



New York City Firefighters' Variable Supplements Fund

Performance Overview as of September 30, 2012

Total Fund Overview

New York City Firefighters' Variable Supplements Fund

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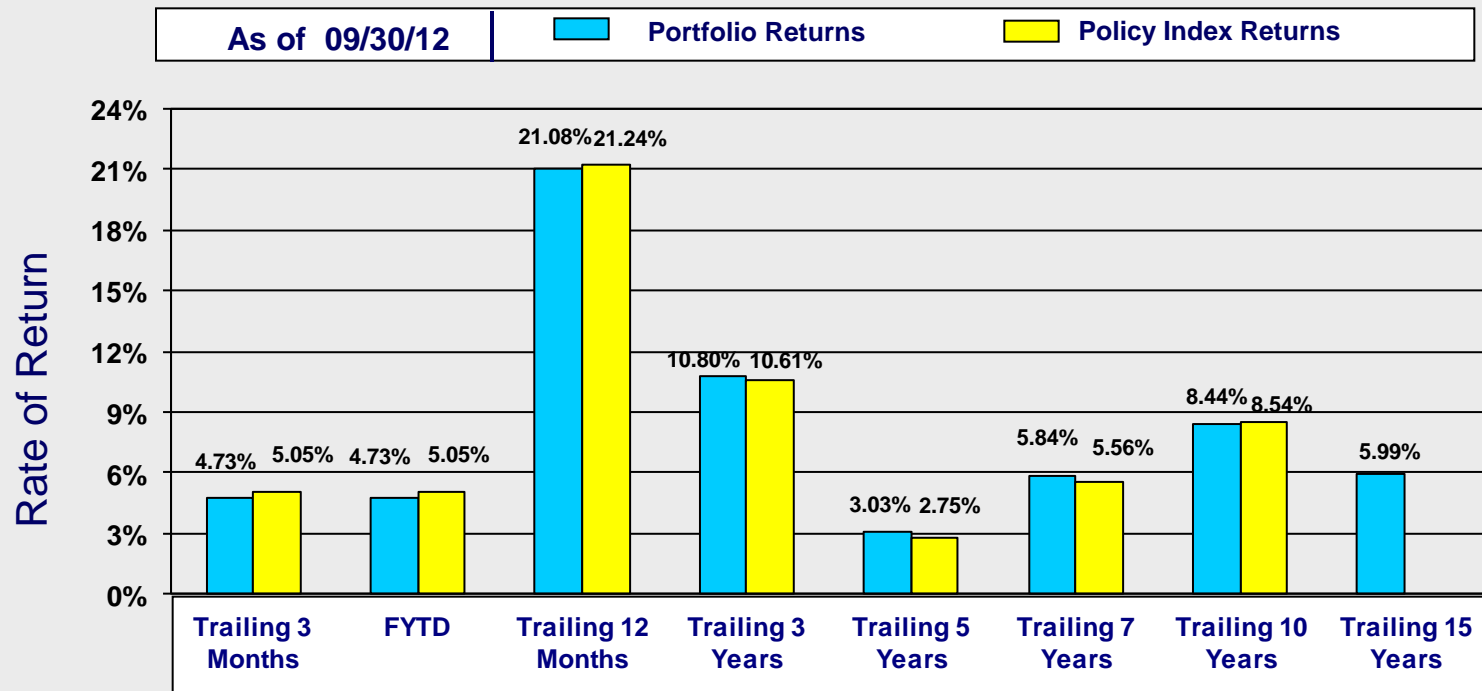


Appendix



Total Portfolio Returns: September 30, 2012

\$428M Under Management



| | 3 Years | 5 Years | 7 Years | 10 Years | 15 Years |
|-------------------|---------|---------|---------|----------|----------|
| Plan Std Dev | 11.5 | 14.4 | 12.6 | 11.4 | 11.7 |
| Benchmark Std Dev | 11.6 | 15.3 | 13.3 | 12.0 | **** |

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

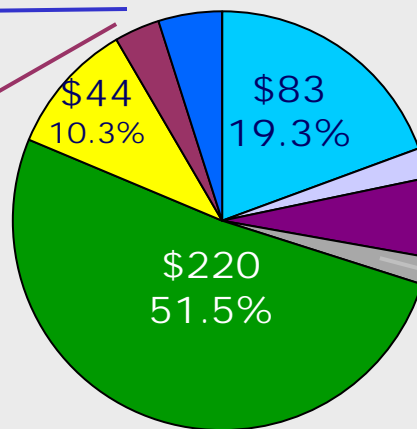
Portfolio Asset Allocation: September 30, 2012

