

New York City
Police Officers' Variable Supplements Fund
Performance Overview as of December 31, 2014

Total Fund Overview



New York City Police Officers' Variable Supplements Fund

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Total Portfolio Returns: December 31, 2014



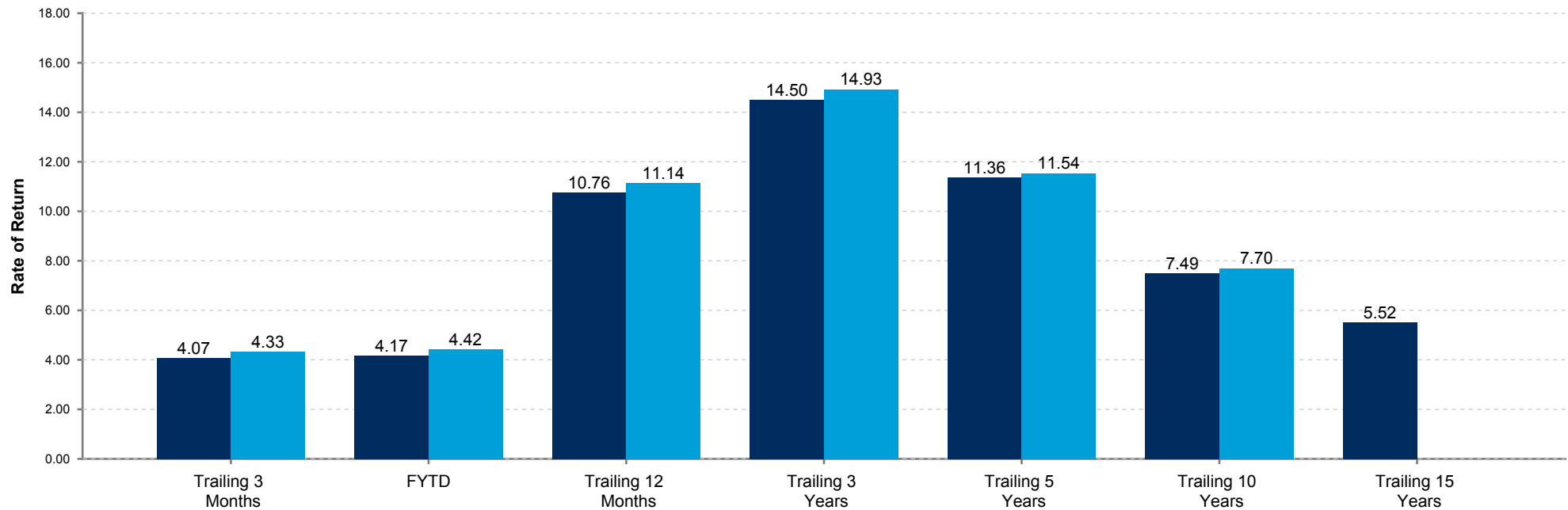
STATE STREET

TOTAL POLICE OFFICERS

Market Value (Billions)

\$1.4

■ TOTAL POLICE OFFICERS ■ Police Officers Policy Benchmark



	Plan 3 Years	Benchmark 3 Years	Plan 5 Years	Benchmark 5 Years	Plan 7 Years	Benchmark 7 Years	Plan 10 Years
Standard Deviation							
TOTAL POLICE OFFICERS	6.9	6.9	11.4	9.8	12.5	13.1	10.9

