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NEW YORK CITY COMPTROLLER

BUREAU OF ASSET MANAGEMENT

New York City Pension Funds' Returns for Fiscal Year 2026

Delivering Strong Returns and Building Long-Term Portfolio Resilience

AUGUST 11, 2026

CITY OF NEW YORK

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OFFICE OF THE COMPTROLLER

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Overview of Fiscal Year 2026

The New York City Comptroller (the "Comptroller" or "Office") serves as investment advisor, custodian, and a trustee for New York City's five public retirement systems (the "Systems"). Through the work of the Bureau of Asset Management ("BAM"), the Comptroller partners with the Systems' trustees and their consultants to prudently invest over $325 billion on behalf of more than 750,000 current and retired public servants, ensuring the long-term retirement security of the City's dedicated workforce.

Fiscal Year ("FY") 2026 was defined by resilient financial markets navigating an increasingly complex global environment shaped by evolving trade policy, persistent inflation, geopolitical uncertainty, and continued investment in artificial intelligence. **Despite this uncertainty, the Systems generated a robust aggregate return of 13.0%, net of fees, substantially exceeding the 7.0% actuarial target.** These results reduce the City's required pension obligations by approximately $6.3 billion over the five fiscal years beginning in FY 2028.

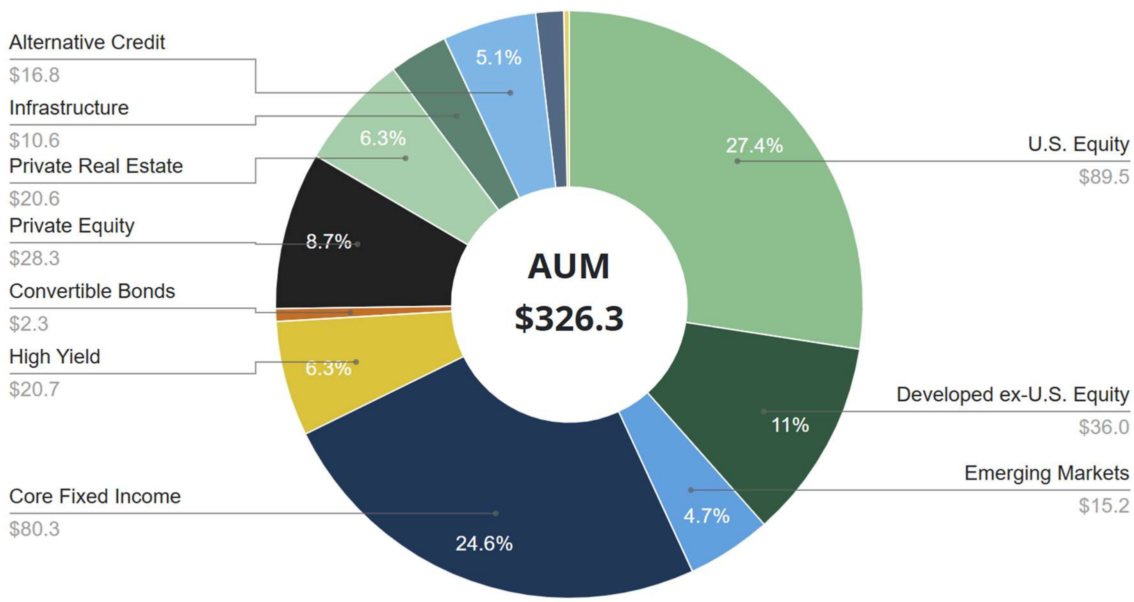
These results reflect the value of maintaining a disciplined, diversified, and long-term investment strategy. Guided by prudent governance and supported by a globally diversified portfolio spanning public and private markets, the Systems remain well positioned to meet their obligations to beneficiaries while continuing to navigate an increasingly dynamic investment environment.

