

New York City
Police Officers' Variable Supplements Fund
Performance Overview as of March 31, 2012

Total Fund Overview

New York City Police Officers' Variable Supplements Fund

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Fixed Income Analysis

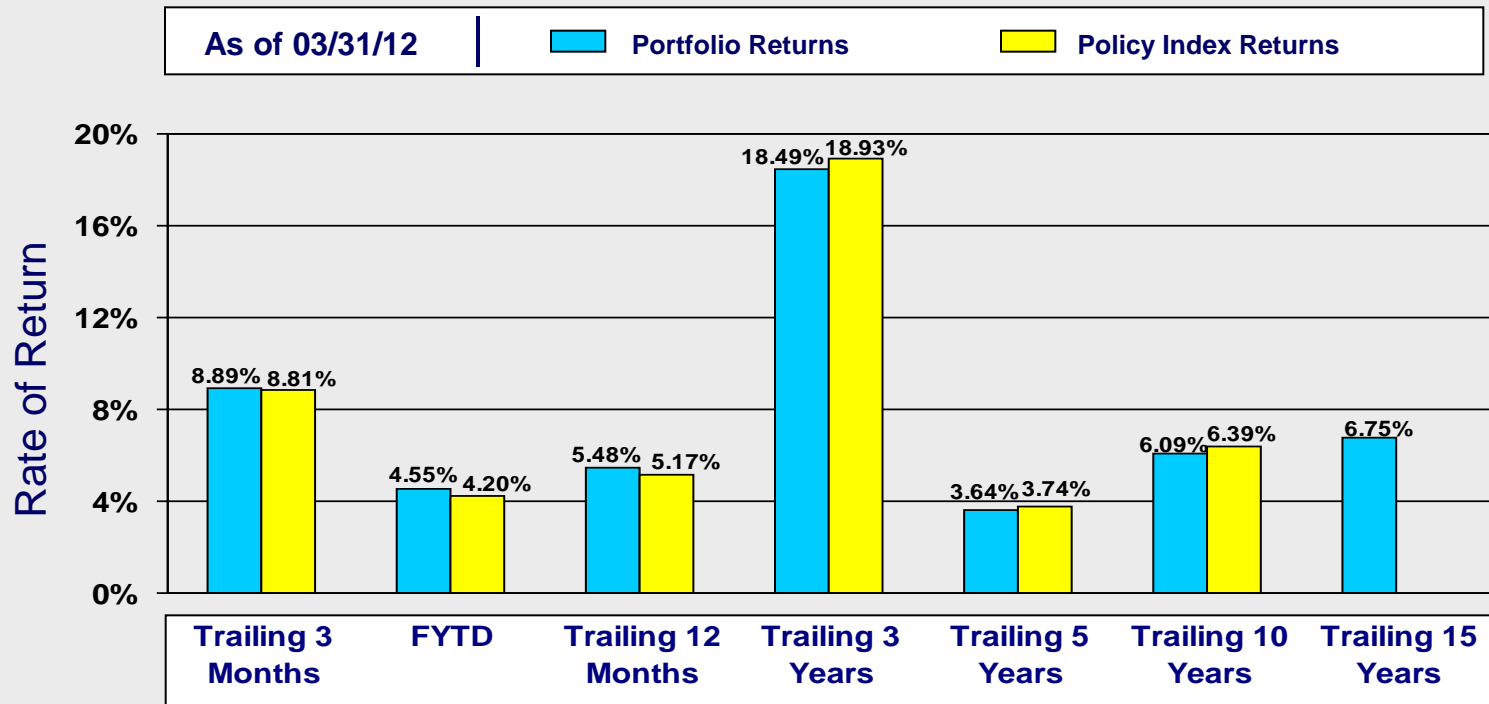


Appendix



Total Portfolio Returns: March 31, 2012

\$557M Under Management



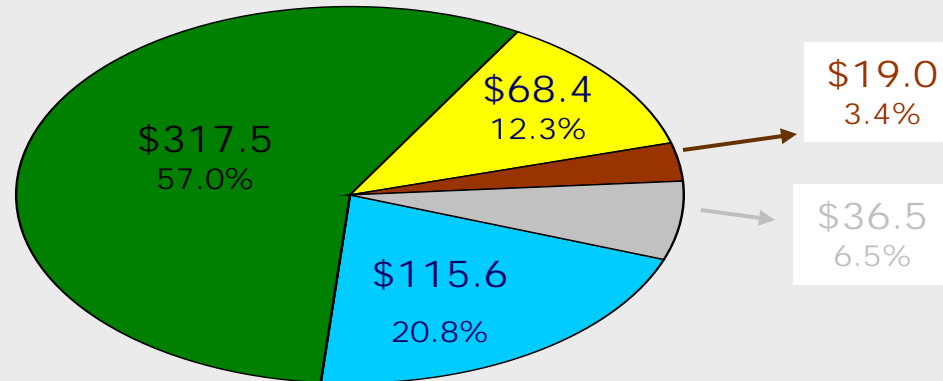
	3 Years	5 Years	10 Years	15 Years
Plan Std Dev	11.8	14.1	11.5	11.6
Benchmark Std Dev	12.5	14.8	12.1	****

