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City of San Jose Police and Fire Department Retirement Plan – Health Care Trust

Investment Performance Analysis For the period ending December 31, 2013

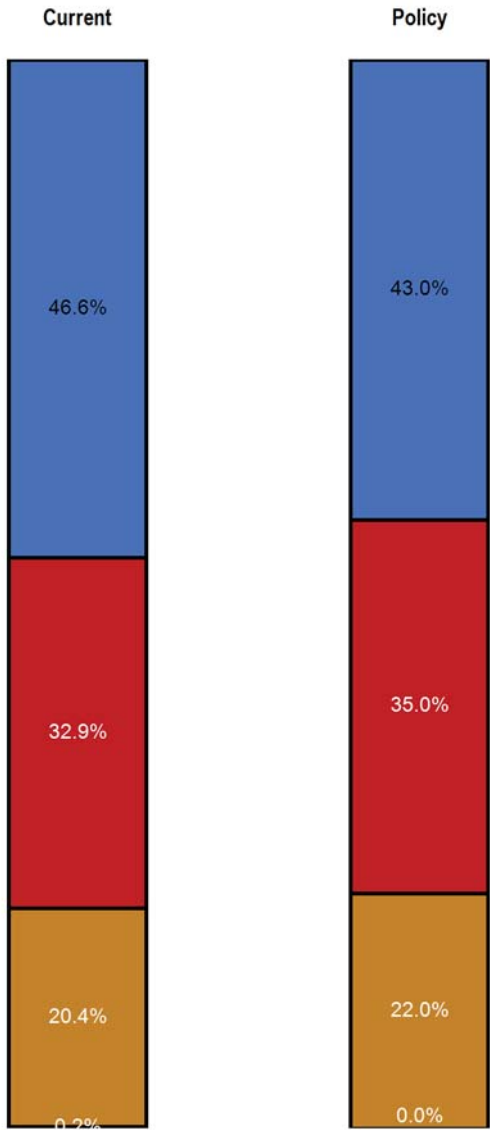
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Total Fund Asset Allocation vs Policy Targets