NYC Combined Systems Annualized Returns, Net of Management Fees

1 Year	3 Year	5 Year	7 Year	10 Year
13.0%	**11.1%**	**6.2%**	**8.6%**	**8.9%**

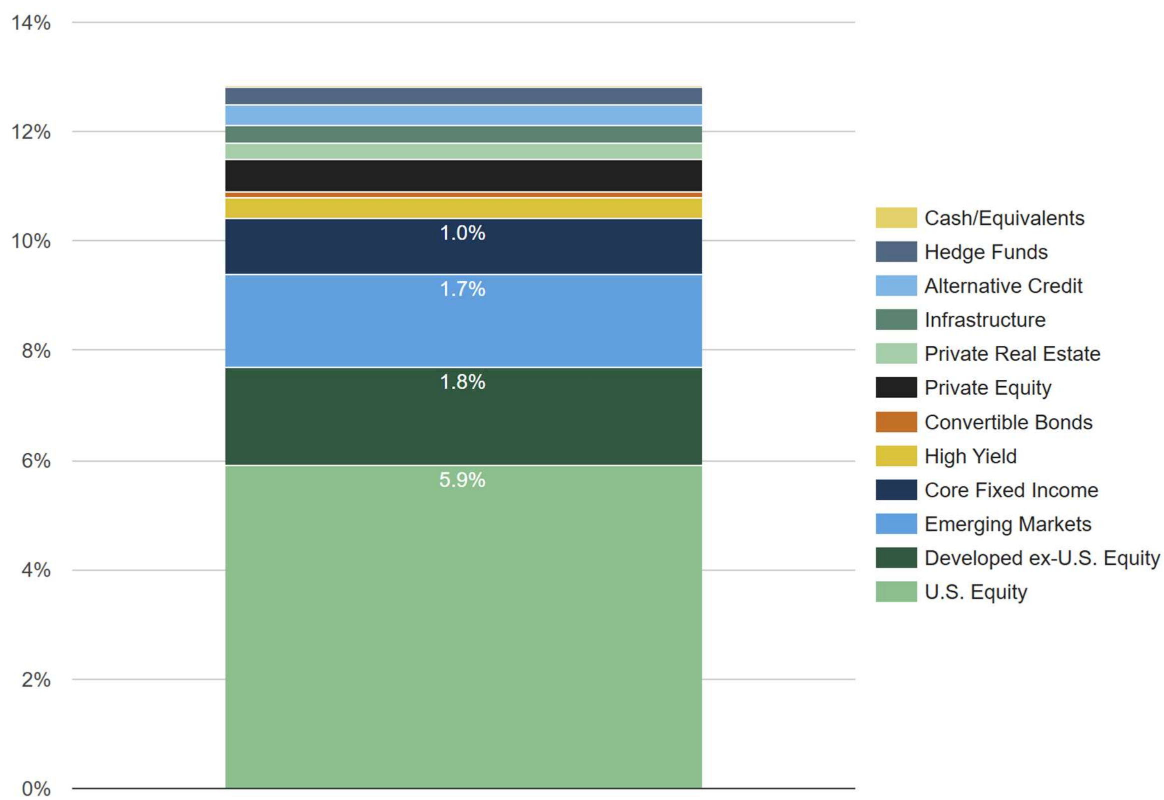
Source: State Street, As of June 30, 2026

Assets Under Management (AUM) in $ Billions



Source: State Street, As of June 30, 2026

Contribution to Return



Source: State Street, As of June 30, 2026

Assets Under Management, Return Net of Fees, and Contribution to Return

Investment Strategy	AUM ($ Billions)	AUM % of Total	FY 2026 Return	Contribution to FY 2026 Return
U.S. Equity	89.5	27.4%	22.9%	5.9%
Developed ex-U.S. Equity	36.0	11.0%	15.6%	1.8%
Emerging Markets	15.2	4.6%	42.0%	1.7%
Core Fixed Income	80.3	24.6%	3.9%	1.0%
High Yield	20.7	6.4%	5.8%	0.4%
Convertible Bonds	2.3	0.7%	12.7%	0.1%
Private Equity	28.3	8.7%	7.2%	0.6%
Private Real Estate	20.6	6.3%	4.5%	0.3%
Infrastructure	10.6	3.3%	9.2%	0.3%
Alternative Credit	16.8	5.2%	7.8%	0.4%
Hedge Funds	5.0	1.5%	19.2%	0.3%
Cash/Equivalents	1.0	0.3%	5.0%	0.0%
Total Combined NYC Plans	**326.3**	**100.0%**	**13.0%**	**13.0%**

Source: State Street, As of June 30, 2026

Economic and Market Commentary

FY 2026 was characterized by resilient financial markets navigating an increasingly complex global environment. Investors balanced strong underlying economic fundamentals against rising policy uncertainty stemming from trade policy, inflationary pressures, and ongoing geopolitical conflict. Inflation, which had moderated entering the fiscal year, moved higher during the second half as supply chain disruptions and higher energy prices increasingly filtered through to consumer prices. In the U.S., while inflation remained above the Federal Reserve's long-term target, the labor market continued to demonstrate resilience, with unemployment remaining in the low 4% range, labor market conditions remained broadly resilient, and wage growth has generally outpaced inflation. Economic growth slowed from the stronger pace observed during the prior year but remained positive, supported by healthy consumer spending and continued business investment in artificial intelligence and digital infrastructure.

