



New York City
Board of Education Retirement System
Performance Overview as of September 30, 2014

Total Fund Overview



New York City Board of Education Retirement System

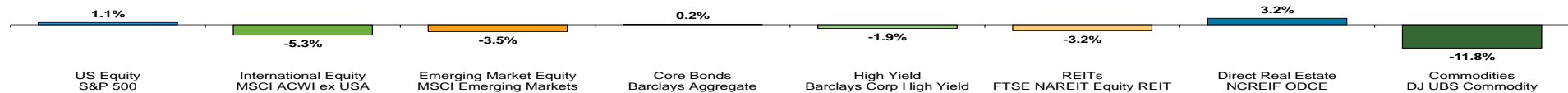
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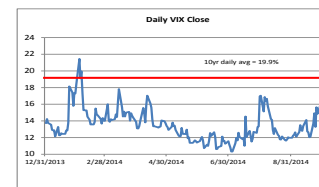
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Market Commentary



- Equities continued to post gains during the quarter but were accompanied by an increase in volatility. While easy monetary conditions and low inflation continued to provide support, signs of global slowing and rising geopolitical concerns spurred some risk-aversion sentiment. A scheduled end to quantitative easing is widely expected by Q4, though the exact timing of an expected 2015 rate hike remains somewhat uncertain.
- The advance estimate of Q3 GDP growth came in at 3.5%, and this is compared to an upwardly revised figure for Q2 GDP growth at 4.6%. Contributing factors cited by the Bureau of Economic Analysis included personal expenditures, exports, non-residential fixed investment, and federal spending. Market participants did express some concern with the latter, i.e., that a significant portion of GDP growth was derived from increased military spending related to conflict in the Middle East, as opposed to domestic growth.
- The labor market continued to exhibit steady growth, as evidenced by continued improvement in non-farm payrolls and the unemployment rate, bolstering the case for a 2015 interest-rate hike. Non-farm payrolls grew by a monthly average of 224,000, and the unemployment rate fell to 5.9% from 6.2% during the quarter.
- Low inflation remains the primary risk to forecasts of monetary policy tightening. Year-over-year CPI as of quarter end came in at 1.7%, dipping back below the 2.0% target previously cited by the Federal Reserve as a normal level.
- Global economic and monetary policy divergence between developed markets was increasingly evident with reasonably robust growth coming from the US and the UK but a weaker picture developing across the Eurozone and Japan.
- Within the Eurozone, an unwelcome surprise came from Germany, which slid towards recession with economic contraction in the second quarter followed by further weak data in more recent months. France and Italy, the region's second and third largest economies, were not faring much better. Both economies have structural reforms to undertake and have delivered stagnant output in recent years.
- Continued weak inflation data across the region, coupled with structurally high unemployment, emphasized the clear risk of the Eurozone tipping over into deflation.
- The health of the emerging market economies, and most importantly China's faltering retail growth and trade figures, is another market headwind, as are the weakening picture in the Eurozone and the growing concern in Japan as to whether 'Abenomics' is going to deliver fundamental economic recovery.

Domestic Equity



- Although the S&P 500 index managed a 1.1% gain for the quarter, returns varied widely by sector and market capitalization. Equities also exhibited a "normalization" in expected volatility. In Q2, the VIX Index (a measure of expected equity volatility) dipped to record low levels but reverted to the high teens, which is more consistent with historical norms.

- The standout in terms of sector performance was the -8.6% loss within the energy sector, which followed oil prices lower due to perceptions of increased supply and weakening demand.
- Smaller market cap stocks noticeably underperformed, with the Russell 2000 Index losing -7.4% for the quarter, compared to -1.7% and +1.7% for mid-cap and mega-cap.

International Equity

- **International Equity** returns suffered in US dollar terms with the MSCI ACWI ex US Index losing -5.3% for the quarter. Much of the loss is attributable to a strengthening US dollar, which gained support from the increased likelihood of monetary policy tightening being implemented on an accelerated schedule relative to most other global economies. In local terms, the MSCI ACWI ex US actually gained 0.9%.
- European equities suffered in response to disappointing economic data and a variety of geopolitical events that contributed to a sense of risk aversion. German and French equities lost -11% and -8%, respectively. Portugal underperformed with a -25% loss. Japan was the best performing developed market with a 6% return for the quarter.

Emerging Market Equities

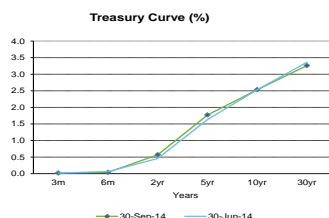
- Emerging markets also experienced losses in US dollar terms and dropped -3.5% during the quarter. As in the case of developed market returns, a stronger US dollar was again a factor, as emerging markets actually gained 0.7% in local currency terms.
- Brazil was a key outperformer over the quarter, as markets priced in expectations that president Rousseff might lose to a more pro-business rival in the October elections.

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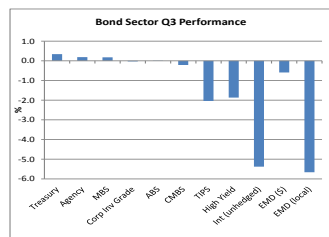
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Market Commentary



Bond Markets – Interest Rates

- Interest rates volatility increased somewhat during the quarter, and the yield on the **10 Year Treasury Note** fluctuated within a 2.3%-2.6% range. Rates ended up little changed, and closed the quarter at 2.53%. The Treasury curve flattened overall with short-to-intermediate rates rising slightly, while the yield on the 30-Year fell about 10 basis points.



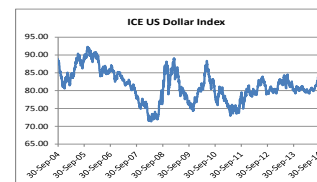
Bond Markets – Sectors

- The **Barclays Aggregate Index** returned 0.2% for the quarter. Sector return differential with the index was relatively small, but spread sectors lagged in response to an uptick in risk aversion. Treasuries returned 0.3%, while credit produced a 3 basis point loss. Losses in high yield were more pronounced and lost -2%. TIPS also lost -2% during the quarter, as economic data continued to signal little inflation. International fixed income was dragged lower by a stronger US dollar.

- Long duration sectors performed relatively better given the flattening at the longer end of the interest rate curve. The Barclays Long Gov/Credit returned 1.0% for the quarter. This is compared to a 1.5% increase in the Citigroup Pension Liability Index.

Global Bond Markets

- Global bond market performance was mixed in local currency terms. Japan produced gains, as did tertiary Eurozone markets, such as Spain and Ireland. France and Germany produced slight losses. Performance differentials were overshadowed by currency fluctuations, however, with the Citi WGBI non-USD losing more than -5%. Emerging market debt denominated in US dollars posted modest losses, but local currency debt suffered in US dollar terms.

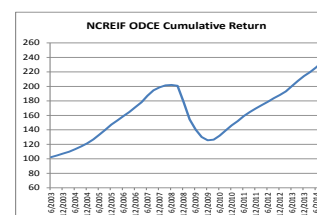
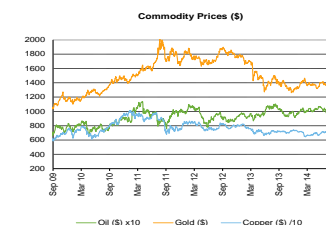


Currency

- The US dollar gained across the board and rose in value versus the euro, British pound, and Japanese yen. Movement towards tighter monetary policy in the US (including the end of QE and forecasted 2015 rate hikes) supported the dollar, while the ECB signal balance sheet expansion.

Commodities

- Gold prices fell markedly over the quarter despite perceptions of increasing geo-political risk, as a firm US dollar, falling inflation expectations, and the prospect of US interest rate rises in mid-2015 kept investors wary.
- Meanwhile Copper prices also fell back slightly over the period, as the market faced tension between macro data from China and the strength of the US dollar.
- Oil prices tumbled over the quarter, as weakening global demand from easing US consumption and slowing growth in China was met with sustained oversupply from Saudi Arabia and the US and renewed supplies from Libya and Iraq.



Real Estate

- The NCREIF Open-End Diversified Core (**ODCE**) Index, an index of open-end diversified core real estate funds that invest in direct real estate, returned 3.2% (gross) during the quarter. Property occupancies again rose from 92.3% to 92.7%. Leverage was 22.0% as of quarter end.
- In contrast to direct real estate, the FTSE NAREIT Equity **REIT** Index produced losses and declined -3.2% for the quarter. The prospect of higher interest rates weighed (given the impact on borrowing costs) as did sizable equity issuance.



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City of New York Board of Education Retirement System Pension Fund Summary

Asset Allocation

- At September 30, 2014, the Board of Education Retirement System (BERS) Total Portfolio was \$4.1 billion versus \$4.2 billion for June 30.
- The overall allocation is 72% equity (including Real Estate and Private Equity) and 28% fixed income versus a target allocation of 70% equity and 30% fixed income. Within the equity portfolio, the Plan is overweighted to US equity by approximately 9%, offsetting a combined underweight of approximately 6% in private equity and real estate (these underweights will be gradually reduced as these asset classes are slowly built up). Accounting for the public/private equity allocation, the Fund's broader asset allocation remains within allowable ranges.

Manager Issues

- Given the March 2015 expiration of the PIMCO investment management agreement to manage a TIPS portfolio for NYCBERS, Buck is working with the NYC Comptroller's Office to conduct a search for a possible replacement manager.



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City of New York Board of Education Retirement System Pension Fund Summary

Total Fund Performance

- The Total Plan returned -1.5% in the quarter versus -1.0% for the benchmark, placing the Plan in the 69th percentile versus its Public Master Trusts > \$ 1 billion Universe. For the trailing year, the Total Plan returned 10.5% versus 11.1% for the benchmark. This also placed the Total Plan in the 44th percentile ranking. The Total Plan return over the trailing five- and ten-year periods are ahead of benchmark and ranked within the top third of its universe.
- The largest detractor from relative return came from active equity manager underperformance, especially within US equities. Progress lagged its benchmark by the greatest amount, followed by Daruma and Wellington. Developed active was also a detractor, but emerging market holdings outperformed.

U.S. Equity

- For the quarter, Total Domestic Equity returned -0.9%, trailing the 0.0% return for the Russell 3000 Index. Total active equity returned -4.4% for the quarter. Managers generally underperformed, and Progress lagged by the greatest amount. For the trailing year, Total Domestic Equity returned 16.1% versus 17.8% for the Russell 3000. Active equity returned 10.0%. Daruma is underperforming for the trailing year, while Wellington is well ahead of benchmark.
- **Wellington** underperformed for the quarter, returning -4.4% versus -3.9% for the S&P Midcap 400 Index. The portfolio remains ahead for the year with a return of 16.2% versus 11.8%. Stock selection in information technology and consumer discretionary, and an overweight in the energy sector drove the underperformance. Stock selection in the financials and consumer staples sectors contributed. A top performer in the second quarter, Alkermes, fell 15% in the third quarter. Top performers included Monster Beverage, health care companies Medivation, Salix, and Alnylam, as well as energy company Athlon Energy. The portfolio positioning remains consistent with earlier quarters, although they have modestly reduced their energy exposure and added to their health care holdings. As of the end of the third quarter, the largest sector overweights are in health care, industrials, and information technology, and the largest underweights are in financials, materials, and utilities.



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City of New York Board of Education Retirement System Pension Fund Summary

U.S. Equity (continued)

- **Daruma** returned -8.2% for the quarter, underperforming the -7.4% return of its Russell 2000 benchmark. Performance for the trailing year slipped behind benchmark as a result, 0.3% versus 3.9%. Their top 3 stocks contributed only 58 basis points during the quarter, while the worst 3 stocks detracted 261 bps. Relative success in the financial services sector (6.0% return vs. -5.0% for the index) was led by Texas Capital and WEX. Security selection in the technology sector, however, hurt performance. The portfolio bought 2 new positions in the third quarter. One was former portfolio holding, Lumber Liquidators, the wood flooring retailer, and the other was adhesives maker H.B. Fuller, a stock they held in their smid portfolio. Management continues to concentrate exposure to its top 10 holdings, with such stocks accounting for 34% of assets at quarter end. Technology remains a primary overweight (24% versus 15%) and financials a significant underweight (6% versus 25%), with the latter attributable to the absence of REITs from the portfolio.



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City of New York Board of Education Retirement System Pension Fund Summary

U.S. Equity (continued)

- **Progress** returned -1.1% for the quarter versus 0.0% for its Russell 3000 benchmark. For the year, Progress is behind, 16.7% versus 17.8%. The five-year record has slipped slightly behind the benchmark, 15.4% versus 15.8%.
- **FIS** returned -6.2% during the quarter versus -7.4% for its Russell 2000 Index benchmark. FIS is behind for the trailing year, 3.1% versus 3.9%. FIS remains ahead over the trailing three- and five-year periods.

International Equity

- The Total Developed Market portfolio lagged the MSCI EAFE (net dividend) Index during the quarter, -6.2% versus -5.9%, and this was mainly due to underperformance by Baillie Gifford, and to a lesser extent, Acadian small-cap. Total Developed Market slipped behind the benchmark for the trailing year, 3.7% versus 4.3%, but leads over the longer-term three- and five-year time periods.
- **Baillie Gifford** returned -6.2% during the quarter compared to -5.9% for the MSCI EAFE (net) Index during the quarter. Like the broad market, the fund experienced difficulty across the board. Detractors to performance came from an eclectic group of stocks, including Kinnevik, Richemont, and Fortescue Metals. An underweight to the healthcare sector also hurt. On the flip side, an overweight to information technology helped performance, as well as strong returns posted by Baidu, one of the portfolio's largest holdings. Technology, and the use of the Internet as a medium of doing business in many forms, remains a key portfolio theme. The managers also seek a range of companies benefitting from global growth in aspirational spending, in some cases in conjunction with the technology theme.



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City of New York Board of Education Retirement System Pension Fund Summary

International Equity (continued)

- **Sprucegrove** returned -5.7% in the quarter versus -5.9% for the MSCI EAFE (net), but leads for the year, 5.0% versus 4.3%. Longer-term numbers remain strong with the five-year ahead of benchmark. Opposing effects on performance during the quarter included positive security selection in industrials and telecommunication services, which were offset by negative selection in consumer staples and a combination of stock selection and overweight position in energy and an underweight position in health care. There were no new holdings added this quarter, and there was one elimination for valuation reasons, Givauden (Switzerland/Materials). The largest active sector exposure as of quarter end were underweights to financials (16% versus 26%) and consumer staples (5% versus 11%) and overweights of approximately 5% in energy, information technology, and materials. From a regional perspective, Europe is underweight, 51% versus 68%, including underweight exposure in both the UK and Eurozone. Non-benchmark exposures include a 14% allocation to emerging markets, 4% to Canada, and 4% to cash and equivalents.
- **Acadian** returned -8.4% for the quarter compared to -7.2% of its S&P EPAC Small Cap Index. For the trailing year, Acadian is ahead 8.4% versus 4.6%. Positioning in Germany, Canada, and Korea detracted from return from a regional perspective, while an overweighting energy was a negative from a sector perspective. We've previously noted a decline in the number of holdings, but it has so far stabilized in the low 800s (816 as of quarter end, compared to 813 during the previous quarter). Valuation metrics remain indicative of a value style tilt, especially a price/earnings ratio of 13.0x compared to 19.5x for the benchmark. Sector allocations do not generally vary a significant amount from benchmark, but there are a couple of exceptions. This includes an 8% underweight to financials, which is offset by a 8% overweight to technology.



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City of New York Board of Education Retirement System Pension Fund Summary

Emerging Markets

- **Acadian** outperformed for the quarter, -1.6% versus -3.5%, and also leads for the trailing one-year period, 8.3% versus 4.3%. From a sector perspective, security selection in autos, energy, software, and capital goods were among the main contributors. Regional exposures that were important contributors included strong security selection in India and an underweight in Russia. The quantitatively-managed portfolio held 444 stocks as of quarter end (compared to 394 at the previous quarter and 834 for the benchmark). While not specifically a value equity style portfolio, it exhibits many such characteristics including lower valuation metrics versus benchmark (P/E of 10.7x versus 12.7x). The market capitalization is also tilted smaller compared to the benchmark with a weighted average of \$34 billion compared to \$43 billion for the benchmark. Active regional positioning includes an overweight to the Pacific (including India, Thailand, and South Korea), an overweight in Brazil, and an underweight in emerging Europe (especially Russia).



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City of New York Board of Education Retirement System Pension Fund Summary

Fixed Income – Structured Manager Composite

- The Total Structured Portfolio returned 0.4% for the quarter, slightly outperforming its NYC Core + 5 Index return of 0.2%. This was mainly the result of outperformance by credit managers. Government securities and MBS returned near or slightly behind benchmark. The Total Structured Portfolio remains ahead for the trailing year, 5.8% versus 5.1%.
- **Taplin Canida** (credit) returned 0.2% during the quarter versus -0.1% for the customized Citigroup Credit Index. The portfolio also leads for the trailing year, 9.2% versus 6.3%. Taplin found support in Q3 from security selection and yield curve positioning and the overweight to longer dated credit securities benefited as the yield curve flattened. Quality selection detracted from performance during the quarter as higher quality securities outperformed.
- **Prudential** (credit) returned 0.0% during the quarter versus -0.1% for the customized Citigroup Credit Index. For the trailing year, Prudential returned 6.7% versus 6.3% for the index.
- **PRIVEST** (credit) returned 0.8%, ahead of the -0.1% benchmark return. The portfolio's trailing year return remained behind, 5.1% versus 6.3%. Management attributes the quarter's outperformance to relative spread widening in the public market compared to the private market as well as its yield advantage and the make whole premiums received on several prepayments. PRIVEST committed to purchase \$184.5 million of private placements during the third quarter at a weighted average spread, coupon, credit quality and average life of 147 basis points, 3.94%, BBB+, and 10.74 years, respectively. The credit health of the portfolio remains very good with negligible "watch list" or "early warning" assets.



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City of New York Board of Education Retirement System Pension Fund Summary

Fixed Income – Structured Manager Composite (continued)

- **SSgA** (governments) returned 1.1% for the quarter, outperforming its benchmark by 4 basis points. For the year, SSGA returned 5.7% and was ahead of the benchmark return of 5.5%. Performance can be attributed to a flattening yield curve which emphasized 30 year bonds over 5 year bonds. An overweight to agency securities remains, and has held steady at 7% in the 5 year part of the curve and 4% in the 10 year part.
- **PIMCO** (mortgages) returned 0.4%, slightly outperforming the 0.2% performance of its Citigroup Mortgage Index benchmark for the quarter. For the year, the portfolio is ahead, 4.0% versus 3.7%. A modest allocation to non-agency issues contributed to performance, although this was partially offset by shorter duration positioning given the falling interest-rate environment. Portfolio duration was 3.9 years as of quarter end, compared to 3.8 years for the benchmark.

