



NEPC, LLC

YOU DEMAND MORE. So do we.SM



City of San Jose Police and Fire Department Retirement Plan

**Investment Performance Analysis
For the period ending June 30, 2012**

August 2012

Dan LeBeau, Consultant
Allan Martin, Partner

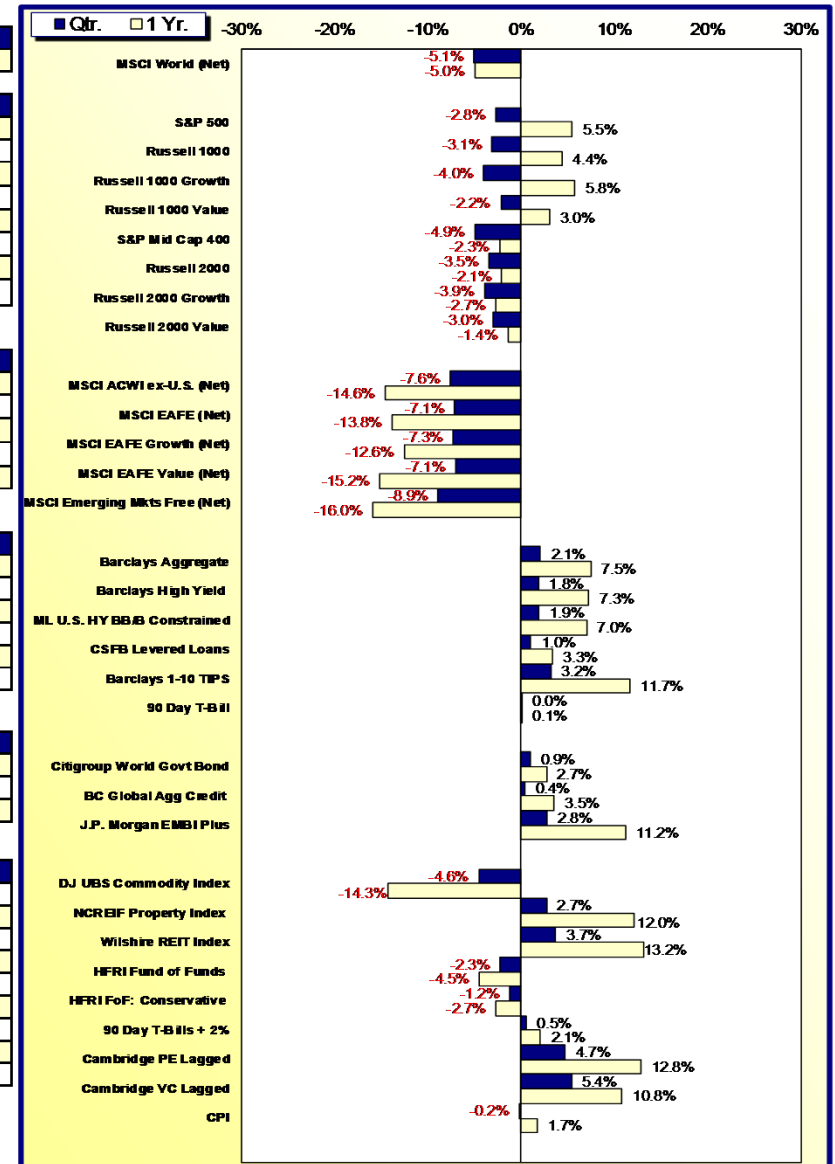
One Main Street, Cambridge, MA 02142 | TEL: 617.374.1300 | FAX: 617.374.1313 | www.nepc.com

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

City of San Jose Police and Fire Department Retirement Plan

Market Environment Overview

		Qtr.	YTD	1 Yr.	3 Yr.	5 Yr.	10 Yr.
Global Equity Benchmarks							
MSCI World (Net)	World	-5.1%	5.9%	-5.0%	11.0%	-3.0%	5.2%
Domestic Equity Benchmarks							
S&P 500	Large Core	-2.8%	9.5%	5.5%	16.4%	0.2%	5.3%
Russell 1000	Large Core	-3.1%	9.4%	4.4%	16.6%	0.4%	5.7%
Russell 1000 Growth	Large Growth	-4.0%	10.1%	5.8%	17.5%	2.9%	6.0%
Russell 1000 Value	Large Value	-2.2%	8.7%	3.0%	15.8%	-2.2%	5.3%
S&P Mid Cap 400	Mid Core	-4.9%	7.9%	-2.3%	19.4%	2.6%	8.2%
Russell 2000	Small Core	-3.5%	8.5%	-2.1%	17.8%	0.5%	7.0%
Russell 2000 Growth	Small Growth	-3.9%	8.8%	-2.7%	18.1%	2.0%	7.4%
Russell 2000 Value	Small Value	-3.0%	8.2%	-1.4%	17.4%	-1.1%	6.5%
International Equity Benchmarks							
MSCI ACWI ex-U.S. (Net)	International	-7.6%	2.8%	-14.6%	7.0%	-4.6%	6.7%
MSCI EAFE (Net)	Int'l Developed	-7.1%	3.0%	-13.8%	6.0%	-6.1%	5.1%
MSCI EAFE Growth (Net)	Int'l Developed	-7.3%	3.9%	-12.6%	7.6%	-4.6%	4.9%
MSCI EAFE Value (Net)	Int'l Developed	-7.1%	2.0%	-15.2%	4.2%	-7.7%	5.3%
MSCI Emerging Mkts Free (Net)	Int'l Emerging	-8.9%	3.9%	-16.0%	9.8%	-0.1%	14.1%
Domestic Fixed Income Benchmarks							
Barclays Aggregate	Core Bonds	2.1%	2.4%	7.5%	6.9%	6.8%	5.6%
Barclays High Yield	High Yield	1.8%	7.3%	7.3%	16.3%	8.5%	10.2%
ML U.S. HY BB/B Constrained	High Yield	1.9%	6.4%	7.0%	14.2%	7.6%	8.9%
CSFB Levered Loans	Bank Loans	1.0%	4.5%	3.3%	10.1%	3.5%	5.1%
Barclays 1-10 TIPS	Inflation-Linked	3.2%	4.0%	11.7%	9.6%	8.4%	7.2%
90 Day T-Bill	Cash	0.0%	0.0%	0.1%	0.1%	1.0%	1.9%
Global Fixed Income Benchmarks							
Citigroup World Govt Bond	Global Bonds	0.9%	0.4%	2.7%	5.4%	7.3%	6.8%
BC Global Agg Credit	Global Bonds	0.4%	0.0%	3.5%	7.8%	5.8%	6.8%
J.P. Morgan EMBI Plus	Em. Mkt. Bonds	2.8%	6.9%	11.2%	13.4%	9.5%	12.3%
Alternative Benchmarks							
DJ UBS Commodity Index	Commodities	-4.6%	-3.7%	-14.3%	3.5%	-3.7%	5.0%
NCREIF Property Index	Real Estate	2.7%	5.3%	12.0%	8.8%	2.5%	8.3%
Wilshire REIT Index	REIT	3.7%	14.9%	13.2%	33.6%	2.1%	10.3%
HFRI Fund of Funds	Hedge Funds	-2.3%	1.0%	-4.5%	2.2%	-2.0%	3.2%
HFRI FoF: Conservative	Hedge Funds	-1.2%	1.2%	-2.7%	2.5%	-1.8%	2.7%
90 Day T-Bills + 2%	Hedge Funds	0.5%	1.0%	2.1%	2.1%	3.0%	3.9%
Cambridge PE Lagged	Private Equity	4.7%	6.2%	12.8%	12.6%	5.6%	3.0%
Cambridge VC Lagged	Venture Capital	5.4%	11.0%	10.8%	18.2%	7.0%	13.3%
CPI	Inflation	-0.2%	0.7%	1.7%	2.1%	2.0%	2.4%



Note: Cambridge Private Equity and Cambridge Venture Capital Indexes are lagged by one quarter. Performance shown as March 31, 2012.



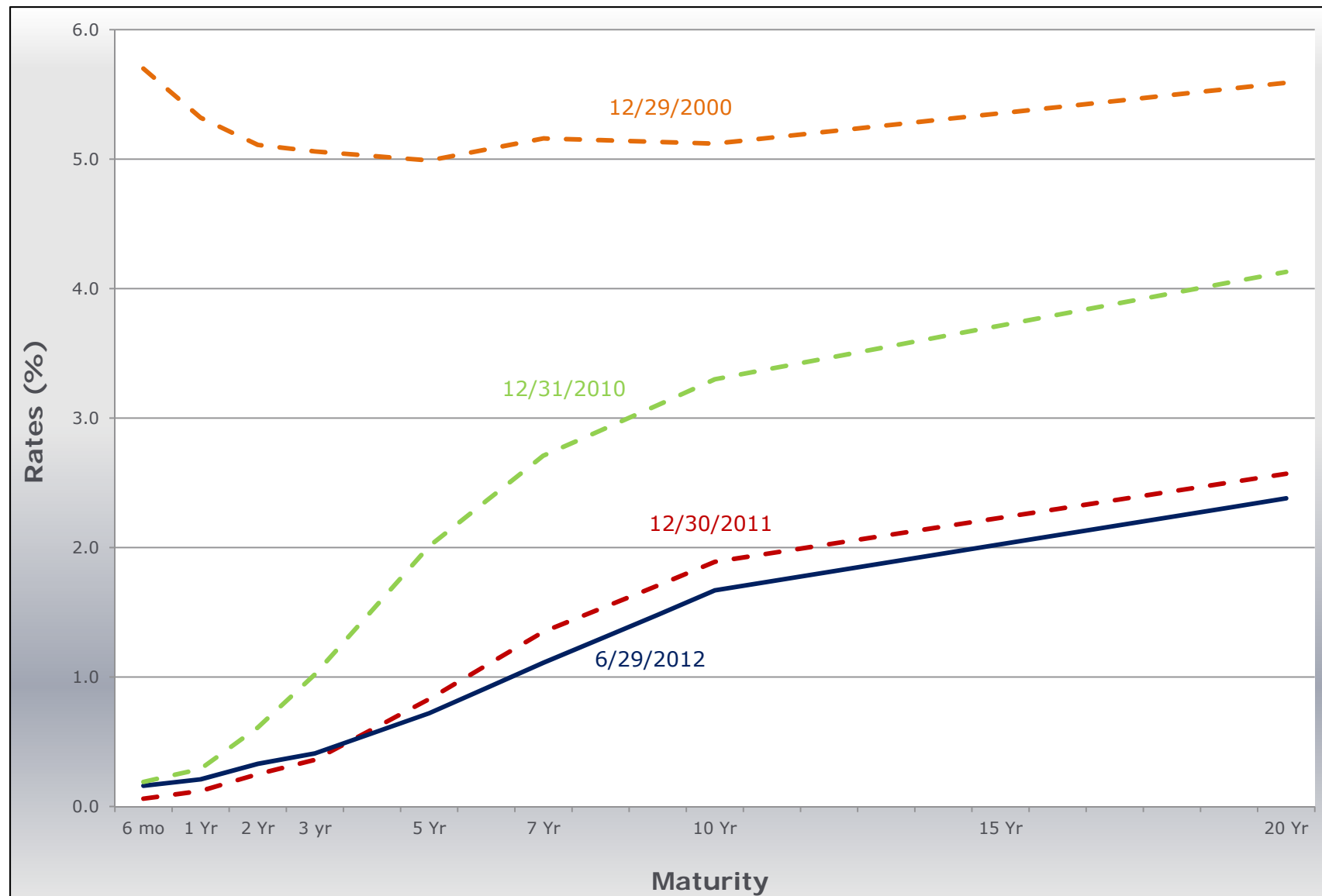
NEPC, LLC

June 30, 2012

- **“Risk off” is back due to souring economic backdrop**
 - French election and deepening stress in Spain casts shadow
 - U.S. growth slowing
 - China revises target growth down to 7% prompting “hard landing” fears
- **Equity markets sell-off**
 - Much of first quarter gains lost before rally on last day of June
 - Non-U.S. developed and emerging markets decline more precipitously
- **Treasury yields drop to record lows and dollar rises in flight to safety**
- **Credit markets generally hold their ground, benefiting from position in cap structure and declining Treasury yields**
- **A “tale of two quarters” for commodities as gold, oil and metals drop due to slowing economic growth while grains rise due to U.S. drought.**

- **Diversify broadly – many global risks remain**
 - Risk balanced -> risk parity
 - Hedge known liabilities and uncompensated risks
- **Allocate to attractive segments of risky assets**
 - Emerging markets, particularly small cap stocks and local currency debt
 - Credit, particularly less liquid and more complex segments
 - European and other distressed markets
- **Be prepared to be dynamic**
- **Use active strategies to enhance returns.**

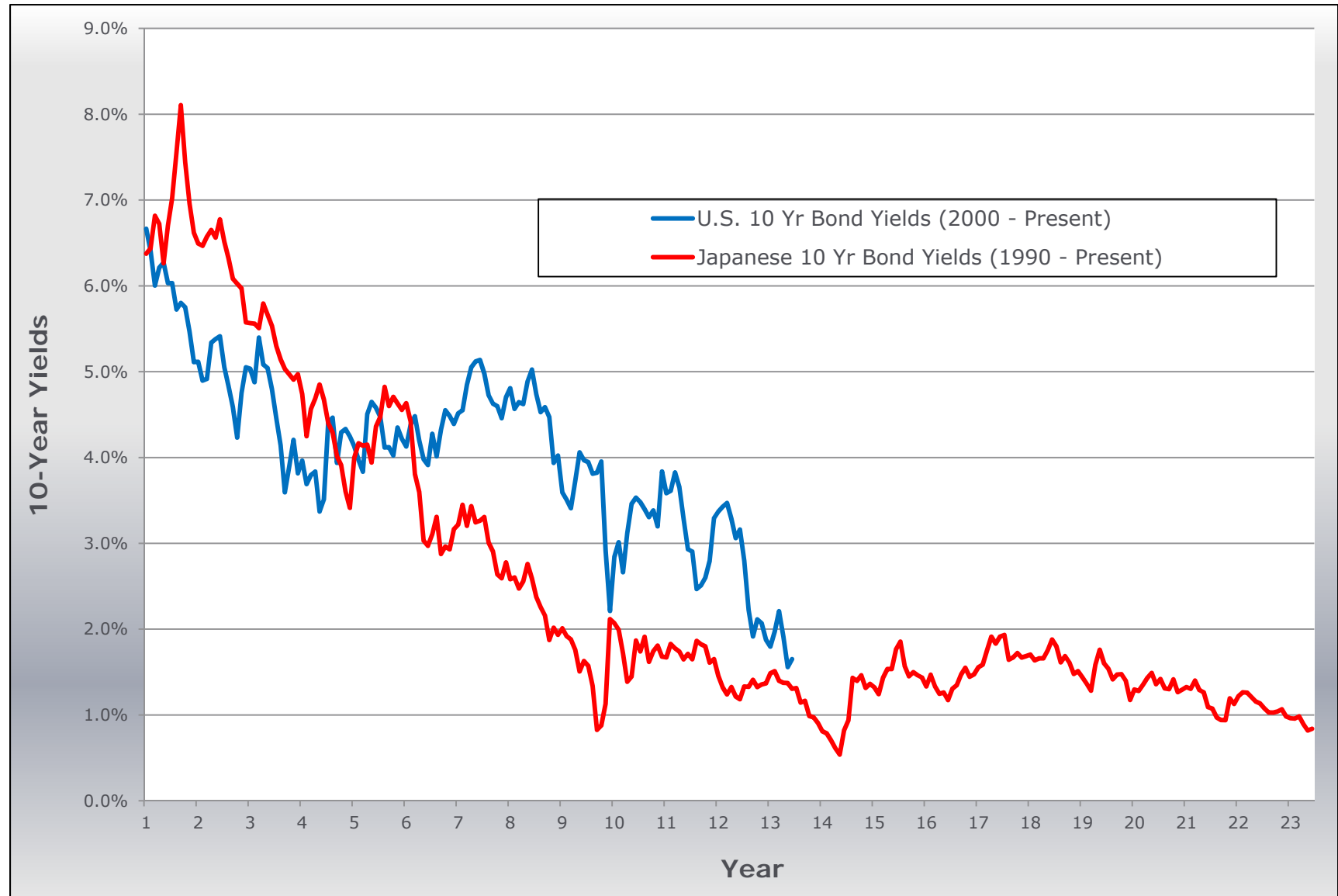
Treasury Yields at Secular Lows



Source: U.S. Treasury

City of San Jose Police and Fire Department Retirement Plan

Japan and U.S. 10-Year Bond Yields

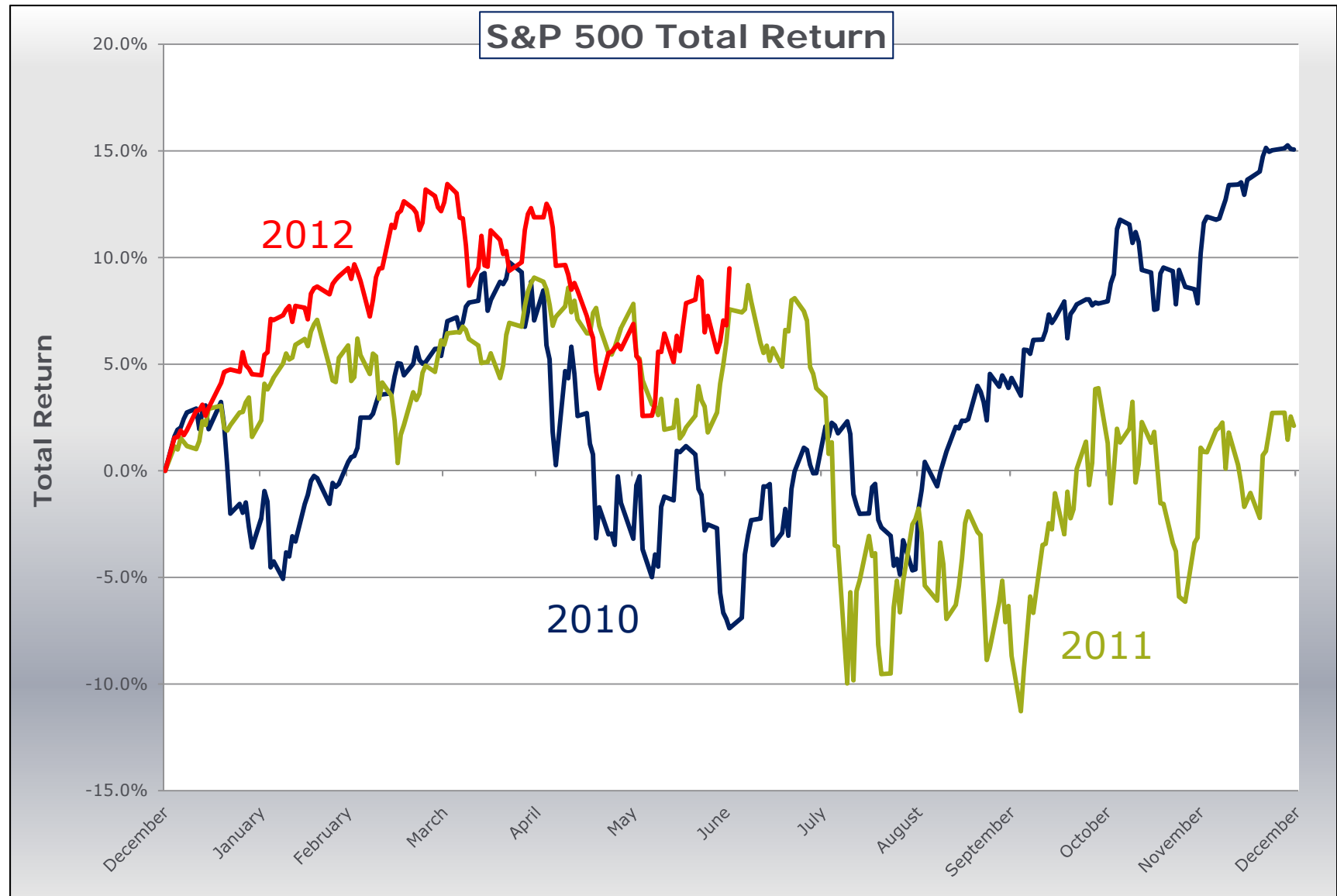


Source: Bloomberg



NEPC, LLC

June 30, 2012

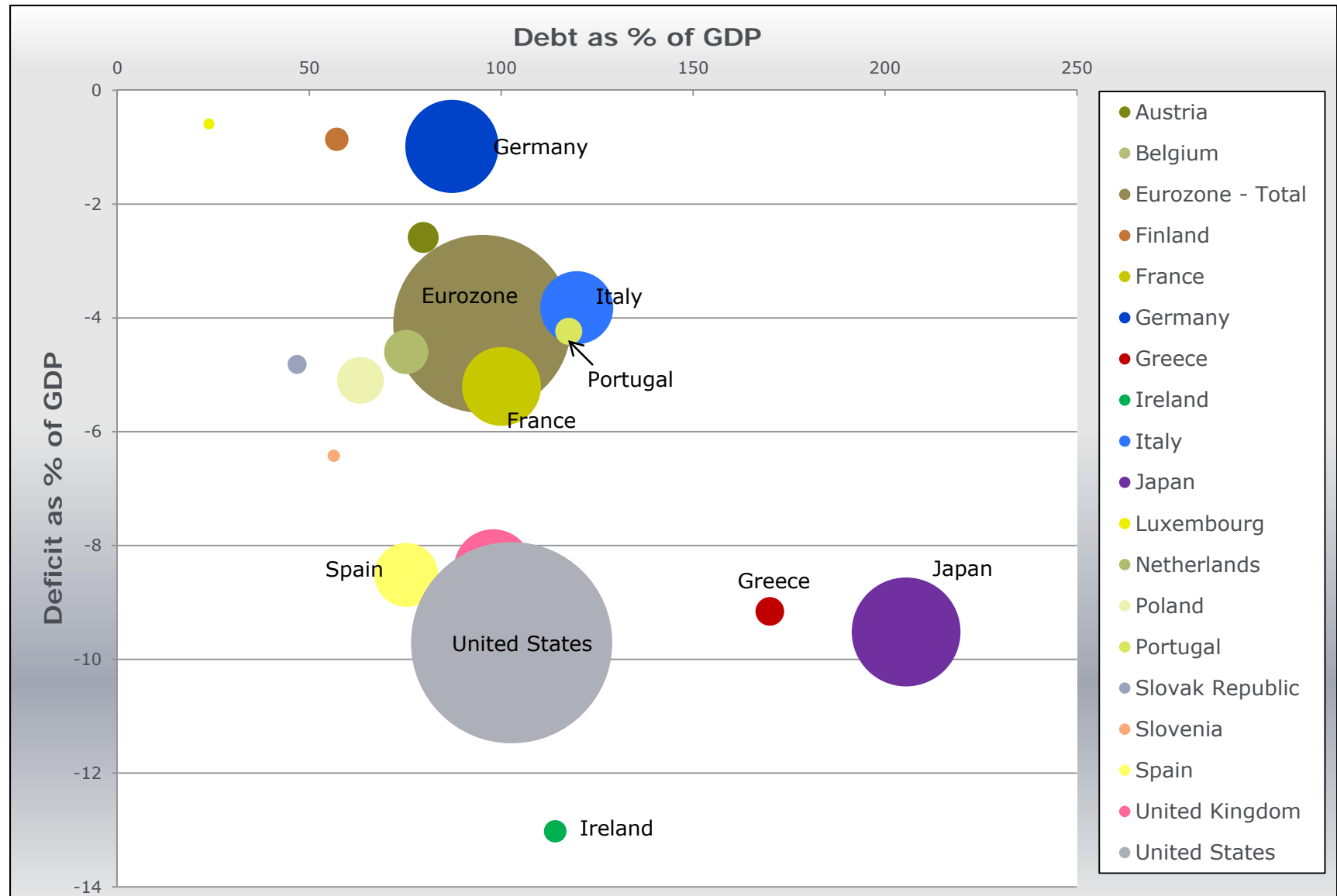


Source: Bloomberg



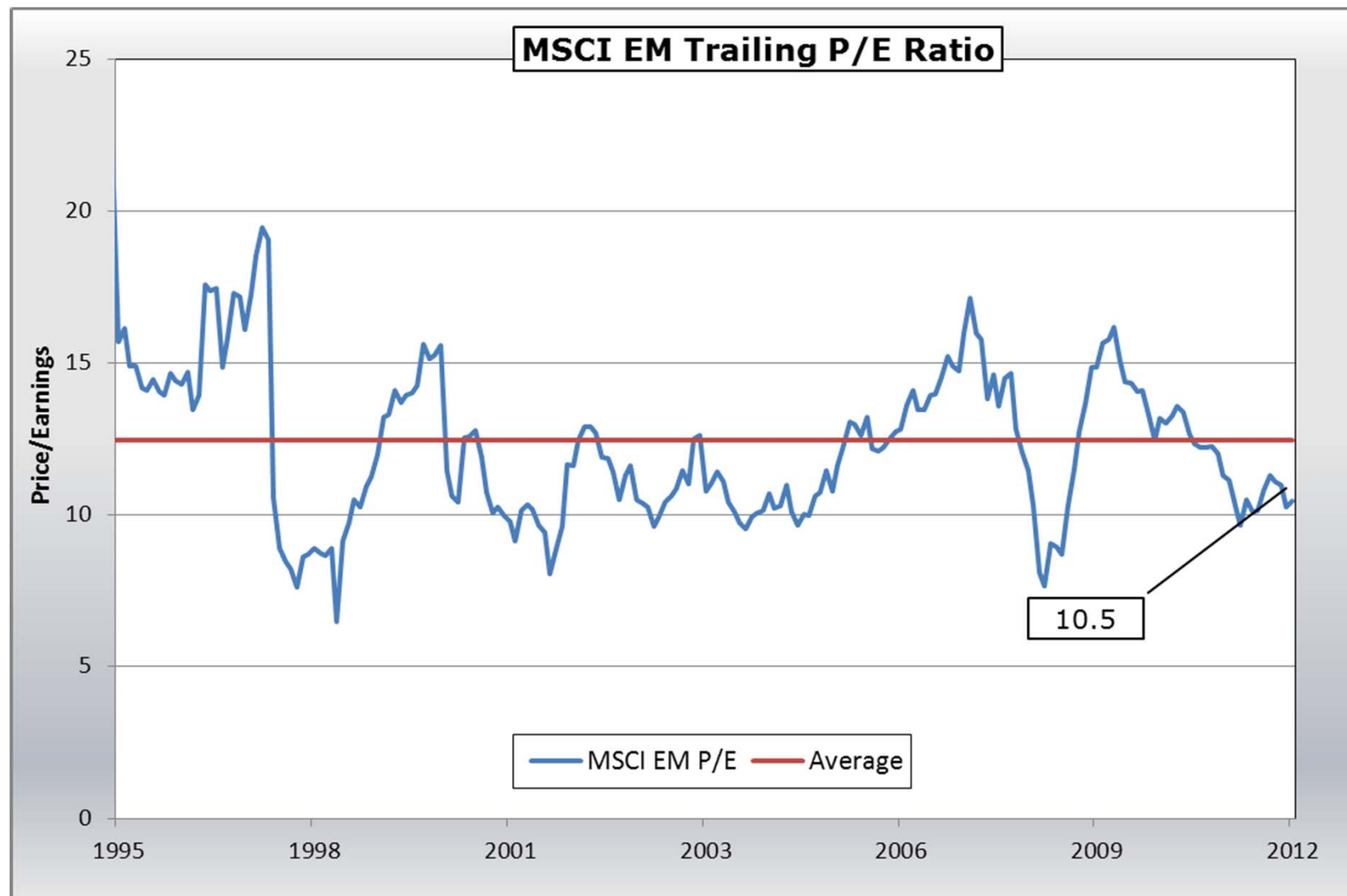
NEPC, LLC

June 30, 2012



Source: OECD

- **Extension of current approach: “Kick the can down the road”**
 - ECB offers third LTRO and renews buying of Periphery sovereign debt
 - Allow ESFS/ESM support structures to lend directly to Eurozone banks
 - **Progression to a Fiscal Union**
 - Creation of a pan-Eurozone FDIC
 - Some form of Eurozone debt sharing; “Eurobonds”
 - Pan-Eurozone stimulus plan
 - **Total chaos**
 - Complete dissolution of Eurozone, depression spreading globally, social upheaval, etc.
- **The situation is very fluid and changes on a day-to-day basis**
 - Risk of one or two countries leaving the Euro within the next twelve months has increased meaningfully. Risk can be contained with proper policy response from ECB and remaining Eurozone members
 - Requires a political solution and ultimately some form of loss sharing agreement between Periphery and Core Eurozone members
 - Rational outcome is some form of fiscal consolidation to protect Spain and Italy
 - Lack of political will could lead to destabilizing fracturing of Eurozone



