



NEPC, LLC

YOU DEMAND MORE. So do we.<sup>SM</sup>



## **City of San Jose Police and Fire Department Retirement Plan**

**Investment Performance Analysis  
For the period ending March 31, 2012**

May 2012

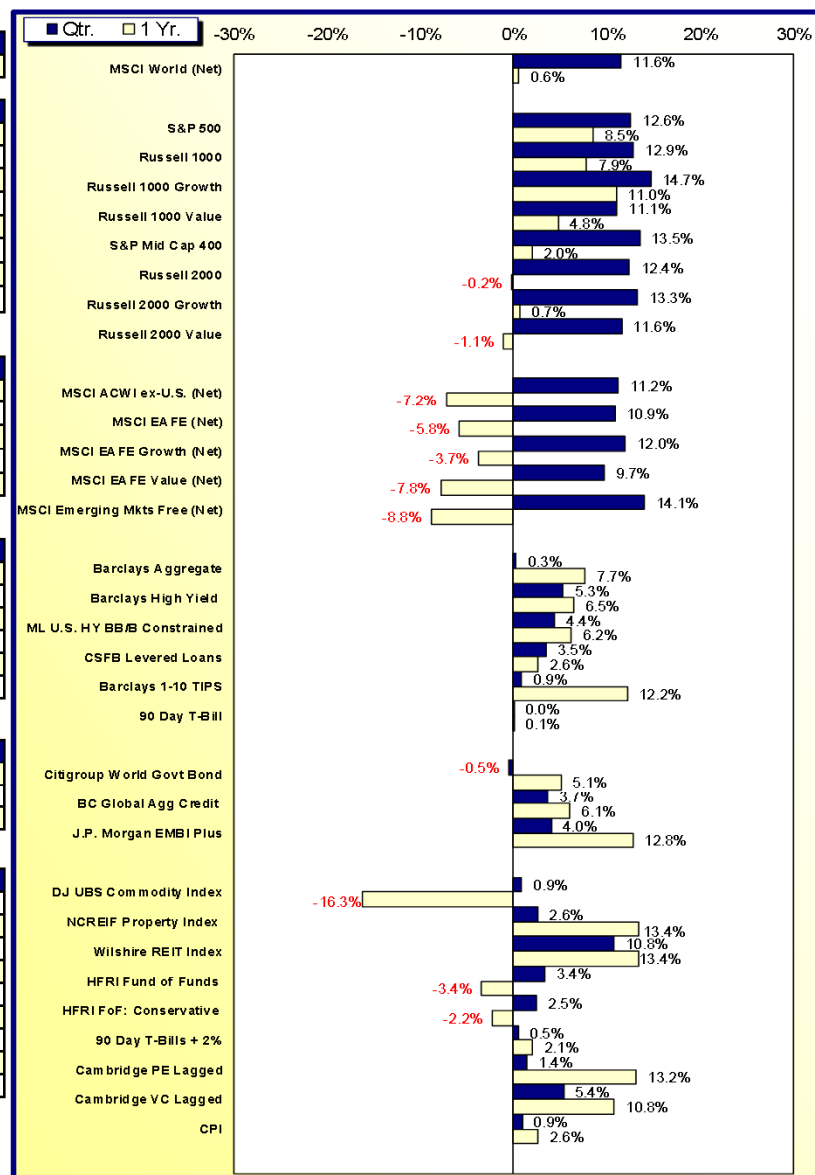
Dan LeBeau, Consultant  
Allan Martin, Partner

One Main Street, Cambridge, MA 02142 | TEL: 617.374.1300 | FAX: 617.374.1313 | [www.nepc.com](http://www.nepc.com)

CAMBRIDGE | ATLANTA | CHARLOTTE | CHICAGO | DETROIT | LAS VEGAS | SAN FRANCISCO

# Market Environment Overview

		Qtr.	1 Yr.	3 Yr.	5 Yr.	10 Yr.
<b>Global Equity Benchmarks</b>						
MSCI World (Net)	World	11.6%	0.6%	20.2%	-0.7%	4.7%
<b>Domestic Equity Benchmarks</b>						
S&P 500	Large Core	12.6%	8.5%	23.4%	2.0%	4.1%
Russell 1000	Large Core	12.9%	7.9%	24.0%	2.2%	4.5%
Russell 1000 Growth	Large Growth	14.7%	11.0%	25.3%	5.1%	4.3%
Russell 1000 Value	Large Value	11.1%	4.8%	22.8%	-0.8%	4.6%
S&P Mid Cap 400	Mid Core	13.5%	2.0%	28.6%	4.8%	7.7%
Russell 2000	Small Core	12.4%	-0.2%	26.9%	2.1%	6.5%
Russell 2000 Growth	Small Growth	13.3%	0.7%	28.4%	4.2%	6.0%
Russell 2000 Value	Small Value	11.6%	-1.1%	25.4%	0.0%	6.6%
<b>International Equity Benchmarks</b>						
MSCI ACWI ex-U.S. (Net)	International	11.2%	-7.2%	19.1%	-1.6%	7.3%
MSCI EAFE (Net)	Int'l Developed	10.9%	-5.8%	17.1%	-3.5%	5.7%
MSCI EAFE Growth (Net)	Int'l Developed	12.0%	-3.7%	17.7%	-1.9%	5.5%
MSCI EAFE Value (Net)	Int'l Developed	9.7%	-7.8%	16.5%	-5.2%	5.8%
MSCI Emerging Mkts Free (Net)	Int'l Emerging	14.1%	-8.8%	25.1%	4.7%	14.1%
<b>Domestic Fixed Income Benchmarks</b>						
Barclays Aggregate	Core Bonds	0.3%	7.7%	6.8%	6.2%	5.8%
Barclays High Yield	High Yield	5.3%	6.5%	23.9%	8.1%	9.2%
ML U.S. HY BB/B Constrained	High Yield	4.4%	6.2%	20.0%	7.2%	8.2%
CSFB Levered Loans	Bank Loans	3.5%	2.6%	16.2%	3.6%	4.9%
Barclays 1-10 TIPS	Inflation-Linked	0.9%	12.2%	8.7%	7.6%	7.5%
90 Day T-Bill	Cash	0.0%	0.1%	0.1%	1.2%	1.9%
<b>Global Fixed Income Benchmarks</b>						
Citigroup World Govt Bond	Global Bonds	-0.5%	5.1%	6.2%	6.8%	7.9%
BC Global Agg Credit	Global Bonds	3.7%	6.1%	11.4%	5.7%	7.3%
J.P. Morgan EMBI Plus	Em. Mkt. Bonds	4.0%	12.8%	16.0%	8.5%	11.4%
<b>Alternative Benchmarks</b>						
DJ UBS Commodity Index	Commodities	0.9%	-16.3%	9.1%	-2.8%	5.5%
NCREIF Property Index	Real Estate	2.6%	13.4%	6.0%	2.9%	8.2%
Wilshire REIT Index	REIT	10.8%	13.4%	44.7%	-0.7%	10.4%
HFRI Fund of Funds	Hedge Funds	3.4%	-3.4%	4.6%	-0.7%	3.5%
HFRI FoF: Conservative	Hedge Funds	2.5%	-2.2%	4.2%	-1.0%	2.9%
90 Day T-Bills + 2%	Hedge Funds	0.5%	2.1%	2.1%	3.3%	4.0%
Cambridge PE Lagged	Private Equity	1.4%	13.2%	9.8%	5.1%	1.6%
Cambridge VC Lagged	Venture Capital	5.4%	10.8%	14.8%	7.2%	12.7%
CPI	Inflation	0.9%	2.6%	2.5%	2.2%	2.5%



Note: Cambridge Private Equity and Cambridge Venture Capital Indexes are lagged by one quarter. Performance shown as of December 31, 2011.

## Is It Still Okay To Be Adding to Risky Assets?

- **NEPC opened 2012 with the recommendation to increase allocations to risky asset categories**
- **Global stock, credit, and commodity markets have started 2012 with a robust (and gratifying) rally**
  - S&P 500 +12.6% through 3/31/2012
  - EAFE +10.9%
  - EM Equity +14.1%
  - BC HY +5.3%
  - GSCI Commodity +5.9%
- **Given this price action, is it appropriate to consider whether our 2012 Recommendations have changed?**

# Is It Still Okay To Be Adding to Risky Assets?

- **We have re-evaluated the fundamental building blocks of our valuation models and conclude:**
  - Equities and credit (including emerging markets) still appear relatively attractive on a valuation basis
  - Treasury yields have risen modestly, but remain near secular lows
  - The underlying economic environment has not changed meaningfully (and has perhaps gotten better)
- **We are comfortable that our 2012 recommendations remain sound**
  - Emerging market stocks and bonds remain attractive
  - Credit strategies have highest risk-adjusted expected returns
  - Lock-up strategies are positioned to harvest attractive illiquidity premium
- **Important to pursue in context of risk-budgeting framework**
  - Do not get complacent, short-term spikes in volatility are likely
    - Risks include: Euro-zone debt crisis flare-up, political issues during Presidential election year in US, hard-landing in China, turmoil in the Middle East
  - Maintain exposure to deflation- and inflation-hedging assets, ideally through risk parity strategies
  - Take advantage of market dips to build exposure to risky assets

# Key Risk: Euro-Zone Debt Crisis – Potential Outcomes

- **Extension of current approach: “Kick the can down the road”**
  - Unlikely long-term solution, but likely calibrated to lead to...
- **European Fiscal Union**
  - One monetary policy and one currency – supported by one fiscal policy across all countries
- **Breakup of the Euro**
  - Into Stronger Euro (Germany, France, etc.) with peripheral nation(s) out
  - Into Weaker Euro without Germany (and perhaps others)
- **Total chaos**
  - Contagion spreading globally, complete dissolving of European Monetary Union, social upheaval, etc.

## **Key question: Is Any Default Process or Departure from the Euro Managed or Unmanaged?**

- Some degree of managed sovereign and/or major financial institutions default/ restructuring or even re-composition of the Euro may be constructive
- An unmanaged process could be very damaging to global economy and markets

## **The situation is very fluid and changes on a day-to-day basis**

- Recent actions by policymakers appear to have stabilized the situation in the near-term
- Some degree of fiscal consolidation remains the most stable potential outcome
- It is likely that the current structures in place will be used to extend the existing Eurozone in the near term
- Additional volatility is likely, however, as the situation evolves

# NEPC Updates

- **Research initiatives posted to**  
<http://www.nepc.com/research/>
  - White Papers
    - “Old Phrases, New Phases”: NEPC's 2012 Asset Allocation Letter
  - Webinars
    - NEPC 2012 Market Outlook Webinar – January 26, 2012
  - NEPC's 2012 Chairman's Annual Update
- **Industry recognition**
  - Kevin M. Leonard, Partner, NEPC – 2012 Public Plan Consultant of the Year by *Money Management Letter*
- **InvestorForce Performance Conversion**
  - On track for 06/30/2012 reporting period
- **Professional staff updates**
  - Sheila Berube, CFA, Senior Consultant
    - Joined NEPC from WLD Enterprises, Inc.
  - Jeffrey Evaul, Manager of Operations for Discretionary Services
    - Joined NEPC from Upromise Investments

# Summary of Investment Results

- Over the last 12 months, the Fund experienced a net investment gain of \$66.0 M, which includes a net investment gain of \$173.4 M during the first calendar quarter. Total assets increased from \$2.69 B one year ago to \$2.75 B on March 31, 2012, with \$10.1 M in net distributions during the period.
- Over the past five years, the Fund returned 2.3% per annum, trailing the policy benchmark by 0.1% and ranking in the 73<sup>rd</sup> percentile of the Independent Consultant Cooperative's Public Funds > \$1 B Universe.
  - For the five-year period, active management detracted 40 basis points of value while increasing volatility for the period by 10 basis points.
  - The Fund's five-year risk-adjusted performance, as measured by the Sharpe Ratio, ranks in the 74<sup>th</sup> percentile of its peers.
- For the three-year period ending March 31, 2012, the Fund returned 15.3% per annum, trailing the policy benchmark by 0.6% and ranking in the 63<sup>rd</sup> percentile of its peers.
  - For the three-year period, active management detracted 60 basis points of value while lowering volatility for the period by 20 basis points.
  - Over the past three years, in what has been a highly volatile market environment, the Fund has reduced its volatility, producing a Sharpe Ratio of 1.6 for the period, which ranks in the 56<sup>th</sup> percentile of its peers.
- For the one-year period ending March 31, 2012, the Fund returned 2.6%, trailing the policy benchmark by 1.4% and ranking in the 97<sup>th</sup> percentile of its peers.
  - For the one-year period, active management detracted 10 basis points of value while lowering volatility for the period by 30 basis points.
  - The Fund's volatility ranks in the 41<sup>st</sup> percentile of its peers for the period.
- For the quarter, the Fund posted a 6.6% return, outperforming the policy benchmark by 0.7% and ranking in the 78<sup>th</sup> percentile of its peers.
  - For the quarter, active management added 40 basis points of value.
- The Fund's allocation to real estate was below its lower policy range as of March 31, 2012.

Note: All performance, ranks, asset allocation and asset growth detailed above and throughout this report are as of March 31, 2012, unless otherwise noted, and take into account an unrealized loss of \$2,487,038 in the Fund's securities lending cash collateral reinvestment pool. The unrealized loss was accounted for in June 2009 performance calculations, which negatively impacted performance by 51 basis points at the Total Fund level for the month. This impact will be negated over time as market conditions improve and pricing of fixed income assets becomes more normalized, assuming there are no impairments or defaults in the pool. To date, State Street (who manages the Fund's securities lending program), has not experienced any impairments or defaults in the Fund's securities lending cash collateral reinvestment pool. Performance results are reported gross of fees.

## Fund Update

- In aggregate, Seix and Mackay Shields have distributed \$83.0 M of the \$100 M invested in April 2009 - \$50 M was allocated to each strategy.
  - Seix has distributed \$40.6 M as of March 31, 2012.
  - Mackay Shields has distributed \$42.4 M as of March 31, 2012.
- In December 2011, the Fund completed the sale of the Camelback Pointe Apartments property in Colorado Springs, CO
  - Net cash to the Fund as a result of the sale - ~\$31 M
  - \$30.1 M was invested in the American Core Realty Fund in April 2012
- American Realty successfully completed the sale of 3 additional properties during the first quarter.
  - Calais Office Center I and II – ~\$16.8 M was distributed to the Fund in April 2012
    - Cost as of the closing date was ~\$13.1 M
  - 3169 Dodd Road - ~\$7.8 M was distributed to the Fund in April 2012
    - Cost as of the closing date was \$7.3 M
  - Only 1737 North First Street and Progress Point remain in the Fund's separately managed real estate portfolio



# Fund Allocation

	Market Value	Percent of Total Assets	Policy Benchmark <sup>1</sup>	Difference	Range
<b>TOTAL FUND</b>	<b>\$2,748,359,436</b>	<b>100.0%</b>			
<b>TOTAL EQUITY</b>	<b>\$1,305,115,143</b>	<b>47.5%</b>	<b>40.0%</b>	<b>7.5%</b>	<b>30-50%</b>
<b>TOTAL GLOBAL EQUITY</b>	<b>\$866,448,319</b>	<b>31.5%</b>	<b>27.0%</b>	<b>4.5%</b>	
Global All Cap Equity	\$388,405,058	14.1%	12.0%	2.1%	
Global All Cap ValueEquity	\$478,043,261	17.4%	15.0%	2.4%	
<b>TOTAL U.S. EQUITY</b>	<b>\$116,552,680</b>	<b>4.2%</b>	<b>5.0%</b>	<b>(0.8%)</b>	
U.S. All Cap Equity	\$31,136,013	1.1%	2.0%	(0.9%)	
U.S. Small Cap Equity	\$85,416,667	3.1%	3.0%	0.1%	
<b>TOTAL NON-U.S. EQUITY</b>	<b>\$236,101,184</b>	<b>8.6%</b>	<b>8.0%</b>	<b>0.6%</b>	
Non-U.S. Developed Markets	\$96,769,432	3.5%	3.0%	0.5%	
Non-U.S. Emerging Markets	\$139,331,753	5.1%	5.0%	0.1%	
<b>CONVERTIBLE BONDS<sup>2</sup></b>	<b>\$86,012,960</b>	<b>3.1%</b>	--	--	
<b>TOTAL FIXED INCOME</b>	<b>\$757,302,306</b>	<b>27.6%</b>	<b>25.0%</b>	<b>2.6%</b>	<b>15-35%</b>
Core Bonds	\$184,402,090	6.7%	5.0%	1.7%	
TIPS	\$267,605,038	9.7%	10.0%	(0.3%)	
Long Bonds	\$145,989,860	5.3%	5.0%	0.3%	
Opportunistic Credit	\$159,305,319	5.8%	5.0%	0.8%	
<b>PRIVATE EQUITY</b>	<b>\$125,162,230</b>	<b>4.6%</b>	<b>5.0%</b>	<b>(0.4%)</b>	<b>0-10%</b>
<b>REAL ESTATE</b>	<b>\$99,841,327</b>	<b>3.6%</b>	<b>10.0%</b>	<b>(6.4%)</b>	<b>5-15%</b>
<b>INFLATION-LINKED ASSETS<sup>3</sup></b>	<b>\$303,886,607</b>	<b>11.1%</b>	<b>10.0%</b>	<b>1.1%</b>	<b>5-15%</b>
<b>OPPORTUNISTIC INVESTMENTS</b>	<b>\$84,518,279</b>	<b>3.1%</b>	<b>5.0%</b>	<b>(1.9%)</b>	<b>0-10%</b>
<b>ASOLUTE RETURN</b>	<b>\$0</b>	<b>0.0%</b>	<b>5.0%</b>	<b>(5.0%)</b>	<b>0-10%</b>
<b>CASH</b>	<b>\$47,552,679</b>	<b>1.7%</b>	<b>0.0%</b>	<b>1.7%</b>	
<b>SECURITIES LENDING<sup>4</sup></b>	<b>(\$2,487,038)</b>	<b>-0.1%</b>	--	--	
<b>OVERLAY</b>	<b>\$27,467,901</b>	<b>1.0%</b>	--	--	

<sup>1</sup>New asset allocation targets adopted by the Board of Administration at the October 1, 2009 meeting.

<sup>2</sup>The Fund's allocation to convertible bonds is a global mandate and included within the Fund's equity allocation for asset allocation purposes.

<sup>3</sup>Inflation-Linked Assets Composite currently consists of two risk balanced commodities portfolios managed by First Quadrant and Credit Suisse.

<sup>4</sup>Unrealized losses in the Fund's securities lending cash collateral reinvestment pool.

Note: Market values shown above include cash held in separately managed portfolios.

Totals may not add to 100% due to rounding.

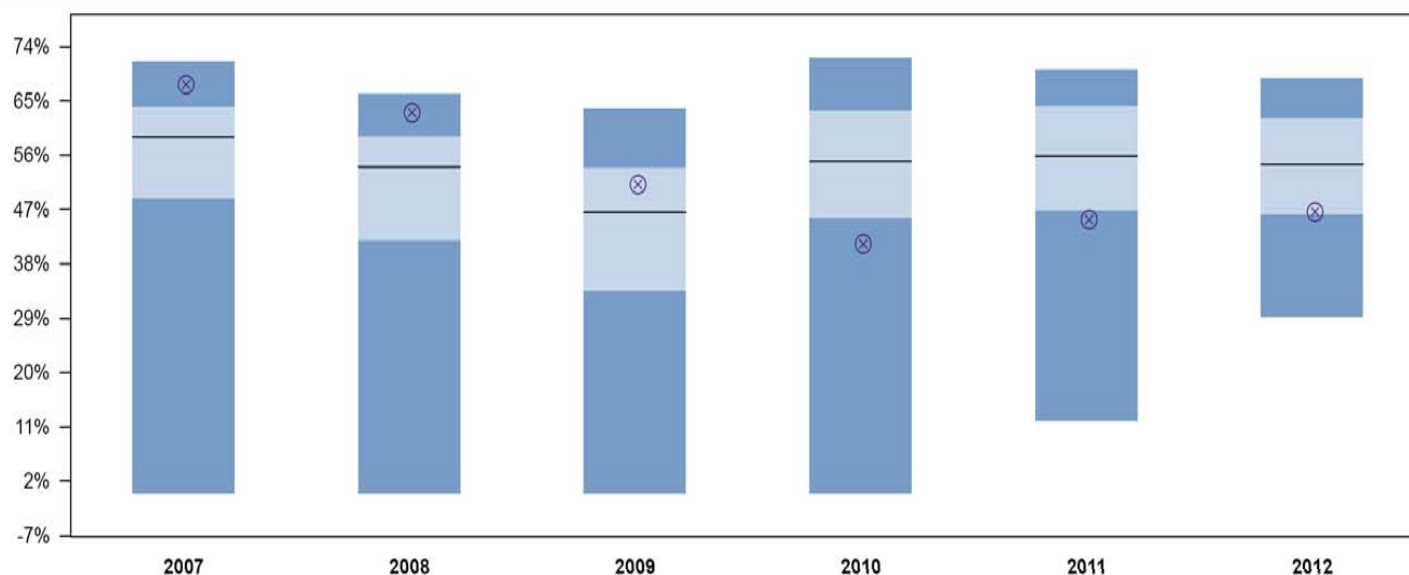
# Public Funds > \$1 Billion – Public Equity Commitment

## San Jose Police & Fire

Total Fund Allocation - Universe: Public Funds (DB) > \$1 Billion

Period Ending March 31, 2012

### Commitment to Equity (%)



⊗ TOTAL FUND	68.0	13	63.4	13	51.5	33	41.6	84	45.7	77	46.9	70
5th Percentile	71.5		66.2		63.7		72.1		70.2		68.8	
25th Percentile	64.1		59.1		54.0		63.5		64.2		62.1	
50th Percentile	59.0		54.1		46.5		55.0		55.8		54.4	
75th Percentile	48.8		41.8		33.5		45.5		46.7		46.1	
95th Percentile	0.0		0.0		0.0		0.0		12.0		29.2	

Note: Includes allocation to convertible bonds.