Fixed Income - TIPS

- **PIMCO** returned -2.1% versus -2.0% for the Barclays Capital US TIPS Index. Performance for the trailing year was positive with a return of 1.3%, which underperformed the benchmark return of 1.6%. Performance over the trailing three- and five-year time periods are ahead of the benchmark. TIPS securities underperformed nominal Treasuries during the quarter, as inflation accruals detracted from return. The portfolio registered minimal underperformance due to slightly shorter duration and an underweight at the long-end of the curve. Effective duration was 6.8 years as of quarter end versus 7.0 years for the benchmark. Only about 1% of the portfolio is in non-inflation linked securities.



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City of New York Board of Education Retirement System Pension Fund Summary

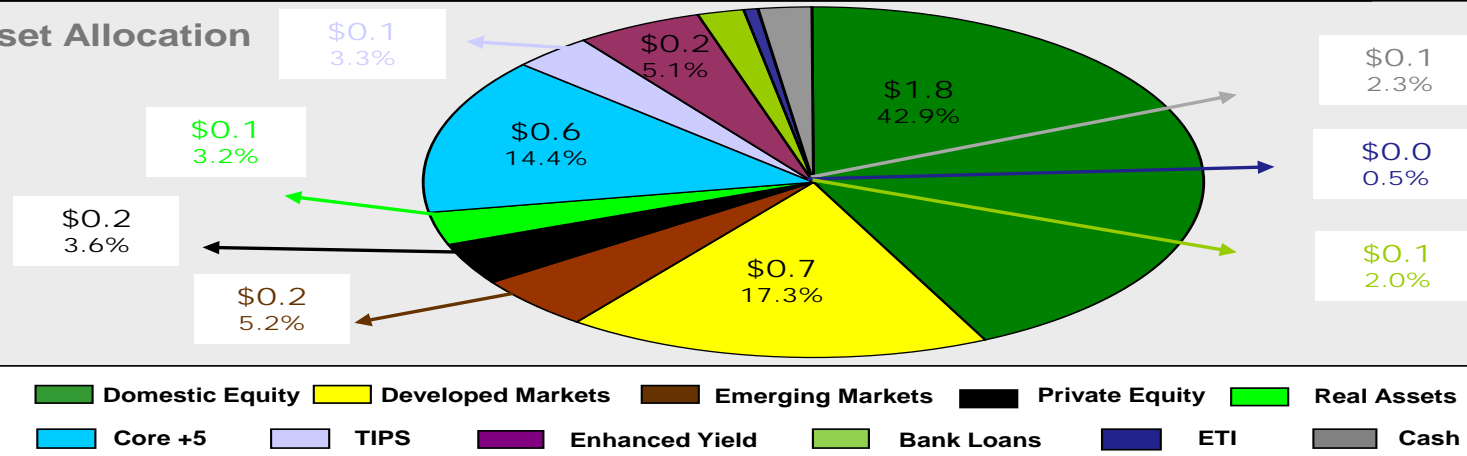
Enhanced Yield Fixed Income

- Total High Yield returned -1.8% for the quarter, lagging the -1.6% return of the Citigroup BB & B Index. Again, outperformance by Loomis was offset by lagging returns from Shenkman. Bank loans slightly outperformed their benchmark.
- **Loomis Sayles** returned -1.8% for the quarter versus -1.9% for the Merrill Lynch High Yield Master II Index. The portfolio continues to lead its benchmark for the trailing year, 9.1% versus 7.2%. An underweight in high-yield compared to benchmark helped relative return, but this was offset by a non-benchmark allocation to convertibles that hurt. Allocation to the latter remained unchanged at 9% of assets. Duration was 6.7 years as of quarter end, compared to 4.3 years for the benchmark. Average credit quality is B1, which is in line with the benchmark.
- **Shenkman** returned -1.9%, underperforming the -1.6% return for its Citigroup BB & B Index benchmark. For the trailing year, the portfolio remains ahead of benchmark, 7.6% versus 7.1%. Yield curve placement and shorter duration detracted from performance for the quarter. The portfolio is structured with an underweight in 10+ year maturities and a duration of 3.4 years, up from 2.7 last quarter. In terms of industry positioning, the combination of poor security selection and an underweight in utilities hurt relative return. Average credit quality remained at B2/B+.
- **Babson** returned -0.0% during the quarter, outperforming the -0.3% return of the Credit Suisse Leveraged Loan Index. Performance for the quarter is explained by the lack of portfolio exposure to TXU Energy, which Babson has avoided due to their distressed status. The fund's position in higher quality credits, compared to the overall market, attributed to outperformance. Babson remains slightly ahead over the trailing year, 4.9% versus 4.3%.

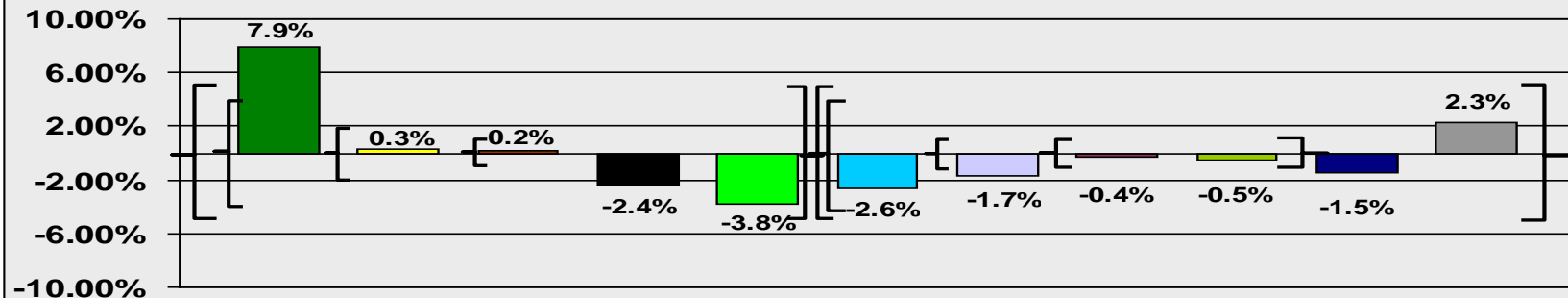


\$4.1B Under Management

Asset Allocation



Relative Mix to New Policy Weights



Note: Brackets represent rebalancing ranges versus Policy.

Prepared by State Street Investment Analytics

Total Portfolio Returns: September 30, 2014

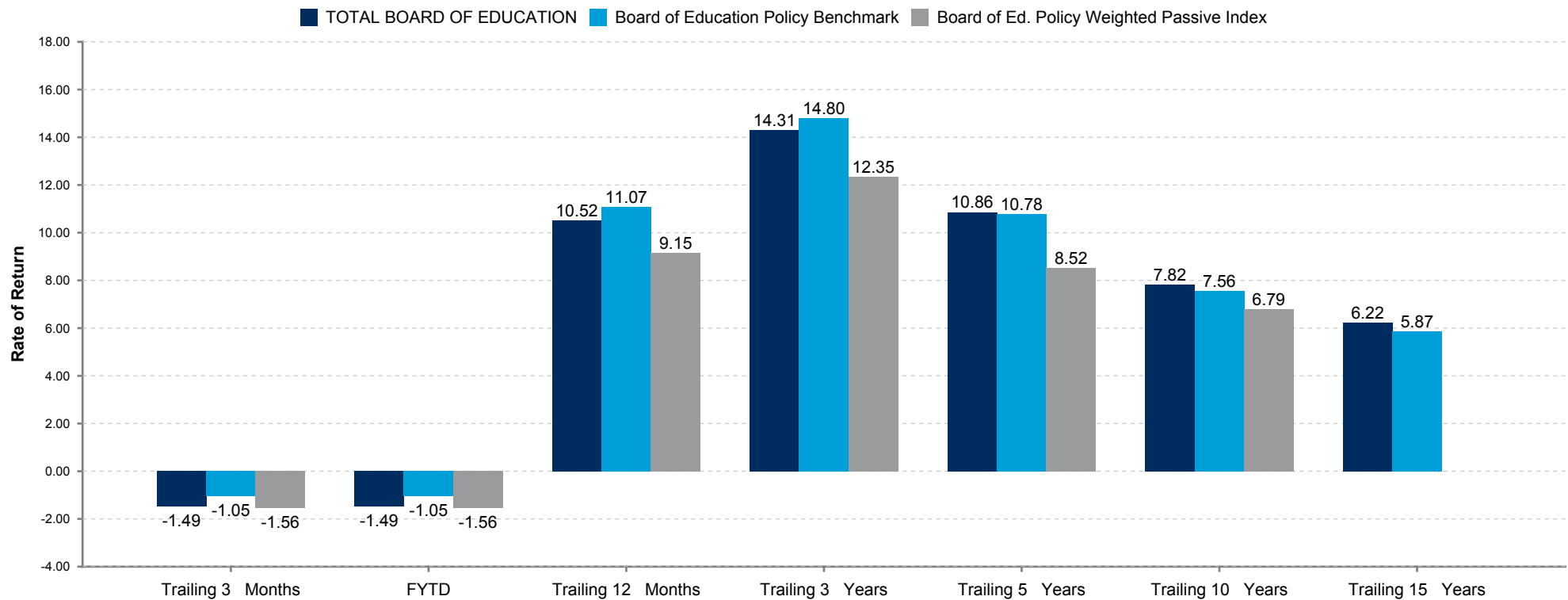


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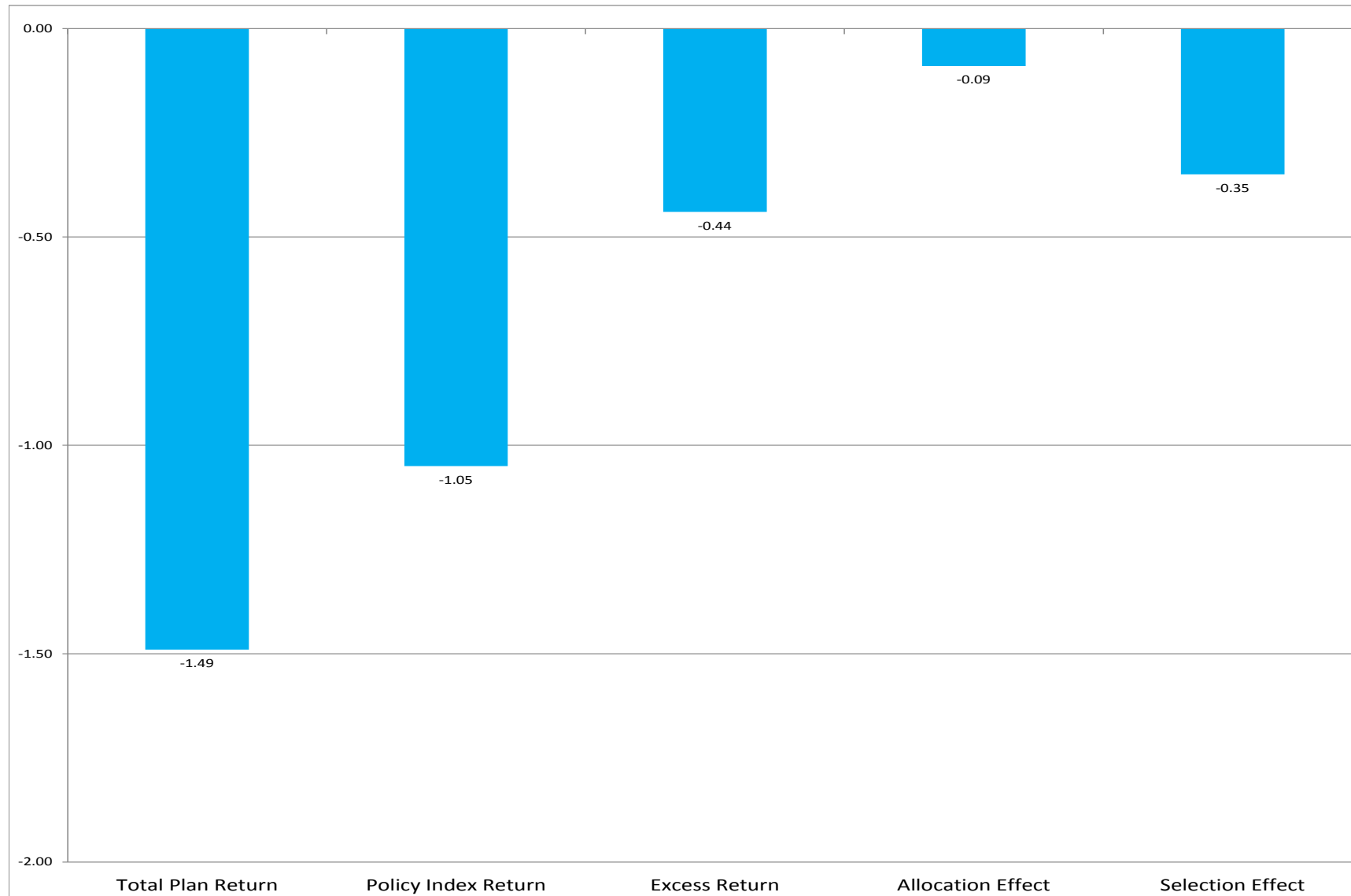
TOTAL BOARD OF EDUCATION

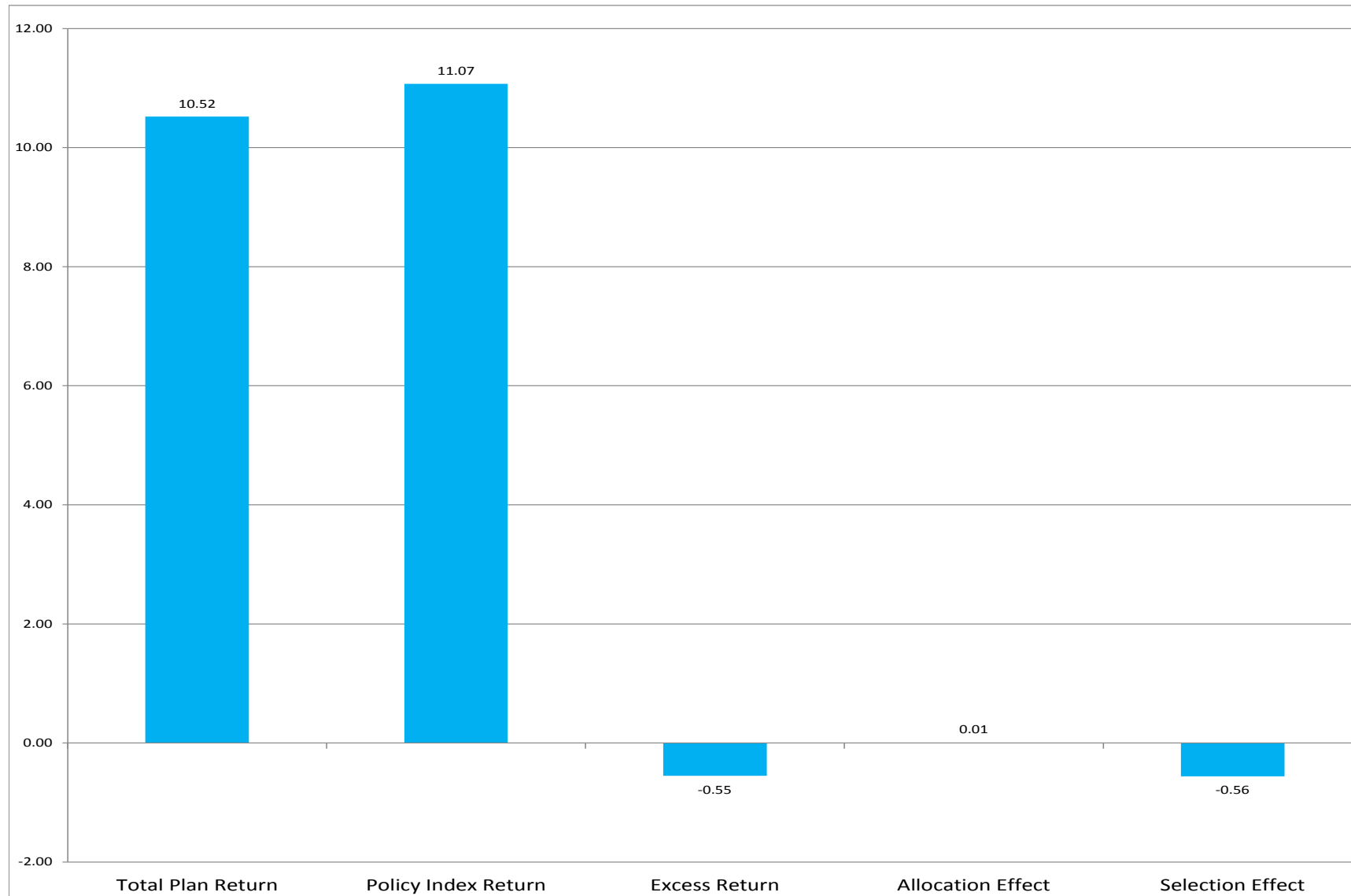
Market Value (Billions)

