

FUND EVALUATION REPORT

San Jose Federated City Employees' Retirement System

Quarterly Review
June 30, 2012



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1. Executive Summary

- Conditions as of June 30, 2012
- Aggregate Plan Overview
- Manager Highlights
- Second Quarter Manager Summary

2. Plan Summary

3. Plan Detail

4. Portfolio Reviews

5. Corporate Update

6. Appendices

- The World Markets in the Second Quarter of 2012
- Glossary and Notes

Executive Summary

As of June 30, 2012

Conditions as of June 30, 2012¹

Earnings	↔	Domestic earnings continued to make record highs. At quarter-end the S&P 500 trailing one-year earnings reached \$99.04, more than double the late 2009 lows. Since little room remains for companies to further reduce costs, continued profitability growth will need to come from revenue growth. Earnings for companies in the EAFE index have declined steadily since year-end, while the recent rise in earnings for companies in the emerging markets appears to have stalled.
Credit Spreads	↑	Credit spreads expanded during the quarter as investors transitioned into “safer” fixed income securities due to signs of slowing growth globally and sovereign debt concerns. In domestic markets, high yield bond spreads increased the most (+0.4%). Spreads for developed international and emerging markets bonds expanded as well, though the change was larger in emerging markets.
Commodities	↓	Fears of slowing economic growth weighed broadly on commodities during the quarter. Energy commodities declined the most, with oil falling 17.5%. Economic weakness in China weighed on industrial metals, as aluminum and copper fell 12.6% and 10.3%, respectively. Natural gas was one of the few bright spots (+32.9%), though it remains near a record low. Agricultural commodity prices surged due to unfavorable growing conditions.
Currencies	↑	The dollar and yen strengthened during the quarter, as they were perceived as safe havens in light of heightened sovereign debt concerns in Europe. The euro fell (-4.5%) versus the dollar, as did other currencies perceived to be riskier (e.g., the Brazilian real and Russian ruble).

¹ Sources: FactSet, Bloomberg, U.S. Treasury. Data is as of June 30, 2012, unless otherwise noted.

The value of the San Jose Federated City Employee's Retirement System assets was \$1.772 billion on June 30, 2012, down approximately \$110 million since the end of the previous quarter.

- Second quarter performance for the Retirement System was -3.3%, net of fees, based on physical exposures, and was -3.8% net of fees when taking into account the Russell Investments overlay, bringing the fiscal year/ trailing one year return to -3.2%, net of fees, with the overlay.
- Net outflows during the second quarter totaled approximately \$37.7 million.
- The Retirement System underperformed the Policy Benchmark by 2.0% during the second quarter.
 - Portfolio allocation detracted approximately 1.5% from total performance during the second quarter. The second quarter allocation effect is measured by subtracting the Policy Benchmark return of -1.8% from the Custom Benchmark return of -3.3%. The overweight to international equities and commodities through the overlay contributed to the negative effect during the quarter.
 - During the second quarter, active management detracted approximately 0.1% from total performance. This contribution is the difference between the Total Fund return of -3.3%, based on physical exposures, and the Custom Benchmark return of -3.3%.
- At the end of the fourth quarter of 2011, the Board adopted a new asset allocation policy for the System. Russell Investments is managing an overlay program while the System transitions to the new policy.

Manager Highlights

- The Retirement System's global equity manager Artisan Global Value, which manages the largest allocation of the Retirement System's active managers, has posted very strong performance for all trailing time periods. Artisan's return for the second quarter was -2.6% net of fees, compared to -5.3% for the MSCI ACWI Value Index, while Artisan's one-year return was over 10% higher than that of the benchmark. For the trailing one-year period, Artisan returned 2.8% net of fees, compared to -7.8% for the MSCI ACWI Value Index. Artisan is a bottom-up, fundamental manager, and the largest contributors to portfolio performance for the second quarter included Wal-Mart, liquor producer Diageo (which Artisan has owned for five years), and insurance company Arch Capital.
- The Tradewinds Global All Cap strategy, which was liquidated at the end of April, was a drag on second quarter performance. Tradewinds' April return was -6.5%, compared to 2.5% for the MSCI ACWI Value Index. Following the departure of Portfolio Manager and CIO David Iben, Tradewinds had segregated the assets of the clients that submitted redemption notices by the end of March into a transition account. During April, Tradewinds worked to liquidate the positions in the transition account and equitized the cash using ETFs (a combination of MSCI EAFE, MSCI EM, and S&P 500) as they sold down positions. The last 5-7 business days of the month, they sold the ETFs in order to free up cash to provide to the liquidating clients. Those days were positive for the markets, so the transition account experienced a cash drag for the month of April, which combined with some poorly performing stocks to cause Tradewinds' overall performance to suffer.
- Eagle Small Cap Growth underperformed the Russell 2000 Growth Index for the second quarter. Eagle's return was -8.3% net of fees, compared to -3.9% for the benchmark. Multiple factors contributed to Eagle's underperformance, including poor stock selection and overweight positioning in underperforming industries.
- Though risk parity commodities managers Credit Suisse and First Quadrant both underperformed the custom risk parity benchmark during the second quarter, they have both outperformed the Dow Jones-UBS Commodity Index (which can be used as a proxy for the broad commodities market) by a substantial margin since inception.

Investment Manager	Asset Class	Changes/ Announcements	Performance Concerns	Meketa Recommendation	Comments
Artisan	Global Value	---	---	---	
Calamos	Global Convertibles	Yes	---	Hold	
Eagle	U.S. Small Cap Growth	---	---	---	
RS Investments	U.S. Small Cap Value	Yes	---	Hold	
MacKay Shields	High Yield Bonds	Yes	---	Hold	Self-liquidating
Seix	Bank Loans	---	---	---	Self-liquidating
First Quadrant	Commodities	---	---	---	
Credit Suisse	Commodities	---	---	---	
Medley	Opportunistic Debt	Yes	---	Hold	
White Oak	Opportunistic Debt	---	---	---	
GSO	Opportunistic Debt	Yes	---	Hold	

- The Meketa Investment Group recommendations above reflect recommendations based on organizational or resource changes at each manager. The manager roster will soon be modified based on asset allocation-related changes resulting from the recently adopted asset allocation. Asset allocation-related recommendations are not reflected in this report.

Calamos

- There were no changes in Calamos' Senior Investment Team in the second quarter. However, since the end of the quarter, in line with Calamos' long-term strategic plan to expand their investment platform, the firm added the Calamos Value Equity team. The Calamos Value Equity team, a three-person team, will manage an independent investment process, receiving the full support of the firm's shared investment resources. This addition will have no impact on Calamos' current investment team, whose focus will continue to be on the growth equity, convertible, fixed income, and alternative strategies. The Value Equity team began managing the Calamos Value Fund on July 2, 2012.

RS Investments

- During the second quarter, RS Investments hired Scott Clifford as the firm's first Chief Investment Officer. Prior to joining RS, Mr. Clifford spent 13 years with Barclays Global Investors, where he served as Head of U.S. Active Equities, Chief Equity Strategist, and Head of Asset Allocation Strategies. Previously, he worked for Wells Fargo Bank and Certus Asset Advisors (now part of Standish Mellon Asset Management). He holds a B.A. in economics from the University of California at Berkeley and is a CFA Charterholder.
- As discussed in the first quarter 2012 manager commentary, Joe Wolf transitioned off of the RS Value Team, where he served as an analyst, on May 1, 2012. Mr. Wolf now holds a management role at the firm.

Mackay Shields

- There was one change to the High Yield Investment team during the second quarter. An intern working with the team since January 2011 officially joined as a research analyst.

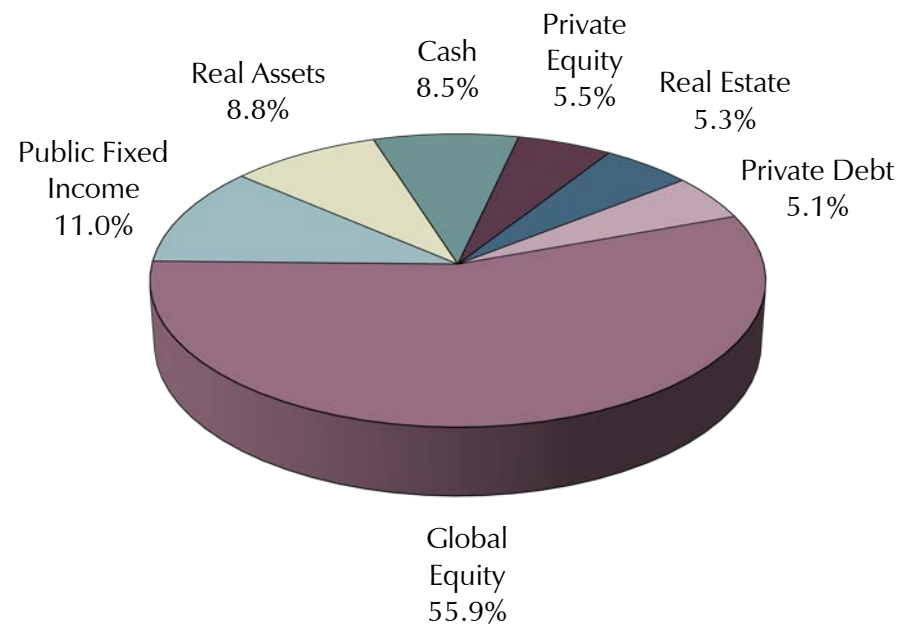
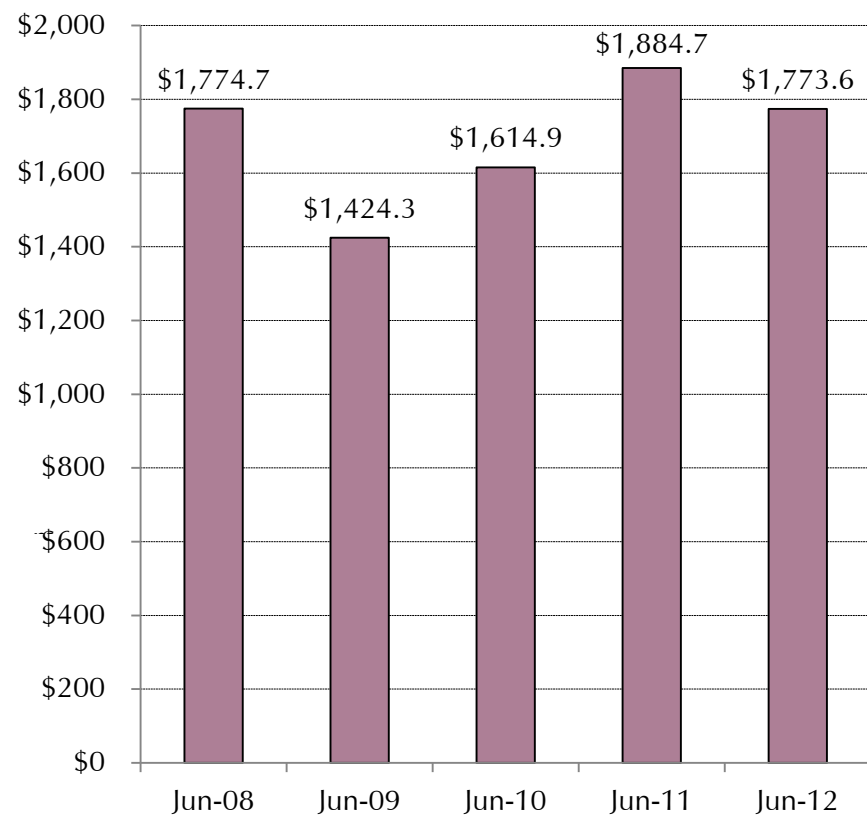
Medley

- As discussed in the fourth quarter 2011 manager commentary, an investor in Medley's first fund had brought legal action against Medley, alleging self dealing and breach of contractual and fiduciary duties, primarily relating to the transfer of assets from the fund to a newly-formed publicly-traded business development company. The Retirement System is an investor in Medley's second fund, so the legal action did not directly affect the Retirement System's investment. In early February 2012, the legal action was withdrawn. During the second quarter of 2012, the lawsuit was adjudicated in Medley's favor, and the courts of the Cayman Islands levied penalties against the investor who brought the action.

GSO

- Tim White, one of the portfolio managers of the mezzanine funds at GSO, expressed his desire to focus more of his time on mid-market private equity investing. During GSO's early years, Mr. White was able to pursue a number of control private equity investments at GSO. However, the firm no longer has pools of capital from which to make private equity investments. In connection with raising GSO Capital Opportunities Fund II, the firm agreed to entirely eliminate the ability to pursue control private equity. GSO spent several months exploring ways to keep Mr. White as a private equity investor at GSO, but the firm and Mr. White came to the mutual conclusion that it was not feasible. Therefore, Mr. White will be transitioning out of the firm's direct investment management activities over the upcoming months. He will continue to serve as a Senior Advisor and Investment Committee member for the firm, and will retain his sizable investment as part of the GP of GSO's fund.

**Plan Summary
As of June 30, 2012**



San Jose Federated City Employees' Retirement System

Aggregate Assets Asset Summary as of 6/30/12

	Market Value 6/30/12 (\$ mm)	% of Retirement System	Russell Overlay Net Position ¹ (%)	Target Allocation (%)	Target Range (%)	Market Value 3/31/12 (\$ mm)
Total Fund Aggregate	1,773.6	100.0	100.0	NA	NA	1,881.7
Equity and Real Estate Assets	1,183.3	66.7	59.2	45	38-52	1,252.5
Global Equity	991.3	55.9	48.8	NA	NA	1,054.9
Private Equity	98.3	5.5	5.2	NA	NA	96.1
Real Estate	93.8	5.3	5.2	NA	NA	101.6
Fixed Income Assets	284.2	16.0	13.4	10	5-20	286.5
Public Fixed Income	194.4	11.0	8.4	NA	NA	201.2
Private Debt	89.8	5.1	5.0	NA	NA	85.3
Real Assets	155.6	8.8	26.1	20	15-25	240.2
Absolute Return Assets	0.0	0.0	0.0	25	20-30	0.0
Cash ²	150.5	8.5	1.2	NA	NA	102.4

¹ Data in the column titled "Russell Overlay Net Position" is provided by Russell Investments.

² Cash includes the cash account, cash equitized in the Russell Investments Overlay program, and residuals from the Terminated Manager Account. As of 6/30/12, Russell Investments Overlay equitized \$332.1 million in cash. Total cash for the Fund, including cash at managers, totaled \$354.0 million. The net cash position, as of 6/30/12, was \$21.9 million.



San Jose Federated City Employees' Retirement System

Aggregate Assets Portfolio Roster as of 6/30/12

	Market Value 6/30/12 (\$ mm)	% of Asset Class	% of Retirement System	Target Allocation (%)	Target Range (%)	Market Value 3/31/12 (\$ mm)
Total Fund Aggregate	1,773.6	NA	100.0	NA	NA	1,881.7
Equity and Real Estate Assets	1,183.3	100.0	66.7	45	38-52	1,252.5
Global Equity	991.3	100.0	55.9			1,054.9
Northern Trust MSCI ACWI Index ¹	315.1	31.8	17.8			333.3
Tradewinds Transition Account	92.7	9.4	5.2			0.0
Artisan Global Value	90.9	9.2	5.1			93.2
Northern Trust Russell 3000 Index	88.6	8.9	5.0			91.4
Russell Investments MSCI EAFE Small Cap	87.6	8.8	4.9			96.8
Northern Trust MSCI Emerging Markets Index	85.1	8.6	4.8			93.4
Eagle Small-Cap Growth	59.5	6.0	3.4			64.8
Calamos Global Convertibles	57.8	5.8	3.3			60.0
RS Investments Small Cap Value	57.7	5.8	3.3			60.1
Russell Investments MSCI EAFE Growth	56.1	5.7	3.2			62.7
Tradewinds Global All Cap	0.0	0.0	0.0			99.3

¹ Northern Trust MSCI ACWI includes exposure to the MSCI ACWI (ex. U.S.) and the Russell 3000 Index to simulate MSCI ACWI exposure.



San Jose Federated City Employees' Retirement System

Aggregate Assets Portfolio Roster as of 6/30/12

	Market Value 6/30/12 (\$ mm)	% of Asset Class	% of Retirement System	Target Allocation (%)	Target Range (%)	Market Value 3/31/12 (\$ mm)
Equity and Real Estate Assets (continued)						
Private Equity¹	98.3	100.0	5.5			96.1
Pathway Private Equity Fund VIII	30.7	31.2	1.7			30.2
Pantheon USA Fund VII	29.3	29.8	1.7			27.6
Pantheon Global Secondary Fund III	25.3	25.8	1.4			26.0
Partners Group Secondary 2008	9.7	9.9	0.5			9.2
Great Hill Equity Partners IV	3.2	3.3	0.2			3.1
Real Estate	93.8	100.0	5.3			101.6
Core Real Estate	48.2	51.4	2.7			47.1
PRISA I	29.8	31.8	1.7			29.2
American Core Realty Fund, LLC	18.4	19.6	1.0			17.9
Private Real Estate¹	45.6	48.6	2.6			54.5
DRA Growth & Income Fund V	17.4	18.6	1.0			17.2
Fidelity Real Estate Growth Fund III, L.P.	12.4	13.2	0.7			12.7
DRA Growth & Income Fund VI	9.0	9.6	0.5			9.0
DRA Growth & Income Fund VII	4.3	4.6	0.2			1.1
GEAM Value Add Realty Partners, L.P.	2.5	2.6	0.1			4.1
Milpitas Warehouse	0.0	0.0	0.0			10.4

¹ Fair values are based on reported value as of 3/31/12, adjusted for cash flows through 6/30/12.



San Jose Federated City Employees' Retirement System

Aggregate Assets Portfolio Roster as of 6/30/12

	Market Value 6/30/12 (\$ mm)	% of Asset Class	% of Retirement System	Target Allocation (%)	Target Range (%)	Market Value 3/31/12 (\$ mm)
Fixed Income Assets	284.2	100.0	16.0	10	5-20	286.5
Public Fixed Income	194.4	100.0	11.0			201.2
Russell Investments Barclays U.S. TIPS	124.9	64.2	7.1			124.9
Northern Trust Long Term Credit Bond Index	29.4	15.1	1.7			28.0
MacKay Shields High Yield Active Core	26.1	13.4	1.5			29.0
Seix Credit Dislocation	14.0	7.2	0.8			19.2
Private Debt	89.8	100.0	5.0			85.3
Medley Opportunity Fund II	33.6	37.5	1.9			34.5
GSO Direct Lending Account	32.3	36.0	1.8			27.0
White Oak Direct Lending Account	23.8	26.6	1.3			23.7
Real Assets	155.6	100.0	8.8	20	15-25	240.2
CS Compound Risk Parity Commodity Index	79.1	50.8	4.5			82.6
First Quadrant Risk Parity Commodity Index	76.5	49.2	4.3			81.8
Russell Investments S&P Global Infrastructure	0.0	0.0	0.0			75.7



San Jose Federated City Employees' Retirement System

Aggregate Assets Portfolio Roster as of 6/30/12

	Market Value 6/30/12 (\$ mm)	% of Asset Class	% of Retirement System	Target Allocation (%)	Target Range (%)	Market Value 3/31/12 (\$ mm)
Cash¹	150.5	100.0	8.5			102.4
Russell Investments Overlay	135.8	90.3	7.7			74.8
Internal Cash Account	14.4	9.6	0.8			27.4
Terminated Manager Residual Cash	0.3	0.2	0.0			0.3
<i>Total Cash (Including Cash at Managers)</i>	<i>354.0</i>					<i>126.8</i>
<i>Russell Investments Overlay Equitized Cash</i>	<i>332.1</i>					<i>119.9</i>

¹ Cash includes the cash account, cash equitized in the Russell Investments Overlay program, and residuals from the Terminated Manager Account. As of 6/30/12, Russell Investments Overlay equitized \$332.1 million in cash. Total cash for the Fund, including cash at managers, totaled \$354.0 million. The net cash position, as of 6/30/12, was \$21.9 million.



San Jose Federated City Employees' Retirement System

Aggregate Assets Performance as of 6/30/12

	2Q12 (%)	Calendar YTD	Fiscal YR/ 1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Inception Date	Since Inception (%)
Total Fund Aggregate¹	-3.3	3.4	-2.4	9.8	1.3	6.4	1/1/94	7.4
Net of Fees	-3.3	3.3	-2.5	9.6	1.1	6.1		7.1
Total Fund Aggregate with Overlay²	-3.7	2.7	-3.0	9.6	1.2	6.4	1/1/94	7.3
Net of Fees with Overlay	-3.8	2.6	-3.2	9.4	1.0	6.1		7.1
<i>CPI (inflation)</i>	<i>0.0</i>	<i>1.7</i>	<i>1.7</i>	<i>2.1</i>	<i>2.0</i>	<i>2.5</i>		<i>2.5</i>
<i>San Jose FCERS Policy Benchmark³</i>	<i>-1.8</i>	<i>3.7</i>	<i>-2.3</i>	<i>10.1</i>	<i>1.9</i>	<i>6.1</i>		<i>7.3</i>
<i>San Jose FCERS Custom Benchmark⁴</i>	<i>-3.3</i>	<i>3.5</i>	<i>-3.2</i>	<i>NA</i>	<i>NA</i>	<i>NA</i>		<i>NA</i>
<i>Master Trust Public Funds > \$1 billion (Median)</i>	<i>-1.7</i>	<i>5.8</i>	<i>1.1</i>	<i>11.9</i>	<i>11.9</i>	<i>6.6</i>		<i>NA</i>

¹ Represents performance which is gross of fees for public market managers and net of fees for private market managers.

