

Lawrence Schloss
Deputy Comptroller /
Chief Investment Officer

THE CITY OF NEW YORK
OFFICE OF THE COMPTROLLER
BUREAU OF ASSET MANAGEMENT
1 CENTRE STREET ROOM 736
NEW YORK, N.Y. 10007-2341

JOHN C. LIU
COMPTROLLER

TELEPHONE: (212) 669-8318
FAX NUMBER: (212) 669-3445
WWW.COMPTROLLER.NYC.GOV

EMAIL:
SCHLOSS@COMPTROLLER.NYC.GOV

MEMORANDUM

TO: Trustees
New York City Employees' Retirement System

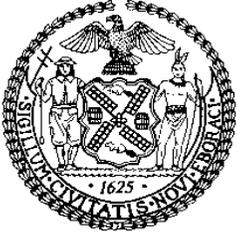
FROM: Lawrence Schloss

DATE: February 19, 2013

RE: NYC Employees' Retirement System Investment Meeting –
February 26, 2013

Enclosed is a copy of the **public agenda** for the February 26, 2013 Investment Meeting. The meeting will be held at 335 Adams Street - Suite 2200, Brooklyn, N.Y., (beginning at 9:30am).

If you have questions about any agenda item please call me at (212) 669-8318.



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

John C. Liu
COMPTROLLER

NEW YORK CITY EMPLOYEES' RETIREMENT SYSTEM

INVESTMENT MEETING

FEBRUARY 26, 2013

INVESTMENT MEETING

FEBRUARY 26, 2013

PUBLIC AGENDA

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I. December Monthly Performance Review: (15 Minutes)	4
II. Risk Presentation: (30 Minutes)	65
III. Divestment Policy –(Manhattan BP & Callan Presentation): (20 Minutes)	77
IV. Compliance Monitoring (Mayor's Office): (10 Minutes)	---

APPENDICES:

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PUBLIC AGENDA

I. December Monthly Performance Review:

Monthly Performance Review
December 2012

Prepared for the New York City
Employees' Retirement System

2/26/2013

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ECONOMIC INDICATORS

AS OF FEBRUARY 2013

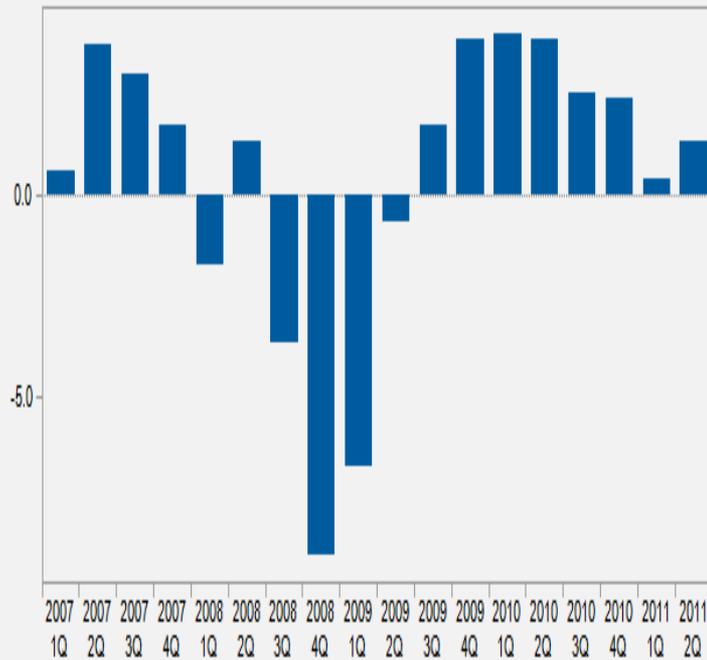


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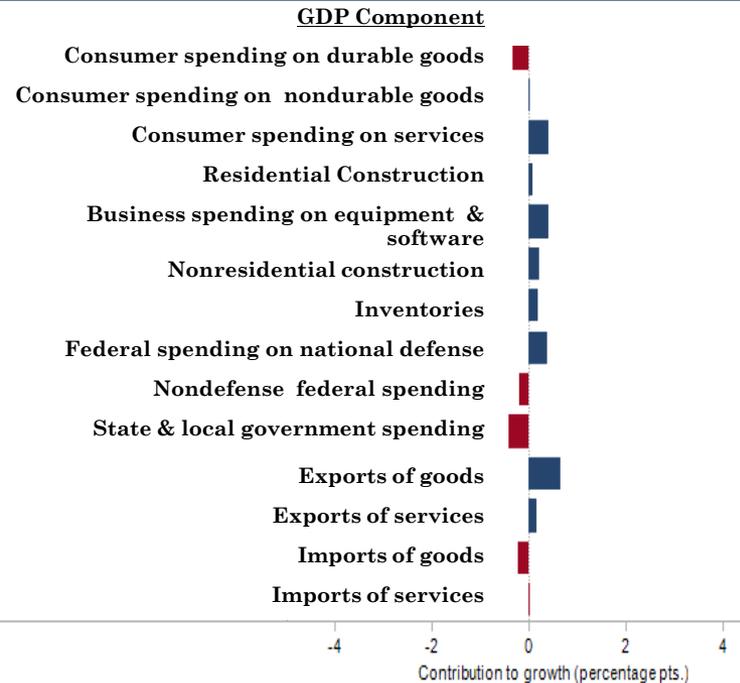
COMPONENTS OF GDP

2

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



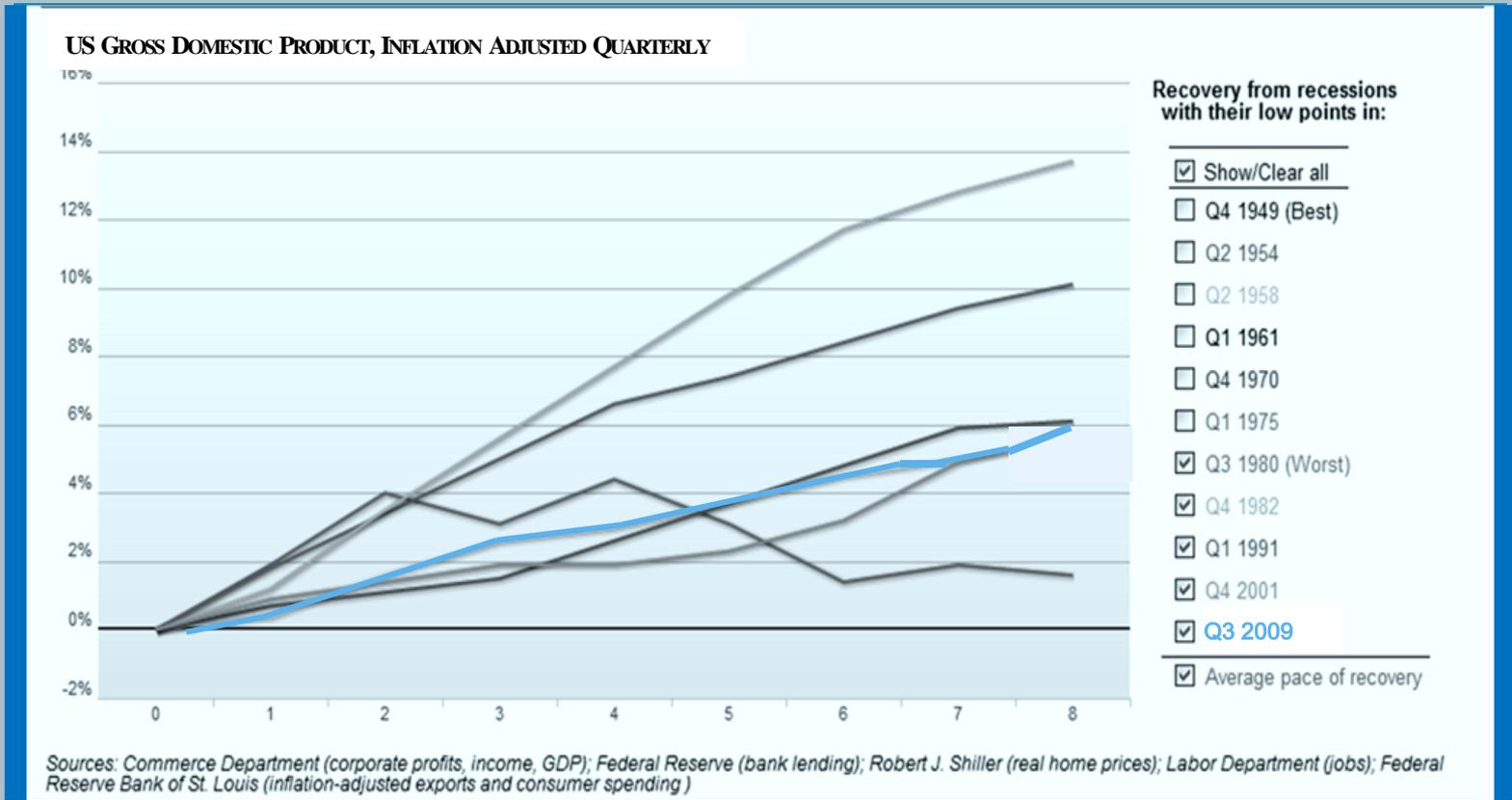
COMPONENTS WHICH CONTRIBUTED TO GDP GROWTH



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

US GROSS DOMESTIC PRODUCT (INFLATION ADJUSTED)

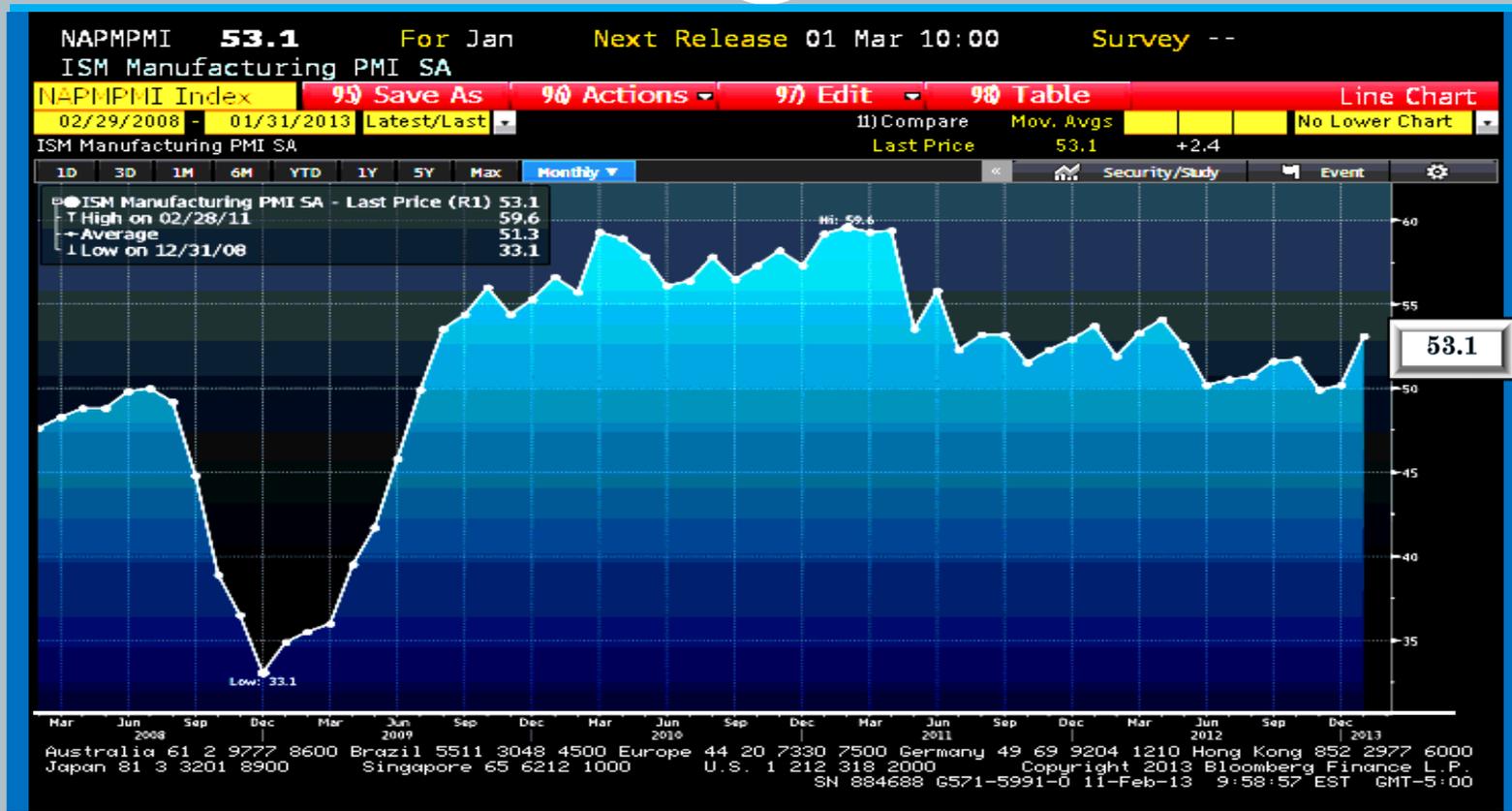
3



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ISM MANUFACTURING INDEX

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WEEKLY UNEMPLOYMENT CLAIMS

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UNEMPLOYMENT RATE

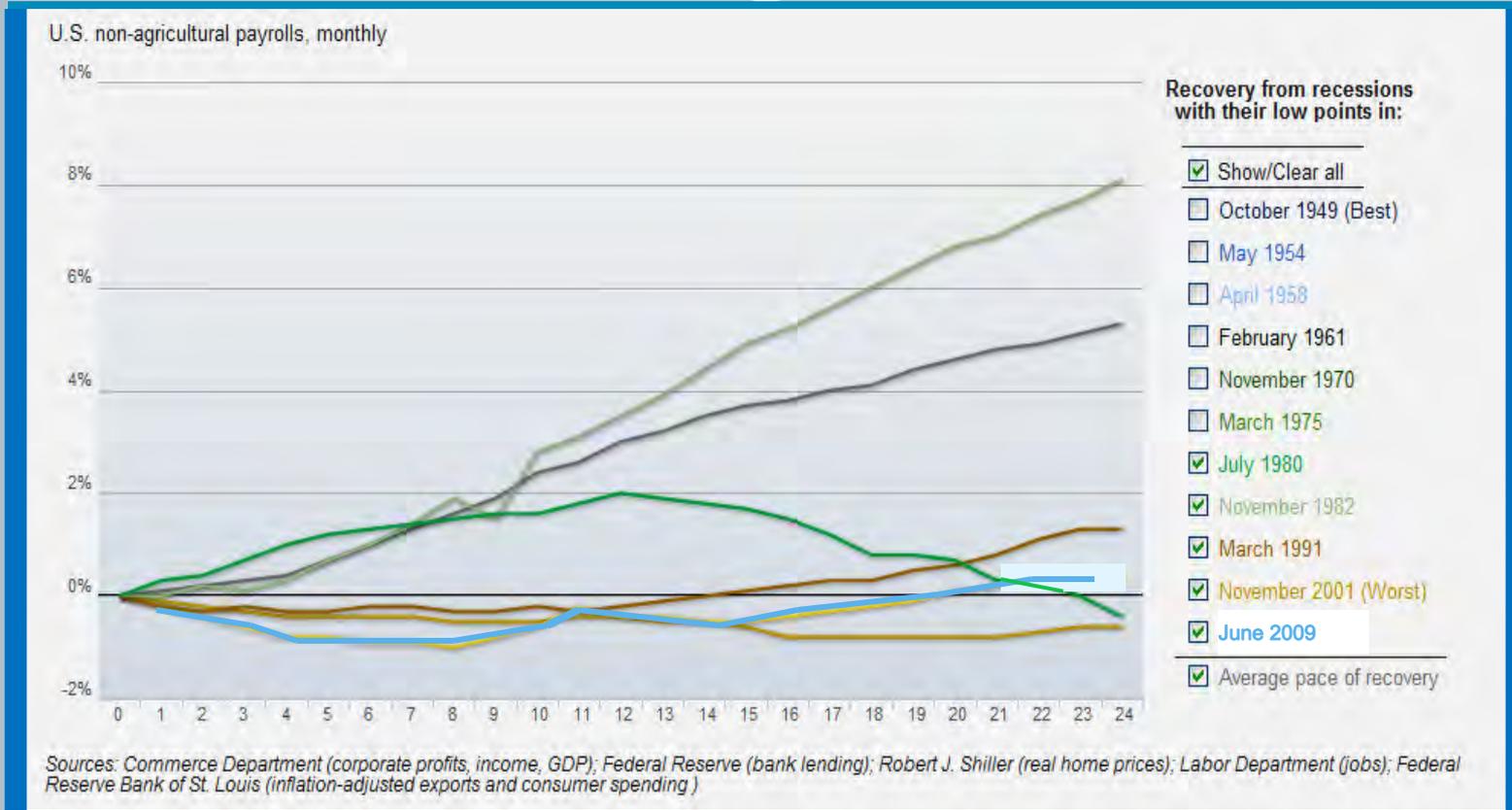
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US JOBS (NON-AGRICULTURAL PAYROLLS)

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CONSUMER SENTIMENT

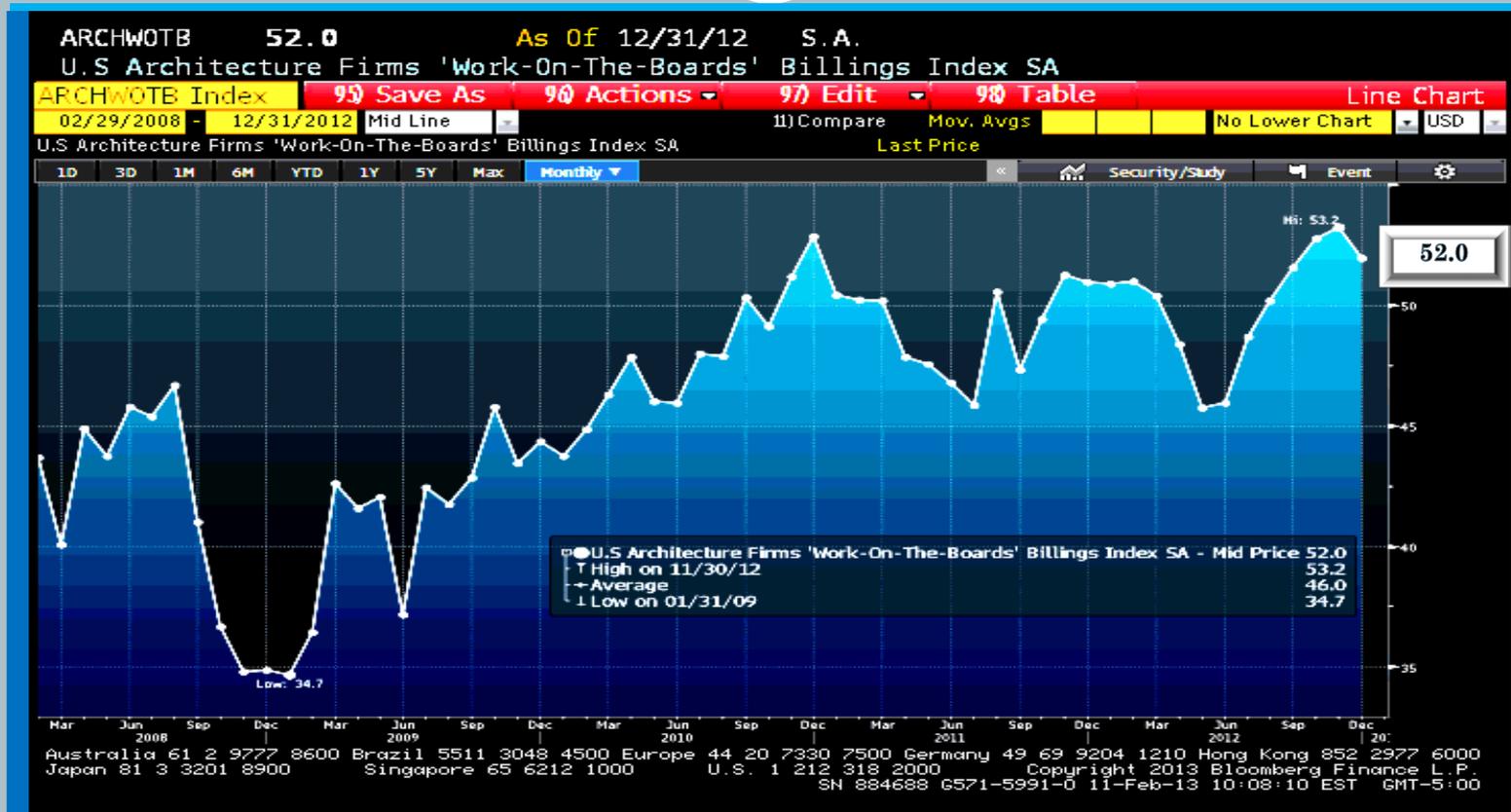
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ARCHITECTURAL BILLINGS INDEX

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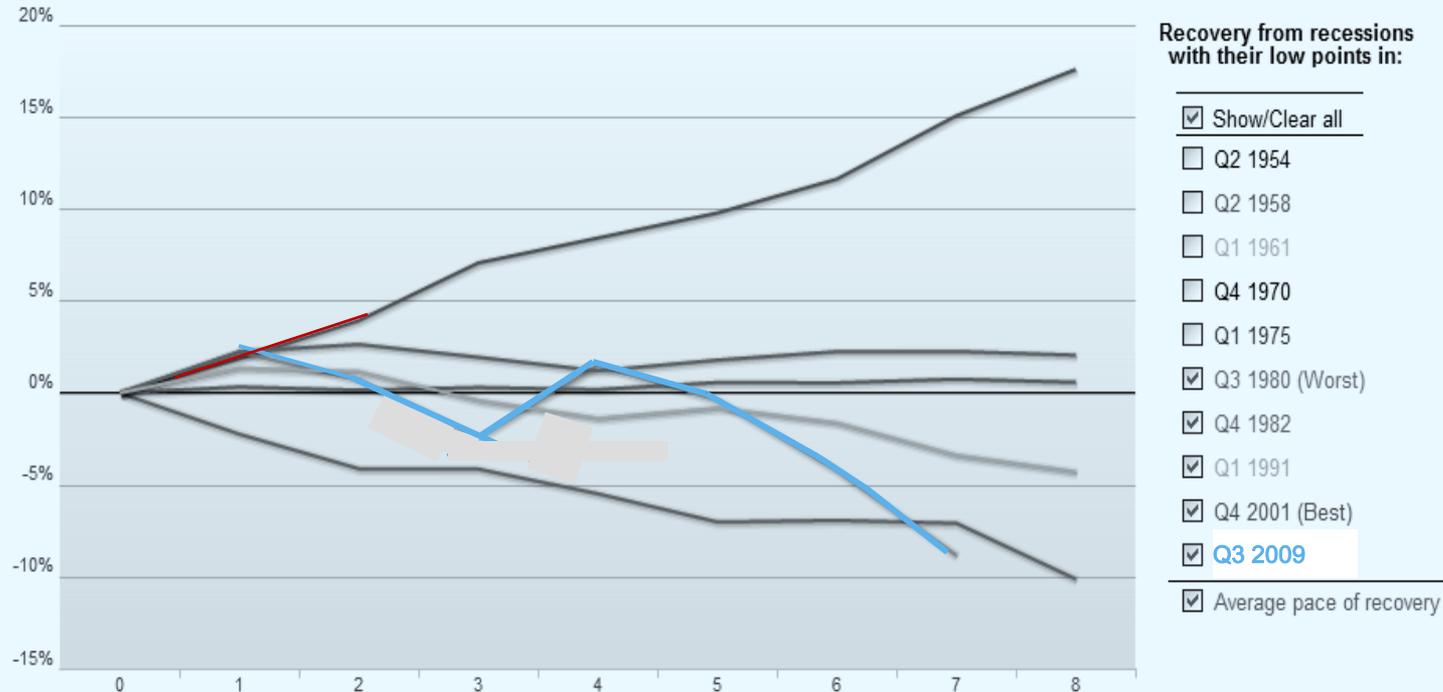


- A SCORE ABOVE 50 INDICATES AN INCREASE IN BILLINGS WHILE A READING BELOW 50 INDICATES A NEGATIVE OUTLOOK
- THIS INDEX IS CONSIDERED A LEADING INDICATOR FOR COMMERCIAL BUILDING CONSTRUCTION WITH A 6-9 MONTH LAG
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US HOUSE PRICES (INFLATION ADJUSTED)

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U.S. house prices, inflation adjusted, quarterly



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

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

EXISTING HOME SALES

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

NEW HOUSING STARTS

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RETAIL SALES

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US AUTO SALES

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INDEX OF LEADING ECONOMIC INDICATORS

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- THE INDEX OF LEI IS COMPOSED OF: AVE. WEEKLY MANUFACTURING HRS, AVE. WEEKLY JOBLESS CLAIMS, MANUFACTURERS' NEW ORDERS-CONSUMER & CAPITAL, VENDOR PERFORMANCE, NEW BUILDING PERMITS, STOCK PRICES, MONEY SUPPLY-M2, INT. RATE SPREADS & CONSUMER EXPECTATIONS
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INFLATION- CPI

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MARKET INDICATORS

AS OF FEBRUARY 2013



NYC OFFICE OF THE COMPTROLLER
BUREAU OF ASSET MANAGEMENT

TRADE WEIGHTED US DOLLAR INDEX

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USD/EUR EXCHANGE RATE

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3-MONTH LIBOR RATES

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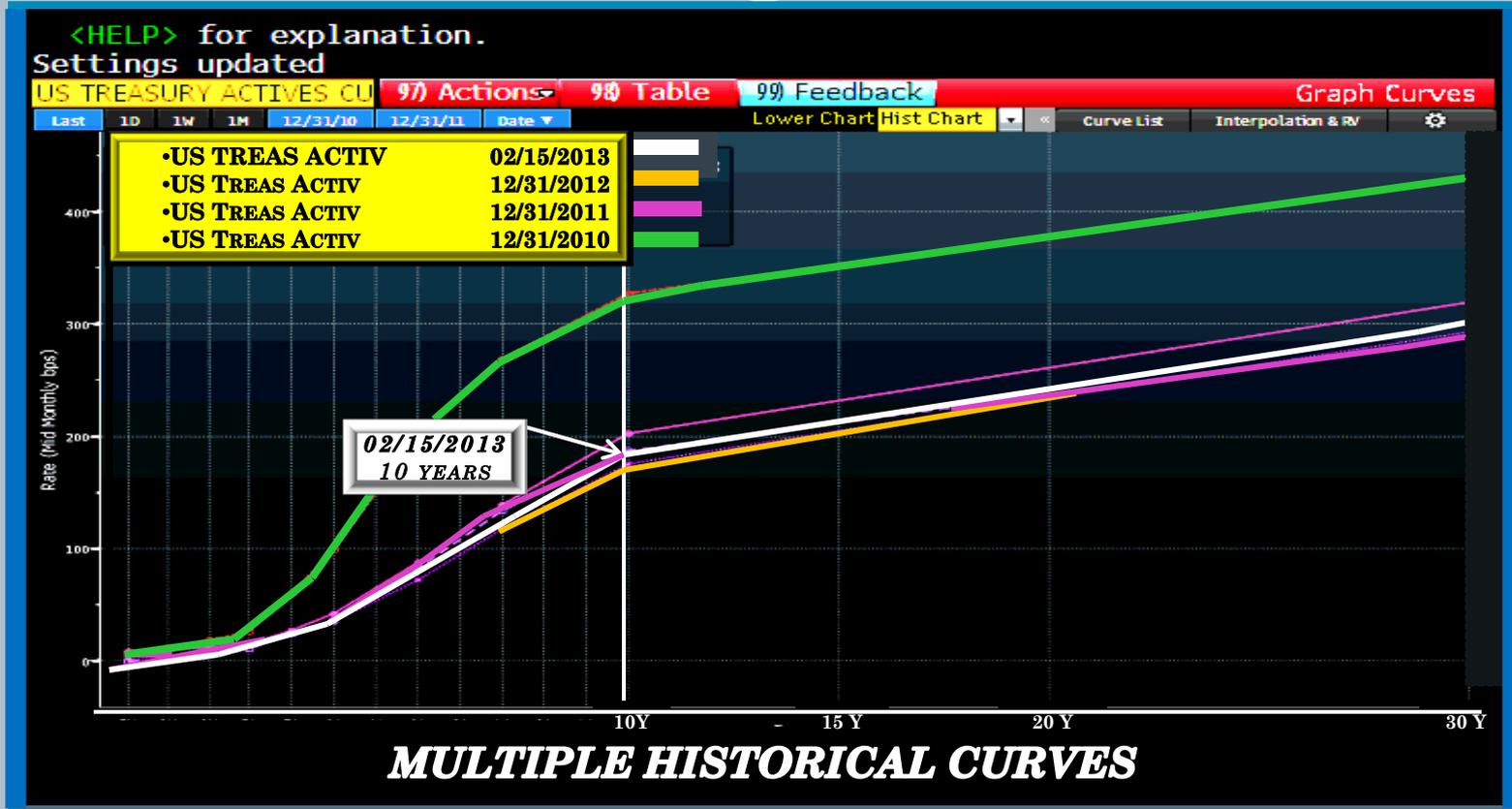
VOLATILITY INDEX (THE "VIX")

