

## **New York City Fire Officers' Variable Supplements Fund**

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Performance Overview as of September 30, 2013

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# **Total Fund Overview**

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# New York City Fire Officers' Variable Supplements Fund

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**Equity Analysis**

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**Fixed Income Analysis**

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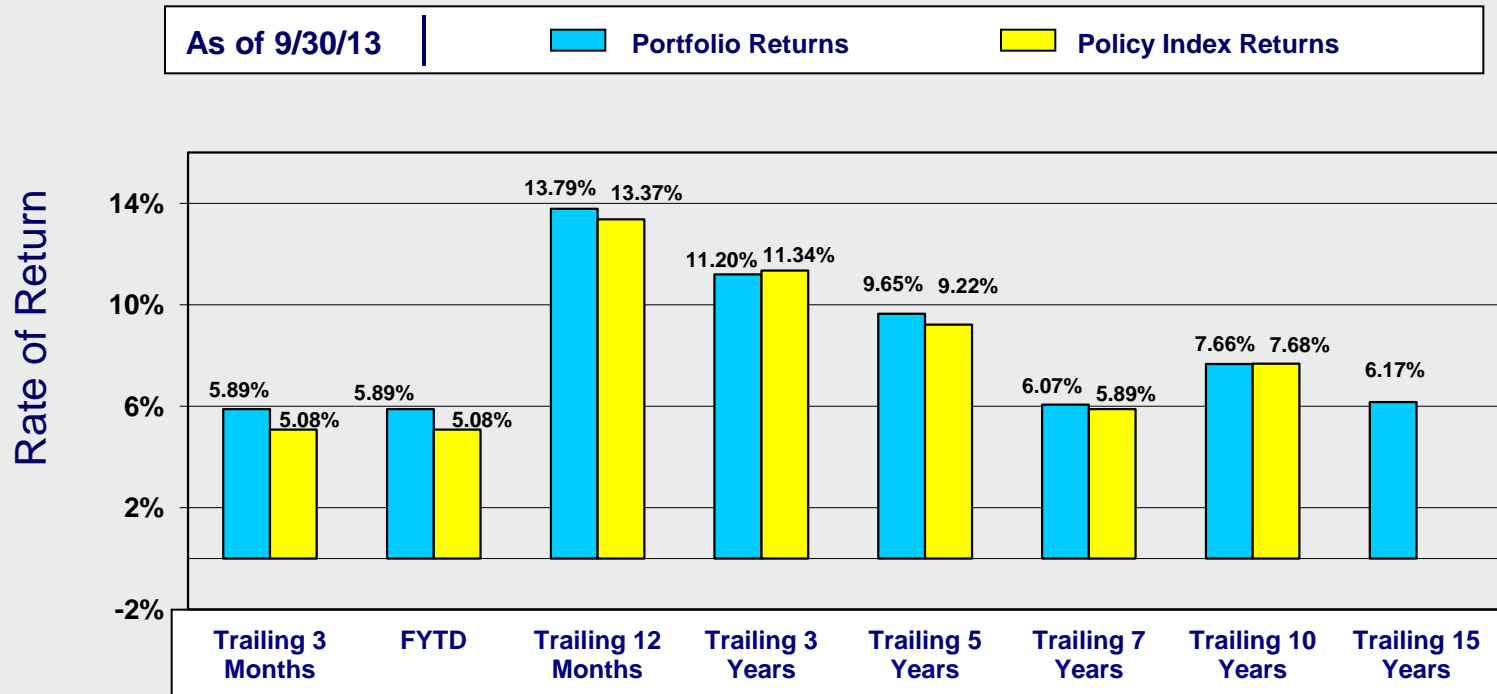
**Appendix**

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# Total Portfolio Returns: September 30, 2013

**\$293M** Under Management



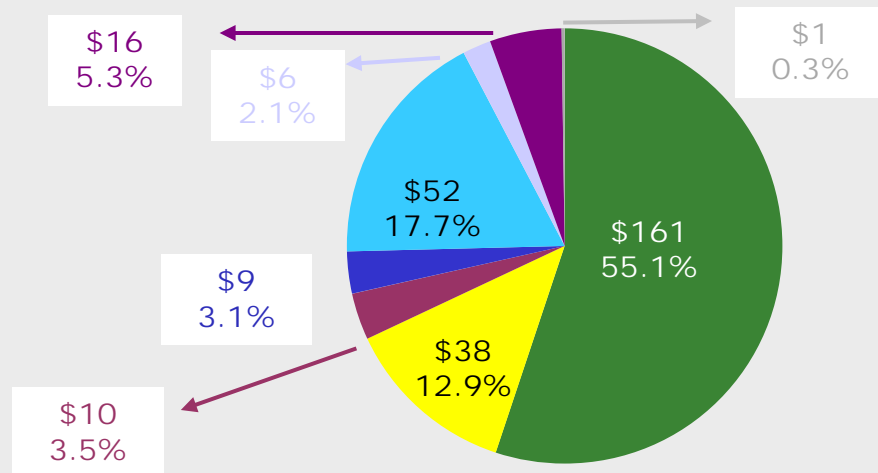
	3 Years	5 Years	7 Years	10 Years	15 Years
Plan Std Dev	24.1	21.9	19.3	16.5	15.0
Benchmark Std Dev	9.7	14.2	13.2	11.5	****

All returns in the report are Gross, unless stated otherwise.