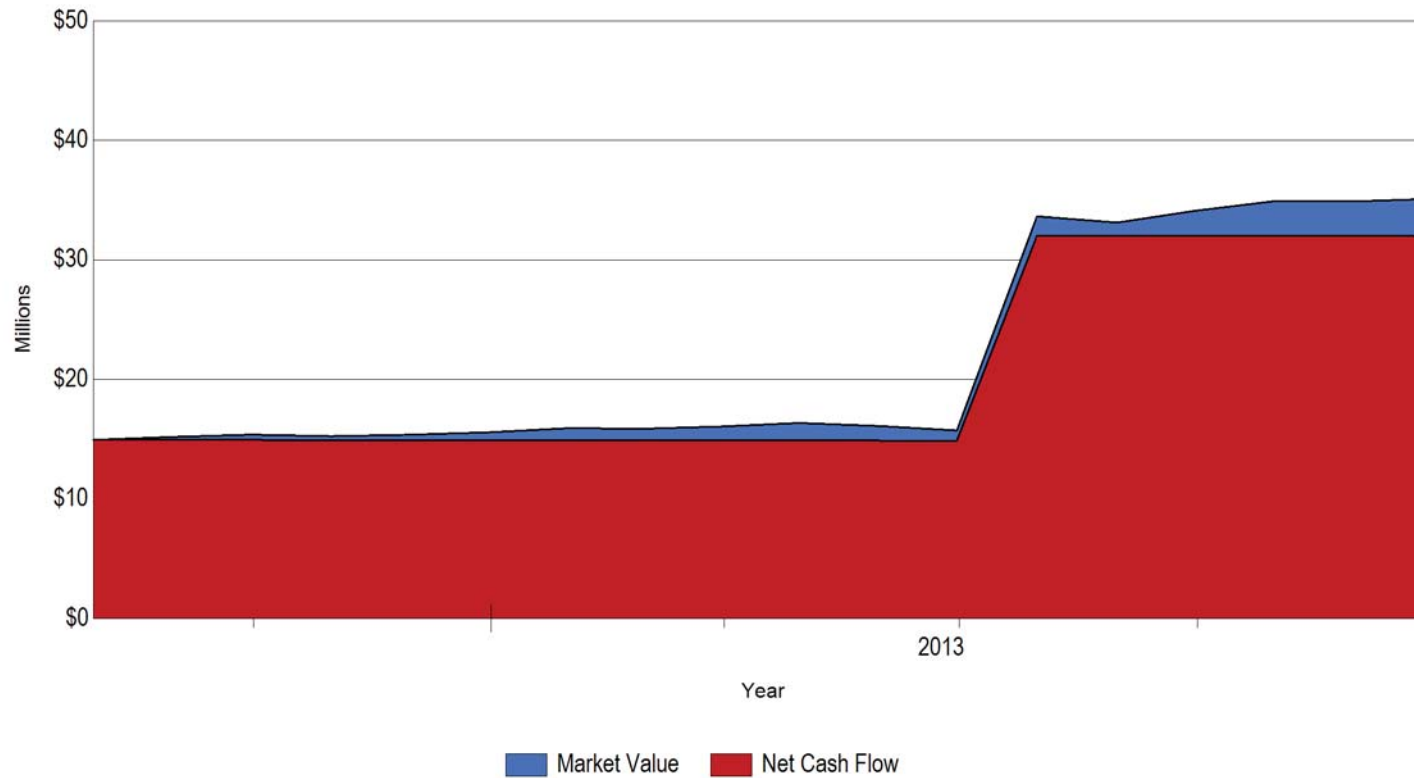
Asset Allocation vs. Target

	Current Balance	Current Allocation	Policy	Difference *	Policy Range	Within IPS Range?
Equities	\$16,343,699	46.6%	43.0%	3.6%	25.0% - 50.0%	Yes
Fixed Income	\$11,533,894	32.9%	35.0%	-2.1%	20.0% - 40.0%	Yes
Inflation-Linked	\$7,169,228	20.4%	22.0%	-1.6%	12.0% - 25.0%	Yes
Cash	\$62,431	0.2%	0.0%	0.2%	0.0% - 5.0%	Yes
Total	\$35,109,252	100.0%	100.0%			

*Difference between Policy and Current Allocation

Health Care Trust Asset Growth Summary

Since Inception Ending December 31, 2013



Sources of Portfolio Growth	Last Three Months	Fiscal Year-To-Date	One Year	Inception 7/1/12
Beginning Market Value	\$34,105,466	\$15,724,043	\$15,569,862	\$0
Net Additions/Withdrawals	-\$30,053	\$17,112,379	\$17,099,975	\$31,986,076
Investment Earnings	\$1,033,839	\$2,272,830	\$2,439,416	\$3,123,176
Ending Market Value	\$35,109,252	\$35,109,252	\$35,109,252	\$35,109,252

Health Care Trust Asset Growth Summary Detail

Cash Flow Summary

3 Month Ending December 31, 2013

	Beginning Market Value	Withdrawals	Contributions	Net Cash Flow	Net Investment Change	Ending Market Value
Cash	\$78,981	-\$620,773	\$604,222	-\$16,550	\$0	\$62,431
Credit Suisse	\$3,543,066	-\$3,410	\$0	-\$3,410	-\$39,651	\$3,500,005
First Quadrant	\$493,861	-\$429	\$0	-\$429	-\$3,655	\$489,777
Vanguard REIT Index Fund	\$3,202,346	-\$808	\$0	-\$808	-\$22,092	\$3,179,447
Vanguard Total Bond Market Index Fund	\$11,556,118	-\$2,029	\$0	-\$2,029	-\$20,194	\$11,533,894
Vanguard Total World Stock Index Fund	\$15,231,094	-\$6,827	\$0	-\$6,827	\$1,119,432	\$16,343,699
Total	\$34,105,466	-\$634,276	\$604,222	-\$30,053	\$1,033,839	\$35,109,252

