

FUND EVALUATION REPORT

San Jose Federated City Employees' Retirement System

Quarterly Review
June 30, 2014



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Meketa Investment Group has prepared this report on the basis of sources believed to be reliable. The data are based on matters as they are known as of the date of preparation of the report, and not as of any future date, and will not be updated or otherwise revised to reflect information that subsequently becomes available.

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Executive Summary

As of June 30, 2014

The value of the San Jose Federated City Employee' Retirement System assets was \$2.092 billion on June 30, 2014, an increase of approximately \$36.7 million since the end of the previous quarter.

- Net outflows during the second quarter totaled approximately \$43 million.
- During the second quarter, the Fund's gross of fees performance, including the impact of the overlay, was 3.9%, and outperformed the Policy Benchmark by approximately 90 basis points.
- Fiscal year 2014 gross of fees performance, including the impact of the overlay, was 14.3%. Net performance was 14.2%. For the fiscal year, the Fund outperformed the policy benchmark by 30 basis points on a net of fees basis, and the Fund outperformed the custom benchmark by 100 basis points on a net of fees basis.
 - Investment manager performance within real assets was a primary driver of outperformance compared to benchmarks, as the real assets asset class returned 19.4% for the fiscal year, compared to a weighted real assets benchmark return (made up of the Custom Risk Parity Commodity Benchmark and CPI+5%) of 10.8%. The Board's decisions to add natural resources and infrastructure to the real assets portfolio bolstered relative returns.

Manager Highlights

- Artisan Global Value posted a second quarter return of 4.4% net of fees, compared to 5.1% for the MSCI ACWI Value Index in the second quarter, and ranked above the peer group median. Artisan's return for the fiscal year was 25.0%, compared to 22.8% for the MSCI ACWI Value Index. The three largest contributors to the portfolio's return this quarter were Compass Group, Apple and Imperial Oil. There were no meaningful detractors during the quarter, although Tesco, MasterCard and Sankyo are down for the calendar year. The team sold two securities during the quarter as they reached the team's estimate of intrinsic value. Artisan believes that most securities in the market are fairly valued or expensive, leading to a cash position of nearly 13% of the portfolio at quarter end.
- Vontobel Emerging Market Equity outperformed the MSCI Emerging Markets Index during the second quarter, returning 7.5% net of fees, compared to 6.6% for the benchmark. Primary contributors to the outperformance included an overweight to financials and consumer staples, and an overweight to India. After some challenging performance over recent quarters, Vontobel's calendar year-to-date performance fell in the top decile of the emerging markets equity peer group.
- Aberdeen Frontier Markets returned 4.8% net of fees, compared to 11.9% for the MSCI Frontier Markets Index in the second quarter. The primary contributor to underperformance was minimal exposure to the UAE and Qatar, both of which were upgraded to emerging market status in June, leading to an increased level of interest in those markets. An underweight in Argentina was also a source of underperformance, with the market rebounding as investors expected a resolution to the country's debt woes. Aberdeen's second quarter performance fell near the peer group median, as many active frontier markets managers chose to hold lower Middle East exposure relative to the benchmark, as a risk control measure.
- First Quadrant Risk Parity Commodities returned 5.1% for the second quarter, outperforming the broad commodities market by 5.0%. The strategy returned 19.3% for the fiscal year, or 11.1% higher than the broad commodities market. Performance was largely driven by supply and demand issues idiosyncratic to each market.

Investment Manager	Asset Class	Changes/ Announcements	Performance Concerns	Meketa Recommendation	Comments
Artisan	Global Equity	Yes	---	Hold	Large cash position
Vontobel	Emerging Market Equity	Yes	---	Hold	Leadership changes
Eagle	U.S. Small Cap Growth	---	---	---	
Aberdeen	Frontier Market Equity	---	---	---	
First Quadrant	Commodities	---	---	---	
Credit Suisse	Commodities	---	---	---	
GSO	Private Debt	---	---	---	
Medley	Private Debt	---	---	---	
White Oak	Private Debt	---	---	---	

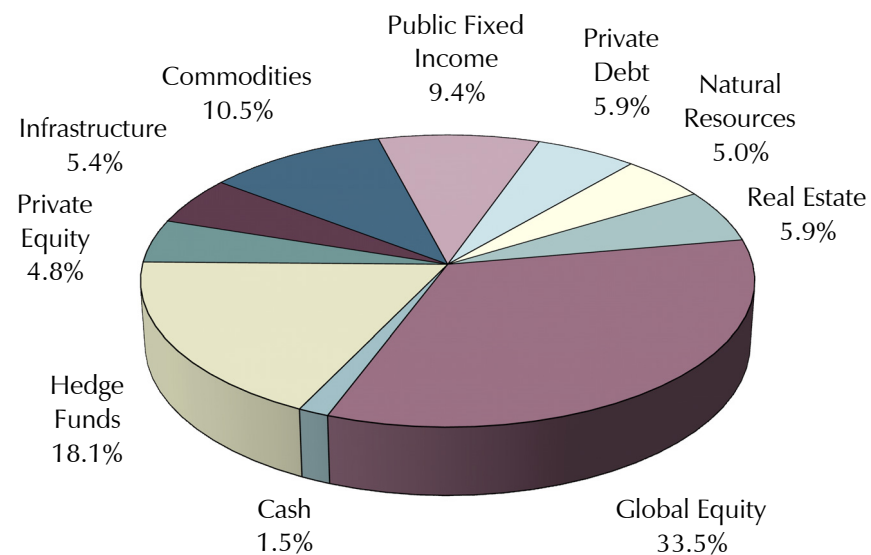
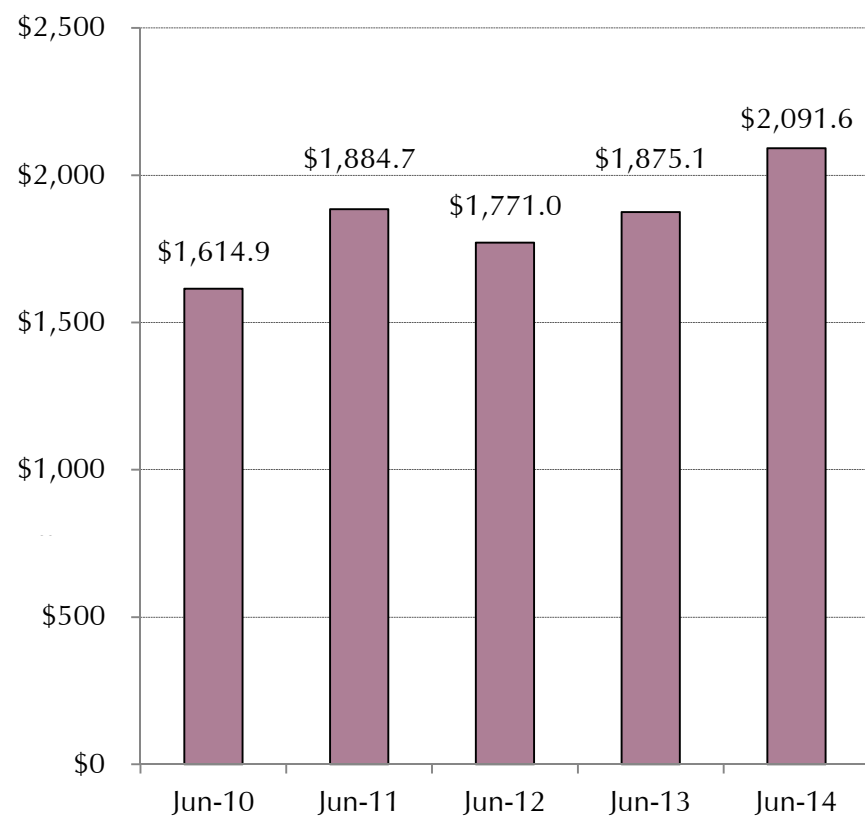
Artisan

- Per account guidelines "Cash will not generally exceed seven percent (7%) of the value of the ACCOUNT. If cash exceeds seven percent (7%) on average over a two-month rolling period, MANAGER shall notify the SYSTEM and await further instructions from SYSTEM." The cash level in the account exceeded 7% (ranging from 12.0%-13.7%) during the entire reporting period. The System has not provided further instructions regarding the cash levels.

Vontobel

- Effective July 1, 2014, Heinrich Schlegel will become Chairman of the Board of Directors and will be succeeded by Rajiv Jain and Dr. Philipp Hensler (former head of distribution at Oppenheimer Funds), who will serve as Co-Chief Executive Officers. Rajiv Jain will maintain his responsibilities as Chief Investment Officer. Dr. Hensler will be responsible for all aspects of the business that are not directly related to investment management, including client service, operations, finance, legal, and compliance.

Plan Summary
As of June 30, 2014



The diversification pie chart does not include the impact of the overlay.

San Jose Federated City Employees' Retirement System

Aggregate Assets Asset Summary as of 6/30/14

	Market Value 6/30/14 (\$ mm)	% of Retirement System	Russell Overlay Net Position ¹ (%)	Adopted Sub-Asset Allocation (%)	Target Allocation (%)	Target Range (%)	Market Value 3/31/14 (\$ mm)
Total Fund Aggregate	2,091.6	100.0	100.0	100	NA	NA	2,054.9
Equity and Real Estate Assets	923.4	44.1	41.0	40	45	38-52	918.3
Global Equity ²	700.7	33.5	31.1	26	NA	NA	701.6
Real Estate	122.9	5.9	5.6	5	NA	NA	119.0
Private Equity ³	99.8	4.8	4.4	9	NA	NA	97.8
Hedge Funds Assets	378.1	18.1	18.5	25	25	20-30	384.6
Real Assets	437.8	20.9	18.8	20	20	15-25	386.5
Commodities	220.6	10.5	7.6	10	NA	NA	211.5
Infrastructure	111.9	5.4	6.4	5	NA	NA	76.4
Natural Resources	105.2	5.0	4.9	5	NA	NA	98.6
Fixed Income Assets	321.7	15.4	19.7	15	10	5-20	334.1
Public Fixed Income	197.6	9.4	14.0	10	NA	NA	205.4
Private Debt ³	124.0	5.9	5.7	5	NA	NA	128.7
Cash ⁴	30.6	1.5	2.0	0	NA	NA	31.4

¹ Data in the column titled "Russell Overlay Net Position" is provided by Russell Investments, and is based on data from the custodian.

² Global Equity includes \$0.4 million of residuals from terminated managers and previous transitions.

³ Fair values are based on manager reported value as of 3/31/14, adjusted for cash flows through 6/30/14.

⁴ Cash includes the cash account, cash equitized in the Russell Investments Overlay program, cash from private manager distributions, and residuals from the Terminated Manager Account.



San Jose Federated City Employees' Retirement System

Aggregate Assets Portfolio Roster as of 6/30/14

	Market Value 6/30/14 (\$ mm)	% of Asset Class	% of Retirement System	Target Allocation (%)	Target Range (%)	Market Value 3/31/14 (\$ mm)
Total Fund Aggregate	2,091.6	NA	100.0	NA	NA	2,054.9
Equity and Real Estate Assets	923.4	100.0	44.1	45	38-52	918.3
Global Equity¹	700.7	100.0	33.5			701.6
Northern Trust Russell 3000 Index ²	182.0	26.0	8.7			188.6
Artisan Global Value	169.9	24.2	8.1			162.4
Vontobel Emerging Markets Equity	146.8	21.0	7.0			136.5
Northern Trust EAFE Small Cap ²	65.7	9.4	3.1			64.3
Northern Trust MSCI EAFE Index-NL ²	51.1	7.3	2.4			49.0
Cove Street Small Cap Value	32.2	4.6	1.5			0.0
Eagle Small Cap Growth	31.5	4.5	1.5			30.7
Aberdeen Frontier Markets	21.0	3.0	1.0			20.0
RS Investment Small Cap Value	0.0	0.0	0.0			49.6

¹ Global Equity includes \$0.4 million of residuals from terminated managers and previous transitions.

² Market Value based on manager reported data because custodian reported NAV was not current.



San Jose Federated City Employees' Retirement System

Aggregate Assets Portfolio Roster as of 6/30/14

	Market Value 6/30/14 (\$ mm)	% of Asset Class	% of Retirement System	Target Allocation (%)	Target Range (%)	Market Value 3/31/14 (\$ mm)
Equity and Real Estate Assets (continued)						
Real Estate	122.9	100.0	5.9			119.0
Core Real Estate¹	72.2	58.8	3.5			70.3
PRISA I	36.8	30.0	1.8			35.8
American Core Realty Fund, LLC	35.4	28.8	1.7			34.5
Private Real Estate¹	50.7	41.2	2.4			48.7
DRA Growth & Income Fund V	17.0	13.8	0.8			17.1
DRA Growth & Income Fund VII	15.5	12.6	0.7			13.7
Fidelity Real Estate Growth Fund III, L.P.	8.3	6.7	0.4			8.4
DRA Growth & Income Fund VI	7.8	6.4	0.4			7.5
GEAM Value Add Realty Partners II, L.P.	2.0	1.6	< 0.1			1.9
Private Equity¹	99.8	100.0	4.8			97.8
Pantheon USA Fund VII	34.4	34.5	1.6			33.5
Pathway Private Equity Fund VIII	23.0	23.0	1.1			24.5
Pantheon Global Secondary Fund III	19.3	19.4	0.9			19.2
Partners Group Secondary 2011	11.0	11.0	0.5			8.2
Partners Group Secondary 2008	8.1	8.1	0.4			8.0
Great Hill Equity Partners IV	4.0	4.0	0.2			3.9

¹ Fair values are based on reported value as of 3/31/14, adjusted for cash flows through 6/30/14.



San Jose Federated City Employees' Retirement System

Aggregate Assets Portfolio Roster as of 6/30/14

	Market Value 6/30/14 (\$ mm)	% of Asset Class	% of Retirement System	Target Allocation (%)	Target Range (%)	Market Value 3/31/14 (\$ mm)
Hedge Funds Assets¹	378.1	100.0	18.1	25	20-30	384.6
DE Shaw	35.4	9.4	1.7			33.8
Arrowgrass International Fund Ltd	34.3	9.1	1.6			34.1
Davidson Kempner Institutional Partners, L.P.	34.3	9.1	1.6			33.3
Pine River Fund Ltd	33.5	8.9	1.6			33.8
Hudson Bay Fund	31.8	8.4	1.5			31.6
Brevan Howard Multi-Strategy Fund Ltd	30.5	8.1	1.5			30.4
Senator Global Opportunity Offshore Fund	23.9	6.3	1.1			23.2
Horizon Portfolio I	22.0	5.8	1.1			21.6
Amici Offshore, Ltd.	21.0	5.5	1.0			20.0
Sandler Plus Offshore Fund Ltd	20.3	5.4	1.0			21.3
Claren Road Credit Fund	20.2	5.4	1.0			20.3
Marshall Wace Eureka Fund	20.1	5.3	1.0			20.0
Global Ascent Ltd	18.6	4.9	0.9			18.4
BlueCrest	17.9	4.7	0.9			16.2
Kepos Alpha Fund	14.2	3.7	0.7			13.1
CCP Quantitative	0.0	0.0	0.0			13.7

¹ NAV and performance provided by Albourne.



San Jose Federated City Employees' Retirement System

Aggregate Assets Portfolio Roster as of 6/30/14

	Market Value 6/30/14 (\$ mm)	% of Asset Class	% of Retirement System	Target Allocation (%)	Target Range (%)	Market Value 3/31/14 (\$ mm)
Real Assets	437.8	100.0	20.9	20	15-25	386.5
Commodities	220.6	100.0	10.5			211.5
CS Risk Parity Commodity Index	129.4	58.7	6.2			124.7
First Quadrant Risk Parity Commodity Index	91.2	41.3	4.4			86.8
Infrastructure	111.9	100.0	5.4			76.4
SSgA Dow Jones Brookfield Infrastructure Index	111.9	100.0	5.4			76.4
Natural Resources	105.2	100.0	5.0			98.6
Northern Trust Global LargeMid NR	105.2	100.0	5.0			98.6
Fixed Income Assets	321.7	100.0	15.4	10	5-20	334.4
Public Fixed Income	197.6	100.0	9.4	NA	NA	205.4
Northern Trust TIPS 0-5 Year	102.5	51.8	4.9			0.0
Northern Trust Intermediate Gov't 1-10 Year ¹	95.2	48.2	4.6			94.3
Russell Investments Barclays U.S. TIPS	0.0	0.0	0.0			111.1
Private Debt²	124.0	100.0	5.9	NA	NA	129.0
White Oak Direct Lending Account	46.7	37.7	2.2			45.8
Medley Opportunity Fund II	46.4	37.4	2.2			45.7
GSO Direct Lending Account	30.9	24.9	1.5			37.5
Cash³	30.6	100.0	1.5	NA	NA	31.4

¹ Market Value based on manager reported data because custodian reported NAV was not current.

² Fair values are based on reported value as of 3/31/14, adjusted for cash flows through 6/30/14.

³ Cash includes the cash account, cash equitized in the Russell Investments Overlay program, cash from private manager distributions, and residuals from the Terminated Manager Account.



San Jose Federated City Employees' Retirement System

Aggregate Assets Performance as of 6/30/14

	2Q14 (%)	Cal YTD (%)	Fiscal YR / 1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Performance Inception Date	Since Inception (%)
Total Fund Aggregate¹	3.9	6.5	14.3	6.2	10.2	6.2	1/1/94	7.7
Net of Fees²	3.9	6.4	14.2	6.0	10.0	6.0		7.5
Total Fund Aggregate ex Overlay	4.0	6.3	14.1	6.1	10.1	6.2	1/1/94	7.7
Net of Fees ex Overlay	3.9	6.2	14.0	5.9	10.0	6.0		7.4
<i>CPI (inflation)</i>	<i>0.9</i>	<i>2.3</i>	<i>2.1</i>	<i>1.8</i>	<i>2.0</i>	<i>2.3</i>		<i>2.4</i>
<i>San Jose FCERS Policy Benchmark³</i>	<i>3.0</i>	<i>5.6</i>	<i>13.9</i>	<i>6.5</i>	<i>10.6</i>	<i>6.5</i>		<i>7.7</i>
<i>San Jose FCERS Custom Benchmark⁴</i>	<i>2.9</i>	<i>5.3</i>	<i>13.2</i>	<i>6.1</i>	<i>NA</i>	<i>NA</i>		<i>NA</i>
<i>Public Plans > \$1 Billion Universe (Median)</i>	<i>3.9</i>	<i>6.1</i>	<i>17.2</i>	<i>10.0</i>	<i>13.1</i>	<i>7.6</i>		<i>NA</i>

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

² Beginning in July 2012, fees are accounted for on a cash basis. Previously, fees were accounted for on an accrual basis.

³ Please see page 33 of the Plan Summary for composition of the Policy Benchmark.

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



San Jose Federated City Employees' Retirement System

Aggregate Assets Performance as of 6/30/14

	2Q14 (%)	Cal YTD (%)	Fiscal YR / 1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Performance Inception Date	Since Inception (%)
Total Fund Aggregate								
Equity and Real Estate Assets	4.7	7.4	21.1	NA	NA	NA	1/1/12	17.1
Global Equity	5.1	7.1	22.6	10.3	NA	NA	5/1/10	11.4
<i>MSCI ACWI IMI</i>	4.8	6.2	23.4	10.4	14.8	7.8		11.0
Real Estate ¹	3.0	6.6	13.4	11.7	4.3	5.6	1/1/94	8.5
<i>NCREIF Property (lagged one qtr.)</i>	2.9	5.7	11.2	11.4	9.7	8.7		9.4
Private Equity ²	4.0	10.7	19.3	12.8	13.7	NA	1/1/06	6.1
<i>Venture Economics PE Composite (lagged one qtr.)</i>	2.7	10.2	19.6	14.0	16.8	13.2		11.5
Hedge Funds Assets³	2.0	1.9	4.9	NA	NA	NA	11/1/12	5.1
<i>HFRI Fund of Funds Composite</i>	1.5	2.0	7.6	3.3	4.2	3.4		7.6
Real Assets	6.5	12.6	19.4	-1.5	NA	NA	5/1/10	2.6
<i>Custom Risk Parity Commodity Benchmark⁴</i>	3.9	11.5	14.3	-1.5	NA	NA		NA
<i>DJ Brookfield Global Infrastructure Index</i>	10.8	16.4	28.3	16.7	20.4	14.2		18.2
<i>S&P Global LargeMidCap Commodity and Resources</i>	6.8	8.6	21.5	-1.9	8.7	NA		4.4
<i>CPI (inflation) + 5%</i>	2.1	4.8	7.2	6.9	7.1	7.4		7.3

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

² All manager returns are presented one quarter lagged.

³ NAV and performance provided by Albourne.

⁴ Custom Risk Parity Commodity Benchmark returns provided by Credit Suisse.



San Jose Federated City Employees' Retirement System

Aggregate Assets Performance as of 6/30/14

	2Q14 (%)	Cal YTD (%)	Fiscal YR / 1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Performance Inception Date	Since Inception (%)
Total Fund Aggregate								
Fixed Income Assets	1.7	2.8	4.5	NA	NA	NA	1/1/12	4.5
Public Fixed Income	1.1	1.6	1.6	3.1	5.9	5.4	1/1/94	6.0
<i>Barclays U.S. TIPS</i>	3.8	5.8	4.4	3.6	5.6	5.2		NA
<i>Barclays U.S. TIPS 1-5 Years</i>	1.8	2.0	2.5	1.1	3.2	NA		NA
<i>Barclays Intermediate Gov't Bond Index</i>	0.9	1.5	1.5	2.0	2.8	3.9		5.0
Private Debt ¹	2.7	5.0	10.2	10.4	NA	NA	12/1/10	7.8
<i>3 Month Libor + 5%</i>	1.3	2.6	5.3	5.4	5.4	7.2		5.4
Russell Investments Overlay²	-0.1	0.2	0.2	NA	NA	NA	11/1/11	0.2

¹ All manager returns are presented one quarter lagged.

² Overlay returns provided by Russell Investments.



San Jose Federated City Employees' Retirement System

Aggregate Assets Performance as of 6/30/14

	2Q14 (%)	Cal YTD (%)	Fiscal YR / 1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Performance Inception Date	Since Inception (%)
Equity and Real Estate Assets	4.7	7.4	21.2	NA	NA	NA	1/1/12	17.1
Global Equity	5.1	7.1	22.6	10.3	NA	NA	5/1/10	11.4
Northern Trust Russell 3000 Index	4.9	7.0	25.3	16.5	19.5	8.4	9/1/99	5.5
Net of Fees	4.9	7.0	25.2	16.5	19.5	8.3		5.5
<i>Russell 3000</i>	4.9	6.9	25.2	16.5	19.3	8.2		5.4
Artisan Global Value	4.6	6.3	25.0	18.4	NA	NA	3/1/11	17.6
Net of Fees	4.4	6.1	24.4	17.8	NA	NA		16.9
<i>MSCI ACWI Value</i>	5.1	7.0	22.8	10.1	13.8	7.3		8.7
<i>Peer Global Equity</i>	4.3	5.7	25.1	12.8	16.9	9.5		11.9
<i>Peer Ranking (percentile)</i>	39	37	50	1	NA	NA		2
Vontobel Emerging Markets Equity	7.8	10.3	9.7	NA	NA	NA	7/1/13	9.7
Net of Fees	7.5	9.8	8.8	NA	NA	NA		8.8
<i>MSCI Emerging Markets</i>	6.6	6.1	14.3	-0.4	9.2	11.9		14.3
<i>Peer Emerging Markets</i>	7.1	6.9	16.0	1.7	10.9	12.9		16.0
<i>Peer Ranking (percentile)</i>	31	7	91	NA	NA	NA		91
Northern Trust EAFE Small Cap	2.2	5.5	29.1	NA	NA	NA	11/1/12	24.3
Net of Fees	2.2	5.5	29.0	NA	NA	NA		24.2
<i>MSCI EAFE Small Cap</i>	2.1	5.5	29.1	9.8	15.2	8.7		24.1



San Jose Federated City Employees' Retirement System

Aggregate Assets Performance as of 6/30/14

	2Q14 (%)	Cal YTD (%)	Fiscal YR / 1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Performance Inception Date	Since Inception (%)
Equity and Real Estate Assets (continued)								
Northern Trust MSCI EAFE Index-NL	4.3	5.1	24.0	NA	NA	NA	11/1/12	20.7
Net of Fees	4.3	5.0	23.9	NA	NA	NA		20.6
<i>MSCI EAFE</i>	4.1	4.8	23.6	8.1	11.8	6.9		20.2
Cove Street Small Cap Value	NA	NA	NA	NA	NA	NA	5/1/14	7.3
Net of Fees	NA	NA	NA	NA	NA	NA		7.3
<i>Russell 2000 Value</i>	2.4	4.2	22.5	14.6	19.9	8.2		5.1
<i>Peer Small Cap Value</i>	3.0	5.2	25.7	16.3	21.9	10.3		5.2
<i>Peer Ranking (percentile)</i>	NA	NA	NA	NA	NA	NA		1
Eagle Small Cap Growth	2.6	1.6	18.3	11.6	22.0	11.8	6/1/98	8.6
Net of Fees	2.4	1.1	17.4	10.9	21.3	11.2		7.9
<i>Russell 2000 Growth</i>	1.7	2.2	24.7	14.5	20.5	9.0		6.0
<i>Peer Small Cap Growth</i>	1.1	1.6	23.7	14.5	21.4	10.2		9.2
<i>Peer Ranking (percentile)</i>	17	50	92	88	38	10		63
Aberdeen Frontier Markets	5.2	5.2	NA	NA	NA	NA	12/1/13	6.0
Net of Fees	4.8	4.4	NA	NA	NA	NA		5.1
<i>MSCI Frontier Markets</i>	11.9	20.2	36.2	12.4	10.7	8.5		22.8
<i>Peer Frontier Markets</i>	5.8	15.6	35.0	15.3	15.2	NA		17.1
<i>Peer Ranking (percentile)</i>	57	78	NA	NA	NA	NA		99



San Jose Federated City Employees' Retirement System

Aggregate Assets Performance as of 6/30/14

	2Q14 (%)	Cal YTD (%)	Fiscal YR / 1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Performance Inception Date	Since Inception (%)
Equity and Real Estate Assets (continued)								
Real Estate¹	3.0	6.6	13.4	11.7	4.3	5.6	1/1/94	8.5
Core Real Estate	2.8	5.5	12.1	11.3	8.7	NA	7/1/09	8.7
PRISA I	3.3	5.8	13.7	12.7	11.0	6.8	7/1/04	6.8
Net of Fees	3.1	5.4	12.7	11.7	9.9	5.8		5.8
<i>NCREIF ODCE Equal Weighted</i>	2.8	5.3	12.3	12.2	9.5	6.7		6.7
American Core Realty Fund, LLC	2.8	6.1	12.5	12.0	8.0	NA	1/1/07	3.8
Net of Fees	2.6	5.6	11.5	10.9	6.9	NA		2.7
<i>NCREIF ODCE Equal Weighted</i>	2.8	5.3	12.3	12.2	9.5	6.7		3.4
Private Real Estate^{2,3}	3.3	8.1	15.3	12.3	0.6	NA	7/1/09	0.6
DRA Growth & Income Fund V	2.3	4.1	7.7	5.3	0.3	NA	1/1/06	2.0
<i>NCREIF Property (lagged one qtr.)</i>	2.9	5.7	11.2	11.4	9.7	8.7		6.9
DRA Growth & Income Fund VII	4.0	7.7	15.1	NA	NA	NA	4/1/12	15.1
<i>NCREIF Property (lagged one qtr.)</i>	2.9	5.7	11.2	11.4	9.7	8.7		11.0

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

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

³ Performance is net of fees.



