

**New York City**

**Police Pension Fund, Subchapter 2**

**Performance Overview as of September 30, 2012**

# **Total Fund Overview**

# New York City

## Police Pension Fund, Subchapter 2

### Table of Contents:

**Equity Analysis**

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**Fixed Income Analysis**

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**Appendix**

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# Consultant's Commentary

## Through September 30, 2012

### Equity Markets

Equity markets around the globe experienced a strong rally during the third quarter of 2012. A good part of the gains appear to have been generated due to the significant asset purchase programs of the United States Federal Reserve, the Bank of Japan, and the European Central Bank, rather than sustainable economic improvements. The commitment to further quantitative easing exceeded the expectations of many and was a material bullish development for global equities. Economic activity was generally a mixed bag during the quarter. Within the United States, real GDP advanced a slightly better-than-expected 2.0% (annualized) in the third quarter. Third-quarter GDP highlights included the recovery of housing and deterioration of both business investment and exports. Consumer spending rose 2.0% to contribute 1.4% to growth. Housing jumped 14.4% to contribute 0.3% to growth. Equity market volatility in the past few quarters demonstrates that many investors appear to be struggling with accurately forecasting the pace of global economic activity.

The S&P 500 Index experienced positive performance in July, August and September. Overall, that index returned +6.35% for the quarter while the Dow Jones Industrial Average gained +5.02%. Internationally, the MSCI EAFE Index generated a return of +6.92% and the MSCI Emerging Market Index returned +7.74%. Canada was the best performing region/country in the third quarter returning +9.8% followed by the Pacific ex-Japan region up by +9.5%. Japan was the weakest performing region/country declining by -1.8%. Financials (+8.3%) and Energy (+8.2%) were the two best performing sectors in the MSCI World Index while Utilities (-0.2%) and Industrials (+4.2%) were the two worst performing sectors.

### Fixed Income Markets

Developed world bond yields were virtually unchanged in the third quarter as global central banks, particularly the ECB and Federal Reserve, provided another round of market stimulation. The majority of fixed income markets had already discounted these additional easings ahead of time. Bonds continue to reflect low real yields and short-term interest rates that are discounted to remain at zero for the next few years. Central Banks buying on the long end of the curve continue to provide plenty of liquidity. Bond yields were flat in the U.S., U.K. and Canada in the third quarter, and fell by a modest 5-15 bps in Germany, Japan and Australia. The bellwether U.S. 10-year Treasury note ended the third quarter yielding 1.65% with the U.S. 30-year Treasury note yielding 2.82%.

## Consultant's Commentary

### Through September 30, 2012

The U.S. Aggregate Credit - Long was the strongest performing segment of the domestic fixed income market returning +5.22% for the third quarter. The Barclays US Aggregate Index returned +1.58% for the quarter and the BofA Merrill Lynch US High Yield, Master II returned +4.61%. The Citigroup WGBI (unhedged) returned +2.99% for the third quarter while the JPM Emerging Bond Index+ returned +6.94%.

#### **Commodity Markets**

The rally in commodities in the third quarter was broad-based. Oil and gold were up a bit over 10%, industrial metals were up 7-10%, and agricultural commodities rose even more with corn prices rising 21%. Gold was up in the third quarter as many market participants think of gold as an alternative currency and a store-hold of wealth to fiat currencies. Gold can't be printed and increasing expectations of monetary easing by the ECB and Fed followed by actual easing announcements in September contributed to a broad-based rally in gold and other commodities in the third quarter. Sharp increases in corn and soybeans occurred primarily due to a poor overall crop in the United States due to the drought in recent months. The major commodity indices exhibited the following gains over the third quarter: Dow Jones - UBS up by +9.69%; Goldman Sachs up by +11.54% and Credit Suisse up by +11.94%.

#### **Private Markets**

The scarcity in the number of quality businesses coming to market, coupled with a lack of available debt funding, continued to impact private equity for the quarter ending September 2012 as the number of deals fell for the fourth consecutive quarter. The number of private equity deals completed in Q3 2012 stood at 77 according to BDO, the lowest since Q2 2011 when 68 were completed. By contrast however, the number of trade acquisitions at 466 completed in the last quarter was the highest since Q3 2011. The multiples paid by private equity buyers increased as the average price-to-earnings multiple of 13.3 was up 11% from 12.0 in Q2 2012. There has also been a large shift in private equity deal structures these past few years where deals that once comprised of 60% debt to 40% equity are now funded by around 70% equity.

# Consultant's Commentary

## Through September 30, 2012

Core real estate continued its recent positive performance in the third quarter with the NCREIF Property Index posting a +2.34% return and the ODCE Index (Open-End Diversified Core) returning +2.58% (one-quarter lagged Q2-2012). Public market REITs as measured by the S&P US REIT Index were up 0.09% for the third quarter.

### **Asset Allocation:**

As of September 30, 2012 the Fund's commitment to equity (including domestic and international) was 52.4%, which was behind the Fund's policy target of 52.7%. In fixed income, the Fund's 34.7% allocation was above the target of 34.6% (Structured plus LM Capital, Progress Fixed, TIPS, High Yield, Bank Loan, Convertibles, Opportunistic Fixed, ETI and Cash).

### **Performance:**

During the third quarter of 2012, the Fund returned +4.41% and trailed the return of the policy benchmark +4.90% by 49 basis points. For the year, the Fund returned +16.57% underperformed the policy return +19.81% by 324 basis points. Over the longer term ten-year period, the Plan has lagged the policy index return by 26 basis points, annually.

### **Domestic Equity Composite**

The Fund had 37.0% invested in domestic equity at the end of the third quarter. Within domestic equity, the Fund underweighted Small Cap Active by approximately 0.4%, underweighted by 0.4% for the Russell 2000 Index, overweighted SMID Active by 0.2%, overweighted Mid Cap Active by 0.8%, overweighted S&P 400 Index by 0.6%, overweighted the Russell 1000 Active index by 0.4%, underweighted the Russell 3000 Index by 1.0% and underweighted Emerging Managers by 0.2%.

For the quarter, the Total Domestic Equity Portfolio returned +6.11%, underperforming the Russell 3000 Index (+6.23%) by 12 bps. Small Cap Active, Small/Mid Cap, Mid Cap Active and Emerging manager composites exceeded their respective benchmarks during the quarter, while Mid Cap Passive, Large Cap and Russell 3000 Passive categories underperformed their respective benchmarks.

## Consultant's Commentary

### Through September 30, 2012

#### **International Equity Composite**

At the end of the third quarter, the Fund had an allocation to international equity of 15.4%. Of this total, 39.0% was allocated to emerging markets equity and 61.0% was allocated to developed international markets. The Fund also allocates across style in the developed international space, with 6.3% of the allocation invested in active value mandates, 22.9% in core mandates, 17.2% in growth mandates and 5.3% invested in Non- US Activist and Non- US Environmental mandates. A total of 41.6% of the total international allocation was invested passively, including 12.1% invested in Emerging Markets Passive investments and 29.4% invested in Passive developed investments.

The International Developed Markets Equity Composite (excluding the activist/environmental managers) returned +6.91% in the third quarter, slightly underperforming the MSCI EAFE Index (+6.92%). Passive managers (+6.78%) underperformed active managers (+7.05%) within the Fund by 27 bps during the quarter. Amongst active managers, Pyramis (+7.96%), Capital Guardian (+7.82%) and Baillie (+7.39%) posted the strongest returns relative to the MSCI EAFE Index. The Emerging Markets Composite returned +8.11% in the third quarter, outperforming the MSCI EM Index (+7.89%) by 22 basis points.

#### **Fixed Income Composite**

At the end of the third quarter, the Fund had an allocation to fixed income of 34.7%. Of the allocation to fixed income, 56.3% was invested in Structured Fixed income, 0.3% was allocated to LM Capital, 0.8% was allocated to progress fixed income, 5.8% was invested in TIPS, 16.9% was allocated to high yield, 5.4% was allocated to Bank Loan, 2.7% was in convertible bonds, 3.6% was allocated to opportunistic fixed income, 2.9% was allocated to ETIs and 5.2% was allocated to cash & short term investments.

The Structured Fixed Income Composite returned +2.46% in the third quarter, outperforming the NYC Core plus 5 Index return of +2.04%. The Barclays Capital Aggregate Index returned +1.59% in the quarter. Components Treasury/Agency (+0.82%), Mortgage (+1.75%) and Investment Grade Credit (+3.98%) outperformed their benchmarks, respectively.

## Consultant's Commentary

### Through September 30, 2012

The Core Plus Fixed Income Composite returned +2.44% outperformed the Barclays Capital Aggregate Index (+1.59%) by 85 basis points. The Progress Fixed Income Composite returned +1.83%, exceeding the Barclays Capital Aggregate Index (+1.59%) by 24 basis points. The TIPS Composite returned +2.24% outperformed the Barclays Capital US TIPS Index (+2.12%) by 12 basis points. The Enhanced Yield composite, posted a return of +4.23%, which outperformed the Citigroup BB & B Index return of +4.12%. T Rowe Price was the best performing high yield bond managers, returning +4.39% in the third quarter.

The Convertible Bonds Composite returned +4.56%, outperformed the ML All Convertible ex Mandatory Index (+4.52%) by 4 basis points. The Opportunistic Fixed Composite returned +4.32%, underperformed JP Morgan High Yield plus 3% (+5.32%), but outperformed 10% Annual (+2.41) by 191 basis points. The ETI Composite returned +1.78%, outperformed Barclays Capital Aggregate Index (+1.59%) by 19 basis points.

#### **Hedge Funds**

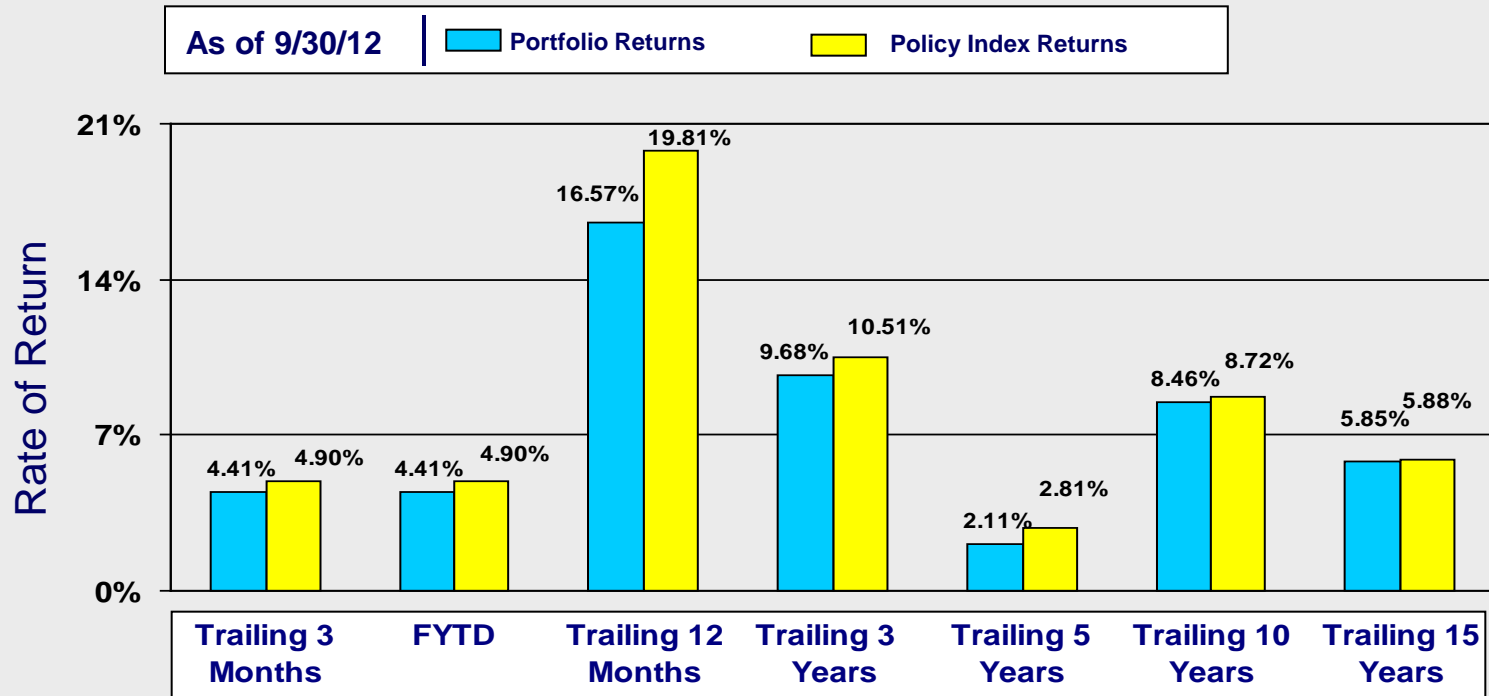
As of September 30, 2012, the Fund allocated 2.2% (\$585.7 million) to Hedge Funds. In the third quarter, the Hedge Funds portfolio returned +2.33%, outperforming the benchmark 1 Year Treasury Bill Yield + 4% (+1.13%) by 120 basis points, but underperformed benchmark HFRI Fund of Funds Composite Index + 1% (+2.61%).

#### **Real Estate Equity Securities, Private Real Estate & Private Equity**

As of September 30, 2012, the Fund had \$138.5 million invested in REITs for a commitment of 0.5% of Total Fund assets. In the third quarter, the REIT portfolio returned +5.57%, outperforming the DJ US Select Real Estate Securities Index (-0.42%) by 599 basis points. As of September 30th, the Fund had an allocation to Private Real Estate of 3.0% and 7.1% allocated to Private Equity.

## Total Portfolio Returns: September 30, 2012

**\$26.7B** Under Management



	3 Years	5 Years	10 Years	15 Years
Plan Std Dev	9.9	12.9	10.5	11.1
Benchmark Std Dev	10.9	14.4	11.4	11.7

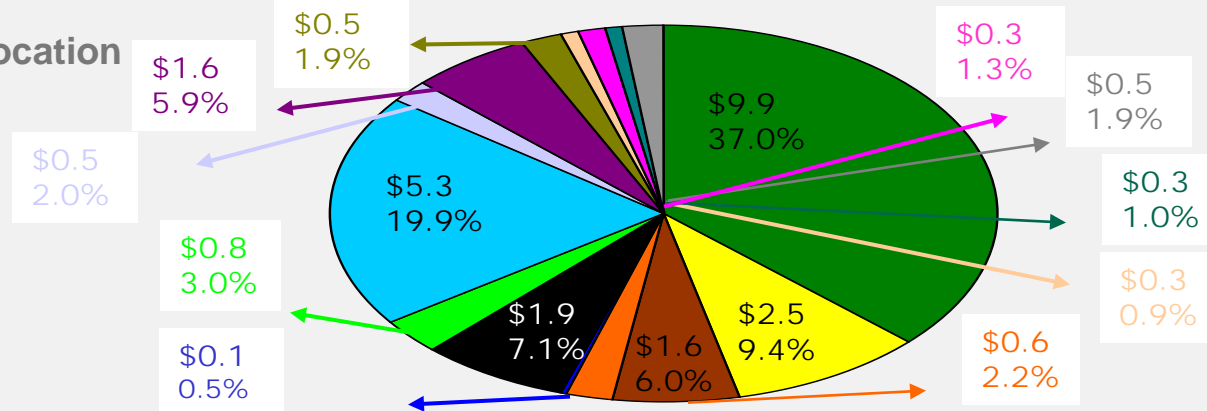
All returns are Gross. An estimate of fees for major investment programs is provided in the Appendix.



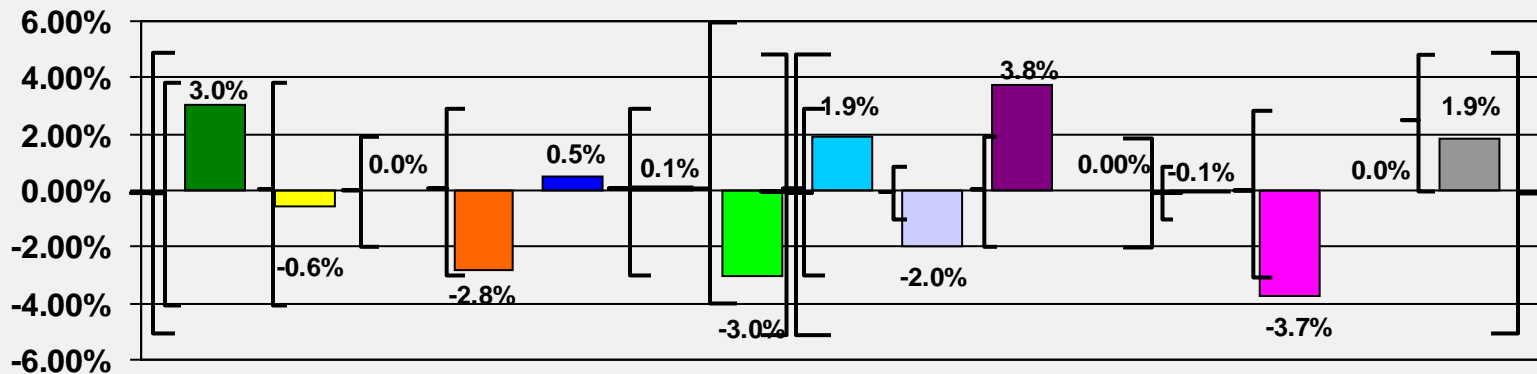
# Portfolio Asset Allocation: September 30, 2012

**\$26.7B** Under Management

## Asset Allocation



## Relative Mix to New Policy Weights

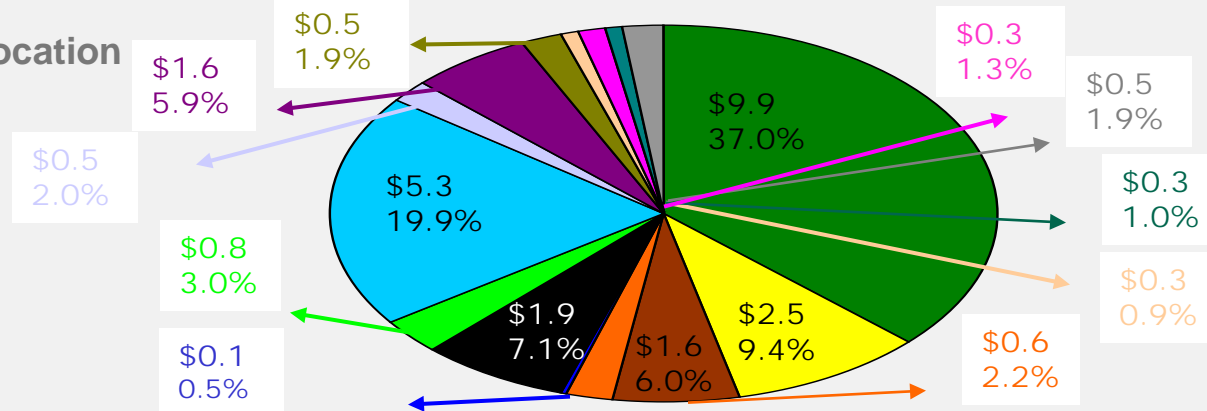


Note: Brackets represent rebalancing ranges versus Policy.

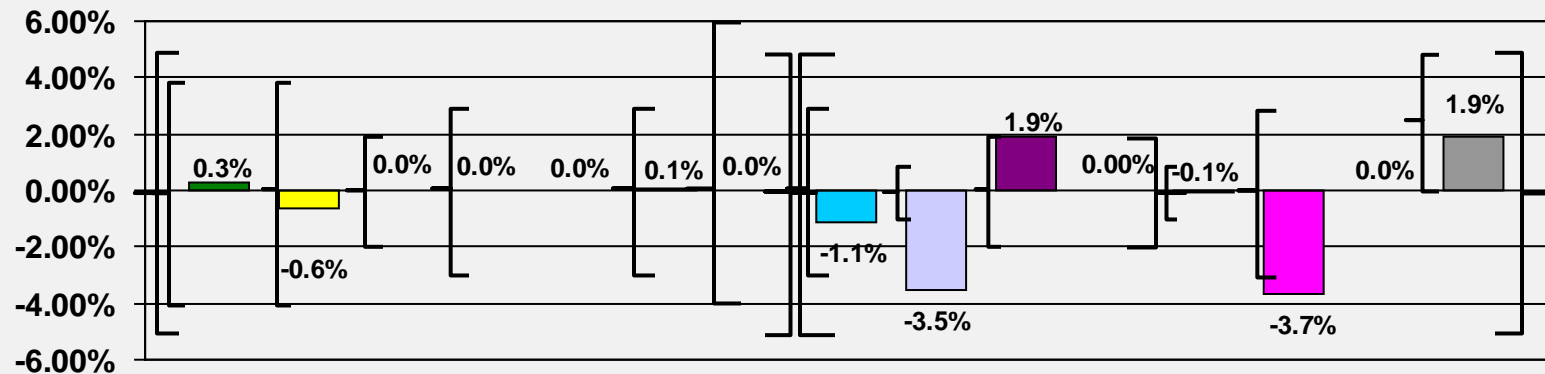
# Portfolio Asset Allocation: September 30, 2012

**\$26.7B** Under Management

## Asset Allocation

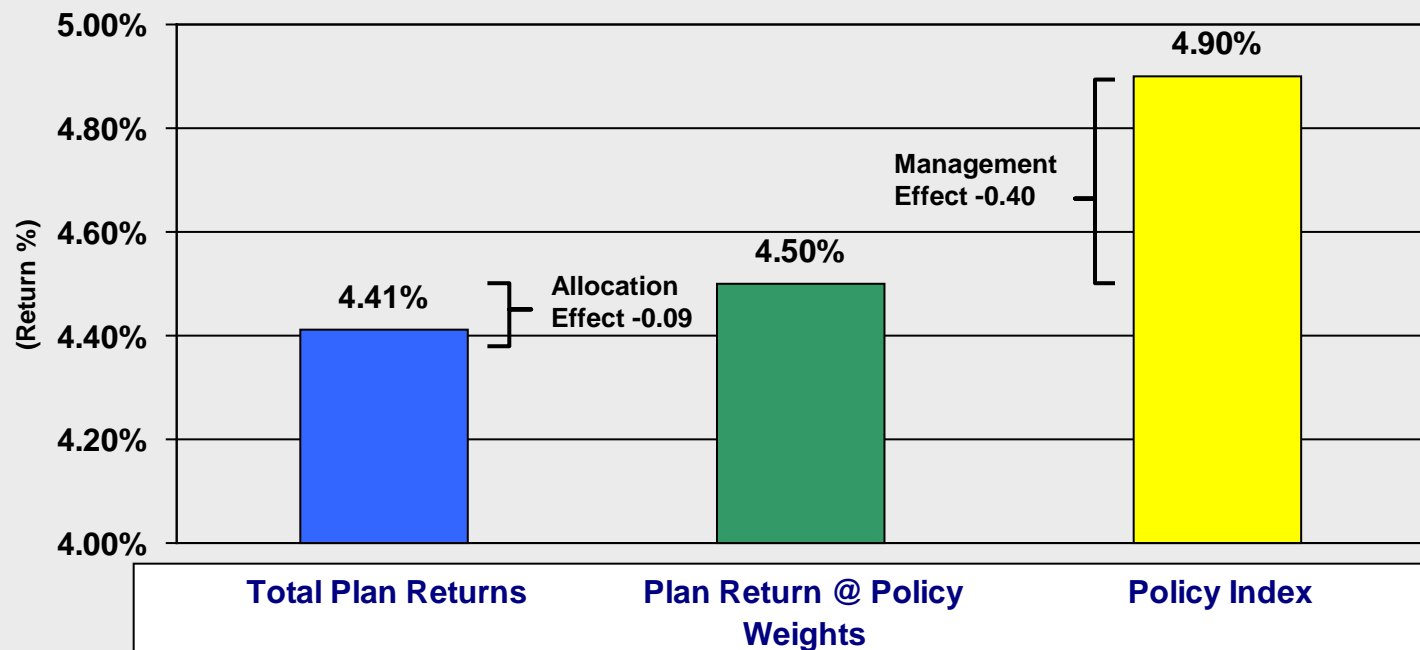


## Relative Mix to Adjusted New Policy Weights

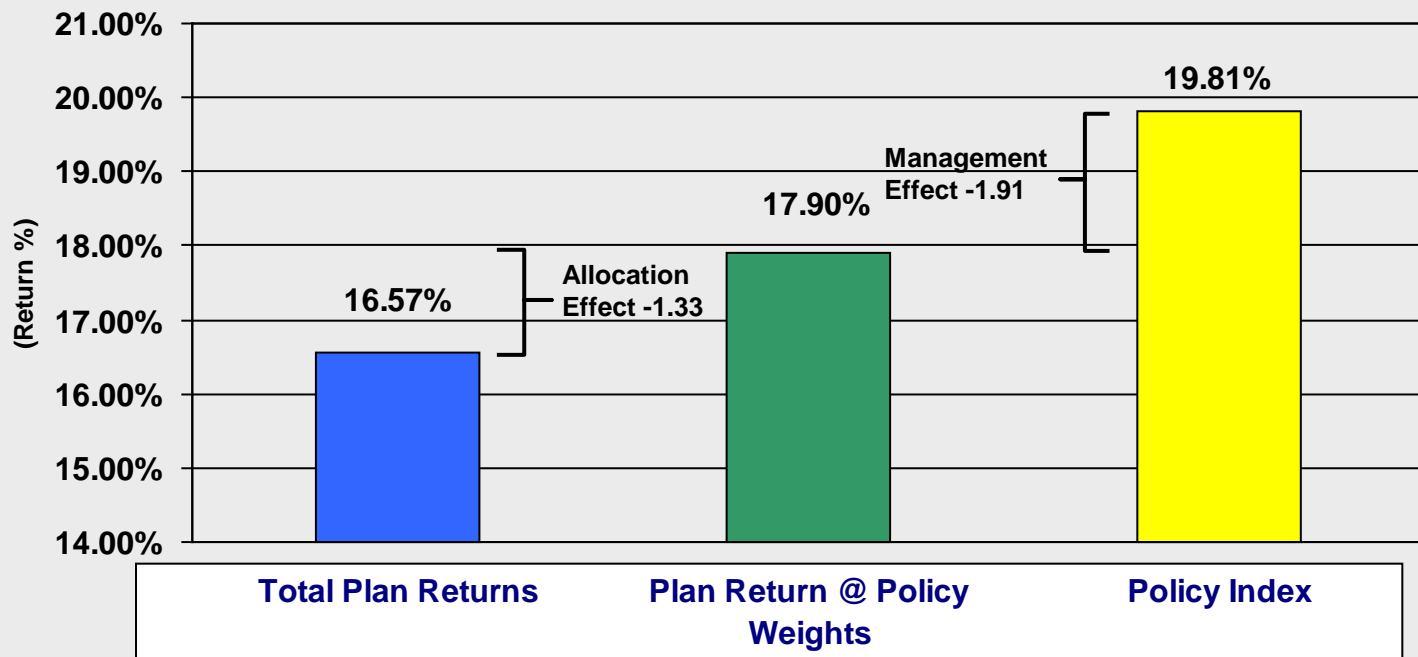


Note: Brackets represent rebalancing ranges versus Policy.

