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City of San Jose Police and Fire Department Retirement Plan

Second Quarter 2012 Private Markets Review

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*Cash Adjusted Market Value is being used for Pantheon USA Fund VI, L.P.

Information Disclosure

- NEPC, LLC uses, as its data source, the plan's fund manager and custodian bank or fund service company, and NEPC, LLC relies on those sources for all transactions, including capital calls, distributions, income/expense and reported values. While NEPC, LLC has exercised reasonable professional care in preparing this report, we cannot guarantee the accuracy of all source information contained within.
- The Investment Performance Analysis is provided as a management aid for the client's internal use only. Portfolio performance reported in the Investment Performance Analysis does not constitute a recommendation by NEPC, LLC.
- Information in this report on market indices and security characteristics is received from sources external to NEPC, LLC. While efforts are made to ensure that this external data is accurate, NEPC, LLC cannot accept responsibility for errors that may occur.



September 18, 2012

Board of Administration
 City of San Jose Police and Fire Department Retirement Plan
 1737 North First Street
 San Jose, CA 95112

RE: Private Equity Strategy – 2nd Quarter 2012

Dear Board of Administration Members:

We are pleased to present the June 30, 2012 Private Equity Report for the City of San Jose Police and Fire Department Retirement Plan (“the Plan”). The report provides a variety of performance analysis for the overall portfolio, as well as trailing performance, performance by lifecycle, vintage year and strategy.

The Plan’s private markets portfolio experienced a positive quarter, having a nominal IRR of 1.20% for the quarter and 6.44% for the past year. The annualized IRR of the private markets portfolio since inception was 6.73% at quarter end. Since inception, the Total Value to Paid In multiple (current valuation plus cumulative distributions, divided by total capital calls) was 1.25.

The following table presents the status of the Plan’s private markets portfolio as of June 30, 2012:

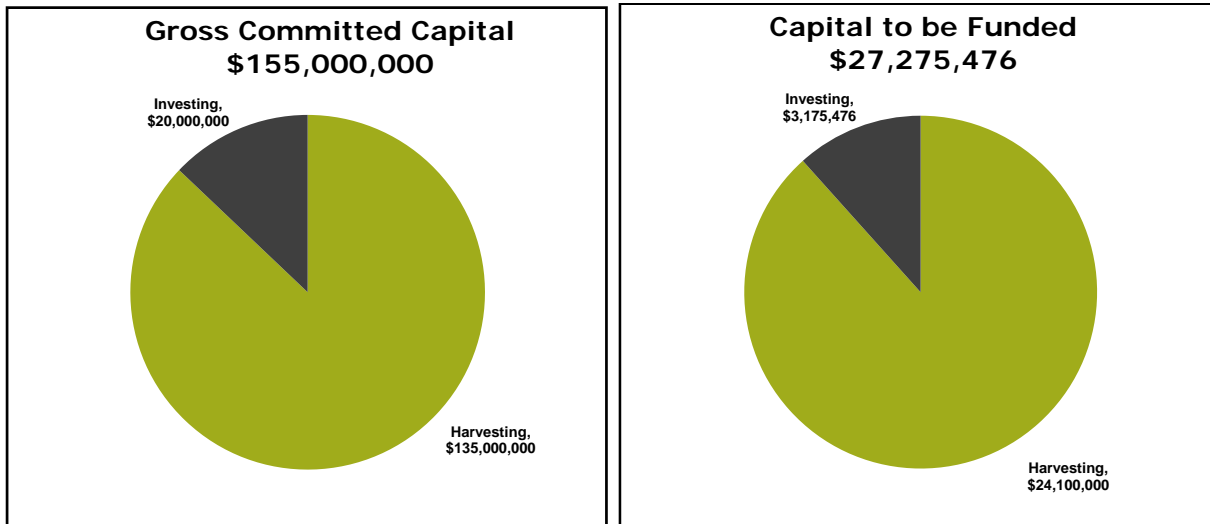
Commitment	Terminated Commitments	Amount Funded	Amount Distributed	Reported Value	Call Ratio	Distribution Ratio
\$155,000,000	\$0	\$127,724,524	\$34,866,677	\$125,837,414	82.40%	27.30%

Unfunded Commitment	Market Exposure (Reported Value + Unfunded Commitment)	Total Fund Composite as of 6/30/2012	Private Markets Target	Reported Value as a % of Total Fund	Market Exposure as a % Total Fund
\$27,275,476	\$153,112,890	\$2,654,365,686	5%	4.74%	5.77%

