

New York City
Police Officers' Variable Supplements Fund
Performance Overview as of June 30, 2011

Total Fund Overview

New York City Police Officers' Variable Supplements Fund

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Fixed Income Analysis

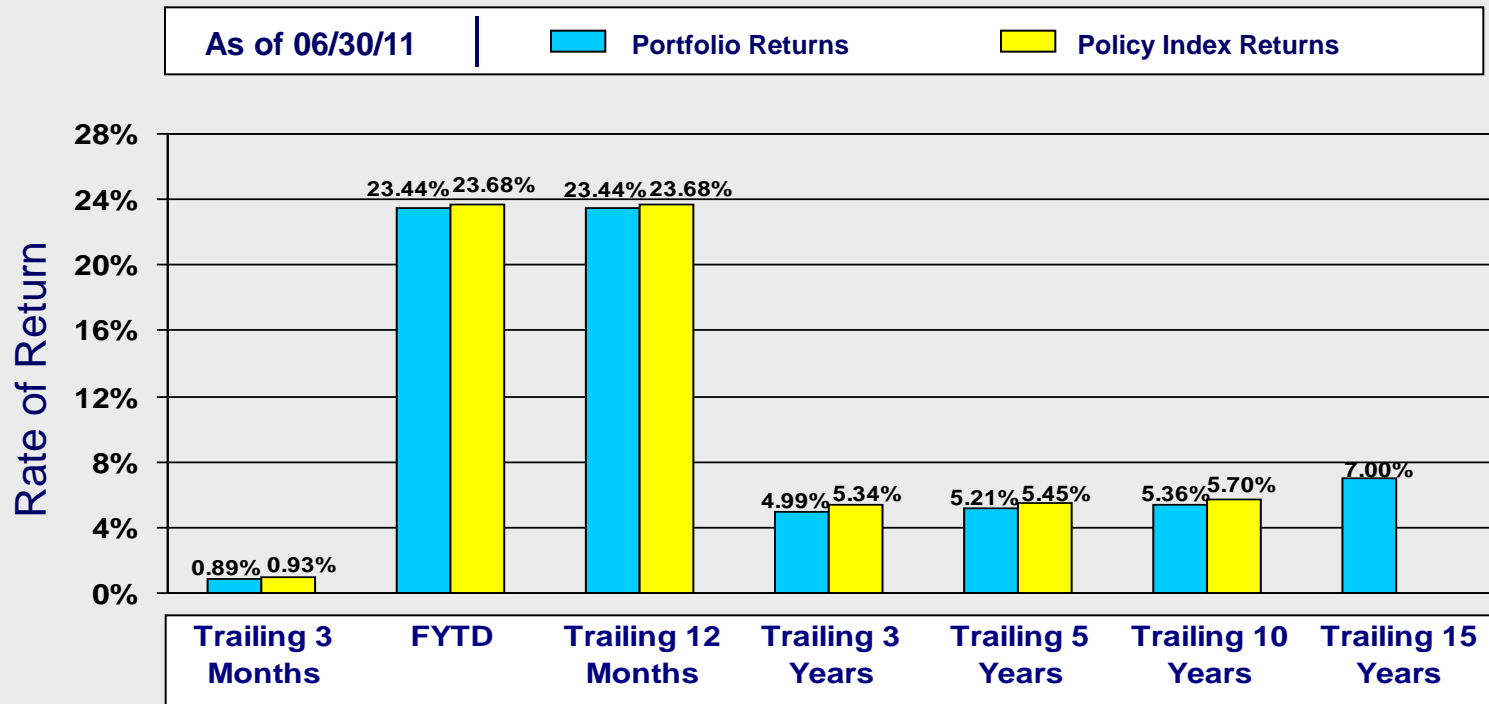


Appendix



Total Portfolio Returns: June 30, 2011

\$679M Under Management



	3 Years	5 Years	10 Years	15 Years
Plan Std Dev	15.7	13.2	11.3	11.4
Benchmark Std Dev	16.6	13.9	11.9	****

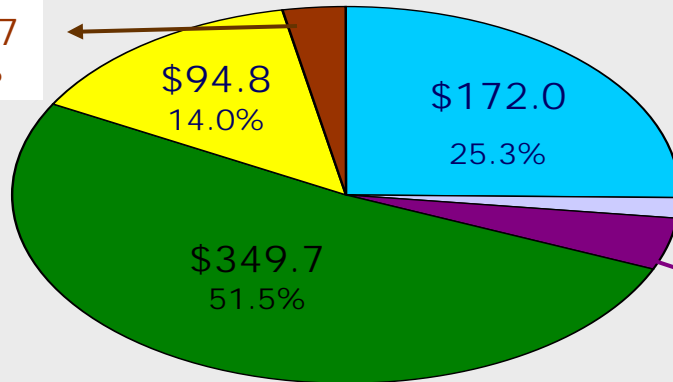
All returns in the report are Gross, unless stated otherwise.