\$428M Under Management

Asset Allocation

\$21
4.8%

\$15
3.4%



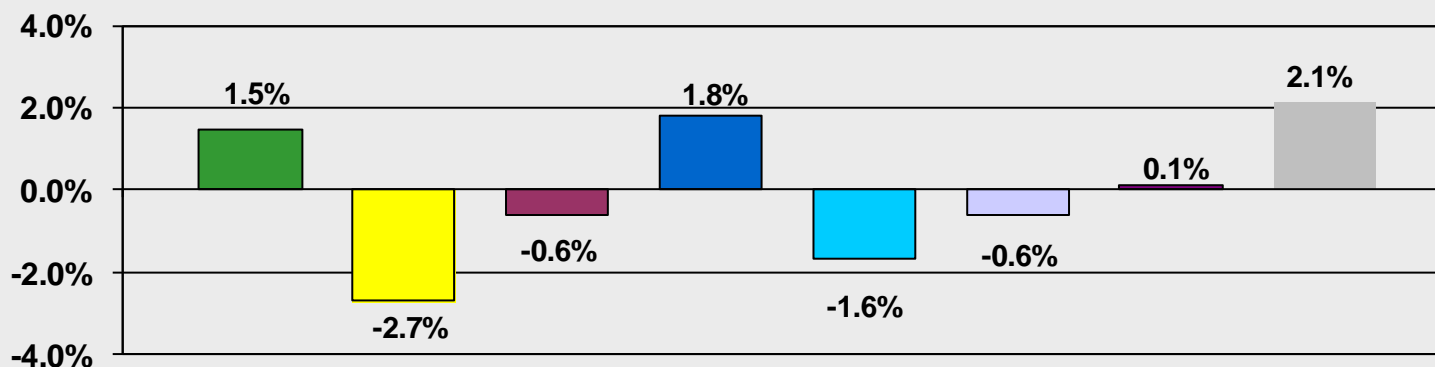
\$10
2.4%

\$26
6.2%

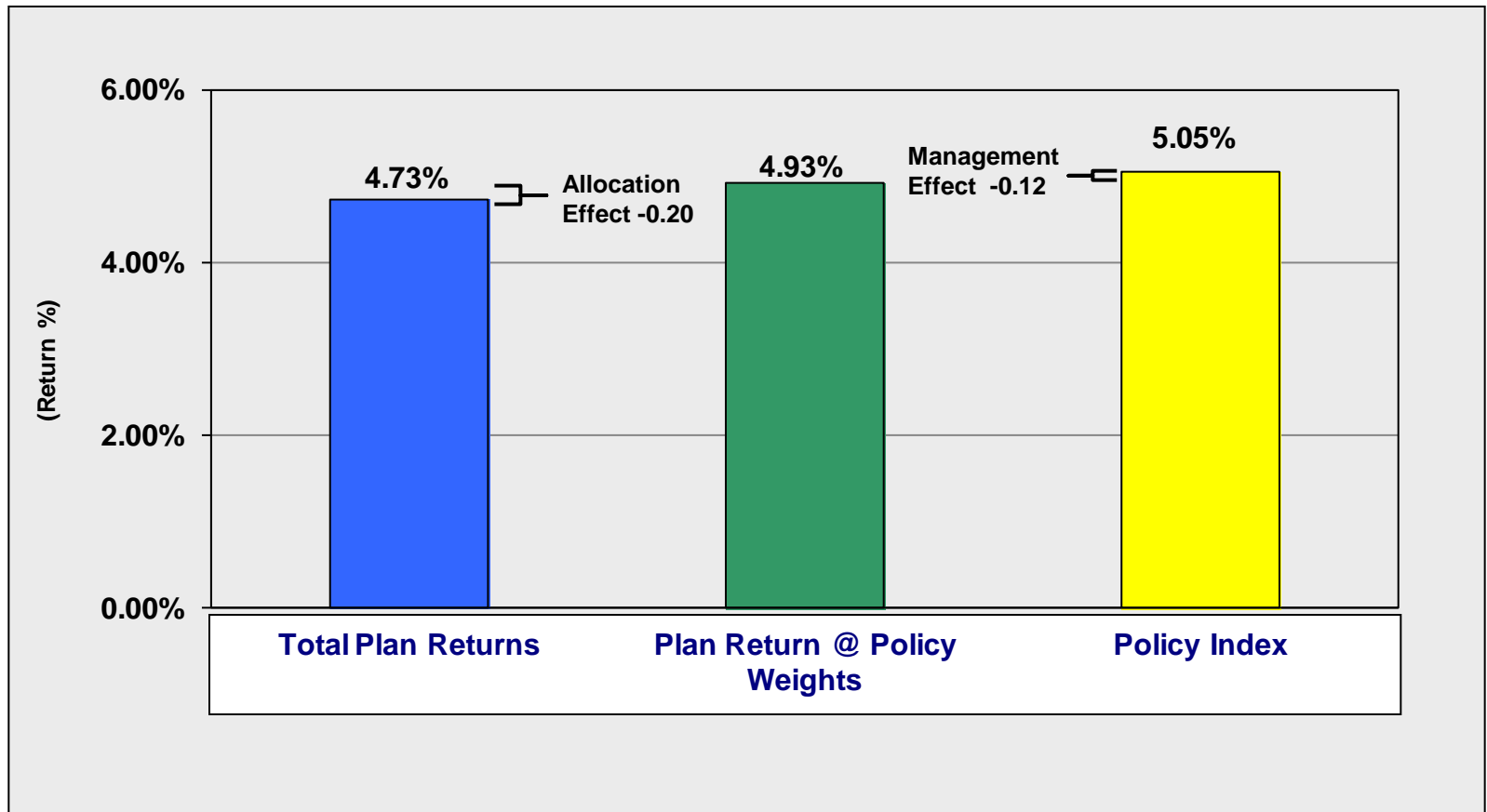
\$9
2.1%

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

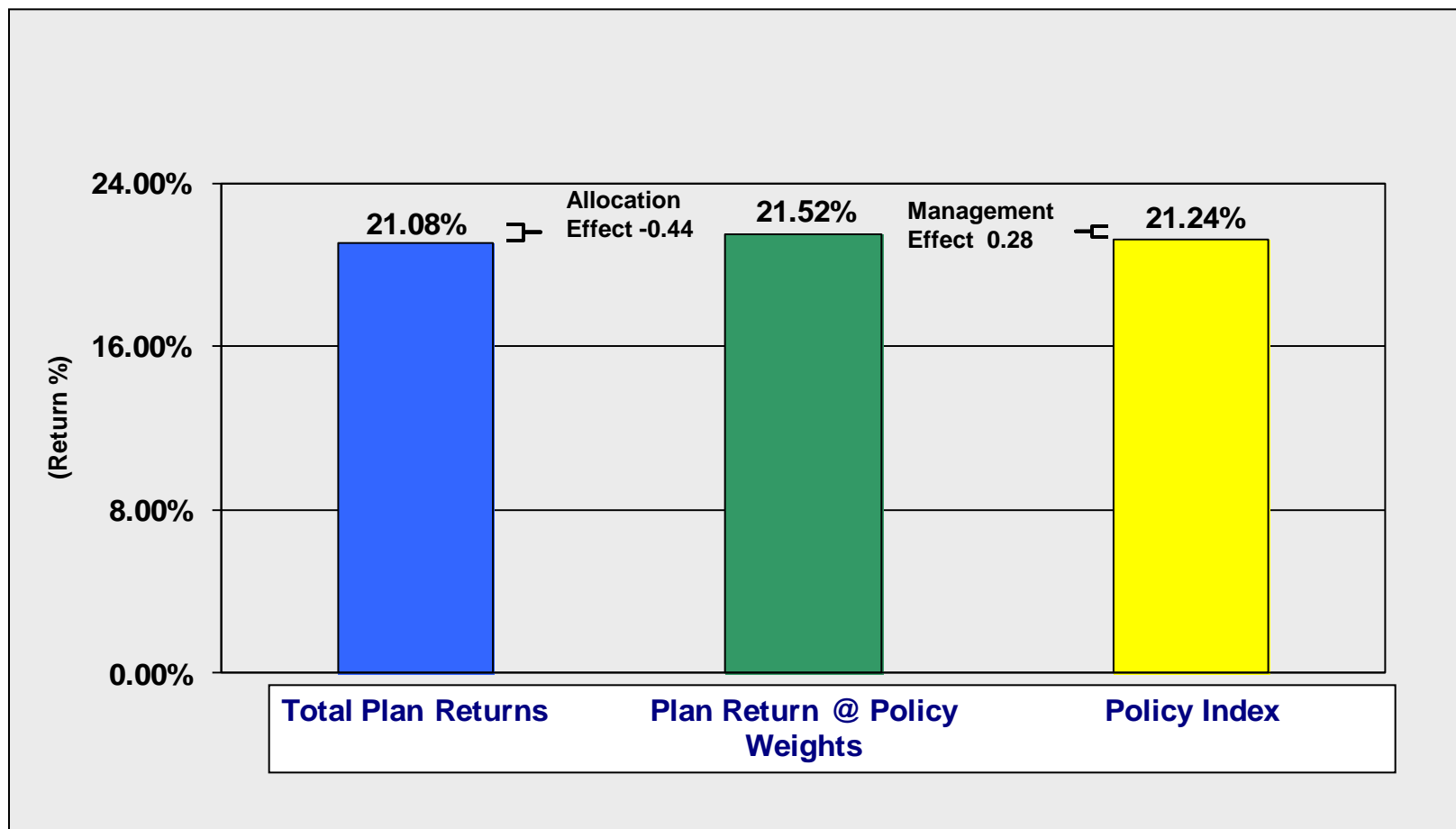
Relative Mix to Policy Weights



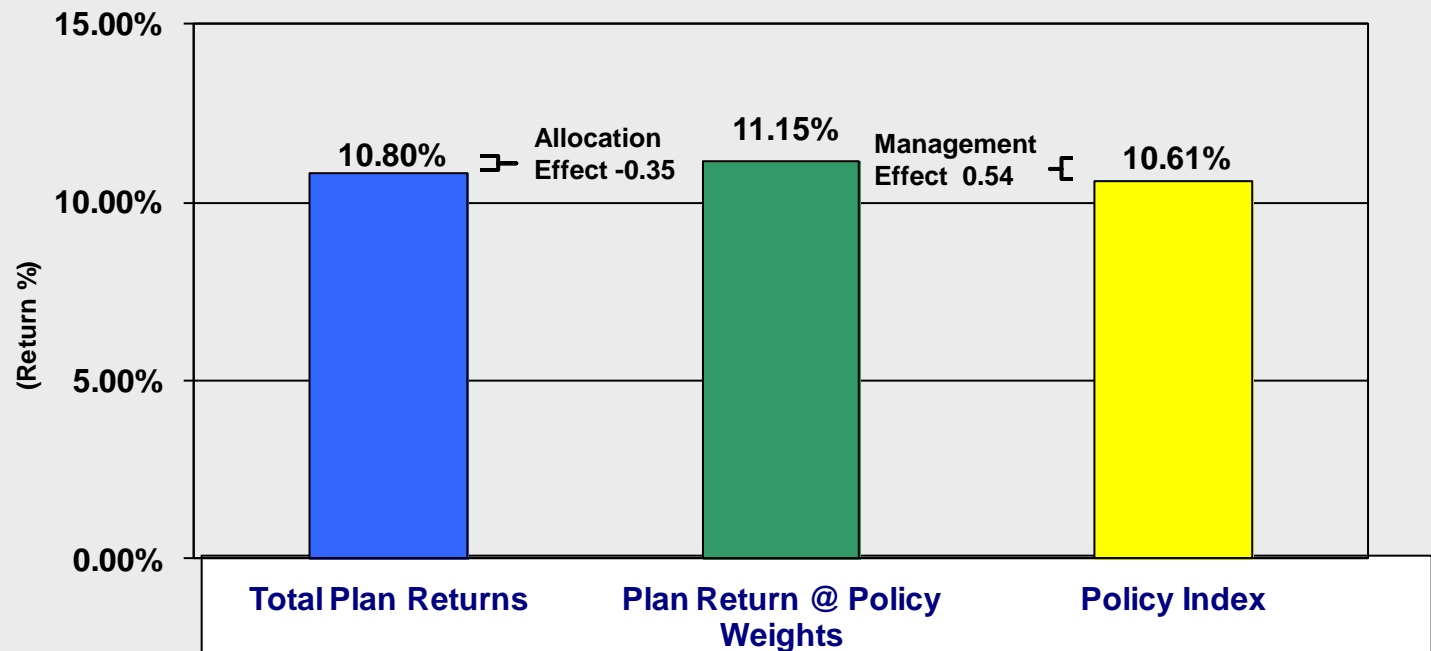
Performance Attribution: Total Plan – Quarter Ending September 30, 2012



Performance Attribution: Total Plan – 12 Months 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 | 0.01 | -0.04 | -0.06 | Russell 3000 Index |
| EAFE Markets | -0.06 | 0.12 | 0.03 | MSCI EAFE Index |
| Emerging Markets | 0.00 | 0.00 | -0.03 | MSCI Emerging Markets FREE Index |
| REITS | 0.01 | 0.11 | 0.06 | DJ US Select Real Estate Securities Index |