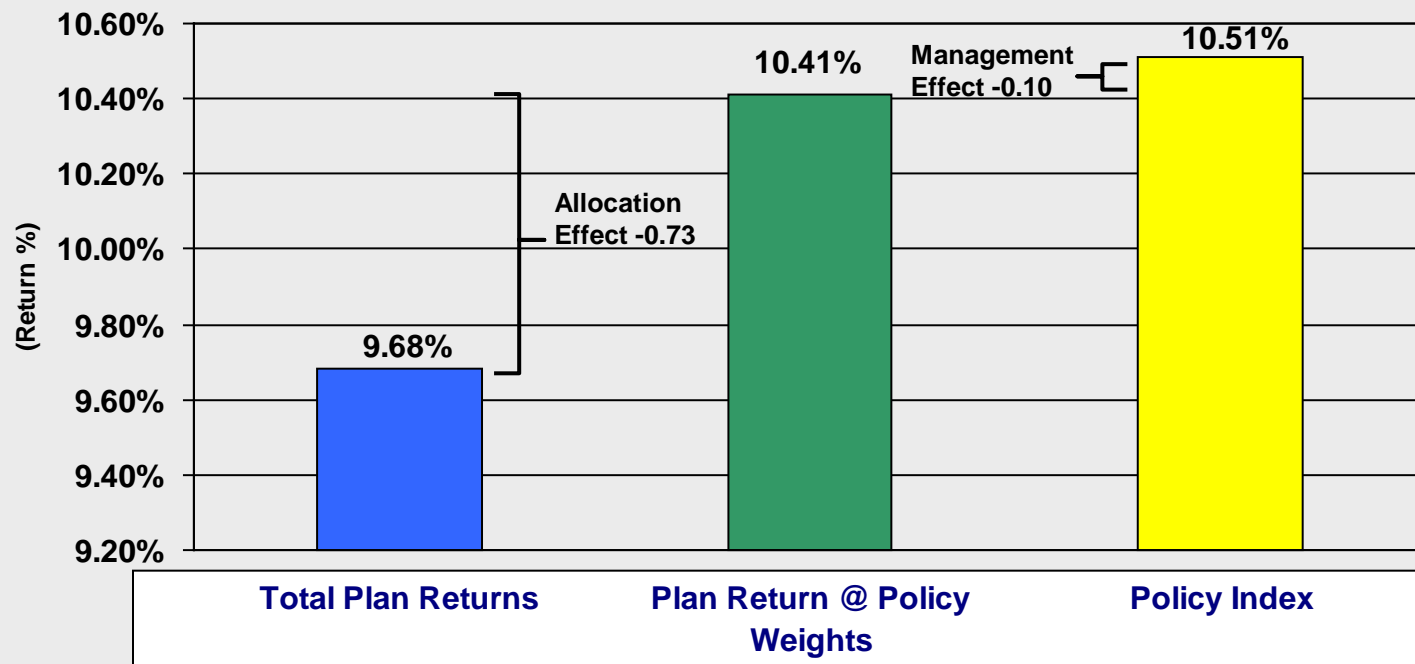
## Performance Attribution: Total Plan – Quarter Ending September 30, 2012



## Performance Attribution: Total Plan – 12 Month Ending September 30, 2012



## Performance Attribution: Total Plan – 3 Years Ending September 30, 2012



## Total Plan: September 30, 2012

### Allocation Effect – Asset Class Breakdown

<u>Plan</u>	<u>Quarter</u>	<u>12 Months</u>	<u>3 Years</u>	<u>Benchmark</u>
Domestic Equity	-0.05	-0.25	-0.15	Russell 3000 Index
EAFE Markets	-0.10	-0.13	-0.14	MSCI EAFE Index
Emerging Markets	0.02	-0.17	-0.09	MSCI Emerging Markets Index
Private Equity	0.01	-0.05	-0.01	Russell 3000 Index + 500 b.p.
Private Real Estate	-0.20	-0.28	0.04	NCREIF ODCE net
Hedge Funds	0.01	N/A	N/A	HFRI Fund of Funds Composite Index + 1%
REITs	-0.01	N/A	N/A	FTSE EPRA/NAREIT Developed Idx USD
Domestic Fixed	-0.13	-0.29	-0.14	NYC Core +5 Index
Enhanced Yield	0.00	-0.09	-0.03	Citigroup BB&B Index
TIPS	-0.19	-0.26	-0.09	Barclays Capital US TIPS
Convertible Bonds	0.00	0.00	0.00	Merrill All Converts ex Mandatory (VOAO)
Opportunistic Fixed	0.00	0.00	N/A	JPM Global High Yield + 3%
State Street Short Term	0.01	-0.27	-0.27	Total Plan

Note: Detailed effects may not add up to total due to reallocation and trading effects.

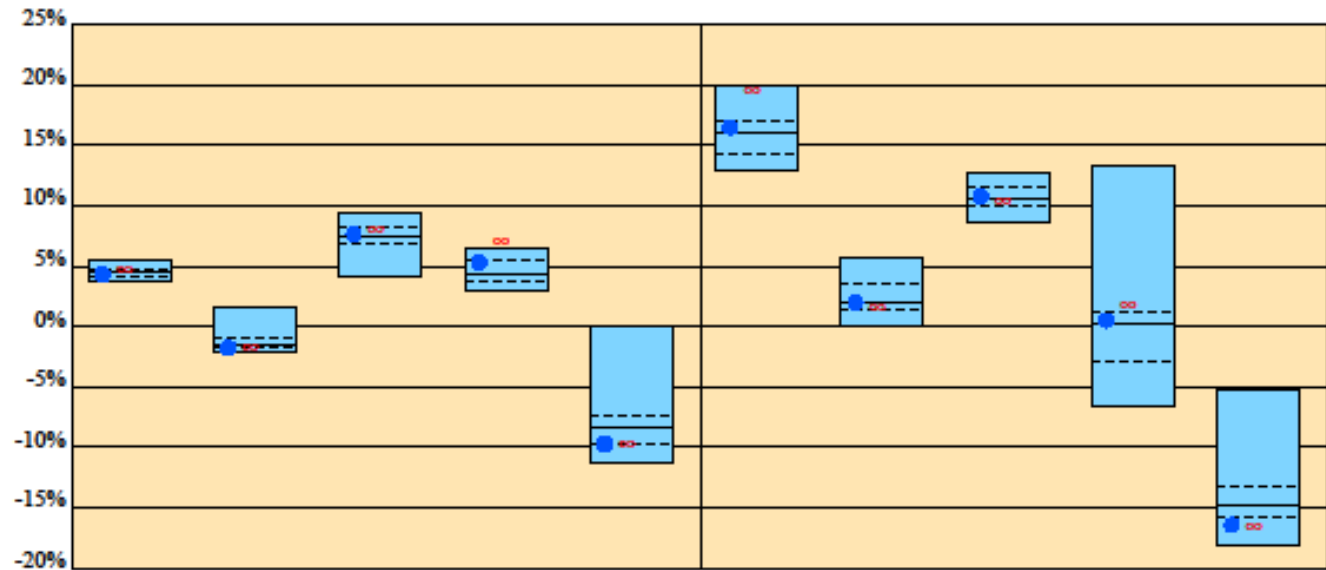
## Total Plan: September 30, 2012

### Management Effect – Asset Class Breakdown

<u>Plan</u>	<u>Quarter</u>	<u>12 Months</u>	<u>3 Years</u>	<u>Benchmark</u>
Domestic Equity	-0.04	-0.12	-0.07	Russell 3000 Index
EAFE Markets	0.00	0.08	0.07	MSCI EAFE Index
Emerging Markets	0.01	-0.02	-0.03	MSCI Emerging Markets Index
Private Equity	-0.54	-1.96	-0.36	Russell 3000 Index + 500 b.p.
Private Real Estate	-0.04	0.05	-0.02	NCREIF ODCE net
Hedge Funds	-0.01	N/A	N/A	HFRI Fund of Funds Composite Index + 1%
REITs	0.00	N/A	N/A	FTSE EPRA/NAREIT Developed Idx USD
Domestic Fixed	0.08	0.20	0.16	NYC Core +5 Index
Enhanced Yield	0.01	-0.03	0.00	Citigroup BB&B Index
TIPS	0.00	0.00	0.00	Barclays Capital US TIPS
Convertible Bonds	0.00	-0.02	-0.02	Merrill All Converts ex Mandatory (VOAO)
Opportunistic Fixed	-0.01	-0.12	N/A	JPM Global High Yield + 3%

Note: Detailed effects may not add up to total due to reallocation and trading effects.

**City of New York - Police**  
**Total Returns of Public Master Trusts > \$10 Billion**  
Recent Periods



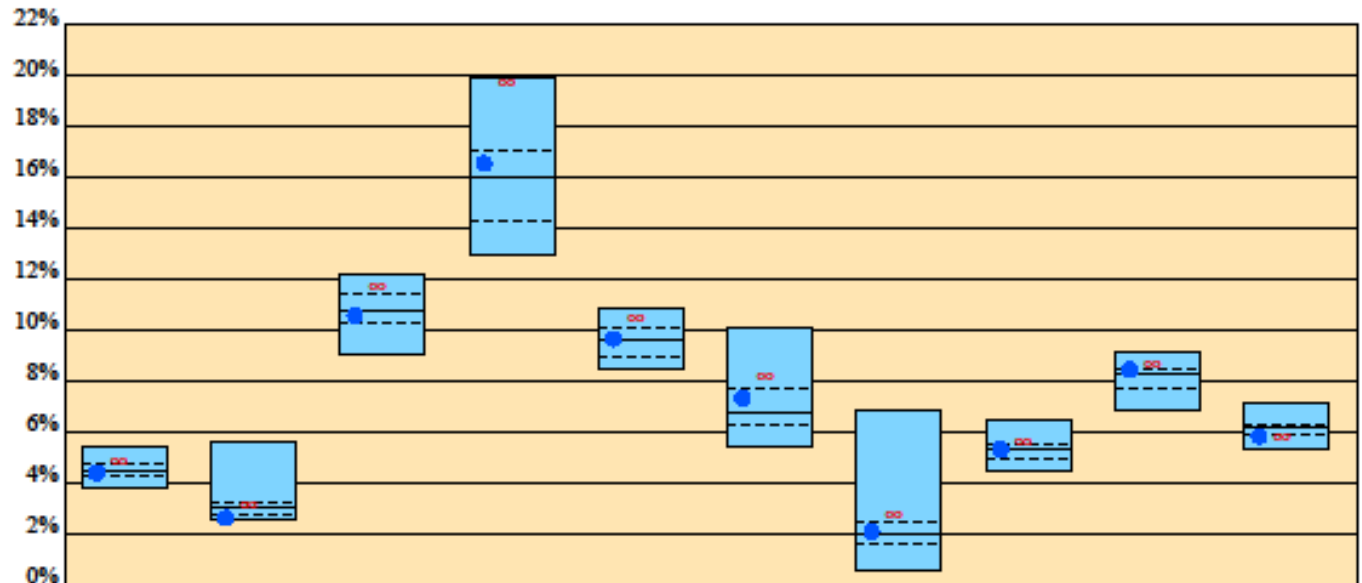
	Quarter Ending					Year Ending				
	Sep 12	Jun 12	Mar 12	Dec 11	Sep 11	Sep 12	Sep 11	Sep 10	Sep 09	Sep 08
5th Percentile	5.40	1.59	9.38	6.47	0.10	19.93	5.61	12.67	13.23	-5.19
25th Percentile	4.70	-0.92	8.31	5.41	-7.48	17.05	3.57	11.51	1.22	-13.24
Median	4.46	-1.50	7.50	4.35	-8.39	16.00	1.88	10.62	0.16	-14.80
75th Percentile	4.21	-1.83	6.89	3.81	-9.83	14.30	1.30	10.07	-2.82	-15.79
95th Percentile	3.77	-2.16	4.06	2.94	-11.22	12.92	-0.06	8.66	-6.66	-18.06
● Total System	4.41 (63)	-1.69 (61)	7.75 (47)	5.41 (25)	-9.66 (69)	16.58 (41)	2.11 (44)	10.87 (38)	0.60 (38)	-16.36 (84)
∞ Police Policy Benchmark	4.90 (20)	-1.62 (52)	8.31 (25)	7.19 (1)	-9.59 (63)	19.81 (5)	1.85 (53)	10.60 (50)	1.91 (19)	-16.47 (84)



# City of New York - Police

## Total Returns of Public Master Trusts > \$10 Billion

### Rates of Return for Periods Ending September 30, 2012



	1 Quarter	2 Quarters	3 Quarters	1 Year	3 Years	4 Years	5 Years	7 Years	10 Years	15 Years
5th Percentile	5.40	5.59	12.15	19.93	10.82	10.12	6.87	6.43	9.11	7.13
25th Percentile	4.70	3.23	11.45	17.05	10.03	7.65	2.46	5.52	8.44	6.28
Median	4.46	2.99	10.78	16.00	9.63	6.70	1.99	5.30	8.22	6.17
75th Percentile	4.21	2.72	10.26	14.30	8.95	6.22	1.61	4.88	7.73	5.85
95th Percentile	3.77	2.54	9.05	12.92	8.42	5.38	0.52	4.40	6.82	5.31
● Total System	4.41 (63)	2.64 (90)	10.59 (61)	16.58 (41)	9.69 (44)	7.34 (33)	2.12 (41)	5.34 (47)	8.47 (22)	5.85 (75)
∞ Police Policy Benchmark	4.90 (20)	3.20 (25)	11.78 (15)	19.81 (5)	10.51 (8)	8.29 (11)	2.81 (16)	5.67 (19)	8.72 (11)	5.88 (66)

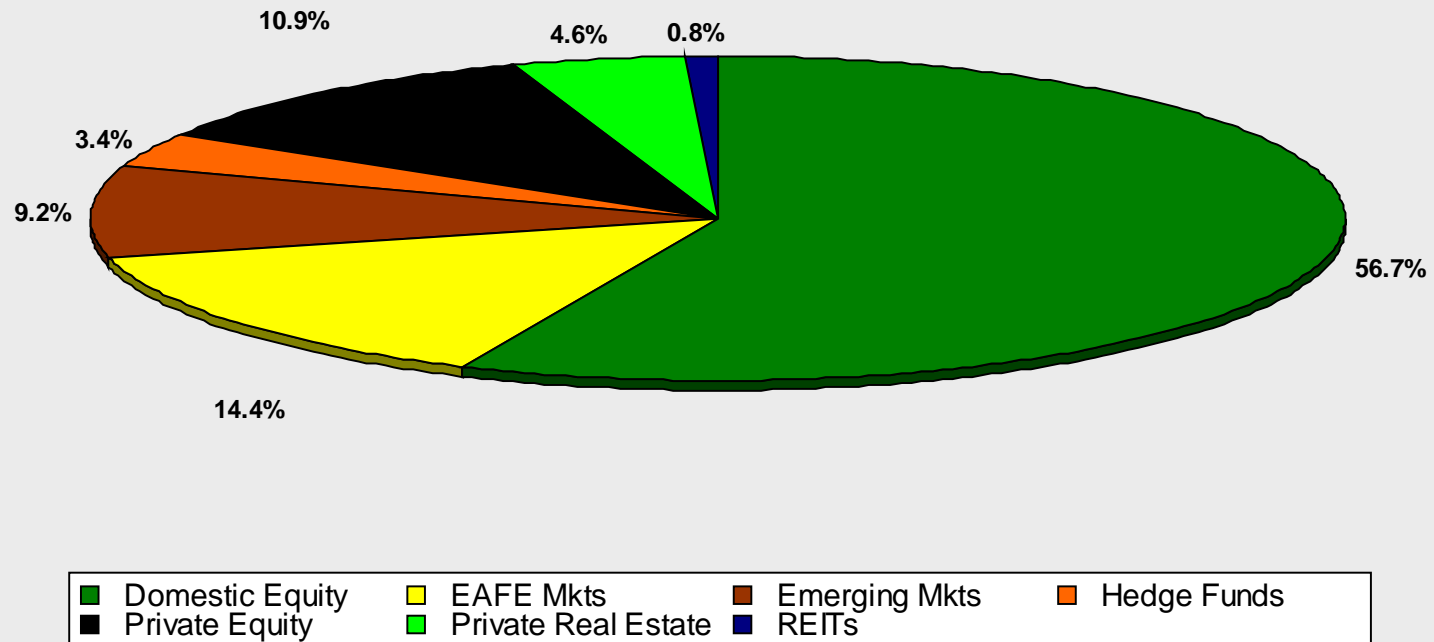
**New York City**  
**Police Pension Fund, Subchapter 2**

# **Equity Analysis**

## Total Equity Asset Allocation: September 30, 2012

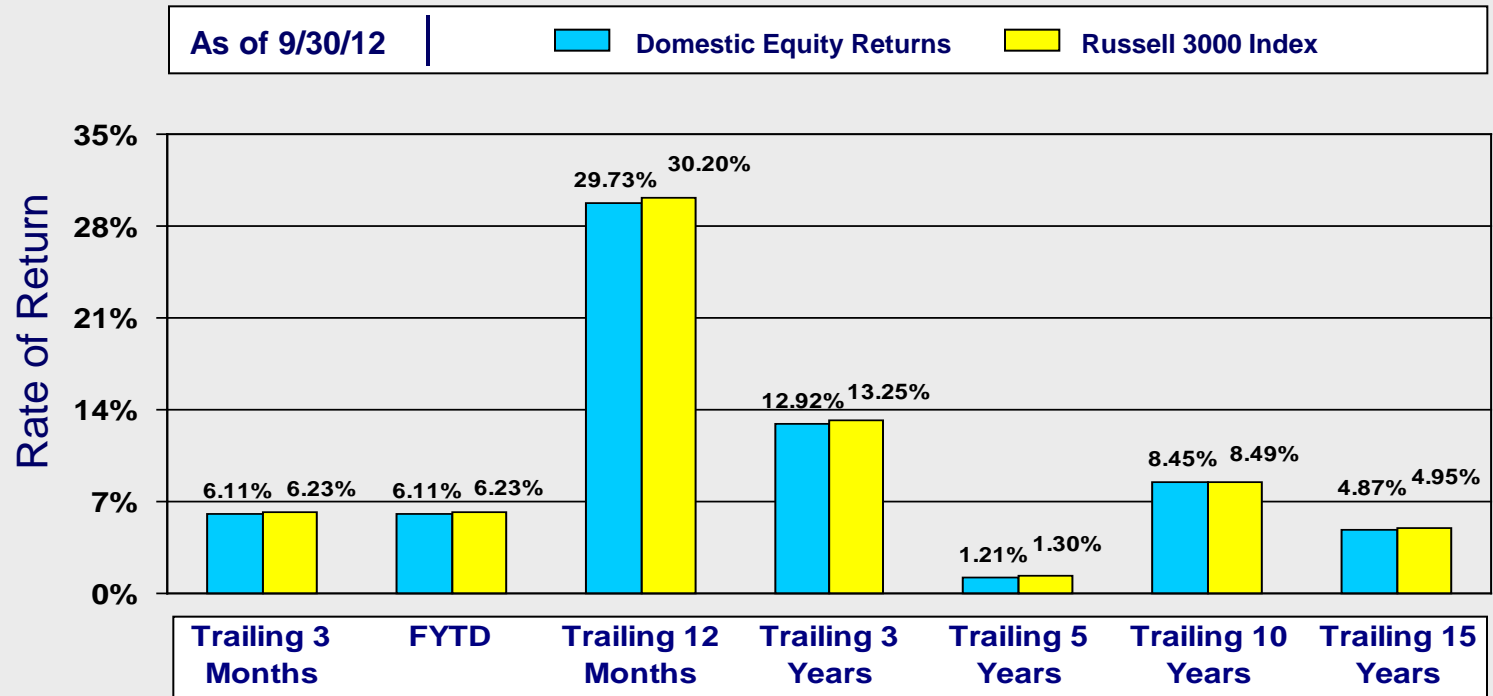
**\$17.4B** Under Management, **65%** of Total Funds