During the first half of FY2026, the Federal Reserve lowered its target interest rate as inflation moderated and policymakers sought to support economic growth. During the second half of the fiscal year, however, persistent inflationary pressures—driven in part by higher energy prices—prompted the Federal Reserve to pause its efforts to lower interest rates as policymakers began considering the case for reversing direction and raising them. That outlook was further reinforced by the confirmation of Federal Reserve Chair Kevin Warsh, whose inflation-focused policy views shifted market expectations away from additional rate cuts and toward the potential for higher interest rates. Geopolitical uncertainty also remained elevated as military conflicts in Ukraine and the Middle East continued to pose risks to global markets, while evolving trade policies and shifting strategic alliances contributed to heightened uncertainty surrounding international commerce and economic growth.

Despite these headwinds, global financial markets delivered another year of strong investment performance. Stock prices benefited as corporate earnings consistently exceeded expectations, particularly among large technology companies that continued to capitalize on significant investment in artificial intelligence infrastructure and cloud computing. Investor confidence was further supported by resilient consumer demand and healthy corporate balance sheets, allowing equity markets to advance despite periodic bouts of volatility tied to inflation data, trade policy developments, and geopolitical events. Developed market equities outside the United States also performed well as attractive relative valuations and improving earnings prospects supported returns, while a weaker U.S. dollar during much of the fiscal year provided an additional tailwind for U.S.-based investors.

Fixed income markets experienced greater dispersion as Treasury yields remained elevated amid persistent inflation concerns and shifting expectations for future monetary policy. Nevertheless, investment-grade and high-yield corporate credit generated strong returns as credit spreads remained near historically tight levels, reflecting strong investor demand, healthy corporate fundamentals, and relatively low realized default rates. Higher-for-longer short-term interest rates also continued to support attractive returns from cash investments and floating-rate private credit strategies, underscoring the benefits of maintaining diversified exposure across both public and private markets.

Public Market Commentary

Public market assets delivered strong returns during FY 2026, although performance varied across asset classes. Representing more than 74% of the Systems' assets, public markets remained the primary driver of overall portfolio performance.

Public Equity

22.9% U.S. Equity Returns & 42% Emerging Markets Performance

Public equity markets were once again the principal contributor to investment performance during the twelve months ending June 30, 2026, accounting for more than half of the Systems' FY26 return.

Emerging Markets Equity delivered exceptionally strong returns of approximately 42% for the fiscal year. The Information Technology sector was the primary driver of performance, up over 160%, as continued demand for advanced computer processing and memory chips supported semiconductor manufacturers. Market concentration also increased meaningfully, with Taiwan Semiconductor Manufacturing Company (TSMC), Samsung Electronics, and SK hynix accounting for more than 30% of the benchmark index.

U.S. equities returned 22.9%, net of fees, led by the Information Technology, Industrials, and Energy sectors. Developed/World ex-U.S. Equity also posted strong performance, returning 15.6%, with the Information Technology sector again leading gains at more than 50%.

Across global public equity markets, Information Technology remained the defining investment theme as the continued AI investment cycle drove significant spending on computer processing and memory chips. As a result, the MSCI All Country World Index (ACWI) has returned an annualized 18.9% over the past four years. Whether this pace of appreciation can be sustained over the longer term will remain an important area of focus for investors.

Public Fixed Income

Higher Starting Yields Supported Positive 5.8% Return Across Fixed Income

U.S. fixed income markets also generated positive returns across portfolios and sub-asset classes during FY 2026. Core fixed income and high yield strategies returned 3.9% and 5.8%, net of fees, respectively, as higher starting yields continued to provide meaningful income despite periods of elevated interest rate volatility.

Treasury yields remained range-bound for much of the year as resilient economic growth, a still-tight labor market, evolving trade and fiscal policy, and mixed inflation data led the Federal Reserve to maintain a patient, data-dependent approach to monetary policy. While the yield curve continued its gradual normalization, longer-duration bonds experienced intermittent volatility as investors weighed the outlook for inflation, federal deficits, and Treasury issuance.

Investment-grade corporate bonds generated strong returns, supported by attractive all-in yields, healthy corporate fundamentals, robust new issuance that was readily absorbed by investors, and credit spreads that remained near historically tight levels for much of the period. High-yield bonds also posted strong returns, benefiting from continued investor demand for income, low realized default rates, and generally resilient corporate balance sheets, although periodic spread widening reflected bouts of macroeconomic uncertainty and evolving expectations for monetary policy.