Excludes cash held in separately managed portfolios.

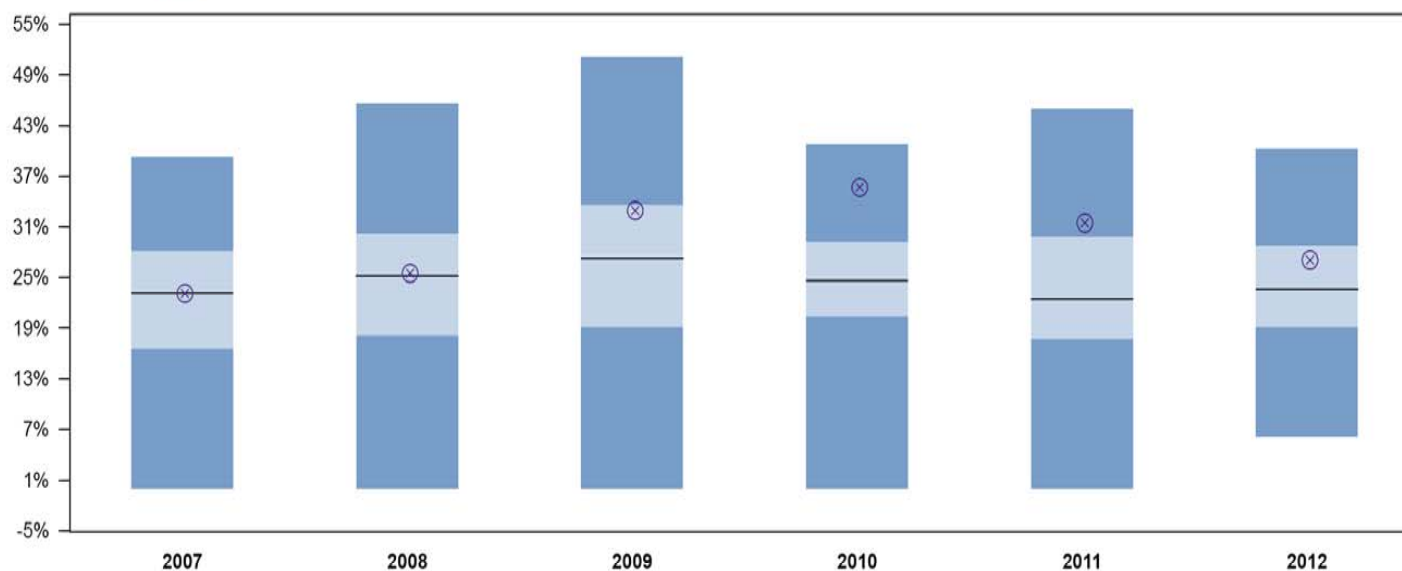
# Public Funds > \$1 Billion – Public Fixed Income Commitment

## San Jose Police & Fire

Total Fund Allocation - Universe: Public Funds (DB) > \$1 Billion

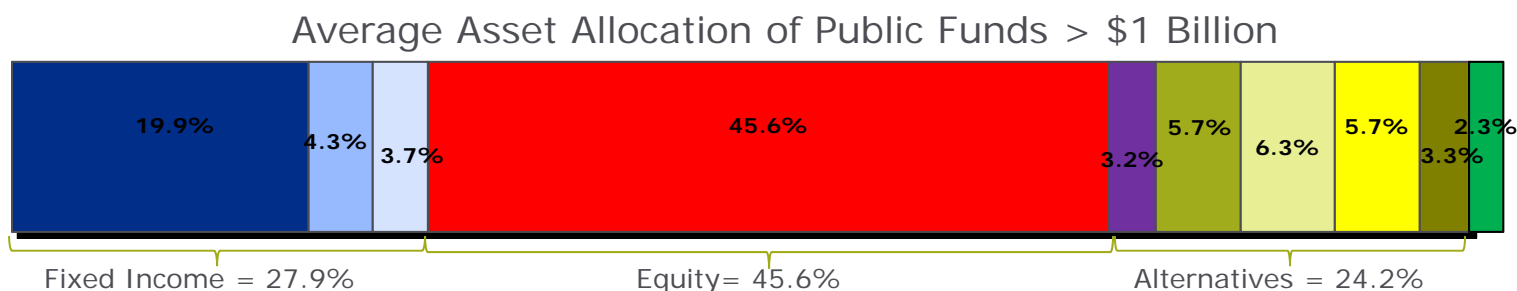
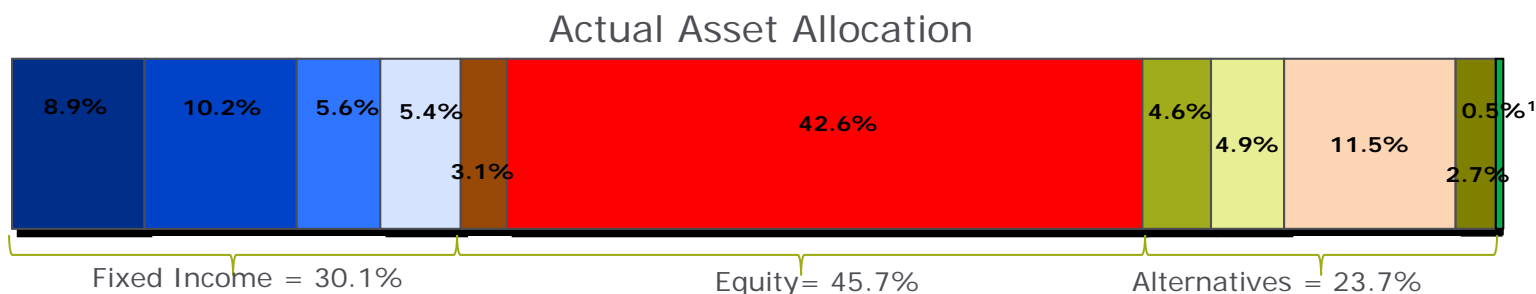
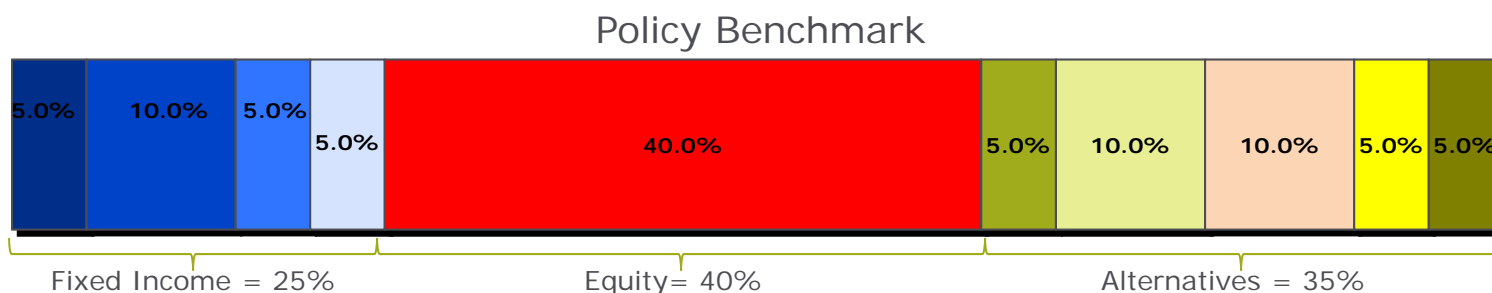
Period Ending March 31, 2012

### Commitment to Fixed Income (%)



	2007	49	2008	49	2009	26	2010	10	2011	18	2012	34
⊗ TOTAL FUND	23.4		25.8		33.2		35.9		31.7		27.3	
5th Percentile	39.3		45.6		51.1		40.7		45.0		40.3	
25th Percentile	28.2		30.3		33.7		29.3		29.9		28.8	
50th Percentile	23.2		25.2		27.3		24.6		22.4		23.6	
75th Percentile	16.5		18.1		19.1		20.4		17.7		19.1	
95th Percentile	0.0		0.0		0.0		0.0		0.0		6.1	

# Asset Allocation – Beginning of the Quarter



Core	TIPS	Long Bonds	Global Fixed/EMD	Opportunistic Credit
Convertibles	Global Equity	GAA	Priv Eq.	Real Est.
Inflation-Linked	Abs. Return	Misc.	Cash	

<sup>1</sup>Unrealized loss in the Fund's securities lending cash collateral reinvestment pool is netted with cash and overlay allocation to reach 100% allocation

Note: Market values shown above include cash held in separately managed portfolios.

Totals may not add to 100% due to rounding.

# Total Fund Performance

		Annualized Returns																
		Ending Market Value	Last 3 Months	Rank	Fiscal YTD	Rank	Last Year	Rank	Two Years	Rank	Three Years	Rank	Five Years	Rank	Seven Years	Rank	Ten Years	Rank
San Jose Police & Fire	\$2,748,359,436	6.6%	78	1.9%	88	2.6%	97	8.4%	79	15.3%	63	2.3%	73	5.5%	60	6.4%	32	9.0%
San Jose Police & Fire (Net) <sup>1</sup>		6.6%		1.6%		2.2%		8.1%		15.0%		1.8%		5.0%		6.0%		8.6%
Allocation Index		6.2%		1.9%		2.7%		8.5%		15.9%		2.7%		5.9%		6.2%		--
Policy Benchmark		5.9%		3.1%		4.0%		9.4%		15.9%		2.4%		5.6%		6.2%		--
60% S&P 500 / 40% BC Aggregate		7.6%		7.5%		8.6%		10.2%		16.9%		4.1%		5.5%		5.1%		
CPI		0.9%		1.9%		2.6%		2.6%		2.5%		2.2%		2.5%		2.5%		
ICC Public Funds > \$ 1 Billion Median		7.5%		2.8%		4.3%		9.2%		16.1%		2.9%		5.7%		6.0%		
San Jose Police & Fire ex. Overlay	\$2,720,891,535	6.5%		1.7%		2.4%		8.3%		15.3%		2.3%		5.5%		6.4%		9.0%
San Jose Police & Fire ex. Overlay (Net) <sup>1</sup>		6.4%		1.5%		2.1%		8.0%		14.9%		1.7%		5.0%		6.0%		8.6%
	Estimated PBO <sup>2</sup>																	
	\$3,961,814,926	-3.5%		22.9%		26.3%		18.5%		21.9%		11.3%		8.8%		10.4%		
	(\$1,213,455,490)																	
	69.4%																	

<sup>1</sup>Net of fee returns longer than seven years are estimates based on an estimated annual investment management expense ratio of 40 basis points.

<sup>2</sup>Policy Benchmark history can be found in the appendix.

<sup>3</sup>Estimated Pension Benefit Obligation (PBO) calculated assuming a duration of liabilities of 13 years.

Total Fund Asset Growth Summary (\$000)			
	One Quarter	Year to Date	One Year
TOTAL FUND			
Beginning Market Value	2,615,156	2,615,156	2,692,410
Net External Growth	-40,191	-40,191	-10,071
Return on Investment	173,394	173,394	66,021
Income Received	21,830	21,830	71,018
Gain/Loss	151,564	151,564	-4,997
Ending Market Value	2,748,359	2,748,359	2,748,359

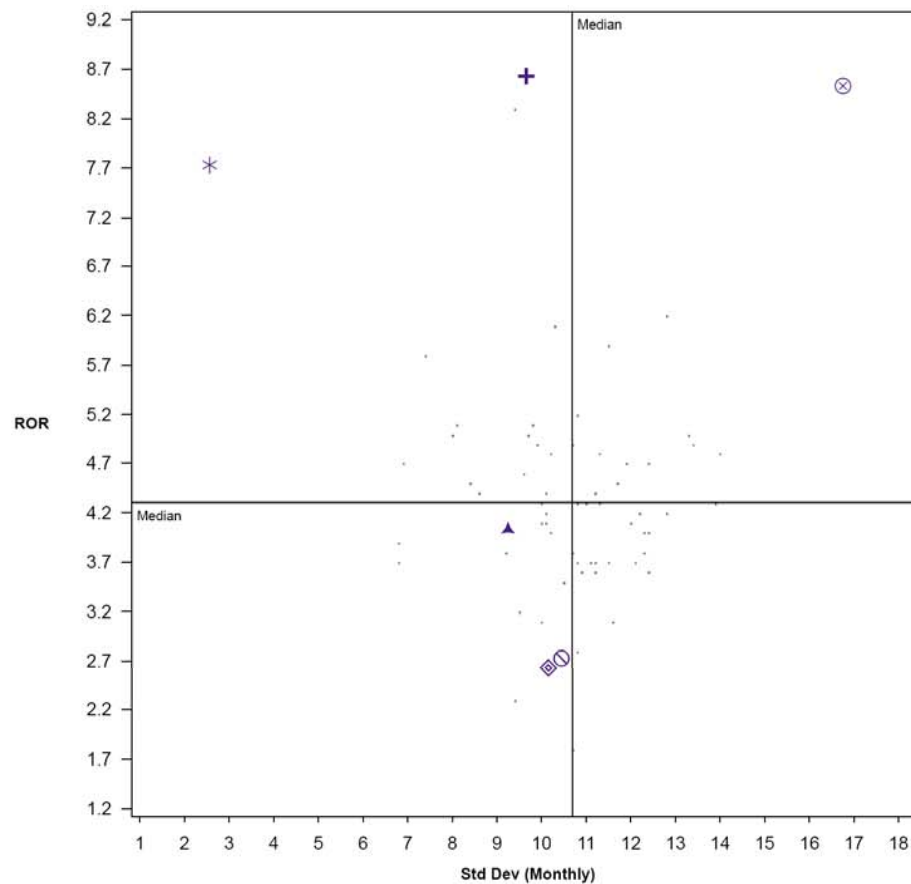
# Public Funds > \$1 Billion – 1 Year Return/Volatility

## San Jose Police & Fire

Total Fund - Universe: Public Funds (DB) > \$1 Billion

Period Ending March 31, 2012

### Risk vs. Return - 1 Year



NAME	Return	Standard Deviation	Sharpe Ratio
◆ TOTAL FUND	2.6 97	10.2 41	0.2 94
⊗ Allocation Index	2.7 97	10.5 44	0.2 94
▲ Policy Benchmark	4.0 63	9.3 15	0.4 38
⊙ S&P 500	8.5 2	16.8 99	0.5 21
* BARCLAYS AGGREGATE BOND	7.7 3	2.6 1	2.9 2
+ 60% S&P 500/40% BARCLAYS AGG	8.6 2	9.7 24	0.9 2
Median	4.3	10.7	0.4

Note: Returns are gross of fees.

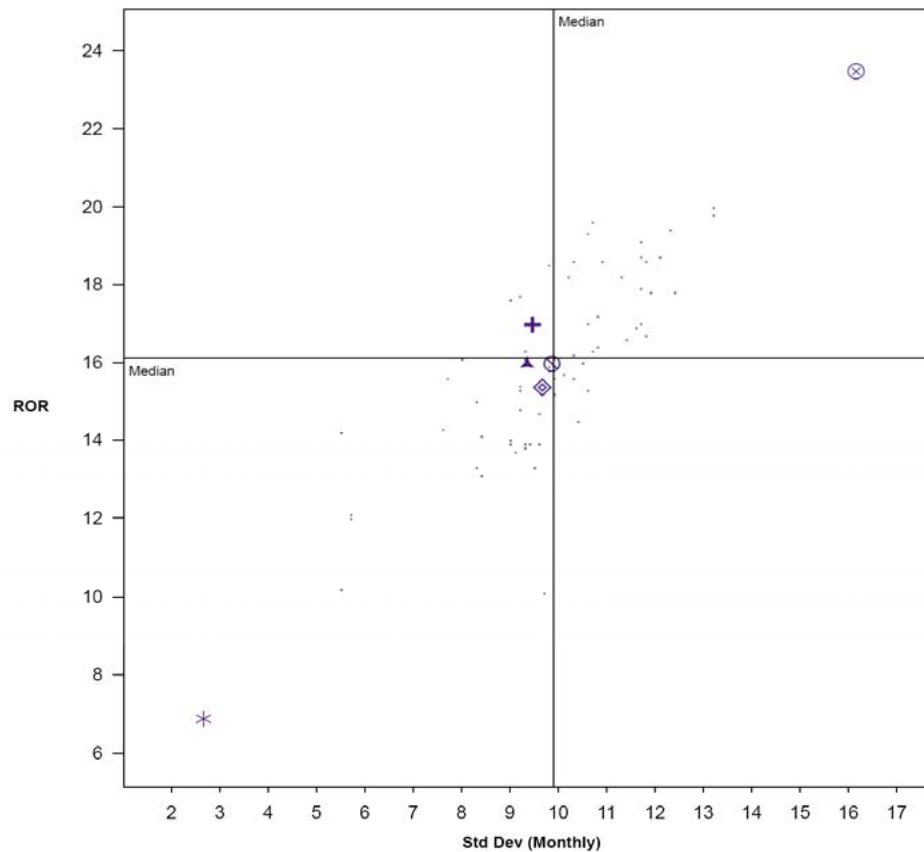
# Public Funds > \$1 Billion – 3 Year Return/Volatility

## San Jose Police & Fire

Total Fund - Universe: Public Funds (DB) > \$1 Billion

Period Ending March 31, 2012

### Risk vs. Return - 3 Year



NAME	Return	Standard Deviation	Sharpe Ratio
◇ TOTAL FUND	15.3 63	9.7 41	1.6 54
⊗ Allocation Index	15.9 54	9.9 52	1.6 52
▲ Policy Benchmark	15.9 54	9.4 36	1.7 33
⊙ S&P 500	23.4 2	16.2 99	1.4 89
* BARCLAYS AGGREGATE BOND	6.8 100	2.7 1	2.5 2
+ 60% S&P 500/40% BARCLAYS AGG	16.9 36	9.5 37	1.8 27
Median	16.1	9.9	1.6

Note: Returns are gross of fees.

