

THE CITY OF NEW YORK
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NEW YORK CITY BOARD OF EDUCATION RETIREMENT SYSTEM

INVESTMENT MEETING

MAY 20, 2011

NEW YORK CITY BOARD OF EDUCATION RETIREMENT SYSTEM

INVESTMENT MEETING

MAY 20, 2011

PUBLIC AGENDA

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PUBLIC AGENDA

I. Monthly Performance Review:

Monthly Performance Review

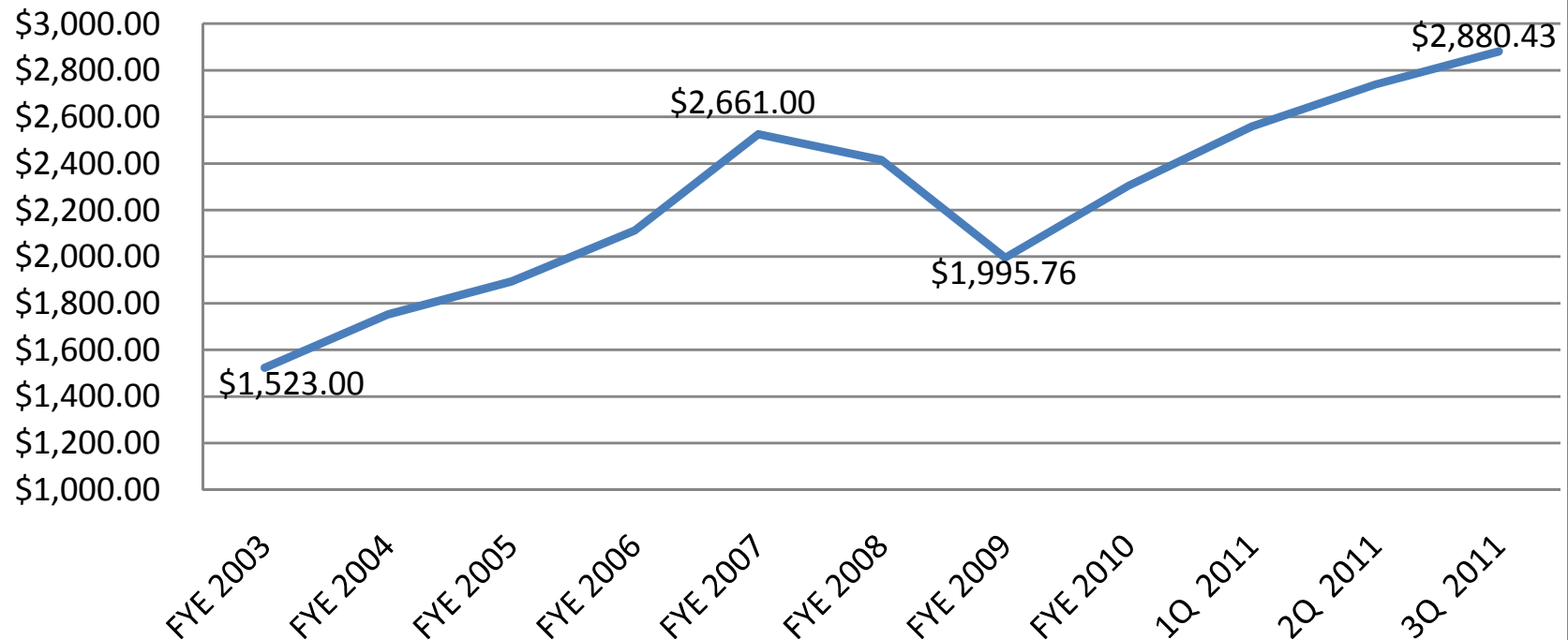
March 2011

*Prepared for the New York City
Board of Education Retirement System
5/20/2011*

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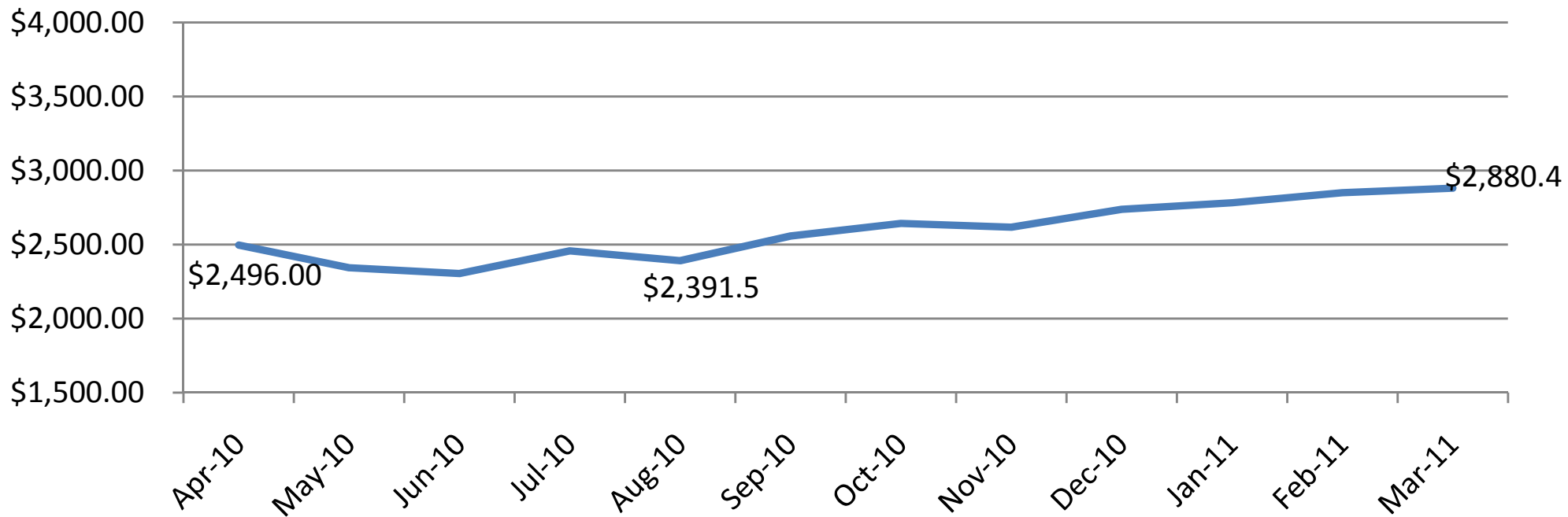
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BERS Market Values 2003 - 2011



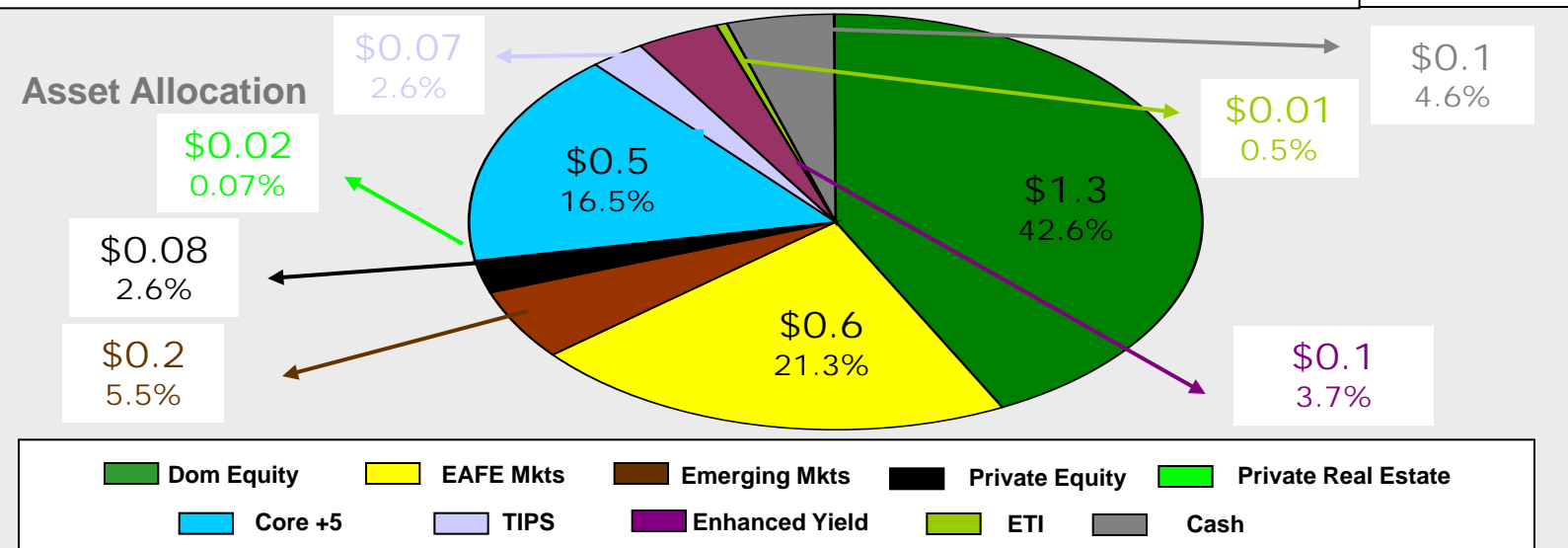
The March 2011 market value of \$2.880 billion went up by 8.2% from its high in October 2007 of \$2.661 billion.

BERS Market Values April 2010 - March 2011

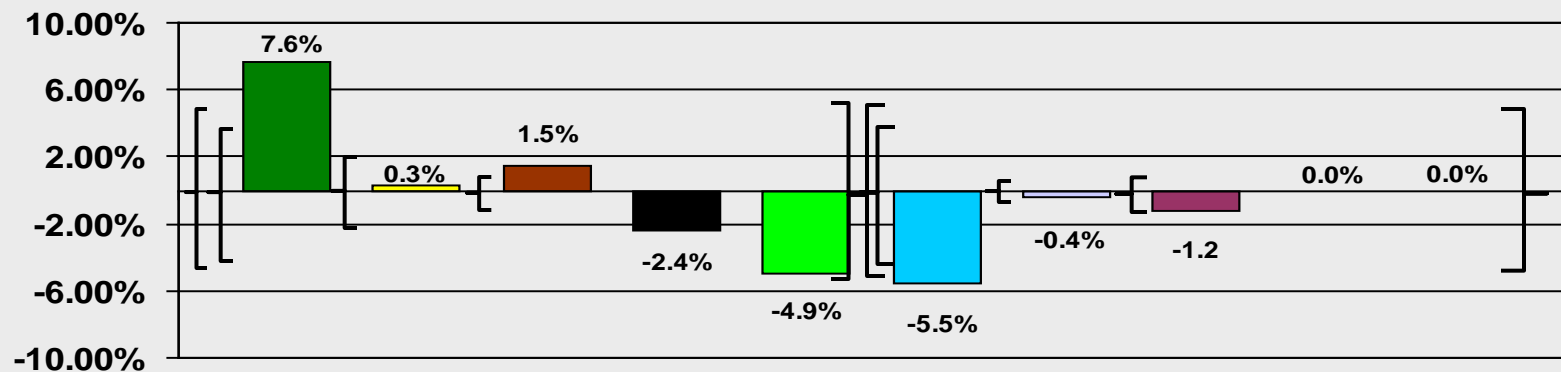


Portfolio Asset Allocation: March 31, 2011

\$2.9B Under Management



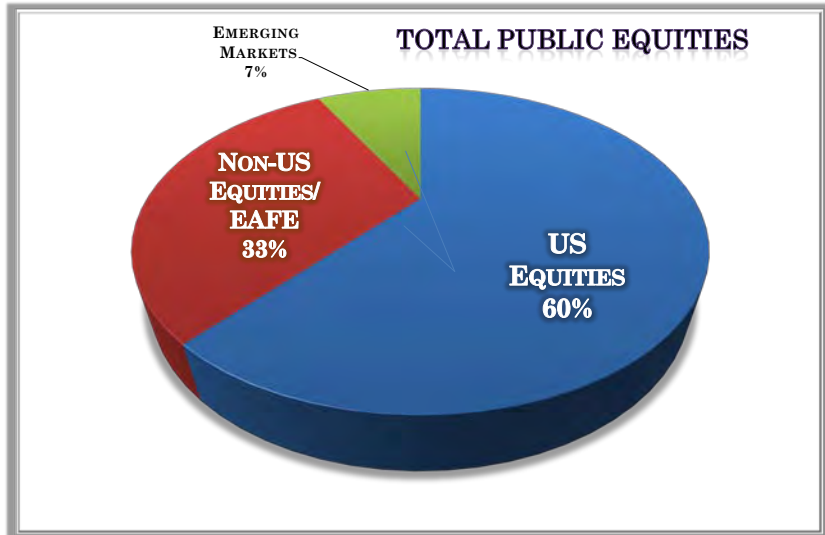
Relative Mix to Actual Policy Weights



Note: Brackets represent rebalancing ranges versus Actual Policy.