Portfolio Asset Allocation: December 31, 2014



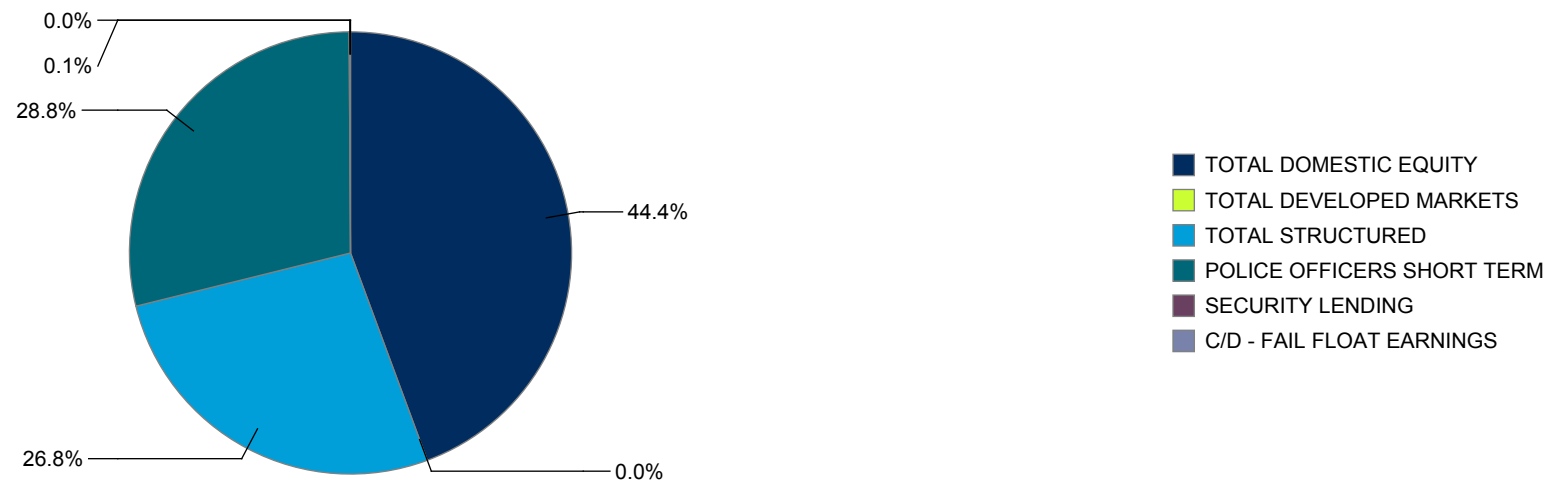
STATE STREET

TOTAL POLICE OFFICERS

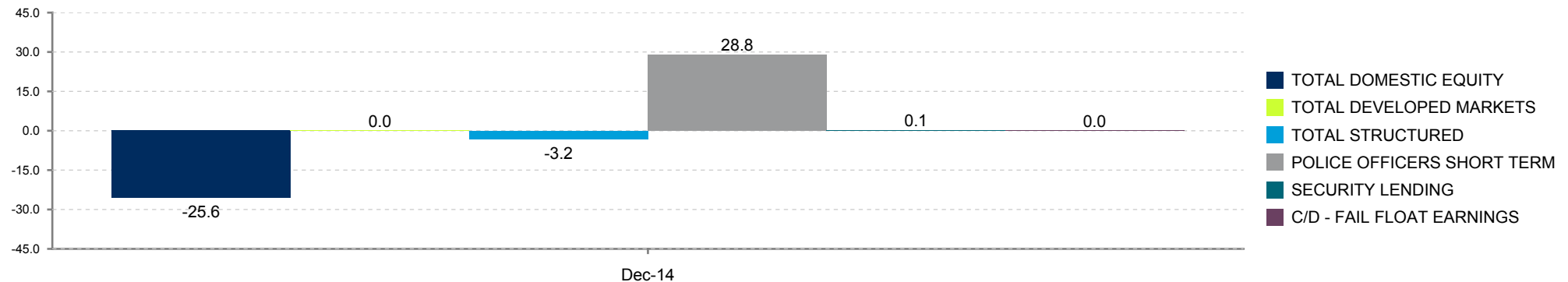
Market Value (Billions)

