



New York City  
Police Officers' Variable Supplements Fund  
Performance Overview as of September 30, 2014

# Total Fund Overview



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**New York City  
Police Officers' Variable Supplements Fund**

**Table of Contents:**

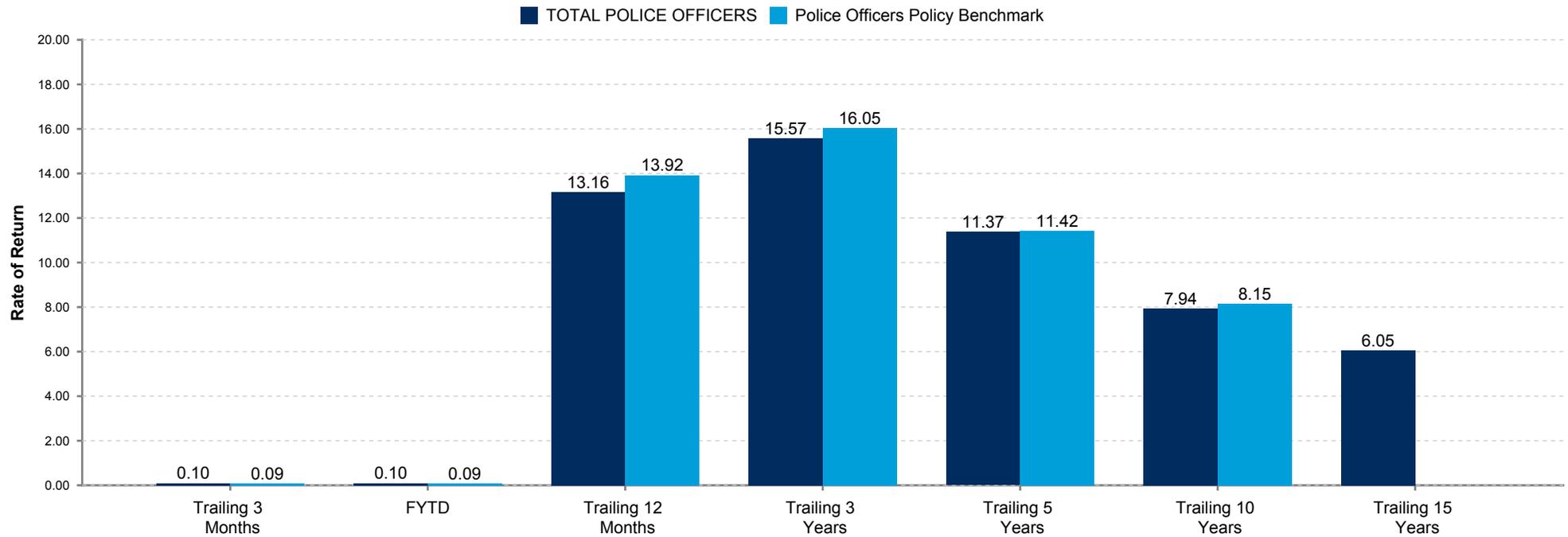
**Equity Analysis**  
**Fixed Income Analysis**  
**Appendix**



**Market Value (Millions)**

TOTAL POLICE OFFICERS

\$391.0



	Plan 3 Years	Benchmark 3 Years	Plan 5 Years	Benchmark 5 Years	Plan 7 Years	Benchmark 7 Years	Plan 10 Years
<b>Standard Deviation</b>							
TOTAL POLICE OFFICERS	7.9	8.1	11.4	9.9	12.6	13.2	11.0