Portfolio Asset Allocation: June 30, 2011

\$679M Under Management

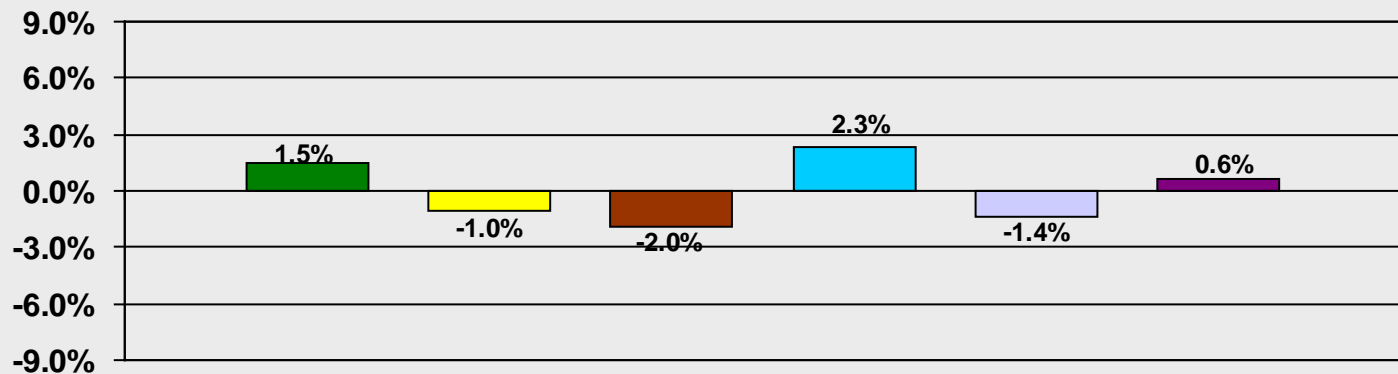
Asset Allocation

\$20.7
3.1%

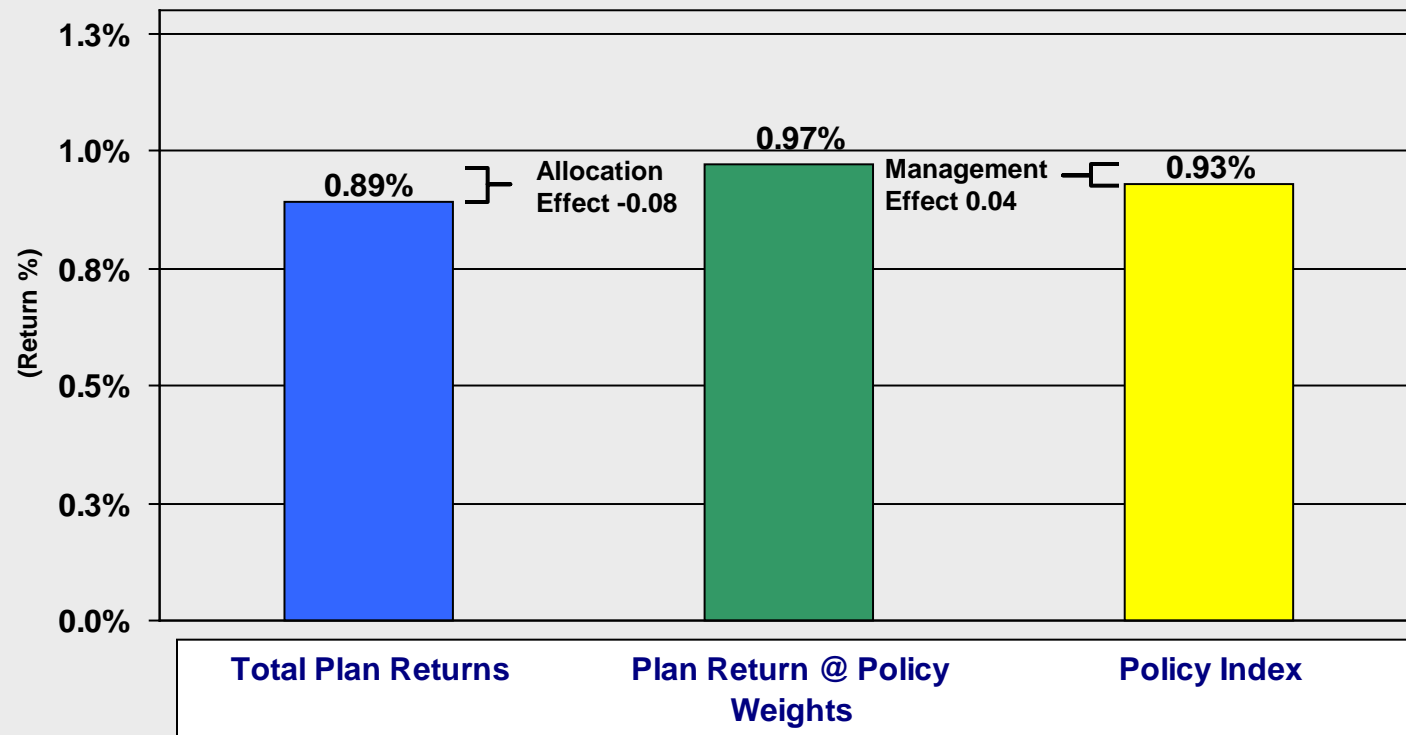


Domestic Equity EAFE Mkts Emerging Mkts Domestic Fixed TIPS Enhanced Yield

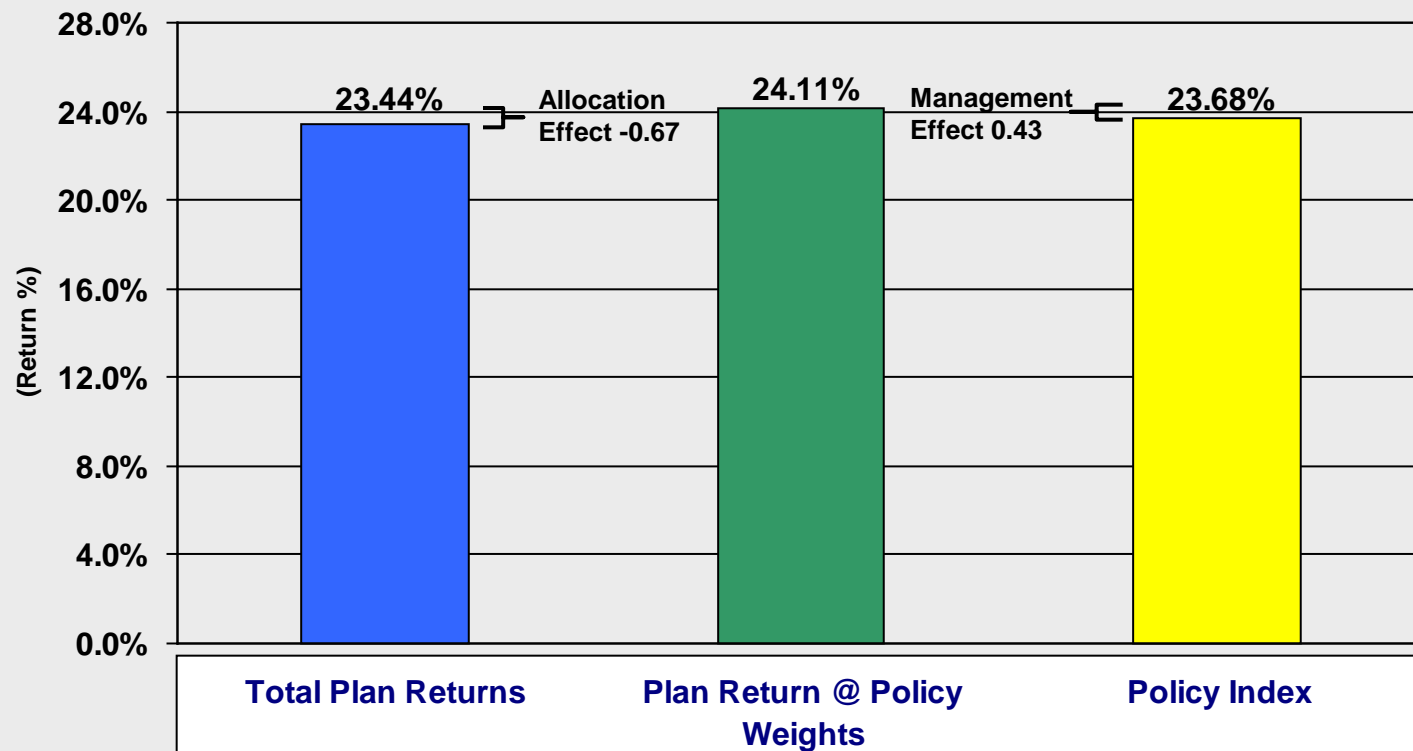
Relative Mix to Policy Weights



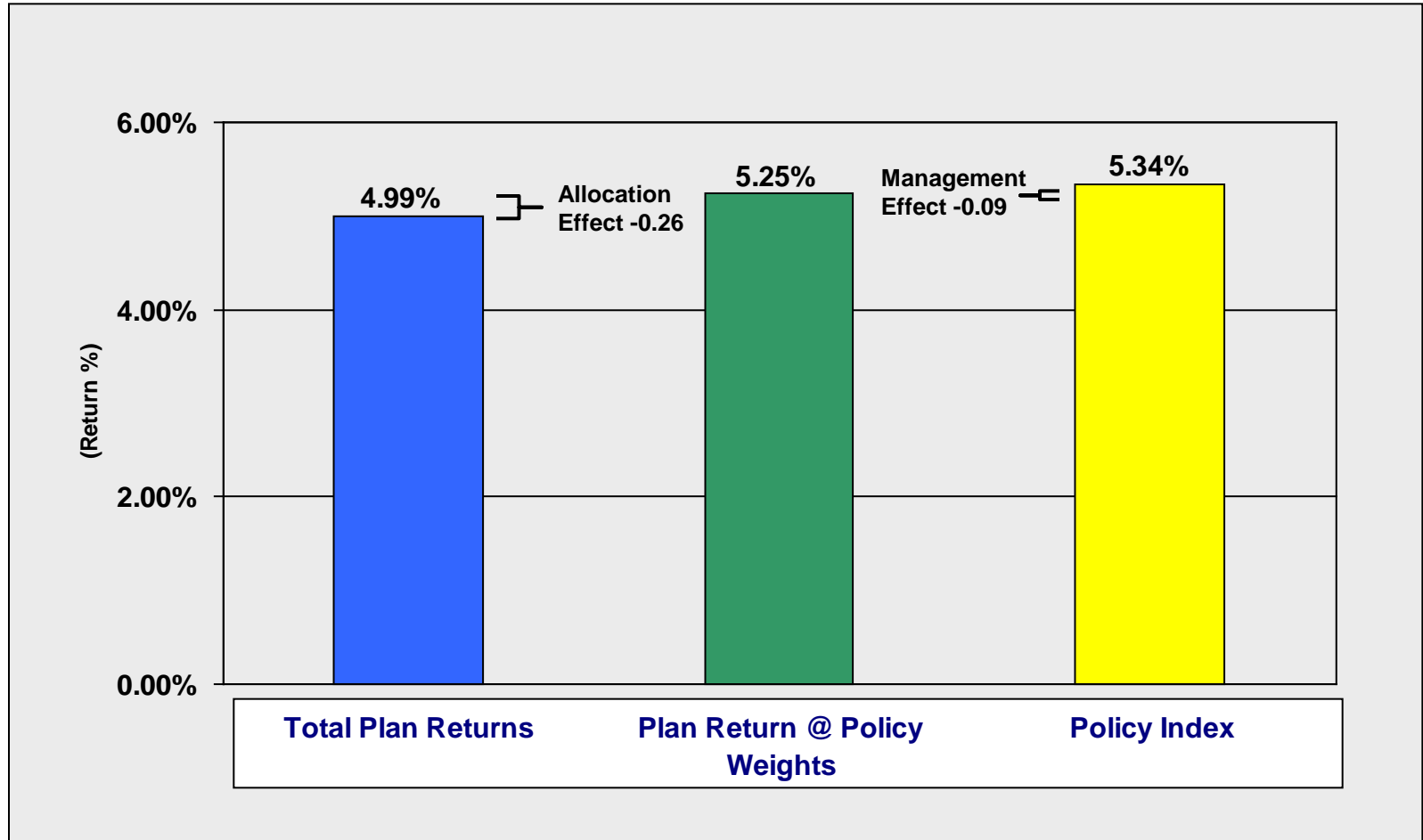
Performance Attribution: Total Plan – Quarter Ending June 30, 2011



Performance Attribution: Total Plan – 12 Months Ending June 30, 2011



Performance Attribution: Total Plan – 3 Years Ending June 30, 2011



Total Plan: June 30, 2011