² According to Russell Investments, the overlay detracted 36 basis points from the Fund's total return for Fiscal 4Q12, and detracted 60 basis points since the program began in November 2011.

³ Please see page 27 for composition of the Policy Benchmark.

⁴ Custom Benchmark consists of the individual benchmarks that comprise the Policy Benchmark weighted accordingly to actual allocations and re-adjusted monthly.



San Jose Federated City Employees' Retirement System

Aggregate Assets Performance as of 6/30/12

	2Q12 (%)	Calendar YTD	Fiscal YR/ 1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Inception Date	Since Inception (%)
Total Fund Aggregate								
Equity and Real Estate Assets	-4.2	5.0	NA	NA	NA	NA	1/1/12	5.0
Global Equity	-5.5	4.9	-7.1	NA	NA	NA	5/1/10	3.8
<i>MSCI ACWI IMI</i>	-5.7	5.8	-6.9	11.3	-2.4	6.2		3.1
Private Equity ¹	4.0	6.2	9.7	13.2	4.7	NA	1/1/06	3.6
<i>Venture Economics PE Composite (lagged one qtr.)</i>	5.1	10.1	9.6	17.1	6.3	10.5		10.0
Real Estate ^{1, 2}	2.4	4.8	12.1	-0.3	-3.6	7.1	1/1/94	8.2
<i>NCREIF Property (lagged one qtr.)</i>	2.7	5.6	12.4	8.9	2.6	8.3		9.2
Fixed Income Assets	1.9	3.4	NA	NA	NA	NA	1/1/12	3.4
Public Fixed Income	1.2	3.0	7.8	9.4	7.7	6.8	1/1/94	6.6
<i>Barclays U.S. TIPS</i>	3.2	4.0	11.7	9.6	8.4	7.2		NA
<i>Barclays U.S. TIPS 1-5 Year</i>	-0.3	1.1	1.7	4.8	5.1	NA		NA
<i>Barclays Intermediate Gov't Bond Index</i>	1.5	1.1	5.0	4.4	5.8	4.6		5.5
Private Debt ³	3.5	3.6	13.6	NA	NA	NA	12/1/10	8.3
<i>3 Month Libor + 5%</i>	1.3	2.7	5.5	5.4	6.7	NA		5.4

¹ Returns are time-weighted on an aggregate level and dollar-weighted (IRR) on an individual manager basis.

² All manager returns are presented one quarter lagged with the exception of the American Core Realty Fund and PRISA, which are not lagged.

³ Manager returns for Medley are lagged one quarter; returns for White Oak and GSO are not lagged.



San Jose Federated City Employees' Retirement System

Aggregate Assets Performance as of 6/30/12

	2Q12 (%)	Calendar YTD	Fiscal YR/ 1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Inception Date	Since Inception (%)
Total Fund Aggregate (continued)								
Real Assets	-5.9	-3.4	-10.9	NA	NA	NA	5/1/10	1.6
<i>Custom Risk Parity Benchmark¹</i>	-4.2	-2.7	-9.5	NA	NA	NA		NA
<i>S&P Global Infrastructure Index</i>	-2.3	4.3	-4.2	10.5	-1.8	NA		5.4
<i>Dow Jones-Commodity U.S. Index</i>	-4.6	-3.7	-14.4	3.4	-4.4	3.8		0.2
<i>CPI-U+5%</i>	0.3	4.2	6.7	7.2	7.0	7.6		7.5

¹ Risk Parity Benchmark returns provided by Staff.



San Jose Federated City Employees' Retirement System

Aggregate Assets Performance as of 6/30/12

	2Q12 (%)	Calendar YTD	Fiscal YR/ 1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Inception Date	Since Inception (%)
Equity and Real Estate Assets	-4.2	5.0	NA	NA	NA	NA	1/1/12	5.0
Global Equity	-5.5	4.9	-7.1	NA	NA	NA	5/1/10	3.8
Northern Trust MSCI ACWI Index ¹	-5.3	5.9	-6.6	NA	NA	NA	6/1/10	8.7
Net of Fees	-5.3	5.9	-6.6	NA	NA	NA		8.7
<i>MSCI ACWI</i>	-5.6	5.7	-6.5	10.8	-2.7	5.7		8.2
Artisan Global Value	-2.4	7.0	3.5	NA	NA	NA	3/1/11	5.2
Net of Fees	-2.6	6.6	2.8	NA	NA	NA		4.4
<i>MSCI ACWI Value</i>	-5.3	4.6	-7.8	9.6	-4.3	5.7		-6.5
<i>Peer Global Equity</i>	-6.0	6.7	-6.6	12.3	NA	NA		-4.1
<i>Peer Ranking (percentile)</i>	7	48	8	NA	NA	NA		8
Northern Trust Russell 3000 Index	-3.1	9.3	3.9	17.0	0.6	5.9	9/1/99	3.0
Net of Fees	-3.1	9.3	3.9	17.0	0.5	5.9		2.9
<i>Russell 3000</i>	-3.1	9.3	3.8	16.7	0.4	5.8		2.8
Russell Investments MSCI EAFE Small Cap ²	-6.7	7.4	-10.6	NA	NA	NA	6/1/10	8.7
Net of Fees	-6.7	7.4	-10.7	NA	NA	NA		8.7
<i>MSCI EAFE Small Cap</i>	-8.6	4.9	-15.1	9.2	-5.3	8.5		7.1

¹ Northern Trust MSCI ACWI includes exposure to the MSCI ACWI (ex. U.S.) and the Russell 3000 Index to simulate MSCI ACWI exposure.

² Assets managed by Russell Investments are aggregated for fee calculations.



San Jose Federated City Employees' Retirement System

Aggregate Assets Performance as of 6/30/12

	2Q12 (%)	Calendar YTD	Fiscal YR/ 1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Inception Date	Since Inception (%)
Equity and Real Estate Assets (continued)								
Northern Trust MSCI Emerging Markets Index	-8.8	3.8	-16.1	NA	NA	NA	5/1/10	-1.6
Net of Fees	-8.9	3.8	-16.3	NA	NA	NA		-1.7
<i>MSCI Emerging Markets</i>	-8.9	3.9	-16.0	9.8	-0.1	14.1		-1.3
Eagle Small-Cap Growth	-8.1	7.7	-8.1	21.8	4.4	10.4	6/1/98	6.7
Net of Fees	-8.3	7.4	-8.7	21.0	3.8	9.8		6.1
<i>Russell 2000 Growth</i>	-3.9	8.8	-2.7	18.1	2.0	7.4		3.6
<i>Peer Small Cap Growth</i>	-4.7	8.3	-3.0	19.2	2.7	8.4		7.4
<i>Peer Ranking (percentile)</i>	97	57	91	23	21	5		66
Calamos Global Convertibles	-3.6	0.7	-2.2	NA	NA	NA	11/1/09	5.8
Net of Fees	-3.7	0.5	-2.7	NA	NA	NA		5.2
<i>Merrill Lynch Global 300 Convertible Index</i>	-2.1	5.8	-3.0	NA	NA	NA		6.1
RS Investments Small Cap Value	-3.9	6.8	-5.6	NA	NA	NA	8/1/10	11.1
Net of Fees	-4.1	6.5	-6.4	NA	NA	NA		10.3
<i>Russell 2000 Value</i>	-3.0	8.2	-1.4	17.4	-1.0	6.5		10.4
<i>Peer Small Cap Value</i>	-4.3	7.3	-1.8	19.4	1.3	9.0		12.0
<i>Peer Ranking (percentile)</i>	35	63	97	NA	NA	NA		69



San Jose Federated City Employees' Retirement System

Aggregate Assets Performance as of 6/30/12

	2Q12 (%)	Calendar YTD	Fiscal YR/ 1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Inception Date	Since Inception (%)
Equity and Real Estate Assets (continued)								
Russell Investments MSCI EAFE Growth ¹	-6.5	4.4	-11.3	NA	NA	NA	6/1/10	7.3
Net of Fees	-6.5	4.4	-11.3	NA	NA	NA		7.2
<i>MSCI EAFE Growth</i>	-7.3	3.9	-12.6	7.6	-4.6	4.9		6.8
Private Equity²	4.0	6.2	9.7	13.2	4.7	NA	1/1/06	3.6
Pantheon USA Fund VII	4.9	8.2	12.1	12.0	NA	NA	1/1/07	NA
<i>Venture Economics PE Composite (lagged one qtr.)</i>	5.1	10.1	9.6	17.1	6.3	10.5		NA
Pathway Private Equity Fund VIII	6.0	10.6	13.5	16.9	NA	NA	8/1/04	NA
<i>Venture Economics PE Composite (lagged one qtr.)</i>	5.1	10.1	9.6	17.1	6.3	10.5		NA
Pantheon Global Secondary Fund III	0.6	0.2	-0.1	7.9	NA	NA	1/1/07	NA
<i>Venture Economics PE Composite (lagged one qtr.)</i>	5.1	10.1	9.6	17.1	6.3	10.5		NA
Partners Group Secondary 2008	5.9	2.7	8.8	15.4	NA	NA	12/1/08	NA
<i>Venture Economics PE Composite (lagged one qtr.)</i>	5.1	10.1	9.6	17.1	6.3	10.5		NA
Great Hill Equity Partners IV	-0.6	9.3	6.9	17.6	NA	NA	10/1/08	NA
<i>Venture Economics PE Composite (lagged one qtr.)</i>	5.1	10.1	9.6	17.1	6.3	10.5		NA

¹ Assets managed by Russell Investments are aggregated for fee calculations.

² Returns are time-weighted and are shown beginning in June 2009. Meketa Investment Group recommends that the Trustees use dollar-weighted (IRR) returns as shown in the quarterly Private Markets report in order to evaluate private markets managers.



San Jose Federated City Employees' Retirement System

Aggregate Assets Performance as of 6/30/12

	2Q12 (%)	Calendar YTD	Fiscal YR/ 1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Inception Date	Since Inception (%)
Equity and Real Estate Assets (continued)								
Real Estate¹	2.4	4.8	12.1	-0.3	-3.6	7.1	1/1/94	8.2
Core Real Estate	2.3	5.2	12.0	7.1	NA	NA	7/1/09	7.1
PRISA I	2.1	5.2	12.6	9.0	-2.9	NA	6/30/04	4.4
NCREIF ODCE	2.4	5.0	11.5	6.8	-2.1	5.2		4.7
American Core Realty Fund , LLC	2.5	5.3	11.0	4.3	-1.7	NA	6/1/07	-0.8
NCREIF ODCE	2.4	5.0	11.5	6.8	-2.1	5.2		-1.2
Private Real Estate²	2.5	4.4	12.3	-6.5	NA	NA	7/1/09	-6.5
DRA Growth & Income Fund V	1.7	2.9	4.6	-3.2	-1.0	NA	9/1/05	0.9
NCREIF Property (lagged one qtr.)	2.7	5.6	12.4	8.9	2.6	8.3		6.8
Fidelity Real Estate Growth Fund III, L.P.	0.6	7.7	13.4	-21.5	NA	NA	9/1/07	-27.9
NCREIF Property (lagged one qtr.)	2.7	5.6	12.4	8.9	2.6	8.3		2.7
DRA Growth & Income Fund VI	1.3	2.3	28.4	6.7	NA	NA	9/1/07	4.0
NCREIF Property (lagged one qtr.)	2.7	5.6	12.4	8.9	2.6	8.3		2.7
DRA Growth & Income Fund VII	2.3	1.6	NA	NA	NA	NA	12/1/11	1.6
NCREIF Property (lagged one qtr.)	2.7	5.6	12.4	8.9	2.6	8.3		8.8

¹ All manager returns are presented one quarter lagged with the exception of the American Core Realty Fund and PRISA, which are not lagged.

² Returns are time-weighted and are shown beginning in June 2009. Meketa Investment Group recommends that the Trustees use dollar-weighted (IRR) returns as shown in the quarterly Private Markets report in order to evaluate private markets managers.



San Jose Federated City Employees' Retirement System

Aggregate Assets Performance as of 6/30/12

	2Q12 (%)	Calendar YTD	Fiscal YR/ 1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Inception Date	Since Inception (%)
Equity and Real Estate Assets (continued)								
GEAM Value Add Realty Partners, L.P.	3.8	0.3	9.8	-53.9	-43.8	NA	9/1/06	-45.3
<i>NCREIF Property (lagged one qtr.)</i>	2.7	5.6	12.4	8.9	2.6	8.3		5.0
Total Fixed Income	1.9	3.4	NA	NA	NA	NA	1/1/12	3.4
Public Fixed Income	1.2	3.0	7.8	9.4	7.7	6.8	1/1/94	6.6
Russell Investments Barclays U.S. TIPS ¹	0.4	1.6	6.7	NA	NA	NA	5/1/10	7.4
Net of Fees	0.4	1.6	6.6	NA	NA	NA		7.4
<i>Russell Investments Barclays U.S. TIPS</i>	0.4	1.6	6.6	NA	NA	NA		7.4
Northern Trust Long Term Credit Bond Index	5.0	5.6	19.0	NA	NA	NA	5/1/10	13.0
Net of Fees	5.0	5.6	19.0	NA	NA	NA		13.0
<i>Barclays Long U.S. Credit</i>	5.0	5.8	19.2	15.1	10.0	8.6		13.0
MacKay Shields High Yield Active Core	1.3	6.4	7.5	14.4	NA	NA	5/1/09	14.2
Net of Fees	1.2	6.2	7.0	13.9	NA	NA		13.8
<i>Merrill Lynch U.S. High Yield BB/B</i>	2.0	6.5	7.1	14.4	7.5	9.0		16.4
<i>Barclays High Yield</i>	1.8	7.3	7.3	16.3	8.4	10.2		18.8
<i>Peer High Yield</i>	1.6	7.2	7.0	15.6	7.7	9.5		17.9
<i>Peer Ranking (percentile)</i>	72	81	36	78	NA	NA		92

¹ Assets managed by Russell Investments are aggregated for fee calculations.



San Jose Federated City Employees' Retirement System

Aggregate Assets Performance as of 6/30/12

	2Q12 (%)	Calendar YTD	Fiscal YR/ 1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Inception Date	Since Inception (%)
Fixed Income (continued)								
Seix Credit Dislocation	0.5	2.9	2.0	6.5	NA	NA	5/1/09	7.1
Net of Fees	0.5	2.7	1.7	6.2	NA	NA		6.8
<i>CSFB Leveraged Loan</i>	1.0	4.5	3.3	10.1	3.5	5.1		12.8
Private Debt^{1,2}	3.5	3.6	13.6	NA	NA	NA	12/1/10	8.3
Medley Opportunity Fund II	2.6	4.2	4.4	NA	NA	NA	4/1/11	2.1
<i>3 Month Libor + 5%</i>	1.3	2.7	5.5	5.4	6.7	NA		5.4
GSO Direct Lending Account	4.8	9.9	31.4	NA	NA	NA	1/1/11	24.0
<i>3 Month Libor + 5%</i>	1.3	2.7	5.5	5.4	6.7	NA		5.4
White Oak Direct Lending Account	3.0	-2.1	15.1	NA	NA	NA	12/1/10	10.2
<i>3 Month Libor + 5%</i>	1.3	2.7	5.5	5.4	6.7	NA		5.4

¹ Manager returns for Medley are lagged one quarter; returns for White Oak and GSO are not lagged.

² Returns are time-weighted. Meketa Investment Group recommends that the Trustees use dollar-weighted (IRR) returns as shown in the quarterly Private Markets report in order to evaluate private markets managers.



San Jose Federated City Employees' Retirement System

Aggregate Assets Performance as of 6/30/12

	2Q12 (%)	Calendar YTD	Fiscal YR/ 1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Inception Date	Since Inception (%)
Real Assets	-5.9	-3.4	-10.9	NA	NA	NA	5/1/10	1.6
Credit Suisse Compound Risk Parity Commodity Index ¹	-4.3	-2.9	-10.0	NA	NA	NA	4/1/11	-11.7
<i>Custom Risk Parity Benchmark</i> ²	-4.2	-2.7	-9.5	NA	NA	NA		-11.6
<i>Dow Jones-Commodity U.S. Index</i>	-4.6	-3.7	-14.4	3.4	-4.4	3.8		-16.5
First Quadrant Risk Parity Commodity Index ²	-6.5	-6.2	-12.7	NA	NA	NA	4/1/11	-14.0
<i>Custom Risk Parity Benchmark</i> ²	-4.2	-2.7	-9.5	NA	NA	NA		-11.6
<i>Dow Jones-Commodity U.S. Index</i>	-4.6	-3.7	-14.4	3.4	-4.4	3.8		-16.5

¹ Performance is net of fees.

² Risk Parity Benchmark returns provided by Staff.



San Jose Federated City Employees' Retirement System

Aggregate Assets Calendar Year Performance

	2011 (%)	2010 (%)	2009 (%)	2008 (%)	2007 (%)	2006 (%)	2005 (%)	2004 (%)	2003 (%)	2002 (%)
Total Fund Aggregate¹	-1.4	13.0	19.4	-23.8	8.8	13.0	6.7	11.4	24.4	-3.9
Net of Fees¹	-1.5	12.8	19.7	-24.0	8.5	12.7	6.4	11.1	24.0	-4.2
Total Fund Aggregate with Overlay²	-1.5	12.9	19.4	-23.8	8.8	13.0	6.7	11.4	24.4	-3.9
Net of Fees with Overlay	-1.7	12.8	19.1	-24.0	8.5	12.7	6.4	11.1	24.0	-4.2
<i>CPI (inflation)</i>	3.0	1.5	2.7	0.1	4.1	2.5	3.4	3.3	1.9	2.4
<i>San Jose FCERS Policy Benchmark³</i>	-1.6	14.4	19.0	-22.8	8.2	13.5	6.7	10.8	20.6	-5.9
<i>San Jose FCERS Custom Benchmark⁴</i>	-2.5	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>Master Trust (Median)</i>	0.7	12.5	19.4	-24.2	7.9	NA	NA	NA	NA	NA

¹ Represents performance which is gross of fees for public market managers and net of fees for private market managers.

² According to Russell Investments, the overlay program, which began in November 2011, detracted 5 basis points to the Fund's total return in 2011.

³ Please see page 27 for composition of the Policy Benchmark.

⁴ Custom Benchmark consists of the individual benchmarks that comprise the Policy Benchmark weighted accordingly to actual allocations and re-adjusted monthly.



San Jose Federated City Employees' Retirement System

Aggregate Assets Calendar Year Performance

	2011 (%)	2010 (%)	2009 (%)	2008 (%)	2007 (%)	2006 (%)	2005 (%)	2004 (%)	2003 (%)	2002 (%)
Total Fund Aggregate										
Equity and Real Estate Assets	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Global Equity	-6.9	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>MSCI ACWI IMI</i>	-7.9	14.3	36.4	-42.3	11.2	20.9	11.5	16.4	35.5	-17.6
<i>MSCI ACWI</i>	-7.3	12.7	34.6	-42.2	11.7	21.0	10.8	15.2	34.0	-19.3
Private Equity ¹	15.6	11.0	-13.5	-4.0	15.5	-3.5	NA	NA	NA	NA
<i>Venture Economics PE Composite (lagged one qtr.)</i>	12.1	15.8	-6.7	-7.3	28.4	17.8	29.0	15.9	8.9	-14.7
Real Estate ^{1, 2}	15.1	7.2	-37.4	-5.4	23.4	13.2	22.9	10.3	28.7	10.7
<i>NCREIF Property (lagged one qtr.)</i>	16.1	5.8	-22.1	5.3	17.3	17.6	19.2	12.4	7.8	5.7
Fixed Income Assets	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Public Fixed Income	8.6	7.2	15.9	-1.3	6.7	5.8	0.8	6.3	9.0	10.5
<i>Barclays Intermediate Gov't Bond Index</i>	6.1	5.0	-0.3	10.4	8.5	3.8	1.7	2.3	2.3	9.6
<i>TIPS Blended Benchmark³</i>	9.2	NA	NA	NA	NA	NA	NA	NA	NA	NA
Private Debt ⁴	4.7	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>3 Month Libor + 5%</i>	5.4	5.3	5.9	8.7	10.7	10.5	8.6	NA	NA	NA

¹ Returns are time-weighted on an aggregate level and dollar-weighted (IRR) on an individual manager basis.

² All manager returns are presented one quarter lagged with the exception of the American Core Realty Fund and PRISA, which are not lagged.

³ TIPS Blended Benchmark consists of 50% Barclays U.S. TIPS Index and 50% Barclays U.S. TIPS 1-5 Year Index.

⁴ Manager returns for Medley are lagged one quarter; returns for White Oak and GSO are not lagged.