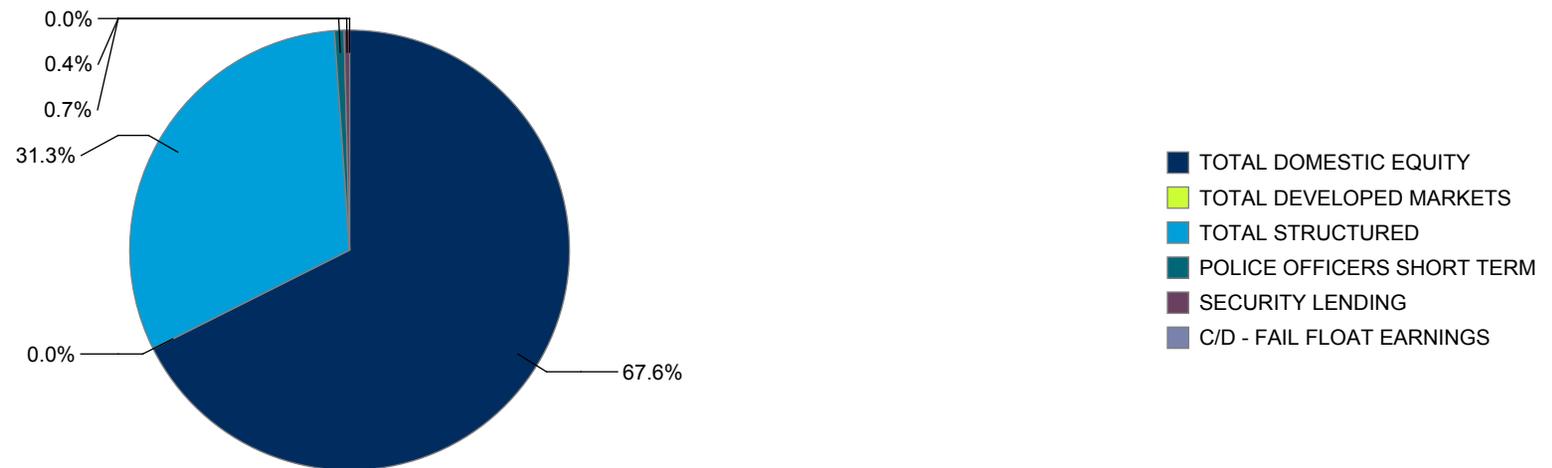


TOTAL POLICE OFFICERS

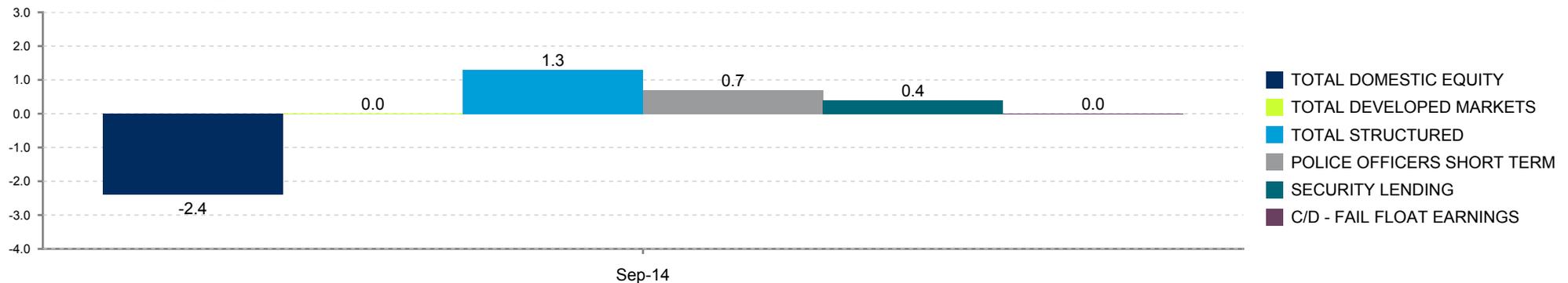
**Market Value (Millions)**

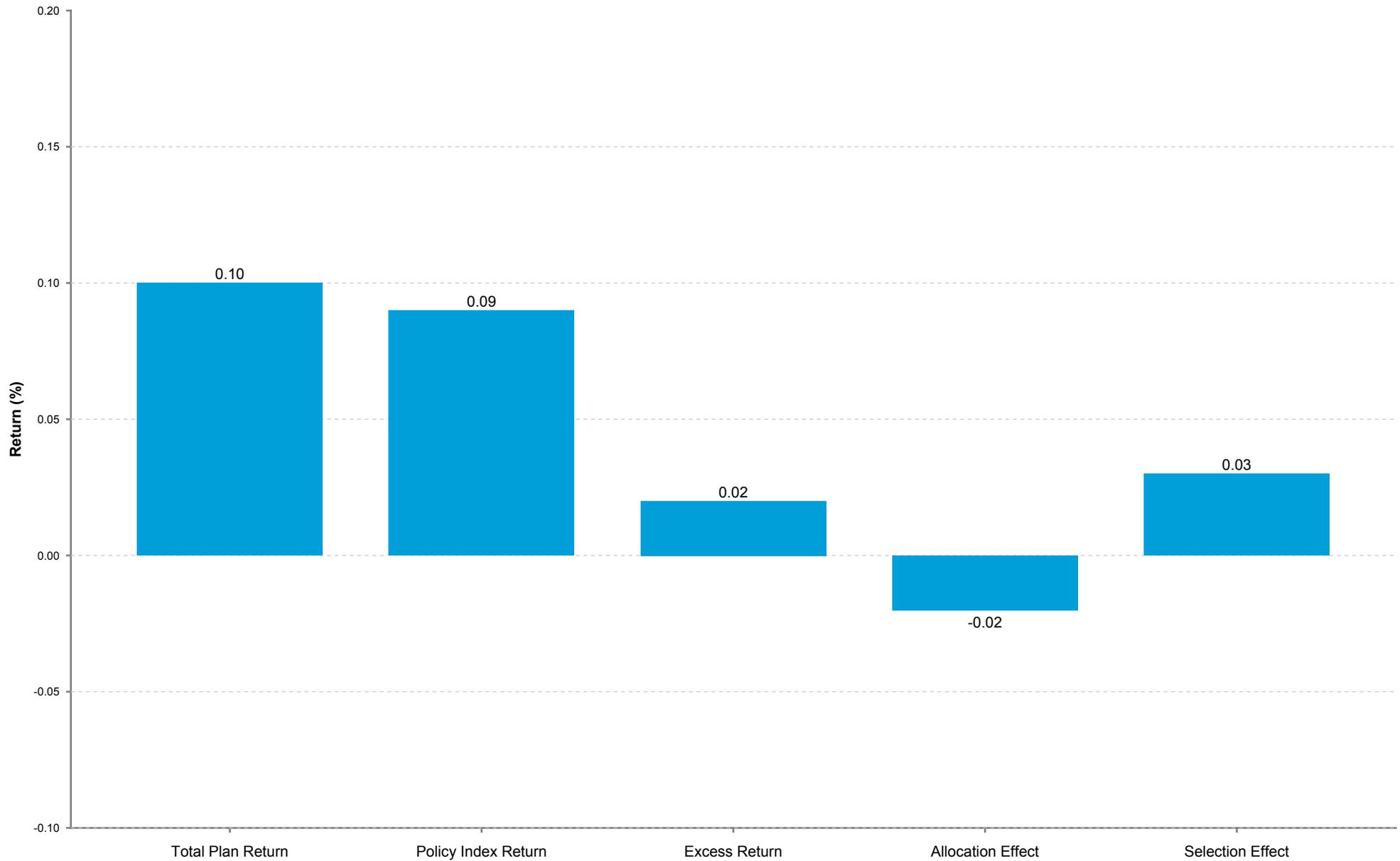
\$391.0

