

# FUND EVALUATION REPORT

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## San Jose Federated City Employees Retirement System

Quarterly Review  
September 30, 2009



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**Executive Summary**  
**As of September 30, 2009**

**Stocks extended their rally both domestically and abroad in the third quarter, posting double-digit returns for the second consecutive quarter.**

- Developed foreign stocks, as proxied by the MSCI EAFE index, advanced 19.5%, while domestic stocks were up 16.3%. A declining dollar aided foreign equity returns, which were up only 14.8% in local currency terms.
- Emerging markets stocks returned 20.9% during the period.
- Small cap stocks continued to outpace large cap stocks in the U.S. and internationally.
- Value stocks outperformed growth stocks across the capitalization spectrum for the quarter.

**Riskier fixed income sectors advanced further in the third quarter, as risk aversion continued to wane.**

- High yield corporate bonds led the way for a third consecutive quarter, advancing 14%; the sector is up 49% year-to-date.
- Nominal U.S. Treasuries rose 2.1% for the quarter, while TIPS returned 3.1%.
- Investment grade corporates returned 8.1%, while mortgage-backed securities returned 2.3%.

**Better than anticipated corporate earnings and signs of overall economic stabilization outweighed concerns of rising unemployment and the future of the economic recovery.**

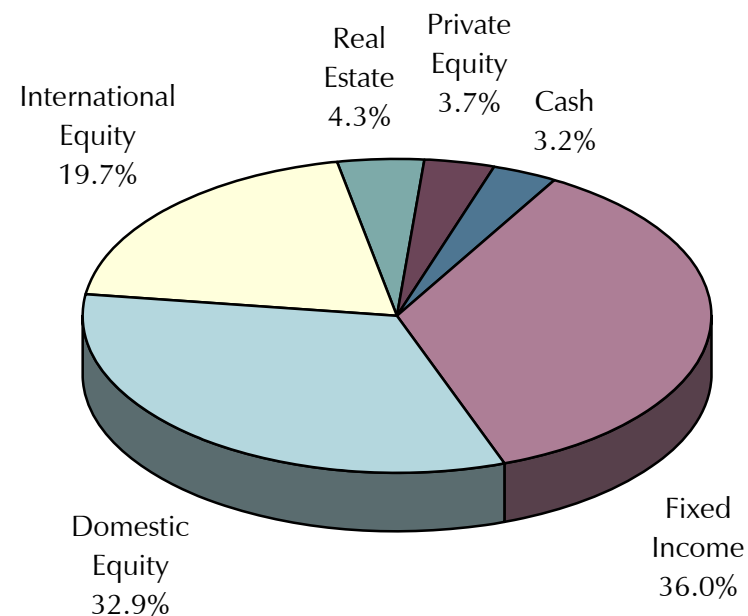
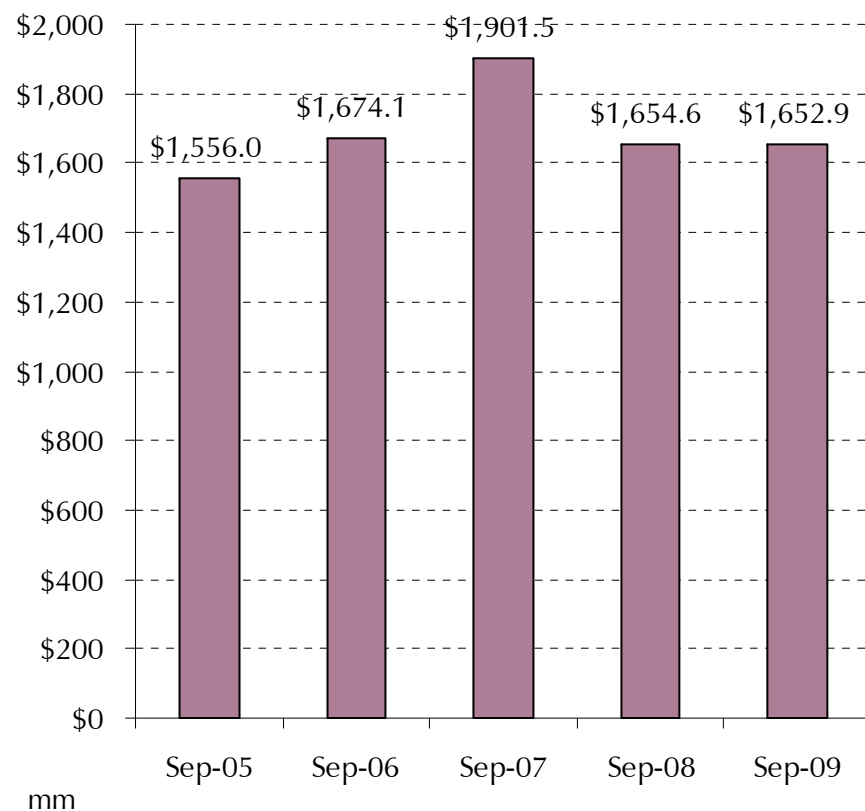
- Fiscal programs such as “Cash for Clunkers” and the “First Time Home Buyer Credit” helped increase consumer spending.
- Corporate profits beat expectations primarily due to cost cutting.
- The U.S. dollar depreciated due to a growing deficit and the expectations of an extended period of low interest rates.
- The Federal Reserve voted at their September meeting to maintain the Fed Funds rate in a target range of 0% to 0.25%.

**The value of the San Jose Federated City Employees Retirement System assets was \$1.653 billion on September 30, 2009, up \$229 million during the third quarter.**

- All of the Retirement System's asset class allocations remain within their target ranges at the end of the third quarter.
- During the third quarter, the Retirement System returned 12.0%, outperforming the custom policy benchmark by 50 basis points (bps). The third quarter return brings the trailing one-year return to 2.6%, which is 90 bps higher than the custom policy benchmark.
- The domestic equity and fixed income asset classes, in which the majority of Retirement System assets are invested, have outpaced their asset class benchmarks for all trailing time periods. The international equity, real estate, and private equity asset classes have lagged their respective benchmarks during recent time periods.

- Loomis Global Bond posted performance of 10.5%, compared to 6.2% for the S&P Citigroup World Government Bond Index. The strategy's overweight position to the corporate sector, as well as high yield and emerging markets exposure, contributed positively to return.
- The Seix Credit Dislocation Strategy underperformed the CSFB Leveraged Loan Index by 520 bps, with a return of 4.8% versus 10.0% for the benchmark. Seix's high quality bias impaired returns, as investors continued to buy riskier assets.
- Eagle Small Cap Growth returned 19.3%, compared to 16.0% for the Russell 2000 Growth benchmark. The portfolio's strongest absolute and relative performance resulted from positions in technology and materials.
- Brandywine Diversified Small Cap Value, which is currently the subject of a replacement search, posted performance of 19.7%, trailing the Russell 2000 Value Index by 300 bps. Brandywine believes their returns have been hurt by the recent "low quality rally," where the riskiest stocks have earned the highest returns.
- McKinley International Growth continued to lag its benchmark during the third quarter. Portfolio performance was 13.6%, compared to 19.7% for the MSCI ACWI ex U.S. Index. McKinley's momentum style has not been rewarded in the recent market environment. McKinley is also the subject of a replacement search, although McKinley has been included as a candidate in the search.

**San Jose Federated City Employees' Retirement System  
Plan Summary  
As of September 30, 2009**





## San Jose Federated City Employees' Retirement System

## Aggregate Assets Asset Summary as of 9/30/09

	Market Value 9/30/09 (\$ mm)	% of Retirement System	Target Allocation (%)	Target Range (%)	Market Value 6/30/09 (\$ mm)
<b>Total Fund Aggregate</b>	<b>1,652.9</b>	<b>100</b>	<b>NA</b>	<b>NA</b>	<b>1,424.3</b>
Fixed Income Assets	595.7	36	36	31-41	560.6
Domestic Equity Assets	544.1	33	33	28-38	483.3
International Equity Assets	326.4	20	20	15-25	237.1
Real Estate Assets	71.5	4	6	3-9	78.9
Private Equity Assets	61.6	4	5	0-10	58.3
Cash <sup>1</sup>	53.7	3	0	0-5	6.0

<sup>1</sup> Cash balance includes \$50 million used to fund Calamos Global Convertibles on October 1.



# San Jose Federated City Employees' Retirement System

## Aggregate Assets Portfolio Roster as of 9/30/09

	Market Value 9/30/09 (\$ mm)	% of Asset Class	% of Retirement System	Target Allocation (%)	Target Range (%)	Market Value 6/30/09 (\$ mm)
<b>Total Fund Aggregate</b>	<b>1,652.9</b>	<b>NA</b>	<b>100</b>	<b>NA</b>	<b>NA</b>	<b>1,424.3</b>
<b>Fixed Income Assets</b>	<b>595.7</b>	<b>100</b>	<b>36</b>	<b>36</b>	<b>31-41</b>	<b>560.6</b>
<b>Investment Grade Bond Assets</b>	<b>359.7</b>	<b>60</b>	<b>22</b>			<b>343.6</b>
Dodge & Cox Core Fixed Income	253.8	43	15			243.8
BlackRock Core Plus	105.9	18	6			99.9
<b>Global Fixed Income Assets</b>	<b>126.6</b>	<b>21</b>	<b>8</b>			<b>114.6</b>
Loomis Global Bond	126.6	21	8			114.6
<b>High Yield Assets</b>	<b>109.4</b>	<b>18</b>	<b>7</b>			<b>102.3</b>
MacKay Shields High Yield Active Core	57.3	10	3			51.4
Seix Credit Dislocation Strategy	52.1	9	3			50.9
<b>Domestic Equity Assets</b>	<b>544.1</b>	<b>100</b>	<b>33</b>	<b>33</b>	<b>28-38</b>	<b>483.3</b>
Northern Trust Russell 3000 Index	313.9	58	19			261.5
Wellington Opportunistic Growth	58.6	11	4			63.1
Eagle Small-Cap Growth	49.1	9	3			33.0
Dodge & Cox Large Cap Value	45.9	8	3			49.3
Brandywine Diversified Small Cap Value	38.6	7	2			32.3
Atlanta Capital High Quality Growth Plus	37.9	7	2			44.2



## San Jose Federated City Employees' Retirement System

## Aggregate Assets Portfolio Roster as of 9/30/09

	Market Value 9/30/09 (\$ mm)	% of Asset Class	% of Retirement System	Target Allocation (%)	Target Range (%)	Market Value 6/30/09 (\$ mm)
<b>International Equity Assets</b>	<b>326.4</b>	<b>100</b>	<b>20</b>	<b>20</b>	<b>15-25</b>	<b>237.1</b>
Boston Company Int'l ACWI ex-US Value Fund	152.1	47	9			96.6
McKinley International Growth	116.5	36	7			83.4
Fisher Institutional Foreign Equity	57.7	18	3			57.2
<b>Real Estate Assets</b>	<b>71.5</b>	<b>100</b>	<b>4</b>	<b>6</b>	<b>3-9</b>	<b>78.9</b>
PRISA I	21.1	30	1			23.0
DRA Growth & Income Fund V	15.2	21	<1			16.5
American Core Realty Fund, LLC	14.6	20	<1			16.2
MIG Realty- Milpitas Warehouse	8.7	12	<1			8.7
DRA Growth & Income Fund VI	5.7	8	<1			4.5
GEAM Value Add Realty Partners, L.P.	4.9	7	<1			7.6
Fidelity Real Estate Growth Fund III, L.P.	1.1	2	<1			2.4
Fidelity LP	0.2	<1	<1			0.2



## San Jose Federated City Employees' Retirement System

## Aggregate Assets Portfolio Roster as of 9/30/09

	Market Value 9/30/09 (\$ mm)	% of Asset Class	% of Retirement System	Target Allocation (%)	Target Range (%)	Market Value 6/30/09 (\$ mm)
<b>Private Equity Assets</b>	<b>61.6</b>	<b>100</b>	<b>4</b>	<b>5</b>	<b>0-10</b>	<b>58.3</b>
Pathway Private Equity Fund VIII	24.6	40	1			23.2
Pantheon Global Secondary Fund III	24.3	40	1			23.4
Pantheon USA Fund VII	10.2	17	<1			9.4
Partners Group Secondary 2008	2.0	3	<1			2.0
Great Hill Equity Partners IV	0.4	<1	<1			0.3
<b>Cash</b>	<b>53.7</b>	<b>100</b>	<b>3</b>	<b>0</b>	<b>0-5</b>	<b>6.0</b>
Internal Cash Account	53.7	100	3			6.0



# San Jose Federated City Employees' Retirement System

## Aggregate Assets Performance as of 9/30/09

	3Q09 (%)	YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Inception Date <sup>1</sup>	Since Inception (%)
<b>Total Fund Aggregate</b>	<b>12.0</b>	<b>16.3</b>	<b>2.6</b>	<b>0.5</b>	<b>4.7</b>	<b>5.5</b>	<b>1/1/94</b>	<b>7.6</b>
<b>Net of Fees</b>	<b>11.9</b>	<b>16.0</b>	<b>2.3</b>	<b>0.2</b>	<b>4.4</b>	<b>5.2</b>		<b>7.3</b>
<i>CPI (inflation)</i>	<i>0.1</i>	<i>2.7</i>	<i>-1.3</i>	<i>2.1</i>	<i>2.6</i>	<i>2.6</i>		<i>2.5</i>
<i>San Jose FCERS Policy Benchmark<sup>2</sup></i>	<i>11.5</i>	<i>15.9</i>	<i>1.7</i>	<i>0.7</i>	<i>4.7</i>	<i>4.6</i>		<i>7.4</i>
Fixed Income	7.2	14.0	16.0	6.9	5.7	6.6	1/1/94	6.4
<i>Barclays Universal</i>	<i>4.5</i>	<i>8.0</i>	<i>10.9</i>	<i>6.1</i>	<i>5.2</i>	<i>6.4</i>		<i>6.3</i>
Domestic Equity	17.5	23.7	-4.9	-4.2	2.2	2.3	7/1/94	8.4
<i>Russell 3000</i>	<i>16.3</i>	<i>21.2</i>	<i>-6.4</i>	<i>-5.1</i>	<i>1.6</i>	<i>0.7</i>		<i>7.9</i>
International Equity	18.9	31.3	4.0	-3.2	6.4	3.7	8/1/94	4.9
<i>MSCI ACWI (ex. U.S.)</i>	<i>19.7</i>	<i>36.4</i>	<i>5.9</i>	<i>-1.2</i>	<i>8.1</i>	<i>4.1</i>		<i>5.4</i>
Real Estate	-10.4	-26.9	-32.6	-4.0	3.9	8.8	1/1/94	9.0
<i>NCREIF Property</i>	<i>-3.3</i>	<i>-15.1</i>	<i>-22.1</i>	<i>-1.3</i>	<i>6.2</i>	<i>7.8</i>		<i>8.9</i>
Private Equity	4.9	-14.8	-19.5	-1.5	NA	NA	1/1/06	-2.4
<i>S&amp;P 500 + 3%</i>	<i>16.4</i>	<i>21.6</i>	<i>-3.9</i>	<i>-2.4</i>	<i>4.0</i>	<i>2.8</i>		<i>0.7</i>

<sup>1</sup> Inception Date on all pages indicates that performance data is available after the date noted.

<sup>2</sup> The policy index consists of 34% Russell 1000/ 9% Russell 2000/ 29% Barclays Aggregate/ 7% S&P Citigroup WGBI/ 15% MSCI ACWI-ex US/ 6% NCREIF Property.



# San Jose Federated City Employees' Retirement System

## Aggregate Assets Performance as of 9/30/09

	3Q09 (%)	YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Inception Date	Since Inception (%)	Watchlist Probation
<b>Total Fund Aggregate</b>	<b>12.0</b>	<b>16.3</b>	<b>2.6</b>	<b>0.5</b>	<b>4.7</b>	<b>5.5</b>	<b>1/1/94</b>	<b>7.6</b>	
<b>Net of Fees</b>	<b>11.9</b>	<b>16.0</b>	<b>2.3</b>	<b>0.2</b>	<b>4.4</b>	<b>5.2</b>		<b>7.3</b>	
<i>CPI (inflation)</i>	0.1	2.7	-1.3	2.1	2.6	2.6		2.5	
<i>San Jose FCERS Policy Benchmark<sup>1</sup></i>	11.5	15.9	1.7	0.7	4.7	4.6		7.4	
<b>Fixed Income</b>	<b>7.2</b>	<b>14.0</b>	<b>16.0</b>	<b>6.9</b>	<b>5.7</b>	<b>6.6</b>	<b>1/1/94</b>	<b>6.4</b>	
<b>Investment Grade Bonds</b>	<b>5.9</b>	<b>12.7</b>	<b>14.4</b>	<b>6.1</b>	<b>5.2</b>	<b>6.4</b>	<b>1/1/94</b>	<b>6.3</b>	
Dodge & Cox Core Fixed Income	5.8	13.5	15.9	6.4	5.3	6.8	10/1/99	6.8	2Q09
Net of Fees	5.8	13.4	15.7	6.2	5.2	6.6		6.6	
<i>Barclays Aggregate</i>	3.7	5.7	10.6	6.4	5.1	6.3		6.3	
<i>Peer Core Fixed Income</i>	4.3	8.5	11.8	6.6	5.2	6.3		6.3	
<i>Peer Ranking (percentile)</i>	15	8	3	54	38	12		12	
BlackRock Core Plus	6.0	11.7	12.8	5.8	5.0	NA	10/1/02	5.2	2Q09
Net of Fees	6.0	11.4	12.4	5.6	4.7	NA		4.9	
<i>Barclays Aggregate</i>	3.7	5.7	10.6	6.4	5.1	6.3		5.0	
<i>Peer Core Plus</i>	7.3	15.2	14.2	6.0	5.2	6.7		5.6	
<i>Peer Ranking (percentile)</i>	75	83	68	56	69	NA		73	

<sup>1</sup> The policy index consists of 34% Russell 1000/ 9% Russell 2000/ 29% Barclays Aggregate/ 7% S&P Citigroup WGBI/ 15% MSCI ACWI-ex US/ 6% NCREIF Property.



# San Jose Federated City Employees' Retirement System

## Aggregate Assets Performance as of 9/30/09

	3Q09 (%)	YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Inception Date	Since Inception (%)	Watchlist Probation
<b>Fixed Income (continued)</b>									
<b>Global Fixed Income</b>	<b>10.5</b>	<b>18.2</b>	<b>21.3</b>	<b>9.6</b>	<b>NA</b>	<b>NA</b>	<b>2/1/05</b>	<b>6.3</b>	
Loomis Global Bond	10.5	18.2	21.3	9.6	NA	NA	2/1/05	6.3	
Net of Fees	10.4	17.9	20.9	9.3	NA	NA		6.0	
<i>S&amp;P Citigroup World Gov't Bond Index</i>	6.2	4.6	13.8	9.4	6.6	6.7		5.6	
<b>High Yield Bonds</b>	<b>8.1</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>5/1/09</b>	<b>10.7</b>	
MacKay Shields High Yield Active Core	11.4	NA	NA	NA	NA	NA	5/1/09	13.5	
Net of Fees	11.3	NA	NA	NA	NA	NA		13.4	
<i>Barclays High Yield</i>	14.2	49.0	22.3	5.3	6.1	6.2		25.4	
<i>Barclays High Yield BB/B</i>	10.7	38.8	17.4	4.6	5.5	5.9		18.9	
<i>Peer High Yield</i>	12.2	40.7	16.3	4.6	5.7	6.0		21.9	
<i>Peer Ranking (percentile)</i>	69	NA	NA	NA	NA	NA		94	
Seix Credit Dislocation Strategy	4.8	NA	NA	NA	NA	NA	5/1/09	7.7	
Net of Fees	4.8	NA	NA	NA	NA	NA		7.7	
<i>CSFB Leveraged Loan Index</i>	10.0	39.8	7.7	1.1	3.1	4.0		20.8	



# San Jose Federated City Employees' Retirement System

## Aggregate Assets Performance as of 9/30/09

	3Q09 (%)	YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Inception Date	Since Inception (%)	Watchlist Probation
<b>Domestic Equity</b>	<b>17.5</b>	<b>23.7</b>	<b>-4.9</b>	<b>-4.2</b>	<b>2.2</b>	<b>2.3</b>	<b>7/1/94</b>	<b>8.4</b>	
Northern Trust Russell 3000 Index	16.3	21.3	-6.2	-5.0	1.6	0.8	9/1/99	0.6	
<i>Russell 3000</i>	16.3	21.2	-6.4	-5.1	1.6	0.7		0.5	
Wellington Opportunistic Growth	16.8	27.9	-0.2	-1.7	NA	NA	10/1/05	0.2	
Net of Fees	16.6	27.4	-0.8	-2.2	NA	NA		-0.3	
<i>Russell 3000 Growth</i>	14.1	27.3	-2.2	-2.5	2.0	-2.3		-0.4	
<i>Peer Large Cap Growth</i>	14.0	25.5	-2.6	-2.8	2.3	0.3		-0.5	
<i>Peer Ranking (percentile)</i>	11	31	25	37	NA	NA		39	
Eagle Small-Cap Growth	19.3	32.2	-2.4	1.3	6.8	7.7	6/1/98	4.5	
Net of Fees	19.1	31.6	-3.0	0.7	6.2	7.0		3.9	
<i>Russell 2000 Growth</i>	16.0	29.1	-6.3	-2.6	2.9	1.1		1.3	
<i>Peer Small Cap Growth</i>	16.7	28.0	-5.0	-2.6	3.0	4.9		5.5	
<i>Peer Ranking (percentile)</i>	16	28	32	11	8	17		69	
Dodge & Cox Large Cap Value	16.1	21.7	-6.2	-9.0	0.7	NA	7/1/04	0.6	2Q09
Net of Fees	16.0	21.3	-6.6	-9.3	0.4	NA		0.3	
<i>Russell 1000 Value</i>	18.2	14.8	-10.6	-7.9	0.9	2.6		1.2	
<i>Peer Large Cap Value</i>	16.5	16.8	-8.0	-6.3	1.8	3.2		1.8	
<i>Peer Ranking (percentile)</i>	61	21	32	93	76	NA		80	





# San Jose Federated City Employees' Retirement System

## Aggregate Assets Performance as of 9/30/09

	3Q09 (%)	YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Inception Date	Since Inception (%)	Watchlist Probation
<b>Domestic Equity (continued)</b>									
Brandywine Diversified Small Cap Value	19.7	12.4	-15.8	-8.7	-0.9	7.7	6/1/99	6.4	1Q08
Net of Fees	19.6	12.0	-16.3	-9.2	-1.4	7.1		5.8	
<i>Russell 2000 Value</i>	22.7	16.4	-12.6	-6.6	1.8	8.1		7.3	
<i>Peer Small Cap Value</i>	21.6	24.4	-6.4	-2.8	4.0	9.8		9.3	
<i>Peer Ranking (percentile)</i>	74	97	99	97	97	85		92	
Atlanta Capital High Quality Growth Plus	15.6	27.7	-2.8	-0.8	3.1	1.1	9/1/98	3.5	
Net of Fees	15.4	27.2	-3.3	-1.2	2.7	0.7		3.1	
<i>Russell 1000 Growth</i>	14.0	27.1	-1.9	-2.5	1.9	-2.6		1.0	
<i>Peer Large Cap Blend</i>	15.2	20.3	-6.1	-4.8	1.6	0.9		3.5	
<i>Peer Ranking (percentile)</i>	40	11	19	4	18	41		50	
<b>International Equity</b>	<b>18.9</b>	<b>31.3</b>	<b>4.0</b>	<b>-3.2</b>	<b>6.4</b>	<b>3.7</b>	<b>8/1/94</b>	<b>4.9</b>	
Boston Company International ACWI ex-US Value Fund	19.8	35.5	14.6	-0.7	7.6	NA	3/1/03	14.1	2Q07
Net of Fees	19.7	35.0	14.0	-1.2	7.0	NA		13.4	
<i>MSCI ACWI (ex. U.S.)</i>	19.7	36.4	5.9	-1.2	8.1	4.1		13.5	
<i>Peer International Value</i>	20.6	30.0	4.3	-2.1	7.1	6.3		13.2	
<i>Peer Ranking (percentile)</i>	53	30	4	18	43	NA		34	



# San Jose Federated City Employees' Retirement System

## Aggregate Assets Performance as of 9/30/09

	3Q09 (%)	YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Inception Date	Since Inception (%)	Watchlist Probation
<b>International Equity (continued)</b>									
McKinley International Growth	13.6	16.3	-9.4	-8.3	NA	NA	8/1/05	0.8	2Q09
Net of Fees	13.4	15.8	-9.9	-8.8	NA	NA		0.2	
<i>MSCI ACWI (ex. U.S.)</i>	19.7	36.4	5.9	-1.2	8.1	4.1		5.2	
<i>Peer International Growth</i>	18.5	32.3	3.8	-1.4	7.7	NA		4.6	
<i>Peer Ranking (percentile)</i>	99	99	96	96	NA	NA		94	
Fisher Institutional Foreign Equity	24.1	43.6	7.6	-0.5	NA	NA	7/1/05	5.6	1Q09
Net of Fees	23.9	42.9	6.9	-1.1	NA	NA		5.0	
<i>MSCI ACWI (ex. U.S.)</i>	19.7	36.4	5.9	-1.2	8.1	4.1		6.0	
<i>Peer International Blend</i>	18.9	27.7	1.5	-2.6	6.9	3.5		5.0	
<i>Peer Ranking (percentile)</i>	2	2	12	18	NA	NA		41	
<b>Real Estate</b>	<b>-10.4</b>	<b>-26.9</b>	<b>-32.6</b>	<b>-4.0</b>	<b>3.9</b>	<b>8.8</b>	<b>1/1/94</b>	<b>9.0</b>	
PRISA I	-7.8	-32.4	-42.2	-10.5	0.4	NA	7/1/04	1.0	
<i>NCREIF Property</i>	-3.3	-15.1	-22.1	-1.3	6.2	7.8		6.5	
DRA Growth & Income Fund V	-9.5	-15.1	-22.4	0.2	NA	NA	9/1/05	2.4	
<i>NCREIF Property</i>	-3.3	-15.1	-22.1	-1.3	6.2	7.8		4.2	
American Core Realty Fund, LLC	-9.6	-26.9	-32.4	NA	NA	NA	1/1/07	-7.3	
Net of Fees	-9.8	-27.5	-33.1	NA	NA	NA		-8.2	
<i>NCREIF Property</i>	-3.3	-15.1	-22.1	-1.3	6.2	7.8		-3.0	



# San Jose Federated City Employees' Retirement System

## Aggregate Assets Performance as of 9/30/09

	3Q09 (%)	YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Inception Date	Since Inception (%)	Watchlist Probation
<b>Real Estate (continued)</b>									
MIG Realty- Milpitas Warehouse	-16.6	-15.6	-25.2	3.9	0.7	6.7	12/1/94	10.0	
Net of Fees	-16.6	-15.7	-25.4	3.6	0.2	6.0		9.3	
<i>NCREIF Property</i>	-3.3	-15.1	-22.1	-1.3	6.2	7.8		9.2	
DRA Growth & Income Fund VI	3.2	-3.0	-15.8	NA	NA	NA	11/1/07	-2.9	
<i>NCREIF Property</i>	-3.3	-15.1	-22.1	-1.3	6.2	7.8		-9.8	
GEAM Value Add Realty Partners, L.P.	-35.1	-38.5	-51.8	-19.4	NA	NA	8/1/06	-18.5	
<i>NCREIF Property</i>	-3.3	-15.1	-22.1	-1.3	6.2	7.8		-9.8	
Fidelity Real Estate Growth Fund III, L.P.	-52.5	-74.7	-77.0	NA	NA	NA	9/1/07	-54.9	
<i>NCREIF Property</i>	-3.3	-15.1	-22.1	-1.3	6.2	7.8		-7.5	
Fidelity LP	-2.4	25.4	-5.7	9.8	19.6	NA	4/1/01	18.4	
<i>NCREIF Property</i>	-3.3	-15.1	-22.1	-1.3	6.2	7.8		7.1	
<b>Private Equity</b>	<b>4.9</b>	<b>-14.8</b>	<b>-19.5</b>	<b>-1.5</b>	<b>NA</b>	<b>NA</b>	<b>1/1/06</b>	<b>-2.4</b>	
S&P 500 + 3%	16.4	21.6	-3.9	-2.4	4.0	2.8		0.7	



## San Jose Federated City Employees' Retirement System

## Aggregate Assets Calendar Year Performance

	2008 (%)	2007 (%)	2006 (%)	2005 (%)	2004 (%)	2003 (%)	2002 (%)	2001 (%)	2000 (%)	1999 (%)
<b>Total Fund Aggregate</b>	<b>-23.8</b>	<b>8.8</b>	<b>13.0</b>	<b>6.7</b>	<b>11.4</b>	<b>24.4</b>	<b>-3.9</b>	<b>-1.0</b>	<b>3.0</b>	<b>11.3</b>
<b>Net of Fees</b>	<b>-24.0</b>	<b>8.5</b>	<b>12.7</b>	<b>6.4</b>	<b>11.1</b>	<b>24.0</b>	<b>-4.2</b>	<b>-1.3</b>	<b>2.7</b>	<b>11.1</b>
<i>CPI (inflation)</i>	0.1	4.1	2.5	3.4	3.3	1.9	2.4	1.6	3.4	2.7
<i>San Jose FCERS Policy Benchmark<sup>1</sup></i>	-22.8	8.2	13.5	6.7	10.8	20.6	-5.9	-2.5	0.9	11.7
Fixed Income	-1.3	6.7	5.8	0.8	6.3	9.0	10.5	6.5	9.1	-1.2
<i>Barclays Universal</i>	2.4	6.5	5.0	2.7	5.0	5.8	9.8	8.1	10.8	0.2
Domestic Equity	-37.3	6.2	14.9	6.5	12.7	32.0	-19.6	-6.6	-1.9	17.4
<i>Russell 3000</i>	-37.3	5.1	15.7	6.1	11.9	31.1	-21.5	-11.5	-7.5	20.9
International Equity	-45.0	14.8	22.6	17.0	19.9	34.6	-17.9	-19.0	-7.0	33.3
<i>MSCI ACWI (ex. U.S.)</i>	-45.5	16.7	26.7	16.6	20.9	40.8	-14.9	-19.7	-15.1	30.9
Real Estate	-5.4	23.4	13.2	22.9	10.3	28.7	10.7	7.5	13.9	15.1
<i>NCREIF Property</i>	-6.5	15.8	16.6	20.1	14.5	9.0	6.7	7.3	12.2	11.4
Private Equity	-4.0	15.5	-3.5	NA	NA	NA	NA	NA	NA	NA
<i>S&amp;P 500 + 3%</i>	-34.0	8.5	18.8	7.9	13.9	31.7	-19.1	-8.9	-6.1	24.0

<sup>1</sup> The policy index consists of 34% Russell 1000/ 9% Russell 2000/ 29% Barclays Aggregate/ 7% S&P Citigroup WGBI/ 15% MSCI ACWI-ex US/ 6% NCREIF Property.