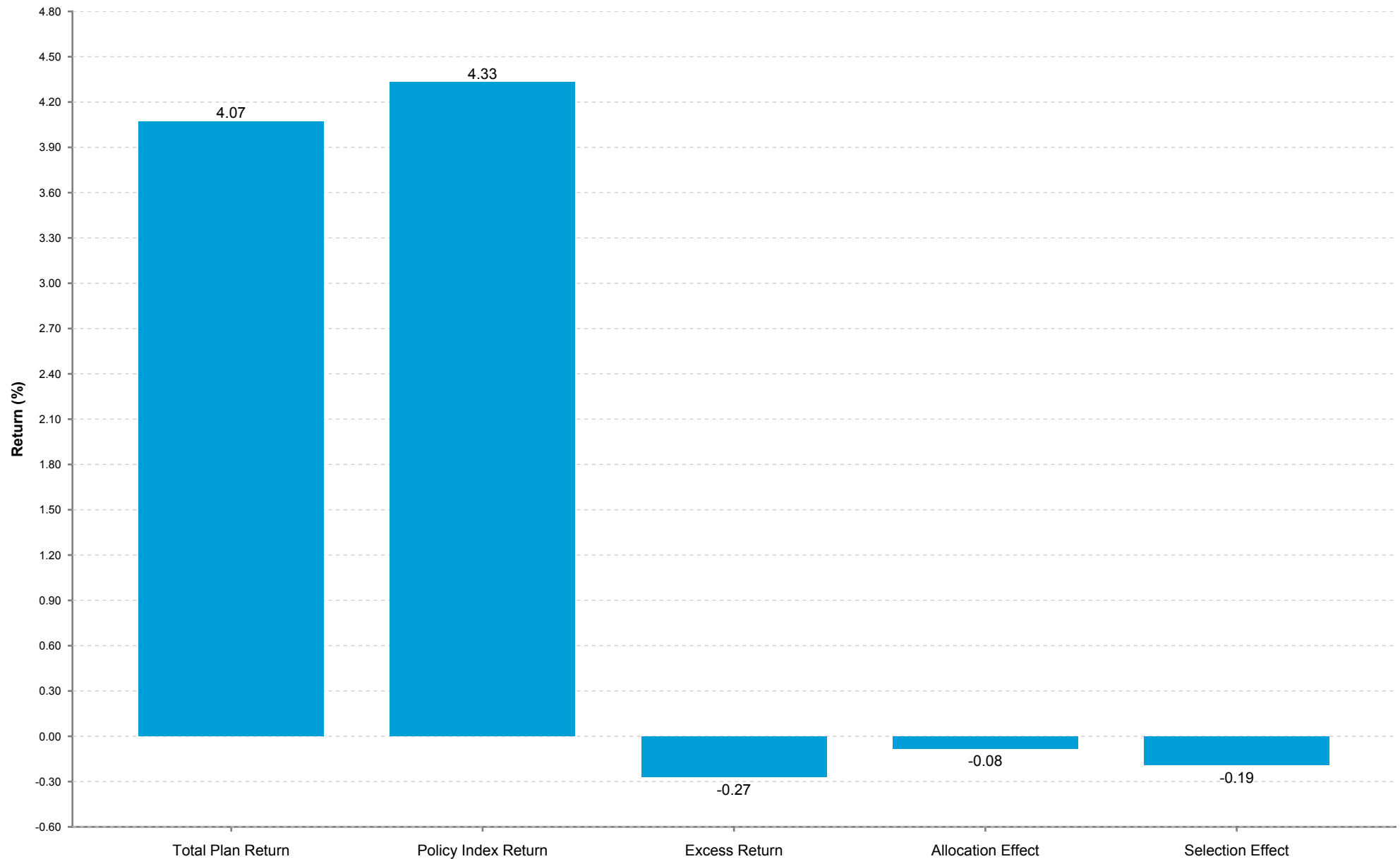
\$1.4

Asset Allocation



Relative Mix to Asset Weights

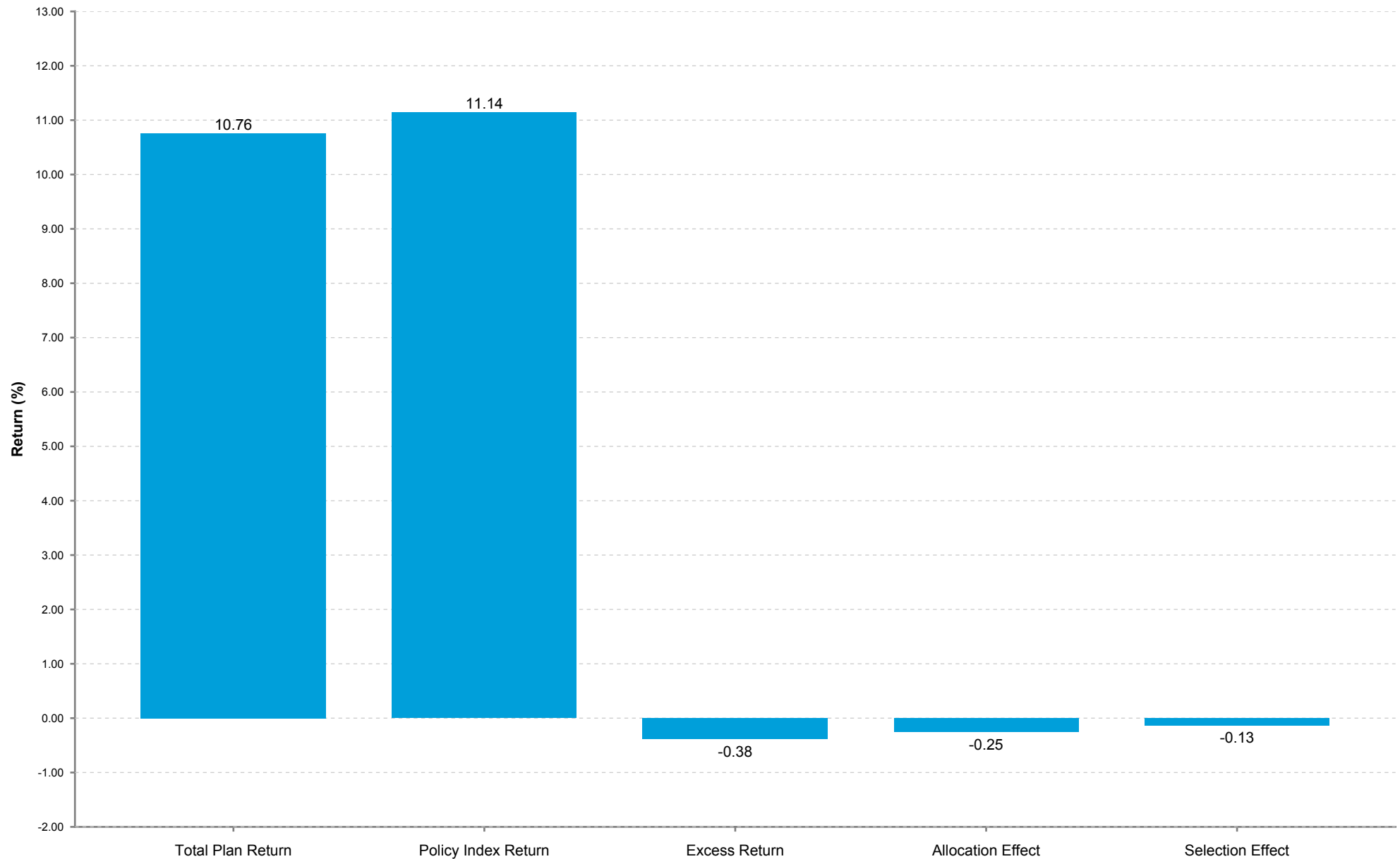




Performance Attribution: Total Plan - 12 Month Ending December 31, 2014



STATE STREET.



**Allocation Effect - Asset Class Breakdown**

	<u>Quarter</u>	<u>12 Months</u>	<u>Benchmark</u>
POVSF-TOTAL POLICE OFFICERS	(0.08)	(0.25)	Police Officers Policy Benchmark
POVSF-TOTAL US EQUITY	(0.02)	(0.07)	RUSSELL 3000 (DAILY)
POVSF-TOTAL STRUCTURED	(0.06)	(0.17)	NYC - Core Plus Five

Selection Effect - Asset Class Breakdown

	<u>Quarter</u>	<u>12 Months</u>	<u>Benchmark</u>
POVSF-TOTAL POLICE OFFICERS	(0.19)	(0.13)	Police Officers Policy Benchmark
POVSF-TOTAL US EQUITY	(0.05)	(0.08)	RUSSELL 3000 (DAILY)
POVSF-TOTAL STRUCTURED	(0.13)	(0.05)	NYC - Core Plus Five