**Asset Allocation**



**Relative Mix to Asset Weights**

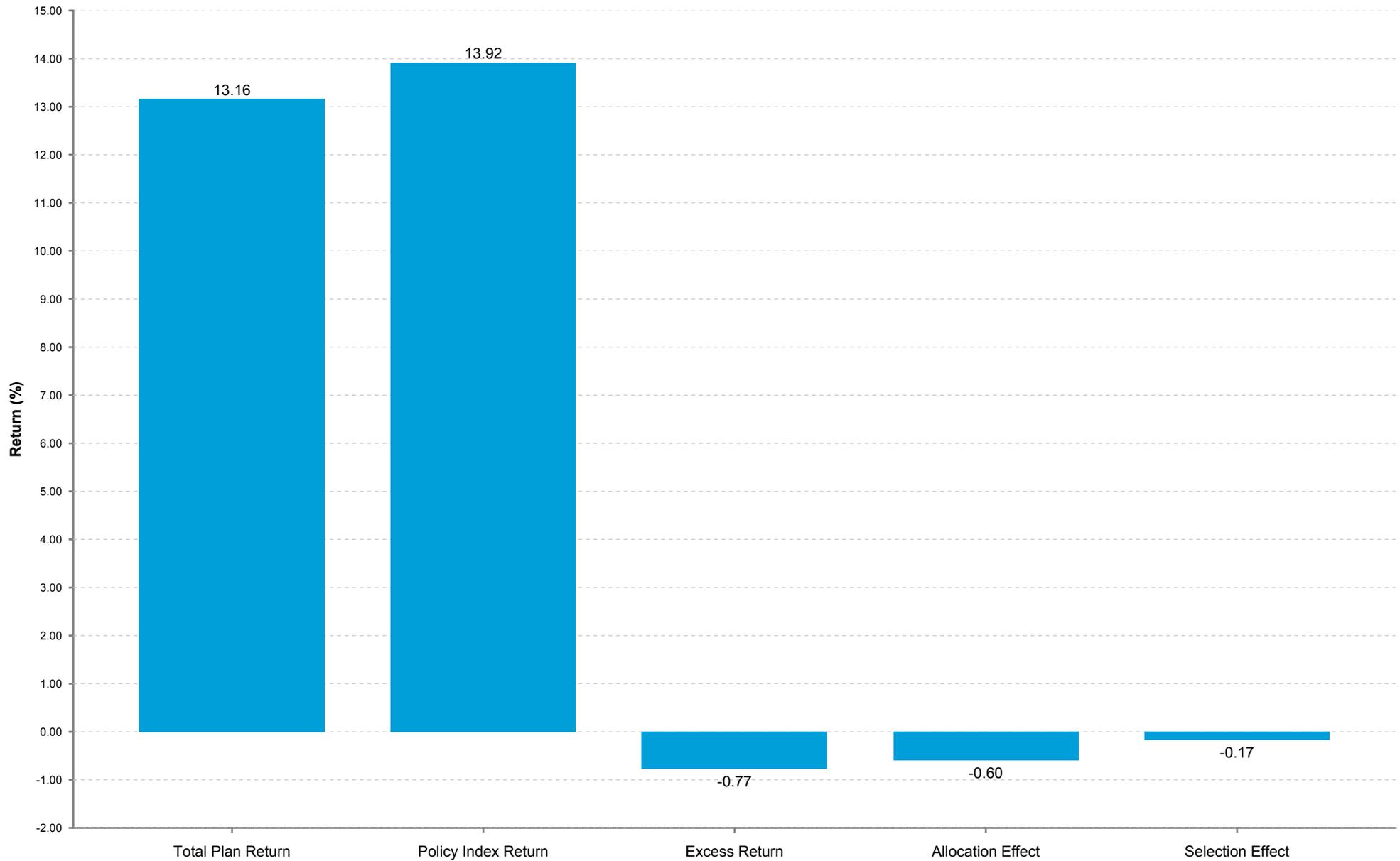




# Performance Attribution: Total Plan - 12 Month Ending September 30, 2014



STATE STREET.