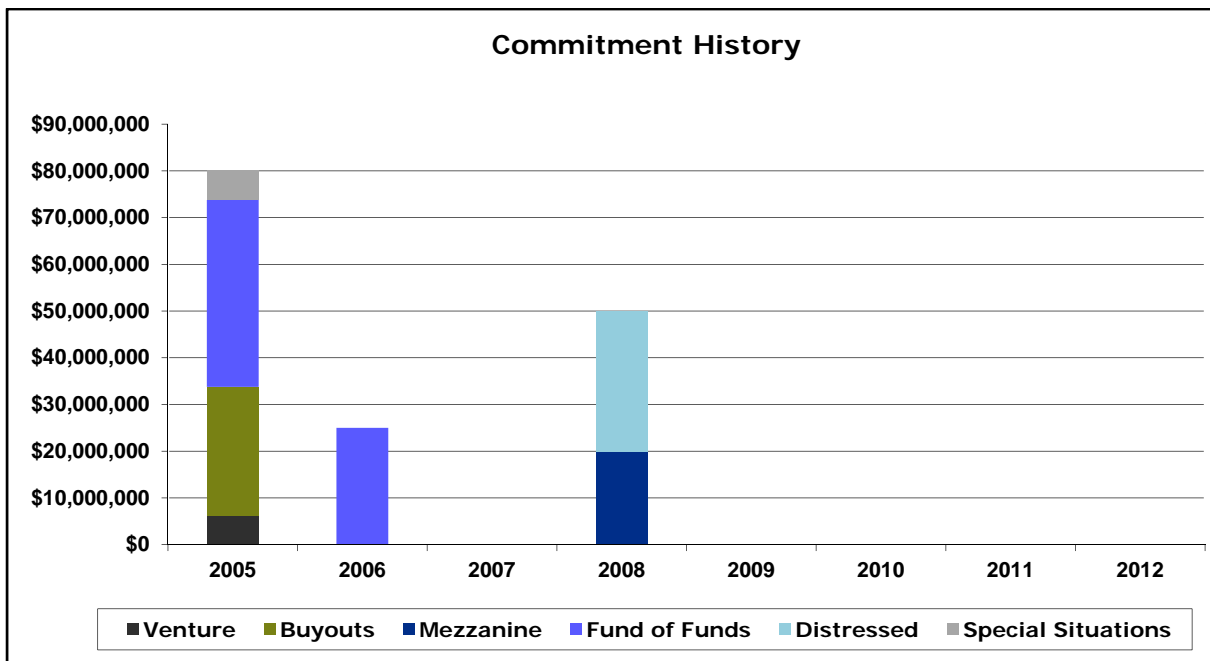
Total Value (Reported Value + Distributions)	Total Value To Capital Call Ratio	Internal Rate of Return IRR, Since Inception (September 2005)
\$160,704,091	1.25	6.73%



As of June 30, 2012, the Plan had net commitments totaling \$155.0 million to 9 private equity funds. The following charts illustrate the program's current life cycle.



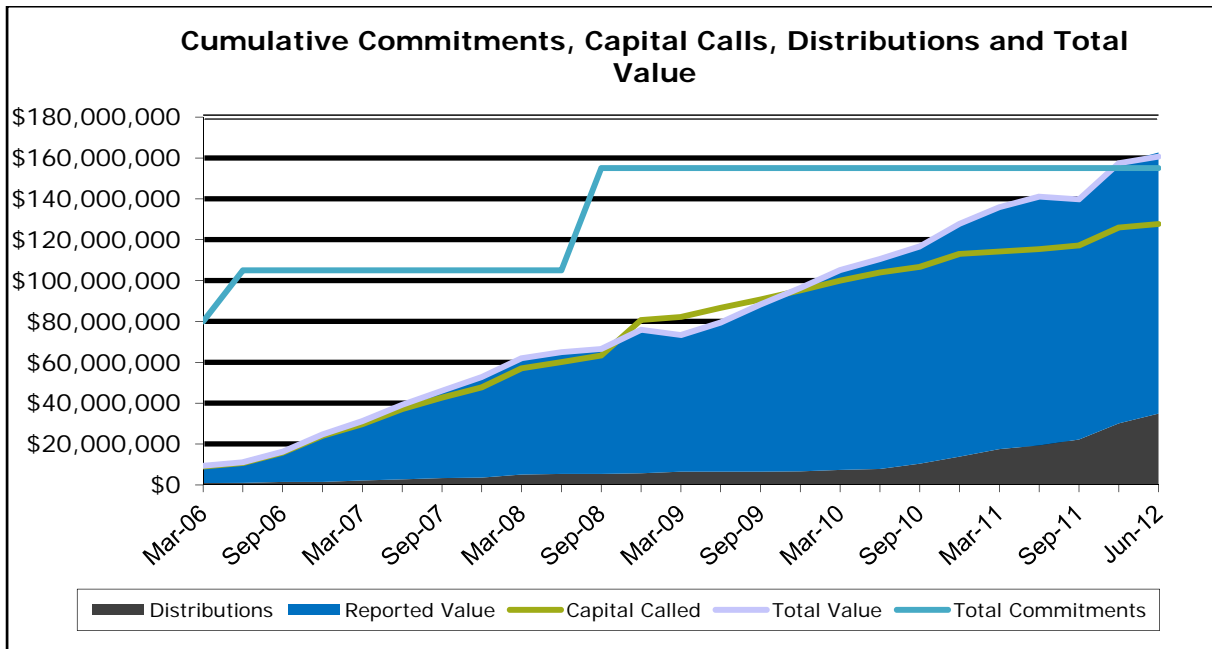
The following chart illustrates the commitment history of the Plan's private equity program through June 30, 2012:



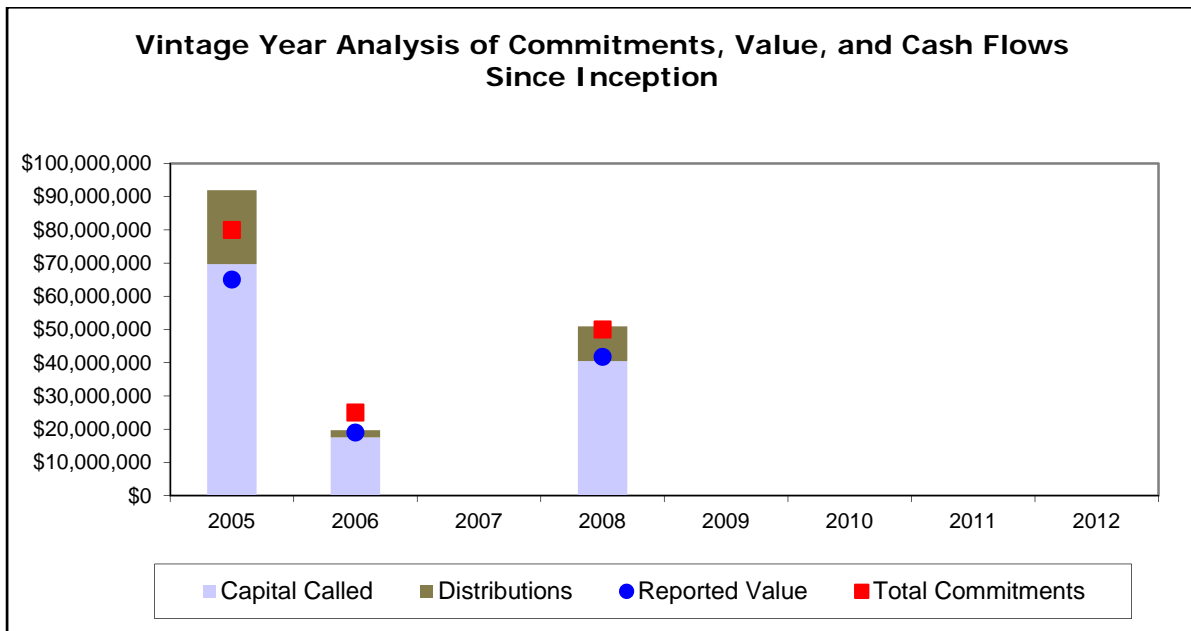
Fund of Fund breakdown: 57% Buyout; 28% Venture; 11% Special Situations and 4% Secondaries



The following chart illustrates the Plan's cumulative commitment history, cumulative capital calls, cumulative distributions and reported value through June 30, 2012:



The following chart provides an analysis of the Plan's vintage year performance comparing the capital calls to the distributions and reported value through June 30, 2012:

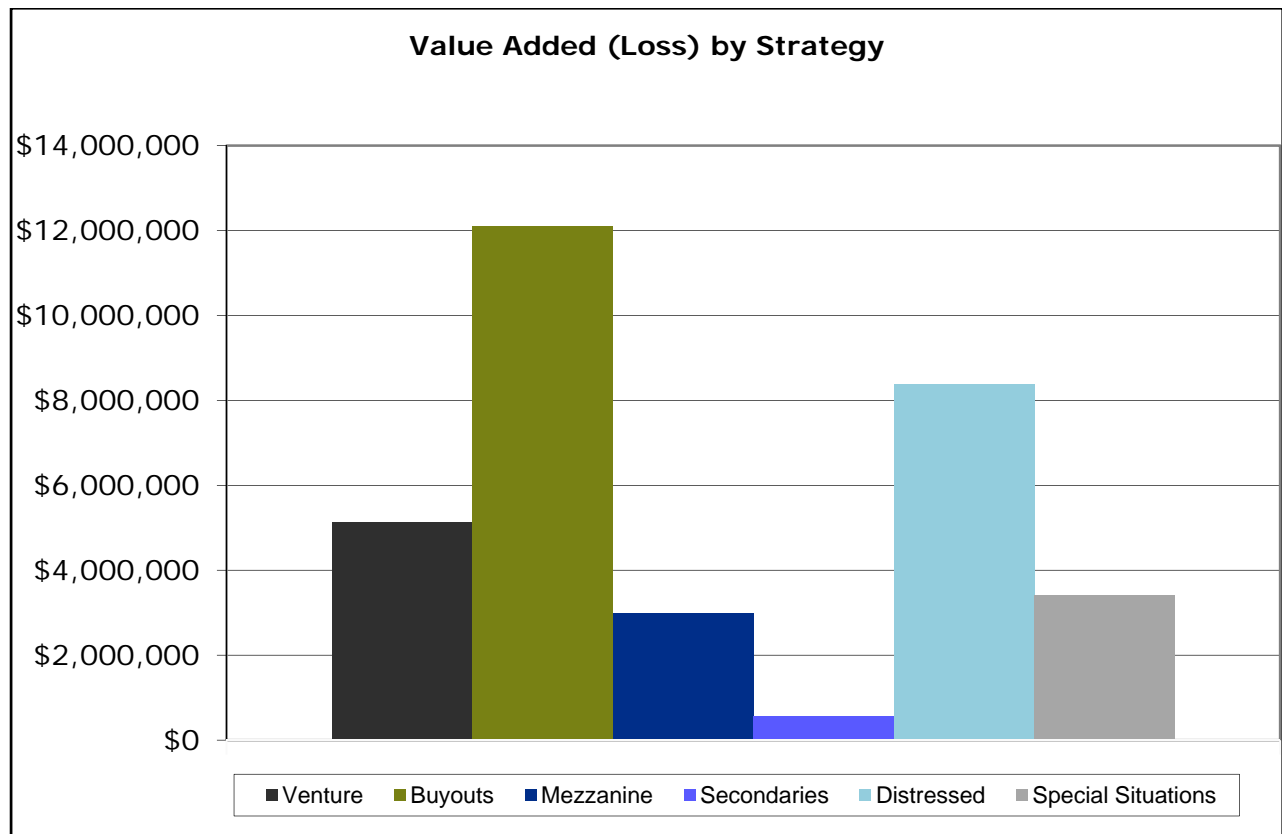




During the quarter-ended June 30, 2012, the Plan's private equity portfolio had capital calls from 4 funds and received distributions from 9 funds. The summary of the cash flows is as follows:

Amount Funded for the Quarter	Number of Funds Calling Capital	Distributions for the Quarter	Number of Funds Making Distributions	Net Cash/Stock Flows for the Quarter
\$1,711,594	4	\$4,742,177	9	\$3,030,583

Since inception, the private equity program has gained \$32.56 million in value for the Plan. Venture has added \$5.13 million; Buyout has added \$12.09 million; Mezzanine has added \$2.98 million; Secondaries has added \$0.55 million; Distressed has added \$8.38 million; and Special Situations has added \$3.42 million.



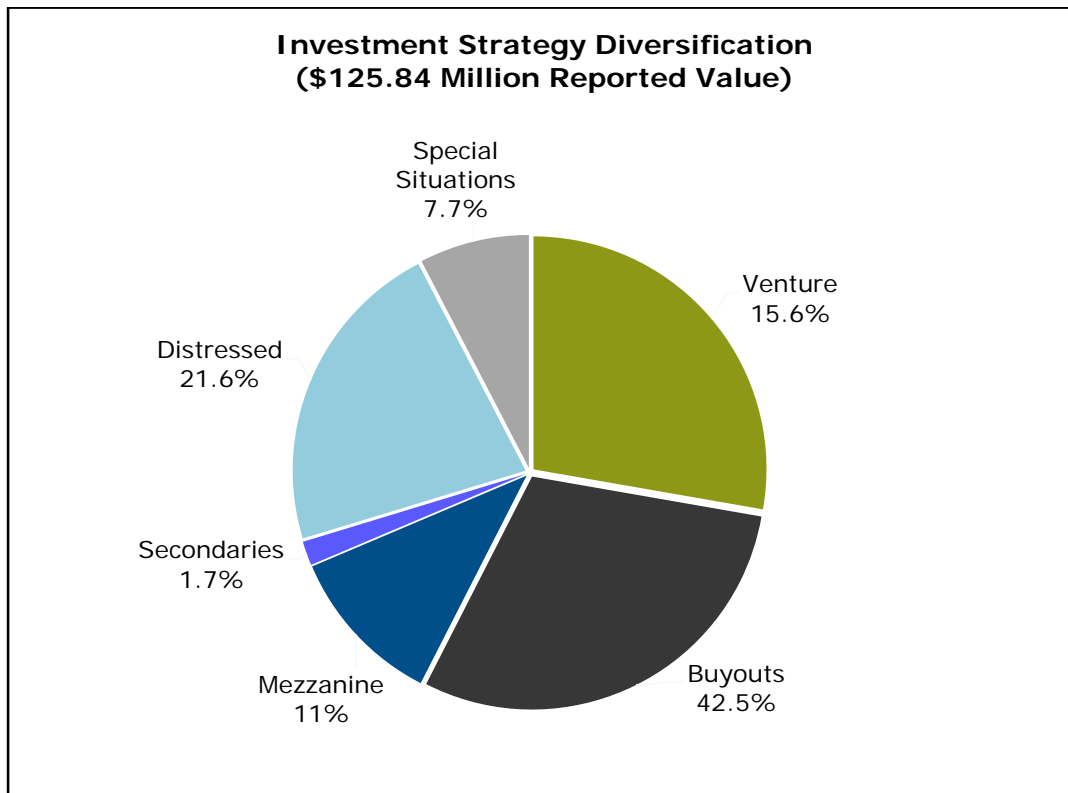
Fund of Fund breakdown: 57% Buyout; 28% Venture; 11% Special Situations and 4% Secondaries



The following table compares the recommended investment strategy allocation to the Plan's actual allocation using the reported value at quarter end.