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

Portfolio Asset Allocation: March 31, 2012

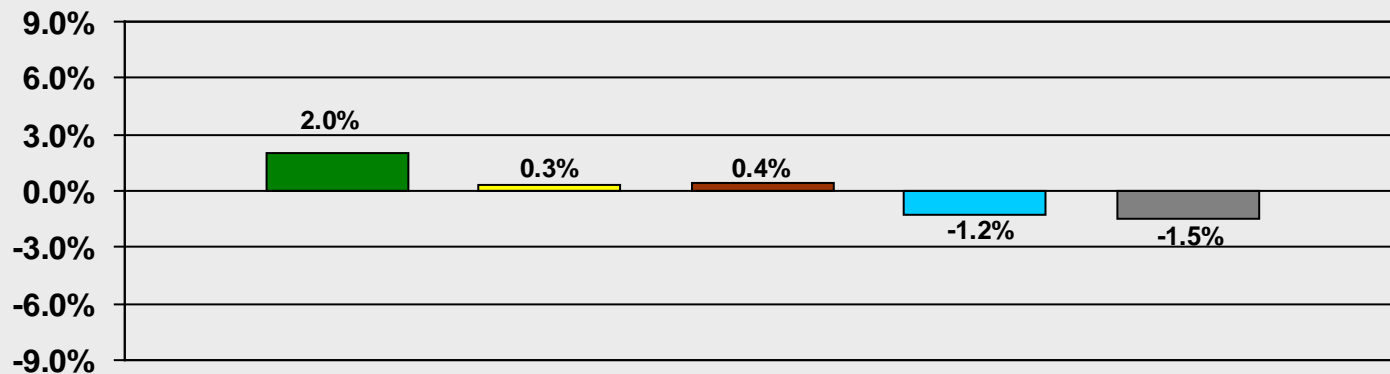
\$557M Under Management

Asset Allocation

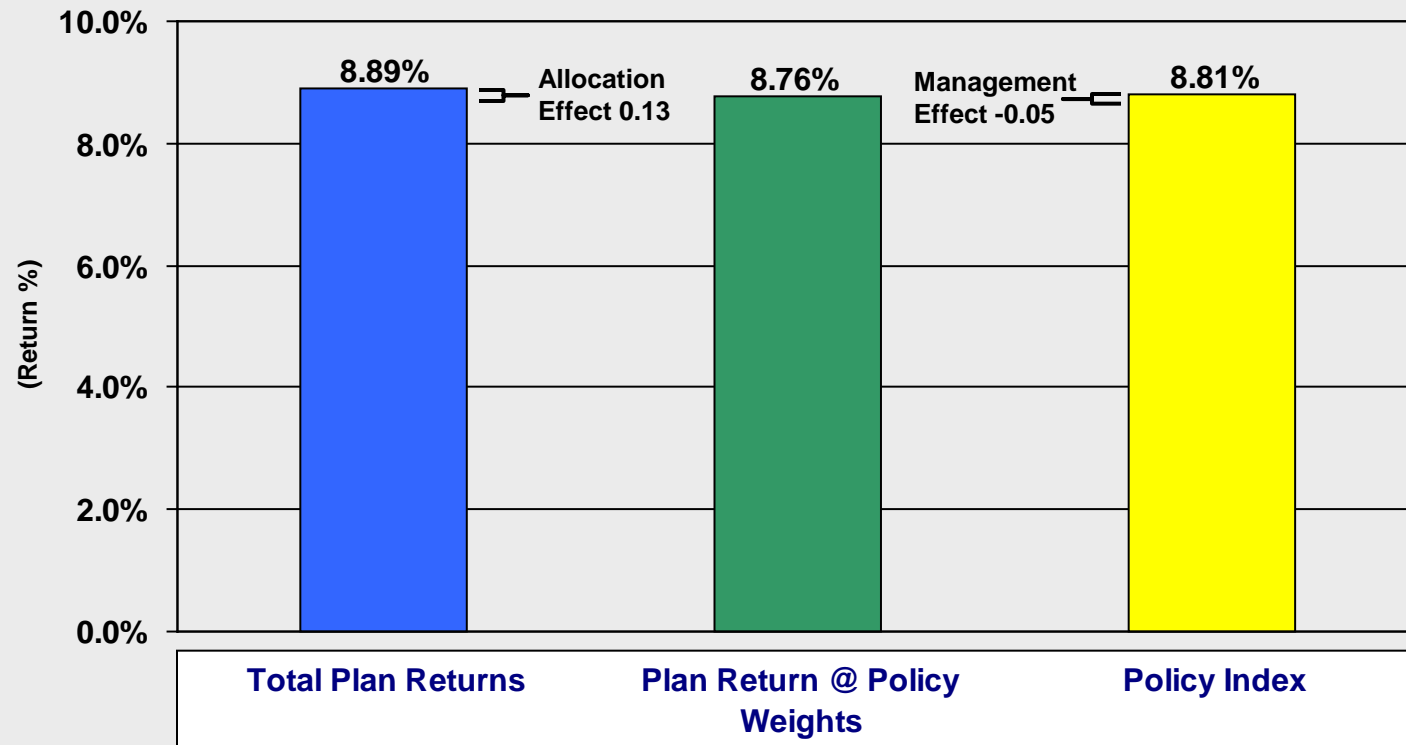


Domestic Equity EAFE Mkts Emerging Mkts Domestic Fixed Cash

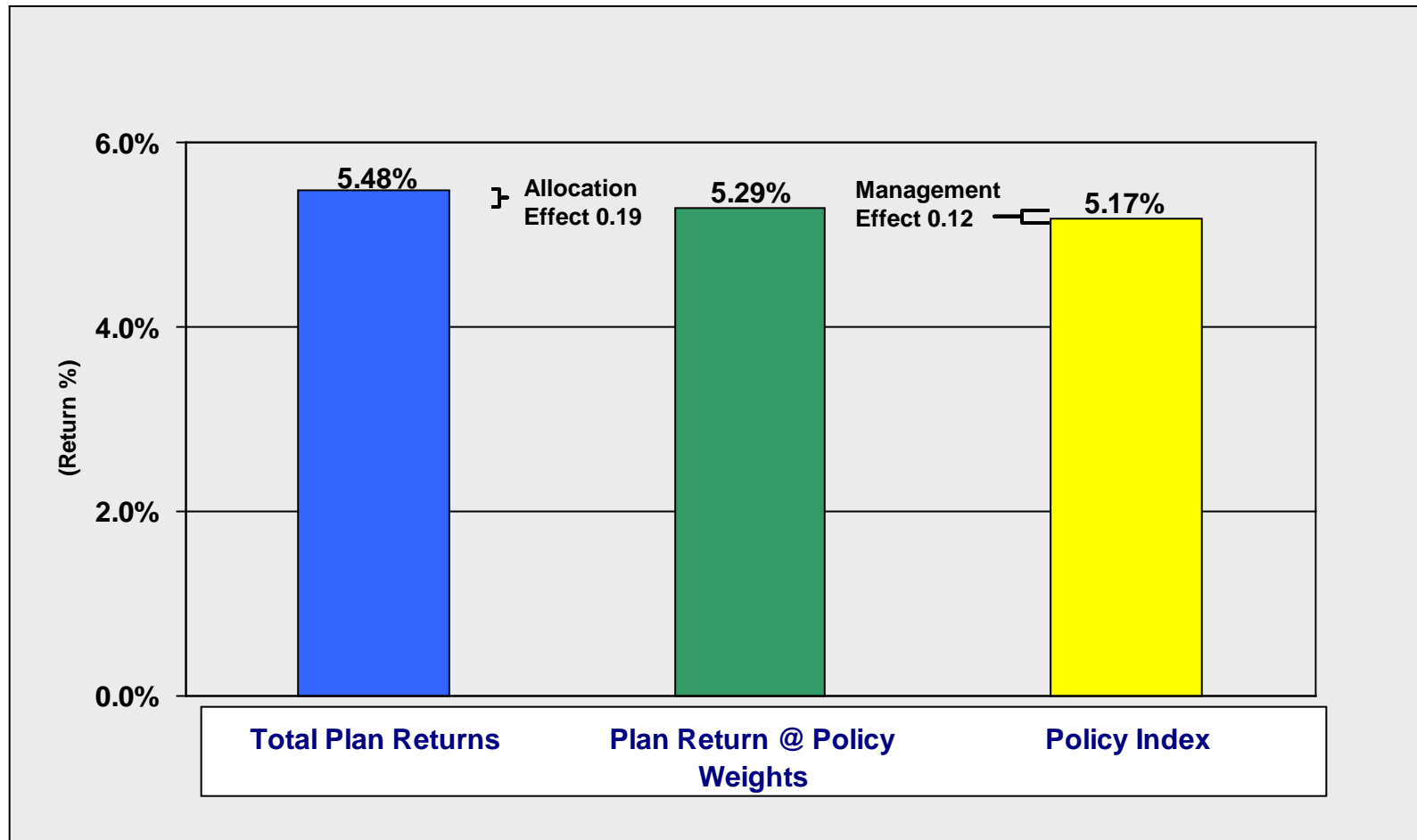
Relative Mix to Policy Weights



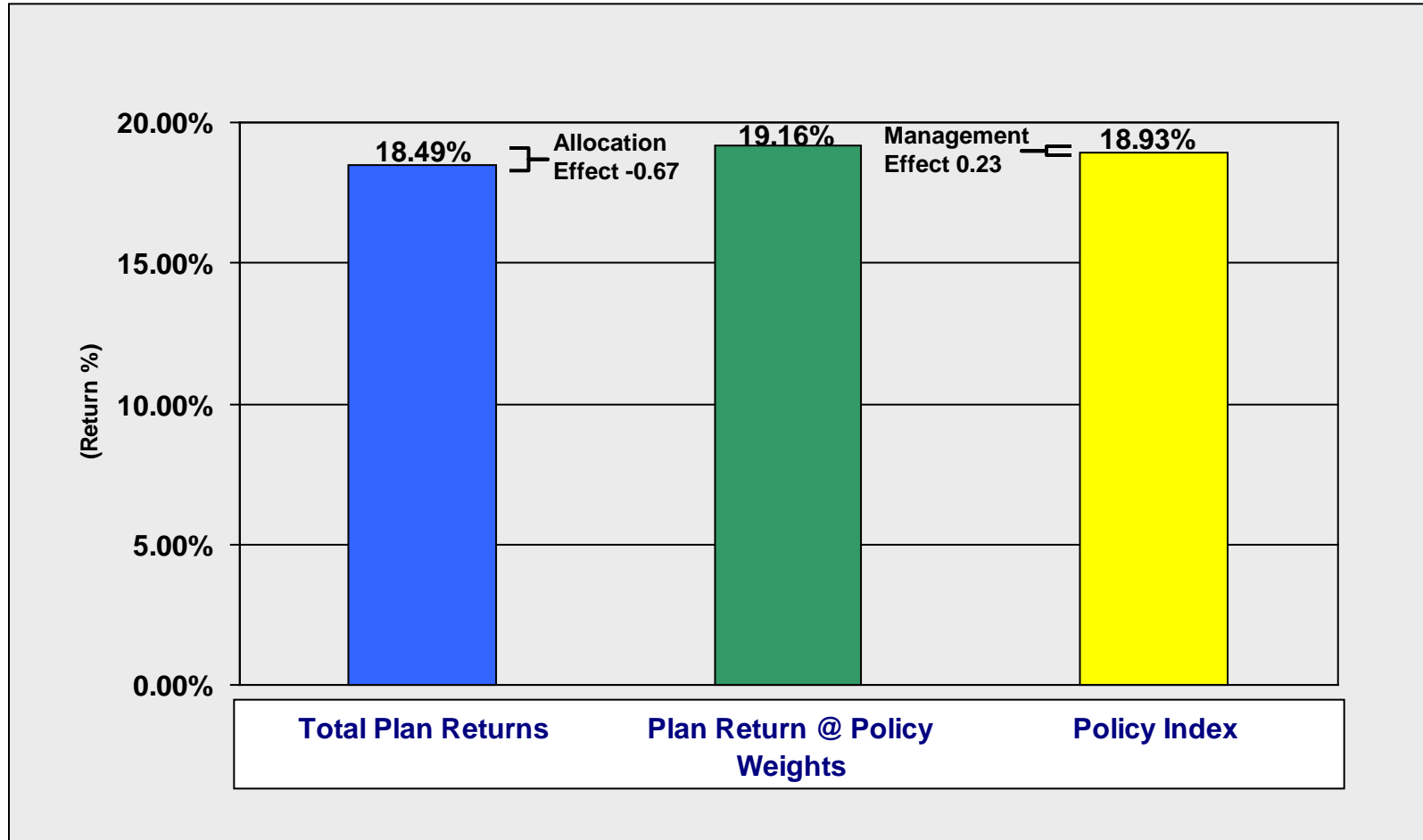
Performance Attribution: Total Plan – Quarter Ending March 31, 2012



Performance Attribution: Total Plan – 12 Months Ending March 31, 2012



Performance Attribution: Total Plan – 3 Years Ending March 31, 2012



Total Plan: March 31, 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	-0.09	0.29	-0.01	MSCI EAFE Index
Emerging Markets	-0.04	-0.02	-0.04	MSCI Emerging Markets Index
Domestic Fixed	0.09	-0.20	0.21	NYC Core +5 Index
Enhanced Yield	0.00	-0.13	0.06	Citigroup BB&B Index

