

FUND EVALUATION REPORT

San Jose Federated Retiree Health Care 115 Trust

Quarterly Review
December 31, 2014



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- Aggregate Fund Overview
- Fourth Quarter Manager Summary

2. Fund Summary

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- The World Markets in the Fourth Quarter of 2014
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Executive Summary
As of December 31, 2014

The value of the San Jose Federated Retiree Health Care Trust was \$105.9 million on December 31, 2014, up from \$101.1 million at the end of the previous quarter.

- The increase in assets was due to contributions totaling \$6.4 million during the quarter, balanced against negative absolute performance.
- Fourth quarter performance for the Health Care Trust was -1.5% net of fees, bringing the trailing one-year return to 0.7% net of fees.
- The Health Care Trust outperformed the Custom Benchmark by 10 basis points and trailed the Policy Benchmark by 30 basis points during the fourth quarter. The underperformance versus the Policy Benchmark was due to asset allocation differences. A lower allocation to positive markets in the U.S. and a higher allocation to weaker emerging markets detracted from relative performance in the fourth quarter. Both Real Assets and Fixed Income outperformed their asset class Policy Benchmarks.
- The Board adopted new asset allocation policy targets at the October meeting. The new asset allocation targets and associated benchmark will be reflected starting with January flash reports.

Investment Manager	Asset Class	Changes/ Announcements	Performance Concerns	Meketa Recommendation ¹	Comments
Vanguard					
Vanguard Developed Markets	Global Equity	---	---	---	
Vanguard Emerging Markets	Global Equity	---	---	---	
Vanguard Russell 3000	Global Equity	---	---	---	
Vanguard Total Bond Market	Fixed Income	---	---	---	
Vanguard TIPS	Fixed Income	---	---	---	
Credit Suisse	Real Assets	---	---	---	
First Quadrant	Real Assets	Yes	---	Hold	CTO to Partner

First Quadrant

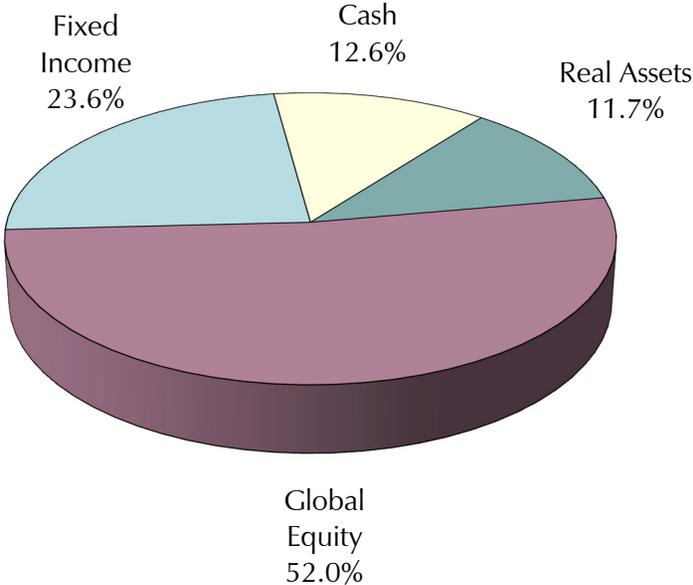
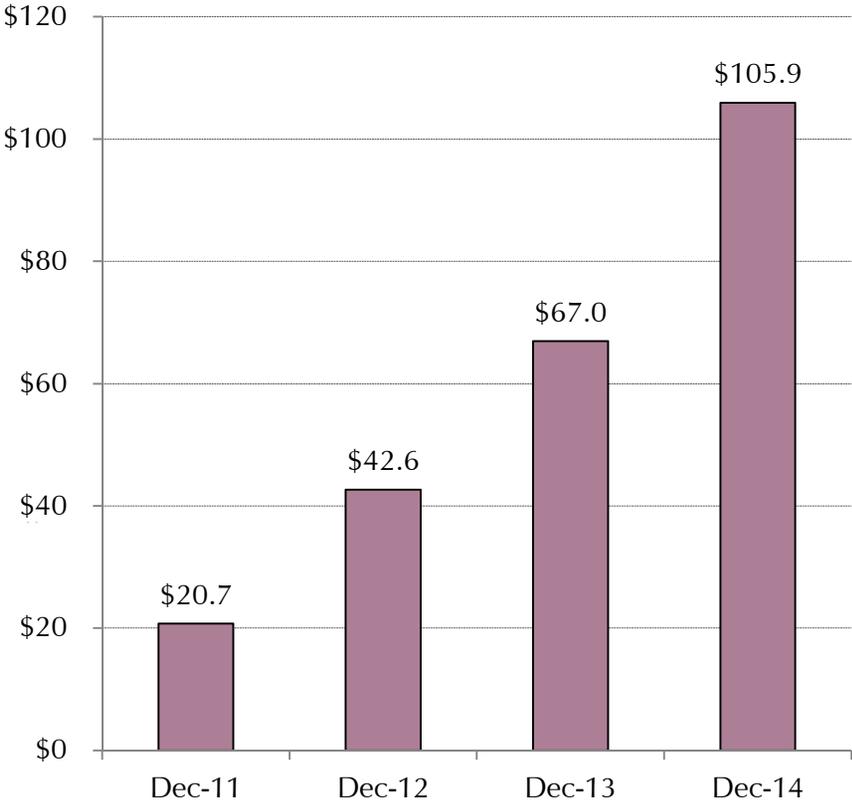
- Scott England, Chief Technology Officer, was admitted to the First Quadrant Partnership during Q4, 2014.

¹ The Meketa Investment Group recommendations are based on organizational or resource changes at each manager.

Fund Summary
As of December 31, 2014

**San Jose Federated Retiree Health Care
115 Trust**

**Aggregate Assets
as of 12/31/14**



San Jose Federated Retiree Health Care
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Aggregate Assets
Asset Summary as of 12/31/14

	Market Value 12/31/14 (\$ mm)	% of Health Care Trust	Target Allocation ¹ (%)	Target Range (%)	Market Value 9/30/14 (\$ mm)
Total Fund Aggregate	105.9	100.0	NA	NA	101.1
Global Equity	55.1	52.0	59	53-65	55.4
Fixed Income	25.0	23.6	28	23-33	24.8
Real Assets	12.4	11.7	13	8-18	14.0
Cash	13.4	12.6	0	0	7.0

¹ New target allocations were adopted during 4Q14. Targets will be updated in reporting following 12/31/14.



San Jose Federated Retiree Health Care
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Aggregate Assets
Portfolio Roster as of 12/31/14

	Market Value 12/31/14 (\$ mm)	% of Asset Class	% of Health Care Trust	Target Allocation (%)	Target Range (%)	Market Value 9/30/14 (\$ mm)
Total Fund Aggregate	105.9	NA	100.0	NA	NA	101.1
Global Equity	55.1	100.0	52.0	59	53-65	55.4
Vanguard Developed Markets Index	23.7	43.0	22.3			24.7
Vanguard Russell 3000	21.6	39.2	20.4			20.5
Vanguard Emerging Markets Stock Index	9.8	17.8	9.3			10.2
Fixed Income	25.0	100.0	23.6	28	23-33	24.8
Vanguard Total Bond Market Index	15.4	61.5	14.5			15.1
Vanguard Inflation-Protected Securities	9.7	38.5	9.1			9.6
Real Assets	12.4	100.0	11.7	13	8-18	14.0
Credit Suisse Compound Risk Parity Commodity Index	7.8	62.7	7.4			8.8
First Quadrant Risk Parity Commodity Index	4.6	37.3	4.4			5.1
Cash	13.4	100.0	12.6			7.0



San Jose Federated Retiree Health Care
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Aggregate Assets
Performance as of 12/31/14

	4Q14 (%)	Fiscal ¹ YTD (%)	1 YR (%)	3 YR (%)	Performance Inception Date	Since Inception (%)
Total Fund Aggregate	-1.5	-4.8	0.7	7.9	7/1/11	5.7
<i>CPI Medical Care (Inflation)</i>	0.7	1.0	3.0	2.7		2.8
<i>San Jose Healthcare Policy Benchmark²</i>	-1.2	-4.1	2.0	8.3		5.1
<i>San Jose Healthcare Custom Benchmark³</i>	-1.6	-4.7	0.8	8.0		6.1
Global Equity	-0.6	-3.9	1.8	14.5	12/1/11	13.7
<i>Global Equity HC Policy Benchmark⁴</i>	0.2	-2.8	3.0	14.6		14.1
<i>MSCI ACWI IMI</i>	0.6	-2.3	3.8	14.3		13.8
Fixed Income	1.1	0.5	5.3	1.6	12/1/11	1.8
<i>Fixed Income HC Policy Benchmark⁵</i>	1.0	0.2	4.9	1.7		1.9
<i>Barclays Aggregate</i>	1.8	2.0	6.0	2.7		2.9
<i>Barclays U.S. TIPS</i>	0.0	-2.1	3.6	0.4		0.4
Real Assets	-11.0	-18.7	-9.0	-7.5	8/1/11	-9.5
<i>Custom Risk Parity Commodity Benchmark⁶</i>	-11.8	-18.1	-8.7	-5.6		-7.8
<i>Bloomberg Commodity Index</i>	-12.1	-22.5	-17.0	-9.4		-12.2

¹ Fiscal Year begins July 1.

² Policy Benchmark consists of 26.5% Russell 3000, 26.5% MSCI EAFE, 6% Emerging Markets, 16% Barclays Aggregate Float Adjusted, 12% Barclays U.S. TIPS, and 13% Custom Risk Parity Benchmark.

³ Custom Benchmark consists of the individual benchmarks that comprise the Policy Benchmark weighted accordingly to actual allocations and re-adjusted monthly.

⁴ Global Equity HC Policy Benchmark consists of 44.9% Russell 3000, 44.9% MSCI EAFE, and 10.2% MSCI Emerging Markets.

⁵ Fixed Income HC Policy Benchmark consists of 57.1% Barclays Aggregate Float Adjusted, and 42.9% Barclays U.S. TIPS.

⁶ Custom Risk Parity Commodity Benchmark returns provided by Credit Suisse.



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Aggregate Assets
Performance as of 12/31/14

	4Q14 (%)	Fiscal ¹ YTD (%)	1 YR (%)	3 YR (%)	Performance Inception Date	Since Inception (%)
Global Equity	-0.6	-3.9	1.8	14.5	12/1/11	13.7
Vanguard Developed Markets Index ²	-4.2	-9.9	-5.6	11.1	12/1/11	9.9
<i>Spliced Developed Markets Index³</i>	-3.7	-9.2	-4.8	11.1		10.4
Vanguard Russell 3000	5.2	5.2	12.5	20.4	12/1/11	20.1
<i>Russell 3000</i>	5.2	5.3	12.6	20.5		20.2
Vanguard Emerging Markets Stock Index ²	-3.7	-6.0	0.6	4.3	12/1/11	3.1
<i>Spliced Emerging Markets Index⁴</i>	-3.5	-5.7	1.2	4.6		4.1
Fixed Income	1.1	0.5	5.3	1.6	12/1/11	1.8
Vanguard Total Bond Market Index	1.7	1.9	5.9	2.6	12/1/11	2.9
<i>Barclays Aggregate Float Adjusted Index</i>	1.7	1.9	5.8	2.7		3.0
Vanguard Inflation-Protected Securities	0.2	-1.7	4.1	0.5	12/1/11	0.5
<i>Barclays U.S. TIPS</i>	0.0	-2.1	3.6	0.4		0.4

¹ Fiscal Year begins July 1.

² Vanguard international equity strategies may temporarily differ from the benchmark due to fair value pricing. Fair value pricing is an adjustment made to prices in the index after the markets close for securities that trade on foreign exchanges.

³ The Vanguard Spliced Developed Markets Index reflects the performance of the MSCI EAFE Index through May 28, 2013 and the FTSE Developed ex. North America Index thereafter.

⁴ The Vanguard Spliced Emerging Markets Index reflects performance of the MSCI Emerging Markets Index through January 9, 2013; the FTSE Emerging Transition Index through June 27, 2013; and the FTSE Emerging Index thereafter.



San Jose Federated Retiree Health Care
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Aggregate Assets
Performance as of 12/31/14

	4Q14 (%)	Fiscal ¹ YTD (%)	1 YR (%)	3 YR (%)	Performance Inception Date	Since Inception (%)
Real Assets	-11.0	-18.7	-9.0	-7.5	8/1/11	-9.5
Credit Suisse Compound Risk Parity Commodity Index	-11.7	-17.7	-8.9	-5.5	8/1/11	-7.6
<i>Custom Risk Parity Commodity Benchmark²</i>	-11.8	-18.1	-8.7	-5.6		-7.8
<i>Bloomberg Commodity Index</i>	-12.1	-22.5	-17.0	-9.4		-12.2
First Quadrant Risk Parity Commodity Index	-9.6	-20.1	-7.7	-8.8	8/1/11	-10.7
<i>Custom Risk Parity Commodity Benchmark²</i>	-11.8	-18.1	-8.7	-5.6		-7.8
<i>Bloomberg Commodity Index</i>	-12.1	-22.5	-17.0	-9.4		-12.2

¹ Fiscal Year begins July 1.

² Custom Risk Parity Commodity Benchmark returns provided by Credit Suisse.