## Portfolio Asset Allocation: September 30, 2013

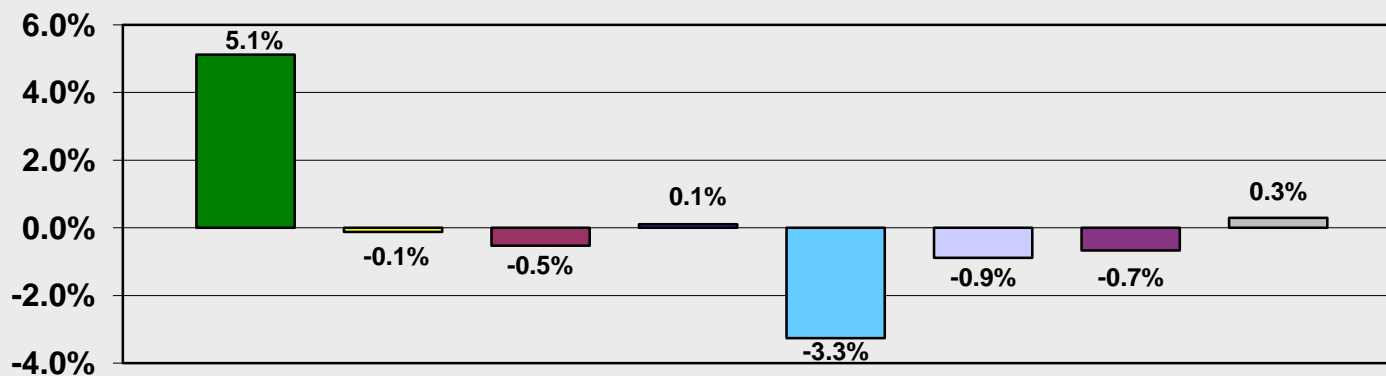
**\$293M** Under Management

### Asset Allocation

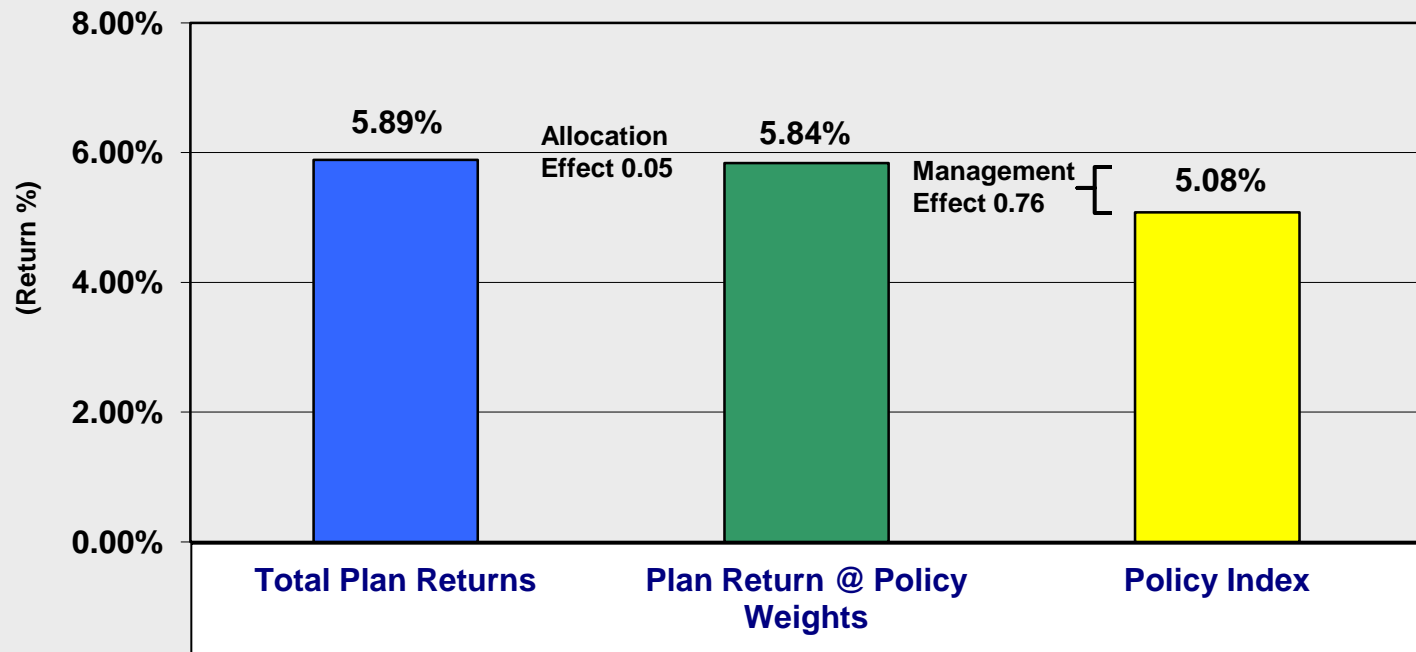


Domestic Equity EAFE Mkts Emerg Mkts REITS Core + 5 TIPS Enhanced Yield Cash

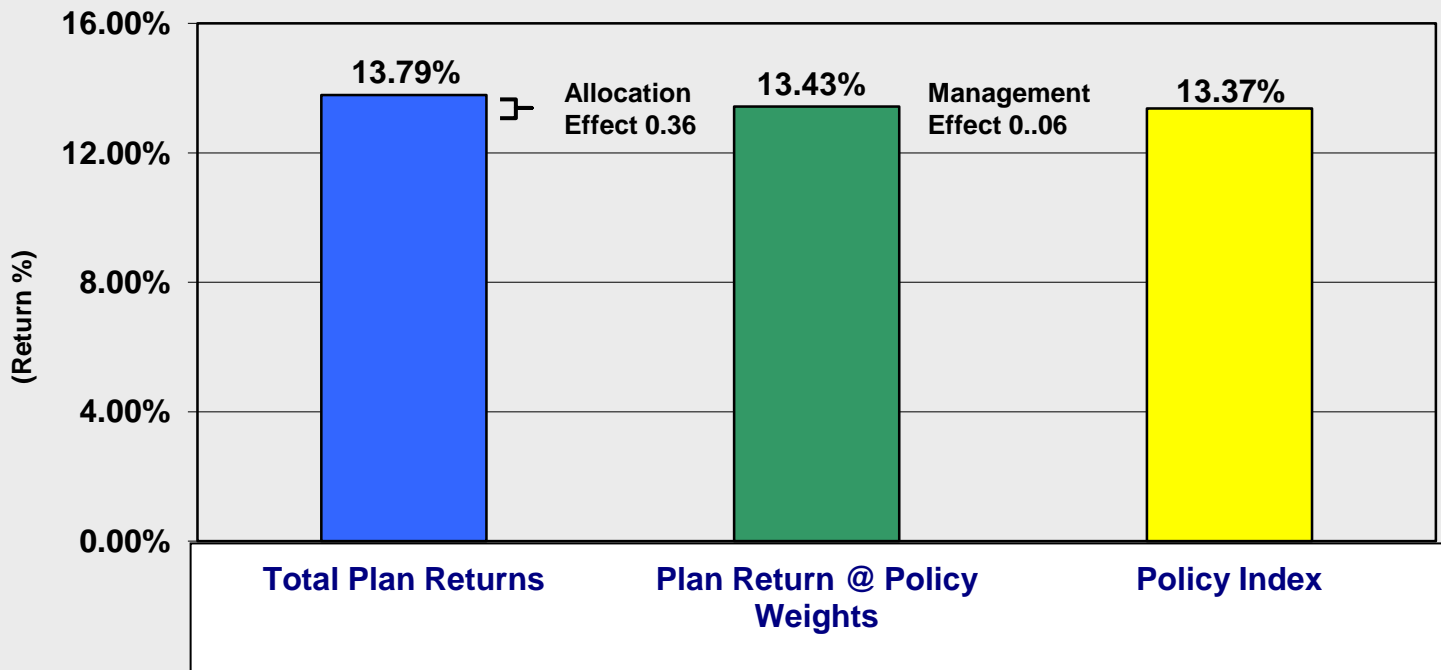
### Relative Mix to Policy Weights



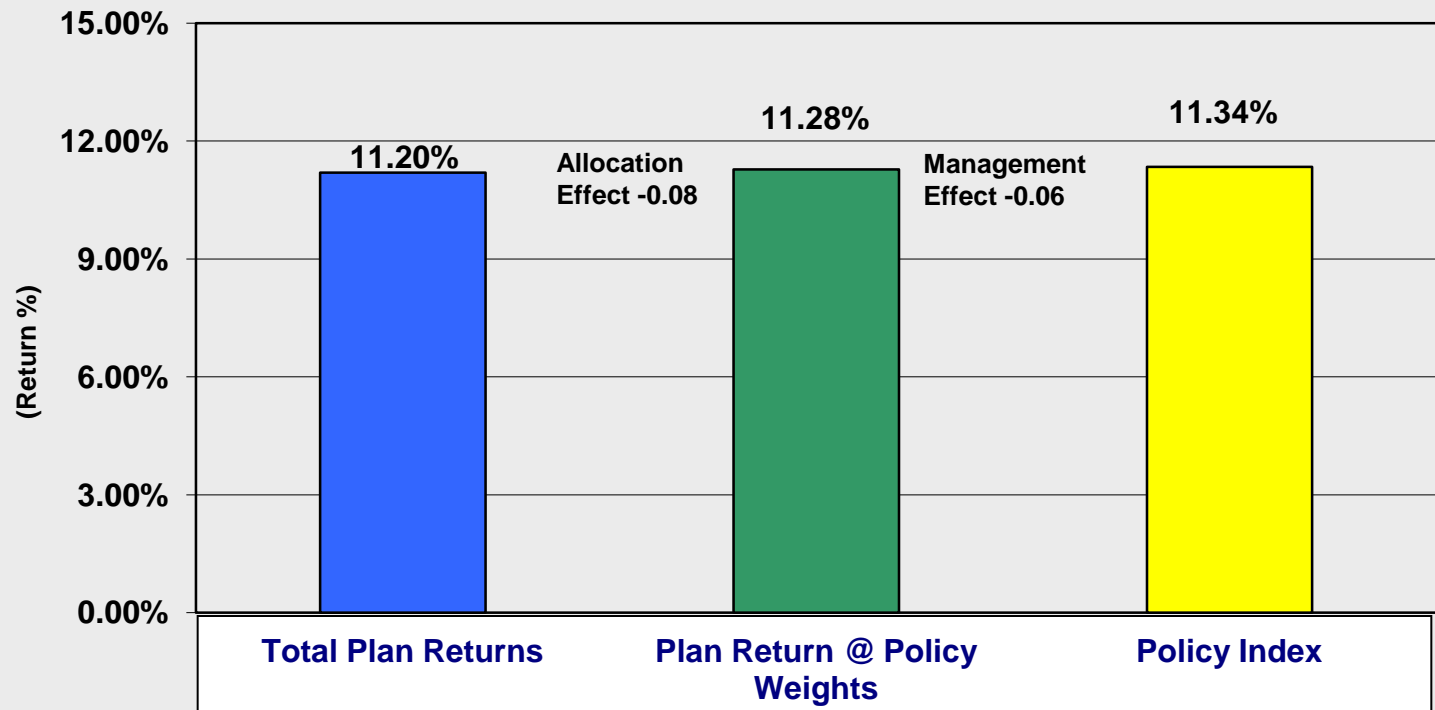
## Performance Attribution: Total Plan- Quarter Ending September 30, 2013