Investment Strategy	Target	Min.	Max.	Reported Value	Unfunded Commitment	Total Exposure
Venture	20%	0%	40%	12.8%	3.1%	15.8%
Growth Equity	10%	0%	20%	-	-	-
Buyouts	20%	0%	40%	34.3%	6.9%	41.3%
Mezzanine	15%	10%	30%	9.1%	2.5%	11.6%
Secondaries	15%	10%	30%	1.4%	0.3%	1.7%
Distressed	15%	0%	30%	18.1%	4.1%	22.2%
Energy	5%	0%	10%	-	-	-
Opportunistic	0%	0%	10%	-	-	-
Special Situations	0%	0%	10%	6.2%	1.2%	7.5%
Totals	100%			81.9%	18.1%	100.0%
<i>Variance due to rounding</i>						
<i>Fund of Fund breakdown: 57% Buyout; 28% Venture; 11% Special Situations and 4% Secondaries</i>						

As of June 30, 2012 the 9 private equity funds in the Plan's portfolio were invested by market value in the following strategies:



Fund of Fund breakdown: 57% Buyout; 28% Venture; 11% Special Situations and 4% Secondaries



Private Equity Allocations – Status of Target Allocations by Vintage Year

The City of San Jose Police and Fire Department Retirement Plan (“SJP&F”) should consider a \$70 million allocation to vintage year 2012 funds:

- \$15 million to distressed
- \$15 million to emerging markets specialized fund of funds
- \$20 million to growth equity
- \$20 million to mezzanine

Annual Meetings Scheduled by the Private Equity Managers

- October 17 - 18, 2012: Crescent Mezzanine Annual Meeting, Los Angeles, CA.
- November 6 - 8, 2012: Pantheon, Miami, FL.

We thank you for the opportunity to work with the City of San Jose Police and Fire Department Retirement Plan and look forward to continued success in the future.

Best regards,

Daniel LeBeau
Consultant

Allan Martin
Partner

Kevin Tatlow, CAIA
Senior Consultant – Private Markets

**San Jose Police and Fire
Executive Summary IRR Performance Report**

6/30/2012

Investment	Vintage Year	Commitment	Qtr TD	YTD	1 Year	3 Year	5 Year	Inception
HarbourVest Partners VII Buyout	2005	15,000,000	0.07	6.25	4.14	12.82	2.30	2.20
HarbourVest Partners VIII Buyout Fund	2006	15,000,000	-0.59	3.46	3.97	13.64	5.56	5.79
HarbourVest Partners VIII Venture	2006	10,000,000	-0.68	3.48	5.96	12.04	7.46	7.23
Pantheon USA Fund VI, L.P.	2005	40,000,000	0.00	7.11	7.11	15.66	6.54	6.42
Portfolio Advisors Fund III, L.P. A - Buyout	2005	12,500,000	7.11	9.83	8.91	17.88	5.19	5.60
Portfolio Advisors Fund III, L.P. B - Venture	2005	6,250,000	5.07	9.24	11.98	10.46	5.21	5.03
Portfolio Advisors Fund III, L.P. C - Special Situ	2005	6,250,000	3.77	7.65	9.07	15.63	5.49	7.68
Siguler Guff DOF III	2008	30,000,000	1.08	6.21	1.31	10.92	N/A	11.40
TCW/Crescent Mezzanine V, L.P.	2008	20,000,000	2.21	5.92	12.06	12.55	N/A	10.54
Total: City of San Jose Police and Fire Departn		155,000,000	1.20	6.44	6.01	13.61	6.72	6.73

Composite IRRs include all flows of the selected investments regardless of the start date of the investment.
"N/A" will be displayed if the investment has insufficient cash flows for the period