Cash Flow Summary

FYTD Month Ending December 31, 2013

	Beginning Market Value	Withdrawals	Contributions	Net Cash Flow	Net Investment Change	Ending Market Value
Cash	\$13,723	-\$17,717,342	\$17,766,050	\$48,708	\$0	\$62,431
Credit Suisse	\$1,014,780	-\$6,691	\$2,390,000	\$2,383,309	\$101,916	\$3,500,005
First Quadrant	\$473,723	-\$859	\$0	-\$859	\$16,913	\$489,777
Vanguard REIT Index Fund	\$1,594,849	-\$1,610	\$1,700,000	\$1,698,390	-\$113,792	\$3,179,447
Vanguard Total Bond Market Index Fund	\$5,099,967	-\$4,043	\$6,400,000	\$6,395,957	\$37,971	\$11,533,894
Vanguard Total World Stock Index Fund	\$7,527,002	-\$13,125	\$6,600,000	\$6,586,875	\$2,229,822	\$16,343,699
Total	\$15,724,043	-\$17,743,670	\$34,856,050	\$17,112,379	\$2,272,830	\$35,109,252

Health Care Trust Asset Growth Summary Detail

Cash Flow Summary

1 Year Ending December 31, 2013

	Beginning Market Value	Withdrawals	Contributions	Net Cash Flow	Net Investment Change	Ending Market Value
Cash	\$13,772	-\$17,717,392	\$17,766,050	\$48,658	\$1	\$62,431
Credit Suisse	\$873,874	-\$8,394	\$2,640,000	\$2,631,606	-\$5,475	\$3,500,005
First Quadrant	\$846,711	-\$252,082	\$0	-\$252,082	-\$104,852	\$489,777
Vanguard REIT Index Fund	\$1,500,060	-\$2,419	\$1,700,000	\$1,697,581	-\$18,194	\$3,179,447
Vanguard Total Bond Market Index Fund	\$5,229,551	-\$5,863	\$6,400,000	\$6,394,137	-\$89,794	\$11,533,894
Vanguard Total World Stock Index Fund	\$7,105,894	-\$19,926	\$6,600,000	\$6,580,074	\$2,657,730	\$16,343,699
Total	\$15,569,862	-\$18,006,075	\$35,106,050	\$17,099,975	\$2,439,416	\$35,109,252

Cash Flow Summary

Since Inception Ending December 31, 2013

	Beginning Market Value	Withdrawals	Contributions	Net Cash Flow	Net Investment Change	Ending Market Value
Cash	--	-\$32,641,011	\$32,703,003	\$61,992	\$439	\$62,431
Credit Suisse	--	-\$9,070	\$3,530,000	\$3,520,930	-\$20,925	\$3,500,005
First Quadrant	--	-\$252,834	\$890,000	\$637,166	-\$147,390	\$489,777
Vanguard REIT Index Fund	--	-\$2,908	\$3,188,695	\$3,185,787	-\$6,341	\$3,179,447
Vanguard Total Bond Market Index Fund	--	-\$7,083	\$11,610,434	\$11,603,351	-\$69,456	\$11,533,894
Vanguard Total World Stock Index Fund	--	-\$24,540	\$13,001,390	\$12,976,850	\$3,366,849	\$16,343,699
Total	\$0	-\$32,937,446	\$64,923,522	\$31,986,076	\$3,123,176	\$35,109,252