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

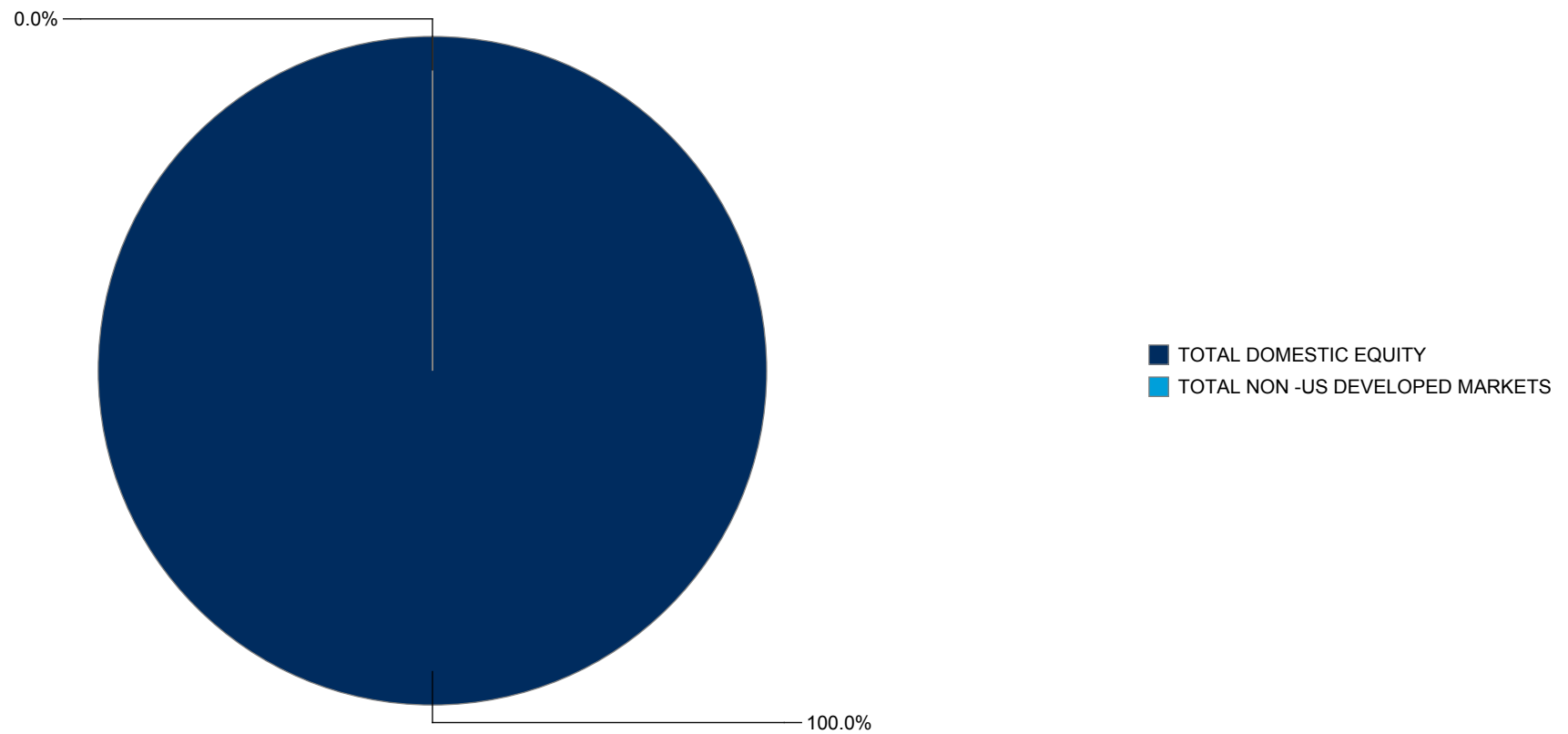
Equity Analysis

Total Equity Asset Allocation: December 31, 2014



STATE STREET.

	<u>Market Value (Millions)</u>
TOTAL EQUITY	\$629.8

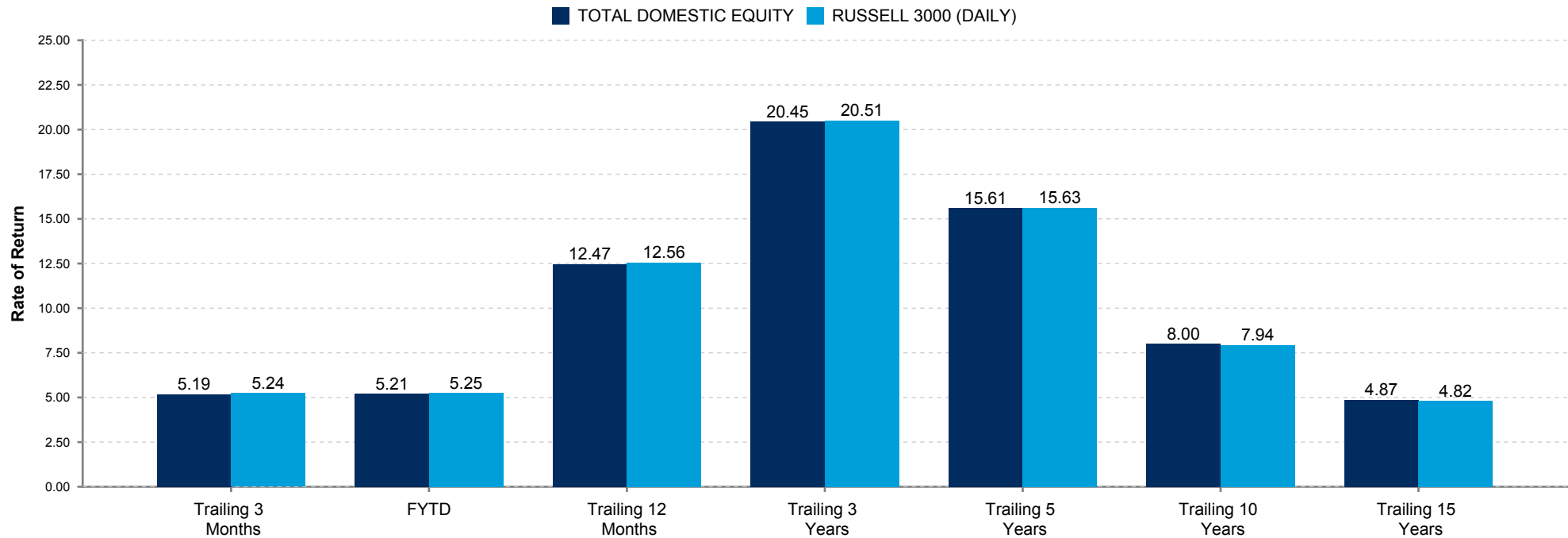


Total Domestic Equity Returns vs Russell 3000 Index: December 31, 2014



STATE STREET.