**San Jose Police and Fire
Performance Analysis**

6/30/2012

Partnership Name	Vintage Year	Commitment	Paid In Capital	Capital To Be Funded	Additional Fees	Cumulative Distributions	Valuation	Total	Net Benefit	Call Ratio	DPI Ratio	TVPI Ratio	IRR
1 HarbourVest Partners VII Buyout	2005	15,000,000	13,275,000	1,725,000	2,840	1,373,625	13,247,169	14,620,794	1,342,954	89 %	0.10	1.10	2.20 %
2 HarbourVest Partners VIII Buyout Func	2006	15,000,000	9,825,000	5,175,000	0	1,269,343	10,444,588	11,713,931	1,888,931	66 %	0.13	1.19	5.79 %
3 HarbourVest Partners VIII Venture	2006	10,000,000	7,700,000	2,300,000	0	897,035	8,562,743	9,459,778	1,759,778	77 %	0.12	1.23	7.23 %
4 Pantheon USA Fund VI, L.P.	2005	40,000,000	34,400,000	5,600,000	136,032	11,000,000	33,726,628	44,726,628	10,190,596	86 %	0.32	1.30	6.42 %
5 Portfolio Advisors Fund III, L.P. A - Bu	2005	12,500,000	11,000,000	1,500,000	0	4,426,279	9,440,145	13,866,424	2,866,424	88 %	0.40	1.26	5.60 %
6 Portfolio Advisors Fund III, L.P. B - Ve	2005	6,250,000	5,187,500	1,062,500	0	1,579,595	4,859,286	6,438,881	1,251,381	83 %	0.30	1.24	5.03 %
7 Portfolio Advisors Fund III, L.P. C - Sp	2005	6,250,000	5,812,500	437,500	0	3,913,094	3,793,933	7,707,027	1,894,527	93 %	0.67	1.33	7.68 %
8 Siguler Guff DOF III	2008	30,000,000	23,700,000	6,300,000	158,692	4,459,523	27,783,198	32,242,721	8,384,029	79 %	0.19	1.35	11.40 %
9 TCW/Crescent Mezzanine V, L.P.	2008	20,000,000	16,824,524	3,175,476	115,157	5,948,183	13,979,724	19,927,907	2,988,226	84 %	0.35	1.18	10.54 %
9 Total Partnerships		155,000,000	127,724,524	27,275,476	412,721	34,866,677	125,837,414	160,704,091	32,566,846	82 %	0.27	1.25	6.73 %

**San Jose Police and Fire
Lifecycle Performance Analysis**

6/30/2012

Partnership Name	Vintage Year	Commitment	Paid In Capital	Capital To Be Funded	Additional Fees	Cumulative Distributions	Valuation	Total	Net Benefit	Call Ratio	DPI Ratio	TVPI Ratio	IRR
2 Investing													
1 TCW/Crescent Mezzanine V, L.P.	2008	20,000,000	16,824,524	3,175,476	115,157	5,948,183	13,979,724	19,927,907	2,988,226	84 %	0.35	1.18	10.54 %
2 Investing Subtotal		20,000,000	16,824,524	3,175,476	115,157	5,948,183	13,979,724	19,927,907	2,988,226	84 %	0.35	1.18	10.54 %
3 Harvesting													
2 HarbourVest Partners VII Buyout	2005	15,000,000	13,275,000	1,725,000	2,840	1,373,625	13,247,169	14,620,794	1,342,954	89 %	0.10	1.10	2.20 %
3 HarbourVest Partners VIII Buyout Func	2006	15,000,000	9,825,000	5,175,000	0	1,269,343	10,444,588	11,713,931	1,888,931	66 %	0.13	1.19	5.79 %
4 HarbourVest Partners VIII Venture	2006	10,000,000	7,700,000	2,300,000	0	897,035	8,562,743	9,459,778	1,759,778	77 %	0.12	1.23	7.23 %
5 Pantheon USA Fund VI, L.P.	2005	40,000,000	34,400,000	5,600,000	136,032	11,000,000	33,726,628	44,726,628	10,190,596	86 %	0.32	1.30	6.42 %
6 Portfolio Advisors Fund III, L.P. A - Bu	2005	12,500,000	11,000,000	1,500,000	0	4,426,279	9,440,145	13,866,424	2,866,424	88 %	0.40	1.26	5.60 %
7 Portfolio Advisors Fund III, L.P. B - Ve	2005	6,250,000	5,187,500	1,062,500	0	1,579,595	4,859,286	6,438,881	1,251,381	83 %	0.30	1.24	5.03 %
8 Portfolio Advisors Fund III, L.P. C - Sp	2005	6,250,000	5,812,500	437,500	0	3,913,094	3,793,933	7,707,027	1,894,527	93 %	0.67	1.33	7.68 %
9 Siguler Guff DOF III	2008	30,000,000	23,700,000	6,300,000	158,692	4,459,523	27,783,198	32,242,721	8,384,029	79 %	0.19	1.35	11.40 %
3 Harvesting Subtotal		135,000,000	110,900,000	24,100,000	297,564	28,918,494	111,857,690	140,776,184	29,578,620	82 %	0.26	1.27	6.51 %
9 Total Partnerships		155,000,000	127,724,524	27,275,476	412,721	34,866,677	125,837,414	160,704,091	32,566,846	82 %	0.27	1.25	6.73 %

