

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

---

Scott M. Stringer  
COMPTROLLER

## **NEW YORK CITY EMPLOYEES' RETIREMENT SYSTEM**

### **COMMON INVESTMENT MEETING**

**JUNE 15, 2016**

---

LOCATION:

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

# NEW YORK CITY EMPLOYEES' RETIREMENT SYSTEM

## (CIM) COMMON INVESTMENT MEETING

JUNE 15, 2016

### PUBLIC AGENDA MATERIALS

	<b>Page</b>
I. <u>Performance Reporting:</u>	
• Total Fund Performance Overview <b>(Material to be sent under separate cover)</b>	---
• ETI Quarterly Report – March 31, 2016	5
• Private Equity Quarterly Report – December 31, 2015	12
• Real Assets Quarterly Report – December 31, 2015	41

#### APPENDICES:

• Basket Clause	69
• Liquidity Analysis	71

**PUBLIC AGENDA MATERIALS:**

Performance Reporting:

- ETI Quarterly Report:

# NYCERS Pension Fund - Economically Targeted Investments Quarterly Report

6

## Public/Private Apartment Rehabilitation Program (PPAR)

Lenders*	BOA \$80.00 MM \$37.84 MM		CCD \$40.00 MM \$16.82 MM		CFSB \$10.00 MM \$2.90 MM		CPC \$290.00 MM \$178.23 MM		JPM \$145.00 MM \$73.71 MM		LIIF \$25.00 MM \$7.64 MM		NCBCI \$17.00 MM \$2.27 MM		NHS \$3.00 MM \$1.28 MM		WF \$70.00 MM \$0.00 MM		LISC \$12.00 MM \$0.00 MM		BE \$12.00 MM \$0.00 MM	
Contractual Commitment	Dollars	Units	Dollars	Units	Dollars	Units	Dollars	Units	Dollars	Units	Dollars	Units	Dollars	Units	Dollars	Units	Dollars	Units	Dollars	Units	Dollars	Units
Current Market Value	Dollars	Units	Dollars	Units	Dollars	Units	Dollars	Units	Dollars	Units	Dollars	Units	Dollars	Units	Dollars	Units	Dollars	Units	Dollars	Units	Dollars	Units
<b>Commitments 1Q 16</b> (included in total)																						
Bronx	\$0	0	\$0	0	\$0	0	\$5,104,500	333	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0
Brooklyn	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,010,284	74	0	0
Manhattan	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Queens	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Staten Island	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Outside of NYC	0	0	2,108,000	41	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>\$0</b>	<b>0</b>	<b>\$2,108,000</b>	<b>41</b>	<b>\$0</b>	<b>0</b>	<b>\$5,104,500</b>	<b>333</b>	<b>\$0</b>	<b>0</b>	<b>\$0</b>	<b>0</b>	<b>\$0</b>	<b>0</b>	<b>\$0</b>	<b>0</b>	<b>\$0</b>	<b>0</b>	<b>\$1,010,284</b>	<b>74</b>	<b>\$0</b>	<b>0</b>
<b>Delivered 1Q 16</b> (included in total)																						
Bronx	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0
Brooklyn	0	0	0	0	0	0	1,668,225	63	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Manhattan	0	0	0	0	0	0	75,143	4	0	0	1,414,479	124	0	0	0	0	0	0	0	0	0	0
Queens	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Staten Island	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Outside of NYC	0	0	0	0	0	0	1,363,250	97	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>\$0</b>	<b>0</b>	<b>\$0</b>	<b>0</b>	<b>\$0</b>	<b>0</b>	<b>\$3,106,618</b>	<b>164</b>	<b>\$0</b>	<b>0</b>	<b>\$1,414,479</b>	<b>124</b>	<b>\$0</b>	<b>0</b>	<b>\$0</b>	<b>0</b>	<b>\$0</b>	<b>0</b>	<b>\$0</b>	<b>0</b>	<b>\$0</b>	<b>0</b>
<b>Total Commitments</b>																						
Bronx	\$1,080,000	90	\$4,888,159	193	\$0	0	\$27,968,412	1,409	\$39,900,666	1,116	\$986,700	74	\$0	0	\$0	0	\$0	0	\$1,274,127	48	\$0	0
Brooklyn	13,458,175	400	5,768,118	161	0	0	19,025,683	870	2,681,280	127	4,184,388	251	0	0	0	0	0	0	1,010,284	74	2,478,796	359
Manhattan	6,048,000	100	0	0	0	0	29,645,332	1,252	6,924,311	214	5,982,995	306	0	0	0	0	16,892,460	203	2,252,832	90	0	0
Queens	1,620,000	54	0	0	0	0	10,880,580	406	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Staten Island	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,260,000	67	0	0	0	0
Outside of NYC	1,606,500	39	2,108,000	41	0	0	3,189,800	62	5,548,882	122	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>\$23,812,675</b>	<b>683</b>	<b>\$12,764,277</b>	<b>395</b>	<b>\$0</b>	<b>0</b>	<b>\$90,709,807</b>	<b>3,999</b>	<b>\$55,055,140</b>	<b>1,579</b>	<b>\$11,154,083</b>	<b>631</b>	<b>\$0</b>	<b>0</b>	<b>\$0</b>	<b>0</b>	<b>\$18,152,460</b>	<b>270</b>	<b>\$4,537,243</b>	<b>212</b>	<b>\$2,478,796</b>	<b>359</b>
<b>Historical Investments</b>																						
Bronx	\$18,313,893	1,276	\$6,124,800	452	\$0	0	\$106,826,782	6,945	\$53,238,654	1,964	\$527,001	43	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0
Brooklyn	1,909,395	88	3,962,323	252	0	0	117,160,809	4,701	24,884,184	700	2,684,121	245	0	0	660,425	7	0	0	0	0	0	0
Manhattan	1,189,310	48	3,701,658	283	3,223,614	197	91,090,431	5,065	46,387,877	1,481	4,174,384	246	1,995,989	123	504,891	15	0	0	0	0	0	0
Queens	13,553,136	239	800,000	54	0	0	20,757,831	793	16,091,260	687	0	0	0	0	0	0	0	0	0	0	0	0
Staten Island	0	0	0	0	0	0	260,000	8	1,282,000	35	0	0	0	0	0	0	0	0	0	0	0	0
Outside of NYC	0	0	0	0	0	0	12,786,670	385	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>\$34,965,734</b>	<b>1,651</b>	<b>\$14,588,781</b>	<b>1,041</b>	<b>\$3,223,614</b>	<b>197</b>	<b>\$348,882,523</b>	<b>17,897</b>	<b>\$141,883,975</b>	<b>4,867</b>	<b>\$7,385,506</b>	<b>534</b>	<b>\$1,995,989</b>	<b>123</b>	<b>\$1,165,316</b>	<b>22</b>	<b>\$0</b>	<b>0</b>	<b>\$0</b>	<b>0</b>	<b>\$0</b>	<b>0</b>

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

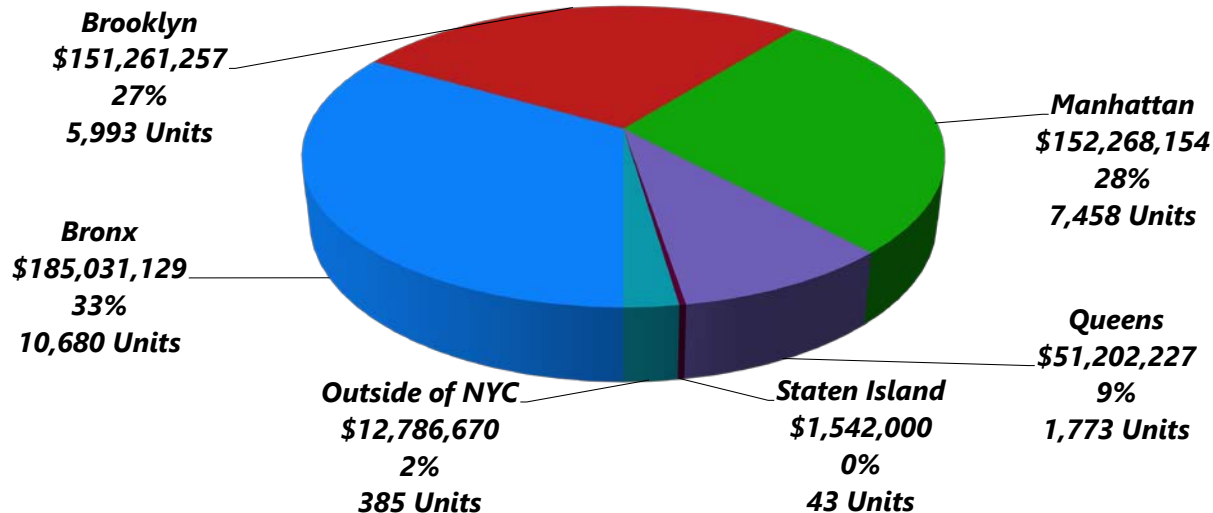
# NYCERS Pension Fund - Economically Targeted Investments Quarterly Report

7

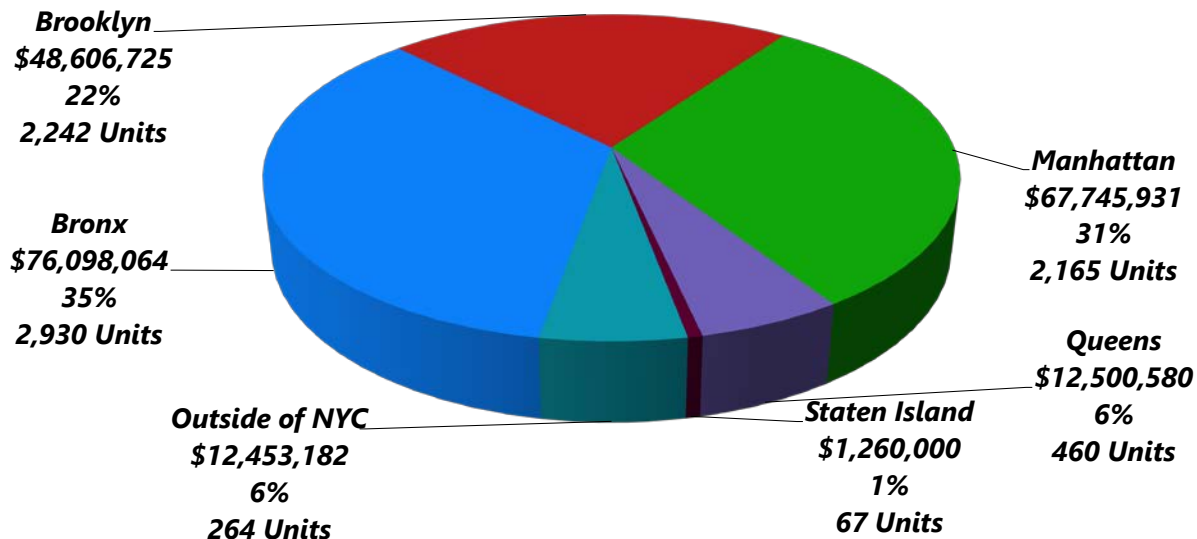
## Public/Private Apartment Rehabilitation Program (PPAR)

Lenders*	All Lender Totals	
Contractual Commitment	\$704.00 MM	
Current Market Value	\$320.69 MM	
	Dollars	Units
<b>Commitments 1Q 16</b> (included in total)		
Bronx	\$5,104,500	333
Brooklyn	1,010,284	74
Manhattan	0	0
Queens	0	0
Staten Island	0	0
Outside of NYC	2,108,000	41
<b>Total</b>	<b>\$8,222,784</b>	<b>448</b>
<b>Delivered 1Q 16</b> (included in total)		
Bronx	\$0	0
Brooklyn	1,668,225	63
Manhattan	1,489,622	128
Queens	0	0
Staten Island	0	0
Outside of NYC	1,363,250	97
<b>Total</b>	<b>\$4,521,097</b>	<b>288</b>
<b>Total Commitments</b>		
Bronx	\$76,098,064	2,930
Brooklyn	48,606,725	2,242
Manhattan	67,745,931	2,165
Queens	12,500,580	460
Staten Island	1,260,000	67
Outside of NYC	12,453,182	264
<b>Total</b>	<b>\$218,664,482</b>	<b>8,128</b>
<b>Historical Investments</b>		
Bronx	\$185,031,129	10,680
Brooklyn	151,261,257	5,993
Manhattan	152,268,154	7,458
Queens	51,202,227	1,773
Staten Island	1,542,000	43
Outside of NYC	12,786,670	385
<b>Total</b>	<b>\$554,091,438</b>	<b>26,332</b>

### Historical Investments Since Inception All PPAR Lenders



### Current Commitments All PPAR Lenders



# NYCERS Pension Fund - Economically Targeted Investments Quarterly Report

8

AFL-CIO Housing Investment Trust (HIT)

Market Value \$301.48 million\*

NYC Community Investment Initiative (NYCCII)

## NYCCII Phase II 2006-2013

### Multifamily Investments Detail

<u>Borough</u>	<u>1Q Investments</u>	<u>Investments</u>	<u>1Q Housing Units</u>	<u>Housing Units</u>
		<u>Since Inception</u>		<u>Since Inception</u>
Bronx	\$0	\$52,827,900	0	802
Brooklyn	0	103,890,446	0	5,616
Manhattan	0	174,075,200	0	926
Queens	0	17,760,000	0	1,260
Staten Island	0	6,414,554	0	693
Outside NYC	0	100,000,000	0	137
<b>Total</b>	<b>\$0</b>	<b>\$454,968,100</b>	<b>0</b>	<b>9,434</b>

**Grand Total NYCCII Phase II** **\$454,968,100** **9,434**

## NYCCII Phase I 2002-2005

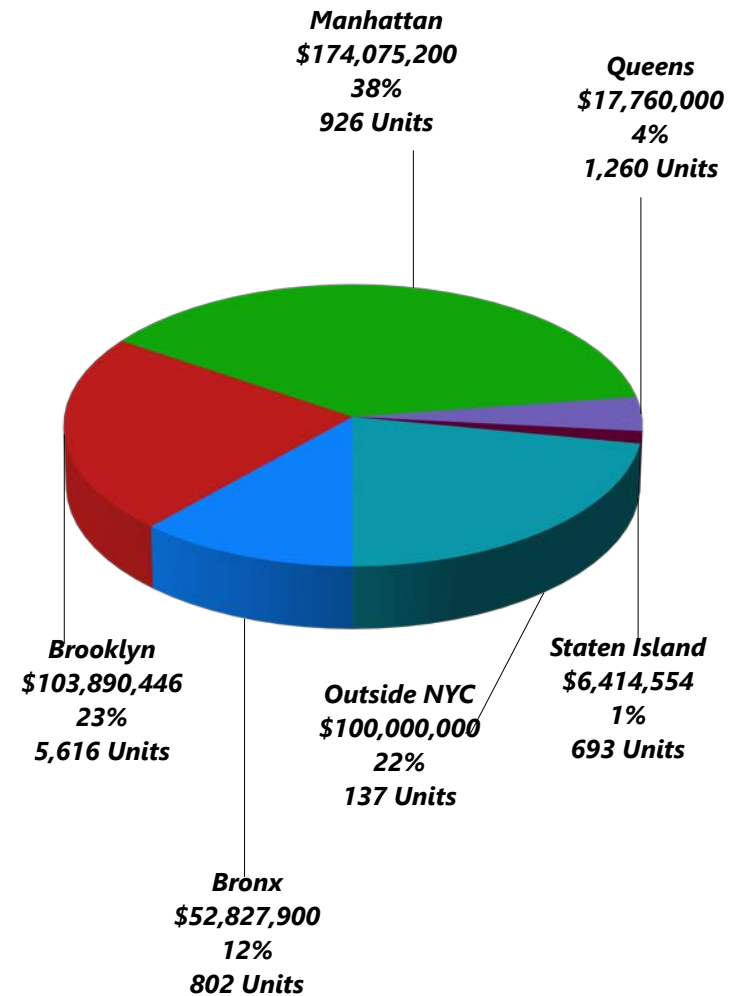
	<u>Dollars</u>	<u>Units</u>	<u>Member Loans</u>	<u>Total All NYC PF's</u>
Multifamily Investments	\$249,123,500	12,337	n/a	n/a
HIT Home Investments	348,300,563	n/a	131	446
<b>Total NYCCII Phase I</b>	<b>\$597,424,063</b>	<b>12,337</b>	<b>131</b>	<b>446</b>

## NYCCII Phases I & II

	<u>Dollars</u>	<u>Units</u>	<u>Member Loans</u>	<u>Total All NYC PF's</u>
Multifamily Investments	\$704,091,600	21,771	n/a	n/a
HIT Home Investments	2,899,899,500	n/a	131	446
<b>Grand Total NYCCII Phases I &amp; II</b>	<b>\$3,603,991,100</b>	<b>21,771</b>	<b>131</b>	<b>446</b>

\*Interest is reinvested

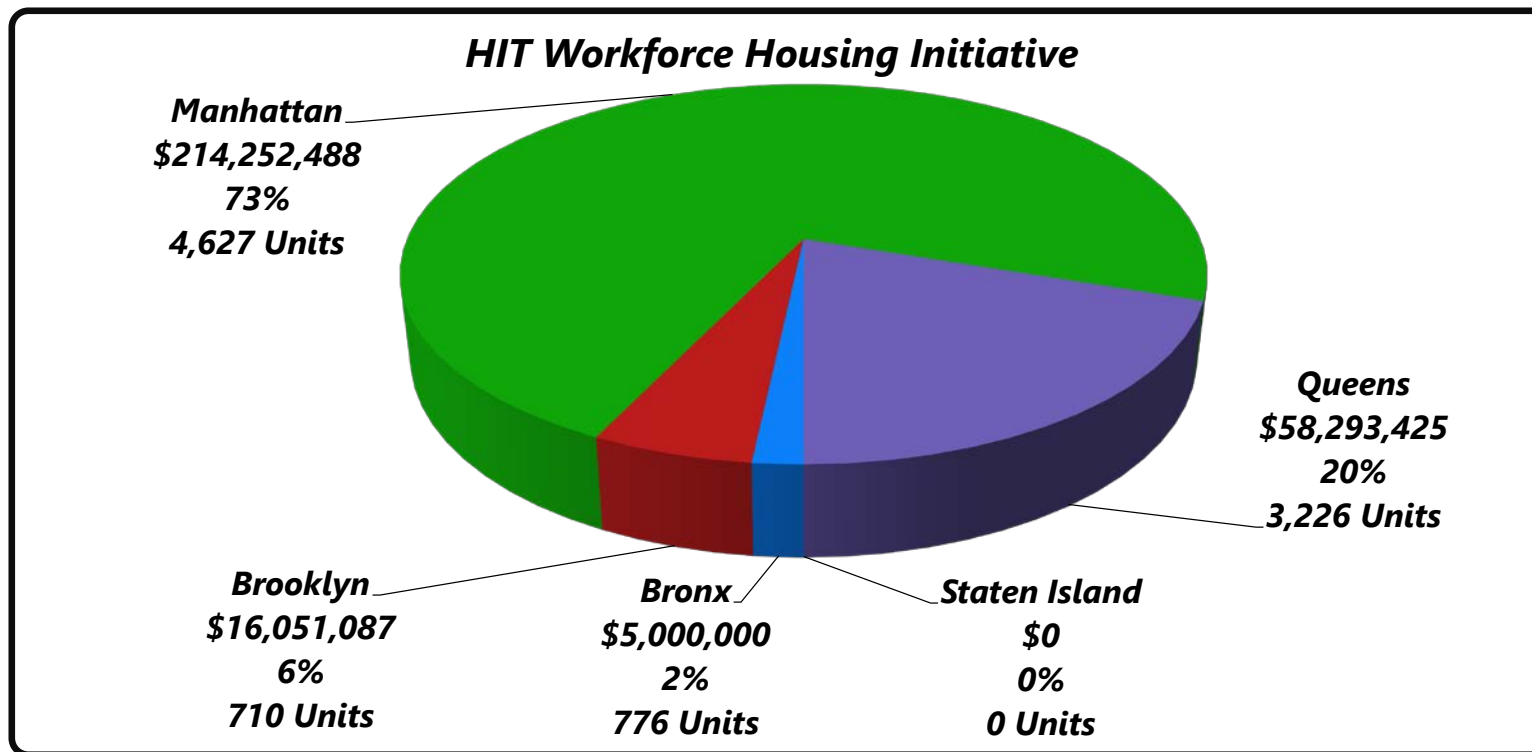
### HIT Multifamily Investments





# NYCERS Pension Fund - Economically Targeted Investments Quarterly Report

AFL-CIO Housing Investment Trust (HIT)				
NYC Workforce Housing Initiative				
Investments From 2009 Through Q1 2016				
Workforce Investments Detail				
<u>Borough</u>	<u>1Q Investments</u>	<u>Investments Since Inception</u>	<u>1Q Housing Units</u>	<u>Housing Units Since Inception</u>
Bronx	\$0	\$5,000,000	0	776
Brooklyn	0	16,051,087	0	710
Manhattan	0	214,252,488	0	4,627
Queens	0	58,293,425	0	3,226
Staten Island	0	0	0	0
<b>Total</b>	<b>\$0</b>	<b>\$293,597,000</b>	<b>0</b>	<b>9,339</b>

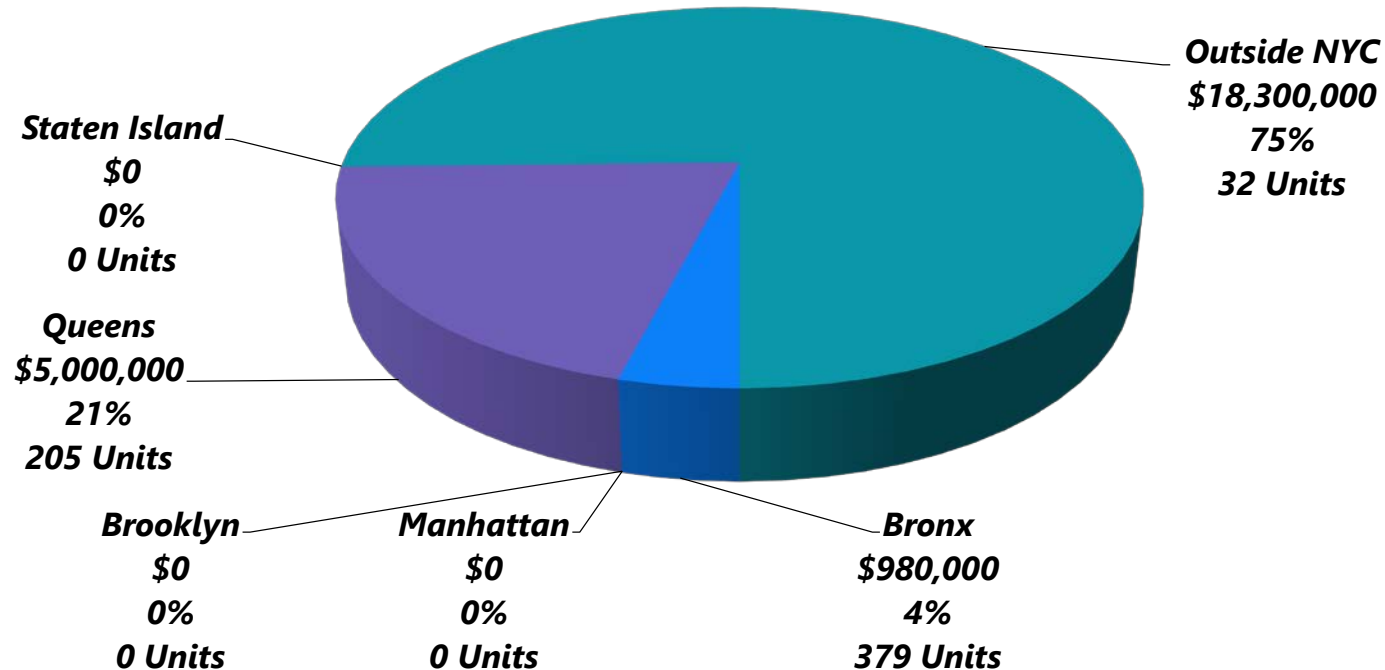


# NYCERS Pension Fund - Economically Targeted Investments Quarterly Report

10

AFL-CIO Housing Investment Trust (HIT)				
HIT Housing Investment Strategy				
Investments From Q4 2015 Through Q1 2016				
Housing Investment Strategy Detail				
<u>Borough</u>	<u>1Q Investments</u>	<u>Investments Since Inception</u>	<u>1Q Housing Units</u>	<u>Housing Units Since Inception</u>
Bronx	\$0	\$980,000	0	379
Brooklyn	0	0	0	0
Manhattan	0	0	0	0
Queens	0	5,000,000	0	205
Staten Island	0	0	0	0
Outside NYC	18,300,000	18,300,000	32	32
<b>Total</b>	<b>\$18,300,000</b>	<b>\$5,980,000</b>	<b>32</b>	<b>616</b>

**HIT Housing Investment Strategy**



# NYCERS Pension Fund - Economically Targeted Investments Quarterly Report

11

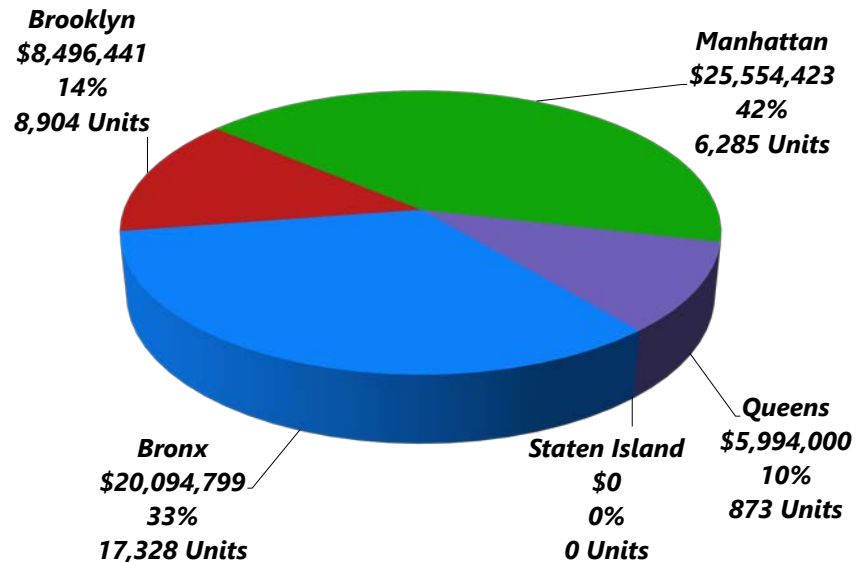
ACCESS CAPITAL STRATEGIES (Since Inception 2/1/07)

\$108 million Allocated (36% of total account) Market Value \$113.36 million					
<b>Multifamily Investments Detail</b>					
	<b>\$ Invested<sup>1</sup></b>		<b>Units<sup>2</sup></b>		
	<b>1Q</b>	<b>Total</b>	<b>1Q</b>	<b>Total</b>	
Bronx	\$0	\$20,094,799	0	17,328	
Brooklyn	0	\$8,496,441	0	8,904	
Manhattan	0	\$25,554,423	0	6,285	
Queens	0	\$5,994,000	0	873	
Staten Island	0	\$0	0	0	
<b>Total NYCERS Multifamily Investments</b>	<b>0</b>	<b>\$60,139,663</b>	<b>0</b>	<b>33,390</b>	
<b>Multifamily Total All Systems</b>	<b>0</b>	<b>\$167,054,619</b>	<b>0</b>	<b>33,390</b>	
<b>Single Family Investments Detail</b>					
	<b>\$ Invested</b>		<b>Units</b>		
	<b>1Q</b>	<b>Total</b>	<b>1Q</b>	<b>Total</b>	
Bronx	0	\$12,350,932	0	200	
Brooklyn	0	\$35,193,549	0	501	
Manhattan	0	\$3,074,114	0	39	
Queens	0	\$50,727,436	0	654	
Staten Island	0	\$28,364,169	0	371	
<b>Total NYCERS Single Family Investments</b>	<b>0</b>	<b>\$129,710,200</b>	<b>0</b>	<b>1,765</b>	
<b>Single Family Total All Systems</b>	<b>0</b>	<b>\$360,306,111</b>	<b>0</b>	<b>1,765</b>	
<b>Other Investments Detail</b>					
	<b>\$ Invested</b>		<b>Units</b>		
	<b>1Q</b>	<b>Total</b>	<b>1Q</b>	<b>Total</b>	
Bronx	0	\$243,000	0	1	
Brooklyn	0	\$1,940,545	0	8	
Manhattan	0	\$875,846	0	5	
Queens	0	\$195,636	0	3	
Staten Island	0	\$0	0	0	
<b>Total NYCERS Other Investments</b>	<b>0</b>	<b>\$3,255,026</b>	<b>0</b>	<b>17</b>	
<b>Other Investments Total All Systems</b>	<b>0</b>	<b>\$9,041,740</b>	<b>0</b>	<b>17</b>	
<b>Grand Total NYCERS</b>	<b>\$0</b>	<b>\$193,104,889</b>			
<b>Grand Total All Systems</b>	<b>\$0</b>	<b>\$536,402,470</b>			

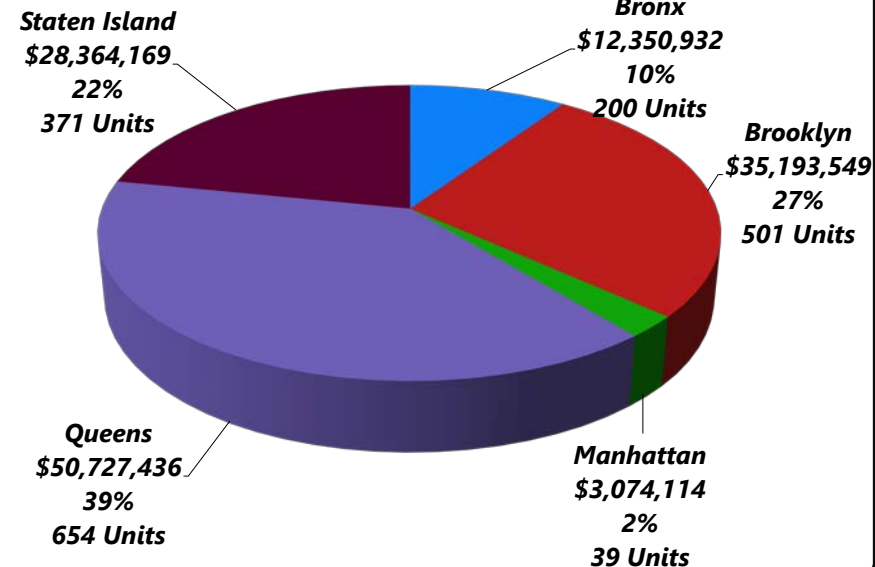
<sup>1</sup> Certain bond investment amounts are allocated pro rata across boroughs based upon unit count.

