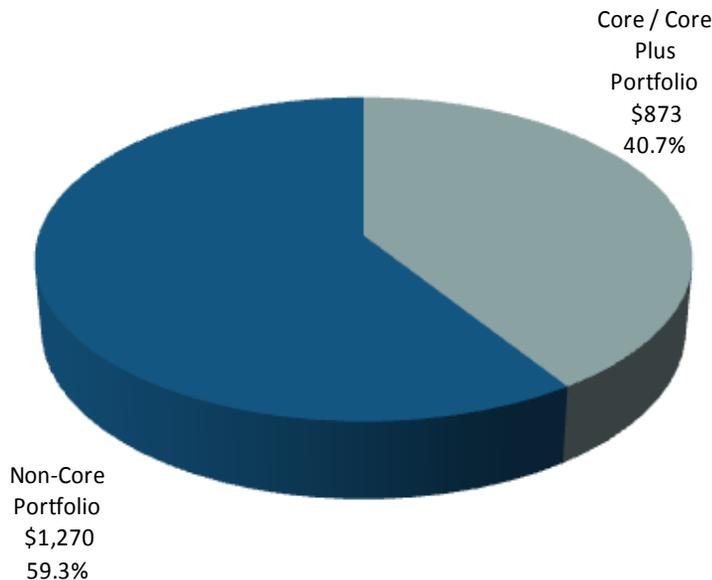
At the end of the Second Quarter, the Portfolio was funded at \$1.5 billion, or 4.6% of total plan assets. A total of \$594.2 million in unfunded commitments are still outstanding. Unfunded commitments are up from \$537.1 million as of First Quarter 2016. New commitment activity has accelerated over the past several months and the trend will continue throughout 2016.

New contributions for the Quarter totaled \$32.7 million, offset by approximately \$47.8 million in distributions and withdrawals. Distributions were weighted to the non-core sector.

Shown in the pie chart to the right is the current risk sector exposure calculated by Market Value + Unfunded Commitments. The Core/ Core Plus component accounts for 40.7% of the Portfolio exposure during the Quarter. The Non-Core component accounts for 59.3% of the Portfolio exposure.

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

### Real Estate Exposure



New York City Police Pension Fund		
Total Plan Assets	6/30/2016	33,592
Real Estate Allocation (%)		8.0
Real Estate Allocation (\$)		2,687
Core/Core Plus Allocation (%)		4.0
Core/Core Plus Allocation (\$)		1,344
Non-Core Allocation (%)		4.0
Non-Core Allocation (\$)		1,344
Style Sector Allocation		
Funded (Market Value) Core / Core Plus Portfolio		\$683
Funded (Market Value) Non-Core Portfolio		\$866
Unfunded Core / Core Plus Portfolio		\$190
Unfunded Non-Core Portfolio		\$404
Funded (Market Value) and Committed Statistics		
Core / Core Plus Portfolio		40.7%
Non-Core Portfolio		59.3%
Core/Core Plus Committed		873
Non-Core Committed		1,270
\$ Committed		2,143
% Committed on Real Estate Allocation		79.7%
% Committed on Total Plan Assets		6.4%
Funded (Market Value) Statistics		
% Core/Core Plus Funded (Market Value) of Total Plan Assets		2.0%
% Non-Core Funded (Market Value) of Total Plan Assets		2.6%
% Funded (Market Value) of Total Plan Assets		4.6%
% Funded (Market Value) of Total Real Estate Allocation		57.6%

### PERFORMANCE

During the Quarter under review, the Police Real Estate Portfolio produced a 2.9% total gross return. The total net return for the Quarter was 2.3%. On a rolling one-year basis, a total gross return of 14.8% was recorded. On a net basis, the total return was 12.1%. On a gross basis, the Police Portfolio exceeds the NFI-ODCE in all relevant time periods. The benchmark return contemplates a 100 bps premium over the ODCE net return over full market cycles. This benchmark is exceeded over all relevant time periods with the exception of the 10-year and since inception time periods. The various components of the Portfolio returns are depicted in the chart below.

#### Core/Core Plus

As of June 30, 2016 the market value of the Core/ Core Plus Portfolio was \$683.0 million, or 44.1% on an invested basis. On a funded and committed basis, the Core/ Core Plus Portfolio totaled \$873.2 million, or 40.7% of the total Portfolio. The Core/ Core plus Portfolio generated a 2.2% total gross return for the Quarter comprised of 1.2% in income and 1.0% in appreciation. The total net return for the Quarter was 2.0%.

The most significant contribution to the Quarterly return in this sector was PRISA II, adding 0.1% to the total net return. The largest detractor from the Core/Core Plus Portfolio was UBS Trumbull Property Fund, which detracted (0.07%) from the total net return.

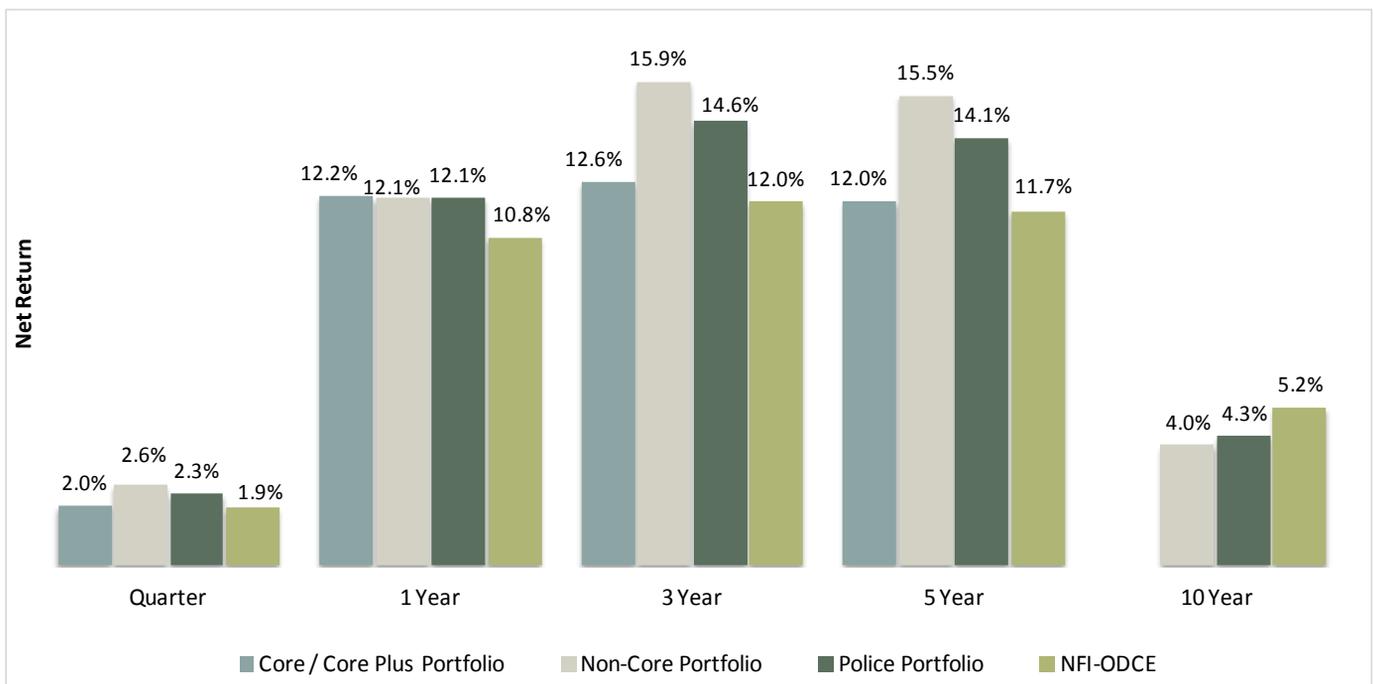
The Core/Core Plus Portfolio achieved a 12.6% net return over the three-year period ending June 30, 2016. Of the 21 Core/Core Plus Funds, PRISA II was the largest contributor, adding 0.3% to the overall performance of the Portfolio. UBS Trumbull Property Fund was the largest detractor, taking away (0.5%) from the overall performance of the Core/Core Plus Portfolio.

#### Non-Core

As of June 30, 2016 the market value of the Non-Core Portfolio was \$866.0 million, or 55.9% on an invested basis. On a funded and committed basis, the Non-Core Portfolio totaled \$1.3 billion, or 59.3% of the total Portfolio. The Non-Core Portfolio generated a 3.5% total gross return for the Quarter comprised of 1.0% in income and 2.5% in appreciation. The total net return for the Quarter was 2.6%.

Of the 42 Funds contributing to the Quarterly return of the Non-Core Portfolio, Divco West Fund IV was the largest contributor, adding 0.6%. Blackstone Real Estate Partners Europe IV was the largest detractor for the Quarter, taking away (0.4%) from the overall performance of the Non-Core Portfolio.

The Non-Core Portfolio generated a three-year net return of 15.9%. Of the 42 non-core Funds contributing to the three-year performance of the Portfolio, Divco West Fund IV was the largest contributor, adding 0.9%. The largest detractor among these Funds was The City Investment Fund I, which took away (0.8%) from overall Non-Core performance.



### PERFORMANCE

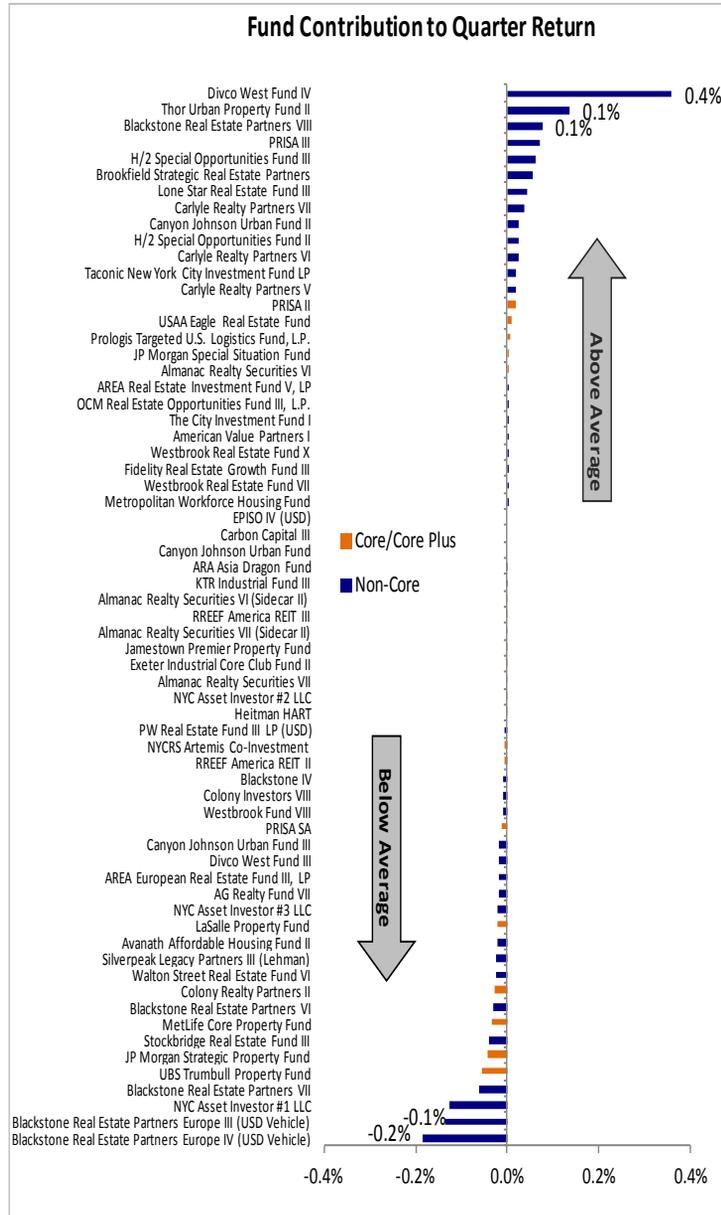
#### Portfolio Performance

At the end of the Second Quarter 2016, the Portfolio had a cumulative market value of \$1.5 billion. Total market value plus unfunded commitments was \$2.1 billion, or 79.7% of the real asset allocation. During the Quarter, the Portfolio achieved a total gross return of 2.9% which was comprised of 1.1% in income and 1.8% in appreciation. The Portfolio achieved a total net return of 2.3%. Since inception, the Portfolio has a net IRR of 8.3% and an equity multiple of 1.3x. Note, attached as Exhibit B are performance metrics relating to each investment within the Portfolio.

