

SAN JOSE FEDERATED CITY EMPLS RET SYSTEM  
**PERFORMANCE MONITORING REPORT**  
SEPTEMBER 30, 2008

**STRATEGIC INVESTMENT SOLUTIONS, INC.**

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### ECONOMIC REVIEW

- The trade deficit grew sharply in July to \$62.2 billion as oil prices spiked, but fell back to \$59.1 billion in August as exports surged while oil imports and prices fell. In the third quarter, the U.S. Dollar gained significantly against the euro (+10.6%) and the pound (+10.6%) but remained relatively stable versus the yen (-0.2%)
- After reaching an all-time high of \$147/barrel in July, oil prices plummeted in response to declining global demand brought on by the economic slow-down. The Consumer Price Index jumped by 0.8% in July to an annual rate of 5.6% -- the highest point since 1991 as the cost of energy surged. Prices fell slightly in August (down 0.1%) to an annual rate of 5.4%, and remained flat in September. The PMI dropped sharply in September to 43.5, a seven-year low, from a level of 49.9 in August.
- Housing starts declined each month in the 3rd quarter to a 17-year low in September of 817,000 units – 31.1% lower than a year ago. Although sales of new and existing homes were up in July, prices continued to sink and housing inventories rose. Sales of existing homes rose in July to 5.02 million, but fell back to 4.91 million in August, down 10.7% from a year earlier. In August, new home sales fell to the lowest level in 17 years, coming in at an annual rate of 460,000, after rising to 520,000 in July. The rate of sales was down 34.5% from a year ago.
- The unemployment rate jumped to 6.1% in August as employers trimmed jobs, but remained at that level in September. It was 5.5% at the end of June and 4.7% a year ago. Unemployment is now at the highest rate since September 2003.

### EQUITY MARKETS REVIEW

- Stock prices were significantly lower during the third quarter. Only the Russell 2000 Value Index was able to post a gain, returning 5.0% for the quarter. The Russell 1000 Growth was the laggard over the quarter, losing 12.3%. Over the year-to-date and one-year period, every major equity index was negative. The Russell 2000 Value Index posted the smallest loss year-to-date, with a return of -5.4%. Of the ten sectors that comprise the S&P 500 Index, Consumer Staples led with a return of 4.6% while Financials lagged, returning -25.7%, due primarily to falling commodity prices.
- Value outperformed growth at both ends of the market cap spectrum. The Russell 1000 Value and Russell 2000 Value returned -6.1% and 5.0% respectively, while the Russell 1000 Growth and Russell 2000 Growth lost 12.3% and 7.0%, respectively. Over the longer one year period, growth outperformed value by 2.7% among large cap stocks but trailed by 4.8% among small cap stocks.
- The MSCI EAFE had a calamitous Q3 2008, losing 20.5%. The U.S. Dollar actually increased in value over the quarter as the index returned -13.3% in local currency. Over the longer one year period, the increase in the value of the US Dollar amplified the losses as the index lost 28.8% in local currency, and 30.1% in US Dollar terms.

### FIXED INCOME MARKETS REVIEW

- The Federal Reserve left the Fed Funds rate unchanged at 2%. However, in wake of the failure of Lehman Brothers and the precarious situation of other banks, it expanded its short-term lending to banks by starting to accept investment-grade debt as collateral instead of just Treasuries and other high-grade securities. In the last 3 months, the yield curve has shifted downwards slightly.
- During the third quarter, major bond index returns were mixed, primarily according to quality. High quality indices such as the LB Government (1.9%) and LB Mortgage (1.9%) led the way. Investors shied away from riskier securities as represented by the LB Credit Index (-6.4%) and the Citigroup High Yield Index (-9.2%). For the trailing 12 months, the LAB was up 3.7%, the CWGB gained 5.9%, LBMB rose 7.0% and the CHY fell 11.7%.

### REAL ESTATE MARKETS REVIEW

- For the period ending 9/30/08, the one quarter returns for, respectively, the NAREIT index and the NCREIF Property index (one quarter lag), were 5.6% and 0.6%; one year, -11.1% and 9.3%; three years, 5.6% and 14.9%; five years, 13.4% and 14.7%; and ten years, 12.5% and 12.2%.
  - According to The Wall Street Journal, September sales for new homes slipped to a seasonally adjusted annual rate of 464,000.
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# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

Third Quarter 2008

## Capital Market Review

### Equity Index Returns - Short Term

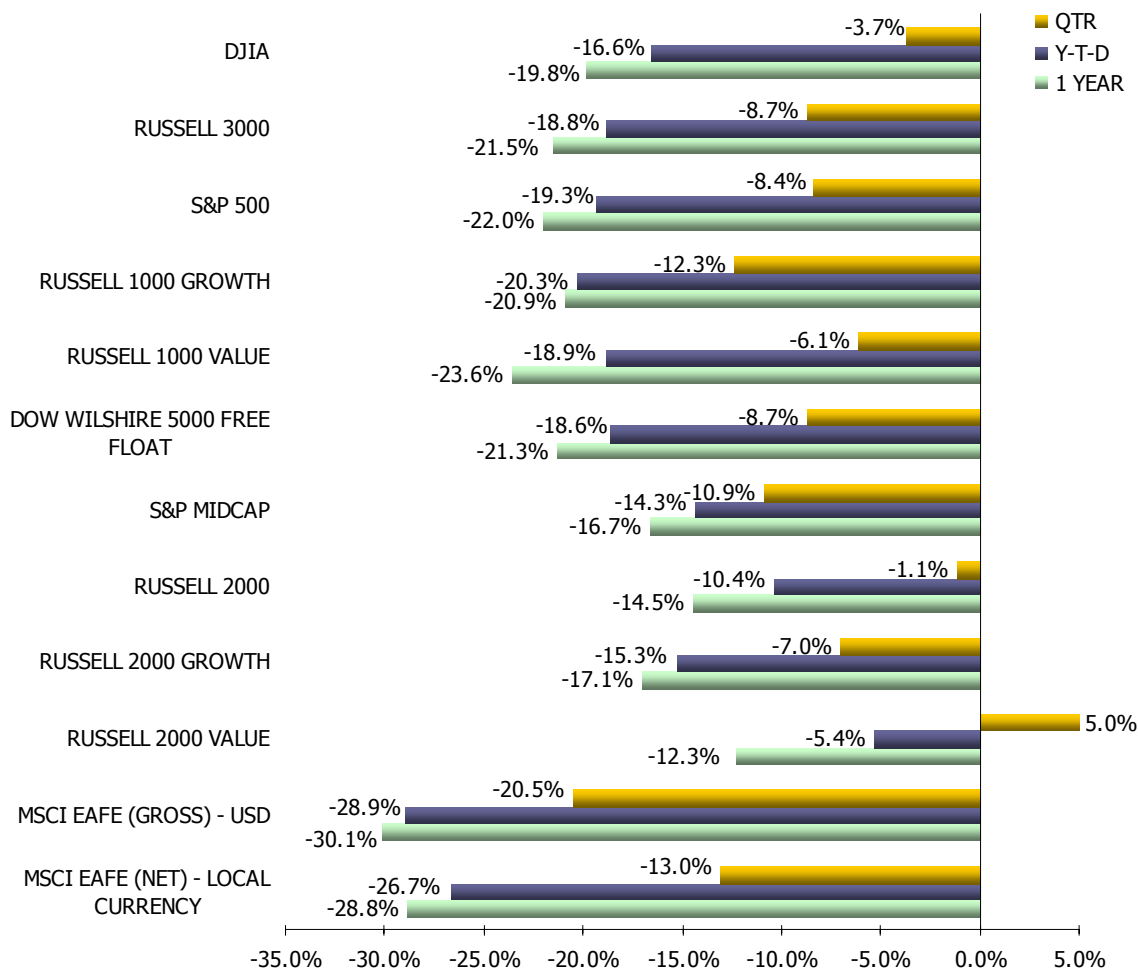
Returns as of 9/30/08

Equity results over the last 12 months have been disappointing, as the impact of the financial crisis and signs pointing towards a slow-down or even a recession took hold.

Only the Russell 2000 Value index experienced a positive return in the third quarter -- up 5%. All other indices fell, with the Russell 1000 Growth losing the most, down 12.3%.

In the full year ending September 2008 and for the year-to-date, all indices lost ground. The Russell 2000 Value index, however, declined the least (down 12.3% and 5.4%, respectively). Large stocks tended to suffer the greatest losses: The lowest performing index for the full year was the Russell 1000 Value index which dropped 23.6%, and the Russell 1000 Growth index had the lowest return for the year-to-date, down 20.3%.

In all three periods, the MSCI EAFE suffered even greater losses than did the US indices, and the losses in US Dollar terms were greater than in local currency terms. In US dollar terms, the MSCI EAFE plummeted 20.6% in the third quarter, which pushed the year-to-date loss to 29.3% and the full year to a loss of just over 30%.



## SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

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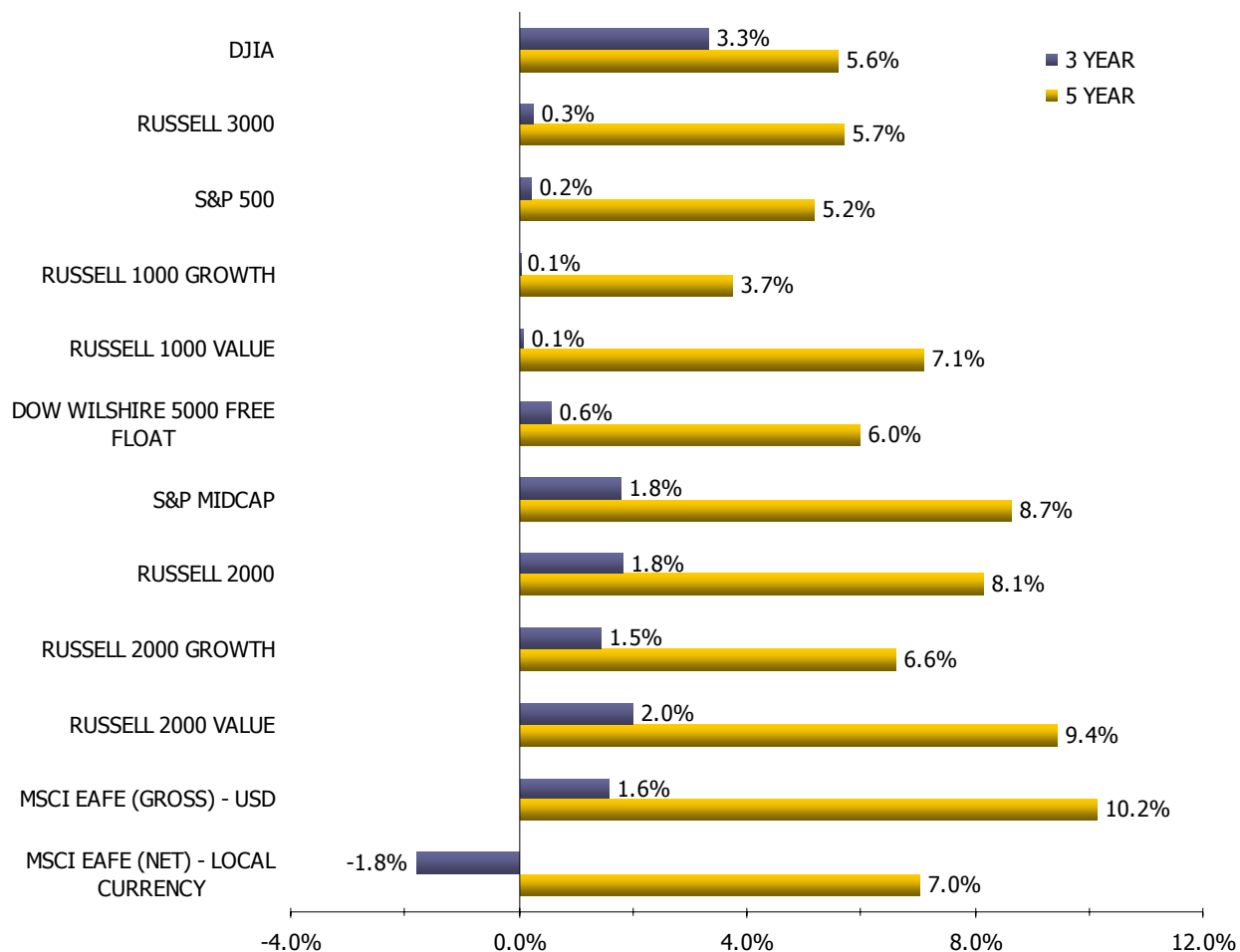
Capital Market Review

### Equity Index Returns - Long Term

Returns as of 9/30/08

All major US indices showed positive returns for the last three and five years. During the 5 year period, the Russell 2000 Value showed the biggest gain of 9.4%, followed by the S&P MidCap (up 8.7%). For the 3-year period, gains were more modest. The Dow Jones outperformed all indices with a gain of 3.3%, but both the Russell 1000 Growth and Value indices remained barely in positive territory with a very weak gain of 0.1%

The MSCI EAFE index turned in a strong positive performance for the 5 year period gaining 10.2% and 7.0% in US dollars and local values respectively. The MSCI EAFE in local terms was the only index in this group to experience negative returns in the 3 year period, losing 1.8%.



# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

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Capital Market Review

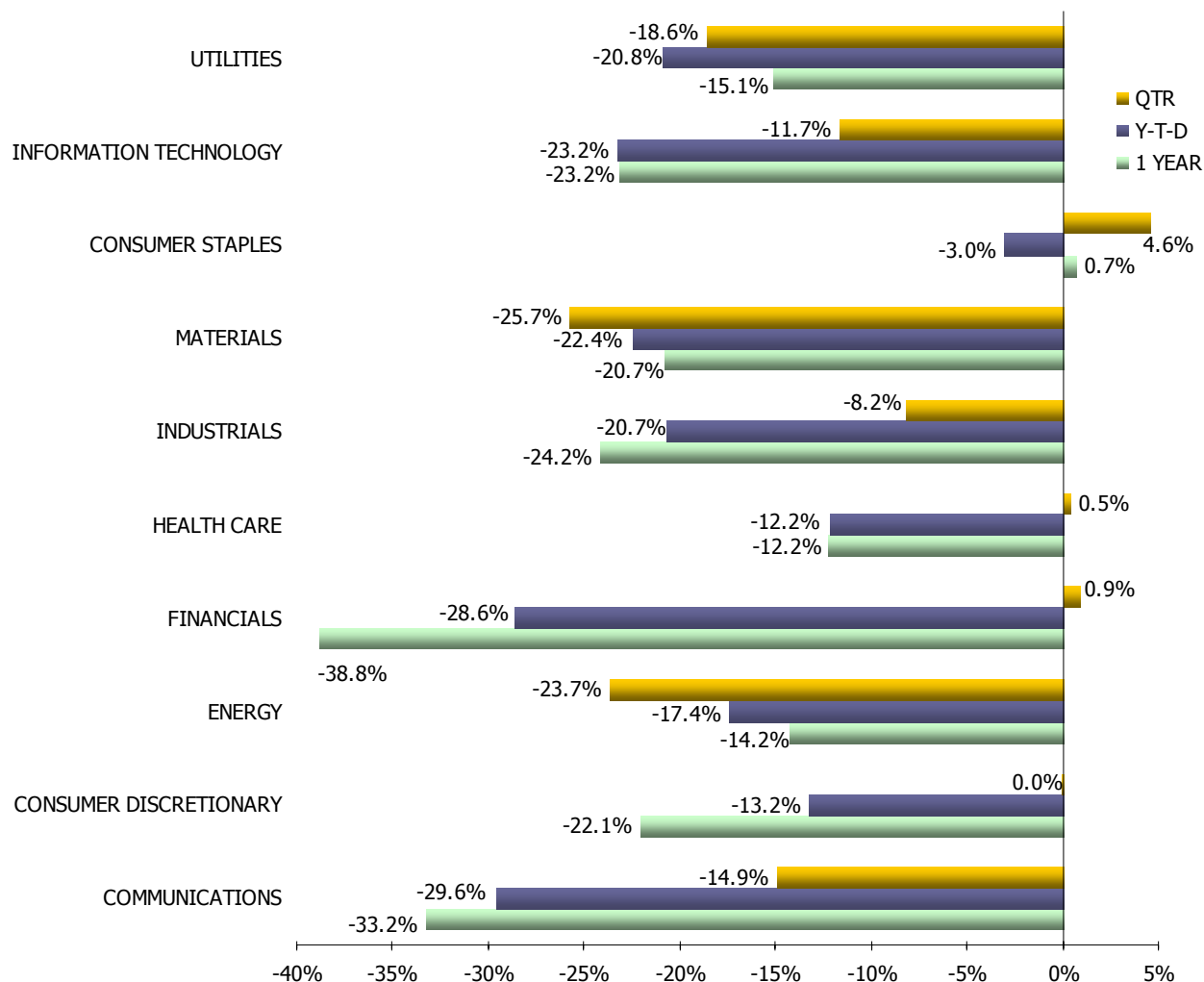
## Equity Sector Returns

Returns as of 9/30/08

The only sector with significant gains in the third quarter was Consumer Staples which was up 4.6%. Despite the turmoil in the financial markets, the Financial sector managed to gain a modest 0.9%, following substantial losses earlier this year. All other sectors fell, with Materials and Energy taking substantial hits as oil prices plummeted (down 25.7% and 23.7%, respectively).

For the year ended September 2008, Financials fell a whopping 38.8% and Communications suffered a 33.2% drop, and other sectors also saw steep declines. Only Consumer Staples remained in positive territory, up just 0.7%.

On a year-to-date basis, Communications and Financials also saw the biggest losses, tumbling 26.9% and 28.6%, respectively. Even Consumer Staples lost ground in this period, losing 3%.



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Capital Market Review

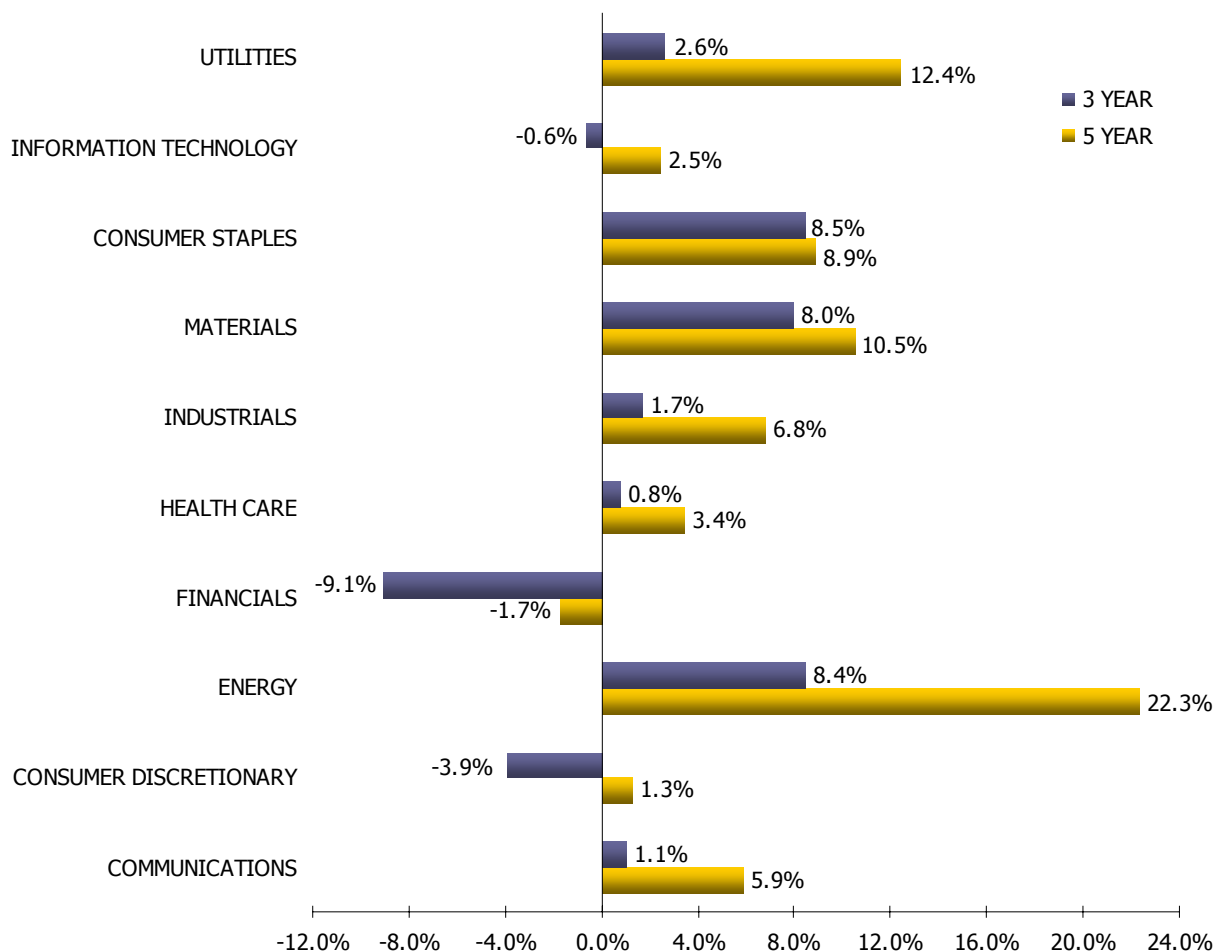
## Equity Sector Returns - Long Term

Returns as of 9/30/08

The events of the last year more than wiped out the gains Financials had made over the last 3 and 5 years; as a result, Financials lost 9.1% in the last 3 years and 1.7% in the 5 year period.

Over the last 5 years, Energy grew an impressive 22.3%, nearly double the return of Utilities, the next best performing sector (up 12.4%).

Over the last 3 years, Consumer Staples and Energy experienced the strongest returns, up 8.5% and 8.4%, respectively.



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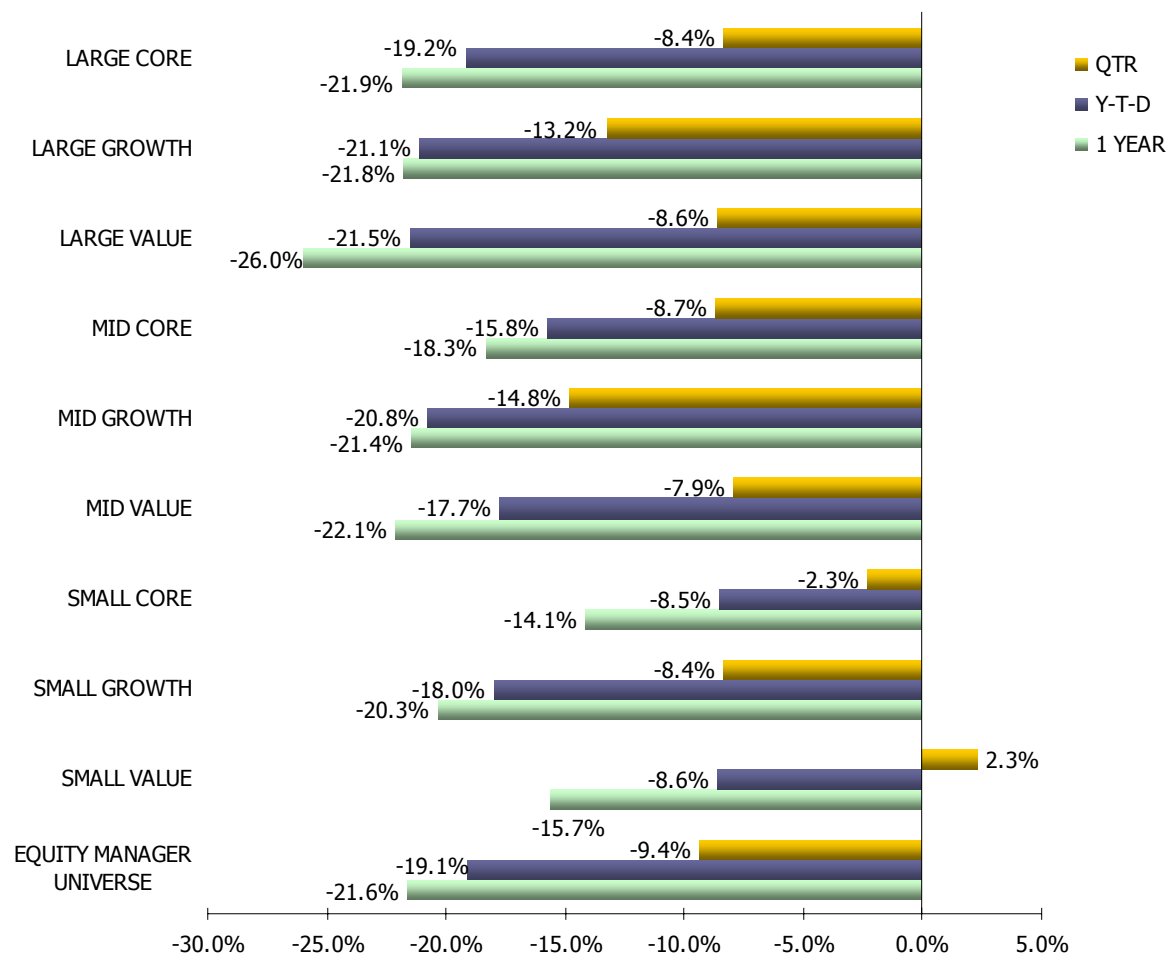
Capital Market Review

## Managed Equity Portfolios Style Spectrum Returns - Short Term

Equity Only Median Returns as of 9/30/08

During the third quarter, small capitalization stocks outperformed mid- and large capitalization stocks within each style. Only Small Value stocks had positive gains (up 2.3%), while Small Core lost the least. Large and Mid-Cap Growth stocks fared worst, down 13.2% and 14.8% respectively.

For the year-to-date and last 12 month periods, all styles lost value. In both periods, Small Core and Small Value stocks lost the least, while Large Value experienced the greatest losses (down 21.5% and 26.0%).



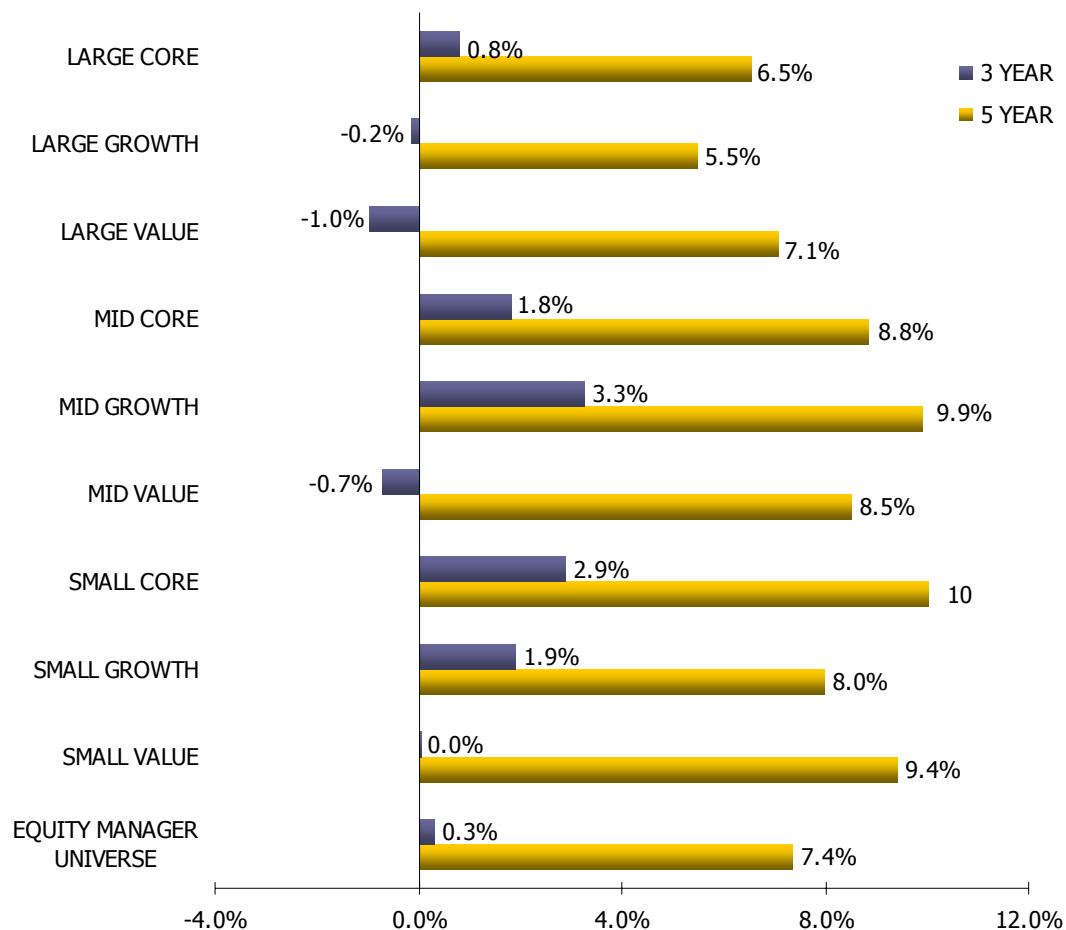


## Managed Equity Portfolios Style Spectrum Returns - Long Term

*Equity Only Median Returns as of 9/30/08*

Within all size bands, Value fared the worst for the 3 years ending September 2008 and large capitalization stocks underperformed other stocks within each style. Mid-Cap Growth experienced the highest return, up 3.3%, followed by Small Core (up 2.9%). Large Value and Mid-Value suffered modest losses, down 1% and 0.7%, respectively.

Over the last 5 years, all styles had positive returns. Small Core and Mid-Value topped other styles with returns of 10.0% and 9.9% respectively, followed closely by Small Value at 9.4%. Large capitalization styles experienced the smallest gains in the period. Large Growth earned only 5.5%



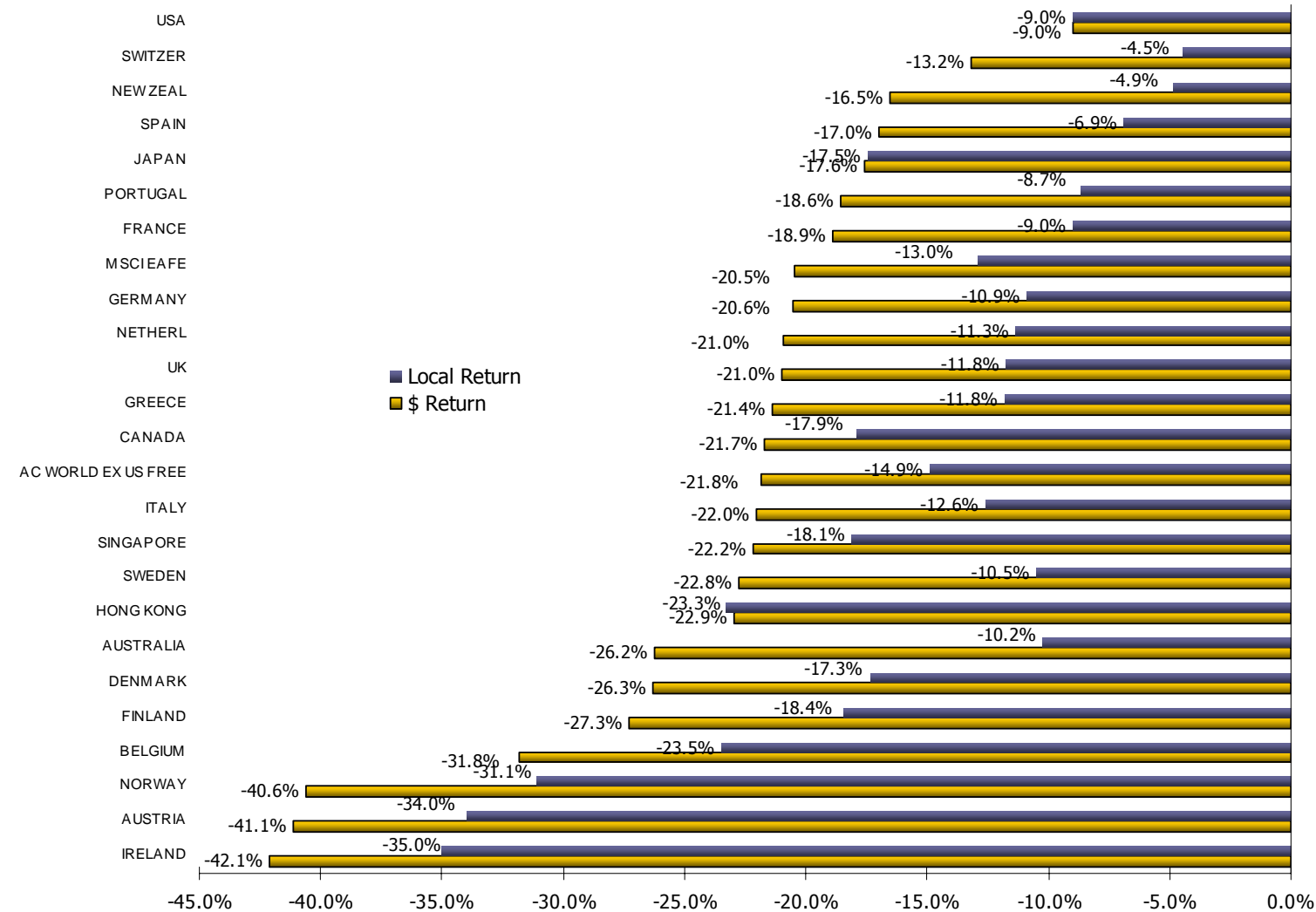
# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

Third Quarter 2008

Capital Market Review

## Developed Market Returns - Quarter

Returns as of 9/30/08



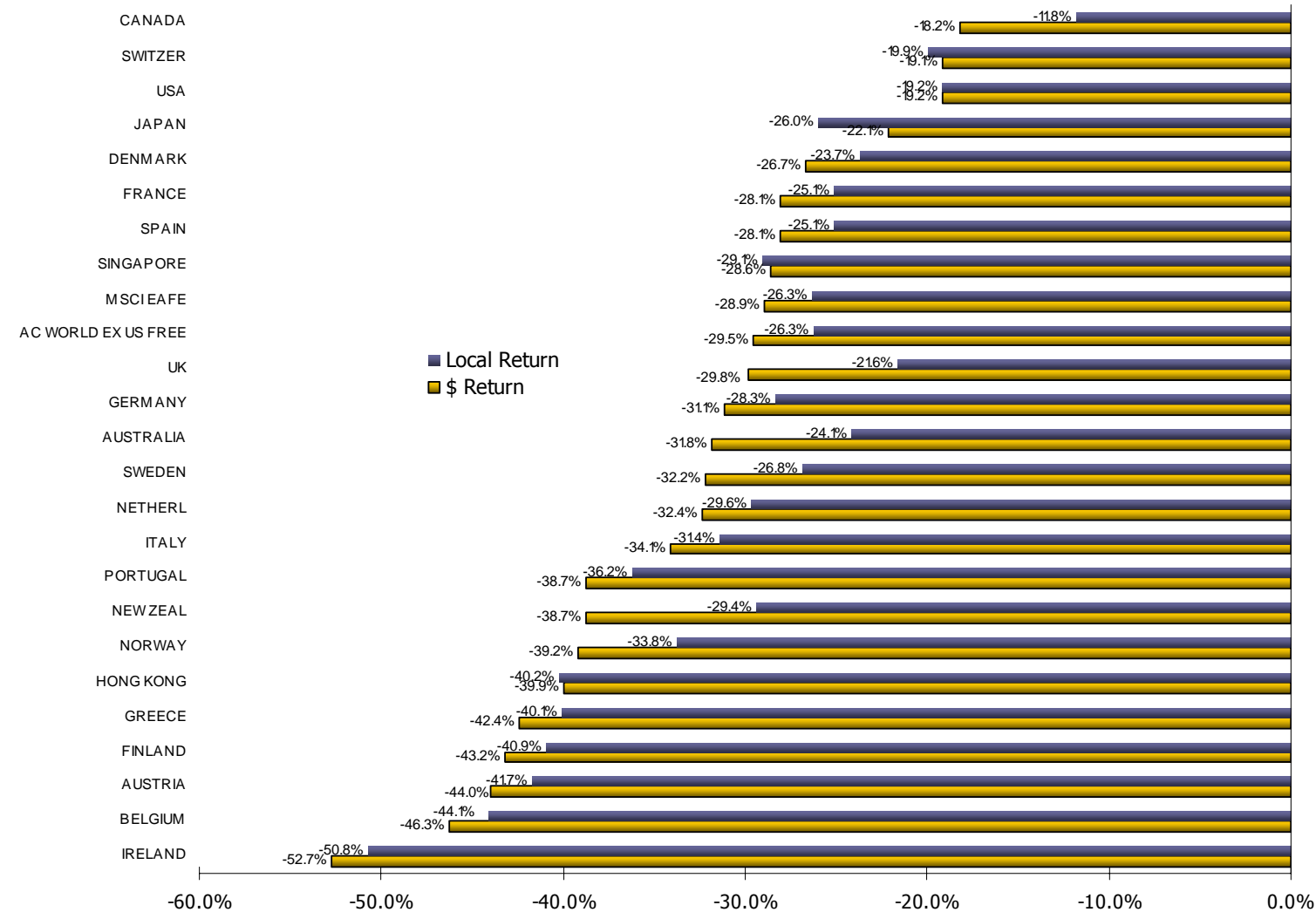
# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

Third Quarter 2008

Capital Market Review

## Developed Market Returns - Year to Date

Returns as of 9/30/08



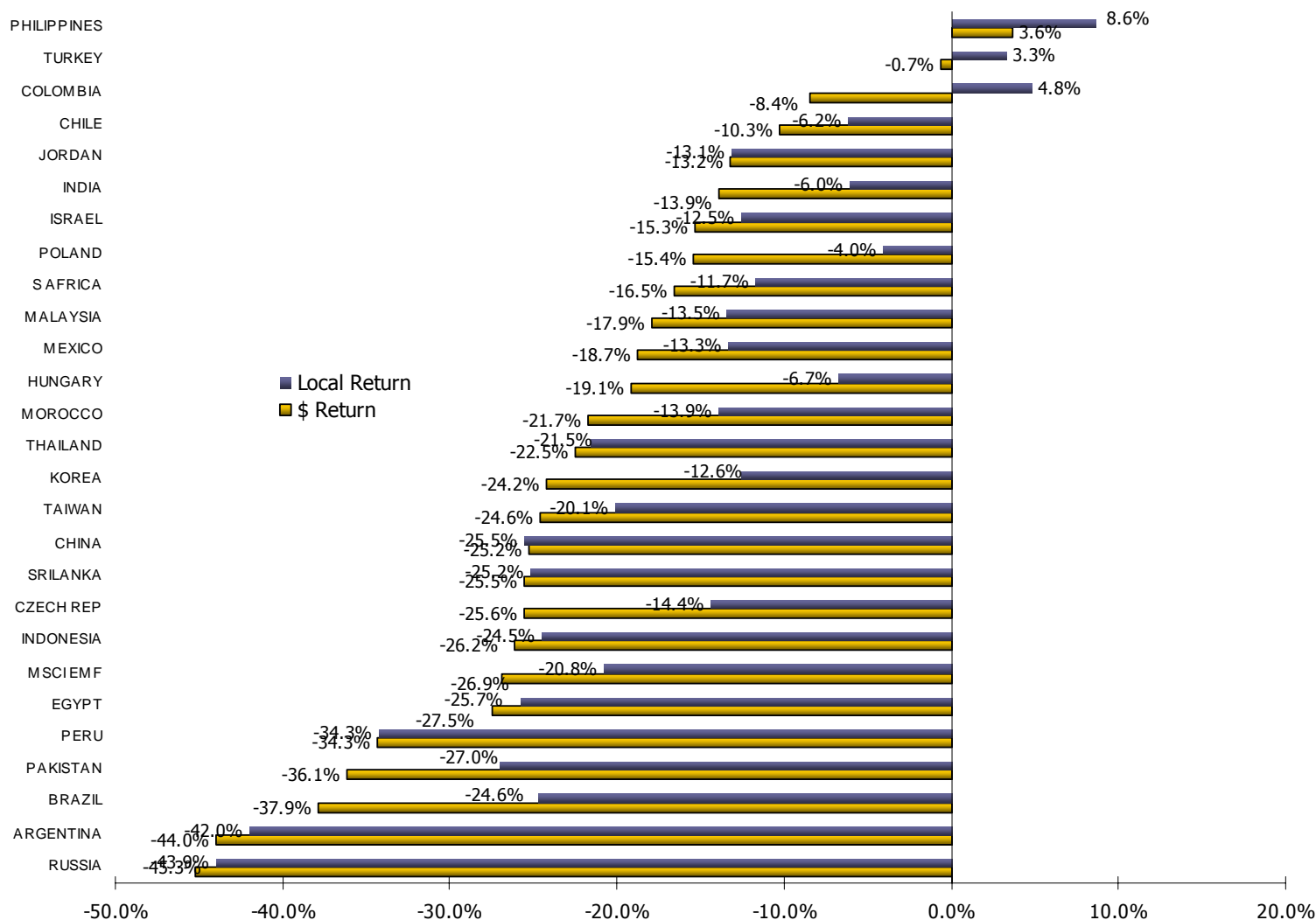
## SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

Third Quarter 2008

Capital Market Review

### Emerging Market Returns - Quarter

Returns as of 9/30/08



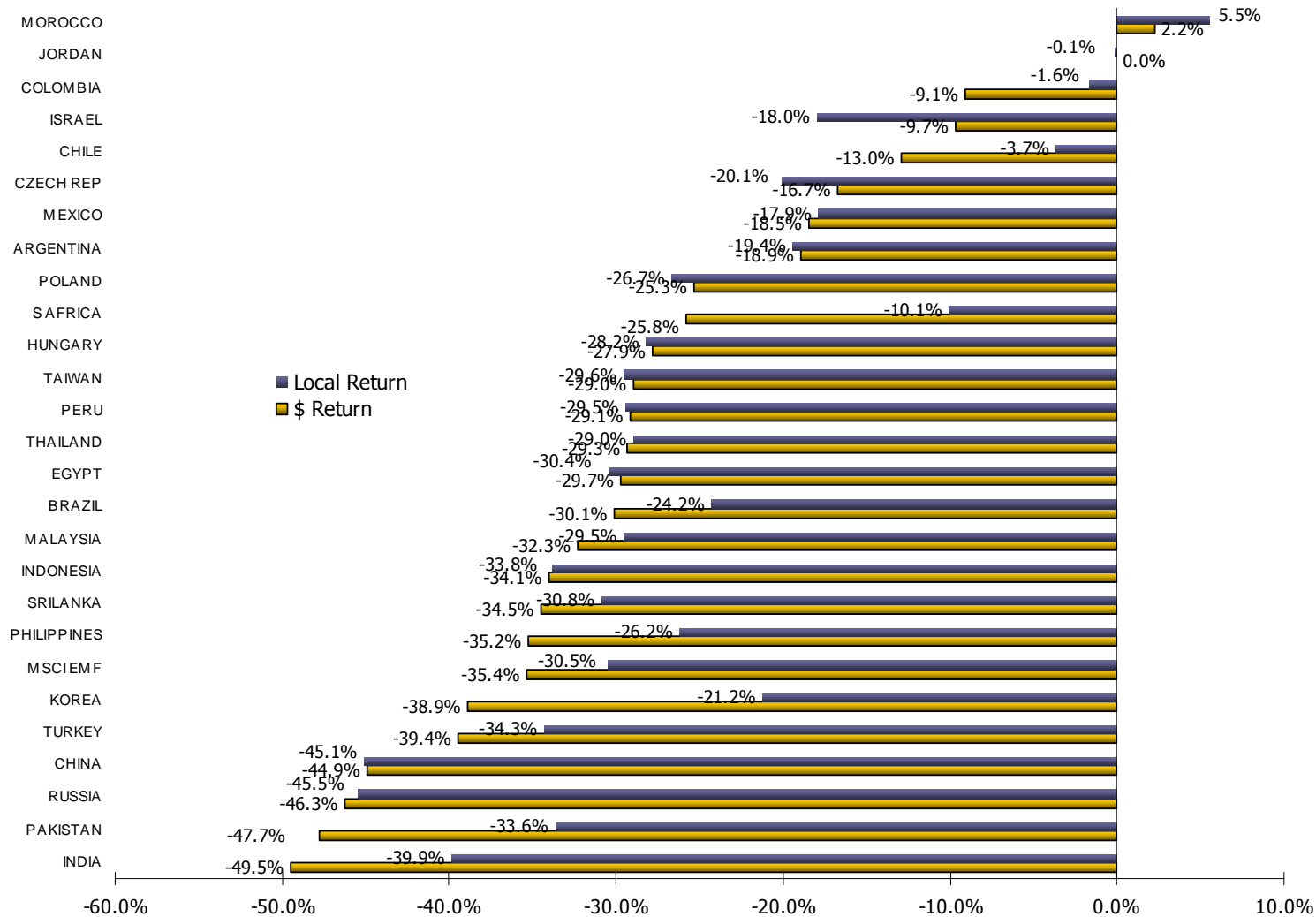
# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

Third Quarter 2008

Capital Market Review

## Emerging Market Returns - Year to Date

Returns as of 9/30/08



## SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

Third Quarter 2008

Capital Market Review

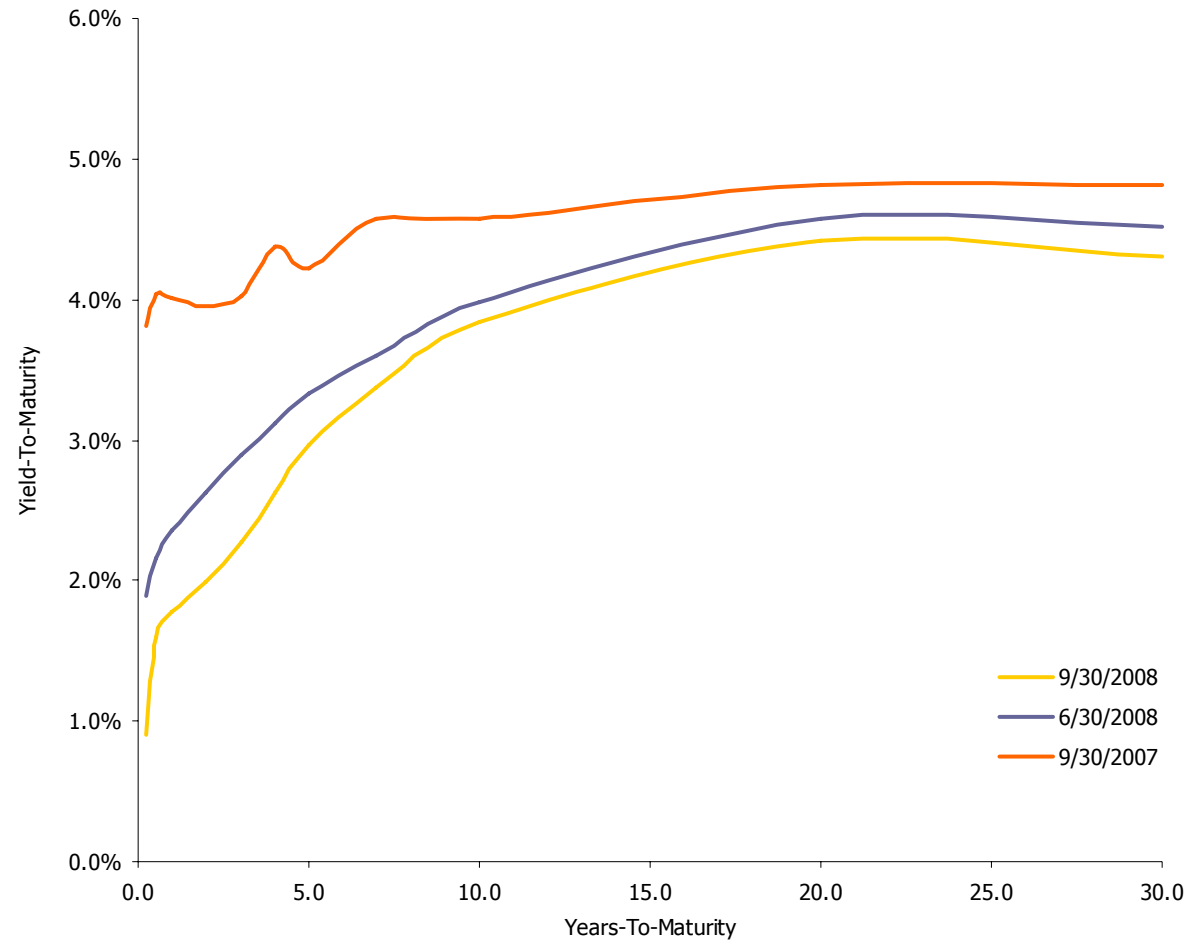
### Treasury Yield Curve

*Interest Rate Term Structure*

*Government Issues - 3 Months to 30 Years Maturity*

The Federal Reserve held the key Fed Funds interest rate at 2.0% during the entire third quarter as concerns over inflation began to mount.

In the last 3 months, the yield curve has shifted downwards slightly.



## SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

Third Quarter 2008

Capital Market Review

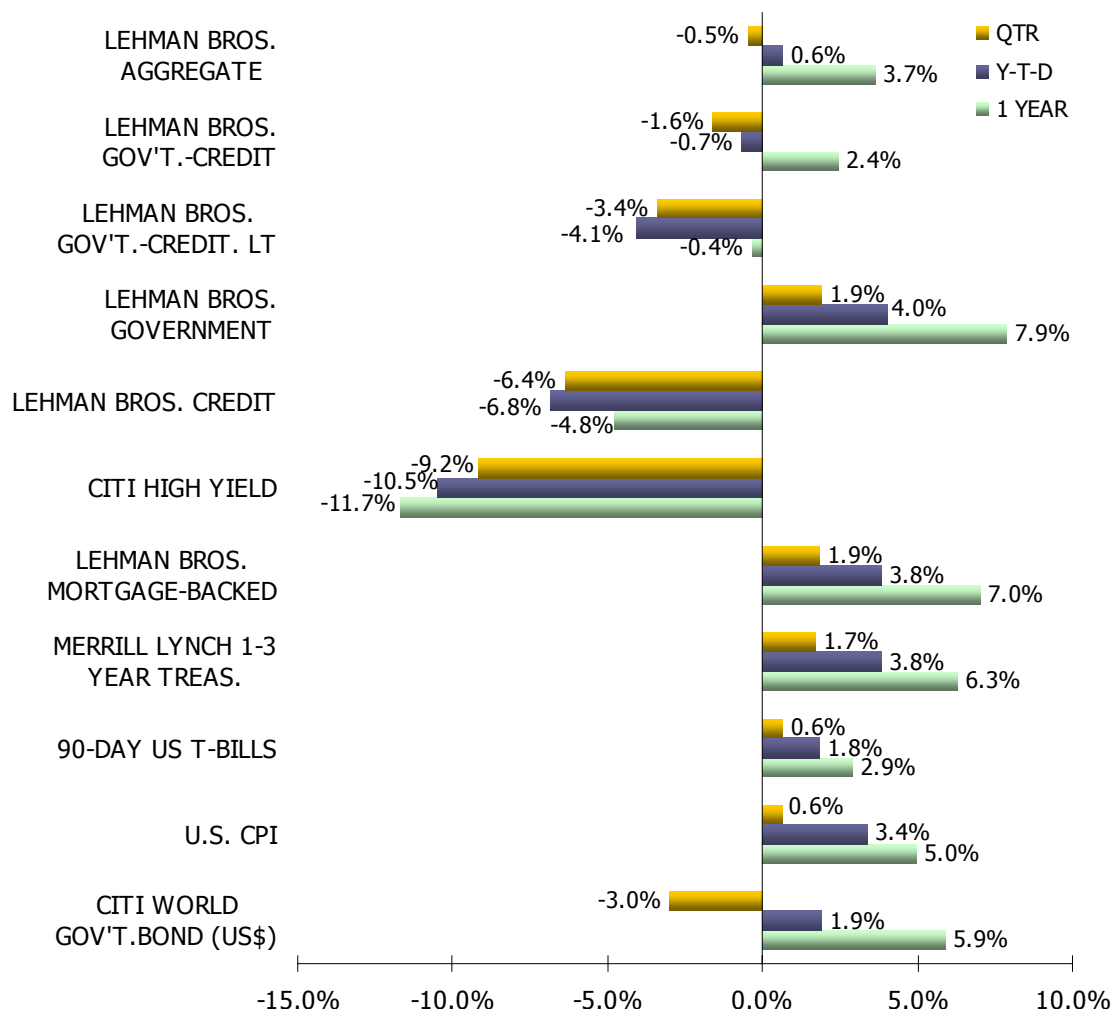
### Fixed Income Index Returns - Short Term

Returns as of 9/30/08

In the third quarter, bond market performance was split along quality lines, as investors abandoned potentially defaulting low quality instruments in favor of high quality treasuries and agencies, thus pushing values up and yields down. The Citi High Yield Index was hit the hardest in this environment, down 9.2%, followed by the Lehman Brothers Credit Index (down 6.4%). The Lehman Aggregate posted only a modest loss in the quarter (down 0.5%) as governments and agencies brought the average up.

A similar pattern was seen for the year-to-date and full year ending September 2008 periods: Government indices fared particularly well (the Lehman Government Index gained 7.9%, the Lehman Mortgage-Backed index rose 7.0%, while the Citi High Yield index fell 11.7% for the year.

Non-US government bond markets struggled in the third quarter as it became apparent that the financial crisis in the US had spread to other countries. The Citi World Government Bond index fell 3.0% in the quarter, but up 5.9% for the year.



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Third Quarter 2008

Capital Market Review

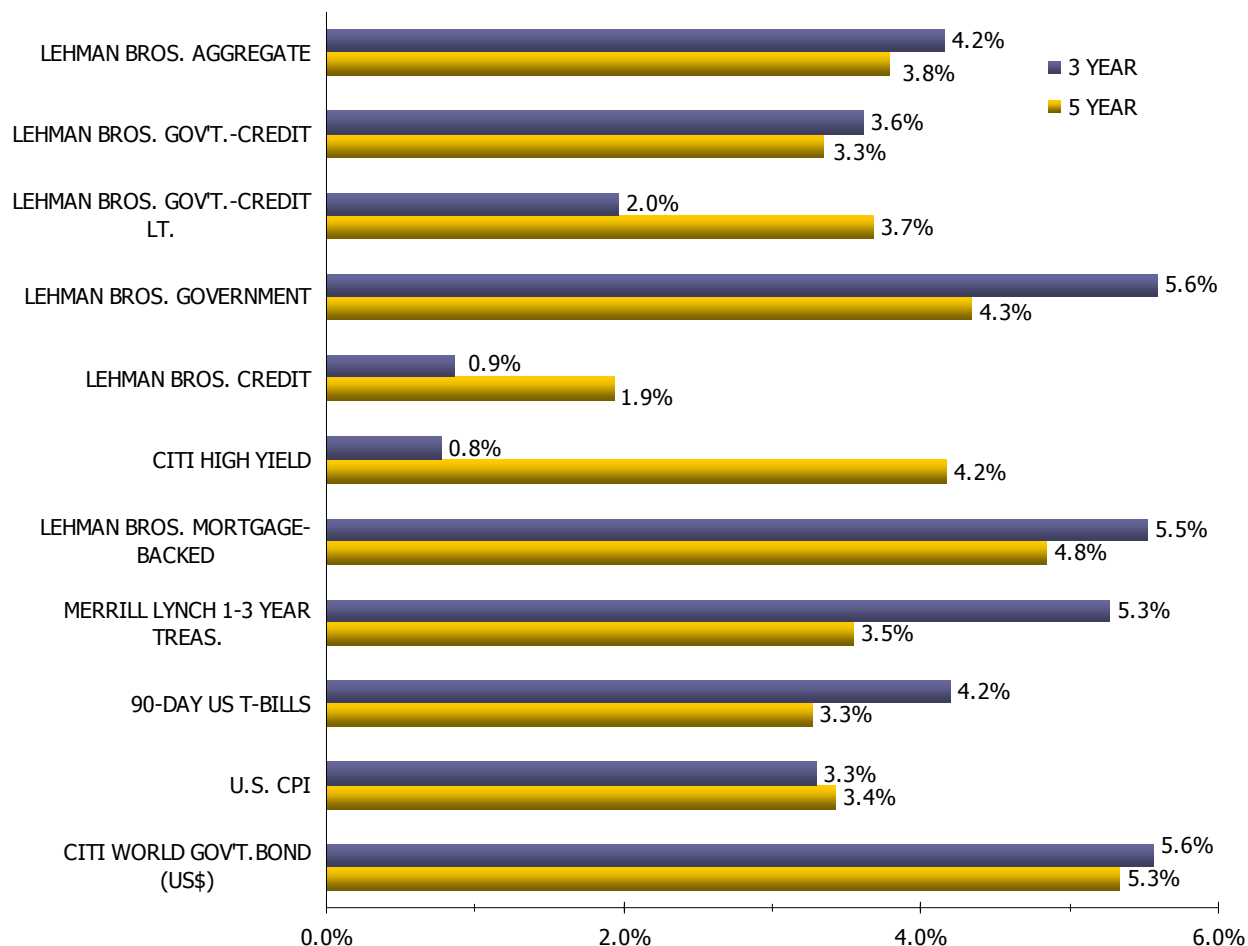
### Fixed Income Index Returns - Long Term

Returns as of 9/30/08

All fixed income indices turned in a positive performance for the longer 3- and 5-year periods.

The Lehman Bros Government and Lehman Bros Mortgage Backed indices were the strongest performers for the 3 year period returning 5.6% and 5.5% respectively. They were matched by equally strong performance of Citi World Gov't Bond index, up 5.6%. The weakest performers for the period were Citi High Yield and Lehman Bros Credit up modestly 0.8% and 0.9% respectively.

Citi World Gov't Bond index outperformed all domestic fixed income indices for the 5 year period, gaining 5.3%. The Lehman Bros Mortgage Backed index (up 4.8%) and Lehman Bros Government up 4.3% led among the domestic indices.





# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

Periods Ending September 30, 2008

## Performance Summary

### Gross of Fees

|  | FISCAL QTR   |           | CALENDAR YTD  |           | 1 YEAR        |           | 3 YEAR      |           | 5 YEAR      |           | INCEPTION   |               |
|--|--------------|-----------|---------------|-----------|---------------|-----------|-------------|-----------|-------------|-----------|-------------|---------------|
|  | RETURN       | RANK*     | RETURN        | RANK      | RETURN        | RANK      | RETURN      | RANK      | RETURN      | RANK      | RETURN      | DATE          |
| <b>FCERS TOTAL FUND</b>                            | <b>-9.1%</b> | <b>61</b> | <b>-13.6%</b> | <b>41</b> | <b>-14.0%</b> | <b>39</b> | <b>2.7%</b> | <b>40</b> | <b>6.8%</b> | <b>42</b> | <b>7.9%</b> | <b>Jan-94</b> |
| <i>Policy Index**</i>                              | -7.0%        | 16        | -11.9%        | 13        | -12.1%        | 14        | 3.3%        | 25        | 6.9%        | 40        | 7.9%        |               |
| <i>Excess return</i>                               | -2.1%        |           | -1.7%         |           | -1.9%         |           | -0.6%       |           | -0.1%       |           |             |               |
| <i>CPI Index</i>                                   | 0.6%         |           | 3.4%          |           | 5.0%          |           | 3.3%        |           | 3.4%        |           |             |               |
| <i>Total Public Funds &gt;\$100 Million Median</i> | -8.9%        |           | -14.1%        |           | -14.9%        |           | 2.5%        |           | 6.6%        |           |             |               |
| <i>Total Corporate Funds Median</i>                | -8.2%        |           | -13.9%        |           | -14.4%        |           | 2.4%        |           | 6.7%        |           |             |               |
| <i>Total Endowments &amp; Foundations Median</i>   | -8.8%        |           | -14.2%        |           | -14.5%        |           | 2.4%        |           | 6.5%        |           |             |               |
| <b>US EQUITY MANAGERS</b>                          |              |           |               |           |               |           |             |           |             |           |             |               |
| <i>Atlanta Capital Management</i>                  | -9.6%        | 17        | -16.0%        | 12        | -15.5%        | 13        | 2.4%        | 22        | 5.6%        | 46        | 4.2%        | Sep-98        |
| <i>Russell 1000 Growth Index</i>                   | -12.3%       | 42        | -20.3%        | 46        | -20.9%        | 48        | 0.1%        | 47        | 3.7%        | 82        |             |               |
| <i>Brandywine Asset Management</i>                 | 2.5%         | 42        | -6.3%         | 33        | -15.1%        | 52        | -0.9%       | 71        | 7.8%        | 82        | 9.1%        | Jun-99        |
| <i>Russell 2000 Value Index</i>                    | 5.0%         | 10        | -5.4%         | 26        | -12.3%        | 37        | 2.0%        | 31        | 9.4%        | 43        |             |               |
| <i>Dodge &amp; Cox Equity</i>                      | -11.7%       | 78        | -24.7%        | 75        | -28.2%        | 70        | -2.5%       | 70        |             |           | 2.3%        | Jul-04        |
| <i>Russell 1000 Value Index</i>                    | -6.1%        | 25        | -18.9%        | 31        | -23.6%        | 38        | 0.1%        | 35        |             |           |             |               |
| <i>Eagle Asset Management</i>                      | -7.5%        | 49        | -13.0%        | 29        | -14.2%        | 24        | 6.3%        | 8         | 10.8%       | 20        | 5.2%        | Jun-98        |
| <i>Russell 2000 Growth Index</i>                   | -7.0%        | 45        | -15.3%        | 38        | -17.1%        | 37        | 1.5%        | 53        | 6.6%        | 69        |             |               |
| <i>NTGI Russell 3000</i>                           | -8.9%        | 68        | -18.8%        | 32        | -21.5%        | 35        | 0.3%        | 44        | 5.8%        | 40        | 1.3%        | Sep-99        |
| <i>Russell 3000 Index</i>                          | -8.7%        | 66        | -18.8%        | 32        | -21.5%        | 35        | 0.3%        | 58        | 5.7%        | 41        |             |               |
| <i>Wellington Management Co.</i>                   | -15.9%       | 82        | -21.6%        | 64        | -21.1%        | 53        | 0.3%        | 55        |             |           | 0.5%        | Sep-05        |
| <i>Russell 3000 Growth Index</i>                   | -11.9%       | 51        | -19.9%        | 52        | -20.6%        | 50        | 0.1%        | 57        |             |           |             |               |
| <b>US Equity Composite</b>                         | <b>-9.5%</b> | <b>56</b> | <b>-18.5%</b> | <b>44</b> | <b>-20.7%</b> | <b>43</b> | <b>0.6%</b> | <b>43</b> | <b>6.2%</b> | <b>58</b> |             |               |
| <i>US Equity Benchmark***</i>                      | -8.3%        | 43        |               |           |               |           |             |           |             |           |             |               |
| <i>Excess return</i>                               | -1.2%        |           |               |           |               |           |             |           |             |           |             |               |
| <i>Russell 3000 Index</i>                          | -8.7%        | 49        | -18.8%        | 47        | -21.5%        | 49        | 0.3%        | 50        | 5.7%        | 64        |             |               |
| <i>US Equity Median</i>                            | -8.8%        |           | -19.0%        |           | -21.6%        |           | 0.3%        |           | 6.8%        |           |             |               |

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

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

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

# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

Periods Ending September 30, 2008

## Performance Summary

### Gross of Fees

|                                       | FISCAL QTR    |           | CALENDAR YTD  |           | 1 YEAR        |           | 3 YEAR      |           | 5 YEAR      |           | INCEPTION   |               |
|---------------------------------------|---------------|-----------|---------------|-----------|---------------|-----------|-------------|-----------|-------------|-----------|-------------|---------------|
|                                       | RETURN        | RANK*     | RETURN        | RANK      | RETURN        | RANK      | RETURN      | RANK      | RETURN      | RANK      | RETURN      | DATE          |
| <b>INTERNATIONAL EQUITY MANAGERS</b>  |               |           |               |           |               |           |             |           |             |           |             |               |
| Boston Company                        | -17.3%        | 29        | -27.0%        | 39        | -28.2%        | 50        | 0.3%        | 89        | 9.3%        | 87        | 14.0%       | Mar-03        |
| Fisher Investments                    | -25.4%        | 89        | -28.9%        | 65        | -30.8%        | 75        | 1.0%        | 83        |             |           | 5.0%        | Jul-05        |
| McKinley Capital                      | -29.3%        | 98        | -35.4%        | 97        | -35.9%        | 95        | 1.0%        | 83        |             |           | 5.5%        | Jul-05        |
| <b>International Equity Composite</b> | <b>-24.2%</b> | <b>86</b> | <b>-30.6%</b> | <b>76</b> | <b>-31.8%</b> | <b>78</b> | <b>0.8%</b> | <b>86</b> | <b>9.7%</b> | <b>83</b> |             |               |
| MSCI ACWI -ex US                      | -21.8%        | 73        | -29.5%        | 73        | -30.0%        | 68        | 3.1%        | 49        | 11.8%       | 43        |             |               |
| Excess return                         | -2.4%         |           | -1.1%         |           | -1.8%         |           | -2.3%       |           | -2.1%       |           |             |               |
| International Equity Median           | -18.9%        |           | -27.5%        |           | -28.1%        |           | 3.0%        |           | 11.5%       |           |             |               |
| <b>Private Equity</b>                 | <b>-0.7%</b>  |           | <b>1.6%</b>   |           | <b>4.2%</b>   |           |             |           |             |           | <b>4.7%</b> | <b>Jan-06</b> |
| S&P 500 Index + 3%                    | -7.3%         |           | -16.7%        |           | -19.0%        |           |             |           |             |           |             |               |
| Excess return                         | 6.6%          |           | 18.3%         |           | 23.2%         |           |             |           |             |           |             |               |
| <b>US FIXED INCOME MANAGERS</b>       |               |           |               |           |               |           |             |           |             |           |             |               |
| Dodge & Cox Fixed Income              | -3.6%         | 74        | -3.0%         | 74        | -1.6%         | 80        | 2.8%        | 76        | 3.2%        | 78        | 5.8%        | Oct-99        |
| BlackRock                             | -3.0%         | 65        | -2.7%         | 71        | 0.1%          | 66        | 3.0%        | 72        | 3.4%        | 61        | 4.0%        | Oct-02        |
| BC Aggregate Index                    | -0.5%         | 19        | 0.6%          | 26        | 3.7%          | 27        | 4.2%        | 36        | 3.8%        | 43        |             |               |
| <b>US Fixed Income Composite</b>      | <b>-3.3%</b>  | <b>64</b> | <b>-2.8%</b>  | <b>65</b> | <b>-0.8%</b>  | <b>66</b> | <b>2.9%</b> | <b>70</b> | <b>3.3%</b> | <b>67</b> |             |               |
| BC Aggregate Index                    | -0.5%         | 26        | 0.6%          | 30        | 3.7%          | 33        | 4.2%        | 41        | 3.8%        | 51        |             |               |
| Excess return                         | -2.8%         |           | -3.4%         |           | -4.5%         |           | -1.3%       |           | -0.5%       |           |             |               |
| US Fixed Income Median                | -2.0%         |           | -1.0%         |           | 2.0%          |           | 3.8%        |           | 3.8%        |           |             |               |
| <b>GLOBAL FIXED INCOME MANAGER</b>    |               |           |               |           |               |           |             |           |             |           |             |               |
| Loomis Sayles                         | -7.2%         | 77        | -3.9%         | 64        | -1.1%         | 60        | 4.2%        | 56        |             |           | 2.6%        | Feb-05        |
| <b>Global Fixed Income Composite</b>  | <b>-7.2%</b>  | <b>77</b> | <b>-3.9%</b>  | <b>64</b> | <b>-1.1%</b>  | <b>60</b> | <b>4.2%</b> | <b>56</b> | <b>5.2%</b> | <b>57</b> |             |               |
| Citi WGBI                             | -3.0%         | 32        | 1.9%          | 26        | 5.9%          | 21        | 5.6%        | 25        | 5.3%        | 49        |             |               |
| Excess return                         | -4.2%         |           | -5.8%         |           | -7.0%         |           | -1.4%       |           | -0.1%       |           |             |               |
| Global Fixed Income Median            | -5.2%         |           | -3.0%         |           | -0.5%         |           | 4.7%        |           | 5.3%        |           |             |               |
| <b>Total Fixed Income Composite</b>   | <b>-4.0%</b>  |           | <b>-3.0%</b>  |           | <b>-0.8%</b>  |           | <b>3.2%</b> |           | <b>3.7%</b> |           |             |               |

# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

Periods Ending September 30, 2008

## Performance Summary

### Gross of Fees

|                                     | FISCAL QTR  |           | CALENDAR YTD |           | 1 YEAR      |           | 3 YEAR       |           | 5 YEAR       |           | INCEPTION |        |
|-------------------------------------|-------------|-----------|--------------|-----------|-------------|-----------|--------------|-----------|--------------|-----------|-----------|--------|
|                                     | RETURN      | RANK*     | RETURN       | RANK      | RETURN      | RANK      | RETURN       | RANK      | RETURN       | RANK      | RETURN    | DATE   |
| <b>REAL ESTATE MANAGERS *</b>       |             |           |              |           |             |           |              |           |              |           |           |        |
| One Quarter Lag                     |             |           |              |           |             |           |              |           |              |           |           |        |
| American Realty                     | 1.5%        | 16        | 4.7%         | 13        | 8.4%        | 13        |              |           |              |           | 7.7%      | Jan-07 |
| DRA Growth & Income II              | 0.0%        | 41        | 10.8%        | 4         | 45.1%       | 1         | 90.5%        | 1         | 53.6%        | 1         | 32.7%     | Apr-99 |
| DRA Growth & Income V               | 2.1%        | 13        | 6.6%         | 8         | 13.1%       | 6         |              |           |              |           | 11.3%     | Dec-05 |
| DRA Growth & Income VI              | 2.0%        | 13        | 8.7%         | 6         |             |           |              |           |              |           | 8.8%      | Nov-07 |
| GEAM Asset LP                       | -0.2%       | 67        | -0.3%        | 65        | 0.2%        | 59        |              |           |              |           | 4.0%      | Aug-06 |
| NCREIF Property Index - One Qtr Lag | 0.6%        | 24        | 5.5%         | 10        | 9.3%        | 11        | 15.0%        | 15        | 14.7%        | 37        |           |        |
| Current Quarter                     |             |           |              |           |             |           |              |           |              |           |           |        |
| Fidelity LP                         | -13.2%      | 96        | -13.4%       | 91        | -11.0%      | 83        | 22.4%        | 5         | 27.9%        | 3         | 22.3%     | Mar-01 |
| Fidelity Growth Fund III            | -0.5%       | 70        | -13.0%       | 90        | -16.4%      | 91        |              |           |              |           | -30.5%    | Aug-07 |
| MIG Realty Advisors                 | 0.0%        | 41        | 0.0%         | 61        | 1.4%        | 55        | 17.1%        | 10        | 8.8%         | 80        | 14.3%     | Dec-94 |
| PRISA                               | 0.4%        | 26        | 1.8%         | 38        | 8.3%        | 13        | 13.8%        | 24        |              |           | 15.2%     | Jul-04 |
| NCREIF Property Index               | -0.2%       | 67        | 2.0%         | 34        | 5.3%        | 27        | 13.2%        | 38        | 14.2%        | 42        |           |        |
| <b>Real Estate Composite</b>        | <b>0.8%</b> | <b>21</b> | <b>2.7%</b>  | <b>27</b> | <b>7.3%</b> | <b>16</b> | <b>14.3%</b> | <b>21</b> | <b>17.6%</b> | <b>15</b> |           |        |
| NCREIF Property Index               | -0.2%       | 67        | 2.0%         | 34        | 5.3%        | 27        | 13.2%        | 38        | 14.2%        | 42        |           |        |
| Excess return                       | 1.0%        |           | 0.7%         |           | 2.0%        |           | 1.1%         |           | 3.4%         |           |           |        |
| Real Estate Fund Median             | 0.0%        |           | 0.9%         |           | 2.7%        |           | 12.2%        |           | 13.8%        |           |           |        |
| <b>Cash Account**</b>               | <b>1.0%</b> |           | <b>3.4%</b>  |           | <b>4.7%</b> |           |              |           |              |           |           |        |
| 91 Day T-Bill Index                 | 0.6%        |           | 1.8%         |           | 2.9%        |           |              |           |              |           |           |        |

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

\*\* STIF return only, Cash Account includes security lending income and brokers commission.

## SAN JOSE FEDERATED CITY EMPLYS RET SYSTEM

Third Quarter 2008

### Executive Performance Summary

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- The total plan returned -9.1% in the third quarter of 2008, and ranked in the 61<sup>st</sup> percentile among all public funds greater than \$100 million, with a median return of -8.9%. The fund trailed its policy index of -7.0% during this time period. The one year -14.0% return ranked above the median large public plan of -14.9%. Longer-term, the five-year return of 6.8% is just below its policy index and ranked in the top half among all public plans.
- Third quarter results were enhanced by the following factors:
  1. Atlanta depreciated 9.6%, ranked in the 17<sup>th</sup> percentile among its large cap growth managers, and led the Russell 1000 Growth Index, -12.3%. Its relative overweight in the Healthcare and underweight in Materials sectors, plus good stock selection in Info Tech, contributed to performance. Atlanta lost 15.5% for the year, ranking in the 13<sup>th</sup> percentile among its peers.
  2. The Boston Company's -17.3% return beat the MSCI ACWI -ex US, -21.8%, and ranked in the 29<sup>th</sup> percentile among international managers, whose median return was -18.9%. Relative performance was boosted by its positive stock selection (Ciba Holdings, HSBC, Kingfisher, Yue Yuen, Shimamura, Sanofi Aventis, Novartis) and limited exposure to the more richly valued commodity stocks. TBC was down 28.2% for the year, ranking in the 50<sup>th</sup> percentile among international equity managers. Its benchmark was -30.0% during the same time period.
  3. Private Equity Investments were down 0.7% during the quarter. The S&P 500 plus 300 bps benchmark was down 7.3%. Four percent of the Plan is currently allocated to this asset class.
  4. The Real Estate Composite return of 0.8% fared better than its peers and benchmark. The median manager and the NCREIF Index returns were 0.0% and -0.2%, respectively. Longer term, the Real Estate Composite one-year return of 7.3% out-performed the real estate median 2.7%. The one-year return for the Russell NCREIF was 5.3%.

- Third quarter results were hindered by the following factors:
  1. The passive Northern Trust Russell 3000 Index Fund, -8.9%, trailed the Russell 3000 Index return of -8.7% and ranked below the large core manager median of -8.3%. Negative return discrepancy was due to its security lending Core USA cash collateral pool losses. NT matched the Russell 3000 Index for the year, at -21.5%.
  2. Dodge & Cox-Equity, -11.7%, lagged its benchmark and ranked below the large cap value manager median of -8.2%. The Russell 1000 Value Index returned -6.1% during the quarter. Investments in the Consumer Discretionary and Financials (FNMA, AIG, Wachovia, Genworth Financial, SLM) sectors fare poorly relative to its benchmark. For the year, D & C's -28.2% return ranked below peer median. Its benchmark was down 23.6%.
  3. Eagle, -7.5%, under-performed the Russell 2000 Growth Index, -7.0%, and ranked in the second quartile among small growth managers (median of -7.8%). Eagle was hurt by its stock selection in the Industrials (Bucyrus, Ameron, Ultrapetrol Bahamas) and Info Tech (James River Coal, Terra Industries) sectors, and its allocation to Energy. Its one-year return, -14.2%, was ahead of its benchmark, -17.1%.
  4. Brandywine's 2.5% quarterly return was behind the Russell 2000 Value Index return of 5.0% and ranked in the 42<sup>nd</sup> percentile among its peers, with a median of 2.2%. Brandywine was held back by its Industrials (TBS International, Plug Power) and Info Tech (Nanometrics, Integrated Silicon Solutions) investments and relative overweight to Energy. Brandywine was down 15.1% for the year while its benchmark was down 12.3%.
  5. Wellington Management's quarterly return of -15.9% was outpaced by the Russell 3000 Growth Index return of -11.9% by 400 basis points and ranked in the bottom quintile of all growth equity funds. Its double-weight and security selection in the Materials (Cleveland Cliffs, Foundation Coal, Freeport-McMoran, Peabody Energy) and one-third weight to the Consumer Staples sectors, detracted from alpha. The one year performance for Wellington, -21.1%, was below its benchmark, -20.6%, and ranked behind its peer median.
  6. Fisher was behind the MSCI ACWI -ex US (-25.4% vs. -21.8%). It ranked in the 89<sup>th</sup> percentile among its international equity manager peers (median -18.9%). An overweight positioning in emerging markets, as well as overweight in energy (Bumi Resources) and material (Rio Tinto, BHP Billiton) sectors were the key factors detracting from performance. The Fisher one-year return was unfavorable (-30.8% vs. -30.0% benchmark).

## SAN JOSE FEDERATED CITY EMPLYS RET SYSTEM

Third Quarter 2008

### Executive Performance Summary

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7. McKinley lost 29.3% and ranked 98<sup>th</sup> among international equity managers (median -18.9%). The MSCI ACWI –ex US was down 21.8%. Holdings in the France (ArcelorMittal SA), Japan (Japan Steel Works) and the UK (0BHP Billiton PLC) held back performance. For the year McKinley fared worse than its benchmark (-35.9% vs. -30.0%).
8. The Dodge & Cox-Fixed Income's -3.6% return trailed its benchmark, the Barclays Capital Aggregate Index (formerly known as Lehman), -0.5%, and ranked in the third quartile among core bond managers, with a median return of -2.0%. D&C's significant underweight to the US Treasury sector, weak issue-specific corporate holdings (AIG, GMAC, SLM, Kaupthing Bank), and a sector overweight to corporate holdings detracted from relative results. D&C's one-year return of -1.6% was behind its benchmark return, 3.7%, and ranked in the bottom fifth among core bond managers.
9. BlackRock's return of -3.0% ranked in the 65<sup>th</sup> percentile among its core bond peer group. The Barclays Aggregate (formerly known as Lehman) Index returned -0.5%. BlackRock's non-agency allocation, relative CMBS overweight, plus corporate security selection, dampened performance. A corporate underweight helped. Its one-year return of 0.1% ranked 66<sup>th</sup> among its peers.
10. The Fund's global bond manager, Loomis Sayles, lost 7.2%, and ranked in the bottom quartile among its peers. Its benchmark, the Citigroup World Government Bond Index Unhedged returned -3.0%. Security selection and sector allocation were the main drivers of underperformance as corporate issues suffered as credit spreads widened to record levels. High yield and investment grade corporates in the US, UK and Europe all underperformed Treasuries during the period. For the year, Loomis returned -1.1%, versus 5.9% for its benchmark.
11. A security lending cash collateral liability has been set up at Northern Trust. As of September 30, 2008, the Core USA Fund deficiency has been priced at -\$1.9 million, reducing the Total Plan quarterly return by 0.11%.

# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

Periods Ending September 30, 2008

## Performance Summary

### Net of Fees

|                                      | FISCAL QTR   | CALENDAR YTD  | 1 YEAR        | 3 YEAR      | 5 YEAR      | INCEPTION   |               |
|--------------------------------------|--------------|---------------|---------------|-------------|-------------|-------------|---------------|
|                                      | RETURN       | RETURN        | RETURN        | RETURN      | RETURN      | RETURN      | DATE          |
| <b>FCERS TOTAL FUND</b>              | <b>-9.2%</b> | <b>-13.8%</b> | <b>-14.3%</b> | <b>2.4%</b> | <b>6.5%</b> | <b>7.6%</b> | <b>Jan-94</b> |
| <i>Policy Index**</i>                | <i>-7.0%</i> | <i>-11.9%</i> | <i>-12.1%</i> | <i>3.3%</i> | <i>6.9%</i> | <i>7.9%</i> |               |
| <b>US EQUITY MANAGERS</b>            |              |               |               |             |             |             |               |
| Atlanta Capital Management           | -9.7%        | -16.2%        | -15.9%        | 1.9%        | 5.1%        | 3.8%        | Sep-98        |
| Russell 1000 Growth Index            | -12.3%       | -20.3%        | -20.9%        | 0.1%        | 3.7%        |             |               |
| Brandywine Asset Management          | 2.3%         | -6.6%         | -15.6%        | -1.5%       | 7.2%        | 8.5%        | Jun-99        |
| Russell 2000 Value Index             | 5.0%         | -5.4%         | -12.3%        | 2.0%        | 9.4%        |             |               |
| Dodge & Cox Equity                   | -11.7%       | -24.9%        | -28.4%        | -2.8%       |             | 2.0%        | Jul-04        |
| Russell 1000 Value Index             | -6.1%        | -18.9%        | -23.6%        | 0.1%        |             |             |               |
| Eagle Asset Management               | -7.7%        | -13.3%        | -14.7%        | 5.7%        | 10.1%       | 4.6%        | Jun-98        |
| Russell 2000 Growth Index            | -7.0%        | -15.3%        | -17.1%        | 1.5%        | 6.6%        |             |               |
| NTGI Russell 3000                    | -8.9%        | -18.9%        | -21.5%        | 0.3%        | 5.7%        | 1.3%        | Sep-99        |
| Russell 3000 Index                   | -8.7%        | -18.8%        | -21.5%        | 0.3%        | 5.7%        |             |               |
| Wellington Management Co.            | -16.0%       | -22.0%        | -21.5%        | -0.2%       |             | 0.0%        | Sep-05        |
| Russell 3000 Growth Index            | -11.9%       | -19.9%        | -20.6%        | 0.1%        |             |             |               |
| <b>INTERNATIONAL EQUITY MANAGERS</b> |              |               |               |             |             |             |               |
| Boston Company                       | -17.4%       | -27.3%        | -28.6%        | -0.2%       | 8.8%        | 13.3%       | Mar-03        |
| Fisher Investments                   | -25.5%       | -29.1%        | -31.2%        | 0.4%        |             | 4.4%        | Jul-05        |
| McKinley Capital                     | -29.4%       | -35.7%        | -36.3%        | 0.5%        |             | 4.9%        | Jul-05        |
| MSCI ACWI -ex US                     | -21.8%       | -29.5%        | -30.0%        | 3.1%        | 11.8%       |             |               |
| <b>Private Equity</b>                | <b>-0.7%</b> | <b>1.6%</b>   | <b>4.2%</b>   |             |             | <b>4.7%</b> | <b>Jan-06</b> |
| <i>S&amp;P 500 Index + 3%</i>        | <i>-7.3%</i> | <i>-16.7%</i> | <i>-19.0%</i> |             |             |             |               |

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

# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

Periods Ending September 30, 2008

## Performance Summary

### Net of Fees

|                                     | FISCAL QTR | CALENDAR YTD | 1 YEAR | 3 YEAR | 5 YEAR | INCEPTION |        |
|-------------------------------------|------------|--------------|--------|--------|--------|-----------|--------|
|                                     | RETURN     | RETURN       | RETURN | RETURN | RETURN | RETURN    |        |
| US FIXED INCOME MANAGERS            |            |              |        |        |        |           |        |
| Dodge & Cox Fixed Income            | -3.6%      | -3.1%        | -1.8%  | 2.6%   | 3.0%   | 5.6%      | Oct-99 |
| BlackRock                           | -3.0%      | -2.9%        | -0.1%  | 2.8%   | 3.2%   | 3.8%      | Oct-02 |
| BC Aggregate Index                  | -0.5%      | 0.6%         | 3.7%   | 4.2%   | 3.8%   |           |        |
| GLOBAL FIXED INCOME MANAGER         |            |              |        |        |        |           |        |
| Loomis Sayles                       | -7.3%      | -4.2%        | -1.5%  | 3.8%   |        | 2.2%      | Feb-05 |
| Citi WGBI                           | -3.0%      | 1.9%         | 5.9%   | 5.6%   |        |           |        |
| REAL ESTATE MANAGERS*               |            |              |        |        |        |           |        |
| One Quarter Lag                     |            |              |        |        |        |           |        |
| American Realty                     | 1.3%       | 4.2%         | 7.9%   |        |        | 7.4%      | Jan-07 |
| DRA Growth & Income II              | 0.0%       | 10.8%        | 45.1%  | 87.6%  | 50.6%  | 30.3%     | Apr-99 |
| DRA Growth & Income V               | 1.3%       | 5.1%         | 11.4%  |        |        | 9.8%      | Dec-05 |
| DRA Growth & Income VI              | 0.8%       | 6.8%         |        |        |        | 6.8%      | Nov-07 |
| GEAM Asset LP                       | -0.2%      | -0.3%        | 0.2%   |        |        | 3.9%      | Aug-06 |
| NCREIF Property Index - One Qtr Lag | 0.6%       | 5.5%         | 9.3%   | 15.0%  | 14.7%  |           |        |
| Current Quarter                     |            |              |        |        |        |           |        |
| Fidelity LP                         | -13.2%     | -13.4%       | -11.0% | 23.1%  | 26.4%  | 20.8%     | Mar-01 |
| Fidelity Growth Fund III            | -1.3%      | -16.3%       | -19.5% |        |        | -33.2%    | Aug-07 |
| MIG Realty Advisors                 | 0.0%       | 0.0%         | 1.4%   | 16.9%  | 8.3%   | 13.6%     | Dec-94 |
| PRISA                               | 0.2%       | 1.1%         | 7.2%   | 12.8%  |        | 14.1%     | Jul-04 |
| NCREIF Property Index               | -0.2%      | 2.0%         | 5.3%   | 13.2%  | 14.2%  |           |        |

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



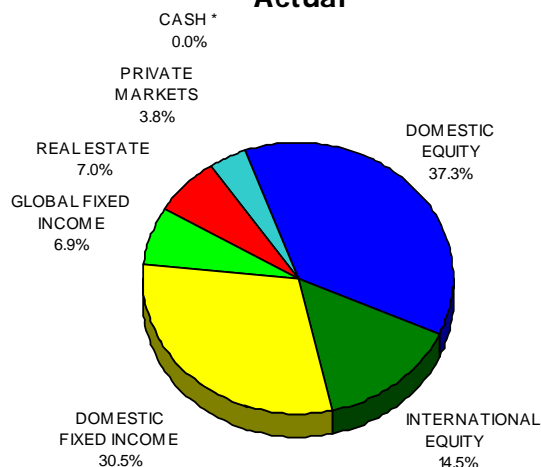
# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

As of September 30, 2008

## Asset Allocation Analysis

### Total Plan

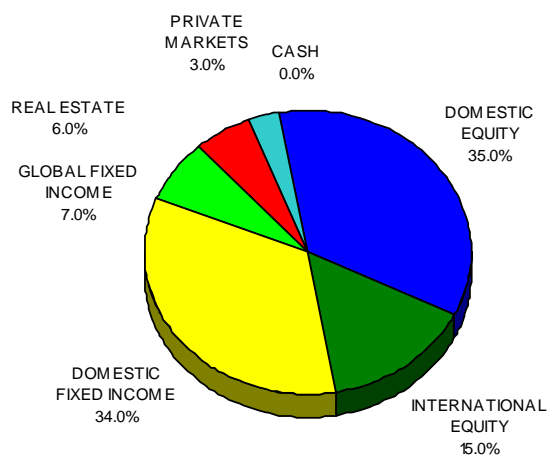
#### Actual



| ASSET ALLOCATION      | MARKET VALUE         | %             |
|-----------------------|----------------------|---------------|
| DOMESTIC EQUITY       | 618,068,209          | 37.3%         |
| INTERNATIONAL EQUITY  | 240,330,724          | 14.5%         |
| DOMESTIC FIXED INCOME | 504,309,232          | 30.5%         |
| GLOBAL FIXED INCOME   | 113,504,380          | 6.9%          |
| REAL ESTATE           | 115,474,982          | 7.0%          |
| PRIVATE MARKETS       | 62,465,832           | 3.8%          |
| CASH *                | 463,617              | 0.0%          |
| <b>TOTAL</b>          | <b>1,654,616,976</b> | <b>100.0%</b> |

| ASSET ALLOCATION      | ACTUAL | MIN.  | PRIOR TARGET | MAX.  | DIFF  | NEW TARGET |
|-----------------------|--------|-------|--------------|-------|-------|------------|
| DOMESTIC EQUITY       | 37.3%  | 30.0% | 35.0%        | 40.0% | 2.3%  | 33.0%      |
| INTERNATIONAL EQUITY  | 14.5%  | 10.0% | 15.0%        | 20.0% | -0.5% | 20.0%      |
| DOMESTIC FIXED INCOME | 30.5%  | 29.0% | 34.0%        | 39.0% | -3.5% | 36.0%      |
| GLOBAL FIXED INCOME   | 6.9%   | 4.0%  | 7.0%         | 10.0% | -0.1% |            |
| REAL ESTATE           | 7.0%   | 3.0%  | 6.0%         | 9.0%  | 1.0%  | 6.0%       |
| PRIVATE MARKETS       | 3.8%   | 0.0%  | 3.0%         | 6.0%  | 0.8%  | 5.0%       |
| CASH                  | 0.0%   |       | 0.0%         |       | 0.0%  |            |

#### Target



| ASSET ALLOCATION      | 06/30/08 | 09/30/08 | DIFF  |
|-----------------------|----------|----------|-------|
| DOMESTIC EQUITY       | 39.8%    | 37.3%    | -2.5% |
| INTERNATIONAL EQUITY  | 14.8%    | 14.5%    | -0.3% |
| DOMESTIC FIXED INCOME | 28.6%    | 30.5%    | 1.9%  |
| GLOBAL FIXED INCOME   | 6.9%     | 6.9%     | 0.0%  |
| REAL ESTATE           | 6.6%     | 7.0%     | 0.4%  |
| PRIVATE MARKETS       | 3.2%     | 3.8%     | 0.6%  |
| CASH                  | 0.1%     | 0.0%     | -0.1% |

\* Cash Balance includes Security Lending Cash Collateral Liabilities of \$1,986,432.

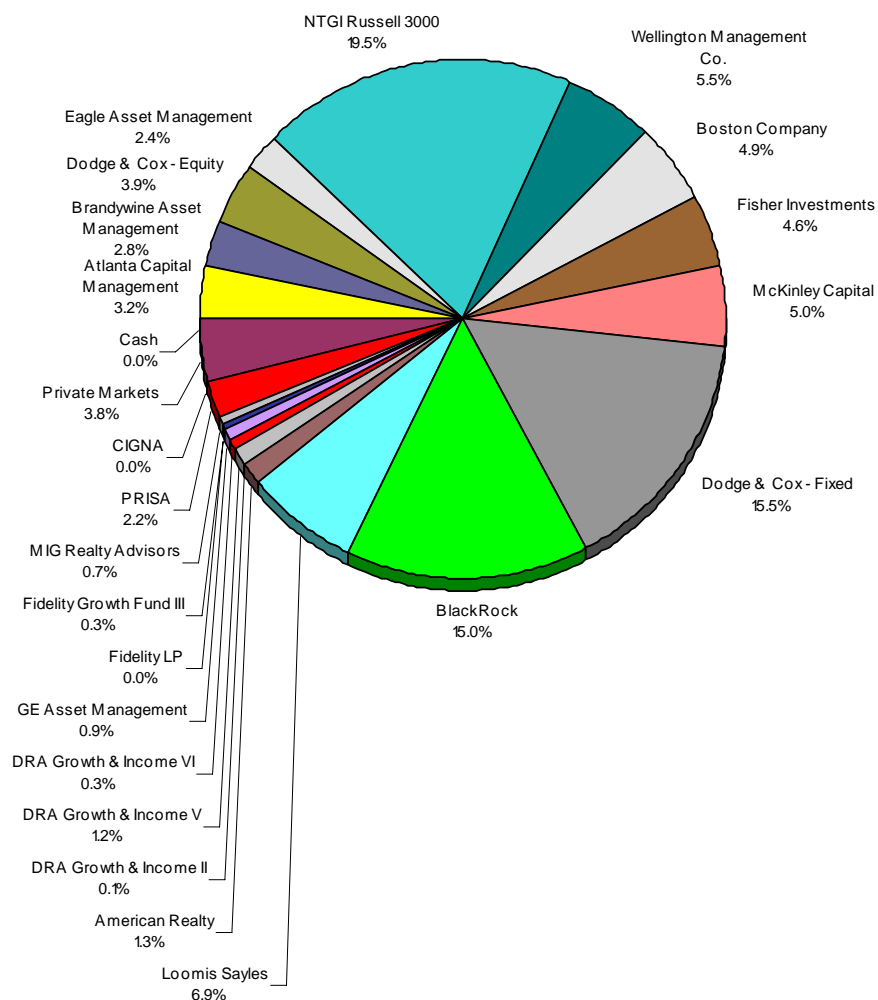
# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

As of September 30, 2008

## Manager Allocation Analysis

### Total Plan

CURRENT ALLOCATION BY MANAGER



| MANAGER                      | MARKET VALUE         | %             |
|------------------------------|----------------------|---------------|
| <b>Domestic Equity</b>       |                      |               |
| Atlanta Capital Management   | 52,536,378           | 3.2%          |
| Brandywine Asset Management  | 45,893,629           | 2.8%          |
| Dodge & Cox - Equity         | 64,110,134           | 3.9%          |
| Eagle Asset Management       | 40,321,185           | 2.4%          |
| NTGI Russell 3000            | 324,380,721          | 19.5%         |
| Wellington Management Co.    | 90,826,162           | 5.5%          |
| <b>Subtotal</b>              | <b>618,068,209</b>   | <b>37.3%</b>  |
| <b>International Equity</b>  |                      |               |
| Boston Company               | 80,858,003           | 4.9%          |
| Fisher Investments           | 77,392,722           | 4.6%          |
| McKinley Capital             | 82,079,999           | 5.0%          |
| <b>Subtotal</b>              | <b>240,330,724</b>   | <b>14.5%</b>  |
| <b>Domestic Fixed Income</b> |                      |               |
| Dodge & Cox - Fixed          | 256,366,368          | 15.5%         |
| BlackRock                    | 247,942,864          | 15.0%         |
| <b>Subtotal</b>              | <b>504,309,232</b>   | <b>30.5%</b>  |
| <b>Global Fixed Income</b>   |                      |               |
| Loomis Sayles                | 113,504,380          | 6.9%          |
| <b>Subtotal</b>              | <b>113,504,380</b>   | <b>6.9%</b>   |
| <b>Real Estate</b>           |                      |               |
| American Realty              | 21,918,884           | 1.3%          |
| DRA Growth & Income II       | 948,974              | 0.1%          |
| DRA Growth & Income V        | 19,048,435           | 1.2%          |
| DRA Growth & Income VI       | 4,352,470            | 0.3%          |
| GE Asset Management          | 15,449,411           | 0.9%          |
| Fidelity LP                  | 258,581              | 0.0%          |
| Fidelity Growth Fund III     | 4,717,697            | 0.3%          |
| MIG Realty Advisors          | 11,800,458           | 0.7%          |
| PRISA                        | 36,946,327           | 2.2%          |
| CIGNA                        | 33,745               | 0.0%          |
| <b>Subtotal</b>              | <b>115,474,982</b>   | <b>7.0%</b>   |
| <b>Private Markets</b>       |                      |               |
|                              | 62,465,832           | 3.8%          |
| <b>Cash</b>                  |                      |               |
|                              | 463,617              | 0.0%          |
| <b>TOTAL</b>                 | <b>1,654,616,976</b> | <b>100.0%</b> |

# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

As of September 30, 2008

## Asset Allocation Policy

### Total Plan

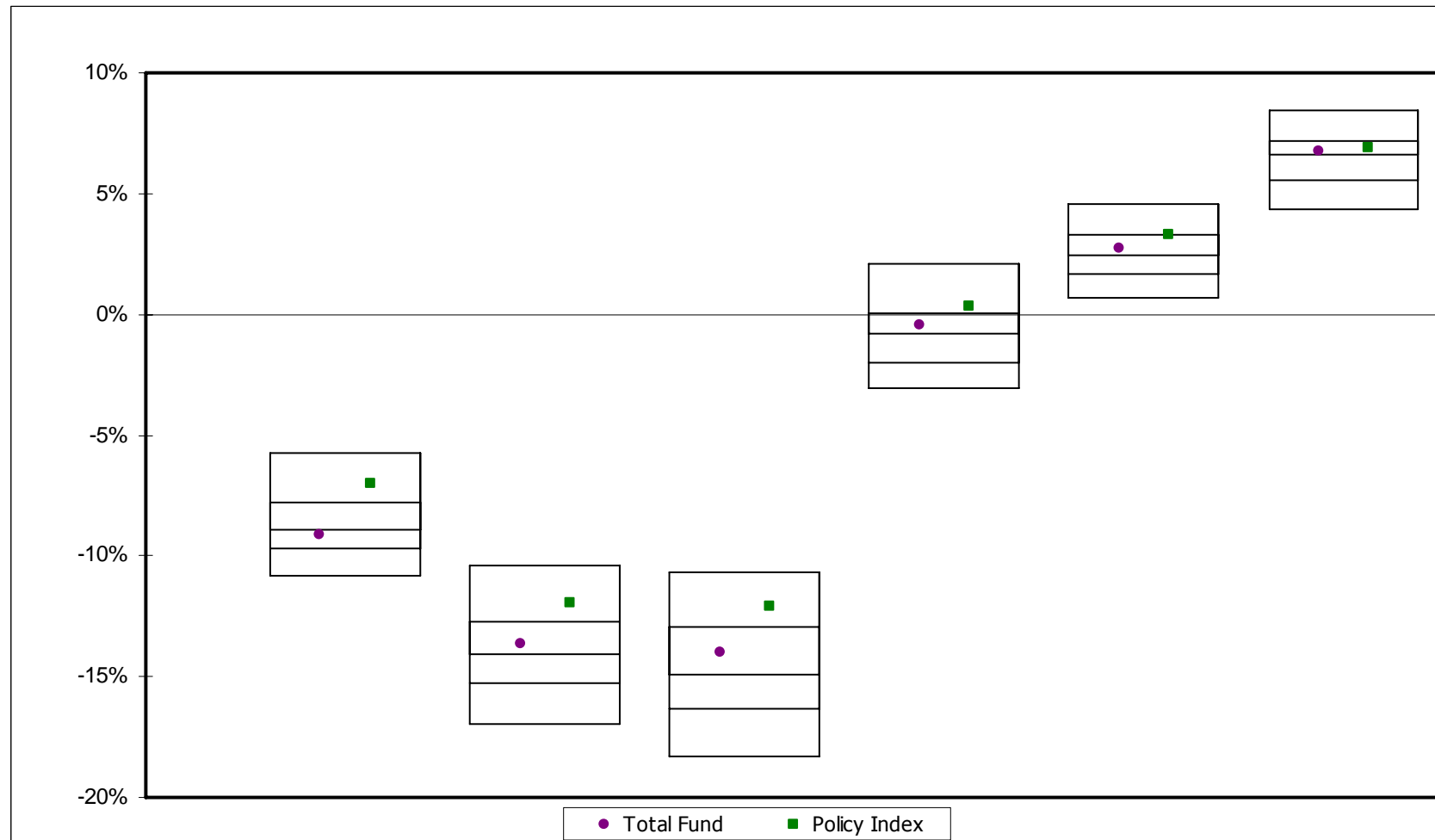
| MANAGER                      | Actual<br>% | Minimum | Prior<br>Target<br>% | Maximum | Benchmark                           | Commingled/<br>Separate |
|------------------------------|-------------|---------|----------------------|---------|-------------------------------------|-------------------------|
| <b>Domestic Equity</b>       |             |         |                      |         |                                     |                         |
| Atlanta Capital Management   | 3.2%        | 1.0%    | 3.5%                 | 6.0%    | Russell 1000 Growth Index           | Separate                |
| Brandywine Asset Management  | 2.8%        | 1.0%    | 2.5%                 | 4.0%    | Russell 2000 Value Index            | Separate                |
| Dodge & Cox - Equity         | 3.9%        | 1.7%    | 4.2%                 | 6.7%    | Russell 1000 Value Index            | Separate                |
| Eagle Asset Management       | 2.4%        | 0.6%    | 2.1%                 | 3.6%    | Russell 2000 Growth Index           | Separate                |
| NTGI Russell 3000            | 19.5%       | 13.0%   | 17.5%                | 22.0%   | Russell 3000 Index                  | Commingled              |
| Wellington Management Co.    | 5.5%        | 2.8%    | 5.3%                 | 7.8%    | Russell 3000 Growth Index           | Separate                |
| Subtotal                     | 37.3%       |         | 35.0%                |         |                                     |                         |
| <b>International Equity</b>  |             |         |                      |         |                                     |                         |
| Boston Company               | 4.9%        |         | 5.0%                 |         | MSCI ACWI -ex US                    | Commingled              |
| Fisher Investments           | 4.6%        |         | 5.0%                 |         | MSCI ACWI -ex US                    | Separate                |
| McKinley Capital             | 5.0%        |         | 5.0%                 |         | MSCI ACWI -ex US                    | Separate                |
| Subtotal                     | 14.5%       | 10.0%   | 15.0%                | 20.0%   |                                     |                         |
| <b>Domestic Fixed Income</b> |             |         |                      |         |                                     |                         |
| Dodge & Cox - Fixed          | 15.5%       |         | 17.0%                |         | Lehman Aggregate Index              | Separate                |
| BlackRock                    | 15.0%       |         | 17.0%                |         | Lehman Aggregate Index              | Separate                |
| Subtotal                     | 30.5%       | 29.0%   | 34.0%                | 39.0%   |                                     |                         |
| <b>Global Fixed Income</b>   |             |         |                      |         |                                     |                         |
| Loomis Sayles                | 6.9%        |         | 7.0%                 |         | Citi WGBI                           | Separate                |
| Subtotal                     | 6.9%        | 4.0%    | 7.0%                 | 10.0%   |                                     |                         |
| <b>Real Estate</b>           |             |         |                      |         |                                     |                         |
| American Realty              | 1.3%        |         |                      |         | NCREIF Property Index - One Qtr Lag | Commingled              |
| DRA Growth & Income II       | 0.1%        |         |                      |         | NCREIF Property Index - One Qtr Lag | Commingled              |
| DRA Growth & Income V        | 1.2%        |         |                      |         | NCREIF Property Index - One Qtr Lag | Commingled              |
| DRA Growth & Income VI       | 0.3%        |         |                      |         | NCREIF Property Index - One Qtr Lag | Commingled              |
| GE Asset Management          | 0.9%        |         |                      |         | NCREIF Property Index - One Qtr Lag | Commingled              |
| Fidelity LP                  | 0.0%        |         |                      |         | NCREIF Property Index               | Commingled              |
| Fidelity Growth Fund III     | 0.3%        |         |                      |         | NCREIF Property Index               | Commingled              |
| MIG Realty Advisors          | 0.7%        |         |                      |         | NCREIF Property Index               | Commingled              |
| PRISA                        | 2.2%        |         |                      |         | NCREIF Property Index               | Commingled              |
| CIGNA                        | 0.0%        |         |                      |         | NCREIF Property Index               | Commingled              |
| Subtotal                     | 7.0%        | 3.0%    | 6.0%                 | 9.0%    |                                     |                         |
| Private Markets              | 3.8%        |         | 3.0%                 |         | S&P 500 Index + 3%                  | Commingled              |
| Cash                         | 0.0%        |         | 0.0%                 |         | 91 Day T-Bill Index                 | Separate                |
| TOTAL                        | 100.0%      |         | 100.0%               |         |                                     |                         |

# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

Periods Ending September 30, 2008

Total Rates of Return

Total Public Funds > \$100 Million



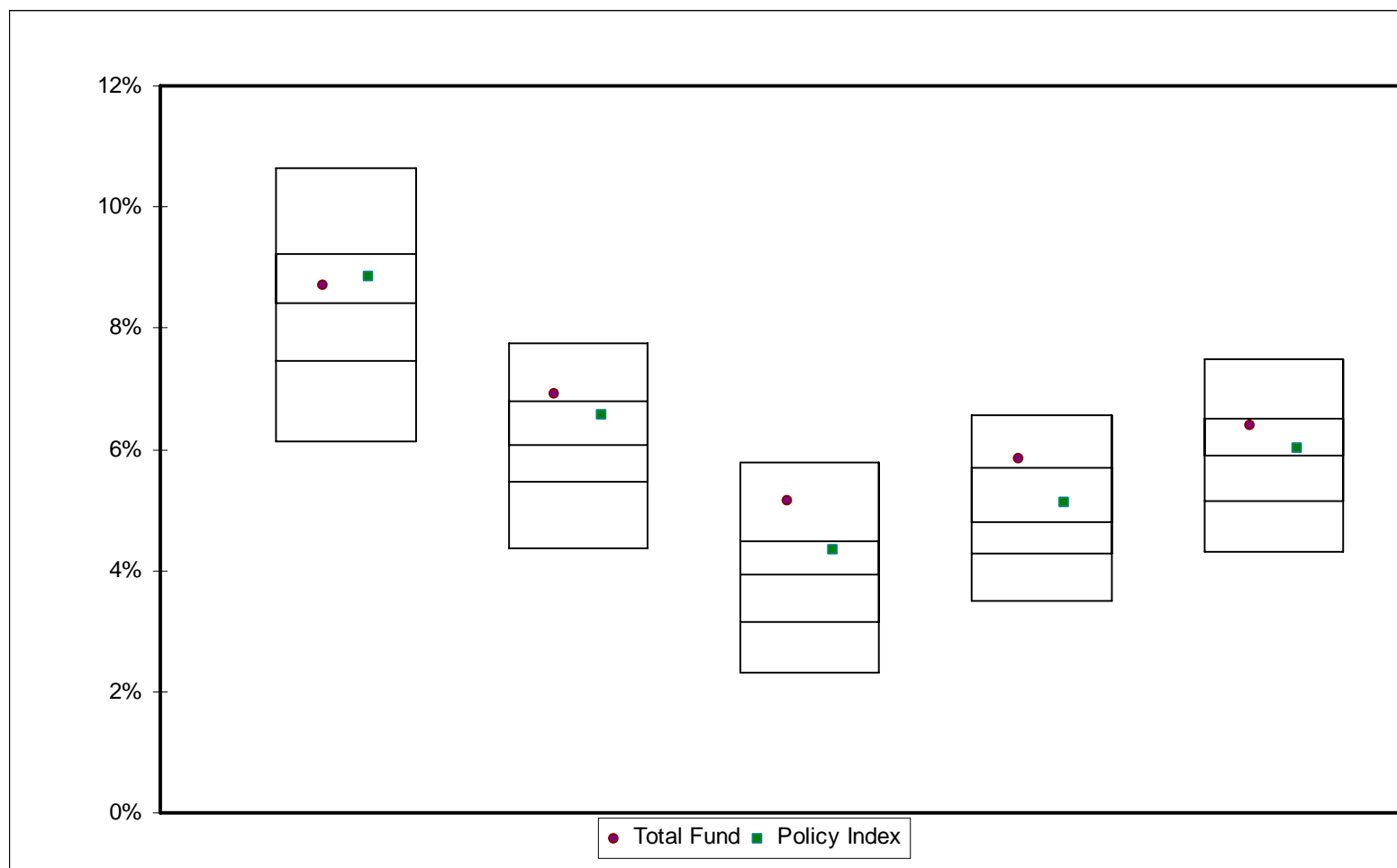
|              | FISCAL QTR |      | CALENDAR YTD |      | 1 YEAR |      | 2 YEAR |      | 3 YEAR |      | 5 YEAR |      |
|--------------|------------|------|--------------|------|--------|------|--------|------|--------|------|--------|------|
|              | Return     | Rank | Return       | Rank | Return | Rank | Return | Rank | Return | Rank | Return | Rank |
| Total Fund   | -9.1%      | 61   | -13.6%       | 41   | -14.0% | 39   | -0.5%  | 40   | 2.7%   | 40   | 6.8%   | 42   |
| Policy Index | -7.0%      | 16   | -11.9%       | 13   | -12.1% | 14   | 0.3%   | 20   | 3.3%   | 25   | 6.9%   | 40   |
| Median       | -8.9%      |      | -14.1%       |      | -14.9% |      | -0.8%  |      | 2.5%   |      | 6.6%   |      |

# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

Periods Ending September 30, 2008

Total Rates of Return

Total Public Funds > \$100 Million



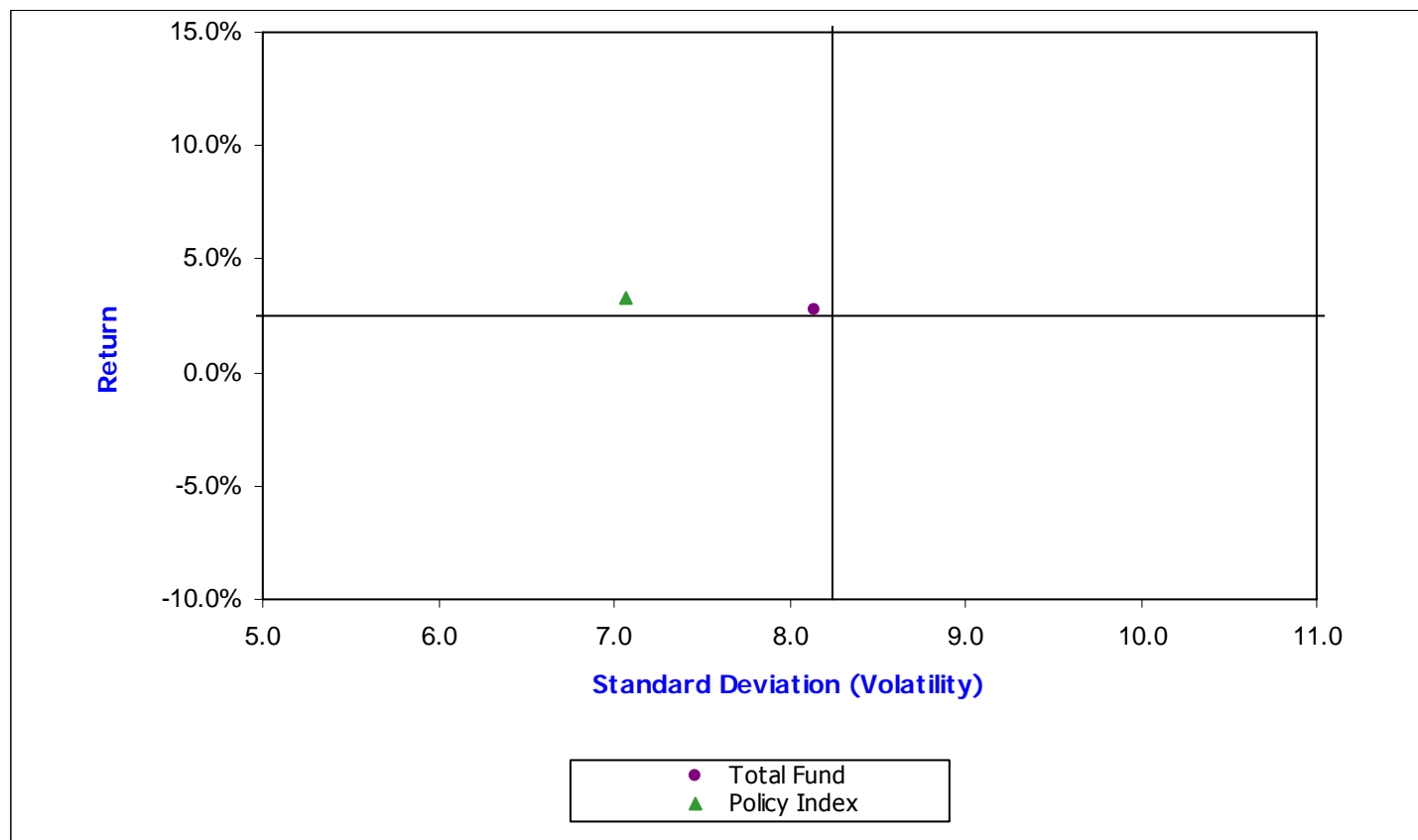
|              | 6 YEAR |      | 7 YEAR |      | 8 YEAR |      | 9 YEAR |      | 10 YEAR |      |
|--------------|--------|------|--------|------|--------|------|--------|------|---------|------|
| Total Fund   | Return | Rank | Return | Rank | Return | Rank | Return | Rank | Return  | Rank |
|              | 8.7%   | 40   | 6.9%   | 18   | 5.2%   | 13   | 5.8%   | 20   | 6.4%    | 28   |
| Policy Index | Return | Rank | Return | Rank | Return | Rank | Return | Rank | Return  | Rank |
|              | 8.9%   | 37   | 6.6%   | 33   | 4.3%   | 32   | 5.1%   | 40   | 6.0%    | 47   |
| Median       | 8.4%   |      | 6.1%   |      | 3.9%   |      | 4.8%   |      | 5.9%    |      |

## SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

3 Years Ending September 30, 2008

3 Year Risk vs. Return

Total Public Funds > \$100 Million



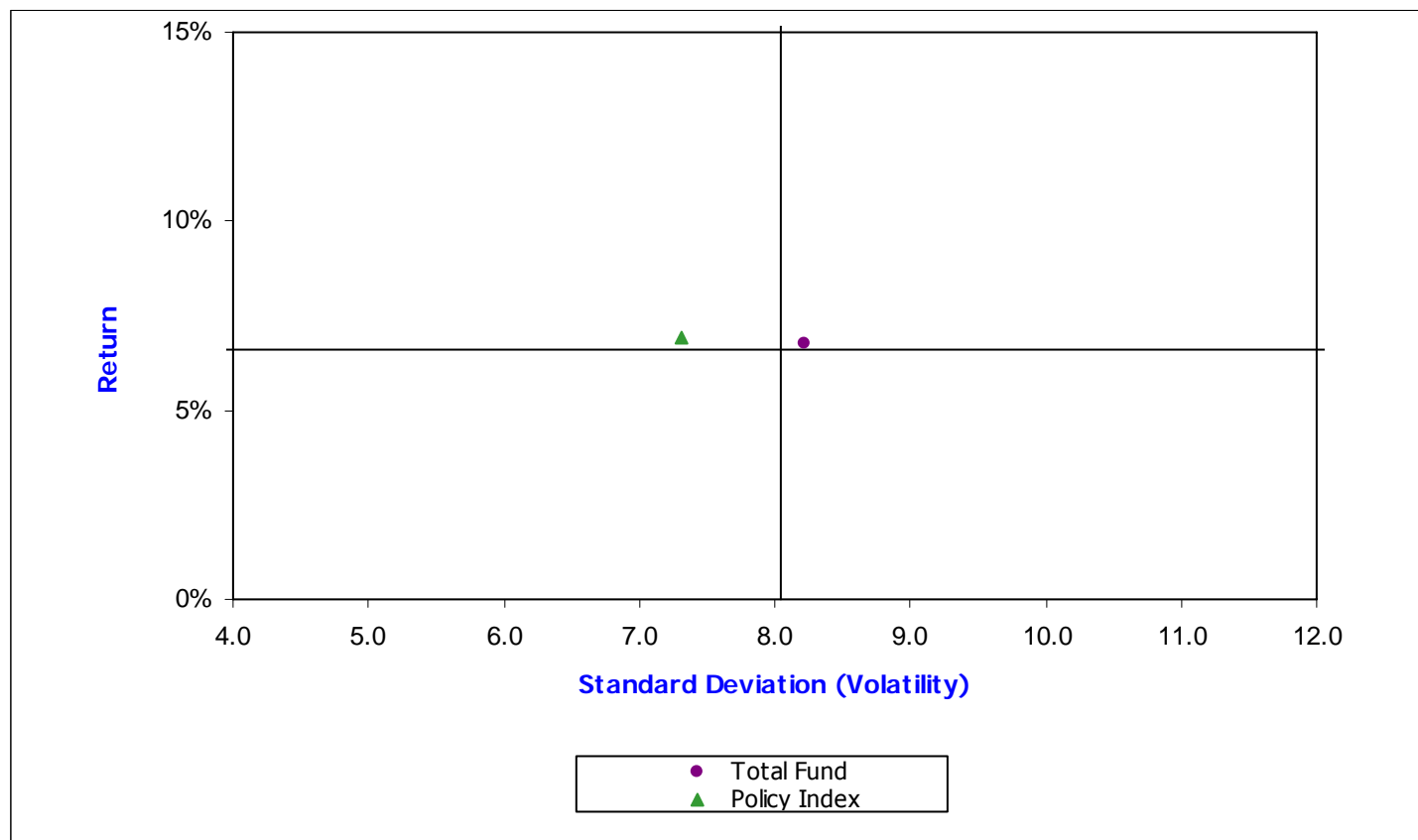
|              | Annualized Return |      | Standard Deviation |      | Sharpe Ratio |      |
|--------------|-------------------|------|--------------------|------|--------------|------|
|              | Value             | Rank | Value              | Rank | Value        | Rank |
| Total Fund   | 2.7%              | 40   | 8.1                | 46   | -0.1         |      |
| Policy Index | 3.3%              | 25   | 7.1                | 12   | -0.1         |      |
| Median       | 2.5%              |      | 8.2                |      | -0.2         |      |

# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

5 Years Ending September 30, 2008

5 Year Risk vs. Return

Total Public Funds > \$100 Million



|              | Annualized Return |      | Standard Deviation |      | Sharpe Ratio |      |
|--------------|-------------------|------|--------------------|------|--------------|------|
|              | Value             | Rank | Value              | Rank | Value        | Rank |
| Total Fund   | 6.8%              | 42   | 8.2                | 55   | 0.5          | 45   |
| Policy Index | 6.9%              | 40   | 7.3                | 21   | 0.5          | 21   |
| Median       | 6.6%              |      | 8.0                |      | 0.4          |      |

## SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

As of September 30, 2008

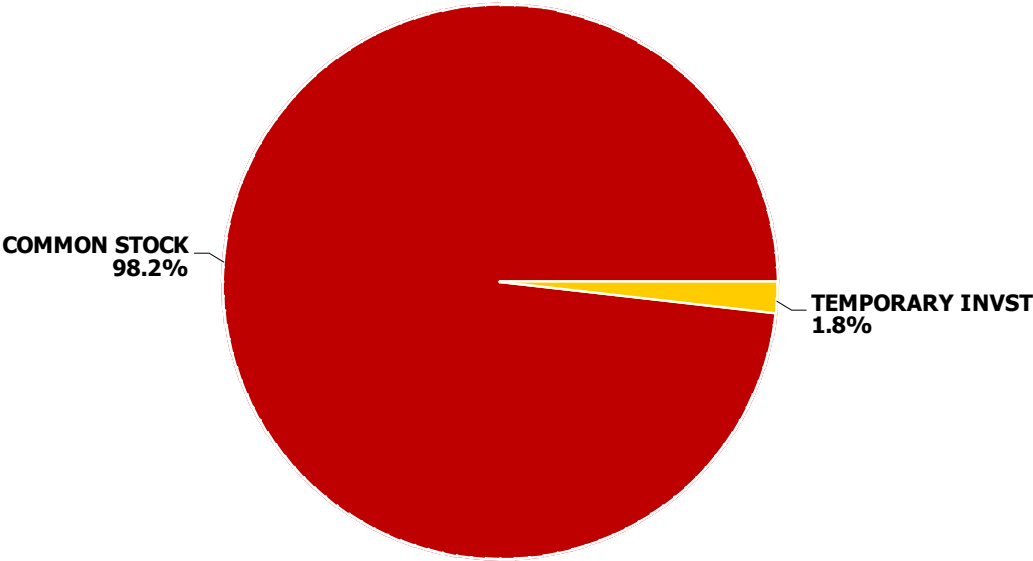
Private Equity

| Investment                           | Vintage Year | Fund Size     | Commitment  | Percent Owned | Paid-In Capital | Cummulative Distributions | 9/30/08 Valuation* | IRR   |
|--------------------------------------|--------------|---------------|-------------|---------------|-----------------|---------------------------|--------------------|-------|
| <b>Buyout Funds</b>                  |              |               |             |               |                 |                           |                    |       |
| Pantheon Global Secondary Fund III B | 2006         | 2,000,000,000 | 40,000,000  | 2.00%         | 22,800,000      | 0                         | 25,247,482         | 13.44 |
| Pantheon USA Fund VII                | 2006         | 2,250,000,000 | 40,000,000  | 1.78%         | 9,815,133       | 0                         | 9,349,609          | -5.89 |
| Pathway Private Equity Fund VIII     | 2004         | 40,000,000    | 40,000,000  | 100.00%       | 29,165,324      | 3,605,122                 | 27,868,052         | 4.69  |
|                                      |              | Total         | 120,000,000 |               | 61,780,457      | 3,605,122                 | 62,465,143         | 5.67  |

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



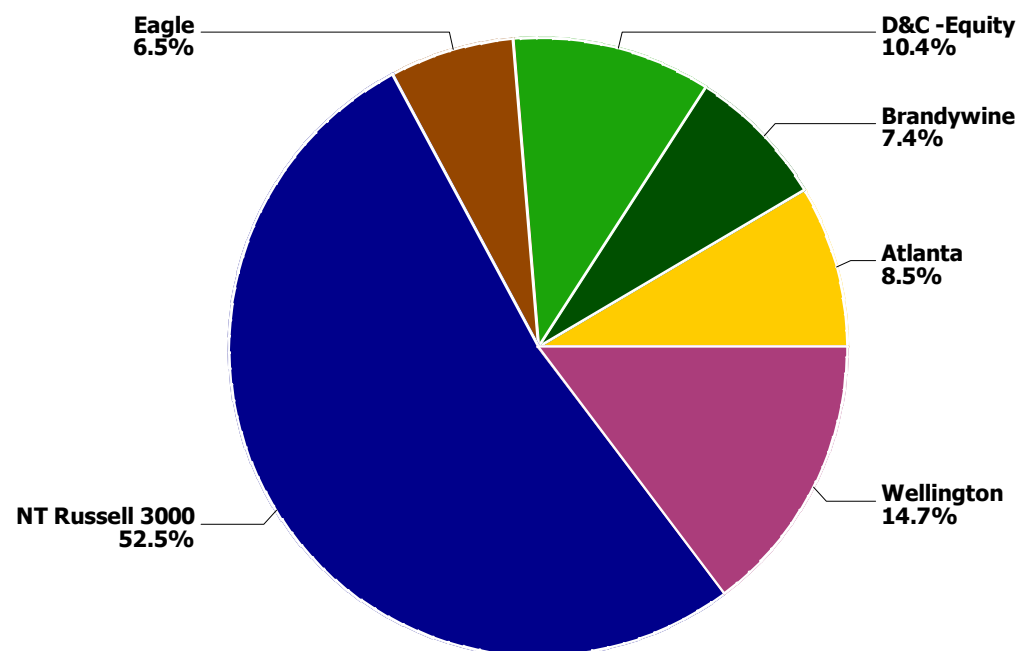
| Asset Class   | Market Value       | Current%     |
|---|--------------------|--------------|
| <span style="color: red;">■</span> COMMON STOCK       | 607,098,109        | 98.2         |
| <span style="color: yellow;">■</span> TEMPORARY INVST | 10,970,100         | 1.8          |
| <hr/>   |                    |              |
| <b>Total</b>  | <b>618,068,209</b> | <b>100.0</b> |



## SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

As of September 30, 2008

## Manager Allocation Analysis US Equity Composite

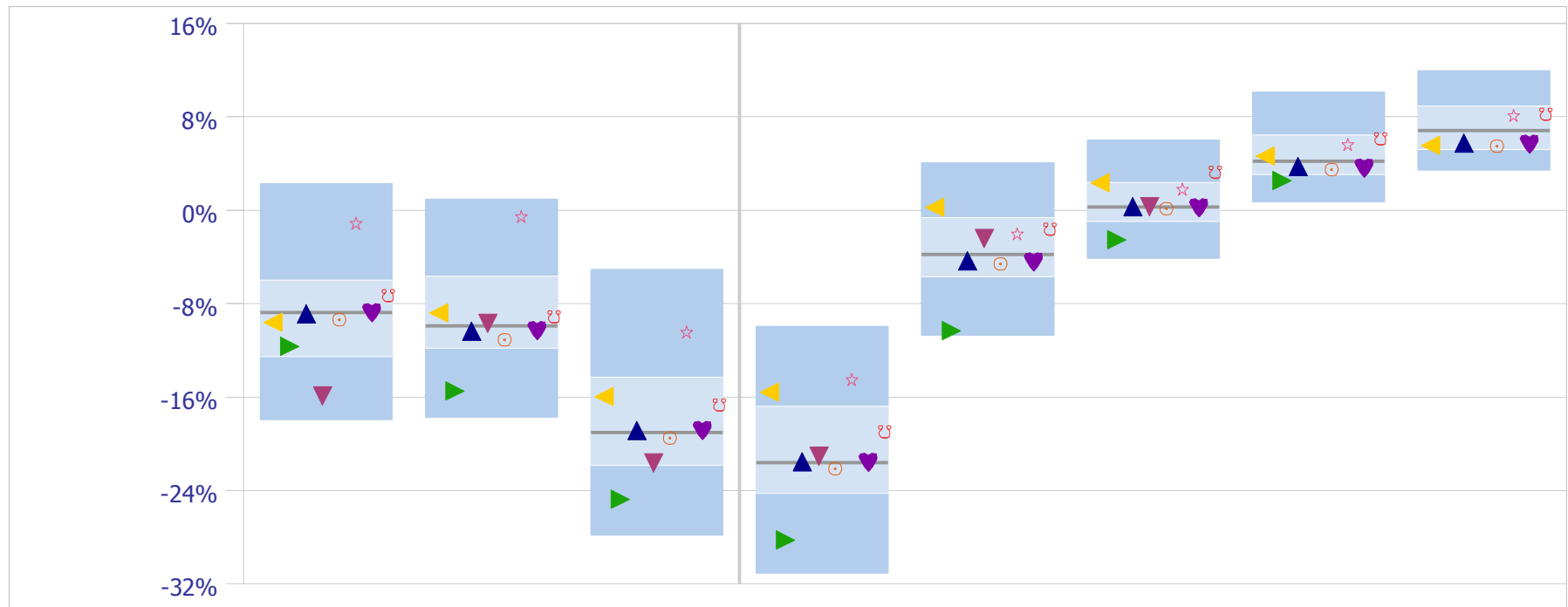


| Manager         | Market Value | Current% |
|-----------------|--------------|----------|
| Atlanta         | 52,536,378   | 8.5      |
| Brandywine      | 45,893,629   | 7.4      |
| D&C -Equity     | 64,110,134   | 10.4     |
| Eagle           | 40,321,185   | 6.5      |
| NT Russell 3000 | 324,380,721  | 52.5     |
| Wellington      | 90,826,162   | 14.7     |
| Total           | 618,068,209  | 100.0    |

# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

Periods Ending September 30, 2008

## Equity Funds Total Returns

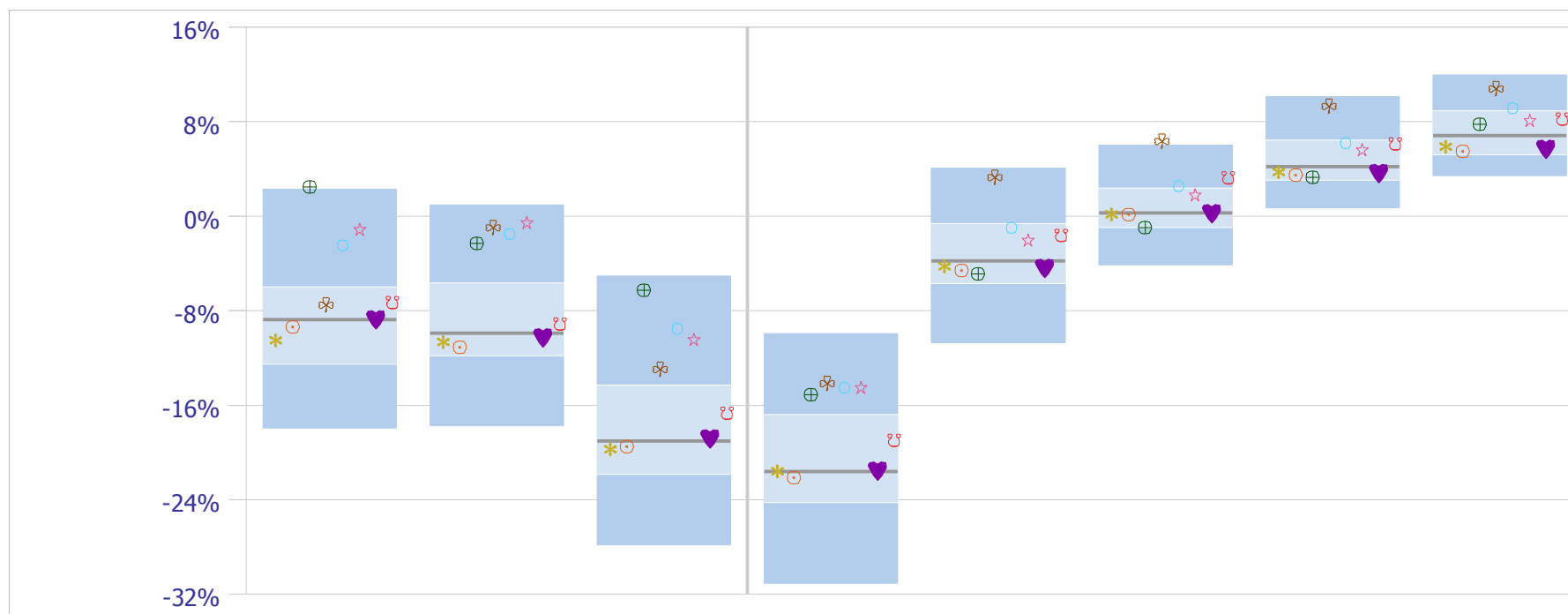


|                   | One Quarter |    | Two Quarters |    | Three Quarters |    | One Year     |    | Two Years   |    | Three Years |    | Four Years |    | Five Years |    |
|-------------------|-------------|----|--------------|----|----------------|----|--------------|----|-------------|----|-------------|----|------------|----|------------|----|
| ▶ Atlanta         | -9.6        | 56 | -8.8         | 42 | -16.0          | 30 | -15.5        | 19 | 0.2         | 19 | 2.4         | 25 | 4.7        | 43 | 5.6        | 66 |
| ▶ D&C -Equity     | -11.7       | 69 | -15.5        | 90 | -24.7          | 86 | -28.2        | 90 | -10.3       | 92 | -2.5        | 86 | 2.6        | 81 |            |    |
| ▶ NT Russell 3000 | -8.9        | 50 | -10.3        | 53 | -18.8          | 47 | -21.5        | 49 | -4.3        | 55 | 0.3         | 47 | 3.7        | 58 | 5.8        | 64 |
| ▶ Wellington      | -15.9       | 90 | -9.7         | 47 | -21.6          | 74 | -21.1        | 46 | -2.4        | 36 | 0.3         | 47 |            |    |            |    |
| ○ R 1000(R)       | -9.3        | 54 | -11.1        | 66 | -19.5          | 61 | -22.1        | 60 | -4.6        | 59 | 0.1         | 56 | 3.5        | 63 | 5.5        | 67 |
| ☆ R 2000(R)       | -1.1        | 11 | -0.5         | 9  | -10.4          | 13 | -14.5        | 16 | -2.0        | 34 | 1.8         | 29 | 5.6        | 33 | 8.1        | 34 |
| ♥ R 3000(R)       | -8.7        | 49 | -10.3        | 53 | -18.8          | 47 | -21.5        | 49 | -4.4        | 56 | 0.3         | 50 | 3.7        | 59 | 5.7        | 64 |
| ♥ S&P500+300 BP   | -7.3        | 32 | -9.1         | 44 | -16.7          | 33 | -19.0        | 34 | -1.6        | 31 | 3.3         | 19 | 6.1        | 28 | 8.2        | 33 |
| <b>Median</b>     | <b>-8.8</b> |    | <b>-9.9</b>  |    | <b>-19.0</b>   |    | <b>-21.6</b> |    | <b>-3.8</b> |    | <b>0.3</b>  |    | <b>4.2</b> |    | <b>6.8</b> |    |

# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

Periods Ending September 30, 2008

## Equity Funds Total Returns



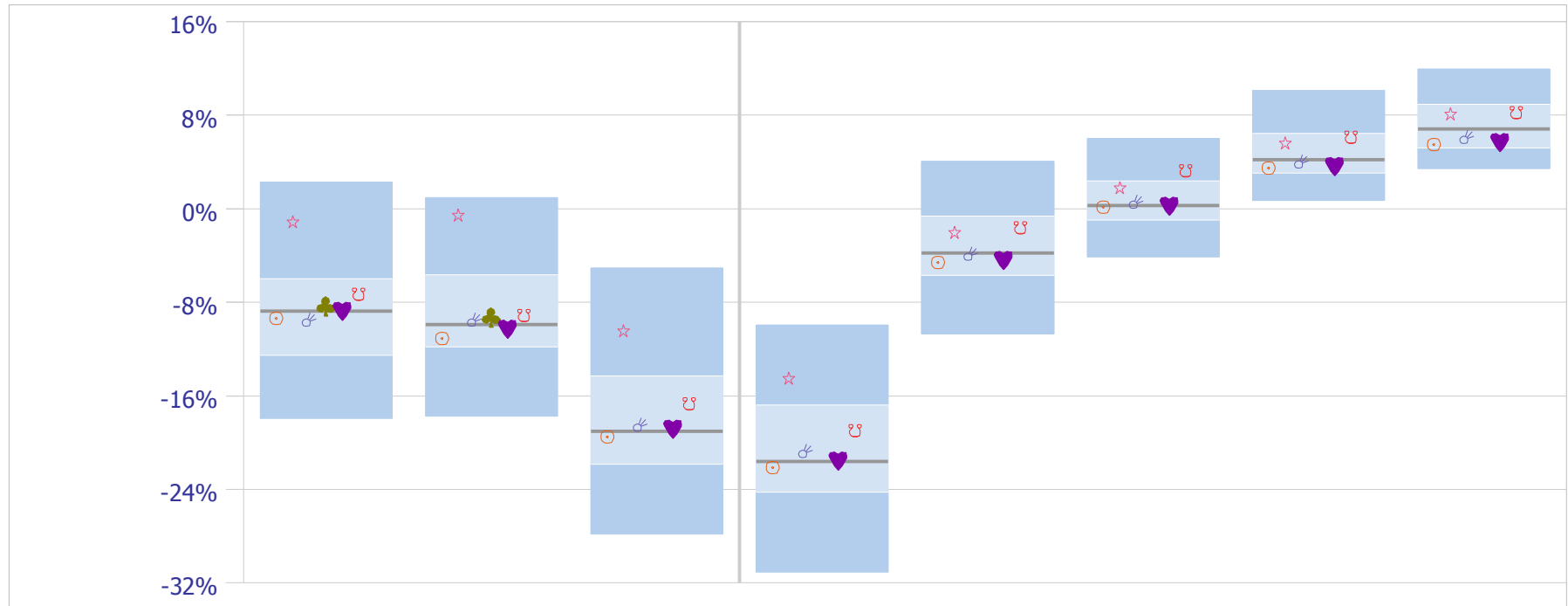
|                   | One Quarter |    | Two Quarters |    | Three Quarters |    | One Year     |    | Two Years   |    | Three Years |    | Four Years |    | Five Years |    |
|-------------------|-------------|----|--------------|----|----------------|----|--------------|----|-------------|----|-------------|----|------------|----|------------|----|
| * LargeCap Equity | -10.5       | 63 | -10.6        | 56 | -19.7          | 62 | -21.6        | 49 | -4.2        | 54 | 0.2         | 55 | 3.8        | 57 | 5.9        | 62 |
| ○ R 1000(R)       | -9.3        | 54 | -11.1        | 66 | -19.5          | 61 | -22.1        | 60 | -4.6        | 59 | 0.1         | 56 | 3.5        | 63 | 5.5        | 67 |
| ⊕ Brandywine      | 2.5         | 4  | -2.3         | 13 | -6.3           | 6  | -15.1        | 17 | -4.9        | 67 | -0.9        | 74 | 3.3        | 66 | 7.8        | 38 |
| ✿ Eagle           | -7.5        | 33 | -1.0         | 10 | -13.0          | 21 | -14.2        | 14 | 3.3         | 7  | 6.3         | 3  | 9.3        | 8  | 10.8       | 10 |
| ○ SmallCap Equity | -2.5        | 15 | -1.5         | 11 | -9.5           | 11 | -14.5        | 16 | -1.0        | 26 | 2.6         | 23 | 6.2        | 27 | 9.2        | 23 |
| ☆ R 2000(R)       | -1.1        | 11 | -0.5         | 9  | -10.4          | 13 | -14.5        | 16 | -2.0        | 34 | 1.8         | 29 | 5.6        | 33 | 8.1        | 34 |
| ♥ R 3000(R)       | -8.7        | 49 | -10.3        | 53 | -18.8          | 47 | -21.5        | 49 | -4.4        | 56 | 0.3         | 50 | 3.7        | 59 | 5.7        | 64 |
| ♥ S&P500+300 BP   | -7.3        | 32 | -9.1         | 44 | -16.7          | 33 | -19.0        | 34 | -1.6        | 31 | 3.3         | 19 | 6.1        | 28 | 8.2        | 33 |
| <b>Median</b>     | <b>-8.8</b> |    | <b>-9.9</b>  |    | <b>-19.0</b>   |    | <b>-21.6</b> |    | <b>-3.8</b> |    | <b>0.3</b>  |    | <b>4.2</b> |    | <b>6.8</b> |    |

# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

Periods Ending September 30, 2008

## Equity Funds

## Total Returns

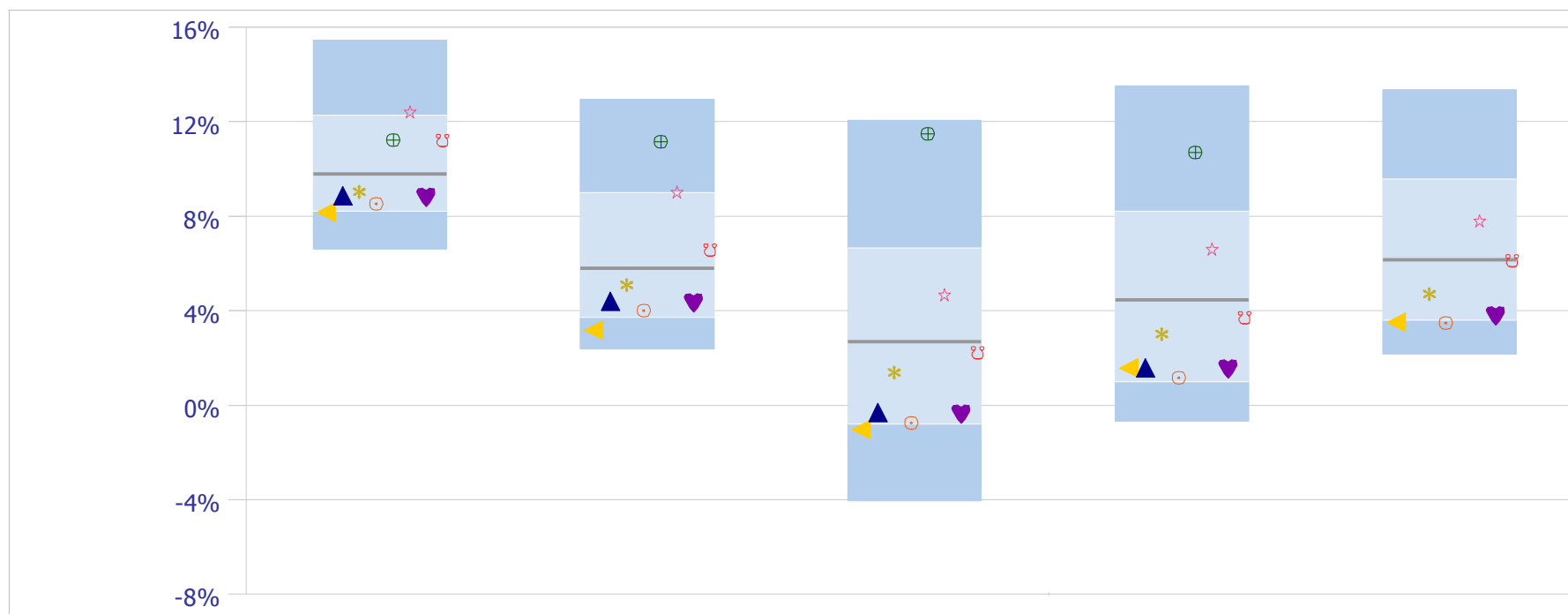


|                   | One Quarter |    | Two Quarters |    | Three Quarters |    | One Year     |    | Two Years   |    | Three Years |    | Four Years |    | Five Years |    |
|-------------------|-------------|----|--------------|----|----------------|----|--------------|----|-------------|----|-------------|----|------------|----|------------|----|
| ○ R 1000(R)       | -9.3        | 54 | -11.1        | 66 | -19.5          | 61 | -22.1        | 60 | -4.6        | 59 | 0.1         | 56 | 3.5        | 63 | 5.5        | 67 |
| ☆ R 2000(R)       | -1.1        | 11 | -0.5         | 9  | -10.4          | 13 | -14.5        | 16 | -2.0        | 34 | 1.8         | 29 | 5.6        | 33 | 8.1        | 34 |
| ♠ US Equity       | -9.5        | 56 | -9.5         | 46 | -18.5          | 44 | -20.7        | 43 | -3.8        | 50 | 0.6         | 43 | 4.1        | 51 | 6.2        | 58 |
| ♣ US Equity Index | -8.3        | 43 | -9.3         | 44 |                |    |              |    |             |    |             |    |            |    |            |    |
| ♥ R 3000(R)       | -8.7        | 49 | -10.3        | 53 | -18.8          | 47 | -21.5        | 49 | -4.4        | 56 | 0.3         | 50 | 3.7        | 59 | 5.7        | 64 |
| ♠ S&P500+300 BP   | -7.3        | 32 | -9.1         | 44 | -16.7          | 33 | -19.0        | 34 | -1.6        | 31 | 3.3         | 19 | 6.1        | 28 | 8.2        | 33 |
| <b>Median</b>     | <b>-8.8</b> |    | <b>-9.9</b>  |    | <b>-19.0</b>   |    | <b>-21.6</b> |    | <b>-3.8</b> |    | <b>0.3</b>  |    | <b>4.2</b> |    | <b>6.8</b> |    |

# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

Periods Ending September 30, 2008

## Equity Funds Total Returns



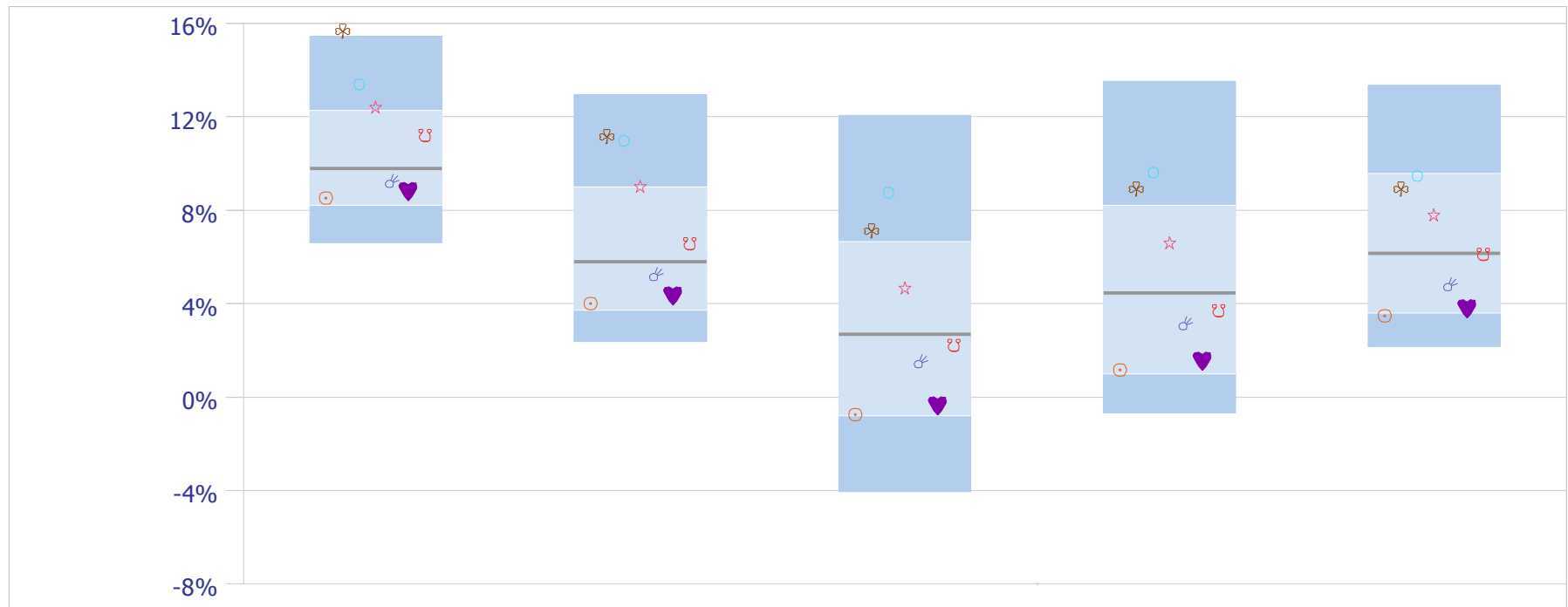
|                   | Six<br>Years |    | Seven<br>Years |    | Eight<br>Years |    | Nine<br>Years |    | Ten<br>Years |    |
|-------------------|--------------|----|----------------|----|----------------|----|---------------|----|--------------|----|
| ▶ Atlanta         | 8.2          | 77 | 3.2            | 90 | -1.0           | 83 | 1.6           | 70 | 3.5          | 76 |
| ▲ NT Russell 3000 | 8.9          | 63 | 4.4            | 66 | -0.3           | 67 | 1.6           | 70 |              |    |
| * LargeCap Equity | 9.1          | 61 | 5.1            | 58 | 1.4            | 56 | 3.0           | 61 | 4.7          | 63 |
| ○ R 1000(R)       | 8.5          | 68 | 4.0            | 71 | -0.7           | 71 | 1.2           | 73 | 3.5          | 76 |
| ⊕ Brandywine      | 11.2         | 33 | 11.2           | 12 | 11.5           | 7  | 10.7          | 14 |              |    |
| ☆ R 2000(R)       | 12.4         | 22 | 9.0            | 24 | 4.7            | 37 | 6.6           | 34 | 7.8          | 38 |
| ♥ R 3000(R)       | 8.8          | 64 | 4.4            | 67 | -0.4           | 67 | 1.6           | 70 | 3.8          | 73 |
| ⊗ S&P500+300 BP   | 11.2         | 33 | 6.6            | 44 | 2.2            | 52 | 3.7           | 55 | 6.1          | 50 |
| <b>Median</b>     | <b>9.8</b>   |    | <b>5.8</b>     |    | <b>2.7</b>     |    | <b>4.5</b>    |    | <b>6.2</b>   |    |

# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

Periods Ending September 30, 2008

## Equity Funds

## Total Returns

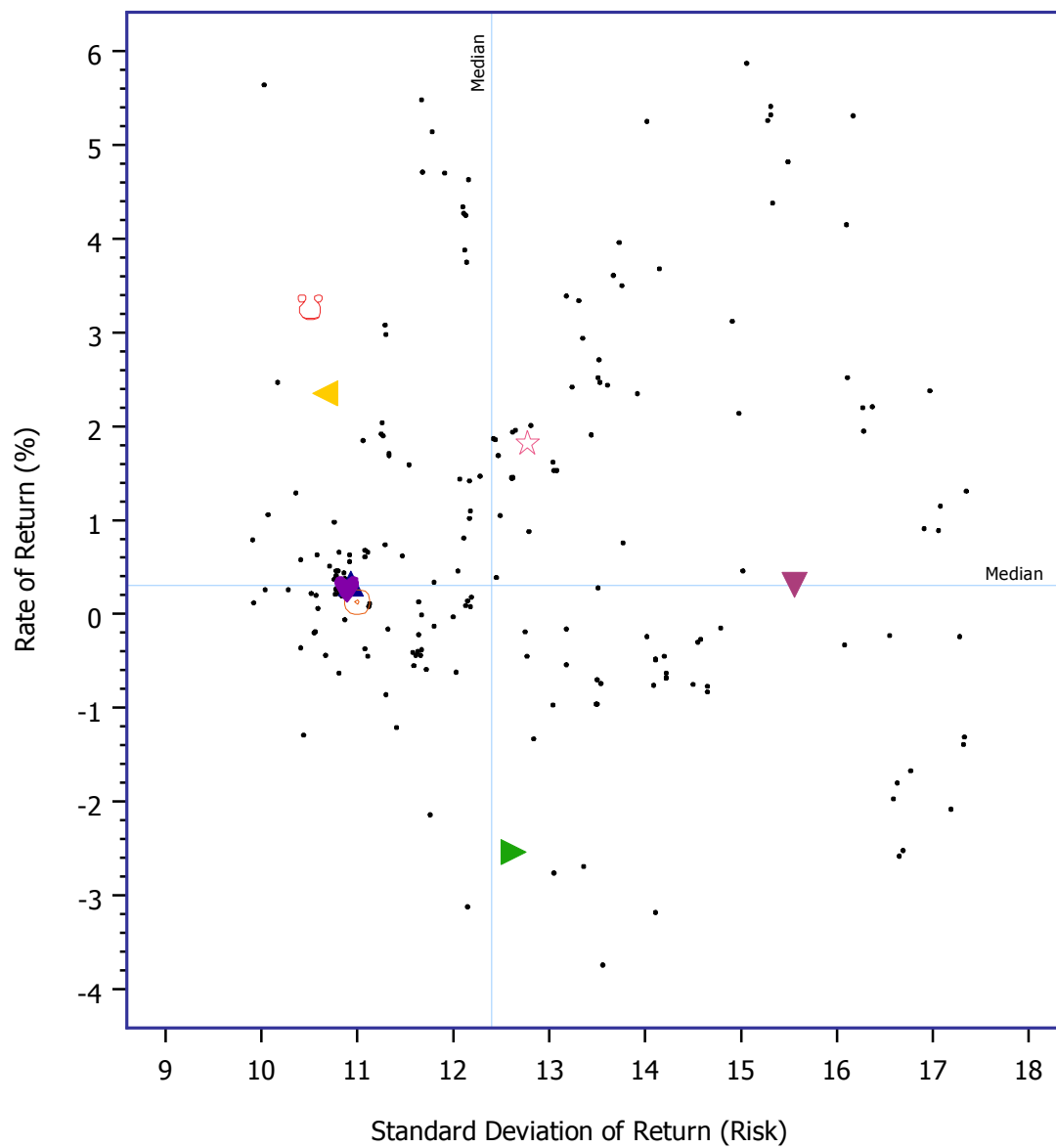


|                 | Six<br>Years |    | Seven<br>Years |    | Eight<br>Years |    | Nine<br>Years |    | Ten<br>Years |    |
|-----------------|--------------|----|----------------|----|----------------|----|---------------|----|--------------|----|
| R 1000(R)       | 8.5          | 68 | 4.0            | 71 | -0.7           | 71 | 1.2           | 73 | 3.5          | 76 |
| Eagle           | 15.7         | 4  | 11.1           | 13 | 7.1            | 20 | 8.9           | 21 | 8.9          | 31 |
| SmallCap Equity | 13.4         | 15 | 11.0           | 13 | 8.8            | 15 | 9.6           | 18 | 9.5          | 26 |
| R 2000(R)       | 12.4         | 22 | 9.0            | 24 | 4.7            | 37 | 6.6           | 34 | 7.8          | 38 |
| US Equity       | 9.3          | 56 | 5.3            | 55 | 1.5            | 56 | 3.2           | 61 | 4.8          | 62 |
| R 3000(R)       | 8.8          | 64 | 4.4            | 67 | -0.4           | 67 | 1.6           | 70 | 3.8          | 73 |
| S&P500+300 BP   | 11.2         | 33 | 6.6            | 44 | 2.2            | 52 | 3.7           | 55 | 6.1          | 50 |
| <b>Median</b>   | <b>9.8</b>   |    | <b>5.8</b>     |    | <b>2.7</b>     |    | <b>4.5</b>    |    | <b>6.2</b>   |    |

# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

3 Years Ending September 30, 2008

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



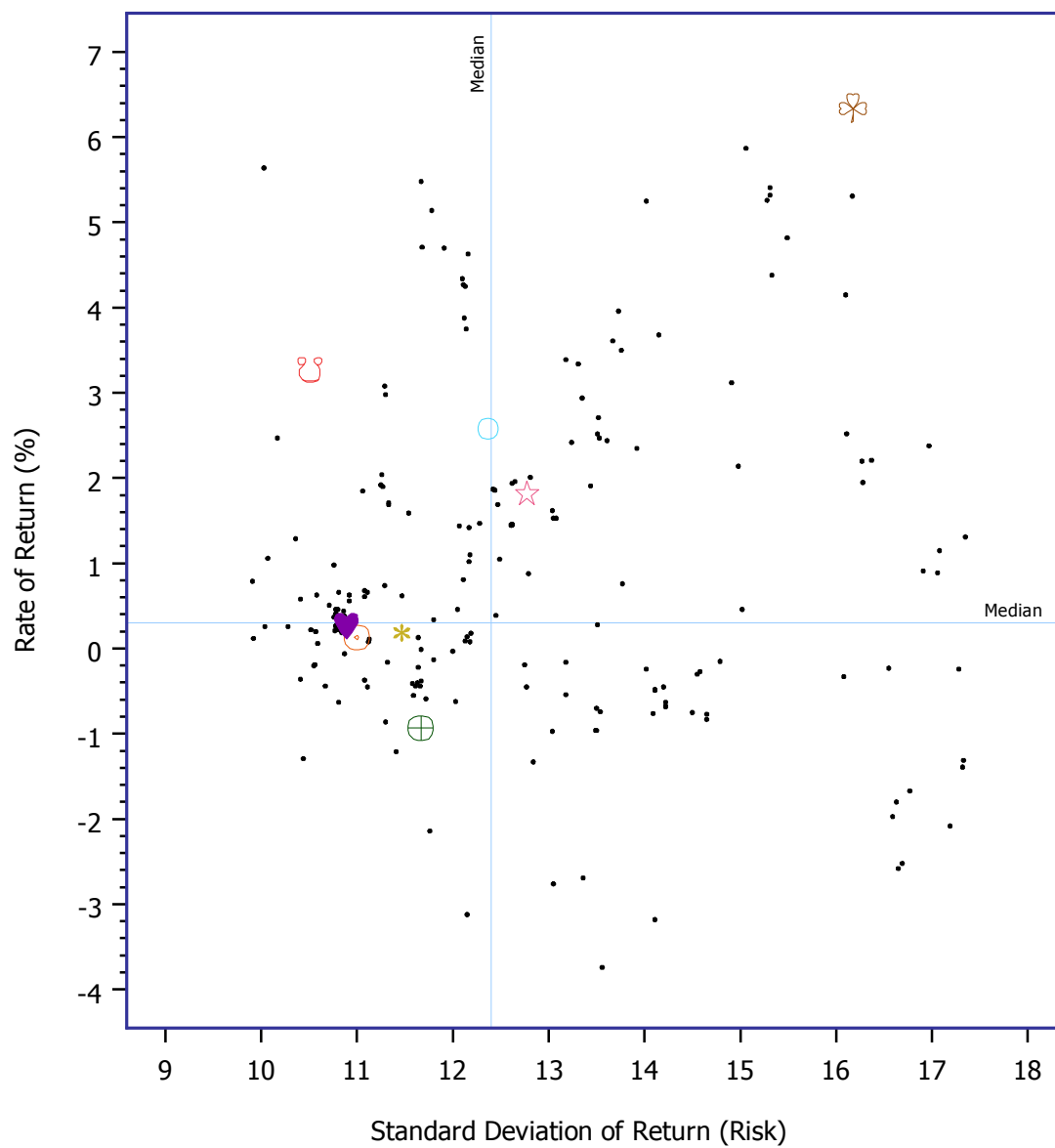
|                            | Return |    | Standard Deviation |    | Sharpe Ratio |
|----------------------------|--------|----|--------------------|----|--------------|
| ▶ <b>Atlanta</b>           | 2.4    | 25 | 10.7               | 10 | -0.1         |
| ▶ <b>D&amp;C -Equity</b>   | -2.5   | 86 | 12.6               | 53 | -0.5         |
| ▲ <b>NT Russell 3000</b>   | 0.3    | 47 | 10.9               | 23 | -0.3         |
| ▼ <b>Wellington</b>        | 0.3    | 47 | 15.6               | 84 | -0.2         |
| ○ <i>R 1000(R)</i>         | 0.1    | 56 | 11.0               | 24 | -0.3         |
| ☆ <i>R 2000(R)</i>         | 1.8    | 29 | 12.8               | 54 | -0.1         |
| ♥ <i>R 3000(R)</i>         | 0.3    | 50 | 10.9               | 22 | -0.3         |
| ○ <i>S&amp;P500+300 BP</i> | 3.3    | 19 | 10.5               | 9  | 0.0          |
| <b>Median</b>              | 0.3    |    | 12.4               |    | -0.3         |



# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

3 Years Ending September 30, 2008

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

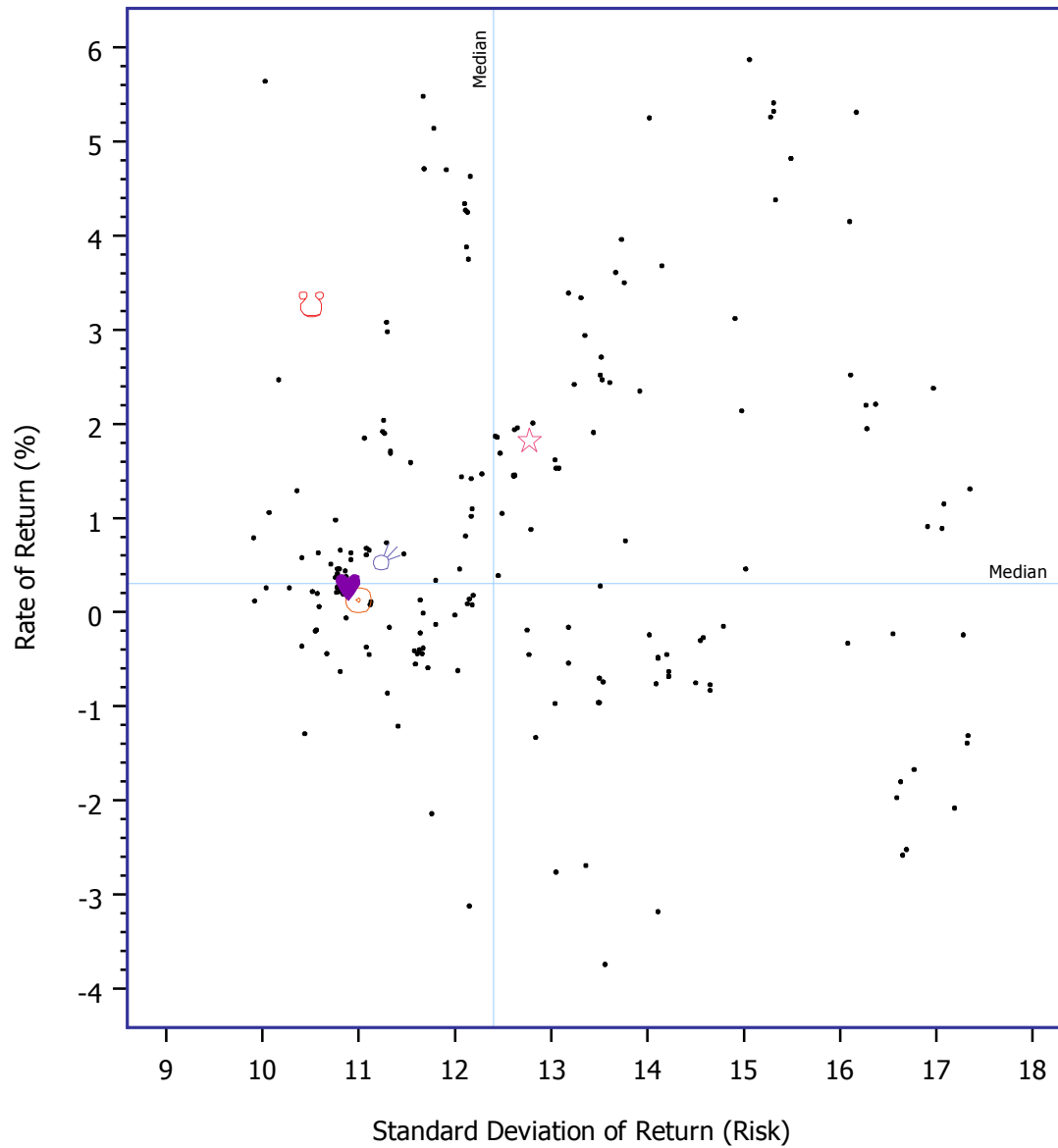


|                            | Return |    | Standard Deviation |    | Sharpe Ratio |   |
|----------------------------|--------|----|--------------------|----|--------------|---|
| * <b>LargeCap Equity</b>   | 0.2    | 55 | 11.5               | 35 | -0.3         |   |
| ○ <b>R 1000(R)</b>         | 0.1    | 56 | 11.0               | 24 | -0.3         |   |
| ⊕ <b>Brandywine</b>        | -0.9   | 74 | 11.7               | 38 | -0.4         |   |
| ✱ <b>Eagle</b>             | 6.3    | 3  | 16.2               | 87 | 0.2          | 4 |
| ○ <b>SmallCap Equity</b>   | 2.6    | 23 | 12.4               | 50 | -0.1         |   |
| ☆ <b>R 2000(R)</b>         | 1.8    | 29 | 12.8               | 54 | -0.1         |   |
| ♥ <b>R 3000(R)</b>         | 0.3    | 50 | 10.9               | 22 | -0.3         |   |
| ⊗ <b>S&amp;P500+300 BP</b> | 3.3    | 19 | 10.5               | 9  | 0.0          |   |
| <b>Median</b>              | 0.3    |    | 12.4               |    | -0.3         |   |

# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

3 Years Ending September 30, 2008

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

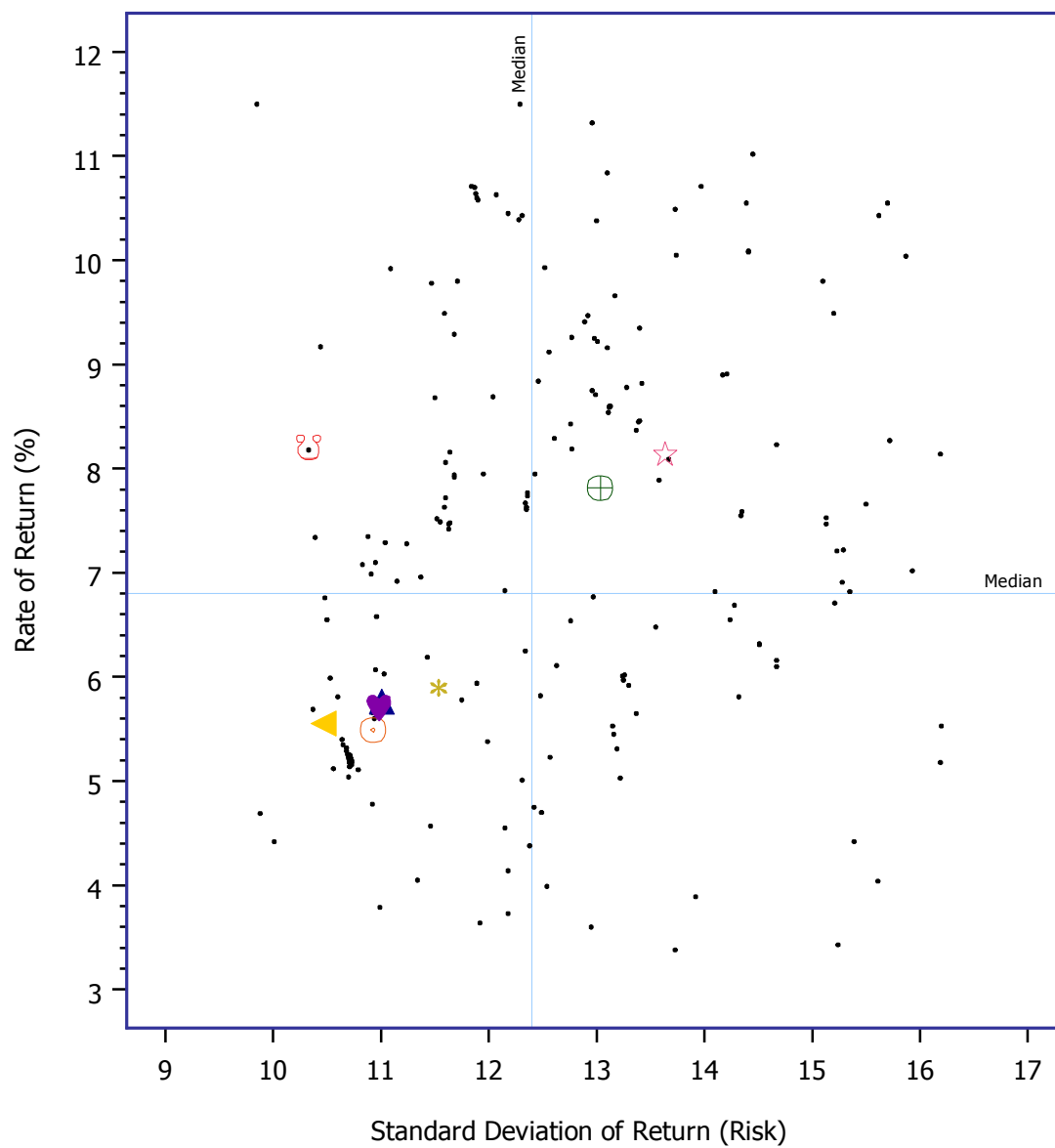


|                 | Return |    | Standard Deviation |    | Sharpe Ratio |
|-----------------|--------|----|--------------------|----|--------------|
| ○ R 1000(R)     | 0.1    | 56 | 11.0               | 24 | -0.3         |
| ☆ R 2000(R)     | 1.8    | 29 | 12.8               | 54 | -0.1         |
| ✋ US Equity     | 0.6    | 43 | 11.3               | 32 | -0.3         |
| ♥ R 3000(R)     | 0.3    | 50 | 10.9               | 22 | -0.3         |
| ○ S&P500+300 BP | 3.3    | 19 | 10.5               | 9  | 0.0          |
| <b>Median</b>   | 0.3    |    | 12.4               |    | -0.3         |

# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

5 Years Ending September 30, 2008

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

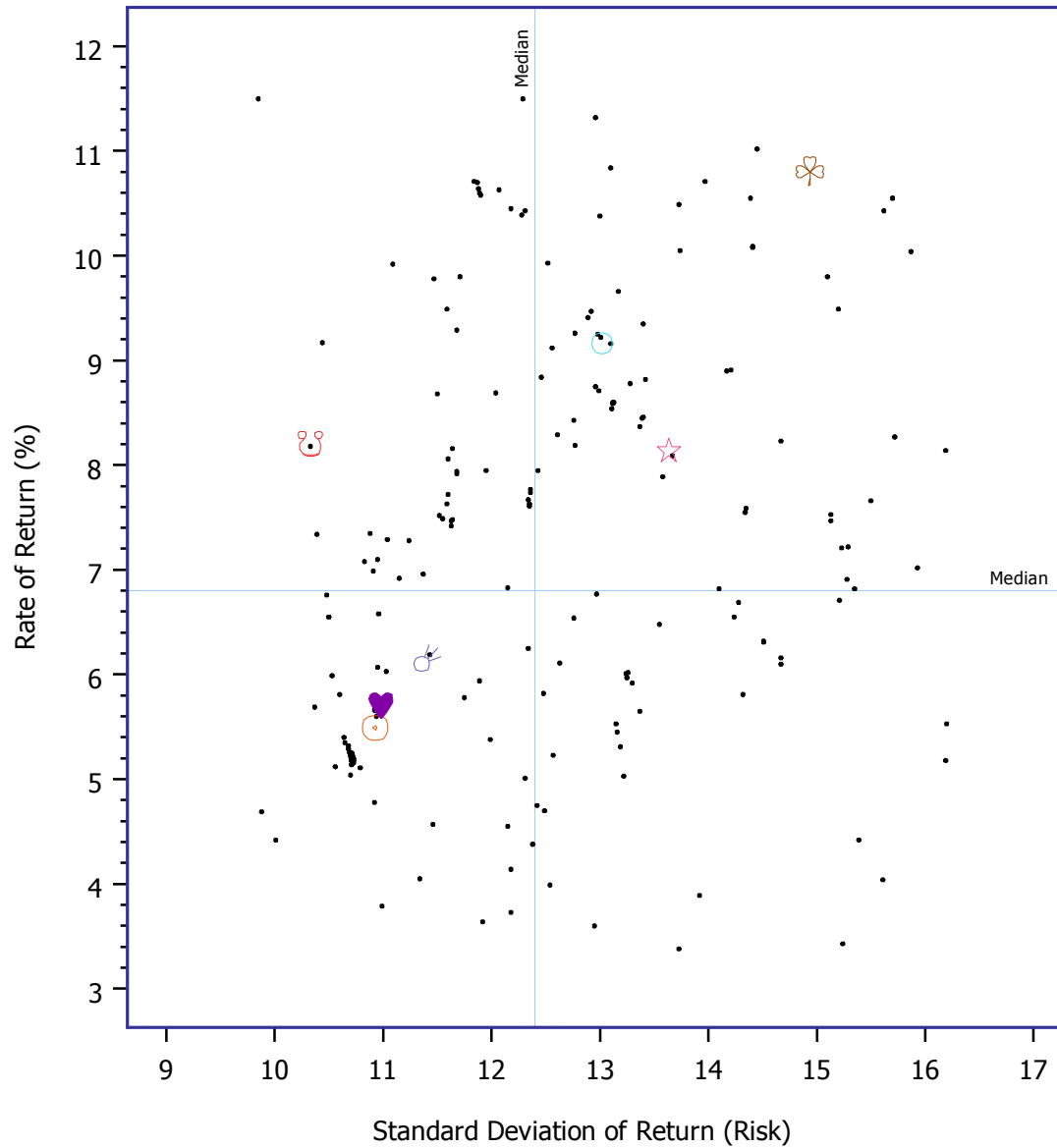


|                   | Return |    | Standard Deviation |    | Sharpe Ratio |    |
|-------------------|--------|----|--------------------|----|--------------|----|
| ▶ Atlanta         | 5.6    | 66 | 10.5               | 8  | 0.3          | 62 |
| ▲ NT Russell 3000 | 5.8    | 64 | 11.0               | 24 | 0.3          | 59 |
| * LargeCap Equity | 5.9    | 62 | 11.5               | 34 | 0.3          | 59 |
| ○ R 1000(R)       | 5.5    | 67 | 10.9               | 22 | 0.2          | 65 |
| ⊕ Brandywine      | 7.8    | 38 | 13.0               | 58 | 0.4          | 39 |
| ☆ R 2000(R)       | 8.1    | 34 | 13.6               | 70 | 0.4          | 37 |
| ♥ R 3000(R)       | 5.7    | 64 | 11.0               | 24 | 0.3          | 60 |
| ⊗ S&P500+300 BP   | 8.2    | 33 | 10.3               | 6  | 0.5          | 21 |
| Median            | 6.8    |    | 12.4               |    | 0.3          |    |

# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

5 Years Ending September 30, 2008

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



|                            | Return |    | Standard Deviation |    | Sharpe Ratio |    |
|----------------------------|--------|----|--------------------|----|--------------|----|
| ○ <i>R 1000(R)</i>         | 5.5    | 67 | 10.9               | 22 | 0.2          | 65 |
| ✱ <b>Eagle</b>             | 10.8   | 10 | 14.9               | 84 | 0.5          | 17 |
| ○ <b>SmallCap Equity</b>   | 9.2    | 23 | 13.0               | 58 | 0.5          | 22 |
| ☆ <i>R 2000(R)</i>         | 8.1    | 34 | 13.6               | 70 | 0.4          | 37 |
| ☆ <b>US Equity</b>         | 6.2    | 58 | 11.4               | 32 | 0.3          | 55 |
| ♥ <i>R 3000(R)</i>         | 5.7    | 64 | 11.0               | 24 | 0.3          | 60 |
| ☆ <i>S&amp;P500+300 BP</i> | 8.2    | 33 | 10.3               | 6  | 0.5          | 21 |
| <b>Median</b>              | 6.8    |    | 12.4               |    | 0.3          |    |

# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

Quarter Ending September 30, 2008

## Equity Only Summary Statistics

### US Equity Composite

#### Portfolio Characteristics

|                                       | Portfolio   | R 3000(R)  |
|---------------------------------------|-------------|------------|
| Total Number of Securities            | 2625        |            |
| Total Market Value \$                 | 605,213,775 |            |
| Average Market Capitalization (000's) | 56,787,400  | 70,905,500 |
| Median Market Capitalization (000's)  |             | 826,100    |
| Equity Segment Yield                  | 1.85        | 2.25       |
| Equity Segment P/E                    | 13.69       | 13.69      |
| Equity Segment Beta                   | 1.08        | 1.05       |
| Price/Book Ratio                      | 3.21        | 3.26       |
| Five Year Earnings Growth             | 20.16       | 19.57      |
| Return On Equity                      | 19.70       | 20.22      |

#### Ten Largest Holdings

| Name                | \$         | Weight |
|---------------------|------------|--------|
| EXXON MOBIL CORP    | 10,469,418 | 1.7    |
| MICROSOFT           | 10,175,883 | 1.7    |
| HEWLETT PACKARD CO  | 9,162,010  | 1.5    |
| GENERAL ELEC CO     | 9,035,747  | 1.5    |
| ABBOTT LABS         | 7,049,483  | 1.2    |
| CISCO SYS INC       | 6,788,718  | 1.1    |
| PROCTER & GAMBLE CO | 6,666,306  | 1.1    |
| WAL MART STORES INC | 6,313,589  | 1.0    |
| CHEVRON CORP        | 5,550,282  | 0.9    |
| WELLS FARGO & CO NE | 5,513,927  | 0.9    |

#### Ten Best Performers

| Name                | Return |
|---------------------|--------|
| STERLING FINL CORP  | 252.7  |
| RADIAN GROUP INC    | 247.8  |
| UCBH HLDGS INC      | 186.6  |
| MBIA INC            | 171.1  |
| US AWYS GROUP INC   | 141.2  |
| MEDIVATION INC COM  | 123.7  |
| CAPITOL BANCORP LTD | 117.9  |
| INDEVUS PHARMACEUTI | 113.4  |
| WESTERN ALLIANCE BA | 99.2   |
| GEHL CO             | 99.0   |

#### Ten Worst Performers

| Name                | Return |
|---------------------|--------|
| FEDERAL NATL MTG AS | -92.1  |
| FEDERAL HOME LN MTG | -89.6  |
| AMERICAN INTL GROUP | -84.5  |
| DOLLAR THRIFTY AUTO | -79.6  |
| ISTAR FINL INC      | -78.7  |
| GRAMERCY CAP CORP C | -77.7  |
| WACHOVIA CORP       | -77.4  |
| CELL GENESYS INC    | -77.3  |
| QUEST RESOURCE CORP | -76.7  |
| TERRESTAR CORP COM  | -74.9  |

# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

Quarter Ending September 30, 2008

## Equity Performance Attribution

### US Equity Composite

|                    | Portfolio                         |                             | R 3000(R)                         |                             | Attribution               |                            |              |
|--------------------|-----------------------------------|-----------------------------|-----------------------------------|-----------------------------|---------------------------|----------------------------|--------------|
|                    | Pct of<br>Begin<br>Mkt Val<br>(A) | Rate<br>of<br>Return<br>(B) | Pct of<br>Begin<br>Mkt Val<br>(C) | Rate<br>of<br>Return<br>(D) | Stock<br>Selection<br>(E) | Sector<br>Weighting<br>(F) | Total<br>(G) |
| Cons Discretionary | 11.2                              | -2.1                        | 9.5                               | -1.2                        | -0.1                      | 0.1                        | 0.0          |
| Consumer Staples   | 5.7                               | 3.8                         | 8.3                               | 4.0                         | 0.0                       | -0.4                       | -0.4         |
| Energy             | 13.1                              | -27.6                       | 14.4                              | -25.8                       | -0.2                      | 0.3                        | 0.0          |
| Financials         | 13.0                              | 0.4                         | 14.5                              | 3.6                         | -0.4                      | -0.2                       | -0.6         |
| Health Care        | 13.8                              | 1.4                         | 11.7                              | 1.3                         | 0.0                       | 0.2                        | 0.2          |
| Industrials        | 13.4                              | -11.8                       | 12.2                              | -9.6                        | -0.3                      | 0.0                        | -0.3         |
| Info Technology    | 18.9                              | -9.7                        | 16.6                              | -11.8                       | 0.4                       | -0.1                       | 0.3          |
| Materials          | 6.4                               | -31.2                       | 5.1                               | -27.8                       | -0.2                      | -0.3                       | -0.5         |
| Telecom Services   | 1.8                               | -17.6                       | 3.0                               | -15.9                       | 0.0                       | 0.1                        | 0.1          |
| Utilities          | 2.8                               | -14.9                       | 4.6                               | -18.1                       | 0.1                       | 0.2                        | 0.3          |
| Miscellaneous      | 0.0                               |                             | 0.0                               |                             |                           |                            |              |
| <b>TOTAL</b>       | 100%                              | -9.5                        | 100%                              | -8.7                        | -0.9                      | 0.0                        | -0.9         |

Equity Only Buy/Hold Return (B)  
 Benchmark Buy/Hold Return (D)  
 Total Relative Return Difference (B/D)

-9.5  
 -8.7  
 -0.9

Stock Selection (E)  
 Sector Weighting (F)  
 Total Selection (E \* F)