## Performance Attribution: Total Plan – 12 Months Ending September 30, 2013



## Performance Attribution: Total Plan – 3 Years Ending September 30, 2013



## Total Plan: September 30, 2013

### Allocation Effect – Asset Class Breakdown

<u>Plan</u>	<u>Quarter</u>	<u>12 Months</u>	<u>3 Years</u>	<u>Benchmark</u>
Domestic Equity	0.07	0.21	0.04	Russell 3000 Index
EAFE Markets	-0.01	-0.12	-0.03	MSCI EAFE Index
Emerging Markets	0.03	0.01	-0.01	MSCI Emerging Markets FREE Index
REITS	-0.02	-0.11	0.02	DJ US Select Real Estate Securities Index
Core + 5	0.03	0.31	0.04	NYC Core +5 Index
Enhanced Yield	0.00	0.03	-0.03	Citigroup BB&B Index
TIPS	0.03	0.13	0.04	Barclays Capital US TIPS Index
State Street Short Term	0.00	-0.09	-0.15	Total Plan

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



## Total Plan: September 30, 2013

### Management Effect – Asset Class Breakdown

<u>Plan</u>	<u>Quarter</u>	<u>12 Months</u>	<u>3 Years</u>	<u>Benchmark</u>
Domestic Equity	-0.01	-0.01	-0.01	Russell 3000 Index
EAFE Markets	0.59	-0.32	-0.18	MSCI EAFE Index
Emerging Markets	0.04	0.20	0.17	MSCI Emerging Markets FREE Index
REITS	0.02	0.00	-0.01	DJ US Select Real Estate Securities Index
Core + 5	0.04	0.20	0.17	NYC Core +5 Index
Enhanced Yield	0.02	0.05	-0.01	Citigroup BB&B Index
TIPS	0.01	0.01	0.00	Barclays Capital US TIPS Index

## New York City Fire Officers' Variable Supplements Fund

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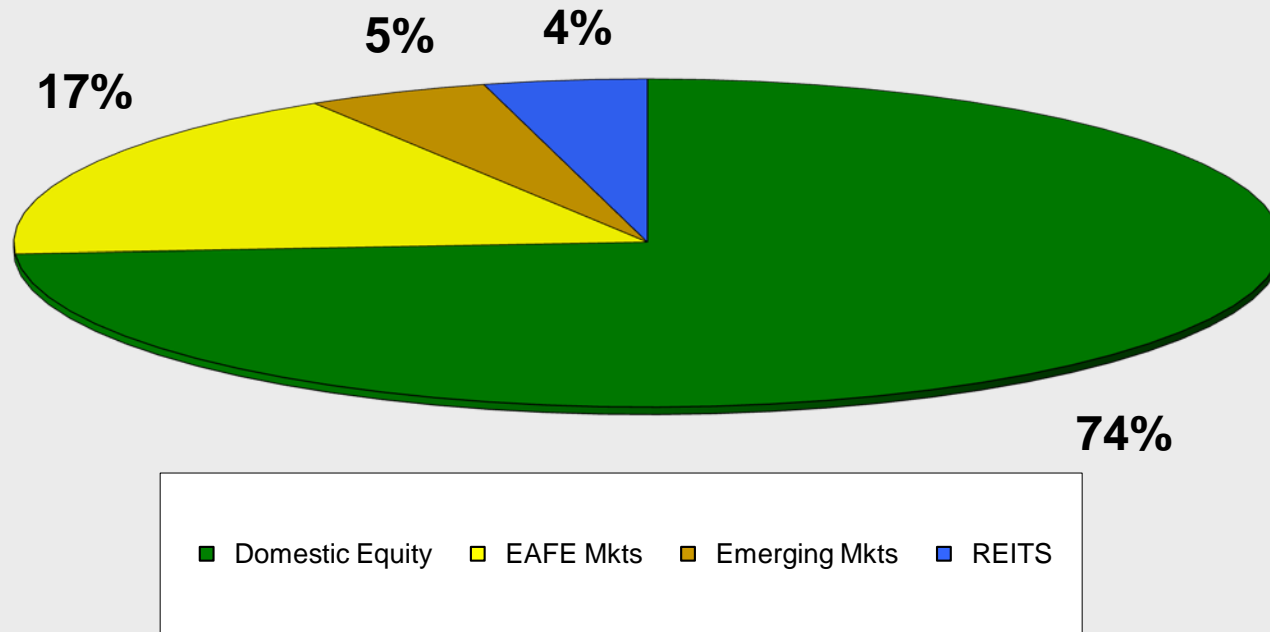
# Equity Analysis

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## Total Equity Asset Allocation: September 30, 2013