## San Jose Federated City Employees' Retirement System

## Aggregate Assets Calendar Year Performance

	2008 (%)	2007 (%)	2006 (%)	2005 (%)	2004 (%)	2003 (%)	2002 (%)	2001 (%)	2000 (%)	1999 (%)
<b>Total Fund Aggregate</b>	<b>-23.8</b>	<b>8.8</b>	<b>13.0</b>	<b>6.7</b>	<b>11.4</b>	<b>24.4</b>	<b>-3.9</b>	<b>-1.0</b>	<b>3.0</b>	<b>11.3</b>
<b>Net of Fees</b>	<b>-24.0</b>	<b>8.5</b>	<b>12.7</b>	<b>6.4</b>	<b>11.1</b>	<b>24.0</b>	<b>-4.2</b>	<b>-1.3</b>	<b>2.7</b>	<b>11.1</b>
<i>CPI (inflation)</i>	0.1	4.1	2.5	3.4	3.3	1.9	2.4	1.6	3.4	2.7
<i>San Jose FCERS Policy Benchmark<sup>1</sup></i>	-22.8	8.2	13.5	6.7	10.8	20.6	-5.9	-2.5	0.9	11.7
<b>Fixed Income</b>	<b>-1.3</b>	<b>6.7</b>	<b>5.8</b>	<b>0.8</b>	<b>6.3</b>	<b>9.0</b>	<b>10.5</b>	<b>6.5</b>	<b>9.1</b>	<b>-1.2</b>
<b>Investment Grade Bonds</b>	<b>-1.3</b>	<b>5.9</b>	<b>5.2</b>	<b>2.8</b>	<b>4.7</b>	<b>6.2</b>	<b>8.8</b>	<b>8.4</b>	<b>11.0</b>	<b>-0.3</b>
Dodge & Cox Core Fixed Income	-0.9	5.0	5.9	2.4	4.2	7.5	9.8	11.2	10.0	NA
Net of Fees	-1.1	4.9	5.7	2.3	4.0	7.3	9.6	10.9	9.7	NA
<i>Barclays Aggregate</i>	5.2	7.0	4.3	2.4	4.3	4.1	10.3	8.4	11.6	-0.8
BlackRock Core Plus	-1.8	6.7	4.5	2.8	5.3	5.1	NA	NA	NA	NA
Net of Fees	-1.9	6.5	4.2	2.6	5.0	4.9	NA	NA	NA	NA
<i>Barclays Aggregate</i>	5.2	7.0	4.3	2.4	4.3	4.1	10.3	8.4	11.6	-0.8
<b>Global Fixed Income</b>	<b>-1.4</b>	<b>10.0</b>	<b>8.7</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>
Loomis Global Bond	-1.4	10.0	8.7	NA	NA	NA	NA	NA	NA	NA
Net of Fees	-1.7	9.7	8.4	NA	NA	NA	NA	NA	NA	NA
<i>S&amp;P Citigroup World Gov't Bond Index</i>	10.9	10.9	6.1	-6.9	10.3	14.9	19.5	-1.0	1.6	-4.3

<sup>1</sup> The policy index consists of 34% Russell 1000/ 9% Russell 2000/ 29% Barclays Aggregate/ 7% S&P Citigroup WGBI/ 15% MSCI ACWI-ex US/ 6% NCREIF Property.



# San Jose Federated City Employees' Retirement System

## Aggregate Assets Calendar Year Performance

	2008 (%)	2007 (%)	2006 (%)	2005 (%)	2004 (%)	2003 (%)	2002 (%)	2001 (%)	2000 (%)	1999 (%)
<b>Fixed Income (continued)</b>										
<b>High Yield Bonds</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>
MacKay Shields High Yield Active Core	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Net of Fees	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>Barclays High Yield</i>	-26.2	1.9	11.8	2.7	11.1	29.0	-1.4	5.3	-5.9	2.4
<i>Barclays High Yield BB/B</i>	-22.5	2.5	10.7	3.2	10.0	23.3	-0.5	6.8	-4.3	2.4
Seix Credit Dislocation Strategy	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Net of Fees	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>CSFB Leveraged Loan Index</i>	-28.8	1.9	7.2	5.7	5.6	11.0	1.1	2.6	4.9	4.7
<b>Domestic Equity</b>	<b>-37.3</b>	<b>6.2</b>	<b>14.9</b>	<b>6.5</b>	<b>12.7</b>	<b>32.0</b>	<b>-19.6</b>	<b>-6.6</b>	<b>-1.9</b>	<b>17.4</b>
Northern Trust Russell 3000 Index	-37.3	5.3	15.8	6.2	12.0	31.2	-21.4	-11.3	-7.4	NA
<i>Russell 3000</i>	-37.3	5.1	15.7	6.1	11.9	31.1	-21.5	-11.5	-7.5	20.9
Wellington Opportunistic Growth	-38.8	15.2	6.9	NA	NA	NA	NA	NA	NA	NA
Net of Fees	-39.2	14.6	6.2	NA	NA	NA	NA	NA	NA	NA
<i>Russell 3000 Growth</i>	-38.4	11.4	9.5	5.2	6.9	31.0	-28.0	-19.6	-22.4	33.8
Eagle Small-Cap Growth	-35.8	12.7	21.4	4.2	20.8	44.7	-22.5	14.5	-9.4	19.0
Net of Fees	-36.1	12.0	20.7	3.6	20.0	43.8	-23.0	13.7	-9.9	18.2
<i>Russell 2000 Growth</i>	-38.5	7.0	13.3	4.2	14.3	48.5	-30.3	-9.2	-22.4	43.1



## San Jose Federated City Employees' Retirement System

## Aggregate Assets Calendar Year Performance

	2008 (%)	2007 (%)	2006 (%)	2005 (%)	2004 (%)	2003 (%)	2002 (%)	2001 (%)	2000 (%)	1999 (%)
<b>Domestic Equity (continued)</b>										
Dodge & Cox Large Cap Value	-42.0	0.4	18.6	9.7	NA	NA	NA	NA	NA	NA
Net of Fees	-42.2	0.0	18.2	9.3	NA	NA	NA	NA	NA	NA
<i>Russell 1000 Value</i>	-36.8	-0.2	22.2	7.1	16.5	30.0	-15.5	-5.6	7.0	7.3
Brandywine Diversified Small Cap Value	-29.8	-11.3	17.2	3.6	23.9	42.9	-2.0	25.7	13.9	NA
Net of Fees	-30.2	-11.8	16.6	3.1	23.2	42.1	-2.6	25.0	13.3	NA
<i>Russell 2000 Value</i>	-28.9	-9.8	23.5	4.7	22.2	46.0	-11.4	14.0	22.8	-1.5
Atlanta Capital High Quality Growth Plus	-36.1	13.4	10.3	5.6	5.4	25.7	-24.6	-14.8	3.2	20.1
Net of Fees	-36.4	13.0	9.9	5.2	5.0	25.2	-24.9	-15.1	2.8	19.6
<i>Russell 1000 Growth</i>	-38.4	11.8	9.1	5.3	6.3	29.7	-27.9	-20.4	-22.4	33.2
<b>International Equity</b>	<b>-45.0</b>	<b>14.8</b>	<b>22.6</b>	<b>17.0</b>	<b>19.9</b>	<b>34.6</b>	<b>-17.9</b>	<b>-19.0</b>	<b>-7.0</b>	<b>33.3</b>
Boston Company International ACWI ex-US Value Fund	-38.3	7.6	23.5	13.3	22.7	NA	NA	NA	NA	NA
Net of Fees	-38.6	7.1	22.8	12.7	22.0	NA	NA	NA	NA	NA
<i>MSCI ACWI (ex. U.S.)</i>	-45.5	16.7	26.7	16.6	20.9	40.8	-14.9	-19.7	-15.1	30.9
McKinley International Growth	-49.7	20.5	27.7	NA	NA	NA	NA	NA	NA	NA
Net of Fees	-50.0	19.8	27.0	NA	NA	NA	NA	NA	NA	NA
<i>MSCI ACWI (ex. U.S.)</i>	-45.5	16.7	26.7	16.6	20.9	40.8	-14.9	-19.7	-15.1	30.9
Fisher Institutional Foreign Equity	-46.7	16.2	17.4	NA	NA	NA	NA	NA	NA	NA
Net of Fees	-47.0	15.4	16.6	NA	NA	NA	NA	NA	NA	NA
<i>MSCI ACWI (ex. U.S.)</i>	-45.5	16.7	26.7	16.6	20.9	40.8	-14.9	-19.7	-15.1	30.9



# San Jose Federated City Employees' Retirement System

## Aggregate Assets Calendar Year Performance

	2008 (%)	2007 (%)	2006 (%)	2005 (%)	2004 (%)	2003 (%)	2002 (%)	2001 (%)	2000 (%)	1999 (%)
<b>Real Estate</b>	<b>-5.4</b>	<b>23.4</b>	<b>13.2</b>	<b>22.9</b>	<b>10.3</b>	<b>28.7</b>	<b>10.7</b>	<b>7.5</b>	<b>13.9</b>	<b>15.1</b>
PRISA I	-13.0	17.5	16.2	23.3	NA	NA	NA	NA	NA	NA
<i>NCREIF Property</i>	-6.5	15.8	16.6	20.1	14.5	9.0	6.7	7.3	12.2	11.4
DRA Growth & Income Fund V	-7.4	21.2	12.6	NA	NA	NA	NA	NA	NA	NA
<i>NCREIF Property</i>	-6.5	15.8	16.6	20.1	14.5	9.0	6.7	7.3	12.2	11.4
American Core Realty Fund, LLC	-5.3	17.2	NA	NA	NA	NA	NA	NA	NA	NA
Net of Fees	-6.2	16.2	NA	NA	NA	NA	NA	NA	NA	NA
<i>NCREIF Property</i>	-6.5	15.8	16.6	20.1	14.5	9.0	6.7	7.3	12.2	11.4
MIG Realty- Milpitas Warehouse	-10.0	32.4	18.5	-0.5	-6.4	8.4	11.2	6.3	32.9	0.4
Net of Fees	-10.2	31.7	17.7	-1.4	-7.1	7.5	10.1	5.5	32.0	0.0
<i>NCREIF Property</i>	-6.5	15.8	16.6	20.1	14.5	9.0	6.7	7.3	12.2	11.4
DRA Growth & Income Fund VI	-4.1	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>NCREIF Property</i>	-6.5	15.8	16.6	20.1	14.5	9.0	6.7	7.3	12.2	11.4
GEAM Value Add Realty Partners, L.P.	-22.0	-5.7	NA	NA	NA	NA	NA	NA	NA	NA
<i>NCREIF Property</i>	-6.5	15.8	16.6	20.1	14.5	9.0	6.7	7.3	12.2	11.4
Fidelity Real Estate Growth Fund III, L.P.	-13.9	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>NCREIF Property</i>	-6.5	15.8	16.6	20.1	14.5	9.0	6.7	7.3	12.2	11.4





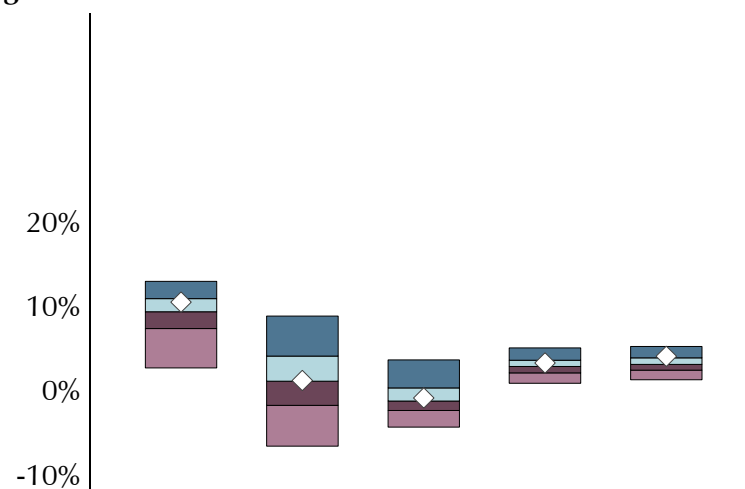
## San Jose Federated City Employees' Retirement System

## Aggregate Assets Calendar Year Performance

	2008 (%)	2007 (%)	2006 (%)	2005 (%)	2004 (%)	2003 (%)	2002 (%)	2001 (%)	2000 (%)	1999 (%)
<b>Real Estate (continued)</b>										
Fidelity LP	-35.1	2.4	72.7	64.3	28.2	9.7	14.5	NA	NA	NA
NCREIF Property	-6.5	15.8	16.6	20.1	14.5	9.0	6.7	7.3	12.2	11.4
<b>Private Equity</b>	<b>-4.0</b>	<b>15.5</b>	<b>-3.5</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>
S&P 500 + 3%	-34.0	8.5	18.8	7.9	13.9	31.7	-19.1	-8.9	-9.1	24.0



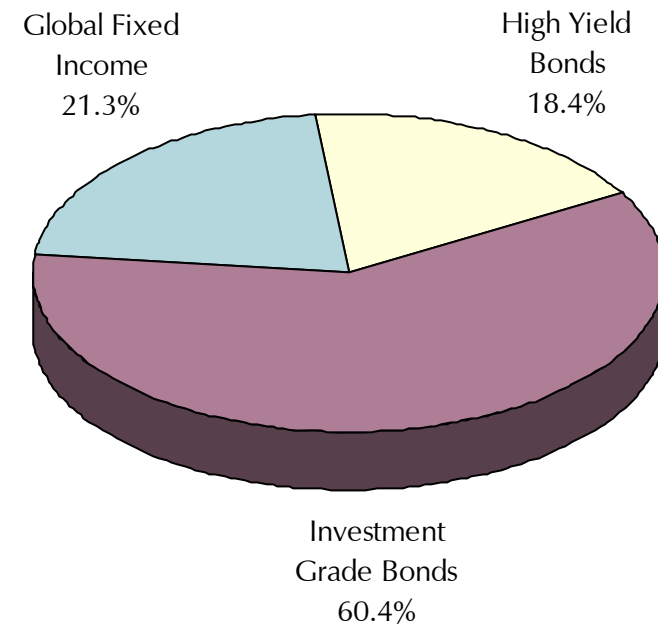
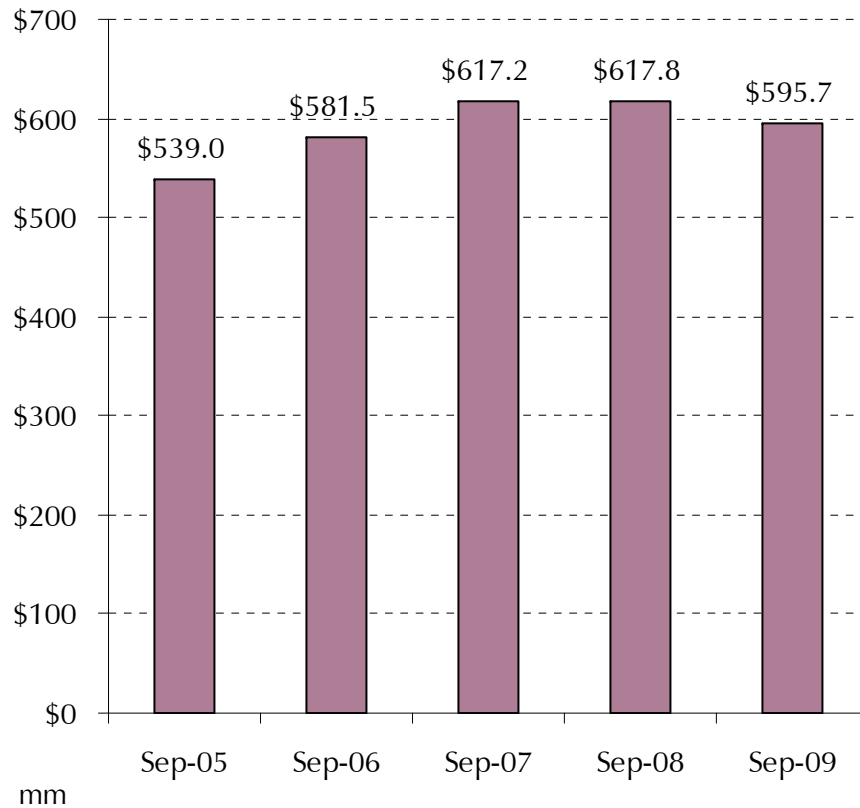
Total Fund Aggregate vs. Master Trust Universe



	3Q09 (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)
<b>Total Fund Aggregate</b>	<b>12.0</b>	<b>2.6</b>	<b>0.5</b>	<b>4.7</b>	<b>5.5</b>
25th percentile	12.4	5.5	1.7	5.0	5.3
Median	10.9	2.5	0.1	4.3	4.5
75 Percentile	8.8	-6.2	-4.7	0.3	-0.2

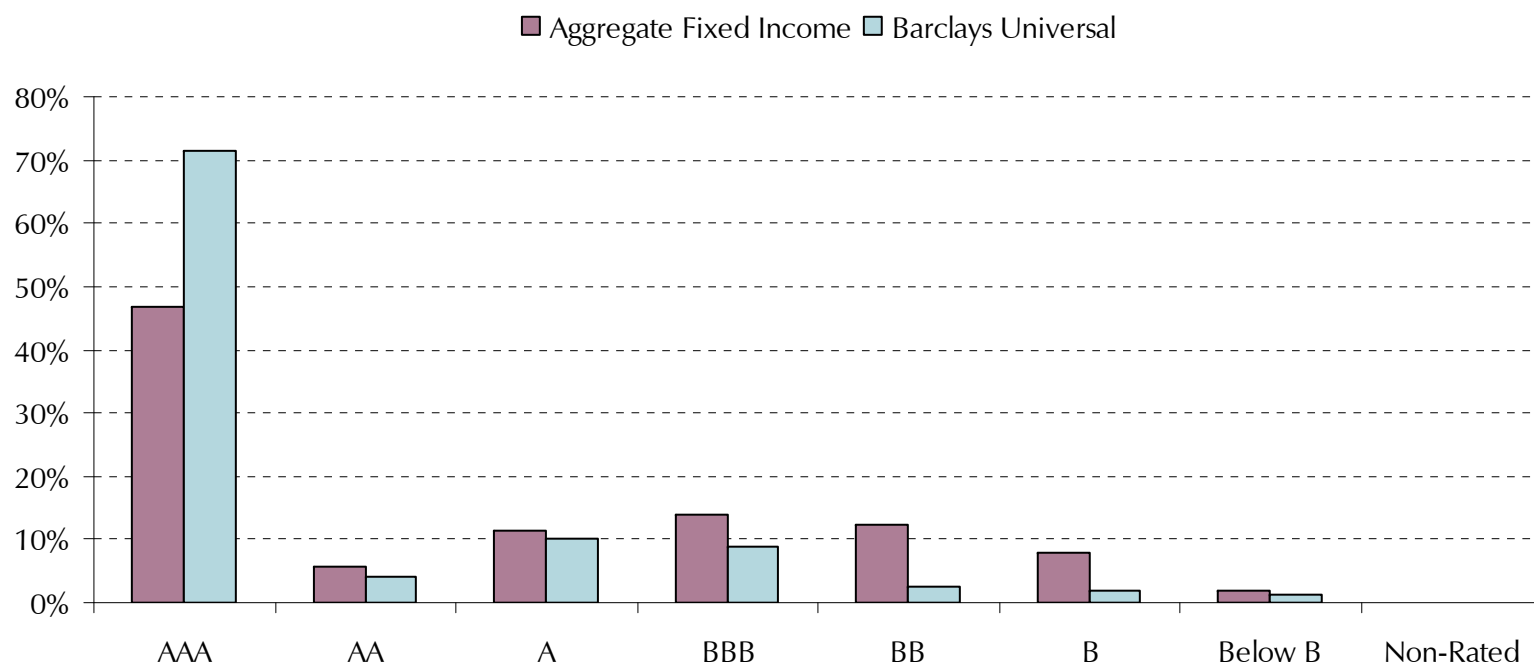
## Plan Detail

**Fixed Income Assets  
As of September 30, 2009**



Risk: (sixty months)	Aggregate Fixed Income 9/30/09	Barclays Universal 9/30/09
Annualized Return (%)	5.7	5.2
Standard Deviation (%)	4.8	4.0
Best Monthly Return (%)	4.8	3.8
Worst Monthly Return (%)	-3.8	-3.6
Beta	1.08	1.00
Correlation (R <sup>2</sup> ) to Index	0.89	1.00
Correlation to Total Fund Return	NA	NA
Sharpe Measure (risk-adjusted return)	0.57	0.54
Information Ratio	0.26	NA

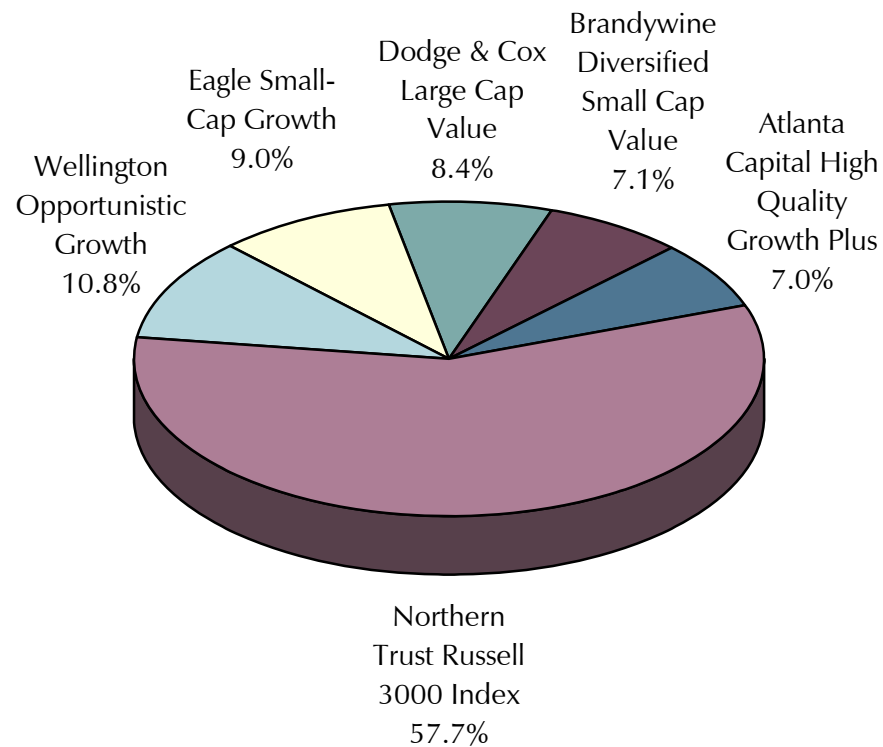
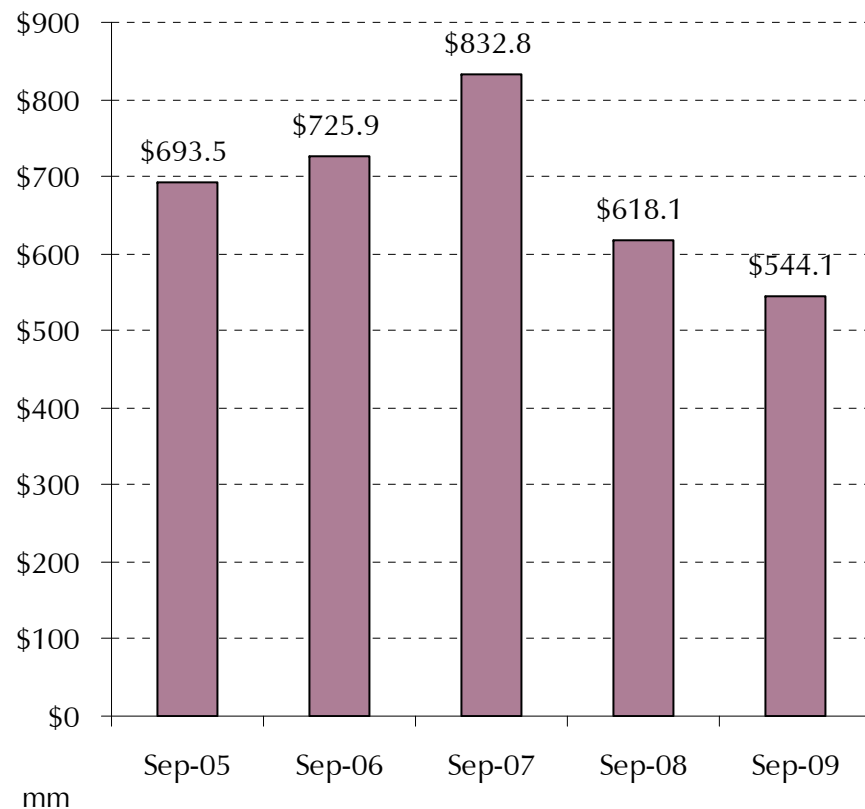
Duration & Yield:	Aggregate Fixed Income 9/30/09	Barclays Universal 9/30/09	Aggregate Fixed Income 6/30/09
Average Effective Duration (years)	4.2	4.5	4.3
Yield to Maturity (%)	4.6	4.0	5.8