San Jose Federated City Employees' Retirement System

Aggregate Assets Calendar Year Performance

	2011 (%)	2010 (%)	2009 (%)	2008 (%)	2007 (%)	2006 (%)	2005 (%)	2004 (%)	2003 (%)	2002 (%)
Total Fund Aggregate (continued)										
Real Assets	-6.5	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>Custom Risk Parity Benchmark¹</i>	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>CPI-U + 5%</i>	8.1	6.6	7.8	5.1	9.3	7.7	8.7	8.5	7.1	7.6
<i>S&P Global Infrastructure Index</i>	-0.4	5.8	25.3	-39.0	23.2	NA	NA	NA	NA	NA
<i>Dow Jones-Commodity U.S. Index</i>	-13.4	16.7	18.7	-36.6	11.1	-2.7	21.4	9.1	23.9	25.9

¹ Risk Parity Benchmark returns provided by Staff.



San Jose Federated City Employees' Retirement System

Aggregate Assets Calendar Year Performance

	2011 (%)	2010 (%)	2009 (%)	2008 (%)	2007 (%)	2006 (%)	2005 (%)	2004 (%)	2003 (%)	2002 (%)
Equity and Real Estate Assets (continued)										
Global Equity	-6.9	NA	NA	NA	NA	NA	NA	NA	NA	NA
Northern Trust MSCI ACWI Index ¹	-7.1	NA	NA	NA	NA	NA	NA	NA	NA	NA
Net of Fees	-7.1	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>MSCI ACWI</i>	-7.3	12.7	34.6	-42.2	11.7	21.0	10.8	15.2	34.0	-19.3
Artisan Global Value	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Net of Fees	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>MSCI ACWI Value</i>	-7.3	10.2	31.7	-41.5	6.7	25.6	10.8	19.1	39.0	-19.3
Northern Trust Russell 3000 Index	1.1	17.2	28.9	-37.3	5.3	15.8	6.2	12.0	31.2	-21.4
Net of Fees	1.1	17.2	NA	NA	NA	NA	NA	NA	NA	NA
<i>Russell 3000</i>	1.0	16.9	28.3	-37.3	5.1	15.7	6.1	11.9	31.1	-21.5
Russell Investments MSCI EAFE Small Cap ²	-13.3	NA	NA	NA	NA	NA	NA	NA	NA	NA
Net of Fees ¹	-13.3	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>MSCI EAFE Small Cap</i>	-15.9	22.0	46.8	-47.0	1.4	19.3	26.2	30.8	61.3	-7.8
Northern Trust MSCI Emerging Markets Index	-18.7	NA	NA	NA	NA	NA	NA	NA	NA	NA
Net of Fees	-18.8	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>MSCI Emerging Markets</i>	-18.4	18.9	78.5	-53.3	39.4	32.2	34.0	25.6	55.8	-6.2

¹ Northern Trust MSCI ACWI includes exposure to the MSCI ACWI (ex. U.S.) and the Russell 3000 Index to simulate MSCI ACWI exposure.

² Assets managed by Russell Investments are aggregated for fee calculations.



San Jose Federated City Employees' Retirement System

Aggregate Assets Calendar Year Performance

	2011 (%)	2010 (%)	2009 (%)	2008 (%)	2007 (%)	2006 (%)	2005 (%)	2004 (%)	2003 (%)	2002 (%)
Equity and Real Estate Assets (continued)										
Eagle Small-Cap Growth	-2.3	34.4	41.3	-35.8	12.7	21.4	4.2	20.8	44.7	-22.5
Net of Fees	-2.9	33.7	39.5	-36.1	12.0	20.7	3.6	20.0	43.8	-23.0
<i>Russell 2000 Growth</i>	-2.9	29.1	34.5	-38.5	7.0	13.3	4.2	14.3	48.5	-30.3
Calamos Global Convertibles	-1.3	11.5	NA	NA	NA	NA	NA	NA	NA	NA
Net of Fees	-1.8	11.0	NA	NA	NA	NA	NA	NA	NA	NA
<i>Merrill Lynch Global 300 Convertible Index</i>	-5.7	11.7	36.3	-29.3	6.5	12.8	6.0	NA	NA	NA
RS Investments Small Cap Value	-7.1	NA	NA	NA	NA	NA	NA	NA	NA	NA
Net of Fees	-7.9	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>Russell 2000 Value</i>	-5.5	24.5	20.6	-28.9	-9.8	23.5	4.7	22.2	46.0	-11.4
Russell Investments MSCI EAFE Growth ¹	-11.6	NA	NA	NA	NA	NA	NA	NA	NA	NA
Net of Fees	-10.5	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>MSCI EAFE Growth</i>	-12.1	12.2	29.4	-42.7	16.5	22.3	13.3	16.1	32.0	-16.0
Private Equity^{2,3}	15.6	11.0	-13.5	-4.0	15.5	-3.5	NA	NA	NA	NA
<i>Venture Economics PE Composite (lagged one qtr.)</i>	12.0	15.7	-6.6	-7.1	26.6	18.6	30.4	15.9	7.3	-14.1

¹ Assets managed by Russell Investments are aggregated for fee calculations.

² Returns are time-weighted and are shown beginning in June 2009. Meketa Investment Group recommends that the Trustees use dollar-weighted (IRR) returns as shown in the quarterly Private Markets report in order to evaluate private markets managers.

³ All manager returns are presented one quarter lagged.



San Jose Federated City Employees' Retirement System

Aggregate Assets Calendar Year Performance

	2011 (%)	2010 (%)	2009 (%)	2008 (%)	2007 (%)	2006 (%)	2005 (%)	2004 (%)	2003 (%)	2002 (%)
Equity and Real Estate Assets (continued)										
Real Estate¹	14.9	7.7	-37.7	-5.4	23.4	13.2	22.9	10.3	28.7	10.7
Core Real Estate	16.3	14.2	NA	NA	NA	NA	NA	NA	NA	NA
<i>NCREIF Property (lagged one qtr.)</i>	14.3	13.1	-16.9	-6.5	15.8	16.6	20.1	14.5	9.0	6.7
Private Real Estate ²	13.7	1.8	NA	NA	NA	NA	NA	NA	NA	NA
<i>NCREIF Property (lagged one qtr.)</i>	16.1	5.8	-22.1	5.3	17.3	17.6	19.2	12.4	7.8	5.7

¹ All manager returns are presented one quarter lagged with the exception of the American Core Realty Fund and PRISA, which are not lagged.

² Returns are time-weighted and are shown beginning in June 2009. Meketa Investment Group recommends that the Trustees use dollar-weighted (IRR) returns as shown in the quarterly Private Markets report in order to evaluate private markets managers.



San Jose Federated City Employees' Retirement System

Aggregate Assets Calendar Year Performance

	2011 (%)	2010 (%)	2009 (%)	2008 (%)	2007 (%)	2006 (%)	2005 (%)	2004 (%)	2003 (%)	2002 (%)
Fixed Income										
Public Fixed Income	8.7	7.2	15.9	-1.3	6.7	5.8	0.8	6.3	9.0	10.5
Russell Investments Barclays U.S. TIPS ¹	11.2	NA	NA	NA	NA	NA	NA	NA	NA	NA
Net of Fees	11.2	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>Russell Investments Barclays U.S. TIPS</i>	11.2	NA	NA	NA	NA	NA	NA	NA	NA	NA
Northern Trust Long Term Credit Bond Index	16.9	NA	NA	NA	NA	NA	NA	NA	NA	NA
Net of Fees	16.8	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>Barclays Long U.S. Credit</i>	17.1	10.7	16.8	-3.9	3.6	3.5	3.8	9.4	10.4	11.9
MacKay Shields High Yield Active Core	4.8	13.7	NA	NA	NA	NA	NA	NA	NA	NA
Net of Fees	4.3	13.2	NA	NA	NA	NA	NA	NA	NA	NA
<i>Merrill Lynch U.S. High Yield BB/B</i>	5.4	14.5	46.1	-23.7	2.7	10.7	3.4	9.9	23.0	-1.3
<i>Barclays High Yield</i>	5.0	15.1	58.2	-26.2	1.9	11.8	2.7	11.1	29.0	-1.4
Seix Credit Dislocation	1.0	7.8	NA	NA	NA	NA	NA	NA	NA	NA
Net of Fees	0.7	7.5	NA	NA	NA	NA	NA	NA	NA	NA
<i>CSFB Leveraged Loan</i>	1.8	10.0	44.9	-28.8	1.9	7.2	5.7	5.6	11.0	1.1
Private Debt ^{2,3}	10.6	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>3 Month Libor + 5%</i>	5.4	5.3	5.9	8.7	10.7	10.5	8.6	NA	NA	NA

¹ Assets managed by Russell Investments are aggregated for fee calculations.

² Manager returns for Medley are lagged one quarter; returns for White Oak and GSO are not lagged.

³ Returns are time-weighted. Meketa Investment Group recommends that the Trustees use dollar-weighted (IRR) returns as shown in the quarterly Private Markets report in order to evaluate private markets managers.



San Jose Federated City Employees' Retirement System

Aggregate Assets Calendar Year Performance

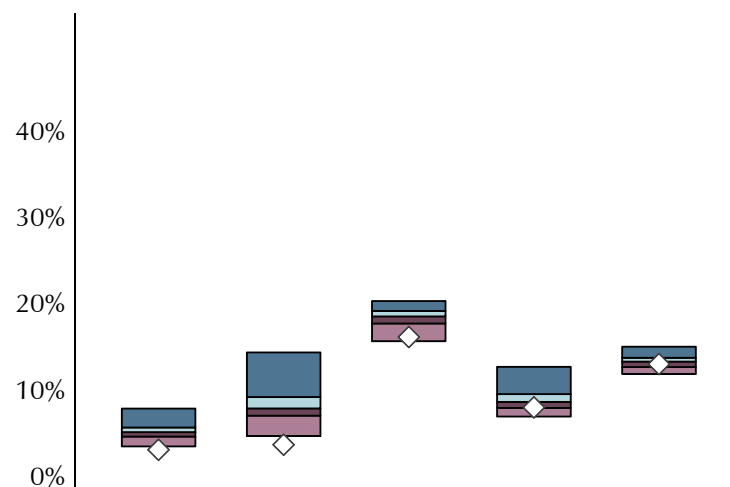
	2011 (%)	2010 (%)	2009 (%)	2008 (%)	2007 (%)	2006 (%)	2005 (%)	2004 (%)	2003 (%)	2002 (%)
Real Assets	-6.5	NA	NA	NA	NA	NA	NA	NA	NA	NA
Credit Suisse Compound Risk Parity Commodity Index ¹	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>Custom Risk Parity Benchmark</i> ²	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>Dow Jones-Commodity U.S. Index</i>	-13.4	16.7	18.7	-36.6	11.1	-2.7	21.4	9.1	23.9	25.9
First Quadrant Risk Parity Commodity Index ¹	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>Custom Risk Parity Benchmark</i> ⁵	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>Dow Jones-Commodity U.S. Index</i>	-13.4	16.7	18.7	-36.6	11.1	-2.7	21.4	9.1	23.9	25.9
Russell Investments S&P Global Infrastructure	-1.0	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>S&P Global Infrastructure Index</i>	-0.4	5.8	25.3	-39.0	23.2	NA	NA	NA	NA	NA

¹ Performance is net of fees.

² Risk Parity Benchmark returns provided by Staff.



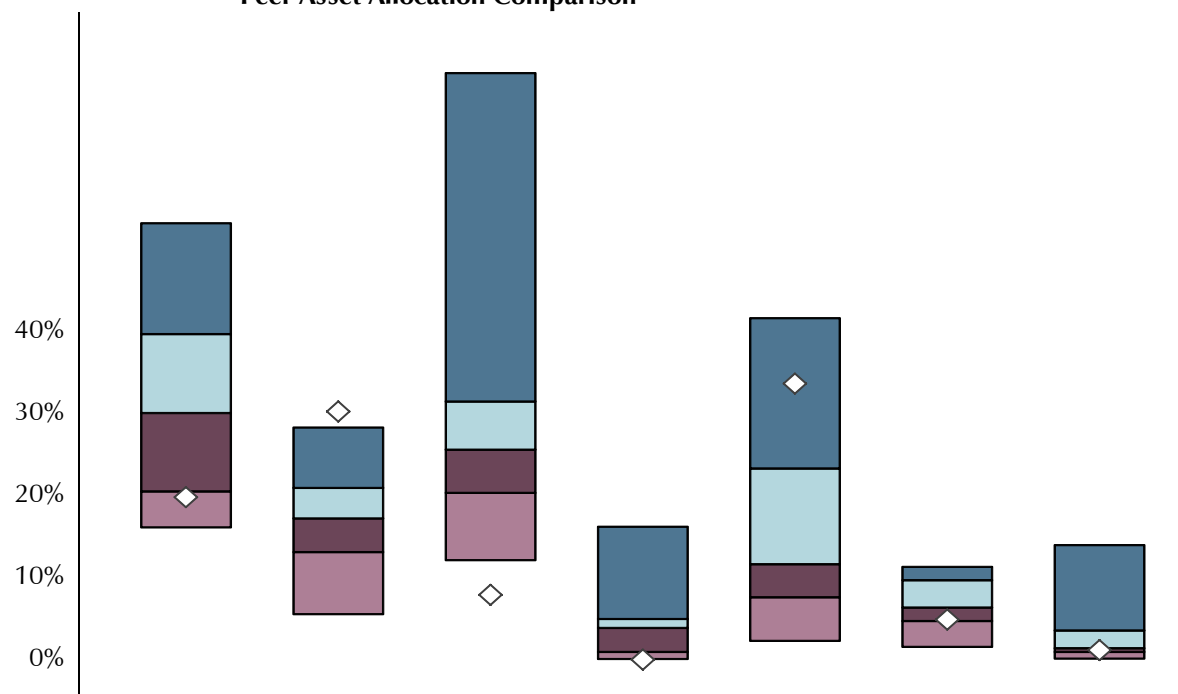
Total Fund Aggregate vs. Public Funds >\$1 billion¹



	2Q12 (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)
Total Fund Aggregate With Overlay	-3.7	-3.0	9.6	1.2	6.4
25th percentile	-1.2	2.4	12.6	2.8	7.1
Median	-1.7	1.1	11.9	1.9	6.6
75 Percentile	-2.2	0.2	11.1	1.1	6.0

¹ Universe data provided by InvestMetrics.

Peer Asset Allocation Comparison^{1,2}



	US Equity	Intl. Equity	US Fixed Income	Intl. Fixed Income	Alternative Inv.	Real Estate	Cash
San Jose Allocation	20.3	31.0	8.1	0.0	34.5	5.0	1.2
5 th Percentile	54.5	29.0	73.3	16.6	42.7	11.6	14.3
1 st Quartile	40.7	21.5	32.3	5.1	23.9	9.9	3.7
Median	30.8	17.7	26.3	4.0	11.9	6.5	1.4
3 rd Quartile	21.0	13.5	20.9	1.0	7.8	4.8	1.0
95 th Percentile	16.5	5.7	12.4	0.1	2.4	1.6	0.1

¹ Based on Russell Investments overlay net positions as of 6/30/12.

² Universe data provided by InvestMetrics.

San Jose Federated City Employees' Retirement System

Policy Benchmark Description

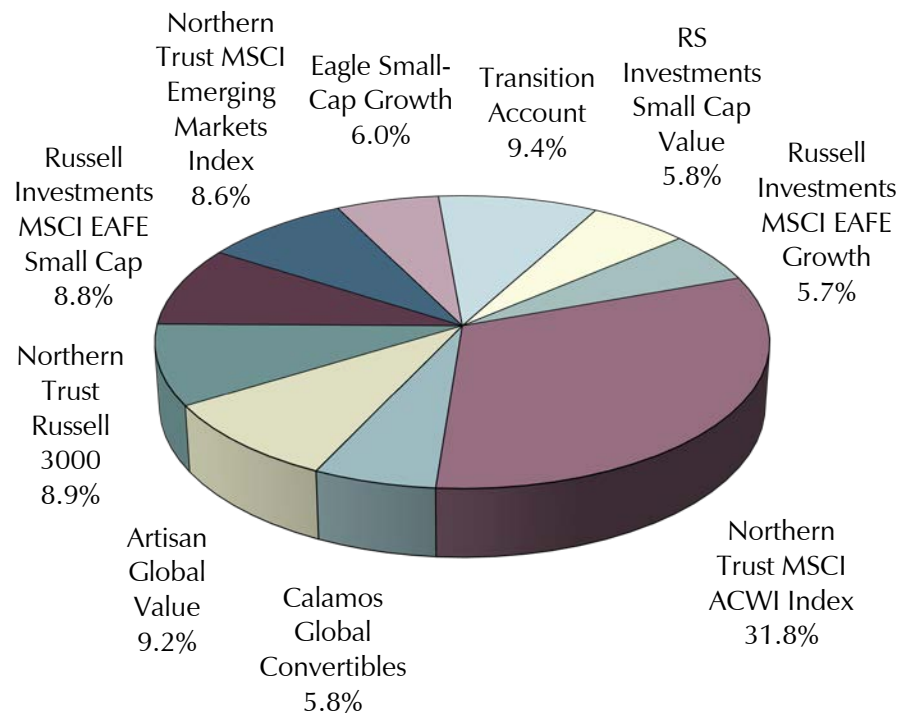
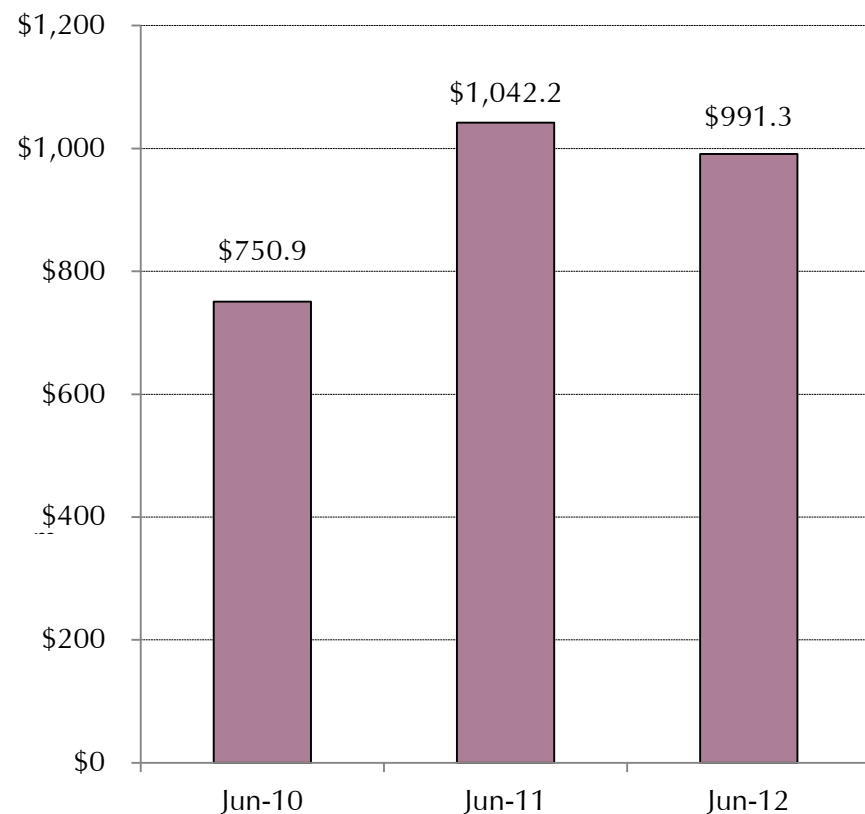
Time Period	Composition	
1/1/2012-Present	31%	MSCI ACWI IMI
	9	Venture Economics Private Equity
	5	NCREIF Property
	2.5	Barclays Intermediate Government
	1.25	Barclays U.S. TIPS
	1.25	Barclays U.S. TIPS 1-5 Years
	5	3-Month LIBOR + 5%
	10	Risk Parity Commodities
	10	CPI-U + 5%
	25	HFRI Fund of Funds Composite
4/1/2011-12/31/2011	16%	MSCI ACWI
	9	MSCI ACWI Value
	5	MSCI Emerging Markets
	5	MSCI EAFE Small Cap
	3	MSCI EAFE Growth
	3	Russell 3000
	2.5	Russell 2000 Growth
	2.5	Russell 2000 Value
	7.5	Russell Investments Barclays U.S. TIPS
	5	Barclays Intermediate Government
	2.5	Barclays Long U.S. Credit
	2.5	Merrill Lynch High Yield BB/B
	2.5	CSFB Leveraged Loan
	3	ML 300 Global Convertibles
	5	HFRI Weighted Composite
	5	NCREIF Property
	6	Venture Economics Private Equity
	8	Custom Risk Parity Benchmark
	2	S&P Global Infrastructure
	5	3-Month LIBOR + 5%