City of San Jose Police and Fire Department Retirement Plan – Health Care Trust

Health Care Trust Performance Summary – Gross of Fees

	Market Value (\$)	% of Portfolio	3 Mo (%)	Rank	Fiscal YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	Return (%)	Since
Health Care Trust	35,109,252	100.0	3.0	35	7.1	25	8.2	36	--	--	--	--	8.2	Jul-12
Policy Benchmark			<u>2.8</u>	40	<u>6.8</u>	26	<u>8.0</u>	38	--	--	--	--	<u>8.1</u>	Jul-12
Over/Under			0.2		0.3		0.2						0.1	
Allocation Index			2.9	38	7.2	25	8.8	32	--	--	--	--	8.4	Jul-12
IFx Health & Welfare Gross Median			2.4		4.5		6.0		5.6		6.9		6.3	Jul-12
Equity Composite	16,343,699	46.6	7.4	58	16.2	57	23.2	65	--	--	--	--	23.8	Aug-12
Vanguard Total World Stock Index Fund	16,343,699	46.6	7.4	58	16.2	57	23.2	65	--	--	--	--	23.8	Aug-12
MSCI ACWI IMI (Net)			<u>7.2</u>	60	<u>16.1</u>	58	<u>23.5</u>	64	<u>9.8</u>	70	<u>15.6</u>	64	<u>23.2</u>	Aug-12
Over/Under			0.2		0.1		-0.3						0.6	
eA All Global Equity Gross Median			7.8		16.9		26.2		11.6		16.5		24.7	Aug-12
Fixed Income Composite	11,533,894	32.9	-0.2	89	0.4	83	-2.1	84	--	--	--	--	-1.2	Aug-12
Vanguard Total Bond Market Index Fund	11,533,894	32.9	-0.2	89	0.4	83	-2.1	84	--	--	--	--	-1.2	Aug-12
Barclays Aggregate			<u>-0.1</u>	88	<u>0.4</u>	81	<u>-2.0</u>	83	<u>3.3</u>	68	<u>4.4</u>	71	<u>-1.1</u>	Aug-12
Over/Under			-0.1		0.0		-0.1						-0.1	
eA All US Fixed Inc Gross Median			0.4		1.0		-0.3		4.0		5.8		0.6	Aug-12
Inflation-Linked Composite	7,169,228	20.4	-0.9	--	0.1	--	-4.2	--	--	--	--	--	-4.7	Aug-12
Real Estate Composite	3,179,447	9.1	-0.7	81	-3.6	87	2.5	62	--	--	--	--	2.2	Aug-12
Vanguard REIT Index Fund	3,179,447	9.1	-0.7	81	-3.6	87	2.5	62	--	--	--	--	2.2	Aug-12
MSCI US REIT Gross			<u>-0.7</u>	80	<u>-3.7</u>	87	<u>2.5</u>	63	<u>9.5</u>	76	<u>16.7</u>	87	<u>2.1</u>	Aug-12
Over/Under			0.0		0.1		0.0						0.1	
eA US REIT Gross Median			0.1		-2.4		3.1		10.2		17.7		2.9	Aug-12
Commodities Composite	3,989,782	11.4	-1.1	--	3.2	--	-10.7	--	--	--	--	--	-11.1	Oct-12
Custom Commodity Risk Parity Index			<u>-1.5</u>	--	<u>2.5</u>	--	<u>-9.2</u>	--	--	--	--	--	<u>-9.6</u>	Oct-12
Over/Under			0.4		0.7		-1.5						-1.5	
Credit Suisse	3,500,005	10.0	-1.1	--	3.1	--	-8.5	--	--	--	--	--	-7.1	Nov-12
Custom Commodity Risk Parity Index			<u>-1.5</u>	--	<u>2.5</u>	--	<u>-9.2</u>	--	--	--	--	--	<u>-7.9</u>	Nov-12
Over/Under			0.4		0.6		0.7						0.8	
First Quadrant	489,777	1.4	-0.7	--	3.6	--	-13.4	--	--	--	--	--	-14.3	Oct-12
Custom Commodity Risk Parity Index			<u>-1.5</u>	--	<u>2.5</u>	--	<u>-9.2</u>	--	--	--	--	--	<u>-9.6</u>	Oct-12
Over/Under			0.8		1.1		-4.2						-4.7	
Cash	62,431	0.2	0.0	--	0.0	--	0.0	--	--	--	--	--	0.0	Jul-12
Cash	62,431	0.2	0.0	--	0.0	--	0.0	--	--	--	--	--	0.0	Jul-12
91 Day T-Bills			<u>0.0</u>	--	<u>0.0</u>	--	<u>0.0</u>	--	<u>0.1</u>	--	<u>0.1</u>	--	<u>0.1</u>	Jul-12
Over/Under			0.0		0.0		0.0						-0.1	

Note: Composition of Policy Benchmark can be found on page 11. The IFx Health & Welfare Universe had 165 observations totaling \$11.0 billion in assets as of 12/31/2013.