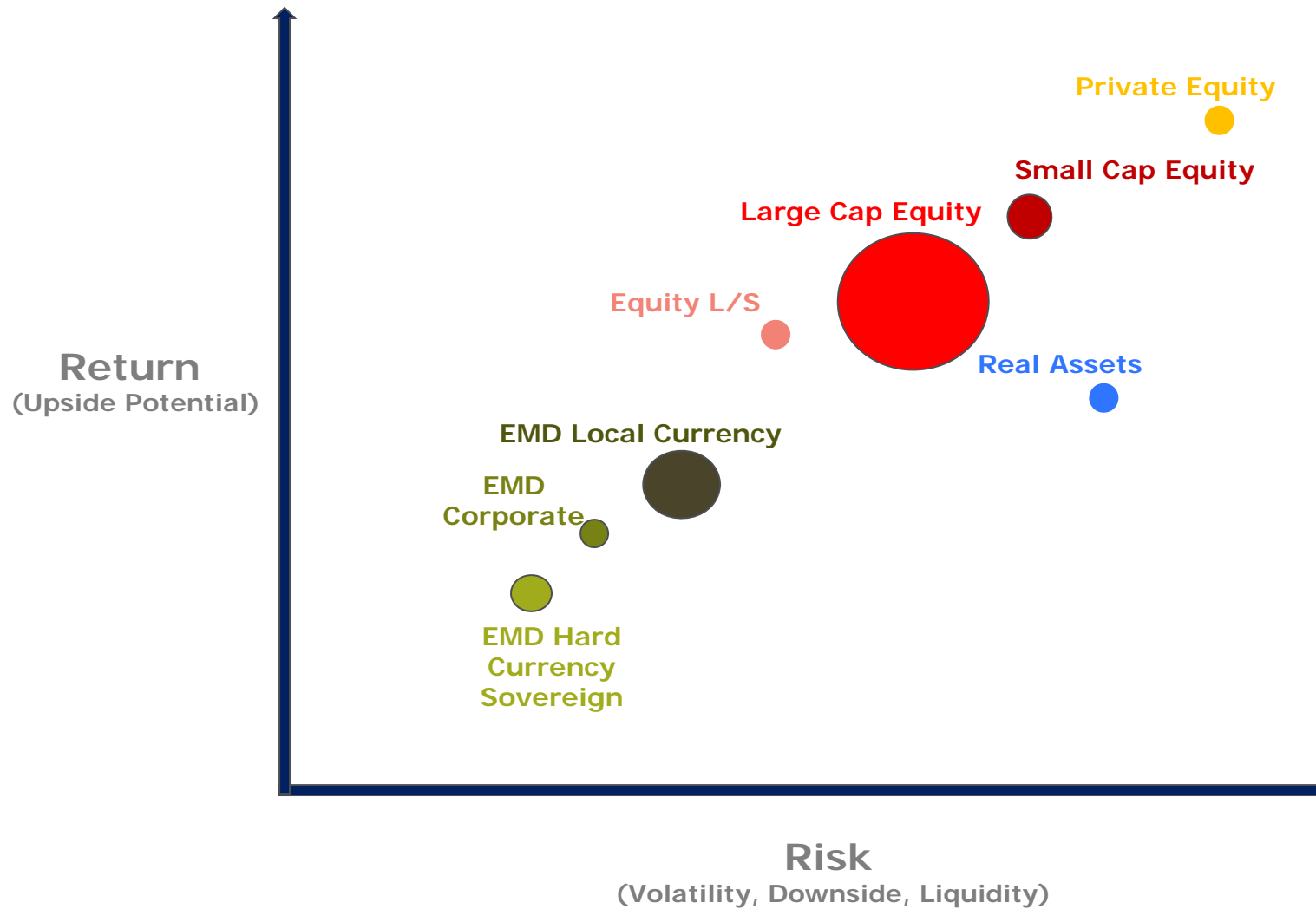
Source: Bloomberg



NEPC, LLC

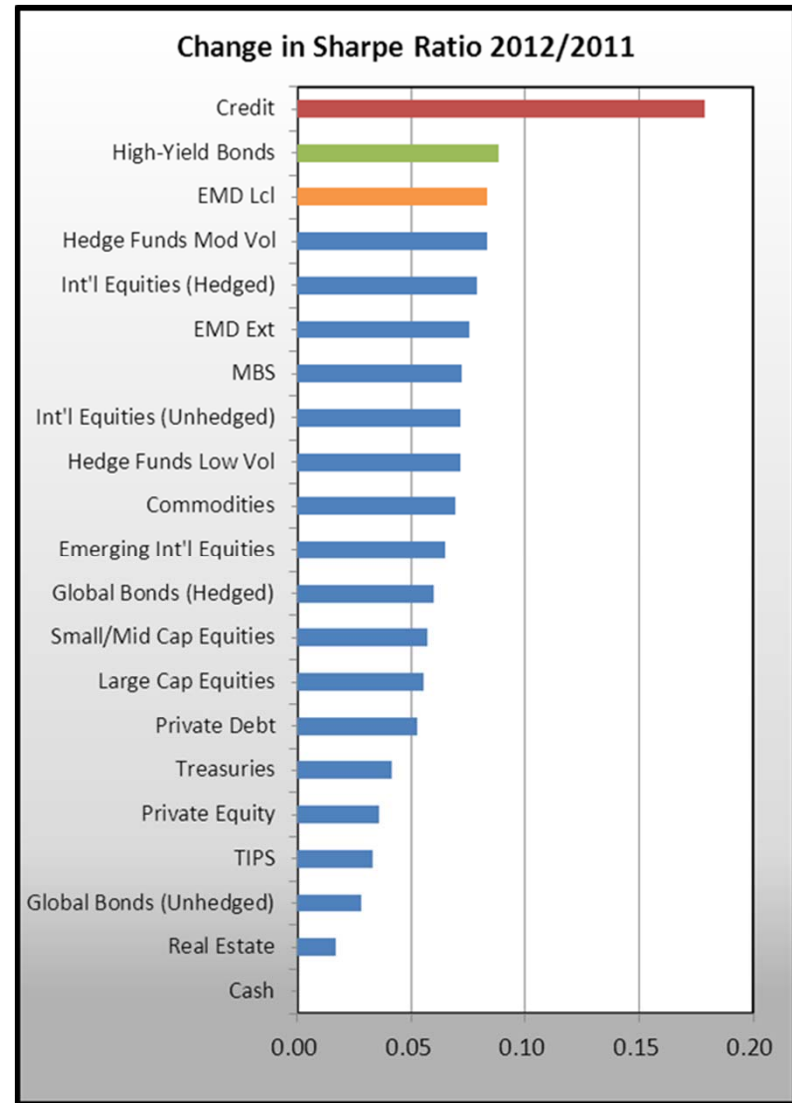
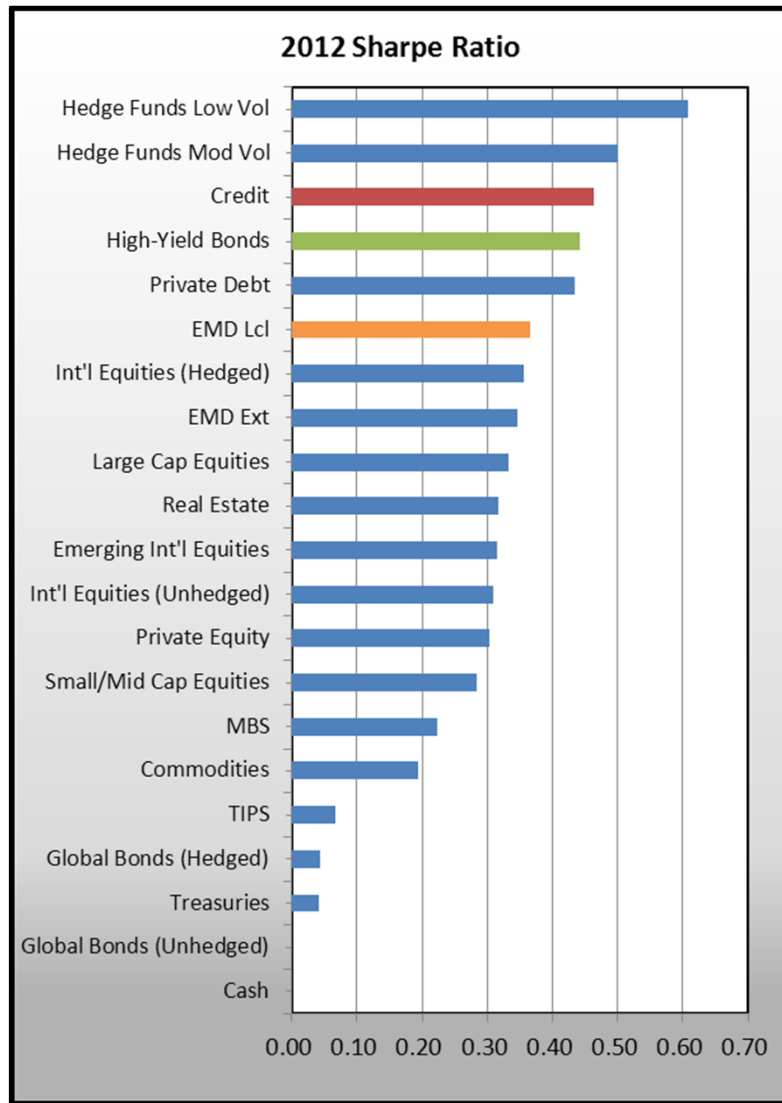
June 30, 2012

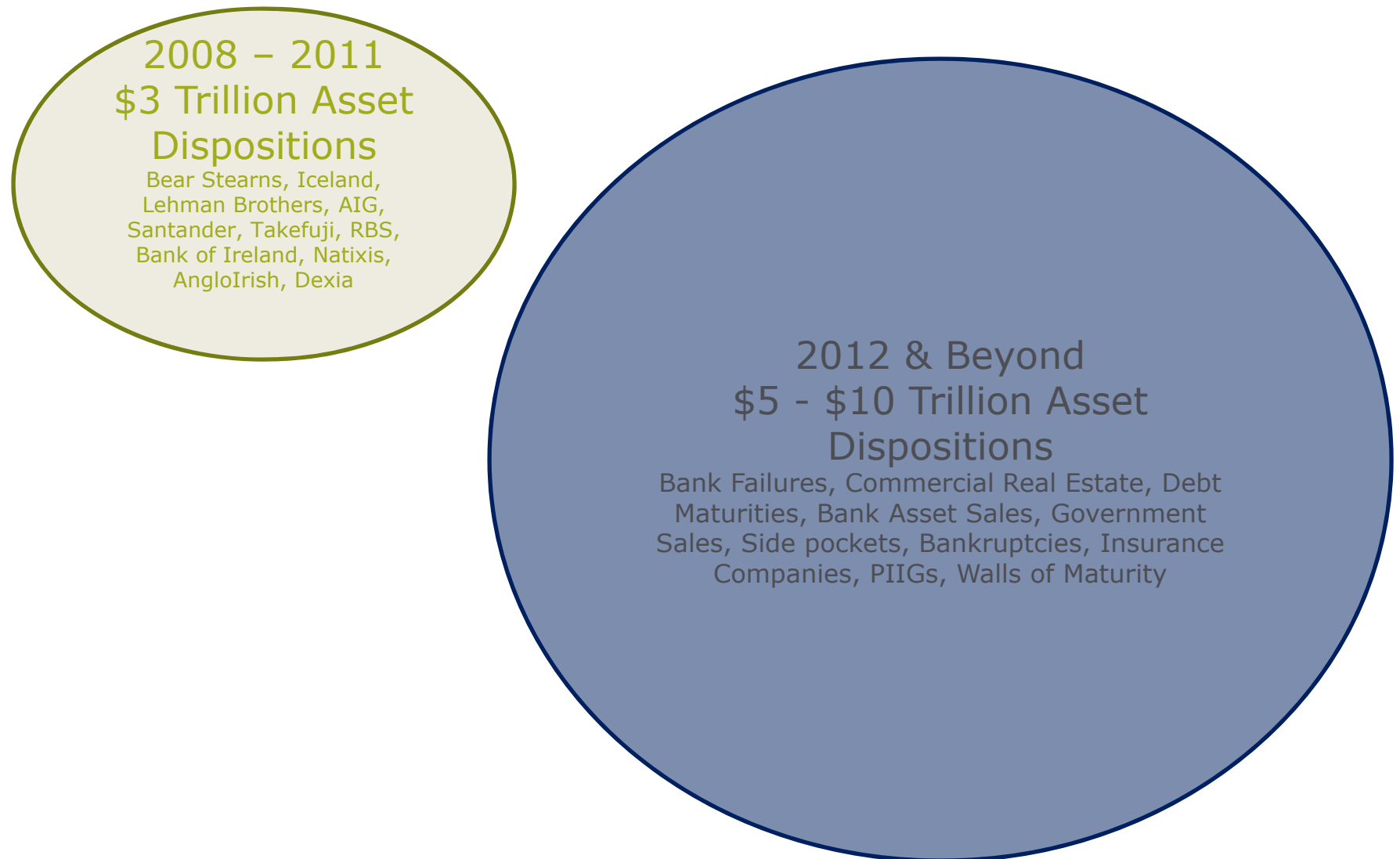
City of San Jose Police and Fire Department Retirement Plan
The Emerging Markets Investment Opportunity Set



City of San Jose Police and Fire Department Retirement Plan

Relative Asset Class Attractiveness – Credit Stands Out





Source: Investment Manager Estimates

- **What is LIBOR?**

- The London Inter-Bank Offer Rate is the average interest rate at which banks expect they could borrow from other banks
- It is calculated daily at 11 AM (in London) for 15 maturities in 10 currencies

- **How is LIBOR used?**

- LIBOR is one of the main rates used to determine borrowing costs for loans such as mortgages, student loans, and for derivatives transactions

- **What happened?**

- Barclays paid \$450 million in fines to the U.K. and U.S. to settle accusations that it manipulated LIBOR:
 - From 2005-2007 for the benefit of Barclays' traders (submitting an artificially high rate)
 - In 2008, to overstate the health of the bank during the financial crisis (submitting an artificially low rate)

- **Next steps**

- This is a complex and evolving situation
- It is likely that there will be additional settlements with financial institutions as well as follow-on legal action
- It is difficult to assess the impact of the scandal, or the costs or benefits to market participants
- It is unclear at this time if institutional investors should be taking any specific actions
- We are watching the situation closely and will keep abreast of any implications for clients

City of San Jose Police and Fire Department Retirement Plan

Total Fund Performance Summary

	Market Value	3 Mo Rank	YTD Rank	1 Yr Rank	2 Yrs Rank	3 Yrs Rank	5 Yrs Rank	10 Yrs Rank	15 Yrs Rank	20 Yrs Rank	25 Yrs Rank	Return	Since										
Total Fund	\$2,654,365,686	-1.9%	58	4.6%	93	-0.1%	86	8.8%	99	10.6%	75	1.0%	72	6.6%	40	6.6%	18	8.0%	29	8.6%	--	8.8%	Mar-71
Policy Benchmark		-1.7%	46	4.1%	95	1.3%	31	10.5%	68	11.1%	68	1.1%	70	6.5%	53	6.3%	32	--	--	--	--	--	Mar-71
Allocation Index		-2.0%	64	4.0%	96	-0.1%	87	9.1%	98	10.6%	75	1.3%	63	6.6%	40	--	--	--	--	--	--	--	Mar-71
60% S&P 500 / 40% BC Agg		-0.8%	13	6.7%	7	6.7%	1	12.9%	1	12.9%	9	3.3%	5	5.8%	86	5.7%	71	7.9%	37	8.8%	--	--	Mar-71
ICC Public DB > \$1B Median		-1.8%		5.9%		0.8%		11.1%		11.6%		1.6%		6.5%		6.1%		7.8%		--		--	Mar-71

Summary of Investment Results

For the fiscal year ending June 30, 2012, the Fund experienced a net investment loss of \$7.7 million, which includes a net investment loss of \$54.3 million in the second calendar quarter. Assets decreased from \$2.68 billion 12 months ago to \$2.65 billion on June 30, 2012, with \$20.3 million in net distributions during the year.

The Fund's allocation to real estate was below its lower policy range as of June 30, 2012.

Note: All performance, ranks, asset allocation and asset growth detailed above and throughout this report are as of June 30, 2012, unless otherwise noted, and take into account an unrealized loss of \$2,496,239 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.

5 Years Ending June 30, 2012

	Anlzd Ret	Rank	Anlzd Std Dev	Rank	Sharpe Ratio	Rank	Sortino Ratio	Rank
Total Fund	1.0%	72	12.5%	58	0.0	71	0.1	74
Policy Benchmark	1.1%	70	11.8%	38	0.0	70	0.1	69
60% S&P 500 / 40% BC Agg	3.3%	5	11.7%	37	0.2	5	0.4	5
ICC Public DB > \$1B Median	1.6%	--	12.3%	--	0.1	--	0.2	--

3 Years Ending June 30, 2012

	Anlzd Ret	Rank	Anlzd Std Dev	Rank	Sharpe Ratio	Rank	Sortino Ratio	Rank
Total Fund	10.6%	75	9.4%	41	1.1	64	1.9	52
Policy Benchmark	11.1%	68	9.0%	25	1.2	26	2.1	22
60% S&P 500 / 40% BC Agg	12.9%	9	9.4%	41	1.4	13	2.5	9
ICC Public DB > \$1B Median	11.6%	--	9.7%	--	1.1	--	1.9	--

1 Year Ending June 30, 2012

	Anlzd Ret	Rank	Anlzd Std Dev	Rank	Sharpe Ratio	Rank	Sortino Ratio	Rank
Total Fund	-0.1%	86	11.3%	52	0.0	86	0.0	87
Policy Benchmark	1.3%	31	10.4%	35	0.1	30	0.2	29
60% S&P 500 / 40% BC Agg	6.7%	1	10.4%	35	0.6	2	1.2	3
ICC Public DB > \$1B Median	0.8%	--	11.2%	--	0.1	--	0.1	--



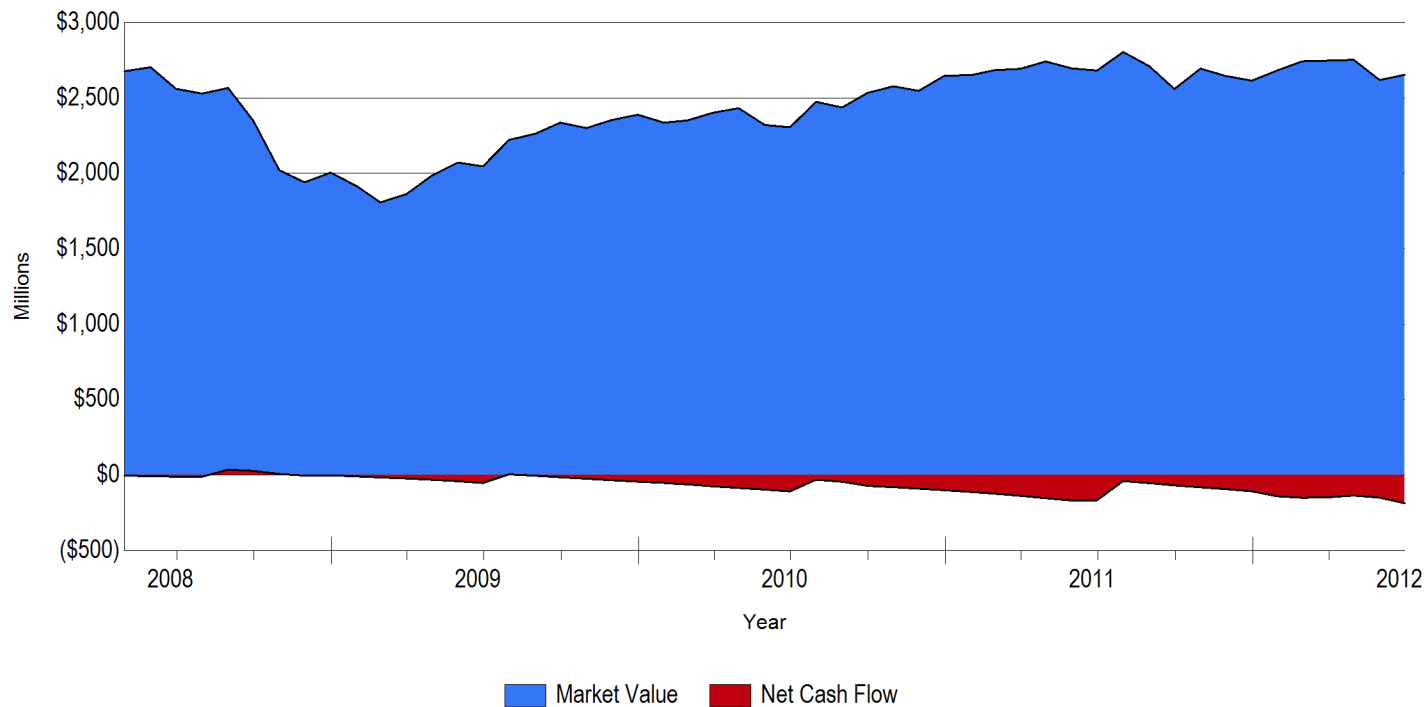
NEPC, LLC

June 30, 2012

City of San Jose Police and Fire Department Retirement Plan

Total Fund Asset Growth Summary

Market Value History
Since NEPC began tracking performance, April 1, 2008 thru June 30, 2012