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

**Access Multifamily Investments Since Inception NYCERS**



**Access Single Family Investment Since Inception NYCERS**



- Private Equity Quarterly Report:



## Private Equity Monitoring Report

For the period ended December 31, 2015

Report Prepared For:

New York City Employees' Retirement System



## Table of Contents

I. Executive Summary .....	1
Performance Summary .....	1
Portfolio Performance vs. Benchmarks.....	2
Portfolio Diversification .....	2
By Strategy.....	2
By Fund Geographic Focus .....	2
II. Market Overview .....	3
Executive Summary .....	3
Capital Markets Overview .....	4
Public Equity Markets.....	4
Debt Markets .....	4
Private Equity Market Overview .....	5
All Private Equity .....	6
Fundraising .....	6
Investment Activity.....	7
Deal Environment.....	7
III. Portfolio Review.....	9
Quarterly Highlights .....	9
Investment Performance .....	10
Since Inception Performance .....	10
Performance by Vintage Year .....	11
Portfolio Periodic Returns vs. Russell 3000® Index .....	12
Performance by Strategy / Sub-Strategy .....	12
Performance by Strategy .....	13
Performance by Sub-Strategy.....	13
Portfolio Diversification .....	14
By Strategy/Sub-Strategy .....	14
By Fund Geographic Focus .....	14
By Investment Manager .....	15
Portfolio Cash Flow Analysis .....	16
Year to Date Flow Activity .....	16
Quarterly Cash Flow Activity .....	17
Invested Capital by Vintage Year .....	18
Portfolio Company-Level Analysis.....	19
Geographic Exposure.....	19
Industry Exposure.....	20
Public Market Exposure.....	20
IV. Appendix .....	21
Private Equity Portfolio .....	22
Subsequent Commitments.....	25

## Important Information

This document is meant only to provide a broad overview for discussion purposes. All information provided here is subject to change. This document is for informational purposes only and does not constitute an offer to sell, a solicitation to buy, or a recommendation for any security, or as an offer to provide advisory or other services by StepStone Group LP, its subsidiaries or affiliates (collectively, “StepStone”) in any jurisdiction in which such offer, solicitation, purchase or sale would be unlawful under the securities laws of such jurisdiction. The information contained in this document should not be construed as financial or investment advice on any subject matter. StepStone expressly disclaims all liability in respect to actions taken based on any or all of the information in this document.

This document is confidential and solely for the use of StepStone and the existing and potential clients of StepStone to whom it has been delivered, where permitted. By accepting delivery of this presentation, each recipient undertakes not to reproduce or distribute this presentation in whole or in part, nor to disclose any of its contents (except to its professional advisors), without the prior written consent of StepStone. While some information used in the presentation has been obtained from various published and unpublished third-party sources considered to be reliable, StepStone does not guarantee its accuracy or completeness and accepts no liability for any direct or consequential losses arising from its use. Thus, all such information is subject to independent verification by prospective investors.

The presentation is being made based on the understanding that each recipient has sufficient knowledge and experience to evaluate the merits and risks of investing in private equity products. All expressions of opinion are intended solely as general market commentary and do not constitute investment advice or a guarantee of returns. All expressions of opinion are as of the date of this document, are subject to change without notice and may differ from views held by other businesses of StepStone.

All valuations are based on current values provided by the general partners of the Underlying Funds and may include both realized and unrealized investments. Due to the inherent uncertainty of valuation, the stated value may differ significantly from the value that would have been used had a ready market existed for all of the portfolio investments, and the difference could be material. The long-term value of these investments may be lesser or greater than the valuations provided.

StepStone is not in the business of providing tax or legal advice. These materials and any tax-related statements are not intended or written to be used, and cannot be used or relied upon, by any taxpayer for the purpose of avoiding tax penalties. Tax-related statements, if any, may have been written in connection with the “promotion or marketing” of the transaction(s) or matter(s) addressed by these materials, to the extent allowed by applicable law. Any taxpayer should seek advice based on the taxpayer’s particular circumstances from an independent tax advisor.

Prospective investors should inform themselves and take appropriate advice as to any applicable legal requirements and any applicable taxation and exchange control regulations in the countries of their citizenship, residence or domicile which might be relevant to the subscription, purchase, holding, exchange, redemption or disposal of any investments. Each prospective investor is urged to discuss any prospective investment with its legal, tax and regulatory advisors in order to make an independent determination of the suitability and consequences of such an investment.

An investment involves a number of risks and there are conflicts of interest.

StepStone Group LP is an Investment Adviser registered with the Securities and Exchange Commission. StepStone Group Europe LLP is authorized and regulated by the Financial Conduct Authority, firm reference number 551580.

**Past performance is not necessarily indicative of future results. Actual performance may vary.**

## I. Executive Summary

The New York City Employees' Retirement System ("NYCERS") established the Alternative Investment Program (the "Program") on January 1, 1997 on behalf of its beneficiaries to participate in attractive long-term investment opportunities and to provide diversification to its overall pension investment portfolio.

StepStone Group LP ("StepStone") was engaged by NYCERS on September 1, 2011 to provide private equity advisory services for prospective investment opportunities and monitoring and reporting services for existing and new investments.

Since inception through December 31, 2015, the Program has committed US\$8.4 billion to 177 partnership investments (the "Portfolio"). This quarterly monitoring report covers the performance of the Portfolio as of December 31, 2015 as well as significant activity that occurred during the fourth quarter of 2015.

### Performance Summary

US\$ in millions	December 31, 2015	September 30, 2015	December 31, 2014	Quarterly Change	Yearly Change
Number of Managers	106	106	103	-	3
Number of Investments	177	173	165	4	12
Committed Capital <sup>1</sup>	\$8,390.2	\$7,959.3	\$7,532.0	\$430.9	\$858.2
Contributed Capital	\$7,006.3	\$6,814.9	\$6,386.2	\$191.3	\$620.1
Distributed Capital	\$5,347.2	\$5,144.6	\$4,482.3	\$202.6	\$864.9
Market Value	\$4,111.8	\$4,067.4	\$4,081.4	\$44.4	\$30.4
Total Value	\$9,459.0	\$9,212.0	\$8,563.7	\$247.1	\$895.4
Total Gain/(Loss)	\$2,452.8	\$2,397.1	\$2,177.5	\$55.7	\$275.3
Unfunded Commitment <sup>2</sup>	\$2,307.4	\$2,055.6	\$2,004.7	\$251.8	\$302.7
Total Exposure <sup>3</sup>	\$6,419.2	\$6,122.9	\$6,086.1	\$296.2	\$333.1
DPI <sup>4</sup>	0.76x	0.75x	0.70x	0.01x	0.06x
TVM <sup>5</sup>	1.35x	1.35x	1.34x	0.00x	0.01x
IRR <sup>6</sup>	9.1%	9.2%	9.3%	-9 bps	-24 bps
TVM Net of StepStone Fees <sup>7</sup>	1.35x	1.35x	1.34x	0.00x	0.01x
IRR Net of StepStone Fees <sup>7</sup>	9.1%	9.2%	9.3%	-10 bps	-24 bps

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

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

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

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

<sup>5</sup> TVM, or Total Value Multiple, is a performance metric that measures total value created by the Portfolio relative to capital invested, without consideration for time. TVM is calculated as Total Value, which is comprised of Market Value plus Distributed Capital, divided by Contributed Capital.

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

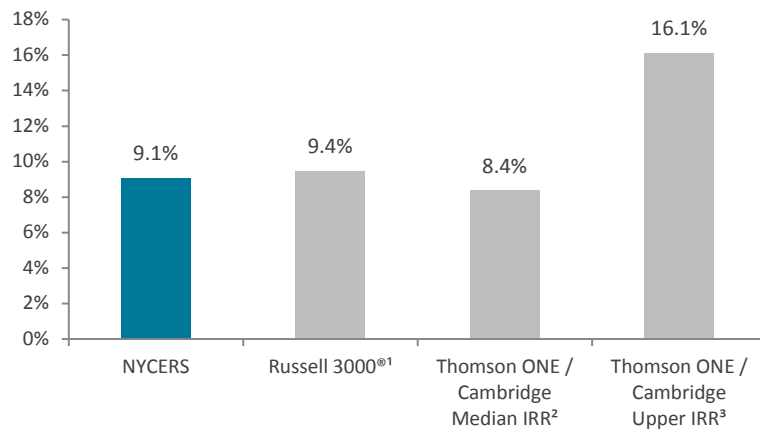
<sup>7</sup> TVM and IRR Net of StepStone fees represent TVM and IRR net of fees paid by NYCERS to StepStone.



## Portfolio Performance vs. Benchmarks

The Portfolio's performance is measured against a dollar-weighted public benchmark, which produced the return that would have been earned if NYCERS's private equity cash flows were invested in the Russell 3000® Index<sup>1</sup>.

The following graph illustrates Portfolio IRR performance versus benchmarks as of December 31, 2015.



<sup>1</sup>Benchmark is a dollar-weighted PME+ calculation of quarterly changes in the Russell 3000® Index. Russell Investment Group is the source and owner of the trademark, service marks and copyrights related to the Russell Indexes. Russell® is a trademark of Russell Investment Group.

<sup>2</sup> Benchmark is for informational purposes only and is NOT part of the Program's Policy Benchmarks. Benchmark is provided by Thomson ONE/Cambridge and reflects U.S. All Private Equity Funds Median Quartile IRR as of December 31, 2015 for funds with vintage years 1998 to 2015. Note: Thomson ONE/Cambridge data is continuously updated and is therefore subject to change.

<sup>3</sup>Benchmark is for informational purposes only and is NOT part of the Program's Policy Benchmarks. Benchmark is provided by Thomson ONE/Cambridge and reflects U.S. All Private Equity Funds Upper Quartile IRR as of December 31, 2015 for funds with vintage years 1998 to 2015. Note: Thomson ONE/Cambridge data is continuously updated and is therefore subject to change.

## Portfolio Diversification

### By Strategy

	Market Value		Unfunded Commitment		Total Exposure	
	\$	% of Total	\$	% of Total	\$	% of Total
<i>As of December 31, 2015 (US\$ in millions)</i>						
Buyout	\$2,553.0	62.1%	\$1,317.8	57.1%	\$3,870.8	60.3%
Growth Equity	249.0	6.1%	261.1	11.3%	510.2	7.9%
Special Situations	317.9	7.7%	227.8	9.9%	545.6	8.5%
Energy	205.7	5.0%	21.1	0.9%	226.8	3.5%
Secondaries	276.6	6.7%	339.3	14.7%	616.0	9.6%
Co-Investment	70.7	1.7%	105.2	4.6%	175.9	2.7%
Other	438.9	10.7%	35.1	1.5%	474.0	7.4%
<b>Total</b>	<b>\$4,111.8</b>	<b>100.0%</b>	<b>\$2,307.4</b>	<b>100.0%</b>	<b>\$6,419.2</b>	<b>100.0%</b>

### By Fund Geographic Focus

	Market Value		Unfunded Commitment		Total Exposure	
	\$	% of Total	\$	% of Total	\$	% of Total
<i>As of December 31, 2015 (US\$ in millions)</i>						
North America	\$3,128.6	76.1%	\$1,226.0	53.1%	\$4,354.6	67.8%
Global	791.1	19.2%	822.3	35.6%	1,613.3	25.1%
Western Europe	186.2	4.5%	259.1	11.2%	445.3	6.9%
Rest of World	5.9	0.1%	-	0.0%	5.9	0.1%
<b>Total</b>	<b>\$4,111.8</b>	<b>100.0%</b>	<b>\$2,307.4</b>	<b>100.0%</b>	<b>\$6,419.2</b>	<b>100.0%</b>

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

## II. Market Overview

### Executive Summary

Global equities delivered positive returns in the fourth quarter. Following the third quarter's stock market sell-off, central banks in Europe, Japan, and China reiterated their commitments to economic stimulus programs, triggering a strong rally in October. In December, the Fed raised its short-term interest rate target by 25 basis points, reflecting the diverging global monetary policy environment. The S&P 500 Index generated a total return of 7.0% for the quarter and 1.4% for the year, its lowest annual gain since 2008. U.S. equities outperformed international and emerging markets, which increased in value during the fourth quarter but ended the year in negative territory. The MSCI Europe, MSCI Asia, and MSCI Emerging Markets indices increased 2.2%, 6.2%, and 0.3% during the fourth quarter, but decreased 5.3%, 2.7%, and 17.0% during 2015, respectively.

In private markets, U.S. LBO debt volume totaled US\$9.5 billion in the fourth quarter, a 58% decrease from the prior quarter, and below the 10-year quarterly average of US\$18.5 billion. According to data from S&P, purchase price multiples for U.S. LBOs fell to 10.1x EBITDA in the fourth quarter, compared to the third quarter's multiple of 11.2x. On an annual basis, however, purchase price multiples rose from 9.7x in 2014 to 10.3x in 2015. Average debt multiples of large corporate U.S. LBO loans fell from 6.3x to 5.2x EBITDA quarter-over-quarter. Equity contributions for U.S. LBOs increased from 42.8% in the third quarter to 46.0% in the fourth quarter.

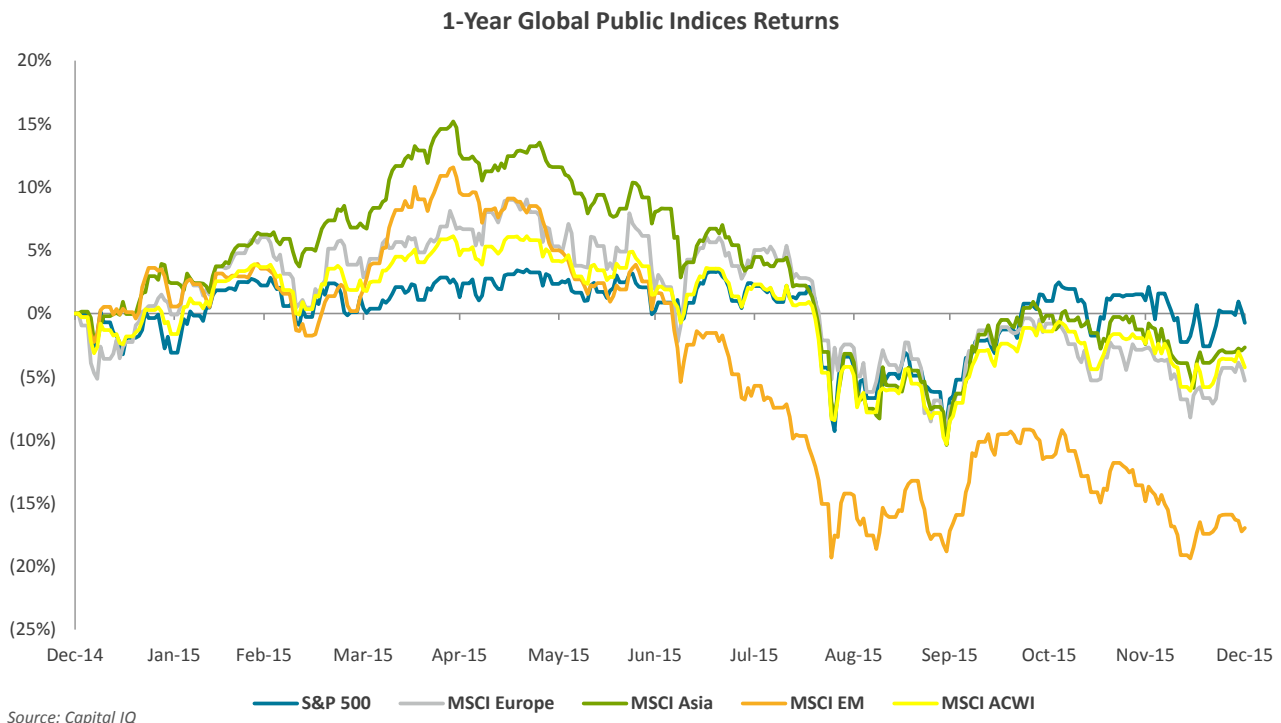
Private equity fundraising activity fell 3% quarter-over-quarter and fell 11% year-over-year. Buyout fundraising rose 23% quarter-over-quarter, while Venture Capital fundraising fell 23%. Geographically, U.S. fundraising represented 75% of the total amount raised in the fourth quarter, while Europe, Asia, and the rest of the world accounted for 13%, 8%, and 3% of the total capital raised, respectively. Private equity investment activity fell 22% quarter-over-quarter, but rose 1% year-over-year.

NYSE and NASDAQ IPO transaction volume reached US\$5.8 billion for 20 private equity-backed companies in the fourth quarter, representing a 96% increase in value compared to the prior quarter. The largest IPO of the quarter was First Data Corp, which raised US\$2.8 billion. On an annual basis, IPO proceeds decreased 70% in 2015 compared to the prior year (down 53% year-over-year when excluding the \$25 billion Alibaba IPO in 2014). M&A volume totaled US\$142.8 billion in deals closed during the fourth quarter, down 13% from the prior quarter. The largest deal that closed during the quarter was NXP Semiconductors' US\$17.3 billion acquisition of Freescale, representing 12% of the quarter's aggregate M&A volume. On an annual basis, M&A deal value increased 31% year-over-year.

## Capital Markets Overview

### Public Equity Markets

Public equity markets delivered positive returns in the fourth quarter. The S&P 500 Total Return Index increased 7.0%, helping reverse the previous quarter's losses. International developed and emerging market stocks advanced to a lesser extent, with the MSCI Asia, MSCI Europe, and MSCI Emerging Markets indices posting gains of 6.2%, 2.2%, and 0.3% in USD terms during the quarter, respectively.



The following table shows the returns of four major MSCI indices, as well as the S&P 500 and the S&P 500 Total Return Index, over various time horizons through December 31, 2015. Returns for time periods greater than one year are annualized. The U.S. market outperformed the Asian, European, and emerging markets across all periods.

Regional Indices					
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr
MSCI Asia	6.2%	(2.7%)	2.1%	(0.2%)	0.7%
MSCI Europe	2.2%	(5.3%)	1.7%	0.9%	0.4%
MSCI EM	0.3%	(17.0%)	(9.0%)	(7.2%)	1.2%
MSCI ACWI	4.6%	(4.3%)	5.5%	3.8%	2.6%
S&P 500	6.5%	(0.7%)	12.7%	10.2%	5.1%
S&P 500 Total Return*	7.0%	1.4%	15.1%	12.6%	7.3%

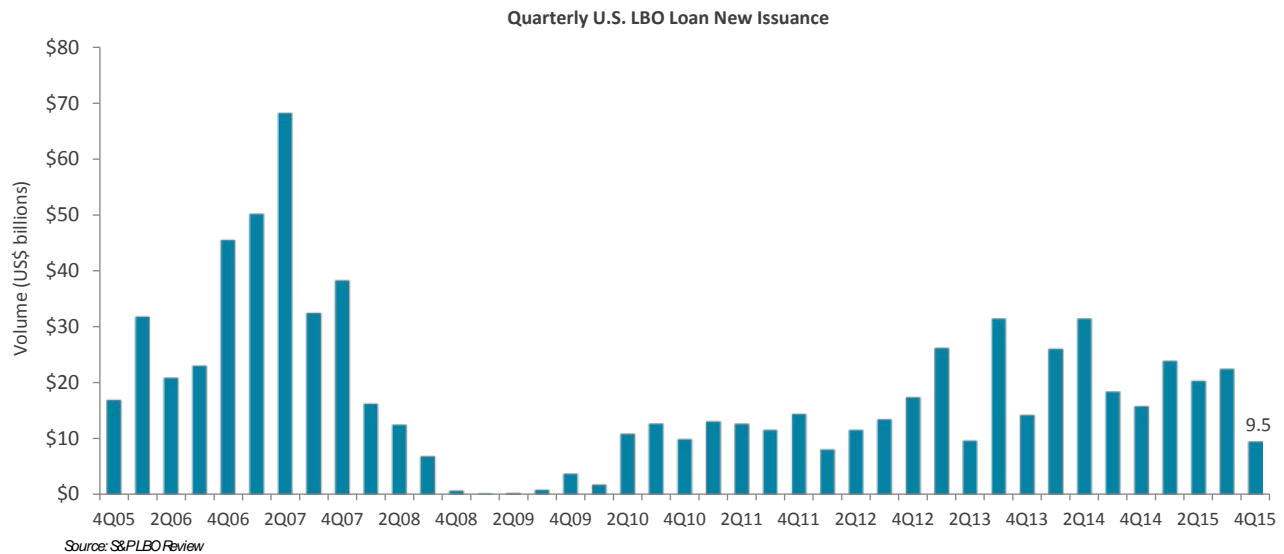
For the period ended December 31, 2015

\*Includes reinvestment of dividends.

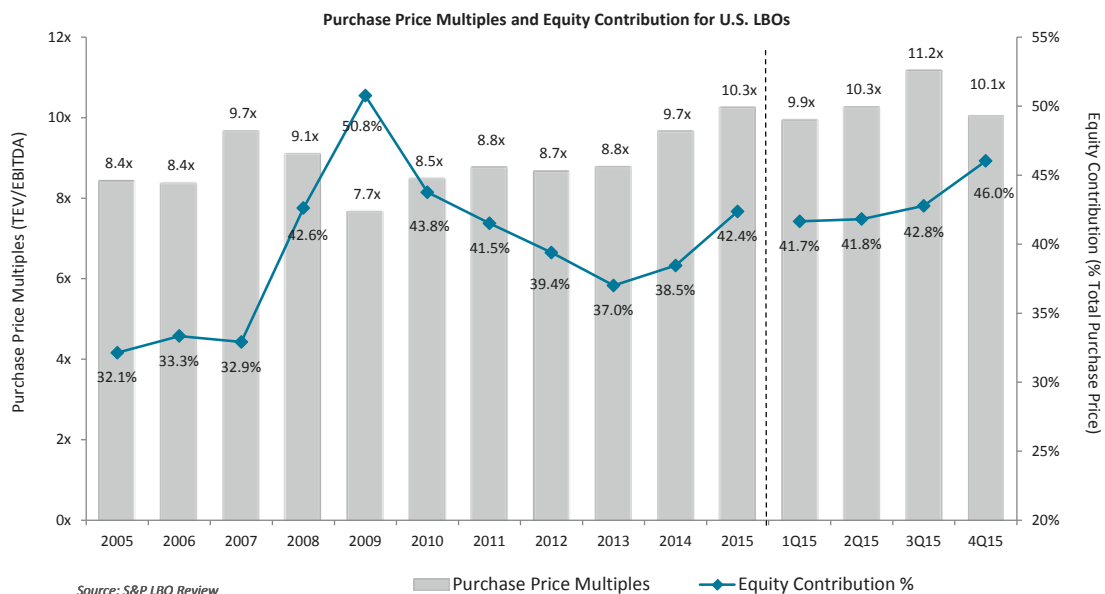
Source: Capital IQ

## Debt Markets

During the fourth quarter of 2015, U.S. LBO new loan issuance totaled US\$9.5 billion, representing a decrease of 58% from the prior quarter, and 49% lower than the 10-year quarterly average of US\$18.5 billion. The following chart shows the quarterly volume of U.S. LBO new loan issuance for the past ten years.



In the fourth quarter, weighted average purchase price multiples for U.S. LBO deals decreased to 10.1x total enterprise value (“TEV”) to EBITDA, notably lower than the previous quarter’s multiple of 11.2x. Year-over-year, annual weighted purchase price multiples increased from 9.7x in 2014 to 10.3x in 2015. Average debt multiples of large corporate U.S. LBO loans fell from 6.3x to 5.2x EBITDA quarter-over-quarter. Equity contributions for U.S. LBOs increased from 42.8% in the third quarter to 46.0% in the fourth quarter. The following chart compares purchase price multiples and equity contribution percentages for U.S. LBO deals.



## Private Equity Market Overview

### All Private Equity

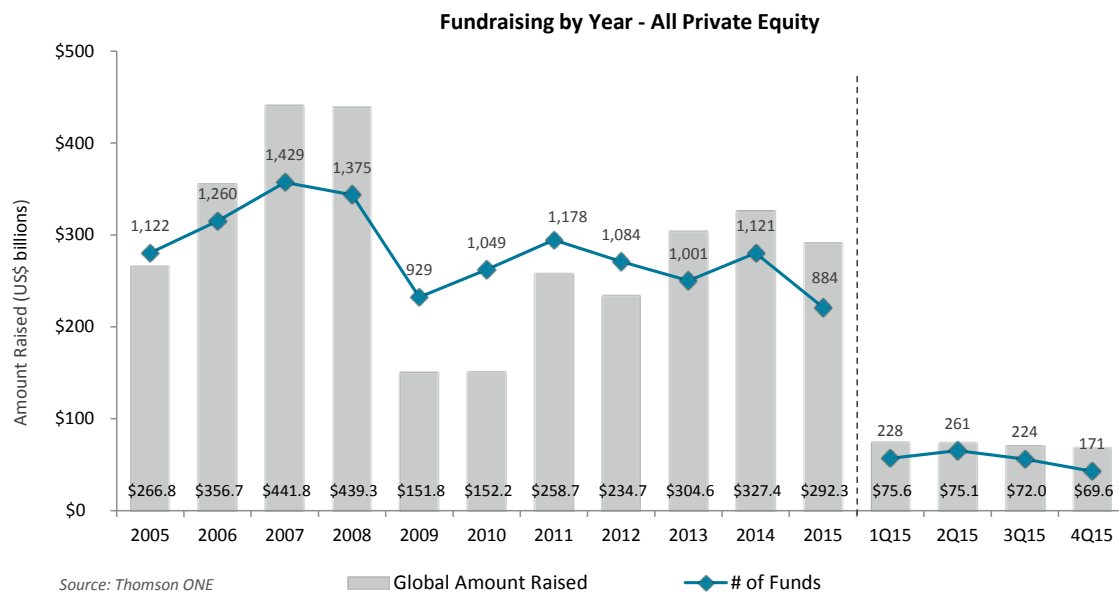
The All Private Equity benchmark posted a gain of 0.9% during the fourth quarter, as shown in the table below. Buyout, Mezzanine, Venture Capital funds generated positive returns while the Energy sector continued its decline, with a quarterly loss of 7.9%. The table below shows the pooled Internal Rate of Return (“IRR”) performance of global private equity investments by sector over various investment horizons through December 31, 2015.

Sector	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr
Small/Middle Buyouts (<\$3bn)	2.1%	6.2%	10.7%	10.3%	11.4%
Large Buyouts (>\$3bn)	2.2%	9.9%	15.3%	13.3%	10.4%
Mezzanine	1.2%	5.8%	8.3%	9.3%	8.2%
Energy	(7.9%)	(17.2%)	(4.6%)	0.7%	5.2%
Venture Capital	1.7%	12.9%	20.1%	15.7%	11.2%
<b>All Private Equity</b>	<b>0.9%</b>	<b>6.1%</b>	<b>12.3%</b>	<b>11.3%</b>	<b>10.2%</b>

Source: Burgiss PrivateIQ

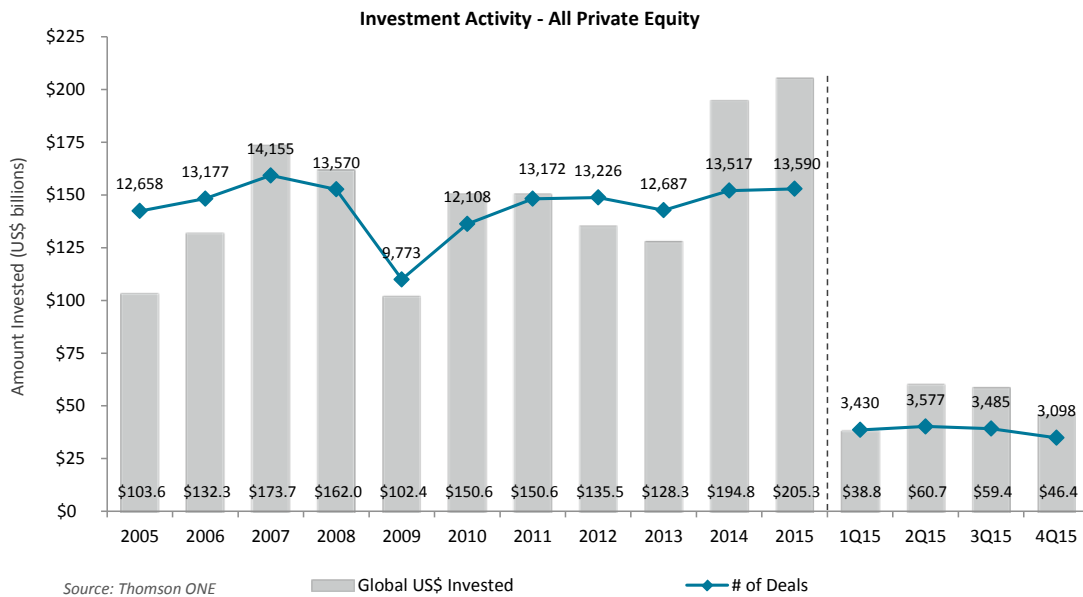
### Fundraising

Global private equity fundraising totaled US\$69.6 billion in the fourth quarter of 2015, representing a 3% decrease from the prior quarter. Buyout fundraising rose 23% quarter-over-quarter, raising US\$57.4 billion, while Venture Capital fundraising fell 23%, raising US\$8.7 billion. Geographically, U.S. fundraising represented 75% of the total amount raised in the fourth quarter, while Europe, Asia, and the rest of the world accounted for 13%, 8%, and 3% of the total capital raised, respectively. The chart below shows private equity fundraising activity over the past ten years.