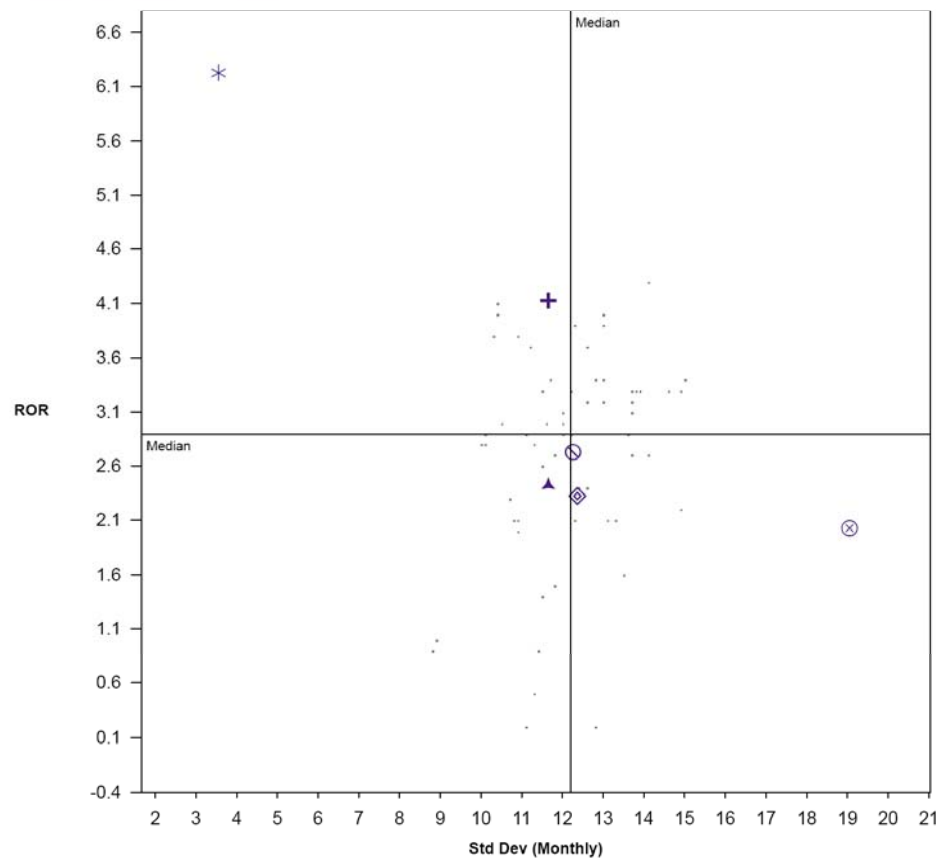
# Public Funds > \$1 Billion – 5 Year Return/Volatility

## San Jose Police & Fire

Total Fund - Universe: Public Funds (DB) > \$1 Billion

Period Ending March 31, 2012

### Risk vs. Return - 5 Year

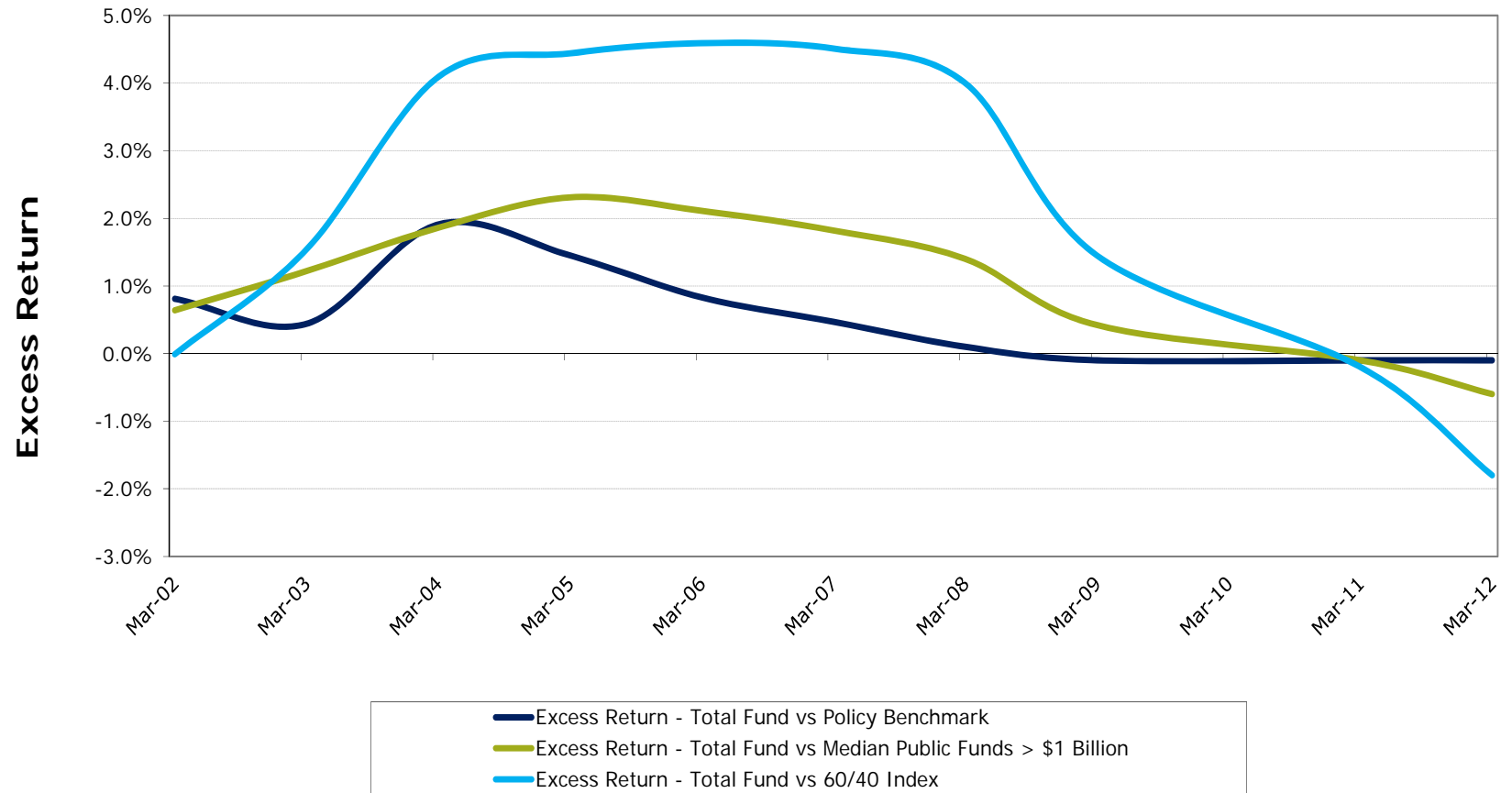


NAME	Return		Standard Deviation		Sharpe Ratio	
◇ TOTAL FUND	2.3	73	12.4	56	0.1	74
○ Allocation Index	2.7	65	12.3	54	0.1	64
▲ Policy Benchmark	2.4	72	11.7	40	0.1	72
⊗ S&P 500	2.0	83	19.1	99	0.0	85
* BARCLAYS AGGREGATE BOND	6.2	2	3.6	1	1.4	3
+ 60% S&P 500/40% BARCLAYS AGG	4.1	4	11.7	40	0.2	8
Median	2.9		12.2		0.1	

Note: Returns are gross of fees.

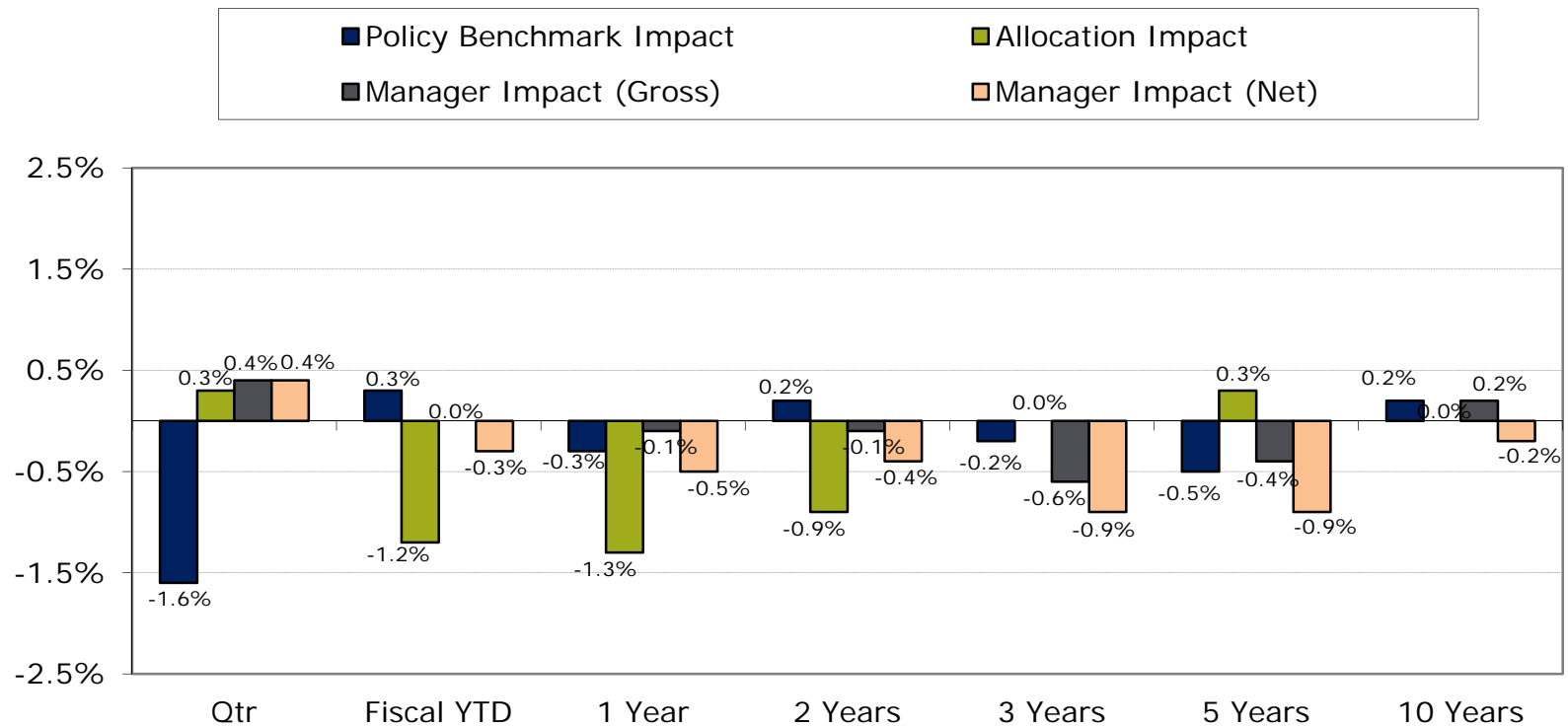


# Rolling 5-Year Excess Returns



Note: Returns are gross of fees.

# Performance Attribution



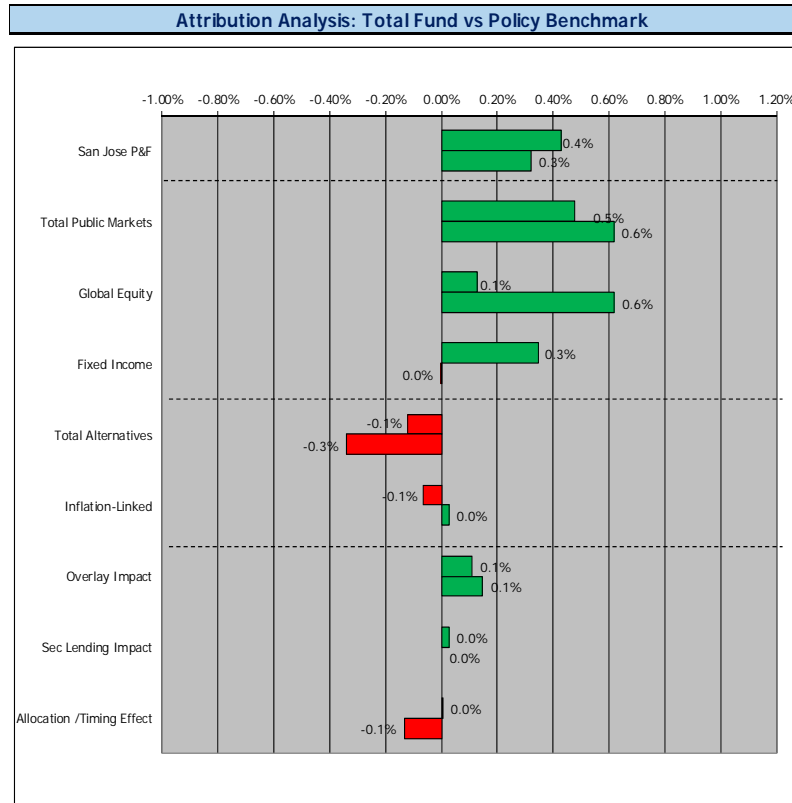
**Policy Benchmark Impact:** The policy index is calculated by multiplying the target asset class weights times the return of the respective passive benchmark (re-balanced monthly). The policy impact, which is the difference between the policy index and the median fund's performance, measures the effectiveness of Fund Structure.

**Allocation Impact:** The allocation index is calculated by multiplying the actual asset class weights times the return of the respective passive benchmark. When the policy index is subtracted from the allocation index, the result measures the impact of deviating from the target weights.

**Manager Impact:** The Total Fund Composite is calculated by multiplying the actual asset class weights times the actual manager return. The allocation index is then subtracted from the Total Fund Composite. The result, manager impact, measures the contribution of active management.

# Performance Attribution

1Q 2012



**The Top Bar represents Selection Effect (Manager Value Add)**

**The Bottom Bar represents Allocation Effect (Impact of Deviation from Policy Benchmark)**

*Note: Attribution based on gross of fee performance.*

*Attribution of Global Equity includes attribution of convertible bonds mandate.*



# Performance Summary – Global and U.S. Equity

Weight in Fund	Target Weight		Ending Market Value	Last 3 Months	Rank	Fiscal YTD	Rank	Last Year	Rank	Annualized Returns										Inception Date	Annual Fee
										Two Years	Rank	Three Years	Rank	Five Years	Rank	Seven Years	Rank	Ten Years	Rank		
47.5%	40.0%	Total Equity Composite <sup>1</sup>	\$1,305,115,143	11.7%	48	-0.3%	47	-0.4%	55	8.0%	44	21.7%	44	n/a	n/a	n/a					
		Total Equity Composite (Net)		11.7%		-0.5%		-0.6%		7.7%		21.3%		n/a	n/a	n/a					
		MSCI ACWI (Net)		11.9%		-1.0%		-0.7%		6.4%		20.8%		-0.2%	4.6%	5.3%					
		Performance Variance (Net)		-0.2%		0.5%		0.1%		1.3%		0.5%		n/a	n/a	n/a					
		ICC Global Equity Funds Median		11.4%		-0.9%		0.0%		7.3%		20.6%		0.8%	6.9%	7.9%					
14.1%	12.0%	Global All Cap Equity																			
		Russell MSCI ACWI <sup>3</sup>	\$388,405,058	13.0%	33	n/a		n/a		n/a		n/a		n/a	n/a	n/a		13.0%	Jan-12	0.12%	
		Russell MSCI ACWI (Net)		13.0%		n/a		n/a		n/a		n/a		n/a	n/a	n/a		13.0%			
		MSCI ACWI (Net)		11.9%		-1.0%		-0.7%		6.4%		20.8%		-0.2%	4.6%	5.3%		11.9%			
		Performance Variance (Net)		1.1%		n/a		n/a		n/a		n/a		n/a	n/a	n/a		1.1%			
17.4%	15.0%	Global All Cap Value Equity																			
		Russell MSCI ACWI Value <sup>4</sup>	\$478,043,261	11.5%	50	n/a		n/a		n/a		n/a		n/a	n/a	n/a		11.5%	Jan-12	0.12%	
		Russell MSCI ACWI Value (Net)		11.5%		n/a		n/a		n/a		n/a		n/a	n/a	n/a		11.5%			
		MSCI ACWI Value (Net)		10.5%		-2.5%		-2.9%		4.6%		20.2%		-1.9%	3.7%	5.4%		10.5%			
		Performance Variance (Net)		1.0%		n/a		n/a		n/a		n/a		n/a	n/a	n/a		1.0%			
4.2%	5.0%	ICC Global Equity Funds Median		11.4%		-0.9%		0.0%		7.3%		20.6%		0.8%	6.9%	7.9%		--			
		Total U.S. Equity Composite <sup>1</sup>	\$116,552,680	11.2%	78	4.5%	51	4.2%	52	11.6%	63	23.2%	74	1.5%	79	4.6%	82	4.7%	83		
		Total U.S. Equity Composite (Net)		11.1%		4.3%		3.9%		11.4%		23.0%		1.3%	4.4%	4.5%					
		Policy Benchmark <sup>2</sup>		12.6%		6.2%		5.9%		12.1%		24.4%		2.2%	5.1%	4.7%					
		Russell 3000		12.9%		7.2%		7.2%		12.2%		24.3%		2.2%	5.1%	4.7%					
1.1%	2.0%	Performance Variance (Net vs. Policy Benchmark)		-1.5%		-1.9%		-2.0%		-0.7%		-1.4%		-0.9%	-0.7%	-0.2%					
		ICC U.S. Equity Funds Median		13.0%		4.5%		4.4%		12.4%		25.5%		3.7%	6.5%	6.3%					
		U.S. All Cap Equity																			
		Rhumbline Russell 3000 <sup>5</sup>	\$31,126,742	12.6%	59	n/a		n/a		n/a		n/a		n/a	n/a	n/a		13.5%	Dec-11	0.035%	
		Rhumbline Russell 3000 (Net)		12.6%		n/a		n/a		n/a		n/a		n/a	n/a	n/a		13.5%			
3.1%	3.0%	Russell 3000		12.9%		7.2%		7.2%		12.2%		24.3%		2.2%	5.1%	4.7%		13.8%			
		Performance Variance (Net)		-0.3%		n/a		n/a		n/a		n/a		n/a	n/a	n/a		-0.3%			
		ICC U.S. Equity Funds Median		13.0%		4.5%		4.4%		12.4%		25.5%		3.7%	6.5%	6.3%		--			
		RS Investments	\$85,405,990	11.3%	82	-1.7%	91	-4.2%	93	n/a		n/a		n/a	n/a	n/a		15.4%	Aug-10	0.71%	
		RS Investments (Net)		11.1%		-2.2%		-5.2%		n/a		n/a		n/a	n/a	n/a		14.7%			
		Russell 2000 Value		11.6%		1.6%		-1.1%		9.2%		25.4%		0.0%	4.6%	6.6%		14.1%			
		Russell 2000 Value + 2.0%		12.1%		3.1%		0.9%		11.2%		27.4%		2.0%	6.6%	8.6%		16.1%			
		Performance Variance (Net vs. Russell 2000 Value + 2.0%)		-1.0%		-5.3%		-6.1%		n/a		n/a		n/a	n/a	n/a		-1.4%			
		ICC Small Cap Value Median		13.1%		2.5%		0.4%		11.0%		29.4%		3.7%	7.4%	8.9%		--			

<sup>1</sup>Total Equity and U.S. Equity Composites include \$19,948 of residual cash remaining in terminated manager accounts.

<sup>2</sup>Effective 1/1/2012, Policy Benchmark is 40% Russell 3000/60% Russell 2000. Between 1/1/2010 and 12/31/2011, the Policy Benchmark was 78% Russell 1000/22% Russell 2000. Prior to January 2010, the index was the Russell 3000 Index.

<sup>3</sup>MSCI ACWI portfolio was funded on December 7, 2011. Inception date for performance reporting purposes is January 1, 2012.

<sup>4</sup>MSCI ACWI Value portfolio was funded on December 7, 2011. Inception date for performance reporting purposes is January 1, 2012.

<sup>5</sup>Rhumbline Russell 3000 Index portfolio was funded on November 3, 2011. Inception date for performance reporting purposes is December 1, 2011.

Note: Fee shown for RS Investments is based on an estimate of the total assets RS manages for San Jose P&F and San Jose Federated in aggregate - approximately \$139 M.

Note: "(Net)" next to investment manager or composite refers to net of investment management fees.

"(Net)" next to index refers to net of dividend withholding tax that U.S. investors are subject to when investing outside of the U.S. Investment manager and composite performance is net of dividend withholding tax as well.