| Domestic Fixed | 0.02 | -0.14 | -0.17 | NYC Core +5 Index |
| Enhanced Yield | 0.00 | -0.02 | -0.01 | Citigroup BB&B Index |
| TIPS | 0.02 | -0.01 | -0.01 | Barclays Capital US TIPS Index |
| State Street Short Term | -0.08 | -0.23 | -0.14 | 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 | -0.02 | -0.03 | -0.04 | Russell 3000 Index |
| EAFE Markets | -0.04 | 0.26 | 0.36 | MSCI EAFE Index |
| Emerging Markets | -0.08 | -0.05 | -0.02 | MSCI Emerging Markets FREE Index |
| REITS | 0.02 | 0.04 | 0.03 | DJ US Real Estate Securities Index |
| Domestic Fixed | 0.07 | 0.09 | 0.16 | NYC Core +5 Index |
| Enhanced Yield | -0.06 | -0.11 | -0.04 | Citigroup BB&B Index |
| TIPS | 0.01 | 0.02 | 0.03 | Barclays Capital US TIPS Index |

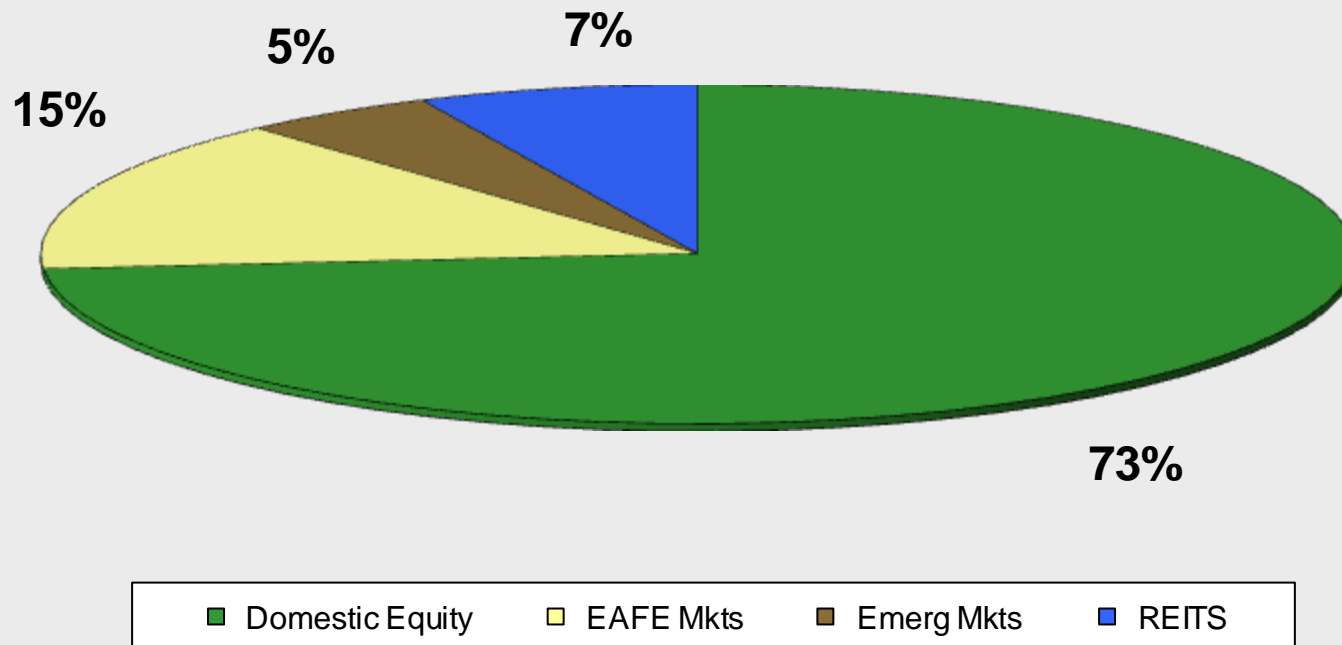
New York City Firefighters' Variable Supplements Fund