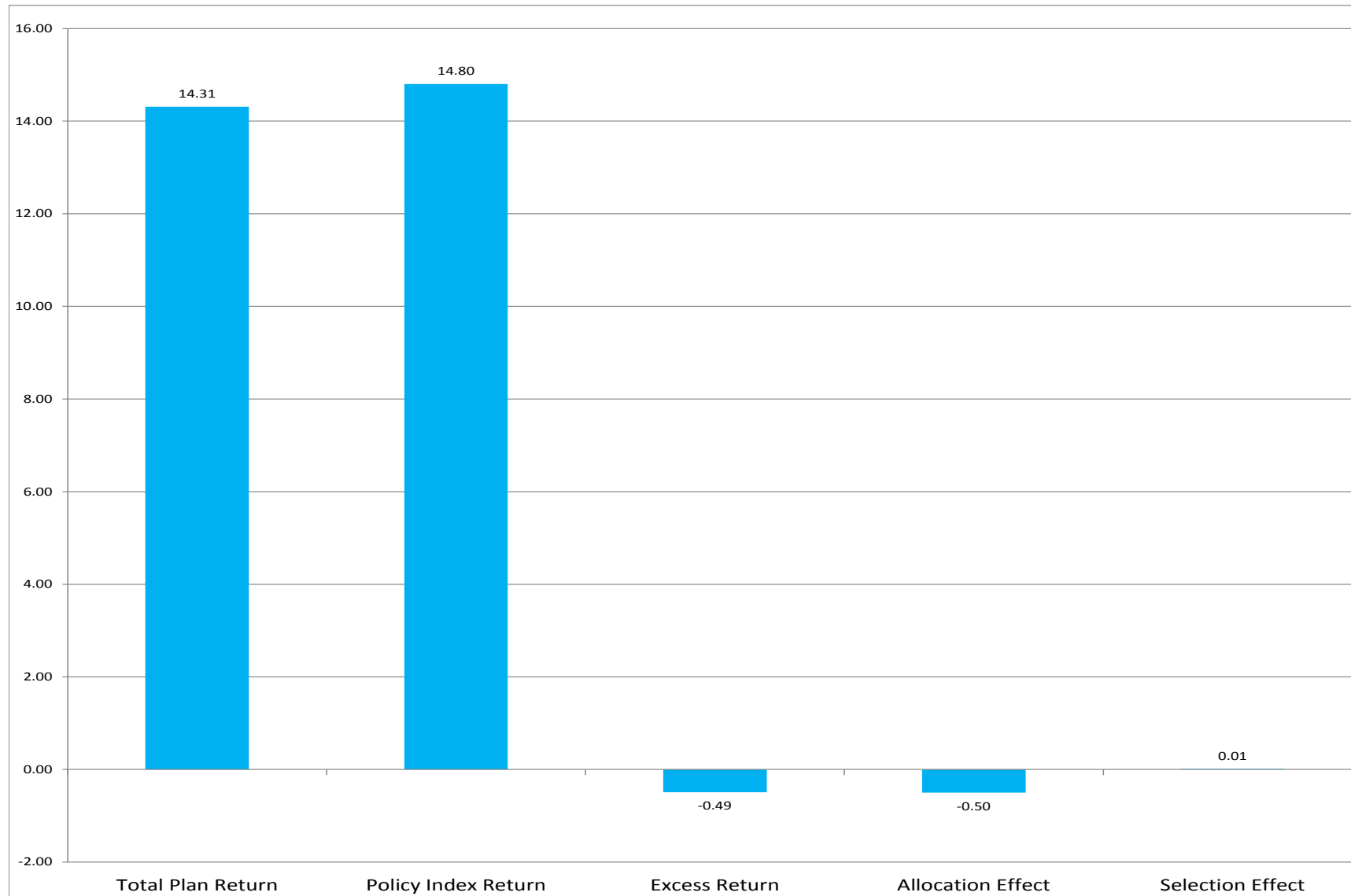
\$4.1



	Plan 3 Years	Benchmark 3 Years	Plan 5 Years	Benchmark 5 Years	Plan 10 Years	Benchmark 10 Years
Standard Deviation						
TOTAL BOARD OF EDUCATION	8.1	8.0	10.9	9.8	11.2	11.6









Allocation Effect - Asset Class Breakdown

	<u>Quarter</u>	<u>12 Months</u>	<u>3 Years</u>	<u>Benchmark</u>
TOTAL BOARD OF EDUCATION	-0.09	0.01	-0.50	Board of Education Policy Benchmark
TOTAL DOMESTIC EQUITY	-0.01	0.06	-0.11	RUSSELL 3000
TOTAL DEVELOPED EQUITY	-0.05	-0.08	-0.04	MSCI EAFE NET
TOTAL EMERGING MARKETS	-0.03	-0.03	0.00	MSCI EMERGING MARKETS
TOTAL PRIVATE EQUITY	0.00	0.01	0.00	NYC R3000 +3% Lagged
TOTAL PRIVATE REAL ESTATE	0.01	0.01	0.00	NCREIF NFI-ODCE NET + 1%
TOTAL INFRASTRUCTURE	0.00	0.00	0.00	CPI + 4%
TOTAL STRUCTURED	-0.04	0.08	0.07	NYC - CORE PLUS FIVE
TOTAL ACTIVE TIPS MANAGERS	0.02	0.12	0.09	BARCLAYS U.S TIPS INDEX
TOTAL HIGH YIELD	0.00	0.00	0.00	CITIGROUP BB & B
TOTAL BANK LOANS	0.00	0.02	0.02	CSFB LEVERAGED LOAN INDEX
TOTAL CASH	0.01	-0.11	-0.49	

Selection Effect - Asset Class Breakdown

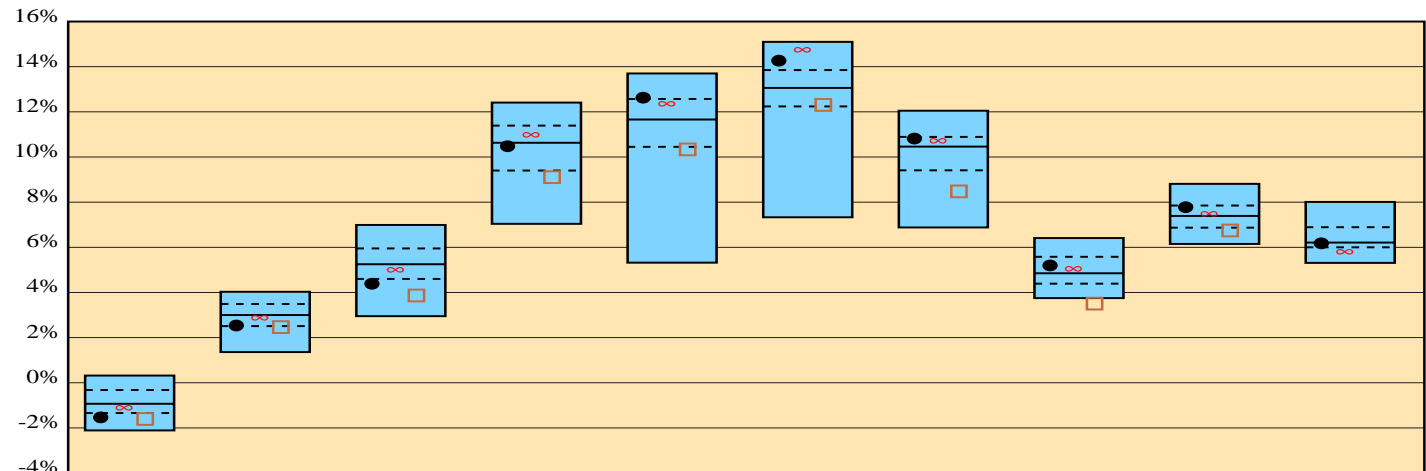
	<u>Quarter</u>	<u>12 Months</u>	<u>3 Years</u>	<u>Benchmark</u>
TOTAL BOARD OF EDUCATION	-0.35	-0.56	0.01	Board of Education Policy Benchmark
TOTAL DOMESTIC EQUITY	-0.38	-0.63	0.08	RUSSELL 3000
TOTAL DEVELOPED EQUITY	-0.06	-0.10	0.18	MSCI EAFE NET
TOTAL EMERGING MARKETS	0.10	0.18	0.06	MSCI EMERGING MARKETS
TOTAL PRIVATE EQUITY	-0.01	-0.13	-0.11	NYC R3000 +3% Lagged
TOTAL PRIVATE REAL ESTATE	-0.01	-0.01	0.00	NCREIF NFI-ODCE NET + 1%
TOTAL INFRASTRUCTURE	0.00	0.00	0.00	CPI + 4%
TOTAL STRUCTURED	0.02	0.09	0.11	NYC - CORE PLUS FIVE
TOTAL ACTIVE TIPS MANAGERS	0.00	-0.01	0.01	BARCLAYS U.S TIPS INDEX
TOTAL HIGH YIELD	-0.01	0.06	0.05	CITIGROUP BB & B
TOTAL BANK LOANS	0.01	0.01	0.00	CSFB LEVERAGED LOAN INDEX
TOTAL CASH	0.00	0.00	0.01	

Through September 30, 2014



STATE STREET.

City of New York - BOE Total Returns of Public Master Trusts > \$1 Billion Rates of Return for Periods Ending September 30, 2014



	1 Quarter	2 Quarters	3 Quarters	1 Year	2 Years	3 Years	5 Years	7 Years	10 Years	15 Years
5th Percentile	0.32	4.03	6.99	12.41	13.70	15.10	12.05	6.41	8.81	8.01
25th Percentile	-0.32	3.49	5.95	11.39	12.57	13.85	10.89	5.58	7.85	6.89
Median	-0.93	3.00	5.25	10.63	11.66	13.06	10.46	4.85	7.39	6.21
75th Percentile	-1.34	2.51	4.60	9.40	10.45	12.24	9.41	4.39	6.87	6.00
95th Percentile	-2.11	1.36	2.95	7.04	5.32	7.33	6.88	3.75	6.15	5.31
● Total System	-1.49 (81)	2.58 (70)	4.43 (79)	10.52 (52)	12.67 (22)	14.31 (20)	10.86 (28)	5.24 (31)	7.82 (26)	6.22 (48)
∞ Board of Ed Policy Benchmark	-1.05 (52)	2.96 (54)	5.09 (59)	11.07 (32)	12.43 (29)	14.80 (9)	10.78 (30)	5.10 (34)	7.56 (43)	5.87 (80)
□ Bd of Ed. Policy Weighted Passi	-1.56 (81)	2.51 (75)	3.91 (89)	9.15 (78)	10.38 (75)	12.35 (71)	8.52 (87)	3.55 (96)	6.79 (77)	

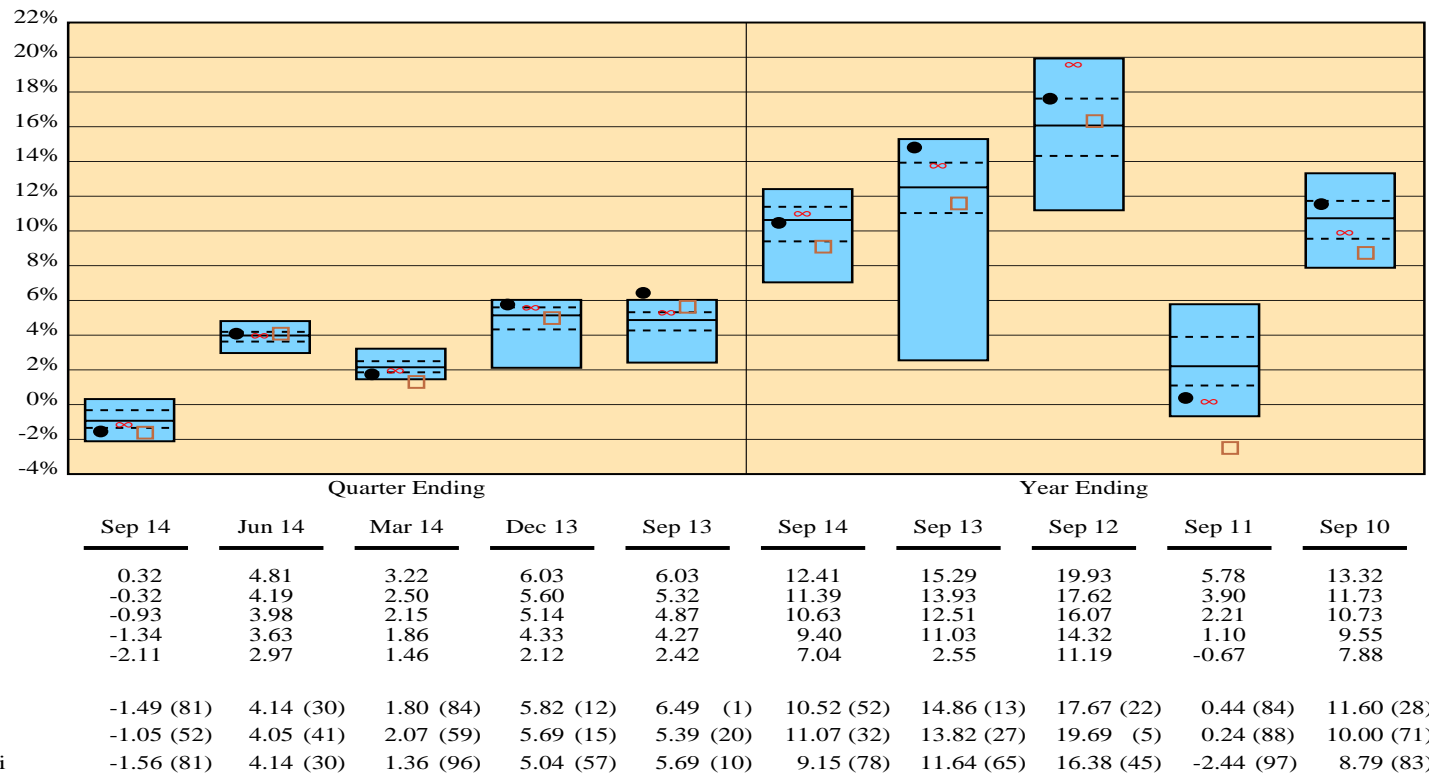
Returns for periods greater than one year are annualized.

Through September 30, 2014



STATE STREET.

City of New York - BOE Total Returns of Public Master Trusts > \$1 Billion Recent Periods



Returns for periods greater than one year are annualized.



**New York City
Board of Education Retirement System**

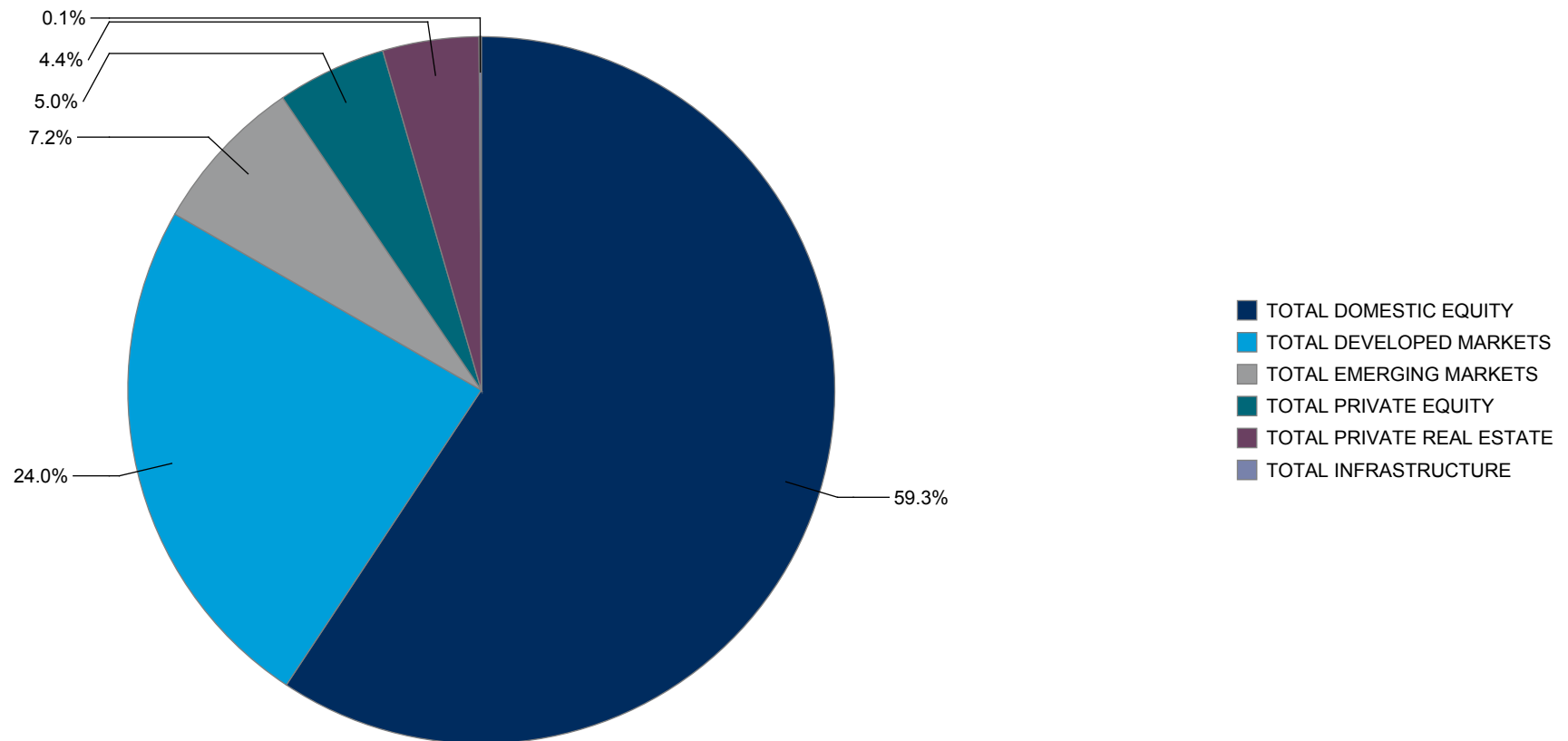
Equity Analysis

Total Equity Asset Allocation: September 30, 2014



STATE STREET.