**San Jose Police and Fire
Vintage Year Performance Analysis**

6/30/2012

Partnership Name	Vintage Year	Commitment	Paid In Capital	Capital To Be Funded	Additional Fees	Cumulative Distributions	Valuation	Total	Net Benefit	Call Ratio	DPI Ratio	TVPI Ratio	IRR
2005													
1 HarbourVest Partners VII Buyout	2005	15,000,000	13,275,000	1,725,000	2,840	1,373,625	13,247,169	14,620,794	1,342,954	89 %	0.10	1.10	2.20 %
2 Pantheon USA Fund VI, L.P.	2005	40,000,000	34,400,000	5,600,000	136,032	11,000,000	33,726,628	44,726,628	10,190,596	86 %	0.32	1.30	6.42 %
3 Portfolio Advisors Fund III, L.P. A - Bu	2005	12,500,000	11,000,000	1,500,000	0	4,426,279	9,440,145	13,866,424	2,866,424	88 %	0.40	1.26	5.60 %
4 Portfolio Advisors Fund III, L.P. B - Ve	2005	6,250,000	5,187,500	1,062,500	0	1,579,595	4,859,286	6,438,881	1,251,381	83 %	0.30	1.24	5.03 %
5 Portfolio Advisors Fund III, L.P. C - Sp	2005	6,250,000	5,812,500	437,500	0	3,913,094	3,793,933	7,707,027	1,894,527	93 %	0.67	1.33	7.68 %
2005 Subtotal		80,000,000	69,675,000	10,325,000	138,872	22,292,593	65,067,161	87,359,754	17,545,882	87 %	0.32	1.25	5.48 %
2006													
6 HarbourVest Partners VIII Buyout Func	2006	15,000,000	9,825,000	5,175,000	0	1,269,343	10,444,588	11,713,931	1,888,931	66 %	0.13	1.19	5.79 %
7 HarbourVest Partners VIII Venture	2006	10,000,000	7,700,000	2,300,000	0	897,035	8,562,743	9,459,778	1,759,778	77 %	0.12	1.23	7.23 %
2006 Subtotal		25,000,000	17,525,000	7,475,000	0	2,166,378	19,007,331	21,173,709	3,648,709	70 %	0.12	1.21	6.40 %
2008													
8 Siguler Guff DOF III	2008	30,000,000	23,700,000	6,300,000	158,692	4,459,523	27,783,198	32,242,721	8,384,029	79 %	0.19	1.35	11.40 %
9 TCW/Crescent Mezzanine V, L.P.	2008	20,000,000	16,824,524	3,175,476	115,157	5,948,183	13,979,724	19,927,907	2,988,226	84 %	0.35	1.18	10.54 %
2008 Subtotal		50,000,000	40,524,524	9,475,476	273,849	10,407,706	41,762,922	52,170,628	11,372,255	81 %	0.26	1.28	11.17 %
9 Total Partnerships		155,000,000	127,724,524	27,275,476	412,721	34,866,677	125,837,414	160,704,091	32,566,846	82 %	0.27	1.25	6.73 %

**San Jose Police and Fire
Investment Strategy Performance Analysis**

6/30/2012

Partnership Name	Vintage Year	Commitment	Paid In Capital	Capital To Be Funded	Additional Fees	Cumulative Distributions	Valuation	Total	Net Benefit	Call Ratio	DPI Ratio	TVPI Ratio	IRR
100 Venture													
1 Portfolio Advisors Fund III, L.P. B - Ve	2005	6,250,000	5,187,500	1,062,500	0	1,579,595	4,859,286	6,438,881	1,251,381	83 %	0.30	1.24	5.03 %
100 Venture Subtotal		6,250,000	5,187,500	1,062,500	0	1,579,595	4,859,286	6,438,881	1,251,381	83 %	0.30	1.24	5.03 %
120 Buyouts													
1 HarbourVest Partners VII Buyout	2005	15,000,000	13,275,000	1,725,000	2,840	1,373,625	13,247,169	14,620,794	1,342,954	89 %	0.10	1.10	2.20 %
2 Portfolio Advisors Fund III, L.P. A - Bu	2005	12,500,000	11,000,000	1,500,000	0	4,426,279	9,440,145	13,866,424	2,866,424	88 %	0.40	1.26	5.60 %
120 Buyouts Subtotal		27,500,000	24,275,000	3,225,000	2,840	5,799,904	22,687,314	28,487,218	4,209,378	88 %	0.24	1.17	3.75 %
130 Mezzanine													
1 TCW/Crescent Mezzanine V, L.P.	2008	20,000,000	16,824,524	3,175,476	115,157	5,948,183	13,979,724	19,927,907	2,988,226	84 %	0.35	1.18	10.54 %
130 Mezzanine Subtotal		20,000,000	16,824,524	3,175,476	115,157	5,948,183	13,979,724	19,927,907	2,988,226	84 %	0.35	1.18	10.54 %
150 Distressed													
1 Siguler Guff DOF III	2008	30,000,000	23,700,000	6,300,000	158,692	4,459,523	27,783,198	32,242,721	8,384,029	79 %	0.19	1.35	11.40 %
150 Distressed Subtotal		30,000,000	23,700,000	6,300,000	158,692	4,459,523	27,783,198	32,242,721	8,384,029	79 %	0.19	1.35	11.40 %
160 Special Situations													
1 Portfolio Advisors Fund III, L.P. C - Sp	2005	6,250,000	5,812,500	437,500	0	3,913,094	3,793,933	7,707,027	1,894,527	93 %	0.67	1.33	7.68 %
160 Special Situations Subtotal		6,250,000	5,812,500	437,500	0	3,913,094	3,793,933	7,707,027	1,894,527	93 %	0.67	1.33	7.68 %
170 Fund of Funds													
1 HarbourVest Partners VIII Buyout Func	2006	15,000,000	9,825,000	5,175,000	0	1,269,343	10,444,588	11,713,931	1,888,931	66 %	0.13	1.19	5.79 %
2 HarbourVest Partners VIII Venture	2006	10,000,000	7,700,000	2,300,000	0	897,035	8,562,743	9,459,778	1,759,778	77 %	0.12	1.23	7.23 %
3 Pantheon USA Fund VI, L.P.	2005	40,000,000	34,400,000	5,600,000	136,032	11,000,000	33,726,628	44,726,628	10,190,596	86 %	0.32	1.30	6.42 %
170 Fund of Funds Subtotal		65,000,000	51,925,000	13,075,000	136,032	13,166,378	52,733,959	65,900,337	13,839,305	80 %	0.25	1.27	6.42 %
9 Total Partnerships		155,000,000	127,724,524	27,275,476	412,721	34,866,677	125,837,414	160,704,091	32,566,846	82 %	0.27	1.25	6.73 %