The Quarterly return was driven by DivcoWest Fund IV, which contributed 0.4% to the overall performance. The primary laggards in the Portfolio were Blackstone Real Estate Partners Europe IV and Blackstone Real Estate Partners Europe III detracting (0.2%) and (0.1%), respectively. Brief reviews of Funds making positive contributions to performance during the Quarter are found below. Note, that attached as Exhibit C are charts relating to fund contributions to returns during different relevant periods.

**Divco West Fund IV.** During the Quarter, the Fund recorded a total gross return of 11.6% comprised of 1.4% in income and 10.2% in appreciation. The net return after fees was 9.3%. As of June 30, 2016, the Fund had 17 unrealized investments with an acquisition cost of \$1.9 billion. During the Quarter, the Fund executed the sale of a business park located in California for a price of \$66.5 million or \$279 psf. Two other sale transactions totaling \$960.5 million were executed subsequent to Quarter-end. The Fund acquired a portfolio of two office buildings in San Ramon, California for \$47.6 million, or \$153 psf.

**Lone Star Real Estate Fund III.** The Fund produced a total gross return of 4.2%, comprised of 2.1% in income and 2.0% in appreciation. The net return after fees was 3.3%. There are currently 20 investments encompassing 1,314 assets. No dispositions were executed during the Quarter. Resolution of one of the Fund's European loan portfolios was completed with 84% of underwritten collections received. Refinancing of €279 million was finalized with five lenders for the Fund's Spanish residential development investment. The Fund also increased its 27.8% stake in a Eastern European commercial real estate company to 60.6% as of Quarter-end. Total net equity returned as of the end of the Quarter was 34.3%.

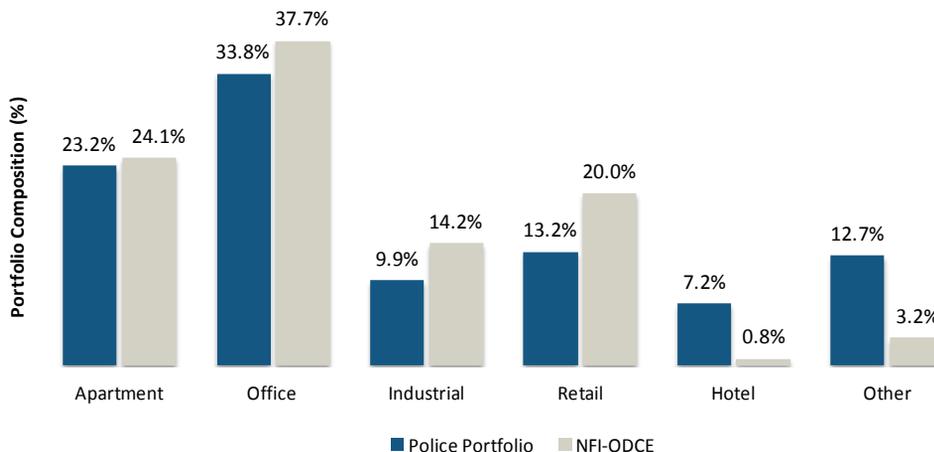


**Brookfield Strategic Real Estate Partners.** The Fund produced a total gross return of 4.5% comprised of 0.7% in income and 3.9% in appreciation. The net return after fees was 3.6%. As of Second Quarter 2016, the Fund has a total gross asset value of \$11.2 billion and is well diversified by sector and region. During the Quarter, the Fund sold four of its U.S. industrial properties for a total of \$260 million, generating a 20% IRR. These properties were located in Atlanta, the Texas/Mexico border, Baltimore, and Tampa. Twenty suburban multifamily properties were also sold at a 27% gross IRR with \$190 million distributed back to investors.

### PROPERTY TYPE DIVERSIFICATION

The diversification of the current Portfolio by property type is shown below and compared to the diversification of the NCREIF-ODCE at the end of the Quarter. Relative to the ODCE, the Portfolio is underweight to office, industrial and retail. The Portfolio is overweight to hotel and other property types which includes debt-related investments and can include other investments within diversified funds in for sale residential, self storage, land, data centers, senior living, healthcare, medical office and student housing.

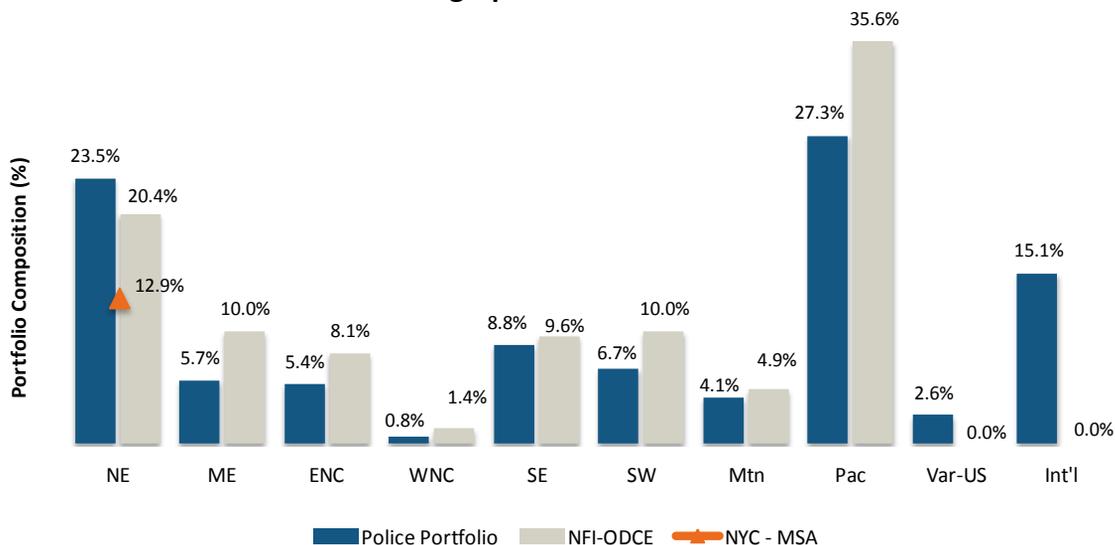
#### Property Type Diversification



### GEOGRAPHIC DIVERSIFICATION

The diversification of the current funded Portfolio by geographic region is shown below and compared to the diversification of the NFI-ODCE at the end of the Quarter. The ODCE is a US-only index. The domestic portion of the Portfolio is well diversified relative to the ODCE with an underweight to the Pacific region. The 15.1% international exposure is appropriate for the risk and return profile of Police and consistent with our long-term target. Exposure to the NYC MSA is also included, which stands at 12.9% as of June 30, 2016.

#### Geographic Diversification



# The New York City Police Pension Fund

## Executive Summary: Second Quarter 2016 Performance Measurement Report Real Estate

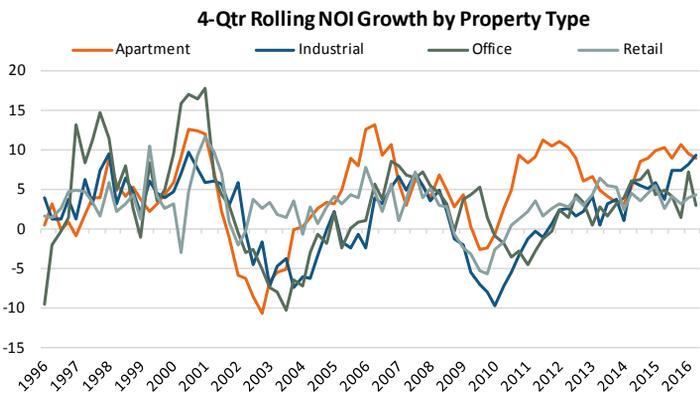
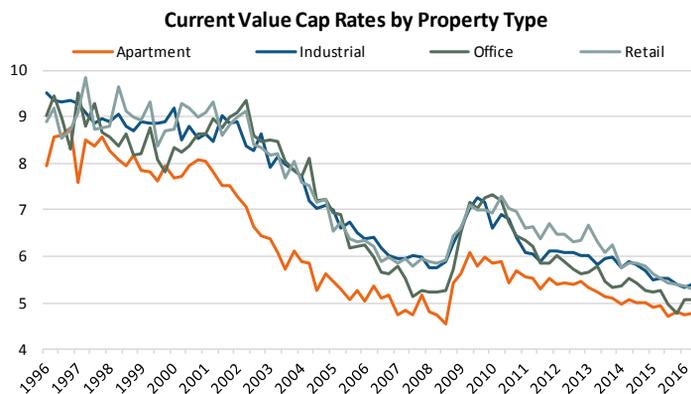
### MARKET UPDATE

#### General

- Economic activity increased during the second quarter of 2016 at an annual rate of 1.1%, 2% over 2Q15 levels. Growth during the quarter was chiefly supported by positive contributions by the consumer, with fractional help from trade. Favorable employment trends with moderate wage growth (+2.5% y/y) and strong sentiment (+4.4% annual rate) helped buoy consumer spending. Business investment continues to weigh on trade, reducing growth by 9.7% during the quarter. Leading indicators for the business sector; Purchasing Managers Index (49.4 with 50 and above signaling expansion), Durable Goods Orders (-6% y/y), and Industrial Production Index, point to more of the same to come from subsequent quarters.
- Macro indicators for U.S. real estate came in tepid during 2Q16 with residential housing starts and total construction investment flat to marginally down y/y. Building permits, which signal future construction activity, also fell 9% compared to same period 2015.