Asset Allocation by Groups



## Total Domestic Equity Returns vs Russell 3000 Index

**\$9.9B** Under Management, **37%** of Total Funds

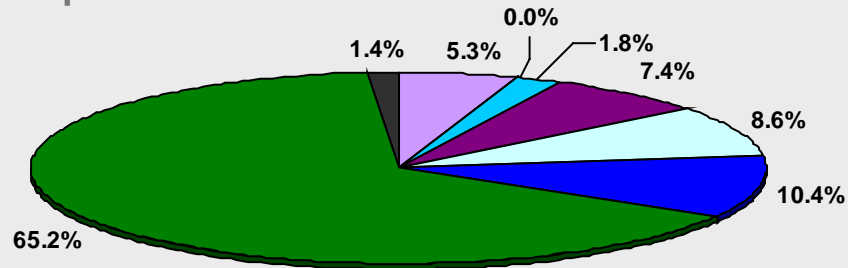


	3 Years	5 Years	10 Years	15 Years
Plan Std Dev	16.6	19.9	15.8	16.6
Benchmark Std Dev	16.0	19.7	15.7	16.7

# Total Domestic Equity Asset Allocation: Quarter Ending September 30, 2012

**\$9.9B** Under Management, **37%** of Total Funds

## Asset Allocation by Groups



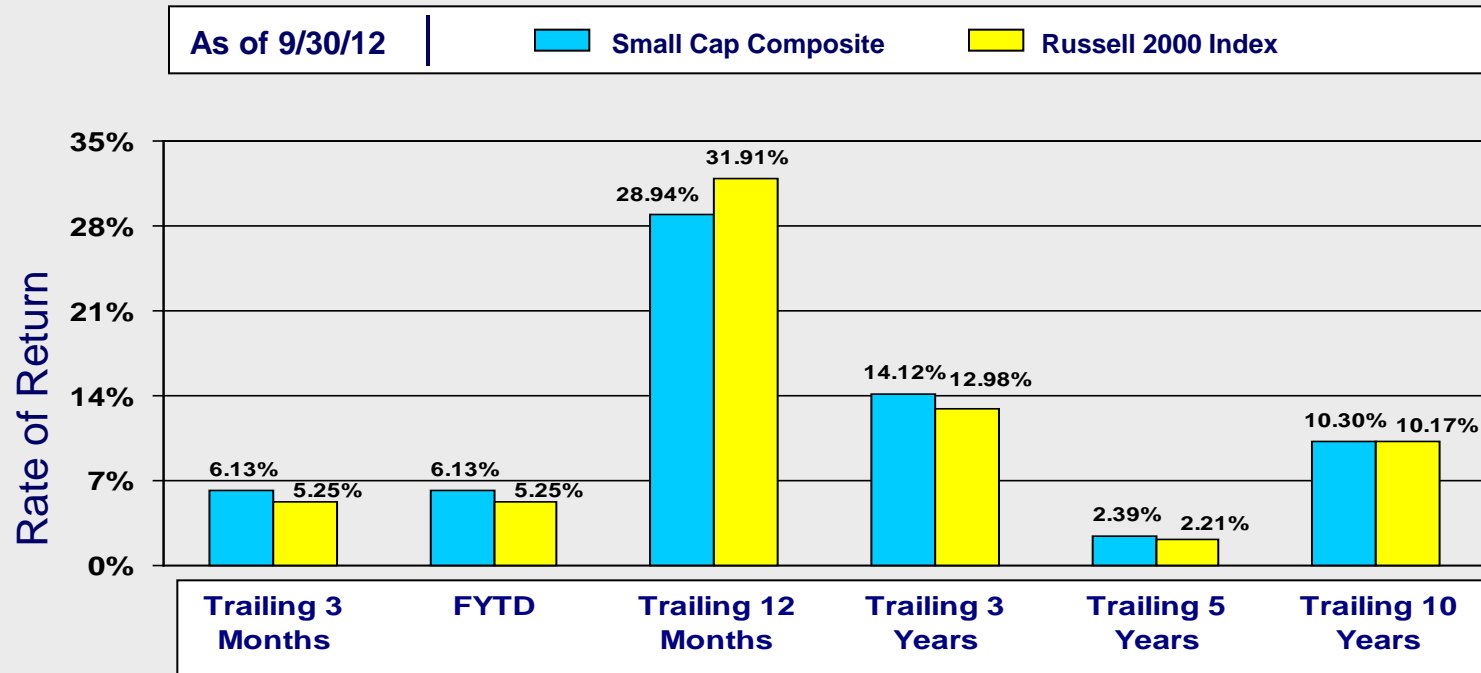
Small Cap Active	Small Russell 2000	Small to Mid Cap Active	Mid Cap Active
Mid Cap S&P400	Russell 1000 Active	Russell 3000 Index Fund	Emerging Managers

## Value Added by Sectors

Sub Sector	Policy Weight	Actual Weight	Under/Over Weight	Index Return	Actual Return	Difference	Contribution to Out/Under Performance	
							Allocation	Management
Small Cap Active	5.16	5.35	0.19	5.25	6.13	0.88	-0.01	0.05
Small to Mid Cap Active	1.60	1.79	0.19	5.57	6.43	0.86	0.00	0.01
Mid Cap Active	6.58	7.38	0.80	5.59	6.21	0.62	0.00	0.04
Mid Cap S&P400 Index	8.60	8.60	0.00	5.44	5.43	-0.01	0.00	0.00
Russell 1000 Active	9.96	10.37	0.41	6.31	5.95	-0.36	0.00	-0.05
Russell 3000 Index Fund	66.10	65.14	-0.96	6.23	6.20	-0.03	0.00	-0.02
Emerging Managers	2.00	1.37	-0.63	5.25	6.41	1.16	0.00	0.00

## Small Cap Returns vs Russell 2000 Index

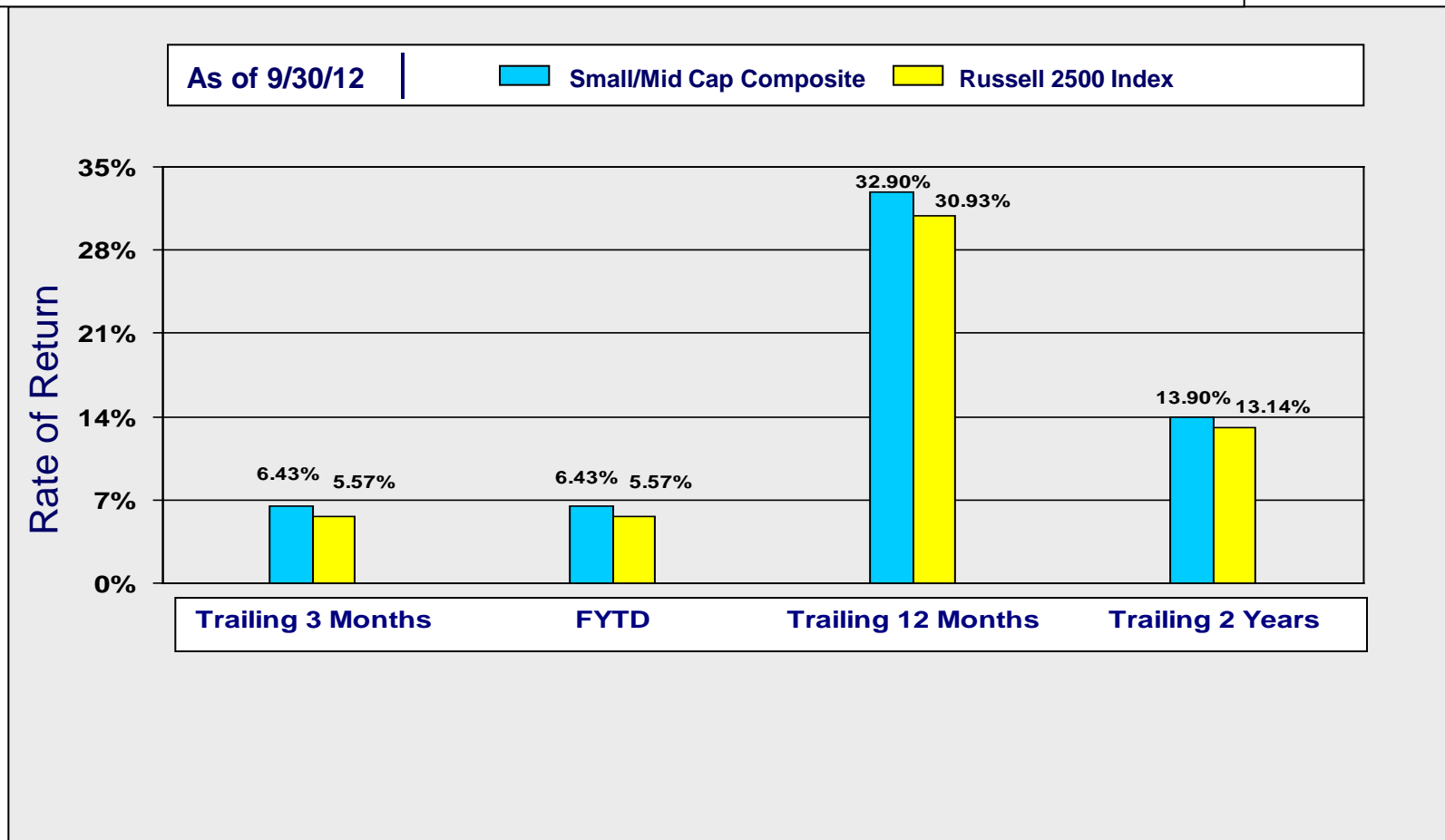
**\$528.7M** Under Management, **2%** of Total Funds



	3 Years	5 Years	10 Years
Plan Std Dev	20.0	22.9	19.5
Benchmark Std Dev	21.0	24.5	20.3

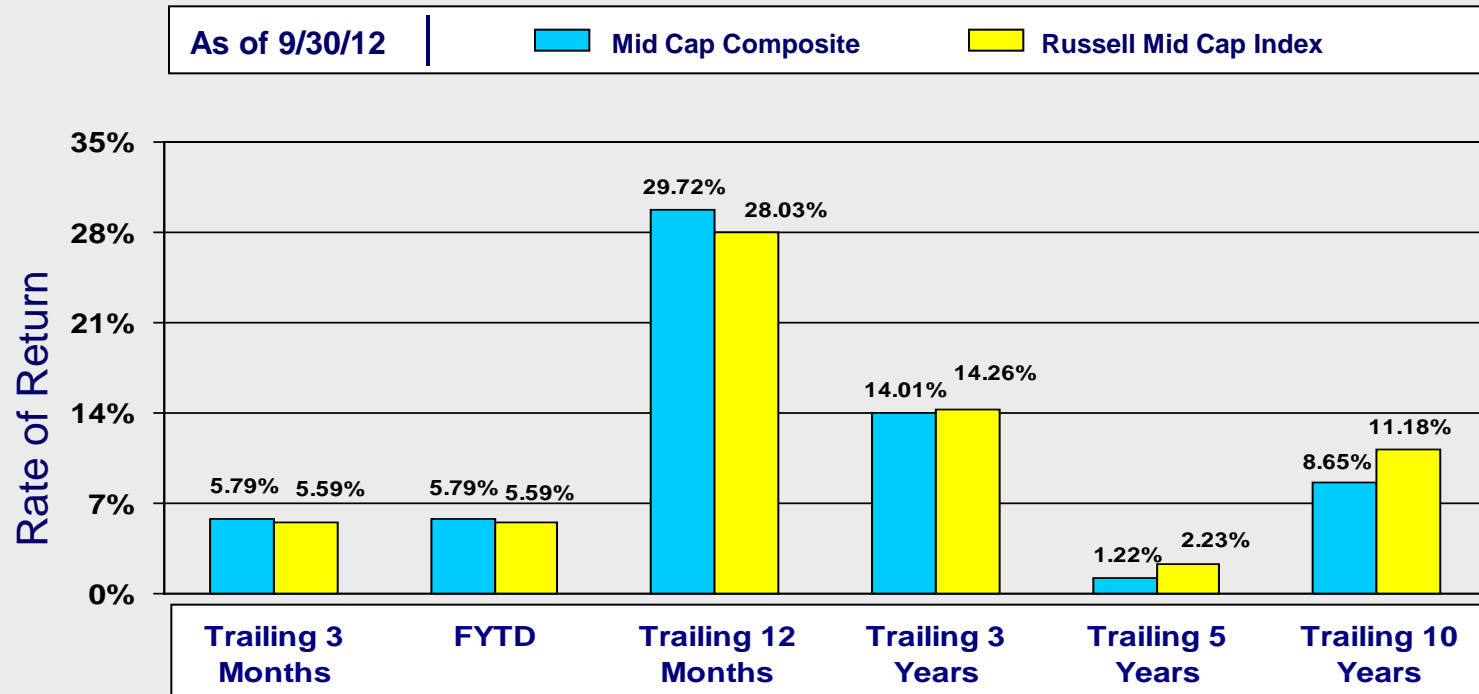
## Small/Mid Cap Returns vs Russell 2500 Index

**\$176.4M** Under Management, **1%** of Total Funds



## Mid Cap Returns vs Russell Mid Cap Index

**\$1.6B** Under Management, **6%** of Total Funds

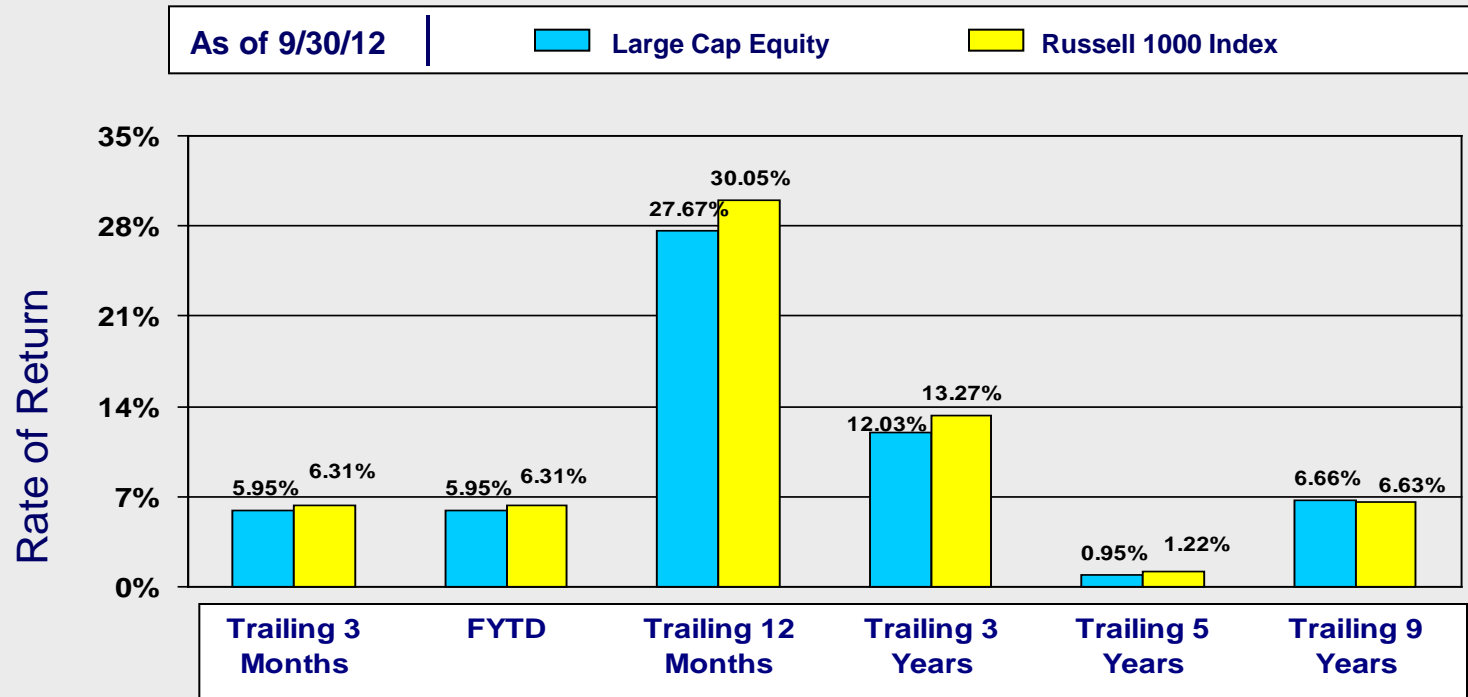


	3 Years	5 Years	10 Years
Plan Std Dev	18.1	21.8	17.3
Benchmark Std Dev	17.8	22.8	18.0



# Large Cap Returns vs Russell 1000 Index

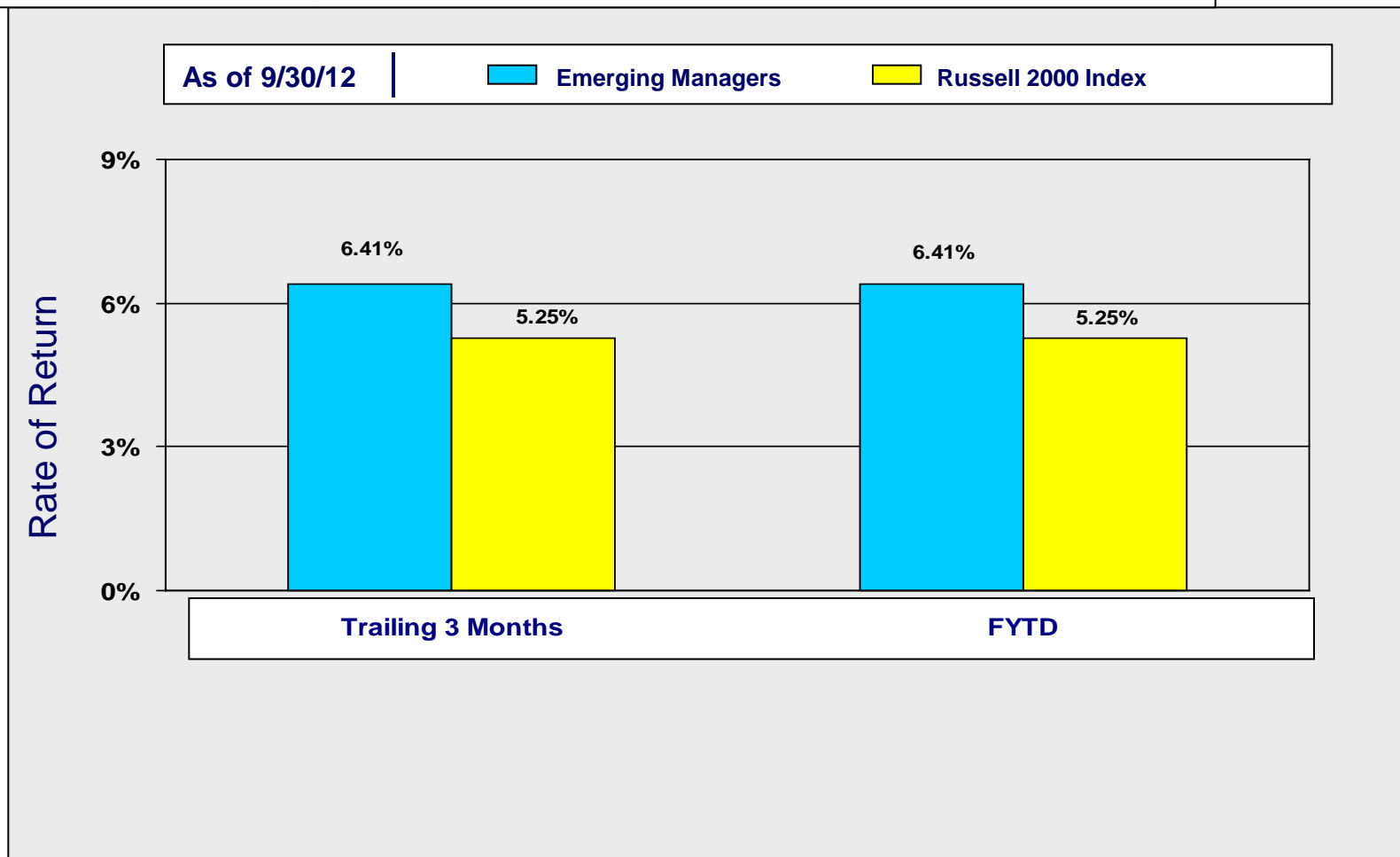
**\$1B** Under Management, **4%** of Total Funds



	3 Years	5 Years	9 Years
Plan Std Dev	16.7	19.8	15.9
Benchmark Std Dev	15.7	19.4	15.4

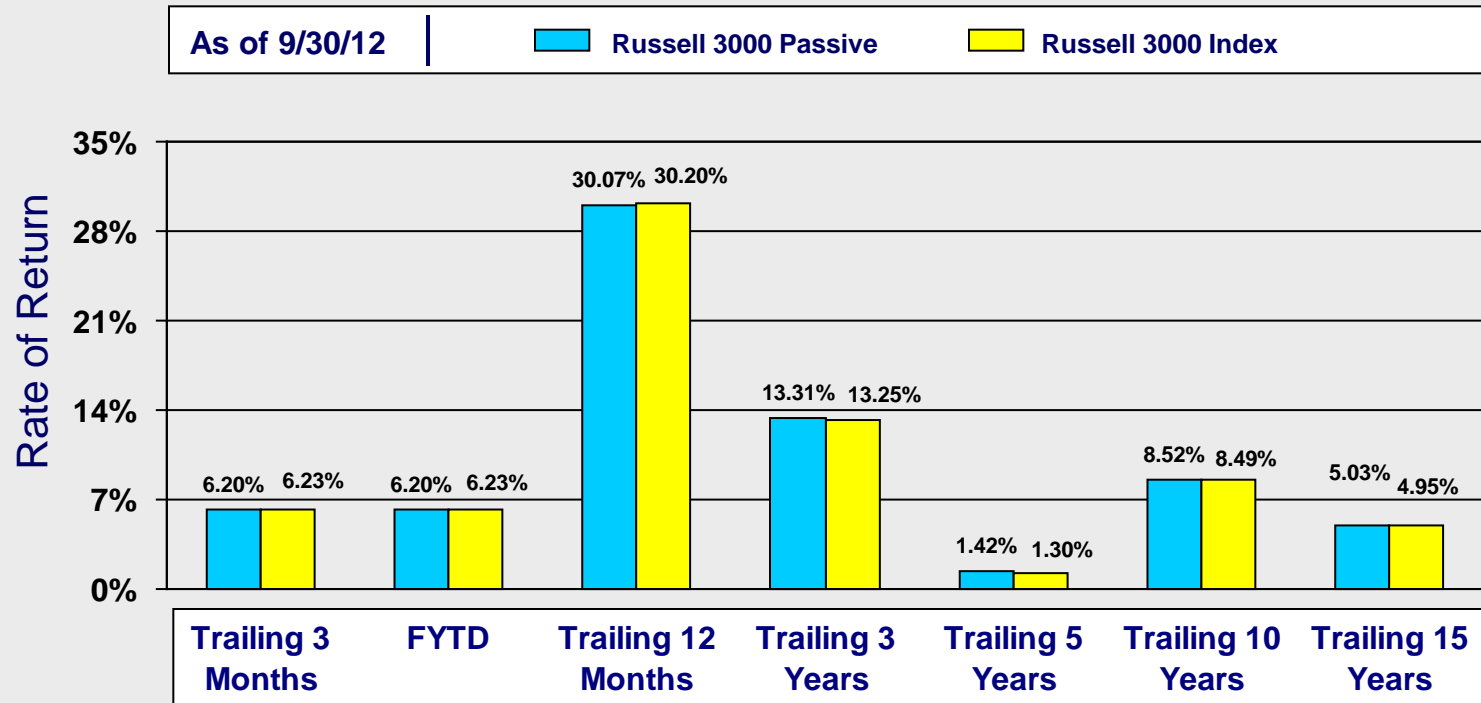
## Emerging Managers Returns vs Russell 2000 Index

**\$135M** Under Management, **1%** of Total Funds



## Russell 3000 Composite Returns vs Russell 3000 Index

**\$6.4B** Under Management, **24%** of Total Funds

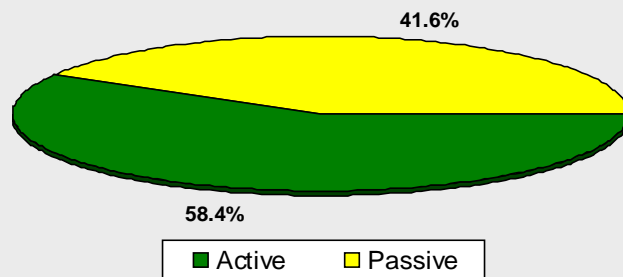


	3 Years	5 Years	10 Years	15 Years
Plan Std Dev	16.0	19.6	15.6	16.6
Benchmark Std Dev	16.0	19.7	15.7	16.7

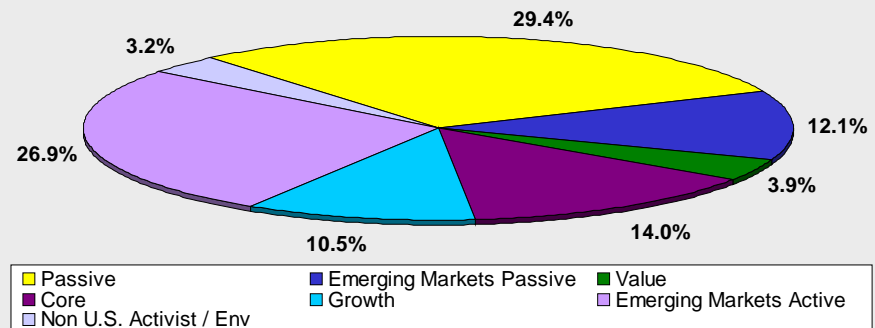
# International Equity Asset Allocation: September 30, 2012

**\$4.1B** Under Management, **15%** of Total Funds

## Asset Allocation by Groups



## Asset Allocation by Style



## Value Added by Sectors

Sub Sector	Policy Weight	Actual Weight	Under/Over Weight	Index Return	Actual Return	Difference	Contribution to Out/Under Performance	
							Allocation	Management
EAFE Growth		0.11		6.40	7.56	1.16		0.12
EAFE Value		0.04		7.55	5.86	-1.69		-0.06
EAFE Core		0.14		6.92	6.99	0.07		-0.01
EAFE Passive		0.29		6.92	6.78	-0.14		-0.04
Non-US Activist		0.01		10.17	6.16	-4.01		-0.05
Non-US Environmental		0.02		6.83	6.21	-0.62		-0.01
Active EM		0.27		7.89	8.23	0.35		0.06
Passive EM		0.12		7.89	7.84	-0.04		-0.01