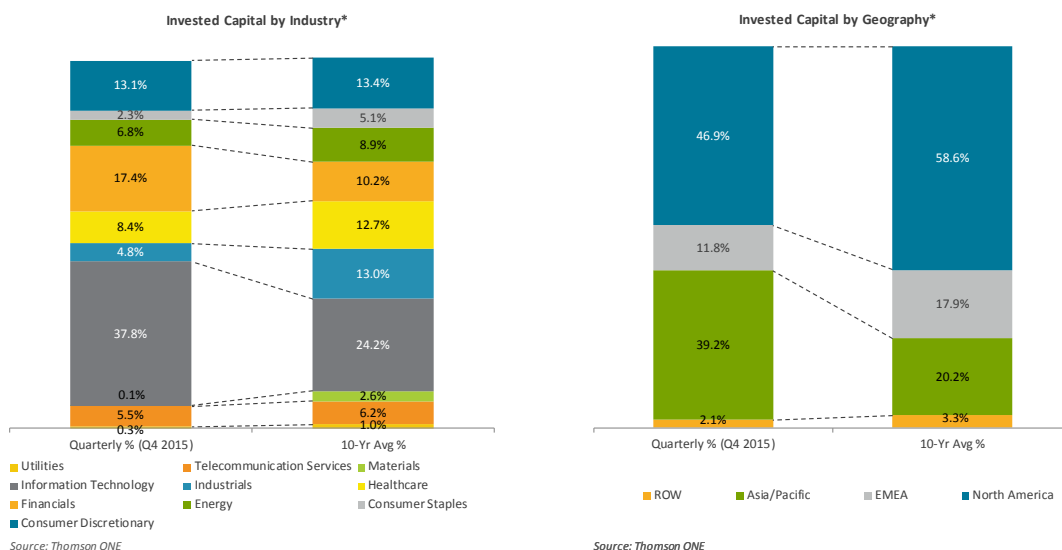


## Investment Activity

Private equity funds invested US\$46.4 billion globally during the fourth quarter, representing a quarter-over-quarter decrease of 22%. The largest transaction during the fourth quarter was the sale of a 17 percent stake of Postal Savings Bank of China for US\$7.0 billion. The average investment size during the quarter was US\$15.0 million, down 12% quarter-over-quarter.



The graphs below depict the percentage of invested capital by industry and geography for the fourth quarter of 2015 and over the last ten years. The Information Technology sector attracted the most capital, accounting for US\$17.6 billion of transactions, or 38% of total capital invested during the fourth quarter by private equity firms, compared to a 10-year pro rata average of 24%. In the fourth quarter of 2015, investment activity in the Asia/Pacific region was above the historical average, representing 39% of total invested capital during the quarter compared to 20% over the last ten years.



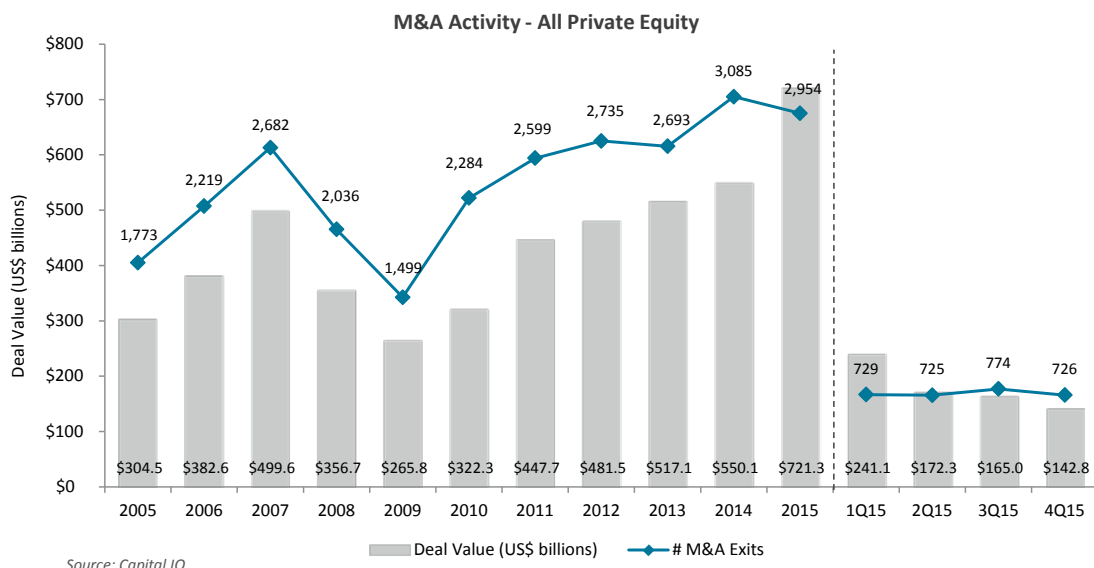
\*Note: Invested Capital is for all private equity from Q1 2006 – Q4 2015.

## Deal Environment

During the fourth quarter, there were 20 private equity-backed IPOs on the NYSE and NASDAQ which raised a total of US\$5.8 billion, compared to 20 IPOs which raised US\$3.0 billion in the previous quarter. The largest IPO of the quarter was First Data Corp, which raised US\$2.8 billion. On an annual basis, IPO proceeds decreased 70% in 2015 compared to the prior year. The following graph shows the amount raised and the number of Buyout and Venture Capital IPOs on the NYSE and NASDAQ over the past ten years.



Private equity-backed Mergers and Acquisitions (“M&A”) activity fell 13% quarter-over-quarter, with deal value totaling US\$142.8 billion. The largest deal that closed during the quarter was NXP Semiconductors NV’s US\$17.3 billion acquisition of Freescale, representing 12% of the quarter’s aggregate M&A volume. On an annual basis, M&A deal value increased 31% year-over-year.



### III. Portfolio Review

#### Quarterly Highlights

- Cash Flow Activity** – During the fourth quarter of 2015, the Portfolio made US\$191.3 million of contributions and received US\$202.6 million of distributions, for a net cash inflow of US\$11.3 million, compared to a net cash inflow of US\$9.8 million during the prior quarter and a net cash inflow of US\$73.9 million during the fourth quarter of 2014. Contributions increased 13.8% from the prior quarter and 16.2% from the fourth quarter of 2014. The most recent four quarter average of the Program's contributions is US\$155.0 million. Distributions increased 13.9% from the prior quarter and decreased 15.1% from the fourth quarter of 2014. The most recent four quarter average of the Program's distributions is US\$216.2 million.
- Recent Portfolio Activity** – During the fourth quarter of 2015, net of cash flow activity, the valuation of the Portfolio increased by US\$55.7 million, or 1.4%, from the prior quarter. The increase in Portfolio value is primarily attributable to strong performance of large buyout funds during the quarter, which generated a US\$39.9 million increase in valuation from the prior quarter-end. During the last twelve months, net of cash flow activity, the valuation of the Portfolio increased by US\$275.3 million, or 7.2%, from the quarter ended December 31, 2014.
- New Investment Commitments** – During the fourth quarter of 2015, the Program closed on four new investment commitments, totaling US\$441.0 million.

<i>As of December 31, 2015 (US\$ in millions)</i>	Month Closed	Sub-Strategy	Geographic Focus	Committed Capital
Warburg Pincus Private Equity XII, L.P.	November 2015	Growth Equity	Global	\$ 205.5
ASF VII B L.P.	December 2015	Secondaries	Global	94.5
ASF VII B NYC Co-Invest L.P.	December 2015	Co/Direct Investment	Global	46.0
Ares Corporate Opportunities Fund V, L.P.	December 2015	Special Situations	North America	95.0
<b>Total</b>				<b>\$ 441.0</b>

- Subsequent Investment Commitments** – Subsequent to quarter-end through May 31, 2016, the Program closed on two new investment commitments, totaling US\$120.5 million.

<i>As of May 31, 2016 (US\$ in millions)</i>	Month Closed	Sub-Strategy	Geographic Focus	Committed Capital
Stellix Capital Partners LP	January 2016	Special Situations	Global	\$ 25.5
Green Equity Investors VII, L.P.	April 2016	Mega Buyout	North America	95.0
<b>Total</b>				<b>\$ 120.5</b>



## Investment Performance

### Since Inception Performance

US\$ in millions	December 31, 2015	September 30, 2015	December 31, 2014	Quarterly Change	Yearly Change
<b>Active Investments</b>					
Number of Managers	94	94	91	-	3
Number of Investments	161	157	150	4	11
Committed Capital <sup>1</sup>	\$7,888.9	\$7,458.1	\$7,080.8	\$430.9	\$808.2
Contributed Capital	\$6,434.9	\$6,243.6	\$5,865.1	\$191.3	\$569.8
Distributed Capital	\$4,658.0	\$4,455.4	\$3,862.2	\$202.6	\$795.9
Market Value	\$4,111.8	\$4,067.4	\$4,081.4	\$44.4	\$30.4
Total Value	\$8,769.8	\$8,522.8	\$7,943.5	\$247.1	\$826.3
Total Gain/(Loss)	\$2,334.9	\$2,279.2	\$2,078.5	\$55.7	\$256.5
Unfunded Commitment <sup>2</sup>	\$2,307.4	\$2,055.6	\$2,004.7	\$251.8	\$302.7
Total Exposure <sup>3</sup>	\$6,419.2	\$6,122.9	\$6,086.1	\$296.2	\$333.1
DPI <sup>4</sup>	0.72x	0.71x	0.66x	0.01x	0.07x
TVM <sup>5</sup>	1.36x	1.37x	1.35x	0.00x	0.01x
IRR <sup>6</sup>	9.5%	9.6%	9.7%	-11 bps	-22 bps
<b>Exited Investments</b>					
Number of Managers	14	14	13	-	1
Number of Investments	16	16	15	-	1
Committed Capital <sup>1</sup>	\$501.2	\$501.2	\$451.2	\$0.0	\$50.0
Contributed Capital	\$571.3	\$571.3	\$521.1	\$0.0	\$50.2
Distributed Capital	\$689.2	\$689.2	\$620.1	\$0.0	\$69.1
Total Value	\$689.2	\$689.2	\$620.1	\$0.0	\$69.1
Total Gain/(Loss)	\$117.9	\$117.9	\$99.1	\$0.0	\$18.8
Unfunded Commitment <sup>2</sup>	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
DPI <sup>4</sup>	1.21x	1.21x	1.19x	0.00x	0.02x
TVM <sup>5</sup>	1.21x	1.21x	1.19x	0.00x	0.02x
IRR <sup>6</sup>	5.8%	5.8%	5.6%	+ 0 bps	+ 11 bps
<b>Total Portfolio</b>					
Number of Managers	106	106	103	-	3
Number of Investments	177	173	165	4	12
Committed Capital <sup>1</sup>	\$8,390.2	\$7,959.3	\$7,532.0	\$430.9	\$858.2
Contributed Capital	\$7,006.3	\$6,814.9	\$6,386.2	\$191.3	\$620.1
Distributed Capital	\$5,347.2	\$5,144.6	\$4,482.3	\$202.6	\$864.9
Market Value	\$4,111.8	\$4,067.4	\$4,081.4	\$44.4	\$30.4
Total Value	\$9,459.0	\$9,212.0	\$8,563.7	\$247.1	\$895.4
Total Gain/(Loss)	\$2,452.8	\$2,397.1	\$2,177.5	\$55.7	\$275.3
Unfunded Commitment <sup>2</sup>	\$2,307.4	\$2,055.6	\$2,004.7	\$251.8	\$302.7
Total Exposure <sup>3</sup>	\$6,419.2	\$6,122.9	\$6,086.1	\$296.2	\$333.1
DPI <sup>4</sup>	0.76x	0.75x	0.70x	0.01x	0.06x
TVM <sup>5</sup>	1.35x	1.35x	1.34x	0.00x	0.01x
IRR <sup>6</sup>	9.1%	9.2%	9.3%	-9 bps	-24 bps

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

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

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

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

<sup>5</sup> TVM, or Total Value Multiple, is a performance metric that measures total value created by the Portfolio relative to capital invested, without consideration for time. TVM is calculated as Total Value, which is comprised of Market Value plus Distributed Capital, divided by Contributed Capital.

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

## Performance by Vintage Year

The following table and chart illustrate the Portfolio's since inception investment performance by vintage year as of December 31, 2015 relative to the median quartile U.S. All Private Equity TVM and IRR benchmarks as provided by Thomson ONE/Cambridge. Performance of funds that are less than two years old are not meaningful. Note that Thomson ONE/Cambridge data is continuously updated and is therefore subject to change.

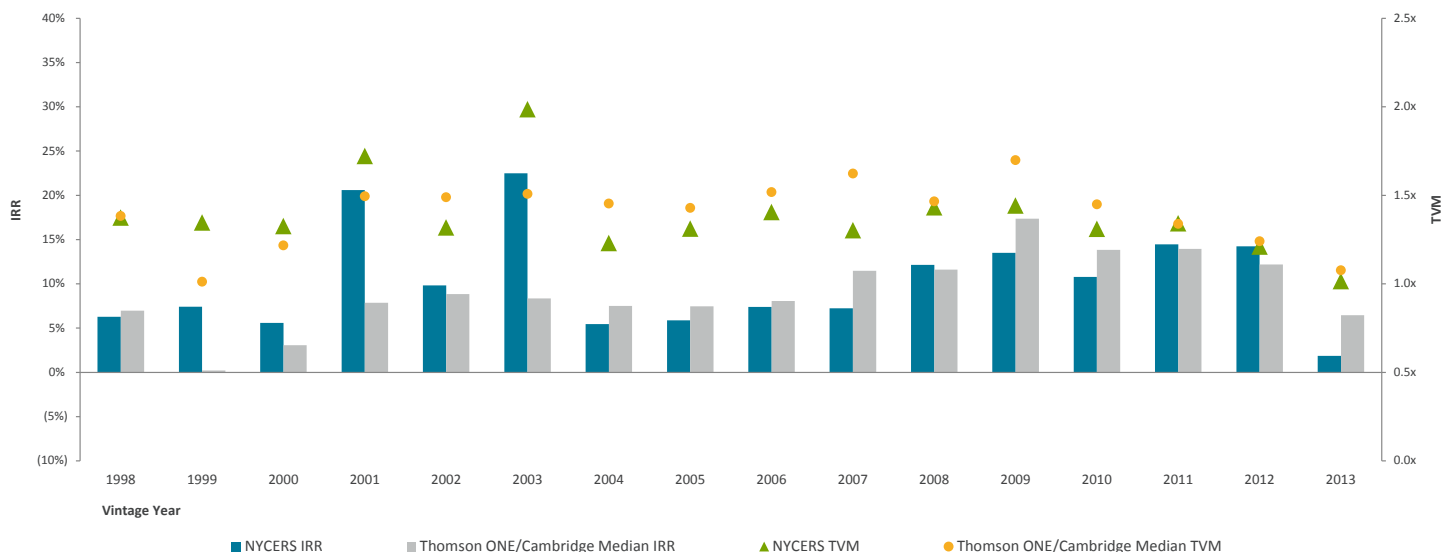
As of December 31, 2015 (US\$ in millions)

Vintage Year	Committed Capital	Contributed Capital	Distributed Capital	Market Value	Unfunded Commitment	Total Exposure	TVM	IRR	PME Benchmark <sup>1</sup>	PME Spread <sup>2</sup>	Thomson ONE / Cambridge U.S. All PE Median Quartile TVM	Thomson ONE / Cambridge U.S. All PE Median Quartile IRR
1998	\$50.0	\$50.2	\$69.1	\$0.0	\$0.0	\$0.0	1.37x	6.3%	3.4%	2.9%	1.38x	7.0%
1999	88.6	101.9	122.9	14.3	0.6	15.0	1.35x	7.4%	6.1%	1.3%	1.01x	0.2%
2000	116.9	136.9	172.1	9.4	7.6	17.0	1.33x	5.6%	5.4%	0.2%	1.22x	3.1%
2001	98.1	128.4	216.4	4.7	3.8	8.5	1.72x	20.6%	7.7%	12.9%	1.50x	7.9%
2002	190.0	238.9	267.7	47.3	5.1	52.4	1.32x	9.8%	8.2%	1.7%	1.49x	8.8%
2003	104.4	114.2	215.1	11.8	11.9	23.7	1.99x	22.5%	6.9%	15.7%	1.51x	8.4%
2004	343.6	359.4	377.1	65.1	19.3	84.4	1.23x	5.5%	7.1%	-1.7%	1.45x	7.5%
2005	526.3	571.3	561.2	188.6	30.2	218.8	1.31x	5.9%	6.7%	-0.8%	1.43x	7.5%
2006	997.2	1,110.3	1,055.4	505.5	42.3	547.8	1.41x	7.4%	8.2%	-0.8%	1.52x	8.1%
2007	940.2	982.3	779.3	500.3	81.5	581.8	1.30x	7.3%	11.3%	-4.0%	1.62x	11.5%
2008	1,240.9	1,340.9	1,024.2	896.6	151.5	1,048.0	1.43x	12.2%	13.7%	-1.5%	1.47x	11.6%
2009	179.2	172.6	138.9	110.0	18.8	128.8	1.44x	13.5%	14.9%	-1.4%	1.70x	17.4%
2010	175.0	173.7	46.4	181.2	20.1	201.3	1.31x	10.8%	12.3%	-1.6%	1.45x	13.8%
2011	787.9	693.2	206.6	723.2	168.7	891.9	1.34x	14.5%	12.7%	1.7%	1.34x	14.0%
2012	610.5	397.4	70.3	410.6	230.2	640.8	1.21x	14.2%	9.5%	4.7%	1.24x	12.2%
2013	558.4	202.6	12.3	193.4	359.1	552.5	1.02x	1.9%	4.3%	-2.4%	1.08x	6.5%
2014	504.3	193.0	12.2	212.3	316.5	528.9	NM	NM	NM	N/A	NM	NM
2015	783.8	39.0	-	37.5	745.2	782.6	NM	NM	NM	N/A	NM	NM
2016	95.0	-	-	-	95.0	95.0	NM	NM	NM	N/A	NM	NM
<b>Total</b>	<b>\$8,390.2</b>	<b>\$7,006.3</b>	<b>\$5,347.2</b>	<b>\$4,111.8</b>	<b>\$2,307.4</b>	<b>\$6,419.2</b>	<b>1.35x</b>	<b>9.1%</b>	<b>9.4%</b>	<b>-0.3%</b>	<b>1.33x</b>	<b>8.4%</b>

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

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

As of December 31, 2015



## Portfolio Periodic Returns vs. Russell 3000® Index

<i>As of December 31, 2015</i>	3 Month	1 Year	3 Year	5 Year	10 Year	Since Inception
NYCERS IRR	1.2%	6.8%	10.3%	9.8%	8.9%	9.1%
Russell 3000® <sup>1</sup>	6.5%	0.6%	16.0%	12.6%	9.6%	9.4%
Russell 3000® + 300 bps <sup>2</sup>	9.5%	3.6%	19.0%	15.6%	12.6%	12.4%
<b>NYCERS Outperformance/(Underperformance)</b>						
vs. Russell 3000® + 300 bps <sup>2</sup>	(8.2%)	3.3%	(8.7%)	(5.8%)	(3.7%)	(3.4%)

<sup>1</sup>Benchmark is a dollar-weighted PME+ calculation of quarterly changes in the Russell 3000® Index. Russell Investment Group is the source and owner of the trademark, service marks and copyrights related to the Russell Indexes. Russell® is a trademark of Russell Investment Group.

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

## Performance by Strategy / Sub-Strategy

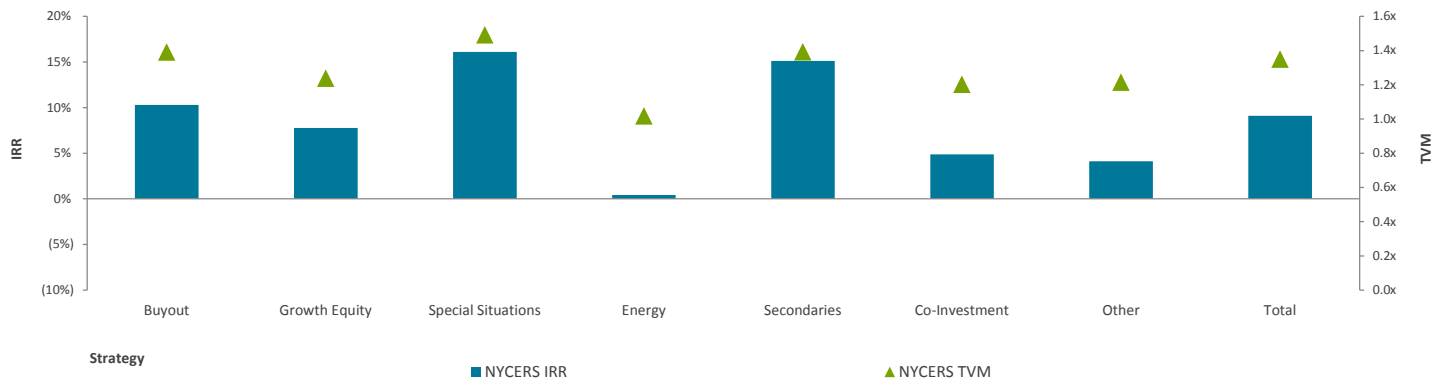
The following table and charts illustrate the Portfolio's since inception investment performance by strategy and sub-strategy as of December 31, 2015.

*As of December 31, 2015 (US\$ in millions)*

Strategy / Sub-Strategy	Committed Capital	Contributed Capital	Distributed Capital	Market Value	Unfunded Commitment	Total Exposure	TVM	IRR
<b>Buyout</b>	<b>\$5,189.5</b>	<b>\$4,526.2</b>	<b>\$3,744.4</b>	<b>\$2,553.0</b>	<b>\$1,317.8</b>	<b>\$3,870.8</b>	<b>1.39x</b>	<b>10.3%</b>
Mega Buyout	909.0	745.6	662.9	383.8	287.9	671.7	1.40x	10.6%
Large Buyout	1,776.8	1,352.5	904.4	980.9	575.3	1,556.1	1.39x	13.9%
Middle-Market Buyout	1,383.8	1,276.9	1,215.1	619.0	314.7	933.7	1.44x	9.4%
Small Buyout	1,119.9	1,151.1	962.0	569.4	140.0	709.4	1.33x	8.5%
<b>Growth Equity</b>	<b>508.5</b>	<b>273.3</b>	<b>89.6</b>	<b>249.0</b>	<b>261.1</b>	<b>510.2</b>	<b>1.24x</b>	<b>7.8%</b>
<b>Special Situations</b>	<b>634.7</b>	<b>521.4</b>	<b>459.9</b>	<b>317.9</b>	<b>227.8</b>	<b>545.6</b>	<b>1.49x</b>	<b>16.1%</b>
<b>Energy</b>	<b>355.0</b>	<b>380.0</b>	<b>181.0</b>	<b>205.7</b>	<b>21.1</b>	<b>226.8</b>	<b>1.02x</b>	<b>0.4%</b>
<b>Secondaries</b>	<b>746.6</b>	<b>412.3</b>	<b>297.8</b>	<b>276.6</b>	<b>339.3</b>	<b>616.0</b>	<b>1.39x</b>	<b>15.1%</b>
<b>Co-Investment</b>	<b>229.3</b>	<b>129.6</b>	<b>85.2</b>	<b>70.7</b>	<b>105.2</b>	<b>175.9</b>	<b>1.20x</b>	<b>4.9%</b>
<b>Other</b>	<b>726.5</b>	<b>763.5</b>	<b>489.4</b>	<b>438.9</b>	<b>35.1</b>	<b>474.0</b>	<b>1.22x</b>	<b>4.1%</b>
Venture Capital	656.5	672.9	366.7	432.1	27.4	459.5	1.19x	3.4%
Mezzanine	70.0	90.6	122.6	6.8	7.6	14.5	1.43x	13.7%
<b>Total</b>	<b>\$8,390.2</b>	<b>\$7,006.3</b>	<b>\$5,347.2</b>	<b>\$4,111.8</b>	<b>\$2,307.4</b>	<b>\$6,419.2</b>	<b>1.35x</b>	<b>9.1%</b>

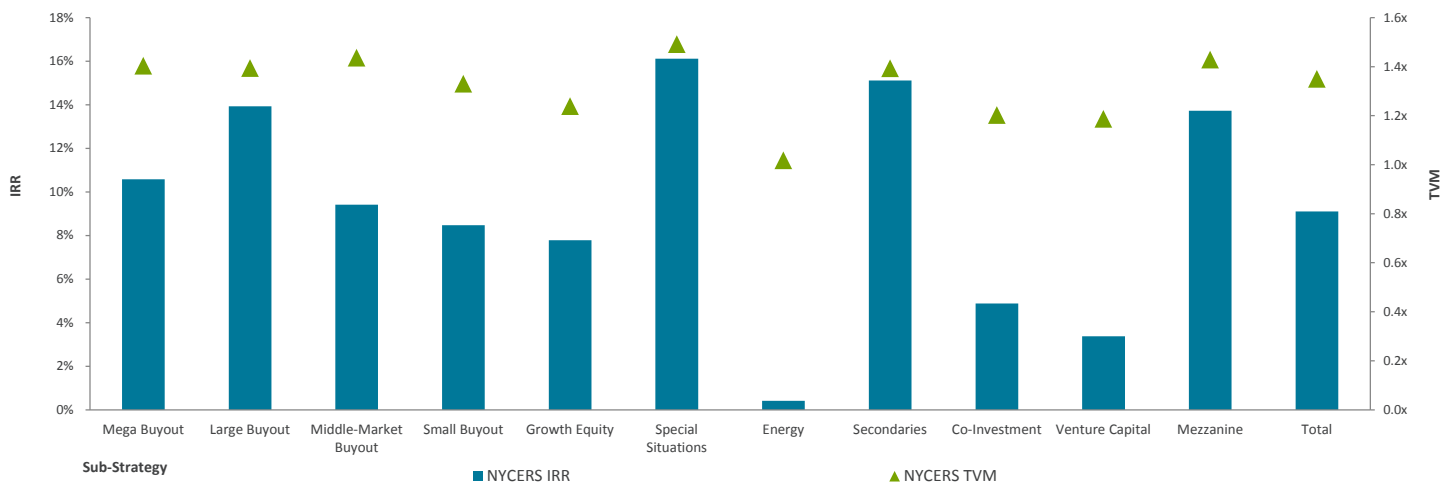
## Performance by Strategy

As of December 31, 2015



## Performance by Sub-Strategy

As of December 31, 2015



## Portfolio Diversification

The following tables illustrate the Portfolio's diversification by strategy and fund geographic focus as of December 31, 2015.

### By Strategy/Sub-Strategy

As of December 31, 2015 (US\$ in millions)	Market Value		Unfunded Commitment		Total Exposure	
	\$	% of Total	\$	% of Total	\$	% of Total
<b>Buyout</b>	<b>\$2,553.0</b>	<b>62.1%</b>	<b>\$1,317.8</b>	<b>57.1%</b>	<b>\$3,870.8</b>	<b>60.3%</b>
Mega Buyout	383.8	9.3%	287.9	12.5%	671.7	10.5%
Large Buyout	980.9	23.9%	575.3	24.9%	1,556.1	24.2%
Middle-Market Buyout	619.0	15.1%	314.7	13.6%	933.7	14.5%
Small Buyout	569.4	13.8%	140.0	6.1%	709.4	11.1%
<b>Growth Equity</b>	<b>249.0</b>	<b>6.1%</b>	<b>261.1</b>	<b>11.3%</b>	<b>510.2</b>	<b>7.9%</b>
<b>Special Situations</b>	<b>317.9</b>	<b>7.7%</b>	<b>227.8</b>	<b>9.9%</b>	<b>545.6</b>	<b>8.5%</b>
<b>Energy</b>	<b>205.7</b>	<b>5.0%</b>	<b>21.1</b>	<b>0.9%</b>	<b>226.8</b>	<b>3.5%</b>
<b>Secondaries</b>	<b>276.6</b>	<b>6.7%</b>	<b>339.3</b>	<b>14.7%</b>	<b>616.0</b>	<b>9.6%</b>
<b>Co-Investment</b>	<b>70.7</b>	<b>1.7%</b>	<b>105.2</b>	<b>4.6%</b>	<b>175.9</b>	<b>2.7%</b>
<b>Other</b>	<b>438.9</b>	<b>10.7%</b>	<b>35.1</b>	<b>1.5%</b>	<b>474.0</b>	<b>7.4%</b>
Venture Capital	432.1	10.5%	27.4	1.2%	459.5	7.2%
Mezzanine	6.8	0.2%	7.6	0.3%	14.5	0.2%
<b>Total</b>	<b>\$4,111.8</b>	<b>100.0%</b>	<b>\$2,307.4</b>	<b>100.0%</b>	<b>\$6,419.2</b>	<b>100.0%</b>

### By Fund Geographic Focus

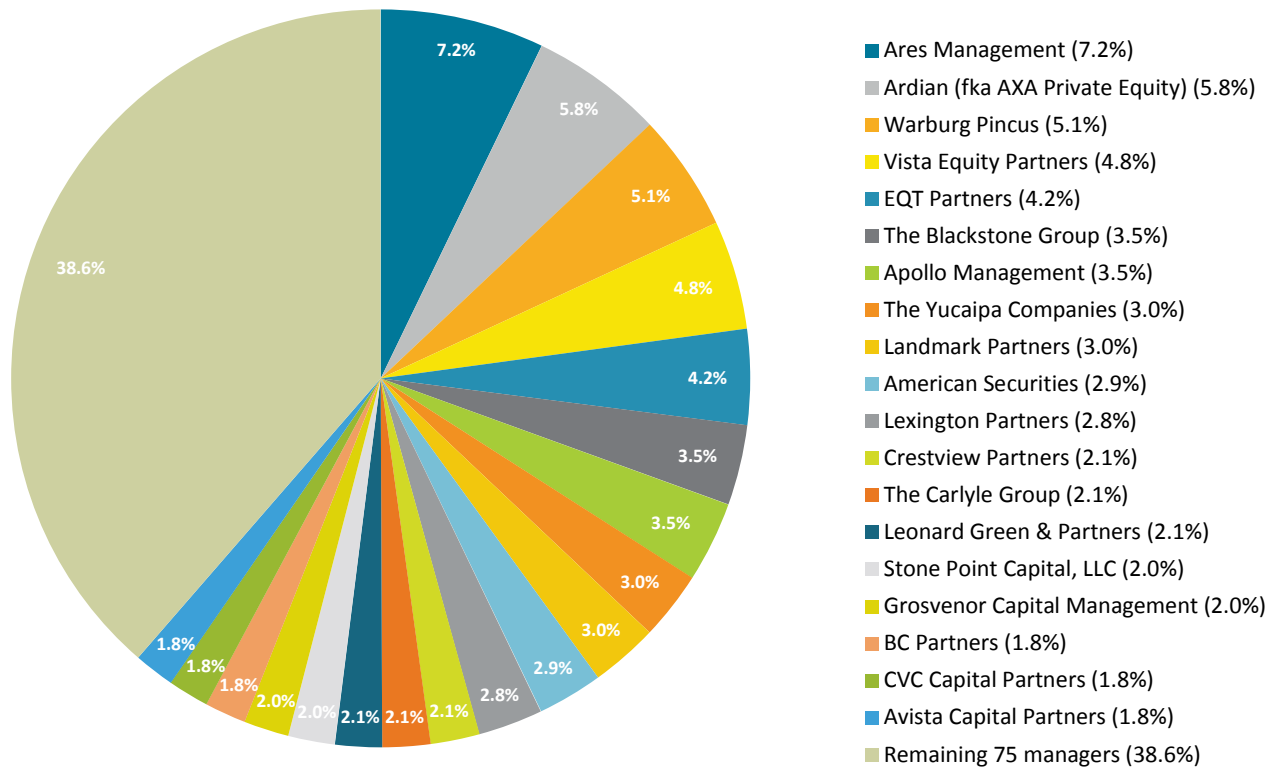
As of December 31, 2015 (US\$ in millions)	Market Value		Unfunded Commitment		Total Exposure	
	\$	% of Total	\$	% of Total	\$	% of Total
North America	\$3,128.6	76.1%	\$1,226.0	53.1%	\$4,354.6	67.8%
Global	791.1	19.2%	822.3	35.6%	1,613.3	25.1%
Western Europe	186.2	4.5%	259.1	11.2%	445.3	6.9%
Rest of World	5.9	0.1%	-	0.0%	5.9	0.1%
<b>Total</b>	<b>\$4,111.8</b>	<b>100.0%</b>	<b>\$2,307.4</b>	<b>100.0%</b>	<b>\$6,419.2</b>	<b>100.0%</b>

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

### By Investment Manager

As of December 31, 2015, the Portfolio was highly diversified by investment manager, with 19 managers comprising US\$3.9 billion, or 61.4% of total exposure. The remaining 75 managers comprised 38.6% of total exposure as of quarter-end.