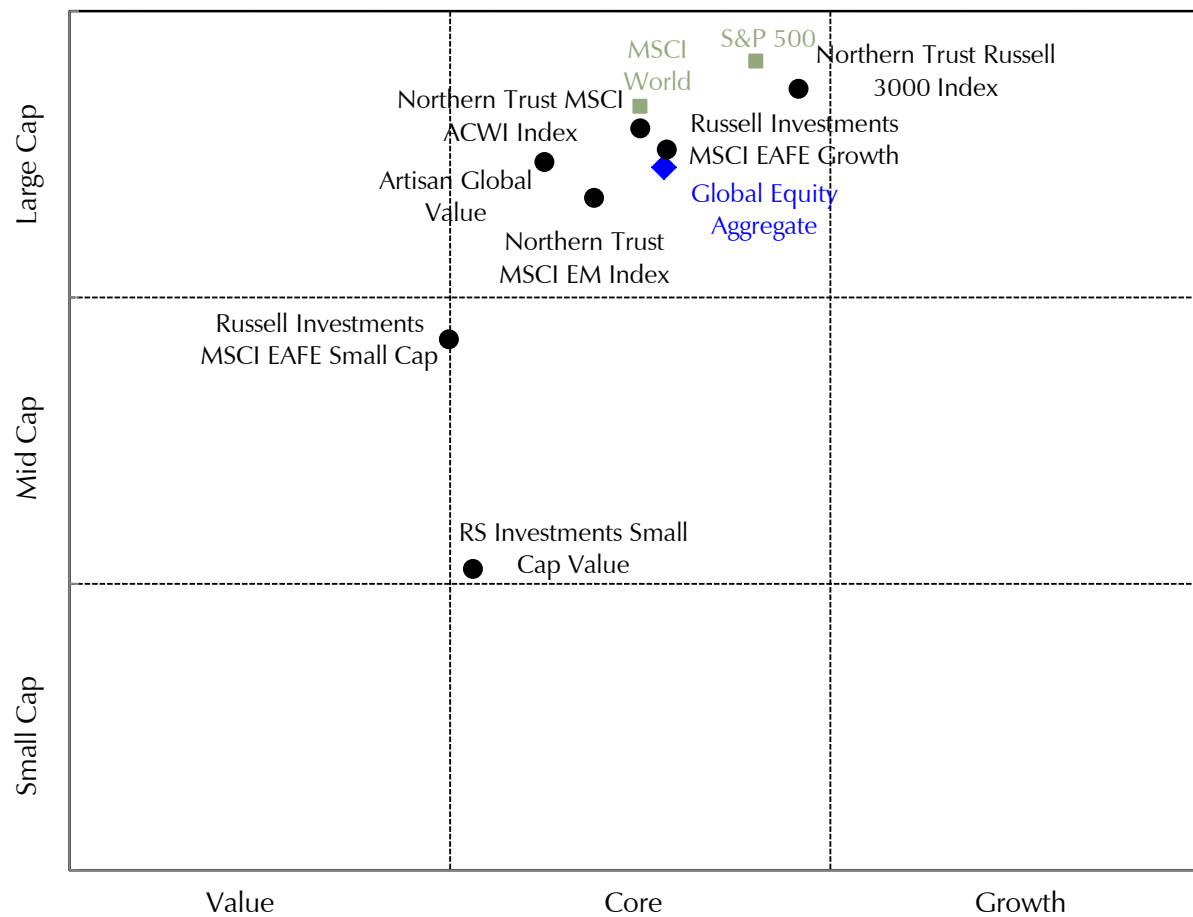
Time Period	Composition	
4/1/2010-3/31/2011	16%	MSCI ACWI
	9	MSCI ACWI Value
	5	MSCI Emerging Markets
	5	MSCI EAFE Small Cap
	3	MSCI EAFE Growth
	3	Russell 3000
	2.5	Russell 2000 Growth
	2.5	Russell 2000 Value
	7.5	Russell Investments Barclays U.S. TIPS
	5	Barclays Intermediate Government
	2.5	Barclays Long U.S. Credit
	2.5	Merrill Lynch High Yield BB/B
	2.5	CSFB Leveraged Loan
	3	ML 300 Global Convertibles
	5	HFRI Weighted Composite
7/1/09 – 3/31/2010	5	NCREIF Property
	6	Venture Economics Private Equity
	8	Dow-Jones UBS Commodities
	2	S&P Global Infrastructure
	5	3-Month LIBOR + 5%
	34%	Russell 1000
	9	Russell 2000
	29	Barclays Aggregate
	7	S&P Citigroup WGBI
	15	MSCI ACWI ex U.S.
	6	NCREIF Property



Plan Detail

Global Equity Assets As of June 30, 2012





	Aggregate Global Equity 6/30/12	MSCI ACWI IMI 6/30/12	Aggregate Global Equity 3/31/12
Capitalization Structure:			
Weighted Average Market Cap. (US\$ billion)	51.1	65.7	49.9
Median Market Cap. (US\$ billion)	2.2	0.9	2.4
Large (% over US\$10 billion)	59	70	61
Medium (% US\$2 billion to US\$10 billion)	26	21	25
Small (% under US\$2 billion)	15	9	14
Fundamental Structure:			
Price-Earnings Ratio	18	18	19
Price-Book Value Ratio	2.8	2.8	2.8
Dividend Yield (%)	2.5	2.8	2.4
Historical Earnings Growth Rate (%)	8	8	8
Projected Earnings Growth Rate (%)	12	11	12

Diversification:	Aggregate Global Equity 6/30/12	MSCI ACWI IMI 6/30/12	Aggregate Global Equity 3/31/12
Number of Holdings	5,254	8,672	5,159
% in 5 largest holdings	4	5	3
% in 10 largest holdings	7	8	6

Largest Five Holdings:	% of Portfolio	Economic Sector
Apple Computer	1.0	Technology Hardware
ExxonMobil	0.8	Energy
Johnson & Johnson	0.7	Pharmaceuticals & Biotech
Google	0.7	Software & Services
Tesco	0.6	Energy

Sector Allocation (%):	Aggregate Global Equity 6/30/12	MSCI ACWI IMI 6/30/12	Aggregate Global Equity 3/31/12
Information Technology	14	13	14
Industrials	12	11	13
Consumer Discretionary	12	11	12
Materials	8	8	9
Health Care	9	9	8
Financials	19	20	18
Utilities	3	4	4
Consumer Staples	9	10	9
Telecom	3	4	4
Energy	9	10	9

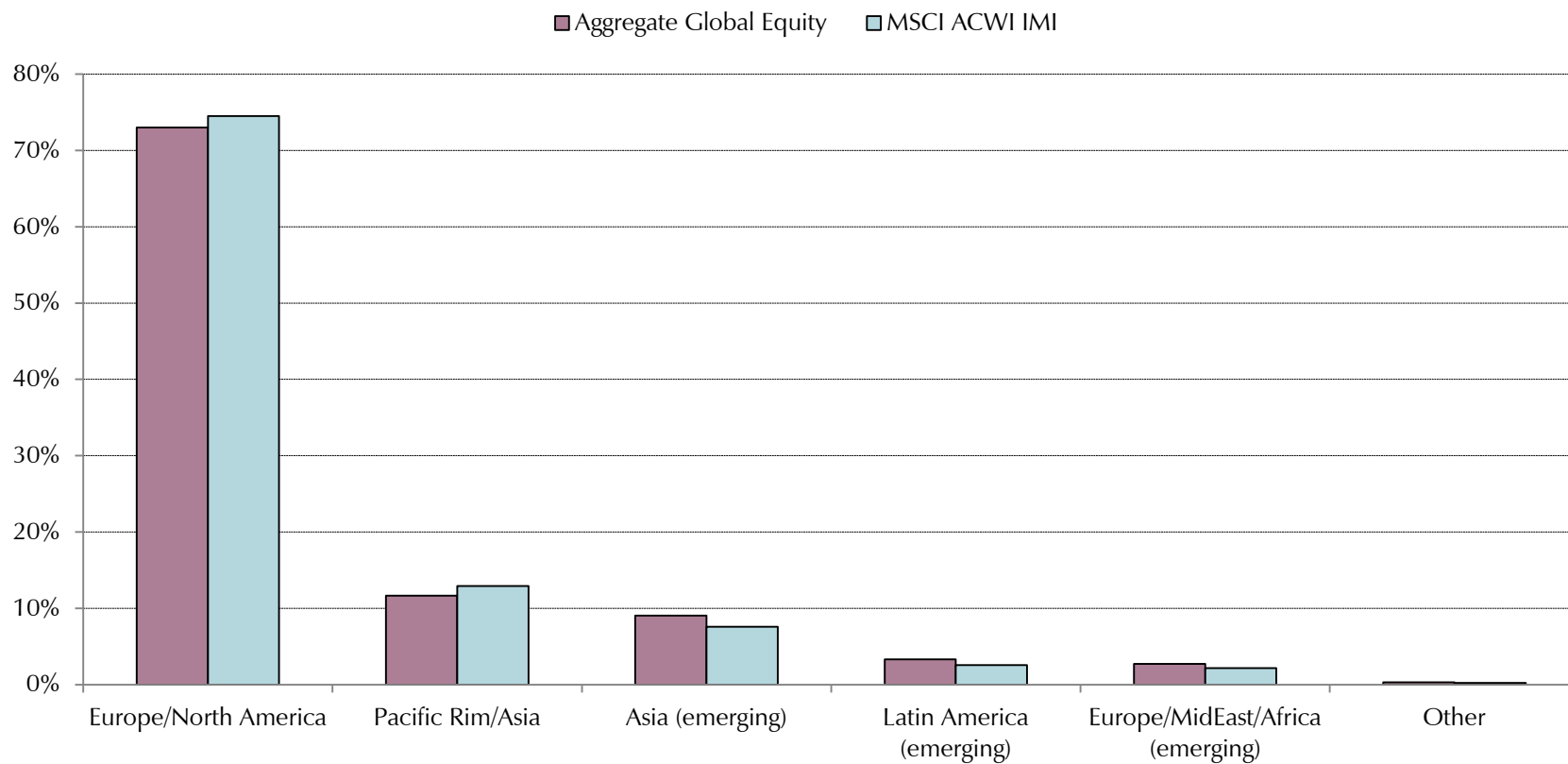
San Jose Federated City Employees' Retirement System

Global Equity Assets Country & Region Breakdown as of 6/30/12

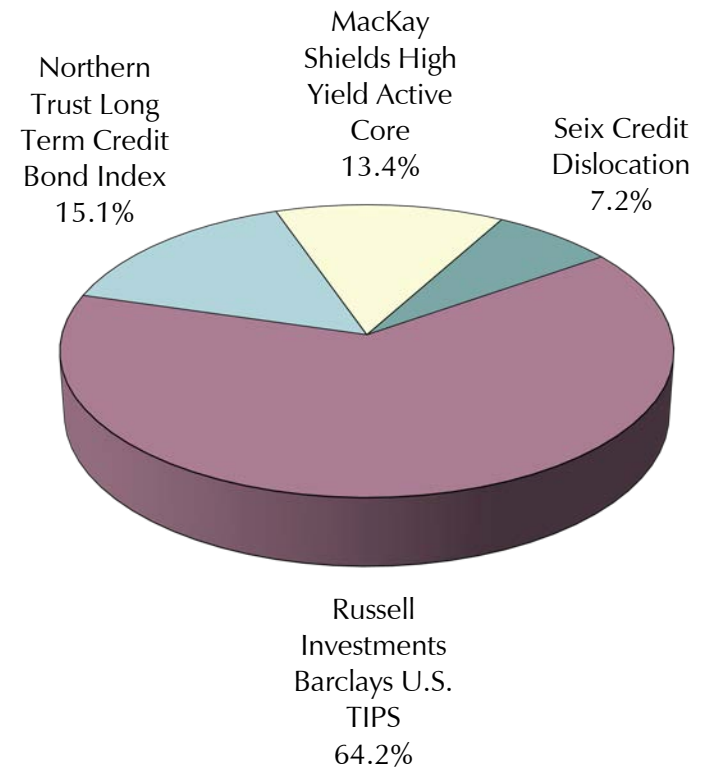
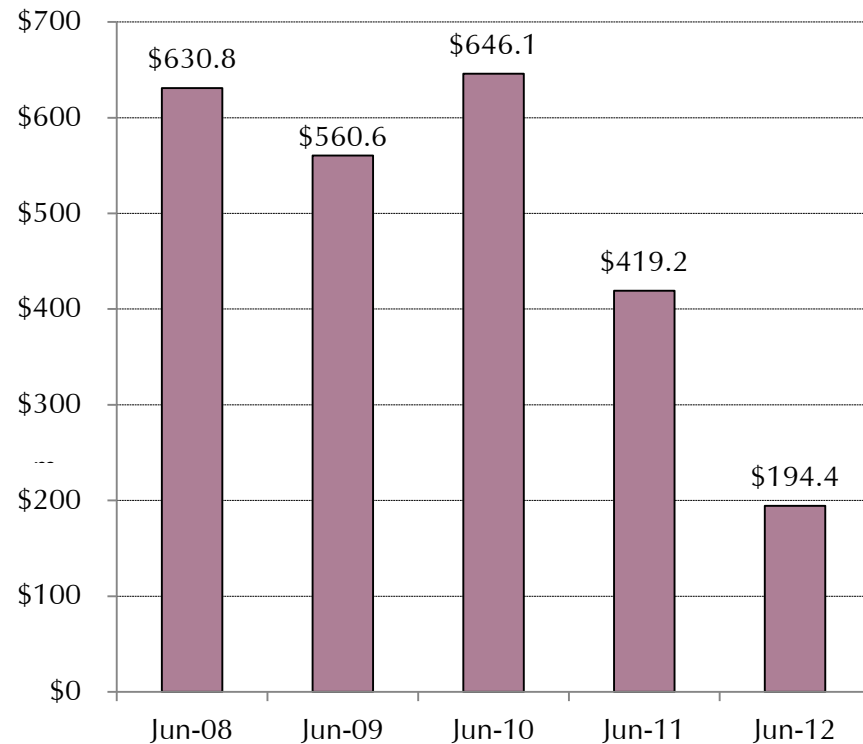
	Aggregate Global Equity 6/30/12 (%)	MSCI ACWI IMI 6/30/12 (%)
Europe/North America	73.0	74.5
France	3.4	3.0
Switzerland	3.1	2.8
United States	48.2	48.0
United Kingdom	8.3	8.1
Sweden	1.0	1.1
Germany	2.0	2.7
Canada	2.5	4.3
Pacific Rim/Asia	11.7	12.9
Japan	7.7	8.0
Australia	2.4	3.1

	Aggregate Global Equity 6/30/12 (%)	MSCI ACWI IMI 6/30/12 (%)
Asia (emerging)	9.0	7.6
China	2.7	2.2
South Korea	2.3	1.9
Taiwan	1.6	1.5
India	1.0	0.8
Latin America (emerging)	3.3	2.6
Brazil	2.0	1.5
Europe/MidEast/Africa (emerging)	2.7	2.2
South Africa	1.2	1.0
Other	0.3	0.2





**Fixed Income Assets
As of June 30, 2012**



Risk: (sixty months)	Aggregate Fixed Income 6/30/12	Barclays Universal 6/30/12
Annualized Return (%)	7.7	6.8
Standard Deviation (%)	4.9	3.9
Best Monthly Return (%)	4.8	3.8
Worst Monthly Return (%)	-3.8	-3.6
Beta	1.11	1.00
Correlation (R ²) to Index	0.89	1.00
Correlation to Total Fund Return	0.62	NA
Sharpe Measure (risk-adjusted return)	1.37	1.47
Information Ratio	0.45	NA

Duration & Yield:

Average Effective Duration (years)

Yield to Maturity (%)

**Aggregate
Fixed Income
6/30/12**

**Barclays Universal
6/30/12**

**Aggregate
Fixed Income
3/31/12**

5.3

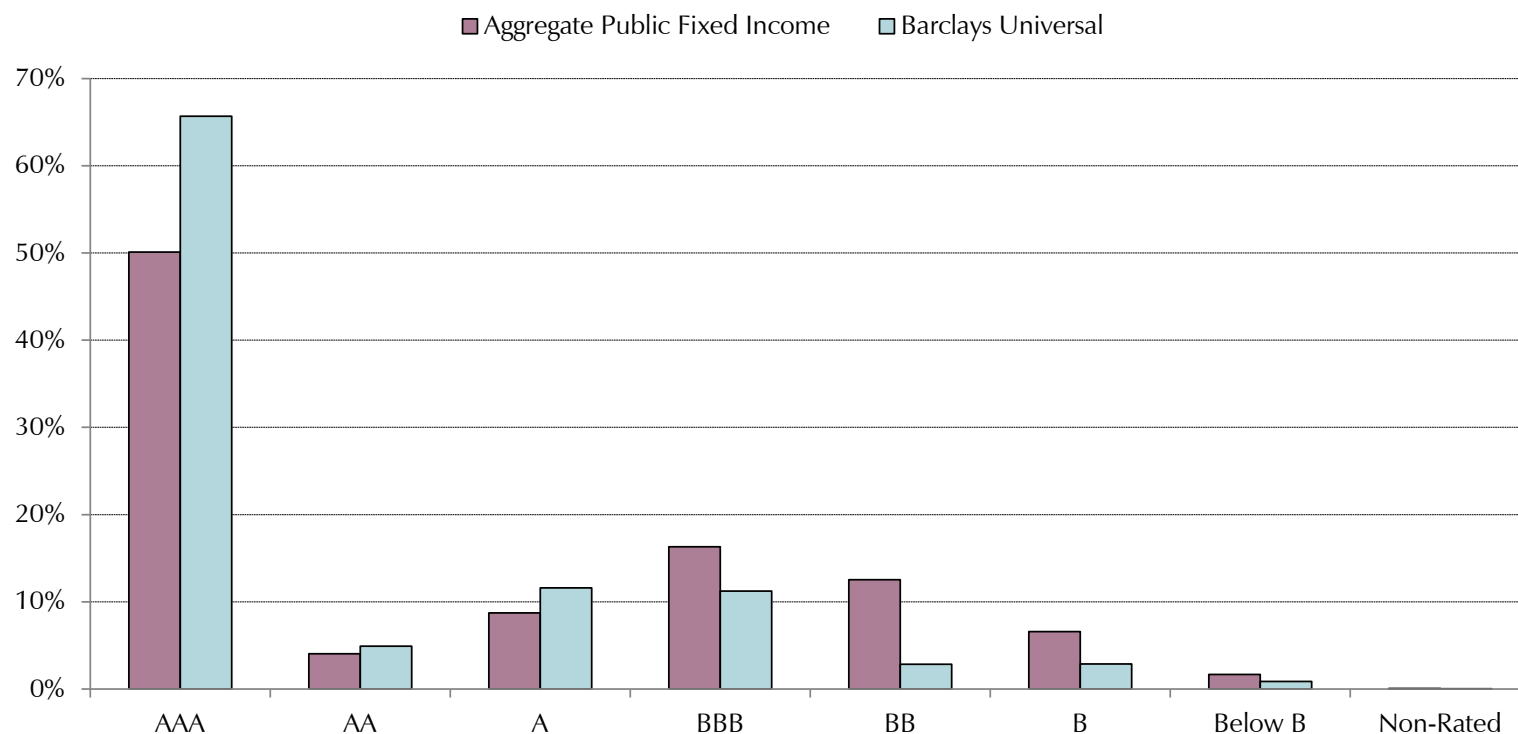
5.0

4.6

3.2

2.4

3.0



	Aggregate Fixed Income 6/30/12	Barclays Universal 6/30/12	Aggregate Fixed Income 3/31/12
Market Allocation (%):			
United States	86	85	87
Foreign (developed markets)	13	11	12
Foreign (emerging markets)	1	4	1
Currency Allocation (%):			
Non-U.S. Dollar Exposure	6	0	5
Sector Allocation (%):			
U.S. Treasury-Nominal	0	31	0
U.S. Treasury-TIPS	50	0	48
U.S. Agency	0	8	0
Mortgage Backed	0	26	0
Corporate	20	27	20
Bank Loans	5	0	6
Local & Provincial Government	1	1	1
Sovereign & Supranational	1	4	1
Commercial Mortgage Backed	0	2	0
Asset Backed	0	0	0
Cash Equivalent	1	0	2
Other	22	0	22

**Portfolio Reviews
As of June 30, 2012**

Global Equity Portfolio Reviews As of June 30, 2012

San Jose Federated City Employees' Retirement System

Northern Trust MSCI ACWI Index Portfolio Detail as of 6/30/12

Mandate: Global Equities
Active/Passive: Passive
Market Value: \$315.1 million
Portfolio Manager: Team
Location: Chicago, Illinois
Inception Date: 6/1/2010
Account Type: Commingled Fund

	Value	Core	Growth
Large			
Medium			
Small			

Fee Schedule:
 0.05% on all assets

Liquidity Constraints:
 Daily

Strategy:

The Northern Trust All Country World Index (ACWI) strategy seeks to match, as closely as possible, the performance of the Morgan Stanley Capital International All Country World (ex. U.S.) Index. This passive strategy gives low cost, broad exposure to developed and emerging equity markets.