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	0.04	Russell 3000 Index
EAFE Markets	0.11	-0.05	0.53	MSCI EAFE Index
Emerging Markets	0.00	0.05	-0.14	MSCI Emerging Markets Index
Domestic Fixed	-0.06	0.26	-0.02	NYC Core +5 Index
Enhanced Yield	0.02	0.18	0.22	Citigroup BB&B Index
TIPS	0.00	-0.02	0.01	Barclays Capital US TIPS Index

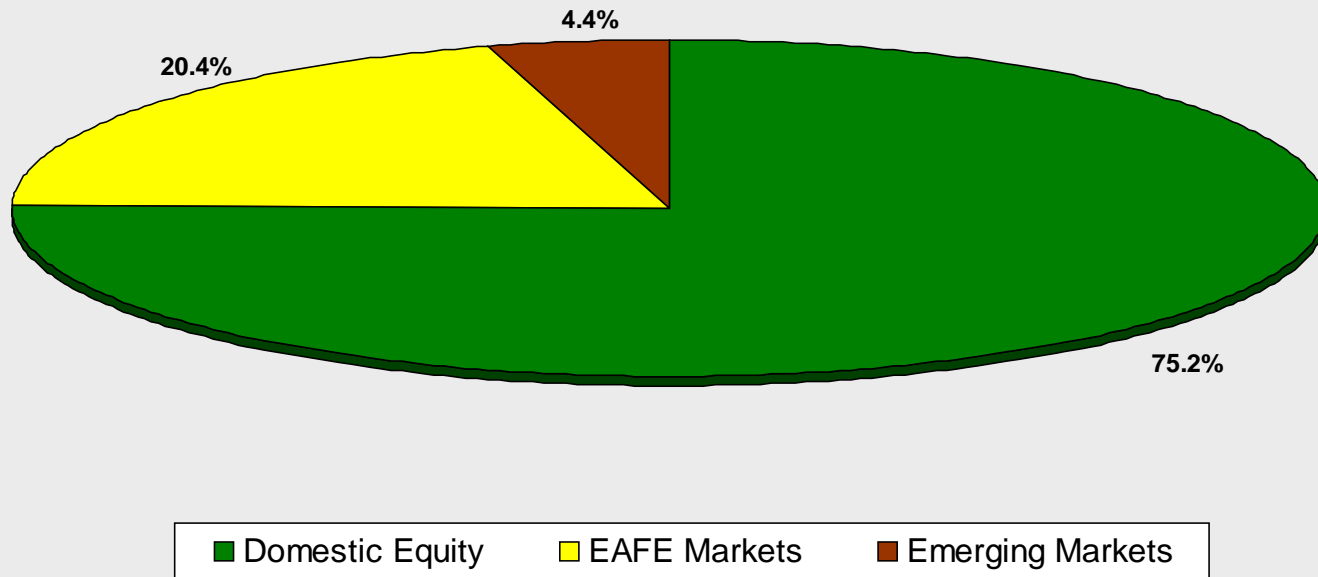
New York City
Police Officers' Variable Supplements Fund

Equity Analysis

Total Equity Asset Allocation: June 30, 2011

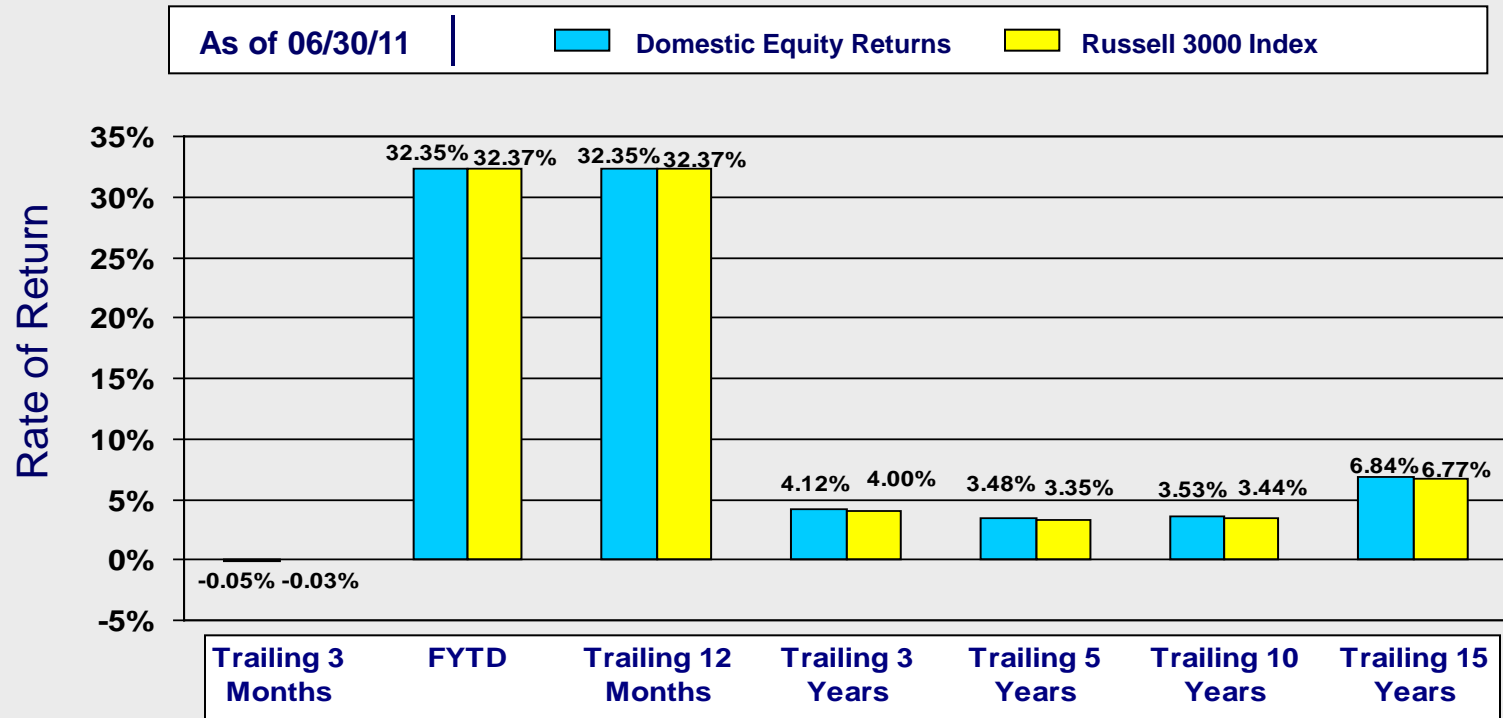
\$465M Under Management, **69%** of Total Funds