	Aggregate Fixed Income 9/30/09	Barclays Universal 9/30/09	Aggregate Fixed Income 6/30/09
<b>Market Allocation (%):</b>			
United States	79	87	81
Foreign (developed markets)	19	11	17
Foreign (emerging markets)	2	1	2
<b>Currency Allocation (%):</b>			
Non-U.S. Dollar Exposure	17	3	16
<b>Sector Allocation (%):</b>			
U.S. Treasury-Nominal	5	23	3
U.S. Treasury-TIPS	0	0	0
U.S. Agency	7	8	5
Mortgage Backed	23	33	23
Corporate	41	27	45
Bank Loans	7	0	7
Local & Provincial Government	1	1	1
Sovereign & Supranational	12	0	9
Commercial Mortgage Backed	1	7	2
Asset Backed	1	0	2
Cash Equivalent	2	0	3
Other	0	0	1

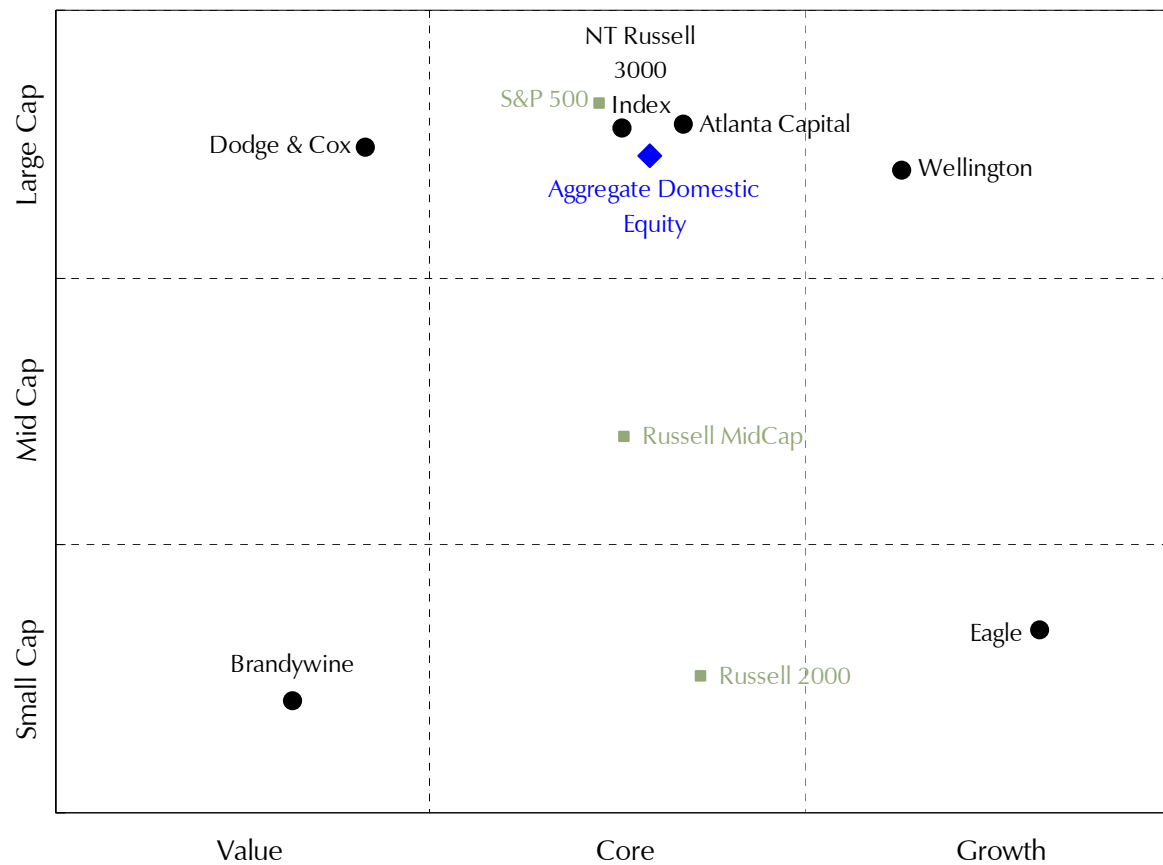


**Domestic Equity Assets  
As of September 30, 2009**



Risk: (sixty months)	Aggregate Domestic Equity 9/30/09	Russell 3000 9/30/09
Annualized Return (%)	2.2	1.6
Standard Deviation (%)	17.9	17.2
Best Monthly Return (%)	11.5	10.5
Worst Monthly Return (%)	-18.1	-17.7
Beta	1.03	1.00
Correlation (R <sup>2</sup> ) to Index	1.00	1.00
Correlation to Total Fund Return	NA	NA
Sharpe Measure (risk-adjusted return) <sup>1</sup>	Negative	Negative
Information Ratio	0.47	NA

<sup>1</sup> A negative Sharpe ratio indicates that the manager underperformed the risk-free rate during the sample period.



	Aggregate Domestic Equity 9/30/09	Russell 3000 9/30/09	Aggregate Domestic Equity 6/30/09
<b>Capitalization Structure:</b>			
Weighted Average Market Cap. (US\$ billion)	51.1	63.5	47.3
Median Market Cap. (US\$ million)	808	721	684
Large (% over US\$10 billion)	61	70	63
Medium (% US\$1.5 billion to US\$10 billion)	23	23	20
Small (% under US\$1.5 billion)	17	7	16
<b>Fundamental Structure:</b>			
Price-Earnings Ratio	23	22	19
Price-Book Value Ratio	3.1	3.2	2.9
Dividend Yield (%)	1.9	2.3	2.3
Historical Earnings Growth Rate (%)	17	18	18
Projected Earnings Growth Rate (%)	11	11	11

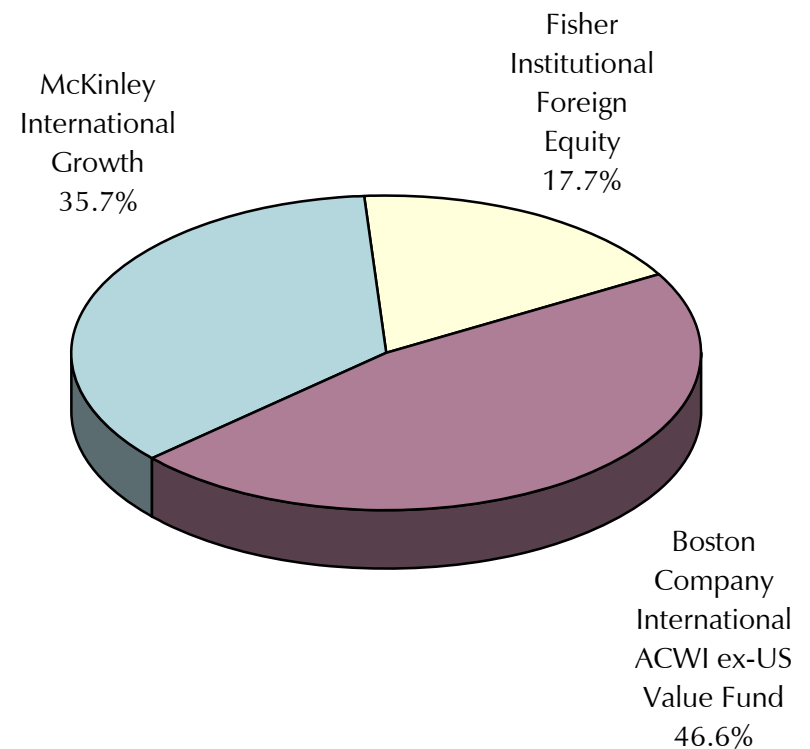
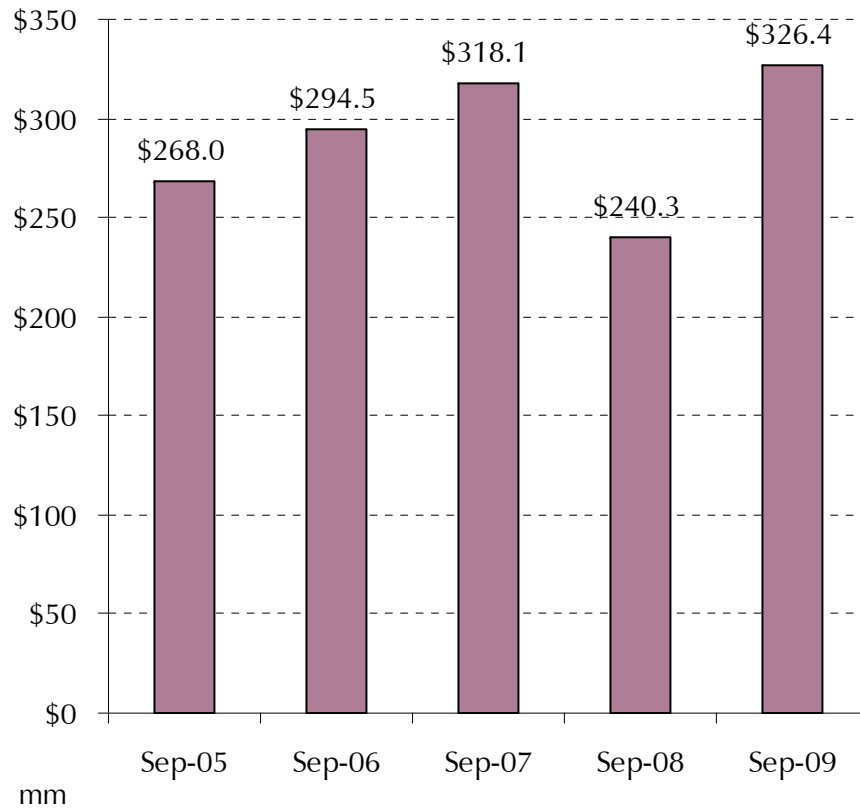
	Aggregate Domestic Equity 9/30/09	Russell 3000 9/30/09	Aggregate Domestic Equity 6/30/09
<b>Diversification:</b>			
Number of Holdings	2,877	2,968	2,826
% in 5 largest holdings	7	9	8
% in 10 largest holdings	13	16	13

Largest Five Holdings:	% of Portfolio	Economic Sector
ExxonMobil	1.7	Energy
Microsoft	1.5	Software & Services
Apple	1.4	Technology Hardware
Cisco Systems	1.3	Technology Hardware
Wells Fargo	1.2	Banks

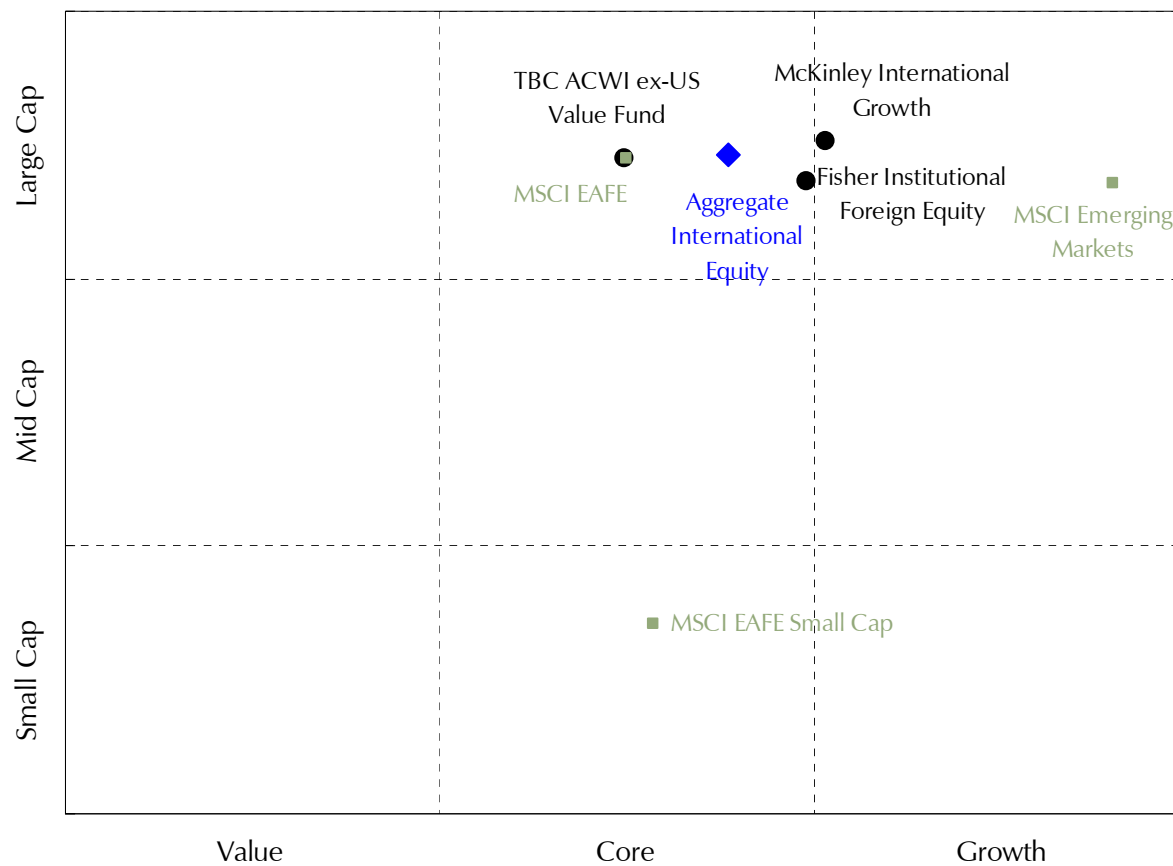
Industry Allocation (%):	Aggregate Domestic Equity 9/30/09	Russell 3000 9/30/09	Aggregate Domestic Equity 6/30/09
Information Technology	21	18	22
Consumer Discretionary	13	10	13
Industrials	12	11	11
Health Care	14	13	15
Materials	4	4	3
Telecom	2	3	2
Energy	10	11	10
Utilities	3	4	3
Financials	14	16	13
Consumer Staples	7	10	8

## International Equity Assets As of September 30, 2009





<b>Risk: (sixty months)</b>	<b>Aggregate International Equity 9/30/09</b>	<b>MSCI ACWI (ex. U.S.) 9/30/09</b>
Annualized Return (%)	6.4	8.1
Standard Deviation (%)	23.0	23.6
Best Monthly Return (%)	13.2	13.6
Worst Monthly Return (%)	-22.4	-22.0
Beta	0.99	1.00
Correlation (R <sup>2</sup> ) to Index	0.99	1.00
Correlation to Total Fund Return	NA	NA
Sharpe Measure (risk-adjusted return)	0.15	0.22
Information Ratio	Negative	NA



	Aggregate International Equity 9/30/09	MSCI ACWI (ex. U.S.) 9/30/09	Aggregate International Equity 6/30/09
<b>Capitalization Structure:</b>			
Weighted Average Market Cap. (US\$ billion)	51.9	47.0	45.7
Median Market Cap. (US\$ billion)	17.2	5.3	13.6
Large (% over US\$9 billion)	80	77	79
Medium (% US\$1.5 billion to US\$9 billion)	19	23	20
Small (% under US\$1.5 billion)	1	1	1
<b>Fundamental Structure:</b>			
Price-Earnings Ratio	21	22	18
Price-Book Value Ratio	2.5	2.6	2.3
Dividend Yield (%)	2.8	2.9	3.1
Historical Earnings Growth Rate (%)	16	18	18
Projected Earnings Growth Rate (%)	11	10	10

Diversification:	Aggregate International Equity 9/30/09	MSCI ACWI (ex. U.S.) 9/30/09	Aggregate International Equity 6/30/09
Number of Holdings	294	1,808	288
% in 5 largest holdings	8	6	8
% in 10 largest holdings	14	10	13

Largest Five Holdings:	% of Portfolio	Economic Sector
Novartis	2.3	Pharmaceuticals & Biotech
Nestle	2.1	Food Beverage & Tobacco
Samsung Electronic	1.3	Semiconductors
Total Energy Services	1.3	Energy
BHP Billiton	1.3	Materials

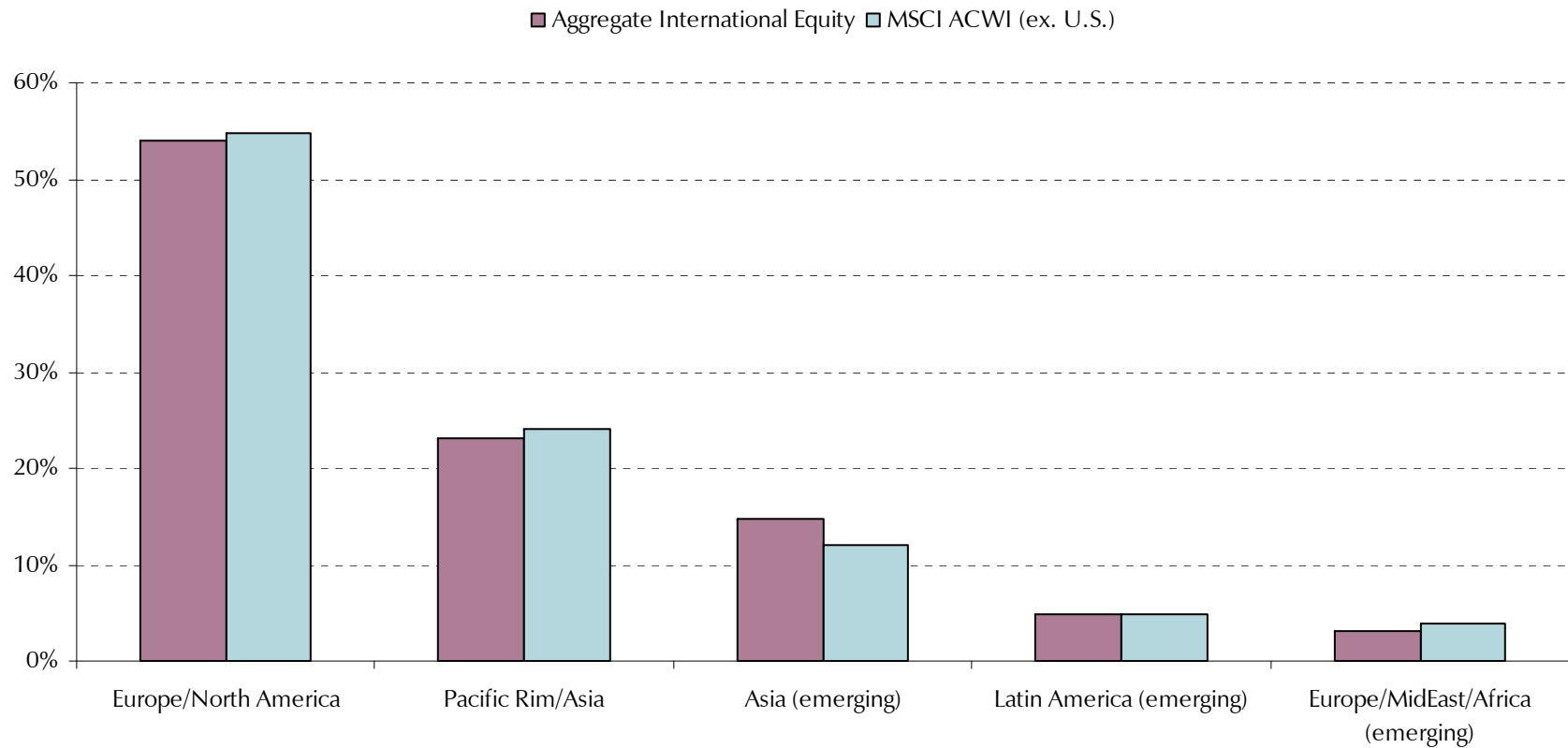
Industry Allocation (%):	Aggregate International Equity 9/30/09	MSCI ACWI (ex. U.S.) 9/30/09	Aggregate International Equity 6/30/09
Information Technology	10	7	9
Consumer Staples	10	8	10
Materials	12	11	11
Health Care	7	6	7
Energy	12	11	13
Consumer Discretionary	9	8	10
Industrials	10	10	10
Telecom	6	6	7
Utilities	4	5	5
Financials	20	27	18

## San Jose Federated City Employees Retirement System

## International Equity Assets Country & Region Breakdown as of 9/30/09

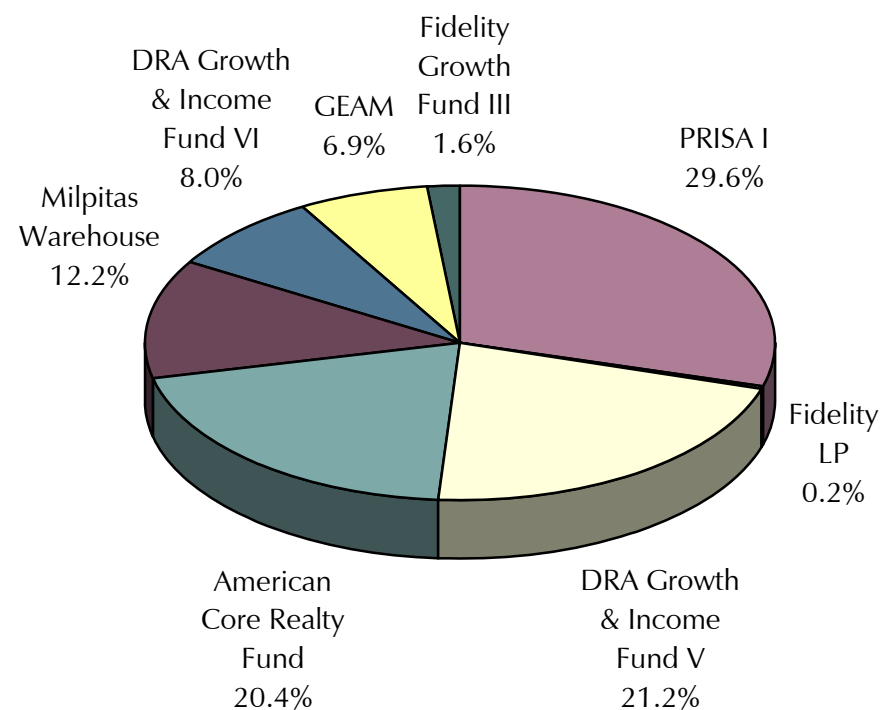
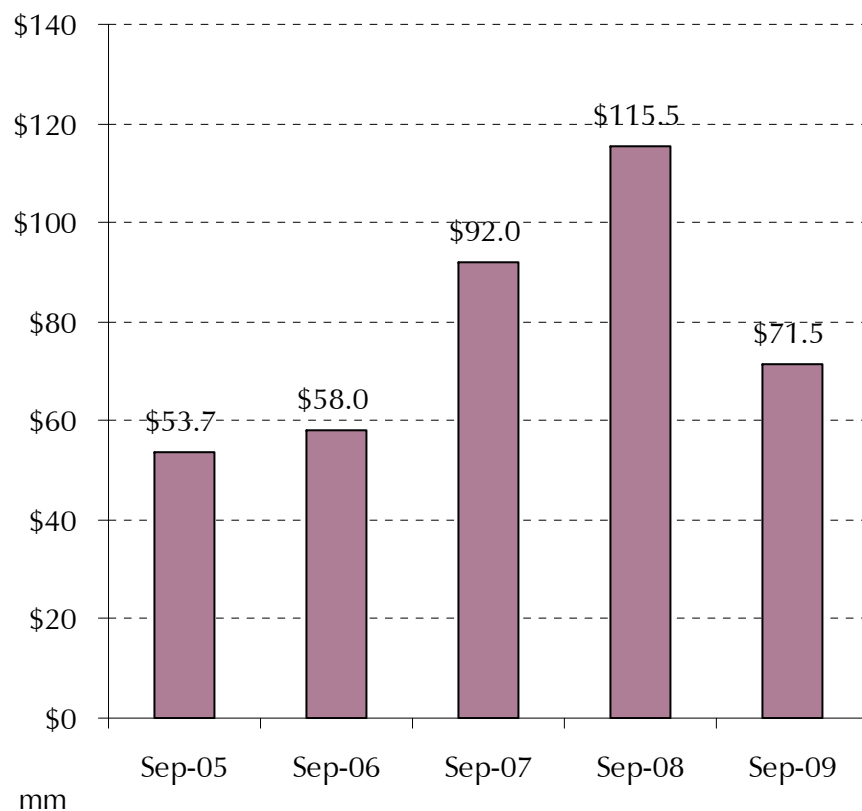
	Aggregate International Equity 9/30/09 (%)	MSCI ACWI (ex. U.S.) 9/30/09 (%)		Aggregate International Equity 9/30/09 (%)	MSCI ACWI (ex. U.S.) 9/30/09 (%)
<b>Europe/North America</b>	<b>54.0</b>	<b>54.8</b>	<b>Asia (emerging)</b>	<b>14.7</b>	<b>12.0</b>
Switzerland	8.3	5.5	Thailand	1.1	0.3
United Kingdom	16.1	14.9	South Korea	3.7	2.9
Germany	6.5	5.8	Taiwan	3.0	2.5
Netherlands	2.4	1.8	China	3.9	3.7
Finland	1.0	0.9	India	1.4	1.6
Italy	2.1	2.7			
Sweden	1.1	1.8	<b>Latin America (emerging)</b>	<b>4.8</b>	<b>4.8</b>
France	7.1	7.8	Brazil	4.0	3.3
Canada	6.2	7.2			
Spain	1.7	3.4	<b>Europe/MidEast/Africa (emerging)</b>	<b>3.1</b>	<b>3.8</b>
			South Africa	1.3	1.5
<b>Pacific Rim/Asia</b>	<b>23.1</b>	<b>24.0</b>			
Singapore	2.1	1.0			
Japan	16.3	15.4			
Hong Kong	2.2	1.7			
Australia	2.5	5.9			