**Portfolio Total Exposure by Investment Manager**  
As of December 31, 2015

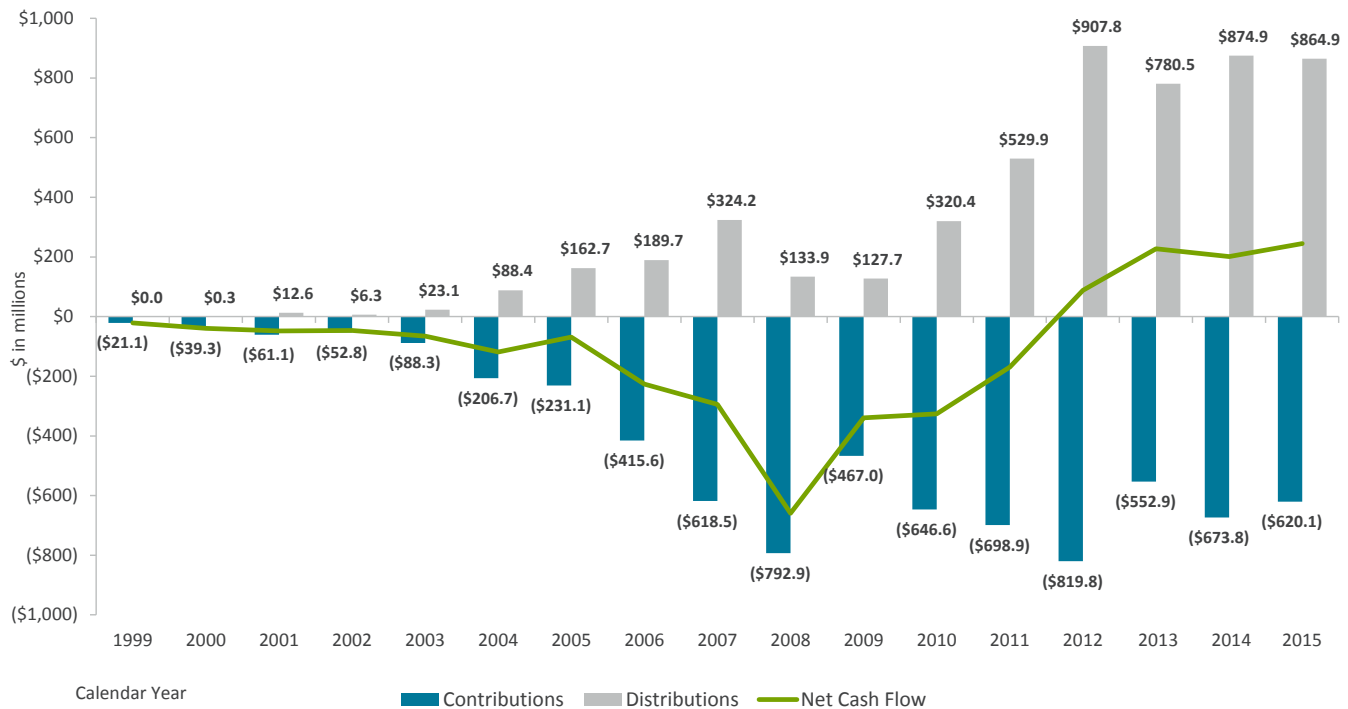


## Portfolio Cash Flow Analysis

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

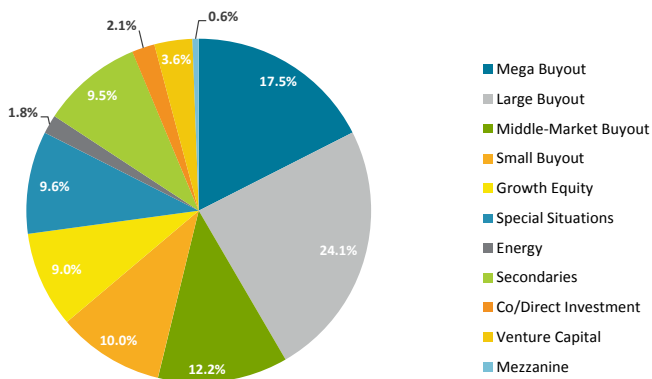
### Yearly Cash Flow Activity

During the year ended December 31, 2015, the Portfolio made US\$620.1 million of contributions and received US\$864.9 million of distributions, for a net cash inflow of US\$244.8 million, compared to a net cash inflow of US\$201.1 million during the prior year. The graph below illustrates cash flow activity since inception by calendar year.

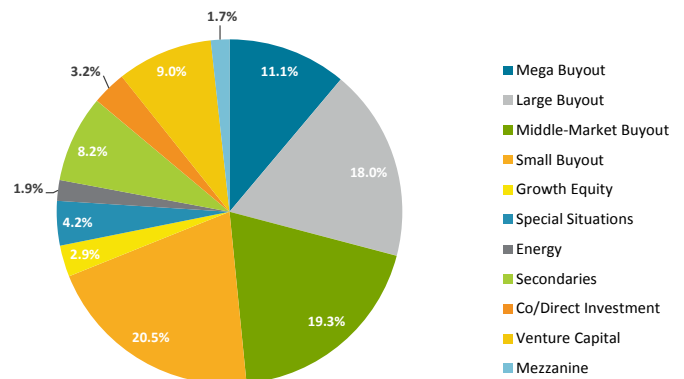


Buyout funds were the most active in terms of cash flow activity during 2015. Buyout funds drew down US\$395.8 million, or 63.8% of total contributions during 2015, and distributed US\$595.9 million, or 68.9% of total distributions during 2015.

2015 Total Contributed by Sub-Strategy

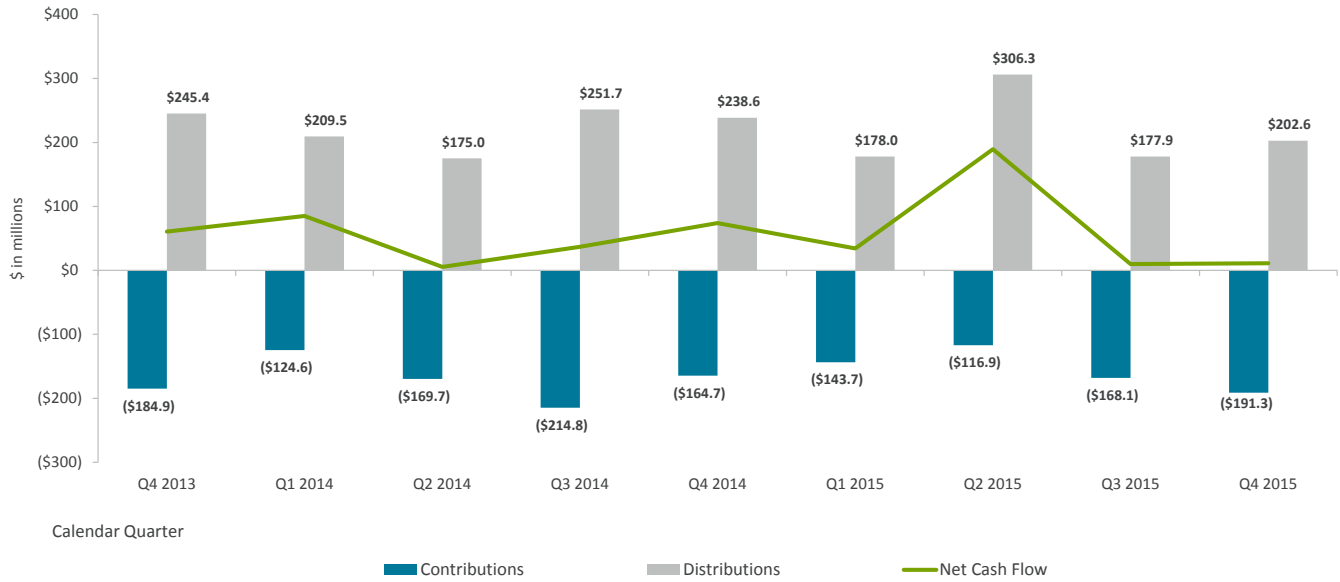


2015 Total Distributed by Sub-Strategy



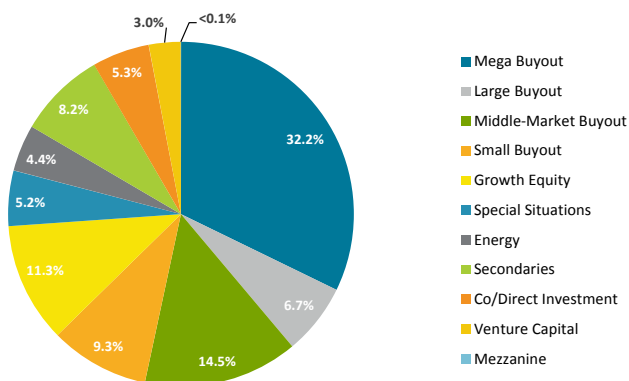
## Quarterly Cash Flow Activity

During the fourth quarter of 2015, the Portfolio made US\$191.3 million of contributions and received US\$202.6 million of distributions, for a net cash inflow of US\$11.3 million. The graph below illustrates recent cash flow activity by quarter.

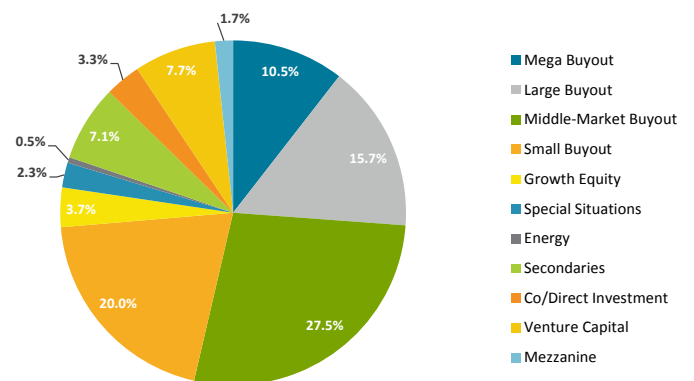


Buyout funds were the most active in terms of cash flow activity during the third quarter of 2015. Buyout funds drew down US\$125.4 million, or 74.6% of total contributions during the quarter, and distributed US\$126.0 million, or 70.8% of total distributions during the quarter.

Q4 2015 Contributed by Sub-Strategy



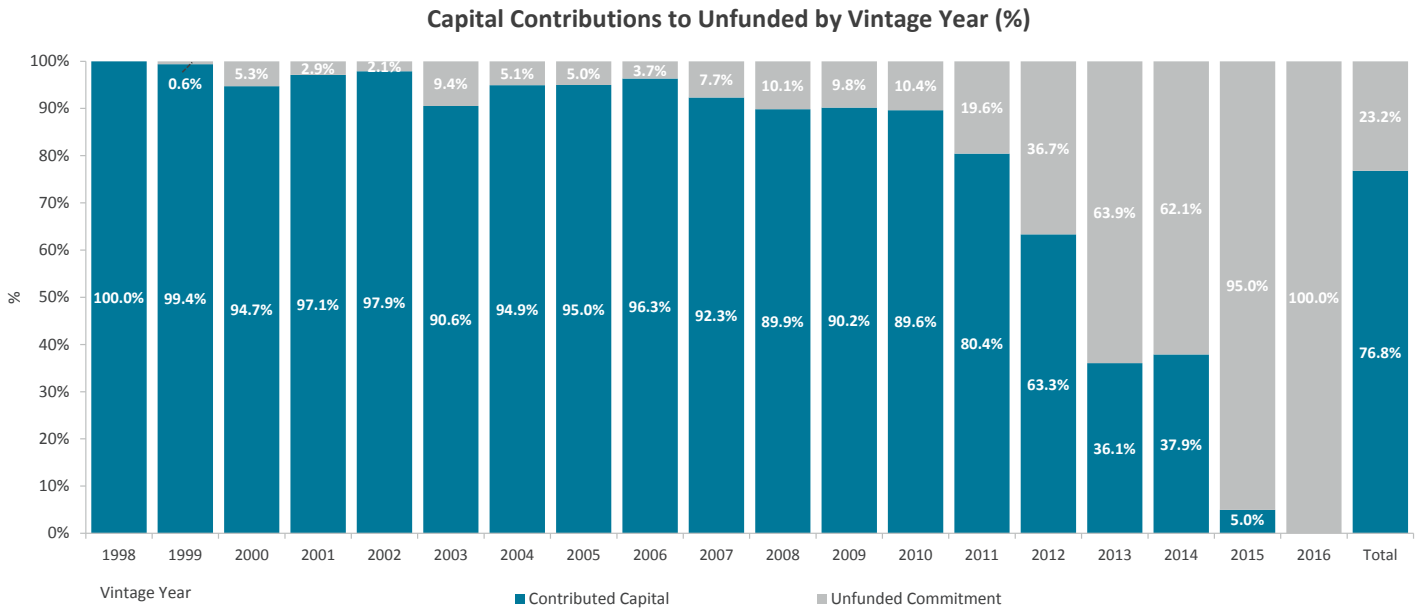
Q4 2015 Distributed by Sub-Strategy



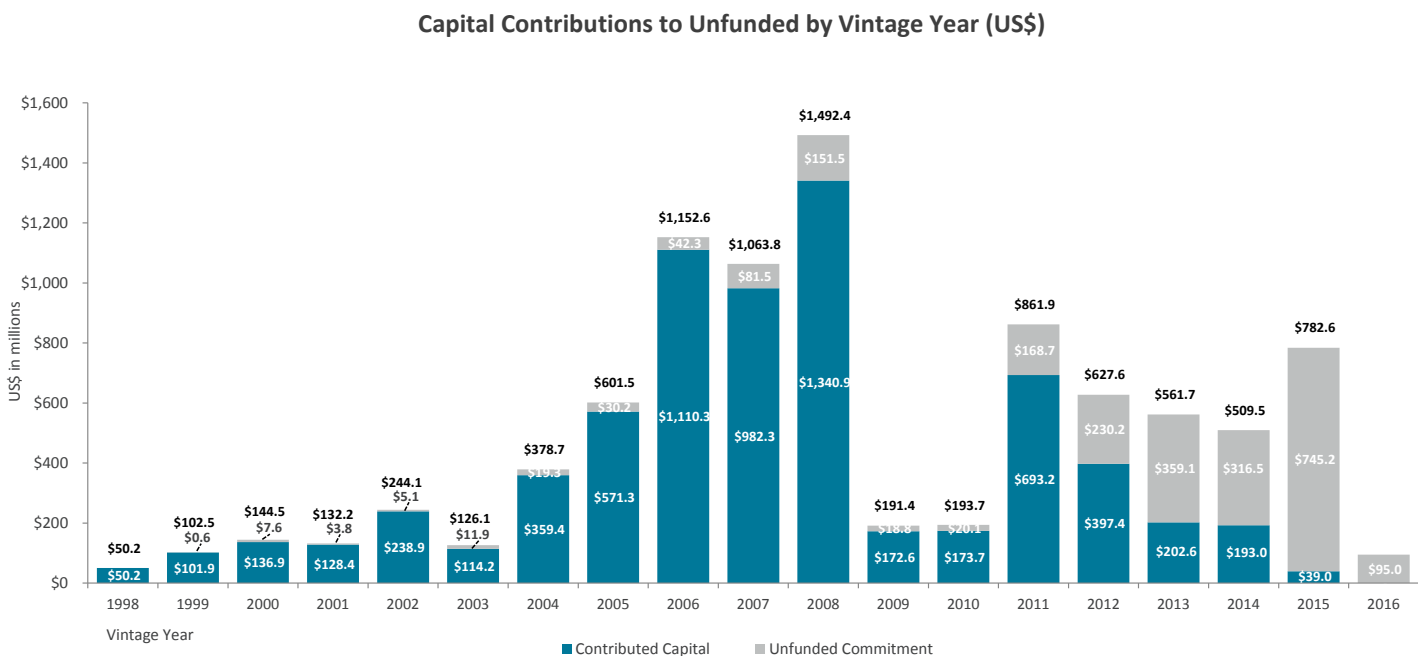


### Invested Capital by Vintage Year

The following chart illustrates cumulative capital contributions as a percentage of total capital commitments, by fund vintage year, as of December 31, 2015.



The following chart illustrates cumulative capital contributions relative to unfunded commitment, by fund vintage year, as of December 31, 2015.



## Portfolio Company-Level Analysis

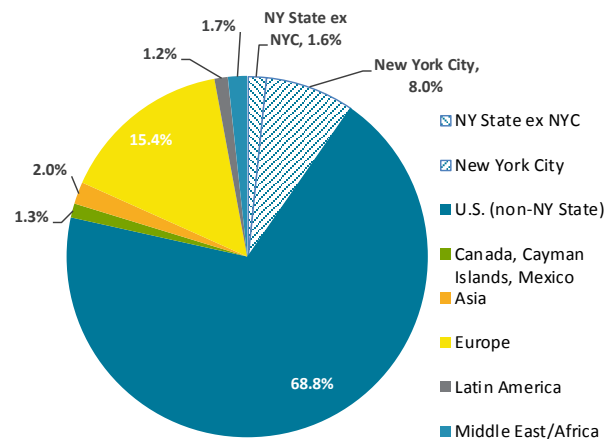
### Geographic Exposure

The following charts illustrate the Portfolio's current exposure by geography at the portfolio company level as of December 31, 2015. Please note that the geography is based upon the corporate headquarters of each portfolio company.

#### Geographic Exposure by Current Cost

As of December 31, 2015 (US\$ in millions)

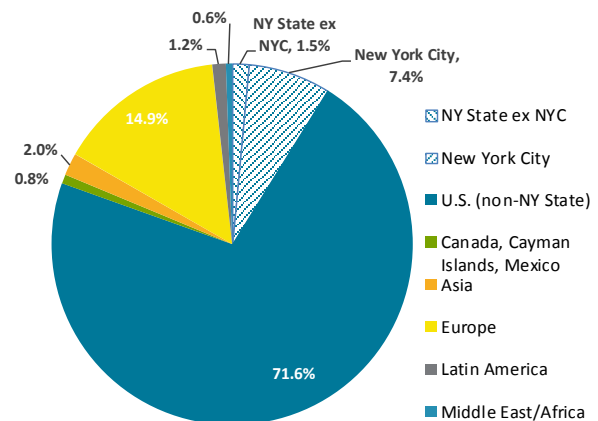
	Sum of Current Cost	% of Total
<b>North America</b>	<b>\$2,621.3</b>	<b>79.7%</b>
<b>New York</b>	<b>\$316.8</b>	<b>9.6%</b>
NY State ex NYC	53.4	1.6%
New York City	263.4	8.0%
<b>U.S. (non-NY State)</b>	<b>2,263.1</b>	<b>68.8%</b>
Canada, Cayman Islands, Mexico	41.4	1.3%
Asia	64.6	2.0%
Europe	506.0	15.4%
Latin America	38.8	1.2%
Middle East/Africa	56.7	1.7%
<b>Total</b>	<b>\$3,287.5</b>	<b>100.0%</b>



#### Geographic Exposure by Current Market Value

As of December 31, 2015 (US\$ in millions)

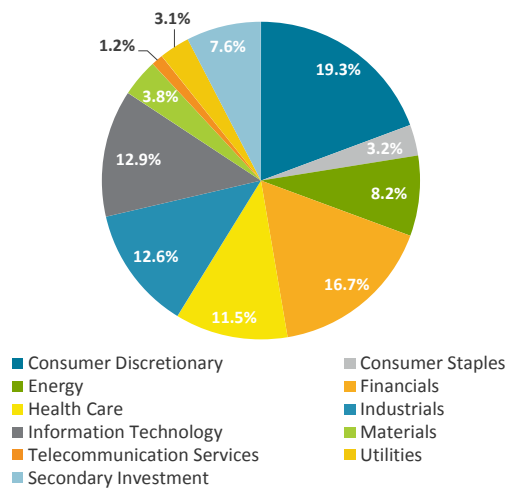
	Sum of Current Market Value	% of Total
<b>North America</b>	<b>\$3,570.1</b>	<b>81.3%</b>
<b>New York</b>	<b>\$388.5</b>	<b>8.8%</b>
NY State ex NYC	64.5	1.5%
New York City	324.0	7.4%
<b>U.S. (non-NY State)</b>	<b>3,146.0</b>	<b>71.6%</b>
Canada, Cayman Islands, Mexico	35.6	0.8%
Asia	88.3	2.0%
Europe	656.7	14.9%
Latin America	53.2	1.2%
Middle East/Africa	24.5	0.6%
<b>Total</b>	<b>\$4,392.8</b>	<b>100.0%</b>



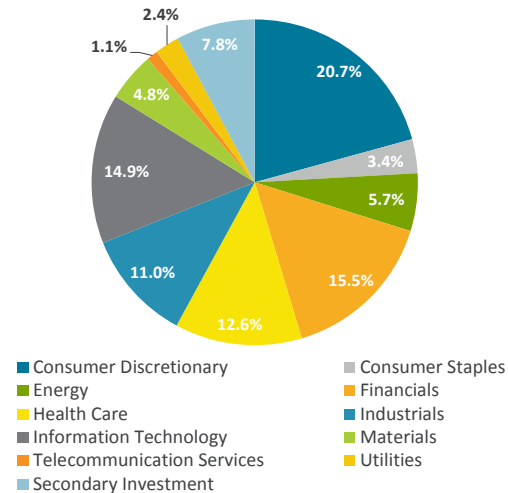
## Industry Exposure

The following charts illustrate the Portfolio's current exposure by industry at the portfolio company level as of December 31, 2015. Please note that the Financials category includes investments in various debt securities.

**Industry Exposure by Current Cost**



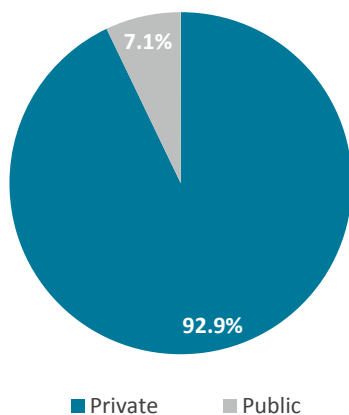
**Industry Exposure by Current Market Value**



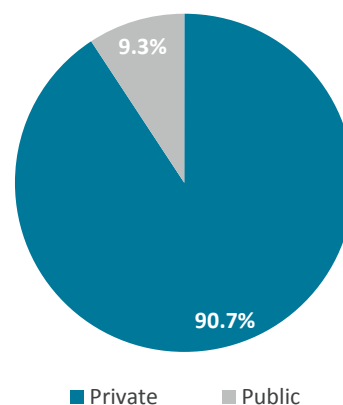
## Public Market Exposure

As of quarter-end, publicly traded investments comprised 7.1% of the Portfolio's exposed cost and 9.3% of the Portfolio's exposed market value. The following charts illustrate the current public market exposure at the portfolio company level.