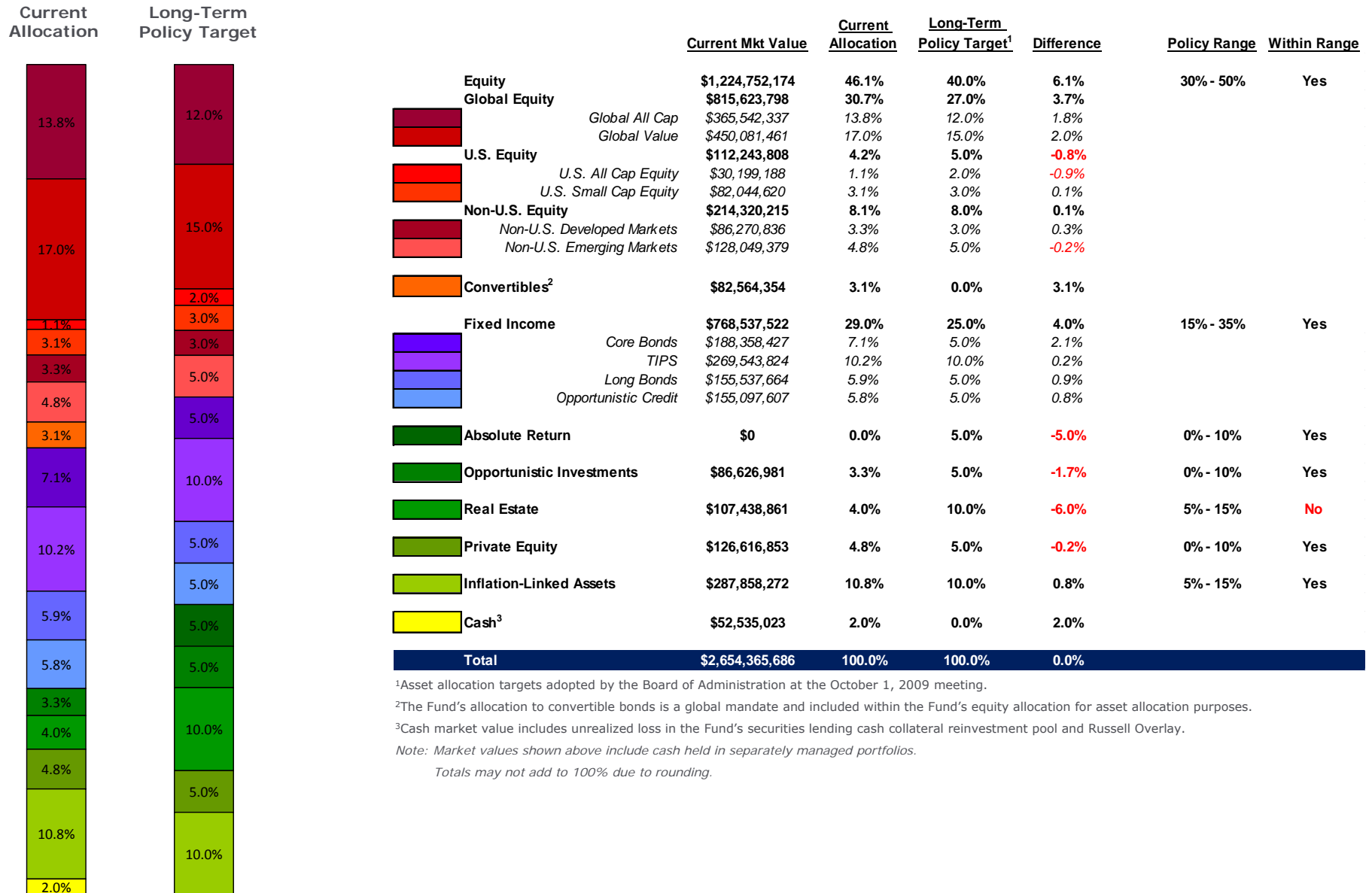


	Last Three Months	Year-To-Date	One Year	Three Years	Inputted Date 4/1/08
Beginning Market Value	\$2,748,359,436	\$2,615,156,201	\$2,682,332,482	\$2,046,869,889	\$2,583,363,926
- Withdrawals	-\$142,490,209	-\$385,286,046	-\$2,978,254,111	-\$6,503,898,047	-\$7,224,771,120
+ Contributions	\$102,791,825	\$305,479,294	\$2,957,926,760	\$6,369,125,738	\$7,036,954,233
= Net Cash Flow	-\$39,698,384	-\$79,806,751	-\$20,327,351	-\$134,772,309	-\$187,816,887
+ Net Investment Change	-\$54,295,365	\$119,016,237	-\$7,639,445	\$742,268,106	\$258,818,647
= Ending Market Value	\$2,654,365,686	\$2,654,365,686	\$2,654,365,686	\$2,654,365,686	\$2,654,365,686



City of San Jose Police and Fire Department Retirement Plan

Total Fund Asset Allocation vs. Policy Targets



¹Asset allocation targets adopted by the Board of Administration at the October 1, 2009 meeting.

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

³Cash market value includes unrealized loss in the Fund's securities lending cash collateral reinvestment pool and Russell Overlay.

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

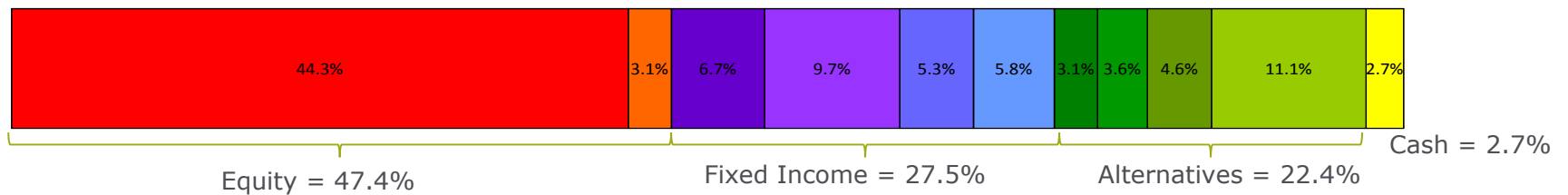
Totals may not add to 100% due to rounding.

Asset Allocation – Beginning of the Quarter

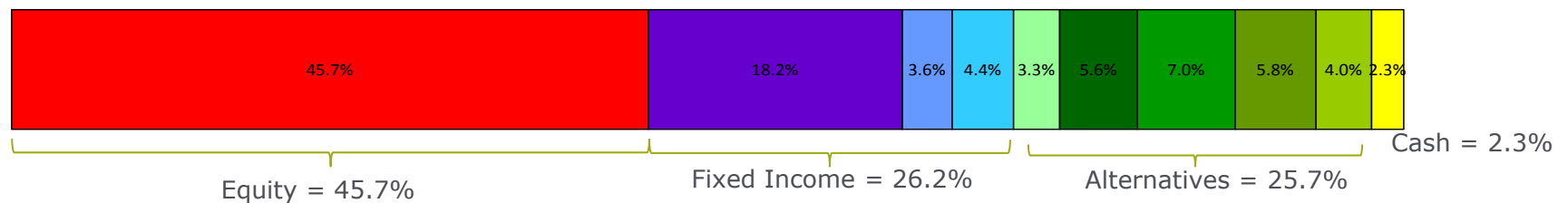
Long-Term Policy Target



Actual Asset Allocation



Average Asset Allocation of Public Funds > \$1 Billion



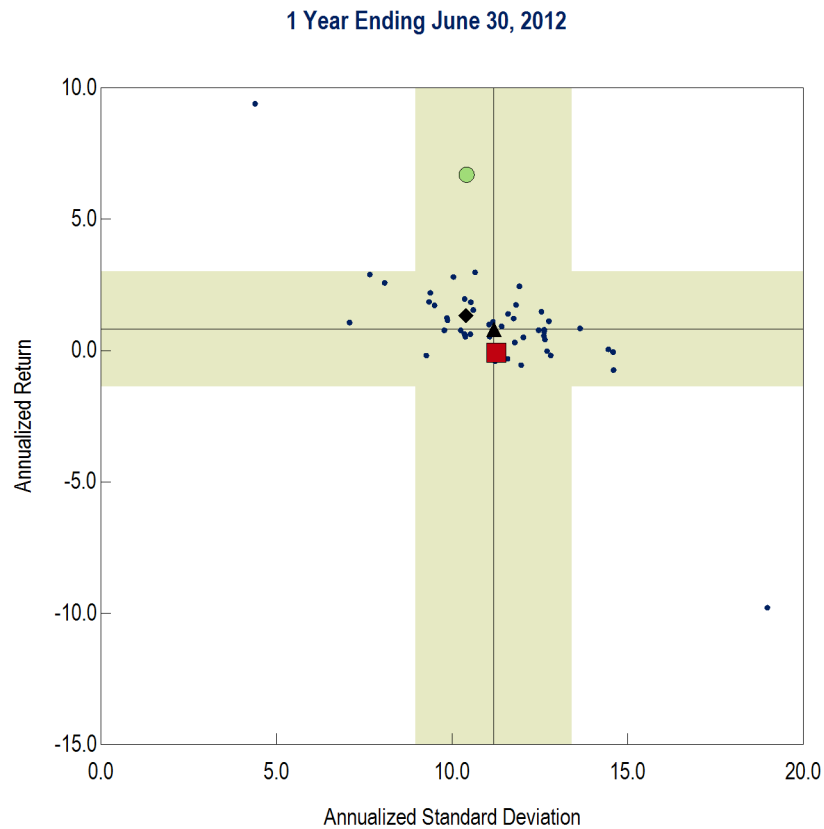
Cash	Inflation-Linked Assets	Private Equity	Real Estate	Opportunistic Investments
Absolute Return	GAA	EMD	Opportunistic Credit	Long Bonds
TIPS	Core Bonds	Convertibles	Global Equity	

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

Totals may not add to 100% due to rounding.

City of San Jose Police and Fire Department Retirement Plan

Total Fund Risk/Return



- Total Fund
- ◆ Policy Benchmark
- 60% S&P 500 / 40% BC Agg
- ▲ Universe Median
- 68% Confidence Interval
- ICC Public DB > \$1B



- Total Fund
- ◆ Policy Benchmark
- 60% S&P 500 / 40% BC Agg
- ▲ Universe Median
- 68% Confidence Interval
- ICC Public DB > \$1B

Note: Performance shown is gross of fees.



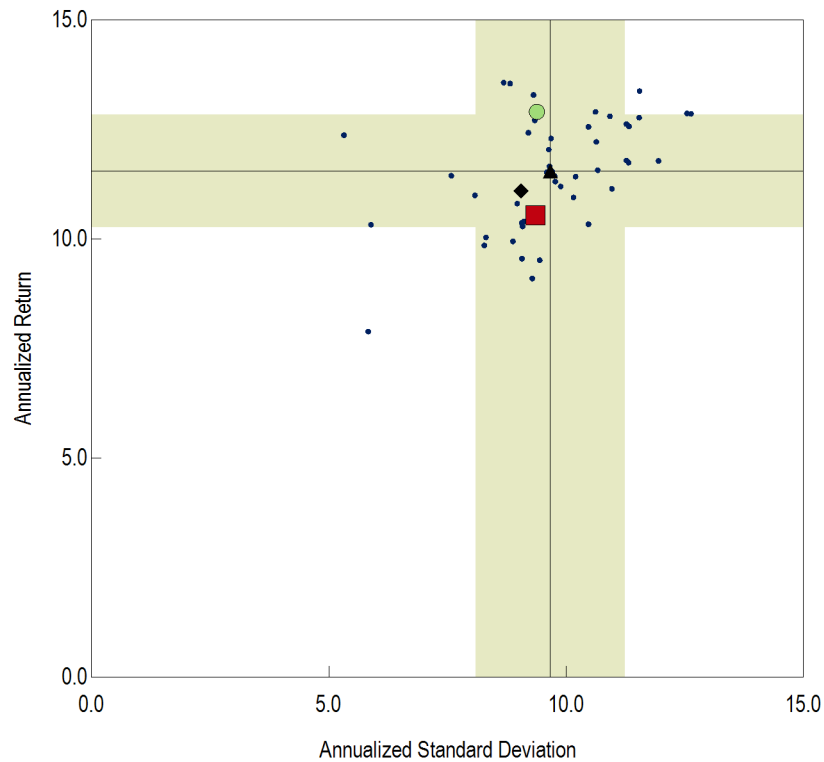
NEPC, LLC

June 30, 2012

City of San Jose Police and Fire Department Retirement Plan

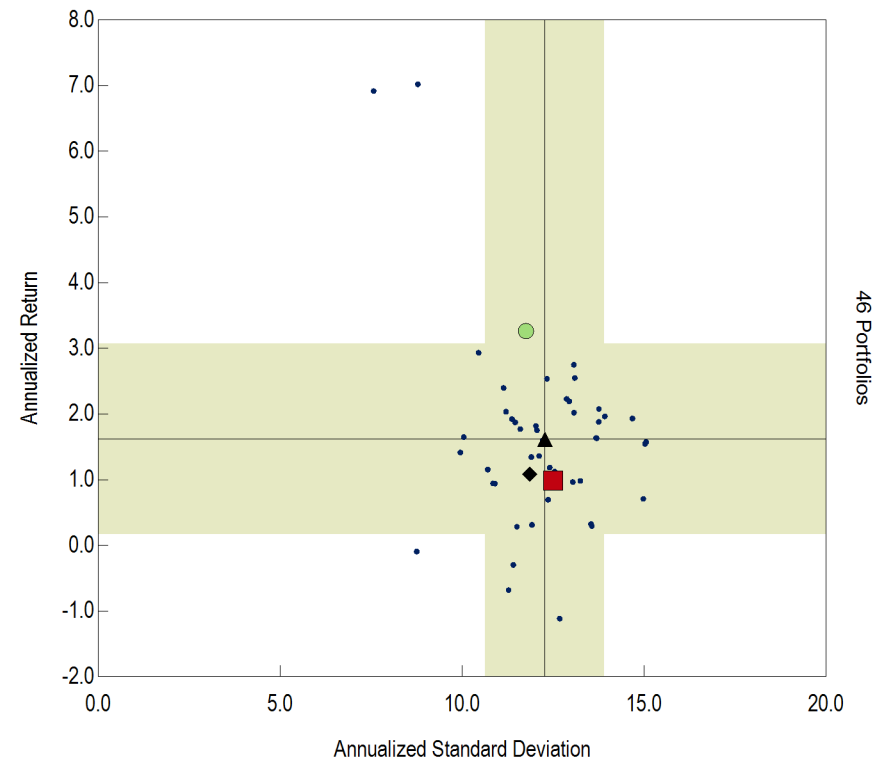
Total Fund Risk/Return

3 Years Ending June 30, 2012



- Total Fund
- ◆ Policy Benchmark
- 60% S&P 500 / 40% BC Agg
- ▲ Universe Median
- 68% Confidence Interval
- ICC Public DB > \$1B

5 Years Ending June 30, 2012



- Total Fund
- ◆ Policy Benchmark
- 60% S&P 500 / 40% BC Agg
- ▲ Universe Median
- 68% Confidence Interval
- ICC Public DB > \$1B

Note: Performance shown is gross of fees.



NEPC, LLC

June 30, 2012

Total Fund Risk Statistics vs. Peer Universe

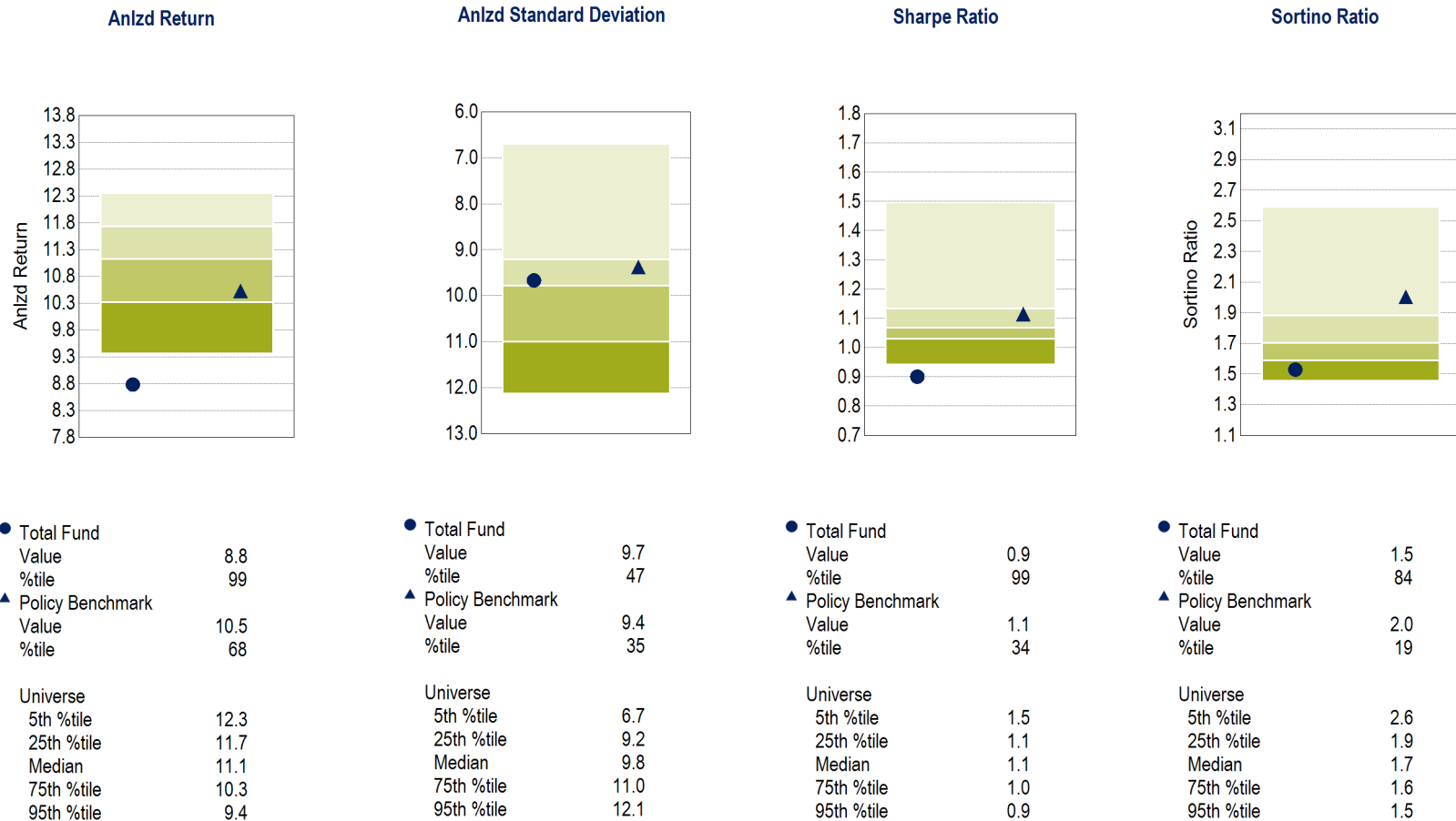
Total Fund vs. ICC Public DB > \$1B 1 Year



Note: Performance shown is gross of fees.

Total Fund Risk Statistics vs. Peer Universe

Total Fund vs. ICC Public DB > \$1B 2 Years



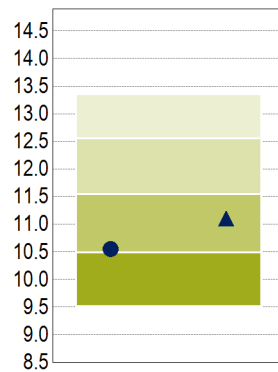
Note: Performance shown is gross of fees.

Total Fund Risk Statistics vs. Peer Universe

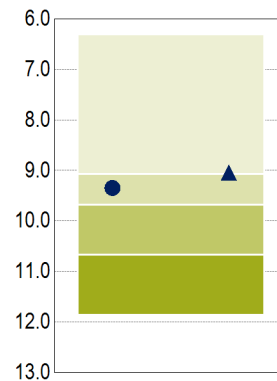
Total Fund vs. ICC Public DB > \$1B

3 Years

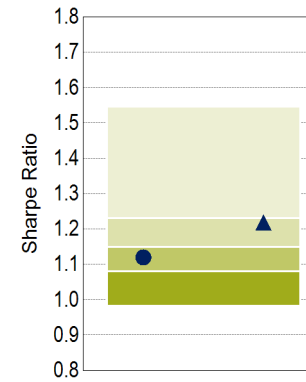
Anlzd Return



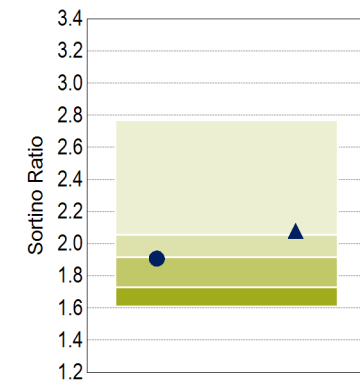
Anlzd Standard Deviation



Sharpe Ratio



Sortino Ratio



● Total Fund	
Value	10.6
%tile	75
▲ Policy Benchmark	
Value	11.1
%tile	68
Universe	
5th %tile	13.4
25th %tile	12.6
Median	11.6
75th %tile	10.5
95th %tile	9.5

● Total Fund	
Value	9.4
%tile	41
▲ Policy Benchmark	
Value	9.0
%tile	25
Universe	
5th %tile	6.3
25th %tile	9.1
Median	9.7
75th %tile	10.7
95th %tile	11.8

● Total Fund	
Value	1.1
%tile	64
▲ Policy Benchmark	
Value	1.2
%tile	26
Universe	
5th %tile	1.5
25th %tile	1.2
Median	1.1
75th %tile	1.1
95th %tile	1.0

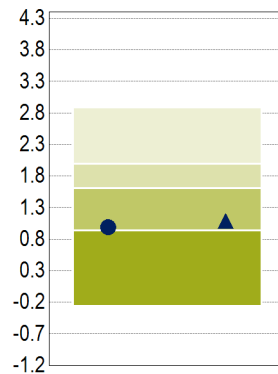
● Total Fund	
Value	1.9
%tile	52
▲ Policy Benchmark	
Value	2.1
%tile	22
Universe	
5th %tile	2.8
25th %tile	2.1
Median	1.9
75th %tile	1.7
95th %tile	1.6

Note: Performance shown is gross of fees.