-0.9  
 0.0  
 -0.9

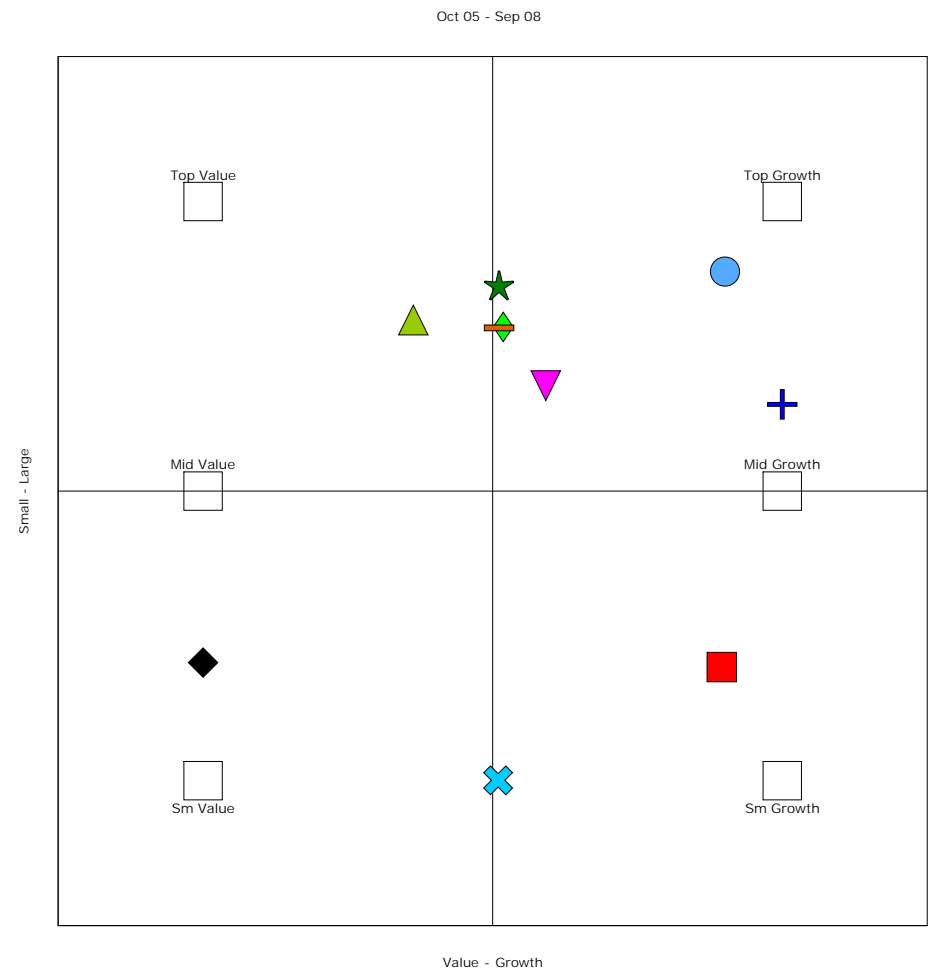
Equity Only Actual Return (\*)  
 Equity Only Buy/Hold Return (B)  
 Intra-Period Trading (\* / B)

-9.7  
 -9.5  
 -0.1

Total Value Added  
 (Selection \* Trading)

-1.0

US Equity Style Map

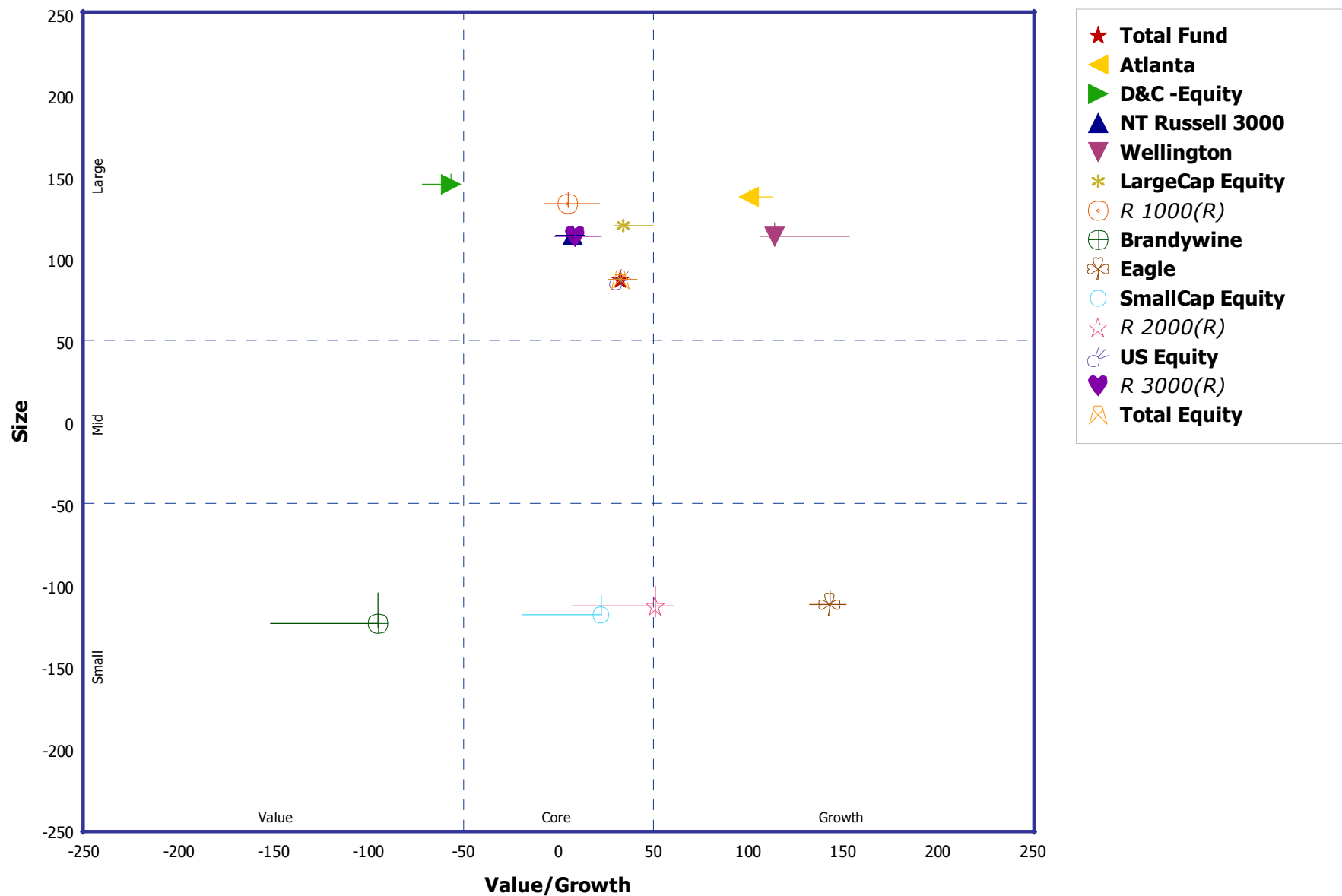


| Legend                                 |                               |                     |                        |
|--|-------------------------------|---------------------|------------------------|
| Atlanta Capital Management Company     | Brandywine Asset Management   | Dodge & Cox -Equity | Eagle Asset Management |
| Northern Trust Russell 3000 Index Fund | Wellington Management Company | US Equity Composite | Russell 1000 Index     |
| Russell 2000 Index                     | Russell 3000 Index            |                     |                        |

# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

As of September 30, 2008

## Equity Style Analysis Style Drift



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

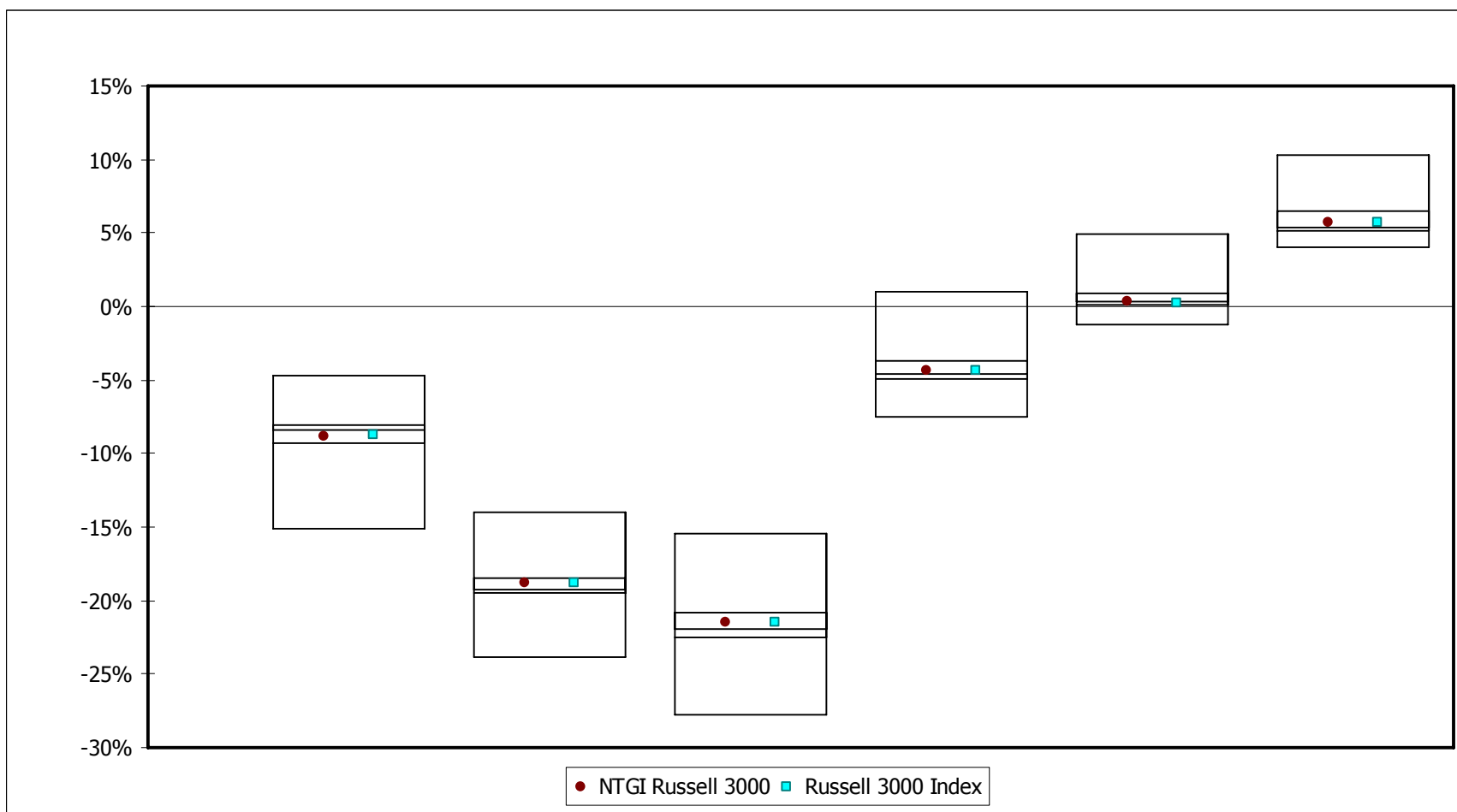


# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

Periods Ending September 30, 2008

## Total Rates of Return

## Large Cap Core Equity

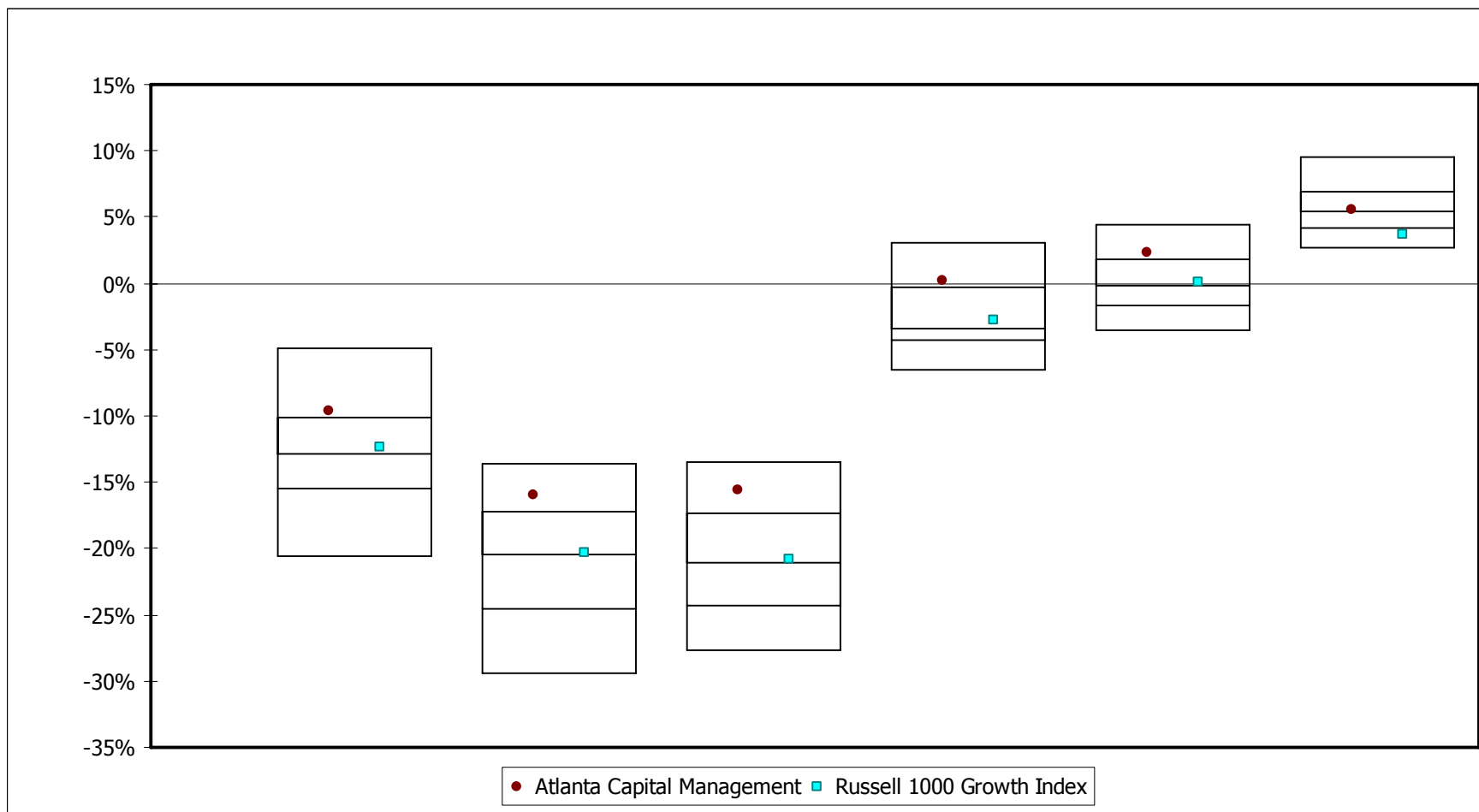


|                    | FISCAL QTR |      | CALENDAR YTD |      | 1YEAR  |      | 2 YEAR |      | 3 YEAR |      | 5 YEAR |      |
|--------------------|------------|------|--------------|------|--------|------|--------|------|--------|------|--------|------|
|                    | Return     | Rank | Return       | Rank | Return | Rank | Return | Rank | Return | Rank | Return | Rank |
| NTGI Russell 3000  | -8.9%      | 68   | -18.8%       | 32   | -21.5% | 35   | -4.3%  | 38   | 0.3%   | 44   | 5.8%   | 40   |
| Russell 3000 Index | -8.7%      | 66   | -18.8%       | 32   | -21.5% | 35   | -4.4%  | 39   | 0.3%   | 58   | 5.7%   | 41   |
| Median             | -8.3%      |      | -19.2%       |      | -21.9% |      | -4.6%  |      | 0.3%   |      | 5.3%   |      |

# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

Periods Ending September 30, 2008

## Total Rates of Return Large Cap Growth Equity

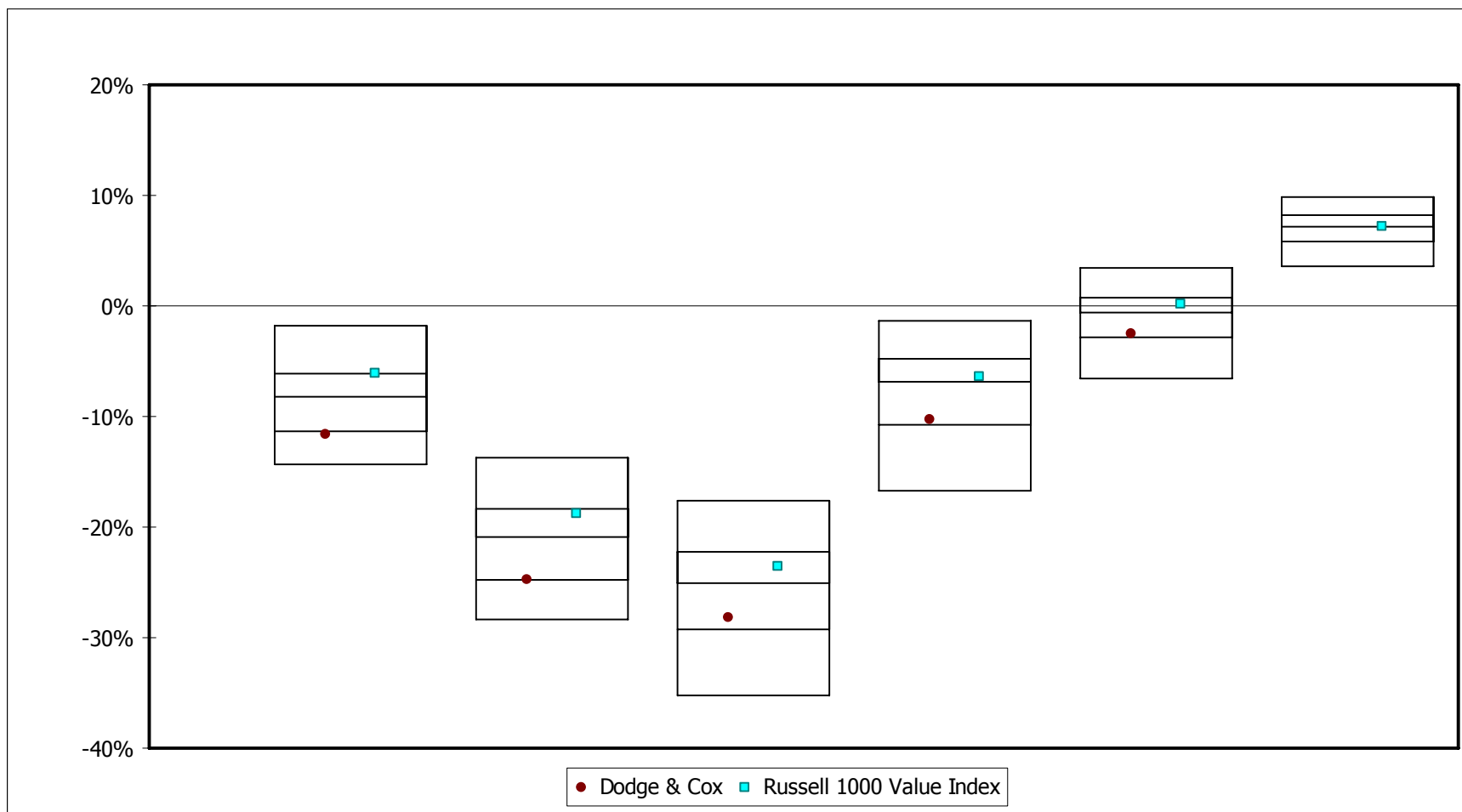


|                            | FISCAL QTR |      | CALENDAR YTD |      | 1YEAR  |      | 2 YEAR |      | 3 YEAR |      | 5 YEAR |      |
|----------------------------|------------|------|--------------|------|--------|------|--------|------|--------|------|--------|------|
|                            | Return     | Rank | Return       | Rank | Return | Rank | Return | Rank | Return | Rank | Return | Rank |
| Atlanta Capital Management | -9.6%      | 17   | -16.0%       | 12   | -15.5% | 13   | 0.2%   | 19   | 2.4%   | 22   | 5.6%   | 46   |
| Russell 1000 Growth Index  | -12.3%     | 42   | -20.3%       | 46   | -20.9% | 48   | -2.8%  | 42   | 0.1%   | 47   | 3.7%   | 82   |
| Median                     | -12.9%     |      | -20.5%       |      | -21.1% |      | -3.4%  |      | -0.1%  |      | 5.4%   |      |

# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

Periods Ending September 30, 2008

## Total Rates of Return Large Cap Value Equity

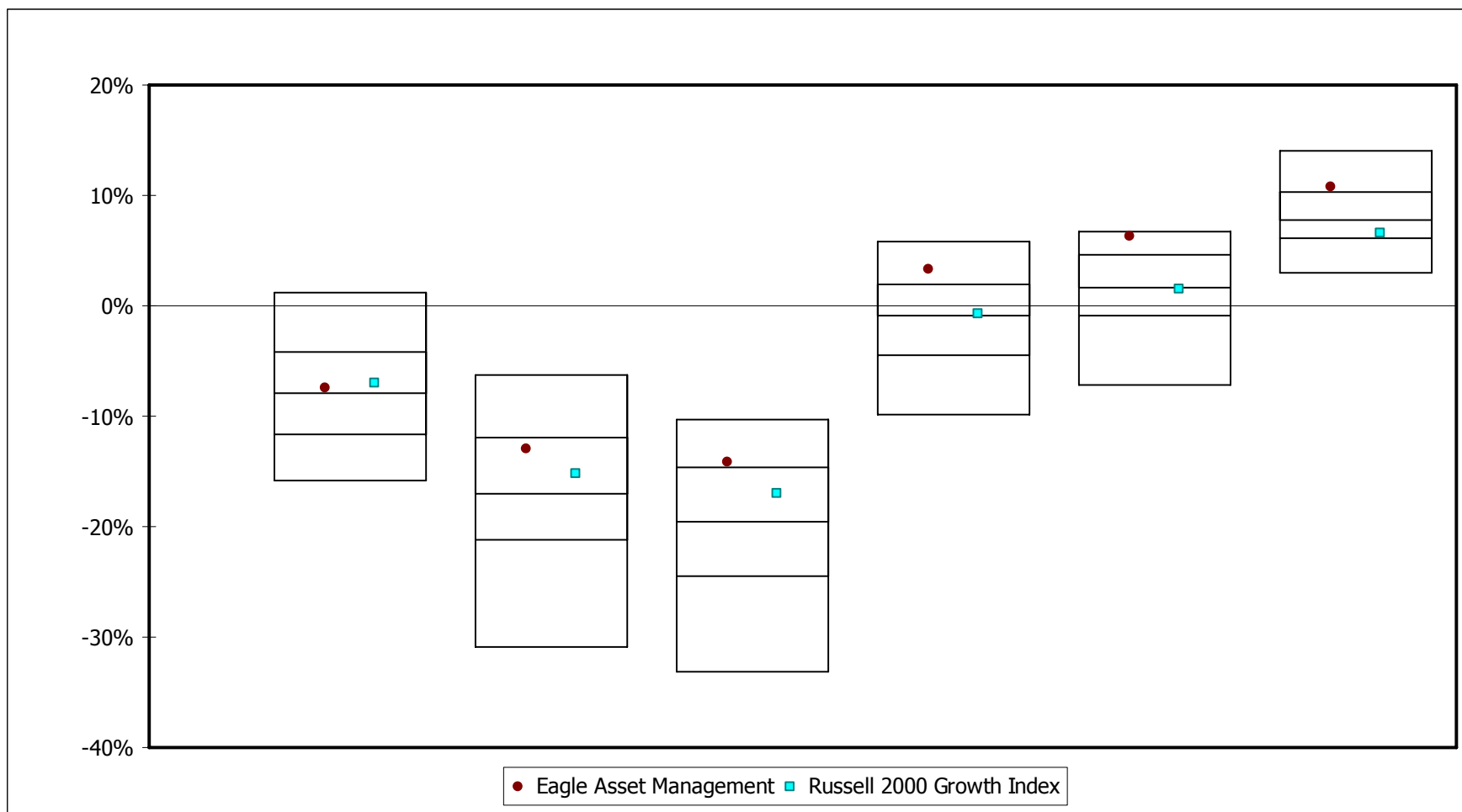


|                          | FISCAL QTR |      | CALENDAR YTD |      | 1 YEAR |      | 2 YEAR |      | 3 YEAR |      | 5 YEAR |      |
|--------------------------|------------|------|--------------|------|--------|------|--------|------|--------|------|--------|------|
|                          | Return     | Rank | Return       | Rank | Return | Rank | Return | Rank | Return | Rank | Return | Rank |
| Dodge & Cox              | -11.7%     | 78   | -24.7%       | 75   | -28.2% | 70   | -10.3% | 71   | -2.5%  | 70   |        |      |
| Russell 1000 Value Index | -6.1%      | 25   | -18.9%       | 31   | -23.6% | 38   | -6.5%  | 45   | 0.1%   | 35   | 7.1%   | 51   |
| Median                   | -8.2%      |      | -20.9%       |      | -25.1% |      | -6.9%  |      | -0.7%  |      | 7.1%   |      |

## SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

Periods Ending September 30, 2008

## Total Rates of Return Small Cap Growth Equity

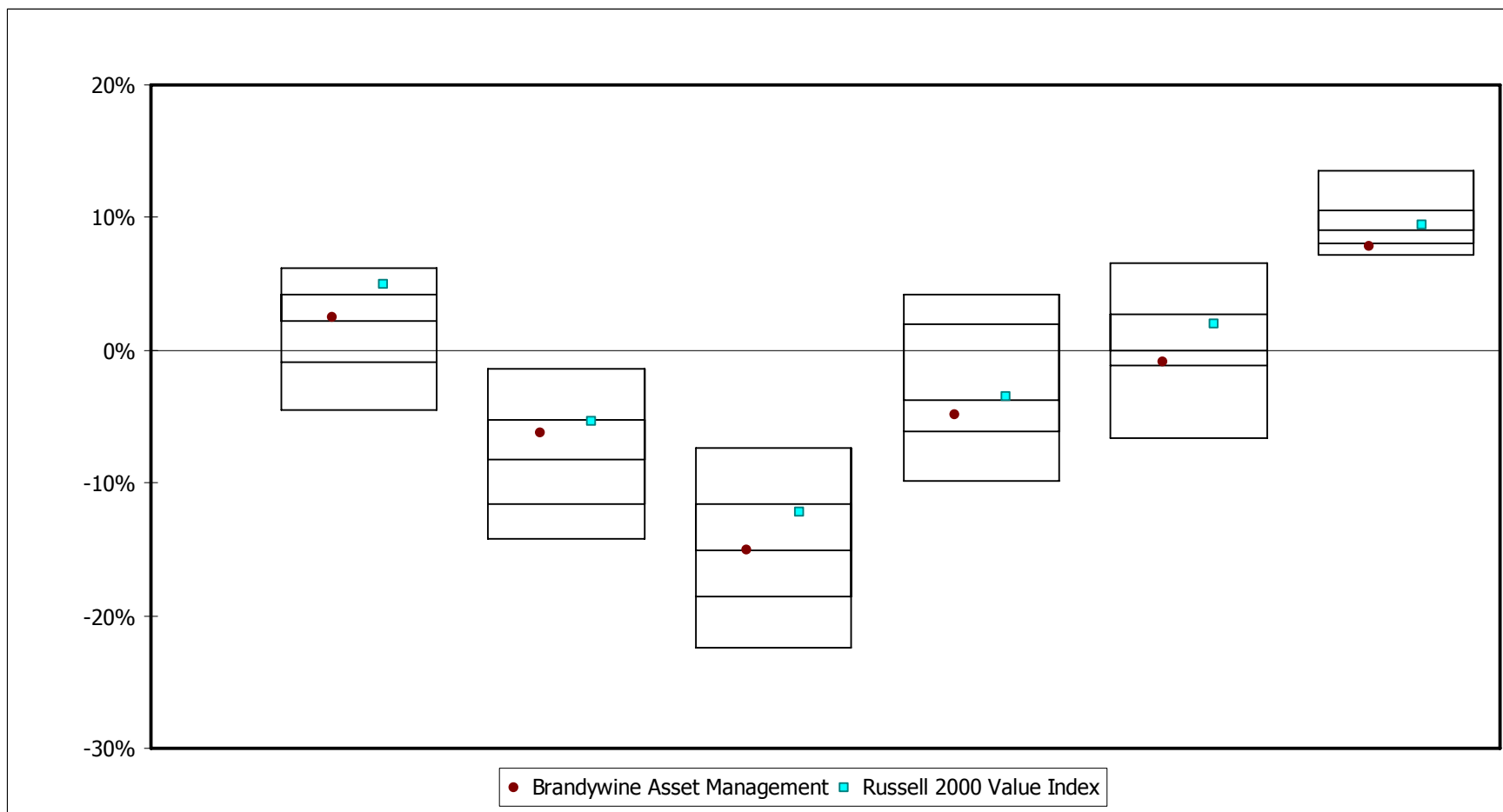


|                           | FISCAL QTR |      | CALENDAR YTD |      | 1 YEAR |      | 2 YEAR |      | 3 YEAR |      | 5 YEAR |      |
|---------------------------|------------|------|--------------|------|--------|------|--------|------|--------|------|--------|------|
|                           | Return     | Rank | Return       | Rank | Return | Rank | Return | Rank | Return | Rank | Return | Rank |
| Eagle Asset Management    | -7.5%      | 49   | -13.0%       | 29   | -14.2% | 24   | 3.3%   | 18   | 6.3%   | 8    | 10.8%  | 20   |
| Russell 2000 Growth Index | -7.0%      | 45   | -15.3%       | 38   | -17.1% | 37   | -0.7%  | 48   | 1.5%   | 53   | 6.6%   | 69   |
| Median                    | -7.8%      |      | -17.0%       |      | -19.6% |      | -0.9%  |      | 1.6%   |      | 7.8%   |      |

# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

Periods Ending September 30, 2008

## Total Rates of Return Small Cap Value Equity



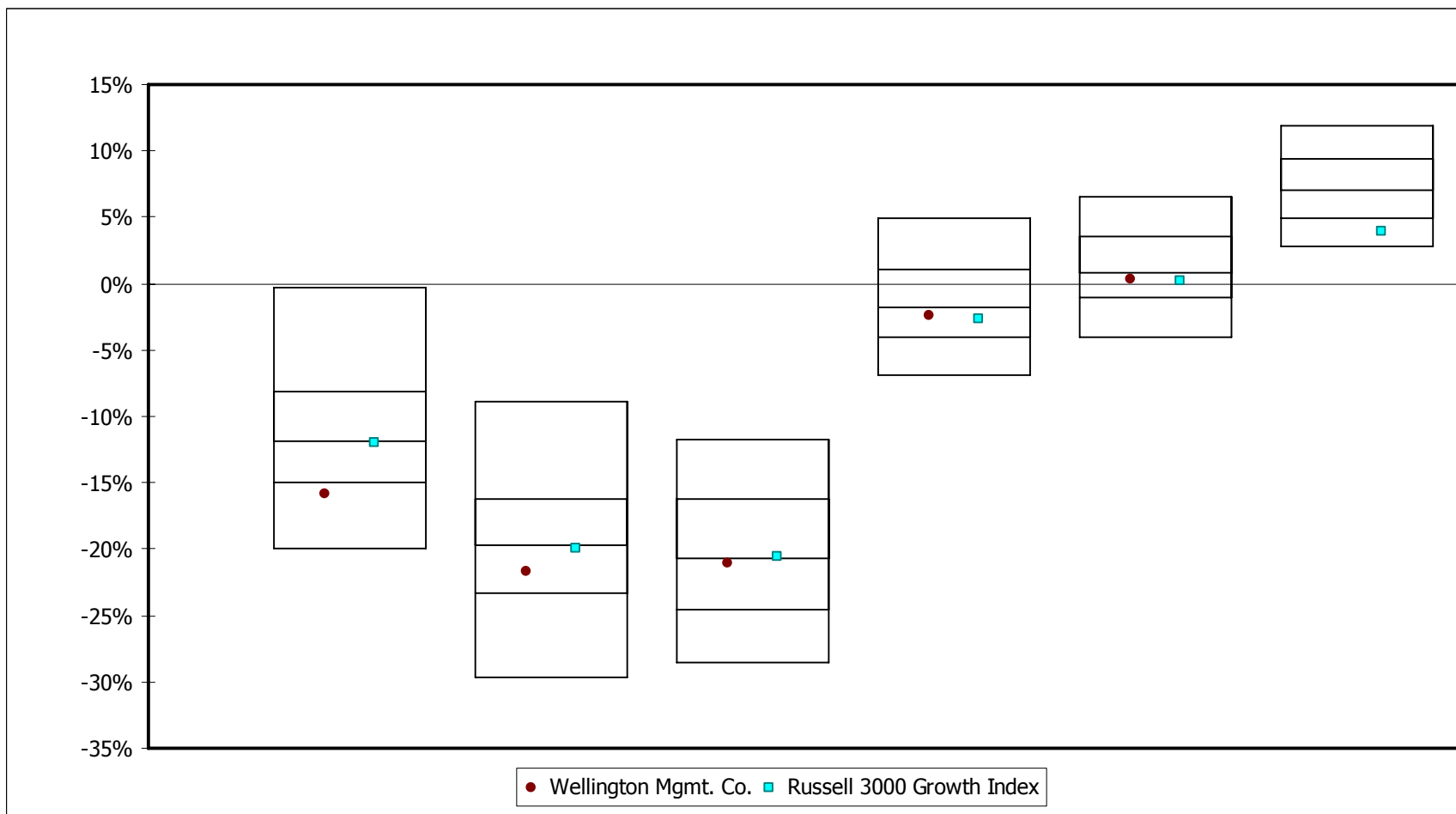
|                             | FISCAL QTR |      | CALENDAR YTD |      | 1 YEAR |      | 2 YEAR |      | 3 YEAR |      | 5 YEAR |      |
|-----------------------------|------------|------|--------------|------|--------|------|--------|------|--------|------|--------|------|
|                             | Return     | Rank | Return       | Rank | Return | Rank | Return | Rank | Return | Rank | Return | Rank |
| Brandywine Asset Management | 2.5%       | 42   | -6.3%        | 33   | -15.1% | 52   | -4.9%  | 56   | -0.9%  | 71   | 7.8%   | 82   |
| Russell 2000 Value Index    | 5.0%       | 10   | -5.4%        | 26   | -12.3% | 37   | -3.5%  | 48   | 2.0%   | 31   | 9.4%   | 43   |
| Median                      | 2.2%       |      | -8.3%        |      | -15.0% |      | -3.7%  |      | 0.0%   |      | 9.1%   |      |

# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

Periods Ending September 30, 2008

## Total Rates of Return

## All Cap Growth Equity



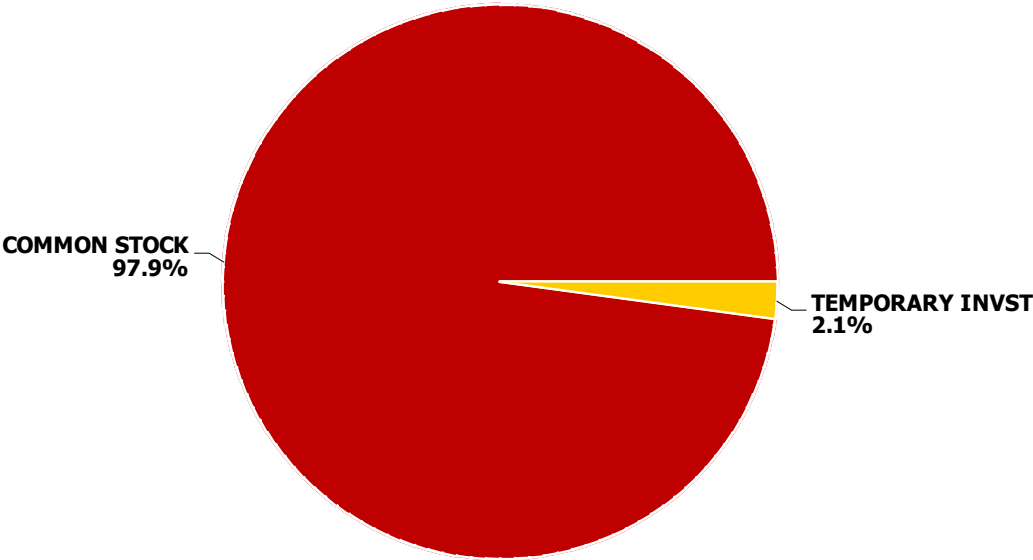
|                           | FISCAL QTR |      | CALENDAR YTD |      | 1 YEAR |      | 2 YEAR |      | 3 YEAR |      | 5 YEAR |      |
|---------------------------|------------|------|--------------|------|--------|------|--------|------|--------|------|--------|------|
|                           | Return     | Rank | Return       | Rank | Return | Rank | Return | Rank | Return | Rank | Return | Rank |
| Wellington Mgmt. Co.      | -15.9%     | 82   | -21.6%       | 64   | -21.1% | 53   | -2.4%  | 55   | 0.3%   | 55   | -      | -    |
| Russell 3000 Growth Index | -11.9%     | 51   | -19.9%       | 52   | -20.6% | 50   | -2.7%  | 59   | 0.1%   | 57   | 4.0%   | 88   |
| Median                    | -11.8%     |      | -19.7%       |      | -20.8% |      | -1.8%  |      | 0.8%   |      | 7.0%   |      |

**SAN JOSE FEDERATED CITY EMPLS RET SYSTEM**

As of September 30, 2008

**Asset Allocation Analysis**  
**Atlanta Capital Management Company**

| Asset Class     | Market Value | Current% |
|-----------------|--------------|----------|
| COMMON STOCK    | 51,434,068   | 97.9     |
| TEMPORARY INVST | 1,102,310    | 2.1      |
|                 |              |          |
| Total           | 52,536,378   | 100.0    |



# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

Quarter Ending September 30, 2008

## Equity Only Summary Statistics Atlanta Capital Management Company

### Portfolio Characteristics

|                                       | Portfolio  | R 1000(R) GR |
|---------------------------------------|------------|--------------|
| Total Number of Securities            | 54         |              |
| Total Market Value \$                 | 51,434,068 |              |
| Average Market Capitalization (000's) | 66,113,100 | 63,804,800   |
| Median Market Capitalization (000's)  | 28,053,900 | 4,598,900    |
| Equity Segment Yield                  | 1.56       | 1.48         |
| Equity Segment P/E                    | 15.90      | 15.10        |
| Equity Segment Beta                   | 1.07       | 1.09         |
| Price/Book Ratio                      | 3.67       | 4.52         |
| Five Year Earnings Growth             | 22.56      | 27.51        |
| Return On Equity                      | 23.00      | 25.79        |

### Ten Largest Holdings

| Name                | \$        | Weight |
|---------------------|-----------|--------|
| CISCO SYS INC       | 1,899,552 | 3.7    |
| MEDTRONIC INC       | 1,723,440 | 3.4    |
| ABBOTT LABS         | 1,664,062 | 3.2    |
| HEWLETT PACKARD CO  | 1,617,152 | 3.1    |
| MICROSOFT           | 1,604,069 | 3.1    |
| CVS CAREMARK CORPOR | 1,464,210 | 2.8    |
| KOHL'S CORPORATION  | 1,354,752 | 2.6    |
| WAL MART STORES INC | 1,353,514 | 2.6    |
| STAPLES INC COM     | 1,334,250 | 2.6    |
| SCHWAB CHARLES CORP | 1,287,000 | 2.5    |

### Ten Best Performers

| Name                | Return |
|---------------------|--------|
| SCHWAB CHARLES CORP | 26.9   |
| VULCAN MATERIALS CO | 25.5   |
| GENENTECH INC       | 16.8   |
| PROCTER & GAMBLE CO | 15.3   |
| KOHL'S CORPORATION  | 15.1   |
| SYSCO CORP          | 13.0   |
| NIKE INC            | 12.7   |
| ABBOTT LABS         | 9.4    |
| WAL MART STORES INC | 7.0    |
| ST JUDE MED INC COM | 6.4    |

### Ten Worst Performers

| Name                | Return |
|---------------------|--------|
| NATIONAL-OILWELL VA | -43.4  |
| TEXTRON INC         | -38.5  |
| FMC TECHNOLOGIES IN | -36.2  |
| JACOBS ENGR GROUP I | -32.7  |
| APPLE INC           | -32.1  |
| EOG RES INC         | -31.7  |
| DEERE & CO          | -31.0  |
| INTERNATIONAL GAME  | -30.7  |
| AIR PRODS & CHEMS I | -30.3  |
| SCHLUMBERGER LTD CO | -27.2  |



# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

Quarter Ending September 30, 2008

## Equity Performance Attribution Atlanta Capital Management Company

|                    | Portfolio                         |                             | R 1000(R) GR                      |                             | Attribution               |                            |              |
|--------------------|-----------------------------------|-----------------------------|-----------------------------------|-----------------------------|---------------------------|----------------------------|--------------|
|                    | Pct of<br>Begin<br>Mkt Val<br>(A) | Rate<br>of<br>Return<br>(B) | Pct of<br>Begin<br>Mkt Val<br>(C) | Rate<br>of<br>Return<br>(D) | Stock<br>Selection<br>(E) | Sector<br>Weighting<br>(F) | Total<br>(G) |
| Cons Discretionary | 12.5                              | 0.1                         | 9.9                               | -2.4                        | 0.3                       | 0.3                        | 0.6          |
| Consumer Staples   | 8.6                               | 2.9                         | 9.8                               | 4.2                         | -0.1                      | -0.2                       | -0.3         |
| Energy             | 13.7                              | -32.7                       | 11.9                              | -31.4                       | -0.2                      | -0.4                       | -0.6         |
| Financials         | 10.6                              | -4.3                        | 4.3                               | -6.1                        | 0.2                       | 0.4                        | 0.6          |
| Health Care        | 16.0                              | 2.9                         | 12.2                              | 0.6                         | 0.4                       | 0.5                        | 0.9          |
| Industrials        | 11.9                              | -23.1                       | 13.7                              | -13.3                       | -1.2                      | 0.0                        | -1.1         |
| Info Technology    | 23.6                              | -9.0                        | 28.8                              | -12.2                       | 0.8                       | 0.0                        | 0.8          |
| Materials          | 3.3                               | -19.4                       | 5.9                               | -35.1                       | 0.5                       | 0.7                        | 1.2          |
| Telecom Services   | 0.0                               |                             | 0.8                               | -19.8                       | 0.0                       | 0.1                        | 0.1          |
| Utilities          | 0.0                               |                             | 2.6                               | -35.5                       | 0.0                       | 0.7                        | 0.7          |
| Miscellaneous      | 0.0                               |                             | 0.0                               |                             |                           |                            |              |
| <b>TOTAL</b>       | 100%                              | -9.7                        | 100%                              | -12.3                       | 0.8                       | 2.1                        | 2.9          |

|  |       |                         |     |
|--|-------|-------------------------|-----|
| Equity Only Buy/Hold Return (B)        | -9.7  | Stock Selection (E)     | 0.8 |
| Benchmark Buy/Hold Return (D)          | -12.3 | Sector Weighting (F)    | 2.1 |
| Total Relative Return Difference (B/D) | 2.9   | Total Selection (E * F) | 2.9 |
| Equity Only Actual Return (*)          | -9.8  | Total Value Added       | 2.9 |
| Equity Only Buy/Hold Return (B)        | -9.7  | (Selection * Trading)   |     |
| Intra-Period Trading (* / B)           | 0.0   |                         |     |

# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

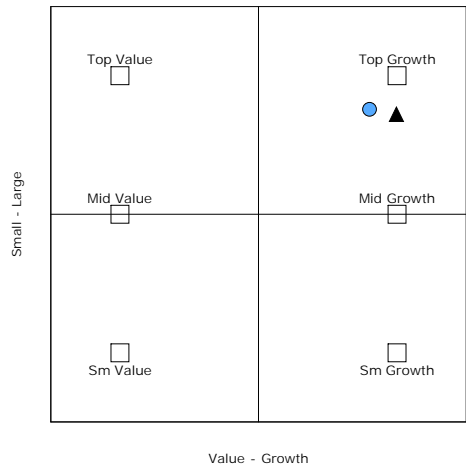
## 3 Years Ending September 30, 2008

# Return Based Style Analysis

## Atlanta Capital Management Company

### US Equity Style Map

Oct 05 - Sep 08

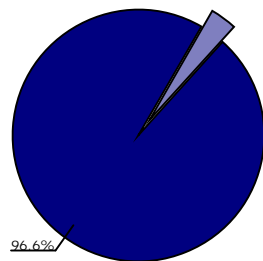
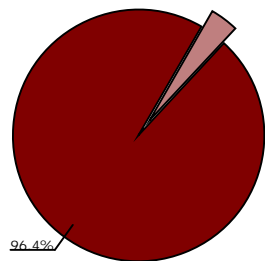


### R-Squared (Style Analysis)

Oct 05 - Sep 08

■ Style R-Squared

■ Benchmark R-Squared



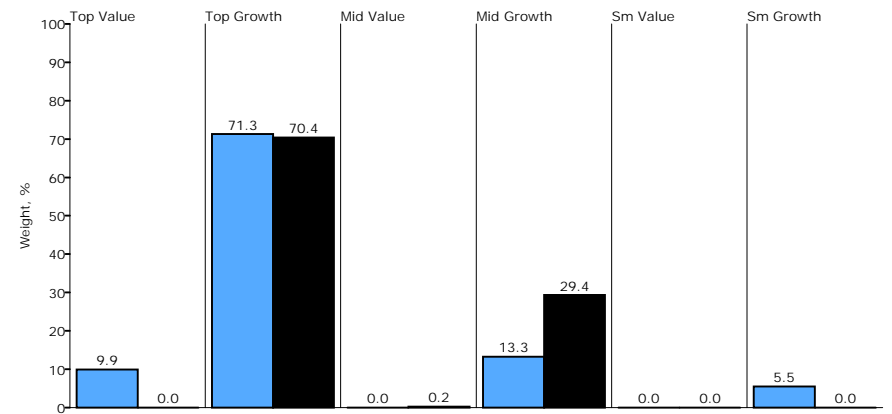
### Legend

▲ Russell 1000 Growth Index    ● Atlanta Capital Management Company

### US Equity Style Exposures

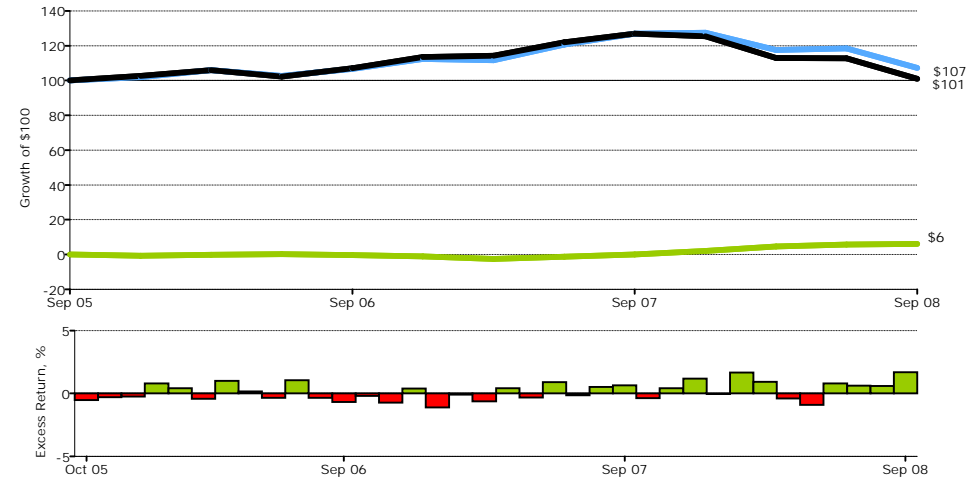
Oct 05 - Sep 08

■ Atlanta Capital Management Company    ■ Russell 1000 Growth Index

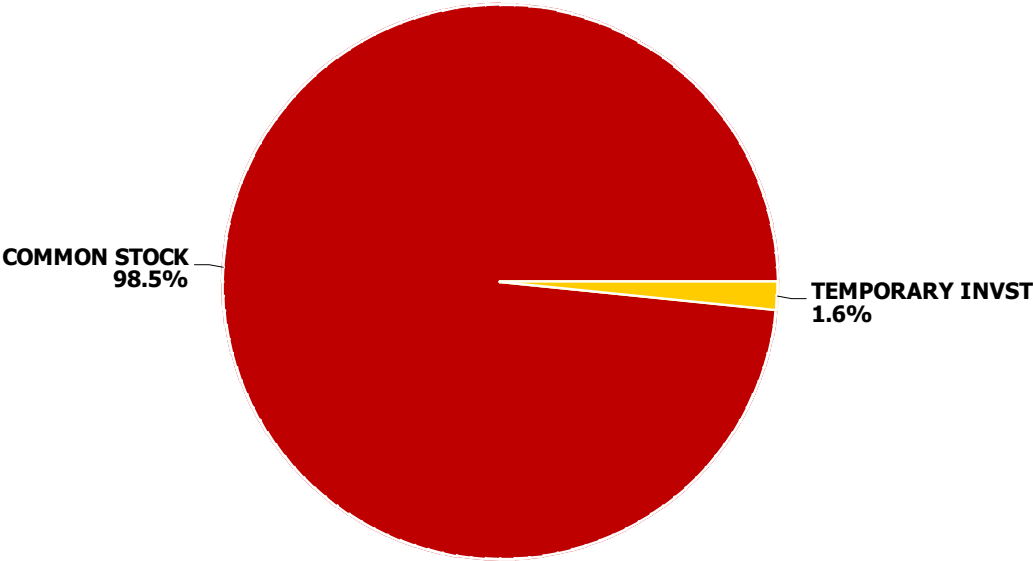


### Cumulative Total, Style & Selection Return

Oct 05 - Sep 08



| Asset Class     | Market Value | Current% |
|-----------------|--------------|----------|
| COMMON STOCK    | 45,184,019   | 98.5     |
| TEMPORARY INVST | 709,610      | 1.6      |
|                 |              |          |
| Total           | 45,893,629   | 100.0    |



# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

Quarter Ending September 30, 2008

## Equity Only Summary Statistics Brandywine Asset Management

### Portfolio Characteristics

|                                       | Portfolio  | R 2000(R) VALUE |
|---------------------------------------|------------|-----------------|
| Total Number of Securities            | 461        |                 |
| Total Market Value \$                 | 45,180,297 |                 |
| Average Market Capitalization (000's) | 924,100    | 972,500         |
| Median Market Capitalization (000's)  | 398,600    | 432,800         |
| Equity Segment Yield                  | 1.67       | 2.28            |
| Equity Segment P/E                    | 11.04      | 13.04           |
| Equity Segment Beta                   | 1.12       | 1.18            |
| Price/Book Ratio                      | 1.57       | 1.56            |
| Five Year Earnings Growth             | 10.95      | 10.15           |
| Return On Equity                      | 13.08      | 9.59            |

### Ten Largest Holdings

| Name                | \$      | Weight |
|---------------------|---------|--------|
| RENT A CTR INC NEW  | 452,284 | 1.0    |
| LENNOX INTL INC     | 425,856 | 0.9    |
| INTERNATIONAL BANCS | 388,113 | 0.9    |
| LIFEPOINT HOSPS INC | 385,680 | 0.9    |
| CON-WAY INC         | 383,757 | 0.8    |
| WGL HLDGS INC       | 376,420 | 0.8    |
| OLIN CORP COM       | 376,360 | 0.8    |
| DEL MONTE FOODS CO  | 360,360 | 0.8    |
| PORTLAND GENERAL EL | 346,623 | 0.8    |
| ACUITY BRANDS INC   | 338,256 | 0.7    |

### Ten Best Performers

| Name                | Return |
|---------------------|--------|
| TRICO BANCSHARES    | 98.0   |
| UNIFI INC COM       | 92.1   |
| UNIVEST CORP PA COM | 87.6   |
| AMERIS BANCORP COM  | 71.3   |
| GUARANTY BANCORP    | 69.5   |
| ARROW FINL CORP     | 63.8   |
| UNION BANKSHARES CO | 62.4   |
| BANCORPSOUTH INC    | 62.2   |
| BAKER MICHAEL CORP  | 59.1   |
| FRONTIER FINANCIAL  | 58.7   |

### Ten Worst Performers

| Name                | Return |
|---------------------|--------|
| TBS INTERNATIONAL L | -66.3  |
| CONSECO INC         | -64.5  |
| NANOMETRICS INC     | -63.7  |
| INTEGRATED SILICON  | -58.5  |
| PLUG PWR INC        | -57.9  |
| ADVOCAT INC         | -53.8  |
| TRICO MARINE SVCS I | -53.1  |
| UNION DRILLING INC  | -51.2  |
| PC MALL INC         | -49.6  |
| COMPLETE PRODUCTION | -44.7  |

# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

Quarter Ending September 30, 2008

# Equity Performance Attribution Brandywine Asset Management

|                    | Portfolio                         |                             | R 2000(R) VALUE                   |                             | Attribution               |                            |              |
|--------------------|-----------------------------------|-----------------------------|-----------------------------------|-----------------------------|---------------------------|----------------------------|--------------|
|                    | Pct of<br>Begin<br>Mkt Val<br>(A) | Rate<br>of<br>Return<br>(B) | Pct of<br>Begin<br>Mkt Val<br>(C) | Rate<br>of<br>Return<br>(D) | Stock<br>Selection<br>(E) | Sector<br>Weighting<br>(F) | Total<br>(G) |
| Cons Discretionary | 13.6                              | 3.4                         | 11.7                              | 4.7                         | -0.2                      | 0.0                        | -0.2         |
| Consumer Staples   | 3.5                               | 4.5                         | 3.8                               | 11.9                        | -0.2                      | 0.0                        | -0.3         |
| Energy             | 8.4                               | -31.9                       | 5.7                               | -30.7                       | -0.1                      | -0.9                       | -1.0         |
| Financials         | 31.8                              | 20.2                        | 32.4                              | 18.2                        | 0.6                       | -0.1                       | 0.5          |
| Health Care        | 3.5                               | 11.5                        | 4.6                               | 11.4                        | 0.0                       | -0.1                       | -0.1         |
| Industrials        | 17.4                              | -3.5                        | 15.0                              | 1.9                         | -0.9                      | -0.1                       | -1.0         |
| Info Technology    | 10.2                              | -12.7                       | 13.1                              | -2.9                        | -1.0                      | 0.2                        | -0.8         |
| Materials          | 4.1                               | -14.0                       | 6.1                               | -16.0                       | 0.1                       | 0.4                        | 0.5          |
| Telecom Services   | 0.2                               | -22.4                       | 1.2                               | -8.7                        | 0.0                       | 0.1                        | 0.1          |
| Utilities          | 7.3                               | 2.4                         | 6.3                               | 7.6                         | -0.4                      | 0.0                        | -0.3         |
| Miscellaneous      | 0.0                               |                             | 0.0                               |                             |                           |                            |              |
| <b>TOTAL</b>       | 100%                              | 2.4                         | 100%                              | 5.0                         | -2.1                      | -0.4                       | -2.5         |

|  |      |                         |      |
|--|------|-------------------------|------|
| Equity Only Buy/Hold Return (B)        | 2.4  | Stock Selection (E)     | -2.1 |
| Benchmark Buy/Hold Return (D)          | 5.0  | Sector Weighting (F)    | -0.4 |
| Total Relative Return Difference (B/D) | -2.5 | Total Selection (E * F) | -2.5 |
| Equity Only Actual Return (*)          | 2.6  | Total Value Added       | -2.3 |
| Equity Only Buy/Hold Return (B)        | 2.4  | (Selection * Trading)   |      |
| Intra-Period Trading (* / B)           | 0.1  |                         |      |

# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

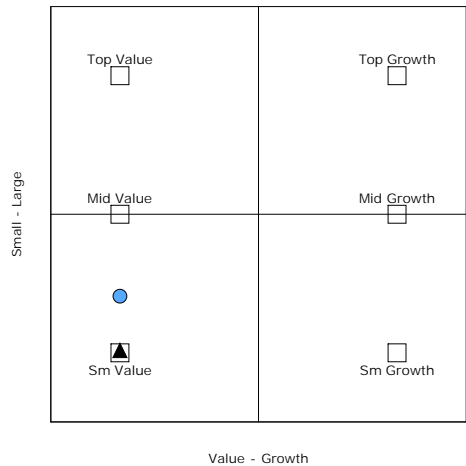
## 3 Years Ending September 30, 2008

# Return Based Style Analysis

## Brandywine Asset Management

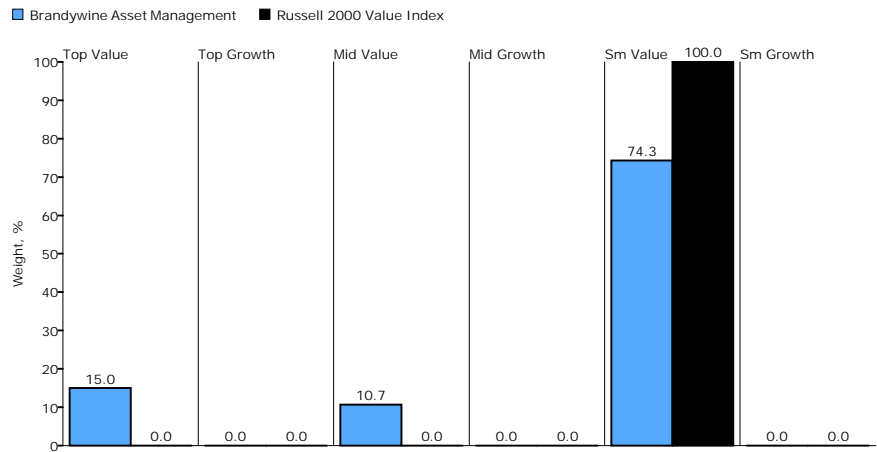
### US Equity Style Map

Oct 05 - Sep 08



### US Equity Style Exposures

Oct 05 - Sep 08

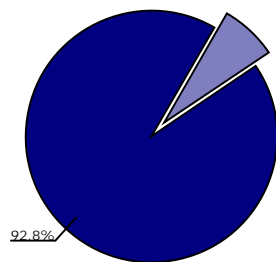
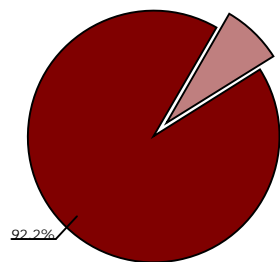