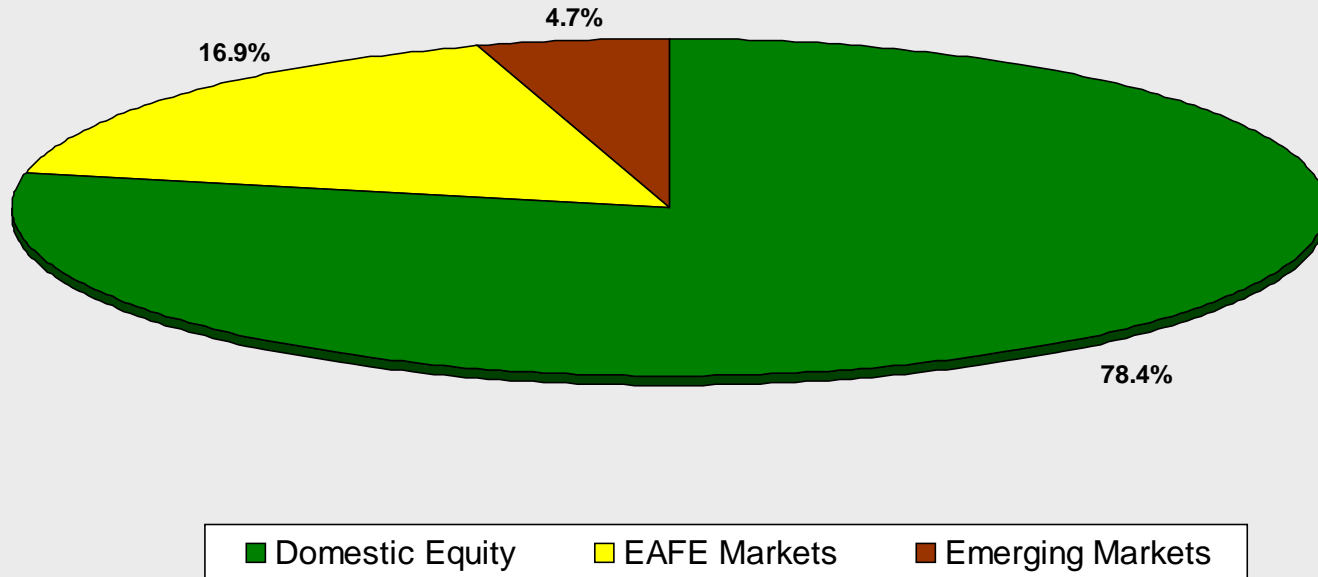
New York City
Police Officers' Variable Supplements Fund

Equity Analysis

Total Equity Asset Allocation: March 31, 2012

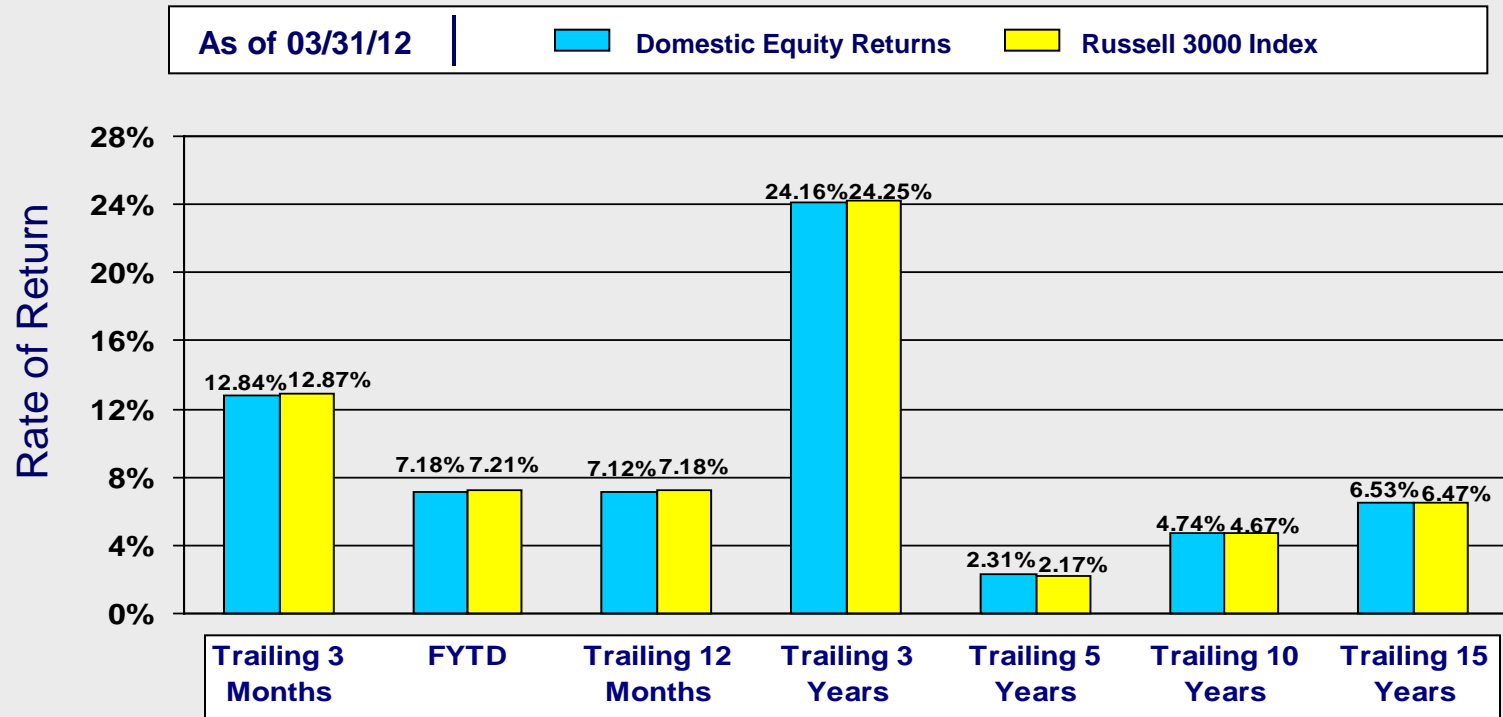
\$405M Under Management, **73%** of Total Funds

