



NEW YORK CITY COMPTROLLER
BRAD LANDER

New York City Pension Funds' Returns for Fiscal Year 2025

A Year of Strong Returns:
NYC Pension Funds Exceed Target,
Deliver Billions in City Savings

BUREAU OF ASSET MANAGEMENT

AUGUST 2025



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Overview of Fiscal Year 2025

The Comptroller of the City of New York serves as the investment advisor, the custodian, and a trustee for the five New York City public pension systems. The Comptroller works with the trustees of the systems to manage pension fund assets, valued at \$294.6 billion as of June 30, 2025, ensuring the retirement security of more than 750,000 dedicated public servants—New York City’s current and retired teachers, firefighters, police officers, clerical workers, health care workers, maintenance workers, and other public servants.

For the fiscal year ending June 30, 2025, the five City pension systems achieved a strong aggregate return of 10.3% net of fees. These returns meaningfully exceed the systems’ actuarial rate of return target of seven percent (7.0%). Every year, the City of New York makes deposits, called pension obligations, into each of the five pension systems. The FY 2025 return results will reduce the City’s pension obligations by approximately \$2.18 billion over the next five fiscal years, leaving more funds available in the City budget to invest in housing, schools, and public safety. This builds on the robust \$1.81 billion in savings achieved by fiscal year 2024 returns. The systems’ 1-year, 3-year, 5-year, 7-year, and 10-year returns all exceed the 7.0% target rate of return.

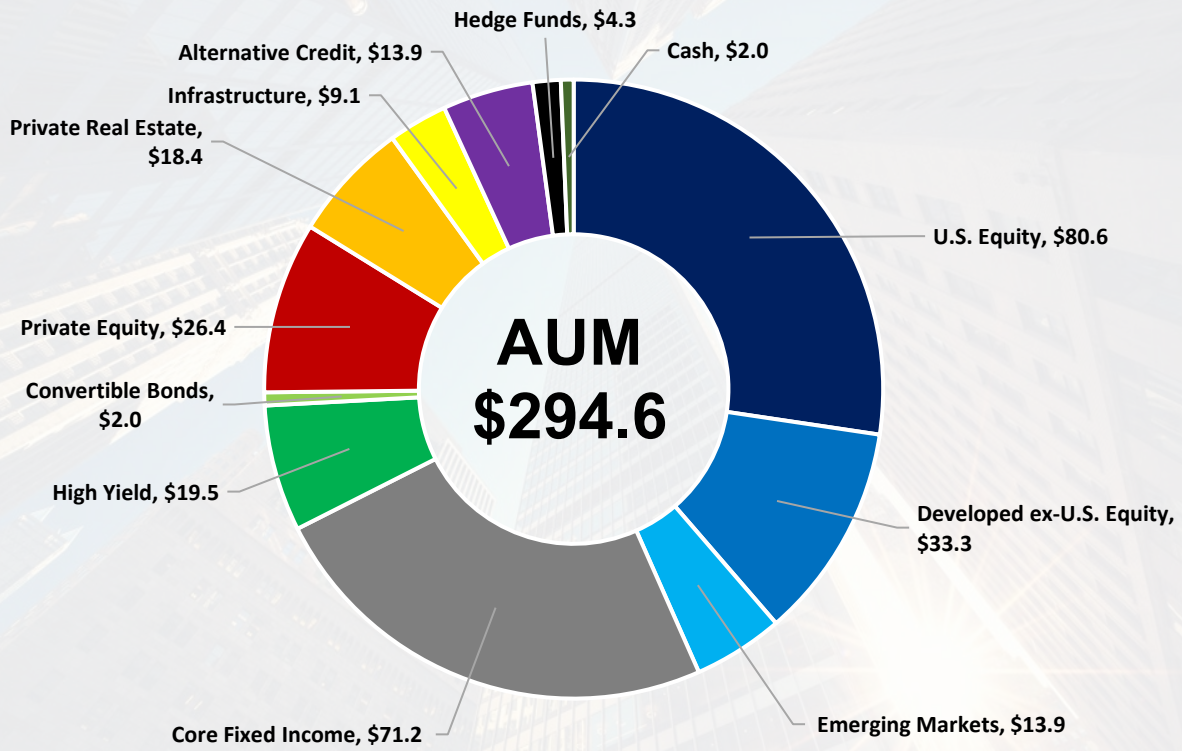
NYC Combined Pension System Annualized Returns, Net of Management Fees for Periods Ended June 30, 2025

1-Year	3-Year	5-Year	7-Year	10-Year
10.3%	9.4%	8.5%	7.8%	7.7%

Source: State Street

The Office of the Comptroller, in collaboration with investment consultants and with approval of pension trustees, invests pension assets based on considerations including market and economic factors, risk profile, manager performance, and investment strategy. To ensure appropriate risk-adjusted returns, funds are diversified across asset classes, with approximately 43.4% in Public Equities (i.e. Corporate Stocks), 31.5% in Public Fixed Income (i.e. Government and Corporate Bonds), and 25.2% in Private Markets Alternatives (including Private Equity, Real Estate, Alternative Credit, Infrastructure, and Hedge Funds) and cash.