Cash remained an attractive allocation throughout much of the fiscal year, as elevated short-term interest rates allowed U.S. Treasury bills and money market funds to continue offering compelling risk-free yields, even as expectations for future Federal Reserve easing evolved.

Private Market Commentary

Private markets continued to play an important role in the Systems' long-term investment strategy during FY 2026. While performance varied across asset classes, the portfolio benefited from broad diversification and disciplined manager selection. Infrastructure, Alternative Credit, and Hedge Funds generated particularly strong results, while Private Equity and Real Estate continued to navigate evolving market conditions. Portfolio diversification is an important feature in creating long-term value and ultimately adding down-side protection for the Systems.

Private Equity

15.5% Net IRR Since Inception for the Core Portfolio

Private Equity delivered a 7.2% one-year time-weighted return, net of fees, during FY 2026 despite a challenging market environment marked by elevated interest rates, compressed valuation multiples, and muted exit activity across the buyout market. While near-term performance remained pressured, the asset class continues to demonstrate strong long-term value creation for the Systems. Since inception, the total Private Equity portfolio has generated a 10.8% net internal rate of return (IRR), while the repositioned core portfolio remaining after the 2025 secondary sale has generated a significantly higher 15.5% net IRR.[1]

Although Private Equity remains the most volatile segment within private markets, it continues to serve as an important long-term driver of growth and value creation. The Boards remain focused on maintaining a disciplined commitment pace, partnering with high-quality managers, and increasing co-investment opportunities to help position the portfolio for attractive long-term performance.

[1] As of March 31, 2026, with a one-quarter reporting lag.

Real Estate

4.5% Return Driven by Strategic Portfolio Repositioning

Real Estate continued its recovery from the post-pandemic slowdown, generating positive returns across most property sectors. Although remote work continued to influence demand for office space, particularly among lower-quality assets, the highest-quality office properties remain undersupplied. The portfolio to date has benefited from a strategic repositioning initiated several years ago to reduce office exposure while increasing allocations to multifamily and industrial properties.

Despite periods of elevated apartment construction in certain markets, multifamily demand continues to strengthen as the nation's housing shortage persists. Industrial properties also remained resilient, supported by continued growth in e-commerce and demand for faster delivery despite tariff-related uncertainty. These market dynamics, combined with the portfolio's positioning, contributed to an average strategy return of 4.5%, net of fees. Property diversification and geographic footprint position the portfolio to generate attractive long-term returns.

Infrastructure

9.2% Return from Disciplined Capital Deployment

Infrastructure was among the best-performing private market asset classes in FY 2026. Through thoughtful capital deployment, disciplined manager selection, and BAM's internally managed co-investment program, the Infrastructure portfolio generated an average return of 9.2%, net of fees, across the Systems.

Long-term investment themes—including the expansion of data centers, growing electricity demand, the energy transition, and continued investment in transportation infrastructure—continued to support performance throughout the fiscal year.

Alternative Credit

7.8% Return Despite Elevated Credit Market Volatility

Alternative Credit delivered another year of resilient performance despite market volatility during the first quarter of 2026. Credit markets remained generally constructive, although performance dispersion persisted, with higher-quality, BB-rated credit outperforming lower-rated issuers. High-yield bond spreads remained near historically tight levels, while loan spreads traded closer to historical averages due to differences in credit quality. Although defaults and restructurings remained elevated over the past twelve months, they continued to approximate the long-term historical average.

The portfolio generated a 7.8% fiscal year return, net of fees, supported by broad diversification and emphasis on senior secured loans producing current cash yield and downside protection.

Hedge Funds

Record 19.2% Return Since Program Inception

The Hedge Fund portfolio delivered its strongest fiscal year performance since the program's inception, generating a 19.2% return, net of fees. Equity long/short managers benefiting from the continued strength of the artificial intelligence investment theme were significant contributors to performance, while nearly every strategy within the portfolio generated positive results. The breadth of returns across investment strategies highlights the portfolio's diversification and the value of manager selection in capturing opportunities across a range of market environments.

Conclusion

FY 2026 demonstrated the value of disciplined long-term investing, thoughtful governance, and broad portfolio diversification. Despite a complex and evolving global investment environment, the Systems generated strong investment performance. As the Comptroller and each of the Systems look ahead, they remain committed to their fiduciary responsibility to safeguard the retirement security of the Systems' beneficiaries through prudent investment management, sound corporate governance, and a long term perspective that seeks to deliver sustainable, risk-adjusted returns across changing market environments.

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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