Asset Allocation by Groups



Total Domestic Equity Returns vs Russell 3000 Index

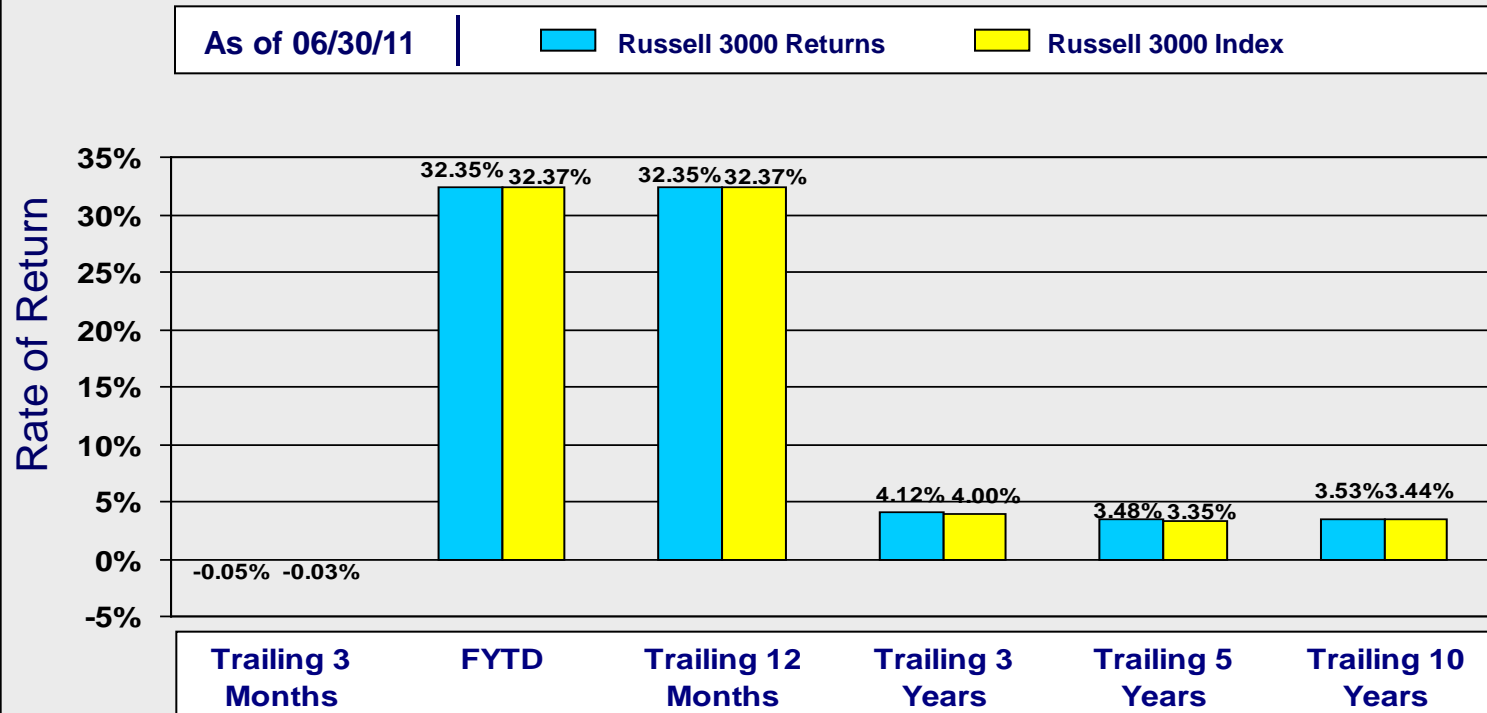
\$350M Under Management, **52%** of Total Funds



	3 Years	5 Years	10 Years	15 Years
Plan Std Dev	21.6	18.2	16.1	16.6
Benchmark Std Dev	21.7	18.3	16.2	16.6

Russell 3000 Index Fund Returns vs Russell 3000 Index

\$350M Under Management, **52%** of Total Funds

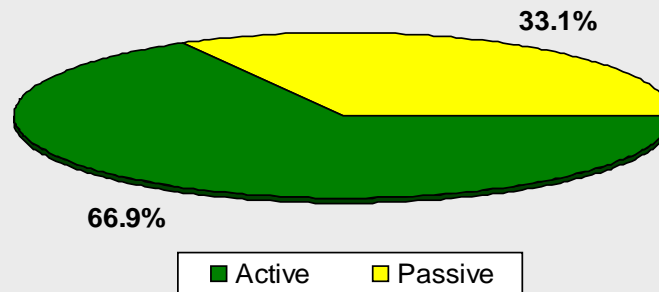


	3 Years	5 Years	10 Years
Plan Std Dev	21.6	18.2	16.1
Benchmark Std Dev	21.7	18.3	16.2

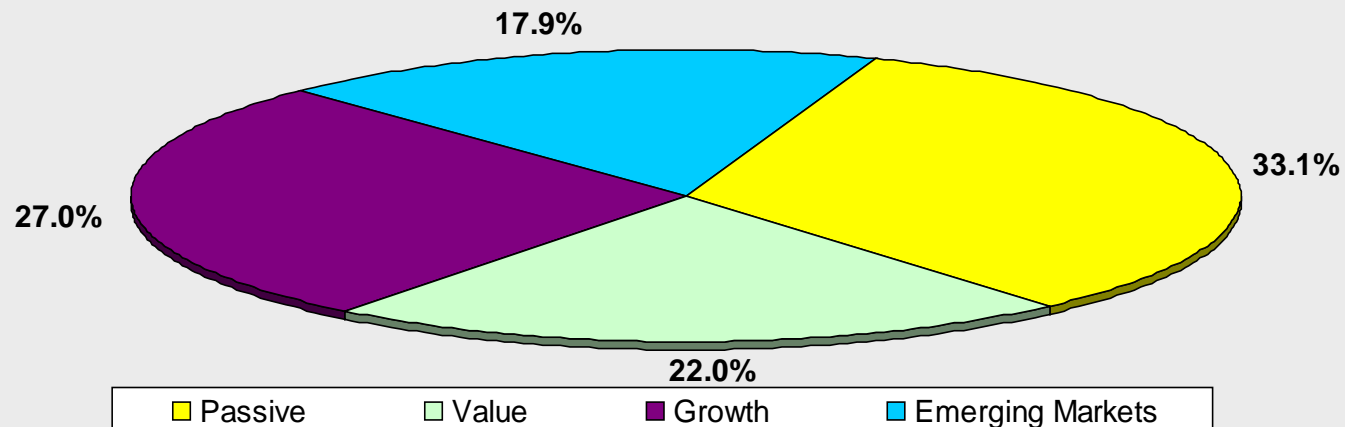
International Equity Asset Allocation: June 30, 2011