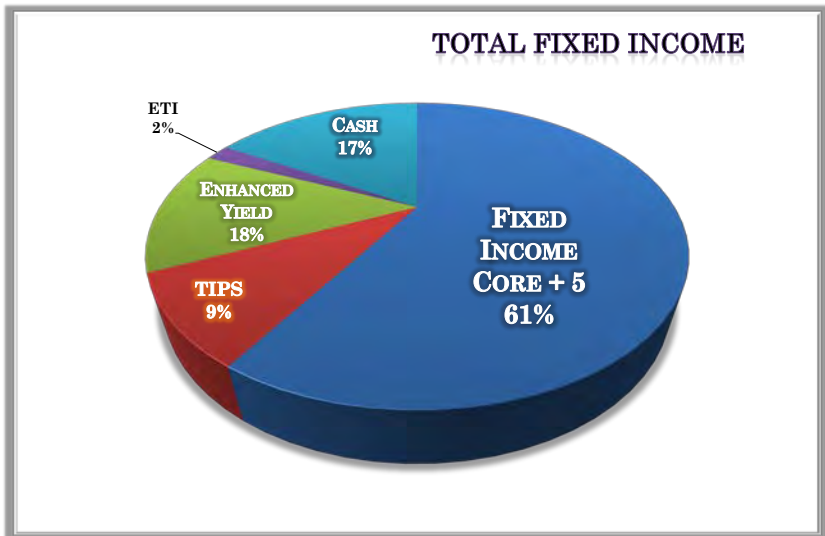
NYC BOARD OF EDUCATION RETIREMENT SYSTEM
CLASSIFICATION OF INVESTMENTS
(as of March 31st 2011)

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	In \$MM	Actual %	Policy %	*Adjusted Policy %	Rebalancing Range %
US Equities	\$1,227.2	42.6%	35.0%	42.3%	38.3%-46.3%
Non-US Equities/EAFE	\$612.3	21.3%	21.0%	21.0%	19.0%-23.0%
Emerging Markets	\$158.6	5.5%	4.0%	4.0%	3.0%-5.0%
Total Public Equities	\$1,998.1	69.4%	60.0%	67.3%	

	In \$MM	Actual %	Policy %	Adjusted Policy %	Rebalancing Range %
US - Government	\$85.8	18.1%	21.2%	21.2%	Neutral to the Core + 5 Index Weights
US - Mortgage	\$221.6	46.7%	43.8%	43.8%	
US - Investment Grade Credit	\$167.4	35.3%	35.0%	35.0%	
Fixed Income Core + 5	\$474.8	16.5%	22.0%	22.0%	18.0%-26.0%
TIPS	\$74.0	2.6%	3.0%	3.0%	2.5%-3.5%
Enhanced Yield	\$107.7	3.7%	5.0%	5.0%	4.0%-6.0%
ETI	\$14.9	0.5%	**2.0%	**0.5%	0.5%
Cash	\$133.5	4.6%	0.0%	0.0%	0.0%
Sub-total Fixed Income	\$804.8	27.9%	30.0%	30.0%	



	In \$MM	Actual %	Policy %	Adjusted Policy %	Rebalancing Range %
Private Real Estate	\$1.9	0.1%	5.0%	0.1%	0.1%

	In \$MM	Actual %	Policy %	Adjusted Policy %	Rebalancing Range %
Private Equity	\$75.7	2.6%	5.0%	2.6%	2.6%

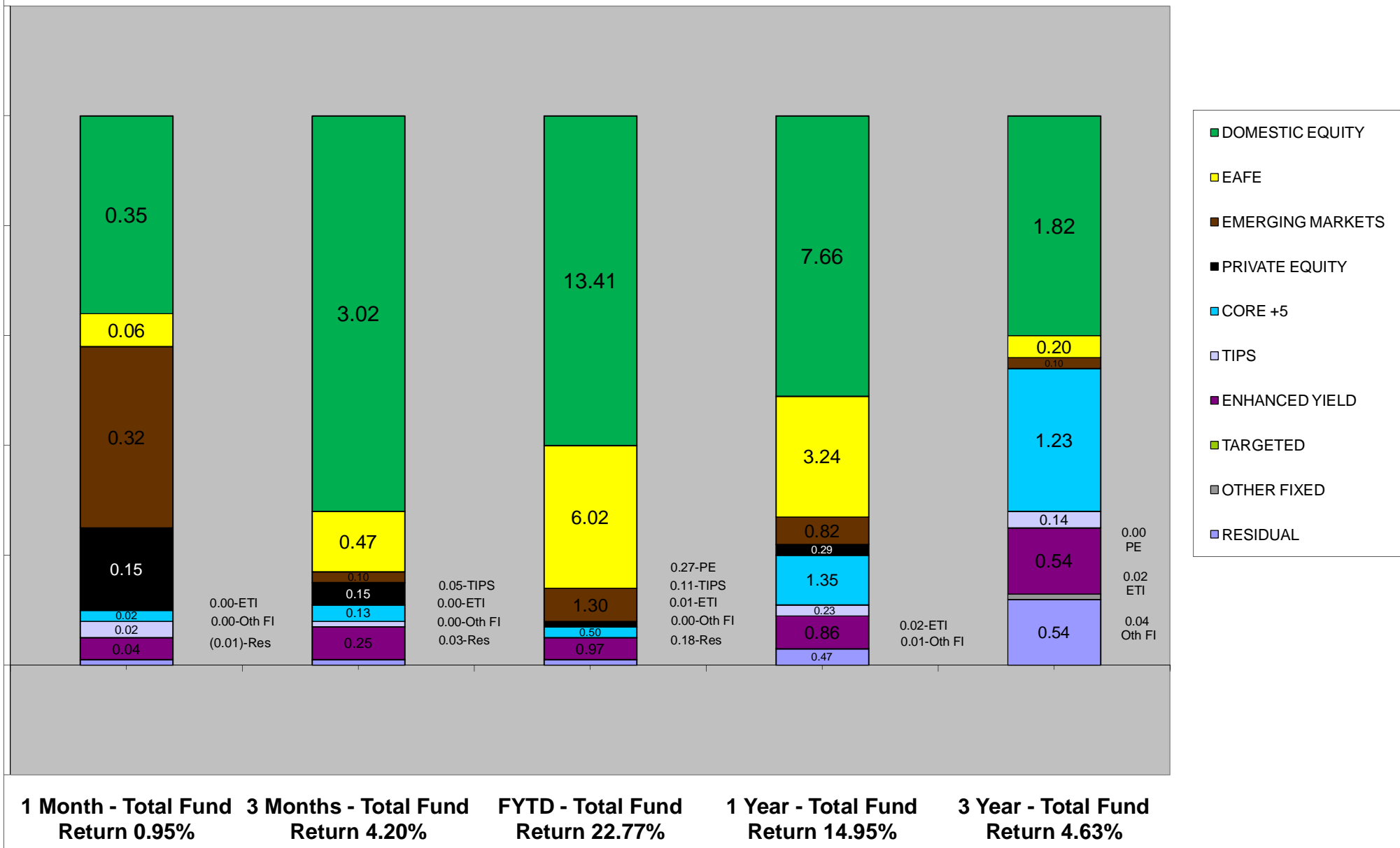
	In \$MM	Actual %	Policy %	Adjusted Policy %	Rebalancing Range %
Opportunistic Fixed Income	\$0.0	0.0%	0.0%	0.0%	0.0%
Absolute Return	\$0.0	0.0%	0.0%	0.0%	

	In \$MM	Actual %	Policy %	Adjusted Policy %	Rebalancing Range %
Total Equities	\$2,075.6	72.0%	70.0%	70.0%	65.0%-75.0%
Total Fixed Income	\$804.8	27.9%	30.0%	30.0%	25.0%-35.0%
TOTAL	\$2,880.4	99.9%	100.0%	100.0%	

*If PE OR RE WEIGHTS ARE BELOW THE POLICY WEIGHTS, THE SHORTFALL WILL BE INVESTED IN US EQUITY.

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

NYC Board of Education Retirement System Contribution to Return - March 2011



THE BANK OF NEW YORK MELLON
CITY OF NEW YORK
Market Indicator Page *NYC Board of Education Retirement System
March 31, 2011

	Trailing 1 Month	Trailing 3 Months	06/30/10 03/31/11	Trailing 1 Year	Trailing* 2 Years	Trailing* 3 Years	Trailing* 5 Years	Trailing* 10 Years
<u>MARKET INDICATORS</u>								
STANDARD & POORS 500	0.04	5.92	30.56	15.65	31.63	2.36	2.62	3.29
S&P MIDCAP INDEX 400	2.45	9.36	40.41	26.95	44.36	10.01	6.07	9.37
RUSSELL 1000	0.26	6.24	31.77	16.69	33.03	2.98	2.93	3.83
RUSSELL 2000	2.59	7.94	39.65	25.79	43.12	8.57	3.35	7.87
RUSSELL 3000	0.45	6.38	32.40	17.41	33.81	3.42	2.95	4.13
RUSSELL 3000 GROWTH	0.42	6.30	34.82	19.24	34.00	5.58	4.32	3.25
RUSSELL 3000 VALUE	0.48	6.47	30.02	15.60	33.65	1.09	1.42	4.86
MSCI EAFE (NET DIVIDEND)	-2.24	3.36	28.36	10.42	30.61	-3.02	1.30	5.39
MSCI EMERGING MARKETS FREE	5.90	2.10	29.52	18.78	46.89	4.63	11.02	17.13
FTSE CUSTOM BENCHMARK	6.14	0.64	31.26	20.30	51.28	5.85	11.95	****
MSCI WORLD INDEX	-0.94	4.91	30.31	14.03	32.21	0.34	2.65	4.74
MSCI EUROPE SMID CAP INDEX	0.85	6.54	40.37	21.10	44.60	-1.23	****	****
NYC - TREASURY AGENCY PLUS FIVE	0.00	-0.36	-0.92	7.34	1.83	4.53	6.73	6.33
CITIGROUP MORTGAGE	0.18	0.61	1.36	4.53	4.78	5.93	6.53	5.71
NYC - INVESTMENT GRADE CREDIT INDEX	0.01	0.81	3.51	6.89	13.45	6.73	6.14	6.09
NYC - CORE PLUS FIVE	0.08	0.47	1.54	5.80	6.82	6.01	6.59	6.05
CITIGROUP BROAD INVESTMENT GRADE	0.05	0.36	1.34	5.06	5.75	5.34	6.20	5.67
BARCLAYS CAPITAL AGGREGATE	0.06	0.42	1.57	5.12	6.40	5.30	6.02	5.57
CITIGROUP BB & B	0.41	3.80	13.41	13.72	25.04	8.19	6.46	6.96
BofA MERRILL LYNCH HY MASTER II	0.42	3.90	14.27	14.18	34.01	12.70	9.03	8.41
BARCLAYS CAPITAL GLOBAL US TIPS (INFLATION NOTES)	1.02	2.08	3.94	7.97	7.08	3.95	6.26	6.75
BofA ML ALL CONVERTIBLES EX MANDATORY	0.69	5.66	23.53	16.92	32.94	8.53	****	****
DJ WILSHIRE REAL ESTATE SECURITIES INDEX	-1.42	6.66	30.01	24.40	63.53	1.37	0.56	11.10
NCREIF NFI-ODCE NET	3.89	3.89	14.45	19.13	-1.62	-9.73	-1.01	****
91 DAY TREASURY BILL	0.03	0.05	0.13	0.16	0.17	0.52	2.23	2.24

THE BANK OF NEW YORK MELLON
CITY OF NEW YORK
Market Indicator Page *NYC Board of Education Retirement System
April 30, 2011

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

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Manager / Benchmark Comparison Report *NYC Board of Education Retirement System

March 31, 2011

	Assets (\$MM)	% of Total	Trailing 1 Month	Trailing 3 Months	Fiscal YTD	Calendar YTD	Calendar YTD 2010	Calendar YTD 2009	Calendar YTD 2008	Calendar YTD 2007	Trailing 1 Year	Trailing* 3 Years	Trailing* 5 Years	Trailing* 10 Years	Since Inception
ASSET CLASS SUMMARY															
DOMESTIC EQUITY	\$ 1,227.2	42.60%	0.79%	6.92%	33.53%	6.92%	17.27%	28.79%	-37.22%	5.69%	18.64%	4.14%	3.16%	4.45%	9.08%
DEVELOPED MARKETS	612.3	21.26%	0.26	2.16	29.30	2.16	17.92	39.95	-42.78	14.28	15.54	1.00	5.01	6.97	8.27
EMERGING MARKETS	158.6	5.50%	6.10	2.22	30.83	2.22	19.85	71.67	-55.84	44.68	19.73	1.95	8.93	18.74	11.29
CORE + 5	474.8	16.48%	0.11	0.73	2.35	0.73	8.36	8.74	3.51	6.32	6.75	6.60	6.62	6.51	8.54
TIPS MANAGERS	74.0	2.57%	0.95	1.72	3.43	1.72	6.57	10.24	-0.70	11.76	7.72	4.07	6.39	****	5.15
HIGH YIELD	107.7	3.74%	0.81	5.13	15.86	5.13	15.01	44.33	-21.04	3.04	15.93	12.16	8.74	8.30	5.76
ECONOMICALLY TARGETED INVESTMENTS	14.9	0.52%	0.05	0.67	1.96	0.67	5.80	7.02	5.53	6.81	4.44	5.67	****	****	6.44
PRIVATE EQUITY	75.7	2.63%	6.41	6.41	11.98	6.41	13.64	-9.95	-7.59	-1.38	14.61	0.21	****	****	0.43
PRIVATE REAL ESTATE	1.9	0.07%	4.96	****	****	4.96	****	****	****	****	****	****	****	****	4.96
CASH	132.7	4.61%	0.05	0.11	0.20	0.11	0.42	1.27	3.51	5.75	0.33	1.33	2.99	2.79	5.66
TOTAL BOARD OF EDUCATION	\$ 2,880.4		0.95%	4.20%	22.77%	4.20%	14.95%	25.74%	-28.72%	8.96%	14.95%	4.63%	5.06%	6.30%	8.97%
TOTAL EQUITY	1,998.1	69.37%	1.02	5.15	32.16	5.15	17.69	34.27	-40.16	10.12	17.86	3.12	4.00	****	6.96
TOTAL FIXED INCOME	671.3	23.31%	0.32	1.63	4.97	1.63	9.39	14.01	-1.19	6.36	8.50	7.35	7.05	****	5.89
TOTAL PRIVATE EQUITY	75.7	2.63%	6.41	6.41	11.98	6.41	13.64	-9.95	-7.59	-1.38	14.61	0.21	****	****	0.43
PRIVATE REAL ESTATE	1.9	0.07%	4.96	4.96	****	4.96	****	****	****	****	****	****	****	****	4.96
TOTAL CASH	133.5	4.64%	0.05	0.11	0.20	0.11	0.41	1.25	3.52	5.73	0.33	1.32	3.04	****	3.05

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Manager / Benchmark Comparison Report *NYC Board of Education Retirement System