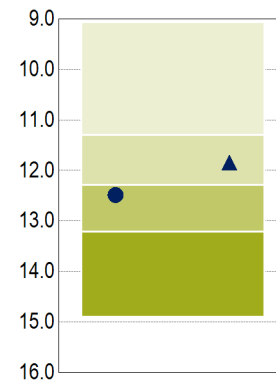
Total Fund Risk Statistics vs. Peer Universe

Total Fund vs. ICC Public DB > \$1B 5 Years

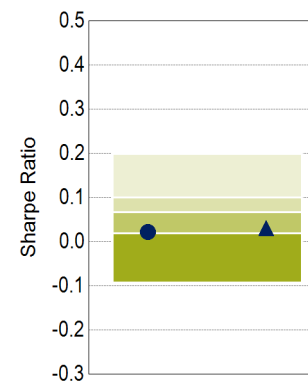
Anlzd Return



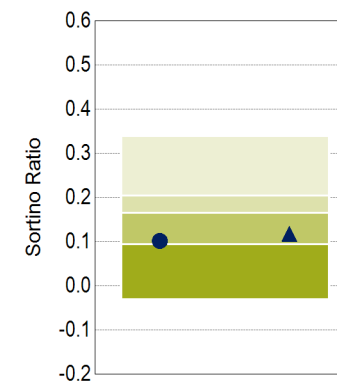
Anlzd Standard Deviation



Sharpe Ratio



Sortino Ratio



● Total Fund
Value 1.0
%tile 72
▲ Policy Benchmark
Value 1.1
%tile 70

Universe
5th %tile 2.9
25th %tile 2.0
Median 1.6
75th %tile 0.9
95th %tile -0.2

● Total Fund
Value 12.5
%tile 58
▲ Policy Benchmark
Value 11.8
%tile 38

Universe
5th %tile 9.1
25th %tile 11.3
Median 12.3
75th %tile 13.2
95th %tile 14.9

● Total Fund
Value 0.0
%tile 71
▲ Policy Benchmark
Value 0.0
%tile 70

Universe
5th %tile 0.2
25th %tile 0.1
Median 0.1
75th %tile 0.0
95th %tile -0.1

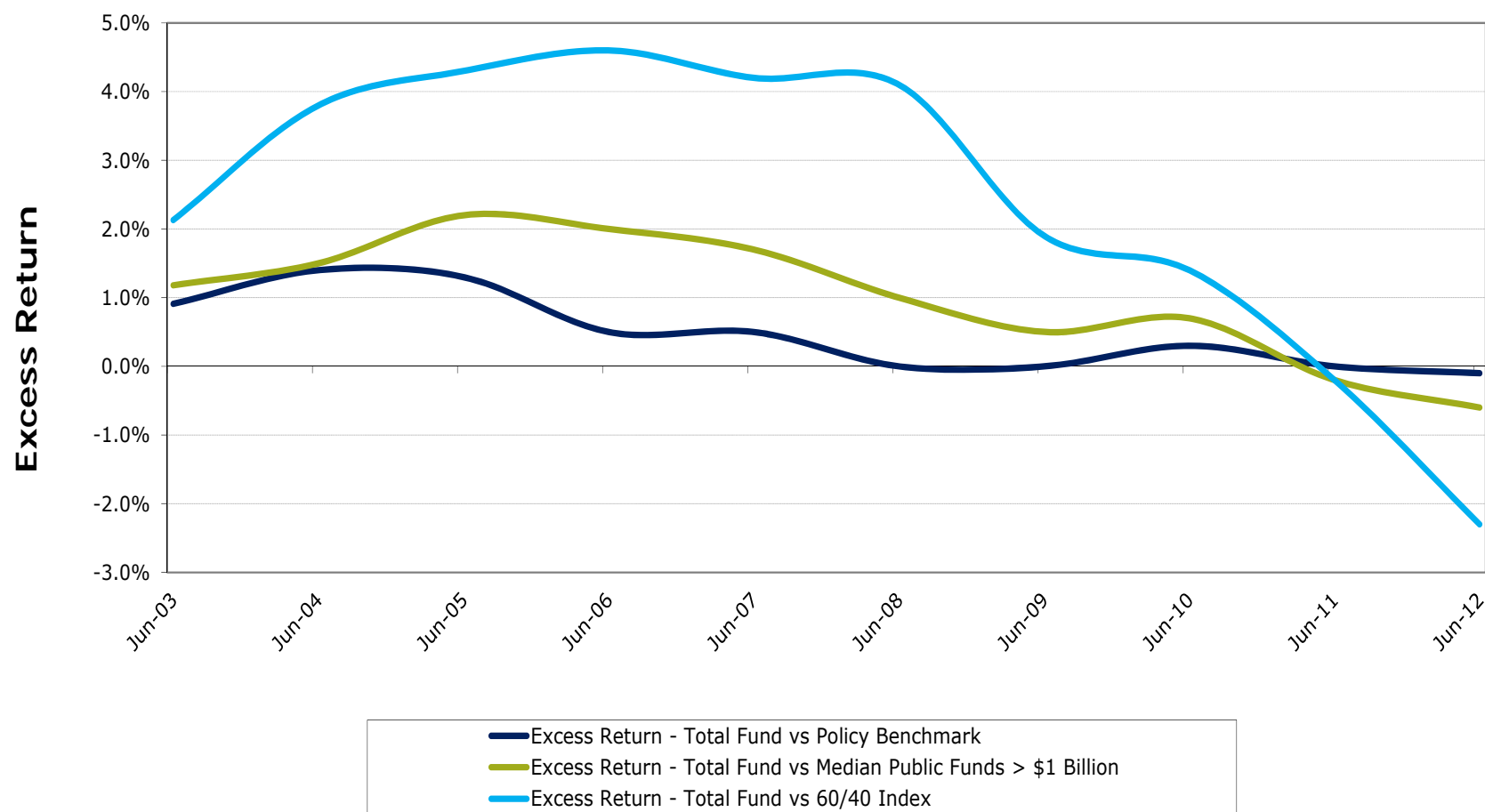
● Total Fund
Value 0.1
%tile 74
▲ Policy Benchmark
Value 0.1
%tile 69

Universe
5th %tile 0.3
25th %tile 0.2
Median 0.2
75th %tile 0.1
95th %tile 0.0

Note: Performance shown is gross of fees.

City of San Jose Police and Fire Department Retirement Plan

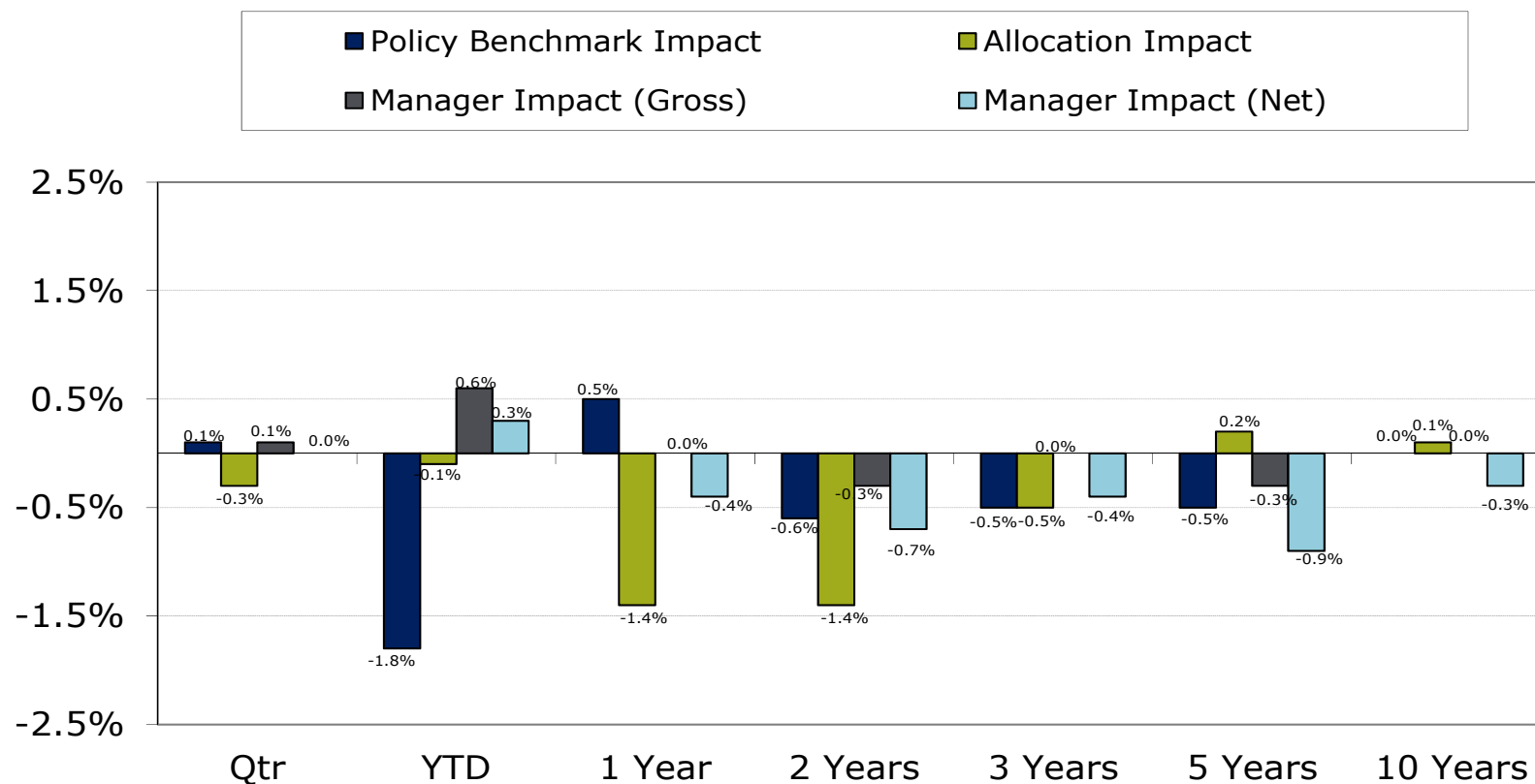
Total Fund Rolling 5-Year Excess Returns



*Note: Excess return vs. Public Funds > \$1 Billion from 2005 – present. Excess return vs. Public Funds prior to 2004.
Returns are gross of fees.*

City of San Jose Police and Fire Department Retirement Plan

Total Fund Performance Attribution



Policy 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 Plan 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 Composite is calculated by multiplying the actual asset class weights times the actual manager return. The allocation index is then subtracted from the Composite. The result, manager impact, measures the contribution of active management.

Note: Returns are gross of fees.

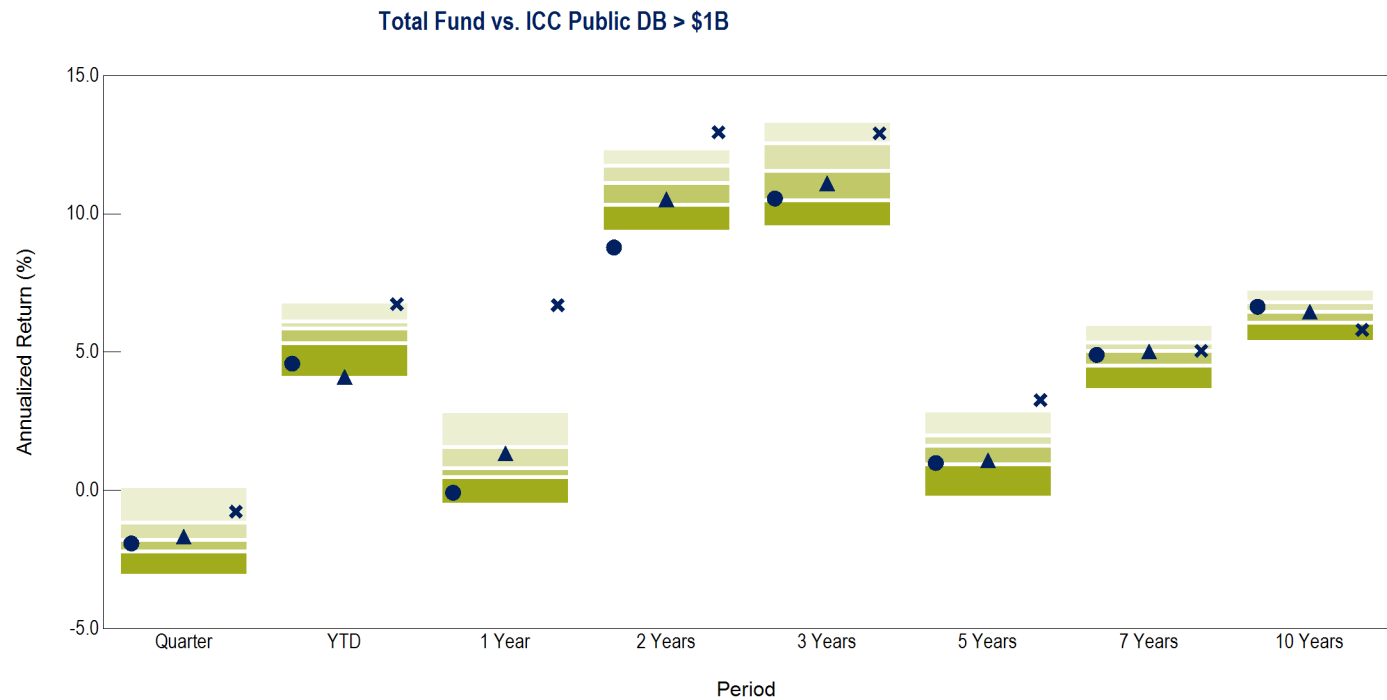


NEPC, LLC

June 30, 2012

City of San Jose Police and Fire Department Retirement Plan

Total Fund Return Summary vs. Peer Universe



	Return (Rank)							
5th Percentile	0.1	6.8	2.9	12.3	13.4	2.9	6.0	7.3
25th Percentile	-1.1	6.1	1.6	11.7	12.6	2.0	5.3	6.8
Median	-1.8	5.9	0.8	11.1	11.6	1.6	5.1	6.5
75th Percentile	-2.2	5.3	0.5	10.3	10.5	0.9	4.5	6.1
95th Percentile	-3.1	4.1	-0.5	9.4	9.5	-0.2	3.6	5.4
# of Portfolios	48	48	48	46	46	46	45	45
● Total Fund	-1.9 (58)	4.6 (93)	-0.1 (86)	8.8 (99)	10.6 (75)	1.0 (72)	4.9 (59)	6.6 (40)
▲ Policy Benchmark	-1.7 (46)	4.1 (95)	1.3 (31)	10.5 (68)	11.1 (68)	1.1 (70)	5.0 (52)	6.5 (53)
× 60% S&P 500 / 40% BC Agg	-0.8 (13)	6.7 (7)	6.7 (1)	12.9 (1)	12.9 (9)	3.3 (5)	5.0 (51)	5.8 (86)

Note: Performance shown is gross of fees.

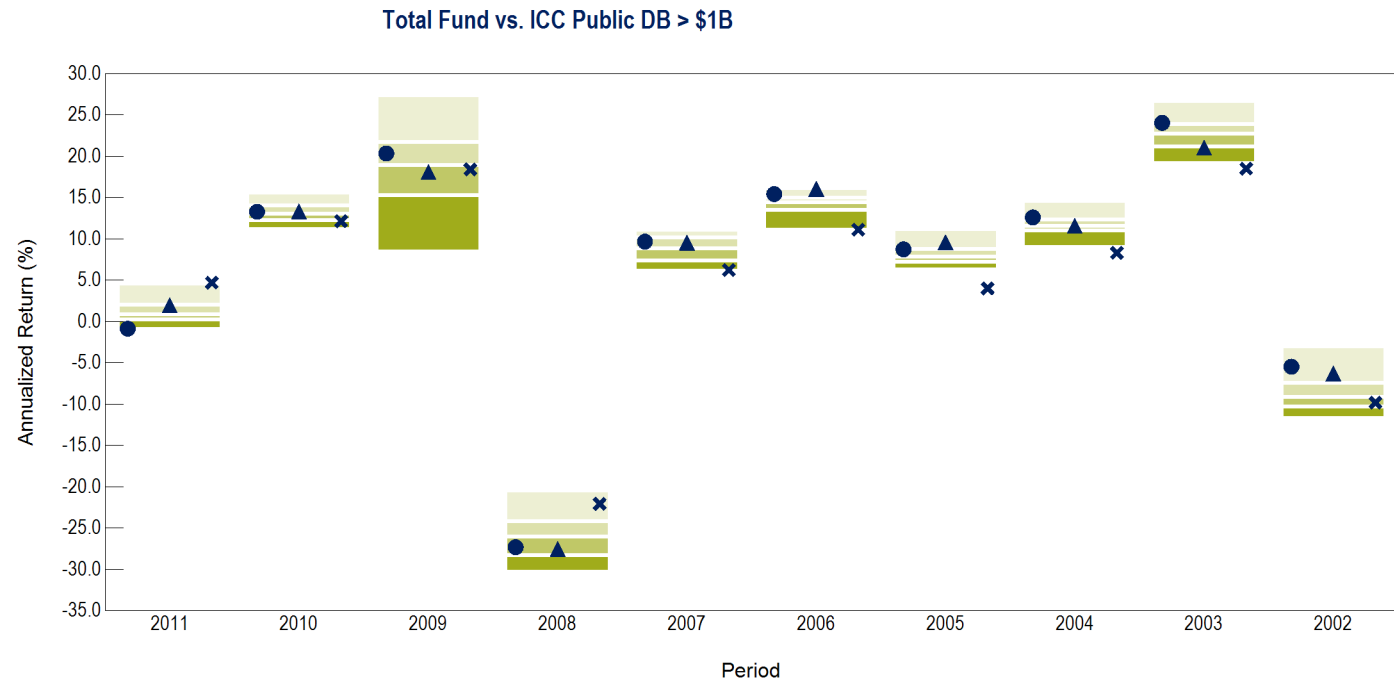


NEPC, LLC

June 30, 2012

City of San Jose Police and Fire Department Retirement Plan

Total Fund Return Summary vs. Peer Universe



	Return (Rank)									
5th Percentile	4.5	15.6	27.3	-20.5	11.0	16.1	11.1	14.6	26.7	-3.0
25th Percentile	2.1	14.1	21.8	-24.1	10.2	15.0	8.8	12.4	23.9	-7.4
Median	0.9	13.1	19.0	-26.0	8.9	14.4	7.9	11.6	22.8	-9.1
75th Percentile	0.3	12.3	15.3	-28.3	7.4	13.5	7.3	11.1	21.2	-10.3
95th Percentile	-0.8	11.2	8.5	-30.3	6.2	11.2	6.3	9.0	19.2	-11.6
# of Portfolios	65	64	64	64	64	64	63	63	63	64
● Total Fund	-0.9 (96)	13.3 (47)	20.3 (38)	-27.3 (68)	9.7 (40)	15.4 (16)	8.7 (32)	12.6 (19)	24.0 (24)	-5.5 (12)
▲ Policy Benchmark	2.0 (28)	13.3 (47)	18.1 (59)	-27.5 (70)	9.5 (41)	16.1 (6)	9.6 (17)	11.6 (54)	21.0 (80)	-6.3 (14)
× 60% S&P 500 / 40% BC Agg	4.7 (5)	12.1 (81)	18.4 (58)	-22.1 (10)	6.2 (95)	11.1 (96)	4.0 (99)	8.3 (99)	18.5 (96)	-9.8 (71)

Note: Performance shown is gross of fees.



NEPC, LLC

June 30, 2012

City of San Jose Police and Fire Department Retirement Plan

Total Fund Performance Detail

	Market Value (\$)	% of Portfolio	3 Mo (%)	Rank	YTD (%)	Rank	1 Yr (%)	Rank	2 Yrs (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	7 Yrs (%)	Rank	10 Yrs (%)	Rank	Return (%)	Since
Total Fund	2,654,365,686	100.0	-1.9	58	4.6	93	-0.1	86	8.8	99	10.6	75	1.0	72	4.9	59	6.6	40	8.8	Mar-71
Policy Benchmark			-1.7	46	4.1	95	1.3	31	10.5	68	11.1	68	1.1	70	5.0	52	6.5	53	--	Mar-71
Over/Under			-0.2		0.5		-1.4		-1.7		-0.5		-0.1		-0.1		0.1			
Allocation Index			-2.0	64	4.0	96	-0.1	87	9.1	98	10.6	75	1.3	63	5.3	34	6.6	40	--	Mar-71
60% S&P 500 / 40% BC Agg			-0.8	13	6.7	7	6.7	1	12.9	1	12.9	9	3.3	5	5.0	51	5.8	86	--	Mar-71
ICC Public DB > \$1B Median			-1.8		5.9		0.8		11.1		11.6		1.6		5.1		6.5		--	Mar-71
Total Fund Ex Overlay	2,627,872,128	99.0	-1.9	--	4.4	--	-0.3	--	8.7	--	10.5	--	1.0	--	4.9	--	6.6	--	8.9	Mar-71
Total Equity Composite (1)	1,224,752,174	46.1	-5.2	44	5.9	56	-5.5	48	10.6	61	12.0	50	--	--	--	--	--	--	0.3	Apr-08
MSCI ACWI (Net)			-5.6	50	5.7	60	-6.5	53	10.3	63	10.8	69	-2.7	68	3.7	77	5.7	80	-1.3	Apr-08
Over/Under			0.4		0.2		1.0		0.3		1.2								1.6	
eA All Global Equity Gross Median			-5.6		6.1		-6.2		11.7		12.0		-1.6		4.9		7.4		0.1	Apr-08
Global Equity Composite	815,623,798	30.7	-4.9	39	6.7	41	--	--	--	--	--	--	--	--	--	--	--	--	6.7	Jan-12
MSCI ACWI (Net)			-5.6	50	5.7	60	-6.5	53	10.3	63	10.8	69	-2.7	68	3.7	77	5.7	80	5.7	Jan-12
Over/Under			0.7		1.0														1.0	
eA All Global Equity Gross Median			-5.6		6.1		-6.2		11.7		12.0		-1.6		4.9		7.4		6.1	Jan-12
Russell MSCI ACWI	365,542,337	13.8	-5.0	39	7.4	33	--	--	--	--	--	--	--	--	--	--	--	--	7.4	Jan-12
MSCI ACWI (Net)			-5.6	50	5.7	60	-6.5	53	10.3	63	10.8	69	-2.7	68	3.7	77	5.7	80	5.7	Jan-12
Over/Under			0.6		1.7														1.7	
eA All Global Equity Gross Median			-5.6		6.1		-6.2		11.7		12.0		-1.6		4.9		7.4		6.1	Jan-12
Russell MSCI ACWI Value	450,081,461	17.0	-4.9	38	6.1	49	--	--	--	--	--	--	--	--	--	--	--	--	6.1	Jan-12
MSCI ACWI Value (Net)			-5.3	47	4.6	73	-7.8	64	8.8	73	9.6	77	-4.3	87	2.9	89	5.7	80	4.6	Jan-12
Over/Under			0.4		1.5														1.5	
eA All Global Equity Gross Median			-5.6		6.1		-6.2		11.7		12.0		-1.6		4.9		7.4		6.1	Jan-12

1 - Total Equity Composite includes \$823,619 of residual cash remaining in terminated manager accounts.

Note: Performance shown is gross of fees.

City of San Jose Police and Fire Department Retirement Plan

Total Fund Performance Detail

	Market Value (\$)	% of Portfolio	3 Mo (%)	Rank	YTD (%)	Rank	1 Yr (%)	Rank	2 Yrs (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	7 Yrs (%)	Rank	10 Yrs (%)	Rank	Return (%)	Since
Total U.S. Equity Composite (1)	112,243,808	4.2	-3.7	39	7.1	67	0.6	49	16.2	56	15.5	70	-0.4	77	3.7	84	5.7	82	7.9	Jun-95
Russell 3000			<u>-3.1</u>	30	<u>9.3</u>	35	<u>3.8</u>	27	<u>17.2</u>	43	<u>16.7</u>	54	<u>0.4</u>	65	<u>4.3</u>	72	<u>5.8</u>	79	<u>7.8</u>	Jun-95
Over/Under			-0.6		-2.2		-3.2		-1.0		-1.2		-0.8		-0.6		-0.1		0.1	
eA All US Equity Gross Median			-4.3		8.3		0.4		16.6		17.0		1.2		5.4		7.4		9.5	Jun-95
Rhumbline Russell 3000	30,179,688	1.1	-3.0	28	9.2	38	--	--	--	--	--	--	--	--	--	--	--	--	10.1	Dec-11
Russell 3000			<u>-3.1</u>	30	<u>9.3</u>	35	<u>3.8</u>	27	<u>17.2</u>	43	<u>16.7</u>	54	<u>0.4</u>	65	<u>4.3</u>	72	<u>5.8</u>	79	<u>10.2</u>	Dec-11
Over/Under			0.1		-0.1														-0.1	
eA All US Equity Gross Median			-4.3		8.3		0.4		16.6		17.0		1.2		5.4		7.4		8.6	Dec-11
RS Investments	82,044,620	3.1	-3.9	41	6.9	55	-5.6	84	--	--	--	--	--	--	--	--	--	--	10.9	Aug-10
Russell 2000 Value			<u>-3.0</u>	24	<u>8.2</u>	33	<u>-1.4</u>	41	<u>13.8</u>	72	<u>17.4</u>	70	<u>-1.0</u>	89	<u>3.4</u>	89	<u>6.5</u>	92	<u>10.4</u>	Aug-10
Over/Under			-0.9		-1.3		-4.2												0.5	
eA US Small Cap Value Equity Gross Median			-4.4		7.1		-2.0		15.0		18.5		1.3		6.1		8.9		12.1	Aug-10
Total International Equity Composite (2)	214,320,215	8.1	-7.8	67	4.4	59	-11.9	46	5.3	87	8.5	60	-3.6	52	5.1	49	8.4	59	9.3	Jun-95
MSCI AC WORLD ex US (NET)			<u>-7.6</u>	64	<u>2.8</u>	87	<u>-14.6</u>	81	<u>5.3</u>	87	<u>7.0</u>	83	<u>-4.6</u>	74	<u>3.9</u>	76	<u>6.7</u>	93	--	Jun-95
Over/Under			-0.2		1.6		2.7		0.0		1.5		1.0		1.2		1.7			
eA ACWI ex-US All Cap Equity Gross Median			-7.0		4.8		-12.1		8.4		10.3		-3.6		5.0		8.8		8.5	Jun-95
Developed International Equity Composite (2)	86,270,836	3.3	-7.4	65	4.3	59	-8.3	19	7.8	55	9.4	41	-4.1	43	4.4	44	6.9	51	7.9	Jun-95
MSCI EAFE (Net)			<u>-7.1</u>	62	<u>3.0</u>	79	<u>-13.8</u>	70	<u>6.0</u>	78	<u>6.0</u>	87	<u>-6.1</u>	81	<u>2.3</u>	88	<u>5.1</u>	87	<u>3.9</u>	Jun-95
Over/Under			-0.3		1.3		5.5		1.8		3.4		2.0		2.1		1.8		4.0	
eA All EAFE Equity Gross Median			-6.6		4.9		-12.3		8.1		8.7		-4.5		4.0		6.9		6.8	Jun-95
Russell MSCI EAFE + CAD Small Cap	85,466,716	3.2	-7.5	42	4.4	88	--	--	--	--	--	--	--	--	--	--	--	--	2.8	Dec-11
MSCI EAFE + CAD Small Cap (Net)			<u>-9.2</u>	79	<u>3.2</u>	93	<u>-15.7</u>	79	<u>7.5</u>	78	<u>10.1</u>	73	<u>-4.9</u>	58	<u>3.3</u>	82	<u>8.7</u>	81	<u>1.2</u>	Dec-11
Over/Under			1.7		1.2														1.6	
eA EAFE Small Cap Equity Gross Median			-7.7		6.3		-13.0		10.4		12.2		-4.4		5.4		10.6		4.5	Dec-11

1 - Total U.S. Equity Composite includes \$19,500 in residual cash remaining in terminated manager accounts.