# Performance Summary – International Equity and Convertibles

Weight in Fund	Target Weight		Ending Market Value	Last 3 Months	Rank	Fiscal YTD	Rank	Last Year	Rank	Annualized Returns										Since Inception	Inception Date	Annual Fee
										Two Years	Rank	Three Years	Rank	Five Years	Rank	Seven Years	Rank	Ten Years	Rank			
8.6%	8.0%	Total International Equity Composite <sup>1</sup>	\$236,101,184	13.3%	42	-4.5%	35	-4.0%	41	4.8%	42	21.0%	47	-0.4%	46	6.5%	42	8.9%	33			
		Total International Equity Composite (Net)		13.3%		-4.7%		-4.4%		4.3%		20.3%		-1.0%		5.8%		8.2%				
		Policy Benchmark (Net) <sup>2</sup>		13.9%		-5.6%		-4.9%		3.6%		18.6%		-2.8%		3.8%		6.1%				
		MSCI ACWI ex-U.S. (Net)		11.2%		-7.5%		-7.2%		2.5%		19.1%		-1.6%		5.1%		7.3%				
		Performance Variance (Net vs. Policy Benchmark)		-0.6%		0.9%		0.5%		0.7%		1.7%		1.8%		2.0%		2.1%				
		ICC Int'l Equity Funds Median		12.8%		-6.4%		-5.5%		4.2%		19.9%		-0.6%		5.6%		7.9%				
3.5%	3.0%	Developed International Equity Composite <sup>1</sup>	\$96,769,432	12.6%	41	-1.0%	7	0.8%	16	6.9%	26	21.2%	33	-1.2%	50	5.5%	42	7.5%	58			
		Developed International Equity Composite (Net)		12.6%		-1.2%		0.5%		6.5%		20.6%		-1.7%		5.0%		7.0%				
		MSCI EAFE (Net)		10.9%		-7.2%		-5.8%		2.0%		17.1%		-3.5%		3.2%		5.7%				
		Performance Variance (Net)		1.7%		6.0%		6.3%		4.5%		3.5%		1.8%		1.8%		1.3%				
		ICC Int'l Developed Mkts Equity Median		12.2%		-6.4%		-5.0%		4.1%		18.5%		-1.3%		5.1%		7.5%				
3.4%	3.0%	Russell MSCI EAFE + CAD Small Cap <sup>3</sup>	\$94,549,532	12.9%	34	n/a		n/a		n/a		n/a		n/a		n/a		n/a	11.1%	Dec-11	0.12%	
		Russell MSCI EAFE + CAD Small Cap (Net)		12.9%		n/a		n/a		n/a		n/a		n/a		n/a		n/a	11.1%			
		Russell MSCI EAFE + CAD Small Cap		13.6%		-7.2%		-7.4%		6.3%		25.4%		-2.1%		4.7%		10.1%	11.4%			
		Performance Variance (Net)		-0.7%		n/a		n/a		n/a		n/a		n/a		n/a		n/a	-0.3%			
		ICC Int'l Developed Mkts Equity Median		12.2%		-6.4%		-5.0%		4.1%		18.5%		-1.3%		5.1%		7.5%	--			
5.1%	5.0%	Emerging Markets Equity Composite	\$139,331,753	13.7%	69	-10.5%	78	-12.3%	78	1.1%	81	22.8%	82	3.8%	64	11.0%	79	14.2%	67			
		Emerging Markets Equity Composite (Net)		13.7%		-10.8%		-12.8%		0.4%		21.8%		2.8%		10.0%		13.2%				
		MSCI Emg Mkts Free (Net)		14.1%		-7.8%		-8.8%		3.9%		25.1%		4.7%		12.2%		14.1%				
		Performance Variance (Net)		-0.4%		-3.0%		-4.0%		-3.5%		-3.3%		-1.9%		-2.2%		-0.9%				
		ICC Int'l Emerging Mkts Equity Median		14.9%		-6.6%		-7.6%		4.6%		27.1%		4.7%		12.3%		14.7%				
5.1%	5.0%	Russell Emerging Markets <sup>4</sup>	\$139,331,753	13.7%	69	n/a		n/a		n/a		n/a		n/a		n/a		n/a	4.1%	Nov-11	0.05%	
		Russell Emerging Markets (Net)		13.7%		n/a		n/a		n/a		n/a		n/a		n/a		n/a	4.1%			
		MSCI Emg Mkts Free (Net)		14.1%		-7.8%		-8.8%		3.9%		25.1%		4.7%		12.2%		14.1%	5.2%			
		Performance Variance (Net)		-0.4%		n/a		n/a		n/a		n/a		n/a		n/a		n/a	-1.1%			
		ICC Int'l Emerging Mkts Equity Median		14.9%		-6.6%		-7.6%		4.6%		27.1%		4.7%		12.3%		14.7%	--			
3.1%	--	Convertible Bonds Composite	\$86,012,960	4.1%		1.3%		-0.1%		6.0%		n/a		n/a		n/a		n/a				
		Convertible Bonds Composite (Net)		3.9%		1.0%		-0.6%		5.6%		n/a		n/a		n/a		n/a				
		ML Global 300 Convertible Index		8.1%		-0.9%		-1.5%		4.7%		15.2%		2.6%		5.3%		4.8%				
		Performance Variance (Net)		-4.2%		1.9%		0.9%		0.9%		n/a		n/a		n/a		n/a				
3.1%	--	Calamos <sup>5</sup>	\$86,012,960	4.1%		1.3%		-0.1%		6.0%		n/a		n/a		n/a		n/a	8.7%	Sep-09	0.50%	
		Calamos (Net)		3.9%		1.0%		-0.6%		5.6%		n/a		n/a		n/a		n/a	8.2%			
		ML Global 300 Convertible Index		8.1%		-0.9%		-1.5%		4.7%		15.2%		2.6%		5.3%		4.8%	8.2%			
		ML Global 300 Convertible Index + 1.0%		8.4%		-0.2%		-0.5%		5.7%		16.2%		3.6%		6.3%		5.8%	9.2%			
		Performance Variance (Net vs. ML Global 300 Convertible + 1.0%)		-4.5%		1.2%		-0.1%		-0.1%		n/a		n/a		n/a		n/a	-1.0%			

<sup>1</sup>Total Int'l Equity and Developed Int'l Equity Composites include \$2,219,900 of residual cash remaining in terminated manager accounts.

<sup>2</sup>Effective 1/1/2012, Policy Benchmark is 38% MSCI EAFE + CAD Small Cap/62% MSCI Emerging Mkts. Between 1/1/2010 and 12/31/2011, the Policy Benchmark was 70% MSCI EAFE/30% MSCI Emerging Mkts. Prior to January 2010, the index was the MSCI EAFE Index.

<sup>3</sup>Russell MSCI EAFE + CAD Small Cap Portfolio was funded on November 8, 2011. Inception date for performance reporting purposes is December 1, 2011.

<sup>4</sup>Inception date for performance reporting purposes is November 1, 2011.

<sup>5</sup>The Fund's allocation to convertible bonds is a global mandate and is included within the Fund's equity allocation for asset allocation and performance reporting purposes. Effective January 2010, NEPC uses manager provided data to calculate performance of the Calamos Global Convertible Bond mandate due to inconsistent pricing of securities at the Fund's custodian bank.

Note: "(Net)" next to investment manager or composite refers to net of investment management fees.

"(Net)" next to index refers to net of dividend withholding tax that U.S. investors are subject to when investing outside of the U.S. Investment manager and composite performance is net of dividend withholding tax as well.

# Performance Summary – Fixed Income

Weight in Fund	Target Weight		Ending Market Value	Last 3 Months	Rank	Fiscal YTD	Rank	Last Year	Rank	Annualized Returns										Since Inception	Inception Date	Annual Fee
										Two Years	Rank	Three Years	Rank	Five Years	Rank	Seven Years	Rank	Ten Years	Rank			
27.6%	25.0%	<b>Total Fixed Income Composite<sup>1</sup></b>	<b>\$757,302,306</b>	<b>2.2%</b>	<b>40</b>	<b>7.2%</b>	<b>17</b>	<b>9.7%</b>	<b>17</b>	<b>9.6%</b>	<b>28</b>	<b>12.0%</b>	<b>36</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>			
		Total Fixed Income Composite (Net)		2.2%		7.1%		9.5%		9.4%		11.8%		n/a		n/a		n/a				
		Policy Benchmark <sup>2</sup>		1.1%		7.8%		10.8%		10.0%		9.1%		7.6%		6.7%		6.5%				
		BC Aggregate		0.3%		5.3%		7.7%		6.4%		6.8%		n/a		n/a		n/a				
		Performance Variance (Net vs. Policy Benchmark)		1.1%		-0.7%		-1.3%		-0.6%		2.7%		n/a		n/a		n/a				
		ICC U.S. Fixed Income Median		1.6%		5.1%		7.1%		7.3%		9.9%		7.0%		6.4%		6.6%				
6.7%	5.0%	<b>Domestic Core Fixed Income Composite<sup>2</sup></b>	<b>\$184,402,090</b>	<b>0.9%</b>	<b>65</b>	<b>6.9%</b>	<b>8</b>	<b>9.3%</b>	<b>9</b>	<b>7.9%</b>	<b>19</b>	<b>9.0%</b>	<b>51</b>	<b>6.1%</b>	<b>82</b>	<b>5.8%</b>	<b>79</b>	<b>6.2%</b>	<b>57</b>			
		Domestic Core Fixed Income Composite (Net)		0.8%		6.8%		9.2%		7.7%		8.9%		6.0%		5.6%		6.0%				
		BC Aggregate		0.3%		5.3%		7.7%		6.4%		6.8%		6.2%		5.7%		5.8%				
		Performance Variance (Net)		0.5%		1.5%		1.5%		1.3%		2.1%		-0.2%		-0.1%		0.2%				
6.7%	5.0%	<b>SEIX</b>	<b>\$184,368,086</b>	<b>0.9%</b>	<b>65</b>	<b>6.9%</b>	<b>8</b>	<b>9.3%</b>	<b>9</b>	<b>7.9%</b>	<b>19</b>	<b>8.7%</b>	<b>60</b>	<b>7.7%</b>	<b>18</b>	<b>6.7%</b>	<b>22</b>	<b>6.7%</b>	<b>28</b>	<b>6.9%</b>	<b>Sep-99</b>	<b>0.19%</b>
		SEIX (Net)		0.8%		6.8%		9.2%		7.8%		8.5%		7.5%		6.6%		6.5%		6.7%		
		BC Aggregate		0.3%		5.3%		7.7%		6.4%		6.8%		6.2%		5.7%		5.8%		6.2%		
		BC Aggregate + 0.5%		0.4%		5.7%		8.2%		6.9%		7.3%		6.7%		6.2%		6.3%		6.7%		
		Performance Variance (Net vs. BC Aggregate + 0.5%)		0.4%		1.1%		1.0%		0.9%		1.2%		0.8%		0.4%		0.2%		0.0%		
		ICC Core Fixed Income Median		1.1%		5.5%		7.8%		6.9%		9.1%		6.9%		6.3%		6.3%		--		
9.7%	10.0%	<b>Treasury Inflation Protected Securities (TIPS)</b>	<b>\$267,605,038</b>	<b>1.5%</b>		<b>6.1%</b>		<b>9.9%</b>		<b>9.5%</b>		<b>n/a</b>		<b>n/a</b>		<b>n/a</b>		<b>n/a</b>		<b>8.6%</b>	<b>Dec-09</b>	
5.3%	5.0%	<b>Domestic Long Duration Fixed Income Composite</b>	<b>\$145,989,860</b>	<b>-0.9%</b>	<b>79</b>	<b>15.3%</b>	<b>17</b>	<b>19.4%</b>	<b>16</b>	<b>14.8%</b>	<b>9</b>	<b>16.8%</b>	<b>19</b>	<b>10.5%</b>	<b>8</b>	<b>8.7%</b>	<b>15</b>	<b>n/a</b>				
		Domestic Long Duration Fixed Income Composite (Net)		-0.9%		15.0%		19.1%		14.6%		16.5%		10.3%		8.4%		n/a				
		BC US Gov't/Credit Long		-2.1%		16.1%		19.9%		14.0%		12.8%		9.0%		7.7%		n/a				
		Performance Variance (Net)		1.2%		-1.1%		-0.8%		0.6%		3.7%		1.3%		0.7%		n/a				
5.3%	5.0%	<b>Income Research</b>	<b>\$145,989,860</b>	<b>-0.9%</b>	<b>79</b>	<b>15.3%</b>	<b>17</b>	<b>19.4%</b>	<b>16</b>	<b>14.8%</b>	<b>9</b>	<b>16.8%</b>	<b>19</b>	<b>10.5%</b>	<b>8</b>	<b>8.7%</b>	<b>15</b>	<b>n/a</b>		<b>8.4%</b>	<b>Jan-05</b>	<b>0.25%</b>
		Income Research (Net)		-0.9%		15.0%		19.1%		14.6%		16.5%		10.3%		8.4%		n/a		8.1%		
		BC US Gov't/Credit Long		-2.1%		16.1%		19.9%		14.0%		12.8%		9.0%		7.7%		n/a		7.5%		
		BC US Gov't/Credit Long + 0.5%		-2.0%		16.5%		20.4%		14.5%		13.3%		9.5%		8.2%		n/a		8.0%		
		Performance Variance (Net vs. BC US Gov't/Credit Long + 0.5%)		1.1%		-1.5%		-1.3%		0.1%		3.2%		0.8%		0.2%		n/a		0.1%		
		ICC Long Duration Fixed Income Median		0.9%		7.6%		10.4%		9.3%		12.6%		7.5%		6.7%		7.0%		--		

<sup>1</sup>Total Fixed Income and Domestic Core Fixed Income Composites include \$34,004 of illiquid securities remaining as a result of the termination of Western Asset Management Company (WAMCO) during the asset allocation transition that occurred in December 2009.

<sup>2</sup>Effective 1/1/2010, Policy Benchmark is 20% BC Aggregate/40% TIPS/20% BC U.S. Gov't/Credit Long/20% ML U.S. HY BB-B (2% Constrained). Prior to January 2010, the index was the BC Aggregate.

# Performance Summary – Fixed Income (Continued)

Weight in Fund	Target Weight		Ending Market Value	Last 3 Months	Fiscal YTD	Last Year	Annualized Returns					Since Inception	Inception Date	Annual Fee
							Two Years	Three Years	Five Years	Seven Years	Ten Years			
5.8%	5.0%	<b>Total Credit Composite</b>	<b>\$159,305,319</b>	<b>9.2%</b>	<b>3.3%</b>	<b>2.2%</b>	<b>7.8%</b>	<b>14.5%</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>			
		Total Credit Composite (Net)		8.9%	2.6%	1.3%	7.0%	13.9%	n/a	n/a	n/a			
		ML US HU BB/B Constrained		4.4%	5.0%	6.2%	9.8%	20.0%	7.2%	7.5%	8.2%			
		<b>Performance Variance (Net)</b>		<b>4.5%</b>	<b>-2.4%</b>	<b>-4.9%</b>	<b>-2.8%</b>	<b>-6.1%</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>			
1.8%	2.5%	<b>Domestic Credit Composite</b>	<b>\$48,345,695</b>	<b>4.3%</b>	<b>4.2%</b>	<b>4.6%</b>	<b>7.3%</b>	<b>11.3%</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>			
		Domestic Credit Composite (Net)		4.2%	3.9%	4.1%	6.9%	11.0%	n/a	n/a	n/a			
		ML US HY BB/B		4.4%	5.0%	6.2%	9.8%	20.0%	7.2%	7.5%	8.2%			
		<b>Performance Variance (Net)</b>		<b>-0.2%</b>	<b>-1.1%</b>	<b>-2.1%</b>	<b>-2.9%</b>	<b>-9.0%</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>			
0.7%	--	<b>Seix</b>	<b>\$18,926,620</b>	<b>2.7%</b>	<b>1.2%</b>	<b>0.9%</b>	<b>3.8%</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>7.0%</b>	<b>Apr-09</b>	<b>0.30%</b>
		Seix (Net)		2.6%	0.9%	0.6%	3.4%	n/a	n/a	n/a	n/a	6.8%		
		CSFB Leveraged Loan		3.5%	2.3%	2.6%	5.4%	16.2%	3.6%	4.5%	4.9%	13.6%		
		CSFB Leveraged Loan + 1.0%		3.8%	3.1%	3.6%	6.4%	17.2%	4.6%	5.5%	5.9%	14.6%		
		<b>Performance Variance (Net vs. CSFB Levered Loan + 1.0%)</b>		<b>-1.2%</b>	<b>-2.2%</b>	<b>-3.0%</b>	<b>-3.0%</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>-7.8%</b>		
1.1%	--	<b>Mackay Shields</b>	<b>\$29,419,075</b>	<b>5.3%</b>	<b>6.1%</b>	<b>7.1%</b>	<b>9.9%</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>15.5%</b>	<b>Apr-09</b>	<b>0.425%</b>
		Mackay Shields (Net)		5.2%	5.8%	6.5%	9.4%	n/a	n/a	n/a	n/a	15.2%		
		ML US HY BB/B		4.4%	5.0%	6.2%	9.8%	20.0%	7.2%	7.5%	8.2%	17.1%		
		ML US HY BB/B + 1.0%		4.7%	5.8%	7.2%	10.8%	21.0%	8.2%	8.5%	9.2%	18.1%		
		<b>Performance Variance (Net vs. ML US HY BB/B Constrained + 1.0%)</b>		<b>0.6%</b>	<b>0.0%</b>	<b>-0.7%</b>	<b>-1.4%</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>-2.9%</b>		
4.0%	2.5%	<b>Opportunistic Credit Composite</b>	<b>\$110,959,624</b>	<b>11.5%</b>	<b>1.5%</b>	<b>-0.8%</b>	<b>8.0%</b>	<b>20.2%</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>			
		Opportunistic Credit Composite (Net)		11.1%	0.7%	-1.8%	7.0%	19.1%	n/a	n/a	n/a			
		ML US HY BB/B Constrained		4.4%	5.0%	6.2%	9.8%	20.0%	7.2%	7.5%	8.2%			
		<b>Performance Variance (Net)</b>		<b>6.7%</b>	<b>-4.3%</b>	<b>-8.0%</b>	<b>-2.8%</b>	<b>-0.9%</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>			
4.0%	--	<b>PIMCO DISCO II<sup>1</sup></b>	<b>\$110,959,624</b>	<b>11.5%</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>12.5%</b>	<b>Nov-11</b>	<b>0.75%</b>
		PIMCO DISCO II (Net)		11.2%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	12.1%		
		ML US HY BB/B Constrained		4.4%	5.0%	6.2%	9.8%	20.0%	7.2%	7.5%	8.2%	5.0%		
		<b>Performance Variance (Net)</b>		<b>6.8%</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>7.1%</b>		

<sup>1</sup>PIMCO DISCO II was funded with assets distributed from the liquidating PIMCO DISCO investment in October 2011. Inception date for performance reporting purposes is November 1, 2011. PIMCO DISCO II is valued quarterly.