Performance (%):	2Q12	Calendar YTD	Fiscal YR/ 1 YR	Since 6/1/10
Northern Trust MSCI ACWI Index ¹	-5.3	5.9	-6.6	8.7
Net of Fees	-5.3	5.9	-6.6	8.8
MSCI ACWI	-5.6	5.7	-6.5	8.2

	6/30/12		3/31/12	
Capitalization Structure:	NT MSCI ACWI	MSCI ACWI	NT MSCI ACWI	MSCI ACWI
Weighted Average Market Cap. (US\$ billion)	67.8	75.0	69.6	76.8
Median Market Cap. (US\$ billion)	2.5	6.9	2.7	7.3
Large (% over US\$10 billion)	74	80	76	82
Medium (% US\$2 billion to US\$10 billion)	22	19	20	17
Small (% under US\$2 billion)	4	1	4	1

Fundamental Structure:				
Price-Earnings Ratio	18	17	19	18
Price-Book Value Ratio	2.8	2.9	3.0	3.0
Dividend Yield (%)	2.8	2.9	2.7	2.6
Historical Earnings Growth Rate (%)	7	8	7	7
Projected Earnings Growth Rate (%)	11	11	11	11

Sector Allocation (%):				
Financials	20	19	20	20
Information Technology	12	13	13	13
Industrials	11	10	11	11
Consumer Discretionary	11	10	11	10
Energy	10	11	11	11
Consumer Staples	10	11	10	10
Health Care	9	9	9	9
Materials	8	7	8	8
Telecom	5	5	4	4
Utilities	4	4	4	4

Diversification:				
Number of Holdings	4,832	2,445	4,760	2,429
% in 5 largest holdings	5	6	5	6
% in 10 largest holdings	8	10	8	9

Region Allocation (%):				
Europe/North America	75	75	74	74
Pacific Rim/Asia	13	13	13	13
Asia (emerging)	7	7	8	8
Latin America (emerging)	3	3	3	3
Europe/MidEast/Africa (emerging)	2	2	2	2
Other	0	0	0	0

Largest Five Holdings:		Industry
Apple Computer	1.7	Technology Hardware
ExxonMobil	1.3	Energy
Nestle	0.7	Food Beverage & Tobacco
Microsoft	0.7	Software & Services
General Electric	0.7	Capital Goods

¹ Northern Trust MSCI ACWI includes exposure to the MSCI ACWI (ex. U.S.) and the Russell 3000 Index to simulate MSCI ACWI exposure.



San Jose Federated City Employees' Retirement System

Mandate: International Equities,
Developed Markets

Active/Passive: Active

Market Value: \$90.9 million

Portfolio Manager: David Samra
Dan O'Keefe

Location: San Francisco, California

Inception Date: 3/1/2011

Account Type: Separately Managed

	Value	Core	Growth
Large			
Medium			
Small			

Fee Schedule:

0.80% on first \$50 mm; 0.60% on next \$50 mm; 0.50% thereafter

Liquidity Constraints:

Daily

Strategy:

Artisan employs a bottom-up investment approach seeking to identify undervalued quality businesses that offer the potential for superior risk/reward outcomes. Artisan runs a somewhat concentrated portfolio of 40 to 60 stocks. They are benchmark-agnostic, and willing to have exposures that are materially different than the benchmark.

Guidelines:

Benchmark = MSCI ACWI; Max. % per country other than U.S. = 35%; Max. % per industry = 25%; Max. % in debt securities = 10%; Max % outside developed markets = 10% above benchmark weighting

Performance (%):	2Q12	Calendar YTD	Fiscal YR/ 1 YR	Since 3/1/11
Artisan Global Value	-2.4	7.0	3.5	5.2
Net of Fees	-2.6	6.6	2.8	4.4
MSCI ACWI Value	-5.3	4.6	-7.8	-6.5
Peer Global Equity	-6.0	6.7	-6.6	-4.1
Peer Ranking (percentile)	7	48	8	8

Artisan Global Value Portfolio Detail as of 6/30/12

	6/30/12		3/31/12	
	Artisan Global Value	MSCI ACWI Value	Artisan Global Value	MSCI ACWI Value
Capitalization Structure:				
Weighted Average Market Cap. (US\$ billion)	53.2	76.8	56.8	78.8
Median Market Cap. (US\$ billion)	15.3	6.3	19.9	6.6
Large (% over US\$10 billion)	73	82	85	83
Medium (% US\$2 billion to US\$10 billion)	21	18	15	16
Small (% under US\$2 billion)	6	1	0	1
Fundamental Structure:				
Price-Earnings Ratio	16	15	18	15
Price-Book Value Ratio	2.7	1.8	3.1	1.9
Dividend Yield (%)	2.1	3.8	2.1	3.4
Historical Earnings Growth Rate (%)	5	1	7	1
Projected Earnings Growth Rate (%)	11	7	11	8
Sector Allocation (%):				
Information Technology	18	5	19	5
Consumer Discretionary	17	6	16	6
Consumer Staples	12	6	15	6
Financials	29	30	29	30
Industrials	7	9	8	8
Health Care	8	10	8	10
Materials	1	6	2	6
Energy	9	15	2	15
Utilities	0	6	0	6
Telecom	0	7	0	7
Diversification:				
Number of Holdings	43	1,343	41	1,319
% in 5 largest holdings	22	9	22	9
% in 10 largest holdings	40	15	40	15
Region Allocation (%):				
Americas	66	52	63	51
Europe	29	23	32	23
Pacific Rim	5	13	5	13
Other	0	12	0	13
Largest Five Holdings:				
		Industry		
Tesco	6.1	Energy		
Compass Group	4.8	Consumer Services		
Oracle	3.8	Software & Services		
Google	3.8	Software & Services		
TE Connectivity	3.8	Technology Hardware		



San Jose Federated City Employees' Retirement System

Northern Trust Russell 3000 Index Portfolio Detail as of 6/30/12

Mandate: Domestic Equities
Active/Passive: Passive
Market Value: \$88.6 million
Portfolio Manager: Team
Location: Chicago, Illinois
Inception Date: 9/1/1999
Account Type: Commingled Fund

	Value	Core	Growth
Large			
Medium			
Small			

Fee Schedule:
 0.02% on all assets

Liquidity Constraints:
 Daily

Strategy:

The Northern Trust strategy seeks to replicate the return of the Russell 3000 Index. Northern Trust employs a proprietary process in combination with low-cost trade execution to accomplish this objective. To efficiently manage cash flows, Northern Trust seeks to maximize the liquidity of trade lists and match the relevant benchmark's systemic risk. The result is a portfolio that tightly tracks the index while incurring lower transaction costs.

Performance (%):	2Q12	Calendar YTD	Fiscal YR/ 1 YR	3 YR	5 YR	Since 9/1/99
Northern Trust Russell 3000 Index	-3.1	9.3	3.9	17.0	0.6	3.0
Net of Fees	-3.1	9.3	3.9	17.0	0.5	2.9
Russell 3000	-3.1	9.3	3.8	16.7	0.4	2.8

Risk: (sixty months)	Standard Deviation	Beta	Sharpe Measure ¹	Info. Ratio	Correlation to Index
Northern Trust Russell 3000 Index	20.7%	1.00	Neg.	NA	1.00
Russell 3000	20.6	1.00	Neg.	NA	1.00

	6/30/12		3/31/12	
Capitalization Structure:	NT Russell 3000	Russell 3000	NT Russell 3000	Russell 3000
Weighted Average Market Cap. (US\$ billion)	90.4	90.5	92.0	92.0
Median Market Cap. (US\$ billion)	1.3	1.0	1.3	1.0
Large (% over US\$10 billion)	75	75	75	75
Medium (% US\$2 billion to US\$10 billion)	18	18	18	18
Small (% under US\$2 billion)	7	7	7	7

Fundamental Structure:

Price-Earnings Ratio	20	20	20	20
Price-Book Value Ratio	3.4	3.4	3.6	3.6
Dividend Yield (%)	1.9	1.8	1.8	1.8
Historical Earnings Growth Rate (%)	9	9	9	9
Projected Earnings Growth Rate (%)	12	12	12	12

Sector Allocation (%):

Information Technology	19	19	20	20
Financials	16	16	16	16
Consumer Discretionary	12	12	12	12
Health Care	12	12	11	11
Industrials	11	11	11	11
Energy	10	10	10	10
Consumer Staples	10	10	9	9
Materials	4	4	4	4
Utilities	4	4	3	3
Telecom	3	3	2	2

Diversification:

Number of Holdings	2,581	2,993	2,653	2,918
% in 5 largest holdings	11	11	11	11
% in 10 largest holdings	17	17	17	17

Largest Ten Holdings:

		Industry
Apple Computer	3.6	Technology Hardware
ExxonMobil	2.7	Energy
Microsoft	1.5	Software & Services
General Electric	1.5	Capital Goods
IBM	1.4	Software & Services
AT&T	1.4	Telecommunication Services
Chevron	1.4	Energy
Johnson & Johnson	1.2	Pharmaceuticals & Biotech
Pfizer	1.1	Pharmaceuticals & Biotech
Procter & Gamble	1.1	Household/Personal Products

¹ A negative Sharpe ratio indicates that the portfolio underperformed the risk-free rate during the sample period.



San Jose Federated City Employees' Retirement System

Russell Investments MSCI EAFE Small Cap Portfolio Detail as of 6/30/12

Mandate: Global Equities
Active/Passive: Passive
Market Value: \$87.6 million
Portfolio Manager: Russell Investments (Transition Manager)
Location: Tacoma, Washington
Inception Date: 6/1/2010
Account Type: Separately Managed

	Value	Core	Growth
Large			
Medium			
Small			

Fee Schedule:

Base fee of \$50,000. In addition 0.05% on first \$200 mm; 0.03% on next \$200 mm; 0.015% thereafter. Fee applies to aggregated Russell Investment accounts

Liquidity Constraints:

Daily

Strategy:

Russell Investments manages an optimized portfolio with a Tracking Error target of 2.0% to the MSCI EAFE Small Cap Index.

Performance (%):	2Q12	Calendar YTD	Fiscal YR/ 1 YR	Since 6/1/10
Russell Investments MSCI EAFE Small Cap	-6.7	7.4	-10.6	8.7
Net of Fees	-6.7	7.4	-10.7	8.7
MSCI EAFE Small Cap	-8.6	4.9	-15.1	7.1

	6/30/12		3/31/12	
Capitalization Structure:	MSCI EAFE Small Cap	MSCI EAFE Small Cap	MSCI EAFE Small Cap	MSCI EAFE Small Cap
Weighted Average Market Cap. (US\$ billion)	14.7	1.4	15.0	1.6
Median Market Cap. (US\$ million)	797.6	600.5	900.3	650.3
Large (% over US\$10 billion)	35	0	35	0
Medium (% US\$2 billion to US\$10 billion)	28	24	29	30
Small (% under US\$2 billion)	37	76	36	70

Fundamental Structure:

Price-Earnings Ratio	19	18	20	20
Price-Book Value Ratio	2.3	2.0	2.4	2.2
Dividend Yield (%)	3.2	3.6	2.9	3.0
Historical Earnings Growth Rate (%)	7	4	6	4
Projected Earnings Growth Rate (%)	8	12	14	15

Sector Allocation (%):

Industrials	29	22	26	23
Consumer Discretionary	16	18	17	18
Financials	14	20	13	19
Materials	10	10	11	11
Information Technology	9	9	10	9
Consumer Staples	7	7	7	6
Health Care	6	5	6	5
Energy	5	5	5	5
Telecom	3	1	3	1
Utilities	2	2	2	2

Diversification:

Number of Holdings	467	2,274	468	2,343
% in 5 largest holdings	10	1	6	2
% in 10 largest holdings	15	3	11	3

Region Allocation (%):

Americas	3	0	2	0
Europe	57	55	56	56
Pacific Rim	39	45	41	44
Other	1	0	1	0

Largest Five Holdings:

		Industry
Cie De St-Gobain	5.5	Capital Goods
Dassault Systemes	1.7	Software & Services
Rolls Royce	1.2	Capital Goods
WPP Plc	1.1	Media
Shire	1.1	Pharmaceuticals & Biotech



San Jose Federated City Employees' Retirement System

Northern Trust MSCI Emerging Markets Index Portfolio Detail as of 6/30/12

Mandate: Global Equities
Active/Passive: Passive
Market Value: \$85.1 million
Portfolio Manager: Team
Location: Chicago, Illinois
Inception Date: 5/1/2010
Account Type: Commingled Fund

	Value	Core	Growth
Large			
Medium			
Small			

Fee Schedule:
 0.15% on all assets

Liquidity Constraints:
 Daily

Strategy:

The Northern Trust Strategy seeks to replicate the return of the MSCI Emerging Markets Index. Northern Trust employs a proprietary process in combination with low-cost trade execution to accomplish this objective. To efficiently manage cash flows, Northern Trust seeks to maximize the liquidity of trade lists and match the relevant benchmark's systemic risk. The result is a portfolio that tightly tracks the index while incurring lower transaction costs.

Performance (%):	2Q12	Calendar YTD	Fiscal YR/ 1 YR	Since 5/1/10
Northern Trust MSCI Emerging Markets Index	-8.8	3.8	-16.1	-1.6
Net of Fees	-8.9	3.8	-16.3	-1.7
MSCI Emerging Markets	-8.9	3.9	-16.0	-1.3

	6/30/12	MSCI Emerging Markets	3/31/12	MSCI Emerging Markets
Capitalization Structure:	NT MSCI EM		NT MSCI EM	
Weighted Average Market Cap. (US\$ billion)	41.1	41.7	47.3	47.1
Median Market Cap. (US\$ billion)	4.6	4.6	5.0	5.0
Large (% over US\$10 billion)	63	64	67	67
Medium (% US\$2 billion to US\$10 billion)	33	32	30	30
Small (% under US\$2 billion)	4	4	3	3

Fundamental Structure:				
Price-Earnings Ratio	15	15	16	15
Price-Book Value Ratio	2.6	2.6	2.8	2.8
Dividend Yield (%)	3.2	3.2	2.9	2.8
Historical Earnings Growth Rate (%)	15	15	15	15
Projected Earnings Growth Rate (%)	13	13	12	13

Sector Allocation (%):				
Financials	25	25	24	24
Information Technology	14	14	14	14
Energy	13	13	14	14
Materials	12	12	13	13
Consumer Staples	8	8	8	8
Telecom	8	8	8	8
Consumer Discretionary	8	8	8	8
Industrials	7	7	7	7
Utilities	4	4	4	4
Health Care	1	1	1	1

Diversification:				
Number of Holdings	853	819	809	819
% in 5 largest holdings	10	10	10	10
% in 10 largest holdings	16	16	17	16

Region Allocation (%):				
Asia	60	60	59	59
Latin America	22	22	24	23
Europe, Middle East and Africa	18	18	17	18
Canada	0	0	0	0
Other	0	0	0	0

Largest Five Holdings:		Industry
Samsung	3.4	Semiconductors
Taiwan Semiconductor	2.0	Semiconductors
China Mobile	1.9	Telecommunication Services
America Movil	1.5	Telecommunication Services
China Const Bank	1.4	Banks



San Jose Federated City Employees' Retirement System

Eagle Small-Cap Growth Portfolio Detail as of 6/30/12

Mandate: Domestic Equities
Active/Passive: Active
Market Value: \$59.5 million
Portfolio Manager: Bert L. Boksen, CFA
Location: St. Petersburg, Florida
Inception Date: 6/1/1998
Account Type: Separately Managed

	Value	Core	Growth
Large			
Medium			
Small			

Fee Schedule:

0.75% on first \$3 mm; 0.70% on next \$7 mm; 0.60% on next \$40 mm; 0.50% thereafter

Liquidity Constraints:

Daily

Strategy:

Eagle Asset Management seeks to capture the significant long-term capital appreciation potential of small, rapidly growing, under-researched companies. The market capitalization of these companies falls within the market cap range of the Russell 2000 Index at the time of purchase. Since the small company sector historically has been less efficient than the large capitalization sector, they believe that conducting extensive proprietary research on companies that are not widely followed or owned institutionally should enable Eagle to capitalize on market inefficiencies and thus outperform the Russell 2000 Growth Index.

Guidelines:

Maximum of 5% in one issuer, and maximum of 5% preferred stock.

Performance (%):	2Q12	Calendar YTD	Fiscal YR/ 1 YR	3 YR	5 YR	Since 6/1/98
Eagle Small-Cap Growth	-8.1	7.7	-8.1	21.8	4.4	6.7
Net of Fees	-8.3	7.4	-8.7	21.0	3.8	6.1
Russell 2000 Growth	-3.9	8.8	-2.7	18.1	2.0	3.6
Peer Small Cap Growth	-4.7	8.3	-3.0	19.2	2.7	7.4
Peer Ranking (percentile)	97	57	91	23	21	66
Risk: (sixty months)	Standard Deviation	Beta	Sharpe Measure	Info. Ratio	Correlation to Index	
Eagle Small-Cap Growth	27.1%	0.97	0.13	0.46	0.98	
Russell 2000 Growth	26.7	1.00	0.04	NA	1.00	

	6/30/12		3/31/12	
Capitalization Structure:	Eagle	Russell 2000 Growth	Eagle	Russell 2000 Growth
Weighted Average Market Cap. (US\$ billion)	1.4	1.4	1.6	1.5
Median Market Cap. (US\$ billion)	1.2	0.6	1.4	0.6
Large (% over US\$10 billion)	0	0	0	0
Medium (% US\$2 billion to US\$10 billion)	20	20	26	31
Small (% under US\$2 billion)	80	80	74	69
Fundamental Structure:				
Price-Earnings Ratio	31	29	30	30
Price-Book Value Ratio	3.3	4.3	3.7	4.3
Dividend Yield (%)	0.5	0.7	0.5	0.7
Historical Earnings Growth Rate (%)	12	12	12	11
Projected Earnings Growth Rate (%)	18	19	19	18
Sector Allocation (%):				
Energy	8	5	9	8
Materials	6	4	5	4
Information Technology	23	22	24	23
Financials	7	7	7	8
Consumer Discretionary	16	16	16	15
Utilities	0	0	0	0
Industrials	16	17	17	17
Consumer Staples	4	5	3	4
Telecom	0	1	0	1
Health Care	20	22	20	20
Diversification:				
Number of Holdings	97	1,135	91	1,145
% in 5 largest holdings	13	3	14	3
% in 10 largest holdings	22	5	24	5
Largest Ten Holdings:		Industry		
Genesco	3.5	Retailing		
Vitamin Shoppe	2.6	Retailing		
Obagi Medical Products	2.5	Pharmaceuticals & Biotech		
Lufkin Industries	2.4	Energy		
Sirona Dental Systems	2.1	Health Equipment & Services		
Oyo Geospace	2.0	Energy		
Sourcefire	1.8	Software & Services		
Quaker Chemical	1.8	Materials		
Bally Technologies	1.8	Consumer Services		
Huron Consulting Group	1.8	Commercial & Professional Services		



San Jose Federated City Employees' Retirement System

Mandate: Global Equity
Active/Passive: Active
Market Value: \$57.8 million
Portfolio Manager: John P Calamos/ Nick P Calamos
Location: Naperville, Illinois
Inception Date: 11/1/2009
Account Type: Separately Managed

	Short	Int.	Long
High			
Medium			
Low			

Fee Schedule:
0.50% on all assets

Liquidity Constraints:
Daily

Strategy:

Calamos seeks to leverage their capital structure research by investing in global convertible securities, in order to generate consistent alpha and manage downside volatility. The portfolio construction process incorporates top-down and bottom-up analysis. Top-down considerations focus on the global macroeconomic environment, sectors and the identification of long-term secular themes that they believe will influence growth opportunities for decades to come. For bottom-up research, they first determine the intrinsic value of the company and then utilize quantitative and qualitative analysis to value the securities within the company's capital structure. Investment candidates emerge from the intersection of the top-down and bottom-up considerations. These investments are vetted more extensively within the context of the overall portfolio. Calamos continually monitors risk characteristics to ensure that the strategy maintains appropriate diversification and risk/reward characteristics.

Guidelines:

<5% in single issuer. Investments in minimum of five countries. Allocation to single sector <1.5x sector weight of benchmark.

Performance (%):	2Q12	Calendar YTD	Fiscal YR/ 1 YR	Since 11/1/09
Calamos Global Convertibles	-3.6	0.7	-2.2	5.8
Net of Fees	-3.7	0.5	-2.7	5.2
Merrill Lynch Global 300 Convertible Index	-2.1	5.8	-3.0	6.2

Calamos Global Convertibles Portfolio Detail as of 6/30/12

	6/30/12		3/31/12	
	Calamos	ML Global 300 Convertible	Calamos	ML Global 300 Convertible
Duration & Yield:				
Average Effective Duration (years)	3.1	3.0	2.7	2.9
Yield to Maturity (%)	1.0	2.9	0.4	2.2
Quality Structure (%):				
Average Quality	BBB	BB+	BBB	BB+
AAA (includes Treasuries and Agencies)	0	4	0	4
AA	11	2	8	2
A	17	14	27	14
BBB	41	29	36	29
BB	26	33	25	33
B	4	15	4	15
Below B	0	4	0	4
Non-Rated	0	0	0	0
Sector Allocation (%):				
U.S. Treasury-Nominal	0	0	0	0
U.S. Treasury-TIPS	0	0	0	0
U.S. Agency	0	0	0	0
Mortgage Backed	0	0	0	0
Corporate	0	0	0	0
Bank Loans	0	0	0	0
Local & Provincial Government	0	0	0	0
Sovereign & Supranational	0	0	0	0
Commercial Mortgage Backed	0	0	0	0
Asset Backed	0	0	0	0
Cash Equivalent	4	0	4	0
Other	96	100	96	100
Market Allocation (%):				
United States	55	51	58	51
Foreign (developed markets)	43	40	38	40
Foreign (emerging markets)	3	8	4	8
Currency Allocation (%):				
Non-U.S. Dollar Exposure	25	35	21	35



San Jose Federated City Employees' Retirement System

RS Investments Small Cap Value Portfolio Detail as of 6/30/12

Mandate: Domestic Equities
Active/Passive: Active
Market Value: \$57.7 million
Portfolio Manager: Team
Location: San Francisco, California
Inception Date: 8/1/2010
Account Type: Separately Managed

	Value	Core	Growth
Large			
Medium			
Small			

Fee Schedule:

1.00% on first \$30 mm; 0.80% on next \$20 mm; 0.60% thereafter

Liquidity Constraints:

Daily

Strategy:

RS employs a bottom-up, fundamental stock picking approach to portfolio management. The investment team seeks to optimize risk-adjusted returns through deep company-specific fundamental research. When evaluating investments for the strategy, RS Investments employs a return-on-capital analysis, combining balance sheet and cash flow analysis. RS believes that stock price performance is more highly correlated to improving returns on capital than it is to traditional valuation measurements like price-to-earnings, price-to-sales or price to book value. The strategy typically invests most of its assets in securities of U.S. companies but may also invest up to 15% of its assets in foreign securities.