Equity Analysis

Total Equity Asset Allocation: September 30, 2012

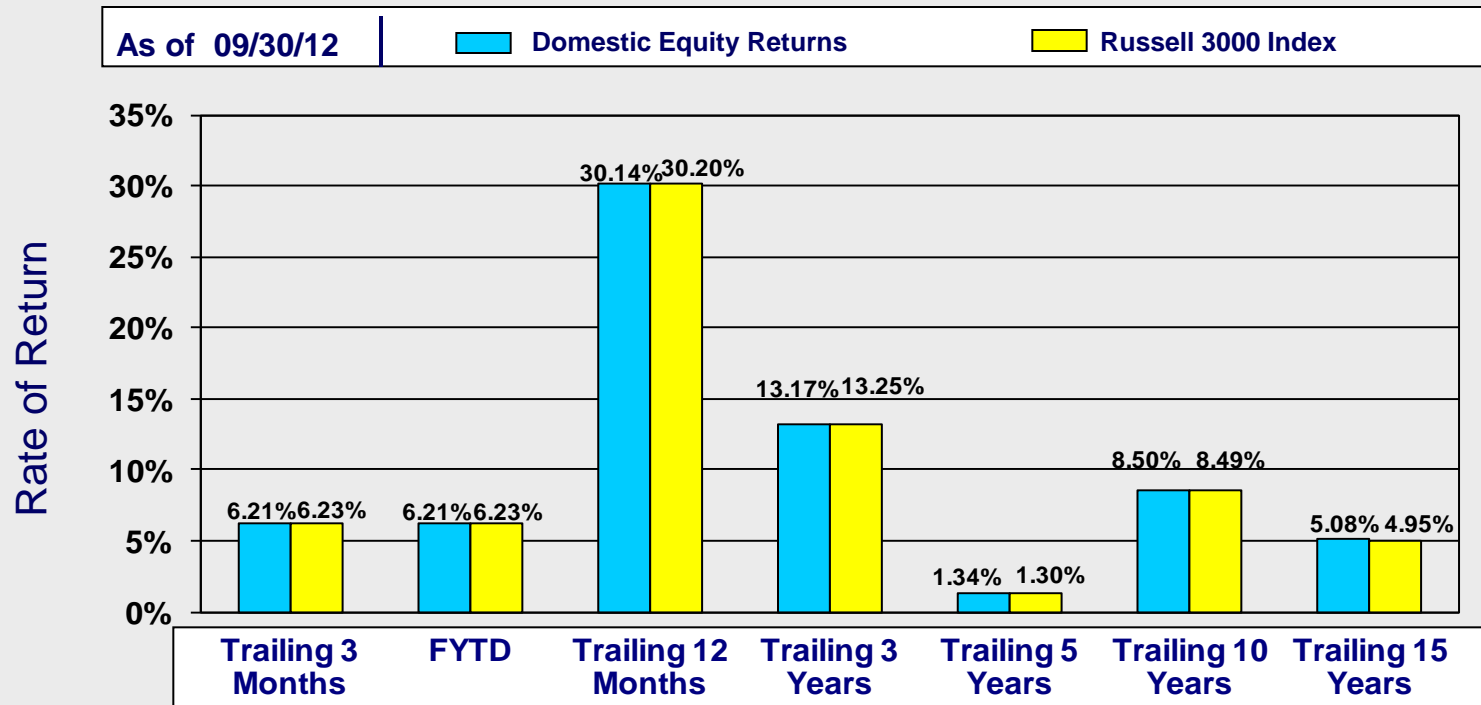
\$299M Under Management, **70%** of Total Funds

Asset Allocation by Groups



Total Domestic Equity Returns vs Russell 3000 Index

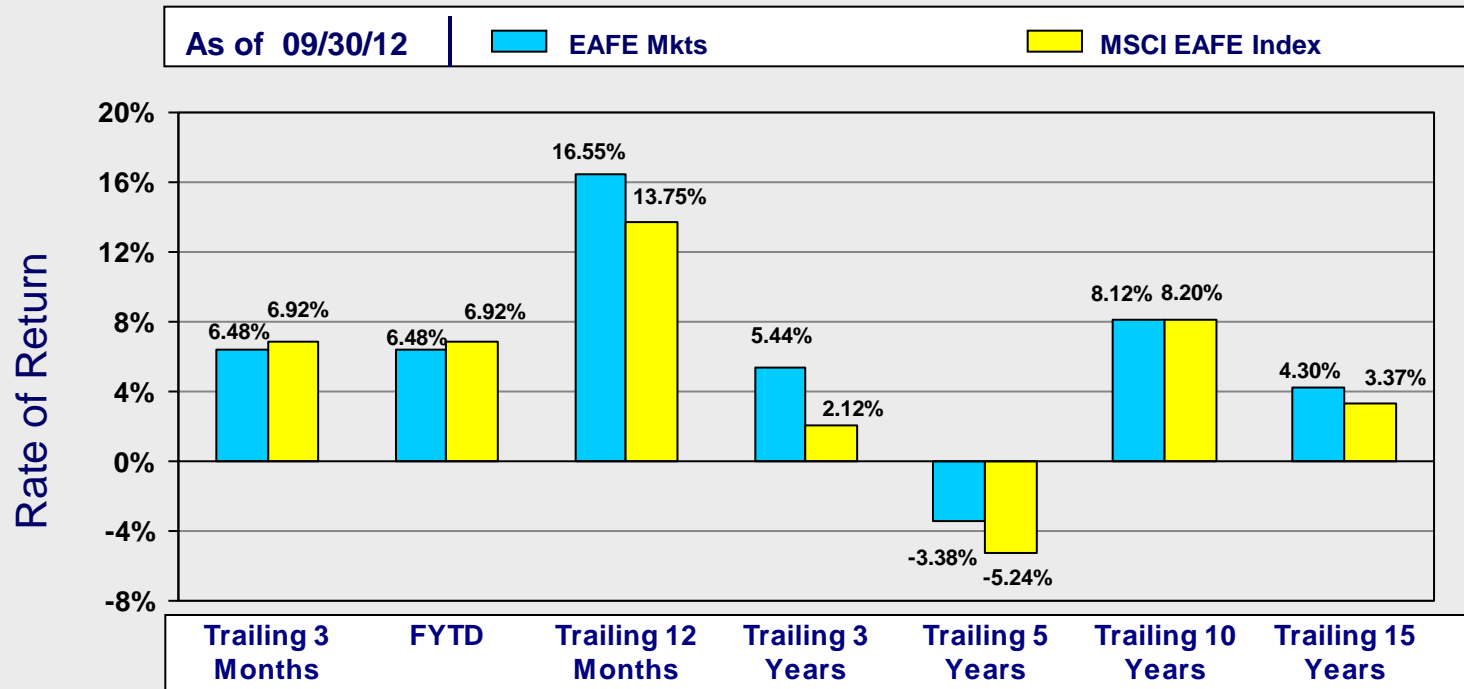
\$220M Under Management, **51%** of Total Funds