March 31, 2011

	Assets (\$MM)	% of Total	Trailing 1 Month	Trailing 3 Months	Fiscal YTD	Calendar YTD	Calendar YTD 2010	Calendar YTD 2009	Calendar YTD 2008	Calendar YTD 2007	Trailing 1 Year	Trailing* 3 Years	Trailing* 5 Years	Trailing* 10 Years	Since Inception
EQUITY ASSET CLASS SUMMARY															
DOMESTIC EQUITY	\$ 1,227.2	42.60%	0.79%	6.92%	33.53%	6.92%	17.27%	28.79%	-37.22%	5.69%	18.64%	4.14%	3.16%	4.45%	9.08%
ACTIVE DOMESTIC EQUITY	364.7	12.66%	1.85	8.64	36.79	8.64	21.37	35.44	-41.59	1.04	21.95	5.84	3.72	4.60	7.93
RUSSELL 3000			0.24	6.14	32.12	6.14	26.85	27.18	-33.80	-1.55	17.24	3.43	2.93	4.14	
+/-			1.61	2.50	4.67	2.50	(5.48)	8.26	(7.79)	2.59	4.71	2.41	0.79	0.46	
PASSIVE DOMESTIC EQUITY	862.5	29.94%	0.36	6.25	32.24	6.25	21.37	35.44	-41.59	1.04	17.35	3.46	2.95	4.29	8.63
RUSSELL 3000			0.24	6.14	32.12	6.14	26.85	27.18	-33.80	-1.55	17.24	3.43	2.93	4.14	
+/-			0.12	0.11	0.12	0.11	(5.48)	8.26	(7.79)	2.59	0.11	0.03	0.02	0.15	
DEVELOPED MARKETS	612.3	21.26%	0.26	2.16	29.30	2.16	17.92	39.95	-42.78	14.28	15.54	1.00	5.01	6.97	8.27
ACTIVE DEVELOPED MARKETS	612.3	21.26%	0.26	2.16	29.30	2.16	17.92	39.95	-42.78	14.28	15.54	1.00	5.01	6.82	8.61
MSCI EAFE (NET DIVIDEND)			-2.24	3.36	28.36	3.36	7.75	31.78	-43.39	11.17	10.42	-3.02	1.30	5.39	
+/-			2.50	(1.20)	0.94	(1.20)	10.17	8.17	0.61	3.11	5.12	4.02	3.71	1.43	
EMERGING MARKETS	158.6	5.50%	6.10	2.22	30.83	2.22	19.85	71.67	-55.84	44.68	19.73	1.95	8.93	18.74	11.29
ACTIVE EMERGING MARKETS	127.4	4.42%	6.17	2.22	30.87	2.22	19.87	71.83	-55.90	****	19.75	1.95	****	****	7.67
MSCI EMERGING MARKETS FREE			5.90	2.10	29.52	2.10	19.20	79.02	-53.17	39.78	18.78	4.63	11.02	17.13	
+/-			0.27	0.12	1.35	0.12	0.67	(7.19)	(2.73)	****	0.97	(2.68)	****	****	
PASSIVE EMERGING MARKETS	31.1	1.08%	****	****	****	****	****	****	****	****	****	****	****	****	****
MSCI EMERGING MARKETS FREE			5.90	2.10	29.52	2.10	19.20	79.02	-53.17	39.78	18.78	4.63	11.02	17.13	
+/-			****	****	****	****	****	****	****	****	****	****	****	****	

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Manager / Benchmark Comparison Report *NYC Board of Education Retirement System

March 31, 2011

	Assets (\$MM)	% of Total	Trailing 1 Month	Trailing 3 Months	Fiscal YTD	Calendar YTD	Calendar YTD 2010	Calendar YTD 2009	Calendar YTD 2008	Calendar YTD 2007	Trailing 1 Year	Trailing* 3 Years	Trailing* 5 Years	Trailing* 10 Years	Since Inception
US EQUITY															
TOTAL RUSSELL 3000	811.7	28.18%	0.24	6.14	32.12	6.14	16.99	28.31	-37.12	5.00	17.24	3.43	2.93	4.14	8.50
BLACKROCK R3000	811.7	28.18%	0.24	6.14	32.12	6.14	16.99	28.31	-37.12	5.00	17.24	3.43	2.93	4.14	2.39
RUSSELL 3000			0.45	6.38	32.40	6.38	16.93	28.34	-37.31	5.13	17.41	3.42	2.95	4.13	
TOTAL RUSSELL 3000 +/-			(0.21)	(0.24)	(0.28)	(0.24)	0.06	(0.03)	0.19	(0.13)	(0.17)	0.01	(0.02)	0.01	
BLACKROCK R3000 +/-			(0.21)	(0.24)	(0.28)	(0.24)	0.06	(0.03)	0.19	(0.13)	(0.17)	0.01	(0.02)	0.01	
TOTAL SMALL CAP	34.5	1.20%	5.46	12.81	50.07	12.81	21.37	35.44	-41.59	1.04	33.75	7.11	1.93	****	8.79
RUSSELL 2000			2.59	7.94	39.65	7.94	26.85	27.18	-33.80	-1.55	25.79	8.57	3.35	7.87	
+/-			2.87	4.87	10.42	4.87	(5.48)	8.26	(7.79)	2.59	7.96	(1.46)	(1.42)	****	
TOTAL SMALL CAP ACTIVE	34.5	1.20%	5.46	12.81	50.07	12.81	21.37	35.44	-41.59	1.04	33.75	7.11	1.93	****	5.27
RUSSELL 2000			2.59	7.94	39.65	7.94	26.85	27.18	-33.80	-1.55	25.79	8.57	3.35	7.87	
+/-			2.87	4.87	10.42	4.87	(5.48)	8.26	(7.79)	2.59	7.96	(1.46)	(1.42)	****	
TOTAL SMALL CAP CORE ACTIVE	34.5	1.20%	5.46	12.81	50.07	12.81	****	****	****	****	33.75	****	****	****	33.75
DARUMA -SCC	34.5	1.20%	5.46	12.81	50.07	12.81	****	****	****	****	33.75	****	****	****	33.75
RUSSELL 2000			2.59	7.94	39.65	7.94	26.85	27.18	-33.80	-1.55	25.79	8.57	3.35	7.87	
TOTAL SMALL CAP CORE +/-			2.87	4.87	10.42	4.87	****	****	****	****	7.96	****	****	****	
DARUMA -SCC +/-			2.87	4.87	10.42	4.87	****	****	****	****	7.96	****	****	****	
TOTAL MID CAP	135.7	4.71%	1.90	7.70	****	7.70	****	****	****	****	****	****	****	****	21.64
RUSSELL MID CAP			1.53	7.63	37.89	7.63	25.47	40.46	-41.46	5.59	24.27	7.26	4.66	8.52	
+/-			0.37	0.07	****	0.07	****	****	****	****	****	****	****	****	
TOTAL MID CAP PASSIVE	50.8	1.76%	2.45	****	****	****	****	****	****	****	****	****	****	****	7.18
SSGA S&P 400	50.8	1.76%	2.45	****	****	****	****	****	****	****	****	****	****	****	7.18
S&P MIDCAP 400			2.45	9.36	40.41	9.36	26.64	37.38	-36.23	7.98	26.95	10.01	6.07	9.37	
TOTAL MID CAP PASSIVE +/-			0.00	****	****	****	****	****	****	****	****	****	****	****	
SSGA S&P 400 +/-			0.00	****	****	****	****	****	****	****	****	****	****	****	
TOTAL MID CAP ACTIVE	84.9	2.95%	1.58	7.90	****	7.90	****	****	****	****	****	****	****	****	21.85
RUSSELL MID CAP			1.53	7.63	37.89	7.63	25.47	40.46	-41.46	5.59	24.27	7.26	4.66	8.52	
+/-			0.05	0.27	****	0.27	****	****	****	****	****	****	****	****	
TOTAL MID CAP CORE ACTIVE	84.9	2.95%	1.58	7.90	****	7.90	****	****	****	****	****	****	****	****	21.85
WELLINGTON	84.9	2.95%	1.58	7.90	****	7.90	****	****	****	****	****	****	****	****	21.85
S&P MIDCAP 400			2.45	9.36	40.41	9.36	26.64	37.38	-36.23	7.98	26.95	10.01	6.07	9.37	
TOTAL MID CAP CORE +/-			(0.87)	(1.46)	****	(1.46)	****	****	****	****	****	****	****	****	
WELLINGTON +/-			(0.87)	(1.46)	****	(1.46)	****	****	****	****	****	****	****	****	

THE BANK OF NEW YORK MELLON

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CITY OF NEW YORK

Manager / Benchmark Comparison Report *NYC Board of Education Retirement System

March 31, 2011

	Assets (\$MM)	% of Total	Trailing 1 Month	Trailing 3 Months	Fiscal YTD	Calendar YTD	Calendar YTD 2010	Calendar YTD 2009	Calendar YTD 2008	Calendar YTD 2007	Trailing 1 Year	Trailing* 3 Years	Trailing* 5 Years	Trailing* 10 Years	Since Inception
TOTAL LARGE CAP RUSSELL 1000	145.7	5.06%	1.56 0.26 1.30	8.63 6.24 2.39	35.74 31.77 3.97	8.63 6.24 2.39	16.72 16.10 0.62	30.50 28.43 2.07	-35.16 -37.60 2.44	7.16 5.77 1.39	21.23 16.69 4.54	6.81 2.98 3.83	4.55 2.93 1.62	4.46 3.83 0.63	8.63
			+/-												
TOTAL LARGE CAP GROWTH RUSSELL 1000 GROWTH	54.3	1.89%	2.65 0.12 2.53	10.19 6.03 4.16	40.46 33.99 6.47	10.19 6.03 4.16	17.52 16.71 0.81	44.55 37.22 7.33	-38.15 -38.43 0.28	17.39 11.82 5.57	25.08 18.26 6.82	10.11 5.20 4.91	7.16 4.34 2.82	5.05 3.00 2.05	8.99
			+/-												
ZEVENBERGEN RUSSELL 3000 GROWTH	54.3	1.89%	2.65 0.42 2.23	8.87 6.30 2.57	44.74 34.82 9.92	8.87 6.30 2.57	23.05 17.64 5.41	56.91 37.00 19.91	-41.75 -38.45 (3.30)	25.02 11.39 13.63	28.91 19.24 9.67	13.32 5.58 7.74	8.83 4.32 4.51	6.94 3.25 3.69	10.64
			+/-												
TOTAL LARGE CAP VALUE ARONSON JOHNSON	91.4	3.17%	0.93	7.87	31.82	7.87	15.81	17.68	-32.16	-1.44	18.10	3.72	2.11	****	6.25
RUSSELL 1000 VALUE	91.4	3.17%	0.93	7.87	31.82	7.87	15.81	17.68	-32.16	-1.44	18.10	3.72	2.11	****	6.25
			0.40	6.46	29.60	6.46	15.51	19.69	-36.85	-0.18	15.15	0.60	1.37	4.53	
TOTAL LARGE CAP VALUE +/-			0.53	1.41	2.22	1.41	0.30	(2.01)	4.69	(1.26)	2.95	3.12	0.74	****	
ARONSON JOHNSON +/-			0.53	1.41	2.22	1.41	0.30	(2.01)	4.69	(1.26)	2.95	3.12	0.74	****	
F.I.S FUND MGMT RUSSELL 2000	27.4	0.95%	2.33 2.59 (0.26)	8.95 7.94 1.01	39.18 39.65 (0.47)	8.95 7.94 1.01	27.68 26.85 0.83	23.31 27.18 (3.87)	-38.82 -33.80 (5.02)	**** -1.55 ****	28.23 25.79 2.44	5.65 8.57 (2.92)	**** 3.35 ****	**** 7.87 ****	1.50
			+/-												
PROGRESS RUSSELL 3000	72.2	2.51%	0.93 0.45 0.48	7.41 6.38 1.03	34.18 32.40 1.78	7.41 6.38 1.03	16.04 16.93 (0.89)	30.50 28.34 2.16	-36.86 -37.31 0.45	9.46 5.13 4.33	17.64 17.41 0.23	4.43 3.42 1.01	3.99 2.95 1.04	4.91 4.13 0.78	3.75
			+/-												
TOTAL EMERGING MGRS RUSSELL 3000	99.6	3.46%	1.31 0.45 0.86	7.83 6.38 1.45	35.52 32.40 3.12	7.83 6.38 1.45	18.99 16.93 2.06	28.60 28.34 0.26	-37.38 -37.31 (0.07)	9.31 5.13 4.18	20.38 17.41 2.97	4.76 3.42 1.34	4.07 2.95 1.12	**** 4.13 ****	6.09
			+/-												
NON - US EQUITY															
TOTAL DEVELOPED MARKETS MSCI EAFE (NET DIVIDEND)	612.3	21.26%	0.26 -2.24 2.50	2.16 3.36 (1.20)	29.30 28.36 0.94	2.16 3.36 (1.20)	17.92 7.75 10.17	39.95 31.78 8.17	-42.78 -43.39 0.61	14.28 11.17 3.11	15.54 10.42 5.12	1.00 -3.02 4.02	5.01 1.30 3.71	6.97 5.39 1.58	8.27
			+/-												
BAILLIE MSCI EAFE GROWTH	338.0	11.74%	1.02 -1.18 2.20	2.89 2.30 0.59	31.29 28.68 2.61	2.89 2.30 0.59	17.36 12.60 4.76	45.29 29.91 15.38	-44.75 -42.46 (2.29)	**** 16.85 ****	16.27 12.88 3.39	1.48 -2.16 3.64	**** 2.50 ****	**** **** ****	2.25
			+/-												
SPRUCEGROVE MSCI EAFE VALUE	274.1	9.52%	-0.67 -3.21 2.54	1.28 4.64 (3.36)	26.95 28.38 (1.43)	1.28 4.64 (3.36)	18.56 3.81 14.75	34.34 35.06 (0.72)	-40.99 -43.68 2.69	4.41 6.47 (2.06)	14.66 8.82 5.84	0.28 -2.96 3.24	3.51 0.97 2.54	**** **** ****	8.70
			+/-												