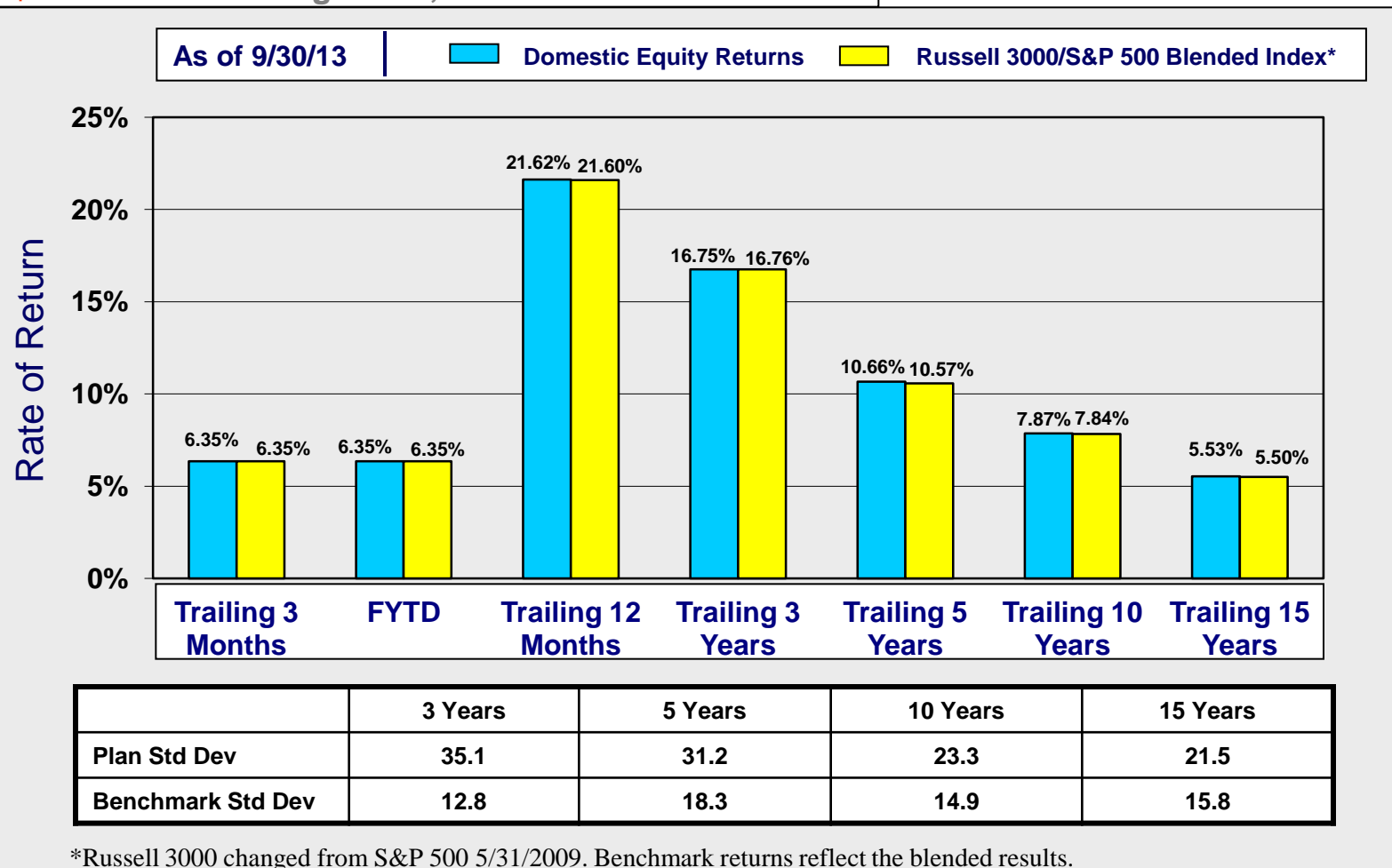
**\$218M** Under Management, **75%** of Total Funds

Asset Allocation by Groups



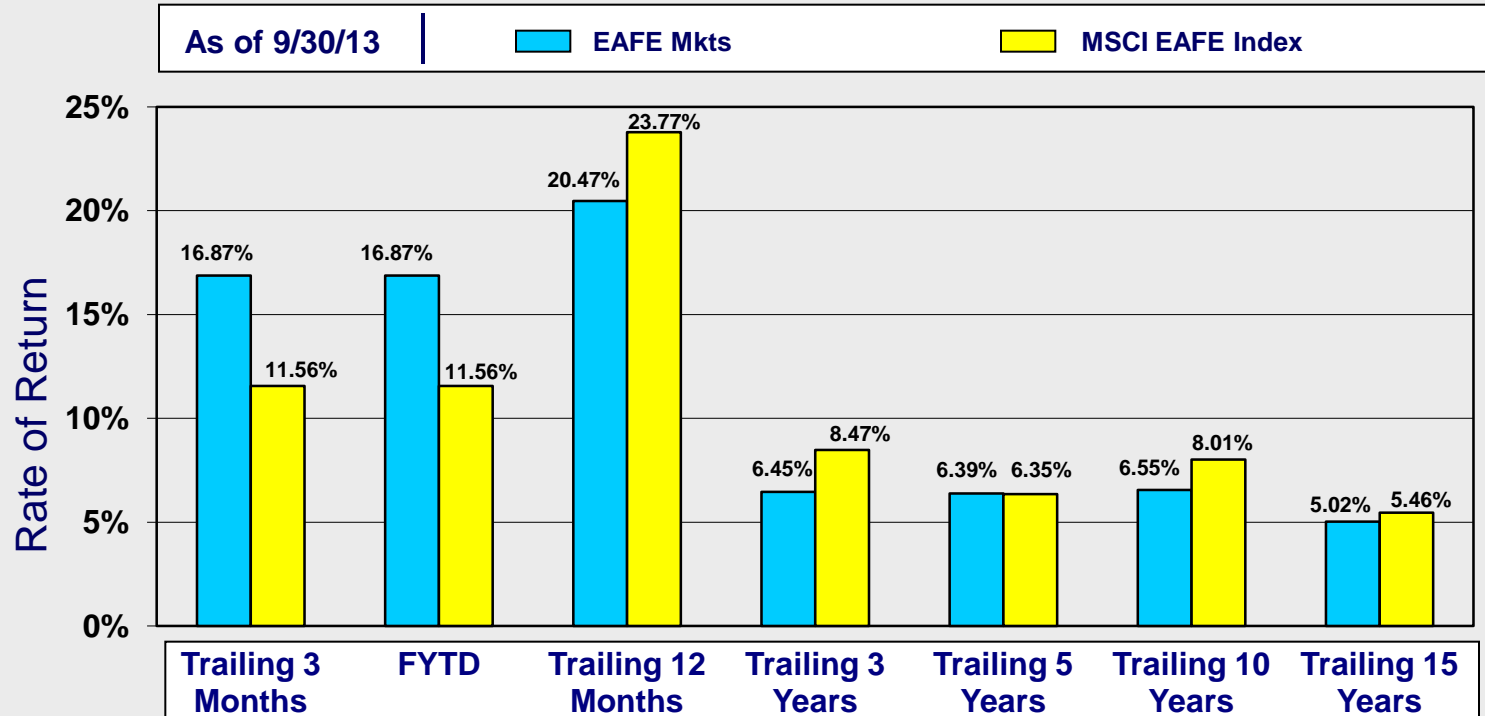
## Total Domestic Equity Returns vs Russell 3000 Index