	<u>Market Value (Billions)</u>	<u>% of Plan</u>
TOTAL EQUITY	\$3.0	72.3

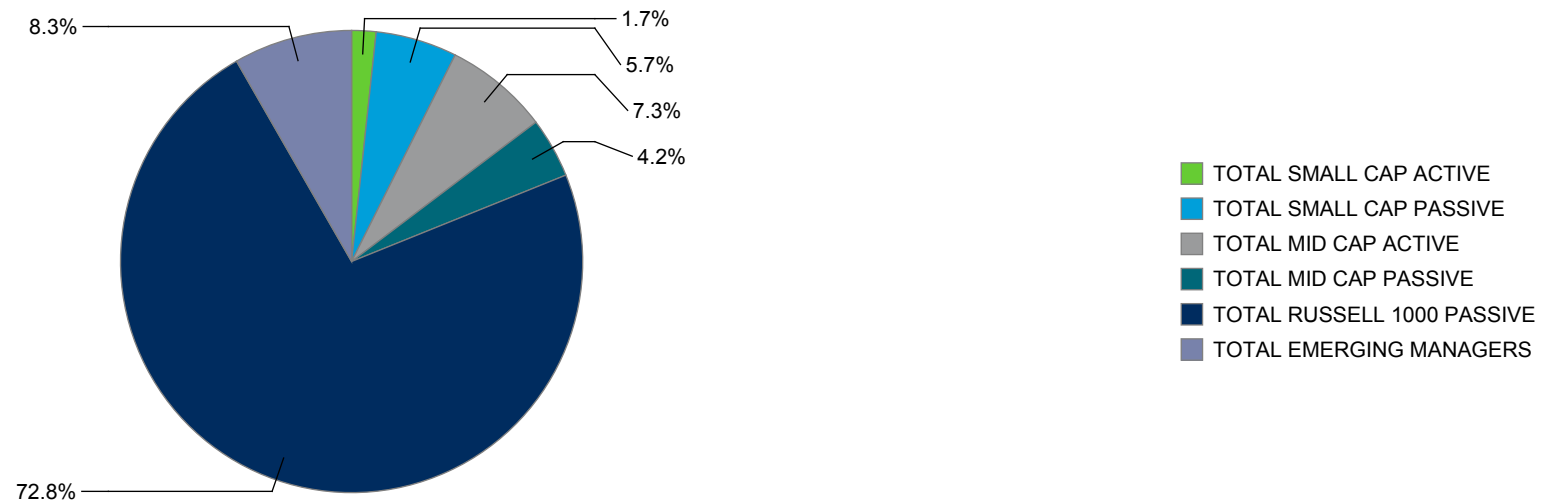


Total Domestic Equity Asset Allocations: September 30, 2014



STATE STREET

	Market Value (Billions)	% of Plan
TOTAL DOMESTIC EQUITY	\$1.8	42.9



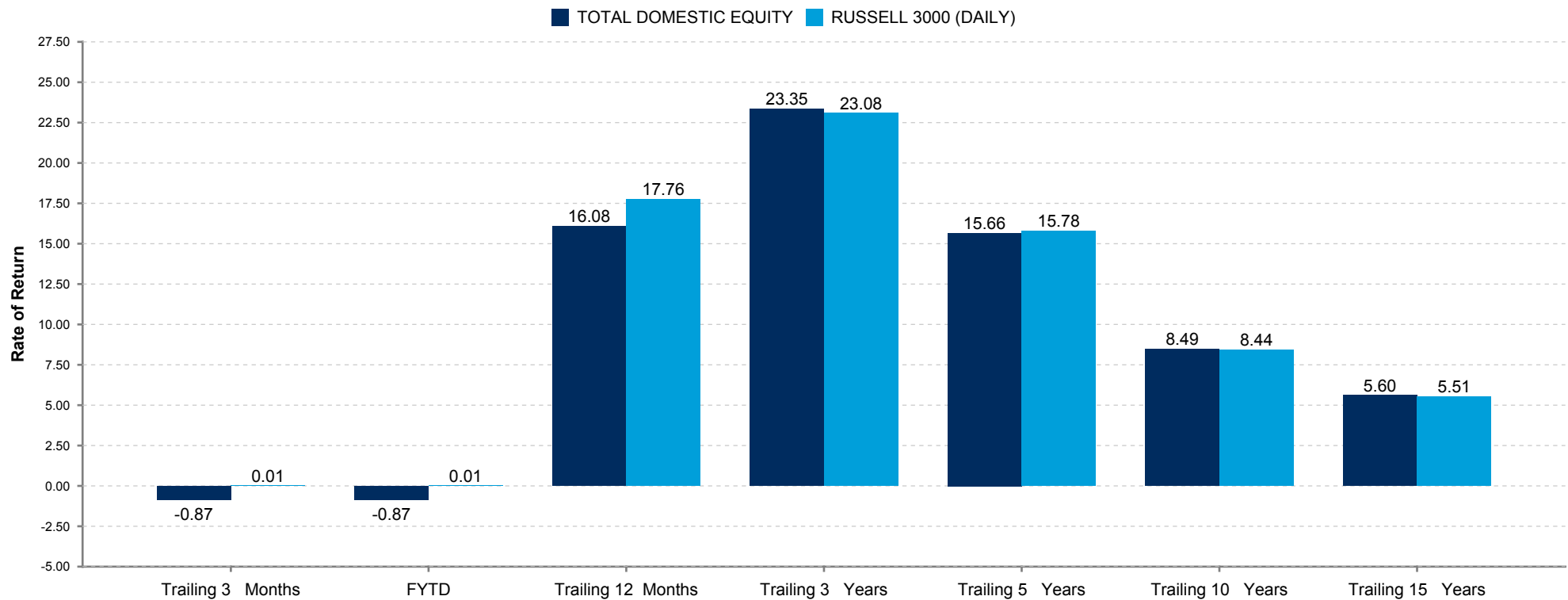
Sub Sector	Policy Weight	Actual Weight	Under/Over Weight	Index Return	Actual Return	Difference
TOTAL SMALL CAP ACTIVE	2.83	1.74	-1.09	-7.36	-8.23	-0.87
TOTAL SMALL CAP PASSIVE	5.39	5.66	0.27	-7.36	-7.33	0.03
TOTAL MID CAP ACTIVE	7.25	7.25	0.00	-1.66	-4.38	-2.72
TOTAL MID CAP PASSIVE	3.75	4.19	0.44	-3.98	-3.96	0.02
TOTAL RUSSELL 1000 ACTIVE	11.25	0.00	-11.25	0.65		-0.65
TOTAL RUSSELL 1000 PASSIVE	62.03	72.84	10.81	0.65	0.65	0.00
TOTAL EMERGING MANAGERS	7.50	8.32	0.82	0.01	-3.63	-3.64

Total Domestic Equity Returns vs Russell 3000 Index: September 30, 2014



STATE STREET.

	Market Value (Billions)	% of Plan
TOTAL DOMESTIC EQUITY	\$1.8	42.9



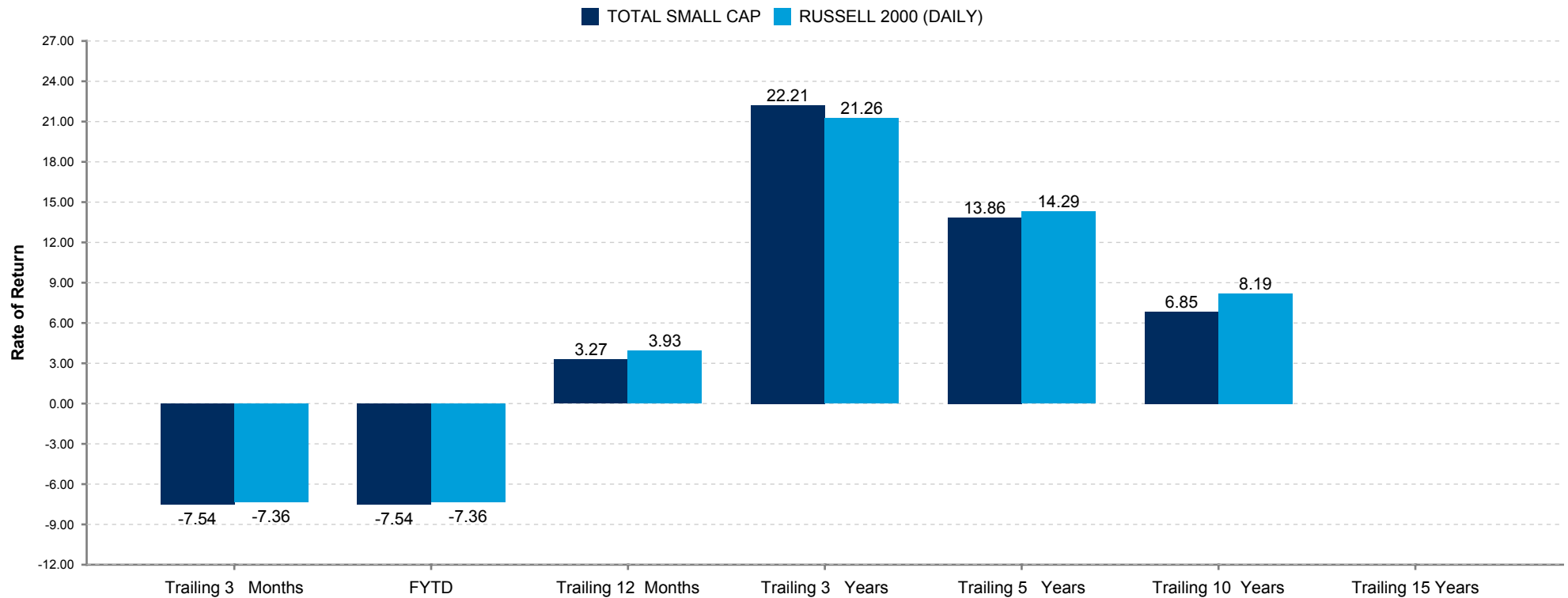
	Plan 3 Years	Benchmark 3 Years	Plan 5 Years	Benchmark 5 Years	Plan 10 Years	Benchmark 10 Years
Standard Deviation						
TOTAL DOMESTIC EQUITY	11.7	11.0	14.3	13.8	15.6	15.3

Small Cap Returns vs Russell 2000 Index: September 30, 2014



STATE STREET.

	Market Value (Millions)	% of Plan
TOTAL SMALL CAP	\$131.0	3.2



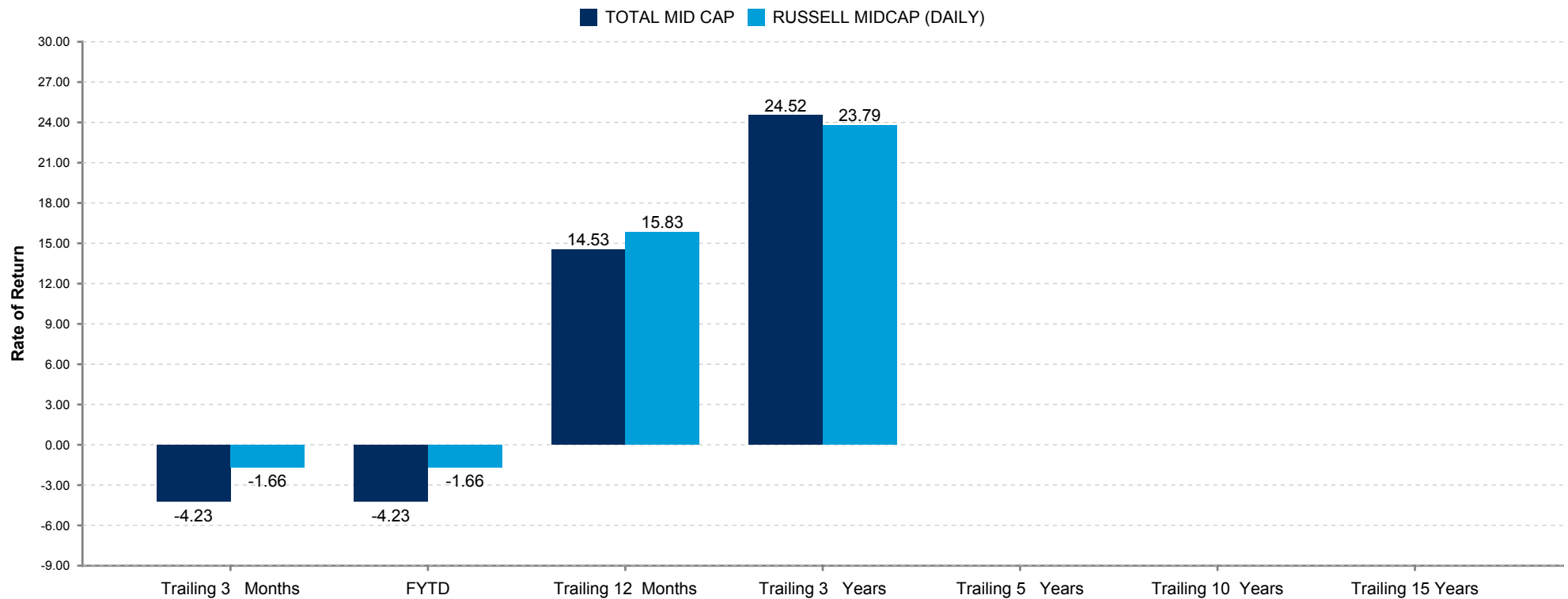
	Plan 3 Years	Benchmark 3 Years	Plan 5 Years	Benchmark 5 Years	Plan 10 Years	Benchmark 10 Years
Standard Deviation						
TOTAL SMALL CAP	16.6	15.2	19.4	18.4	19.4	19.8

Mid Cap Returns vs Russell MidCap Index: September 30, 2014



STATE STREET

	Market Value (Millions)	% of Plan
TOTAL MID CAP	\$202.6	4.9



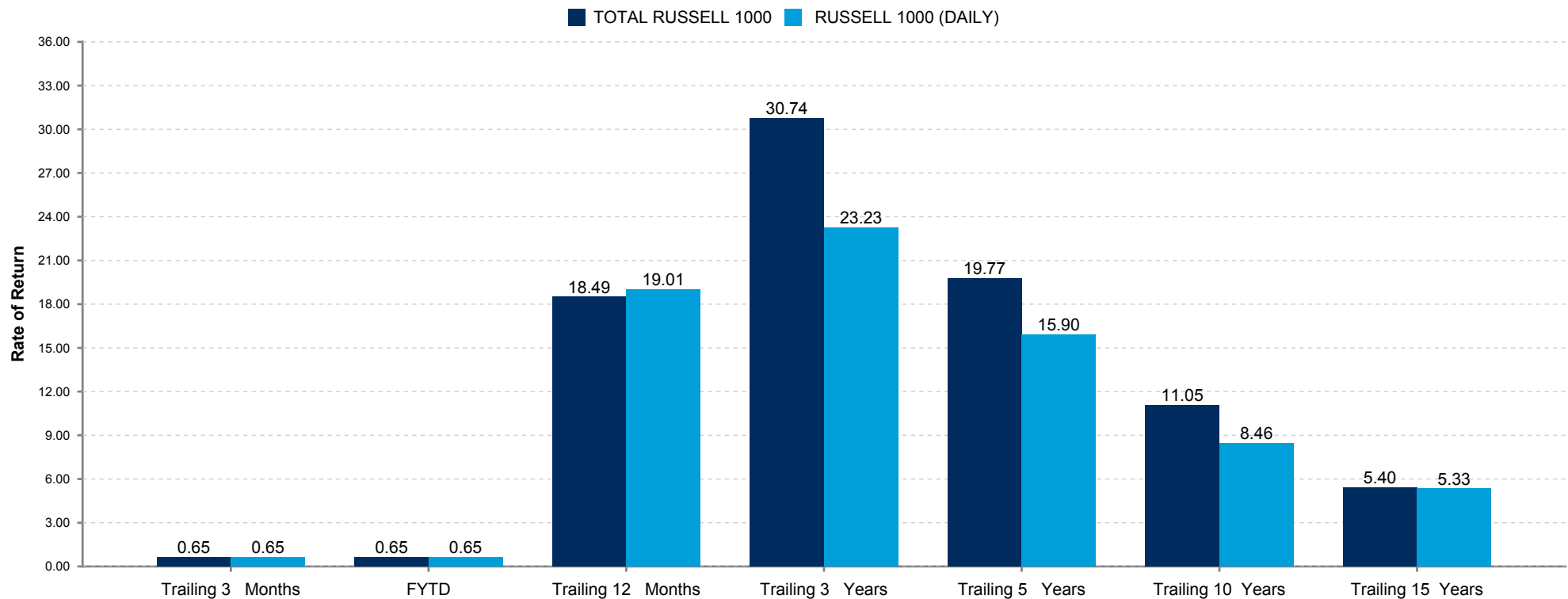
	Plan 3 Years	Benchmark 3 Years	Plan 5 Years	Benchmark 5 Years	Plan 10 Years	Benchmark 10 Years
Standard Deviation						
TOTAL MID CAP	13.4	12.3				

Russell 1000 Returns vs Russell 1000 Index: September 30, 2014



STATE STREET.

	Market Value (Billions)	% of Plan
TOTAL RUSSELL 1000	\$1.3	31.2



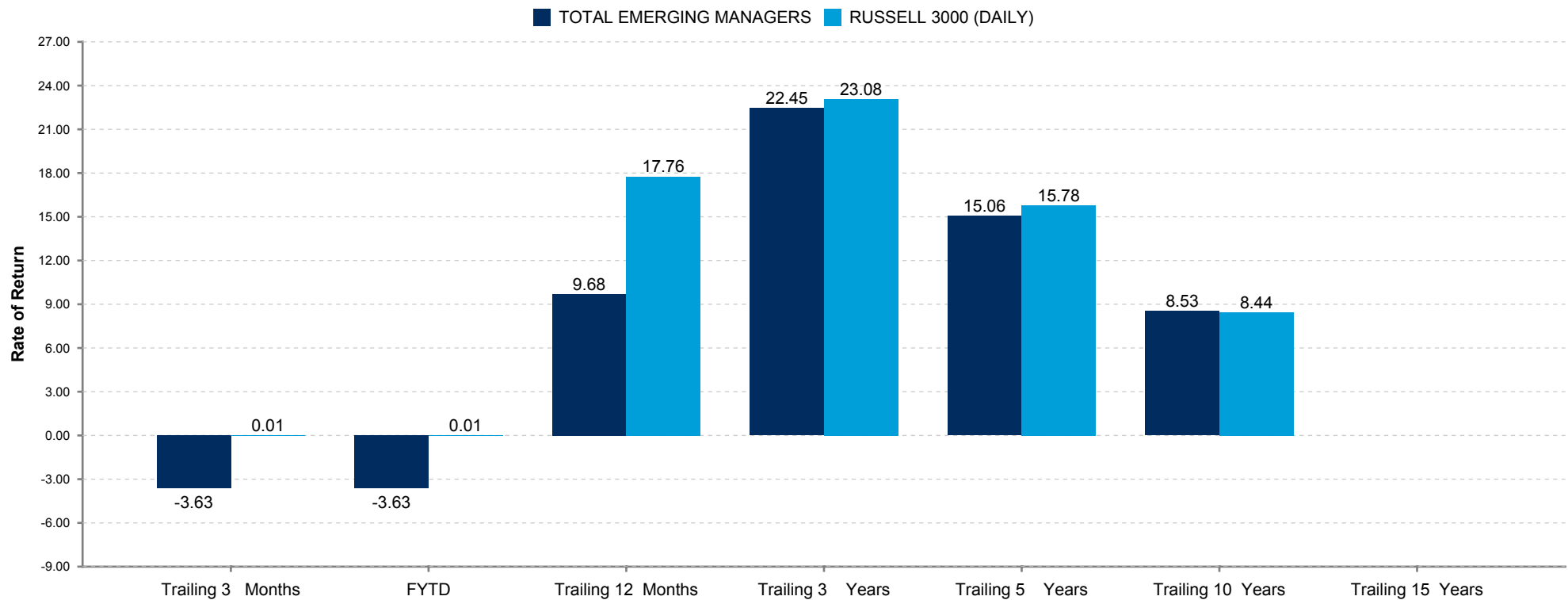
	Plan 3 Years	Benchmark 3 Years	Plan 5 Years	Benchmark 5 Years	Plan 10 Years	Benchmark 10 Years
Standard Deviation						
TOTAL RUSSELL 1000	13.2	10.8	15.2	13.5	16.0	15.0

