

# NYC Deferred Compensation Core PLUS Portfolio

## Q2 2009

# BLACKROCK

## Bond Fund Objective

The portfolio seeks to realize a total return that exceeds that of the Barclays Capital US Aggregate Index.

## Strategy

Invests in bonds including U.S. Treasury and agency securities, corporate bonds, mortgage-backed securities and asset-backed securities. Maintains an average portfolio duration that is within +/- 25% of the duration of the benchmark and may invest up to 20% in non-investment grade bonds and up to 25% in non-dollar denominated bonds.

## Investment Process

BlackRock's investment process blends top-down and bottom-up investment ideas. Our approach represents a collaboration between the Investment Teams, who are responsible for bottom-up idea generation in their sectors, including research, analysis, security selection, and execution, and the Portfolio Teams, who are independently accountable for specific groups of portfolios in terms of top-down asset allocation, portfolio construction, and performance.

The Investment Strategy Meetings are the focus of the investment process where sector views and trade ideas serve as inputs for investment themes and portfolio risks, including duration, yield curve, credit, liquidity, and sector allocations, for individual strategies. Proprietary-developed analytics are used to identify relative value and construct well-diversified portfolios.

## Performance Commentary

For the second quarter, the NYC Deferred Compensation Core Plus portfolio returned 4.74% outperforming the Barclays Capital US Aggregate Index, which returned 1.78%.

Risk aversion in the fixed income markets continued to subside during the second quarter, as "less bad" data suggested the contraction of economic activity had slowed. Treasuries were out of favor, while demand for spread assets gathered additional momentum, leading to impressive returns in High Yield, Commercial Mortgage-Backed Securities (CMBS), Emerging Market Debt and Corporate Bond markets. On balance, positive interpretations of weak data have become more common as investors have regained confidence in the overall functioning of the credit markets. As a consequence, markets have begun to speculate on the end of quantitative easing and the withdrawal of monetary stimulus by the Federal Reserve. The Federal Open Market Committee (FOMC) has discouraged such speculation by underscoring its commitment to supporting liquidity through both a low fed funds rate and its non-traditional programs. Despite its unambiguous message, the growing sense that a policy shift may be on the horizon contributed to rising volatility during the quarter.

The broad fixed income markets saw a reversal of the flight to quality during the quarter following the late March announcement of the Public-Private Investment Program (PPIP). Corporate, Mortgages (residential and commercial) and Asset Backed Securities (ABS) posted strong performance while Treasuries underperformed. During the quarter, the NYC Deferred Compensation Core Bond portfolio's overweight to CMBS, ABS and Corporate was the primary driver of the positive performance. The portfolio's ABS security selection and yield curve position were modest detractors of performance.

## About BlackRock

BlackRock is a premier provider of global investment management, risk management, and advisory services. As of 30 June 2009, the firm manages US\$1.37 trillion across equity, fixed income, real estate, liquidity, and alternative strategies. Clients include corporate, public, and union pension plans, insurance companies, mutual funds, endowments, foundations, charities, corporations, official institutions, and individuals worldwide.

Through BlackRock Solutions<sup>®</sup>, the firm offers risk management and advisory services that combine capital markets expertise with proprietary-developed systems and technology. BlackRock Solutions provides risk management and enterprise investment services for US\$7 trillion in assets.

BlackRock serves clients in North and South America, Europe, Asia, Australia, Africa, and the Middle East. Headquartered in New York, the firm maintains offices in 21 countries around the world.

## Performance Commentary (con't)

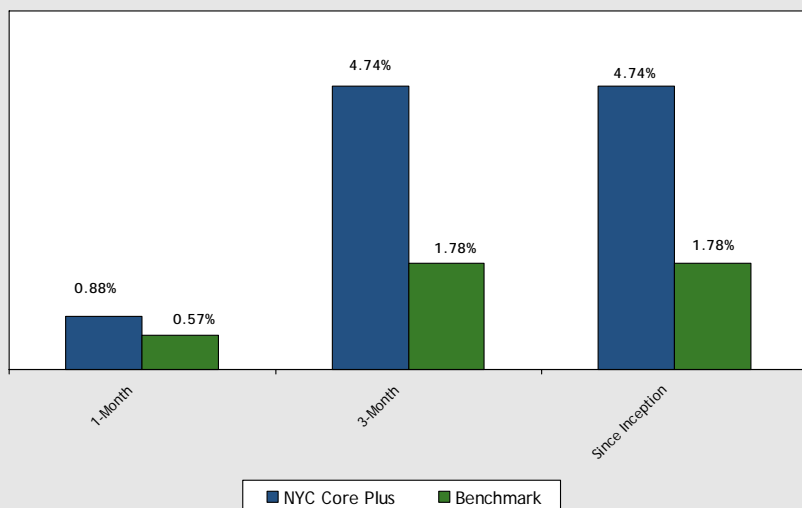
The portfolio maintains an underweight in U.S. Treasuries and Agency Mortgages. We remain overweight seasoned CMBS paper and ABS, preferring to hold these assets that remain undervalued on a historical basis. These sectors, in particular CMBS and Non-Agency Mortgages have benefitted from Government programs, namely the expansion of the Term Asset-Backed Securities Loan Facility and the creation of the Public-Private Investment Program. The portfolio is overweight on corporate bonds. Within Corporates, the focus remains on the high quality, non-cyclical industries and companies with strong balance sheets. The portfolio is positioned with a slightly longer duration versus the benchmark.