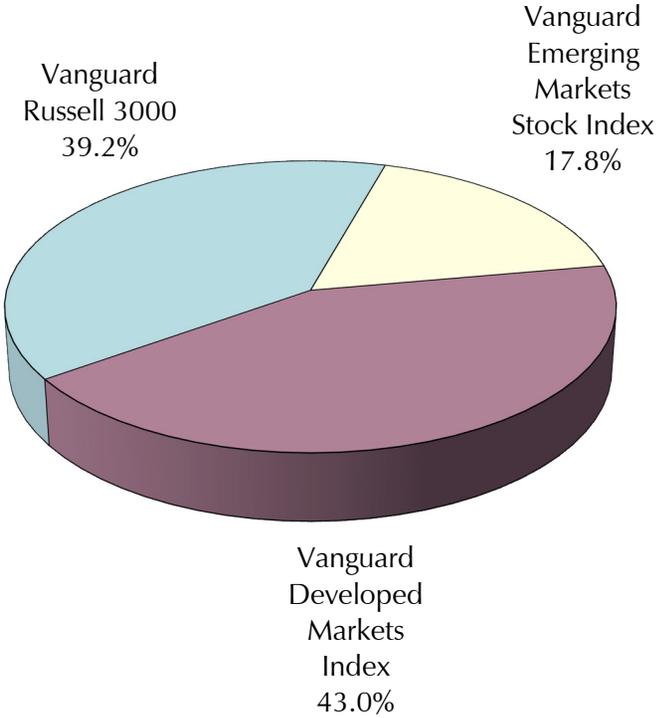
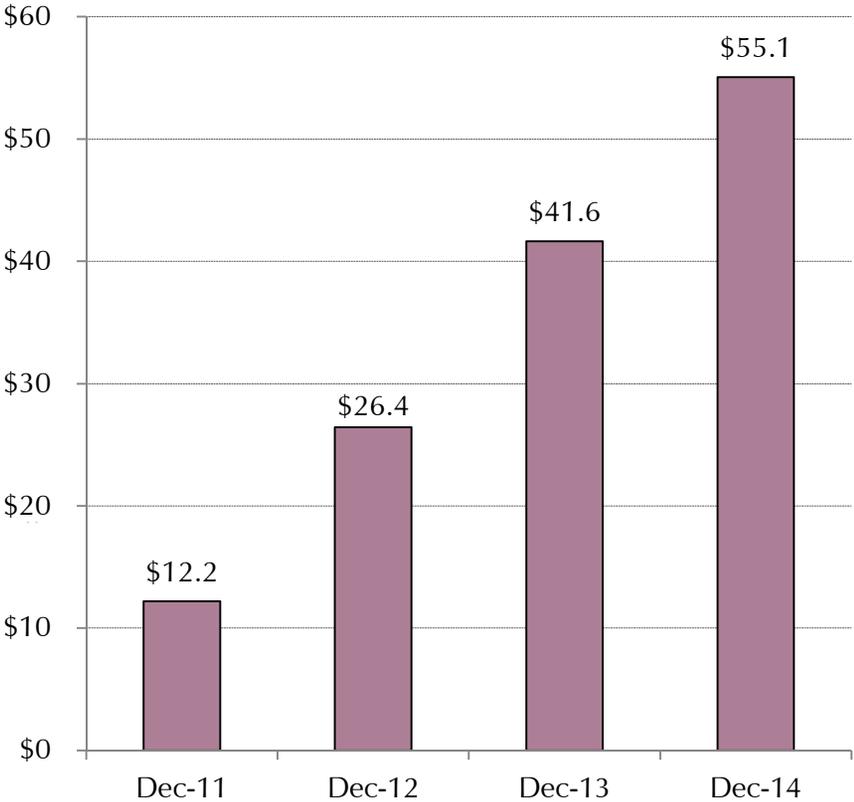


Fund Detail

**Global Equity Assets
As of December 31, 2014**

**San Jose Federated Retiree Health Care
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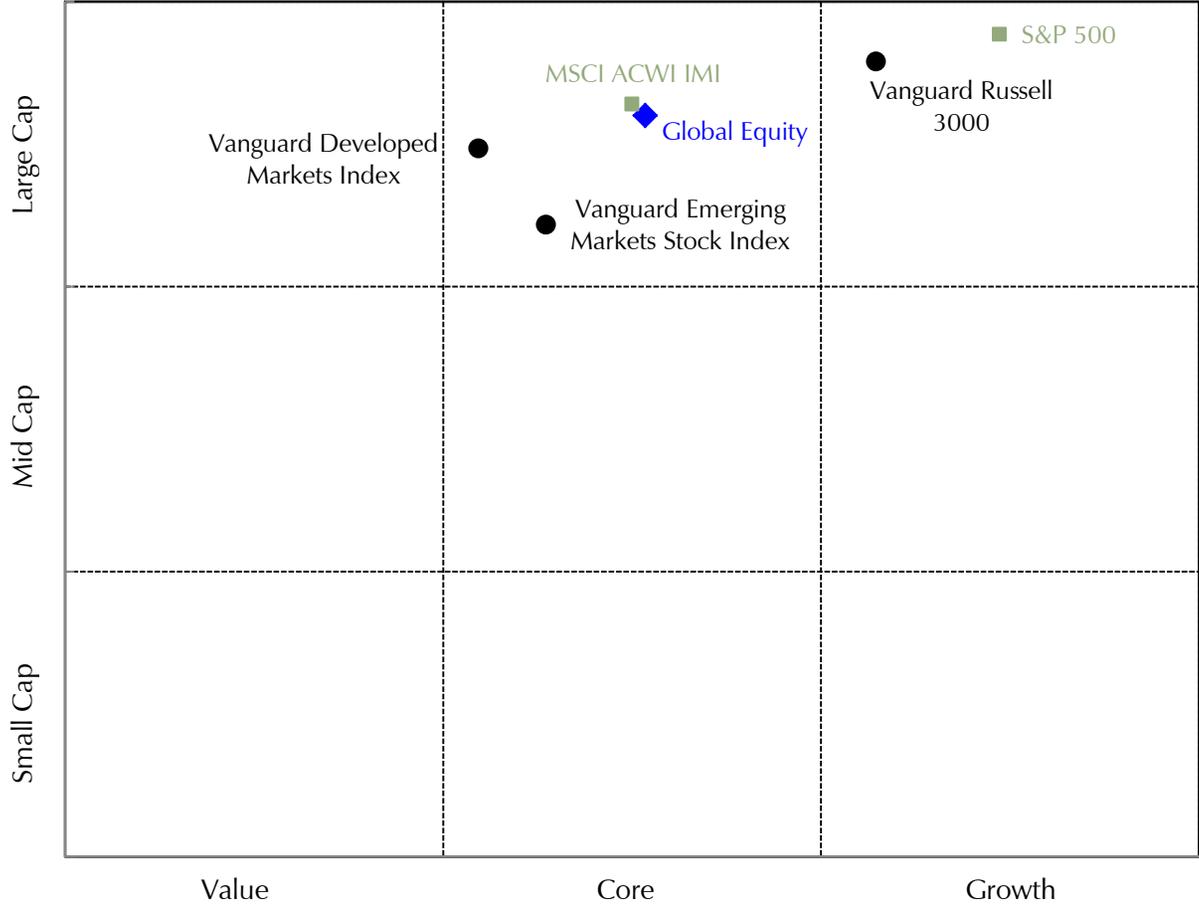
**Global Equity Assets
as of 12/31/14**



**San Jose Federated Retiree Health Care
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**Global Equity Assets
Risk as of 12/31/14**

Risk: (thirty-seven months)	Aggregate Global Equity 12/31/14	MSCI ACWI IMI 12/31/14
Annualized Return (%)	13.7	13.8
Standard Deviation (%)	12.4	12.0
Best Monthly Return (%)	6.0	6.1
Worst Monthly Return (%)	-8.8	-9.0
Beta	1.03	1.00
Correlation to Index	0.99	1.00
Correlation to Total Fund Return	0.98	NA
Sharpe Measure (risk-adjusted return)	1.10	1.14
Information Ratio	Neg.	NA



**San Jose Federated Retiree Health Care
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**Global Equity Assets
Characteristics as of 12/31/14**

	Aggregate Global Equity 12/31/14	MSCI ACWI IMI 12/31/14	Aggregate Global Equity 9/30/14
Capitalization Structure:			
Weighted Average Market Cap. (US\$ billion)	69.2	75.2	68.6
Median Market Cap. (US\$ billion)	2.9	1.4	3.4
Large (% over US\$20 billion)	62	62	62
Medium (% US\$3 billion to US\$20 billion)	32	28	32
Small (% under US\$3 billion)	6	10	6
Fundamental Structure:			
Price-Earnings Ratio	18	18	17
Price-Book Value Ratio	2.0	1.9	1.9
Dividend Yield (%)	2.5	2.3	2.5
Historical Earnings Growth Rate (%)	11	11	11
Projected Earnings Growth Rate (%)	11	11	12

**San Jose Federated Retiree Health Care
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**Global Equity Assets
Diversification as of 12/31/14**

Diversification:	Aggregate Global Equity 12/31/14	MSCI ACWI IMI 12/31/14	Aggregate Global Equity 9/30/14
Number of Holdings	5,420	8,597	4,930
% in 5 largest holdings	4	5	4
% in 10 largest holdings	7	7	7

Largest Five Holdings:

Apple

1.1

Technology Equipment

Nestle

0.7

Food, Beverage & Tobacco

Novartis

0.7

Pharmaceuticals & Biotech.

ExxonMobil

0.7

Energy

Microsoft

0.7

Software & Services

**San Jose Federated Retiree Health Care
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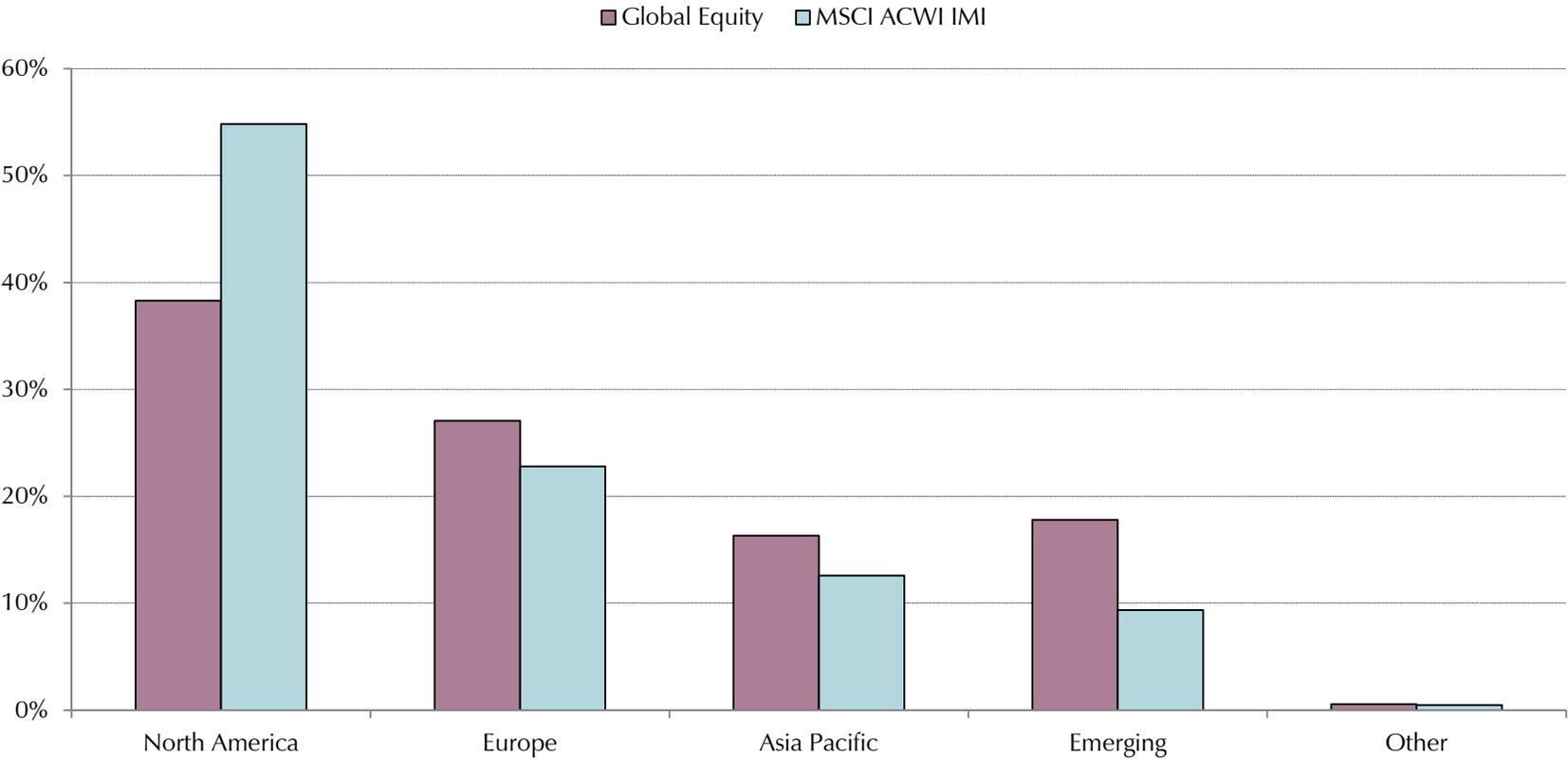
**Global Equity Assets
Sector Allocation as of 12/31/14**

Sector Allocation (%):	Aggregate Global Equity 12/31/14	MSCI ACWI IMI 12/31/14	Aggregate Global Equity 9/30/14
Financials	23	22	23
Telecommunication Services	4	3	4
Consumer Staples	10	9	9
Materials	6	6	7
Utilities	4	3	3
Industrials	11	11	11
Consumer Discretionary	12	13	11
Energy	7	7	8
Health Care	10	11	10
Information Technology	12	14	12