## EAFE Markets Returns vs MSCI EAFE Index

**\$2.4B** Under Management, **9%** of Total Funds

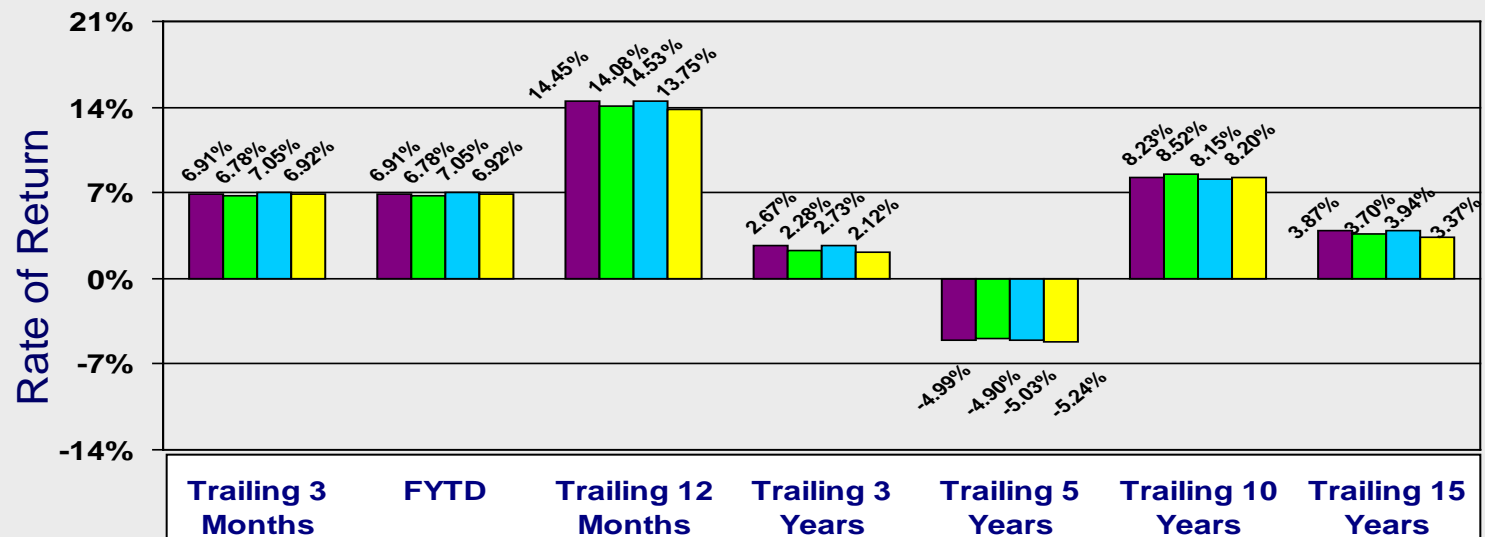
As of 9/30/12 |

EAFE Mkts

Passive Equity

Active Equity

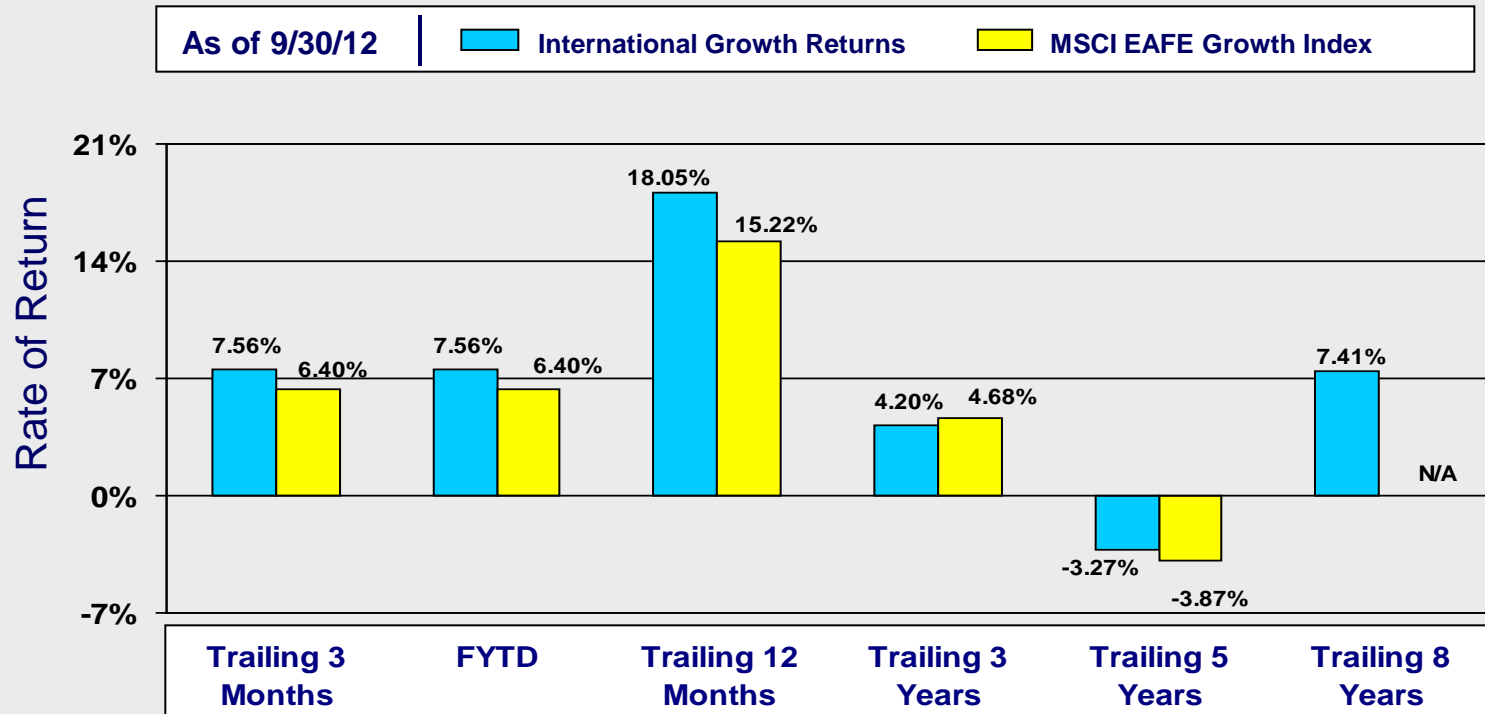
MSCI EAFE Index



	3 Years	5 Years	10 Years	15 Years
EAFE Plan Std Dev	19.1	23.2	18.5	18.3
Passive Plan Std Dev	19.2	23.2	18.4	18.0
Active Plan Std Dev	19.0	23.2	18.5	18.4
Benchmark Std Dev	19.3	23.3	18.5	18.1

## International Growth Returns vs MSCI EAFE Growth Index

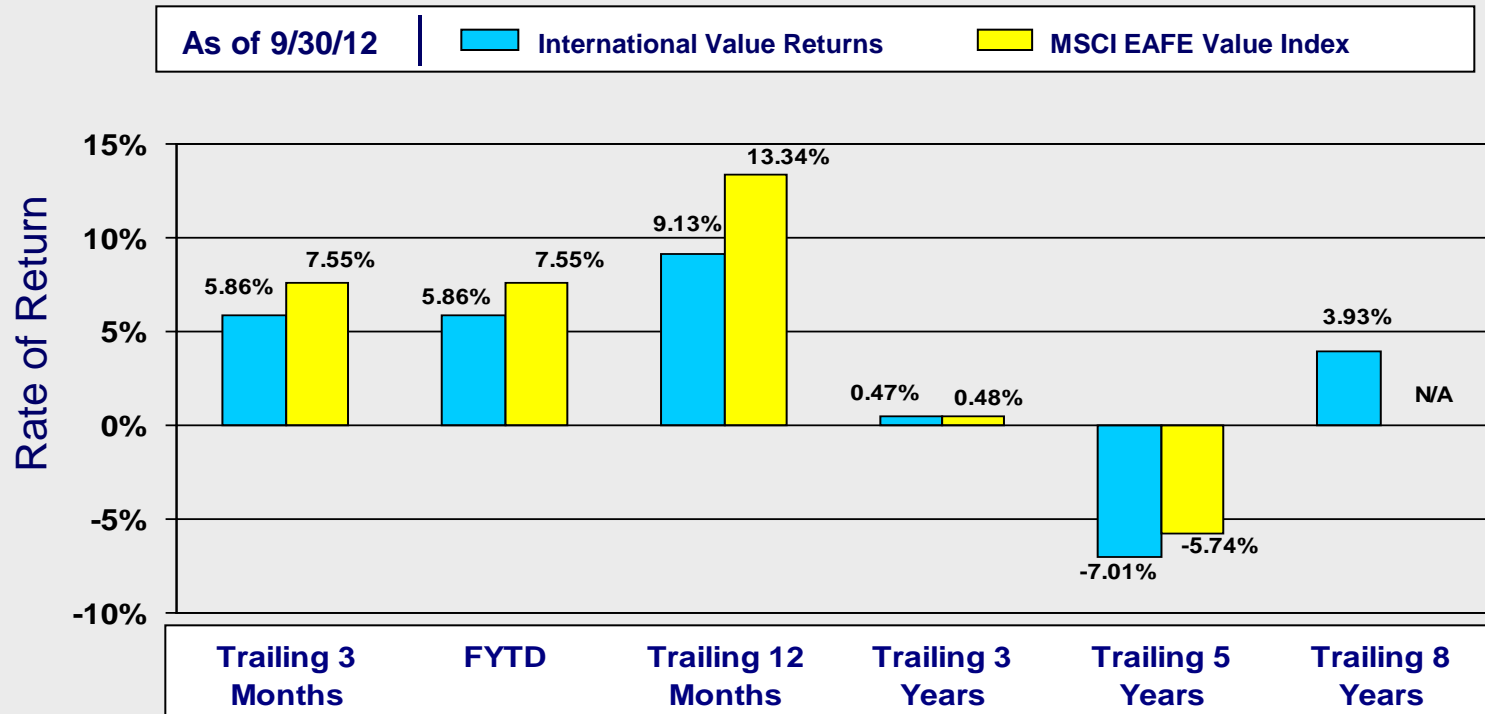
**\$431.2M** Under Management, **2%** of Total Funds



	3 Years	5 Years	8 Years
Plan Std Dev	19.9	24.0	20.4
Benchmark Std Dev	18.8	22.4	****

## International Value Returns vs MSCI EAFE Value Index

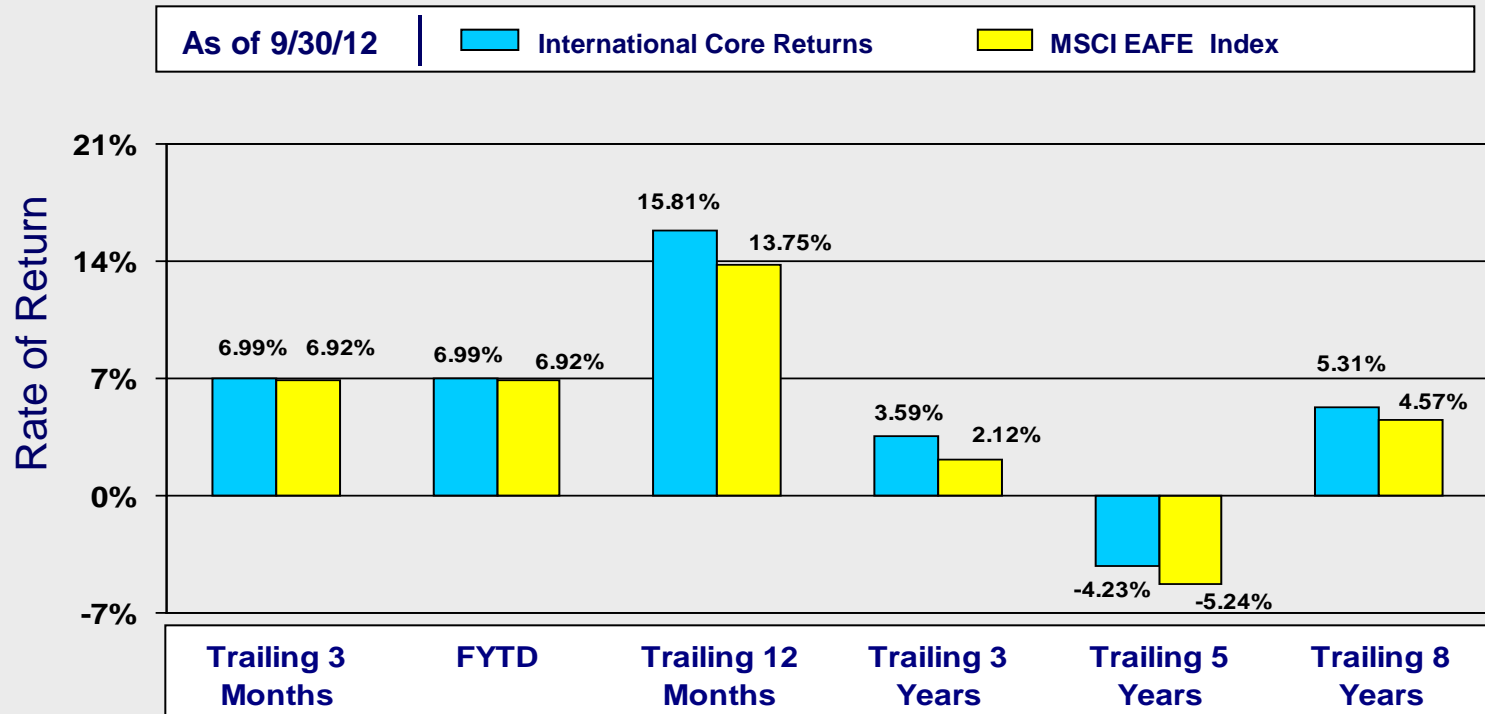
**\$158.1M** Under Management, **1%** of Total Funds



	3 Years	5 Years	8 Years
Plan Std Dev	18.1	22.7	19.2
Benchmark Std Dev	20.1	24.8	****

## International Core Returns vs MSCI EAFE Index

**\$574M** Under Management, **2%** of Total Funds

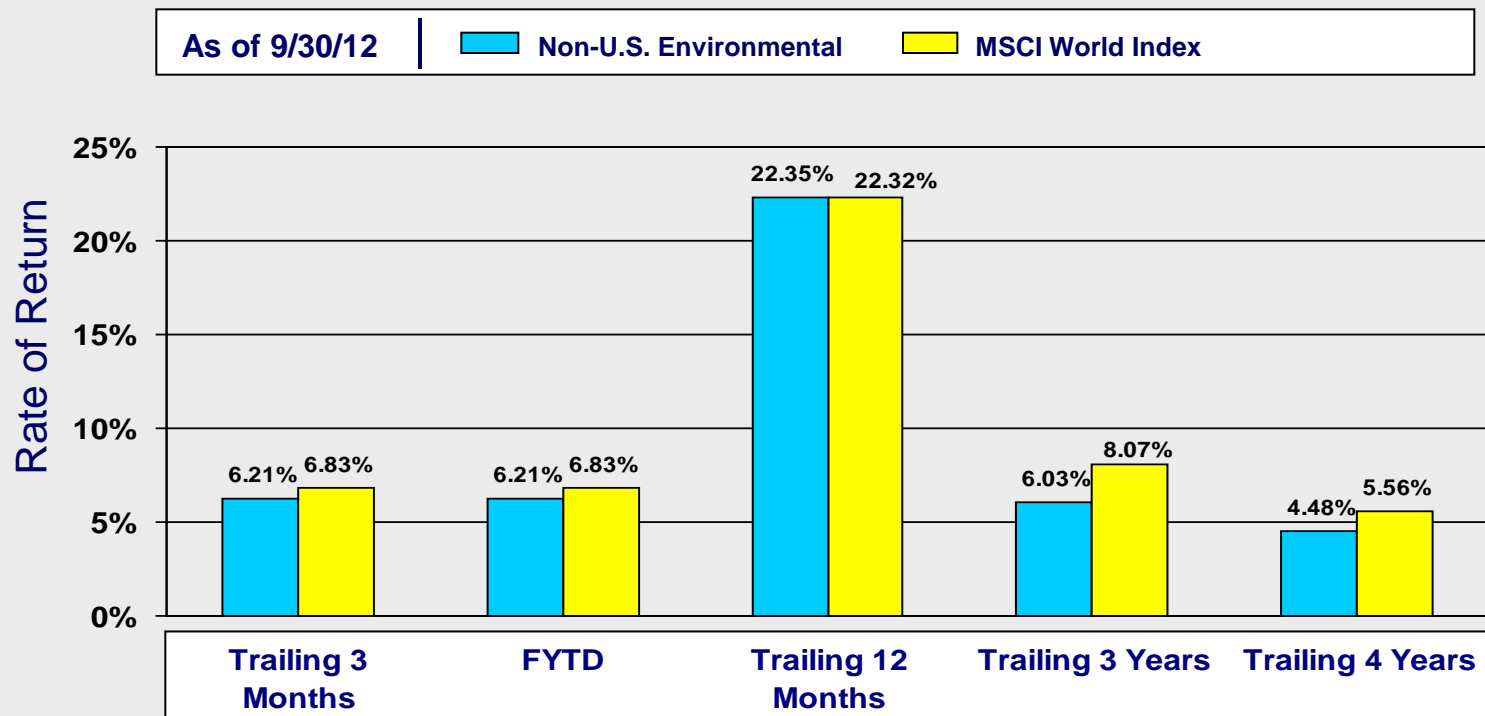


	3 Years	5 Years	8 Years
Plan Std Dev	19.3	23.5	19.8
Benchmark Std Dev	19.3	23.3	19.6



## Non-U.S. Environmental vs MSCI World Index

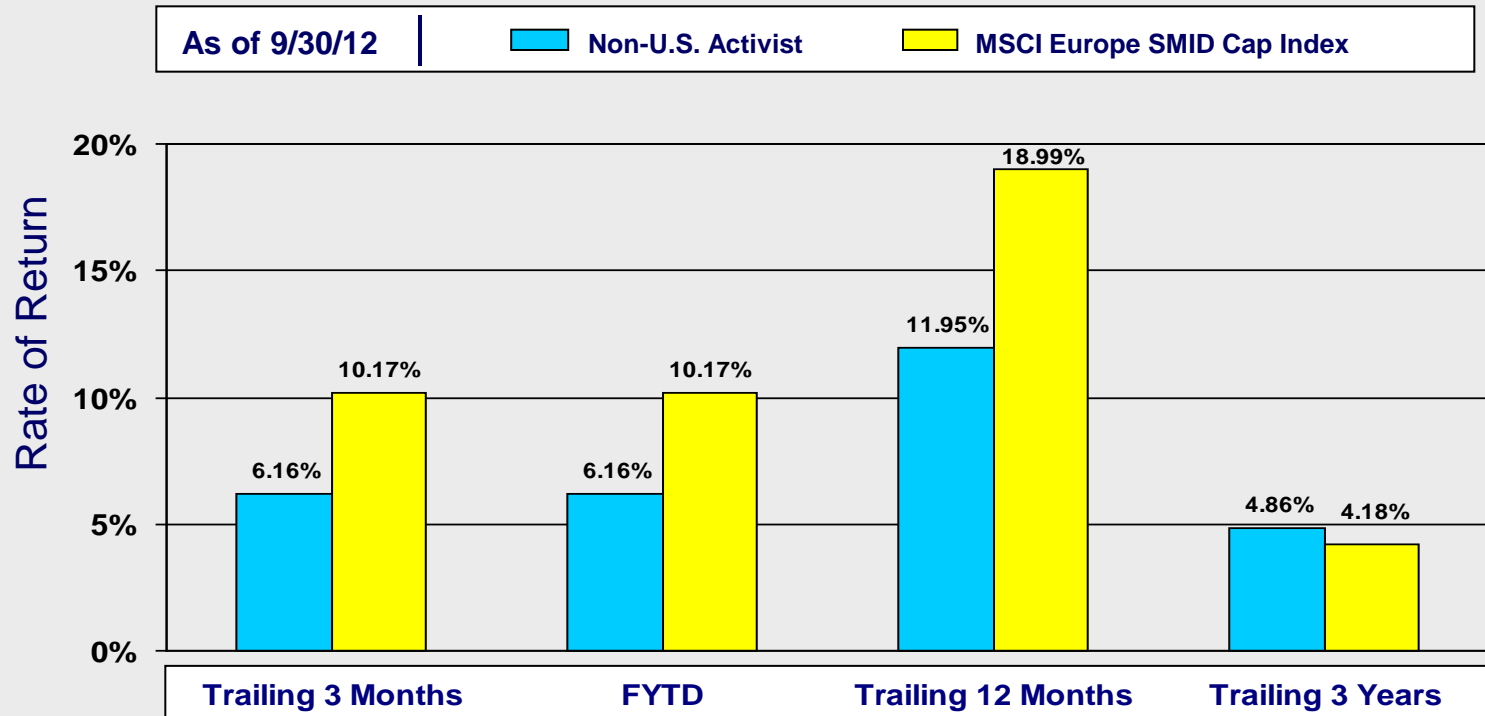
**\$74.1M** Under Management, **0%** of Total Funds



	3 Years	4 Years
Plan Std Dev	16.5	22.7
Benchmark Std Dev	16.9	21.3

## Non-U.S. Activist vs MSCI Europe SMID Index

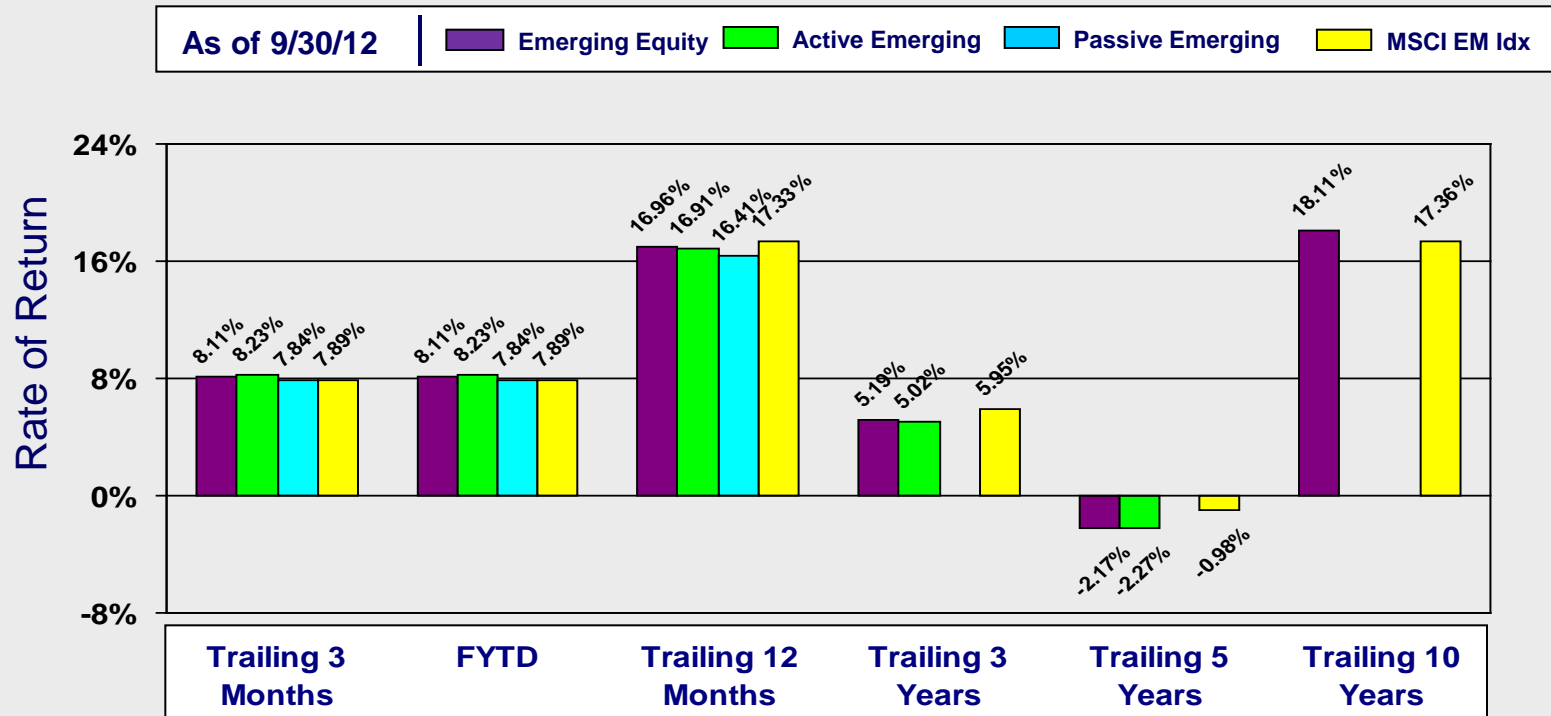
**\$58.8M** Under Management, **0%** of Total Funds