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

EAFE Markets Returns vs MSCI EAFE Index

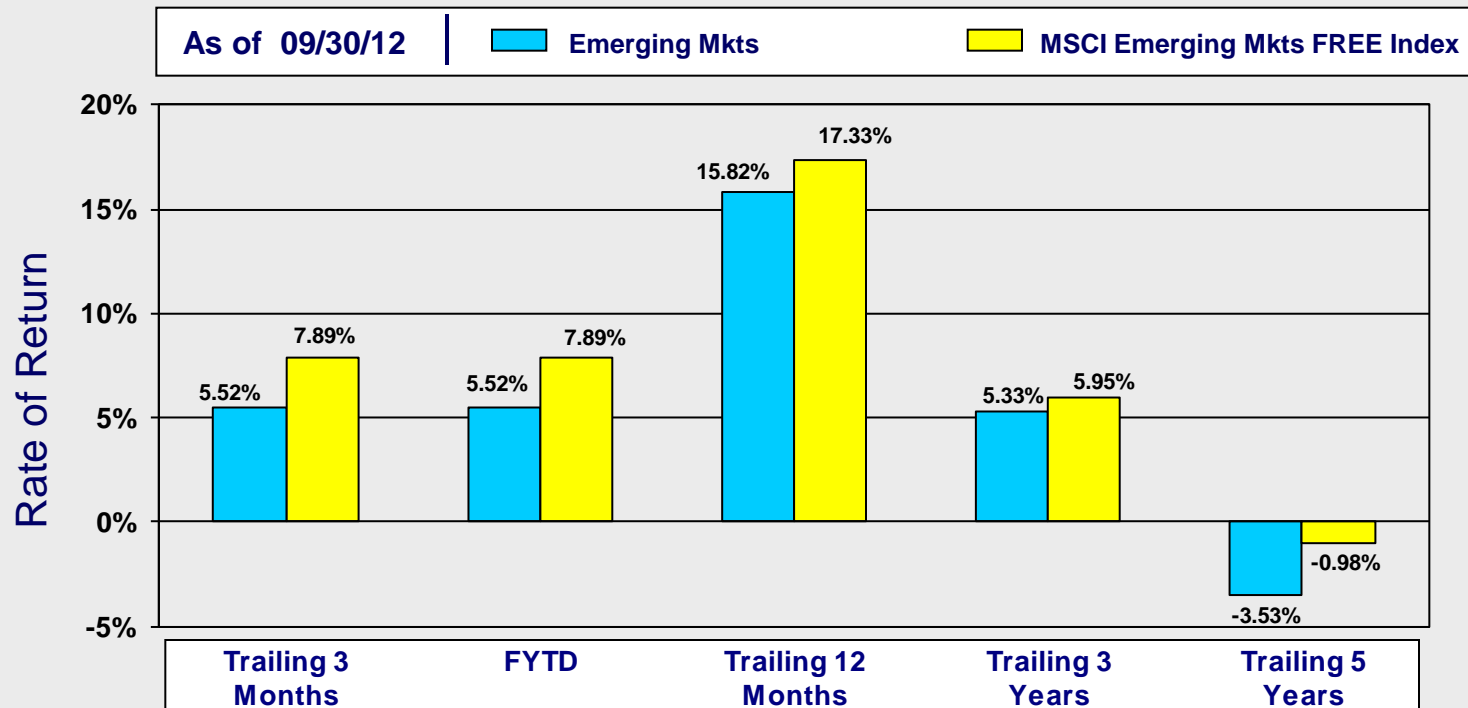
\$44M Under Management, **10%** of Total Funds



| | 3 Years | 5 Years | 10 Years | 15 Years |
|-------------------|---------|---------|----------|----------|
| Plan Std Dev | 18.6 | 22.0 | 17.8 | 17.6 |
| Benchmark Std Dev | 19.3 | 23.3 | 18.5 | 18.1 |

Emerging Markets' Returns vs MSCI Emerging Markets Index

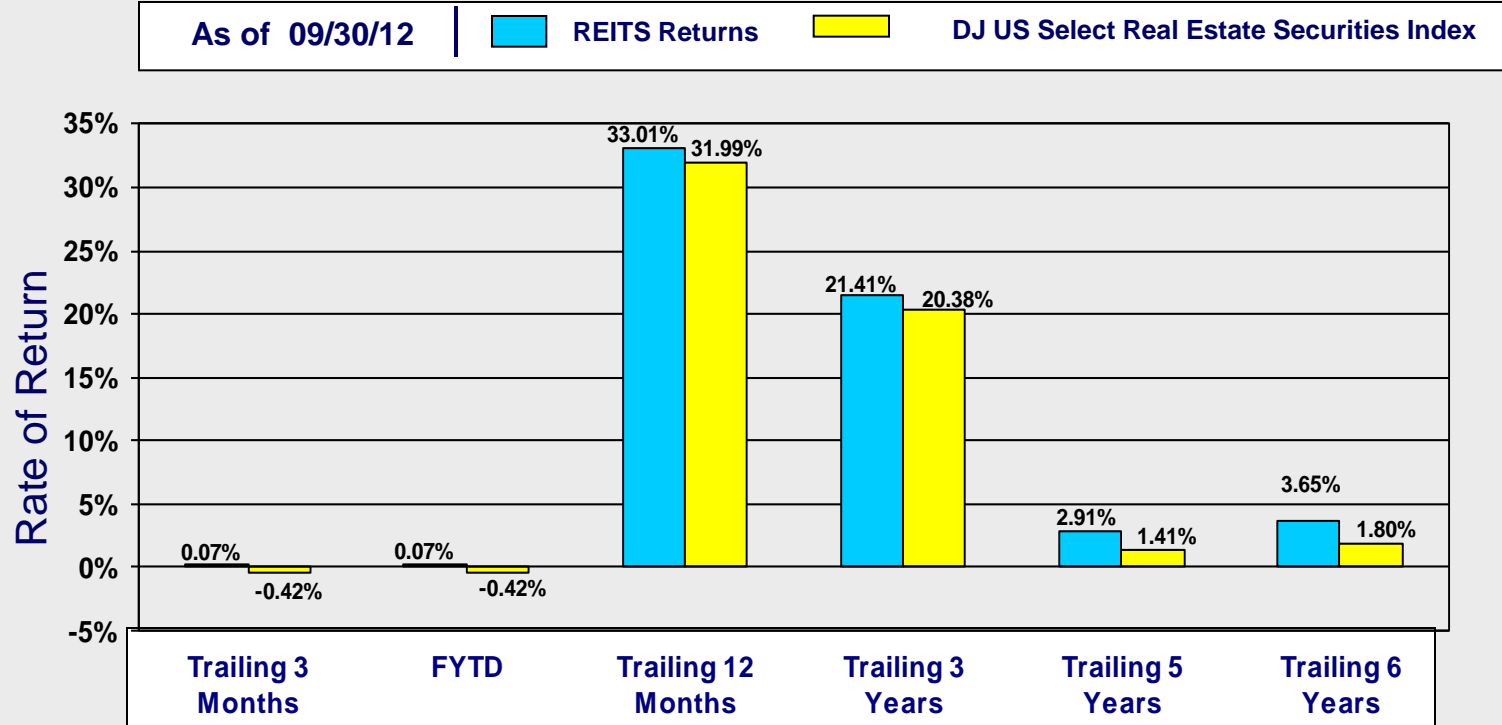
\$14M Under Management, **3%** of Total Funds



| | 3 Years | 4 Years | 5 Years |
|-------------------|---------|---------|---------|
| Plan Std Dev | 22.4 | 28.6 | 29.6 |
| Benchmark Std Dev | 21.5 | 28.6 | 29.3 |

REITS Returns vs DJ US Select Real Estate Securities Index

\$21M Under Management, **5%** of Total Funds



| | 3 Years | 4 Years | 5 Years | 6 Years |
|-------------------|---------|---------|---------|---------|
| Plan Std Dev | 19.8 | 35.1 | 32.7 | 30.8 |
| Benchmark Std Dev | 19.3 | 36.9 | 34.2 | 32.2 |