San Jose Federated Retiree Health Care
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Global Equity Assets
Country & Region Breakdown as of 12/31/14

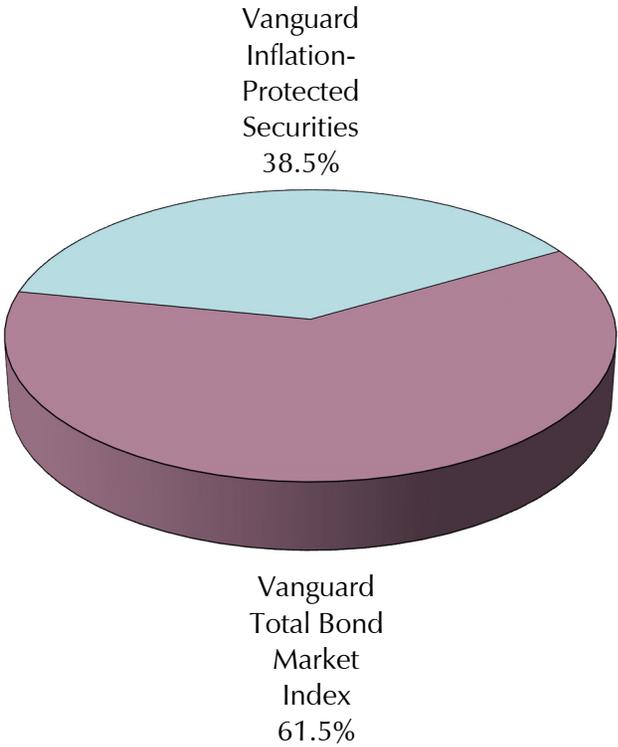
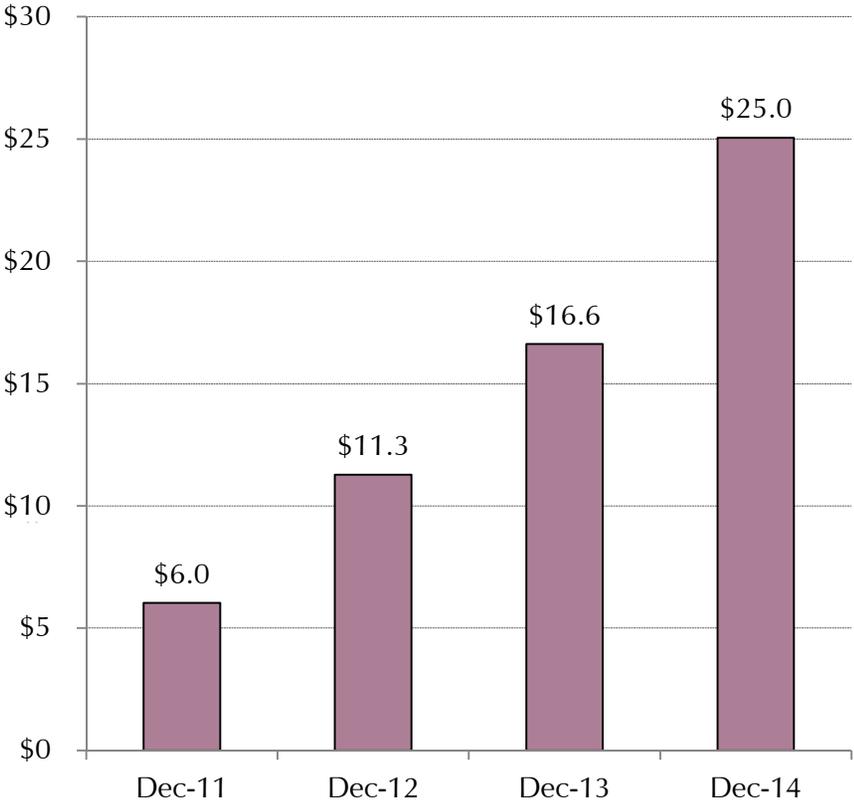
	Aggregate Global Equity 12/31/14 (%)	MSCI ACWI IMI 12/31/14 (%)		Aggregate Global Equity 12/31/14 (%)	MSCI ACWI IMI 12/31/14 (%)
North America	38.3	54.8	Emerging	17.8	9.4
United States of America	38.3	51.2	China	2.8	1.3
Europe	27.1	22.8	India	2.1	0.8
United Kingdom	7.5	6.5	Taiwan	2.6	1.4
Switzerland	4.1	3.3	Brazil	1.9	0.9
France	3.6	2.9	South Africa	1.7	0.8
Germany	3.6	2.9	Mexico	1.0	0.5
Netherlands	1.9	1.6	South Korea	1.7	1.5
Spain	1.4	1.1	Other	0.5	0.5
Sweden	1.2	1.1			
Asia Pacific	16.3	12.6			
Japan	9.4	7.4			
Hong Kong	3.1	2.0			
Australia	3.1	2.5			



**Fixed Income Assets
As of December 31, 2014**

**San Jose Federated Retiree Health Care
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**Fixed Income Assets
as of 12/31/14**



**San Jose Federated Retiree Health Care
115 Trust**

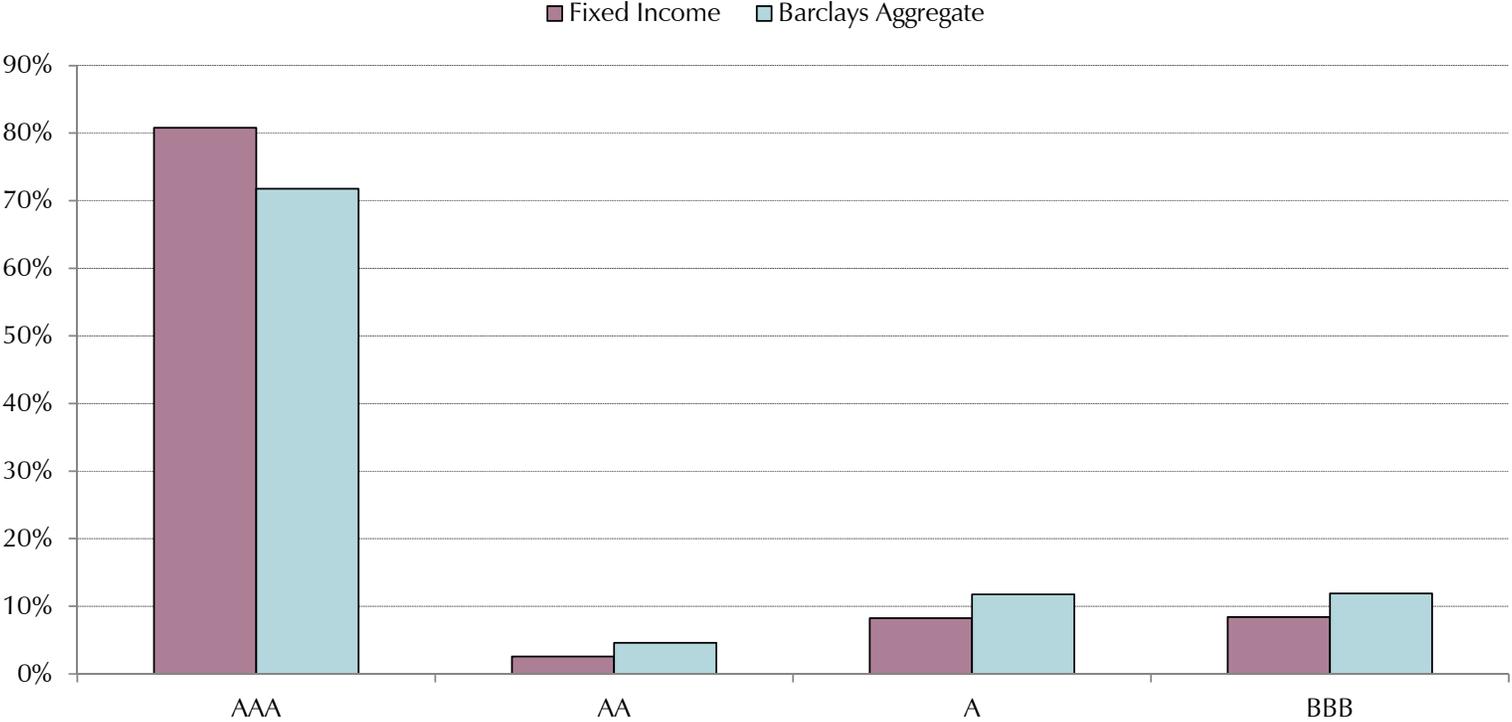
**Fixed Income Assets
Risk as of 12/31/14**

Risk: (thirty-seven months)	Aggregate Fixed Income 12/31/14	Barclays Aggregate 12/31/14
Annualized Return (%)	1.8	2.9
Standard Deviation (%)	3.8	2.7
Best Monthly Return (%)	1.9	1.5
Worst Monthly Return (%)	-2.8	-1.8
Beta	1.33	1.00
Correlation to Index	0.97	1.00
Correlation to Total Fund Return	0.25	NA
Sharpe Measure (risk-adjusted return)	0.47	1.05
Information Ratio	Neg.	NA

**San Jose Federated Retiree Health Care
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**Fixed Income Assets
Characteristics as of 12/31/14**

Duration & Yield:	Aggregate Fixed Income 12/31/14	Barclays Aggregate 12/31/14	Aggregate Fixed Income 9/30/14
Average Effective Duration (years)	6.4	5.6	6.5
Yield to Maturity (%)	2.0	2.3	2.3



**San Jose Federated Retiree Health Care
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**Fixed Income Assets
Diversification as of 12/31/14**

	Aggregate Fixed Income 12/31/14	Barclays Aggregate 12/31/14	Aggregate Fixed Income 9/30/14
Market Allocation (%):			
United States	95	91	95
Foreign (developed markets)	4	7	4
Foreign (emerging markets)	1	2	1
Currency Allocation (%):			
Non-U.S. Dollar Exposure	0	0	0
Sector Allocation (%):			
U.S. Treasury-Nominal	27	36	26
U.S. Treasury-TIPS	38	0	39
U.S. Agency	2	3	2
Mortgage Backed	8	29	10
Corporate	16	23	16
Bank Loans	0	0	0
Local & Provincial Government	0	1	0
Sovereign & Supranational	4	5	4
Commercial Mortgage Backed	1	2	1
Asset Backed	0	1	0
Cash Equivalent	0	0	0
Other	3	0	1

**Portfolio Reviews
As of December 31, 2014**

Global Equity Portfolio Reviews
As of December 31, 2014

San Jose Federated Retiree Health Care 115 Trust

Vanguard Developed Markets Index Portfolio Detail as of 12/31/14

Mandate: Global Equities
Active/Passive: Passive
Market Value: \$23.7 million
Portfolio Manager: Duane Kelly
 Michael Perre
Location: Valley Forge, Pennsylvania
Inception Date: 12/1/2011
Account Type: Mutual Fund (VTMNX)

	Value	Core	Growth
Large			
Medium			
Small			

Fee Schedule:
 0.07% on all assets

Liquidity Constraints:
 Daily

Strategy:

The Vanguard Developed Markets Index Fund seeks to track the performance of the FTSE Developed (ex. North America) index, which measures the investment return of stocks issued by companies located in the major markets of Europe and the Pacific Region. The fund employs a passive management investment approach by investing all, or substantially all, of its assets in the common stocks included in the index.

Performance (%):	4Q14	Fiscal YTD ¹	1 YR	3 YR	Since 12/1/11
Vanguard Developed Markets Index	-4.2	-9.9	-5.6	11.1	9.9
Spliced Developed Markets Index ²	-3.7	-9.2	-4.8	11.1	10.4

Risk: (thirty-seven months)	Standard Deviation	Beta	Sharpe Measure	Info. Ratio	Correlation to Index
Vanguard Developed Markets Index	14.6%	1.01	0.67	NA	0.99
Spliced Developed Markets Index ²	14.4	1.00	0.72	NA	1.00

	12/31/14		9/30/14	
	Vanguard Developed Markets	FTSE Dev ex. North America	Vanguard Developed Markets	FTSE Dev ex. North America
Capitalization Structure:				
Weighted Average Market Cap. (US\$ billion)	54.6	54.6	57.3	57.3
Median Market Cap. (US\$ billion)	5.7	5.7	5.9	5.9
Large (% over US\$20 billion)	63	63	65	65
Medium (% US\$3 billion to US\$20 billion)	33	33	32	32
Small (% under US\$3 billion)	3	4	3	3
Fundamental Structure:				
Price-Earnings Ratio	17	17	17	17
Price-Book Value Ratio	1.6	1.6	1.6	1.6
Dividend Yield (%)	2.9	2.9	2.9	2.9
Historical Earnings Growth Rate (%)	8	8	8	8
Projected Earnings Growth Rate (%)	10	10	10	10
Sector Allocation (%):				
Information Technology	6	6	6	6
Industrials	13	13	13	13
Consumer Discretionary	13	13	12	12
Telecommunication Services	5	5	5	5
Utilities	4	4	4	4
Health Care	11	11	11	11
Materials	8	8	8	8
Energy	5	5	6	6
Consumer Staples	11	11	11	11
Financials	25	25	25	25
Diversification:				
Number of Holdings	1,397	1,385	1,395	1,380
% in 5 largest holdings	7	7	7	7
% in 10 largest holdings	12	12	12	12
Region Allocation (%):				
Europe	61	61	62	62
Asia Pacific	34	34	33	33
Emerging	4	4	4	4
Other	1	1	1	1
Largest Five Holdings:				
		Industry		
Nestle	1.7	Food, Beverage & Tobacco		
Novartis	1.6	Pharmaceuticals & Biotech.		
Roche	1.4	Pharmaceuticals & Biotech.		
HSBC	1.3	Banks		
Toyota Motor	1.2	Automobiles & Components		

¹ Fiscal Year begins July 1.