	3 Years
Plan Std Dev	25.1
Benchmark Std Dev	23.7

# Emerging Markets Returns vs MSCI Emerging Markets Index

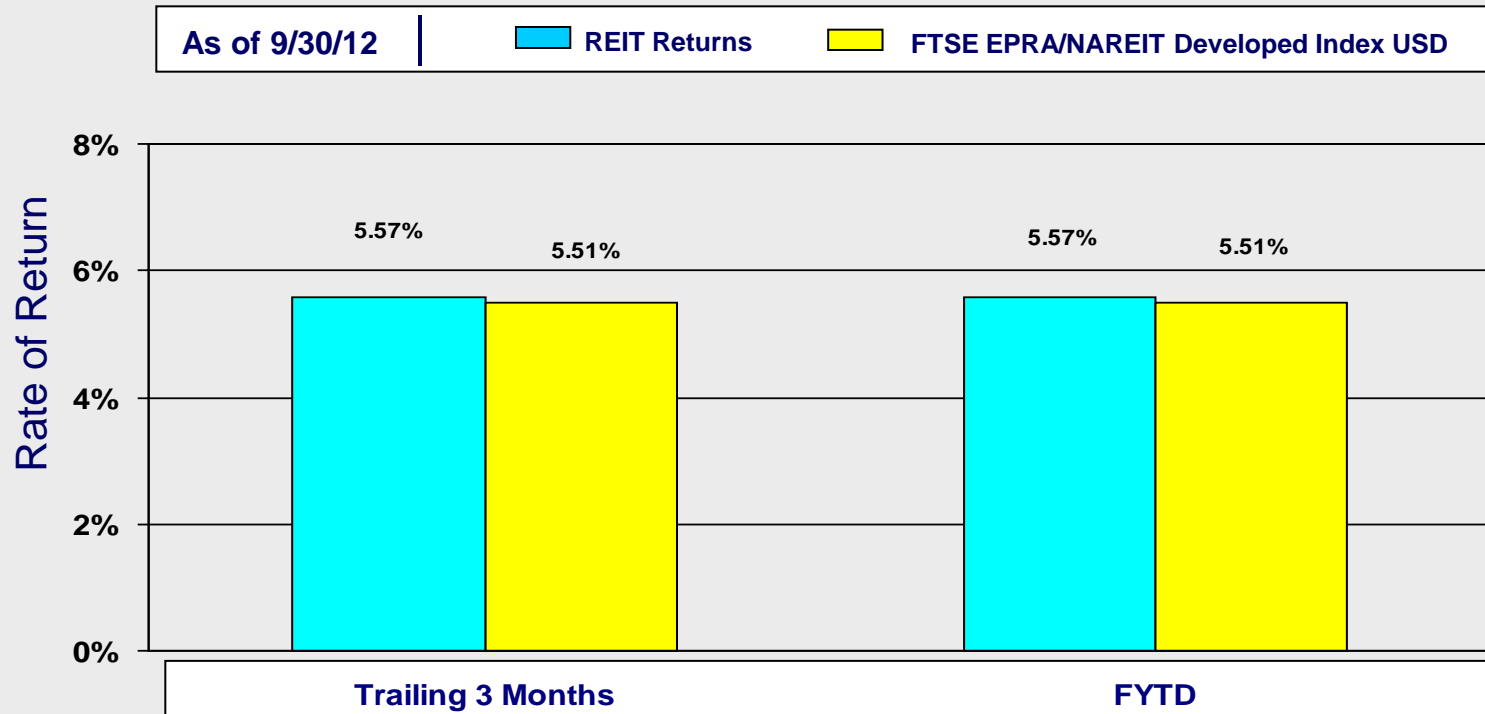
**\$1.6B** Under Management, **6%** of Total Funds



	3 Years	5 Years	10 Years
Emerging Plan Std Dev	22.4	30.3	24.8
Active Plan Std Dev	22.5	30.4	****
Passive Plan Std Dev	****	****	****
Benchmark Std Dev	21.5	29.3	24.2

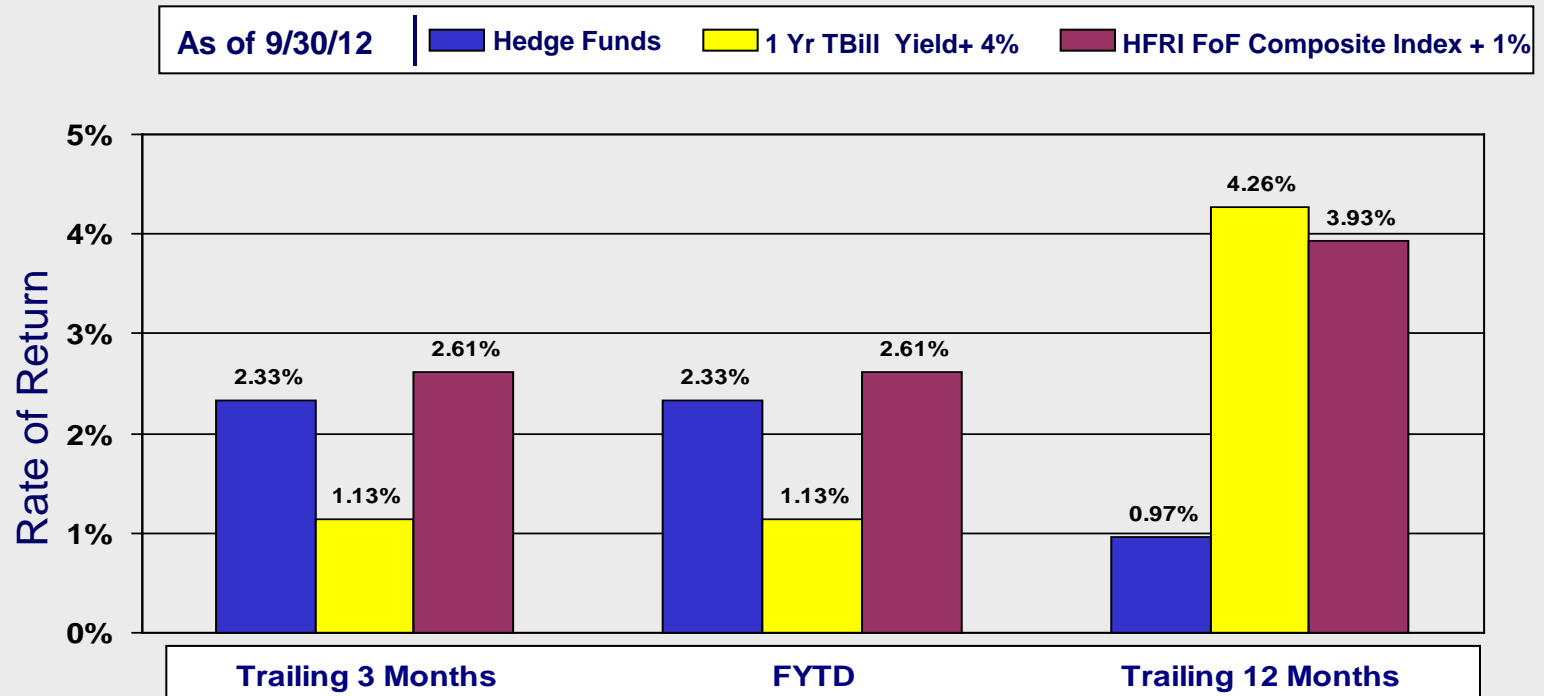
## REITS Returns vs FTSE EPRA/NAREIT Developed Index USD

**\$138.5M** Under Management, **1%** of Total Funds



## Hedge Fund Returns vs 1 Yr TBill Yield + 4% & HFRI Fund of Funds Composite Index + 1%

**\$585.7M** Under Management, **2%** of Total Funds



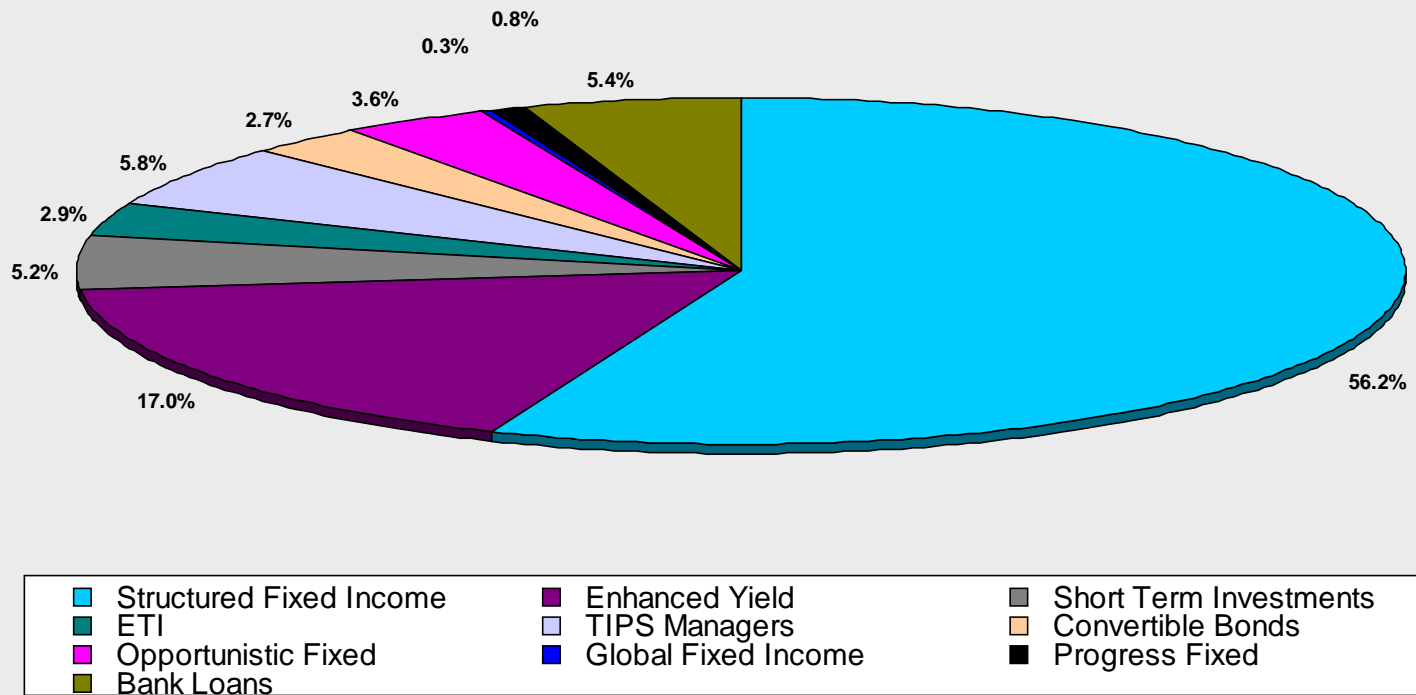
**New York City**  
**Police Pension Fund, Subchapter 2**

# **Fixed Income Analysis**

## Total Fixed Income Asset Allocation: September 30, 2012

**\$9.3B** Under Management, **35%** of Total Funds

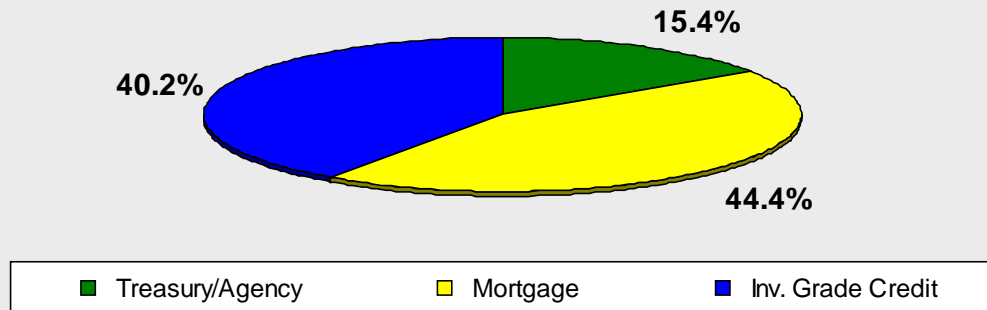
Asset Allocation by Groups



## Structured Fixed Income Asset Allocation: Quarter Ending September 30, 2012

**\$5.2B** Under Management, **20%** of Total Funds

### Asset Allocation by Groups



### Value Added by Sectors

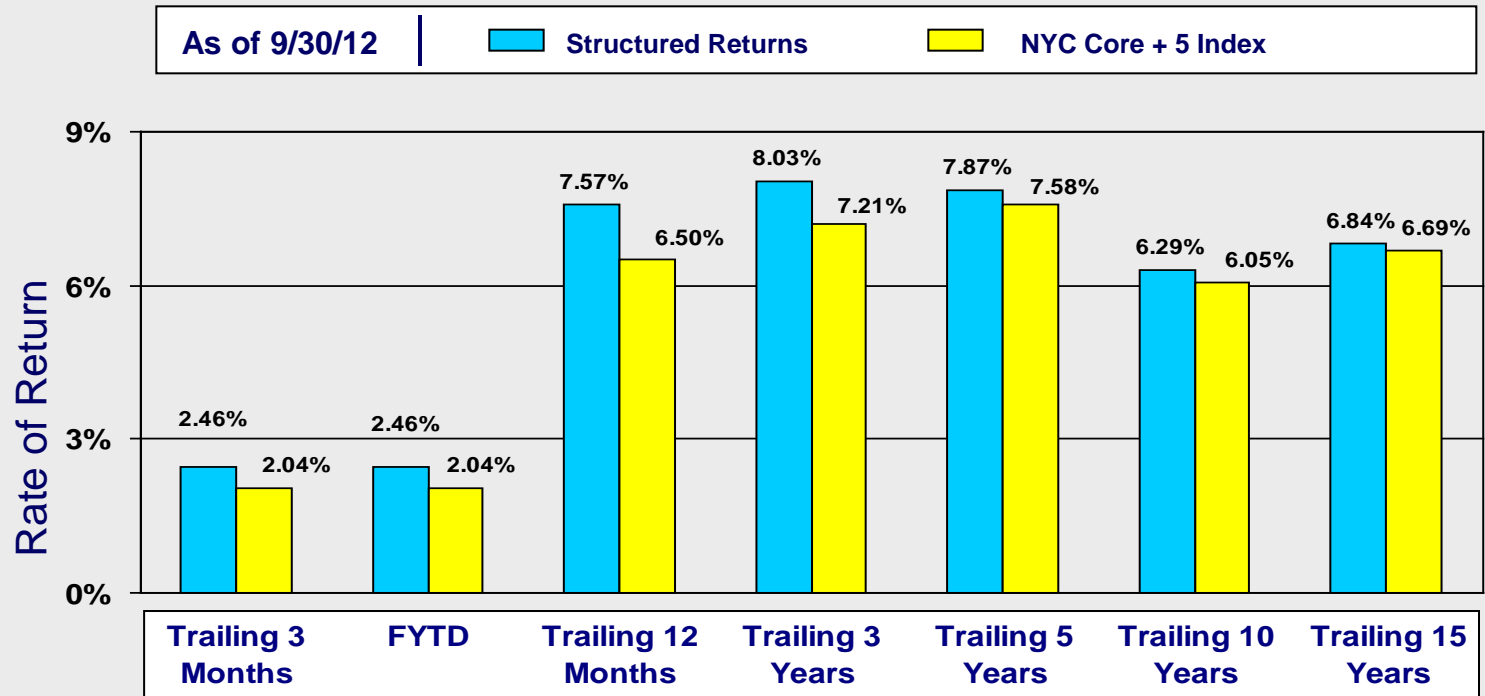
Sub Sector	Policy Weight	Actual Weight	Under/Over Weight	Index Return	Actual Return	Difference	Contribution to Out/Under Performance	
							Allocation	Management
Treasury/Agency	20.15	15.42	-4.73	0.82	0.82	-0.01	0.06	0.00
Mortgage	40.68	44.36	3.68	1.11	1.75	0.64	-0.05	0.31
Inv. Grade Credit	39.17	40.22	1.05	3.71	3.98	0.28	0.01	0.11

\*NYC Core +5 Breakdown



## Structured Returns vs NYC Core + 5 Index

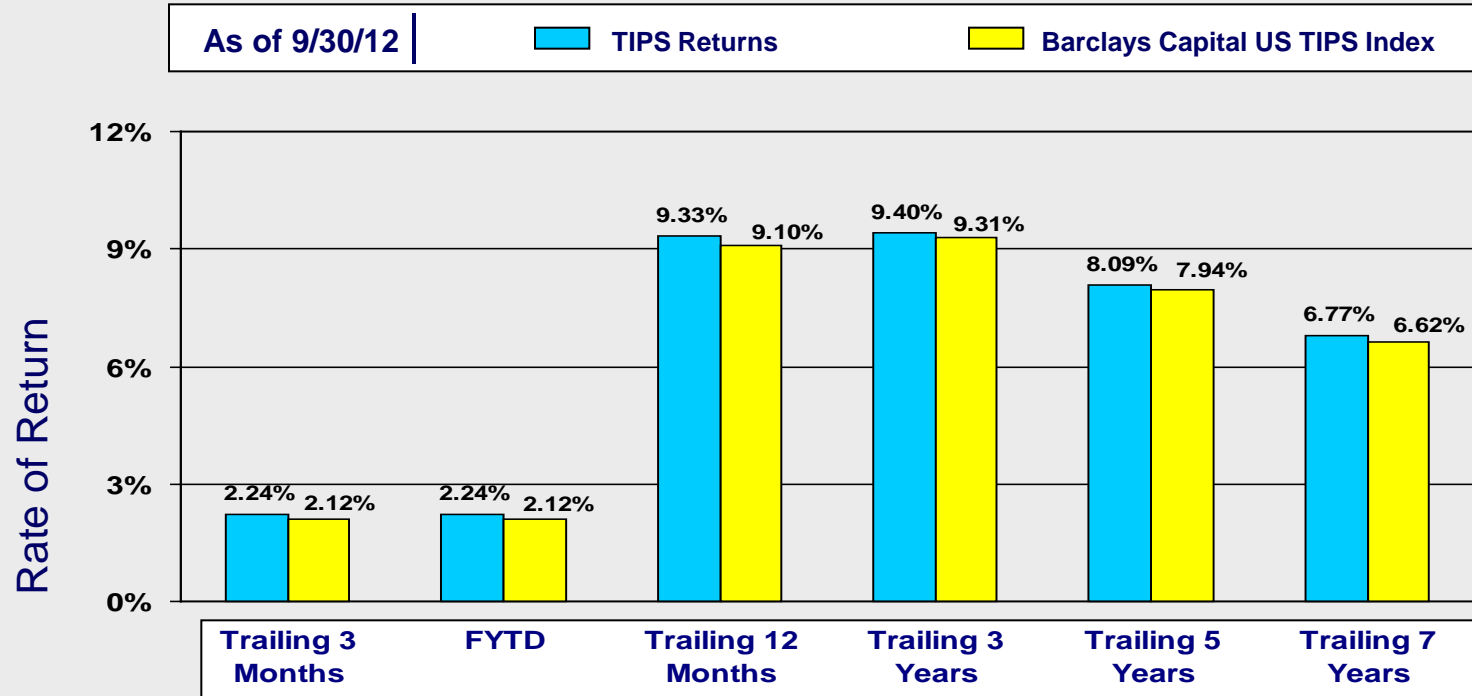
**\$5.2B** Under Management, **20%** of Total Funds



	3 Years	5 Years	10 Years	15 Years
Plan Std Dev	3.0	4.1	4.1	4.0
Benchmark Std Dev	3.2	4.4	4.3	4.1

## TIPS Returns vs Barclays Capital US TIPS Index

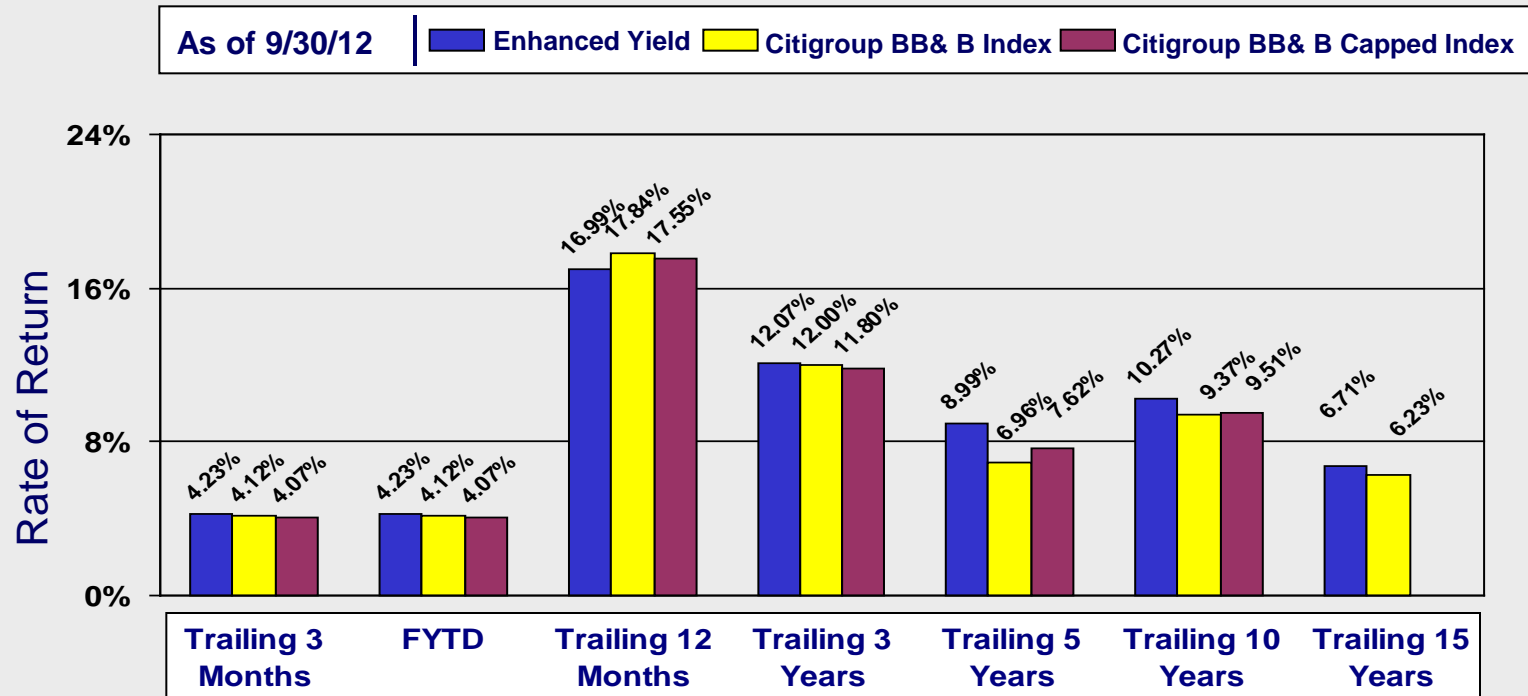
**\$541.8M** Under Management, **2%** of Total Funds