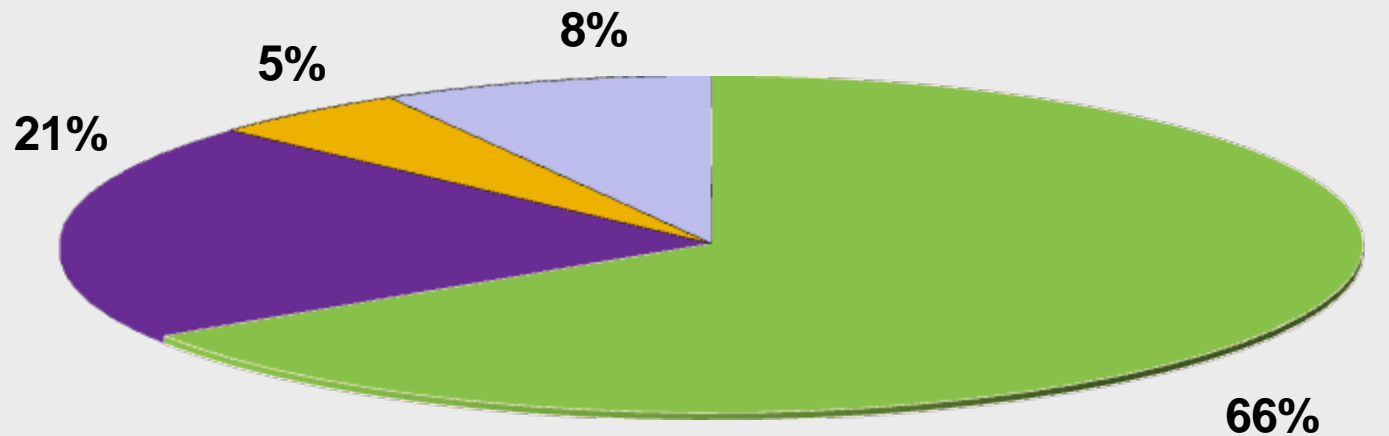
New York City
Firefighters' Variable Supplements Fund

Fixed Income Analysis

Total Fixed Income Asset Allocation: September 30, 2012

\$125M Under Management, **29%** of Total Funds

Asset Allocation by Groups

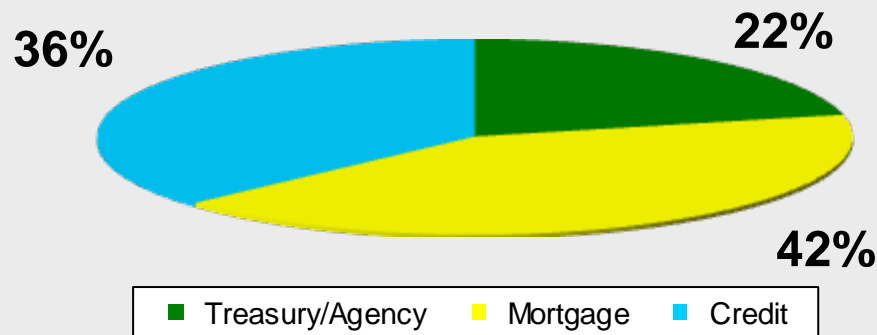


■ Structured Fixed Income ■ Enhanced Yield ■ Short Term ■ TIPS Managers

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

\$82M Under Management , **19%** of Total Funds

Asset Allocation by Groups



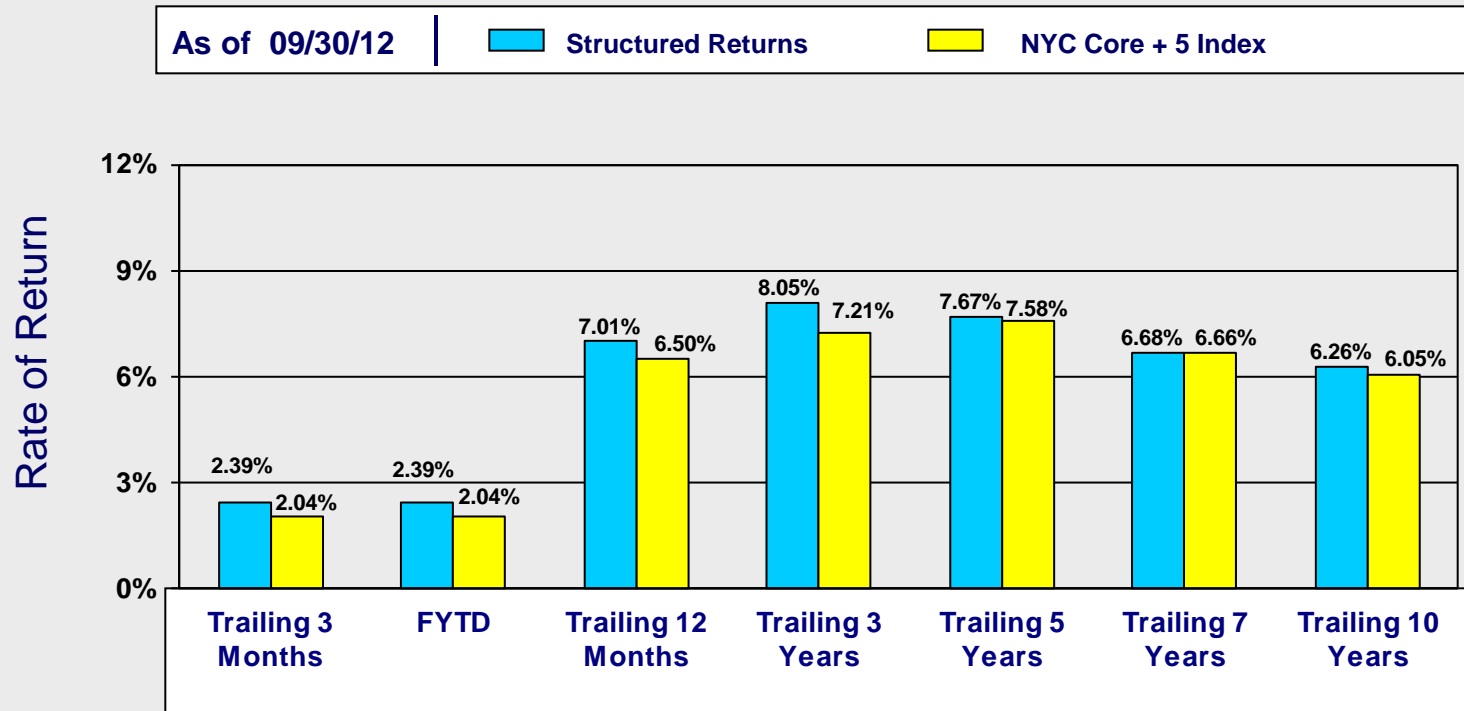
Value Added by Sectors

| Sub Sector | Policy Weight | Actual Weight | Under/Over Weight | Index Return | Actual Return | Difference | Contribution to Out/Under Performance | |
|------------|---------------|---------------|-------------------|--------------|---------------|------------|---------------------------------------|------------|
| | | | | | | | Allocation | Management |
| Government | 20.15 | 21.42 | 1.27 | 0.82 | 0.86 | 0.04 | -0.01 | 0.00 |
| Mortgage | 40.68 | 41.76 | 1.08 | 1.11 | 1.42 | 0.30 | -0.01 | 0.12 |
| Credit | 39.17 | 36.81 | -2.36 | 3.71 | 4.46 | 0.76 | -0.03 | 0.29 |