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US TREASURY YIELD CURVES



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10 YEAR TREASURY RATES

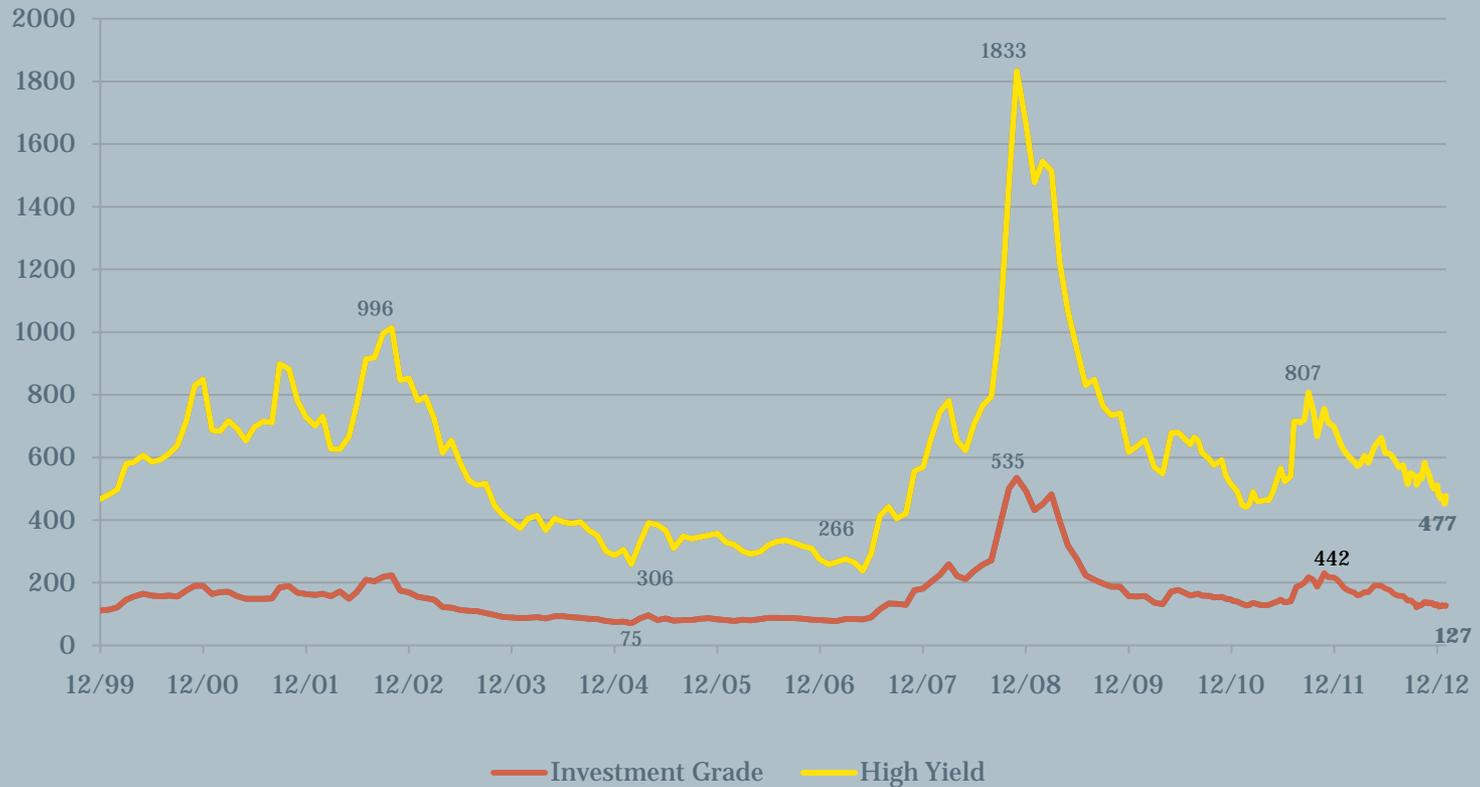
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INVESTMENT GRADE AND HY SPREADS

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CORPORATE EARNINGS

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

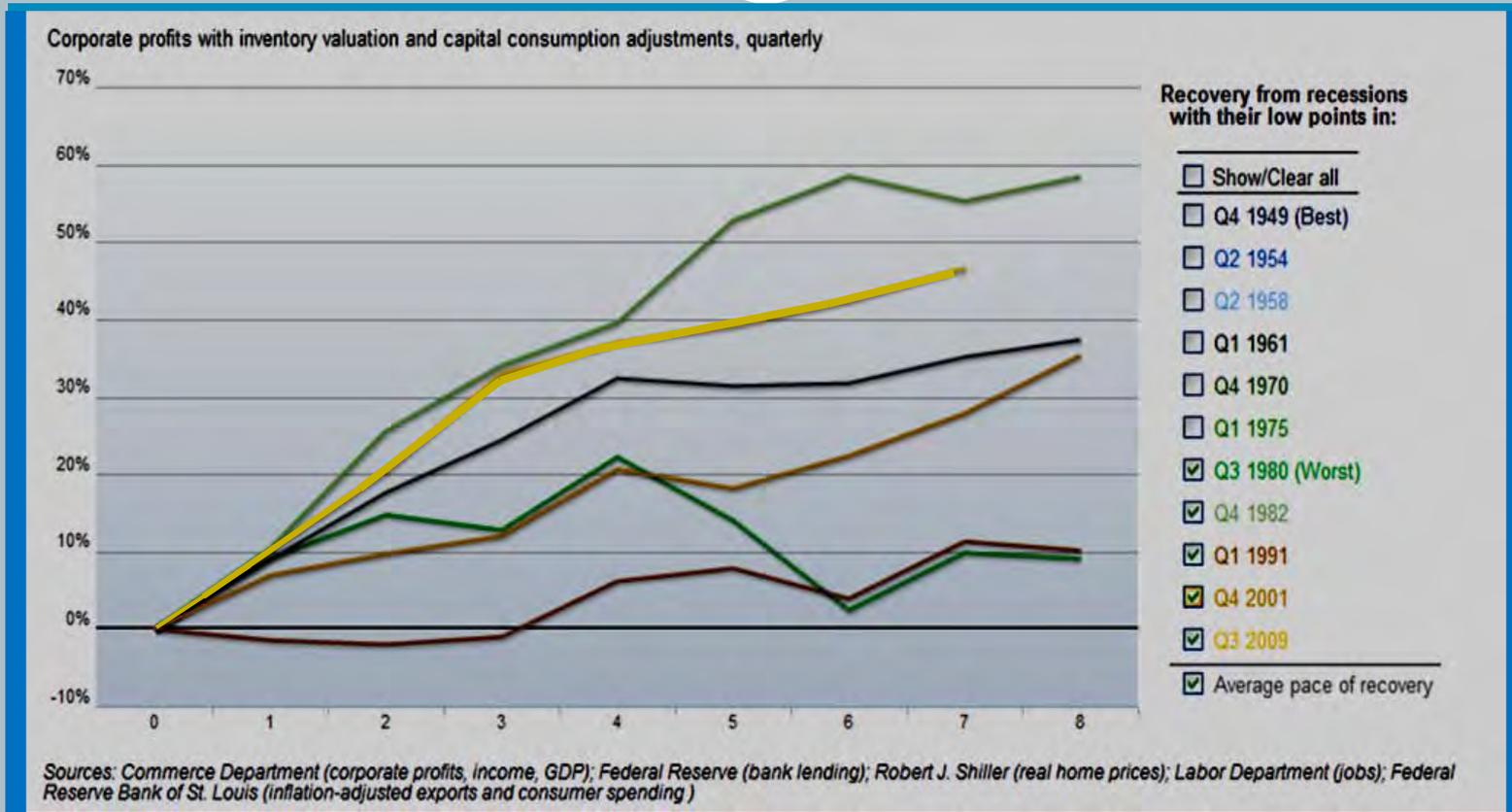
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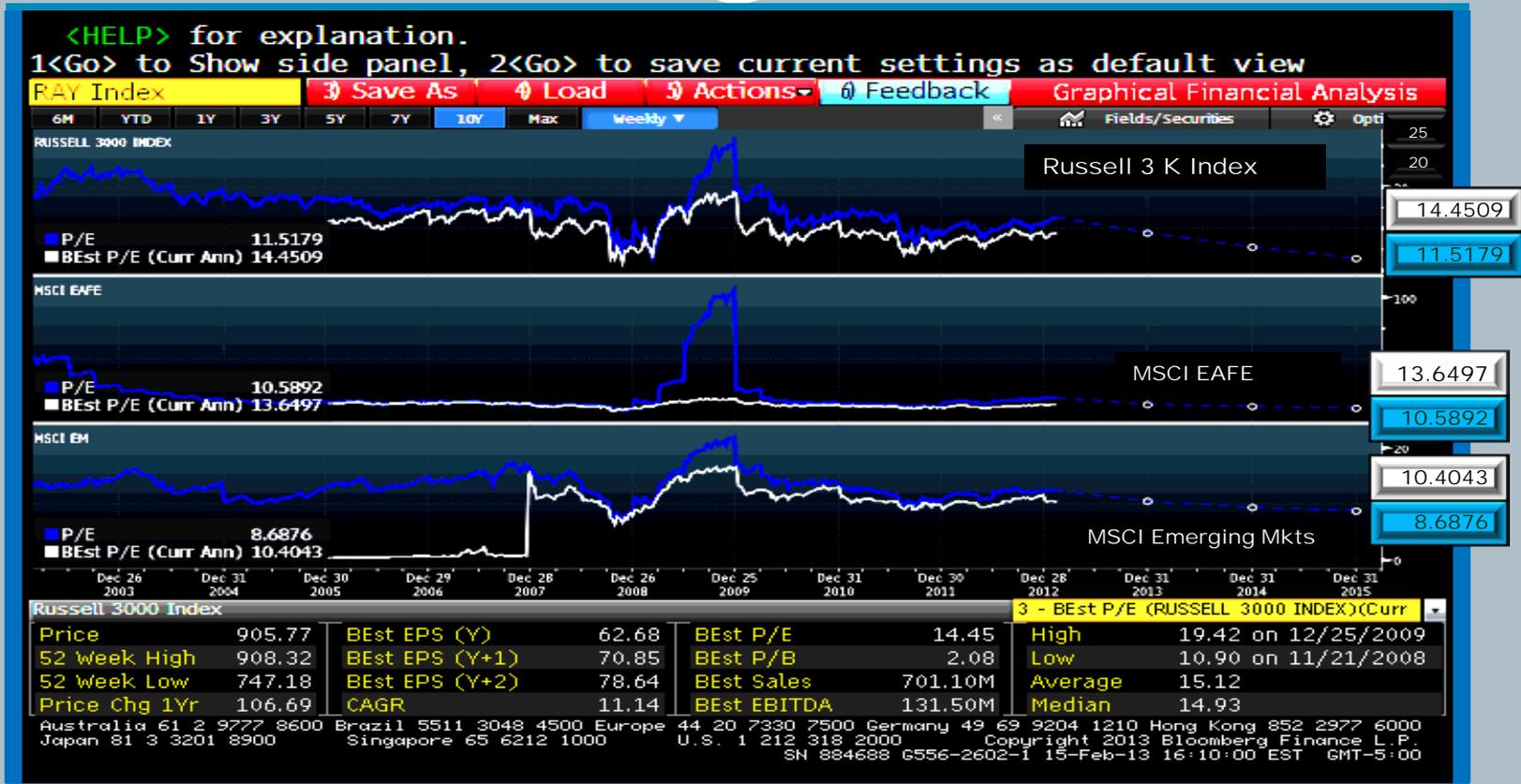
CORPORATE PROFITS

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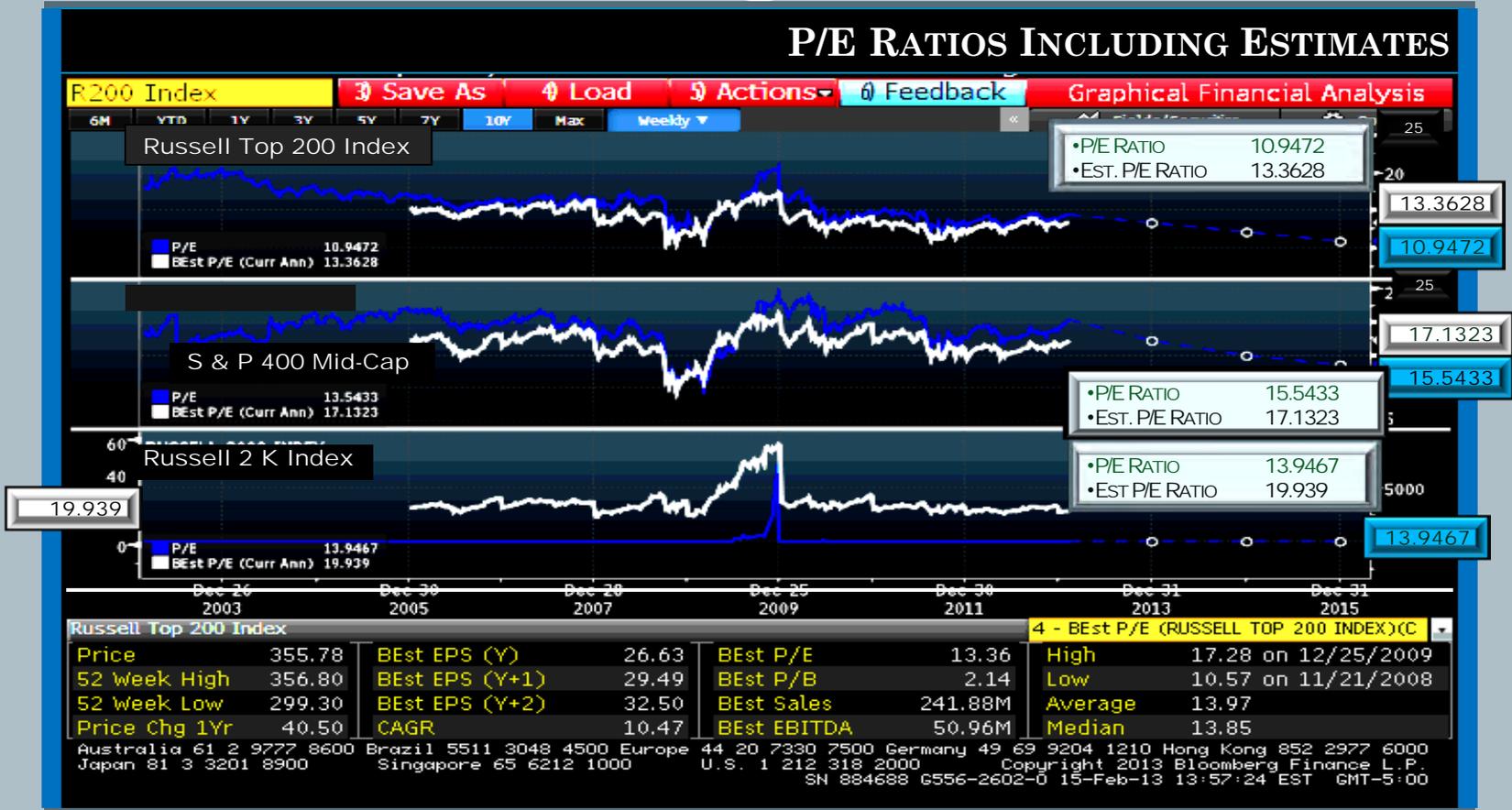
PRICE TO EARNING RATIOS INCLUDING ESTIMATES



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PRICE TO EARNING RATIOS INCLUDING ESTIMATES

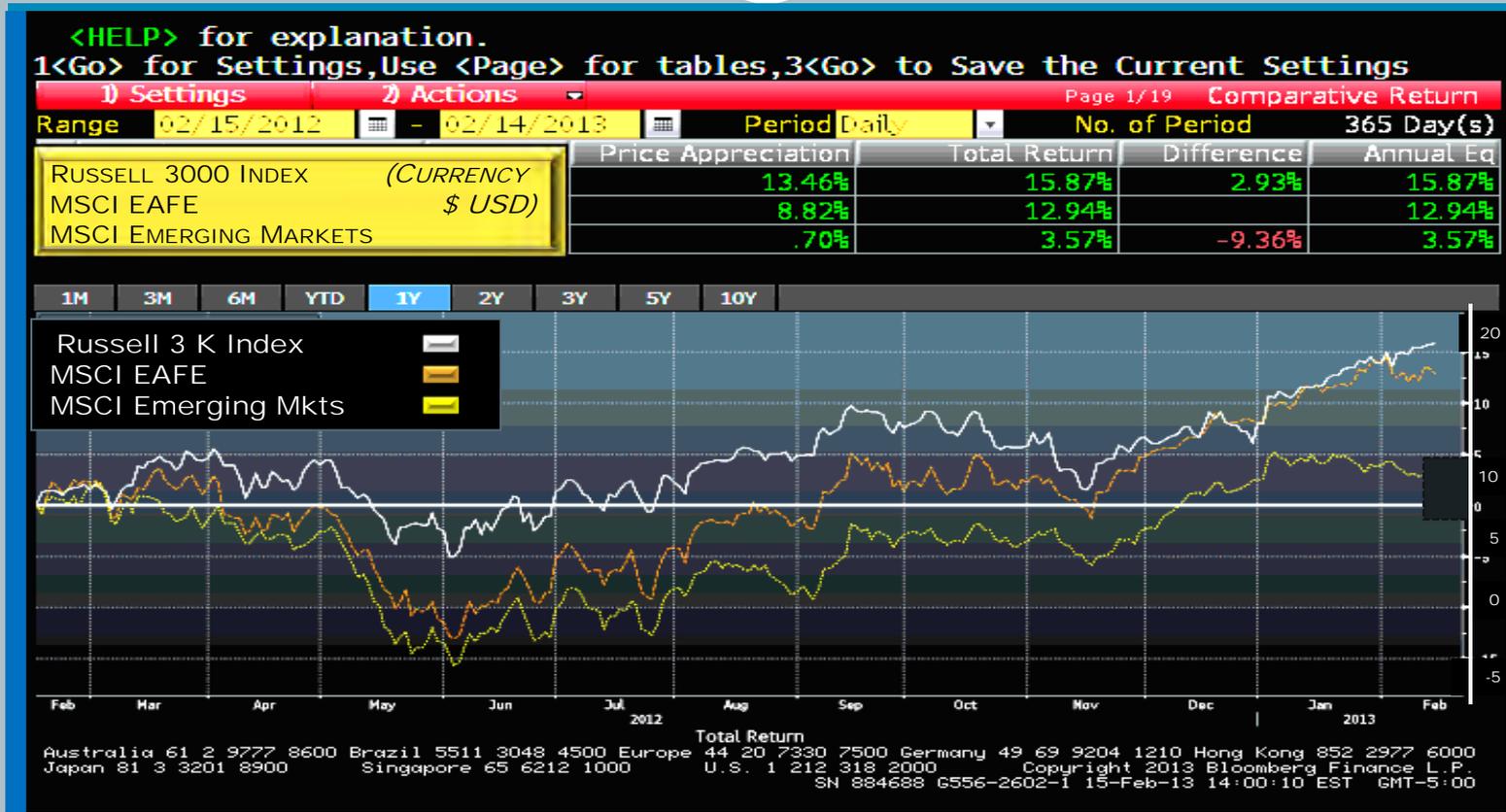
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RECENT GLOBAL EQUITY MARKET RETURNS

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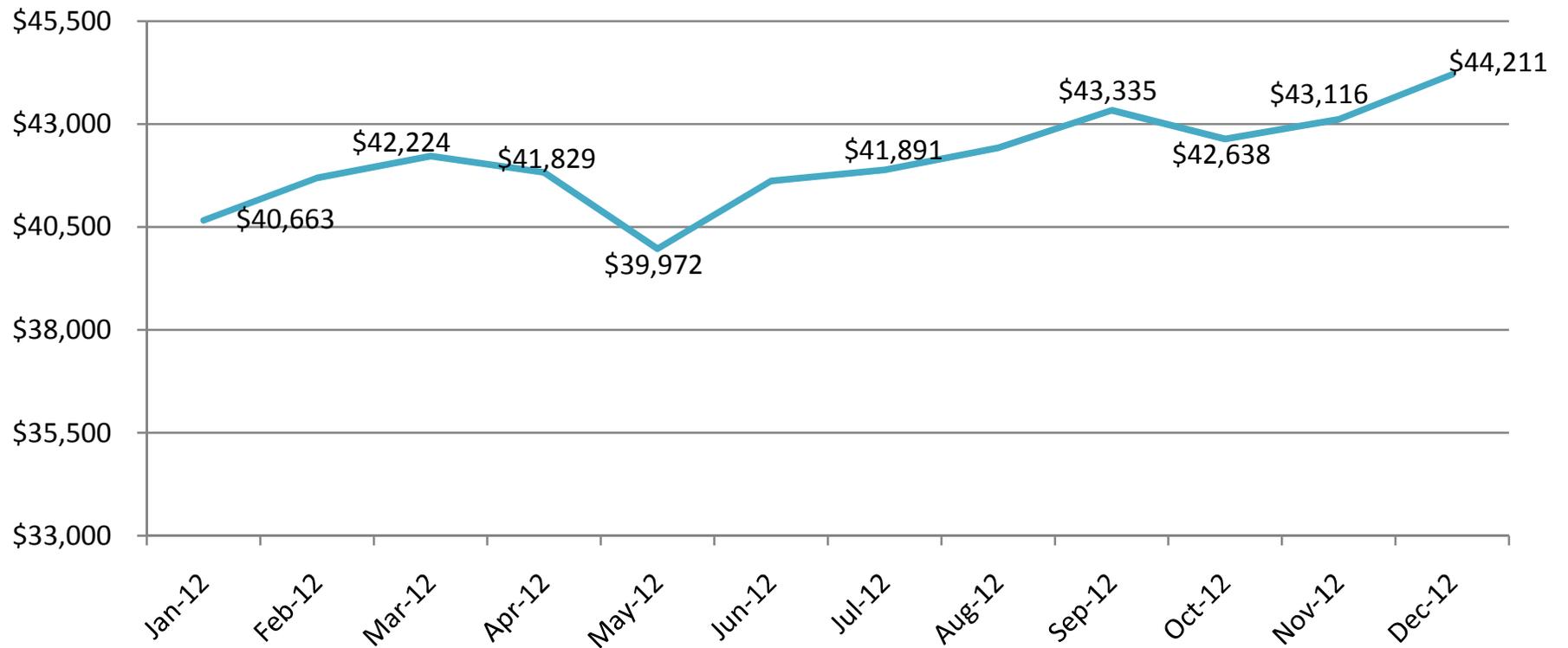
MERGERS & ACQUISITIONS ACTIVITY

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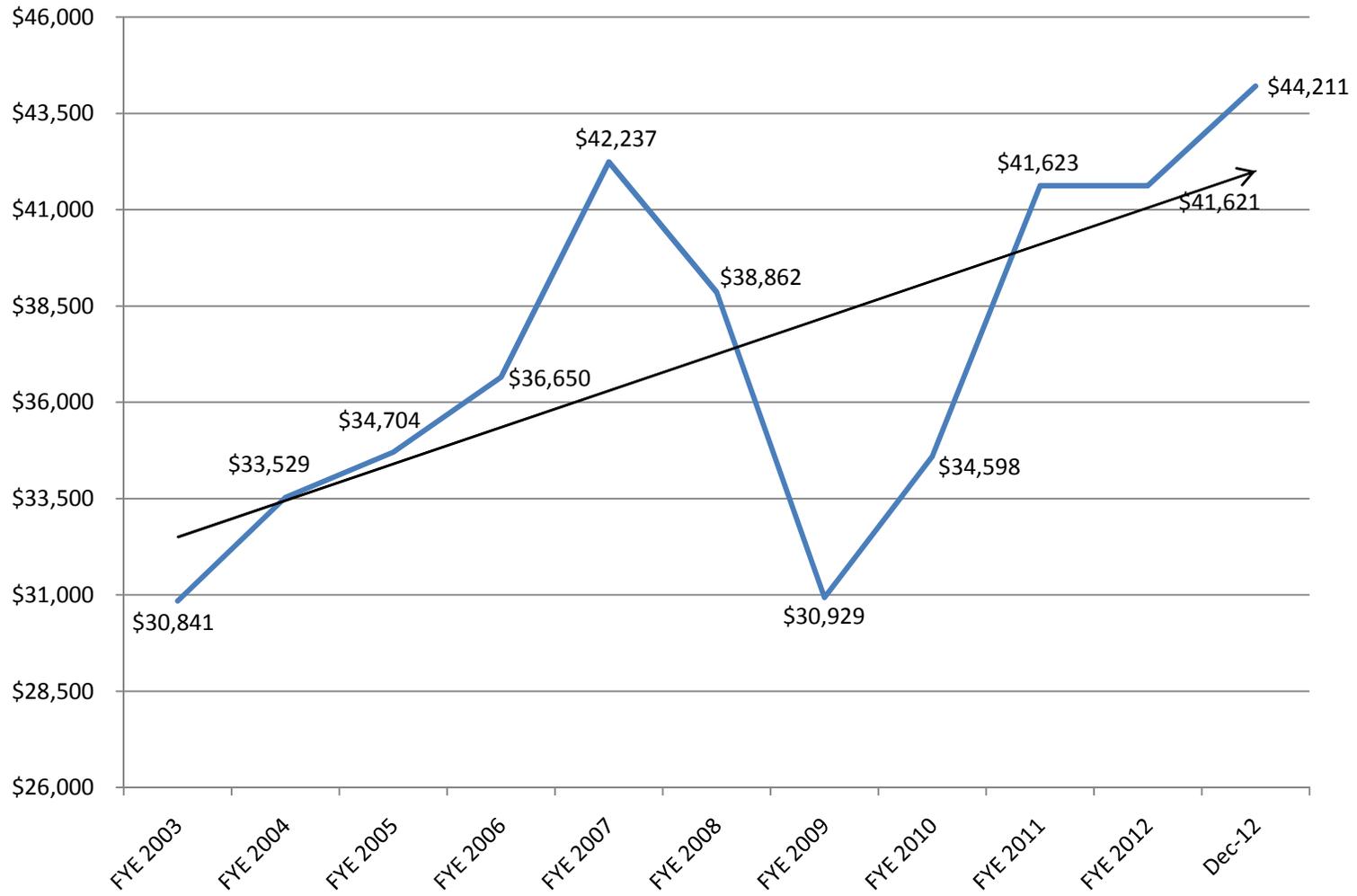


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NYCERS - Market Values January 2012 - December 2012



NYCERS -Market Values 2003 - 2012

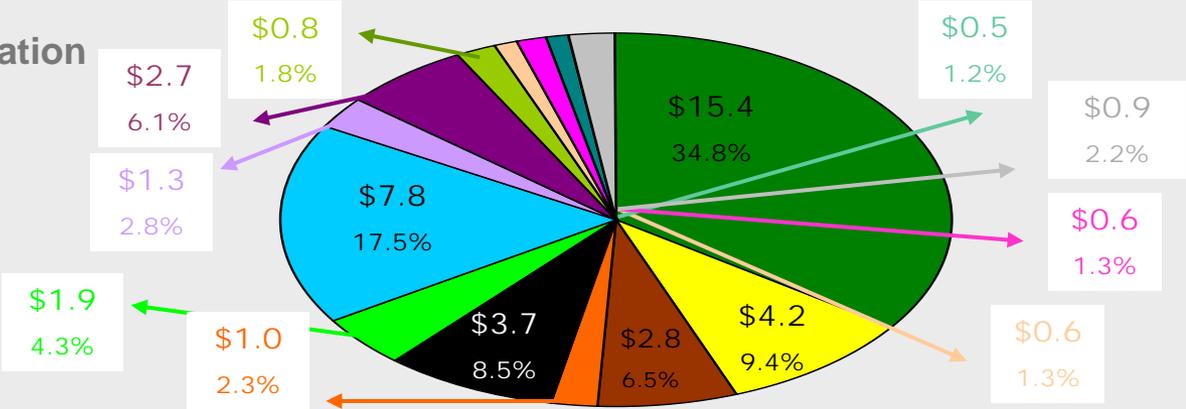


The 10 Year Return for NYCERS as of December 31, 2012 is 7.97%.