	3 Years	5 Years	7 Years
Plan Std Dev	4.6	7.4	6.7
Benchmark Std Dev	4.8	7.4	6.7

## Enhanced Yield Returns vs Citigroup BB & B Index & Citigroup BB & B Capped Index

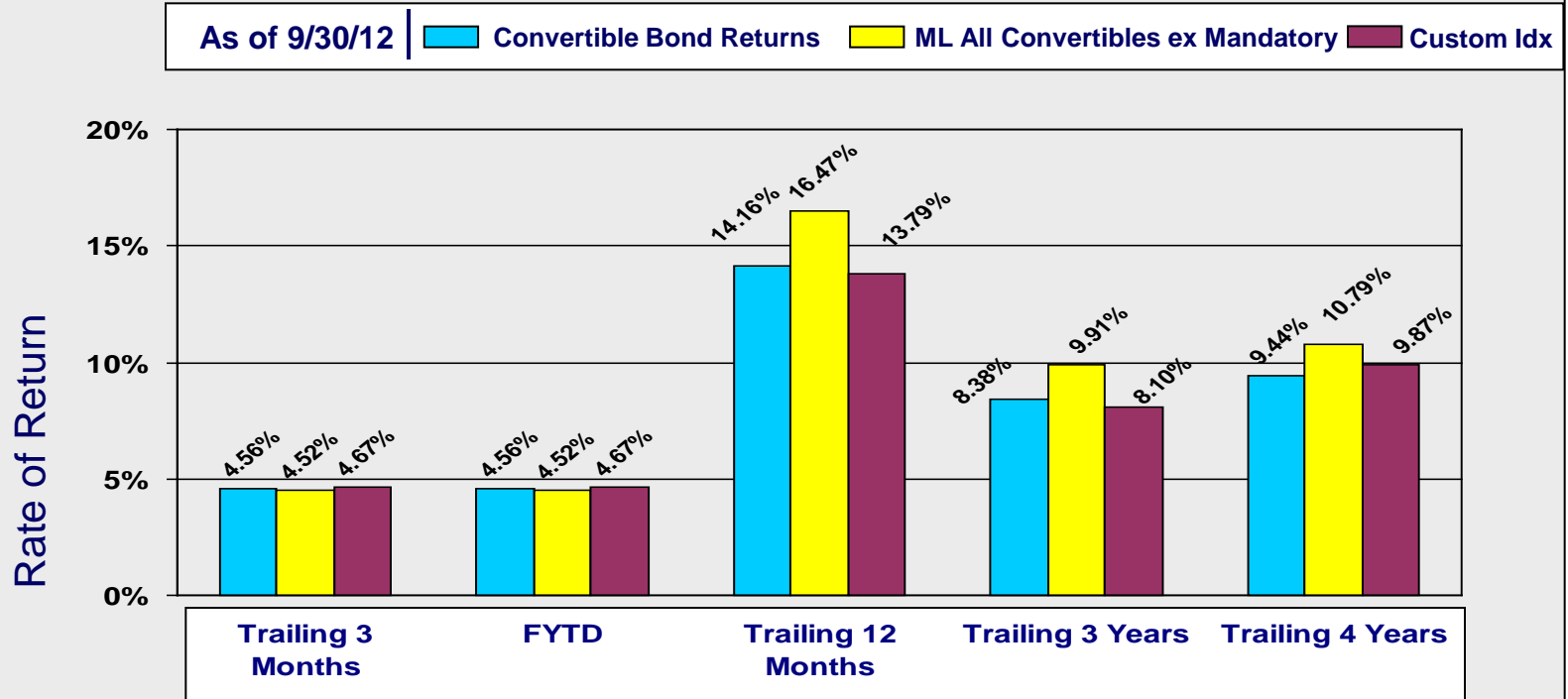
**\$1.6B** Under Management, **6%** of Total Funds



	3 Years	5 Years	10 Years	15 Years
Plan Std Dev	6.1	10.6	8.3	8.4
Citigroup BB&B	6.2	11.8	9.3	9.2
Citigroup BB&B Capped	6.0	11.5	9.0	N/A

## Convertible Bond Returns vs Benchmarks

**\$251.3M** Under Management, **1%** of Total Funds



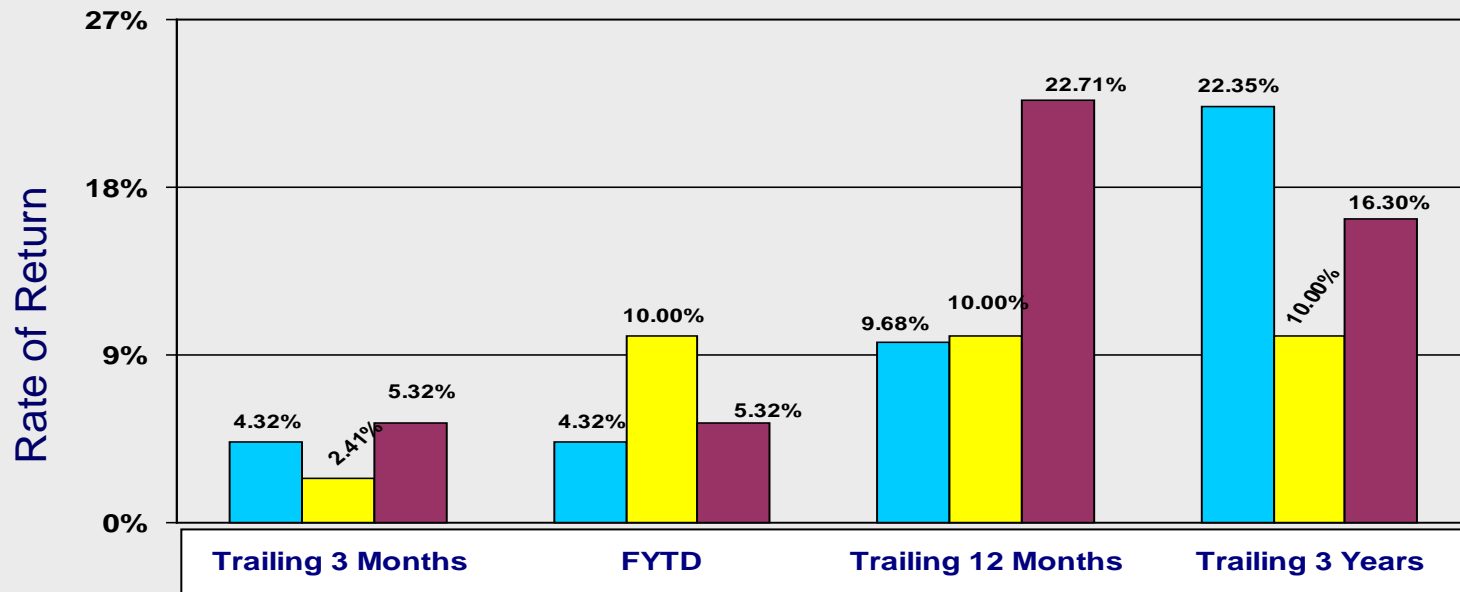
	3 Years	4 Years
Plan Std Dev	9.0	12.2
BofA All Convertibles	10.4	15.0
Custom Index	8.4	12.6

## Opportunistic Fixed Income Returns vs Benchmarks

**\$329.9M** Under Management, **1%** of Total Funds

As of 9/30/12

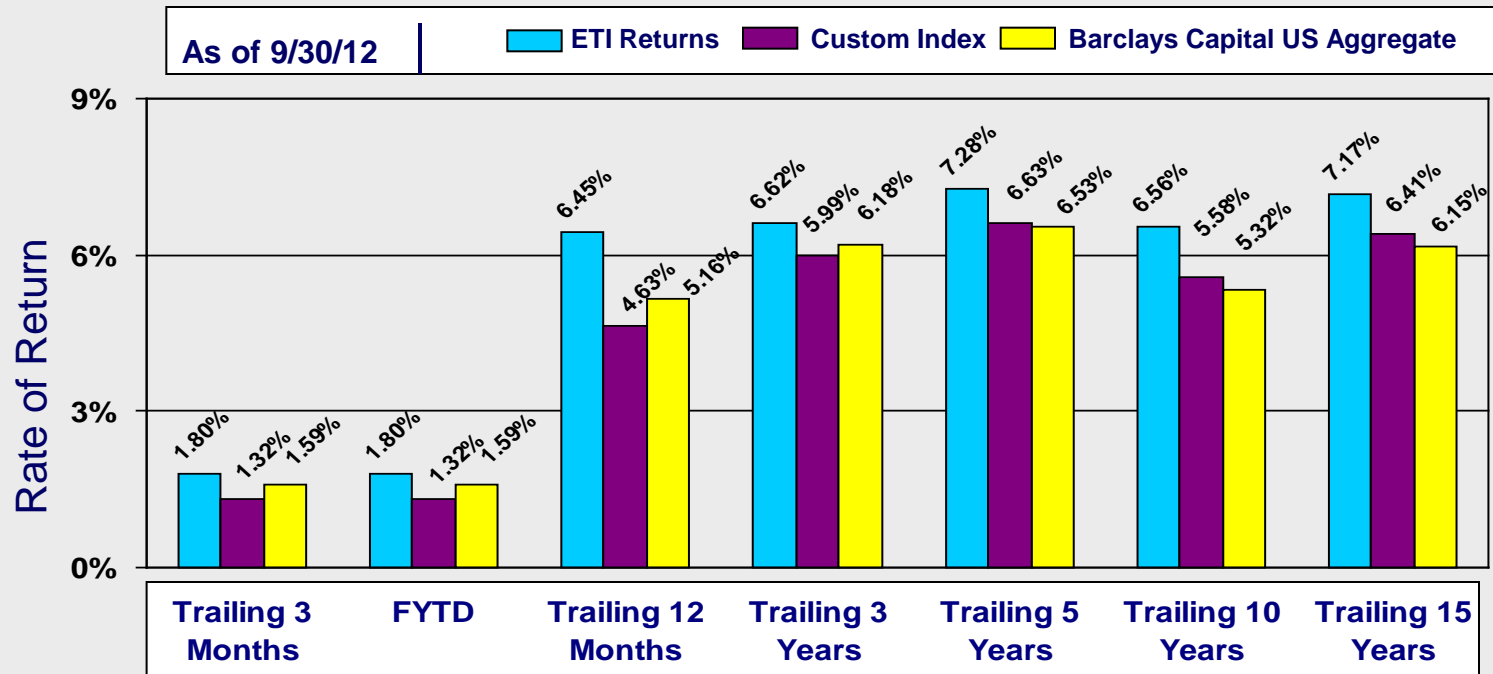
Opportunistic Fixed 10% Annual Return JPM High Yield + 3%



	3 Years
Plan Std Dev	13.8
JPM High Yield + 3% Std Dev	6.8

## ETI Returns vs Custom Index & Barclays Capital U.S. Aggregate

**\$267.4M** Under Management, **1%** of Total Funds



	3 Years	5 Years	10 Years	15 Years
Plan Std Dev	1.4	2.1	3.0	3.0
Custom Index Std Dev	2.3	2.8	2.8	2.6
Barclays Capital US Agg. Std Dev	2.7	3.5	3.6	3.5

Note: Returns (shown net of fees) and Market Value do not include cash

**New York City**  
**Police Pension Fund, Subchapter 2**

# **Appendix**

# Consolidated Performance Report

Through September 30, 2012

Assets (\$MM)	% Total		3 Mos Jul-12 Sep-12	YTD Jan-12 Sep-12	1 Yr Oct-11 Sep-12	3 Yrs Oct-09 Sep-12	5 Yrs Oct-07 Sep-12	10 Yrs Oct-02 Sep-12	15 Yrs Oct-97 Sep-12
<b>EQUITY MANAGEMENT</b>									
<b>SMALL CAP</b>									
70.16	0.26	BROWN AM	5.81	18.25	29.93	17.64	****	****	****
61.65	0.23	PERIMETER	6.70	11.63	26.83	****	****	****	****
63.65	0.24	PIER CAPITAL	5.93	14.47	28.77	****	****	****	****
195.46	0.73	TOTAL SMALL CAP GROWTH	6.13	14.87	28.56	12.56	****	****	****
		RUSSELL 2000 GROWTH	4.84	14.08	31.18	14.19	****	****	****
155.10	0.58	DALTON GREINER	6.37	15.72	32.48	15.87	5.09	11.50	****
50.80	0.19	LORD ABBETT	5.49	8.22	29.62	****	****	****	****
205.90	0.77	TOTAL SMALL CAP VALUE	6.15	13.77	31.77	15.09	4.66	11.27	****
		RUSSELL 2000 VALUE	5.67	14.37	32.63	11.72	1.35	9.68	****
		SMALL CAP VALUE MEDIAN	5.55	11.21	31.45	13.78	3.85	11.40	****
88.60	0.33	DARUMA	6.01	13.43	25.83	12.87	3.22	11.61	****
88.60	0.33	TOTAL SMALL CAP CORE	6.01	13.43	25.83	12.87	3.22	10.81	****
		RUSSELL 2000	5.25	14.23	31.91	12.98	2.21	10.17	****
		SMALL CAP CORE MEDIAN	5.37	13.25	29.61	13.25	2.88	11.08	****
38.72	0.15	RAFI ENHANCED SMALL CO.	6.20	14.99	32.45	14.07	****	****	****
		RUSSELL 2000	5.25	14.23	31.91	12.98	****	****	****
		RUSSELL 2000 VALUE	5.67	14.37	32.63	11.72	****	****	****
528.69	1.98	TOTAL SMALL CAP ACTIVE	6.13	14.19	29.39	14.27	2.47	****	****
		RUSSELL 2000	5.25	14.23	31.91	12.98	2.21	****	****
528.70	1.98	<b>TOTAL SMALL CAP</b>	6.13	13.62	28.94	14.12	2.39	10.30	****
		<b>RUSSELL 2000</b>	5.25	14.23	31.91	12.98	2.21	10.17	****



# Consolidated Performance Report

Through September 30, 2012

Assets (\$MM)	% Total		3 Mos Jul-12 Sep-12	YTD Jan-12 Sep-12	1 Yr Oct-11 Sep-12	3 Yrs Oct-09 Sep-12	5 Yrs Oct-07 Sep-12	10 Yrs Oct-02 Sep-12	15 Yrs Oct-97 Sep-12
		<b>SMALL/MID CAP</b>							
95.00	0.36	TIMESQUARE CAPITAL SMDG	6.48	18.33	39.43	****	****	****	****
		RUSSELL 2500 GROWTH	5.22	14.10	29.52	****	****	****	****
81.37	0.30	SECURITY GLOBAL INV SMDV	6.37	13.26	26.00	****	****	****	****
		RUSSELL 2500 VALUE	5.85	14.47	32.15	****	****	****	****
176.36	0.66	<b>TOTAL SMALL/MID CAP</b>	6.43	15.94	32.90	****	****	****	****
		RUSSELL 2500	5.57	14.33	30.93	****	****	****	****
		<b>MID CAP</b>							
187.04	0.70	FRONTIER CAPITAL MCG	3.84	16.55	26.44	****	****	****	****
106.05	0.40	TIMESQUARE CAPITAL	6.05	16.22	31.33	****	****	****	****
293.09	1.10	TOTAL MID CAP GROWTH	4.63	16.43	28.17	****	****	****	****
		RUSSELL MIDCAP GROWTH	5.35	13.88	26.69	****	****	****	****
		MID CAP GROWTH MEDIAN	5.87	14.62	29.81	****	****	****	****
164.56	0.62	IRIDIAN ASSET MCV	10.11	20.69	37.71	****	****	****	****
138.61	0.52	SYSTEMATIC FINANCIAL MCV	6.17	14.45	30.56	****	****	****	****
303.17	1.14	TOTAL MID CAP VALUE	8.27	17.76	34.35	14.84	1.80	8.84	****
		RUSSELL MIDCAP VALUE	5.80	14.03	29.28	13.85	1.73	10.96	****
		MID CAP VALUE MEDIAN	6.11	11.97	30.27	13.63	2.96	****	****
132.06	0.49	WELLINGTON MGMT	5.12	17.49	31.19	****	****	****	****
132.06	0.49	TOTAL MID CAP CORE	5.12	17.49	31.19	14.64	1.66	9.42	****
		S&P MIDCAP INDEX 400	5.44	13.77	28.54	14.33	3.83	10.77	****
		MID CAP CORE MEDIAN	5.73	13.66	28.64	13.94	3.91	12.36	****

# Consolidated Performance Report

Through September 30, 2012

Assets (\$MM)	% Total		3 Mos Jul-12 Sep-12	YTD Jan-12 Sep-12	1 Yr Oct-11 Sep-12	3 Yrs Oct-09 Sep-12	5 Yrs Oct-07 Sep-12	10 Yrs Oct-02 Sep-12	15 Yrs Oct-97 Sep-12
728.32	2.73	TOTAL MID CAP ACTIVE RUSSELL MIDCAP	6.21 5.59	17.17 14.00	31.23 28.03	13.78 14.26	1.24 2.23	**** ****	**** ****
848.73	3.18	STATE STREET GA S&P 400	5.43	13.65	28.36	****	****	****	****
848.73	3.18	TOTAL MID CAP PASSIVE S&P MIDCAP INDEX 400	5.43 5.44	13.65 13.77	28.36 28.54	**** ****	**** ****	**** ****	**** ****
1,577.05	5.91	<b>TOTAL MID CAP</b> RUSSELL MIDCAP	5.79 5.59	15.35 14.00	29.72 28.03	14.01 14.26	1.22 2.23	8.65 11.18	**** ****
		<b>LARGE CAP</b>							
80.63	0.30	CASTLEARK MGMT	4.79	14.77	27.97	14.08	****	****	****
38.73	0.15	PROFIT INV MGMT	7.22	17.28	32.37	12.30	****	****	****
158.22	0.59	ZEVENBERGEN	3.79	8.84	17.30	9.52	****	****	****
277.58	1.04	TOTAL LARGE CAP GROWTH RUSSELL 1000 GROWTH LARGE CAP GROWTH MEDIAN	4.55 6.11 6.28	11.64 16.80 15.98	22.21 29.19 27.34	10.62 14.73 13.28	0.51 3.24 2.63	6.93 8.41 9.06	3.39 3.79 ****
330.47	1.24	ARONSON JOHNSON	7.11	16.48	31.98	13.11	0.11	****	****
53.72	0.20	DENALI ADVISORS	3.35	10.44	22.69	8.87	****	****	****
384.20	1.44	TOTAL LARGE CAP VALUE RUSSELL 1000 VALUE LARGE CAP VALUE MEDIAN	6.57 6.51 6.08	15.60 15.75 12.71	30.59 30.92 27.70	12.18 11.83 11.58	0.28 -0.90 0.10	**** **** ****	**** **** ****
53.66	0.20	PIEDMONT INV ADV	6.46	17.79	30.36	11.62	****	****	****
57.87	0.22	SEIZERT CAPITAL PTNRS	6.90	13.52	24.86	12.61	****	****	****
111.53	0.42	TOTAL LARGE CAP CORE RUSSELL 1000	6.68 6.31	15.54 16.28	27.45 30.05	12.13 13.27	**** ****	**** ****	**** ****

# Consolidated Performance Report

Through September 30, 2012

Assets (\$MM)	% Total		3 Mos Jul-12 Sep-12	YTD Jan-12 Sep-12	1 Yr Oct-11 Sep-12	3 Yrs Oct-09 Sep-12	5 Yrs Oct-07 Sep-12	10 Yrs Oct-02 Sep-12	15 Yrs Oct-97 Sep-12
169.32	0.63	RAFI ENHANCED LARGE CO. RUSSELL 1000 RUSSELL 1000 VALUE	6.05 6.31 6.51	14.92 16.28 15.75	29.37 30.05 30.92	13.40 13.27 11.83	**** **** ****	**** **** ****	**** **** ****
81.55	0.31	VTL S&P 500 STANDARD & POORS 500	6.67 6.35	16.24 16.44	30.50 30.20	13.33 13.20	**** ****	**** ****	**** ****
250.87	0.94	TOTAL FUNDAMENTAL INDEX LARGE CAP RUSSELL 1000	6.25 6.31	15.35 16.28	29.73 30.05	13.23 13.27	**** ****	**** ****	**** ****
1,024.18	3.84	<b>TOTAL LARGE CAP</b> RUSSELL 1000	5.95 6.31	14.43 16.28	27.67 30.05	12.03 13.27	0.95 1.22	**** ****	**** ****
		<b>ATTUCKS</b>							
5.99	0.02	APEX CAPITAL - SCG	7.46	19.24	37.05	22.35	****	****	****
5.66	0.02	GW CAPITAL - SCC	6.99	13.36	33.52	****	****	****	****
5.32	0.02	LOMBARDIA - SCV	5.55	9.45	32.13	12.93	****	****	****
6.11	0.02	PARADIGM - SCC	6.31	12.62	31.57	13.76	****	****	****
4.93	0.02	PHOCAS - SCV	4.54	8.75	25.13	12.16	****	****	****
28.01	0.10	<b>TOTAL ATTUCKS</b> RUSSELL 2000	6.23 5.25	12.78 14.23	32.00 31.91	14.33 12.98	**** ****	**** ****	**** ****
		<b>CAPITAL PROSPECTS</b>							
3.14	0.01	AH LISANTI SCG	3.41	****	****	****	****	****	****
3.15	0.01	BERNZOTT CAP AD SCV	4.07	****	****	****	****	****	****
3.27	0.01	CHANNING SCV	8.37	****	****	****	****	****	****
3.06	0.01	CWC SCC	4.91	****	****	****	****	****	****
3.32	0.01	HUBER SCV	8.22	****	****	****	****	****	****
3.09	0.01	PROFIT SCC	4.83	****	****	****	****	****	****
3.13	0.01	QUOTIENT SCC	9.05	****	****	****	****	****	****

# Consolidated Performance Report

Through September 30, 2012

Assets (\$MM)	% Total		3 Mos Jul-12 Sep-12	YTD Jan-12 Sep-12	1 Yr Oct-11 Sep-12	3 Yrs Oct-09 Sep-12	5 Yrs Oct-07 Sep-12	10 Yrs Oct-02 Sep-12	15 Yrs Oct-97 Sep-12
3.17	0.01	STEPHENS SCG	3.23	****	****	****	****	****	****
3.21	0.01	SUMMIT CREEK SCG	3.21	****	****	****	****	****	****
1.30	0.00	HIGH POINTE -SC	3.63	****	****	****	****	****	****
2.83	0.01	LOMBARDIA -SCV	5.55	****	****	****	****	****	****
32.66	0.12	<b>TOTAL CAPITAL PROSPECTS</b>	5.39	****	****	****	****	****	****
		RUSSELL 3000	6.23	****	****	****	****	****	****
		<b>PROGRESS EQUITY</b>							
6.80	0.03	APEX SMDG	7.63	****	****	****	****	****	****
3.17	0.01	CARDINAL SCV	6.46	****	****	****	****	****	****
3.21	0.01	HUBER SCV	8.27	****	****	****	****	****	****
3.03	0.01	OMT SMDG	3.48	****	****	****	****	****	****
7.35	0.03	GW CAPITAL -SMDV	7.02	12.39	35.99	16.98	****	****	****
6.09	0.02	IRONWOOD -SCC	8.29	9.17	24.07	****	****	****	****
7.15	0.03	LOMBARDIA CAPITAL PTNRS -SCV	5.56	9.26	31.90	13.15	****	****	****
3.53	0.01	NICHOLS ASSET MGMT -SCG	7.05	15.46	35.75	****	****	****	****
40.33	0.15	<b>TOTAL PROGRESS EQUITY</b>	6.83	11.63	30.16	13.09	****	****	****
		RUSSELL 2000	5.25	14.23	31.91	12.98	****	****	****
		<b>F.I.S. FUND MGMT</b>							
3.30	0.01	APEX SCG	7.63	****	****	****	****	****	****
6.20	0.02	CHANNING SCV	8.37	****	****	****	****	****	****
2.37	0.01	CUPPS SCG	5.98	****	****	****	****	****	****
1.31	0.00	CWC SCC	4.93	****	****	****	****	****	****
1.39	0.01	EAM MICRO CAP GROWTH	6.47	****	****	****	****	****	****
3.49	0.01	HUBER SCV	8.23	****	****	****	****	****	****
5.19	0.02	PUNCH SCC	7.70	****	****	****	****	****	****
4.07	0.02	NICHOLAS INV PTNRS -SCG	8.29	****	****	****	****	****	****
6.70	0.03	OPUS CAPITAL MGMT -SCV	4.68	****	****	****	****	****	****
34.00	0.13	<b>TOTAL F.I.S FUND MGMT</b>	7.05	****	****	****	****	****	****
		RUSSELL 3000	6.23	****	****	****	****	****	****

# Consolidated Performance Report

Through September 30, 2012

Assets (\$MM)	% Total		3 Mos Jul-12 Sep-12	YTD Jan-12 Sep-12	1 Yr Oct-11 Sep-12	3 Yrs Oct-09 Sep-12	5 Yrs Oct-07 Sep-12	10 Yrs Oct-02 Sep-12	15 Yrs Oct-97 Sep-12
135.00	0.51	<b>TOTAL EMERGING MANAGERS</b>	6.41	14.23	30.59	13.52	****	****	****
		RUSSELL 2000	5.25	14.23	31.91	12.98	****	****	****
		RUSSELL 3000	6.23	16.13	30.20	13.25	****	****	****
		<b>RUSSELL 3000</b>							
3,612.41	13.53	BLACKROCK R3000	6.21	16.10	30.13	13.23	1.36	8.48	****
2,818.33	10.56	STATE STREET R3000	6.19	15.92	29.99	****	****	****	****
6,430.74	24.09	<b>TOTAL RUSSELL 3000</b>	6.20	16.02	30.07	13.31	1.42	8.52	5.03
		RUSSELL 3000	6.23	16.13	30.20	13.25	1.30	8.49	4.95
2,592.55	9.71	TOTAL ACTIVE	6.11	15.21	29.50	12.59	1.08	8.45	2.97
7,279.48	27.27	TOTAL PASSIVE	6.11	15.67	29.79	12.94	1.22	8.39	5.29
9,872.03	36.99	<b>TOTAL DOMESTIC EQUITY</b>	6.11	15.56	29.73	12.92	1.21	8.45	4.87