#### Commercial Real Estate

- 2Q16 saw \$63.5 billion in commercial real estate transaction volume or 41% of global activity. While solid, this represented a 16% drop compared to record 2015 levels. The U.S. decline was on trend with the broad moderation of global transaction activity during the quarter.
- CMBS issuances slowed to \$11.4 billion in 2Q16, less than half of the \$27.5 billion a year ago. Credit conditions remain relatively unchanged from 1Q, with the Fed's survey of senior loan officers showing stronger demand but tighter standards for commercial real estate loans.
- U.S. cities continue to be attractive targets for global investment capital. New York and Los Angeles (1<sup>st</sup> and 3<sup>rd</sup> respectively), accounted for 12% of global transactions. Foreign investment represented approximately 12% of total U.S. activity, with China overtaking Canada as the primary foreign capital source year-to-date.
- On average, industrial and multifamily transaction cap rates were essentially flat (0 and 2 bps compression respectively) for the first half of 2016 while hotel and office saw 15 and 11 basis point expansions respectively.



# The New York City Police Pension Fund

Executive Summary: Second Quarter 2016 Performance Measurement Report  
Real Estate

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## EXHIBIT A: COMPLIANCE MATRIX

Category	Requirement	Portfolio Status
Benchmark	NFI-ODCE (net) +100 bps over full market cycles	<i>Portfolio returns outperform the benchmark over the Quarter, one, three and five-year time periods.</i>
Portfolio Composition	Core/Core Plus (4% of RE Allocation)	<i>The portfolio is funded (market value) and committed at 79.7% of real estate allocation with a portfolio composition of 40.7% core/core plus and 59.3% non-core. Based on market value, the core/core plus portfolio is funded at 44.1% and the non-core portfolio is funded at 55.9%.</i>
	Non Core (4% of RE Allocation)	
Real Estate Allocation	Target of 8.0%	<i>Funded (market value) and committed dollars place the portfolio at 6.4% of total plan assets.</i>
	Currently Funded at 4.6%	
Property Type Diversification	Up to 40% Multifamily Up to 35% Industrial Up to 45% Office Up to 35% Retail Up to 25% Hotel Up to 20% Other	<i>All property type locations are in compliance.</i>
Geographic Diversification	Diversified geographically Max 25% Ex-US	<i>All geographic type locations are in compliance</i>
LTV	65%	<i>Portfolio is in compliance (44.0 %).</i>
Manager Exposure	15% of real estate allocation	<i>Manager exposure is in compliance based on market value.</i>

# The New York City Police Pension Fund

Executive Summary: Second Quarter 2016 Performance Measurement Report

Real Estate

## EXHIBIT B: SECOND QUARTER 20156 FOIL



### New York City Police Pension Fund

Vintage Year	Fund Name	First Draw Down	Capital Committed	Contributions	Distributions	Market Value	Equity Multiple	Net IRR
2012	Almanac Realty Securities VI	6/6/2012	50,000,000	32,058,611	-21,415,284	20,855,243	1.3	16.9
2012	Almanac Realty Securities VI (Sidecar II)	7/31/2012	15,000,000	5,248,792	-2,647,438	5,057,669	1.5	29.3
2015	Almanac Realty Securities VII	4/24/2015	50,000,000	12,052,050	-299,808	12,705,675	1.1	9.4
2016	Almanac Realty Securities VII (Sidecar II)	12/9/2015	20,000,000	2,991,102	0	3,221,115	1.1	15.7
2007	Colony Realty Partners II	12/20/2006	20,000,000	21,420,211	-666,108	5,236,800	0.3	-14.3
2016	Exeter Industrial Core Club Fund II	5/20/2016	19,000,000	3,895,000	0	3,879,885	1.0	-5.2
2007	Heitman HART	3/29/2007	28,000,000	38,925,511	-10,925,511	51,777,101	1.6	8.2
2016	Jamestown Premier Property Fund	2/4/2016	26,000,000	7,231,340	-257,411	7,160,188	1.0	6.7
2007	JP Morgan Special Situation Property Fund	1/2/2007	15,000,000	17,143,511	-4,373,537	18,851,699	1.4	3.9
2007	JP Morgan Strategic Property Fund	12/4/2006	56,000,000	61,009,445	0	106,844,451	1.8	8.5
2010	LaSalle Property Fund	7/1/2010	50,000,000	50,000,000	-10,312,729	67,624,775	1.6	12.4
2014	MetLife Core Property Fund	7/1/2014	40,000,000	40,000,000	-2,805,201	45,200,324	1.2	14.8
2013	NYC Asset Investor #2 LLC	7/9/2013	60,000,000	49,636,858	-7,503,558	52,318,055	1.2	12.9
2016	NVCRS Artemis Co-Investment	2/24/2016	35,000,000	3,868,400	0	5,287,235	n/a	n/a
2007	PRISA II	6/30/2007	60,278,867	63,729,327	-12,490,665	80,883,016	1.5	5.3
2006	PRISA SA	9/29/2006	21,000,000	22,590,656	-5,460,655	27,405,354	1.5	4.3
2006	Prologis Targeted U.S. Logistics Fund	10/1/2006	10,000,000	12,959,527	-3,078,885	12,524,515	1.2	2.5
2006	RREEF America REIT II	10/1/2006	21,000,000	27,724,347	-11,968,822	27,311,841	1.4	4.8
2007	RREEF America REIT III - 1410	10/1/2007	15,000,000	15,000,000	-7,935,972	684,578	0.6	-7.5
2006	UBS Trumbull Property Fund	9/28/2006	61,000,000	81,746,162	-16,611,034	101,524,151	1.4	7.2
2016	USAA Eagle Real Estate Fund	12/1/2015	40,000,000	25,078,299	0	26,603,239	1.1	12.8
<b>Core / Core Plus Portfolio</b>			<b>712,278,867</b>	<b>594,309,147</b>	<b>-118,752,618</b>	<b>682,956,907</b>	<b>1.3</b>	<b>6.0</b>
2008	AG Realty Fund VII	5/20/2008	25,000,000	23,500,000	-32,304,572	3,845,730	1.5	13.5
2008	American Value Partners Fund I	10/18/2007	15,000,000	11,355,858	-8,230,656	3,753,914	1.1	1.1
2008	ARA Asia Dragon Fund	7/9/2008	10,000,000	9,284,000	-11,886,344	10,990	1.3	7.1
2008	AREA European Real Estate Fund III, LP	5/6/2008	30,000,000	30,487,500	-30,737,500	5,464,734	1.2	4.5
2006	AREA Real Estate Investment Fund V, LP	6/15/2006	5,000,000	5,000,004	-2,246,590	2,620,959	1.0	-0.4
2015	Avanath Affordable Housing Fund II	7/14/2015	5,000,000	4,630,482	0	5,911,909	1.3	32.8
2004	Blackstone Fund IV	5/10/2004	15,000,000	19,220,353	-22,703,661	4,283,316	1.4	10.7
2010	Blackstone Real Estate Partners Europe III (USD Vehicle)	10/24/2008	35,000,000	35,823,520	-25,594,090	24,102,622	1.4	11.6
2014	Blackstone Real Estate Partners Europe IV (USD Vehicle)	12/23/2013	97,500,000	80,202,811	-11,899,508	75,155,486	1.1	6.5
2007	Blackstone Real Estate Partners VI	9/27/2007	40,000,000	44,446,190	-59,889,352	23,164,656	1.9	12.9
2012	Blackstone Real Estate Partners VII	3/31/2012	100,000,000	117,426,088	-72,449,946	103,057,117	1.5	21.4
2015	Blackstone Real Estate Partners VIII	8/18/2015	101,000,000	38,200,193	-353,752	41,835,329	1.1	22.0
2012	Brookfield Strategic Real Estate Partners	9/20/2012	60,000,000	62,227,575	-20,372,812	66,110,679	1.4	17.8
2003	Canyon Johnson Urban Fund	12/6/2002	10,000,000	9,060,242	-10,582,954	0	1.2	10.2
2005	Canyon Johnson Urban Fund II	5/11/2005	20,000,000	17,977,405	-6,597,297	1,403,755	0.4	-10.6
2010	Canyon Johnson Urban Fund III	3/29/2010	15,000,000	14,793,490	-19,793,332	385,012	1.4	12.3
2009	Carbon Capital III	7/2/2009	15,000,000	16,408,936	-19,925,471	0	1.2	8.5
2007	Carlyle Realty Partners V	8/27/2007	20,000,000	25,022,595	-27,669,012	7,219,824	1.4	8.8
2011	Carlyle Realty Partners VI	9/14/2011	40,000,000	37,230,741	-39,225,438	23,330,439	1.7	28.9
2014	Carlyle Realty Partners VII	6/30/2014	60,000,000	25,061,595	-139,706	27,819,658	1.1	15.0
2007	Colony Investors VIII	9/18/2007	20,000,000	21,249,679	-5,553,393	3,945,350	0.4	-12.5
2012	Divco West Fund III	12/30/2011	70,000,000	68,667,971	-97,570,008	19,045,178	1.7	25.4
2014	Divco West Fund IV	1/15/2014	70,000,000	67,974,450	-22,589,878	79,039,501	1.5	30.7
2016	European Property Investors Special Opportunities Fund IV (EPISO IV)	12/18/2015	32,413,099	4,746,821	-467,337	4,190,363	1.0	-7.2
2008	Fidelity Real Estate Growth Fund III	5/19/2008	15,000,000	13,388,046	-15,544,925	2,454,044	1.3	7.8
2011	H/2 Special Opportunities Fund II	1/31/2011	25,000,000	25,000,000	-15,147,016	19,760,621	1.4	15.0
2015	H/2 Special Opportunities Fund III	12/29/2014	40,000,000	23,003,785	0	24,622,737	1.1	11.0
2013	KTR Industrial Fund III	6/28/2013	30,000,000	13,109,606	-20,690,514	56,632	1.6	40.5
2014	Lone Star Real Estate Fund III	5/20/2014	75,000,000	69,547,920	-23,913,815	60,350,388	1.2	17.9
2007	Metropolitan Workforce Housing Fund	7/13/2007	7,000,000	7,006,513	-3,166,116	5,379,108	1.2	4.2
2013	NYC Asset Investor #1 LLC	6/25/2013	30,000,000	32,077,215	-3,511,993	36,277,046	1.2	15.7
2013	NYC Asset Investor #3 LLC	9/20/2013	40,000,000	13,692,948	-156,538	13,826,952	1.0	1.6
2003	OCM Real Estate Opportunities Fund III	3/5/2003	15,000,000	15,000,000	-25,112,239	384,433	1.7	11.4
2008	PRISA III	9/30/2008	30,000,000	34,753,980	0	74,743,607	2.2	13.2
2016	PW Real Estate Fund III LP	n/a	30,811,730	0	0	-271,168	n/a	n/a
2008	Silverpeak Legacy Partners III	5/28/2008	30,000,000	13,301,089	-1,249,725	4,025,345	0.4	-12.3
2008	Stockbridge Real Estate Fund III	9/9/2008	27,000,000	26,998,145	0	35,805,385	1.3	5.2
2012	Taconic New York City Investment Fund LP	7/5/2012	40,000,000	16,545,454	-9,727,273	18,864,359	1.7	18.1
2004	The City Investment Fund I	3/16/2004	70,000,000	69,030,360	-69,717,861	244,986	1.0	0.3
2009	Thor Urban Property Fund II	10/30/2009	20,000,000	25,878,333	-22,339,745	16,171,371	1.5	12.7
2009	Walton Street Real Estate Fund VI	4/27/2009	30,000,000	26,594,360	-24,081,422	16,259,633	1.5	10.1
2008	Westbrook Real Estate Fund VII	12/3/2007	10,000,000	11,095,007	-9,618,184	3,538,562	1.2	3.3
2010	Westbrook Real Estate Fund VIII	12/28/2009	35,000,000	41,501,198	-47,461,062	6,893,546	1.3	12.5
2016	Westbrook Real Estate Fund X	n/a	24,000,000	0	0	1,616	n/a	n/a
<b>Non-Core Portfolio</b>			<b>1,534,724,829</b>	<b>1,267,522,458</b>	<b>-840,221,037</b>	<b>865,631,724</b>	<b>1.3</b>	<b>10.1</b>
<b>Small Emerging Manager</b>			<b>62,000,000</b>	<b>26,861,253</b>	<b>-11,396,772</b>	<b>20,332,166</b>	<b>1.2</b>	<b>4.6</b>
<b>New York City Police Pension Fund</b>			<b>2,247,003,696</b>	<b>1,861,831,605</b>	<b>-958,973,655</b>	<b>1,548,588,631</b>	<b>1.3</b>	<b>8.3</b>