**Public Market Exposure by Current Cost**



**Public Market Exposure Current Market Value**



## IV. Appendix

**New York City Employees' Retirement System**  
**Private Equity Portfolio**  
**As of December 31, 2015 (in USD)**

Vintage Year	Investment	First Drawdown	Committed Capital	Contributed Capital	Distributed Capital	Market Value	Multiple	IRR <sup>1</sup>	PME Benchmark <sup>2</sup>	PME Spread <sup>3</sup>
<b>Active Investments</b>										
1999	Cypress Merchant Banking Partners II, L.P.	3/29/1999	\$ 45,172,972	\$ 53,861,600	\$ 43,440,706	\$ 6,924,387	0.94x	(1.3%)	5.5%	(6.7%)
1999	FdG Capital Partners LLC	6/2/1999	25,000,000	28,756,835	42,947,883	6,365,393	1.71x	14.8%	6.5%	8.3%
1999	Lincolnshire Equity Fund II, L.P.	10/20/1999	18,397,347	19,261,466	36,463,088	1,040,736	1.95x	24.6%	6.8%	17.8%
2000	Solera Partners, L.P.	5/26/2000	19,999,779	26,424,028	41,635,156	4,104,069	1.73x	8.6%	6.3%	2.3%
2000	SCP Private Equity Partners II, L.P.	6/15/2000	27,442,463	30,827,225	9,060,182	5,292,227	0.47x	(10.2%)	4.9%	(15.1%)
2001	New Mountain Partners, L.P.	3/16/2001	18,141,933	17,116,468	24,431,489	442,564	1.45x	12.4%	6.2%	6.2%
2001	Apollo Investment Fund V, L.P.	4/13/2001	40,000,000	62,509,880	122,932,865	1,317,199	1.99x	38.6%	8.4%	30.2%
2001	RRE Ventures III, L.P.	7/6/2001	19,999,999	26,237,704	33,113,046	2,928,305	1.37x	5.9%	6.5%	(0.6%)
2002	Yucaipa American Alliance Fund I, LP	7/1/2002	90,000,000	114,094,892	94,282,024	37,497,933	1.16x	3.7%	10.0%	(6.3%)
2002	Thomas, McNERNEY & PARTNERS, L.P.	10/9/2002	20,000,000	20,000,000	7,003,139	5,101,749	0.61x	(10.0%)	10.7%	(20.6%)
2002	BDCM Opportunity Fund, L.P.	10/14/2002	25,000,000	52,554,619	89,778,751	413,035	1.72x	22.8%	6.2%	16.6%
2002	Landmark Equity Partners XI, L.P.	10/23/2002	55,000,000	52,284,778	76,665,450	4,303,379	1.55x	23.6%	7.3%	16.2%
2003	FS Equity Partners V, L.P.	1/20/2003	25,000,000	21,386,296	38,376,747	6,150,969	2.08x	15.9%	5.2%	10.6%
2003	Blackstone Capital Partners IV, L.P.	2/26/2003	34,418,762	38,818,072	97,741,755	1,330,775	2.55x	39.7%	7.5%	32.2%
2003	Ares Corporate Opportunities Fund, L.P.	4/1/2003	45,000,000	54,008,942	78,961,930	4,281,951	1.54x	13.6%	7.4%	6.2%
2004	Markstone Capital Partners, LP	1/30/2004	40,000,000	46,899,103	19,822,611	1,955,927	0.46x	(40.5%)	18.0%	(58.5%)
2004	FdG Capital Partners II LP	8/30/2004	35,000,000	37,624,231	42,499,038	1,944,066	1.18x	3.4%	6.5%	(3.2%)
2004	Paladin Homeland Security Fund (NY City), L.P.	9/27/2004	15,000,000	16,236,925	4,919,658	2,582,561	0.46x	(10.8%)	6.1%	(16.9%)
2004	Lincolnshire Equity Fund III, L.P.	10/1/2004	55,000,000	53,368,742	69,373,748	26,202,151	1.79x	30.4%	10.3%	20.1%
2004	New York/Fairview Emerging Managers Fund, L.P.-Tranche 1	10/21/2004	32,000,000	32,452,414	18,854,047	21,661,915	1.25x	4.1%	8.7%	(4.5%)
2004	Aurora Equity Partners III L.P.	11/16/2004	50,000,000	54,119,877	86,237,201	5,701,901	1.70x	14.4%	9.8%	4.6%
2004	Trilantic Capital Partners III L.P.	11/18/2004	45,088,848	40,126,836	59,174,224	1,118,629	1.50x	12.5%	4.9%	7.6%
2004	Celtic Pharmaceutical Holdings L.P.	12/23/2004	25,000,000	25,402,094	402,094	3,976,018	0.17x	(19.8%)	9.5%	(29.3%)
2005	Palladium Equity Partners III, L.P.	11/12/2004	35,000,000	35,756,837	50,825,061	19,539,112	1.97x	18.0%	11.5%	6.4%
2005	New Mountain Partners II, L.P.	1/12/2005	46,451,615	41,780,816	80,867,650	866,315	1.96x	13.7%	4.5%	9.3%
2005	VSS Communications Partners IV, L.P.	3/14/2005	25,000,000	28,201,361	15,354,684	6,620,397	0.78x	(4.3%)	7.4%	(11.7%)
2005	Prism Venture Partners V-A, L.P.	7/14/2005	30,000,000	30,762,722	15,284,210	7,657,363	0.75x	(5.8%)	8.0%	(13.8%)
2005	NB New York City Growth Fund	8/16/2005	34,819,694	34,819,694	33,604,255	-	0.97x	(0.7%)	3.2%	(3.9%)
2005	Quadrangle Capital Partners II LP	8/29/2005	60,636,859	60,918,852	66,068,895	14,683,189	1.33x	5.8%	6.7%	(0.9%)
2005	Snow Phipps Group, L.P.	9/7/2005	20,000,000	22,991,038	17,825,994	11,756,659	1.29x	7.0%	10.4%	(3.4%)
2005	GI Partners Fund II L.P.	9/26/2005	35,000,000	35,404,345	41,823,917	10,621,795	1.48x	6.7%	5.4%	1.3%
2005	Blackstone Mezzanine Partners II, L.P.	10/10/2005	25,000,000	23,474,457	31,459,534	667,450	1.37x	8.1%	3.8%	4.3%
2005	Psilos Group Partners III, L.P.	10/24/2005	35,000,000	37,205,819	17,948,760	28,722,526	1.25x	4.7%	7.3%	(2.7%)
2005	USPF II Institutional Fund, L.P.	11/23/2005	65,000,000	85,734,194	58,373,292	59,861,305	1.38x	6.5%	7.0%	(0.6%)
2005	JP Morgan Fleming (Tranche A)	12/21/2005	43,000,000	41,274,016	29,573,959	27,586,569	1.38x	7.3%	10.3%	(3.0%)
2006	Aisling Capital II, LP	1/12/2006	6,680,102	7,814,346	5,070,342	3,199,535	1.06x	1.2%	7.5%	(6.3%)
2006	InterMedia Partners VII, L.P.	1/20/2006	25,000,000	28,970,204	17,874,149	24,728,502	1.47x	6.0%	9.8%	(3.8%)
2006	Terra Firma Capital Partners III, L.P.	3/8/2006	52,765,862	53,205,555	3,796,110	23,456,878	0.51x	(11.0%)	7.9%	(18.9%)
2006	BDCM Opportunity Fund II, L.P.	3/29/2006	26,215,247	36,215,247	35,058,707	33,637,053	1.90x	16.5%	10.6%	5.9%
2006	Blackstone Capital Partners V, L.P.	4/13/2006	122,052,590	129,019,523	147,857,662	57,957,771	1.60x	8.1%	8.2%	(0.1%)
2006	Avista Capital Partners, L.P.	4/27/2006	45,000,000	58,757,832	50,383,584	24,064,680	1.77x	5.4%	5.9%	(0.6%)
2006	GSC Recovery III, L.P.	5/4/2006	25,000,000	28,125,676	29,592,470	2,839,241	1.15x	3.8%	6.5%	(2.7%)
2006	Apollo Investment Fund VI, L.P.	5/10/2006	90,000,000	115,838,240	145,232,785	31,125,323	1.52x	9.5%	7.4%	2.1%
2006	Landmark Equity Partners XIII, L.P.	5/11/2006	50,000,000	43,462,376	43,462,376	18,837,366	1.30x	6.0%	6.0%	(0.0%)
2006	Ares Corporate Opportunities Fund II, L.P.	5/23/2006	50,000,000	54,777,786	82,742,122	9,357,035	1.68x	13.5%	3.9%	9.6%
2006	Fairview Ventures Fund III, L.P.	6/29/2006	25,000,000	25,378,772	17,383,523	28,350,152	1.80x	15.3%	12.1%	3.2%
2006	Ampersand 2006	8/14/2006	25,000,000	25,000,000	25,032,244	25,834,055	2.03x	14.3%	8.2%	6.1%
2006	CCMP Capital Investors II, L.P.	8/17/2006	30,000,000	32,935,583	36,254,007	16,548,417	1.60x	13.0%	10.2%	2.8%
2006	CLP 2014 (fka Perseus Partners VII)	8/31/2006	30,000,000	35,015,446	10,072,119	888,923	0.31x	(32.6%)	12.9%	(45.6%)
2006	Thomas, McNERNEY & PARTNERS II, L.P.	11/30/2006	25,000,000	24,269,167	40,366,658	12,190,392	2.17x	16.8%	11.3%	5.5%
2006	Catterton Partners VI, L.P.	12/14/2006	45,000,000	49,681,556	61,097,483	32,706,482	1.89x	13.4%	8.3%	5.1%
2006	First Reserve Fund XI, L.P.	12/14/2006	45,000,000	47,820,682	26,739,005	5,477,954	0.67x	(9.8%)	5.8%	(15.6%)
2006	Arsenal Capital Partners II, LP	12/19/2006	22,500,000	26,890,523	25,313,913	16,773,194	1.57x	10.0%	11.6%	(1.6%)
2006	RRE Ventures IV, L.P.	12/19/2006	35,000,000	42,884,278	19,963,569	47,629,976	1.58x	9.1%	10.4%	(1.4%)
2006	MidOcean Partners III, L.P.	12/21/2006	60,000,000	67,120,749	51,379,709	45,950,679	1.45x	8.4%	9.1%	(0.6%)
2006	GF Capital Private Equity Fund, L.P.	12/22/2006	20,000,000	20,626,154	17,106,190	19,020,707	1.75x	15.0%	12.3%	2.7%
2006	The Fourth Civen Fund	1/22/2007	71,466,847	72,454,566	75,477,506	24,922,416	1.39x	6.8%	7.6%	(0.8%)
2007	Pegasus Partners IV, L.P.	1/29/2007	30,000,000	34,878,624	15,877,079	18,935,966	1.00x	(0.0%)	10.8%	(10.9%)
2007	FTVentures III, LP	3/1/2007	24,201,990	24,651,990	31,595,290	19,037,675	2.05x	16.5%	9.7%	6.8%
2007	Co-Investment Partners Europe, L.P.	3/19/2007	39,956,041	41,957,058	27,311,294	25,725,102	1.26x	5.1%	15.7%	(10.6%)
2007	Montreux Equity Partners IV, L.P.	3/27/2007	20,000,000	20,000,000	6,843,774	19,528,041	1.32x	6.1%	9.9%	(3.8%)
2007	Quaker BioVentures II, L.P.	3/30/2007	20,000,000	17,658,740	10,808,880	13,239,984	1.36x	8.2%	12.3%	(4.1%)
2007	SCP Vitalife Partners II Fund	4/13/2007	20,000,000	20,099,698	1,579	14,631,704	0.73x	(6.6%)	10.1%	(16.7%)
2007	Craton Equity Investors I, L.P.	4/30/2007	20,000,000	20,089,805	1,453,710	3,746,158	0.26x	(22.2%)	18.2%	(40.4%)
2007	Nautic Partners VI, L.P.	5/14/2007	30,000,000	33,397,160	52,989,663	20,905,916	2.21x	19.0%	11.9%	7.2%
2007	Constellation Venture Capital III, L.P.	5/22/2007	25,000,000	27,160,015	5,676,045	15,653,525	0.79x	(5.2%)	17.9%	(23.1%)
2007	United States Power Fund III, L.P.	6/28/2007	65,000,000	71,706,783	31,625,128	62,793,709	1.32x	6.0%	8.0%	(2.1%)
2007	Halyard Capital Fund II, L.P.	7/2/2007	25,000,000	21,046,262	20,970,583	9,767,196	1.46x	7.6%	9.5%	(1.9%)
2007	Carlyle Partners V, L.P.	7/6/2007	70,000,000	71,029,404	74,298,662	41,576,783	1.63x	13.4%	10.6%	2.8%

**New York City Employees' Retirement System**  
**Private Equity Portfolio**  
**As of December 31, 2015 (in USD)**

Vintage Year	Investment	First Drawdown	Committed Capital	Contributed Capital	Distributed Capital	Market Value	Multiple	IRR <sup>1</sup>	PME Benchmark <sup>2</sup>	PME Spread <sup>3</sup>
2007	PCG Clean Energy & Technology Fund (East), LLC	7/6/2007	90,000,000	79,380,090	9,345,681	41,015,734	0.63x	(8.9%)	12.8%	(21.8%)
2007	GSO Capital Opportunities Fund LP	7/16/2007	45,000,000	67,167,107	91,176,696	6,157,993	1.45x	18.0%	10.2%	7.8%
2007	StarVest Partners II, L.P.	8/1/2007	25,000,000	24,464,099	1,166,983	20,263,737	0.88x	(3.3%)	15.7%	(18.9%)
2007	New Mountain Partners III, L.P.	8/9/2007	100,000,000	98,204,970	62,928,377	91,096,255	1.57x	11.4%	12.4%	(1.0%)
2007	Vista Equity Partners Fund III, L.P.	10/3/2007	30,000,000	31,860,199	67,811,388	13,627,500	2.56x	28.6%	9.9%	18.7%
2007	Trilantic Capital Partners IV L.P.	10/22/2007	69,028,637	69,258,852	85,006,887	22,676,437	1.55x	14.1%	10.8%	3.2%
2007	RJ Equity Partners Fund I, L.P.	11/30/2007	20,000,000	21,094,120	8,301,877	22,599,335	1.46x	11.9%	14.0%	(2.1%)
2007	Pine Brook Capital Partners, L.P.	1/11/2008	30,000,000	30,290,730	17,835,817	17,348,182	1.16x	5.2%	10.9%	(5.7%)
2008	Paladin III (NY City), L.P.	1/8/2008	30,000,000	33,715,844	17,391,950	27,837,059	1.34x	8.4%	11.3%	(2.9%)
2008	Relativity Fund, L.P.	1/17/2008	10,877,829	10,773,614	2,302,071	3,618,054	0.55x	(11.1%)	10.3%	(21.4%)
2008	Apollo Investment Fund VII, L.P.	1/28/2008	100,000,000	118,027,691	175,043,874	31,446,113	1.75x	24.8%	13.4%	11.3%
2008	NGN BioMed Opportunity II, L.P.	2/11/2008	20,000,000	18,651,821	3,946,209	9,647,949	0.73x	(7.4%)	15.9%	(23.3%)
2008	Carpenter Community BancFund-A, L.P.	2/12/2008	20,000,000	19,519,654	11,658,453	18,076,491	1.52x	8.1%	15.2%	(7.1%)
2008	Riverstone/Carlyle Global Energy & Power Fund IV, L.P.	3/3/2008	45,000,000	48,011,110	33,780,685	22,103,169	1.16x	5.3%	13.7%	(8.5%)
2008	Yucaipa American Alliance Fund II, LP	3/28/2008	120,000,000	162,119,768	96,852,660	127,732,190	1.39x	9.4%	12.0%	(2.7%)
2008	Levine Leichtman Capital Partners IV, L.P.	4/8/2008	35,000,000	35,033,723	40,891,031	19,849,088	1.73x	20.8%	14.5%	6.3%
2008	Lee Equity Partners Fund, L.P.	4/23/2008	42,500,000	50,020,033	38,650,266	29,201,553	1.36x	9.7%	13.7%	(4.0%)
2008	New York/Fairview Emerging Managers Fund, L.P.-Tranche 2	5/28/2008	45,000,000	40,442,559	20,107,145	41,909,947	1.53x	15.2%	13.0%	2.2%
2008	Yucaipa Corporate Initiatives Fund II, LP	6/23/2008	42,092,788	40,842,713	11,698,560	24,102,171	0.88x	(3.1%)	10.7%	(13.8%)
2008	Leeds Equity Partners V, L.P.	7/28/2008	60,000,000	53,780,291	33,414,337	51,652,510	1.58x	15.8%	14.0%	1.8%
2008	GI Partners Fund III L.P.	7/29/2008	45,000,000	48,032,596	48,538,062	22,049,276	1.47x	13.3%	15.4%	(2.1%)
2008	Ares Corporate Opportunities Fund III, L.P.	7/30/2008	75,000,000	88,326,583	78,847,538	73,782,619	1.73x	20.9%	11.9%	9.0%
2008	GCM Grosvenor NYCERS Emerging Manager Co-Investment Fund, L.P.	8/22/2008	12,875,950	14,624,434	19,882,463	5,578,805	1.74x	13.7%	11.5%	2.2%
2008	GCM Grosvenor NYCERS Emerging Manager Fund, L.P.	8/22/2008	116,737,374	118,753,450	65,157,557	87,917,050	1.29x	10.7%	13.4%	(2.7%)
2008	First Reserve Fund XII, L.P.	8/25/2008	45,000,000	47,347,642	21,141,435	14,475,030	0.75x	(8.1%)	16.8%	(24.8%)
2008	Landmark Equity Partners XIV, L.P.	9/19/2008	109,120,000	100,746,932	79,149,454	55,893,842	1.34x	13.6%	14.3%	(0.8%)
2008	Crestview Partners II, L.P.	10/1/2008	50,000,000	53,934,453	40,003,445	38,230,043	1.45x	12.7%	14.9%	(2.2%)
2008	Avista Capital Partners II, L.P.	11/5/2008	75,000,000	90,101,099	96,057,291	71,115,316	1.86x	18.8%	14.6%	4.2%
2008	Blue Wolf Capital Fund II, L.P.	11/14/2008	25,000,000	27,167,904	9,980,200	21,521,002	1.16x	5.3%	16.6%	(11.3%)
2008	Bridgepoint Europe IV	11/14/2008	26,692,309	24,454,185	18,502,077	16,374,093	1.43x	10.5%	15.4%	(4.9%)
2008	Aisling Capital III, LP	11/20/2008	14,000,000	14,609,804	13,251,959	10,566,540	1.63x	22.9%	14.6%	8.3%
2008	Onex Partners III LP	12/10/2008	75,000,000	80,906,942	47,917,405	71,908,685	1.48x	13.3%	15.3%	(2.0%)
2009	Welsh, Carson, Anderson & Stowe XI, L.P.	2/10/2009	40,000,000	38,570,874	30,586,944	28,431,030	1.53x	14.2%	14.6%	(0.5%)
2009	FS Equity Partners VI, L.P.	7/27/2009	32,500,000	30,844,052	24,252,393	31,217,171	1.80x	18.9%	15.5%	3.4%
2009	Lincolnshire Equity Fund IV, L.P.	8/5/2009	27,500,000	26,847,584	9,638,864	23,224,409	1.22x	8.1%	13.5%	(5.4%)
2009	Lexington Capital Partners VII, L.P.	12/3/2009	50,000,000	41,137,940	34,169,444	27,140,184	1.49x	16.1%	14.5%	1.7%
2010	Snow Phipps II, L.P.	1/8/2010	30,000,000	26,880,613	13,553,711	25,996,465	1.47x	17.6%	13.0%	4.6%
2010	JP Morgan Fleming (Tranche B)	2/26/2010	35,000,000	31,752,331	9,416,330	36,060,618	1.43x	13.3%	13.2%	0.0%
2010	Trident V, L.P.	4/29/2010	110,000,000	115,038,446	23,449,235	119,122,882	1.24x	8.4%	11.7%	(3.2%)
2011	Blackstone Capital Partners VI, L.P.	1/24/2011	120,000,000	104,391,928	18,269,633	108,425,026	1.21x	11.7%	11.5%	0.2%
2011	Ampersand 2011	3/11/2011	25,000,000	24,125,000	1,410,929	39,775,312	1.71x	17.8%	12.5%	5.3%
2011	BDCM Opportunity Fund III, L.P.	4/8/2011	45,000,000	57,122,206	20,728,277	46,657,456	1.18x	9.9%	11.7%	(1.9%)
2011	AXA Secondary Fund V B L.P.	6/16/2011	120,000,000	93,522,488	53,948,825	87,366,477	1.51x	18.9%	14.9%	4.0%
2011	Wellspring Capital Partners V, L.P.	7/1/2011	40,000,000	33,481,157	4,728,951	39,127,350	1.31x	15.0%	11.4%	3.6%
2011	EQT VI, L.P.	8/1/2011	105,574,632	88,712,983	2,593,006	95,691,993	1.11x	4.6%	11.3%	(6.6%)
2011	Pegasus Partners V, L.P.	8/16/2011	20,789,916	15,465,932	3,700,886	17,678,014	1.38x	12.5%	15.1%	(2.6%)
2011	BC European Capital IX	9/19/2011	131,542,734	107,833,631	34,944,605	88,398,960	1.14x	6.6%	13.4%	(6.8%)
2011	American Securities Partners VI, L.P.	11/18/2011	80,000,000	73,899,688	23,611,608	79,251,907	1.39x	20.0%	11.4%	8.6%
2011	Vista Equity Partners Fund IV, L.P.	11/30/2011	100,000,000	94,616,577	42,645,356	120,849,834	1.73x	23.6%	12.6%	11.0%
2012	Warburg Pincus Private Equity XI, L.P.	5/24/2012	110,000,000	99,708,488	17,614,960	105,610,009	1.24x	15.1%	10.6%	4.5%
2012	Trilantic Capital Partners V L.P.	9/20/2012	70,000,000	31,668,828	424,163	28,631,238	0.92x	(6.0%)	8.6%	(14.6%)
2012	Palladium Equity Partners IV, L.P.	10/10/2012	55,000,000	24,674,917	2,075,887	24,402,914	1.07x	4.5%	12.5%	(8.1%)
2012	Ares Corporate Opportunities Fund IV, L.P.	11/5/2012	125,000,000	93,423,285	8,707,794	96,105,409	1.12x	8.7%	7.1%	1.6%
2012	Green Equity Investors VI, L.P.	11/30/2012	120,000,000	78,929,182	3,699,159	91,021,497	1.20x	12.3%	8.8%	3.5%
2012	Platinum Equity Capital Partners III, L.P.	1/14/2013	100,000,000	50,638,053	35,466,367	45,172,481	1.59x	48.0%	11.6%	36.5%
2012	NYCERS - 2012 Emerging Manager Program <sup>4</sup>	6/21/2013	150,000,000	70,646,901	3,003,367	74,931,155	1.10x	9.9%	4.8%	5.1%
2013	Carlyle Partners VI, L.P.	7/3/2013	75,000,000	34,692,409	1,248,343	32,970,099	0.99x	(1.3%)	5.5%	(6.7%)
2014	Carlyle Partners VI, L.P. (Side Car)	9/23/2014	4,567,000	4,574,090	-	4,434,168	0.97x	NM	NM	N/A
2013	Landmark Equity Partners XV, L.P.	10/30/2013	75,000,000	24,534,402	6,926,414	21,347,989	1.15x	12.9%	7.5%	5.4%
2013	Landmark - NYC Fund I, L.P.	12/24/2013	25,000,000	10,482,609	1,815,450	10,617,502	1.19x	15.6%	2.6%	13.0%
2013	Apollo Investment Fund VIII, L.P.	12/11/2013	140,000,000	42,159,677	889,829	40,122,052	0.97x	(3.5%)	1.8%	(5.3%)
2013	CVC Capital Partners VI, L.P.	2/18/2014	119,751,277	45,660,789	829,561	40,133,696	0.90x	NM	NM	N/A
2013	Crestview Partners III, L.P.	3/3/2015	66,000,000	15,112,145	249,535	14,679,510	0.99x	NM	NM	N/A
2013	Crestview Partners III (Co-Investment B), L.P.	12/17/2015	22,000,000	7,374,875	309,025	7,329,052	1.04x	NM	NM	N/A
2014	Olympus Growth Fund VI, L.P.	1/21/2014	75,000,000	15,560,952	5,784,184	13,398,825	1.23x	NM	NM	N/A
2014	ASF VI B L.P.	5/9/2014	83,000,000	32,381,936	1,066,283	38,685,325	1.23x	NM	NM	N/A
2014	ASF VI B NYC Co-Invest L.P.	5/9/2014	27,000,000	15,768,881	2,284,200	16,978,692	1.22x	NM	NM	N/A
2014	Vista Equity Partners Fund V, L.P.	9/8/2014	125,000,000	84,328,453	9,745	96,080,250	1.14x	NM	NM	N/A
2014	Lexington Capital Partners VIII, L.P.	1/8/2015	110,000,000	14,411,611	2,406,154	18,068,217	1.42x	NM	NM	N/A
2014	Centerbridge Capital Partners III, L.P.	5/21/2015	23,700,000	5,231,464	-	5,604,272	1.07x	NM	NM	N/A

**New York City Employees' Retirement System**  
**Private Equity Portfolio**  
**As of December 31, 2015 (in USD)**

Vintage Year	Investment	First Drawdown	Committed Capital	Contributed Capital	Distributed Capital	Market Value	Multiple	IRR <sup>1</sup>	PME Benchmark <sup>2</sup>	PME Spread <sup>3</sup>
2015	Siris Partners III, L.P.	5/4/2015	31,000,000	4,969,397	-	4,576,002	0.92x	NM	NM	N/A
2015	Welsh, Carson, Anderson & Stowe XII, L.P.	8/26/2015	78,500,000	16,471,687	-	15,018,684	0.91x	NM	NM	N/A
2015	Warburg Pincus Private Equity XII, L.P.	12/21/2015	205,500,000	3,167,797	-	2,809,592	0.89x	NM	NM	N/A
2015	ASF VII B L.P.	12/29/2015	94,500,000	5,439,169	-	4,980,050	0.92x	NM	NM	N/A
2015	ASF VII B NYC Co-Invest L.P.	12/29/2015	46,000,000	4,600	-	4,600	1.00x	NM	NM	N/A
2015	EQT VII, L.P.	1/8/2016	154,764,975	-	-	-	-	N/A	N/A	N/A
2015	American Securities Partners VII, L.P.	1/19/2016	80,000,000	-	-	-	-	N/A	N/A	N/A
2015	Bridgepoint Europe V L.P.	2/8/2016	58,919,298	-	-	54,484	-	NM	NM	N/A
2015	Bridgepoint Europe V Co-Invest	N/A	17,105,603	-	-	-	-	N/A	N/A	N/A
2015	NYCERS - 2015 Emerging Manager Program <sup>5</sup>	2/22/2016	180,000,000	-	-	-	-	N/A	N/A	N/A
2016	Ares Corporate Opportunities Fund V, L.P.	N/A	95,000,000	-	-	-	-	N/A	N/A	N/A
<b>Total Portfolio<sup>6</sup></b>			<b>\$ 8,631,582,728</b>	<b>\$ 7,006,258,212</b>	<b>\$ 5,347,231,832</b>	<b>\$ 4,111,873,972</b>	<b>1.35x</b>	<b>9.1%</b>	<b>9.4%</b>	<b>(0.3%)</b>

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

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

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

<sup>4</sup> NYCERS - 2012 Emerging Manager Program total commitment amount includes the full amount allocated to the Program, of which \$139.6 million has been committed as of May 31, 2016.

<sup>5</sup> NYCERS - 2015 Emerging Manager Program total commitment amount includes the full amount allocated to the Program, of which \$25.5 million has been committed as of May 31, 2016.

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

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

New York City Employees' Retirement System  
Subsequent Commitments  
As of December 31, 2015 (in USD)

Vintage Year	Investment	First Drawdown	Committed Capital	Contributed Capital	Distributed Capital	Market Value	Multiple	IRR <sup>1</sup>	PME Benchmark <sup>2</sup>	PME Spread <sup>3</sup>
<b>Commitments Closed Subsequent to as of Date</b>										
2016	Stellex Capital Partners LP	2/22/2016	\$ 25,500,000	-	-	-	N/A	N/A	N/A	N/A
2016	Green Equity Investors VII, L.P.	N/A	95,000,000	-	-	-	N/A	N/A	N/A	N/A
<b>Total Commitments Closed Subsequent to as of Date</b>			<b>\$ 120,500,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>

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



- Real Assets Quarterly Report:

# The New York City Employees' Retirement System

## Executive Summary: Fourth Quarter 2015 Performance Measurement Report Real Estate

### Portfolio Profile

The New York City Employees' Retirement System has allocated 6.0% (+/- 2%) of the total plan to Real Assets. Real Estate investments are categorized under Real Assets. The Real Estate Portfolio's objective is to generate a total net return that exceeds the NFI-ODCE +100 bps total net return measured over full market cycles.

### Portfolio Statistics (December 31, 2015)

Total Plan Assets	\$52.2 billion
Target Real Assets Allocation (%)	6%
Target Real Assets Allocation (\$)	\$3.1 billion
Total Real Estate Market Value	\$2.8 billion
Real Estate Unfunded Commitments	\$750.9 million
Total Real Estate Exposure	\$3.5 billion
Number of Investments	53
Number of Managers	37

### Net Returns (as of December 31, 2015)

4Q15 Time-Weighted Net Return:	3.3%
1 Year Time Weighted Net Return:	13.6%
3 Year Time Weighted Net Return:	14.0%
Inception-to-Date (ITD) Time-Weighted:	7.6%
ITD Net IRR:	7.5%
ITD Net Equity Multiple:	1.4x

### Investment Guidelines

Style Sector:	Target •40-60% Core/Core Plus •40-60% Non-Core
Benchmark	NFI-ODCE Index +100 bps net over full market cycles
Region Diversification	Maximum 25% Int'l
Investment Diversification	Limit 15% to a single investment
Manager Diversification	Limit 15% to a single manager
Leverage	65%

### Fourth Quarter Investment Activity

During the Quarter, the Board made a \$48.4 million commitment to an European opportunistic closed-end fund.

### OVERVIEW

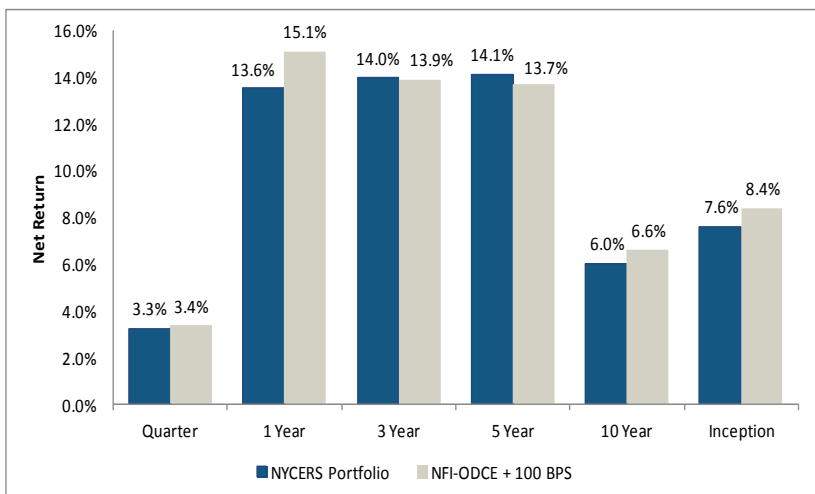
Real Estate transactional volume declined by -0.9% for year-end 2015 in comparison to year-end 2014. In 2015, New York City, which saw a record \$53.1 billion in transaction volume – a 20% year-over-year growth rate – and replaced London as the top target market for global real estate investment. Secondary U.S. markets such as Seattle and Atlanta also benefited from increased investment interest with U.S. cities making up 10 out of the top 20 commercial real estate investment targets. Commercial real estate transactional volume in Europe was at €80.8 billion. There was a decline in foreign investment capital especially from the U.S. The largest investment markets in Europe were London, Berlin and Paris. Real estate investment picked up in the Asia Pacific region in the Fourth Quarter by 49% year-over-year.

#### Direct Commercial Real Estate Investment - Regional Volumes, 2014-2015

				% Change		% Change			% Change
\$ US Billions	Q2 15	Q3 15	Q4 15	Q3 15 - Q4 15	Q5 14	Q4 14 - Q4 15	YTD 2014	YTD 2015	YTD 2014 - YTD 2015
Americas		76	85	12%	94	-10%	302	314	4%
EMEA		65	89	37%	91	-2%	278	267	-4%
Asia Pacific		32	36	13%	44	-18%	131	124	-5%
Total		173	210	2%	229	-8%	711	705	-1%

Source: Jones Lang LaSalle, February 2016

The New York City Employees' Retirement System ("NYCERS") Real Estate Portfolio is, and has been, well positioned to take advantage of conditions in the real estate marketplace. Post economic downturn, in the period reflected in the rolling five-year returns, NYCERS performance exceeds the benchmark by 38 basis points. At the end of the Fourth Quarter 2015, the Portfolio achieved a total gross return of 3.8% which was comprised of 1.6% income and 2.2% appreciation. The net return for the Quarter was 3.3%. A detailed analysis of the Portfolio's real estate performance is found later in this Executive Summary.