Assets Under Management (AUM) in \$ Billions

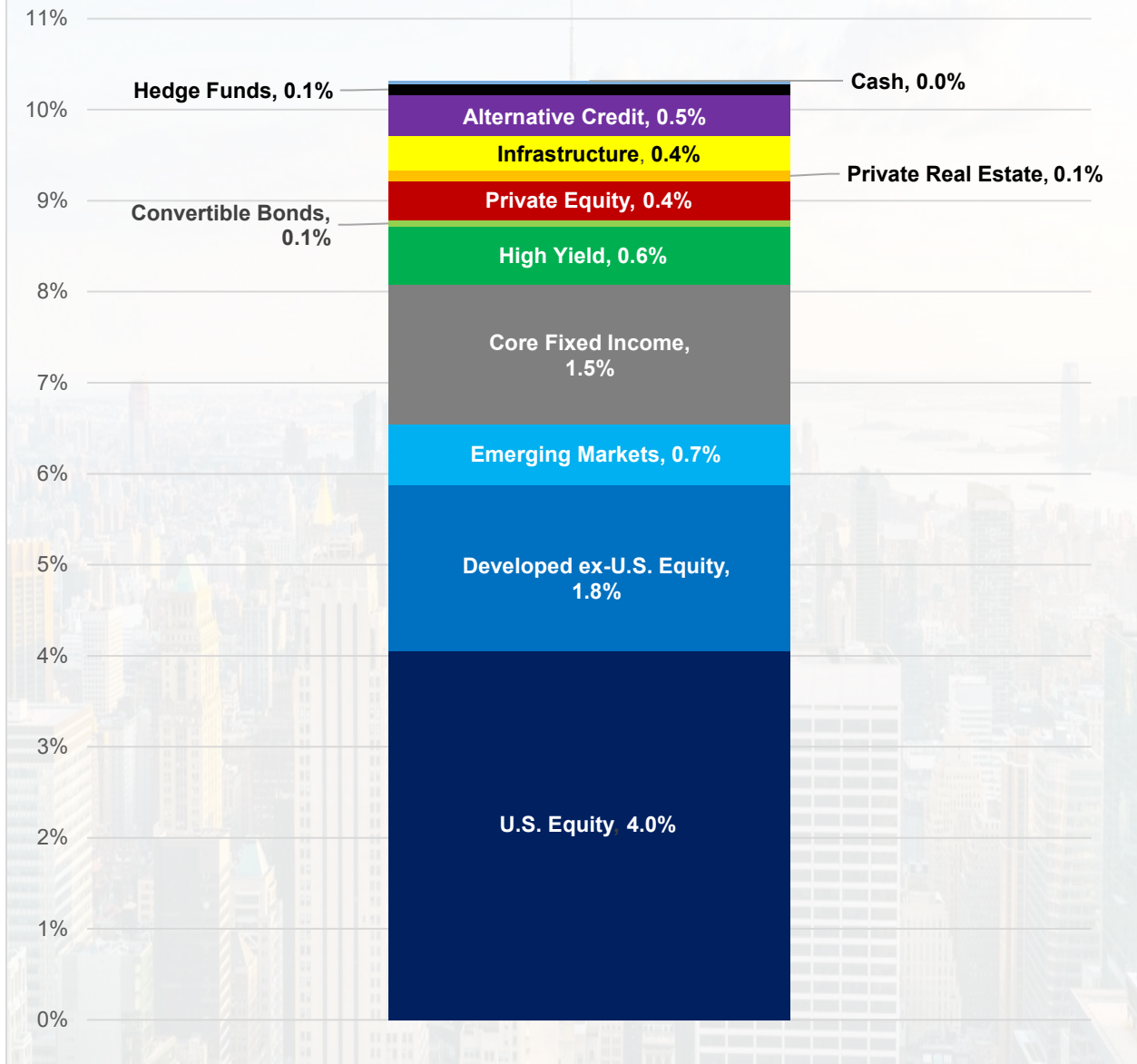


Source: State Street

As of June 30, 2025

Contribution to Return

Year Ended June 30, 2025



Source: State Street

As of June 30, 2025

Assets Under Management, Return Net of Fees, and Contribution to Return for Periods Ended June 30, 2025