\$116M Under Management, **17%** of Total Funds

Asset Allocation by Groups

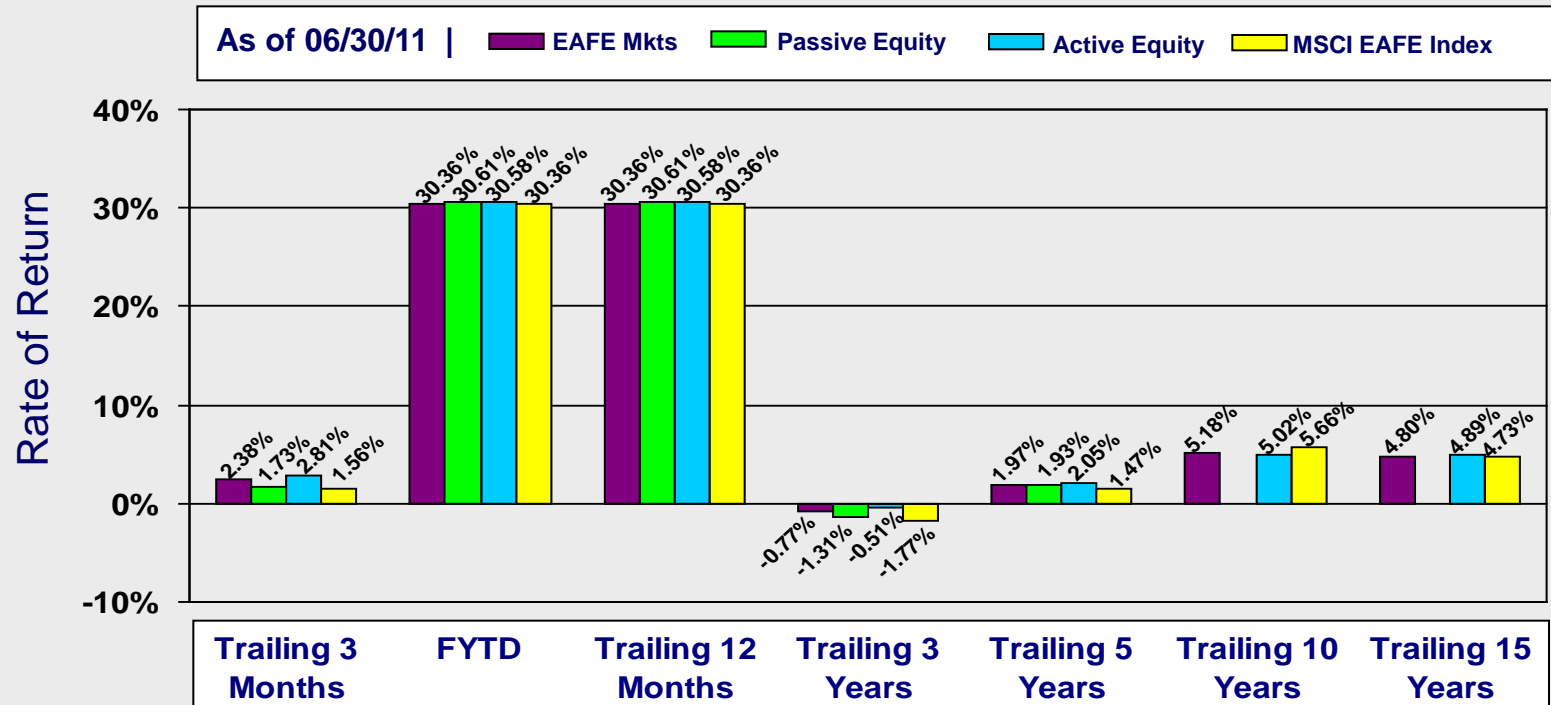


Asset Allocation by Style



EAFE Markets Returns vs MSCI EAFE Index

\$95M Under Management, **14%** of Total Funds

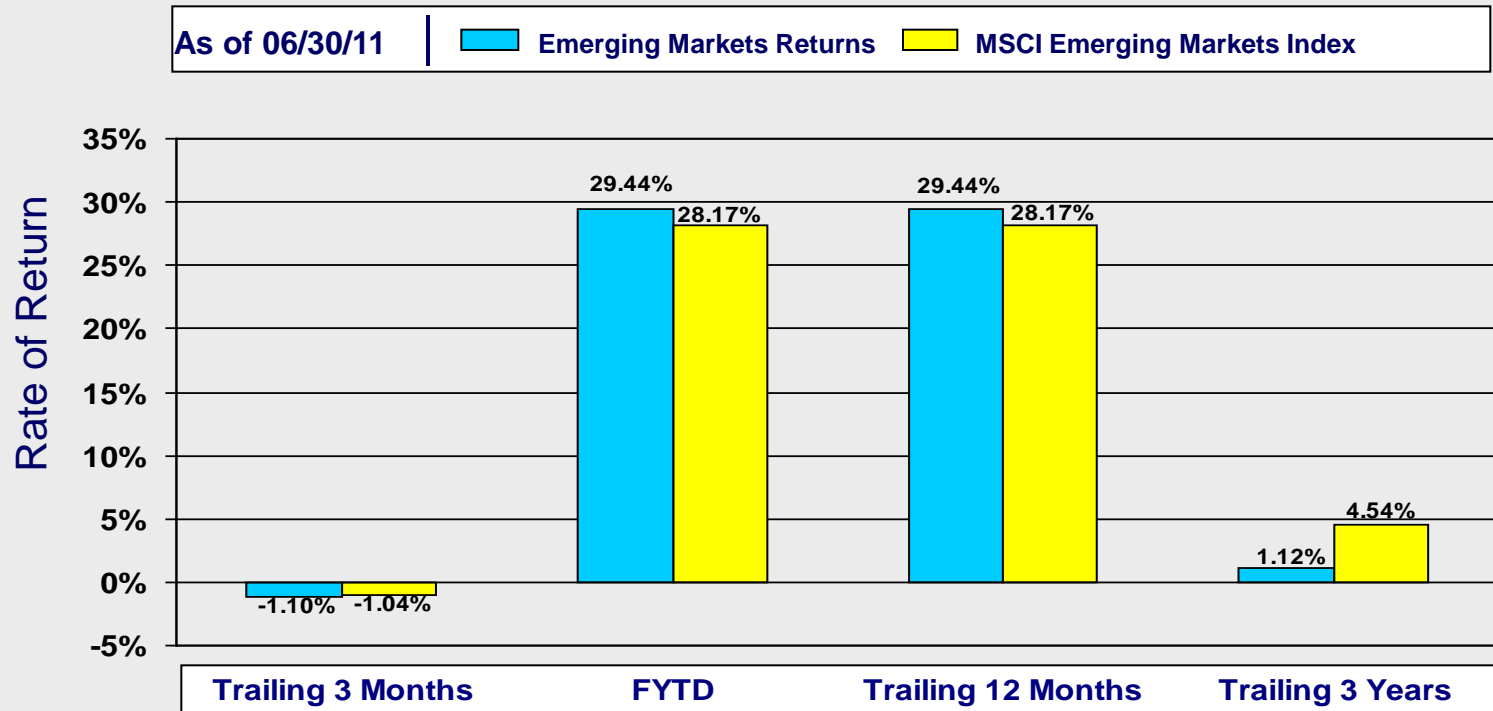


Trailing 3 Months	FYTD	Trailing 12 Months	Trailing 3 Years	Trailing 5 Years	Trailing 10 Years	Trailing 15 Years
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	3 Years	5 Years	10 Years	15 Years
EAFE Plan Std Dev	24.1	20.2	17.7	17.0
Passive Plan Std Dev	25.4	21.2	****	****
Active Plan Std Dev	23.5	19.8	17.6	16.9
Benchmark Std Dev	25.5	21.3	18.2	17.4

