

# City of New York Deferred Compensation Plan

Second Quarter 2023 S&P 500® Index Strategy Review



Equity markets worldwide finished up for the second quarter of 2023, as risk appetite improved on resilient US economic performance and the successful resolution of contentious US debt limit negotiations. The World Bank raised its 2023 growth outlook to 2.1% from 1.7%, and central banks globally continued to raise rates to fight inflation. Eight of the 11 GICS equity sectors posted gains for the quarter, with Technology and Consumer Discretionary leading by a wide margin and Utilities and Telecommunications lagging. The S&P 500® Index was up 8.74% for the quarter. Among other major benchmarks, the MSCI EAFE Index, a measure of developed markets excluding the US and Canada, rose by 2.95%, and the MSCI Emerging Markets Index increased by 0.90%.

For the quarter, the S&P 500® Index strategy returned 8.74%, matching the S&P 500® Index return of 8.74%.

In the US, equity markets finished higher during the second quarter despite volatility in May driven by the looming US debt ceiling breach. Nonetheless, markets rebounded on an eleventh-hour resolution of the debt ceiling, combined with solid economic figures and moderating inflation. The Dow Jones Industrial Average and the Nasdaq Composite Index returned 3.97% and 15.39%, respectively. Large cap growth stocks outperformed value and small cap stocks on strength in Technology stocks expected to benefit from growth in artificial-intelligence (AI) applications. US fixed income markets posted mixed performance for the quarter; Treasuries and investment grade corporates declined, while high yield bonds advanced. First-quarter GDP growth was revised up to 2% annualized from the previous estimate of 1.3%. By quarter-end, annualized inflation had fallen to 4.0%, down roughly 100 basis points from the end of March. US jobs growth remained robust throughout the quarter, although the unemployment rate ticked up in May, indicating there may be some softening in the labor market. Following a 25-basis-point increase in May, the US Federal Reserve (Fed) opted to maintain rates at a range of 5.00% to 5.25% in June. However, Fed commentary led investors to speculate this would likely be a temporary “pause,” and the Fed “dot plot” now predicts another two quarter-percentage-point hikes before the end of the year. The US dollar modestly outperformed a basket of major currencies.

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## Performance Report - June 30, 2023

### CITY OF NEW YORK

### DCP for Employees of the City of New York

### S&P 500 Index

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#### Monthly Returns (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Portfolio (Gross)	6.28	-2.44	3.67	1.56	0.43	6.60						
Benchmark <sup>1</sup>	6.28	-2.44	3.67	1.56	0.43	6.61						
Difference (Gross)	0.00	0.00	0.00	0.00	0.00	-0.01						

#### Quarterly Returns (%)

	1Q23	2Q23	3Q23	4Q23	YTD
Portfolio (Gross)	7.49	8.74			16.88
Benchmark <sup>1</sup>	7.50	8.74			16.89
Difference (Gross)	-0.01	0.00			-0.01

#### Cumulative Returns (%)

	1 Month	2 Month	3 Month	4 Month	5 Month	6 Month	7 Month	8 Month	9 Month	10 Month	11 Month
Portfolio (Gross)	6.60	7.06	8.74	12.73	9.98	16.88	10.15	16.31	25.72	14.15	9.50
Benchmark <sup>1</sup>	6.61	7.07	8.74	12.73	9.98	16.89	10.16	16.32	25.73	14.15	9.50
Difference (Gross)	-0.01	-0.01	0.00	0.00	0.00	-0.01	-0.01	-0.01	-0.01	0.00	0.00

1. Benchmark is S&P 500 Index. Please see the disclosures on the last page of this report for the full benchmark description.

Client Inception Date: May 31, 2008

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#### Annualized Returns (%)

	1 Year	2 Year	3 Year	4 Year	5 Year	6 Year	7 Year	8 Year	9 Year	10 Year	Since Inception <sup>2</sup>	Std. Dev. Since Inception <sup>2</sup>	Tracking Error Since Inception <sup>2</sup>
<b>Portfolio (Gross)</b>	19.59	3.42	14.63	12.81	12.33	12.67	13.40	12.18	11.64	12.87	10.17	16.27	0.06
<b>Benchmark<sup>1</sup></b>	19.59	3.39	14.60	12.78	12.31	12.65	13.38	12.16	11.63	12.86	10.17	16.27	
<b>Difference (Gross)</b>	0.00	0.03	0.03	0.03	0.02	0.02	0.02	0.02	0.01	0.01	0.00		