San Jose Federated City Employees' Retirement System

Aggregate Assets Performance as of 6/30/14

	2Q14 (%)	Cal YTD (%)	Fiscal YR / 1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Performance Inception Date	Since Inception (%)
Equity and Real Estate Assets (continued)								
Fidelity Real Estate Growth Fund III, L.P.	1.2	8.0	17.9	14.9	-8.3	NA	1/1/08	-15.6
<i>NCREIF Property (lagged one qtr.)</i>	2.9	5.7	11.2	11.4	9.7	8.7		4.1
DRA Growth & Income Fund VI	5.6	9.2	16.6	16.3	8.3	NA	1/1/08	5.6
<i>NCREIF Property (lagged one qtr.)</i>	2.9	5.7	11.2	11.4	9.7	8.7		4.1
GEAM Value Add Realty Partners II, L.P.	3.4	25.8	36.3	18.1	-5.6	NA	1/1/07	-7.9
<i>NCREIF Property (lagged one qtr.)</i>	2.9	5.7	11.2	11.4	9.7	8.7		5.6
Private Equity^{1,2}	4.3	10.7	19.3	12.8	13.7	NA	1/1/06	6.1
Pantheon USA Fund VII	5.6	11.7	21.7	14.6	13.5	NA	1/1/07	NA
<i>Venture Economics PE Composite (lagged one qtr.)</i>	2.7	10.2	19.6	14.0	16.8	13.2		10.5
Pathway Private Equity Fund VIII	4.6	12.7	22.2	15.6	16.8	NA	8/1/04	NA
<i>Venture Economics PE Composite (lagged one qtr.)</i>	2.7	10.2	19.6	14.0	16.8	13.2		13.3
Pantheon Global Secondary Fund III	2.6	6.2	9.4	3.7	7.0	NA	1/1/07	NA
<i>Venture Economics PE Composite (lagged one qtr.)</i>	2.7	10.2	19.6	14.0	16.8	13.2		10.5
Partners Group Secondary 2011	2.9	9.9	21.6	NA	NA	NA	11/1/12	43.1
<i>Venture Economics PE Composite (lagged one qtr.)</i>	2.7	10.2	19.6	14.0	16.8	13.2		19.7

¹ All manager returns are presented one quarter lagged.

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



San Jose Federated City Employees' Retirement System

Aggregate Assets Performance as of 6/30/14

	2Q14 (%)	Cal YTD (%)	Fiscal YR / 1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Performance Inception Date	Since Inception (%)
Equity and Real Estate Assets (continued)								
Partners Group Secondary 2008	2.6	10.9	22.6	12.7	15.1	NA	12/1/08	NA
<i>Venture Economics PE Composite (lagged one qtr.)</i>	2.7	10.2	19.6	14.0	16.8	13.2		9.6
Great Hill Equity Partners IV	0.3	16.7	26.4	40.2	21.5	NA	10/1/08	NA
<i>Venture Economics PE Composite (lagged one qtr.)</i>	2.7	10.2	19.6	14.0	16.8	13.2		9.3
Hedge Funds Assets¹	2.0	1.9	4.9	NA	NA	NA	11/1/12	5.1
DE Shaw	4.7	9.6	13.7	NA	NA	NA	4/1/13	14.2
<i>HFRI Fund Weighted Composite Index</i>	2.0	3.1	9.0	4.0	6.5	5.8		6.8
Arrowgrass International Fund Ltd	0.7	3.0	6.4	NA	NA	NA	11/1/12	8.4
<i>HFRI Relative Value Index</i>	2.4	4.7	8.9	6.4	9.1	6.8		8.2
Davidson Kempner Institutional Partners, L.P.	3.0	5.9	9.9	NA	NA	NA	2/1/13	9.9
<i>HFRI Event Driven Index</i>	2.3	4.3	11.2	6.2	9.5	6.9		10.2
Pine River Fund Ltd	-0.8	1.6	4.5	NA	NA	NA	1/1/13	7.7
<i>HFRI Relative Value Index</i>	2.4	4.7	8.9	6.4	9.1	6.8		7.9
Hudson Bay Fund	0.7	1.7	NA	NA	NA	NA	8/1/13	6.0
<i>HFRI Relative Value Index</i>	2.4	4.7	8.9	6.4	9.1	6.8		8.3

¹ NAV and performance provided by Albourne.



San Jose Federated City Employees' Retirement System

Aggregate Assets Performance as of 6/30/14

	2Q14 (%)	Cal YTD (%)	Fiscal YR / 1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Performance Inception Date	Since Inception (%)
Hedge Fund Assets¹ (continued)	2.0	1.9	4.9	NA	NA	NA	11/1/12	5.1
Brevan Howard Multi-Strategy Fund Ltd	0.5	-1.0	-0.7	NA	NA	NA	12/1/12	1.1
<i>HFRI Macro Index</i>	1.3	1.0	1.5	-0.5	1.4	4.3		1.0
Senator Global Opportunity Offshore Fund	3.3	3.6	15.6	NA	NA	NA	4/1/13	15.4
<i>HFRI Event Driven Index</i>	2.3	4.3	11.2	6.2	9.5	6.9		10.4
Horizon Portfolio I	1.9	3.6	9.8	NA	NA	NA	7/1/13	9.8
<i>HFRI Equity Hedge (Long/Short Equity)</i>	2.0	3.2	12.4	4.7	7.3	5.4		12.4
Amici Offshore, Ltd.	4.9	2.5	7.4	NA	NA	NA	3/1/13	3.6
<i>HFRI Equity Hedge (Long/Short Equity)</i>	2.0	3.2	12.4	4.7	7.3	5.4		10.1
Sandler Plus Offshore Fund Ltd	-4.5	-4.1	2.9	NA	NA	NA	5/1/13	1.4
<i>HFRI Equity Hedge (Long/Short Equity)</i>	2.0	3.2	12.4	4.7	7.3	5.4		10.1
Claren Road Credit Fund	-0.4	2.6	1.2	NA	NA	NA	7/1/13	1.2
<i>HFRI RV Fixed Income-Corporate Index</i>	2.5	4.7	9.0	6.0	9.7	5.4		9.0
Marshall Wace Eureka Fund	0.4	NA	NA	NA	NA	NA	4/1/14	0.4
<i>HFRI Equity Hedge (Long/Short Equity)</i>	2.0	3.2	12.4	4.7	7.3	5.4		2.0
Global Ascent Ltd	1.3	-8.3	-6.2	NA	NA	NA	3/1/13	-5.2
<i>HFRI Macro Systematic Diversified</i>	1.8	0.2	0.3	-1.1	0.8	6.4		-0.8

¹ NAV and performance provided by Albourne.



San Jose Federated City Employees' Retirement System

Aggregate Assets Performance as of 6/30/14

	2Q14 (%)	Cal YTD (%)	Fiscal YR / 1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Performance Inception Date	Since Inception (%)
Hedge Fund Assets¹ (continued)								
BlueCrest	10.3	6.2	4.9	NA	NA	NA	4/1/13	-8.6
<i>Barclay BTOP50 Index</i>	1.5	0.2	0.5	-0.6	0.0	3.0		-0.8
Kepos Alpha Fund	8.6	0.4	4.9	NA	NA	NA	3/1/13	-4.1
<i>HFRI Macro Systematic Diversified</i>	1.8	0.2	0.3	-1.1	0.8	6.4		-0.8
Real Assets	6.5	12.6	19.4	-1.5	NA	NA	5/1/10	2.6
Commodities	4.3	12.6	16.0	-3.0	NA	NA	5/1/10	1.9
CS Risk Parity Commodity Index ²	3.8	10.7	13.9	-1.7	NA	NA	4/1/11	-3.1
<i>Custom Risk Parity Commodity Benchmark³</i>	3.9	11.5	14.3	-1.5	NA	NA		-3.1
<i>Bloomberg Commodity Index</i>	0.1	7.1	8.2	-5.2	1.9	-0.3		-6.8
First Quadrant Risk Parity Commodity Index ²	5.1	15.4	19.3	-4.0	NA	NA	4/1/11	-5.2
<i>Custom Risk Parity Commodity Benchmark³</i>	3.9	11.5	14.3	-1.5	NA	NA		-3.1
<i>Bloomberg Commodity Index</i>	0.1	7.1	8.2	-5.2	1.9	-0.3		-6.8
Infrastructure	10.8	NA	NA	NA	NA	NA	3/1/14	12.9
SSgA Dow Jones Brookfield Infrastructure Index	10.8	NA	NA	NA	NA	NA	3/1/14	12.9
Net of Fees	10.8	NA	NA	NA	NA	NA		12.9
<i>DJ Brookfield Global Infrastructure Index</i>	10.8	16.4	28.3	16.7	20.4	14.2		12.4

¹ NAV and performance provided by Albourne.

² Performance is net of fees.

³ Custom Risk Parity Commodity Benchmark returns provided by Credit Suisse.



San Jose Federated City Employees' Retirement System

Aggregate Assets Performance as of 6/30/14

	2Q14 (%)	Cal YTD (%)	Fiscal YR / 1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Performance Inception Date	Since Inception (%)
Real Assets (continued)								
Natural Resources	6.7	8.6	21.5	NA	NA	NA	11/1/12	4.5
Northern Trust Global LargeMid NR	6.7	8.6	21.5	NA	NA	NA	11/1/12	4.2
Net of Fees	6.7	8.6	21.4	NA	NA	NA		4.2
<i>S&P Global LargeMidCap Commodity and Resources</i>	6.8	8.6	21.5	-1.9	8.7	NA		4.1
Fixed Income Assets								
Public Fixed Income	1.1	1.6	4.4	NA	NA	NA	1/1/12	4.5
Northern Trust Intermediate Gov't 1-10 Year	0.9	1.5	1.5	NA	NA	NA	10/1/12	0.2
Net of Fees	0.9	1.5	1.5	NA	NA	NA		0.1
<i>Barclays Intermediate Gov't Bond Index</i>	0.9	1.5	1.5	2.0	2.8	3.9		0.2
Private Debt^{1,2}	2.7	5.0	10.2	10.4	NA	NA	12/1/10	7.8
White Oak Direct Lending Account	3.1	6.6	12.2	8.1	NA	NA	2/1/11	6.2
<i>3 Month Libor + 5%</i>	1.3	2.6	5.3	5.4	5.4	7.2		5.4
Medley Opportunity Fund II	2.8	5.1	10.2	8.2	NA	NA	6/1/11	7.9
<i>3 Month Libor + 5%</i>	1.3	2.6	5.3	5.4	5.4	7.2		5.4
GSO Direct Lending Account	2.3	3.6	7.9	16.2	NA	NA	3/1/11	15.1
<i>3 Month Libor + 5%</i>	1.3	2.6	5.3	5.4	5.4	7.2		5.4

¹ All manager returns are presented one quarter lagged.

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



San Jose Federated City Employees' Retirement System

Aggregate Assets Calendar Year Performance

	2013 (%)	2012 (%)	2011 (%)	2010 (%)	2009 (%)	2008 (%)	2007 (%)	2006 (%)	2005 (%)	2004 (%)
Total Fund Aggregate¹	8.7	9.7	-1.5	13.0	19.4	-23.8	8.8	13.0	6.7	11.4
Net of Fees¹	8.5	9.6	-1.6	12.8	19.1	-24.0	8.5	12.7	6.4	11.1
Total Fund Aggregate ex Overlay¹	8.4	9.7	-1.4	13.0	19.4	-23.8	8.8	13.0	6.7	11.4
Net of Fees ex Overlay	8.3	9.6	-1.6	12.8	19.1	-24.0	8.5	12.7	6.4	11.1
<i>CPI (inflation)</i>	<i>1.5</i>	<i>1.7</i>	<i>3.0</i>	<i>1.5</i>	<i>2.7</i>	<i>0.1</i>	<i>4.1</i>	<i>2.5</i>	<i>3.4</i>	<i>3.3</i>
<i>San Jose FCERS Policy Benchmark²</i>	<i>11.2</i>	<i>9.4</i>	<i>-1.7</i>	<i>14.4</i>	<i>19.0</i>	<i>-22.8</i>	<i>8.2</i>	<i>13.5</i>	<i>6.7</i>	<i>10.8</i>
<i>San Jose FCERS Custom Benchmark³</i>	<i>9.8</i>	<i>10.2</i>	<i>-2.6</i>	<i>NA</i>	<i>NA</i>	<i>NA</i>	<i>NA</i>	<i>NA</i>	<i>NA</i>	<i>NA</i>
<i>Public Plans > \$1 Billion Universe (Median)⁴</i>	<i>15.2</i>	<i>13.4</i>	<i>0.7</i>	<i>12.5</i>	<i>19.4</i>	<i>-24.2</i>	<i>7.9</i>	<i>NA</i>	<i>NA</i>	<i>NA</i>

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

² Please see page 33 of the Plan Summary for composition of the San Jose FCERS Policy Benchmark.

³ San Jose FCERS Custom Benchmark consists of the individual benchmarks that comprise the San Jose FCERS Policy Benchmark weighted accordingly to actual allocations and re-adjusted monthly.

⁴ Universe data provided by InvestMetrics.



San Jose Federated City Employees' Retirement System

Aggregate Assets Calendar Year Performance

	2013 (%)	2012 (%)	2011 (%)	2010 (%)	2009 (%)	2008 (%)	2007 (%)	2006 (%)	2005 (%)	2004 (%)
Total Fund Aggregate										
Equity and Real Estate Assets	20.3	14.8	NA	NA	NA	NA	NA	NA	NA	NA
Global Equity	22.1	16.0	-6.9	NA	NA	NA	NA	NA	NA	NA
<i>MSCI ACWI IMI</i>	23.6	16.4	-7.9	14.3	36.4	-42.3	11.2	20.9	11.5	16.4
Real Estate ¹	12.3	8.9	14.9	7.7	-37.7	-5.4	23.4	13.2	22.9	10.3
<i>NCREIF Property (lagged one qtr.)</i>	11.0	10.7	14.3	13.1	-17.0	-6.5	15.8	16.8	20.2	14.7
Private Equity ²	14.6	9.5	15.6	10.9	-13.5	-4.0	15.5	-3.5	NA	NA
<i>Venture Economics PE Composite (lagged one qtr.)</i>	18.1	14.5	12.0	15.7	-6.6	-7.1	26.6	18.6	30.4	15.9
Hedge Funds Assets	5.0	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>HFRI Fund of Funds Composite</i>	9.0	4.8	-5.7	5.7	11.5	-21.4	10.3	10.4	7.5	6.9
Real Assets	-8.1	0.2	-6.5	NA	NA	NA	NA	NA	NA	NA
<i>Custom Risk Parity Commodity Benchmark³</i>	-9.2	1.3	NA	NA	NA	NA	NA	NA	NA	NA
<i>DJ Brookfield Global Infrastructure Index</i>	15.9	16.0	13.7	12.5	34.2	-36.4	16.3	36.7	11.0	32.9
<i>S&P Global LargeMidCap Commodity and Resources</i>	-2.6	7.1	-12.9	19.5	57.8	-46.1	59.3	30.5	29.1	NA
<i>CPI (inflation) + 5%</i>	6.6	6.8	8.1	6.6	7.8	5.1	9.3	7.7	8.7	8.5

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

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

³ Custom Risk Parity Commodity Benchmark returns provided by Credit Suisse.



San Jose Federated City Employees' Retirement System

Aggregate Assets Calendar Year Performance

	2013 (%)	2012 (%)	2011 (%)	2010 (%)	2009 (%)	2008 (%)	2007 (%)	2006 (%)	2005 (%)	2004 (%)
Fixed Income Assets	1.4	7.1	NA	NA	NA	NA	NA	NA	NA	NA
Public Fixed Income	-2.2	5.4	8.7	7.2	15.9	-1.3	6.7	5.8	0.8	6.3
<i>Barclays U.S. TIPS</i>	-8.6	7.0	13.6	6.3	11.4	-2.4	11.6	0.4	2.8	8.5
<i>Barclays U.S. TIPS 1-5 Years</i>	-2.0	2.7	4.9	3.9	11.5	-2.5	10.3	2.4	1.6	NA
<i>Barclays Intermediate Gov't Bond Index</i>	-1.2	1.7	6.1	5.0	-0.3	10.4	8.5	3.8	1.7	2.3
Private Debt ¹	9.2	10.8	2.8	NA	NA	NA	NA	NA	NA	NA
<i>3 Month Libor + 5%</i>	5.3	5.5	5.3	5.3	5.9	8.7	10.7	10.5	8.5	6.5

¹ Returns are time-weighted. Meketa Investment Group recommends that the Trustees use dollar-weighted (IRR) returns as shown in the quarterly Private Markets report in order to evaluate private markets managers.



San Jose Federated City Employees' Retirement System

Aggregate Assets Calendar Year Performance

	2013 (%)	2012 (%)	2011 (%)	2010 (%)	2009 (%)	2008 (%)	2007 (%)	2006 (%)	2005 (%)	2004 (%)
Equity and Real Estate Assets	20.3	14.8	NA	NA	NA	NA	NA	NA	NA	NA
Global Equity	22.1	16.0	-6.9	NA	NA	NA	NA	NA	NA	NA
Northern Trust Russell 3000 Index	33.6	16.5	1.1	17.2	28.9	-37.3	5.3	15.8	6.2	12.0
Net of Fees	33.6	16.5	1.1	17.2	28.9	-37.3	5.2	15.8	6.2	12.0
<i>Russell 3000</i>	33.6	16.4	1.0	16.9	28.3	-37.3	5.1	15.7	6.1	11.9
Artisan Global Value	33.6	20.8	NA	NA	NA	NA	NA	NA	NA	NA
Net of Fees	32.8	20.2	NA	NA	NA	NA	NA	NA	NA	NA
<i>MSCI ACWI Value</i>	22.4	15.6	-7.3	10.2	31.7	-41.5	6.7	25.6	10.8	19.1
Vontobel Emerging Markets Equity	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>MSCI Emerging Markets</i>	-2.6	18.2	-18.4	18.9	78.5	-53.3	39.4	32.2	34.0	25.6
Northern Trust EAFE Small Cap	29.5	NA	NA	NA	NA	NA	NA	NA	NA	NA
Net of Fees	29.4	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>MSCI EAFE Small Cap</i>	29.3	20.0	-15.9	22.0	46.8	-47.0	1.4	19.3	26.2	30.8
Northern Trust MSCI EAFE Index-NL	23.2	NA	NA	NA	NA	NA	NA	NA	NA	NA
Net of Fees	23.1	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>MSCI EAFE</i>	22.8	17.3	-12.1	7.7	31.8	-43.4	11.2	26.3	13.5	20.2
Cove Street Small Cap Value	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>Russell 2000 Value</i>	34.5	18.1	-5.5	24.5	20.6	-28.9	-9.8	23.5	4.7	22.2



San Jose Federated City Employees' Retirement System

Aggregate Assets Calendar Year Performance

	2013 (%)	2012 (%)	2011 (%)	2010 (%)	2009 (%)	2008 (%)	2007 (%)	2006 (%)	2005 (%)	2004 (%)
Equity and Real Estate Assets (continued)										
Eagle Small Cap Growth	36.1	17.7	-2.3	34.4	40.3	-35.8	12.7	21.4	4.2	20.8
Net of Fees	35.1	17.3	-2.9	33.7	39.5	-36.1	12.0	20.7	3.6	20.0
<i>Russell 2000 Growth</i>	43.3	14.6	-2.9	29.1	34.5	-38.5	7.0	13.3	4.2	14.3
Aberdeen Frontier Markets	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>MSCI Frontier Markets</i>	25.9	8.9	-18.7	23.8	11.6	-54.1	41.9	-8.9	72.7	22.6
Real Estate¹	12.3	8.9	14.9	7.7	-37.7	-5.4	23.4	13.2	22.9	10.3
Core Real Estate	12.6	9.3	16.3	14.2	NA	NA	NA	NA	NA	NA
PRISA I	14.7	9.7	19.1	18.4	-34.2	-13.0	17.5	16.2	23.3	NA
Net of Fees	13.7	8.7	17.9	17.0	-34.9	-13.7	16.5	15.1	22.1	NA
<i>NCREIF ODCE Equal Weighted</i>	13.4	11.0	16.0	16.1	-30.7	-10.4	16.1	16.1	20.2	12.6
American Core Realty Fund, LLC	12.4	11.3	15.1	11.2	-30.0	-5.3	17.3	NA	NA	NA
Net of Fees	11.3	10.2	13.8	10.1	-30.7	-6.3	16.2	NA	NA	NA
<i>NCREIF ODCE Equal Weighted</i>	13.4	11.0	16.0	16.1	-30.7	-10.4	16.1	16.1	20.2	12.6

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



San Jose Federated City Employees' Retirement System

Aggregate Assets Calendar Year Performance

	2013 (%)	2012 (%)	2011 (%)	2010 (%)	2009 (%)	2008 (%)	2007 (%)	2006 (%)	2005 (%)	2004 (%)
Equity and Real Estate Assets (continued)										
Private Real Estate¹	12.2	8.6	13.7	1.8	NA	NA	NA	NA	NA	NA
DRA Growth & Income Fund V	5.4	4.8	7.2	-1.0	-24.3	2.8	18.7	5.3	NA	NA
<i>NCREIF Property</i>	11.0	10.7	14.3	13.1	-17.0	-6.5	15.8	16.8	20.2	14.7
DRA Growth & Income Fund VII	14.4	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>NCREIF Property</i>	11.0	10.7	14.3	13.1	-17.0	-6.5	15.8	16.8	20.2	14.7
Fidelity Real Estate Growth Fund III, L.P.	16.5	14.7	9.6	38.3	-77.5	-32.6	NA	NA	NA	NA
<i>NCREIF Property</i>	11.0	10.7	14.3	13.1	-17.0	-6.5	15.8	16.8	20.2	14.7
DRA Growth & Income Fund VI	11.3	3.2	29.8	-0.1	-19.8	9.0	NA	NA	NA	NA
<i>NCREIF Property</i>	11.0	10.7	14.3	13.1	-17.0	-6.5	15.8	16.8	20.2	14.7
CEAM Value Add Realty Partners II, L.P.	23.9	15.2	10.6	5.0	-66.3	-22.2	-1.6	NA	NA	NA
<i>NCREIF Property</i>	11.0	10.7	14.3	13.1	-17.0	-6.5	15.8	16.8	20.2	14.7

¹ Performance is net of fees.



San Jose Federated City Employees' Retirement System

Aggregate Assets Calendar Year Performance

	2013 (%)	2012 (%)	2011 (%)	2010 (%)	2009 (%)	2008 (%)	2007 (%)	2006 (%)	2005 (%)	2004 (%)
Equity and Real Estate Assets (continued)										
Private Equity¹	14.6	9.5	15.6	10.9	-13.5	-4.0	15.5	-3.5	NA	NA
Pantheon USA Fund VII	16.9	11.1	14.5	7.1	NA	NA	NA	NA	NA	NA
Venture Economics PE Composite (lagged one qtr.)	18.1	14.5	12.0	15.7	-6.6	-7.1	26.6	18.6	30.4	15.9
Pathway Private Equity Fund VIII	19.1	12.0	15.8	16.8	NA	NA	NA	NA	NA	NA
Venture Economics PE Composite (lagged one qtr.)	18.1	14.5	12.0	15.7	-6.6	-7.1	26.6	18.6	30.4	15.9
Pantheon Global Secondary Fund III	4.3	0.9	11.6	5.4	NA	NA	NA	NA	NA	NA
Venture Economics PE Composite (lagged one qtr.)	18.1	14.5	12.0	15.7	-6.6	-7.1	26.6	18.6	30.4	15.9
Partners Group Secondary 2011	16.0	NA	NA	NA	NA	NA	NA	NA	NA	NA
Venture Economics PE Composite (lagged one qtr.)	18.1	14.5	12.0	15.7	-6.6	-7.1	26.6	18.6	30.4	15.9
Partners Group Secondary 2008	15.1	6.0	24.5	20.1	NA	NA	NA	NA	NA	NA
Venture Economics PE Composite (lagged one qtr.)	18.1	14.5	12.0	15.7	-6.6	-7.1	26.6	18.6	30.4	15.9
Great Hill Equity Partners IV	29.6	17.8	43.3	7.4	NA	NA	NA	NA	NA	NA
Venture Economics PE Composite (lagged one qtr.)	18.1	14.5	12.0	15.7	-6.6	-7.1	26.6	18.6	30.4	15.9

¹ Returns are time-weighted and are shown beginning in July 2009. Meketa Investment Group recommends that the Trustees use dollar-weighted (IRR) returns as shown in the quarterly Private Markets report in order to evaluate private markets managers.