² MSCI EAFE Index through April 16, 2013; FTSE Developed ex North America Index thereafter.



San Jose Federated Retiree Health Care 115 Trust

Mandate: Global Equities
Active/Passive: Passive
Market Value: \$21.6 million
Portfolio Manager: Jeffrey D. Miller
Location: Valley Forge, Pennsylvania
Inception Date: 12/1/2011
Account Type: Mutual Fund (VRTTX)

	Value	Core	Growth
Large			
Medium			
Small			

Fee Schedule:
0.08% on all assets

Liquidity Constraints:
Daily

Strategy:
Vanguard Russell 3000 Index Fund seeks to track the investment performance of the Russell 3000 index, an unmanaged benchmark representing the broad U.S. equity market. The fund attempts to replicate the target index by investing all, or substantially all, of its assets in the stocks that make up the index, holding each stock in approximately the same proportion as its weighting within the index. Vanguard's Quantitative Equity Group manages the fund.

Performance (%):	4Q14	Fiscal YTD ¹	1 YR	3 YR	Since 12/1/11
Vanguard Russell 3000	5.2	5.2	12.5	20.4	20.1
Russell 3000	5.2	5.3	12.6	20.5	20.2

Risk: (thirty-seven months)	Standard Deviation	Beta	Sharpe Measure	Info. Ratio	Correlation to Index
Vanguard Russell 3000	11.1%	1.00	1.81	NA	1.00
Russell 3000	11.1	1.00	1.82	NA	1.00

¹ Fiscal Year begins July 1.



Vanguard Russell 3000 Portfolio Detail as of 12/31/14

	12/31/14		9/30/14	
	Vanguard Russell 3000	Russell 3000	Vanguard Russell 3000	Russell 3000
Capitalization Structure:				
Weighted Average Market Cap. (US\$ billion)	102.4	102.4	100.9	100.7
Median Market Cap. (US\$ billion)	1.5	1.5	1.8	1.4
Large (% over US\$20 billion)	69	69	69	68
Medium (% US\$3 billion to US\$20 billion)	24	24	24	24
Small (% under US\$3 billion)	7	7	7	8
Fundamental Structure:				
Price-Earnings Ratio	20	20	19	19
Price-Book Value Ratio	2.6	2.6	2.5	2.5
Dividend Yield (%)	1.8	1.8	1.9	1.9
Historical Earnings Growth Rate (%)	13	13	14	14
Projected Earnings Growth Rate (%)	12	12	12	12
Sector Allocation (%):				
Industrials	11	11	11	11
Financials	18	18	17	17
Information Technology	19	19	19	19
Telecommunication Services	2	2	2	2
Utilities	3	3	3	3
Health Care	14	14	13	14
Consumer Discretionary	13	13	12	12
Materials	4	4	4	4
Energy	7	8	9	9
Consumer Staples	9	9	8	8
Diversification:				
Number of Holdings	3,063	3,051	2,571	2,983
% in 5 largest holdings	9	9	9	9
% in 10 largest holdings	14	14	14	14
Region Allocation (%):				
North America	98	98	98	98
Europe	2	1	2	2
Asia Pacific	0	0	0	0
Emerging	0	0	0	0
Other	1	1	1	1
Largest Five Holdings:				
			Industry	
Apple	2.9		Technology Equipment	
ExxonMobil	1.7		Energy	
Microsoft	1.7		Software & Services	
Johnson & Johnson	1.3		Pharmaceuticals & Biotech.	
Berkshire Hathaway	1.2		Diversified Financials	

San Jose Federated Retiree Health Care 115 Trust

Vanguard Emerging Markets Stock Index Portfolio Detail as of 12/31/14

Mandate: Global Equities
Active/Passive: Passive
Market Value: \$9.8 million
Portfolio Manager: Michael Perre
Location: Valley Forge, Pennsylvania
Inception Date: 12/1/2011
Account Type: Mutual Fund (VEMAX)

	Value	Core	Growth
Large			
Medium			
Small			

Fee Schedule:
0.15% on all assets

Liquidity Constraints:
Daily

Strategy:

The Vanguard Emerging Markets Stock Index strategy seeks to replicate the characteristics and returns of the FTSE Emerging Markets index, a broad index of stocks issued by companies located in emerging markets around the world.

Performance (%):	4Q14	Fiscal YTD ¹	1 YR	3 YR	Since 12/1/11
Vanguard Emerging Markets Stock Index	-3.7	-6.0	0.6	4.3	3.1
Spliced Emerging Markets Index ²	-3.5	-5.7	1.2	4.6	4.1

Risk: (thirty-seven months)	Standard Deviation	Beta	Sharpe Measure	Info. Ratio	Correlation to Index
Vanguard Emerging Markets Stock Index	16.3%	1.01	0.19	NA	0.99
Spliced Emerging Markets Index ²	16.1	1.00	0.25	NA	1.00

	12/31/14		9/30/14	
	Vanguard EM Index	FTSE Emerging Index	Vanguard EM Index	FTSE Emerging Index
Capitalization Structure:				
Weighted Average Market Cap. (US\$ billion)	31.3	31.2	31.0	31.0
Median Market Cap. (US\$ billion)	4.0	3.8	4.3	3.9
Large (% over US\$20 billion)	42	42	44	44
Medium (% US\$3 billion to US\$20 billion)	48	48	47	47
Small (% under US\$3 billion)	10	10	9	9
Fundamental Structure:				
Price-Earnings Ratio	14	14	14	14
Price-Book Value Ratio	1.6	1.5	1.6	1.7
Dividend Yield (%)	2.9	2.9	3.0	3.0
Historical Earnings Growth Rate (%)	12	13	12	12
Projected Earnings Growth Rate (%)	13	13	14	14
Sector Allocation (%):				
Information Technology	14	13	13	13
Consumer Staples	9	8	8	8
Industrials	7	7	7	6
Consumer Discretionary	8	8	8	7
Telecommunication Services	8	8	9	9
Health Care	3	2	2	2
Utilities	4	4	4	4
Materials	8	8	9	9
Financials	32	32	29	29
Energy	9	9	12	12
Diversification:				
Number of Holdings	960	909	964	904
% in 5 largest holdings	9	10	8	9
% in 10 largest holdings	15	16	14	15
Region Allocation (%):				
Asia Pacific	54	53	50	50
Latin America	19	19	21	21
Europe/MidEast/Africa	17	18	19	20
Frontier	0	0	0	0
Other	9	9	9	9
Largest Five Holdings:				
				Industry
Tencent Holdings	2.0			Software & Services
China Mobile	1.9			Telecom Services
Taiwan Semiconductor	1.8			Semiconductors
China Construction Bank	1.8			Banks
Industrial and Commercial Bank of China	1.6			Banks

¹ Fiscal Year begins July 1.

² MSCI Emerging Markets Index through January 9, 2013; FTSE Emerging Transition Index from January 10, 2013 through July 3, 2013; FTSE Emerging Index thereafter.



Fixed Income Portfolio Reviews
As of December 31, 2014

San Jose Federated Retiree Health Care 115 Trust

Vanguard Total Bond Market Index Portfolio Detail as of 12/31/14

Mandate: Fixed Income
Active/Passive: Passive
Market Value: \$15.4 million
Portfolio Manager: Gregory Davis, CFA
 Kenneth Volpert, CFA
Location: Valley Forge, Pennsylvania
Inception Date: 12/1/2011
Account Type: Mutual Fund (VBTIX)

	Short	Int.	Long
High			
Medium			
Low			

Fee Schedule:
0.07% on all assets

Liquidity Constraints:
Daily

Strategy:
The Vanguard Total Bond Market Index portfolio is structured to mirror the Barclays U.S. Aggregate index, a broad basket consisting mainly of U.S. government, mortgage-backed, and investment-grade corporate fixed income securities. Vanguard passively manages the strategy using index sampling to create an intermediate-duration portfolio that provides moderate income while maintaining high credit quality.

Performance (%):	4Q14	Fiscal YTD ¹	1 YR	3 YR	Since 12/1/11
Vanguard Total Bond Market Index	1.7	1.9	5.9	2.6	2.9
Barclays Aggregate Float Adjusted Index	1.7	1.9	5.8	2.7	3.0

Risk: (thirty-seven months)	Standard Deviation	Beta	Sharpe Measure	Info. Ratio	Correlation to Index
Vanguard Total Bond Market Index	2.8%	1.01	1.02	NA	1.00
Barclays Aggregate Float Adjusted Index	2.8	1.00	1.06	NA	1.00

	12/31/14		9/30/14	
	Vguard Bond Mkt Index	Barclays Agg Float Adjusted Index	Vguard Bond Mkt Index	Barclays Agg Float Adjusted Index
Duration & Yield:				
Average Effective Duration (years)	5.5	5.7	5.6	5.6
Yield to Maturity (%)	2.1	2.2	2.2	2.3
Quality Structure (%):				
Average Quality	AA+	AA+	AA+	AA+
AAA (includes Treasuries and Agencies)	69	69	69	68
AA	4	5	4	5
A	13	13	13	13
BBB	14	13	14	13
BB	0	0	0	0
B	0	0	0	0
Below B	0	0	0	0
Non-Rated	0	0	0	0
Sector Allocation (%):				
U.S. Treasury-Nominal	42	40	42	40
U.S. Treasury-TIPS	0	0	0	0
U.S. Agency	4	3	4	6
Mortgage Backed	13	21	17	21
Corporate	27	26	27	26
Bank Loans	0	0	0	0
Local & Provincial Government	0	1	0	1
Sovereign & Supranational	7	5	7	3
Commercial Mortgage Backed	2	2	2	2
Asset Backed	1	1	1	1
Cash Equivalent	0	0	0	0
Other	5	0	1	0
Market Allocation (%):				
United States	92	90	92	90
Foreign (developed markets)	6	8	6	8
Foreign (emerging markets)	2	3	2	3
Currency Allocation (%):				
Non-U.S. Dollar Exposure	0	0	0	0

¹ Fiscal Year begins July 1.



San Jose Federated Retiree Health Care 115 Trust

Vanguard Inflation-Protected Securities Portfolio Detail as of 12/31/14

Mandate: Fixed Income
Active/Passive: Passive
Market Value: \$9.7 million
Portfolio Manager: Gemma Wright-Casparius
Location: Valley Forge, Pennsylvania
Inception Date: 12/1/2011
Account Type: Mutual Fund (VIPIX)

	Short	Int.	Long
High			
Medium			
Low			

Fee Schedule:
0.07% on all assets

Liquidity Constraints:
Daily

Strategy:
The Vanguard Inflation-Protected Securities strategy seeks long-term returns that exceed inflation by investing at least 80% of its assets in high-quality inflation-indexed bonds. These securities, primarily issued by the U.S. Treasury, government agencies, and domestic corporations, automatically adjust their principal and interest payments over time in response to changes in inflation.

Performance (%):	4Q14	Fiscal YTD ¹	1 YR	3 YR	Since 12/1/11
Vanguard Inflation-Protected Securities	0.2	-1.7	4.1	0.5	0.5
Barclays U.S. TIPS	0.0	-2.1	3.6	0.4	0.4

Risk: (thirty-seven months)	Standard Deviation	Beta	Sharpe Measure	Info. Ratio	Correlation to Index
Vanguard Inflation-Protected Securities	5.3%	1.02	0.08	NA	1.00
Barclays U.S. TIPS	5.2	1.00	0.08	NA	1.00

Duration & Yield:	12/31/14		9/30/14	
	Vanguard TIPS Index	Barclays U.S. TIPS	Vanguard TIPS Index	Barclays U.S. TIPS
Average Effective Duration (years)	7.9	7.8	7.9	7.2
Yield to Maturity (%) ²	2.0	2.0	2.3	2.3

Quality Structure (%):				
Average Quality	AAA	AAA	AAA	AAA
AAA (includes Treasuries and Agencies)	100	100	100	100
AA	0	0	0	0
A	0	0	0	0
BBB	0	0	0	0
BB	0	0	0	0
B	0	0	0	0
Below B	0	0	0	0
Non-Rated	0	0	0	0

Sector Allocation (%):				
U.S. Treasury-Nominal	3	0	1	0
U.S. Treasury-TIPS	97	100	99	100
U.S. Agency	0	0	0	0
Mortgage Backed	0	0	0	0
Corporate	0	0	0	0
Bank Loans	0	0	0	0
Local & Provincial Government	0	0	0	0
Sovereign & Supranational	0	0	0	0
Commercial Mortgage Backed	0	0	0	0
Asset Backed	0	0	0	0
Cash Equivalent	0	0	0	0
Other	0	0	0	0

Market Allocation (%):				
United States	100	100	100	100
Foreign (developed markets)	0	0	0	0
Foreign (emerging markets)	0	0	0	0

Currency Allocation (%):				
Non-U.S. Dollar Exposure	0	0	0	0

¹ Fiscal Year begins July 1.

² This figure is an estimated yield-to-maturity (YTM) for the fund. It is calculated by adding the trailing 12-month inflation adjustment to the "real" (i.e., before inflation) YTM of the fund. Adding the 12-month inflation adjustment allows the fund's yield to be more directly comparable to those of other bond funds. Investors should recognize that the actual YTM will depend upon the level of inflation experienced going forward.