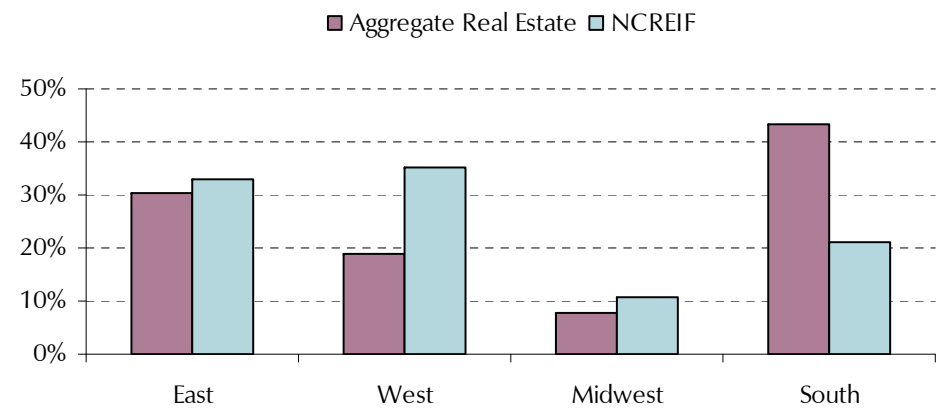
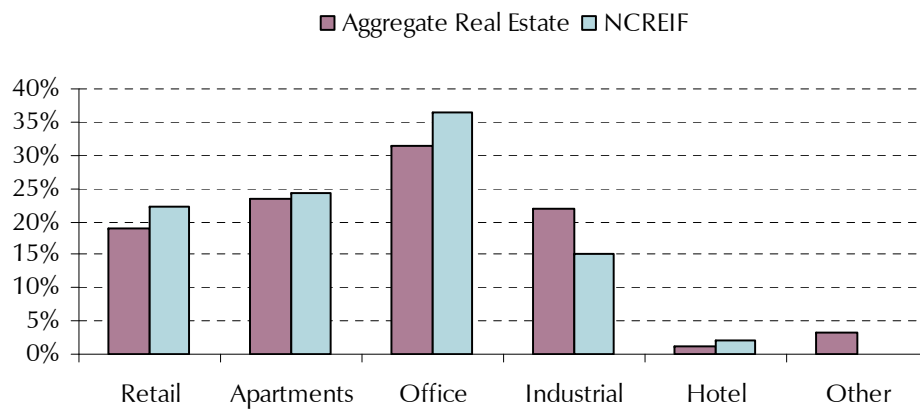
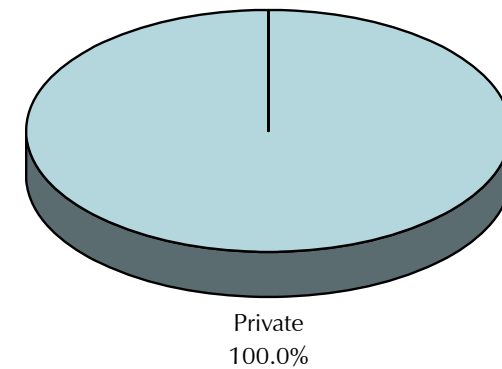
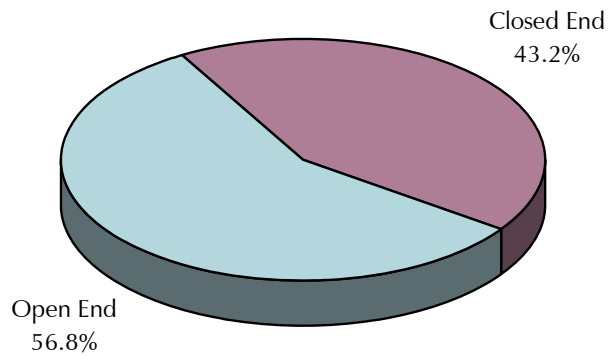
**Real Estate Assets  
As of September 30, 2009**



*Fair values for private markets assets are based on reported values of 6/30/09, adjusted for cash flows through 9/30/09.  
Unless otherwise denoted, all values have been converted into US dollars using 9/30/09 exchange rates.*

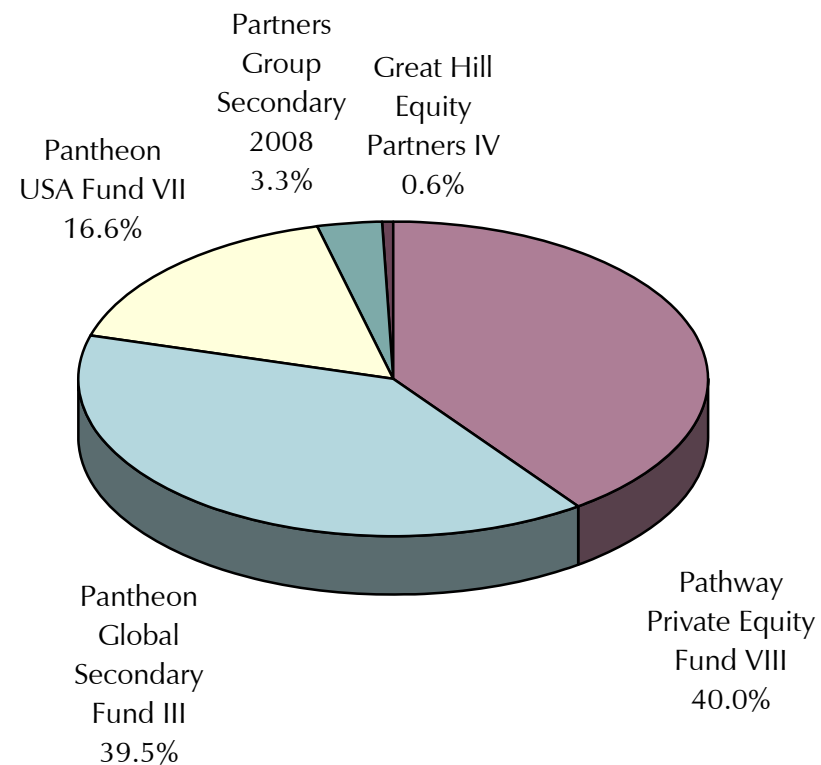
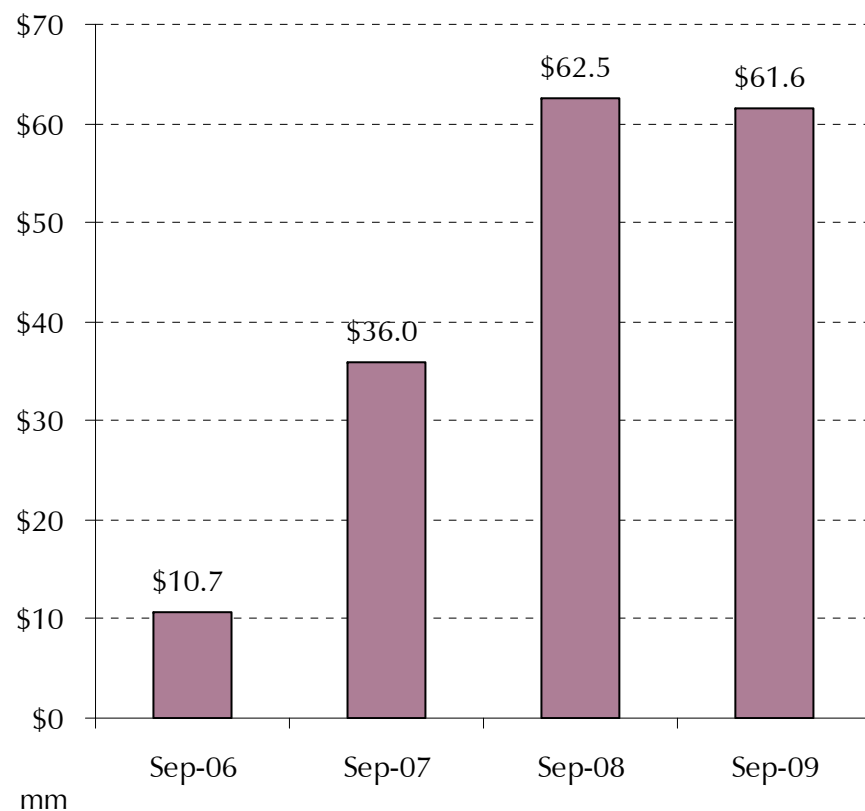
## San Jose Federated City Employees Retirement System

## Real Estate Assets Breakdown as of 9/30/09



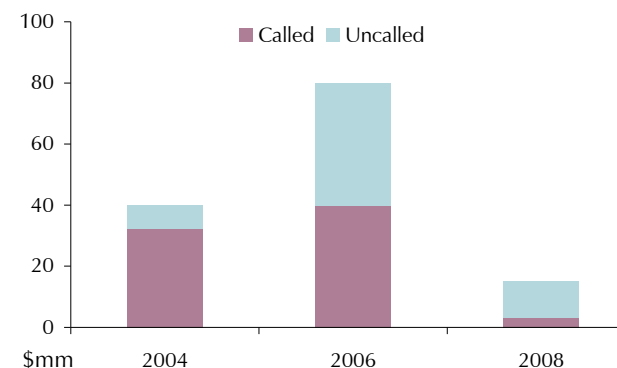
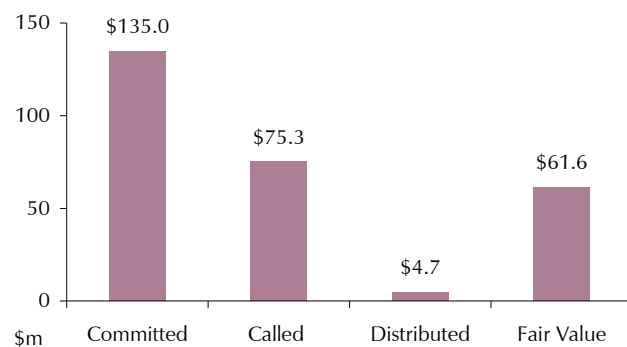
	Market	Strategy	Reported Value 9/30/09 (\$ mm)	% of Asset Class
<b>Real Estate Assets</b>			<b>71.5</b>	<b>100</b>
PRISA I	Private	Diversified Core	21.1	30
DRA Growth & Income Fund V	Private	Value-Added	15.2	21
American Core Realty Fund, LLC	Private	Diversified Core	14.6	20
MIG Realty- Milpitas Warehouse	Private	Direct Ownership	8.7	12
DRA Growth & Income Fund VI	Private	Value-Added	5.7	8
GEAM Value Add Realty Partners, L.P.	Private	Value-Added	4.9	7
Fidelity Real Estate Growth Fund III, L.P.	Private	Diversified Core	1.1	2
Fidelity LP	Private	Diversified Core	0.2	<1

**Private Equity Assets  
As of September 30, 2009**



*Fair values for private markets assets are based on reported values of 6/30/09, adjusted for cash flows through 9/30/09. Unless otherwise denoted, all values have been converted into US dollars using 9/30/09 exchange rates.*

	Market Value 9/30/09 (\$ mm)	% of Asset Class	% of Retirement System	Target Allocation (%)	Target Range (%)	Market Value 6/30/09 (\$ mm)
<b>Private Equity Assets</b>	<b>61.6</b>	<b>100</b>	<b>4</b>	<b>5</b>	<b>0-10</b>	<b>58.3</b>
Pathway Private Equity Fund VIII	24.6	40	1			23.2
Pantheon Global Secondary Fund III	24.3	40	1			23.4
Pantheon USA Fund VII	10.2	17	<1			9.4
Partners Group Secondary 2008	2.0	3	<1			2.0
Great Hill Equity Partners IV	0.4	<1	<1			0.3



**Financial Summary:** (Reported value as of 6/30/2009, adjusted for cash flows through 9/30/2009)

### Program to Date

<b>Allocation Target:</b>	5%
<b>Number of Funds:</b>	5
<b>Commitments:</b>	\$135.0 mm
<b>Capital Called:</b>	\$75.3
<b>Distributions:</b>	\$4.7
<b>Reported Value:</b>	\$61.6



Partnership	Type	Focus	Vintage Year
Pathway Private Equity Fund VIII	Fund of Funds	Diversified Buyout	2004
Pantheon Global Secondary Fund III	Secondary Market	Diversified	2006
Pantheon USA Fund VII	Fund of Funds	Diversified Buyout	2006
Great Hill Equity Partners IV, LP	Buyout	Middle Market Buyout	2008
Partners Group Secondary 2008, L.P.	Secondary Market	Diversified Buyout	2008

Partnership	Committed (\$ mm)	Called (\$ mm)	Distributed (\$ mm)	Fair Value (\$ mm)	% of Total
Great Hill Equity Partners IV, LP	5.0	0.5	0.0	0.4	<1
Pathway Private Equity Fund VIII	40.0	32.2	3.9	24.6	40
Pantheon USA Fund VII	40.0	12.2	0.4	10.2	17
Pantheon Global Secondary Fund III	40.0	27.8	0.4	24.3	40
Partners Group Secondary 2008, L.P.	10.0	2.6	0.0	2.0	3

**Portfolio Reviews**  
**As of September 30, 2009**

## Fixed Income Portfolio Reviews As of September 30, 2009

## Investment Grade Bond Portfolio Reviews As of September 30, 2009

## San Jose Federated City Employees Retirement System

## Dodge & Cox Core Fixed Income Portfolio Detail as of 9/30/09

**Mandate:** Investment Grade Bonds

**Active/Passive:** Active

**Market Value:** \$253.8 million

**Portfolio Manager:** Robert B. Thompson, CFA

**Location:** San Francisco, California

**Inception Date:** 10/1/1999

**Account Type:** Separately Managed

	Short	Int.	Long
High			
Medium			
Low			

### Fee Schedule:

40 bp on first \$10 mm; 30 bp on next \$25 mm; 20 bp on next \$25 mm; 15 bp on next \$65 mm; 12 bp on next \$575 mm; 10 bp thereafter

### Liquidity Constraints:

Daily

### Strategy:

Dodge & Cox believes the best way to outperform the broad bond market over the long term is to emphasize the yield component of fixed income securities. Dodge & Cox builds a higher yielding portfolio than the market index by overweighting corporates and mortgages and underweighting government securities. The portfolio may invest in below investment grade bonds depending on current guidelines.

### Guidelines:

Maximum of 15% below BBB. Securities rated below B limited to 2% of portfolio.

Performance (%):	3Q09	YTD	1 YR	3 YR	5 YR	Since 10/1/99
<b>Dodge &amp; Cox Core Fixed Income</b>	<b>5.8</b>	<b>13.5</b>	<b>15.9</b>	<b>6.4</b>	<b>5.3</b>	<b>6.8</b>
<b>Net of Fees</b>	<b>5.8</b>	<b>13.4</b>	<b>15.7</b>	<b>6.2</b>	<b>5.2</b>	<b>6.6</b>
Barclays Aggregate	3.7	5.7	10.6	6.4	5.1	6.3
Peer Core Fixed Income	4.3	8.5	11.8	6.6	5.2	6.3
Peer Ranking (percentile)	15	8	3	54	38	12

Risk: (sixty months)	Standard Deviation	Beta	Sharpe Measure	Info. Ratio	Correlation to Index
<b>Dodge &amp; Cox Core Fixed Income</b>	<b>4.2%</b>	<b>0.85</b>	<b>0.56</b>	<b>0.08</b>	<b>0.75</b>
Barclays Aggregate	3.8	1.00	0.56	NA	1.00

	9/30/09		6/30/09	
Duration & Yield:	D&C Core FI	Barclays Aggregate	D&C Core FI	Barclays Aggregate
Average Effective Duration (years)	3.9	4.4	3.8	4.3
Yield to Maturity (%)	4.3	3.6	5.1	4.1

Quality Structure (%):				
Average Quality	AA-	AAA	AA-	AAA
AAA (includes Treasuries and Agencies)	52	79	48	79
AA	3	4	6	4
A	16	10	19	10
BBB	21	8	20	8
BB	5	0	5	0
B	1	0	0	0
Below B	2	0	0	0
Non-Rated	0	0	2	0

Sector Allocation (%):				
U.S. Treasury-Nominal	4	26	3	26
U.S. Treasury-TIPS	0	0	0	0
U.S. Agency	5	9	4	9
Mortgage Backed	41	38	38	38
Corporate	46	19	49	19
Bank Loans	0	0	0	0
Local & Provincial Government	0	2	0	2
Sovereign & Supranational	0	2	0	2
Commercial Mortgage Backed	0	3	0	3
Asset Backed	2	0	2	0
Cash Equivalent	2	0	4	0
Other	0	0	0	0

Market Allocation (%):				
United States	100	93	100	93
Foreign (developed markets)	0	7	0	7
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

**Mandate:** Investment Grade Bonds

**Active/Passive:** Active

**Market Value:** \$105.9 million

**Portfolio Manager:** Team

**Location:** New York, New York

**Inception Date:** 10/1/2002

**Account Type:** Separately Managed

	Short	Int.	Long
High			
Medium			
Low			

### Fee Schedule:

25 bp on first \$100 mm; 20 bp on next \$100 mm; 17.5 bp on next \$100 mm; 15 bp thereafter

### Liquidity Constraints:

Daily

### Strategy:

The BlackRock Core Plus strategy seeks to invest primarily in investment grade fixed income securities while allowing for the flexibility to opportunistically invest in below investment grade securities, non-dollar (hedged) and dollar-denominated emerging market debt, per client guidelines. BlackRock investment research efforts are focused on the research and analysis of sectors and securities, not interest rate speculation.

### Guidelines:

Maximum of 15% below BBB, and maximum of 20% non-U.S. securities. Securities rated below B limited to 2% of portfolio.

Performance (%):	3Q09	YTD	1 YR	3 YR	5 YR	Since 10/1/02
<b>BlackRock Core Plus</b>	<b>6.0</b>	<b>11.7</b>	<b>12.8</b>	<b>5.8</b>	<b>5.0</b>	<b>5.2</b>
<b>Net of Fees</b>	<b>6.0</b>	<b>11.4</b>	<b>12.4</b>	<b>5.6</b>	<b>4.7</b>	<b>4.9</b>
Barclays Aggregate	3.7	5.7	10.6	6.4	5.1	5.0
Peer Core Plus	7.3	15.2	14.2	6.0	5.2	5.6
Peer Ranking (percentile)	75	83	68	56	69	73

Risk: (sixty months)	Standard Deviation	Beta	Sharpe Measure	Info. Ratio	Correlation to Index
<b>BlackRock Core Plus</b>	<b>4.2%</b>	<b>0.96</b>	<b>0.47</b>	<b>Neg.</b>	<b>0.86</b>
Barclays Aggregate	3.8	1.00	0.56	NA	1.00

## BlackRock Core Plus Portfolio Detail as of 9/30/09

	9/30/09		6/30/09	
Duration & Yield:	BlackRock Core Plus	Barclays Aggregate	BlackRock Core Plus	Barclays Aggregate
Average Effective Duration (years)	3.9	4.4	4.1	4.3
Yield to Maturity (%)	4.3	3.6	6.2	4.1
Quality Structure (%):				
Average Quality	AA+	AAA	AAA	AAA
AAA (includes Treasuries and Agencies)	75	79	75	79
AA	9	4	10	4
A	9	10	9	10
BBB	5	8	5	8
BB	1	0	1	0
B	1	0	0	0
Below B	1	0	0	0
Non-Rated	0	0	0	0
Sector Allocation (%):				
U.S. Treasury-Nominal	17	26	9	26
U.S. Treasury-TIPS	0	0	0	0
U.S. Agency	17	9	11	9
Mortgage Backed	27	38	32	38
Corporate	26	19	26	19
Bank Loans	0	0	0	0
Local & Provincial Government	0	2	0	2
Sovereign & Supranational	0	2	0	2
Commercial Mortgage Backed	7	3	9	3
Asset Backed	3	0	5	0
Cash Equivalent	3	0	6	0
Other	0	0	3	0
Market Allocation (%):				
United States	88	93	89	93
Foreign (developed markets)	12	7	11	7
Foreign (emerging markets)	0	0	0	0
Currency Allocation (%):				
Non-U.S. Dollar Exposure	0	0	3	0



## High Yield Bond Portfolio Reviews As of September 30, 2009



## San Jose Federated City Employees Retirement System

## MackKay Shields High Yield Active Core Portfolio Detail as of 9/30/09

**Mandate:** High Yield  
**Active/Passive:** Active  
**Market Value:** \$57.3 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:**  
 42.5 bp 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 (%):	3Q09	YTD	Since 5/1/09
<b>MackKay Shields High Yield Active Core</b>	<b>11.4</b>	<b>NA</b>	<b>13.5</b>
<b>Net of Fees</b>	<b>11.3</b>	<b>NA</b>	<b>13.4</b>
Barclays High Yield	14.2	49.0	25.4
Barclays High Yield BB/B	10.7	38.8	18.9
Peer High Yield	12.2	40.7	21.9
Peer Ranking (percentile)	69	NA	94

	9/30/09		6/30/09	
Duration & Yield:	Mackay High Yield	Barclays High Yield	Mackay High Yield	Barclays High Yield
Average Effective Duration (years)	4.2	4.3	4.3	4.3
Yield to Maturity (%)	9.1	10.3	11.1	12.3
Quality Structure (%):				
Average Quality	BB-	B+	B+	B+
AAA (includes Treasuries and Agencies)	1	0	0	0
AA	0	0	0	0
A	0	0	0	0
BBB	6	0	4	0
BB	47	39	42	39
B	36	31	46	31
Below B	9	30	9	30
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	99	100	100	100
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	1	0	0	0
Other	0	0	0	0
Market Allocation (%):				
United States	90	89	90	89
Foreign (developed markets)	9	11	9	11
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

## Seix Credit Dislocation Strategy Portfolio Detail as of 9/30/09

**Mandate:** High Yield  
**Active/Passive:** Active  
**Market Value:** \$52.1 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:**  
 30 bp 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 (%):	3Q09	YTD	Since 5/1/09
<b>Seix Credit Dislocation Strategy</b>	<b>4.8</b>	<b>NA</b>	<b>7.7</b>
<b>Net of Fees</b>	<b>4.8</b>	<b>NA</b>	<b>7.7</b>
CSFB Leveraged Loan Index	10.0	39.8	20.8

	9/30/09		6/30/09	
<b>Duration &amp; Yield:</b>	Seix	CSFB Lev Loan	Seix	CSFB Lev Loan
Average Effective Duration (years)	2.1	0.3	2.2	0.0
Yield to Maturity (%)	4.7	4.3	5.8	5.7
<b>Quality Structure (%):</b>				
Average Quality	BB-	B	BB	B
AAA (includes Treasuries and Agencies)	3	0	2	0
AA	0	0	0	0
A	0	0	0	0
BBB	4	0	6	0
BB	51	23	67	25
B	41	40	23	42
Below B	2	19	2	15
Non-Rated	0	18	0	19
<b>Sector Allocation (%):</b>				
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	21	0	20	0
Bank Loans	77	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	3	0	2	0
Other	0	0	0	0
<b>Market Allocation (%):</b>				
United States	100	100	100	100
Foreign (developed markets)	0	0	0	0
Foreign (emerging markets)	0	0	0	0
<b>Currency Allocation (%):</b>				
Non-U.S. Dollar Exposure	0	0	0	0



## Global Fixed Income Portfolio Review As of September 30, 2009

## San Jose Federated City Employees Retirement System

## Loomis Global Bond Portfolio Detail as of 9/30/09

**Mandate:** Global Fixed Income

**Active/Passive:** Active

**Market Value:** \$126.6 million

**Portfolio Manager:** Ken Buntrock, David Rolley,  
Lynda Schweizer

**Location:** Boston, Massachusetts

**Inception Date:** 2/1/2005

**Account Type:** Separately Managed

### Fee Schedule:

40 bp on first \$50 mm; 30 bp on next \$50 mm; 20 bp on next \$400 mm; 15 bp thereafter

### Liquidity Constraints:

Daily

### Strategy:

The Loomis Global Bond investment strategy emphasizes bottom-up credit research-based issue selection to maximize fixed income returns. Portfolios are team managed and investment decisions are research-based. For Global Fixed Income portfolios they seek to construct highly diversified portfolios that will include a broad menu of undervalued, preferably discount fixed income securities around the world. The team follows a broad global universe of securities including Government and Quasi-Government and Agency securities, Corporate credits, and Asset-Backed securities including mortgages.

### Guidelines:

Benchmark = S&P/ CitigroupWorld Gov't Bond Index; All securities must be investment grade at time of purchase; No more than 5% of single non-government issue; Currency hedging up to 50% market value.