San Jose Federated City Employees' Retirement System

Aggregate Assets Calendar Year Performance

	2013 (%)	2012 (%)	2011 (%)	2010 (%)	2009 (%)	2008 (%)	2007 (%)	2006 (%)	2005 (%)	2004 (%)
Hedge Funds Assets	5.0	NA	NA	NA	NA	NA	NA	NA	NA	NA
DE Shaw	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>HFRI Fund Weighted Composite Index</i>	9.1	6.4	-5.2	10.2	20.0	-19.0	10.0	12.9	9.3	9.0
Arrowgrass International Fund Ltd	9.0	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>HFRI Relative Value Index</i>	7.1	10.6	0.2	11.4	25.8	-18.0	8.9	12.3	6.0	5.6
Davidson Kempner Institutional Partners, L.P.	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>HFRI Event Driven Index</i>	12.5	8.9	-3.3	11.9	25.1	-21.8	6.6	15.3	7.3	15.0
Pine River Fund Ltd	10.1	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>HFRI Relative Value Index</i>	7.1	10.6	0.2	11.4	25.8	-18.0	8.9	12.3	6.0	5.6
Hudson Bay Fund	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>HFRI Relative Value Index</i>	7.1	10.6	0.2	11.4	25.8	-18.0	8.9	12.3	6.0	5.6
Brevan Howard Multi-Strategy Fund Ltd	1.4	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>HFRI Macro Index</i>	-0.4	-0.1	-4.1	8.1	4.3	4.8	11.1	8.2	6.8	4.6
Senator Global Opportunity Offshore Fund	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>HFRI Event Driven Index</i>	12.5	8.9	-3.3	11.9	25.1	-21.8	6.6	15.3	7.3	15.0
Horizon Portfolio I	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>HFRI Equity Hedge (Long/Short Equity)</i>	14.3	7.4	-8.4	10.5	24.6	-26.6	10.5	11.7	10.6	7.7



San Jose Federated City Employees' Retirement System

Aggregate Assets Calendar Year Performance

	2013 (%)	2012 (%)	2011 (%)	2010 (%)	2009 (%)	2008 (%)	2007 (%)	2006 (%)	2005 (%)	2004 (%)
Hedge Funds Assets (continued)										
Amici Offshore, Ltd.	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>HFRI Equity Hedge (Long/Short Equity)</i>	14.3	7.4	-8.4	10.5	24.6	-26.6	10.5	11.7	10.6	7.7
Sandler Plus Offshore Fund Ltd	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>HFRI Equity Hedge (Long/Short Equity)</i>	14.3	7.4	-8.4	10.5	24.6	-26.6	10.5	11.7	10.6	7.7
Claren Road Credit Fund	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>HFRI RV Fixed Income-Corporate Index</i>	5.7	11.0	0.8	11.8	30.7	-24.2	-0.7	10.8	5.3	10.5
Marshall Wace Eureka Fund	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>HFRI Equity Hedge (Long/Short Equity)</i>	14.3	7.4	-8.4	10.5	24.6	-26.6	10.5	11.7	10.6	7.7
Global Ascent Ltd	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>HFRI Macro Systematic Diversified</i>	-0.9	-2.5	-3.5	9.8	-1.7	18.1	10.4	16.9	14.4	6.4
BlueCrest	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>Barclay BTOP50 Index</i>	0.8	-1.8	-4.2	6.4	-4.8	13.6	7.6	5.6	2.8	0.9
Kepos Alpha Fund	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>HFRI Macro Systematic Diversified</i>	-0.9	-2.5	-3.5	9.8	-1.7	18.1	10.4	16.9	14.4	6.4



San Jose Federated City Employees' Retirement System

Aggregate Assets Calendar Year Performance

	2013 (%)	2012 (%)	2011 (%)	2010 (%)	2009 (%)	2008 (%)	2007 (%)	2006 (%)	2005 (%)	2004 (%)
Real Assets	-8.1	0.2	-6.5	NA	NA	NA	NA	NA	NA	NA
Commodities	-11.2	-1.3	-9.0	NA	NA	NA	NA	NA	NA	NA
CS Risk Parity Commodity Index ¹	-8.8	1.6	NA	NA	NA	NA	NA	NA	NA	NA
<i>Custom Risk Parity Commodity Benchmark</i> ²	-9.2	1.3	NA	NA	NA	NA	NA	NA	NA	NA
<i>Bloomberg Commodity Index</i>	-9.5	-1.1	-13.4	16.7	18.7	-36.6	11.1	-2.7	21.4	9.1
First Quadrant Risk Parity Commodity Index ¹	-13.6	-4.7	NA	NA	NA	NA	NA	NA	NA	NA
<i>Custom Risk Parity Commodity Benchmark</i> ²	-9.2	1.3	NA	NA	NA	NA	NA	NA	NA	NA
<i>Bloomberg Commodity Index</i>	-9.5	-1.1	-13.4	16.7	18.7	-36.6	11.1	-2.7	21.4	9.1
Infrastructure	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
SSgA Dow Jones Brookfield Infrastructure Index	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>DJ Brookfield Global Infrastructure Index</i>	15.9	16.0	13.7	12.5	34.2	-36.4	16.3	36.7	11.0	32.9
Natural Resources	-2.4	NA	NA	NA	NA	NA	NA	NA	NA	NA
Northern Trust Global LargeMid NR	-2.4	NA	NA	NA	NA	NA	NA	NA	NA	NA
Net of Fees	-2.4	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>S&P Global LargeMidCap Commodity and Resources</i>	-2.6	7.1	-12.9	19.5	57.8	-46.1	59.3	30.5	29.1	NA

¹ Performance is net of fees.

² Custom Risk Parity Commodity Benchmark returns provided by Credit Suisse.



San Jose Federated City Employees' Retirement System

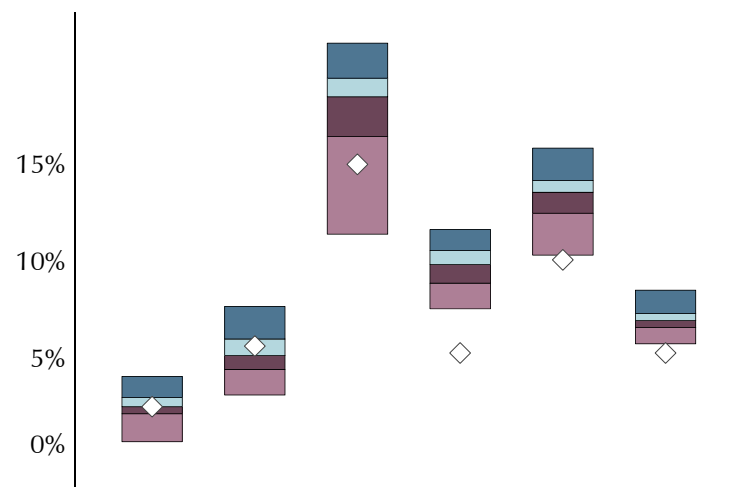
Aggregate Assets Calendar Year Performance

	2013 (%)	2012 (%)	2011 (%)	2010 (%)	2009 (%)	2008 (%)	2007 (%)	2006 (%)	2005 (%)	2004 (%)
Fixed Income Assets	1.4	7.1	NA	NA	NA	NA	NA	NA	NA	NA
Public Fixed Income	-2.2	5.4	8.7	7.2	15.9	-1.3	6.7	5.8	0.8	6.3
Northern Trust Intermediate Gov't 1-10 Year	-1.3	NA	NA	NA	NA	NA	NA	NA	NA	NA
Net of Fees	-1.3	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>Barclays Intermediate Gov't Bond Index</i>	-1.2	1.7	6.1	5.0	-0.3	10.4	8.5	3.8	1.7	2.3
Private Debt¹	9.2	10.8	2.8	NA	NA	NA	NA	NA	NA	NA
White Oak Direct Lending Account	9.4	2.7	NA	NA	NA	NA	NA	NA	NA	NA
<i>3 Month Libor + 5%</i>	5.3	5.5	5.3	5.3	5.9	8.7	10.7	10.5	8.5	6.5
Medley Opportunity Fund II	8.8	11.0	NA	NA	NA	NA	NA	NA	NA	NA
<i>3 Month Libor + 5%</i>	5.3	5.5	5.3	5.3	5.9	8.7	10.7	10.5	8.5	6.5
GSO Direct Lending Account	8.4	16.2	NA	NA	NA	NA	NA	NA	NA	NA
<i>3 Month Libor + 5%</i>	5.3	5.5	5.3	5.3	5.9	8.7	10.7	10.5	8.5	6.5

¹ Returns are time-weighted. Meketa Investment Group recommends that the Trustees use dollar-weighted (IRR) returns as shown in the quarterly Private Markets report in order to evaluate private markets managers.



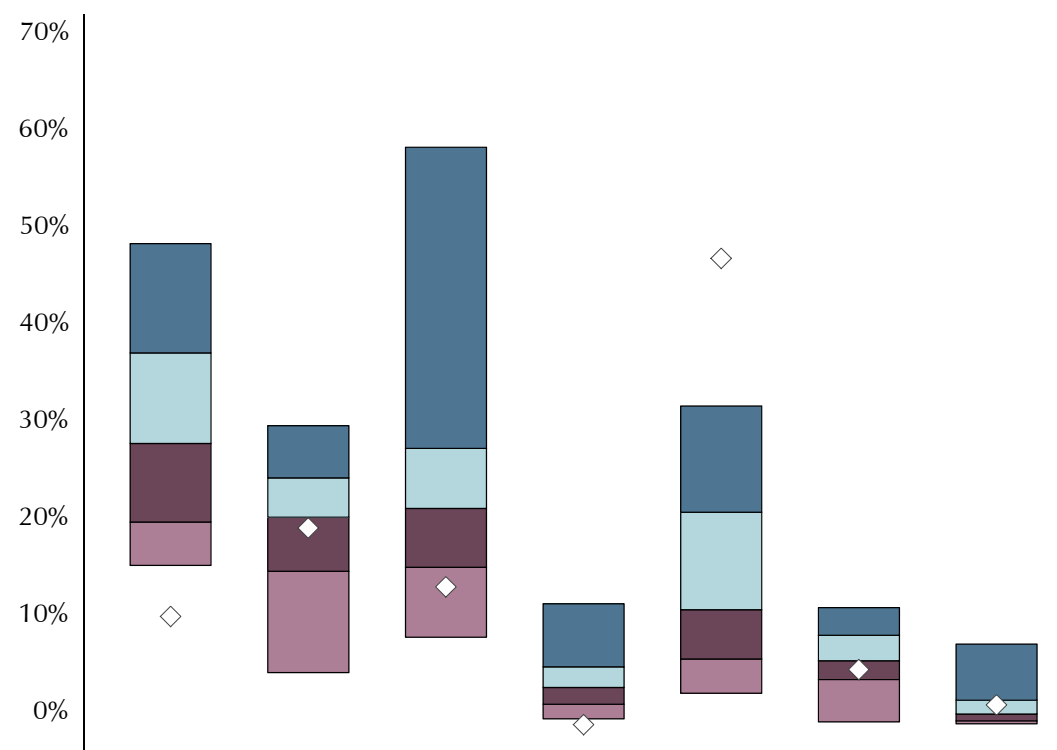
Total Fund Aggregate vs. Public Plans > \$1 Billion Universe¹



	2Q14 (%)	YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)
Total Fund Aggregate (gross of fees)	3.9	6.5	14.3	6.2	10.2	6.2
25th percentile	4.3	6.8	18.0	10.6	13.6	7.9
Median	3.9	6.1	17.2	10.0	13.1	7.6
75 Percentile	3.6	5.5	15.5	9.2	12.2	7.3
Population	78	78	77	71	68	61

¹ Universe data provided by InvestMetrics. Returns are gross of fees.

Peer Asset Allocation Comparison vs. Public Plans > \$1 Billion Universe^{1,2}



	US Equity	Intl. Equity	US Fixed Income	Intl. Fixed Income	Alternative Inv.	Real Estate	Cash
San Jose Allocation (Russell Overlay Net Position)	11.0	20.0	14.0	0.0	47.4	5.6	2.0
1 st Quartile	37.8	25.1	28.1	5.9	21.6	9.1	2.5
Median	28.6	21.1	22.0	3.8	11.7	6.5	1.1
3 rd Quartile	20.6	15.6	16.0	2.1	6.7	4.6	0.4
Population	60	56	59	33	41	38	33

¹ Universe data provided by InvestMetrics.

² Based on Russell Investments overlay net positions as of 6/30/14.

San Jose Federated City Employees' Retirement System

Policy Benchmark Description as of 6/30/14

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

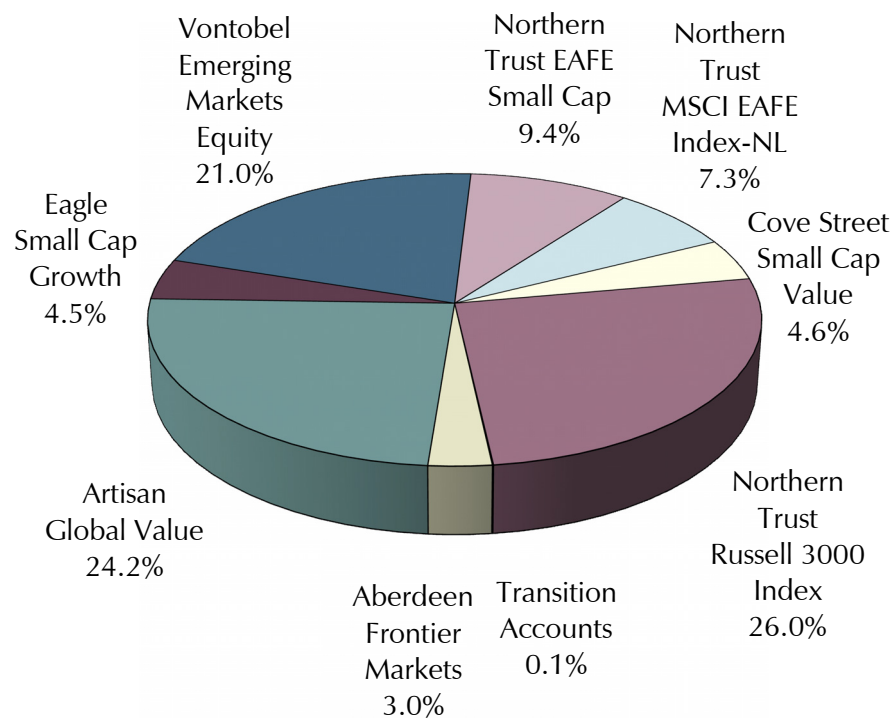
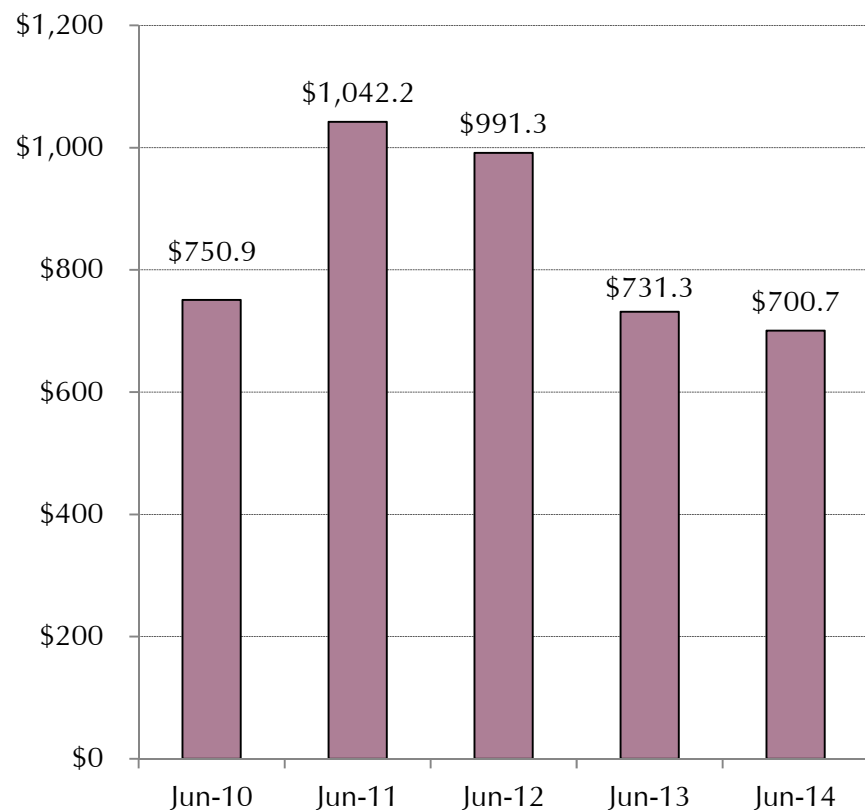
Time Period	Composition
4/1/2010-3/31/2011	16% MSCI ACWI 9 MSCI ACWI Value 5 MSCI Emerging Markets 5 MSCI EAFE Small Cap 3 MSCI EAFE Growth 3 Russell 3000 2.5 Russell 2000 Growth 2.5 Russell 2000 Value 7.5 Russell Investments Barclays U.S. TIPS 5 Barclays Intermediate Government 2.5 Barclays Long U.S.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

¹ The Venture Economics Private Equity Index was discontinued recently. Cambridge Associates Private Equity benchmarks were used for 2Q14, pending an evaluation of the most appropriate benchmark for future use.



Plan Detail

Global Equity Assets As of June 30, 2014



Risk: (fifty months)	Aggregate Global Equity 6/30/14	MSCI ACWI IMI 6/30/14
Annualized Return (%)	11.4	11.0
Standard Deviation (%)	16.4	17.3
Best Monthly Return (%)	10.5	10.8
Worst Monthly Return (%)	-9.4	-9.8
Beta	0.94	1.00
Correlation to Index	0.99	1.00
Correlation to Total Fund Return	0.97	NA
Sharpe Measure (risk-adjusted return)	0.69	0.63
Information Ratio	0.19	NA

	Aggregate Global Equity 6/30/14	MSCI ACWI IMI 6/30/14	Aggregate Global Equity 3/31/14
Capitalization Structure:			
Weighted Average Market Cap. (US\$ billion)	59.4	72.8	57.7
Median Market Cap. (US\$ billion)	1.8	1.4	1.7
Large (% over US\$20 billion)	55	62	52
Medium (% US\$3 billion to US\$20 billion)	27	29	30
Small (% under US\$3 billion)	18	10	18
Fundamental Structure:			
Price-Earnings Ratio	19	18	19
Price-Book Value Ratio	3.2	1.9	2.6
Dividend Yield (%)	2.0	2.4	2.0
Historical Earnings Growth Rate (%)	13	12	13
Projected Earnings Growth Rate (%)	13	11	13

Diversification:	Aggregate Global Equity 6/30/14	MSCI ACWI IMI 6/30/14	Aggregate Global Equity 3/31/14
Number of Holdings	5,775	8,545	5,819
% in 5 largest holdings	6	4	6
% in 10 largest holdings	11	7	11

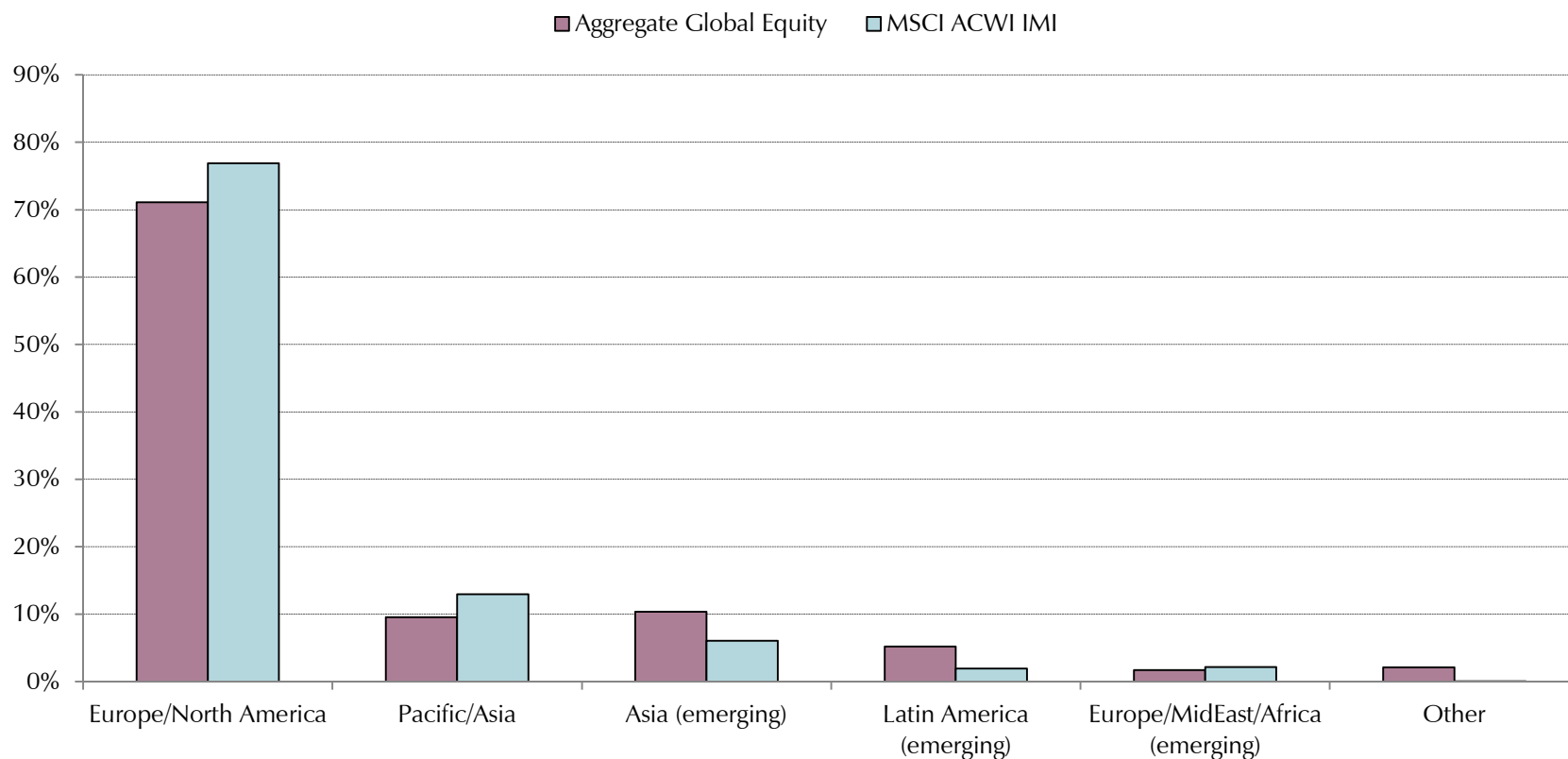
Largest Five Holdings:	% of Portfolio	Economic Sector
Oracle	1.4	Software & Services
British American Tobacco	1.3	Food, Beverage & Tobacco
Microsoft	1.3	Software & Services
Johnson & Johnson	1.1	Pharmaceuticals & Biotech.
SABMiller	1.0	Food, Beverage & Tobacco

Sector Allocation (%):	Aggregate Global Equity 6/30/14	MSCI ACWI IMI 6/30/14	Aggregate Global Equity 3/31/14
Consumer Staples	15	9	15
Information Technology	17	13	16
Financials	24	21	24
Consumer Discretionary	12	12	11
Telecommunication Services	2	3	2
Utilities	2	3	2
Health Care	9	10	9
Industrials	10	12	10
Materials	4	6	4
Energy	6	10	6

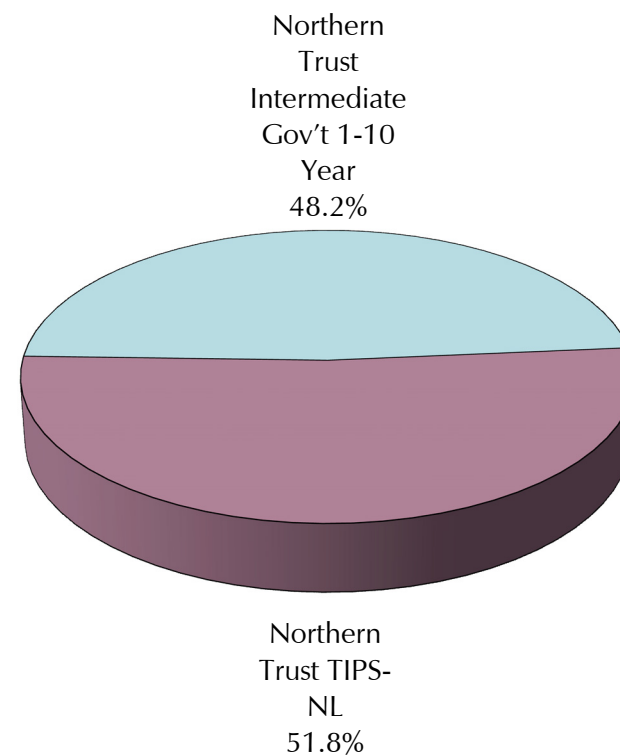
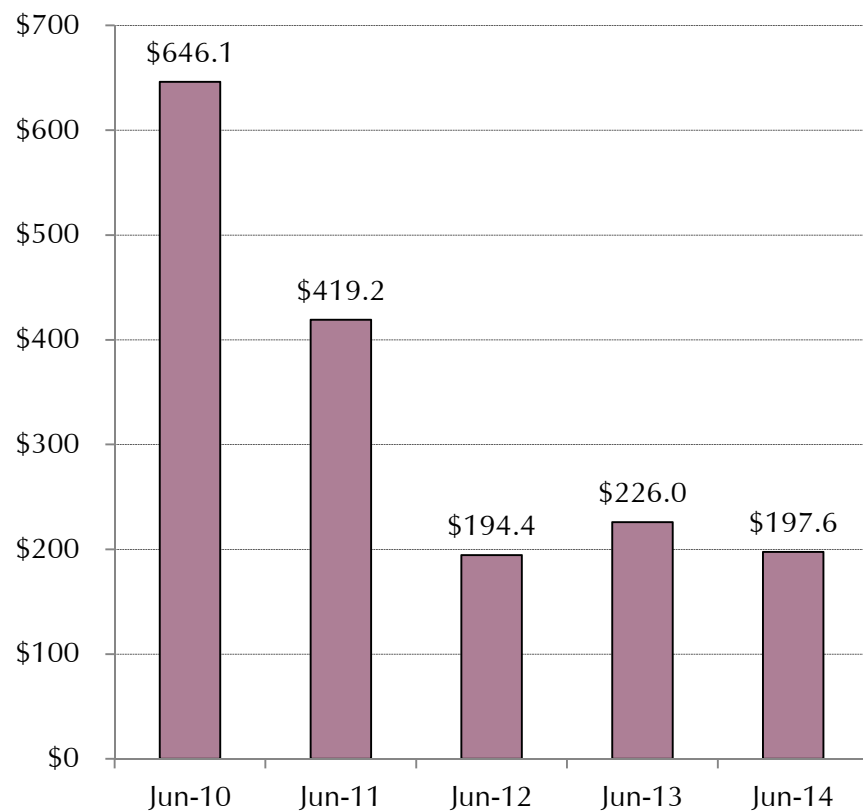
San Jose Federated City Employees' Retirement System

Global Equity Assets Country & Region Breakdown as of 6/30/14

	Aggregate Global Equity 6/30/14 (%)	MSCI ACWI IMI 6/30/14 (%)		Aggregate Global Equity 6/30/14 (%)	MSCI ACWI IMI 6/30/14 (%)
Europe/North America	71.1	76.9	Asia (emerging)	10.3	6.0
United Kingdom	10.9	7.0	India	5.2	0.7
Bermuda	1.1	0.2	Thailand	1.0	0.3
Netherlands	1.5	1.8	Malaysia	1.0	0.4
Switzerland	3.1	3.5	South Korea	1.3	1.7
Germany	1.4	3.2			
France	1.4	3.2	Latin America (emerging)	5.2	1.9
United States of America	45.8	48.0	Brazil	3.0	1.1
			Mexico	2.2	0.5
Pacific/Asia	9.5	12.9			
Hong Kong	2.8	1.9	Europe/MidEast/Africa (emerging)	1.7	2.2
Australia	1.2	2.7	South Africa	1.0	0.8
Japan	4.5	7.6			
			Other	2.1	0.1