Performance (%):	2Q12	Calendar YTD	Fiscal YR/ 1 YR	Since 8/1/10
RS Investments Small Cap Value	-3.9	6.8	-5.6	11.1
Net of Fees	-4.1	6.5	-6.4	10.3
Russell 2000 Value	-3.0	8.2	-1.4	10.4
Peer Small Cap Value	-4.3	7.3	-1.8	12.0
Peer Ranking (percentile)	35	63	97	69

	6/30/12		3/31/12	
Capitalization Structure:	RS SCV	Russell 2000 Value	RS SCV	Russell 2000 Value
Weighted Average Market Cap. (US\$ billion)	2.8	1.0	2.9	1.2
Median Market Cap. (US\$ billion)	2.5	0.4	2.4	0.5
Large (% over US\$10 billion)	0	0	0	0
Medium (% US\$2 billion to US\$10 billion)	73	8	69	15
Small (% under US\$2 billion)	27	92	31	85

Fundamental Structure:

Price-Earnings Ratio	16	21	22	23
Price-Book Value Ratio	2.0	1.4	2.1	1.7
Dividend Yield (%)	1.3	2.0	1.1	2.1
Historical Earnings Growth Rate (%)	0	0	6	0
Projected Earnings Growth Rate (%)	11	10	13	19

Sector Allocation (%):

Information Technology	23	13	26	11
Materials	9	5	8	5
Consumer Discretionary	15	11	16	12
Health Care	8	5	10	5
Energy	8	6	7	4
Utilities	9	7	7	6
Telecom	0	1	0	1
Consumer Staples	0	3	1	3
Industrials	9	13	6	15
Financials	20	36	19	37

Diversification:

Number of Holdings	39	1,419	37	1,339
% in 5 largest holdings	25	2	23	2
% in 10 largest holdings	44	4	43	4

Largest Ten Holdings:

		Industry
Calpine	5.5	Utilities
Peyto Exploration & Developmt	5.4	Energy
AOL	5.1	Software & Services
Compass Minerals	4.9	Materials
GameStop	4.5	Retailing
Torchmark	4.3	Insurance
Axiom	4.2	Software & Services
StanCorp Financial	3.6	Insurance
Waste Connections	3.5	Commercial & Professional Services
Aimia	3.4	Media



San Jose Federated City Employees' Retirement System

Russell Investments MSCI EAFE Growth Portfolio Detail as of 6/30/12

Mandate: Global Equities
Active/Passive: Passive
Market Value: \$56.1 million
Portfolio Manager: Russell Investments (Transition Manager)
Location: Tacoma, Washington
Inception Date: 6/1/2010
Account Type: Separately Managed

	Value	Core	Growth
Large			
Medium			
Small			

Fee Schedule:

Base fee of \$50,000. In addition 0.05% on first \$200 mm; 0.03% on next \$200 mm; 0.015% thereafter. Fee applies to aggregated Russell Investment accounts.

Liquidity Constraints:

Daily

Strategy:

Russell Investments manages an optimized portfolio with a Tracking Error target of 1.25% to the MSCI EAFE Growth Index.

Performance (%):	2Q12	Calendar YTD	Fiscal YR/ 1 YR	Since 6/1/10
Russell Investments MSCI EAFE Growth	-6.5	4.4	-11.3	7.3
Net of Fees	-6.5	4.4	-11.3	7.2
MSCI EAFE Growth	-7.3	3.9	-12.6	6.8

	6/30/12		3/31/12	
Capitalization Structure:	MSCI EAFE Growth	MSCI EAFE Growth	MSCI EAFE Growth	MSCI EAFE Growth
Weighted Average Market Cap. (US\$ billion)	58.3	46.5	60.3	49.0
Median Market Cap. (US\$ billion)	12.0	6.9	13.5	7.4
Large (% over US\$10 billion)	82	76	83	78
Medium (% US\$2 billion to US\$10 billion)	16	24	15	22
Small (% under US\$2 billion)	2	0	2	0

Fundamental Structure:

Price-Earnings Ratio	18	19	18	20
Price-Book Value Ratio	3.0	3.3	3.0	3.3
Dividend Yield (%)	3.3	2.9	3.0	2.6
Historical Earnings Growth Rate (%)	6	8	5	6
Projected Earnings Growth Rate (%)	11	14	9	11

Sector Allocation (%):

Consumer Staples	19	21	18	20
Financials	14	8	14	9
Industrials	14	16	15	17
Materials	14	13	14	14
Health Care	12	11	11	9
Consumer Discretionary	11	15	11	14
Information Technology	7	7	7	7
Energy	4	5	5	5
Telecom	3	2	3	2
Utilities	2	2	2	2

Diversification:

Number of Holdings	320	526	319	555
% in 5 largest holdings	14	12	13	11
% in 10 largest holdings	21	20	20	18

Region Allocation (%):

Americas	1	0	1	0
Europe	66	64	66	66
Pacific Rim	32	36	32	34
Other	0	0	0	0

Largest Five Holdings:

		Industry
Nestle	4.3	Food Beverage & Tobacco
British American Tobacco	2.6	Food Beverage & Tobacco
Roche	2.5	Pharmaceuticals & Biotech
HSBC Holdings Plc	2.3	Banks
GlaxoSmithKline	1.9	Pharmaceuticals & Biotech



Fixed Income Portfolio Reviews As of June 30, 2012

San Jose Federated City Employees' Retirement System

Russell Investments Barclays U.S. TIPS Portfolio Detail as of 6/30/12

Mandate: Fixed Income
Active/Passive: Passive
Market Value: \$124.9 million
Portfolio Manager: Russell Investments (Transition Manager)
Location: Tacoma, Washington
Inception Date: 5/1/2010
Account Type: Separately Managed

	Short	Int.	Long
High			
Medium			
Low			

Fee Schedule:

Base fee of \$50,000. In addition 0.05% on first \$200 mm; 0.03% on next \$200 mm; 0.015% thereafter. Fee applies to aggregated Russell Investment accounts

Liquidity Constraints:

Daily

Strategy:

Russell Investments seeks to construct a portfolio of U.S. TIPS securities subject to staff's guidelines.

Performance (%):	2Q12	Calendar YTD	Fiscal YR/ 1 YR	Since 5/1/10
Russell Investments Barclays U.S. TIPS	0.4	1.6	6.7	7.4
Net of Fees	0.4	1.6	6.6	7.4
Russell Investments Barclays U.S. TIPS	0.4	1.6	6.6	7.4

Quality Structure (%):	6/30/12		3/31/12	
	Barclays U.S. TIPS	Barclays TIPS	Barclays U.S. TIPS	Barclays TIPS
Average Quality	AAA	AAA	AAA	AAA
AAA (includes Treasuries and Agencies)	100	100	100	100
AA	0	0	0	0
A	0	0	0	0
BBB	0	0	0	0
BB	0	0	0	0
B	0	0	0	0
Below B	0	0	0	0
Non-Rated	0	0	0	0
Sector Allocation (%):				
U.S. Treasury-Nominal	0	0	0	0
U.S. Treasury-TIPS	100	100	100	100
U.S. Agency	0	0	0	0
Mortgage Backed	0	0	0	0
Corporate	0	0	0	0
Bank Loans	0	0	0	0
Local & Provincial Government	0	0	0	0
Sovereign & Supranational	0	0	0	0
Commercial Mortgage Backed	0	0	0	0
Asset Backed	0	0	0	0
Cash Equivalent	0	0	0	0
Other	0	0	0	0
Market Allocation (%):				
United States	100	100	100	100
Foreign (developed markets)	0	0	0	0
Foreign (emerging markets)	0	0	0	0
Currency Allocation (%):				
Non-U.S. Dollar Exposure	0	0	0	0



San Jose Federated City Employees' Retirement System

Northern Trust Long Term Credit Bond Index Portfolio Detail as of 6/30/12

Mandate: Fixed Income
Active/Passive: Passive
Market Value: \$29.4 million
Portfolio Manager: Team
Location: Chicago, Illinois
Inception Date: 5/1/2010
Account Type: Commingled Fund

	Short	Int.	Long
High			
Medium			
Low			

Fee Schedule:
 0.04% on all assets

Liquidity Constraints:
 Daily

Strategy:
 The Northern Trust Long Term Credit Bond Index strategy seeks to replicate the returns of the Barclays Long Term Credit Index. The Fund is passively managed, employing statistical methods to replicate performance and composition of the index.

Performance (%):	2Q12	Calendar YTD	Fiscal YR/ 1 YR	Since 5/1/10
Northern Trust Long Term Credit Bond Index	5.0	5.6	19.0	13.0
Net of Fees	5.0	5.6	19.0	13.0
Barclays Long U.S. Credit	5.0	5.8	19.2	13.0

	6/30/12		3/31/12	
	NT Barclays LT Credit	Barclays Long U.S. Credit	NT Barclays LT Credit	Barclays Long U.S. Credit
Duration & Yield:				
Average Effective Duration (years)	13.7	13.7	13.1	13.1
Yield to Maturity (%)	4.7	4.7	5.0	5.0
Quality Structure (%):				
Average Quality	A	A	A	A
AAA (includes Treasuries and Agencies)	3	3	3	3
AA	12	12	15	12
A	42	42	40	42
BBB	43	43	43	43
BB	0	0	0	0
B	0	0	0	0
Below B	0	0	0	0
Non-Rated	0	0	0	0
Sector Allocation (%):				
U.S. Treasury-Nominal	0	0	0	0
U.S. Treasury-TIPS	0	0	0	0
U.S. Agency	2	2	2	2
Mortgage Backed	0	0	0	0
Corporate	78	78	78	78
Bank Loans	0	0	0	0
Local & Provincial Government	13	13	13	13
Sovereign & Supranational	7	7	8	7
Commercial Mortgage Backed	0	0	0	0
Asset Backed	0	0	0	0
Cash Equivalent	0	0	0	0
Other	0	0	0	0
Market Allocation (%):				
United States	79	79	78	79
Foreign (developed markets)	20	20	22	20
Foreign (emerging markets)	1	1	1	1
Currency Allocation (%):				
Non-U.S. Dollar Exposure	0	0	0	0



San Jose Federated City Employees' Retirement System

MackKay Shields High Yield Active Core Portfolio Detail as of 6/30/12

Mandate: High Yield
Active/Passive: Active
Market Value: \$26.1 million
Portfolio Manager: Dan Roberts, Ph.D.
Location: New York, New York
Inception Date: 5/1/2009
Account Type: Separately Managed

	Short	Int.	Long
High			
Medium			
Low			

Fee Schedule:
0.425% on all assets

Liquidity Constraints:
Daily

Strategy:

The High Yield Active Core Investment Team believes that attractive risk-adjusted returns and, ultimately, attractive absolute returns are generated by a strategy of yield capture and error avoidance. Based on the observation that bonds, even high yield bonds, have a limited upside, but a 100% downside potential, this simple observation leads to the most fundamental element of the High Yield Active Core investment philosophy: the high yield market does not reward inappropriately high levels of risk. When this view is considered in combination with the observation that, over any given cycle, total return is driven almost entirely by income, this is the team's goal: capture the yield offered by the market by investing in stable, quality credits; aggressively protect this yield through a variety of risk control measures; resist the temptation to augment returns by "stretching" for the yield offered by the market's riskiest credits; and manage risk relative to the client's benchmark.

Guidelines:

Average rating of BB- or better. Maximum of 20% bank loans, and maximum of 5% CCC.

Performance (%):	2Q12	Calendar YTD	Fiscal YR/1 YR	3 YR	Since 5/1/09
MackKay Shields High Yield Active Core	1.3	6.4	7.5	14.4	14.2
Net of Fees	1.2	6.2	7.0	13.9	13.8
Merrill Lynch U.S. High Yield BB/B	2.0	6.5	7.1	14.4	16.4
Barclays High Yield	1.8	7.3	7.3	16.3	18.8
Peer High Yield	1.6	7.2	7.0	15.6	17.9
Peer Ranking (percentile)	72	81	36	78	92

Risk: (thirty-eight months)	Standard Deviation	Beta	Sharpe Measure	Info. Ratio	Correlation to Index
MackKay Shields High Yield Active Core	7.1%	0.76	1.99	Neg.	0.88
Merrill Lynch U.S. High Yield BB/B	8.4	1.00	1.95	NA	1.00

Duration & Yield:	6/30/12		3/31/12	
	Mackay High Yield	Merrill Lynch U.S. High Yield BB/B	Mackay High Yield	Merrill Lynch U.S. High Yield BB/B
Average Effective Duration (years)	3.3	4.3	3.1	4.4
Yield to Maturity (%)	5.9	6.5	6.0	6.3

Quality Structure (%):

Average Quality	BB-	B+	B+	B+
AAA (includes Treasuries and Agencies)	1	0	2	0
AA	0	0	0	0
A	0	0	0	0
BBB	18	0	10	0
BB	41	52	47	53
B	23	48	26	47
Below B	16	0	14	0
Non-Rated	1	0	1	0

Sector Allocation (%):

U.S. Treasury-Nominal	0	0	0	0
U.S. Treasury-TIPS	0	0	0	0
U.S. Agency	0	0	0	0
Mortgage Backed	0	0	0	0
Corporate	97	100	95	100
Bank Loans	1	0	2	0
Local & Provincial Government	0	0	0	0
Sovereign & Supranational	0	0	0	0
Commercial Mortgage Backed	0	0	0	0
Asset Backed	0	0	0	0
Cash Equivalent	1	0	2	0
Other	1	0	1	0

Market Allocation (%):

United States	94	87	95	89
Foreign (developed markets)	5	13	4	11
Foreign (emerging markets)	1	0	1	0

Currency Allocation (%):

Non-U.S. Dollar Exposure	0	0	0	0
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San Jose Federated City Employees' Retirement System

Mandate: High Yield
Active/Passive: Active
Market Value: \$14.0 million
Portfolio Manager: Michael McEachern, CFA
Location: Upper Saddle River, New Jersey
Inception Date: 5/1/2009
Account Type: Separately Managed

	Short	Int.	Long
High			
Medium			
Low			

Fee Schedule:
0.30% on all assets

Liquidity Constraints:
Daily

Strategy:

Seix manages a diversified credit portfolio employing primarily a buy and hold strategy to generate attractive absolute returns as acceptable risk levels. Sales or exchanges occur due to credit impaired assets or defaults. The portfolio will be comprised primarily of high yield floating rate bank loans, with a maximum of 20% in high yield corporate bonds.

Guidelines:

Average Credit quality of BB- or better. Maximum of 20% high yield bonds, and maximum of 5% rated C or lower

Performance (%):	2Q12	Calendar YTD	Fiscal YR/ 1 YR	3 YR	Since 5/1/09
Seix Credit Dislocation	0.5	2.9	2.0	6.5	7.1
Net of Fees	0.5	2.7	1.7	6.2	6.8
CSFB Leveraged Loan	1.0	4.5	3.3	10.1	12.8
Risk: (thirty-eight months)	Standard Deviation	Beta	Sharpe Measure	Info. Ratio	Correlation to Index
Seix Credit Dislocation	4.9%	0.64	1.44	Neg.	0.82
CSFB Leveraged Loan	6.6	1.00	1.94	NA	1.00

Seix Credit Dislocation Portfolio Detail as of 6/30/12

	6/30/12	CSFB Leveraged Loan	3/31/12	CSFB Leveraged Loan
Duration & Yield:	Seix		Seix	
Average Effective Duration (years)	0.5	0.3	0.4	0.3
Yield to Maturity (%)	3.9	5.2	3.6	5.0
Quality Structure (%):				
Average Quality	BB-	B	BB	B
AAA (includes Treasuries and Agencies)	2	0	13	0
AA	0	0	0	0
A	0	0	0	0
BBB	0	0	0	0
BB	41	38	28	38
B	57	52	59	52
Below B	0	4	0	4
Non-Rated	0	7	0	7
Sector Allocation (%):				
U.S. Treasury-Nominal	0	0	0	0
U.S. Treasury-TIPS	0	0	0	0
U.S. Agency	0	0	0	0
Mortgage Backed	0	0	0	0
Corporate	8	0	9	0
Bank Loans	89	100	79	100
Local & Provincial Government	0	0	0	0
Sovereign & Supranational	0	0	0	0
Commercial Mortgage Backed	0	0	0	0
Asset Backed	0	0	0	0
Cash Equivalent	2	0	13	0
Other	0	0	0	0
Market Allocation (%):				
United States	100	100	100	100
Foreign (developed markets)	0	0	0	0
Foreign (emerging markets)	0	0	0	0
Currency Allocation (%):				
Non-U.S. Dollar Exposure	0	0	0	0



**Real Assets Portfolio Reviews
As of June 30, 2012**

San Jose Federated City Employees' Retirement System

Credit Suisse Compound Risk Parity Commodity Index Portfolio Detail as of 6/30/12

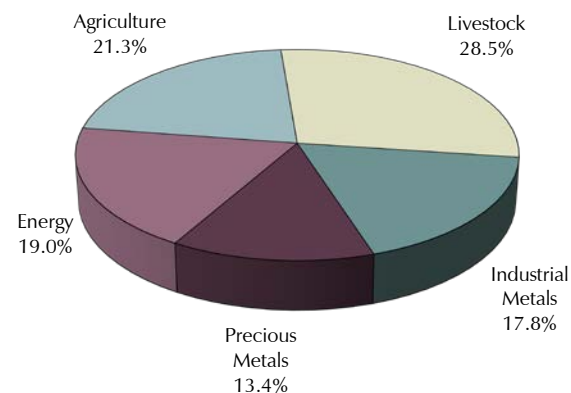
Mandate: Commodity
Active/Passive: Active
Market Value: \$79.1 million
Portfolio Manager: Christopher Burton
Location: New York, New York
Inception Date: 4/1/2011
Account Type: Commingled Fund

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

Liquidity Constraints:
 Daily

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

Current Risk Allocation:



Performance (%):	2Q12	Calendar YTD	Fiscal YR/ 1 YR	Since 4/1/11
Credit Suisse Compound Risk Parity Commodity Index ¹	-4.3	-2.9	-10.0	-11.7
Custom Risk Parity Benchmark ²	-4.2	-2.7	-9.5	-11.6
Dow Jones-Commodity U.S. Index	-4.6	-3.7	-14.4	-16.5

¹ Performance is net of fees.

² Risk Parity benchmark returns provided by staff.



San Jose Federated City Employees' Retirement System

First Quadrant Risk Parity Commodity Index Portfolio Detail as of 6/30/12

Mandate: Commodity
Active/Passive: Active
Market Value: \$76.5 million
Portfolio Manager: Team
Location: Pasadena, California
Inception Date: 4/1/2011
Account Type: Separately Managed

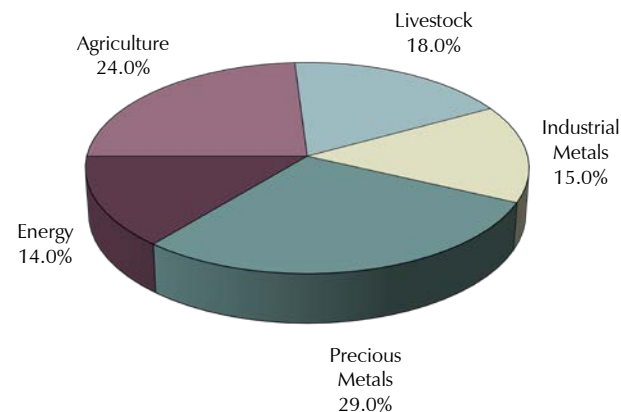
Fee Schedule:
 0.35% on all assets

Liquidity Constraints:
 Daily

Strategy:

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

Current Risk Allocation:



Performance (%):	2Q12	Calendar YTD	Fiscal YR/ 1 YR	Since 4/1/11
First Quadrant Risk Parity Commodity Index¹	-6.5	-6.2	-12.7	-14.0
Custom Risk Parity Benchmark ²	-4.2	-2.7	-9.5	-11.6
Dow Jones-Commodity U.S. Index	-4.6	-3.7	-14.4	-16.5

¹ Performance is net of fees.

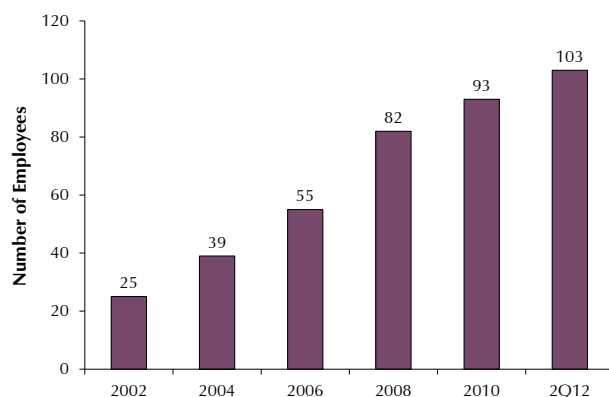
² Risk Parity benchmark returns provided by staff.