Portfolio Asset Allocation: December 31, 2012

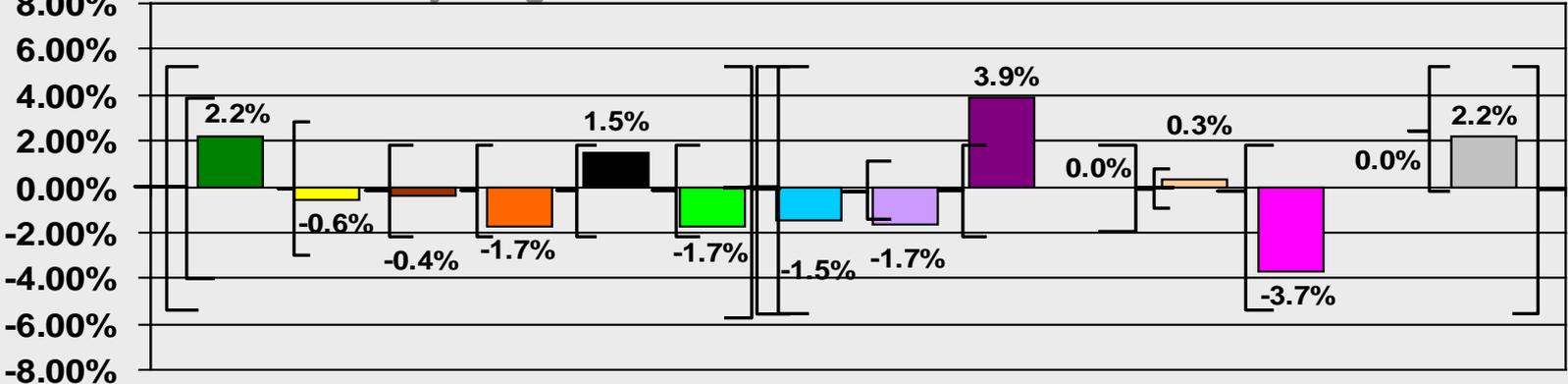
\$44.2B Under Management

Asset Allocation



- Domestic Equity
- EAFE Markets
- Emerging Markets
- Hedge Funds
- Private Equity
- Private RE
- Core + 5
- TIPS
- Enhanced Yield
- Bank Loans
- Convertible Bonds
- Opportunistic FI
- ETI
- Cash

Relative Mix to New Policy Weights

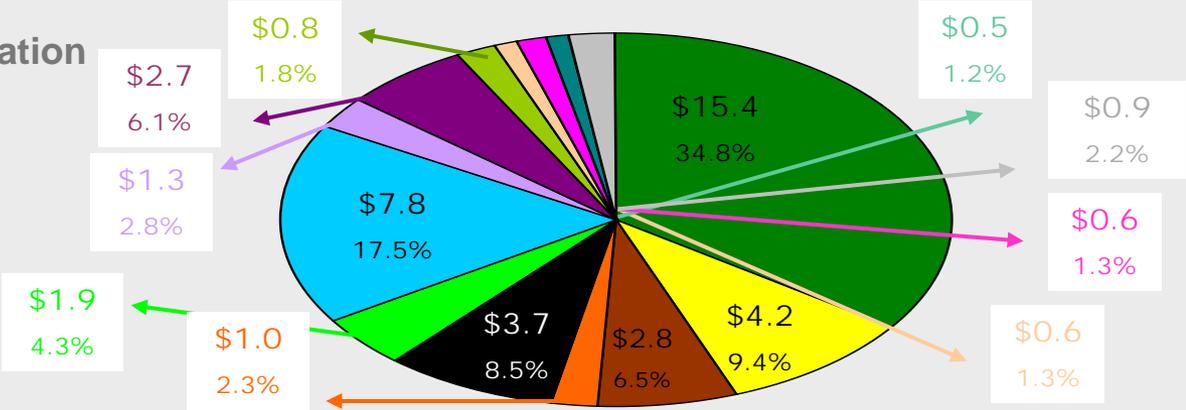


Note: Brackets represent rebalancing ranges versus policy.

Portfolio Asset Allocation: December 31, 2012

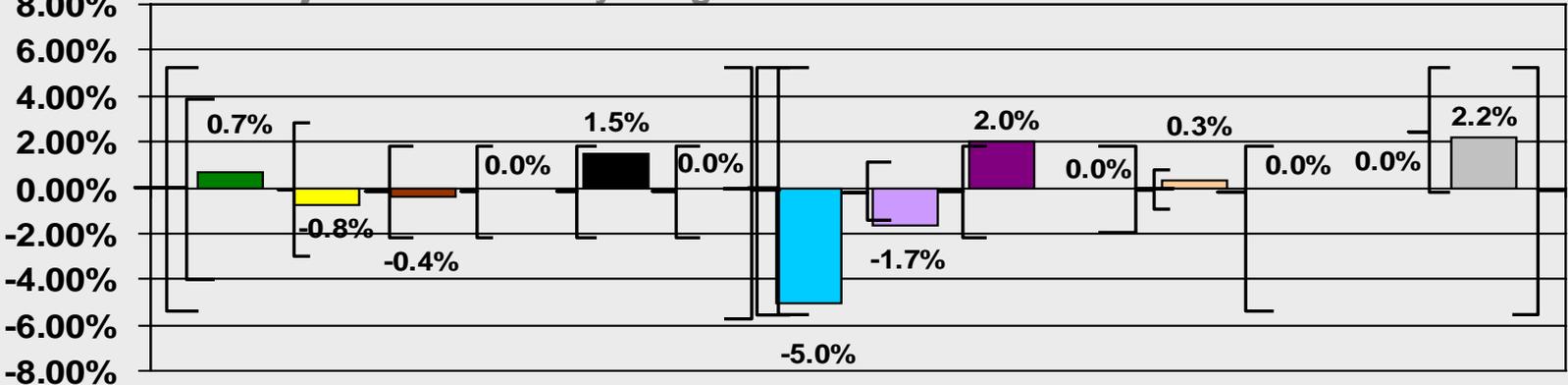
\$44.2B Under Management

Asset Allocation



- Domestic Equity
- EAFE Markets
- Emerging Markets
- Hedge Funds
- Private Equity
- Private RE
- Core + 5
- TIPS
- Enhanced Yield
- Bank Loans
- Convertible Bonds
- Opportunistic FI
- ETI
- Cash

Relative Mix to Adjusted New Policy Weights



Note: Brackets represent rebalancing ranges versus policy.

NYC EMPLOYEES' RETIREMENT SYSTEM

CLASSIFICATION OF INVESTMENTS

(as of December 31st 2012)

ASSET CLASS ALLOCATIONS

	In \$MM	Actual	Policy Target	Adjustment	Adjusted Policy	Adjusted Target Range***
TOTAL EQUITIES	\$29,058.3	65.7%	66.5%	NA	64.8%	59.8% - 69.8%
TOTAL FIXED INCOME	\$15,152.3	34.3%	33.5%	NA	35.2%	30.2% - 40.2%
TOTAL ASSETS	\$44,210.5	100.0%	100.0%	NA	100.0%	

	In \$MM	Actual	Policy Target	Adjustment	Adjusted Policy	Adjusted Target Range***
US Equities	\$15,400.4	34.8%	32.6%	1.5%	34.1%	30.1% - 38.1%
Non-US Equities/EAFE	\$4,162.1	9.4%	10.0%	0.2%	10.2%	7.2% - 13.2%
Emerging Markets	\$2,858.8	6.5%	6.9%	NA	6.9%	4.9% - 8.9%
TOTAL PUBLIC EQUITY	\$22,421.4	50.7%	49.5%	NA	51.2%	
HEDGE FUNDS	\$1,002.0	2.3%	4.0%	NA	2.3%	2.0% - 6.0%
* PRIVATE REAL ESTATE	\$1,885.5	4.3%	6.0%	NA	4.3%	4.0% - 8.0%
* PRIVATE EQUITY	\$3,749.3	8.5%	7.0%	NA	7.0%	5.0% - 9.0%
TOTAL EQUITIES	\$29,058.3	65.7%	66.5%	NA	64.8%	59.8% - 69.8%

	In \$MM	Actual	Policy Target	Adjustment	Adjusted Policy	Adjusted Target Range***	
Core +5	US - Government	\$1,064.8	2.4%	19.0%	NA	22.6%	17.6% - 27.6%
	US - Mortgage	\$2,947.1	6.7%		NA		
	US - Investment Grade Credit	\$3,578.6	8.1%		NA		
	TOTAL CORE + 5	\$7,755.5	17.5%	19.0%	3.6%	22.6%	17.6% - 27.6%
High Yield	High Yield	\$2,721.2	6.2%	4.0%	NA	5.9%	3.9% - 7.9%
	Bank Loans	\$786.9	1.8%		NA		
	Total High Yield & Bank Loans	\$3,508.1	7.9%		4.0%		
TIPS	\$1,250.8	2.8%	4.5%	NA	4.5%	3.0% - 6.0%	
Convertible Bonds	\$567.0	1.3%	1.0%	NA	1.0%	0.0% - 2.0%	
** ETI	\$518.0	1.2%	**2.0%	NA	**1.2%	**1.2%	
Cash	\$982.2	2.2%	0.0%	NA	0.0%	0.0% - 5.0%	
TOTAL PUBLIC FIXED INCOME	\$14,581.6	33.0%	28.5%	NA	33.9%		
* OPPORTUNISTIC FIXED INCOME	\$570.7	1.3%	5.0%	NA	1.3%	0.0% - 7.0%	
TOTAL FIXED INCOME	\$15,152.3	34.3%	33.5%	NA	35.2%	30.2% - 40.2%	

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

** ETIs have a policy of 2% of the total Fund. The ETI adjusted policy % is shown for illustrative purposes only and is not included in the sub-totals. The ETI policy % is included within the policy % of the other asset classes.

*** Adjusted Target Ranges are calculated as follows: Total Equities: +/-5%; Total Fixed Income: +/-5%; US Equities: +/-4%; Non-US Equities/EAFE: +/-3%; Emerging Markets: +/-2%; Hedge Funds: +/-2%; Real Estate: +/-2%; Private Equity: +/-2%; Core +5: +/-5%; TIPS: +/-1.5%; High Yield & Bank Loans: +/-2% (Bank Loans up to 1/3 of Adjusted Policy); Convertible Bonds: +/-1%; Cash: 0-5%; OFI: +2%/-5%.

NYC EMPLOYEES' RETIREMENT SYSTEM

CLASSIFICATION OF INVESTMENTS

(as of December 31st 2012)

Adjustments to Long-Term Asset Allocation

1) Private Equity

100% of uninvested commitments will be invested in Global Equity.

2) Real Estate

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

3) Opportunistic Fixed Income

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

4) Hedge Funds

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

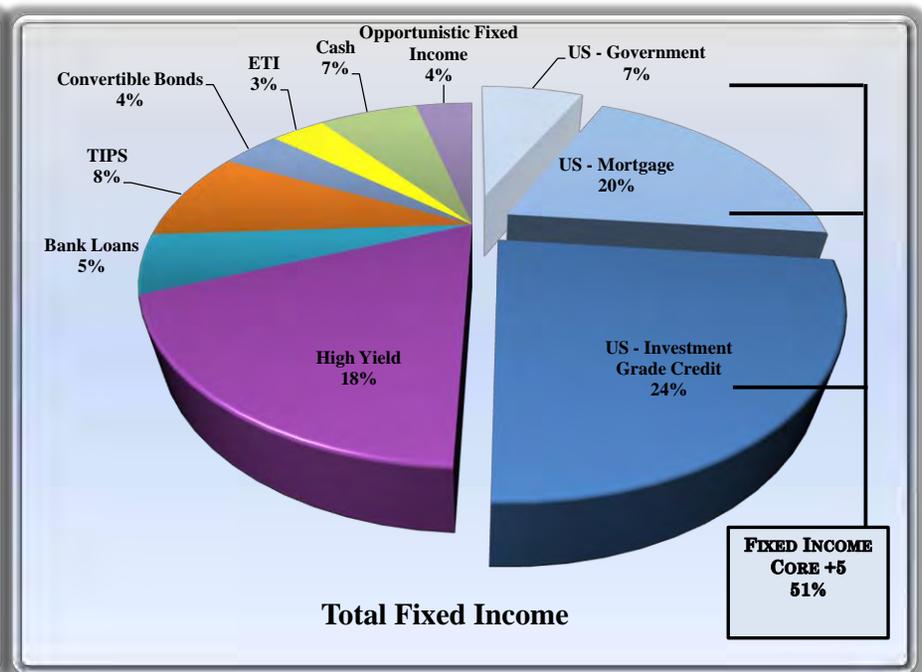
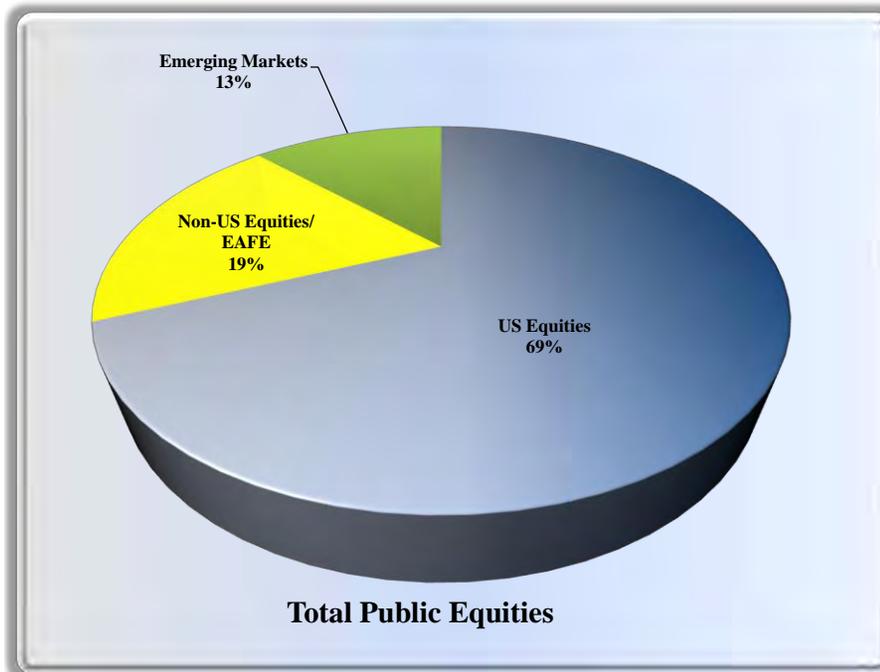
Impact of Adjustments

Core +5 Policy Target %	19.0%
Adjustment: 50% of uninvested Opportunistic FI	1.9%
Adjustment: 50% of uninvested Real Estate	0.9%
Adjustment: 50% of uninvested Hedge Funds	<u>0.9%</u>
Adjusted Core+5 Policy Target %	22.6%
High Yield Policy Target %	4.0%
Adjustment: 50% of uninvested Opportunistic FI	<u>1.9%</u>
Adjusted High Yield Policy Target %	5.9%
Domestic Equity Policy Target %	32.6%
Adjustment: 50% of uninvested Real Estate	0.9%
Adjustment: 79% of uninvested Private Equity	0.0%
Adjustment: 39% of uninvested Hedge Funds	<u>0.7%</u>
Adjusted Domestic Equity Policy Target %	34.1%
Non-U.S. Equity (Developed) Policy Target %	10.0%
Adjustment: 21% of uninvested Private Equity	0.0%
Adjustment: 11% of uninvested Hedge Funds	<u>0.2%</u>
Adjusted Domestic Equity Policy Target %	10.2%

NYC EMPLOYEES' RETIREMENT SYSTEM

CLASSIFICATION OF INVESTMENTS

(as of December 31st 2012)



THE BANK OF NEW YORK MELLON
CITY OF NEW YORK
Market Indicator Page *NYC Employees' Retirement System
December 31, 2012

	Trailing 1 Month	Trailing 3 Months	06/30/12 12/31/12	Trailing 1 Year	Trailing* 2 Years	Trailing* 3 Years	Trailing* 5 Years	Trailing* 10 Years
<u>MARKET INDICATORS</u>								
STANDARD & POORS 500	0.91	-0.38	5.95	16.00	8.83	10.87	1.66	7.10
S&P MIDCAP INDEX 400	2.19	3.61	9.25	17.88	7.62	13.62	5.14	10.53
RUSSELL 1000	1.04	0.12	6.44	16.42	8.70	11.11	1.91	7.52
RUSSELL 2000	3.56	1.85	7.20	16.35	5.59	12.25	3.55	9.72
RUSSELL 3000	1.23	0.25	6.49	16.42	8.44	11.20	2.04	7.68
RUSSELL 3000 GROWTH	0.19	-1.19	4.75	15.21	8.49	11.46	3.15	7.68
RUSSELL 3000 VALUE	2.23	1.65	8.20	17.55	8.36	10.92	0.83	7.53
MSCI EAFE (NET DIVIDEND)	3.20	6.57	13.95	17.32	1.52	3.56	-3.69	8.21
MSCI EMERGING MARKETS FREE	4.90	5.61	13.94	18.63	-1.48	4.98	-0.61	16.88
FTSE CUSTOM BENCHMARK	4.81	4.24	13.43	17.84	-1.86	6.27	0.75	****
MSCI WORLD INDEX	1.93	2.63	9.64	16.54	5.21	7.53	-0.60	8.08
MSCI EUROPE SMID CAP INDEX	3.93	7.78	18.74	25.81	1.84	6.37	-2.46	****
1 YEAR TREASURY BILL YIELD + 4%	0.36	1.04	2.18	4.24	****	****	****	****
HFRI FUND OF FUNDS COMPOSITE INDEX + 1%	1.27	1.63	4.29	5.81	****	****	****	****
NYC - TREASURY AGENCY PLUS FIVE	-1.06	-0.26	0.56	3.84	10.89	10.34	8.13	6.61
CITIGROUP MORTGAGE	0.19	-0.22	0.89	2.60	4.47	4.81	5.72	5.13
NYC - INVESTMENT GRADE CREDIT INDEX	0.09	1.09	4.84	9.52	8.65	8.56	7.39	6.17
NYC - CORE PLUS FIVE	-0.10	0.29	2.34	5.41	7.38	7.30	6.96	5.90
CITIGROUP BROAD INVESTMENT GRADE	-0.08	0.23	1.85	4.23	6.02	6.11	6.08	5.31
BARCLAYS CAPITAL AGGREGATE	-0.14	0.21	1.80	4.21	6.01	6.19	5.94	5.18
CITIGROUP BB & B	1.39	3.00	7.25	14.45	10.44	11.40	7.76	8.94
BofA MERRILL LYNCH HY MASTER II	1.59	3.18	7.95	15.58	9.83	11.59	10.01	10.39
CREDIT SUISSE LEVERAGED LOAN INDEX	0.73	****	****	****	****	****	****	****
BARCLAYS CAPITAL GLOBAL US TIPS (INFLATION NOTES)	-0.65	0.69	2.82	6.98	10.21	8.92	7.05	6.66
BofA ML ALL CONVERTIBLES EX MANDATORY	1.84	2.39	7.01	14.41	5.12	8.79	4.88	****
DJ WILSHIRE REAL ESTATE SECURITIES INDEX	3.79	2.31	1.88	17.09	12.90	17.87	4.92	11.57
NCREIF NFI-ODCE NET	2.06	2.06	4.64	9.77	12.33	13.30	-2.00	****
91 DAY TREASURY BILL	0.02	0.04	0.07	0.11	0.11	0.11	0.52	1.78

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	Trailing 1 Month	Trailing 3 Months	06/30/12 01/31/13	Trailing 1 Year	Trailing* 2 Years	Trailing* 3 Years	Trailing* 5 Years	Trailing* 10 Years
MARKET INDICATORS								
STANDARD & POORS 500	5.18	6.75	11.44	16.78	10.31	14.14	3.97	7.93
S&P MIDCAP INDEX 400	7.22	11.98	17.13	18.56	10.34	17.56	7.98	11.64
RUSSELL 1000	5.42	7.36	12.21	17.03	10.29	14.48	4.28	8.35
RUSSELL 2000	6.26	10.63	13.91	15.47	8.98	15.98	6.31	10.69
RUSSELL 3000	5.49	7.61	12.34	16.90	10.18	14.59	4.44	8.53
RUSSELL 3000 GROWTH	4.46	6.34	9.42	13.44	9.64	14.79	5.78	8.42
RUSSELL 3000 VALUE	6.46	8.81	15.19	20.32	10.66	14.34	2.94	8.48
MSCI EAFE (NET DIVIDEND)	5.27	11.27	19.96	17.25	2.96	6.94	-0.79	9.23
MSCI EMERGING MARKETS FREE	1.39	7.72	15.52	8.01	0.57	7.50	2.35	17.10
FTSE CUSTOM BENCHMARK	0.23	6.22	13.69	6.05	0.14	7.94	3.08	****
MSCI WORLD INDEX	5.12	8.59	15.26	16.62	6.66	10.88	2.00	8.96
MSCI EUROPE SMID CAP INDEX	5.29	11.88	25.03	22.81	3.14	9.24	0.66	****
1 YEAR TREASURY BILL YIELD + 4%	0.34	1.06	2.53	4.24	****	****	****	****
HFRI FUND OF FUNDS COMPOSITE INDEX + 1%	2.58	4.32	6.87	6.48	****	****	****	****
NYC - TREASURY AGENCY PLUS FIVE	-2.01	-2.05	-1.46	1.16	10.06	8.80	7.07	6.44
CITIGROUP MORTGAGE	-0.49	-0.51	0.39	1.66	4.10	4.17	5.23	5.05
NYC - INVESTMENT GRADE CREDIT INDEX	-0.91	-0.92	3.88	6.37	8.03	7.65	6.93	6.03
NYC - CORE PLUS FIVE	-0.96	-0.98	1.35	3.34	6.84	6.39	6.35	5.78
CITIGROUP BROAD INVESTMENT GRADE	-0.73	-0.69	1.11	2.60	5.58	5.35	5.52	5.23
BARCLAYS CAPITAL AGGREGATE	-0.70	-0.68	1.09	2.59	5.58	5.41	5.44	5.10
CITIGROUP BB & B	0.53	2.64	7.81	12.15	9.58	11.31	8.00	8.65
BofA MERRILL LYNCH HY MASTER II	1.38	3.75	9.43	13.87	9.44	11.54	10.61	10.21
CREDIT SUISSE LEVERAGED LOAN INDEX	1.12	****	****	****	****	****	****	****
BARCLAYS CAPITAL GLOBAL US TIPS (INFLATION NOTES)	-0.68	-0.85	2.13	3.87	9.73	8.10	6.07	6.50
BofA ML ALL CONVERTIBLES EX MANDATORY	3.90	6.94	11.19	12.78	5.99	10.70	6.04	****
DJ WILSHIRE REAL ESTATE SECURITIES INDEX	3.40	6.75	5.35	13.68	12.85	21.52	5.70	12.28
NCREIF NFI-ODCE NET	0.00	2.06	4.64	9.77	12.33	13.30	-2.00	****
91 DAY TREASURY BILL	0.00	0.03	0.07	0.11	0.10	0.11	0.42	1.77

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ASSET CLASS SUMMARY																
DOMESTIC EQUITY	\$ 15,400.4	34.83%	1.59%	0.96%	7.16%	16.62%	2.23%	0.17%	17.16%	28.26%	-36.69%	16.62%	11.03%	2.13%	7.67%	10.84%
INTERNATIONAL EAFE	4,162.1	9.41%	3.24	6.34	13.65	17.47	-13.74	-12.59	11.17	33.66	-44.37	17.47	4.51	-3.23	****	5.28
EMERGING MARKETS	2,858.8	6.47%	4.93	3.92	13.02	19.88	-13.32	-18.76	26.33	86.55	-54.13	19.88	7.15	1.03	****	11.53
HEDGE FUNDS	1,002.0	2.27%	1.93	2.94	6.77	7.69	-2.14	****	****	****	****	7.69	****	****	****	2.95
CORE + 5	7,590.6	17.17%	-0.06	0.57	3.19	6.92	9.24	8.85	9.42	9.65	3.27	6.92	8.39	7.59	6.29	8.68
CONVERTIBLE BONDS	567.0	1.28%	1.15	1.35	5.93	11.66	-2.09	-3.02	14.54	33.08	****	11.66	7.44	****	****	4.55
TIPS MANAGERS	1,250.8	2.83%	-0.56	0.76	3.04	7.25	12.13	13.50	6.47	10.15	-0.66	7.25	9.03	7.23	****	6.45
ENHANCED YIELD	2,721.2	6.16%	1.76	3.33	7.69	14.56	6.31	5.73	14.24	40.25	-18.55	14.56	11.43	9.59	9.69	8.47
BANK LOANS	786.9	1.78%	0.41	****	****	****	****	****	****	****	****	****	****	****	****	0.41
OPPORTUNISTIC FIXED	570.7	1.29%	0.80	2.57	5.84	20.49	-4.48	-4.40	26.01	19.13	-6.33	20.49	13.22	****	****	****
PROGRESS FIXED EMERGING MGRS	106.0	0.24%	-0.06	0.47	2.33	5.51	8.80	8.39	7.43	8.78	6.21	5.51	7.10	7.26	6.47	6.70
CORE PLUS FIXED INCOME	58.8	0.13%	0.22	0.54	3.02	6.23	7.61	8.11	7.46	****	****	6.23	7.26	****	****	8.30
ECONOMICALLY TARGETED INVESTMENTS	518.0	1.17%	0.39	1.08	2.87	6.12	7.04	6.61	6.87	8.23	6.28	6.12	6.39	6.68	6.35	9.85
PRIVATE EQUITY	3,749.3	8.48%	1.58	4.92	5.97	12.74	7.50	13.78	14.02	-4.17	-2.73	12.74	13.51	6.39	****	12.17
PRIVATE REAL ESTATE	1,885.5	4.26%	1.60	3.72	4.97	14.43	17.51	22.28	8.46	-43.87	-7.38	14.43	14.91	-4.63	****	7.26
CASH	982.2	2.22%	0.02	0.12	0.21	0.90	0.99	0.89	0.49	1.31	3.42	0.90	0.76	1.39	****	2.65
TOTAL EMPLOYEES	\$ 44,210.6		1.54%	2.20%	6.81%	13.42%	1.32%	1.13%	13.79%	20.98%	-26.36%	13.42%	9.28%	3.06%	7.97%	8.74%
TOTAL EQUITY	22,421.4	50.72%	2.30	2.27	9.00	16.99	-2.94	-4.35	16.31	31.61	-39.34	16.99	9.18	0.77	8.10	8.10
TOTAL HEDGE FUNDS	1,002.0	2.27%	1.93	2.94	6.77	7.69	-2.14	****	****	****	****	7.69	****	****	****	2.95
TOTAL FIXED INCOME	14,170.1	32.05%	0.37	1.25	4.23	8.95	7.97	7.75	10.68	15.55	-1.87	8.95	9.12	8.05	****	6.64
TOTAL PRIVATE EQUITY	3,749.3	8.48%	1.58	4.92	5.97	12.74	7.50	13.78	14.02	-4.17	-2.73	12.74	13.51	6.39	****	12.17
TOTAL PRIVATE REAL ESTATE	1,885.5	4.26%	1.60	3.72	4.97	14.43	17.51	22.28	8.46	-43.87	-7.38	14.43	14.91	-4.63	****	7.26
TOTAL CASH	982.2	2.22%	0.02	0.12	0.21	0.90	0.99	0.89	0.49	1.31	3.42	0.90	0.76	1.39	****	2.65