#### Calendar Year Returns (%)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<b>Portfolio (Gross)</b>	-18.08	28.74	18.44	31.51	-4.41	21.84	11.96	1.38	13.68	32.43
<b>Benchmark<sup>1</sup></b>	-18.11	28.71	18.40	31.49	-4.38	21.83	11.96	1.38	13.69	32.39
<b>Difference (Gross)</b>	0.03	0.03	0.04	0.02	-0.03	0.01	0.00	0.00	-0.01	0.04

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#### 2. Client Inception Date: May 31, 2008

## Characteristics Report - June 30, 2023

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#### Portfolio Profile

Total Market Value	\$10,367,650,754.65
Investment Allocation - Securities (%)	98.39
Investment Allocation - Cash & Equivalents (%)	1.46
Investment Allocation - Accrued Income (%)	0.06

Characteristics	Portfolio	Benchmark <sup>1</sup>
Number of Securities Held	503	503
Dividend Yield (%)	1.53	1.53
Beta	1.00	1.00
Earnings Per Share	8.03	8.02
5-Year Earnings per Share Growth Rate (Trailing) (%)	19.32	19.32
P/E Ratio	23.57	23.58
P/B Ratio	0.03	0.03
ROE (%)	23.08	23.08
Mean Market Capitalization - Weighted (\$ Millions)	\$662,502.62	\$662,463.58
Median Market Capitalization - Unweighted (\$ Millions)	\$31,117.17	\$31,100.73

1. Benchmark is the S&P 500 Index

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Capitalization Report - June 30, 2023

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Capitalization Sector	Range	Portfolio %	Benchmark <sup>1</sup> %	Difference %
Mega Cap	> \$200 Billion	48.81	48.83	-0.01
	\$10 - \$50 Billion	20.04	20.04	0.00
Large Cap	\$50 - \$200 Billion	30.44	30.43	0.01
	\$2 - \$4 Billion	0.02	0.02	0.00
Mid Cap	\$4 - \$7 Billion	0.14	0.15	-0.01
	\$7 - \$10 Billion	0.55	0.54	0.01
Small Cap	\$1 - \$2 Billion	0.00	0.00	0.00
	\$250 - \$500 Million	0.00	0.00	0.00
	\$500 Million - \$1 Billion	0.00	0.00	0.00
Micro Cap	< \$250 Million	0.00	0.00	0.00

1. Benchmark is the S&P 500 Index

Economic Sector - June 30, 2023

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Economic Sector	Portfolio %	Benchmark¹ %	Difference %
Information Technology	28.27	28.26	0.01
Health Care	13.42	13.42	-0.01
Financials	12.42	12.42	0.00
Consumer Discretionary	10.66	10.66	0.00
Industrials	8.49	8.49	-0.01
Communication Services	8.39	8.39	0.00
Consumer Staples	6.67	6.67	0.00
Energy	4.11	4.11	0.00
Utilities	2.57	2.58	0.00
Materials	2.50	2.50	0.00
Real Estate	2.50	2.49	0.00

1. Benchmark is the S&P 500 Index

## Top 10 Holdings - June 30, 2023

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Ticker	Company Name	Sector	Portfolio%	Benchmark <sup>1</sup> %	Difference %
AAPL	Apple Inc	Information Technology	7.72	7.72	0.00
MSFT	Microsoft Corp	Information Technology	6.82	6.81	0.00
AMZN	Amazon.com Inc	Consumer Discretionary	3.13	3.13	0.00
NVDA	NVIDIA Corp	Information Technology	2.82	2.82	0.00
GOOGL	Alphabet Inc	Communication Services	1.91	1.91	(0.01)
TSLA	Tesla Inc	Consumer Discretionary	1.90	1.90	0.00
META	Meta Platforms Inc	Communication Services	1.71	1.71	0.00
GOOG	Google Inc	Communication Services	1.67	1.66	0.00
BRK/B	Berkshire Hathaway Inc	Financials	1.64	1.64	0.00
UNH	UnitedHealth Group Inc	Health Care	1.20	1.20	0.00
<b>Total</b>			<b>30.50</b>	<b>30.50</b>	<b>0.00</b>

1. Benchmark is the S&P 500 Index

The list of top ten holdings should not be considered a recommendation to purchase or sell a particular security, represents only a small percentage of the entire portfolio and of the securities purchased for advisory clients, and may not remain in the portfolio at the time you receive this report. You should not assume that investments in the securities identified were or will be profitable or that decisions we make in the future will be profitable.

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## Performance Report - June 30, 2023

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#### S&P 500 Index

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**Client Inception Date: May 31, 2008**