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	Assets (\$MM)	% of Total	Trailing 1 Month	Trailing 3 Months	Fiscal YTD	Calendar YTD	Calendar YTD 2010	Calendar YTD 2009	Calendar YTD 2008	Calendar YTD 2007	Trailing 1 Year	Trailing* 3 Years	Trailing* 5 Years	Trailing* 10 Years	Since Inception
EMERGING MARKETS															
TOTAL EMERGING MARKETS	158.6	5.50%	6.10	2.22	30.83	2.22	19.85	71.67	-55.84	44.68	19.73	1.95	8.93	18.74	11.29
ACTIVE EMERGING MARKETS	127.4	4.42%	6.17	2.22	30.87	2.22	19.85	71.67	-55.84	44.68	19.72	1.95	****	****	16.22
STATE STREET	127.4	4.42%	6.17	2.22	30.87	2.22	19.87	71.83	-55.90	44.68	19.75	1.95	****	****	7.67
MSCI EMERGING MARKETS FREE			5.90	2.10	29.52	2.10	19.20	79.02	-53.17	39.78	18.78	4.63	11.02	17.13	
ACTIVE EMERGING MARKETS +/-			0.27	0.12	1.35	0.12	0.65	(7.35)	(2.67)	4.90	0.94	(2.68)	****	****	
STATE STREET +/-			0.27	0.12	1.35	0.12	0.67	(7.19)	(2.73)	4.90	0.97	(2.68)	****	****	
PASSIVE EMERGING MARKETS	31.1	0.08%	****	****	****	****	****	****	****	****	****	****	****	****	****
BLACKROCK-EM	31.1	0.08%	****	****	****	****	****	****	****	****	****	****	****	****	****
MSCI EMERGING MARKETS FREE			5.90	2.10	29.52	2.10	19.20	79.02	-53.17	39.78	18.78	4.63	11.02	17.13	
PASSIVE EMERGING MARKETS +/-			****	****	****	****	****	****	****	****	****	****	****	****	
BLACKROCK-EM +/-			****	****	****	****	****	****	****	****	****	****	****	****	
FIXED INCOME															
TOTAL STRUCTURED FIXED INCOME	474.8	16.48%	0.11	0.73	2.35	0.73	8.36	8.74	3.51	6.32	6.75	6.60	6.62	6.51	8.54
NYC - CORE PLUS FIVE			0.08	0.47	1.54	0.47	7.13	6.28	6.64	7.02	5.80	6.01	6.59	6.05	
+/-			0.03	0.26	0.81	0.26	1.23	2.46	(3.13)	(0.70)	0.95	0.59	0.03	0.46	
ALL MORTGAGE	221.6	7.69%	0.16	0.92	2.59	0.92	7.84	9.20	4.30	6.97	6.23	6.66	6.99	6.35	6.79
PIMCO-MORTGAGE	221.6	7.69%	0.16	0.92	2.59	0.92	7.84	9.20	4.30	6.97	6.23	6.66	6.99	6.35	7.78
CITIGROUP MORTGAGE INDEX			0.18	0.61	1.36	0.61	5.50	5.76	8.49	6.99	4.53	5.93	6.53	5.71	
ALL MORTGAGE +/-			(0.02)	0.31	1.23	0.31	2.34	3.44	(4.19)	(0.02)	1.70	0.73	0.46	0.64	
PIMCO-MORTGAGE +/-			(0.02)	0.31	1.23	0.31	2.34	3.44	(4.19)	(0.02)	1.70	0.73	0.46	0.64	
ALL INVESTMENT GRADE CREDIT	167.4	5.81%	0.08	1.01	4.00	1.01	9.02	22.61	-9.91	2.18	7.55	7.78	5.51	6.78	7.92
PRUDENTIAL - CREDIT	98.5	3.42%	-0.10	0.60	3.39	0.60	8.72	****	****	****	6.96	****	****	****	8.37
TAPLIN, CANIDA -CREDIT	68.9	2.39%	0.35	1.61	4.89	1.61	9.43	22.42	-9.91	2.18	8.39	8.08	5.68	6.87	7.12
NYC - INVESTMENT GRADE CREDIT			0.01	0.81	3.51	0.81	8.36	16.36	-4.06	4.73	6.89	6.73	6.14	6.09	
ALL INVESTMENT GRADE CREDIT +/-			0.07	0.20	0.49	0.20	0.66	6.25	(5.85)	(2.55)	0.66	1.05	(0.63)	0.69	
PRUDENTIAL - CREDIT +/-			(0.11)	(0.21)	(0.12)	(0.21)	0.36	****	****	****	0.07	****	****	****	
TAPLIN, CANIDA -CREDIT +/-			0.34	0.80	1.38	0.80	1.07	6.06	(5.85)	(2.55)	1.50	1.35	(0.46)	0.78	
ALL TREASURY / AGENCY	85.8	2.98%	0.01	-0.30	-1.04	-0.30	8.93	-6.64	18.77	9.92	7.11	4.77	6.85	6.30	8.03
STATE STREET	85.8	2.98%	0.01	-0.30	-1.04	-0.30	8.93	-6.64	18.77	9.92	7.11	4.77	6.85	6.48	7.40
NYC - TREASURY AGENCY PLUS FIVE			0.00	-0.36	-0.92	-0.36	9.24	-7.44	18.91	9.85	7.34	4.53	6.73	6.33	
ALL TREASURY / AGENCY +/-			0.01	0.06	(0.12)	0.06	(0.31)	0.80	(0.14)	0.07	(0.23)	0.24	0.12	(0.03)	
STATE STREET +/-			0.01	0.06	(0.12)	0.06	(0.31)	0.80	(0.14)	0.07	(0.23)	0.24	0.12	0.15	
HIGH YIELD															
TOTAL HIGH YIELD	107.7	3.74%	0.81	5.13	15.86	5.13	15.01	44.33	-21.04	3.04	15.93	12.16	8.74	8.30	5.76
CITIGROUP BB & B			0.41	3.80	13.41	3.80	13.35	40.37	-25.10	2.25	13.72	8.19	6.46	6.96	
+/-			0.40	1.33	2.45	1.33	1.66	3.96	4.06	0.79	2.21	3.97	2.28	1.34	

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CITY OF NEW YORK

Manager / Benchmark Comparison Report *NYC Board of Education Retirement System

March 31, 2011

	Assets (\$MM)	% of Total	Trailing 1 Month	Trailing 3 Months	Fiscal YTD	Calendar YTD	Calendar YTD 2010	Calendar YTD 2009	Calendar YTD 2008	Calendar YTD 2007	Trailing 1 Year	Trailing* 3 Years	Trailing* 5 Years	Trailing* 10 Years	Since Inception
LOOMIS SAYLES & CO	54.9	1.91%	1.15	5.79	16.44	5.79	15.79	52.73	-23.85	2.49	17.04	13.69	9.42	9.51	7.61
NYC-LOOMIS (BofA ML-MST II 7-03/BB&B PRIOR)			0.42	3.90	14.27	3.90	15.19	57.51	-26.39	2.19	14.18	12.70	9.03	8.43	
+/-			0.73	1.89	2.17	1.89	0.60	(4.78)	2.54	0.30	2.86	0.99	0.39	1.08	
SEIX HIGH YIELD	52.7	1.83%	0.44	4.43	15.25	4.43	14.21	36.17	-18.05	3.69	14.79	10.60	8.01	****	7.75
CITIGROUP BB & B			0.41	3.80	13.41	3.80	13.35	40.37	-25.10	2.25	13.72	8.19	6.46	6.96	
+/-			0.03	0.63	1.84	0.63	0.86	(4.20)	7.05	1.44	1.07	2.41	1.55	****	
TIPS															
TOTAL ACTIVE TIPS MANAGERS	74.0	2.57%	0.95	1.72	3.43	1.72	6.57	10.24	-0.70	11.76	7.72	4.07	6.39	****	5.15
PIMCO-TIPS-MTA	74.0	2.57%	0.95	1.72	3.43	1.72	6.57	10.24	-0.70	11.76	7.72	4.07	6.39	****	5.15
BARCLAYS CAPITAL US TIPS INDEX			1.02	2.08	3.94	2.08	6.37	11.41	-2.35	11.64	7.97	3.95	6.26	6.75	
TOTAL ACTIVE TIPS MANAGERS +/-			(0.07)	(0.36)	(0.51)	(0.36)	0.20	(1.17)	1.65	0.12	(0.25)	0.12	0.13	****	
PIMCO-TIPS-MTA +/-			(0.07)	(0.36)	(0.51)	(0.36)	0.20	(1.17)	1.65	0.12	(0.25)	0.12	0.13	****	
OTHER FIXED INCOME															
TOTAL ETI	14.86	0.52%	0.05	0.67	1.96	0.67	5.80	7.02	5.53	6.81	4.44	5.67	****	****	6.44
BERS CUSTOM BENCHMARK (NO CASH)			0.08	0.42	1.51	0.42	5.98	4.91	6.19	6.99	4.74	5.03	****	****	
+/-			(0.03)	0.25	0.45	0.25	(0.18)	2.11	(0.66)	(0.18)	(0.30)	0.64	****	****	
AFL-CIO HOUSING INV TRUST	10.55	0.37%	0.10	0.79	2.12	0.79	6.16	6.28	5.26	6.69	4.81	5.56	****	****	5.66
BARCLAYS CAPITAL AGGREGATE			0.06	0.42	1.57	0.42	6.54	5.93	5.24	6.97	5.12	5.30	6.02	5.57	
+/-			0.04	0.37	0.55	0.37	(0.38)	0.35	0.02	(0.28)	(0.31)	0.26	****	****	
ACCESS RBC	2.51	0.09%	-0.31	0.21	1.09	0.21	5.36	10.99	6.67	****	3.50	6.82	****	****	6.73
ACCESS CUSTOM BENCHMARK			0.10	0.27	1.07	0.27	5.52	****	****	****	4.28	4.95	6.17	****	
+/-			(0.41)	(0.06)	0.02	(0.06)	(0.16)	****	****	****	(0.78)	1.87	****	****	
STATE STREET SHORT TERM	132.7	4.61%	0.05	0.11	0.20	0.11	0.42	1.27	3.51	5.75	0.33	1.33	2.99	2.79	5.66
ML 91 DAY TREASURY BILL INDEX			0.03	0.05	0.13	0.05	0.13	0.21	2.06	5.00	0.16	0.52	2.23	2.24	
+/-			0.02	0.06	0.07	0.06	0.29	1.06	1.45	0.75	0.17	0.81	0.76	0.55	
PRIVATE EQUITY															
TOTAL PRIVATE EQUITY	75.7	2.63%	6.41	6.41	11.98	6.41	13.64	-9.95	-7.59	-1.38	14.61	0.21	****	****	0.43
RUSSELL 3000 PLUS 5%			0.71	7.99	37.29	7.99	21.93	33.34	-32.30	10.13	22.42	8.79	8.18	9.30	
+/-			5.70	(1.58)	(25.31)	(1.58)	(8.29)	(43.29)	24.71	(11.51)	(7.81)	(8.58)	****	****	
PRIVATE REAL ESTATE															
TOTAL PRIVATE REAL ESTATE	1.9	0.07%	4.96	4.96	****	4.96	****	****	****	****	****	****	****	****	4.96
NCREIF NFI-ODCE NET			3.89	3.89	14.45	3.89	15.26	-30.40	-10.70	14.84	19.13	-9.73	-1.01	****	
+/-			1.07	1.07	****	1.07	****	****	****	****	****	****	****	****	
TOTAL BOARD OF EDUCATION	2,880.4		0.95	4.20	22.77	4.20	14.95	25.74	-28.72	8.96	14.95	4.63	5.06	6.30	8.97
BOARD OF EDUCATION POLICY BENCHMARK			0.03	3.87	21.70	3.87	12.54	25.48	-29.07	7.93	12.97	3.41	4.29	5.64	
+/-			0.92	0.33	1.07	0.33	2.41	0.26	0.35	1.03	1.98	1.22	0.77	0.66	

New York City Board of Education Retirement System
(As of September 30, 2010)

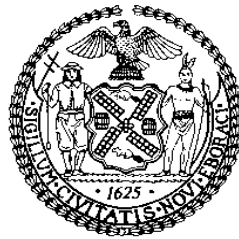
Vintage Year	Deal Name	First Drawdown	Capital Committed	Cash In	Cash Out	Market Value	Multiple	IRR
2005	Mesirow Financial Private Equity Partnership Fund III	6/20/2005	\$ 57,000,000	\$ 42,553,273	\$ 211,092	\$ 42,337,169	1.00x	0.0%
2006	Mesirow Financial Private Equity Partnership Fund IV	12/27/2006	25,000,000	9,592,233	128,759	8,206,891	0.87x	(8.5%)
	New York/Fairview Private Equity Fund	7/14/2006	19,000,000	9,880,000	142,936	9,664,863	0.99x	(0.3%)
Grand Total(s):			\$ 101,000,000	\$ 62,025,506	\$ 482,787	\$ 60,208,923	0.98x	(0.9%)

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 PCG Asset Management, LLC ("PCG"), a consultant to the New York City Pension Funds and Retirement Systems, based on information provided by the general partners (e.g. cash flows and valuations). The IRR calculations and other information contained in this report have not been reviewed or confirmed by the general partners. The result of the IRR calculation may differ from that generated by the general partner or other limited partners. Differences in IRR calculations can be affected by cash-flow timing, the accounting treatment of carried interest, fund management fees, advisory fees, organizational fees, other fund expenses, sale of distributed stock, and valuations.

II. Emerging Manager Review & Recommendation:



Emerging Managers Program Review and Recommendation



THE CITY OF NEW YORK
OFFICE OF THE COMPTROLLER

May 20, 2011

What is an Emerging Manager?

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- The goal of the Emerging Managers Program is to gain exposure to smaller investment managers that generally do not have enough assets for “stand alone” mandates from the NYC Retirement Systems.
- Currently, BERS invests in emerging managers through Emerging Manager of Managers or Fund of Funds, who are charged with monitoring the underlying emerging managers (“sub-managers”) on a regular basis and providing performance measurement and analysis on at least a quarterly basis.
- Sub-managers will generally remain in the NYC Emerging Manager Program until they reach \$1 billion of firm-wide assets under management.

BERS History with U.S. Equities Emerging Managers²⁴

- May 1999- BERS invested \$60 million with Progress Investment Management
- November 2007- Through a new RFP, BERS reallocated \$25 million from Progress to The FIS Group. The new Emerging Manager's allocation was \$92 million.

BERS U.S. Equities Emerging Manager of Managers— Current Market Value ²⁵

<i>Manager of Managers</i>	<i>BERS Investment (\$ in Millions) As of 3/31/11</i>
Progress (All Cap)	\$72M
FIS (Small Cap)	\$27M
Total Emerging Manager of Managers	\$99M
Percent of Active U.S. Equity	27%
Percent of Total Assets	3.5%

BERS U.S. Equities Emerging Manager of Managers- Performance²⁶

Year	Year End Market Value (\$ in Millions)	1 Year Absolute Return	1 Year Excess Return	3 Year Absolute Return	3 Year Excess Return	5 Year Absolute Return	5 Year Excess Return	Absolute Return Since 4/2004	Excess Return Since 4/2004	% of Active U.S Equity	% of U.S Equity	% of Total Pension Fund
2004	\$61M	****	****	****	****	****	****	****	****	19.17%	6.19%	3.25%
2005	\$67M	8%	150 bps	****	****	****	****	****	****	22.02%	6.84%	3.26%
2006	\$83M	14%	-216 bps	****	****	****	****	****	****	23.96%	7.36%	3.52%
2007	\$96M	9%	359 bps	10%	105 bps	****	****	****	****	25.54%	8.03%	3.70%
2008	\$60M	-38%	-77 bps	-7%	4 bps	****	****	****	****	31.41%	8.02%	3.24%
2009	\$77M	28%	43 bps	-4%	58 bps	1%	27 bps	****	****	31.13%	7.97%	3.29%
2010	\$92M	18%	136 bps	-1%	-10 bps	3%	25 bps	5%	16 bps	24.14%	7.71%	3.37%

* Benchmark is the R3K index.
Returns are Net of Fees

As of 12/31/10

Recommended Investment Policy for the Emerging & Developing Managers

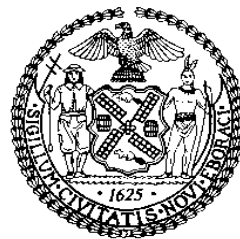
- The Emerging Manager of Manager's Sub-Managers would be generally limited to under \$2 billion of firm-wide assets under management (currently limited to under \$1BN).
- A Sub-Manager can graduate out of the Emerging Managers Program when it reaches \$2 billion in firm-wide AUM. In general, graduation can only occur if and when the Comptroller's Office issues a new RFP in the Sub-Manager's respective investment strategy and is selected by the Boards. Otherwise, the Sub-Manager will remain in the Emerging Managers Program.
- There should be no overlap between NYC's Sub-Managers and Developing Managers.