	<u>Market Value (Millions)</u>	<u>% of plan</u>
TOTAL DOMESTIC EQUITY	\$629.8	44.4



	Plan 3 Years	Benchmark 3 Years	Plan 5 Years	Benchmark 5 Years	Plan 10 Years	Benchmark 10 Years
Standard Deviation						
TOTAL DOMESTIC EQUITY	9.4	9.4	13.5	13.6	15.2	15.3



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

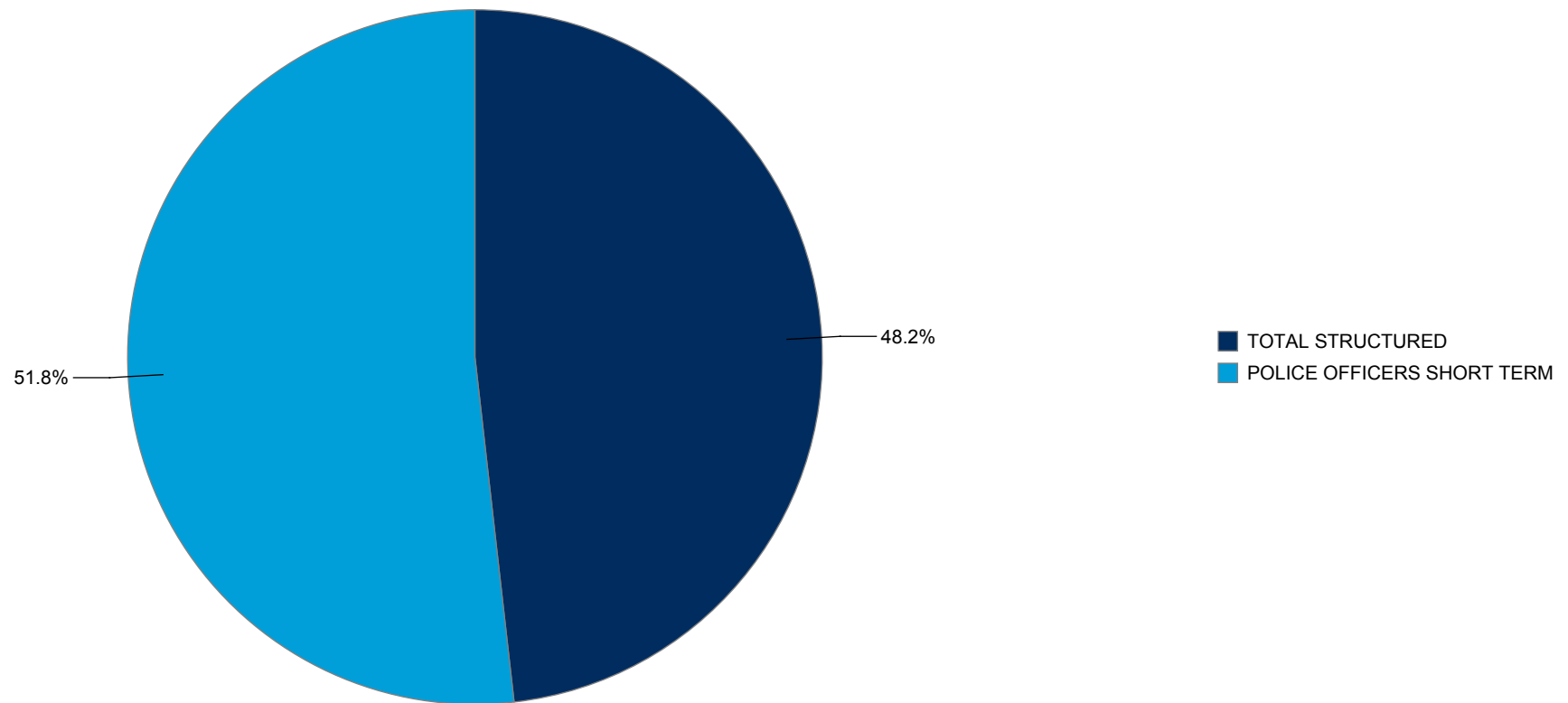
Fixed Income Analysis

Total Fixed Income Asset Allocation: December 31, 2014



STATE STREET.