# Consolidated Performance Report

Through September 30, 2012

Assets (\$MM)	% Total		3 Mos Jul-12 Sep-12	YTD Jan-12 Sep-12	1 Yr Oct-11 Sep-12	3 Yrs Oct-09 Sep-12	5 Yrs Oct-07 Sep-12	10 Yrs Oct-02 Sep-12	15 Yrs Oct-97 Sep-12
		<b>INTERNATIONAL EQUITY</b>							
		<b>DEVELOPED MARKETS</b>							
		<b>GROWTH</b>							
297.72	1.12	BAILLIE	7.39	11.65	18.41	6.53	****	****	****
133.25	0.50	PYRAMIS GLOBAL ADVISORS	7.96	13.90	18.64	4.79	****	****	****
431.15	1.62	<b>TOTAL INTL GROWTH</b>	7.56	12.26	18.05	4.20	-3.27	****	****
		MSCI EAFE GROWTH	6.40	10.86	15.22	4.68	-3.87	****	****
		<b>VALUE</b>							
157.43	0.59	MONDRIAN INVESTMENT PARTNERS LTD	5.89	5.77	9.76	2.99	-3.39	10.27	****
158.08	0.59	<b>TOTAL INTL VALUE</b>	5.86	5.72	9.13	0.47	-7.01	****	****
		MSCI EAFE VALUE	7.55	10.23	13.34	0.48	-5.74	****	****
		<b>CORE</b>							
103.32	0.39	CAPITAL GUARDIAN MTA	7.82	12.15	16.95	4.11	****	****	****
196.36	0.74	PHILADELPHIA	7.27	7.59	14.35	1.20	****	****	****
274.36	1.03	THORNBURG	6.49	11.34	16.57	5.41	****	****	****
574.05	2.15	<b>TOTAL INTL CORE</b>	6.99	10.27	15.81	3.59	-4.23	****	****
		MSCI EAFE (NET DIVIDEND)	6.92	10.08	13.75	2.12	-5.24	****	****
1,164.20	4.36	<b>TOTAL ACTIVE DEVELOPED MKTS</b>	7.05	9.55	14.53	2.73	-5.03	8.15	3.94
1,211.51	4.54	SSGA	6.78	10.32	14.08	****	****	****	****
1,211.55	4.54	<b>TOTAL PASSIVE DEVELOPED MKTS</b>	6.78	10.32	14.08	****	****	****	****
2,375.75	8.90	<b>TOTAL DEVELOPED MARKETS</b>	6.91	9.96	14.45	2.67	-4.99	8.23	3.87
		MSCI EAFE (NET DIVIDEND)	6.92	10.08	13.75	2.12	-5.24	8.20	3.37
74.09	0.28	GENERATION GE	6.21	14.82	22.36	8.76	****	****	****
74.09	0.28	<b>TOTAL NON-US ENV/SUSTAINABLE</b>	6.21	14.81	22.35	6.03	****	****	****
		MSCI WORLD INDEX	6.83	13.56	22.32	8.07	****	****	****

# Consolidated Performance Report

Through September 30, 2012

Assets (\$MM)	% Total		3 Mos Jul-12 Sep-12	YTD Jan-12 Sep-12	1 Yr Oct-11 Sep-12	3 Yrs Oct-09 Sep-12	5 Yrs Oct-07 Sep-12	10 Yrs Oct-02 Sep-12	15 Yrs Oct-97 Sep-12
58.79	0.22	GOVERNANCE FOR OWNERS	6.16	8.55	11.95	6.03	****	****	****
		MSCI EUROPE SMID CAP	10.17	16.73	18.99	4.18	-4.88	****	****
58.79	0.22	<b>TOTAL NON-US ACTIVIST</b>	6.16	8.55	11.95	4.86	****	****	****
2,508.63	9.40	<b>TOTAL DEV- ENV &amp; ACT EQ STRATEGIES</b>	6.87	10.00	14.53	2.80	-4.95	****	****
		MSCI EAFE (NET DIVIDEND)	6.92	10.08	13.75	2.12	-5.24	****	****
		<b>EMERGING MARKETS</b>							
191.49	0.72	ACADIAN	8.77	13.42	18.42	8.32	-0.31	****	****
322.81	1.21	BAILLIE GIFFORD	8.23	13.03	21.64	5.76	0.27	****	****
294.44	1.10	DFA	8.30	11.19	15.02	5.55	0.51	****	****
291.43	1.09	EATON VANCE	7.99	****	****	****	****	****	****
1,106.37	4.15	<b>TOTAL ACTIVE EMERGING MARKETS</b>	8.23	11.45	16.91	5.02	-2.27	****	****
		MSCI EMERGING MARKETS	7.89	12.33	17.33	5.95	-0.98	****	****
499.71	1.87	BLACKROCK	7.84	12.07	16.41	****	****	****	****
499.71	1.87	<b>TOTAL PASSIVE EMERGING MARKETS</b>	7.84	12.07	16.41	****	****	****	****
		MSCI EMERGING MARKETS	7.89	12.33	17.33	****	****	****	****
1,606.09	6.02	<b>TOTAL EMERGING MARKETS</b>	8.11	11.65	16.96	5.19	-2.17	18.11	7.84
		EMERGING MARKET MEDIAN	7.22	12.61	17.69	6.64	0.52	18.11	9.20
4,114.72	15.42	<b>TOTAL INTERNATIONAL EQUITY</b>	7.35	10.29	14.94	3.13	-4.53	9.49	4.61

# Consolidated Performance Report

Through September 30, 2012

Assets (\$MM)	% Total		3 Mos Jul-12 Sep-12	YTD Jan-12 Sep-12	1 Yr Oct-11 Sep-12	3 Yrs Oct-09 Sep-12	5 Yrs Oct-07 Sep-12	10 Yrs Oct-02 Sep-12	15 Yrs Oct-97 Sep-12
<b>HEDGE FUNDS</b>									
148.87	0.56	TOTAL PERMAL HEDGE FUND OF FUNDS	-1.83	-1.80	-4.05	****	****	****	****
		HFRI FUND OF FUNDS COMPOSITE IDX + 1%	2.61	4.11	3.93	****	****	****	****
<b>DIRECT HEDGE FUNDS</b>									
70.43	0.26	BLUE TREND FD	5.87	****	****	****	****	****	****
118.79	0.45	BREMAN HOWARD	5.36	1.53	****	****	****	****	****
68.96	0.26	BRIGADE LEV CAP STR	1.44	****	****	****	****	****	****
51.05	0.19	CASPIAN SELECT CF	2.10	****	****	****	****	****	****
127.59	0.48	D.E. SHAW	3.49	8.57	****	****	****	****	****
436.83	1.64	<b>TOTAL DIRECT HEDGE FUNDS</b>	3.80	5.20	****	****	****	****	****
		HFRI FUND OF FUNDS COMPOSITE IDX + 1%	2.61	4.11	3.93	****	****	****	****
		MSCI AC WORLD INDEX STD NET	6.84	12.88	20.98	****	****	****	****
		BARCLAYS U.S. AGGREGATE BOND INDEX	1.59	3.99	5.16	****	****	****	****
585.71	2.19	<b>TOTAL HEDGE FUNDS</b>	2.33	3.33	0.97	****	****	****	****
		1 YEAR TREASURY BILL YIELD + 4%	1.13	3.17	4.26	****	****	****	****
		HFRI FUND OF FUNDS COMPOSITE IDX + 1%	2.61	4.11	3.93	****	****	****	****
<b>REITS</b>									
138.45	0.52	SSGA REIT	5.57	****	****	****	****	****	****
138.45	0.52	<b>TOTAL REAL ESTATE EQUITY SECURITIES</b>	5.57	****	****	****	****	****	****
		FTSE EPRA/NAREIT DEVELOPED IDX USD	5.51	****	****	****	****	****	****



# Consolidated Performance Report

Through September 30, 2012

Assets (\$MM)	% Total		3 Mos Jul-12 Sep-12	YTD Jan-12 Sep-12	1 Yr Oct-11 Sep-12	3 Yrs Oct-09 Sep-12	5 Yrs Oct-07 Sep-12	10 Yrs Oct-02 Sep-12	15 Yrs Oct-97 Sep-12
<b>PRIVATE EQUITY INVESTMENTS</b>									
1.20	0.00	AEA INVESTORS 2006 FD	****	****	****	****	****	****	****
1.63	0.01	AISLING CAPITAL II	****	****	****	****	****	****	****
2.79	0.01	AISLING CAPITAL III	****	****	****	****	****	****	****
7.27	0.03	AMERICAN SEC PTNRS VI	****	****	****	****	****	****	****
7.37	0.03	AMPERSAND 2008	****	****	****	****	****	****	****
12.40	0.05	APOLLO INVESTMENT FD V	****	****	****	****	****	****	****
47.42	0.18	APOLLO INVESTMENT FD VI	****	****	****	****	****	****	****
41.90	0.16	APOLLO INVESTMENT FD VII	****	****	****	****	****	****	****
14.49	0.05	ARES CORP OPP	****	****	****	****	****	****	****
9.67	0.04	ARES CORP OPP FD II	****	****	****	****	****	****	****
18.31	0.07	ARES CORP OPP FD III	****	****	****	****	****	****	****
17.60	0.07	ARLINGTON CAPITAL PRTNRS III	****	****	****	****	****	****	****
12.77	0.05	ARSENAL CAP PTNRS II	****	****	****	****	****	****	****
15.74	0.06	AURORA EQUITY CAPITAL PTNRS III	****	****	****	****	****	****	****
15.58	0.06	AVISTA CAPITAL PTNRS	****	****	****	****	****	****	****
35.18	0.13	AVISTA CAPITAL PTNRS II	****	****	****	****	****	****	****
33.47	0.13	AXA SECONDARY FD V	****	****	****	****	****	****	****
11.44	0.04	BC EUR CAP IX	****	****	****	****	****	****	****
7.70	0.03	BDCM OPPORTUNITY FD III	****	****	****	****	****	****	****
33.38	0.13	BLACKSTONE CAPITAL PTNRS IV	****	****	****	****	****	****	****
36.98	0.14	BLACKSTONE CAPITAL PTNRS V	****	****	****	****	****	****	****
4.25	0.02	BLACKSTONE CAPITAL PTNRS VI	****	****	****	****	****	****	****
6.34	0.02	BLACKSTONE MEZZ PTNRS II	****	****	****	****	****	****	****
10.18	0.04	BLUE WOLF CAPITAL FUND II	****	****	****	****	****	****	****
11.88	0.04	BRIDGEPOINT EUROPE III	****	****	****	****	****	****	****
9.35	0.04	BRIDGEPOINT EUROPE IV	****	****	****	****	****	****	****
10.90	0.04	CAPITAL PTNRS	****	****	****	****	****	****	****
0.50	0.00	CARLYLE PTNRS III	****	****	****	****	****	****	****
41.14	0.15	CARLYLE PTNRS IV	****	****	****	****	****	****	****

# Consolidated Performance Report

Through September 30, 2012

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32.89	0.12	CARLYLE PTNRS V	****	****	****	****	****	****	****
15.55	0.06	CARPENTER COMMUNITY BANC FUND	****	****	****	****	****	****	****
22.24	0.08	CATTERTON PTNRS VI	****	****	****	****	****	****	****
18.29	0.07	CCMP CAPITAL INVESTORS II	****	****	****	****	****	****	****
9.30	0.03	CLAYTON, DUBLIER AND RICE FUND VII	****	****	****	****	****	****	****
8.43	0.03	CLAYTON, DUBLIER AND RICE FUND VIII	****	****	****	****	****	****	****
15.99	0.06	CELTIC PHARM HLDGS, LP	****	****	****	****	****	****	****
10.07	0.04	COLLER INTERNATIONAL PTNRS IV	****	****	****	****	****	****	****
10.07	0.04	COLLER INTERNATIONAL PTNRS V	****	****	****	****	****	****	****
10.40	0.04	COMVEST INVST PTNRS III	****	****	****	****	****	****	****
16.98	0.06	COMVEST INVST PTNRS IV	****	****	****	****	****	****	****
12.65	0.05	CONSTELLATION VENTURES III	****	****	****	****	****	****	****
8.75	0.03	CORALS 2007 MOMENTUM FUND	****	****	****	****	****	****	****
4.99	0.02	CREDIT SUISSE CUST FD INV GR	****	****	****	****	****	****	****
24.06	0.09	CREDIT SUISSE EM DOM MGRS FD	****	****	****	****	****	****	****
17.42	0.07	CRESTVIEW PTNRS II	****	****	****	****	****	****	****
7.24	0.03	CVC EURO EQ PTNRS III	****	****	****	****	****	****	****
23.98	0.09	CVC EURO EQ PTNRS V	****	****	****	****	****	****	****
4.79	0.02	CYPRESS MERCH BK PTNRS II	****	****	****	****	****	****	****
0.01	0.00	DMR MORTGAGE OPP FD	****	****	****	****	****	****	****
3.96	0.01	ERASMUS NYC GROWTH FD A	****	****	****	****	****	****	****
11.26	0.04	EQT VI LP	****	****	****	****	****	****	****
16.46	0.06	FALCONHEAD CAPITAL PTNRS II	****	****	****	****	****	****	****
10.50	0.04	FDG CAPL PTNRS	****	****	****	****	****	****	****
16.13	0.06	FDG CAPL PTNRS II	****	****	****	****	****	****	****
6.90	0.03	FENWAY PTNRS CAPITAL III	****	****	****	****	****	****	****
18.31	0.07	FIRST MARK FUND IV	****	****	****	****	****	****	****
16.29	0.06	FIRST RESERVE FD XI	****	****	****	****	****	****	****

# Consolidated Performance Report

Through September 30, 2012

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13.91	0.05	FIRST RESERVE FD XII	****	****	****	****	****	****	****
13.07	0.05	FOURTH CINVEN FD	****	****	****	****	****	****	****
9.40	0.04	FS EQUITY PTNRS V	****	****	****	****	****	****	****
11.89	0.04	FS EQUITY PTNRS VI	****	****	****	****	****	****	****
11.13	0.04	FST ATLANTIC EQUITY PTNRS IV	****	****	****	****	****	****	****
9.00	0.03	FT VENTURES FD III	****	****	****	****	****	****	****
12.16	0.05	GI PTNRS FD II	****	****	****	****	****	****	****
17.61	0.07	GI PTNRS FD III	****	****	****	****	****	****	****
7.63	0.03	GF CAPITAL	****	****	****	****	****	****	****
5.44	0.02	GLEACHER MEZZANINE FD II	****	****	****	****	****	****	****
2.58	0.01	GSC RECOVERY III	****	****	****	****	****	****	****
14.59	0.05	GSO CAPITAL OPP FD	****	****	****	****	****	****	****
5.87	0.02	HIGHLAND CONSUMER FD I	****	****	****	****	****	****	****
15.58	0.06	INTERMEDIA PARTNERS VII	****	****	****	****	****	****	****
30.28	0.11	JP MORGAN INVST MGMT	****	****	****	****	****	****	****
6.47	0.02	LANDMARK EQUITY PTNRS XI	****	****	****	****	****	****	****
14.75	0.06	LANDMARK EQUITY PTNRS XIV	****	****	****	****	****	****	****
5.08	0.02	LANDMARK FD XIII	****	****	****	****	****	****	****
8.46	0.03	LEE EQUITY PARTNERS	****	****	****	****	****	****	****
14.08	0.05	LEVINE LEICHTMAN DEEP VALUE FUND	****	****	****	****	****	****	****
9.91	0.04	LEVINE LEICHTMAN DEEP VALUE FUND IV	****	****	****	****	****	****	****
9.70	0.04	LEXINGTON CAP PTNRS VII	****	****	****	****	****	****	****
2.61	0.01	LINCOLNSHIRE EQ FD II	****	****	****	****	****	****	****
10.22	0.04	LINCOLNSHIRE EQ FD III	****	****	****	****	****	****	****
3.22	0.01	LINCOLNSHIRE EQ FD IV	****	****	****	****	****	****	****
15.34	0.06	LODH EURO CHOICE II	****	****	****	****	****	****	****
7.20	0.03	LODH EURO IV	****	****	****	****	****	****	****
19.08	0.07	LOMBARD ODIER DH III	****	****	****	****	****	****	****

# Consolidated Performance Report

Through September 30, 2012

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4.74	0.02	MARKSTONE CAPITAL PTNRS	****	****	****	****	****	****	****
4.96	0.02	MEDICA MGMT III LP	****	****	****	****	****	****	****
26.62	0.10	MIDOCEAN PARTNERS III	****	****	****	****	****	****	****
16.02	0.06	MILESTONE PTNRS III	****	****	****	****	****	****	****
6.64	0.02	MONTREUX EQ PTNRS IV	****	****	****	****	****	****	****
39.20	0.15	NEUBERGER BERMAN CO-INV PART	****	****	****	****	****	****	****
10.17	0.04	NEUBERGER BERMAN EMG MGR	****	****	****	****	****	****	****
1.42	0.01	NEW MOUNTAIN PTNRS	****	****	****	****	****	****	****
5.29	0.02	NEW MOUNTAIN PTNRS II	****	****	****	****	****	****	****
24.64	0.09	NEW MOUNTAIN PTNRS III	****	****	****	****	****	****	****
7.16	0.03	NEWSPRING VENTURE II	****	****	****	****	****	****	****
4.91	0.02	NGN BIOMED OPPORTUNITY II	****	****	****	****	****	****	****
8.48	0.03	OLYMPUS CAPITAL ASIA III	****	****	****	****	****	****	****
6.79	0.03	ONEX PTNRS III	****	****	****	****	****	****	****
11.78	0.04	PALADIN HOMELAND SECURITY	****	****	****	****	****	****	****
15.71	0.06	PALADIN HOMELAND SECURITY III	****	****	****	****	****	****	****
24.17	0.09	PALLADIUM EQ PTNRS III	****	****	****	****	****	****	****
27.30	0.10	PCGAM CLEAN ENERGY & TECH FD	****	****	****	****	****	****	****
20.13	0.08	PEGASUS PTNRS IV	****	****	****	****	****	****	****
6.29	0.02	PEGASUS PTNRS V	****	****	****	****	****	****	****
14.73	0.06	PERMIRA FUND IV	****	****	****	****	****	****	****
9.62	0.04	PERSEUS PTNRS VII	****	****	****	****	****	****	****
9.59	0.04	PINE BROOK CAPITAL PTNRS	****	****	****	****	****	****	****
2.32	0.01	PRISM VENTURE PTNRS IV	****	****	****	****	****	****	****
9.43	0.04	PRISM VENTURE PTNRS V	****	****	****	****	****	****	****
8.75	0.03	PSILOS GROUP PTNRS III	****	****	****	****	****	****	****
16.15	0.06	QUADRANGLE CAP PTNRS II	****	****	****	****	****	****	****
8.12	0.03	QUAKER BIOVENTURES II	****	****	****	****	****	****	****
3.01	0.01	RELATIVITY FD	****	****	****	****	****	****	****
11.36	0.04	RIVERSTONE/CARLYLLE GLOBAL EP IV	****	****	****	****	****	****	****
21.10	0.08	RRE VENTURES IV	****	****	****	****	****	****	****
11.11	0.04	SCALE VENTURE PTNRS III	****	****	****	****	****	****	****

# Consolidated Performance Report

Through September 30, 2012

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11.26	0.04	SCP PRIV EQ PTNRS II	****	****	****	****	****	****	****
9.03	0.03	SCP VITALIFE PTNRS II	****	****	****	****	****	****	****
9.18	0.03	SNOW PHIPPS GROUP	****	****	****	****	****	****	****
7.06	0.03	SNOW PHIPPS II	****	****	****	****	****	****	****
16.69	0.06	SOLERA PTNRS	****	****	****	****	****	****	****
3.31	0.01	SUMMIT GR EQUITY VIII	****	****	****	****	****	****	****
0.94	0.00	TAILWIND CAPITAL PTNRS	****	****	****	****	****	****	****
7.41	0.03	TERRA FIRMA CAP III	****	****	****	****	****	****	****
7.27	0.03	THOMAS MCNERNEY PTNRS II	****	****	****	****	****	****	****
14.00	0.05	TRIDENT V	****	****	****	****	****	****	****
0.43	0.00	TRILANTIC CAPITAL PTNRS	****	****	****	****	****	****	****
6.24	0.02	TRILANTIC CAPITAL PTNRS III	****	****	****	****	****	****	****
43.37	0.16	TRILANTIC CAPITAL PTNRS IV	****	****	****	****	****	****	****
17.54	0.07	US POWER FUND II	****	****	****	****	****	****	****
10.76	0.04	US POWER FUND III	****	****	****	****	****	****	****
29.70	0.11	VISTA EQUITY PTNRS III	****	****	****	****	****	****	****
21.55	0.08	VISTA EQUITY PTNRS IV	****	****	****	****	****	****	****
6.40	0.02	VITRUVIAN PTNRS	****	****	****	****	****	****	****
1.83	0.01	VS&A COMM PTNRS III	****	****	****	****	****	****	****
7.86	0.03	VSS COMM PTNRS IV	****	****	****	****	****	****	****
12.89	0.05	WARBURG PINCUS XI	****	****	****	****	****	****	****
4.14	0.02	WELLSPRING CAP PTNRS V	****	****	****	****	****	****	****
14.76	0.06	WELSH CARSON ANDERSON & STOWE XI	****	****	****	****	****	****	****
14.17	0.05	YUCAIPA AMERICAN ALLIANCE FD	****	****	****	****	****	****	****
59.24	0.22	YUCAIPA AMERICAN ALLIANCE FD II	****	****	****	****	****	****	****
8.34	0.03	YUCAIPA CORP INITIATIVE II	****	****	****	****	****	****	****
1,902.12	7.13	<b>TOTAL PRIVATE EQUITY</b>	****	****	****	****	****	****	****

# Consolidated Performance Report

Through September 30, 2012

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<b>PRIVATE REAL ESTATE</b>									
19.07	0.07	AG REALTY FUND VII	****	****	****	****	****	****	****
4.52	0.02	ALMANAC REALTY SEC VI LP	****	****	****	****	****	****	****
7.14	0.03	AMER VALUE PTNRS	****	****	****	****	****	****	****
24.35	0.09	APOLLO EUROPE III	****	****	****	****	****	****	****
2.16	0.01	APOLLO REAL ESTATE FD V	****	****	****	****	****	****	****
11.89	0.04	ARA ASIA DRAGON FD	****	****	****	****	****	****	****
11.72	0.04	BLACKROCK CARBON III	****	****	****	****	****	****	****
18.81	0.07	BLACKSTONE REAL ESTATE PTNRS EU III	****	****	****	****	****	****	****
8.50	0.03	BLACKSTONE REAL ESTATE PTNRS IV	****	****	****	****	****	****	****
47.36	0.18	BLACKSTONE REAL ESTATE PTNRS VI	****	****	****	****	****	****	****
33.92	0.13	BLACKSTONE REAL ESTATE PTNRS VII	****	****	****	****	****	****	****
4.31	0.02	BROOKFIELD STRATEGIC RE PTNRS	****	****	****	****	****	****	****
0.21	0.00	CANYON-JOHNSON URBAN FD	****	****	****	****	****	****	****
10.15	0.04	CANYON-JOHNSON URBAN FD II	****	****	****	****	****	****	****
9.87	0.04	CANYON-JOHNSON URBAN FD III	****	****	****	****	****	****	****
14.15	0.05	CARLYLE R.P. FD V	****	****	****	****	****	****	****
9.08	0.03	CARLYLE REALTY VI	****	****	****	****	****	****	****
6.82	0.03	COLONY INVESTORS VIII	****	****	****	****	****	****	****
9.45	0.04	COLONY REALTY PTNRS II	****	****	****	****	****	****	****
32.69	0.12	DIVCO WEST FD III	****	****	****	****	****	****	****
10.25	0.04	FIDELITY RE GTH FD III	****	****	****	****	****	****	****
31.84	0.12	HEITMAN AMERICA	****	****	****	****	****	****	****
6.10	0.02	H/2 SPEC OPPORTUNITY FD II	****	****	****	****	****	****	****
67.37	0.25	JPM STRATEGIC PROP FUND	****	****	****	****	****	****	****
11.91	0.04	JPM SPECIAL SIT FUND	****	****	****	****	****	****	****
32.29	0.12	LASALLE US PROPERTY FD	****	****	****	****	****	****	****
4.25	0.02	METRO WORKFORCE HOUSING FD	****	****	****	****	****	****	****
3.31	0.01	OCM REAL ESTATE OPPORTUNITIES FD III	****	****	****	****	****	****	****
7.26	0.03	PROLOGIS TARGETED US LOGISTICS FD	****	****	****	****	****	****	****