**Allocation Effect - Asset Class Breakdown**

	<u>Quarter</u>	<u>12 Months</u>	<u>Benchmark</u>
POVSF-TOTAL POLICE OFFICERS	(0.02)	(0.60)	Police Officers Policy Benchmark
POVSF-TOTAL US EQUITY	(0.00)	(0.18)	RUSSELL 3000 (DAILY)
POVSF-TOTAL STRUCTURED	(0.01)	(0.42)	NYC - Core Plus Five

**Selection Effect - Asset Class Breakdown**

	<u>Quarter</u>	<u>12 Months</u>	<u>Benchmark</u>
POVSF-TOTAL POLICE OFFICERS	0.03	(0.17)	Police Officers Policy Benchmark
POVSF-TOTAL US EQUITY	0.01	(0.08)	RUSSELL 3000 (DAILY)
POVSF-TOTAL STRUCTURED	0.02	(0.09)	NYC - Core Plus Five



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**New York City  
Police Officers' Variable Supplements Fund**

# **Equity Analysis**

# Total Equity Asset Allocation: September 30, 2014

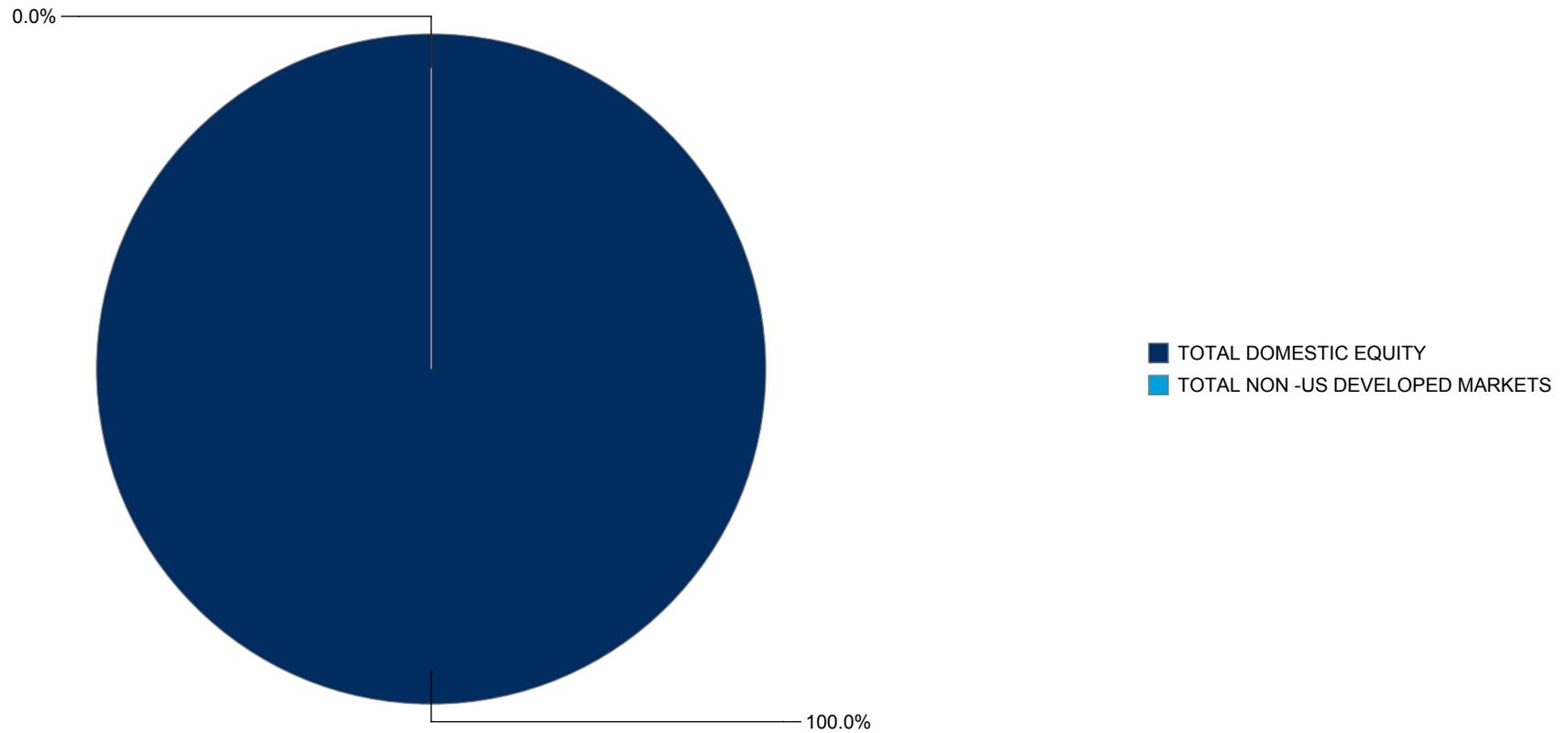


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	<u>Market Value (Millions)</u>
TOTAL EQUITY	\$264.2