Emerging Markets Returns vs MSCI Emerging Markets Index

\$21M Under Management, **3%** of Total Funds



	3 Years
Plan Std Dev	30.8
Benchmark Std Dev	30.7

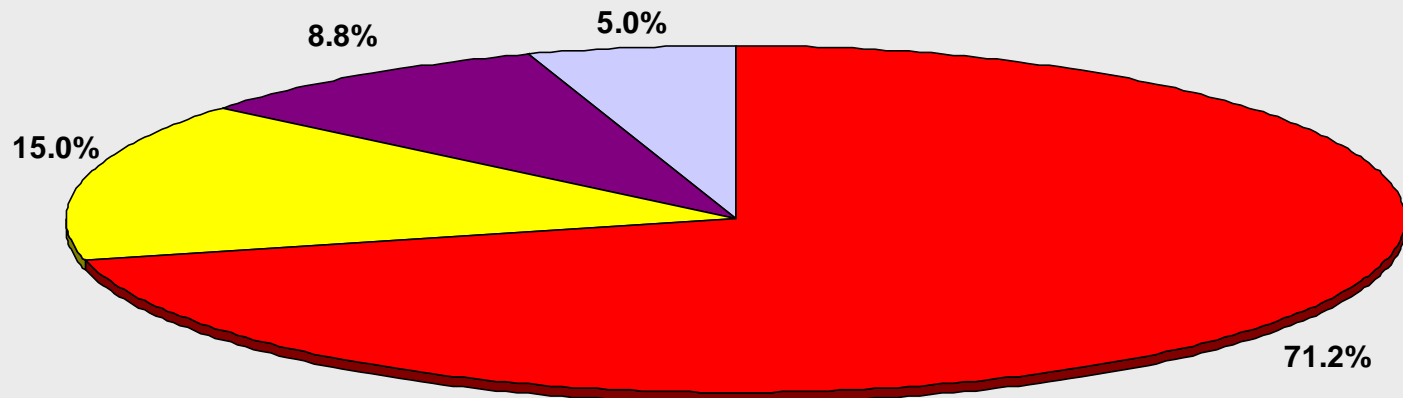
New York City
Police Officers' Variable Supplements Fund

Fixed Income Analysis

Total Fixed Income Asset Allocation: June 30, 2011

\$209M Under Management, **31%** of Total Funds

Asset Allocation by Groups



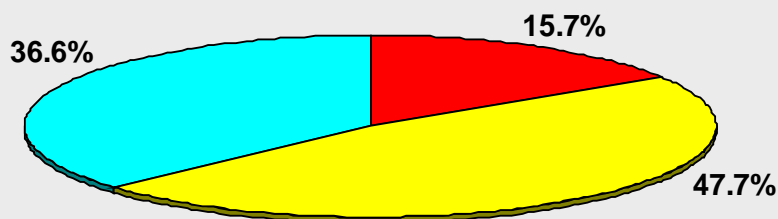
■ Structured Fixed Income
■ Short Term Investments

■ Enhanced Yield
■ TIPS Managers

Structured Fixed Income Asset Allocation: Quarter Ending June 30, 2011

\$149M Under Management, **22%** of Total Funds

Asset Allocation by Groups



■ Treas/Agency
 ■ Mortgage
 ■ Invest. Grade Credit

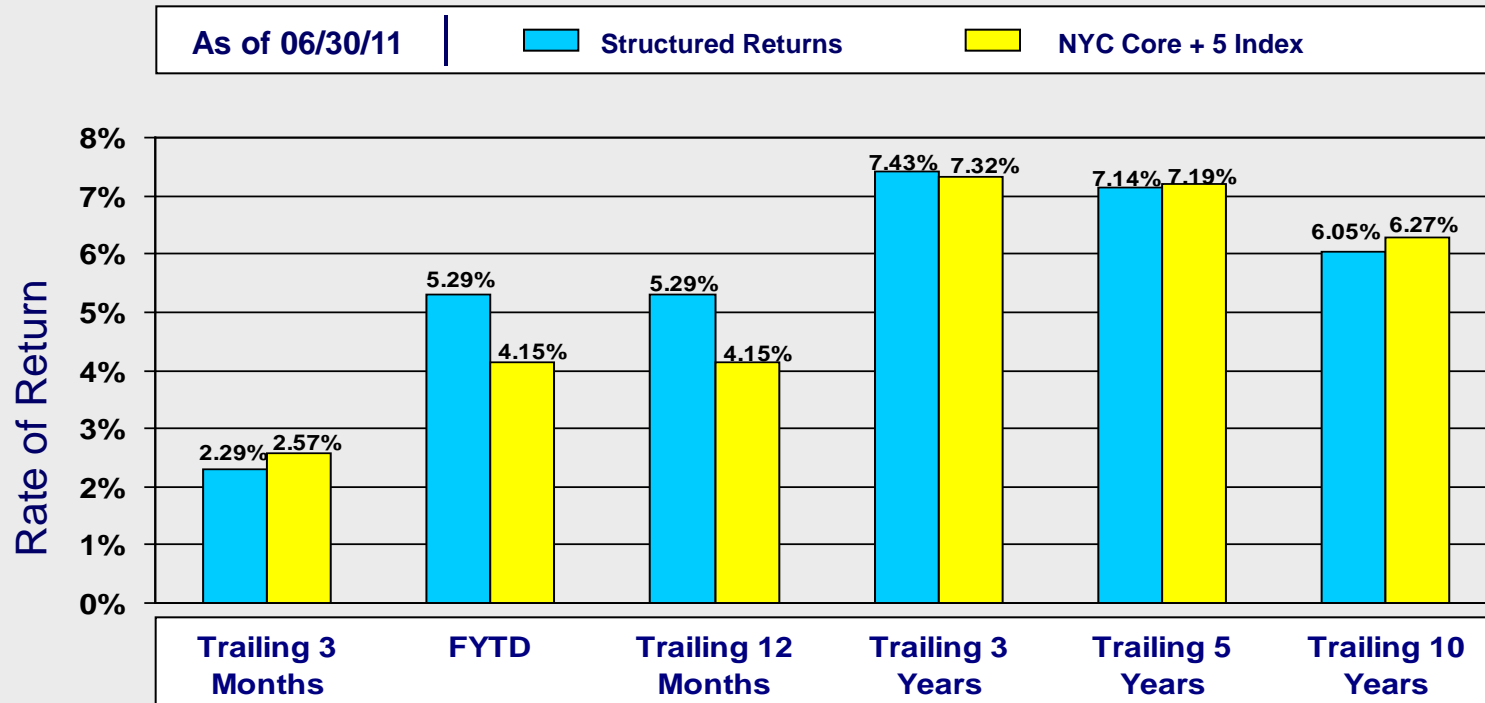
Value Added by Sectors

Sub Sector	Policy Weight	Actual Weight	Under/Over Weight	Index Return	Actual Return	Difference	Contribution to Out/Under Performance	
							Allocation	Management
Treas/Agency	20.74	15.73	-5.01	3.39	2.94	-0.45	-0.05	-0.07
Mortgage	44.02	47.66	3.64	2.34	2.00	-0.34	-0.01	-0.16
Invest. Grade Credit	35.24	36.61	1.37	2.35	2.39	0.04	0.00	0.01