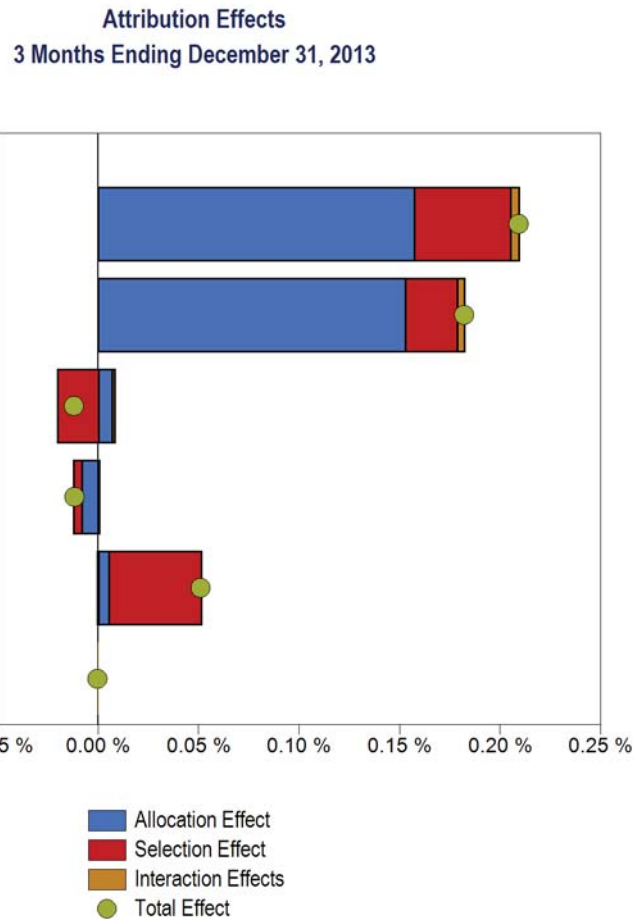
City of San Jose Police and Fire Department Retirement Plan – Health Care Trust

Health Care Trust Performance Summary – Net of Fees

	Market Value (\$)	% of Portfolio	3 Mo (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	Return (%)	Since
Health Care Trust	35,109,252	100.0	3.0	7.0	8.0	--	--	8.0	Jul-12
Policy Benchmark			2.8	6.8	8.0	--	--	8.1	Jul-12
Over/Under			0.2	0.2	0.0			-0.1	
Allocation Index			2.9	7.2	8.8	--	--	8.4	Jul-12
Equity Composite	16,343,699	46.6	7.3	16.1	23.0	--	--	23.6	Aug-12
Vanguard Total World Stock Index Fund	16,343,699	46.6	7.3	16.1	23.0	--	--	23.6	Aug-12
MSCI ACWI IMI (Net)			7.2	16.1	23.5	9.8	15.6	23.2	Aug-12
Over/Under			0.1	0.0	-0.5			0.4	
Fixed Income Composite	11,533,894	32.9	-0.2	0.4	-2.1	--	--	-1.3	Aug-12
Vanguard Total Bond Market Index Fund	11,533,894	32.9	-0.2	0.4	-2.1	--	--	-1.3	Aug-12
Barclays Aggregate			-0.1	0.4	-2.0	3.3	4.4	-1.1	Aug-12
Over/Under			-0.1	0.0	-0.1			-0.2	
Inflation-Linked Composite	7,169,228	20.4	-1.0	-0.1	-4.4	--	--	-5.0	Aug-12
Real Estate Composite	3,179,447	9.1	-0.7	-3.7	2.4	--	--	2.1	Aug-12
Vanguard REIT Index Fund	3,179,447	9.1	-0.7	-3.7	2.4	--	--	2.1	Aug-12
MSCI US REIT Gross			-0.7	-3.7	2.5	9.5	16.7	2.1	Aug-12
Over/Under			0.0	0.0	-0.1			0.0	
Commodities Composite	3,989,782	11.4	-1.2	3.0	-11.1	--	--	-11.4	Oct-12
Custom Commodity Risk Parity Index			-1.5	2.5	-9.2	--	--	-9.6	Oct-12
Over/Under			0.3	0.5	-1.9			-1.8	
Credit Suisse	3,500,005	10.0	-1.2	2.9	-8.8	--	--	-7.5	Nov-12
Custom Commodity Risk Parity Index			-1.5	2.5	-9.2	--	--	-7.9	Nov-12
Over/Under			0.3	0.4	0.4			0.4	
First Quadrant	489,777	1.4	-0.8	3.4	-13.7	--	--	-14.6	Oct-12
Custom Commodity Risk Parity Index			-1.5	2.5	-9.2	--	--	-9.6	Oct-12
Over/Under			0.7	0.9	-4.5			-5.0	
Cash	62,431	0.2	0.0	0.0	0.0	--	--	0.0	Jul-12
Cash	62,431	0.2	0.0	0.0	0.0	--	--	0.0	Jul-12
91 Day T-Bills			0.0	0.0	0.0	0.1	0.1	0.1	Jul-12
Over/Under			0.0	0.0	0.0			-0.1	