# Performance Summary – Alternative Assets

Weight in Fund	Target Weight		Ending Market Value	Last 3 Months	Fiscal YTD	Last Year	Annualized Returns					Since Inception	Inception Date
							Two Years	Three Years	Five Years	Seven Years	Ten Years		
4.6%	5.0%	<b>Total Private Equity Composite (Net)</b>	<b>\$125,162,230</b>	<b>1.5%</b>	<b>-1.7%</b>	<b>11.7%</b>	<b>9.8%</b>	<b>8.6%</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>		
		Cambridge Associates Priv Equity Index (1 Qtr Lag)		5.4%	5.2%	10.8%	15.5%	14.8%	7.2%	12.7%	12.7%		
		Venture Economics Index (1 Qtr Lag)		4.6%	4.7%	9.8%	12.8%	13.0%	6.1%	10.5%	9.5%		
		<b>Performance Variance (Net vs. Cambridge Associates PE)</b>		<b>-3.9%</b>	<b>-6.9%</b>	<b>0.9%</b>	<b>-5.7%</b>	<b>-6.2%</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>		
3.6%	10.0%	<b>Total Real Estate Composite (Net)</b>	<b>\$99,841,327</b>	<b>5.0%</b>	<b>5.7%</b>	<b>4.4%</b>	<b>9.7%</b>	<b>3.9%</b>	<b>3.4%</b>	<b>6.1%</b>	<b>5.8%</b>		
		NCREIF Property Index		2.6%	9.1%	13.4%	14.7%	6.0%	2.9%	7.1%	8.2%		
		<b>Performance Variance (Net)</b>		<b>2.4%</b>	<b>-3.4%</b>	<b>-9.0%</b>	<b>-5.0%</b>	<b>-2.1%</b>	<b>0.5%</b>	<b>-1.0%</b>	<b>-2.4%</b>		
1.6%	--	<b>American Realty/Kennedy Combined (Net)<sup>1</sup></b>	<b>\$44,124,706</b>	<b>7.9%</b>	<b>6.6%</b>	<b>5.3%</b>	<b>9.3%</b>	<b>4.2%</b>	<b>5.9%</b>	<b>8.2%</b>	<b>n/a</b>	<b>8.6%</b>	<b>Oct-03</b>
		NCREIF Property Index		2.6%	9.1%	13.4%	14.7%	6.0%	2.9%	7.1%	8.2%	8.3%	
		NCREIF Property Index + 1.5%		3.0%	10.2%	14.9%	16.2%	7.5%	4.4%	8.6%	n/a	9.8%	
		<b>Performance Variance (Net)</b>		<b>4.9%</b>	<b>-3.6%</b>	<b>-9.6%</b>	<b>-6.9%</b>	<b>-3.3%</b>	<b>1.5%</b>	<b>-0.4%</b>	<b>n/a</b>	<b>-1.2%</b>	
2.0%	--	<b>American Realty Core Realty Fund (Net)</b>	<b>\$55,716,621</b>	<b>2.8%</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>5.4%</b>	<b>Sep-11</b>
		NCREIF Property Index		2.6%	9.1%	13.4%	14.7%	6.0%	2.9%	7.1%	8.2%	9.1%	
		NCREIF Property Index + 1.5%		3.0%	10.2%	14.9%	16.2%	7.5%	4.4%	8.6%	n/a	9.5%	
		<b>Performance Variance (Net)</b>		<b>-0.2%</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>-4.1%</b>	
11.1%	10.0%	<b>Inflation-Linked Assets Composite (Net)<sup>2</sup></b>	<b>\$303,886,607</b>	<b>0.9%</b>	<b>-6.2%</b>	<b>-11.2%</b>	<b>6.2%</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	
		Custom Commodity Risk Parity Index		1.6%	-5.5%	-10.5%	n/a	n/a	n/a	n/a	n/a	n/a	
		Dow Jones/UBS Commodities Index		0.9%	-10.2%	-16.3%	3.7%	9.1%	-2.8%	0.1%	5.5%	n/a	
		<b>Performance Variance (Net vs. Custom Commodity Index)</b>		<b>-0.7%</b>	<b>-0.7%</b>	<b>-0.7%</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	
6.1%	--	<b>Credit Suisse (Net)</b>	<b>\$166,869,698</b>	<b>1.5%</b>	<b>-5.9%</b>	<b>-10.6%</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>-10.6%</b>	<b>Apr-11</b>
		Custom Commodity Risk Parity Index		1.6%	-5.5%	-10.5%	n/a	n/a	n/a	n/a	n/a	-10.5%	
		Dow Jones/UBS Commodities Index		0.9%	-10.2%	-16.3%	3.7%	9.1%	-2.8%	0.1%	5.5%	-16.3%	
		<b>Performance Variance (Net vs. Custom Commodity Index)</b>		<b>-0.1%</b>	<b>-0.4%</b>	<b>-0.1%</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>-0.1%</b>	
5.0%	--	<b>First Quadrant (Net)</b>	<b>\$137,016,909</b>	<b>0.3%</b>	<b>-6.6%</b>	<b>-11.4%</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>-11.4%</b>	<b>Apr-11</b>
		Custom Commodity Risk Parity Index		1.6%	-5.5%	-10.5%	n/a	n/a	n/a	n/a	n/a	-10.5%	
		Dow Jones/UBS Commodities Index		0.9%	-10.2%	-16.3%	3.7%	9.1%	-2.8%	0.1%	5.5%	-16.3%	
		<b>Performance Variance (Net vs. Custom Commodity Index)</b>		<b>-1.3%</b>	<b>-1.1%</b>	<b>-0.9%</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>-0.9%</b>	
3.1%	5.0%	<b>Opportunistic Composite (Net)<sup>3</sup></b>	<b>\$84,518,279</b>	<b>-1.0%</b>	<b>2.1%</b>	<b>4.5%</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	
		3-Month LIBOR + 5%		1.4%	4.1%	5.4%	5.4%	5.4%	6.7%	7.7%	7.4%	n/a	
		<b>Performance Variance (Net)</b>		<b>-2.4%</b>	<b>-2.0%</b>	<b>-0.9%</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	
0.9%	--	<b>White Oak (Net)</b>	<b>\$23,738,015</b>	<b>-5.3%</b>	<b>-5.8%</b>	<b>-3.7%</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>-4.6%</b>	<b>Nov-10</b>
1.0%	--	<b>GSO (Net)</b>	<b>\$26,237,629</b>	<b>0.8%</b>	<b>20.6%</b>	<b>27.2%</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>22.5%</b>	<b>Dec-10</b>
1.3%	--	<b>Medley Capital (Net)</b>	<b>\$34,542,636</b>	<b>1.8%</b>	<b>2.0%</b>	<b>2.2%</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>2.0%</b>	<b>Mar-11</b>
		3-Month LIBOR + 5%		1.4%	4.1%	5.4%	5.4%	5.4%	6.7%	7.7%	7.4%	--	
1.7%	0.0%	<b>Cash<sup>4</sup></b>	<b>\$47,552,679</b>	<b>0.1%</b>	<b>0.1%</b>	<b>0.1%</b>	<b>0.8%</b>	<b>1.1%</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	
		90 day t-bills		0.0%	0.0%	0.1%	0.1%	0.1%	1.2%	2.1%	1.9%		

<sup>1</sup> Performance shown is a blend of the performance of the Fund's separately managed real estate portfolio under the advisement of Kennedy Associates prior to September 2010, and American Realty Advisors from September 2010 - forward.

<sup>2</sup> Inflation-Linked Assets Composite consisted of passive exposure to the Dow Jones UBS Commodity Index through three swap agreements from December 2009 - March 2011. Russell Implementation Services provided oversight of the assets during this period. On March 30, 2011, the Fund liquidated its passive exposure and funded the current commodity managers.

<sup>3</sup> Opportunistic composite contains White Oak (funded 11/2010), Blackstone/GSO (funded 12/2010), and Medley Capital (funded 3/2011)

<sup>4</sup> NEPC began calculating cash returns as of April 1st, 2008 due to inconsistent historical data received from prior consultant.



# Manager Summary

NEPC Due Diligence Committee Recommendation Key	
No Action	Informational items have surfaced; no action is recommended.
Watch	Issues have surfaced to be concerned over; manager can participate in future searches, but current and prospective clients must be made aware of the issues.
Hold	Serious issues have surfaced to be concerned over; manager cannot be in future searches unless a client specifically requests, but current and prospective clients must be made aware of the issues.
Client Review	Very serious issues have surfaced with an Investment Manager; manager cannot be in future searches unless a client specifically requests. Current clients must be advised to review the manager.
Terminate	We have lost all confidence in the product; manager would not be recommended for searches and clients would be discouraged from using. The manager cannot be in future searches unless a client specifically requests. Current clients must be advised to replace the manager.

**NEPC Focused Placement List (FPL) Strategies** are those strategies that have been vetted by the respective research analyst/consultant and NEPC's Due Diligence Committee, and subsequently approved for broad application across NEPC's client base. FPL strategies represent the highest conviction managers with whom we have thoroughly reviewed and believe have investment theses that present a competitive advantage in their respective areas of opportunity. Note that NEPC does not receive any compensation from investment managers as a result of their inclusion on our FPL, nor does inclusion on the FPL guarantee that the investment manager will ultimately be awarded a mandate with an NEPC client. FPLs are continuously monitored throughout the year, and officially updated once per year.

# Manager Summary

Investment Manager	Asset Class	Changes/ Announcements	Performance Concerns	NEPC DD Recommendation	Comments
RS Investments	U.S. Small Cap Value	--	--	--	
Calamos	Convertible Bonds	--	--	--	Strategy is Closed
Seix	Core Plus Fixed Income; Bank Debt/High Yield	--	--	--	
IR&M	Long Duration Fixed Income	--	--	--	
Mackay Shields	High Yield/Bank Debt	--	--	--	NEPC FPL Strategy
PIMCO	Distressed Senior Credit	--	--	--	
First Quadrant	Commodities	--	--	--	
Credit Suisse	Commodities	--	--	--	
White Oak	Opportunistic Credit (Direct Lending)	--	--	--	
GSO	Opportunistic Credit (Direct Lending)	--	--	--	
Medley	Opportunistic Credit (Direct Lending)	--	--	--	



*Note: Rhumblin and Russell have been excluded from the list above as they currently manage passive and optimized mandates for the Fund..*



# Appendix

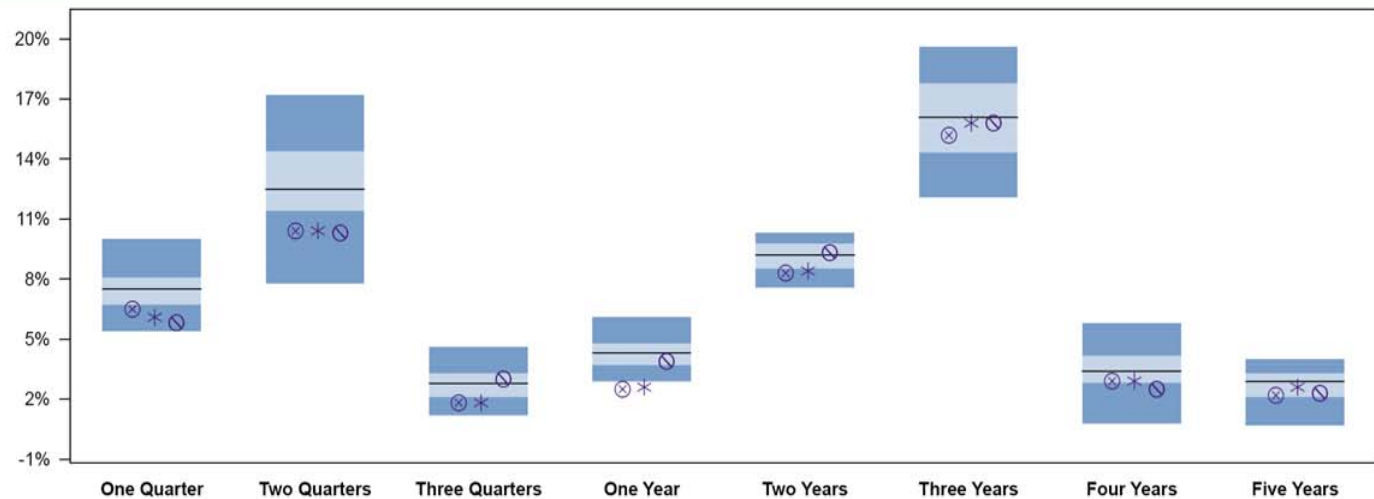
# Total Fund vs. Public Funds > \$1 Billion

## San Jose Police & Fire

Total Fund - Universe: Public Funds (DB) > \$1 Billion

Periods Ending March 31, 2012

### Total Fund Performance - Trailing Periods



	One Quarter		Two Quarters		Three Quarters		One Year		Two Years		Three Years		Four Years		Five Years	
⊙ <b>TOTAL FUND</b>	<b>6.6</b>	<b>78</b>	<b>10.5</b>	<b>86</b>	<b>1.9</b>	<b>88</b>	<b>2.6</b>	<b>97</b>	<b>8.4</b>	<b>79</b>	<b>15.3</b>	<b>63</b>	<b>3.0</b>	<b>70</b>	<b>2.3</b>	<b>73</b>
* Allocation Index	6.2	89	10.5	86	1.9	88	2.7	97	8.5	75	15.9	54	3.0	70	2.7	65
⊙ Policy Benchmark	5.9	90	10.4	86	3.1	36	4.0	63	9.4	38	15.9	54	2.6	81	2.4	72
5th Percentile	10.0		17.2		4.6		6.1		10.3		19.6		5.8		4.0	
25th Percentile	8.1		14.4		3.3		4.8		9.8		17.8		4.2		3.3	
50th Percentile	7.5		12.5		2.8		4.3		9.2		16.1		3.4		2.9	
75th Percentile	6.7		11.4		2.1		3.7		8.5		14.3		2.8		2.1	
95th Percentile	5.4		7.8		1.2		2.9		7.6		12.1		0.8		0.7	

Note: Returns are gross of fees.

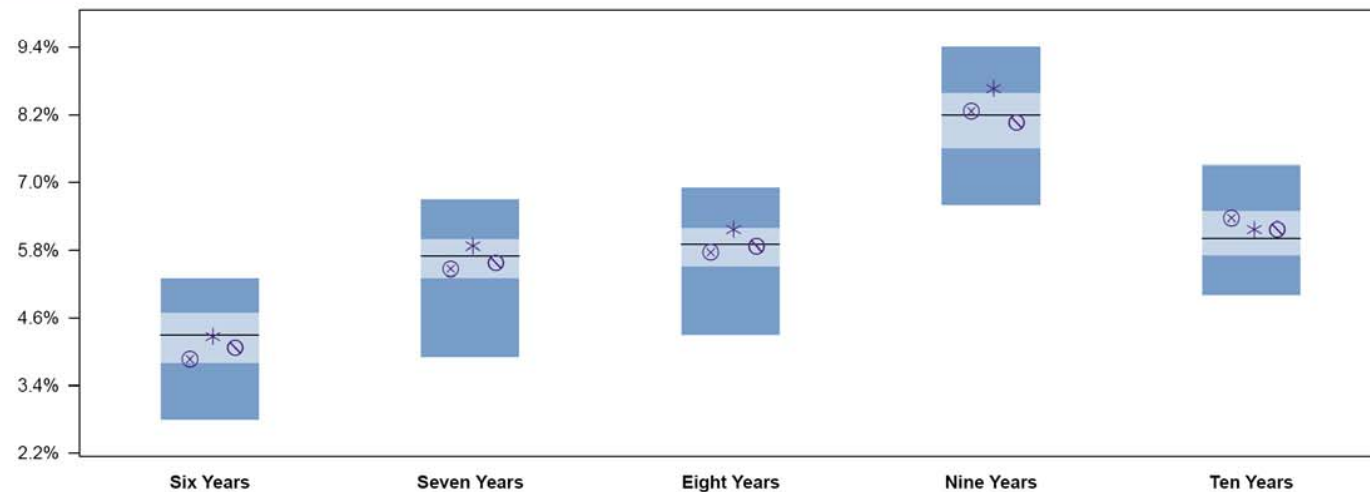
# Total Fund vs. Public Funds > \$1 Billion

## San Jose Police & Fire

Total Fund - Universe: Public Funds (DB) > \$1 Billion

Periods Ending March 31, 2012

### Total Fund Performance - Trailing Periods



	Six Years		Seven Years		Eight Years		Nine Years		Ten Years	
⊗ <b>TOTAL FUND</b>	<b>3.9</b>	<b>72</b>	<b>5.5</b>	<b>60</b>	<b>5.8</b>	<b>59</b>	<b>8.3</b>	<b>39</b>	<b>6.4</b>	<b>32</b>
* Allocation Index	4.3	49	5.9	29	6.2	30	8.7	18	6.2	41
⊙ Policy Benchmark	4.1	64	5.6	55	5.9	52	8.1	58	6.2	39
5th Percentile	5.3		6.7		6.9		9.4		7.3	
25th Percentile	4.7		6.0		6.2		8.6		6.5	
50th Percentile	4.3		5.7		5.9		8.2		6.0	
75th Percentile	3.8		5.3		5.5		7.6		5.7	
95th Percentile	2.8		3.9		4.3		6.6		5.0	

Note: Returns are gross of fees.

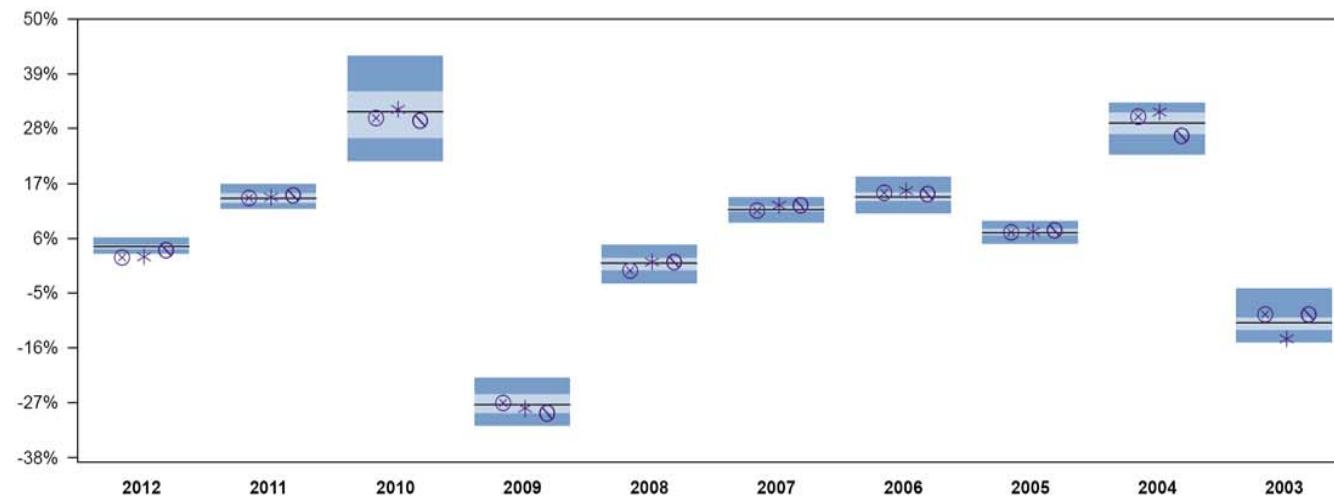
# Total Fund vs. Public Funds > \$1 Billion (One Year)

## San Jose Police & Fire

Total Fund - Universe: Public Funds (DB) > \$1 Billion

Period Ending March 31, 2012

### Total Fund Performance - One Year Time Periods



⊗	TOTAL FUND	2.6	97	14.5	38	30.5	54	-26.7	43	-0.1	66	12.0	31	15.6	23	7.6	42	30.7	31	-8.9	14
*	Allocation Index	2.7	97	14.6	35	32.2	48	-27.8	54	1.6	39	13.0	20	16.0	17	7.7	34	31.6	23	-13.9	88
⊗	Policy Benchmark	4.0	63	15.1	29	29.9	54	-28.8	65	1.6	39	13.0	20	15.3	26	8.0	26	26.9	71	-8.9	14
	5th Percentile	6.1		16.9		42.6		-22.0		4.7		14.2		18.4		9.5		33.1		-4.1	
	25th Percentile	4.8		15.2		35.6		-25.2		2.1		12.6		15.3		8.0		31.3		-9.8	
	50th Percentile	4.3		14.1		31.3		-27.5		1.0		11.8		14.3		7.2		29.1		-11.0	
	75th Percentile	3.7		13.0		26.0		-29.3		-0.5		11.3		13.4		6.6		26.8		-12.5	
	95th Percentile	2.9		12.0		21.5		-31.5		-3.0		9.2		11.1		5.0		22.7		-14.9	

Note: Returns are gross of fees.

# Policy Benchmark History

- **6/1/95 – 9/30/01** – 35% S&P 500/10% MSCI EAFE/35% BC Aggregate/10% Citigroup WGBI/10% NCREIF Property
- **10/1/01 – 12/31/04** – 35% S&P 500/15% MSCI EAFE/5% MSCI Emg Mkts/28% BC Aggregate/5% Citigroup WGBI/12% NCREIF Property
- **1/1/05 – 3/31/08** – 34% S&P 500/20% MSCI EAFE/5% MSCI Emg Mkts/20% BC Aggregate/4% BC Long Gov't/Credit/12% NCREIF Property/5% Russell 2000
- **4/1/08 – 6/30/08** – 29% S&P 500/5% Russell 2000/20% MSCI EAFE/5% MSCI Emg Mkts/20% BC Aggregate/4% BC Long Gov't/Credit/12% NCREIF Property/5% Cambridge Private Equity (lagged 1 quarter)
- **7/1/08 – 12/31/09** – 22% S&P 500/5% Russell 2000/17% MSCI EAFE/5% MSCI Emg Mkts/18% BC Aggregate/5% ML US HY BB-B Constrained/10% NCREIF Property/8% Cambridge Private Equity (lagged 1 quarter)/5% DJ/UBS Commodities Index/5% HFRI FoF: Conservative
- **1/1/10 – 3/31/11** – 18% Russell 1000/5% Russell 2000/12% MSCI EAFE/5% MSCI Emg Mkts/5% BC Aggregate/10% TIPS/5% BC Long Gov't/Credit/5% ML US HY BB-B Constrained/10% NCREIF Property/5% Cambridge Private Equity (lagged 1 quarter)/10% DJ/UBS Commodities Index/5% HFRI FoF: Conservative/5% 3-Month LIBOR +5%
- **4/1/11 – 12/31/2011** – 18% Russell 1000/5% Russell 2000/12% MSCI EAFE/5% MSCI Emg Mkts/5% BC Aggregate/10% TIPS/5% BC Long Gov't/Credit/5% ML US HY BB-B Constrained/10% NCREIF Property/5% Cambridge Private Equity (lagged 1 quarter)/10% San Jose P&F Custom Commodity Risk Parity Index/5% HFRI FoF: Conservative/5% 3-Month LIBOR +5%
- **1/1/12 – Present** – 12% MSCI All Country World Index/15% MSCI All Country World Index Value/2% Russell 3000/3% Russell 2000/3% MSCI EAFE + CAD Small Cap/5% MSCI Emg Mkts/5% BC Aggregate/10% TIPS/5% BC Long Gov't/Credit/5% ML US HY BB-B Constrained/10% NCREIF Property/5% Cambridge Private Equity (lagged 1 quarter)/10% San Jose P&F Custom Commodity Risk Parity Index/5% HFRI FoF: Conservative/5% 3-Month LIBOR +5%

## Information Disclosure

- NEPC uses, as its data source, the plan's custodian bank or fund service company, and NEPC relies on those sources for security pricing, calculation of accruals, and all transactions, including income payments, splits, and distributions. While NEPC has exercised reasonable professional care in preparing this report, we cannot guarantee the accuracy of all source information contained within.
- The Investment Performance Analysis (IPA) is provided as a management aid for the client's internal use only. Portfolio performance reported in the IPA does not constitute a recommendation by NEPC.
- Information in this report on market indices and security characteristics is received from sources external to NEPC. While efforts are made to ensure that this external data is accurate, NEPC cannot accept responsibility for errors that may occur.
- S&P Index data is provided courtesy of Standard & Poor's Financial Services LLC.