### NYC Deferred Compensation Portfolio Characteristics as of June 30, 2009

Effective Duration	3.63
Average Maturity	6.66
Average Quality	AA+
Yield to Maturity	6.74
Average Coupon	3.49
NAV	\$71,771,266.15
Inception Date	3/31/09

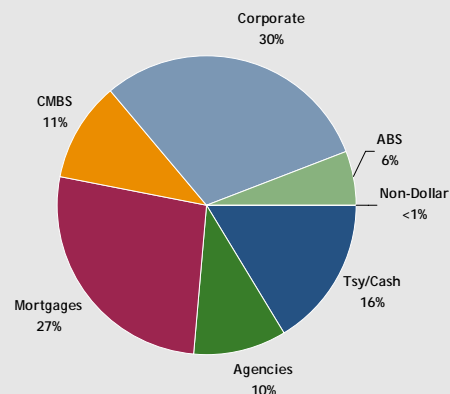
### Performance as of June 30, 2009

#### NYC Deferred Compensation Core Plus vs. Barclays Capital U.S. Aggregate Index

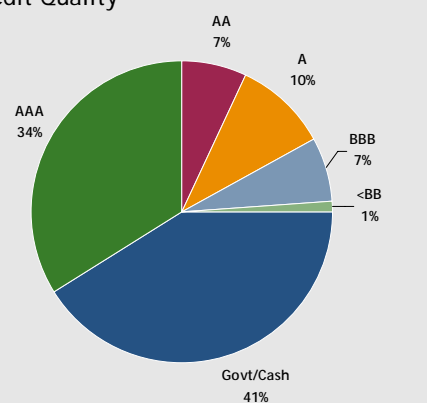


### Portfolio Characteristics

#### Sector Allocation



#### Credit Quality



Portfolio characteristics are of a representative account managed in the BlackRock strategy as of 30 June 2009, and are subject to change. Actual client portfolios may differ due to timing of client investment, client-imposed restrictions, and differences in market conditions.

Performance is shown gross and net of advisory fees. The deduction of advisory fees will reduce performance results and the return to investors. Net performance reflects the deduction of the highest advisory fee that can be charged to any account in the Composite (currently an annual rate of 30 bps), which fee rates may vary over the life of the performance history. Fees are described in our Form ADV, Part II. Past results are not necessarily indicative of future results. All performance results assume reinvestment of dividends, interest, and/or capital gains. Performance above does not necessarily represent the performance that any particular account investing in the same or similar securities may have had during the period. Actual performance may be higher or lower based on unique client guidelines, account size, market and economic considerations. The index is unmanaged and does not incur management fees, transaction costs, or other expenses of a managed account.

For the purposes of compliance with the Global Investment Performance Standards (GIPS®), the "firm" refers to the investment adviser subsidiaries of BlackRock, Inc., located globally, with the exception of BlackRock HPB management LLC and BlackRock Kelso Capital Advisors LLC. Also excluded are any accounts managed through wrap programs. BlackRock subsidiaries that do not provide investment advisory services are not included in this definition. The Core PLUS Composite (USD) represents a fixed income strategy with a relative value, duration controlled approach that includes opportunistic exposure to non-USD, EMD, and up to 10% in below-investment grade securities. Composite assets as of 30 June 2009 were \$12.5 billion, representing <1% of the firm's total assets. No leverage is utilized; futures and options may be used if account guidelines permit. Non-fee paying accounts are not included in the composite.

BlackRock claims compliance with GIPS®. For a complete list and description of BlackRock composites and/or a presentation that adheres to the GIPS® standards, contact AMG-GCR@blackrock.com.