	<u>Market Value (Millions)</u>
TOTAL FIXED INCOME	\$788.1



Structured Fixed Income Asset Allocation: December 31, 2014

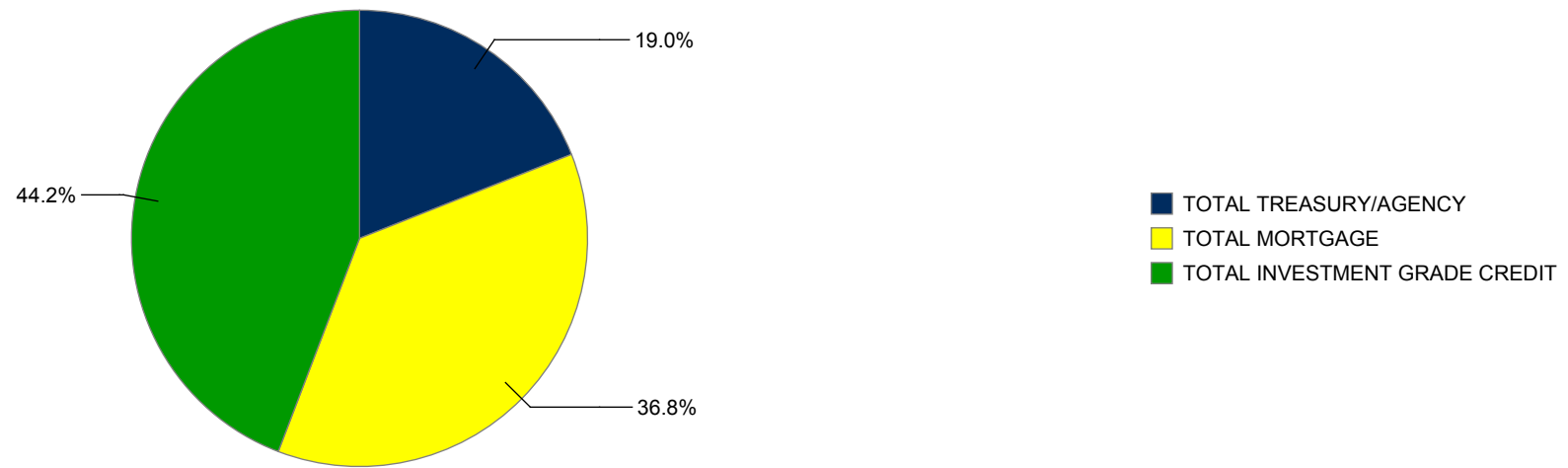


STATE STREET.

TOTAL STRUCTURED

Market Value (Millions)

\$379.8



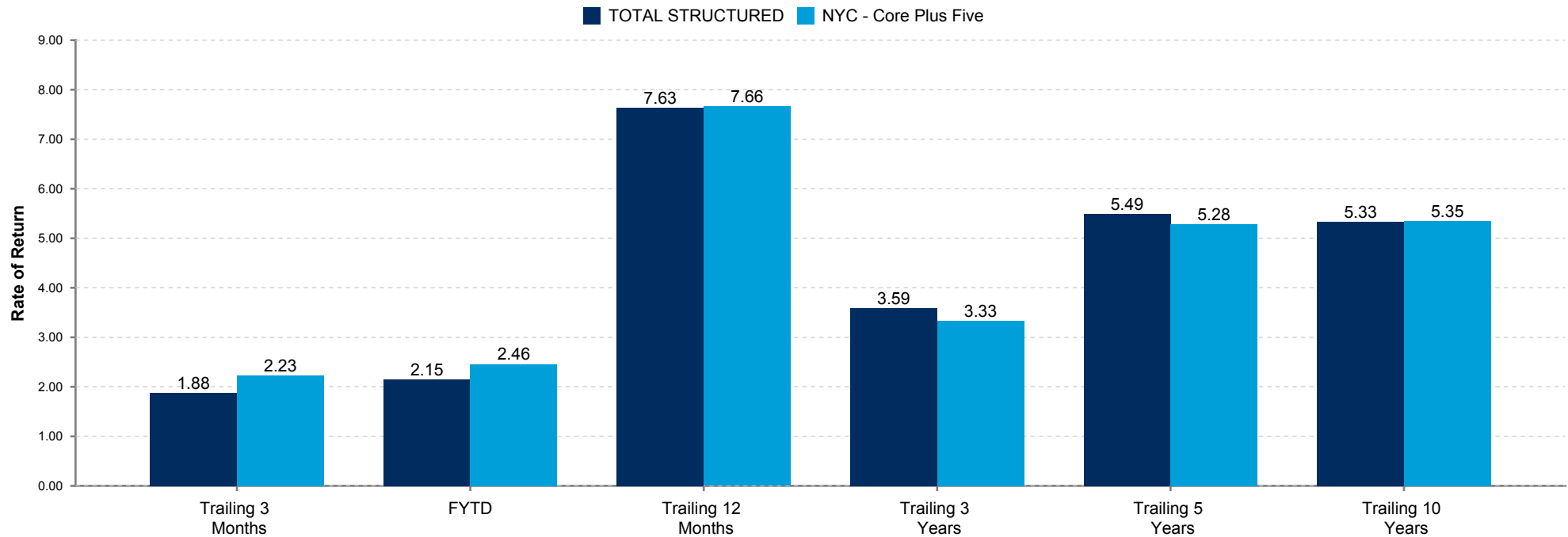
Sub Sector	Policy Weight	Actual Weight	Under/Over Weight	Index Return	Actual Return	Difference
Total Treasury/Agency	19.55	18.98	-0.57	4.45	3.66	-0.79
Total Mortgage	37.27	36.84	-0.43	1.80	1.37	-0.43
Total Inv Grade Credit	43.19	44.18	0.99	1.63	1.38	-0.25