### R-Squared (Style Analysis)

Oct 05 - Sep 08

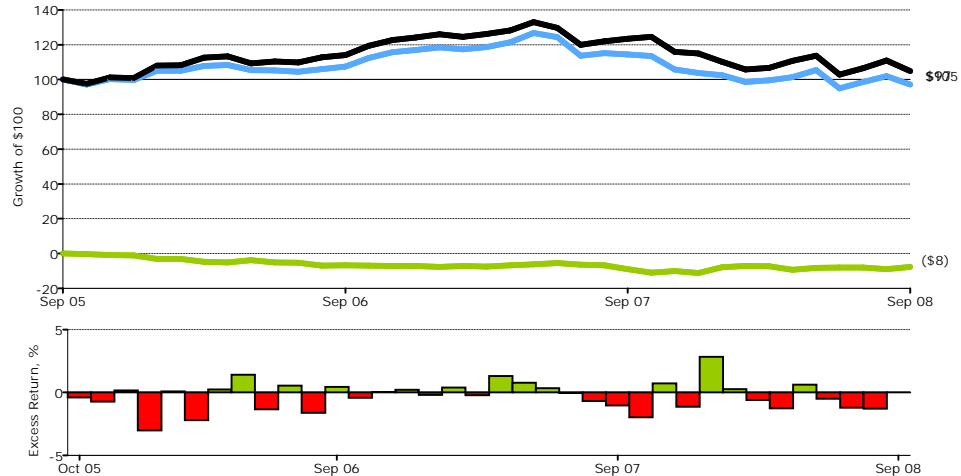
■ Style R-Squared

■ Benchmark R-Squared



### Cumulative Total, Style & Selection Return

Oct 05 - Sep 08

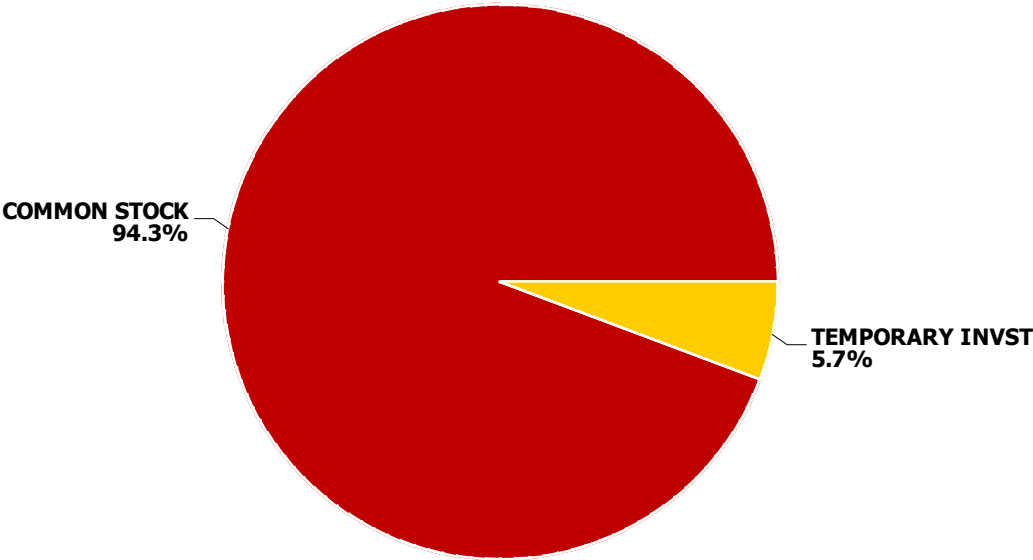


### Legend

▲ Russell 2000 Value Index ● Brandywine Asset Management

■ Total ■ Style ■ Selection

| Asset Class   | Market Value      | Current%     |
|---|-------------------|--------------|
| <span style="color: red;">■</span> COMMON STOCK       | 60,449,874        | 94.3         |
| <span style="color: yellow;">■</span> TEMPORARY INVST | 3,660,260         | 5.7          |
| <hr/>   |                   |              |
| <b>Total</b>  | <b>64,110,134</b> | <b>100.0</b> |



# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

Quarter Ending September 30, 2008

## Equity Only Summary Statistics

Dodge and Cox -Equity

### Portfolio Characteristics

|                                       | Portfolio  | R 1000(R) VALUE |
|---------------------------------------|------------|-----------------|
| Total Number of Securities            | 76         |                 |
| Total Market Value \$                 | 60,449,874 |                 |
| Average Market Capitalization (000's) | 64,308,600 | 90,628,300      |
| Median Market Capitalization (000's)  | 17,328,900 | 3,758,000       |
| Equity Segment Yield                  | 2.25       | 3.17            |
| Equity Segment P/E                    | 12.29      | 12.37           |
| Equity Segment Beta                   | 1.08       | 0.99            |
| Price/Book Ratio                      | 2.05       | 2.09            |
| Five Year Earnings Growth             | 13.53      | 12.12           |
| Return On Equity                      | 15.11      | 16.22           |

### Ten Largest Holdings

| Name                | \$        | Weight |
|---------------------|-----------|--------|
| HEWLETT PACKARD CO  | 3,224,584 | 5.3    |
| COMCAST CORP-CL A   | 2,964,130 | 4.9    |
| NOVARTIS A G        | 2,007,920 | 3.3    |
| TIME WARNER INC NEW | 1,861,620 | 3.1    |
| SANOFI-AVENTIS      | 1,791,415 | 3.0    |
| GENERAL ELEC CO     | 1,780,890 | 2.9    |
| CAPITAL ONE FINL CO | 1,759,500 | 2.9    |
| GLAXO SMITHKLINE PL | 1,759,164 | 2.9    |
| WELLS FARGO & CO NE | 1,741,392 | 2.9    |
| AMGEN INC           | 1,718,830 | 2.8    |

### Ten Best Performers

| Name                | Return |
|---------------------|--------|
| WELLS FARGO & CO NE | 59.8   |
| CAPITAL ONE FINL CO | 35.4   |
| AMGEN INC           | 25.7   |
| VULCAN MATERIALS CO | 25.5   |
| SHERWIN WILLIAMS CO | 25.2   |
| CITIGROUP INC       | 24.5   |
| MASCO CORP          | 15.7   |
| COVIDIEN LTD        | 12.6   |
| HOME DEPOT INC COM  | 11.4   |
| FORD MTR CO DEL     | 8.1    |

### Ten Worst Performers

| Name                | Return |
|---------------------|--------|
| FEDERAL NATL MTG AS | -92.1  |
| AMERICAN INTL GROUP | -84.5  |
| WACHOVIA CORP       | -77.4  |
| GENWORTH FINL INC   | -51.4  |
| SLM CORP            | -36.2  |
| HEALTH MGMT ASSOC I | -36.1  |
| SPRINT NEXTEL CORP  | -35.8  |
| CADENCE DESIGN SYS  | -33.1  |
| AEGON NV            | -30.8  |
| BAKER HUGHES INC    | -30.6  |



# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

Quarter Ending September 30, 2008

## Equity Performance Attribution

Dodge and Cox -Equity

|                    | Portfolio            |                | R 1000(R) VALUE      |                | Attribution     |                  |       |
|--------------------|----------------------|----------------|----------------------|----------------|-----------------|------------------|-------|
|                    | Pct of Begin Mkt Val | Rate of Return | Pct of Begin Mkt Val | Rate of Return | Stock Selection | Sector Weighting | Total |
|                    | (A)                  | (B)            | (C)                  | (D)            | (E)             | (F)              | (G)   |
| Cons Discretionary | 24.7                 | -7.1           | 8.7                  | -0.3           | -1.7            | 1.0              | -0.7  |
| Consumer Staples   | 0.5                  | -4.5           | 7.5                  | 3.5            | -0.1            | -0.7             | -0.8  |
| Energy             | 9.4                  | -23.3          | 18.1                 | -21.2          | -0.2            | 1.4              | 1.2   |
| Financials         | 15.9                 | -30.2          | 24.9                 | 3.7            | -5.4            | -0.9             | -6.3  |
| Health Care        | 21.4                 | 0.5            | 10.9                 | 0.9            | -0.1            | 0.8              | 0.6   |
| Industrials        | 6.6                  | -1.9           | 9.7                  | -5.5           | 0.2             | 0.0              | 0.2   |
| Info Technology    | 15.8                 | -6.6           | 3.4                  | -13.8          | 1.1             | -1.0             | 0.1   |
| Materials          | 3.8                  | 8.2            | 4.3                  | -18.6          | 1.0             | 0.1              | 1.0   |
| Telecom Services   | 1.9                  | -35.8          | 5.8                  | -15.2          | -0.4            | 0.4              | 0.0   |
| Utilities          | 0.0                  |                | 6.8                  | -12.9          | 0.0             | 0.5              | 0.5   |
| Miscellaneous      | 0.0                  |                | 0.0                  |                |                 |                  |       |
| <b>TOTAL</b>       | 100%                 | -10.2          | 100%                 | -6.1           | -5.7            | 1.4              | -4.4  |

Equity Only Buy/Hold Return (B)  
 Benchmark Buy/Hold Return (D)  
 Total Relative Return Difference (B/D)

-10.2  
 -6.1  
 -4.4

Stock Selection (E)  
 Sector Weighting (F)  
 Total Selection (E \* F)

-5.7  
 1.4  
 -4.4

Equity Only Actual Return (\*)  
 Equity Only Buy/Hold Return (B)  
 Intra-Period Trading (\* / B)

-11.9  
 -10.2  
 -1.9

Total Value Added  
 (Selection \* Trading)

-6.2

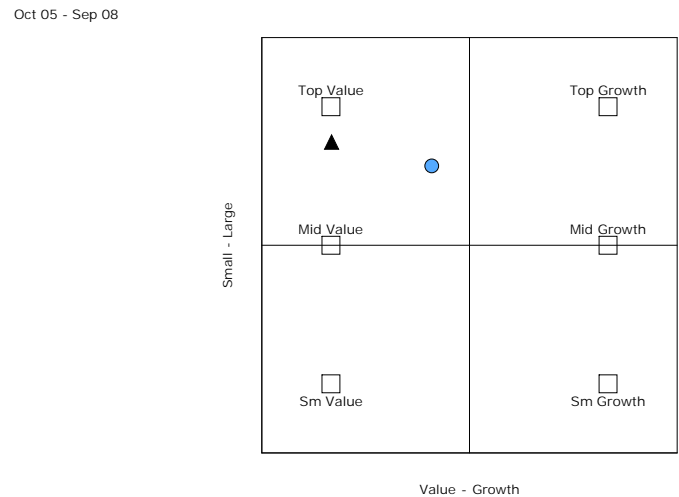
# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

## 3 Years Ending September 30, 2008

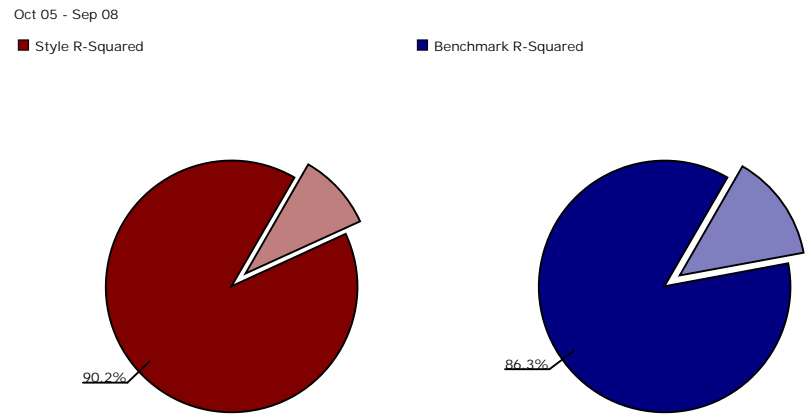
# Return Based Style Analysis

## Dodge & Cox -Equity

### US Equity Style Map



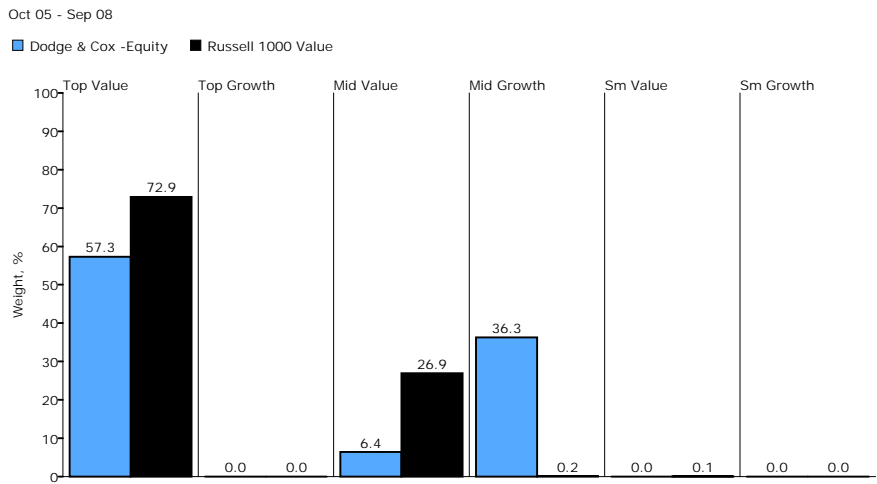
### R-Squared (Style Analysis)



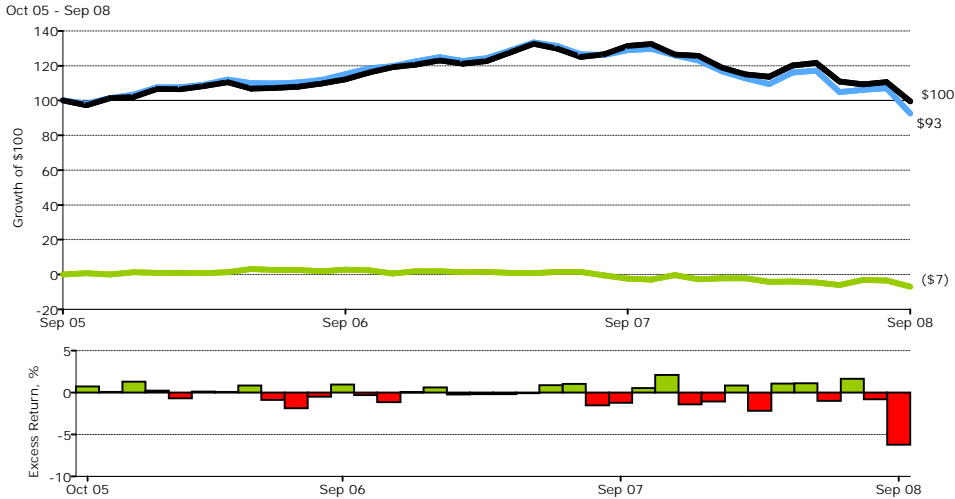
### Legend

- ▲ Russell 1000 Value
- Dodge & Cox -Equity
- Total
- Style
- Selection

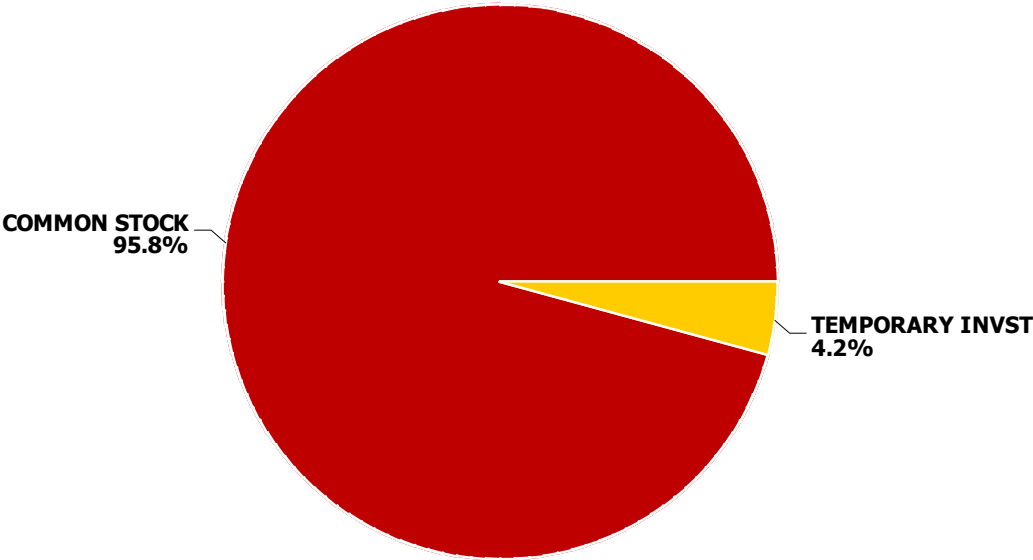
### US Equity Style Exposures



### Cumulative Total, Style & Selection Return



| Asset Class     | Market Value | Current% |
|-----------------|--------------|----------|
| COMMON STOCK    | 38,629,135   | 95.8     |
| TEMPORARY INVST | 1,692,050    | 4.2      |
|                 |              |          |
| Total           | 40,321,185   | 100.0    |



# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

Quarter Ending September 30, 2008

## Equity Only Summary Statistics

### Eagle Asset Management

#### Portfolio Characteristics

|                                       | Portfolio  | R 2000(R) GR |
|---------------------------------------|------------|--------------|
| Total Number of Securities            | 72         |              |
| Total Market Value \$                 | 38,629,135 |              |
| Average Market Capitalization (000's) | 1,091,300  | 1,129,400    |
| Median Market Capitalization (000's)  | 747,100    | 461,200      |
| Equity Segment Yield                  | 0.29       | 0.59         |
| Equity Segment P/E                    | 17.42      | 16.54        |
| Equity Segment Beta                   | 1.27       | 1.28         |
| Price/Book Ratio                      | 3.21       | 3.96         |
| Five Year Earnings Growth             | 24.09      | 23.90        |
| Return On Equity                      | 11.83      | 12.13        |

#### Ten Largest Holdings

| Name                | \$        | Weight |
|---------------------|-----------|--------|
| LUFKIN INDUSTRIES I | 1,457,263 | 3.8    |
| THORATEC CORP       | 1,405,346 | 3.6    |
| COHERENT INC COM    | 1,360,321 | 3.5    |
| ECLIPSYS CORP       | 1,318,384 | 3.4    |
| GENESCO INC         | 1,210,637 | 3.1    |
| AMERICAN MED SYS HL | 1,124,030 | 2.9    |
| QUALITY SYS INC     | 1,078,258 | 2.8    |
| CENTENE CORP DEL    | 1,009,707 | 2.6    |
| OYO GEOSPACE CORP   | 1,004,586 | 2.6    |
| ANSYS INC           | 986,514   | 2.6    |

#### Ten Best Performers

| Name                | Return |
|---------------------|--------|
| THORATEC CORP       | 51.0   |
| QUALITY SYS INC     | 45.3   |
| MYRIAD GENETICS INC | 42.5   |
| EAGLE TEST SYS INC  | 36.7   |
| ANIMAL HEALTH INTER | 32.3   |
| CUBIST PHARMACEUTIC | 24.5   |
| K12 INC             | 23.7   |
| AMERICAN PUBLIC EDU | 23.7   |
| BJS RESTAURANTS INC | 22.7   |
| CENTENE CORP DEL    | 22.2   |

#### Ten Worst Performers

| Name                 | Return |
|----------------------|--------|
| JAMES RIVER COAL CO  | -62.5  |
| GIANT INTERACTIVE G  | -45.1  |
| CARROLS RESTAURANT   | -42.2  |
| TERRA INDS INC       | -40.3  |
| AMERON INTERNATIONAL | -40.1  |
| BUCYRUS INTL INC NE  | -38.8  |
| ULTRAPETROL BAHAMAS  | -37.7  |
| PHYSICIANS FORMULA   | -36.4  |
| FCSTONE GROUP INC C  | -35.6  |
| OYO GEOSPACE CORP    | -33.3  |

# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

Quarter Ending September 30, 2008

## Equity Performance Attribution Eagle Asset Management

|                    | Portfolio                         |                             | R 2000(R) GR                      |                             | Attribution               |                            |              |
|--------------------|-----------------------------------|-----------------------------|-----------------------------------|-----------------------------|---------------------------|----------------------------|--------------|
|                    | Pct of<br>Begin<br>Mkt Val<br>(A) | Rate<br>of<br>Return<br>(B) | Pct of<br>Begin<br>Mkt Val<br>(C) | Rate<br>of<br>Return<br>(D) | Stock<br>Selection<br>(E) | Sector<br>Weighting<br>(F) | Total<br>(G) |
| Cons Discretionary | 11.5                              | -3.0                        | 10.8                              | -2.7                        | 0.0                       | 0.0                        | 0.0          |
| Consumer Staples   | 0.8                               | -36.4                       | 2.5                               | 2.7                         | -0.3                      | -0.2                       | -0.5         |
| Energy             | 9.3                               | -21.2                       | 12.3                              | -33.9                       | 1.2                       | 0.9                        | 2.1          |
| Financials         | 6.8                               | -2.6                        | 4.6                               | 7.8                         | -0.7                      | 0.3                        | -0.4         |
| Health Care        | 20.5                              | 11.9                        | 22.0                              | 6.6                         | 1.1                       | -0.2                       | 0.9          |
| Industrials        | 21.1                              | -18.5                       | 20.0                              | -8.4                        | -2.2                      | 0.0                        | -2.2         |
| Info Technology    | 21.9                              | 0.3                         | 21.9                              | -6.6                        | 1.5                       | 0.0                        | 1.5          |
| Materials          | 8.0                               | -40.9                       | 4.0                               | -18.4                       | -1.8                      | -0.5                       | -2.3         |
| Telecom Services   | 0.0                               |                             | 1.1                               | -18.5                       | 0.0                       | 0.1                        | 0.1          |
| Utilities          | 0.0                               |                             | 0.8                               | -6.4                        | 0.0                       | 0.0                        | 0.0          |
| Miscellaneous      | 0.0                               |                             | 0.0                               |                             |                           |                            |              |
| <b>TOTAL</b>       | 100%                              | -7.4                        | 100%                              | -6.7                        | -1.3                      | 0.5                        | -0.8         |

Equity Only Buy/Hold Return (B)  
 Benchmark Buy/Hold Return (D)  
 Total Relative Return Difference (B/D)

-7.4  
 -6.7  
 -0.8

Stock Selection (E)  
 Sector Weighting (F)  
 Total Selection (E \* F)

-1.3  
 0.5  
 -0.8

Equity Only Actual Return (\*)  
 Equity Only Buy/Hold Return (B)  
 Intra-Period Trading (\* / B)

-7.7  
 -7.4  
 -0.2

Total Value Added  
 (Selection \* Trading)

-1.0

# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

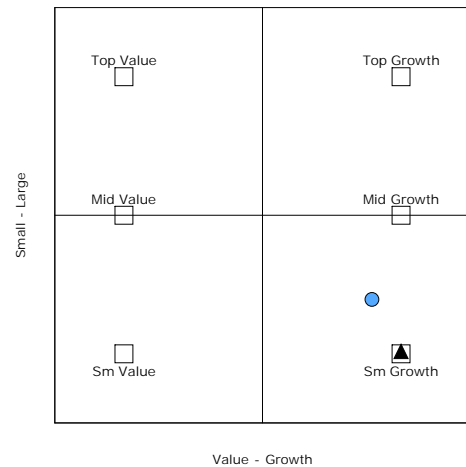
## 3 Years Ending September 30, 2008

# Return Based Style Analysis

## Eagle Asset Management

### US Equity Style Map

Oct 05 - Sep 08

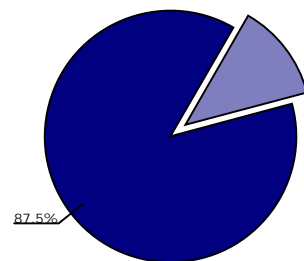
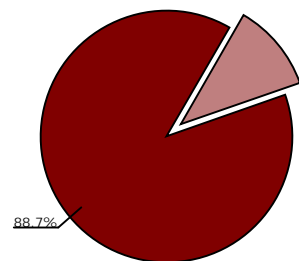


### R-Squared (Style Analysis)

Oct 05 - Sep 08

■ Style R-Squared

■ Benchmark R-Squared



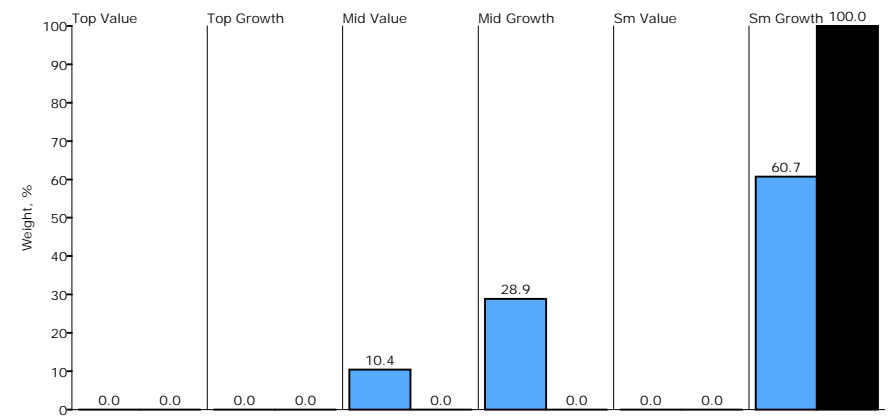
### Legend

▲ Russell 2000 Growth Index ● Eagle Asset Management

### US Equity Style Exposures

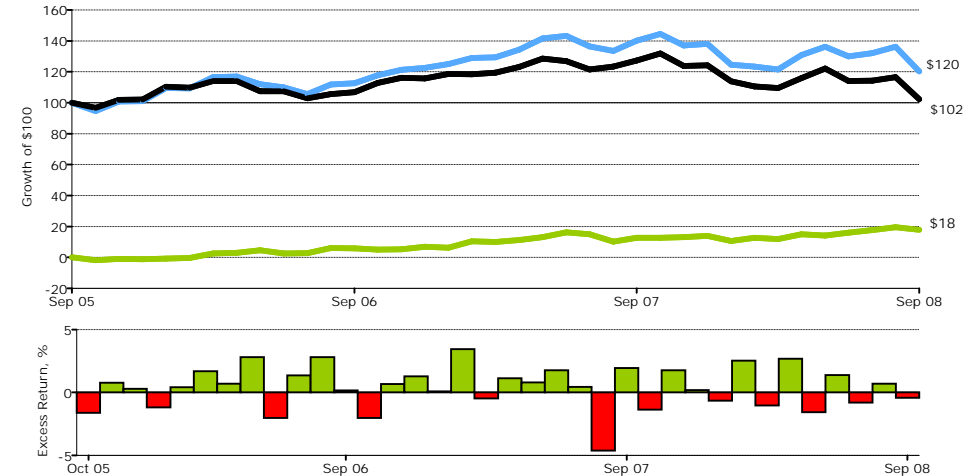
Oct 05 - Sep 08

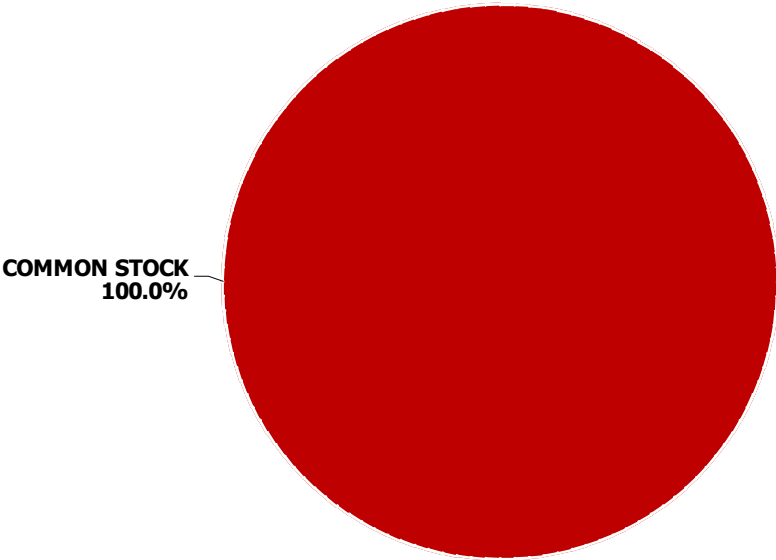
■ Eagle Asset Management ■ Russell 2000 Growth Index



### Cumulative Total, Style & Selection Return

Oct 05 - Sep 08





| Asset Class     | Market Value | Current% |
|-----------------|--------------|----------|
| COMMON STOCK    | 324,368,576  | 100.0    |
| TEMPORARY INVST | 12,145       | 0.0      |
|                 |              |          |
| Total           | 324,380,721  | 100.0    |

# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

Quarter Ending September 30, 2008

## Equity Only Summary Statistics Northern Trust Russell 3000 Index Fund

### Portfolio Characteristics

|                                       | Portfolio   | R 3000(R)  |
|---------------------------------------|-------------|------------|
| Total Number of Securities            | 2393        |            |
| Total Market Value \$                 | 322,487,963 |            |
| Average Market Capitalization (000's) | 71,681,500  | 70,905,500 |
| Median Market Capitalization (000's)  | 1,177,200   | 826,100    |
| Equity Segment Yield                  | 2.26        | 2.25       |
| Equity Segment P/E                    | 13.77       | 13.69      |
| Equity Segment Beta                   | 1.05        | 1.05       |
| Price/Book Ratio                      | 3.28        | 3.26       |
| Five Year Earnings Growth             | 19.02       | 19.57      |
| Return On Equity                      | 20.29       | 20.22      |

### Ten Largest Holdings

| Name                | \$         | Weight |
|---------------------|------------|--------|
| EXXON MOBIL CORP    | 10,469,418 | 3.2    |
| GENERAL ELEC CO     | 6,481,464  | 2.0    |
| MICROSOFT           | 5,469,636  | 1.7    |
| PROCTER & GAMBLE CO | 5,425,824  | 1.7    |
| JOHNSON & JOHNSON   | 4,975,963  | 1.5    |
| CHEVRON CORP        | 4,344,260  | 1.3    |
| AT & T INC          | 4,235,316  | 1.3    |
| J P MORGAN CHASE &  | 4,115,405  | 1.3    |
| INTERNATIONAL BUSIN | 4,097,509  | 1.3    |
| BANK OF AMERICA COR | 4,073,317  | 1.3    |

### Ten Best Performers

| Name                | Return |
|---------------------|--------|
| STERLING FINL CORP  | 252.7  |
| RADIAN GROUP INC    | 247.8  |
| UCBH HLDGS INC      | 186.6  |
| MBIA INC            | 171.1  |
| US AWYS GROUP INC   | 141.2  |
| MEDIVATION INC COM  | 123.7  |
| CAPITOL BANCORP LTD | 117.9  |
| INDEVUS PHARMACEUTI | 113.4  |
| WESTERN ALLIANCE BA | 99.2   |
| GEHL CO             | 99.0   |

### Ten Worst Performers

| Name                | Return |
|---------------------|--------|
| FEDERAL NATL MTG AS | -92.1  |
| FEDERAL HOME LN MTG | -89.6  |
| AMERICAN INTL GROUP | -84.5  |
| DOLLAR THRIFTY AUTO | -79.6  |
| ISTAR FINL INC      | -78.7  |
| GRAMERCY CAP CORP C | -77.7  |
| WACHOVIA CORP       | -77.4  |
| CELL GENESYS INC    | -77.3  |
| QUEST RESOURCE CORP | -76.7  |
| TERRESTAR CORP COM  | -74.9  |



# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

Quarter Ending September 30, 2008

## Equity Performance Attribution Northern Trust Russell 3000 Index Fund

|                    | Portfolio                         |                             | R 3000(R)                         |                             | Attribution               |                            |              |
|--------------------|-----------------------------------|-----------------------------|-----------------------------------|-----------------------------|---------------------------|----------------------------|--------------|
|                    | Pct of<br>Begin<br>Mkt Val<br>(A) | Rate<br>of<br>Return<br>(B) | Pct of<br>Begin<br>Mkt Val<br>(C) | Rate<br>of<br>Return<br>(D) | Stock<br>Selection<br>(E) | Sector<br>Weighting<br>(F) | Total<br>(G) |
| Cons Discretionary | 9.5                               | -1.0                        | 9.5                               | -1.2                        | 0.0                       | 0.0                        | 0.0          |
| Consumer Staples   | 8.4                               | 4.0                         | 8.3                               | 4.0                         | 0.0                       | 0.0                        | 0.0          |
| Energy             | 14.4                              | -25.7                       | 14.4                              | -25.8                       | 0.0                       | 0.0                        | 0.0          |
| Financials         | 14.5                              | 4.0                         | 14.5                              | 3.6                         | 0.1                       | 0.0                        | 0.1          |
| Health Care        | 11.7                              | 1.4                         | 11.7                              | 1.3                         | 0.0                       | 0.0                        | 0.0          |
| Industrials        | 12.3                              | -9.6                        | 12.2                              | -9.6                        | 0.0                       | 0.0                        | 0.0          |
| Info Technology    | 16.6                              | -11.6                       | 16.6                              | -11.8                       | 0.0                       | 0.0                        | 0.0          |
| Materials          | 5.1                               | -27.7                       | 5.1                               | -27.8                       | 0.0                       | 0.0                        | 0.0          |
| Telecom Services   | 3.1                               | -15.4                       | 3.0                               | -15.9                       | 0.0                       | 0.0                        | 0.0          |
| Utilities          | 4.5                               | -18.3                       | 4.6                               | -18.1                       | 0.0                       | 0.0                        | 0.0          |
| Miscellaneous      | 0.0                               |                             | 0.0                               |                             |                           |                            |              |
| <b>TOTAL</b>       | 100%                              | -8.6                        | 100%                              | -8.7                        | 0.2                       | 0.0                        | 0.2          |

|  |      |                         |      |
|--|------|-------------------------|------|
| Equity Only Buy/Hold Return (B)        | -8.6 | Stock Selection (E)     | 0.2  |
| Benchmark Buy/Hold Return (D)          | -8.7 | Sector Weighting (F)    | 0.0  |
| Total Relative Return Difference (B/D) | 0.2  | Total Selection (E * F) | 0.2  |
| Equity Only Actual Return (*)          | -8.9 | Total Value Added       | -0.1 |
| Equity Only Buy/Hold Return (B)        | -8.6 | (Selection * Trading)   |      |
| Intra-Period Trading (* / B)           | -0.3 |                         |      |

# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

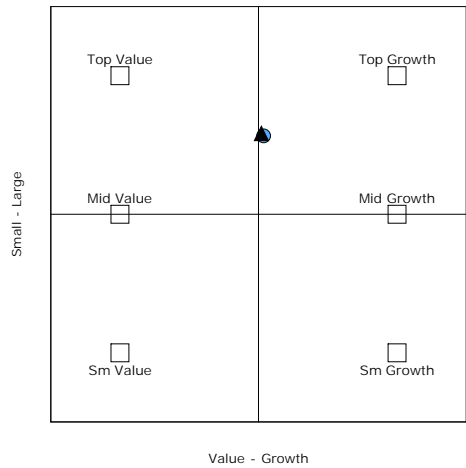
## 3 Years Ending September 30, 2008

# Return Based Style Analysis

## Northern Trust Russell 3000 Index Fund

### US Equity Style Map

Oct 05 - Sep 08

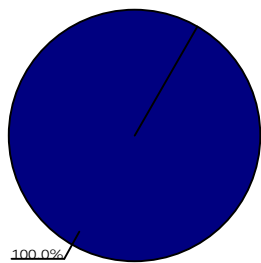
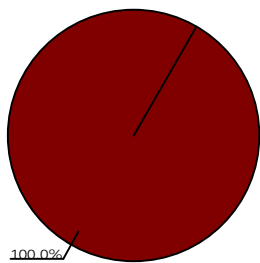


### R-Squared (Style Analysis)

Oct 05 - Sep 08

■ Style R-Squared

■ Benchmark R-Squared



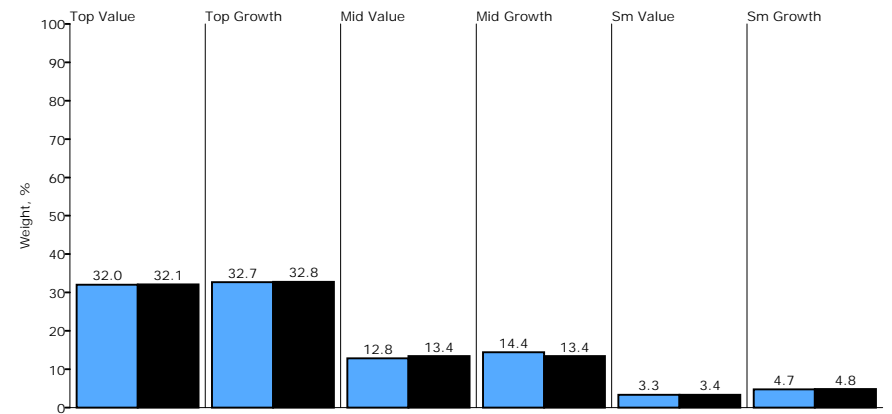
### Legend

▲ Russell 3000 Index    ● Northern Trust Russell 3000 Index Fund

### US Equity Style Exposures

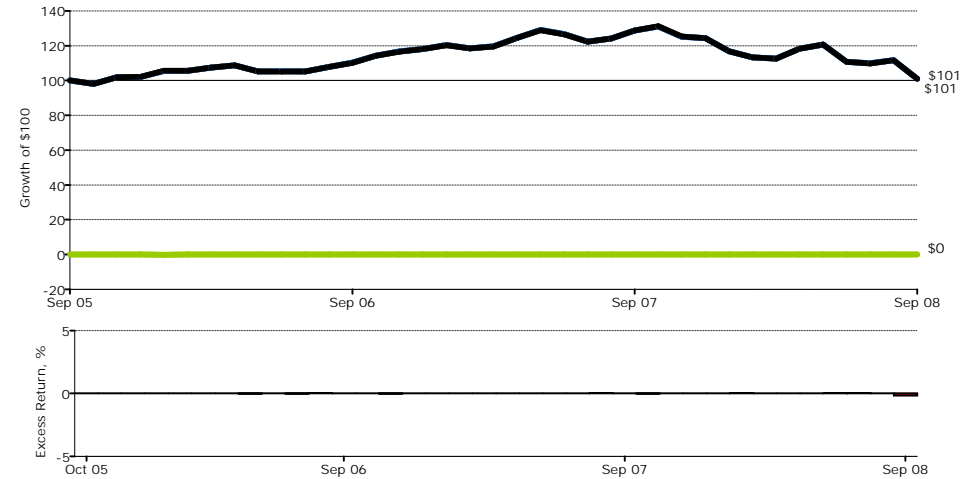
Oct 05 - Sep 08

■ Northern Trust Russell 3000 Index Fund    ■ Russell 3000 Index

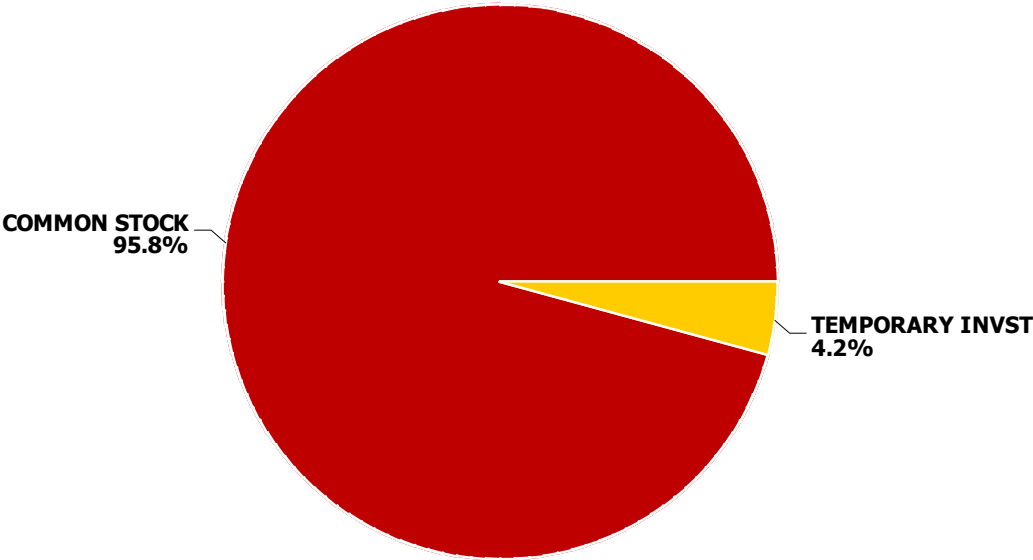


### Cumulative Total, Style & Selection Return

Oct 05 - Sep 08



| Asset Class     | Market Value | Current% |
|-----------------|--------------|----------|
| COMMON STOCK    | 87,032,437   | 95.8     |
| TEMPORARY INVST | 3,793,725    | 4.2      |
|                 |              |          |
| Total           | 90,826,162   | 100.0    |



# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

Quarter Ending September 30, 2008

Equity Only Summary Statistics  
Wellington Management Company

## Portfolio Characteristics

|                                       | Portfolio  | R 3000(R) GR |
|---------------------------------------|------------|--------------|
| Total Number of Securities            | 121        |              |
| Total Market Value \$                 | 87,032,437 |              |
| Average Market Capitalization (000's) | 45,478,000 | 58,935,900   |
| Median Market Capitalization (000's)  | 5,649,800  | 890,800      |
| Equity Segment Yield                  | 1.07       | 1.41         |
| Equity Segment P/E                    | 13.66      | 15.18        |
| Equity Segment Beta                   | 1.08       | 1.10         |
| Price/Book Ratio                      | 4.39       | 4.48         |
| Five Year Earnings Growth             | 31.09      | 27.29        |
| Return On Equity                      | 25.93      | 24.73        |

## Ten Largest Holdings

| Name                | \$        | Weight |
|---------------------|-----------|--------|
| LOCKHEED MARTIN COR | 3,407,447 | 3.9    |
| ABBOTT LABS         | 3,119,109 | 3.6    |
| MICROSOFT           | 3,102,179 | 3.6    |
| ORACLE CORP         | 3,068,435 | 3.5    |
| WESTERN UNION CO    | 2,749,965 | 3.2    |
| TEVA PHARMACEUTICAL | 2,451,597 | 2.8    |
| COVIDIEN LTD        | 1,926,221 | 2.2    |
| ACCENTURE LTD       | 1,828,940 | 2.1    |
| RAYTHEON CO         | 1,693,056 | 1.9    |
| STAPLES INC COM     | 1,672,200 | 1.9    |

## Ten Best Performers

| Name                | Return |
|---------------------|--------|
| APOLLO GROUP INC    | 34.0   |
| O'REILLY AUTOMOTIVE | 19.8   |
| GENENTECH INC       | 16.8   |
| PROASSURANCE CORP   | 16.4   |
| AVON PRODS INC      | 16.0   |
| PEPSICO INC COM     | 12.8   |
| NIKE INC            | 12.7   |
| COVIDIEN LTD        | 12.6   |
| LOCKHEED MARTIN COR | 11.6   |
| HEALTHSOUTH CORP    | 10.8   |

## Ten Worst Performers

| Name                | Return |
|---------------------|--------|
| ELAN PLC            | -70.0  |
| FOUNDATION COAL HLD | -59.8  |
| CLEVELAND CLIFFS IN | -55.5  |
| FREEPORT-MCMORAN CO | -51.3  |
| PEABODY ENERGY CORP | -48.8  |
| CAMECO CORP         | -47.8  |
| COMPANHIA VALE DO R | -46.5  |
| ENCORE ACQUISITION  | -44.4  |
| RESEARCH IN MOTION  | -41.6  |
| FLUOR CORP          | -40.0  |

# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

Quarter Ending September 30, 2008

# Equity Performance Attribution Wellington Management Company

|                    | Portfolio                         |                             | R 3000(R) GR                      |                             | Attribution               |                            |              |
|--------------------|-----------------------------------|-----------------------------|-----------------------------------|-----------------------------|---------------------------|----------------------------|--------------|
|                    | Pct of<br>Begin<br>Mkt Val<br>(A) | Rate<br>of<br>Return<br>(B) | Pct of<br>Begin<br>Mkt Val<br>(C) | Rate<br>of<br>Return<br>(D) | Stock<br>Selection<br>(E) | Sector<br>Weighting<br>(F) | Total<br>(G) |
| Cons Discretionary | 5.7                               | -1.1                        | 10.0                              | -2.4                        | 0.0                       | -0.4                       | -0.4         |
| Consumer Staples   | 1.4                               | 12.4                        | 9.3                               | 4.2                         | 0.1                       | -1.4                       | -1.4         |
| Energy             | 14.2                              | -33.1                       | 11.9                              | -31.6                       | -0.3                      | -0.5                       | -0.8         |
| Financials         | 2.7                               | -15.5                       | 4.3                               | -5.0                        | -0.3                      | -0.1                       | -0.4         |
| Health Care        | 15.3                              | -5.3                        | 12.9                              | 1.4                         | -1.1                      | 0.3                        | -0.7         |
| Industrials        | 18.1                              | -14.2                       | 14.2                              | -12.8                       | -0.3                      | 0.0                        | -0.4         |
| Info Technology    | 27.5                              | -10.2                       | 28.3                              | -11.9                       | 0.4                       | 0.0                        | 0.4          |
| Materials          | 14.8                              | -43.8                       | 5.8                               | -34.3                       | -1.5                      | -2.3                       | -3.8         |
| Telecom Services   | 0.3                               | -10.1                       | 0.8                               | -19.6                       | 0.0                       | 0.0                        | 0.0          |
| Utilities          | 0.0                               |                             | 2.5                               | -34.8                       | 0.0                       | 0.7                        | 0.7          |
| Miscellaneous      | 0.0                               |                             | 0.0                               |                             |                           |                            |              |
| <b>TOTAL</b>       | 100%                              | -17.8                       | 100%                              | -11.9                       | -3.0                      | -3.8                       | -6.7         |

|  |       |                         |      |
|--|-------|-------------------------|------|
| Equity Only Buy/Hold Return (B)        | -17.8 | Stock Selection (E)     | -3.0 |
| Benchmark Buy/Hold Return (D)          | -11.9 | Sector Weighting (F)    | -3.8 |
| Total Relative Return Difference (B/D) | -6.7  | Total Selection (E * F) | -6.7 |
| Equity Only Actual Return (*)          | -16.6 | Total Value Added       | -5.3 |
| Equity Only Buy/Hold Return (B)        | -17.8 | (Selection * Trading)   |      |
| Intra-Period Trading (* / B)           | 1.5   |                         |      |

# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

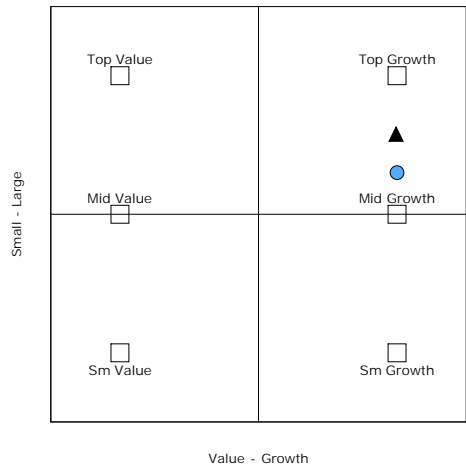
## 3 Years Ending September 30, 2008

# Return Based Style Analysis

## Wellington Management Company

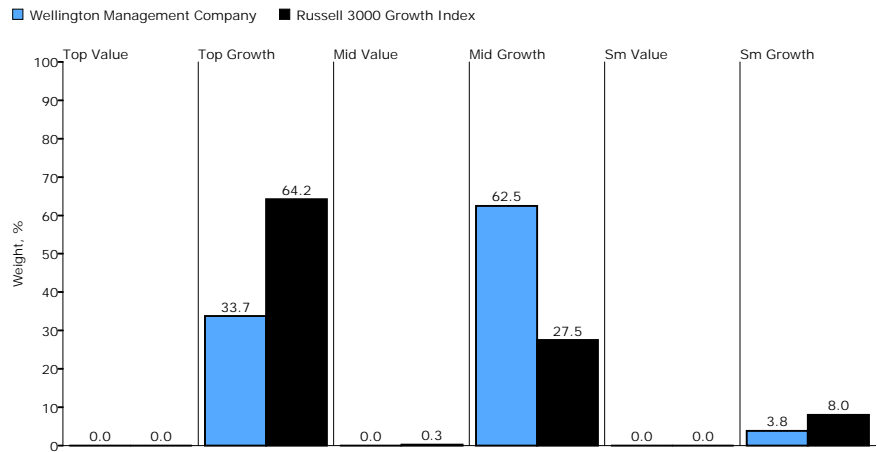
### US Equity Style Map

Oct 05 - Sep 08



### US Equity Style Exposures

Oct 05 - Sep 08

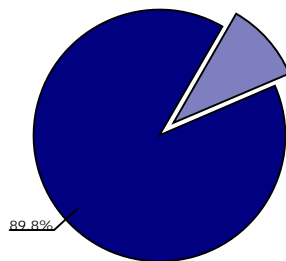
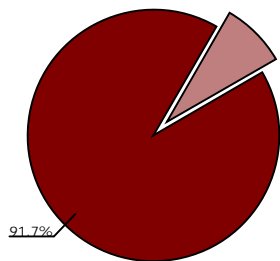


### R-Squared (Style Analysis)

Oct 05 - Sep 08

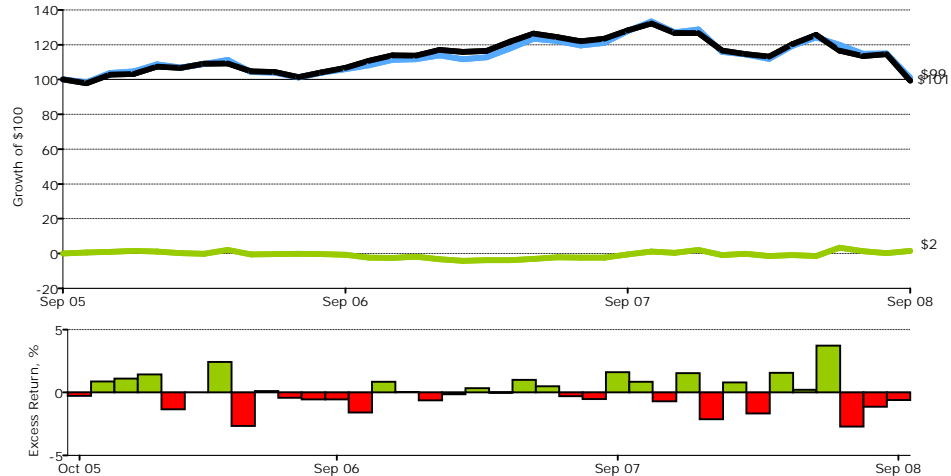
■ Style R-Squared

■ Benchmark R-Squared



### Cumulative Total, Style & Selection Return

Oct 05 - Sep 08



### Legend

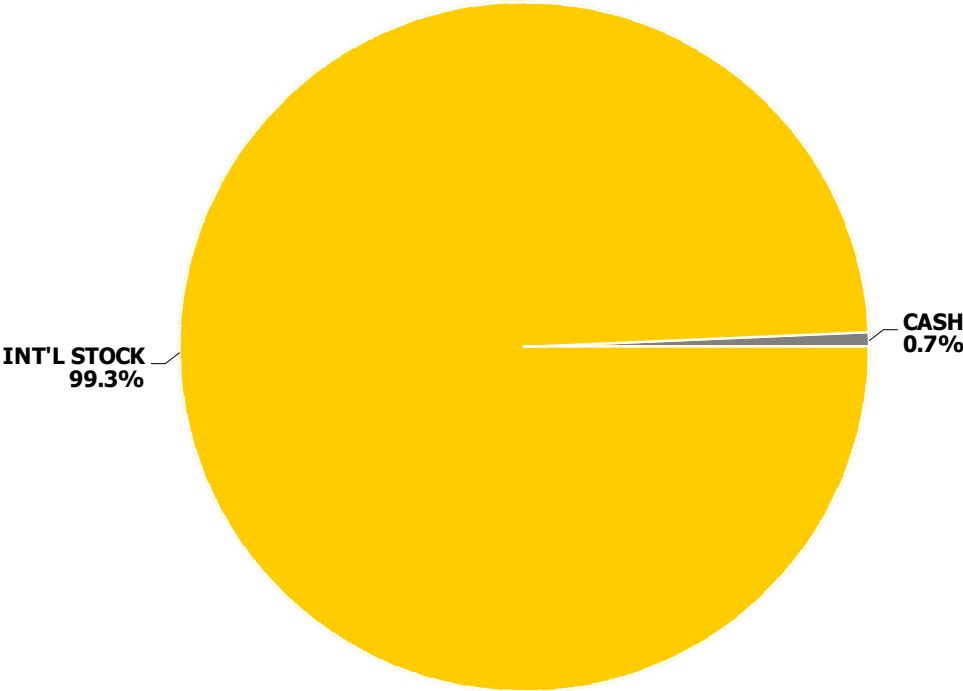
▲ Russell 3000 Growth Index ● Wellington Management Company

■ Total ■ Style ■ Selection

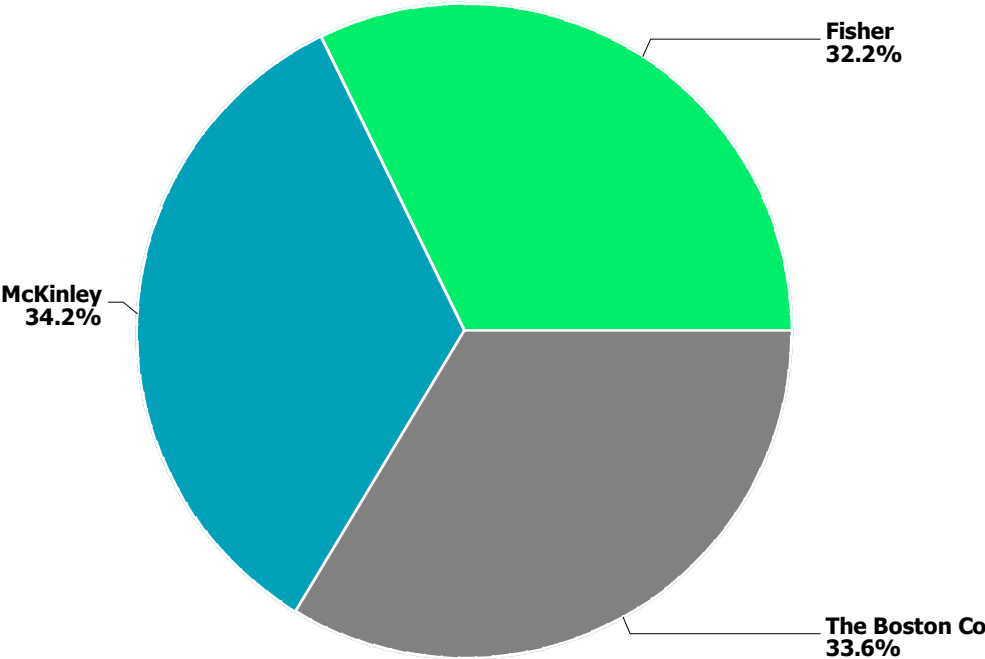
**SAN JOSE FEDERATED CITY EMPLS RET SYSTEM**

As of September 30, 2008

**Asset Allocation Analysis  
International Equity Composite**



| Asset Class | Market Value | Current% |
|-------------|--------------|----------|
| CASH        | 1,623,773    | 0.7      |
| INT'L STOCK | 238,706,951  | 99.3     |
|             |              |          |
| Total       | 240,330,724  | 100.0    |



| Manager       | Market Value | Current% |
|---------------|--------------|----------|
| Fisher        | 77,392,722   | 32.2     |
| McKinley      | 82,079,999   | 34.2     |
| The Boston Co | 80,858,003   | 33.6     |
|               |              |          |
| Total         | 240,330,724  | 100.0    |

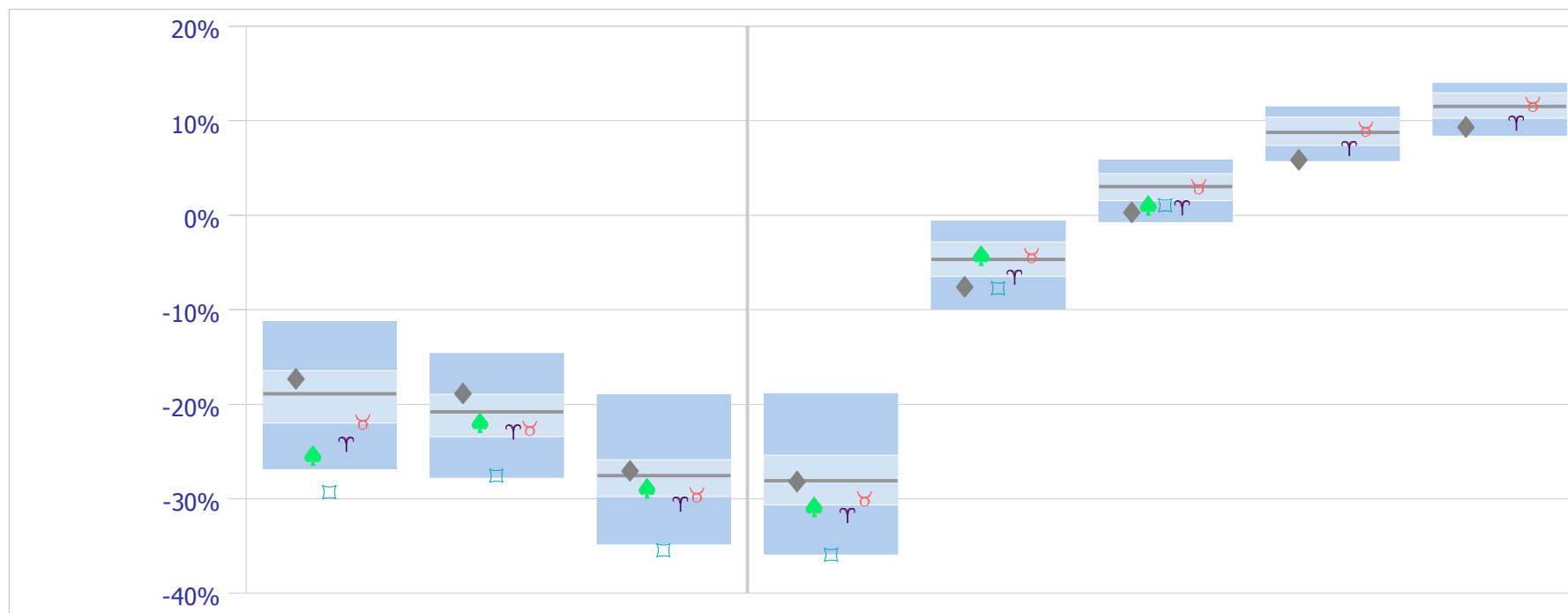


# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

Periods Ending September 30, 2008

## Int'l Developed Mkt Equity Funds

### Total Returns



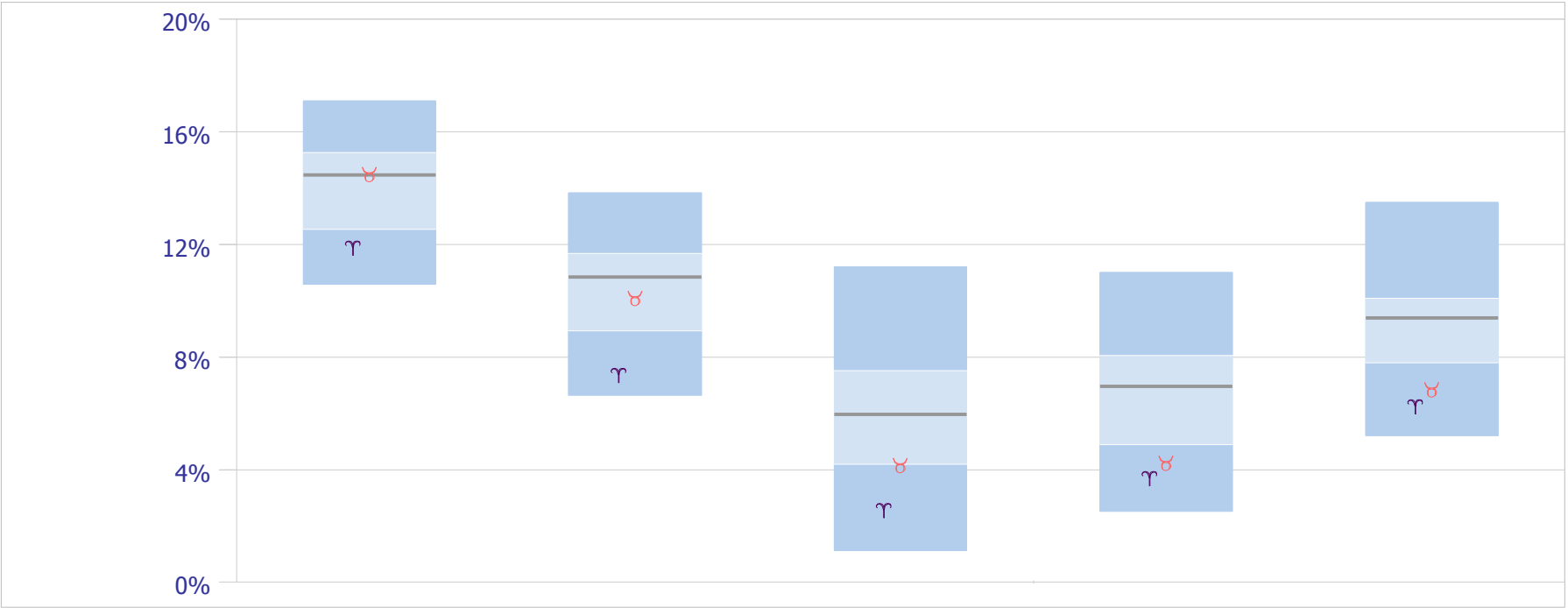
|                   | One Quarter |    | Two Quarters |    | Three Quarters |    | One Year |    | Two Years |    | Three Years |    | Four Years |    | Five Years |    |
|-------------------|-------------|----|--------------|----|----------------|----|----------|----|-----------|----|-------------|----|------------|----|------------|----|
| ◆ The Boston Co   | -17.3       | 29 | -18.9        | 22 | -27.0          | 39 | -28.2    | 50 | -7.5      | 86 | 0.3         | 89 | 5.9        | 94 | 9.3        | 87 |
| ♠ Fisher          | -25.4       | 89 | -21.9        | 63 | -28.9          | 65 | -30.8    | 75 | -4.3      | 42 | 1.0         | 83 |            |    |            |    |
| □ McKinley        | -29.3       | 98 | -27.5        | 93 | -35.4          | 97 | -35.9    | 95 | -7.7      | 87 | 1.0         | 83 |            |    |            |    |
| γ Intl Equity     | -24.2       | 86 | -22.9        | 73 | -30.6          | 76 | -31.8    | 78 | -6.5      | 76 | 0.8         | 86 | 7.0        | 81 | 9.7        | 83 |
| ω MS ACWXUS FR GR | -21.8       | 73 | -22.5        | 70 | -29.5          | 73 | -30.0    | 68 | -4.2      | 41 | 3.1         | 49 | 9.1        | 39 | 11.8       | 43 |
| <b>Median</b>     | -18.9       |    | -20.8        |    | -27.5          |    | -28.1    |    | -4.7      |    | 3.0         |    | 8.8        |    | 11.5       |    |

# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

Periods Ending September 30, 2008

# Int'l Developed Mkt Equity Funds

## Total Returns



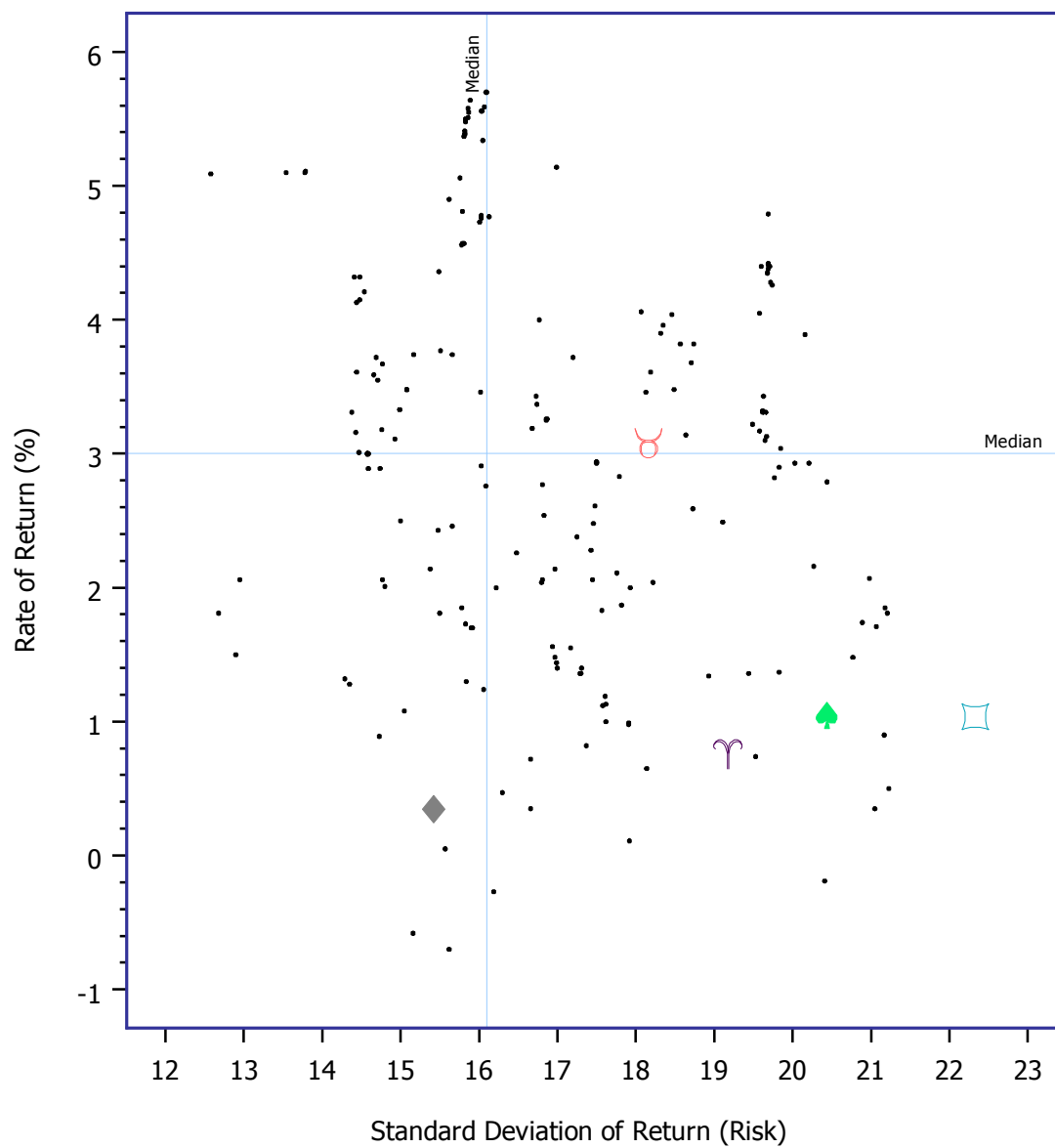
|                 | Six Years |    | Seven Years |    | Eight Years |    | Nine Years |    | Ten Years |    |
|-----------------|-----------|----|-------------|----|-------------|----|------------|----|-----------|----|
| Intl Equity     | 11.9      | 86 | 7.4         | 92 | 2.5         | 89 | 3.7        | 85 | 6.2       | 85 |
| MS ACWXUS FR GR | 14.5      | 49 | 10.1        | 61 | 4.2         | 75 | 4.2        | 78 | 6.8       | 80 |
| Median          | 14.5      |    | 10.8        |    | 6.0         |    | 7.0        |    | 9.4       |    |

# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

3 Years Ending September 30, 2008

## 3 Year Risk vs. Return

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



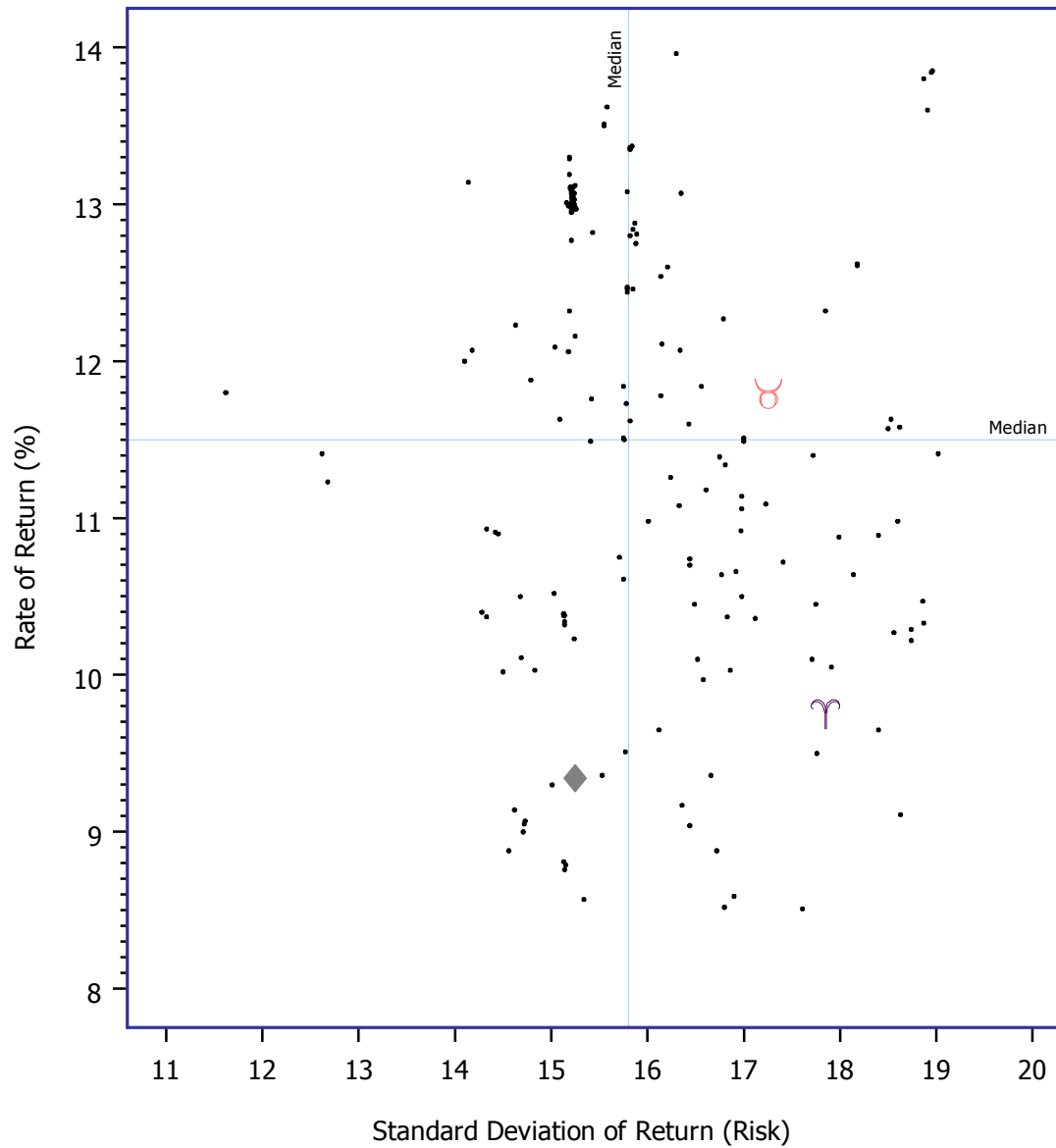
|                   | Return |    | Standard Deviation |    | Sharpe Ratio |    |
|-------------------|--------|----|--------------------|----|--------------|----|
| ◆ The Boston Co   | 0.3    | 89 | 15.4               | 29 | -0.2         |    |
| ♠ Fisher          | 1.0    | 83 | 20.4               | 90 | 0.0          |    |
| ◻ McKinley        | 1.0    | 83 | 22.3               | 98 | 0.0          |    |
| Y Intl Equity     | 0.8    | 86 | 19.2               | 79 | -0.1         |    |
| Y MS ACWXUS FR GR | 3.1    | 49 | 18.2               | 71 | 0.0          | 41 |
| Median            | 3.0    |    | 16.1               |    | 0.0          |    |

# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

5 Years Ending September 30, 2008

## 5 Year Risk vs. Return

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



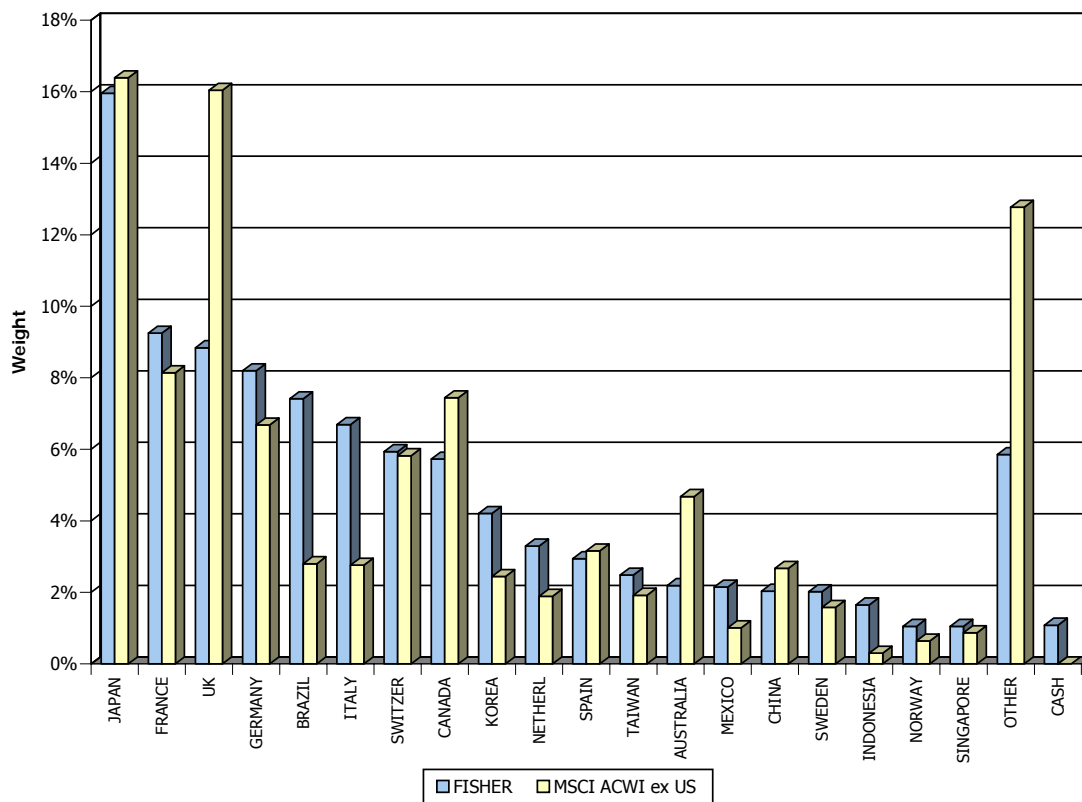
|                   | Return |    | Standard Deviation |    | Sharpe Ratio |    |
|-------------------|--------|----|--------------------|----|--------------|----|
| ◆ The Boston Co   | 9.3    | 87 | 15.3               | 41 | 0.5          | 84 |
| ♿ Intl Equity     | 9.7    | 83 | 17.9               | 86 | 0.4          | 88 |
| ♿ MS ACWXUS FR GR | 11.8   | 43 | 17.3               | 78 | 0.6          | 50 |
| Median            | 11.5   |    | 15.8               |    | 0.6          |    |

## SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

As of September 30, 2008

## Portfolio Country Weights

### Fisher Investments



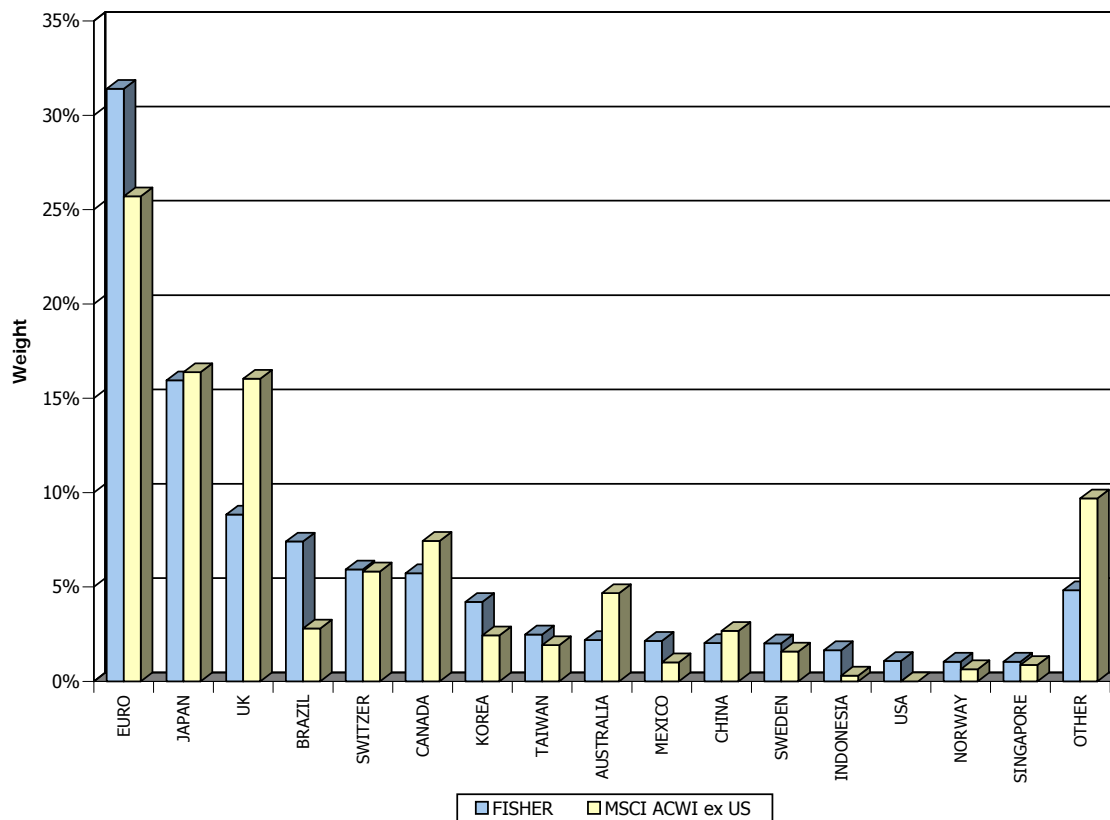
| COUNTRY   | MARKET VALUE | FISHER | MSCI ACWI ex US |
|-----------|--------------|--------|-----------------|
| JAPAN     | \$ 12,349    | 16.0%  | 16.4%           |
| FRANCE    | \$ 7,156     | 9.2%   | 8.1%            |
| UK        | \$ 6,842     | 8.8%   | 16.0%           |
| GERMANY   | \$ 6,346     | 8.2%   | 6.7%            |
| BRAZIL    | \$ 5,738     | 7.4%   | 2.8%            |
| ITALY     | \$ 5,177     | 6.7%   | 2.8%            |
| SWITZER   | \$ 4,593     | 5.9%   | 5.8%            |
| CANADA    | \$ 4,433     | 5.7%   | 7.4%            |
| KOREA     | \$ 3,255     | 4.2%   | 2.4%            |
| NETHERL   | \$ 2,549     | 3.3%   | 1.9%            |
| SPAIN     | \$ 2,275     | 2.9%   | 3.2%            |
| TAIWAN    | \$ 1,921     | 2.5%   | 1.9%            |
| AUSTRALIA | \$ 1,695     | 2.2%   | 4.7%            |
| MEXICO    | \$ 1,661     | 2.1%   | 1.0%            |
| CHINA     | \$ 1,574     | 2.0%   | 2.7%            |
| SWEDEN    | \$ 1,563     | 2.0%   | 1.6%            |
| INDONESIA | \$ 1,276     | 1.6%   | 0.3%            |
| NORWAY    | \$ 812       | 1.0%   | 0.6%            |
| SINGAPORE | \$ 810       | 1.0%   | 0.9%            |
| OTHER     | \$ 4,531     | 5.9%   | 12.8%           |
| CASH      | \$ 838       | 1.1%   | 0.0%            |
|           | \$ 77,393    | 100.0% | 100.0%          |

## SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

As of September 30, 2008

## Portfolio Currency Exposures

### Fisher Investments



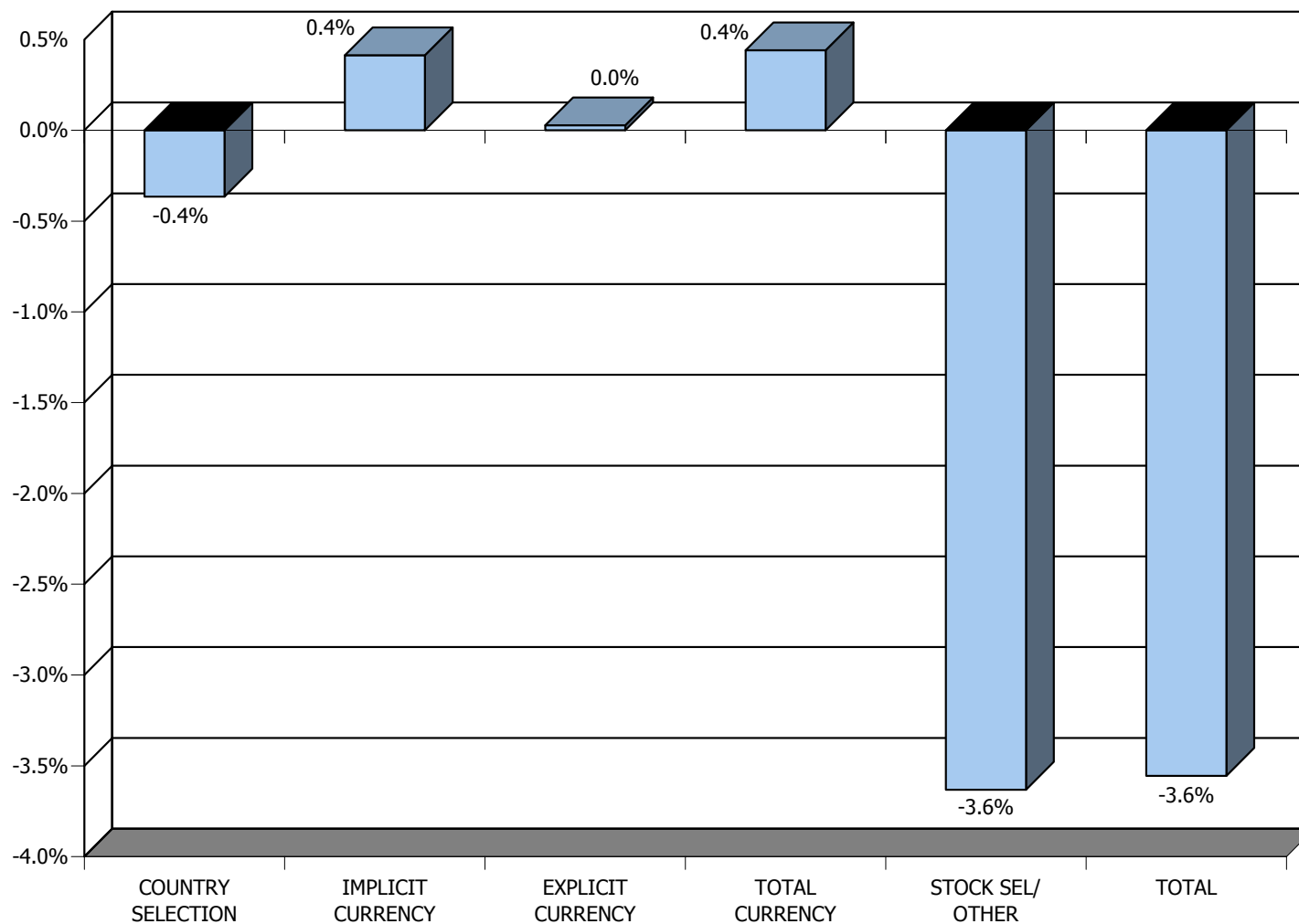
| CURRENCY  | MARKET VALUE | FISHER | MSCI ACWI ex US |
|-----------|--------------|--------|-----------------|
| EURO      | \$ 24,300    | 31.4%  | 25.7%           |
| JAPAN     | \$ 12,349    | 16.0%  | 16.4%           |
| UK        | \$ 6,842     | 8.8%   | 16.0%           |
| BRAZIL    | \$ 5,738     | 7.4%   | 2.8%            |
| SWITZER   | \$ 4,593     | 5.9%   | 5.8%            |
| CANADA    | \$ 4,433     | 5.7%   | 7.4%            |
| KOREA     | \$ 3,255     | 4.2%   | 2.4%            |
| TAIWAN    | \$ 1,921     | 2.5%   | 1.9%            |
| AUSTRALIA | \$ 1,695     | 2.2%   | 4.7%            |
| MEXICO    | \$ 1,661     | 2.1%   | 1.0%            |
| CHINA     | \$ 1,574     | 2.0%   | 2.7%            |
| SWEDEN    | \$ 1,563     | 2.0%   | 1.6%            |
| INDONESIA | \$ 1,276     | 1.6%   | 0.3%            |
| USA       | \$ 838       | 1.1%   |                 |
| NORWAY    | \$ 812       | 1.0%   | 0.6%            |
| SINGAPORE | \$ 810       | 1.0%   | 0.9%            |
| OTHER     | \$ 3,734     | 4.8%   | 9.7%            |

## SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

Quarter Ending September 30, 2008

## Summary Performance Attribution

Fisher Investments

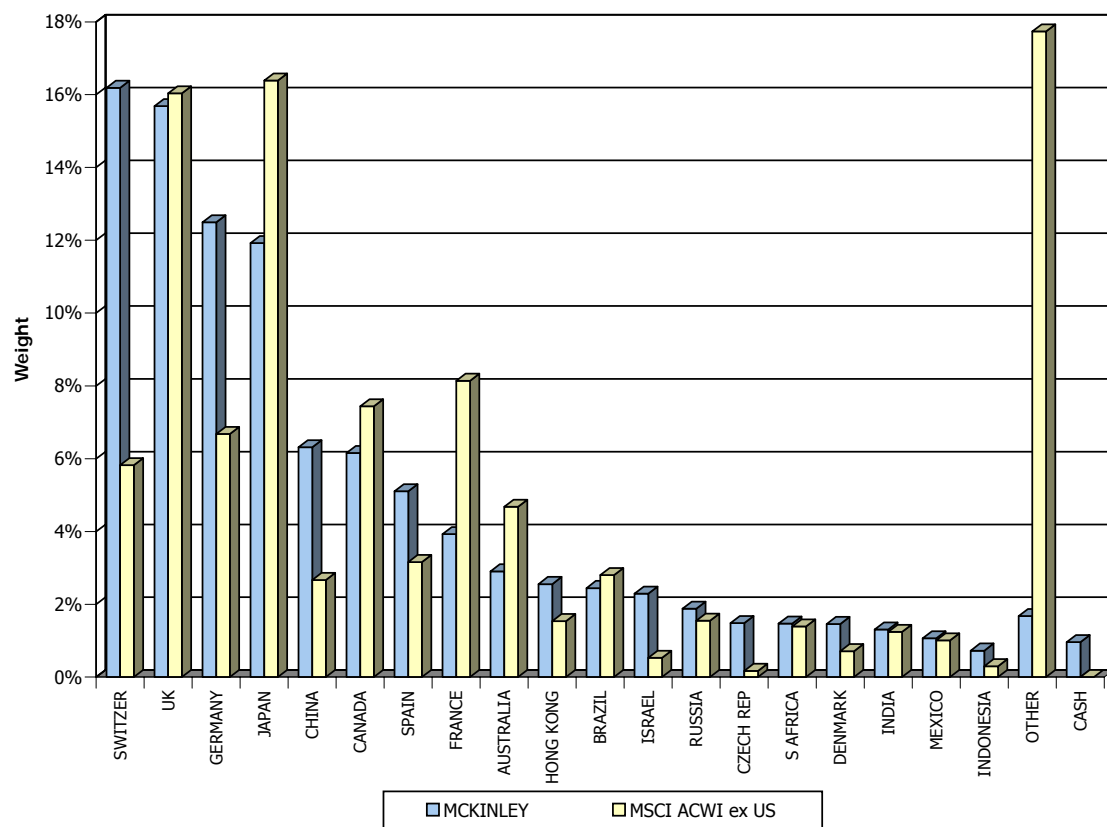


## SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

As of September 30, 2008

## Portfolio Country Weights

McKinley Capital



| COUNTRY   | MARKET VALUE | MCKINLEY | MSCI ACWI ex US |
|-----------|--------------|----------|-----------------|
| SWITZER   | \$ 13,288    | 16.2%    | 5.8%            |
| UK        | \$ 12,874    | 15.7%    | 16.0%           |
| GERMANY   | \$ 10,256    | 12.5%    | 6.7%            |
| JAPAN     | \$ 9,786     | 11.9%    | 16.4%           |
| CHINA     | \$ 5,181     | 6.3%     | 2.7%            |
| CANADA    | \$ 5,054     | 6.2%     | 7.4%            |
| SPAIN     | \$ 4,189     | 5.1%     | 3.2%            |
| FRANCE    | \$ 3,221     | 3.9%     | 8.1%            |
| AUSTRALIA | \$ 2,384     | 2.9%     | 4.7%            |
| HONG KONG | \$ 2,098     | 2.6%     | 1.5%            |
| BRAZIL    | \$ 2,008     | 2.4%     | 2.8%            |
| ISRAEL    | \$ 1,879     | 2.3%     | 0.5%            |
| RUSSIA    | \$ 1,540     | 1.9%     | 1.6%            |
| CZECH REP | \$ 1,215     | 1.5%     | 0.2%            |
| S AFRICA  | \$ 1,208     | 1.5%     | 1.4%            |
| DENMARK   | \$ 1,196     | 1.5%     | 0.7%            |
| INDIA     | \$ 1,072     | 1.3%     | 1.2%            |
| MEXICO    | \$ 873       | 1.1%     | 1.0%            |
| INDONESIA | \$ 596       | 0.7%     | 0.3%            |
| OTHER     | \$ 1,375     | 1.7%     | 17.7%           |
| CASH      | \$ 788       | 1.0%     | 0.0%            |
|           | \$ 82,080    | 100.0%   | 100.0%          |

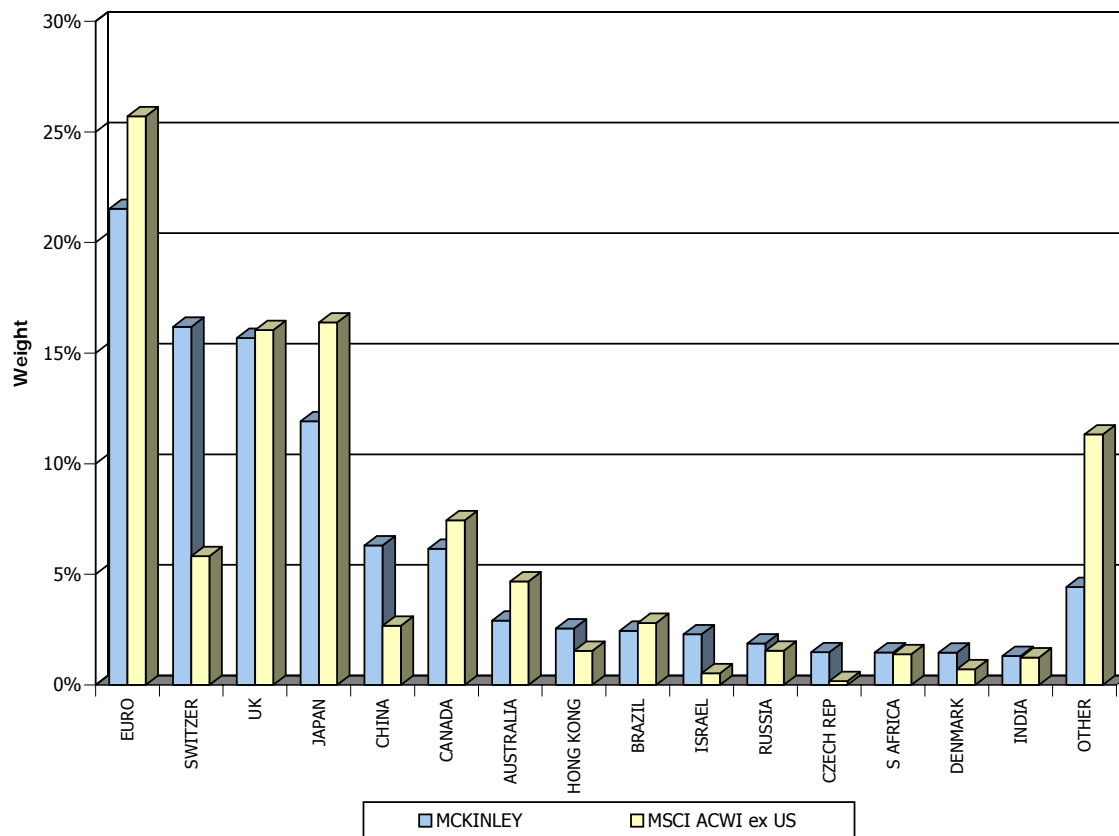


## SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

As of September 30, 2008

## Portfolio Currency Exposures

McKinley Capital



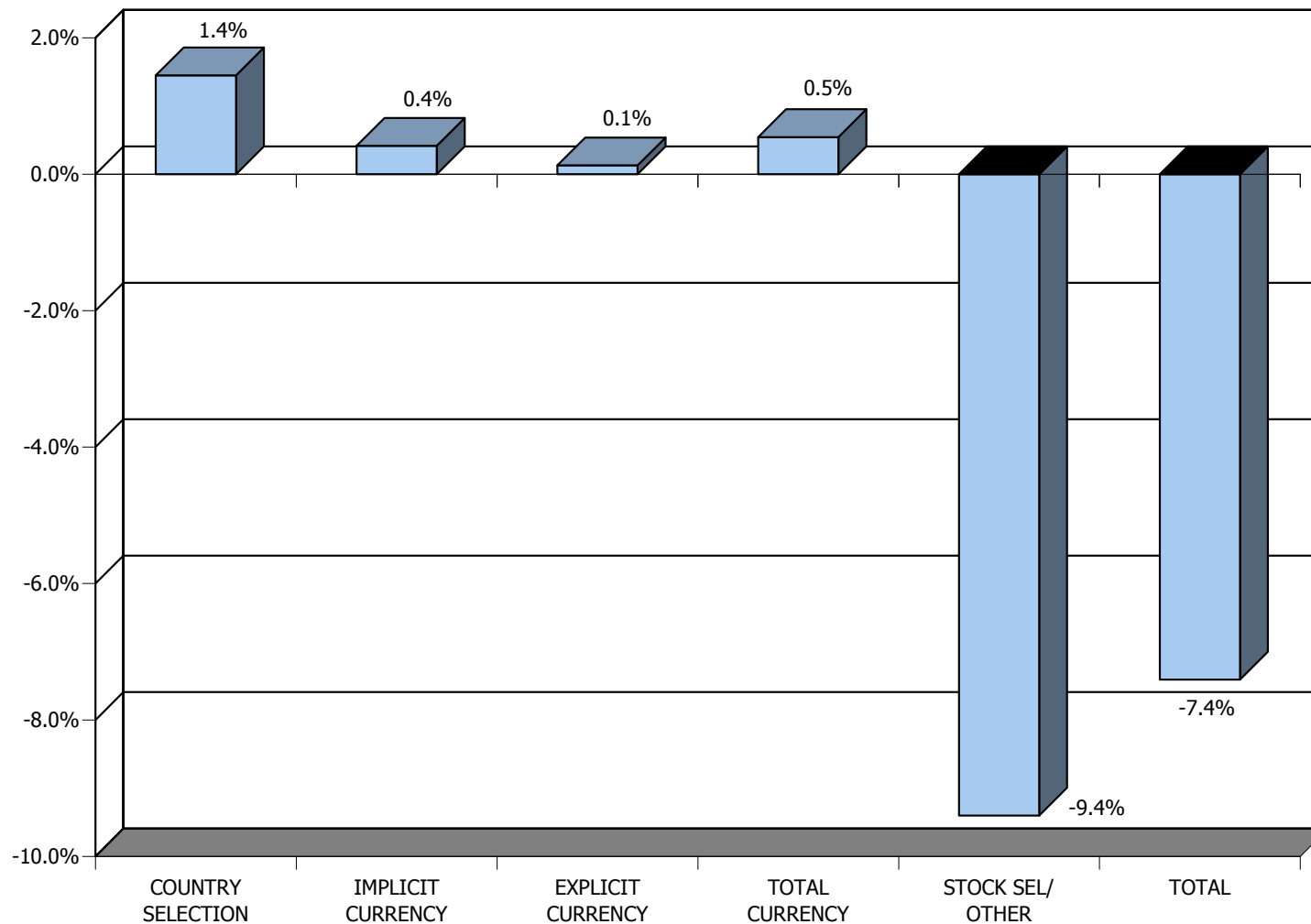
| CURRENCY  | MARKET VALUE | MCKINLEY | MSCI ACWI ex US |
|-----------|--------------|----------|-----------------|
| EURO      | \$ 17,666    | 21.5%    | 25.7%           |
| SWITZER   | \$ 13,288    | 16.2%    | 5.8%            |
| UK        | \$ 12,874    | 15.7%    | 16.0%           |
| JAPAN     | \$ 9,786     | 11.9%    | 16.4%           |
| CHINA     | \$ 5,181     | 6.3%     | 2.7%            |
| CANADA    | \$ 5,054     | 6.2%     | 7.4%            |
| AUSTRALIA | \$ 2,384     | 2.9%     | 4.7%            |
| HONG KONG | \$ 2,098     | 2.6%     | 1.5%            |
| BRAZIL    | \$ 2,008     | 2.4%     | 2.8%            |
| ISRAEL    | \$ 1,879     | 2.3%     | 0.5%            |
| RUSSIA    | \$ 1,540     | 1.9%     | 1.6%            |
| CZECH REP | \$ 1,215     | 1.5%     | 0.2%            |
| S AFRICA  | \$ 1,208     | 1.5%     | 1.4%            |
| DENMARK   | \$ 1,196     | 1.5%     | 0.7%            |
| INDIA     | \$ 1,072     | 1.3%     | 1.2%            |
| OTHER     | \$ 3,631     | 4.4%     | 11.3%           |
|           | \$ 82,080    | 100.0%   | 100.0%          |

## SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

Quarter Ending September 30, 2008

## Summary Performance Attribution

McKinley Capital

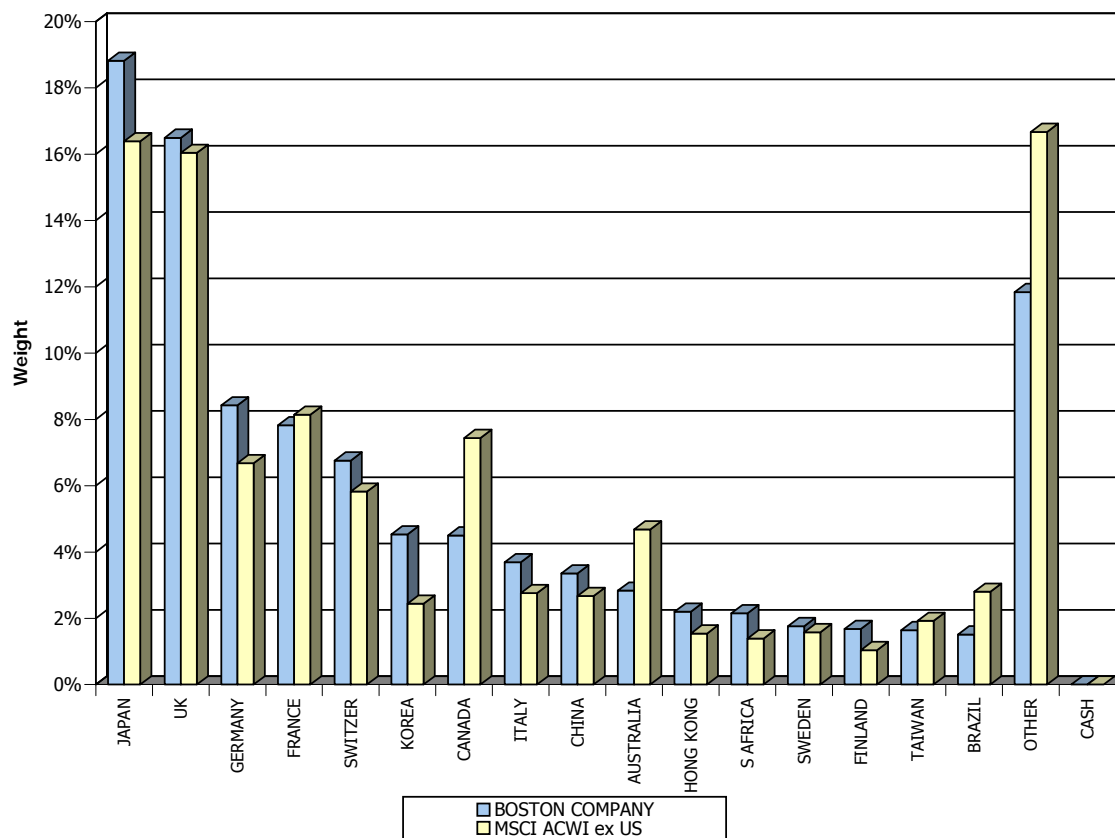


## SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

As of September 30, 2008

## Portfolio Country Weights

The Boston Company



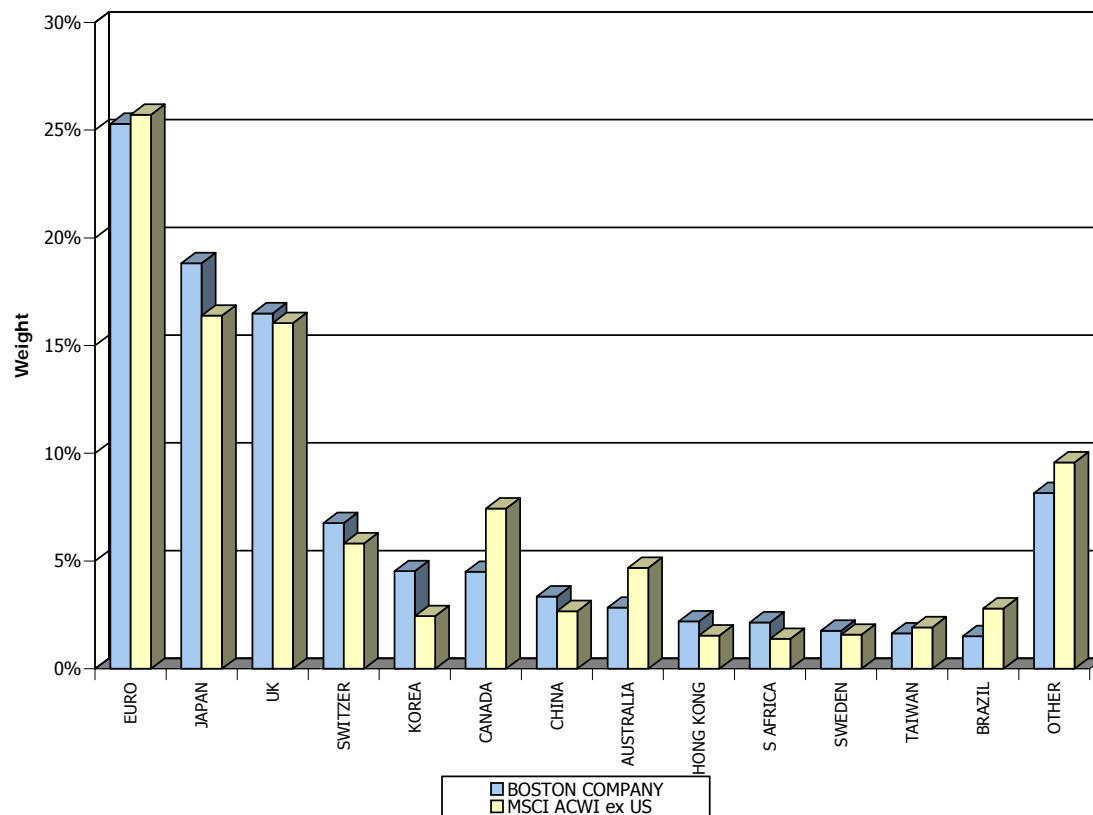
| COUNTRY   | MARKET VALUE | BOSTON COMPANY | MSCI ACWI ex US |
|-----------|--------------|----------------|-----------------|
| JAPAN     | \$ 15,215    | 18.8%          | 16.4%           |
| UK        | \$ 13,338    | 16.5%          | 16.0%           |
| GERMANY   | \$ 6,811     | 8.4%           | 6.7%            |
| FRANCE    | \$ 6,322     | 7.8%           | 8.1%            |
| SWITZER   | \$ 5,464     | 6.8%           | 5.8%            |
| KOREA     | \$ 3,663     | 4.5%           | 2.4%            |
| CANADA    | \$ 3,638     | 4.5%           | 7.4%            |
| ITALY     | \$ 2,985     | 3.7%           | 2.8%            |
| CHINA     | \$ 2,713     | 3.4%           | 2.7%            |
| AUSTRALIA | \$ 2,291     | 2.8%           | 4.7%            |
| HONG KONG | \$ 1,776     | 2.2%           | 1.5%            |
| S AFRICA  | \$ 1,739     | 2.2%           | 1.4%            |
| SWEDEN    | \$ 1,424     | 1.8%           | 1.6%            |
| FINLAND   | \$ 1,356     | 1.7%           | 1.0%            |
| TAIWAN    | \$ 1,327     | 1.6%           | 1.9%            |
| BRAZIL    | \$ 1,224     | 1.5%           | 2.8%            |
| OTHER     | \$ 9,572     | 11.8%          | 16.7%           |
| CASH      | \$ -         | 0.0%           | 0.0%            |
|           | \$ 80,858    | 100.0%         | 100.0%          |

## SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

As of September 30, 2008

## Portfolio Currency Exposures

The Boston Company



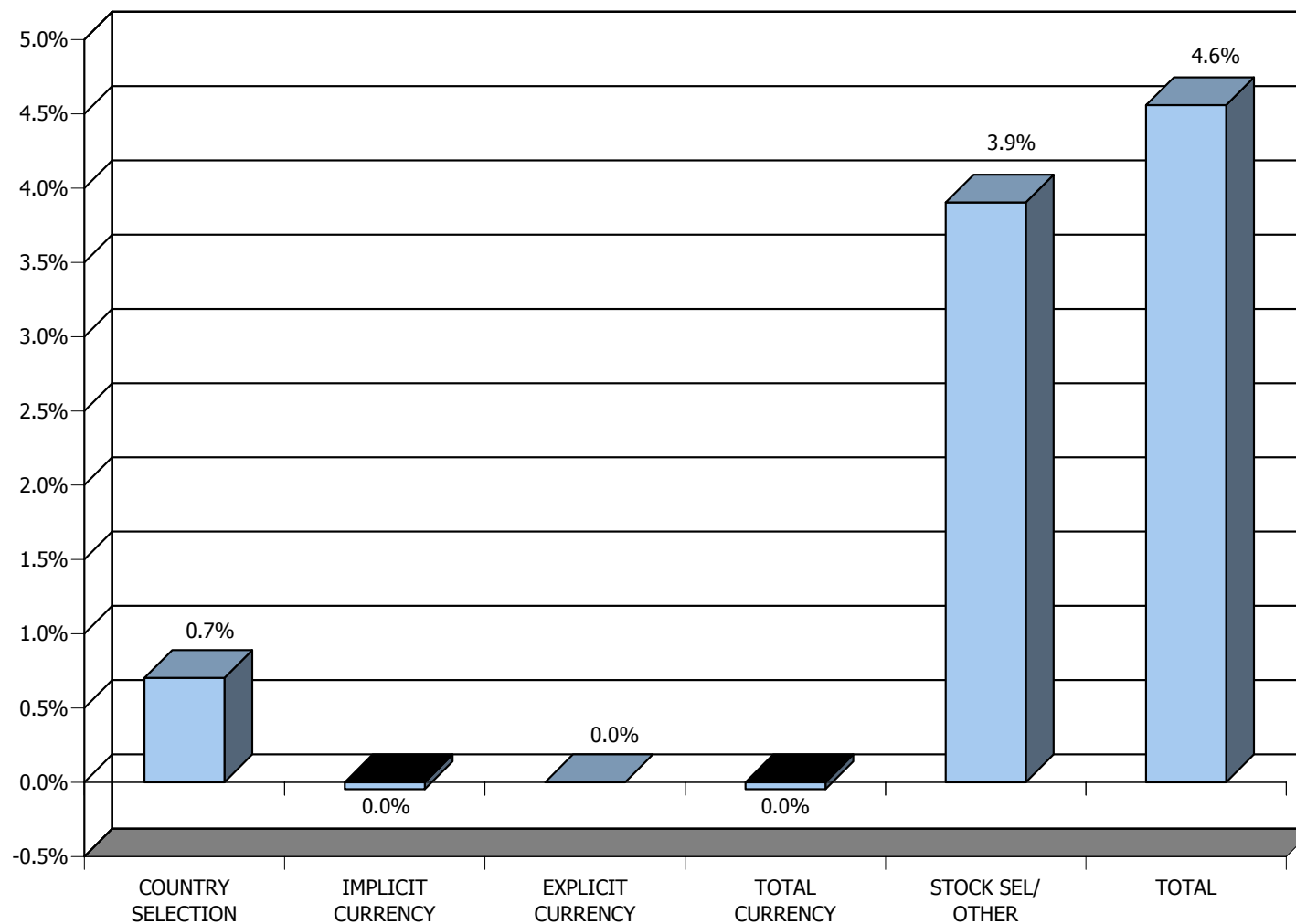
| CURRENCY  | MARKET VALUE | BOSTON COMPANY | MSCI ACWI ex US |
|-----------|--------------|----------------|-----------------|
| EURO      | \$ 20,451    | 25.3%          | 25.7%           |
| JAPAN     | \$ 15,215    | 18.8%          | 16.4%           |
| UK        | \$ 13,338    | 16.5%          | 16.0%           |
| SWITZER   | \$ 5,464     | 6.8%           | 5.8%            |
| KOREA     | \$ 3,663     | 4.5%           | 2.4%            |
| CANADA    | \$ 3,638     | 4.5%           | 7.4%            |
| CHINA     | \$ 2,713     | 3.4%           | 2.7%            |
| AUSTRALIA | \$ 2,291     | 2.8%           | 4.7%            |
| HONG KONG | \$ 1,776     | 2.2%           | 1.5%            |
| S AFRICA  | \$ 1,739     | 2.2%           | 1.4%            |
| SWEDEN    | \$ 1,424     | 1.8%           | 1.6%            |
| TAIWAN    | \$ 1,327     | 1.6%           | 1.9%            |
| BRAZIL    | \$ 1,224     | 1.5%           | 2.8%            |
| OTHER     | \$ 6,595     | 8.2%           | 9.6%            |
|           | \$ 80,858    | 100.0%         | 100.0%          |

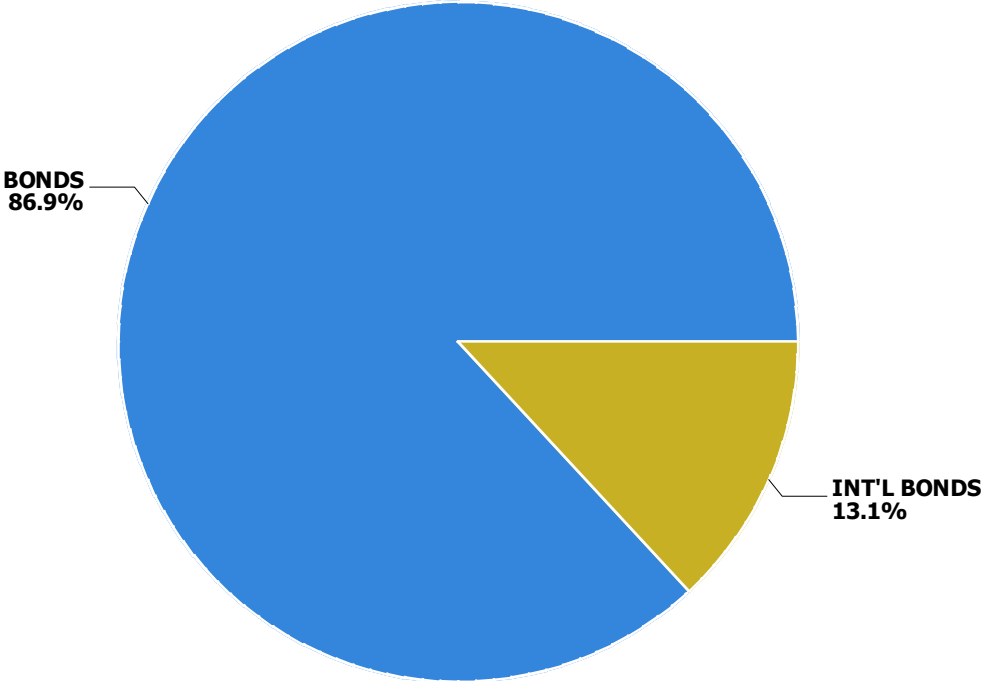
## SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

Quarter Ending September 30, 2008

## Summary Performance Attribution

The Boston Company



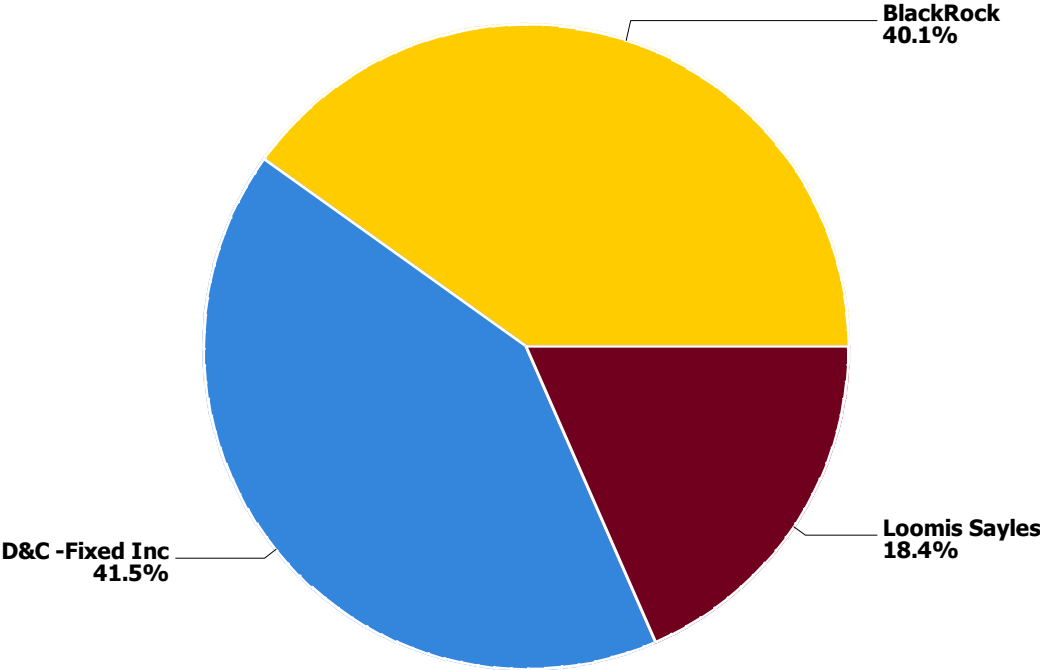


| Asset Class     | Market Value | Current% |
|-----------------|--------------|----------|
| BONDS           | 551,110,070  | 86.9     |
| CASH            | 2,688,168    | 0.0      |
| INT'L BONDS     | 83,271,317   | 13.1     |
| TEMPORARY INVST | -19,255,943  |          |
| Total           | 617,813,612  | 100.0    |

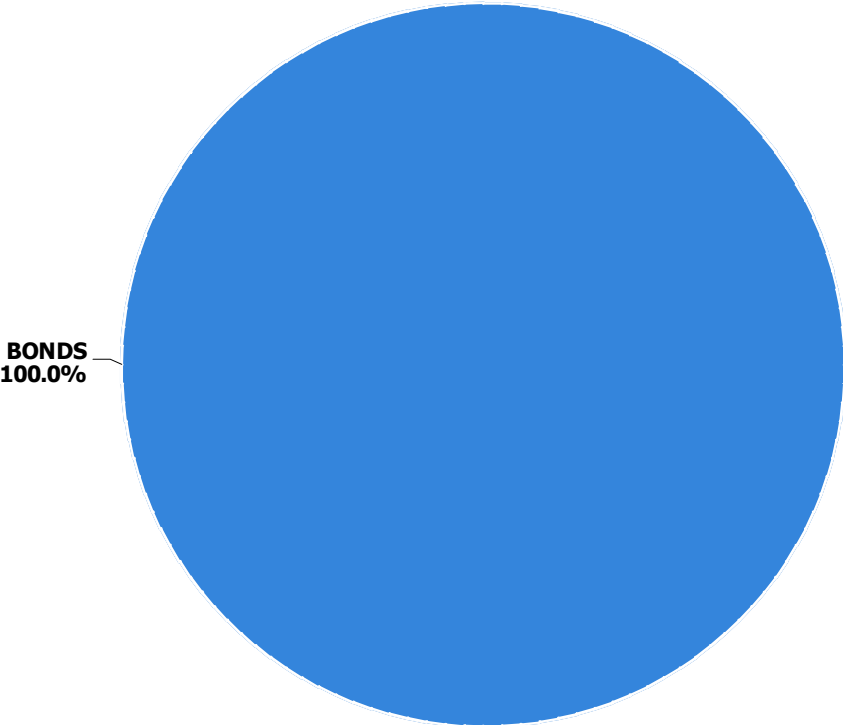
**SAN JOSE FEDERATED CITY EMPLS RET SYSTEM**

As of September 30, 2008

**Manager Allocation Analysis  
Total Fixed Income Composite**



| Manager        | Market Value | Current% |
|----------------|--------------|----------|
| BlackRock      | 247,942,864  | 40.1     |
| D&C -Fixed Inc | 256,366,368  | 41.5     |
| Loomis Sayles  | 113,504,380  | 18.4     |
|                |              |          |
| Total          | 617,813,612  | 100.0    |



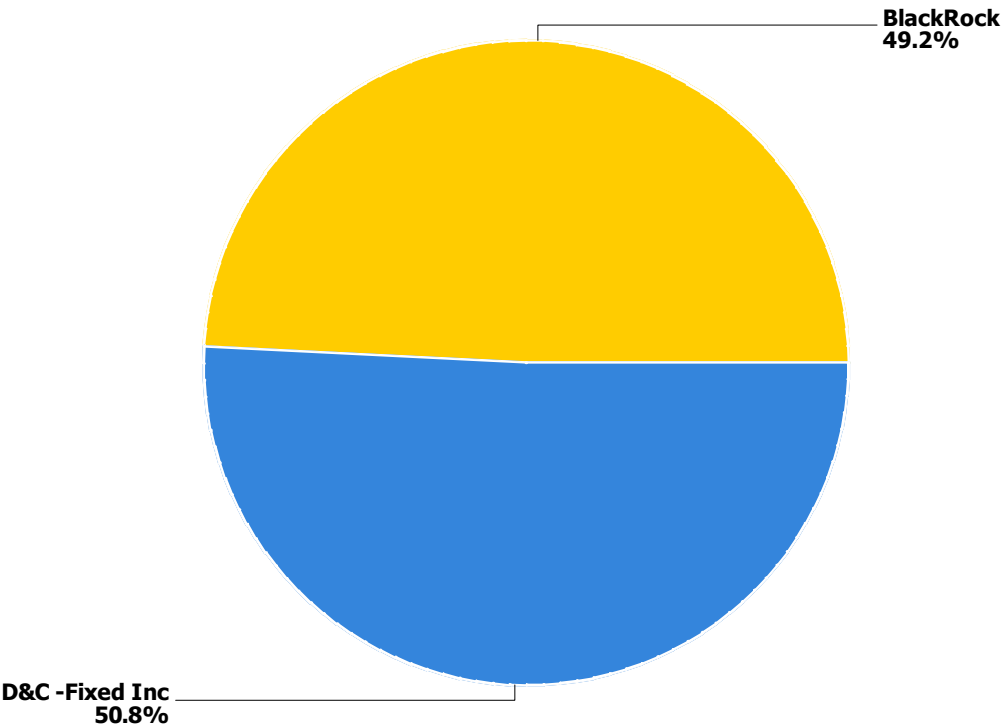
| Asset Class                 | Market Value | Current% |
|-----------------------------|--------------|----------|
| <div><div></div>BONDS</div> | 523,565,175  | 100.0    |
| TEMPORARY INVST             | - 19,255,943 |          |
| <hr/>                       |              |          |
| Total                       | 504,309,232  | 100.0    |