Asset Allocation by Groups



Total Domestic Equity Returns vs Russell 3000 Index

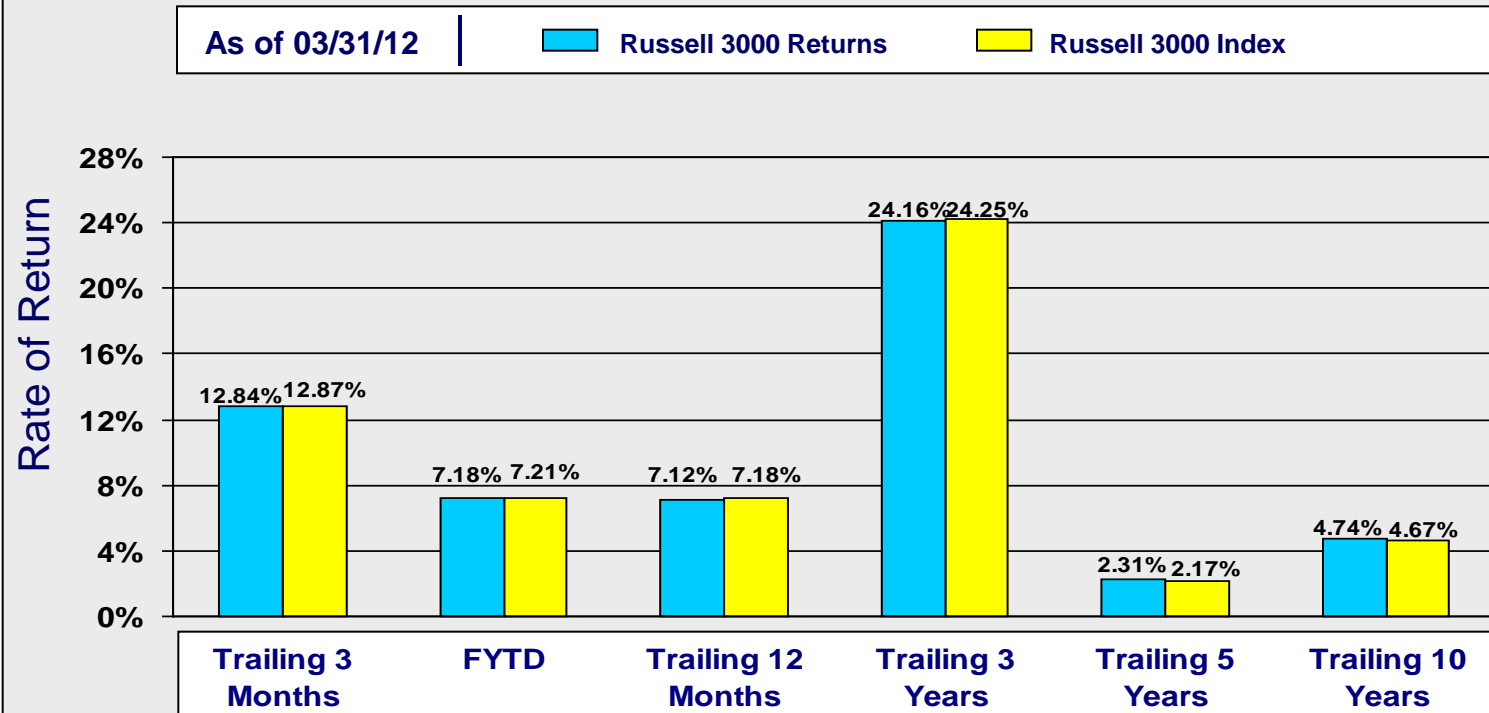
\$318M Under Management, **57%** of Total Funds



	3 Years	5 Years	10 Years	15 Years
Plan Std Dev	16.7	19.6	16.3	16.8
Benchmark Std Dev	16.8	19.7	16.4	16.9

Russell 3000 Index Fund Returns vs Russell 3000 Index

\$318M Under Management, **57%** of Total Funds

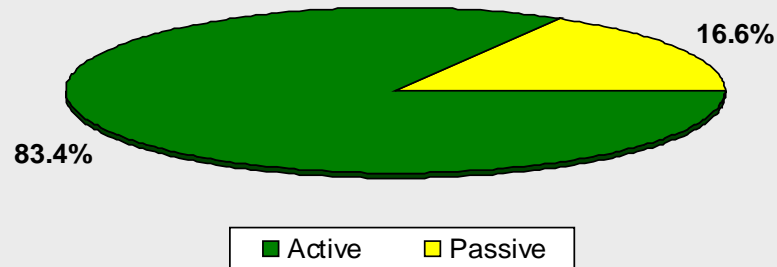


	3 Years	5 Years	10 Years
Plan Std Dev	16.7	19.6	16.3
Benchmark Std Dev	16.8	19.7	16.4

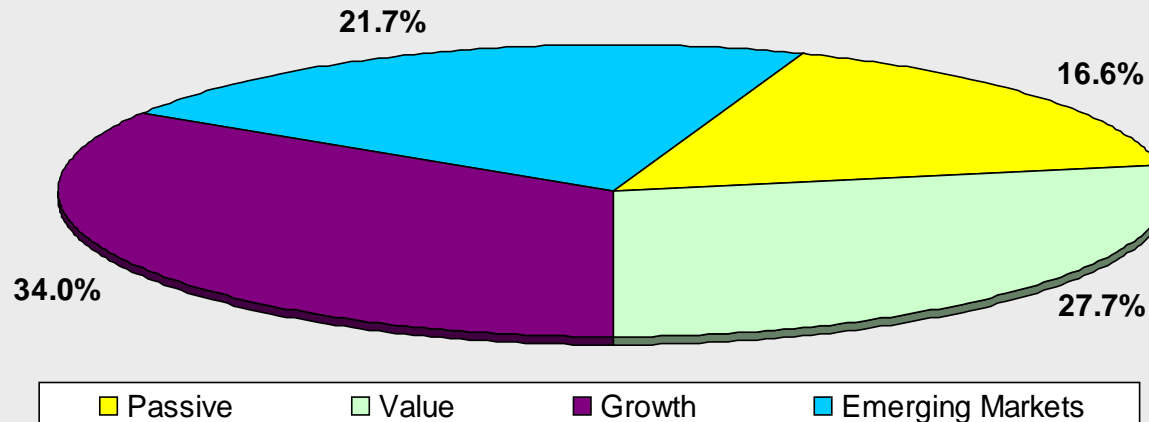
International Equity Asset Allocation: March 31, 2012