**\$161M** Under Management, **55%** of Total Funds



## EAFE Markets Returns vs MSCI EAFE Index

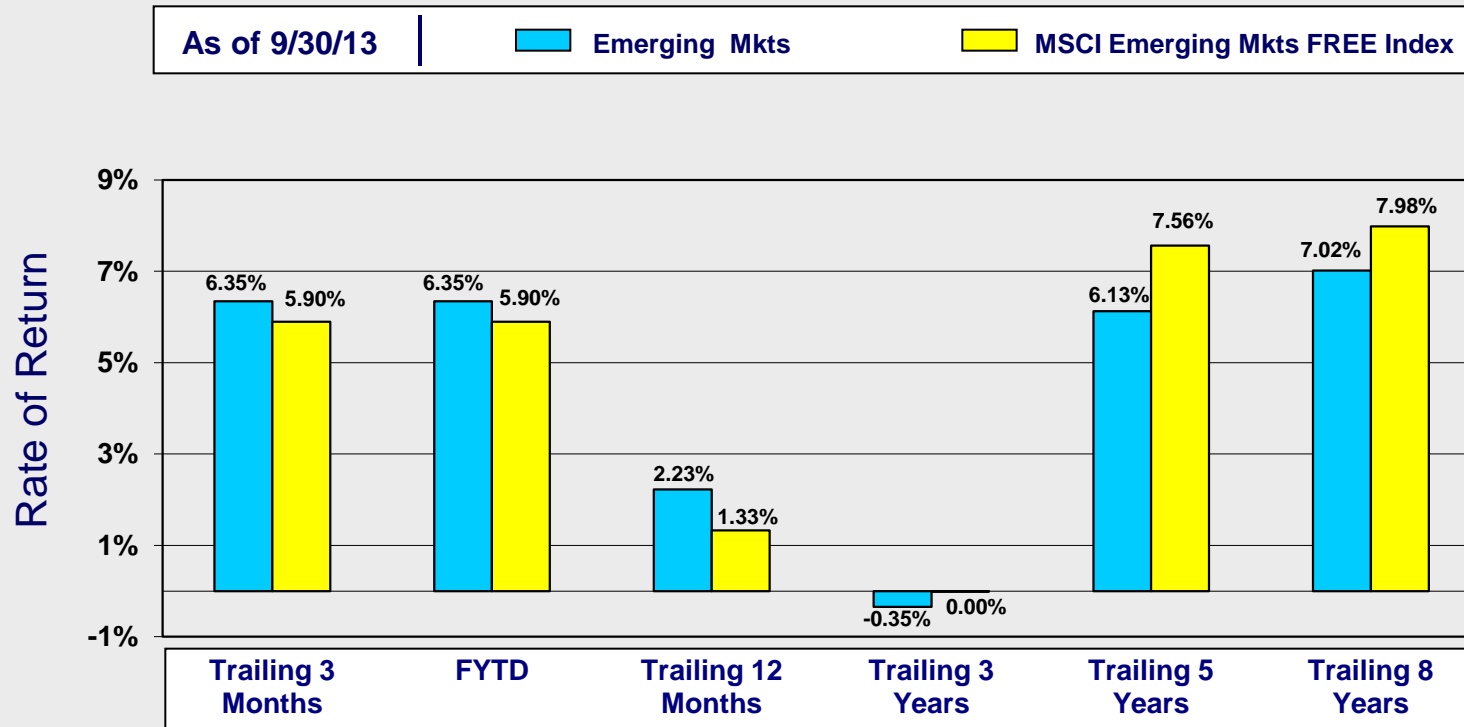
**\$38M** Under Management, **13%** of Total Funds



	3 Years	5 Years	10 Years	15 Years
Plan Std Dev	20.2	24.6	20.3	19.2
Benchmark Std Dev	17.1	22.0	18.3	17.8

# Emerging Markets' Returns vs MSCI Emerging Markets Index

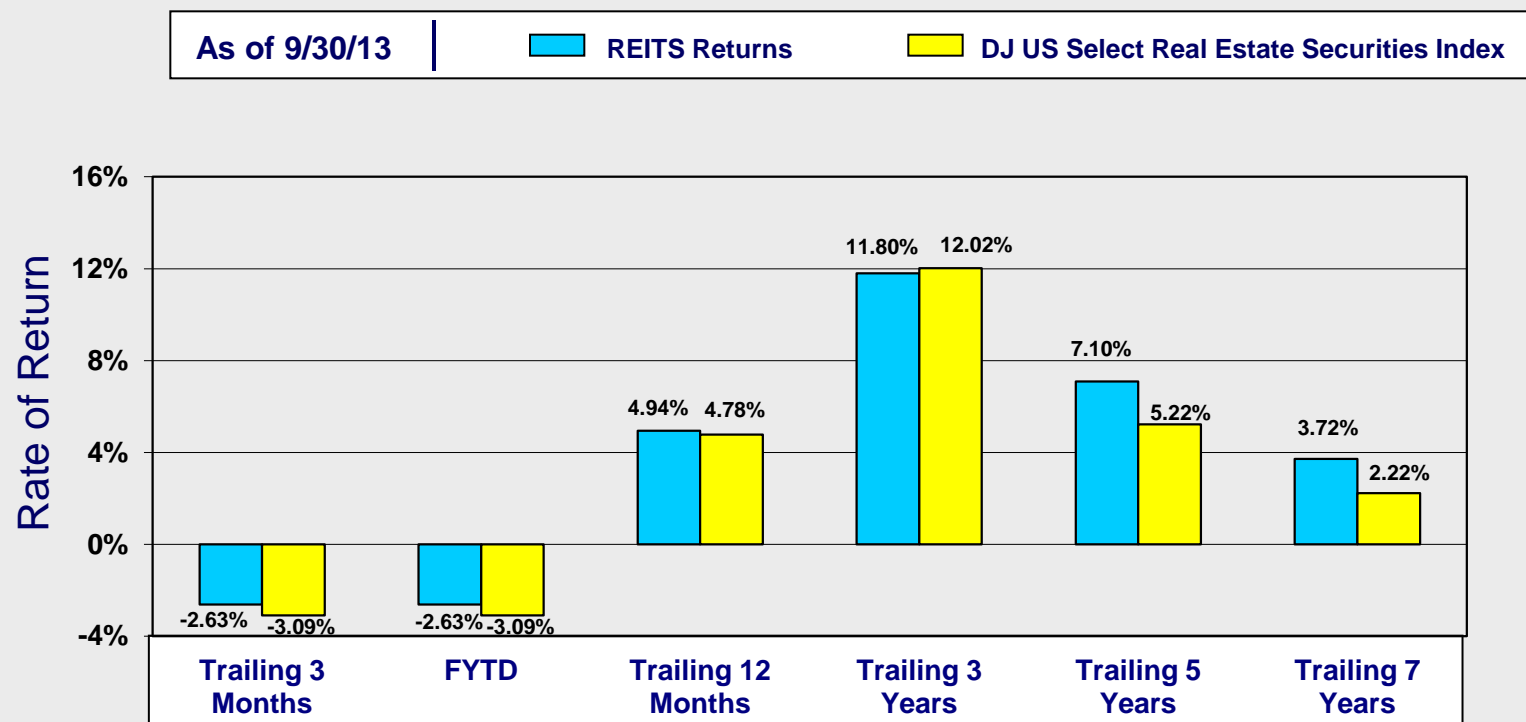
**\$10M** Under Management, **3%** of Total Funds



	3 Years	5 Years	8 Years
Plan Std Dev	20.1	26.2	25.9
Benchmark Std Dev	19.4	26.1	25.3

## REITS Returns vs DJ US Select Real Estate Securities Index

**\$9M** Under Management, **3%** of Total Funds



	3 Years	5 Years	7 Years
Plan Std Dev	16.7	32.0	29.0
Benchmark Std Dev	16.7	33.6	30.2

## New York City Fire Officers' Variable Supplements Fund

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# Fixed Income Analysis

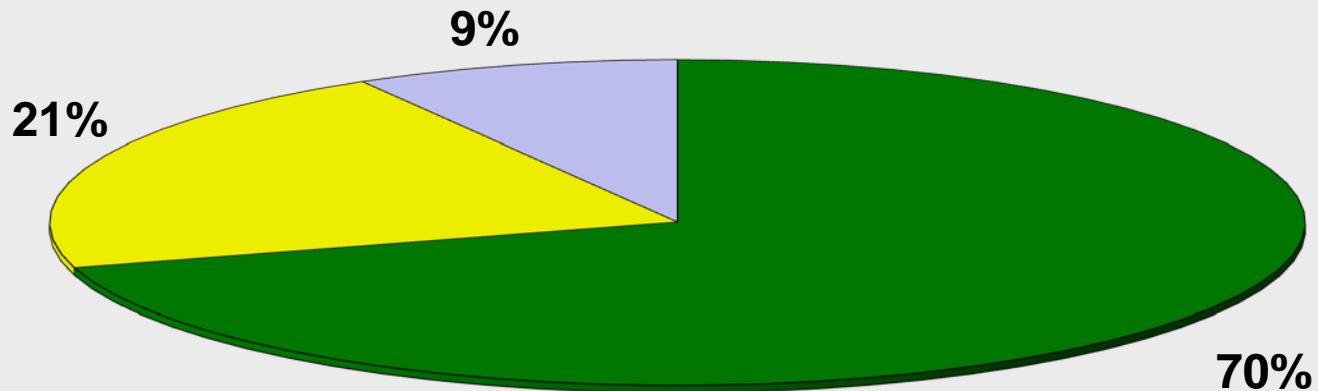
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## Total Fixed Income Asset Allocation: September 30, 2013