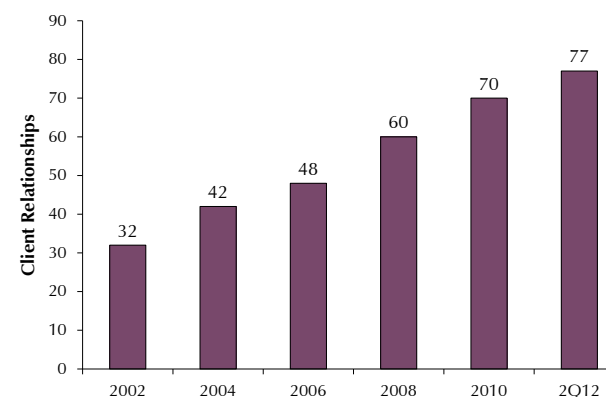
Meketa Investment Group Corporate Update

- Staff of 103, including 60 investment professionals and 17 CFA charterholders
- 77 clients, with over 150 funds throughout the United States
- Significant investment in staff and resources
- Offices in Boston, Miami, and San Diego
- Clients have aggregate assets of approximately \$475 billion
 - Over \$20 billion in assets committed to alternative investments
 - Private Equity ▪ Infrastructure ▪ Natural Resources
 - Real Estate ▪ Hedge Funds ▪ Commodities

Employee Growth



Client Growth



Meketa Investment Group is proud to work for 3.2 million American families everyday



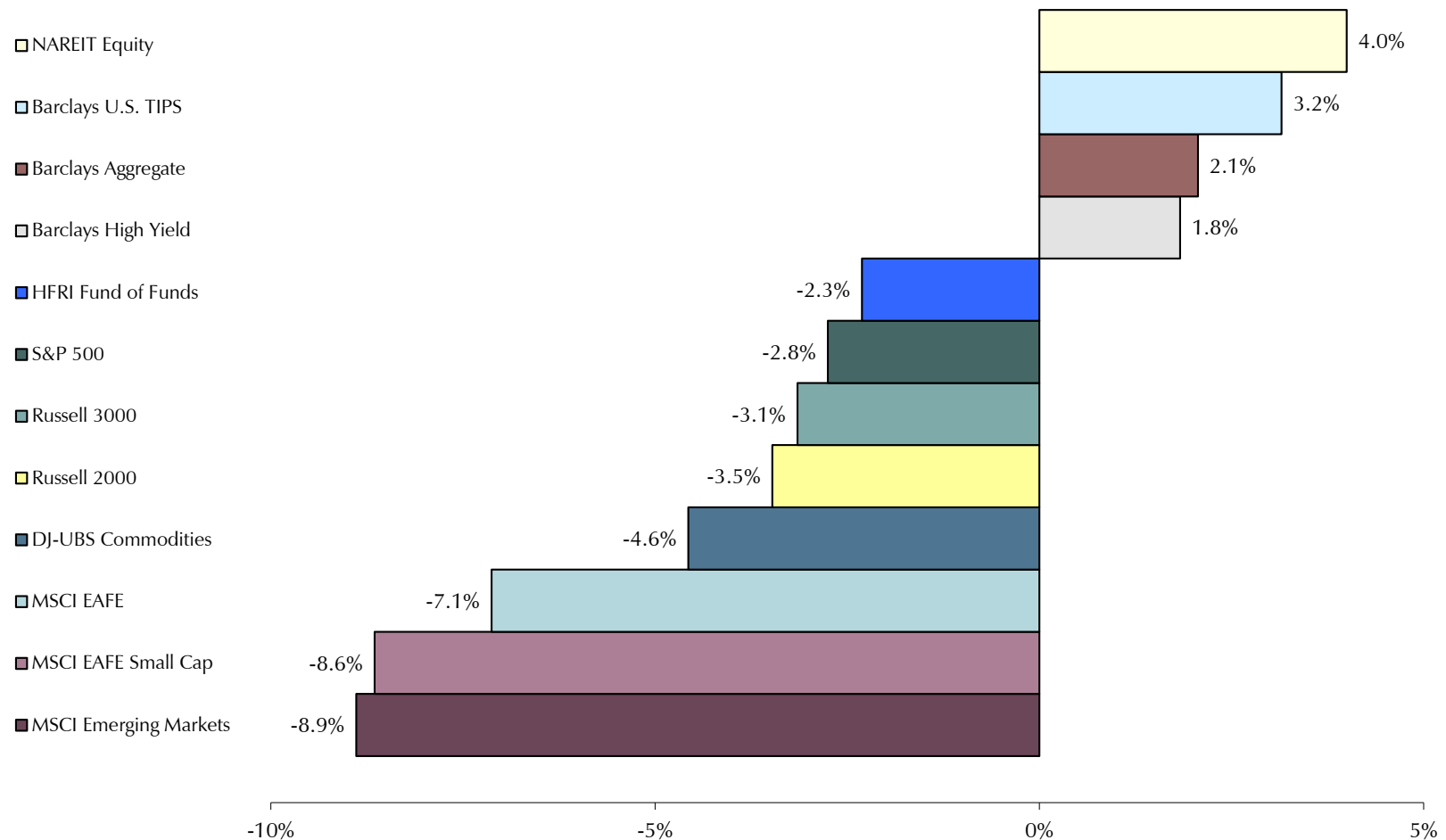
Asset Classes Followed Intensively by Meketa Investment Group

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

Appendices

The World Markets Second Quarter of 2012

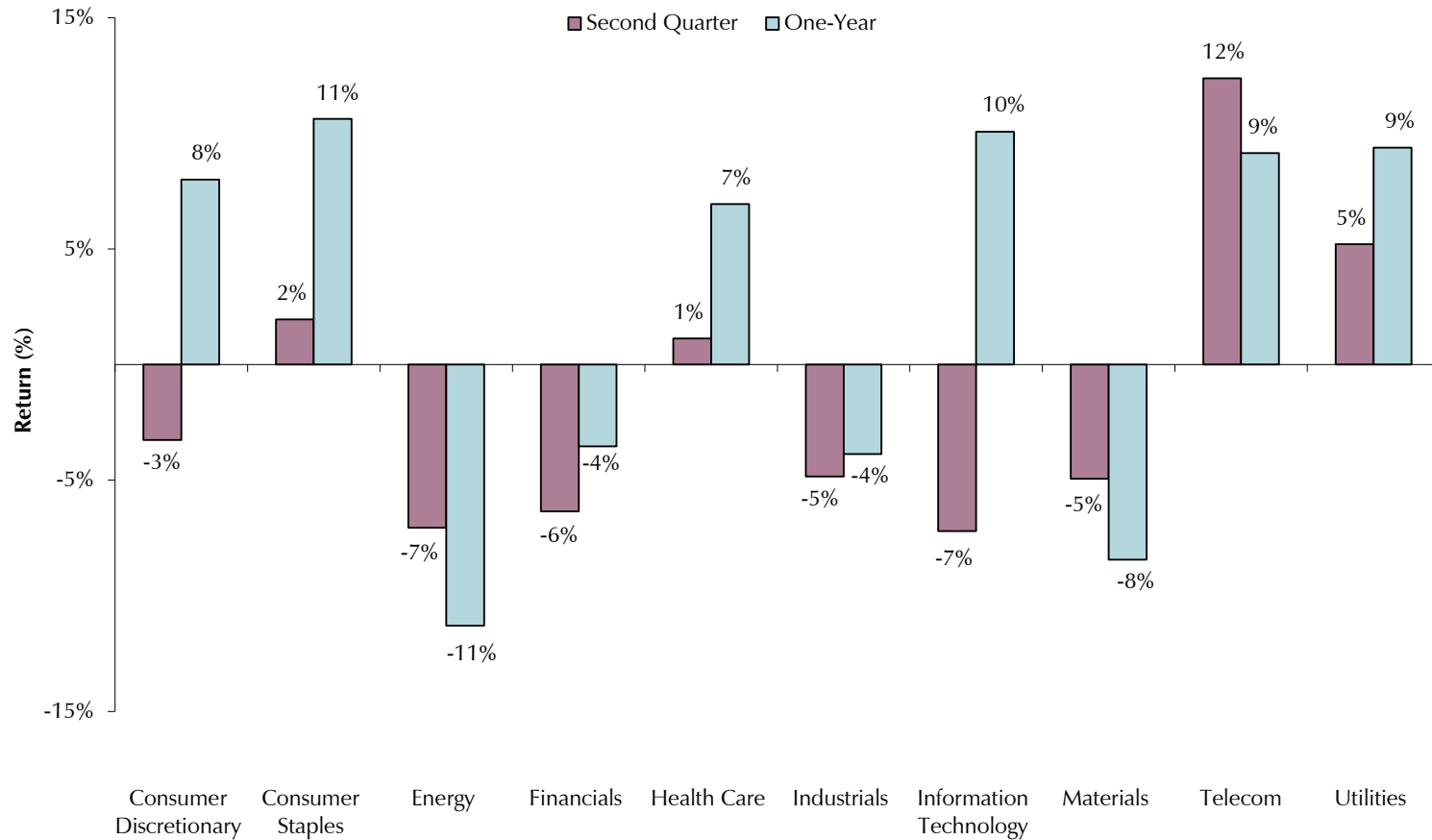
The World Markets
Second Quarter of 2012



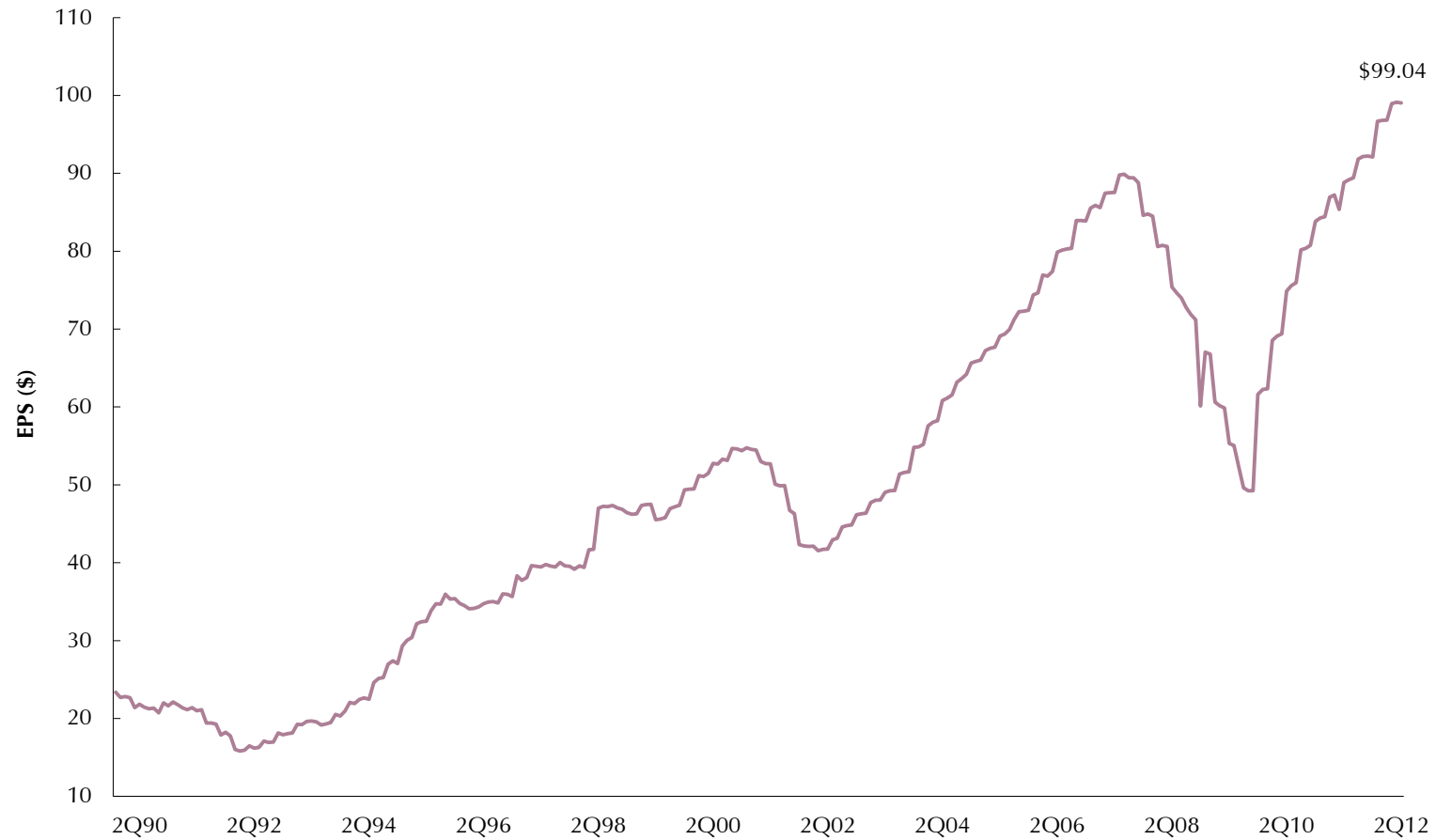
Index Returns

	2Q12 (%)	YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)
Domestic Equity						
Russell 3000	-3.1	9.3	3.8	16.7	0.4	5.8
Russell 1000	-3.1	9.4	4.4	16.6	0.4	5.7
Russell 1000 Growth	-4.0	10.1	5.8	17.5	2.9	6.0
Russell 1000 Value	-2.2	8.7	3.0	15.8	-2.2	5.3
Russell MidCap	-4.4	8.0	-1.7	19.4	1.1	8.5
Russell MidCap Growth	-5.6	8.1	-3.0	19.0	1.9	8.5
Russell MidCap Value	-3.3	7.8	-0.4	19.9	-0.1	8.2
Russell 2000	-3.5	8.5	-2.1	17.8	0.5	7.0
Russell 2000 Growth	-3.9	8.8	-2.7	18.1	2.0	7.4
Russell 2000 Value	-3.0	8.2	-1.4	17.4	-1.0	6.5
Foreign Equity						
MSCI ACWI (ex. U.S.)	-7.6	2.8	-14.6	7.0	-4.6	6.7
MSCI EAFE	-7.1	3.0	-13.8	6.0	-6.1	5.1
MSCI EAFE (local currency)	-5.4	4.2	-8.6	4.4	-7.5	2.1
MSCI EAFE Small Cap	-8.6	4.9	-15.1	9.2	-5.3	8.5
MSCI Emerging Markets	-8.9	3.9	-16.0	9.8	-0.1	14.1
MSCI Emerging Markets (local currency)	-5.3	4.9	-6.6	9.3	1.2	12.7
Fixed Income						
Barclays Universal	2.0	2.9	7.4	7.6	6.8	6.0
Barclays Aggregate	2.1	2.4	7.5	6.9	6.8	5.6
Barclays U.S. TIPS	3.2	4.0	11.7	9.6	8.4	7.2
Barclays High Yield	1.8	7.3	7.3	16.3	8.4	10.2
JPMorgan GBI-EM Global Diversified	-1.2	7.0	-1.7	10.7	8.8	NA
Other						
NAREIT Equity	4.0	14.9	12.5	32.4	2.6	10.3
DJ-UBS Commodities	-4.6	-3.7	-14.4	3.4	-4.4	3.8
HFRI Fund of Funds	-2.3	1.0	-4.5	2.2	-2.0	3.2