Emerging Managers Returns vs Russell 3000 Index: September 30, 2014



STATE STREET

	Market Value (Millions)	% of Plan
TOTAL EMERGING MANAGERS	\$147.4	3.6



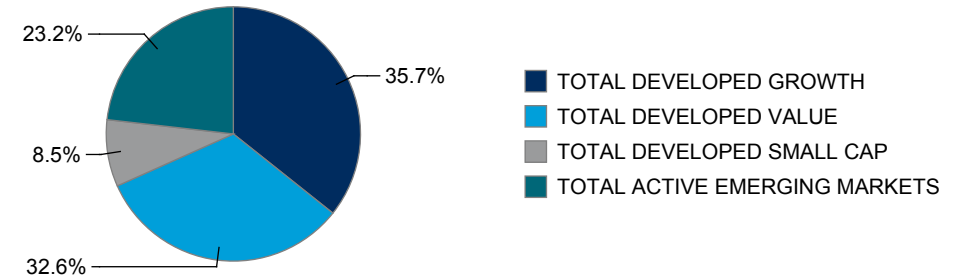
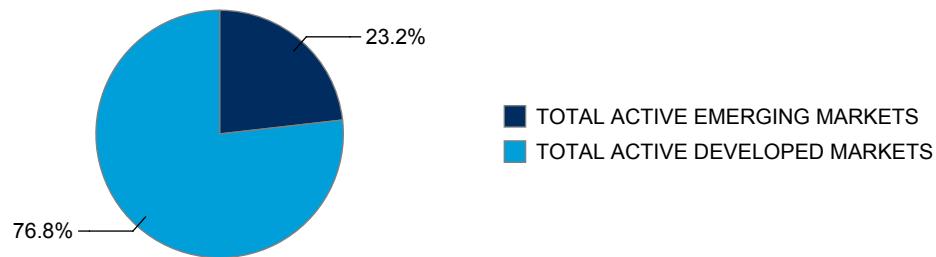
	Plan 3 Years	Benchmark 3 Years	Plan 5 Years	Benchmark 5 Years	Plan 10 Years	Benchmark 10 Years
Standard Deviation						
TOTAL EMERGING MANAGERS	13.2	11.0	15.5	13.8	16.5	15.3

International Equity Asset Allocation: September 30, 2014



STATE STREET

	<u>Market Value (Millions)</u>	<u>% of Plan</u>
TOTAL INTERNATIONAL EQUITY	\$932.0	22.6



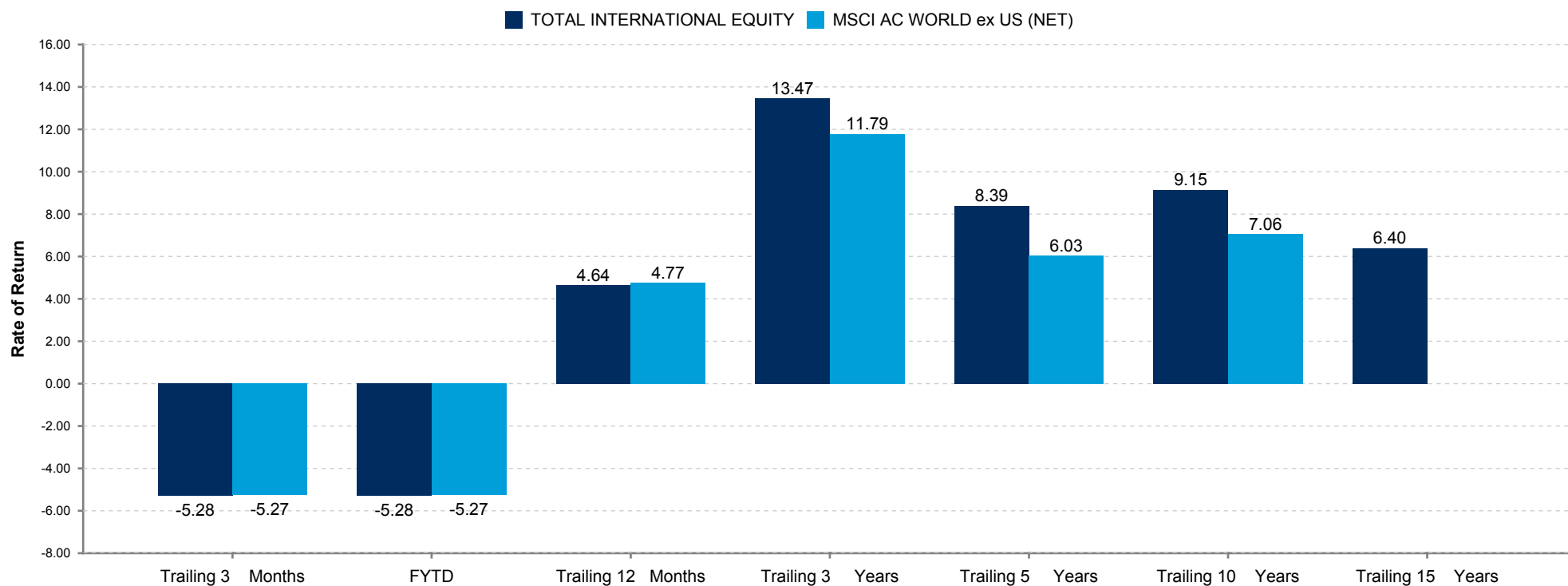
	<u>Asset Weight</u>	<u>Quarterly Returns - Fund and Benchmark</u>		
		<u>Fund</u>	<u>Benchmark</u>	<u>Excess</u>
TOTAL DEVELOPED GROWTH	35.67	(6.20)	(5.55)	(0.65)
TOTAL DEVELOPED VALUE	32.64	(5.71)	(6.20)	0.49
TOTAL DEVELOPED SMALL CAP	8.51	(8.35)	(7.20)	(1.15)
TOTAL ACTIVE EMERGING MARKETS	23.18	(1.63)	(3.50)	1.86
TOTAL INTERNATIONAL EQUITY	100.00	(5.28)	(5.27)	(0.01)

Total International Returns vs MSCI AC World ex US Net Index: September 30, 2014



STATE STREET

	Market Value (Millions)	% of Plan
TOTAL INTERNATIONAL EQUITY	\$932.0	22.6



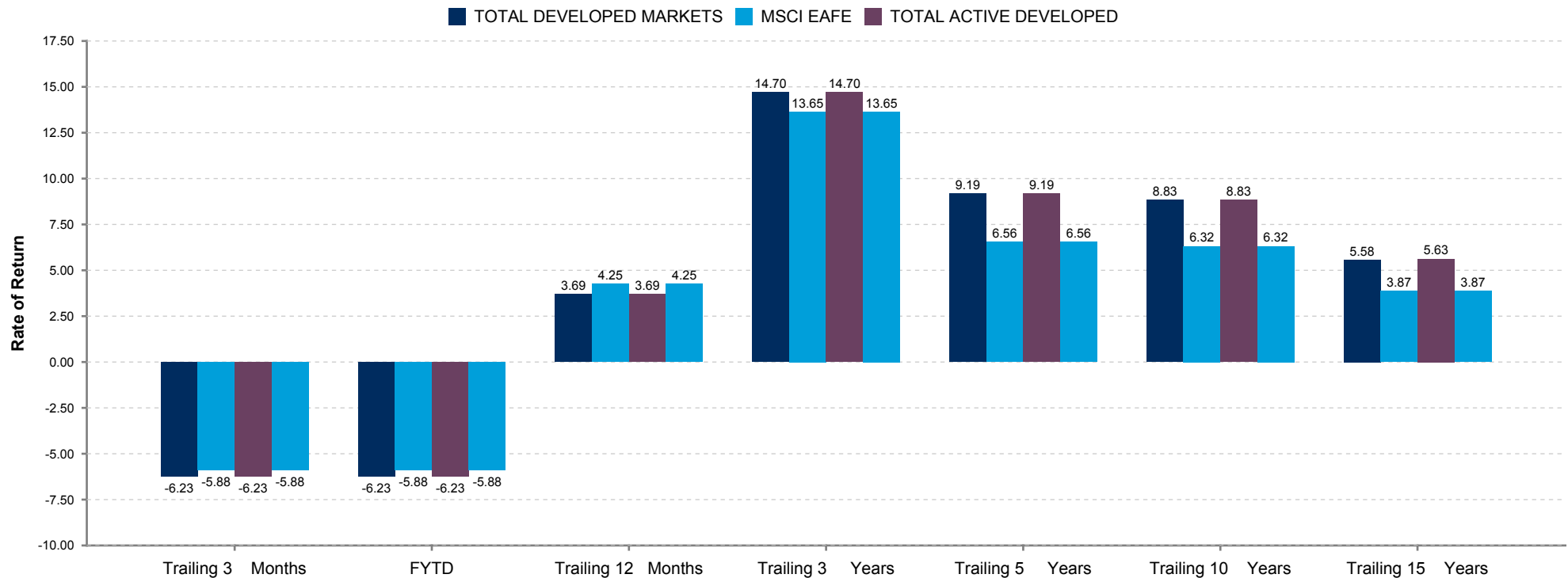
	Plan 3 Years	Benchmark 3 Years	Plan 5 Years	Benchmark 5 Years	Plan 10 Years	Benchmark 10 Years
Standard Deviation						
TOTAL INTERNATIONAL EQUITY	14.5	14.4	16.8	16.5	19.1	18.9

Developed Markets Returns vs MSCI EAFE Index: September 30, 2014



STATE STREET

	Market Value (Millions)	% of Plan
TOTAL DEVELOPED MARKETS	\$716.0	17.3



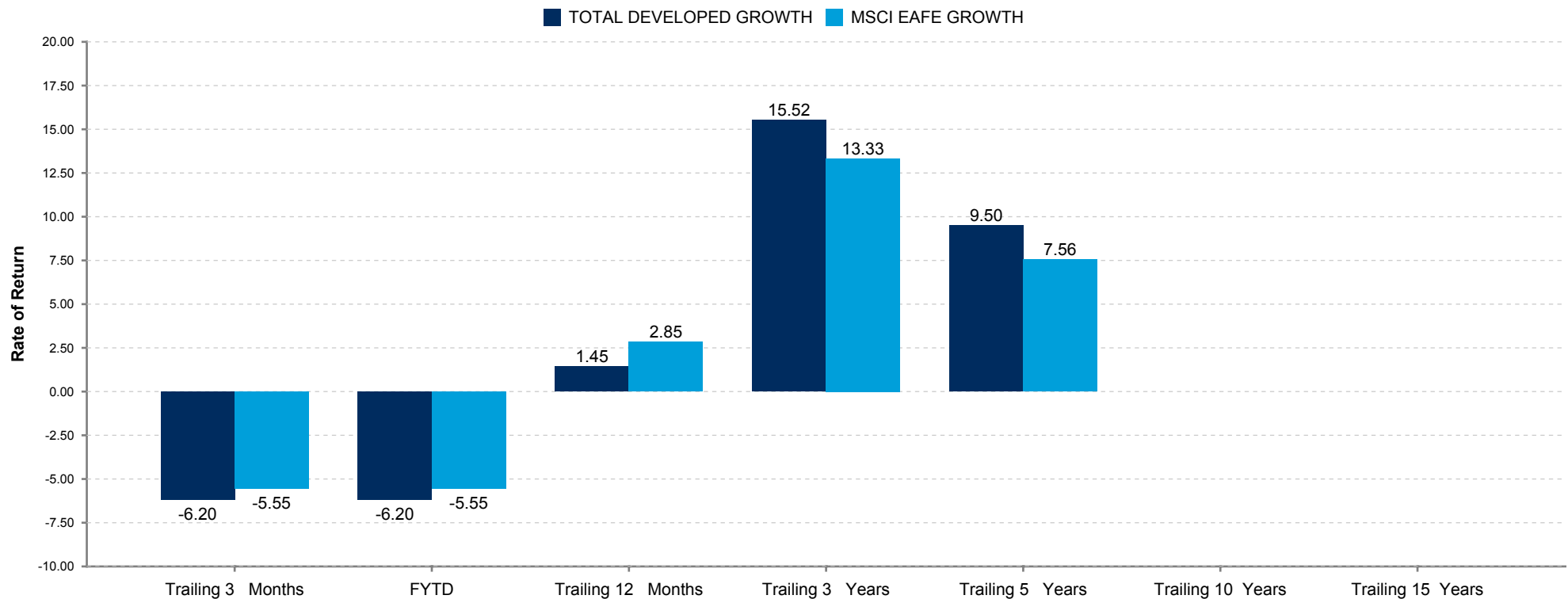
	Plan 3 Years	Benchmark 3 Years	Plan 5 Years	Benchmark 5 Years	Plan 10 Years	Benchmark 10 Years
Standard Deviation						
TOTAL DEVELOPED MARKETS	14.3	14.3	16.6	16.6	18.3	18.3
TOTAL DEVELOPED ACTIVE	14.3	14.3	16.6	16.6	18.3	18.3

Developed Growth Returns vs MSCI EAFE Growth Index: September 30, 2014



STATE STREET

	Market Value (Millions)	% of Plan
TOTAL DEVELOPED GROWTH	\$332.4	8.0



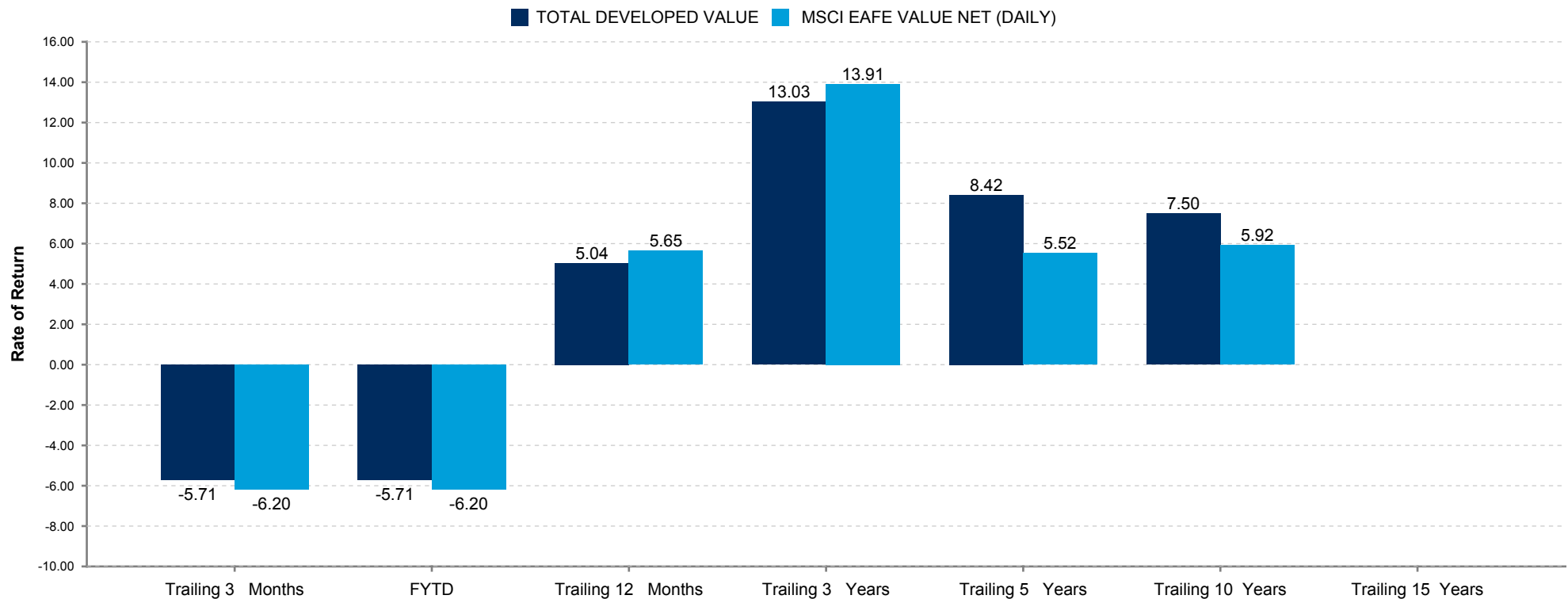
	Plan 3 Years	Benchmark 3 Years	Plan 5 Years	Benchmark 5 Years	Plan 10 Years	Benchmark 10 Years
Standard Deviation						
TOTAL DEVELOPED GROWTH	16.0	13.6	18.1	16.1		

Developed Value Returns vs MSCI EAFE Value Net Index: September 30, 2014



STATE STREET.

	Market Value (Millions)	% of Plan
TOTAL DEVELOPED VALUE	\$304.2	7.4



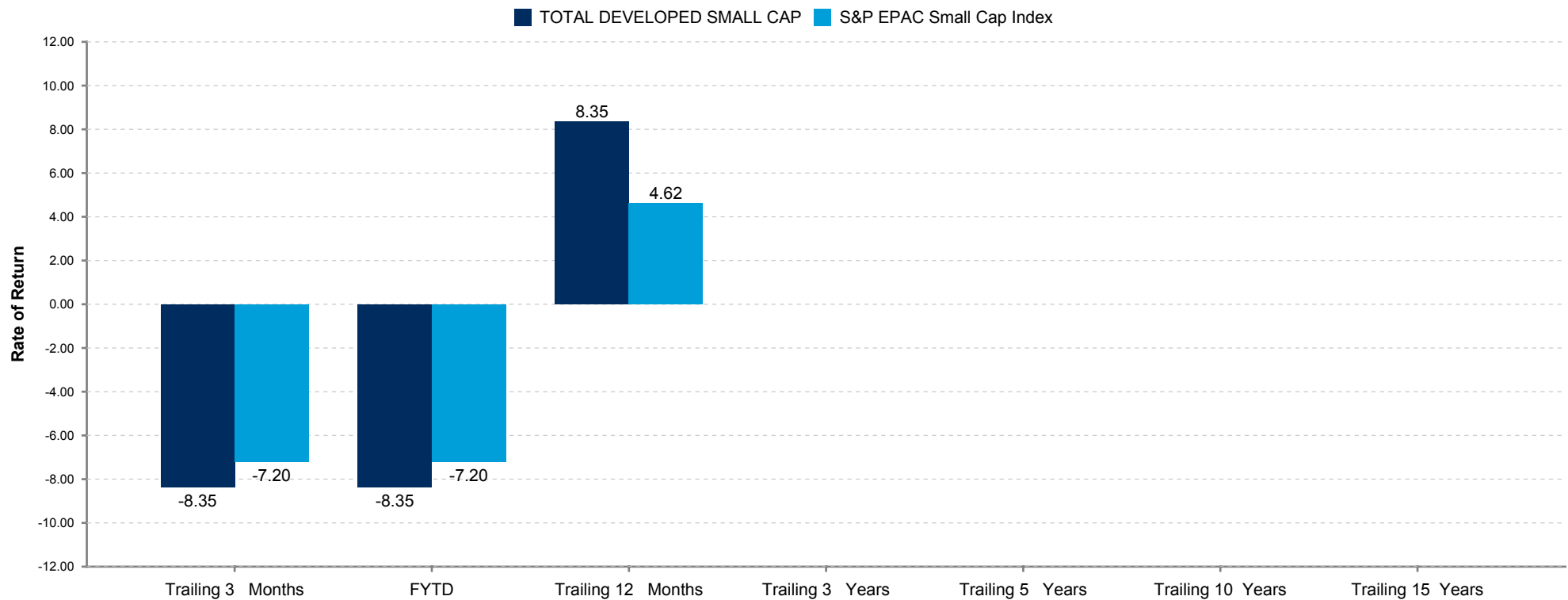
	Plan 3 Years	Benchmark 3 Years	Plan 5 Years	Benchmark 5 Years	Plan 10 Years	Benchmark 10 Years
Standard Deviation						
TOTAL DEVELOPED VALUE	12.8	15.2	15.2	17.6	16.7	19.4