	Short	Int.	Long
High			
Medium			
Low			

Performance (%):	3Q09	YTD	1 YR	3 YR	Since 2/1/05
<b>Loomis Global Bond</b>	<b>10.5</b>	<b>18.2</b>	<b>21.3</b>	<b>9.6</b>	<b>6.3</b>
<b>Net of Fees</b>	<b>10.4</b>	<b>17.9</b>	<b>20.9</b>	<b>9.3</b>	<b>6.0</b>
S&P Citigroup World Gov't Bond Index	6.2	4.6	13.8	9.4	5.6

Risk: (fifty-six months)	Standard Deviation	Beta	Sharpe Measure	Info. Ratio	Correlation to Index
<b>Loomis Global Bond</b>	<b>9.1%</b>	<b>0.99</b>	<b>0.36</b>	<b>0.17</b>	<b>0.86</b>
S&P Citigroup World Gov't Bond Index	7.8	1.00	0.32	NA	1.00

	9/30/09		6/30/09	
<b>Duration &amp; Yield:</b>	<b>Loomis GB</b>	<b>S&amp;P CG WGBI</b>	<b>Loomis GB</b>	<b>S&amp;P CG WGBI</b>
Average Effective Duration (years)	6.0	6.3	6.6	6.2
Yield to Maturity (%)	3.6	2.1	4.7	2.2
<b>Quality Structure (%):</b>				
Average Quality	AA	AA+	AA-	AA+
AAA (includes Treasuries and Agencies)	52	52	48	52
AA	14	36	7	37
A	14	12	16	12
BBB	15	0	20	0
BB	4	0	6	0
B	1	0	2	0
Below B	0	0	0	0
Non-Rated	0	0	0	0
<b>Sector Allocation (%):</b>				
U.S. Treasury-Nominal	0	0	0	0
U.S. Treasury-TIPS	0	0	0	0
U.S. Agency	9	0	9	0
Mortgage Backed	3	0	3	0
Corporate	26	0	39	0
Bank Loans	0	0	0	0
Local & Provincial Government	3	0	4	0
Sovereign & Supranational	57	100	43	100
Commercial Mortgage Backed	0	0	0	0
Asset Backed	0	0	0	0
Cash Equivalent	1	0	2	0
Other	0	0	0	0
<b>Market Allocation (%):</b>				
United States	15	23	23	22
Foreign (developed markets)	73	70	67	70
Foreign (emerging markets)	11	7	11	8
<b>Currency Allocation (%):</b>				
Non-U.S. Dollar Exposure	79	77	75	77



## Domestic Equity Portfolio Reviews As of September 30, 2009

## San Jose Federated City Employees Retirement System

## Northern Trust Russell 3000 Index Portfolio Detail as of 9/30/09

**Mandate:** Domestic Equities  
**Active/Passive:** Passive  
**Market Value:** \$313.9 million  
**Portfolio Manager:** Team  
**Location:** Chicago, Illinois  
**Inception Date:** 9/1/1999  
**Account Type:** Commingled Fund

	Value	Core	Growth
Large			
Medium			
Small			

### Fee Schedule:

50 bp on first \$0.5 mm; 20 bp on next \$4.5 mm; 10 bp on next \$20 mm; 6.7 bp on next \$25 mm; 5 bp on next \$25 mm; 2 bp thereafter

### 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 (%):	3Q09	YTD	1 YR	3 YR	5 YR	Since 9/1/99
<b>Northern Trust Russell 3000 Index</b>	<b>16.3</b>	<b>21.3</b>	<b>-6.2</b>	<b>-5.0</b>	<b>1.6</b>	<b>0.6</b>
Russell 3000	16.3	21.2	-6.4	-5.1	1.6	0.5

Risk: (sixty months)	Standard Deviation	Beta	Sharpe Measure <sup>1</sup>	Info. Ratio	Correlation to Index
<b>Northern Trust Russell 3000 Index</b>	<b>17.2%</b>	<b>1.00</b>	<b>Negative</b>	<b>NA</b>	<b>1.00</b>
Russell 3000	17.2	1.00	Negative	NA	1.00

	9/30/09		6/30/09	
Capitalization Structure:	NT Russell 3000	Russell 3000	NT Russell 3000	Russell 3000
Weighted Average Market Cap. (US\$ billion)	63.6	63.5	58.8	58.8
Median Market Cap. (US\$ million)	825.1	721.5	710.1	595.6
Large (% over US\$10 billion)	70	70	70	70
Medium (% US\$1.5 billion to US\$10 billion)	23	23	22	22
Small (% under US\$1.5 billion)	7	7	8	8

### Fundamental Structure:

Price-Earnings Ratio	22	22	18	19
Price-Book Value Ratio	3.2	3.2	3.1	3.1
Dividend Yield (%)	2.3	2.3	2.8	2.8
Historical Earnings Growth Rate (%)	16	18	17	18
Projected Earnings Growth Rate (%)	11	11	11	11

### Sector Allocation (%):

Information Technology	18	18	19	19
Financials	16	16	14	14
Health Care	13	13	14	14
Industrials	11	11	10	10
Energy	11	11	11	11
Consumer Discretionary	10	10	10	10
Consumer Staples	10	10	11	11
Materials	4	4	4	4
Utilities	4	4	4	4
Telecom	3	3	3	3

### Diversification:

Number of Holdings	2,776	2,968	2,723	2,989
% in 5 largest holdings	9	9	10	10
% in 10 largest holdings	16	16	17	17

### Largest Ten Holdings:

		Industry
ExxonMobil	2.9	Energy
Microsoft	1.7	Software & Services
General Electric	1.5	Capital Goods
Procter & Gamble	1.5	Household/Personal Products
Johnson & Johnson	1.5	Pharmaceuticals & Biotech
Apple	1.5	Technology Hardware
JPMorgan Chase	1.5	Diversified Financials
AT&T	1.4	Telecommunication Services
IBM	1.4	Technology Hardware
Bank of America	1.3	Diversified Financials

<sup>1</sup> A negative Sharpe ratio indicates that the manager underperformed the risk-free rate during the sample period.



## San Jose Federated City Employees Retirement System

## Wellington Opportunistic Growth Portfolio Detail as of 9/30/09

**Mandate:** Domestic Equities  
**Active/Passive:** Active  
**Market Value:** \$58.6 million  
**Portfolio Manager:** Team  
**Location:** Boston, MA  
**Inception Date:** 10/1/2005  
**Account Type:** Separately Managed

	Value	Core	Growth
Large			
Medium			
Small			

### Fee Schedule:

70 bp on first \$25 mm; 60 bp on next \$25 mm; 50 bp thereafter

### Liquidity Constraints:

Daily

### Strategy:

The Wellington Opportunistic Growth's objective is to provide long-term total returns above the Russell 1000 Growth Index by investing in the stocks of successful, growing companies across the US market capitalization spectrum.

### Guidelines:

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

Performance (%):	3Q09	YTD	1 YR	3 YR	Since 10/1/05
<b>Wellington Opportunistic Growth</b>	<b>16.8</b>	<b>27.9</b>	<b>-0.2</b>	<b>-1.7</b>	<b>0.2</b>
<b>Net of Fees</b>	<b>16.6</b>	<b>27.4</b>	<b>-0.8</b>	<b>-2.2</b>	<b>-0.3</b>
Russell 3000 Growth	14.1	27.3	-2.2	-2.5	-0.4
Peer Large Cap Growth	14.0	25.5	-2.6	-2.8	-0.5
Peer Ranking (percentile)	11	31	25	37	39

Risk: (forty-eight months)	Standard Deviation	Beta	Sharpe Measure <sup>1</sup>	Info. Ratio	Correlation to Index
<b>Wellington Opportunistic Growth</b>	<b>19.2%</b>	<b>1.03</b>	<b>Negative</b>	<b>0.15</b>	<b>0.97</b>
Russell 3000 Growth	18.1	1.00	Negative	NA	1.00

	9/30/09 Wellington	Russell 3000 Growth	6/30/09 Wellington	Russell 3000 Growth
<b>Capitalization Structure:</b>				
Weighted Average Market Cap. (US\$ billion)	45.8	64.8	42.3	59.7
Median Market Cap. (US\$ billion)	4.9	0.8	4.4	0.7
Large (% over US\$10 billion)	67	71	71	70
Medium (% US\$1.5 billion to US\$10 billion)	31	23	25	22
Small (% under US\$1.5 billion)	2	7	4	8

### Fundamental Structure:

Price-Earnings Ratio	27	23	21	20
Price-Book Value Ratio	4.0	4.5	4.0	4.4
Dividend Yield (%)	1.1	1.5	1.5	1.7
Historical Earnings Growth Rate (%)	21	22	25	22
Projected Earnings Growth Rate (%)	13	13	12	13

### Sector Allocation (%):

Consumer Discretionary	21	11	18	11
Financials	12	5	8	5
Energy	9	4	11	4
Industrials	15	11	14	10
Information Technology	36	31	39	31
Telecom	0	1	0	1
Utilities	0	1	0	1
Materials	2	4	2	4
Health Care	5	17	8	18
Consumer Staples	0	15	1	15

### Diversification:

Number of Holdings	132	1,885	141	1,902
% in 5 largest holdings	15	14	15	14
% in 10 largest holdings	25	23	26	23

Largest Ten Holdings:		Industry
Cisco Systems	3.7	Technology Hardware
Microsoft	3.1	Software & Services
Hartford Financial Services	3.0	Insurance
Oracle	2.8	Software & Services
Apple	2.5	Technology Hardware
Netapp	2.1	Technology Hardware
Verisign	1.9	Software & Services
Precision Castparts	1.9	Capital Goods
Paccar	1.9	Capital Goods
Schlumberger	1.9	Energy

<sup>1</sup> A negative Sharpe ratio indicates that the manager underperformed the risk-free rate during the sample period.



## San Jose Federated City Employees Retirement System

## Eagle Small-Cap Growth Portfolio Detail as of 9/30/09

**Mandate:** Domestic Equities  
**Active/Passive:** Active  
**Market Value:** \$49.1 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:

75 bp on first \$3 mm; 70 bp on next \$10 mm; 60 bp on next \$50 mm; 50 bp 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 ranges between \$100 million and \$1.5 billion 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 (%):	3Q09	YTD	1 YR	3 YR	5 YR	Since 6/1/98
<b>Eagle Small-Cap Growth</b>	<b>19.3</b>	<b>32.2</b>	<b>-2.4</b>	<b>1.3</b>	<b>6.8</b>	<b>4.5</b>
<b>Net of Fees</b>	<b>19.1</b>	<b>31.6</b>	<b>-3.0</b>	<b>0.7</b>	<b>6.2</b>	<b>3.9</b>
Russell 2000 Growth	16.0	29.1	-6.3	-2.6	2.9	1.3
Peer Small Cap Growth	16.7	28.0	-5.0	-2.6	3.0	5.5
Peer Ranking (percentile)	16	28	32	11	8	69

Risk: (sixty months)	Standard Deviation	Beta	Sharpe Measure	Info. Ratio	Correlation to Index
<b>Eagle Small-Cap Growth</b>	<b>23.6%</b>	<b>0.97</b>	<b>0.16</b>	<b>0.69</b>	<b>0.97</b>
Russell 2000 Growth	22.9	1.00	Neg.	NA	1.00

	9/30/09 Eagle	Russell 2000 Growth	6/30/09 Eagle	Russell 2000 Growth
<b>Capitalization Structure:</b>				
Weighted Average Market Cap. (US\$ billion)	1.3	1.0	1.0	0.8
Median Market Cap. (US\$ million)	997.9	411.5	884.3	343.5
Large (% over US\$10 billion)	0	0	0	0
Medium (% US\$1.5 billion to US\$10 billion)	38	19	27	11
Small (% under US\$1.5 billion)	62	81	73	89

<b>Fundamental Structure:</b>				
Price-Earnings Ratio	30	28	26	26
Price-Book Value Ratio	3.1	3.8	2.8	3.5
Dividend Yield (%)	0.5	0.6	0.5	0.7
Historical Earnings Growth Rate (%)	21	21	21	22
Projected Earnings Growth Rate (%)	18	17	18	18

<b>Sector Allocation (%):</b>				
Materials	5	2	3	2
Health Care	26	24	28	25
Energy	4	4	4	3
Information Technology	28	28	26	28
Financials	6	6	6	6
Utilities	0	0	0	0
Consumer Discretionary	15	16	17	15
Industrials	14	15	14	15
Telecom	0	2	0	2
Consumer Staples	1	4	1	4

<b>Diversification:</b>				
Number of Holdings	69	1,261	63	1,274
% in 5 largest holdings	14	3	16	2
% in 10 largest holdings	27	5	28	5

<b>Largest Ten Holdings:</b>		<b>Industry</b>
Thoratec	3.3	Health Equipment & Services
Rovi	3.0	Software & Services
Compellent Technologies	2.7	Technology Hardware
True Religion Apparel	2.7	Consumer Durable & Apparel
Cash America Intl	2.7	Diversified Financials
Huntsman	2.6	Materials
Varian Semiconductor Equipment	2.6	Semiconductors
American Medical Sysms Hlds	2.5	Health Equipment & Services
Genesco	2.5	Retailing
Eclipsys	2.5	Health Equipment & Services





## San Jose Federated City Employees Retirement System

**Mandate:** Domestic Equities  
**Active/Passive:** Active  
**Market Value:** \$45.9 million  
**Portfolio Manager:** Kevin D. Johnson, CFA  
**Location:** San Francisco, California  
**Inception Date:** 7/1/2004  
**Account Type:** Separately Managed

	Value	Core	Growth
Large			
Medium			
Small			

### Fee Schedule:

60 bp on first \$10 mm; 40 bp on next \$15 mm; 30 bp on next \$25 mm; 25 bp on next \$50 mm; 20 bp thereafter

### Liquidity Constraints:

Daily

### Strategy:

The Dodge & Cox Large Cap Value strategy seeks long-term growth of principal and income, while a secondary objective is to achieve current income. The team invests primarily in a broadly diversified portfolio of common stocks that appear to be temporarily undervalued by the stock market but have a favorable outlook for long-term growth. Evaluation criteria include future earnings, cash flow, and dividends, as well as financial strength, economic condition, competitive advantage, and quality of the business franchise. The strategy's objective is to outperform the S&P 500 Index.

### Guidelines:

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

Performance (%):	3Q09	YTD	1 YR	3 YR	5 YR	Since 7/1/04
<b>Dodge &amp; Cox Large Cap Value</b>	<b>16.1</b>	<b>21.7</b>	<b>-6.2</b>	<b>-9.0</b>	<b>0.7</b>	<b>0.6</b>
<b>Net of Fees</b>	<b>16.0</b>	<b>21.3</b>	<b>-6.6</b>	<b>-9.3</b>	<b>0.4</b>	<b>0.3</b>
Russell 1000 Value	18.2	14.8	-10.6	-7.9	0.9	1.2
Peer Large Cap Value	16.5	16.8	-8.0	-6.3	1.8	1.8
Peer Ranking (percentile)	61	21	32	93	76	80

Risk: (sixty months)	Standard Deviation	Beta	Sharpe Measure <sup>1</sup>	Info. Ratio	Correlation to Index
<b>Dodge &amp; Cox Large Cap Value</b>	<b>19.1%</b>	<b>1.04</b>	<b>Negative</b>	<b>Neg.</b>	<b>0.97</b>
Russell 1000 Value	17.7	1.00	Negative	NA	1.00

## Dodge & Cox Large Cap Value Portfolio Detail as of 9/30/09

	9/30/09		6/30/09	
	D&C LCV	Russell 1000 Value	D&C LCV	Russell 1000 Value
<b>Capitalization Structure:</b>				
Weighted Average Market Cap. (US\$ billion)	54.5	67.6	45.9	62.5
Median Market Cap. (US\$ billion)	18.8	3.7	14.9	3.0
Large (% over US\$10 billion)	84	74	83	74
Medium (% US\$1.5 billion to US\$10 billion)	16	25	17	23
Small (% under US\$1.5 billion)	0	1	0	2
<b>Fundamental Structure:</b>				
Price-Earnings Ratio	20	22	15	17
Price-Book Value Ratio	2.1	1.9	1.9	1.7
Dividend Yield (%)	2.2	3.1	2.8	4.0
Historical Earnings Growth Rate (%)	12	14	13	15
Projected Earnings Growth Rate (%)	9	9	9	8
<b>Sector Allocation (%):</b>				
Information Technology	21	5	21	5
Health Care	23	9	27	10
Consumer Discretionary	17	9	17	9
Materials	3	4	2	4
Industrials	9	11	8	10
Telecom	2	6	2	6
Consumer Staples	2	5	2	6
Utilities	0	7	0	8
Energy	10	18	10	20
Financials	12	25	11	23
<b>Diversification:</b>				
Number of Holdings	80	675	77	677
% in 5 largest holdings	18	17	18	18
% in 10 largest holdings	33	27	32	28
<b>Largest Ten Holdings:</b>			<b>Industry</b>	
Hewlett-Packard	4.8		Technology Hardware	
Comcast	3.4		Media	
Wells Fargo	3.3		Banks	
Motorola	3.2		Technology Hardware	
General Electric	3.2		Capital Goods	
Schlumberger	3.1		Energy	
Capital One Financial	3.0		Diversified Financials	
Merck	2.9		Pharmaceuticals & Biotech	
Novartis	2.9		Pharmaceuticals & Biotech	
News	2.8		Media	

<sup>1</sup> A negative Sharpe ratio indicates that the manager underperformed the risk-free rate during the sample period.



## San Jose Federated City Employees Retirement System

## Brandywine Diversified Small Cap Value Portfolio Detail as of 9/30/09

**Mandate:** Domestic Equities

**Active/Passive:** Active

**Market Value:** \$38.6 million

**Portfolio Manager:** Team

**Location:** Philadelphia, Pennsylvania

**Inception Date:** 6/1/1999

**Account Type:** Separately Managed

	Value	Core	Growth
Large			
Medium			
Small			

### Fee Schedule:

55 bp on first \$50 mm; 50 bp thereafter

### Liquidity Constraints:

Daily

### Strategy:

The Brandywine Diversified Small Cap Value Equity product seeks to outpace the long-term total returns of the Russell 2000 Value Index by investing in small- and micro-cap stocks with low P/E or P/B ratios. The portfolio construction process combines the use of quantitative measures with thorough fundamental analysis. The Portfolio Management Team believes this process allows to them to efficiently analyze and hold a large number of small- and micro-cap companies with desirable characteristics. Typical portfolios hold approximately 375-550 stocks in order to limit risk through diversification.

### Guidelines:

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

Performance (%):	3Q09	YTD	1 YR	3 YR	5 YR	Since 6/1/99
<b>Brandywine Diversified Small Cap Value</b>	<b>19.7</b>	<b>12.4</b>	<b>-15.8</b>	<b>-8.7</b>	<b>-0.9</b>	<b>6.4</b>
<b>Net of Fees</b>	<b>19.6</b>	<b>12.0</b>	<b>-16.3</b>	<b>-9.2</b>	<b>-1.4</b>	<b>5.8</b>
Russell 2000 Value	22.7	16.4	-12.6	-6.6	1.8	7.3
Peer Small Cap Value	21.6	24.4	-6.4	-2.8	4.0	9.3
Peer Ranking (percentile)	74	97	99	97	97	92

Risk: (sixty months)	Standard Deviation	Beta	Sharpe Measure <sup>1</sup>	Info. Ratio	Correlation to Index
<b>Brandywine Diversified Small Cap Value</b>	<b>21.1%</b>	<b>0.95</b>	<b>Negative</b>	<b>Neg.</b>	<b>0.99</b>
Russell 2000 Value	22.5	1.00	Negative	NA	1.00

	9/30/09		6/30/09	
Capitalization Structure:	Brandywine SCV	Russell 2000 Value	Brandywine SCV	Russell 2000 Value
Weighted Average Market Cap. (US\$ million)	748.6	859.8	614.9	684.5
Median Market Cap. (US\$ million)	364.4	351.1	316.4	280.4
Large (% over US\$10 billion)	0	0	0	0
Medium (% US\$1.5 billion to US\$10 billion)	2	13	0	5
Small (% under US\$1.5 billion)	98	87	100	95

Fundamental Structure:				
Price-Earnings Ratio	18	24	15	20
Price-Book Value Ratio	1.5	1.5	1.4	1.2
Dividend Yield (%)	1.3	2.6	1.7	3.6
Historical Earnings Growth Rate (%)	18	11	18	11
Projected Earnings Growth Rate (%)	10	9	11	10

Sector Allocation (%):				
Industrials	21	17	21	17
Consumer Discretionary	16	12	15	11
Consumer Staples	4	3	4	3
Information Technology	13	11	14	11
Energy	6	6	3	6
Telecom	1	1	1	1
Health Care	5	5	4	5
Utilities	5	6	5	7
Materials	5	6	4	6
Financials	24	33	28	34

Diversification:				
Number of Holdings	414	1,385	382	1,389
% in 5 largest holdings	6	2	5	2
% in 10 largest holdings	10	4	10	4

Largest Ten Holdings:		Industry
Benchmark Electronics	1.2	Technology Hardware
Olin	1.2	Materials
United Stationers	1.1	Commercial & Professional Services
Pnm Resources	1.0	Utilities
Argo Group Intl Holdings	1.0	Insurance
Synnex	1.0	Technology Hardware
Skywest	0.9	Transportation
Flagstone Reinsurance	0.9	Insurance
Avista	0.9	Utilities
Wesco Intl	0.9	Capital Goods

<sup>1</sup> A negative Sharpe ratio indicates that the manager underperformed the risk-free rate during the sample period.



## San Jose Federated City Employees Retirement System

## Atlanta Capital High Quality Growth Plus Portfolio Detail as of 9/30/09

**Mandate:** Domestic Equities  
**Active/Passive:** Active  
**Market Value:** \$37.9 million  
**Portfolio Manager:** Team  
**Location:** Atlanta, Georgia  
**Inception Date:** 9/1/1998  
**Account Type:** Separately Managed

	Value	Core	Growth
Large			
Medium			
Small			

### Fee Schedule:

70 bp on first \$10 mm; 50 bp on next \$20 mm; 35 bp on next \$70 mm; 30 bp on next \$100 mm

### Liquidity Constraints:

Daily

### Strategy:

Atlanta Capital Management believes in the principal that financially sound companies with a demonstrated history of consistent earnings growth provide superior risk-adjusted returns over a complete market cycle. The portfolio is constructed utilizing a disciplined focus on high quality companies, along with robust fundamental research.

### Guidelines:

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

Performance (%):	3Q09	YTD	1 YR	3 YR	5 YR	Since 9/1/98
<b>Atlanta Capital High Quality Growth Plus</b>	<b>15.6</b>	<b>27.7</b>	<b>-2.8</b>	<b>-0.8</b>	<b>3.1</b>	<b>3.5</b>
<b>Net of Fees</b>	<b>15.4</b>	<b>27.2</b>	<b>-3.3</b>	<b>-1.2</b>	<b>2.7</b>	<b>3.1</b>
Russell 1000 Growth	14.0	27.1	-1.9	-2.5	1.9	1.0
Peer Large Cap Blend	15.2	20.3	-6.1	-4.8	1.6	3.5
Peer Ranking (percentile)	40	11	19	4	18	50

Risk: (sixty months)	Standard Deviation	Beta	Sharpe Measure	Info. Ratio	Correlation to Index
<b>Atlanta Capital High Quality Growth Plus</b>	<b>17.2%</b>	<b>1.00</b>	<b>0.01</b>	<b>0.47</b>	<b>0.99</b>
Russell 1000 Growth	16.8	1.00	Negative <sup>1</sup>	NA	1.00

	9/30/09 Atlanta Capital	Russell 1000 Growth	6/30/09 Atlanta Capital	Russell 1000 Growth
<b>Capitalization Structure:</b>				
Weighted Average Market Cap. (US\$ billion)	64.8	70.1	55.5	64.5
Median Market Cap. (US\$ billion)	30.1	4.2	23.8	3.6
Large (% over US\$10 billion)	86	77	85	76
Medium (% US\$1.5 billion to US\$10 billion)	14	23	15	23
Small (% under US\$1.5 billion)	0	0	0	1

### Fundamental Structure:

Price-Earnings Ratio	23	23	19	19
Price-Book Value Ratio	3.3	4.6	3.2	4.4
Dividend Yield (%)	1.5	1.6	1.8	1.8
Historical Earnings Growth Rate (%)	21	22	22	22
Projected Earnings Growth Rate (%)	12	13	12	13

### Sector Allocation (%):

Energy	10	4	9	4
Financials	10	5	10	5
Consumer Discretionary	13	10	12	10
Materials	5	4	4	4
Telecom	0	1	0	1
Industrials	9	10	9	10
Utilities	0	1	0	1
Health Care	15	17	16	17
Consumer Staples	12	16	14	16
Information Technology	26	32	27	31

### Diversification:

Number of Holdings	53	624	56	628
% in 5 largest holdings	18	15	17	15
% in 10 largest holdings	31	25	30	25

Largest Ten Holdings:		Industry
Apple	3.9	Technology Hardware
CVS Caremark	3.6	Food & Staples Retailing
Hewlett-Packard	3.5	Technology Hardware
Cisco Systems	3.3	Technology Hardware
Abbott Laboratories	3.3	Pharmaceuticals & Biotech
Procter & Gamble	2.9	Household/Personal Products
National Oilwell Varco	2.8	Energy
Apache	2.8	Energy
Staples	2.7	Retailing
Microsoft	2.6	Software & Services

<sup>1</sup> A negative Sharpe ratio indicates that the manager underperformed the risk-free rate during the sample period.



## International Equity Portfolio Reviews As of September 30, 2009

## San Jose Federated City Employees Retirement System

## Boston Company International ACWI ex-US Value Fund Portfolio Detail as of 9/30/09

**Mandate:** International Equities

**Active/Passive:** Active

**Market Value:** \$152.1 million

**Portfolio Manager:** Team

**Location:** Boston, Massachusetts

**Inception Date:** 3/1/2003

**Account Type:** Commingled Fund

	Value	Core	Growth
Large			
Medium			
Small			

### Fee Schedule:

60 bp on first \$100 mm; 45 bp thereafter

### Liquidity Constraints:

Monthly

### Strategy:

The Boston Company International ACWI ex-US Equity Fund seeks to exceed the return of the Morgan Stanley All Country World Index (ex U.S.) over a market cycle. The assets are invested primarily in common stocks and other equity securities of issuers organized or conducting business in countries other than the United States. The Boston Company seeks to combine traditional measures of value with business momentum in a research-driven, risk-aware, investment strategy.

Performance (%):	3Q09	YTD	1 YR	3 YR	5 YR	Since 3/1/03
<b>Boston Company Int'l ACWI ex-US Value Fund</b>	<b>19.8</b>	<b>35.5</b>	<b>14.6</b>	<b>-0.7</b>	<b>7.6</b>	<b>14.1</b>
<b>Net of Fees</b>	<b>19.7</b>	<b>35.0</b>	<b>14.0</b>	<b>-1.2</b>	<b>7.0</b>	<b>13.4</b>
MSCI ACWI (ex. U.S.)	19.7	36.4	5.9	-1.2	8.1	13.5
Peer International Value	20.6	30.0	4.3	-2.1	7.1	13.2
Peer Ranking (percentile)	53	30	4	18	43	34
Risk: (sixty months)	Standard Deviation	Beta	Sharpe Measure	Info. Ratio	Correlation to Index	
<b>Boston Co. Int'l ACWI ex-US Value Fund</b>	<b>20.9%</b>	<b>0.88</b>	<b>0.22</b>	<b>Neg.</b>	<b>0.99</b>	
MSCI ACWI (ex. U.S.)	23.6	1.00	0.22	NA	1.00	

	9/30/09		6/30/09	
Capitalization Structure:	TBC	MSCI ACWI (ex. U.S.)	TBC	MSCI ACWI (ex. U.S.)
Weighted Average Market Cap. (US\$ billion)	50.8	47.0	44.8	40.3
Median Market Cap. (US\$ billion)	14.0	5.3	11.7	4.4
Large (% over US\$9 billion)	74	77	72	73
Medium (% US\$1.5 billion to US\$9 billion)	25	23	25	26
Small (% under US\$1.5 billion)	1	1	3	1

### Fundamental Structure:

Price-Earnings Ratio	21	22	19	19
Price-Book Value Ratio	1.9	2.6	1.7	2.3
Dividend Yield (%)	3.3	2.9	3.8	3.5
Historical Earnings Growth Rate (%)	9	18	10	20
Projected Earnings Growth Rate (%)	11	10	8	9

### Sector Allocation (%):

Health Care	9	6	9	7
Utilities	7	5	8	6
Telecom	8	6	9	7
Consumer Staples	9	8	11	8
Energy	11	11	11	12
Consumer Discretionary	8	8	9	8
Information Technology	6	7	7	7
Industrials	8	10	7	10
Materials	9	11	7	11
Financials	23	27	22	25

### Diversification:

Number of Holdings	166	1,808	164	1,796
% in 5 largest holdings	11	6	11	6
% in 10 largest holdings	19	10	20	10

### Region Allocation (%):

Europe/North America	55	55	54	54
Pacific Rim/Asia	25	24	25	25
Asia (emerging)	14	12	14	12
Latin America (emerging)	2	5	2	5
Europe/MidEast/Africa (emerging)	4	4	4	4

### Largest Five Holdings:

		Industry
Novartis	2.4	Pharmaceuticals & Biotech
Vodafone	2.4	Telecommunication Services
BP	2.3	Energy
HSBC	2.1	Banks
Total Energy Services	1.9	Energy



## San Jose Federated City Employees Retirement System

## McKinley International Growth Portfolio Detail as of 9/30/09

**Mandate:** International Equities

**Active/Passive:** Active

**Market Value:** \$116.5 million

**Portfolio Manager:** Team

**Location:** Anchorage, Alaska

**Inception Date:** 8/1/2005

**Account Type:** Separately Managed

	Value	Core	Growth
Large			
Medium			
Small			

### Fee Schedule:

75 bp on first \$10 mm; 65 bp on next \$15 mm; 60 bp on next \$25 mm; 50 bp thereafter

### Liquidity Constraints:

Daily

### Strategy:

The McKinley International Non-U.S. Growth portfolio strives to achieve "excess market returns" over a full market cycle of three-to-five years, relative to the portfolio's primary performance benchmark, the MSCI All Country World ex U.S. Growth Index. McKinley is a bottom-up manager using both a systematic screening process and qualitative overview to construct and manage investment portfolios. Investment decisions are based on the philosophy that excess market returns can be achieved through the construction and active management of a diversified, fundamentally sound portfolio of inefficiently priced common stocks whose earnings growth rates are accelerating above market expectations.