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, 2016.

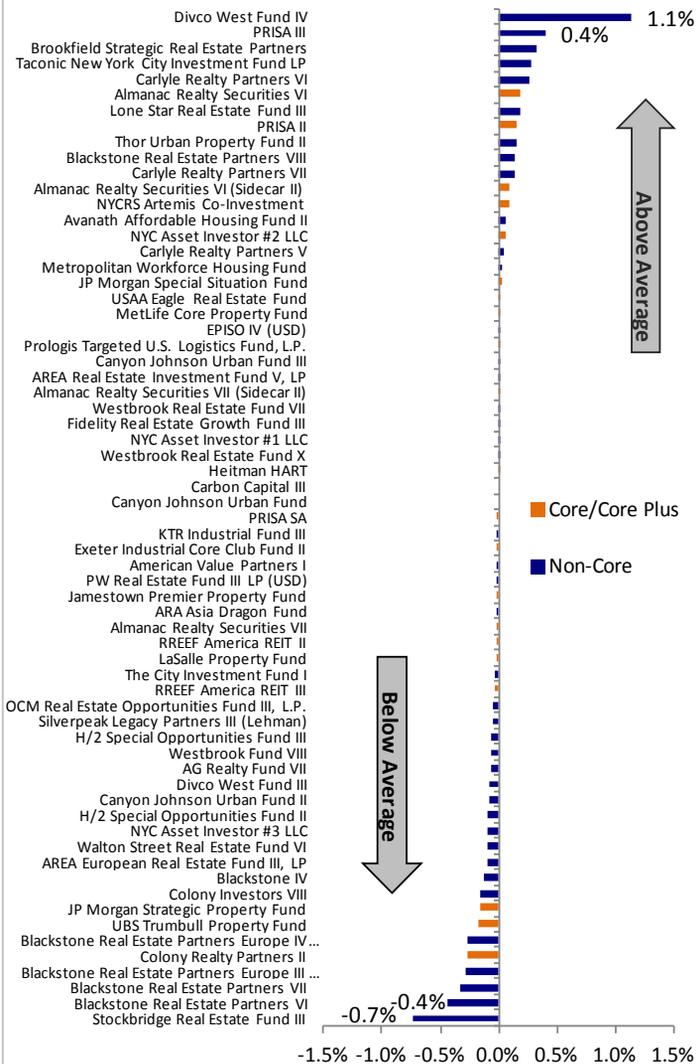
# The New York City Police Pension Fund

## Executive Summary: Second Quarter 2016 Performance Measurement Report Real Estate

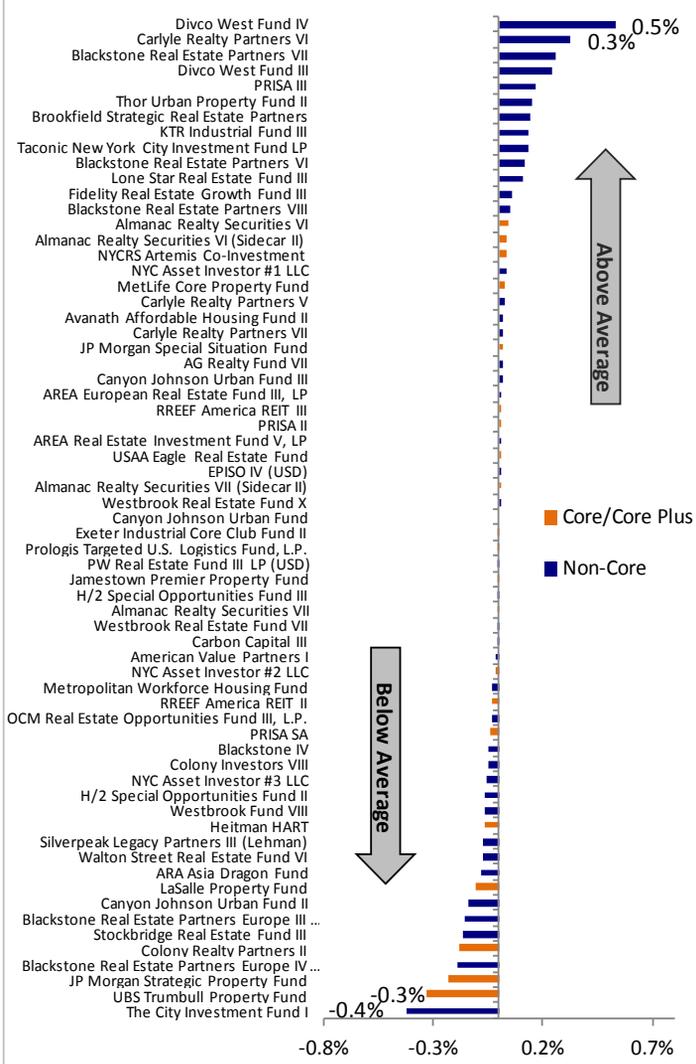
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### EXHIBIT C : ATTRIBUTION

#### Fund Contribution to 1 Year Return



#### Fund Contribution to 3 Year Return





## Infrastructure Monitoring Report

For the period ended June 30, 2016

Report Prepared For:

New York City Police Pension Fund, Subchapter 2



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## I. Executive Summary

New York City Police Pension Fund, Subchapter 2 (“NYC PPF”) established the Infrastructure Program (the “Program”) in December of 2012 on behalf of its beneficiaries to participate in attractive long-term investment opportunities and to provide diversification to its overall pension investment portfolio.

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

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

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

Since inception through June 30, 2016, the Program has committed US\$292.0 million to five partnership investments (the “Portfolio”). This quarterly monitoring report covers the performance of the Portfolio as of June 30, 2016 as well as significant activity that occurred during the second quarter of 2016.

### Allocation Summary

NYC PPF has a Real Assets allocation target of 6% (plus or minus 2%) of total pension assets. Infrastructure is a component asset class within the NYC PPF Real Assets investment program.

As of June 30, 2016, the market value of NYC PPF Real Assets Program represented approximately 5.0% of total pension assets. The market value of NYC PPF Infrastructure Program represented approximately 0.4% of total pension assets, a two basis point increase from the prior quarter.

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

<i>US\$ in millions</i> <sup>*</sup>	June 30, 2016	March 31, 2016	June 30, 2015	Quarterly Change	Yearly Change
Total Pension Assets <sup>*</sup>	\$33,434.0	\$32,981.0	\$33,209.0	\$453.0	\$225.0
Total Real Assets <sup>*</sup>	\$1,660.0	\$1,609.0	\$1,401.0	\$51.0	\$259.0
% Allocation to Real Assets (Target of 6% +/- 2%)	5.0%	4.9%	4.2%	+ 9 bps	+ 75 bps
Total Infrastructure Assets	\$118.4	\$109.4	\$91.1	\$9.0	\$27.3
% Allocation to Infrastructure vs. Total Pension Assets	0.4%	0.3%	0.3%	+ 2 bps	+ 8 bps
% Allocation to Infrastructure vs. Total Real Assets	7.1%	6.8%	6.5%	+ 34 bps	+ 63 bps

<sup>\*</sup> NYC PPF total Pension Assets and total Real Assets are as of quarter-end (or, if not yet available, the most recent month-end prior to quarter-end) as reported by The New York City Comptroller's Office on [www.comptroller.nyc.gov](http://www.comptroller.nyc.gov)

## Performance Summary

As of June 30, 2016, the Infrastructure Program has achieved a Total Value to Paid-In multiple of 1.1x invested capital and an IRR of 10.9%. Note that, given the relative immaturity of the Portfolio and underlying fund investments, the current performance to-date is not meaningful.

US\$ in millions <sup>*</sup>	June 30, 2016	March 31, 2016	June 30, 2015	Quarterly Change	Yearly Change
Number of Managers	4	4	3	0	1
Number of Investments	5	4	3	1	2
Committed Capital <sup>1</sup>	\$292.0	\$231.0	\$160.0	\$61.0	\$132.0
Contributed Capital	\$109.8	\$102.8	\$89.8	\$7.0	\$20.0
Distributed Capital	\$5.3	\$4.9	\$2.6	\$0.4	\$2.7
Market Value	\$118.4	\$109.4	\$91.1	\$9.0	\$27.3
Total Value	\$123.7	\$114.3	\$93.7	\$9.4	\$30.1
Total Gain/(Loss)	\$13.9	\$11.5	\$3.9	\$2.4	\$10.0
Unfunded Commitment	\$184.2	\$129.5	\$70.2	\$54.7	\$113.9
Exposure <sup>2</sup>	\$302.6	\$238.8	\$161.3	\$63.7	\$141.3
DPI <sup>3</sup>	0.0x	0.0x	0.0x	0.0x	0.0x
TVPI <sup>4</sup>	1.13x	1.11x	1.04x	0.02x	0.09x
IRR <sup>5</sup>	10.9%	11.4%	12.4%	-0.5%	-1.5%
TVPI Net of StepStone Fees <sup>6</sup>	1.13x	1.11x	1.04x	0.02x	0.09x
IRR Net of StepStone Fees <sup>6</sup>	10.8%	11.3%	12.2%	-0.5%	-1.4%

<sup>\*</sup> Note that amounts may not total due to rounding. **Past performance is not necessarily indicative of future results.**

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

<sup>2</sup> Exposure represents the sum of Market Value and Unfunded Commitment.