Real Assets Portfolio Reviews
As of December 31, 2014

San Jose Federated Retiree Health Care 115 Trust

Credit Suisse Compound Risk Parity Commodity Index Portfolio Detail as of 12/31/14

Mandate: Commodity
Active/Passive: Active
Market Value: \$7.8 million
Portfolio Manager: Christopher Burton
Location: New York, New York
Inception Date: 8/1/2011
Account Type: Commingled Fund

Fee Schedule:
 0.42% on first \$100 mm; 0.37% thereafter

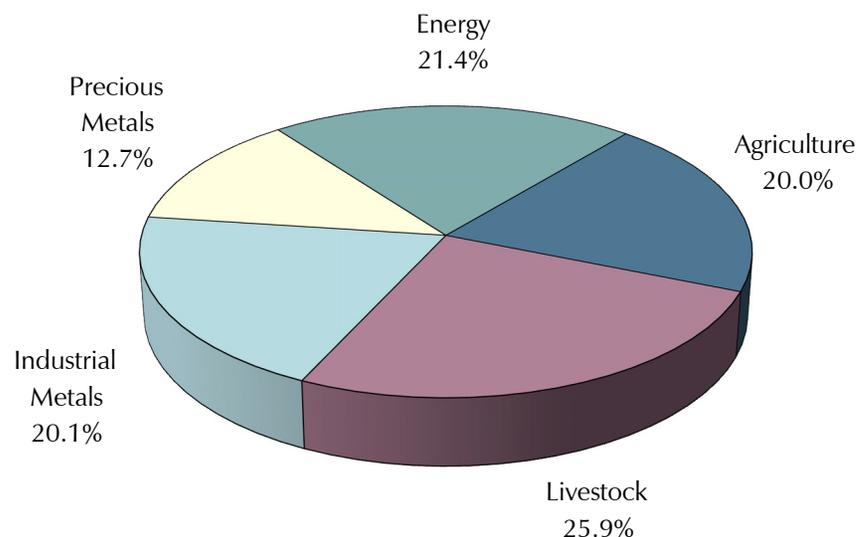
Liquidity Constraints:
 Daily

Strategy:
 Credit Suisse Asset Management (CSAM) seeks to provide a commodity-based investment return with reduced risk, measured by standard deviation, versus traditional commodity indices. The team aims to capture the spot return of commodities while employing active management techniques to exploit commodity market inefficiencies. The commodities team at CSAM utilizes futures to replicate the risk-based index. The portfolio consists of five commodity complexes (energy, industrial metals, precious metals, agriculture, and livestock) and 24 commodities included in the S&P- Goldman Sachs Commodities Index. CSAM allocates 20% of capital to each of the commodity complexes. Within each commodity complex, the strategy equal weights the specific commodities. The portfolio is rebalanced on a monthly basis. Active strategies used by CSAM seek to exploit the time period (roll date) the fund purchases commodities, using a quantitative and qualitative assessment. Collateral for the fund is actively managed and invested in U.S. Treasuries and agency securities.

Performance (%):	4Q14	Fiscal YTD ¹	1 YR	3 YR	Since 8/1/11
Credit Suisse Compound Risk Parity Commodity Index	-11.7	-17.7	-8.9	-5.5	-7.6
Custom Risk Parity Commodity Benchmark ²	-11.8	-18.1	-8.7	-5.6	-7.8
Bloomberg Commodity Index	-12.1	-22.5	-17.0	-9.4	-12.2

Risk: (forty-one months)	Standard Deviation	Beta	Sharpe Measure ³	Info. Ratio	Correlation to Index
Credit Suisse Compound Risk Parity Commodity Index	10.5%	0.00	Neg.	0.00	1.00
Custom Risk Parity Commodity Benchmark	10.8	1.00	0.00	NA	1.00

Current Allocation:



¹ Fiscal Year begins July 1.

² Custom Risk Parity Commodity Benchmark returns provided by Credit Suisse.

³ A negative Sharpe ratio indicates that the portfolio underperformed the risk-free rate during the sample period.



San Jose Federated Retiree Health Care 115 Trust

First Quadrant Risk Parity Commodity Index Portfolio Detail as of 12/31/14

Mandate: Commodity
Active/Passive: Active
Market Value: \$4.6 million
Portfolio Manager: Team
Location: Pasadena, California
Inception Date: 8/1/2011
Account Type: Commingled Fund

Fee Schedule:
 0.35% on all assets

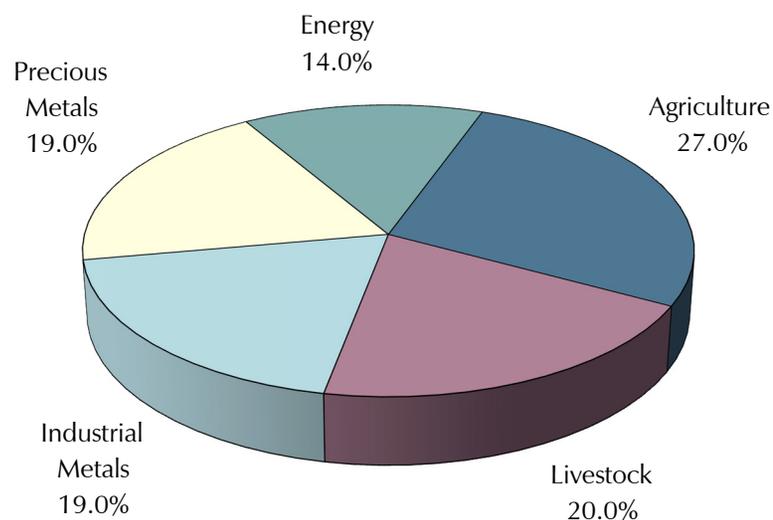
Liquidity Constraints:
 Monthly

Strategy:
 First Quadrant believes that there are inherent flaws to commodity indices, and they seek to produce a strategy which providing investors a higher correlation to inflation over the long run. First Quadrant utilizes futures and swaps to gain exposure to five commodity complexes, representing twenty specific commodities, and targets 20% risk to each of the commodity complexes. The complexes are energy, industrial metals, precious metals, agriculture, and livestock. The firm employs a quantitative methodology and uses risk as the weighting for each commodity product, making adjustments to the allocations depending upon the perceived volatility environment (high risk, low risk, or moderate risk). The firm will modify the investment exposure based upon the predicted environment ranging from 88% (in a high volatility environment) to 146% (in a low volatility environment). Collateral for the portfolio is actively managed and invested in U.S. Treasuries and agency securities.

Performance (%):	4Q14	Fiscal YTD ¹	1 YR	3 YR	Since 8/1/11
First Quadrant Risk Parity Commodity Index	-9.6	-20.1	-7.7	-8.8	-10.7
Custom Risk Parity Commodity Benchmark ²	-11.8	-18.1	-8.7	-5.6	-7.8
Bloomberg Commodity Index	-12.1	-22.5	-17.0	-9.4	-12.2

Risk: (forty-one months)	Standard Deviation	Beta	Sharpe Measure ³	Info. Ratio	Correlation to Index
First Quadrant Risk Parity Commodity Index	11.7%	0.00	Neg.	0.00	0.96
Custom Risk Parity Commodity Benchmark	10.8	1.00	0.00	NA	1.00

Current Allocation:



¹ Fiscal Year begins July 1.

² Custom Risk Parity Commodity Benchmark returns provided by Credit Suisse.

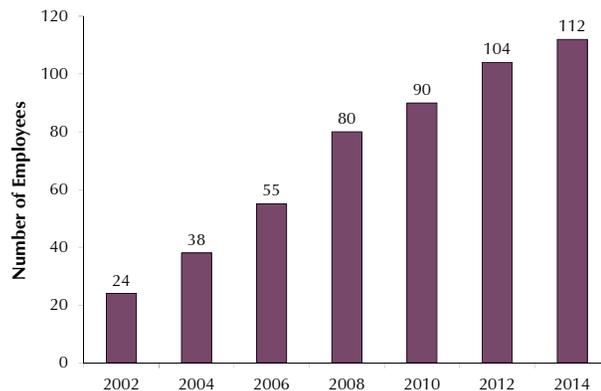
³ A negative Sharpe ratio indicates that the portfolio underperformed the risk-free rate during the sample period.



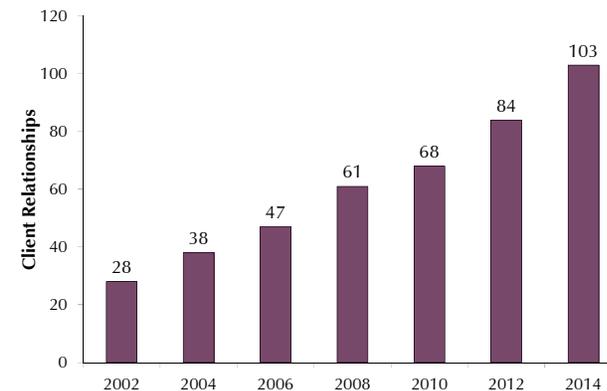
Meketa Investment Group Corporate Update

- Staff of 112, including 66 investment professionals and 23 CFA Charterholders
- 103 clients, with over 185 funds throughout the United States
- Significant investment in staff and resources
- Offices in Boston, Miami, Portland (OR), San Diego, and London
- Clients have aggregate assets of over \$750 billion
 - Over \$20 billion in assets committed to alternative investments
 - Private Equity
 - Infrastructure
 - Natural Resources
 - Real Estate
 - Hedge Funds
 - Commodities

Employee Growth



Client Growth



Meketa Investment Group is proud to work for 4.9 million American families everyday



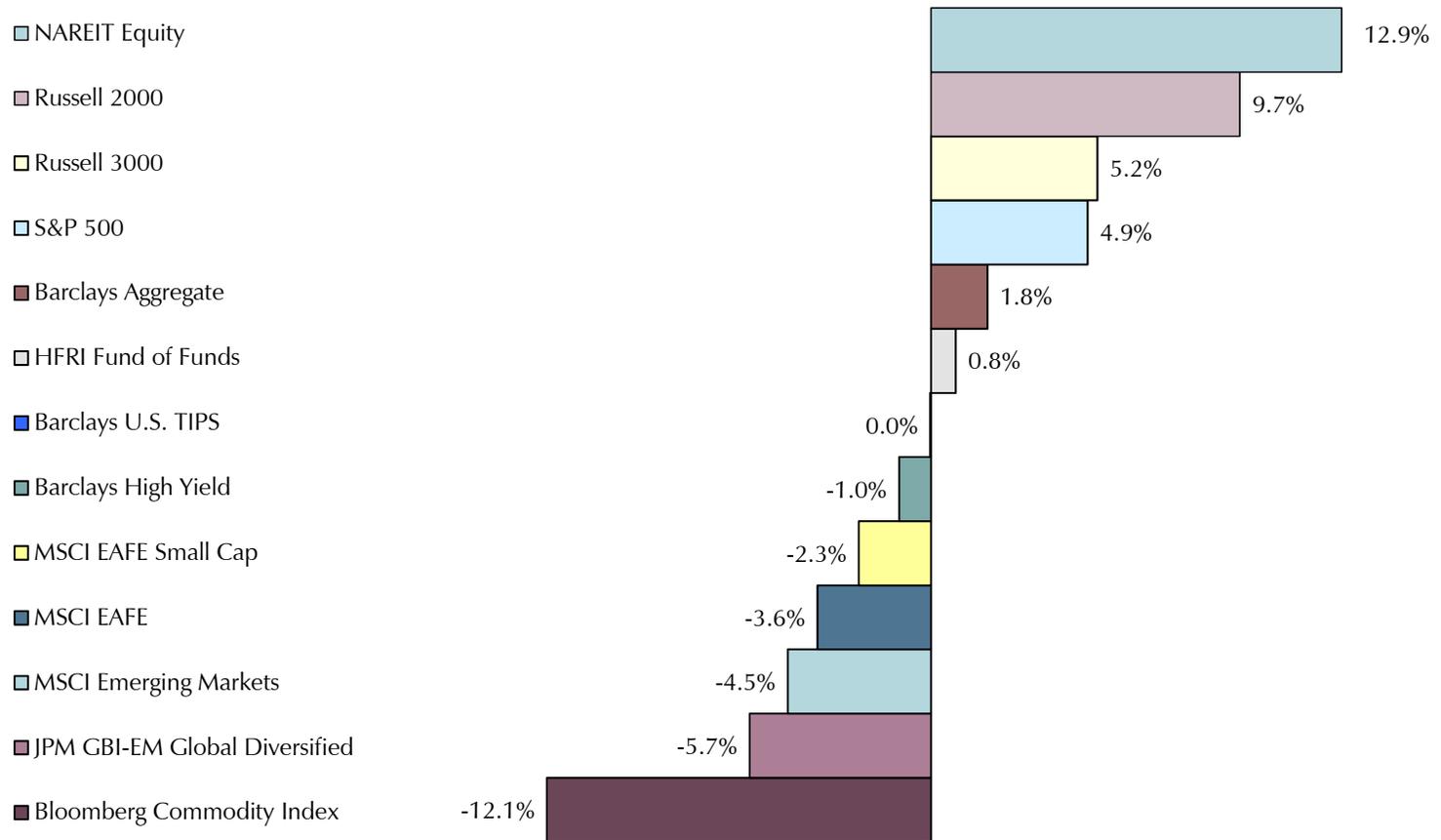
Asset Classes Followed Intensively by Meketa Investment Group