\$87M Under Management, **16%** of Total Funds

Asset Allocation by Groups

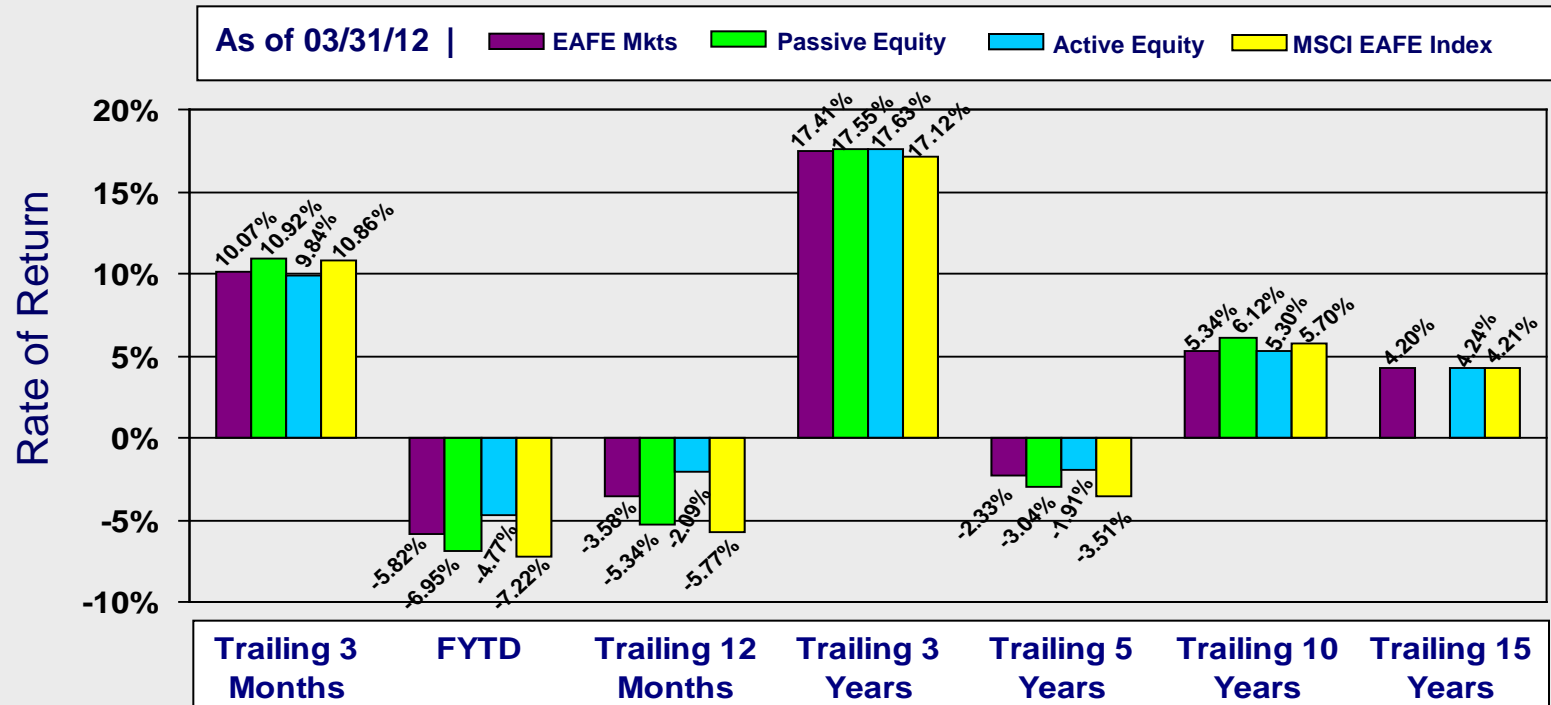


Asset Allocation by Style



EAFE Markets Returns vs MSCI EAFE Index

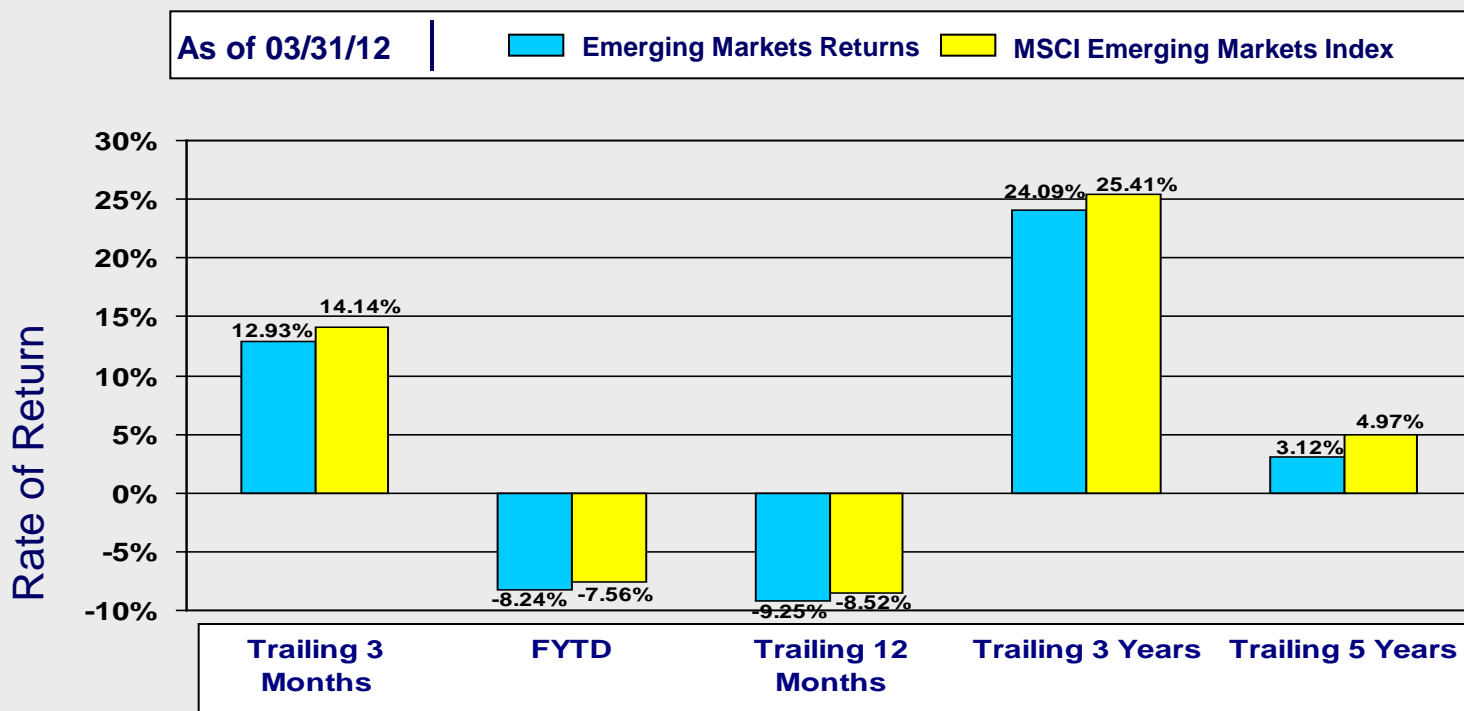
\$68M Under Management, **12%** of Total Funds



	3 Years	5 Years	10 Years	15 Years
EAFE Plan Std Dev	19.4	21.5	18.0	17.5
Passive Plan Std Dev	20.5	22.6	18.6	****
Active Plan Std Dev	18.9	21.0	17.7	17.4
Benchmark Std Dev	20.6	22.7	18.6	18.0

Emerging Markets Returns vs MSCI Emerging Markets Index

\$19M Under Management, **3%** of Total Funds



	3 Years	5 Years
Plan Std Dev	24.9	29.8
Benchmark Std Dev	24.8	29.3

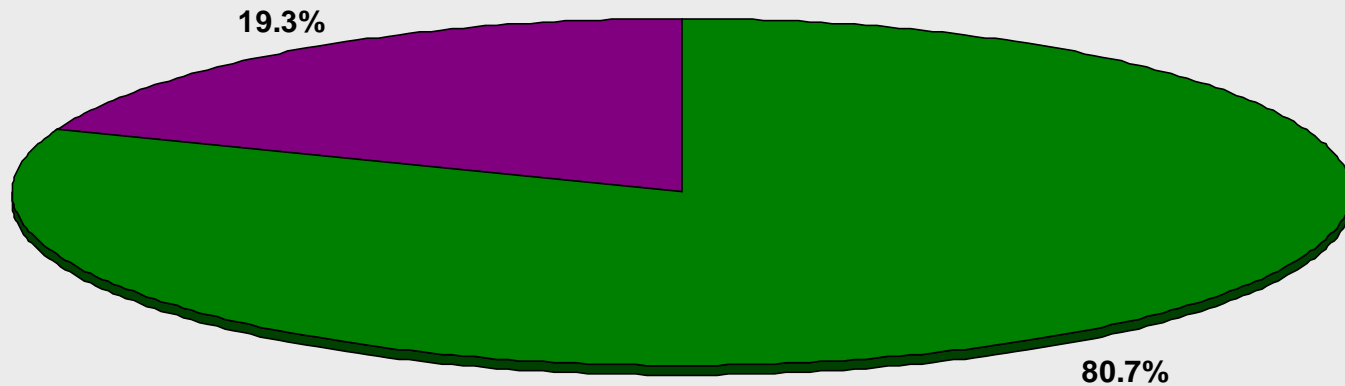
New York City
Police Officers' Variable Supplements Fund