# The New York City Employees' Retirement System

## Executive Summary: Fourth Quarter 2015 Performance Measurement Report Real Estate

### FUNDING AND COMPOSITION

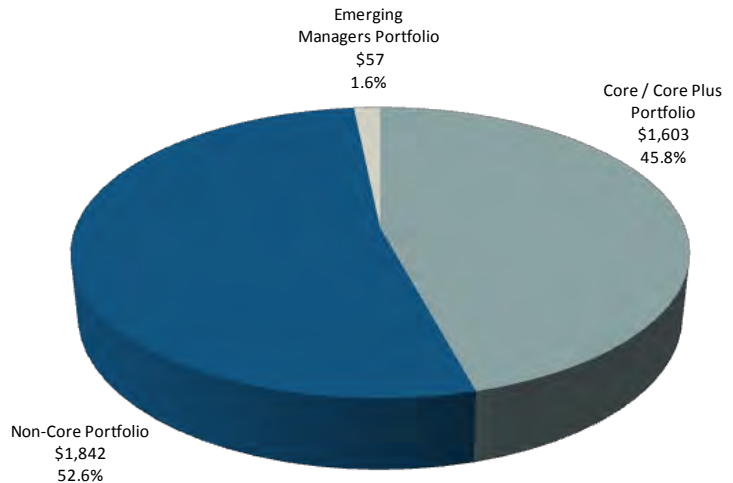
At the end of the Fourth Quarter, the Portfolio was funded at \$2.8 billion, or 5.3% of total plan assets. A total of \$751 million in unfunded commitments are still outstanding. Unfunded commitments are down from \$759 million as of third quarter 2015. New commitment activity has accelerated over the past several months and the trend will continue throughout 2016.

New contributions for the Quarter totaled \$145.1 million, offset by \$93.1 million in distributions and withdrawals. Distributions were weighted to the Non-Core sector.

Shown in the pie chart to the right is the current risk sector exposure calculated by Market Value + Unfunded Commitments. The Core/ Core Plus component accounts for 45.8% of the Portfolio exposure during the Quarter. The Non-Core component accounts for 52.6% of the Portfolio exposure. The Emerging Manager component accounts for 1.6% of the Portfolio exposure.

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

### Real Estate Exposure



### New York City Employees' Retirement System

Total Plan Assets	12/31/2015	52,229
Real Assets Allocation (%)		6.0
Real Assets Allocation (\$)		3,134

### Style Sector Statistics

Funded (Market Value) Core / Core Plus Portfolio	\$1,485
Funded (Market Value) Non-Core Portfolio	\$1,229
Funded (Market Value) Emerging Managers Portfolio	\$37
Unfunded Core / Core Plus Portfolio	\$118
Unfunded Non-Core Portfolio	\$613
Unfunded Emerging Managers Portfolio	\$19

### Funded (Market Value) and Committed Statistics

Core / Core Plus Portfolio	45.8%
Non-Core Portfolio	52.6%
Emerging Managers Portfolio	1.6%
\$ Committed	3,502
% Committed on Real Asset Allocation	111.7%
% Committed on Total Plan Assets	6.7%

### Funded (Market Value) Statistics

% Funded (Market Value) of Total Plan Assets	5.3%
% Funded (Market Value) of Total Real Assets Allocation	87.8%

# The New York City Employees' Retirement System

## Executive Summary: Fourth Quarter 2015 Performance Measurement Report Real Estate

### PERFORMANCE

During the Quarter under review, the NYCERS Real Estate Portfolio produced a 3.8% total gross return. The total net return for the Quarter was 3.3%. On a rolling one-year basis the total gross return of 16.0% was recorded. On a net basis the total return was 13.6%. On a gross basis the NYCERS Portfolio exceeds the NFI-ODCE over all relevant periods. The benchmark return contemplates a 100 bps premium over the ODCE net return over full market cycles. This benchmark is exceeded over the three-year and five-year time periods. The various components of the Portfolio returns are depicted in the chart below.

#### Core/Core Plus

As of December 31, 2015 the market value of the Core/ Core Plus Portfolio was \$1.5 billion, or 54.0% on an invested basis. On a funded and committed basis, the Core/ Core Plus Portfolio totaled \$1.6 billion, or 45.8% of the total Portfolio. The Core/ Core plus Portfolio generated a 3.6% total gross return for the Quarter comprised of 1.0% in income and 2.6% in appreciation. The total net return for the Quarter was 3.3%.

The most significant contributor to the Quarterly return in the Core/Core Plus sector was PRISA II, contributing 0.14% to the overall performance. The largest detractor from the Core/Core Plus Portfolio was Colony Realty Partners II which took away (0.17)% from the total net return.

Post economic downturn, the Core/Core Plus Portfolio achieved a 13.4% net return over the three-year period ending December 31, 2015. Of the 16 Core/Core Plus Funds, JP Morgan Special Situation Fund was the largest contributor, adding 0.29% to the overall performance of the Portfolio. UBS Trumbull Property Fund was the largest detractor, taking away (0.63)% from the overall performance of the Core/Core Plus Portfolio, however, with its low leverage target, UBS historically outperforms during down cycles.

#### Non-Core

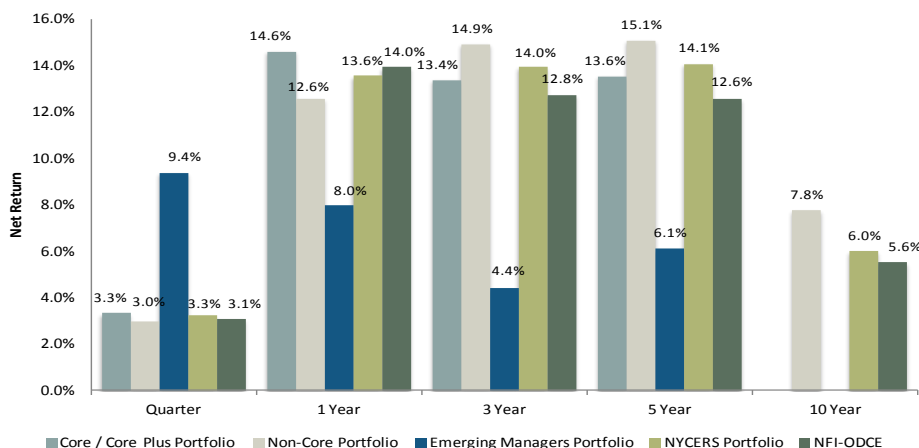
As of December 31, 2015 the market value of the Non- Core Portfolio was \$1.2 billion, or 44.7% on an invested basis. On a funded and committed basis, the Non-Core Portfolio totaled \$1.8 billion, or 52.6% of the total Portfolio. The Non-Core Portfolio generated a 3.9% total gross return for the Quarter comprised of 2.0% in income and 1.9% in appreciation. The total net return for the Quarter was 3.0%.

Of the 33 Non-Core Funds that contributed to the Quarterly return of the Portfolio, Taconic New York City Investment Fund was the largest contributor, adding 0.61%. Blackstone Real Estate Partners VI was the largest detractor for the Quarter, taking away (0.54)% from the overall performance of the Non-Core Portfolio.

The Non-Core Portfolio generated a three-year net return of 14.9%. Of the 33 non-core Funds that contributed to the three-year performance of the Portfolio, Blackstone Real Estate Partners VII was the largest contributor, adding 0.99%. The largest detractor among these Funds was The City Investment Fund, which took away (1.60)% from overall Non-Core performance.

#### Emerging Managers

As of December 31, 2015 the market value of the Emerging Managers Portfolio was \$37.4 million, or 1.4% on an invested basis. On a funded and committed basis, the Emerging Managers Portfolio totaled \$56.6 million, or 1.6% of the total Portfolio. The Emerging Managers Portfolio generated a 9.6% total gross return for the Quarter comprised of 10.7% in income and (1.1)% in appreciation. The total net return for the Quarter was 9.4%. The Emerging Managers Portfolio has underperformed for a number of reasons including the fact that performance has been adversely impacted by virtue of the vintage years of these funds.



# The New York City Employees' Retirement System

## Executive Summary: Fourth Quarter 2015 Performance Measurement Report

### Real Estate

45

## PERFORMANCE

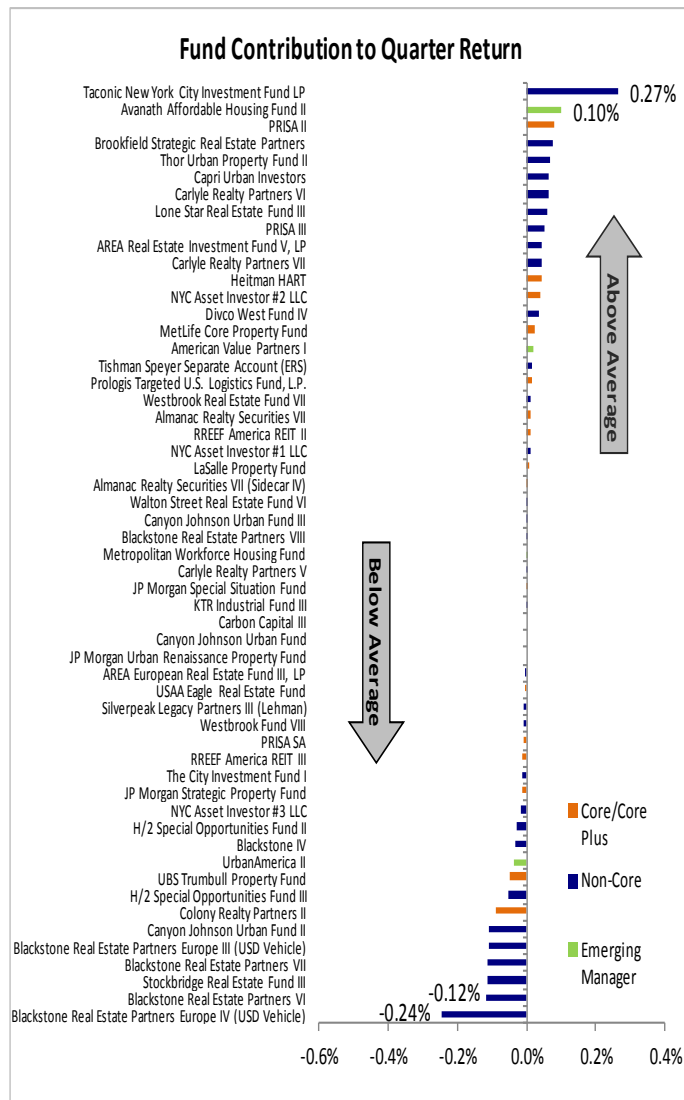
### Portfolio Performance

At the end of the Fourth Quarter 2015, the Portfolio had a cumulative market value of \$2.8 billion. Total market value plus unfunded commitments was \$3.5 billion, or 110.8% of the real estate allocation. During the Quarter, the Portfolio achieved a total gross return of 3.8% which was comprised of 1.6% income and 2.2% appreciation. The Portfolio achieved a total net return of 3.3%. Since inception, the Portfolio has a net IRR of 7.5% and an equity multiple of 1.4x as of December 31, 2015. Note, attached as Exhibit B are performance metrics relating to each investment within the Portfolio.

The Quarterly return was driven Taconic New York City Investment Fund which contributed 0.27% to the overall performance. The primary laggard in the Portfolio was Blackstone Real Estate Partners VI detracting (0.24)%. Brief reviews of Funds making positive contributions to performance during the Quarter are found below. Note, that attached as Exhibit C are charts relating to fund contributions to returns during different relevant periods.

**Taconic New York City Investment Fund LP (Taconic).** The Fund produced a total gross return of 32.8% comprised solely of income. The net return after fees was 23.7%. As of December 30, 2015, \$91.0 million (59% of total commitments) has been contributed to the Fund. \$45.0 million in distributions have been made since inception, and \$22 million of which had been made during the Quarter. During the Quarter, the tenant lease on the third floor of a class A office and retail building was finalized at a rent above pro forma. Fair value for the residential development condominium in Tribeca was valued at \$36.9 million. Fair value for an office and retail building in Manhattan was \$89.4 million as of December 31, 2015. Since inception, the Fund has produced a net IRR of 18.9% and 1.7x multiple.

**PRISA II.** PRISA II generated a total gross return 4.4%, comprised of 1.3% in income and 3.2% appreciation. Appreciation for the Fourth Quarter was strong across all sectors with the office and apartment sectors leading performance. The San Francisco Bay area in regards to the office sector drove 55% of the appreciation. Cap rate compression at a life science building in Massachusetts generated \$31.9 million in appreciation for the sector. Two non-core office assets were acquired during the Quarter located in Costa Mesa, California and Coral Gables, Florida. The office asset in Costa Mesa is 68% leased and was acquired for \$233.3 million. The Coral Gables office asset is as LEED Silver Class A office building that is 66% and was acquired for \$83.3 million. \$297.0 million in dispositions was executed on six core assets and two land holdings during the Fourth Quarter. Two significant transactions that were completed included development projects. One was an apartment project located in Irvine, California sold for \$80.4 million generating an 18.2% IRR. The other was a grocery-anchored shopping center sold for \$65.8 million generating a 10.0% IRR.



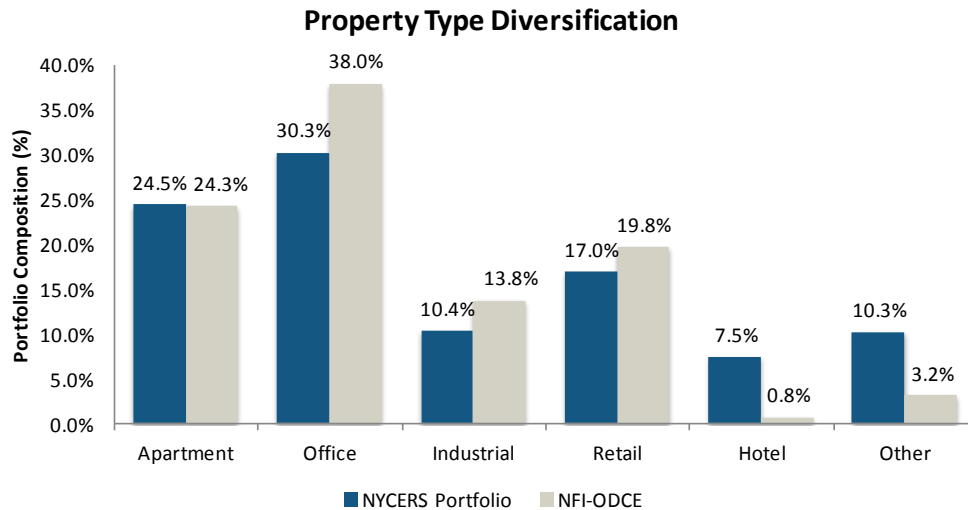
**Avanath Affordable Housing Fund II (AAH II).** During the Quarter, the Fund produced a total gross return of 45.7%, comprised of 30.6% in income and 15.2% in appreciation. The net return after fees was 46.2%. The Fund remains in its investment period. 87% of the investments were closed on during 2015. There are currently 11 assets in the Fund. Portfolio occupancy is at 97.2%. A number of properties have experienced higher than projected expenses and lower than projected gross income contributing to the low overall NOI for the portfolio. Three properties are currently under renovation as part of their business plans. As of year-end, the Fund is projected to generate a gross IRR of 7.7%.

# The New York City Employees' Retirement System

Executive Summary: Fourth Quarter 2015 Performance Measurement Report  
Real Estate

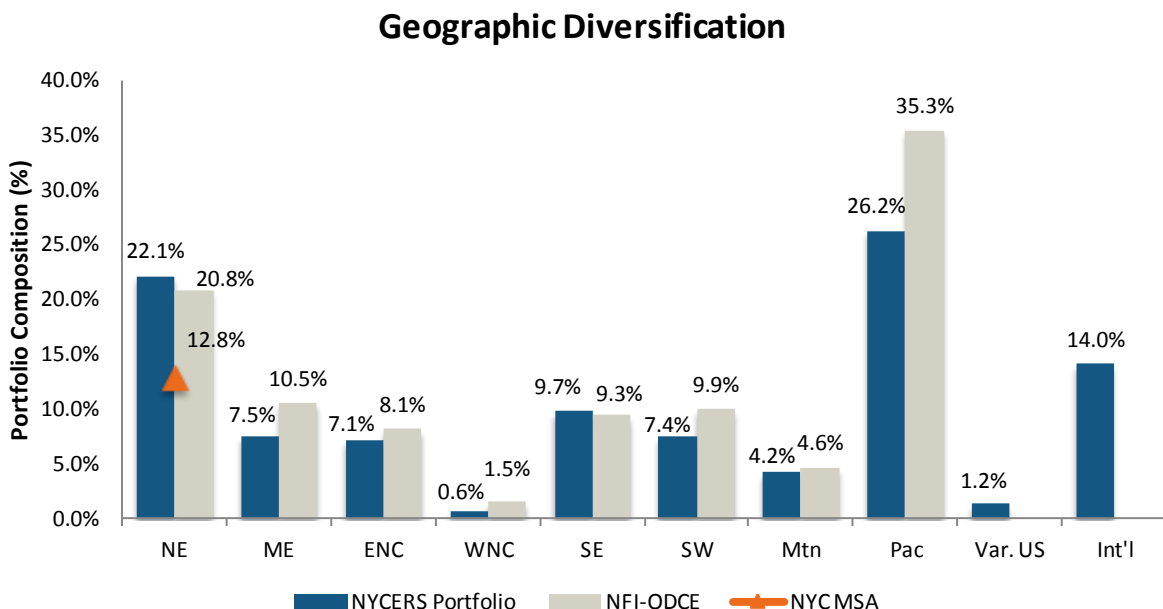
## PROPERTY TYPE DIVERSIFICATION

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



## GEOGRAPHIC DIVERSIFICATION

The diversification of the current funded Portfolio by geographic region is shown below and compared to the diversification of the NFI-ODCE at the end of the Quarter. The ODCE is a US-only index. The domestic portion of the Portfolio is well diversified relative to the ODCE with a slight overweight to the Northeast and Southeast and a slight underweight to several other geographic sectors. The 14.0% international exposure is appropriate for the risk and return profile of NYCERS and consistent with our long-term target.



# The New York City Employees' Retirement System

## Executive Summary: Fourth Quarter 2015 Performance Measurement Report Real Estate

### MARKET UPDATE

#### General

•4Q15 real GDP decelerated to a 1.4% annual rate, 40 bps above initial expectations, however 110 bps below 3Q15. Growth was stimulated by positive contributions from decelerating household consumption coupled with strong residential fixed investments and federal government spending. Growth was partially offset by lower private inventory investment, non-residential fixed investment, state and local government spending, as well as lower net export volume due to weak global demand. Real GDP increased by 2.4% over the twelve month period ending December 31, 2015.

•In 4Q15, consumer spending, which represents two-thirds of the GDP, grew at a decelerating pace of 2.4%, 20 bps above predictions. While deceleration was driven by high personal saving rates during the quarter (5%+), growth was mainly driven by a 3.8% rise in real consumption of durable goods resulting from a 0.8% rise in real disposable income due to the declining oil prices since 2H14. As jobs grew by 2.7 million over the year, 2014-2015 represented the strongest two-year period of job growth since 1999.

•In 2015, a decline in energy prices contributed 0.2% to GDP, through a 0.5% contribution to household consumption and a 0.3% detracting from business investment due to a steep decrease in oil drilling and exploration investments.

•During the year, real exports decreased by 0.8% due to lower global growth and a stronger U.S. dollar. The trade deficit of -0.5% partially offset the 4Q15 GDP growth of 30 bps.

•In 2015, CMBS issuance rose to \$172.1 billion, 5.6% above 2014; subsequent to quarter-end, new issue spreads on AAA- and BBB- widened by 30 bps and 240 bps, respectively. Given spreads and yields remain below prior corrections, investors expect spreads to continue widening.

#### Commercial Real Estate

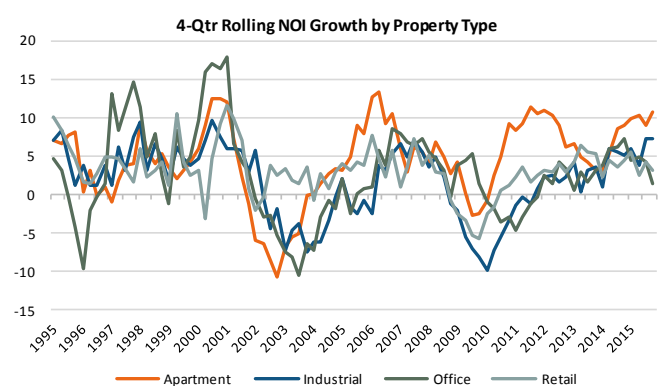
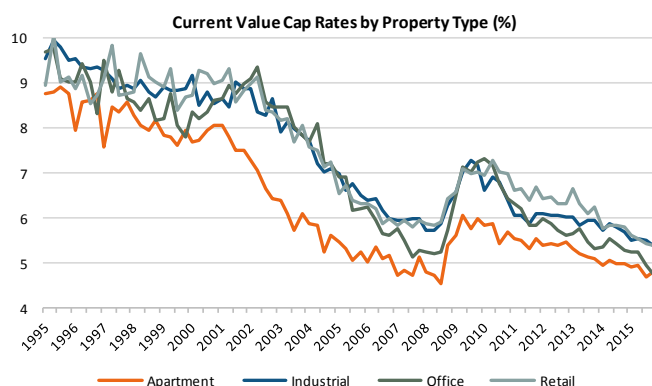
•Activity in the U.S. commercial real estate sector remained strong in 2015, with major cities leading the way. Over \$463 billion of annual transaction volume, or 65.9% of global activity, took place in New York, Los Angeles, and Chicago. During the year, transactions grew by 25.1% and current economic indicators suggest slower annual sales growth of 10% in 2016.

•In 2015, foreign capital represented 15.4% of total transaction activity, exceeding 2007 peak levels by 9.0%. Industrial outclassed office as the largest recipient of FDI, with foreign investors representing 40.5% of industrial buyers in 2015. In addition to office, foreign investors have shown growing interests in large-scale, well located, multimarket industrial portfolios and iconic hotel assets.

•In 2015, the office and multifamily sectors recorded the highest transaction volumes across property types in the U.S., each representing approximately 30% of total transaction activities.

•In 2015, transaction cap rates from all traditional property sectors declined by more than 10 bps, with retail recording the largest cap rate compression (-50 bps), with an average cap rate of 4.8%. Multifamily recorded the lowest primary cap rate (4.3%), with apartments trading only 20 bps above 2007 peak levels.

•With core property pricing surpassing peak levels after 2015, concerns have shifted from a fed tightening to a tightening in financial conditions, implying a tightening in lending standards by loan suppliers. Consequently, some investors reduced their 2016 projected C.R.E. price appreciation to 0%.



# The New York City Employees' Retirement System

Executive Summary: Fourth Quarter 2015 Performance Measurement Report  
Real Estate

## EXHIBIT A: COMPLIANCE MATRIX

Category	Requirement	Portfolio Status
Benchmark	NFI-ODCE (net) +100 bps over full market cycles	<i>Portfolio returns outperform the benchmark over the three and five year time periods.</i>
Portfolio Composition	Core/Core Plus (minimum of 40%)	<i>The portfolio is funded (market value) and committed at 111.7% of real asset allocation with a portfolio composition of 45.8% core, 52.6% non-core, and 1.6% emerging.</i>
	Non Core (minimum of 40%)	
	Non Core Emerging	
Real Asset Allocation	Target of 6.0%	<i>Funded (market value) and committed dollars place the portfolio at 6.7% of total plan assets.</i>
	Currently Funded at 5.3%	
Property Type Diversification	Up to 40% Multifamily Up to 35% Industrial Up to 45% Office Up to 35% Retail Up to 25% Hotel Up to 20% Other	<i>All property type locations are in compliance.</i>
Geographic Diversification	Diversified geographically Max 25% Ex-US	<i>All geographic type locations are in compliance</i>
LTV	65%	<i>Portfolio is in compliance (43.0 %).</i>
Manager Exposure	15% of real estate allocation	<i>Manager exposure is in compliance based on market value.</i>



# The New York City Employees' Retirement System

## Executive Summary: Fourth Quarter 2015 Performance Measurement Report

### Real Estate

49

#### EXHIBIT B: FOURTH QUARTER 2015 FOIL



#### New York City Employees' Retirement System

Vintage Year	Fund Name	First Draw Down	Capital Committed	Contributions	Distributions	Market Value	Equity Multiple	Net IRR
2015	Almanac Realty Securities VII	4/24/2015	65,000,000	14,312,367	0	15,064,211	1.1	12.9
2016	Almanac Realty Securities VII (Sidecar IV)	12/9/2015	20,000,000	2,731,636	0	2,881,745	n/a	n/a
2007	Colony Realty Partners II	12/20/2006	20,000,000	21,420,211	-666,108	5,983,500	0.3	-13.8
2007	Heitman HART	3/29/2007	115,000,000	155,743,827	-40,743,827	203,209,264	1.6	8.1
2007	JP Morgan Special Situation Property Fund	1/2/2007	90,000,000	101,965,460	-24,074,066	108,564,200	1.3	3.5
2007	JP Morgan Strategic Property Fund	12/4/2006	136,000,000	148,192,836	0	245,434,537	1.7	7.1
2010	LaSalle Property Fund	7/1/2010	50,000,000	50,000,000	-8,889,495	66,395,457	1.5	12.9
2014	MetLife Core Property Fund	7/1/2014	50,000,000	50,000,000	-2,349,044	55,965,432	1.2	19.8
2013	NYC Asset Investor #2 LLC	7/9/2013	75,000,000	62,046,071	-9,379,447	62,230,300	1.2	13.9
2007	PRISA II	6/30/2007	141,518,761	149,597,017	-26,020,207	183,441,811	1.4	4.9
2006	PRISA SA	9/29/2006	86,000,000	92,159,002	-20,317,210	109,720,276	1.4	4.1
2006	Prologis Targeted U.S. Logistics Fund	10/1/2006	25,000,000	31,786,961	-7,078,838	29,744,878	1.2	2.0
2006	RREEF America REIT II	10/1/2006	86,000,000	113,537,802	-47,147,315	109,644,662	1.4	4.7
2007	RREEF America REIT III - 1410	10/1/2007	90,000,000	90,000,000	-46,244,541	5,724,947	0.6	-7.4
2006	UBS Trumbull Property Fund	9/28/2006	156,000,000	209,986,605	-43,069,797	256,672,357	1.4	6.4
2016	USAA Eagle Real Estate Fund	12/1/2015	60,000,000	23,803,724	0	23,950,184	1.0	7.7
<b>Core / Core Plus Portfolio</b>			<b>1,265,518,761</b>	<b>1,317,283,519</b>	<b>-275,979,895</b>	<b>1,484,627,761</b>	<b>1.3</b>	<b>4.8</b>
2008	AREA European Real Estate Fund III, LP	5/6/2008	30,000,000	30,487,500	-29,905,000	6,405,886	1.2	4.6
2006	AREA Real Estate Investment Fund V, LP	6/15/2006	25,000,000	25,000,001	-9,268,520	14,446,978	0.9	-0.9
2004	Blackstone Fund IV	5/10/2004	30,000,000	38,440,704	-45,361,103	9,329,176	1.4	11.1
2010	Blackstone Real Estate Partners Europe III (USD V)	10/24/2008	50,000,000	50,970,237	-33,690,913	38,258,847	1.4	13.2
2014	Blackstone Real Estate Partners Europe IV (USD V)	12/23/2013	169,000,000	127,644,274	-12,361,209	122,542,783	1.1	6.1
2007	Blackstone Real Estate Partners VI	9/27/2007	110,000,000	121,567,895	-159,042,662	68,112,575	1.9	13.2
2012	Blackstone Real Estate Partners VII	3/31/2012	170,000,000	196,566,587	-109,836,230	181,808,750	1.5	24.1
2015	Blackstone Real Estate Partners VIII	8/18/2015	151,000,000	28,858,784	0	30,047,878	1.0	31.6
2012	Brookfield Strategic Real Estate Partners	9/20/2012	100,000,000	103,710,668	-24,913,895	110,806,555	1.3	18.2
2003	Canyon Johnson Urban Fund	12/6/2002	15,000,000	13,590,364	-15,874,432	0	1.2	10.2
2005	Canyon Johnson Urban Fund II	5/11/2005	40,000,000	35,954,818	-13,194,594	2,007,192	0.4	-11.4
2010	Canyon Johnson Urban Fund III	3/29/2010	30,000,000	29,586,980	-37,987,841	2,830,363	1.4	12.8
2008	Capri Urban Investors	6/3/2008	60,000,000	59,980,707	-15,777,250	38,387,719	0.9	-1.8
2009	Carbon Capital III	7/2/2009	40,000,000	43,757,162	-53,134,591	0	1.2	8.5
2007	Carlyle Realty Partners V	8/27/2007	20,000,000	24,963,254	-26,605,869	7,357,760	1.4	8.4
2011	Carlyle Realty Partners VI	9/14/2011	70,000,000	63,815,840	-62,959,192	41,424,413	1.6	29.7
2014	Carlyle Realty Partners VII	6/30/2014	80,000,000	24,777,249	-79,296	25,601,081	1.0	7.3
2014	Divco West Fund IV	1/15/2014	23,000,000	20,915,719	-6,479,863	21,517,343	1.3	28.1
2016	European Property Investors Special Opportunities	12/18/2015	49,178,496	2,483,942	0	2,473,127	1.0	-11.5
2011	H/2 Special Opportunities Fund II	1/31/2011	40,000,000	39,999,999	-23,365,078	30,804,779	1.4	15.4
2015	H/2 Special Opportunities Fund III	12/29/2014	65,000,000	18,690,576	0	18,341,993	1.0	-3.4
2009	JP Morgan Urban Renaissance Property Fund	12/18/2008	16,360,625	4,206,523	-4,206,523	0	1.0	0.0
2013	KTR Industrial Fund III	6/28/2013	40,000,000	17,479,475	-27,587,374	75,374	1.6	40.6
2014	Lone Star Real Estate Fund III	5/20/2014	100,000,000	85,552,600	-14,823,537	85,108,706	1.2	20.5
2013	NYC Asset Investor #1 LLC	6/25/2013	50,000,000	52,963,403	-5,628,517	60,928,756	1.3	24.2
2013	NYC Asset Investor #3 LLC	9/20/2013	50,000,000	12,652,266	-195,673	12,807,803	1.0	2.3
2008	PRISA III	9/30/2008	50,000,000	56,895,961	0	114,269,659	2.0	12.9
2008	Silverpeak Legacy Partners III	5/28/2008	50,000,000	22,168,479	-2,003,826	7,282,545	0.4	-12.2
2008	Stockbridge Real Estate Fund III	9/9/2008	27,000,000	26,998,145	0	35,183,818	1.3	5.4
2012	Taconic New York City Investment Fund LP	7/5/2012	70,000,000	28,954,546	-12,727,273	35,379,129	1.7	18.9
2004	The City Investment Fund I	3/16/2004	225,000,000	221,883,300	-221,759,650	2,791,856	1.0	0.3
2009	Thor Urban Property Fund II	10/30/2008	40,000,000	51,756,666	-32,801,010	39,936,530	1.4	11.4
2004	Tishman Speyer Separate Account (ERS)	12/16/2003	100,000,000	71,066,452	-259,755,306	0	3.7	63.2
2009	Walton Street Real Estate Fund VI	4/27/2009	50,000,000	44,323,933	-36,173,837	31,430,891	1.5	10.8
2008	Westbrook Real Estate Fund VII	12/3/2007	40,000,000	43,417,229	-33,624,247	18,016,200	1.2	3.4
2010	Westbrook Real Estate Fund VIII	12/28/2009	50,000,000	59,206,619	-64,287,780	13,198,813	1.3	12.7
2008	American Value Partners Fund I	10/18/2007	55,000,000	39,242,523	-29,159,840	16,976,869	1.2	3.9
2015	Avanath Affordable Housing Fund II	7/14/2015	8,000,000	6,522,390	0	9,020,599	n/a	n/a
2007	Metropolitan Workforce Housing Fund	7/13/2007	14,000,000	14,013,027	-6,292,042	9,648,987	1.1	2.9
2007	UrbanAmerica II	1/30/2007	25,000,000	23,222,735	-938,145	1,816,800	0.1	-24.7
<b>Non Core and Emerging Manager Portfolio</b>			<b>2,427,539,121</b>	<b>1,984,289,531</b>	<b>-1,431,802,118</b>	<b>1,266,378,532</b>	<b>1.4</b>	<b>11.5</b>
<b>New York City Employees' Retirement System</b>			<b>3,693,057,882</b>	<b>3,301,573,050</b>	<b>-1,707,782,014</b>	<b>2,751,006,293</b>	<b>1.4</b>	<b>7.5</b>

Source: PCG historical cash flow data. TTG cash flow data from Fund Managers, effective 2005. Note: The equity multiples and IRRs contained in this report are interim calculations based upon information provided by the investment managers of the New York City Retirement Systems, including cash flows and quarterly unaudited, or audited, valuations. The IRR calculated in early years of a fund life is not meaningful given the curve effect and can be significantly impacted by the timing of cash flows, investment strategy, investment pacing, and fund life. The calculations are not necessarily indicative of total fund performance, which can only be determined after the fund is liquidated and all capital contributed and earnings have been distributed to the investor. All data supplied is as of December 31, 2015. Note: The General Partner of the JPMorgan Urban Renaissance Fund terminated the Fund on February 23, 2010 and all capital contributed, including management fees, was returned to investors.