Domestic Equities	International Equities	Private Equity	Real Assets	Fixed Income	Hedge Funds
<ul style="list-style-type: none"> - Passive - Enhanced Index - Large Cap - Midcap - Small Cap - Microcap - 130/30 	<ul style="list-style-type: none"> - Large Cap Developed - Small Cap Developed - Emerging Markets - Frontier Markets 	<ul style="list-style-type: none"> - Buyouts - Venture Capital - Private Debt - Special Situations - Secondaries - Fund of Funds 	<ul style="list-style-type: none"> - Public REITs - Core Real Estate - Value Added Real Estate - Opportunistic Real Estate - Infrastructure - Timber - Natural Resources - Commodities 	<ul style="list-style-type: none"> - Short-Term - Core - Core Plus - TIPS - High Yield - Bank Loans - Distressed - Global - Emerging Markets 	<ul style="list-style-type: none"> - Long/Short Equity - Event Driven - Relative Value - Fixed Income Arbitrage - Multi Strategy - Market Neutral - Global Macro - Fund of Funds - Portable Alpha

Appendices

The World Markets Fourth Quarter of 2014

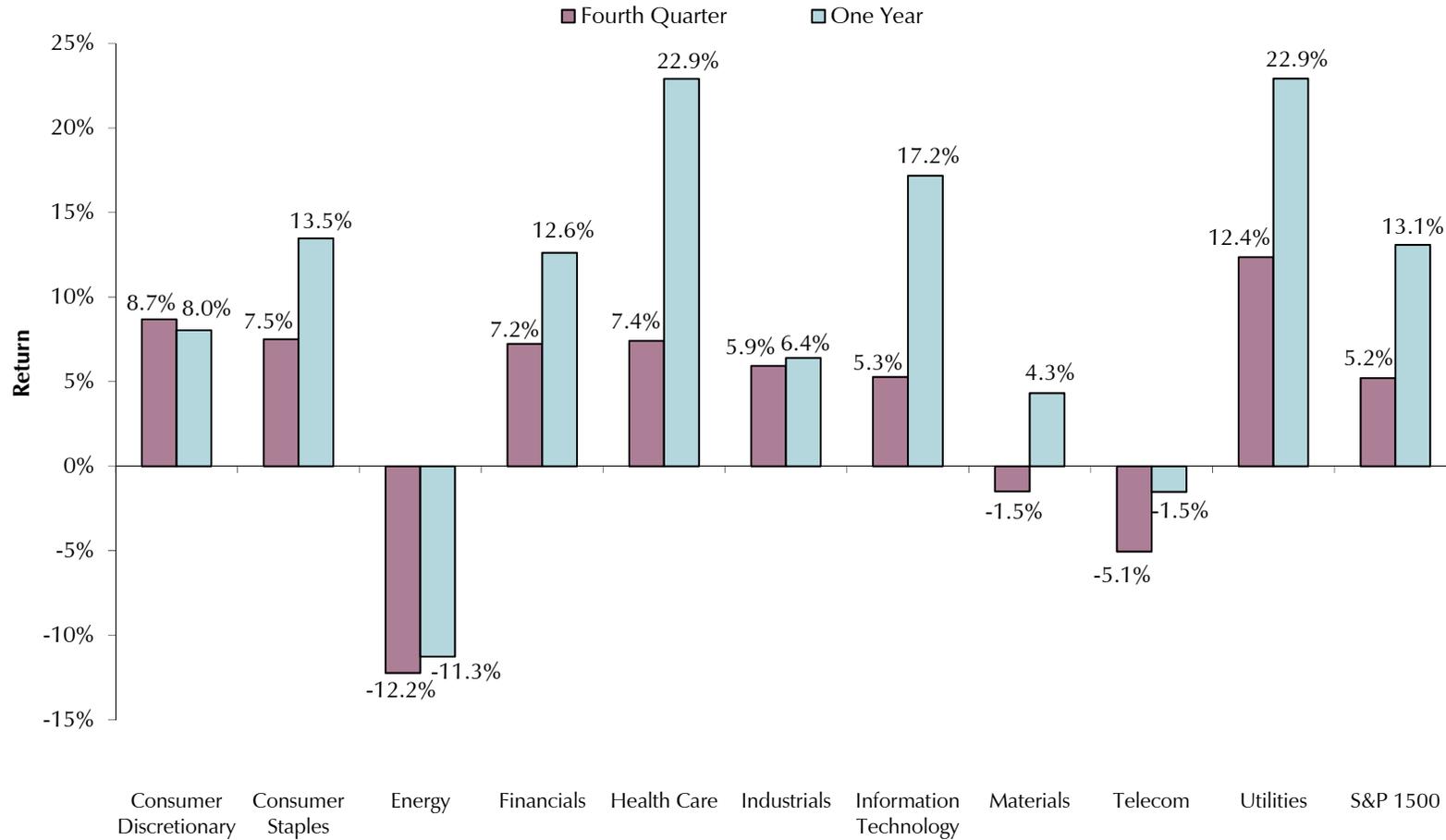
The World Markets
Fourth Quarter of 2014



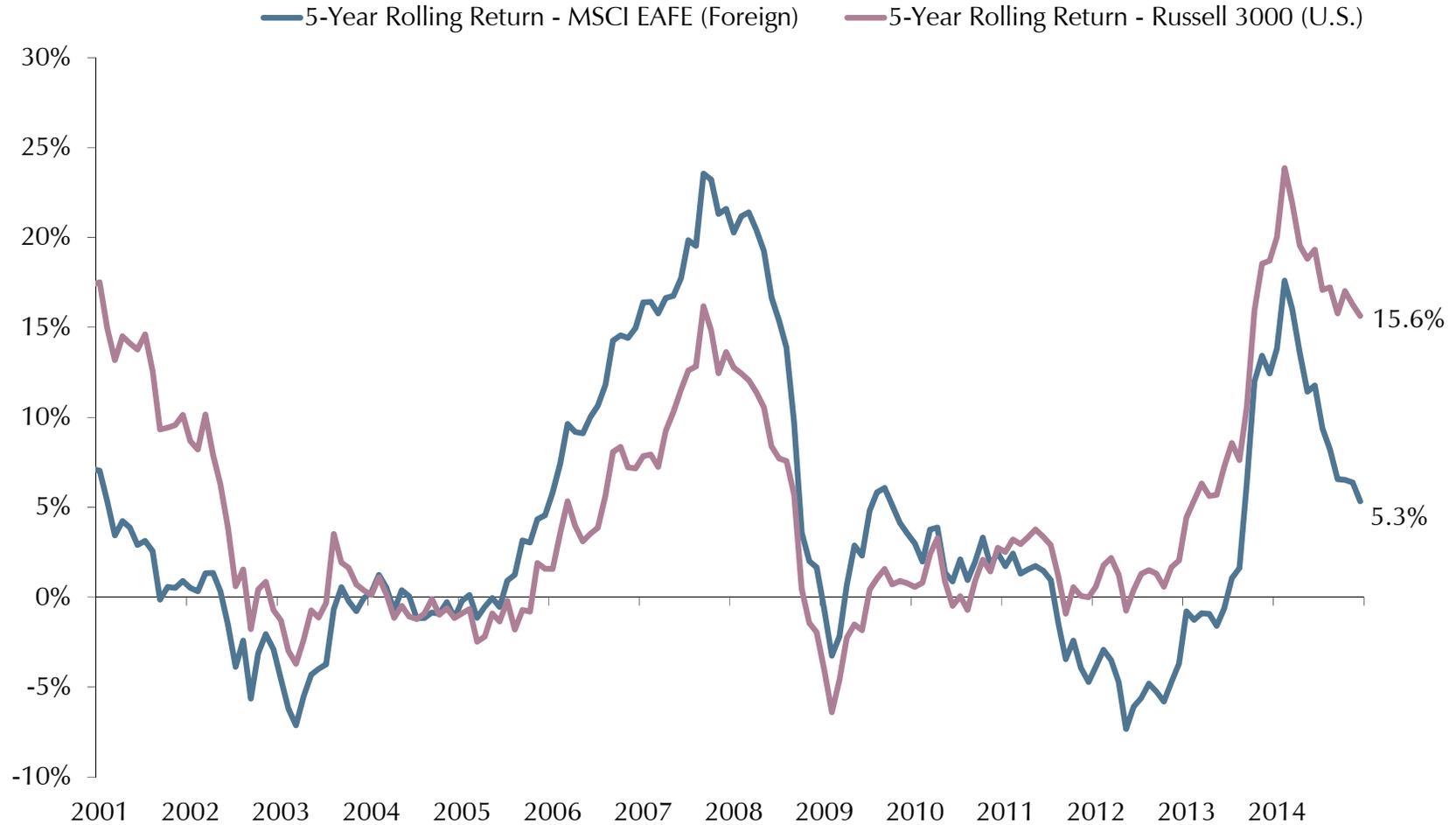
Index Returns

	4Q14 (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)
Domestic Equity					
Russell 3000	5.2	12.6	20.5	15.6	7.9
Russell 1000	4.9	13.2	20.6	15.6	8.0
Russell 1000 Growth	4.8	13.0	20.3	15.8	8.5
Russell 1000 Value	5.0	13.5	20.9	15.4	7.3
Russell MidCap	5.9	13.2	21.4	17.2	9.6
Russell MidCap Growth	5.8	11.9	20.7	16.9	9.4
Russell MidCap Value	6.1	14.7	22.0	17.4	9.4
Russell 2000	9.7	4.9	19.2	15.5	7.8
Russell 2000 Growth	10.1	5.6	20.1	16.8	8.5
Russell 2000 Value	9.4	4.2	18.3	14.3	6.9
Foreign Equity					
MSCI ACWI (ex. U.S.)	-3.9	-3.9	9.0	4.4	5.1
MSCI EAFE	-3.6	-4.9	11.1	5.3	4.4
MSCI EAFE (local currency)	1.8	5.9	16.4	7.7	5.3
MSCI EAFE Small Cap	-2.3	-4.9	13.8	8.6	6.0
MSCI Emerging Markets	-4.5	-2.2	4.0	1.8	8.4
MSCI Emerging Markets (local currency)	0.0	5.2	8.4	4.8	9.9
Fixed Income					
Barclays Universal	1.3	5.5	3.2	4.8	4.9
Barclays Aggregate	1.8	6.0	2.7	4.4	4.7
Barclays U.S. TIPS	0.0	3.6	0.4	4.1	4.4
Barclays High Yield	-1.0	2.5	8.4	9.0	7.7
JPMorgan GBI-EM Global Diversified	-5.7	-5.7	0.1	2.6	6.7
Other					
NAREIT Equity	12.9	28.0	16.4	16.9	8.3
Bloomberg Commodity Index	-12.1	-17.0	-9.5	-5.6	-1.9
HFRI Fund of Funds	0.8	3.2	5.6	3.3	3.0