*NYC Core +5 Breakdown

Structured Returns vs NYC Core + 5 Index

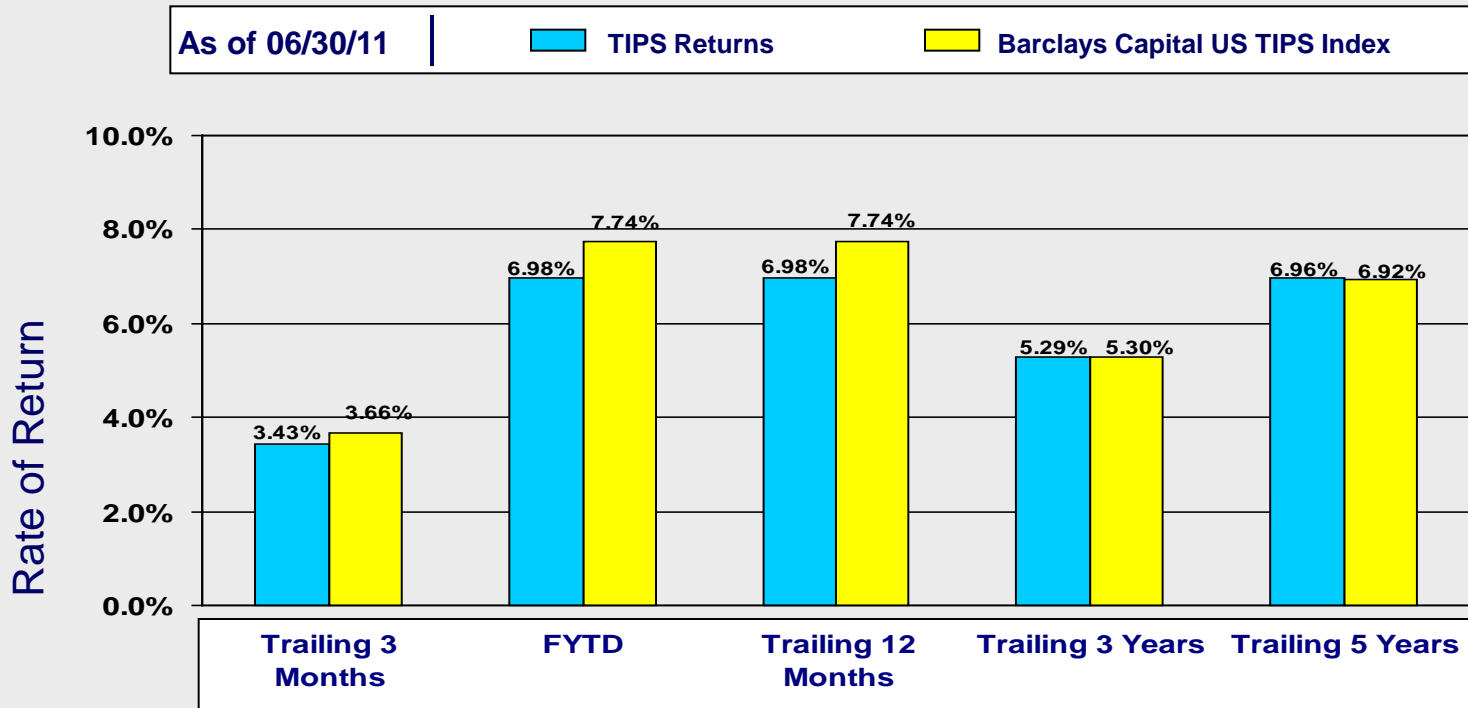
\$149M Under Management, **22%** of Total Funds



	3 Years	5 Years	10 Years
Plan Std Dev	4.7	4.1	4.3
Benchmark Std Dev	5.1	4.4	4.4

TIPS Returns vs Barclays Capital U.S. TIPS Index

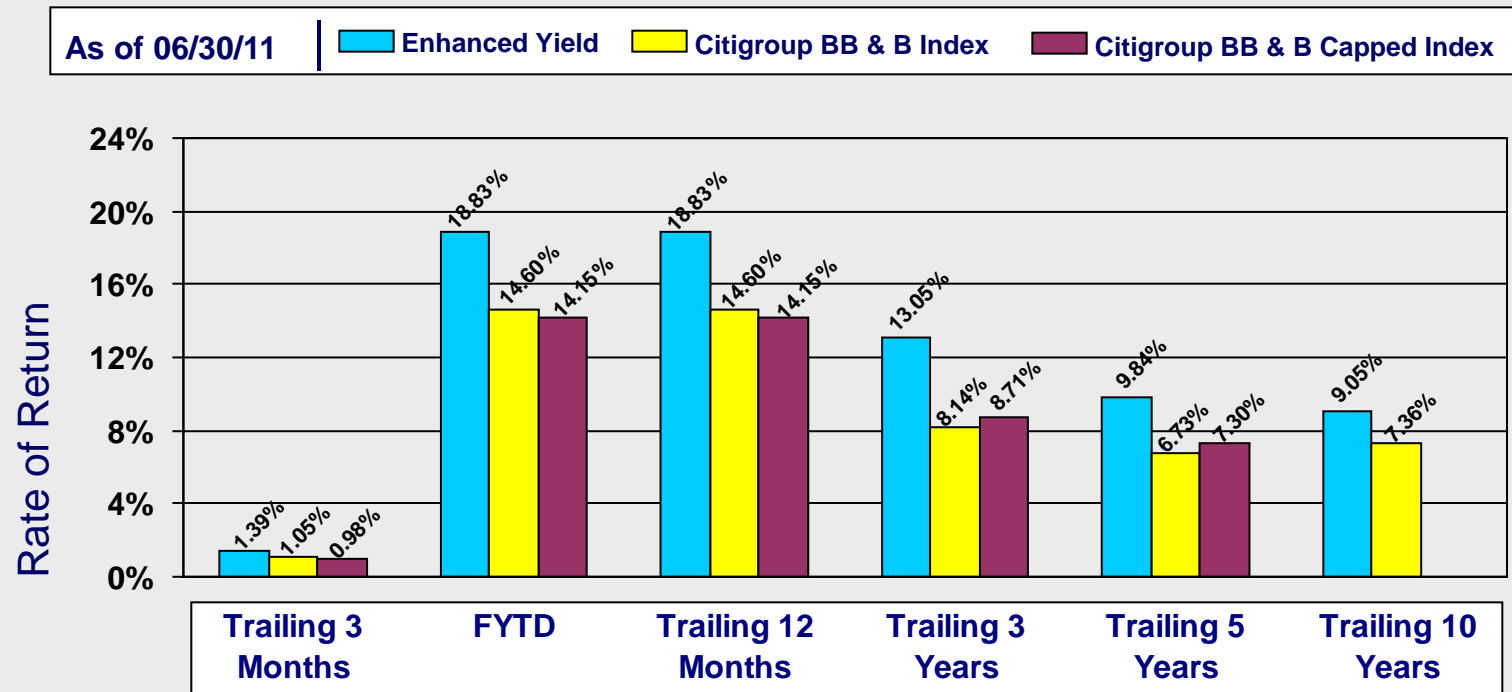
\$10M Under Management, **2%** of Total Funds



	3 Years	5 Years
Plan Std Dev	8.7	7.6
Benchmark Std Dev	8.4	7.3

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

\$31M Under Management, **5%** of Total Funds



	3 Years	5 Years	10 Years
Plan Std Dev	13.3	10.9	9.3
Citigroup BB & B Std Dev	14.0	11.4	10.0
Citigroup BB & B Capped Std Dev	13.7	11.1	****