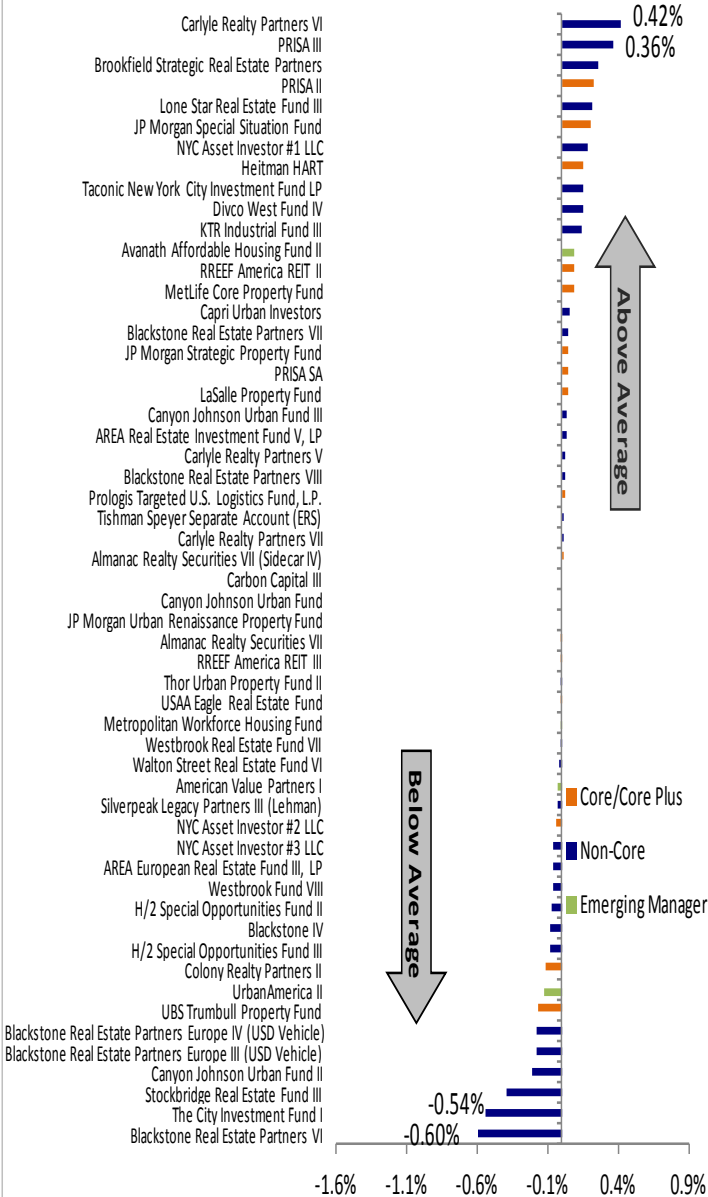
# The New York City Employees' Retirement System

Executive Summary: Fourth Quarter 2015 Performance Measurement Report

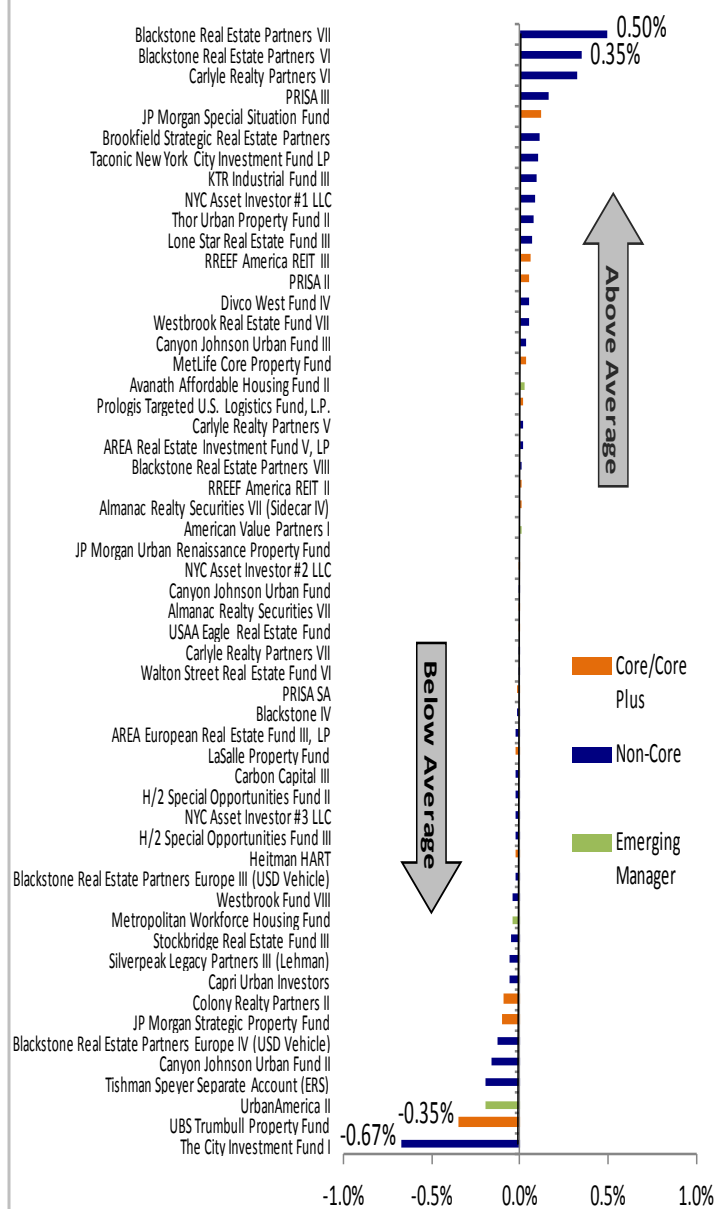
Real Estate

## EXHIBIT C : ATTRIBUTION

### Fund Contribution to 1 Year Return



### Fund Contribution to 3 Year Return





## Infrastructure Monitoring Report

For the period ended December 31, 2015

Report Prepared For:

New York City Employees' Retirement System



## Table of Contents

I. Executive Summary .....	1
Allocation Summary .....	1
Performance Summary .....	2
Portfolio Performance vs. Benchmarks.....	3
Portfolio Diversification .....	3
II. Infrastructure Market Overview .....	4
Market Overview.....	4
Infrastructure Fundraising.....	5
Major Transactions.....	5
III. Portfolio Review.....	7
Quarterly Highlights .....	7
Performance by Vintage Year .....	8
Performance by Strategy and Industry Focus.....	8
Performance by Geographic Focus.....	8
Portfolio Diversification .....	9
By Strategy, Geography and Industry Focus.....	9
By Investment Manager .....	9
Portfolio Cash Flow Analysis .....	10
Quarterly Cash Flow Activity .....	10
Annual Cash Flow Activity .....	10
Net Funded and Unfunded Commitments by Vintage Year .....	11
Portfolio Company-Level Analysis .....	12
Geographic Exposure and Performance.....	12
Industry Exposure and Performance .....	12
Public Market Exposure.....	13
IV. Risk Management Matrix.....	14

## Important Information

This document is meant only to provide a broad overview for discussion purposes. All information provided here is subject to change. This document is for informational purposes only and does not constitute an offer to sell, a solicitation to buy, or a recommendation for any security, or an offer to provide advisory or other services by StepStone Group LP, StepStone Group Real Assets LP, StepStone Group Real Estate LP, or their subsidiaries or affiliates (collectively, “StepStone”) in any jurisdiction in which such offer, solicitation, purchase or sale would be unlawful under the securities laws of such jurisdiction. The information contained in this document should not be construed as financial or investment advice on any subject matter. StepStone expressly disclaims all liability in respect to actions taken based on any or all of the information in this document.

This document is confidential and solely for the use of StepStone and the existing and potential clients of StepStone to whom it has been delivered, where permitted. By accepting delivery of this document, each recipient undertakes not to reproduce or distribute this document in whole or in part, nor to disclose any of its contents (except to its professional advisors), without the prior written consent of StepStone. While some information used in the document has been obtained from various published and unpublished third-party sources considered to be reliable, StepStone does not guarantee its accuracy or completeness and accepts no liability for any direct or consequential losses arising from its use. Thus, all such information is subject to independent verification by prospective investors.

The document is being provided based on the understanding that each recipient has sufficient knowledge and experience to evaluate the merits and risks of investing in private equity products. All expressions of opinion are intended solely as general market commentary and do not constitute investment advice or a guarantee of returns. All expressions of opinion are as of the date of this document, are subject to change without notice and may differ from views held by other businesses of StepStone.

All valuations are based on current values provided by the general partners of the underlying funds and may include both realized and unrealized investments. Due to the inherent uncertainty of valuation, the stated value may differ significantly from the value that would have been used had a ready market existed for all of the portfolio investments, and the difference could be material. The long-term value of these investments may be lesser or greater than the valuations provided.

StepStone is not in the business of providing tax or legal advice. These materials and any tax-related statements are not intended or written to be used, and cannot be used or relied upon, by any taxpayer for the purpose of avoiding tax penalties. Tax-related statements, if any, may have been written in connection with the “promotion or marketing” of the transaction(s) or matter(s) addressed by these materials, to the extent allowed by applicable law. Any taxpayer should seek advice based on the taxpayer’s particular circumstances from an independent tax advisor.

Prospective investors should inform themselves and take appropriate advice as to any applicable legal requirements and any applicable taxation and exchange control regulations in the countries of their citizenship, residence or domicile which might be relevant to the subscription, purchase, holding, exchange, redemption or disposal of any investments. Each prospective investor is urged to discuss any prospective investment with its legal, tax and regulatory advisors in order to make an independent determination of the suitability and consequences of such an investment.

An investment involves a number of risks and there are conflicts of interest.

Each of StepStone Group LP, StepStone Group Real Assets LP and StepStone Group Real Estate LP is an Investment Adviser registered with the Securities and Exchange Commission. StepStone Group Europe LLP is authorized and regulated by the Financial Conduct Authority, firm reference number 551580.

**Past performance is not necessarily indicative of future results. Actual performance may vary.**

# I. Executive Summary

New York City Employees' Retirement System ("NYCERS") established the Infrastructure Program (the "Program") in December of 2012 on behalf of its beneficiaries to participate in attractive long-term investment opportunities and to provide diversification to its overall pension investment portfolio.

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

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

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

Since inception through December 31, 2015, the Program has committed US\$272.0 million to four partnership investments (the "Portfolio"). This quarterly monitoring report covers the performance of the Portfolio as of December 31, 2015 as well as significant activity that occurred during the fourth quarter of 2015.

## Allocation Summary

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

As of December 31, 2015, the market value of NYCERS Real Assets Program represented approximately 5.4% of total pension assets. The market value of NYCERS Infrastructure Program represented approximately 0.3% of total pension assets, a two basis point increase from the prior quarter.

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

US\$ in millions *	December 31, 2015	September 30, 2015	December 31, 2014	Quarterly Change	Yearly Change
Total Pension Assets *	\$52,229.0	\$51,555.0	\$53,293.0	\$674.0	(\$1,064.0)
Total Real Assets *	\$2,842.0	\$2,705.0	\$2,473.0	\$137.0	\$369.0
% Allocation to Real Assets (Target of 6% +/- 2%)	5.4%	5.2%	4.6%	+ 19 bps	+ 80 bps
Total Infrastructure Assets	\$135.6	\$122.0	\$22.9	\$13.6	\$112.7
% Allocation to Infrastructure vs. Total Pension Assets	0.3%	0.2%	0.0%	+ 2 bps	+ 22 bps
% Allocation to Infrastructure vs. Total Real Assets	4.8%	4.5%	0.9%	+ 26 bps	+ 385 bps

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

## Performance Summary

As of December 31, 2015, the Infrastructure Program has achieved a Total Value to Paid-In multiple of 1.1x invested capital and an IRR of 10.6%. Note that, given the relative immaturity of the Portfolio and underlying fund investments, the current performance to-date is not meaningful.

US\$ in millions *	December 31, 2015	September 30, 2015	December 31, 2014	Quarterly Change	Yearly Change
Number of Managers	4	4	3	0	1
Number of Investments	4	4	3	0	1
Committed Capital <sup>1</sup>	\$272.0	\$272.0	\$195.0	\$0.0	\$77.0
Contributed Capital	\$130.4	\$117.4	\$22.6	\$13.0	\$107.8
Distributed Capital	\$5.0	\$4.2	\$1.8	\$0.8	\$3.2
Market Value	\$135.6	\$122.0	\$22.9	\$13.6	\$112.7
Total Value	\$140.6	\$126.2	\$24.7	\$14.4	\$115.9
Total Gain/(Loss)	\$10.2	\$8.8	\$2.1	\$1.4	\$8.2
Unfunded Commitment	\$142.9	\$154.9	\$172.4	(\$12.0)	(\$29.5)
Exposure <sup>2</sup>	\$278.5	\$276.9	\$195.3	\$1.6	\$83.2
DPI <sup>3</sup>	0.0x	0.0x	0.1x	0.0x	0.0x
TVPI <sup>4</sup>	1.08x	1.08x	1.09x	0.00x	-0.01x
IRR <sup>5</sup>	10.6%	13.3%	13.9%	-2.7%	-3.3%
TVPI Net of StepStone Fees <sup>6</sup>	1.08x	1.07x	1.09x	0.00x	-0.01x
IRR Net of StepStone Fees <sup>6</sup>	10.5%	13.2%	13.9%	-2.7%	-3.4%

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

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

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

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

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

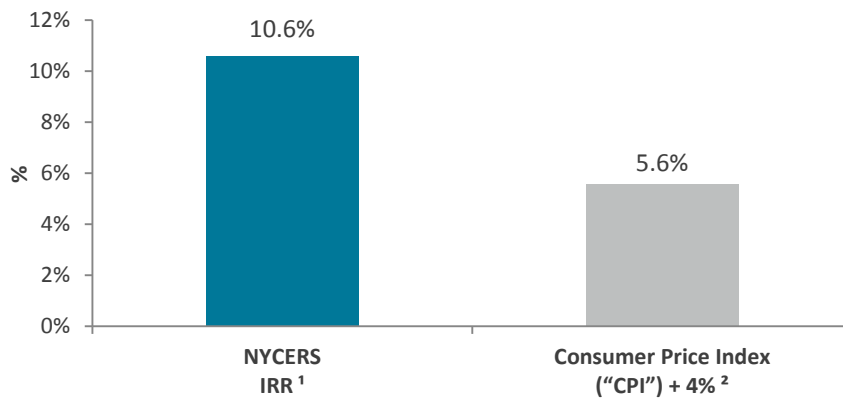
<sup>5</sup> IRR, or Internal Rate of Return, is a performance metric that is calculated based on the Portfolio's daily cash flows and market value as of quarter-end. IRR is net of fund managers' fees, expenses and carried interest.

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

## Portfolio Performance vs. Benchmarks

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

As of December 31, 2015, the Program outperformed the benchmark by 5.0%. However, as noted previously, given the relative immaturity of the Portfolio, the current performance to-date versus benchmarks is not meaningful. The following graph illustrates Portfolio IRR performance versus the benchmark as of December 31, 2015.



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

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

## Portfolio Diversification

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

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

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

As of December 31, 2015 (US\$ in millions)	Market Value		Unfunded Commitment		Exposure	
	\$	% of Total	\$	% of Total	\$	% of Total
<b>By Strategy:</b>						
Core	135.6	100.0%	142.9	100.0%	278.5	100.0%
Non-Core	-	0.0%	-	0.0%	-	0.0%
<b>Total</b>	<b>135.6</b>	<b>100.0%</b>	<b>142.9</b>	<b>100.0%</b>	<b>278.5</b>	<b>100.0%</b>
<b>By Geographic Focus:</b>						
Global	43.6	32.2%	35.1	24.6%	78.8	28.3%
OECD	92.0	67.8%	107.8	75.4%	199.8	71.7%
<b>Total</b>	<b>135.6</b>	<b>100.0%</b>	<b>142.9</b>	<b>100.0%</b>	<b>278.5</b>	<b>100.0%</b>
<b>By Industry Focus:</b>						
Diversified	130.8	96.5%	103.4	72.4%	234.2	84.1%
Energy	4.8	3.5%	39.5	27.6%	44.3	15.9%
<b>Total</b>	<b>135.6</b>	<b>100.0%</b>	<b>142.9</b>	<b>100.0%</b>	<b>278.5</b>	<b>100.0%</b>



## II. Infrastructure Market Overview

### Market Overview

Global growth concerns continued to dominate financial markets during the fourth quarter. The Fed's decision to begin interest rate normalization at the December 16 meeting reflected the belief that economic conditions in the US have significantly improved. Meanwhile, other major advanced economies remain highly accommodative. Following the third quarter's stock market sell-off, central banks in Europe, Japan, and China reiterated their commitments to economic stimulus programs. Diverging monetary policies, a strengthening US dollar, and sharp declines in commodity prices were the main drivers of capital market volatility and performance in 2015.

Infrastructure investment in the US and Canada has been concentrated in the energy sector, driven by the shale boom and growth in renewable energy projects. Low energy prices are creating opportunities to invest in midstream infrastructure, as oil and gas businesses divest assets in response to slowing cash flows. Interest in public-private partnerships ("P3s") in the transport and social infrastructure sectors continues to grow. In the US, fiscal constraints on public-sector funding for these projects has been a significant factor in the increase in recent activity levels. Deal count is expected to increase as a growing number of states are entertaining legislation to allow private investment in infrastructure.

European markets remain competitive, with a significant amount of capital targeting infrastructure investment in the region. The resulting upward pricing pressure, combined with uncertain medium-term economic growth in the Eurozone, ongoing financial sector reforms, concerns surrounding bank capital adequacy, and geopolitical risks in Eastern Europe, present an uncertain outlook for investors. Notwithstanding this, activity levels are being sustained by the ongoing unbundling of integrated utilities, commitments to renewable energy targets, balance sheet deleveraging by existing asset owners, and security of energy supply priorities.

Investment activity in Latin America remains strong. In Mexico, recent changes in government policy are driving growth in infrastructure investment opportunities. Policy initiatives include allowing foreign investment in the energy sector and a National Infrastructure Plan that contains 743 projects requiring investment of approximately US\$600 billion from 2014 to 2018. StepStone is aware of several infrastructure fund managers reviewing opportunities in Mexico. Infrastructure is a political and economic priority in many other parts of Latin America, including Brazil, Chile, Peru and Columbia, each of which continues to provide a range of potential investment opportunities. Recent economic volatility in Brazil has created rare opportunities to buy large-scale, core infrastructure assets from state-owned companies.

While infrastructure investment in Japan has traditionally been dominated by government-related entities and infrastructure companies with limited private participation by institutional investors, the country recently announced the privatization act for infrastructure assets. In Australia, fiscal constraints placed on the federal and state governments have increased the reliance on private sector capital in meeting the country's infrastructure deficit. Government initiatives have encouraged a number of high profile opportunities including ports, energy and airport privatizations.

## Infrastructure Fundraising

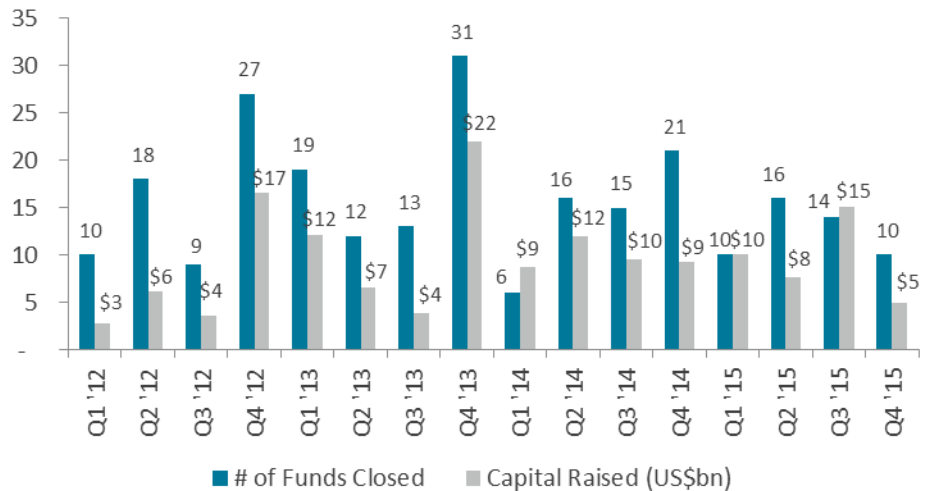
Fundraising for infrastructure strategies continues to be robust with a large number of funds in market. Nearly two-thirds of infrastructure funds closed in 2015 either met or surpassed their initial target, compared to half in 2014.

During the fourth quarter, ten funds held final closings. Aggregate capital raised was US\$4.9 billion. The amount represented a year over year decrease of 47% compared to Q4 2014, when 21 funds held a final close raising US\$9.2 billion.

The largest fund to reach a final closing during Q4 was CCCC First Phase Equity Investment Fund, which raised ¥15.0 billion of commitments. The fund will focus primarily on build-operate-transfer (BOT) or build-transfer (BT) projects, general development projects involving urban complexes and assets with positive incomes in China. Additionally, Guangdong Environmental Protection Fund raised ¥6.3 billion. The fund will invest in environmental protection infrastructure projects including waste water treatment plants and sewage treatment facilities.

### Unlisted Infrastructure Fundraising

Source: Preqin

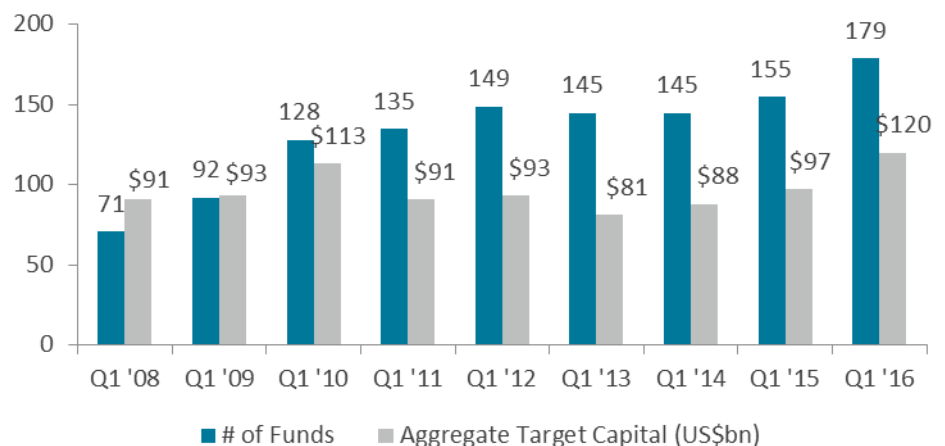


Fund	General Partner	Size	Final Close Date	Location Focus
CCCC First Phase Equity Investment Fund	CCCC Fund Management	¥ 15,000	Nov-15	Asia
Guangdong Environmental Protection Fund	Guangdong Technology Financial Group	¥ 6,300	Dec-15	Asia
Allianz UK Infrastructure Debt Fund	Allianz Global Investors Infrastructure Debt	£ 267	Nov-15	Europe
Meridiam Infrastructure Africa Fund	Meridiam	€ 300	Oct-15	Africa
NOY Infrastructure and Energy Investment Fund II	NOY Infrastructure	₪ 1,250	Nov-15	Middle East & Israel

At the end of the fourth quarter, Preqin observed 179 funds in market targeting aggregate capital commitments of US\$120 billion. The largest funds in market include: Brookfield Infrastructure Fund III, targeting US\$12.5 billion; Global Infrastructure Partners III, targeting US\$12.5 billion; Alinda Infrastructure Fund III, targeting US\$5.0 billion; North Haven Infrastructure Partners II, targeting US\$4.0 billion; and West Street Infrastructure Partners III, targeting US\$3.0 billion.

### Unlisted Infrastructure Fundraising

Source: Preqin



## Major Transactions

During the fourth quarter, 223 infrastructure deals were completed with an estimated aggregate deal value of US\$89.9 billion, representing a 10% decrease compared to the prior quarter. Several significant infrastructure transactions completed in the fourth quarter are presented below.

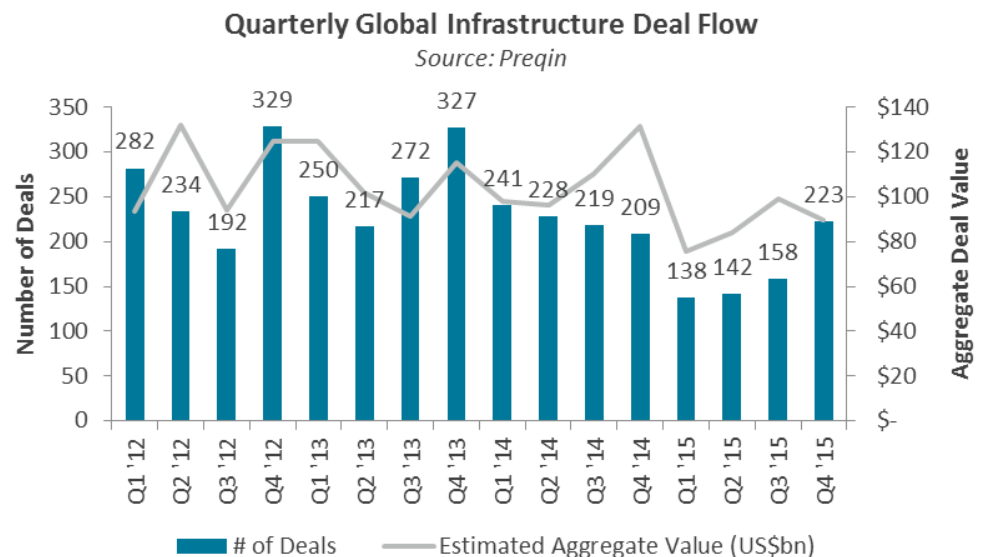
In October 2015, a partnership comprising Areva, China General Nuclear Power Group and EDF Group closed an £18.0 billion deal to construct Hinkley Point C Nuclear Power Station in the UK.

In November 2015, Australian high voltage electricity company TransGrid was privatized by the NSW government for AUD\$10.3 billion, via a 99-year lease to a consortium comprised of a Canadian pension fund, the Abu Dhabi Investment Authority and local infrastructure funds.

In November 2015, a consortium comprising Borealis, Ontario Teachers' Pension Plan, and the Canada Pension Plan Investment Board signed an agreement to acquire the Chicago Skyway Toll Bridge for US\$2.8 billion.

In October 2015, the 340MW Galloper offshore wind farm developed by RWE and co-sponsored by Macquarie, Siemens and the Green Investment Bank reached financial close. The deal is valued at £1.6 billion.

In November 2015, China General Nuclear Power Corp. agreed to purchase all of the energy assets of 1Malaysia Development Bhd. for US\$2.3 billion. Those assets, known as Edra, consist of 13 power plants across five countries from Malaysia to Egypt and Bangladesh.



### III. Portfolio Review

#### Quarterly Highlights

- **No New Investment Commitments** – There were no new investment commitments made during the fourth quarter of 2015.
- **Subsequent Investment Commitments** – Subsequent to quarter-end through May 13, 2016, the Program closed on two new investment commitments totaling US\$197.0 million. These are shown in the table below.