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

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

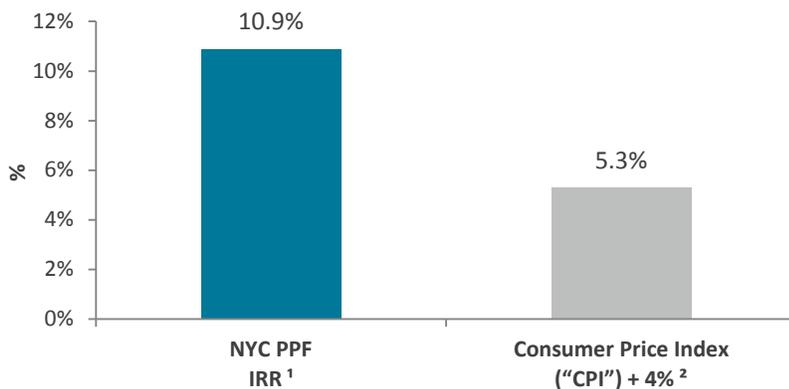
<sup>5</sup> IRR, or Internal Rate of Return, is a performance metric that is calculated based on the Portfolio's daily cash flows and market value as of quarter-end. IRR is net of fund managers' fees, expenses and carried interest.

<sup>6</sup> TVPI and IRR Net of StepStone fees represent TVPI and IRR net of fees paid by NYC PPF to StepStone through the quarter-end date.

## Portfolio Performance vs. Benchmarks

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

As of June 30, 2016, the Program outperformed the benchmark by 5.6%. However, as noted previously, given the relative immaturity of the Portfolio, the current performance to-date versus benchmarks is not meaningful. The following graph illustrates Portfolio IRR performance versus the benchmark as of June 30, 2016.



<sup>1</sup>NYC PPF since inception Internal Rate of Return (“IRR”) is calculated based on the Portfolio’s daily cash flows and market value as of quarter-end. IRR is net of fund managers’ fees, expenses and carried interest. **Past performance is not necessarily indicative of future results.**

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

## Portfolio Diversification

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

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

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

As of June 30, 2016 (US\$ in millions)	Market Value		Unfunded Commitment		Exposure	
	\$	% of Total	\$	% of Total	\$	% of Total
<b>By Strategy:</b>						
Core	118.4	100.0%	184.2	100.0%	302.6	100.0%
Non-Core	-	0.0%	-	0.0%	-	0.0%
<b>Total</b>	<b>118.4</b>	<b>100.0%</b>	<b>184.2</b>	<b>100.0%</b>	<b>302.6</b>	<b>100.0%</b>
<b>By Geographic Focus:</b>						
Global	46.6	39.3%	80.2	43.6%	126.8	41.9%
OECD	71.8	60.7%	103.9	56.4%	175.8	58.1%
<b>Total</b>	<b>118.4</b>	<b>100.0%</b>	<b>184.2</b>	<b>100.0%</b>	<b>302.6</b>	<b>100.0%</b>
<b>By Industry Focus:</b>						
Diversified	111.8	94.4%	151.2	82.1%	263.0	86.9%
Energy	6.6	5.6%	33.0	17.9%	39.6	13.1%
<b>Total</b>	<b>118.4</b>	<b>100.0%</b>	<b>184.2</b>	<b>100.0%</b>	<b>302.6</b>	<b>100.0%</b>

## II. Infrastructure Market Overview

### Market Overview

#### North America

Q2 2016 saw the financial close of the landmark NYC LaGuardia Airport Terminal Public Private Partnership (“P3”) project. The US\$ 4 billion deal is the country’s largest P3 to date and has prompted grantors across the country to look at similar deals. Increasingly, public agencies such as Los Angeles Metropolitan Authority and Washington DC Office of Private Public Partnerships are relying on unsolicited proposals to generate potential P3 transactions. Notable P3 legislation has been passed and signed into law in Kentucky, Tennessee and New Hampshire. Kentucky’s new mandate in particular not only enables counties and regional authorities to enter into P3 agreements, but also allows P3s to be used across all sectors. Offshore wind has gradually been gaining traction with some states passing or considering legislation that would allow offshore wind projects to become economically viable. For example, Massachusetts voted to move forward with a bill that would require up to 2GW of offshore wind procurement by 2027.

#### Europe

While Britain’s vote to leave the European Union in June (“Brexit”) has created shorter term market uncertainty, stemming from currency volatility and concerns about rising funding costs, economic linkages between the UK and EU are significant and very longstanding. It is expected that interconnectivity between the economies of the UK and Europe will endure. Given the nature of the infrastructure asset class, it is expected that the impact of Brexit will be relatively less than for other sectors in the economy. Typically revenues are not exposed to market volatility as they are structured as long term contracts or subject to regulation. While some infrastructure assets might have GDP exposure (such as airports), it is expected that long-term demographic trends and the essential need of much travel will underpin revenues in these assets. Financial investors have been active in European renewables, including UK offshore wind, drawn to long-term stable cash flows. A large pipeline of offshore wind projects will require funding over the next 15 months. Projects in Germany, the Netherlands, Belgium and France all offer investors opportunities in both debt and equity financing.

#### Australia

In Australia, the 50-year lease of Port of Melbourne was won in September by a consortium consisting of QIC, Future Fund, GIP and OMERS, at a reported price of A\$9.7bn and an estimated 25x EBITDA multiple. This deal further continues the trend of the sector being highly contested by a range of infrastructure investors, with transaction outcomes over the past 5 years for Port of Brisbane, Port Botany and Port Kembla, Port of Newcastle, and Port of Darwin ranging from estimated EBITDA multiples of 24x to 27x. And, in the electricity sector, the AusGrid transaction introduced new uncertainty for foreign investors into critical infrastructure assets. Chinese bidders State Grid and Cheung Kong Infrastructure were blocked from the sale process due to cited national security considerations. This has delayed the sale process for Endeavour, the third transaction in a series of privatizations for New South Wales’ electricity providers.

## Infrastructure Fundraising

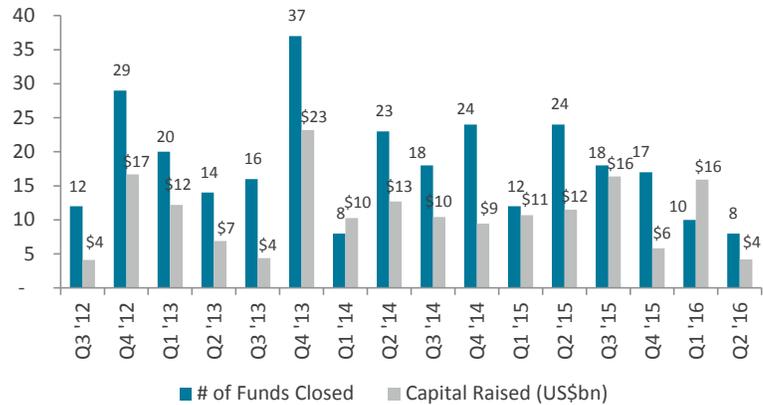
The level of institutional capital secured by unlisted infrastructure funds that reached a final close in Q2 2016 was significantly lower compared with Q1 2016.

During the first quarter, eight funds held final closings. Aggregate capital raised was US\$4.2 billion. The amount represented a year over year decrease of 63% compared to Q2 2015, when 24 funds held a final close raising US\$11.5 billion.

The largest fund to reach a final closing during Q2 was Carlyle Power Partners II, which raised \$1.5 billion of commitments. The fund will pursue investments in the US power generation sector in both traditional and renewable energy opportunities. Additionally, Meridiam Infrastructure Europe III raised €1.3 billion. The fund will invest in greenfield-stage public-private partnership transactions in Europe.

**Unlisted Infrastructure Fundraising**

Source: Preqin

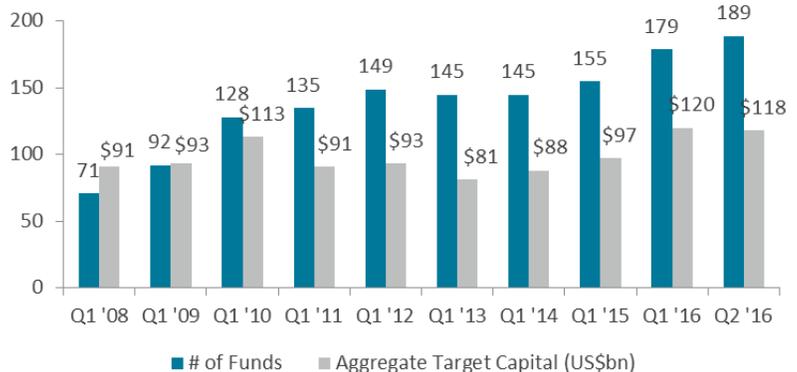


Fund	General Partner	Size (mn)	Location Focus
Carlyle Power Partners II	Carlyle Group	\$ 1,500	North America
Meridiam Infrastructure Europe III	Meridiam	€ 1,300	Europe
SMA 5	Macquarie Infrastructure Debt Investment So	€ 500	UK
Meridiam Transition Fund	Meridiam	€ 350	France
Star America Infrastructure Partners	Star America Infrastructure Partners	\$ 300	North America

At the end of the second quarter, Preqin observed 189 funds in market targeting aggregate capital commitments of US\$118 billion. The largest funds in market include: Brookfield Infrastructure Fund III, targeting US\$14 billion, and Global Infrastructure Partners III, targeting US\$12.5 billion.

**Unlisted Infrastructure Fundraising**

Source: Preqin



## Major Transactions

During the second quarter, 225 infrastructure deals were completed with an estimated aggregate deal value of US\$97 billion, representing a 40% decrease compared to the prior quarter. Several significant infrastructure transactions completed in the second quarter are presented below.

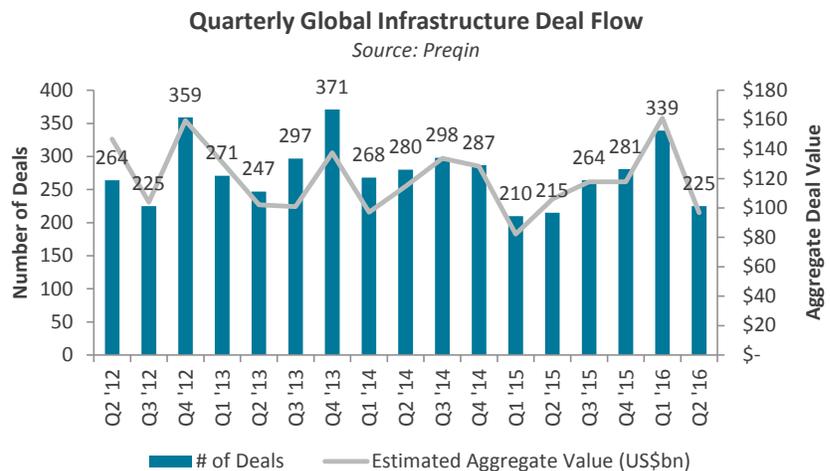
In April 2016, PT Pertamina and Rosneft Oil Company closed a \$13.0 billion joint venture deal to construct an oil refinery in Indonesia.

