

SAN JOSE FEDERATED CITY EMPLS RET SYSTEM  
**PERFORMANCE MONITORING REPORT**  
DECEMBER 31, 2008

**STRATEGIC INVESTMENT SOLUTIONS, INC.**

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### > General Comments

- The effects of the global financial crisis continued into the fourth quarter as the first full week of the quarter was the worst in the 112 year history of the Dow. The index dropped 22 % within an eight day period.
- The National Bureau of Economic Research declared that the U.S. has officially been in a recession since December of 2007. Negative economic data is plentiful, as consumer confidence reached an all-time low in December, the jobless rate grew to its highest level in 16 years, and foreclosures soared by 81 % in 2008.
- After reaching an all-time high of \$147/barrel in July, oil prices plummeted in the last six months of the year in response to declining global demand brought by the economic slow-down. Oil closed the year under \$40/barrel.
- In the tumultuous markets of 2008, U.S. stocks fared better than their international and emerging markets counter-parts. The S&P500 out-performed both the MSCI EAFE and MSCI Emerging in 2008 for the first time since 2001 and 2000 respectively. Fed dropped the key short term interest rate to a historic low range of 0 %-0.25% and announced plans to keep rates there for some time. Rates were dropped a total of eight times in 2008 after starting the year at 4.25%.
- In the fourth quarter of 2008, the currency markets were extremely volatile as the U.S. Dollar significantly gained against the pound (+17.9%), yet plunged versus the yen (-16.7%). The dollar made minor gains against the euro (+1.2%).
- For the period ending 12/31/08, the one quarter return for the NAREIT index was (38.81%), the one year return was (37.74%), and the three years return was (10.84%). For the NCREIF Property index (as of 9/30/08), the last quarter was (0.17%); the one year return was 5.29% and the three years return was 13.24%.
- As the credit crisis continues, property owners are faced with a shortage of third-party capital, both for new ventures and to refinance existing debt. With the cost of available debt increasing above property yields, many investors are more interesting in lending than in buying.
- Finally, the deterioration of the economy in general has increasingly impacted all investments, with real estate becoming the latest cause of concern.

**MARKET SUMMARY**

**Equity Markets**

	<u>QTR</u>	<u>1 Year</u>
<b>U.S.</b>		
S&P 500	-21.9	-37.0
Dow Jones Industrial Average	-18.4	-31.9
NASDAQ	-23.8	-39.7
Russell 1000	-22.5	-37.6
Russell 2000	-26.1	-33.8
Russell 3000	-22.8	-37.3
<b>Non-U.S.</b>		
MSCI EAFE (Net)	-20.0	-43.4
MSCI Emerging Markets (Net)	-27.6	-53.3
MSCI All Country World ex U.S.	-22.3	-45.5

**Bond Markets**

	<u>QTR</u>	<u>1 Year</u>
<b>U.S.</b>		
Barclays Capital Aggregate	4.6	5.2
Barclays Capital Gov/ Credit	6.4	5.7
Barclays Capital Universal	2.7	2.4
Barclays Capital Corp. High Yield	-17.9	-26.2
<b>Non-U.S.</b>		
CG Non-U.S. World Govt.	8.8	10.1

**Non-Public Markets**

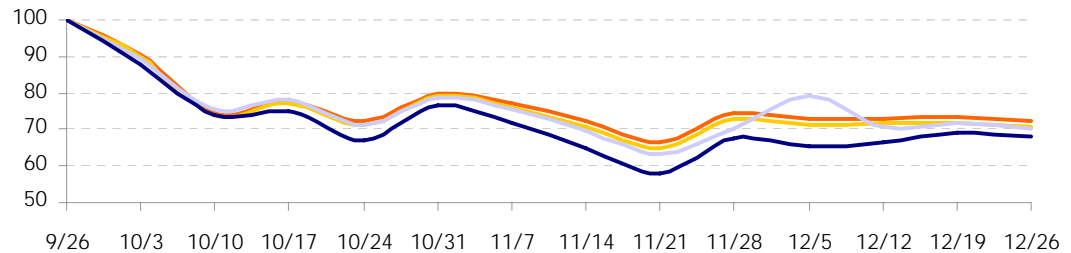
*lagged quarterly*

	<u>QTR</u>	<u>1 Year</u>
NCREIF Property	-0.2	5.3
State Street Private Equity Index	-5.0	-6.9

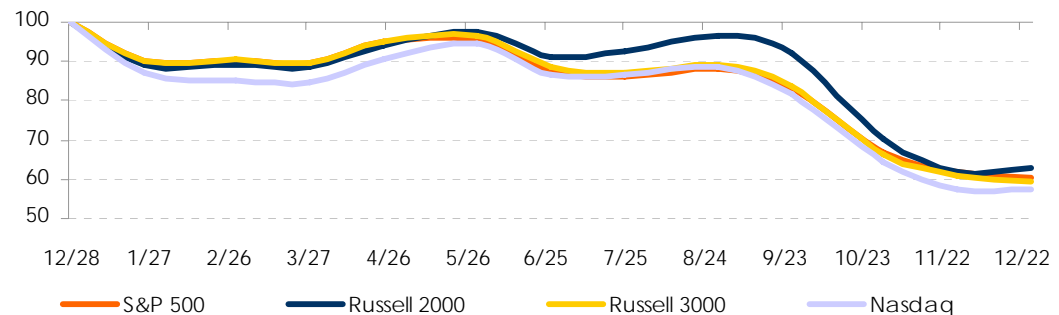
**U.S. Equity Market**

- The Russell 2000 struggled in the fourth quarter, yet for 2008 it provided stronger relative returns than the S&P 500 and other Russell indices due to small cap stocks' significant out-performance in the third quarter.
- The Nasdaq provided the lowest returns in 2008, as the information technology sector suffered.
- The blue chip stocks of the Dow Jones Industrial Average provided stronger returns in 2008, posting -18.4% in the fourth quarter and -31.9% for the year. Although these returns out-performed the S&P 500, Nasdaq, and Russell indices, they still represent the worst returns for the Dow since 1931.

**Equity Index - Quarter Growth Rate**



**Equity Index - 1-Year Growth Rate**



# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

Fourth Quarter 2008

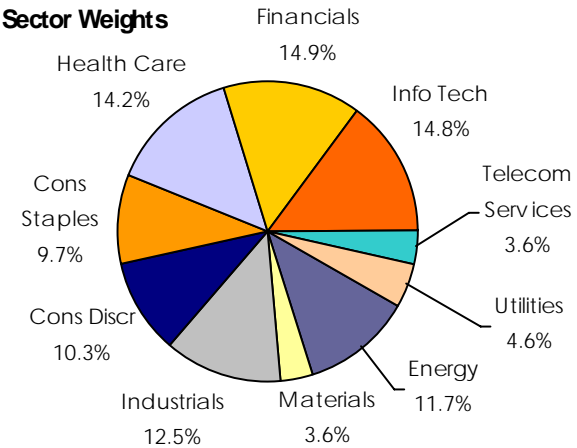
Capital Market Review

## DOMESTIC MARKETS

### Domestic Equity - Russell 3000

- It cannot come as a surprise that Financials was the worst performing sector in the fourth quarter, recording a -33.4% return. The sector has lost nearly half of its value in 2008.
- Consumer staples was the most reliable sector in the down markets of 2008, posting the best 1-year return in the index (-19.3%). The Health Care sector also out-performed other sectors recording a -23.2% return for the year.
- The Energy and Materials sectors endured significant losses in the second half of the year, as each sector posted over 20% declines in both the third and fourth quarters.
- Information technology lost 42.7% of its value in 2008. Due to its large weighting in the index, it had the second largest negative contribution to return for the quarter and year.

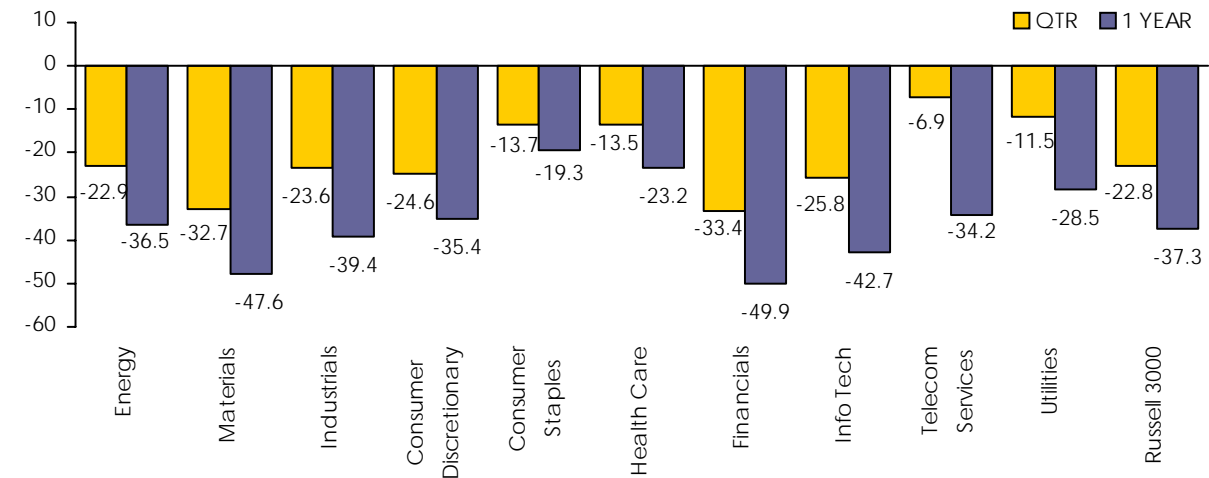
Ending Sector Weights



### Characteristics

Div Yield (%)	2.8
P/B Ratio	2.6
P/E Ratio	11.9
Fundamental Beta	1.1
Market Cap \$(MM)	65,899

Sector Returns (%)



Contribution to Return:

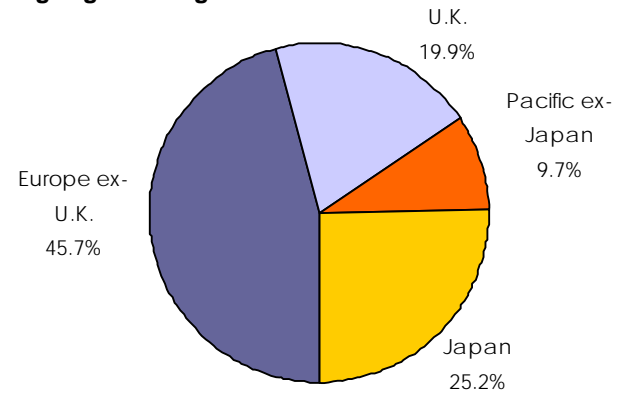
	Energy	Materials	Industrials	Consumer Discretionary	Consumer Staples	Health Care	Financials	Info Tech	Telecom Services	Utilities	Russell 3000
Qtr	-2.7	-1.3	-3.0	-2.6	-1.3	-1.7	-5.6	-4.0	-0.2	-0.5	-22.8
1 Yr	-4.2	-2.0	-5.0	-3.6	-1.5	-2.7	-8.9	-6.9	-1.2	-1.2	-37.3

**INTERNATIONAL MARKETS**

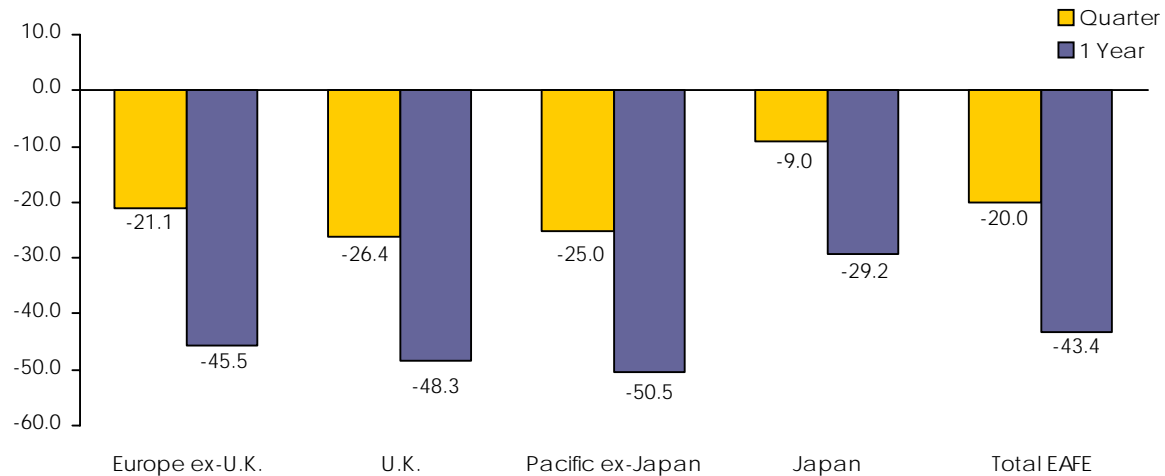
**Developed Equity—MSCI EAFE (Net)**

- The MSCI EAFE Index fell –20.6% in the third quarter and another –20.0% in the fourth quarter of 2008. The index's 1-year return, –43.4%, is the lowest in its 39 year history.
- Japan continues to out-perform in recent down markets, recording the best county return in the MSCI EAFE index and the best regional return for the third consecutive quarter. Most of this out-performance however, is due to the yen's recent dominance as returns are converted back to dollars.
- The U.K. posted the worst regional return for the quarter (-26.4%) as economic data has projected a gloomy outlook for the country and the pound has experienced a substantial drop in value versus the dollar.

**Ending Regional Weights**



**Regional Returns (%)**



**Contribution to Return:**

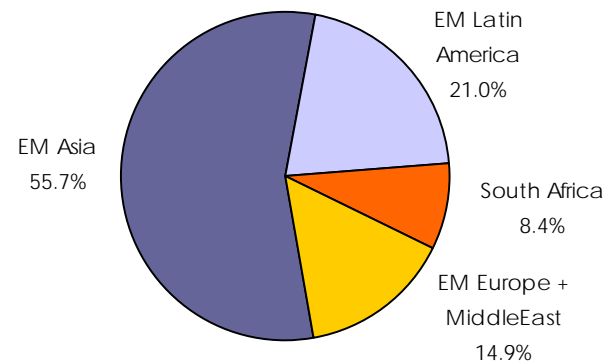
	Europe ex-U.K.	U.K.	Pacific ex-Japan	Japan	Total EAFE
Qtr	-9.8	-5.7	-2.4	-2.0	-20.0
1 Yr	-21.7	-10.7	-5.1	-5.8	-43.4

**INTERNATIONAL MARKETS**

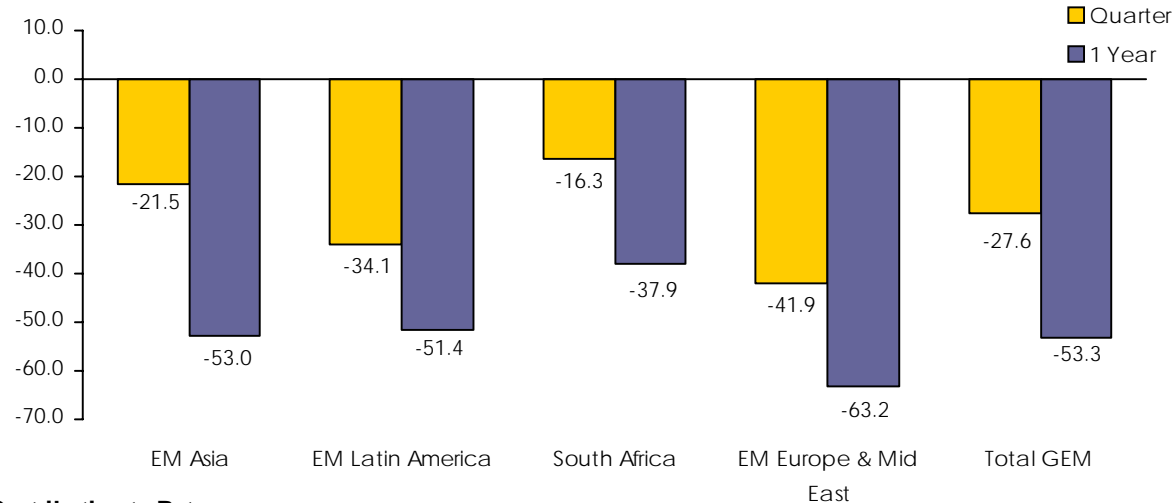
**Emerging Markets Equity - MSCI EM (Net)**

- Last quarter's -27.0% return was the lowest in the history of the MSCI EM index. The fourth quarter of 2008 was even worse, dropping -27.6%. The index's one year return of -53.3% is also the worst in the 20 year history of the index.
- Russia was the leading cause of EM Europe & Mid East's decline in both the quarter and past year. The country dropped a staggering -51.3% in the fourth quarter and has lost 73.9% of its value in 2008.
- EM Asia out-performed the broad index due to China's out-performance for the quarter (-10.8%). China recorded the best fourth quarter return of all countries in the index.
- South Africa had the best regional return for the second consecutive quarter (-16.3%).

**Ending Regional Weights**



**Regional Returns (%)**



**Contribution to Return:**

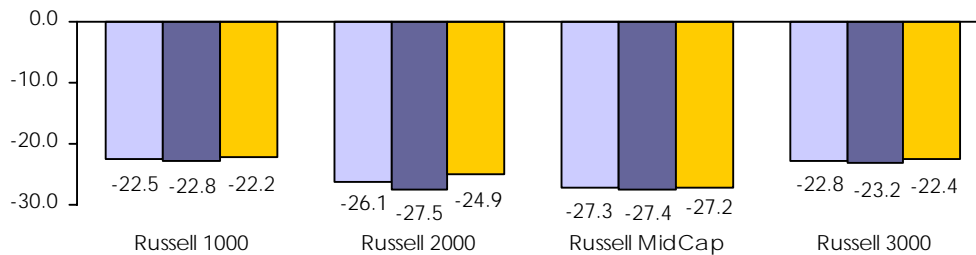
	EM Asia	EM Latin America	South Africa	EM Europe & Mid East	Total GEM
Qtr	-10.8	-8.1	-1.2	-7.5	-27.6
1 Yr	-28.7	-10.5	-2.5	-11.6	-53.3

STYLE & CAPITALIZATION

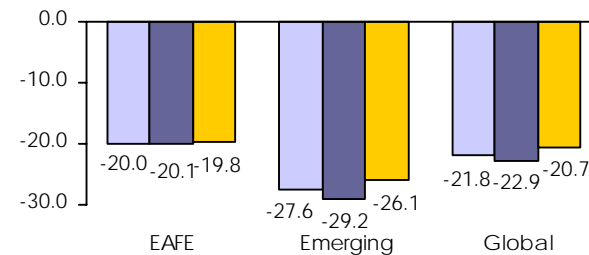
Style & Capitalization Returns

- Value stocks provided the best returns in the down-markets of the second half of 2008, recording the top return in each capitalization size for both the quarter and past 1-year. After starting the year off strong, growth stocks struggled, posting the lowest 1-year return in all capitalization sizes.
- In the fourth quarter, large cap stocks excelled as the Russell 1000 out-performed in all styles. However, small cap stocks maintain the edge in the past 1-year, as their significant out-performance in the third quarter created a large enough cushion to provide the best returns for 2008.
- Emerging markets continued to struggle, posting the lowest returns in all styles for the second consecutive quarter. Similar to U.S. stocks, non-U.S. value stocks have provided the strongest returns in the second half of 2008, leading to out-performance for both the quarter and 1-year.

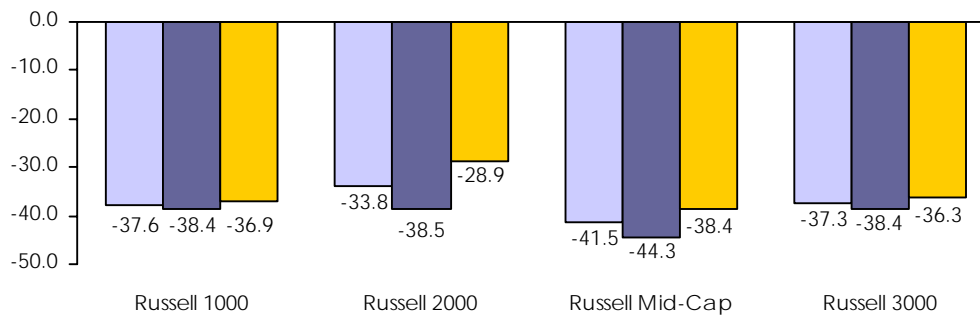
Russell U.S. Style Returns - Quarter



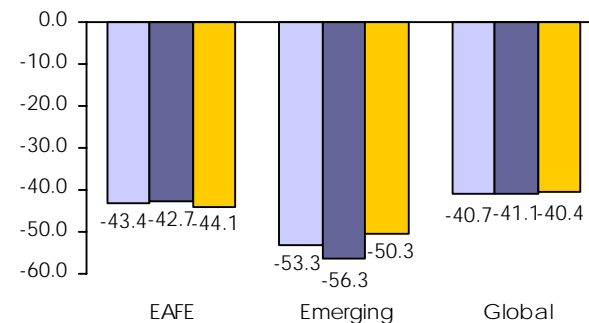
MSCI Non-U.S. Style Returns - Quarter



Russell U.S. Style Returns - 1 Year



MSCI Non-U.S. Style Returns - 1 Year



Neutral Growth Value



# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

Fourth Quarter 2008

## Capital Market Review

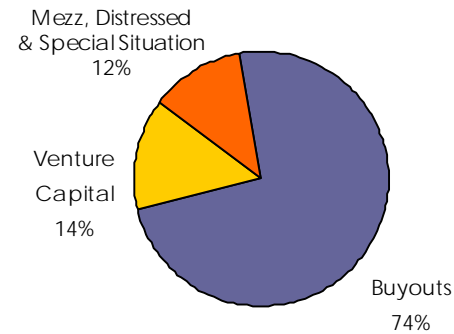
### PRIVATE EQUITY MARKETS

as of September 30, 2008

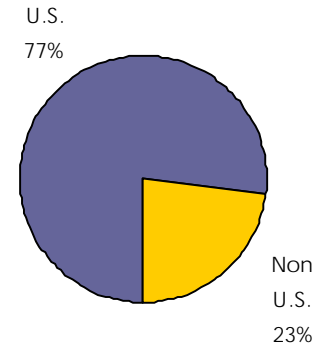
### State Street Private Equity Index<sup>SM</sup>

- The State Street Private Equity Index<sup>SM</sup> fell to -5.0% in the third quarter of 2008 (the most recent date available). The one year IRR for the Index was -6.9% as of September 30, 2008.
- All three strategy categories reported negative returns for Q3 2008. Buyout funds, which comprise 74% of the Index, reported a -4.8% return for the quarter and a -8.0% loss for the year ended September 30, 2008.
- Non U.S. funds out-performed U.S. funds, generating a 1.0% return versus a -7.0% return for Q3 2008.

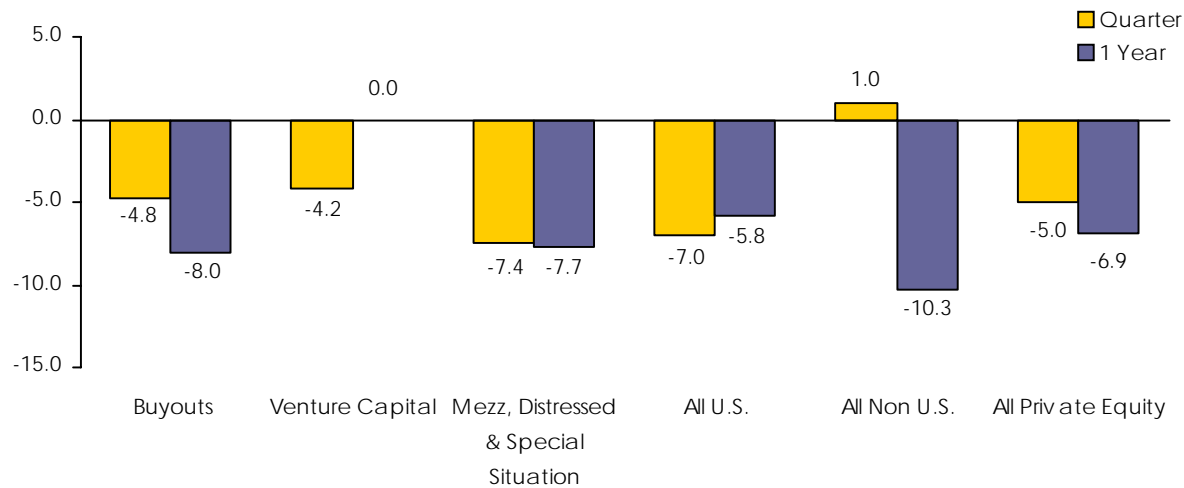
#### Ending Strategy Weights



#### Ending Regional Weights



#### IRR Returns (%)



#### Contribution to Return:

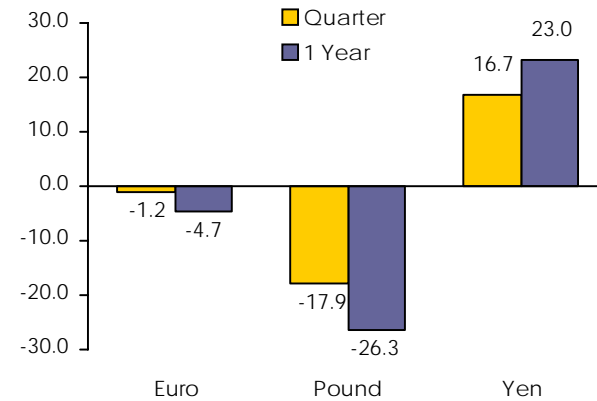
	Buyouts	Venture Capital	Mezz, Distressed & Special Situation	All U.S.	All Non U.S.	All Private Equity
Qtr	-3.5	-0.6	-0.9	-5.4	0.4	-5.0
1 Yr	-6.0	0.0	-0.9	-4.5	-2.4	-6.9

CURRENCY AND BOND MARKETS

Currency Markets

- The yen gained a dramatic 16.7% against the dollar in the fourth quarter as a combination of the country's low rates and the unwinding of carry trades drove the currency higher. The G7 warns that the yen's excessive volatility could have adverse implications for economic and financial stability. In addition, since a significant part of Japan's economy is based on exports, a strong yen will potentially hurt sales and hinder the economic growth of the world's second largest economy.
- The pound had an extremely difficult quarter, losing 17.9% of its value to the dollar. In addition, the currency endured a significant drop in value versus the yen and reached record lows against the euro. The currency plunged throughout the quarter in response to a deterioration in U.K. economic and housing data. Many experts believe the U.K. will continue to experience a severe economic downturn.

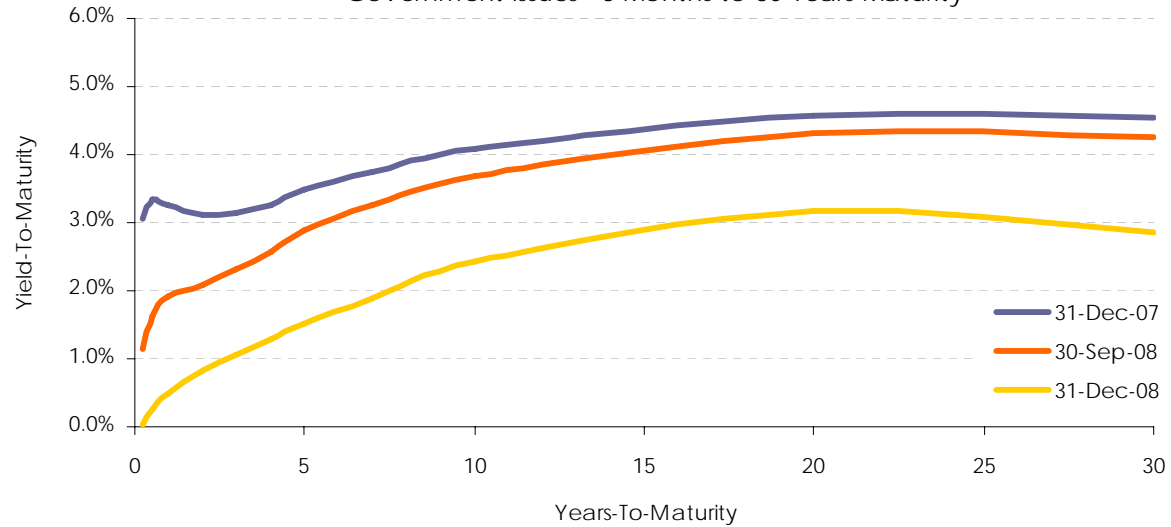
Currency Returns (%)



Yield Curve

- The Fed dropped the key short term interest rate three times in the fourth quarter, including one emergency cut on October 8<sup>th</sup>, closing out the year with a record low range of 0 - 0.25%.
- The Fed has little room left to maneuver if the economy does not improve. One bright note is that the risk of inflation has lessened in recent months, thus reducing the pressure to raise rates in the future.

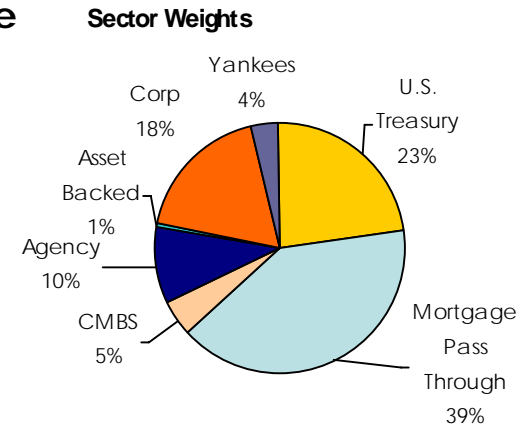
INTEREST RATE TERM STRUCTURE  
Government Issues - 3 Months to 30 Years Maturity



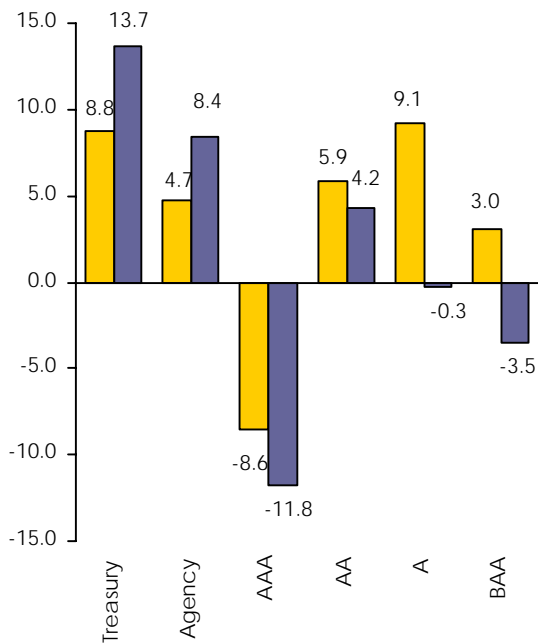
**BOND MARKETS**

**U.S. Bond Market Returns - Barclays Capital Aggregate**

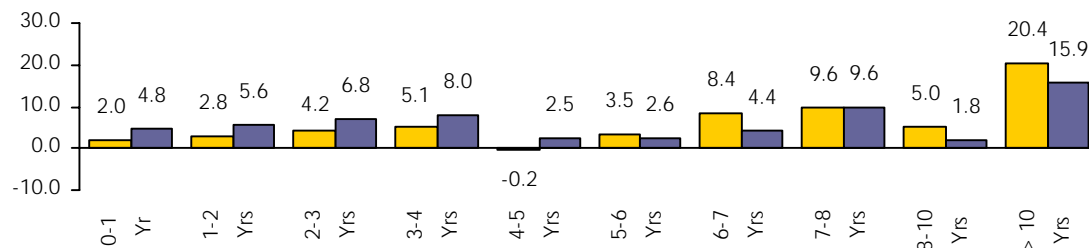
- Bond markets survived another turbulent quarter, as the Barclays Capital Aggregate posted a gain of 4.6%. The strong fourth quarter provided the majority of the gains for the +5.2% 1 year return.
- Low quality instruments rebounded from a difficult third quarter, posting some of the best returns in the fourth quarter as only AAA instruments yielded negative returns.
- Longer duration instruments provided consistently strong returns in the fourth quarter, particularly for instruments of >10 years, which more than doubled the returns of other durations.
- The Barclays Capital Aggregate Bond Index returned +4.6%, only slightly under-performing the shorter duration Lehman Brothers Intermediate Government/Credit Index return of +4.8%.



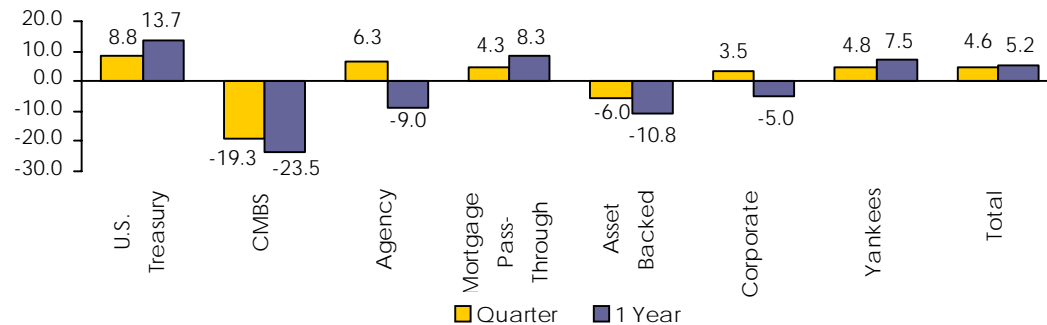
**Quality Performance (%)**



**Duration Performance (%)**



**Sector Performance (%)**



# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

Periods Ending December 31, 2008

## Performance Summary

### Gross of Fees

	1 QTR		CALENDAR YTD		1 YEAR		3 YEAR		5 YEAR		10 YEAR		INCEPTION	
	RETURN	RANK*	RETURN	RANK	RETURN	RANK	RETURN	RANK	RETURN	RANK	RETURN	RANK	RETURN	DATE
<b>FCERS TOTAL FUND</b>	<b>-11.8%</b>	<b>24</b>	<b>-23.8%</b>	<b>27</b>	<b>-23.8%</b>	<b>27</b>	<b>-2.1%</b>	<b>27</b>	<b>2.2%</b>	<b>36</b>	<b>4.2%</b>	<b>17</b>	<b>6.9%</b>	<b>Jan-94</b>
<i>Policy Index**</i>	-12.3%	29	-22.7%	18	-22.7%	18	-1.7%	21	2.4%	25	3.5%	34	6.8%	
<i>Excess return</i>	0.5%		-1.1%		-1.1%		-0.4%		-0.2%		0.7%			
<i>CPI Index</i>	-3.3%		-0.1%		-0.1%		2.3%		2.7%		2.6%			
<i>Total Public Funds &gt;\$100 Million Median</i>	-13.5%		-25.9%		-25.9%		-3.0%		1.8%		3.2%			
<i>Total Corporate Funds Median</i>	-12.3%		-24.5%		-24.5%		-2.8%		1.9%		3.2%			
<i>Total Endowments &amp; Foundations Median</i>	-13.3%		-25.8%		-25.8%		-3.1%		1.6%		3.2%			
<b>US EQUITY MANAGERS</b>														
Atlanta Capital Management	-23.9%	59	-36.1%	28	-36.1%	28	-7.2%	22	-2.3%	57	-1.1%	52	1.4%	Sep-98
Russell 1000 Growth Index	-22.8%	49	-38.4%	45	-38.4%	45	-9.1%	51	-3.4%	78	-4.3%	96	-1.2%	
Brandywine Asset Management	-25.1%	49	-29.8%	32	-29.8%	32	-10.0%	64	-1.3%	68			5.6%	Jun-99
Russell 2000 Value Index	-24.9%	44	-28.9%	26	-28.9%	26	-7.5%	31	0.3%	29			6.2%	
Dodge & Cox Equity	-22.9%	67	-42.0%	79	-42.0%	79	-11.6%	80					-3.6%	Jul-04
Russell 1000 Value Index	-22.2%	54	-36.9%	45	-36.9%	45	-8.3%	52					-1.7%	
Eagle Asset Management	-26.2%	53	-35.8%	26	-35.8%	26	-4.2%	16	2.0%	23	4.3%	44	2.1%	Jun-98
Russell 2000 Growth Index	-27.4%	69	-38.5%	43	-38.5%	43	-9.3%	54	-2.4%	67	-0.8%	99	-1.0%	
NTGI Russell 3000	-22.7%	82	-37.3%	73	-37.3%	73	-8.6%	69	-1.9%	41			-1.5%	Sep-99
Russell 3000 Index	-22.8%	83	-37.3%	74	-37.3%	74	-8.6%	72	-1.9%	44			-1.5%	
Wellington Management Co.	-22.0%	21	-38.8%	44	-38.8%	44	-9.0%	51					-6.7%	Sep-05
Russell 3000 Growth Index	-23.2%	32	-38.4%	41	-38.4%	41	-9.1%	53					-7.3%	
<b>US Equity Composite</b>	<b>-23.1%</b>	<b>49</b>	<b>-37.3%</b>	<b>52</b>	<b>-37.3%</b>	<b>52</b>	<b>-8.6%</b>	<b>53</b>	<b>-1.7%</b>	<b>57</b>	<b>0.5%</b>	<b>59</b>		
<i>US Equity Benchmark***</i>	-23.2%	50												
<i>Excess return</i>	0.1%													
<i>Russell 3000 Index</i>	-22.8%	45	-37.3%	51	-37.3%	51	-8.6%	54	-1.9%	60	-0.8%	69		
<i>US Equity Median</i>	-23.2%		-37.1%		-37.1%		-8.4%		-1.2%		1.5%			

\* Ranking: 1 is best, 100 is worst. Total Fund and US Managers are ranked against their appropriate peer (style) groups. Asset Class composites are ranked against asset class universes.

\*\* As of 7/1/05, the policy index is 34% Russell 1000/ 9% Russell 2000/ 29% BC Aggregate/ 7% Citi WGBI/ 15% MSCI ACWI-ex US/ 6% NCREIF Property.

\*\*\*US Equity Benchmark is calculated by using the beginning US Equity managers market weight with its respective benchmark returns.

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Periods Ending December 31, 2008

## Performance Summary

### Gross of Fees

	1 QTR		CALENDAR YTD		1 YEAR		3 YEAR		5 YEAR		10 YEAR		INCEPTION	
	RETURN	RANK*	RETURN	RANK	RETURN	RANK	RETURN	RANK	RETURN	RANK	RETURN	RANK	RETURN	DATE
<b>INTERNATIONAL EQUITY MANAGERS</b>														
Boston Company	-15.5%	19	-38.3%	25	-38.3%	25	-6.4%	58	2.7%	65			10.1%	Mar-03
MSCI ACWI -ex US	-22.3%	77	-45.2%	74	-45.2%	74	-6.6%	60	3.0%	60			9.9%	
Fisher Investments	-25.0%	85	-46.7%	82	-46.7%	82	-10.1%	89					-3.6%	Jul-05
McKinley Capital	-22.1%	75	-49.7%	90	-49.7%	90	-8.2%	80					-2.1%	Jul-05
MSCI ACWI -ex US	-22.3%	77	-45.2%	74	-45.2%	74	-6.6%	60					-1.4%	
<b>International Equity Composite</b>	<b>-20.8%</b>	<b>62</b>	<b>-45.0%</b>	<b>73</b>	<b>-45.0%</b>	<b>73</b>	<b>-8.2%</b>	<b>80</b>	<b>1.7%</b>	<b>83</b>	<b>1.9%</b>	<b>88</b>		
MSCI ACWI -ex US	-22.3%	77	-45.2%	74	-45.2%	74	-6.6%	60	3.0%	60	2.3%	82		
Excess return	1.5%		0.2%		0.2%		-1.6%		-1.3%		-0.4%			
International Equity Median	-19.7%		-42.2%		-42.2%		-5.7%		3.7%		5.5%			
<b>Private Equity</b>	<b>-5.6%</b>		<b>-4.0%</b>		<b>-4.0%</b>		<b>2.3%</b>						<b>2.3%</b>	<b>Jan-06</b>
S&P 500 Index + 3%	-20.8%		-34.0%		-34.0%		-5.2%						-5.2%	
Excess return	15.2%		30.0%		30.0%		7.5%							
<b>US FIXED INCOME MANAGERS</b>														
Dodge & Cox Fixed Income	2.1%	59	-0.9%	66	-0.9%	66	3.3%	72	3.3%	75			5.9%	Oct-99
BC Aggregate Index	4.6%	28	5.2%	24	5.2%	24	5.5%	29	4.7%	30			6.2%	
BlackRock	1.0%	67	-1.8%	73	-1.8%	73	3.1%	75	3.5%	71			4.0%	Oct-02
BC Aggregate Index	4.6%	28	5.2%	24	5.2%	24	5.5%	29	4.7%	30			4.6%	
<b>US Fixed Income Composite</b>	<b>1.6%</b>	<b>50</b>	<b>-1.3%</b>	<b>60</b>	<b>-1.3%</b>	<b>60</b>	<b>3.2%</b>	<b>63</b>	<b>3.4%</b>	<b>64</b>	<b>5.1%</b>	<b>66</b>		
BC Aggregate Index	4.6%	25	5.2%	24	5.2%	24	5.5%	29	4.7%	28	5.6%	39		
Excess return	-3.0%		-6.5%		-6.5%		-2.3%		-1.3%		-0.5%			
US Fixed Income Median	1.6%		1.0%		1.0%		4.2%		3.9%		5.5%			
<b>GLOBAL FIXED INCOME MANAGER</b>														
Loomis Sayles	2.6%	35	-1.4%	45	-1.4%	45	5.7%	41					3.1%	Feb-05
Citi WGBI	8.8%	3	10.9%	12	10.9%	12	9.3%	21					5.5%	
<b>Global Fixed Income Composite</b>	<b>2.6%</b>	<b>35</b>	<b>-1.4%</b>	<b>45</b>	<b>-1.4%</b>	<b>45</b>	<b>5.7%</b>	<b>41</b>	<b>4.3%</b>	<b>56</b>	<b>4.6%</b>	<b>88</b>		
Citi WGBI	8.8%	3	10.9%	12	10.9%	12	9.3%	21	6.0%	33	5.9%	72		
Excess return	-6.2%		-12.3%		-12.3%		-3.6%		-1.7%		-1.3%			
Global Fixed Income Median	-0.8%		-2.1%		-2.1%		5.1%		5.0%		6.4%			
<b>Total Fixed Income Composite</b>	<b>1.8%</b>		<b>-1.3%</b>		<b>-1.3%</b>		<b>3.7%</b>		<b>3.6%</b>		<b>5.1%</b>			

# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

Periods Ending December 31, 2008

## Performance Summary

### Gross of Fees

	1 QTR		CALENDAR YTD		1 YEAR		3 YEAR		5 YEAR		10 YEAR		INCEPTION	
	RETURN	RANK*	RETURN	RANK	RETURN	RANK	RETURN	RANK	RETURN	RANK	RETURN	RANK	RETURN	DATE
<b>REAL ESTATE MANAGERS*</b>														
One Quarter Lag**														
American Realty	-0.3%	51	4.4%	15	4.4%	15							6.6%	Jan-07
NCREIF Property Index - One Qtr Lag	-0.2%	50	5.3%	13	5.3%	13							11.1%	
DRA Growth & Income II	0.4%	16	11.3%	7	11.3%	7	79.2%	1	52.8%	1			31.8%	Apr-99
NCREIF Property Index - One Qtr Lag	-0.2%	50	5.3%	13	5.3%	13	13.2%	16	14.2%	25			11.7%	
DRA Growth & Income V	-1.2%	53	5.4%	13	5.4%	13	10.0%	36					9.9%	Dec-05
NCREIF Property Index - One Qtr Lag	-0.2%	50	5.3%	13	5.3%	13	13.2%	16					14.5%	
DRA Growth & Income VI	5.8%	2	15.1%	4	15.1%	4							12.8%	Nov-07
NCREIF Property Index - One Qtr Lag	-0.2%	50	5.3%	13	5.3%	13							7.7%	
GEAM Asset LP	-20.7%	90	-20.9%	84	-20.9%	84							-5.9%	Aug-06
NCREIF Property Index - One Qtr Lag	-0.2%	50	5.3%	13	5.3%	13							12.5%	
Current Quarter														
Fidelity LP	-24.8%	91	-34.8%	88	-34.8%	88	5.8%	65	20.3%	9			17.2%	Mar-01
NCREIF Property Index	-8.3%	65	-6.5%	49	-6.5%	49	8.1%	45	11.7%	53			10.2%	
Fidelity Growth Fund III	-9.0%	73	-20.8%	84	-20.8%	84							-30.8%	Aug-07
NCREIF Property Index	-8.3%	65	-6.5%	49	-6.5%	49							0.0%	
MIG Realty Advisors***	0.0%	22	0.0%	35	0.0%	35	16.2%	9	7.9%	73	15.4%	9	14.1%	Dec-94
NCREIF Property Index	-8.3%	65	-6.5%	49	-6.5%	49	8.1%	45	11.7%	53	10.4%	52	10.8%	
PRISA	-14.5%	85	-13.0%	72	-13.0%	72	5.9%	64					10.4%	Jul-04
NCREIF Property Index	-8.3%	65	-6.5%	49	-6.5%	49	8.1%	45					11.6%	
<b>Real Estate Composite</b>	<b>-7.8%</b>	<b>64</b>	<b>-5.3%</b>	<b>47</b>	<b>-5.3%</b>	<b>47</b>	<b>9.8%</b>	<b>37</b>	<b>12.4%</b>	<b>38</b>	<b>13.7%</b>	<b>14</b>		
NCREIF Property Index	-8.3%	65	-6.5%	49	-6.5%	49	8.1%	45	11.7%	53	10.4%	52		
Excess return	0.5%		1.2%		1.2%		1.7%		0.7%			3.3%		
Real Estate Fund Median	-0.1%		-7.0%		-7.0%		7.7%		11.9%			10.7%		
<b>Cash Account****</b>	<b>0.3%</b>		<b>3.7%</b>		<b>3.7%</b>		<b>6.1%</b>							
91 Day T-Bill Index	0.2%		2.1%		2.1%		4.0%							

\* Real Estate returns calculated by SIS effective April 2008, and is linked with returns provided by previous consultant.

\*\* American Realty, DRA and GEAM represent market values lagged one quarter, adjusted for cash flows through December 31, 2008.

\*\*\* MIG Realty Advisors value annually.

\*\*\*\* STIF return only, Cash Account includes security lending income and brokers commission. Cash Balance includes Security Lending Collateral Liabilities of (\$1,749,957).

## SAN JOSE FEDERATED CITY EMPLOYEES RET SYSTEM

Fourth Quarter 2008

Executive Performance Summary

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- The total plan returned -11.8% in the fourth quarter of 2008, and ranked in the 24<sup>th</sup> percentile among all public funds greater than \$100 million, with a median return of -13.5%. The fund led its policy index of -12.3% during this time period. The one year -23.8% return ranked in the top third of large public plans (median -25.9%). Longer-term, the ten-year return of 4.2% is above its policy index and ranked in the top 20% among all public plans.
- Fourth quarter results were enhanced by the following factors:
  1. The passive Northern Trust Russell 3000 Index Fund, -22.7%, led the Russell 3000 Index return of -22.8% and ranked below the large core manager median of -21.9%. NT matched the Russell 3000 Index for the year, at -37.3%.
  2. Eagle, -26.2%, out-performed the Russell 2000 Growth Index, -27.4%, and ranked just below median small growth managers (median of -26.0%). Eagle was helped by its stock selection in the Info Tech sector (EMS Technologies, Quality Systems), and its intra-quarter trading. Its one-year return, -35.8%, was ahead of its benchmark, -38.5%.
  3. Wellington Management's quarterly return of -22.0% outpaced the Russell 3000 Growth Index return of -23.2% by 120 basis points and ranked in the top quartile of all growth equity funds. Its security selection in the Industrials sector (Apollo Group, Aecom Technology, ITT Educational Services) and portfolio turnover, contributed to alpha. The one year performance for Wellington, -38.8%, was below its benchmark, -38.4%, but ranked above its peer median.
  4. The Boston Company's -15.5% return beat the MSCI ACWI -ex US, -22.3%, and ranked in the 19<sup>th</sup> percentile among international managers, whose median return was -19.7%. Relative performance was boosted by its positive stock selection (KDDI Corp, PPC, Tokyo Gas, JS Group, HSBC, Shimamura) and strong relative performance in the materials, utilities, energy and telecom sectors. TBC was down 38.3% for the year, ranking in the 25<sup>th</sup> percentile among international equity managers. Its benchmark was -45.2% during the same time period.
  5. Though it slightly outperformed its benchmark, McKinley lost 22.1% and ranked 75<sup>th</sup> among international equity managers (median -19.7%). The MSCI ACWI -ex US was down 22.3%. Holdings in the Canada (Goldcorp), Japan (Japan Steel Works, NTT) and Spain (Telefonica) boosted relative performance. For the year McKinley fared worse than its benchmark (-49.7% vs. -45.2%).
  6. Private Equity Investments were down 5.6% during the quarter. The S&P 500 plus 300 bps benchmark was down 20.8%. Five percent of the Plan is currently allocated to this asset class.

7. The Real Estate Composite return of -7.8% fared better than its peers and benchmark. The median manager and the NCREIF Index returns were -0.1% and -8.3%, respectively. Longer term, the Real Estate Composite one-year return of -5.3% out-performed the real estate median -7.0%. The one-year return for the Russell NCREIF was -6.5%.
- Fourth quarter results were hindered by the following factors:
  1. Atlanta depreciated 23.9%, ranked in the 59<sup>th</sup> percentile among its large cap growth managers, and led the Russell 1000 Growth Index, -22.8%. Its relative overweight in the Financials, plus poor stock selection in Energy (National Oil Well Varco, Schlumberger) and Healthcare (Medtronic, Stryker) sectors, detracted from performance. Atlanta lost 36.1% for the year, ranking in the 28<sup>th</sup> percentile among its peers.
  2. Dodge & Cox-Equity, -22.9%, lagged its benchmark and ranked below the large cap value manager median of -22.1%. The Russell 1000 Value Index returned -22.2% during the quarter. Poor security selection in and relative underweight to the Energy (Baker Hughes, Schlumberger) and Telecom Services (Sprint Nextel) sectors, were negative factors to performance. For the year, D & C's -42.0% return ranked below peer median. Its benchmark was down 36.9%.
  3. Brandywine's -25.1% quarterly return was behind the Russell 2000 Value Index return of -24.9% and ranked in the 49<sup>th</sup> percentile among its peers, with a median of -25.3%. Brandywine was held back by its portfolio turnover and relative overweight to Consumer Discretionary investments. Brandywine was down 29.8% for the year while its benchmark was down 28.9%. However, Brandywine beat most of its peer during the year, ranking 32% in the small value universe.
  4. Fisher was behind the MSCI ACWI -ex US (-25.0% vs. -22.3%). It ranked in the 85<sup>th</sup> percentile among its international equity manager peers (median -19.7%). An overweight allocation to emerging markets, stock selection in emerging markets and energy (Petroleo Brasileiro, Suncor Energy), as well as overweights to the utilities and healthcare sectors were the key factors detracting from performance. The Fisher one-year return was unfavorable (-46.7% vs. -45.2% benchmark).



5. The Dodge & Cox-Fixed Income's 2.1% return trailed its benchmark, the Barclays Capital Aggregate Index, 4.6%, and ranked in the third quartile among core bond managers, with a median return of 2.8%. D&C's significant underweight (and shorter maturity) to the US Treasury sector and a sector overweight to corporate holdings detracted from relative results. D&C's one-year return of -0.9% was behind its benchmark return, 5.2%, and ranked in the bottom half among core bond managers.
6. BlackRock's return of 1.0% ranked in the 67<sup>th</sup> percentile among its core bond peer group. The Barclays Aggregate Index returned 4.6%. BlackRock's non-agency MBS and TIPs allocation, plus ABS and CMBS overweight, dampened performance. A corporate underweight helped. Its one-year return of -1.8% ranked 73<sup>rd</sup> among its peers.
7. The Fund's global bond manager, Loomis Sayles, gained 2.6%, and ranked in the second quartile among its peers. However, its benchmark, the Citigroup World Government Bond Index Unhedged returned 8.8%. Security selection and sector allocation were the main drivers of underperformance. Its corporate overweight impacted negatively; corporate issues suffered as credit spreads widened to record levels. High yield and investment grade corporates in the US, UK and Europe all underperformed Treasuries during the period. For the year, Loomis returned -1.4%, versus 10.9% for its benchmark.

# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

Periods Ending December 31, 2008

## Performance Summary

Net of Fees

	1 QTR	CALENDAR YTD	1 YEAR	3 YEAR	5 YEAR	10 YEAR	INCEPTION	
	RETURN	RETURN	RETURN	RETURN	RETURN	RETURN	RETURN	DATE
<b>FCERS TOTAL FUND</b>	<b>-11.8%</b>	<b>-24.0%</b>	<b>-24.0%</b>	<b>-2.4%</b>	<b>1.9%</b>	<b>3.9%</b>	<b>6.6%</b>	<b>Jan-94</b>
<i>Policy Index**</i>	<i>-12.3%</i>	<i>-22.7%</i>	<i>-22.7%</i>	<i>-1.7%</i>	<i>2.4%</i>	<i>3.5%</i>	<i>6.8%</i>	
<b>US EQUITY MANAGERS</b>								
Atlanta Capital Management	-24.0%	-36.4%	-36.4%	-7.6%	-2.7%	-1.6%	0.9%	Sep-98
Russell 1000 Growth Index	-22.8%	-38.4%	-38.4%	-9.1%	-3.4%	-4.3%	-1.2%	
Brandywine Asset Management	-25.2%	-30.2%	-30.2%	-10.4%	-1.8%		5.1%	Jun-99
Russell 2000 Value Index	-24.9%	-28.9%	-28.9%	-7.5%	0.3%		6.2%	
Dodge & Cox Equity	-23.0%	-42.2%	-42.2%	-11.9%			-3.9%	Jul-04
Russell 1000 Value Index	-22.2%	-36.9%	-36.9%	-8.3%			-1.7%	
Eagle Asset Management	-26.3%	-36.1%	-36.1%	-4.8%	1.4%	3.7%	1.5%	Jun-98
Russell 2000 Growth Index	-27.4%	-38.5%	-38.5%	-9.3%	-2.4%	-0.8%	-1.0%	
NTGI Russell 3000	-22.7%	-37.3%	-37.3%	-8.6%	-1.9%		-1.5%	Sep-99
Russell 3000 Index	-22.8%	-37.3%	-37.3%	-8.6%	-1.9%		-1.5%	
Wellington Management Co.	-22.1%	-39.2%	-39.2%	-9.5%			-7.2%	Sep-05
Russell 3000 Growth Index	-23.2%	-38.4%	-38.4%	-9.1%			-7.3%	
<b>INTERNATIONAL EQUITY MANAGERS</b>								
Boston Company	-15.6%	-38.6%	-38.6%	-6.9%	2.1%		9.5%	Mar-03
MSCI ACWI -ex US	-22.3%	-45.2%	-45.2%	-6.6%	3.0%		9.9%	
Fisher Investments	-25.2%	-47.0%	-47.0%	-10.6%			-4.2%	Jul-05
McKinley Capital	-22.2%	-50.0%	-50.0%	-8.7%			-2.7%	Jul-05
MSCI ACWI -ex US	-22.3%	-45.2%	-45.2%	-6.6%			-1.4%	
<b>Private Equity</b>	<b>-5.6%</b>	<b>-4.0%</b>	<b>-4.0%</b>	<b>2.3%</b>			<b>2.3%</b>	<b>Jan-06</b>
S&P 500 Index + 3%	-20.8%	-34.0%	-34.0%	-5.2%			-5.2%	

\*\* As of 7/1/05, the policy index is 34% Russell 1000/ 9% Russell 2000/ 29% Barclays Aggregate/ 7% Citi WGBI/ 15% MSCI ACWI-ex US/ 6% NCREIF Property.

# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

Periods Ending December 31, 2008

## Performance Summary

Net of Fees

	1 QTR	CALENDAR YTD	1 YEAR	3 YEAR	5 YEAR	10 YEAR	INCEPTION
	RETURN	RETURN	RETURN	RETURN	RETURN	RETURN	RETURN
<b>US FIXED INCOME MANAGERS</b>							
Dodge & Cox Fixed Income	2.1%	-1.1%	-1.1%	3.1%	3.1%		5.7% Oct-99
BC Aggregate Index	4.6%	5.2%	5.2%	5.5%	4.7%		6.2%
BlackRock	0.9%	-1.9%	-1.9%	2.9%	3.2%		3.8% Oct-02
BC Aggregate Index	4.6%	5.2%	5.2%	5.5%	4.7%		4.6%
<b>GLOBAL FIXED INCOME MANAGER</b>							
Loomis Sayles	2.5%	-1.7%	-1.7%	5.3%			2.7% Feb-05
Citi WGBI	8.8%	10.9%	10.9%	9.3%			5.5%
<b>REAL ESTATE MANAGERS*</b>							
One Quarter Lag**							
American Realty	-0.6%	3.6%	3.6%				6.2% Jan-07
NCREIF Property Index - One Qtr Lag	-0.2%	5.3%	5.3%				11.1%
DRA Growth & Income II	0.0%	10.8%	10.8%	78.3%	49.9%		29.4% Apr-99
NCREIF Property Index - One Qtr Lag	-0.2%	5.3%	5.3%	13.2%	14.2%		11.7%
DRA Growth & Income V	-1.2%	3.8%	3.8%	8.8%			8.6% Dec-05
NCREIF Property Index - One Qtr Lag	-0.2%	5.3%	5.3%	13.2%			14.5%
DRA Growth & Income VI	4.6%	11.7%	11.7%				10.0% Nov-07
NCREIF Property Index - One Qtr Lag	-0.2%	5.3%	5.3%				7.7%
GEAM Asset LP	-21.3%	-21.6%	-21.6%				-6.3% Aug-06
NCREIF Property Index - One Qtr Lag	-0.2%	5.3%	5.3%				12.5%
Current Quarter							
Fidelity LP	-24.8%	-34.8%	-34.8%	5.8%	18.9%		15.8% Mar-01
NCREIF Property Index	-8.3%	-6.5%	-6.5%	8.1%	11.7%		10.2%
Fidelity Growth Fund III	-9.2%	-24.1%	-24.1%				-33.0% Aug-07
NCREIF Property Index	-8.3%	-6.5%	-6.5%				0.0%
MIG Realty Advisors***	0.0%	0.0%	0.0%	16.1%	7.5%	14.7%	13.3% Dec-94
NCREIF Property Index	-8.3%	-6.5%	-6.5%	8.1%	11.7%	10.4%	10.8%
PRISA	-14.7%	-13.7%	-13.7%	4.9%			9.4% Jul-04
NCREIF Property Index	-8.3%	-6.5%	-6.5%	8.1%			11.6%

\* Real Estate returns calculated by SIS effective April 2008, and is linked with returns provided by previous consultant.

\*\* American Realty, DRA and GEAM represent market values lagged one quarter, adjusted for cash flows through December 31, 2008.

\*\*\* MIG Realty Advisors value annually.

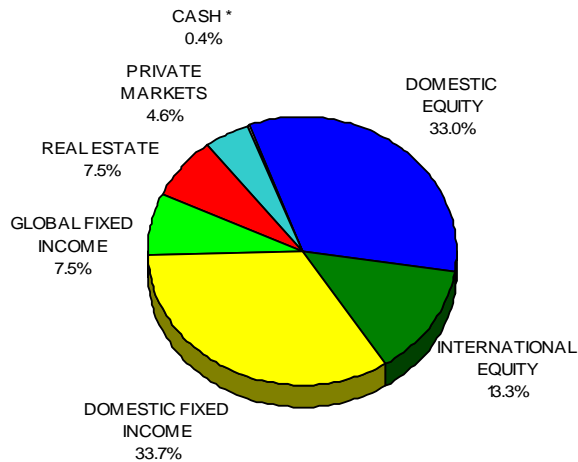
# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

As of December 31, 2008

## Asset Allocation Analysis

### Total Plan

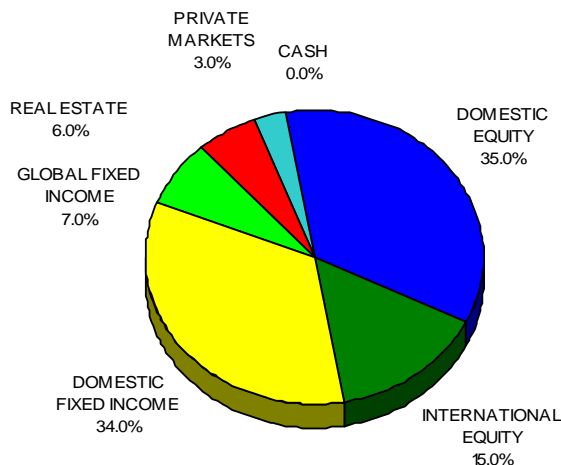
#### Actual



ASSET ALLOCATION	MARKET VALUE	%
DOMESTIC EQUITY	472,700,863	33.0%
INTERNATIONAL EQUITY	190,328,502	13.3%
DOMESTIC FIXED INCOME	483,344,679	33.7%
GLOBAL FIXED INCOME	107,112,351	7.5%
REAL ESTATE	107,450,099	7.5%
PRIVATE MARKETS	66,346,906	4.6%
CASH *	5,752,050	0.4%
<b>TOTAL</b>	<b>1,433,035,450</b>	<b>100.0%</b>

ASSET ALLOCATION	ACTUAL	MIN.	PRIOR TARGET	MAX.	DIFF	NEW TARGET
DOMESTIC EQUITY	33.0%	30.0%	35.0%	40.0%	-2.0%	33.0%
INTERNATIONAL EQUITY	13.3%	10.0%	15.0%	20.0%	-1.7%	20.0%
DOMESTIC FIXED INCOME	33.7%	29.0%	34.0%	39.0%	-0.3%	36.0%
GLOBAL FIXED INCOME	7.5%	4.0%	7.0%	10.0%	0.5%	
REAL ESTATE	7.5%	3.0%	6.0%	9.0%	1.5%	6.0%
PRIVATE MARKETS	4.6%	0.0%	3.0%	6.0%	1.6%	5.0%
CASH	0.4%		0.0%		0.4%	

#### Prior Target



ASSET ALLOCATION	09/30/08	12/31/08	DIFF
DOMESTIC EQUITY	37.3%	33.0%	-4.3%
INTERNATIONAL EQUITY	14.5%	13.3%	-1.2%
DOMESTIC FIXED INCOME	30.5%	33.7%	3.2%
GLOBAL FIXED INCOME	6.9%	7.5%	0.6%
REAL ESTATE	7.0%	7.5%	0.5%
PRIVATE MARKETS	3.8%	4.6%	0.8%
CASH	0.0%	0.4%	0.4%

\* Cash Balance includes Security Lending Cash Collateral Liabilities of \$1,749,957.

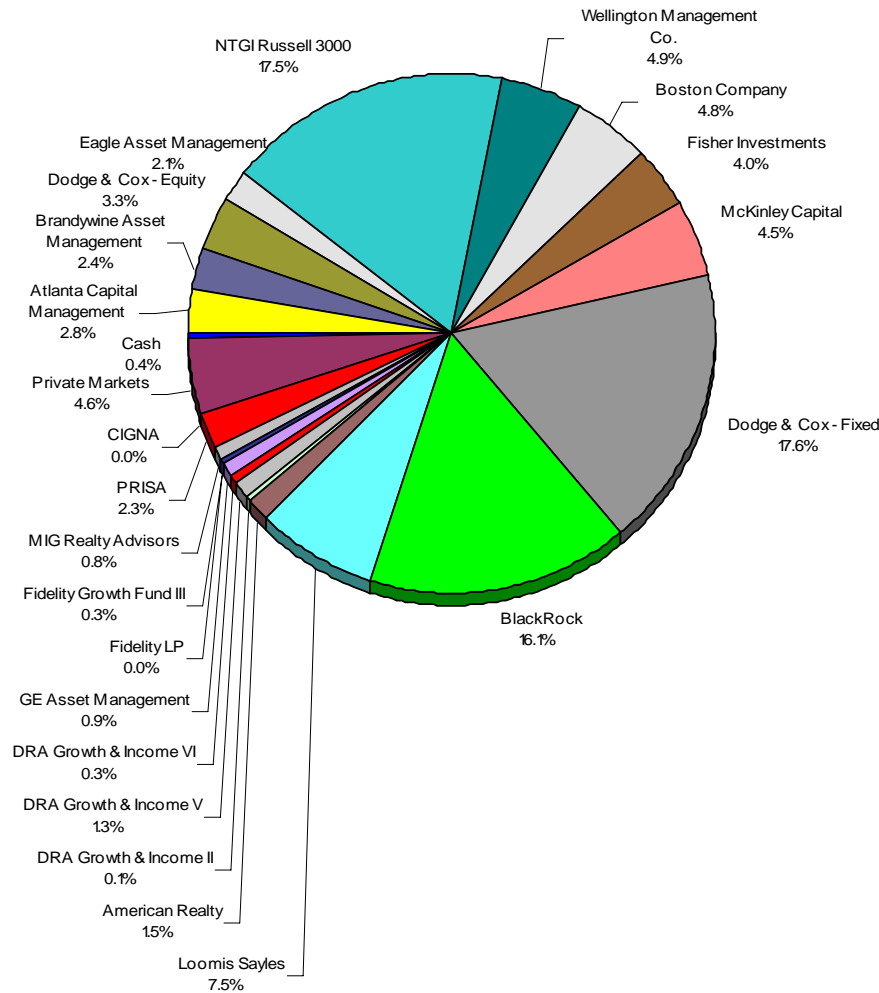
# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

As of December 31, 2008

## Manager Allocation Analysis

Total Plan

CURRENT ALLOCATION BY MANAGER



MANAGER	MARKET VALUE	%
<b>Domestic Equity</b>		
Atlanta Capital Management	39,967,359	2.8%
Brandywine Asset Management	34,369,207	2.4%
Dodge & Cox - Equity	47,078,049	3.3%
Eagle Asset Management	29,760,936	2.1%
NTGI Russell 3000	250,651,800	17.5%
Wellington Management Co.	70,873,512	4.9%
<b>Subtotal</b>	<b>472,700,863</b>	<b>33.0%</b>
<b>International Equity</b>		
Boston Company	68,355,119	4.8%
Fisher Investments	58,008,205	4.0%
McKinley Capital	63,965,178	4.5%
<b>Subtotal</b>	<b>190,328,502</b>	<b>13.3%</b>
<b>Domestic Fixed Income</b>		
Dodge & Cox - Fixed	252,562,497	17.6%
BlackRock	230,782,182	16.1%
<b>Subtotal</b>	<b>483,344,679</b>	<b>33.7%</b>
<b>Global Fixed Income</b>		
Loomis Sayles	107,112,351	7.5%
<b>Subtotal</b>	<b>107,112,351</b>	<b>7.5%</b>
<b>Real Estate</b>		
American Realty	21,796,442	1.5%
DRA Growth & Income II	948,976	0.1%
DRA Growth & Income V	18,825,451	1.3%
DRA Growth & Income VI	4,789,886	0.3%
GE Asset Management	13,252,228	0.9%
Fidelity LP	194,536	0.0%
Fidelity Growth Fund III	4,281,908	0.3%
MIG Realty Advisors	11,800,459	0.8%
PRISA	31,526,420	2.3%
CIGNA	33,793	0.0%
<b>Subtotal</b>	<b>107,450,099</b>	<b>7.5%</b>
<b>Private Markets</b>	<b>66,346,906</b>	<b>4.6%</b>
<b>Cash</b>	<b>5,752,050</b>	<b>0.4%</b>
<b>TOTAL</b>	<b>1,433,035,450</b>	<b>100.0%</b>

# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

As of December 31, 2008

## Asset Allocation Policy

### Total Plan

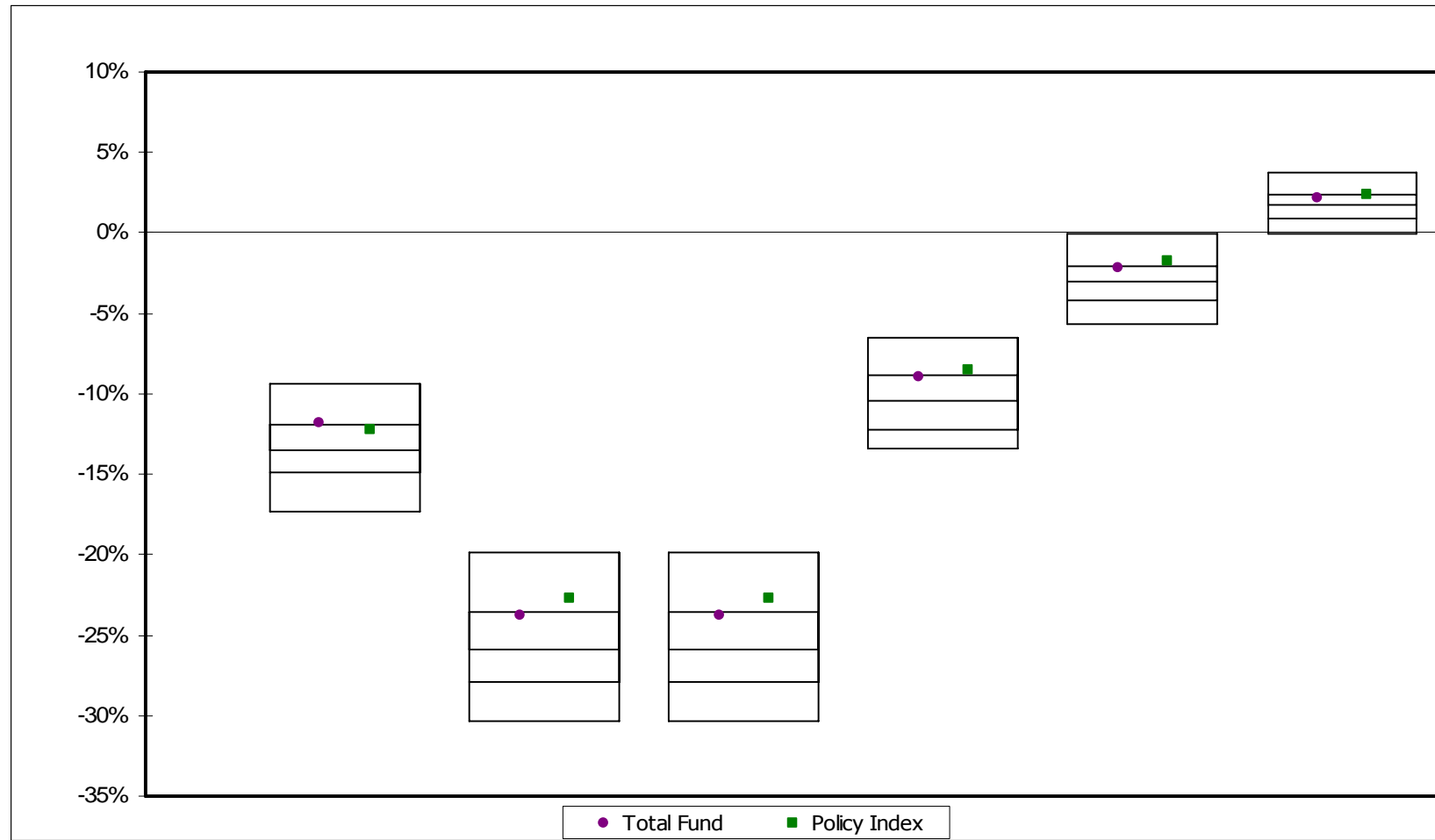
MANAGER	Actual	Minimum	Prior	Maximum	Benchmark	Commingled/ Separate
	%		Target			
			%			
<b>Domestic Equity</b>						
Atlanta Capital Management	2.8%	1.0%	3.5%	6.0%	Russell 1000 Growth Index	Separate
Brandywine Asset Management	2.4%	1.0%	2.5%	4.0%	Russell 2000 Value Index	Separate
Dodge & Cox - Equity	3.3%	1.7%	4.2%	6.7%	Russell 1000 Value Index	Separate
Eagle Asset Management	2.1%	0.6%	2.1%	3.6%	Russell 2000 Growth Index	Separate
NTGI Russell 3000	17.5%	13.0%	17.5%	22.0%	Russell 3000 Index	Commingled
Wellington Management Co.	4.9%	2.8%	5.3%	7.8%	Russell 3000 Growth Index	Separate
<b>Subtotal</b>	<b>33.0%</b>		<b>35.0%</b>			
<b>International Equity</b>						
Boston Company	4.8%		5.0%		MSCI ACWI -ex US	Commingled
Fisher Investments	4.0%		5.0%		MSCI ACWI -ex US	Separate
McKinley Capital	4.5%		5.0%		MSCI ACWI -ex US	Separate
<b>Subtotal</b>	<b>13.3%</b>	<b>10.0%</b>	<b>15.0%</b>	<b>20.0%</b>		
<b>Domestic Fixed Income</b>						
Dodge & Cox - Fixed	17.6%		17.0%		BC Aggregate Index	Separate
BlackRock	16.1%		17.0%		BC Aggregate Index	Separate
<b>Subtotal</b>	<b>33.7%</b>	<b>29.0%</b>	<b>34.0%</b>	<b>39.0%</b>		
<b>Global Fixed Income</b>						
Loomis Sayles	7.5%		7.0%		Citi WGBI	Separate
<b>Subtotal</b>	<b>7.5%</b>	<b>4.0%</b>	<b>7.0%</b>	<b>10.0%</b>		
<b>Real Estate</b>						
American Realty	1.5%				NCREIF Property Index - One Qtr Lag	Commingled
DRA Growth & Income II	0.1%				NCREIF Property Index - One Qtr Lag	Commingled
DRA Growth & Income V	1.3%				NCREIF Property Index - One Qtr Lag	Commingled
DRA Growth & Income VI	0.3%				NCREIF Property Index - One Qtr Lag	Commingled
GE Asset Management	0.9%				NCREIF Property Index - One Qtr Lag	Commingled
Fidelity LP	0.0%				NCREIF Property Index	Commingled
Fidelity Growth Fund III	0.3%				NCREIF Property Index	Commingled
MIG Realty Advisors	0.8%				NCREIF Property Index	Commingled
PRISA	2.3%				NCREIF Property Index	Commingled
CIGNA	0.0%				NCREIF Property Index	Commingled
<b>Subtotal</b>	<b>7.5%</b>	<b>3.0%</b>	<b>6.0%</b>	<b>9.0%</b>		
<b>Private Markets</b>	<b>4.6%</b>		<b>3.0%</b>		<b>S&amp;P 500 Index + 3%</b>	<b>Commingled</b>
<b>Cash</b>	<b>0.4%</b>		<b>0.0%</b>		<b>91 Day T-Bill Index</b>	<b>Separate</b>
<b>TOTAL</b>	<b>100.0%</b>		<b>100.0%</b>			

# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

Periods Ending December 31, 2008

Total Rates of Return

Total Public Funds > \$100 Million



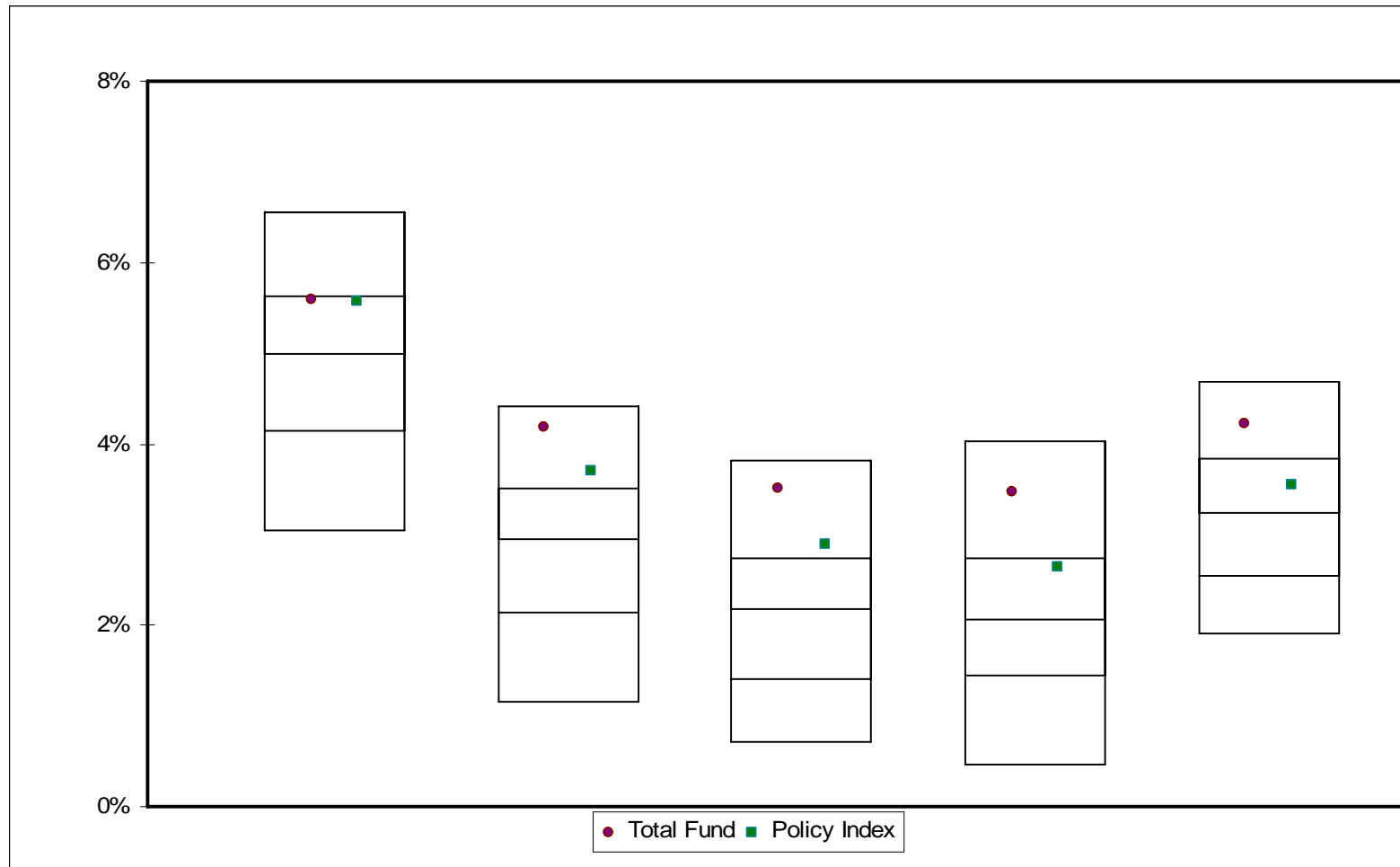
	1 QTR		CALENDAR YTD		1 YEAR		2 YEAR		3 YEAR		5 YEAR	
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank
Total Fund	-11.8%	24	-23.8%	27	-23.8%	27	-8.9%	26	-2.1%	27	2.2%	36
Policy Index	-12.3%	29	-22.7%	18	-22.7%	18	-8.6%	18	-1.7%	21	2.4%	25
Median	-13.5%		-25.9%		-25.9%		-10.4%		-3.0%		1.8%	

# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

Periods Ending December 31, 2008

Total Rates of Return

Total Public Funds > \$100 Million



	6 YEAR		7 YEAR		8 YEAR		9 YEAR		10 YEAR	
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank
<b>Total Fund</b>	5.6%	26	4.2%	7	3.5%	8	3.5%	11	4.2%	17
<b>Policy Index</b>	5.6%	27	3.7%	17	2.9%	22	2.6%	28	3.5%	34
<b>Median</b>	5.0%		2.9%		2.2%		2.1%		3.2%	

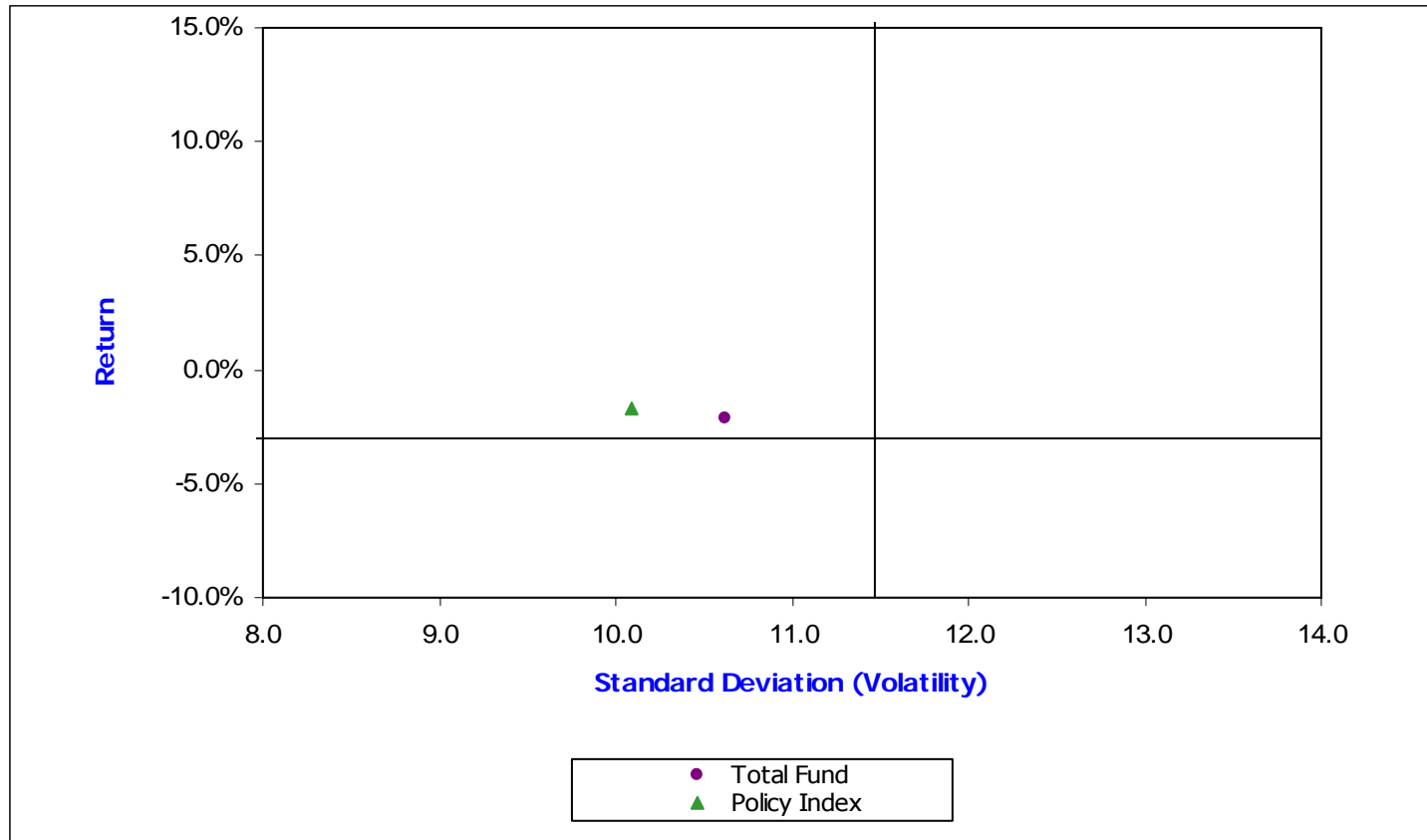


# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

3 Years Ending December 31, 2008

3 Year Risk vs. Return

Total Public Funds > \$100 Million



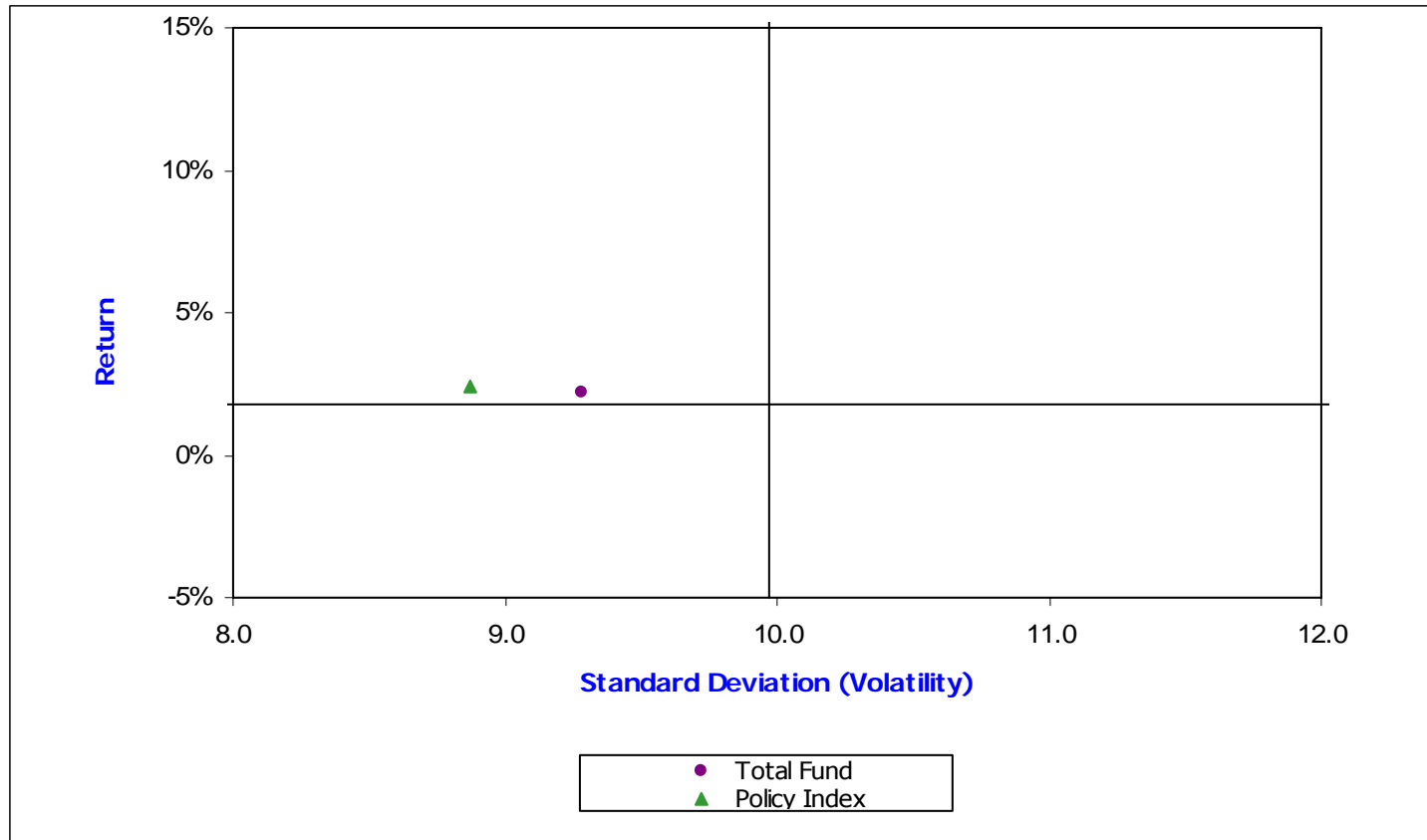
	Annualized Return		Standard Deviation		Sharpe Ratio	
	Value	Rank	Value	Rank	Value	Rank
Total Fund	-2.1%	27	10.6	29	-0.5	
Policy Index	-1.7%	21	10.1	19	-0.5	
Median	-3.0%		11.5		-0.6	

# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

5 Years Ending December 31, 2008

5 Year Risk vs. Return

Total Public Funds > \$100 Million



	Annualized Return		Standard Deviation		Sharpe Ratio	
	Value	Rank	Value	Rank	Value	Rank
Total Fund	2.2%	36	9.3	33	-0.1	
Policy Index	2.4%	25	8.9	20	0.0	
Median	1.8%		10.0		-0.1	

## SAN JOSE FEDERATED CITY EMPLYS RET SYSTEM

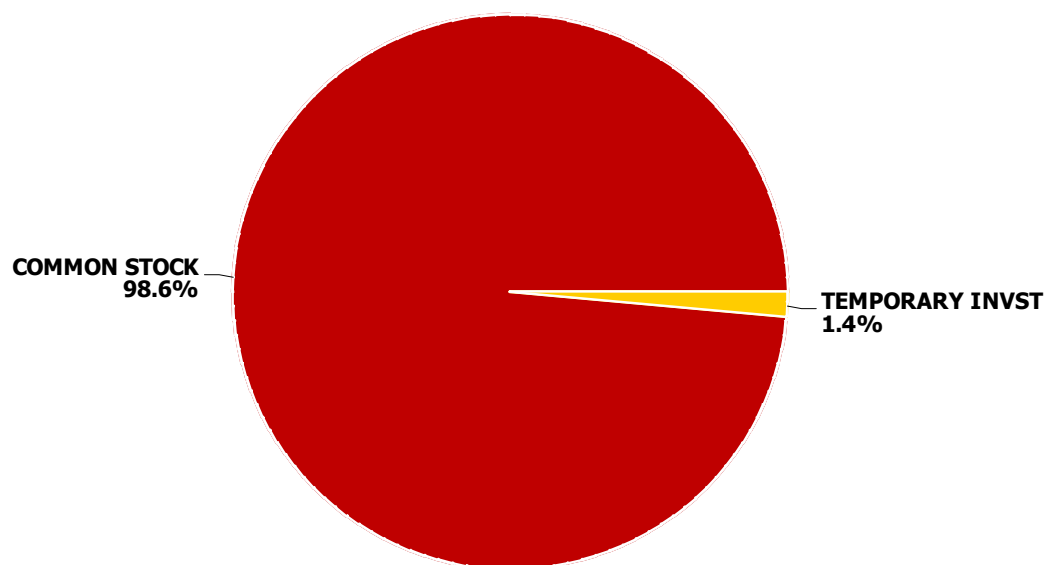
As of December 31, 2008

Private Equity

Investment	Vintage Year	Fund Size	Commitment	Percent Owned	Paid-In Capital	Cummulative Distributions	12/31/08 Valuation*	IRR
<b>Buyout Funds</b>								
Great Hill Equity Partners IV	2008	1,250,000,000	5,000,000	0.40%	350,000	0	350,000	-11.00
Pantheon Global Secondary Fund III B	2006	2,000,000,000	40,000,000	2.00%	25,200,000	0	26,580,086	5.63
Pantheon USA Fund VII	2006	2,250,000,000	40,000,000	1.78%	11,400,000	0	10,670,727	-7.10
Partners Group Secondary 2008, L.P.	2008	3,479,750,000	11,037,767	0.32%	1,128,349	0	1,128,349	-20.59
Pathway Private Equity Fund VIII	2004	40,000,000	40,000,000	100.00%	31,092,247	3,605,122	27,617,053	-0.05
		Total	136,037,767		69,170,596	3,605,122	66,346,215	0.64

\* Represents September 30, 2008 valuations reported by the underlying fund managers, adjusted for cash flows through December 31, 2008, where applicable.

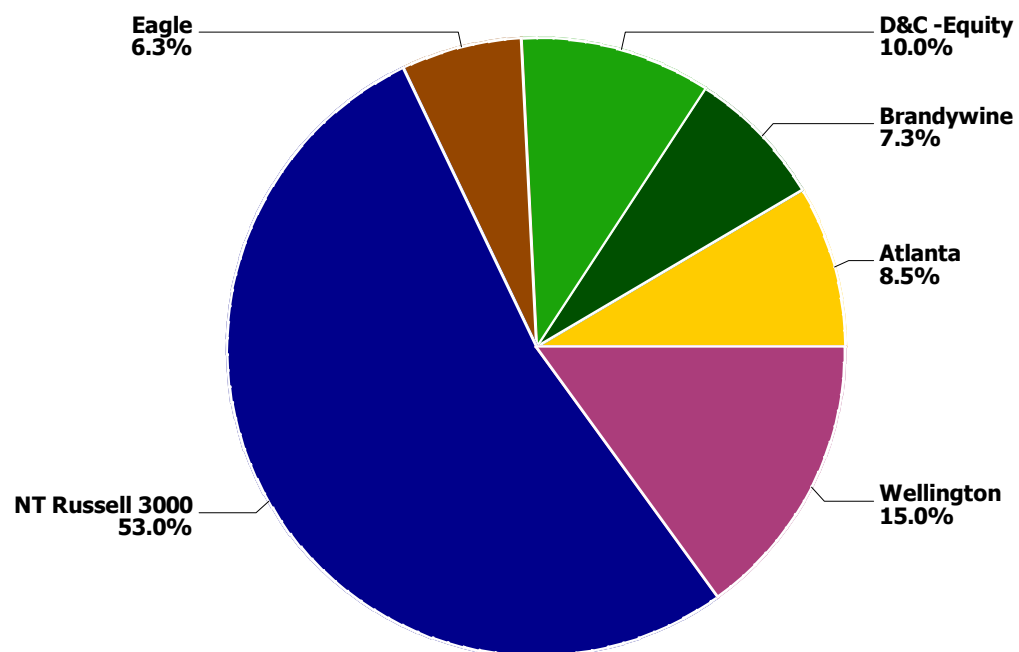
Asset Class	Market Value	Current%
<span style="color: red;">■</span> COMMON STOCK	466,025,928	98.6
<span style="color: yellow;">■</span> TEMPORARY INVST	6,674,935	1.4
<hr/>		
<b>Total</b>	<b>472,700,863</b>	<b>100.0</b>



# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

As of December 31, 2008

## Manager Allocation Analysis US Equity Composite

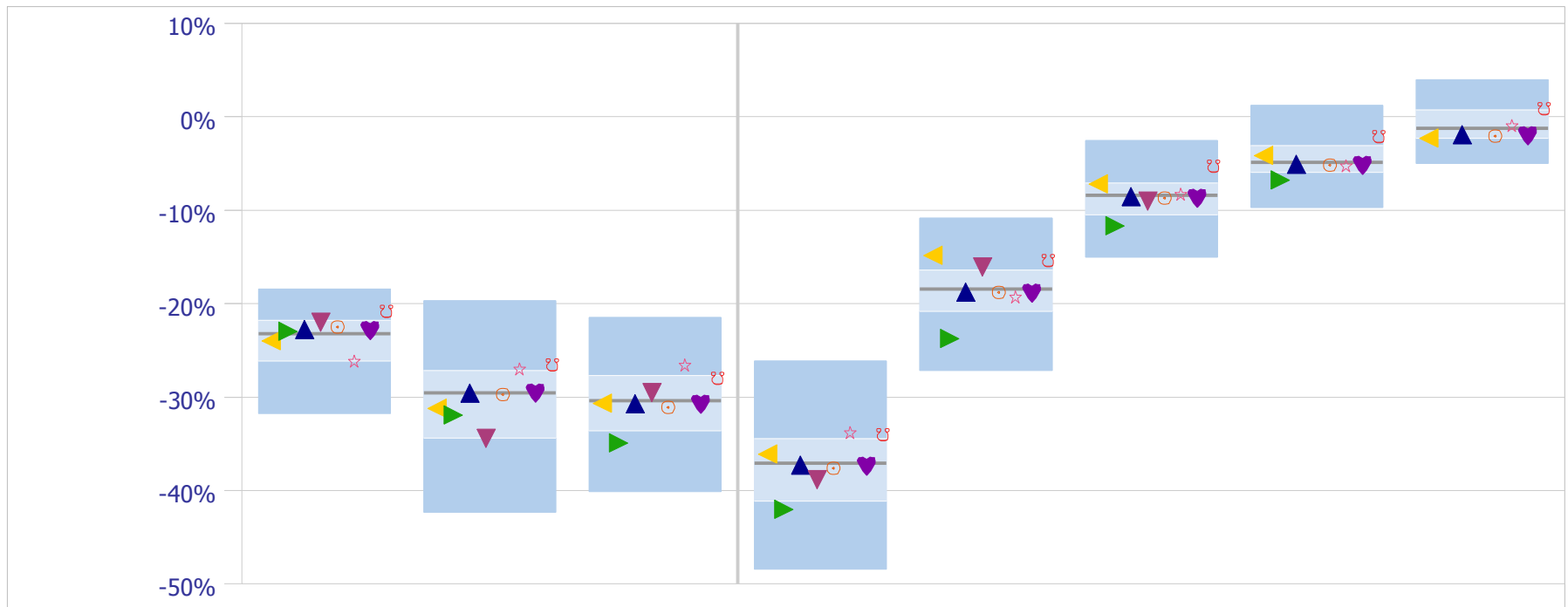


Manager	Market Value	Current%
Atlanta	39,967,359	8.5
Brandywine	34,369,207	7.3
D&C -Equity	47,078,049	10.0
Eagle	29,760,936	6.3
NT Russell 3000	250,651,800	53.0
Wellington	70,873,512	15.0
<b>Total</b>	<b>472,700,863</b>	<b>100.0</b>

# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

Periods Ending December 31, 2008

## Equity Funds Total Returns



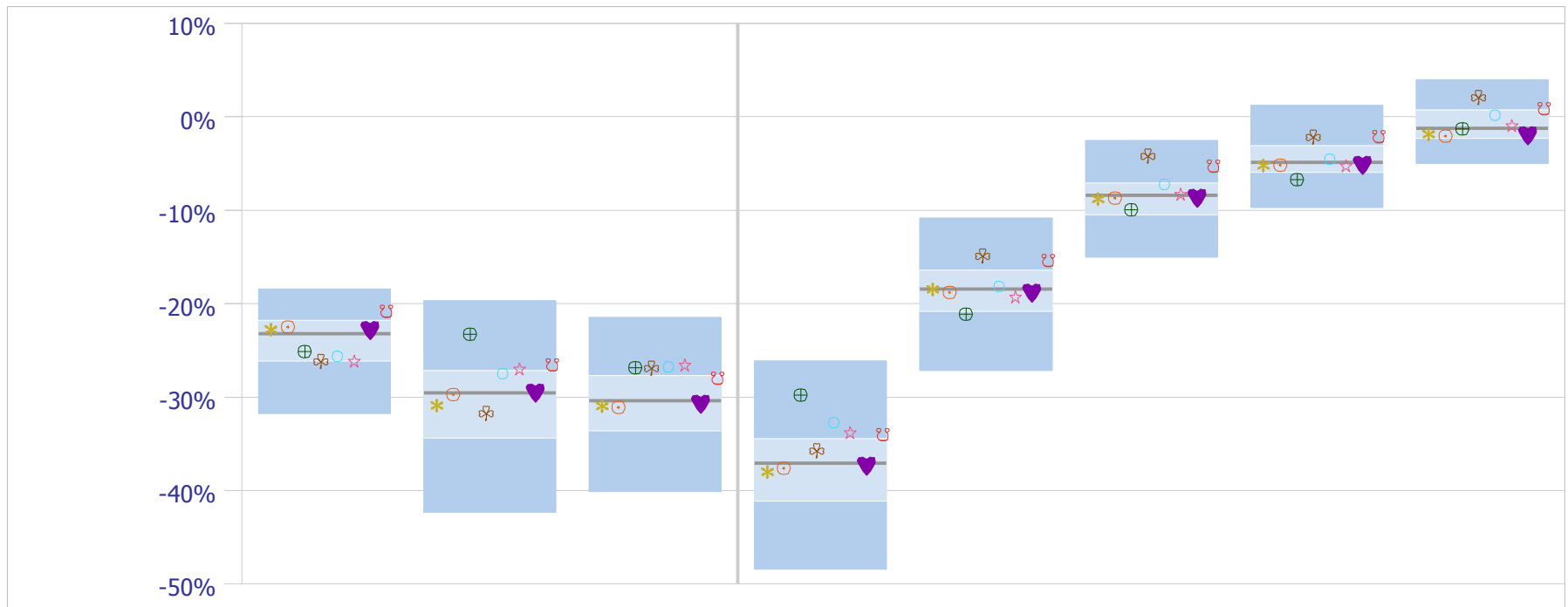
	One Quarter		Two Quarters		Three Quarters		One Year		Two Years		Three Years		Four Years		Five Years	
▶ Atlanta	-23.9	55	-31.2	60	-30.6	53	-36.1	33	-14.8	15	-7.2	25	-4.1	37	-2.3	74
▶ D&C -Equity	-22.9	46	-31.9	62	-34.9	81	-42.0	78	-23.7	89	-11.6	83	-6.7	80		
▶ NT Russell 3000	-22.7	44	-29.6	50	-30.7	54	-37.3	51	-18.7	56	-8.6	53	-5.1	54	-1.9	59
▶ Wellington	-22.0	32	-34.4	75	-29.5	36	-38.8	62	-16.0	23	-9.0	59				
○ R 1000(R)	-22.5	41	-29.7	51	-31.1	58	-37.6	54	-18.8	56	-8.7	55	-5.1	58	-2.0	62
☆ R 2000(R)	-26.1	74	-26.9	23	-26.5	19	-33.8	22	-19.3	61	-8.3	44	-5.2	63	-0.9	45
♥ R 3000(R)	-22.8	45	-29.5	49	-30.7	54	-37.3	51	-18.8	57	-8.6	54	-5.1	58	-1.9	60
⌘ S&P500+300 BP	-20.8	16	-26.6	21	-28.0	26	-34.0	23	-15.4	19	-5.2	15	-2.1	17	0.9	23
<b>Median</b>	<b>-23.2</b>		<b>-29.5</b>		<b>-30.4</b>		<b>-37.1</b>		<b>-18.4</b>		<b>-8.4</b>		<b>-4.9</b>		<b>-1.2</b>	

# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

Periods Ending December 31, 2008

## Equity Funds

## Total Returns

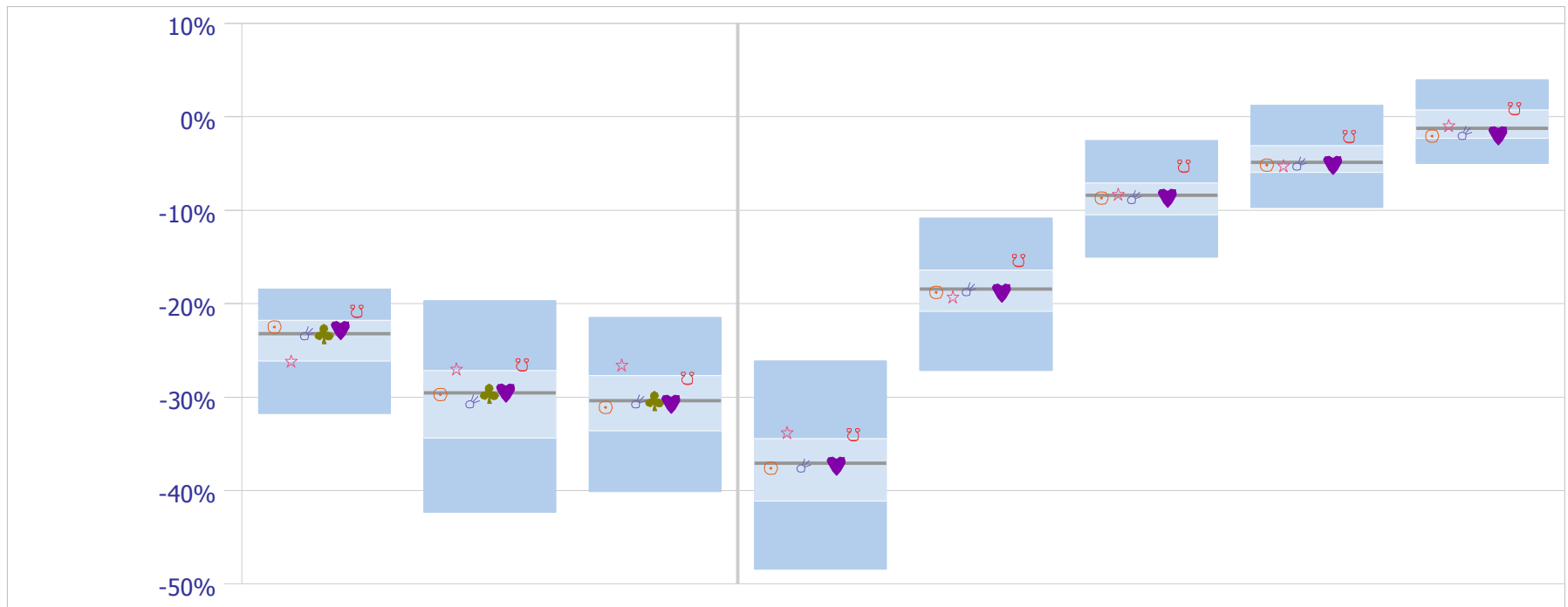


	One Quarter		Two Quarters		Three Quarters		One Year		Two Years		Three Years		Four Years		Five Years	
* LargeCap Equity	-22.7	44	-30.8	57	-31.0	56	-38.0	57	-18.5	51	-8.8	56	-5.2	60	-1.8	59
⊕ R 1000(R)	-22.5	41	-29.7	51	-31.1	58	-37.6	54	-18.8	56	-8.7	55	-5.1	58	-2.0	62
⊕ Brandywine	-25.1	65	-23.2	10	-26.8	21	-29.8	9	-21.1	76	-10.0	70	-6.7	80	-1.3	50
⊕ Eagle	-26.2	75	-31.7	62	-26.9	21	-35.8	30	-14.9	16	-4.2	10	-2.2	17	2.0	14
○ SmallCap Equity	-25.6	70	-27.4	26	-26.7	20	-32.7	16	-18.1	40	-7.2	26	-4.5	43	0.2	31
☆ R 2000(R)	-26.1	74	-26.9	23	-26.5	19	-33.8	22	-19.3	61	-8.3	44	-5.2	63	-0.9	45
♥ R 3000(R)	-22.8	45	-29.5	49	-30.7	54	-37.3	51	-18.8	57	-8.6	54	-5.1	58	-1.9	60
⊕ S&P500+300 BP	-20.8	16	-26.6	21	-28.0	26	-34.0	23	-15.4	19	-5.2	15	-2.1	17	0.9	23
<b>Median</b>	<b>-23.2</b>		<b>-29.5</b>		<b>-30.4</b>		<b>-37.1</b>		<b>-18.4</b>		<b>-8.4</b>		<b>-4.9</b>		<b>-1.2</b>	

# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

Periods Ending December 31, 2008

## Equity Funds Total Returns



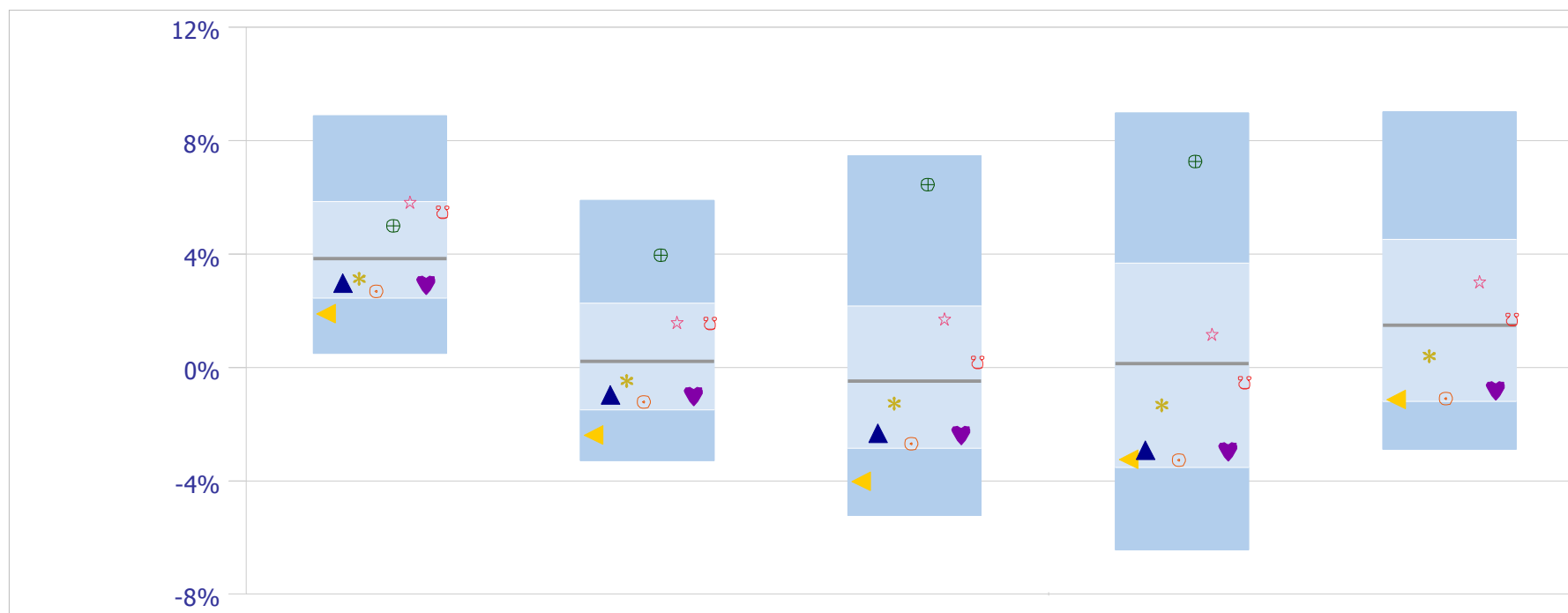
	One Quarter		Two Quarters		Three Quarters		One Year		Two Years		Three Years		Four Years		Five Years	
○ R 1000(R)	-22.5	41	-29.7	51	-31.1	58	-37.6	54	-18.8	56	-8.7	55	-5.1	58	-2.0	62
☆ R 2000(R)	-26.1	74	-26.9	23	-26.5	19	-33.8	22	-19.3	61	-8.3	44	-5.2	63	-0.9	45
♠ US Equity	-23.1	49	-30.4	55	-30.4	51	-37.3	52	-18.4	50	-8.6	53	-5.0	51	-1.7	57
♣ US Equity Index	-23.2	50	-29.6	50	-30.4	49										
♥ R 3000(R)	-22.8	45	-29.5	49	-30.7	54	-37.3	51	-18.8	57	-8.6	54	-5.1	58	-1.9	60
☺ S&P500+300 BP	-20.8	16	-26.6	21	-28.0	26	-34.0	23	-15.4	19	-5.2	15	-2.1	17	0.9	23
<b>Median</b>	<b>-23.2</b>		<b>-29.5</b>		<b>-30.4</b>		<b>-37.1</b>		<b>-18.4</b>		<b>-8.4</b>		<b>-4.9</b>		<b>-1.2</b>	



# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

Periods Ending December 31, 2008

## Equity Funds Total Returns

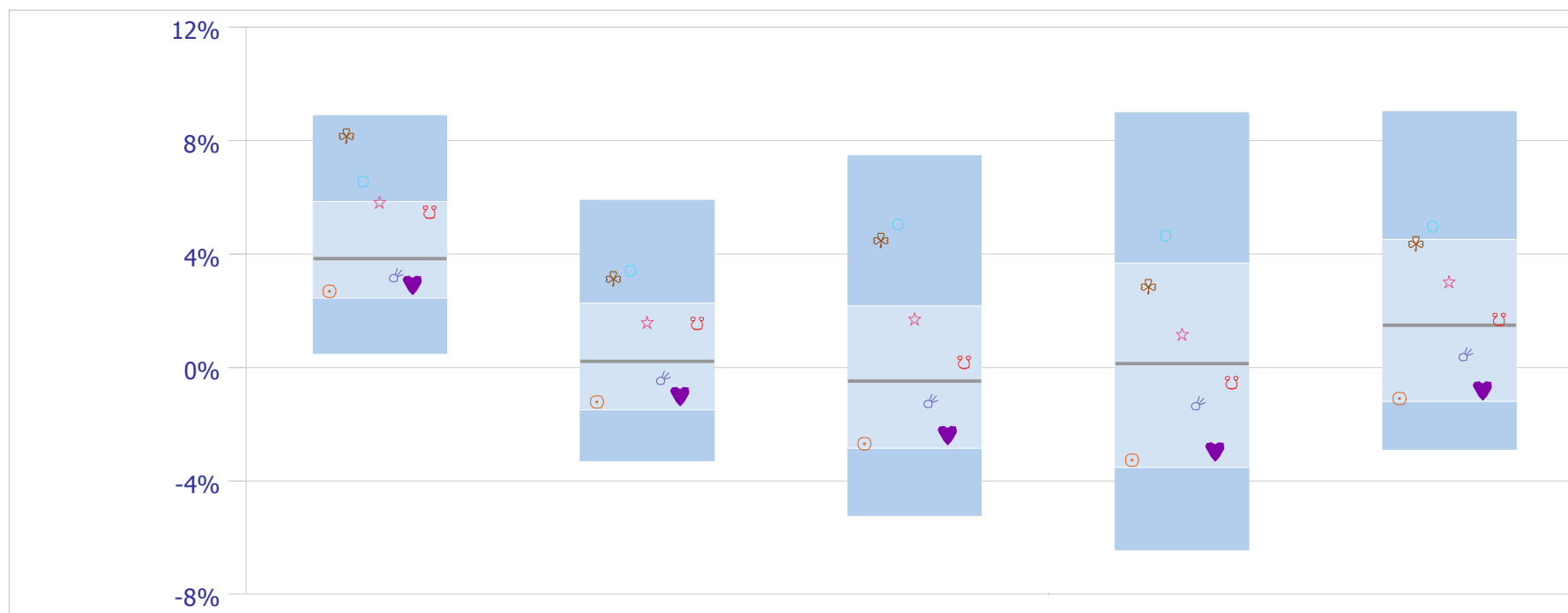


	Six Years	Seven Years	Eight Years	Nine Years	Ten Years
◀ Atlanta	1.9 86	-2.4 88	-4.0 88	-3.2 68	-1.1 73
▲ NT Russell 3000	3.0 63	-1.0 62	-2.3 64	-2.9 64	
* LargeCap Equity	3.1 60	-0.5 57	-1.3 56	-1.3 56	0.4 59
⊙ R 1000(R)	2.7 67	-1.2 65	-2.7 68	-3.3 69	-1.1 72
⊕ Brandywine	5.0 35	4.0 14	6.5 7	7.3 11	
☆ R 2000(R)	5.8 25	1.6 32	1.7 30	1.2 41	3.0 37
♥ R 3000(R)	2.9 64	-1.0 63	-2.4 65	-3.0 64	-0.8 69
⊙ S&P500+300 BP	5.5 28	1.6 33	0.2 43	-0.5 53	1.7 48
<b>Median</b>	<b>3.8</b>	<b>0.2</b>	<b>-0.5</b>	<b>0.1</b>	<b>1.5</b>

# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

Periods Ending December 31, 2008

## Equity Funds Total Returns

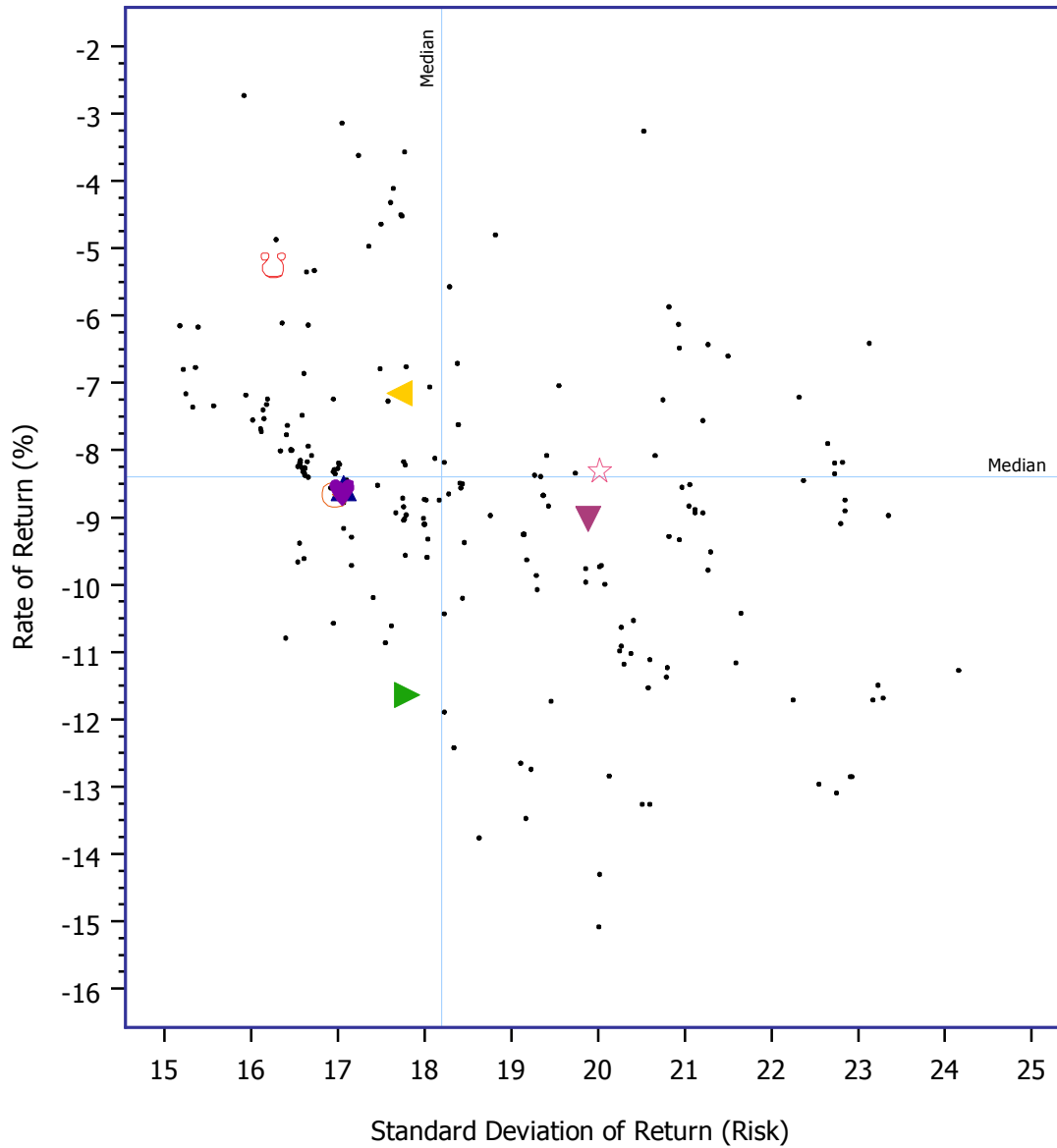


	Six Years	Seven Years	Eight Years	Nine Years	Ten Years
○ R 1000(R)	2.7 67	-1.2 65	-2.7 68	-3.3 69	-1.1 72
✿ Eagle	8.2 7	3.1 20	4.5 15	2.8 31	4.3 26
○ SmallCap Equity	6.6 18	3.4 18	5.1 13	4.7 19	5.0 22
☆ R 2000(R)	5.8 25	1.6 32	1.7 30	1.2 41	3.0 37
♂ US Equity	3.2 58	-0.4 57	-1.2 55	-1.3 55	0.5 59
♥ R 3000(R)	2.9 64	-1.0 63	-2.4 65	-3.0 64	-0.8 69
⊂ S&P500+300 BP	5.5 28	1.6 33	0.2 43	-0.5 53	1.7 48
<b>Median</b>	<b>3.8</b>	<b>0.2</b>	<b>-0.5</b>	<b>0.1</b>	<b>1.5</b>

# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

3 Years Ending December 31, 2008

## 3 Year Risk vs. Return Equity Funds - Total Returns

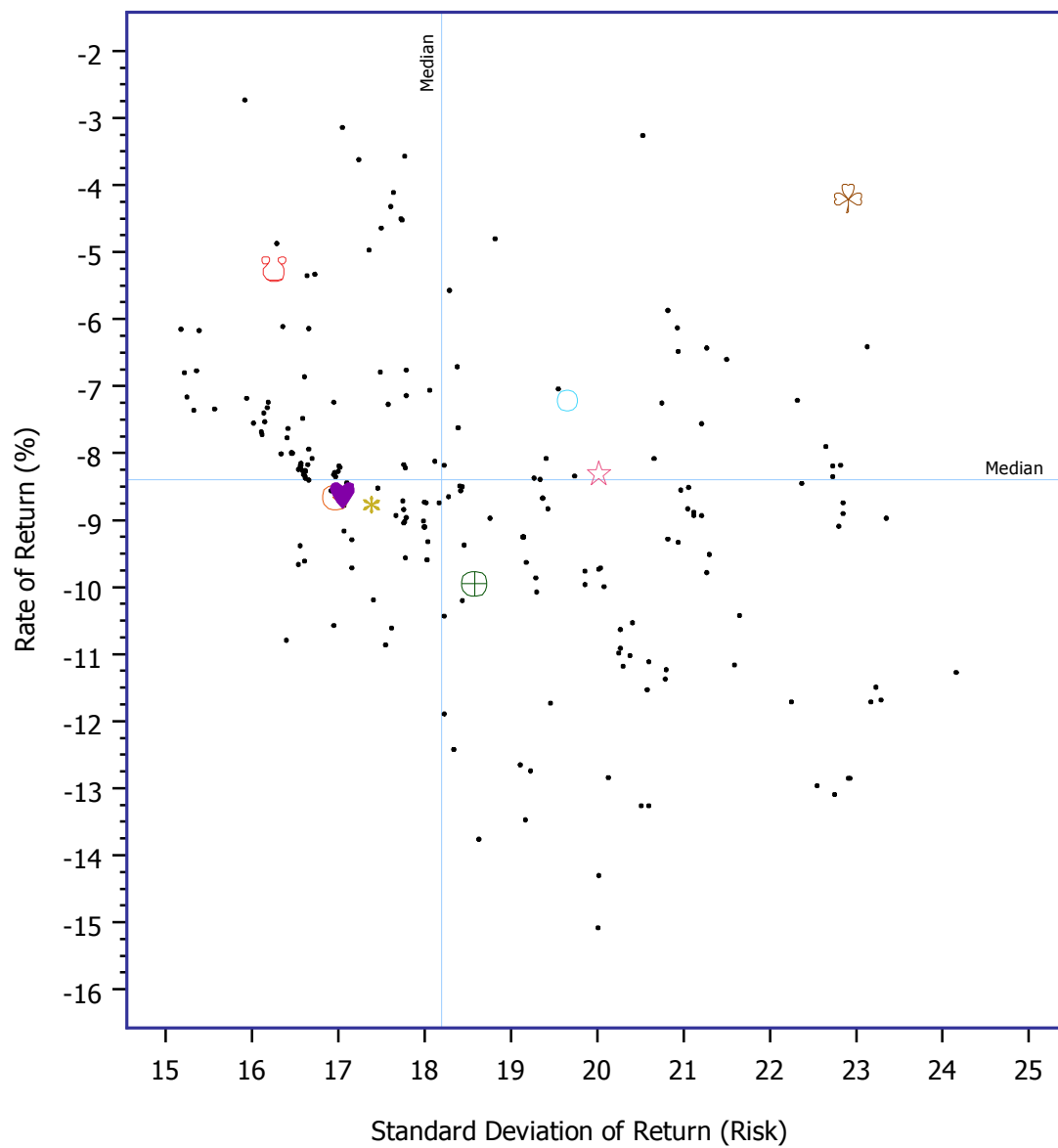


	Return	Standard Deviation	Sharpe Ratio
▶ Atlanta	-7.2	25	17.7
▶ D&C -Equity	-11.6	83	17.8
▲ NT Russell 3000	-8.6	53	17.1
▼ Wellington	-9.0	59	19.9
○ R 1000(R)	-8.7	55	17.0
☆ R 2000(R)	-8.3	44	20.0
♥ R 3000(R)	-8.6	54	17.1
○ R S&P500+300 BP	-5.2	15	16.3
<b>Median</b>	<b>-8.4</b>	<b>18.2</b>	<b>-0.6</b>

# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

3 Years Ending December 31, 2008

## 3 Year Risk vs. Return Equity Funds - Total Returns

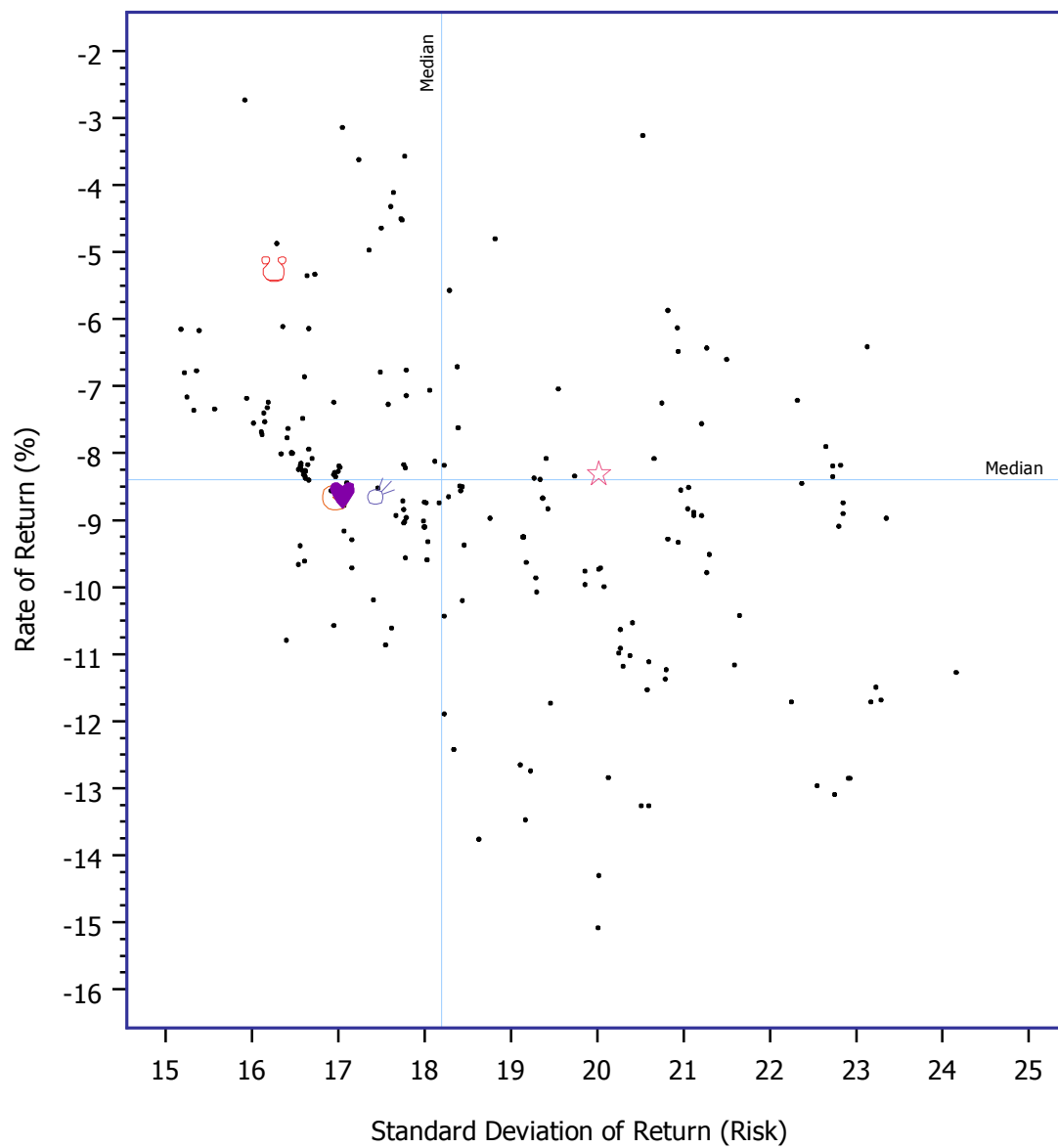


	Return	Standard Deviation	Sharpe Ratio	
* <b>LargeCap Equity</b>	-8.8	17.4	38	-0.7
○ <b>R 1000(R)</b>	-8.7	17.0	31	-0.7
⊕ <b>Brandywine</b>	-10.0	18.6	54	-0.7
✕ <b>Eagle</b>	-4.2	22.9	88	-0.2
○ <b>SmallCap Equity</b>	-7.2	19.7	65	-0.5
☆ <b>R 2000(R)</b>	-8.3	20.0	69	-0.5
♥ <b>R 3000(R)</b>	-8.6	17.1	33	-0.7
∞ <b>S&amp;P500+300 BP</b>	-5.2	16.3	14	-0.5
<b>Median</b>	-8.4	18.2		-0.6

# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

3 Years Ending December 31, 2008

## 3 Year Risk vs. Return Equity Funds - Total Returns

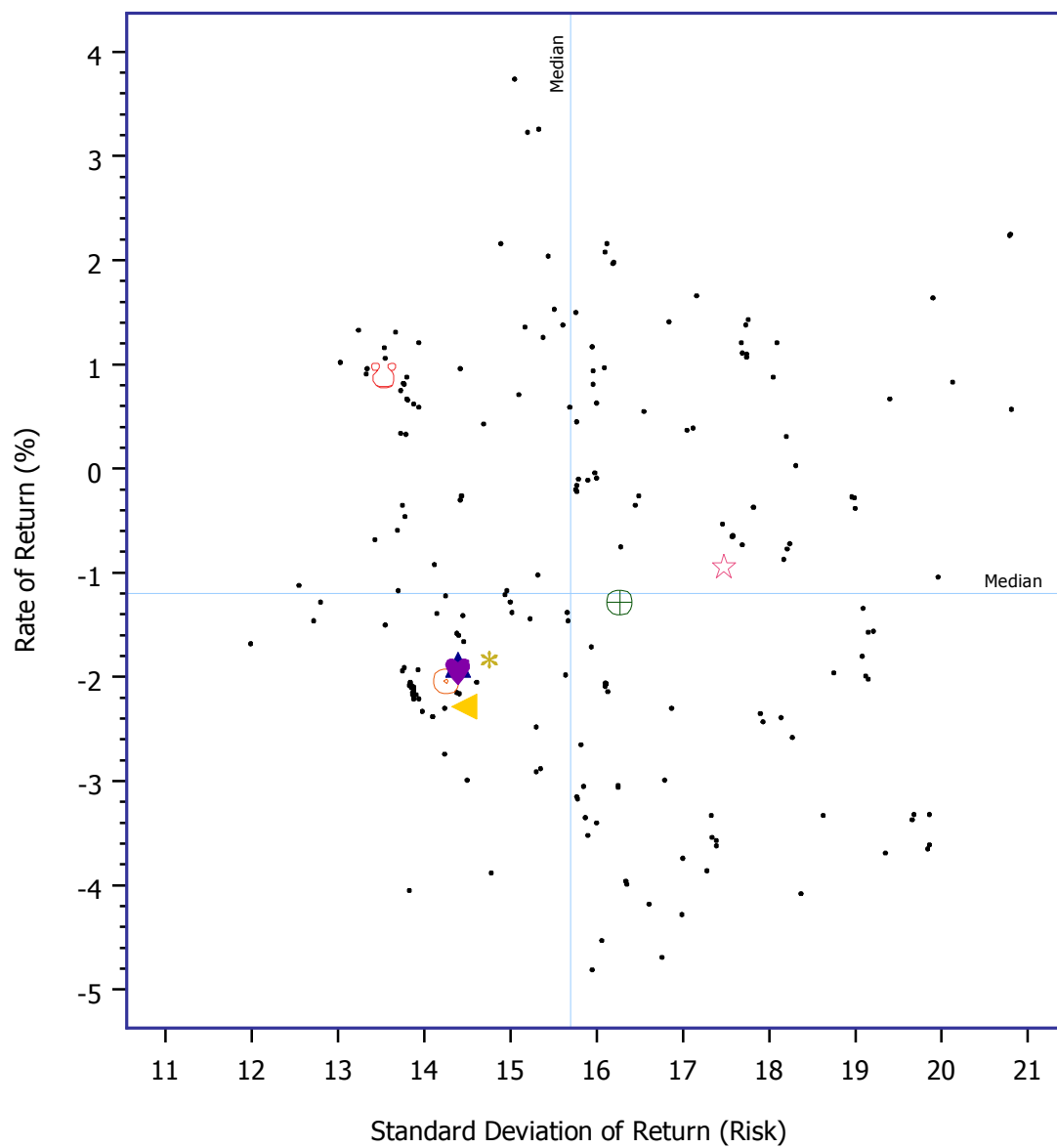


	Return	Standard Deviation	Sharpe Ratio	
○ <i>R 1000(R)</i>	-8.7	17.0	31	-0.7
☆ <i>R 2000(R)</i>	-8.3	20.0	69	-0.5
✎ <b>US Equity</b>	-8.6	17.5	39	-0.6
♥ <i>R 3000(R)</i>	-8.6	17.1	33	-0.7
☺ <i>S&amp;P500+300 BP</i>	-5.2	16.3	14	-0.5
<b>Median</b>	-8.4	18.2		-0.6

# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

5 Years Ending December 31, 2008

## 5 Year Risk vs. Return Equity Funds - Total Returns

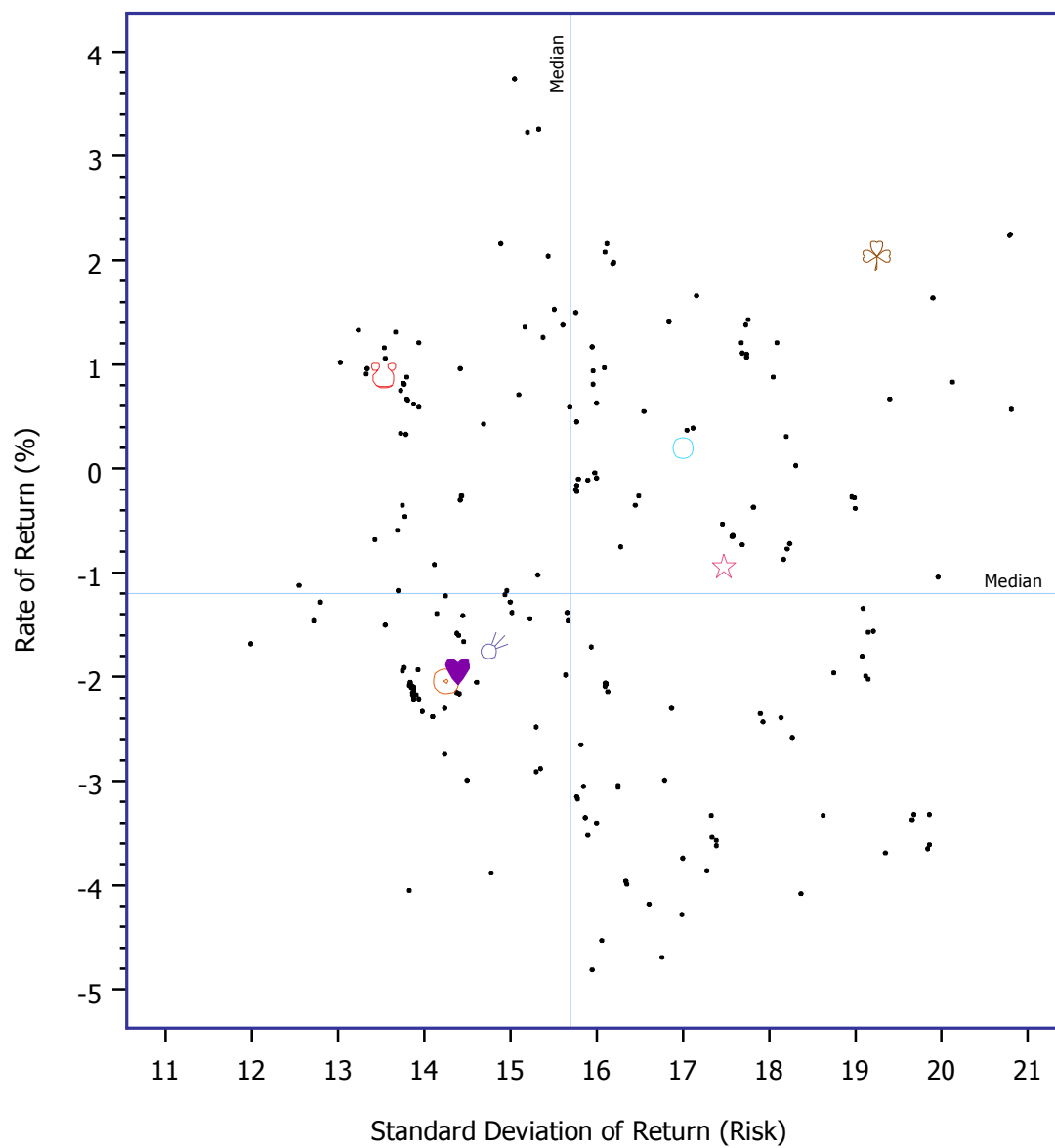


	Return	Standard Deviation	Sharpe Ratio
◀ Atlanta	-2.3	74	14.5
▲ NT Russell 3000	-1.9	59	14.4
* LargeCap Equity	-1.8	59	14.8
⊙ R 1000(R)	-2.0	62	14.3
⊕ Brandywine	-1.3	50	16.3
☆ R 2000(R)	-0.9	45	17.5
♥ R 3000(R)	-1.9	60	14.4
⊙ S&P500+300 BP	0.9	23	13.5
<b>Median</b>	<b>-1.2</b>	<b>15.7</b>	<b>-0.2</b>

# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

5 Years Ending December 31, 2008

## 5 Year Risk vs. Return Equity Funds - Total Returns



	Return	Standard Deviation	Sharpe Ratio
○ <i>R 1000(R)</i>	-2.0	62	14.3
✱ <b>Eagle</b>	2.0	14	19.2
○ <b>SmallCap Equity</b>	0.2	31	17.0
☆ <i>R 2000(R)</i>	-0.9	45	17.5
✎ <b>US Equity</b>	-1.7	57	14.8
♥ <i>R 3000(R)</i>	-1.9	60	14.4
✎ <i>S&amp;P500+300 BP</i>	0.9	23	13.5
<b>Median</b>	-1.2	15.7	-0.2

<b>Portfolio Characteristics</b>		
	<b>Portfolio</b>	<b>R 3000(R)</b>
Total Number of Securities	2564	
Total Market Value \$	464,431,042	
Average Market Capitalization (000's)	49,509,500	65,879,400
Median Market Capitalization (000's)		565,700
Equity Segment Yield	2.30	2.79
Equity Segment P/E	10.71	10.79
Equity Segment Beta	1.04	0.98
Price/Book Ratio	2.47	2.61
Five Year Earnings Growth	18.50	17.80
Return On Equity	20.17	20.47

<b>Ten Largest Holdings</b>		
<b>Name</b>	<b>\$</b>	<b>Weight</b>
EXXON MOBIL CORP	10,908,765	2.3
MICROSOFT	7,257,633	1.6
HEWLETT PACKARD CO	6,820,721	1.5
GENERAL ELEC CO	6,265,701	1.3
PROCTER & GAMBLE CO	5,805,479	1.3
WELLS FARGO & CO NE	5,420,397	1.2
WAL MART STORES INC	5,309,480	1.1
CISCO SYS INC	5,051,834	1.1
CHEVRON CORP	5,035,644	1.1
ABBOTT LABS	4,976,943	1.1

<b>Ten Best Performers</b>	
<b>Name</b>	<b>Return</b>
FORCE PROTECTION IN	123.1
MAXYGEN INC	110.9
AIRTRAN HLDGS INC	82.7
WORLD FUEL SVCS COR	60.8
WACHOVIA CORP	59.8
ALLSCRIPTS HEALTHCA	56.4
NEKTAR THERAPEUTICS	54.9
DELTA AIR LINES INC	53.8
OPTIMER PHARMACEUTI	52.3
SPARTAN MTRS INC	50.9

<b>Ten Worst Performers</b>	
<b>Name</b>	<b>Return</b>
SMURFIT-STONE CONTA	-94.6
BORDERS GROUP INC	-93.9
FREIDMAN BILLINGS R	-91.5
GENERAL GROWTH PPTY	-91.5
PIER 1 IMPORTS INC	-91.0
FLEETWOOD ENTERPRIS	-90.2
CHAMPION ENTERPRISE	-89.9
ASYST TECHNOLOGIES	-89.6
CHARTER COMMUNICATI	-88.8
FIBERTOWER CORP COM	-88.4



# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

Quarter Ending December 31, 2008

## Equity Performance Attribution

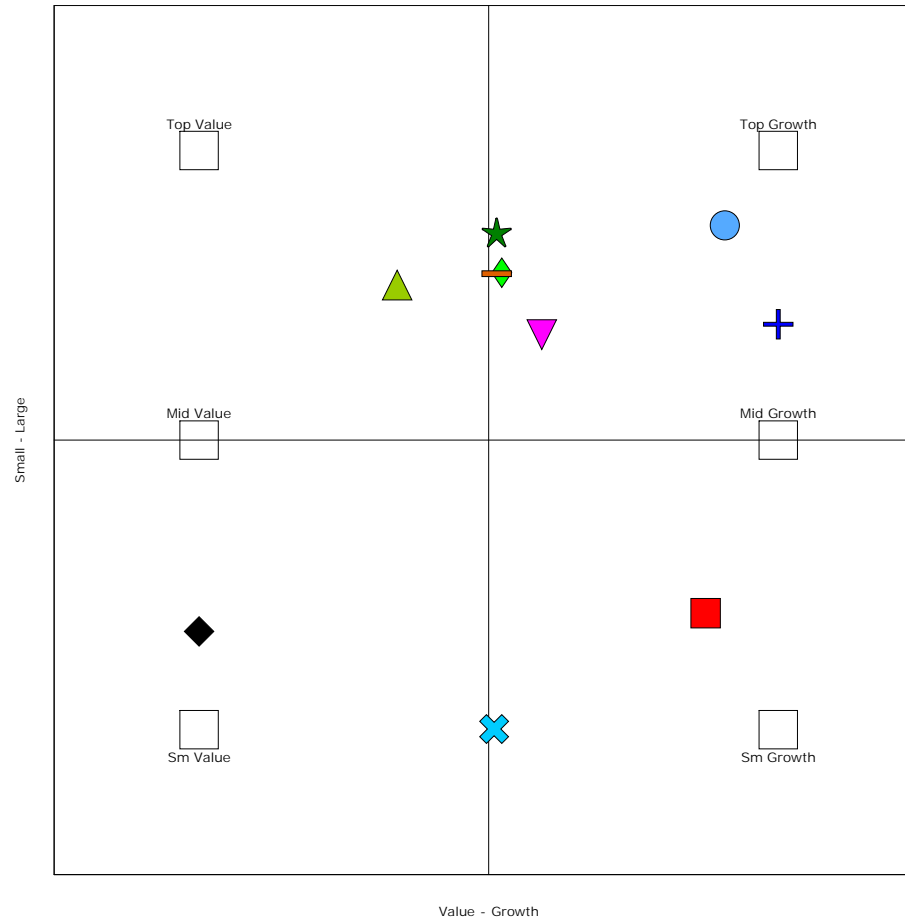
### US Equity Composite

	Portfolio		R 3000(R)		Attribution		
	Pct of Begin Mkt Val (A)	Rate of Return (B)	Pct of Begin Mkt Val (C)	Rate of Return (D)	Stock Selection (E)	Sector Weighting (F)	Total (G)
Cons Discretionary	12.2	-25.7	10.0	-25.2	-0.1	-0.1	-0.1
Consumer Staples	6.6	-15.1	9.6	-13.5	-0.1	-0.4	-0.5
Energy	10.5	-28.9	11.8	-23.2	-0.6	0.0	-0.6
Financials	14.3	-28.5	16.4	-33.6	0.8	0.3	1.1
Health Care	15.8	-14.9	13.1	-13.9	-0.2	0.3	0.1
Industrials	13.2	-22.2	12.2	-23.4	0.2	0.0	0.1
Info Technology	19.1	-25.1	15.9	-25.8	0.2	-0.1	0.0
Materials	4.0	-31.6	4.2	-32.8	0.0	0.0	0.1
Telecom Services	1.7	-11.8	2.8	-5.3	-0.1	-0.2	-0.4
Utilities	2.5	-10.4	4.0	-10.3	0.0	-0.2	-0.3
Miscellaneous	0.0		0.0		0.0	0.0	0.0
<b>TOTAL</b>	100%	-23.4	100%	-22.8	0.1	-0.4	-0.4

Equity Only Buy/Hold Return (B)	-23.4	Stock Selection (E)	0.1
Benchmark Buy/Hold Return (D)	-22.8	Sector Weighting (F)	-0.4
Total Relative Return Difference (B/D)	-0.4	Total Selection (E * F)	-0.4
Equity Only Actual Return (*)	-23.4	Total Value Added	-0.4
Equity Only Buy/Hold Return (B)	-23.4	(Selection * Trading)	
Intra-Period Trading (* / B)	0.0		

US Equity Style Map

Jan 06 - Dec 08



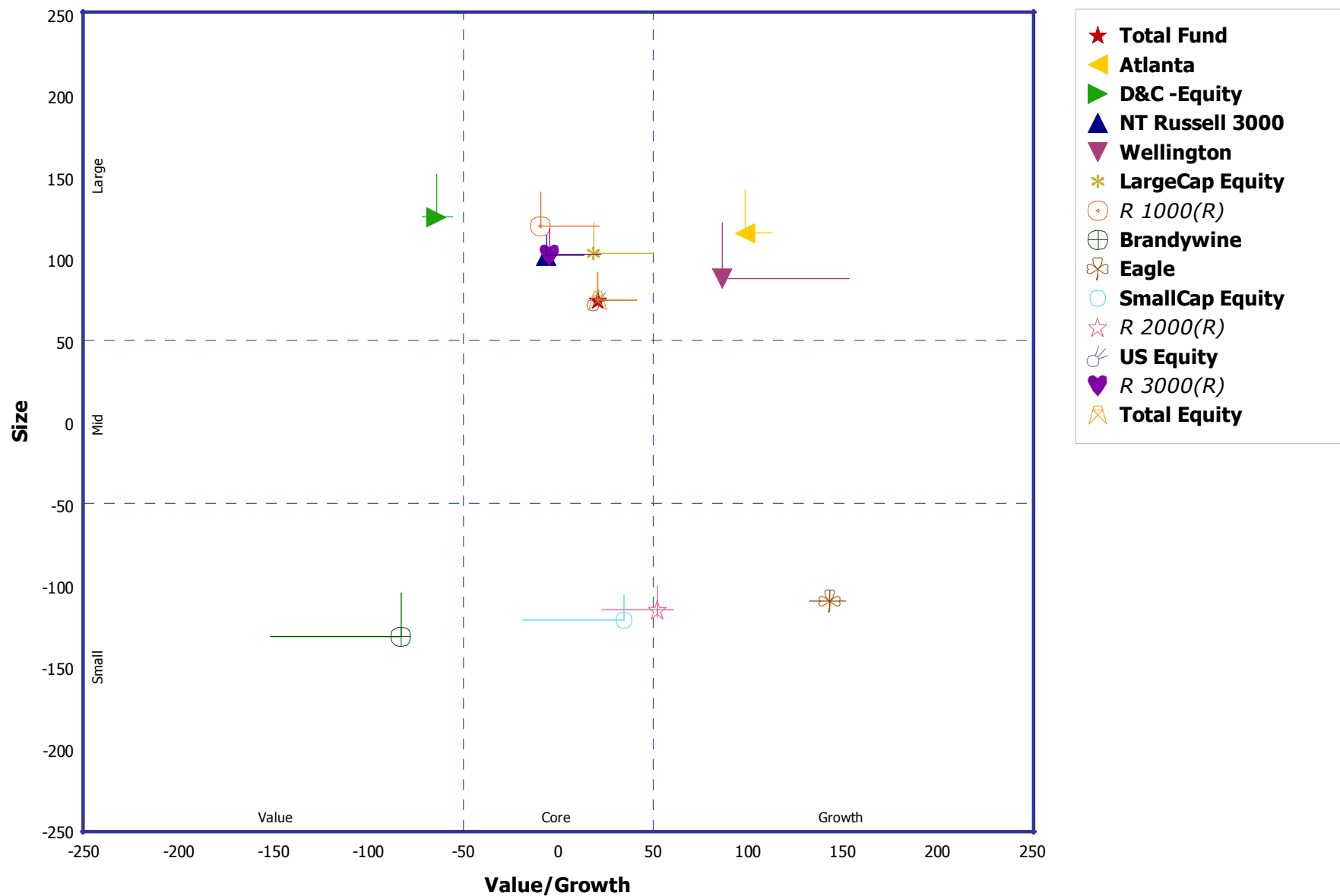
Legend

- Atlanta Capital Management Company
- ◆ Brandywine Asset Management
- ▲ Dodge & Cox -Equity
- Eagle Asset Management
- ◆ Northern Trust Russell 3000 Index Fund
- + Wellington Management Company
- ▼ US Equity Composite
- ★ Russell 1000 Index
- ✕ Russell 2000 Index
- Russell 3000 Index

# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

As of December 31, 2008

## Equity Style Analysis Style Drift



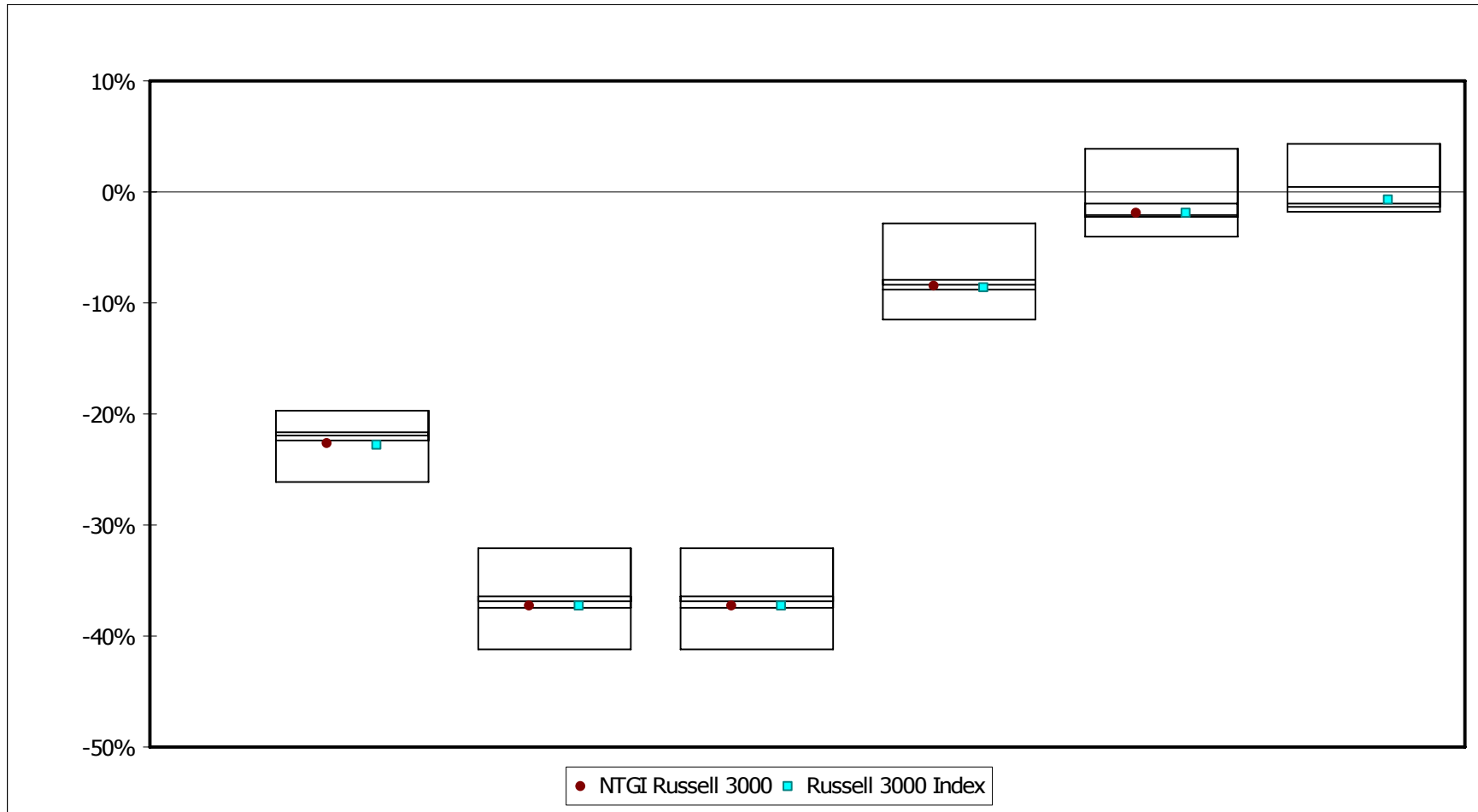
Style assignment based on Morningstar © Size and VCG Scores and Morningstar Style Box™ methodology

# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

Periods Ending December 31, 2008

## Total Rates of Return

## Large Cap Core Equity

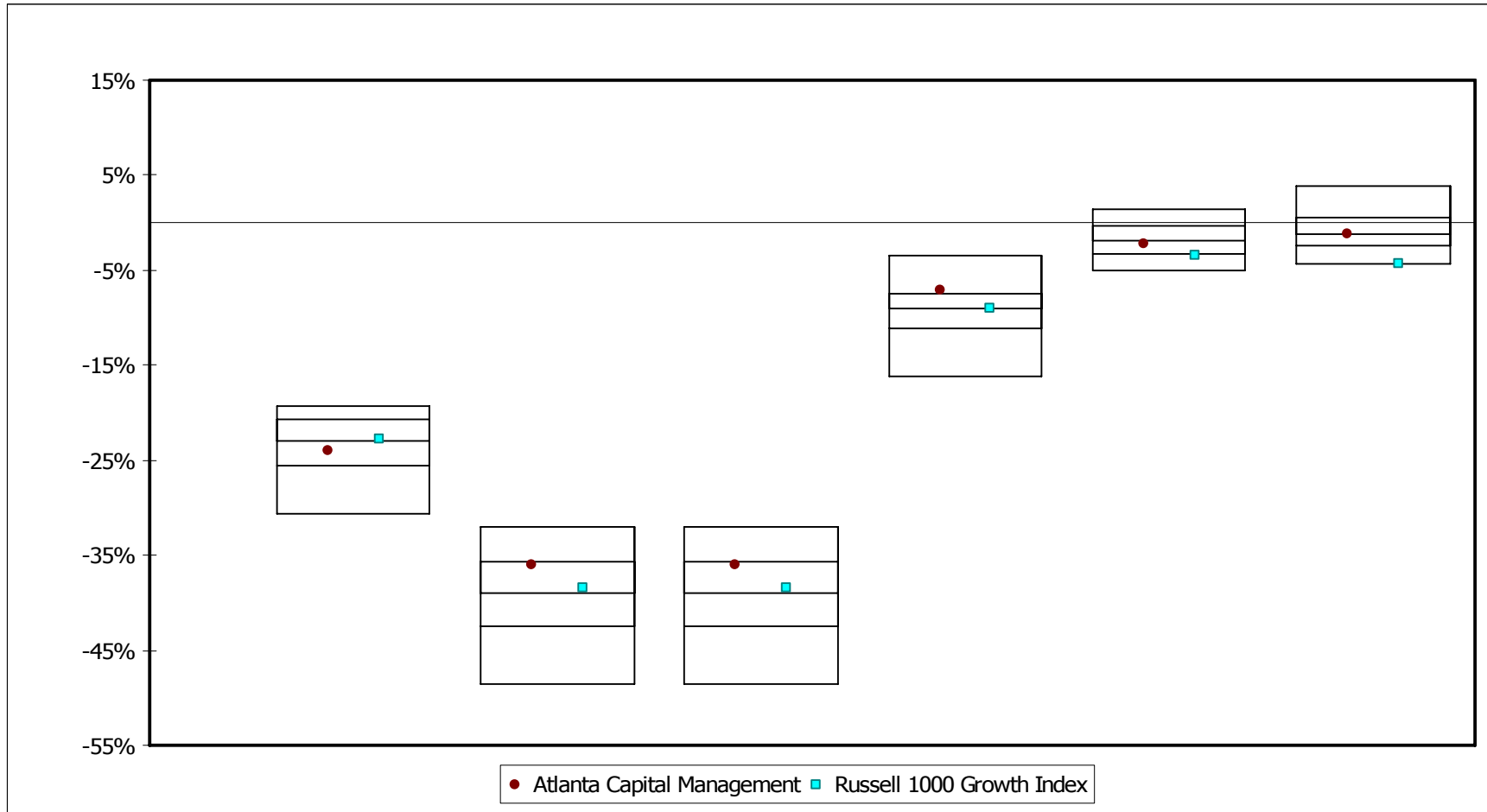


	1 QTR		CALENDAR YTD		1YEAR		3 YEAR		5 YEAR		10 YEAR	
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank
<b>NTGI Russell 3000</b>	-22.7%	82	-37.3%	73	-37.3%	73	-8.6%	69	-1.9%	41		
<i>Russell 3000 Index</i>	-22.8%	83	-37.3%	74	-37.3%	74	-8.6%	72	-1.9%	44	-0.8%	48
<b>Median</b>	-21.9%		-36.9%		-36.9%		-8.3%		-2.1%		-1.0%	

# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

Periods Ending December 31, 2008

## Total Rates of Return Large Cap Growth Equity

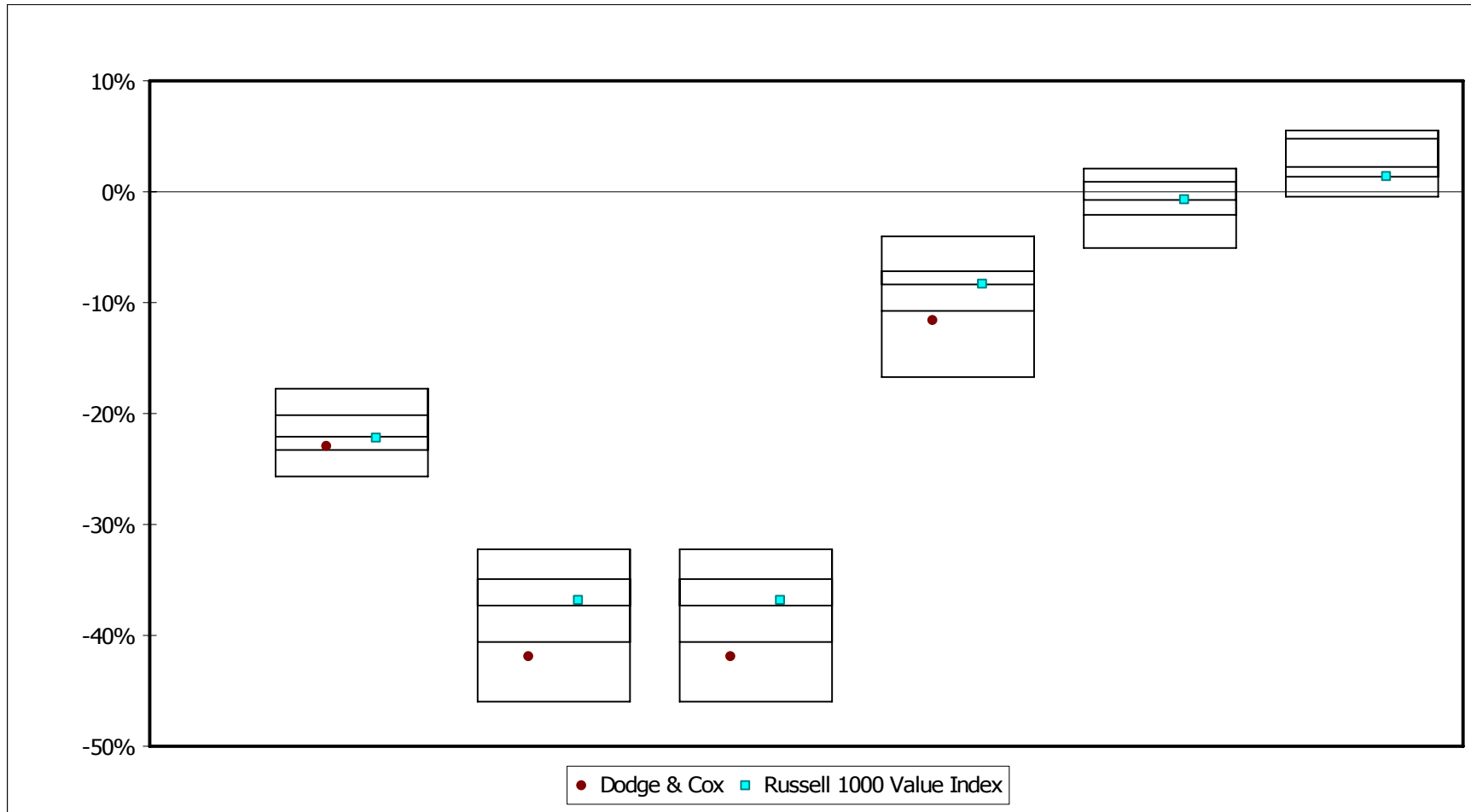


	1 QTR		CALENDAR YTD		1YEAR		3 YEAR		5 YEAR		10 YEAR	
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank
<b>Atlanta Capital Management</b>	-23.9%	59	-36.1%	28	-36.1%	28	-7.2%	22	-2.3%	57	-1.1%	52
<i>Russell 1000 Growth Index</i>	-22.8%	49	-38.4%	45	-38.4%	45	-9.1%	51	-3.4%	78	-4.3%	96
<b>Median</b>	-23.0%		-39.0%		-39.0%		-9.1%		-1.9%		-1.1%	

# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

Periods Ending December 31, 2008

## Total Rates of Return Large Cap Value Equity

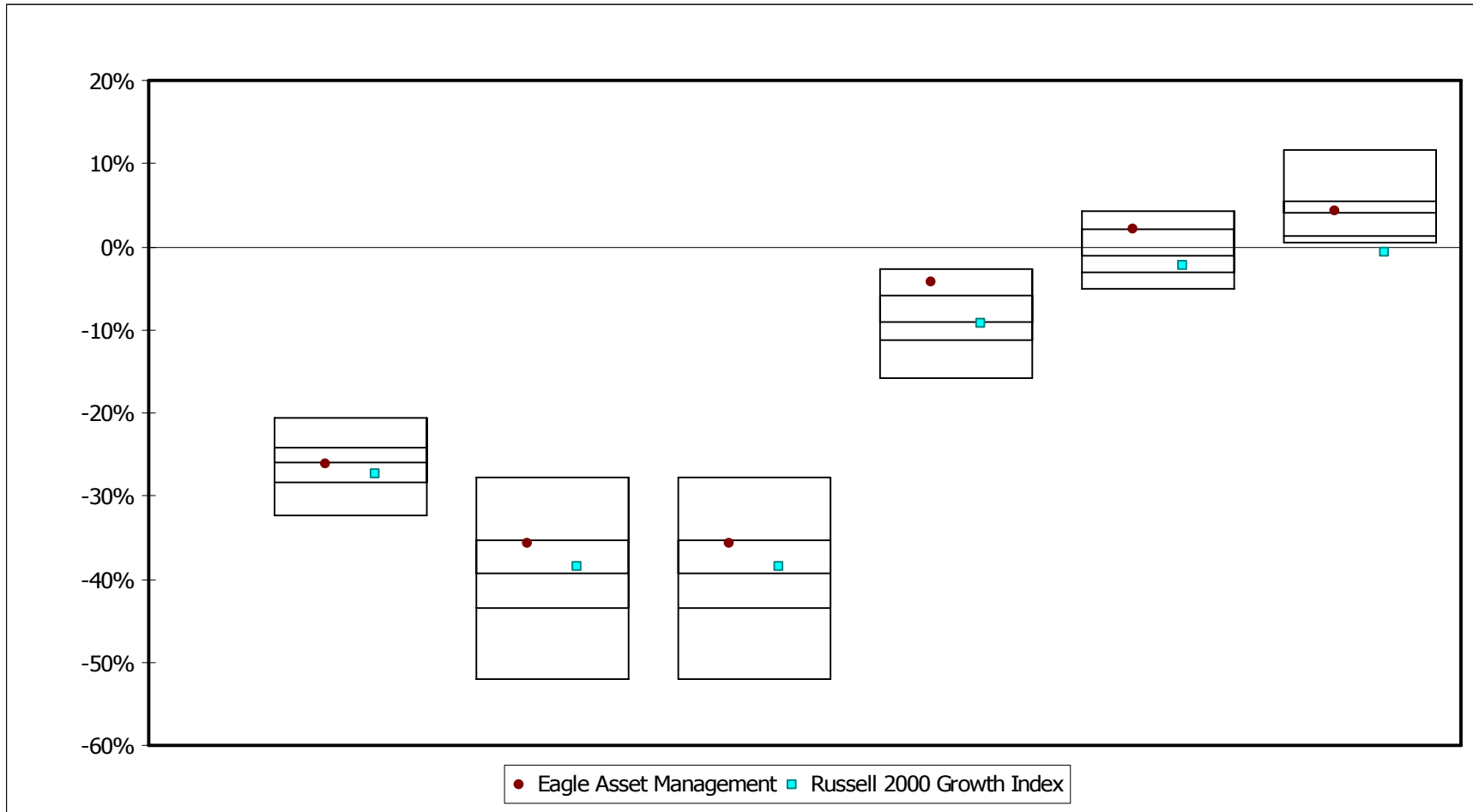


	1 QTR		CALENDAR YTD		1 YEAR		3 YEAR		5 YEAR		10 YEAR	
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank
Dodge & Cox	-22.9%	67	-42.0%	79	-42.0%	79	-11.6%	80				
Russell 1000 Value Index	-22.2%	54	-36.9%	45	-36.9%	45	-8.3%	52	-0.8%	52	1.4%	71
Median	-22.1%		-37.4%		-37.4%		-8.3%		-0.7%		2.3%	

# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

Periods Ending December 31, 2008

## Total Rates of Return Small Cap Growth Equity



	1 QTR		CALENDAR YTD		1 YEAR		3 YEAR		5 YEAR		10 YEAR	
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank
<b>Eagle Asset Management</b>	-26.2%	53	-35.8%	26	-35.8%	26	-4.2%	16	2.0%	23	4.3%	44
<b>Russell 2000 Growth Index</b>	-27.4%	69	-38.5%	43	-38.5%	43	-9.3%	54	-2.4%	67	-0.8%	99
<b>Median</b>	-26.0%		-39.3%		-39.3%		-9.1%		-1.0%		4.1%	

# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

Periods Ending December 31, 2008

## Total Rates of Return Small Cap Value Equity



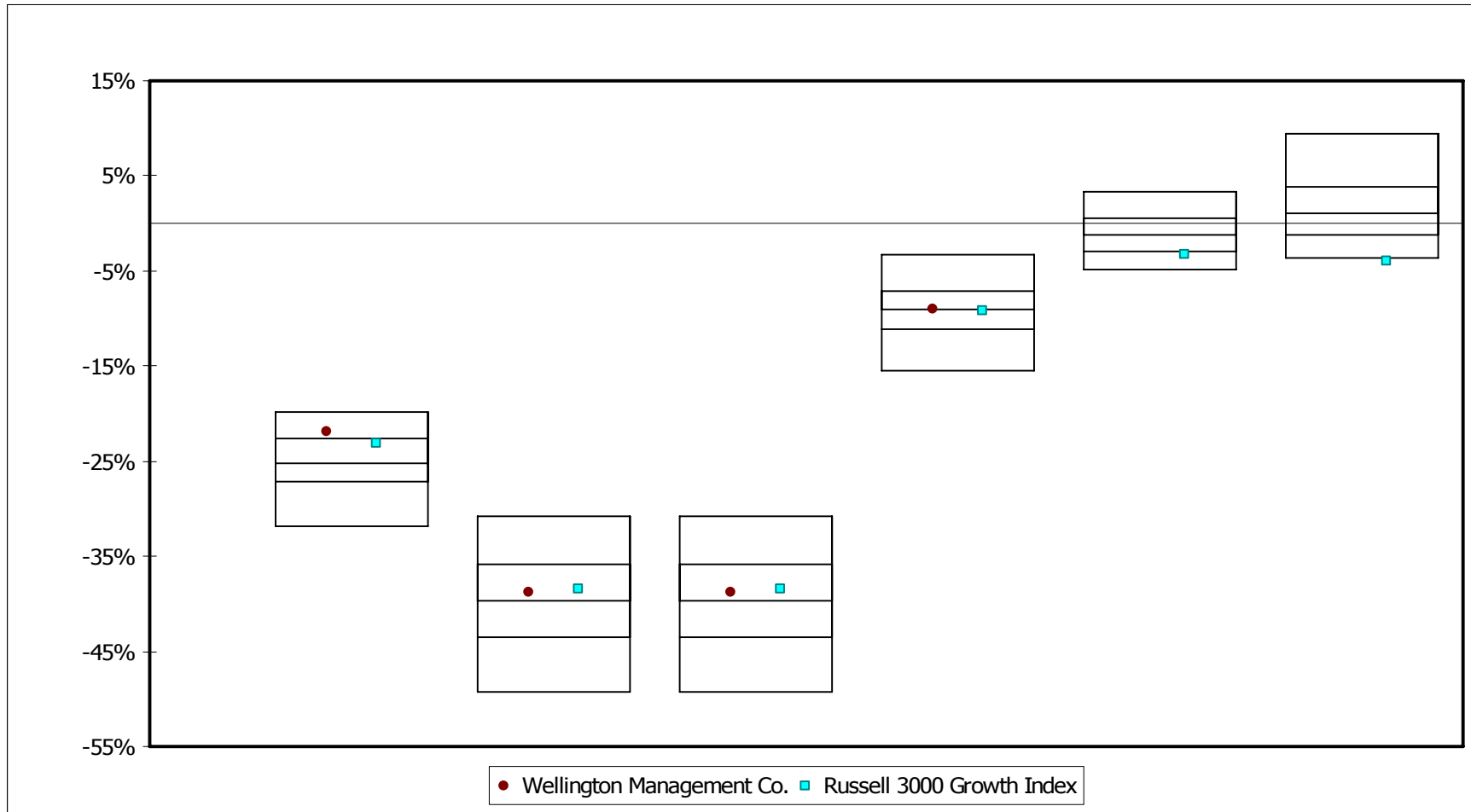
	1 QTR		CALENDAR YTD		1 YEAR		3 YEAR		5 YEAR		10 YEAR	
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank
<b>Brandywine Asset Management</b>	-25.1%	49	-29.8%	32	-29.8%	32	-10.0%	64	-1.3%	68		
<i>Russell 2000 Value Index</i>	-24.9%	44	-28.9%	26	-28.9%	26	-7.5%	31	0.3%	29	6.1%	73
<b>Median</b>	-25.3%		-31.7%		-31.7%		-9.3%		-0.6%		7.2%	



# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

Periods Ending December 31, 2008

## Total Rates of Return All Cap Growth Equity



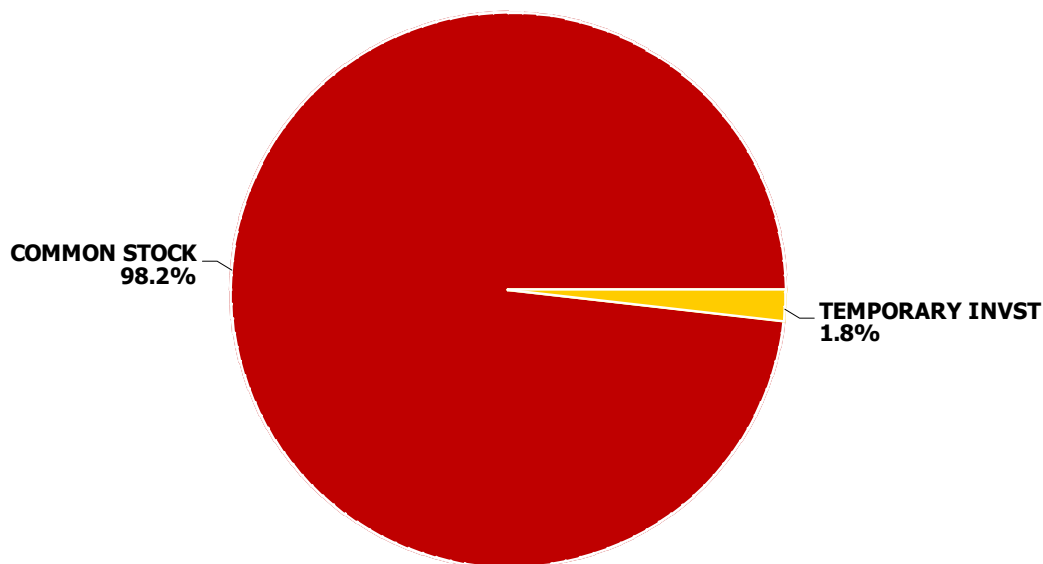
	1 QTR		CALENDAR YTD		1 YEAR		3 YEAR		5 YEAR		10 YEAR	
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank
Wellington Management Co.	-22.0%	21	-38.8%	44	-38.8%	44	-9.0%	51				
<i>Russell 3000 Growth Index</i>	-23.2%	32	-38.4%	41	-38.4%	41	-9.1%	53	-3.3%	81	-4.0%	96
Median	-25.2%		-39.7%		-39.7%		-8.9%		-1.3%		1.1%	

# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

As of December 31, 2008

## Asset Allocation Analysis Atlanta Capital Management Company

Asset Class	Market Value	Current%
<span style="color: red;">■</span> COMMON STOCK	39,247,366	98.2
<span style="color: yellow;">■</span> TEMPORARY INVST	719,993	1.8
<hr/>		
<b>Total</b>	<b>39,967,359</b>	<b>100.0</b>



<b>Portfolio Characteristics</b>		
	<b>Portfolio</b>	<b>R 1000(R) GR</b>
Total Number of Securities	55	
Total Market Value \$	39,247,366	
Average Market Capitalization (000's)	49,744,500	55,917,600
Median Market Capitalization (000's)	19,980,000	3,227,100
Equity Segment Yield	2.01	1.94
Equity Segment P/E	12.12	11.55
Equity Segment Beta	1.04	1.05
Price/Book Ratio	2.77	3.53
Five Year Earnings Growth	21.36	24.54
Return On Equity	21.46	25.46

<b>Ten Largest Holdings</b>		
<b>Name</b>	<b>\$</b>	<b>Weight</b>
ABBOTT LABS	1,366,272	3.5
CISCO SYS INC	1,258,360	3.2
CVS CAREMARK CORPOR	1,250,190	3.2
KOHL'S CORPORATION	1,180,120	3.0
HEWLETT PACKARD CO	1,138,381	2.9
EOG RES INC	1,065,280	2.7
STAPLES INC COM	1,062,656	2.7
APPLE INC	1,024,200	2.6
MEDTRONIC INC	998,797	2.5
COCA COLA CO	995,940	2.5

<b>Ten Best Performers</b>	
<b>Name</b>	<b>Return</b>
MERCK & CO INC COM	-2.3
VULCAN MATERIALS CO	-5.6
WAL MART STORES INC	-6.0
GENENTECH INC	-6.5
ABBOTT LABS	-6.6
AUTOMATIC DATA PROC	-7.2
LABORATORY CORP AME	-7.3
EMERSON ELEC CO	-9.3
PROCTER & GAMBLE CO	-10.7
JACOBS ENGR GROUP I	-11.4

<b>Ten Worst Performers</b>	
<b>Name</b>	<b>Return</b>
NATIONAL-OILWELL VA	-51.3
AMERICAN EXPRESS CO	-47.4
SCHLUMBERGER LTD CO	-45.5
SCHWAB CHARLES CORP	-37.6
MEDTRONIC INC	-36.7
GENERAL ELEC CO	-35.2
STRYKER CORP COM	-35.2
GOLDMAN SACHS GROUP	-33.9
PRICE T ROWE GROUP	-33.5
MICROCHIP TECHNOLOG	-32.5

# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

Quarter Ending December 31, 2008

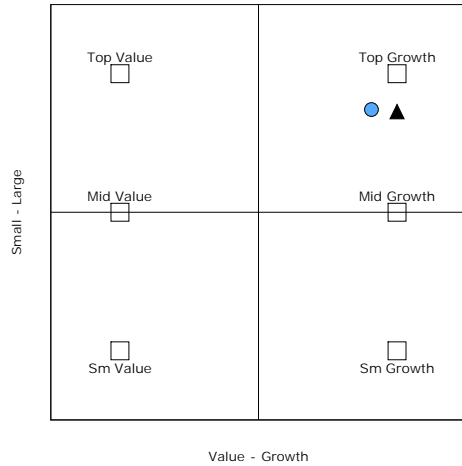
Equity Performance Attribution  
Atlanta Capital Management Company

	Portfolio		R 1000(R) GR		Attribution		
	Pct of Begin Mkt Val (A)	Rate of Return (B)	Pct of Begin Mkt Val (C)	Rate of Return (D)	Stock Selection (E)	Sector Weighting (F)	Total (G)
Cons Discretionary	13.6	-20.3	10.8	-21.5	0.1	0.1	0.2
Consumer Staples	9.6	-15.9	11.8	-14.9	-0.1	-0.2	-0.3
Energy	10.6	-40.5	9.4	-34.8	-0.6	-0.2	-0.8
Financials	11.9	-29.5	4.5	-35.9	0.8	-1.3	-0.5
Health Care	16.5	-20.7	14.1	-15.0	-1.0	0.2	-0.7
Industrials	10.2	-23.8	13.6	-20.5	-0.4	-0.1	-0.5
Info Technology	24.3	-24.1	28.6	-25.1	0.3	0.1	0.4
Materials	3.3	-18.2	4.6	-30.4	0.4	0.1	0.5
Telecom Services	0.0		0.8	-27.8	0.0	0.1	0.1
Utilities	0.0		1.9	-9.8	0.0	-0.3	-0.3
Miscellaneous	0.0		0.0				
<b>TOTAL</b>	100%	-24.4	100%	-22.8	-0.5	-1.5	-2.0

<b>Equity Only Buy/Hold Return (B)</b>	<b>-24.4</b>	<b>Stock Selection (E)</b>	<b>-0.5</b>
<b>Benchmark Buy/Hold Return (D)</b>	<b>-22.8</b>	<b>Sector Weighting (F)</b>	<b>-1.5</b>
<b>Total Relative Return Difference (B/D)</b>	<b>-2.0</b>	<b>Total Selection (E * F)</b>	<b>-2.0</b>
<b>Equity Only Actual Return (*)</b>	<b>-24.4</b>	<b>Total Value Added (Selection * Trading)</b>	<b>-2.1</b>
<b>Equity Only Buy/Hold Return (B)</b>	<b>-24.4</b>		
<b>Intra-Period Trading (* / B)</b>	<b>-0.1</b>		

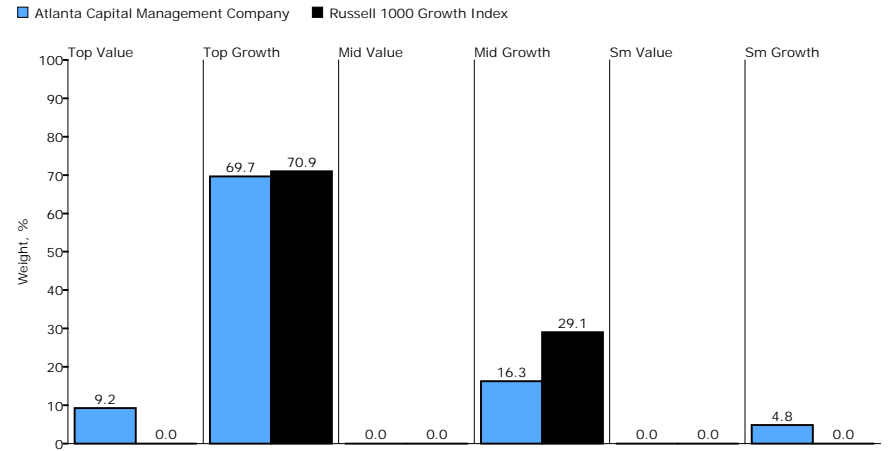
US Equity Style Map

Jan 06 - Dec 08



US Equity Style Exposures

Jan 06 - Dec 08

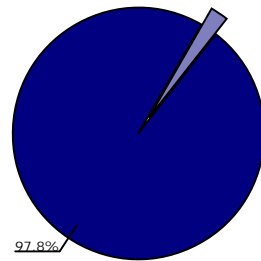
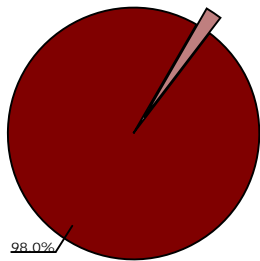


R-Squared (Style Analysis)

Jan 06 - Dec 08

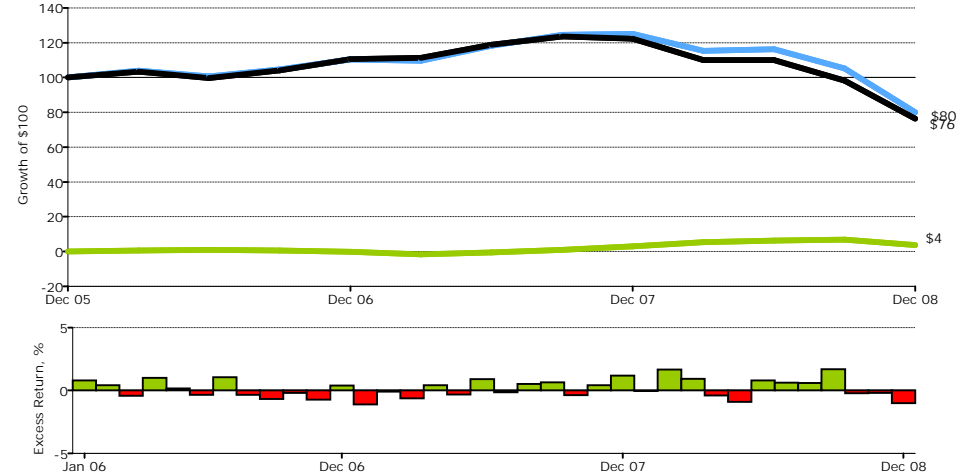
■ Style R-Squared

■ Benchmark R-Squared



Cumulative Total, Style & Selection Return

Jan 06 - Dec 08

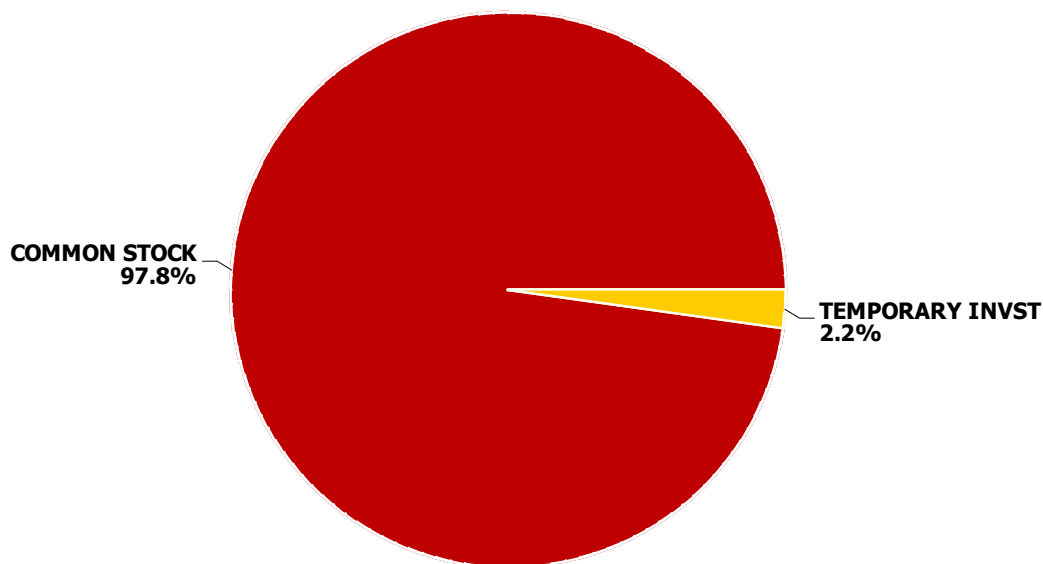


Legend

▲ Russell 1000 Growth Index    ● Atlanta Capital Management Company

■ Total    ■ Style  
■ Selection

Asset Class	Market Value	Current%
<span style="color: red;">■</span> COMMON STOCK	33,607,944	97.8
<span style="color: yellow;">■</span> TEMPORARY INVST	761,263	2.2
<hr/>		
<b>Total</b>	<b>34,369,207</b>	<b>100.0</b>



<b>Portfolio Characteristics</b>		
	<b>Portfolio</b>	<b>R 2000(R) VALUE</b>
Total Number of Securities	441	
Total Market Value \$	33,607,441	
Average Market Capitalization (000's)	715,500	851,600
Median Market Capitalization (000's)	278,400	304,800
Equity Segment Yield	1.70	2.76
Equity Segment P/E	8.66	11.36
Equity Segment Beta	1.10	1.01
Price/Book Ratio	1.24	1.35
Five Year Earnings Growth	12.61	8.96
Return On Equity	12.55	9.64

<b>Ten Largest Holdings</b>		
<b>Name</b>	<b>\$</b>	<b>Weight</b>
LENNOX INTL INC	415,104	1.2
RENT A CTR INC NEW	358,295	1.1
OLIN CORP COM	350,752	1.0
SKYWEST INC	341,112	1.0
DEL MONTE FOODS CO	329,868	1.0
ARGO GROUP INTERNAT	322,240	1.0
MONTPELIER RE HOLDI	315,376	0.9
IPC HLDGS LTD	307,970	0.9
INTEGRATED DEVICE T	294,525	0.9
ACTUANT CORP	291,006	0.9

<b>Ten Best Performers</b>	
<b>Name</b>	<b>Return</b>
WORLD FUEL SVCS COR	60.8
ALASKA AIR GROUP IN	43.4
CATAPULT COMMUNICAT	36.6
TOWER GROUP INC	20.0
CH ENERGY GROUP INC	19.5
PRESTIGE BRANDS HLD	18.8
AMERIGROUP CORP	17.0
SKYWEST INC	16.7
VSE CORP	16.5
CNA SURETY	15.0

<b>Ten Worst Performers</b>	
<b>Name</b>	<b>Return</b>
DIXIE GROUP INC	-79.2
LA Z BOY CHAIR CO	-76.6
STONE ENERGY INC	-74.0
CAI INTERNATIONAL I	-71.3
RED LION HOTELS COR	-70.3
FIRST PLACE FINL CO	-69.6
MERIDIAN RESOURCE C	-69.0
GEOMET INC DEL COM	-68.4
HARDINGE INC	-68.0
JONES APPAREL	-67.7

# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

Quarter Ending December 31, 2008

## Equity Performance Attribution Brandywine Asset Management

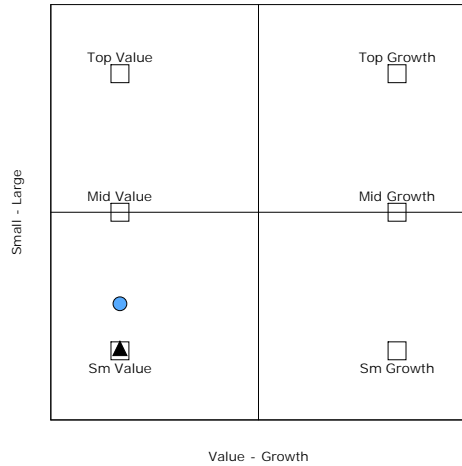
	Portfolio		R 2000(R) VALUE		Attribution		
	Pct of Begin Mkt Val (A)	Rate of Return (B)	Pct of Begin Mkt Val (C)	Rate of Return (D)	Stock Selection (E)	Sector Weighting (F)	Total (G)
Cons Discretionary	14.7	-42.5	11.7	-41.6	-0.1	-0.7	-0.8
Consumer Staples	4.0	-21.3	4.3	-15.6	-0.2	0.0	-0.2
Energy	5.7	-47.1	3.9	-49.1	0.2	-0.6	-0.4
Financials	34.2	-12.6	36.4	-20.3	2.9	-0.1	2.7
Health Care	3.6	-16.1	5.0	-17.0	0.1	-0.1	-0.1
Industrials	19.1	-23.8	14.5	-21.0	-0.5	0.2	-0.3
Info Technology	10.9	-33.5	12.2	-31.6	-0.2	0.1	0.0
Materials	3.2	-26.6	4.8	-26.7	0.0	0.0	0.1
Telecom Services	0.1	-37.5	1.0	-33.3	0.0	0.1	0.1
Utilities	4.5	-6.6	6.0	-6.8	0.1	-0.4	-0.3
Miscellaneous	0.0		0.0				
<b>TOTAL</b>	100%	-24.1	100%	-24.6	2.2	-1.4	0.8

<b>Equity Only Buy/Hold Return (B)</b>	<b>-24.1</b>	<b>Stock Selection (E)</b>	<b>2.2</b>
<b>Benchmark Buy/Hold Return (D)</b>	<b>-24.6</b>	<b>Sector Weighting (F)</b>	<b>-1.4</b>
<b>Total Relative Return Difference (B/D)</b>	<b>0.8</b>	<b>Total Selection (E * F)</b>	<b>0.8</b>
<b>Equity Only Actual Return (*)</b>	<b>-25.5</b>	<b>Total Value Added (Selection * Trading)</b>	<b>-1.0</b>
<b>Equity Only Buy/Hold Return (B)</b>	<b>-24.1</b>		
<b>Intra-Period Trading (* / B)</b>	<b>-1.8</b>		



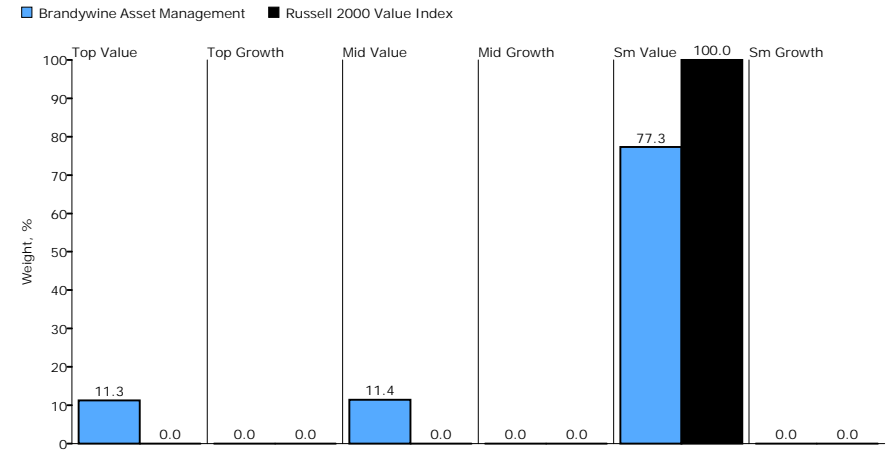
US Equity Style Map

Jan 06 - Dec 08



US Equity Style Exposures

Jan 06 - Dec 08

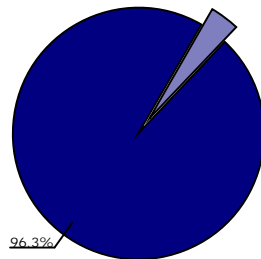
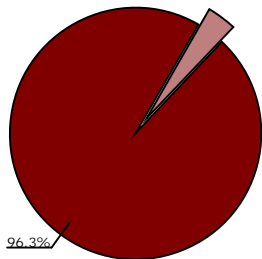


R-Squared (Style Analysis)

Jan 06 - Dec 08

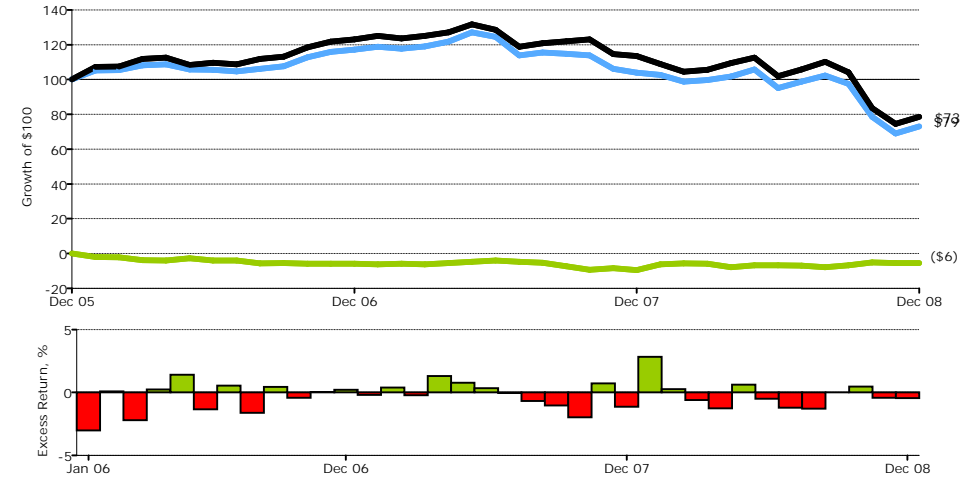
■ Style R-Squared

■ Benchmark R-Squared



Cumulative Total, Style & Selection Return

Jan 06 - Dec 08



Legend

▲ Russell 2000 Value Index ● Brandywine Asset Management

■ Total ■ Style  
■ Selection

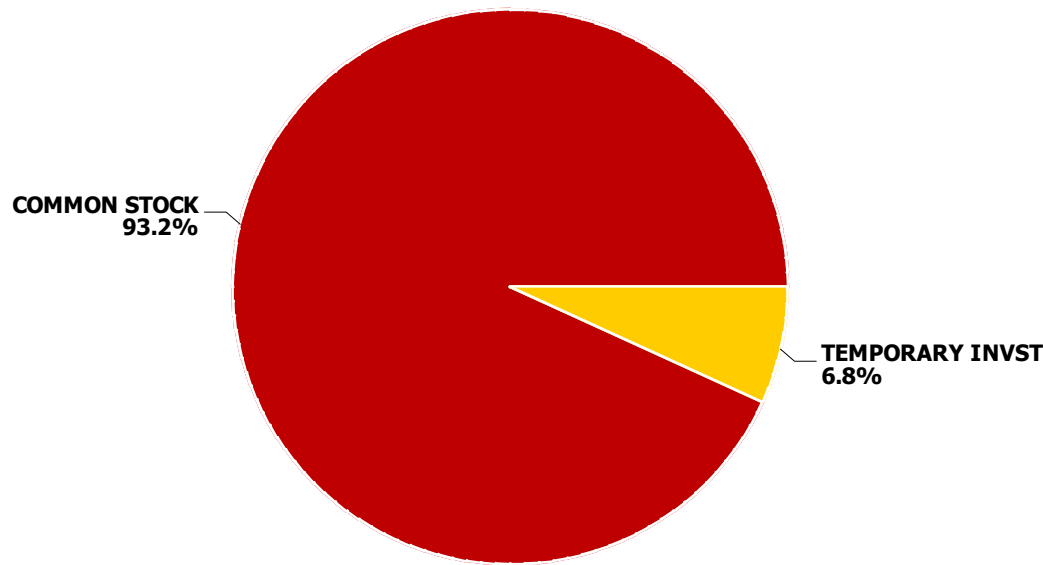
# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

As of December 31, 2008

## Asset Allocation Analysis

Dodge and Cox -Equity

Asset Class	Market Value	Current%
<span style="color: red;">■</span> COMMON STOCK	43,865,105	93.2
<span style="color: yellow;">■</span> TEMPORARY INVST	3,212,944	6.8
<hr/>		
<b>Total</b>	<b>47,078,049</b>	<b>100.0</b>



<b>Portfolio Characteristics</b>		
	<b>Portfolio</b>	<b>R 1000(R) VALUE</b>
Total Number of Securities	74	
Total Market Value \$	43,865,105	
Average Market Capitalization (000's)	52,983,400	86,645,600
Median Market Capitalization (000's)	11,797,000	2,750,600
Equity Segment Yield	2.83	3.79
Equity Segment P/E	9.60	10.01
Equity Segment Beta	1.04	0.90
Price/Book Ratio	1.75	1.78
Five Year Earnings Growth	12.77	11.64
Return On Equity	16.53	17.05

<b>Ten Largest Holdings</b>		
<b>Name</b>	<b>\$</b>	<b>Weight</b>
COMCAST CORP-CL A	2,110,000	4.8
HEWLETT PACKARD CO	2,091,275	4.8
AMGEN INC	1,674,750	3.8
NOVARTIS A G	1,592,320	3.6
SANOFI-AVENTIS	1,511,520	3.4
TIME WARNER INC NEW	1,498,940	3.4
WELLPOINT INC	1,466,124	3.3
GLAXO SMITHKLINE PL	1,419,204	3.2
GENERAL ELEC CO	1,287,780	2.9
NEWS CORP INC	1,231,695	2.8

<b>Ten Best Performers</b>	
<b>Name</b>	<b>Return</b>
WACHOVIA CORP	59.8
SHERWIN WILLIAMS CO	5.2
UNITEDHEALTH GROUP	4.8
WYETH	2.5
TRAVELERS COS INC	0.7
PFIZER INC	-2.2
SANOFI-AVENTIS	-2.2
AMGEN INC	-2.6
GENUINE PARTS CO	-4.9
KYOCERA CORP	-5.0

<b>Ten Worst Performers</b>	
<b>Name</b>	<b>Return</b>
LIBERTY MEDIA INTER	-75.8
SPRINT NEXTEL CORP	-70.0
CITIGROUP INC	-66.9
GENWORTH FINL INC	-66.4
HEALTH MGMT ASSOC I	-57.0
AMERICAN INTL GROUP	-52.8
DOW CHEM CO	-51.2
SUN MICROSYSTEMS IN	-49.7
INTERPUBLIC GROUP C	-48.9
LIBERTY GLOBAL INC	-47.5

# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

Quarter Ending December 31, 2008

## Equity Performance Attribution

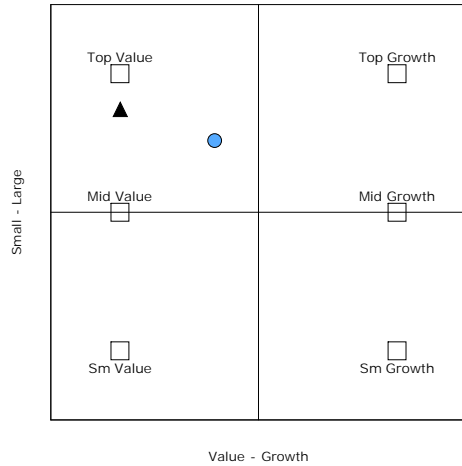
Dodge and Cox -Equity

	Portfolio		R 1000(R) VALUE		Attribution		
	Pct of Begin Mkt Val (A)	Rate of Return (B)	Pct of Begin Mkt Val (C)	Rate of Return (D)	Stock Selection (E)	Sector Weighting (F)	Total (G)
Cons Discretionary	23.6	-23.1	8.9	-27.0	1.0	-0.9	0.0
Consumer Staples	0.6	-19.9	8.5	-11.5	-0.1	-1.1	-1.1
Energy	8.2	-24.6	15.4	-14.2	-0.9	-0.7	-1.6
Financials	13.4	-30.0	27.6	-35.0	0.7	2.4	3.2
Health Care	25.0	-10.3	11.8	-11.0	0.2	1.9	2.1
Industrials	6.9	-28.4	9.8	-27.6	-0.1	0.2	0.1
Info Technology	17.1	-26.6	2.9	-29.6	0.5	-1.4	-0.8
Materials	3.7	-34.5	3.7	-36.5	0.1	0.0	0.1
Telecom Services	1.6	-70.0	5.2	-1.1	-1.1	-1.0	-2.0
Utilities	0.0		6.3	-10.6	0.0	-0.9	-0.9
Miscellaneous	0.0		0.0				
<b>TOTAL</b>	100%	-23.5	100%	-22.2	0.4	-1.5	-1.2

Equity Only Buy/Hold Return (B)	-23.5	Stock Selection (E)	0.4
Benchmark Buy/Hold Return (D)	-22.2	Sector Weighting (F)	-1.5
Total Relative Return Difference (B/D)	-1.2	Total Selection (E * F)	-1.2
Equity Only Actual Return (*)	-23.7	Total Value Added (Selection * Trading)	-1.4
Equity Only Buy/Hold Return (B)	-23.5		
Intra-Period Trading (* / B)	-0.3		

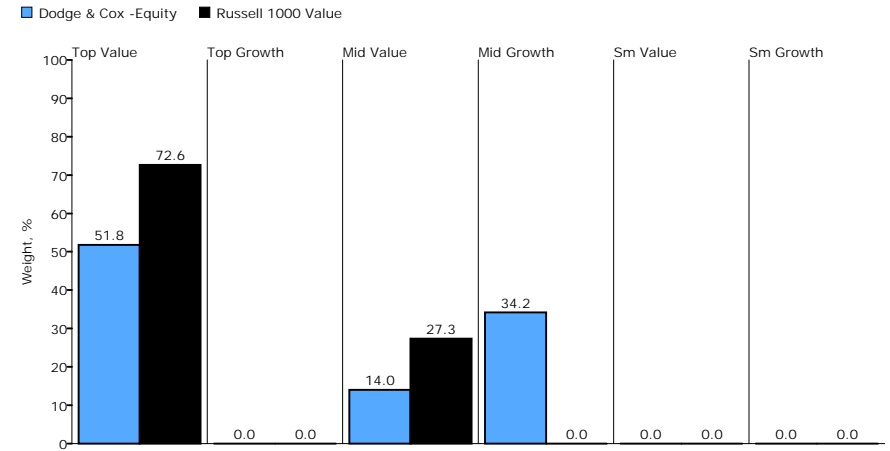
US Equity Style Map

Jan 06 - Dec 08



US Equity Style Exposures

Jan 06 - Dec 08

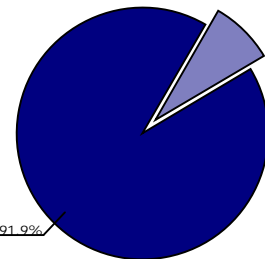
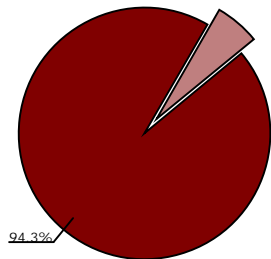


R-Squared (Style Analysis)

Jan 06 - Dec 08

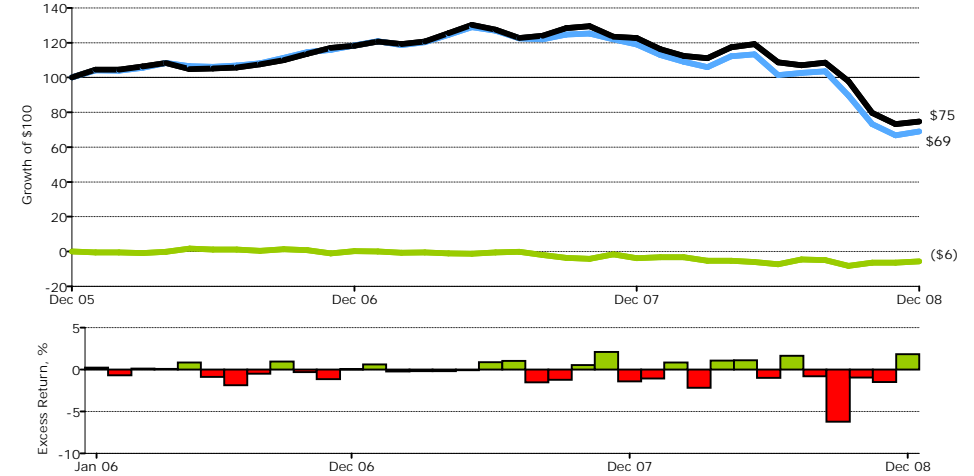
■ Style R-Squared

■ Benchmark R-Squared



Cumulative Total, Style & Selection Return

Jan 06 - Dec 08

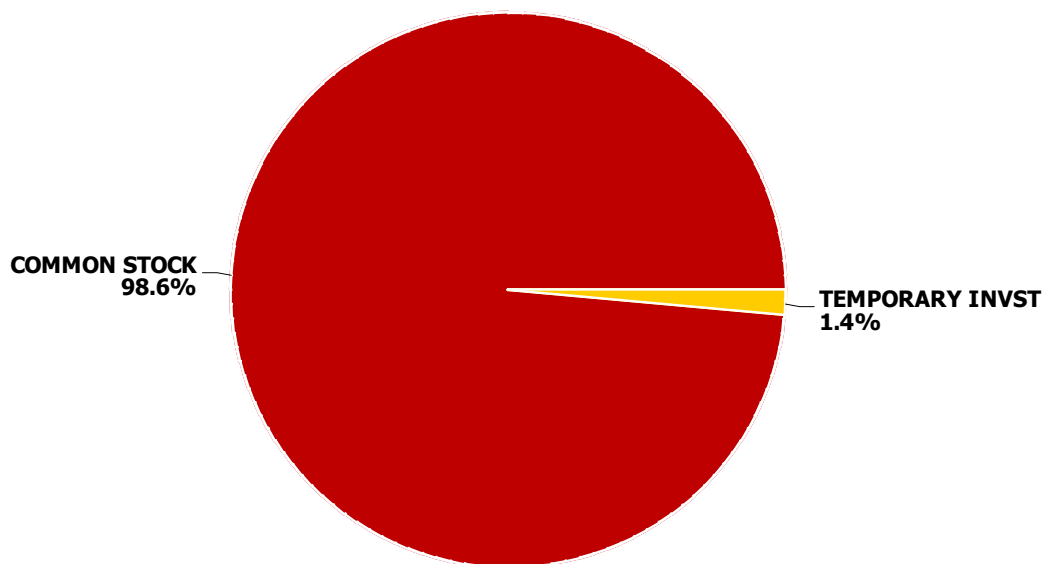


Legend

▲ Russell 1000 Value ● Dodge & Cox -Equity

■ Total ■ Style  
■ Selection

Asset Class	Market Value	Current%
<span style="color: red;">■</span> COMMON STOCK	29,342,724	98.6
<span style="color: yellow;">■</span> TEMPORARY INVST	418,212	1.4
<hr/>		
<b>Total</b>	<b>29,760,936</b>	<b>100.0</b>



<b>Portfolio Characteristics</b>		
	<b>Portfolio</b>	<b>R 2000(R) GR</b>
Total Number of Securities	62	
Total Market Value \$	29,401,068	
Average Market Capitalization (000's)	961,300	913,600
Median Market Capitalization (000's)	663,300	315,100
Equity Segment Yield	0.56	0.77
Equity Segment P/E	11.43	12.12
Equity Segment Beta	1.26	1.25
Price/Book Ratio	2.74	3.00
Five Year Earnings Growth	23.23	23.35
Return On Equity	16.12	13.40

<b>Ten Largest Holdings</b>		
<b>Name</b>	<b>\$</b>	<b>Weight</b>
THORATEC CORP	1,445,708	4.9
EMS TECHNOLOGIES IN	1,137,892	3.9
QUALITY SYS INC	1,070,435	3.6
ECLIPSYS CORP	1,057,226	3.6
BALLY TECHNOLOGIES	837,806	2.8
GENESCO INC	758,439	2.6
ANSYS INC	726,535	2.5
CASH AMER INTL INC	724,638	2.5
NORTHWEST PIPE CO	717,979	2.4
COMPELLENT TECHNOLO	715,106	2.4

<b>Ten Best Performers</b>	
<b>Name</b>	<b>Return</b>
THORATEC CORP	23.8
EMS TECHNOLOGIES IN	16.0
CUBIST PHARMACEUTIC	8.7
QUALITY SYS INC	4.1
MYRIAD GENETICS INC	2.1
NORTHWEST PIPE CO	-2.3
CENTENE CORP DEL	-3.9
DOLBY LABORATORY	-6.9
VITAL IMAGES INC	-7.3
WASTE CONNECTIONS I	-8.0

<b>Ten Worst Performers</b>	
<b>Name</b>	<b>Return</b>
RADIANT SYS INC	-61.2
LUFKIN INDUSTRIES I	-56.3
OYO GEOSPACE CORP	-55.5
GENESCO INC	-49.5
AMERICAN MED SYS HL	-49.4
ICON PUB LTD CO	-48.5
HANSEN MEDICAL INC	-46.3
PETROLEUM DEV CORP	-45.7
TERRA INDS INC	-42.8
ENTRAVISION COMMUNI	-42.0

# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

Quarter Ending December 31, 2008

## Equity Performance Attribution Eagle Asset Management

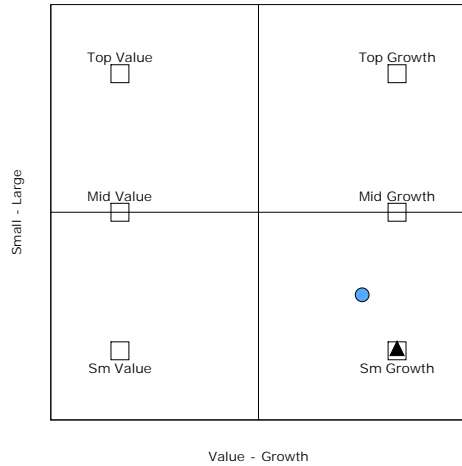
	Portfolio		R 2000(R) GR		Attribution		
	Pct of Begin Mkt Val (A)	Rate of Return (B)	Pct of Begin Mkt Val (C)	Rate of Return (D)	Stock Selection (E)	Sector Weighting (F)	Total (G)
Cons Discretionary	14.8	-32.3	11.1	-31.2	-0.2	-0.2	-0.4
Consumer Staples	0.2	-53.1	2.8	-14.6	-0.1	-0.5	-0.5
Energy	8.7	-55.4	8.6	-48.2	-0.6	0.0	-0.7
Financials	4.7	-43.3	5.3	-23.9	-0.9	0.0	-0.9
Health Care	23.9	-18.9	24.8	-21.9	0.8	-0.1	0.7
Industrials	18.5	-29.3	20.1	-25.1	-0.8	0.0	-0.9
Info Technology	24.8	-18.9	21.8	-28.1	2.5	0.0	2.4
Materials	4.5	-32.5	3.6	-31.5	0.0	-0.1	-0.1
Telecom Services	0.0		1.2	-15.6	0.0	-0.2	-0.2
Utilities	0.0		0.8	-18.7	0.0	-0.1	-0.1
Miscellaneous	0.0		0.0				
<b>TOTAL</b>	100%	-28.2	100%	-27.3	0.6	-1.2	-0.6

<b>Equity Only Buy/Hold Return (B)</b>	<b>-28.2</b>	<b>Stock Selection (E)</b>	<b>0.6</b>
<b>Benchmark Buy/Hold Return (D)</b>	<b>-27.3</b>	<b>Sector Weighting (F)</b>	<b>-1.2</b>
<b>Total Relative Return Difference (B/D)</b>	<b>-0.6</b>	<b>Total Selection (E * F)</b>	<b>-0.6</b>
<b>Equity Only Actual Return (*)</b>	<b>-26.8</b>	<b>Total Value Added (Selection * Trading)</b>	<b>1.3</b>
<b>Equity Only Buy/Hold Return (B)</b>	<b>-28.2</b>		
<b>Intra-Period Trading (* / B)</b>	<b>2.0</b>		



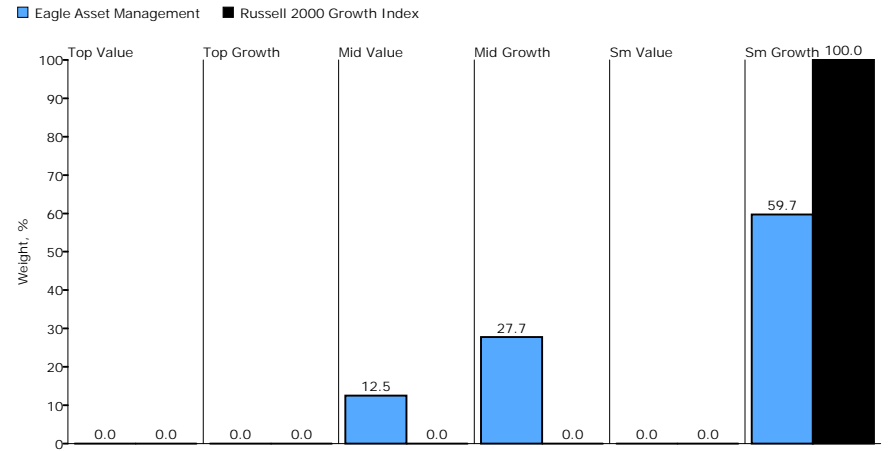
US Equity Style Map

Jan 06 - Dec 08



US Equity Style Exposures

Jan 06 - Dec 08

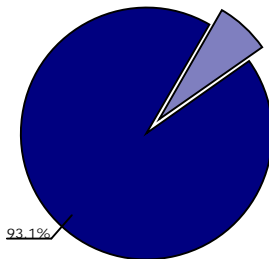
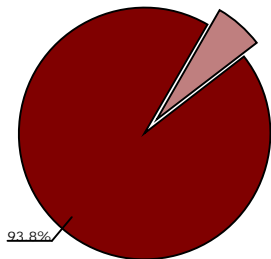


R-Squared (Style Analysis)

Jan 06 - Dec 08

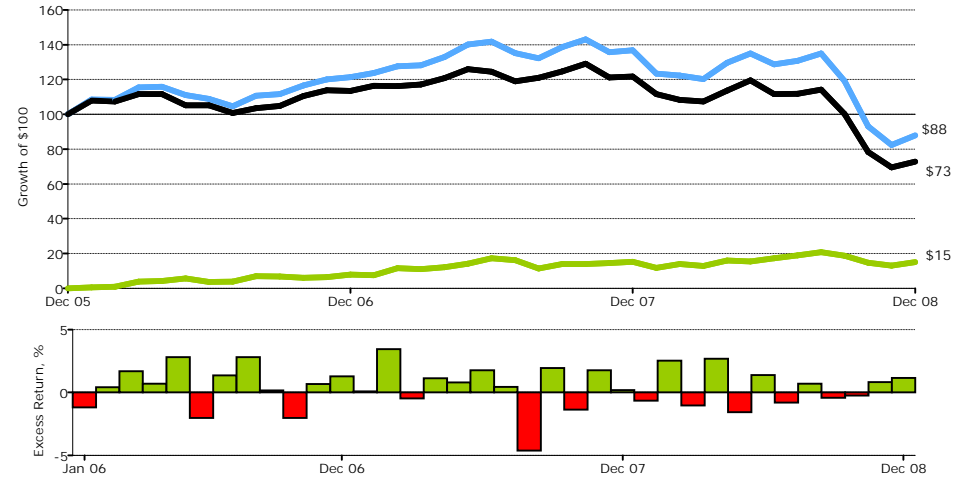
■ Style R-Squared

■ Benchmark R-Squared



Cumulative Total, Style & Selection Return

Jan 06 - Dec 08

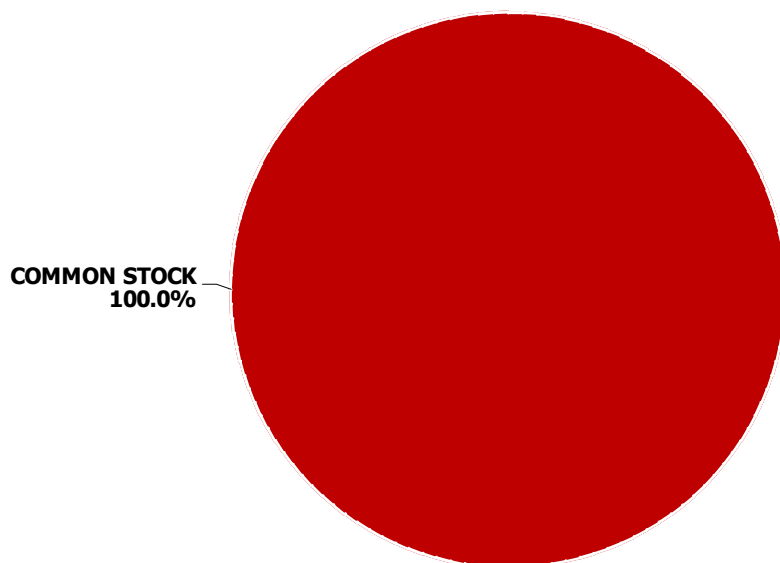


Legend

▲ Russell 2000 Growth Index ● Eagle Asset Management

■ Total ■ Style  
■ Selection

Asset Class	Market Value	Current%
<b>COMMON STOCK</b>	250,639,615	100.0
<b>TEMPORARY INVST</b>	12,185	0.0
<b>Total</b>	<b>250,651,800</b>	<b>100.0</b>



<b>Portfolio Characteristics</b>		
	<b>Portfolio</b>	<b>R 3000(R)</b>
Total Number of Securities	2361	
Total Market Value \$	248,988,730	
Average Market Capitalization (000's)	65,625,100	65,879,400
Median Market Capitalization (000's)	814,700	565,700
Equity Segment Yield	2.79	2.79
Equity Segment P/E	10.80	10.79
Equity Segment Beta	0.99	0.98
Price/Book Ratio	2.61	2.61
Five Year Earnings Growth	17.83	17.80
Return On Equity	20.40	20.47

<b>Ten Largest Holdings</b>		
<b>Name</b>	<b>\$</b>	<b>Weight</b>
EXXON MOBIL CORP	10,908,765	4.4
PROCTER & GAMBLE CO	4,822,541	1.9
GENERAL ELEC CO	4,401,722	1.8
AT & T INC	4,383,164	1.8
JOHNSON & JOHNSON	4,361,949	1.8
MICROSOFT	4,041,285	1.6
CHEVRON CORP	3,954,055	1.6
WAL MART STORES INC	3,254,622	1.3
PFIZER INC	3,101,020	1.2
J P MORGAN CHASE &	3,022,724	1.2

<b>Ten Best Performers</b>	
<b>Name</b>	<b>Return</b>
FORCE PROTECTION IN	123.1
MAXYGEN INC	110.9
AIRTRAN HLDGS INC	82.7
WORLD FUEL SVCS COR	60.8
WACHOVIA CORP	59.8
ALLSCRIPTS HEALTHCA	56.4
NEKTAR THERAPEUTICS	54.9
DELTA AIR LINES INC	53.8
OPTIMER PHARMACEUTI	52.3
SPARTAN MTRS INC	50.9

<b>Ten Worst Performers</b>	
<b>Name</b>	<b>Return</b>
SMURFIT-STONE CONTA	-94.6
BORDERS GROUP INC	-93.9
FREIDMAN BILLINGS R	-91.5
GENERAL GROWTH PPTY	-91.5
PIER 1 IMPORTS INC	-91.0
FLEETWOOD ENTERPRIS	-90.2
CHAMPION ENTERPRISE	-89.9
ASYST TECHNOLOGIES	-89.6
CHARTER COMMUNICATI	-88.8
FIBERTOWER CORP COM	-88.4

# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

## Equity Performance Attribution Northern Trust Russell 3000 Index Fund

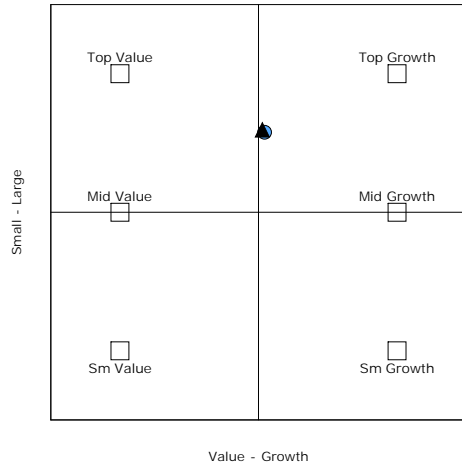
Quarter Ending December 31, 2008

	Portfolio		R 3000(R)		Attribution		
	Pct of Begin Mkt Val (A)	Rate of Return (B)	Pct of Begin Mkt Val (C)	Rate of Return (D)	Stock Selection (E)	Sector Weighting (F)	Total (G)
Cons Discretionary	10.1	-24.3	10.0	-25.2	0.1	0.0	0.1
Consumer Staples	9.6	-13.8	9.6	-13.5	0.0	0.0	0.0
Energy	11.8	-21.6	11.8	-23.2	0.2	0.0	0.2
Financials	16.4	-32.5	16.4	-33.6	0.2	0.0	0.2
Health Care	13.1	-13.6	13.1	-13.9	0.1	0.0	0.1
Industrials	12.1	-23.0	12.2	-23.4	0.1	0.0	0.1
Info Technology	15.9	-25.6	15.9	-25.8	0.1	0.0	0.1
Materials	4.1	-31.6	4.2	-32.8	0.1	0.0	0.1
Telecom Services	2.8	-5.2	2.8	-5.3	0.0	0.0	0.0
Utilities	4.0	-11.0	4.0	-10.3	0.0	0.0	0.0
Miscellaneous	0.0	0.0	0.0		0.0	0.0	0.0
<b>TOTAL</b>	100%	-22.6	100%	-22.8	0.8	0.0	0.8

Equity Only Buy/Hold Return (B)	-22.6	Stock Selection (E)	0.8
Benchmark Buy/Hold Return (D)	-22.8	Sector Weighting (F)	0.0
Total Relative Return Difference (B/D)	0.8	Total Selection (E * F)	0.8
Equity Only Actual Return (*)	-22.7	Total Value Added (Selection * Trading)	0.7
Equity Only Buy/Hold Return (B)	-22.6		
Intra-Period Trading (* / B)	-0.1		

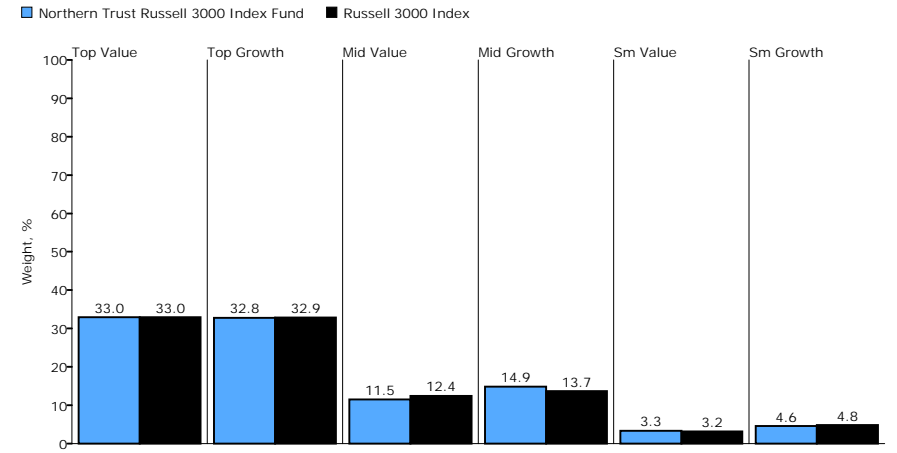
US Equity Style Map

Jan 06 - Dec 08



US Equity Style Exposures

Jan 06 - Dec 08

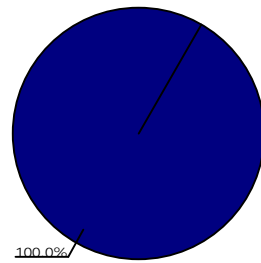
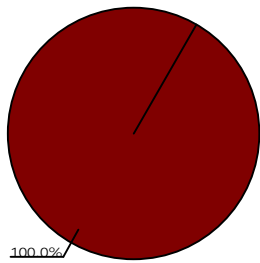


R-Squared (Style Analysis)

Jan 06 - Dec 08

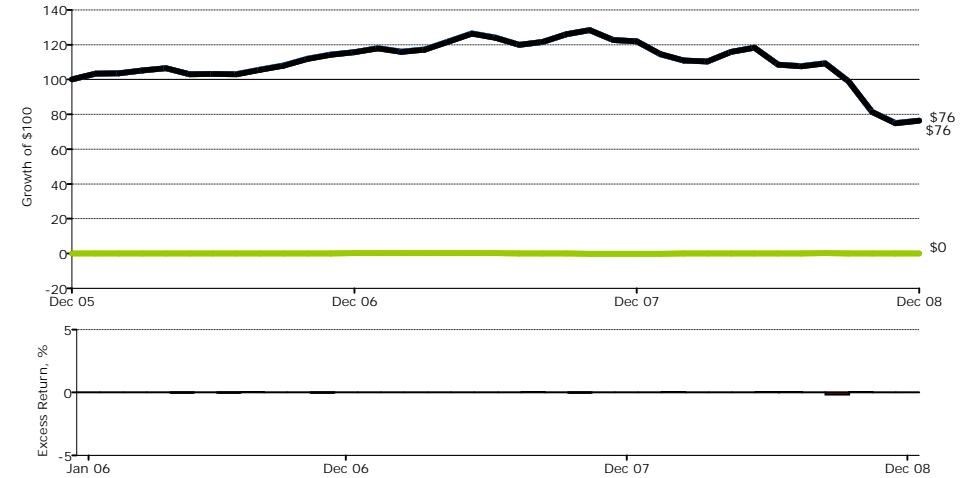
■ Style R-Squared

■ Benchmark R-Squared



Cumulative Total, Style & Selection Return

Jan 06 - Dec 08

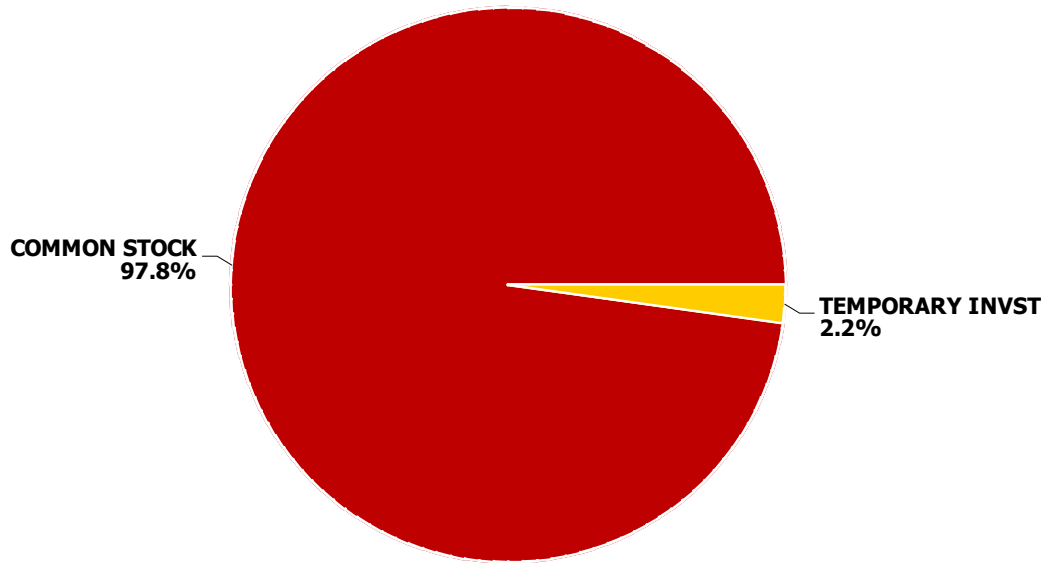


Legend

▲ Russell 3000 Index    ● Northern Trust Russell 3000 Index Fund

■ Total    ■ Style  
■ Selection

Asset Class	Market Value	Current%
<span style="color: red;">■</span> COMMON STOCK	69,323,174	97.8
<span style="color: yellow;">■</span> TEMPORARY INVST	1,550,338	2.2
<hr/>		
<b>Total</b>	<b>70,873,512</b>	<b>100.0</b>



<b>Portfolio Characteristics</b>		
	<b>Portfolio</b>	<b>R 3000(R) GR</b>
Total Number of Securities	125	
Total Market Value \$	69,321,333	
Average Market Capitalization (000's)	33,461,000	51,852,700
Median Market Capitalization (000's)	5,273,100	608,000
Equity Segment Yield	1.43	1.85
Equity Segment P/E	11.24	11.59
Equity Segment Beta	1.11	1.07
Price/Book Ratio	2.74	3.49
Five Year Earnings Growth	24.03	24.47
Return On Equity	26.31	24.57

<b>Ten Largest Holdings</b>		
<b>Name</b>	<b>\$</b>	<b>Weight</b>
MICROSOFT	2,368,764	3.4
ORACLE CORP	2,256,143	3.3
LOCKHEED MARTIN COR	2,125,542	3.1
WESTERN UNION CO	2,002,438	2.9
ACCENTURE LTD	1,711,966	2.5
ABBOTT LABS	1,479,950	2.1
RAYTHEON CO	1,446,711	2.1
TEVA PHARMACEUTICAL	1,363,517	2.0
COVIDIEN LTD	1,357,550	2.0
STAPLES INC COM	1,340,774	1.9

<b>Ten Best Performers</b>	
<b>Name</b>	<b>Return</b>
APOLLO GROUP INC	29.2
AECOM TECHNOLOGY CO	25.8
ITT ED SVCS INC	17.4
ALLIED WRLD ASSUR C	15.0
O'REILLY AUTOMOTIVE	14.8
UNITEDHEALTH GROUP	4.8
CEPHALON INC	-0.6
NETEASE.COM	-3.1
RAYTHEON CO	-3.6
ARCH CAPITAL GROUP	-4.0

<b>Ten Worst Performers</b>	
<b>Name</b>	<b>Return</b>
SOLUTION INC NEW	-67.9
FOREST OIL CORP	-66.8
ELECTRONIC ARTS INC	-56.6
ON SEMICONDUCTOR CO	-49.7
ARIBA INC	-49.0
ICON PUB LTD CO	-48.5
BIG LOTS INC	-47.9
AMYLIN PHARMACEUTIC	-46.3
HALLIBURTON CO	-43.5
PETROLEO BRASILEIRO	-42.6

# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

Quarter Ending December 31, 2008

## Equity Performance Attribution Wellington Management Company

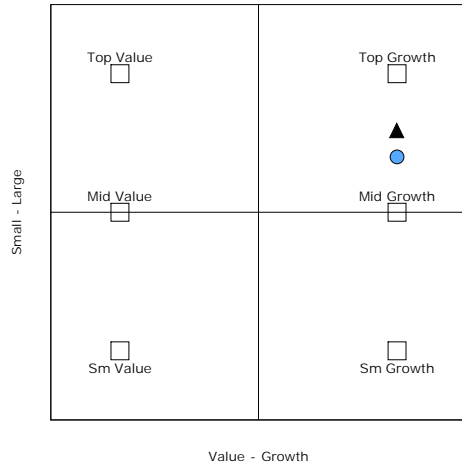
	Portfolio		R 3000(R) GR		Attribution		
	Pct of Begin Mkt Val (A)	Rate of Return (B)	Pct of Begin Mkt Val (C)	Rate of Return (D)	Stock Selection (E)	Sector Weighting (F)	Total (G)
Cons Discretionary	8.7	-22.0	10.8	-22.3	0.0	0.0	0.0
Consumer Staples	2.1	-26.9	11.1	-14.9	-0.2	-1.0	-1.2
Energy	10.7	-39.5	9.3	-35.8	-0.4	-0.2	-0.6
Financials	2.9	-23.4	4.6	-34.8	0.4	0.3	0.6
Health Care	21.8	-16.9	15.0	-15.9	-0.2	0.6	0.4
Industrials	18.2	-14.1	14.1	-21.0	1.3	0.1	1.4
Info Technology	30.7	-24.5	28.0	-25.3	0.3	-0.1	0.2
Materials	4.6	-37.1	4.5	-30.5	-0.3	0.0	-0.3
Telecom Services	0.3	-23.8	0.8	-26.4	0.0	0.0	0.0
Utilities	0.0		1.8	-10.1	0.0	-0.3	-0.3
Miscellaneous	0.0		0.0				
<b>TOTAL</b>	100%	-23.0	100%	-23.2	0.9	-0.6	0.3

Equity Only Buy/Hold Return (B)	-23.0	Stock Selection (E)	0.9
Benchmark Buy/Hold Return (D)	-23.2	Sector Weighting (F)	-0.6
Total Relative Return Difference (B/D)	0.3	Total Selection (E * F)	0.3
Equity Only Actual Return (*)	-22.6	Total Value Added (Selection * Trading)	0.9
Equity Only Buy/Hold Return (B)	-23.0		
Intra-Period Trading (* / B)	0.6		



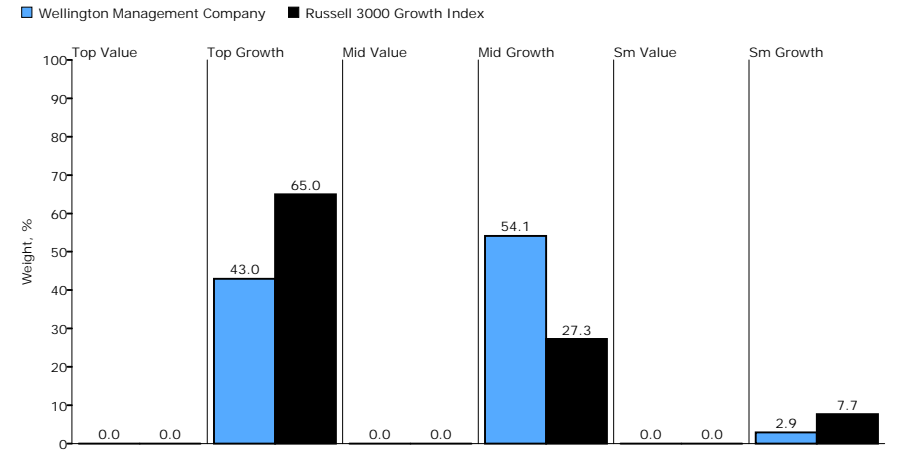
US Equity Style Map

Jan 06 - Dec 08



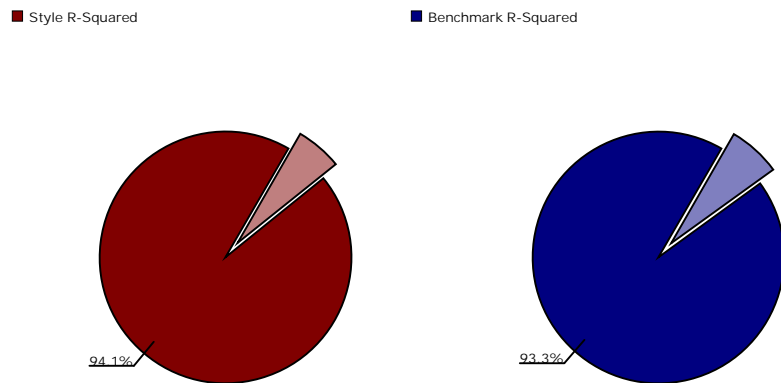
US Equity Style Exposures

Jan 06 - Dec 08



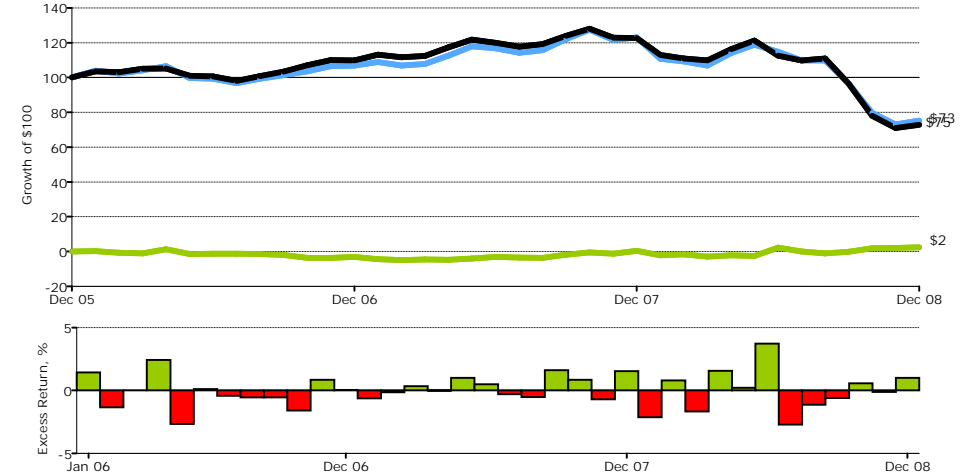
R-Squared (Style Analysis)

Jan 06 - Dec 08



Cumulative Total, Style & Selection Return

Jan 06 - Dec 08



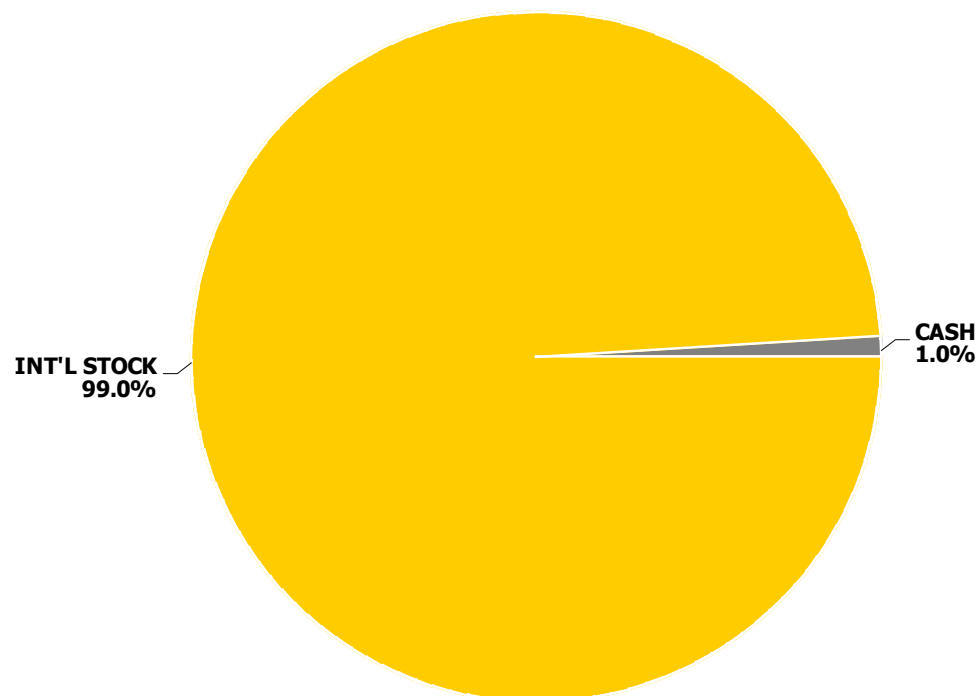
Legend

- ▲ Russell 3000 Growth Index
- Wellington Management Company
- Total
- Style
- Selection

# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

As of December 31, 2008

## Asset Allocation Analysis International Equity Composite

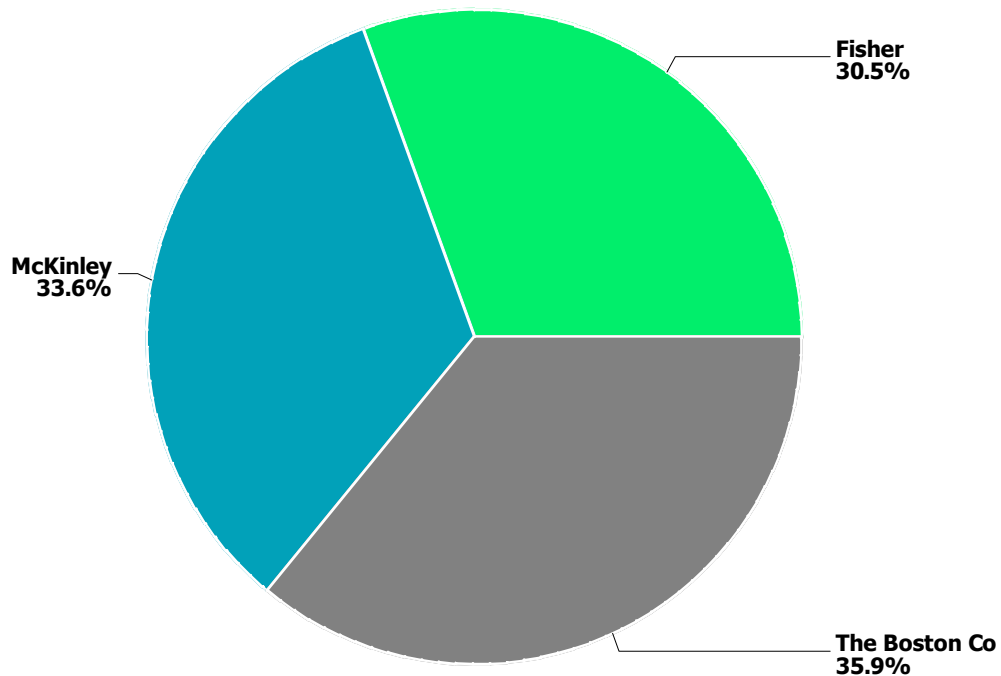


Asset Class	Market Value	Current%
■ CASH	1,877,412	1.0
■ INT'L STOCK	188,451,090	99.0
<hr/>		
<b>Total</b>	<b>190,328,502</b>	<b>100.0</b>

# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

As of December 31, 2008

## Manager Allocation Analysis International Equity Composite



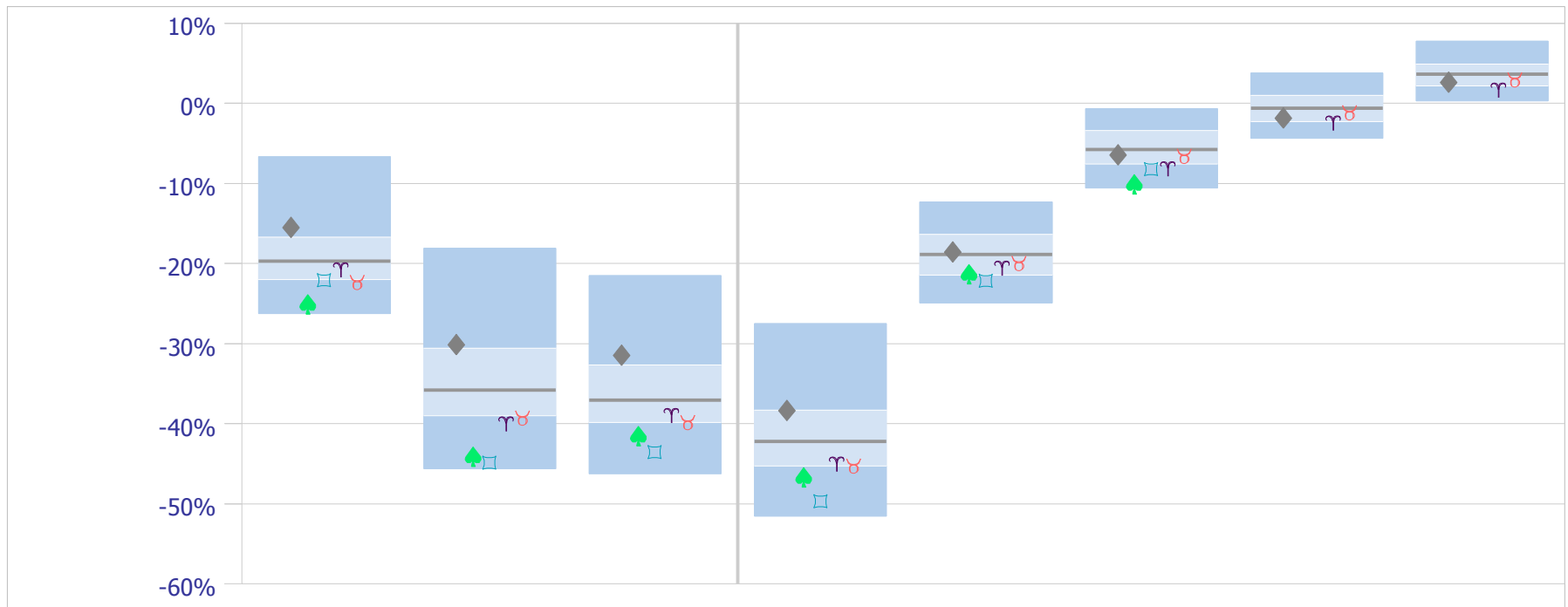
Manager	Market Value	Current%
Fisher	58,008,205	30.5
McKinley	63,965,178	33.6
The Boston Co	68,355,119	35.9
<b>Total</b>	<b>190,328,502</b>	<b>100.0</b>

# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

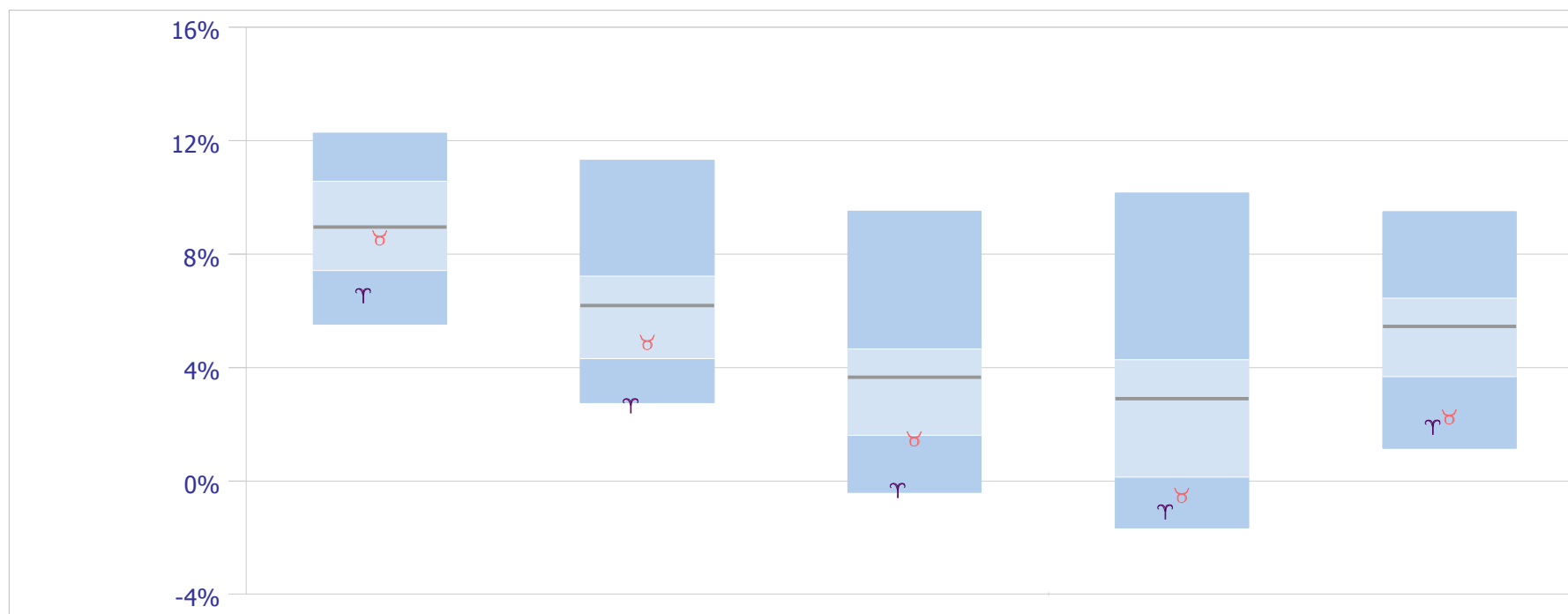
Periods Ending December 31, 2008

## Int'l Developed Mkt Equity Funds

### Total Returns



	One Quarter		Two Quarters		Three Quarters		One Year		Two Years		Three Years		Four Years		Five Years	
◆ The Boston Co	-15.5	19	-30.1	24	-31.4	19	-38.3	25	-18.5	45	-6.4	58	-1.8	70	2.7	65
♠ Fisher	-25.0	85	-44.1	89	-41.5	83	-46.7	82	-21.3	74	-10.1	89				
□ McKinley	-22.1	75	-44.9	91	-43.5	88	-49.7	90	-22.1	79	-8.2	80				
γ Intl Equity	-20.8	62	-40.0	82	-38.9	68	-45.0	73	-20.6	69	-8.2	80	-2.5	76	1.7	83
ω MS ACWXUS FR GR	-22.3	77	-39.3	77	-39.8	74	-45.2	74	-19.9	63	-6.6	60	-1.1	60	3.0	60
<b>Median</b>	<b>-19.7</b>		<b>-35.8</b>		<b>-37.0</b>		<b>-42.2</b>		<b>-18.8</b>		<b>-5.7</b>		<b>-0.6</b>		<b>3.7</b>	



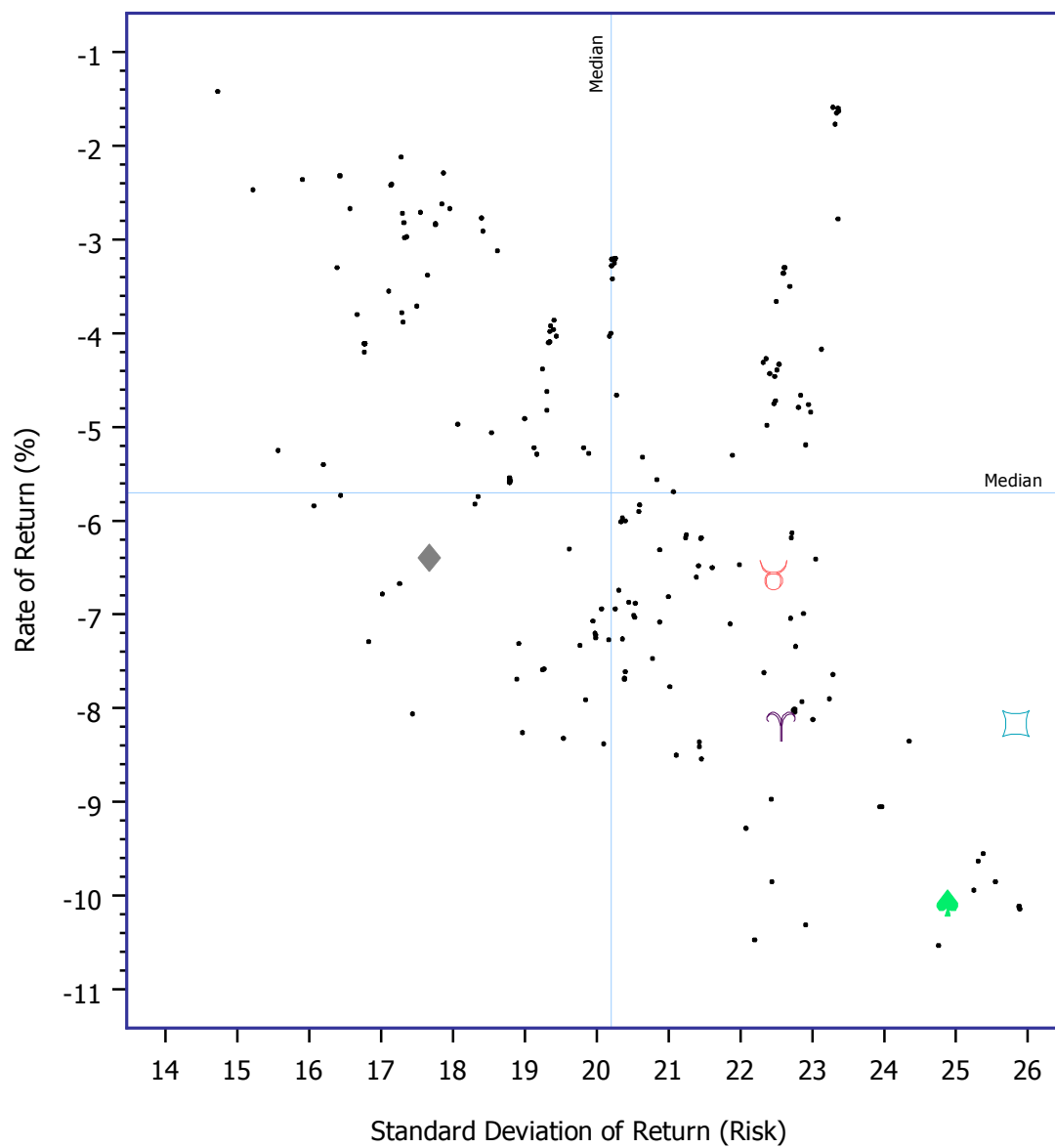
	<b>Six Years</b>	<b>Seven Years</b>	<b>Eight Years</b>	<b>Nine Years</b>	<b>Ten Years</b>
<b>Intl Equity</b>	6.5 88	2.6 95	-0.3 94	-1.1 86	1.9 88
<b>MS ACWXUS FR GR</b>	8.6 57	4.9 68	1.5 75	-0.5 80	2.3 82
<b>Median</b>	9.0	6.2	3.6	2.9	5.5

# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

3 Years Ending December 31, 2008

## 3 Year Risk vs. Return

### Int'l Developed Mkt Equity Funds - Total Returns



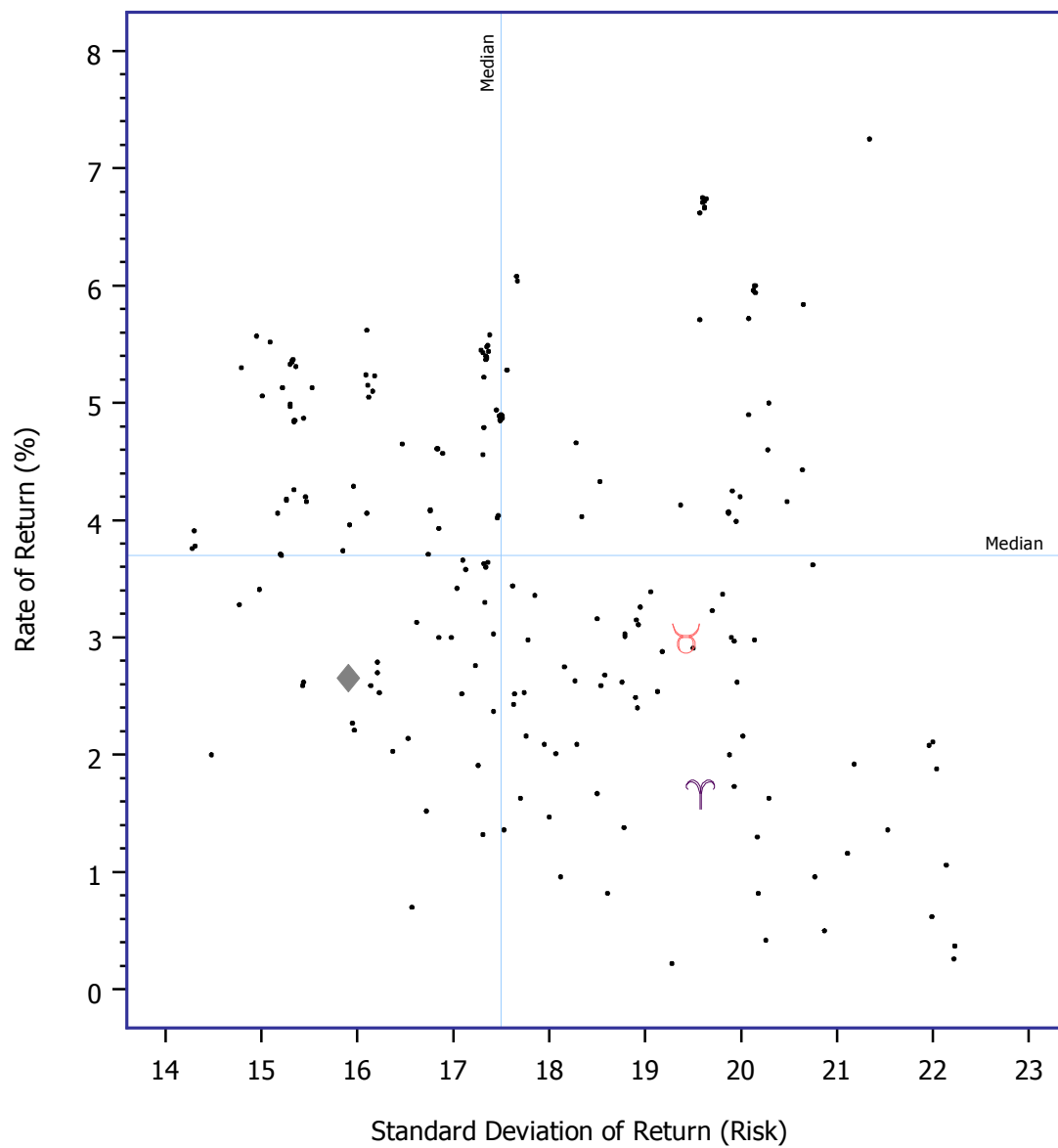
	Return	Standard Deviation	Sharpe Ratio	
◆ <b>The Boston Co</b>	-6.4	17.7	25	-0.5
♠ <b>Fisher</b>	-10.1	24.9	91	-0.5
◻ <b>McKinley</b>	-8.2	25.8	94	-0.3
♣ <b>Intl Equity</b>	-8.2	22.6	74	-0.4
♠ <b>MS ACWXUS FR GR</b>	-6.6	22.5	72	-0.4
<b>Median</b>	-5.7	20.2		-0.4

# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

5 Years Ending December 31, 2008

## 5 Year Risk vs. Return

### Int'l Developed Mkt Equity Funds - Total Returns



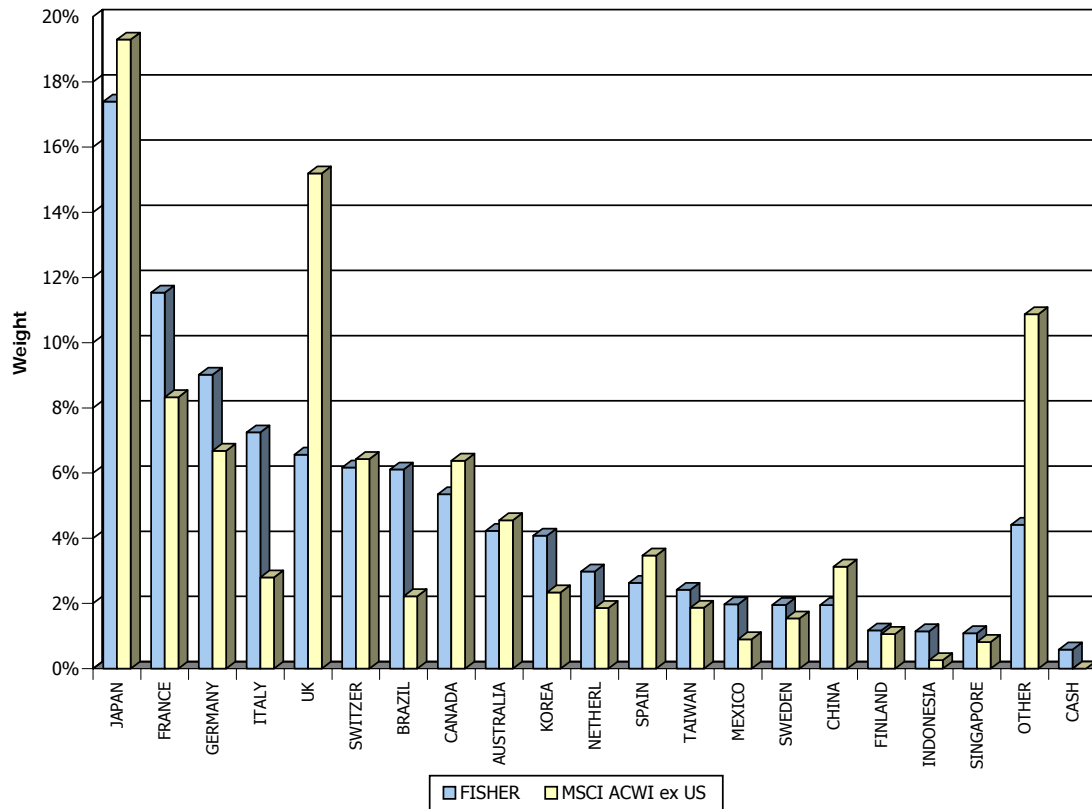
	Return	Standard Deviation	Sharpe Ratio
◆ <b>The Boston Co</b>	2.7	15.9	0.0
♿ <b>Intl Equity</b>	1.7	19.6	0.0
♿ <b>MS ACWXUS FR GR</b>	3.0	19.4	0.1
<b>Median</b>	<b>3.7</b>	<b>17.5</b>	<b>0.1</b>

# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

As of December 31, 2008

## Portfolio Country Weights

### Fisher Investments



COUNTRY	MARKET VALUE	FISHER	MSCI ACWI ex US
JAPAN	\$ 10,091	17.4%	19.3%
FRANCE	\$ 6,689	11.5%	8.3%
GERMANY	\$ 5,229	9.0%	6.7%
ITALY	\$ 4,204	7.2%	2.8%
UK	\$ 3,810	6.6%	15.2%
SWITZER	\$ 3,577	6.2%	6.4%
BRAZIL	\$ 3,543	6.1%	2.2%
CANADA	\$ 3,104	5.4%	6.4%
AUSTRALIA	\$ 2,452	4.2%	4.6%
KOREA	\$ 2,365	4.1%	2.3%
NETHERL	\$ 1,729	3.0%	1.9%
SPAIN	\$ 1,526	2.6%	3.5%
TAIWAN	\$ 1,401	2.4%	1.9%
MEXICO	\$ 1,147	2.0%	0.9%
SWEDEN	\$ 1,134	2.0%	1.5%
CHINA	\$ 1,133	2.0%	3.1%
FINLAND	\$ 678	1.2%	1.1%
INDONESIA	\$ 666	1.1%	0.3%
SINGAPORE	\$ 630	1.1%	0.8%
OTHER	\$ 2,560	4.4%	10.9%
CASH	\$ 339	0.6%	0.0%
	\$ 58,008	100.0%	100.0%

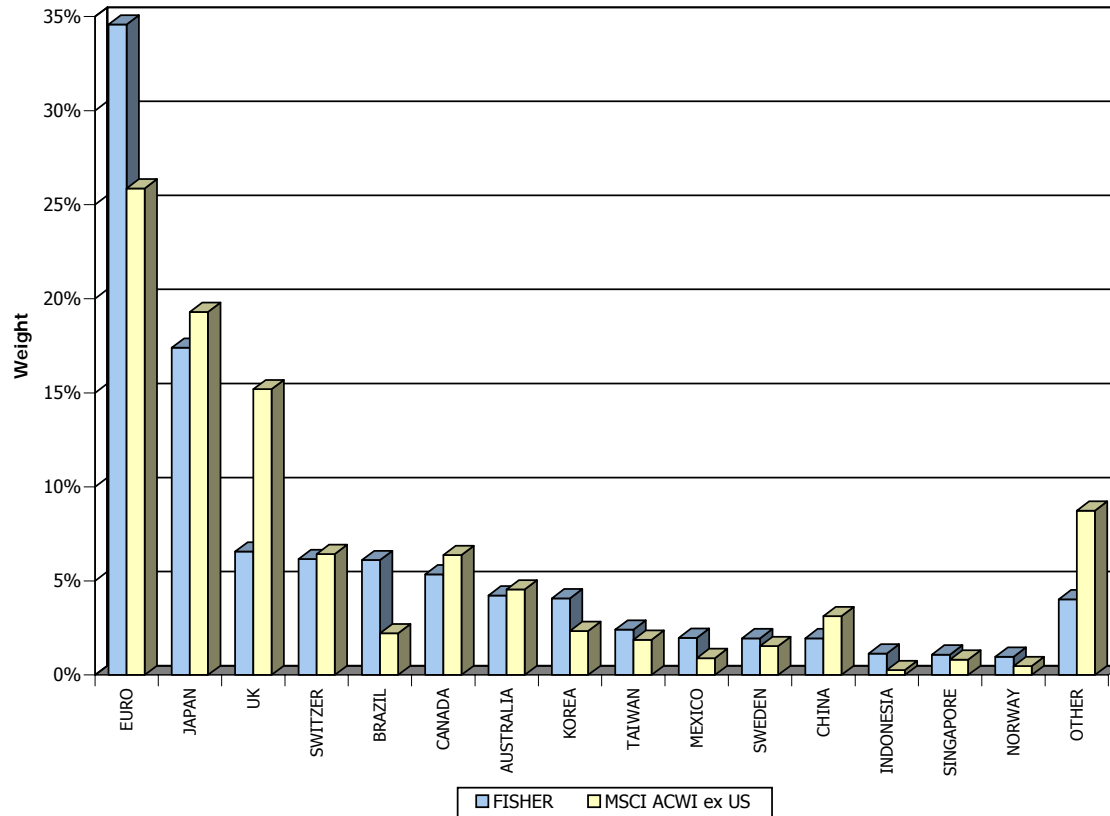


# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

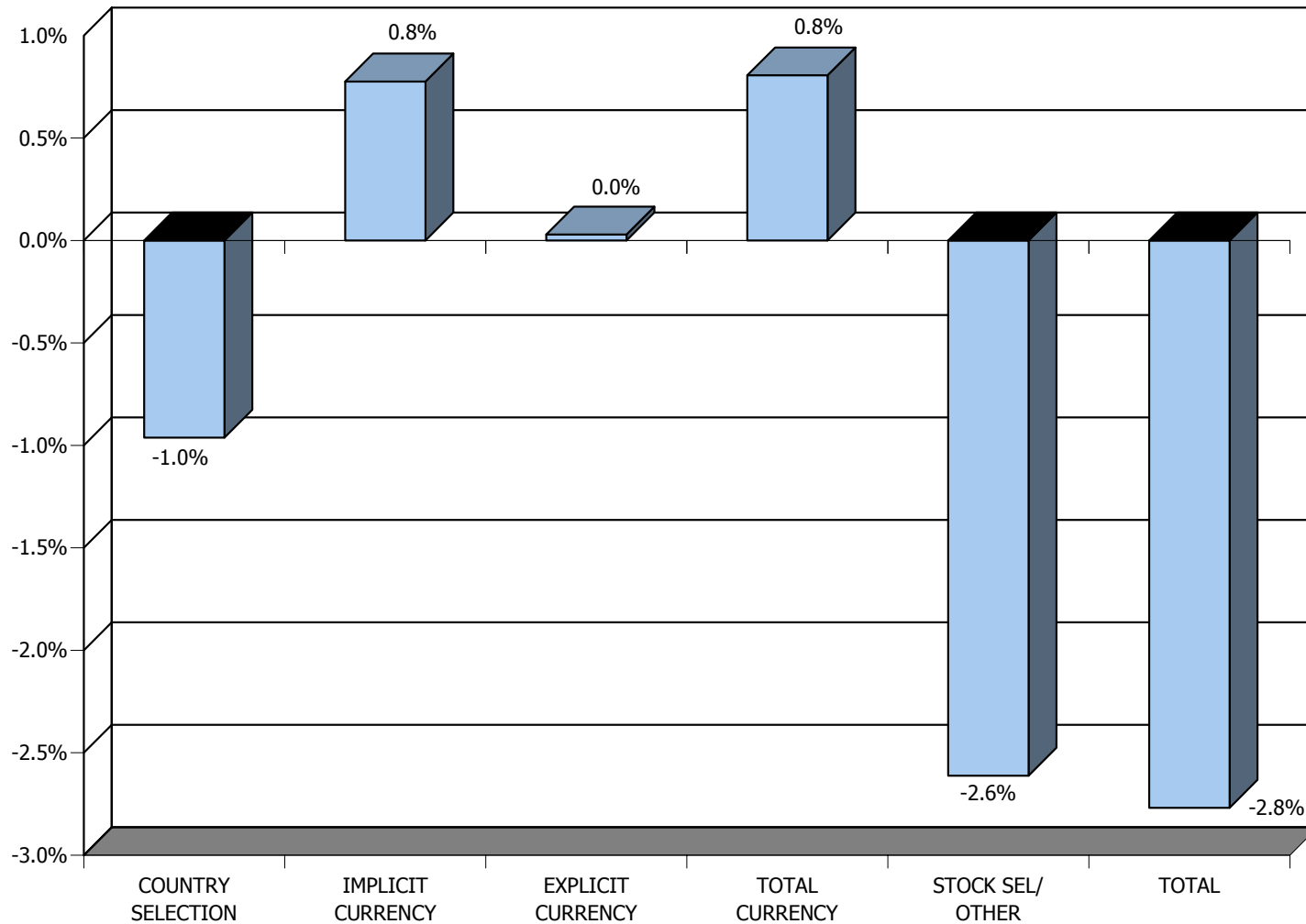
As of December 31, 2008

## Portfolio Currency Exposures

### Fisher Investments



CURRENCY	MARKET VALUE	FISHER	MSCI ACWI ex US
EURO	\$ 20,055	34.6%	25.9%
JAPAN	\$ 10,091	17.4%	19.3%
UK	\$ 3,810	6.6%	15.2%
SWITZER	\$ 3,577	6.2%	6.4%
BRAZIL	\$ 3,543	6.1%	2.2%
CANADA	\$ 3,104	5.4%	6.4%
AUSTRALIA	\$ 2,452	4.2%	4.6%
KOREA	\$ 2,365	4.1%	2.3%
TAIWAN	\$ 1,401	2.4%	1.9%
MEXICO	\$ 1,147	2.0%	0.9%
SWEDEN	\$ 1,134	2.0%	1.5%
CHINA	\$ 1,133	2.0%	3.1%
INDONESIA	\$ 666	1.1%	0.3%
SINGAPORE	\$ 630	1.1%	0.8%
NORWAY	\$ 562	1.0%	0.5%
OTHER	\$ 2,338	4.0%	8.7%
	\$ 58,008	100.0%	100.0%

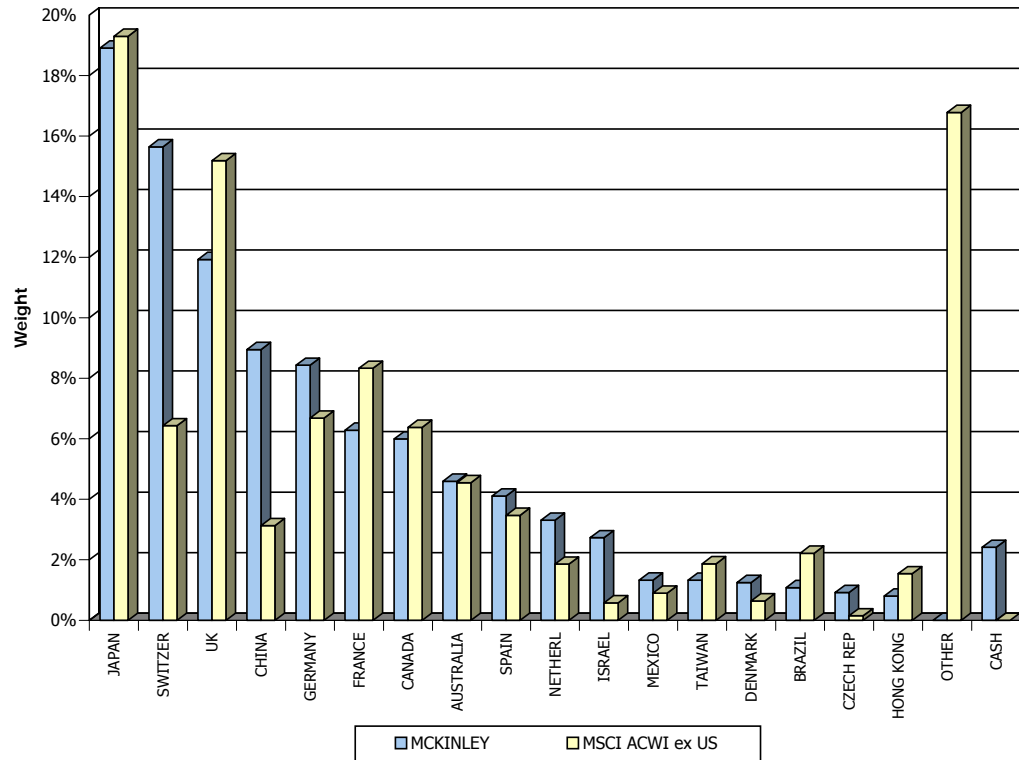


# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

As of December 31, 2008

## Portfolio Country Weights

McKinley Capital



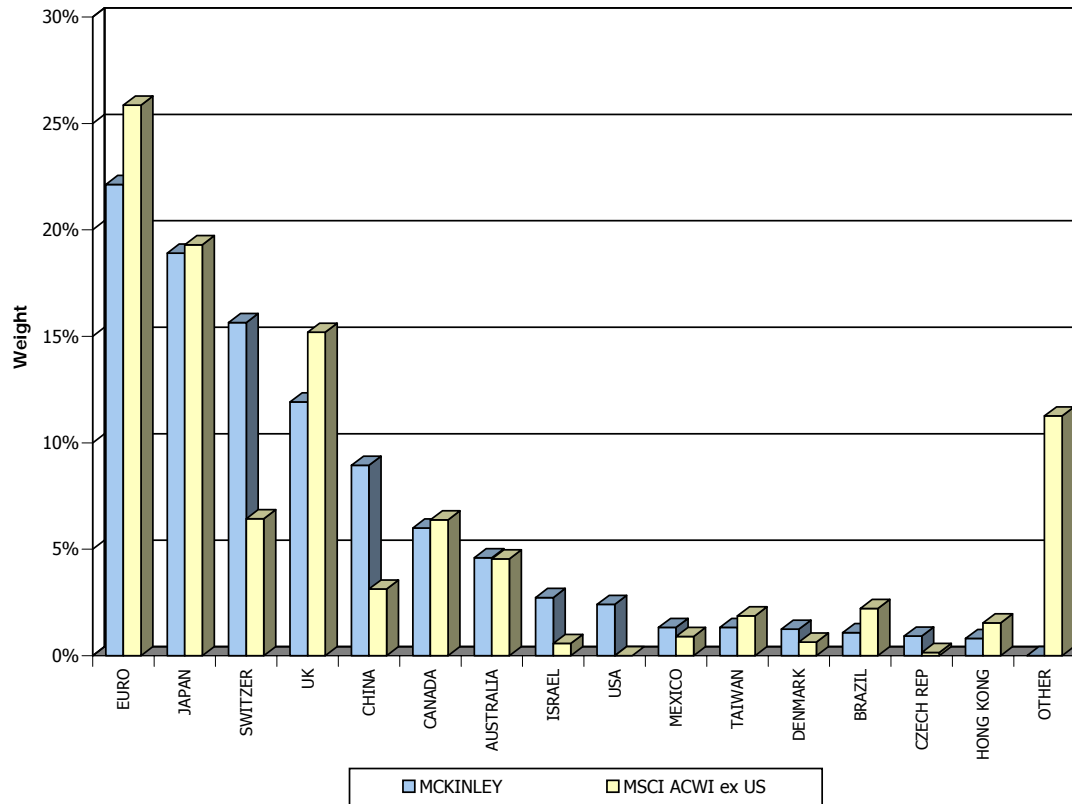
COUNTRY	MARKET VALUE	MCKINLEY	MSCI ACWI ex US
JAPAN	\$ 12,096	18.9%	19.3%
SWITZER	\$ 10,007	15.6%	6.4%
UK	\$ 7,627	11.9%	15.2%
CHINA	\$ 5,723	8.9%	3.1%
GERMANY	\$ 5,392	8.4%	6.7%
FRANCE	\$ 4,020	6.3%	8.3%
CANADA	\$ 3,833	6.0%	6.4%
AUSTRALIA	\$ 2,941	4.6%	4.6%
SPAIN	\$ 2,627	4.1%	3.5%
NETHERL	\$ 2,119	3.3%	1.9%
ISRAEL	\$ 1,745	2.7%	0.6%
MEXICO	\$ 849	1.3%	0.9%
TAIWAN	\$ 849	1.3%	1.9%
DENMARK	\$ 798	1.2%	0.6%
BRAZIL	\$ 691	1.1%	2.2%
CZECH REP	\$ 588	0.9%	0.2%
HONG KONG	\$ 517	0.8%	1.5%
OTHER	\$ (0)	0.0%	16.8%
CASH	\$ 1,543	2.4%	0.0%
	\$ 63,965	100.0%	100.0%

# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

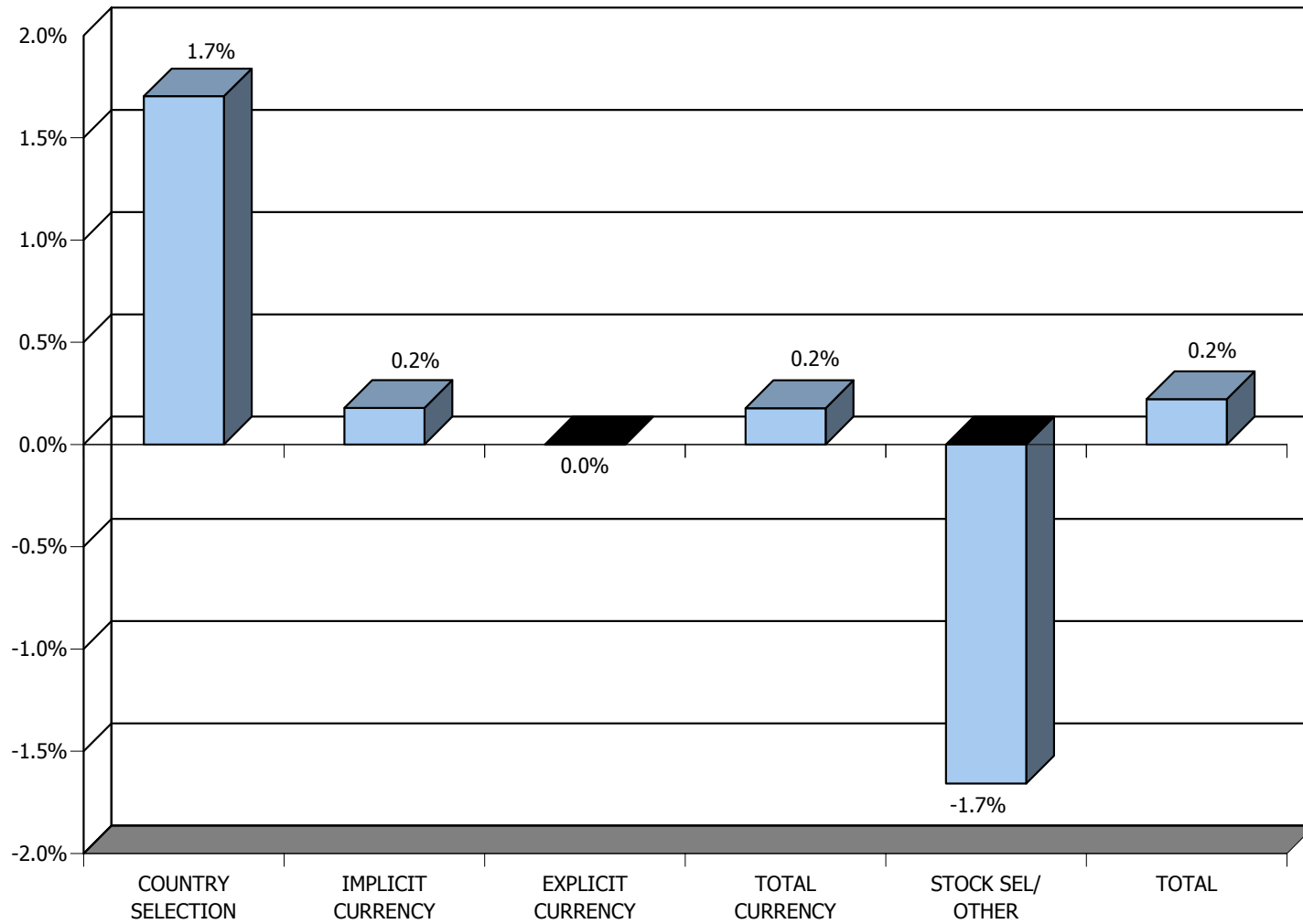
As of December 31, 2008

## Portfolio Currency Exposures

McKinley Capital



CURRENCY	MARKET VALUE	MCKINLEY	MSCI ACWI ex US
EURO	\$ 14,158	22.1%	25.9%
JAPAN	\$ 12,096	18.9%	19.3%
SWITZER	\$ 10,007	15.6%	6.4%
UK	\$ 7,627	11.9%	15.2%
CHINA	\$ 5,723	8.9%	3.1%
CANADA	\$ 3,833	6.0%	6.4%
AUSTRALIA	\$ 2,941	4.6%	4.6%
ISRAEL	\$ 1,745	2.7%	0.6%
USA	\$ 1,543	2.4%	0.0%
MEXICO	\$ 849	1.3%	0.9%
TAIWAN	\$ 849	1.3%	1.9%
DENMARK	\$ 798	1.2%	0.6%
BRAZIL	\$ 691	1.1%	2.2%
CZECH REP	\$ 588	0.9%	0.2%
HONG KONG	\$ 517	0.8%	1.5%
OTHER	\$ -	0.0%	11.3%
	\$ 63,965	100.0%	100.0%

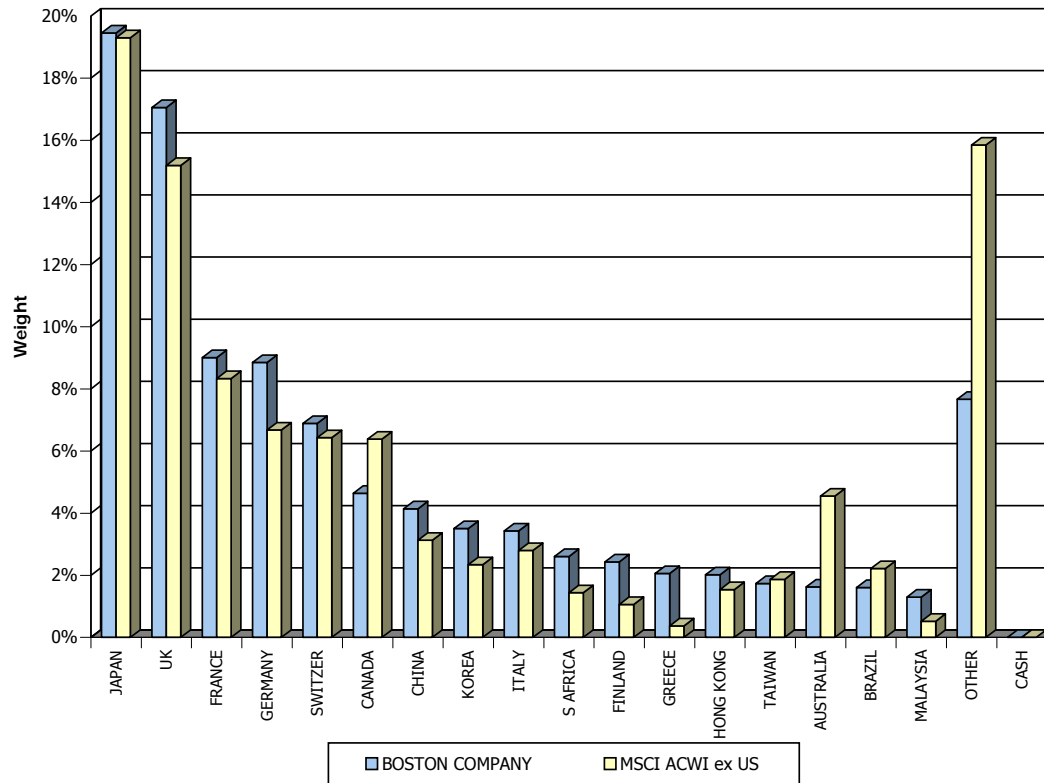


# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

As of December 31, 2008

## Portfolio Country Weights

The Boston Company



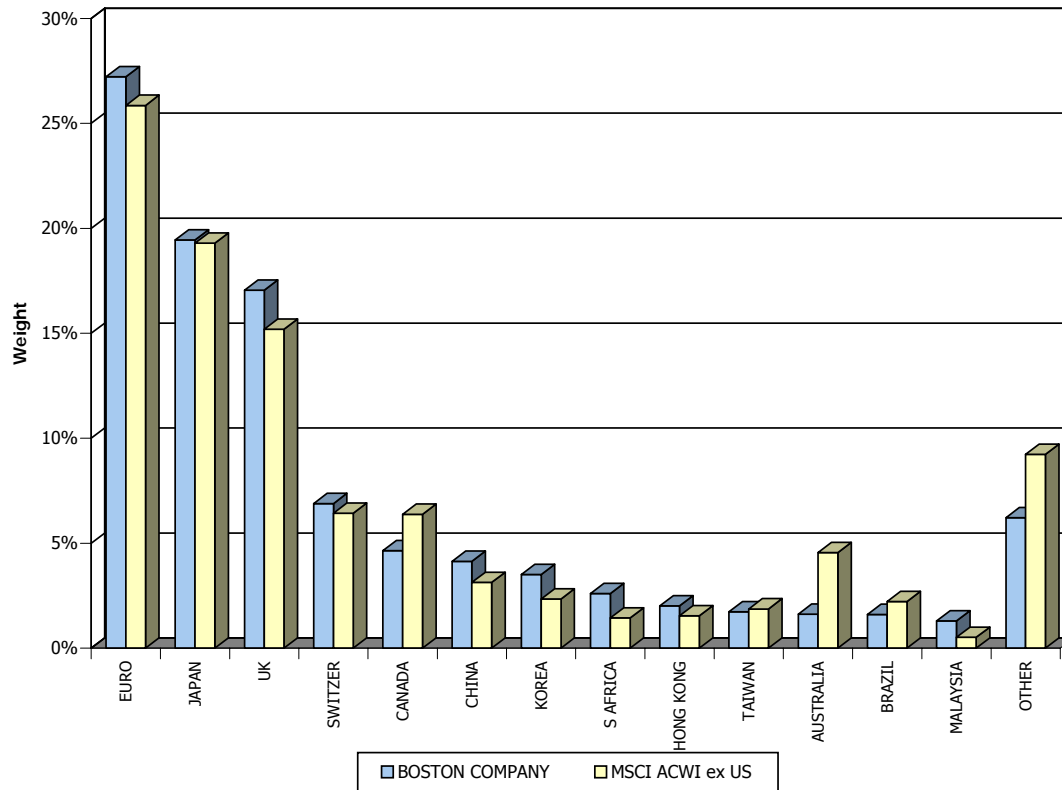
COUNTRY	MARKET VALUE	BOSTON COMPANY	MSCI ACWI ex US
JAPAN	\$ 13,298	19.5%	19.3%
UK	\$ 11,658	17.1%	15.2%
FRANCE	\$ 6,156	9.0%	8.3%
GERMANY	\$ 6,049	8.8%	6.7%
SWITZER	\$ 4,708	6.9%	6.4%
CANADA	\$ 3,173	4.6%	6.4%
CHINA	\$ 2,830	4.1%	3.1%
KOREA	\$ 2,393	3.5%	2.3%
ITALY	\$ 2,343	3.4%	2.8%
S AFRICA	\$ 1,783	2.6%	1.4%
FINLAND	\$ 1,663	2.4%	1.1%
GREECE	\$ 1,405	2.1%	0.4%
HONG KONG	\$ 1,377	2.0%	1.5%
TAIWAN	\$ 1,186	1.7%	1.9%
AUSTRALIA	\$ 1,111	1.6%	4.6%
BRAZIL	\$ 1,098	1.6%	2.2%
MALAYSIA	\$ 885	1.3%	0.5%
OTHER	\$ 5,239	7.7%	15.9%
CASH	\$ -	0.0%	0.0%
	\$ 68,355	100.0%	100.0%

# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

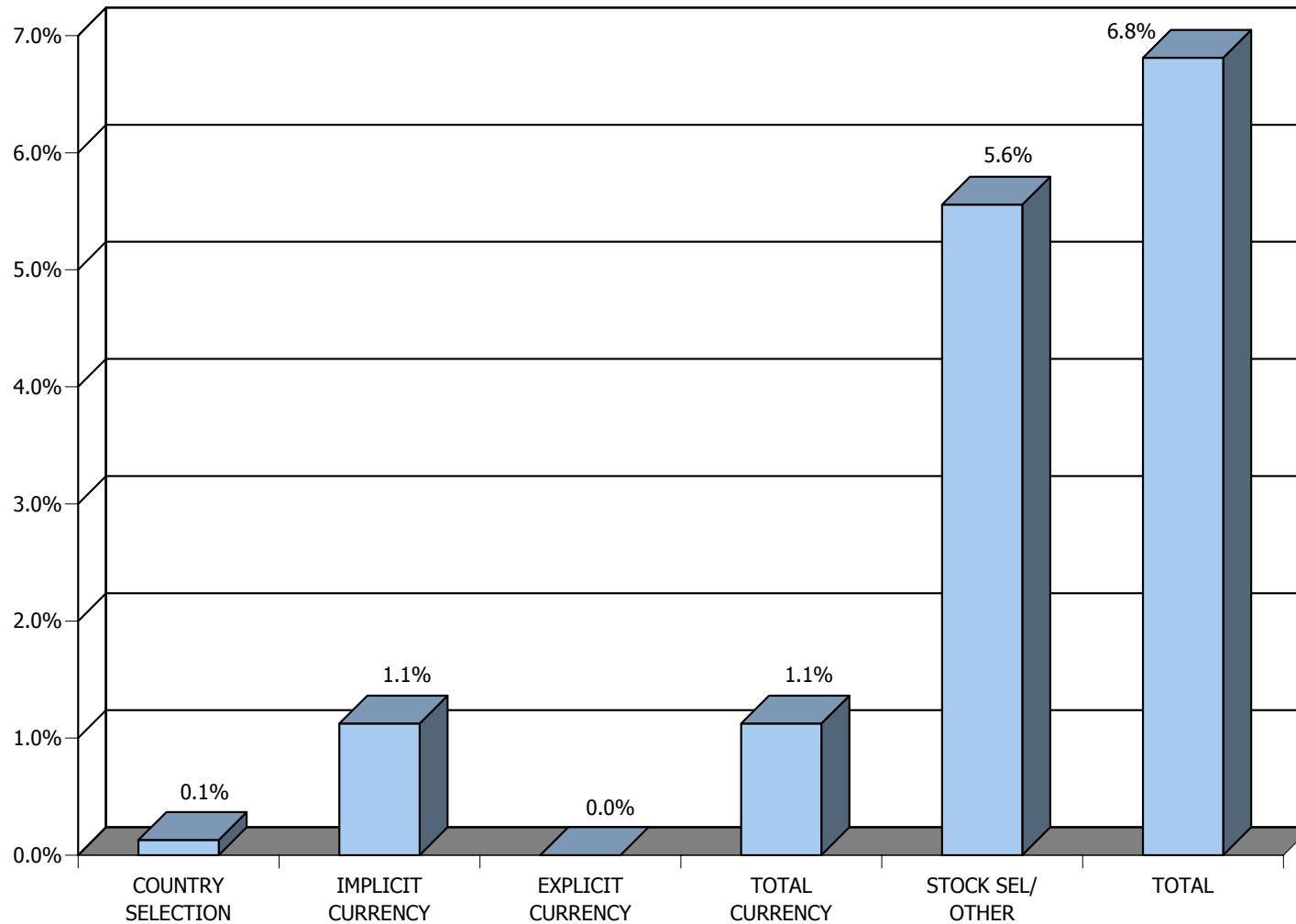
As of December 31, 2008

## Portfolio Currency Exposures

The Boston Company



CURRENCY	MARKET VALUE	BOSTON COMPANY	MSCI ACWI ex US
EURO	\$ 18,608	27.2%	25.9%
JAPAN	\$ 13,298	19.5%	19.3%
UK	\$ 11,658	17.1%	15.2%
SWITZER	\$ 4,708	6.9%	6.4%
CANADA	\$ 3,173	4.6%	6.4%
CHINA	\$ 2,830	4.1%	3.1%
KOREA	\$ 2,393	3.5%	2.3%
S AFRICA	\$ 1,783	2.6%	1.4%
HONG KONG	\$ 1,377	2.0%	1.5%
TAIWAN	\$ 1,186	1.7%	1.9%
AUSTRALIA	\$ 1,111	1.6%	4.6%
BRAZIL	\$ 1,098	1.6%	2.2%
MALAYSIA	\$ 885	1.3%	0.5%
OTHER	\$ 4,247	6.2%	9.2%
	\$ 68,355	100.0%	100.0%

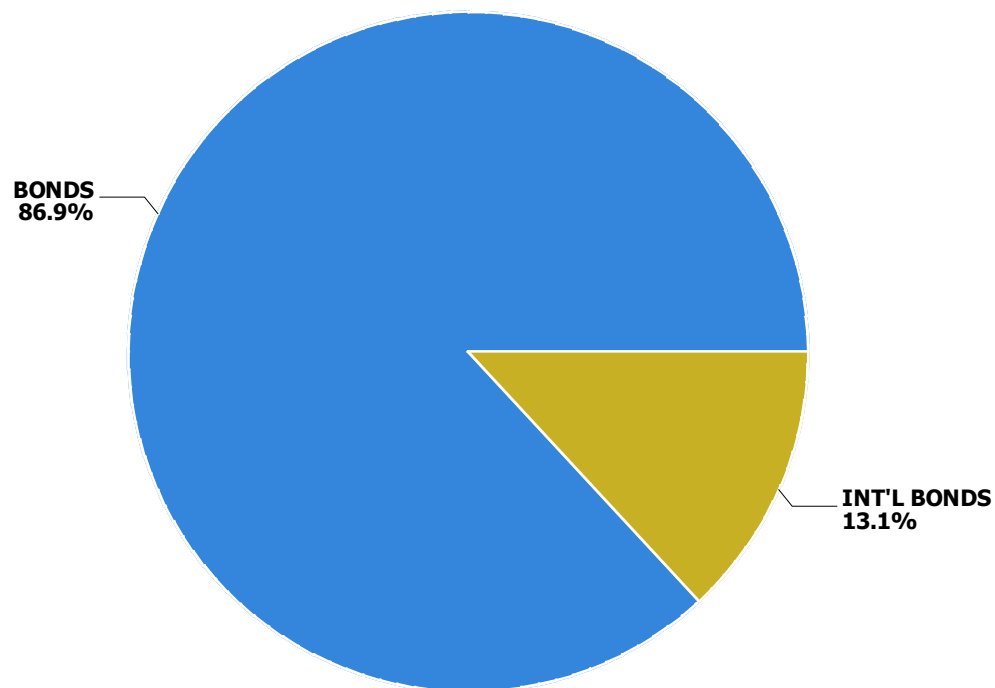




# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

As of December 31, 2008

## Asset Allocation Analysis Total Fixed Income Composite

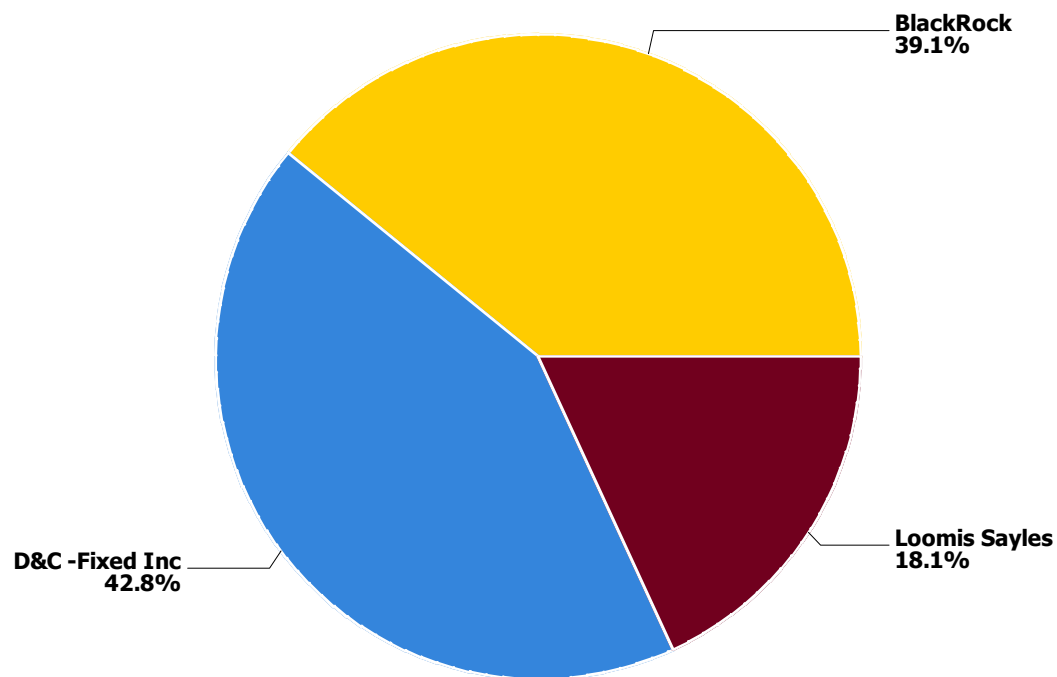


Asset Class	Market Value	Current%
<b>BONDS</b>	522,103,163	86.9
<b>CASH</b>	1,543,949	0.0
<b>INT'L BONDS</b>	78,780,726	13.1
<b>TEMPORARY INVST</b>	-11,970,808	
<b>Total</b>	<b>590,457,030</b>	<b>100.0</b>

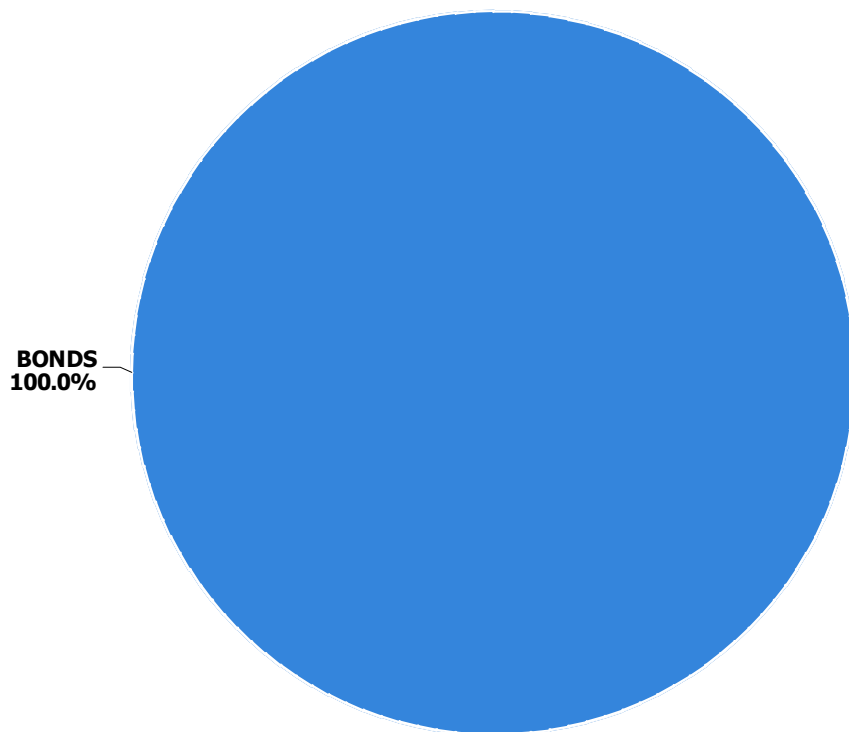
# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

As of December 31, 2008

## Manager Allocation Analysis Total Fixed Income Composite



Manager	Market Value	Current%
BlackRock	230,782,182	39.1
D&C -Fixed Inc	252,562,497	42.8
Loomis Sayles	107,112,351	18.1
<b>Total</b>	<b>590,457,030</b>	<b>100.0</b>



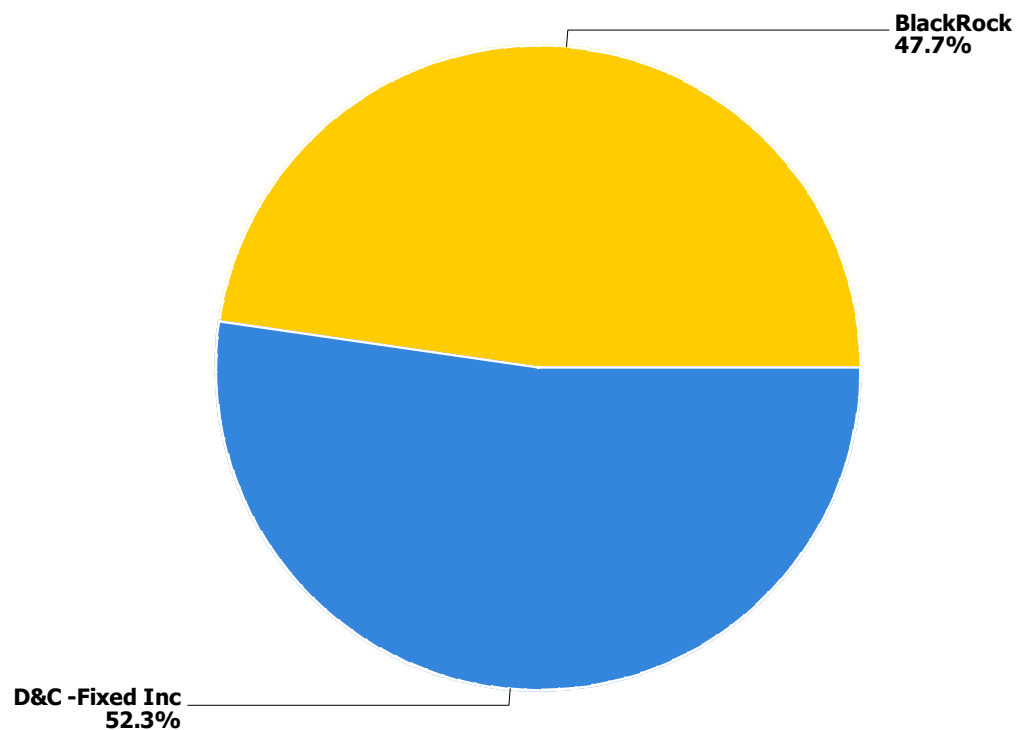
Asset Class	Market Value	Current%
<b>BONDS</b>	495,315,487	100.0
<b>TEMPORARY INVST</b>	-11,970,808	
<b>Total</b>	<b>483,344,679</b>	<b>100.0</b>

# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

As of December 31, 2008

## Manager Allocation Analysis US Fixed Income Composite

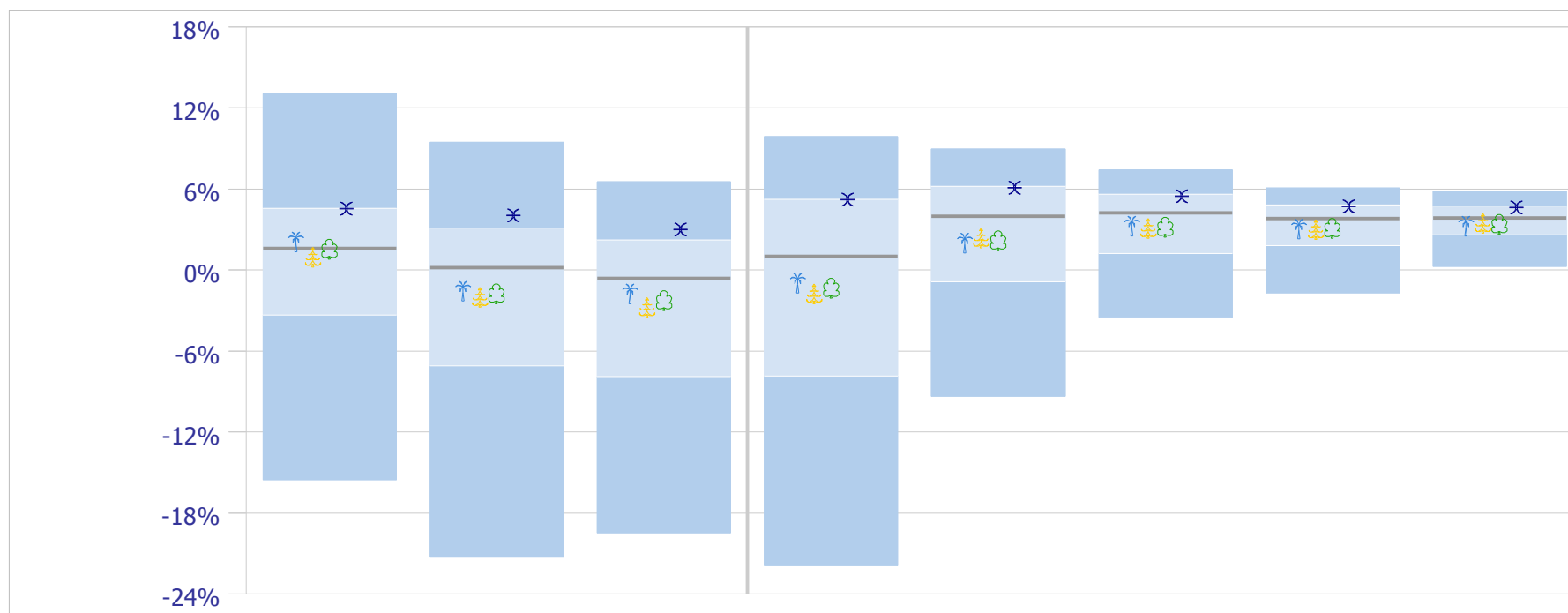
Manager	Market Value	Current%
BlackRock	230,782,182	47.7
D&C -Fixed Inc	252,562,497	52.3
<b>Total</b>	<b>483,344,679</b>	<b>100.0</b>



# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

Periods Ending December 31, 2008

## Bond Funds Total Returns

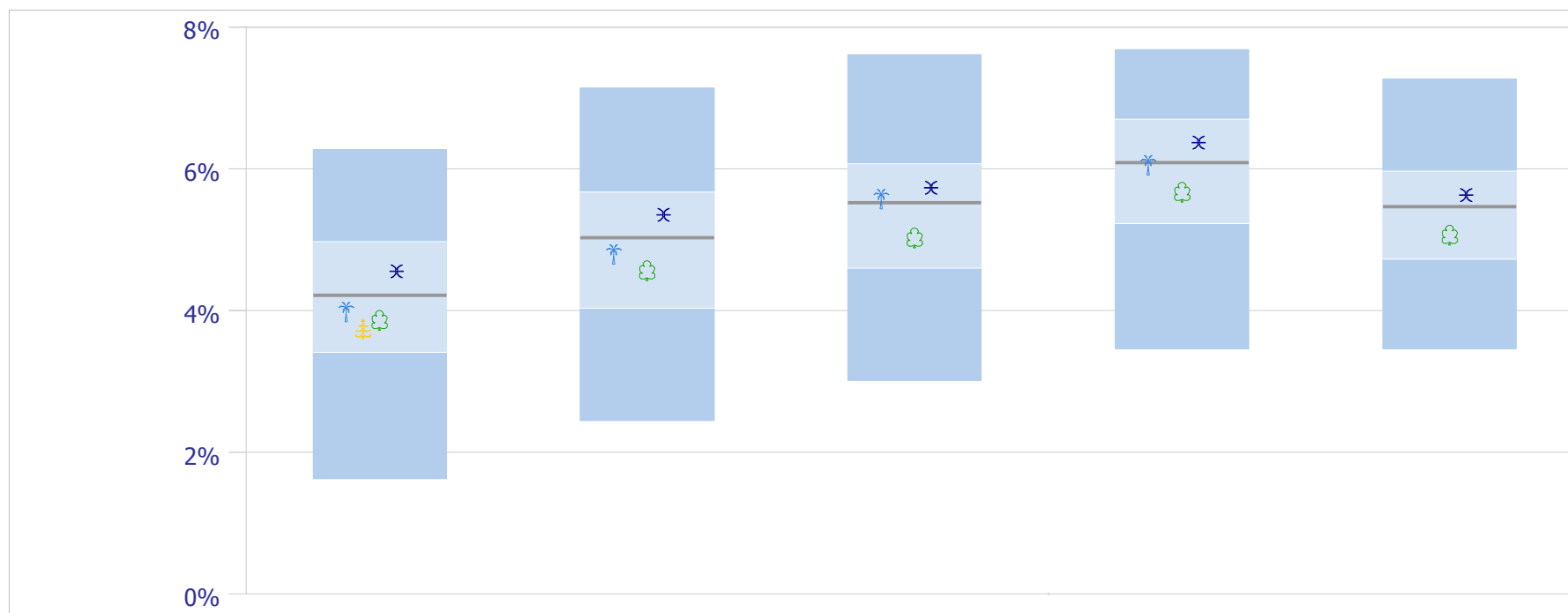


	One Quarter		Two Quarters		Three Quarters		One Year		Two Years		Three Years		Four Years		Five Years	
<b>D&amp;C -Fixed Inc</b>	2.1	46	-1.5	59	-1.7	55	-0.9	59	2.0	65	3.3	61	3.1	64	3.3	66
<b>BlackRock</b>	1.0	55	-2.0	61	-2.7	61	-1.8	62	2.4	63	3.1	64	3.0	65	3.5	62
<b>US Fixed Income</b>	1.6	50	-1.8	60	-2.2	58	-1.3	60	2.2	64	3.2	63	3.1	64	3.4	64
<b>BC AGGREGATE</b>	4.6	25	4.1	18	3.0	18	5.2	24	6.1	27	5.5	29	4.7	29	4.7	28
<b>Median</b>	1.6		0.2		-0.6		1.0		4.0		4.2		3.8		3.9	

# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

Periods Ending December 31, 2008

## Bond Funds Total Returns



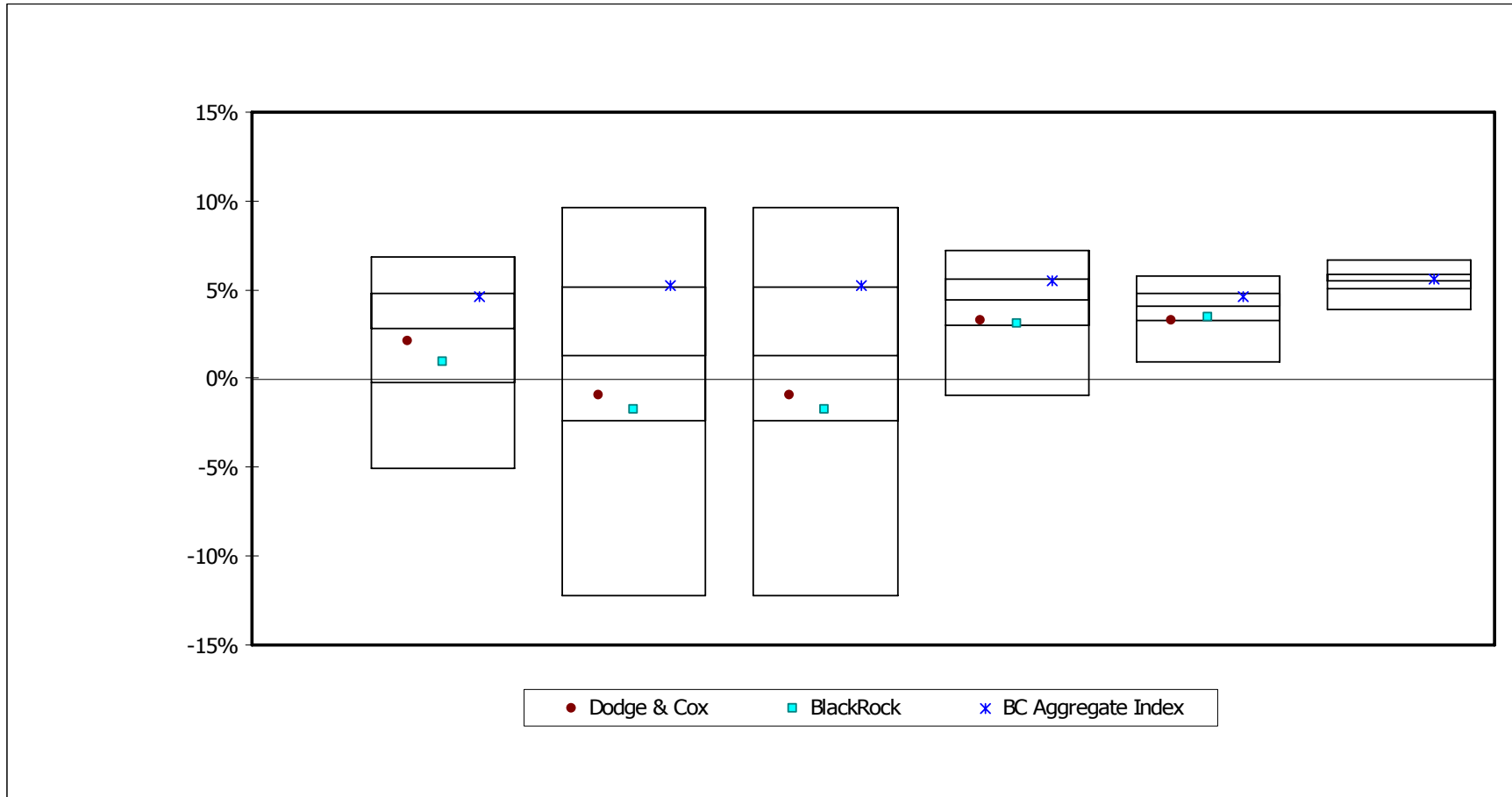
	Six Years	Seven Years	Eight Years	Nine Years	Ten Years
<b>D&amp;C -Fixed Inc</b>	4.0 58	4.8 55	5.6 47	6.1 51	
<b>BlackRock</b>	3.7 66				
<b>US Fixed Income</b>	3.9 62	4.6 63	5.0 66	5.7 65	5.1 66
<b>BC AGGREGATE</b>	4.6 39	5.4 37	5.7 39	6.4 37	5.6 39
<b>Median</b>	4.2	5.0	5.5	6.1	5.5

# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

Periods Ending December 31, 2008

## Total Rates of Return

### Core Fixed Income

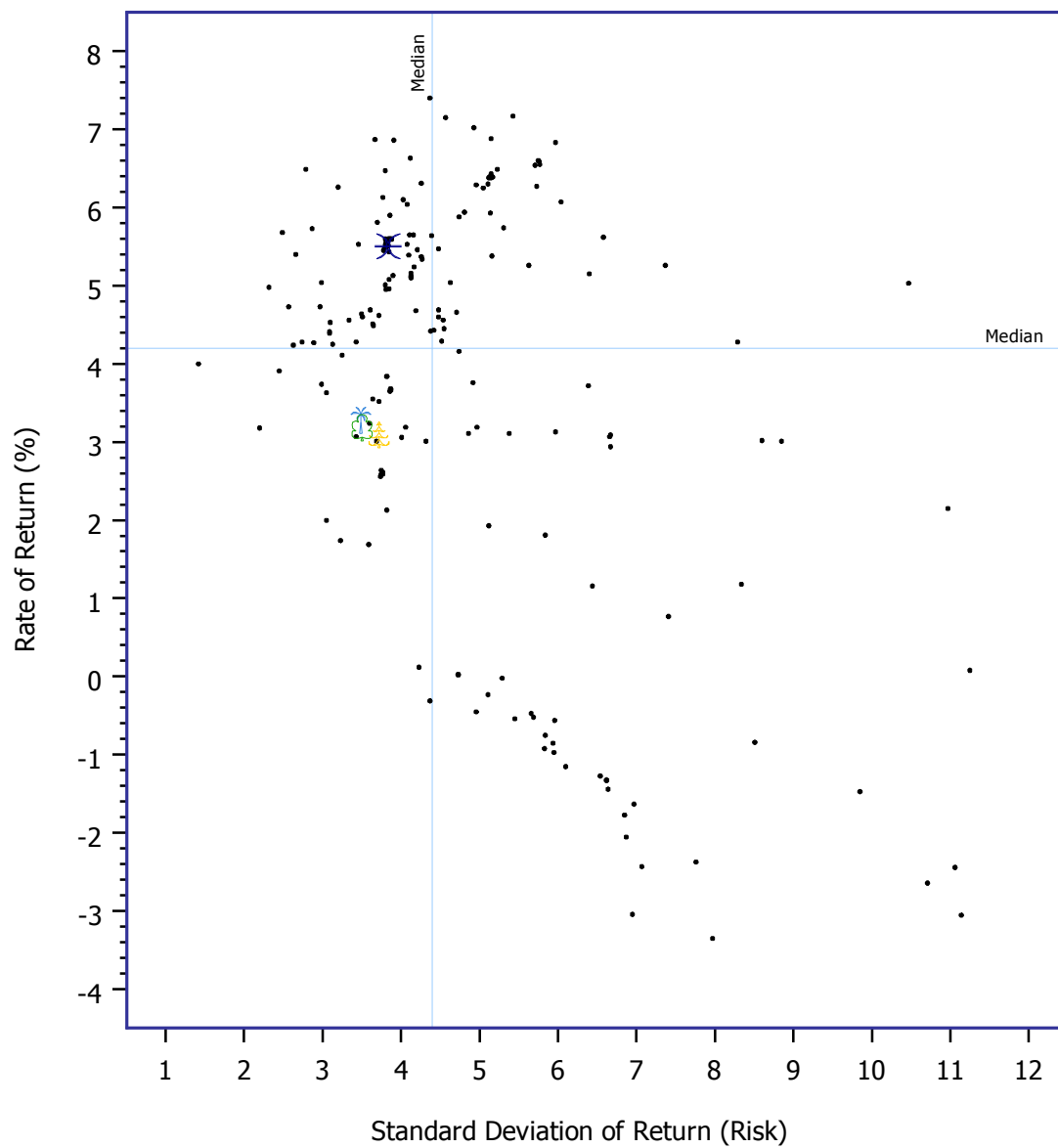


	1 QTR		CALENDAR YTD		1YEAR		3 YEAR		5 YEAR		10 YEAR	
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank
Dodge & Cox	2.1%	59	-0.9%	66	-0.9%	66	3.3%	72	3.3%	75		
BlackRock	1.0%	67	-1.8%	73	-1.8%	73	3.1%	75	3.5%	71		
<i>BC Aggregate Index</i>	4.6%	28	5.2%	24	5.2%	24	5.5%	29	4.7%	30	5.6%	41
Median	2.8%		1.3%		1.3%		4.4%		4.1%		5.5%	

# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

3 Years Ending December 31, 2008

## 3 Year Risk vs. Return Bond Funds - Total Returns



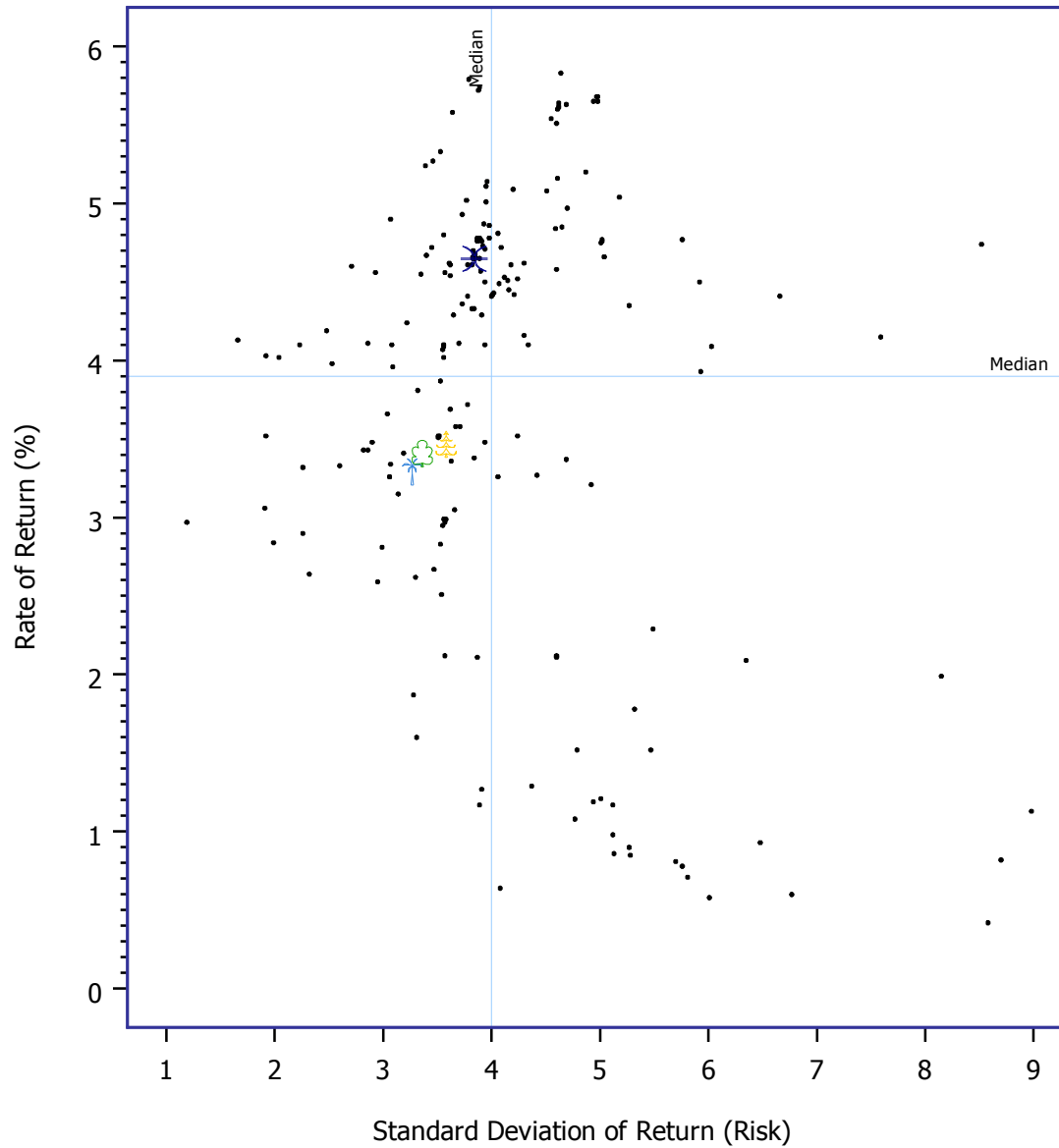
	Return	Standard Deviation	Sharpe Ratio
<b>D&amp;C -Fixed Inc</b>	3.3	61	3.5
<b>BlackRock</b>	3.1	64	3.7
<b>US Fixed Income</b>	3.2	63	3.5
<b>BC AGGREGATE</b>	5.5	29	3.8
<b>Median</b>	4.2	4.4	0.1



# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

5 Years Ending December 31, 2008

## 5 Year Risk vs. Return Bond Funds - Total Returns



	Return	Standard Deviation	Sharpe Ratio
<b>D&amp;C -Fixed Inc</b>	3.3	3.3	0.0
<b>BlackRock</b>	3.5	3.6	0.1
<b>US Fixed Income</b>	3.4	3.4	0.1
<b>BC AGGREGATE</b>	4.7	3.8	0.4
<b>Median</b>	3.9	4.0	0.2

# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

As of December 31, 2008

## Bond Summary Statistics US Fixed Income Composite

Portfolio Characteristics		
	Portfolio	BC AGGREGATE
Total Number of Securities	555	
Total Market Value	\$ 739,952,381	
Current Coupon	5.69	5.25
Yield To Maturity	6.95	4.04
Average Life	5.10	5.50
Duration	3.47	3.71
Quality	9.21	9.58

Duration (in Years)	
Range	%Held
0.0 to 1.0	12.2
1.0 to 3.0	23.5
3.0 to 4.0	3.7
4.0 to 6.0	6.0
6.0 to 8.0	5.9
Over 8.0	6.2
Unclassified	41.5

Quality	
Range	%Held
Govt (10)	31.9
Aaa (10)	6.5
Aa (9)	4.0
A (8)	4.9
Baa (7)	6.7
Below Baa	1.9
Other	44.0

Yield to Maturity	
Range	%Held
0.0 to 5.0	34.7
5.0 to 7.0	7.3
7.0 to 9.0	7.8
9.0 to 11.0	2.6
11.0 to 13.0	1.4
Over 13.0	4.7
Unclassified	41.5

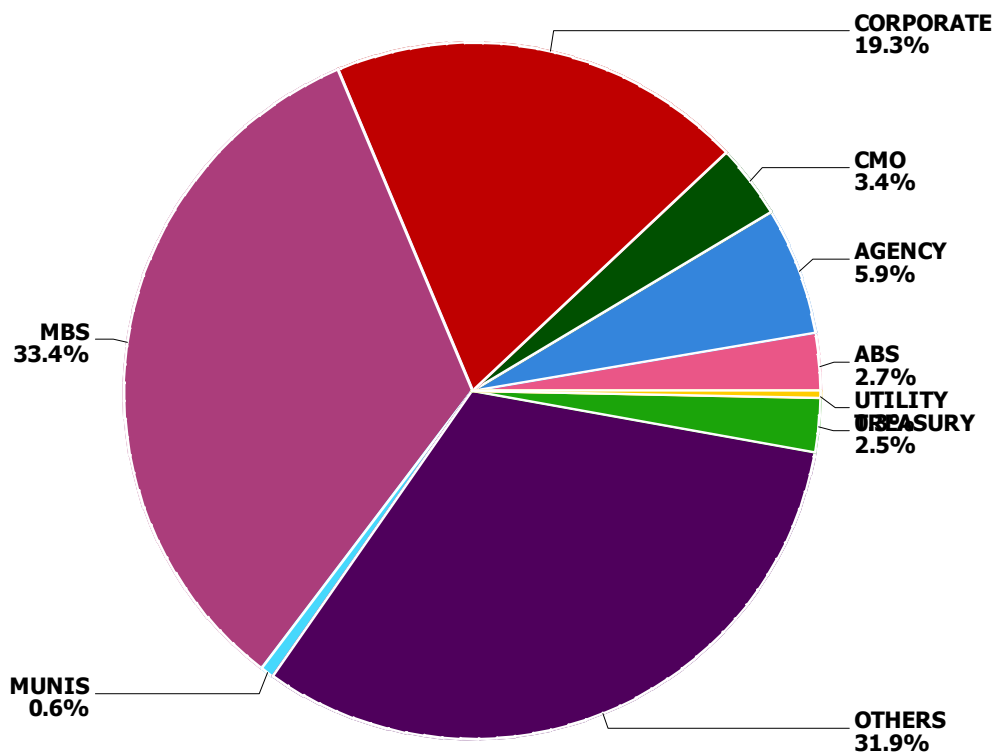
Average Life	
Range	%Held
0.0 to 1.0	4.2
1.0 to 3.0	32.3
3.0 to 5.0	6.2
5.0 to 10.0	10.3
10.0 to 20.0	1.6
Over 20.0	4.0
Unclassified	41.5

Coupon	
Range	%Held
0.0 to 5.0	16.3
5.0 to 7.0	41.0
7.0 to 9.0	6.5
9.0 to 11.0	0.2
11.0 to 13.0	0.0
Over 13.0	0.0
Unclassified	35.9

# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

As of December 31, 2008

## Fixed Income Sector Allocation US Fixed Income Composite



Sector	Account Weight	Index Weight	Difference
ABS	2.7%	4.9%	-2.1%
Agencies	5.9%	9.6%	-3.7%
CMO	3.4%	0.0%	3.4%
Corporates	19.3%	15.7%	3.7%
Foreign	0.0%	3.8%	-3.8%
MBS	33.4%	38.6%	-5.3%
Municipals	0.6%	0.0%	0.6%
Others	31.9%	0.0%	31.9%
Treasuries	2.5%	25.5%	-23.0%
Utilities	0.3%	2.0%	-1.7%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>0.0%</b>

Benchmark: BC AGGREGATE

Portfolio Characteristics		
	Portfolio	BC AGGREGATE
Total Number of Securities	361	
Total Market Value	\$ 490,646,642	
Current Coupon	5.44	5.25
Yield To Maturity	7.88	4.04
Average Life	4.31	5.50
Duration	3.42	3.71
Quality	9.57	9.58

Duration (in Years)	
Range	%Held
0.0 to 1.0	7.9
1.0 to 3.0	23.3
3.0 to 4.0	4.1
4.0 to 6.0	3.0
6.0 to 8.0	4.0
Over 8.0	5.0
Unclassified	52.5

Quality	
Range	%Held
Govt (10)	25.5
Aaa (10)	8.7
Aa (9)	2.8
A (8)	2.7
Baa (7)	2.4
Below Baa	0.6
Other	57.3

Yield to Maturity	
Range	%Held
0.0 to 5.0	29.5
5.0 to 7.0	3.9
7.0 to 9.0	6.7
9.0 to 11.0	2.5
11.0 to 13.0	0.9
Over 13.0	4.0
Unclassified	52.5

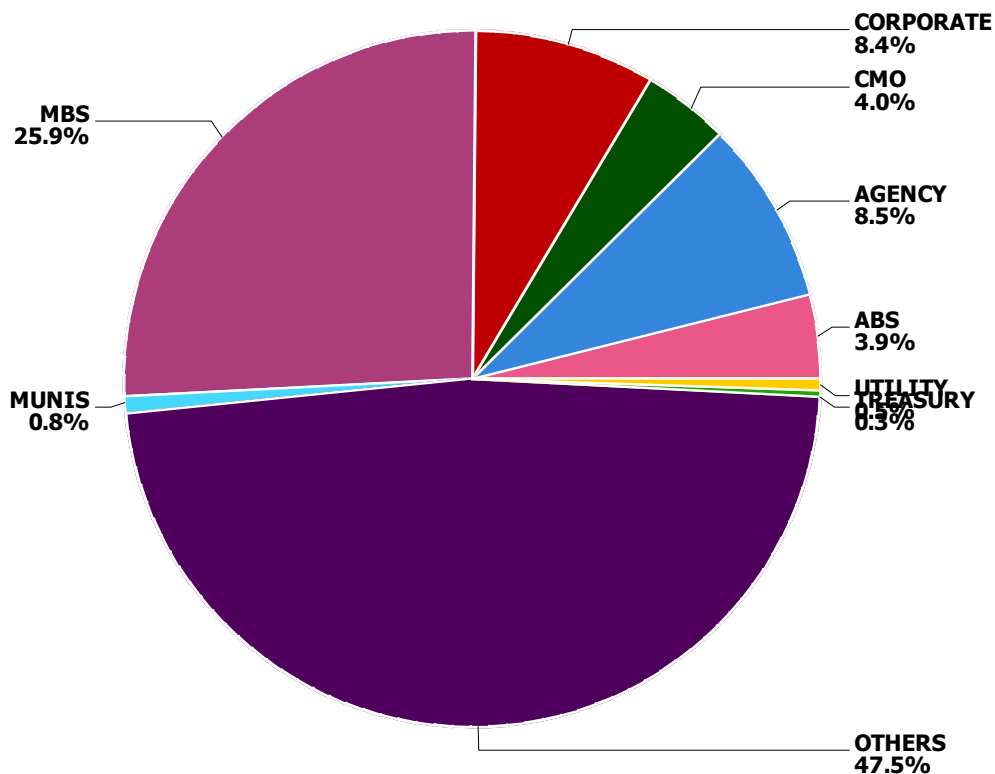
Average Life	
Range	%Held
0.0 to 1.0	5.1
1.0 to 3.0	28.9
3.0 to 5.0	3.8
5.0 to 10.0	6.6
10.0 to 20.0	1.0
Over 20.0	2.1
Unclassified	52.5

Coupon	
Range	%Held
0.0 to 5.0	15.3
5.0 to 7.0	31.5
7.0 to 9.0	2.9
9.0 to 11.0	0.1
11.0 to 13.0	0.0
Over 13.0	0.0
Unclassified	50.1

# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

As of December 31, 2008

## Fixed Income Sector Allocation BlackRock Financial Management



Sector	Account Weight	Index Weight	Difference
ABS	3.9%	4.9%	-1.0%
Agencies	8.5%	9.6%	-1.0%
CMO	4.0%	0.0%	4.0%
Corporates	8.4%	15.7%	-7.2%
Foreign	0.0%	3.8%	-3.8%
MBS	25.9%	38.6%	-12.7%
Municipals	0.8%	0.0%	0.8%
Others	47.5%	0.0%	47.5%
Treasuries	0.3%	25.5%	-25.2%
Utilities	0.5%	2.0%	-1.5%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>0.0%</b>

Benchmark: BC AGGREGATE

# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

As of December 31, 2008

## Bond Summary Statistics Dodge and Cox -Fixed Income

Portfolio Characteristics		
	Portfolio	BC AGGREGATE
Total Number of Securities	196	
Total Market Value	\$ 249,305,740	
Current Coupon	5.96	5.25
Yield To Maturity	5.87	4.04
Average Life	6.02	5.50
Duration	3.53	3.71
Quality	8.85	9.58

Duration (in Years)	
Range	%Held
0.0 to 1.0	20.7
1.0 to 3.0	23.9
3.0 to 4.0	2.9
4.0 to 6.0	11.8
6.0 to 8.0	9.8
Over 8.0	8.5
Unclassified	19.8

Quality	
Range	%Held
Govt (10)	44.7
Aaa (10)	2.2
Aa (9)	6.3
A (8)	9.2
Baa (7)	15.2
Below Baa	4.4
Other	18.0

Yield to Maturity	
Range	%Held
0.0 to 5.0	45.1
5.0 to 7.0	14.0
7.0 to 9.0	9.8
9.0 to 11.0	2.7
11.0 to 13.0	2.4
Over 13.0	6.2
Unclassified	19.8

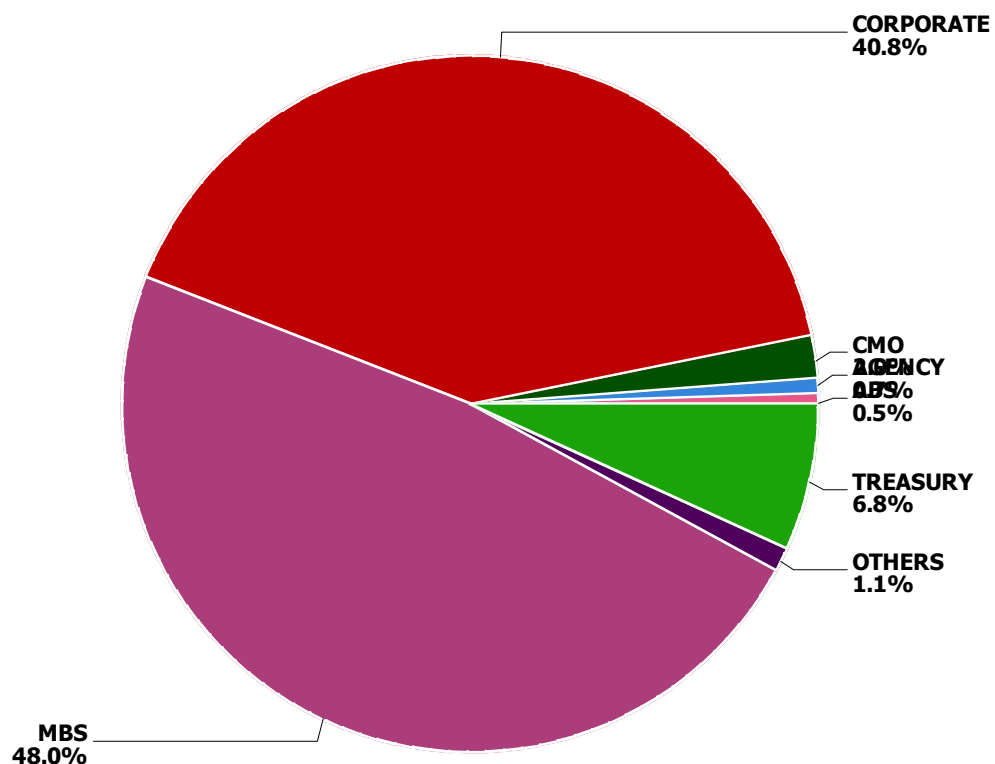
Average Life	
Range	%Held
0.0 to 1.0	2.5
1.0 to 3.0	38.8
3.0 to 5.0	11.1
5.0 to 10.0	17.5
10.0 to 20.0	2.6
Over 20.0	7.7
Unclassified	19.8

Coupon	
Range	%Held
0.0 to 5.0	18.1
5.0 to 7.0	59.6
7.0 to 9.0	13.7
9.0 to 11.0	0.6
11.0 to 13.0	0.0
Over 13.0	0.0
Unclassified	8.0

# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

As of December 31, 2008

## Fixed Income Sector Allocation Dodge and Cox -Fixed Income



Sector	Account Weight	Index Weight	Difference
ABS	0.5%	4.9%	-4.4%
Agencies	0.7%	9.6%	-8.8%
CMO	2.0%	0.0%	2.0%
Corporates	40.8%	15.7%	25.1%
Foreign	0.0%	3.8%	-3.8%
MBS	48.0%	38.6%	9.4%
Municipals	0.0%	0.0%	0.0%
Others	1.1%	0.0%	1.1%
Treasuries	6.8%	25.5%	-18.7%
Utilities	0.0%	2.0%	-2.0%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>0.0%</b>

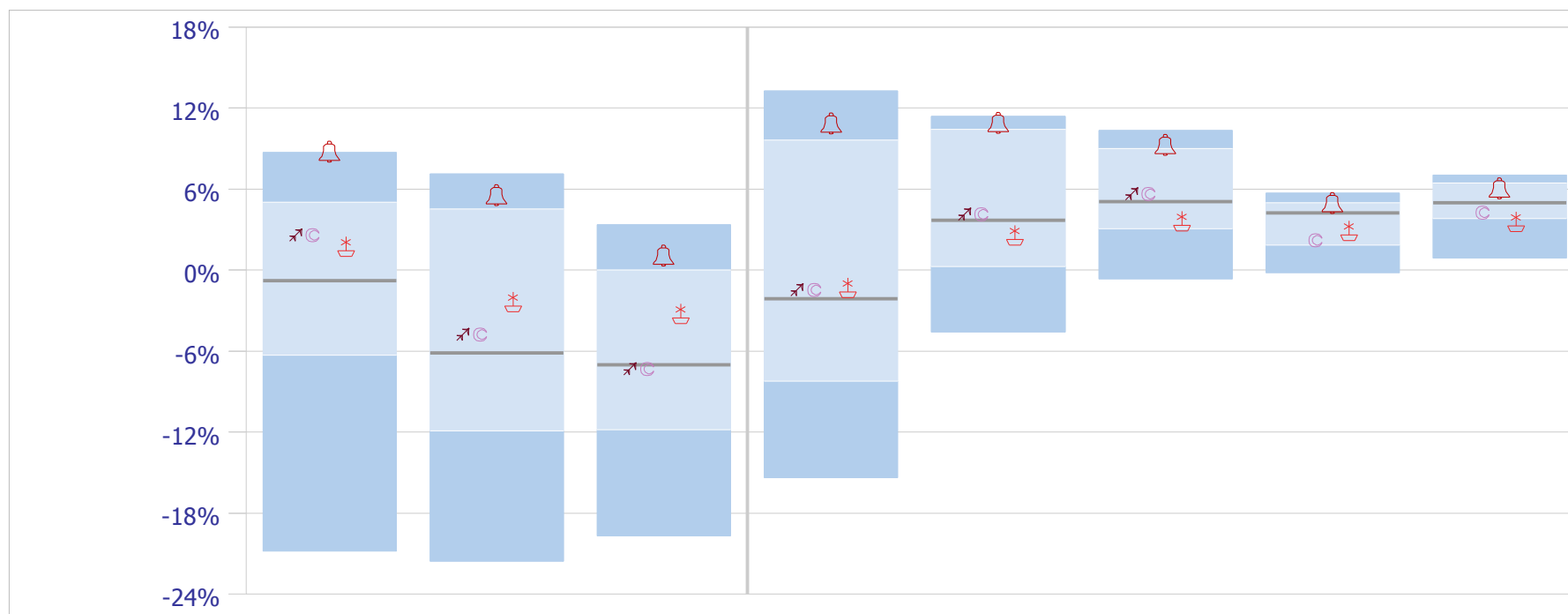
Benchmark: BC AGGREGATE

# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

Periods Ending December 31, 2008

## Global Bond Funds

### Total Returns



	One Quarter		Two Quarters		Three Quarters		One Year		Two Years		Three Years		Four Years		Five Years	
↗ Loomis Sayles	2.6	35	-4.8	46	-7.3	50	-1.4	45	4.1	46	5.7	41				
⊙ Global Fixed Inc	2.6	35	-4.8	46	-7.3	50	-1.4	45	4.1	46	5.7	41	2.2	63	4.3	56
🔔 CITI WLD GOV BD	8.8	3	5.6	14	1.1	15	10.9	12	10.9	14	9.3	21	5.0	22	6.0	33
🏠 Total Fixed Inc	1.8	41	-2.3	39	-3.2	42	-1.3	45	2.6	59	3.7	63	2.9	57	3.6	81
<b>Median</b>	-0.8		-6.1		-7.0		-2.1		3.7		5.1		4.2		5.0	

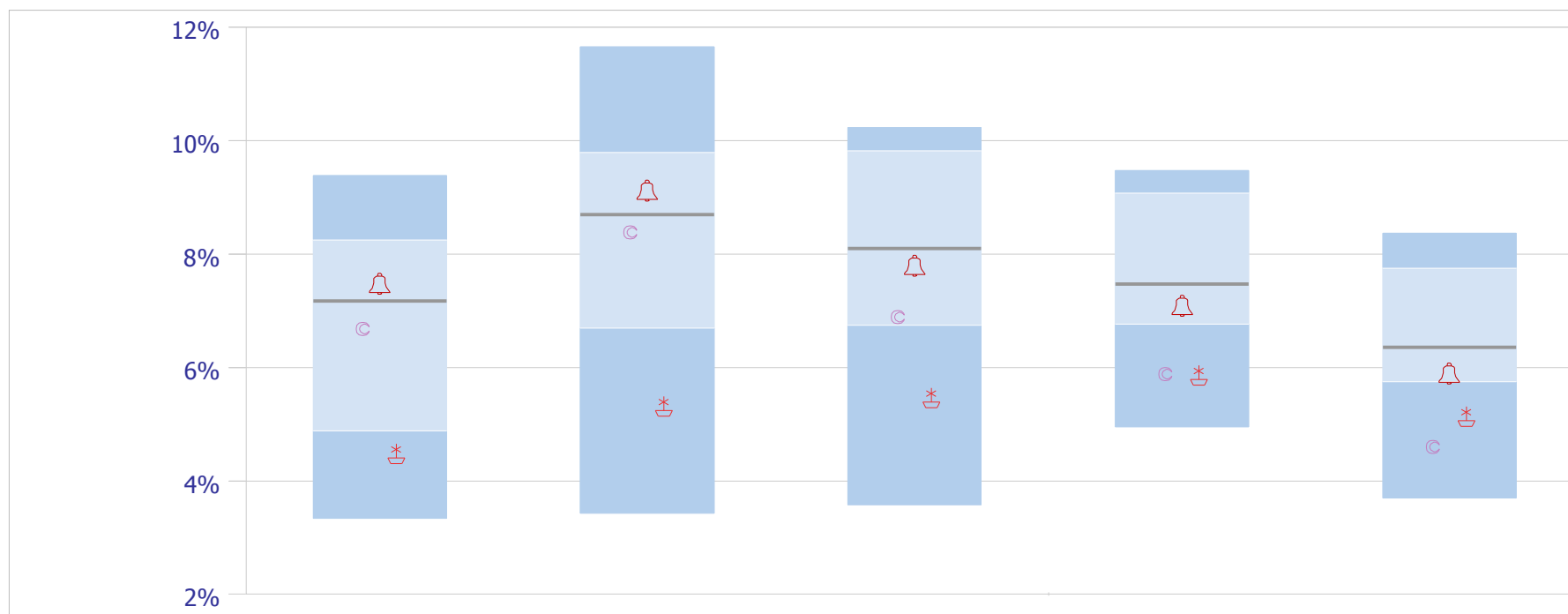


# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

Periods Ending December 31, 2008

## Global Bond Funds

## Total Returns

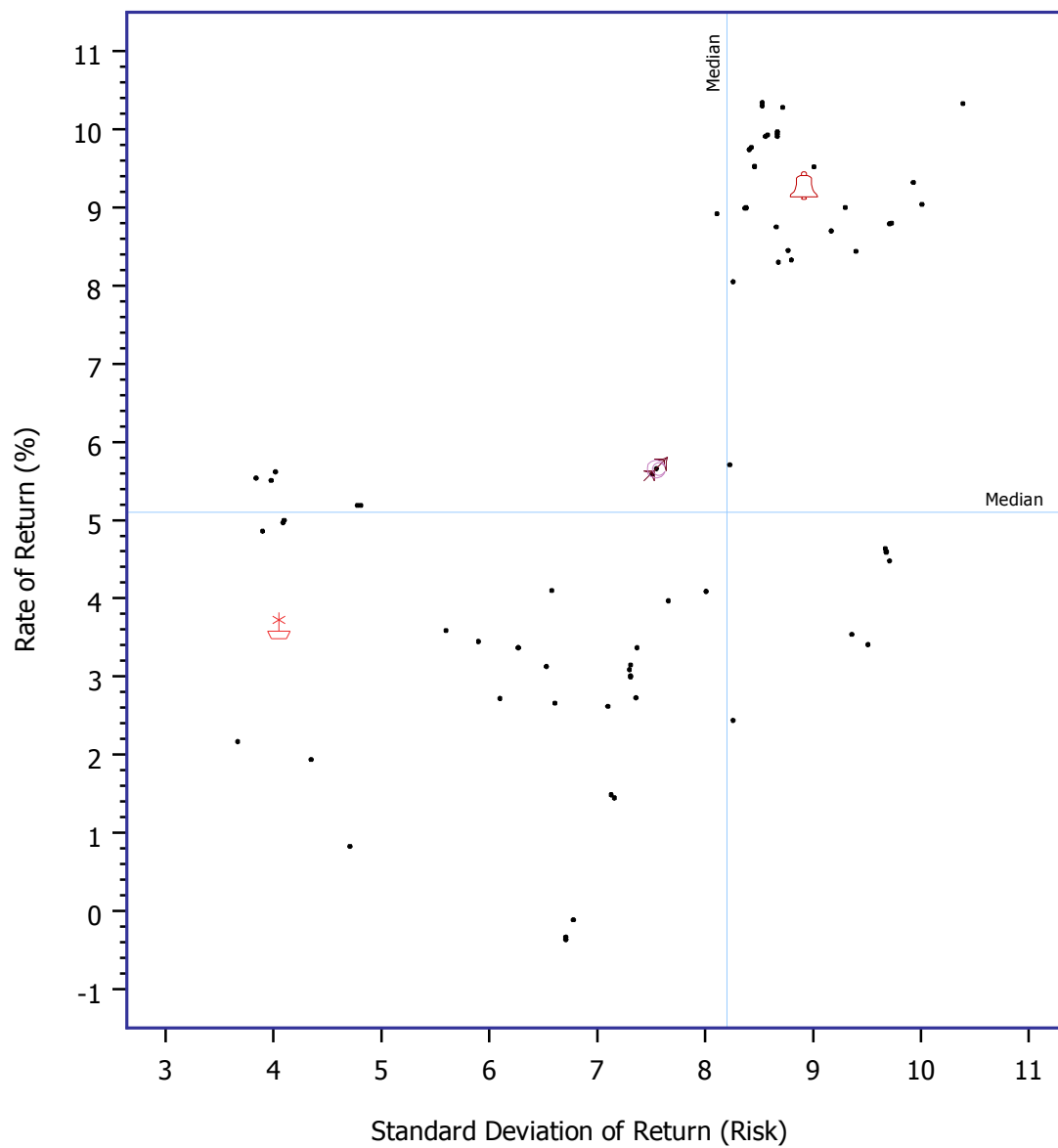


	Six Years		Seven Years		Eight Years		Nine Years		Ten Years	
© Global Fixed Inc	6.7	55	8.4	59	6.9	72	5.9	81	4.6	88
🔔 CITI WLD GOV BD	7.5	45	9.1	37	7.8	61	7.1	67	5.9	72
🚢 Total Fixed Inc	4.5	80	5.3	81	5.5	80	5.9	81	5.1	82
<b>Median</b>	<b>7.2</b>		<b>8.7</b>		<b>8.1</b>		<b>7.5</b>		<b>6.4</b>	

# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

3 Years Ending December 31, 2008

## 3 Year Risk vs. Return Global Bond Funds - Total Returns

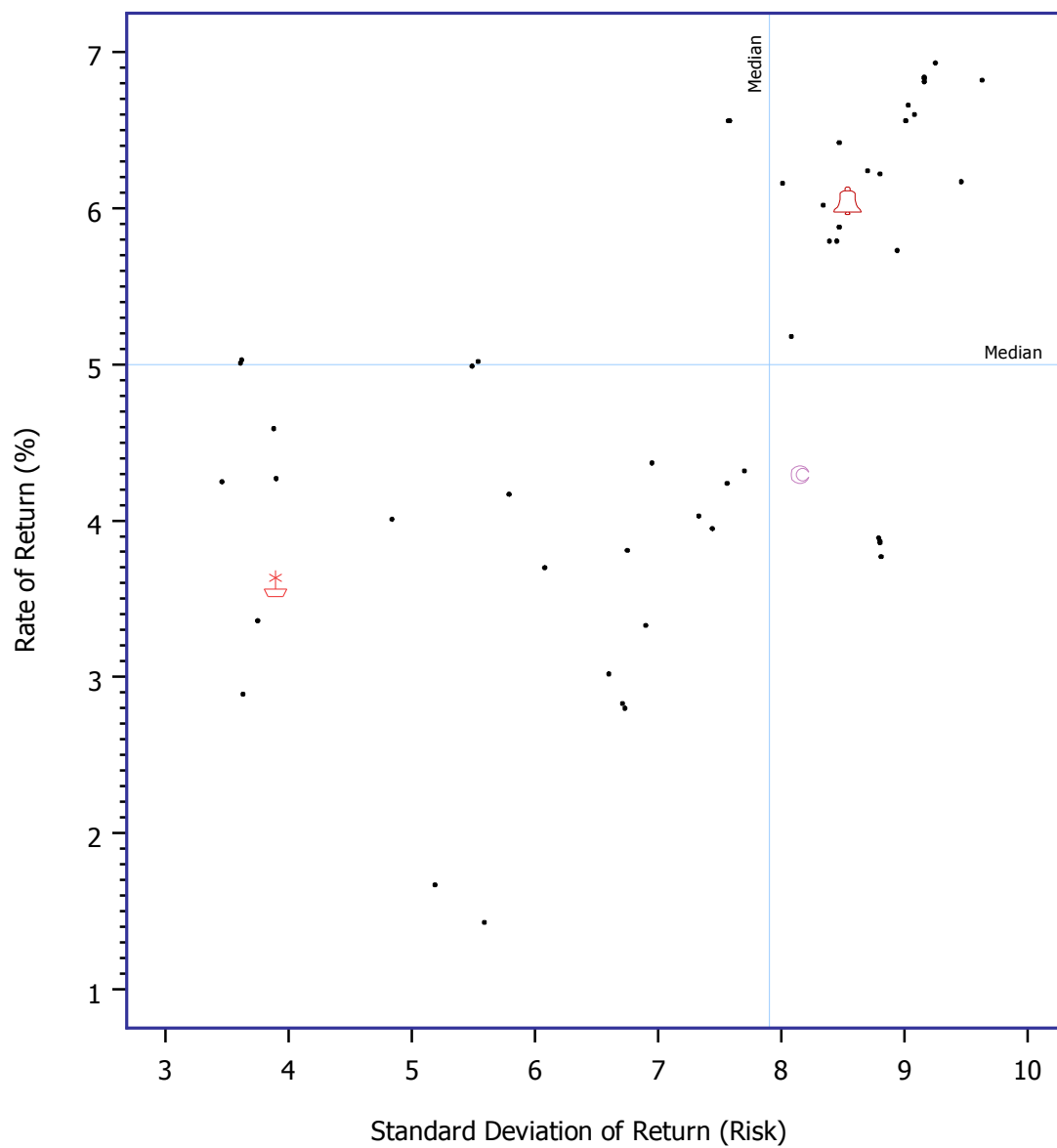


	Return	Standard Deviation	Sharpe Ratio
↗ <b>Loomis Sayles</b>	5.7	7.5	0.3
⊙ <b>Global FixedInc</b>	5.7	7.5	0.3
🔔 <b>CITI WLD GOV BD</b>	9.3	8.9	0.6
⚓ <b>Total Fixed Inc</b>	3.7	4.1	-0.1
<b>Median</b>	5.1	8.2	0.3

# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

5 Years Ending December 31, 2008

## 5 Year Risk vs. Return Global Bond Funds - Total Returns

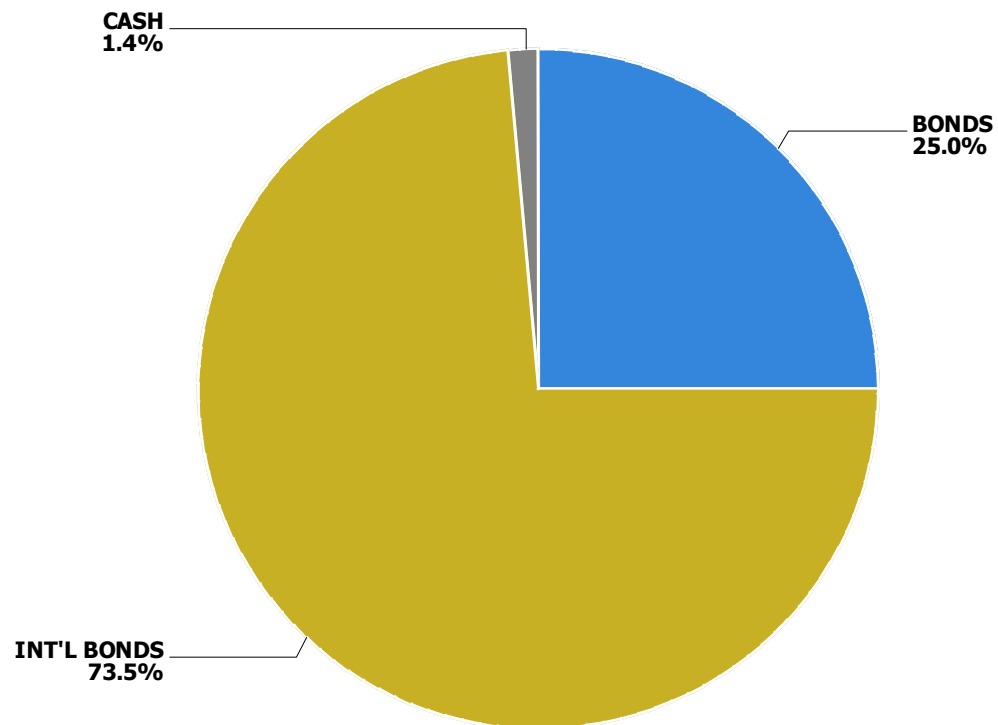


	Return	Standard Deviation	Sharpe Ratio
⊙ <b>Global FixedInc</b>	4.3	8.1	0.2
🔔 <i>CITI WLD GOV BD</i>	6.0	8.5	0.4
⌘ <b>Total Fixed Inc</b>	3.6	3.9	0.1
<b>Median</b>	5.0	7.9	0.3

# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

As of December 31, 2008

Asset Allocation Analysis  
Loomis Sayles & Company



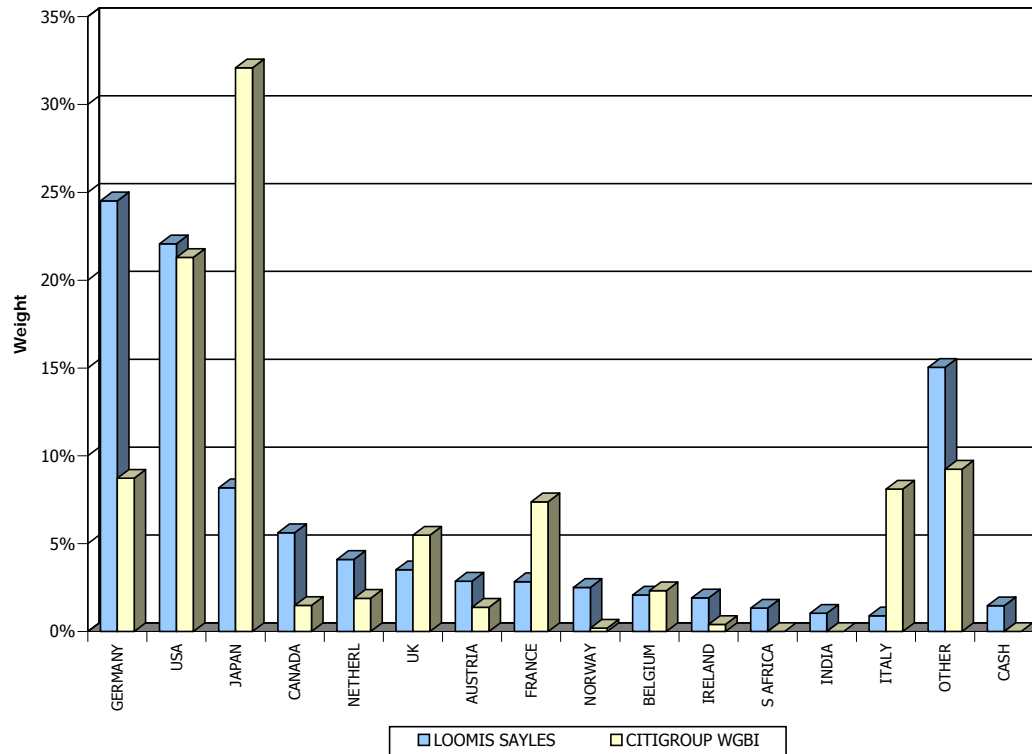
Asset Class	Market Value	Current%
<b>BONDS</b>	26,787,676	25.0
<b>CASH</b>	1,543,949	1.4
<b>INT'L BONDS</b>	78,780,726	73.5
<b>Total</b>	<b>107,112,351</b>	<b>100.0</b>

# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

As of December 31, 2008

## Portfolio Country Weights

Loomis Sayles



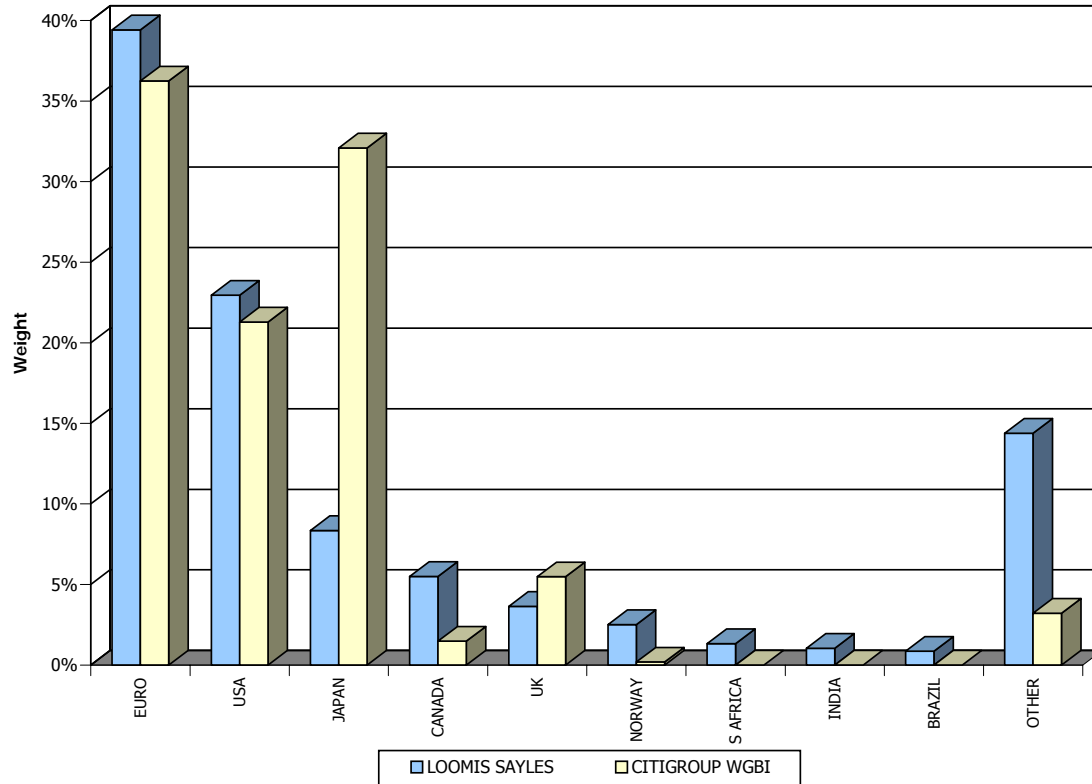
COUNTRY	MARKET VALUE	LOOMIS SAYLES	CITIGROUP WGBI	DIFF
GERMANY	\$ 26,259	24.5%	8.7%	+15.8%
USA	\$ 23,646	22.1%	21.3%	+0.8%
JAPAN	\$ 8,767	8.2%	32.1%	-23.9%
CANADA	\$ 6,027	5.6%	1.5%	+4.1%
NETHERL	\$ 4,395	4.1%	1.9%	+2.2%
UK	\$ 3,772	3.5%	5.5%	-2.0%
AUSTRIA	\$ 3,070	2.9%	1.4%	+1.5%
FRANCE	\$ 3,041	2.8%	7.4%	-4.5%
NORWAY	\$ 2,690	2.5%	0.2%	+2.3%
BELGIUM	\$ 2,220	2.1%	2.3%	-0.3%
IRELAND	\$ 2,053	1.9%	0.4%	+1.5%
S AFRICA	\$ 1,421	1.3%		+1.3%
INDIA	\$ 1,118	1.0%		+1.0%
ITALY	\$ 956	0.9%	8.1%	-7.2%
OTHER	\$ 16,106	15.0%	9.2%	+5.8%
CASH	\$ 1,572	1.5%	0.0%	+1.5%
	\$ 107,112	100.0%	100.0%	0.0%

# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

As of December 31, 2008

## Portfolio Currency Exposures

Loomis Sayles

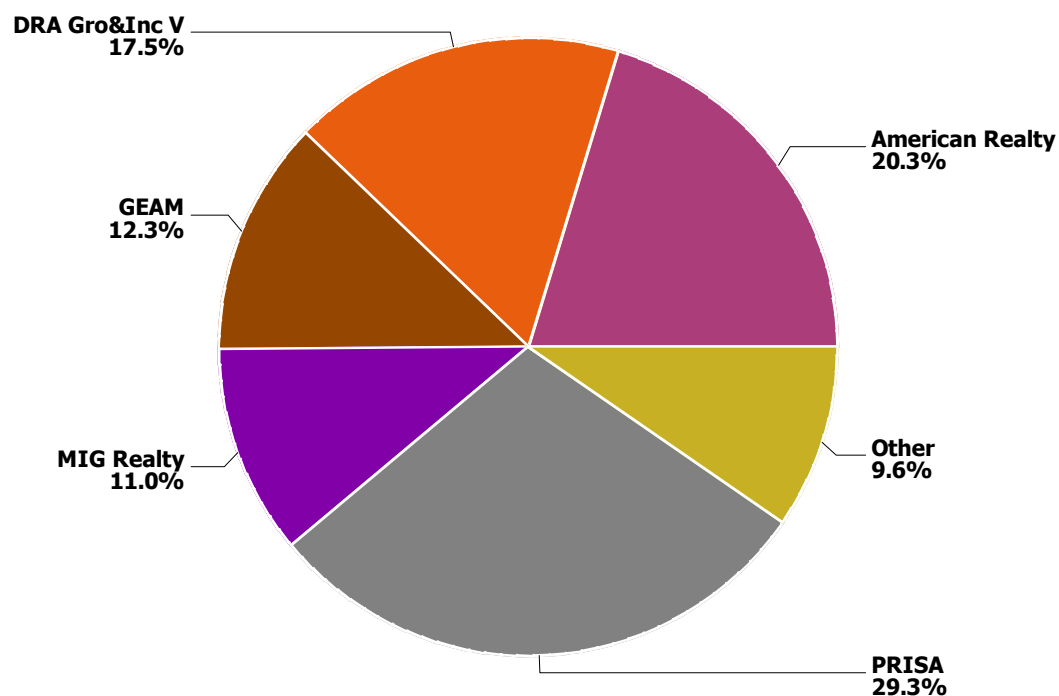


CURRENCY	MARKET VALUE	LOOMIS SAYLES	CITIGROUP P WGBI	DIFF
EURO	\$ 42,217	39.4%	36.2%	+3.2%
USA	\$ 24,583	23.0%	21.3%	+1.7%
JAPAN	\$ 8,951	8.4%	32.1%	-23.7%
CANADA	\$ 5,887	5.5%	1.5%	+4.0%
UK	\$ 3,914	3.7%	5.5%	-1.8%
NORWAY	\$ 2,692	2.5%	0.2%	+2.3%
S AFRICA	\$ 1,421	1.3%		+1.3%
INDIA	\$ 1,118	1.0%		+1.0%
BRAZIL	\$ 925	0.9%		+0.9%
OTHER	\$ 15,405	14.4%	3.2%	+11.2%
	\$ 107,112	100.0%	100.0%	0.0%

# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

As of December 31, 2008

## Manager Allocation Analysis Real Estate Composite



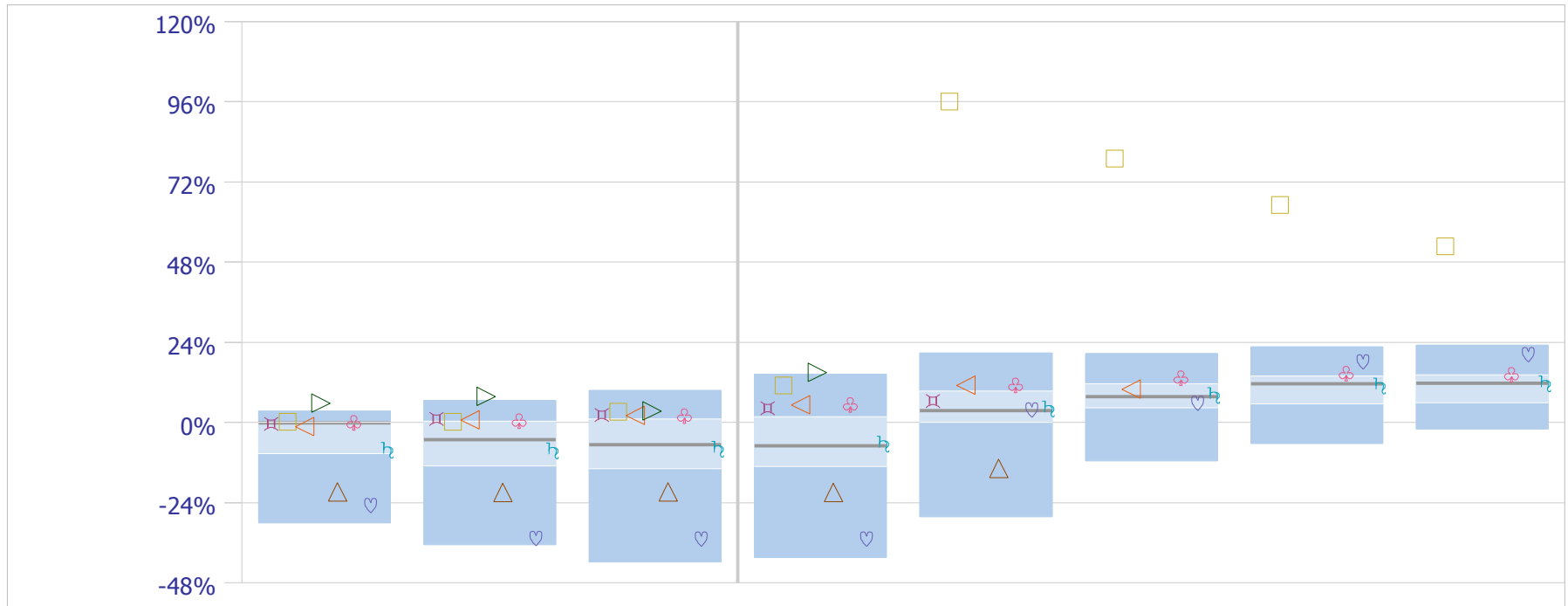
Manager	Market Value	Current%
American Realty	21,796,442	20.3
Cigna	33,793	0.0
DRA Gro&Inc II	948,976	0.9
DRA Gro&Inc V	18,825,451	17.5
DRA Gro&Inc VI	4,789,886	4.5
Fidelity LP	194,536	0.2
FidelityGro III	4,281,908	4.0
GEAM	13,252,228	12.3
MIG Realty	11,800,459	11.0
PRISA	31,526,420	29.3
<b>Total</b>	<b>107,450,099</b>	<b>100.0</b>

# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

Periods Ending December 31, 2008

## Real Estate Funds

### Total Returns



	One Quarter		Two Quarters		Three Quarters		One Year		Two Years		Three Years		Four Years		Five Years	
American Realty	-0.3	51	1.2	17	2.4	15	4.4	15	6.6	40						
DRA Gro&Inc II	0.4	16	0.4	23	3.5	12	11.3	7	96.1	1	79.2	1	65.2	1	52.8	1
DRA Gro&Inc V	-1.2	53	0.9	19	2.2	16	5.4	13	11.2	15	10.0	36				
DRA Gro&Inc VI	5.8	2	8.0	4	3.6	11	15.1	4								
GEAM	-20.7	90	-20.9	86	-20.7	84	-20.9	84	-13.7	88						
NCREIF PROP LAG	-0.2	50	0.4	24	2.0	17	5.3	13	11.1	16	13.2	16	14.7	21	14.2	25
Fidelity LP	-24.8	91	-34.7	93	-34.9	89	-34.8	88	3.7	47	5.8	65	18.1	12	20.3	9
NCREIF PROPERTY	-8.3	65	-8.4	59	-7.9	51	-6.5	49	4.1	47	8.1	45	11.0	54	11.7	53
<b>Median</b>	<b>-0.1</b>		<b>-5.1</b>		<b>-6.7</b>		<b>-7.0</b>		<b>3.6</b>		<b>7.7</b>		<b>11.6</b>		<b>11.8</b>	

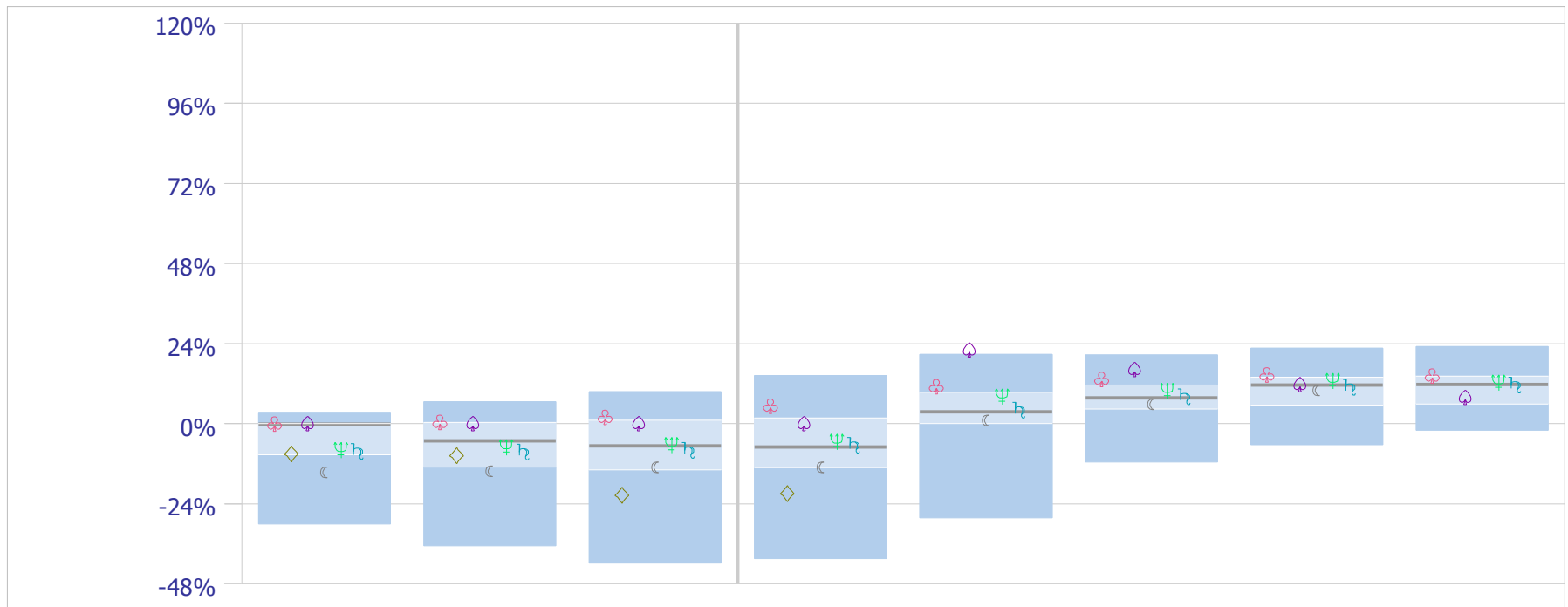


# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

Periods Ending December 31, 2008

## Real Estate Funds

### Total Returns



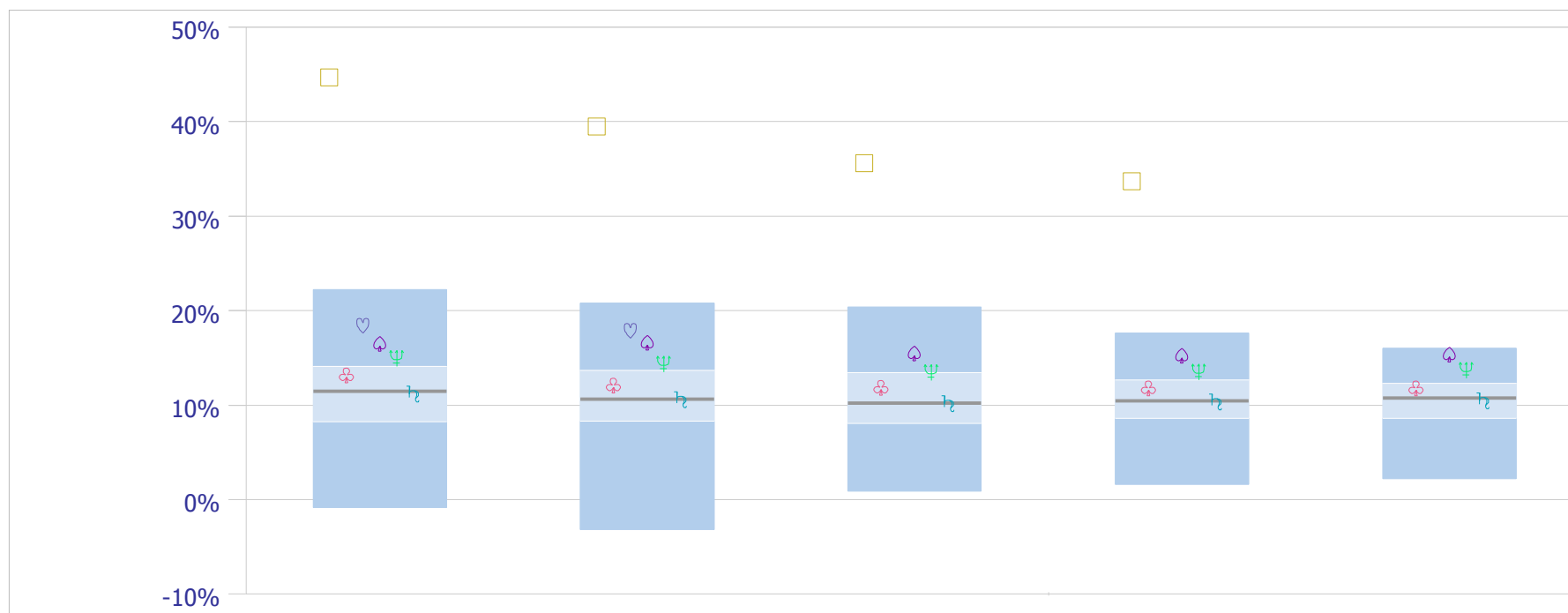
	One Quarter		Two Quarters		Three Quarters		One Year		Two Years		Three Years		Four Years		Five Years	
NCREIF PROP LAG	-0.2	50	0.4	24	2.0	17	5.3	13	11.1	16	13.2	16	14.7	21	14.2	25
FidelityGro III	-9.0	73	-9.4	63	-21.3	85	-20.8	84								
MIG Realty	0.0	22	0.0	31	0.0	30	0.0	35	22.1	4	16.2	9	11.8	43	7.9	73
PRISA	-14.5	85	-14.1	78	-13.0	70	-13.0	72	1.1	65	5.9	64	10.0	57		
Real Estate	-7.8	64	-7.1	53	-6.5	49	-5.3	47	8.1	30	9.8	37	12.9	33	12.4	38
NCREIF PROPERTY	-8.3	65	-8.4	59	-7.9	51	-6.5	49	4.1	47	8.1	45	11.0	54	11.7	53
<b>Median</b>	<b>-0.1</b>		<b>-5.1</b>		<b>-6.7</b>		<b>-7.0</b>		<b>3.6</b>		<b>7.7</b>		<b>11.6</b>		<b>11.8</b>	

# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

Periods Ending December 31, 2008

Real Estate Funds

Total Returns



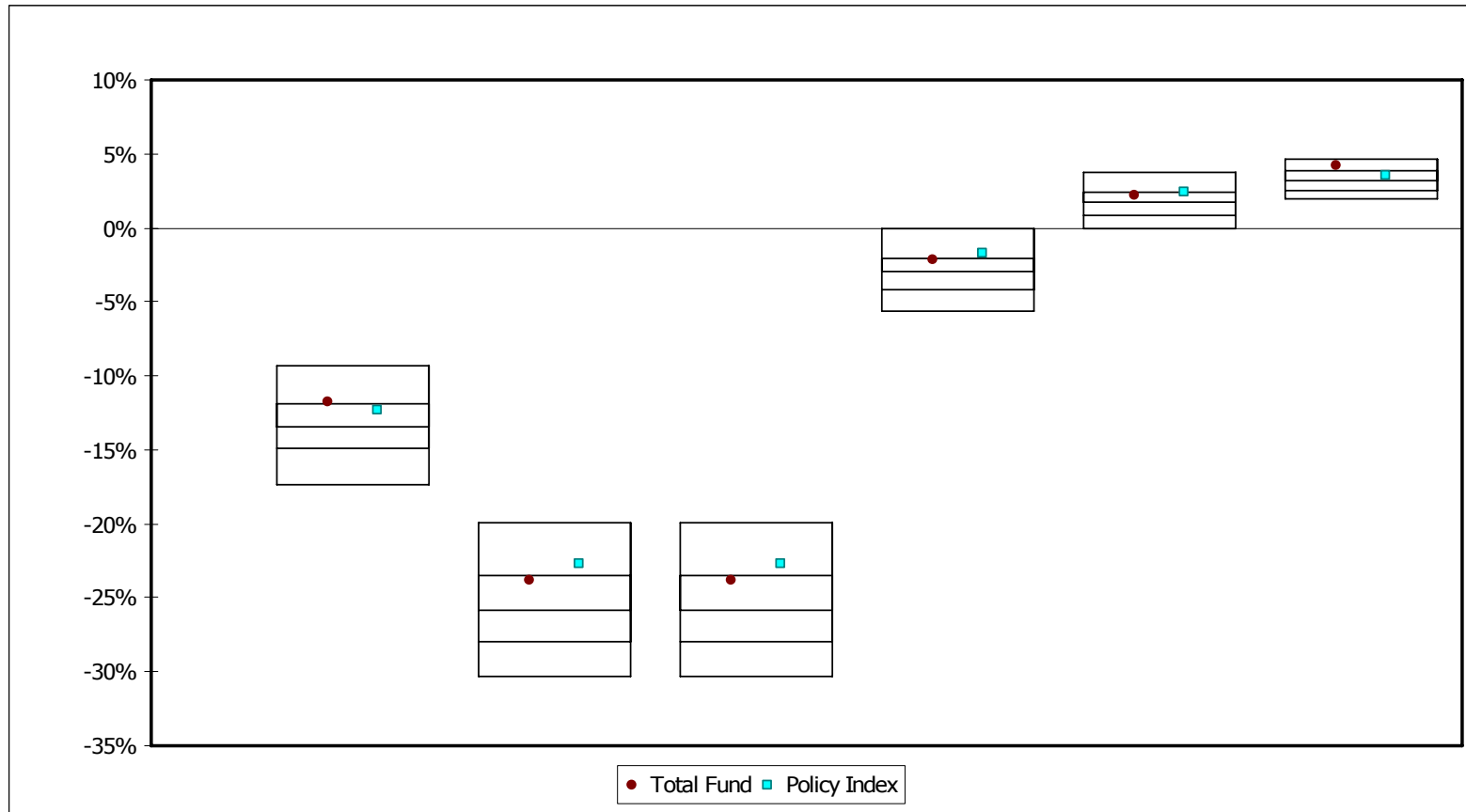
	Six Years	Seven Years	Eight Years	Nine Years	Ten Years
□ <b>DRA Gro&amp;Inc II</b>	44.7 1	39.6 2	35.6 2	33.7 2	
♣ <b>NCREIF PROP LAG</b>	13.1 32	12.0 34	11.8 30	11.8 31	11.8 32
♥ <b>Fidelity LP</b>	18.4 10	17.8 10			
♠ <b>MIG Realty</b>	16.5 16	16.6 15	15.5 12	15.2 12	15.4 9
ψ <b>Real Estate</b>	15.0 20	14.3 20	13.5 24	13.5 18	13.7 14
h <b>NCREIF PROPERTY</b>	11.2 56	10.6 50	10.1 51	10.4 50	10.4 52
<b>Median</b>	11.5	10.6	10.2	10.5	10.7

# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

Periods Ending December 31, 2008

Total Rates of Return

Total Public Funds >\$100 Million



	1 QTR		CALENDAR YTD		1 YEAR		3 YEAR		5 YEAR		10 YEAR	
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank
<b>Total Fund</b>	-11.8%	24	-23.8%	27	-23.8%	27	-2.1%	27	2.2%	36	4.2%	17
<b>Policy Index</b>	-12.3%	29	-22.7%	18	-22.7%	18	-1.7%	21	2.4%	25	3.5%	34
<b>Median</b>	-13.5%		-25.9%		-25.9%		-3.0%		1.8%		3.2%	

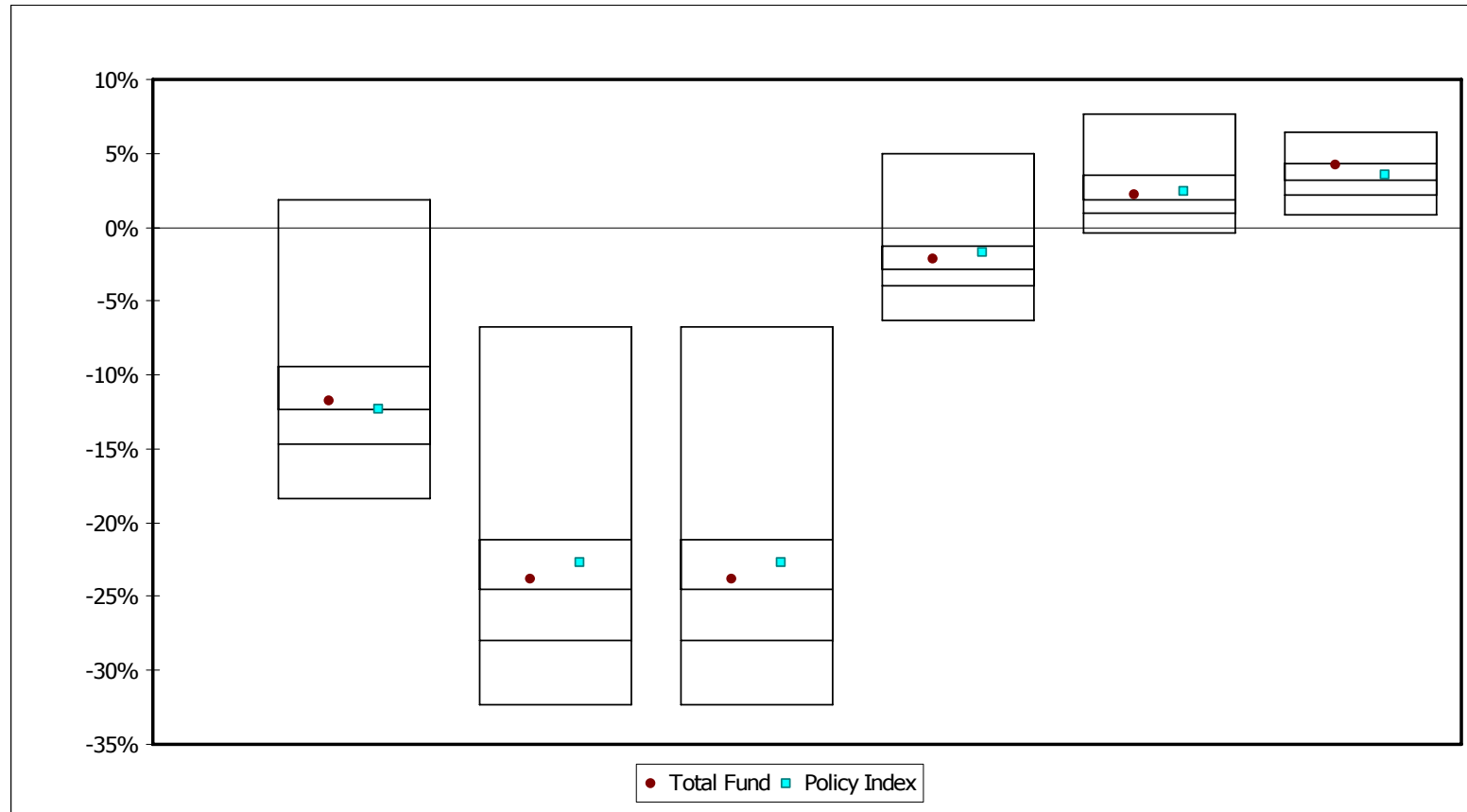
25th Percentile	-11.9%	-23.5%	-23.5%	-2.1%	2.4%	3.8%
50th Percentile	-13.5%	-25.9%	-25.9%	-3.0%	1.8%	3.2%
75th Percentile	-14.9%	-28.0%	-28.0%	-4.2%	0.9%	2.5%

# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

Periods Ending December 31, 2008

## Total Rates of Return

## Total Corporate Funds



	1 QTR		CALENDAR YTD		1 YEAR		3 YEAR		5 YEAR		10 YEAR	
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank
<b>Total Fund</b>	-11.8%	40	-23.8%	44	-23.8%	44	-2.1%	37	2.2%	43	4.2%	26
<i>Policy Index</i>	-12.3%	49	-22.7%	34	-22.7%	34	-1.7%	33	2.4%	40	3.5%	40
<b>Median</b>	-12.3%		-24.5%		-24.5%		-2.8%		1.9%		3.2%	

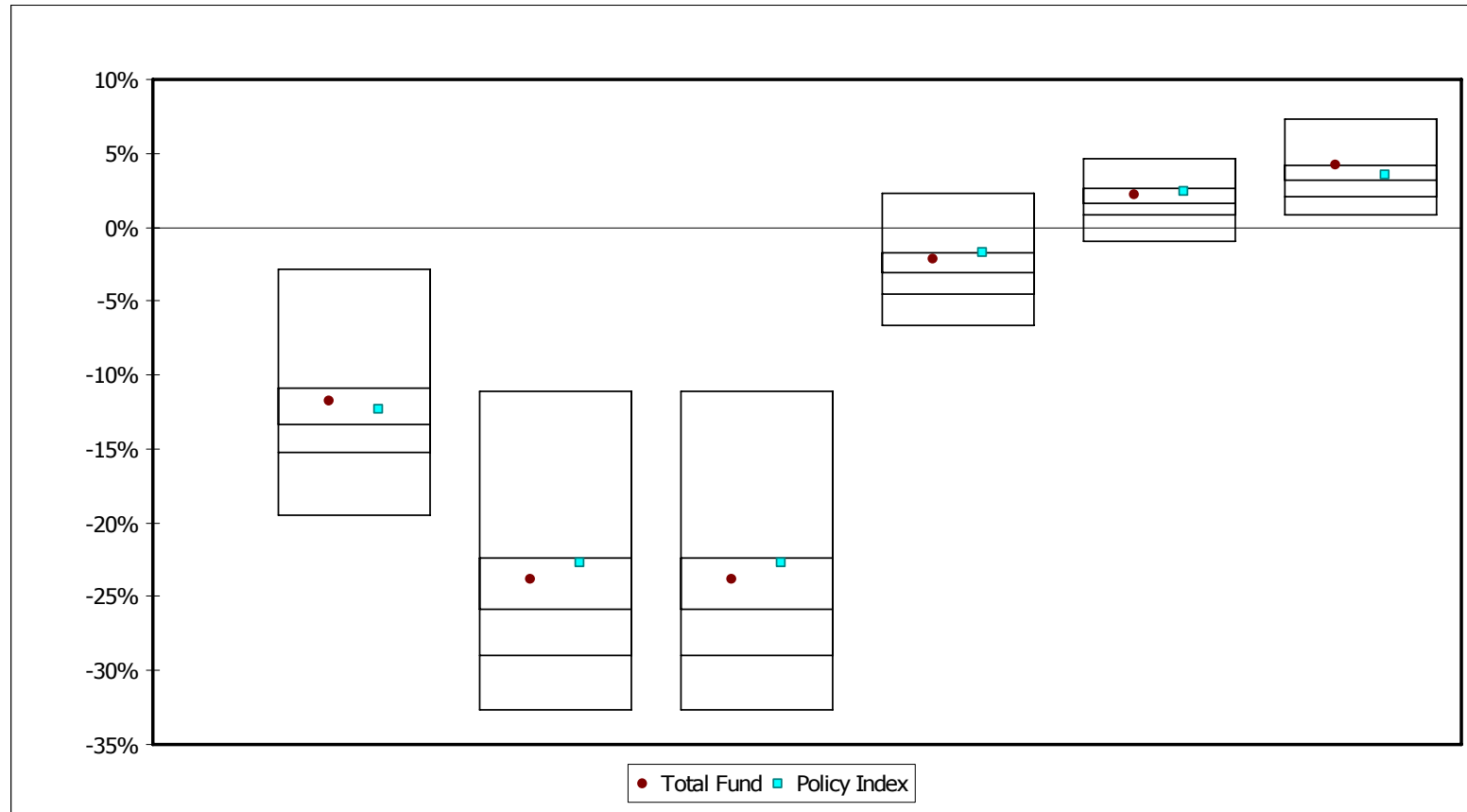
25th Percentile	-9.4%	-21.1%	-21.1%	-1.3%	3.5%	4.3%
50th Percentile	-12.3%	-24.5%	-24.5%	-2.8%	1.9%	3.2%
75th Percentile	-14.7%	-28.0%	-28.0%	-4.0%	1.0%	2.2%

# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

Periods Ending December 31, 2008

## Total Rates of Return

## Total Endowments & Foundations



	1 QTR		CALENDAR YTD		1 YEAR		3 YEAR		5 YEAR		10YEAR	
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank
<b>Total Fund</b>	-11.8%	32	-23.8%	38	-23.8%	38	-2.1%	31	2.2%	32	4.2%	24
<b>Policy Index</b>	-12.3%	38	-22.7%	29	-22.7%	29	-1.7%	24	2.4%	30	3.5%	42
<b>Median</b>	-13.3%		-25.8%		-25.8%		-3.1%		1.6%		3.2%	

25th Percentile	-10.8%	-22.4%	-22.4%	-1.7%	2.6%	4.2%
50th Percentile	-13.3%	-25.8%	-25.8%	-3.1%	1.6%	3.2%
75th Percentile	-15.2%	-29.0%	-29.0%	-4.5%	0.9%	2.0%

## SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

As of December 31, 2008

Asset Allocation

### Total Public Funds > \$100 Million Universe

Quartiles	US Equity	Int'l Equity	US Fixed Income	Int'l Fixed Income	Real Estate	Private Equity	Hedge Funds
5th	50.8%	22.0%	53.6%	11.4%	16.5%	14.4%	17.7%
25th	39.1%	16.0%	34.8%	4.3%	6.9%	5.4%	4.0%
50th	33.5%	12.6%	27.7%	0.0%	4.1%	0.0%	0.0%
75th	21.9%	5.8%	17.4%	0.0%	0.0%	0.0%	0.0%
95th	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

### Total Corporate Funds Universe

Quartiles	US Equity	Int'l Equity	US Fixed Income	Int'l Fixed Income	Real Estate	Private Equity	Hedge Funds
5th	63.2%	20.5%	72.1%	9.6%	9.0%	14.9%	25.3%
25th	44.0%	15.0%	41.3%	2.5%	0.2%	0.8%	5.6%
50th	34.1%	10.5%	30.9%	0.0%	0.0%	0.0%	0.0%
75th	21.0%	5.0%	19.5%	0.0%	0.0%	0.0%	0.0%
95th	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

### Total Endowments & Foundations Universe

Quartiles	US Equity	Int'l Equity	US Fixed Income	Int'l Fixed Income	Real Estate	Private Equity	Hedge Funds
5th	61.5%	22.6%	57.1%	9.9%	10.6%	19.1%	41.1%
25th	41.2%	17.6%	34.3%	2.4%	0.8%	1.9%	18.8%
50th	30.1%	12.0%	24.0%	0.0%	0.0%	0.0%	1.2%
75th	22.2%	6.0%	12.7%	0.0%	0.0%	0.0%	0.0%
95th	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

Periods Ending December 31, 2008

Portfolio Asset Growth (\$'000)

Summary by Manager

Portfolio	Beginning Value	Net Contribution	Income Received	Gain (Loss)	Ending Value
<b>One Quarter</b>					
<b>Total Fund</b>	1,654,617	-26,643	11,560	-206,498	1,433,035
<b>Atlanta</b>	52,536	0	207	-12,776	39,967
<b>D&amp;C -Equity</b>	64,110	-3,000	296	-14,328	47,078
<b>NT Russell 3000</b>	324,381	0	0	-73,729	250,652
<b>Wellington</b>	90,826	0	256	-20,209	70,874
<b>LargeCap Equity</b>	531,853	-3,000	760	-121,042	408,571
<b>Brandywine</b>	45,894	0	198	-11,723	34,369
<b>Eagle</b>	40,321	0	38	-10,598	29,761
<b>SmallCap Equity</b>	86,215	0	236	-22,321	64,130
<b>US Equity</b>	618,068	-3,000	996	-143,363	472,701
<b>US Equity Index</b>	0	0	0	0	0
<b>The Boston Co</b>	80,858	0	0	-12,503	68,355
<b>Fisher</b>	77,393	0	387	-19,772	58,008
<b>McKinley</b>	82,080	0	434	-18,548	63,965
<b>Intl Equity</b>	240,331	0	821	-50,823	190,329
<b>Private Equity</b>	62,466	7,572	-115	-3,576	66,347
<b>Loomis Sayles</b>	113,504	-9,000	1,320	1,288	107,112
<b>Global FixedInc</b>	113,504	-9,000	1,320	1,288	107,112
<b>D&amp;C -Fixed Inc</b>	256,366	-9,000	4,182	1,014	252,562
<b>BlackRock</b>	247,943	-19,000	3,706	-1,866	230,782
<b>US Fixed Income</b>	504,309	-28,000	7,888	-852	483,345
<b>American Realty</b>	21,919	-58	217	-281	21,796
<b>DRA Gro&amp;Inc II</b>	949	-4	4	0	949
<b>DRA Gro&amp;Inc V</b>	19,048	0	1	-224	18,825
<b>DRA Gro&amp;Inc VI</b>	4,352	184	135	119	4,790
<b>GEAM</b>	15,449	1,020	-56	-3,161	13,252
<b>Fidelity LP</b>	259	0	-1	-63	195
<b>FidelityGro III</b>	4,718	-13	27	-450	4,282
<b>MIG Realty</b>	11,800	0	0	0	11,800
<b>PRISA</b>	36,946	-72	0	-5,348	31,526

**SAN JOSE FEDERATED CITY EMPLS RET SYSTEM**

Periods Ending December 31, 2008

**Portfolio Asset Growth (\$000)****Summary by Manager**

<b>Portfolio</b>	<b>Beginning Value</b>	<b>Net Contribution</b>	<b>Income Received</b>	<b>Gain (Loss)</b>	<b>Ending Value</b>
<b>One Quarter</b>					
<b>Real Estate</b>	115,475	1,057	326	-9,408	107,450
<b>Cash Account</b>	2,450	4,728	324	0	7,502
<b>Total Equity</b>	858,399	-3,000	1,816	-194,186	663,029
<b>Total Fixed Inc</b>	617,814	-37,000	9,208	435	590,457



# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

Periods Ending December 31, 2008

Portfolio Asset Growth (\$'000)

Summary by Manager

Portfolio	Beginning Value	Net Contribution	Income Received	Gain (Loss)	Ending Value
<b>One Year</b>					
<b>Total Fund</b>	1,884,199	8,583	36,853	-496,599	1,433,035
<b>Atlanta</b>	86,432	-18,500	755	-28,719	39,967
<b>D&amp;C -Equity</b>	92,695	-9,500	1,271	-37,388	47,078
<b>NT Russell 3000</b>	405,233	-2,000	0	-152,581	250,652
<b>Wellington</b>	124,588	-8,000	813	-46,527	70,874
<b>LargeCap Equity</b>	708,947	-38,000	2,839	-265,215	408,571
<b>Brandywine</b>	48,958	0	642	-15,231	34,369
<b>Eagle</b>	51,086	-3,500	222	-18,048	29,761
<b>SmallCap Equity</b>	100,045	-3,500	864	-33,279	64,130
<b>US Equity</b>	808,991	-41,500	3,703	-298,494	472,701
<b>US Equity Index</b>	0	0	0	0	0
<b>The Boston Co</b>	91,154	16,910	0	-39,709	68,355
<b>Fisher</b>	89,619	16,910	2,138	-50,659	58,008
<b>McKinley</b>	107,075	16,910	1,677	-61,697	63,965
<b>Intl Equity</b>	287,848	50,730	3,814	-152,064	190,329
<b>Private Equity</b>	42,888	19,028	-192	4,623	66,347
<b>Loomis Sayles</b>	122,891	-9,800	3,386	-9,365	107,112
<b>Global FixedInc</b>	122,891	-9,800	3,386	-9,365	107,112
<b>D&amp;C -Fixed Inc</b>	259,869	-4,636	11,672	-14,342	252,562
<b>BlackRock</b>	248,428	-12,636	10,178	-15,188	230,782
<b>US Fixed Income</b>	508,297	-17,272	21,850	-29,530	483,345
<b>American Realty</b>	21,045	-170	788	133	21,796
<b>DRA Gro&amp;Inc II</b>	948	-4	4	1	949
<b>DRA Gro&amp;Inc V</b>	18,749	-709	808	-22	18,825
<b>DRA Gro&amp;Inc VI</b>	2,212	-53	393	2,237	4,790
<b>GEAM</b>	14,746	1,555	-56	-2,992	13,252
<b>Fidelity LP</b>	1,665	-76	6	-1,401	195
<b>FidelityGro III</b>	504	3,998	15	-235	4,282
<b>MIG Realty</b>	11,800	0	0	0	11,800
<b>PRISA</b>	36,538	-301	1,218	-5,928	31,526

**SAN JOSE FEDERATED CITY EMPLS RET SYSTEM**

Periods Ending December 31, 2008

**Portfolio Asset Growth (\$000)****Summary by Manager**

<b>Portfolio</b>	<b>Beginning Value</b>	<b>Net Contribution</b>	<b>Income Received</b>	<b>Gain (Loss)</b>	<b>Ending Value</b>
<b>One Year</b>					
<b>Real Estate</b>	108,239	4,240	3,177	-8,206	107,450
<b>Cash Account</b>	5,044	3,158	1,113	-1,813	7,502
<b>Total Equity</b>	1,139,727	9,230	7,517	-493,445	663,029
<b>Total Fixed Inc</b>	631,188	-27,072	25,237	-38,895	590,457

## Background:

Equity Style Spectrum analysis is employed in characterizing the investment approach of a managed equity portfolio. It further provides the means for grouping equity portfolios with similar investment styles. While no rule-based methodology can claim to capture all of the decisions made by an investment manager, the size of the firm in which a manager invests and the fundamental growth or value orientation of portfolio constituent holdings serve to explain a significant portion of fund performance.

## Exhibits:

The intersection of Size (Y-axis) and Value/Growth (X-axis) coordinates drive equity style spectrum mappings on a nine-quadrant grid. Each of the nine quadrants is bounded by both a metric of size and a measure of value, growth or neutrality. The style map depicts the magnitude of an individual manager's style bias while similarly identifying style gaps and redundancies among multiple investment managers. As style bias is characterized at points in time over extended intervals, the style map similarly captures any "style drift" that may be exhibited.

While portfolio-level assignments are driven by a weighted-average calculation of constituent holding size and value/growth scores, the portfolio cross-sectional distribution of such scores is of additional interest. Consider, for example, that a Mid Cap assignment can result from holding either a portfolio that is concentrated exclusively in mid cap stocks or alternatively as a result of holding both large and small cap names. Similarly, a Core assignment can be accorded to a portfolio that is wholly comprised of constituent holdings that have no style bias (neutral) or equivalently by holding securities that carry both a growth and value bias in equal proportion.

## Methodology:

Morningstar provides the size and value/growth scores for individual securities, and Morningstar's methodology for assigning securities and portfolios to various styles is followed.

Morningstar determines a size score for each security based on the natural log of its market capitalization relative to the mid-capitalization range. A security's Value Score is based on 5 factors (Price to Projected Earnings, Price to Book, Price to Sales, Price to Cash Flow, and Dividend Yield), and its Growth Score is also based on 5 factors (Long Term Projected Earnings Growth, Book Value Growth, Sales Growth, Cash Flow Growth, and Historical Earnings Growth). A security's Value/Growth score is the difference between its Growth and Value Scores. The Morningstar scores have been rescaled to center on zero.

The Size bands are:

Small: Size Exposure < -50  
Mid: -50 <= Size Exposure <= 50  
Large: Size Exposure > 50

The Value/Growth bands are:

Value: Value/Growth Exposure < -50  
Core: -50 <= Value/Growth Exposure <= 50  
Growth: Value/Growth Exposure > 50

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### Background:

Return-based style analysis is an analytical process for determining the composition of an investment portfolio solely based on the performance history of the portfolio. The quadratic optimization process, developed by William Sharpe, made it possible to look at the return history of a portfolio and attribute its performance to its respective exposures to various published market indices.

The return of the weighted combination of indices represented the fund's market derived (systematic, or later called style) return, and the portion of the fund's return not explained by the estimation process was attributed to the manager's selection skill (specific return). After indices became readily accessible and segmented the domestic equity market into value/grown and small cap/large cap spectra, they were used in estimations to characterize portfolios in terms of "style" and the estimation process came to be called returns-based style analysis. MPI also implemented locally weighted regression to overcome the sizable lag in mix estimation of Sharpe's methodology and significantly reduced statistical "noise".

### Exhibits:

Returns-based style analysis has as its output measures that address exposure to classes assets and the return implications of these measures.

A Style Map is a scatter plot typically used to show where a product lies on the value-to-growth and small-to-large cap spectrums. Four to six style reference indices are plotted, with the value oriented ones on the left and the growth oriented on the right, small cap at the bottom, and large cap at the top.

### **SHORT**

Short Term Fixed Income managers are generally retained as "cash" managers. They provide an alternative to SHORT TERM INVESTMENT VEHICLES and attempt to add value through superior management of high quality short term instruments. In order to be classified as Short Term, a manager's portfolio duration should be 0-40% of the Lehman Brothers Aggregate's and an average quality rating of at least 6.3. Contractual restrictions limiting a short term fund's duration generally preclude the use of one of the major bond indices as a relevant benchmark. Instead, 90 day T-Bills are generally used as the portfolio's standard.

### **INTERMEDIATE**

An Intermediate manager invests in high quality issues with a duration that is 40-80% of the Lehman Brothers Aggregate and an average quality rating of at least 6.3. Although many Intermediate managers are contractually prevented from extending a portfolio's maturity, other Intermediate managers assert that intermediate duration securities provide the best risk/reward trade-off relative to short and long duration instruments.

### **CORE**

A Core manager differs from the Short, Intermediate, and Long styles in that he does not concentrate on achieving a superior return within a certain duration range. Instead, he prefers to emphasize sector or individual bond selection to create a portfolio whose duration is similar to the index's, but produces a superior return. A Core manager's defining criteria include a duration ranging from 80-120% of the Lehman Brothers Aggregate and an average quality rating of at least 6.3.

### **CORE PLUS**

Core-plus fixed income management is a strategy of incorporating moderate allocations to nonbenchmark sectors in order to achieve excess return without taking on excessive additional risk. Core-plus portfolios typically include diversifying exposure to sovereign, high yield, and/or emerging market debt. Core-plus is an assigned style.

### **LONG**

To be classified as a Long manager, an investment manager's portfolio must have a duration that is greater than 120% of the Lehman Brothers Aggregate's and an average quality rating of at least 6.3. Long managers believe that the increased return provided by the long end of the maturity spectrum compensates for the higher volatility of longer duration issues.

### **HIGH YIELD**

A High Yield Manager invests in lower quality, higher yielding issues; generally companies in financial difficulty or with limited financing means. The debt issued by these types of companies carry higher rates to compensate for the increased credit risk. A High Yield manager emphasizes security selection to take advantage of the superior return produced by the debt of less credit-worthy companies. A High Yield manager's portfolio must have a current yield to maturity that is at least 120% of the Lehman Brothers Aggregate's and an average quality rating less than or equal to 6.3.

TERM	CATEGORY	DEFINITION
91 Day T-Bill	Index	Composed of 91 day term treasury bills issued by the U.S. Government. Typically used as a benchmark for short-term investments.
Active Management Value Added	Equity	The value added to a portfolio by active management over a passive index investment. In equity performance attribution, it refers to the difference between the equity only and buy & hold return, representing the value added to the equity portfolio from the transactions occurring during the quarter.
Active Return	General	The difference between the manager's return and the benchmark's return. The active return reflects the manager's added value over the benchmark.
Allocation Index	General	Illustrates how the fund's actual asset allocation would have performed if it were invested in passive indices. The prior month's actual asset allocation from the composite fund is multiplied by the index returns for each manager's benchmark on a monthly basis to obtain the allocation index return for the quarter.
Alpha	General	The difference between the actual performance of the fund and the performance which should have been achieved given the market's performance and the fund's risk posture.
Annualized Rate of Return	General	The constant return needed each year of the period in question to provide the amount of wealth gained by the end of the period.
Average Market Capitalization	Equity	The position weighted average of all the securities' market capitalizations in the portfolio.
Average Life	Fixed Income	Market value-weighted average time to stated maturity for all securities in the portfolio.
Beta	Equity	The sensitivity of the rate of return of a portfolio or security to market fluctuations. A beta of .95 means that on average when the market moves X%, the portfolio (or security) will move X% * .95.
Buy & Hold Return	Equity	The return on the portfolio assuming the equity positions which were held at the beginning of the quarter were held throughout the quarter.
Citigroup Non-US World Gov't Bond Index	Index	This index is market value weighted and composed of the available market for domestic Government bonds in nine countries. It includes all fixed-rate bonds with a remaining maturity of one year or longer and with amounts outstanding of at least the equivalent of US \$25 million.
Composite Fund	General	A composite consisting of all of the plan's portfolios. Returns are calculated by aggregating each manager's market value and transactions.
Core Fixed Income Manager	Fixed Income	Core fixed income managers have a duration ranging from 80-120% of the BC Aggregate and focus on sector or individual bond selection to create portfolios.

## SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

### Performance Report Glossary

TERM	CATEGORY	DEFINITION
Core Equity Managers	Equity	Core equity managers buy a mixture of value and growth stocks, without any strong style biases apparent. The most common benchmark is the S&P 500 Index.
Corporate Plan Universe	General	A total plan universe comprised of all Corporate Defined Benefit and VEBA plans in the ICC database. There are approximately 400 plans in this universe.
Country Selection	International	The excess performance that can be attributed to country allocation decisions.
Current Coupon	Fixed Income	Current annual income generated by the total portfolio.
Domestic Equity Composite	General	A composite consisting of all the fund's equity portfolios with U.S. equity mandates. Returns are calculated by aggregating each manager's market value and transactions.
Domestic Fixed Composite	General	A composite consisting of all the fund's fixed income portfolios with U.S. fixed income mandates. Returns are calculated by aggregating each manager's market value and transactions.
Duration	Fixed Income	A measure of a bond or bond portfolio's responsiveness to changes in interest rates, determined by the size and timing of future cash flows (interest, principal, and pre-payment of principal).
Endowment/Foundation Universe	General	A total plan universe comprised of all Endowment and Foundations in the ICC database. There are approximately 270 plans in this universe.
Equity Only Return	Equity	The total return of the equity positions in the portfolio.
Equity Segment Yield	Equity	The dividend yield of the entire equity portfolio.
Explicit Currency	International	The portion of the international portfolio performance attribution due to intentional currency hedging.
Five Year Earnings Growth	Equity	Represents the smoothed earnings growth rate of a firm (or portfolio) over the past 20 quarters.
Growth Equity Managers	Equity	Growth managers buy companies that are expected to have above average long-term growth earnings relative to the price of the stock. These stocks are usually selling at high price/book, high price/earning ratios.
High Yield Fixed Income Manager	Fixed Income	High yield managers invest in lower quality, higher yielding issues; generally companies who are experiencing financial difficulty or have limited financing means.
ICC	General	The State Street Bank/Independent Consultants Cooperative is formed by State Street Bank (formerly Deutsche Bank) and sixteen independent consulting firms. As a member of the SSB/ICC, SIS uses the SSB/ICC software and database to provide performance measurement and analytical service to plan sponsors.
Implicit Currency	International	The portion of the international portfolio performance attribution due to the currency implicit in the country allocation compared to the benchmark's currency allocation.
Interest Rate Anticipator Fixed Income Manager	Fixed Income	Interest rate anticipators attempt to add value primarily through interest rate forecasting and adjusting the duration of the portfolio to respond favorably to the expected change in interest rates.



## SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

### Performance Report Glossary

TERM	CATEGORY	DEFINITION
Intermediate Fixed Income Manager	Fixed Income	Intermediate fixed income managers invest in high quality issues with a duration that is 40-80% of the BC Aggregate.
International Equity Composite	International	A composite consists of all the fund's international equity managers. Returns are weighted by each manager's market value within the fund.
BC Aggregate Index	Index	Measures the total return of all major sectors of the domestic, taxable bond market (approx. 5400 fixed income securities). The index contains all the investment grade issues in the Baclays Capital Government/Corporate and the BC Mortgage-Backed Securities Indexes.
BC Government/Credit Index	Index	A composite index consisting of all publicly issued, fixed rate, non-convertible, domestic debt of the U.S. government and domestic debt of the three major corporate classifications. The index is market capitalization weighted, and mortgages are excluded.
Long Fixed Income Manager	Fixed Income	Managers with portfolios having a duration greater then 120% of the BC Aggregate Bond Index.
Market Value	Equity	What the market is willing to pay for a specific amount of a security (or portfolio of securities). This is determined by multiplying the latest price of each stock (or bond) by the number of shares held.
Maturity - Return Decomposition	Fixed Income	Represents the amount of active return due to the spreads of different maturities of the same issue.
Median	General	Represents the fund (or manager) where half the universe has a higher return than the fund (or manager), and half has lower returns. By definition the median is the 50th percentile.
MSCI All Country World Index (ACWI) -ex US	Index	Composed of stocks of major non-US companies within the developed markets of Europe and Asia, 10% of the index is emerging markets. This index excludes all US issues.
MSCI EAFE	Index	Composed of approximately the top 60% of market capitalization of the stock exchanges of Europe, Australia, New Zealand and the Far East. The index is market capitalization weighted using U.S. dollars.
NCREIF (National Council of Real Estate Investment Fiduciaries National Property index)	Index	Composed of 2,231 investment grade, non-agricultural properties, including wholly-owned and joint venture investment of existing properties. All properties have been acquired on behalf of tax-exempt institutions and are held in a fiduciary environment.
Price/Earnings Ratio	Equity	The dollar price of a company divided by annual earnings per common share. The P/E ratio reflects the anticipated future earnings growth and is market capitalization weighted.
Policy Index	General	Represents the fund's asset allocation policy. Returns are calculated using index returns weighted by policy allocations.

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### Performance Report Glossary

TERM	CATEGORY	DEFINITION
Price/Book Ratio	Equity	The relationship between a security's valuation by the market and the book value of assets reported. In terms of a portfolio, it is the market capitalization weighted value of all the securities within the portfolio.
Public Funds Universe	General	A total plan universe comprised of all State and Local government run pension plans in the ICC database. There are approximately 250 plans in this universe.
Quality	Fixed Income	Measures the market value weighted credit quality of the portfolio.
R-Squared	General	Indicates the proportion of the portfolio's returns that can be explained by its beta.
Return on Equity (ROE)	Equity	The earnings per share of a firm divided by the firm's book value per share. It is the return on the equity capital of a business. In terms of a portfolio, it is the market capitalization weighted ROE of all the securities within the portfolio.
Return Ranking	General	The percentile ranking of the return. For example, if a fund's (manager's) return rank is 5 then 5% of the funds in the universe had higher returns and 95% of the funds had lower returns.
Russell 1000 Equity Index	Index	The largest 1000 stocks of the Russell 3000 Index, representing approximately 92% of the total market capitalization of the Russell 3000 Index. The average market capitalization is approximately \$3.8 billion. The smallest company in the index has an approximate market capitalization of \$1350.8 million.
Russell 2000 Equity Index	Index	The smallest 2000 stocks of the Russell 3000 Index. The average market capitalization for this index is approximately \$900 million.
Russell 3000 Equity Index	Index	The largest 3000 common stocks of U.S. domiciled companies, with market capitalization adjustments for cross ownership and large private holdings.
Sector - Risk Decomposition	Fixed Income	Represents the amount of active risk within the fixed income portfolio attributable to investments in different sectors.
Security Selection	International	The effect the actual securities (net of country and currency attribution) have on a manager's performance compared to its benchmark.
Sharpe Ratio (Reward/Variability Ratio)	General	Measures the added return per unit of risk. Mathematically, it is the excess return of a portfolio divided by the standard deviation of the portfolio returns.
Short Fixed Income Manager	Fixed Income	Usually "cash" managers, the portfolio duration should be 0-40% of the BC Aggregate Bond Index.
Specific - Return Decomposition	Fixed Income	Represents the active return of the portfolio that cannot be explained by sector, rating, maturity, time or term. This return is specific to the bond itself.
Specific - Risk Decomposition	Fixed Income	Represents the active risk of the portfolio that cannot be explained by sector, rating, or term. This risk is specific to the bond itself.

TERM	CATEGORY	DEFINITION
S&P 500 (Standard & Poor's 500 Index)	Index	A composite index of 400 industrial, 40 financial, 40 utility and 20 transportation common stocks. The index is capitalization-weighted, so larger companies have a greater impact on the index.
Standard Deviation (Risk) Ranking	General	The percentile ranking of the risk inherent in the funds returns (standard deviation of the returns). For example, if the fund's rank is 5 then 5% of the funds in the universe have lower standard deviations (less risk) than the fund and 95% have higher.
Standard Deviation of Return (Risk)	General	Measures the range within which an actual return may deviate from the expected rate of return over a defined time period, or the amount of risk that you incur to achieve the expected return.
Term - Return Decomposition	Fixed Income	Represents the active return due to the term structure of fixed income instruments. It looks at the active return gained due to the cash flow structure of the portfolio and any interest rate movements.
Term - Risk Decomposition	Fixed Income	Represents the risk inherent in the portfolio due to the term structure of the underlying fixed income instruments. It looks at the active risk exposure due to the cash flow structure of the portfolio and any interest rate movements.
Time-Return Decomposition	Fixed Income	Represents the active return due to cash flows at different points on the term structure of a fixed income instrument.
Total Currency	International	The portion of the international portfolio performance attribution due to the total currency effect (implicit and explicit) of the portfolio.
Total Performance Attribution	International	The difference between the portfolio total return and the benchmark total return. It is the sum of attribution due to country selection, implicit currency, explicit currency, security selection and other.
Total Fund	General	A plan sponsor's composite portfolio. A plan sponsor may be defined as a corporate plan, public fund, trust, endowment, foundation, 401(k), Taft-Hartley, health & welfare, etc.
Total Fund Universe	Total Fund	This universe is an aggregation of institutional custodial data submitted by the ICC, selected regional banks, and the ICC consulting firms. The total fund universe contains an estimated 1,550 accounts. Specialty total fund universes are subset universes containing a plan sponsor type and/or size.
Total Rate of Return	General	Incorporates both realized and unrealized capital gains and losses, as well as total earnings from interest and dividends on a fund or plan.
Value Equity Managers	Equity	Value managers buy companies that are under-priced relative to the equity market in general. These stocks usually sell at low price/book and low price/earning ratios.
Yield to Maturity	Fixed Income	The rate of return that would be earned if all coupon payments on a bond held to maturity could be reinvested at the same rate as the coupon of the bond.