2 - Total International Equity and Developed International Equity Composites include \$804,120 of residual cash remaining in terminated manager accounts.

Note: Performance shown is gross of fees.

City of San Jose Police and Fire Department Retirement Plan

Total Fund Performance Detail

	Market Value (\$)	% of Portfolio	3 Mo (%)	Rank	YTD (%)	Rank	1 Yr (%)	Rank	2 Yrs (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	7 Yrs (%)	Rank	10 Yrs (%)	Rank	Return (%)	Since
Emerging Markets Equity Composite	128,049,379	4.8	-8.1	40	4.5	56	-17.7	71	1.2	79	8.3	77	-0.7	66	9.0	84	13.9	78	14.3	Sep-01
MSCI Emg Mkts Free (Net)			<u>-8.9</u>	55	<u>3.9</u>	63	<u>-15.9</u>	59	<u>3.6</u>	59	<u>9.8</u>	64	<u>-0.1</u>	56	<u>10.1</u>	64	<u>14.1</u>	75	<u>13.8</u>	Sep-01
Over/Under			0.8		0.6		-1.8		-2.4		-1.5		-0.6		-1.1		-0.2		0.5	
eA Emg Mkts Equity Gross Median			-8.5		4.8		-15.5		4.8		11.2		0.3		10.9		15.4		15.6	Sep-01
Russell Emerging Markets	128,049,379	4.8	-8.1	40	4.5	56	--	--	--	--	--	--	--	--	--	--	--	--	-4.4	Nov-11
MSCI Emg Mkts Free (Net)			<u>-8.9</u>	55	<u>3.9</u>	63	<u>-15.9</u>	59	<u>3.6</u>	59	<u>9.8</u>	64	<u>-0.1</u>	56	<u>10.1</u>	64	<u>14.1</u>	75	<u>-4.2</u>	Nov-11
Over/Under			0.8		0.6														-0.2	
eA Emg Mkts Equity Gross Median			-8.5		4.8		-15.5		4.8		11.2		0.3		10.9		15.4		-2.9	Nov-11
Convertible Bonds (1)																				
Calamos	82,564,354	3.1	-3.6	--	0.3	--	-2.4	--	6.5	--	--	--	--	--	--	--	--	--	6.5	Sep-09
BofAML Global 300 Convertible Index LOC			<u>-2.1</u>	--	<u>5.8</u>	--	<u>-3.0</u>	--	<u>6.2</u>	--	<u>9.2</u>	--	<u>1.2</u>	--	<u>4.8</u>	--	<u>5.0</u>	--	<u>6.6</u>	Sep-09
Over/Under			-1.5		-5.5		0.6		0.3										-0.1	

1 - The Fund's allocation to convertible bonds is a global mandate and 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 due to inconsistent pricing of securities at the Fund's custodian bank.

Note: Performance shown is gross of fees.

City of San Jose Police and Fire Department Retirement Plan

Total Fund Performance Detail

	Market Value (\$)	% of Portfolio	3 Mo (%)	Rank	YTD (%)	Rank	1 Yr (%)	Rank	2 Yrs (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	7 Yrs (%)	Rank	10 Yrs (%)	Rank	Return (%)	Since
Total Fixed Income Composite (1)	768,537,522	29.0	2.7	16	5.0	26	10.1	16	8.8	26	11.0	27	--	--	--	--	--	--	8.7	Apr-08
Barclays Aggregate			<u>2.1</u>	38	<u>2.4</u>	69	<u>7.5</u>	43	<u>5.7</u>	60	<u>6.9</u>	61	<u>6.8</u>	54	<u>5.6</u>	60	<u>5.6</u>	59	<u>6.0</u>	Apr-08
Over/Under			0.6		2.6		2.6		3.1		4.1								2.7	
eA All US Fixed Inc Gross Median			1.7		3.2		6.9		6.3		7.8		6.9		5.9		5.9		6.5	Apr-08
Domestic Core Fixed Income Composite	188,358,427	7.1	2.1	56	3.0	61	9.2	12	7.2	16	8.4	36	6.8	80	5.6	82	6.2	44	6.4	Jun-95
Barclays Aggregate			<u>2.1</u>	65	<u>2.4</u>	88	<u>7.5</u>	72	<u>5.7</u>	82	<u>6.9</u>	82	<u>6.8</u>	79	<u>5.6</u>	83	<u>5.6</u>	86	<u>6.3</u>	Jun-95
Over/Under			0.0		0.6		1.7		1.5		1.5		0.0		0.0		0.6		0.1	
eA US Core Fixed Inc Gross Median			2.2		3.2		8.0		6.3		8.0		7.4		6.1		6.1		6.6	Jun-95
Seix Core Fixed Income	188,318,423	7.1	2.1	57	3.0	61	9.2	11	7.2	16	8.3	40	8.2	14	6.6	15	6.6	13	6.9	Oct-99
Barclays Aggregate			<u>2.1</u>	65	<u>2.4</u>	88	<u>7.5</u>	72	<u>5.7</u>	82	<u>6.9</u>	82	<u>6.8</u>	79	<u>5.6</u>	83	<u>5.6</u>	86	<u>6.3</u>	Oct-99
Over/Under			0.0		0.6		1.7		1.5		1.4		1.4		1.0		1.0		0.6	
eA US Core Fixed Inc Gross Median			2.2		3.2		8.0		6.3		8.0		7.4		6.1		6.1		6.6	Oct-99
TIPS																				
Treasury Inflation Protected Securities (TIPS)	269,543,824	10.2	0.9	--	2.4	--	7.0	--	7.6	--	--	--	--	--	--	--	--	--	8.1	Jan-10
Domestic Long Duration Fixed Income																				
Income Research	155,537,664	5.9	6.5	52	5.6	56	22.8	52	13.4	57	15.8	45	12.4	39	8.7	45	--	--	9.0	Jan-05
Barclays LT Govt/Credit			<u>7.3</u>	27	<u>5.0</u>	85	<u>24.6</u>	30	<u>13.4</u>	57	<u>14.4</u>	81	<u>11.0</u>	73	<u>7.7</u>	86	<u>8.7</u>	85	<u>8.2</u>	Jan-05
Over/Under			-0.8		0.6		-1.8		0.0		1.4		1.4		1.0				0.8	
eA US Long Duration Fixed Inc Gross Median			6.6		5.8		22.9		13.6		15.7		11.8		8.5		9.7		8.9	Jan-05

1 - Total Fixed Income and Core Fixed Income Composites include \$40,004 of illiquid securities remaining as a result of the termination of Western Asset Management Co. (WAMCO) during the asset allocation transition that occurred in December 2009.

Note: Performance shown is gross of fees.

City of San Jose Police and Fire Department Retirement Plan

Total Fund Performance Detail

	Market Value (\$)	% of Portfolio	3 Mo (%)	Rank	YTD (%)	Rank	1 Yr (%)	Rank	2 Yrs (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	7 Yrs (%)	Rank	10 Yrs (%)	Rank	Return (%)	Since
Total Credit Composite	155,097,606	5.8	2.9	--	12.4	--	6.3	--	8.7	--	13.1	--	--	--	--	--	--	--	8.8	Jul-08
50% DLJ Leveraged Loan Index / 50% BofA ML US HY BB-B Rated Constrained Index			<u>1.5</u>	--	<u>5.5</u>	--	<u>5.2</u>	--	<u>8.6</u>	--	<u>12.2</u>	--	<u>5.6</u>	--	<u>6.0</u>	--	<u>7.0</u>	--	<u>7.5</u>	Jul-08
Over/Under			1.4		6.9		1.1		0.1		0.9								1.3	
BofA Merrill Lynch US High Yield BB-B Rated Constrained Index			1.9	--	6.4	--	7.0	--	10.7	--	14.2	--	7.6	--	7.4	--	8.9	--	9.6	Jul-08
Domestic Credit Composite	40,320,823	1.5	1.0	--	5.3	--	5.2	--	8.1	--	10.6	--	--	--	--	--	--	--	10.7	Apr-09
50% DLJ Leveraged Loan Index / 50% BofA ML US HY BB-B Rated Constrained Index			<u>1.5</u>	--	<u>5.5</u>	--	<u>5.2</u>	--	<u>8.6</u>	--	<u>12.2</u>	--	<u>5.6</u>	--	<u>6.0</u>	--	<u>7.0</u>	--	<u>17.1</u>	Apr-09
Over/Under			-0.5		-0.2		0.0		-0.5		-1.6								-6.4	
BofA Merrill Lynch US High Yield BB-B Rated Constrained Index			1.9	--	6.4	--	7.0	--	10.7	--	14.2	--	7.6	--	7.4	--	8.9	--	19.0	Apr-09
Seix	13,718,380	0.5	0.6	--	3.3	--	1.8	--	4.8	--	6.1	--	--	--	--	--	--	--	6.7	Apr-09
DLJ Leveraged Loan Index			<u>1.0</u>	--	<u>4.5</u>	--	<u>3.3</u>	--	<u>6.5</u>	--	<u>10.1</u>	--	<u>3.5</u>	--	<u>4.5</u>	--	<u>5.1</u>	--	<u>12.8</u>	Apr-09
Over/Under			-0.4		-1.2		-1.5		-1.7		-4.0								-6.1	
Mackay Shields	26,602,443	1.0	1.2	--	6.5	--	7.4	--	10.5	--	14.4	--	--	--	--	--	--	--	14.6	Apr-09
BofA Merrill Lynch US High Yield BB-B Rated			<u>2.0</u>	--	<u>6.5</u>	--	<u>7.1</u>	--	<u>10.8</u>	--	<u>14.4</u>	--	<u>7.5</u>	--	<u>7.5</u>	--	<u>8.9</u>	--	<u>16.4</u>	Apr-09
Over/Under			-0.8		0.0		0.3		-0.3		0.0								-1.8	
Opportunistic Credit Composite	114,776,783	4.3	3.7	--	15.6	--	5.3	--	8.2	--	15.6	--	--	--	--	--	--	--	13.0	Jul-08
50% DLJ Leveraged Loan Index / 50% BofA ML US HY BB-B Rated Constrained Index			<u>1.5</u>	--	<u>5.5</u>	--	<u>5.2</u>	--	<u>8.6</u>	--	<u>12.2</u>	--	<u>5.6</u>	--	<u>6.0</u>	--	<u>7.0</u>	--	<u>7.5</u>	Jul-08
Over/Under			2.2		10.1		0.1		-0.4		3.4								5.5	
BofA Merrill Lynch US High Yield BB-B Rated Constrained Index			1.9	--	6.4	--	7.0	--	10.7	--	14.2	--	7.6	--	7.4	--	8.9	--	9.6	Jul-08
Pimco Disco II	114,776,783	4.3	3.7	--	15.6	--	--	--	--	--	--	--	--	--	--	--	--	--	16.7	Nov-11
BofA Merrill Lynch US High Yield BB-B Rated Constrained Index			<u>1.9</u>	--	<u>6.4</u>	--	<u>7.0</u>	--	<u>10.7</u>	--	<u>14.2</u>	--	<u>7.6</u>	--	<u>7.4</u>	--	<u>8.9</u>	--	<u>7.0</u>	Nov-11
Over/Under			1.8		9.2														9.7	

Note: Performance shown is gross of fees.

City of San Jose Police and Fire Department Retirement Plan

Total Fund Performance Detail

	Market Value (\$)	% of Portfolio	3 Mo (%)	Rank	YTD (%)	Rank	1 Yr (%)	Rank	2 Yrs (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	7 Yrs (%)	Rank	10 Yrs (%)	Rank	Return (%)	Since
Total Private Equity Composite	126,616,853	4.8	4.1	--	5.7	--	2.4	--	10.3	--	12.0	--	3.9	--	--	--	--	--	2.8	Oct-05
Cambridge PE 1 Qtr Lag			<u>5.4</u>	--	<u>11.0</u>	--	<u>10.8</u>	--	<u>16.1</u>	--	<u>18.2</u>	--	<u>7.0</u>	--	<u>13.4</u>	--	<u>13.3</u>	--	<u>12.6</u>	Oct-05
Over/Under			-1.3		-5.3		-8.4		-5.8		-6.2		-3.1						-9.8	
Venture Economics All Private Equity Lag			5.1	--	10.1	--	9.6	--	14.2	--	17.1	--	6.3	--	11.3	--	10.5	--	10.6	Oct-05
Total Real Estate Composite	107,438,861	4.0	3.3	--	8.4	--	9.1	--	10.4	--	6.8	--	1.3	--	0.9	--	0.6	--	0.4	Jun-95
NCREIF Property Index			<u>2.7</u>	--	<u>5.3</u>	--	<u>12.0</u>	--	<u>14.4</u>	--	<u>8.8</u>	--	<u>2.5</u>	--	<u>6.7</u>	--	<u>8.3</u>	--	<u>9.5</u>	Jun-95
Over/Under			0.6		3.1		-2.9		-4.0		-2.0		-1.2		-5.8		-7.7		-9.1	
American Realty/Kennedy Combined	19,868,973	0.7	3.5	--	11.7	--	10.3	--	10.5	--	8.6	--	6.3	--	8.4	--	--	--	8.7	Oct-03
NCREIF Property Index			<u>2.7</u>	--	<u>5.3</u>	--	<u>12.0</u>	--	<u>14.4</u>	--	<u>8.8</u>	--	<u>2.5</u>	--	<u>6.7</u>	--	<u>8.3</u>	--	<u>8.4</u>	Oct-03
Over/Under			0.8		6.4		-1.7		-3.9		-0.2		3.8		1.7				0.3	
American Realty Core Realty Fund	87,569,888	3.3	3.4	--	6.3	--	--	--	--	--	--	--	--	--	--	--	--	--	9.0	Sep-11
NCREIF Property Index			<u>2.7</u>	--	<u>5.3</u>	--	<u>12.0</u>	--	<u>14.4</u>	--	<u>8.8</u>	--	<u>2.5</u>	--	<u>6.7</u>	--	<u>8.3</u>	--	<u>12.0</u>	Sep-11
Over/Under			0.7		1.0														-3.0	
Inflation-Linked Assets Composite	287,858,272	10.8	-5.3	--	-4.4	--	-11.2	--	5.7	--	--	--	--	--	--	--	--	--	0.5	Jan-10
Custom Commodity Risk Parity Index			<u>-4.2</u>	--	<u>-2.7</u>	--	<u>-9.4</u>	--	--	--	--	--	--	--	--	--	--	--	--	Jan-10
Over/Under			-1.1		-1.7		-1.8													
Dow Jones-UBS Commodity Index TR			-4.5	--	-3.7	--	-14.3	--	3.9	--	3.5	--	-3.7	--	0.1	--	5.0	--	-1.0	Jan-10
Credit Suisse	159,708,830	6.0	-4.3	--	-2.9	--	-9.9	--	--	--	--	--	--	--	--	--	--	--	-11.7	Apr-11
Custom Commodity Risk Parity Index			<u>-4.2</u>	--	<u>-2.7</u>	--	<u>-9.4</u>	--	--	--	--	--	--	--	--	--	--	--	<u>-11.6</u>	Apr-11
Over/Under			-0.1		-0.2		-0.5												-0.1	
Dow Jones-UBS Commodity Index TR			-4.5	--	-3.7	--	-14.3	--	3.9	--	3.5	--	-3.7	--	0.1	--	5.0	--	-16.4	Apr-11
First Quadrant	128,149,442	4.8	-6.5	--	-6.2	--	-12.7	--	--	--	--	--	--	--	--	--	--	--	-14.0	Apr-11
Custom Commodity Risk Parity Index			<u>-4.2</u>	--	<u>-2.7</u>	--	<u>-9.4</u>	--	--	--	--	--	--	--	--	--	--	--	<u>-11.6</u>	Apr-11
Over/Under			-2.3		-3.5		-3.3												-2.4	
Dow Jones-UBS Commodity Index TR			-4.5	--	-3.7	--	-14.3	--	3.9	--	3.5	--	-3.7	--	0.1	--	5.0	--	-16.4	Apr-11

Note: Performance shown is net of fees.

City of San Jose Police and Fire Department Retirement Plan

Total Fund Performance Detail

	Market Value (\$)	% of Portfolio	3 Mo (%)	Rank	YTD (%)	Rank	1 Yr (%)	Rank	2 Yrs (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	7 Yrs (%)	Rank	10 Yrs (%)	Rank	Return (%)	Since
Opportunistic Composite	86,626,981	3.3	0.2	--	-0.8	--	2.3	--	--	--	--	--	--	--	--	--	--	--	2.1	Nov-10
3 Months LIBOR + 5%			<u>1.3</u>	--	<u>2.7</u>	--	<u>5.5</u>	--	<u>5.4</u>	--	<u>5.4</u>	--	<u>6.5</u>	--	<u>7.5</u>	--	<u>7.3</u>	--	<u>5.4</u>	Nov-10
Over/Under			-1.1		-3.5		-3.2												-3.3	
White Oak	23,834,444	0.9	2.0	--	-3.1	--	-3.7	--	--	--	--	--	--	--	--	--	--	--	-2.6	Nov-10
3 Months LIBOR + 5%			<u>1.3</u>	--	<u>2.7</u>	--	<u>5.5</u>	--	<u>5.4</u>	--	<u>5.4</u>	--	<u>6.5</u>	--	<u>7.5</u>	--	<u>7.3</u>	--	<u>5.4</u>	Nov-10
Over/Under			0.7		-5.8		-9.2												-8.0	
GSO	31,216,766	1.2	3.9	--	4.7	--	25.3	--	--	--	--	--	--	--	--	--	--	--	21.5	Dec-10
3 Months LIBOR + 5%			<u>1.3</u>	--	<u>2.7</u>	--	<u>5.5</u>	--	<u>5.4</u>	--	<u>5.4</u>	--	<u>6.5</u>	--	<u>7.5</u>	--	<u>7.3</u>	--	<u>5.4</u>	Dec-10
Over/Under			2.6		2.0		19.8												16.1	
Medley Capital	31,575,771	1.2	-3.9	--	-2.2	--	-2.1	--	--	--	--	--	--	--	--	--	--	--	-1.4	Mar-11
3 Months LIBOR + 5%			<u>1.3</u>	--	<u>2.7</u>	--	<u>5.5</u>	--	<u>5.4</u>	--	<u>5.4</u>	--	<u>6.5</u>	--	<u>7.5</u>	--	<u>7.3</u>	--	<u>5.4</u>	Mar-11
Over/Under			-5.2		-4.9		-7.6												-6.8	
Cash (1)																				
Cash	28,537,703	1.1	0.1	--	0.2	--	0.2	--	0.3	--	1.1	--	7.9	--	12.7	--	--	--	--	Jul-02
90 Day T-Bill			<u>0.0</u>	--	<u>0.0</u>	--	<u>0.1</u>	--	<u>0.1</u>	--	<u>0.1</u>	--	<u>1.0</u>	--	<u>2.0</u>	--	<u>1.9</u>	--	<u>1.9</u>	Jul-02
Over/Under			0.1		0.2		0.1		0.2		1.0		6.9		10.7					

1 - NEPC began calculating cash returns as of April 1, 2008 due to inconsistent historical data received from the prior consultant.

Note: Performance shown for all strategies except for cash is net of fees.



NEPC, LLC

June 30, 2012

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.

City of San Jose Police and Fire Department Retirement Plan

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 II	--	--	--	
First Quadrant	Commodities	--	--	--	
Credit Suisse	Commodities	--	--	--	
White Oak	Opportunistic Credit (Direct Lending)	--	--	--	
GSO	Opportunistic Credit (Direct Lending)	--	--	--	
Medley	Opportunistic Credit (Direct Lending)	Y	--	--	

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

Manager Summary

Changes/Announcements

Below is a summary of manager changes and announcements that have occurred over recent months.

Medley Capital

- On February 2, 2012, an official complaint was filed in the Supreme Court of the State of NY against Medley Capital, LLC. The plaintiff was Fintan Partners, LLC and the complaint was with regard to Fintan's investment in the Medley Opportunities Fund ("MOF"). Fintan Partners, LLC manages the Fintan Master Fund, Ltd, which invests in MOF.
- The complaint alleged that Medley breached its contractual and fiduciary duties when establishing a new entity – Medley Capital Corporation (NYSE ticker: MCC). Medley Capital Corporation is a Business Development Company ("BDC"), which is a fund structure established to allow individual investors and hedge funds (non-LP investors) the ability to invest in a separately managed portfolio of similar assets. MCC went public in January 2011 (Goldman took them public), and Fintan claimed that their investment in MOF had been diluted by the transfer of 6 significant, income-producing positions (~10% of the value of MOF) from MOF to MCC during its creation, which in turn benefitted the Medley Capital Principals at the expense of MOF LPs. On February 10, 2012, a stipulation of discontinuance was filed, notifying Medley that the lawsuit had been discontinued without prejudice and without costs, disbursements or attorney's fees to any party.
- In December 2011, Fintan sent in a redemption notice under the impression that a clause in their 2007 side letter says they cannot be paid in kind or through a liquidation process, and they desired cash payment on June 30, 2012. In early June, a hearing in the Cayman Islands occurred in which Medley was seeking "declaratory relief", attempting to show that signed agreements in 2008 and 2009 supersede Fintan's side letter from 2007. Fintan attempted to move the hearing to New York City, but the court denied the attempt.
- In mid-July 2012, Medley was notified that the lawsuit was adjudicated 100% in their favor, which included penalties levied against Fintan by the Cayman Islands court.
- We do not recommend any action as a result of these proceedings, and we will continue to monitor the situation at Medley and provide updates with regard to the formation of a BDC for MOF II as they develop. Should a BDC be established for MOF II, it will need a well thought out allocation policy and clearer language with respect to potential dilution and other issues that may impact LPs.
- Note that the Fund is currently invested in MOF II, which is the follow up strategy to MOF, and a much more attractive strategy considering the timing (MOF was a 2007 vintage year fund). As a result, there are no concerns of dilution with respect to the P&F investment with Medley. As of now, there is no BDC established for MOF II as Medley needs exemptive relief in order to be a co-investor in the fund, and this is still pending at the SEC.
- **No Action is Recommended.**

Appendix: Net of Fees Performance

City of San Jose Police and Fire Department Retirement Plan

Total Fund Performance Detail (Net of Fee)

	Market Value (\$)	% of Portfolio	3 Mo (%)	YTD (%)	1 Yr (%)	2 Yrs (%)	3 Yrs (%)	5 Yrs (%)	7 Yrs (%)	10 Yrs (%)	Return (%)	Since
Total Fund	2,654,365,686	100.0	-2.0	4.3	-0.5	8.4	10.2	0.4	4.4	6.3	8.5	Mar-71
Policy Benchmark			<u>-1.7</u>	<u>4.1</u>	<u>1.3</u>	<u>10.5</u>	<u>11.1</u>	<u>1.1</u>	<u>5.0</u>	<u>6.5</u>	--	Mar-71
Over/Under			-0.3	0.2	-1.8	-2.1	-0.9	-0.7	-0.6	-0.2		
Allocation Index			-2.0	4.0	-0.1	9.1	10.6	1.3	5.3	6.6	--	Mar-71
60% S&P 500 / 40% BC Agg			-0.8	6.7	6.7	12.9	12.9	3.3	5.0	5.8	--	Mar-71
Total Fund Ex Overlay	2,627,872,128	99.0	-2.1	4.2	-0.6	8.3	10.1	0.3	4.4	6.3	8.5	Mar-71
Total Equity Composite	1,224,752,174	46.1	-5.3	5.8	-5.8	10.3	11.6	--	--	--	-0.1	Apr-08
MSCI ACWI (Net)			<u>-5.6</u>	<u>5.7</u>	<u>-6.5</u>	<u>10.3</u>	<u>10.8</u>	<u>-2.7</u>	<u>3.7</u>	<u>5.7</u>	<u>-1.3</u>	Apr-08
Over/Under			0.3	0.1	0.7	0.0	0.8				1.2	
Global Equity Composite	815,623,798	30.7	-4.9	6.6	--	--	--	--	--	--	6.6	Jan-12
MSCI ACWI (Net)			<u>-5.6</u>	<u>5.7</u>	<u>-6.5</u>	<u>10.3</u>	<u>10.8</u>	<u>-2.7</u>	<u>3.7</u>	<u>5.7</u>	<u>5.7</u>	Jan-12
Over/Under			0.7	0.9							0.9	
Russell MSCI ACWI	365,542,337	13.8	-5.0	7.3	--	--	--	--	--	--	7.3	Jan-12
MSCI ACWI (Net)			<u>-5.6</u>	<u>5.7</u>	<u>-6.5</u>	<u>10.3</u>	<u>10.8</u>	<u>-2.7</u>	<u>3.7</u>	<u>5.7</u>	<u>5.7</u>	Jan-12
Over/Under			0.6	1.6							1.6	
Russell MSCI ACWI Value	450,081,461	17.0	-4.9	6.1	--	--	--	--	--	--	6.1	Jan-12
MSCI ACWI Value (Net)			<u>-5.3</u>	<u>4.6</u>	<u>-7.8</u>	<u>8.8</u>	<u>9.6</u>	<u>-4.3</u>	<u>2.9</u>	<u>5.7</u>	<u>4.6</u>	Jan-12
Over/Under			0.4	1.5							1.5	
Total U.S. Equity Composite	112,243,808	4.2	-3.8	6.8	0.3	15.9	15.2	-0.6	3.4	5.4	3.1	Jun-95
Russell 3000			<u>-3.1</u>	<u>9.3</u>	<u>3.8</u>	<u>17.2</u>	<u>16.7</u>	<u>0.4</u>	<u>4.3</u>	<u>5.8</u>	<u>7.8</u>	Jun-95
Over/Under			-0.7	-2.5	-3.5	-1.3	-1.5	-1.0	-0.9	-0.4	-4.7	
Rhumbline Russell 3000	30,179,688	1.1	-3.1	9.2	--	--	--	--	--	--	10.1	Dec-11
Russell 3000			<u>-3.1</u>	<u>9.3</u>	<u>3.8</u>	<u>17.2</u>	<u>16.7</u>	<u>0.4</u>	<u>4.3</u>	<u>5.8</u>	<u>10.2</u>	Dec-11
Over/Under			0.0	-0.1							-0.1	
RS Investments	82,044,620	3.1	-4.1	6.5	-6.2	--	--	--	--	--	10.2	Aug-10
Russell 2000 Value			<u>-3.0</u>	<u>8.2</u>	<u>-1.4</u>	<u>13.8</u>	<u>17.4</u>	<u>-1.0</u>	<u>3.4</u>	<u>6.5</u>	<u>10.4</u>	Aug-10
Over/Under			-1.1	-1.7	-4.8						-0.2	