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

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EQUITY ASSET CLASS SUMMARY																
DOMESTIC EQUITY	\$ 15,400.4	34.83%	1.59%	0.96%	7.16%	16.62%	2.23%	0.17%	17.16%	28.26%	-36.69%	16.62%	11.03%	2.13%	7.67%	10.84%
PASSIVE DOMESTIC EQUITY	11,459.3	25.92%	1.43	0.72	6.86	16.51	2.88	0.52	16.58	27.80	-37.04	16.51	10.93	1.90	7.52	10.61
<i>RUSSELL 3000</i>			1.23	0.25	6.49	16.42	3.84	1.03	16.93	28.34	-37.31	16.42	11.20	2.04	7.68	
			+/-	0.20	0.47	0.37	0.09	(0.96)	(0.51)	(0.35)	(0.54)	0.27	0.09	(0.27)	(0.15)	(0.16)
TOTAL RUSSELL 3000	5,514.0	12.47%	1.23	0.20	6.44	16.34	3.87	1.05	17.22	28.29	-37.16	16.34	11.28	2.12	7.67	9.16
<i>RUSSELL 3000</i>			1.23	0.25	6.49	16.42	3.84	1.03	16.93	28.34	-37.31	16.42	11.20	2.04	7.68	
			+/-	0.00	(0.05)	(0.06)	(0.08)	0.03	0.02	0.29	(0.05)	0.15	(0.08)	0.07	0.08	(0.01)
TOTAL STANDARD & POORS 500	3,598.1	8.14%	1.00	-0.32	6.08	15.99	5.03	1.74	14.90	26.45	-37.11	15.99	10.68	1.52	7.03	1.64
<i>STANDARD & POORS 500</i>			0.91	-0.38	5.95	16.00	5.45	2.11	15.06	26.47	-37.00	16.00	10.87	1.66	7.10	
			+/-	0.09	0.06	0.13	(0.02)	(0.42)	(0.37)	(0.16)	(0.02)	(0.11)	(0.02)	(0.19)	(0.15)	(0.07)
TOTAL MID CAP PASSIVE	2,171.0	4.91%	2.15	3.56	9.17	17.81	-2.29	****	****	****	****	17.81	****	****	****	6.85
<i>S&P MIDCAP INDEX 400</i>			2.19	3.61	9.25	17.88	-2.33	-1.73	26.64	37.38	-36.23	17.88	13.62	5.14	10.53	
			+/-	(0.03)	(0.05)	(0.08)	(0.07)	0.04	****	****	****	(0.07)	****	****	****	
TOTAL SMALL CAP PASSIVE	176.3	0.40%	3.50	1.78	7.13	16.41	-2.01	****	****	****	****	16.41	****	****	****	1.93
<i>RUSSELL 2000</i>			3.56	1.85	7.20	16.35	-2.08	-4.18	26.85	27.18	-33.80	16.35	12.25	3.55	9.72	
			+/-	(0.07)	(0.07)	(0.08)	0.06	0.07	****	****	****	0.06	****	****	****	
ACTIVE DOMESTIC EQUITY	3,687.1	8.34%	2.08	1.77	8.19	17.12	-0.01	-1.73	19.89	30.13	-35.57	17.12	11.33	2.96	8.30	9.98
<i>RUSSELL 3000</i>			1.23	0.25	6.49	16.42	3.84	1.03	16.93	28.34	-37.31	16.42	11.20	2.04	7.68	
			+/-	0.86	1.52	1.70	0.71	(3.85)	(2.76)	2.96	1.79	1.74	0.71	0.13	0.91	0.62
TOTAL LARGE CAP	1,837.6	4.16%	1.69	1.39	7.69	16.76	3.04	0.66	16.74	27.39	****	16.76	11.12	****	****	4.93
<i>RUSSELL 1000</i>			1.04	0.12	6.44	16.42	4.37	1.50	16.10	28.43	-37.60	16.42	11.11	1.91	7.52	
			+/-	0.65	1.27	1.25	0.33	(1.34)	(0.84)	0.64	(1.04)	****	0.33	0.00	****	****
TOTAL SMALL CAP ACTIVE	1,124.6	2.54%	3.65	3.61	10.17	18.75	-5.73	-6.63	29.84	38.79	-42.32	18.75	12.91	2.88	****	5.81
<i>RUSSELL 2000</i>			3.56	1.85	7.20	16.35	-2.08	-4.18	26.85	27.18	-33.80	16.35	12.25	3.55	9.72	
			+/-	0.08	1.75	2.96	2.41	(3.66)	(2.46)	2.99	11.61	(8.52)	2.41	0.67	(0.68)	****
TOTAL EMERGING MGRS	715.9	1.62%	1.32	0.68	7.26	16.17	0.14	-0.20	17.79	28.04	-36.45	16.17	10.94	2.13	8.12	7.95
<i>RUSSELL 3000</i>			1.23	0.25	6.49	16.42	3.84	1.03	16.93	28.34	-37.31	16.42	11.20	2.04	7.68	
			+/-	0.10	0.43	0.77	(0.25)	(3.70)	(1.23)	0.86	(0.30)	0.86	(0.25)	(0.26)	0.09	0.44
US STRATEGIC EQUITY	254.0	0.57%	2.93	2.33	7.14	9.12	-7.70	0.40	8.19	21.74	-31.55	9.12	5.83	-0.25	****	1.17
TOTAL U.S. ENVIRONMENTAL	253.9	0.57%	2.96	2.31	7.21	13.51	-1.35	1.17	26.98	29.89	****	13.51	13.39	****	****	7.16
<i>RUSSELL 2000</i>			3.56	1.85	7.20	16.35	-2.08	-4.18	26.85	27.18	-33.80	16.35	12.25	3.55	9.72	
			+/-	(0.60)	0.46	0.00	(2.84)	0.73	5.34	0.13	2.71	****	(2.84)	1.15	****	****
TOTAL INTERNATIONAL EQUITY	7,021.0	15.88%	3.92	5.34	13.38	18.09	-13.62	-14.05	14.04	41.07	-46.01	18.09	4.99	-2.49	9.41	6.64
PASSIVE DEVELOPED MARKETS	1,119.3	2.53%	3.20	6.16	13.79	17.60	-13.29	-12.50	8.18	32.26	-42.78	17.60	3.64	-3.37	8.50	5.27
<i>MSCI EAFE (NET DIVIDEND)</i>			3.20	6.57	13.95	17.32	-13.83	-12.14	7.75	31.78	-43.39	17.32	3.56	-3.69	8.21	
			+/-	0.00	(0.41)	(0.15)	0.28	0.54	(0.36)	0.43	0.48	0.61	0.28	0.08	0.32	0.29
PASSIVE EMERGING MARKETS	1,078.3	2.44%	4.89	4.00	12.29	16.11	-15.21	****	****	****	****	16.11	****	****	****	-3.55
<i>FTSE CUSTOM BENCHMARK</i>			4.81	4.24	13.43	17.84	-15.03	-18.27	24.60	83.92	-52.98	17.84	6.27	0.75	****	
			+/-	0.08	(0.23)	(1.13)	(1.73)	(0.18)	****	****	****	(1.73)	****	****	****	
ACTIVE DEVELOPED MARKETS	2,598.7	5.88%	3.00	6.05	13.34	16.97	-13.30	-11.88	10.56	34.00	-44.73	16.97	4.45	-3.33	8.19	6.79
<i>MSCI EAFE (NET DIVIDEND)</i>			3.20	6.57	13.95	17.32	-13.83	-12.14	7.75	31.78	-43.39	17.32	3.56	-3.69	8.21	
			+/-	(0.20)	(0.52)	(0.61)	(0.35)	0.53	0.26	2.81	2.22	(1.34)	(0.35)	0.89	0.36	(0.02)
ACTIVE EMERGING MARKETS	1,780.2	4.03%	4.95	3.87	13.47	20.98	-12.97	-18.87	27.44	86.55	-54.13	20.98	7.75	1.37	****	11.93
<i>FTSE CUSTOM BENCHMARK</i>			4.81	4.24	13.43	17.84	-15.03	-18.27	24.60	83.92	-52.98	17.84	6.27	0.75	****	
			+/-	0.14	(0.37)	0.04	3.14	2.06	(0.60)	2.84	2.63	(1.15)	3.14	1.48	0.62	****
NON US STRATEGIC EQUITY	444.2	1.00%	4.76	8.52	15.13	20.65	-17.37	-17.79	21.57	33.76	****	20.65	6.44	****	****	0.98
TOTAL NON-U.S. ACTIVIST	254.8	0.58%	6.79	12.49	19.42	22.10	-25.49	-24.14	29.33	29.34	****	22.10	6.21	****	****	8.91
<i>MSCI EUROPE SMID CAP INDEX</i>			3.93	7.78	18.74	25.81	-19.00	-17.56	16.03	53.23	-52.13	25.81	6.37	-2.46	****	
			+/-	2.85	4.70	0.68	(3.71)	(6.49)	(6.58)	13.30	(23.89)	****	(3.71)	(0.16)	****	****
NON-U.S. ENVIRONMENTAL	189.5	0.43%	2.14	3.60	9.82	18.76	-4.36	-7.75	8.66	40.08	****	18.76	5.98	****	****	0.57
<i>MSCI WORLD INDEX</i>			1.93	2.63	9.64	16.54	-4.42	-5.02	12.34	30.80	-40.33	16.54	7.53	-0.60	8.08	
			+/-	0.21	0.98	0.18	2.22	0.05	(2.73)	(3.68)	9.28	****	2.22	(1.55)	****	****

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FIXED INCOME ASSET CLASS SUMMARY																
TOTAL FIXED INCOME	\$ 14,170.1	32.05%	0.37%	1.25%	4.23%	8.95%	7.97%	7.75%	10.68%	15.55%	-1.87%	8.95%	9.12%	8.05%	****	6.64%
CORE + 5	7,590.6	17.17%	-0.06	0.57	3.19	6.92	9.24	8.85	9.42	9.65	3.27	6.92	8.39	7.59	6.29	8.68
<i>NYC - CORE PLUS FIVE</i>			-0.10	0.29	2.34	5.41	9.35	9.40	7.13	6.28	6.64	5.41	7.30	6.96	5.90	
			0.03	0.28	0.85	1.51	(0.11)	(0.55)	2.29	3.37	(3.37)	1.51	1.09	0.63	0.39	
ALL MORTGAGE	2,947.1	6.67%	0.16	-0.11	1.70	4.26	5.64	6.19	9.12	9.15	3.67	4.26	6.50	6.45	5.52	7.47
<i>CITIGROUP MORTGAGE INDEX</i>			0.19	-0.22	0.89	2.60	5.05	6.38	5.50	5.76	8.49	2.60	4.81	5.72	5.13	
			(0.03)	0.11	0.81	1.66	0.59	(0.19)	3.62	3.39	(4.82)	1.66	1.69	0.73	0.39	
ALL INVESTMENT GRADE CREDIT	3,578.6	8.09%	0.04	1.35	5.32	10.58	9.36	7.82	9.63	20.37	-6.68	10.58	9.33	7.98	6.71	7.80
<i>NYC - INVESTMENT GRADE CREDIT</i>			0.09	1.09	4.84	9.52	9.14	7.80	8.36	16.36	-4.06	9.52	8.56	7.39	6.17	
			(0.05)	0.26	0.49	1.05	0.23	0.03	1.27	4.01	(2.62)	1.05	0.78	0.60	0.54	
ALL TREASURY / AGENCY	1,064.8	2.41%	-1.04	-0.18	0.70	4.20	18.62	18.35	9.55	-6.56	17.73	4.20	10.55	8.24	6.68	8.32
<i>NYC - TREASURY AGENCY PLUS FIVE</i>			-1.06	-0.26	0.56	3.84	18.72	18.44	9.24	-7.44	18.91	3.84	10.34	8.13	6.61	
			0.01	0.08	0.14	0.36	(0.10)	(0.09)	0.31	0.88	(1.18)	0.36	0.20	0.11	0.08	
TOTAL TIPS MANAGERS	1,250.8	2.83%	-0.56	0.76	3.04	7.25	12.13	13.50	6.47	10.15	-0.66	7.25	9.03	7.23	****	6.45
<i>BARCLAYS CAPITAL US TIPS INDEX</i>			-0.65	0.69	2.82	6.98	11.66	13.56	6.37	11.41	-2.35	6.98	8.92	7.05	6.66	
			0.09	0.07	0.22	0.27	0.47	(0.06)	0.10	(1.26)	1.69	0.27	0.11	0.19	****	
TOTAL ENHANCED YIELD	2,721.2	6.16%	1.76	3.33	7.69	14.56	6.31	5.73	14.24	40.25	-18.55	14.56	11.43	9.59	9.69	8.47
<i>CITIGROUP BB & B</i>			1.39	3.00	7.25	14.45	8.45	6.58	13.35	40.37	-25.10	14.45	11.40	7.76	8.94	
			0.37	0.33	0.45	0.11	(2.14)	(0.85)	0.89	(0.12)	6.55	0.11	0.03	1.82	0.75	
TOTAL BANK LOANS	786.9	1.78%	0.41	****	****	****	****	****	****	****	****	****	****	****	****	0.41
<i>CREDIT SUISSE LEVERAGED LOAN INDEX</i>			0.73	****	****	****	****	****	****	****	****	****	****	****	****	
			(0.32)	****	****	****	****	****	****	****	****	****	****	****	****	
TOTAL CONVERTIBLE BONDS	567.0	1.28%	1.15	1.35	5.93	11.66	-2.09	-3.02	14.54	33.08	****	11.66	7.44	****	****	4.55
<i>BoFA ML ALL CONVERTIBLES EX MANDATORY</i>			1.84	2.39	7.01	14.41	-1.68	-3.42	16.52	47.19	-33.02	14.41	8.79	4.88	****	
			(0.68)	(1.04)	(1.09)	(2.76)	(0.41)	0.39	(1.98)	(14.11)	****	(2.76)	(1.35)	****	****	
TOTAL OPPORTUNISTIC FIXED	570.7	1.29%	0.80	2.57	5.84	20.49	-4.48	-4.40	26.01	19.13	-6.33	20.49	13.22	****	****	****
<i>NYC - JP MORGAN HY PLUS 3%</i>			1.72	4.36	9.91	19.20	10.67	8.73	18.05	61.90	-23.83	19.20	15.23	****	****	
			(0.91)	(1.79)	(4.08)	1.28	(15.15)	(13.13)	7.96	(42.77)	17.50	1.28	(2.01)	****	****	
TOTAL PROGRESS FIXED EMERGING MGRS	106.0	0.24%	-0.06	0.47	2.33	5.51	8.80	8.39	7.43	8.78	6.21	5.51	7.10	7.26	6.47	6.70
<i>BARCLAYS CAPITAL AGGREGATE</i>			-0.14	0.21	1.80	4.21	7.47	7.84	6.54	5.93	5.24	4.21	6.19	5.94	5.18	
			0.08	0.26	0.53	1.29	1.33	0.55	0.89	2.85	0.97	1.29	0.91	1.31	1.29	
TOTAL CORE PLUS FIXED INCOME	58.8	0.13%	0.22	0.54	3.02	6.23	7.61	8.11	7.46	****	****	6.23	7.26	****	****	8.30
<i>BARCLAYS CAPITAL AGGREGATE</i>			-0.14	0.21	1.80	4.21	7.47	7.84	6.54	5.93	5.24	4.21	6.19	5.94	5.18	
	13,383.2		0.36	0.33	1.22	2.02	0.14	0.27	0.92	****	****	2.02	1.08	****	****	
ECONOMICALLY TARGETED INVESTMENTS	518.0	1.17%	0.39	1.08	2.87	6.12	7.04	6.61	6.87	8.23	6.28	6.12	6.39	6.68	6.35	9.85
<i>EMPLOYEES CUSTOM BENCHMARK (NO CASH)</i>			0.05	0.01	1.33	3.41	6.63	7.66	6.47	5.21	7.01	3.41	5.83	5.94	5.39	
			0.34	1.07	1.54	2.71	0.40	(1.05)	0.40	3.02	(0.73)	2.71	0.57	0.74	0.97	
CASH ASSET CLASS SUMMARY																
TOTAL CASH	982.2	2.22%	0.02	0.12	0.21	0.90	0.99	0.89	0.48	1.31	3.42	0.90	0.76	1.39	****	2.65
<i>ML 91 DAY TREASURY BILL INDEX</i>			0.02	0.04	0.07	0.11	0.06	0.10	0.13	0.21	2.06	0.11	0.11	0.52	1.78	
			0.00	0.08	0.13	0.79	0.93	0.79	0.35	1.10	1.36	0.79	0.64	0.88	****	

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US EQUITY																
TOTAL RUSSELL 3000	5,514.0	12.47%	1.23	0.20	6.44	16.34	3.87	1.05	17.22	28.29	-37.16	16.34	11.28	2.12	7.67	9.16
RUSSELL 3000			1.23	0.25	6.49	16.42	3.84	1.03	16.93	28.34	-37.31	16.42	11.20	2.04	7.68	
			+/-	0.00	(0.05)	(0.06)	(0.08)	0.03	0.02	0.29	(0.05)	0.15	(0.08)	0.07	0.08	(0.01)
BLACKROCK RUSSELL 3000	3,710.7	8.39%	1.23	0.16	6.40	16.30	3.84	0.95	17.04	28.21	-37.29	16.30	11.17	2.01	7.60	2.33
STATE STREET R3000	1,803.3	4.08%	1.21	0.28	6.52	16.41	3.92	1.19	****	****	****	16.41	****	****	****	12.90
RUSSELL 3000			1.23	0.25	6.49	16.42	3.84	1.03	16.93	28.34	-37.31	16.42	11.20	2.04	7.68	
BLACKROCK RUSSELL 3000			+/-	0.01	(0.09)	(0.10)	(0.11)	(0.00)	(0.07)	0.11	(0.13)	0.02	(0.11)	(0.03)	(0.03)	(0.08)
STATE STREET R3000			+/-	(0.01)	0.03	0.02	(0.00)	0.08	0.17	****	****	(0.00)	****	****	****	****
TOTAL STANDARD & POORS 500	3,598.1	8.14%	1.00	-0.32	6.08	15.99	5.03	1.74	14.90	26.45	-37.11	15.99	10.68	1.52	7.03	1.64
AMALGAMATED S & P 500 INDEX	3,598.1	8.14%	1.00	-0.32	6.08	15.99	5.03	1.74	14.90	26.45	-37.11	15.99	10.68	1.52	7.01	1.78
STANDARD & POORS 500			0.91	-0.38	5.95	16.00	5.45	2.11	15.06	26.47	-37.00	16.00	10.87	1.66	7.10	
TOTAL STANDARD & POORS 500			+/-	0.09	0.06	0.13	(0.02)	(0.42)	(0.37)	(0.16)	(0.02)	(0.11)	(0.02)	(0.19)	(0.15)	(0.07)
AMALGAMATED S & P 500 INDEX			+/-	0.09	0.06	0.13	(0.02)	(0.42)	(0.37)	(0.16)	(0.02)	(0.11)	(0.02)	(0.19)	(0.15)	(0.09)
TOTAL SMALL CAP	1,300.9	2.94%	3.59	2.91	8.99	17.81	-4.34	-4.50	29.84	38.79	-42.32	17.81	13.46	3.18	9.28	6.75
RUSSELL 2000			3.56	1.85	7.20	16.35	-2.08	-4.18	26.85	27.18	-33.80	16.35	12.25	3.55	9.72	11.12
			+/-	0.03	1.05	1.79	1.46	(2.27)	(0.33)	2.99	11.61	(8.52)	1.46	1.22	(0.38)	(0.44)
TOTAL SMALL CAP PASSIVE	176.3	0.40%	3.50	1.78	7.13	16.41	-2.01	****	****	****	****	16.41	****	****	****	1.93
BLACKROCK R2000	176.3	0.40%	3.50	1.78	7.13	16.41	-2.01	****	****	****	****	16.41	****	****	****	1.93
RUSSELL 2000			3.56	1.85	7.20	16.35	-2.08	-4.18	26.85	27.18	-33.80	16.35	12.25	3.55	9.72	
TOTAL SMALL CAP PASSIVE			+/-	(0.07)	(0.07)	(0.08)	0.06	0.07	****	****	****	0.06	****	****	****	****
BLACKROCK R2000			+/-	(0.07)	(0.07)	(0.08)	0.06	0.07	****	****	****	0.06	****	****	****	****
TOTAL SMALL CAP ACTIVE	1,124.6	2.54%	3.65	3.61	10.17	18.75	-5.73	-6.63	29.84	38.79	-42.32	18.75	12.91	2.88	****	5.81
RUSSELL 2000			3.56	1.85	7.20	16.35	-2.08	-4.18	26.85	27.18	-33.80	16.35	12.25	3.55	9.72	
			+/-	0.08	1.75	2.96	2.41	(3.66)	(2.46)	2.99	11.61	(8.52)	2.41	0.67	(0.68)	****
TOTAL SMALL CAP CORE ACTIVE	153.8	0.35%	4.30	5.72	12.08	19.91	-13.23	-10.13	31.75	45.44	****	19.91	12.39	****	****	16.26
DARUMA ASSET MANAGEMNT	153.8	0.35%	4.30	5.72	12.08	19.91	-13.23	-10.13	31.75	45.44	****	19.91	12.39	****	****	16.26
RUSSELL 2000			3.56	1.85	7.20	16.35	-2.08	-4.18	26.85	27.18	****	16.35	12.25	****	****	
TOTAL SMALL CAP CORE			+/-	0.74	3.87	4.87	3.56	(11.15)	(5.96)	4.90	18.26	****	3.56	0.14	****	****
DARUMA ASSET MANAGEMNT			+/-	0.74	3.87	4.87	3.56	(11.15)	(5.96)	4.90	18.26	****	3.56	0.14	****	****
TOTAL SMALL CAP VALUE ACTIVE	303.6	0.69%	****	****	****	****	****	****	****	****	****	****	****	****	****	****
CEREDEX	202.5	0.46%	****	****	****	****	****	****	****	****	****	****	****	****	****	****
WELLINGTON	101.1	0.23%	****	****	****	****	****	****	****	****	****	****	****	****	****	****
RUSSELL 2000 VALUE			****	****	****	****	****	****	****	****	****	****	****	****	****	****
TOTAL SMALL CAP VALUE			+/-	****	****	****	****	****	****	****	****	****	****	****	****	****
CEREDEX			+/-	****	****	****	****	****	****	****	****	****	****	****	****	****
WELLINGTON			+/-	****	****	****	****	****	****	****	****	****	****	****	****	****
RAFI ENHANCED SMALL CO.	667.1	1.51%	4.24	3.87	10.51	19.50	-3.39	-4.70	29.59	34.62	****	19.50	13.85	****	****	8.26
RUSSELL 2000			3.56	1.85	7.20	16.35	-2.08	-4.18	26.85	27.18	-33.80	16.35	12.25	3.55	9.72	
			+/-	0.68	2.02	3.31	3.15	(1.31)	(0.52)	2.74	7.44	****	3.15	1.60	****	****
TOTAL MID CAP	2,171.0	4.91%	2.15	3.56	9.17	17.81	-2.29	****	****	****	****	17.81	****	****	****	6.85
RUSSELL MIDCAP			2.25	2.88	8.62	17.28	-1.65	-1.55	25.47	40.46	-41.46	17.28	13.15	3.56	10.65	
			+/-	(0.09)	0.68	0.54	0.53	(0.63)	****	****	****	0.53	****	****	****	****
TOTAL MID CAP PASSIVE	2,171.0	4.91%	2.15	3.56	9.17	17.81	-2.29	****	****	****	****	17.81	****	****	****	6.85
SSGA S&P 400	2,171.0	4.91%	2.15	3.56	9.17	17.81	-2.29	****	****	****	****	17.81	****	****	****	6.85
S&P MIDCAP INDEX 400			2.19	3.61	9.25	17.88	-2.33	-1.73	26.64	37.38	-36.23	17.88	13.62	5.14	10.53	
TOTAL MID CAP PASSIVE			+/-	(0.03)	(0.05)	(0.08)	(0.07)	0.04	****	****	****	(0.07)	****	****	****	****
SSGA S&P 400			+/-	(0.03)	(0.05)	(0.08)	(0.07)	0.04	****	****	****	(0.07)	****	****	****	****

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TOTAL LARGE CAP RUSSELL 1000	1,837.6	4.16%	1.69	1.39	7.69	16.76	3.04	0.66	16.74	27.39	****	16.76	11.12	****	****	4.93
			1.04	0.12	6.44	16.42	4.37	1.50	16.10	28.43	-37.60	16.42	11.11	1.91	7.52	
	1,837.6 +/-		0.65	1.27	1.25	0.33	(1.34)	(0.84)	0.64	(1.04)	****	0.33	0.00	****	****	
TOTAL LARGE CAP GROWTH	257.3	0.58%	1.07	0.06	6.99	16.47	4.56	2.33	13.59	****	****	16.47	10.62	****	****	16.55
PROFIT INV MGMT (D)	169.0	0.38%	1.62	0.49	8.63	17.86	6.05	2.97	9.48	****	****	17.86	9.94	****	****	16.31
CASTLEARK MGMT (D)	88.3	0.20%	0.03	-0.76	3.99	13.90	1.93	1.17	21.89	****	****	13.90	11.99	****	****	17.01
RUSSELL 1000 GROWTH			-0.03	-1.32	4.71	15.26	5.76	2.64	16.71	37.22	-38.43	15.26	11.35	3.13	7.52	
TOTAL LARGE CAP GROWTH +/-			1.10	1.38	2.29	1.21	(1.20)	(0.31)	(3.12)	****	****	1.21	(0.73)	****	****	
PROFIT INV MGMT +/-			1.65	1.81	3.92	2.60	0.30	0.33	(7.23)	****	****	2.60	(1.41)	****	****	
CASTLEARK MGMT +/-			0.06	0.56	(0.71)	(1.36)	(3.83)	(1.47)	5.18	****	****	(1.36)	0.64	****	****	
TOTAL LARGE CAP VALUE	121.3	0.27%	1.86	2.97	6.45	13.72	-0.43	-1.79	10.60	****	****	13.72	7.29	****	****	13.87
DENALI ADVISORS (D)	121.3	0.27%	1.86	2.97	6.45	13.72	-0.43	-0.34	11.13	****	****	13.72	7.99	****	****	15.01
RUSSELL 1000 VALUE			2.07	1.52	8.13	17.51	3.01	0.39	15.51	19.69	-36.85	17.51	10.86	0.59	7.37	
TOTAL LARGE CAP VALUE +/-			(0.20)	1.45	(1.68)	(3.79)	(3.44)	(2.18)	(4.91)	****	****	(3.79)	(3.57)	****	****	
DENALI ADVISORS +/-			(0.20)	1.45	(1.68)	(3.79)	(3.44)	(0.73)	(4.38)	****	****	(3.79)	(2.87)	****	****	
TOTAL LARGE CAP CORE	245.4	0.55%	1.18	0.08	6.77	15.62	0.90	-1.94	15.86	****	****	15.62	9.51	****	****	24.25
SEIZERT CAPITAL PRTRNS (D)	129.3	0.29%	2.01	1.53	8.53	15.25	-0.77	-0.03	15.82	****	****	15.25	10.09	****	****	16.62
PIEDMONT INV ADV (D)	116.0	0.26%	0.27	-1.49	4.89	16.04	2.76	-4.01	15.91	****	****	16.04	8.89	****	****	14.35
RUSSELL 1000			1.04	0.12	6.44	16.42	4.37	1.50	16.10	28.43	-37.60	16.42	11.11	1.91	7.52	
TOTAL LARGE CAP CORE +/-			0.14	(0.04)	0.34	(0.80)	(3.48)	(3.44)	(0.24)	****	****	(0.80)	(1.60)	****	****	
SEIZERT CAPITAL PRTRNS +/-			0.97	1.41	2.09	(1.18)	(5.14)	(1.53)	(0.28)	****	****	(1.18)	(1.02)	****	****	
PIEDMONT INV ADV +/-			(0.77)	(1.61)	(1.55)	(0.39)	(1.62)	(5.51)	(0.19)	****	****	(0.39)	(2.23)	****	****	
TOTAL FUNDAMENTAL INDEX LARGE CAP	1,213.6	2.75%	1.91	1.79	8.15	17.36	3.53	1.24	18.05	26.11	****	17.36	11.94	****	****	5.21
RUSSELL 1000			1.04	0.12	6.44	16.42	4.37	1.50	16.10	28.43	-37.60	16.42	11.11	1.91	7.52	
			0.87	1.67	1.72	0.94	(0.84)	(0.26)	1.95	(2.32)	****	0.94	0.82	****	****	
VTL S&P 500	300.8	0.68%	1.98	2.07	8.89	18.65	2.93	0.72	17.47	30.84	****	18.65	11.97	****	****	5.99
STANDARD & POORS 500			0.91	-0.38	5.95	16.00	5.45	2.11	15.06	26.47	-37.00	16.00	10.87	1.66	7.10	
			1.07	2.45	2.94	2.65	(2.52)	(1.39)	2.41	4.37	****	2.65	1.10	****	****	
RAFI ENHANCED LARGE CO.	912.8	2.06%	1.89	1.70	7.91	16.94	3.73	2.38	18.99	27.48	****	16.94	12.52	****	****	6.98
RUSSELL 1000			1.04	0.12	6.44	16.42	4.37	1.50	16.10	28.43	-37.60	16.42	11.11	1.91	7.52	
RAFI ENHANCED LARGE CO. +/-			0.85	1.58	1.47	0.52	(0.65)	0.88	2.89	(0.95)	****	0.52	1.41	****	****	
EMERGING MANAGERS																
TOTAL EMERGING MGRS	715.9	1.62%	1.32	0.68	7.26	16.17	0.14	-0.20	17.79	28.04	-36.45	16.17	10.94	2.13	8.12	7.95
PROGRESS EQUITY	281.1	0.64%	1.49	0.82	7.96	16.85	-1.02	-1.18	16.81	30.87	-37.03	16.85	10.49	2.14	8.25	8.06
ATTUCKS	216.5	0.49%	1.26	1.02	7.33	15.59	-0.02	0.50	18.78	24.63	-36.63	15.59	11.33	1.73	****	1.73
F.I.S FUND MGMT	166.9	0.38%	1.07	0.00	6.45	16.02	2.21	0.81	16.39	26.79	-35.41	16.02	10.83	2.20	7.70	2.94
CAPITAL PROSPECTS	51.4	0.12%	1.49	0.67	5.87	15.36	0.60	-0.95	18.56	27.04	-37.64	15.36	10.65	1.42	****	1.28
RUSSELL 3000			1.23	0.25	6.49	16.42	3.84	1.03	16.93	28.34	-37.31	16.42	11.20	2.04	7.68	
TOTAL EMERGING MGRS +/-			0.10	0.43	0.77	(0.25)	(3.70)	(1.23)	0.86	(0.30)	0.86	(0.25)	(0.26)	0.09	0.44	
PROGRESS EQUITY +/-			0.26	0.57	1.47	0.44	(4.86)	(2.21)	(0.12)	2.53	0.28	0.44	(0.71)	0.09	0.57	
ATTUCKS +/-			0.03	0.77	0.84	(0.83)	(3.86)	(0.52)	1.85	(3.71)	0.68	(0.83)	0.13	(0.31)	****	
F.I.S FUND MGMT +/-			(0.16)	(0.25)	(0.05)	(0.39)	(1.63)	(0.22)	(0.54)	(1.55)	1.90	(0.39)	(0.38)	0.15	0.01	
CAPITAL PROSPECTS +/-			0.27	0.42	(0.62)	(1.06)	(3.24)	(1.97)	1.63	(1.30)	(0.33)	(1.06)	(0.56)	(0.62)	****	