Structured Returns vs NYC Core + 5 Index: December 31, 2014



STATE STREET

	<u>Market Value (Millions)</u>	<u>% of plan</u>
TOTAL STRUCTURED	\$379.8	26.8



	Plan 3 Years	Benchmark 3 Years	Plan 5 Years	Benchmark 5 Years	Plan 10 Years	Benchmark 10 Years
Standard Deviation						
TOTAL STRUCTURED	3.3	3.3	3.2	3.3	3.7	4.0



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

Appendix

Consolidated Performance Report

Through December 31, 2014



STATE STREET

	Assets (\$MM)	% of Total	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	15 Year
EQUITY MANAGEMENT									
SMALL CAP									
Blackrock R2000 Growth MTA	24.2	1.71	9.93	5.50	5.50				
RUSSELL 2000 GROWTH			10.06	5.60	5.60	20.14	16.80	8.54	4.34
Blackrock R2000 Value MTA	24.4	1.72	9.25	4.12	4.12				
RUSSELL 2000 VALUE			9.40	4.22	4.22	18.29	14.26	6.89	10.23
TOTAL SMALL CAP PASSIVE	48.6	3.42	9.57	4.78	4.78				
Russell 2000			9.73	4.89	4.89	19.21	15.55	7.77	7.38
RUSSELL 1000									
Blackrock R1000 Growth MTA	292.4	20.60	4.72	12.92	12.92				
RUSSELL 1000 GROWTH			4.78	13.05	13.05	20.26	15.81	8.49	2.21
Blackrock R1000 Value MTA	288.8	20.34	4.95	13.39	13.39				
RUSSELL 1000 VALUE			4.98	13.45	13.45	20.89	15.42	7.30	6.62
TOTAL RUSSELL 1000	581.2	40.94	4.84	13.16	13.16				
RUSSELL 1000			4.88	13.24	13.24	20.62	15.64	7.96	4.62
TOTAL DOMESTIC EQUITY	629.8	44.36	5.19	12.47	12.47	20.45	15.61	8.00	4.87
RUSSELL 3000			5.24	12.56	12.56	20.51	15.63	7.94	4.82
TOTAL EQUITY	629.8	44.36	5.19	12.47	12.47	19.70	14.00	8.01	5.14
FIXED INCOME MANAGEMENT									

Consolidated Performance Report

Through December 31, 2014



STATE STREET

	Assets (\$MM)	% of Total	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	15 Year
GOVERNMENT									
Blackrock Government	72.1	5.08							
TOTAL GOVT	72.1	5.08	3.66	12.07	12.07	2.80	7.05	6.16	
NYC - Treasury Agency Plus Five			4.45	12.38	12.38	2.59	6.92	6.11	7.22
MORTGAGE									
Blackrock Mortgages	139.8	9.84							
Pimco - Mortgage	0.2	0.01							
TOTAL MORTGAGE	140.0	9.86	1.37	5.82	5.82	2.24	4.00	4.53	
CITIGROUP MORTGAGE INDEX			1.80	6.12	6.12	2.35	3.77	4.78	5.58
INVESTMENT GRADE CREDIT									
Blackrock - Credit	167.8	11.82	1.38	7.49	7.49	5.56	6.73	5.63	
TOTAL INVESTMENT GRADE CREDIT	167.8	11.82	1.38	7.49	7.49	5.56	6.63	5.59	
NYC - Investment Grade Credit			1.63	7.04	7.04	4.79	6.09	5.28	6.37
TOTAL STRUCTURED	379.8	26.75	1.88	7.63	7.63	3.59	5.49	5.33	
NYC - Core Plus Five			2.23	7.66	7.66	3.33	5.28	5.35	6.30
Police Officers Short Term	408.3	28.76	0.03	0.15	0.15	0.20	0.55		
TOTAL FIXED INCOME	788.1	55.52	1.82	7.43	7.43	3.23	5.30	5.44	6.11
C/D - Fail Float Earnings	0.1	0.00							
Security Lending	1.6	0.11							
TOTAL POLICE OFFICERS	1,419.6	100.00	4.07	10.76	10.76	14.50	11.36	7.49	5.52
Police Officers Policy Benchmark			4.33	11.14	11.14	14.93	11.54	7.70	

Securities Lending Income

Through December 31, 2014



STATE STREET.

NYC POLICE OFFICERS' VARIABLE SUPPLEMENTS FUND

SECURITIES LENDING INCOME

December 31, 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	20,000	33,000	140,000

Through December 31, 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%*

Through December 31, 2014



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.