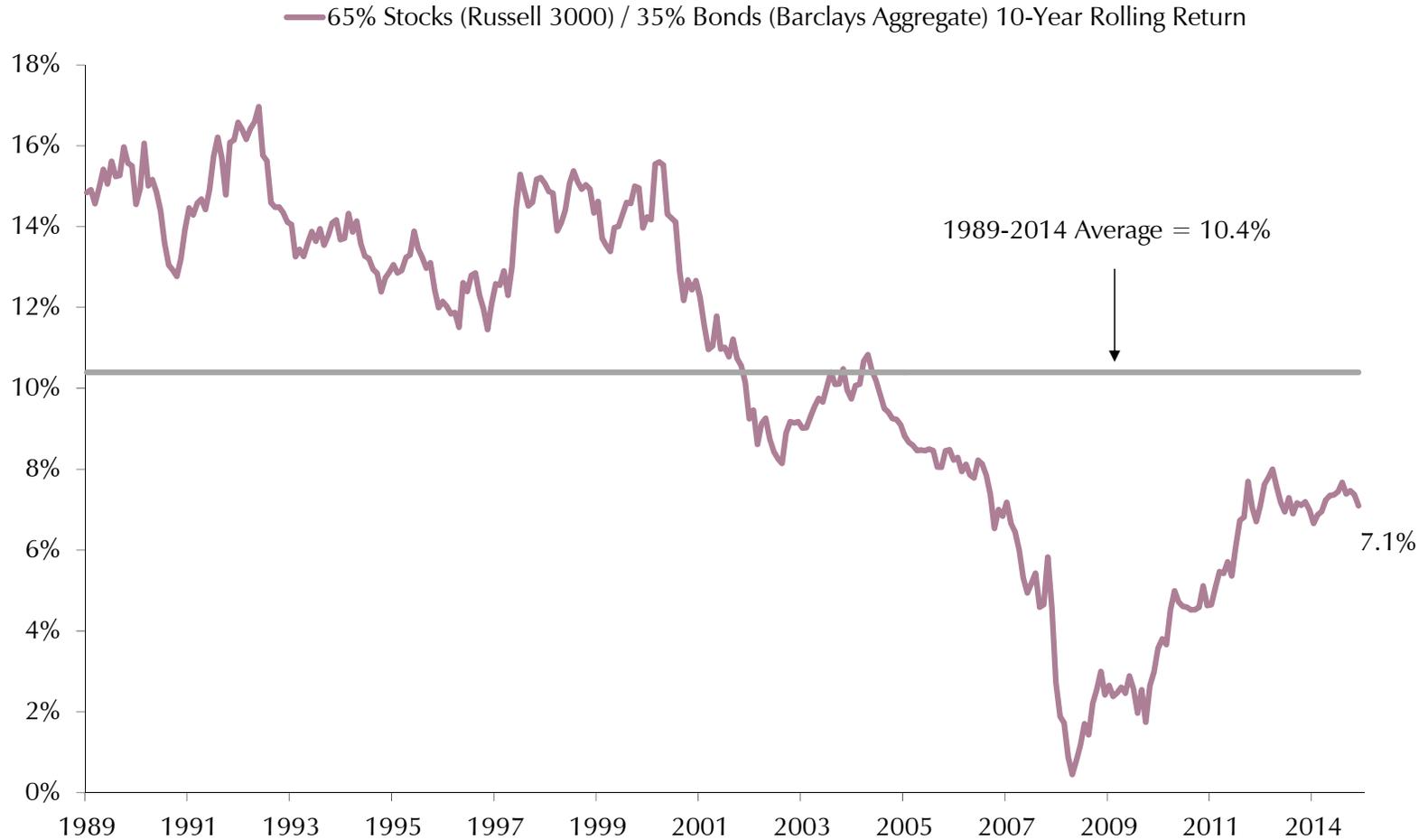
S&P Sector Returns



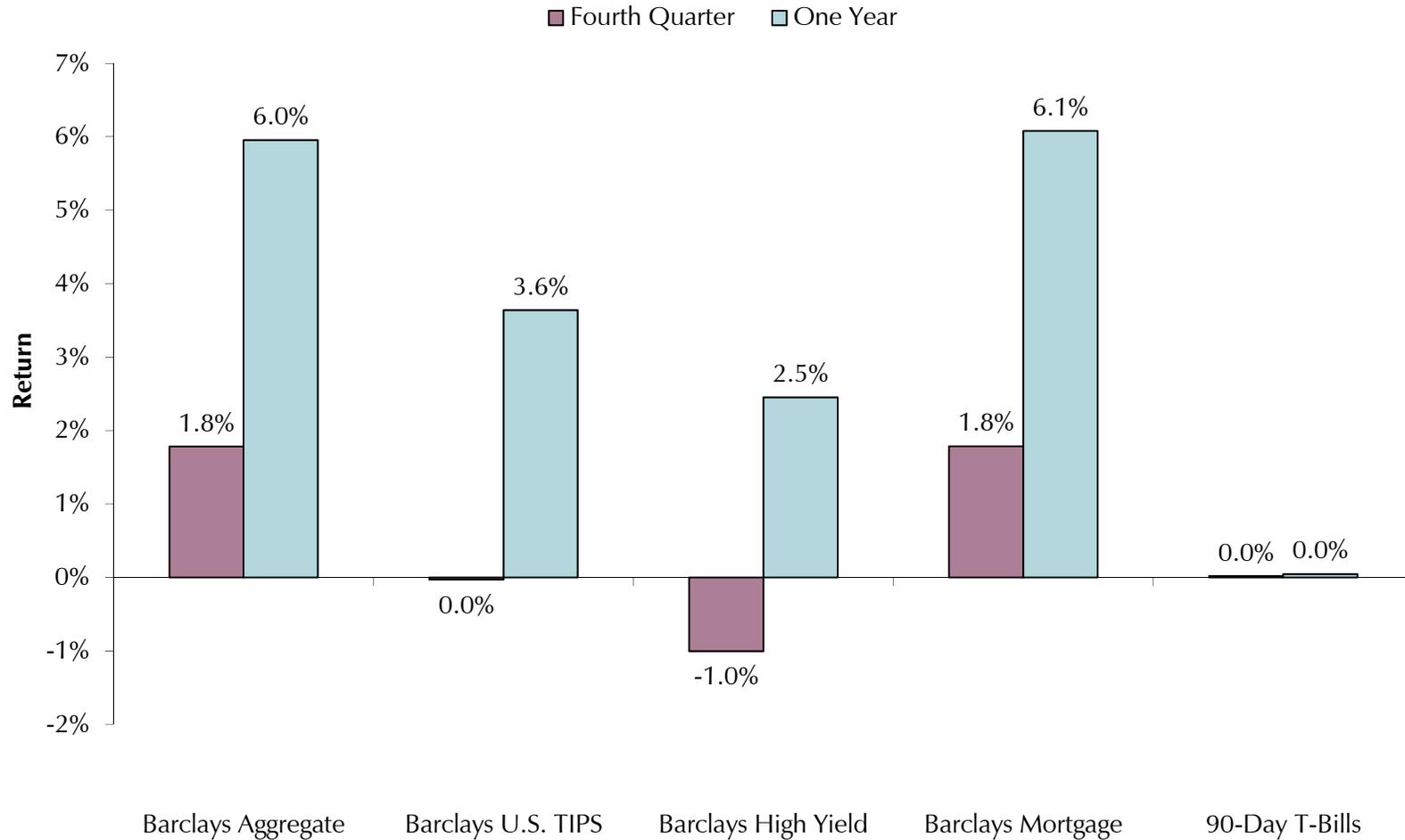
Equity Markets



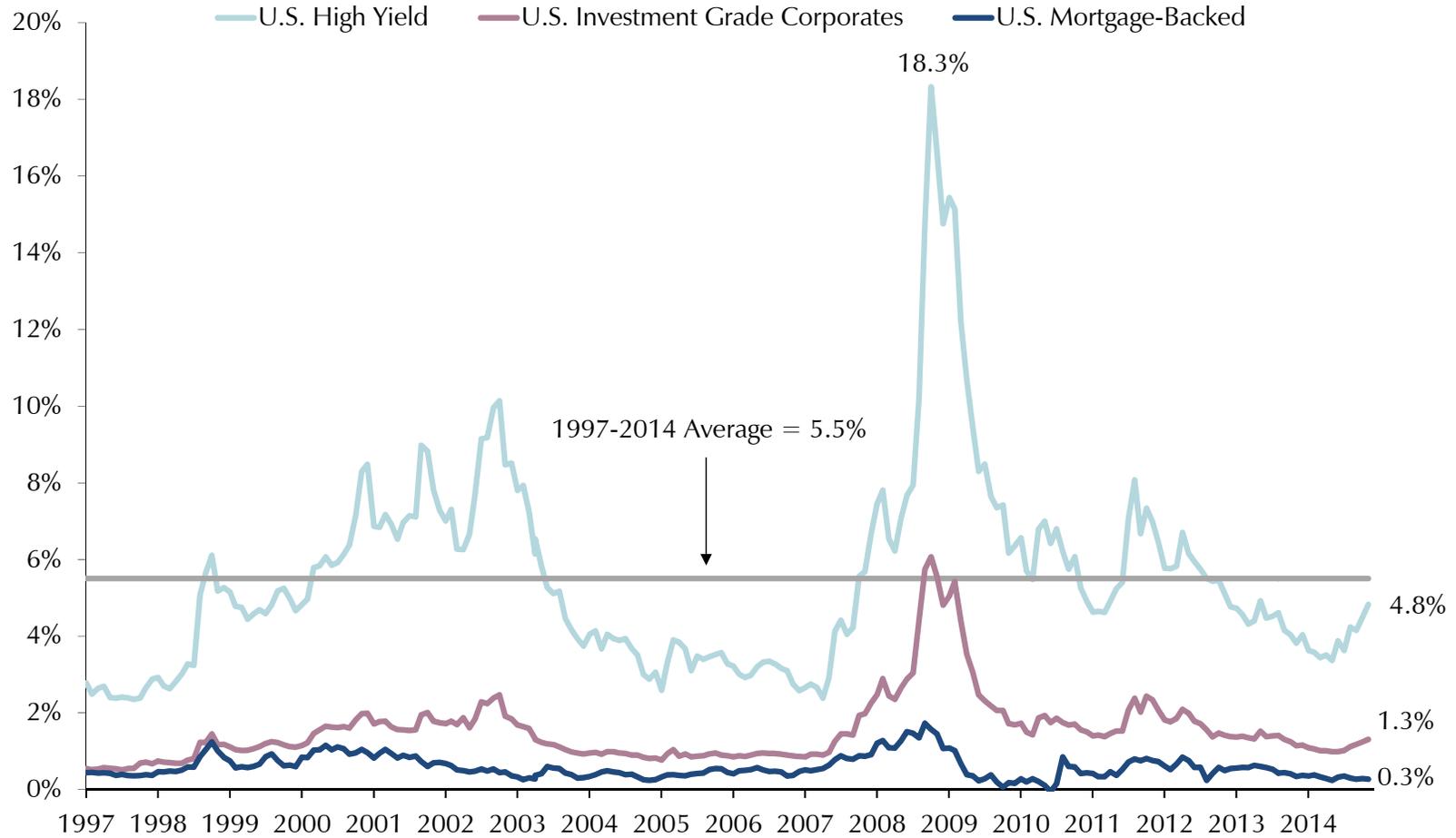
Rolling Ten-Year Returns: 65% Stocks and 35% Bonds