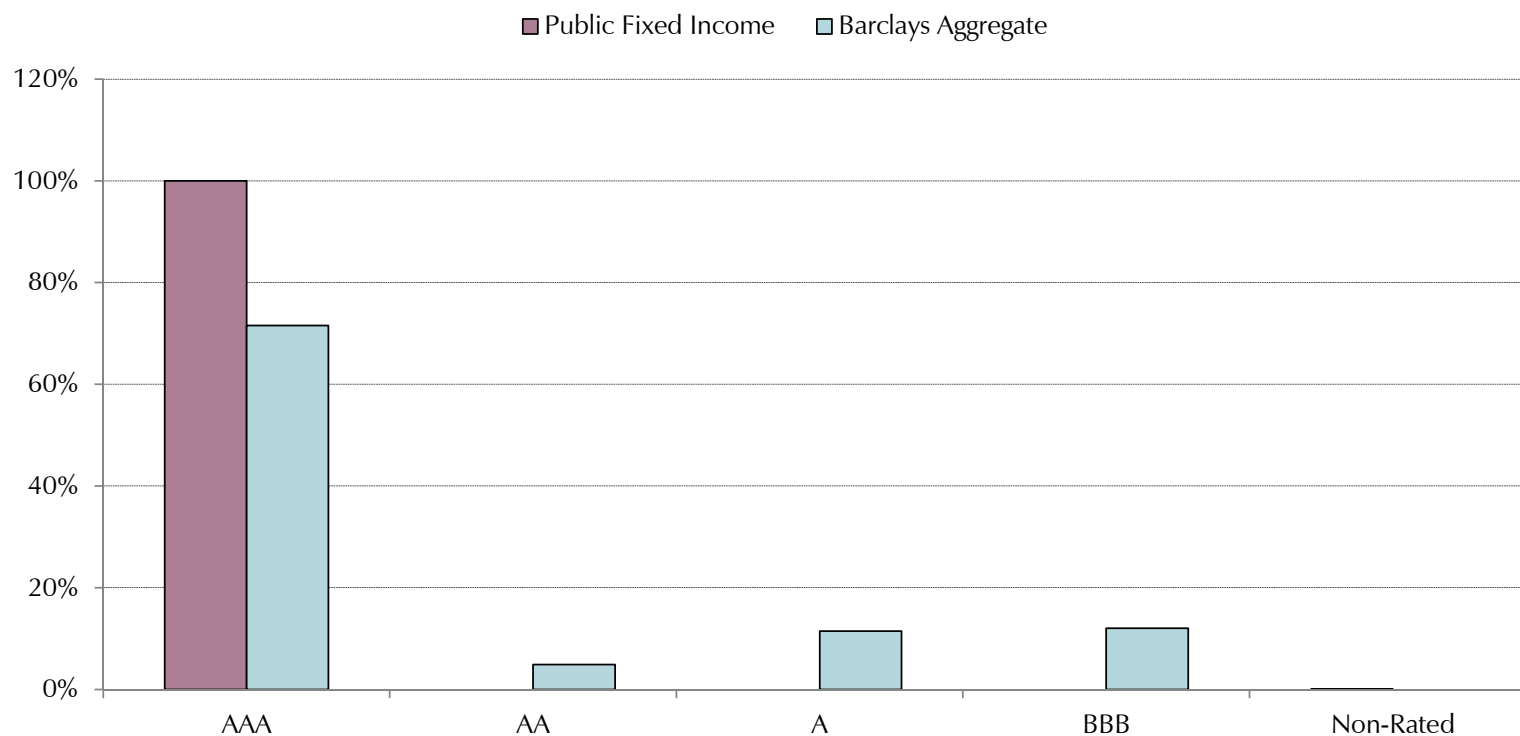


Fixed Income Assets
As of June 30, 2014



Risk: (sixty months)	Aggregate Fixed Income 6/30/14	Barclays Aggregate 6/30/14
Annualized Return (%)	5.9	4.9
Standard Deviation (%)	3.2	3.0
Best Monthly Return (%)	3.4	1.6
Worst Monthly Return (%)	-1.3	-1.8
Beta	0.82	1.00
Correlation to Index	0.79	1.00
Correlation to Total Fund Return	0.31	NA
Sharpe Measure (risk-adjusted return)	1.83	1.60
Information Ratio	0.52	NA

Duration & Yield:	Aggregate Fixed Income 6/30/14	Barclays Aggregate 6/30/14	Aggregate Fixed Income 3/31/14
Average Effective Duration (years)	3.0	5.6	2.8
Yield to Maturity (%)	0.9	2.2	1.0



	Aggregate Fixed Income 6/30/14	Barclays Aggregate 6/30/14	Aggregate Fixed Income 3/31/14
Market Allocation (%):			
United States	100	91	100
Foreign (developed markets)	0	5	0
Foreign (emerging markets)	0	4	0
Currency Allocation (%):			
Non-U.S. Dollar Exposure	0	0	0
Sector Allocation (%):			
U.S. Treasury-Nominal	44	35	41
U.S. Treasury-TIPS	52	0	54
U.S. Agency	5	5	4
Mortgage Backed	0	29	0
Corporate	0	23	0
Bank Loans	0	0	0
Local & Provincial Government	0	1	0
Sovereign & Supranational	0	3	0
Commercial Mortgage Backed	0	2	0
Asset Backed	0	0	0
Cash Equivalent	0	0	0
Other	0	0	0

Portfolio Reviews
As of June 30, 2014

Global Equity Portfolio Reviews As of June 30, 2014

San Jose Federated City Employees' Retirement System

Northern Trust Russell 3000 Index Portfolio Detail as of 6/30/14

Mandate: Domestic Equities
Active/Passive: Passive
Market Value: \$182.0 million
Portfolio Manager: Team
Location: Chicago, Illinois
Inception Date: 9/1/1999
Account Type: Commingled Fund

	Value	Core	Growth
Large			
Medium			
Small			

Fee Schedule:

0.03% on all assets

Liquidity Constraints:

Daily

Strategy:

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

Performance (%):	2Q14	1 YR	3 YR	5 YR	Since 9/1/99
Northern Trust Russell 3000 Index	4.9	25.3	16.5	19.5	5.5
Net of Fees	4.9	25.2	16.5	19.5	5.5
Russell 3000	4.9	25.2	16.5	19.3	5.4

Risk: (sixty months)	Standard Deviation	Beta	Sharpe Measure	Info. Ratio	Correlation to Index
Northern Trust Russell 3000 Index	16.7%	1.00	1.17	NA	1.00
Russell 3000	16.6	1.00	1.16	NA	1.00

	6/30/14		3/31/14	
	NT Russell 3000	Russell 3000	NT Russell 3000	Russell 3000
Capitalization Structure:				
Weighted Average Market Cap. (US\$ billion)	96.1	95.9	94.9	94.7
Median Market Cap. (US\$ billion)	2.0	1.5	1.8	1.4
Large (% over US\$20 billion)	67	67	66	66
Medium (% US\$3 billion to US\$20 billion)	26	25	26	26
Small (% under US\$3 billion)	7	8	7	8

Fundamental Structure:				
Price-Earnings Ratio	20	20	19	19
Price-Book Value Ratio	2.5	2.6	2.6	2.6
Dividend Yield (%)	1.9	1.8	1.9	1.9
Historical Earnings Growth Rate (%)	15	15	15	15
Projected Earnings Growth Rate (%)	12	12	12	12

Sector Allocation (%):				
Industrials	12	12	12	12
Consumer Staples	8	8	8	8
Materials	4	4	4	4
Information Technology	18	18	18	18
Consumer Discretionary	12	12	13	13
Telecommunication Services	2	2	2	2
Energy	10	10	9	9
Financials	17	17	18	18
Utilities	3	3	3	3
Health Care	13	13	13	13

Diversification:				
Number of Holdings	2,557	2,999	2,606	2,991
% in 5 largest holdings	9	9	9	9
% in 10 largest holdings	14	14	15	15

Largest Ten Holdings:		Industry
Apple	2.6	Technology Equipment
ExxonMobil	2.0	Energy
Microsoft	1.6	Software & Services
Johnson & Johnson	1.4	Pharmaceuticals & Biotech.
General Electric	1.2	Capital Goods
Wells Fargo & Company	1.1	Banks
Chevron	1.1	Energy
Berkshire Hathaway	1.1	Diversified Financials
JP Morgan Chase	1.0	Banks
Procter & Gamble	1.0	Household Products



San Jose Federated City Employees' Retirement System

Artisan Global Value Portfolio Detail as of 6/30/14

Mandate: International Equities,
Developed Markets

Active/Passive: Active

Market Value: \$169.9 million

Portfolio Manager: David Samra
Dan O'Keefe

Location: San Francisco, California

Inception Date: 3/1/2011

Account Type: Separately Managed

	Value	Core	Growth
Large			
Medium			
Small			

Fee Schedule:

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

Liquidity Constraints:

Daily

Strategy:

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

Guidelines:

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

Performance (%):	2Q14	1 YR	3 YR	Since 3/1/11
Artisan Global Value	4.6	25.0	18.4	17.6
Net of Fees	4.4	24.4	17.8	16.9
MSCI ACWI Value	5.1	22.8	10.1	8.7
Peer Global Equity	4.3	25.1	12.8	11.9
Peer Ranking (percentile)	39	50	1	2

Risk: (forty months)	Standard Deviation	Beta	Sharpe Measure	Info. Ratio	Correlation to Index
Artisan Global Value	13.5%	0.79	1.30	1.79	0.95
MSCI ACWI Value	15.1	1.00	0.58	NA	1.00

	6/30/14		3/31/14	
Capitalization Structure:	Artisan Global Value	MSCI ACWI Value	Artisan Global Value	MSCI ACWI Value
Weighted Average Market Cap. (US\$ billion)	90.3	93.2	91.5	89.2
Median Market Cap. (US\$ billion)	32.0	8.4	32.4	8.1
Large (% over US\$20 billion)	80	75	79	74
Medium (% US\$3 billion to US\$20 billion)	20	24	21	25
Small (% under US\$3 billion)	0	1	0	1

Fundamental Structure:

Price-Earnings Ratio	17	15	16	15
Price-Book Value Ratio	2.9	1.6	2.7	1.6
Dividend Yield (%)	1.8	3.3	2.0	3.3
Historical Earnings Growth Rate (%)	6	8	8	9
Projected Earnings Growth Rate (%)	10	8	10	8

Sector Allocation (%):

Information Technology	28	7	28	9
Consumer Staples	11	7	12	6
Financials	32	30	31	29
Health Care	10	9	10	9
Consumer Discretionary	6	6	7	5
Industrials	6	8	6	9
Telecommunication Services	1	6	1	6
Utilities	0	6	0	6
Materials	0	7	0	7
Energy	5	14	6	14

Diversification:

Number of Holdings	48	1,296	45	1,308
% in 5 largest holdings	21	8	21	9
% in 10 largest holdings	37	14	37	15

Region Allocation (%):

Americas	50	51	49	52
Europe & Middle East	40	25	41	26
Pacific	3	12	3	12
Other	7	11	7	10

Largest Five Holdings:

		Industry
Oracle	5.5	Software & Services
Bank of New York Mellon	4.3	Diversified Financials
Microsoft	3.9	Software & Services
Royal Bank of Scotland	3.6	Banks
Johnson & Johnson	3.5	Pharmaceuticals & Biotech.



San Jose Federated City Employees' Retirement System

Vontobel Emerging Markets Equity Portfolio Detail as of 6/30/14

Mandate: International Equities,
Emerging Markets

Active/Passive: Active

Market Value: \$146.8 million

Portfolio Manager: Rajiv Jain

Location: New York, NY

Inception Date: 7/1/2013

Account Type: Commingled Fund

	Value	Core	Growth
Large			
Medium			
Small			

Fee Schedule:
0.95% on first \$150 mm; 0.85% thereafter

Liquidity Constraints:
Daily

Strategy:

Vontobel believes that long-term, stable, and superior earnings growth drives investment returns and risk-adjusted outperformance. Thus they seek to invest in businesses that are predictable (strong franchise, low capital intensity, shareholder oriented management, etc.), sustainable (ability to replicate or exceed past success in terms of growth, operating margins, ROE, ROA etc.), and are trading at an attractive margin of safety (to at least a 25% discount to their assessment of intrinsic value). They believe in building concentrated portfolios (50 to 90 stocks) of high conviction positions with little attention paid to the benchmark.

Performance (%):	2Q14	1 YR	Since 7/1/13
Vontobel Emerging Markets Equity	7.8	9.7	9.7
Net of Fees	7.5	8.8	8.8
MSCI Emerging Markets	6.6	14.3	14.3
Peer Emerging Markets	7.1	16.0	16.0
Peer Ranking (percentile)	31	91	91

	6/30/14		3/31/14	
	Vontobel Emerging Markets	MSCI Emerging Markets	Vontobel Emerging Markets	MSCI Emerging Markets
Capitalization Structure:				
Weighted Average Market Cap. (US\$ billion)	37.3	36.6	34.6	34.8
Median Market Cap. (US\$ billion)	12.9	5.2	12.0	4.8
Large (% over US\$20 billion)	61	46	57	45
Medium (% US\$3 billion to US\$20 billion)	37	47	42	46
Small (% under US\$3 billion)	2	7	1	9

Fundamental Structure:				
Price-Earnings Ratio	22	16	22	15
Price-Book Value Ratio	5.8	1.7	3.2	1.6
Dividend Yield (%)	2.3	2.8	2.4	2.8
Historical Earnings Growth Rate (%)	21	13	20	14
Projected Earnings Growth Rate (%)	15	14	15	12

Sector Allocation (%):				
Consumer Staples	36	8	38	9
Financials	28	27	28	27
Consumer Discretionary	10	9	10	9
Health Care	2	2	2	2
Utilities	3	4	3	3
Telecommunication Services	4	7	3	7
Industrials	1	7	2	7
Materials	4	9	5	9
Information Technology	12	17	10	17
Energy	0	11	0	11

Diversification:				
Number of Holdings	78	835	81	822
% in 5 largest holdings	24	11	24	11
% in 10 largest holdings	38	16	39	16

Region Allocation (%):				
Asia	44	55	47	57
Americas	25	19	24	19
Europe, Middle East and Africa	5	19	5	18
Other	26	8	23	6

Largest Five Holdings:		Industry
British American Tobacco	6.2	Food, Beverage & Tobacco
SABMiller	4.9	Food, Beverage & Tobacco
Housing Development Financial	4.6	Banks
HDFC Bank	4.2	Banks
ITC	3.9	Food, Beverage & Tobacco



San Jose Federated City Employees' Retirement System

Mandate: International Equities,
Developed Markets

Active/Passive: Active

Market Value: \$65.7 million

Portfolio Manager: Team

Location: Chicago, Illinois

Inception Date: 11/1/2012

Account Type: Commingled Fund

	Value	Core	Growth
Large			
Medium			
Small			

Fee Schedule:
0.05% on all assets

Liquidity Constraints:
Daily

Strategy:

This Northern Trust EAFE Small Cap Index strategy seeks to replicate the returns of the MSCI EAFE Small Cap index, a proxy for developed market small cap equity performance (excluding the U.S. and Canada). The strategy provides broad diversification (there are 21 developed country indices within the index) at minimal expense.

Performance (%):	2Q14	1 YR	Since 11/1/12
Northern Trust EAFE Small Cap	2.2	29.1	24.3
Net of Fees	2.2	29.0	24.2
MSCI EAFE Small Cap	2.1	29.1	24.1

Northern Trust EAFE Small Cap Portfolio Detail as of 6/30/14

	6/30/14		3/31/14	
	Northern Trust EAFE Small Cap	MSCI EAFE Small Cap	Northern Trust EAFE Small Cap	MSCI EAFE Small Cap
Capitalization Structure:				
Weighted Average Market Cap. (US\$ billion)	2.3	2.3	2.5	2.5
Median Market Cap. (US\$ million)	949.6	951.5	891.1	893.0
Large (% over US\$20 billion)	0	0	0	0
Medium (% US\$3 billion to US\$20 billion)	27	27	30	30
Small (% under US\$3 billion)	73	73	70	70
Fundamental Structure:				
Price-Earnings Ratio	17	17	17	17
Price-Book Value Ratio	1.5	1.5	1.4	1.4
Dividend Yield (%)	2.3	2.3	2.3	2.3
Historical Earnings Growth Rate (%)	12	12	10	10
Projected Earnings Growth Rate (%)	16	16	15	14
Sector Allocation (%):				
Consumer Discretionary	18	18	19	19
Materials	10	10	10	10
Information Technology	9	9	9	9
Telecommunication Services	1	1	1	1
Energy	4	4	4	4
Utilities	2	2	2	2
Consumer Staples	6	6	5	5
Health Care	6	6	6	6
Industrials	23	23	23	23
Financials	21	21	21	21
Diversification:				
Number of Holdings	2,182	2,181	2,168	2,160
% in 5 largest holdings	2	2	2	2
% in 10 largest holdings	3	3	4	4
Region Allocation (%):				
Americas	0	0	0	0
Europe & Middle East	58	59	60	60
Pacific	40	40	38	38
Other	1	1	1	1
Largest Five Holdings:				
Ashtead Group	0.4	Capital Goods		
ST.JAMES'S PLACE	0.3	Insurance		
Symrise	0.3	Materials		
Mondi	0.3	Materials		
Taylor Wimpey	0.3	Consumer Durables		



San Jose Federated City Employees' Retirement System

Northern Trust MSCI EAFE Index-NL Portfolio Detail as of 6/30/14

Mandate: International Equities,
Developed Markets

Active/Passive: Passive

Market Value: \$51.1 million

Portfolio Manager: Team

Location: Chicago, Illinois

Inception Date: 11/1/2012

Account Type: Commingled Fund

	Value	Core	Growth
Large			
Medium			
Small			

Fee Schedule:
0.05% on all assets

Liquidity Constraints:
Daily

Strategy:

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

Performance (%):	2Q14	1 YR	Since 11/1/12
Northern Trust MSCI EAFE Index-NL	4.3	24.0	20.7
Net of Fees	4.3	23.9	20.6
MSCI EAFE	4.1	23.6	20.2

	6/30/14		3/31/14	
	Northern Trust EAFE	MSCI EAFE	Northern Trust EAFE	MSCI EAFE
Capitalization Structure:				
Weighted Average Market Cap. (US\$ billion)	63.9	63.8	61.7	61.6
Median Market Cap. (US\$ billion)	9.5	9.4	9.0	9.0
Large (% over US\$20 billion)	69	69	69	69
Medium (% US\$3 billion to US\$20 billion)	30	30	30	30
Small (% under US\$3 billion)	1	1	1	1

Fundamental Structure:				
Price-Earnings Ratio	17	17	16	16
Price-Book Value Ratio	1.7	1.8	1.6	1.6
Dividend Yield (%)	3.0	3.0	3.1	3.1
Historical Earnings Growth Rate (%)	9	9	9	9
Projected Earnings Growth Rate (%)	10	10	11	11

Sector Allocation (%):				
Financials	25	25	26	26
Consumer Staples	11	11	11	11
Industrials	13	13	13	13
Consumer Discretionary	12	12	12	12
Energy	7	7	7	7
Information Technology	4	4	4	5
Telecommunication Services	5	5	5	5
Utilities	4	4	4	4
Health Care	11	11	10	10
Materials	8	8	8	8

Diversification:				
Number of Holdings	906	899	912	906
% in 5 largest holdings	7	7	8	8
% in 10 largest holdings	13	13	13	13

Region Allocation (%):				
Americas	0	0	0	0
Europe & Middle East	67	67	67	68
Pacific	32	32	32	32
Other	1	1	1	1

Largest Five Holdings:		Industry
Nestle	1.8	Food, Beverage & Tobacco
Roche	1.5	Pharmaceuticals & Biotech.
Novartis	1.5	Pharmaceuticals & Biotech.
HSBC	1.4	Banks
Toyota Motor	1.2	Automobiles & Components



San Jose Federated City Employees' Retirement System

Mandate: Domestic Equities
Active/Passive: Active
Market Value: \$32.2 million
Portfolio Manager: Jeffrey Bronchick
Location: El Segundo, California
Inception Date: 5/1/2014
Account Type: Separately Managed

	Value	Core	Growth
Large			
Medium			
Small			

Fee Schedule:

0.80% on all assets

Liquidity Constraints:

Daily

Strategy:

Cove Street Capital manages a fundamental, bottom-up research driven value portfolio of small capitalization companies. It is a relatively concentrated portfolio, usually consisting of between 30-40 companies. The strategy focuses on finding statistically cheap companies with high quality business models.

Guidelines:

Maximum of 10% in non-U.S. issuers. Maximum 10% in preferred stock, convertibles or other equity equivalents. Maximum of 15% in single issuer. Maximum of 30% in any single industry. Maximum cash balance of 15%. Maximum 10% in illiquid securities.

Performance (%):	Since 5/1/14
Cove Street Small Cap Value	7.3
Net of Fees	7.3
Russell 2000 Value	5.1
Peer Small Cap Value	5.2
Peer Ranking (percentile)	1

Cove Street Small Cap Value Portfolio Detail as of 6/30/14

	6/30/14 Cove Street SCV	Russell 2000 Value
Capitalization Structure:		
Weighted Average Market Cap. (US\$ billion)	1.4	1.6
Median Market Cap. (US\$ million)	706.8	652.7
Large (% over US\$20 billion)	0	0
Medium (% US\$3 billion to US\$20 billion)	18	10
Small (% under US\$3 billion)	82	90

Fundamental Structure:		
Price-Earnings Ratio	18	18
Price-Book Value Ratio	1.8	1.7
Dividend Yield (%)	0.9	1.9
Historical Earnings Growth Rate (%)	7	11
Projected Earnings Growth Rate (%)	19	13

Sector Allocation (%):		
Consumer Discretionary	24	11
Information Technology	19	10
Materials	8	5
Energy	10	8
Industrials	13	13
Telecommunication Services	0	1
Consumer Staples	0	3
Health Care	0	5
Utilities	0	7
Financials	25	38

Diversification:		
Number of Holdings	34	1,320
% in 5 largest holdings	28	2
% in 10 largest holdings	47	4

Largest Ten Holdings:		Industry
Approach Resources	6.0	Energy
Taminco	5.8	Materials
Forestar Group	5.6	Real Estate
AZZ	5.3	Capital Goods
Heritage Crystal Clean	5.3	Commercial Services
White Mountains Insurance	5.2	Insurance
Chimera Investment	3.7	Real Estate
Belmond 'A'	3.7	Consumer Services
Global Cash Access	3.5	Software & Services
Hallmark Financial Services	3.3	Insurance



San Jose Federated City Employees' Retirement System

Eagle Small Cap Growth Portfolio Detail as of 6/30/14

Mandate: Domestic Equities
Active/Passive: Active
Market Value: \$31.5 million
Portfolio Manager: Bert L. Boksen, CFA
Location: St. Petersburg, Florida
Inception Date: 6/1/1998
Account Type: Separately Managed

	Value	Core	Growth
Large			
Medium			
Small			

Fee Schedule:

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

Liquidity Constraints:

Daily

Strategy:

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

Guidelines:

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

Performance (%):	2Q14	1 YR	3 YR	5 YR	Since 6/1/98
Eagle Small Cap Growth	2.6	18.3	11.6	22.0	8.6
Net of Fees	2.4	17.4	10.9	21.3	7.9
Russell 2000 Growth	1.7	24.7	14.5	20.5	6.0
Peer Small Cap Growth	1.1	23.7	14.5	21.4	9.2
Peer Ranking (percentile)	17	92	88	38	63
Risk: (sixty months)	Standard Deviation	Beta	Sharpe Measure	Info. Ratio	Correlation to Index
Eagle Small Cap Growth	22.5%	0.95	0.97	0.36	0.97
Russell 2000 Growth	22.8	1.00	0.90	NA	1.00

	6/30/14 Eagle	Russell 2000 Growth	3/31/14 Eagle	Russell 2000 Growth
Capitalization Structure:				
Weighted Average Market Cap. (US\$ billion)	2.3	1.9	2.3	2.1
Median Market Cap. (US\$ billion)	1.8	0.8	1.8	0.9
Large (% over US\$20 billion)	0	0	0	0
Medium (% US\$3 billion to US\$20 billion)	28	17	25	22
Small (% under US\$3 billion)	72	83	75	78

Fundamental Structure:

Price-Earnings Ratio	26	25	25	25
Price-Book Value Ratio	3.2	3.7	2.9	3.3
Dividend Yield (%)	0.3	0.6	0.3	0.6
Historical Earnings Growth Rate (%)	19	21	20	20
Projected Earnings Growth Rate (%)	18	19	20	18

Sector Allocation (%):

Consumer Discretionary	17	15	16	16
Consumer Staples	5	4	4	5
Industrials	16	14	15	16
Financials	8	7	7	7
Materials	6	6	6	5
Utilities	0	0	0	0
Health Care	21	22	23	22
Energy	5	5	5	4
Telecommunication Services	0	1	0	1
Information Technology	23	26	24	25

Diversification:

Number of Holdings	99	1,163	99	1,156
% in 5 largest holdings	11	2	10	3
% in 10 largest holdings	19	5	19	6

Largest Ten Holdings:

		Industry
Texas Industries	2.4	Materials
Genesco	2.3	Retailing
Centene	2.1	Health Care Services
Quaker Chemical	2.0	Materials
HURON CNSL.GP.	1.9	Commercial Services
OPENTABLE	1.9	Software & Services
ASPEN TECHNOLOGY	1.8	Software & Services
Natus Medical	1.8	Health Care Services
Multimedia Games	1.7	Consumer Services
UNIVERSAL ELECTRONICS	1.6	Consumer Durables



San Jose Federated City Employees' Retirement System

Mandate: International Equities
Active/Passive: Active
Market Value: \$21.0 million
Portfolio Manager: Devan Kaloo
Location: London, England
Inception Date: 12/1/2013
Account Type: Commingled Fund

	Value	Core	Growth
Large			
Medium			
Small			

Fee Schedule:
 1.50% on all assets

Liquidity Constraints:
 Monthly

Strategy:

The objective of the Frontier Markets Equity Fund (for the purposes of this section, ("the Fund") is to achieve total return in excess of the MSCI Frontier Markets Index through investing in companies listed, domiciled or headquartered, or with a significant portion of their revenues, profits and/or assets derived from frontier economies.