III. Opportunistic Fixed Income:

**PRESENTATION OF
OPPORTUNISTIC FIXED INCOME PLAN**



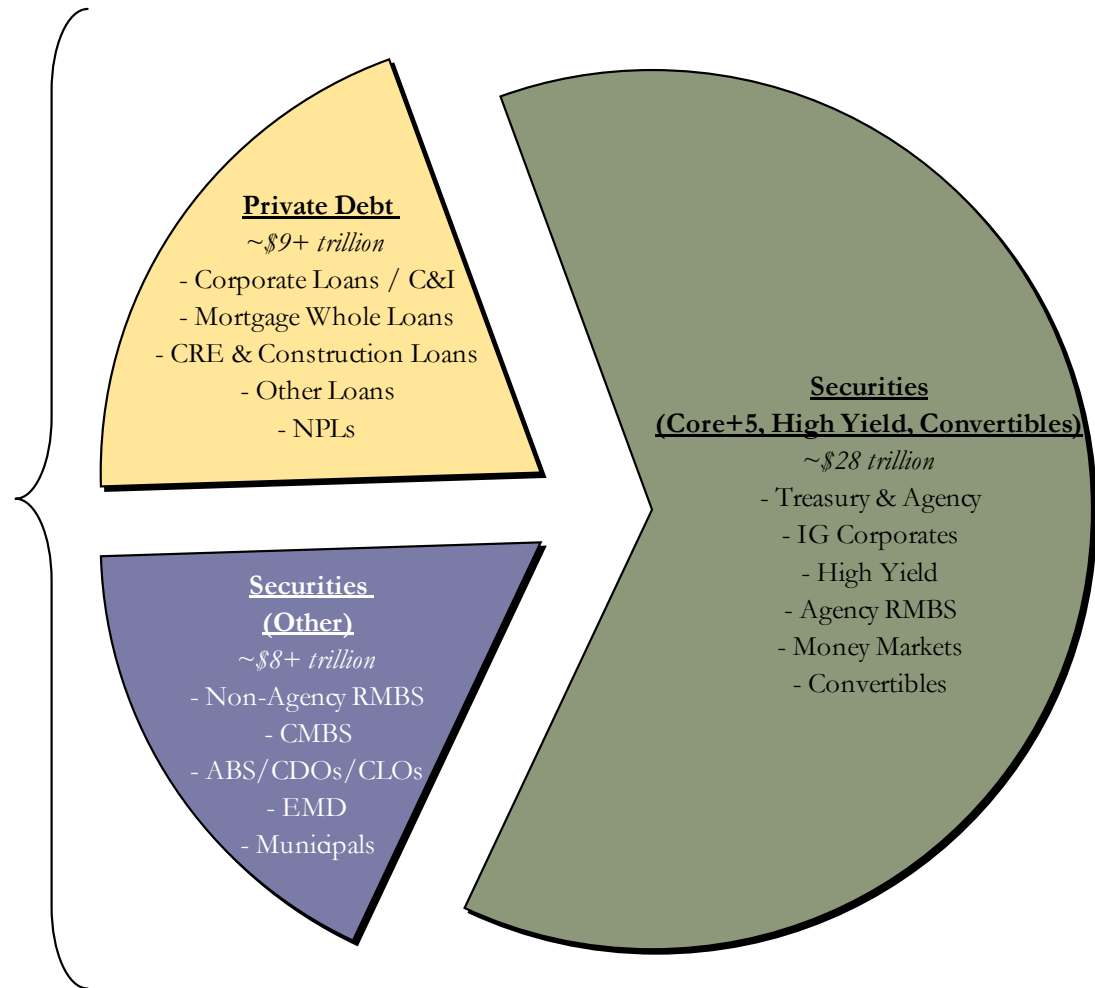
Opportunistic Fixed Income Discussion: Presentation to New York City Board of Education Retirement System (“BERS”)



THE CITY OF NEW YORK
OFFICE OF THE COMPTROLLER

May 20, 2011

~\$17 trillion of
debt
outstanding, or
~40% of total
U.S. debt
market



Rationale for Opportunistic Fixed Income

- **While conventional fixed income plays an important role in BERS' portfolio, offering liquidity, lower volatility, and diversification, it is important to recognize its drawbacks and limitations, including:**
 - ✓ Low potential returns, particularly in a period of low and rising interest rates
 - ✓ Opportunity set that tends to focus on investment grade, liquid sectors that are relatively efficiently priced in general
 - ✓ Terms and structures that are dominated by borrowers and investment bankers, rather than lenders
 - ✓ Exposure to segmented markets that can be dominated by technical factors such as the need for yield
 - ✓ Poor alignment of interests between borrowers and lenders
 - ✓ Exposure to negative corporate event risk
 - ✓ Rising risks of anti-bondholder actions by corporations and leveraged buyouts by the private equity industry
- **Opportunistic strategies in fixed income markets overcome many of these deficiencies by offering:**
 - ✓ Higher potential returns
 - ✓ Better investor rights and protection
 - ✓ Risk premia for specialized knowledge
 - ✓ Access to markets ignored by traditional fixed income managers
 - ✓ Better alignment of interests between borrowers and lenders

For these reasons, we are recommending the Board approve an allocation of 5% of fixed income or 1.5% of total Pension Fund assets to Opportunistic Fixed Income.

Opportunistic Fixed Income Investments as of 03/31/2011³⁸

- **As of March 31, 2011, the combined market value of the NYCERS, Teachers, Police, and Fire pension funds to the Opportunistic Fixed Income program was \$1.1b. This market value represents about 0.95% of their combined fund assets of \$115.6b. The since-inception IRR of the investments ranged from 12% to 49%. All four funds have recently approved an additional \$200mm in combined LP commitments for Avenue's latest senior loan fund, Fund VI.**
- **PIMCO DiSCO (Distressed Senior Credit Opportunities) (\$629.0mm Market Value)**
 - ✓ Largest current allocation in the Opportunistic portfolio, DiSCO is a fund raised by PIMCO in mid-2008 to capitalize on the dislocation in the public credit markets. The fund's primary focus has been on shorter duration opportunities in senior corporate and structured securities
 - ✓ The fund is currently fully invested. PIMCO can reinvest capital through the end of the fund's term, currently scheduled for mid-2011, and is expected to begin distributing capital to limited partners shortly. PIMCO has the ability to extend the fund's term beyond 2011 but currently does not anticipate that it will utilize this ability
- **Avenue Europe & Avenue Special Situations V (\$161.4mm Market Value)**
 - ✓ Avenue's flagship U.S. and European distressed debt funds, originally housed within the NYC Systems' Private Equity portfolio
 - ✓ Investment period for the Special Situations V fund ended in May 2010
 - ✓ Investment period for the Europe fund runs through May 2011
- **Alliance Bernstein and Angelo Gordon PPIP Funds (\$148.2mm Market Value)**
 - ✓ PPIP = Public-Private Investment Program
 - ✓ In PPIP, the Treasury partnered with private investors to raise equity capital for a Public Private Investment Fund to help financial institutions clean up their balance sheets of primarily commercial mortgage-backed securities (CMBS) and non-agency residential mortgage-backed securities (RMBS)
 - ✓ The Treasury provided equity and low-cost debt financing for PPIP funds to purchase certain eligible CMBS and RMBS assets. These securities served as collateral for the 100% financing that the Treasury provided. Each manager was also required to commit a minimum of \$20 million of firm capital to its own fund. The advantages of the PPIP investment include the low cost of leverage, non-recourse lending, and no re-margining. In addition, the Treasury financing matches the life of the Fund. PPIP funds have ten year terms and initial investments were made in mid-2009

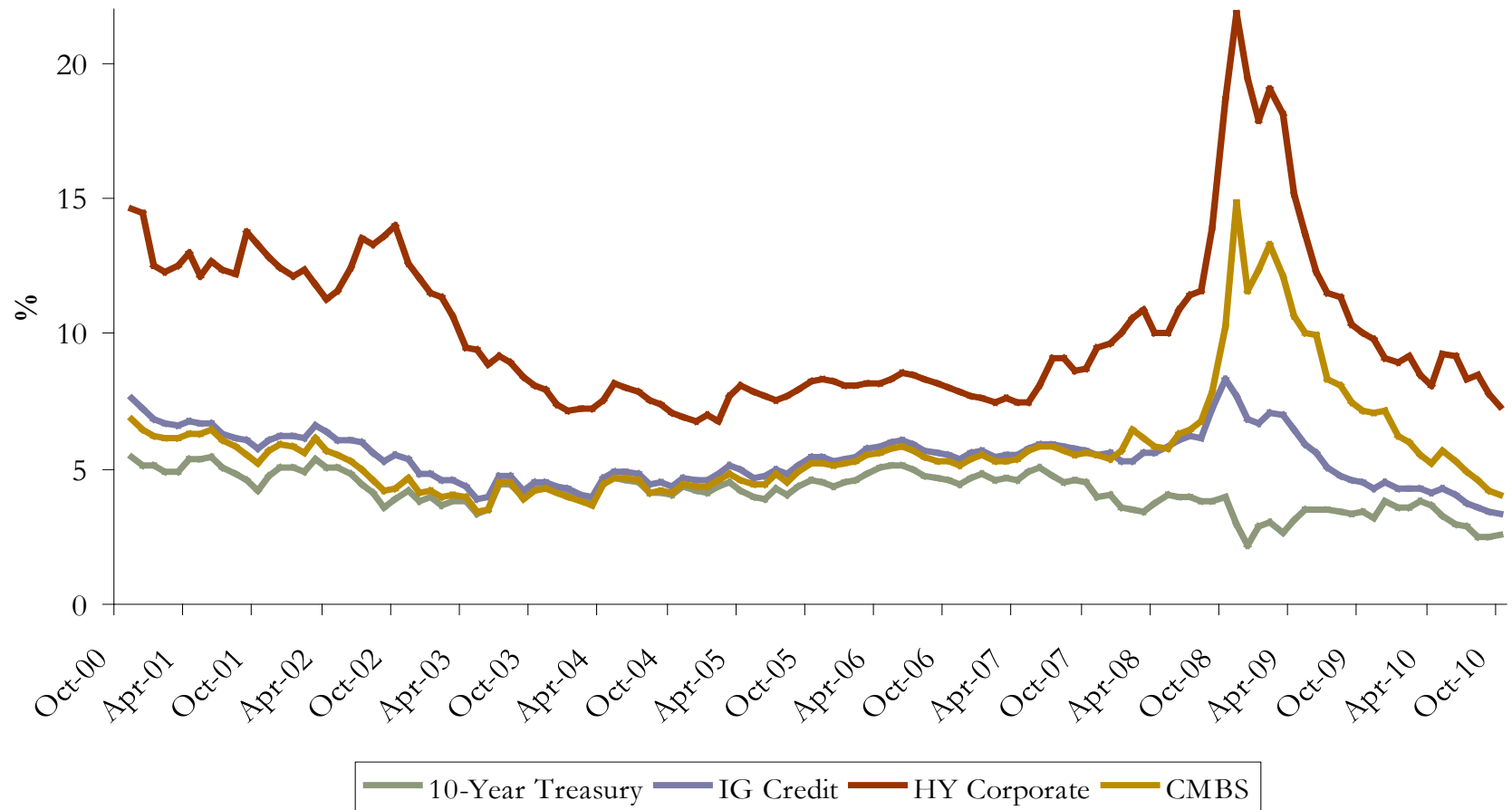
Opportunistic FI Investments as of 03/31/2011 (continued)³⁴

- **Torchlight (\$93.7mm Market Value)**
 - ✓ Commercial real estate debt fund, with a primary focus on distress in the CMBS market. Investment period runs through 2012 and fund is due to mature in 2017

- **Advent Global (\$63.6mm Market Value)**
 - ✓ Opportunistic global convertible bond portfolio; evergreen separate account mandate

Current Environment – Public Fixed Income

35



- Although mandates would be structured flexibly, and managers should be able to allocate to conventional fixed income markets should opportunities present themselves, most public fixed income markets do not appear to offer compelling return opportunities today

Current Environment – Potential Opportunities

36

- While many *public* credit markets no longer appear particularly attractively priced, a number of opportunities still exist in the credit markets, predominantly in the U.S. and in Europe, including:
 - **Corporate stressed & distressed debt**
 - ✓ According to Avenue Capital Group, \$800+ billion of high yield debt and bank loans are set to mature between 2011 and 2014
 - ✓ Many of the 2005- through 2007-vintage LBOs may not be able to grow into their capital structures and will likely need to be restructured, either through the bankruptcy process or out-of-court
 - **Direct lending (corporate & commercial real estate)**
 - ✓ Bank lending to middle-market companies is still anemic, despite recovery in public credit markets
 - ✓ Larger entities in distress may require private rescue finance capital as well
 - ✓ Securitization market for CRE-related debt is still effectively shut
 - **Loan and asset portfolio purchases**
 - ✓ Sources of supply include troubled banks and insurance companies, structured credit entities, failed banks taken over by FDIC, hedge fund liquidations, and other deleveraging or liquidating entities
 - ✓ Asset types include, without limitation, mortgage whole loans (commercial and residential), consumer receivables, small balance commercial loans, life settlements, and REO loans
 - **Still-dislocated portions of securitized credit markets**
 - ✓ Portions of RMBS and CMBS markets not eligible for PPIP still trade at loss-adjusted yields in the high single digits
 - ✓ Off-the-run ABS may offer unlevered yields in excess of that

Risks of Opportunistic Fixed Income

37

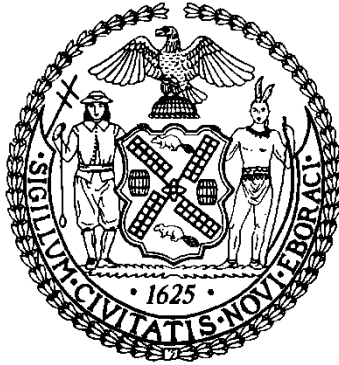
- It is expected that the Opportunistic Fixed Income composite should, over time, generate returns of 8%-12% after fees, in contrast to our expected return of less than 4.5% for the Core + 5 composite and less than 8% for the high yield market. These incremental returns are accompanied by incremental risks including:
 - ✓ Higher volatility of returns
 - ✓ Illiquidity
 - ✓ Leverage
 - ✓ Execution risk (many of these securities are privately traded and more difficult to price or value)
 - ✓ Macro / timing risk
 - ✓ “Headline” risk
 - ✓ “Key man” and other organizational risks
 - ✓ Potential counterparty risk