## **Appendix: Active Manager Analysis**

# RS Small Cap Value

## RS Small Cap Value

RS Investment Management Co., LLC

Benchmark 1 (BML): Russell 2000 Value Index

Benchmark 2 (BML): N/A



Monthly Performance (% Net of Fees)														Statistical Analysis		
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year	Returns	Fund	BML
2012	6.8%	3.3%	0.6%										11.1%	Annualized Compound ROR	11.6%	9.8%
2011	-1.3%	6.0%	2.9%	2.5%	-2.0%	-3.5%	-3.9%	-8.6%	-11.2%	15.9%	-1.8%	-0.9%	-8.1%	3 Yr Return	25.1%	25.4%
2010	-0.7%	4.9%	6.9%	3.9%	-7.1%	-7.5%	4.3%	-6.2%	9.8%	3.1%	3.9%	11.4%	27.3%	5 Yr Return	1.4%	0.0%
2009	-6.4%	-5.8%	7.6%	15.1%	4.6%	2.6%	8.5%	3.9%	3.2%	-3.3%	3.0%	5.3%	43.0%	Best Month	15.9%	15.9%
2008	-6.7%	-0.7%	-1.2%	6.5%	6.3%	-6.4%	-1.6%	2.7%	-11.0%	-24.5%	-10.8%	5.8%	-37.9%	Worst Month	-24.5%	-20.0%
2007	1.9%	0.9%	1.5%	3.5%	4.1%	-1.7%	-9.5%	-1.3%	2.6%	-0.2%	-3.7%	-0.5%	-3.0%	% Positive Months	62.2%	63.7%
2006	6.7%	-1.4%	3.2%	1.8%	-2.5%	-2.4%	-0.9%	0.2%	-1.1%	4.2%	3.3%	0.2%	11.4%	<b>Risk</b>		
2005	-1.8%	2.8%	-2.1%	-5.4%	4.9%	6.1%	5.0%	1.6%	1.9%	-4.4%	2.6%	1.0%	12.0%			
2004	1.2%	5.6%	2.0%	-2.4%	-0.4%	2.6%	-1.7%	1.7%	7.1%	0.1%	9.7%	3.2%	31.8%	Standard Deviation	18.8%	18.5%
2003	1.3%	0.8%	0.4%	8.5%	9.2%	5.4%	5.0%	5.0%	0.2%	5.9%	3.3%	6.9%	65.6%	3 Yr Standard Deviation	21.5%	22.8%
2001	2.0%	-4.3%	11.1%	3.9%	-0.8%	-4.2%	-10.6%	3.0%	-1.8%	0.7%	3.6%	0.2%	1.2%	5 Yr Standard Deviation	23.9%	25.1%
														Sharpe Ratio (2.5%)	0.55	0.47
														Sortino Ratio (0.0%)	0.87	0.73
														Downside Deviation (0.0%)	12.6%	12.8%
														Max Drawdown	-52.8%	-55.5%
														Months In Maximum Drawdown	21	21
														Months To Recover	24	—
														<b>Comparison To Benchmark(s)</b>		
														Monthly Alpha		0.3%
														Annualized Alpha		3.1%
														Tracking Error		9.8%
														Information Ratio		0.18
														Beta		0.88
														Correlation		0.86
														R-Squared		74.6%
														<b>Annual Returns</b>		
														2012-(YTD)	11.1%	11.6%
														2011	-8.1%	-5.5%
														2010	27.3%	24.5%
														2009	43.0%	20.6%
														2008	-37.9%	-28.9%
														2007	-3.0%	-9.8%
														<b>Latest Returns</b>		
														Last Month	0.6%	3.1%
														Last 3 Months	11.1%	11.6%
														Last Year	-5.2%	-1.1%
														2-Year	8.1%	9.2%
														3-Year	25.1%	25.4%
														4-Year	5.9%	4.7%
														5-Year	1.4%	0.0%
														<b>Drawdown Analysis</b>		
														1	-52.8%	-55.5%
														2	-37.3%	-26.7%
														3	-25.2%	-25.4%
														4	-16.0%	-13.3%
														5	-14.9%	-8.9%

Note: Net of fee performance of the RS Small Cap Value Composite is linked with SJP&F portfolio performance. Inception date of the RS Small Cap Value Composite is July 1995. Inception date of the SJP&F portfolio is August 2010. Composite data provided by eVestment Alliance. Based on monthly, net of fee performance data, since inception.



# Seix Core Plus Bond Management

## Seix Core Plus Bond Management

Seix Investment Advisors



Benchmark 1 (BM1): Barclays Capital U.S. Aggregate Bond Index

Benchmark 2 (BM2): N/A

Monthly Performance (%) Net of Fees														Statistical Analysis			Fund	BM1
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year	Returns				
2012	1.0%	0.3%	-0.5%										0.8%	Annualized Compound ROR			6.7%	6.2%
2011	0.3%	0.5%	0.0%	1.5%	1.2%	-0.5%	1.7%	1.8%	0.9%	0.5%	-0.2%	1.2%	9.1%	3 Yr Return			8.5%	6.8%
2010	1.6%	0.3%	0.1%	1.4%	0.5%	1.6%	1.2%	1.5%	0.3%	0.4%	-0.4%	-0.9%	7.7%	5 Yr Return			7.5%	6.2%
2009	0.6%	-0.4%	1.4%	1.1%	1.1%	1.0%	2.3%	1.1%	0.9%	0.5%	1.3%	-1.6%	9.7%	Best Month			4.1%	3.7%
2008	1.8%	0.0%	-0.4%	-0.4%	-1.1%	0.9%	0.9%	1.1%	-0.9%	-2.9%	3.3%	4.1%	5.2%	Worst Month			-3.0%	-3.4%
2007	-0.1%	1.5%	0.1%	0.6%	-0.8%	-0.3%	0.9%	1.3%	0.8%	0.9%	1.8%	-0.1%	6.8%	% Positive Months			71.3%	69.3%
2006	0.0%	0.2%	-0.9%	-0.2%	-0.1%	0.3%	1.3%	1.4%	0.9%	0.7%	1.2%	-0.5%	4.1%	Risk				
2005	0.5%	-0.4%	-0.4%	1.2%	0.8%	0.6%	-0.8%	1.2%	-1.0%	-0.7%	0.5%	0.9%	2.3%	Standard Deviation			3.6%	3.6%
2004	1.0%	1.0%	0.7%	-2.2%	-0.4%	0.6%	1.0%	1.8%	0.4%	0.8%	-0.5%	1.0%	5.2%	3 Yr Standard Deviation			2.9%	2.7%
2003	0.6%	1.3%	0.1%	1.6%	1.6%	0.0%	-3.0%	0.7%	2.5%	-0.7%	0.4%	1.1%	6.4%	5 Yr Standard Deviation			3.8%	3.6%
2001	0.9%	0.9%	-1.5%	2.0%	0.8%	-0.1%	0.1%	1.5%	0.9%	-0.7%	1.4%	1.8%	8.2%	Sharpe Ratio (2.5%)			1.14	1.01
														Sortino Ratio (0.0%)			3.58	3.23
														Downside Deviation (0.0%)			1.8%	1.9%
														Max Drawdown			-3.9%	-3.8%
														Months In Maximum Drawdown			9	7
														Months To Recover			2	2
														Comparison To Benchmark(s)				
														Monthly Alpha			0.1%	
														Annualized Alpha			0.8%	
														Tracking Error			1.1%	
														Information Ratio			0.42	
														Beta			0.94	
														Correlation			0.95	
														R-Squared			90.9%	
														Annual Returns				
														2012-(YTD)			0.8%	0.3%
														2011			9.1%	7.9%
														2010			7.7%	6.6%
														2009			9.7%	5.9%
														2008			5.2%	5.2%
														2007			6.8%	7.0%
														Latest Returns				
														Last Month			-0.5%	-0.5%
														Last 3 Months			0.8%	0.3%
														Last Year			9.2%	7.7%
														2-Year			7.8%	6.4%
														3-Year			8.5%	6.8%
														4-Year			7.8%	5.9%
														5-Year			7.5%	6.2%
														Drawdown Analysis				
														1			-3.9%	-3.8%
														2			-3.0%	-3.6%
														3			-2.9%	-3.0%
														4			-2.6%	-2.0%
														5			-1.7%	-1.8%

Note: Based on monthly, net of fee performance data, since inception..



# IR&M Long Government/Credit

## IR&M Long G/C

Income Research & Management



Benchmark 1 (BML): Barclays Capital Long Government-Credit Index

Benchmark 2 (BM2): N/A

Monthly Performance (% Net of Fees)														Statistical Analysis			Fund	BML
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year	Returns				
2012	1.6%	0.1%	-2.5%	2.6%	2.8%	-1.9%	4.1%	3.1%	5.3%	1.0%	-2.0%	3.9%	-0.9%	Annualized Compound ROR		8.1%	7.5%	
2011	-1.3%	1.6%	-0.1%	2.6%	2.8%	-1.9%	4.1%	3.1%	5.3%	1.0%	-2.0%	3.9%	20.5%	3 Yr Return		16.5%	12.8%	
2010	2.4%	0.5%	-0.9%	3.3%	1.5%	4.1%	1.0%	5.1%	-0.8%	-2.3%	-0.8%	-1.4%	12.1%	5 Yr Return		10.3%	9.0%	
2009	-4.4%	-2.8%	0.3%	0.5%	2.7%	5.7%	5.0%	3.0%	2.7%	-0.6%	1.3%	-3.1%	10.3%	Best Month		13.6%	11.2%	
2008	1.9%	-1.1%	0.4%	0.1%	-2.0%	0.4%	-0.5%	1.0%	-6.9%	-7.4%	6.5%	13.6%	4.7%	Worst Month		-7.4%	-7.2%	
2007	-0.5%	3.3%	-1.6%	0.9%	-1.9%	-0.9%	1.3%	1.5%	0.4%	1.4%	2.9%	-0.2%	6.7%	%Positive Months		60.9%	55.2%	
2006	-0.8%	0.9%	-3.4%	-1.8%	-0.1%	0.6%	1.7%	2.7%	1.6%	1.2%	2.2%	-2.1%	2.8%	Risk				
2005	2.0%	-1.0%	-0.9%	2.6%	2.1%	1.5%	-2.4%	2.6%	-3.0%	-1.9%	0.6%	1.8%	3.9%	Standard Deviation		10.0%	9.7%	
														3 Yr Standard Deviation		8.5%	8.3%	
														5 Yr Standard Deviation		11.2%	10.7%	
														Sharpe Ratio (2.5%)		0.58	0.54	
														Sortino Ratio (0.0%)		1.43	1.36	
														Downside Deviation (0.0%)		5.5%	5.3%	
														Max Drawdown		-15.2%	-11.9%	
														Months In Maximum Drawdown		9	9	
														Months To Recover		2	2	
														Comparison To Benchmark(s)				
														Monthly Alpha			0.1%	
														Annualized Alpha			0.7%	
														Tracking Error			2.9%	
														Information Ratio			0.23	
														Beta			0.99	
														Correlation			0.96	
														R-Squared			91.9%	
														Annual Returns				
														2012-(YTD)		-0.9%	-2.1%	
														2011		20.5%	22.5%	
														2010		12.1%	10.2%	
														2009		10.3%	1.9%	
														2008		4.7%	8.4%	
														2007		6.7%	6.6%	
														Latest Returns				
														Last Month		-2.5%	-3.0%	
														Last 3 Months		-0.9%	-2.1%	
														Last Year		19.1%	19.9%	
														2-Year		14.6%	14.0%	
														3-Year		16.5%	12.8%	
														4-Year		11.2%	9.7%	
														5-Year		10.3%	9.0%	
														Drawdown Analysis				
														1		-15.2%	-11.9%	
														2		-7.4%	-7.8%	
														3		-7.1%	-7.6%	
														4		-6.4%	-7.4%	
														5		-3.4%	-3.3%	

Note: Based on monthly, net of fee performance data, since inception..



# Calamos Global Convertible Strategy

## Calamos Global Convertible Strategy

Calamos Advisors LLC



Benchmark 1 (BM1): ML Global 300 Convertible Index

Benchmark 2 (BM2): N/A

Monthly Performance (%) Net of Fees														Statistical Analysis			Fund	BM1
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year	Returns				
2012	2.8%	1.5%	-0.4%										3.9%	Annualized Compound ROR			7.9%	5.0%
2011	0.5%	2.6%	0.2%	1.4%	-1.4%	-1.5%	-1.0%	-1.1%	-3.3%	4.3%	-0.1%	-1.6%	-1.2%	3 Yr Return			13.5%	15.2%
2010	-2.3%	2.2%	3.0%	0.4%	-3.8%	-1.1%	3.1%	-0.1%	4.8%	2.2%	-0.5%	3.5%	11.6%	5 Yr Return			4.8%	2.6%
2009	-0.8%	-1.6%	5.2%	6.0%	4.3%	-0.5%	6.7%	1.6%	2.8%	-0.4%	2.4%	2.1%	30.9%	Best Month			7.5%	7.5%
2008	-5.3%	1.0%	-1.5%	2.5%	1.7%	-4.4%	-1.5%	-0.3%	-11.7%	-15.1%	-0.2%	7.5%	-25.9%	Worst Month			-15.1%	-13.7%
2007	1.0%	-0.1%	1.0%	3.5%	1.6%	0.5%	-0.3%	1.1%	5.2%	3.3%	-0.6%	-1.3%	15.7%	% Positive Months			64.3%	64.3%
2006	5.5%	-1.1%	1.4%	3.2%	-2.9%	-0.7%	0.2%	1.8%	0.6%	1.9%	1.6%	2.2%	14.2%	Risk				
2005	-2.4%	0.5%	-2.0%	-2.4%	2.1%	1.2%	3.0%	1.2%	3.1%	-1.7%	3.7%	2.3%	8.6%	Standard Deviation			10.4%	9.8%
2004	2.5%	0.5%	0.4%	-3.0%	0.2%	1.2%	-3.0%	0.4%	1.3%	1.1%	4.7%	2.3%	8.6%	3 Yr Standard Deviation			8.7%	10.1%
2003	1.3%	-1.1%	0.1%	5.0%	5.6%	0.1%	0.4%	1.7%	1.9%	2.8%	2.0%	3.1%	25.1%	5 Yr Standard Deviation			12.9%	13.2%
2001	-1.2%	-1.1%	3.1%	2.7%	1.5%	-2.5%	-4.1%	0.7%	-3.2%	0.8%	3.5%	0.4%	0.2%	Sharpe Ratio (2.5%)			0.55	0.30
														Sortino Ratio (0.0%)			1.05	0.68
														Downside Deviation (0.0%)			7.2%	7.2%
														Max Drawdown			-32.4%	-35.8%
														Months In Maximum Drawdown			13	13
														Months To Recover			22	25
														Comparison To Benchmark(s)				
														Monthly Alpha			0.2%	
														Annualized Alpha			3.0%	
														Tracking Error			4.1%	
														Information Ratio			0.72	
														Beta			0.98	
														Correlation			0.92	
														R-Squared			85.4%	
														Annual Returns				
														2012-(YTD)			3.9%	8.1%
														2011			-1.2%	-5.7%
														2010			11.6%	11.7%
														2009			30.9%	36.3%
														2008			-25.9%	-29.3%
														2007			15.7%	6.5%
														Latest Returns				
														Last Month			-0.4%	0.6%
														Last 3 Months			3.9%	8.1%
														Last Year			-0.6%	-1.5%
														2-Year			5.6%	4.7%
														3-Year			13.5%	15.2%
														4-Year			4.2%	4.1%
														5-Year			4.8%	2.6%
														Drawdown Analysis				
														1			-32.4%	-35.8%
														2			-8.9%	-12.4%
														3			-8.1%	-8.9%
														4			-6.1%	-4.3%
														5			-4.6%	-2.7%

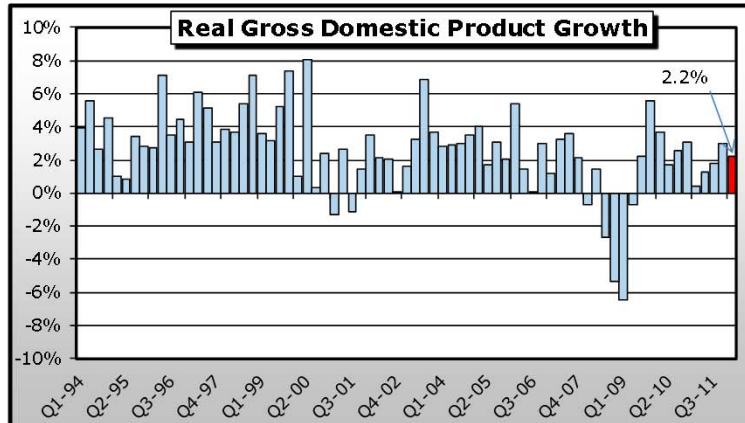
Note: Net of fee performance of the Calamos Global Convertible Composite is linked with SJP&F portfolio performance. Inception date of the Calamos Global Convertible Composite is July 1995. Inception date of the SJP&F portfolio is August 2010. Composite data provided by eVestment Alliance. Based on monthly, net of fee performance data, since inception.





## **Appendix: Market Environment**

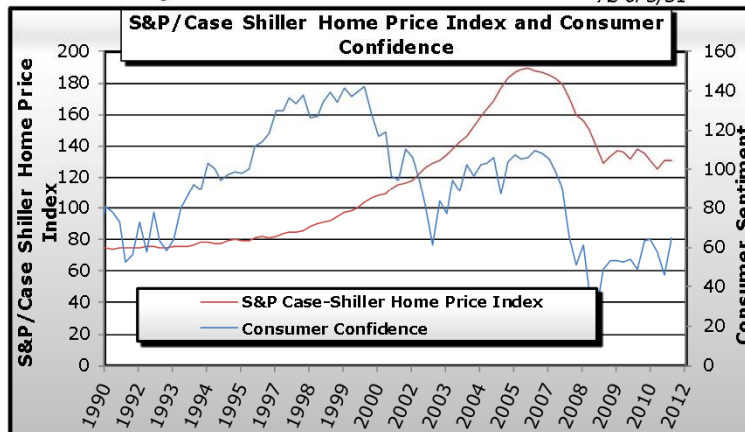
# Economic Environment



**Annualized GDP growth came in at a moderately weak 2.2% in the first quarter, down from 3% in the quarter before.**

Source: Bloomberg

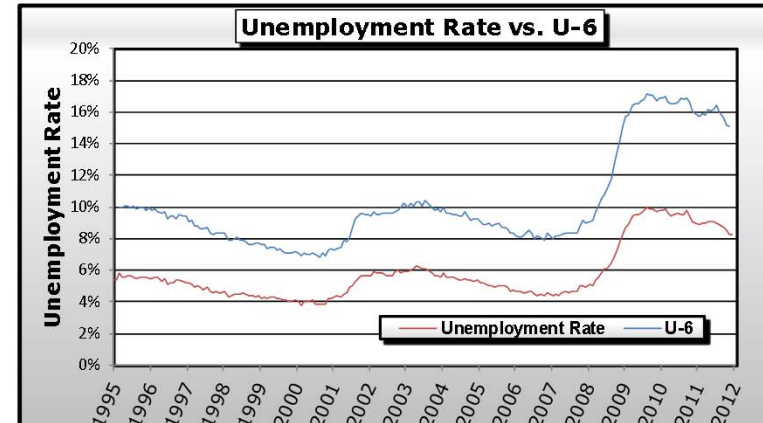
As of 3/31



**Consumer confidence rose for the third straight quarter in Q1 ; the Case-Shiller Home price index remains more than two times off its high levels.**

Source: Bloomberg

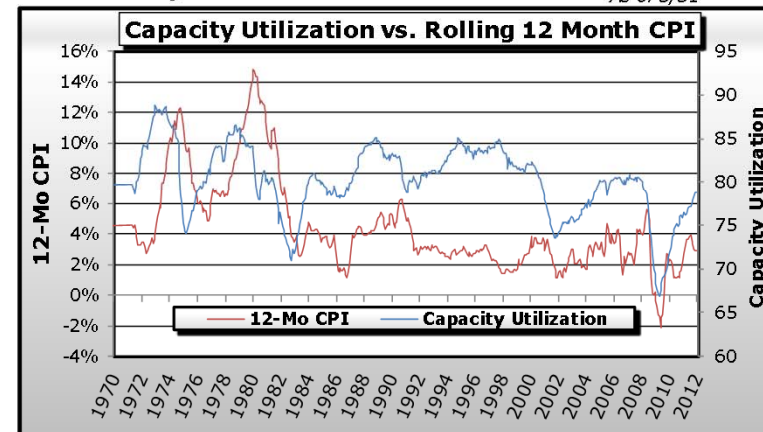
As of 3/31



**March unemployment fell to 8.2% in March, while U6 -a measure of broader unemployment - decreased to 14.5%.**

Source: Bloomberg

As of 3/31



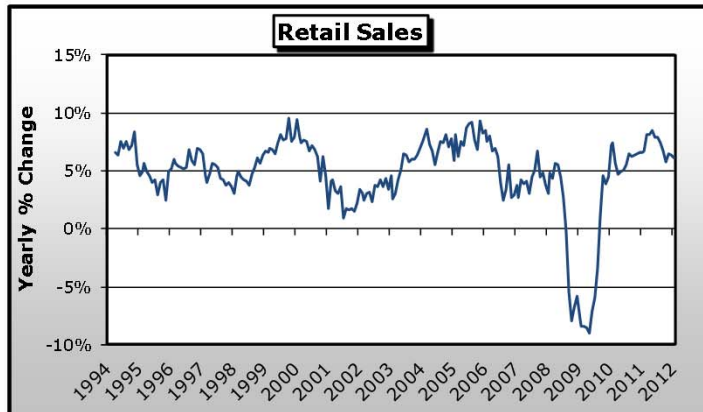
**Both CPI and capacity utilization fell in March to 2.7% and 78.6%, respectively.**

Source: Bloomberg

As of 3/31



# Components of U.S. GDP



Retail sales decreased to a 6.1% year-over-year growth rate in March.