Note: Composition of Policy Benchmark can be found on page 11.

Health Care Trust Attribution Analysis - Net of Fees



Attribution Summary
3 Months Ending December 31, 2013

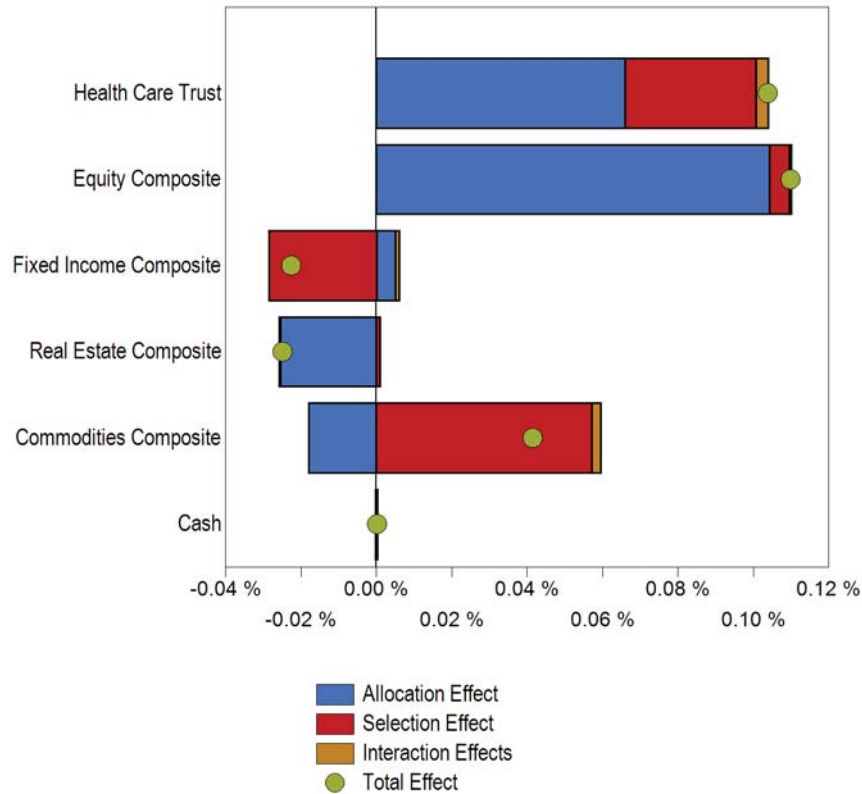
	Wtd. Actual Return	Wtd. Index Return	Excess Return	Selection Effect	Allocation Effect	Interaction Effects	Total Effects
Equity Composite	7.3%	7.2%	0.1%	0.0%	0.2%	0.0%	0.2%
Fixed Income Composite	-0.2%	-0.1%	-0.1%	0.0%	0.0%	0.0%	0.0%
Real Estate Composite	-0.7%	-0.7%	0.0%	0.0%	0.0%	0.0%	0.0%
Commodities Composite	-1.2%	-1.5%	0.4%	0.0%	0.0%	0.0%	0.1%
Cash	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total	3.0%	2.8%	0.2%	0.0%	0.2%	0.0%	0.2%

Note: Plan attribution calculations are returns based and the results shown reflect the composites shown. As a result, the total returns shown may vary from the calculated return shown on the performance summary.