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U.S. ENVIRONMENTAL																
TOTAL U.S. ENVIRONMENTAL	253.9	0.57%	2.96	2.31	7.21	13.51	-1.35	1.17	26.98	29.89	****	13.51	13.39	****	****	7.16
RUSSELL 2000			3.56	1.85	7.20	16.35	-2.08	-4.18	26.85	27.18	-33.80	16.35	12.25	3.55	9.72	
			+/-	(0.60)	0.46	0.00	(2.84)	0.73	5.34	0.13	2.71	****	(2.84)	1.15	****	****
WALDEN ASSET MGMT	253.9	0.57%	2.96	2.31	7.21	13.51	-1.35	1.17	26.98	29.89	****	13.51	13.39	****	****	7.16
RUSSELL 2000			3.56	1.85	7.20	16.35	-2.08	-4.18	26.85	27.18	-33.80	16.35	12.25	3.55	9.72	
			+/-	(0.60)	0.46	0.00	(2.84)	0.73	5.34	0.13	2.71	****	(2.84)	1.15	****	****
NON - US EQUITY																
EAFE GROWTH	899.2	2.03%	2.61	6.78	14.95	20.02	-12.72	-12.92	10.16	33.99	-44.76	20.02	4.81	-3.15	****	7.39
MSCI EAFE (NET DIVIDEND)			3.20	6.57	13.95	17.32	-13.83	-12.14	7.75	31.78	-43.39	17.32	3.56	-3.69	8.21	
MSCI EAFE GROWTH			2.39	5.79	12.57	17.28	-12.22	-11.82	12.60	29.91	-42.46	17.28	5.20	-2.74	****	
			+/-	(0.59)	0.21	1.00	2.70	1.11	(0.77)	2.41	2.21	2.70	1.25	0.54	****	
			+/-	0.22	0.98	2.38	2.74	(0.50)	(1.09)	(2.44)	4.08	(2.30)	2.74	(0.40)	(0.41)	****
TOTAL INTL GROWTH	899.2	2.03%	2.61	6.78	14.95	20.02	-12.72	-12.92	10.16	33.99	-44.76	20.02	4.81	-3.15	****	7.39
BAILLIE GIFFORD	432.8	0.98%	2.60	7.29	15.24	19.04	-12.01	-11.03	17.57	46.55	-44.86	19.04	7.58	0.12	****	0.12
PYRAMIS GLOBAL ADVISORS	356.2	0.81%	2.69	6.46	14.90	21.34	-10.89	-11.29	10.72	34.05	-42.74	21.34	6.02	-1.77	****	-1.77
G.E. (NEW)	109.5	0.25%	2.40	5.83	14.06	19.50	-15.50	-15.62	6.38	28.21	-42.40	19.50	2.37	-4.55	****	-4.55
MSCI EAFE GROWTH			2.39	5.79	12.57	17.28	-12.22	-11.82	12.60	29.91	-42.46	17.28	5.20	-2.74	****	
			+/-	0.22	0.98	2.38	2.74	(0.50)	(1.09)	(2.44)	4.08	(2.30)	2.74	(0.40)	(0.41)	****
			+/-	0.21	1.50	2.68	1.76	0.22	0.79	4.97	16.64	(2.40)	1.76	2.38	2.86	****
			+/-	0.31	0.67	2.33	4.06	1.33	0.53	(1.88)	4.14	(0.28)	4.06	0.81	0.97	****
			+/-	0.01	0.04	1.49	2.22	(3.28)	(3.80)	(6.22)	(1.70)	0.06	2.22	(2.84)	(1.81)	****
EAFE VALUE	769.7	1.74%	3.13	5.10	11.46	14.03	-12.96	-11.01	10.16	33.99	-44.76	14.03	3.75	-4.18	****	5.54
MSCI EAFE (NET DIVIDEND)			3.20	6.57	13.95	17.32	-13.83	-12.14	7.75	31.78	-43.39	17.32	3.56	-3.69	8.21	
MSCI EAFE VALUE			4.06	7.44	15.55	18.43	-14.60	-11.65	3.81	35.06	-43.68	18.43	2.80	-3.74	****	
			+/-	(0.07)	(1.47)	(2.49)	(3.29)	0.87	1.13	2.41	2.21	(1.37)	(3.29)	0.19	(0.49)	****
			+/-	(0.93)	(2.34)	(4.09)	(4.41)	1.64	0.63	6.35	(1.07)	(1.08)	(4.41)	0.95	(0.44)	****
TOTAL INTL VALUE	769.7	1.74%	3.13	5.10	11.46	14.03	-12.96	-11.01	10.07	31.48	-44.99	14.03	3.75	-4.18	****	5.54
SPRUCEGROVE (NEW)	530.0	1.20%	3.47	5.85	12.34	17.62	-9.40	-10.12	19.06	34.90	-41.78	17.62	7.97	-0.23	****	-0.39
MONDRIAN INVESTMENT PARTNERS LTD II	239.1	0.54%	2.39	3.49	9.60	9.22	-10.72	-2.94	3.98	25.02	****	9.22	3.30	****	****	-1.80
MSCI EAFE VALUE			4.06	7.44	15.55	18.43	-14.60	-11.65	3.81	35.06	-43.68	18.43	2.80	-3.74	****	
			+/-	(0.93)	(2.34)	(4.09)	(4.41)	1.64	0.63	6.26	(3.58)	(1.31)	(4.41)	0.95	(0.44)	****
			+/-	(0.59)	(1.59)	(3.22)	(0.82)	5.21	1.53	15.25	(0.16)	1.90	(0.82)	5.17	3.51	****
			+/-	(1.67)	(3.95)	(5.95)	(9.21)	3.88	8.71	0.17	(10.04)	****	(9.21)	0.50	****	
TOTAL PASSIVE DEVELOPED	1,119.3	2.53%	3.20	6.16	13.79	17.60	-13.29	-12.50	8.18	32.26	-42.78	17.60	3.64	-3.37	8.50	5.27
SSGA	1,119.1	2.53%	3.20	6.17	13.80	17.60	-13.29	****	****	****	****	17.60	****	****	****	0.72
MSCI EAFE (NET DIVIDEND)			3.20	6.57	13.95	17.32	-13.83	-12.14	7.75	31.78	-43.39	17.32	3.56	-3.69	8.21	
			+/-	0.00	(0.41)	(0.15)	0.28	0.54	(0.36)	0.43	0.48	0.61	0.28	0.08	0.32	0.29
			+/-	0.00	(0.40)	(0.15)	0.28	0.54	****	****	****	****	0.28	****	****	****

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TOTAL INTL CORE	886.8	2.01%	3.27	6.14	13.35	16.44	-14.80	-11.82	11.66	37.63	-44.88	16.44	4.66	-2.75	****	-2.69
THORNBURG	571.0	1.29%	2.70	5.95	12.92	18.52	-12.39	-11.61	16.28	32.90	-42.20	18.52	6.80	-1.32	****	-1.32
PHILADELPHIA	315.8	0.71%	4.32	6.49	14.13	14.21	-17.64	-12.08	6.45	43.38	-47.64	14.21	2.25	-4.30	****	-3.97
MSCI EAFE (NET DIVIDEND)			3.20	6.57	13.95	17.32	-13.83	-12.14	7.75	31.78	-43.39	17.32	3.56	-3.69	8.21	
TOTAL INTL CORE +/-			0.08	(0.43)	(0.60)	(0.88)	(0.96)	0.32	3.91	5.85	(1.49)	(0.88)	1.10	0.94	****	
THORNBURG +/-			(0.50)	(0.62)	(1.03)	1.20	1.44	0.53	8.53	1.12	1.19	1.20	3.24	2.37	****	
PHILADELPHIA +/-			1.13	(0.08)	0.19	(3.10)	(3.81)	0.06	(1.30)	11.60	(4.25)	(3.10)	(1.31)	(0.61)	****	
TOTAL PROGRESS INTL	42.8	0.10%	3.28	6.36	14.29	18.84	-12.53	-13.33	12.96	36.52	-44.31	18.84	5.18	-2.42	****	-2.80
MSCI EAFE (NET DIVIDEND)			3.20	6.57	13.95	17.32	-13.83	-12.14	7.75	31.78	-43.39	17.32	3.56	-3.69	8.21	
+/-			0.08	(0.21)	0.34	1.52	1.30	(1.19)	5.21	4.74	(0.92)	1.52	1.62	1.27	****	
NON-US ACTIVIST & ENVIRONMENTAL EQUITY																
TOTAL NON-U.S. ENVIRONMENTAL	189.5	0.43%	2.14	3.60	9.82	18.76	-4.36	-7.75	8.66	40.08	****	18.76	5.98	****	****	0.57
GENERATION GE	133.8	0.30%	2.31	4.00	10.46	19.40	-4.49	-7.77	15.09	48.07	****	19.40	8.22	****	****	7.71
F&C SGE	55.6	0.13%	1.74	2.67	8.31	17.23	-4.05	-7.69	13.52	40.22	****	17.23	7.10	****	****	2.51
MSCI WORLD INDEX			1.93	2.63	9.64	16.54	-4.42	-5.02	12.34	30.80	-40.33	16.54	7.53	-0.60	8.08	
TOTAL NON-U.S. ENVIRONMENTAL +/-			0.21	0.98	0.18	2.22	0.05	(2.73)	(3.68)	9.28	****	2.22	(1.55)	****	****	
GENERATION GE +/-			0.38	1.37	0.82	2.87	(0.08)	(2.76)	2.75	17.27	****	2.87	0.68	****	****	
F&C SGE +/-			(0.19)	0.05	(1.33)	0.70	0.36	(2.67)	1.18	9.42	****	0.70	(0.43)	****	****	
TOTAL NON-U.S. ACTIVIST	254.8	0.58%	6.79	12.49	19.42	22.10	-25.49	-24.14	29.33	29.34	****	22.10	6.21	****	****	8.91
GOVERNANCE FOR OWNERS	254.7	0.58%	6.79	12.49	19.43	22.10	-25.50	-23.36	36.13	42.60	****	22.10	8.40	****	****	17.66
MSCI EUROPE SMID CAP INDEX			3.93	7.78	18.74	25.81	-19.00	-17.56	16.03	53.23	-52.13	25.81	6.37	-2.46	****	
+/-			2.85	4.70	0.68	(3.71)	(6.49)	(6.58)	13.30	(23.89)	****	(3.71)	(0.16)	****	****	
+/-			2.85	4.70	0.68	(3.71)	(6.50)	(5.80)	20.10	(10.63)	****	(3.71)	2.03	****	****	
TOTAL DEVELOPED MARKETS	3,717.9	8.41%	3.06	6.08	13.44	17.17	-13.36	-12.11	10.09	33.65	-44.34	17.17	4.27	-3.35	8.25	6.14
MSCI EAFE (NET DIVIDEND)			3.20	6.57	13.95	17.32	-13.83	-12.14	7.75	31.78	-43.39	17.32	3.56	-3.69	8.21	
+/-			(0.14)	(0.49)	(0.51)	(0.15)	0.47	0.03	2.34	1.87	(0.95)	(0.15)	0.71	0.34	0.04	
TOTAL DEVELOPED-ENVIRONMENTAL-ACTIVIST	4,162.1	9.41%	3.24	6.34	13.65	17.47	-13.74	-12.59	11.17	33.66	-44.37	17.47	4.51	-3.23	****	5.28
MSCI EAFE (NET DIVIDEND)			3.20	6.57	13.95	17.32	-13.83	-12.14	7.75	31.78	-43.39	17.32	3.56	-3.69	8.21	
+/-			0.04	(0.23)	(0.30)	0.15	0.09	(0.45)	3.42	1.88	(0.98)	0.15	0.95	0.46	****	
EMERGING MARKETS																
TOTAL EMERGING MARKETS	2,858.8	6.47%	4.93	3.92	13.02	19.88	-13.32	-18.76	26.33	86.55	-54.13	19.88	7.15	1.03	****	11.53
ACTIVE EMERGING MARKETS	1,780.2	4.03%	4.95	3.87	13.47	20.98	-12.97	-18.87	27.43	86.55	-54.13	20.98	7.75	1.37	****	11.93
DFA	558.2	1.26%	6.33	4.19	13.79	20.10	-18.27	-23.73	32.76	93.27	-50.75	20.10	6.74	2.97	****	13.65
BAILLIE GIFFORD	334.1	0.76%	2.88	1.84	11.62	11.33	-15.51	-17.76	24.87	89.08	-55.93	11.33	4.56	-0.96	****	10.20
ACADIAN	318.4	0.72%	4.68	5.47	16.24	22.78	-12.32	-15.94	25.57	87.79	-54.82	22.78	9.02	1.91	****	12.32
EATON VANCE	569.3	1.29%	4.99	3.88	12.76	****	****	****	****	****	****	****	****	****	****	18.67
FTSE CUSTOM BENCHMARK			4.81	4.24	13.43	17.84	-15.03	-18.27	24.60	83.92	-52.98	17.84	6.27	0.75	****	
ACTIVE EMERGING MARKETS +/-			0.14	(0.37)	0.04	3.14	2.06	(0.60)	2.83	2.63	(1.15)	3.14	1.48	0.62	****	
DFA +/-			1.52	(0.05)	0.36	2.26	(3.25)	(5.47)	8.16	9.35	2.23	2.26	0.47	2.22	****	
BAILLIE GIFFORD +/-			(1.93)	(2.40)	(1.81)	(6.51)	(0.48)	0.51	0.27	5.16	(2.95)	(6.51)	(1.70)	(1.71)	****	
ACADIAN +/-			(0.12)	1.24	2.81	4.94	2.70	2.32	0.97	3.87	(1.84)	4.94	2.76	1.17	****	
EATON VANCE +/-			0.19	(0.36)	(0.67)	****	****	****	****	****	****	****	****	****	****	

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PASSIVE EMERGING MARKETS	1,078.3	2.44%	4.89	4.00	12.29	16.11	-15.21	****	****	****	****	16.11	****	****	****	-3.55
BLACKROCK-EM	1,078.3	2.44%	4.89	4.00	12.29	16.11	-15.21	****	****	****	****	16.11	****	****	****	-3.55
FTSE CUSTOM BENCHMARK			4.81	4.24	13.43	17.84	-15.03	****	****	****	****	17.84	****	****	****	
PASSIVE EMERGING MARKETS +/-			0.08	(0.23)	(1.13)	(1.73)	(0.18)	****	****	****	****	(1.73)	****	****	****	
BLACKROCK-EM +/-			0.08	(0.23)	(1.13)	(1.73)	(0.18)	****	****	****	****	(1.73)	****	****	****	
TOTAL INTERNATIONAL EQUITY	7,021.0	15.88%	3.92	5.34	13.38	18.09	-13.62	-14.05	14.04	41.07	-46.01	18.09	4.99	-2.49	9.41	6.64
MSCI WORLD INDEX			1.93	2.63	9.64	16.54	-4.42	-5.02	12.34	30.80	-40.33	16.54	7.53	-0.60	8.08	
+/-			1.98	2.71	3.74	1.55	(9.21)	(9.04)	1.70	10.27	(5.68)	1.55	(2.54)	(1.89)	1.32	
HEDGE FUNDS																
TOTAL HEDGE FUNDS	1,002.0	2.27%	1.93	2.94	6.77	7.69	-2.14	****	****	****	****	7.69	****	****	****	2.95
1 YEAR TREASURY BILL YIELD + 4%			0.36	1.04	2.18	4.24	4.26	****	****	****	****	4.24	****	****	****	
HFRI FUND OF FUNDS COMPOSITE INDEX + 1%			1.27	1.63	4.29	5.81	-3.45	****	****	****	****	5.81	****	****	****	
+/-			1.57	1.90	4.58	3.45	(6.40)	****	****	****	****	3.45	****	****	****	
+/-			0.66	1.31	2.48	1.89	1.31	****	****	****	****	1.89	****	****	****	
TOTAL DIRECT HEDGE FUNDS	747.0	1.69%	1.89	3.02	7.14	8.16	****	****	****	****	****	8.16	****	****	****	7.48
D.E. SHAW COMPOSITE FD	228.0	0.52%	****	7.75	11.51	16.98	****	****	****	****	****	16.98	****	****	****	15.52
BREVAN HOWARD	199.4	0.45%	****	2.10	7.87	2.80	****	****	****	****	****	2.80	****	****	****	2.80
BRIGADE LEV CAP STR	116.2	0.26%	****	1.66	3.13	****	****	****	****	****	****	****	****	****	****	4.65
BLUE TREND FD	115.2	0.26%	****	-1.28	4.50	****	****	****	****	****	****	****	****	****	****	4.50
CASPIAN SELECT CF	88.3	0.20%	****	1.15	4.39	****	****	****	****	****	****	****	****	****	****	5.13
HFRI FUND OF FUNDS COMPOSITE INDEX + 1%			1.27	1.63	4.29	5.81	****	****	****	****	****	****	****	****	****	
MSCI AC WORLD INDEX STD NET			2.27	2.88	9.91	16.13	****	****	****	****	****	****	****	****	****	
BARCLAYS CAPITAL AGGREGATE			-0.14	0.21	1.80	4.21	****	****	****	****	****	****	****	****	****	
TOTAL DIRECT HEDGE FUNDS +/-			0.62	1.39	2.86	2.35	****	****	****	****	****	****	****	****	****	
D.E. SHAW COMPOSITE FD +/-			****	6.12	7.22	11.17	****	****	****	****	****	****	****	****	****	
BREVAN HOWARD +/-			****	0.47	3.58	(3.01)	****	****	****	****	****	****	****	****	****	
BRIGADE LEV CAP STR +/-			****	0.04	(1.16)	****	****	****	****	****	****	****	****	****	****	
BLUE TREND FD +/-			****	(2.91)	0.21	****	****	****	****	****	****	****	****	****	****	
CASPIAN SELECT CF +/-			****	(0.48)	0.10	****	****	****	****	****	****	****	****	****	****	
TOTAL PERMAL HEDGE FUNDS OF FUNDS	255.0	0.58%	2.05	2.69	5.68	5.78	-2.89	****	****	****	****	5.78	****	****	****	1.74
HFRI FUND OF FUNDS COMPOSITE INDEX + 1%			1.27	1.63	4.29	5.81	-3.45	****	****	****	****	5.81	****	****	****	
+/-			0.79	1.06	1.39	(0.03)	0.56	****	****	****	****	(0.03)	****	****	****	
FIXED INCOME																
TOTAL STRUCTURED FIXED INCOME	7,590.6	17.17%	-0.06	0.57	3.19	6.92	9.24	8.85	9.42	9.65	3.27	6.92	8.39	7.59	6.29	8.68
NYC - CORE PLUS FIVE			-0.10	0.29	2.34	5.41	9.35	9.40	7.13	6.28	6.64	5.41	7.30	6.96	5.90	
+/-			0.03	0.28	0.85	1.51	(0.11)	(0.55)	2.29	3.37	(3.37)	1.51	1.09	0.63	0.39	
ALL MORTGAGE	2,947.1	6.67%	0.16	-0.11	1.70	4.26	5.64	6.19	9.12	9.15	3.67	4.26	6.50	6.45	5.52	7.47
PIMCO	760.3	1.72%	0.35	-0.06	1.87	4.29	5.36	6.35	8.35	9.30	4.48	4.29	6.32	6.53	5.71	7.72
NEUBERGER BERMAN -MORT	733.5	1.66%	0.10	-0.32	1.42	3.64	4.77	5.73	****	****	****	3.64	****	****	****	5.06
BLACKROCK	675.3	1.53%	0.19	0.12	2.16	5.79	6.77	6.04	8.81	10.93	2.28	5.79	6.87	6.73	5.64	6.46
WELLINGTON -MORT	300.3	0.68%	0.11	-0.24	1.16	2.89	5.49	7.01	6.02	****	****	2.89	5.29	****	****	5.43
GOLDMAN SACHS -MORT	299.9	0.68%	-0.15	-0.14	1.49	3.80	6.23	6.57	5.80	****	****	3.80	5.38	****	****	5.44
SMITH BREENEN -MORT	177.9	0.40%	0.17	-0.05	1.46	3.73	5.36	6.00	6.40	****	****	3.73	5.37	****	****	5.41
CITIGROUP MORTGAGE INDEX			0.19	-0.22	0.89	2.60	5.05	6.38	5.50	5.76	8.49	2.60	4.81	5.72	5.13	
ALL MORTGAGE +/-			(0.03)	0.11	0.81	1.66	0.59	(0.19)	3.62	3.39	(4.82)	1.66	1.69	0.73	0.39	
PIMCO +/-			0.16	0.16	0.98	1.70	0.30	(0.03)	2.85	3.54	(4.01)	1.70	1.51	0.81	0.58	
NEUBERGER BERMAN -MORT +/-			(0.09)	(0.10)	0.53	1.04	(0.28)	(0.65)	****	****	****	1.04	****	****	****	
BLACKROCK +/-			0.00	0.34	1.27	3.19	1.72	(0.33)	3.31	5.17	(6.21)	3.19	2.06	1.00	0.51	
WELLINGTON -MORT +/-			(0.09)	(0.02)	0.27	0.30	0.43	0.63	0.52	****	****	0.30	0.48	****	****	
GOLDMAN SACHS -MORT +/-			(0.34)	0.08	0.60	1.20	1.17	0.19	0.30	****	****	1.20	0.57	****	****	
SMITH BREENEN -MORT +/-			(0.02)	0.17	0.57	1.13	0.30	(0.38)	0.90	****	****	1.13	0.56	****	****	

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ALL INVESTMENT GRADE CREDIT	3,578.6	8.09%	0.04	1.35	5.32	10.58	9.36	7.82	9.63	20.37	-6.68	10.58	9.33	7.98	6.71	7.80
PRUDENTIAL - CREDIT	904.7	2.05%	0.00	1.06	4.62	9.43	9.85	8.28	9.01	19.47	-2.40	9.43	8.91	8.53	6.89	7.59
T. ROWE PRICE -CREDIT	678.7	1.54%	0.11	1.54	5.75	11.40	9.60	8.08	10.54	20.33	-4.18	11.40	10.00	8.94	7.19	8.11
BLACKROCK - CREDIT	675.9	1.53%	0.00	1.12	5.02	10.48	9.72	7.75	9.56	18.44	-5.39	10.48	9.26	7.88	6.60	7.44
TAPLIN, CANIDA -CREDIT	580.9	1.31%	0.21	1.94	6.10	11.02	8.32	7.88	9.33	23.02	-12.92	11.02	9.40	7.00	6.30	7.48
BARROW HANLEY - CREDIT	562.9	1.27%	0.02	1.48	5.84	11.45	8.94	6.78	9.97	****	****	11.45	9.38	****	****	9.40
PRUDENTIAL-PRIVEST-CREDIT	175.5	0.40%	-0.31	0.26	****	****	****	****	****	****	****	****	****	****	****	0.33
NYC - INVESTMENT GRADE CREDIT			0.09	1.09	4.84	9.52	9.14	7.80	8.36	16.36	-4.06	9.52	8.56	7.39	6.17	
ALL INVESTMENT GRADE CREDIT +/-			(0.05)	0.26	0.49	1.05	0.23	0.03	1.27	4.01	(2.62)	1.05	0.78	0.60	0.54	
PRUDENTIAL - CREDIT +/-			(0.09)	(0.03)	(0.22)	(0.09)	0.72	0.48	0.65	3.11	1.66	(0.09)	0.35	1.15	0.72	
T. ROWE PRICE -CREDIT +/-			0.02	0.45	0.91	1.88	0.46	0.28	2.18	3.97	(0.12)	1.88	1.44	1.56	1.02	
BLACKROCK - CREDIT +/-			(0.09)	0.02	0.18	0.96	0.58	(0.05)	1.20	2.08	(1.33)	0.96	0.70	0.50	0.44	
TAPLIN, CANIDA - CREDIT +/-			0.12	0.85	1.26	1.50	(0.82)	0.09	0.97	6.66	(8.86)	1.50	0.84	(0.39)	0.13	
BARROW HANLEY - CREDIT +/-			(0.07)	0.39	1.00	1.92	(0.20)	(1.01)	1.61	****	****	1.92	0.83	****	****	
PRUDENTIAL-PRIVEST-CREDIT +/-			(0.40)	(0.83)	****	****	****	****	****	****	****	****	****	****	****	
ALL TREASURY / AGENCY	1,064.8	2.41%	-1.04	-0.18	0.70	4.20	18.62	18.35	9.55	-6.56	17.73	4.20	10.55	8.24	6.68	8.32
PIMCO	460.5	1.04%	-1.04	-0.10	0.78	4.49	18.60	18.07	10.17	-4.80	15.74	4.49	10.77	8.41	6.84	8.03
BLACKROCK -GOVT	425.7	0.96%	-1.04	-0.27	0.66	3.99	18.61	18.59	9.14	****	****	3.99	10.41	****	****	9.02
STATE STREET	178.6	0.40%	-1.05	-0.20	0.62	3.96	18.69	18.51	8.93	-6.54	18.90	3.96	10.30	8.32	6.72	8.63
NYC - TREASURY AGENCY PLUS FIVE			-1.06	-0.26	0.56	3.84	18.72	18.44	9.24	-7.44	18.91	3.84	10.34	8.13	6.61	
ALL TREASURY / AGENCY +/-			0.01	0.08	0.14	0.36	(0.10)	(0.09)	0.31	0.88	(1.18)	0.36	0.20	0.11	0.08	
PIMCO +/-			0.01	0.16	0.22	0.65	(0.12)	(0.38)	0.93	2.64	(3.17)	0.65	0.42	0.27	0.24	
BLACKROCK -GOVT +/-			0.02	(0.01)	0.10	0.15	(0.11)	0.15	(0.10)	****	****	0.15	0.06	****	****	
STATE STREET +/-			0.01	0.06	0.06	0.12	(0.03)	0.07	(0.31)	0.90	(0.01)	0.12	(0.04)	0.18	0.11	
HIGH YIELD																
TOTAL ENHANCED YIELD	2,721.2	6.16%	1.76	3.33	7.69	14.56	6.31	5.73	14.24	40.25	-18.55	14.56	11.43	9.59	9.69	8.47
CITIGROUP BB & B			1.39	3.00	7.25	14.45	8.45	6.58	13.35	40.37	-25.10	14.45	11.40	7.76	8.94	
+/-			0.37	0.33	0.45	0.11	(2.14)	(0.85)	0.89	(0.12)	6.55	0.11	0.03	1.82	0.75	
LOOMIS SAYLES	547.4	1.24%	2.51	3.78	10.22	18.69	6.22	7.60	16.36	52.81	-23.17	18.69	14.11	11.77	11.82	9.85
NYC-LOOMIS (BoFA ML-MST II 7-03/BB&B PRIOR)			1.59	3.18	7.95	15.58	6.51	4.38	15.19	57.51	-26.39	15.58	11.59	10.01	10.30	
+/-			0.92	0.60	2.27	3.10	(0.30)	3.22	1.17	(4.70)	3.22	3.10	2.52	1.76	1.52	
OAKTREE	307.2	0.69%	****	****	****	****	****	****	****	****	****	****	****	****	****	****
Merrill Lynch High Yield Master II Constrained			****	****	****	****	****	****	****	****	****	****	****	****	****	****
STONE HARBOR	292.8	0.66%	1.82	3.77	****	****	****	****	****	****	****	****	****	****	****	3.77
BoFA MERRILL LYNCH HY MASTER II			1.59	3.18	****	****	****	****	****	****	****	****	****	****	****	
+/-			0.24	0.58	****	****	****	****	****	****	****	****	****	****	****	
T. ROWE PRICE	485.1	1.10%	1.47	3.00	7.46	13.95	6.27	4.96	14.14	43.67	-19.96	13.95	10.93	9.44	9.53	9.31
NEUBERGER BERMAN	494.0	1.12%	1.61	3.46	****	****	****	****	****	****	****	****	****	****	****	4.84
SHENKMAN	249.9	0.57%	1.31	2.74	5.99	11.77	6.95	5.34	11.70	29.38	-12.87	11.77	9.56	8.19	****	7.70
PENN	177.1	0.40%	1.56	3.20	****	****	****	****	****	****	****	****	****	****	****	4.31
FORT WASHINGTON	167.4	0.38%	1.53	3.13	****	****	****	****	****	****	****	****	****	****	****	4.51
CITIGROUP BB & B			1.39	3.00	7.25	14.45	8.45	6.58	13.35	40.37	-25.10	14.45	11.40	7.76	8.94	
T. ROWE PRICE +/-			0.08	0.00	0.22	(0.51)	(2.17)	(1.61)	0.79	3.30	5.14	(0.51)	(0.47)	1.67	0.58	
NEUBERGER BERMAN +/-			0.22	0.46	****	****	****	****	****	****	****	****	****	****	****	
SHENKMAN +/-			(0.08)	(0.27)	(1.26)	(2.68)	(1.49)	(1.24)	(1.65)	(10.99)	12.23	(2.68)	(1.84)	0.42	****	
PENN +/-			0.17	0.20	****	****	****	****	****	****	****	****	****	****	****	
FORT WASHINGTON +/-			0.14	0.13	****	****	****	****	****	****	****	****	****	****	****	