*NYC Core +5 Breakdown

Structured Returns vs NYC Core + 5 Index

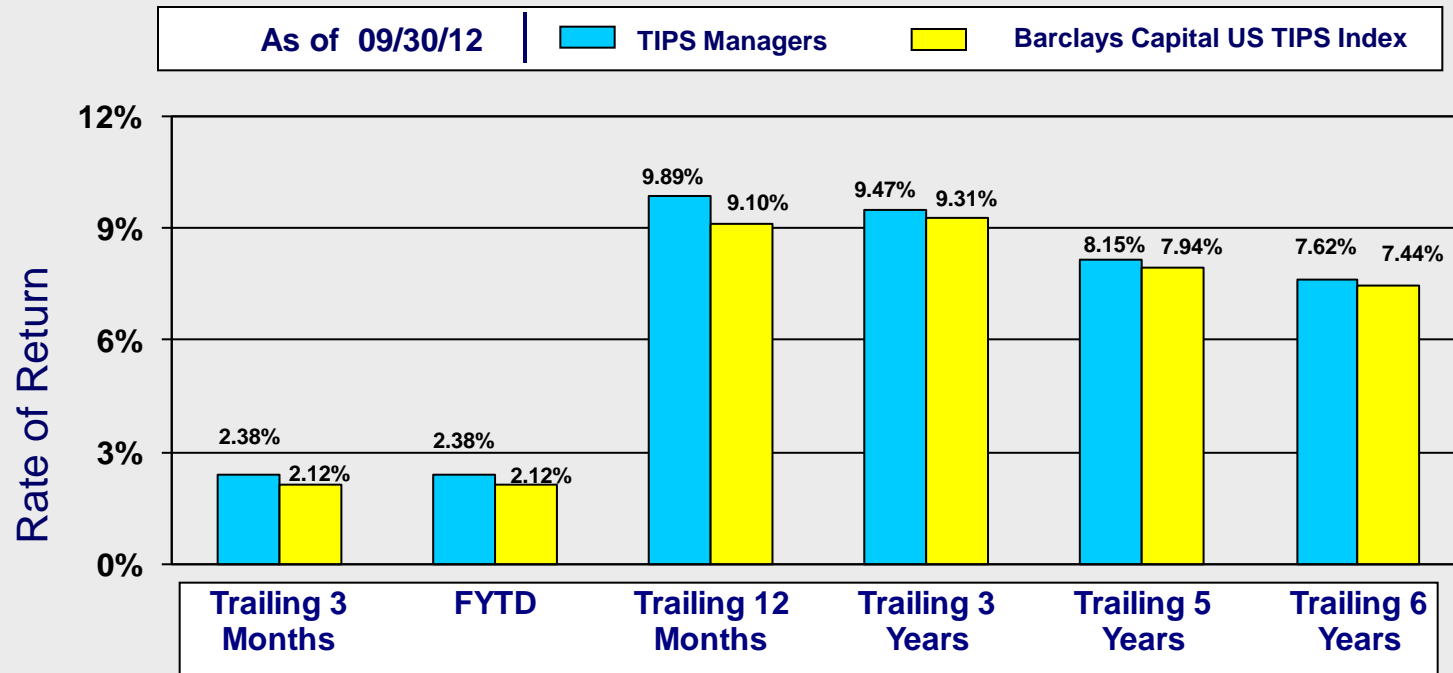
\$82M Under Management, **19%** of Total Funds



| | 3 Years | 5 Years | 7 Years | 10 Years |
|-------------------|---------|---------|---------|----------|
| Plan Std Dev | 2.9 | 4.1 | 3.9 | 4.1 |
| Benchmark Std Dev | 3.2 | 4.4 | 4.1 | 4.3 |

TIPS Returns vs Barclays Capital US TIPS Index

\$10M Under Management, **2%** of Total Funds



| | 3 Years | 5 Years | 6 Years |
|-------------------|---------|---------|---------|
| Plan Std Dev | 4.6 | 7.6 | 7.2 |
| Benchmark Std Dev | 4.8 | 7.4 | 7.0 |

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

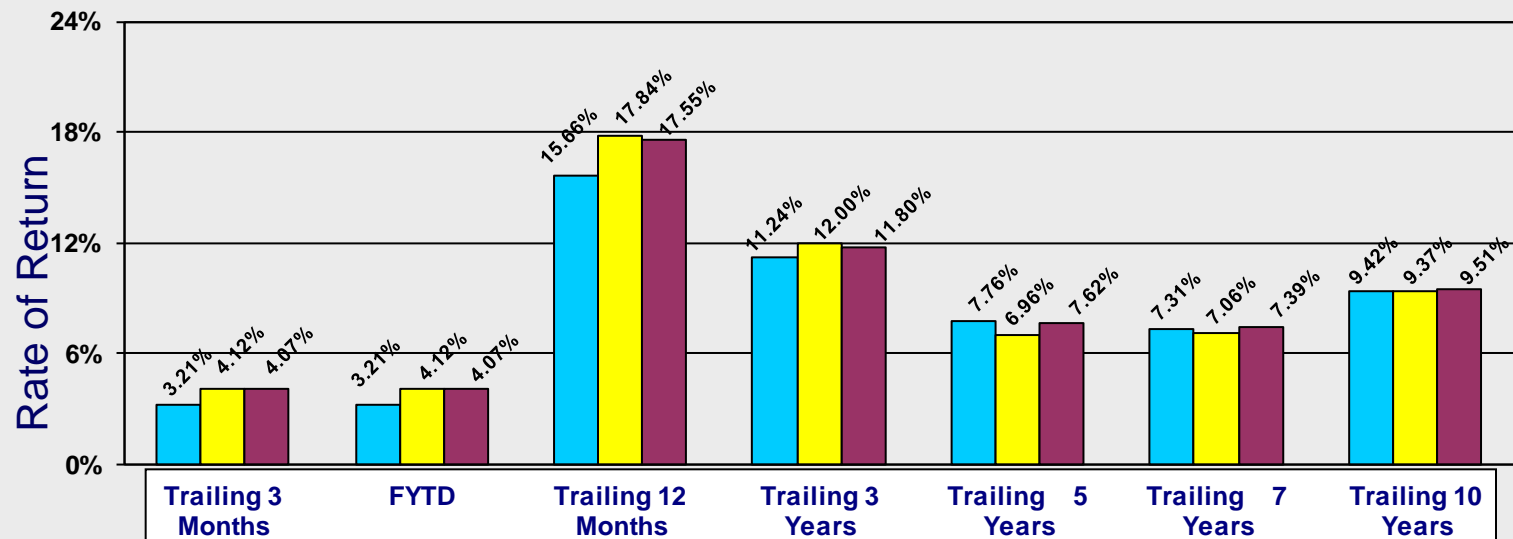
\$26M Under Management, **6%** of Total Funds

As of 09/30/12

Enhanced Yield

Citigroup BB& B Index

Citigroup BB& B Capped Index



| | 3 Years | 5 Year | 7 Years | 10 Years |
|---------------------------------|---------|--------|---------|----------|
| Plan Std Dev | 6.7 | 10.8 | 9.4 | 8.5 |
| Citigroup BB & B Std Dev | 6.2 | 11.8 | 10.2 | 9.3 |
| Citigroup BB & B Capped Std Dev | 6.0 | 11.5 | 9.9 | 9.0 |