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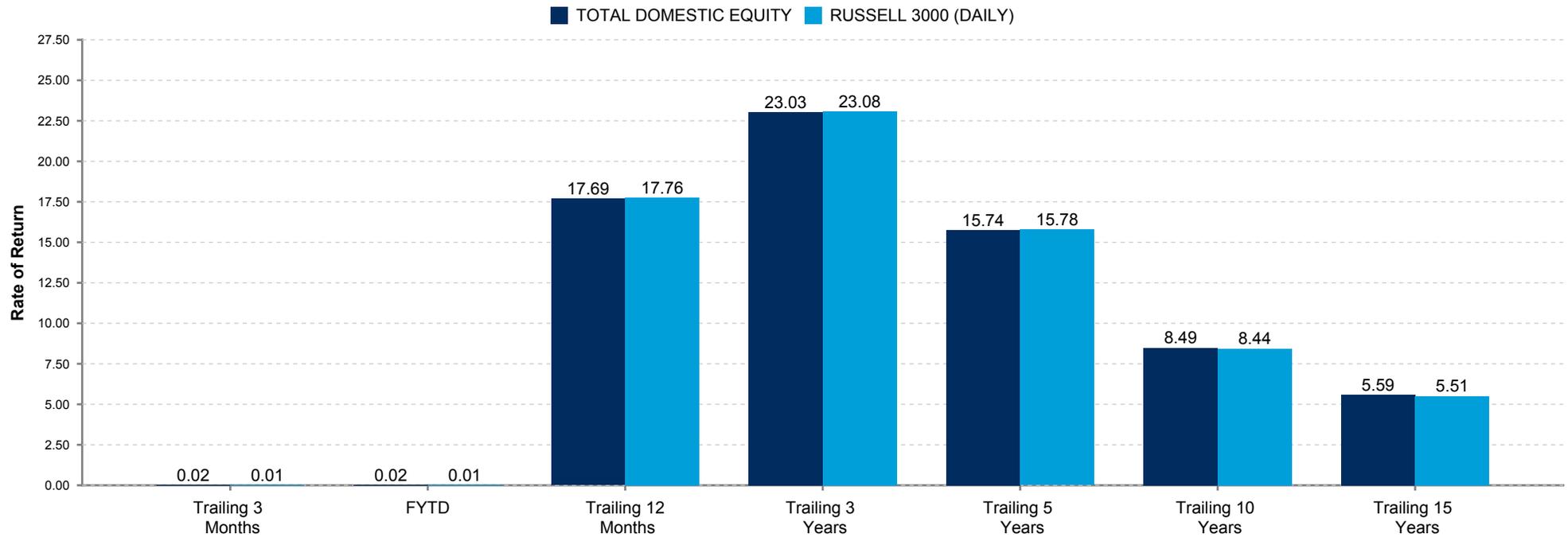


# Total Domestic Equity Returns vs Russell 3000 Index: September 30, 2014



STATE STREET

	<u>Market Value (Millions)</u>	<u>% of plan</u>
TOTAL DOMESTIC EQUITY	\$264.2	67.6



	Plan 3 Years	Benchmark 3 Years	Plan 5 Years	Benchmark 5 Years	Plan 10 Years	Benchmark 10 Years
<b>Standard Deviation</b>						
TOTAL DOMESTIC EQUITY	11.0	11.0	13.7	13.8	15.2	15.3



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**New York City  
Police Officers' Variable Supplements Fund**