**\$74M** Under Management, **25%** of Total Funds

Asset Allocation by Groups



■ Structured Fixed Income

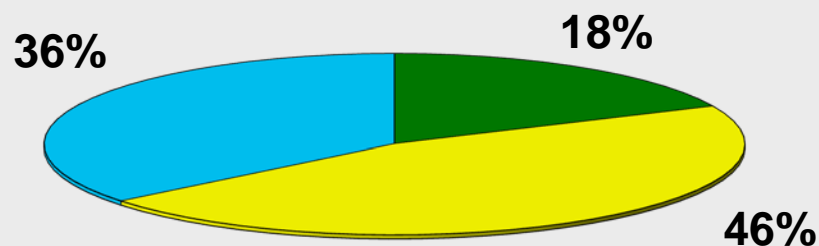
■ Enhanced Yield

■ TIPS Managers

## Structured Fixed Income Asset Allocation: Quarter Ending September 30, 2013

**\$52M** Under Management, **18%** of Total Funds

### Asset Allocation by Groups



■ Treasury/Agency    ■ Mortgage    ■ Credit

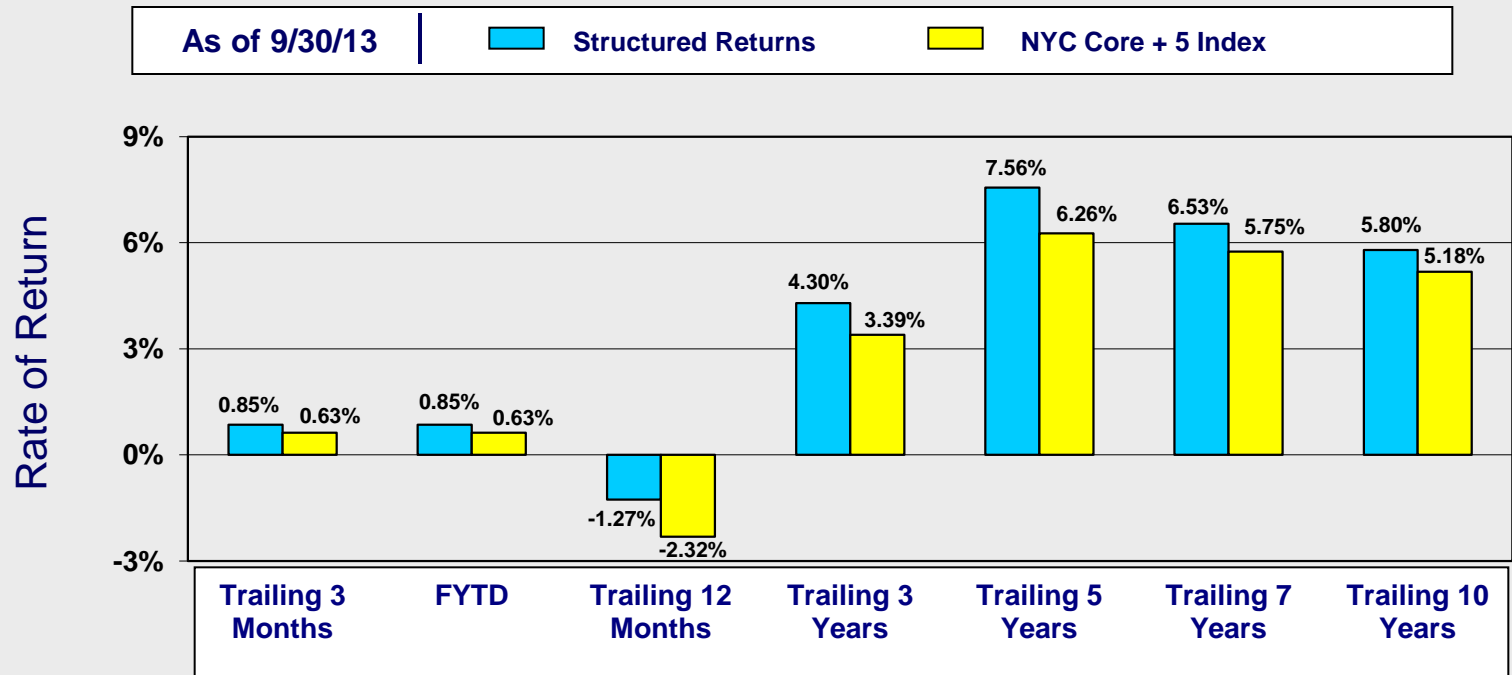
### Value Added by Sectors

Sub Sector	Policy Weight	Actual Weight	Under/Over Weight	Index Return	Actual Return	Difference	Contribution to Out/Under Performance	
							Allocation	Management
Government	19.14	18.18	-0.96	-0.58	-0.50	0.08	0.00	0.02
Mortgage	40.07	46.03	5.96	1.06	1.13	0.07	0.03	0.03
Credit	40.79	35.79	-5.00	0.76	1.19	0.43	-0.01	0.16

\*NYC Core +5 Breakdown

## Structured Returns vs NYC Core + 5 Index

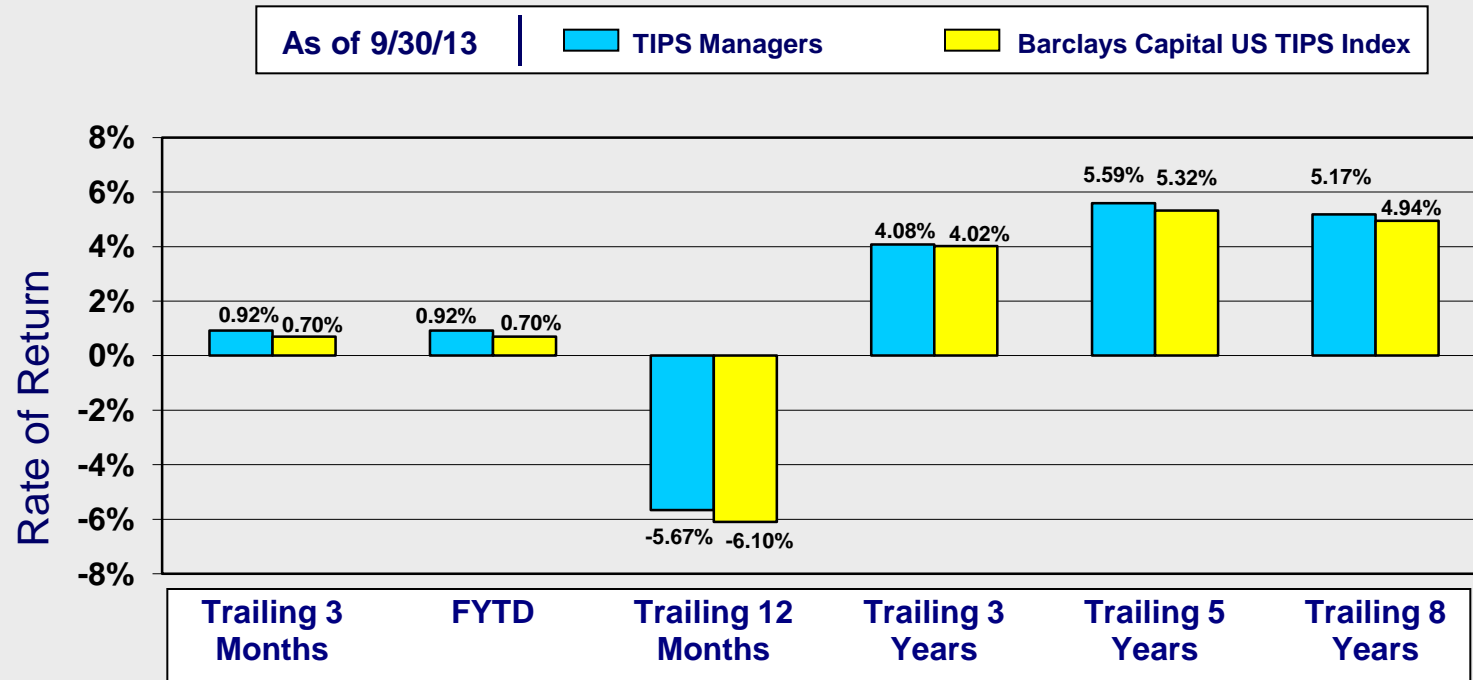
**\$52M** Under Management, **18%** of Total Funds