**SAN JOSE FEDERATED CITY EMPLS RET SYSTEM**

As of September 30, 2008

**Manager Allocation Analysis  
US Fixed Income Composite**

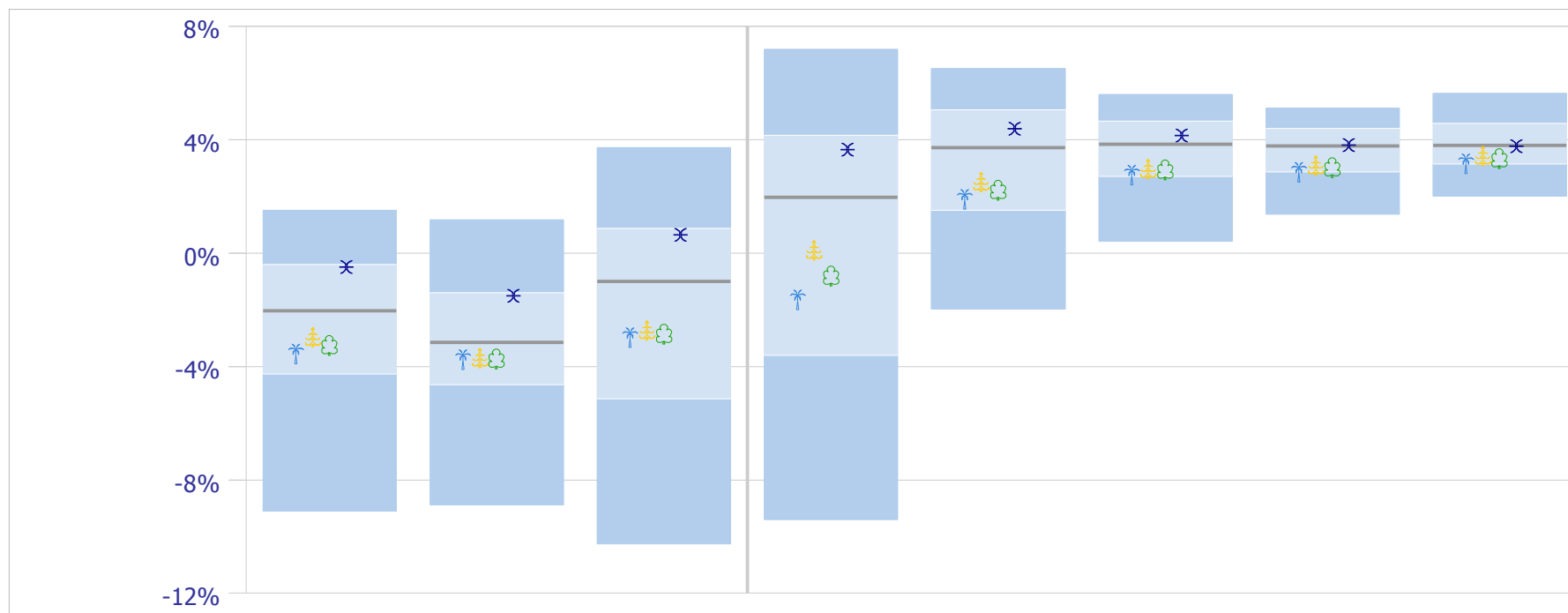


| Manager        | Market Value | Current% |
|----------------|--------------|----------|
| BlackRock      | 247,942,864  | 49.2     |
| D&C -Fixed Inc | 256,366,368  | 50.8     |
|                |              |          |
| Total          | 504,309,232  | 100.0    |

# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

Periods Ending September 30, 2008

## Bond Funds Total Returns

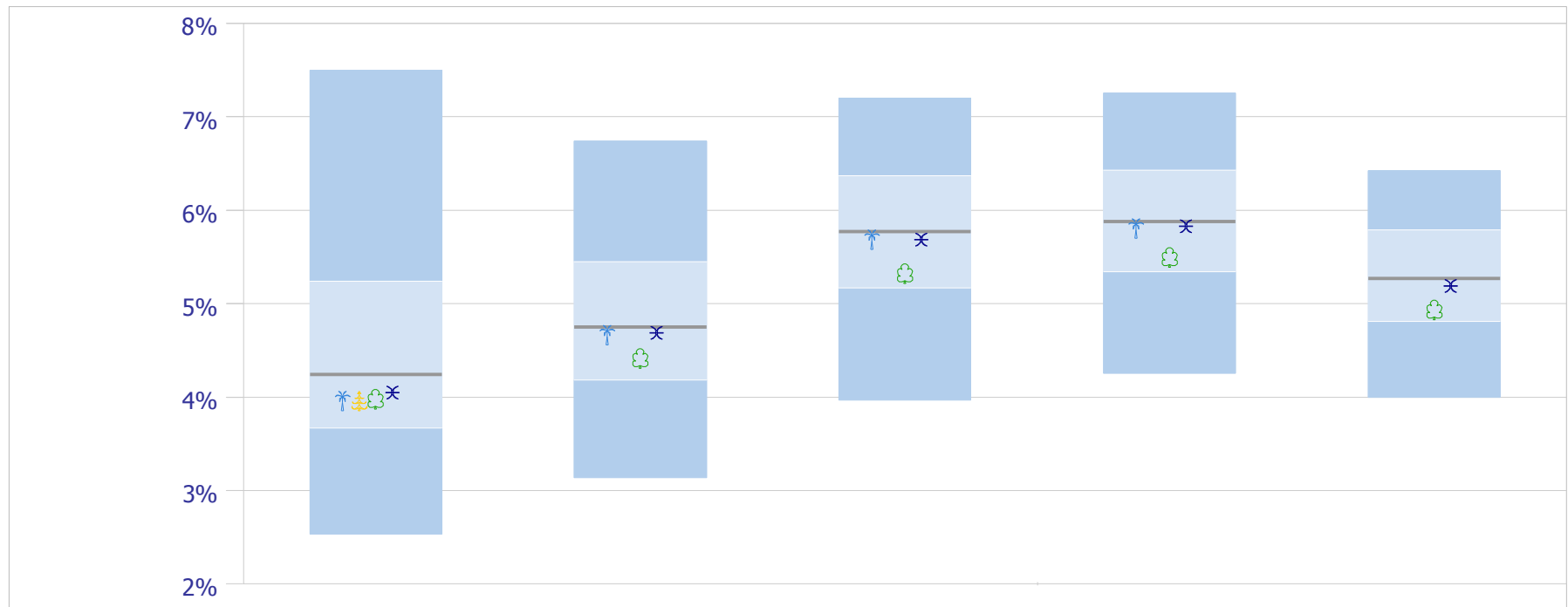


|                           | One Quarter |    | Two Quarters |    | Three Quarters |    | One Year |    | Two Years |    | Three Years |    | Four Years |    | Five Years |    |
|---------------------------|-------------|----|--------------|----|----------------|----|----------|----|-----------|----|-------------|----|------------|----|------------|----|
| <b>D&amp;C -Fixed Inc</b> | -3.6        | 66 | -3.8         | 61 | -3.0           | 65 | -1.6     | 69 | 1.9       | 71 | 2.8         | 73 | 2.9        | 75 | 3.2        | 74 |
| <b>BlackRock</b>          | -3.0        | 61 | -3.7         | 60 | -2.7           | 63 | 0.1      | 60 | 2.5       | 65 | 3.0         | 70 | 3.1        | 69 | 3.4        | 62 |
| <b>US Fixed Income</b>    | -3.3        | 64 | -3.7         | 61 | -2.8           | 65 | -0.8     | 66 | 2.2       | 68 | 2.9         | 70 | 3.0        | 72 | 3.3        | 67 |
| <b>BC AGGREGATE</b>       | -0.5        | 26 | -1.5         | 28 | 0.6            | 30 | 3.7      | 33 | 4.4       | 38 | 4.2         | 41 | 3.8        | 48 | 3.8        | 51 |
| <b>Median</b>             | -2.0        |    | -3.1         |    | -1.0           |    | 2.0      |    | 3.7       |    | 3.8         |    | 3.8        |    | 3.8        |    |

# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

Periods Ending September 30, 2008

## Bond Funds Total Returns



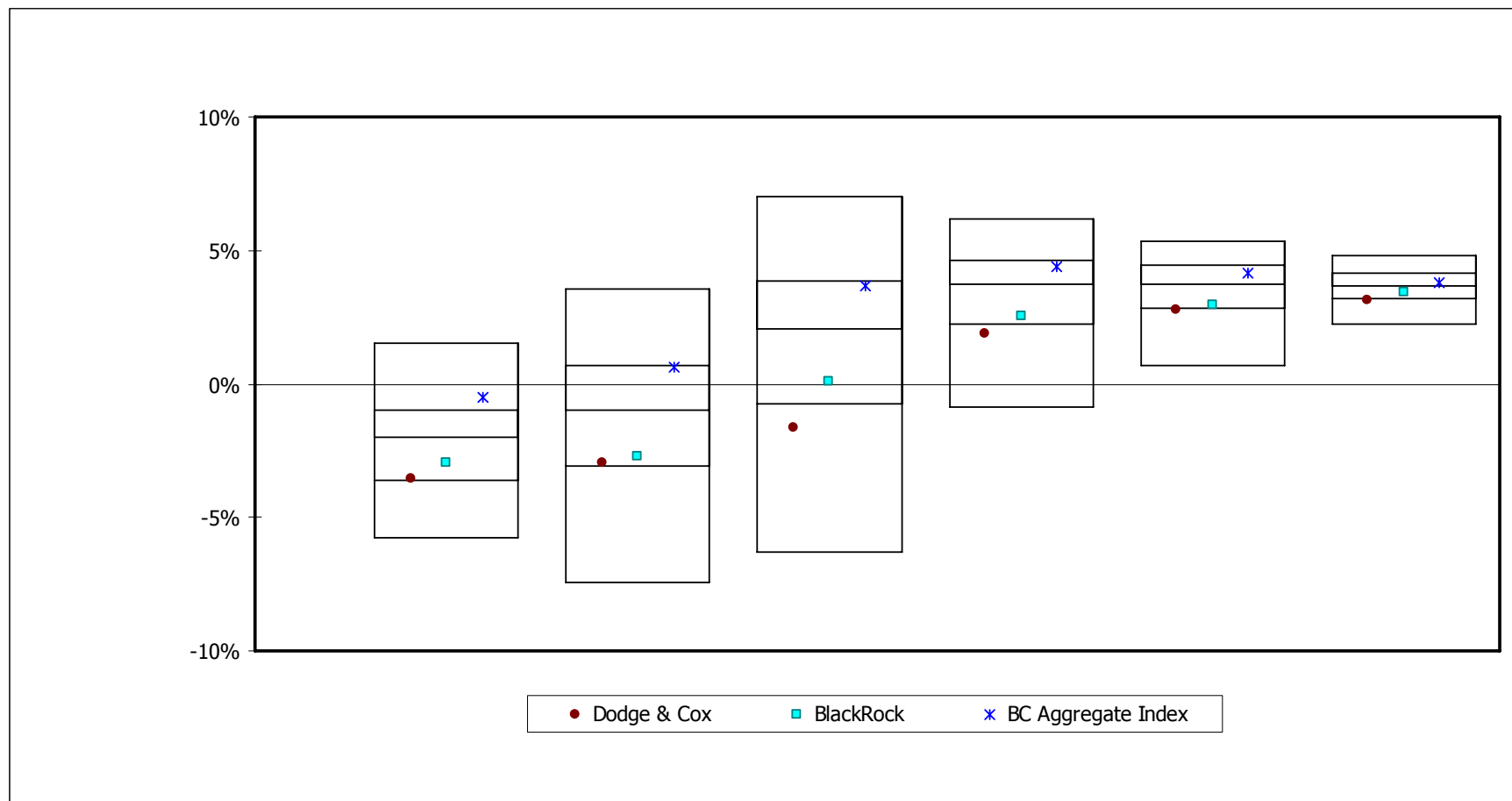
|                           | Six<br>Years | Seven<br>Years | Eight<br>Years | Nine<br>Years | Ten<br>Years |
|---------------------------|--------------|----------------|----------------|---------------|--------------|
| <b>D&amp;C -Fixed Inc</b> | 4.0 63       | 4.7 57         | 5.7 55         | 5.8 55        |              |
| <b>BlackRock</b>          | 4.0 63       |                |                |               |              |
| <b>US Fixed Income</b>    | 4.0 62       | 4.4 67         | 5.3 69         | 5.5 67        | 4.9 69       |
| <b>BC AGGREGATE</b>       | 4.1 58       | 4.7 55         | 5.7 55         | 5.8 52        | 5.2 53       |
| <b>Median</b>             | 4.2          | 4.8            | 5.8            | 5.9           | 5.3          |

# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

Periods Ending September 30, 2008

Total Rates of Return

Core Fixed Income

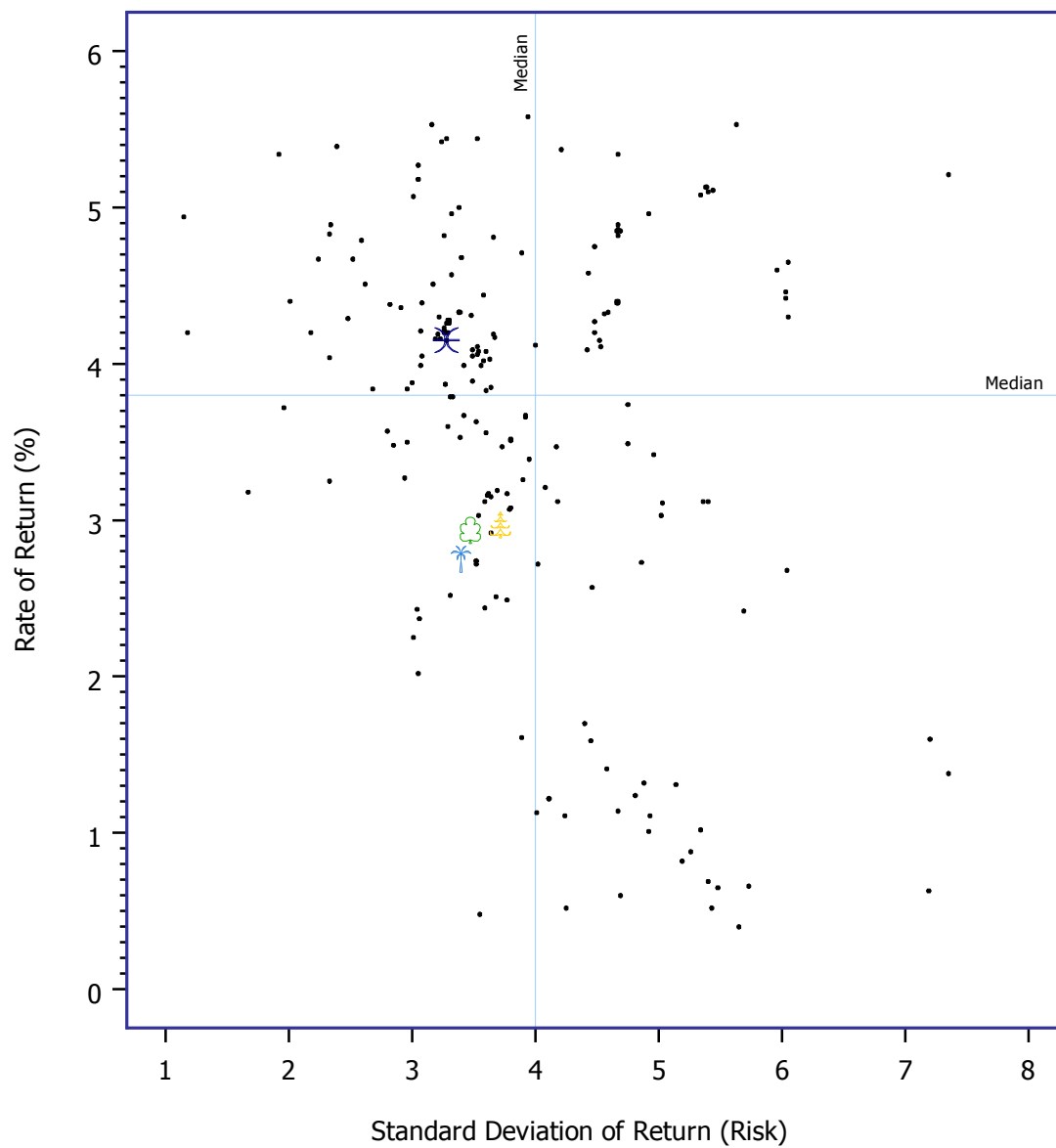


|                    | FISCAL QTR |      | CALENDAR YTD |      | 1YEAR  |      | 2 YEAR |      | 3 YEAR |      | 5 YEAR |      |
|--------------------|------------|------|--------------|------|--------|------|--------|------|--------|------|--------|------|
|                    | Return     | Rank | Return       | Rank | Return | Rank | Return | Rank | Return | Rank | Return | Rank |
| Dodge & Cox        | -3.6%      | 74   | -3.0%        | 74   | -1.6%  | 80   | 1.9%   | 79   | 2.8%   | 76   | 3.2%   | 78   |
| BlackRock          | -3.0%      | 65   | -2.7%        | 71   | 0.1%   | 66   | 2.5%   | 71   | 3.0%   | 72   | 3.4%   | 61   |
| BC Aggregate Index | -0.5%      | 19   | 0.6%         | 26   | 3.7%   | 27   | 4.4%   | 32   | 4.2%   | 36   | 3.8%   | 43   |
| Median             | -2.0%      |      | -1.0%        |      | 2.0%   |      | 3.7%   |      | 3.8%   |      | 3.7%   |      |

# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

3 Years Ending September 30, 2008

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

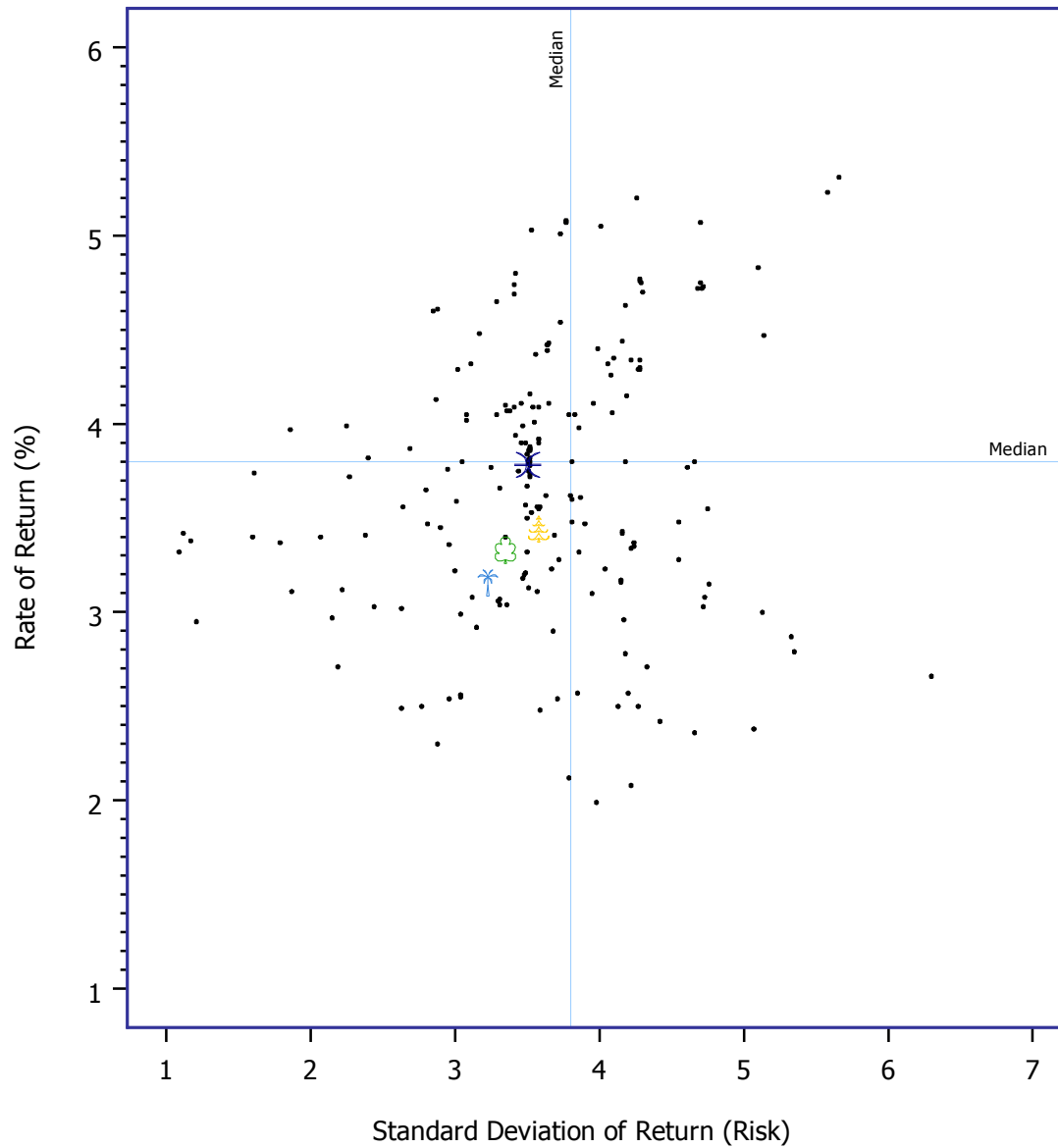


|                 | Return     |    | Standard Deviation |    | Sharpe Ratio |
|-----------------|------------|----|--------------------|----|--------------|
| D&C -Fixed Inc  | 2.8        | 73 | 3.4                | 33 | -0.4         |
| BlackRock       | 3.0        | 70 | 3.7                | 44 | -0.3         |
| US Fixed Income | 2.9        | 70 | 3.5                | 36 | -0.3         |
| BC AGGREGATE    | 4.2        | 41 | 3.3                | 26 | 0.0          |
| <b>Median</b>   | <b>3.8</b> |    | <b>4.0</b>         |    | <b>-0.1</b>  |

# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

5 Years Ending September 30, 2008

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



|                           | Return |    | Standard Deviation |    | Sharpe Ratio |    |
|---------------------------|--------|----|--------------------|----|--------------|----|
| <b>D&amp;C -Fixed Inc</b> | 3.2    | 74 | 3.2                | 22 | 0.0          |    |
| <b>BlackRock</b>          | 3.4    | 62 | 3.6                | 41 | 0.1          | 64 |
| <b>US Fixed Income</b>    | 3.3    | 67 | 3.3                | 26 | 0.0          | 67 |
| <b>BC AGGREGATE</b>       | 3.8    | 51 | 3.5                | 35 | 0.2          | 51 |
| <b>Median</b>             | 3.8    |    | 3.8                |    | 0.2          |    |

# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

As of September 30, 2008

## Bond Summary Statistics US Fixed Income Composite

| Portfolio Characteristics  |                |              |
|----------------------------|----------------|--------------|
|                            | Portfolio      | BC AGGREGATE |
| Total Number of Securities | 548            |              |
| Total Market Value         | \$ 547,205,393 |              |
| Current Coupon             | 5.69           | 5.32         |
| Yield To Maturity          | 7.25           | 5.28         |
| Average Life               | 5.66           | 7.11         |
| Duration                   | 3.92           | 4.47         |
| Quality                    | 9.19           | 9.58         |

| Duration (in Years) |       |
|---------------------|-------|
| Range               | %Held |
| 0.0 to 1.0          | 9.7   |
| 1.0 to 3.0          | 24.7  |
| 3.0 to 4.0          | 15.0  |
| 4.0 to 6.0          | 18.5  |
| 6.0 to 8.0          | 9.2   |
| Over 8.0            | 7.1   |
| Unclassified        | 14.7  |

| Quality   |       |
|-----------|-------|
| Range     | %Held |
| Govt (10) | 45.1  |
| Aaa (10)  | 12.4  |
| Aa (9)    | 6.0   |
| A (8)     | 5.3   |
| Baa (7)   | 8.1   |
| Below Baa | 4.7   |
| Other     | 18.5  |

| Yield to Maturity |       |
|-------------------|-------|
| Range             | %Held |
| 0.0 to 5.0        | 14.6  |
| 5.0 to 7.0        | 47.5  |
| 7.0 to 9.0        | 11.5  |
| 9.0 to 11.0       | 4.5   |
| 11.0 to 13.0      | 1.6   |
| Over 13.0         | 5.5   |
| Unclassified      | 14.7  |

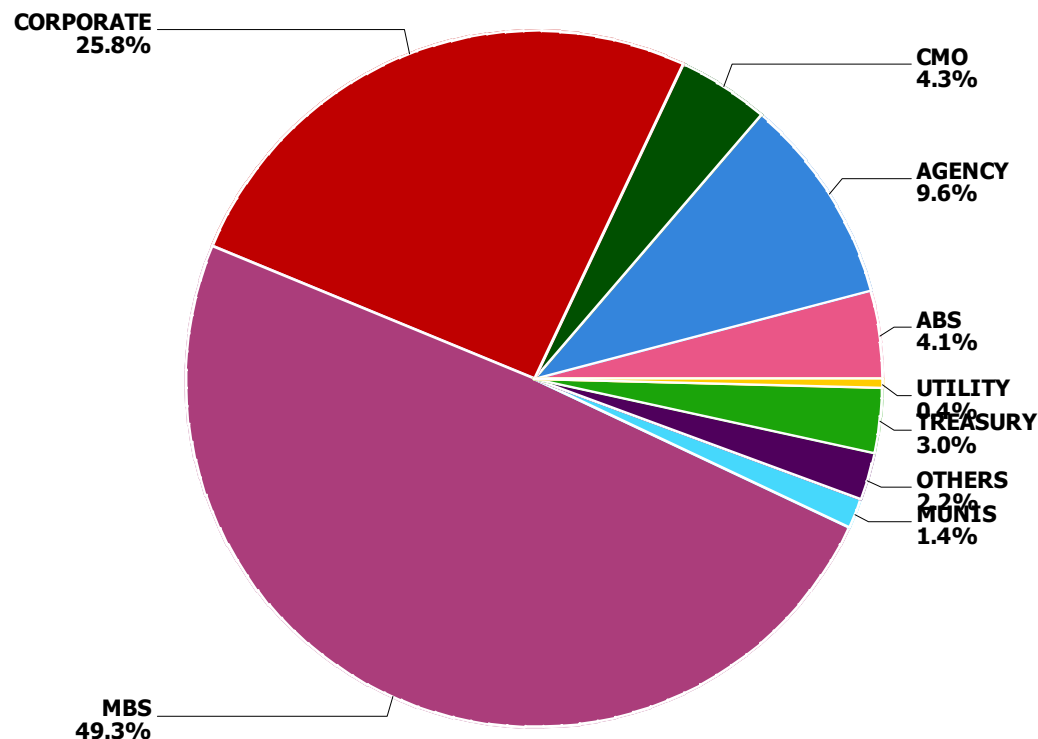
| Average Life |       |
|--------------|-------|
| Range        | %Held |
| 0.0 to 1.0   | 6.5   |
| 1.0 to 3.0   | 22.6  |
| 3.0 to 5.0   | 23.0  |
| 5.0 to 10.0  | 26.3  |
| 10.0 to 20.0 | 1.8   |
| Over 20.0    | 5.0   |
| Unclassified | 14.7  |

| Coupon       |       |
|--------------|-------|
| Range        | %Held |
| 0.0 to 5.0   | 23.3  |
| 5.0 to 7.0   | 61.9  |
| 7.0 to 9.0   | 9.6   |
| 9.0 to 11.0  | 0.1   |
| 11.0 to 13.0 | 0.0   |
| Over 13.0    | 0.0   |
| Unclassified | 5.2   |

# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

As of September 30, 2008

## Fixed Income Sector Allocation US Fixed Income Composite



| Sector       | Account Weight | Index Weight  | Difference  |
|--------------|----------------|---------------|-------------|
| ABS          | 4.1%           | 5.7%          | -1.6%       |
| Agencies     | 9.6%           | 9.9%          | -0.3%       |
| CMO          | 4.3%           | 0.0%          | 4.3%        |
| Corporates   | 25.8%          | 16.0%         | 9.8%        |
| Foreign      | 0.0%           | 3.8%          | -3.8%       |
| MBS          | 49.3%          | 39.0%         | 10.2%       |
| Municipals   | 1.4%           | 0.0%          | 1.4%        |
| Others       | 2.2%           | 0.0%          | 2.2%        |
| Treasuries   | 3.0%           | 23.6%         | -20.6%      |
| Utilities    | 0.4%           | 2.0%          | -1.6%       |
| <b>Total</b> | <b>100.0%</b>  | <b>100.0%</b> | <b>0.0%</b> |

Benchmark: BC AGGREGATE



# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

As of September 30, 2008

## Bond Summary Statistics BlackRock Financial Management

| Portfolio Characteristics  |                |              |
|----------------------------|----------------|--------------|
|                            | Portfolio      | BC AGGREGATE |
| Total Number of Securities | 360            |              |
| Total Market Value         | \$ 291,387,891 |              |
| Current Coupon             | 5.51           | 5.32         |
| Yield To Maturity          | 7.27           | 5.28         |
| Average Life               | 5.51           | 7.11         |
| Duration                   | 4.32           | 4.47         |
| Quality                    | 9.61           | 9.58         |

| Duration (in Years) |       |
|---------------------|-------|
| Range               | %Held |
| 0.0 to 1.0          | 8.4   |
| 1.0 to 3.0          | 15.4  |
| 3.0 to 4.0          | 15.5  |
| 4.0 to 6.0          | 23.5  |
| 6.0 to 8.0          | 10.5  |
| Over 8.0            | 6.2   |
| Unclassified        | 20.4  |

| Quality   |       |
|-----------|-------|
| Range     | %Held |
| Govt (10) | 39.9  |
| Aaa (10)  | 17.1  |
| Aa (9)    | 5.6   |
| A (8)     | 3.5   |
| Baa (7)   | 3.2   |
| Below Baa | 1.2   |
| Other     | 29.5  |

| Yield to Maturity |       |
|-------------------|-------|
| Range             | %Held |
| 0.0 to 5.0        | 8.6   |
| 5.0 to 7.0        | 51.2  |
| 7.0 to 9.0        | 10.2  |
| 9.0 to 11.0       | 4.1   |
| 11.0 to 13.0      | 1.4   |
| Over 13.0         | 4.2   |
| Unclassified      | 20.4  |

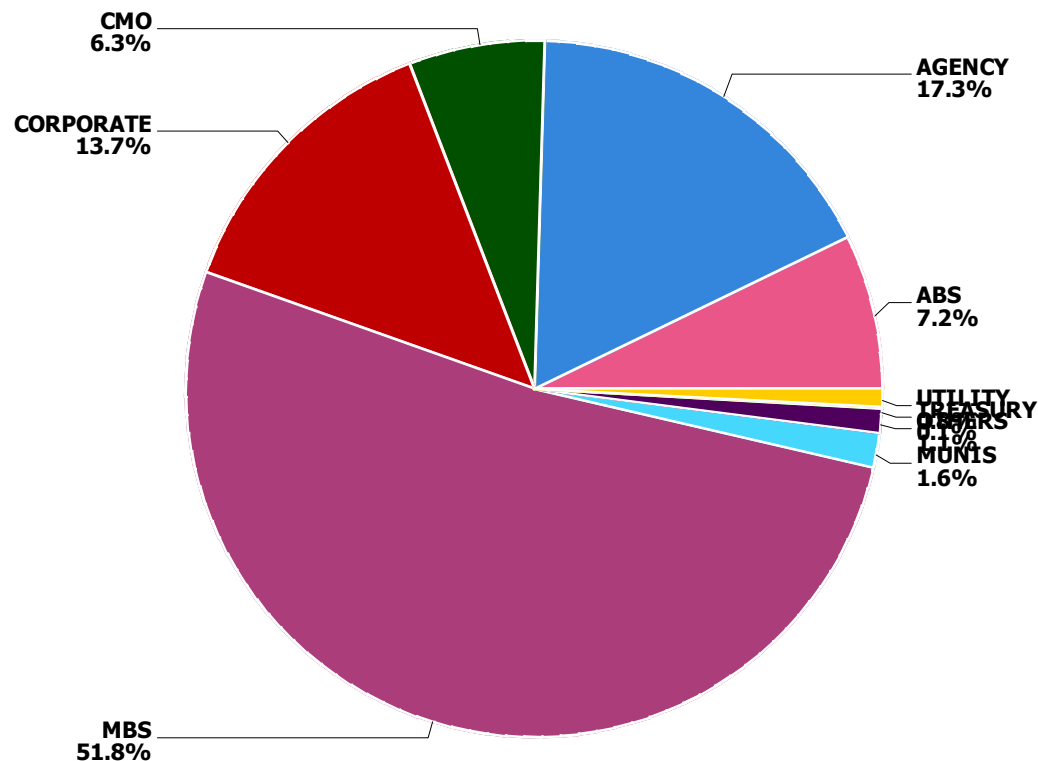
| Average Life |       |
|--------------|-------|
| Range        | %Held |
| 0.0 to 1.0   | 6.1   |
| 1.0 to 3.0   | 16.7  |
| 3.0 to 5.0   | 24.2  |
| 5.0 to 10.0  | 28.0  |
| 10.0 to 20.0 | 1.6   |
| Over 20.0    | 3.1   |
| Unclassified | 20.4  |

| Coupon       |       |
|--------------|-------|
| Range        | %Held |
| 0.0 to 5.0   | 24.7  |
| 5.0 to 7.0   | 60.9  |
| 7.0 to 9.0   | 4.7   |
| 9.0 to 11.0  | 0.2   |
| 11.0 to 13.0 | 0.0   |
| Over 13.0    | 0.0   |
| Unclassified | 9.5   |

# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

As of September 30, 2008

## Fixed Income Sector Allocation BlackRock Financial Management



| Sector     | Account Weight | Index Weight | Difference |
|------------|----------------|--------------|------------|
| ABS        | 7.2%           | 5.7%         | 1.5%       |
| Agencies   | 17.3%          | 9.9%         | 7.4%       |
| CMO        | 6.3%           | 0.0%         | 6.3%       |
| Corporates | 13.7%          | 16.0%        | -2.3%      |
| Foreign    | 0.0%           | 3.8%         | -3.8%      |
| MBS        | 51.8%          | 39.0%        | 12.8%      |
| Municipals | 1.6%           | 0.0%         | 1.6%       |
| Others     | 1.1%           | 0.0%         | 1.1%       |
| Treasuries | 0.1%           | 23.6%        | -23.5%     |
| Utilities  | 0.8%           | 2.0%         | -1.2%      |
| Total      | 100.0%         | 100.0%       | 0.0%       |

Benchmark: BC AGGREGATE

# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

As of September 30, 2008

## Bond Summary Statistics Dodge and Cox -Fixed Income

| Portfolio Characteristics  |                |              |
|----------------------------|----------------|--------------|
|                            | Portfolio      | BC AGGREGATE |
| Total Number of Securities | 192            |              |
| Total Market Value         | \$ 255,817,502 |              |
| Current Coupon             | 5.87           | 5.32         |
| Yield To Maturity          | 7.22           | 5.28         |
| Average Life               | 5.81           | 7.11         |
| Duration                   | 3.52           | 4.47         |
| Quality                    | 8.84           | 9.58         |

| Duration (in Years) |       |
|---------------------|-------|
| Range               | %Held |
| 0.0 to 1.0          | 11.2  |
| 1.0 to 3.0          | 35.4  |
| 3.0 to 4.0          | 14.4  |
| 4.0 to 6.0          | 12.9  |
| 6.0 to 8.0          | 7.8   |
| Over 8.0            | 8.1   |
| Unclassified        | 8.2   |

| Quality   |       |
|-----------|-------|
| Range     | %Held |
| Govt (10) | 50.9  |
| Aaa (10)  | 6.9   |
| Aa (9)    | 6.3   |
| A (8)     | 7.4   |
| Baa (7)   | 13.8  |
| Below Baa | 8.7   |
| Other     | 5.9   |

| Yield to Maturity |       |
|-------------------|-------|
| Range             | %Held |
| 0.0 to 5.0        | 21.6  |
| 5.0 to 7.0        | 43.4  |
| 7.0 to 9.0        | 12.9  |
| 9.0 to 11.0       | 5.1   |
| 11.0 to 13.0      | 1.7   |
| Over 13.0         | 7.0   |
| Unclassified      | 8.2   |

| Average Life |       |
|--------------|-------|
| Range        | %Held |
| 0.0 to 1.0   | 7.0   |
| 1.0 to 3.0   | 29.4  |
| 3.0 to 5.0   | 21.7  |
| 5.0 to 10.0  | 24.4  |
| 10.0 to 20.0 | 2.1   |
| Over 20.0    | 7.2   |
| Unclassified | 8.2   |

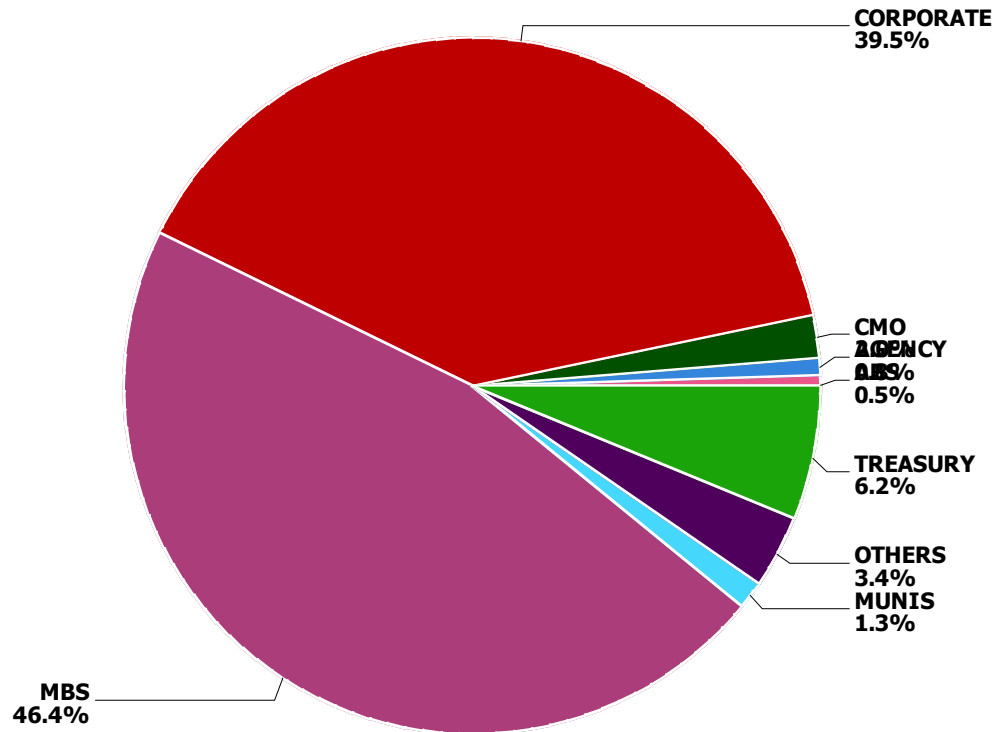
| Coupon       |       |
|--------------|-------|
| Range        | %Held |
| 0.0 to 5.0   | 21.7  |
| 5.0 to 7.0   | 62.9  |
| 7.0 to 9.0   | 15.1  |
| 9.0 to 11.0  | 0.0   |
| 11.0 to 13.0 | 0.0   |
| Over 13.0    | 0.0   |
| Unclassified | 0.3   |

# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

As of September 30, 2008

## Fixed Income Sector Allocation

Dodge and Cox -Fixed Income



| Sector     | Account Weight | Index Weight | Difference |
|------------|----------------|--------------|------------|
| ABS        | 0.5%           | 5.7%         | -5.2%      |
| Agencies   | 0.8%           | 9.9%         | -9.1%      |
| CMO        | 2.0%           | 0.0%         | 2.0%       |
| Corporates | 39.5%          | 16.0%        | 23.6%      |
| Foreign    | 0.0%           | 3.8%         | -3.8%      |
| MBS        | 46.4%          | 39.0%        | 7.3%       |
| Municipals | 1.3%           | 0.0%         | 1.3%       |
| Others     | 3.4%           | 0.0%         | 3.4%       |
| Treasuries | 6.2%           | 23.6%        | -17.4%     |
| Utilities  | 0.0%           | 2.0%         | -2.0%      |
| Total      | 100.0%         | 100.0%       | 0.0%       |

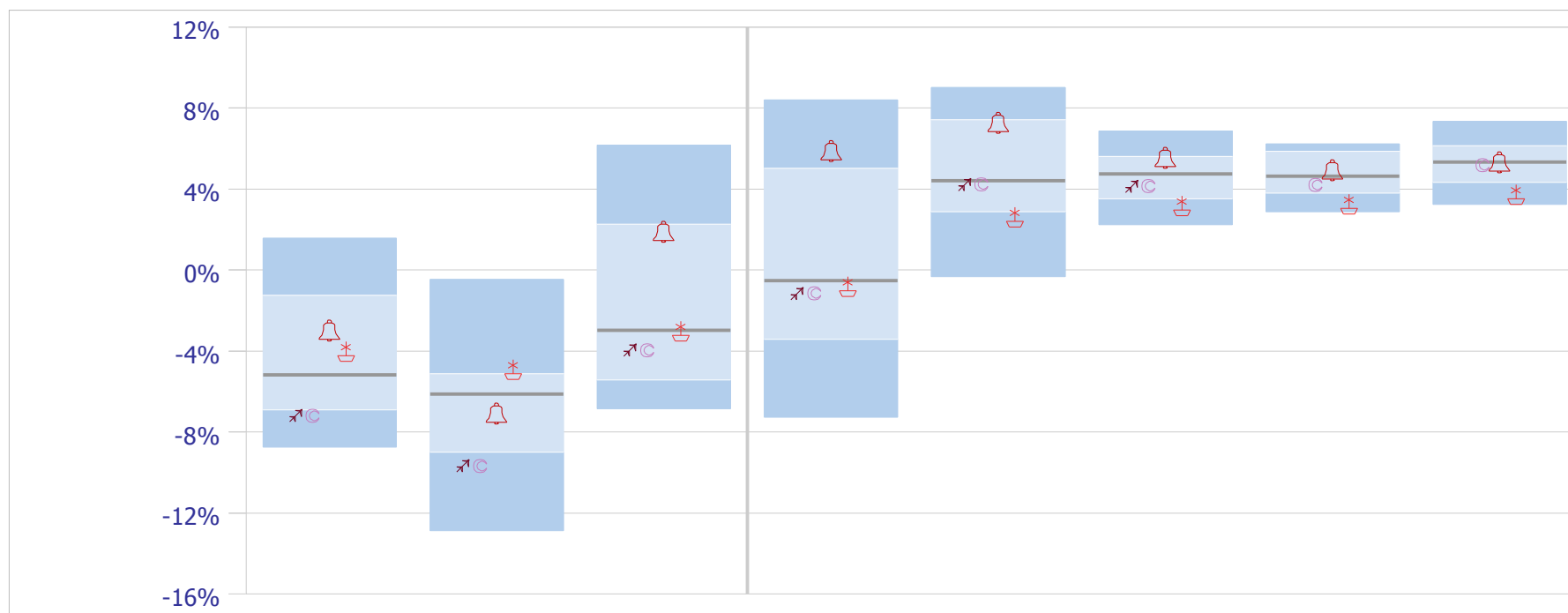
Benchmark: BC AGGREGATE

# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

Periods Ending September 30, 2008

Global Bond Funds

Total Returns



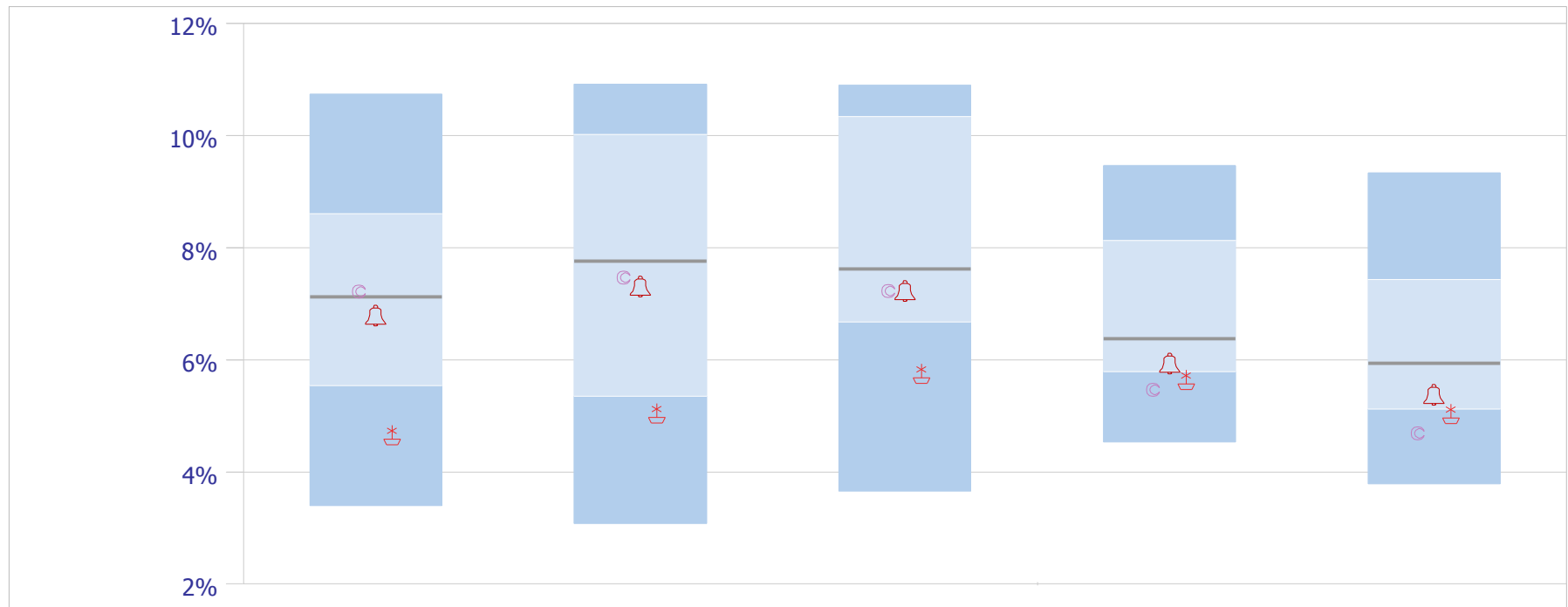
|                          | One Quarter |    | Two Quarters |    | Three Quarters |    | One Year |    | Two Years |    | Three Years |    | Four Years |    | Five Years |    |
|--------------------------|-------------|----|--------------|----|----------------|----|----------|----|-----------|----|-------------|----|------------|----|------------|----|
| ↗ <b>Loomis Sayles</b>   | -7.2        | 77 | -9.7         | 78 | -3.9           | 64 | -1.1     | 60 | 4.2       | 53 | 4.2         | 56 |            |    |            |    |
| ○ <b>Global FixedInc</b> | -7.2        | 77 | -9.7         | 78 | -3.9           | 64 | -1.1     | 60 | 4.2       | 53 | 4.2         | 56 | 4.2        | 57 | 5.2        | 57 |
| 🔔 <b>CITI WLD GOV BD</b> | -3.0        | 32 | -7.1         | 57 | 1.9            | 26 | 5.9      | 21 | 7.3       | 25 | 5.6         | 25 | 4.9        | 38 | 5.3        | 49 |
| ✳ <b>Total Fixed Inc</b> | -4.0        | 41 | -4.9         | 18 | -3.0           | 52 | -0.8     | 55 | 2.6       | 80 | 3.2         | 79 | 3.3        | 86 | 3.7        | 86 |
| <b>Median</b>            | -5.2        |    | -6.1         |    | -3.0           |    | -0.5     |    | 4.4       |    | 4.7         |    | 4.7        |    | 5.3        |    |

# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

Periods Ending September 30, 2008

Global Bond Funds

Total Returns

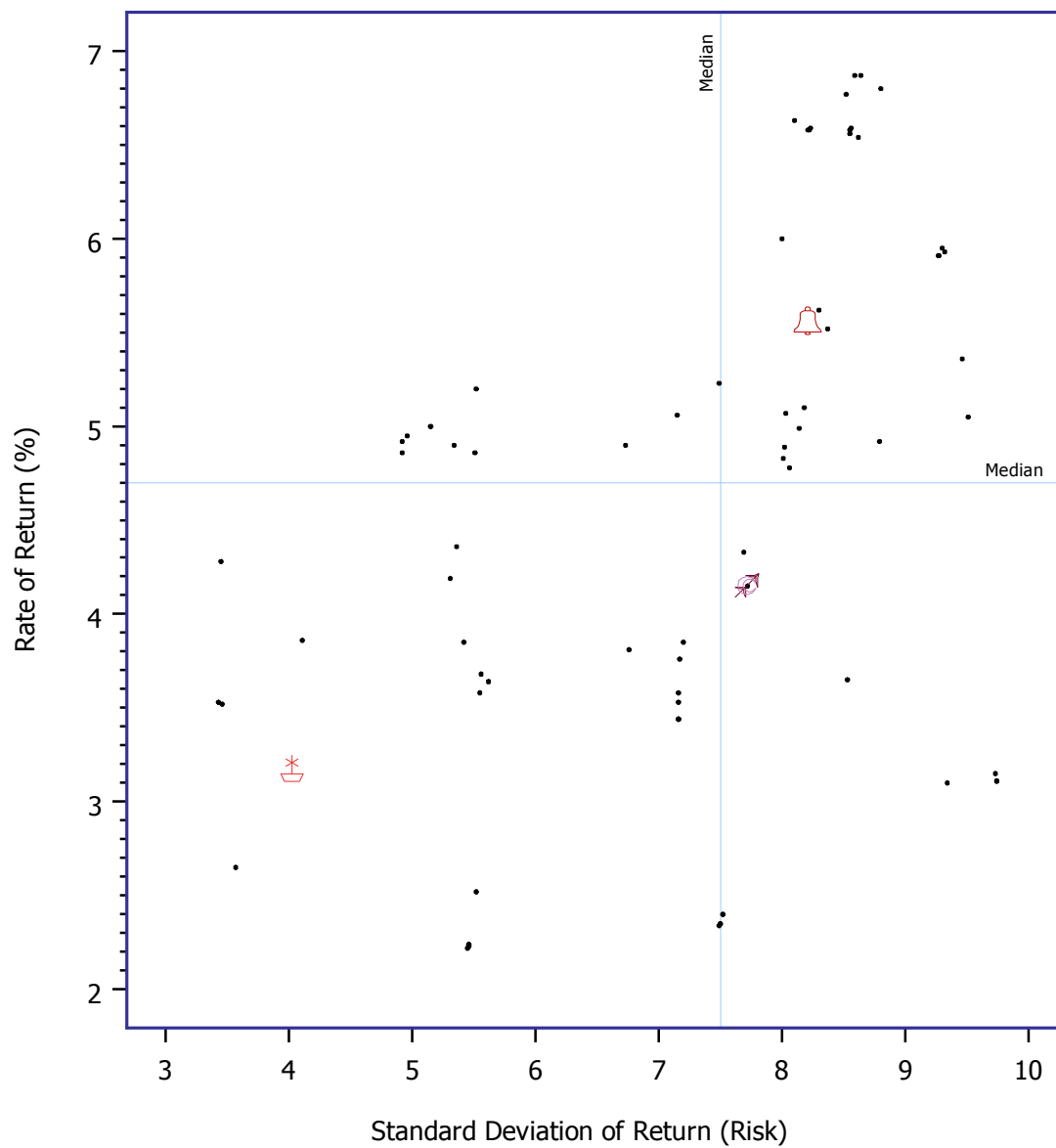


|                    | Six<br>Years | Seven<br>Years | Eight<br>Years | Nine<br>Years | Ten<br>Years |
|--------------------|--------------|----------------|----------------|---------------|--------------|
| © Global Fixed Inc | 7.2 46       | 7.5 56         | 7.2 68         | 5.5 87        | 4.7 89       |
| 🔔 CITI WLD GOV BD  | 6.8 58       | 7.3 65         | 7.2 68         | 5.9 71        | 5.4 66       |
| ★ Total Fixed Inc  | 4.7 81       | 5.0 75         | 5.8 79         | 5.7 79        | 5.0 80       |
| Median             | 7.1          | 7.8            | 7.6            | 6.4           | 5.9          |

# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

3 Years Ending September 30, 2008

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

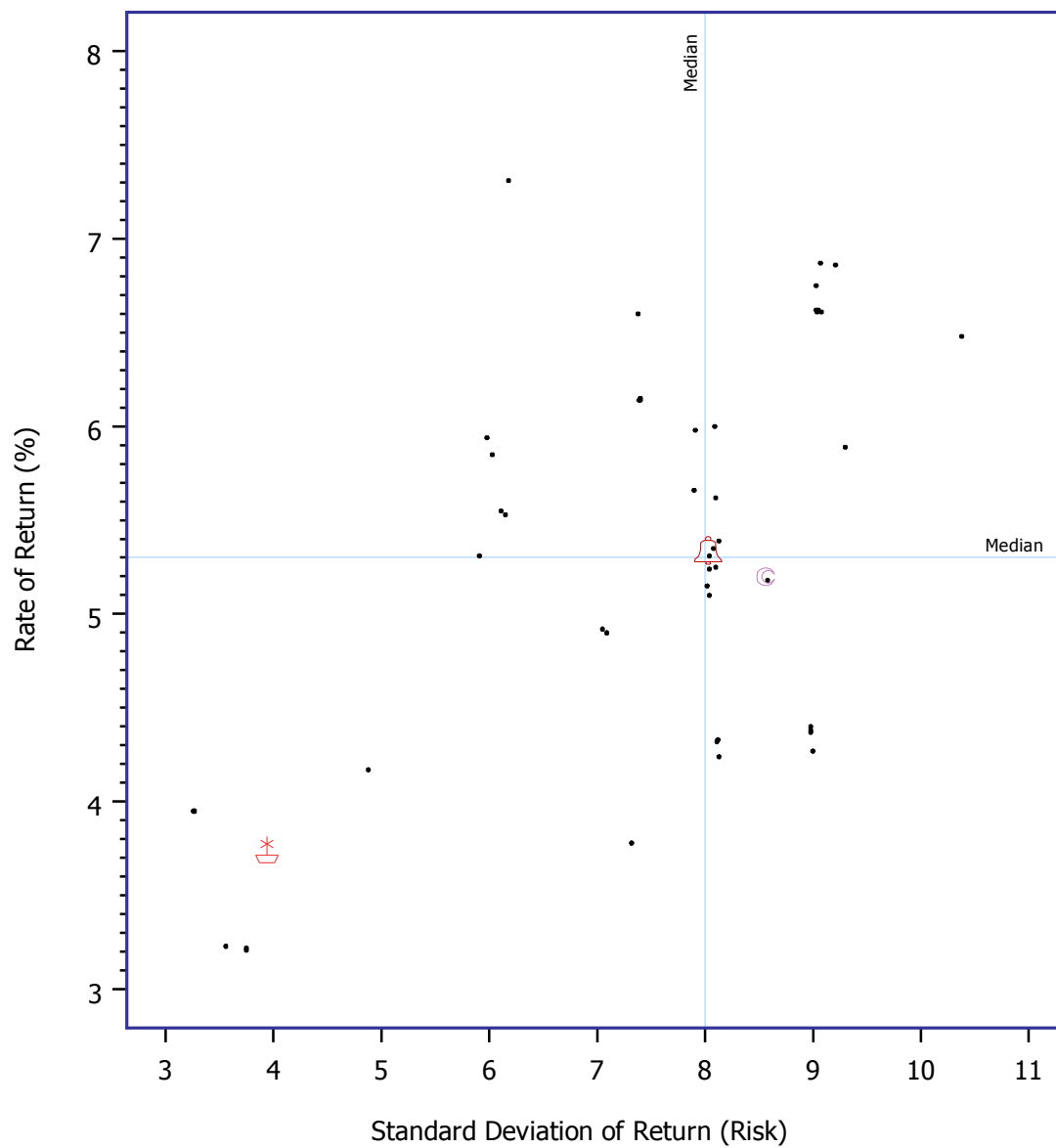


|                          | Return |    | Standard Deviation |    | Sharpe Ratio |    |
|--------------------------|--------|----|--------------------|----|--------------|----|
| ↗ <b>Loomis Sayles</b>   | 4.2    | 56 | 7.7                | 54 | 0.0          | 57 |
| ⦿ <b>Global FixedInc</b> | 4.2    | 56 | 7.7                | 54 | 0.0          | 57 |
| 🔔 <b>CITI WLD GOV BD</b> | 5.6    | 25 | 8.2                | 66 | 0.2          | 27 |
| ⚡ <b>Total Fixed Inc</b> | 3.2    | 79 | 4.0                | 9  | -0.2         |    |
| <b>Median</b>            | 4.7    |    | 7.5                |    | 0.1          |    |

# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

5 Years Ending September 30, 2008

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



|                 | Return |    | Standard Deviation |    | Sharpe Ratio |    |
|-----------------|--------|----|--------------------|----|--------------|----|
| Global FixedInc | 5.2    | 57 | 8.6                | 70 | 0.3          | 59 |
| CITI WLD GOV BD | 5.3    | 49 | 8.0                | 53 | 0.3          | 48 |
| Total Fixed Inc | 3.7    | 86 | 3.9                | 13 | 0.1          | 84 |
| Median          | 5.3    |    | 8.0                |    | 0.3          |    |