# **Fixed Income Analysis**

# Total Fixed Income Asset Allocation: September 30, 2014

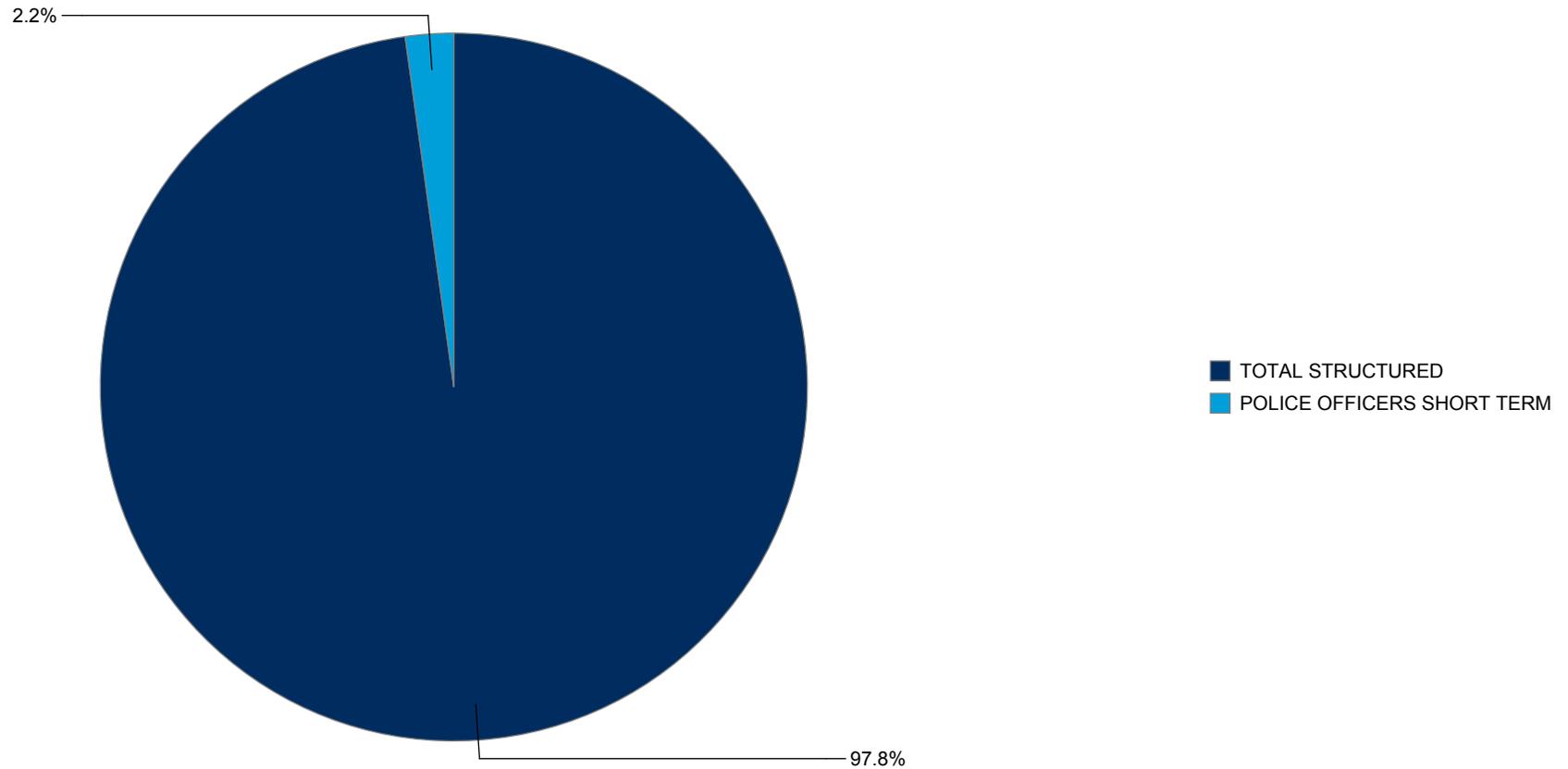


STATE STREET.

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	<u>Market Value (Millions)</u>
TOTAL FIXED INCOME	\$125.2

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# Structured Fixed Income Asset Allocation: September 30, 2014

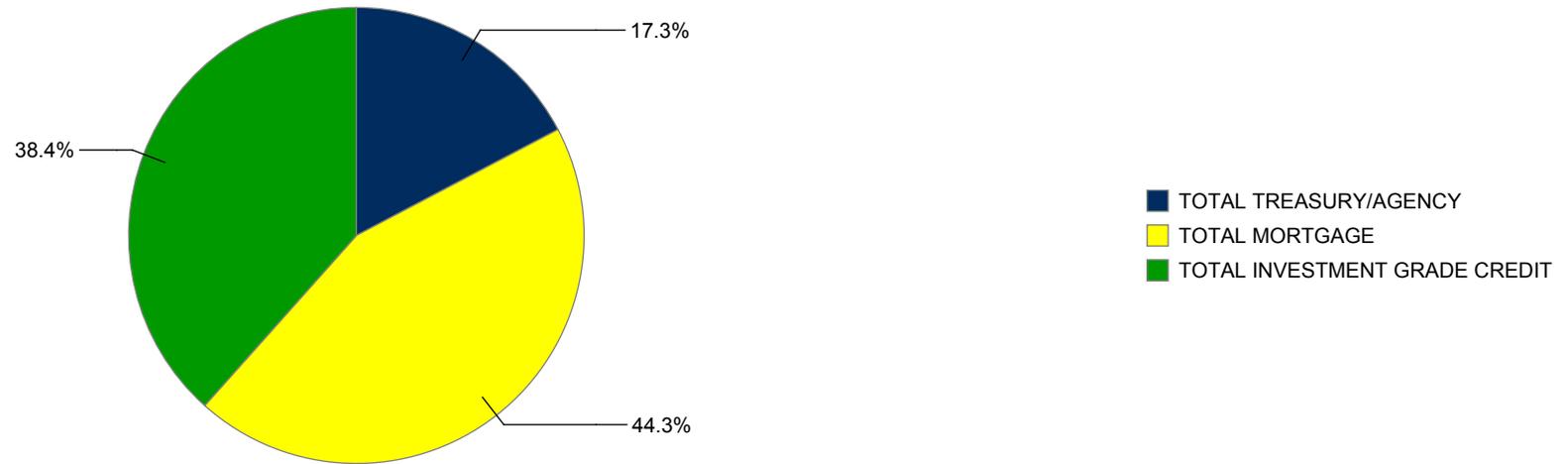


STATE STREET

TOTAL STRUCTURED

Market Value (Millions)