### Guidelines:

Emerging Markets Exposure < 25%

Performance (%):	3Q09	YTD	1 YR	3 YR	Since 8/1/05
<b>McKinley International Growth</b>	<b>13.6</b>	<b>16.3</b>	<b>-9.4</b>	<b>-8.3</b>	<b>0.8</b>
<b>Net of Fees</b>	<b>13.4</b>	<b>15.8</b>	<b>-9.9</b>	<b>-8.8</b>	<b>0.2</b>
MSCI ACWI (ex. U.S.)	19.7	36.4	5.9	-1.2	5.2
Peer International Growth	18.5	32.3	3.8	-1.4	4.6
Peer Ranking (percentile)	99	99	96	96	94
Risk: (fifty months)	Standard Deviation	Beta	Sharpe Measure <sup>1</sup>	Info. Ratio	Correlation to Index
<b>McKinley International Growth</b>	<b>23.8%</b>	<b>0.95</b>	<b>Negative</b>	<b>Neg.</b>	<b>0.95</b>
MSCI ACWI (ex. U.S.)	24.7	1.00	0.08	NA	1.00

	9/30/09	MSCI ACWI (ex. U.S.)	6/30/09	MSCI ACWI (ex. U.S.)
<b>Capitalization Structure:</b>	<b>McKinley</b>		<b>McKinley</b>	
Weighted Average Market Cap. (US\$ billion)	58.0	47.0	53.0	40.3
Median Market Cap. (US\$ billion)	22.7	5.3	21.6	4.4
Large (% over US\$9 billion)	89	77	92	73
Medium (% US\$1.5 billion to US\$9 billion)	11	23	8	26
Small (% under US\$1.5 billion)	0	1	0	1

### Fundamental Structure:

Price-Earnings Ratio	21	22	18	19
Price-Book Value Ratio	3.1	2.6	3.0	2.3
Dividend Yield (%)	2.3	2.9	2.6	3.5
Historical Earnings Growth Rate (%)	20	18	24	20
Projected Earnings Growth Rate (%)	11	10	10	9

### Sector Allocation (%):

Information Technology	13	7	9	7
Materials	16	11	14	11
Consumer Staples	13	8	14	8
Health Care	8	6	9	7
Industrials	11	10	11	10
Energy	10	11	11	12
Telecom	6	6	7	7
Consumer Discretionary	7	8	9	8
Utilities	0	5	4	6
Financials	16	27	14	25

### Diversification:

Number of Holdings	69	1,808	66	1,796
% in 5 largest holdings	16	6	16	6
% in 10 largest holdings	28	10	28	10

### Region Allocation (%):

Europe/North America	55	55	57	54
Pacific Rim/Asia	21	24	17	25
Asia (emerging)	15	12	16	12
Latin America (emerging)	5	5	5	5
Europe/MidEast/Africa (emerging)	3	4	5	4

### Largest Five Holdings:

		Industry
Nestle	3.7	Food Beverage & Tobacco
BHP Billiton	3.6	Materials
Novartis	3.3	Pharmaceuticals & Biotech
Standard Chartered	2.7	Banks
Goldcorp	2.7	Materials

<sup>1</sup> A negative Sharpe ratio indicates that the manager underperformed the risk-free rate during the sample period.



## San Jose Federated City Employees Retirement System

## Fisher Institutional Foreign Equity Portfolio Detail as of 9/30/09

**Mandate:** International Equities

**Active/Passive:** Active

**Market Value:** \$57.7 million

**Portfolio Manager:** Team

**Location:** Woodside, California

**Inception Date:** 7/1/2005

**Account Type:** Separately Managed

	Value	Core	Growth
Large			
Medium			
Small			

### Fee Schedule:

75 bp on first \$25 mm; 65 bp on next \$25 mm; 60 bp on next \$50 mm; 50 bp on next \$50 mm; 45 bp thereafter

### Liquidity Constraints:

Daily

### Strategy:

The Fisher All Foreign Equity strategy utilizes a top-down investment process focusing on what they believe to be the most important determinants of portfolio return. The Team utilizes a combination of quantitative and fundamental research to formulate economic forecasts, political forecasts, and determine sentiment drivers. Based upon their forecasting, the Team will develop portfolio themes to drive security selection.

### Guidelines:

Emerging markets Exposure <15%.

Performance (%):	3Q09	YTD	1 YR	3 YR	Since 7/1/05
<b>Fisher Institutional Foreign Equity</b>	<b>24.1</b>	<b>43.6</b>	<b>7.6</b>	<b>-0.5</b>	<b>5.6</b>
<b>Net of Fees</b>	<b>23.9</b>	<b>42.9</b>	<b>6.9</b>	<b>-1.1</b>	<b>5.0</b>
MSCI ACWI (ex. U.S.)	19.7	36.4	5.9	-1.2	6.0
Peer International Blend	18.9	27.7	1.5	-2.6	5.0
Peer Ranking (percentile)	2	2	12	18	41
Risk: (fifty-one months)	Standard Deviation	Beta	Sharpe Measure	Info. Ratio	Correlation to Index
<b>Fisher Institutional Foreign Equity</b>	<b>28.9%</b>	<b>1.15</b>	<b>0.09</b>	<b>Neg.</b>	<b>0.99</b>
MSCI ACWI (ex. U.S.)	24.6	1.00	0.12	NA	1.00

	9/30/09		6/30/09	
Capitalization Structure:	Fisher	MSCI ACWI (ex. U.S.)	Fisher	MSCI ACWI (ex. U.S.)
Weighted Average Market Cap. (US\$ billion)	42.6	47.0	36.5	40.3
Median Market Cap. (US\$ billion)	29.8	5.3	25.8	4.4
Large (% over US\$9 billion)	80	77	72	73
Medium (% US\$1.5 billion to US\$9 billion)	20	23	28	26
Small (% under US\$1.5 billion)	0	1	1	1

### Fundamental Structure:

Price-Earnings Ratio	23	22	17	19
Price-Book Value Ratio	2.7	2.6	2.2	2.3
Dividend Yield (%)	2.2	2.9	2.8	3.5
Historical Earnings Growth Rate (%)	22	18	22	20
Projected Earnings Growth Rate (%)	11	10	11	9

### Sector Allocation (%):

Industrials	16	10	16	10
Information Technology	12	7	12	7
Consumer Discretionary	13	8	13	8
Energy	15	11	17	12
Materials	15	11	14	11
Utilities	2	5	2	6
Consumer Staples	5	8	4	8
Telecom	3	6	3	7
Health Care	2	6	1	7
Financials	19	27	17	25

### Diversification:

Number of Holdings	106	1,808	109	1,796
% in 5 largest holdings	9	6	9	6
% in 10 largest holdings	16	10	17	10

### Region Allocation (%):

Europe/North America	51	55	50	54
Pacific Rim/Asia	21	24	22	25
Asia (emerging)	15	12	14	12
Latin America (emerging)	12	5	11	5
Europe/MidEast/Africa (emerging)	2	4	2	4

### Largest Five Holdings:

		Industry
Rio Tinto	1.9	Materials
Petrol Brasileiro	1.8	Energy
CSN-CIA Siderurgica Nacional	1.7	Materials
Komatsu	1.7	Capital Goods
Taiwan Semiconductor Mfg	1.6	Technology Hardware



## Real Estate Portfolio Reviews As of September 30, 2009



# San Jose Federated City Employees Retirement System

## PRISA I Portfolio Detail as of 9/30/09

**Strategy:** Real Estate  
Private Market  
Diversified Core

**Market Value:** \$21.1 million

**Senior Professionals:** Kevin R. Smith

**Location:** San Francisco, California

**Inception Date:** 7/1/04

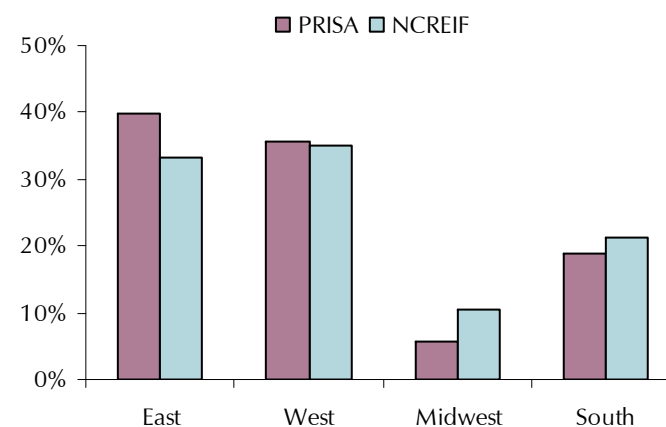
**Account Type:** Separately Managed

**# of Investments:** 240

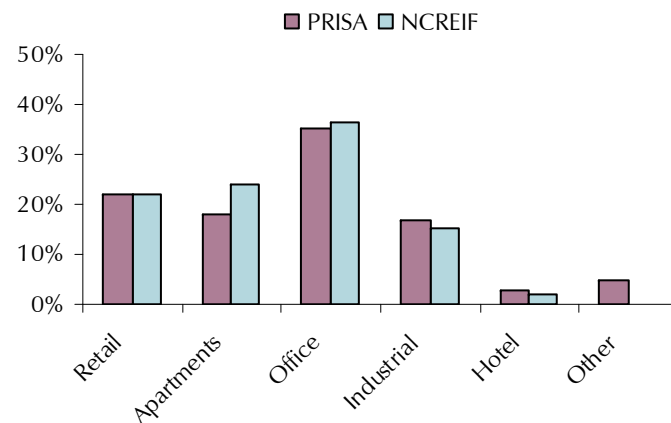
**Liquidity Constraints:** Quarterly (with 30 days advance notice)

**Fee Schedule:** 120 bp on first \$25 mm; 115 bp on next \$25 mm; 110 bp on next \$50 mm; 105 bp on next \$100 mm; 100 bp thereafter

### Geographic Region:



### Property Type:



Performance (%):	3Q09	YTD	1 YR	3 YR	5 YR	Since 7/1/04
<b>PRISA I</b>	-7.8	-32.4	-42.2	-10.5	0.4	1.0
<b>Net of Fees</b>	-7.8	-32.8	-42.6	-11.2	-0.5	0.1
NCREIF Property	-3.3	-15.1	-22.1	-1.3	6.2	6.5

**Investment Strategy:** PRISA invests primarily in existing, income-producing properties with strong cash flow that is expected to increase over time and thereby provide the potential for capital appreciation. The Account makes investments primarily in office, retail, industrial, apartment, and hotel properties. Investments may be made through direct property ownership, or indirectly through such vehicles as joint ventures, general or limited partnerships, limited liability companies, mortgage loans and other loan types, including mezzanine debt, and debt secured by an interest in the borrowing entity or interests in companies or entities that directly or indirectly hold real estate or real estate interests.



## San Jose Federated City Employees Retirement System

## DRA Growth & Income Fund V Portfolio Detail as of 9/30/09

**Strategy:** Real Estate  
Private Market  
Value-Added

**Market Value:** \$15.2 million

**Senior Professionals:** Team

**Location:** New York, New York

**Vintage Year:** 2005

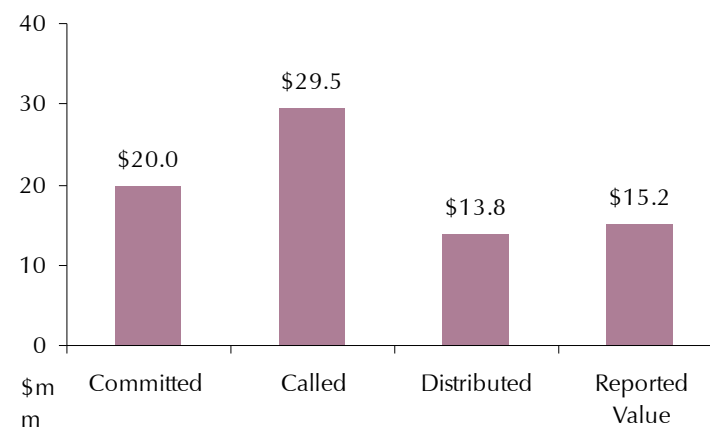
**Account Type:** Commingled Fund

**# of Investments:** 432

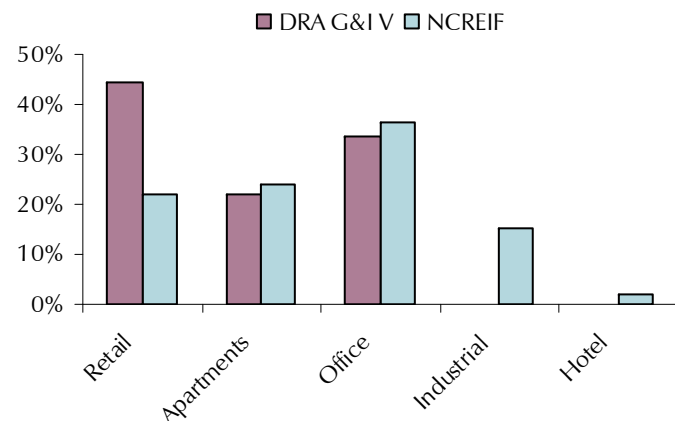
**Liquidity Constraints:** No interim liquidity

**Fee Schedule:** 90 bps of Gross Asset Cost during the Acquisition Period, dropping to 60 bps of Gross Asset Cost after the Acquisition Period, with Gross Asset Cost reduced by leverage in excess of 65%

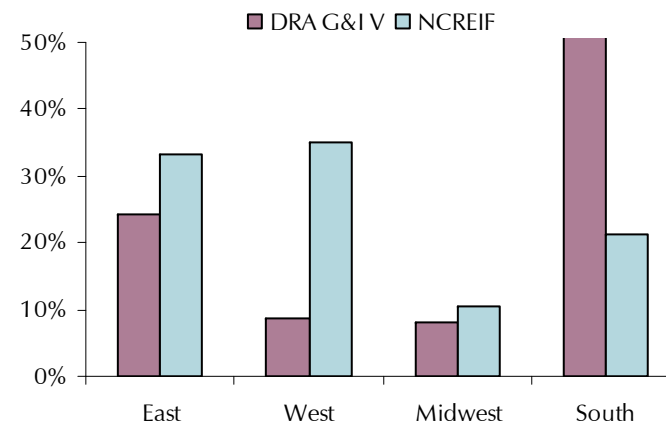
**Portfolio Size:**



**Property Type:**



**Geographic Region:**



**Investment Strategy:** The Fund continues the fund series' strategy of making value-added commercial real estate investments. DRA invests in diversified portfolios of office, retail, multi-family, industrial and other real-estate related properties and assets across the United States. DRA targets investments that offer competitive income returns and the potential for capital appreciation. Preservation of capital, downside protection and stability of cash flows underlie the firm's investment approach. DRA's value-added funds attempt to capitalize on inefficiencies in real estate markets to acquire high quality operating assets at discounts to replacement cost.

## San Jose Federated City Employees Retirement System

## American Core Realty Fund, LLC Portfolio Detail as of 9/30/09

**Strategy:** Real Estate  
Private Market  
Diversified Core

**Market Value:** \$14.6 million

**Senior Professionals:** Scott Darling

**Location:** Glendale, California

**Inception Date:** 1/1/2007

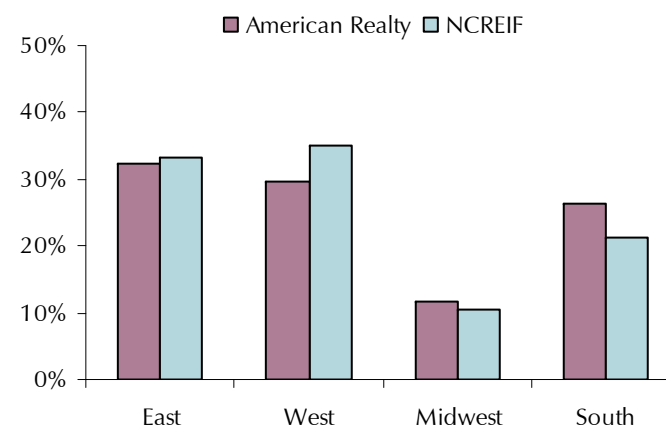
**Account Type:** Commingled Fund

**# of Investments:** 78

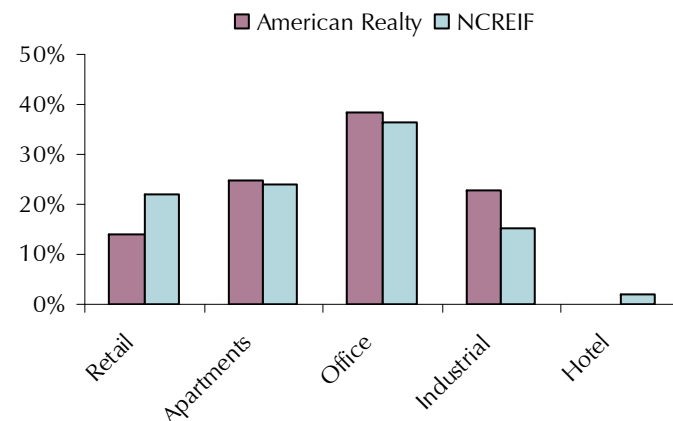
**Liquidity Constraints:** Quarterly (with 30 days advance notice)

**Fee Schedule:** 110 bp on first \$25 mm; 95 bp on next \$50 mm; 85 bp thereafter

### Geographic Region:



### Property Type:



Performance (%):	3Q09	YTD	1 YR	Since 1/1/07
American Core Realty Fund, LLC	-9.6	-26.9	-32.4	-7.3
Net of Fees	-9.8	-27.5	-33.1	-8.2
NCREIF Property	-3.3	-15.1	-22.1	-3.0

**Investment Strategy:** American Realty targets core institutional-quality office, industrial, retail, and multifamily properties in the United States. In general, the strategy seeks properties in the \$5 to \$50 million range. Target properties will be 80% to 100% occupied, be less than ten years old and diversified by product type, geographic region and tenant base. The Fund will seek to provide returns with stable income and potential market appreciation.



## San Jose Federated City Employees Retirement System

## DRA Growth & Income Fund VI Portfolio Detail as of 9/30/09

**Strategy:** Real Estate  
Private Market  
Value-Added

**Market Value:** \$5.7 million

**Senior Professionals:** Team

**Location:** New York, New York

**Vintage Year:** 2007

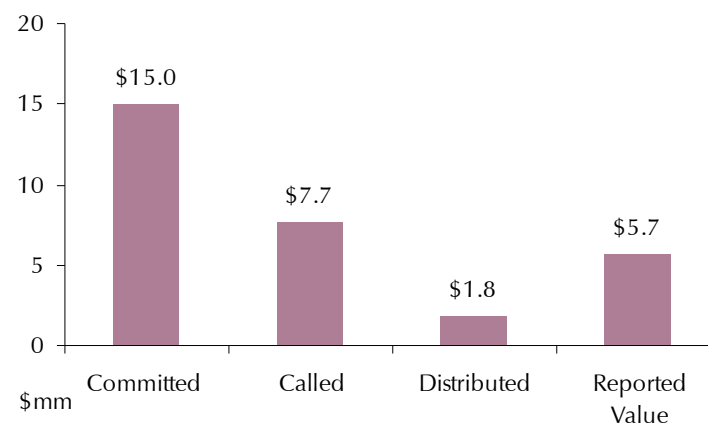
**Account Type:** Ltd. Partnership

**# of Investments:** 132

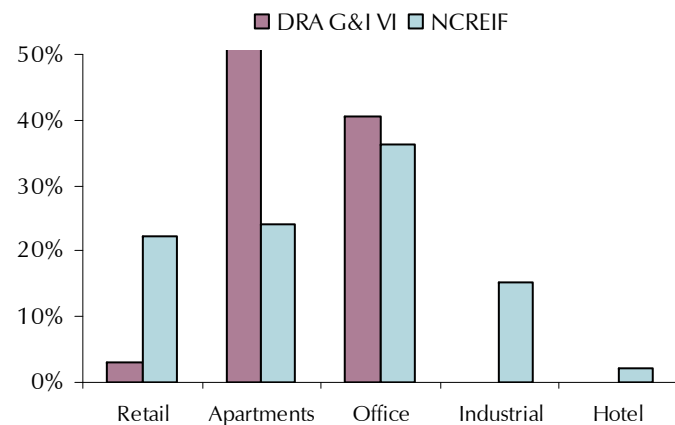
**Liquidity Constraints:** No interim liquidity

**Fee Schedule:** 90 bps of Gross Asset Cost during the Acquisition Period, dropping to 60 bps of Gross Asset Cost after the Acquisition Period, with Gross Asset Cost reduced by leverage in excess of 65%

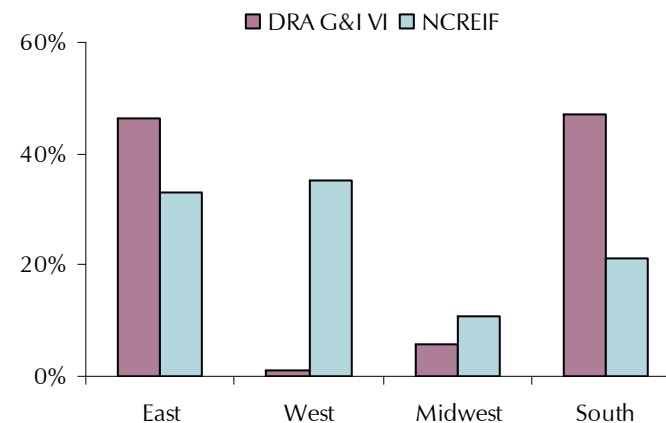
**Portfolio Size:**



**Property Type:**



**Geographic Region:**



**Investment Strategy:** The Fund continues the fund series' strategy of making value-added commercial real estate investments. DRA invests in diversified portfolios of office, retail, multi-family, industrial and other real-estate related properties and assets across the United States. DRA targets investments that offer competitive income returns and the potential for capital appreciation. Preservation of capital, downside protection and stability of cash flows underlie the firm's investment approach. DRA's value-added funds attempt to capitalize on inefficiencies in real estate markets to acquire high quality operating assets at discounts to replacement cost.



## San Jose Federated City Employees Retirement System

## GEAM Value Add Realty Partners, L.P. Portfolio Detail as of 9/30/09

**Strategy:** Real Estate  
Private Market  
Value-Added

**Market Value:** \$4.9 million

**Senior Professionals:** Philip Riordan I Susan Doyle

**Location:** Stamford, Connecticut

**Vintage Year:** 2006

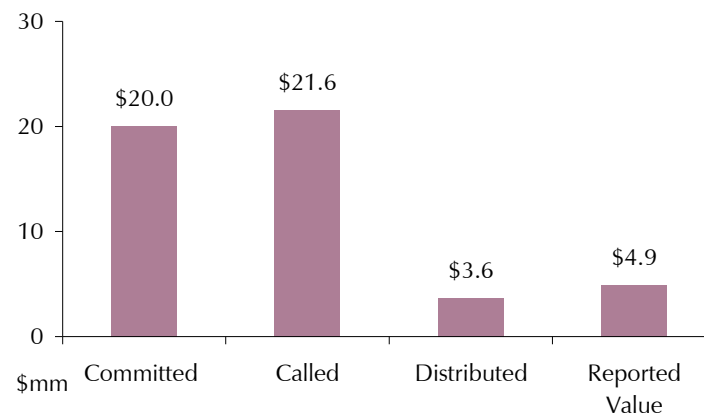
**Account Type:** Commingled Fund

**# of Investments:** 13

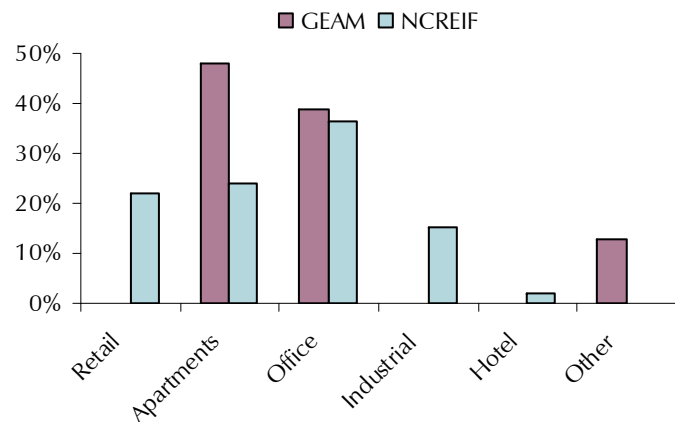
**Liquidity Constraints:** No interim liquidity

**Fee Schedule:** Fees for services equal to (a) during the Commitment Period, one percent (1%) per annum off the total aggregate Capital Commitments of all Limited Partners and (b) thereafter, one percent(1%) per annum of the Net Equity actually invested in all Real Estate Investments held by the Partnership, determined as of the last day of each calendar quarter.

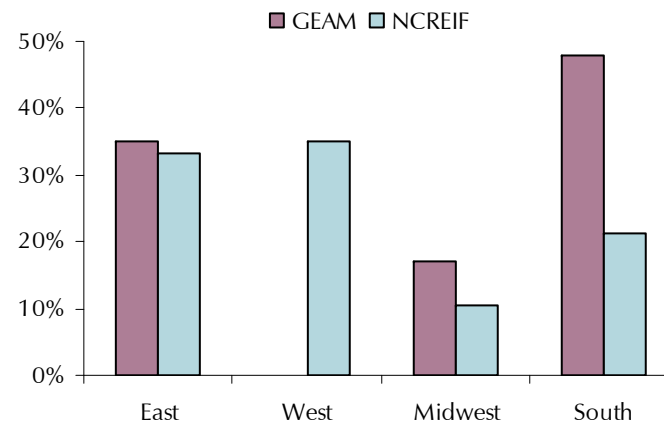
**Portfolio Size:**



**Property Type:**



**Geographic Region:**



**Investment Strategy:** The objective of the GEAM Value Add Realty Partners, L.P. is to invest in U.S. commercial and multi-family properties in which value can be created through redevelopment, renovation, repositioning, and/or releasing.