New York City Firefighters' Variable Supplements Fund

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 |
|--------------------------------------|---------|--|---------------------------|-------------------------|--------------------------|---------------------------|---------------------------|----------------------------|----------------------------|
| EQUITY MANAGEMENT | | | | | | | | | |
| 220.19 | 51.48 | BLACKROCK R3000 | 6.21 | 16.10 | 30.14 | 13.17 | **** | **** | **** |
| 220.19 | 51.48 | TOTAL DOMESTIC EQUITY | 6.21 | 16.10 | 30.14 | 13.17 | 1.34 | 8.50 | 5.08 |
| | | RUSSELL 3000 | 6.23 | 16.13 | 30.20 | 13.25 | 1.30 | 8.49 | 4.95 |
| INTERNATIONAL EQUITY | | | | | | | | | |
| DEVELOPED MARKETS | | | | | | | | | |
| 43.99 | 10.28 | THORNBURG | 6.49 | 11.34 | 16.57 | 5.41 | **** | **** | **** |
| 44.03 | 10.30 | TOTAL DEVELOPED MARKETS | 6.48 | 11.33 | 16.55 | 5.44 | -3.38 | 8.12 | 4.30 |
| | | MSCI EAFE (NET DIVIDEND) | 6.92 | 10.08 | 13.75 | 2.12 | -5.24 | 8.20 | 3.37 |
| | | INTERNATIONAL EQUITY MEDIAN | 7.21 | 11.87 | 16.98 | 4.50 | -3.10 | 9.63 | 5.76 |
| EMERGING MARKETS | | | | | | | | | |
| 14.42 | 3.37 | STATE STREET | 5.52 | 9.38 | 15.82 | 5.33 | -3.53 | **** | **** |
| 14.42 | 3.37 | TOTAL EMERGING MARKETS | 5.52 | 9.38 | 15.82 | 5.33 | -3.53 | **** | **** |
| | | MSCI EMERGING MARKETS FREE | 7.89 | 12.33 | 17.33 | 5.95 | -0.98 | **** | **** |
| | | EMERGING MARKETS MEDIAN | 7.22 | 12.61 | 17.69 | 6.64 | 0.52 | **** | **** |
| 58.45 | 13.67 | TOTAL INTERNATIONAL EQUITY | 6.24 | 10.84 | 16.35 | 5.35 | -3.42 | 9.26 | **** |
| REAL ESTATE EQUITY SECURITIES | | | | | | | | | |
| 20.68 | 4.83 | MORGAN STANLEY | 0.07 | 15.02 | 33.01 | 21.41 | 2.91 | **** | **** |
| 20.68 | 4.83 | TOTAL REAL ESTATE EQUITY SECURITIES | 0.07 | 15.02 | 33.01 | 21.41 | 2.91 | **** | **** |
| | | DJ US SELECT REAL ESTATE SECURITIES | -0.42 | 14.44 | 31.99 | 20.38 | 1.41 | **** | **** |
| 299.32 | 69.98 | TOTAL EQUITY-PUBLIC & PRIVATE | 5.77 | 14.97 | 27.38 | 11.87 | 0.44 | 8.96 | **** |

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 |
|---------------|---------|--|---------------------------|-------------------------|--------------------------|---------------------------|---------------------------|----------------------------|----------------------------|
| | | FIXED INCOME MANAGEMENT | | | | | | | |
| | | GOVERNMENT | | | | | | | |
| 17.66 | 4.13 | PIMCO -GOVT | 0.86 | 4.28 | 5.85 | 9.51 | **** | **** | **** |
| 17.66 | 4.13 | ALL GOVT-FIRE FIGHTERS | 0.86 | 4.28 | 5.85 | 9.51 | 9.28 | 6.74 | 6.74 |
| | | NYC - TREASURY AGENCY PLUS FIVE | 0.82 | 4.11 | 5.67 | 9.37 | 9.28 | 6.68 | 6.68 |
| | | MORTGAGE | | | | | | | |
| 34.41 | 8.05 | PIMCO -MORT | 1.42 | 3.22 | 4.16 | 5.67 | **** | **** | **** |
| 34.41 | 8.05 | ALL MORTGAGE-FIRE FIGHTERS | 1.42 | 3.19 | 4.08 | 6.08 | 5.98 | 5.11 | **** |
| | | CITIGROUP MORTGAGE INDEX | 1.11 | 2.82 | 3.76 | 5.07 | 6.42 | 5.29 | **** |
| | | CREDIT | | | | | | | |
| 30.34 | 7.09 | TAPLIN, CANADA -CREDIT | 4.46 | 9.49 | 11.34 | 9.80 | 8.06 | **** | **** |
| 30.34 | 7.09 | ALL INVESTMENT GRADE CREDIT-FIRE FIGHTERS | 4.46 | 9.49 | 11.34 | 9.80 | 8.09 | 7.19 | **** |
| | | NYC - INVESTMENT GRADE CREDIT | 3.71 | 8.34 | 10.21 | 8.47 | 7.57 | 6.40 | **** |
| 82.42 | 19.27 | TOTAL STRUCTURED | 2.39 | 5.64 | 7.01 | 8.05 | 7.67 | 6.26 | **** |
| | | NYC - CORE PLUS FIVE | 2.04 | 5.10 | 6.50 | 7.21 | 7.58 | 6.05 | **** |
| | | ACTIVE TIPS MANAGERS | | | | | | | |
| 10.33 | 2.41 | PIMCO-TIPS-MTA | 2.38 | 6.77 | 9.89 | 9.47 | 8.15 | **** | **** |
| 10.33 | 2.41 | TOTAL ACTIVE TIPS MANAGERS | 2.38 | 6.77 | 9.89 | 9.47 | 8.15 | **** | **** |
| | | BARCLAYS GLOBAL US TIPS INDEX | 2.12 | 6.25 | 9.10 | 9.31 | 7.94 | **** | **** |

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 |
|------------------|------------|-------------------------------|---------------------------|-------------------------|--------------------------|---------------------------|---------------------------|----------------------------|----------------------------|
| | | ENHANCED YIELD | | | | | | | |
| 26.26 | 6.14 | T ROWE PRICE | **** | **** | **** | **** | **** | **** | **** |
| 26.26 | 6.14 | ALL ENHANCED YIELD | 3.21 | 9.90 | 15.66 | 11.24 | 7.76 | 9.42 | **** |
| | | CITIGROUP BB & B | 4.12 | 11.12 | 17.84 | 12.00 | 6.96 | 9.37 | **** |
| | | 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 | **** |
| 125.25 | 29.28 | TOTAL FIXED INCOME | 2.45 | 6.33 | 8.51 | 8.49 | 7.77 | 6.76 | 6.57 |
| 6.25 | 1.46 | STATE STREET SHORT TERM | 0.06 | 0.21 | 0.29 | 0.72 | 0.66 | 1.70 | 3.22 |
| 0.02 | 0.01 | BNY - CD | **** | **** | **** | **** | **** | **** | **** |
| 3.12 | 0.73 | SECURITIES LENDING | **** | **** | **** | **** | **** | **** | **** |
| 427.72 | 100.00 | TOTAL FIREFIGHTERS | 4.73 | 12.18 | 21.08 | 10.80 | 3.03 | 8.44 | 5.99 |
| | | FIREFIGHTERS POLICY BENCHMARK | 5.05 | 12.38 | 21.24 | 10.61 | 2.75 | 8.54 | **** |

Securities Lending Income

Through September 30, 2012

| | U.S. <u>FIXED INCOME</u> | U.S. <u>EQUITY</u> | INTERNATIONAL <u>EQUITY</u> |
|-----------------|-----------------------------|-----------------------|--------------------------------|
| 2001 | 73,000 | 57,000 | - 0 - |
| 2002 | 34,000 | 36,000 | - 0 - |
| 2003 | 22,000 | 48,000 | 59,000 |
| 2004 | 45,000 | 93,000 | 45,000 |
| 2005 | 76,000 | 147,000 | 61,000 |
| 2006 | 79,000 | 192,000 | 63,000 |
| 2007 | 164,000 | 293,000 | 51,000 |
| 2008 | 451,000 | 492,000 | 65,000 |
| 2009 | 123,000 | 231,000 | 45,000 |
| 2010 | 49,000 | 204,000 | 31,000 |
| 2011 | 62,000 | 211,000 | 51,000 |
| 2012 (9 Months) | 51,000 | 143,000 | 29,000 |

Footnotes

Through September 30, 2012

- Effective 4/1/03 the name of the Core +5 benchmark index provider was changed from Salomon to Citigroup.
- 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

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 Index * 3%
Domestic Fixed Income: NYC Core +5 * 21%
TIPS: Barclays Capital U.S. TIPS * 3%
Enhanced Yield: Citigroup BB&B * 6%

Glossary of Terms

Through September 30, 2012

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.*