Source: Bloomberg

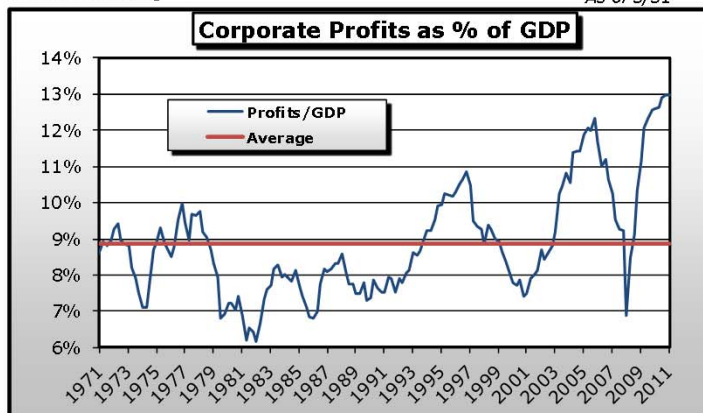
As of 3/31



The inventory liquidation process that was a boost to 2009 growth results has worn off, meaning demand must contribute to further growth.

Source: Bloomberg

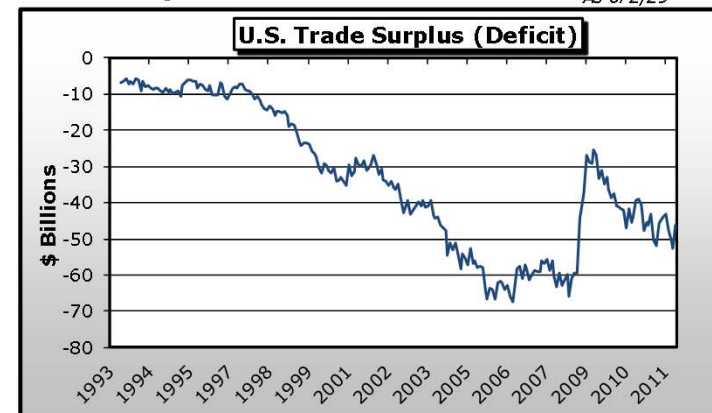
As of 2/29



Corporate Profits as a % of GDP increased to 13% in Q4, a new secular high.

Source: Bloomberg

As of 12/31



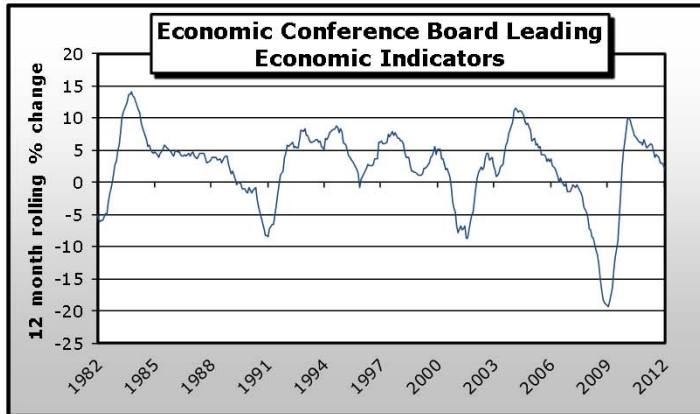
The trade deficit decreased in the month of February.

Source: Bloomberg

As of 2/29



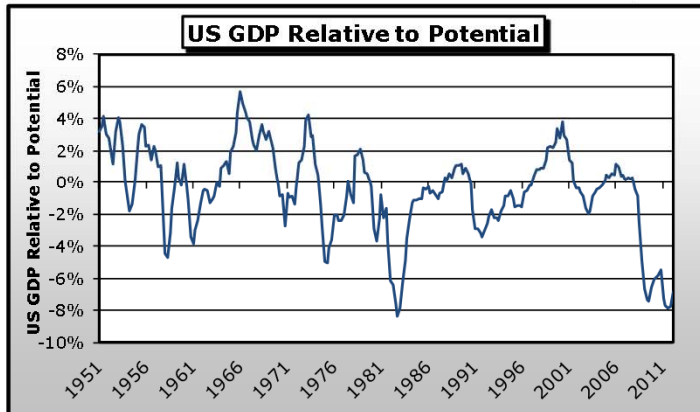
# Key Economic Indicators



The rolling percentage change in the Leading Economic Indicators index decreased in March.

Source: Bloomberg

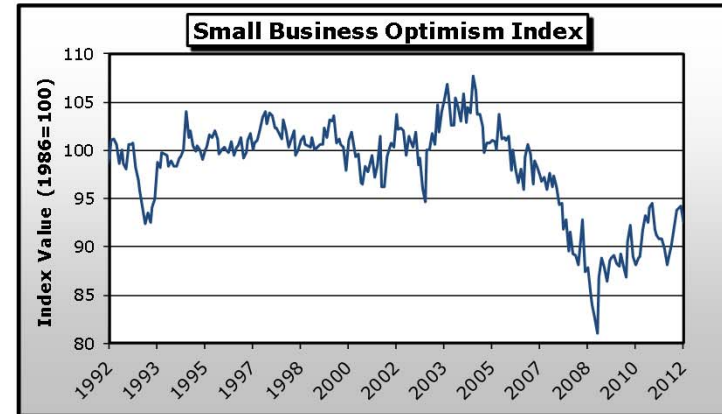
As of 3/31



US GDP relative to Potential GDP decreased in the fourth quarter.

Source: St. Louis Fed

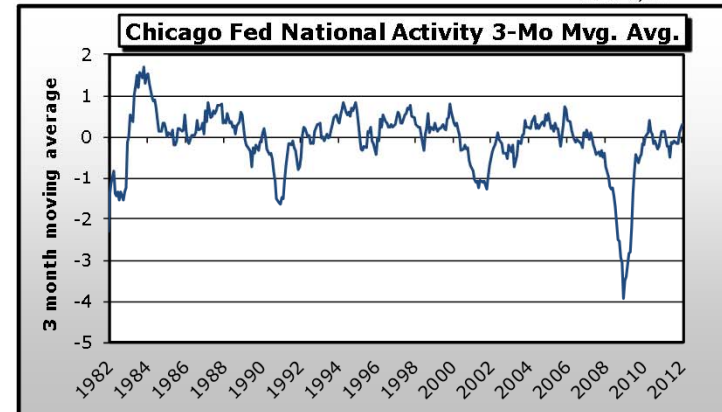
As of 12/31



The small business optimism index fell in March, marking the first decline in seven months.

Source: Bloomberg

As of 3/31

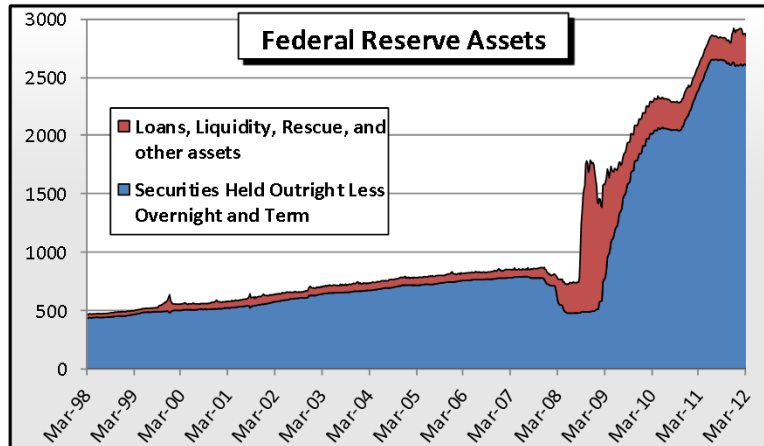


Chicago Fed National Activity 3 Month moving average increased through February.

Source: Bloomberg

As of 2/29

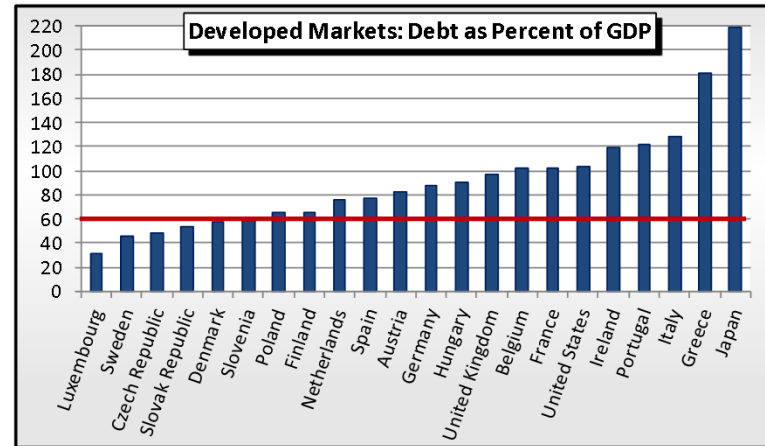
# Economic Environment



**The Fed's assets remained flat in the quarter as its efforts to provide liquidity to central banks leveled off.**

Source: United States Federal Reserve

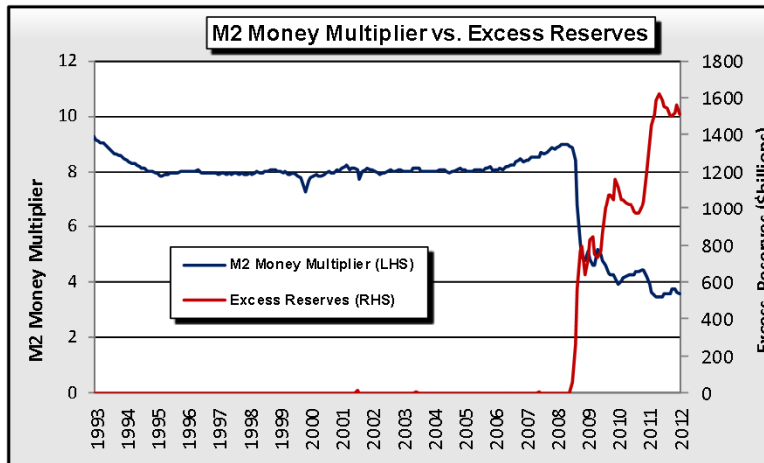
As of 3/31



**Many developed nations are at or approaching unsustainable debt levels.**

Source: IMF, CBOE

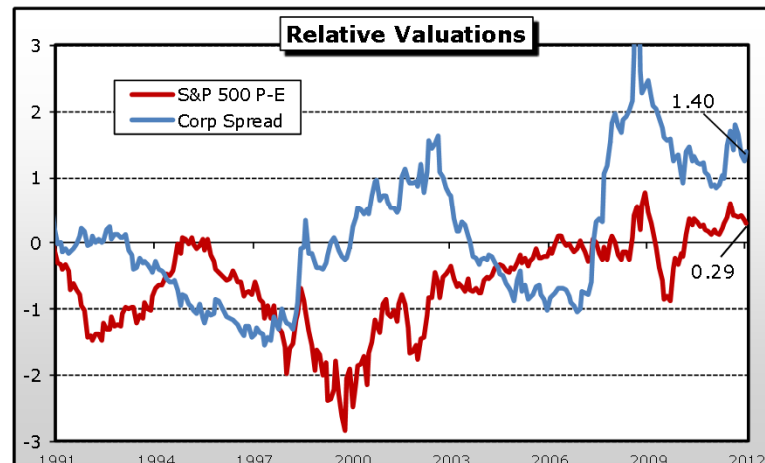
As of 3/31



**Bank excess reserves and the Money Multiplier were flat in the 1st quarter.**

Source: St. Louis Fed

As of 3/31

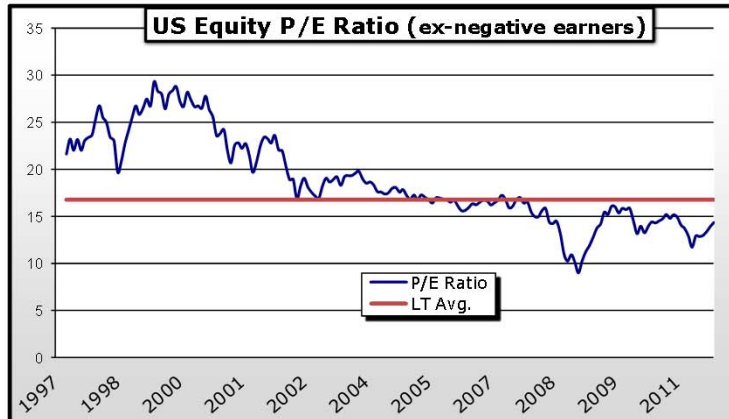


**Despite the first quarter stock market rally, equities remain attractive relative to fixed income.**

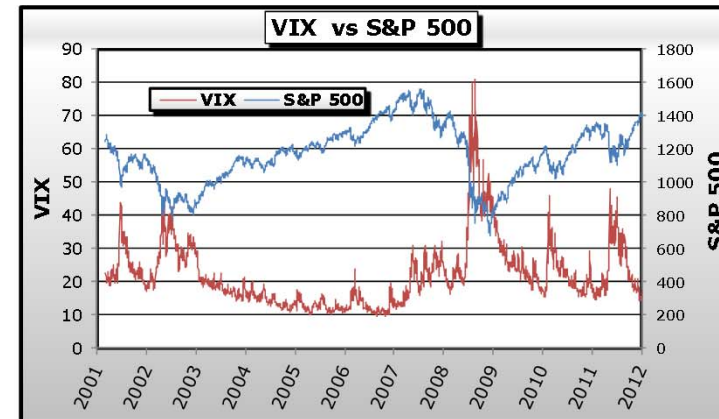
Source: Bloomberg

As of 3/31

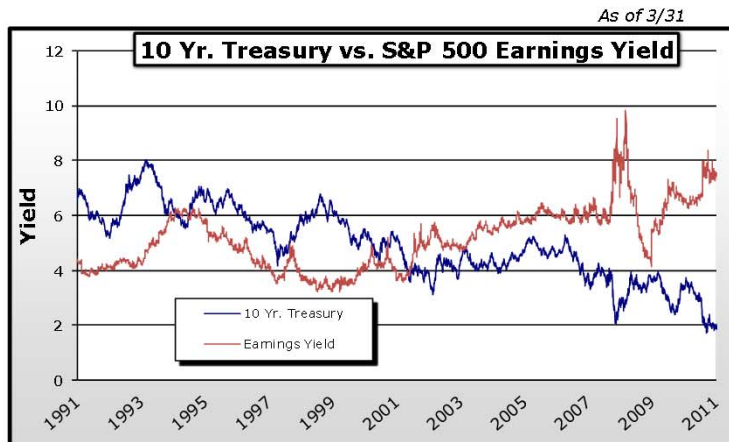
# Market Environment – U.S. Equity



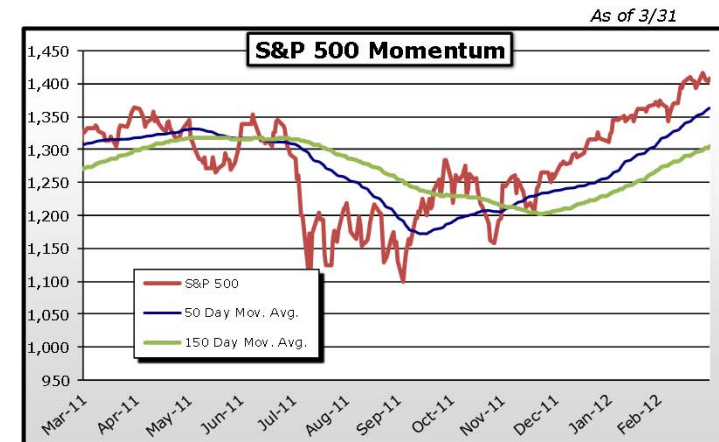
**S&P valuations remain below the long-term average**



**The VIX has retreated from its 2011 high, while the S&P finished the quarter up 12.6%.**

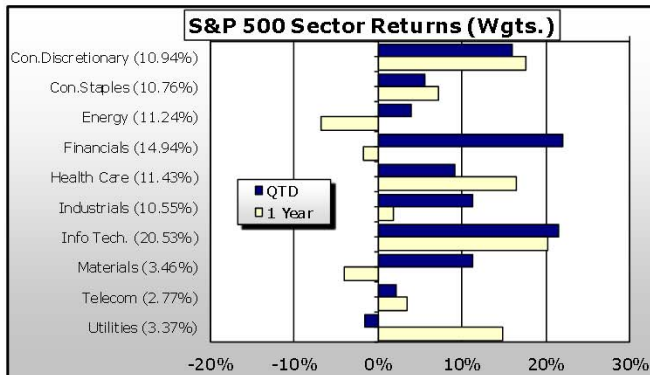


**Yield on the 10-year Treasury increased slightly in the month, while earnings yield on the S&P 500 decreased.**



**The S&P 500 remains above both its 50 and 150 day moving averages at the end of March.**

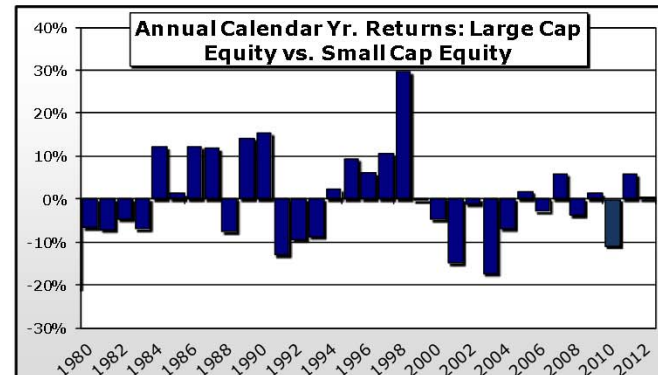
# U.S. Stock Market Performance



**Financials led all sectors QTD with a 22% return, while Utilities performed poorly finishing at -1.6% for the quarter.**