\$122.4



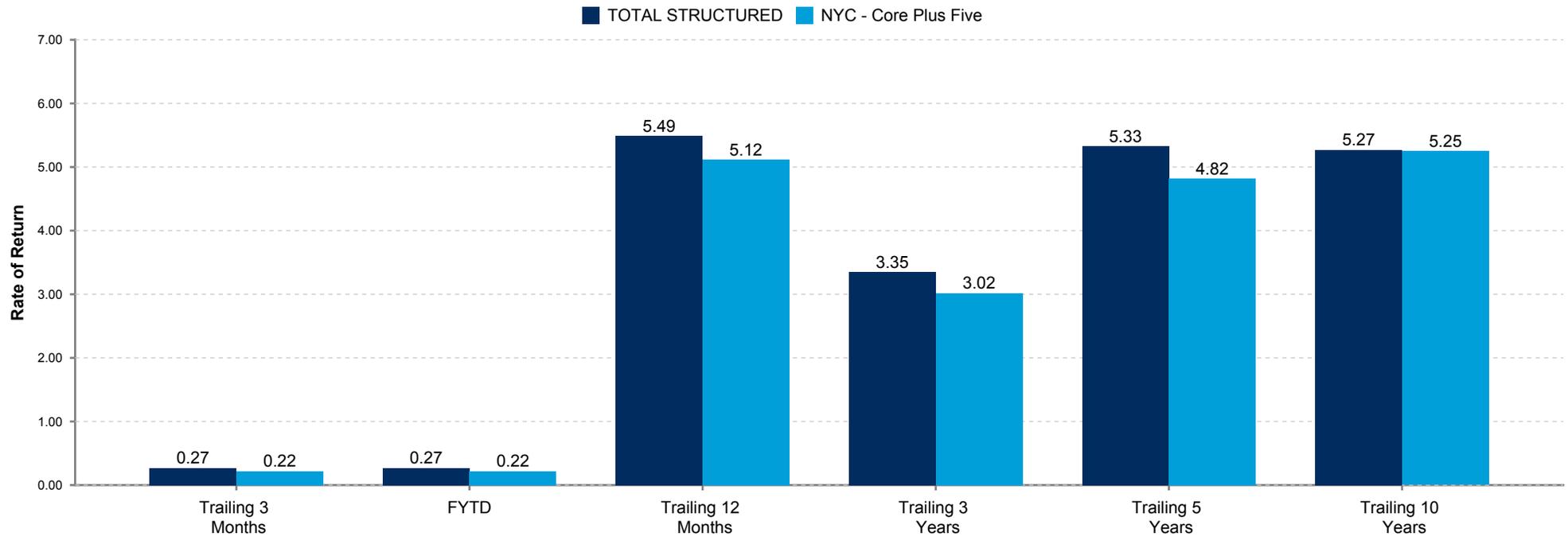
Sub Sector	Policy Weight	Actual Weight	Under/Over Weight	Index Return	Actual Return	Difference
Total Treasury/Agency	19.08	17.28	-1.80	1.02	0.73	-0.29
Total Mortgage	37.78	44.28	6.50	0.18	0.35	0.17
Total Inv Grade Credit	43.15	38.44	-4.71	-0.07	-0.02	0.05

# Structured Returns vs NYC Core + 5 Index: September 30, 2014



STATE STREET

	<u>Market Value (Millions)</u>	<u>% of plan</u>
TOTAL STRUCTURED	\$122.4	31.3



	Plan 3 Years	Benchmark 3 Years	Plan 5 Years	Benchmark 5 Years	Plan 10 Years	Benchmark 10 Years
<b>Standard Deviation</b>						
TOTAL STRUCTURED	3.3	3.4	3.3	3.5	3.8	4.0



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**New York City  
Police Officers' Variable Supplements Fund**

# Appendix

# Consolidated Performance Report



STATE STREET

Through September 30, 2014

	Assets (\$MM)	% of Total	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	15 Year
<b>EQUITY MANAGEMENT</b>									
<b>SMALL CAP</b>									
Blackrock R2000 Growth MTA	9.5	2.43	(6.12)	(4.03)	4.39				
RUSSELL 2000 GROWTH			(6.13)	(4.05)	3.79	21.91	15.51	9.03	5.69
Blackrock R2000 Value MTA	9.7	2.49	(8.56)	(4.70)	4.41				
RUSSELL 2000 VALUE			(8.58)	(4.74)	4.13	20.61	13.02	7.25	9.68
TOTAL SMALL CAP PASSIVE	19.2	4.92	(7.37)	(4.37)	4.38				
Russell 2000			(7.36)	(4.41)	3.93	21.26	14.29	8.19	7.93
<b>RUSSELL 1000</b>									
Blackrock R1000 Growth MTA	125.1	32.00	1.49	7.83	19.23				
RUSSELL 1000 GROWTH			1.49	7.89	19.15	22.45	16.50	8.94	3.42
Blackrock R1000 Value MTA	119.8	30.64	(0.20)	8.04	18.82				
RUSSELL 1000 VALUE			(0.19)	8.07	18.89	23.93	15.26	7.84	6.65
TOTAL RUSSELL 1000	244.9	62.64	0.66	7.93	19.03				
RUSSELL 1000			0.65	7.97	19.01	23.23	15.90	8.46	5.33
TOTAL DOMESTIC EQUITY	264.2	67.56	0.02	6.92	17.69	23.03	15.74	8.49	5.59
RUSSELL 3000			0.01	6.95	17.76	23.08	15.78	8.44	5.51
<b>INTERNATIONAL EQUITY</b>									
TOTAL DEVELOPED MARKETS	0.0	0.01	(0.45)	2.50	46.37	13.59	7.17	6.56	3.95
MSCI EAFE			(5.88)	(1.38)	4.25	13.65	6.56	6.32	3.87