Recommendation for Opportunistic Fixed Income Portfolio³⁸

- **Given the relatively low expected returns for the Core + 5 and High Yield programs and the investment opportunities available within an opportunistic program, we have recommended to the four other funds' Boards that the allocation to the Opportunistic Fixed Income Portfolio be increased from the current 1.5% of each of their respective fund's assets. The increase will be determined in the coming months in conjunction with the ongoing asset allocation project**
- **The program would be expanded by hiring 2-4 or more investment managers to manage separate account portfolios that can allocate across a broad selection of credit markets**
 - ✓ This allocation can form a "core" of the opportunistic portfolio, leaving room for niche allocations to "satellite" fund ideas, if desired
 - ✓ In this context, the current strategies used in the Opportunistic composite would be satellite or niche investments since they are each focused on a relatively narrow range of investments and are managed within private equity-like vehicles
- **BAM continues to recommend separate account / single-investor fund structures to the other Boards to provide each Plan with:**
 - ✓ Control rights over the portfolios
 - ✓ Better terms
 - ✓ Transparency to line-item detail
 - ✓ Guideline flexibility
 - ✓ Long-term, evergreen mandates
 - ✓ Stronger alignment with the investment manager
- **The current investment environment should allow large institutional investors to negotiate and structure separate accounts with best-in-class investment managers**
- **For the "Core" portfolio, BAM continues to recommend hiring firms with broad platforms to:**
 - ✓ Outsource credit market allocation to the investment manager
 - ✓ Facilitate efficient and timely investment in new opportunities
 - ✓ Extend the opportunity set
- **Importantly, it is expected that this program will be funded periodically, as opportunities appear, to achieve diversification over time. Fee structures will be established so that manager incentives are aligned to the extent possible with those of each of four other Pension Funds**
 - ✓ In other words, managers should be compensated to achieve return objectives rather than to simply control assets

- **Both the Core + 5 and High Yield Fixed Income Composites have provided BERS with competitive returns over time and have reduced the overall volatility of the Fund. However, given current low interest rates, narrow credit spreads, and the expectation of rates increasing over the next several years, return expectations are fairly low for this relatively large segment of the Fund**
- **The Opportunistic Fixed Income Program has, since its inception, generated returns above that of the Core + 5 and High Yield programs during a period of time in which narrowing spreads and declining interest rates generated particularly strong returns for the Core + 5 and High Yield Fixed Income Composites**
- **The recommendation to approve an allocation to Opportunistic Fixed Income is intended to improve expected returns of the fixed income portion of the Fund while mitigating the risks associated with this increased allocation by:**
 - Structuring the majority of investments within separate accounts which provide the Board with a high level of transparency and control
 - Investing the assets over time as opportunities emerge
- **The next steps will include:**
 - Completing the asset allocation project
 - Completing due diligence on potential separate account managers
 - Presenting these managers to the Board for approval

IV. Asset Allocation:



New York City Board of Education Retirement System Asset Allocation Review

Presented by
Michael Wright
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Asset Allocation Review

- Buck Consultants has developed this asset allocation study to guide the Trustees in revising the structure of the NYBERS assets. Investment theory supports the conclusion that asset allocation is the primary driver to the long term return and risk profile of the plan's investments. Manager selection is of secondary importance.
- This asset allocation study has three core elements that the Trustees should become comfortable with:
 - The assumptions should be reasonable, both at the absolute level and in relation to each other. Buck's assumptions for this study are on page 3. We show returns calculated arithmetically. For modeling purposes the arithmetic average and the risk as measured by the standard deviation of returns are used. Buck believes the assumptions are reasonable and in line with what NYBERS has achieved on an actual historical basis. Although some have questioned whether the historic level of equity returns will continue, Buck believes that this long-term, historical based model is the strongest basis for assumptions about future asset returns.
 - The modeling process simulates different portfolios so the Trustees can evaluate changes to the fund in terms of comparative risk and return levels. We have shown several portfolio options and have limited exposure to certain asset classes (Real Estate and Private Equity for example), where we feel there are risks that are not captured by the standard deviation.
 - This study looks at portfolio returns and their variability when the assets shown on the next page are combined into portfolios. We have not modeled the cash flows or the liabilities to assess the matching of assets and liabilities which is typically an integral part of this process.

Assumptions – Expected Return and Risk-3.44% inflation

Asset Class	Expected Returns	Standard Deviation
Barclay's Aggregate Bond	5.39%	4.91%
Barclay's High Yield Bond	5.62%	8.14%
Barclay's Long Corporate Bond	6.39%	10.48%
Barclay's Long -term Govt/Credit Bond	5.13%	5.76%
US Large Cap Equity	9.00%	17.41%
US Mid Cap Equity	9.83%	18.71%
US Small Cap Equity	10.01%	19.49%
International Equity	8.65%	16.70%
Emerging Market Equity	9.45%	20.07%
Hedge Funds	9.16%	6.35%
Inflation Related	10.40%	25.99%
Infrastructure	9.81%	20.54%
Direct Real Estate	9.35%	13.18%
REITs	7.85%	19.69%
US Cash	3.88%	2.42%
TIPS	5.19%	6.22%
Private Equity	10.01%	29.49%

Assumptions - Correlation

Correlation Table	Barclay's Aggregate Bond	Barclay's High Yield Bond	Barclay's Long Corporate Bond	Barclay's Long - term Govt/Credit Bond	US Large Cap Equity	US Mid Cap Equity	US Small Cap Equity	International Equity	Emerging Market Equity	Hedge Funds	Inflation Related	Infrastructure	Direct Real Estate	REITs	US Cash	TIPS	Private Equity
Asset Class																	
Barclay's Aggregate Bond	1.00	0.38	0.95	0.99	0.10	0.09	0.09	0.03	0.06	0.14	-0.09	0.04	0.01	0.08	0.39	0.58	0.09
Barclay's High Yield Bond	0.38	1.00	0.37	0.36	0.42	0.38	0.37	0.32	0.28	0.33	0.10	0.33	0.06	0.28	0.28	0.24	0.37
Barclay's Long Corporate Bond	0.95	0.37	1.00	0.96	0.16	0.15	0.15	0.12	0.11	0.17	-0.12	0.08	0.01	0.12	0.17	0.50	0.15
Barclay's Long -term Govt/Credit Bond	0.99	0.36	0.96	1.00	0.08	0.07	0.07	0.02	0.05	0.13	-0.10	0.02	0.01	0.06	0.35	0.57	0.07
US Large Cap Equity	0.10	0.42	0.16	0.08	1.00	0.91	0.87	0.82	0.65	0.72	0.23	0.79	0.12	0.64	0.16	0.05	0.87
US Mid Cap Equity	0.09	0.38	0.15	0.07	0.91	1.00	0.95	0.75	0.62	0.66	0.22	0.76	0.10	0.66	0.14	0.05	0.95
US Small Cap Equity	0.09	0.37	0.15	0.07	0.87	0.95	1.00	0.72	0.60	0.63	0.22	0.74	0.10	0.65	0.14	0.05	1.00
International Equity	0.03	0.32	0.12	0.02	0.82	0.75	0.72	1.00	0.54	0.69	0.17	0.65	0.10	0.53	0.01	0.00	0.72
Emerging Market Equity	0.06	0.28	0.11	0.05	0.65	0.62	0.60	0.54	1.00	0.47	0.15	0.90	0.08	0.43	0.08	0.03	0.60
Hedge Funds	0.14	0.33	0.17	0.13	0.72	0.66	0.63	0.69	0.47	1.00	0.18	0.58	0.10	0.47	0.20	0.10	0.63
Inflation Related	-0.09	0.10	-0.12	-0.10	0.23	0.22	0.22	0.17	0.15	0.18	1.00	0.46	0.07	0.16	0.18	0.18	0.22
Infrastructure	0.04	0.33	0.08	0.02	0.79	0.76	0.74	0.65	0.90	0.58	0.46	1.00	0.11	0.64	0.14	0.08	0.74
Direct Real Estate	0.01	0.06	0.01	0.01	0.12	0.10	0.10	0.10	0.08	0.10	0.07	0.11	1.00	0.07	0.08	0.02	0.10
REITs	0.08	0.28	0.12	0.06	0.64	0.66	0.65	0.53	0.43	0.47	0.16	0.64	0.07	1.00	0.11	0.04	0.65
US Cash	0.39	0.28	0.17	0.35	0.16	0.14	0.14	0.01	0.08	0.20	0.18	0.14	0.08	0.11	1.00	0.35	0.14
TIPS	0.58	0.24	0.50	0.57	0.05	0.05	0.05	0.00	0.03	0.10	0.18	0.08	0.02	0.04	0.35	1.00	0.05
Private Equity	0.09	0.37	0.15	0.07	0.87	0.95	1.00	0.72	0.60	0.63	0.22	0.74	0.10	0.65	0.14	0.05	1.00

Asset Allocation Results

- On pages 6 and 7 we show the actual, policy and adjusted asset allocations as of December 31, 2010. The adjusted policy allocation reallocates to U.S. equity the amounts that private equity and/or real estate were below policy weight.
- On pages 8 and 9 we show portfolios optimized to provide expected long term returns of 7.5% and 8.0%, given baskets of 25% and 35% respectively.
 - Over the near term , 1 to 2 years, we would recommend reducing US equities in favor of non US equities and adding to Real Estate and more Inflation related assets. We also recommend reducing Enhanced Yield in favor of Core Fixed Income.
- On page 10, we show the efficient frontier, that is the set of portfolios that achieve the highest level of return for a given level of risk. These portfolios are all efficient given the 25% basket constraint.
 - While we would recommend a policy that allowed a higher basket clause we focused our planning on the 25% basket.
- Our portfolio optimization process and the constraints used are documented on page 11.
- On page 12, we compare the two options in each basket to the current asset allocation policy.
 - The Sharpe Ratio is an a useful statistic to compare the alternative portfolios.
- On pages 13 and 14 we offer commentary and our conclusions with a recommendation.

Asset Allocation – as of December 31, 2010

Actual versus Policy - as of December 31, 2010

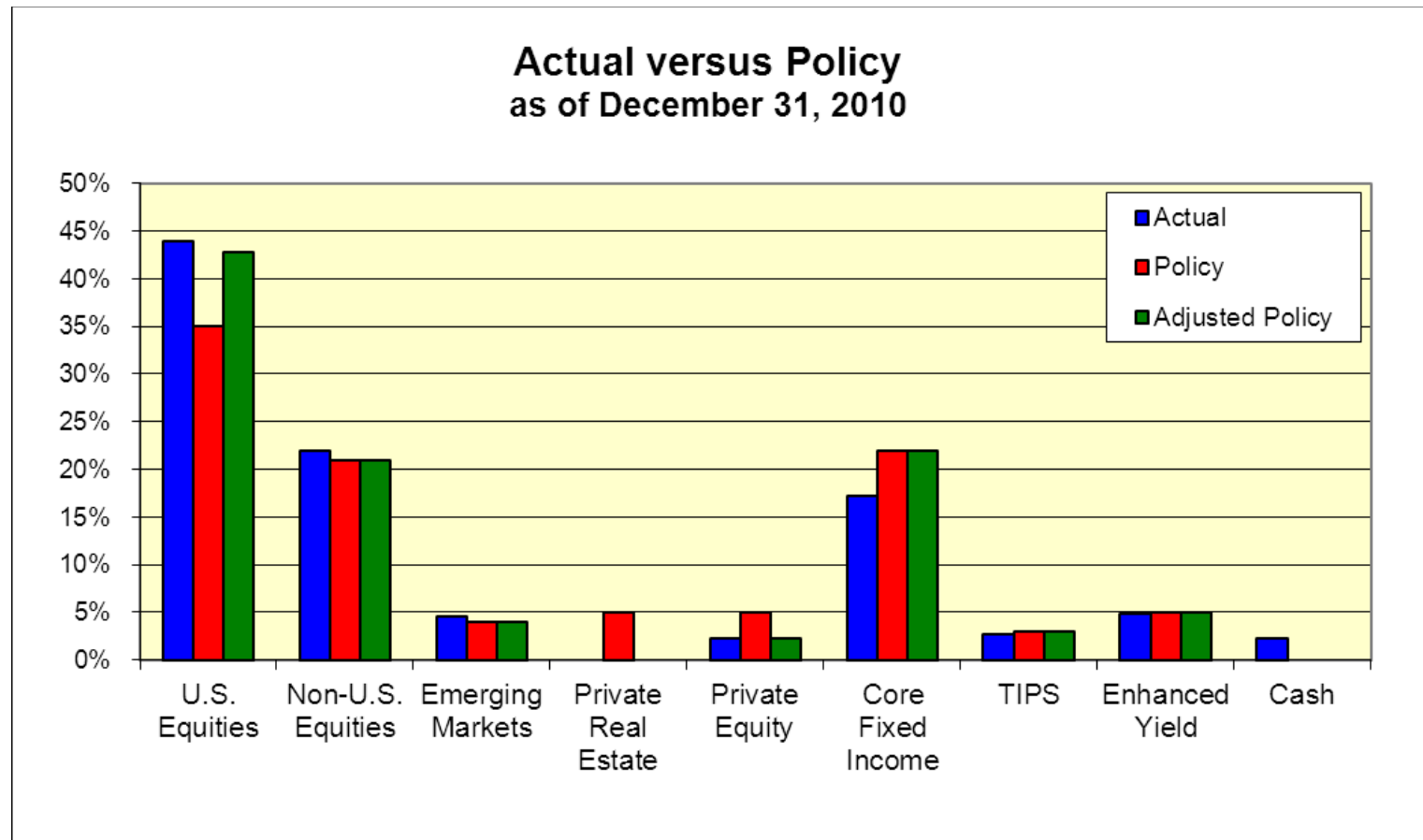
	Actual	Policy	Adjusted Policy*	Actual less Adj. Policy
U.S. Equities	43.9%	35.0%	42.7%	1.2%
Non-U.S. Equities	22.0%	21.0%	21.0%	1.0%
Emerging Markets	4.6%	4.0%	4.0%	0.6%
Total Public Equities	70.5%	60.0%	67.7%	2.8%
Private Real Estate	0.0%	5.0%	0.0%	0.0%
Private Equity	2.3%	5.0%	2.3%	0.0%
Total Equities	72.8%	70.0%	70.0%	2.8%
Core Fixed Income	17.3%	22.0%	22.0%	(4.7%)
TIPS	2.7%	3.0%	3.0%	(0.3%)
Enhanced Yield	4.9%	5.0%	5.0%	(0.1%)
Cash	2.3%	0.0%	0.0%	2.3%
Total Fixed Income	27.2%	30.0%	30.0%	(2.8%)
Total BERS	100.0%	100.0%	100.0%	0.0%

*Represents adjusted policy. If PE or RE are below policy weight, the shortfall

will be invested in U.S. equity.