Fixed Income Analysis

Total Fixed Income Asset Allocation: March 31, 2012

\$143M Under Management, **26%** of Total Funds

Asset Allocation by Groups



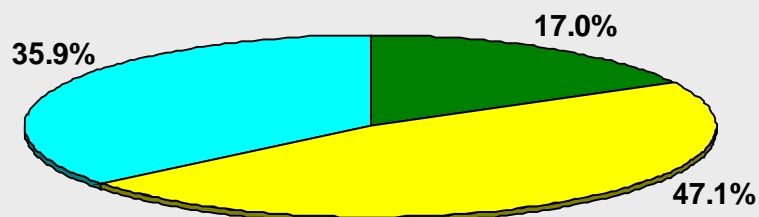
■ Structured Fixed Income

■ Short Term Investments

Structured Fixed Income Asset Allocation: Quarter Ending March 31, 2012

\$116M Under Management, **21%** of Total Funds

Asset Allocation by Groups



■ Treas/Agency ■ Mortgage ■ Invest. Grade Credit

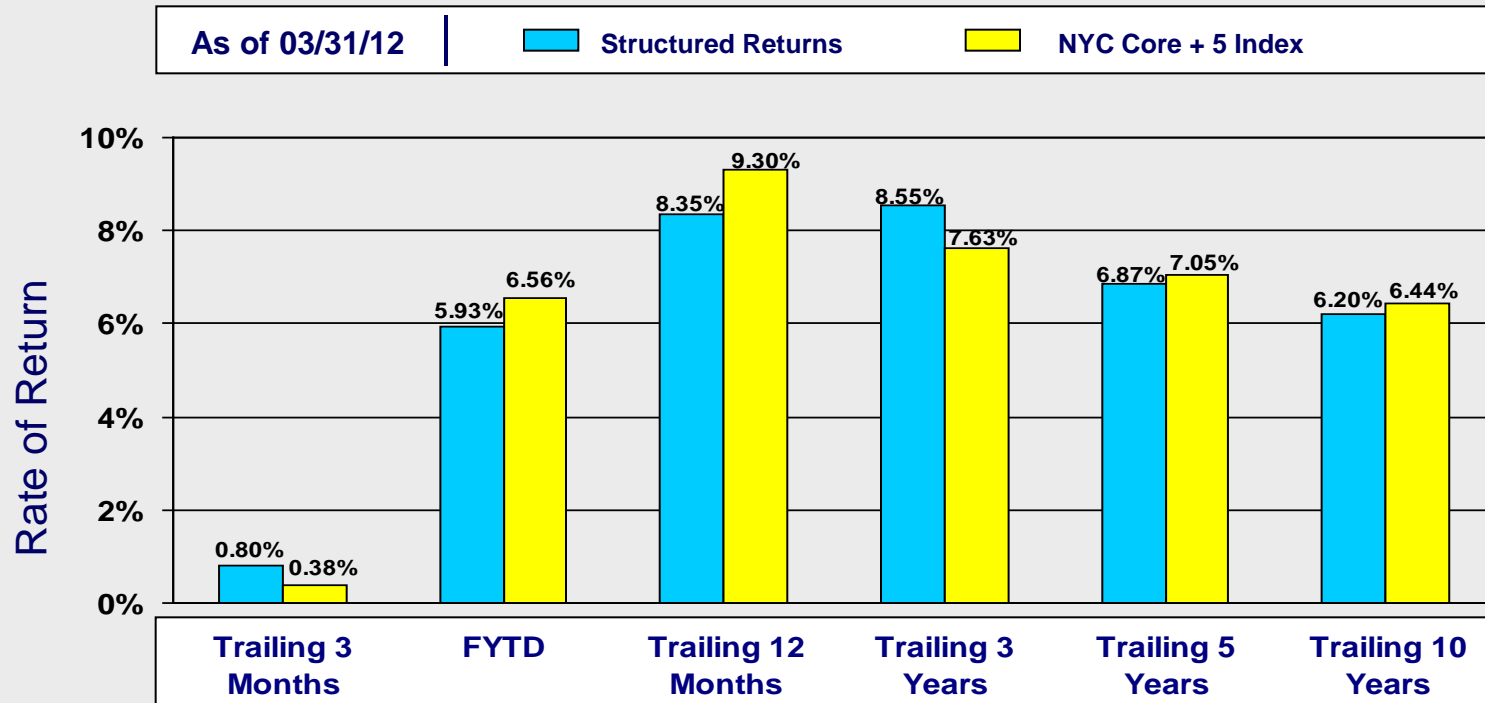
Value Added by Sectors

Sub Sector	Policy Weight	Actual Weight	Under/Over Weight	Index Return	Actual Return	Difference	Contribution to Out/Under Performance	
							Allocation	Management
Treas/Agency	21.25	17.01	-4.24	-2.74	-2.60	0.14	0.16	0.03
Mortgage	42.15	47.06	4.91	0.61	0.77	0.16	0.01	0.07
Invest. Grade Credit	36.60	35.94	-0.66	2.09	2.52	0.43	0.00	0.16