	3 Years	5 Years	7 Years	10 Years
Plan Std Dev	3.3	4.3	4.0	3.9
Benchmark Std Dev	3.4	4.6	4.2	4.1

## TIPS Returns vs Barclays Capital US TIPS Index

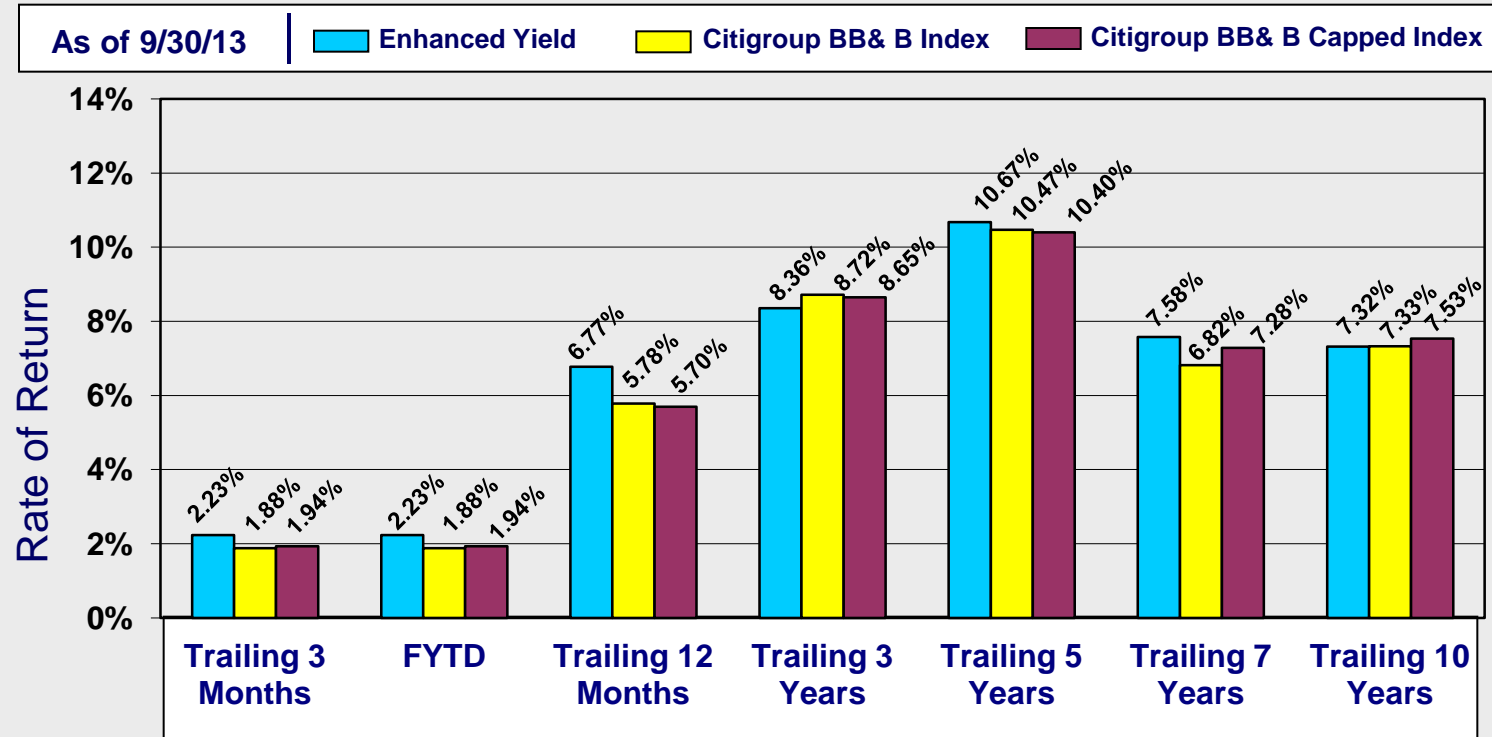
**\$6M** Under Management, **2%** of Total Funds



	3 Years	5 Years	8 Years
Plan Std Dev	5.6	7.6	6.9
Benchmark Std Dev	5.6	7.3	6.7

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

**\$16M** Under Management, **5%** of Total Funds



	3 Years	5 Years	7 Years	10 Years
Plan Std Dev	6.2	10.3	9.5	8.9
Citigroup BB & B Std Dev	5.8	11.0	10.3	9.6
Citigroup BB & B Capped Std Dev	5.7	10.9	10.0	9.4

## New York City Fire Officers' Variable Supplements Fund

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# Appendix

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# Consolidated Performance Report

Through September 30, 2013

Assets (\$MM)	% Total		3 Mos Jul-13 Sep-13	YTD Jan-13 Sep-13	1 Yr Oct-12 Sep-13	3 Yrs Oct-10 Sep-13	5 Yrs Oct-08 Sep-13	10 Yrs Oct-03 Sep-13	15 Yrs Oct-98 Sep-13
<b>EQUITY MANAGEMENT</b>									
6.75	2.31	BLACKROCK R2000 GROWTH MTA	****	****	****	****	****	****	****
		RUSSELL 2000 GROWTH	****	****	****	****	****	****	****
6.37	2.18	BLACKROCK R2000 VALUE MTA	****	****	****	****	****	****	****
		RUSSELL 2000 VALUE	****	****	****	****	****	****	****
75.02	25.65	BLACKROCK R1000 GROWTH MTA	****	****	****	****	****	****	****
		RUSSELL 1000 GROWTH	****	****	****	****	****	****	****
72.77	24.88	BLACKROCK R1000 VALUE MTA	****	****	****	****	****	****	****
		RUSSELL 1000 VALUE	****	****	****	****	****	****	****
0.30	0.10	BLACKROCK R3000	****	****	****	****	****	****	****
161.22	55.12	<b>TOTAL DOMESTIC EQUITY</b>	6.35	21.30	21.62	16.75	10.66	7.87	5.53
		RUSSELL 3000	6.35	21.30	21.60	16.76	10.57	7.84	5.50
<b>INTERNATIONAL EQUITY</b>									
<b>DEVELOPED MARKETS</b>									
37.63	12.87	BAILLIE GIFFORD MTA	16.92	****	****	****	****	****	****
0.05	0.02	TRANSITION-EAFE REBALANCE	****	****	****	****	****	****	****
37.68	12.88	<b>TOTAL DEVELOPED MARKETS</b>	16.87	13.01	20.47	6.45	6.39	6.55	5.02
		MSCI EAFE (NET DIVIDEND)	11.56	16.14	23.77	8.47	6.35	8.01	5.46
		INTERNATIONAL EQUITY MEDIAN	10.76	15.07	22.28	9.08	7.67	9.34	7.59