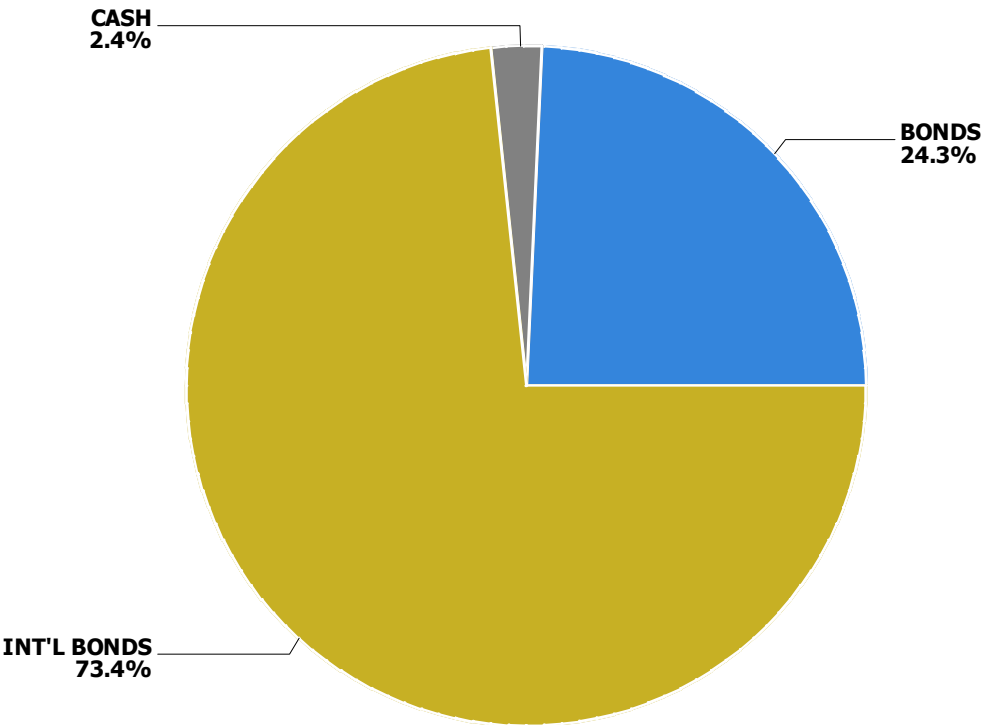


**SAN JOSE FEDERATED CITY EMPLS RET SYSTEM**

As of September 30, 2008

**Asset Allocation Analysis**

**Loomis Sayles & Company**



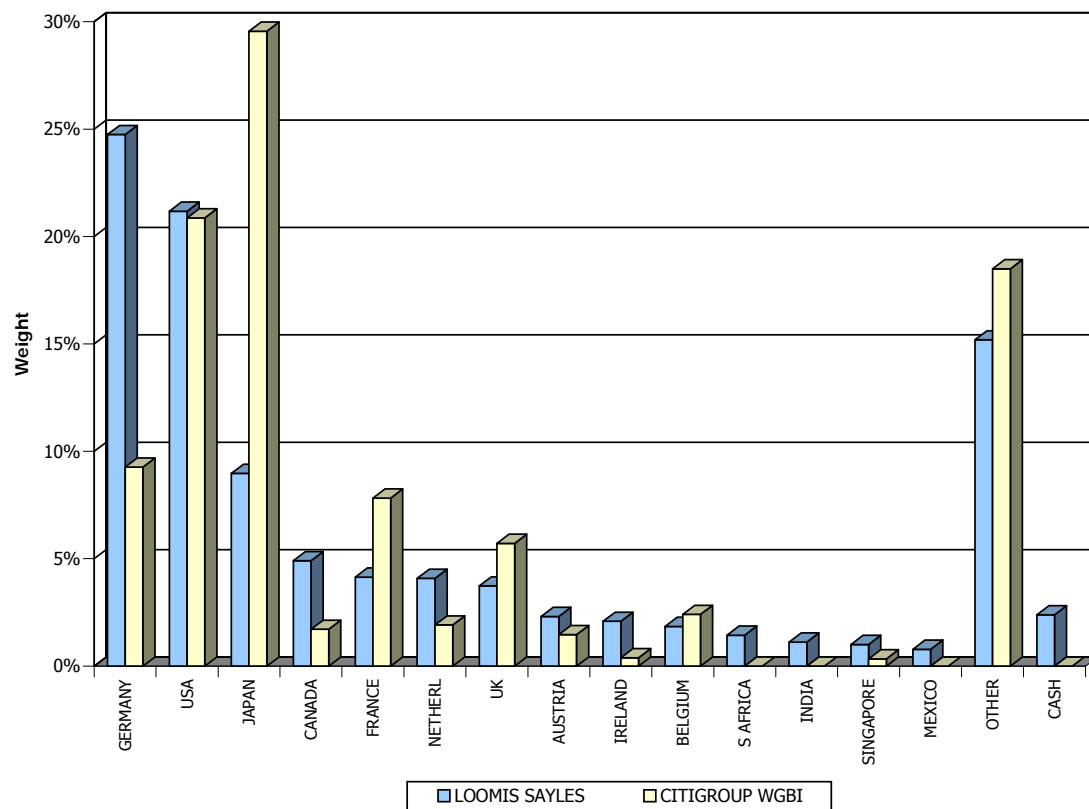
| Asset Class | Market Value | Current% |
|-------------|--------------|----------|
| BONDS       | 27,544,895   | 24.3     |
| CASH        | 2,688,168    | 2.4      |
| INT'L BONDS | 83,271,317   | 73.4     |
| Total       | 113,504,380  | 100.0    |

## SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

As of September 30, 2008

## Portfolio Country Weights

Loomis Sayles



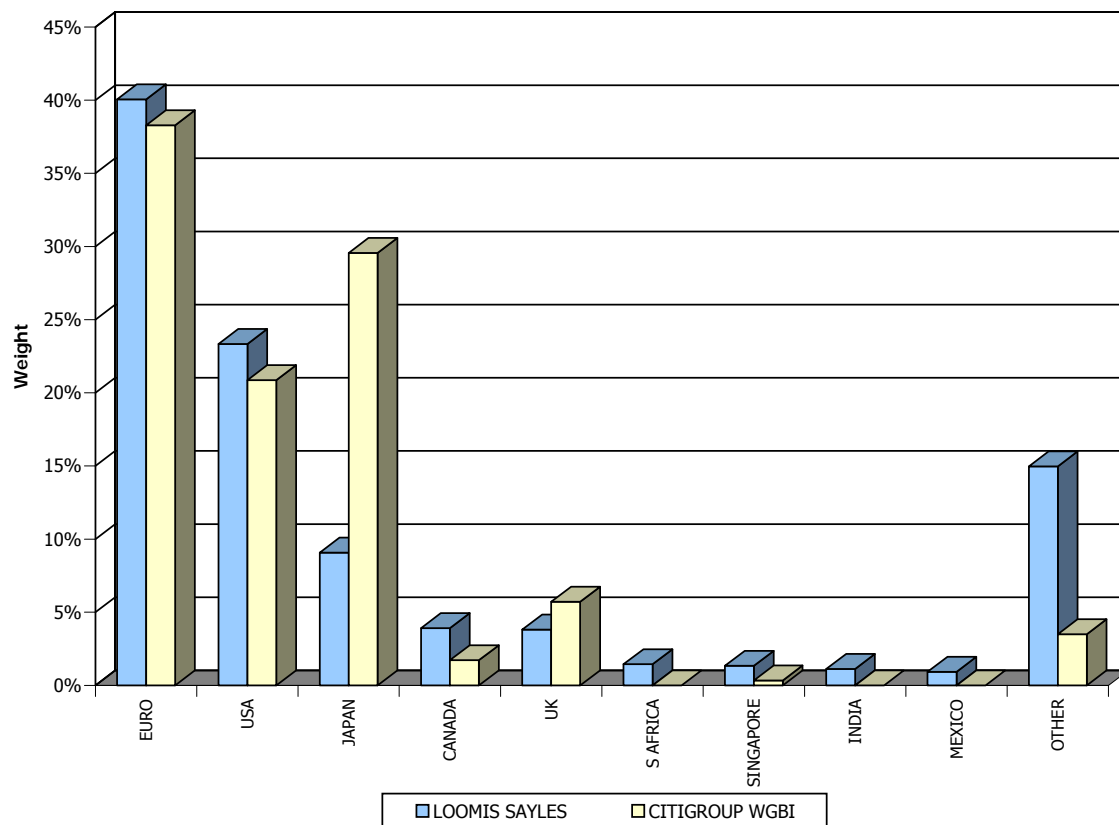
| COUNTRY   | MARKET VALUE | LOOMIS SAYLES | CITIGROUP WGBI | DIFF   |
|-----------|--------------|---------------|----------------|--------|
| GERMANY   | \$ 28,087    | 24.7%         | 9.3%           | +15.5% |
| USA       | \$ 24,041    | 21.2%         | 20.9%          | +0.3%  |
| JAPAN     | \$ 10,192    | 9.0%          | 29.6%          | -20.6% |
| CANADA    | \$ 5,575     | 4.9%          | 1.7%           | +3.2%  |
| FRANCE    | \$ 4,701     | 4.1%          | 7.8%           | -3.7%  |
| NETHERL   | \$ 4,639     | 4.1%          | 1.9%           | +2.2%  |
| UK        | \$ 4,242     | 3.7%          | 5.7%           | -2.0%  |
| AUSTRIA   | \$ 2,629     | 2.3%          | 1.5%           | +0.8%  |
| IRELAND   | \$ 2,376     | 2.1%          | 0.4%           | +1.7%  |
| BELGIUM   | \$ 2,108     | 1.9%          | 2.4%           | -0.6%  |
| S AFRICA  | \$ 1,640     | 1.4%          |                | +1.4%  |
| INDIA     | \$ 1,273     | 1.1%          |                | +1.1%  |
| SINGAPORE | \$ 1,147     | 1.0%          | 0.3%           | +0.7%  |
| MEXICO    | \$ 897       | 0.8%          |                | +0.8%  |
| OTHER     | \$ 17,242    | 15.2%         | 18.5%          | -3.3%  |
| CASH      | \$ 2,715     | 2.4%          | 0.0%           | +2.4%  |
|           | \$ 113,504   | 100.0%        | 100.0%         | 0.0%   |

## SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

As of September 30, 2008

## Portfolio Currency Exposures

Loomis Sayles

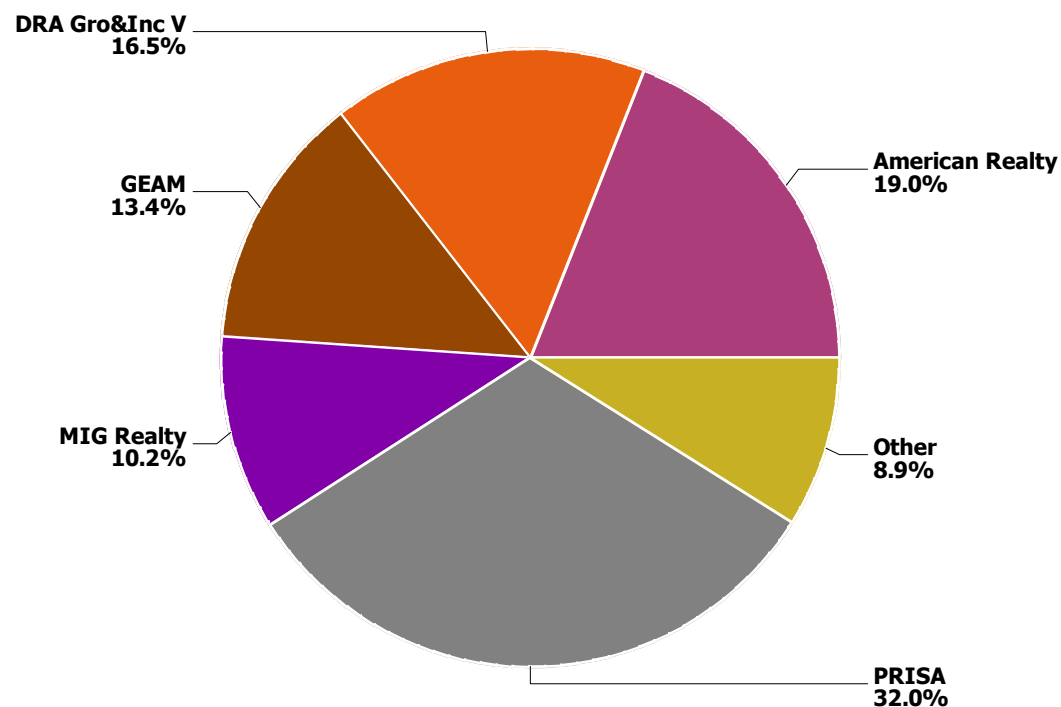


| CURRENCY  | MARKET VALUE | LOOMIS SAYLES | CITIGROUP WGBI | DIFF   |
|-----------|--------------|---------------|----------------|--------|
| EURO      | \$ 45,466    | 40.1%         | 38.3%          | +1.8%  |
| USA       | \$ 26,478    | 23.3%         | 20.9%          | +2.5%  |
| JAPAN     | \$ 10,301    | 9.1%          | 29.6%          | -20.5% |
| CANADA    | \$ 4,453     | 3.9%          | 1.7%           | +2.2%  |
| UK        | \$ 4,330     | 3.8%          | 5.7%           | -1.9%  |
| S AFRICA  | \$ 1,641     | 1.4%          |                | +1.4%  |
| SINGAPORE | \$ 1,522     | 1.3%          | 0.3%           | +1.0%  |
| INDIA     | \$ 1,273     | 1.1%          |                | +1.1%  |
| MEXICO    | \$ 1,054     | 0.9%          |                | +0.9%  |
| OTHER     | \$ 16,987    | 15.0%         | 3.5%           | +11.5% |
|           | \$ 113,504   | 100.0%        | 100.0%         | 0.0%   |

# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

As of September 30, 2008

## Manager Allocation Analysis Real Estate Composite



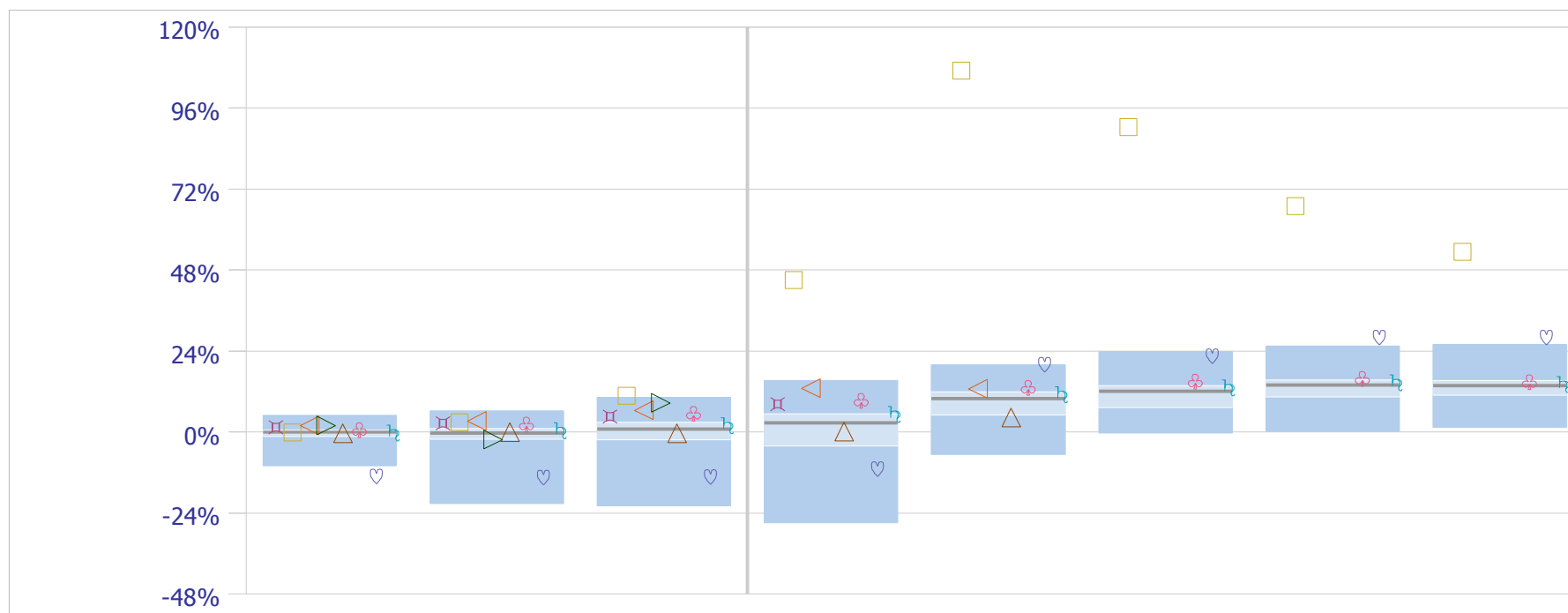
| Manager         | Market Value       | Current%     |
|-----------------|--------------------|--------------|
| American Realty | 21,918,884         | 19.0         |
| Cigna           | 33,745             | 0.0          |
| DRA Gro&Inc II  | 948,974            | 0.8          |
| DRA Gro&Inc V   | 19,048,435         | 16.5         |
| DRA Gro&Inc VI  | 4,352,470          | 3.8          |
| Fidelity LP     | 258,581            | 0.2          |
| FidelityGro III | 4,717,697          | 4.1          |
| GEAM            | 15,449,411         | 13.4         |
| MIG Realty      | 11,800,458         | 10.2         |
| PRISA           | 36,946,327         | 32.0         |
| <b>Total</b>    | <b>115,474,982</b> | <b>100.0</b> |

# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

Periods Ending September 30, 2008

Real Estate Funds

Total Returns



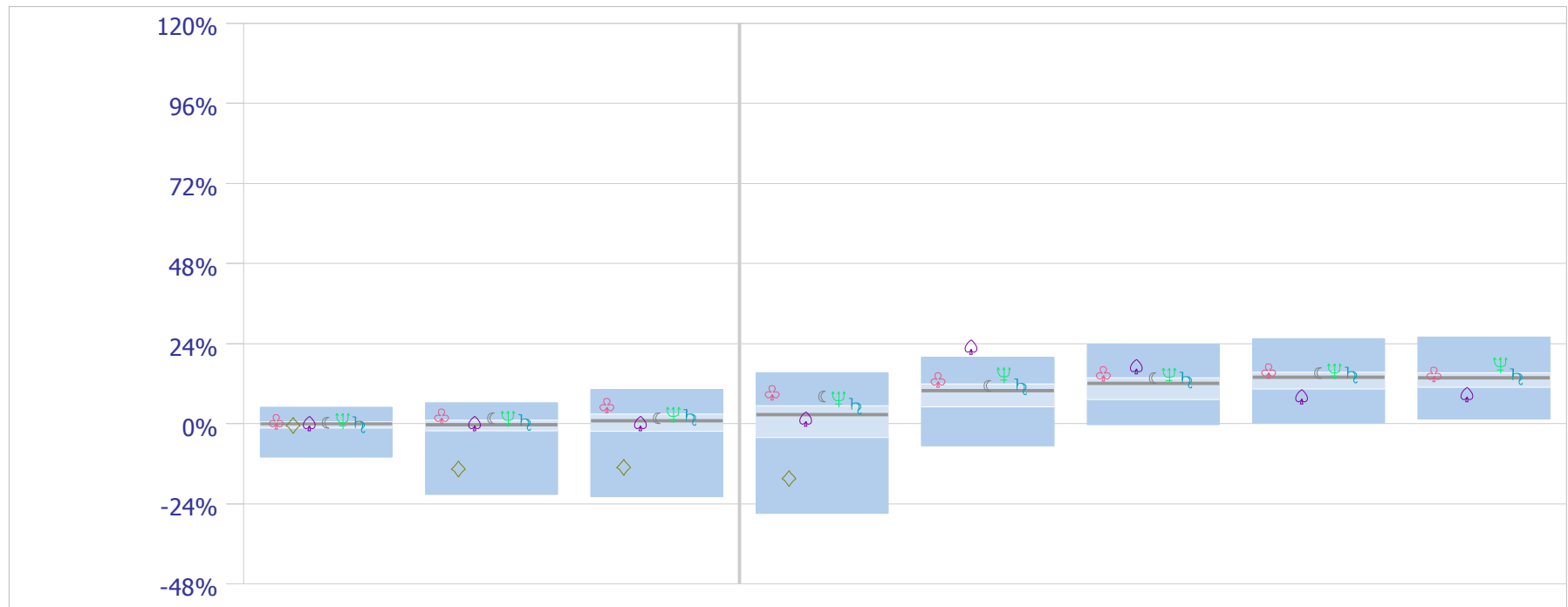
|                 | One Quarter |    | Two Quarters |    | Three Quarters |    | One Year |    | Two Years |    | Three Years |    | Four Years |    | Five Years |    |
|-----------------|-------------|----|--------------|----|----------------|----|----------|----|-----------|----|-------------|----|------------|----|------------|----|
| American Realty | 1.5         | 16 | 2.7          | 13 | 4.7            | 13 | 8.4      | 13 |           |    |             |    |            |    |            |    |
| DRA Gro&Inc II  | 0.0         | 41 | 3.0          | 12 | 10.8           | 4  | 45.1     | 1  | 107.1     | 1  | 90.5        | 1  | 67.1       | 1  | 53.6       | 1  |
| DRA Gro&Inc V   | 2.1         | 13 | 3.4          | 9  | 6.6            | 8  | 13.1     | 6  | 12.8      | 18 |             |    |            |    |            |    |
| DRA Gro&Inc VI  | 2.0         | 13 | -2.1         | 74 | 8.7            | 6  |          |    |           |    |             |    |            |    |            |    |
| GEAM            | -0.2        | 67 | 0.0          | 42 | -0.3           | 65 | 0.2      | 59 | 4.3       | 75 |             |    |            |    |            |    |
| NCREIF PROP LAG | 0.6         | 24 | 2.2          | 15 | 5.5            | 10 | 9.3      | 11 | 13.1      | 17 | 15.0        | 15 | 15.7       | 21 | 14.7       | 37 |
| Fidelity LP     | -13.2       | 96 | -13.5        | 91 | -13.4          | 91 | -11.0    | 83 | 19.9      | 5  | 22.4        | 5  | 28.0       | 3  | 27.9       | 3  |
| NCREIF PROPERTY | -0.2        | 67 | 0.4          | 37 | 2.0            | 34 | 5.3      | 27 | 11.1      | 34 | 13.2        | 38 | 14.7       | 36 | 14.2       | 42 |
| <b>Median</b>   | 0.0         |    | -0.3         |    | 0.9            |    | 2.7      |    | 10.0      |    | 12.2        |    | 14.0       |    | 13.8       |    |

# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

Periods Ending September 30, 2008

## Real Estate Funds

### Total Returns



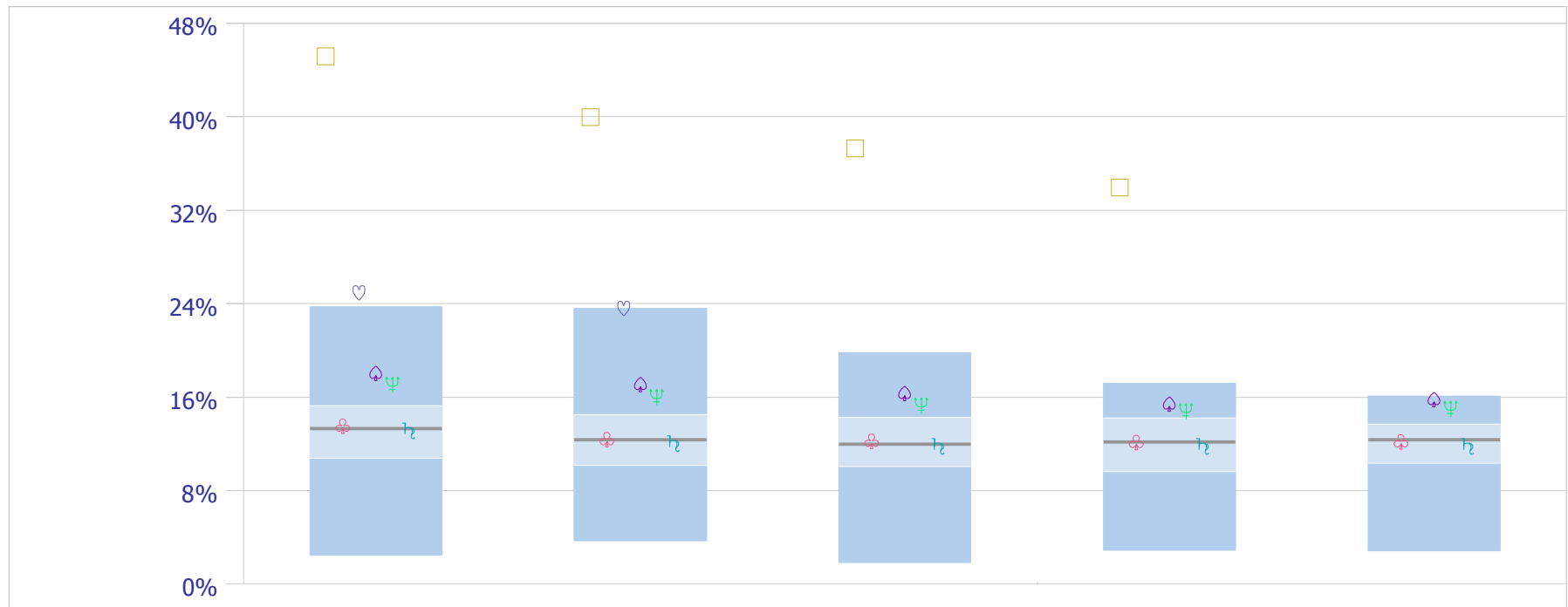
|                 | One Quarter |    | Two Quarters |    | Three Quarters |    | One Year   |    | Two Years   |    | Three Years |    | Four Years  |    | Five Years  |    |
|-----------------|-------------|----|--------------|----|----------------|----|------------|----|-------------|----|-------------|----|-------------|----|-------------|----|
| NCREIF PROP LAG | 0.6         | 24 | 2.2          | 15 | 5.5            | 10 | 9.3        | 11 | 13.1        | 17 | 15.0        | 15 | 15.7        | 21 | 14.7        | 37 |
| FidelityGro III | -0.5        | 70 | -13.5        | 91 | -13.0          | 90 | -16.4      | 91 |             |    |             |    |             |    |             |    |
| MIG Realty      | 0.0         | 41 | 0.0          | 42 | 0.0            | 61 | 1.4        | 55 | 23.0        | 3  | 17.1        | 10 | 8.2         | 82 | 8.8         | 80 |
| PRISA           | 0.4         | 26 | 1.8          | 18 | 1.8            | 38 | 8.3        | 13 | 11.4        | 28 | 13.8        | 24 | 15.3        | 31 |             |    |
| Real Estate     | 0.8         | 21 | 1.5          | 20 | 2.7            | 27 | 7.3        | 16 | 14.5        | 11 | 14.3        | 21 | 15.7        | 21 | 17.6        | 15 |
| NCREIF PROPERTY | -0.2        | 67 | 0.4          | 37 | 2.0            | 34 | 5.3        | 27 | 11.1        | 34 | 13.2        | 38 | 14.7        | 36 | 14.2        | 42 |
| <b>Median</b>   | <b>0.0</b>  |    | <b>-0.3</b>  |    | <b>0.9</b>     |    | <b>2.7</b> |    | <b>10.0</b> |    | <b>12.2</b> |    | <b>14.0</b> |    | <b>13.8</b> |    |

# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

Periods Ending September 30, 2008

## Real Estate Funds

## Total Returns



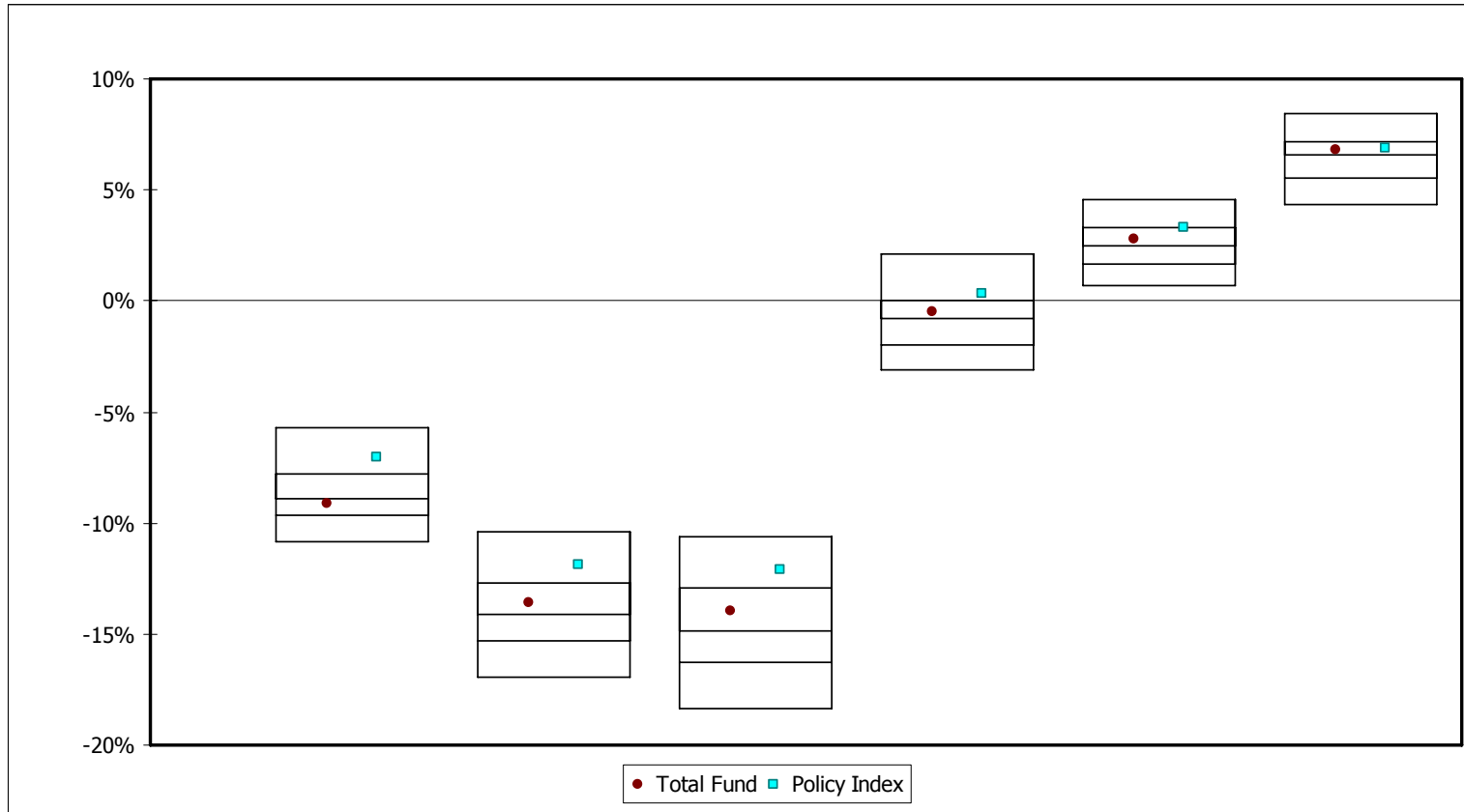
|   | Six<br>Years | Seven<br>Years | Eight<br>Years | Nine<br>Years | Ten<br>Years |
|---|--------------|----------------|----------------|---------------|--------------|
| <span style="color: yellow;">□</span> <b>DRA Gro&amp;Inc II</b> | 45.2 1       | 40.0 1         | 37.3 2         | 34.0 2        |              |
| <span style="color: red;">♣</span> <b>NCREIF PROP LAG</b>       | 13.5 48      | 12.3 53        | 12.2 38        | 12.1 51       | 12.2 57      |
| <span style="color: purple;">♥</span> <b>Fidelity LP</b>        | 24.9 3       | 23.6 5         |                |               |              |
| <span style="color: purple;">♠</span> <b>MIG Realty</b>         | 18.0 12      | 17.1 13        | 16.3 11        | 15.4 14       | 15.8 7       |
| <span style="color: green;">ψ</span> <b>Real Estate</b>         | 17.0 18      | 16.0 17        | 15.3 15        | 14.8 17       | 15.0 12      |
| <span style="color: blue;">h</span> <b>NCREIF PROPERTY</b>      | 13.1 53      | 12.0 58        | 11.8 54        | 11.8 55       | 11.8 59      |
| <b>Median</b>   | 13.3         | 12.4           | 12.0           | 12.2          | 12.3         |

# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

Periods Ending September 30, 2008

Total Rates of Return

Total Public Funds >\$100 Million



|              | FISCAL QTR |      | CALENDAR YTD |      | 1 YEAR |      | 2 YEAR |      | 3 YEAR |      | 5 YEAR |      |
|--------------|------------|------|--------------|------|--------|------|--------|------|--------|------|--------|------|
| Total Fund   | Return     | Rank | Return       | Rank | Return | Rank | Return | Rank | Return | Rank | Return | Rank |
|              | -9.1%      | 61   | -13.6%       | 41   | -14.0% | 39   | -0.5%  | 40   | 2.7%   | 40   | 6.8%   | 42   |
| Policy Index | -7.0%      | 16   | -11.9%       | 13   | -12.1% | 14   | 0.3%   | 20   | 3.3%   | 25   | 6.9%   | 40   |
| Median       | -8.9%      |      | -14.1%       |      | -14.9% |      | -0.8%  |      | 2.5%   |      | 6.6%   |      |

|                 |       |        |        |       |      |      |
|-----------------|-------|--------|--------|-------|------|------|
| 25th Percentile | -7.8% | -12.7% | -13.0% | 0.1%  | 3.3% | 7.2% |
| 50th Percentile | -8.9% | -14.1% | -14.9% | -0.8% | 2.5% | 6.6% |
| 75th Percentile | -9.7% | -15.3% | -16.3% | -2.0% | 1.7% | 5.5% |

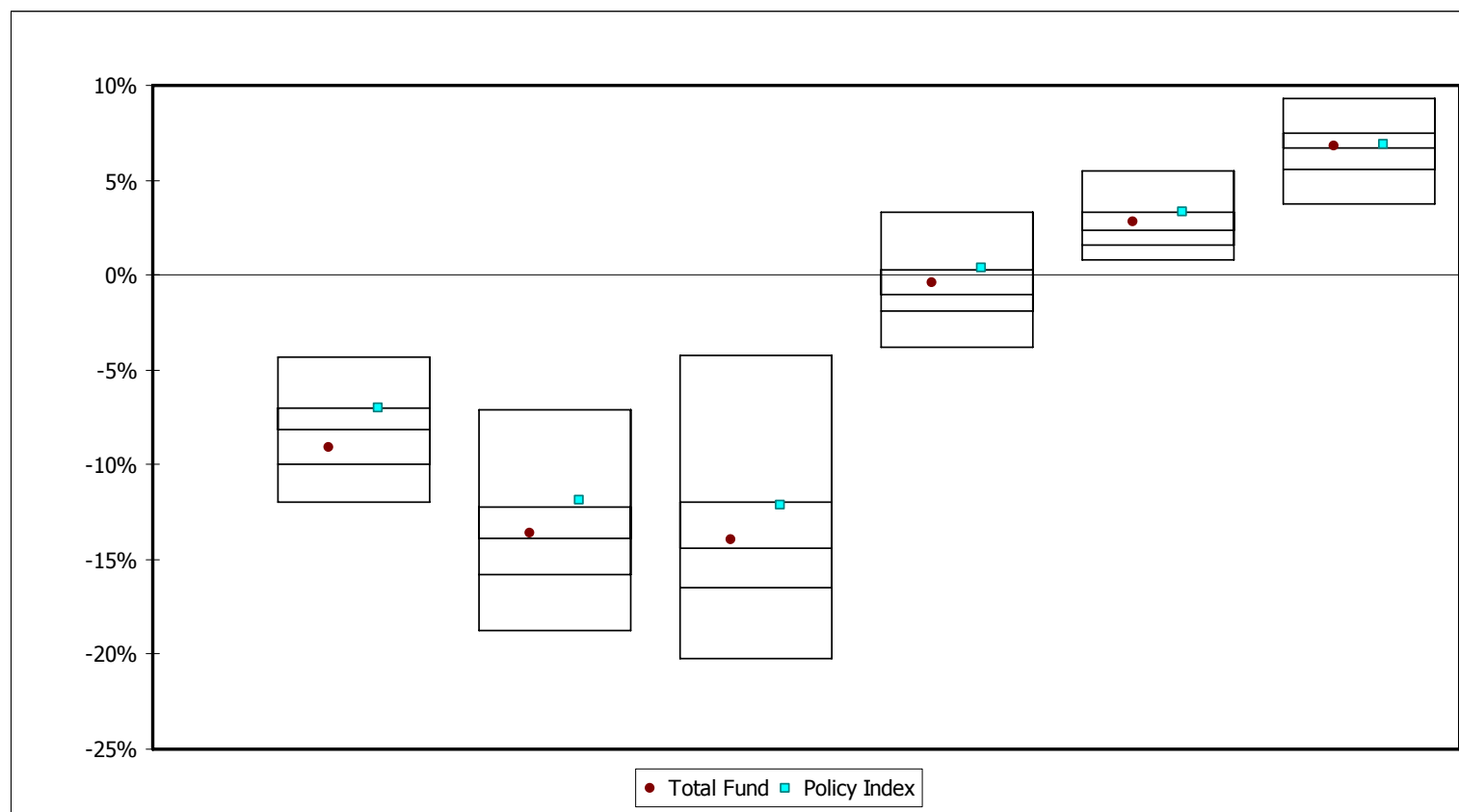


# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

Periods Ending September 30, 2008

## Total Rates of Return

## Total Corporate Funds



|              | FISCAL QTR |      | CALENDAR YTD |      | 1 YEAR |      | 2 YEAR |      | 3 YEAR |      | 5 YEAR |      |
|--------------|------------|------|--------------|------|--------|------|--------|------|--------|------|--------|------|
|              | Return     | Rank | Return       | Rank | Return | Rank | Return | Rank | Return | Rank | Return | Rank |
| Total Fund   | -9.1%      | 65   | -13.6%       | 45   | -14.0% | 42   | -0.5%  | 37   | 2.7%   | 38   | 6.8%   | 44   |
| Policy Index | -7.0%      | 26   | -11.9%       | 22   | -12.1% | 26   | 0.3%   | 23   | 3.3%   | 23   | 6.9%   | 39   |
| Median       | -8.2%      |      | -13.9%       |      | -14.4% |      | -1.1%  |      | 2.4%   |      | 6.7%   |      |

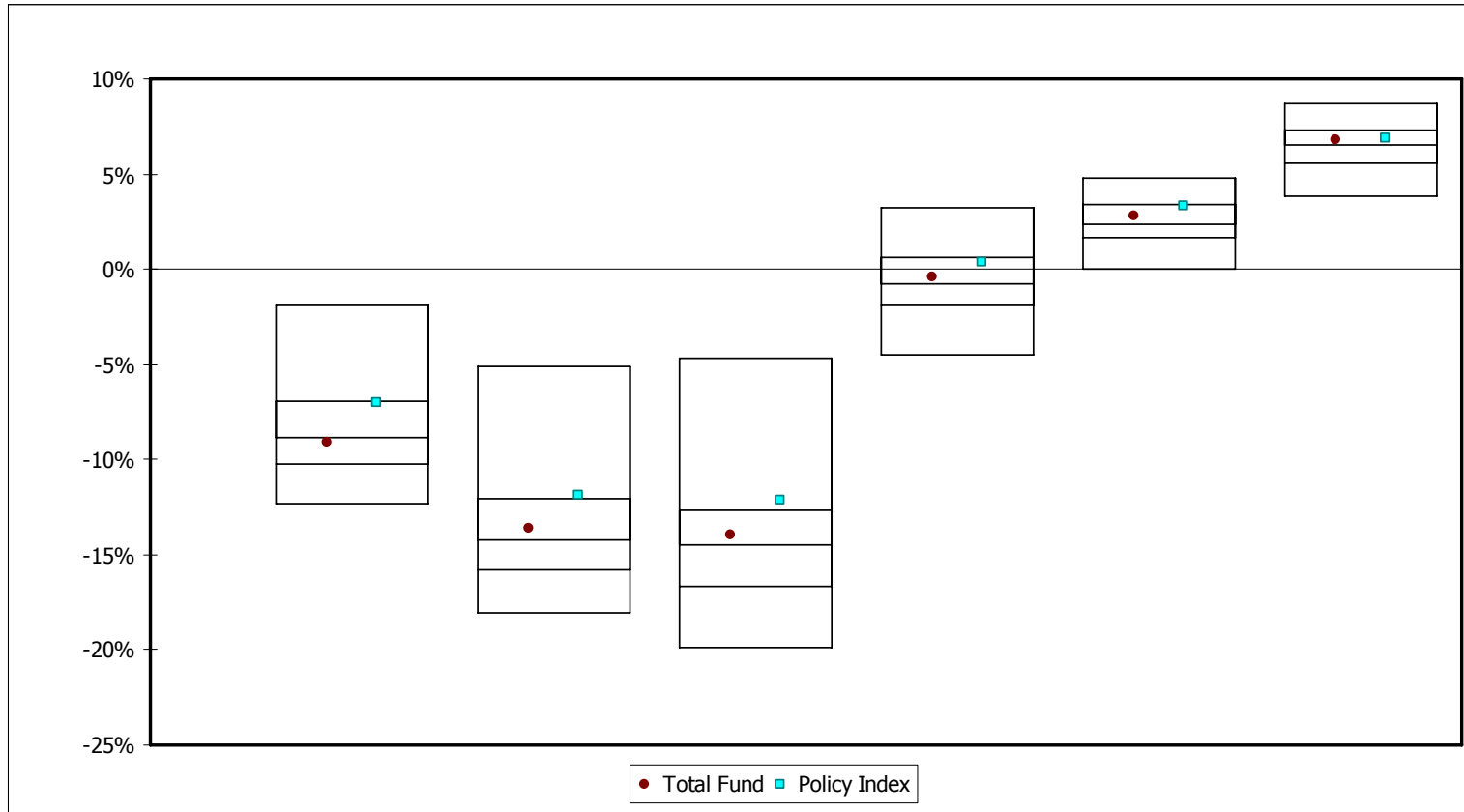
|                 |        |        |        |       |      |      |
|-----------------|--------|--------|--------|-------|------|------|
| 25th Percentile | -7.0%  | -12.3% | -12.0% | 0.3%  | 3.3% | 7.5% |
| 50th Percentile | -8.2%  | -13.9% | -14.4% | -1.1% | 2.4% | 6.7% |
| 75th Percentile | -10.0% | -15.8% | -16.5% | -1.9% | 1.6% | 5.6% |

# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

Periods Ending September 30, 2008

## Total Rates of Return

## Total Endowments & Foundations



|              | FISCAL QTR |      | CALENDAR YTD |      | 1 YEAR |      | 2 YEAR |      | 3 YEAR |      | 5 YEAR |      |
|--------------|------------|------|--------------|------|--------|------|--------|------|--------|------|--------|------|
|              | Return     | Rank | Return       | Rank | Return | Rank | Return | Rank | Return | Rank | Return | Rank |
| Total Fund   | -9.1%      | 57   | -13.6%       | 40   | -14.0% | 42   | -0.5%  | 41   | 2.7%   | 36   | 6.8%   | 39   |
| Policy Index | -7.0%      | 27   | -11.9%       | 22   | -12.1% | 19   | 0.3%   | 27   | 3.3%   | 26   | 6.9%   | 34   |
| Median       | -8.8%      |      | -14.2%       |      | -14.5% |      | -0.8%  |      | 2.4%   |      | 6.5%   |      |

|                 |        |        |        |       |      |      |
|-----------------|--------|--------|--------|-------|------|------|
| 25th Percentile | -6.9%  | -12.1% | -12.6% | 0.6%  | 3.4% | 7.3% |
| 50th Percentile | -8.8%  | -14.2% | -14.5% | -0.8% | 2.4% | 6.5% |
| 75th Percentile | -10.2% | -15.8% | -16.7% | -1.9% | 1.7% | 5.6% |

## SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

As of September 30, 2008

Asset Allocation

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

| Quartiles | US Equity | Int'l Equity | US Fixed Income | Int'l Fixed Income | Real Estate | Private Equity | Hedge Funds |
|-----------|-----------|--------------|-----------------|--------------------|-------------|----------------|-------------|
| 5th       | 57.7%     | 22.8%        | 47.1%           | 10.4%              | 15.8%       | 14.1%          | 20.0%       |
| 25th      | 45.0%     | 17.3%        | 32.2%           | 4.2%               | 7.6%        | 6.3%           | 6.9%        |
| 50th      | 38.6%     | 14.4%        | 26.7%           | 0.05%              | 5.3%        | 1.7%           | 0.0%        |
| 75th      | 32.1%     | 9.3%         | 19.5%           | 0.0%               | 0.1%        | 0.0%           | 0.0%        |
| 95th      | 14.0%     | 0.0%         | 6.0%            | 0.0%               | 0.0%        | 0.0%           | 0.0%        |

### Total Corporate Funds Universe

| Quartiles | US Equity | Int'l Equity | US Fixed Income | Int'l Fixed Income | Real Estate | Private Equity | Hedge Funds |
|-----------|-----------|--------------|-----------------|--------------------|-------------|----------------|-------------|
| 5th       | 66.8%     | 22.7%        | 66.7%           | 10.5%              | 8.3%        | 12.0%          | 32.1%       |
| 25th      | 51.2%     | 16.4%        | 36.2%           | 1.9%               | 0.4%        | 0.6%           | 4.8%        |
| 50th      | 41.9%     | 12.6%        | 29.2%           | 0.00%              | 0.0%        | 0.0%           | 0.0%        |
| 75th      | 29.9%     | 7.3%         | 19.8%           | 0.0%               | 0.0%        | 0.0%           | 0.0%        |
| 95th      | 9.2%      | 0.0%         | 0.0%            | 0.0%               | 0.0%        | 0.0%           | 0.0%        |

### Total Endowments & Foundations Universe

| Quartiles | US Equity | Int'l Equity | US Fixed Income | Int'l Fixed Income | Real Estate | Private Equity | Hedge Funds |
|-----------|-----------|--------------|-----------------|--------------------|-------------|----------------|-------------|
| 5th       | 66.2%     | 25.6%        | 54.1%           | 7.2%               | 8.8%        | 13.2%          | 30.8%       |
| 25th      | 47.5%     | 17.8%        | 33.4%           | 0.0%               | 0.0%        | 0.9%           | 13.0%       |
| 50th      | 38.1%     | 13.7%        | 25.6%           | 0.00%              | 0.0%        | 0.0%           | 0.0%        |
| 75th      | 27.6%     | 8.2%         | 15.4%           | 0.0%               | 0.0%        | 0.0%           | 0.0%        |
| 95th      | 0.4%      | 0.0%         | 0.0%            | 0.0%               | 0.0%        | 0.0%           | 0.0%        |

# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

Periods Ending September 30, 2008

## Portfolio Asset Growth (\$000)

### Summary by Manager

| Portfolio                 | Beginning Value | Net Contribution | Income Received | Gain (Loss) | Ending Value |
|---------------------------|-----------------|------------------|-----------------|-------------|--------------|
| <b>One Quarter</b>        |                 |                  |                 |             |              |
| <b>Total Fund</b>         | 1,774,659       | 46,619           | 11,840          | -178,501    | 1,654,617    |
| <b>Atlanta</b>            | 72,432          | -13,500          | 247             | -6,642      | 52,536       |
| <b>D&amp;C -Equity</b>    | 78,962          | -6,500           | 351             | -8,703      | 64,110       |
| <b>NT Russell 3000</b>    | 355,904         | 0                | 0               | -31,523     | 324,381      |
| <b>Wellington</b>         | 111,118         | -3,000           | 247             | -17,539     | 90,826       |
| <b>LargeCap Equity</b>    | 618,416         | -23,000          | 845             | -64,408     | 531,853      |
| <b>Brandywine</b>         | 44,783          | 0                | 214             | 896         | 45,894       |
| <b>Eagle</b>              | 43,600          | 0                | 42              | -3,320      | 40,321       |
| <b>SmallCap Equity</b>    | 88,383          | 0                | 256             | -2,424      | 86,215       |
| <b>US Equity</b>          | 706,799         | -23,000          | 1,102           | -66,832     | 618,068      |
| <b>US Equity Index</b>    | 0               | 0                | 0               | 0           | 0            |
| <b>The Boston Co</b>      | 80,451          | 16,910           | 0               | -16,503     | 80,858       |
| <b>Fisher</b>             | 85,449          | 16,910           | 523             | -25,489     | 77,393       |
| <b>McKinley</b>           | 97,751          | 16,910           | 470             | -33,051     | 82,080       |
| <b>Intl Equity</b>        | 263,651         | 50,730           | 993             | -75,044     | 240,331      |
| <b>Private Equity</b>     | 57,284          | 5,588            | 0               | -406        | 62,466       |
| <b>Loomis Sayles</b>      | 122,284         | 0                | 989             | -9,769      | 113,504      |
| <b>Global FixedInc</b>    | 122,284         | 0                | 989             | -9,769      | 113,504      |
| <b>D&amp;C -Fixed Inc</b> | 259,423         | 6,364            | 3,824           | -13,245     | 256,366      |
| <b>BlackRock</b>          | 249,081         | 6,364            | 3,192           | -10,694     | 247,943      |
| <b>US Fixed Income</b>    | 508,504         | 12,728           | 7,016           | -23,939     | 504,309      |
| <b>American Realty</b>    | 21,648          | -58              | 318             | 11          | 21,919       |
| <b>DRA Gro&amp;Inc II</b> | 949             | 0                | 0               | 0           | 949          |
| <b>DRA Gro&amp;Inc V</b>  | 19,224          | -566             | 417             | -27         | 19,048       |
| <b>DRA Gro&amp;Inc VI</b> | 4,472           | -207             | 171             | -84         | 4,352        |
| <b>GEAM</b>               | 15,484          | 0                | 0               | -35         | 15,449       |
| <b>Fidelity LP</b>        | 374             | -76              | 0               | -39         | 259          |
| <b>FidelityGro III</b>    | 3,843           | 892              | -17             | 0           | 4,718        |
| <b>MIG Realty</b>         | 11,800          | 0                | 0               | 0           | 11,800       |
| <b>PRISA</b>              | 36,880          | -81              | 491             | -344        | 36,946       |

**SAN JOSE FEDERATED CITY EMPLS RET SYSTEM**

Periods Ending September 30, 2008

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

| <b>Portfolio</b>       | <b>Beginning Value</b> | <b>Net Contribution</b> | <b>Income Received</b> | <b>Gain (Loss)</b> | <b>Ending Value</b> |
|------------------------|------------------------|-------------------------|------------------------|--------------------|---------------------|
| <b>One Quarter</b>     |                        |                         |                        |                    |                     |
| <b>Real Estate</b>     | 114,708                | -95                     | 1,381                  | -519               | 115,475             |
| <b>Cash Account</b>    | 1,430                  | 668                     | 358                    | -7                 | 2,450               |
| <b>Total Equity</b>    | 970,450                | 27,730                  | 2,095                  | -141,876           | 858,399             |
| <b>Total Fixed Inc</b> | 630,787                | 12,728                  | 8,006                  | -33,707            | 617,814             |

# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

Periods Ending September 30, 2008

## Portfolio Asset Growth (\$000)

### Summary by Manager

| Portfolio                 | Beginning Value | Net Contribution | Income Received | Gain (Loss) | Ending Value |
|---------------------------|-----------------|------------------|-----------------|-------------|--------------|
| <b>Year to Date</b>       |                 |                  |                 |             |              |
| <b>Total Fund</b>         | 1,884,199       | 35,226           | 25,293          | -290,100    | 1,654,617    |
| <b>Atlanta</b>            | 86,432          | -18,500          | 547             | -15,943     | 52,536       |
| <b>D&amp;C -Equity</b>    | 92,695          | -6,500           | 975             | -23,059     | 64,110       |
| <b>NT Russell 3000</b>    | 405,233         | -2,000           | 0               | -78,852     | 324,381      |
| <b>Wellington</b>         | 124,588         | -8,000           | 557             | -26,318     | 90,826       |
| <b>LargeCap Equity</b>    | 708,947         | -35,000          | 2,079           | -144,173    | 531,853      |
| <b>Brandywine</b>         | 48,958          | 0                | 443             | -3,508      | 45,894       |
| <b>Eagle</b>              | 51,086          | -3,500           | 185             | -7,450      | 40,321       |
| <b>SmallCap Equity</b>    | 100,045         | -3,500           | 628             | -10,958     | 86,215       |
| <b>US Equity</b>          | 808,991         | -38,500          | 2,708           | -155,131    | 618,068      |
| <b>US Equity Index</b>    | 0               | 0                | 0               | 0           | 0            |
| <b>The Boston Co</b>      | 91,154          | 16,910           | 0               | -27,206     | 80,858       |
| <b>Fisher</b>             | 89,619          | 16,910           | 1,751           | -30,887     | 77,393       |
| <b>McKinley</b>           | 107,075         | 16,910           | 1,243           | -43,148     | 82,080       |
| <b>Intl Equity</b>        | 287,848         | 50,730           | 2,994           | -101,241    | 240,331      |
| <b>Private Equity</b>     | 42,888          | 11,456           | -77             | 8,199       | 62,466       |
| <b>Loomis Sayles</b>      | 122,891         | -800             | 2,066           | -10,653     | 113,504      |
| <b>Global FixedInc</b>    | 122,891         | -800             | 2,066           | -10,653     | 113,504      |
| <b>D&amp;C -Fixed Inc</b> | 259,869         | 4,364            | 7,490           | -15,356     | 256,366      |
| <b>BlackRock</b>          | 248,428         | 6,364            | 6,473           | -13,322     | 247,943      |
| <b>US Fixed Income</b>    | 508,297         | 10,728           | 13,963          | -28,678     | 504,309      |
| <b>American Realty</b>    | 21,045          | -112             | 572             | 415         | 21,919       |
| <b>DRA Gro&amp;Inc II</b> | 948             | 0                | 0               | 1           | 949          |
| <b>DRA Gro&amp;Inc V</b>  | 18,749          | -709             | 807             | 202         | 19,048       |
| <b>DRA Gro&amp;Inc VI</b> | 2,212           | -237             | 259             | 2,118       | 4,352        |
| <b>GEAM</b>               | 14,746          | 535              | 0               | 169         | 15,449       |
| <b>Fidelity LP</b>        | 1,665           | -76              | 7               | -1,338      | 259          |
| <b>FidelityGro III</b>    | 504             | 4,010            | -12             | 215         | 4,718        |
| <b>MIG Realty</b>         | 11,800          | 0                | 0               | 0           | 11,800       |
| <b>PRISA</b>              | 36,538          | -229             | 1,218           | -580        | 36,946       |

**SAN JOSE FEDERATED CITY EMPLS RET SYSTEM**

Periods Ending September 30, 2008

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

| <b>Portfolio</b>       | <b>Beginning Value</b> | <b>Net Contribution</b> | <b>Income Received</b> | <b>Gain (Loss)</b> | <b>Ending Value</b> |
|------------------------|------------------------|-------------------------|------------------------|--------------------|---------------------|
| <b>Year to Date</b>    |                        |                         |                        |                    |                     |
| <b>Real Estate</b>     | 108,239                | 3,182                   | 2,851                  | 1,202              | 115,475             |
| <b>Cash Account</b>    | 5,044                  | -1,570                  | 789                    | -1,813             | 2,450               |
| <b>Total Equity</b>    | 1,139,727              | 12,230                  | 5,701                  | -299,260           | 858,399             |
| <b>Total Fixed Inc</b> | 631,188                | 9,928                   | 16,029                 | -39,331            | 617,814             |

# SAN JOSE FEDERATED CITY EMPLS RET SYSTEM

Periods Ending September 30, 2008

## Portfolio Asset Growth (\$000)

### Summary by Manager

| Portfolio                 | Beginning Value | Net Contribution | Income Received | Gain (Loss) | Ending Value |
|---------------------------|-----------------|------------------|-----------------|-------------|--------------|
| <b>One Year</b>           |                 |                  |                 |             |              |
| <b>Total Fund</b>         | 1,901,453       | 35,226           | 25,293          | -307,355    | 1,654,617    |
| <b>Atlanta</b>            | 86,013          | -18,500          | 547             | -15,524     | 52,536       |
| <b>D&amp;C -Equity</b>    | 97,159          | -6,500           | 975             | -27,524     | 64,110       |
| <b>NT Russell 3000</b>    | 419,154         | -2,000           | 0               | -92,774     | 324,381      |
| <b>Wellington</b>         | 123,671         | -8,000           | 557             | -25,402     | 90,826       |
| <b>LargeCap Equity</b>    | 725,998         | -35,000          | 2,079           | -161,224    | 531,853      |
| <b>Brandywine</b>         | 54,050          | 0                | 443             | -8,599      | 45,894       |
| <b>Eagle</b>              | 52,770          | -3,500           | 185             | -9,133      | 40,321       |
| <b>SmallCap Equity</b>    | 106,819         | -3,500           | 628             | -17,732     | 86,215       |
| <b>US Equity</b>          | 832,817         | -38,500          | 2,708           | -178,956    | 618,068      |
| <b>US Equity Index</b>    | 0               | 0                | 0               | 0           | 0            |
| <b>The Boston Co</b>      | 101,136         | 16,910           | 0               | -37,188     | 80,858       |
| <b>Fisher</b>             | 100,659         | 16,910           | 1,751           | -41,927     | 77,393       |
| <b>McKinley</b>           | 116,302         | 16,910           | 1,243           | -52,375     | 82,080       |
| <b>Intl Equity</b>        | 318,096         | 50,730           | 2,994           | -131,489    | 240,331      |
| <b>Private Equity</b>     | 35,981          | 11,456           | -77             | 15,107      | 62,466       |
| <b>Loomis Sayles</b>      | 119,433         | -800             | 2,066           | -7,195      | 113,504      |
| <b>Global FixedInc</b>    | 119,433         | -800             | 2,066           | -7,195      | 113,504      |
| <b>D&amp;C -Fixed Inc</b> | 256,341         | 4,364            | 7,490           | -11,829     | 256,366      |
| <b>BlackRock</b>          | 241,403         | 6,364            | 6,473           | -6,297      | 247,943      |
| <b>US Fixed Income</b>    | 497,744         | 10,728           | 13,963          | -18,125     | 504,309      |
| <b>American Realty</b>    | 12,495          | -112             | 572             | 8,965       | 21,919       |
| <b>DRA Gro&amp;Inc II</b> | 731             | 0                | 0               | 218         | 949          |
| <b>DRA Gro&amp;Inc V</b>  | 17,837          | -709             | 807             | 1,114       | 19,048       |
| <b>DRA Gro&amp;Inc VI</b> | 0               | -237             | 259             | 4,331       | 4,352        |
| <b>GEAM</b>               | 12,586          | 535              | 0               | 2,328       | 15,449       |
| <b>Fidelity LP</b>        | 1,621           | -76              | 7               | -1,294      | 259          |
| <b>FidelityGro III</b>    | 467             | 4,010            | -12             | 253         | 4,718        |
| <b>MIG Realty</b>         | 11,801          | 0                | 0               | 0           | 11,800       |
| <b>PRISA</b>              | 34,466          | -229             | 1,218           | 1,491       | 36,946       |



**SAN JOSE FEDERATED CITY EMPLS RET SYSTEM**

Periods Ending September 30, 2008

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

| <b>Portfolio</b>       | <b>Beginning Value</b> | <b>Net Contribution</b> | <b>Income Received</b> | <b>Gain (Loss)</b> | <b>Ending Value</b> |
|------------------------|------------------------|-------------------------|------------------------|--------------------|---------------------|
| <b>One Year</b>        |                        |                         |                        |                    |                     |
| <b>Real Estate</b>     | 92,036                 | 3,182                   | 2,851                  | 17,406             | 115,475             |
| <b>Cash Account</b>    | 5,347                  | -1,570                  | 789                    | -2,116             | 2,450               |
| <b>Total Equity</b>    | 1,186,894              | 12,230                  | 5,701                  | -346,426           | 858,399             |
| <b>Total Fixed Inc</b> | 617,177                | 9,928                   | 16,029                 | -25,320            | 617,814             |

### Background:

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

### Exhibits:

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

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

### Methodology:

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

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

The Size bands are:

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

The Value/Growth bands are:

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

### Background:

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

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

### Exhibits:

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

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

### **SHORT**

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

### **INTERMEDIATE**

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

### **CORE**

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

### **CORE PLUS**

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

### **LONG**

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

### **HIGH YIELD**

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

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

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

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

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



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