Performance (%):	2Q14	1 YR	Since 12/1/13
Aberdeen Frontier Markets	5.2	NA	6.0
Net of Fees	4.8	NA	5.1
MSCI Frontier Markets	11.9	36.2	22.8
Peer Frontier Markets	5.8	35.0	17.1
Peer Ranking (percentile)	57	NA	99

Aberdeen Frontier Markets Portfolio Detail as of 6/30/14

	6/30/14		3/31/14	
	Aberdeen Frontier Markets	MSCI Frontier Markets	Aberdeen Frontier Markets	MSCI Frontier Markets
Capitalization Structure:				
Weighted Average Market Cap. (US\$ billion)	6.0	5.6	5.9	8.8
Median Market Cap. (US\$ billion)	2.1	1.7	1.8	1.8
Large (% over US\$20 billion)	9	1	10	6
Medium (% US\$3 billion to US\$20 billion)	43	58	40	62
Small (% under US\$3 billion)	47	41	51	31
Fundamental Structure:				
Price-Earnings Ratio	18	12	18	13
Price-Book Value Ratio	3.4	1.8	3.7	1.8
Dividend Yield (%)	2.8	3.5	2.8	3.5
Historical Earnings Growth Rate (%)	12	8	12	6
Projected Earnings Growth Rate (%)	17	15	15	13
Sector Allocation (%):				
Consumer Staples	31	11	28	7
Industrials	12	3	13	10
Health Care	8	3	9	2
Information Technology	3	0	2	0
Consumer Discretionary	2	1	2	0
Utilities	0	0	0	1
Energy	8	11	9	7
Materials	2	6	2	4
Telecommunication Services	8	15	9	14
Financials	25	50	26	55
Diversification:				
Number of Holdings	41	126	41	142
% in 5 largest holdings	22	24	24	22
% in 10 largest holdings	42	35	44	34
Region Allocation (%):				
Europe/North America	19	0	18	0
Pacific/Asia	2	0	2	0
Asia (emerging)	0	7	0	4
Latin America (emerging)	0	8	0	5
Europe/MidEast/Africa (emerging)	14	7	15	39
Other	64	78	64	52
Largest Five Holdings:				
		Industry		
Nestle Foods Nigeria	4.8	Food, Beverage & Tobacco		
Tenaris	4.8	Energy		
MTN Group	4.5	Telecom Services		
Krka dd Novo Mesto	4.3	Pharmaceuticals & Biotech.		
Bank Muscat	4.1	Banks		



**Real Assets Portfolio Reviews
As of June 30, 2014**

San Jose Federated City Employees' Retirement System

CS Risk Parity Commodity Index Portfolio Detail as of 6/30/14

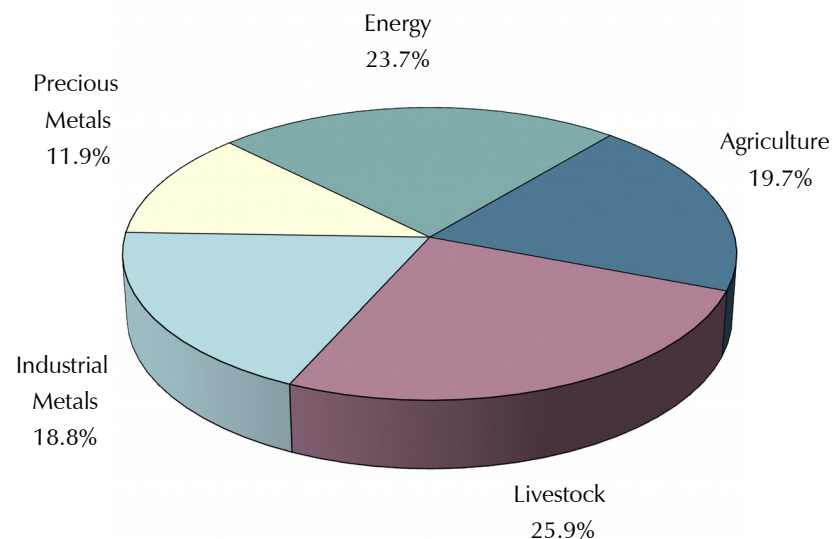
Mandate: Commodity
Active/Passive: Active
Market Value: \$129.4 million
Portfolio Manager: Christopher Burton
Location: New York, New York
Inception Date: 4/1/2011
Account Type: Commingled Fund

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

Liquidity Constraints:
 Daily

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

Current Allocation:



Performance (%):	2Q14	1 YR	3 YR	Since 4/1/11
CS Risk Parity Commodity Index	3.8	13.9	-1.7	-3.1
Custom Risk Parity Commodity Benchmark ¹	3.9	14.3	-1.5	-3.1
Bloomberg Commodity Index	0.1	8.2	-5.2	-6.8

¹ Custom Risk Parity Commodity Benchmark returns provided by Credit Suisse.



San Jose Federated City Employees' Retirement System

First Quadrant Risk Parity Commodity Index Portfolio Detail as of 6/30/14

Mandate: Commodity (net of fees)
Active/Passive: Active
Market Value: \$91.2 million
Portfolio Manager: Team
Location: Pasadena, California
Inception Date: 4/1/2011
Account Type: Commingled Fund

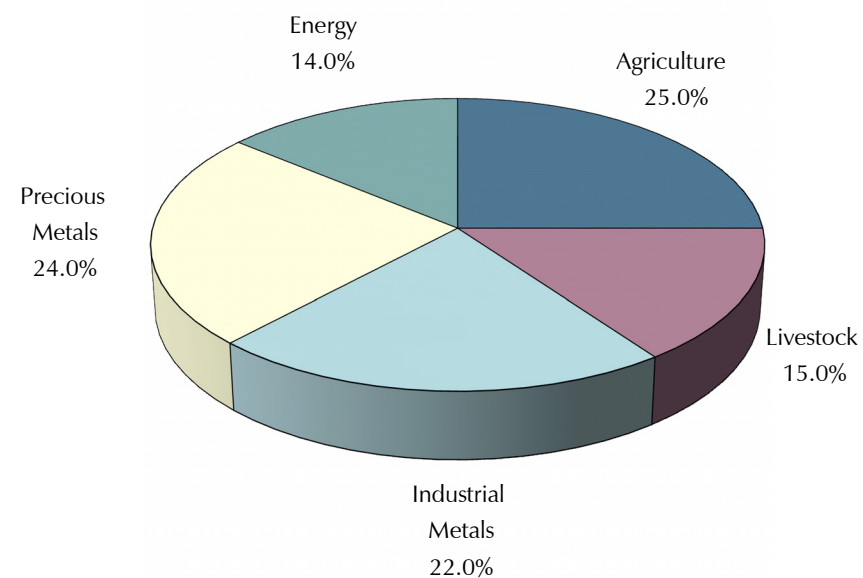
Fee Schedule:
 0.35% on all assets

Liquidity Constraints:
 Daily

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

Performance (%):	2Q14	1 YR	3 YR	Since 4/1/11
First Quadrant Risk Parity Commodity Index	5.1	19.3	-4.0	-5.2
Custom Risk Parity Commodity Benchmark ¹	3.9	14.3	-1.5	-3.1
Bloomberg Commodity Index	0.1	8.2	-5.2	-6.8

Current Allocation:



¹ Custom Risk Parity Commodity Benchmark returns provided by Credit Suisse.



San Jose Federated City Employees' Retirement System

SSgA Dow Jones Brookfield Infrastructure Index Portfolio Detail as of 6/30/14

Strategy: Infrastructure

Market Value: \$111.9 million

Portfolio Manager: Team

Location: Boston, Massachusetts

Inception Date: 3/1/2014

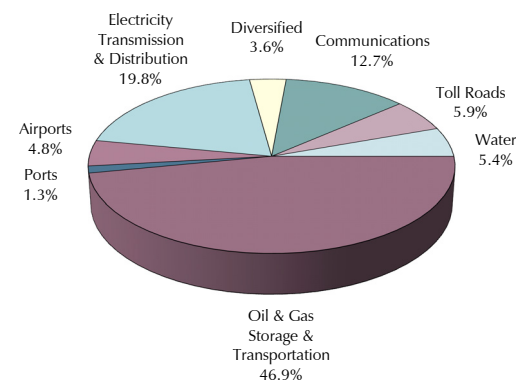
Account Type: Separately Managed

Liquidity Constraints: Daily

Fee Schedule: 0.15% on first \$50 mm; 0.10% on next \$50 mm; 0.07% thereafter; Minimum annual fee of \$105,000.

Guidelines: Investment Manager will not seek the Index exposure where securities are traded in the following countries: China, Brazil, United Arab Emirates, and Russia. The country restrictions do not apply to American Depositary Receipts (ADRs) or Global Depositary Receipts (GDRs) that provide exposure to the these countries.

Index Sectors:



Performance (%):	2Q14	Fiscal YTD	Since 3/1/14
SSgA Dow Jones Brookfield Infrastructure Index	10.8	NA	12.9
Net of Fees	10.8	NA	12.9
DJ Brookfield Global Infrastructure Index	10.8	28.3	12.4

Country Allocation:	Portfolio Allocation (%)
United States	48.4
International Developed Markets	49.9
Canada	13.5
United Kingdom	10.6
Spain	4.7
Hong Kong	4.1
Australia	4.1
Italy	4.0
Japan	2.4
Luxembourg	2.2
France	2.2

Country Allocation:	Portfolio Allocation (%)
International Developed Markets (continued)	
Singapore	0.5
Netherlands	0.4
Germany	0.4
New Zealand	0.4
Switzerland	0.3
Belgium	0.2
Emerging Markets	1.6
Mexico	0.7
China	0.5
Brazil	0.5
Switzerland	0.3

Investment Strategy: The SSgA Dow Jones Brookfield Infrastructure Index aims to measure the stock performance of companies worldwide whose primary business is the ownership and operation of (rather than service of) infrastructure assets. To be included in the index, a company must have more than 70% of estimated cash flows (based on publicly available information) derived from the following infrastructure sectors: airports, toll roads, ports, communications, electricity transmission & distribution, oil & gas storage & transportation, and water.



San Jose Federated City Employees' Retirement System

Northern Trust Global LargeMid NR Portfolio Detail as of 6/30/14

Mandate: Natural Resources
Active/Passive: Passive
Market Value: \$105.2 million
Portfolio Manager: Team
Location: Chicago, Illinois
Inception Date: 11/1/2012
Account Type: Separately Managed

Fee Schedule:
 0.05% on all assets

Liquidity Constraints:
 Daily

Strategy:
 This Northern Trust Global Large MidCap Natural Resources Index seeks an investment return that approximates the performance of the S&P Global LargeMidCap Commodity and Resources Index. The index has equal exposure to three major natural resources industries: energy, materials, and agriculture.

Performance (%):	2Q14	1 YR	Since 11/1/12
Northern Trust Global LargeMid NR	6.7	21.5	4.2
Net of Fees	6.7	21.4	4.2
S&P Global LargeMidCap Commodity and Resources	6.8	21.5	4.1

	6/30/14		3/31/14	
	Northern Trust Global NR	S&P Global LargeMidCap Comm & Res	Northern Trust Global NR	S&P Global LargeMidCap Comm & Res
Capitalization Structure:				
Weighted Average Market Cap. (US\$ billion)	74.8	74.5	72.8	72.2
Median Market Cap. (US\$ billion)	10.9	10.4	10.3	9.2
Large (% over US\$20 billion)	72	71	70	70
Medium (% US\$3 billion to US\$20 billion)	26	27	27	28
Small (% under US\$3 billion)	2	2	2	2
Fundamental Structure:				
Price-Earnings Ratio	16	16	15	15
Price-Book Value Ratio	2.0	2.0	1.7	1.7
Dividend Yield (%)	2.8	2.8	2.9	2.9
Historical Earnings Growth Rate (%)	9	9	9	10
Projected Earnings Growth Rate (%)	9	9	8	8
Sector Allocation (%):				
Consumer Staples	8	8	9	8
Energy	34	33	34	34
Consumer Discretionary	0	0	0	0
Financials	0	0	0	0
Health Care	0	0	0	0
Industrials	0	0	0	0
Information Technology	0	0	0	0
Telecommunication Services	0	0	0	0
Utilities	0	0	0	0
Materials	58	58	58	58
Diversification:				
Number of Holdings	207	210	206	212
% in 5 largest holdings	27	27	27	27
% in 10 largest holdings	43	42	43	43
Region Allocation (%):				
Europe/North America	78	78	78	77
Pacific/Asia	11	11	11	11
Asia (emerging)	4	4	4	4
Latin America (emerging)	2	2	2	2
Europe/MidEast/Africa (emerging)	5	5	5	6
Other	0	0	0	0
Largest Five Holdings:				
		Industry		
Monsanto	8.1	Materials		
BHP Billiton	5.3	Materials		
ExxonMobil	4.9	Energy		
Syngenta	4.3	Materials		
Potash Corporation	4.0	Materials		



Fixed Income Portfolio Reviews As of June 30, 2014

San Jose Federated City Employees' Retirement System

Mandate: TIPS
Active/Passive: Passive
Market Value: \$102.5 million
Portfolio Manager: Northern Trust
Location: Chicago, Illinois
Inception Date: 7/1/2014
Account Type: Separately Managed

	Short	Int.	Long
High			
Medium			
Low			

Fee Schedule:

0.05% on all assets

Liquidity Constraints:

Daily

Strategy:

The Northern Trust TIPS index strategy seeks to track the risk and return characteristics of the Barclays U.S. 0-5 Year TIPS Index. The Index represents the Treasury Inflation-Protected Securities segment of the U.S. fixed income market. The strategy provides the desired exposure using quantitative techniques to maintain neutrality relative to index exposures while avoiding excessive transactions costs.

Guidelines:

The portfolio will have a weighted average duration that will approximate the duration of the Barclays U.S. 0-5 Year TIPS Index.

Northern Trust TIPS 0-5 Year Portfolio Detail as of 6/30/14

	6/30/14	
	Northern Trust TIPS	Barclays U.S. TIPS 0-5 Years
Duration & Yield:		
Average Effective Duration (years)	2.5	1.7
Yield to Maturity (%) ¹	0.8	0.9
Quality Structure (%):		
Average Quality	AAA	AAA
AAA (includes Treasuries and Agencies)	100	100
AA	0	0
A	0	0
BBB	0	0
BB	0	0
B	0	0
Below B	0	0
Non-Rated	0	0
Sector Allocation (%):		
U.S. Treasury-Nominal	0	0
U.S. Treasury-TIPS	100	100
U.S. Agency	0	0
Mortgage Backed	0	0
Corporate	0	0
Bank Loans	0	0
Local & Provincial Government	0	0
Sovereign & Supranational	0	0
Commercial Mortgage Backed	0	0
Asset Backed	0	0
Cash Equivalent	0	0
Other	0	0
Market Allocation (%):		
United States	100	100
Foreign (developed markets)	0	0
Foreign (emerging markets)	0	0
Currency Allocation (%):		
Non-U.S. Dollar Exposure	0	0

¹ This figure is an estimated yield-to-maturity (YTM) for the fund. It is calculated by adding the trailing 12-month inflation adjustment to the "real" (i.e., before inflation) YTM of the fund. Adding the 12-month inflation adjustment allows the fund's yield to be more directly comparable to those of other bond funds. Investors should recognize that the actual YTM will depend upon the level of inflation experienced going forward.

San Jose Federated City Employees' Retirement System

Northern Trust Intermediate Gov't 1-10 Year Portfolio Detail as of 6/30/14

Mandate: Fixed Income
Active/Passive: Passive
Market Value: \$95.2 million
Portfolio Manager: Team
Location: Chicago, Illinois
Inception Date: 10/1/2012
Account Type: Commingled Fund

	Short	Int.	Long
High			
Medium			
Low			

Fee Schedule:
 0.05% on all assets

Liquidity Constraints:
 Daily

Strategy:

The Northern Trust 1-10 Year Intermediate Government Bond Index Fund seeks to hold a portfolio representative of the intermediate government securities sector of the United States bond and debt market, as characterized by the Barclays Capital Intermediate Government Bond Index.

Performance (%):	2Q14	1 YR	Since 10/1/12
Northern Trust Intermediate Gov't 1-10 Year	0.9	1.5	0.2
Net of Fees	0.9	1.5	0.1
Barclays Intermediate Gov't Bond Index	0.9	1.5	0.2

	6/30/14		3/31/14	
Duration & Yield:	NTGI Int Gov't 1-10 yr	Barclays IT Gov't	NTGI Int Gov't 1-10 yr	Barclays IT Gov't
Average Effective Duration (years)	3.6	3.6	3.6	3.6
Yield to Maturity (%)	1.1	1.1	1.2	1.2
Quality Structure (%):				
Average Quality	AAA	AAA	AAA	AAA
AAA (includes Treasuries and Agencies)	100	97	100	97
AA	0	3	0	3
A	0	0	0	0
BBB	0	0	0	0
BB	0	0	0	0
B	0	0	0	0
Below B	0	0	0	0
Non-Rated	0	0	0	0
Sector Allocation (%):				
U.S. Treasury-Nominal	90	90	90	90
U.S. Treasury-TIPS	0	0	0	0
U.S. Agency	10	10	10	10
Mortgage Backed	0	0	0	0
Corporate	0	0	0	0
Bank Loans	0	0	0	0
Local & Provincial Government	0	0	0	0
Sovereign & Supranational	0	0	0	0
Commercial Mortgage Backed	0	0	0	0
Asset Backed	0	0	0	0
Cash Equivalent	0	0	0	0
Other	0	0	0	0
Market Allocation (%):				
United States	100	100	100	100
Foreign (developed markets)	0	0	0	0
Foreign (emerging markets)	0	0	0	0
Currency Allocation (%):				
Non-U.S. Dollar Exposure	0	0	0	0



Global Macroeconomic Outlook

June 2014

Global Economic Outlook

For the remainder of 2014, economic growth in the developed world is expected to be somewhat higher than the average growth over the last ten years. Emerging market economic growth is projected to be higher than that for developed markets, but lower than the average growth over the last ten years.

- Continued low interest rates globally, improvements in the U.S. labor market, and stimulus in Japan and Europe should all improve GDP growth in developed economies.
- Improvements in developed economies could help demand for emerging economy goods. China's ability to pivot from growing through investment to growing through consumption remains a key outstanding issue.
- Forecast for GDP in major economies recently increased, while estimates for emerging markets excluding China fell.
- Most projections for inflation over the next year declined, particularly in Europe. Excluding Japan, near-term global inflation is projected to trail the ten-year average.

	Real GDP (%)			Inflation (%)		
	IMF 2014 Forecast	IMF Revised 2014 Forecast	Actual Trailing 10 Years	IMF 2014 Forecast	IMF Revised 2014 Forecast	Actual Trailing 10 Years
U.S.	2.6	2.8	1.8	1.5	1.4	2.4
European Union	1.3	1.6	1.2	1.7	1.1	2.3
Japan	1.2	1.4	0.8	2.9	2.8	-0.1
China	7.3	7.5	10.2	3.0	3.0	3.1
Emerging Markets (ex. China)	4.1	3.7	5.3	6.0	5.8	7.5

Source: IMF. "IMF 2014 Forecast" represents the IMF's October 2013 projections and the "IMF Revised 2014 Forecast" represents the IMF's April 2014 projections.

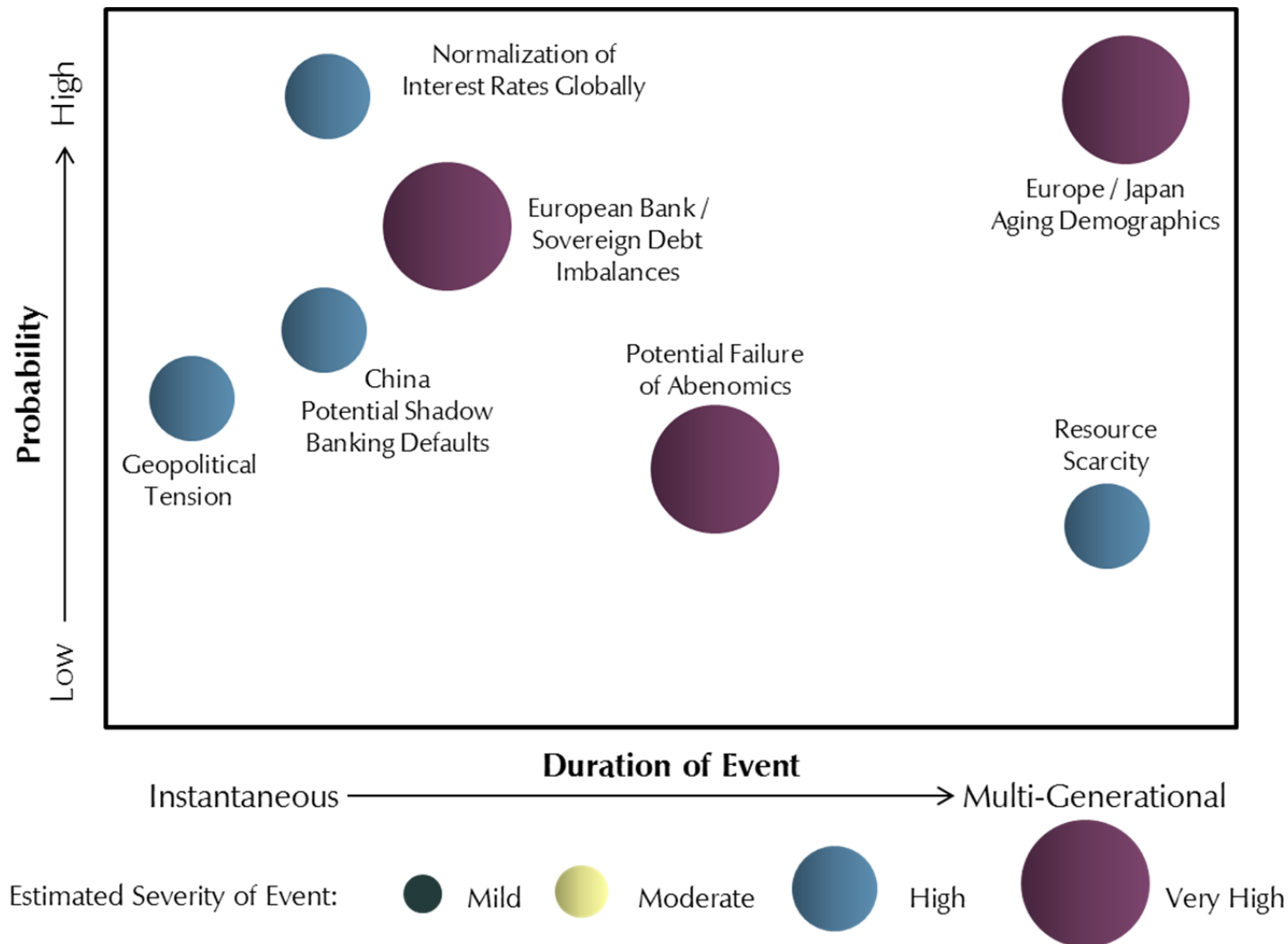
Global Economic Outlook, Continued

The U.S. Federal Reserve plans to continue to decrease their bond buying program, while in Europe further monetary stimulus is likely, in light of deflationary pressures. Continued fiscal and monetary stimulus is likely in Japan.

- The head of the U.S. Federal Reserve, Janet Yellen, recently suggested that the central bank could maintain its low interest rate policy for some time after the end of its bond buying program. The Fed also predicted a slightly faster pace of increasing short-term interest rates, while reducing its long-term rate projections.
- The U.S. Federal Reserve continues to reduce its monthly bond purchase program (i.e., quantitative easing) announcing its fifth \$10 billion reduction in June and bringing its monthly purchases to \$35 billion. It is likely that the Federal Reserve will end its purchases by year-end.
- A low interest rate policy, and government programs aimed at encouraging home purchases, has led to a housing market boom in Britain. Policy makers intend to respond by implementing macroprudential tools (e.g., regulating mortgage terms), as opposed to increasing interest rates.
- In an effort to encourage banks to lend more, the European Central Bank (ECB) recently implemented negative interest rates on reserves held at the Central Bank, and lowered its key interest rate from 0.25% to 0.15%. Also, the ECB announced plans to inject liquidity into Eurozone banks with the goal of boosting lending to businesses.
- Despite a weakening yen, due in part to the Bank of Japan's stimulative efforts, Japan continues to run a trade deficit. Weak demand from the U.S. and Europe, and higher import demand leading up to the consumption tax increase in April and for fuel imports, have weighed on Japan's trade balance.

Several issues remain of primary concern: 1) continued economic sluggishness in developed markets; 2) the normalization of interest rates globally; 3) the potential for a rapid slowdown in China hurting the global economy; and 4) increased geopolitical tensions.