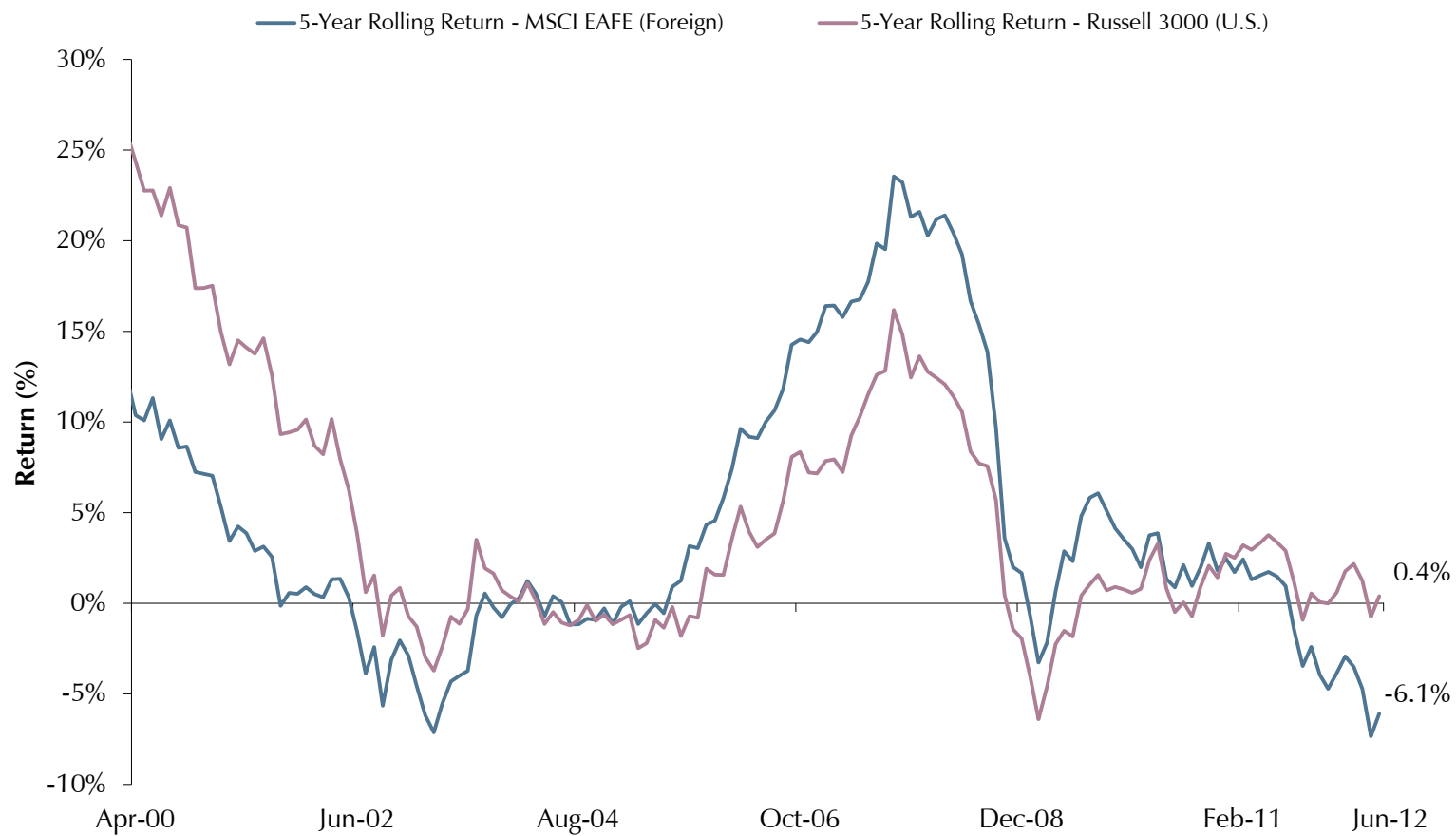
S&P Sector Returns



S&P 500 Earnings Per Share



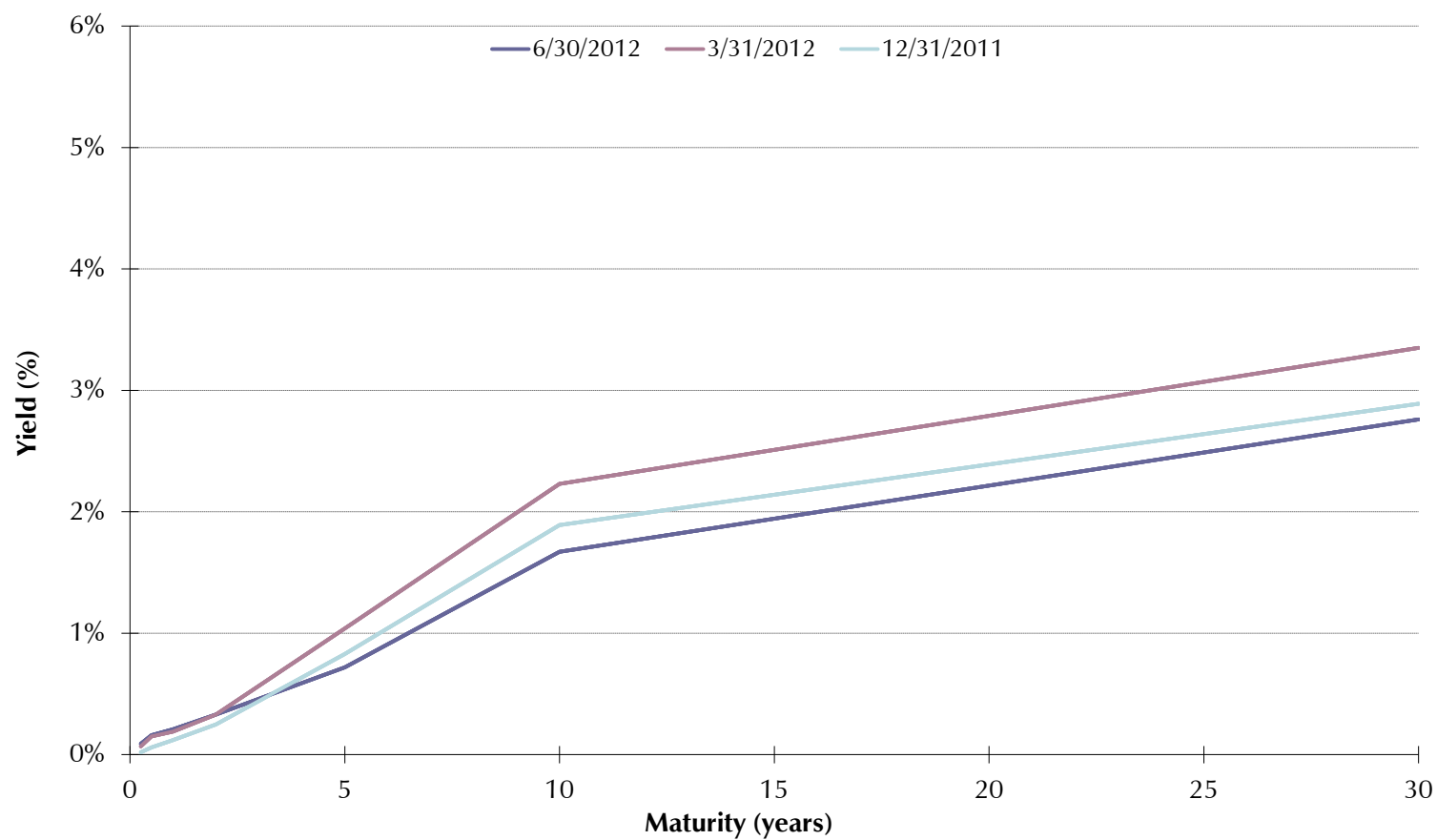
Equity Markets



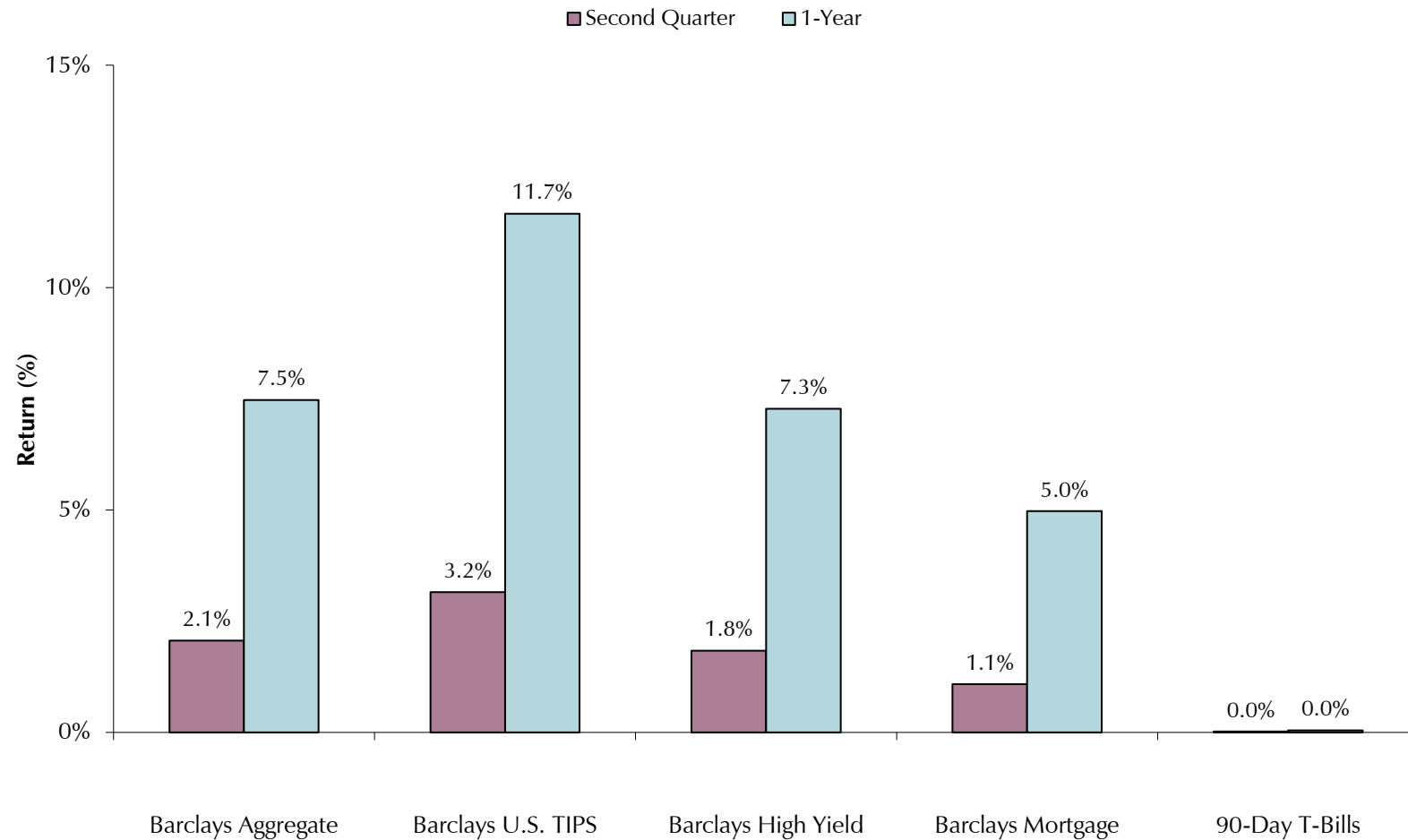
Rolling Ten-Year Returns: 65% Stocks and 35% Bonds



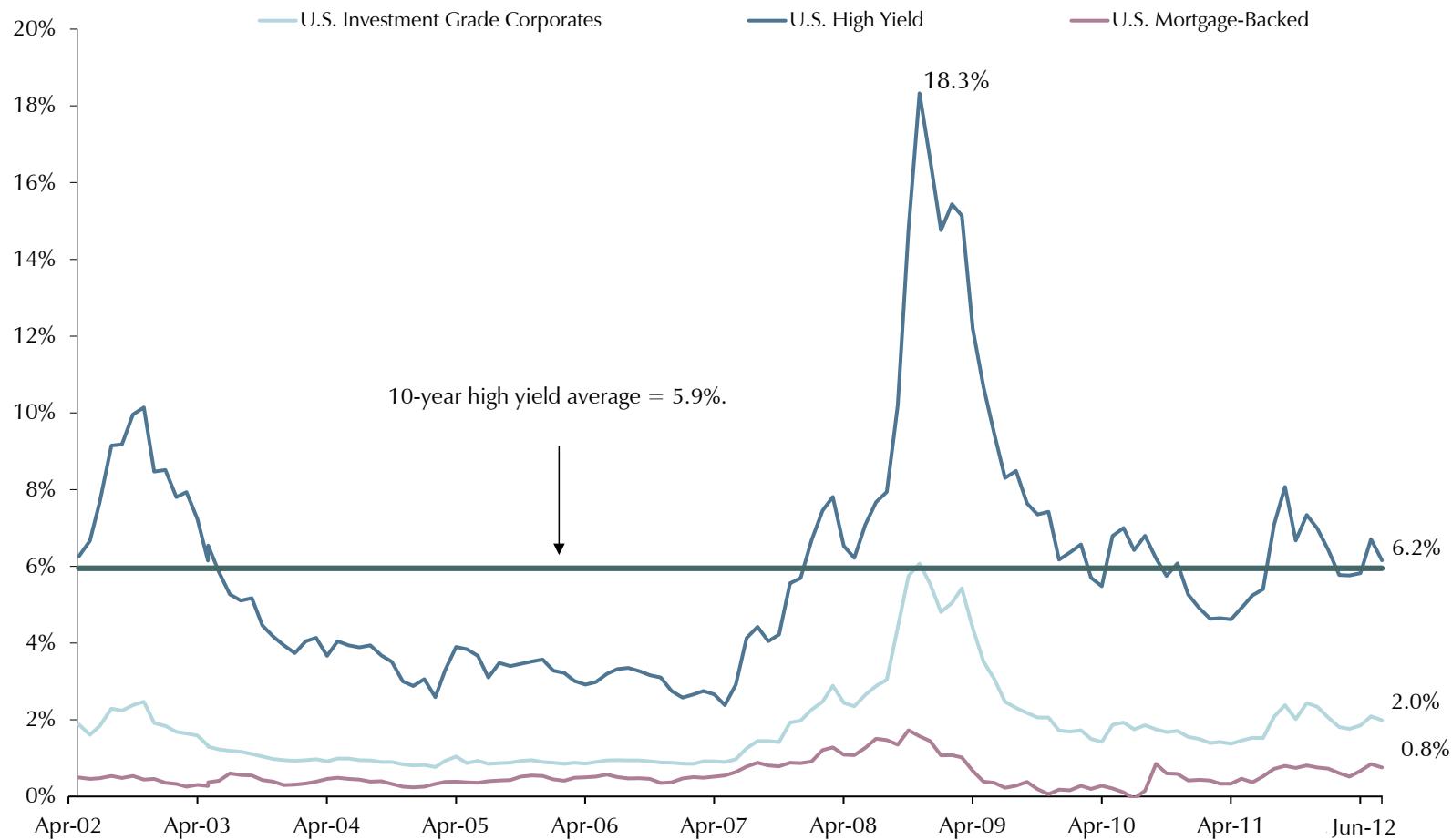
Treasury Yields



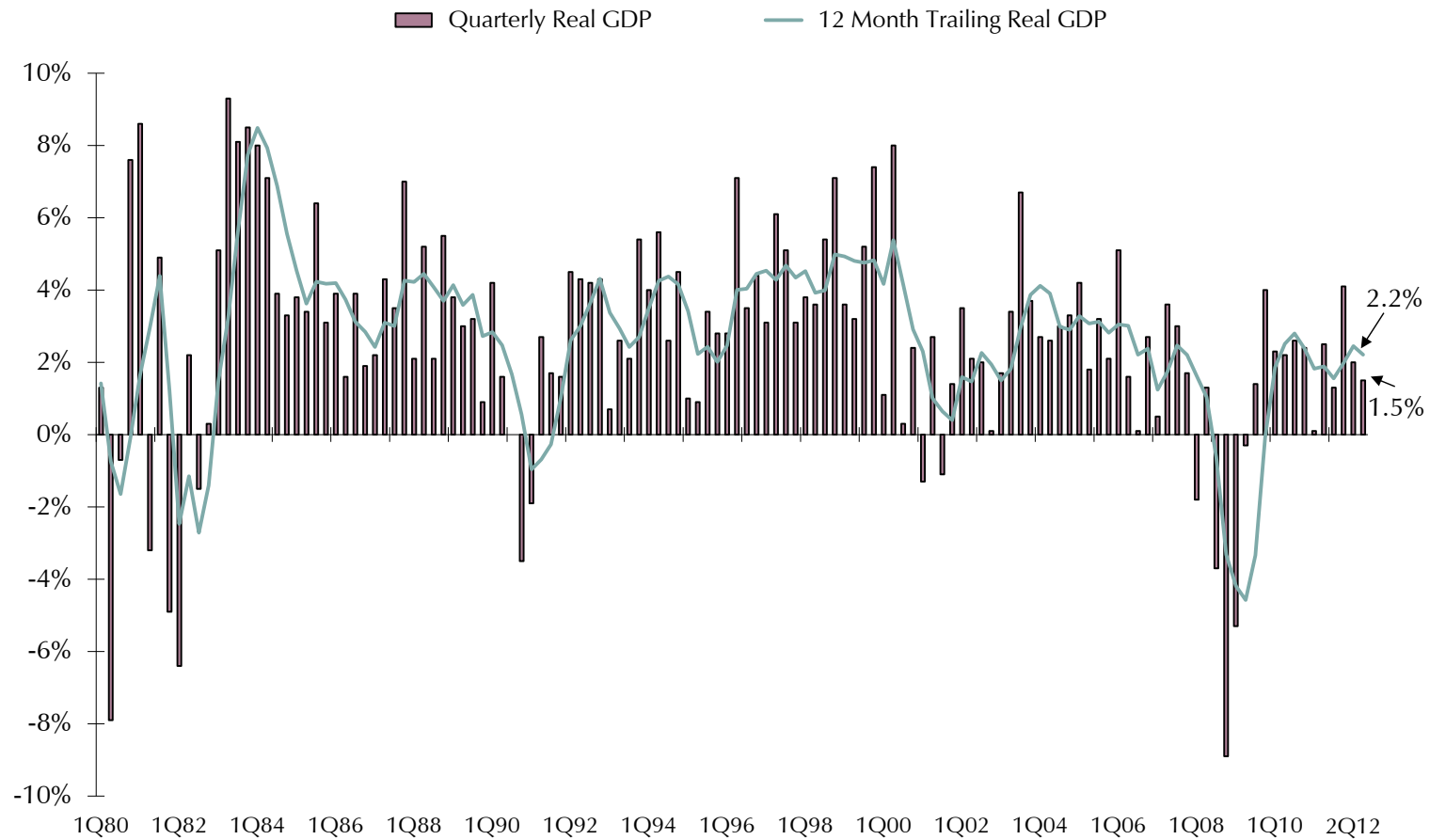
U.S. Fixed Income Markets



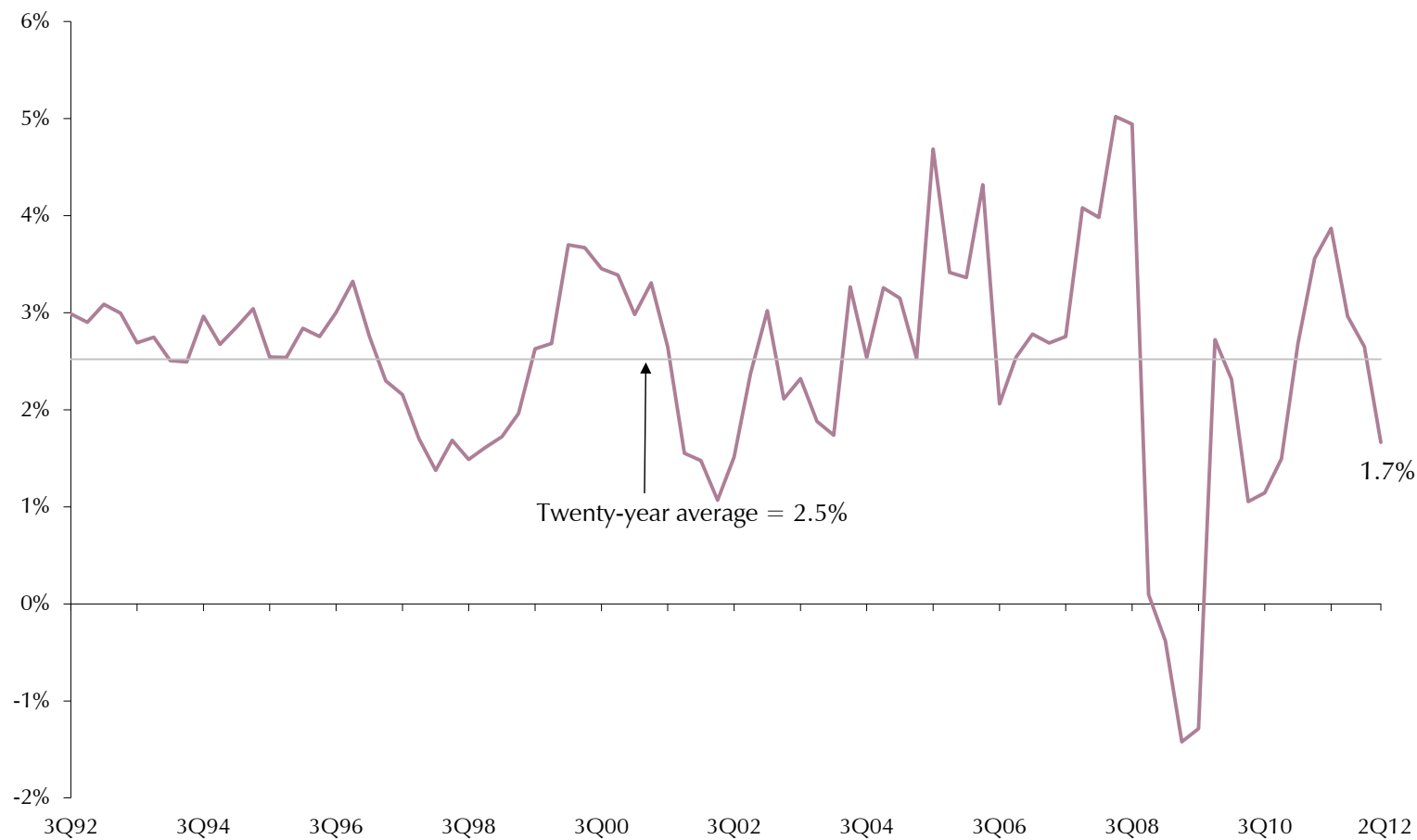
Credit Spreads vs. U.S. Treasury Bonds



Real Gross Domestic Product (GDP) Growth

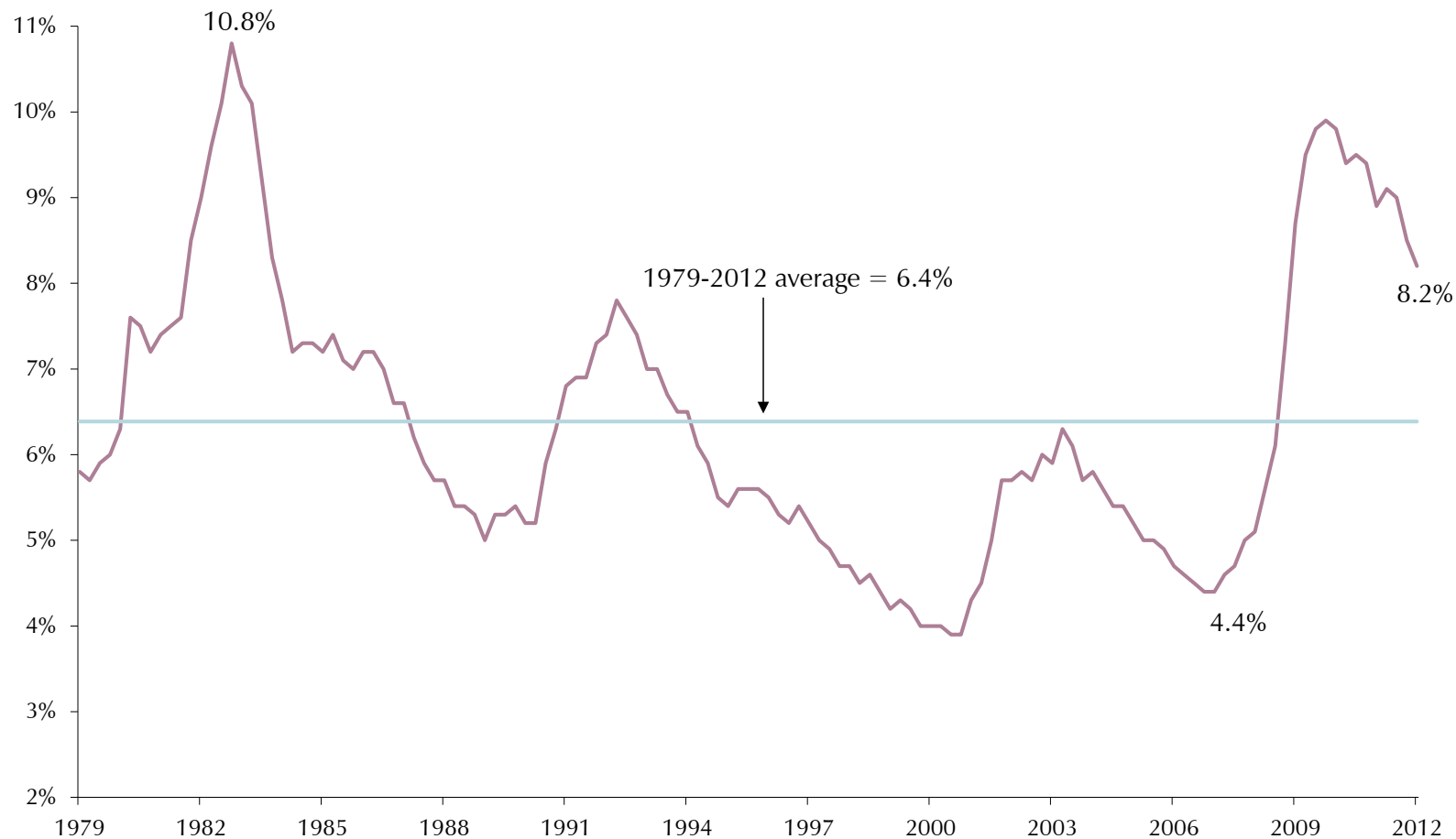


**U.S. Inflation (CPI)
Trailing Twelve Months¹**



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

U.S. Unemployment



Glossary and Notes As of June 30, 2012

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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Throughout this report, numbers may not sum due to rounding.

Returns for periods greater than one year are annualized throughout this report.

Values shown are in millions of dollars, unless noted otherwise.