May not add due to rounding.

Health Care Trust Attribution Analysis - Net of Fees

Attribution Effects
FYTD Ending December 31, 2013



Attribution Summary
FYTD Ending December 31, 2013

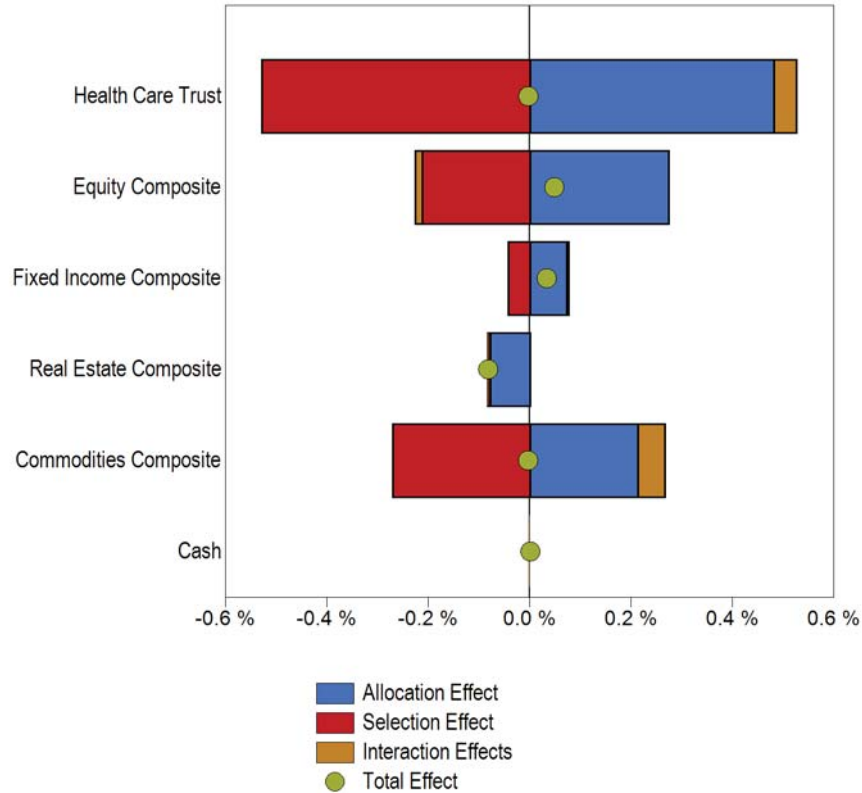
	Wtd. Actual Return	Wtd. Index Return	Excess Return	Selection Effect	Allocation Effect	Interaction Effects	Total Effects
Equity Composite	16.1%	16.1%	0.0%	0.0%	0.1%	0.0%	0.1%
Fixed Income Composite	0.4%	0.4%	-0.1%	0.0%	0.0%	0.0%	0.0%
Real Estate Composite	-3.7%	-3.7%	0.0%	0.0%	0.0%	0.0%	0.0%
Commodities Composite	3.0%	2.5%	0.5%	0.1%	0.0%	0.0%	0.0%
Cash	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total	6.9%	6.8%	0.1%	0.0%	0.1%	0.0%	0.1%

Note: Plan attribution calculations are returns based and the results shown reflect the composites shown. As a result, the total returns shown may vary from the calculated return shown on the performance summary.

May not add due to rounding.