## San Jose Federated City Employees Retirement System

## Fidelity Real Estate Growth Fund III, L.P. Portfolio Detail as of 9/30/09

**Strategy:** Real Estate  
Private Market  
Diversified Core

**Market Value:** \$1.1 million

**Senior Professionals:** Team

**Location:** Boston, Massachusetts

**Vintage Year:** 2006

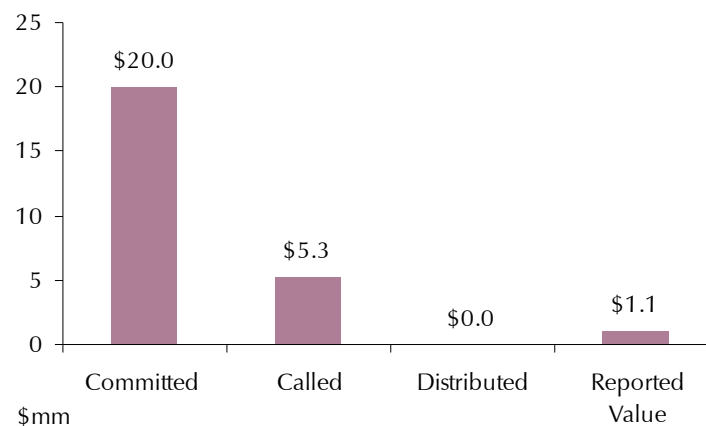
**Account Type:** Ltd. Partnership

**# of Investments:** 12

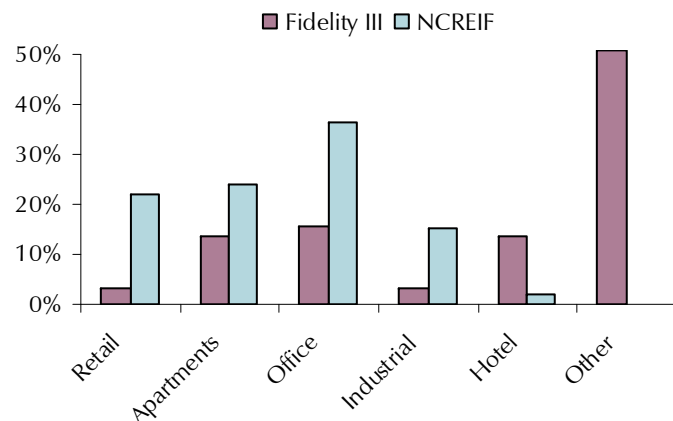
**Liquidity Constraints:** No interim liquidity

**Fee Schedule:** 1.0% of committed capital; 17.5% on performance

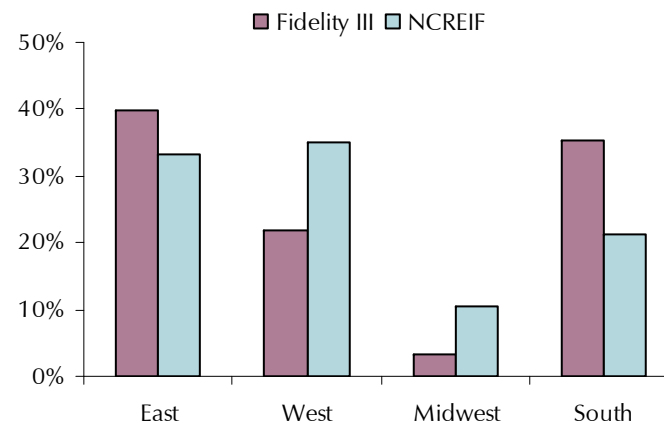
**Portfolio Size:**



**Property Type:**



**Geographic Region:**



**Investment Strategy:** Fidelity Real Estate Growth Fund III will seek to generate gross annualized returns of at least 18% through investments in value-added private equity and equity-related real estate transactions. Fidelity principally targets transactions in markets with positive fundamentals that offer an opportunity to increase returns through the execution of a value-added strategy. Accordingly, such investments will benefit not only from improving market conditions but also from the excess return created by the successful completion of each value-enhancement plan.



## San Jose Federated City Employees Retirement System

## Fidelity LP Portfolio Detail as of 9/30/09

**Strategy:** Real Estate  
Private Market  
Diversified Core

**Market Value:** \$0.2 million

**Senior Professionals:** Team

**Location:** Boston, Massachusetts

**Vintage Year:** 2001

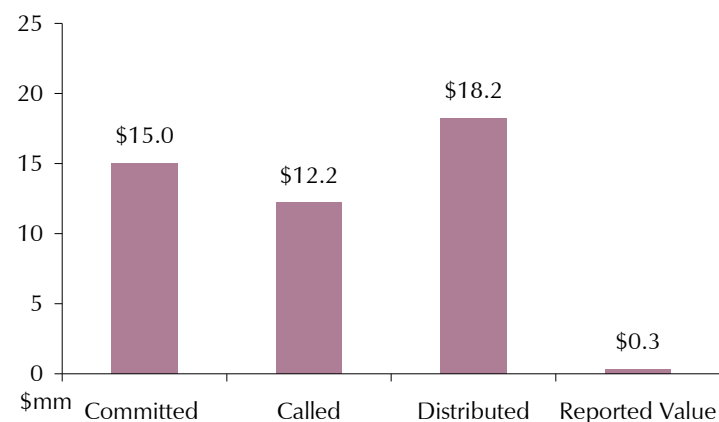
**Account Type:** Ltd. Partnership

**# of Investments:** 1

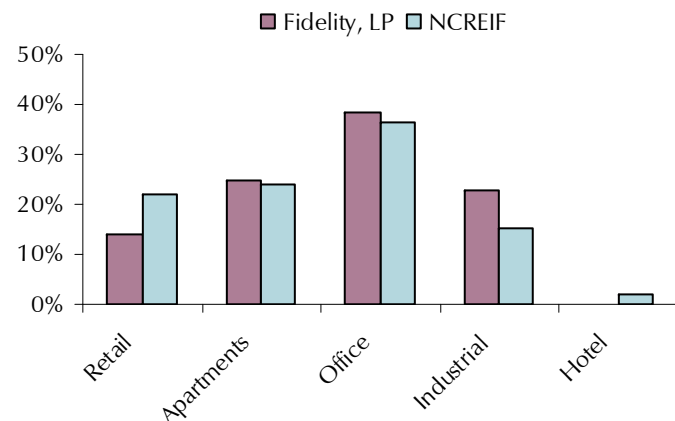
**Liquidity Constraints:** No interim liquidity

**Fee Schedule:** N/A

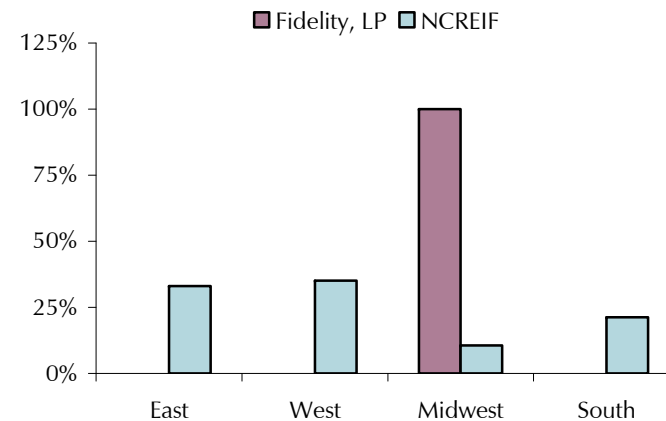
**Portfolio Size:**



**Property Type:**



**Geographic Region:**



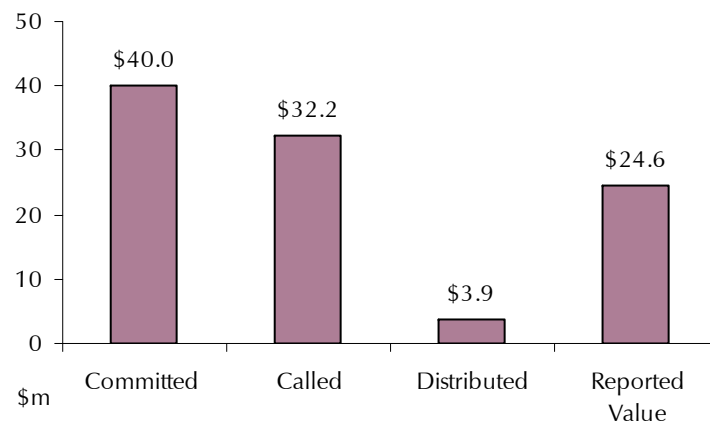
**Investment Strategy:** Fidelity LP will seek to generate gross annualized returns of at least 18% through investments in value-added private equity and equity-related real estate transactions. Fidelity principally targets transactions in markets with positive fundamentals that offer an opportunity to increase returns through the execution of a value-added strategy. Accordingly, such investments will benefit not only from improving market conditions but also from the excess return created by the successful completion of each value-enhancement plan.



## Private Equity Portfolio Reviews As of September 30, 2009



<b>Strategy:</b>	Private Equity Fund of Funds Diversified Buyout	<b>Commitment:</b>	\$40.0 million
<b>Senior Professionals:</b>	Jim Reinhardt Terry Melican	<b>Capital Contributions:</b>	\$32.2 million
<b>Location:</b>	Irvine, CA	<b>Outstanding Commitment:</b>	\$3.8 million
<b>Vintage Year:</b>	2004	<b>Realized Proceeds:</b>	\$3.9 million
<b>Fee Schedule:</b>	80 bps	<b>Total Value:</b>	\$24.6 million



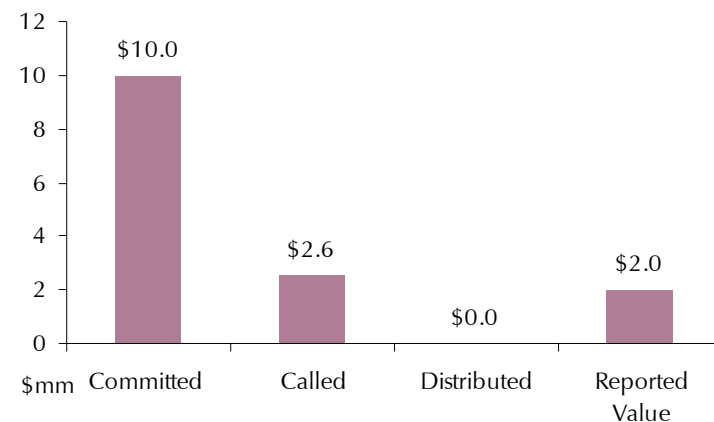
### Investment Strategy:

As a Fund of Funds, Pathway's investment philosophy centers on manager selection, opportunistically taking advantage of market conditions, and portfolio diversification, both across industries and geographic regions. The investment team uses its extensive existing relationships, as well as substantial research and proactive development of new relationships, to source investment opportunities. The team then adheres to tested investment criteria in order to avoid excess risk.

## San Jose Federated City Employees Retirement System

## Partners Group Secondary 2008 Portfolio Detail as of 9/30/09

<b>Strategy:</b>	Private Equity Secondary Market Diversified Buyout	<b>Commitment:</b>	\$10.0 million
<b>Senior Professionals:</b>	Team	<b>Capital Contributions:</b>	\$2.6 million
<b>Location:</b>	Baar-Zug, Switzerland	<b>Outstanding Commitment:</b>	\$7.4 million
<b>Vintage Year:</b>	2008	<b>Realized Proceeds:</b>	\$0.0 million
<b>Fee Schedule:</b>	1.25% of commitments; 8% preferred return; 15% carried interest	<b>Total Value:</b>	\$2.0 million



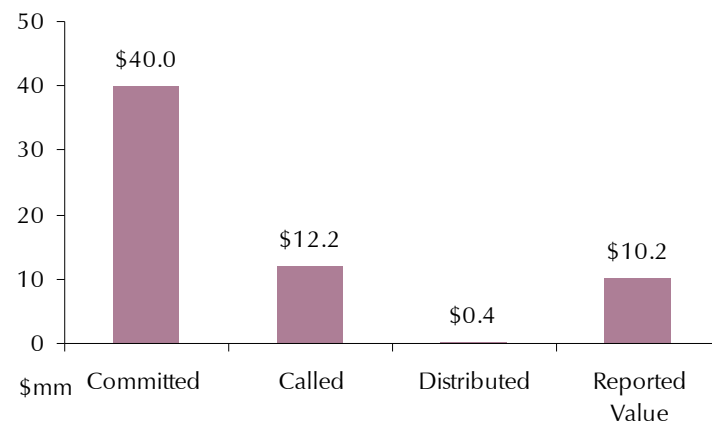
### Investment Strategy:

PG Secondary 2008 is a global opportunistic secondary fund that classifies secondaries as being either "manager" or "financial" depending on the maturity of the underlying portfolio investments of a given opportunity. Although the team has stated that it actively invests in both manager- and financial-driven secondaries, it specializes in manager secondaries, which are characterized by younger fund portfolios that are typically in the J-curve period of the fund's life cycle. This is different than many other large secondary players which tend to focus on almost-to-fully funded interests.

## San Jose Federated City Employees Retirement System

## Pantheon USA Fund VII Portfolio Detail as of 9/30/09

<b>Strategy:</b>	Private Equity Fund of Funds Diversified Buyout	<b>Commitment:</b>	\$40.0 million
<b>Senior Professionals:</b>	Team	<b>Capital Contributions:</b>	\$12.2 million
<b>Location:</b>	London, United Kingdom	<b>Outstanding Commitment:</b>	\$27.8 million
<b>Vintage Year:</b>	2006	<b>Realized Proceeds:</b>	\$0.4 million
<b>Fee Schedule:</b>	75 bp of commitments; 10% Preferred Return; 5% carried interest	<b>Total Value:</b>	\$10.2 million



### Investment Strategy:

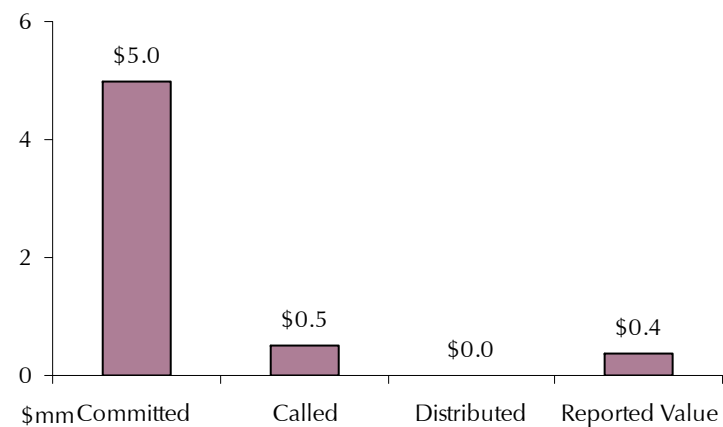
Pantheon is a global private equity primary and secondary fund-of-funds manager. Originally formed in 1982 as the private equity investment division of GT Management in London, Pantheon's management acquired the private equity division in 1988 through a management buyout. Pantheon has been part of Russell Investments since March 2004. Pantheon has 148 employees, including 65 investment professionals. Starting in 1993, Pantheon has built a regional primary investments program that invests in new private equity funds in the U.S., Europe and Asia. Three dedicated investment teams look to select managers and develop portfolios with exposure to what it believes to be the most attractive segments within each market.



## San Jose Federated City Employees Retirement System

## Great Hill Equity Partners IV Portfolio Detail as of 9/30/09

<b>Strategy:</b>	Private Equity Buyout Middle Market Buyout	<b>Commitment:</b>	\$5.0 million
<b>Senior Professionals:</b>	Christopher Gaffney John Hayes Matthew Vetel	<b>Capital Contributions:</b>	\$0.5 million
<b>Location:</b>	Boston, Massachusetts	<b>Outstanding Commitment:</b>	\$4.5 million
<b>Vintage Year:</b>	2008	<b>Realized Proceeds:</b>	\$0.0 million
<b>Fee Schedule:</b>	2.3% of commitments; 8.0% preferred return; 20% carried interest	<b>Total Value:</b>	\$0.4 million



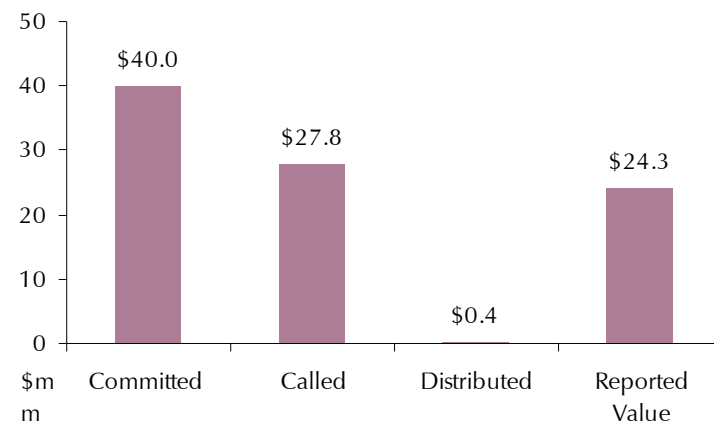
### Investment Strategy:

Great Hill Equity Partners IV will make investments ranging in size from \$50 million - \$150 million, to finance the growth and acquisition of middle market companies in its targeted industry sectors. The Fund will be the fourth generation private equity fund managed by the Great Hill Partners team. The Fund will also represent a continuation of the strategic approach employed by the team in assembling the private equity portfolios of prior Great Hill funds. The Fund focuses on middle market growth companies operating in a variety of sectors within the Business Services and Consumer Services segments of the economy. Since its first fund in 1999, the Firm has invested in 37 companies, and reported a gross return on realized investments of 52% as of December 31, 2007.

## San Jose Federated City Employees Retirement System

## Pantheon Global Secondary Fund III Portfolio Detail as of 9/30/09

<b>Strategy:</b>	Private Equity Secondary Market Diversified Buyout	<b>Commitment:</b>	\$40.0 million
<b>Senior Professionals:</b>	Team	<b>Capital Contributions:</b>	\$27.8 million
<b>Location:</b>	London, United Kingdom	<b>Outstanding Commitment:</b>	\$12.2 million
<b>Vintage Year:</b>	2006	<b>Realized Proceeds:</b>	\$0.4 million
<b>Fee Schedule:</b>	100 bp of commitments; 10% Preferred Return	<b>Total Value:</b>	\$24.3 million



### Investment Strategy:

Pantheon is a global private equity primary and secondary fund-of-funds manager. Originally formed in 1982 as the private equity investment division of GT Management in London, Pantheon's management acquired the private equity division in 1988 through a management buyout. Pantheon has been part of Russell Investments since March 2004. Pantheon has 148 employees, including 65 investment professionals of which 20 are dedicated to secondaries. Pantheon targets a range of secondary transactions including single fund interests, large portfolios of fund interests and to a lesser extent, portfolios of direct company interests in addition to complex and structured global deals with hybrid portfolios (funds and directs). Pantheon has a stated focus on manager and asset quality and will not complete many synthetic transactions due to perceived risk associated with backing an unknown manager.

# **Meketa Investment Group**

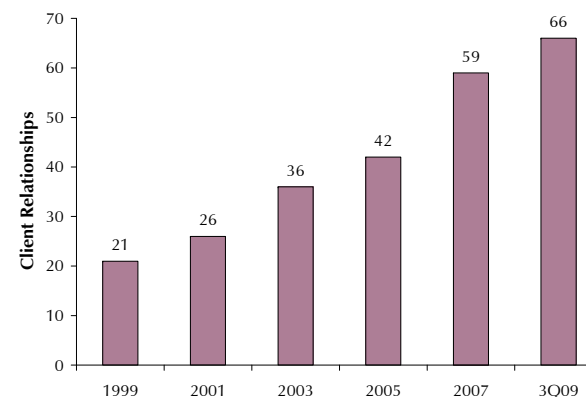
## **Corporate Update**

- Staff of 83, including 49 investment professionals and 15 CFA charterholders
- 66 clients, with over 140 funds throughout the United States
- Significant investment in staff and resources
- Offices in Boston and San Diego
- Aggregate assets of \$250 billion
  - \$10 billion in assets committed to alternative investments
    - Private Equity      ▪ Infrastructure      ▪ Natural Resources
    - Real Estate        ▪ Hedge Funds      ▪ Commodities

## Employee Growth



## Client Growth



### Asset Classes Followed Intensively by Meketa Investment Group

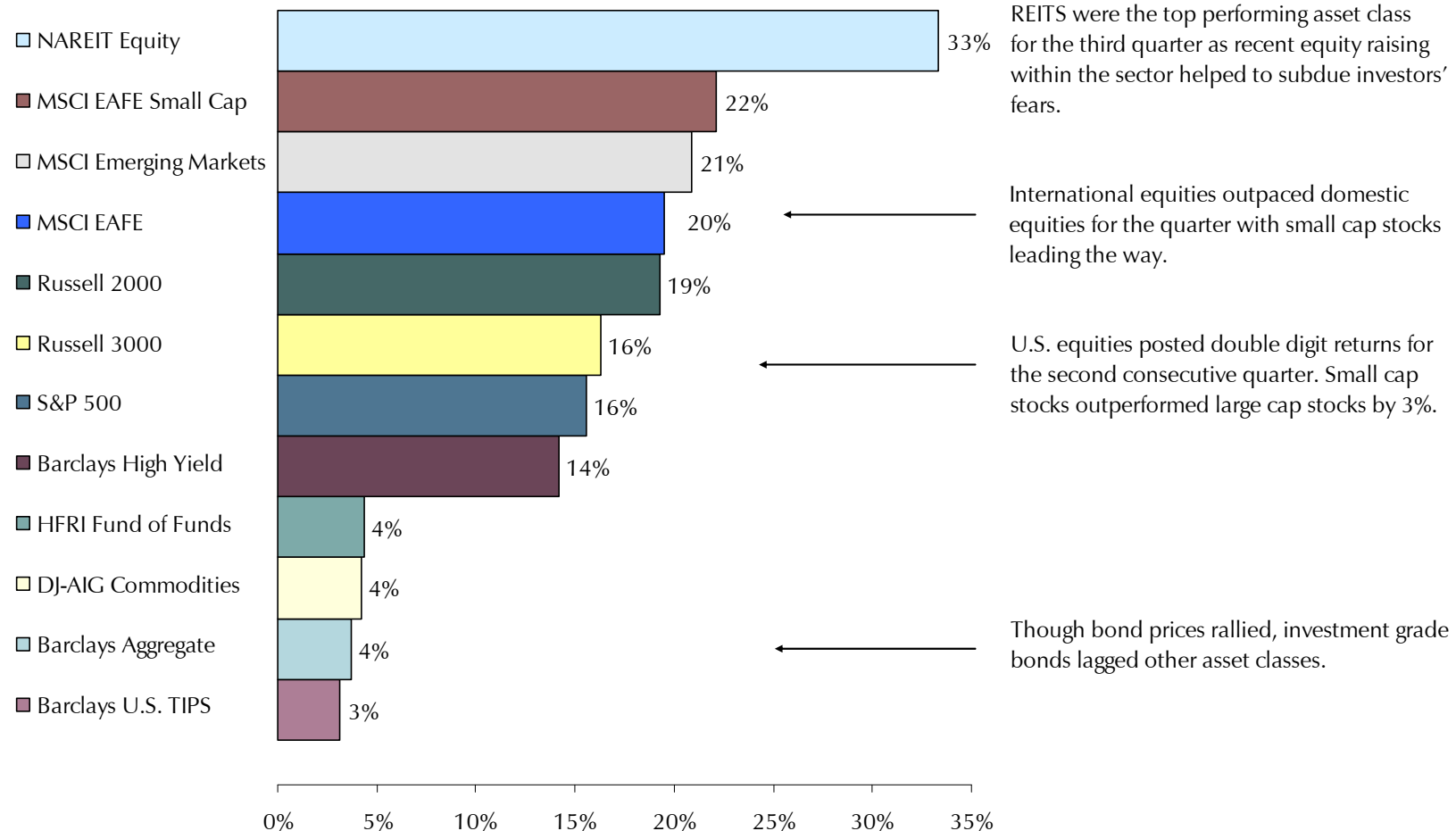
Domestic Equities	International Equities	Private Equity	Real Assets	Fixed Income	Hedge Funds
<ul style="list-style-type: none"> <li>- Passive</li> <li>- Enhanced Index</li> <li>- Large Cap</li> <li>- Midcap</li> <li>- Small Cap</li> <li>- Microcap</li> <li>- 130/30</li> </ul>	<ul style="list-style-type: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