New York City Police Officers' Variable Supplements Fund

Appendix

Consolidated Performance Report

Through June 30, 2011

Assets (\$MM)	% Total		3 Mos Apr-11 Jun-11	YTD Jan-11 Jun-11	1 Yr Jul-10 Jun-11	3 Yrs Jul-08 Jun-11	5 Yrs Jul-06 Jun-11	10 Yrs Jul-01 Jun-11	15 Yrs Jul-96 Jun-11
		EQUITY MANAGEMENT							
349.70	51.50	BLACKROCK R3000	-0.05	6.32	32.35	4.12	3.48	3.53	****
349.70	51.50	TOTAL DOMESTIC EQUITY	-0.05	6.32	32.35	4.12	3.48	3.53	6.84
		RUSSELL 3000	-0.03	6.35	32.37	4.00	3.35	3.44	6.77
		INTERNATIONAL EQUITY							
		DEVELOPED MARKETS							
31.20	4.60	PYRAMIS GLOBAL ADVISORS	1.99	5.02	31.60	-0.74	****	****	****
		MSCI EAFE GROWTH	2.31	4.66	31.65	-1.49	2.89	****	****
25.33	3.73	MONDRIAN INVESTMENT PARTNERS LTD	3.88	8.28	29.83	0.14	3.34	****	****
		MSCI EAFE VALUE	1.34	6.04	30.10	-1.15	0.95	****	****
0.03	0.00	BANK OF IRELAND (terminated)	****	****	****	****	****	****	****
0.03	0.00	TRANSITION-EAFE REBALANCE	****	****	****	****	****	****	****
56.59	8.33	TOTAL ACTIVE DEVELOPED MARKETS	2.81	6.43	30.58	-0.51	2.05	5.02	4.89
		MSCI EAFE (NET DIVIDEND)	1.56	4.98	30.36	-1.77	1.47	5.66	4.73
		INTERNATIONAL EQUITY MEDIAN	1.83	5.32	32.32	0.72	3.83	7.78	7.74
0.00	0.00	BLACKROCK	****	****	****	****	****	****	****
38.23	5.63	SSGA	1.73	****	****	****	****	****	****
38.24	5.63	TOTAL PASSIVE DEVELOPED MARKETS	1.73	5.18	30.61	-1.31	1.93	****	****
94.82	13.96	TOTAL DEVELOPED MARKETS	2.38	5.93	30.36	-0.77	1.97	5.18	4.80
		MSCI EAFE (NET DIVIDEND)	1.56	4.98	30.36	-1.77	1.47	5.66	4.73

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

Consolidated Performance Report

Through June 30, 2011

Assets (\$MM)	% Total		3 Mos Apr-11 Jun-11	YTD Jan-11 Jun-11	1 Yr Jul-10 Jun-11	3 Yrs Jul-08 Jun-11	5 Yrs Jul-06 Jun-11	10 Yrs Jul-01 Jun-11	15 Yrs Jul-96 Jun-11
		EMERGING MARKETS							
20.65	3.04	STATE STREET EMG MKTS	-1.10	1.09	29.44	1.12	****	****	****
20.65	3.04	TOTAL EMERGING MARKETS	-1.10	1.09	29.44	1.12	****	****	****
		MSCI EMERGING MARKETS FREE	-1.04	1.03	28.17	4.54	****	****	****
		EMERGING MARKETS MEDIAN	-0.63	0.31	27.46	5.75	****	****	****
115.48	17.01	TOTAL INTERNATIONAL EQUITY	1.73	5.03	30.46	-0.10	3.39	5.91	5.29
465.18	68.51	TOTAL EQUITY - PUBLIC & PRIVATE	0.38	6.00	31.85	2.67	3.52	4.41	7.45

Consolidated Performance Report

Through June 30, 2011

Assets (\$MM)	% Total		3 Mos Apr-11 Jun-11	YTD Jan-11 Jun-11	1 Yr Jul-10 Jun-11	3 Yrs Jul-08 Jun-11	5 Yrs Jul-06 Jun-11	10 Yrs Jul-01 Jun-11	15 Yrs Jul-96 Jun-11
FIXED INCOME MANAGEMENT									
TREASURY / AGENCY									
23.43	3.45	PIMCO -GOVT	2.94	3.25	2.70	****	****	****	****
23.43	3.45	ALL TREASURY / AGENCY	2.94	3.25	2.70	6.82	7.68	6.84	****
		NYC - TREASURY AGENCY PLUS FIVE	3.39	3.02	2.44	6.70	7.62	6.83	****
MORTGAGE									
66.11	9.74	PIMCO -MORT	2.27	2.80	4.46	****	****	****	****
4.89	0.72	MORTGAGE TRANSITION ACCOUNT	****	****	****	****	****	****	****
70.99	10.46	ALL MORTGAGE	2.00	2.93	4.95	6.70	6.58	5.77	****
		CITIGROUP MORTGAGE INDEX	2.34	2.97	3.74	6.96	7.02	5.87	****
INVESTMENT GRADE CREDIT									
38.87	5.72	BLACKROCK - CREDIT	2.35	3.40	6.78	7.79	6.85	****	****
15.66	2.31	T. ROWE PRICE - CREDIT	2.49	3.95	7.68	****	****	****	****
54.53	8.03	ALL INVESTMENT GRADE CREDIT	2.39	3.56	7.04	7.87	6.90	5.26	****
		NYC - INVESTMENT GRADE CREDIT	2.35	3.18	5.94	7.84	6.73	6.21	****
148.95	21.94	TOTAL STRUCTURED	2.29	3.21	5.29	7.43	7.14	6.05	****
		NYC - CORE PLUS FIVE	2.57	3.05	4.15	7.32	7.19	6.27	****
TIPS MANAGERS									
ACTIVE TIPS MANAGERS									
10.40	1.53	PIMCO-TIPS	3.43	5.20	6.98	5.29	6.96	****	****
10.40	1.53	TOTAL ACTIVE TIPS MANAGERS	3.43	5.20	6.98	5.29	6.96	****	****
		BARCLAYS CAPITAL US TIPS INDEX	3.66	5.81	7.74	5.30	6.92	****	****

Consolidated Performance Report

Through June 30, 2011

Assets (\$MM)	% Total		3 Mos Apr-11 Jun-11	YTD Jan-11 Jun-11	1 Yr Jul-10 Jun-11	3 Yrs Jul-08 Jun-11	5 Yrs Jul-06 Jun-11	10 Yrs Jul-01 Jun-11	15 Yrs Jul-96 Jun-11
		ENHANCED YIELD							
16.51	2.43	LOOMIS SAYLES - ENHANCED YIELD	1.66	9.52	21.28	15.65	11.45	10.15	****
		NYC-LOOMIS (BofA ML-MST II 7-03/BB&B PRIOR)	0.99	4.93	15.40	12.40	9.20	8.83	****
14.94	2.20	SEIX - ENHANCED YIELD	1.09	5.25	16.25	10.32	8.14	****	****
31.44	4.63	ALL ENHANCED YIELD	1.39	7.45	18.83	13.05	9.84	9.05	****
		CITIGROUP BB & B	1.05	4.88	14.60	8.14	6.73	7.36	****
		CITIGROUP BB & B CAPPED	0.98	4.79	14.15	8.71	7.30	****	****
		ENHANCED YIELD MEDIAN	0.90	4.74	14.99	10.73	8.73	9.51	****
209.21	30.81	TOTAL FIXED INCOME	2.08	3.73	7.14	8.37	7.68	6.65	6.70
4.63	0.68	SECURITIES LENDING	****	****	****	****	****	****	****
18.42	2.71	STATE STREET SHORT TERM	0.60	0.69	0.87	1.12	2.60	2.92	3.95
0.00	0.00	BNY-MELLON - CD	****	****	****	****	****	****	****
679.02	100.00	TOTAL POLICE OFFICERS	0.89	5.23	23.44	4.99	5.21	5.36	7.00
		POLICE OFFICERS POLICY BENCHMARK	0.93	5.09	23.68	5.34	5.45	5.70	****

Securities Lending Income

Through June 30, 2011

	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 (6 Months)	41,000	122,000	59,000

Footnotes

Through June 30, 2011

- 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 June 30, 2011

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 * 15%
International Emerging Markets: MSCI Emerging Markets * 5%
Domestic Fixed Income: NYC Core +5 * 23%
TIPS: Barclays Capital U.S. TIPS Index * 3%
Enhanced Yield: Citigroup BB&B * 4%

Glossary of Terms

Through June 30, 2011

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.*