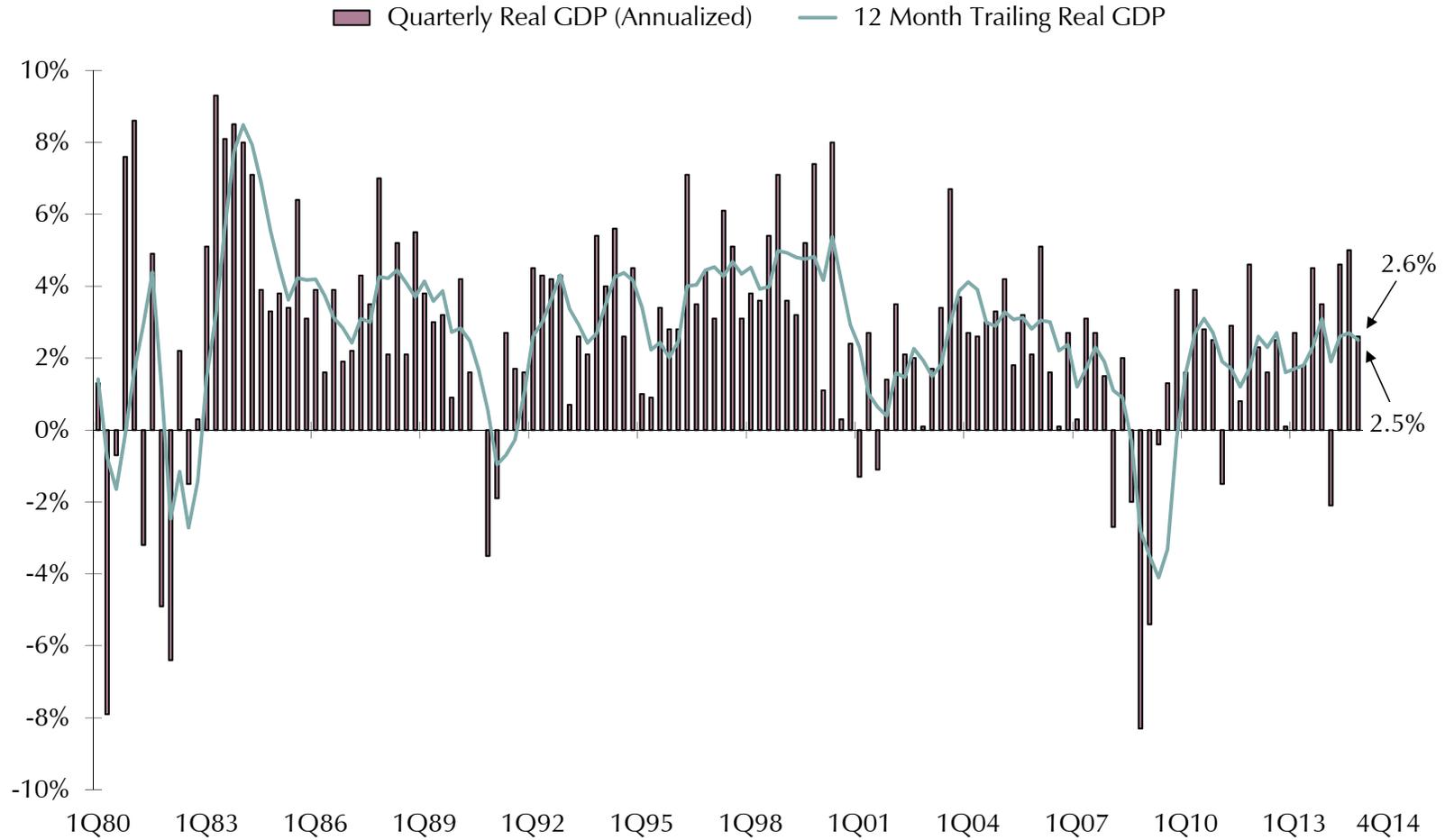
U.S. Fixed Income Markets



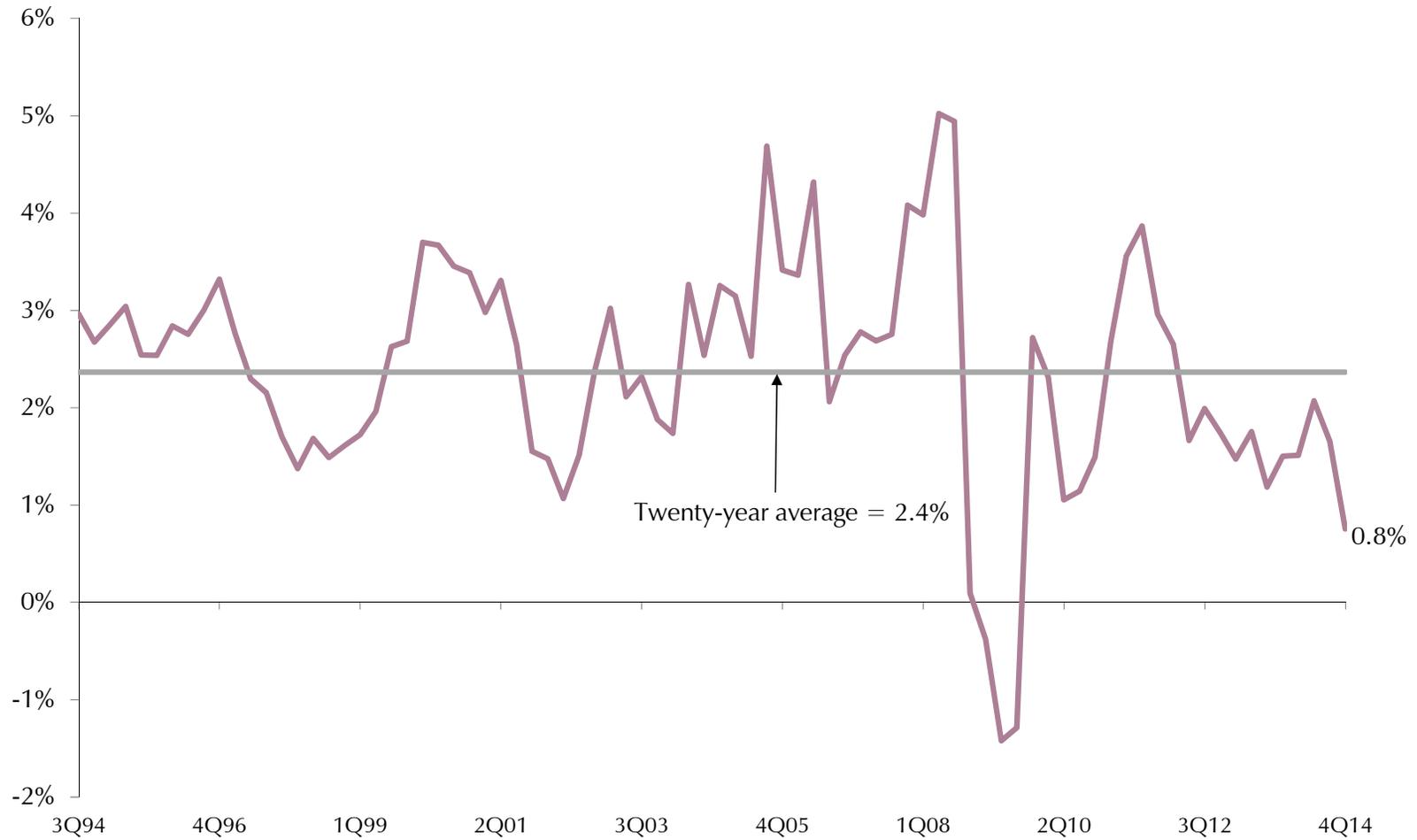
Credit Spreads vs. U.S. Treasury Bonds



U.S. Real Gross Domestic Product (GDP) Growth



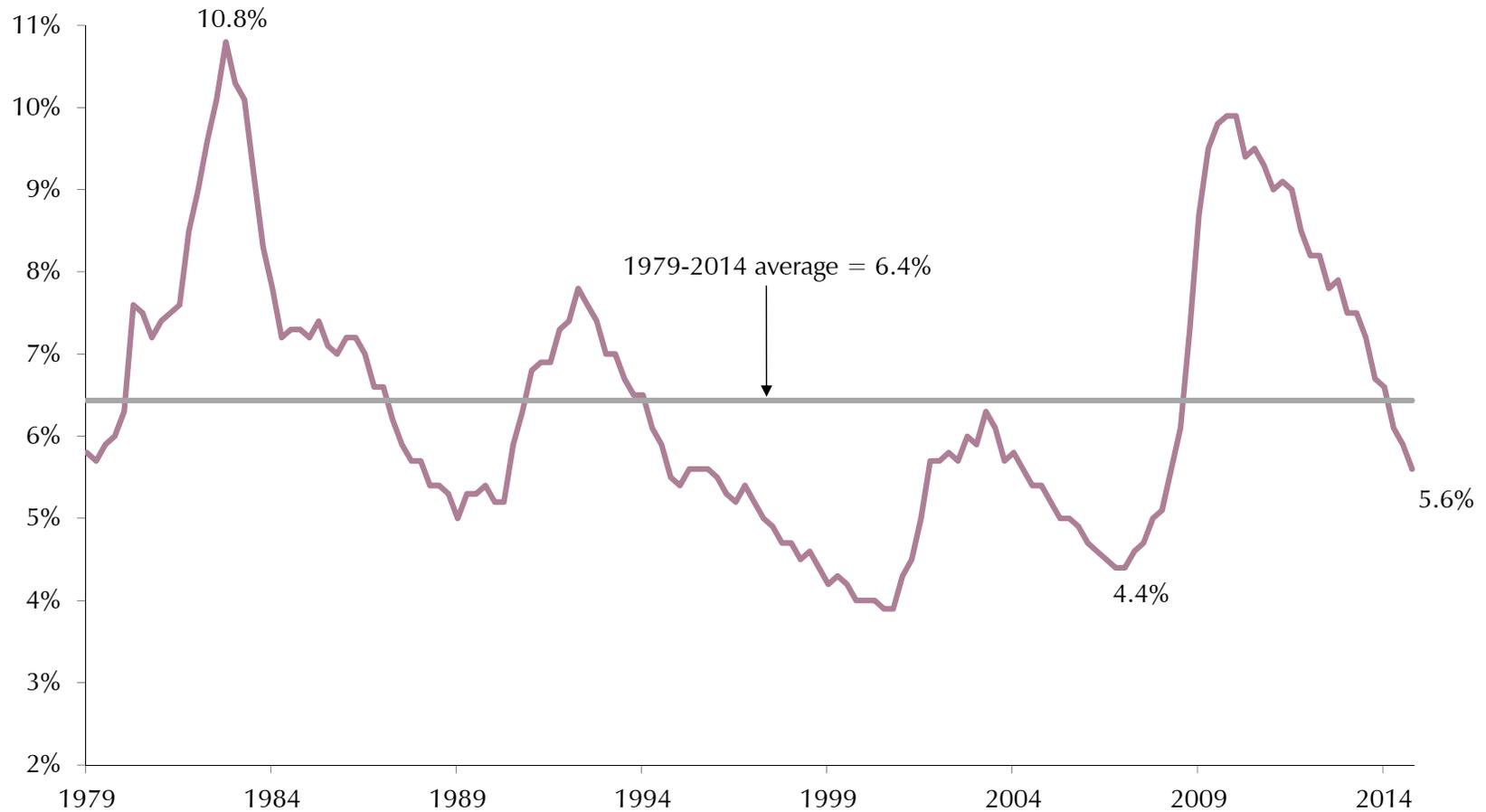
**U.S. Inflation (CPI)
Trailing Twelve Months¹**



¹ Data is non-seasonally adjusted CPI, which may be volatile in the short-term.



U.S. Unemployment



**Glossary and Notes
As of December 31, 2014**

Credit Risk: Refers to the risk that the issuer of a fixed income security may default (i.e., the issuer will be unable to make timely principal and/or interest payments on the security.)

Duration: Measure of the sensitivity of the price of a bond to a change in its yield to maturity. Duration summarizes, in a single number, the characteristics that cause bond prices to change in response to a change in interest rates. For example, the price of a bond with a duration of three years will rise by approximately 3% for each 1% decrease in its yield to maturity. Conversely, the price will decrease 3% for each 1% increase in the bond's yield. Price changes for two different bonds can be compared using duration. A bond with a duration of six years will exhibit twice the percentage price change of a bond with a three-year duration. The actual calculation of a bond's duration is somewhat complicated, but the idea behind the calculation is straightforward. The first step is to measure the time interval until receipt for each cash flow (coupon and principal payments) from a bond. The second step is to compute a weighted average of these time intervals. Each time interval is measured by the present value of that cash flow. This weighted average is the duration of the bond measured in years.

Information Ratio: This statistic is a measure of the consistency of a portfolio's performance relative to a benchmark. It is calculated by subtracting the benchmark return from the portfolio return (excess return), and dividing the resulting excess return by the standard deviation (volatility) of this excess return. A positive information ratio indicates outperformance versus the benchmark, and the higher the information ratio, the more consistent the outperformance.

Market Capitalization: For a firm, market capitalization is the total market value of outstanding common stock. For a portfolio, market capitalization is the sum of the capitalization of each company weighted by the ratio of holdings in that company to total portfolio holdings; thus it is a weighted-average capitalization. Meketa Investment Group considers the largest 65% of the broad domestic equity market as large capitalization, the next 25% of the market as medium capitalization, and the smallest 10% of stocks as small capitalization.

Market Weighted: Stocks in many indices are weighted based on the total market capitalization of the issue. Thus, the individual returns of higher market-capitalization issues will more heavily influence an index's return than the returns of the smaller market-capitalization issues in the index.

Maturity: The date on which a loan, bond, mortgage or other debt/security becomes due and is to be paid off.

Prepayment Risk: The risk that prepayments will increase (homeowners will prepay all or part of their mortgage) when mortgage interest rates decline; hence, investors' monies will be returned to them in a lower interest rate environment. Also, the risk that prepayments will slow down when mortgage interest rates rise; hence, investors will not have as much money as previously anticipated in a higher interest rate environment. A prepayment is any payment in excess of the scheduled mortgage payment.

Price-Book Value (P/B) Ratio: The current market price of a stock divided by its book value per share. Meketa Investment Group calculates P/B as the current price divided by Compustat's quarterly common equity. Common equity includes common stock, capital surplus, retained earnings, and treasury stock adjusted for both common and nonredeemable preferred stock. Similar to high P/E stocks, stocks with high P/B's tend to be riskier investments.

Price-Earnings (P/E) Ratio: A stock's market price divided by its current or estimated future earnings. Lower P/E ratios often characterize stocks in low growth or mature industries, stocks in groups that have fallen out of favor, or stocks of established blue chip companies with long records of stable earnings and regular dividends. Sometimes a company that has good fundamentals may be viewed unfavorably by the market if it is an industry that is temporarily out of favor. Or a business may have experienced financial problems causing investors to be skeptical about its future. Either of these situations would result in lower relative P/E ratios. Some stocks exhibit

above-average sales and earnings growth or expectations for above average growth. Consequently, investors are willing to pay more for these companies' earnings, which results in elevated P/E ratios. In other words, investors will pay more for shares of companies whose profits, in their opinion, are expected to increase faster than average. Because future events are in no way assured, high P/E stocks tend to be riskier and more volatile investments. Meketa Investment Group calculates P/E as the current price divided by the I/B/E/S consensus of twelve-month forecast earnings per share.

Quality Rating: The rank assigned a security by such rating services as Fitch, Moody's, and Standard & Poor's. The rating may be determined by such factors as (1) the likelihood of fulfillment of dividend, income, and principal payment of obligations; (2) the nature and provisions of the issue; and (3) the security's relative position in the event of liquidation of the company. Bonds assigned the top four grades (AAA, AA, A, BBB) are considered investment grade because they are eligible bank investments as determined by the controller of the currency.

Sharpe Ratio: A commonly used measure of risk-adjusted return. It is calculated by subtracting the risk free return (usually three-month Treasury bill) from the portfolio return and dividing the resulting excess return by the portfolio's total risk level (standard deviation). The result is a measure of return per unit of total risk taken. The higher the Sharpe ratio, the better the fund's historical risk adjusted performance.

Standard Deviation: A measure of the total risk of an asset or a portfolio. Standard deviation measures the dispersion of a set of numbers around a central point (e.g., the average return). If the standard deviation is small, the distribution is concentrated within a narrow range of values. For a normal distribution, about two thirds of the observations will fall within one standard deviation of the mean, and 95% of the observations will fall within two standard deviations of the mean.

STIF Account: Short-term investment fund at a custodian bank that invests in cash-equivalent instruments. It is generally used to safely invest the excess cash held by portfolio managers.

Style: The description of the type of approach and strategy utilized by an investment manager to manage funds. For example, the style for equities is determined by portfolio characteristics such as price-to-book value, price-to-earnings ratio, and dividend yield. Equity styles include growth, value, and core.

Yield to Maturity: The yield, or return, provided by a bond to its maturity date; determined by a mathematical process, usually requiring the use of a "basis book." For example, a 5% bond pays \$5 a year interest on each \$100 par value. To figure its current yield, divide \$5 by \$95—the market price of the bond—and you get 5.26%. Assume that the same bond is due to mature in five years. On the maturity date, the issuer is pledged to pay \$100 for the bond that can be bought now for \$95. In other words, the bond is selling at a discount of 5% below par value. To figure yield to maturity, a simple and approximate method is to divide 5% by the five years to maturity, which equals 1% pro rata yearly. Add that 1% to the 5.26% current yield, and the yield to maturity is roughly 6.26%.

$$\frac{5\% \text{ (discount)}}{5 \text{ (yrs. to maturity)}} = 1\% \text{ pro rata, plus } 5.26\% \text{ (current yield)} = 6.26\% \text{ (yield to maturity)}$$

Sources: [Investment Terminology](#), International Foundation of Employee Benefit Plans, 1999.
[The Handbook of Fixed Income Securities](#), Fabozzi, Frank J., 1991.

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Throughout this report, numbers may not sum due to rounding.
Returns for periods greater than one year are annualized throughout this report.
Values shown are in millions of dollars, unless noted otherwise.