** ETI's is 2% of the total fund, not included in sub-totals as it is an investment perspective, not an asset class.

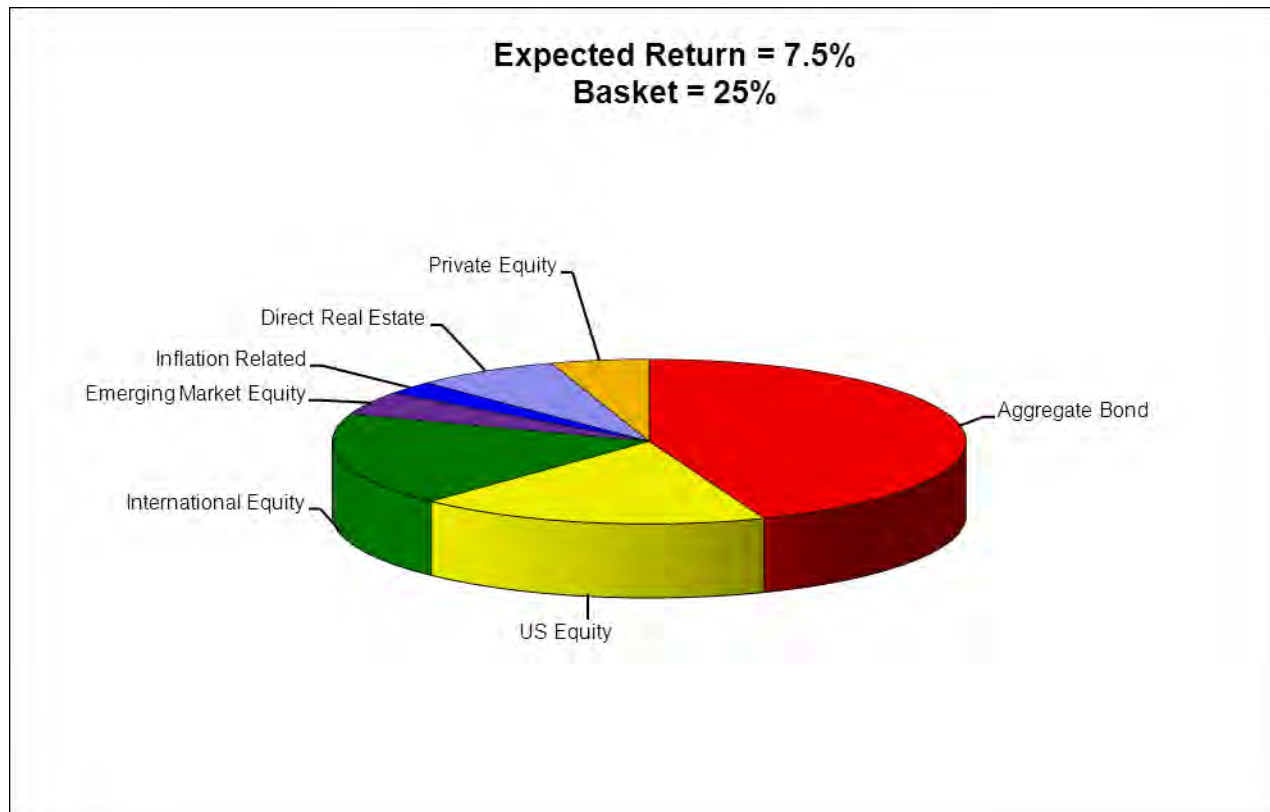
Asset Allocation – as of December 31, 2011 (continued)



Select Portfolios, Basket = 25%

Expected Return	Standard Deviation
7.5%	8.6%
8.0%	10.6%

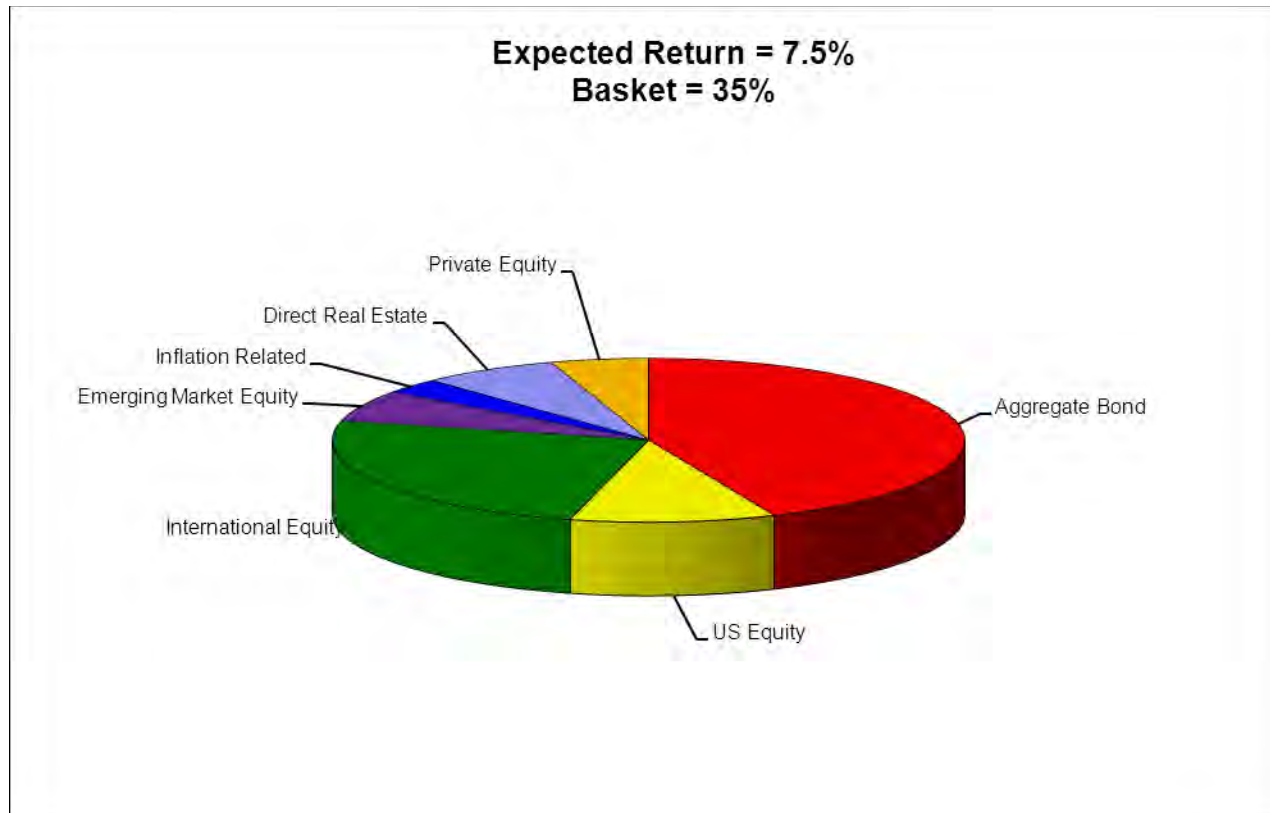
Aggregate Bond	US Equity	International Equity	Emerging Market Equity	Inflation Related	Direct Real Estate	Private Equity
44%	18%	18%	5%	3%	7%	5%
31%	31%	18%	5%	2%	8%	5%



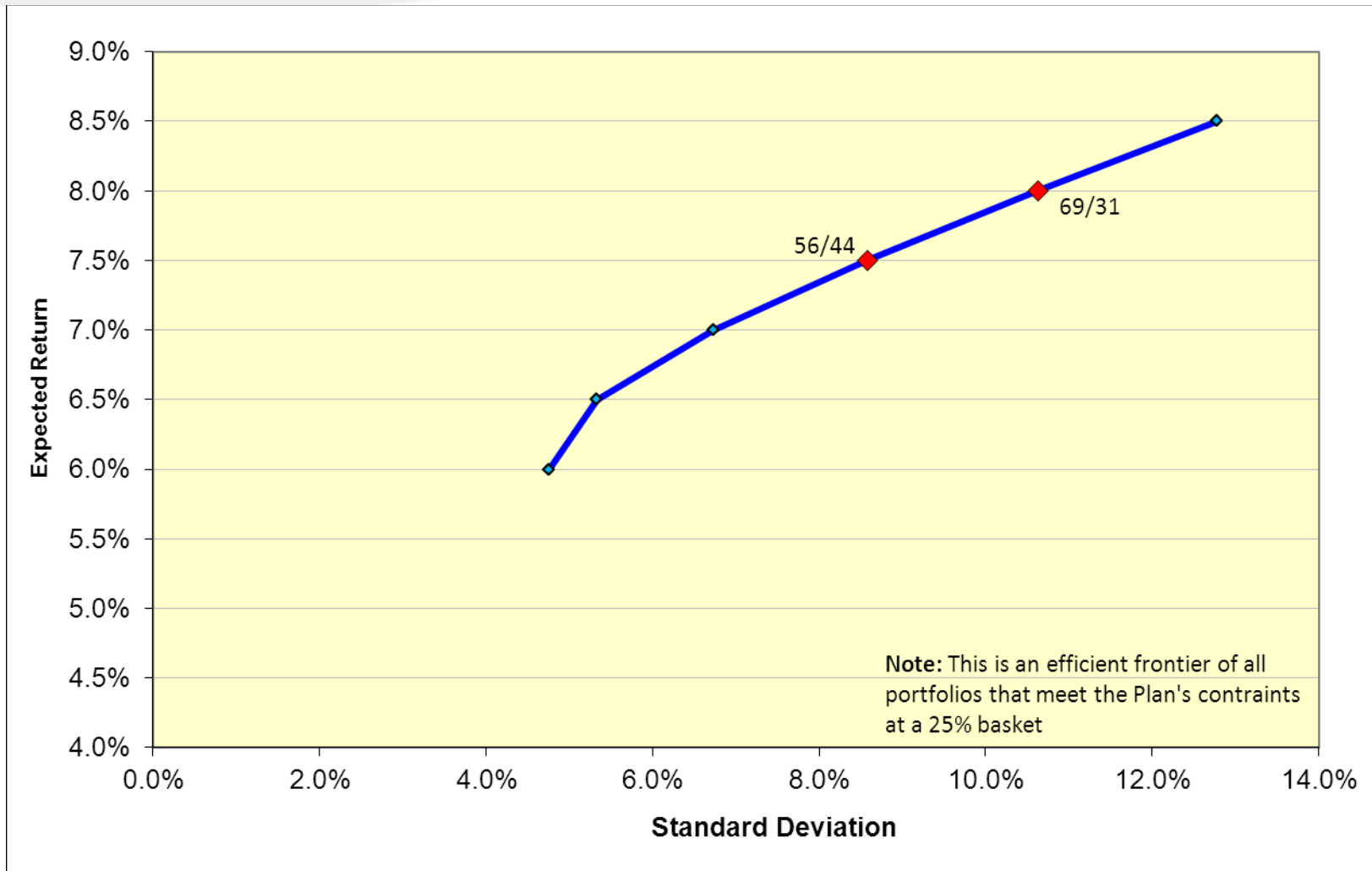
Select Portfolios, Basket = 35%

Expected Return	Standard Deviation
7.5%	8.6%
8.0%	10.6%

Aggregate Bond	US Equity	International Equity	Emerging Market Equity	Inflation Related	Direct Real Estate	Private Equity
44%	10%	25%	6%	3%	7%	5%
30%	22%	26%	7%	3%	7%	5%



Efficient Frontier



Optimization Process

- Buck has created an efficient frontier of optimal portfolios, meeting each of the constraints listed below, using basket limits of 25% and 35%:
- Basket Rules
 - Equity Investments > 70% of fund
 - International Equity Investments > 10% of fund (includes EAFE and EM)
 - 0.5% of TIPS allocation to basket
 - Assume 60% of Real Estate allocation is basket
 - Other alternative allocations are basket
- Other Buck constraints included
 - US Equity was modeled as a single asset class, split among the sub-classes by current world market cap
 - International Equity was allocated to as a whole, and split between developed and emerging based on current world market cap
 - All fixed income modeled as Aggregate Bonds
 - High Yield maximum = 5%
 - Forced 5% Private Equity Allocation
- We only modeled asset classes available through DFA's GEMS economic scenario generator.
 - This precluded the modeling of Derivatives, Non-U.S. Fixed Income, Emerging Market Debt, and Convertibles

Alternative Portfolios and Sharpe Ratio Comparisons

	Policy	Adjusted Policy	Current	25% Basket		35% Basket	
				7.5% return	8.0% return	7.5% return	8.0% Return
U.S. Equities	35	43	44	18	31	10	22
Non-U.S. Equities	21	21	22	18	18	25	26
Emerging Markets	4	4	5	5	5	6	7
Total Public Equities	60	68	71	41	54	41	55
Private Real Estate	5	0	0	7	8	7	7
Private Equity	5	2	2	5	5	5	5
Total Equities	70	70	73	53	67	53	67
Core Fixed Income	22	22	17	44	31	44	30
TIPS	3	3	3	0	0	0	0
Enhanced Yield	5	5	5	0	0	0	0
Cash	0	0	2	0	0	0	0
Total Fixed Income	30	30	27	44	31	44	30
Inflation Related	0	0	0	3	2	3	3
Infrastructure	0	0	0	0	0	0	0
Total Alternatives	0	0	0	3	2	3	3
Total BERS	100.0	100.0	100.0	100.0	100.0	100.0	100.0
<i>Expected Return</i>	8.0	8.0	8.0	7.5	8.0	7.5	8.0
<i>Standard Deviation</i>	11.5	12.0	12.4	8.6	10.6	8.6	10.6
<i>Sharpe Ratio</i>	0.36	0.34	0.34	0.42	0.39	0.42	0.39

All figures except Sharpe ratios are expressed as percentages

Adjusted policy allocates RE/PE shortfall to U.S. Equity

ETI's are 2% of the total fund, not included in subtotals as it is an investment perspective, not an asset class.

Observations

- Compared to the current asset allocation policy, both the basket levels and other model portfolios add 2 % or 3% allocations to inflation related assets which we modeled to include a blend of TIPS, Absolute Return and Commodity exposure so the Trustees could asses a flexible inflation hedged portfolio instead of just owning TIPS. Buck recommends these strategies to other clients to diversify the total fund.
- Our modeling of different options indicates a need to increase the allocation to fixed income, specifically to core bonds. This asset class offers significant diversification benefits relative to equities and so reduces the risk of the portfolios. Our modeling preferred additional fixed income over hedge funds and other alternatives.
 - We separately modeled, but did not include here, adding long duration bonds as part of the fixed income allocation in the fund. We believe this would be beneficial and should be discussed further.
- This risk/return trade off increases the efficiency of the portfolio; it achieves a higher level of return for each unit of risk. This efficiency is measured by the Sharpe ratio and was shown on page 12 to highlight the most effective choice.
- Larger allocations to alternative investments for each portfolio option were modeled; specifically including an allocation to hedge funds and infrastructure. Either or both could be added to the portfolios as an “opportunistic” allocation however our base line analysis has not included either as part of an optimized portfolio within the basket constraints.