Developed Small Cap Returns vs S&P EPAC Small Cap Index: September 30, 2014



STATE STREET

	<u>Market Value (Millions)</u>	<u>% of Plan</u>
TOTAL DEVELOPED SMALL CAP	\$79.3	1.9



	Plan 3 Years	Benchmark 3 Years	Plan 5 Years	Benchmark 5 Years	Plan 10 Years	Benchmark 10 Years
Standard Deviation						
TOTAL DEVELOPED SMALL CAP						

Emerging Markets Returns vs MSCI Emerging Markets Index: September 30, 2014



STATE STREET

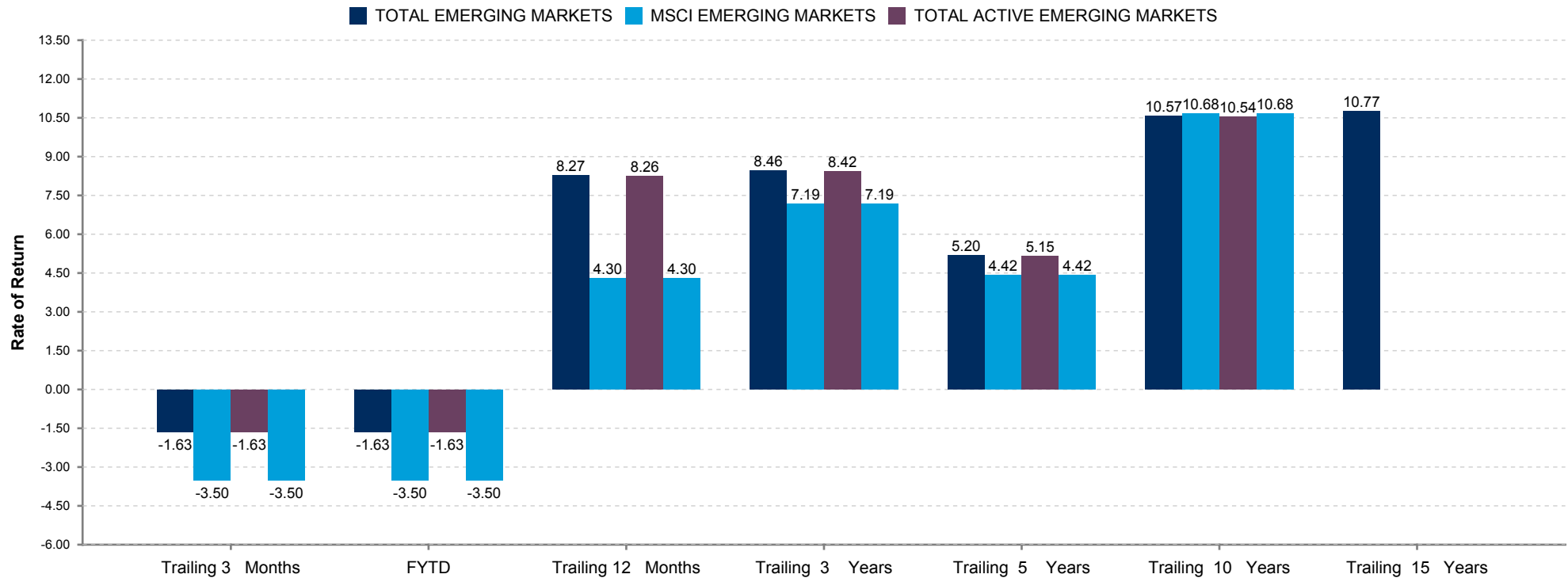
TOTAL EMERGING MARKETS

Market Value (Millions)

\$216.1

% of Plan

5.2



	Plan 3 Years	Benchmark 3 Years	Plan 5 Years	Benchmark 5 Years	Plan 10 Years	Benchmark 10 Years
Standard Deviation						
TOTAL EMERGING MARKETS	16.9	17.2	19.0	18.5	23.9	23.8
TOTAL ACTIVE EMERGING MARKETS	16.9	17.2	19.1	18.5	23.9	23.8



New York City
Board of Education Retirement System

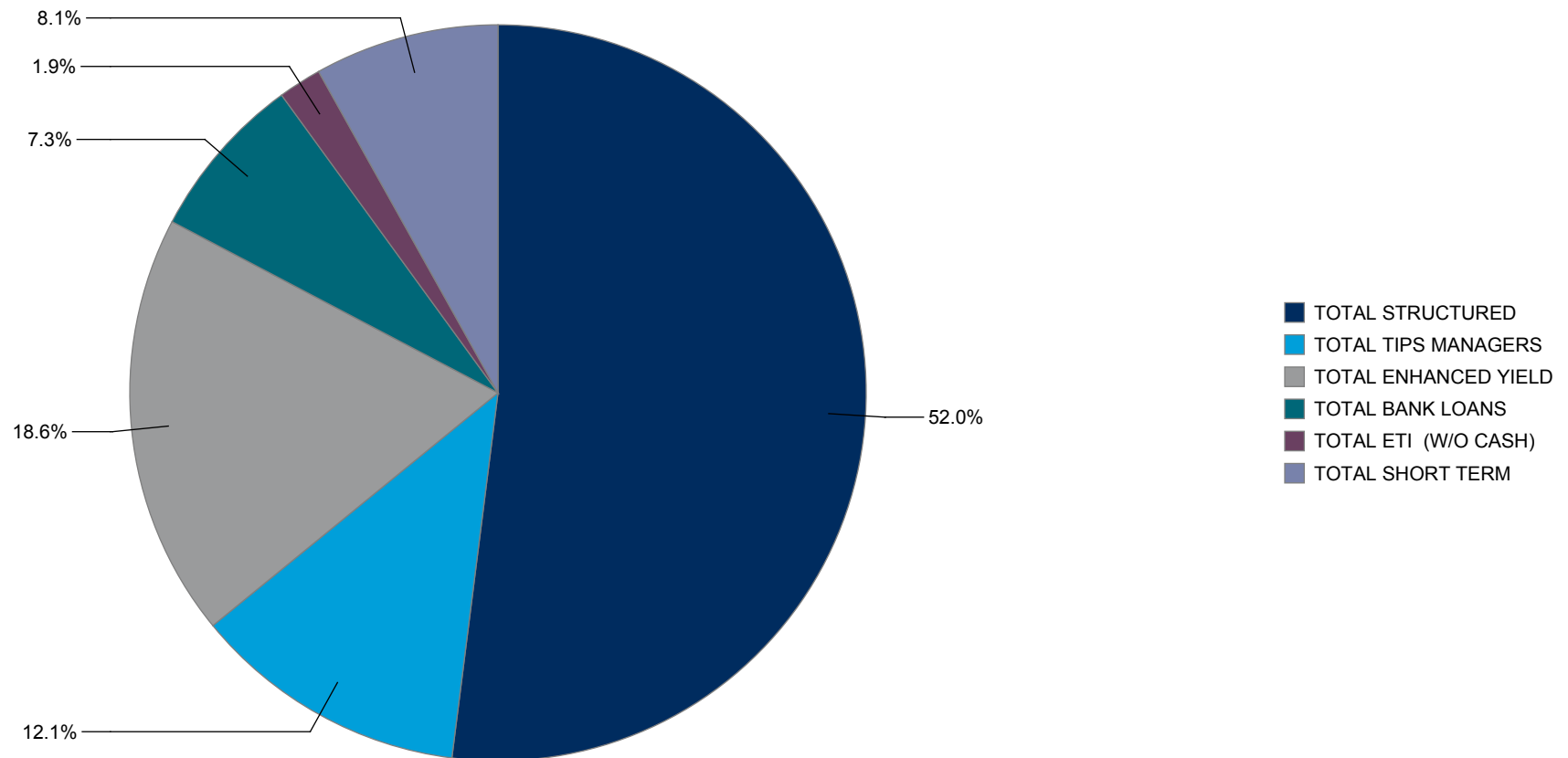
Fixed Income Analysis

Total Fixed Income Asset Allocation: September 30, 2014



STATE STREET.

	<u>Market Value (Billions)</u>	<u>% of Plan</u>
TOTAL FIXED INCOME	\$1.1	27.7

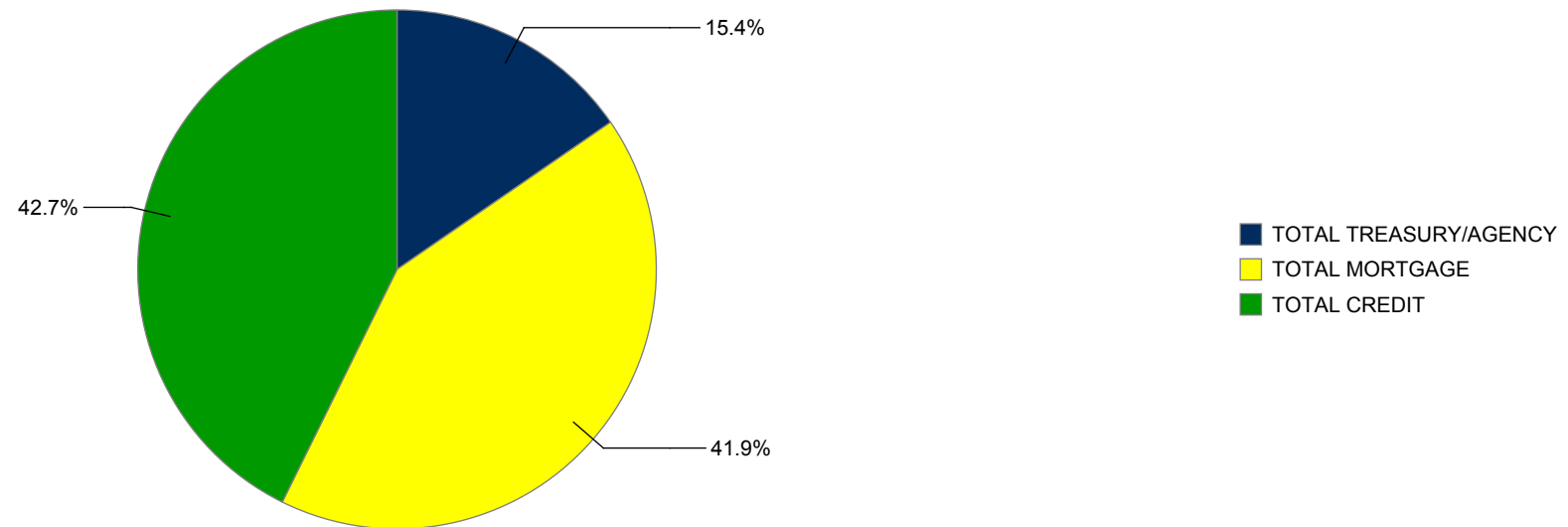


Structured Fixed Income Asset Allocation: September 30, 2014



STATE STREET.

	<u>Market Value (Millions)</u>	<u>% of Plan</u>
TOTAL STRUCTURED	\$595.7	14.4



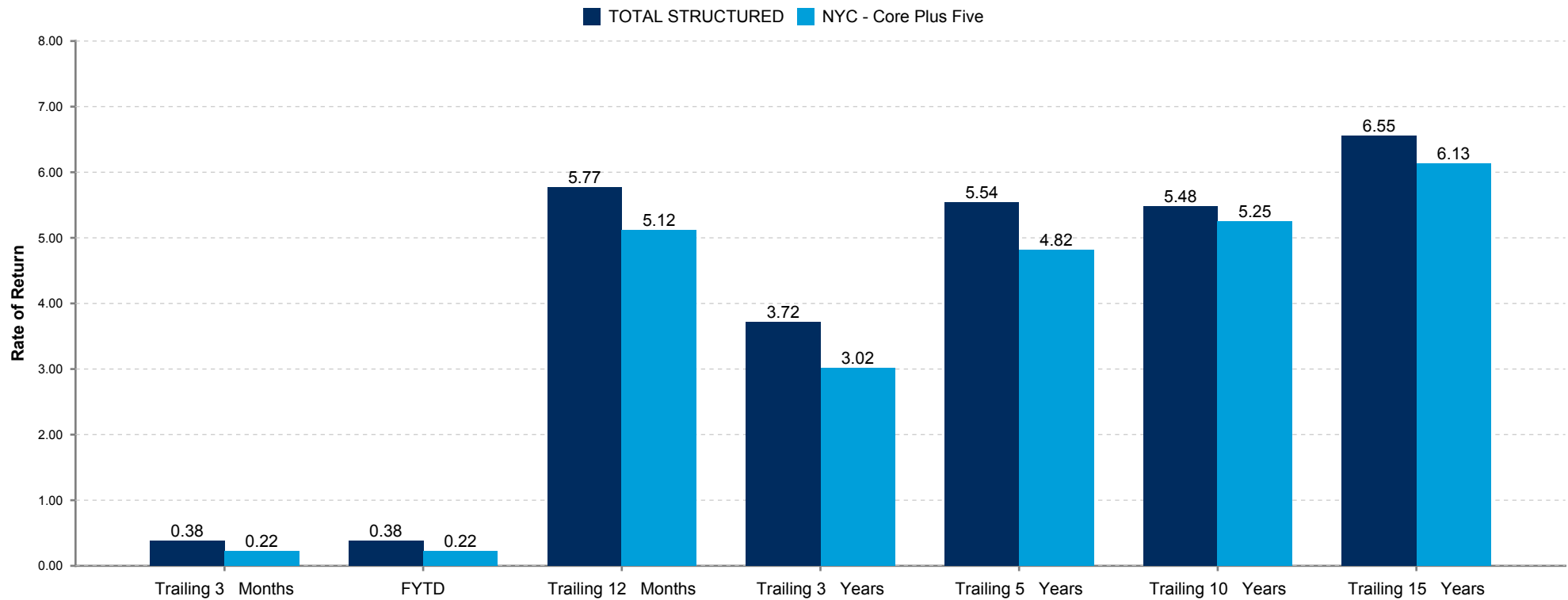
Sub Sector	Policy Weight	Actual Weight	Under/Over Weight	Index Return	Actual Return	Difference
TOTAL TREASURY/AGENCY	19.08	15.45	-3.63	1.02	1.06	0.04
TOTAL MORTGAGE	37.78	41.89	4.11	0.18	0.36	0.18
TOTAL INV GRADE CREDIT	43.15	42.67	-0.48	-0.07	0.16	0.23

Structured Returns vs NYC Core + 5 Index: September 30, 2014



STATE STREET

	<u>Market Value (Millions)</u>	<u>% of Plan</u>
TOTAL STRUCTURED	\$595.7	14.4



	Plan 3 Years	Benchmark 3 Years	Plan 5 Years	Benchmark 5 Years	Plan 10 Years	Benchmark 10 Years
Standard Deviation						
TOTAL STRUCTURED	3.3	3.4	3.3	3.5	3.8	4.0

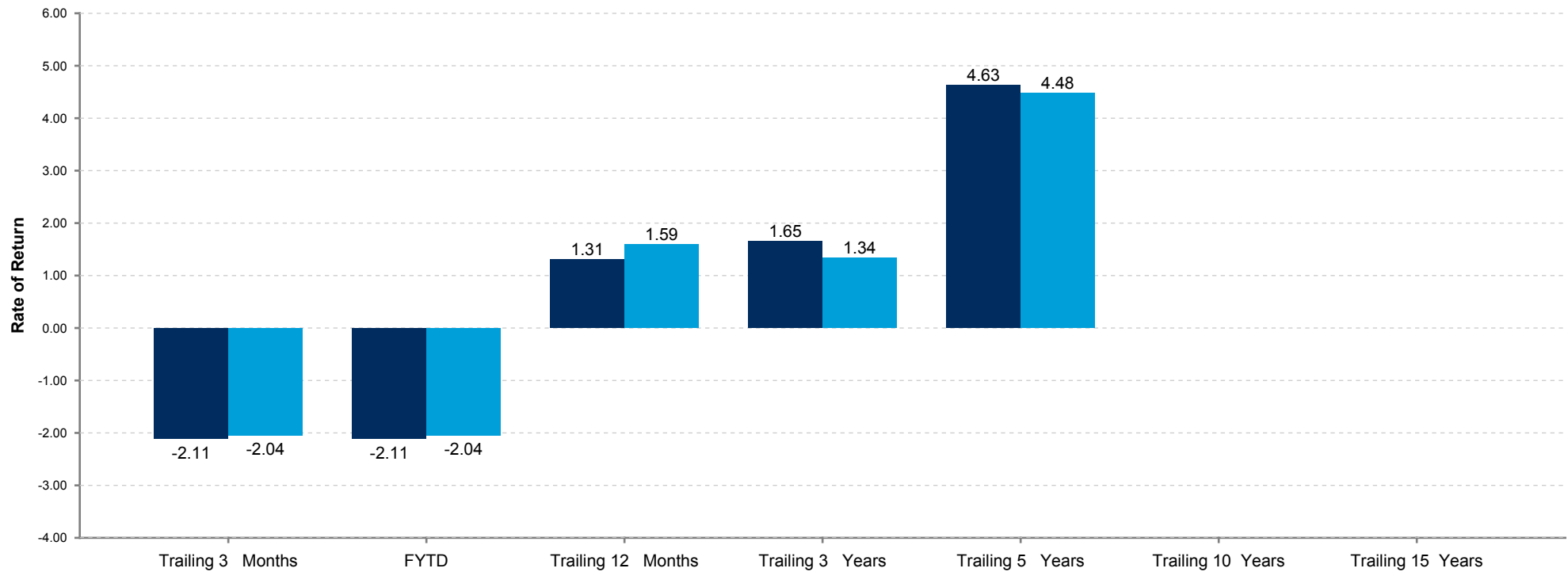
TIPS Returns vs Barclays Global Inflation Linked US TIPS Index: September 30, 2014



STATE STREET

	<u>Market Value (Millions)</u>	<u>% of Plan</u>
TOTAL TIPS MANAGERS	\$138.3	3.3

■ TOTAL TIPS MANAGERS ■ Barclays Global Inflation Linked: US TIPS (Daily)