In June 2016, HOCHTIEF Concessions and J. Murphy and Sons closed on a £2.4 billion deal to construct a 23-mile mining tunnel in North Yorkshire, UK.

In June 2016, Sacyr Vallehermoso was awarded a public-private partnership contract for the construction and concession of the 186km Rome-Latina freeway in Italy valued at €2.8 billion.

In June 2016, TransCanada Corporation was awarded the contract to construct, own, and operate the Sur de Texas-Tuxpan natural gas pipeline in Mexico. The deal is valued at \$2.1 billion.

In April 2016, Cheung Kong Infrastructure Holdings agreed to purchase select midstream assets in Lloydminster, Canada from Husky Energy in the amount of \$1.7 billion representing a 65% equity stake.



### III. Portfolio Review

#### Quarterly Highlights

- **New Investment Commitments** – During the second quarter of 2016, the Program closed on one new investment commitment totaling US\$61.0 million. This is shown in the table below.

*US\$ in millions*

Investment	Month and Year Closed	Vintage Year	Strategy	Geographic Focus	Industry Focus	Committed Capital
Brookfield Infrastructure Fund III, L.P.	April 2016	2016	Infrastructure	Global	Diversified	\$61.0
<b>Total</b>						<b>\$61.0</b>

- **Subsequent Investment Commitments** – Subsequent to quarter-end through October 21, 2016, the Program has not closed on any additional investment commitments.
- **Cash Outflow Increased** – During the second quarter of 2016, the Program made US\$7.0 million of contributions and received US\$0.4 million of distributions, for a net cash outflow of US\$6.7 million. This compared to a net cash outflow of US\$4.6 million during the prior quarter. Net cash flow is expected to remain negative for the next several years as the Program’s committed capital is drawn down for investments, fees and expenses by fund managers.
- **Valuation Increased** – During the second quarter of 2016, net of cash flow activity, the valuation of the Portfolio increased by approximately US\$2.4 million, or 2.0%, from the prior quarter. The valuation increase reflects the increase in value of underlying investments in Brookfield Infrastructure Fund II, IFM Global Infrastructure Fund, and Brookfield Infrastructure Fund III.
- **New Underlying Fund Investments** – During the second quarter of 2016, six new investment positions were added to the Portfolio. The top five new investments in terms of the Portfolio’s exposed invested capital are below.

*US\$ in millions*

Company	Fund(s)	Investment Date	Stage	Industry	Country	Exposed Invested Capital	Exposed Market Value	TVM
Columbia Renewable Power	Brookfield Infrastructure Fund III, L.P.	Jan-16	Private	Renewables	Colombia	3.9	4.5	1.1x
U.S. Renewable Power	Brookfield Infrastructure Fund III, L.P.	Apr-16	Private	Renewables	United States	2.4	2.5	1.0x
Arrowhead Gulf Coast Holdings	First Reserve Energy Infrastructure Fund II, L.P.	May-16	Private	Energy	United States	1.9	1.9	1.0x
Peruvian Toll Roads	Brookfield Infrastructure Fund III, L.P.	Jun-16	Private	Transportation	Peru	1.8	1.8	1.0x
Toehold and Other Investments	Brookfield Infrastructure Fund III, L.P.	Jun-16	Private	Other	United States	1.4	1.6	1.1x

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

### Performance by Vintage Year

The following table illustrates the Portfolio's since-inception investment performance by vintage year as of June 30, 2016. Note that the performance of funds that are less than one year old is not meaningful.

*As of June 30, 2016 (US\$ in millions)*

Vintage Year	Committed Capital	Contributed Capital	Distributed Capital	Market Value	Total Value	Total Gain/ (Loss)	Unfunded Commitment	Exposure	DPI	TVPI	IRR
2013	\$60.0	\$36.3	\$4.1	\$41.0	\$45.2	\$8.9	\$24.1	\$65.1	0.1x	1.2x	16.2%
2014	100.0	68.2	1.1	71.9	73.0	4.8	33.0	104.8	0.0x	1.1x	6.6%
2016	132.0	5.4	-	5.5	5.5	0.1	127.1	132.7	NM	NM	NM
<b>Total</b>	<b>\$292.0</b>	<b>\$109.8</b>	<b>\$5.3</b>	<b>\$118.4</b>	<b>\$123.7</b>	<b>\$13.9</b>	<b>\$184.2</b>	<b>\$302.6</b>	<b>0.0x</b>	<b>1.1x</b>	<b>10.9%</b>

### Performance by Strategy and Industry Focus

The following table illustrates the Portfolio's since-inception investment performance by strategy and industry focus as of June 30, 2016.

*As of June 30, 2016 (US\$ in millions)*

Strategy/Industry	Committed Capital	Contributed Capital	Distributed Capital	Market Value	Total Value	Total Gain/ (Loss)	Unfunded Commitment	Exposure	DPI	TVPI	IRR
Core	\$292.0	\$109.8	\$5.3	\$118.4	\$123.7	\$13.9	\$184.2	\$302.6	0.0x	1.1x	10.9%
Diversified	252.0	102.6	5.1	111.8	116.9	14.3	151.2	263.0	0.0x	1.1x	11.6%
Energy	40.0	7.3	0.2	6.6	6.9	(0.4)	33.0	39.6	0.0x	0.9x	(8.4%)
<b>Total</b>	<b>\$292.0</b>	<b>\$109.8</b>	<b>\$5.3</b>	<b>\$118.4</b>	<b>\$123.7</b>	<b>\$13.9</b>	<b>\$184.2</b>	<b>\$302.6</b>	<b>0.0x</b>	<b>1.1x</b>	<b>10.9%</b>

### Performance by Geographic Focus

The following table and charts illustrate the Portfolio's since-inception investment performance by geographic focus as of June 30, 2016.

*As of June 30, 2016 (US\$ in millions)*

Geographic Focus	Committed Capital	Contributed Capital	Distributed Capital	Market Value	Total Value	Total Gain/ (Loss)	Unfunded Commitment	Exposure	DPI	TVPI	IRR
Global	\$121.0	\$41.1	\$4.1	\$46.6	\$50.7	\$9.6	\$80.2	\$126.8	0.1x	1.2x	17.3%
OECD	171.0	68.7	1.1	71.8	73.0	4.2	103.9	175.8	0.0x	1.1x	5.8%
<b>Total</b>	<b>\$292.0</b>	<b>\$109.8</b>	<b>\$5.3</b>	<b>\$118.4</b>	<b>\$123.7</b>	<b>\$13.9</b>	<b>\$184.2</b>	<b>\$302.6</b>	<b>0.0x</b>	<b>1.1x</b>	<b>10.9%</b>

## Portfolio Diversification

### By Strategy, Geography and Industry Focus

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

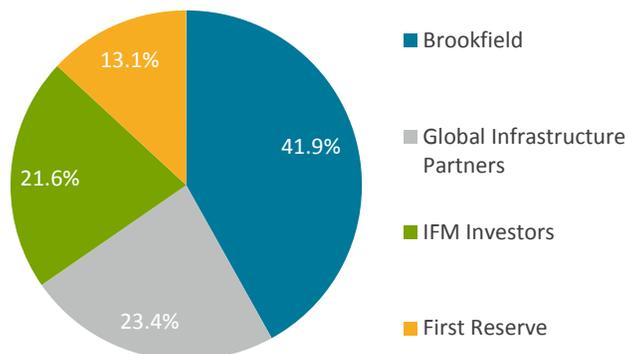
- Core Infrastructure Investments: 60% to 100%; and
- Non-Core Infrastructure Investments: 0% to 40%.

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

As of June 30, 2016 (US\$ in millions)	Market Value		Unfunded Commitment		Exposure	
	\$	% of Total	\$	% of Total	\$	% of Total
<b>By Strategy:</b>						
Core	118.4	100.0%	184.2	100.0%	302.6	100.0%
Non-Core	-	0.0%	-	0.0%	-	0.0%
<b>Total</b>	<b>118.4</b>	<b>100.0%</b>	<b>184.2</b>	<b>100.0%</b>	<b>302.6</b>	<b>100.0%</b>
<b>By Geographic Focus:</b>						
Global	46.6	39.3%	80.2	43.6%	126.8	41.9%
OECD	71.8	60.7%	103.9	56.4%	175.8	58.1%
<b>Total</b>	<b>118.4</b>	<b>100.0%</b>	<b>184.2</b>	<b>100.0%</b>	<b>302.6</b>	<b>100.0%</b>
<b>By Industry Focus:</b>						
Diversified	111.8	94.4%	151.2	82.1%	263.0	86.9%
Energy	6.6	5.6%	33.0	17.9%	39.6	13.1%
<b>Total</b>	<b>118.4</b>	<b>100.0%</b>	<b>184.2</b>	<b>100.0%</b>	<b>302.6</b>	<b>100.0%</b>

### By Investment Manager

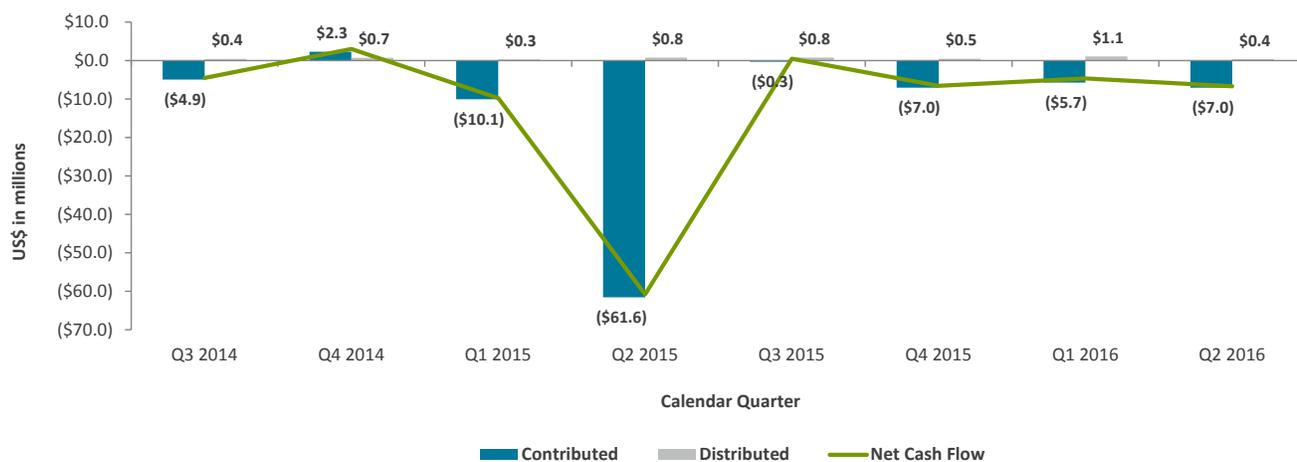
As of June 30, 2016, the Program had made five investment commitments to four managers. NYC PPF seeks to limit its exposure to any single manager to no more than 10% of the total Real Assets Program when fully invested. As the Program matures and closes on additional commitments, the single manager exposure is expected to decline significantly. Below is the Portfolio's current exposure by manager.