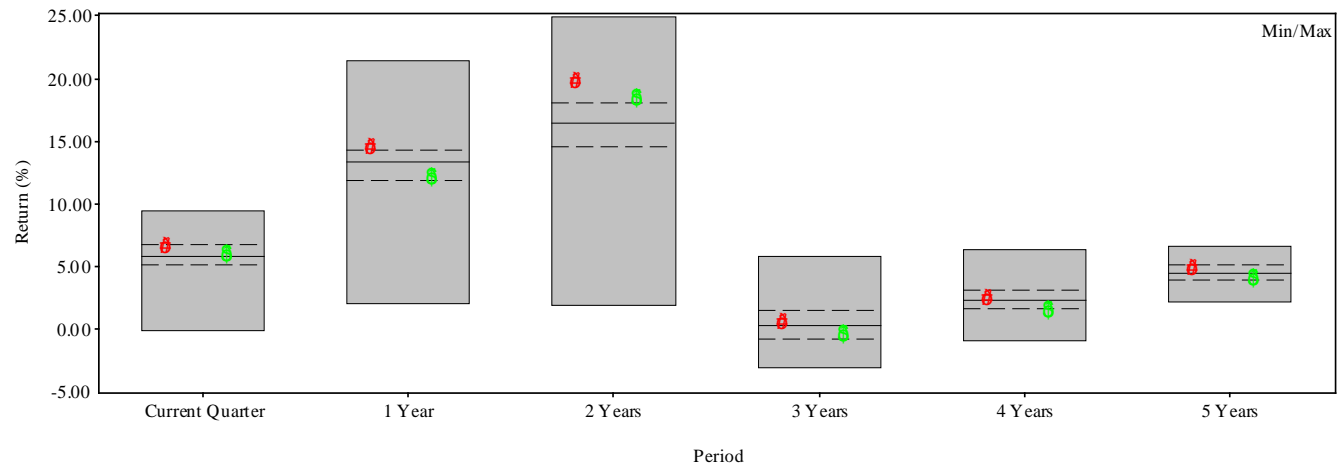
Conclusions and Recommendations

- Buck recommends the 8% expected return and 10.6% standard deviation portfolio as the most appropriate portfolio for 2011-2012 given the current expected return on asset assumption that is used as the discount rate for plan liabilities and the opportunities in the current market.
 - We have assumed for 2011-2012 that the 25% basket will remain the guideline for policy purposes.
- This portfolio allocates approximately 70% to equities and alternatives and about 30% to bonds.
 - The suballocation structure reduces US Equity and increases Real Estate and Fixed Income. We also need to bring the Private Equity allocation up to policy more rapidly.
 - We think the use of the Aggregate index for fixed income allows keeping the current ETI and TIPS exposures along with other opportunistic fixed income while expanding to other inflation related investments as a separate allocation.
 - We would recommend additional modeling to include Longer Duration Bonds as part of the fixed income allocation. We recognize that this would include manager searches for a long duration manager.

TOTAL FUNDS BILLION DOLLAR - PUBLIC

Ending December 31, 2010

Quartile



	Return	(% tile)	Return	(% tile)	Return	(% tile)	Return	(% tile)	Return	(% tile)	Return	(% tile)
Maximum	9.46		21.45		24.96		5.86		6.34		6.60	
25th Percentile	6.75		14.26		18.01		1.47		3.19		5.18	
Median	5.77		13.42		16.46		0.38		2.32		4.48	
75th Percentile	5.22		11.90		14.52		- 0.71		1.61		3.97	
Minimum	- 0.10		2.12		1.88		- 2.98		- 0.83		2.15	
# of Portfolios	73		67		67		67		66		64	
# NYCBERS Total	7.02	23	14.95	15	20.22	9	1.00	34	2.93	30	5.22	24
\$ NYCBERS Benchmark	6.37	33	12.54	67	18.83	15	0.05	58	1.97	65	4.42	57

Universe Source: (c) BNY Mellon Asset Servicing

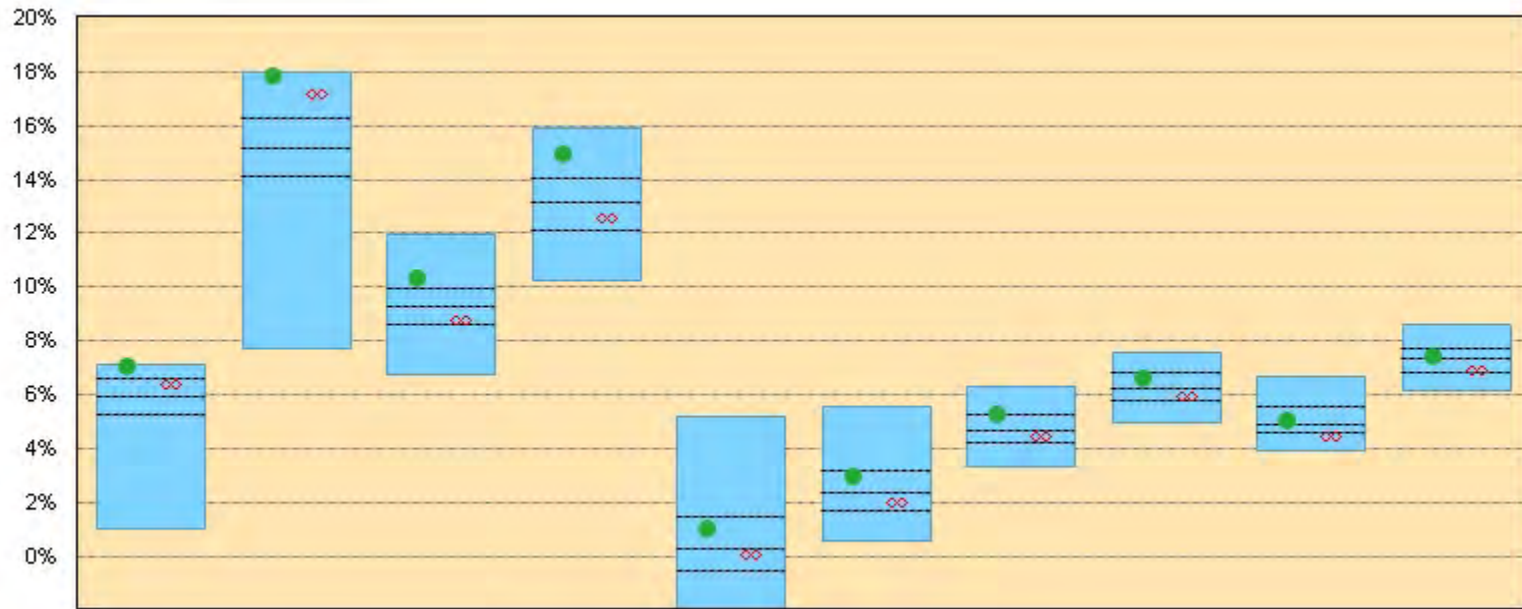
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APPENDICES

TUCS PERFORMANCE RANKINGS 4Q10

City of New York - Board of Education Performance Comparison

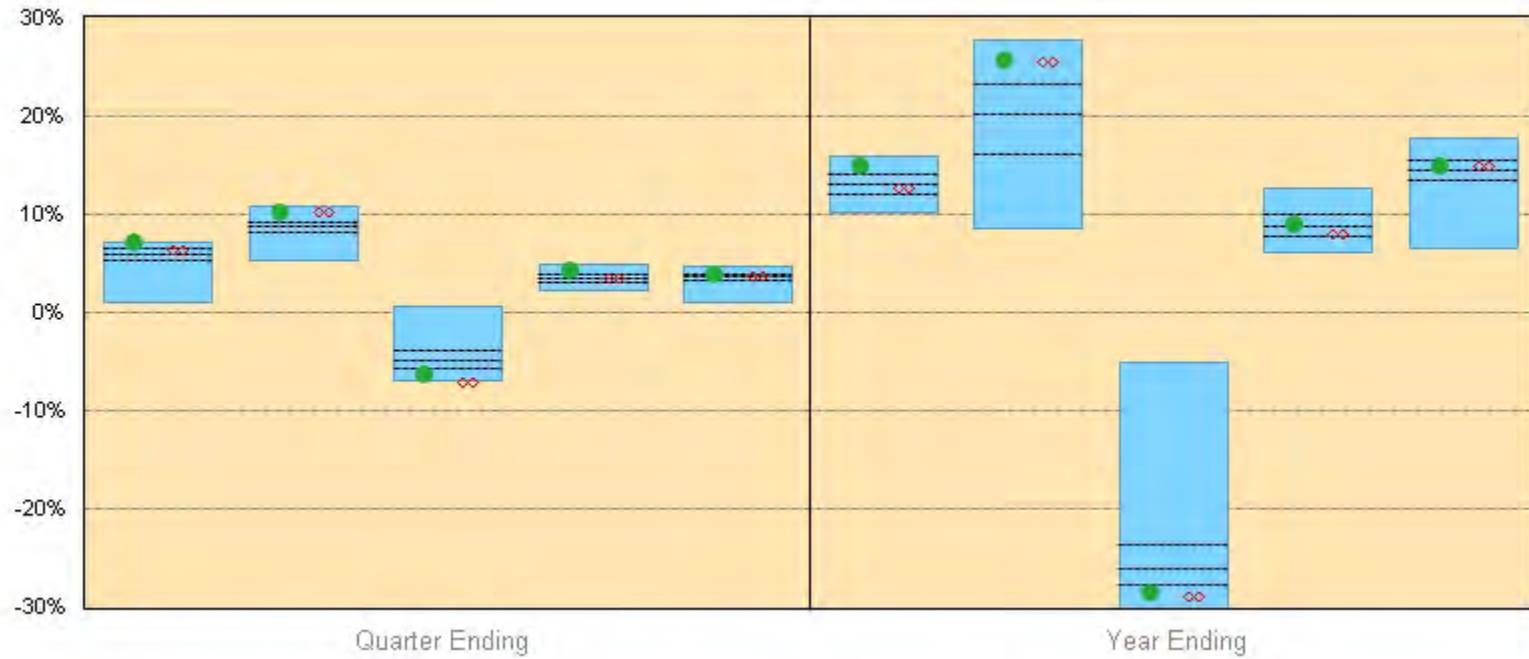
Total Returns of Master Trusts - Public : Plans > \$1 Billion
Cumulative Periods Ending : December 31, 2010



Percentile Rankings	1 Qtr	2 Qtrs	3 Qtrs	4 Qtrs	3 Years	4 Years	5 Years	7 Years	10 Years	15 Years
5th	7.11	17.97	11.98	15.92	5.21	5.57	6.32	7.59	6.70	8.64
25th	6.56	16.29	9.96	14.07	1.47	3.19	5.27	6.80	5.56	7.73
50th	5.96	15.14	9.31	13.13	0.25	2.36	4.67	6.23	4.89	7.31
75th	5.27	14.08	8.63	12.08	-0.59	1.70	4.18	5.74	4.55	6.84
95th	1.03	7.68	6.73	10.23	-1.97	0.54	3.31	4.97	3.91	6.13
No. Of Obs	75	75	74	74	74	74	74	72	69	48
● Total System	7.02 (10)	17.82 (7)	10.32 (17)	14.95 (11)	0.99 (36)	2.93 (33)	5.22 (29)	6.56 (33)	5.02 (45)	7.45 (41)
◇ Board of Ed Policy Ben	6.37 (31)	17.17 (13)	8.77 (69)	12.54 (63)	0.06 (58)	1.97 (63)	4.42 (61)	5.90 (65)	4.40 (81)	6.91 (68)

City of New York - Board of Education Performance Comparison

Total Returns of Master Trusts - Public : Plans > \$1 Billion
Consecutive Time Periods: December 31, 2010



Percentile Rankings	Dec. 10	Sep. 10	Jun. 10	Mar. 10	Dec. 09	Dec. 10	Dec. 09	Dec. 08	Dec. 07	Dec. 06
5th	7.11	10.72	0.53	4.84	4.61	15.92	27.83	-5.20	12.63	17.69
25th	6.56	9.25	-3.91	3.83	3.90	14.07	23.26	-23.78	10.02	15.40
50th	5.96	8.65	-5.05	3.39	3.65	13.13	20.21	-26.15	8.71	14.45
75th	5.27	8.17	-5.80	2.95	3.23	12.08	16.01	-27.85	7.74	13.43
95th	1.03	5.31	-6.98	2.23	1.07	10.23	8.60	-30.30	6.11	6.57
No. Of Obs	75	77	76	77	77	74	77	77	76	76
● Total System	7.02 (10)	10.09 (11)	-6.37 (88)	4.19 (11)	3.90 (25)	14.95 (11)	25.74 (9)	-28.73 (85)	8.96 (46)	14.91 (34)
◇ Board of Ed Policy Ben	6.37 (31)	10.15 (9)	-7.17 (95)	3.47 (48)	3.66 (47)	12.54 (63)	25.48 (9)	-29.07 (88)	7.93 (72)	14.84 (35)

BASKET CLAUSE

BERS - BASKET/NON BASKET SUMMARY

As of March 31, 2011	Fund Policy			Fund Actual (PE & RE on an invested basis)		
	Non Basket	Basket	Total	Non Basket	Basket	Total
Equity						
Domestic Equity	35.00%	0.00%	35.00%	42.61%	0.00%	42.61%
Non-U.S. Equity	10.00%	15.00%	25.00%	10.00%	16.77%	26.77%
Private Equity	0.00%	5.00%	5.00%	0.00%	2.63%	2.63%
Real Estate	2.00%	3.00%	5.00%	0.07%	0.00%	0.07%
Opportunistic Equity - US	0.00%			0.00%		
Equity - Non-US		0.00%	0.00%		0.00%	0.00%
Total Equity	47.00%	23.00%	70.00%	52.67%	19.39%	72.07%
Fixed Income						
Core+5	22.00%	0.00%	22.00%	16.47%	0.00%	16.47%
U.S. Gov't Sector	4.67%	0.00%	4.67%	2.98%	0.00%	2.98%
Mortgage Sector	9.63%	0.00%	9.63%	7.69%	0.00%	7.69%
Credit Sector	7.69%	0.00%	7.69%	5.81%	0.00%	5.81%
High Yield	4.50%	0.50%	5.00%	3.46%	0.28%	3.74%
TIPS	2.50%	0.50%	3.00%	1.93%	0.64%	2.57%
Convertibles	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Opportunistic	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other Fixed Income	0.00%	0.00%	0.00%	5.15%	0.00%	5.15%
Total Fixed Income	29.00%	1.00%	30.00%	27.01%	0.92%	27.93%
Total Fund	76.00%	24.00%	100.00%	79.69%	20.31%	100.00%
Remaining Capacity		1.00%			4.69%	