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BANK LOANS																
TOTAL BANK LOANS	786.9	1.78%	0.41	****	****	****	****	****	****	****	****	****	****	****	****	0.41
BABSON BL MTA	218.3	0.49%	0.75	****	****	****	****	****	****	****	****	****	****	****	****	0.75
CREDIT SUISSE BL MTA	216.5	0.49%	****	****	****	****	****	****	****	****	****	****	****	****	****	****
GUGGENHEIM BL MTA	137.7	0.31%	****	****	****	****	****	****	****	****	****	****	****	****	****	****
INVESCO BL MTA	214.4	0.48%	****	****	****	****	****	****	****	****	****	****	****	****	****	****
CREDIT SUISSE LEVERAGED LOAN INDEX			0.73	****	****	****	****	****	****	****	****	****	****	****	****	****
BABSON BL MTA +/-			(0.32)	****	****	****	****	****	****	****	****	****	****	****	****	****
CREDIT SUISSE BL MTA +/-			0.01	****	****	****	****	****	****	****	****	****	****	****	****	****
GUGGENHEIM BL MTA +/-			****	****	****	****	****	****	****	****	****	****	****	****	****	****
INVESCO BL MTA +/-			****	****	****	****	****	****	****	****	****	****	****	****	****	****
TIPS																
TOTAL TIPS MANAGERS	1,250.8	2.83%	-0.56	0.76	3.04	7.25	12.13	13.50	6.47	10.15	-0.66	7.25	9.03	7.23	****	6.45
PIMCO-TIPS-MTA	702.2	1.59%	-0.54	0.84	3.24	7.67	12.36	13.34	6.57	10.24	-0.88	7.67	9.15	7.28	****	6.43
STATE STREET-TIPS-MTA	309.3	0.70%	-0.60	0.62	2.82	6.87	11.68	13.61	6.34	10.00	-0.96	6.87	8.89	7.06	****	6.64
BLACKROCK-TIPS	239.4	0.54%	-0.55	0.69	2.70	6.42	11.95	13.82	6.34	10.02	0.22	6.42	8.80	7.27	****	7.06
BARCLAYS CAPITAL US TIPS INDEX			-0.65	0.69	2.82	6.98	11.66	13.56	6.37	11.41	-2.35	6.98	8.92	7.05	6.66	****
TOTAL TIPS MANAGERS +/-			0.09	0.07	0.22	0.27	0.47	(0.06)	0.10	(1.26)	1.69	0.27	0.11	0.19	****	****
PIMCO-TIPS-MTA +/-			0.11	0.15	0.42	0.69	0.70	(0.22)	0.20	(1.17)	1.47	0.69	0.23	0.23	****	****
STATE STREET-TIPS-MTA +/-			0.05	(0.06)	(0.00)	(0.11)	0.02	0.05	(0.03)	(1.41)	1.39	(0.11)	(0.03)	0.01	****	****
BLACKROCK-TIPS +/-			0.10	0.00	(0.12)	(0.56)	0.29	0.26	(0.03)	(1.39)	2.57	(0.56)	(0.12)	0.22	****	****
CONVERTIBLE BONDS																
TOTAL CONVERTIBLE BONDS	567.0	1.28%	1.15	1.35	5.93	11.66	-2.09	-3.02	14.54	33.08	****	11.66	7.44	****	****	4.55
BofA ML ALL CONVERTIBLES EX MANDATORY			1.84	2.39	7.01	14.41	-1.68	-3.42	16.52	47.19	-33.02	14.41	8.79	4.88	****	****
NYCERS CUSTOM CONVERTIBLE BOND INDEX			1.28	2.03	6.79	13.03	-1.59	-3.33	12.53	39.96	****	13.03	7.13	****	****	****
+/-			(0.68)	(1.04)	(1.09)	(2.76)	(0.41)	0.39	(1.98)	(14.11)	****	(2.76)	(1.35)	****	****	****
+/-			(0.12)	(0.68)	(0.86)	(1.38)	(0.51)	0.31	2.01	(6.88)	****	(1.38)	0.31	****	****	****
ADVENT CONVERTIBLE BONDS	275.9	0.62%	1.03	1.34	5.68	11.69	-0.61	-1.59	14.96	36.66	****	11.69	8.11	****	****	6.75
BofA ML CONVERTIBLES YIELD ALT. INDEX			1.68	2.67	6.71	12.21	-0.41	-1.73	12.98	46.25	****	12.21	7.60	****	****	****
+/-			(0.64)	(1.34)	(1.02)	(0.52)	(0.20)	0.14	1.98	(9.59)	****	(0.52)	0.51	****	****	****
LORD ABBETT CONVERTIBLE BONDS	144.8	0.33%	1.83	2.39	7.09	12.79	-4.96	-5.68	16.94	35.17	****	12.79	7.55	****	****	4.52
BofA ML ALL CONVERTIBLES INDEX			2.09	2.80	7.85	14.96	-3.22	-5.18	16.77	49.13	-35.73	14.96	8.37	4.06	7.31	****
+/-			(0.26)	(0.41)	(0.76)	(2.17)	(1.75)	(0.50)	0.17	(13.96)	****	(2.17)	(0.82)	****	****	****
VICTORY CONVERTIBLE BONDS	146.3	0.33%	0.68	0.31	5.18	10.42	-1.78	-3.05	11.63	27.36	****	10.42	6.12	****	****	3.55
BofA ML CONVERTIBLE BONDS INVST GRADE			0.07	0.63	5.81	11.89	-1.23	-3.14	7.89	25.49	****	11.89	5.35	****	****	****
+/-			0.61	(0.32)	(0.63)	(1.48)	(0.55)	0.09	3.74	1.87	****	(1.48)	0.77	****	****	****

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FIXED INCOME EMERGING/DEVELOPING MANAGERS																
TOTAL PROGRESS FIXED EMERGING MGRS	106.0	0.24%	-0.06	0.47	2.33	5.51	8.80	8.39	7.43	8.78	6.21	5.51	7.10	7.26	6.47	6.70
BARCLAYS CAPITAL AGGREGATE			-0.14	0.21	1.80	4.21	7.47	7.84	6.54	5.93	5.24	4.21	6.19	5.94	5.18	
			0.08	0.26	0.53	1.29	1.33	0.55	0.89	2.85	0.97	1.29	0.91	1.31	1.29	
TOTAL CORE PLUS FIXED INCOME	58.8	0.13%	0.22	0.54	3.02	6.23	7.61	8.11	7.46	****	****	6.23	7.26	****	****	8.30
LM CAPITAL - MTA	58.8	0.13%	0.22	0.54	3.02	6.23	7.61	8.11	7.46	****	****	6.23	7.26	****	****	8.30
BARCLAYS CAPITAL AGGREGATE			-0.14	0.21	1.80	4.21	7.47	7.84	6.54	5.93	5.24	4.21	6.19	5.94	5.18	
CORE PLUS FIXED INCOME			0.36	0.33	1.22	2.02	0.14	0.27	0.92	****	****	2.02	1.08	****	****	
LM CAPITAL - MTA			0.36	0.33	1.22	2.02	0.14	0.27	0.92	****	****	2.02	1.08	****	****	
OPPORTUNISTIC FIXED																
TOTAL OPPORTUNISTIC FIXED INCOME	570.7	1.29%	0.80	2.57	5.84	20.49	-4.48	-4.40	26.01	19.13	-6.33	20.49	13.22	****	****	****
NYC - JP MORGAN HY PLUS 3%			1.72	4.36	9.91	19.20	10.67	8.73	18.05	61.90	-23.83	19.20	15.23	****	****	
			(0.91)	(1.79)	(4.08)	1.28	(15.15)	(13.13)	7.96	(42.77)	17.50	1.28	(2.01)	****	****	
TOTAL DISTRESSED	570.7	1.29%	0.80	2.57	5.84	20.49	-4.48	-4.40	26.01	19.13	-6.33	20.49	13.22	****	****	****
TOTAL FUND STRATEGIES	95.3	0.22%	****	****	****	****	****	****	****	****	****	****	****	****	****	****
AVE EURO SPECIAL SITUATIONS FD	7.1	0.02%	16.03	36.22	39.76	30.99	-24.87	-0.86	4.60	65.87	-9.22	30.99	4.76	****	****	16.03
AVE SPECIAL SITUATIONS FD V	4.2	0.01%	11.11	0.00	17.53	23.38	-25.95	-4.21	19.07	76.44	-51.42	23.38	15.62	****	****	11.11
AVE SPECIAL SITUATIONS FD VI	66.4	0.15%	1.19	0.00	5.35	15.42	-1.75	-14.53	****	****	****	15.42	****	****	****	1.19
3 MONTH LIBOR PLUS 750BPS			0.63	1.90	3.86	7.93	7.96	7.85	7.85	8.16	10.11	7.93	7.88	****	****	
AVE SPECIAL SITUATIONS FD V			15.40	34.32	35.90	23.06	(32.83)	(8.71)	(3.25)	57.71	(19.33)	23.06	(3.12)	****	****	
AVE SPECIAL SITUATIONS FD VI			10.48	(1.90)	13.67	15.45	(33.91)	(12.06)	11.22	68.28	(61.53)	15.45	7.74	****	****	
AVE EURO SPECIAL SITUATIONS FD			0.56	(1.90)	1.49	7.49	(9.71)	(22.38)	****	****	****	7.49	****	****	****	
AG GECC LP	17.7	0.04%	****	****	****	****	****	****	****	****	****	****	****	****	****	26.39
NYC-CORE PLUS 5 + 200BPS			0.05	0.79	3.33	7.41	11.35	11.40	9.13	8.28	8.64	7.41	9.30	****	****	
TOTAL STRATEGIC MANDATES	475.4	1.08%	0.73	1.36	5.80	16.63	****	****	****	****	****	16.63	****	****	****	16.63
ANGELO GORDON PTNRS LP	88.1	0.20%	0.00	0.00	-0.16	****	****	****	****	****	****	****	****	****	****	****
APOLLO PTNRS LP	73.6	0.17%	0.00	0.00	0.00	****	****	****	****	****	****	****	****	****	****	****
FORTRESS PTNRS LP	28.5	0.06%	0.00	0.99	0.69	****	****	****	****	****	****	****	****	****	****	****
GOLDENTREE OD MTA	117.1	0.26%	2.91	4.42	8.56	15.67	****	****	****	****	****	15.67	****	****	****	****
MARATHON OD	145.8	0.33%	-0.03	0.46	11.13	25.44	****	****	****	****	****	25.44	****	****	****	****
OAK HILLS PRTNS OD	22.1	0.05%	-0.71	-0.36	****	****	****	****	****	****	****	****	****	****	****	****
JP MORGAN GLOBAL HIGH YIELD BOND INDEX			1.58	3.32	8.18	16.20	****	****	****	****	****	****	****	****	****	****
JP MORGAN GLOBAL HIGH YIELD PLUS 3%			1.72	4.36	9.91	19.20	****	****	****	****	****	****	****	****	****	****
TOTAL STRATEGIC MANDATES			(0.99)	(3.00)	(4.11)	(2.57)	****	****	****	****	****	****	****	****	****	****
ANGELO GORDON PTNRS LP			(1.72)	(4.36)	(10.08)	****	****	****	****	****	****	****	****	****	****	****
APOLLO PTNRS LP			(1.72)	(4.36)	(9.91)	****	****	****	****	****	****	****	****	****	****	****
FORTRESS PTNRS LP			(1.72)	(3.37)	(9.22)	****	****	****	****	****	****	****	****	****	****	****
GOLDENTREE OD MTA			1.20	0.06	(1.35)	(3.54)	****	****	****	****	****	****	****	****	****	****
MARATHON PTNRS LP			(1.74)	(3.90)	1.22	6.24	****	****	****	****	****	****	****	****	****	****
OAK HILLS PRTNS OD			(2.43)	(4.72)	****	****	****	****	****	****	****	****	****	****	****	****

THE BANK OF NEW YORK MELLON

CITY OF NEW YORK

Manager / Benchmark Comparison Report *NYC Employees' Retirement System

December 31, 2012

	Assets (\$MM)	% of Total	Trailing 1 Month	Trailing 3 Months	Fiscal YTD	Calendar YTD	FY Ending 06/30/12	Calendar Yr Ending 2011	Calendar Yr Ending 2010	Calendar Yr Ending 2009	Calendar Yr Ending 2008	Trailing 1 Year	Trailing* 3 Years	Trailing* 5 Years	Trailing* 10 Years	Since Inception
OTHER FIXED INCOME																
TOTAL ETI	518.0	1.17%	0.39	1.08	2.87	6.12	7.04	6.61	6.87	8.23	6.28	6.12	6.39	6.68	6.35	9.85
EMPLOYEES CUSTOM BENCHMARK (NO CASH)			0.05	0.01	1.33	3.41	6.63	7.66	6.47	5.21	7.01	3.41	5.83	5.94	5.39	
			+/-	0.34	1.07	1.54	2.71	0.40	(1.05)	0.40	3.02	(0.73)	2.71	0.57	0.74	0.97
AFL-CIO HOUSING INV TRUST	226.9	0.51%	-0.28	0.11	1.59	4.27	7.60	7.86	6.16	6.28	5.26	4.27	6.09	5.96	5.17	5.21
BARCLAYS CAPITAL AGGREGATE			-0.14	0.21	1.80	4.21	7.47	7.84	6.54	5.93	5.24	4.21	6.19	5.94	5.18	
			+/-	(0.14)	(0.10)	(0.21)	0.06	0.13	0.02	(0.38)	0.35	0.02	0.06	(0.10)	0.01	(0.01)
ACCESS RBC	55.6	0.13%	0.28	0.16	1.66	4.15	6.57	6.78	5.72	10.99	6.67	4.15	5.42	6.64	****	6.55
ACCESS CUSTOM BENCHMARK			0.00	-0.15	0.83	2.38	5.24	6.32	5.52	2.89	9.67	2.38	4.72	5.32	****	
			+/-	0.28	0.31	0.83	1.78	1.33	0.46	0.20	8.10	(3.00)	1.78	0.70	1.32	****
BOA-PPAR	16.8	0.04%	0.52	1.18	3.08	6.28	6.84	****	6.28	6.28	6.28	6.28	****	****	****	6.38
CFSB-PPAR	2.4	0.01%	39.17	2.56	3.66	8.16	5.67	3.29	12.80	9.82	5.50	8.16	8.01	7.86	****	7.52
CCD-PPAR	5.7	0.01%	0.76	2.48	5.02	11.40	8.83	5.59	11.58	12.48	6.69	11.40	9.48	9.51	****	9.05
LIIF-PPAR	3.5	0.01%	0.68	2.27	3.72	6.84	5.72	4.96	4.34	****	****	6.84	5.37	****	****	5.83
NCBCI-PPAR	1.4	0.00%	0.77	2.44	5.36	9.46	8.88	8.50	4.10	****	****	9.46	7.33	****	****	7.26
NHS-PPAR	1.2	0.00%	0.85	2.67	5.28	9.68	5.04	3.85	9.95	14.83	5.41	9.68	7.79	8.67	****	8.49
TARGETED INVESTMENT	186.0	0.42%	0.87	2.47	4.86	9.23	7.11	5.76	8.64	10.32	7.69	9.23	7.86	8.31	7.67	10.29
CPC TERM LOAN	18.5	0.04%	0.20	0.61	1.24	2.51	2.34	2.09	2.06	2.19	4.81	2.51	2.22	2.73	****	4.14
CASH																
TOTAL CASH	982.2	2.22%	0.02	0.12	0.21	0.90	0.99	0.89	0.49	1.31	3.42	0.90	0.76	1.39	****	2.65
ML 91 DAY TREASURY BILL INDEX			0.02	0.04	0.07	0.11	0.06	0.10	0.13	0.21	2.06	0.11	0.11	0.52	1.78	
			+/-	0.00	0.08	0.13	0.79	0.93	0.79	0.36	1.10	1.36	0.79	0.64	0.88	****
PRIVATE EQUITY																
TOTAL PRIVATE EQUITY	3,749.3	8.48%	1.58	4.92	5.97	12.74	7.50	13.78	14.02	-4.17	-2.73	12.74	13.51	6.39	****	12.17
RUSSELL 3000 PLUS 3% Lagged			7.61	7.61	4.46	35.20	12.18	5.55	15.96	-1.42	-16.52	35.20	18.28	6.37	****	
			+/-	(6.03)	(2.69)	1.51	(22.47)	(4.68)	8.23	(1.94)	(2.75)	13.79	(22.47)	(4.77)	0.02	****
PRIVATE REAL ESTATE																
TOTAL PRIVATE REAL ESTATE	1,885.5	4.26%	1.60	3.72	4.97	14.43	17.51	22.28	8.46	-43.87	-7.38	14.43	14.91	-4.63	****	7.26
NCREIF NFI-ODCE NET			2.06	2.06	4.64	9.77	11.31	14.97	15.26	-30.40	-10.70	9.77	13.30	-2.00	****	
			+/-	(0.46)	1.66	0.33	4.66	6.21	7.31	(6.80)	(13.47)	3.32	4.66	1.62	(2.63)	****
TOTAL EMPLOYEES	44,210.6		1.54	2.20	6.81	13.42	1.32	1.13	13.79	20.98	-26.36	13.42	9.28	3.06	7.97	8.74
EMPLOYEES POLICY BENCHMARK			1.34	1.56	6.65	13.39	3.01	1.60	13.77	25.03	-28.19	13.39	9.64	3.43	8.11	
			+/-	0.20	0.64	0.16	0.03	(1.69)	(0.47)	0.02	(4.05)	1.83	0.03	(0.36)	(0.37)	(0.14)

New York City Employees' Retirement System
Private Equity Portfolio
As of September 30, 2012 (in USD)

Vintage Year	Investment	First Drawdown	Committed Capital	Net Contributed Capital	Net Distributed Capital	Market Value	Multiple	IRR
1998	VS&A Communications Partners III, L.P.	12/15/1998	\$ 50,000,000	\$ 50,063,625	\$ 64,109,887	\$ 4,337,404	1.37x	6.3%
1999	Cypress Merchant Banking Partners II, L.P.	3/29/1999	50,000,000	49,863,018	37,124,068	4,789,393	0.84x	(3.6%)
1999	FdG Capital Partners LLC	6/2/1999	25,000,000	24,302,765	38,113,544	5,248,936	1.78x	15.1%
1999	Lincolnshire Equity Fund II, L.P.	10/20/1999	20,000,000	18,711,603	33,126,429	4,343,760	2.00x	24.9%
2000	Carlyle Partners III, L.P.	3/1/2000	50,000,000	44,860,083	96,310,496	1,484,295	2.18x	20.5%
2000	Solera Partners, L.P.	5/26/2000	20,000,000	15,082,736	11,486,746	27,955,944	2.62x	11.1%
2000	SCP Private Equity Partners II, L.P.	6/15/2000	30,000,000	27,931,907	5,949,854	10,290,608	0.58x	(7.4%)
2001	Ripplewood Partners II, L.P.	2/28/2001	20,000,000	22,198,219	16,126,720	9,417,100	1.15x	4.3%
2001	New Mountain Partners, L.P.	3/16/2001	20,000,000	17,107,647	22,908,592	1,863,821	1.45x	12.7%
2001	Apollo Investment Fund V, L.P.	4/13/2001	40,000,000	37,444,293	87,863,882	11,164,809	2.64x	38.9%
2001	RRE Ventures III, L.P.	7/6/2001	20,000,000	25,262,003	15,507,698	27,476,697	1.70x	10.1%
2002	Yucaipa American Alliance Fund I, LP	7/1/2002	90,000,000	90,079,247	54,710,774	65,577,340	1.34x	8.0%
2002	Thomas, Mc Nerney & Partners, L.P.	10/9/2002	20,000,000	19,100,000	7,003,139	9,447,610	0.86x	(3.6%)
2002	BDCM Opportunity Fund, L.P.	10/14/2002	25,000,000	22,900,319	41,522,419	19,593,593	2.67x	23.5%
2002	Landmark Equity Partners XI, L.P.	10/23/2002	55,000,000	51,973,412	67,365,045	11,370,107	1.51x	24.5%
2003	FS Equity Partners V, L.P.	1/20/2003	25,000,000	20,048,071	32,981,871	7,162,191	2.00x	15.8%
2003	Blackstone Capital Partners IV, L.P.	2/26/2003	40,000,000	29,535,460	65,530,758	15,103,837	2.73x	39.6%
2003	Ares Corporate Opportunities Fund, L.P.	4/1/2003	45,000,000	43,449,834	51,456,424	22,286,092	1.70x	14.7%
2004	Markstone Capital Partners, LP	1/30/2004	40,000,000	38,288,106	15,792,273	18,743,040	0.90x	(2.7%)
2004	FdG Capital Partners II LP	8/30/2004	35,000,000	28,022,202	9,853,312	22,591,872	1.16x	2.6%
2004	Paladin Homeland Security Fund (NY City), L.P.	9/27/2004	15,000,000	15,155,182	1,807,642	5,700,149	0.50x	(12.1%)
2004	Lincolnshire Equity Fund III, L.P.	10/1/2004	55,000,000	51,662,540	60,120,212	37,612,823	1.89x	37.5%
2004	New York/Fairview Emerging Managers Fund, L.P.-Tranche 1	10/21/2004	32,000,000	27,600,000	6,116,457	20,910,924	0.98x	(0.6%)
2004	Palladium Equity Partners III, L.P.	11/12/2004	35,000,000	28,410,153	16,148,302	32,535,487	1.71x	18.3%
2004	Aurora Equity Partners III L.P.	11/16/2004	50,000,000	50,550,419	24,444,665	50,461,212	1.48x	12.5%
2004	Trilantic Capital Partners III, L.P.	11/18/2004	50,000,000	37,472,072	41,419,977	17,370,825	1.57x	13.3%
2004	Celtic Pharmaceutical Holdings L.P.	12/23/2004	25,000,000	25,402,094	402,094	38,384,636	1.53x	8.4%
2005	New Mountain Partners II, L.P.	1/12/2005	46,451,615	36,298,452	32,025,393	34,050,135	1.82x	12.4%
2005	VSS Communications Partners IV, L.P.	3/14/2005	25,000,000	25,218,838	5,651,699	14,251,073	0.79x	(5.3%)
2005	Prism Venture Partners V-A, L.P.	7/14/2005	30,000,000	29,400,000	7,035,880	14,693,797	0.74x	(8.8%)
2005	Erasmus New York City Growth Fund	8/16/2005	40,000,000	34,819,694	17,581,302	12,534,056	0.86x	(3.3%)
2005	Quadrangle Capital Partners II LP	8/29/2005	65,000,000	52,236,865	17,006,087	45,685,471	1.20x	4.5%
2005	Snow Phipps Group, L.P.	9/7/2005	20,000,000	18,360,682	6,331,337	18,166,749	1.33x	10.5%
2005	GI Partners Fund II L.P.	9/26/2005	35,000,000	35,204,327	14,874,200	35,313,844	1.43x	7.4%
2005	Blackstone Mezzanine Partners II, L.P.	10/10/2005	25,000,000	21,753,645	17,076,951	12,069,559	1.34x	8.3%
2005	Psilos Group Partners III, L.P.	10/24/2005	35,000,000	32,373,682	17,141,623	24,552,065	1.29x	7.3%
2005	USPF II Institutional Fund, L.P.	11/23/2005	65,000,000	58,710,520	19,502,204	57,393,307	1.31x	5.9%
2005	JP Morgan Fleming (Tranche A)	12/21/2005	43,000,000	33,843,970	7,152,836	33,154,395	1.19x	5.6%
2006	Aisling Capital II, LP	1/12/2006	7,000,000	6,081,732	1,120,339	4,555,909	0.93x	(1.8%)
2006	InterMedia Partners VII, L.P.	1/20/2006	25,000,000	23,657,913	331,937	30,764,897	1.31x	5.7%
2006	Terra Firma Capital Partners III, L.P.	3/8/2006	52,645,375	49,036,078	1,123,857	24,964,137	0.53x	(19.4%)
2006	BDCM Opportunity Fund II, L.P.	3/29/2006	25,000,000	23,720,537	5,311,142	29,871,428	1.48x	13.2%
2006	Blackstone Capital Partners V, L.P.	4/13/2006	123,900,000	116,828,846	13,592,390	109,599,142	1.05x	1.2%
2006	Avista Capital Partners, L.P.	4/27/2006	45,000,000	43,478,422	25,406,751	35,730,096	1.41x	8.0%
2006	GSC Recovery III, L.P.	5/4/2006	25,000,000	25,511,489	15,653,130	11,260,804	1.05x	1.6%
2006	Apollo Investment Fund VI, L.P.	5/10/2006	90,000,000	80,507,317	18,265,818	94,931,282	1.41x	7.6%
2006	Landmark Equity Partners XIII, L.P.	5/11/2006	50,000,000	46,207,681	28,386,206	25,276,563	1.16x	4.6%
2006	Ares Corporate Opportunities Fund II, L.P.	5/23/2006	50,000,000	43,678,126	48,319,349	28,225,203	1.75x	14.1%
2006	Fairview Ventures Fund III, L.P.	6/29/2006	25,000,000	19,061,840	2,731,711	20,332,285	1.21x	8.7%
2006	Ampersand 2006	8/14/2006	25,000,000	22,000,000	5,900,401	27,206,037	1.50x	11.7%
2006	CCMP Capital Investors II, L.P.	8/17/2006	30,000,000	27,012,895	8,040,809	29,008,956	1.37x	12.4%
2006	Perseus Partners VII, L.P.	8/31/2006	30,000,000	27,795,150	49,972	16,709,989	0.60x	(14.3%)
2006	Thomas, Mc Nerney & Partners II, L.P.	11/30/2006	25,000,000	21,437,500	2,566,131	19,709,485	1.04x	1.4%
2006	Catterton Partners VI, L.P.	12/14/2006	45,000,000	41,192,972	10,962,710	51,303,202	1.51x	11.1%
2006	First Reserve Fund XI, L.P.	12/14/2006	45,000,000	43,711,065	10,664,052	36,947,093	1.09x	2.6%
2006	Arsenal Capital Partners II, LP	12/19/2006	22,500,000	19,703,991	2,312,479	29,247,804	1.60x	14.7%
2006	RRE Ventures IV, L.P.	12/19/2006	35,000,000	35,154,739	4,510,224	45,071,693	1.41x	11.6%
2006	MidOcean Partners III, L.P.	12/21/2006	60,000,000	42,319,161	824,051	43,925,850	1.06x	1.5%
2006	GF Capital Private Equity Fund, L.P.	12/22/2006	20,000,000	18,935,637	10,898,810	15,155,490	1.38x	14.4%
2006	The Fourth Cinven Fund	1/22/2007	71,369,666	62,150,940	12,217,548	68,190,895	1.29x	6.9%
2007	Pegasus Partners IV, L.P.	1/29/2007	30,000,000	29,325,056	12,658,392	27,539,625	1.37x	10.0%
2007	FTVentures III, LP	3/1/2007	25,000,000	16,950,264	1,915,944	31,697,208	1.98x	18.5%
2007	Co-Investment Partners Europe, L.P.	3/19/2007	39,769,564	35,798,294	4,645,617	35,266,387	1.11x	4.3%
2007	Montreux Equity Partners IV, L.P.	3/27/2007	20,000,000	17,450,000	6,592,834	14,127,477	1.19x	6.7%
2007	Quaker BioVentures II, L.P.	3/30/2007	20,000,000	13,453,426	2,197,588	10,214,432	0.92x	(3.6%)
2007	SCP Vitalife Partners II Fund	4/13/2007	20,000,000	14,499,698	1,579	11,911,906	0.82x	(7.4%)
2007	Craton Equity Investors I, L.P.	4/30/2007	20,000,000	18,897,808	12,194	15,752,302	0.83x	(6.8%)
2007	Nautic Partners VI, L.P.	5/14/2007	30,000,000	27,187,003	42,334	30,246,427	1.11x	4.4%
2007	Constellation Venture Capital III, L.P.	5/22/2007	25,000,000	23,389,769	9,011	21,006,960	0.90x	(4.6%)
2007	United States Power Fund III, L.P.	6/28/2007	65,000,000	50,654,993	4,940,003	46,963,599	1.02x	0.7%
2007	Halyard Capital Fund II, L.P.	7/2/2007	25,000,000	16,395,373	388,837	14,416,942	0.90x	(3.1%)
2007	Carlyle Partners V, L.P.	7/6/2007	70,000,000	43,790,400	10,531,825	49,695,306	1.38x	10.6%
2007	PCG Clean Energy & Technology Fund (East), LLC	7/6/2007	90,000,000	70,138,709	4,115,910	58,929,634	0.90x	(4.2%)
2007	GSO Capital Opportunities Fund LP	7/16/2007	45,000,000	43,713,017	24,316,064	40,273,222	1.48x	18.2%
2007	StarVest Partners II, L.P.	8/1/2007	25,000,000	15,800,108	6,556	12,693,112	0.80x	(10.3%)
2007	New Mountain Partners III, L.P.	8/9/2007	100,000,000	70,072,499	13,800,984	70,352,639	1.20x	8.0%
2007	Vista Equity Partners Fund III, L.P.	10/3/2007	30,000,000	27,962,628	20,839,122	43,799,256	2.31x	30.5%
2007	Trilantic Capital Partners IV L.P.	10/22/2007	69,028,637	63,157,887	22,171,723	70,600,847	1.47x	17.9%
2007	RLJ Equity Partners Fund I, L.P.	11/30/2007	20,000,000	10,805,153	561,791	13,285,902	1.28x	12.0%
2007	Pine Brook Capital Partners, L.P.	11/11/2008	30,000,000	20,282,916	7,419,593	20,288,630	1.37x	15.7%
2008	Paladin III (NY City), L.P.	1/8/2008	30,000,000	17,093,972	3,340,278	15,635,511	1.11x	3.4%
2008	Relativity Fund, L.P.	1/17/2008	20,000,000	10,182,966	422,941	3,419,764	0.38x	(35.1%)
2008	Apollo Investment Fund VII, L.P.	1/28/2008	100,000,000	68,272,932	23,968,495	86,350,695	1.62x	22.8%
2008	NGN BioMed Opportunity II, L.P.	2/11/2008	20,000,000	13,451,821	23,687	9,843,286	0.73x	(11.4%)
2008	Carpenter Community BancFund-A, L.P.	2/12/2008	20,000,000	18,012,119	87,244	20,951,559	1.17x	6.1%
2008	Riverstone/Carlyle Global Energy & Power Fund IV, L.P.	3/3/2008	45,000,000	36,194,468	18,235,946	32,446,899	1.40x	15.7%
2008	Yucaipa American Alliance Fund II, LP	3/28/2008	120,000,000	108,510,020	26,587,341	135,660,275	1.50x	17.0%