Investment Strategy	AUM (\$ Billions)	AUM % of Total	FY 2025 Return	Contribution to FY 2025 Return
U.S. Equity	80.6	27.4%	14.7%	4.0%
Developed ex-U.S. Equity	33.3	11.3%	16.2%	1.8%
Emerging Markets	13.9	4.7%	14.0%	0.7%
Core Fixed Income	71.2	24.2%	6.2%	1.5%
High Yield	19.5	6.6%	9.9%	0.6%
Convertible Bonds	2.0	0.7%	10.1%	0.1%
Private Equity	26.4	9.0%	4.5%	0.4%
Private Real Estate	18.4	6.2%	1.9%	0.1%
Infrastructure	9.1	3.1%	11.9%	0.4%
Alternative Credit	13.9	4.7%	9.5%	0.5%
Hedge Funds	4.3	1.5%	7.8%	0.1%
Cash/Equivalents	2.0	0.7%	5.0%	0.0%
Total Combined NYC Plans	294.6	100.0%	10.3%	10.3%

Source: State Street

Details on the systems' assets under management, broken down by system, asset class, and asset manager are available on the [Comptroller's website](#), a feature that Comptroller Lander added in 2022 to provide increased transparency.

Economic and Market Commentary

Fiscal Year ("FY") 2025 was notable for the complex interplay of resilient US economic fundamentals, an evolving monetary policy, as well as significant political and geopolitical developments. The election of Donald Trump has created a spike in uncertainty for market participants. On the economic front, the Consumer Price Index (CPI) migrated lower in FY 2025, dipping below three percent but falling short of the Fed's stated core Personal Consumption Expenditures index (PCE) target level of two percent before moving higher recently as tariffs

began to weigh on the pricing of goods. The unemployment rate remained stable in the low four percent range throughout the year, and more robust Gross Domestic Product (GDP) growth in the first half of the fiscal year moderated in the second half due to tariff uncertainty and inventory distortion. The Fed eased monetary policy by cutting target rates by a total of one hundred basis points in late 2024. At present, further rate reductions appear to be on hold due to the uncertain impacts of new trade policies on inflation, employment and growth. These easier monetary conditions were slightly offset by the Fed's efforts to reduce the size of its balance sheet through quantitative tightening over time. Uncertainty persists on the geopolitical front, with heightened global risks stemming from military conflicts in Ukraine and the middle east showing no sign of concluding. Long-standing strategic alliances and trade relationships have been strained due to the administration's "America First" and tariff policies, which have far-reaching implications for the global economy.

Increased uncertainty has resulted in higher levels of asset price volatility. Despite this perception of increased risk, there have been pockets of real strength in various segments of the public and private markets. Although asset price volatility initially surged in response to policy shocks such as a new and expanded tariff regime, market resilience ultimately reflected the fact that actual economic outcomes proved less disruptive than feared. For the third consecutive year, US stocks have delivered double-digit returns in FY 2025. These were outperformed by developed market ex-US equities that benefited from both a significant relative valuation disparity to US stocks and the tailwind of a depreciating US dollar. Official interest rate cuts caused longer base rates to also move lower and the yield curve to normalize and offer higher yields on longer term fixed investments. Investment-grade and high yield corporate debt credit spreads tightened on a surge in demand and historically low actual and expected levels of defaults. Finally, the Fed's stalled rate cutting cycle has kept short-term floating rates higher for longer, supporting strong returns in both cash holdings and private credit floating rate investments.

Public Market Commentary

In FY 2025, public market assets delivered broadly solid returns, but with notable divergence across asset classes. These outcomes were impactful in FY 2025 as public asset holdings average over 70% of the systems' holdings. Public equities were again the main driver of strong performance in the twelve months ending June 30, 2025, contributing well over half of the systems' average 10.3% return. US equities were strong for a third consecutive year, delivering overall strategy returns averaging 14.7%. This result was led by continued outperformance of the "Magnificent Seven" stocks, as positive price momentum in large-cap tech and AI companies persisted. Returns for small cap equities as measured by the Russell 2000 index were about half those of large cap, at 7.7% versus S&P 500's total return of 15.2%. The outperformance of large-cap names continued a pattern of increased index concentration, with the top ten companies accounting for nearly 38% of index market capitalization and almost 28% of earnings. To provide context, Nvidia alone had a market cap exceeding \$4 Trillion and an S&P 500 index weight of

approximately 7.5% and delivered a total return of nearly 28%. The AI investment super-cycle was on full display in FY 2025, but with noteworthy concentration risk not seen in the past 50 years. US corporate earnings growth continued to be in the high single digits, although slowing to near mid-single digits towards the end of FY 2025. Non-US stocks were strong performers this year as well, with developed market ex-US indices outperforming US large cap stocks due to a relative value differential attracting investment inflows and a tailwind of local currencies appreciating against the US Dollar. Strategy returns for developed market ex-US and emerging market equities were 16.2% and 14.0%, respectively.