Health Care Trust Attribution Analysis - Net of Fees

Attribution Effects
1 Year Ending December 31, 2013



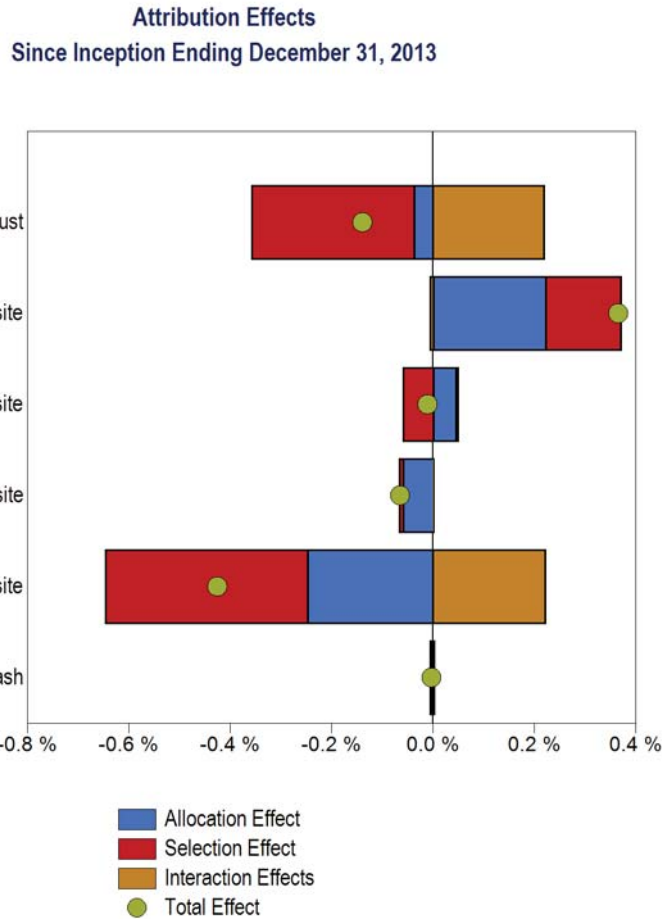
Attribution Summary
1 Year Ending December 31, 2013

	Wtd. Actual Return	Wtd. Index Return	Excess Return	Selection Effect	Allocation Effect	Interaction Effects	Total Effects
Equity Composite	23.0%	23.5%	-0.5%	-0.2%	0.3%	0.0%	0.0%
Fixed Income Composite	-2.1%	-2.0%	-0.1%	0.0%	0.1%	0.0%	0.0%
Real Estate Composite	2.4%	2.5%	0.0%	0.0%	-0.1%	0.0%	-0.1%
Commodities Composite	-11.1%	-9.2%	-1.9%	-0.3%	0.2%	0.1%	0.0%
Cash	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total	8.0%	8.0%	0.0%	-0.5%	0.5%	0.0%	0.0%

Note: Plan attribution calculations are returns based and the results shown reflect the composites shown. As a result, the total returns shown may vary from the calculated return shown on the performance summary.

May not add due to rounding.

Health Care Trust Attribution Analysis - Net of Fees



Attribution Summary
Since Inception Ending December 31, 2013

	Wtd. Actual Return	Wtd. Index Return	Excess Return	Selection Effect	Allocation Effect	Interaction Effects	Total Effects
Equity Composite	--	21.8%	--	0.1%	0.2%	0.0%	0.4%
Fixed Income Composite	--	-1.1%	--	-0.1%	0.0%	0.0%	0.0%
Real Estate Composite	--	2.0%	--	0.0%	-0.1%	0.0%	-0.1%
Commodities Composite	--	-6.8%	--	-0.4%	-0.2%	0.2%	-0.4%
Cash	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%
Total	8.0%	8.1%	-0.1%	-0.3%	0.0%	0.2%	-0.1%

Note: Plan attribution calculations are returns based and the results shown reflect the composites shown. As a result, the total returns shown may vary from the calculated return shown on the performance summary.

May not add due to rounding.

Policy Benchmark History

- **7/1/12 – 7/31/12:** 90 day T-Bills
- **8/1/12 – Present:** 43% MSCI ACWI IMI (Net)/35% Barclays Capital U.S. Aggregate/10% MSCI U.S. REIT/12% Custom Commodity Risk Parity Index

Information Disclosure

- **NEPC uses, as its data source, the plan’s custodian bank or fund service company, and NEPC relies on those sources for security pricing, calculation of accruals, and all transactions, including income payments, splits, and distributions. While NEPC has exercised reasonable professional care in preparing this report, we cannot guarantee the accuracy of all source information contained within.**
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