City of San Jose Police and Fire Department Retirement Plan

Total Fund Performance Detail (Net of Fee)

	Market Value (\$)	% of Portfolio	3 Mo (%)	YTD (%)	1 Yr (%)	2 Yrs (%)	3 Yrs (%)	5 Yrs (%)	7 Yrs (%)	10 Yrs (%)	Return (%)	Since
Total International Equity Composite	214,320,215	8.1	-7.8	4.4	-12.2	4.9	7.9	-4.2	4.5	7.7	4.5	Jun-95
MSCI AC WORLD ex US (NET)			-7.6	2.8	-14.6	5.3	7.0	-4.6	3.9	6.7	--	Jun-95
Over/Under			-0.2	1.6	2.4	-0.4	0.9	0.4	0.6	1.0		
Developed International Equity Composite	86,270,836	3.3	-7.4	4.3	-8.5	7.4	8.9	-4.5	3.9	6.4	3.7	Jun-95
MSCI EAFE (Net)			-7.1	3.0	-13.8	6.0	6.0	-6.1	2.3	5.1	3.9	Jun-95
Over/Under			-0.3	1.3	5.3	1.4	2.9	1.6	1.6	1.3	-0.2	
Russell MSCI EAFE + CAD Small Cap	85,466,716	3.2	-7.5	4.4	--	--	--	--	--	--	2.7	Dec-11
MSCI EAFE + CAD Small Cap (Net)			-9.2	3.2	-15.7	7.5	10.1	-4.9	3.3	8.7	1.2	Dec-11
Over/Under			1.7	1.2							1.5	
Emerging Markets Equity Composite	128,049,379	4.8	-8.1	4.5	-18.1	0.6	7.4	-1.5	8.0	12.8	11.8	Sep-01
MSCI Emg Mkts Free (Net)			-8.9	3.9	-15.9	3.6	9.8	-0.1	10.1	14.1	13.8	Sep-01
Over/Under			0.8	0.6	-2.2	-3.0	-2.4	-1.4	-2.1	-1.3	-2.0	
Russell Emerging Markets	128,049,379	4.8	-8.1	4.5	--	--	--	--	--	--	-4.4	Nov-11
MSCI Emg Mkts Free (Net)			-8.9	3.9	-15.9	3.6	9.8	-0.1	10.1	14.1	-4.2	Nov-11
Over/Under			0.8	0.6							-0.2	
Convertible Bonds												
Calamos	82,564,354	3.1	-3.5	0.3	-2.5	6.1	--	--	--	--	6.1	Sep-09
BofAML Global 300 Convertible Index LOC			-2.1	5.8	-3.0	6.2	9.2	1.2	4.8	5.0	6.6	Sep-09
Over/Under			-1.4	-5.5	0.5	-0.1					-0.5	

City of San Jose Police and Fire Department Retirement Plan

Total Fund Performance Detail (Net of Fee)

	Market Value (\$)	% of Portfolio	3 Mo (%)	YTD (%)	1 Yr (%)	2 Yrs (%)	3 Yrs (%)	5 Yrs (%)	7 Yrs (%)	10 Yrs (%)	Return (%)	Since
Total Fixed Income Composite	768,537,522	29.0	2.6	4.8	9.9	8.6	10.7	--	--	--	8.4	Apr-08
Barclays Aggregate			<u>2.1</u>	<u>2.4</u>	<u>7.5</u>	<u>5.7</u>	<u>6.9</u>	<u>6.8</u>	<u>5.6</u>	<u>5.6</u>	<u>6.0</u>	Apr-08
Over/Under			0.5	2.4	2.4	2.9	3.8				2.4	
Domestic Core Fixed Income Composite	188,358,427	7.1	2.1	3.0	9.1	7.1	8.3	6.6	5.5	6.0	3.5	Jun-95
Barclays Aggregate			<u>2.1</u>	<u>2.4</u>	<u>7.5</u>	<u>5.7</u>	<u>6.9</u>	<u>6.8</u>	<u>5.6</u>	<u>5.6</u>	<u>6.3</u>	Jun-95
Over/Under			0.0	0.6	1.6	1.4	1.4	-0.2	-0.1	0.4	-2.8	
Seix Core Fixed Income	188,318,423	7.1	2.1	3.0	9.1	7.1	8.1	8.1	6.5	6.4	6.7	Oct-99
Barclays Aggregate			<u>2.1</u>	<u>2.4</u>	<u>7.5</u>	<u>5.7</u>	<u>6.9</u>	<u>6.8</u>	<u>5.6</u>	<u>5.6</u>	<u>6.3</u>	Oct-99
Over/Under			0.0	0.6	1.6	1.4	1.2	1.3	0.9	0.8	0.4	
TIPS												
Treasury Inflation Protected Securities (TIPS)	269,543,824	10.2	0.9	2.3	6.9	7.5	--	--	--	--	8.0	Jan-10
Domestic Long Duration Fixed Income												
Income Research	155,537,664	5.9	6.5	5.5	22.5	13.1	15.6	12.1	8.4	--	8.7	Jan-05
Barclays LT Govt/Credit			<u>7.3</u>	<u>5.0</u>	<u>24.6</u>	<u>13.4</u>	<u>14.4</u>	<u>11.0</u>	<u>7.7</u>	<u>8.7</u>	<u>8.2</u>	Jan-05
Over/Under			-0.8	0.5	-2.1	-0.3	1.2	1.1	0.7		0.5	



City of San Jose Police and Fire Department Retirement Plan

Total Fund Performance Detail (Net of Fee)

	Market Value (\$)	% of Portfolio	3 Mo (%)	YTD (%)	1 Yr (%)	2 Yrs (%)	3 Yrs (%)	5 Yrs (%)	7 Yrs (%)	10 Yrs (%)	Return (%)	Since
Total Credit Composite	155,097,606	5.8	2.7	11.9	5.4	7.9	12.3	--	--	--	8.1	Jul-08
50% DLJ Leveraged Loan Index / 50% BofA ML US HY BB-B Rated Constrained Index			<u>1.5</u>	<u>5.5</u>	<u>5.2</u>	<u>8.6</u>	<u>12.2</u>	<u>5.6</u>	<u>6.0</u>	<u>7.0</u>	<u>7.5</u>	<u>Jul-08</u>
Over/Under			1.2	6.4	0.2	-0.7	0.1				0.6	
BofA Merrill Lynch US High Yield BB-B Rated Constrained Index			<u>1.9</u>	<u>6.4</u>	<u>7.0</u>	<u>10.7</u>	<u>14.2</u>	<u>7.6</u>	<u>7.4</u>	<u>8.9</u>	<u>9.6</u>	<u>Jul-08</u>
Domestic Credit Composite	40,320,823	1.5	0.9	5.1	4.8	7.7	10.3	--	--	--	10.4	Apr-09
50% DLJ Leveraged Loan Index / 50% BofA ML US HY BB-B Rated Constrained Index			<u>1.5</u>	<u>5.5</u>	<u>5.2</u>	<u>8.6</u>	<u>12.2</u>	<u>5.6</u>	<u>6.0</u>	<u>7.0</u>	<u>17.1</u>	<u>Apr-09</u>
Over/Under			-0.6	-0.4	-0.4	-0.9	-1.9				-6.7	
BofA Merrill Lynch US High Yield BB-B Rated Constrained Index			<u>1.9</u>	<u>6.4</u>	<u>7.0</u>	<u>10.7</u>	<u>14.2</u>	<u>7.6</u>	<u>7.4</u>	<u>8.9</u>	<u>19.0</u>	<u>Apr-09</u>
Seix	13,718,380	0.5	0.5	3.2	1.5	4.4	5.8	--	--	--	6.4	Apr-09
DLJ Leveraged Loan Index			<u>1.0</u>	<u>4.5</u>	<u>3.3</u>	<u>6.5</u>	<u>10.1</u>	<u>3.5</u>	<u>4.5</u>	<u>5.1</u>	<u>12.8</u>	<u>Apr-09</u>
Over/Under			-0.5	-1.3	-1.8	-2.1	-4.3				-6.4	
Mackay Shields	26,602,443	1.0	1.1	6.3	7.0	10.0	14.0	--	--	--	14.3	Apr-09
BofA Merrill Lynch US High Yield BB-B Rated			<u>2.0</u>	<u>6.5</u>	<u>7.1</u>	<u>10.8</u>	<u>14.4</u>	<u>7.5</u>	<u>7.5</u>	<u>8.9</u>	<u>16.4</u>	<u>Apr-09</u>
Over/Under			-0.9	-0.2	-0.1	-0.8	-0.4				-2.1	
Opportunistic Credit Composite	114,776,783	4.3	3.4	14.9	4.1	7.2	14.5	--	--	--	12.0	Jul-08
50% DLJ Leveraged Loan Index / 50% BofA ML US HY BB-B Rated Constrained Index			<u>1.5</u>	<u>5.5</u>	<u>5.2</u>	<u>8.6</u>	<u>12.2</u>	<u>5.6</u>	<u>6.0</u>	<u>7.0</u>	<u>7.5</u>	<u>Jul-08</u>
Over/Under			1.9	9.4	-1.1	-1.4	2.3				4.5	
BofA Merrill Lynch US High Yield BB-B Rated Constrained Index			<u>1.9</u>	<u>6.4</u>	<u>7.0</u>	<u>10.7</u>	<u>14.2</u>	<u>7.6</u>	<u>7.4</u>	<u>8.9</u>	<u>9.6</u>	<u>Jul-08</u>
Pimco Disco II	114,776,783	4.3	3.4	15.1	--	--	--	--	--	--	15.9	Nov-11
BofA Merrill Lynch US High Yield BB-B Rated Constrained Index			<u>1.9</u>	<u>6.4</u>	<u>7.0</u>	<u>10.7</u>	<u>14.2</u>	<u>7.6</u>	<u>7.4</u>	<u>8.9</u>	<u>7.0</u>	<u>Nov-11</u>
Over/Under			1.5	8.7							8.9	

City of San Jose Police and Fire Department Retirement Plan

Total Fund Performance Detail (Net of Fee)

	Market Value (\$)	% of Portfolio	3 Mo (%)	YTD (%)	1 Yr (%)	2 Yrs (%)	3 Yrs (%)	5 Yrs (%)	7 Yrs (%)	10 Yrs (%)	Return (%)	Since
Total Private Equity Composite	126,616,853	4.8	4.1	5.7	2.4	10.3	12.0	3.9	--	--	2.8	Oct-05
Cambridge PE 1 Qtr Lag			5.4	11.0	10.8	16.1	18.2	7.0	13.4	13.3	12.6	Oct-05
Over/Under			-1.3	-5.3	-8.4	-5.8	-6.2	-3.1			-9.8	
Venture Economics All Private Equity Lag			5.1	10.1	9.6	14.2	17.1	6.3	11.3	10.5	10.6	Oct-05
Total Real Estate Composite	107,438,861	4.0	3.3	8.4	9.1	10.4	6.8	1.3	0.9	0.6	0.4	Jun-95
NCREIF Property Index			2.7	5.3	12.0	14.4	8.8	2.5	6.7	8.3	9.5	Jun-95
Over/Under			0.6	3.1	-2.9	-4.0	-2.0	-1.2	-5.8	-7.7	-9.1	
American Realty/Kennedy Combined	19,868,973	0.7	3.5	11.7	10.3	10.5	8.6	6.3	8.4	--	8.7	Oct-03
NCREIF Property Index			2.7	5.3	12.0	14.4	8.8	2.5	6.7	8.3	8.4	Oct-03
Over/Under			0.8	6.4	-1.7	-3.9	-0.2	3.8	1.7		0.3	
American Realty Core Realty Fund	87,569,888	3.3	3.4	6.3	--	--	--	--	--	--	9.0	Sep-11
NCREIF Property Index			2.7	5.3	12.0	14.4	8.8	2.5	6.7	8.3	12.0	Sep-11
Over/Under			0.7	1.0							-3.0	
Inflation-Linked Assets Composite	287,858,272	10.8	-5.3	-4.4	-11.2	5.7	--	--	--	--	0.5	Jan-10
Custom Commodity Risk Parity Index			-4.2	-2.7	-9.4	--	--	--	--	--	--	Jan-10
Over/Under			-1.1	-1.7	-1.8							
Dow Jones-UBS Commodity Index TR			-4.5	-3.7	-14.3	3.9	3.5	-3.7	0.1	5.0	-1.0	Jan-10
Credit Suisse	159,708,830	6.0	-4.3	-2.9	-9.9	--	--	--	--	--	-11.7	Apr-11
Custom Commodity Risk Parity Index			-4.2	-2.7	-9.4	--	--	--	--	--	-11.6	Apr-11
Over/Under			-0.1	-0.2	-0.5						-0.1	
Dow Jones-UBS Commodity Index TR			-4.5	-3.7	-14.3	3.9	3.5	-3.7	0.1	5.0	-16.4	Apr-11
First Quadrant	128,149,442	4.8	-6.5	-6.2	-12.7	--	--	--	--	--	-14.0	Apr-11
Custom Commodity Risk Parity Index			-4.2	-2.7	-9.4	--	--	--	--	--	-11.6	Apr-11
Over/Under			-2.3	-3.5	-3.3						-2.4	
Dow Jones-UBS Commodity Index TR			-4.5	-3.7	-14.3	3.9	3.5	-3.7	0.1	5.0	-16.4	Apr-11

City of San Jose Police and Fire Department Retirement Plan

Total Fund Performance Detail (Net of Fee)

	Market Value (\$)	% of Portfolio	3 Mo (%)	YTD (%)	1 Yr (%)	2 Yrs (%)	3 Yrs (%)	5 Yrs (%)	7 Yrs (%)	10 Yrs (%)	Return (%)	Since
Opportunistic Composite	86,626,981	3.3	0.2	-0.8	2.3	--	--	--	--	--	2.1	Nov-10
3 Months LIBOR + 5%			<u>1.3</u>	<u>2.7</u>	<u>5.5</u>	<u>5.4</u>	<u>5.4</u>	<u>6.5</u>	<u>7.5</u>	<u>7.3</u>	<u>5.4</u>	Nov-10
Over/Under			-1.1	-3.5	-3.2						-3.3	
White Oak	23,834,444	0.9	2.0	-3.1	-3.7	--	--	--	--	--	-2.6	Nov-10
3 Months LIBOR + 5%			<u>1.3</u>	<u>2.7</u>	<u>5.5</u>	<u>5.4</u>	<u>5.4</u>	<u>6.5</u>	<u>7.5</u>	<u>7.3</u>	<u>5.4</u>	Nov-10
Over/Under			0.7	-5.8	-9.2						-8.0	
GSO	31,216,766	1.2	3.9	4.7	25.3	--	--	--	--	--	21.5	Dec-10
3 Months LIBOR + 5%			<u>1.3</u>	<u>2.7</u>	<u>5.5</u>	<u>5.4</u>	<u>5.4</u>	<u>6.5</u>	<u>7.5</u>	<u>7.3</u>	<u>5.4</u>	Dec-10
Over/Under			2.6	2.0	19.8						16.1	
Medley Capital	31,575,771	1.2	-3.9	-2.2	-2.1	--	--	--	--	--	-1.4	Mar-11
3 Months LIBOR + 5%			<u>1.3</u>	<u>2.7</u>	<u>5.5</u>	<u>5.4</u>	<u>5.4</u>	<u>6.5</u>	<u>7.5</u>	<u>7.3</u>	<u>5.4</u>	Mar-11
Over/Under			-5.2	-4.9	-7.6						-6.8	
Cash												
Cash	28,537,703	1.1	0.1	0.2	0.2	0.3	1.1	7.9	12.7	--	--	Jul-02
90 Day T-Bill			<u>0.0</u>	<u>0.0</u>	<u>0.1</u>	<u>0.1</u>	<u>0.1</u>	<u>1.0</u>	<u>2.0</u>	<u>1.9</u>	<u>1.9</u>	Jul-02
Over/Under			0.1	0.2	0.1	0.2	1.0	6.9	10.7			

Appendix: Policy Benchmark History

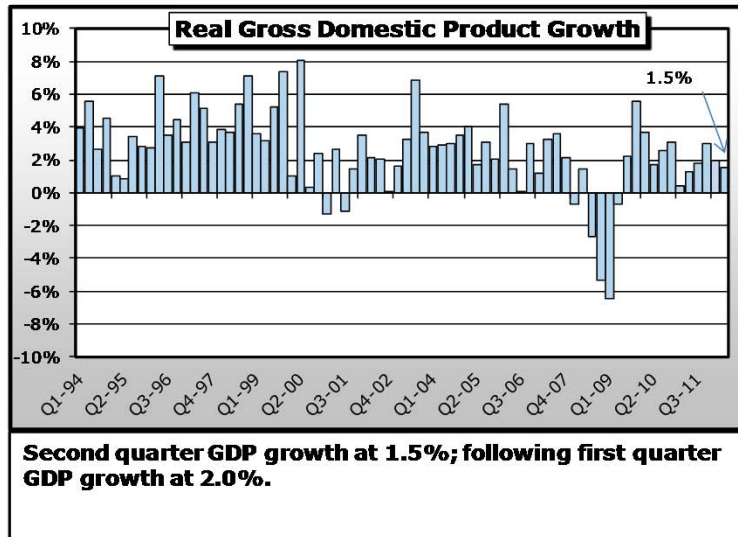
Policy Benchmark History

- **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%

Appendix: Market Environment

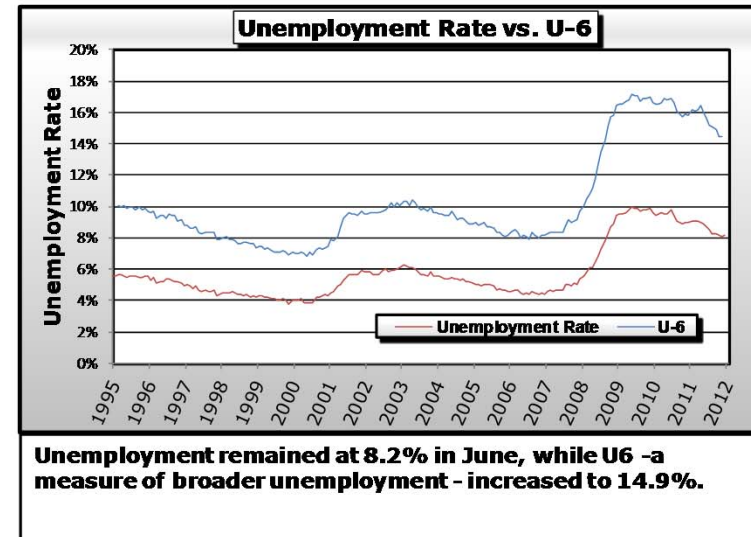
City of San Jose Police and Fire Department Retirement Plan

Economic Environment



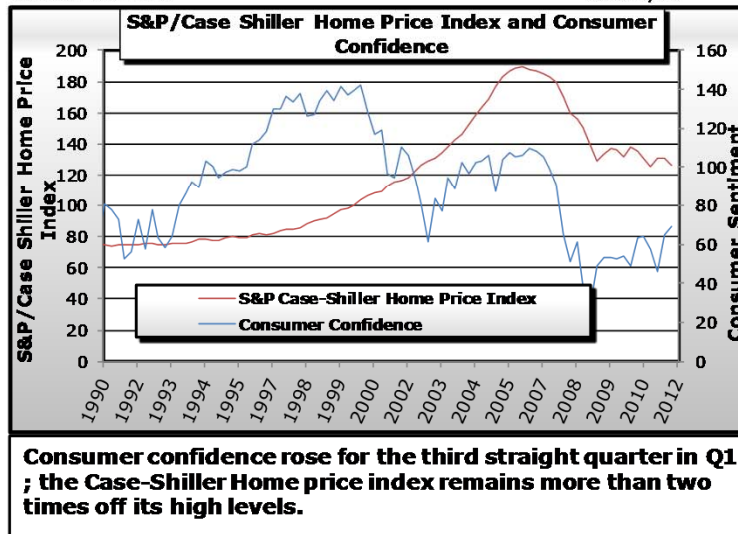
Source: Bloomberg

As of 6/30



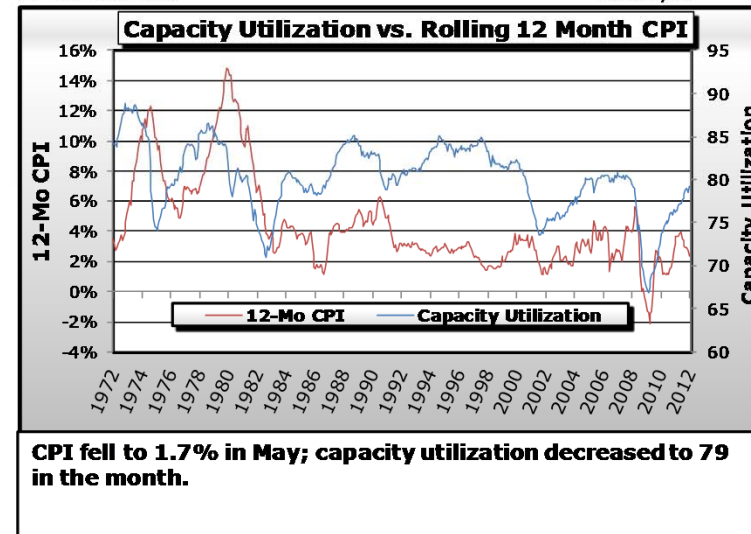
Source: Bloomberg

As of 6/30



Source: Bloomberg

As of 3/31

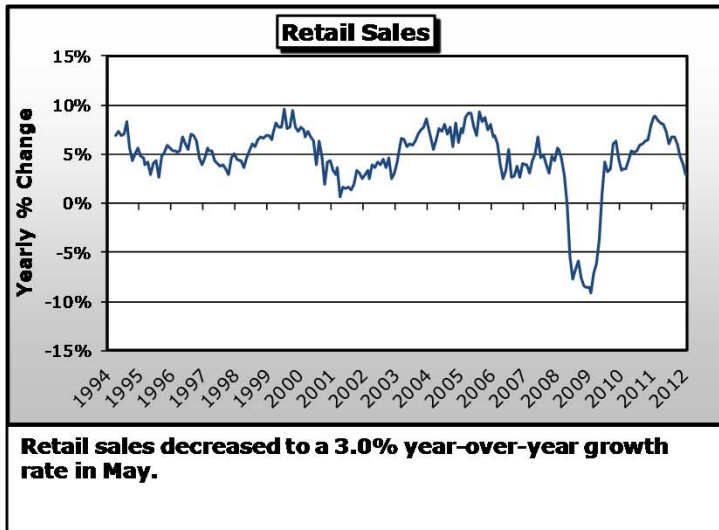


Source: Bloomberg

As of 5/31

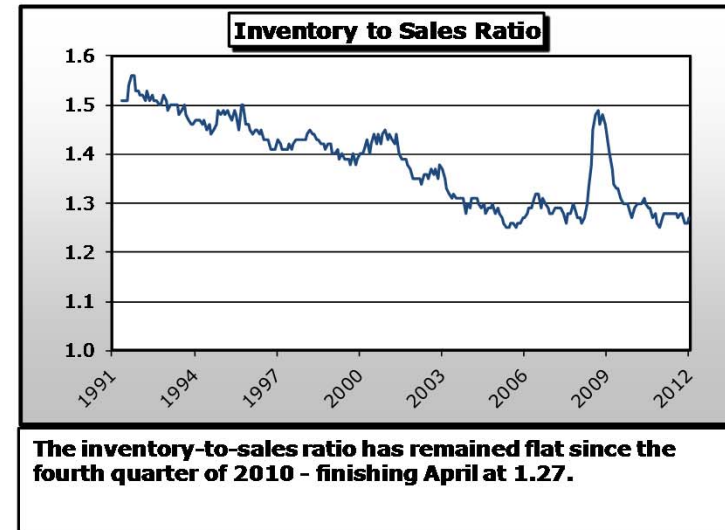
City of San Jose Police and Fire Department Retirement Plan