Shifting to fixed income, US bonds delivered positive returns for portfolios across strategies and sub-asset classes, with core fixed income and high yield strategies contributing 6.2% and 9.9%, respectively. Early Fed rate cuts caused the yield curve to (almost) normalize. Volatility was generally lower in rates while US Treasury yields were sticky at higher levels, particularly in longer maturity bonds, due to persistent fiscal concerns, a resilient economy and policy uncertainty causing the Fed to pause its easing cycle. Investment-grade and high yield corporate bonds were positive on the year at mid to high single digit outcomes, driven by tightening credit spreads, low defaults, and positive investor inflows. Lastly, cash wasn't quite "king" as it was last year, but still strong as the Fed paused after 100 basis points of rate cuts, leaving US T-bills and money market returns near the mid-four percent level—a competitive risk-free rate of return.

Private Market Commentary

For the third consecutive year, Infrastructure outperformed other alternative investment asset classes in FY 2025. Through thoughtful deployment, expert manager selection and an internally managed co-investment program, average infrastructure returns across the five NYC pension plan portfolios was 11.9%. Investments in telecommunications projects, the artificial intelligence data center buildout, clean energy to meet the electricity demand surge, and transportation initiatives continued to support outcomes here. Alternative Credit was another key performance driver this year. Direct lending and asset backed credit were strong sector performers that helped deliver an average return of 9.5% across portfolios. Most of these investments are floating-rate indexed to the Secured Overnight Funding Rate (SOFR), which adjusted lower as the Fed cut rates by 100 basis points in the first half of FY 2025. Credit spreads ended the year slightly lower than in June 2024. The first half of the year, characterized by a relatively steady tightening, suddenly reversed in March and April as policy uncertainty weighed on markets, only to reverse again in the final months of the year. In the end, these dynamics proved to be mild headwinds for otherwise solid performance outcomes in the strategy.

Private Equity returns were muted this fiscal year, averaging 4.5% across systems. Notably, the funds completed a nearly \$5 billion secondary sale which dragged overall performance in class by nearly four percent in the short term. However, this strategic repositioning leaves the systems with a streamlined portfolio of high-conviction core managers that is expected to deliver enhanced

value creation, strong outcomes and operational efficiencies in the coming years. The systems' increased focus on co-investments as a cost-effective source of returns in recent years is an ongoing effort expected to continue to drive performance through no-fee, no-carry cost structures in the future. The Comptroller's investment team believes that IPO and M&A activity will continue to improve and anticipate increased distributions and improved portfolio realizations ahead.

Private Real Estate continued to struggle in a higher rate, post-Covid world. Pandemic-initiated remote work arrangements are winding down but still impacting demand for office space. The industry pivot from office to industrial construction has created an oversupply of the latter, which was compounded by slower leasing activity in the sector due to tariff-related uncertainty. These market dynamics and valuation pressures contributed to an average strategy return of 1.9% this year. Despite some recent challenges, the investment team continues to have confidence in the funds' multi-family and industrial logistics holdings and the ability of pension portfolios to deliver strong returns in future years. Lastly, for the Police and Fire portfolios with exposure to Hedge Funds, these strategies delivered an average 7.8% return while providing downside portfolio protection.

Reflections on Strategic Initiatives

The success of the systems' FY 2025 returns stems in part from a number of strategic initiatives achieved over the course of the last few years, in partnership with system trustees. When the administration of Comptroller Brad Lander began January of 2022, New York City and the nation were in the midst of recovery from the COVID-19 pandemic, facing high rates of inflation and continued uncertainty; Lander's first six months were some of Wall Street's worst in decades. In July 2022, in consultation with trustees, Comptroller Lander appointed Steven R. Meier, CFA, FRM as Chief Investment Officer & Deputy Comptroller for Asset Management. With over 40 years of investment management experience in both the public and private sector, he has leveraged his wealth of expertise to guide our pension systems through these times of increased volatility.