Macroeconomic Risk Matrix



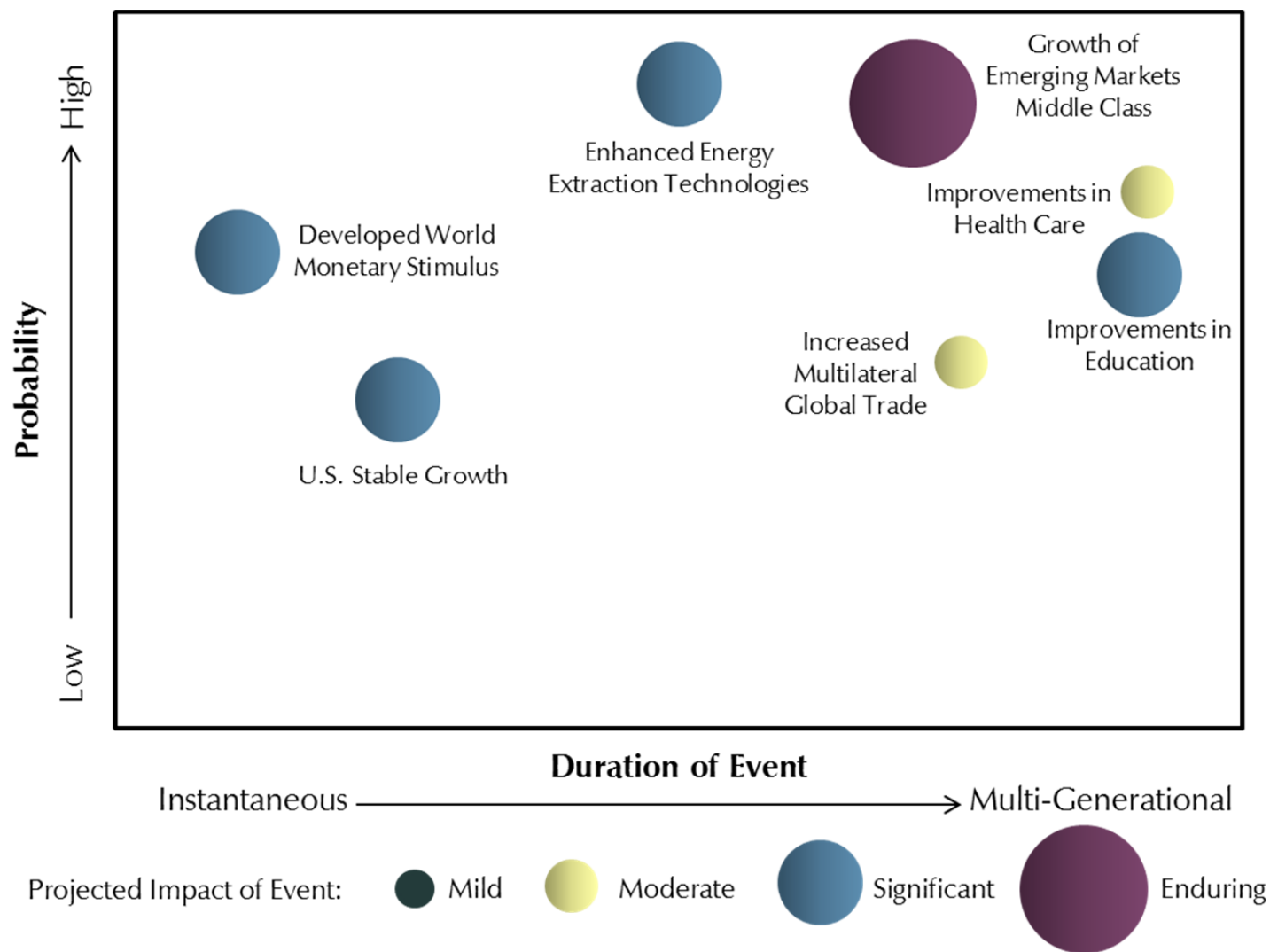
Macroeconomic Risk Overviews

European Bank/Sovereign Debt Imbalances	The crisis is rooted in structural issues in the Euro-zone related to the combination of a single currency (euro) combined with 17 fiscal authorities. Several negative outcomes are possible from the sovereign debt crisis, including sequential sovereign default, a break-up of the euro, bank failures, political regime change, and rapid de-leveraging/deflation.
Potential Failure of Abenomics	Japan has embarked on a historic stimulus program, commonly referred to as "Abenomics" in an effort to fight its decades of deflation. The plan includes monetary, fiscal, and structural components. If Japan overshoots with its policies, or dramatically changes them unexpectedly, it could prove to be very disruptive to markets and growth.
Europe/Japan Aging Demographics	In Japan and Europe birth rates have declined, resulting in populations becoming older and smaller relative to the rest of the world. These demographic trends will have a negative long-term impact on GDP growth and fiscal budgets, amplifying debt problems.
Geopolitical Tension	Recently, tensions increased in Iraq as the Islamic State of Iraq and Syria (ISIS), a radical offshoot of al-Qaeda, seized the cities of Mosul and Fallujah. The takeover of Mosul dramatically increased the groups funding as they seized hundreds of millions of dollars from the area's branch of the central bank. Additionally, the group took control of oil fields in northern Iraq, creating a revenue stream going forward and causing volatility in the energy market. An escalation in the circumstances in Iraq could prove to be disruptive to energy and commodity markets. There also remain other unresolved geopolitical issues including tensions between Russia and Ukraine, China's maritime expansion, the civil war in Syria, and the on-going conflict between Israel and Hamas.
China Potential Shadow Banking Defaults	Since the Global Financial Crisis, China's debt burden has increased dramatically, particularly in the "shadow banking" system. Companies looking for financing that have been deemed a high risk by traditional banks have been turning to non-bank institutions for funding. Traditional banks have been offering clients higher yielding products issued by "shadow banks" and backed largely by loans to high risk borrowers. Although these products are offered through traditional banks, they do not ultimately back them. Recently, investors in one such product backed entirely by equity in, and loans to, a major coal mining company learned that they may not receive their principal back. Ultimately, it was announced that investors would receive their full investment back, but would not receive a portion of the interest expected. Little details were provided on the last minute source of the rescue capital. Going forward, additional bailouts could be required if other similar products default.

Macroeconomic Risk Overviews, Continued

Normalization of Interest Rates Globally	After the Global Financial Crisis, the developed world, particularly the U.S., injected massive amounts of liquidity into the financial system in an effort to prevent depression-like declines in economic activity. Additionally, the world's central banks reduced short-term interest rates to record lows. As the global economy continues to improve, and monetary stimulus is withdrawn, it is likely that interest rates will normalize. An increase in interest rates could weigh on growth globally, particularly in emerging markets.
Resource Scarcity	The increasing world population, urbanization, and a growing middle class, particularly in emerging economies, could all lead to a scarcity of resources going forward, including food, water, land, energy, and minerals. As demand continues to grow and supply declines, it is possible that commodity prices will skyrocket, hurting the living standards of many and increasing the risk of geopolitical conflicts.

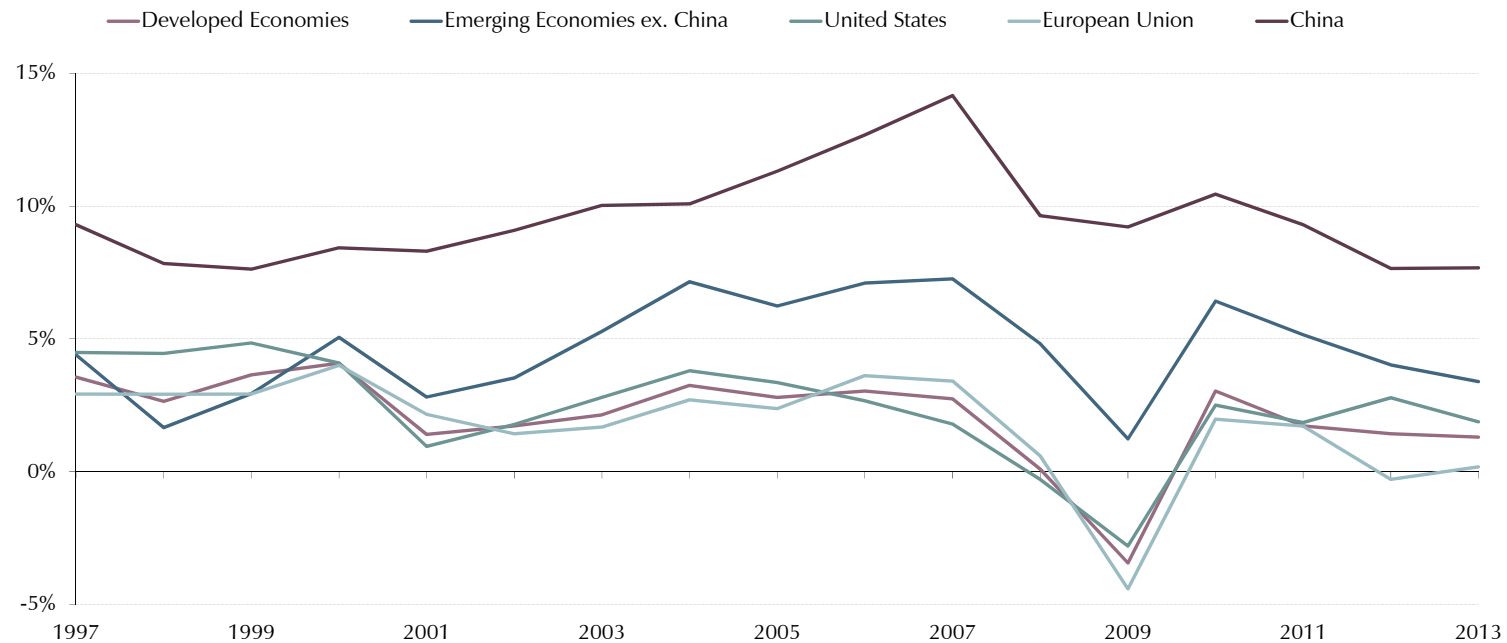
Positive Macroeconomic Trends Matrix



Positive Macroeconomic Trends Overviews

U.S. Stable Growth	Despite the first quarter decline in growth, the U.S. economy has shown signs of improvement with GDP growth improving and unemployment declining. Continued stabilization in the world's largest economy should lead to improvements in employment and growth domestically, as well as increased demand for goods and services from abroad.
Growth of Emerging Markets Middle Class	In emerging economies, the size of the middle class is projected to grow significantly over the next twenty years. The growing middle class in the emerging economies should increase consumption globally, which in turn will drive GDP growth and create jobs.
Increased Multilateral Global Trade	The pace of globalization has accelerated, particularly in emerging economies. Increased trade and investment, as well as access to foreign capital and export markets for corporations, should lead to lower costs, higher efficiencies, and higher global growth.
Improvements in Education/Healthcare	Literacy rates and average life spans have increased globally, particularly in the emerging economies. Higher literacy rates will likely be a driver of future growth, as the ability to read helps people learn new skills and improve existing skills. When people live longer it increases incentives to make long-term investments in human capital (i.e., education and training), resulting in a more productive work force and ultimately more growth.
Enhanced Energy Extraction Technologies	Hydraulic fracturing (i.e., fracking) technologies have allowed large new supplies of natural gas and oil to be extracted from shale rocks, predominantly in the U.S. The large new supply of natural gas has decreased U.S. prices to levels considerably below the rest of the world. Going forward, it is likely that other countries will work to improve their fracking technologies, further increasing the supply of oil and gas globally.
Developed World Monetary Stimulus	Developed market central banks have embarked on a massive monetary stimulus campaign in the aftermath of the Global Financial Crisis. The U.S., European, and Japanese central banks continue to maintain interest rates at record lows. Japan has embarked on an unprecedented asset purchase program (quantitative easing), while the U.S. recently has begun reducing its stimulative efforts. Going forward, if central banks continue to provide liquidity and keep interest rates low this should stimulate growth.

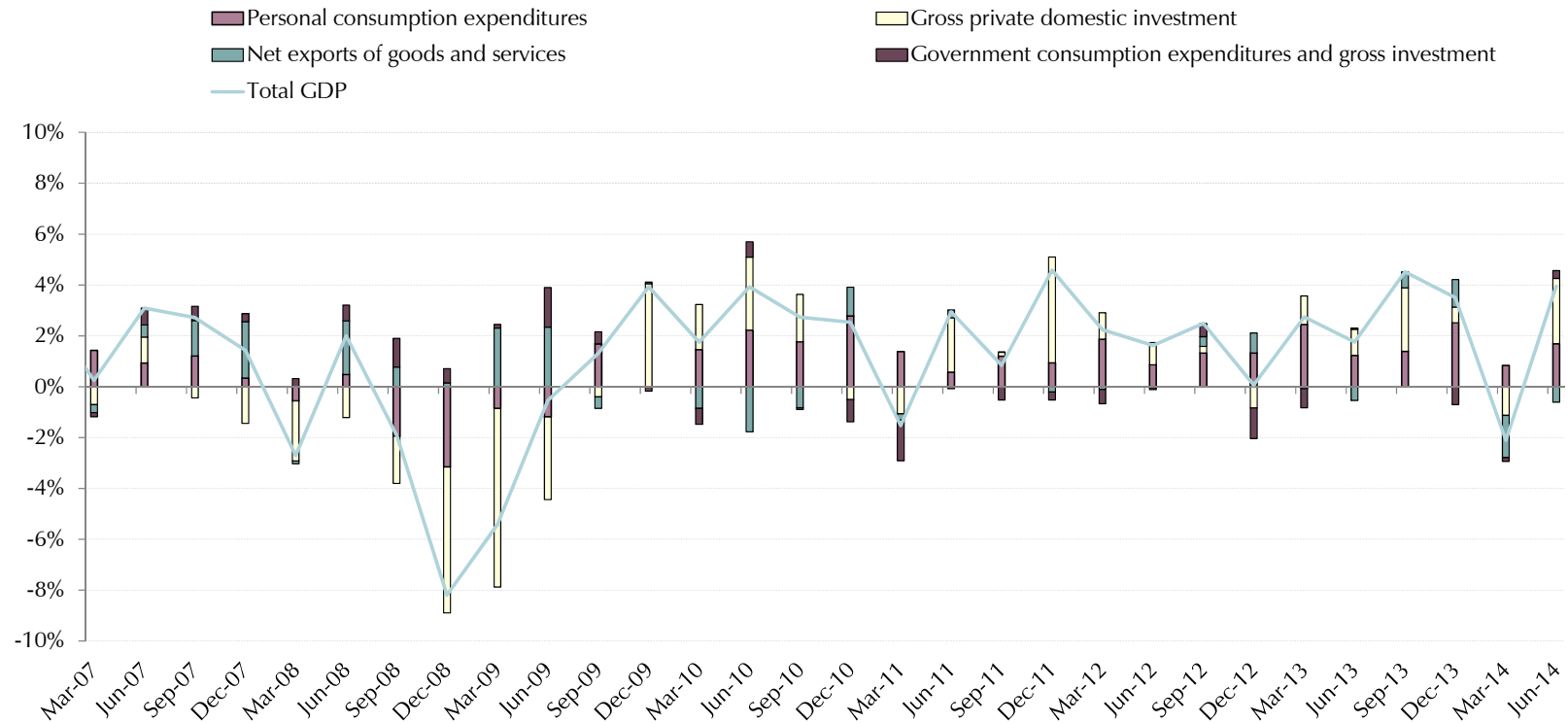
Global Real Gross Domestic Product (GDP) Growth



Source: IMF.

- Since the post Global Financial Crisis recovery, real GDP growth has slowed globally with emerging economies continuing to grow at a faster pace than developed economies.
- China's growth has declined from double-digit levels, but it remains well above other emerging economies. The planned transition to a consumption-based growth model from the current investment-focused model could further weigh on China's growth in the short-term.

U.S. Real Gross Domestic Product (GDP) Growth¹

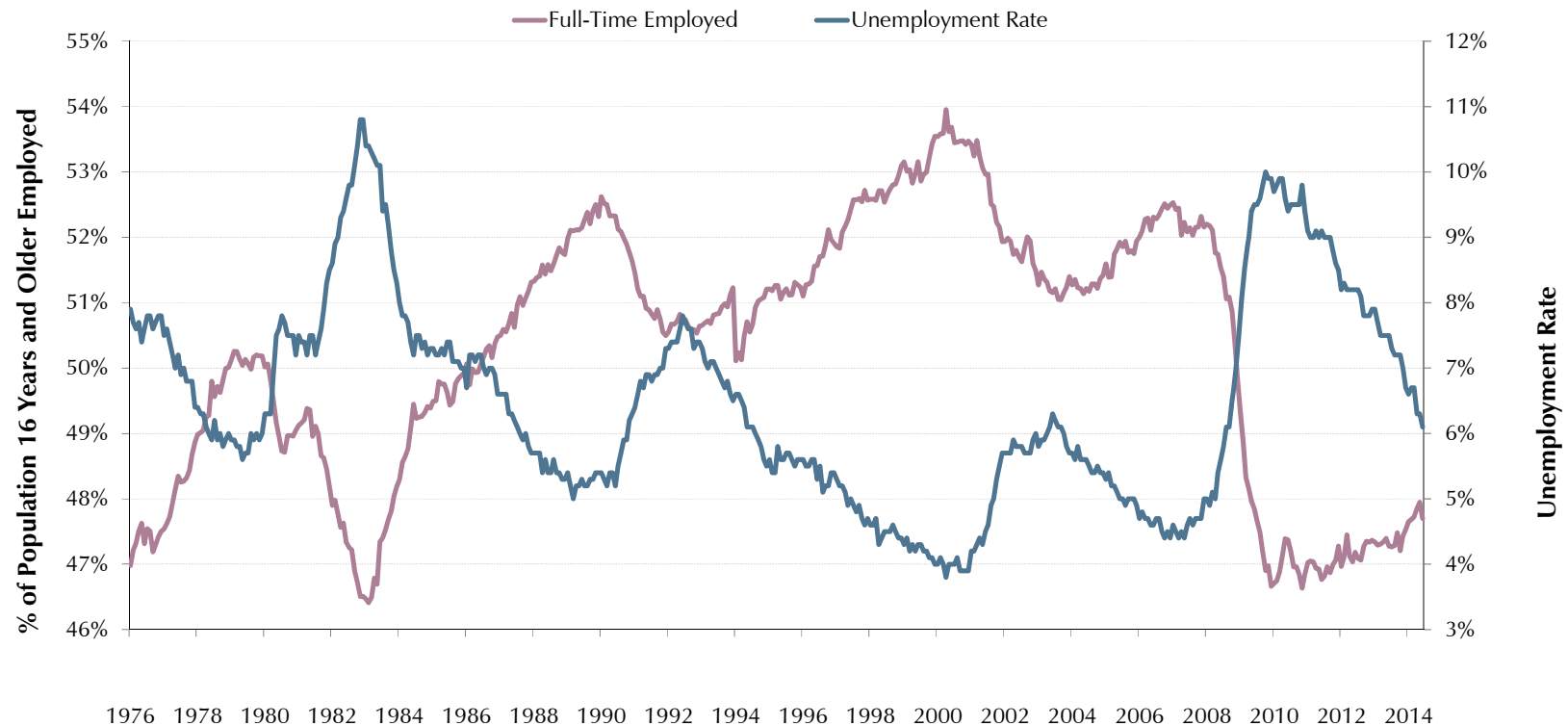


Source: U.S. Bureau of Economic Analysis. Data is as of June 30, 2014.

- After a first quarter decline of 2.1%, GDP in the U.S. rebounded strongly in the second quarter, up 4.0%.
- The strong second quarter growth was driven by personal consumption (+1.7%) and private domestic investment (+2.6%), particularly investments in inventory.

¹ Represents quarterly real GDP annualized.

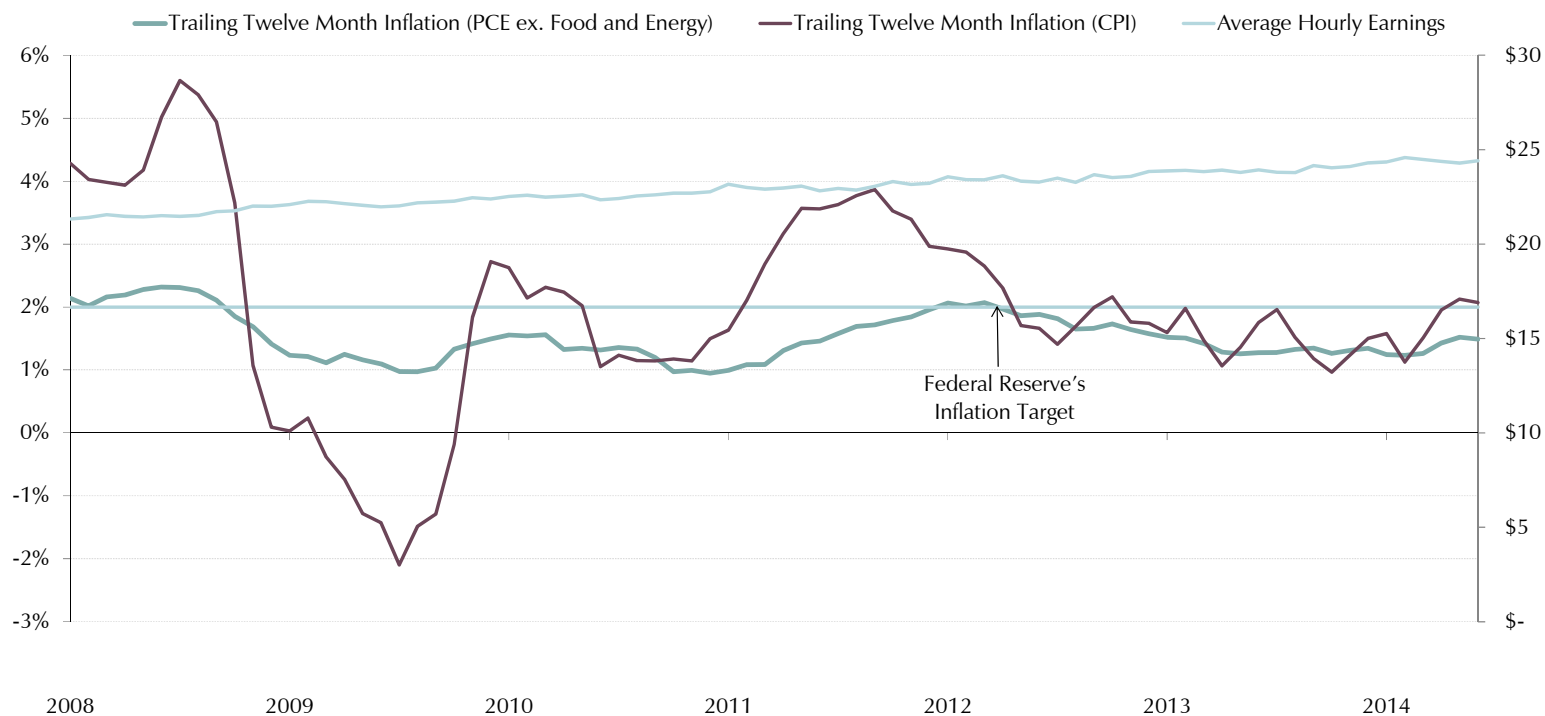
U.S. Employment



Source: Bureau of Labor Statistics. Data is as of June 30, 2014.

- Recently, the U.S. unemployment rate declined, but the percentage of the population that is employed is less than 50%.
- Improvements in the U.S. economy could lead to the unemployment rate increasing, as those currently not looking for work return to the job market and are included in the unemployment calculation.

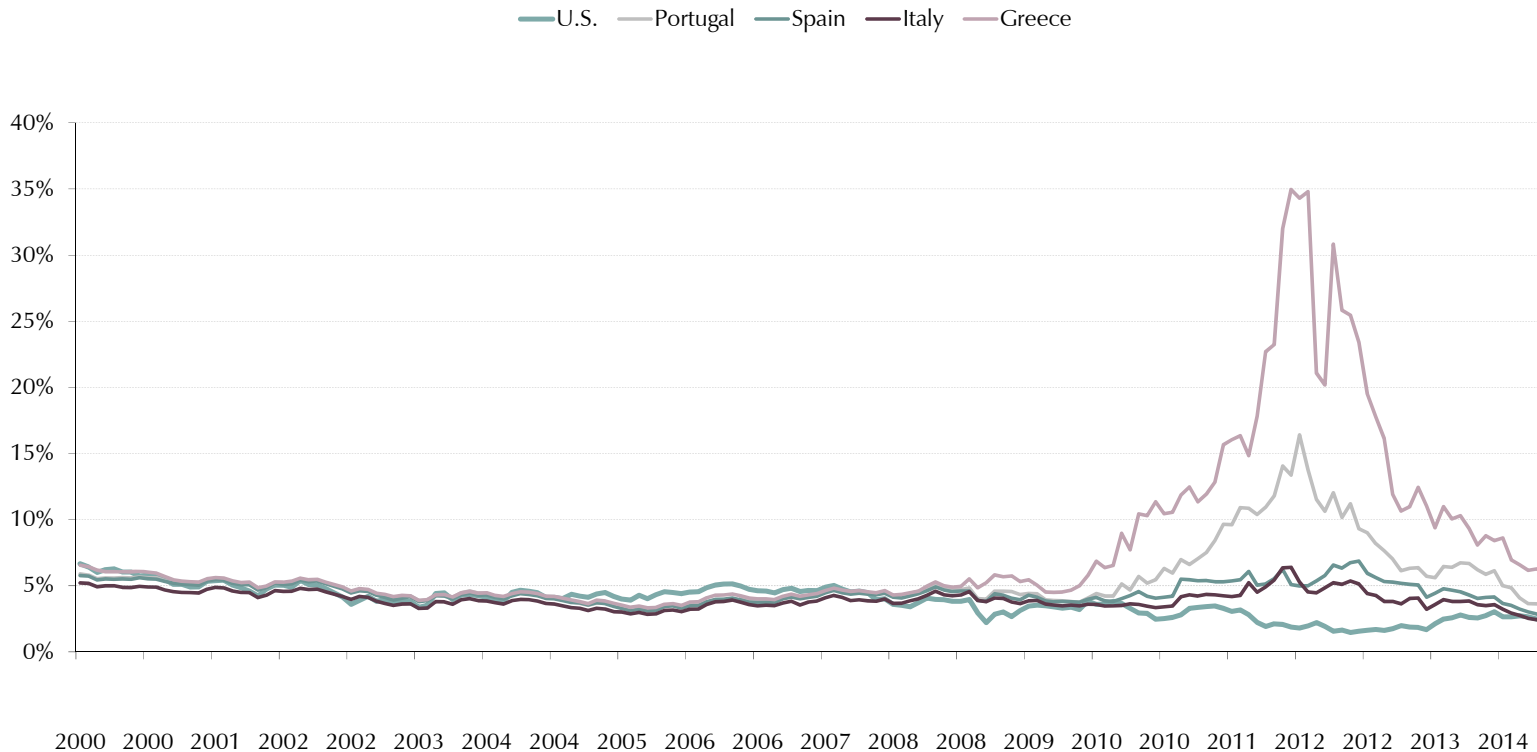
U.S. Inflation



Source: U.S. Bureau of Economic Analysis, Bureau of Labor Statistics. Data is as of June 30, 2014.

- The U.S. Federal Reserve's preferred measure of inflation remains below its tolerance level (1.5% versus 2.0%) allowing for flexibility in their monetary policy, if needed.
- When accounting for food and energy, prices recently increased due respectively to poor growing conditions and tensions in Iraq and Ukraine.
- If prices continue to climb it could create pressure on U.S. consumers, particularly due to stagnant wages.