## Portfolio Cash Flow Analysis

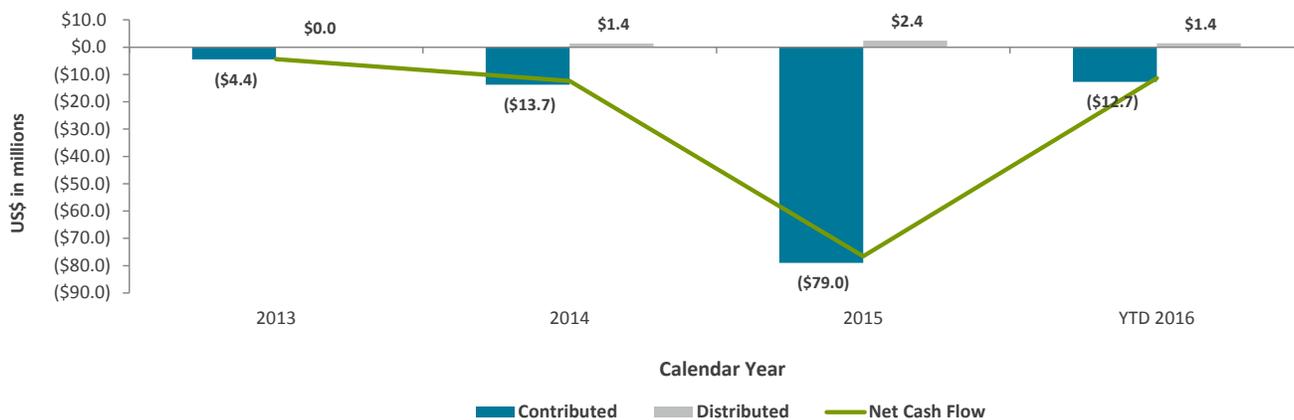
### Quarterly Cash Flow Activity

During the second quarter of 2016, the Program made US\$7.0 million of contributions and received US\$0.4 million of distributions, for a net cash outflow of US\$6.7 million. As of June 30, 2016, five fund investments in the Portfolio had cash flow activity. As the Program's commitment and investment activity increases, net cash outflow is expected to increase. The graph below illustrates cash flow activity since inception by calendar quarter.



### Annual Cash Flow Activity

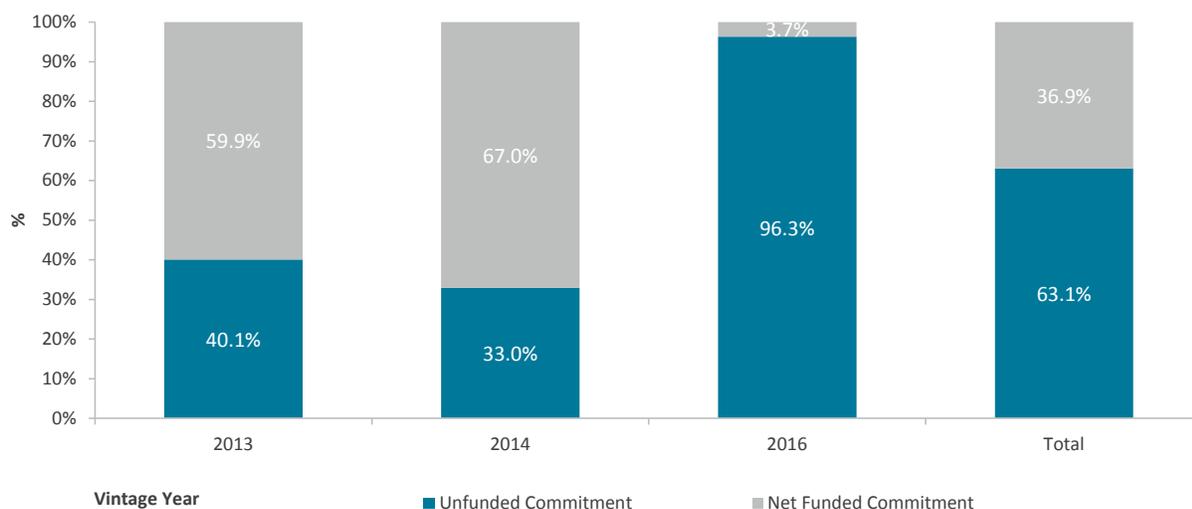
During the first six months of 2016, the Program made US\$12.7 million of contributions and received US\$1.4 million of distributions, for a net cash outflow of US\$11.3 million. The graph below illustrates cash flow activity since inception by calendar year.



### Net Funded and Unfunded Commitments by Vintage Year

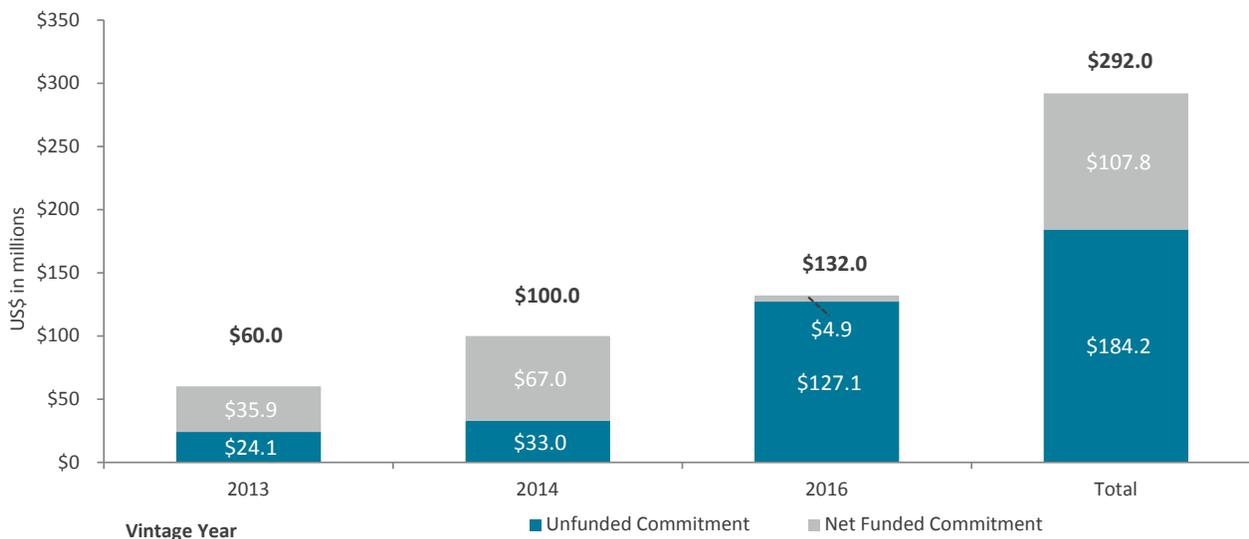
The following chart illustrates the Portfolio's net funded commitments (defined as total contributions inside commitment less any returns of excess capital and recallable distributions) as a percentage of total capital commitments, by fund vintage year, as of June 30, 2016. Overall, the Portfolio was 63.1% unfunded as of quarter-end.

**Net Funded and Unfunded Commitment by Vintage Year (%)**



The following chart illustrates the Portfolio's net funded commitments relative to total capital commitments, by fund vintage year, as of June 30, 2016. Overall, the Portfolio had US\$184.2 million of unfunded commitments as of quarter-end.

**Net Funded and Unfunded Commitment by Vintage Year (US\$ millions)**

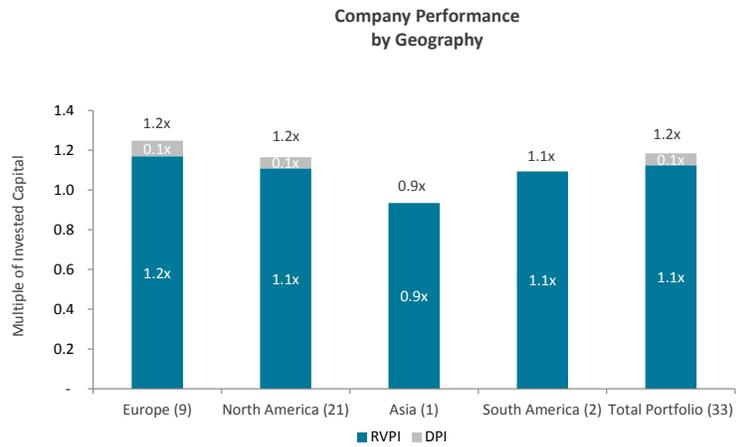
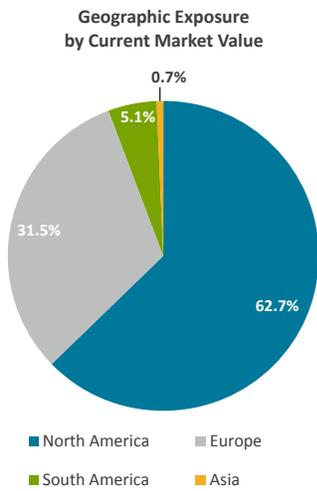


## Portfolio Company-Level Analysis

As of quarter-end, the Portfolio had exposure to 33 unique portfolio companies/investment positions. As the Portfolio matures, the number of unique portfolio companies/investment positions is expected to increase significantly. On the individual fund level, all current investments are within the single investment limitation of 15% of total fund size. The Program's individual portfolio investment exposure is relatively concentrated as a result of the relative immaturity of the Program.