Components of U.S. GDP



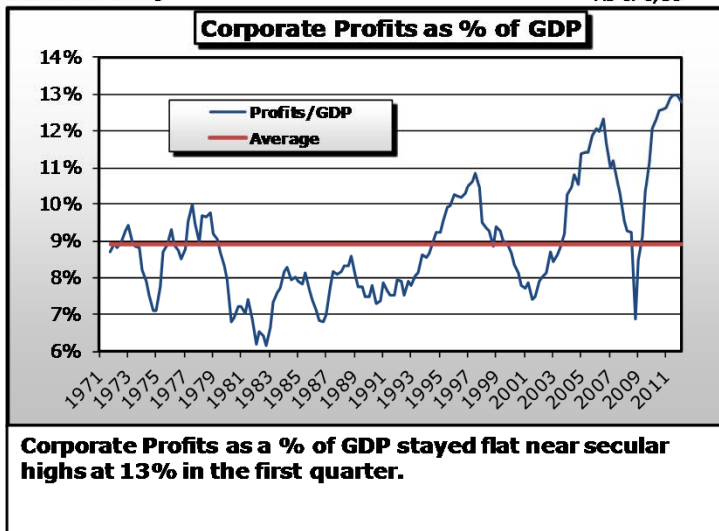
Source: Bloomberg

As of 6/30



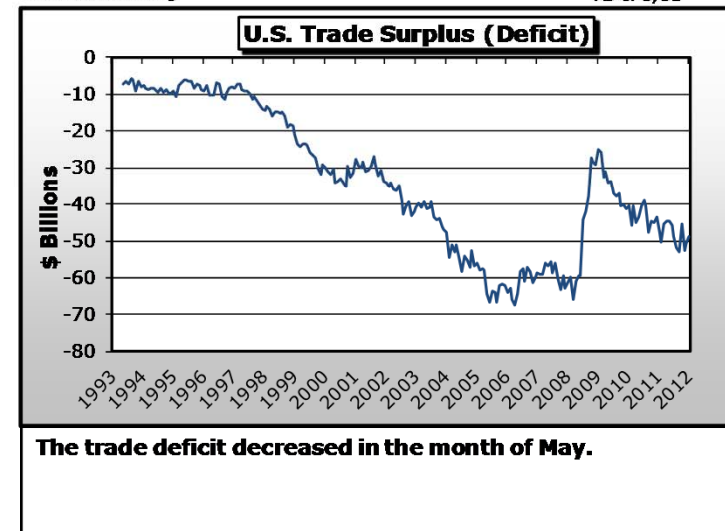
Source: Bloomberg

As of 5/31



Source: Bloomberg

As of 3/31

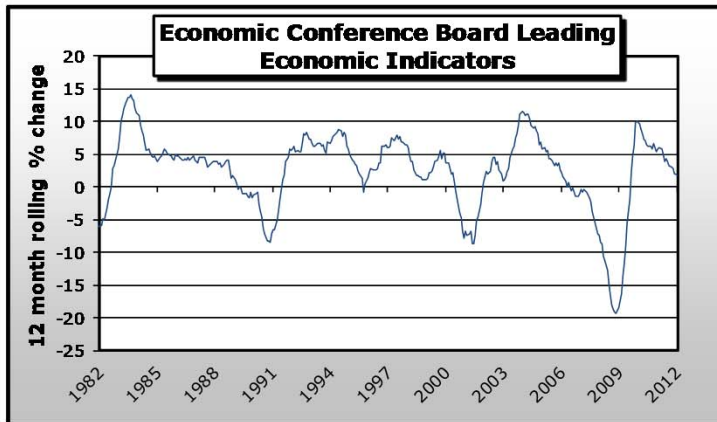


Source: Bloomberg

As of 5/31

City of San Jose Police and Fire Department Retirement Plan

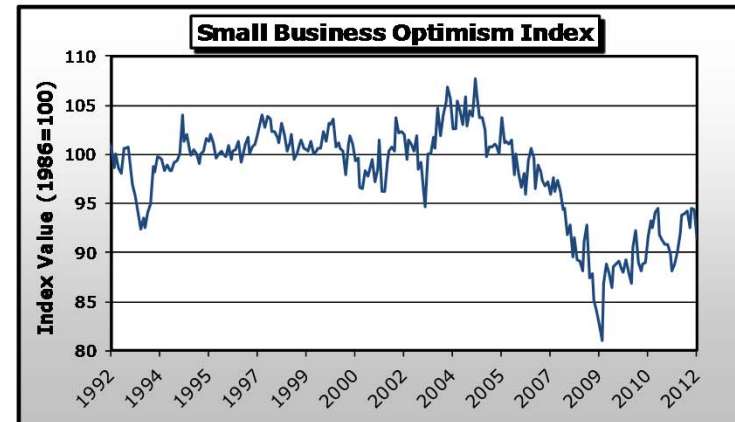
Key Economic Indicators



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

Source: Bloomberg

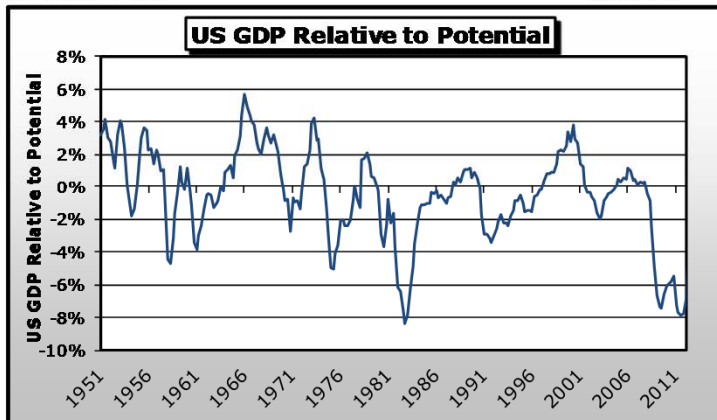
As of 5/31



The small business optimism index fell by 3 points in June - its largest drop in over two years.

Source: Bloomberg

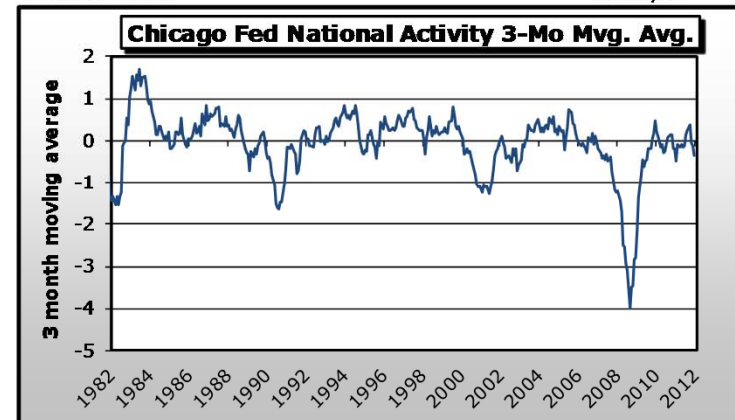
As of 6/30



US GDP relative to Potential GDP increased in the first quarter.

Source: St. Louis Fed

As of 3/31



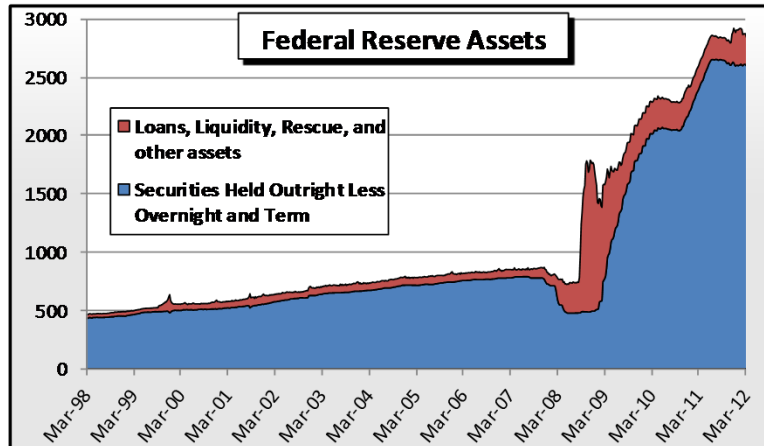
Chicago Fed National Activity 3 Month moving average decreased through June.

Source: Bloomberg

As of 6/30

City of San Jose Police and Fire Department Retirement Plan

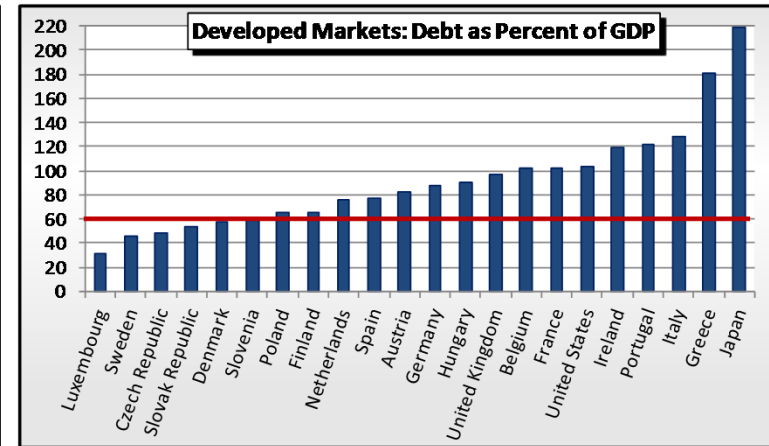
Economic Environment



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

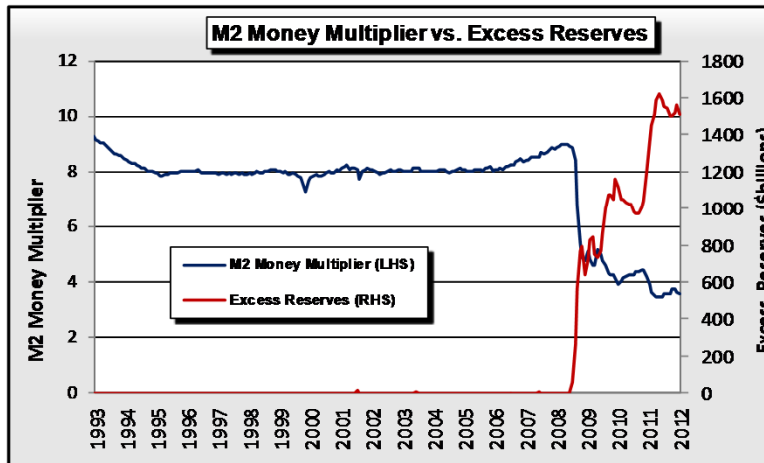
As of 3/31



Many developed nations are at or approaching unsustainable debt levels.

Source: IMF, CBOE

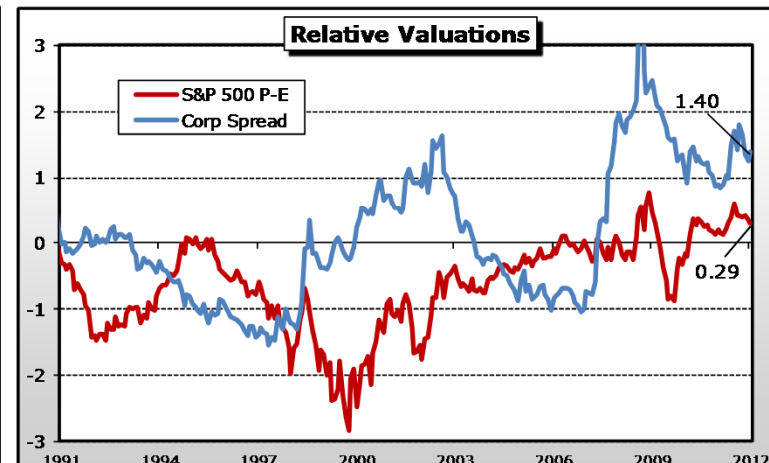
As of 3/31



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

Source: St. Louis Fed

As of 3/31



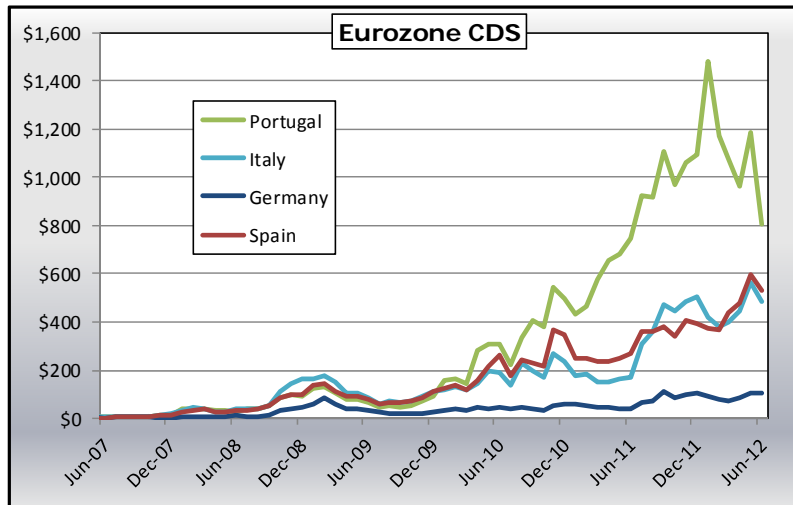
Despite the first quarter stock market rally, equities remain attractive relative to fixed income.

Source: Bloomberg

As of 3/31

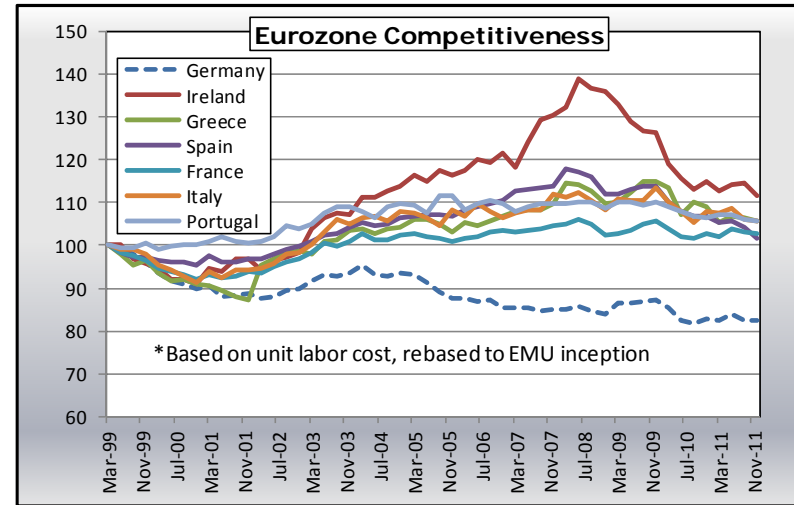
City of San Jose Police and Fire Department Retirement Plan

Eurozone Economic Environment



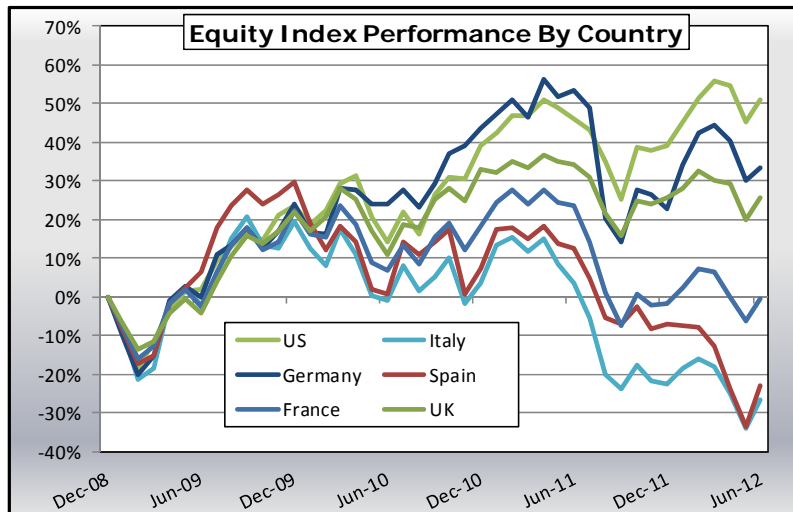
Source: Bloomberg

As of 6/30



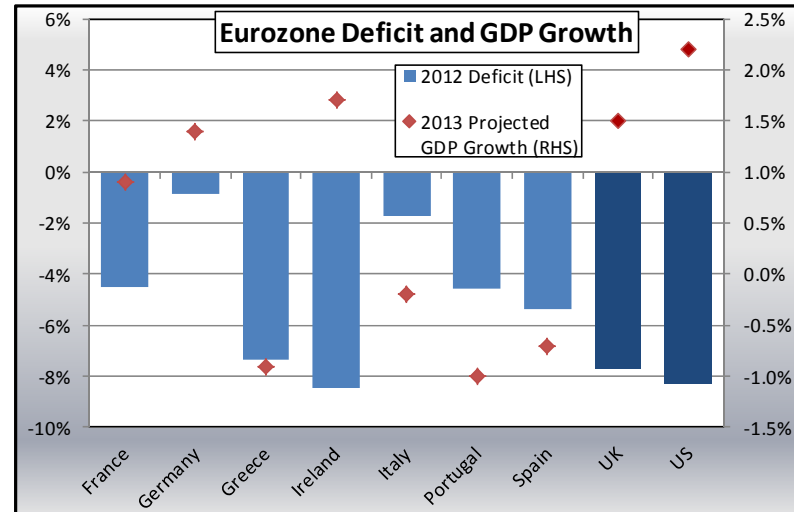
Source: ECB

As of 12/31



Source: Bloomberg

As of 6/30

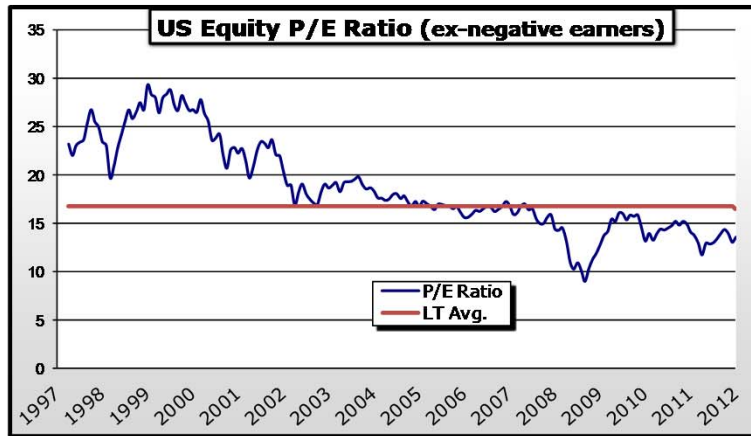


Source: IMF, Bloomberg

As of 6/30

City of San Jose Police and Fire Department Retirement Plan

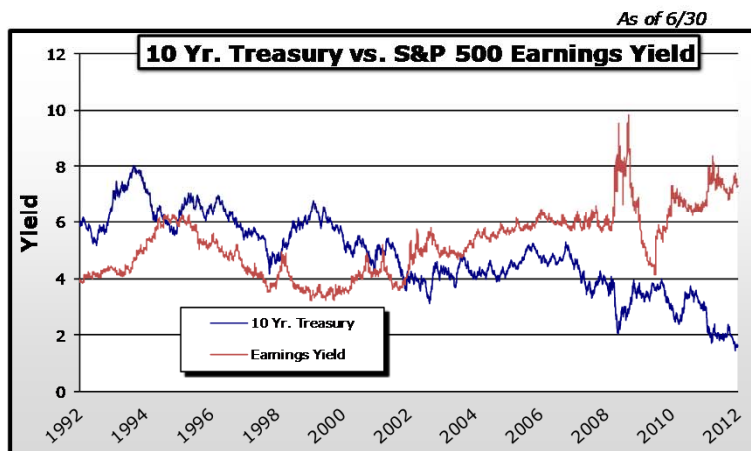
Market Environment – U.S. Equity



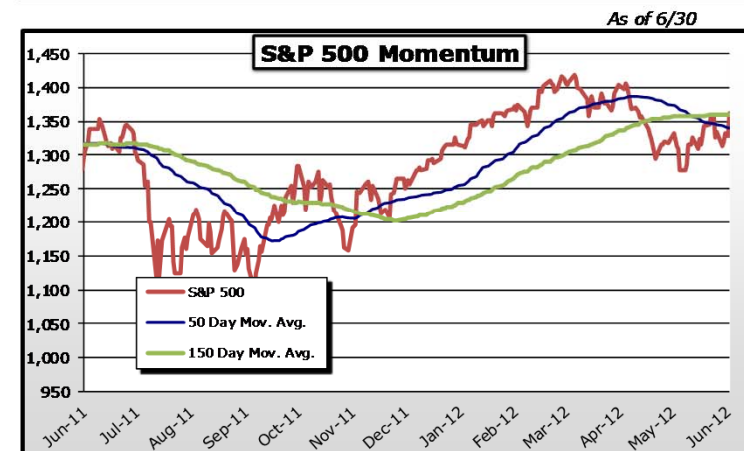
S&P valuations remain below the long-term average.



The VIX fell in the month, while the S&P finished up 4.1%.



Yield on the 10-year Treasury finished June at 1.65%, while earnings yield on the S&P 500 decreased.



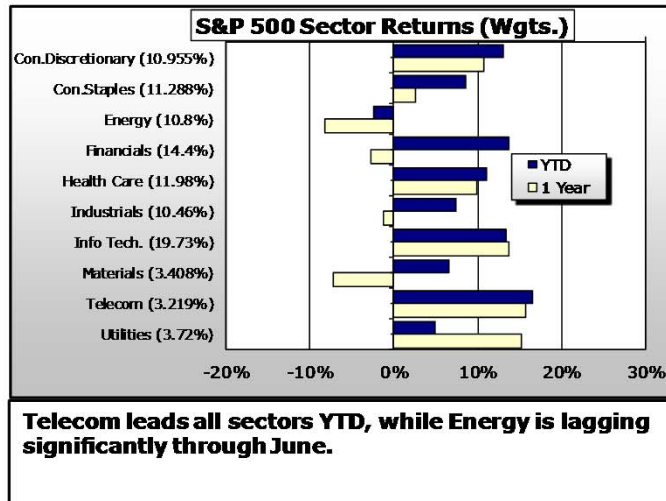
The S&P 500's 50-day moving average crossed below its 150-day moving average in June.