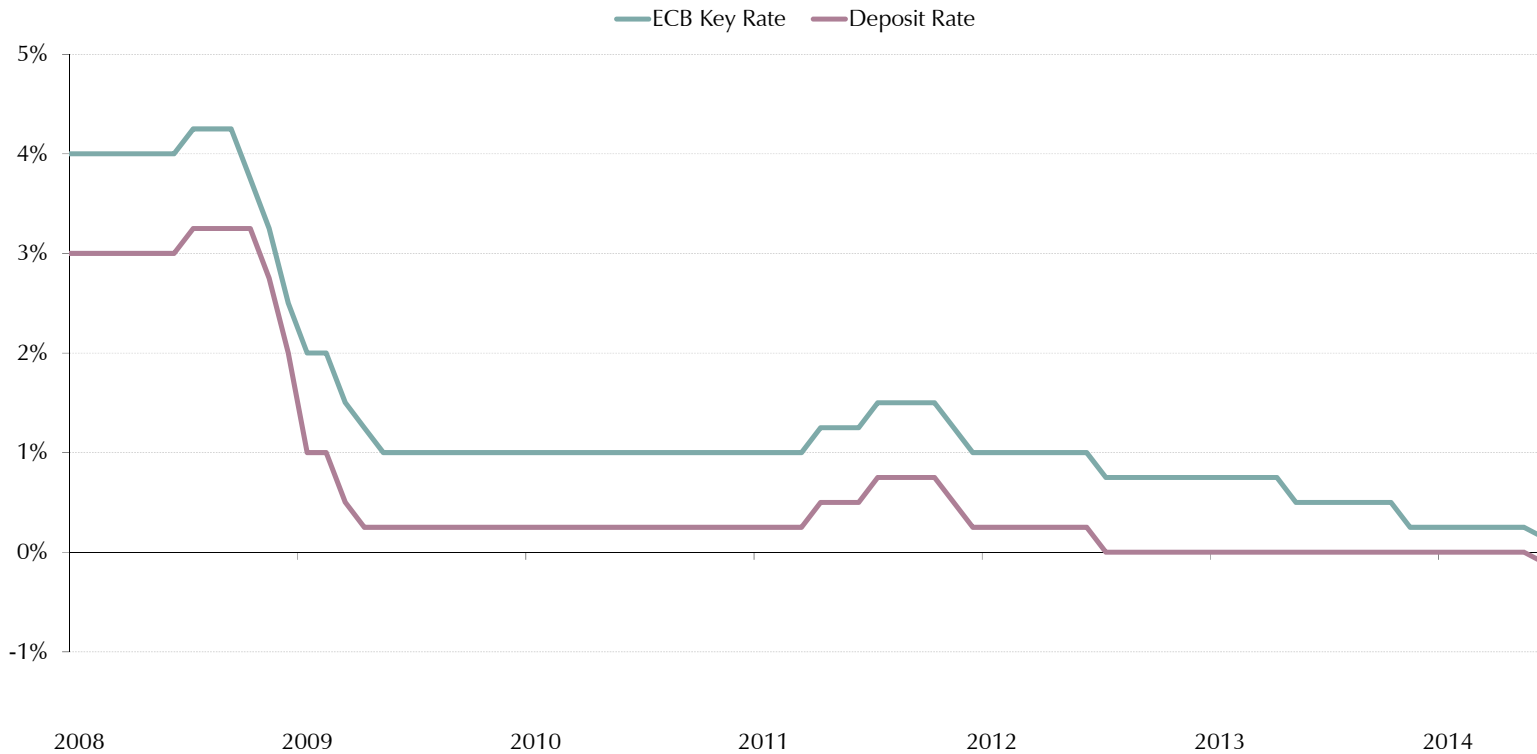
10-Year Government Bond Yields



Source: Bloomberg. Data is as of June 30, 2014.

- Despite continued economic sluggishness and financial risk, bond yields on peripheral European countries have declined to levels close to the U.S.
- In Greece, yields declined from their peak of close to 35% to 6%, a level only 3.4% above the U.S.

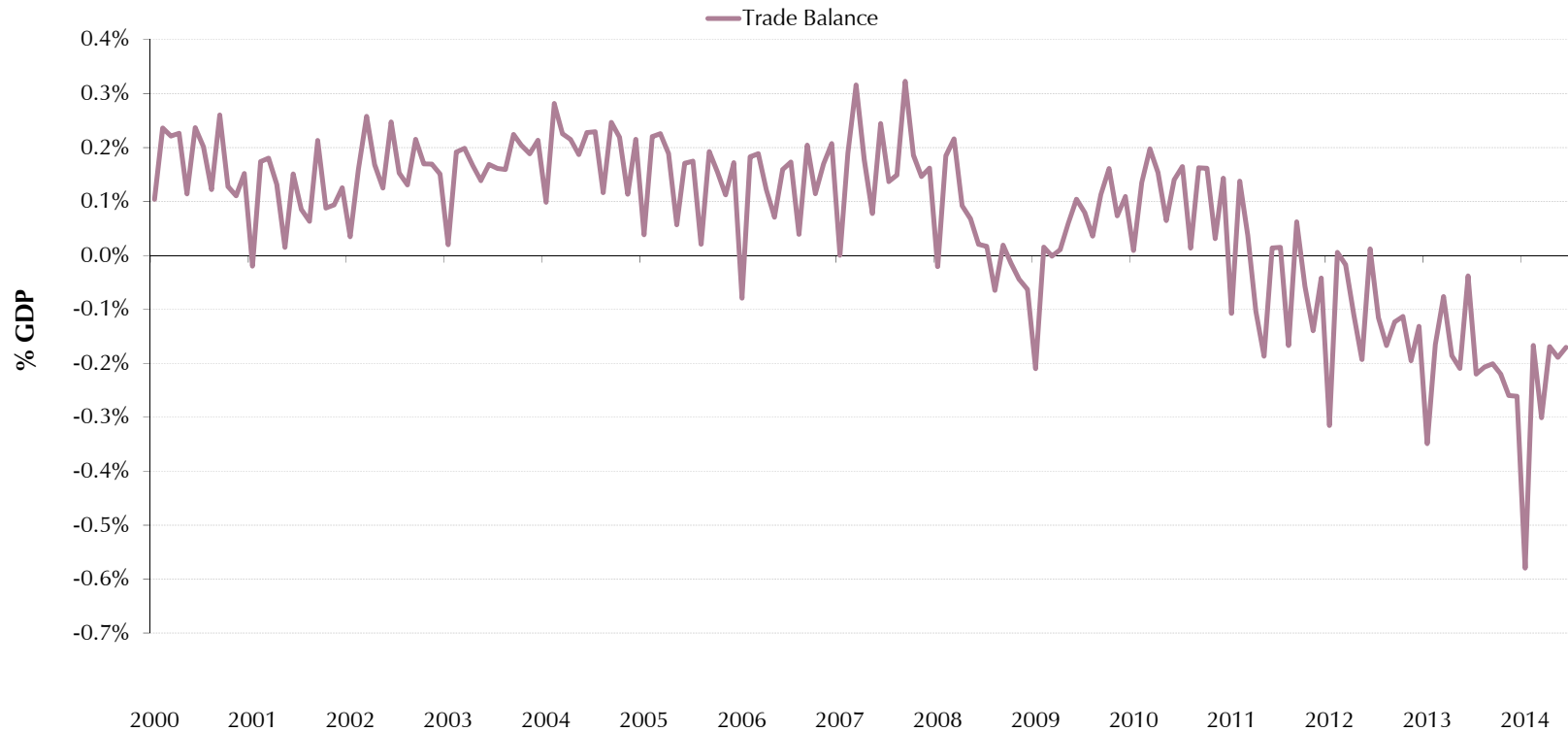
European Interest Rates



Source: Bloomberg. Data is as of June 30, 2014.

- The risk of deflation in the region, along with the strengthening euro, led the European Central Bank (ECB) to recently announce further monetary stimulus including a reduction in interest rates and increased liquidity to banks.
- If deflationary pressures persist and growth remains low, it is likely that the ECB will introduce further monetary stimulus.

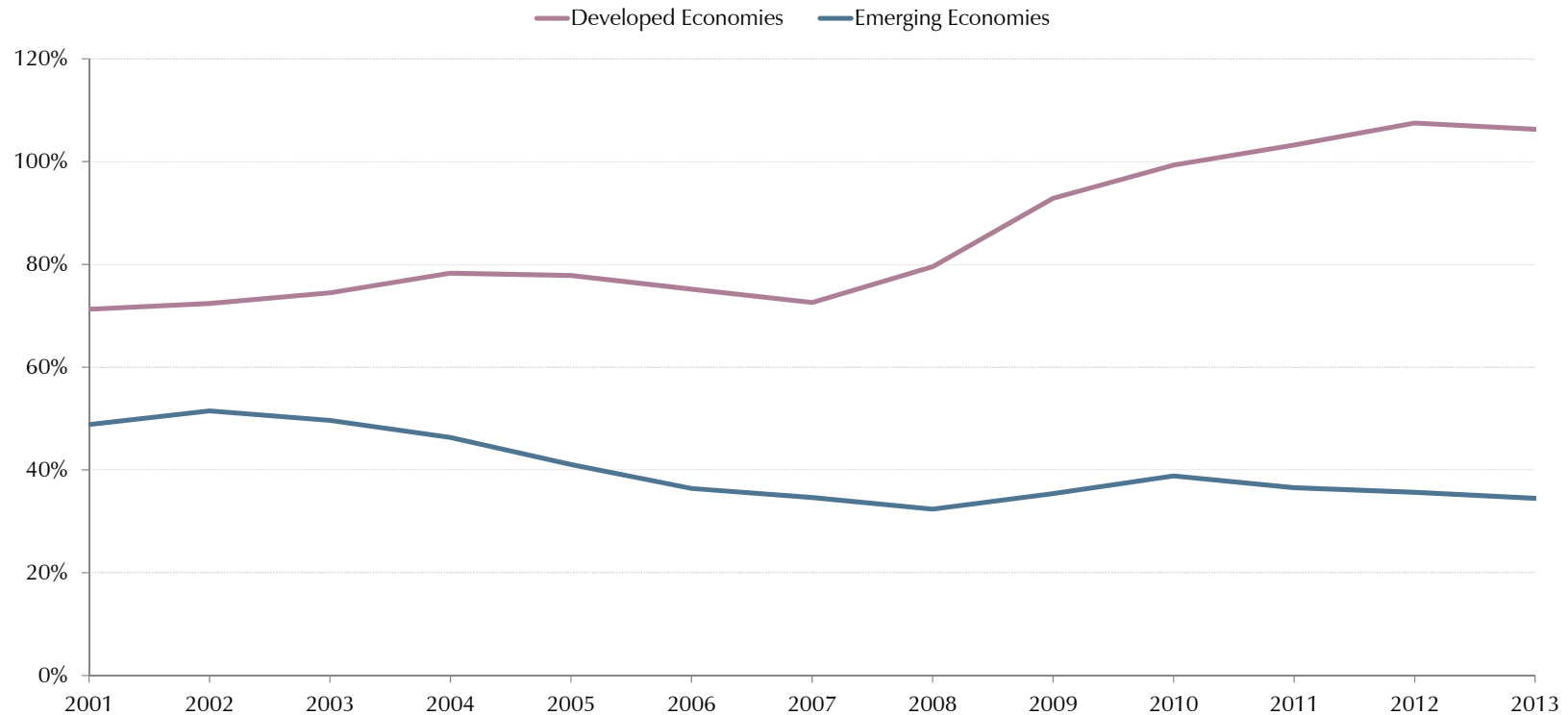
Japanese Trade Deficit



Source: Bloomberg, Cabinet Office Japan. Data is as of June 30, 2014.

- Japan continues to run a trade deficit, despite the weakening of the yen by historic monetary stimulus.
- The continued need to import energy after the Fukushima nuclear disaster and weak export demand have weighed on Japan's trade balance.

Debt as a % of GDP



Source: IMF.

- Although emerging market investment returns have recently trailed those of developed markets, the long-term growth thesis remains intact.
- Lower debt levels, along with a growing middle class and higher ratios of working age people, should help bolster emerging economy growth.

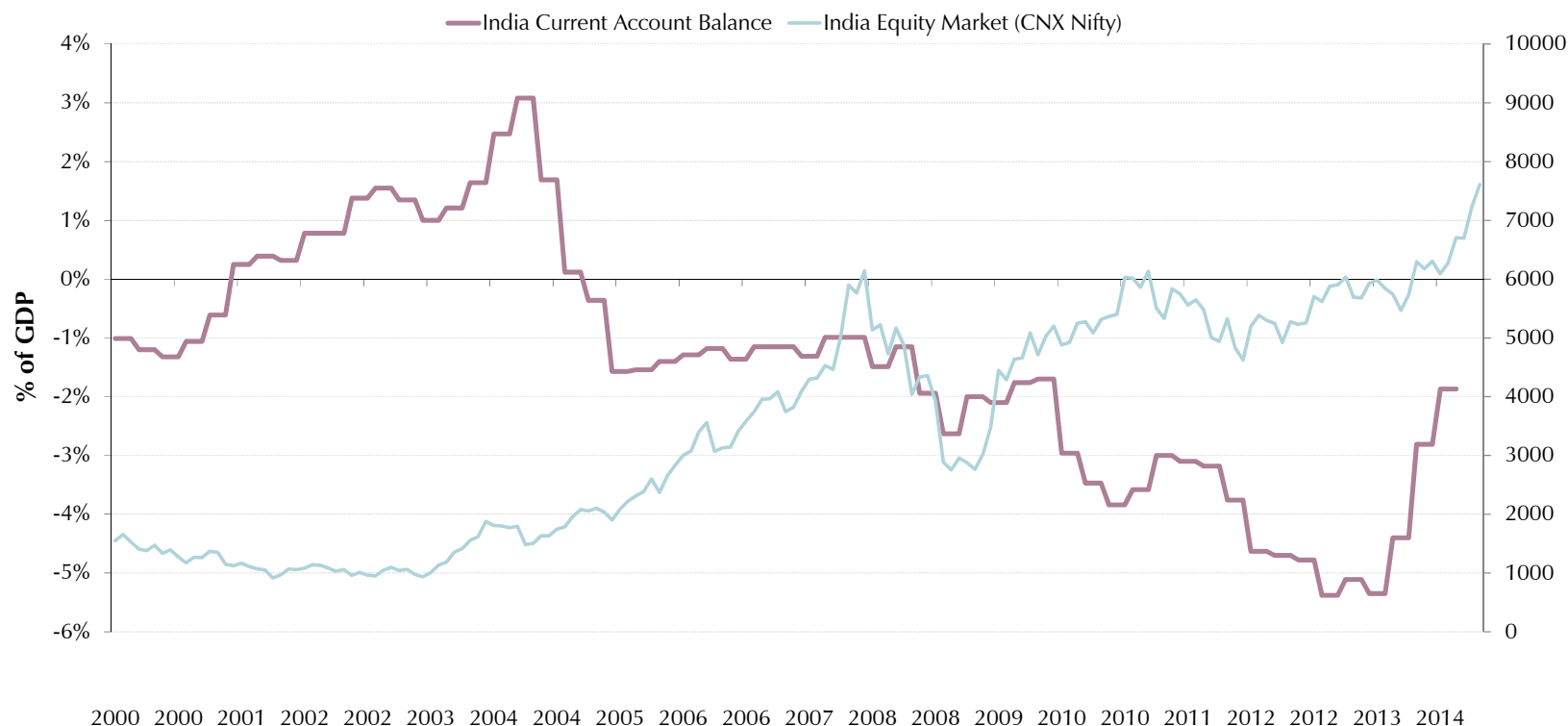
China's Debt Burden



Source: PBOC, Gao Hua Securities, GS Global Investment Research.

- China's debt level has reached 240% of GDP when the "shadow banking" sector is included.
- The growing amount of loans to higher risk borrowers outside the traditional banking system could require large scale bailouts by the Chinese government and ultimately depress growth.

India Economic Conditions



Source: Bloomberg. Current account data is as of March 31, 2014. CNX Nifty data is as of June 30, 2014.

- India's current account deficit has recently declined and its currency strengthened as exports have increased and the government imposed several tax hikes on gold imports.
- With the recent election of pro-business Narendra Modi as prime minister, and the government's recent efforts to improve the current account balance, India's equity market has increased.

Summary

For 2014, four primary concerns face the global economy: 1) continued economic sluggishness in developed markets; 2) the normalization of interest rates globally; 3) the potential for a rapid slowdown in China hurting the global economy; and 4) increased geopolitical tensions.

- Growth remains sluggish in the major developed market economies including the U.S., Europe, and Japan. Additionally, all three economies are at varying stages of historic monetary stimulus. Any unexpected changes to monetary policy could prove disruptive to markets and global growth.
- The normalization of interest rates from historic lows will likely create headwinds to global growth. Emerging economies could particularly be hurt by this trend, especially those with current account deficits.
- China's recent growth has been mainly driven by debt-fueled investment, a lot of which came from the "shadow banking" system. The planned transition from an investment based growth model to a consumption based growth model could prove to be difficult in the short-term, as the targeted rate of debt growth could weigh heavily on economic growth. Further, the high level of debt outside the traditional banking system creates the threat of large scale defaults and the need for government bailouts.
- If the situation in Iraq continues to deteriorate it could be disruptive to energy markets and weigh on growth. The conflict between Ukraine and Russia, the civil war in Syria, and China's maritime expansion are other issues that remain unresolved.

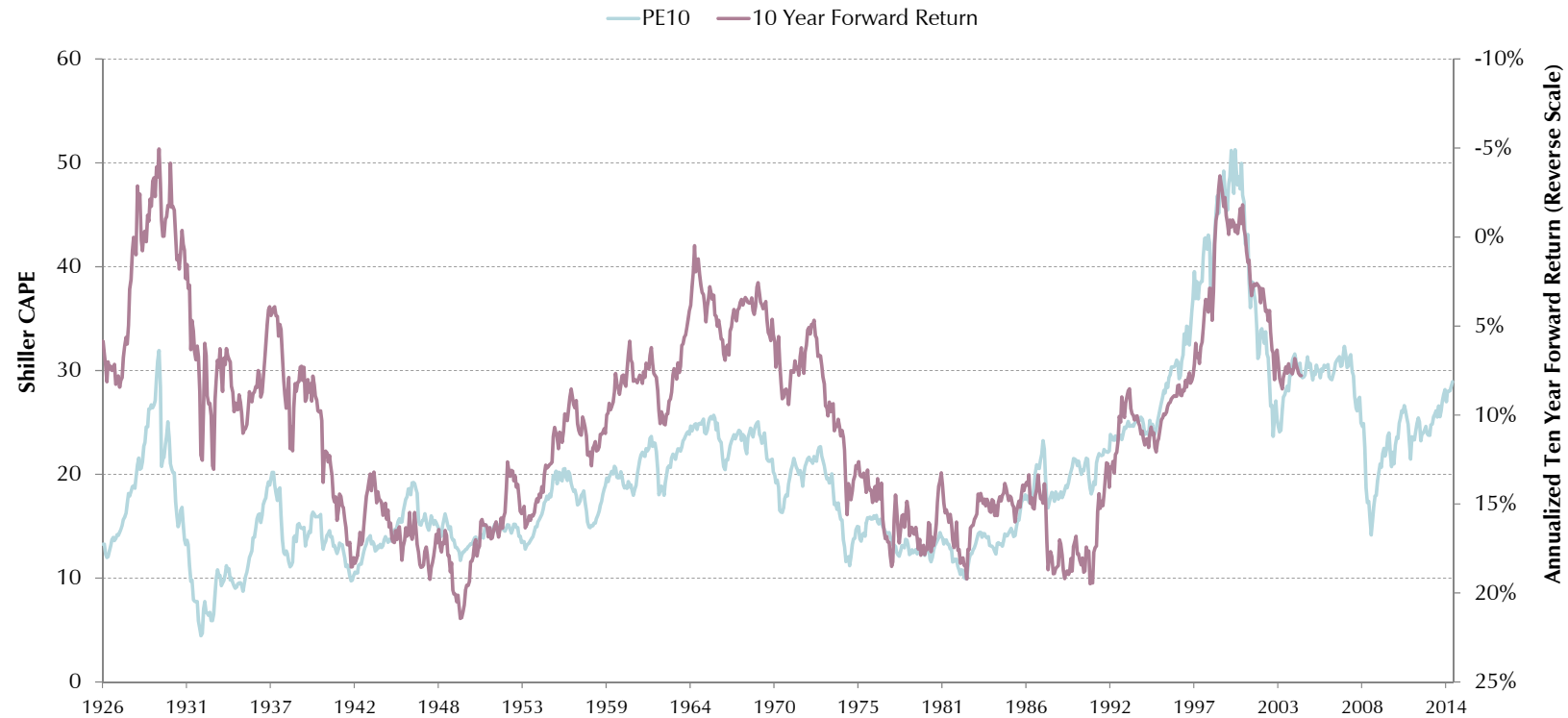
Capital Markets Outlook

Capital Markets Outlook¹

- Investors are faced with three primary issues in the near-term: 1) historically low bond yields, 2) the potential for a transition into a rising rate environment, and 3) the potential for deteriorating corporate earnings.
 - The price of the U.S. stock market relative to ten-year average earnings increased slightly from the beginning of the year, remaining above its historical average (28.9x versus 21.6x).
 - Small cap domestic stocks remain richly priced relative to large cap stocks.
 - Developed international and emerging market stocks are trading at lower valuations than U.S. stocks.
 - Sovereign debt issues and weak economic growth in Europe, and a cyclical slowdown in emerging economies, are weighing down valuations.
 - Uncertainties around global demand (particularly from emerging markets), stimulative monetary policy, and geopolitical tensions could cause heightened volatility despite a recent lull in turbulence.
 - In particular, the monetary policy changes by central banks are having a meaningful impact on most markets.
 - At the end of June, the spreads for both high yield corporate bonds (3.4% versus 5.5%) and investment grade bonds (1.0% versus 1.5%) were below their long-term averages.
 - At 2.5%, the yield on the ten-year Treasury remained far below its post-WWII average of 5.7%.
 - Low yields on fixed income instruments are likely to push long-term investors further out on the risk spectrum as they seek to achieve their target returns, while short-term investors may look to cash for safety.

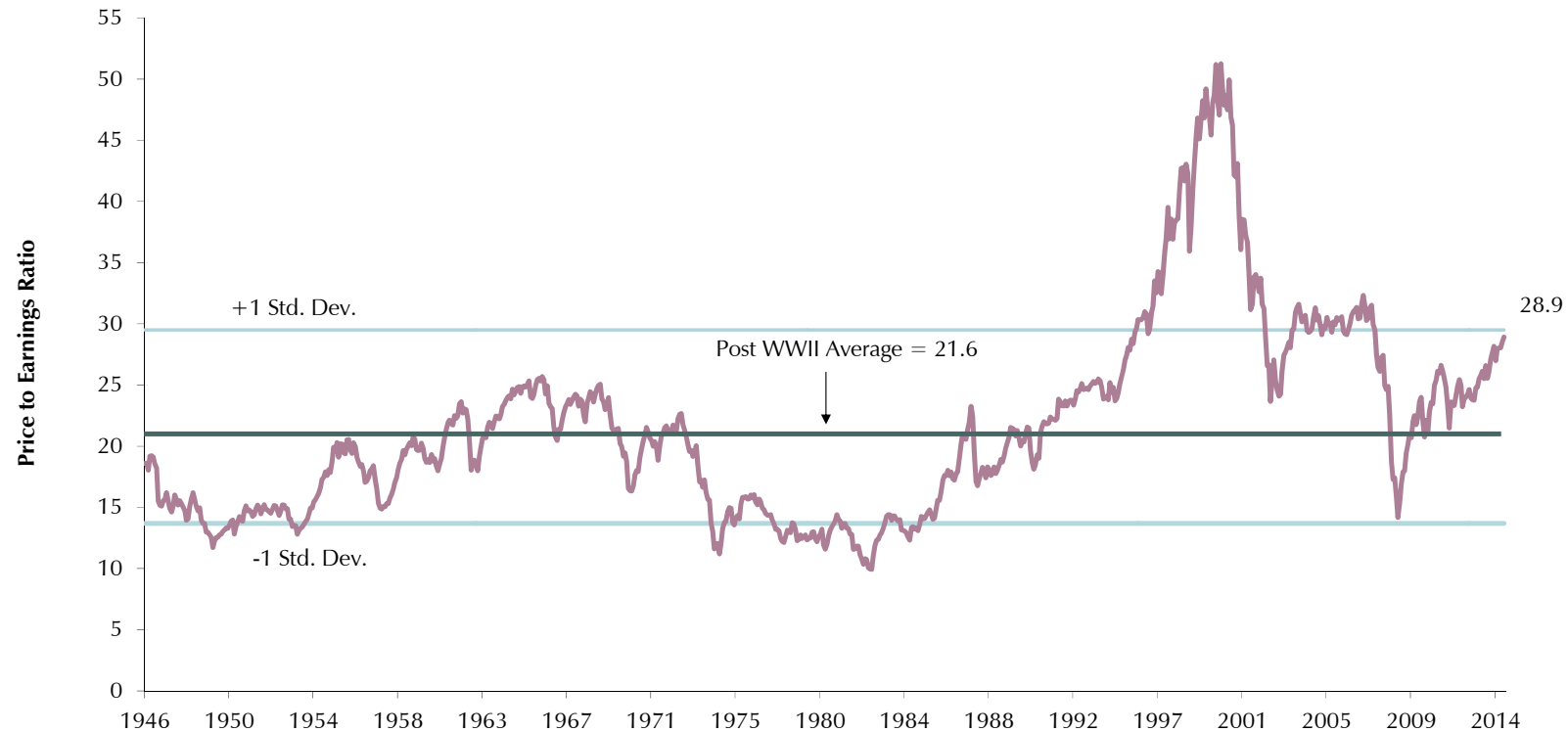
¹ Sources: Thomson Reuters, U.S. Treasury, Standard & Poor's. Data is as of June 30, 2014.