\*Russell 3000 replaced S&P 500 effective 5/31/09

# Consolidated Performance Report

Through September 30, 2013

Assets (\$MM)	% Total		3 Mos Jul-13 Sep-13	YTD Jan-13 Sep-13	1 Yr Oct-12 Sep-13	3 Yrs Oct-10 Sep-13	5 Yrs Oct-08 Sep-13	10 Yrs Oct-03 Sep-13	15 Yrs Oct-98 Sep-13
		<b>EMERGING MARKETS</b>							
10.17	3.48	STATE STREET	6.35	-5.34	2.23	-0.35	6.13	****	****
10.17	3.48	<b>TOTAL EMERGING MARKETS</b>	6.35	-5.34	2.23	-0.35	6.13	****	****
		MSCI EMERGING MARKETS free	5.90	-4.05	1.33	0.00	7.56	****	****
		EMERGING MARKETS MEDIAN	5.78	-2.45	3.34	1.59	8.06	****	****
47.85	16.36	<b>TOTAL INTERNATIONAL EQUITY</b>	14.47	8.54	16.06	4.82	6.34	7.65	****
		<b>REAL ESTATE EQUITY SECURITIES</b>							
9.09	3.11	MORGAN STANLEY REIT MTA	-2.63	2.19	4.94	11.80	7.10	****	****
9.09	3.11	<b>TOTAL REAL ESTATE EQUITY SECURITIES</b>	-2.63	2.19	4.94	11.80	7.10	****	****
		DJ US SELECT RE SECURITIES INDEX	-3.09	2.41	4.78	12.02	5.22	****	****
218.16	74.59	<b>TOTAL EQUITY-PUBLIC &amp; PRIVATE</b>	7.61	17.27	19.39	13.75	9.50	7.93	****
		<b>FIXED INCOME MANAGEMENT</b>							
		<b>GOVERNMENT</b>							
9.43	3.22	PIMCO -GOVT	-0.50	-5.72	-5.84	3.27	****	****	****
9.43	3.22	<b>TOTAL GOVT - FIRE OFFICERS</b>	-0.50	-5.72	-5.84	3.27	6.16	5.74	****
		NYC - TREASURY AGENCY PLUS FIVE	-0.58	-5.60	-5.85	3.36	5.98	5.63	****
		<b>MORTGAGE</b>							
23.88	8.16	BLACKROCK	1.13	-0.36	-0.10	4.18	6.66	5.43	****
23.88	8.16	<b>TOTAL MORT - FIRE OFFICERS</b>	1.13	-0.36	-0.10	4.18	6.66	5.43	****
		CITIGROUP MORTGAGE INDEX	1.06	-0.98	-1.20	2.70	4.68	4.81	****
		<b>CREDIT</b>							
18.57	6.35	T. ROWE PRICE	1.19	-1.78	-0.31	5.10	9.48	5.99	****
18.57	6.35	<b>TOTAL CREDIT - FIRE OFFICERS</b>	1.19	-1.78	-0.31	5.10	9.15	6.05	****
		NYC - INVESTMENT GRADE CREDIT	0.76	-2.75	-1.68	4.12	8.65	5.10	****



# Consolidated Performance Report

Through September 30, 2013

Assets (\$MM)	% Total		3 Mos Jul-13 Sep-13	YTD Jan-13 Sep-13	1 Yr Oct-12 Sep-13	3 Yrs Oct-10 Sep-13	5 Yrs Oct-08 Sep-13	10 Yrs Oct-03 Sep-13	15 Yrs Oct-98 Sep-13
51.88	17.74	<b>TOTAL STRUCTURED</b>	0.85	-1.88	-1.27	4.30	7.56	5.80	****
		<b>NYC CORE PLUS FIVE</b>	0.63	-2.60	-2.32	3.39	6.26	5.18	****
		<b>ACTIVE TIPS MANAGERS</b>							
6.18	2.11	<b>PIMCO-TIPS-MTA</b>	0.92	-6.45	-5.67	4.08	5.59	****	****
6.18	2.11	<b>TOTAL ACTIVE TIPS MANAGERS</b>	0.92	-6.45	-5.67	4.08	5.59	****	****
		<b>BARCLAYS CAPITAL US TIPS INDEX</b>	0.70	-6.74	-6.10	4.02	5.32	****	****
		<b>ENHANCED YIELD</b>							
15.58	5.33	<b>T ROWE PRICE</b>	2.23	3.55	6.77	****	****	****	****
15.58	5.33	<b>ALL ENHANCED YIELD</b>	2.23	3.55	6.77	8.36	10.67	7.32	****
		<b>CITIGROUP BB &amp; B</b>	1.88	2.70	5.78	8.72	10.47	7.33	****
		<b>CITIGROUP BB &amp; B Capped</b>	1.94	2.70	5.70	8.65	10.40	7.53	****
		<b>ENHANCED YIELD MEDIAN</b>	2.20	3.60	7.05	8.93	11.71	8.27	****
0.15	0.05	<b>SHORT TERM INVESTMENTS</b>	0.06	0.11	0.18	0.26	0.52	2.02	2.71
0.01	0.00	<b>BNY - CD</b>	****	****	****	****	****	****	****
73.79	25.23	<b>TOTAL FIRE OFFICERS FIXED</b>	1.14	-1.19	-0.09	4.90	7.81	5.91	6.18
0.50	0.17	<b>SECURITIES LENDING</b>	****	****	****	****	****	****	****
292.47	100.00	<b>TOTAL FIRE OFFICERS</b>	5.89	12.00	13.79	11.20	9.65	7.66	6.17
		<b>FIRE OFFICERS POLICY BENCHMARK</b>	5.08	11.66	13.37	11.34	9.22	7.68	****

## Securities Lending Income

Through September 30, 2013

	U.S. FIXED INCOME	U.S. EQUITY	INTERNATIONAL EQUITY
2001	32,000	6,000	- 0 -
2002	20,000	6,200	- 0 -
2003	14,000	11,000	31,000
2004	24,000	24,000	24,000
2005	42,000	42,000	32,000
2006	44,000	98,000	32,000
2007	91,000	137,000	28,000
2008	240,000	195,000	37,000
2009	67,000	101,000	25,000
2010	32,000	101,000	20,000
2011	48,000	116,000	34,000
2012	37,000	129,000	25,000
2013 (9 months)	16,000	104,000	14,000

## Footnotes

### Through September 30, 2013

- Effective 4/1/03, the name of the Core +5 benchmark index provider was changed from Salomon to Citigroup.
- Effective 5/31/09, the US Passive Equity sector S&P 500 Index was replaced with the Russell 3000 benchmark 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, 2013

## General Notes

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

## Page Specific

### Page 4 - Portfolio Asset Allocation

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

### Page 5 - 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** = 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 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, or 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 adjusted policy weights are as follows:
- **U.S. Equity:** Russell 3000 \* 50%  
**International Developed (EAFE) Markets:** MSCI EAFE \* 13%  
**International Emerging Markets:** MSCI Emerging Markets \* 4%  
**REITs:** DJ US Select Real Estate Securities \* 3%  
**Domestic Fixed Income:** NYC Core +5 \* 21%  
**TIPS:** Lehman U.S. TIPS \* 3%  
**Enhanced Yield:** Citigroup BB&B \* 6%

# Glossary of Terms

Through September 30, 2013

## Page 9 - 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 18 – Structured Fixed Income 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.*