As of 6/30

As of 6/30

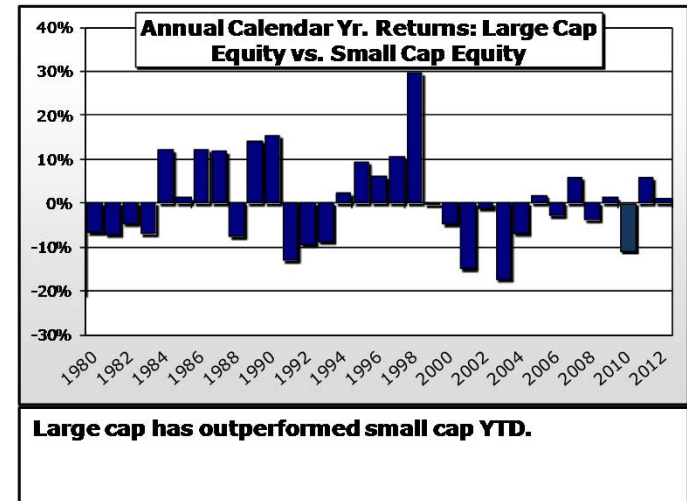
City of San Jose Police and Fire Department Retirement Plan

U.S. Stock Market Performance



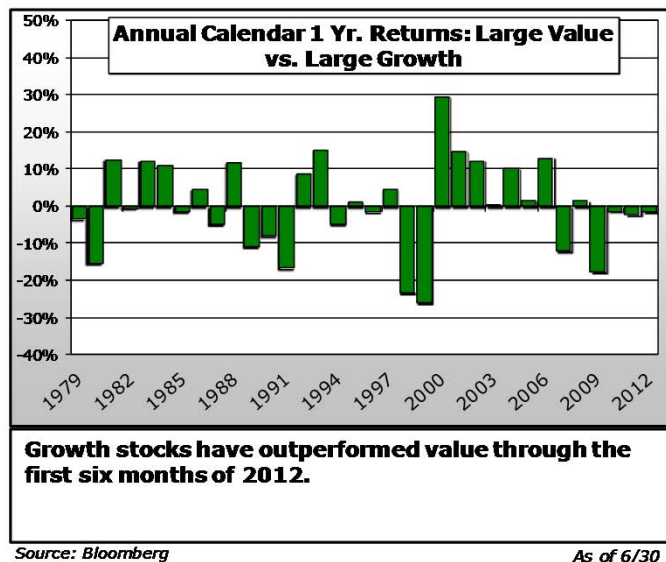
Source: Standard & Poors, Bloomberg

As of 6/30



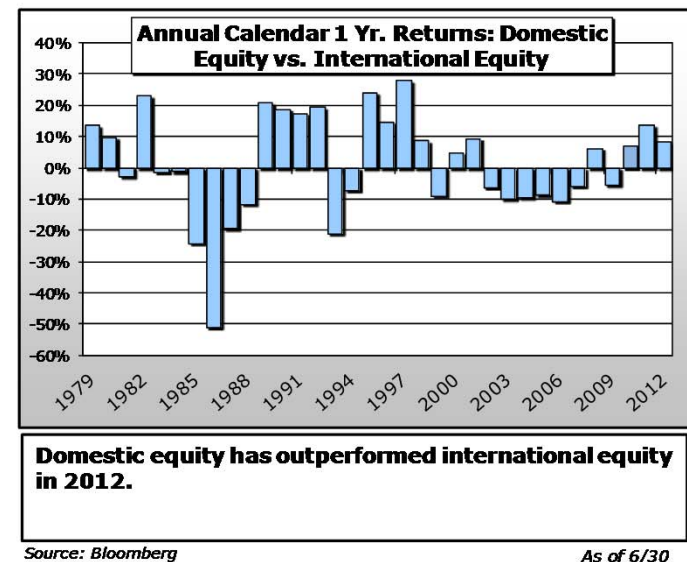
Source: Bloomberg

As of 6/30



Source: Bloomberg

As of 6/30



Source: Bloomberg

As of 6/30

City of San Jose Police and Fire Department Retirement Plan

Non – U.S. Stock Market Performance

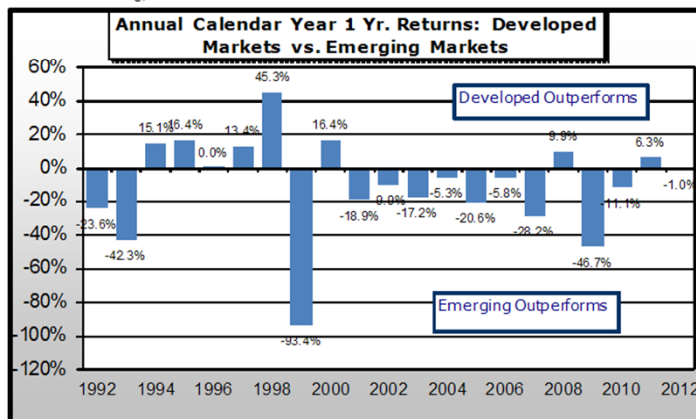
Developed Market Equity Returns (U.S. Dollars)			
Source: MSCI Inc.			
	YTD (%)	1 Yr. (%)	3 Yr. (%)
Europe ex UK	1.9%	-22.1%	3.7%
United Kingdom	3.4%	-4.6%	11.6%
Japan	3.1%	-7.2%	1.9%
Pacific Ex Japan	5.8%	-10.0%	13.1%
Canada	-1.9%	-16.5%	8.6%
USA	9.1%	4.4%	15.7%

US Dollar Return vs. Major Foreign Currencies			
(Negative = Dollar Depreciates, Positive = Dollar Appreciates)			
	YTD	1 Yr.	3 Yr.
Euro	2.3%	12.7%	9.7%
Japanese Yen	3.6%	-1.0%	-20.8%
British Pound	-1.1%	2.2%	4.6%
Canada	-0.5%	5.2%	-14.3%
Australia	-0.3%	4.5%	-27.0%

Currency Impact on Developed Mkt. Returns			
(Negative = Currency Hurt, Positive = Currency Helped)			
	YTD	1 Yr.	5 Yr.
MSCI EAFE (Local)	4.2%	-8.6%	4.4%
MSCI EAFE (USD)	3.0%	-13.8%	6.0%
Currency Impact	-1.3%	-5.2%	1.5%

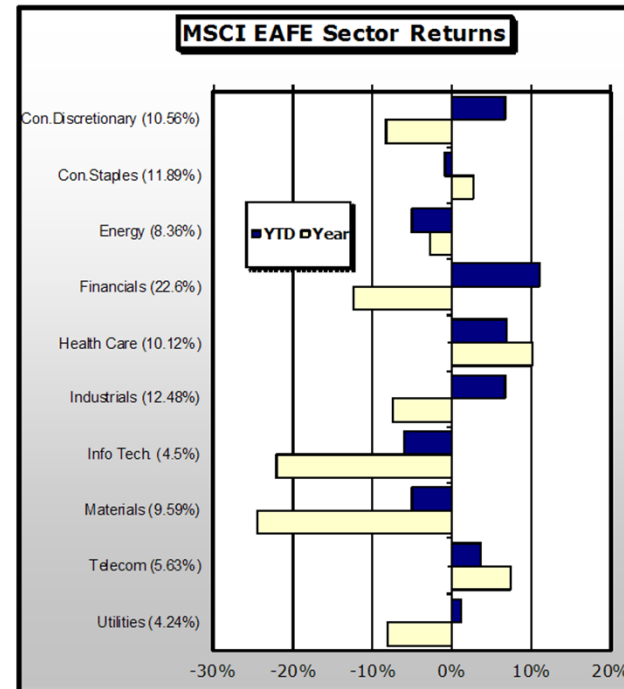
Source: Bloomberg, MSCI Inc

As of 6/30



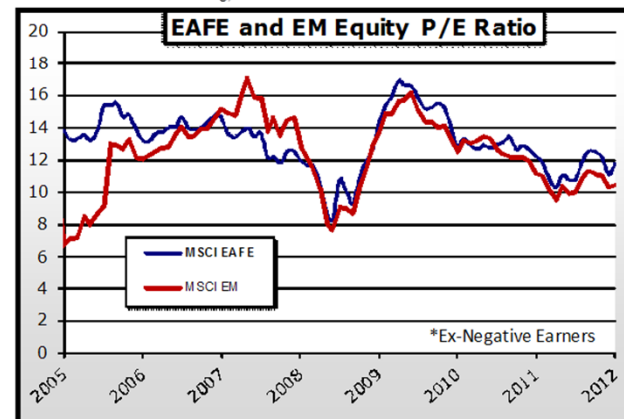
Source: MSCI Inc.

As of 6/30



Source: Bloomberg, MSCI Inc

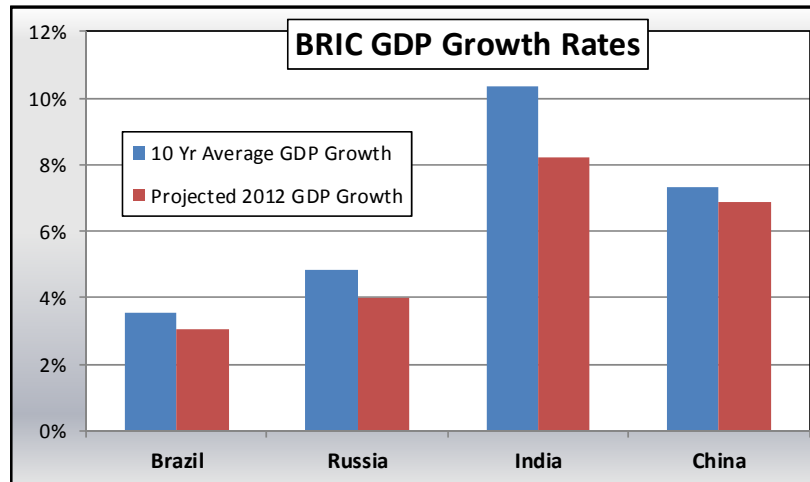
As of 6/30



Source: Bloomberg, NEPC

As of 6/30

Emerging Markets



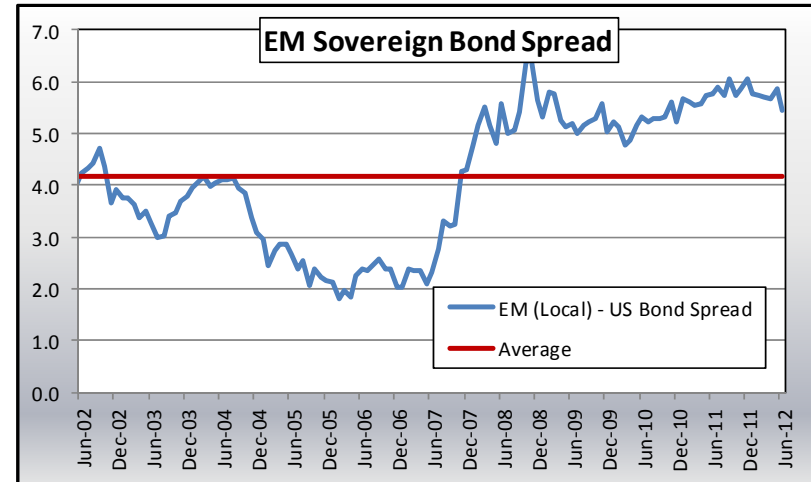
Source: Bloomberg

As of 6/30

Emerging Markets Valuation		
	MSCI EM	MSCI EM Small Cap
PE Ratio	11.08	16.52
Historical Avg	16.08	19.40
PB Ratio	1.53	1.00
Historical Avg	1.54	1.20
PS Ratio	1.02	0.60
Historical Avg	1.04	0.69

Source: Bloomberg

As of 6/30



Source: Bloomberg

As of 6/30

US Dollar Return vs. Major EM Currencies

(Negative = Dollar Depreciates, Positive = Dollar Appreciates)

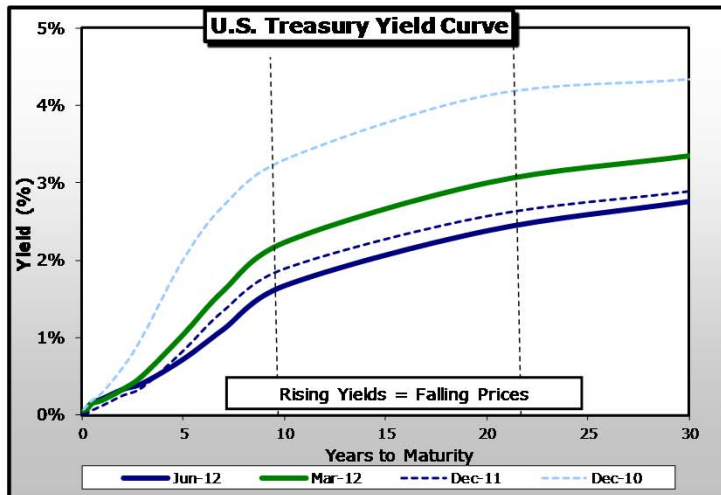
	YTD	1 Yr.	3 Yr.
Brazilian Real	7.1%	22.2%	2.9%
Russian Ruble	0.9%	14.1%	3.6%
Indian Rupee	4.6%	19.7%	13.9%
Chinese Renminbi	0.9%	-1.7%	-7.5%
Singapore Dollar	-2.5%	2.9%	-14.4%
Hungarian Forint	-7.6%	18.8%	14.1%
Turkish Lira	-4.6%	10.3%	14.8%
Mexican Peso	-4.3%	12.3%	1.3%
S. African Rand	0.9%	17.1%	5.5%
South Korean Won	-0.6%	6.8%	-11.2%

Source: Bloomberg

As of 6/30

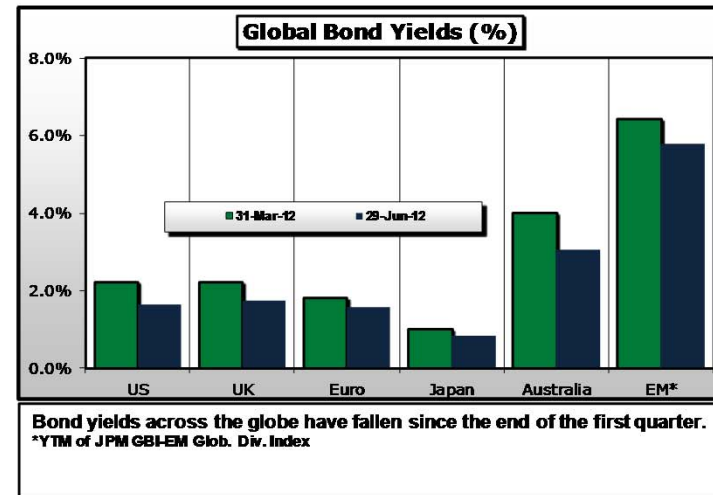
City of San Jose Police and Fire Department Retirement Plan

Market Environment – Interest Rates



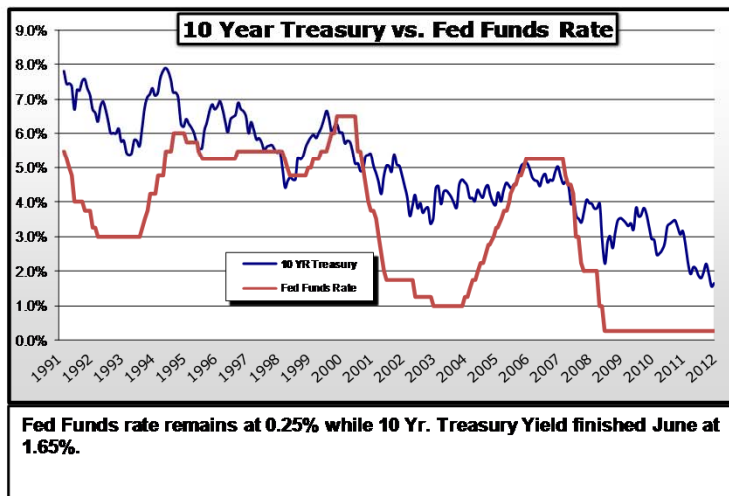
Source: U.S. Treasury

As of 6/30



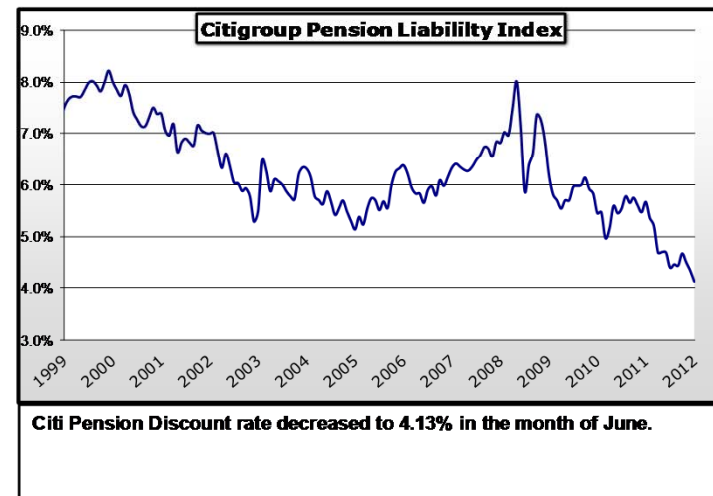
Source: Bloomberg

As of 6/30



Source: Bloomberg

As of 6/30

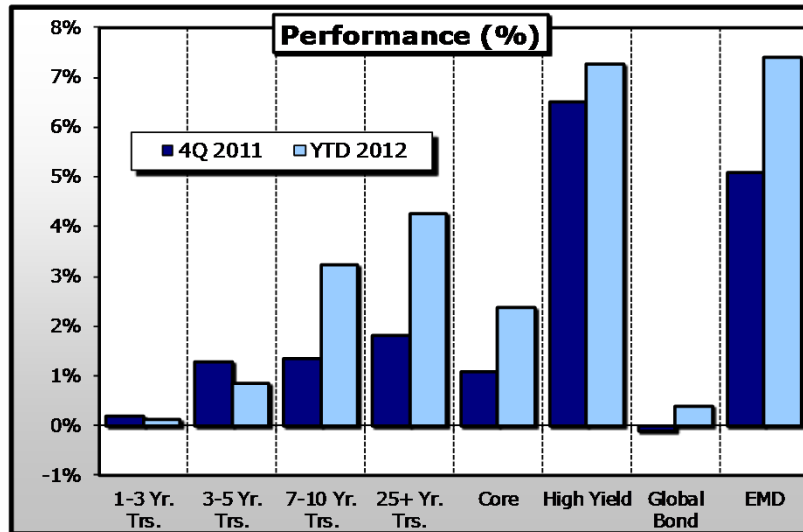


Source: Citigroup

As of 6/30

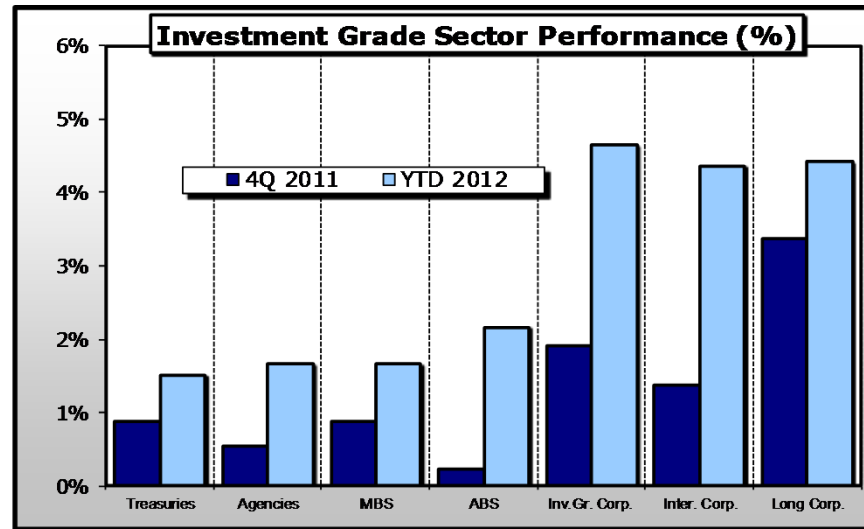
City of San Jose Police and Fire Department Retirement Plan

Fixed Income Performance



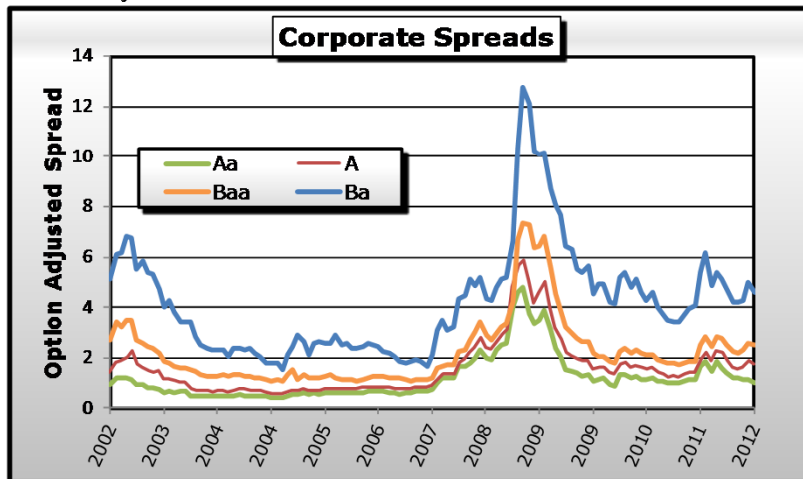
Source: Barclays

As of 6/30



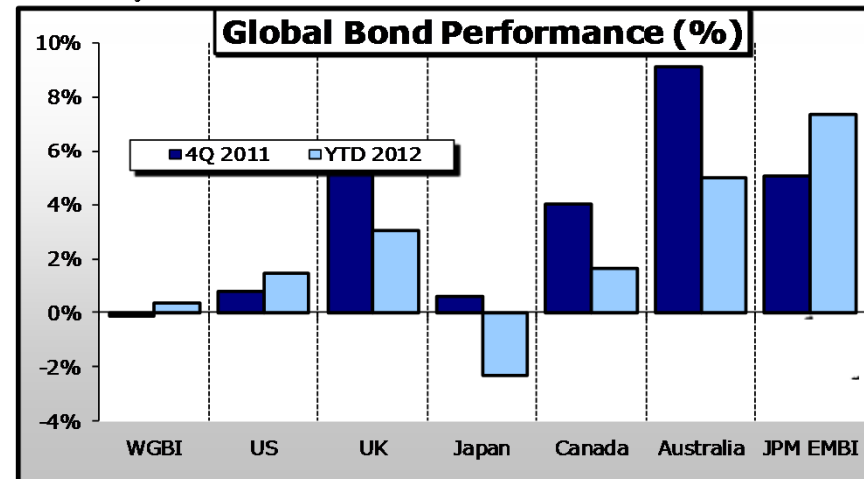
Source: Barclays

As of 6/30



Source: Barclays

As of 6/30

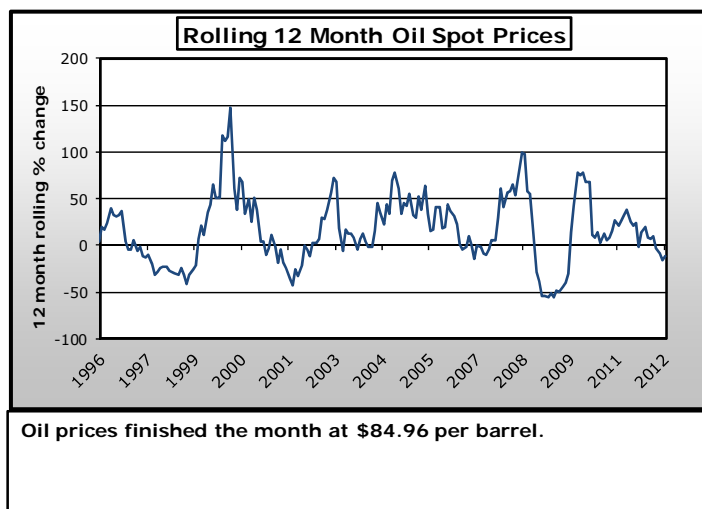


Source: Barclays

As of 6/30

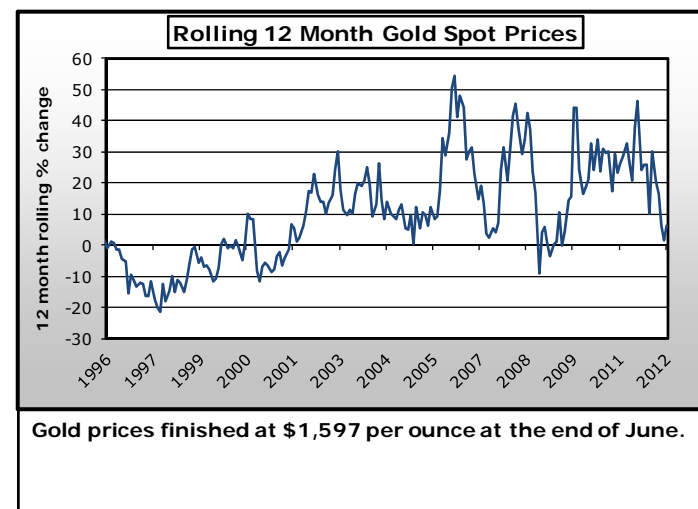
City of San Jose Police and Fire Department Retirement Plan

Market Environment – Commodities



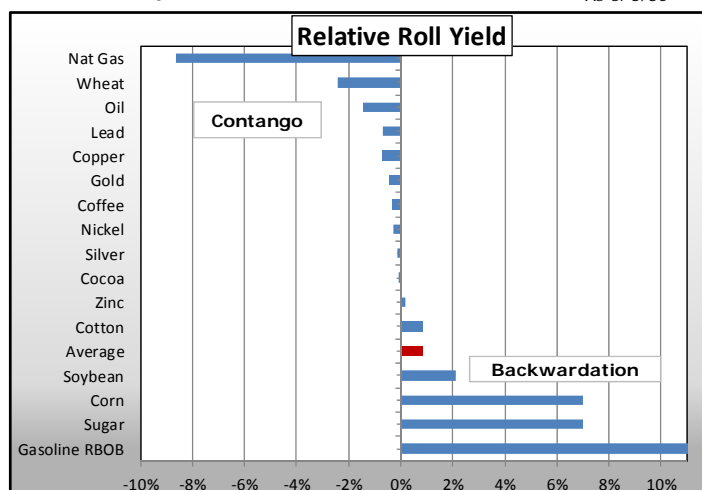
Source: Bloomberg

As of 6/30



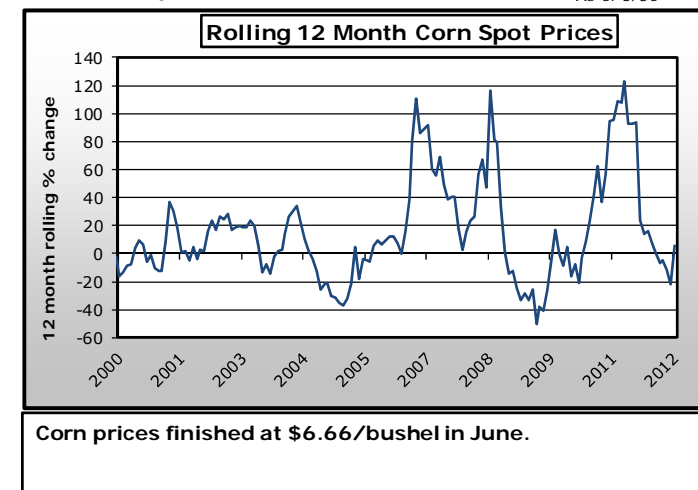
Source: Bloomberg

As of 6/30



Source: Bloomberg

As of 6/30



Source: Bloomberg

As of 6/30

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.