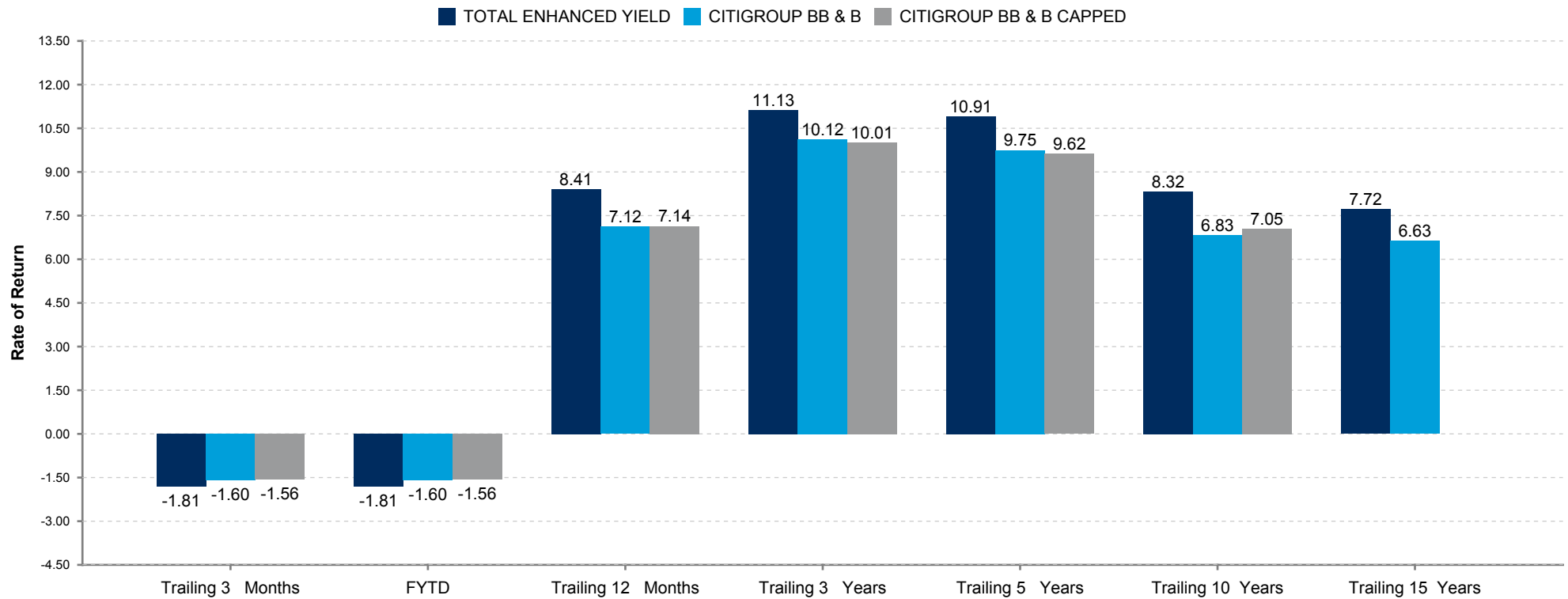
	Plan 3 Years	Benchmark 3 Years	Plan 5 Years	Benchmark 5 Years	Plan 10 Years	Benchmark 10 Years
TOTAL TIPS MANAGERS	5.4	5.3	5.3	5.3		

Enhanced Yield Returns vs Benchmarks: September 30, 2014



STATE STREET

	Market Value (Millions)	% of Plan
TOTAL ENHANCED YIELD	\$212.7	5.1



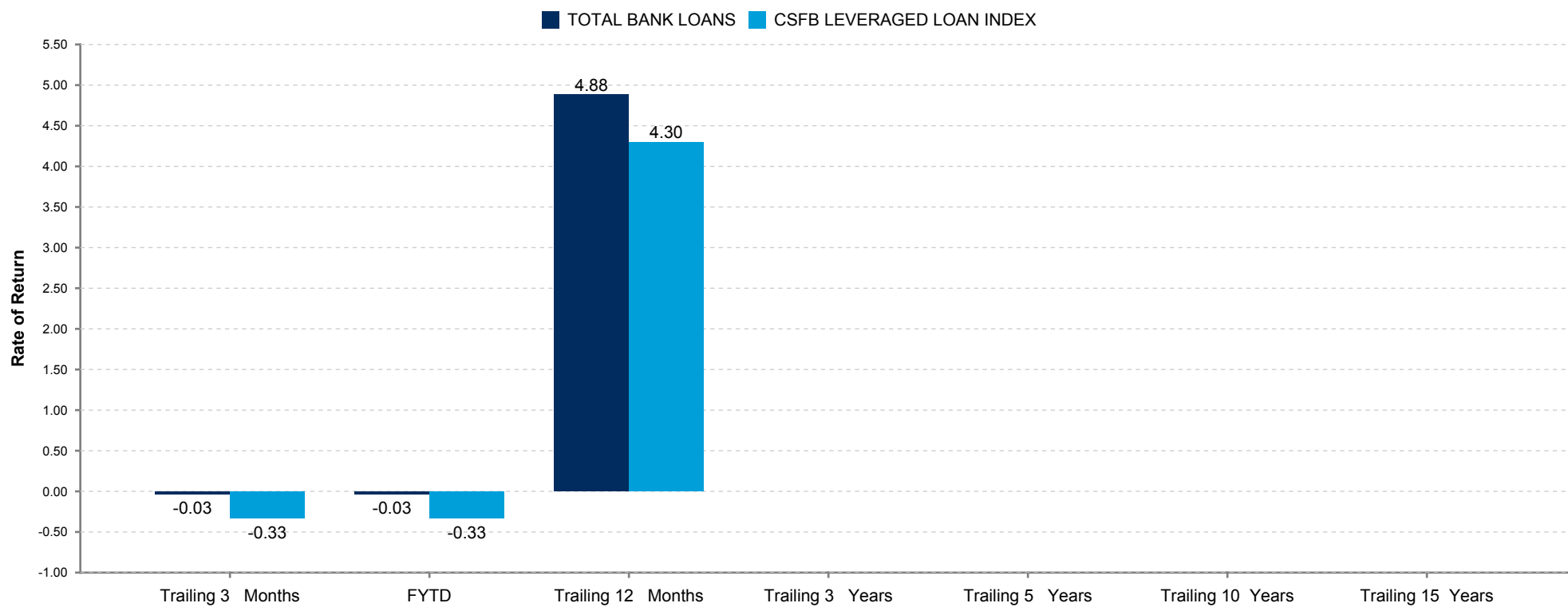
	Plan 3 Years	Benchmark 3 Years	Plan 5 Years	Benchmark 5 Years	Plan 10 Years	Benchmark 10 Years
TOTAL ENHANCED YIELD	11.1	5.2	5.9	5.6	8.7	8.9

Bank Loan Returns vs CSFB Leveraged Loan Index: September 30, 2014



STATE STREET

	<u>Market Value (Millions)</u>	<u>% of Plan</u>
TOTAL BANK LOANS	\$83.2	2.0



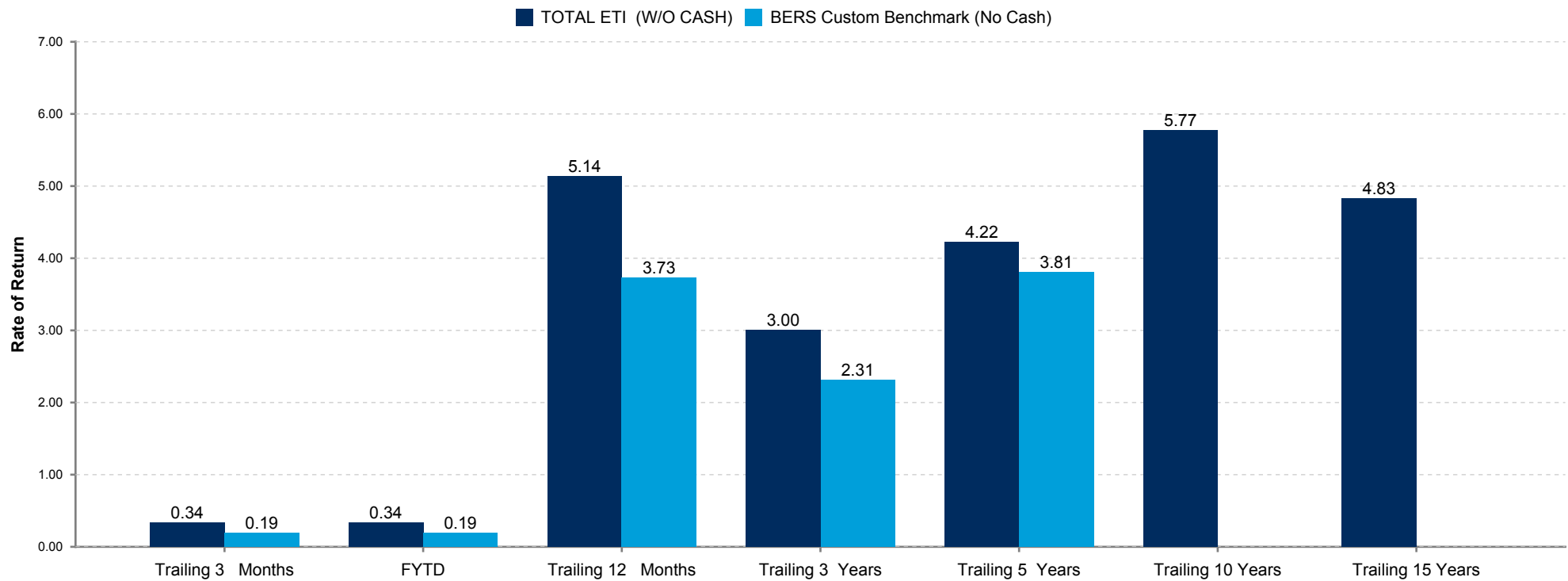
	Plan 3 Years	Benchmark 3 Years	Plan 5 Years	Benchmark 5 Years	Plan 10 Years	Benchmark 10 Years
TOTAL BANK LOANS						

ETI Returns vs Custom Index: September 30, 2014



STATE STREET.

	Market Value (Millions)	% of Plan
TOTAL ETI (W/O CASH)	\$21.5	0.5



	Plan 3 Years	Benchmark 3 Years	Plan 5 Years	Benchmark 5 Years	Plan 10 Years	Benchmark 10 Years
Standard Deviation						
TOTAL ETI (W/O CASH)	2.4	2.4	2.4	2.5	2.8	



**New York City
Board of Education Retirement System**

Appendix

Consolidated Performance Report

Through September 30, 2014



STATE STREET

	Assets (\$MM)	% of Total	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	15 Year
EQUITY MANAGEMENT									
SMALL CAP									
DARUMA -SCC	30.7	0.74	(8.23)	(7.51)	0.32	21.12			
TOTAL SMALL CAP CORE	30.7	0.74	(8.23)	(7.51)	0.32	21.12			
RUSSELL 2000			(7.36)	(4.41)	3.93	21.26	14.29	8.19	7.93
TOTAL SMALL CAP ACTIVE	30.7	0.74	(8.23)	(7.51)	0.32	21.12	13.25	6.56	
RUSSELL 2000			(7.36)	(4.41)	3.93	21.26	14.29	8.19	7.93
Blackrock R2000 Growth MTA	51.5	1.25	(6.12)	(4.03)	4.15				
RUSSELL 2000 GROWTH			(6.13)	(4.05)	3.79	21.91	15.51	9.03	5.69
Blackrock R2000 Value MTA	48.8	1.18	(8.56)	(4.70)	4.26				
RUSSELL 2000 VALUE			(8.58)	(4.74)	4.13	20.61	13.02	7.25	9.68
TOTAL SMALL CAP PASSIVE	100.3	2.43	(7.33)	(4.35)	4.21				
TOTAL SMALL CAP	131.0	3.17	(7.54)	(5.11)	3.27	22.21	13.86	6.85	
RUSSELL 2000			(7.36)	(4.41)	3.93	21.26	14.29	8.19	7.93
MID CAP									
WELLINGTON MID CAP CORE	128.4	3.11	(4.38)	6.19	16.16	25.80			
TOTAL MID CAP CORE	128.4	3.11	(4.38)	6.19	16.16	25.80			
S&P 400 MID CAP INDEX			(3.98)	3.22	11.82	22.43	16.37	10.29	10.36
State St GA S&P 400	74.1	1.79	(3.96)	3.22	11.80	22.40			
TOTAL MID CAP PASSIVE	74.1	1.79	(3.96)	3.22	11.80	22.40			
S&P MIDCAP 400			(3.98)	3.22	11.82	22.43	16.37	10.29	10.36

Consolidated Performance Report

Through September 30, 2014



STATE STREET

	Assets (\$MM)	% of Total	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	15 Year
TOTAL MID CAP	202.6	4.90	(4.23)	5.09	14.53	24.52			
RUSSELL MIDCAP			(1.66)	6.87	15.83	23.79	17.19	10.34	9.64
RUSSELL 1000									
Blackrock R1000 Growth MTA	655.9	15.87	1.49	7.83	19.20				
RUSSELL 1000 GROWTH			1.49	7.89	19.15	22.45	16.50	8.94	3.42
Blackrock R1000 Value MTA	634.1	15.35	(0.20)	8.04	18.79				
RUSSELL 1000 VALUE			(0.19)	8.07	18.89	23.93	15.26	7.84	6.65
TOTAL RUSSELL 1000 PASSIVE	1,290.0	31.22	0.65	7.94	19.00				
TOTAL RUSSELL 1000	1,290.0	31.22	0.65	7.75	18.49	30.74	19.77	11.05	5.40
RUSSELL 1000			0.65	7.97	19.01	23.23	15.90	8.46	5.33
PROGRESS MANAGERS									
AFFINITY IA	10.7	0.26	0.10	8.51	21.59				
JOHN HSU -LCC	12.0	0.29	(0.21)	3.42	15.60	20.29	13.95	9.78	5.51
HERNDON CAPITAL MGMT-LCV	13.1	0.32	(0.09)	4.44	17.35	20.46	15.30		
HIGH POINTE LLC -LCG	5.6	0.14	1.03	8.45	21.58	23.22			
Lombardia Cap Ptnrs LLC - Small Value	3.7	0.09	(8.62)	(5.13)	3.16	20.64	14.02		
Nichols Asset Mgmt - SCG	2.8	0.07	(5.60)	(7.26)	3.49	22.52			
REDWOOD INV -LCG	13.2	0.32	1.42	9.10	21.62	23.50			
SEIZART CAPITAL - MCC	14.7	0.36	(3.49)	2.78	14.35	28.04			
TOTAL PROGRESS MANAGERS	75.7	1.83	(1.08)	4.56	16.70	23.03	15.35	8.80	6.11
RUSSELL 3000			0.01	6.95	17.76	23.08	15.78	8.44	5.51
F.I.S. MANAGERS									
Channing Cap Mgmt - SCV	15.9	0.38	(7.04)	(2.39)	6.14	24.48			

Consolidated Performance Report

Through September 30, 2014



STATE STREET

	Assets (\$MM)	% of Total	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	15 Year
EUDAIMONIA -MICRO CG	4.2	0.10	(6.05)	(11.57)	(3.69)	23.00	14.55		
Huber Cap Mgmt - SCV	4.0	0.10	(10.50)	(7.99)	1.50	25.75			
NICHOLS ASSET MGMT - SCG	10.7	0.26	(5.59)	(7.20)	3.50				
Nicholas Investment Partners - SCG	7.6	0.18	(6.20)	(6.90)	0.05				
Piermont Capital - SCV	12.9	0.31	(6.10)	(2.56)	8.33				
Punch & Associates Inv Mgmt - SCC	8.4	0.20	(7.45)	(7.46)	1.92				
Rice Hall James	7.9	0.19	(1.60)						
TOTAL F.I.S MANAGERS	71.7	1.73	(6.19)	(5.39)	3.13	22.57	15.22		
RUSSELL 2000			(7.36)	(4.41)	3.93	21.26	14.29	8.19	7.93
TOTAL EMERGING MANAGERS	147.4	3.57	(3.63)	(0.53)	9.68	22.45	15.06	8.53	
RUSSELL 3000			0.01	6.95	17.76	23.08	15.78	8.44	5.51
TOTAL ACTIVE DOMESTIC EQUITY	306.6	7.42	(4.43)	1.02	10.02	24.03	15.62	8.75	4.33
RUSSELL 2000			(7.36)	(4.41)	3.93	21.26	14.29	8.19	7.93
TOTAL PASSIVE DOMESTIC EQUITY	1,464.4	35.44	(0.18)	6.74	17.46	23.04	15.69	8.39	5.87
TOTAL DOMESTIC EQUITY	1,771.0	42.86	(0.87)	5.73	16.08	23.35	15.66	8.49	5.60
RUSSELL 3000			0.01	6.95	17.76	23.08	15.78	8.44	5.51
INTERNATIONAL EQUITY									
DEVELOPED MARKETS									
GROWTH									
Baillie Gifford	332.4	8.04	(6.20)	(5.59)	1.45	15.52	9.50		
TOTAL DEVELOPED GROWTH	332.4	8.04	(6.20)	(5.59)	1.45	15.52	9.50		
MSCI EAFE GROWTH			(5.55)	(2.19)	2.85	13.33	7.56	6.65	2.84

Consolidated Performance Report

Through September 30, 2014



STATE STREET

	Assets (\$MM)	% of Total	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	15 Year
VALUE									
Sprucegrove	304.2	7.36	(5.71)	0.31	5.04	13.03	8.42	7.50	
TOTAL DEVELOPED VALUE	304.2	7.36	(5.71)	0.31	5.04	13.03	8.42	7.50	
MSCI EAFE VALUE			(6.20)	(0.57)	5.65	13.91	5.52	5.92	4.76
SMALL CAP									
Acadian	79.3	1.92	(8.35)	(0.16)	8.35				
TOTAL DEVELOPED SMALL CAP	79.3	1.92	(8.35)	(0.16)	8.35				
S&P EPAC SMALL CAP			(7.20)	(1.23)	4.62	15.27	9.12	8.80	7.45
TOTAL ACTIVE DEVELOPED MARKETS	716.0	17.33	(6.23)	(2.57)	3.69	14.70	9.19	8.83	5.63
TOTAL DEVELOPED MARKETS	716.0	17.33	(6.23)	(2.57)	3.69	14.70	9.19	8.83	5.58
MSCI EAFE NET			(5.88)	(1.38)	4.25	13.65	6.56	6.32	3.87
EMERGING MARKETS									
Acadian	216.1	5.23	(1.63)	6.93	8.26				
TOTAL ACTIVE EMERGING MARKETS	216.1	5.23	(1.63)	6.93	8.26	8.42	5.15	10.54	
MSCI EMERGING MARKETS			(3.50)	2.43	4.30	7.19	4.42	10.68	
TOTAL EMERGING MARKETS	216.1	5.23	(1.63)	6.93	8.27	8.46	5.20	10.57	10.77
MSCI EMERGING MARKETS			(3.50)	2.43	4.30	7.19	4.42	10.68	
TOTAL INTERNATIONAL EQUITY	932.0	22.56	(5.28)	(0.68)	4.64	13.47	8.39	9.15	6.40
MSCI AC WORLD ex US			(5.27)	0.00	4.77	11.79	6.03	7.06	
PRIVATE EQUITY INVESTMENTS									
Apollo Investment Fund VIII	1.6	0.04							
Ardian Secondary VI	3.5	0.08							
Carlyle Partners VI, L.P.	5.9	0.14							

Consolidated Performance Report

Through September 30, 2014



STATE STREET.