In that same year, the Comptroller's Office supported the passage of a new state law that increased the share of assets that City and State pension funds are allowed to invest in private markets investments, including private equity, private real estate, private infrastructure, and other restricted asset types, from 25% to 35%. This legislation has enabled the pension systems to allocate assets in better alignment with modern portfolio management practices and has granted the boards the necessary flexibility to make investment decisions in the best interest of members and beneficiaries.

Following the approval of this legislation, the investment team engaged with trustees and respective systems' general investment consultants to conduct a Strategic Asset Allocation review. Leveraging a now expanded opportunity set, the Office's Bureau of Asset Management and consultants analyzed capital market assumptions as well as other long-term market and economic factors including decarbonization, deglobalization, technological transformation, geopolitics, and more. This analysis culminated in new Strategic Asset Allocations, recommended to trustees and approved in FY 2024. Implementation of these updated Strategic Asset Allocations is ongoing to ensure appropriate vintage year diversification.

Responsible Investing

New York City's pension funds are leaders in responsible investing as a core component of the approach to mitigating risk and maximizing returns. With over \$294 billion in assets under management, and as long-term investors, the systems are near-universal owners. The City's pension funds cannot simply diversify away from the systemic risks posed by climate change, inequality, and the assaults on shareholder governance. These systemic risks are financial risks—and the Bureau of Asset Management's responsible investment team (ESG Integration, Corporate Governance, Diverse and Emerging Manager, and Economically Targeted Investments) seeks to mitigate these financial risks.

To this end, in 2023 BAM [developed Net Zero Implementation Plans](#) for NYCERS, TRS, and BERS. In alignment with fiduciary duty, these plans serve as tangible, measurable roadmaps toward decarbonization not just for NYCERS, TRS, and BERS' investment portfolios but across the global economy. While some government leaders and major asset managers around the country have retreated from climate commitments in recent months, New York City's funds have leveraged these implementation plans to prudently address climate risks and maximize climate solution investment opportunities. Between 2019 and 2024, NYCERS, TRS, and BERS achieved a [37% reduction in greenhouse gas emissions](#) across their portfolio, surpassing their 2025 interim targets to achieve net zero by 2040, while delivering strong financial returns.

Also under the umbrella of Responsible Investing is BAM's diverse and emerging manager work, part of the funds' approach to diversified asset management. Data for FY 2025 on the funds' [investments in minority- and women-owned asset managers, which grew to \\$23.1 billion in FY2024, an increase of \\$6.3 billion, or 37.5% will be released in the coming months.](#)

As investment capital has flowed increasingly into the rental housing market in recent years, BAM's Responsible Investing staff developed standards for responsible property management designed to enable long-term prosperity for investors and renters alike. Working with stakeholders including asset managers, real estate, and housing policy experts, the Responsible Investing team created [Responsible Property Management Standards](#) with the goal of improving long-term investment risk and return through resident stability as well as preserved and enhanced property values. NYCERS adopted these standards in 2024.

Also in 2024, NYCERS trustees [invested \\$60 million in Community Stabilization Partners](#)—a joint venture led by Community Preservation Corporation (CPC) and Related Fund Management (RFM)—to preserve rent-stabilized housing units impacted by Signature Bank’s sudden collapse. This investment helped preserve the affordability of over 35,000 rental units. This investment sits within the system’s Economically Targeted Investment (ETI) program, which seeks to generate risk-adjusted market returns while promoting economic development within New York City. Building on the strong history of ETIs, Comptroller Lander and CIO Meier recently announced the hiring of [Valerie Red-Horse Mohl](#) as Deputy Chief Investment Officer for Responsible Investing and Head of ETIs. Under Red-Horse Mohl’s leadership, BAM will seek to grow the systems’ ETI portfolio while continuing to achieve strong risk-adjusted returns.

Conclusion

FY 2025 marked another year of strong investment performance and continued progress toward achieving long-term retirement security for New York City’s dedicated public servants. With a 10.3% return net of fees, the systems not only surpassed their 7.0% target but generated over \$2.18 billion in savings for the City budget over the next five years. These results reflect prudent, diversified investment decision-making of pension trustees, supported by the Comptroller’s Bureau of Asset Management and system consultants.

Disclosures

Information presented is current as of the date of this publication only. Past performance does not guarantee the future performance of any manager or strategy. The performance results and historical information provided herein may have been adversely or favorably impacted by events and economic conditions that will not prevail in the future. Therefore, these results are not indicative of the future performance of any strategy, index, fund, manager or group of managers. This program does not constitute investment advice and should not be viewed as a recommendation to purchase or sell any investment product included herein.





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