New York City Employees' Retirement System
Private Equity Portfolio
As of September 30, 2012 (in USD)

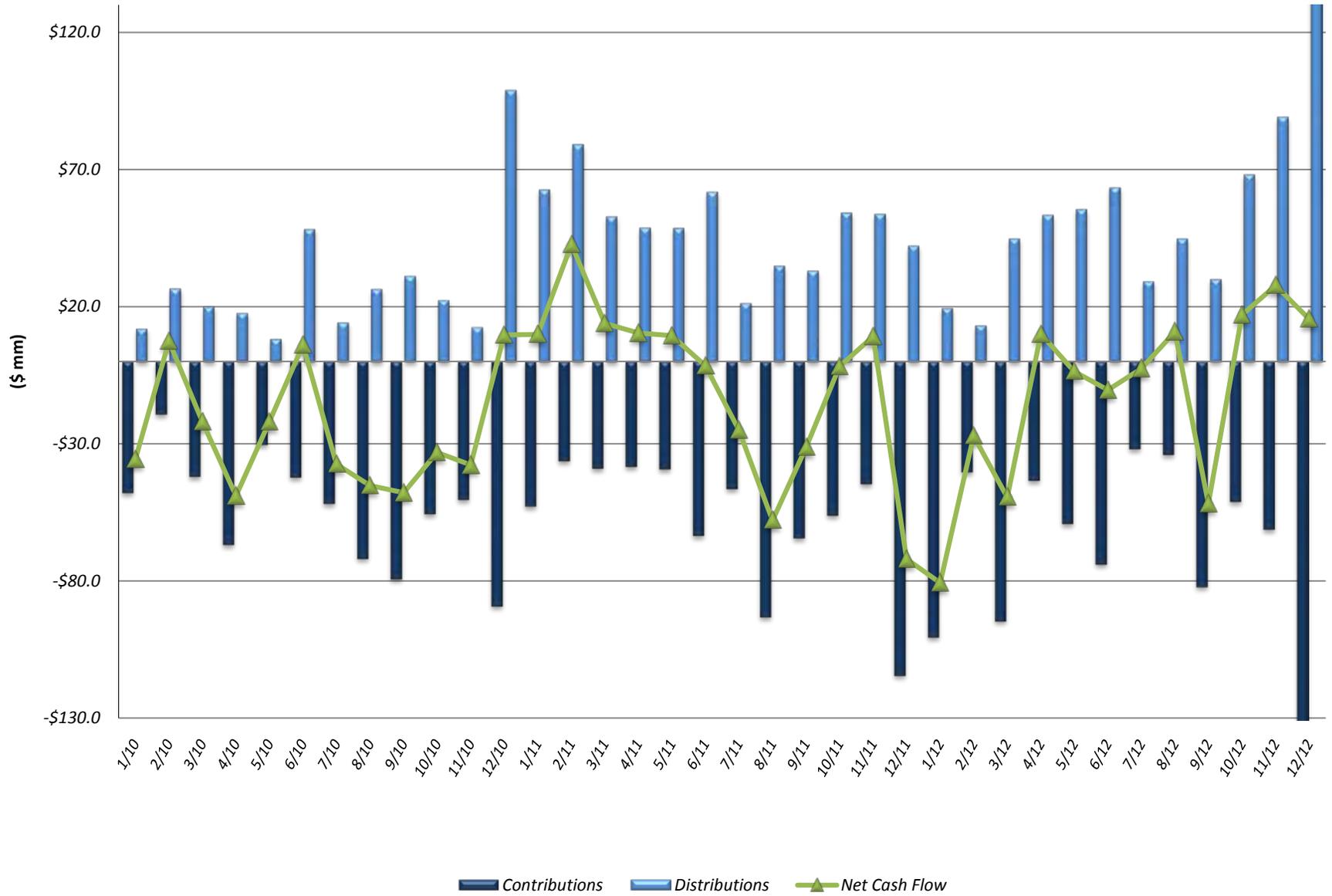
Vintage Year	Investment	First Drawdown	Committed Capital	Net Contributed Capital	Net Distributed Capital	Market Value	Multiple	IRR
2008	Levine Leichtman Capital Partners IV, L.P.	4/8/2008	35,000,000	26,806,767	3,863,933	36,732,308	1.51x	26.9%
2008	Lee Equity Partners Fund, L.P.	4/23/2008	42,500,000	23,305,668	2,882,269	17,920,803	0.89x	(4.7%)
2008	New York/Fairview Emerging Managers Fund, L.P.-Tranche 2	5/28/2008	45,000,000	18,918,000	2,654,737	19,924,874	1.19x	9.8%
2008	Yucaipa Corporate Initiatives Fund II, LP	6/23/2008	45,000,000	38,347,596	179,433	25,164,303	0.66x	(24.6%)
2008	Leeds Equity Partners V, L.P.	7/28/2008	60,000,000	34,142,294	-	38,187,915	1.12x	8.4%
2008	GI Partners Fund III L.P.	7/29/2008	45,000,000	38,625,973	2,800,124	48,144,153	1.32x	15.9%
2008	Ares Corporate Opportunities Fund III, L.P.	7/30/2008	75,000,000	47,560,521	25,416,556	57,055,694	1.73x	25.6%
2008	CS NYCERS Emerging Manager Co-Investment Fund, L.P.	8/22/2008	26,262,627	14,359,457	7,584,383	12,354,399	1.39x	12.7%
2008	CS NYCERS Emerging Manager Fund, L.P.	8/22/2008	116,737,374	46,390,940	3,348,109	43,577,458	1.01x	0.7%
2008	First Reserve Fund XII, L.P.	8/25/2008	45,000,000	33,696,588	2,498,604	31,382,416	1.01x	0.2%
2008	Landmark Equity Partners XIV, L.P.	9/19/2008	109,120,000	63,776,187	17,363,715	59,762,700	1.21x	19.9%
2008	Crestview Partners II, L.P.	10/1/2008	50,000,000	30,439,052	2,148,701	37,382,736	1.30x	13.8%
2008	Avista Capital Partners II, L.P.	11/5/2008	75,000,000	55,541,948	5,913,438	76,975,949	1.49x	16.6%
2008	Blue Wolf Capital Fund II, L.P.	11/14/2008	25,000,000	20,224,639	6,678,112	18,257,354	1.23x	16.2%
2008	Bridgepoint Europe IV	11/14/2008	26,715,175	17,195,721	-	18,497,192	1.08x	4.3%
2008	Aisling Capital III, LP	11/20/2008	14,000,000	6,924,688	106,885	6,068,479	0.89x	(10.1%)
2008	Onex Partners III LP	12/10/2008	75,000,000	35,694,343	703,560	35,618,092	1.02x	0.9%
2009	Welsh, Carson, Anderson & Stowe XI, L.P.	2/10/2009	40,000,000	23,234,888	-	28,149,691	1.21x	11.5%
2009	FS Equity Partners VI, L.P.	7/27/2009	32,500,000	17,802,766	149,176	20,358,057	1.15x	8.6%
2009	Lincolnshire Equity Fund IV, L.P.	8/5/2009	27,500,000	14,127,459	161,929	11,477,523	0.82x	(21.2%)
2009	Lexington Capital Partners VII, L.P.	12/3/2009	50,000,000	21,817,746	4,778,420	24,315,716	1.33x	20.6%
2010	Snow Phipps II, L.P.	1/8/2010	30,000,000	11,415,102	67,796	12,293,367	1.08x	7.9%
2010	JP Morgan Fleming (Tranche B)	2/26/2010	35,000,000	15,613,583	25,525	15,279,761	0.98x	(1.7%)
2010	Trident V, L.P.	4/29/2010	110,000,000	40,838,429	-	39,487,226	0.97x	(3.0%)
2011	Blackstone Capital Partners VI, L.P.	1/24/2011	120,000,000	18,055,611	-	19,226,486	1.06x	NM
2011	Ampersand 2011	3/11/2011	25,000,000	12,000,000	-	14,616,046	1.22x	NM
2011	BDCM Opportunity Fund III, L.P.	4/8/2011	45,000,000	16,327,061	499,757	16,540,090	1.04x	NM
2011	AXA Secondary Fund V B L.P.	6/16/2011	120,000,000	43,823,633	-	56,452,611	1.29x	NM
2011	Wellspring Capital Partners V, L.P.	7/1/2011	40,000,000	8,638,264	-	7,421,927	0.86x	NM
2011	EQT VI, L.P.	8/1/2011	107,820,696	28,217,364	-	24,633,417	0.87x	NM
2011	Pegasus Partners V, L.P.	8/16/2011	19,694,454	9,772,862	-	8,822,026	0.90x	NM
2011	BC European Capital IX	9/19/2011	138,447,227	22,051,633	-	24,328,154	1.10x	NM
2011	American Securities Partners VI, L.P.	11/18/2011	80,000,000	13,085,572	-	12,038,002	0.92x	NM
2011	Vista Equity Partners Fund IV, L.P.	11/30/2011	100,000,000	32,024,237	-	30,796,027	0.96x	NM
2012	Warburg Pincus Private Equity XI, L.P.	5/24/2012	110,000,000	18,381,872	-	17,458,454	0.95x	NM
2012	Trilantic Capital Partners V L.P.	9/20/2012	70,000,000	600,870	-	156,823	0.26x	NM
2012	Palladium Equity Partners IV, L.P.	10/10/2012	55,000,000	-	-	-	0.00x	N/A
2012	Ares Corporate Opportunities Fund IV, L.P.	11/5/2012	125,000,000	-	-	-	0.00x	N/A
2012	Green Equity Investors VI, L.P.	11/30/2012	120,000,000	-	-	-	0.00x	N/A
Total Portfolio¹			\$ 6,532,055,594	\$ 4,341,497,234	\$ 2,036,712,288	\$ 3,511,946,654	1.28x	8.4%

Vintage Year	Investment	First Drawdown	Committed Capital	Net Contributed Capital	Net Distributed Capital	Market Value	Multiple	IRR
Commitments Closed Subsequent to as of Date								
2013	Carlyle Partners VI, L.P.	N/A	\$ 75,000,000	\$ -	\$ -	\$ -	N/A	N/A
2013	Carlyle Partners VI, L.P. (Side Car)	N/A	8,250,000	-	-	-	N/A	N/A
2013	Platinum Equity Capital Partners III, L.P.	N/A	100,000,000	-	-	-	N/A	N/A
2013	Landmark Equity Partners XV, L.P.	N/A	75,000,000	-	-	-	N/A	N/A
2013	Landmark - NYC Fund I, L.P.	N/A	25,000,000	-	-	-	N/A	N/A
Total Commitments Closed Subsequent to as of Date			\$ 283,250,000	\$ -	\$ -	\$ -	N/A	N/A

¹Please note that the Total Portfolio includes liquidated investments and is presented Pro-Forma for the proceeds received and expected to be received from the sale of 11 partnership investments in secondary transactions that closed during the first half of 2012.

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 Employees' Retirement System, 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.

NYCERS Monthly PE Cash Flow Summary



New York City Employees' Retirement System

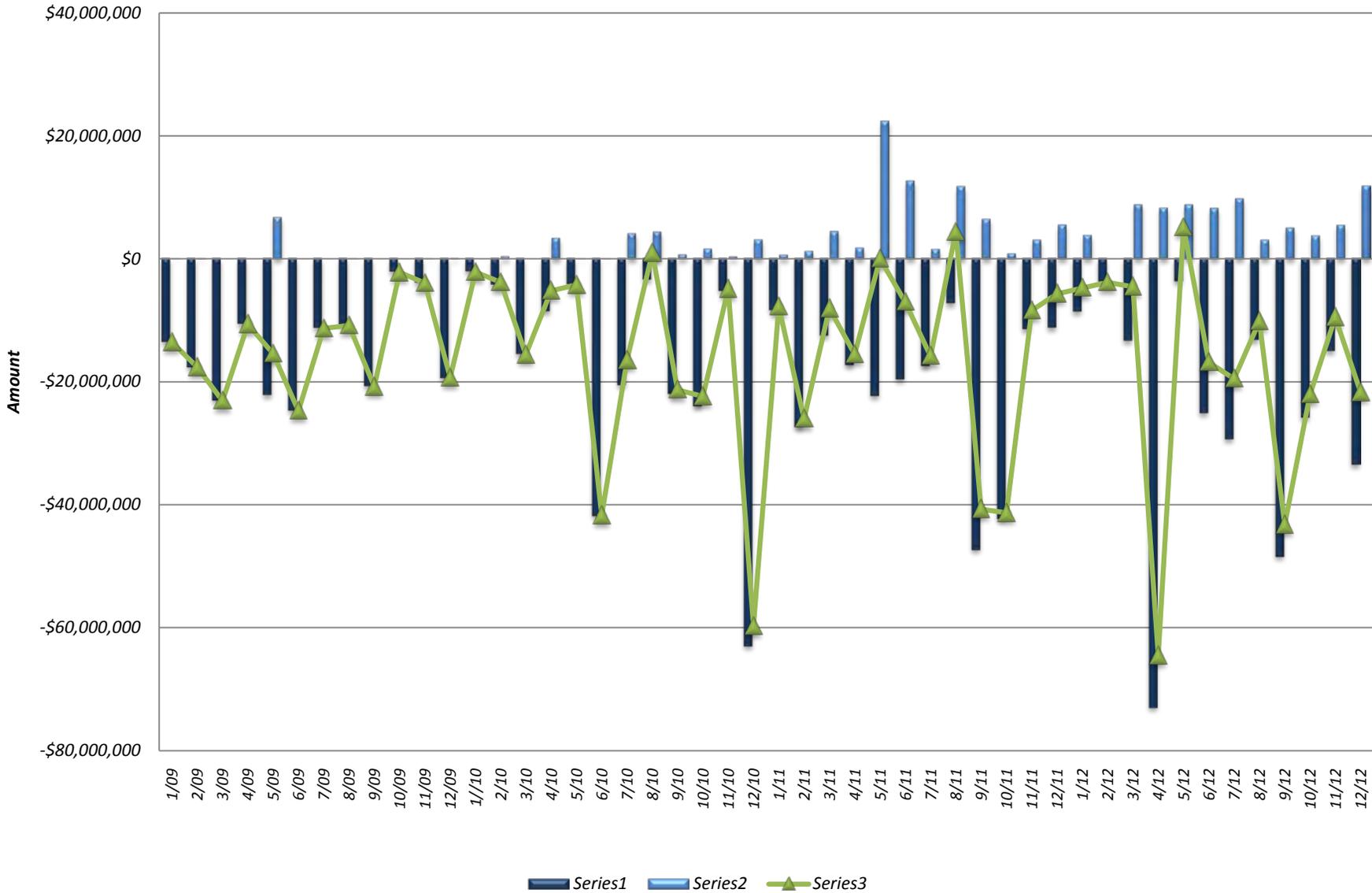
Vintage Year	Fund Name	Style Sector	Geographic Play	First Draw Down	Capital Committed	Contributions	Distributions	Market Value	Equity Multiple	Net IRR
2003	Canyon Johnson Urban Fund	Non-Core Portfolio	Developed Americas	12/6/2002	\$15,000,000	\$13,456,450	(\$15,403,730)	\$321,523	1.2	10.2%
2004	The City Investment Fund I	Non-Core Portfolio	Developed Americas	3/16/2004	\$221,883,300	\$221,883,300	(\$129,523,977)	\$94,668,592	1.0	0.3%
2004	Blackstone Fund IV	Non-Core Portfolio	Developed Americas	5/10/2004	\$30,000,000	\$38,219,127	(\$32,827,654)	\$17,021,182	1.3	11.9%
2004	Tishman Speyer Separate Account (ERS)	Non-Core Portfolio	Developed Americas	12/16/2003	\$100,000,000	\$71,066,452	(\$225,424,104)	\$39,011,665	3.7	63.8%
2005	Canyon Johnson Urban Fund II	Non-Core Portfolio	Developed Americas	5/11/2005	\$40,000,000	\$35,954,818	(\$24,000)	\$20,301,196	0.6	-11.7%
2006	AREA Real Estate Fund V	Non-Core Portfolio	Developed Americas	6/15/2006	\$25,000,000	\$25,000,001	(\$6,054,005)	\$11,150,845	0.7	-10.0%
2006	Prologis Targeted U.S. Logistics Fund	Core / Core Plus Portfolio	Developed Americas	10/1/2006	\$25,000,000	\$28,713,912	(\$3,886,412)	\$17,982,157	0.8	-5.5%
2006	PRISA	Core / Core Plus Portfolio	Developed Americas	9/29/2006	\$86,000,000	\$89,739,188	(\$6,625,080)	\$81,655,809	1.0	-0.3%
2006	RREEF America REIT II	Core / Core Plus Portfolio	Developed Americas	10/1/2006	\$86,000,000	\$113,537,802	(\$32,748,287)	\$81,774,574	1.0	0.2%
2006	UBS Trumbull Property Fund ("UBS-TPF")	Core / Core Plus Portfolio	Developed Americas	9/28/2006	\$156,000,000	\$174,684,707	(\$14,520,692)	\$176,283,205	1.1	2.8%
2007	RREEF America REIT III - 1410	Core / Core Plus Portfolio	Developed Americas	10/1/2007	\$90,000,000	\$90,000,000	(\$600,237)	\$34,258,834	0.4	-18.3%
2007	Colony Realty Partners II	Core / Core Plus Portfolio	Developed Americas	12/20/2006	\$20,000,000	\$21,420,211	(\$666,108)	\$9,449,500	0.5	-14.8%
2007	UrbanAmerica II	Emerging Managers Portfolio	Developed Americas	1/30/2007	\$25,000,000	\$23,222,735	\$0	\$14,310,253	0.6	-10.9%
2007	JP Morgan Special Situation Property Fund	Core / Core Plus Portfolio	Developed Americas	1/2/2007	\$90,000,000	\$97,082,758	(\$12,422,267)	\$69,209,041	0.8	-3.5%
2007	PRISA II	Core / Core Plus Portfolio	Developed Americas	6/30/2007	\$141,518,761	\$145,256,011	(\$8,536,631)	\$125,700,823	0.9	-2.0%
2007	Metropolitan Workforce Housing Fund	Emerging Managers Portfolio	Developed Americas	7/13/2007	\$14,000,000	\$13,801,367	(\$304,797)	\$13,732,104	1.0	1.0%
2007	JP Morgan Strategic Property Fund	Core / Core Plus Portfolio	Developed Americas	12/4/2006	\$136,000,000	\$141,200,612	\$0	\$155,247,851	1.1	2.4%
2007	Heitman HART	Core / Core Plus Portfolio	Developed Americas	3/29/2007	\$115,000,000	\$131,863,453	(\$16,863,453)	\$130,774,325	1.1	3.5%
2007	Carlyle Realty Partners V	Non-Core Portfolio	Developed Americas	8/27/2007	\$20,000,000	\$22,512,370	(\$11,123,342)	\$14,469,022	1.1	4.7%
2007	Blackstone Real Estate Partners VI	Non-Core Portfolio	Developed Americas	9/27/2007	\$110,000,000	\$111,138,918	(\$12,197,299)	\$129,548,664	1.3	8.9%
2008	Silverpeak Legacy Partners III (Lehman)	Non-Core Portfolio	Global	5/28/2008	\$50,000,000	\$22,168,479	(\$498,574)	\$9,290,981	0.4	-20.7%
2008	Capri Urban Investors	Non-Core Portfolio	Developed Americas	6/3/2008	\$60,000,000	\$51,086,732	\$0	\$30,019,615	0.6	-18.9%
2008	American Value Partners Fund I	Emerging Managers Portfolio	Developed Americas	10/18/2007	\$55,000,000	\$34,326,063	(\$5,748,796)	\$22,940,942	0.8	-8.3%
2008	Stockbridge Real Estate Fund III	Non-Core Portfolio	Developed Americas	9/9/2008	\$27,000,000	\$21,395,758	\$0	\$18,154,597	0.8	-8.0%
2008	Westbrook Real Estate Fund VII	Non-Core Portfolio	Global	12/3/2007	\$40,000,000	\$42,365,157	(\$4,654,547)	\$32,709,478	0.9	-4.0%
2008	AREA European Real Estate Fund III	Non-Core Portfolio	Developed Europe	5/6/2008	\$30,000,000	\$26,715,000	(\$3,712,500)	\$23,860,288	1.0	1.6%
2008	PRISA III	Non-Core Portfolio	Developed Americas	9/30/2008	\$50,000,000	\$52,267,284	\$0	\$61,978,039	1.2	7.0%
2009	Thor Urban Property Fund II	Non-Core Portfolio	Developed Americas	10/30/2008	\$40,000,000	\$33,870,608	(\$17,767,214)	\$10,938,696	0.8	-13.7%
2009	JP Morgan Urban Renaissance Property Fund	Non-Core Portfolio	Developed Americas	12/18/2008	\$16,360,625	\$4,206,523	(\$4,206,523)	\$0	1.0	0.0%
2009	Walton Street Real Estate Fund VI	Non-Core Portfolio	Developed Americas	4/27/2009	\$50,000,000	\$37,323,933	(\$6,767,523)	\$34,783,788	1.1	6.3%
2009	Carbon Capital III	Non-Core Portfolio	Developed Americas	7/2/2009	\$40,000,000	\$43,757,162	(\$16,556,244)	\$33,263,238	1.1	8.5%
2010	Canyon Johnson Urban Fund III	Non-Core Portfolio	Developed Americas	3/29/2010	\$30,000,000	\$19,110,614	(\$2,144,148)	\$17,052,997	1.0	0.4%
2010	Blackstone Real Estate Partners Europe III (USD Vehicle)	Non-Core Portfolio	Developed Europe	10/24/2008	\$50,000,000	\$19,050,008	(\$210,694)	\$21,112,049	1.1	11.2%
2010	LaSalle Property Fund	Core / Core Plus Portfolio	Developed Americas	7/1/2010	\$50,000,000	\$26,499,607	(\$1,084,497)	\$29,708,292	1.2	14.5%
2010	Westbrook Real Estate Fund VIII	Non-Core Portfolio	Global	12/28/2009	\$50,000,000	\$40,398,126	(\$13,177,133)	\$33,212,358	1.1	20.6%
2011	Carlyle Realty Partners VI	Non-Core Portfolio	Developed Americas	9/14/2011	\$70,000,000	\$13,296,312	(\$82,278)	\$13,526,292	1.0	4.5%
2011	H/2 Special Opportunities Fund II	Non-Core Portfolio	Developed Americas	1/31/2011	\$40,000,000	\$7,844,263	\$0	\$9,755,121	1.2	23.1%
2012	Taconic New York City Investment Fund LP	Non-Core Portfolio	Developed Americas	n/a	\$70,000,000	\$0	\$0	(\$214,113)	n/a	n/a
2012	Blackstone Real Estate Partners VII	Non-Core Portfolio	Global	3/31/2012	\$170,000,000	\$36,388,048	(\$2,393,064)	\$38,151,360	1.1	97.1%
Non Core and Emerging Manager Portfolio W/O Tishman SA					\$1,442,360,625	\$1,010,759,156	(\$285,378,043)	\$726,059,106	1.0	0.0%
New York City Employees' Retirement System					\$2,537,879,386	\$2,141,823,868	(\$608,755,812)	\$1,677,115,181	1.1	2.2%

Funds Closed Subsequent to Quarter

Vintage	Fund Name	First Draw Down	Capital Committed	Contributions	Distributions	Market Value	Equity Multiple	Net IRR
2012	Brookfield Strategic Real Estate Partners		\$100,000,000	-	-	-	-	-
2012	Emmes Asset Management		\$50,000,000	-	-	-	-	-
Grand Total			\$150,000,000					

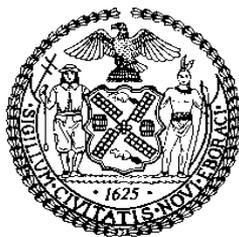
Source: PCG historical cash flow data. TTG cash flow data from Fund Managers, effective 2005. Note: The equity multiples and IRRs contained in this report are interim calculations based upon information provided by the investment managers of the New York City Retirement Systems, including cash flows and quarterly unaudited, or audited, valuations. The IRR calculated in early years of a fund life is not meaningful given the J-curve effect and can be significantly impacted by the timing of cash flows, investment strategy, investment pacing, and fund life. The calculations are not necessarily indicative of total fund performance, which can only be determined after the fund is liquidated and all capital contributed and earnings have been distributed to the investor. All data supplied is as of June 30, 2012. Note: The General Partner of the JPMorgan Urban Renaissance Fund terminated the Fund on February 23, 2010 and all capital contributed, including management fees, was returned to investors.

NYCERS Monthly Real Estate Cash Flow Summary



II. Risk Presentation:

Employees Risk Review



THE CITY OF NEW YORK
OFFICE OF THE COMPTROLLER

February, 2013

How Should We Define Risk?