Source: Standard & Poors, Bloomberg

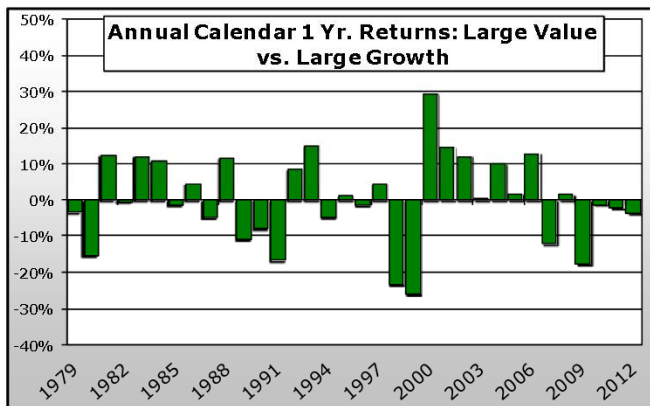
As of 3/31



**Large cap has slightly outperformed small cap YTD.**

Source: Bloomberg

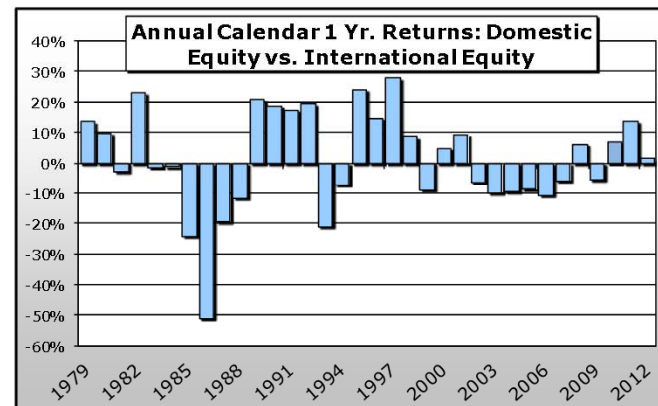
As of 3/31



**Growth outperformed value stocks in the first quarter of 2012.**

Source: Bloomberg

As of 3/31



**Domestic equity outperformed international equity in the first quarter.**

Source: Bloomberg

As of 3/31

# Non – U.S. Stock Market Performance

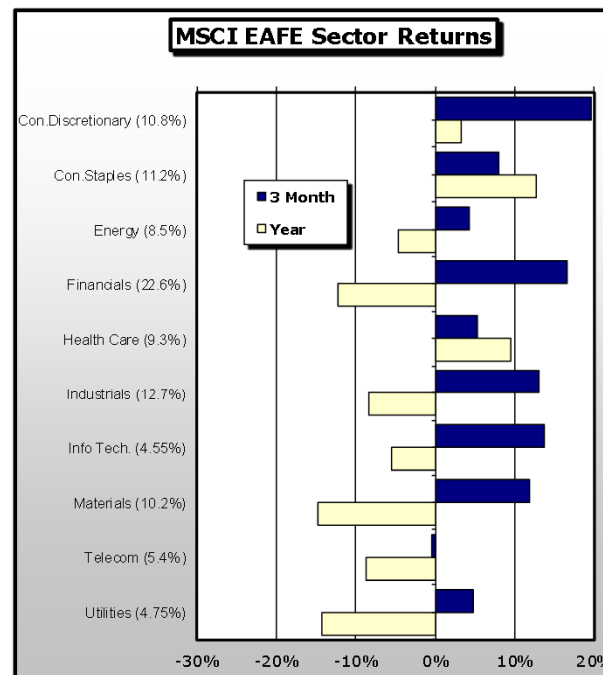
Developed Market Equity Returns (U.S. Dollars)			
Source: MSCI Inc.			
	3 Month (%)	1 Yr. (%)	3 Yr. (%)
Europe ex UK	12.4%	-11.7%	15.3%
United Kingdom	7.6%	1.1%	22.3%
Japan	11.3%	0.3%	11.9%
Pacific Ex Japan	11.3%	-5.6%	26.1%
Canada	6.4%	-13.8%	21.9%
USA	12.7%	7.9%	22.8%

US Dollar Return vs. Major Foreign Currencies		
(Negative = Dollar Depreciates, Positive = Dollar Appreciates)		
	Qtr.	1 Yr.
Euro	-2.8%	5.9%
Japanese Yen	7.2%	-0.3%
British Pound	-2.9%	0.1%
Canada	-5.3%	0.9%
Australia	-1.3%	-0.2%

Currency Impact on Developed Mkt. Returns			
(Negative = Currency Hurt, Positive = Currency Helped)			
	Qtr.	1 Yr.	5 Yr.
MSCI EAFE (Local)	10.2%	-4.1%	-5.4%
MSCI EAFE (USD)	10.9%	-5.8%	-3.5%
Currency Impact	-0.7%	1.7%	-1.9%

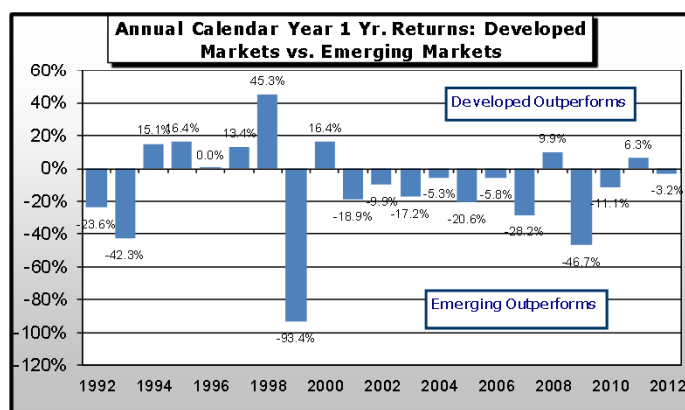
Source: Bloomberg, MSCI Inc.

As of 3/31



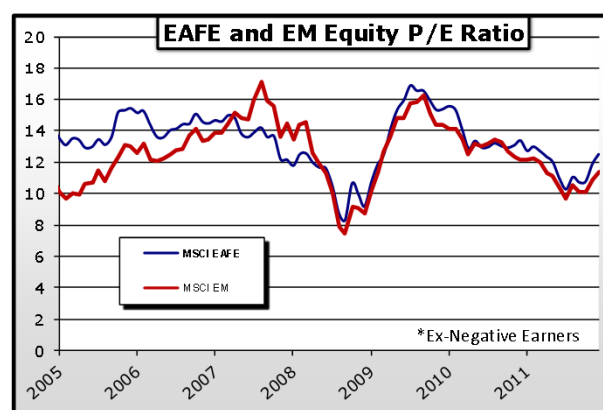
Source: Bloomberg, MSCI Inc.

As of 3/31



Source: MSCI Inc.

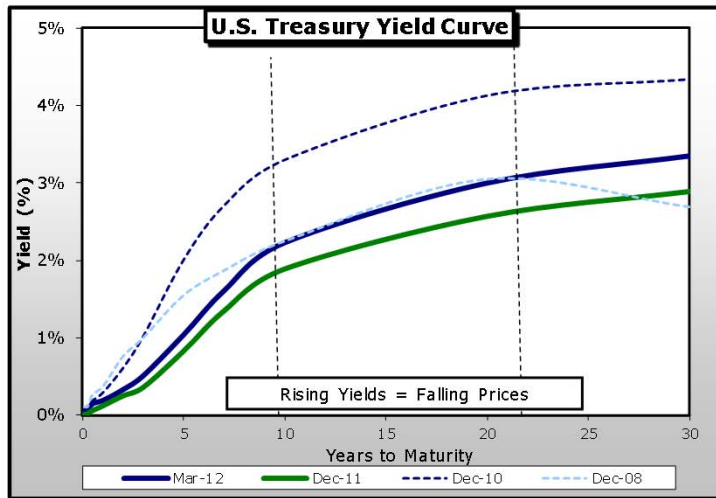
As of 3/31



Source: Bloomberg, NEPC

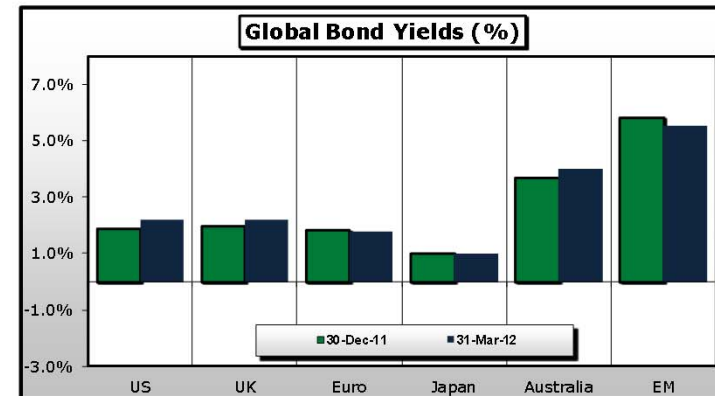
As of 3/31

# Market Environment – Interest Rates



Source: U.S. Treasury

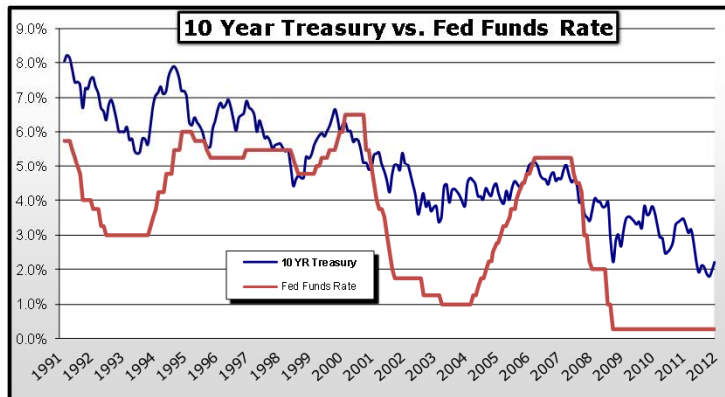
As of 3/31



Bond yields were generally up or flat across developed countries year-to-date, with emerging markets seeing a drop in yield.

Source: Bloomberg

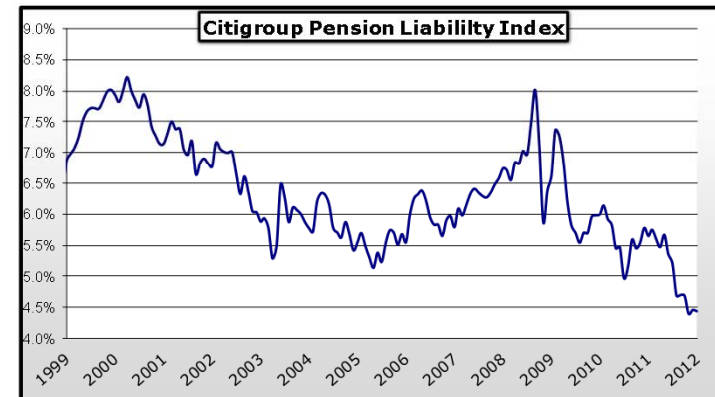
As of 3/31



Fed Funds rate remains at 0.25% while 10 Yr. Treasury Yield finished March at 2.2%.

Source: Bloomberg

As of 3/31



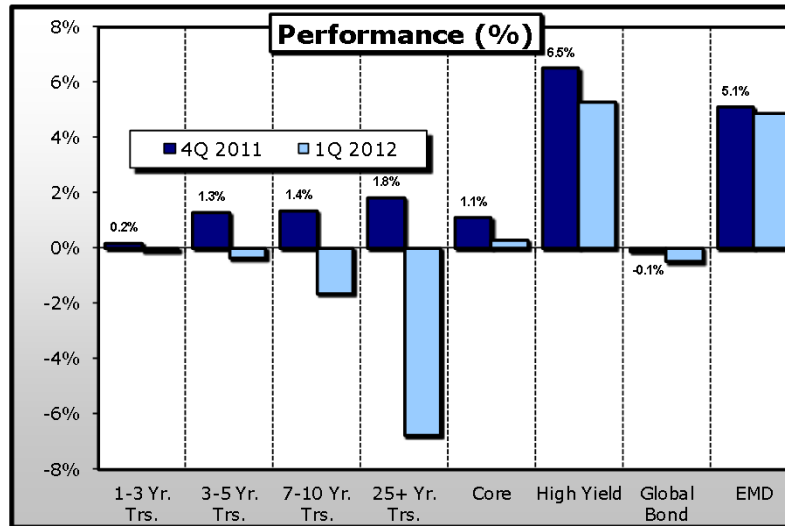
Citi Pension Discount rate decreased to 4.4% for the month of February.

Source: Citigroup

As of 2/29

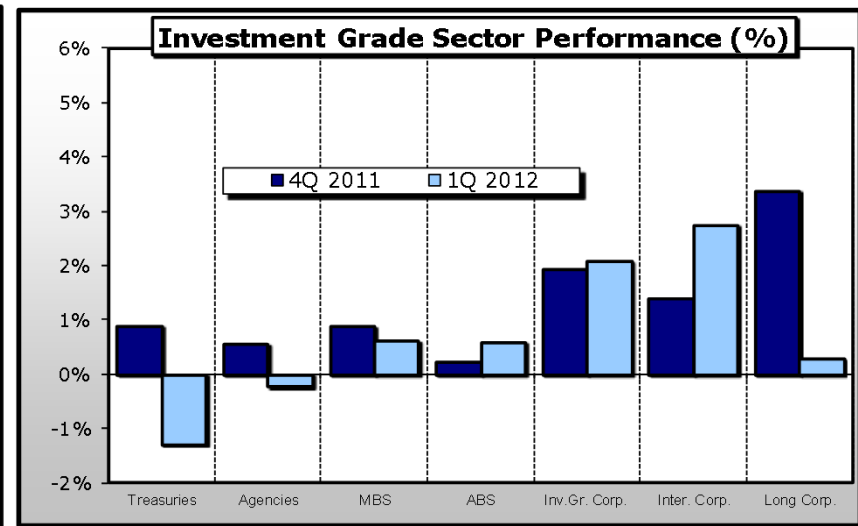


# Fixed Income Performance



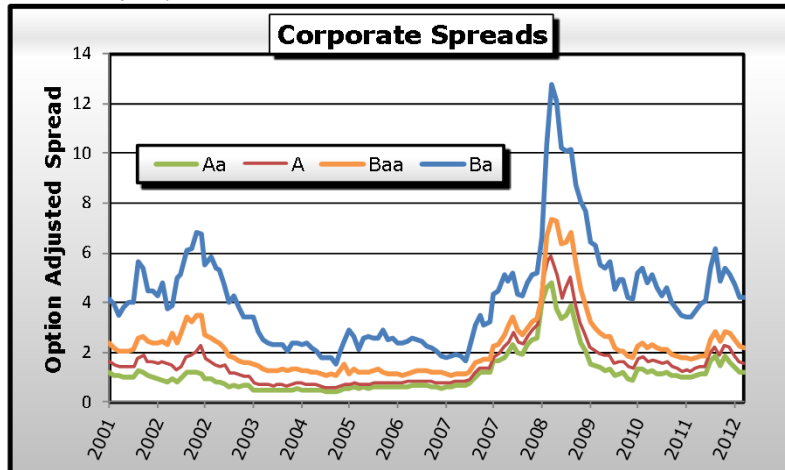
Source: Barclays Capital Live

As of 3/31



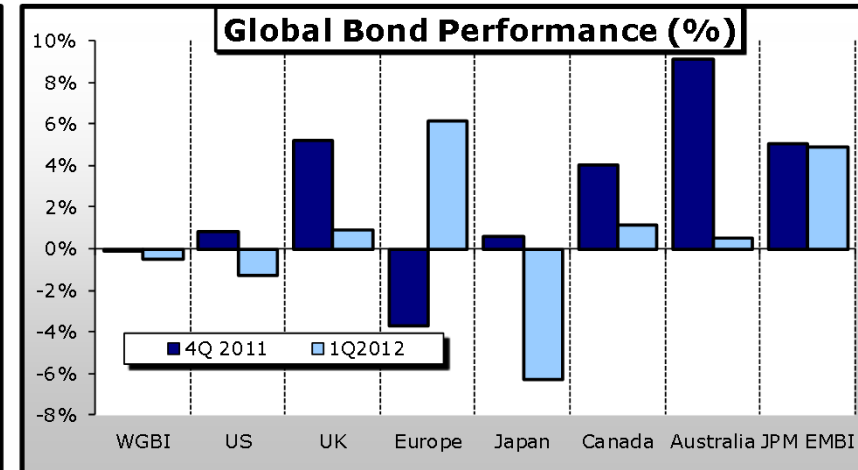
Source: Yield Book

As of 3/31



Source: Barclays Capital Live

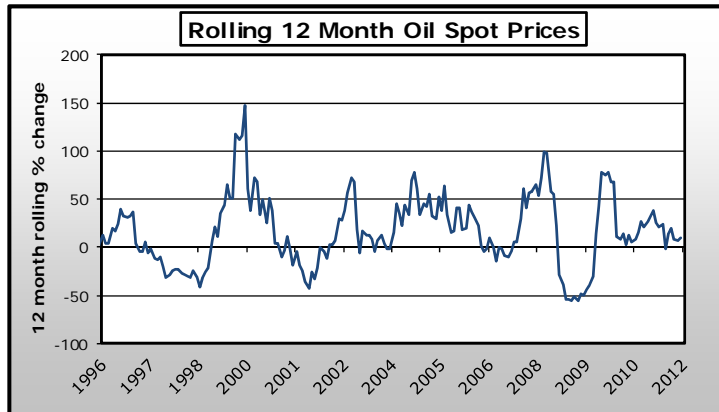
As of 3/31



Source: Yield Book

As of 3/31

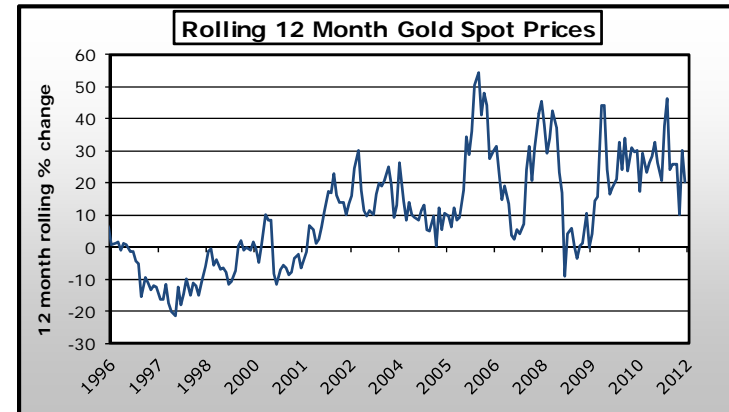
# Market Environment – Commodities



Oil prices finished the month at \$103.02 per barrel.

Source: Bloomberg

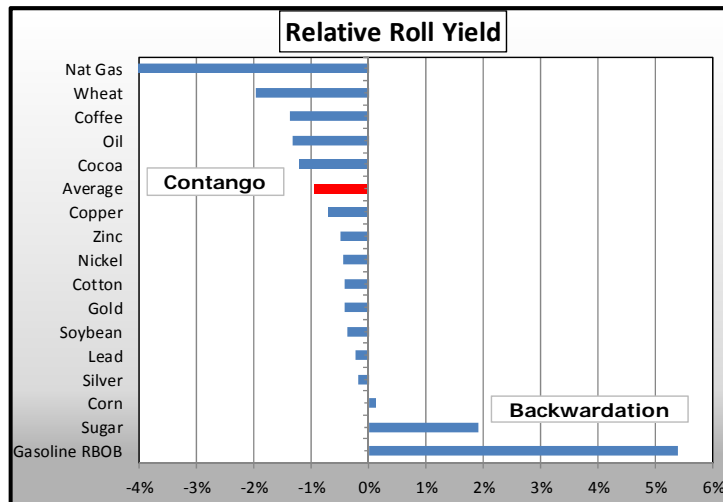
As of 3/31



Gold prices finished at \$1,668 per ounce at the end of March.

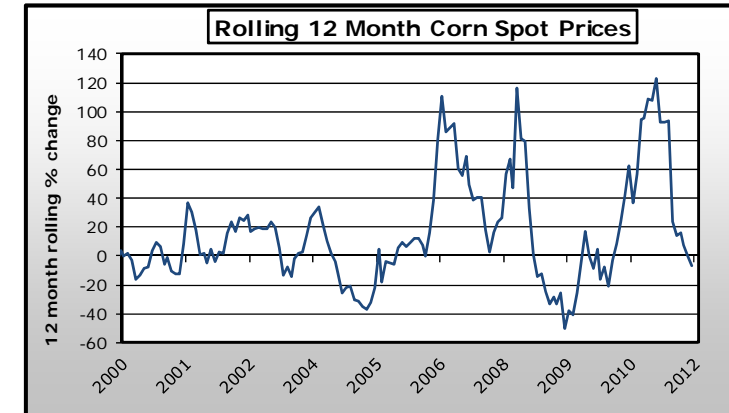
Source: Bloomberg

As of 3/31



Source: Bloomberg

As of 3/31



Corn prices finished at \$6.39/bushel in March.

Source: Bloomberg

As of 3/31