*NYC Core +5 Breakdown

Structured Returns vs NYC Core + 5 Index

\$116M Under Management, **21%** of Total Funds



	3 Years	5 Years	10 Years
Plan Std Dev	2.9	4.1	4.1
Benchmark Std Dev	3.2	4.4	4.3

New York City
Police Officers' Variable Supplements Fund

Appendix

Consolidated Performance Report

Through March 31, 2012

Assets (\$MM)	% Total		3 Mos Jan-12 Mar-12	YTD Jan-11 Mar-12	1 Yr Apr-11 Mar-12	3 Yrs Apr-09 Mar-12	5 Yrs Apr-07 Mar-12	10 Yrs Apr-02 Mar-12	15 Yrs Apr-97 Mar-12
		EQUITY MANAGEMENT							
317.45	57.00	BLACKROCK R3000	12.84	12.84	7.12	24.16	2.31	4.74	****
317.45	57.00	TOTAL DOMESTIC EQUITY	12.84	12.84	7.12	24.16	2.31	4.74	6.53
		RUSSELL 3000	12.87	12.87	7.18	24.25	2.17	4.67	6.47
		INTERNATIONAL EQUITY							
		DEVELOPED MARKETS							
29.66	5.33	PYRAMIS GLOBAL ADVISORS	12.71	12.71	-3.05	18.86	****	****	****
		MSCI EAFE GROWTH	12.10	12.10	-3.37	18.14	****	****	****
24.16	4.34	MONDRIAN INVESTMENT PARTNERS LTD	6.53	6.53	-0.86	16.48	-1.57	****	****
		MSCI EAFE VALUE	9.85	9.85	-7.25	17.19	-4.60	****	****
0.03	0.01	BANK OF IRELAND (terminated)	****	****	****	****	****	****	****
0.03	0.00	TRANSITION-EAFE REBALANCE	****	****	****	****	****	****	****
53.88	9.67	TOTAL ACTIVE DEVELOPED MARKETS	9.84	9.84	-2.09	17.63	-1.91	5.30	4.24
		MSCI EAFE (NET DIVIDEND)	10.86	10.86	-5.77	17.12	-3.51	5.70	4.21
		INTERNATIONAL EQUITY MEDIAN	12.26	12.26	-4.56	19.39	-0.97	7.42	6.77
14.53	2.61	SSGA	10.92	10.92	-5.34	****	****	****	****
14.53	2.61	TOTAL PASSIVE DEVELOPED MARKETS	10.92	10.92	-5.34	17.55	-3.04	6.12	****
68.41	12.28	TOTAL DEVELOPED MARKETS	10.07	10.07	-3.58	17.41	-2.33	5.34	4.20
		MSCI EAFE (NET DIVIDEND)	10.86	10.86	-5.77	17.12	-3.51	5.70	4.21

Note: Market values for non-U.S. transition accounts represent cash balances to be cleared out or other outstanding issues.

Consolidated Performance Report

Through March 31, 2012

Assets (\$MM)	% Total		3 Mos Jan-12 Mar-12	YTD Jan-11 Mar-12	1 Yr Apr-11 Mar-12	3 Yrs Apr-09 Mar-12	5 Yrs Apr-07 Mar-12	10 Yrs Apr-02 Mar-12	15 Yrs Apr-97 Mar-12
		EMERGING MARKETS							
18.95	3.40	STATE STREET EMG MKTS	12.93	12.93	-9.25	24.09	3.12	****	****
18.95	3.40	TOTAL EMERGING MARKETS	12.93	12.93	-9.25	24.09	3.12	****	****
		MSCI EMERGING MARKETS FREE	14.14	14.14	-8.52	25.41	4.97	****	****
		EMERGING MARKETS MEDIAN	13.55	13.55	-8.03	25.50	5.52	14.61	9.57
87.36	15.69	TOTAL INTERNATIONAL EQUITY	10.68	10.68	-4.57	18.98	-1.16	6.03	4.65
404.81	72.69	TOTAL EQUITY - PUBLIC & PRIVATE	12.37	12.37	4.25	22.98	1.44	5.36	6.91

Consolidated Performance Report

Through March 31, 2012

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FIXED INCOME MANAGEMENT									
TREASURY / AGENCY									
19.66	3.53	PIMCO -GOVT	-2.60	-2.60	14.59	****	****	****	****
19.66	3.53	ALL TREASURY / AGENCY	-2.60	-2.60	14.59	6.39	8.43	7.63	****
		NYC - TREASURY AGENCY PLUS FIVE	-2.74	-2.74	15.61	6.23	8.45	7.64	****
MORTGAGE									
51.74	9.29	PIMCO -MORT	0.62	0.62	6.55	****	****	****	****
2.67	0.48	MORTGAGE TRANSITION ACCOUNT	****	****	****	****	****	****	****
54.41	9.77	ALL MORTGAGE	0.77	0.77	6.04	6.44	5.95	5.58	****
		CITIGROUP MORTGAGE INDEX	0.61	0.61	6.38	5.30	6.41	5.71	****
INVESTMENT GRADE CREDIT									
41.54	7.46	BLACKROCK - CREDIT	2.52	2.52	9.39	12.73	6.74	****	****
41.55	7.46	ALL INVESTMENT GRADE CREDIT	2.52	2.52	8.74	12.58	6.66	5.66	****
		NYC - INVESTMENT GRADE CREDIT	2.09	2.09	9.16	11.99	6.57	6.42	****
115.61	20.76	TOTAL STRUCTURED	0.80	0.80	8.35	8.55	6.87	6.20	****
		NYC - CORE PLUS FIVE	0.38	0.38	9.30	7.63	7.05	6.44	****
143.21	25.72	TOTAL FIXED INCOME	0.66	0.66	6.74	10.01	7.11	6.68	6.69

Consolidated Performance Report

Through March 31, 2012

Assets (\$MM)	% Total		3 Mos Jan-12 Mar-12	YTD Jan-11 Mar-12	1 Yr Apr-11 Mar-12	3 Yrs Apr-09 Mar-12	5 Yrs Apr-07 Mar-12	10 Yrs Apr-02 Mar-12	15 Yrs Apr-97 Mar-12
8.83	1.59	SECURITIES LENDING	****	****	****	****	****	****	****
27.60	4.96	STATE STREET SHORT TERM	0.08	0.08	1.76	0.93	2.01	2.66	3.75
0.04	0.01	BNY-MELLON - CD	****	****	****	****	****	****	****
556.90	100.00	<i>TOTAL POLICE OFFICERS</i>	8.89	8.89	5.48	18.49	3.64	6.09	6.75
		POLICE OFFICERS POLICY BENCHMARK	8.81	8.81	5.17	18.93	3.74	6.39	****

Securities Lending Income

Through March 31, 2012

	U.S. <u>FIXED INCOME</u>	U.S. <u>EQUITY</u>	INTERNATIONAL <u>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 (3 Months)	12,000	64,000	9,000

Footnotes

Through March 31, 2012

- 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.

Glossary of Terms

Through March 31, 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 * 55%
International Developed (EAFE) Markets: MSCI EAFE * 12%
International Emerging Markets: MSCI Emerging Markets * 3%
Domestic Fixed Income: NYC Core +5 * 22%
Cash: 91 Day T-Bill * 8%

Glossary of Terms

Through March 31, 2012

Page 8 - 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.*