- Our Principal Risk is that Returns are Not Sufficient to Fund our Liabilities

Risk in Normal Times

- In Normal Times we can Look at the Volatility of our Assets as a Proxy for this Risk
- Sudden, Substantial Losses Reduce Funds Available for Meeting our Liabilities
- A Fixed-Income Portfolio Reduces this Volatility Because of the Flight-to-Quality Phenomenon
- So we Measure Risk via VAR, Sharpe Ratios, Correlations, and other Short-Term Risk Measures

Risk in Abnormal Times

- These are Abnormal Times
 - Interest rates are historically low and may remain low
- Low Rates are a Threat to our Ability to Fund our Liabilities over the Long Term
 - They lead to a mismatch between the growth in assets and the growth in liabilities
- The Fixed-Income Portfolio Increases our Risk by Making it Harder to Fund the Liabilities
- In this Environment we need to look at Long-Term Risks, not Short-Term

Fixed Income Returns

- The Fed has Imposed Low Returns; There is a Risk it will Continue to Impose Low Returns for the Foreseeable Future
- We Lend to the Federal Government and Corporations at an Average Yield of Less than 2%

Short Term vs. Long Term Example

- Effects in a 500bp Increase in Rates -

- Short-Term Effects
 - MTM loss of 25% on Fixed-Income Portfolio
 - Asset shortfall
- Long-Term Effects
 - Now accrue at 7% instead of 2%
 - Losses are recovered in 6 years
 - Long-term viability of fund is improved

Cumulative Effect of a 500bp Increase

Year	FI Market Value – No Increase	FI Market Value – 500bp Increase
0	\$15B	\$11.2B
1	\$15.3B	\$12B
2	\$15.6B	\$12.9B
3	\$15.9B	\$13.8B
4	\$16.2B	\$14.7B
5	\$16.6B	\$15.8B
6	\$16.9B	\$16.9B
7	\$17.2B	\$18.1B
8	\$17.6B	\$19.3
9	\$17.9B	\$20.7B
10	\$18.3B	\$22.1B

Effect of Low Interest Rates on Portfolio

- We Need to Earn 7% After Expenses to Avoid Triggering Additional Contributions from the City
- 1/3 of the Portfolio Earns Less than 2%
- The Remainder of the Portfolio has to Earn 10%
- 10% is an Optimistic Return Assumption for Equities and Alternatives

How Can We Mitigate the Risk of Low Rates?

- In a Low-Rate Environment we Should be a Borrower, not a Lender
- Accelerate Reduction of Allocation to Core+5
- Expand the Rebalancing Ranges
- Accelerate the Increase in Exposure to the Bottom of the Capital Structure
 - Equities and Private Equity
 - Real Estate: Mezzanine and Equity
 - Leverage through Hedge Funds and Futures Funds
 - High Yield and Foreign Bonds

Proportion of Fixed Assets Required to Avoid Increased Contributions

Yield on Equity & Alternatives	Required Equity & Alternative Proportion	Required Fixed Income Proportion	VAR of Total Asset Portfolio
10%	2/3	1/3	\$2.4B
9%	7/9	2/9	\$2.8B
8%	8/9	1/9	\$3.2B
7%	1	0	\$3.6B
6%	10/9	-1/9	\$4.0B
5%	11/9	-2/9	\$4.4B

Conclusions

- Middling Returns will Require Leverage to Avoid Additional Contributions
- Leverage can be Indirect (Invest at the Bottom of the Capital Structure) or Direct (Margin, Futures)
- Practical Constraints
 - Basket clause is an impediment
 - The need to accept volatility over the short term for the sake of long-term benefits for the fund

III. Divestment Policy – (Manhattan BP & Callan Presentation):



Memorandum: FOR NYCERS USE ONLY

To: New York City Employees' Retirement System
From: Callan Associates
Date: February 2013
Subject: Divestment Policy

Introduction

Callan has prepared the following information in response to the Board's request at the January 22 meeting. As a result of the limited time between the meetings and the substantial research required, the information is presented in draft form and without the benefit of comprehensive internal peer review. The observations and conclusions are based on our review of a number of external sources as well as our own experience. We are not recommending that any of the policies cited in this report (such as those outlined in the Section entitled Implementation Considerations) be included in any proposed policy for NYCERS. If NYCERS decides to go forward with the development of any form of divestment policy, we recommend it be developed based on the unique needs and objectives of NYCERS. The information and examples cited in this report are drawn from a number of sources that may or may not have similar needs and objectives as NYCERS.

We also caution that none of the information in this report should be considered legal opinion or advice. Callan is not able to offer such advice and legal counsel should be involved in the development and adoption of any such policy.

In assisting NYCERS evaluate whether to develop a comprehensive divestment policy, we researched other large public funds' existing policies related to divesting as well as best practices on this topic. We were able to gather information from public funds ranging in size from \$2 billion to over \$200 billion. With regard to NYCERS' closest peers, we were able to gather information from some but not all of the ten largest public funds. We reached out to various large public funds directly and also gathered information from public resources, such as plan websites. We have a large number of public fund clients, and we were able to source that network in our research.

We are confident that our research is representative of the current state of public funds' divestment policies. At this point, it appears that only one large public fund (CalSTRS) has a comprehensive divestment policy currently in place. That policy is included in the appendix, along with two other broad, relevant policies (State of Connecticut's and CalPERS'). We believe other large public funds have discussed comprehensive divestment policies but have not established policies as of yet. Typically, divestment policies have been established in response to specific events, crises, or social issues, often based on state legislation. Based on the funds we have examined:

- Most investors appear to have policies in effect only to the extent they are required to do so.
- We are only aware of a limited number of funds with policies in place independent of legislative mandate.
- We have found at least one instance of a fund that has challenged legislation and refused to develop policies.

- We have identified municipalities who have not adopted policies in spite of legislation encouraging, although not requiring, them.

We do not have a full representation of all policies, however, and there very well may be a number of public funds with additional policies, even though they are not legislatively required to have them.

Overview of Divestment Policies

The concept of aligning social and investment goals by pursuing or banning certain types of investments has been around for centuries as practiced by pension funds, religious groups, universities, and individuals. The modern application as it applies to institutional investors generally dates back to the 1960s when the Vietnam War spurred activists to attempt to persuade investors to divest holdings of Dow Chemical, the producer of napalm. This movement attracted attention, but had little impact on institutional investors. It was not until the 1980s that the institutional investment community took significant action.

In 1986, the South African apartheid practice spurred CalPERS to lead California's other pension funds to divest of stock in companies doing business with South Africa. The practice of "South Africa Free" investing was widespread among public funds and endowment and foundation funds, and to a lesser extent among corporate funds at that time. Tobacco was also a topic for divestment in the 1980s and 1990s when public health groups—such as the American Medical Association and the American Cancer Society, along with university endowments and foundations—sold tobacco shares. Public universities and pensions followed suit in the late 1990s and early 2000s, divesting more than \$1.5 billion of tobacco holdings.¹

More recently, government legislation has impacted divestment decisions particularly among public pension funds. The Sudan Accountability and Divestment Act of 2007 allows state and local governments to cut investment ties with companies doing business in Sudan as part of a movement to support human rights and stop funding the genocide being waged on the citizens of Darfur.² Additional legislation was passed in October 2009 supporting divestment of energy companies in Iran in order to pressure its government to abandon pursuit of nuclear arms.

Most recently, escalating gun violence in the U.S. has spurred interest in divestment of civilian firearms and ammunitions manufacturers and retailers. The tragic events of December 2012 at Sandy Hook Elementary, in particular, have led multiple public funds to question their holdings in public and private firearms manufacturers.³

¹ Tobacco Divestment and Fiduciary Responsibility, A Legal and Financial Analysis." January 2000. Employee Benefits Legal Resource Site. <http://benefitsattorney.com/>

² Legislation of the 110th Congress. Site accessed December 9, 2009. <http://www.speaker.gov/newsroom/legislation?id=0298>

³ "Public pension plans mull purging gun investments." <http://www.pionline.com/article/20121224/PRINTSUB/312249986/public-pension-plans-mull-purging-gun-investments>

Engagement rather than Divestment⁴

Rather than divest, many institutional investors choose to engage with companies they own but find objection to. Passive and long-term investors are often unable to divest from companies because they index their investments, invest in commingled investments, or have very large positions. When shares cannot be sold, active ownership can be a powerful alternative. Equity investors can decide to engage with companies on a one-to-one basis or in sector or market-level initiatives.

Engagement can encourage companies to improve the management of risks in order to protect shareholder value and enhance long-term returns. Engagement can be attained through proxy voting and other formal shareholder rights, as well as through other activities, including interacting with investee companies to address business strategy. An active share owner can have a significant ability, particularly if they act collaboratively with other share owners, to influence the behavior of companies. One way to view a divestment policy is as a final option to consider when other avenues to enact change at a company or in an industry have been exhausted.

Prudent Divesting

Divestment decisions need to consider economic as well as social considerations. However, although state laws differ, new legislation has enabled investors with social as well as investment goals to consider new divestment policies. Still, the practice of divestment faces criticism and resistance in some quarters. One argument against any kind of divestment is that the responsibility of fiduciaries is to invest plan assets on behalf of beneficiaries in their best financial interests and anything that conflicts with that responsibility, such as divesting from particular securities for political, social or personal reasons, runs contrary to that fiduciary responsibility.⁵ On the other hand, proponents of divestment argue that the exercise of their fiduciary responsibilities includes the responsibility to evaluate potential impacts on the valuations of their investments that may result from reputational, economic, and other risks from certain types of investments.⁶ For example, the threat of major litigation that could lead to large judgments against a company or an industry may be the basis for a prudent conclusion that the sale of the security is in the plan's best financial interests. With respect to establishing a comprehensive divestment policy, a plan can develop risk factors that if breached, would be the basis for a prudent review of the plan's holdings in that industry. Ultimately however, any decision to divest (or invest) must be based exclusively on financial considerations.⁷

If NYCERS chooses to adopt a comprehensive divestment policy, the question arises as whether the mere presence of a divestment policy encourages the practice of divestment? Particularly for a large, high-profile public fund, establishing a broad divestment policy could expose the fund to divestment campaigns that have limited appeal or more questionable economic benefit. Large public funds have historically faced periodic divestment campaigns and undoubtedly will in the future. Having a comprehensive policy provides a decision-making framework but may also heighten the emphasis on divesting.

⁴ Much of this section summarizes materials presented by the UN PRI under "Why Be an Active Owner" on their website, accessed 2/6/13 <http://www.unpri.org/about-ri/why-be-an-active-owner/>

⁵ See "SWIB and Sudan: Why Divestment Is Not the Answer", accessed 2/6/13 http://www.swib.state.wi.us/SWIB%20and%20Sudan_ltr.pdf

⁶ See "WSIB Resolution on Iran Investment", accessed 2/6/13 http://www.sib.wa.gov/oversight/pdfs/iran_res2010.pdf

⁷ See "Divestment of Plan Assets based on Non-Economic Factors", Ian D. Lanoff, Ellen M. Goodwin

Other factors to consider before divesting of specific types of holdings may include:

- Costs and short-term losses. Transaction costs vary depending on how many securities and funds are involved. In 2010, CalPERS estimated that the cost of divestment from Iran would be between \$5.8 million and \$23.3 million in transaction costs, and between plus or minus \$127 million and plus or minus \$194 million after reinvesting the funds.⁸ Market impact and potential to affect risk and return associated with a divestment should also be assessed for materiality.
- Internal resources. Many funds lack the internal resources to address divestment, including maintaining a watch list, monitoring investments, and assessing the cost of divestment, including maintaining a track record for the portfolio with and without undesirable holdings. Most if not all of these functions can be outsourced, and these costs should also be considered.
- Negligible market impact. Divestment may have a negligible impact on the performance of divested companies.
- Potential to compromise the fund's investment strategies by restricting the investment universe and potentially negatively impacting performance.

Implementation Considerations

Following are potential issues a fund might consider in implementing a divestment.

- 1) Identify and clearly define what types of securities and investment types are subject to divestment. For example, with firearms and ammunition manufacturers this could imply:
 - a. Whether or not to distinguish between types of manufacturers (e.g., for civilian or military use);
 - b. Whether or not to distinguish between ownership in publicly and privately held companies.
 - c. Whether or not to apply the same standards to domestic and non-U.S. stocks;
 - d. Whether or not to apply the same standards across types of securities (e.g., stocks vs. bonds)
 - e. Which vehicle types to consider divestment from?
 - i. Often, divestments are limited to being made from separately managed accounts only
 - ii. Indexed funds are frequently excluded on the basis that a passive investment that tracks a market index should track all companies included in the index.
 - iii. Any commingled or LP structures (e.g. private equity funds, real estate funds, etc.) are typically excluded as divesting of specific companies without divesting of the entire fund is extremely difficult. LPs may have considerable leverage in applying pressure on the General Partner to divest. (e.g. Cerberus selling its gun-holding company portfolio investment, the Freedom Group).
- 2) Identify firms and obtain a list of companies considered for divestment. This involves vetting available data sources (e.g., MSCI; KLD, ISS, etc.) that can provide comprehensive lists of securities and/or funds or creating such a list in-house.⁹ Maintaining such a list and researching the occurrence of these companies' publicly and privately traded debt and equity in individual active and passive funds requires substantial resources. Consideration could be given to utilizing a screening service or third-party

⁸ Buchanan, W. "Hearing probes CalPERS investments' Iran links." *San Francisco Chronicle*. Feb. 25, 2010.

<http://www.sfgate.com/bayarea/article/Hearing-probes-CalPERS-investments-Iran-links-3198618.php#ixzz2KFitaC7I>

⁹ A list of public and private firearms manufacturing companies is available at <http://www.waoline.com/detente/sport/hunt-/ArcheryLinks/ArmsLinks.htm>

database to identify relevant securities that meet the divestment screen requirements and that can also assess current investments.

- 3) Approximate value: Determine the market value of the fund's holdings in each individual company as well as the approximate total value of the list of companies considered for divestment.
- 4) Determine what actions could be required given your current investment holdings, including:¹⁰
 - a. Estimate the trading costs and price impact using an applicable trading cost model, and estimate how long it would take to sell the securities after the decision to divest.
 - b. Use a portfolio construction process and simulate reinvestment of the proceeds of the sales of divested securities, aiming at a minimal expected performance impact on the appropriate asset class portfolio.
 - c. Estimate the execution costs of the reinvestment trade list, using the appropriate trading cost model.
 - d. Use the new expected performance impact estimate (from b. above) to calculate the performance at risk (PAR) resulting from divestment.
 - e. Include any expected loss-of-opportunity performance impact with the costs of divestment.
 - f. Calculate the costs and values as determined above.
 - g. Gather and analyze all additional facts that could be relevant to a divestment decision
 - h. Prepare a recommendation to the Board regarding the divestment and submit to the Investment Committee.
 - i. If the decision is to divest, isolate the affected securities and immediately notify all appropriate managers to cease purchasing the identified entity's securities.
 - j. Begin steps to sell affected securities

Thus, it is important to be specific in divestment guidelines about what businesses will be identified for divestment. For example, in the case of firearms, by indicating what percentage of revenues must be derived from the manufacture of firearms. A certain amount of subjective judgment may be required.

For example, MSCI splits firearms and ammunitions related companies into two categories:¹¹ 1. Civilian Firearms – Producers, defined as companies that manufacture firearms and ammunition for the civilian market, including hunting and other recreational rifles, as well as semi-automatic and automatic rifles; and 2. Civilian Firearms – Retailers and Distributors, defined as companies that derive 15% or more of total company revenues from the retail sale or wholesale of civilian firearms and/or ammunition. Currently, no global publicly traded companies meet the definition of the latter. However, many firearms and ammunitions manufacturers are privately held companies, complicating matters on divestment. Many private investments involve pooled vehicles that would make divestment of specific positions extremely difficult without divesting of the entire fund. Further, vehicles like hedge fund-of-funds typically lack transparency of fund holdings, and investors cannot restrict the underlying hedge funds. These issues should be addressed in the Investment Policy Statement with precise, well-written language that will typically provide exemptions based upon logistical demands in various vehicle implementations.

¹⁰ Much of this summarizes materials from CalPERS' Divestment Determination Process, detailed in the Appendix.

¹¹ Source: MSCI ESG Research.

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Next Steps

In addition to the investment implications involved, we would observe that the issue of a comprehensive divestment policy shares Corporate Governance issues with other initiatives NYCERS is currently evaluating including Sustainability and ESG initiatives, activist investing, emerging country screens, proxy voting, etc. If the Board decides to move forward with the development of new divestment policies, we would suggest that the Sub Committee currently evaluating many of those issues, or a newly formed Corporate Governance Committee, could be charged with further work in this area.

In the following Appendix we include samples of Investment Policy Statement language used for broad divestment policies.

Appendix: Sample Broad Divestment Language

Excerpts from several funds' investment policy statements that address divestment include: State of Connecticut; CalSTRS; and CalPERS.

State of Connecticut (as of August 8, 2012)

Article XII. CRPTF's Guidelines for Corporate Citizenship and Proxy Voting

- A. In accordance with State law, the Treasurer may consider elements of corporate citizenship when making investment decisions on behalf of the CRPTF; specifically, Section 3-13d(a) of the Connecticut General Statutes provides that the Treasurer may consider the "social, economic and environmental implication of investments" of the CRPTF. "Corporate citizenship" encompasses the principle that, in addition to the traditional corporate focus on profits and short-term performance, the business community must be responsible for "long-term sustainable development of people and communities."¹² Corporate citizenship is an important criterion in the evaluation of direct investments made by the Treasurer, as well as the companies with which the Treasurer contracts to provide business services. In addition, the corporate citizenship of the companies in which the CRPTF is invested is significant to the Treasurer as a shareholder.
- B. Investments and Corporate Citizenship
 1. Principles of fiduciary investment prudence and corporate citizenship, including corporate governance and equal employment opportunity, are embodied in the policies of the Treasurer and by State and federal law. Prudence and the consideration of corporate citizenship are complementary goals as recognized by State law. Primary among the Treasurer's considerations for the investment of the pension plans and trusts is the prudent investment of these assets for the long-term economic benefit of plan participants and beneficiaries. Prudent investment includes considerations of performance, risk and return. State law complements these principles by specifying that the Treasurer may consider the social, economic, and environmental implications of its investments, recognizing that such considerations may affect the ability to sustain long-term shareholder value.
 2. Section 3-13d(a) of the Connecticut General Statutes directs the Treasurer to "consider the implications of any particular investment in relation to the foreign policy and national interests of the United States." In addition to this general directive, specific matters implicating foreign policy and U.S. national interests have been embodied in state statutes for consideration in making CRPTF investments:
 - a) CGS §3-13g, regarding investments in companies doing business in Iran;
 - b) CGS §3-13h regarding investments in companies doing business in Northern Ireland that have not implemented the MacBride Principles; and
 - c) CGS §3-21e regarding investments in companies doing business in Sudan.

These statutes provide guidance to the Treasurer when making investment decisions, have been incorporated into the investment process and are reflected in all contracts under which CRPTF funds are invested.

¹² Investor Responsibility Research Center, Washington, D.C.

CalSTRS Divestment Policy (as of March 5, 2009)

As set forth in the California Constitution, Article 16, Section 17, and the California Education Code, Section 22250, the CalSTRS Retirement Board, its Investment Committee, and staff have fiduciary duties with respect to the system and the plan. These duties include duties of loyalty and prudence to invest “with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims.” (Ed. Code, sec. 22250(b).)

This policy sets forth CalSTRS’ policy for responding to external or internal initiative to divest of individual or groups of securities for purposes of achieving certain goals that do not appear to be primarily investment related. The Investment Committee opposes any divestment effort that would either be implicitly or explicitly attempt to direct or influence the Investment Committee to engage in investment activities that violate and breach the Trustees’ fiduciary responsibility. Consistent with its fiduciary responsibility and the concepts of diversification and passive index management, the Investment Committee does not and will not systemically exclude or include any investments in companies, industries, countries or geographic areas, except in cases where: one of the CalSTRS 21 Risk Factors is violated over a sustained time frame to the extent that it becomes an economic risk to the Fund, a potential for material loss of revenue exists, and where it weakens the trust of a significant portion of members to the System.

When pressured to divest, CalSTRS firmly believes that active and direct engagement is the best way to resolve issues. Face to face meetings with shareowners and senior management, or the Board of Directors, are essential to bring about change in a corporation. No further action will be taken until all efforts at engagement have been fully exhausted; efforts at engagement include, but are not limited to: shareholder resolutions, media campaigns, and other efforts at engagements.

CalSTRS’ commitment to engagement with companies rather than divestment is based on several considerations: (i) divestment would eliminate our standing and rights as a shareowner and foreclose further engagement; (ii) divestment would be likely to have negligible impact on portfolio companies or the market; (iii) divestment could result in increased costs and short-term losses; and (iv) divestment could compromise CalSTRS’ investment strategies and negatively affect investment performance.

If engagement fails to resolve the risk factor sufficiently, the CIO will bring the issue before the Investment Committee for consideration of divestment from the applicable securities. The Investment Committee will receive input from the following, but not limited to: investment managers, investment consultants, investment staff, fiduciary counsel, academics, and experts in the particular field or issue. If the Investment Committee determines that the making of an investment or continuing to hold a security is imprudent and inconsistent with the fiduciary duty, the Investment Committee will instruct investment staff to remove the security from the portfolio.

Divestment does not apply to segments of the portfolio that track market indices, as CalSTRS policies require those segments to invest in all companies included in an index. Additionally, the policy does not apply to investments in a Limited Partnership due to CalSTRS position of limited liability as a Limited rather than General Partner.

CalSTRS will exclude or eliminate investment that fall within the terms of a State or Federal law regarding divestment, if the Investment Committee finds that divestment is consistent with its fiduciary duties and divestment is determined not to be prudent.

Reporting

On at least a quarterly basis, the Chief Investment Officer will prepare a comprehensive report that shows the performance difference between any divestment taken under the Policy and the unmodified CalSTRS benchmark of the respective asset class.

Any divestment decision should be reviewed at least annually by the CIO to ensure the key factors and risks continue to warrant divestment. The Investment Committee, at any time, can request a divestment decision be revisited.

CalPERS Divestment Policy (as of December 31, 2012)

The CalPERS Investment Committee had adopted a policy on divestment, which builds on the concept of fiduciary duty and some of the possible implications of divestment on these responsibilities. The policy defines instances when CalPERS will undertake divestment as follows:

1. CalPERS will sell targeted company investments or refrain from making them to the extent investment in the targeted company is imprudent and inconsistent with fiduciary duty.
2. CalPERS will comply with federal laws requiring divesting, if any.
3. To the extent required by law and consistent with fiduciary duty, CalPERS will comply with constitutional California state laws that require divesting.

CalPERS Divestment Determination Process

Staff implements the following process to determine the costs and values of divestment under Government Code Section 7513.6:

- A. Firms Involved: Obtain list of companies considered for divestment.
- B. Approximate Value: Determine the market value of CalPERS holdings in each individual company as well as the approximate total value of the list of companies considered for divestment.
- C. Divestment Determination Steps:
 1. Determine the company has failed to complete, or has failed to make sufficient progress towards substantial action within the time specified by statute.
 2. Estimate the trading costs and price impact using an applicable trading cost model, and estimate how long it would take to sell the securities after the decision to divest.
 3. Use a portfolio construction process and simulate reinvestment of the proceeds of the sales of divested securities, aiming at a minimal expected performance impact on the appropriate asset class portfolio.
 4. Estimate the execution costs of the reinvestment trade list, using the appropriate trading cost model.
 5. Use the new expected performance impact estimate (from No. 3 above) to calculate the performance at risk (PAR) resulting from divestment.
 6. Include any expected loss-of-opportunity performance impact with the costs of divestment.

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7. Calculate the costs and values as determined above.
8. Gather and analyze all additional facts that could be relevant to a divestment decision
9. Review with Fiduciary Counsel and General Pension Consultant, and prepare a recommendation to the Board: either in favor of divestment, or in favor of a Section 7513.6(k) determination.
10. Submit the recommendation to the Investment Committee.
11. If the decision is to divest, isolate the affected securities and immediately notify all appropriate managers to cease purchasing the identified entity's securities.

For further reading and opinions on institutional divestments, see NASRA's Divestment Guide Resource at <http://www.nasra.org/resources/sanctions.htm>

IV. Compliance Monitoring (Mayor's Office):

APPENDICES:

BASKET CLAUSE

NYCERS - BASKET/NON BASKET SUMMARY

As of December 31st, 2012	Adjusted Fund Policy			Fund Actual (PE & RE on an invested basis)		
<u>Equity</u>	Non Basket*	Basket*	Total	Non Basket*	Basket*	Total
Domestic Equity	34.2%	0.0%	34.2%	34.8%	0.0%	34.8%
Non-U.S. Equity	10.0%	7.1%	17.1%	10.0%	5.9%	15.9%
Private Equity	0.0%	7.0%	7.0%	0.0%	8.5%	8.5%
Real Estate	4.3%	0.0%	4.3%	4.3%	0.0%	4.3%
Hedge Funds	0.0%	2.2%	2.2%	0.0%	2.2%	2.2%
Total Equity	48.5%	16.3%	64.8%	49.1%	16.6%	65.7%
Fixed Income						
Core+5	22.2%	0.4%	22.6%	17.1%	0.4%	17.5%
<i>U.S. Gov't Sector</i>	4.4%	0.0%	4.4%	2.4%	0.0%	2.4%
<i>Mortgage Sector</i>	8.9%	0.0%	8.9%	6.7%	0.0%	6.7%
<i>Credit Sector</i>	8.9%	0.4%	9.3%	8.1%	0.4%	8.5%
High Yield	3.7%	0.4%	4.1%	5.5%	0.6%	6.2%
Bank Loans	0.0%	1.8%	1.8%	0.0%	1.8%	1.8%
TIPS	4.1%	0.5%	4.5%	2.6%	0.2%	2.8%
Convertibles	1.0%	0.0%	1.0%	1.3%	0.0%	1.3%
Opportunistic Fixed Income	0.0%	1.3%	1.3%	0.0%	1.3%	1.3%
Other Fixed Income	0.0%	0.0%	0.0%	3.4%	0.0%	3.4%
Total Fixed Income	31.0%	4.4%	35.3%	29.9%	4.4%	34.3%
Total Fund	79.5%	20.7%	100.0%	79.0%	21.0%	100.0%
Remaining Capacity		4.4%			4.0%	

* Note: Basket amounts are estimates

LIQUIDITY ANALYSIS

NYCERS Liquidity Profile - Static Analysis

2/15/12

AUM as of December 31, 2012

	Current MV	Liquid Assets		
		Today	1 Year	2 Years
Domestic Equity	\$15,400	\$15,400	\$15,400	\$15,400
International Equity	4,162	4,162	4,162	4,162
Emerging Markets	2,859	2,859	2,859	2,859
Hedge Funds	1,002	0	782	964
Private Equity	3,749	0	0	0
Private Real Estate	1,885	0	0	0
Core + 5	7,755	7,755	7,755	7,755
TIPS	1,251	1,251	1,251	1,251
Opportunistic Fixed Income	571	428	571	571
Enhanced Yield	2,721	2,721	2,721	2,721
Bank Loans	787	787	787	787
Convertible Bonds	567	567	567	567
ETI	518	56	283	301
Cash	982	982	982	982
Total Assets	\$44,211	\$36,969	\$38,120	\$38,321
Total Illiquid \$		\$7,242	\$6,090	\$5,890
Total Illiquid %		16.4%	13.8%	13.3%
Unfunded PE Commitments	\$1,878			
Unfunded RE Commitments	497			
Unfunded OFI Commitments	624			
Total commitments \$	\$3,000			
Total commitments %	6.8%			

NYCERS Liquidity Profile - Static Analysis

2/15/12

AUM as of December 31, 2012

Denominator Effect - Decrease AUM by One-Third

Total Illiquid \$	\$7,242	\$6,090	\$5,890
Total Illiquid %	24.6%	20.7%	20.0%

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

	Current MV	Liquid Assets		
		Today	1 Year	2 Years
Total Assets	\$44,211	\$36,969	\$38,120	\$38,321

Private Equity, Real Estate and Opportunistic Fixed Income Stress Case

Unfunded PE Commitments Drawn		\$376	\$751
Unfunded RE Commitments Drawn		99	199
Unfunded OFI Commitments Drawn		312	0
Total commitments \$		\$787	\$950
Total commitments %		1.8%	2.1%

Total Illiquid \$		\$6,878	\$6,840
Total Illiquid %		15.6%	15.5%

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

Denominator Effect - Decrease AUM by One-Third

Total Illiquid \$	\$7,242	\$6,878	\$6,840
Total Illiquid %	24.6%	23.3%	23.2%

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