## Appendices

## The World Markets Third Quarter of 2009

The World Markets  
Third Quarter of 2009

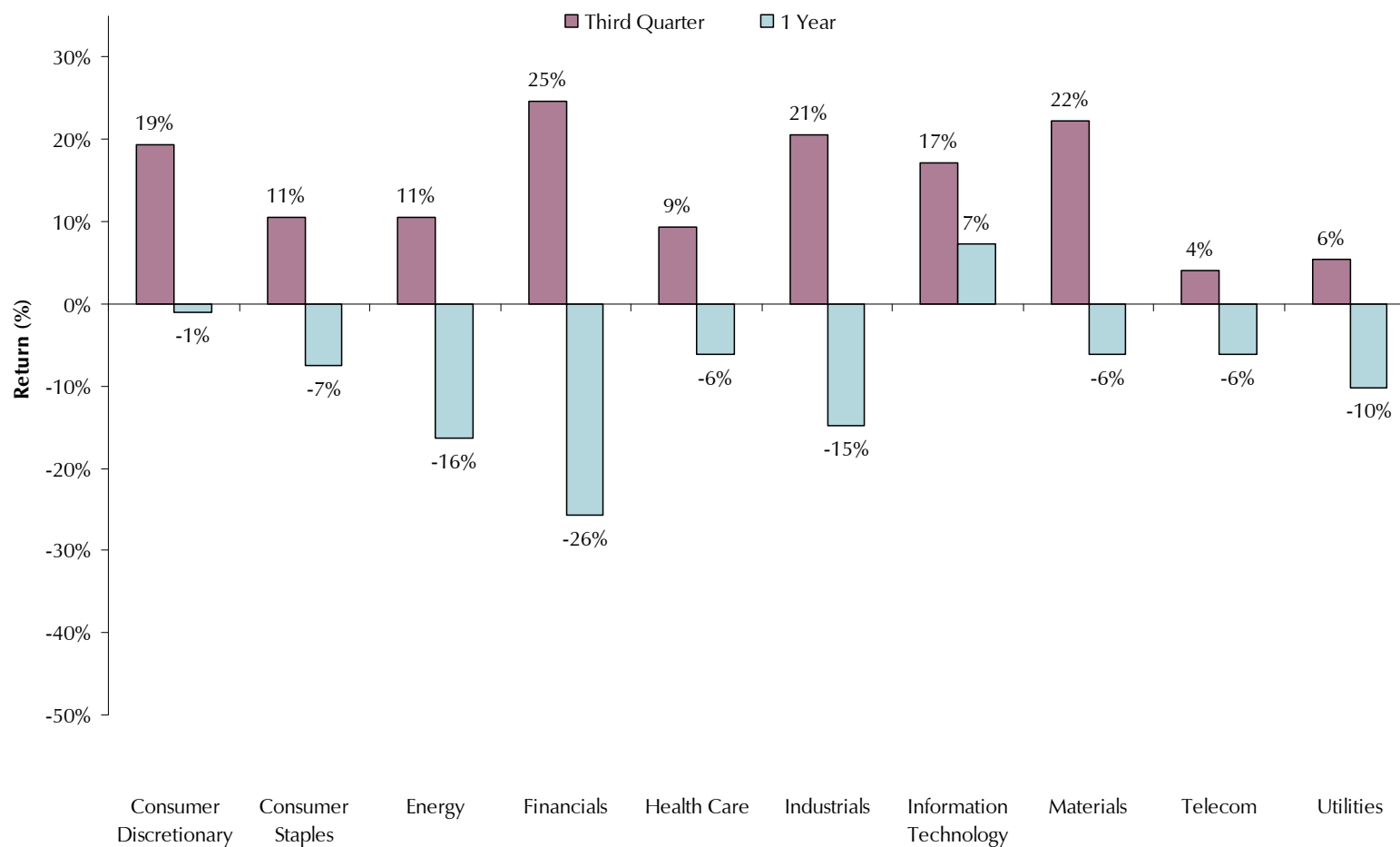


## Index Returns

	3Q 09 (%)	YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)
<b>Domestic Equity</b>						
Russell 3000	16.3	21.2	-6.4	-5.1	1.6	0.7
Russell 1000 Growth	14.0	27.1	-1.9	-2.5	1.9	-2.6
Russell 1000	16.1	21.1	-6.1	-5.1	1.5	0.4
Russell 1000 Value	18.2	14.8	-10.6	-7.9	0.9	2.6
Russell MidCap Growth	17.6	37.1	-0.4	-3.1	3.8	2.2
Russell MidCap	20.6	32.6	-3.5	-4.1	3.9	6.0
Russell MidCap Value	23.6	27.6	-7.1	-5.7	3.5	7.4
Russell 2000 Growth	16.0	29.1	-6.3	-2.6	2.9	1.1
Russell 2000	19.3	22.4	-9.5	-4.6	2.4	4.9
Russell 2000 Value	22.7	16.4	-12.6	-6.6	1.8	8.1
<b>Foreign Equity</b>						
MSCI ACWI (ex. U.S.)	19.7	36.4	5.9	-1.2	8.1	4.1
MSCI EAFE	19.5	29.0	3.2	-3.6	6.1	2.6
MSCI EAFE Small Cap	22.1	48.3	15.5	-3.8	7.1	6.6
MSCI Emerging Markets	20.9	64.4	19.1	8.0	17.3	11.4
<b>Fixed Income</b>						
Barclays Universal	4.5	8.0	10.9	6.1	5.2	6.4
Barclays Aggregate	3.7	5.7	10.6	6.4	5.1	6.3
Barclays U.S. TIPS	3.1	9.5	5.7	5.6	4.8	7.6
Barclays High Yield	14.2	49.0	22.3	5.3	6.1	6.2

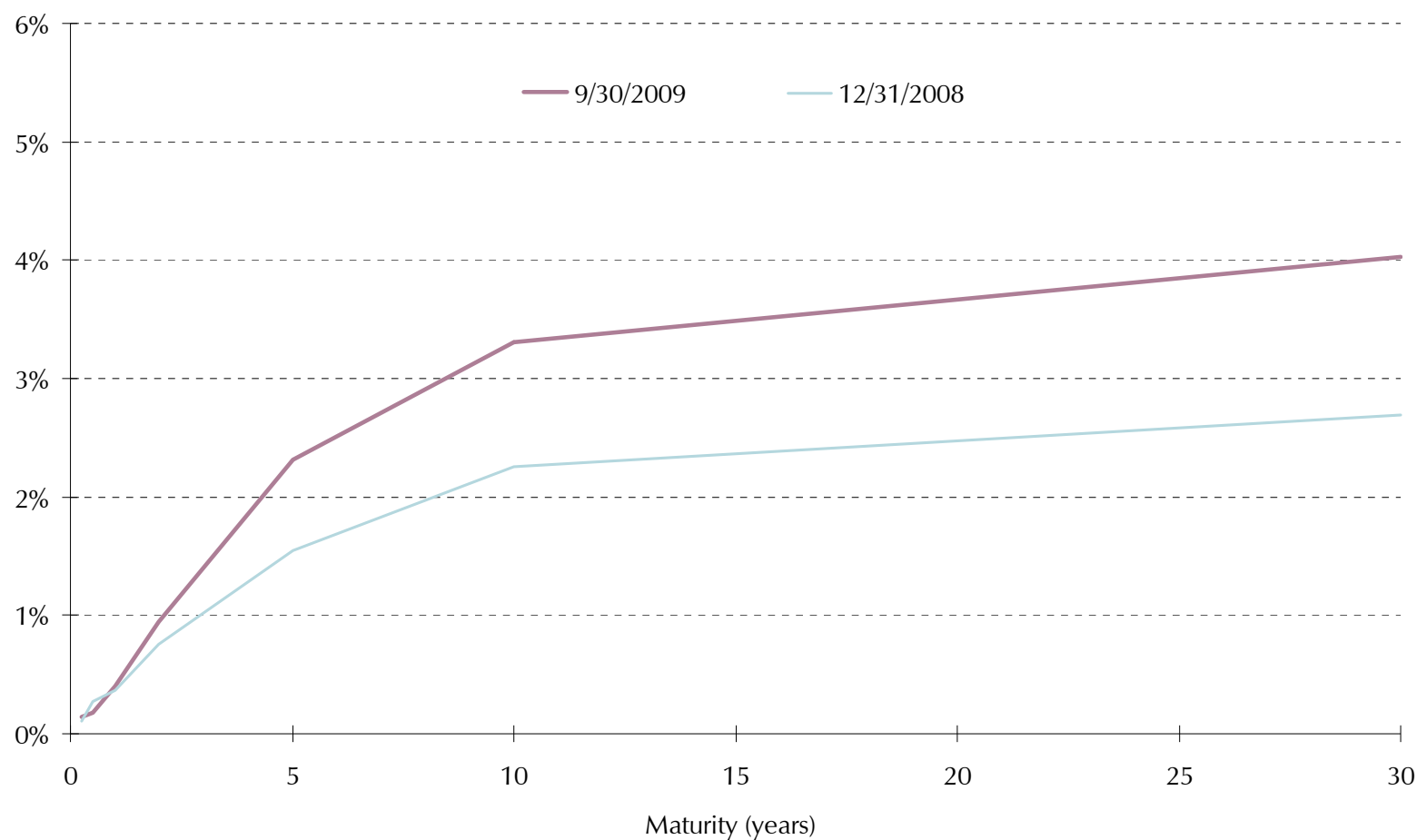
**S&P Sector Returns**

All sectors represented in the S&P 1500 index posted third quarter gains, with financials leading the way for the second consecutive quarter. The materials and industrials sectors also posted strong returns for the quarter, up 22% and 21%, respectively. Still, for the one-year period, the only sector to post a positive return was information technology, up 7%.



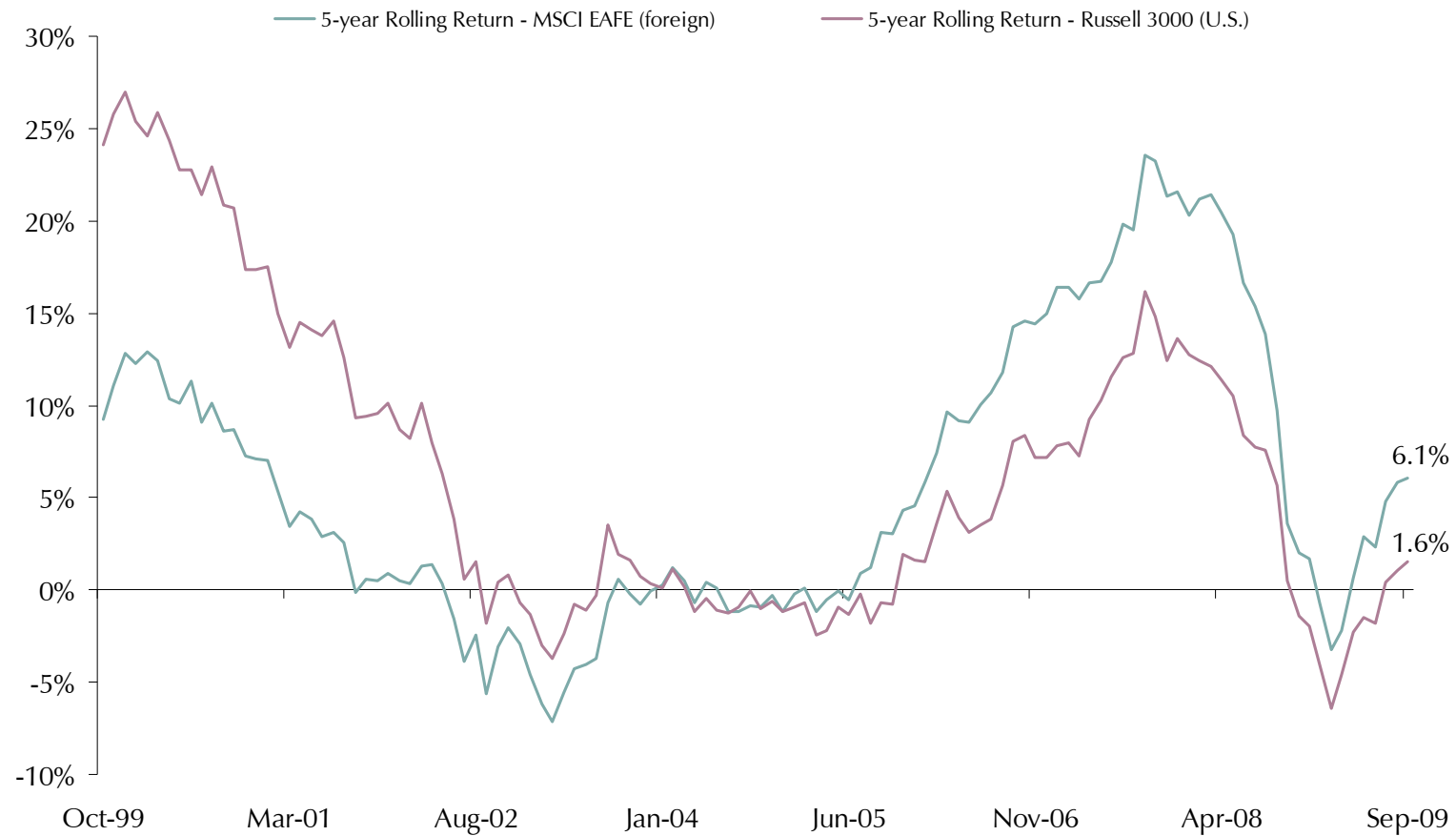
### Treasury Yields

Treasury yields have shifted upwards during 2009 for all but the shortest maturities. Rising yields have been most pronounced in longer dated bonds, with the yield on the 30-year Treasury Bond increasing 1.3% year-to-date.

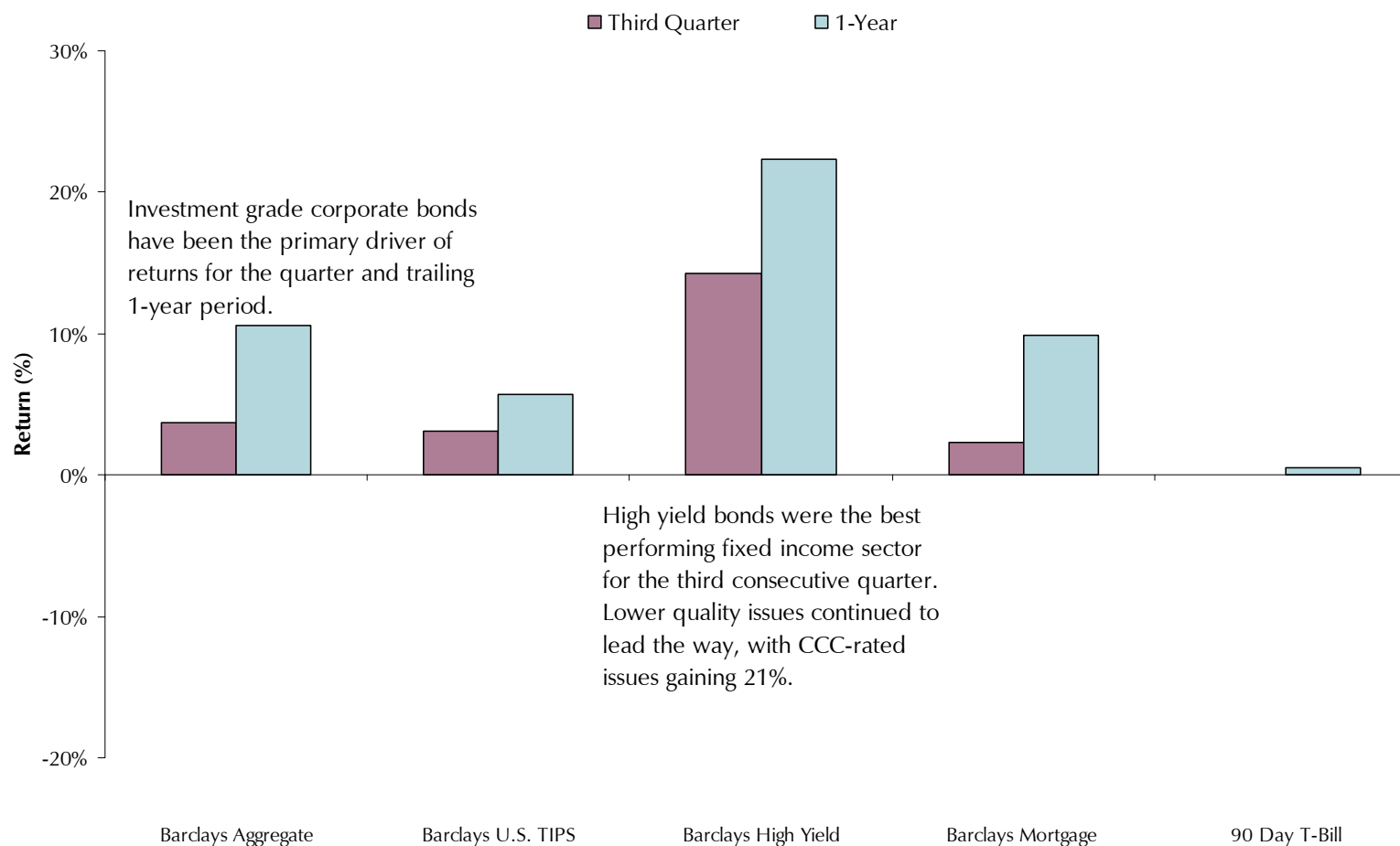


## Equity Markets

Over the most recent five-year period, the developed international equity market outpaced the broad domestic equity market by 4.5%.



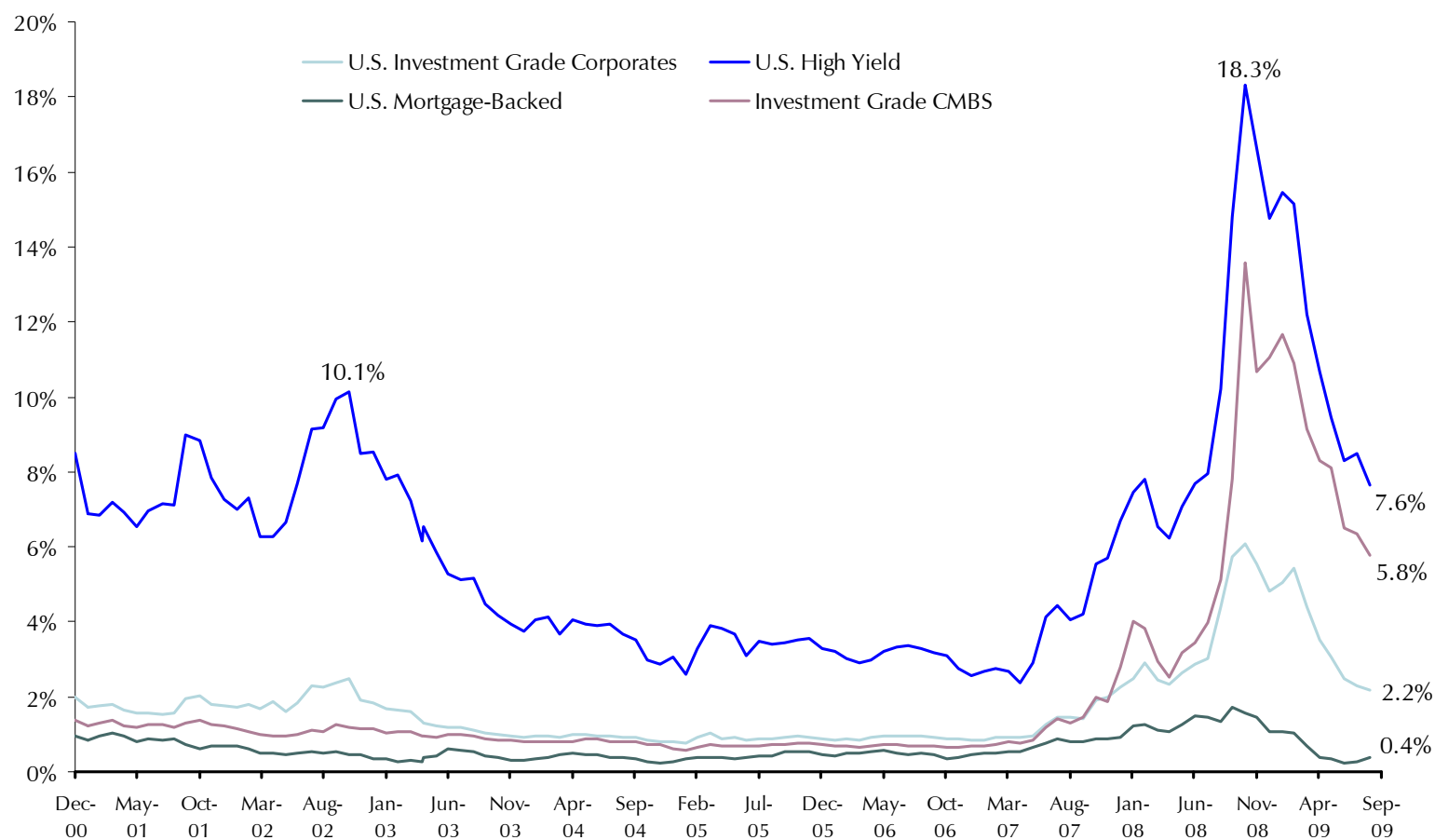
## U.S. Fixed Income Markets



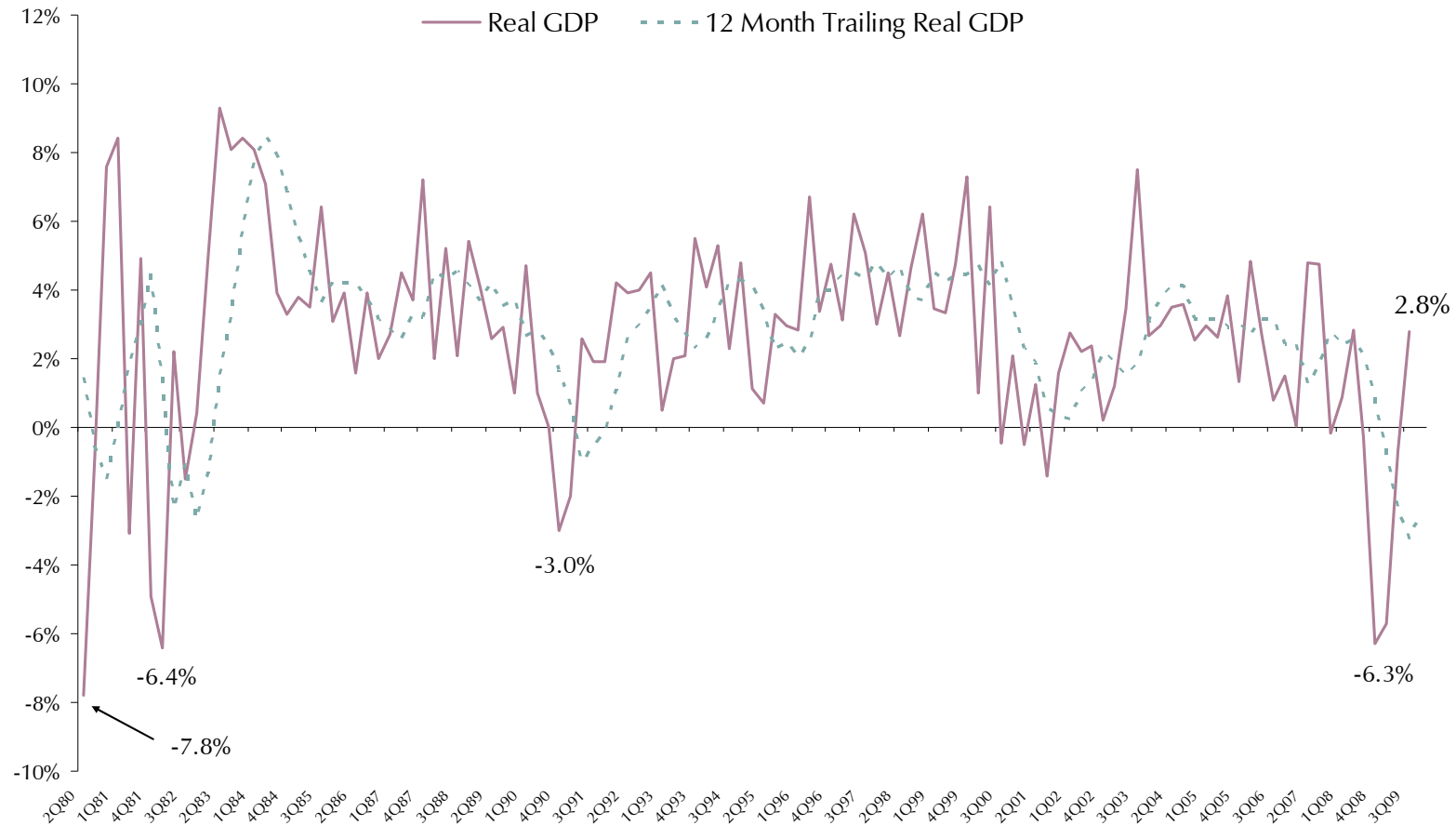


### Credit Spreads vs. U.S. Treasury Bonds

Credit spreads compressed further in the third quarter, due in part to investors' perception that the economy had stabilized. High yield spreads declined by 1.9% during the third quarter to 7.6%, 150 basis points above their ten-year average.

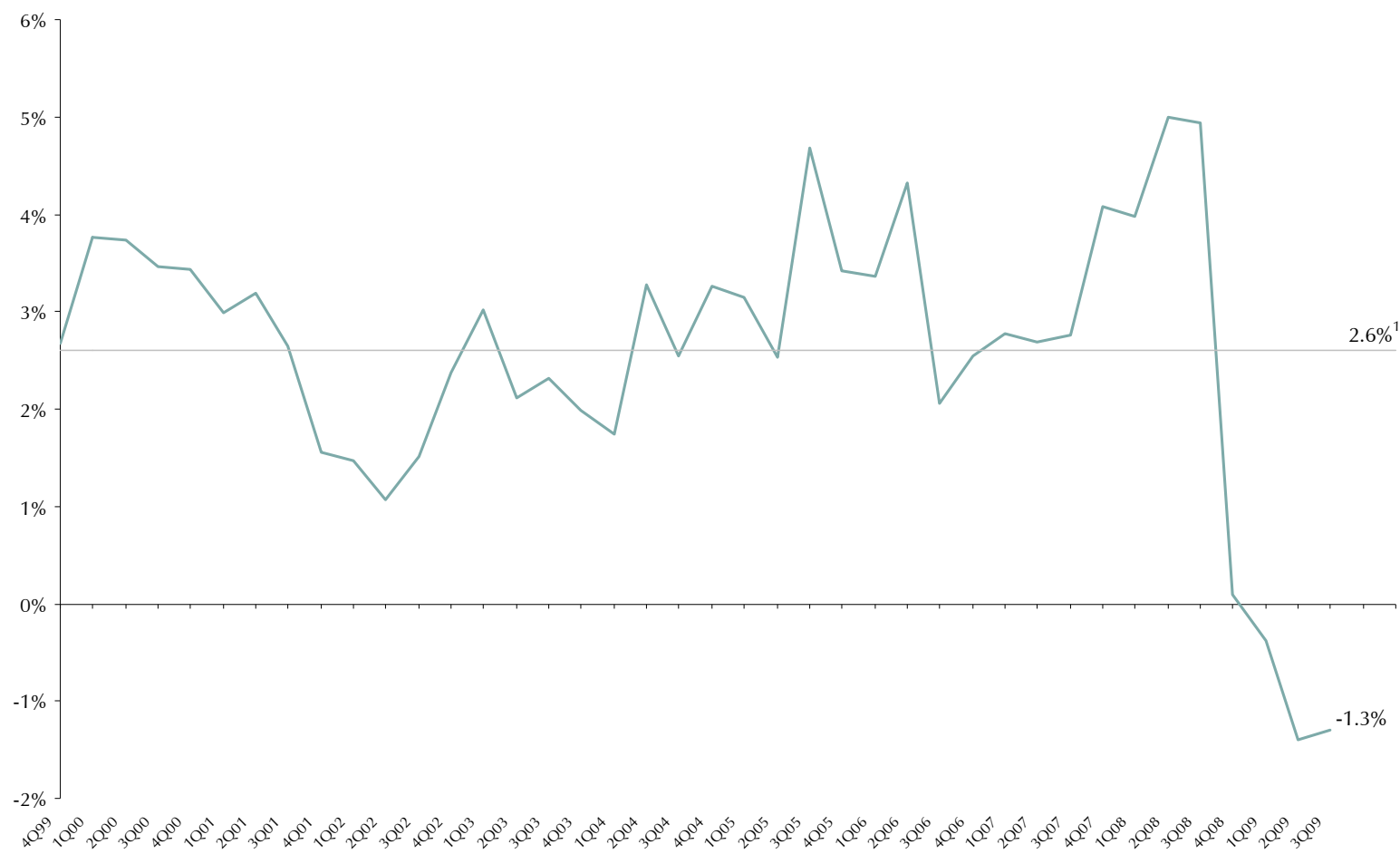


### Real Gross Domestic Product (GDP) Growth



### U.S. Inflation (CPI-U) Trailing Twelve Months

The consumer price index was relatively flat during the third quarter (+0.1%). Year-to-date, the index is up 2.7%. However, over the last twelve months, the CPI was down 1.3%.



<sup>1</sup> The ten-year annualized inflation rate was 2.6%.

## Unemployment Rate

The unemployment rate continued to rise, reaching 9.8% at the end of September, the highest level in over 26 years. The number of unemployed persons in the U.S. has approximately doubled since late 2007.



**Disclaimer, Glossary, and Notes  
As of September 30, 2009**

**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-adjustment 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.