# Consolidated Performance Report



STATE STREET

Through September 30, 2014

	Assets (\$MM)	% of Total	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	15 Year
TOTAL INTERNATIONAL	0.0	0.00	(0.69)	3.85					
MSCI EAFE			(5.88)	(1.38)	4.25	13.65	6.56	6.32	3.87
TOTAL EQUITY	264.2	67.57	0.02	6.92	16.34	21.54	14.00	8.64	5.86
<b>FIXED INCOME MANAGEMENT</b>									
<b>GOVERNMENT</b>									
Pimco - Gov't	21.2	5.41	0.73	8.11	5.99	2.02	5.71		
TOTAL GOVT	21.2	5.41	0.73	8.11	5.99	2.02	5.71	5.90	
NYC - Treasury Agency Plus Five			1.02	7.59	5.45	1.61	5.37	5.76	6.80
<b>MORTGAGE</b>									
Pimco - Mortgage	54.2	13.86	0.35	4.39	3.88	2.09	3.92		
TOTAL MORTGAGE	54.2	13.86	0.35	4.39	3.88	2.04	4.20	4.51	
CITIGROUP MORTGAGE INDEX			0.18	4.25	3.68	2.05	3.51	4.73	5.48
<b>INVESTMENT GRADE CREDIT</b>									
Blackrock - Credit	47.1	12.03	(0.02)	6.03	7.18	5.81	6.67	5.63	
TOTAL INVESTMENT GRADE CREDIT	47.1	12.03	(0.02)	6.03	7.18	5.62	6.60	5.58	
NYC - Investment Grade Credit			(0.07)	5.32	6.29	4.82	5.93	5.25	6.26
TOTAL STRUCTURED	122.4	31.31	0.27	5.64	5.49	3.35	5.33	5.27	
NYC - Core Plus Five			0.22	5.32	5.12	3.02	4.82	5.25	6.13
Police Officers Short Term	2.8	0.71	0.04	0.11	0.15	0.22			
TOTAL FIXED INCOME	125.2	32.02	0.26	5.51	5.44	3.09	5.32	5.43	5.98

# Consolidated Performance Report



STATE STREET.

Through September 30, 2014

	Assets (\$MM)	% of Total	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	15 Year
C/D - Fail Float Earnings	0.1	0.01							
Security Lending	1.6	0.40							
TOTAL POLICE OFFICERS	391.0	100.00	0.10	6.44	13.16	15.57	11.37	7.94	6.05
Police Officers Policy Benchmark			0.09	6.53	13.92	16.05	11.42	8.15	

# Securities Lending Income

Through September 30, 2014



STATE STREET.

## NYC POLICE OFFICERS' VARIABLE SUPPLEMENTS FUND

### SECURITIES LENDING INCOME

September 30, 2014

	<u>U.S. FIXED INCOME</u>	<u>U.S. EQUITY</u>	<u>INTERNATIONAL EQUITY</u>
2001	252,000	116,000	81,000
2002	139,000	72,000	82,000
2003	51,000	77,000	131,000
2004	91,000	115,000	126,000
2005	198,000	228,000	179,000
2006	169,000	305,000	180,000
2007	333,000	495,000	165,000
2008	873,000	881,000	201,000
2009	276,000	581,000	125,000
2010	85,000	243,000	80,000
2011	80,000	255,000	91,000
2012	38,000	271,000	47,000
2013	160,000	247,000	14,000
2014 (9 Months)	15,000	26,000	72,000

Through September 30, 2014



- Effective 4/1/03, the name of the Core +5 benchmark index 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.



## **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.

### **Pages 5 - 6 - 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. Allocation is 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 results in a positive Allocation Effect and vice versa.
- **Selection 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, e.g., *If the manager's Actual Returns are higher than the Implied Return there will be a positive Selection Effect.*

- **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, 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 policy weights are as follows:*

*U.S. Equity: Russell 3000 \* 70.00%*

*Domestic Fixed Income: NYC Core +5 \* 30.00%*



### **Page 7 – Allocation and Selection Effects - Asset Class Breakdown**

- This chart aims to break down the Allocation and Selection Effects 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.