US\$ in millions

Investment	Month and Year Closed	Vintage Year	Strategy	Geographic Focus	Industry Focus	Committed Capital
Global Infrastructure Partners III-A/B, L.P.	January 2016	2015	Infrastructure	OECD	Diversified	\$106.0
Brookfield Infrastructure Fund III, L.P.	April 2016	2016	Infrastructure	Global	Diversified	91.0
<b>Total</b>						<b>\$197.0</b>

- **Cash Outflow Increased** – During the fourth quarter of 2015, the Program made US\$13.0 million of contributions and received US\$0.8 million of distributions, for a net cash outflow of US\$12.2 million. This compared to a net cash outflow of US\$4.4 million during the prior quarter. Net cash flow is expected to remain negative for the next several years as the Program's committed capital is drawn down for investments, fees and expenses by fund managers.
- **Valuation Increased** – During the fourth quarter of 2015, net of cash flow activity, the valuation of the Portfolio increased by approximately US\$1.4 million, or 1.0%, from the prior quarter. The valuation increase reflects the increase in value of underlying investments in Brookfield Infrastructure Fund II and IFM Global Infrastructure Fund.
- **Four New Underlying Fund Investments** – During the fourth quarter of 2015, four new investment positions were added to the portfolio.

US\$ in millions

Company	Fund(s)	Investment Date	Stage	Industry	Country	Exposed Invested Capital	Exposed Market Value	TVM
Deutsche Glasfaser	KKR Global Infrastructure Investors II L.P.	Nov-15	Private	Utilities	Germany	3.7	3.7	1.0x
La Bufa Wind	First Reserve Energy Infrastructure Fund II, L.P.	Dec-15	Private	Renewables	Mexico	0.6	0.6	1.0x
Los Ramones II	First Reserve Energy Infrastructure Fund II, L.P.	Dec-15	Private	Energy	Mexico	1.8	1.8	1.0x
X-ELIO	KKR Global Infrastructure Investors II L.P.	Dec-15	Private	Renewables	Spain	7.4	7.4	1.0x

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

### Performance by Vintage Year

The following table illustrates the Portfolio's since-inception investment performance by vintage year as of December 31, 2015. Note that the performance of funds that are less than one year old is not meaningful.

*As of December 31, 2015 (US\$ in millions)*

Vintage Year	Committed Capital	Contributed Capital	Distributed Capital	Market Value	Total Value	Total Gain/ (Loss)	Unfunded Commitment	Exposure	DPI	TVPI	IRR
2013	\$75.0	\$40.1	\$4.6	\$43.6	\$48.3	\$8.2	\$35.1	\$78.8	0.1x	1.2x	17.5%
2014	197.0	90.3	0.4	92.0	92.4	2.1	107.8	199.8	NM	NM	NM
<b>Total</b>	<b>\$272.0</b>	<b>\$130.4</b>	<b>\$5.0</b>	<b>\$135.6</b>	<b>\$140.6</b>	<b>\$10.2</b>	<b>\$142.9</b>	<b>\$278.5</b>	<b>0.0x</b>	<b>1.1x</b>	<b>10.6%</b>

### Performance by Strategy and Industry Focus

The following table illustrates the Portfolio's since-inception investment performance by strategy and industry focus as of December 31, 2015.

*As of December 31, 2015 (US\$ in millions)*

Strategy/Industry	Committed Capital	Contributed Capital	Distributed Capital	Market Value	Total Value	Total Gain/ (Loss)	Unfunded Commitment	Exposure	DPI	TVPI	IRR
<b>Core</b>	<b>\$272.0</b>	<b>\$130.4</b>	<b>\$5.0</b>	<b>\$135.6</b>	<b>\$140.6</b>	<b>\$10.2</b>	<b>\$142.9</b>	<b>\$278.5</b>	<b>0.0x</b>	<b>1.1x</b>	<b>10.6%</b>
Diversified	227.0	124.8	5.0	130.8	135.8	11.0	103.4	234.2	0.0x	1.1x	11.6%
Energy	45.0	5.5	-	4.8	4.8	(0.7)	39.5	44.3	NM	NM	NM
<b>Total</b>	<b>\$272.0</b>	<b>\$130.4</b>	<b>\$5.0</b>	<b>\$135.6</b>	<b>\$140.6</b>	<b>\$10.2</b>	<b>\$142.9</b>	<b>\$278.5</b>	<b>0.0x</b>	<b>1.1x</b>	<b>10.6%</b>

### Performance by Geographic Focus

The following table and charts illustrate the Portfolio's since-inception investment performance by geographic focus as of December 31, 2015.

*As of December 31, 2015 (US\$ in millions)*

Geographic Focus	Committed Capital	Contributed Capital	Distributed Capital	Market Value	Total Value	Total Gain/ (Loss)	Unfunded Commitment	Exposure	DPI	TVPI	IRR
Global	\$75.0	\$40.1	\$4.6	\$43.6	\$48.3	\$8.2	\$35.1	\$78.8	0.1x	1.2x	17.5%
OECD	197.0	90.3	0.4	92.0	92.4	2.1	107.8	199.8	NM	NM	NM
<b>Total</b>	<b>\$272.0</b>	<b>\$130.4</b>	<b>\$5.0</b>	<b>\$135.6</b>	<b>\$140.6</b>	<b>\$10.2</b>	<b>\$142.9</b>	<b>\$278.5</b>	<b>0.0x</b>	<b>1.1x</b>	<b>10.6%</b>

## Portfolio Diversification

### By Strategy, Geography and Industry Focus

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

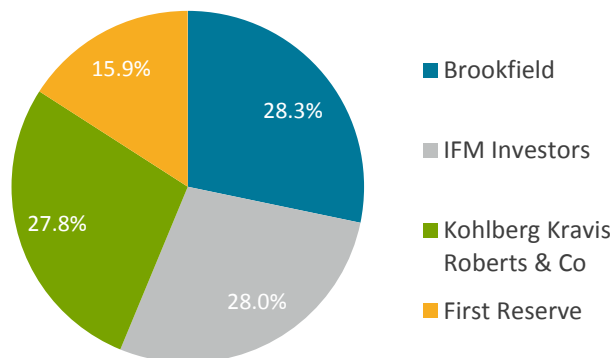
- Core Infrastructure Investments: 60% to 100%; and
- Non-Core Infrastructure Investments: 0% to 40%.

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

As of December 31, 2015 (US\$ in millions)	Market Value		Unfunded Commitment		Exposure	
	\$	% of Total	\$	% of Total	\$	% of Total
<b>By Strategy:</b>						
Core	135.6	100.0%	142.9	100.0%	278.5	100.0%
Non-Core	-	0.0%	-	0.0%	-	0.0%
<b>Total</b>	<b>135.6</b>	<b>100.0%</b>	<b>142.9</b>	<b>100.0%</b>	<b>278.5</b>	<b>100.0%</b>
<b>By Geographic Focus:</b>						
Global	43.6	32.2%	35.1	24.6%	78.8	28.3%
OECD	92.0	67.8%	107.8	75.4%	199.8	71.7%
<b>Total</b>	<b>135.6</b>	<b>100.0%</b>	<b>142.9</b>	<b>100.0%</b>	<b>278.5</b>	<b>100.0%</b>
<b>By Industry Focus:</b>						
Diversified	130.8	96.5%	103.4	72.4%	234.2	84.1%
Energy	4.8	3.5%	39.5	27.6%	44.3	15.9%
<b>Total</b>	<b>135.6</b>	<b>100.0%</b>	<b>142.9</b>	<b>100.0%</b>	<b>278.5</b>	<b>100.0%</b>

### By Investment Manager

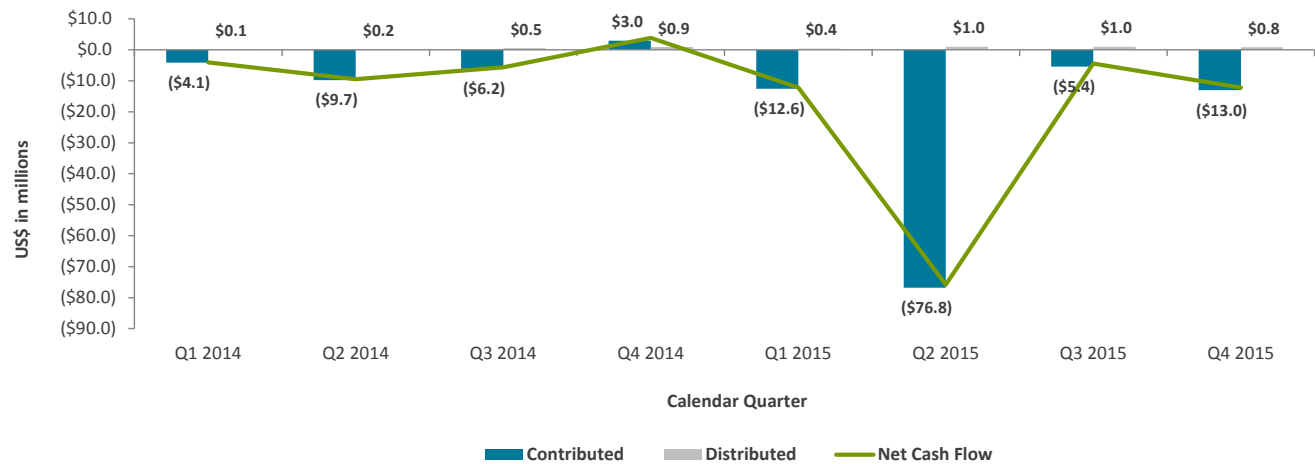
As of December 31, 2015, the Program had made four investment commitments to four managers. NYCERS seeks to limit its exposure to any single manager to no more than 10% of the total Real Assets Program when fully invested. As the Program matures and closes on additional commitments, the single manager exposure is expected to decline significantly. Below is the Portfolio's current exposure by manager.



## Portfolio Cash Flow Analysis

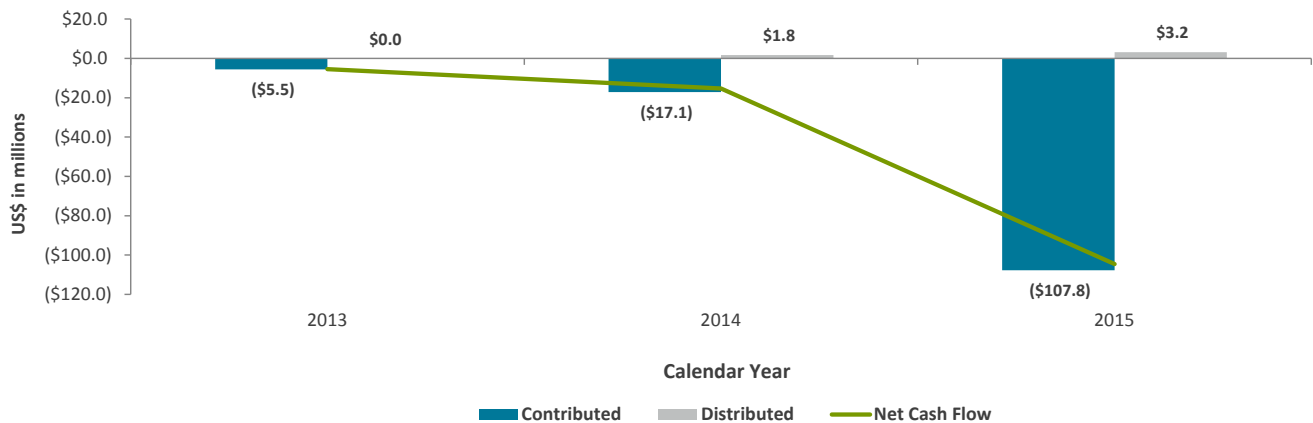
### Quarterly Cash Flow Activity

During the fourth quarter of 2015, the Program made US\$13.0 million of contributions and received US\$0.8 million of distributions, for a net cash outflow of US\$12.2 million. As of December 31, 2015, four fund investments in the Portfolio had cash flow activity. As the Program's commitment and investment activity increases, net cash outflow is expected to increase. The graph below illustrates cash flow activity since inception by calendar quarter.



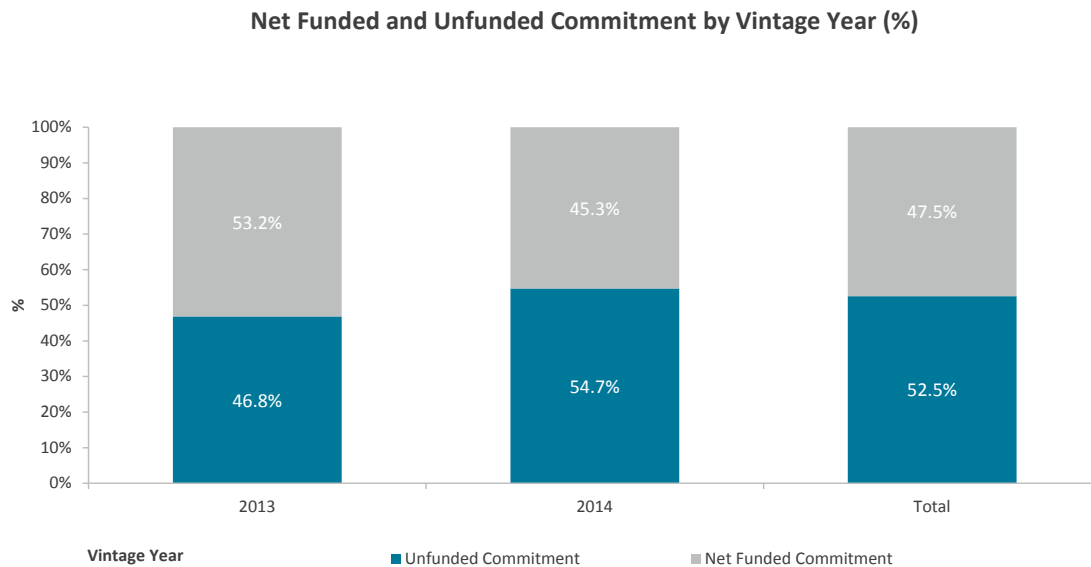
### Annual Cash Flow Activity

During the calendar year of 2015, the Program made US\$107.8 million of contributions and received US\$3.2 million of distributions, for a net cash outflow of US\$104.5 million. The graph below illustrates cash flow activity since inception by calendar year.

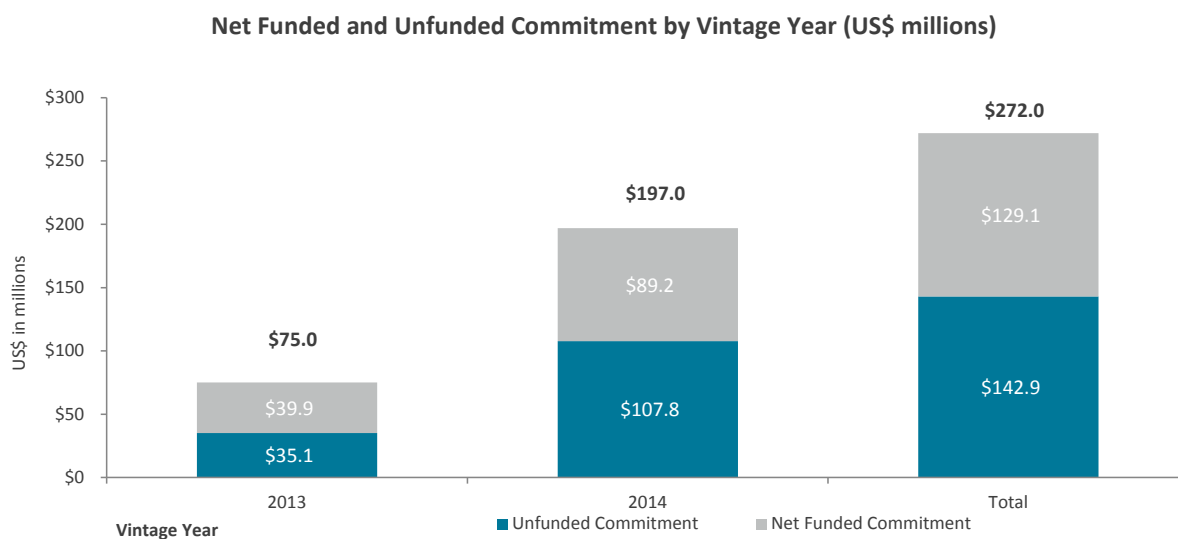


### Net Funded and Unfunded Commitments by Vintage Year

The following chart illustrates the Portfolio's net funded commitments (defined as total contributions inside commitment less any returns of excess capital and recallable distributions) as a percentage of total capital commitments, by fund vintage year, as of December 31, 2015. Overall, the Portfolio was 52.5% unfunded as of quarter-end.



The following chart illustrates the Portfolio's net funded commitments relative to total capital commitments, by fund vintage year, as of December 31, 2015. Overall, the Portfolio had US\$142.9 million of unfunded commitments as of quarter-end.



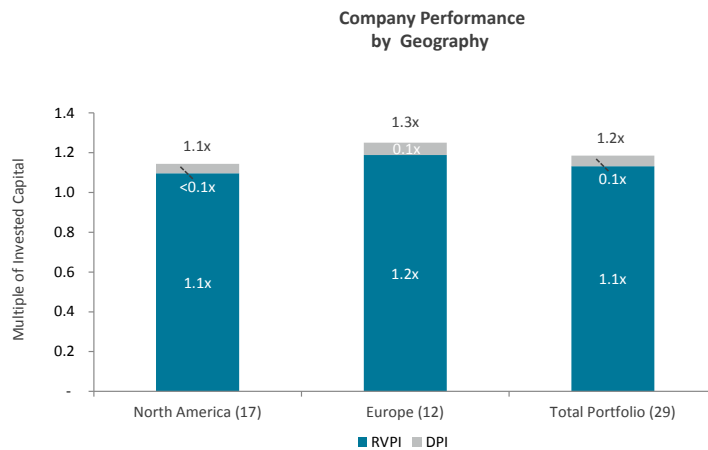
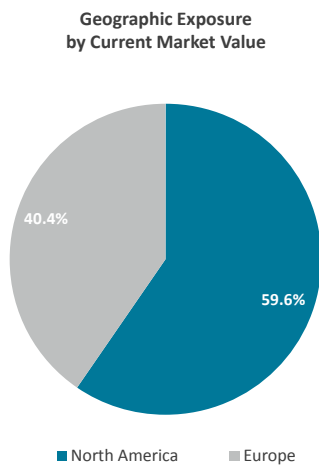


## Portfolio Company-Level Analysis

As of quarter-end, the Portfolio had exposure to 29 unique portfolio companies/investment positions. As the Portfolio matures, the number of unique portfolio companies/investment positions is expected to increase significantly. On the individual fund level, all current investments are within the single investment limitation of 15% of total fund size. The Program's individual portfolio investment exposure is relatively concentrated as a result of the relative immaturity of the Program.

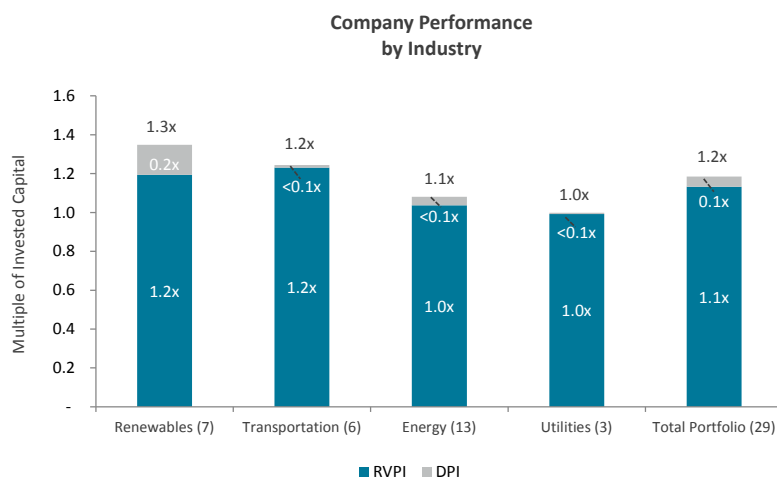
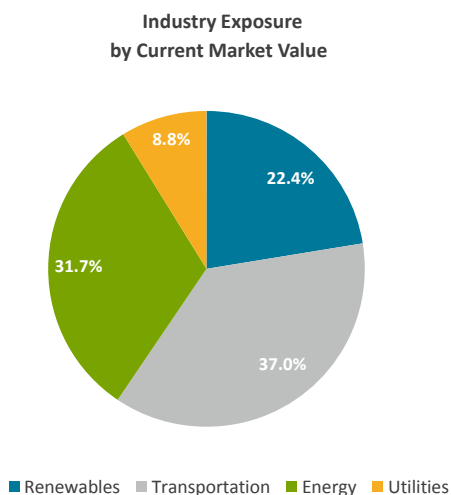
### Geographic Exposure and Performance

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



### Industry Exposure and Performance

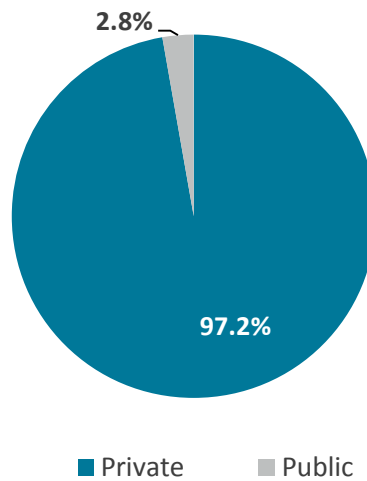
The following charts illustrate the Portfolio's current exposure and performance by industry at the portfolio company level.



## Public Market Exposure

As of quarter-end, publicly traded investments comprised 2.8% of the Portfolio’s exposed market value. The following chart illustrates the current public market exposure at the portfolio company level.

Public Market Exposure Current Market Value



## IV. Risk Management Matrix

Category	Requirement	Status	Status Notes
<b>Allocation</b>	<p>NYCERS has a Real Assets allocation target of 6% (plus or minus 2%) of total pension assets.</p> <p>Infrastructure is a component asset class within the NYCERS Real Assets investment program.</p>	✓	<p>The market value of NYCERS Real Assets Program currently represents approximately 5.4% of total pension assets and the market value of NYCERS Infrastructure Program represents approximately 0.3% of total pension assets.</p> <p>As the Program matures, its market value as a percentage of the total NYCERS pension assets and the total Real Assets Program is expected to increase.</p>
<b>Performance vs. Benchmarks</b>	<p>The performance benchmark for the Infrastructure Portfolio is to meet or exceed the Consumer Price Index ("CPI") plus 4% net of fees over a rolling 5-year period.</p> <p>The Infrastructure Portfolio is expected to generate a total return, net of investment management fees, of at least 6.5%.</p>	✓	<p>As of December 31, 2015, the Portfolio outperformed the benchmark by 5.0%.</p> <p>However, given the relative immaturity of the Portfolio, the current performance to-date versus benchmarks is not meaningful.</p>
<b>Strategy Diversification</b>	<p>Core Infrastructure Investments: 60-100% Non-Core Infrastructure Investments: 0-40%</p> <p>Actual percentages may differ substantially from these targets during the initial years of the Program.</p>	✓	<p>The Program is in compliance with the Core/Non-Core allocation ranges. Currently the Program only has exposure to Core investments.</p>
<b>Asset Type &amp; Location Diversification</b>	<p>The Program will seek diversification by asset type, revenue drivers, and geography. The portfolio may include a variety of assets including but not limited to electricity transmission, pipelines, airports, toll roads, communication towers and electric generators, windmills etc. to vary the sources of revenue to the portfolio.</p>	✓	<p>Given the relative immaturity of the Portfolio, it is not yet diversified by asset type.</p> <p>The asset types and geographic location of current Portfolio investments are in compliance with the Program's Investment Policy Statement and Permissible Markets.</p>
<b>Leverage</b>	<p>The average leverage of all investments in the Program is to be no higher than 65%.</p>	✓	<p>The Program is in compliance with the average leverage limitation. The current leverage level is 38.7%*.</p>
<b>Single Investment Size &amp; Manager Diversification</b>	<p>The maximum commitment to a single investment is limited to no more than 15% of the aggregate committed capital of each fund.</p> <p>The maximum commitment to a single manager is limited to 10% of the total Real Assets Program allocation when fully invested.</p>	✓	<p>On the individual fund level, all current investments are in compliance with the single investment limitation of 15% of total fund size.</p> <p>The Program is in compliance with the single manager limitation of 10% of the total Real Assets Program.</p> <p>The Program's manager exposure is currently relatively concentrated as a result of the relative immaturity of the Program. Manager diversification is expected to increase as the Program closes on new investment commitments.</p>

\*The Program's leverage level is calculated by using a weighted average of each underlying investment's leverage and Net Asset Value as of December 31, 2015.

APPENDICES:

- Basket Clause

## NYCERS - BASKET/NON BASKET SUMMARY

As of April 30th, 2016

<b>Equity</b>	<b>Adjusted Fund Policy</b>			<b>Fund Actual (PE &amp; RE on an invested basis)</b>		
	<b>Non Basket*</b>	<b>Basket*</b>	<b>Total</b>	<b>Non Basket*</b>	<b>Basket*</b>	<b>Total</b>
<b>Domestic Equity</b>	33.4%	0.0%	33.4%	33.7%	0.0%	33.7%
<b>Non-U.S. Equity</b>	10.0%	7.1%	17.1%	10.0%	6.9%	16.9%
<b>Private Equity</b>	0.0%	7.0%	7.0%	0.0%	7.7%	7.7%
<b>Real Assets</b>	5.6%	0.0%	5.6%	5.6%	0.0%	5.6%
<b>Hedge Funds</b>	0.0%	2.6%	2.6%	0.0%	2.6%	2.6%
<b>Total Equity</b>	<b>48.9%</b>	<b>16.6%</b>	<b>65.6%</b>	<b>49.2%</b>	<b>17.1%</b>	<b>66.4%</b>
<b>Fixed Income</b>						
<b>Core+5</b>	20.6%	0.5%	21.1%	16.9%	0.5%	17.4%
<i><b>U.S. Gov't Sector</b></i>	4.5%	0.0%	4.5%	2.2%	0.0%	2.2%
<i><b>Mortgage Sector</b></i>	7.4%	0.0%	7.4%	5.6%	0.0%	5.6%
<i><b>Credit Sector</b></i>	8.7%	0.5%	9.2%	8.2%	0.5%	8.7%
<b>High Yield</b>	2.6%	0.8%	3.3%	3.0%	0.8%	3.8%
<b>Bank Loans</b>	0.0%	1.9%	1.9%	0.0%	1.9%	1.9%
<b>TIPS</b>	4.1%	0.5%	4.5%	4.0%	0.4%	4.5%
<b>Convertibles</b>	1.0%	0.0%	1.0%	1.0%	0.0%	1.0%
<b>Opportunistic Fixed Income</b>	0.0%	2.6%	2.6%	0.0%	2.6%	2.6%
<b>Other Fixed Income</b>	0.0%	0.0%	0.0%	2.5%	0.0%	2.5%
<b>Total Fixed Income</b>	<b>28.2%</b>	<b>6.2%</b>	<b>34.4%</b>	<b>27.4%</b>	<b>6.2%</b>	<b>33.6%</b>
<b>Total Fund</b>	<b>77.2%</b>	<b>22.8%</b>	<b>100.0%</b>	<b>76.7%</b>	<b>23.3%</b>	<b>100.0%</b>

**Remaining Capacity**

2.2%

1.7%

**\* Note: Basket amounts are estimates**

- Liquidity Analysis

## NYCERS Liquidity Profile - Static Analysis

6/6/16

AUM as of March 31, 2016

	Current MV	Liquid Assets		
		Today	1 Year	2 Years
<b>Domestic Equity</b>	\$18,035	\$18,035	\$18,035	\$18,035
<b>International Equity</b>	5,194	5,194	5,194	5,194
<b>Emerging Markets</b>	3,731	3,731	3,731	3,731
<b>Hedge Funds</b>	1,441	0	1,060	1,441
<b>REITS</b>	0	0	0	0
<b>Private Equity</b>	4,159	0	0	0
<b>Private Real Estate</b>	2,960	0	0	0
<b>Core + 5</b>	9,877	9,877	9,877	9,877
<b>TIPS</b>	1,805	1,805	1,805	1,805
<b>Opportunistic Fixed Income</b>	1,372	1,029	1,372	1,372
<b>Enhanced Yield</b>	1,982	1,982	1,982	1,982
<b>Bank Loans</b>	998	998	998	998
<b>Convertible Bonds</b>	519	519	519	519
<b>ETI</b>	747	114	415	415
<b>Cash</b>	435	435	435	435
<b>Total Assets</b>	<b>\$53,256</b>	<b>\$43,720</b>	<b>\$45,424</b>	<b>\$45,805</b>
<b>Total Illiquid \$</b>		\$9,537	\$7,832	\$7,451
<b>Total Illiquid %</b>		17.9%	14.7%	14.0%
Unfunded PE Commitments	\$2,133			
Unfunded RE Commitments	1,201			
Unfunded OFI Commitments	368			
<b>Total commitments \$</b>	<b>\$3,702</b>			
<b>Total commitments %</b>	<b>7.0%</b>			





# NYCERS Liquidity Profile - Static Analysis

6/6/16

AUM as of March 31, 2016

## Denominator Effect - Decrease AUM by One-Third

<b>Total Illiquid \$</b>	\$9,537	\$7,832	\$7,451
<b>Total Illiquid %</b>	26.9%	22.1%	21.0%

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

	Current MV	Liquid Assets		
		Today	1 Year	2 Years
<b>Total Assets</b>	<b>\$53,256</b>	<b>\$43,720</b>	<b>\$45,424</b>	<b>\$45,805</b>

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

Unfunded PE Commitments Drawn	\$427	\$853
Unfunded RE Commitments Drawn	240	481
Unfunded OFI Commitments Drawn	184	0
<b>Total commitments \$</b>	<b>\$851</b>	<b>\$1,334</b>
<b>Total commitments %</b>	1.6%	2.5%

<b>Total Illiquid \$</b>	\$8,683	\$8,785
<b>Total Illiquid %</b>	16.3%	16.5%

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

## Denominator Effect - Decrease AUM by One-Third

<b>Total Illiquid \$</b>	\$9,537	\$8,683	\$8,785
<b>Total Illiquid %</b>	26.9%	24.5%	24.7%

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