	Assets (\$MM)	% of Total	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	15 Year
CVC Capital Partners VI	1.4	0.03							
Landmark Equity Partners XV	5.2	0.12							
LEXINGTON CAP VIII	0.3	0.01							
Mesirow Financial Private Equity Fnd III	48.8	1.18							
Mesirow Financial Private Equity Fund IV	22.3	0.54							
Mesirow Financial Private Equity Fund V	31.3	0.76							
New York Fairview Private Equity, L.P.	12.2	0.30							
Platinum Equity Capital Partners III, LP	3.7	0.09							
VISTA EQUITY V	0.6	0.02							
Warburg Pincus Private Equity XI, LP	13.5	0.33							
TOTAL PRIVATE EQUITY	150.3	3.64							
NYC R3000 +3% Lagged									

REAL ASSETS

PRIVATE REAL ESTATE

Blackstone Europe IV	9.7	0.24							
Brookfield Strategic Real Estate Partners L.P.	6.0	0.15							
CARLYLE REALTY FUND VII	0.0	0.00							
Emmes Interborough Fund LLC	3.8	0.09							
Franklin Templeton Private Real Estate Fund	16.7	0.40							
Hudson Sandy Manager, LLC	1.2	0.03							
LaSalle US Property Fund	27.3	0.66							
METLIFE CORE PROPERTY	2.9	0.07							
Related Sep Acct	4.9	0.12							
UBS Trumbull Property Fund LP	57.9	1.40							
TOTAL PRIVATE REAL ESTATE	130.4	3.16							
NCREIF NFI-ODCE NET + 1%									

Consolidated Performance Report

Through September 30, 2014



STATE STREET.

	Assets (\$MM)	% of Total	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	15 Year
INFRASTRUCTURE									
Brookfield Infrastructure Fund II	3.8	0.09							
TOTAL INFRASTRUCTURE	3.8	0.09							
CPI + 4%									
TOTAL REAL ASSETS	134.1	3.25							
TOTAL EQUITY (INCLUDES PRIVATE EQUITY & REAL ASSETS)	2,987.5	72.30	(1.88)	4.36	12.48	19.10	13.04	8.56	5.73
FIXED INCOME MANAGEMENT									
GOVERNMENT									
State Street - Gov't	92.0	2.23	1.06	7.48	5.67	1.61	5.37	5.87	6.89
TOTAL TREASURY / AGENCY	92.0	2.23	1.06	7.48	5.67	1.61	5.37	5.77	6.78
NYC - TREASURY AGENCY PLUS FIVE			1.02	7.59	5.45	1.61	5.37	5.76	6.80
MORTGAGE									
PIMCO - Mortgage	249.5	6.04	0.36	4.48	3.98	2.66	4.43	5.18	6.06
TOTAL MORTGAGE	249.5	6.04	0.36	4.48	3.98	2.66	4.43	5.18	6.06
CITIGROUP MORTGAGE INDEX			0.18	4.25	3.68	2.05	3.51	4.73	5.48
CREDIT									
Prudential - Credit	135.5	3.28	0.03	5.58	6.71	5.22	6.28		
Prudential-Privest - Credit	15.8	0.38	0.79	5.28	5.14				
Taplin Canida Habacht Credit	102.8	2.49	0.22	7.35	9.23	6.49	7.56	5.60	6.95
TOTAL INVESTMENT GRADE CREDIT	254.1	6.15	0.16	6.27	7.61	5.76	6.82	5.31	6.82
NYC - INVESTMENT GRADE CREDIT			(0.07)	5.32	6.29	4.82	5.93	5.25	6.26

Consolidated Performance Report

Through September 30, 2014



STATE STREET

	Assets (\$MM)	% of Total	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	15 Year
TOTAL STRUCTURED	595.7	14.42	0.38	5.70	5.77	3.72	5.54	5.48	6.55
NYC - CORE PLUS FIVE			0.22	5.32	5.12	3.02	4.82	5.25	6.13
TIPS MANAGERS									
PIMCO TIPS - MTA	138.3	3.35	(2.11)	3.60	1.31	1.65	4.63		
TOTAL ACTIVE TIPS MANAGERS	138.3	3.35	(2.11)	3.60	1.31	1.65	4.63		
BARCLAYS CAPITAL US TIPS INDEX			(2.04)	3.67	1.59	1.34	4.48	4.64	6.49
ENHANCED YIELD									
LOOMIS SAYLES & CO	116.1	2.81	(1.76)	5.46	9.05	12.55	12.27	9.51	9.29
NYC-LOOMIS (BofA ML-MST II 7-03/BB&B PRIOR)			(1.92)	3.61	7.23	10.95	10.40	8.20	7.60
SHENKMAN ENHANCED YIELD	96.6	2.34	(1.87)	2.80	7.64				
TOTAL ENHANCED YIELD	212.7	5.15	(1.81)	4.23	8.41	11.13	10.91	8.32	7.72
CITIGROUP BB & B			(1.60)	3.62	7.12	10.12	9.75	6.83	6.63
CITIGROUP BB & B CAPPED			(1.56)	3.64	7.14	10.01	9.62	7.05	
BANK LOANS									
Babson BL	83.2	2.01	(0.03)	2.49	4.88				
TOTAL BANK LOANS	83.2	2.01	(0.03)	2.49	4.88				
CREDIT SUISSE LEVERAGED LOAN INDEX			(0.33)	2.43	4.30	6.92	6.67	4.90	
ETI									
BOA - PPAR ETI MTA (FNMA)	0.1	0.00	1.59	11.53					
CCD - PPAR (GNMA)	0.3	0.01	1.33	11.30	12.49	10.95	10.08		
CCD - PPAR ETI MTA (FNMA)	0.4	0.01	1.55	11.02					
CFSB - PPAR (GNMA)	0.1	0.00	1.43	11.11	11.71	8.24	8.34		
CPC - PPAR (FNMA)	0.4	0.01	(0.08)	11.04	20.63				
JPMC - PPAR (FNMA)	0.2	0.01	1.58	10.80	13.92				

Consolidated Performance Report



STATE STREET.

Through September 30, 2014

	Assets (\$MM)	% of Total	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	15 Year
LIIF - PPAR (GNMA)	0.2	0.00	0.62	7.55	8.94	7.81	6.77		
LIIF - PPAR ETI MTA (FNMA)	0.3	0.01	8.05	36.38					
NCBCI - PPAR (GNMA)	0.1	0.00	1.58	11.72	15.59	12.26	9.62		
NCB-CI PPAR ETI MTA (FNMA)	0.0	0.00	1.28	10.83					
TOTAL PPAR	2.2	0.05	1.91	12.54	15.59	10.92	9.33		
GNMA Plus 65bps			0.30	4.79	4.39	2.49	4.47	5.44	6.16
FNMA Plus 85bps			0.37	4.86	4.42	2.97	4.33	5.61	6.38
Access RBC	6.9	0.17	0.39	4.84	3.91	2.75	3.89		
Access RBC Benchmark			0.13	3.46	2.89	1.69	3.22		
AFL-CIO Hsg Inv Trust	12.0	0.29	0.11	4.31	4.41	2.53	4.00		
Barclays Aggregate			0.17	4.10	3.96	2.43	4.12	4.62	5.57
CPC CONST FACILITY	0.3	0.01							
CPC CONST BENCHMARK									
TOTAL ETI (W/O CASH)	21.5	0.52	0.34	5.06	5.14	3.00	4.22	5.77	4.83
BERS CUSTOM ETI INDEX			0.19	3.95	3.73	2.31	3.81		
TOTAL FIXED INCOME	1,051.4	25.44	(0.44)	4.81	5.56	4.92	6.56	6.01	
C/D - Fail Float Earnings	0.1	0.00							
Security Lendings	0.0	0.00							
State Street Short Term	93.2	2.25	0.02	0.11	0.16	0.36	0.45	2.27	
TOTAL BOARD OF EDUCATION	4,132.1	100.00	(1.49)	4.43	10.52	14.31	10.86	7.82	6.22
Board of Education Policy Benchmark			(1.05)	5.09	11.07	14.80	10.78	7.56	5.87

Actual and Estimated Fees

Through September 30, 2014



STATE STREET.

NEW YORK CITY BERS RETIREMENT SYSTEMS					
ACTUAL FEES FOR FISCAL YEAR ENDING JUNE 30, 2013 AND ESTIMATED FEES FOR FY 2014 UPDATED THROUGH SEPTEMBER 2013					
		Actual 2013		Estimates 2014	
INVESTMENT STYLE (EQUITIES)		MARKET VALUE 06-30-2013 (\$MM)	BASIS POINTS	MARKET VALUE 09-30-2013 (\$MM)	BASIS POINTS
US Equities		1,583	10.16	1,597	12.72
Small Cap Active		28	53.13	31	58.22
Small Cap Growth		-	-	-	-
Small Cap Value		-	-	-	-
Small Cap core		28	53.13	31	58.22
Small Cap Fundamental Index		-	-	-	-
Small/Mid Cap Active		-	-	-	-
Small/Mid Cap Growth		-	-	-	-
Small/Mid Cap Value		-	-	-	-
Mid Cap Active		102	45.11	111	50.00
Mid Cap Growth		-	-	-	-
Mid Cap Value		-	-	-	-
Mid Cap core		102	45.11	111	50.00
Large Cap Active		160	14.34	74	22.19
Large Cap Growth		60	19.93	74	22.19
Large Cap Value		100	10.98	-	-
Large Cap Core		-	-	-	-
Large Cap Fundamental Index		-	-	-	-
Active Emerging Managers (U.S. Equities)		123	60.37	135	80.18
Total US Active Equities		411	38.26	350	56.47
Total US Passive Equities		1,172	0.30	1,247	0.43
Opportunistic / Environmental US E. Strategies		-	-	-	-
International Equities		765	21.90	868	27.35
Active EAFE Equities		608	23.79	690	24.79
Growth		280	28.28	328	25.90
Value		263	23.17	290	21.29
Core		-	-	-	-
Small Cap		64	6.72	73	33.70
Opportunistic/Environmental-Non US E. Strategies		-	-	-	-
Active Emerging Markets		131	15.78	177	37.30
Total Int'l Active Equities		739	22.37	868	27.35
Total Int'l Passive Equities		27	8.72	-	-
REITS Passive Index		-	-	-	-

Actual and Estimated Fees

Through September 30, 2014



STATE STREET.

NEW YORK CITY BERS RETIREMENT SYSTEMS					
ACTUAL FEES FOR FISCAL YEAR ENDING JUNE 30, 2013 AND					
ESTIMATED FEES FOR FY 2014 UPDATED THROUGH SEPTEMBER 2013					
		Actual 2013		Estimates 2014	
INVESTMENT STYLE (FIXED INCOME)		MARKET VALUE 06-30-2013 (\$MM)	BASIS POINTS	MARKET VALUE 09-30-2013 (\$MM)	BASIS POINTS
Fixed Income		1,021	15.05	1,051	15.17
Structured Program		560	9.80	563	7.90
Government Sector		88	5.16	87	5.00
Mortgage Sector		238	13.69	240	8.81
Investment Grade Credit Sector		235	7.57	236	8.04
Global Fixed Income		-	-	-	-
Progress Fixed Emerging Managers		-	-	-	-
TIPS		135	12.62	136	10.00
Active TIPS		135	12.62	136	10.00
Passive TIPS		-	-	-	-
Opportunistic Fixed Income		-	-	-	-
Enhanced Yield		193	27.86	198	33.95
Bank Loans		78	28.27	79	35.44
Convertible Bonds		-	-	-	-
ETI - Access - RBC		3	27.49	4	26.79
ETI - AFL-CIO HIT		11	42.67	11	44.00
Other ETI Programs		1	-	1	-
In-House Short Term		38	0.00	57	0.00
Total Public Markets		3,369	14.31	3,515	17.06
INVESTMENT STYLE (PRIVATE)					
Hedge Funds		-	-	-	-
Private Equity Investments *		105	146.80	114	148.60
Real Assets		29	127.65	37	150.42
Private Real Estate		29	127.65	36	114.34
Infrastructure**		-	-	1	86.88
Total Private Markets		134	142.66	151	149.04
Total Overall		3,503	19.23	3,666	22.48
* Private Equity Investments exclude GP CARRY					
** Included investment held for less than a full year; Basis Points shown represent average for the period.					

Securities Lending Income

Through September 30, 2014



STATE STREET.

NYC BOARD OF EDUCATION RETIREMENT SYSTEM SECURITIES LENDING INCOME September 30, 2014

	<u>U.S. FIXED INCOME</u>	<u>U.S. EQUITY</u>	<u>INTERNATIONAL EQUITY</u>	
1989*	\$70,000	--	--	
1990	79,000	--	--	
1991	111,000	--	--	
1992	122,000	\$11,000	--	
1993	79,000	32,000	\$15,000	
1994	93,000	77,000	20,000	
1995	112,000	93,000	12,000	
1996	99,000	76,000	27,000	
1997	101,000	126,000	40,000	
1998	111,000	170,000	60,000	
1999	159,000	263,000	100,000	
2000	193,000	310,000	97,000	
2001	295,000	208,000	159,000	
2002	209,000	143,000	152,000	
2003	153,000	158,000	195,000	
2004	226,000	255,000	174,000	
2005	384,000	479,000	217,000	
2006	303,000	734,000	246,000	
2007	593,000	1,208,000	272,000	
2008	2,514,000	2,266,000	451,000	
2009	698,000	1,416,000	367,000	
2010	246,000	729,000	326,000	
2011	340,000	943,000	599,000	
2012	516,000	1,144,000	495,000	
2013	349,000	1,325,000	446,000	
2014 (9 Months)	215,000	381,000	906,000	
Since Inception	<u>\$8,370,000</u>	<u>\$12,547,000</u>	<u>\$5,376,000</u>	*Inception 4/89

Through September 30, 2014



- The Barclays Capital Aggregate (then known as the Lehman Brothers Aggregate) was used prior to 1/1/89. Effective 1/1/89, in the Government Sector, maturities of less than 5 years were dropped from the Salomon and Lehman indices. From that date until 7/1/99 the benchmark was the NYC Core + 5, from Lehman.
- Effective 7/1/94, the NYC Core + 5 Index includes BBB rated securities.
- Effective 7/1/99, the basis of the NYC Index was changed from Lehman Brothers to Salomon. Also effective 7/1/99, only Salomon indices have been used to compare all fixed income managers.
- Effective 4/1/03, the name of the benchmark provider was changed from Salomon to Citigroup.
- Effective 7/1/03, the “NYC-Loomis” benchmark index for the Loomis Sayles Enhanced Yield portfolio reflects a change from the Citigroup BB&B Index to the more appropriate BofA Merrill Lynch High Yield Master II Index.
- Effective 7/1/09, the Core+5 program was restructured.
 - The U.S. Gov’t sector benchmark Index was changed from the Citigroup Core+5 Treasury/Gov’t Sponsored Index to the Citigroup Core+5 Treasury/Agency Index.
 - The Corporate and Yankee sectors were combined to form the new Investment Grade Credit sector. The benchmark for the new combined sector is the customized Citigroup Credit Index. For historical performance purposes, the old Corporate sector Index is linked to the new Credit sector Index.
 - There were no changes to the Mortgage sector Index.
 - The total Core+5 results and benchmark returns combine the three sectors. Historical total Core+5 returns continue to include the old Corporate and Yankee sector returns.



General Notes

- All Returns are Gross of investment advisory fees unless otherwise indicated.

Page Specific

Page 14 - Portfolio Asset Allocation

- Rebalancing Ranges: the minimum and maximum weights that actual Asset Allocation may reach before rebalancing between Asset Classes is necessary.

Pages 16 - 18 - Performance Attribution: Total Plan

- Plan Return at Policy Weights: the return of the Total Plan assuming actual Asset Class results were maintained at target (Adjusted Policy) weights. *Figure = (Return of Asset Class 1 * Target Weight) plus (Return Of Asset Class 2 * Target Weight) plus (.....)*
- **Allocation Effect** = Total Plan Return minus Plan Return At Adjusted Policy Weights. Allocation is the Contribution to Performance resulting from an overweight or underweight to an asset class. E.g. an underweight to an Asset Class that under-performs results in a positive Allocation Effect and vice versa.
- **Selection Effect** = Equal to the Custom Benchmark (Adjusted Policy Index) Return minus Plan Return at Adjusted Policy Weights. This illustrates how the Managers have added or removed value based on their Security Selection decisions, e.g., *If the manager's Actual Returns are higher than the Implied Return there will be a positive Selection Effect.*
- **Policy Index = Custom Benchmark**

The "policy index" is a custom benchmark representing the weighted average return of the weighted benchmark indexes for each major investment program. Weights may reflect an adjustment of actual policy for outstanding commitments for new or revised programs, such as for private market programs, which are invested gradually, or for any new or updated program requiring the completion of RFPs and contracts. The policy index/custom benchmark is calculated monthly based on adjusted policy weights at the beginning of each month.

The indexes and most recent policy weights are as follows:

*U.S. Equity: Russell 3000 * 41.67%*

*International Developed (EAFE) Markets: MSCI EAFE * 17.00%*



*Emerging Markets: MSCI Emerging Markets * 5.00%*

*Private Equity: Russell 3000 + 300 b.p. per annum * 3.31%*

*Private Real Estate: NFI - ODCE Net+100BPS * 2.94%*

*Infrastructure: CPI + 4% * 0.07%*

*Domestic Fixed Income: NYC Core +5 * 17.00%*

*TIPS: Lehman U.S. TIPS * 5.00%*

*Enhanced Yield: Citigroup BB&B * 5.50%*

*Bank Loans: Credit Suisse Leveraged Loan * 2.50%*

Page 19 – Allocation and Selection Effects - Asset Class Breakdown

- This chart aims to break down the Allocation and Selection Effects shown on the Performance Attribution pages. The aim of the Page is to show the asset classes where Managers are either out performing or under performing their benchmark and to show the basis point effect that this is having on Plan performance.

Page 44 – ETI Returns vs Custom Index

- Targeted has implemented a Custom Benchmark to better track the performance of the individual Targeted programs relative to their respective benchmarks. The Custom Benchmark represents the weighted average return of the individual benchmark indexes for each program, updated monthly. The indexes are as follows:
- AFL-CIO Housing Inv Trust: Barclays Capital U.S. Aggregate Bond Index
- CPC Const Benchmark: 30 Day Libor + 275 bps per annum
- PPAR: Citigroup GNMA + 65 bps per annum
- Access/RBC: 60% Merrill Lynch 30 yr Mortgage Index and 40% Merrill Lynch US Treasury 1-10 yr Index