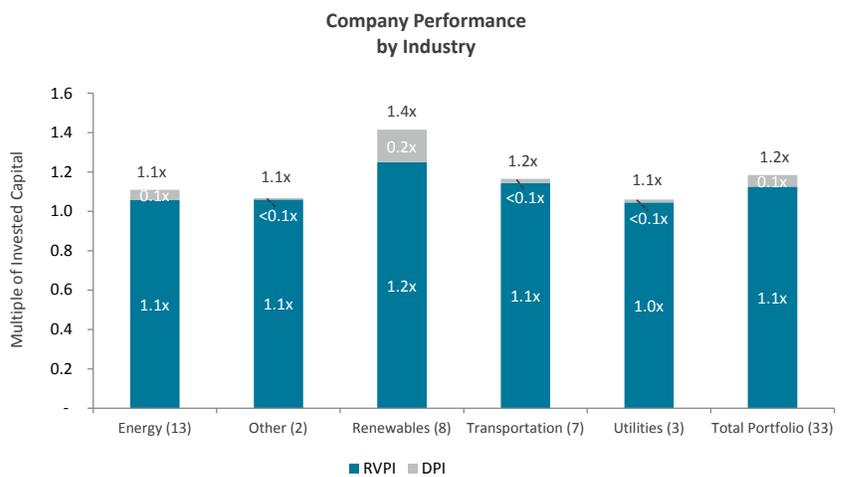
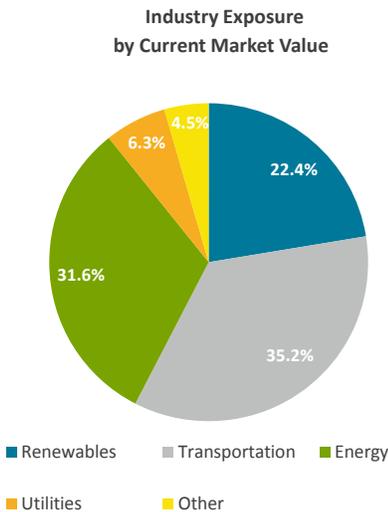
### Geographic Exposure and Performance

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



### Industry Exposure and Performance

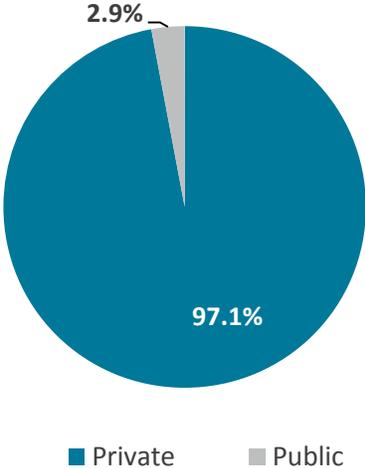
The following charts illustrate the Portfolio's current exposure and performance by industry at the portfolio company level.



**Public Market Exposure**

As of quarter-end, publicly traded investments comprised 2.9% of the Portfolio’s exposed market value. The following chart illustrates the current public market exposure at the portfolio company level.

**Public Market Exposure Current Market Value**



## IV. Risk Management Matrix

Category	Requirement	Status	Status Notes
<b>Allocation</b>	<p>NYC PPF has a Real Assets allocation target of 6% (plus or minus 2%) of total pension assets.</p> <p>Infrastructure is a component asset class within the NYC PPF Real Assets investment program.</p>	✓	<p>The market value of NYC PPF Real Assets Program currently represents approximately 5.0% of total pension assets and the market value of NYC PPF Infrastructure Program represents approximately 0.4% of total pension assets.</p> <p>As the Program matures, its market value as a percentage of the total NYC PPF pension assets and the total Real Assets Program is expected to increase.</p>
<b>Performance vs. Benchmarks</b>	<p>The performance benchmark for the Infrastructure Portfolio is to meet or exceed the Consumer Price Index ("CPI") plus 4% net of fees over a rolling 5-year period.</p> <p>The Infrastructure Portfolio is expected to generate a total return, net of investment management fees, of at least 6.5%.</p>	✓	<p>As of June 30, 2016, the Portfolio outperformed the benchmark by 5.6%.</p> <p>However, given the relative immaturity of the Portfolio, the current performance to-date versus benchmarks is not meaningful.</p>
<b>Strategy Diversification</b>	<p>Core Infrastructure Investments: 60-100% Non-Core Infrastructure Investments: 0-40%</p> <p>Actual percentages may differ substantially from these targets during the initial years of the Program.</p>	✓	<p>The Program is in compliance with the Core/Non-Core allocation ranges. Currently the Program only has exposure to Core investments.</p>
<b>Asset Type &amp; Location Diversification</b>	<p>The Program will seek diversification by asset type, revenue drivers, and geography. The portfolio may include a variety of assets including but not limited to electricity transmission, pipelines, airports, toll roads, communication towers and electric generators, windmills etc. to vary the sources of revenue to the portfolio.</p>	✓	<p>Given the relative immaturity of the Portfolio, it is not yet diversified by asset type.</p> <p>The asset types and geographic location of current Portfolio investments are in compliance with the Program's Investment Policy Statement and Permissible Markets.</p>
<b>Leverage</b>	<p>The average leverage of all investments in the Program is to be no higher than 65%.</p>	✓	<p>The Program is in compliance with the average leverage limitation. The current leverage level is 40.2%*.</p>
<b>Single Investment Size &amp; Manager Diversification</b>	<p>The maximum commitment to a single investment is limited to no more than 15% of the aggregate committed capital of each fund.</p> <p>The maximum commitment to a single manager is limited to 10% of the total Real Assets Program allocation when fully invested.</p>	✓	<p>On the individual fund level, all current investments are in compliance with the single investment limitation of 15% of total fund size.</p> <p>The Program is in compliance with the single manager limitation of 10% of the total Real Assets Program.</p> <p>The Program's manager exposure is currently relatively concentrated as a result of the relative immaturity of the Program. Manager diversification is expected to increase as the Program closes on new investment commitments.</p>

\*The Program's leverage level is calculated by using a weighted average of each underlying investment's leverage and Net Asset Value as of June 30, 2016.

**APPENDICES:**



## **Basket Clause**



## Police - BASKET/NON BASKET SUMMARY

As of September 30th, 2016

<b>Equity</b>	<b>Adjusted Fund Policy</b>			<b>Fund Actual (PE &amp; RE on an invested basis)</b>		
	<b>Non Basket*</b>	<b>Basket*</b>	<b>Total</b>	<b>Non Basket*</b>	<b>Basket*</b>	<b>Total</b>
<b>Domestic Equity</b>	34.7%	0.0%	34.7%	36.0%	0.0%	36.0%
<b>Non-U.S. Equity</b>	10.0%	6.1%	16.1%	10.0%	6.2%	16.2%
<b>Private Equity</b>	0.0%	6.6%	6.6%	0.0%	6.6%	6.6%
<b>Real Assets</b>	4.9%	0.0%	4.9%	4.9%	0.0%	4.9%
<b>REITS</b>	0.3%	0.3%	0.6%	0.3%	0.3%	0.6%
<b>Hedge Funds</b>	0.0%	4.3%	4.3%	0.0%	4.3%	4.3%
<b>Total Equity</b>	<b>49.9%</b>	<b>17.3%</b>	<b>67.1%</b>	<b>51.2%</b>	<b>17.4%</b>	<b>68.5%</b>
<b>Fixed Income</b>						
<b>Core+5</b>	18.9%	0.5%	19.4%	15.7%	0.5%	16.2%
<i>U.S. Gov't Sector</i>	4.2%	0.0%	4.2%	2.7%	0.0%	2.7%
<i>Mortgage Sector</i>	6.6%	0.0%	6.6%	5.3%	0.0%	5.3%
<i>Credit Sector</i>	8.1%	0.5%	8.6%	7.3%	0.5%	7.8%
<b>High Yield</b>	2.6%	0.8%	3.4%	3.3%	0.8%	4.1%
<b>Bank Loans</b>	0.0%	1.7%	1.7%	0.0%	1.7%	1.7%
<b>TIPS</b>	4.1%	0.5%	4.6%	3.9%	0.4%	4.4%
<b>Convertibles</b>	1.0%	0.0%	1.0%	0.7%	0.0%	0.7%
<b>Opportunistic</b>	0.0%	2.7%	2.7%	0.0%	2.7%	2.7%
<b>Other Fixed Income</b>	0.0%	0.0%	0.0%	1.6%	0.0%	1.6%
<b>Total Fixed Income</b>	<b>26.6%</b>	<b>6.2%</b>	<b>32.9%</b>	<b>25.3%</b>	<b>6.2%</b>	<b>31.5%</b>
<b>Total Fund</b>	<b>76.5%</b>	<b>23.5%</b>	<b>100.0%</b>	<b>76.4%</b>	<b>23.6%</b>	<b>100.0%</b>
<b>Remaining Capacity</b>		1.5%			1.4%	

\* Note: Basket amounts are estimates

## Liquidity Analysis



## Police Liquidity Profile - Static Analysis

12/5/16

AUM as of September 30, 2016

	Current MV	Liquid Assets		
		Today	1 Year	2 Years
<b>PUBLIC EQUITY</b>	<b>\$18,343</b>	<b>\$18,343</b>	<b>\$18,343</b>	<b>\$18,343</b>
U.S.	12,722	12,722	12,722	12,722
EAFE Equity	3,444	3,444	3,444	3,444
Emerging Markets	2,178	2,178	2,178	2,178
<b>PUBLIC FIXED INCOME</b>	<b>\$9,993</b>	<b>\$9,667</b>	<b>\$9,825</b>	<b>\$9,825</b>
Short Term Securities	179	179	179	179
U.S. Government	951	951	951	951
Mortgages				
Core Mortgages	1,829	1,829	1,829	1,829
ETI	380	54	213	213
Credit - Investment Grade	3,099	3,099	3,099	3,099
Corporate - High Yield	1,442	1,442	1,442	1,442
Corporate - Bank Loans	594	594	594	594
UST - Inflation Protected	1,518	1,518	1,518	1,518
<b>ALTERNATIVE ASSETS</b>	<b>\$6,444</b>	<b>\$724</b>	<b>\$2,411</b>	<b>\$2,428</b>
Private Equity	2,310	0	0	0
Private Real Estate	1,542	0	0	0
Infrastructure	147	0	0	0
Opportunistic Fixed Income	956	717	956	956
Hedge Funds	1,488	7	1,454	1,471
<b>Total Assets</b>	<b>\$34,780</b>	<b>\$28,734</b>	<b>\$30,579</b>	<b>\$30,596</b>
<b>Total Illiquid \$</b>		<b>\$6,046</b>	<b>\$4,201</b>	<b>\$4,184</b>
<b>Total Illiquid %</b>		<b>17.4%</b>	<b>12.1%</b>	<b>12.0%</b>
Unfunded PE Commitments	\$1,350			
Unfunded RE Commitments	1,071			
<b>Total commitments \$</b>	<b>\$2,421</b>			
<b>Total commitments %</b>	<b>7.0%</b>			

**Police Liquidity Profile - Static Analysis**

12/5/16

AUM as of September 30, 2016

**Denominator Effect - Decrease AUM by One-Third**

<b>Total Illiquid \$</b>	\$6,046	\$4,201	\$4,184
<b>Total Illiquid %</b>	26.1%	18.1%	18.0%

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

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	<b>Current MV</b>	<b>Liquid Assets</b>		
		<b>Today</b>	<b>1 Year</b>	<b>2 Years</b>
<b>Total Assets</b>	<b>\$34,780</b>	<b>\$28,734</b>	<b>\$30,579</b>	<b>\$30,596</b>

**Private Equity, Real Estate and Opportunistic Fixed Income Stress Case**

Unfunded PE Commitments Drawn		\$270	\$540
Unfunded RE Commitments Drawn		214	428
<b>Total commitments \$</b>		<b>\$484</b>	<b>\$968</b>
<b>Total commitments %</b>		1.4%	2.8%

<b>Total Illiquid \$</b>		\$4,686	\$5,153
<b>Total Illiquid %</b>		13.5%	14.8%

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

**Denominator Effect - Decrease AUM by One-Third**

<b>Total Illiquid \$</b>	\$6,046	\$4,686	\$5,153
<b>Total Illiquid %</b>	26.1%	20.2%	22.2%

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