# Consolidated Performance Report

Through September 30, 2012

Assets (\$MM)	% Total		3 Mos Jul-12 Sep-12	YTD Jan-12 Sep-12	1 Yr Oct-11 Sep-12	3 Yrs Oct-09 Sep-12	5 Yrs Oct-07 Sep-12	10 Yrs Oct-02 Sep-12	15 Yrs Oct-97 Sep-12
19.76	0.07	PRUDENTIAL PRISA	****	****	****	****	****	****	****
53.66	0.20	PRUDENTIAL PRISA II	****	****	****	****	****	****	****
37.18	0.14	PRUDENTIAL PRISA III	****	****	****	****	****	****	****
19.97	0.07	RREEF AMER. II	****	****	****	****	****	****	****
5.71	0.02	RREEF AMER. III	****	****	****	****	****	****	****
5.57	0.02	SILVERPEAK RE PTNRS III	****	****	****	****	****	****	****
21.40	0.08	STOCKBRIDGE RE FD III	****	****	****	****	****	****	****
4.14	0.02	TACONIC NY INV FD	****	****	****	****	****	****	****
28.70	0.11	THE CITY INVESTMENT FD	****	****	****	****	****	****	****
5.80	0.02	THOR URBAN PROPERTY FD II	****	****	****	****	****	****	****
67.78	0.25	UBS TRUMBULL PROPERTY FD	****	****	****	****	****	****	****
27.93	0.10	WALTON ST RE FD VI	****	****	****	****	****	****	****
7.88	0.03	WESTBROOK RE FD VII	****	****	****	****	****	****	****
33.38	0.13	WESTBROOK RE FD VIII	****	****	****	****	****	****	****
799.61	3.00	<b>TOTAL PRIVATE REAL ESTATE</b>	****	****	****	****	****	****	****
17,412.64	65.25	<b>TOTAL EQUITY - PUBLIC &amp; PRIVATE</b>	5.31	12.70	21.54	10.20	-0.42	****	****
		<b>FIXED INCOME MANAGEMENT</b>							
		<b>TREASURY/AGENCY</b>							
159.37	0.60	BLACKROCK - GOVT	0.86	4.21	5.93	9.40	****	****	****
158.80	0.59	FISCHER FRANCIS - GOVT	0.72	3.91	5.55	9.22	9.43	6.85	7.89
325.07	1.22	PIMCO - GOVT	0.87	4.48	6.07	9.74	9.63	7.03	****
161.17	0.60	STATE STREET - GOVT	0.77	4.11	5.66	9.35	****	****	****
804.41	3.01	<b>ALL TREASURY/AGENCY</b>	0.82	4.24	5.86	9.49	9.48	6.89	7.86
		NYC - TREASURY AGENCY PLUS FIVE	0.82	4.11	5.67	9.37	9.28	6.68	7.67

# Consolidated Performance Report

Through September 30, 2012

Assets (\$MM)	% Total		3 Mos Jul-12 Sep-12	YTD Jan-12 Sep-12	1 Yr Oct-11 Sep-12	3 Yrs Oct-09 Sep-12	5 Yrs Oct-07 Sep-12	10 Yrs Oct-02 Sep-12	15 Yrs Oct-97 Sep-12
		<b>MORTGAGE</b>							
777.36	2.91	BLACKROCK - MORT	1.98	5.57	6.36	7.04	7.13	5.73	****
174.40	0.65	GOLDMAN SACHS - MORT	1.78	3.98	5.03	5.59	****	****	****
425.97	1.60	NEUBERGER BERMAN -MORT	1.52	3.32	4.14	****	****	****	****
761.78	2.85	PIMCO - MORT	1.72	3.97	4.84	6.47	7.02	5.80	6.65
173.90	0.65	WELLINGTON - MORT	1.40	3.08	4.31	5.54	****	****	****
2,313.41	8.67	<b>ALL MORTGAGE</b>	1.75	4.32	5.19	6.47	6.69	5.53	6.32
		CITIGROUP MORTGAGE INDEX	1.11	2.82	3.76	5.07	6.42	5.29	6.06
		<b>INVESTMENT GRADE CREDIT</b>							
531.30	1.99	BLACKROCK - CREDIT	3.94	9.07	11.40	9.13	7.87	6.65	****
495.94	1.86	PRUDENTIAL - CREDIT	3.69	8.46	10.62	8.87	****	****	****
88.03	0.33	PRUDENTIAL - PRIVEST	****	****	****	****	****	****	****
151.21	0.57	PYRAMIS - CREDIT	3.88	9.45	11.93	9.33	****	****	****
151.98	0.57	TAPLIN,CANADA - CREDIT	3.99	8.68	10.33	9.34	7.01	****	****
679.18	2.54	T. ROWE PRICE	4.29	9.74	12.29	9.91	8.95	7.25	6.88
2,097.65	7.86	<b>ALL INVESTMENT GRADE CREDIT</b>	3.98	9.13	11.45	9.35	8.28	6.89	6.63
		NYC - INVESTMENT GRADE CREDIT	3.71	8.34	10.21	8.47	7.57	6.40	6.62
		<b>CORE PLUS FIXED INCOME</b>							
31.96	0.12	LM CAPITAL-MTA	2.44	5.62	7.67	7.50	****	****	****
31.96	0.12	<b>TOTAL CORE PLUS FIXED INCOME</b>	2.44	5.62	7.67	7.50	****	****	****
		BARCLAYS CAPITAL AGGREGATE	1.59	3.99	5.16	6.18	****	****	****
5,215.46	19.54	<b>TOTAL STRUCTURED</b>	2.46	6.08	7.57	8.03	7.87	6.29	6.84
		NYC - CORE PLUS FIVE	2.04	5.10	6.50	7.21	7.58	6.05	6.69
5,247.42	19.66	<b>TOTAL STRUCTURED PLUS LM CAPITAL</b>	2.46	6.07	7.57	8.03	7.87	6.29	6.84



# Consolidated Performance Report

Through September 30, 2012

Assets (\$MM)	% Total		3 Mos Jul-12 Sep-12	YTD Jan-12 Sep-12	1 Yr Oct-11 Sep-12	3 Yrs Oct-09 Sep-12	5 Yrs Oct-07 Sep-12	10 Yrs Oct-02 Sep-12	15 Yrs Oct-97 Sep-12
17.32	0.06	PIM AMBASSADOR MTA	1.41	****	****	****	****	****	****
14.08	0.05	PIM GIA MTA	2.29	****	****	****	****	****	****
7.02	0.03	PIM HILLSWICK MTA	1.43	****	****	****	****	****	****
17.51	0.07	PIM NEW CENTURY MTA	2.06	****	****	****	****	****	****
13.93	0.05	PIM PUGH CAP MTA	1.81	****	****	****	****	****	****
69.87	0.26	<b>TOTAL PROGRESS FIXED</b>	1.83	****	****	****	****	****	****
		BARCLAYS CAPITAL AGGREGATE	1.59	****	****	****	****	****	****
		<b>TIPS MANAGERS</b>							
		ACTIVE TIPS MANAGERS							
111.91	0.42	BLACKROCK-TIPS-MTA	2.00	5.69	8.45	9.27	8.12	****	****
271.22	1.02	PIMCO-TIPS-MTA	2.38	6.77	9.89	9.47	8.15	****	****
383.13	1.44	TOTAL ACTIVE TIPS MANAGERS	2.27	6.45	9.47	9.41	8.14	****	****
		PASSIVE TIPS MANAGERS							
158.67	0.59	STATE STREET-TIPS-MTA	2.18	6.20	8.99	9.36	7.97	****	****
158.67	0.59	TOTAL PASSIVE TIPS MANAGERS	2.18	6.20	8.99	9.36	7.97	****	****
541.79	2.03	<b>TOTAL TIPS MANAGERS</b>	2.24	6.38	9.33	9.40	8.09	****	****
		BARCLAYS US TIPS (INFLATION NOTES)	2.12	6.25	9.10	9.31	7.94	****	****
		<b>ENHANCED YIELD</b>							
298.69	1.12	LOOMIS SAYLES	6.14	14.27	19.46	14.75	10.99	12.59	7.53
		NYC-LOOMIS (BOFA-MST II 7-03/BB&B PRIOR)	4.61	12.02	18.94	12.61	9.06	10.72	7.10
187.21	0.70	FORT WASHINGTON	****	****	****	****	****	****	****
331.85	1.24	NEUBERGER BERMAN	****	****	****	****	****	****	****
147.07	0.55	SHENKMAN	3.17	8.99	15.74	10.06	7.63	****	****

# Consolidated Performance Report

Through September 30, 2012

Assets (\$MM)	% Total		3 Mos Jul-12 Sep-12	YTD Jan-12 Sep-12	1 Yr Oct-11 Sep-12	3 Yrs Oct-09 Sep-12	5 Yrs Oct-07 Sep-12	10 Yrs Oct-02 Sep-12	15 Yrs Oct-97 Sep-12
231.54	0.87	STONE HARBOR	****	****	****	****	****	****	****
374.18	1.40	T. ROWE PRICE	4.39	10.20	16.79	11.46	8.57	****	****
0.05	0.00	HIGH YIELD TRANSITION	****	****	****	****	****	****	****
1,570.65	5.88	ALL ENHANCED YIELD	4.23	10.91	16.99	12.07	8.99	10.27	6.71
		CITIGROUP BB & B	4.12	11.12	17.84	12.00	6.96	9.37	6.23
		CITIGROUP BB & B CAPPED	4.07	10.77	17.55	11.80	7.62	9.51	****
		ENHANCED YIELD MEDIAN	4.39	11.05	17.42	12.14	8.88	9.91	7.91
		<b>BANK LOANS</b>							
200.19	0.75	BABSON BL MTA	****	****	****	****	****	****	****
200.11	0.75	CREDIT SUISSE BL MTA	****	****	****	****	****	****	****
100.01	0.37	GUGGENHEIM BL MTA	****	****	****	****	****	****	****
500.31	1.87	TOTAL BANK LOANS	****	****	****	****	****	****	****
		CREDIT SUISSE LEVERAGED LOAN INDEX	****	****	****	****	****	****	****
		<b>CONVERTIBLE BONDS</b>							
90.88	0.34	ADVENT CONVERTIBLE BONDS	4.28	10.23	14.44	8.87	****	****	****
		BofA ML CONVERTIBLES YIELD ALT. INDEX	3.93	9.29	10.71	8.22	****	****	****
81.77	0.31	LORD ABBETT CONVERTIBLE BONDS	4.61	10.27	14.79	8.83	****	****	****
		BofA ML ALL CONVERTIBLES INDEX	4.92	11.83	16.63	9.48	****	****	****
78.60	0.29	VICTORY CONVERTIBLE BONDS	4.85	10.07	13.19	7.40	****	****	****
		BofA ML CONVERTIBLE BONDS INVST GRADE	5.15	11.20	14.02	6.52	****	****	****
251.25	0.94	TOTAL CONVERTIBLE BONDS	4.56	10.19	14.16	8.38	****	****	****
		ML ALL CONVERTIBLES EX MANDATORY	4.52	11.75	16.47	9.91	****	****	****
		POLICE CUSTOM CONVERTIBLE BOND IDX	4.67	10.78	13.79	8.10	****	****	****

# Consolidated Performance Report

Through September 30, 2012

Assets (\$MM)	% Total		3 Mos Jul-12 Sep-12	YTD Jan-12 Sep-12	1 Yr Oct-11 Sep-12	3 Yrs Oct-09 Sep-12	5 Yrs Oct-07 Sep-12	10 Yrs Oct-02 Sep-12	15 Yrs Oct-97 Sep-12
		<b>OPPORTUNISTIC FIXED</b>							
3.22	0.01	AVE EURO SPECIAL SITUATIONS FD	****	****	****	****	****	****	****
1.73	0.01	AVE SPECIAL SITUATIONS FD V	****	****	****	****	****	****	****
40.50	0.15	AVE SPECIAL SITUATIONS FD VI	****	****	****	****	****	****	****
31.91	0.12	TORCHLIGHT INVESTORS	****	****	****	****	****	****	****
		3 MONTH LIBOR PLUS 750BPS	****	****	****	****	****	****	****
31.50	0.12	ANGELO GORDON PTNRS LP	****	****	****	****	****	****	****
40.19	0.15	APOLLO PTNRSH LP	0.00	****	****	****	****	****	****
12.28	0.05	FORTRESS PTNRS LP	-0.29	****	****	****	****	****	****
67.81	0.25	GOLDENTREE OD MTA	3.97	10.77	****	****	****	****	****
72.35	0.27	MARATHON OD MTA	10.62	24.87	****	****	****	****	****
4.39	0.02	OAK HILL PTNRS LP	****	****	****	****	****	****	****
228.51	0.86	TOTAL STRATEGIC MANDATES	4.55	15.26	****	****	****	****	****
		JP MORGAN GLOBAL HIGH YIELD BOND IDX	4.71	12.47	****	****	****	****	****
		JP MORGAN GLOBAL HIGH YIELD PLUS 3%	5.32	14.23	****	****	****	****	****
305.88	1.15	<b>TOTAL DISTRESSED FIXED</b>	****	****	****	****	****	****	****
23.49	0.09	AG GECC LP	****	****	****	****	****	****	****
0.52	0.00	ALLIANCE BERNSTEIN LEGACY SECS LP	****	****	****	****	****	****	****
24.02	0.09	<b>TOTAL PPIIP</b>	****	****	****	****	****	****	****
329.89	1.24	<b>TOTAL OPPORTUNISTIC FIXED</b>	4.32	19.01	9.68	22.35	8.13	****	****
		10% ANNUAL RETURN	****	****	10.00	10.00	10.00	****	****
		JP MORGAN HIGH YIELD PLUS 3%	5.32	14.23	22.71	16.30	12.55	****	****

# Consolidated Performance Report

Through September 30, 2012

Assets (\$MM)	% Total		3 Mos Jul-12 Sep-12	YTD Jan-12 Sep-12	1 Yr Oct-11 Sep-12	3 Yrs Oct-09 Sep-12	5 Yrs Oct-07 Sep-12	10 Yrs Oct-02 Sep-12	15 Yrs Oct-97 Sep-12
		<b>ETI</b>							
26.37	0.10	ACCESS/RBC	1.49	3.99	5.23	5.27	7.29	****	****
116.14	0.44	AFL-CIO HOUSING INV TRUST	1.48	4.16	5.73	6.07	6.55	5.33	****
6.22	0.02	BOA-PPAR	1.87	5.04	7.28	****	****	****	****
1.15	0.00	CFSB-PPAR	1.07	5.46	6.71	7.90	7.87	****	****
2.68	0.01	CCD-PPAR	2.49	8.71	10.24	9.25	9.54	****	****
0.59	0.00	NHS-PPAR	2.54	6.83	8.30	8.45	8.66	****	****
0.93	0.00	LIIF-PPAR	1.41	4.46	5.64	5.38	****	****	****
0.66	0.00	NCBCI-PPAR	2.85	6.85	10.32	7.27	****	****	****
103.42	0.39	TARGETED INVESTMENT	2.31	6.61	7.76	7.85	8.38	7.46	7.43
9.58	0.04	ETI CPC TERM LOAN	0.62	1.89	2.45	2.19	2.96	****	****
267.72	1.00	<b>TOTAL ETI (WITH CASH)</b>	1.78	5.06	6.39	6.56	7.22	6.42	6.73
		POLICE CUSTOM BENCHMARK (NO CASH)	1.32	3.40	4.63	5.99	6.63	5.58	6.41
		BARCLAYS U.S. AGGREGATE BOND INDEX	1.59	3.99	5.16	6.18	6.53	5.32	6.15
482.92	1.81	SHORT TERM INVESTMENTS	0.08	0.35	0.47	0.54	1.59	2.40	3.36
9,261.83	34.72	<b>TOTAL FIXED INCOME</b>	2.65	6.76	8.26	8.34	7.63	6.68	6.64
11.13	0.04	SECURITIES LENDING	****	****	****	****	****	****	****
0.36	0.00	BNY - CD	****	****	****	****	****	****	****
26,685.97	100.00	<b>TOTAL POLICE PENSION FUND</b>	4.41	10.58	16.57	9.68	2.11	8.46	5.85
		POLICE POLICY BENCHMARK	4.90	11.78	19.81	10.51	2.81	8.72	5.88

Note: All ETI Returns are shown Net of Fees

## Actual and Estimated Fees

NEW YORK CITY POLICE RETIREMENT SYSTEM				
ACTUAL FEES FOR FISCAL YEAR ENDING JUNE 30, 2011 AND ESTIMATED FEES FOR FY 2012 UPDATED THROUGH DECEMBER 2011				
	Actual 2011			Estimated 2012
INVESTMENT STYLE (EQUITIES)	BASIS POINTS			BASIS POINTS
Small Cap	43.04			58.50
Small Cap Growth	47.98			82.14
Small Cap Value	65.75			56.72
Small Cap Core	49.91			59.93
Small Cap Fundamental Index	19.95			21.90
Small/Mid Cap	57.81			80.27
Small/ Mid Cap Growth	69.44			96.19
Small Mid Cap Value	45.54			62.42
Mid Cap	20.07			28.27
Mid Cap Growth	45.18			52.49
Mid Cap Value	43.04			55.35
Mid Cap Core	52.51			58.09
Large Cap	25.22			26.83
Large Cap Growth	28.75			30.36
Large Cap Value	26.79			28.13
Large Cap Core	30.43			38.69
Large Cap Fundamental	16.05			15.53
Emerging Managers (U.S. Equities)	57.96			84.24
Emerging Managers (Fixed)	-			-
Passive U.S. Equities	0.40			0.57
Int'l Active Equities (EAFE)	24.80			19.60
Growth	32.01			27.56
Value	34.32			38.47
Core	36.49			31.72
Int'l Passive Equities (EAFE)	2.00			1.52
Emerging Markets	31.30			43.00
Real Estate Equity Securities	-			-

## Actual and Estimated Fees

NEW YORK CITY POLICE RETIREMENT SYSTEM				
ACTUAL FEES FOR FISCAL YEAR ENDING JUNE 30, 2011 AND ESTIMATED FEES FOR FY 2012 UPDATED THROUGH DECEMBER 2011				
	Actual			Estimated
	2011			2012
INVESTMENT STYLE (Fixed Income)	BASIS POINTS			BASIS POINTS
Structured Program	8.35			8.66
Government Sector	7.05			8.45
Mortgage Sector	8.02			7.28
Investment Grade Credit Sector	9.44			10.64
TIPS	5.08			6.57
Active TIPS	7.21			9.09
Passive TIPS	0.12			0.50
Enhanced Yield	44.99			31.71
Convertible Bonds	35.43			37.22
Global Fixed Income	23.36			14.20
Targeted - Access Voyageur	26.29			28.75
Targeted - AFL-CIO	39.10			44.00
In-House Short Term				
Total Overall*	14.09			15.31
*Only Public Markets fees are calculated in the overall total				

# Securities Lending Income

Through September 30, 2012

	U.S. <u>FIXED INCOME</u>	U.S. <u>EQUITY</u>	INTERNATIONAL <u>EQUITY</u>
1989*	\$254,000	--	--
1990	288,000	--	--
1991	464,000	--	--
1992	996,000	\$138,000	\$126,000
1993	1,852,000	434,000	203,000
1994	1,846,000	815,000	317,000
1995	1,465,000	888,000	224,000
1996	1,465,000	1,051,000	379,000
1997	1,632,000	1,793,000	599,000
1998	2,770,000	2,517,000	1,006,000
1999	2,681,000	2,713,000	1,184,000
2000	2,697,000	2,899,000	1,520,000
2001	3,947,000	3,595,000	1,980,000
2002	2,646,000	3,401,000	1,725,000
2003	1,238,000	2,257,000	1,859,000
2004	1,515,000	2,306,000	2,097,000
2005	2,333,000	3,172,000	2,503,000
2006	2,104,000	5,043,000	2,243,000
2007	4,582,000	8,425,000	2,727,000
2008	13,856,000	16,383,000	3,872,000
2009	5,163,000	9,110,000	2,695,000
2010	2,405,000	5,813,000	1,979,000
2011	3,060,000	8,287,000	3,253,000
2012 (9 Months)	3,327,000	7,159,000	1,998,000
Since Inception (4/89)	<u>\$64,586,000</u>	<u>\$88,199,000</u>	<u>\$34,489,000</u>

## Footnotes

### Through September 30, 2012

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



## Glossary of Terms

Through September 30, 2012

### **General Notes**

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

### **Page Specific**

#### **Pages 9 & 10 - Portfolio Asset Allocation**

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

# Glossary of Terms

Through September 30, 2012

## Page 11 - Performance Attribution: Total Plan

- Plan Return at Policy Weights: the return of the Total Plan assuming actual Asset Class results were maintained at target (Adjusted Policy) weights. *Figure = (Return of Asset Class 1 \* Target Weight) plus (Return Of Asset Class 2 \* Target Weight) plus (.....)*
- **Allocation Effect** = Total Plan Return minus Plan Return at Adjusted Policy Weights.
- **Management Effect** = Equal to the Custom Benchmark (Adjusted Policy Index) Return minus Plan Return at Adjusted Policy Weights. This illustrates how the Managers have added or removed value based on their Security Selection decisions.

- **Policy Index = Custom Benchmark**

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

*The indexes and most recent policy weights are as follows:*

*U.S. Equity: Russell 3000 \* 36.67%*

*International Developed (EAFE) Markets: MSCI EAFE \* 10.00%*

*International Emerging Markets: MSCI Emerging Markets \* 6%*

*REITs: Dow Jones Real Estate Securities \* 0.50%*

*Private Equity: Russell 3000 + 500 b.p. per annum \* 7%*

*Private Real Estate: NCREIF Property Index +100 b.p. per annum \*2.97%*

*Hedge Funds: 1yr T- Bill yield + 4% \* 2.23%*

*Domestic Fixed Income: NYC Core +5 \* 20.95%*

*TIPS: Lehman U.S. TIPS \* 5.52%*

*Enhanced Yield: Citigroup BB&B \* 3.93%*

*Bank Loans: Credit Suisse Leveraged Loan \* 1.92%*

*Convertible Bonds: Merrill All US Converts \* 1%*

*Opportunistic Fixed: JPM Global High Yield + 3% \* 1.31%*

# Glossary of Terms

## Through September 30, 2012

### **Page 15 - Management Effect - Asset Class Breakdown**

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

### **Page 21 - Domestic Equity Asset Allocation**

- **Value Added By Sectors:** This disaggregates out-performance or under-performance by Asset Allocation and Management Effect.
- **Implied Policy** = Retirement's System Asset Allocation.
- **Implied Return** = Benchmark Return
- **Allocation** = the Contribution to Performance resulting from an overweight or underweight to an asset class. *E.g. an underweight to an Asset Class that under-performs rests in a positive Allocation Effect and vice versa.*
- **Management** = Contribution to Performance from security selection versus the Benchmark, e.g., *If the managers Actual Returns are higher than the Implied Return there will be a positive Management Effect.*

### **Page 40 – Structured Fixed Income Asset Allocation**

- See Domestic Equity Asset Allocation for explanation

### **Page 46 – ETI Returns vs Custom Index and Barclays Capital U.S. Aggregate**

- Targeted has implemented a Custom Benchmark to better track the performance of the individual Targeted programs relative to their respective benchmarks. The Custom Benchmark represents the weighted average return of the individual benchmark indexes for each program, updated monthly. The indexes are as follows:
- AFL-CIO Housing Inv Trust: Barclays Capital U.S. Aggregate Bond Index
- GNMA: Citigroup 15 yr. GNMA
- PPAR: Citigroup GNMA + 65 bps per annum
- Access/Voyageur: 60% Merrill Lynch 30 yr Mortgage Index and 40% Merrill Lynch US Treasury 1-10yr Index
- CPC Term Loan: 30 Day Libor + 200 bps per annum (with a floor of 250 bps)