**San Jose Police and Fire
Transaction Summary**

4/1/2012 - 6/30/2012

Date	Funding	Additional Fees	Cash	Stock	Net Cash Flow
HarbourVest Partners VII Buyout					
4/26/2012			297,000.00		-297,000.00
5/31/2012			222,750.00		-519,750.00
6/29/2012			297,000.00		-816,750.00
Total: HarbourVest Partners VII Buyout			816,750.00		-816,750.00
HarbourVest Partners VIII Buyout Fund					
4/30/2012			204,229.00		-204,229.00
4/30/2012	150,000.00				-54,229.00
6/20/2012			204,229.00		-258,458.00
6/20/2012	112,500.00				-145,958.00
Total: HarbourVest Partners VIII Buyout Fund			408,458.00		-145,958.00
HarbourVest Partners VIII Venture					
4/30/2012			143,910.00		-143,910.00
6/25/2012			95,940.00		-239,850.00
6/25/2012	250,000.00				10,150.00
6/29/2012			115,127.00		-104,977.00
Total: HarbourVest Partners VIII Venture			354,977.00		-104,977.00
Pantheon USA Fund VI, L.P.					
4/25/2012			1,200,000.00		-1,200,000.00
4/25/2012	600,000.00				-600,000.00
6/28/2012			400,000.00		-1,000,000.00
Total: Pantheon USA Fund VI, L.P.			1,600,000.00		-1,000,000.00
Portfolio Advisors Fund III, L.P. A - Buyout					
4/30/2012			171,526.00		-171,526.00
6/29/2012			228,857.00		-400,383.00
Total: Portfolio Advisors Fund III, L.P. A - Buyout			400,383.00		-400,383.00
Portfolio Advisors Fund III, L.P. B - Venture					
4/30/2012			36,034.00		-36,034.00
6/29/2012			23,872.00		-59,906.00

Activity is cumulative for the period

**San Jose Police and Fire
Transaction Summary**

4/1/2012 - 6/30/2012

Date	Funding	Additional Fees	Cash	Stock	Net Cash Flow
Portfolio Advisors Fund III, L.P. B - Venture					
Total: Portfolio Advisors Fund III, L.P. B - Venture					
			59,906.00		-59,906.00
Portfolio Advisors Fund III, L.P. C - Special Situ					
4/30/2012			56,310.00		-56,310.00
6/29/2012			82,328.00		-138,638.00
Total: Portfolio Advisors Fund III, L.P. C - Special Situ					
			138,638.00		-138,638.00
Siguler Guff DOF III					
6/29/2012			7,500.00		-7,500.00
Total: Siguler Guff DOF III					
			7,500.00		-7,500.00
TCW/Crescent Mezzanine V, L.P.					
5/31/2012			955,565.00		-955,565.00
5/31/2012	599,094.00				-356,471.00
Total: TCW/Crescent Mezzanine V, L.P.					
	599,094.00		955,565.00		-356,471.00
Total: City of San Jose Police and Fire Department Retirement Plan					
	1,711,594.00		4,742,177.00		-3,030,583.00
Total:	1,711,594.00		4,742,177.00		-3,030,583.00

Activity is cumulative for the period