The U.S. Cyclically Adjusted P/E¹ and Long Term Equity Returns



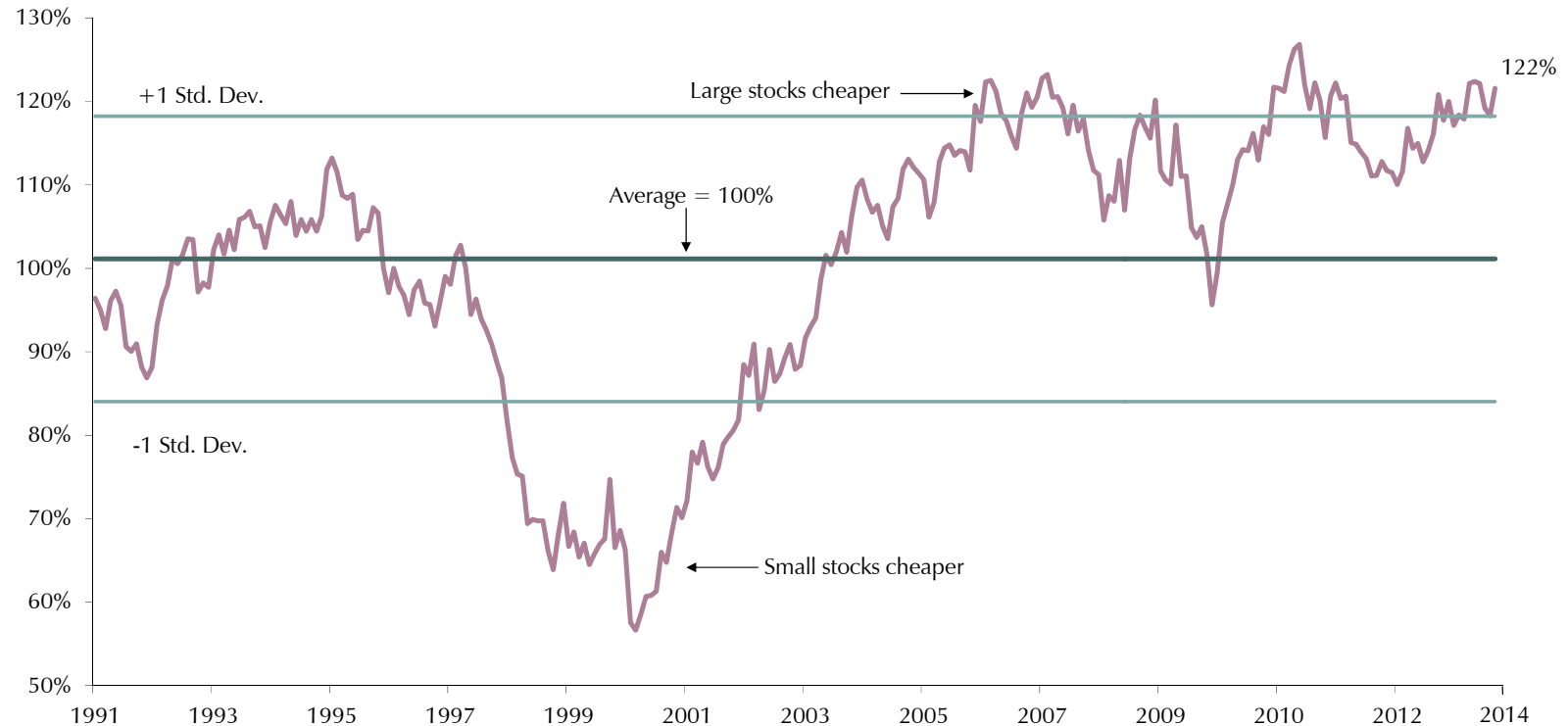
- One of the most powerful predictors of long term equity returns has been the Cyclically Adjusted Price to Earnings Ratio (CAPE), which was originally proposed by Robert Shiller.
- This fundamentally driven measure is highly correlated with future returns which are shown in the chart above with ten year forward returns on a reverse scale.

¹ Source: PE data are from Robert Shiller's website from 1926 - 1946; S&P and Thomson Reuters 1946 – present. S&P 500 equity returns are from Morningstar Direct for the entire period. Data is from January 31, 1926 to June 30, 2014.

U.S. Equity Cyclically Adjusted P/E¹

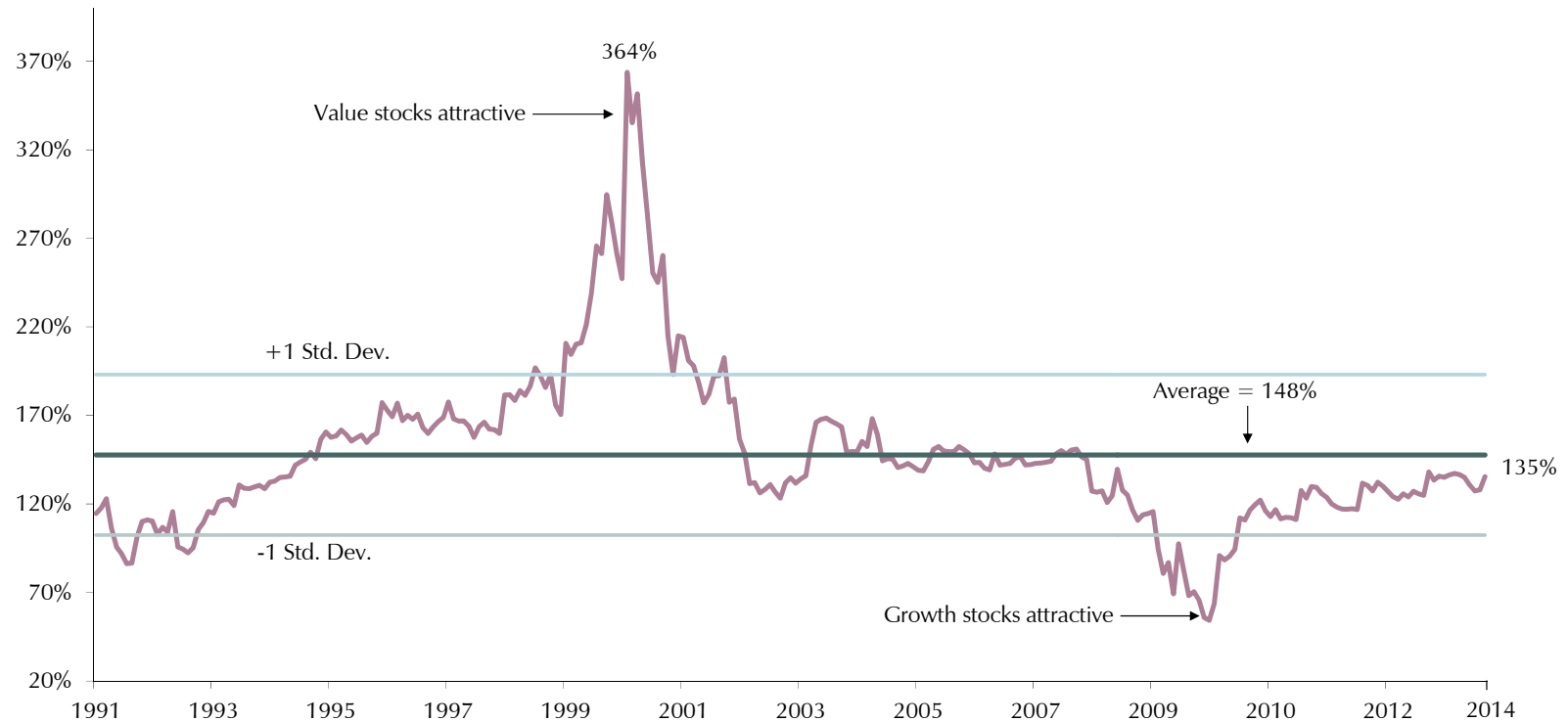
- The cyclically adjusted P/E ratio for the S&P 500 finished June at 28.9x, above its post-WWII average of 21.6x.
- Recent strong performance has driven this valuation measure well past its long-term average. While still not at extreme levels, it is not likely that this type of price appreciation can continue indefinitely.

¹ Source: Standard & Poor's. Earnings figures represent the average of monthly "as reported" earnings over the previous ten years. Data is from January 31, 1946 to June 30, 2014.

Small Cap P/E vs. Large Cap P/E¹

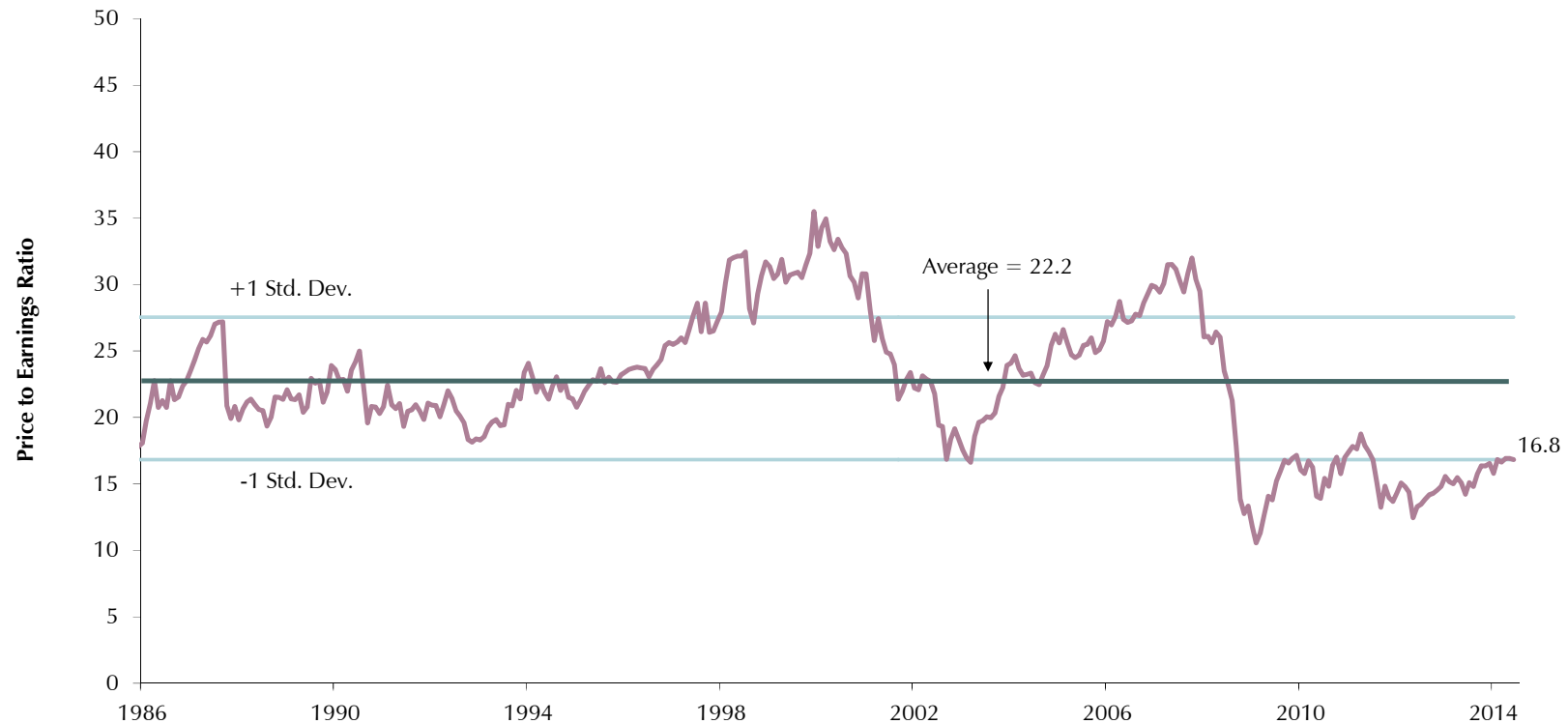
- The P/E ratio of small cap stocks (Russell 2000) relative to large cap stocks (Russell 1000) remains more than one standard deviation above its long-term average, signaling potential underperformance of small cap stocks relative to large cap stocks.

¹ Source: Russell Investments. Earnings figures represent 12-month "as reported" earnings. Data is as of June 30, 2014.

Growth P/E vs. Value P/E¹

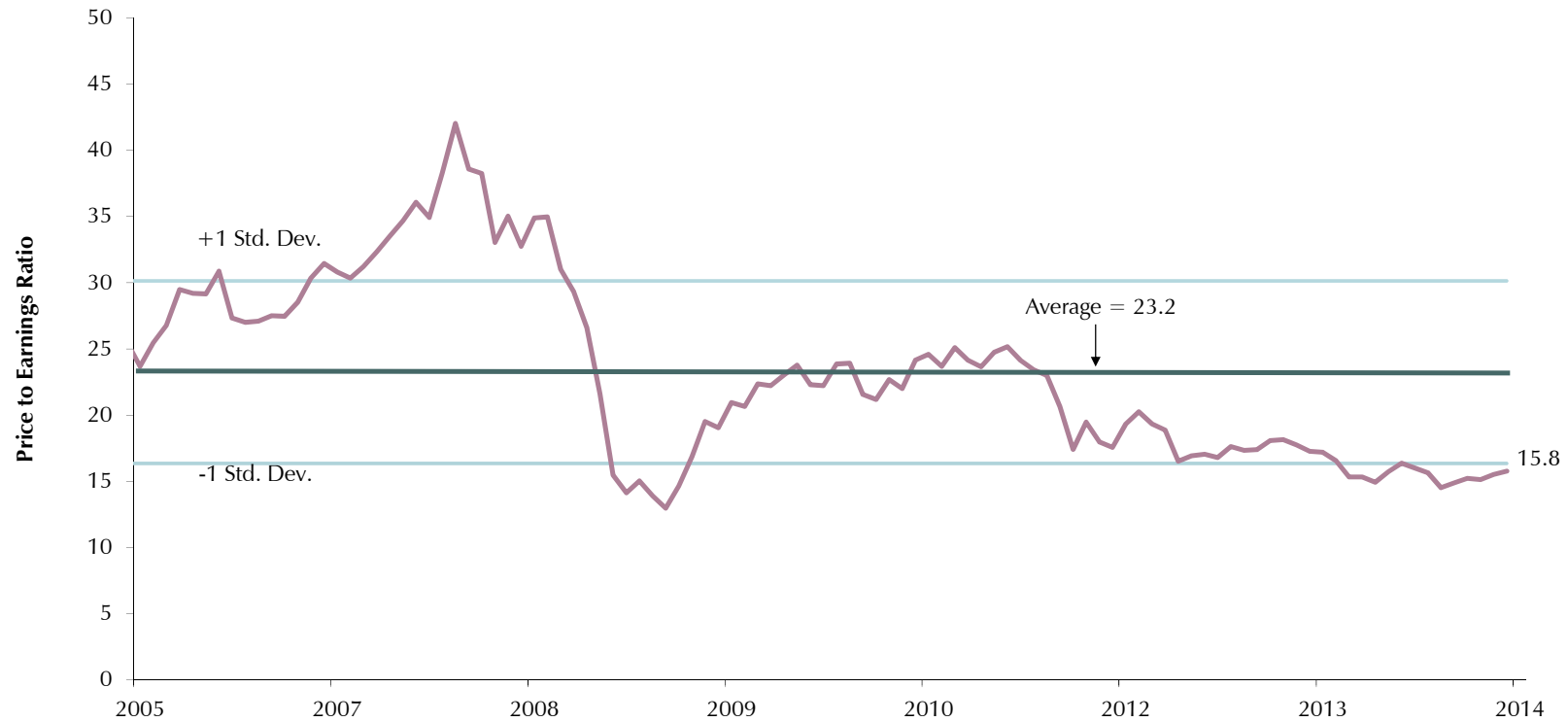
- The P/E ratio of growth stocks (Russell 3000 Growth) relative to value stocks (Russell 3000 Value) finished June at 135%, well above its level four years prior, but still below its long-term average.
- Of note, the long-term average was sharply influenced by the technology bubble of the late 1990s.

¹ Source: Russell Investments. Earnings figures represent 12-month "as reported" earnings. Data is as of June 30, 2014.

Developed International Equity Cyclically Adjusted P/E¹

- Valuations (for the MSCI EAFE (ex-Japan)) remain approximately one standard deviation cheaper than their historical average.
- Sovereign debt concerns and the slow-to-negative pace of economic growth in Europe likely account for the low valuation levels.

¹ Source: MSCI and Thomson Reuters. Earnings figures represent the average of monthly "as reported" earnings over the previous ten years. Data is as of June 30, 2014.

Emerging Market Equity Cyclically Adjusted P/E¹

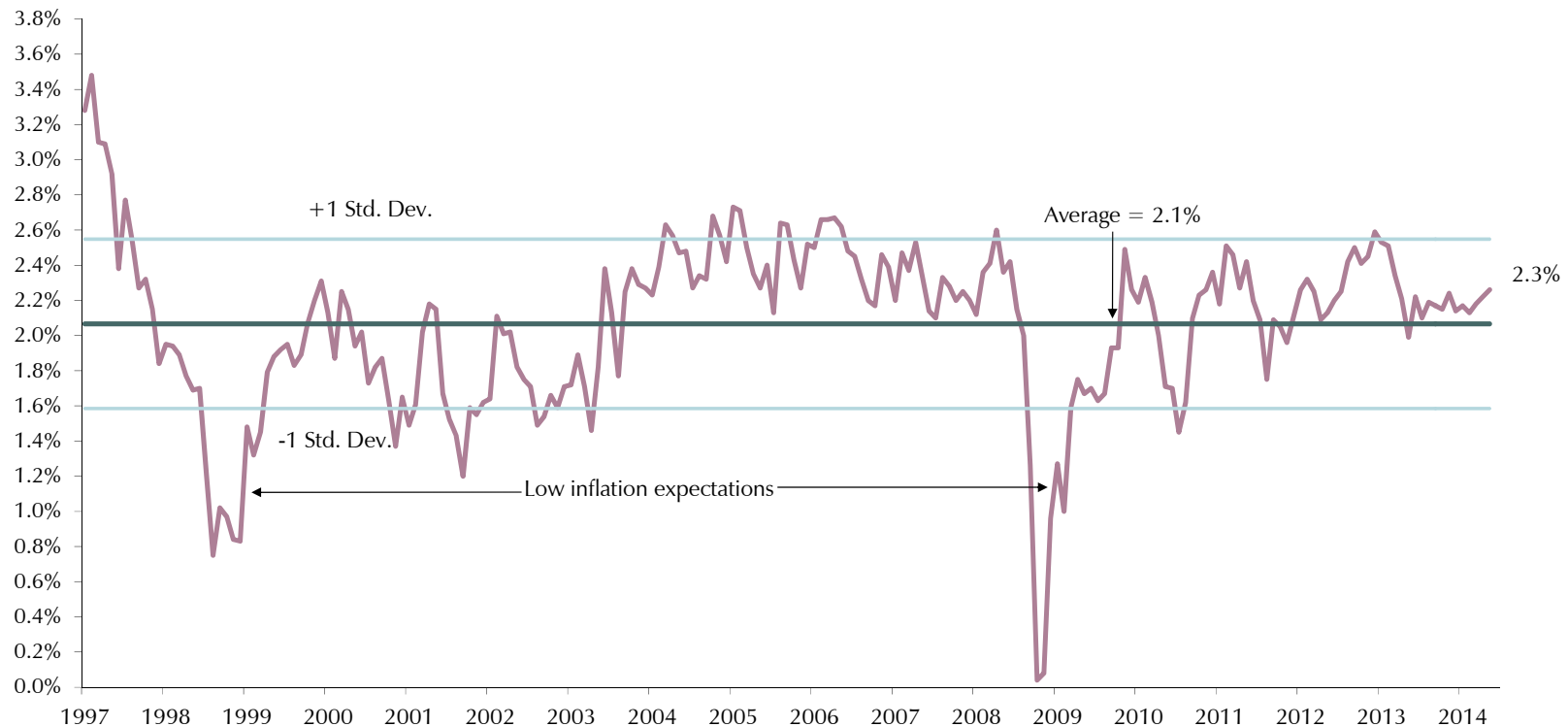
- Emerging market equities (MSCI Emerging Markets) are priced more than one standard deviation below their (brief) historical average.
- By this metric, emerging market equities are trading at a much lower valuation than U.S. equities, and at a slightly lower valuation than non-U.S. developed market equities.

¹ Source: MSCI and Thomson Reuters. Earnings figures represent the average of monthly "as reported" earnings over the previous ten years. Data is as of June 30, 2014.

Ten-Year Treasury Yields¹

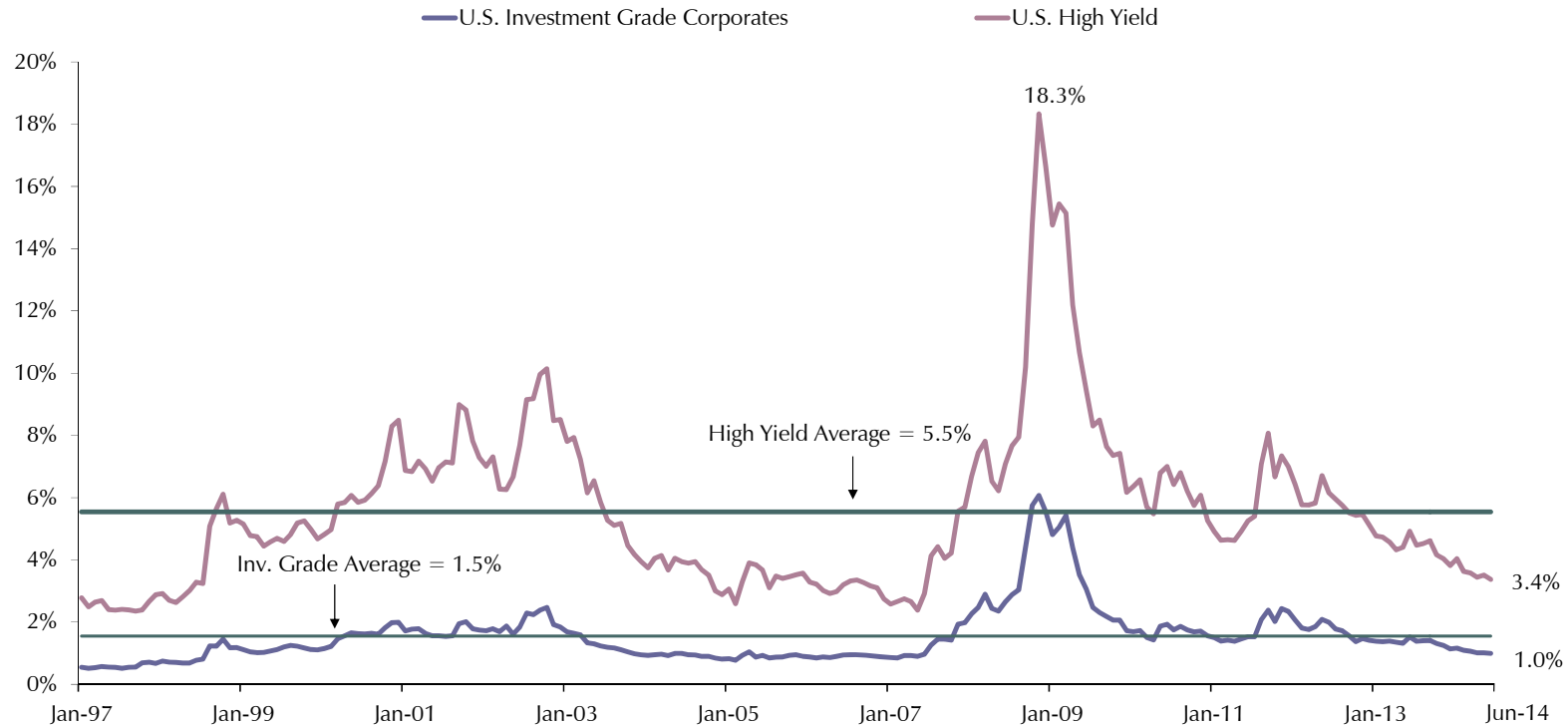
- Ten-year Treasury yields were 2.5% at the end of June, meaningfully above their level at the end of 2012, but well below their post-WWII average.
- The decision from the Federal Reserve to begin “tapering” off quantitative easing was one of the causes of the increase in rates.

¹ Source: U.S. Treasury. Data is as of June 30, 2014.

Ten-Year Breakeven Inflation¹

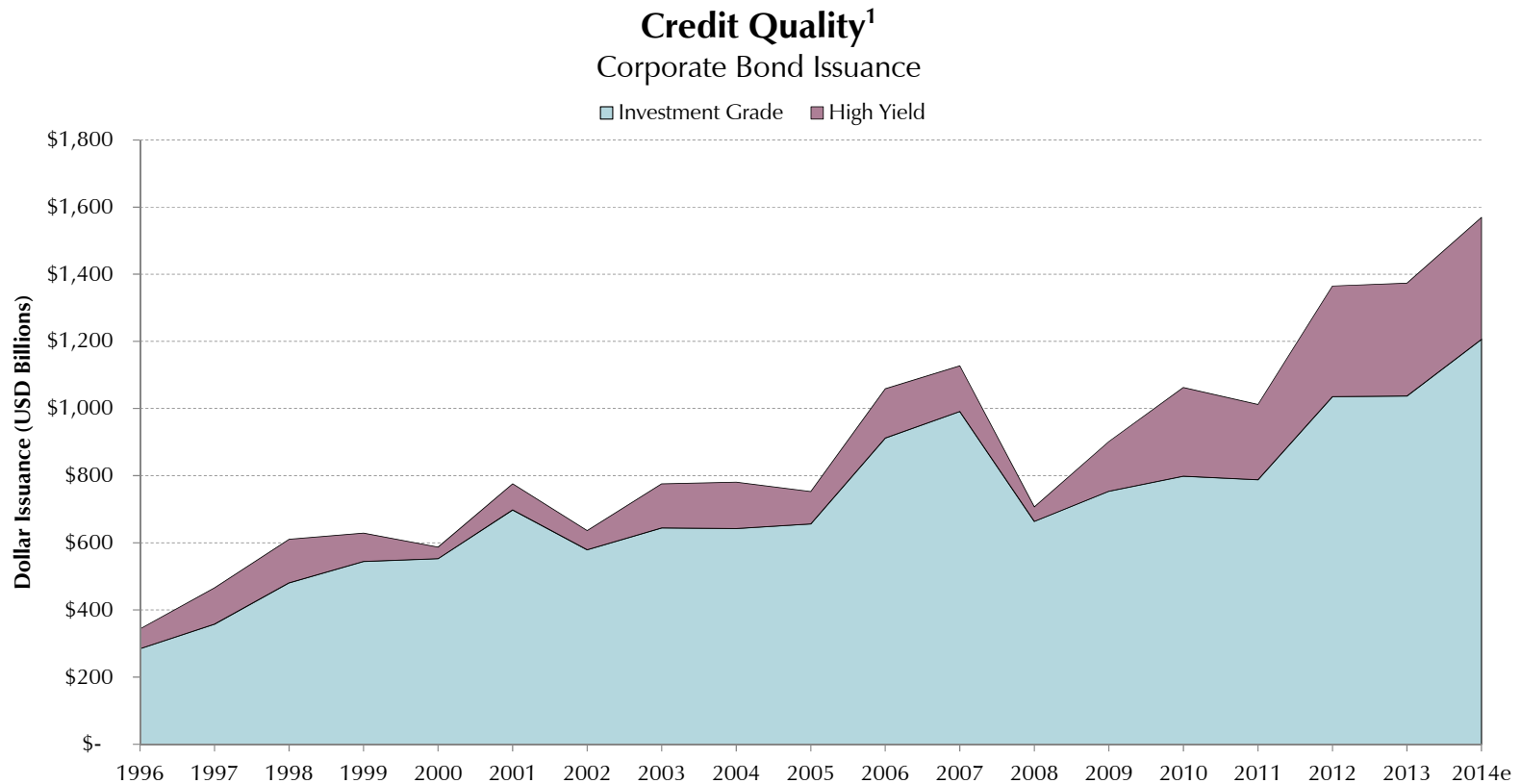
- Breakeven (or expected) inflation, the difference between the nominal yield on a ten-year Treasury and the real yield on a ten-year TIPS, was close to its historical average at the end of June.
- The most recent inflation rate year over year was 2.1%. This means actual inflation has been 0.2% below the ten-year breakeven inflation rate.

¹ Source: U.S. Treasury and Federal Reserve. Data is as of June 30, 2014 for TIPS and Treasuries. Inflation is measured by the Consumer Price Index (CPI-U) for which the most recent data point is from June 30 2014.

Credit Spreads¹

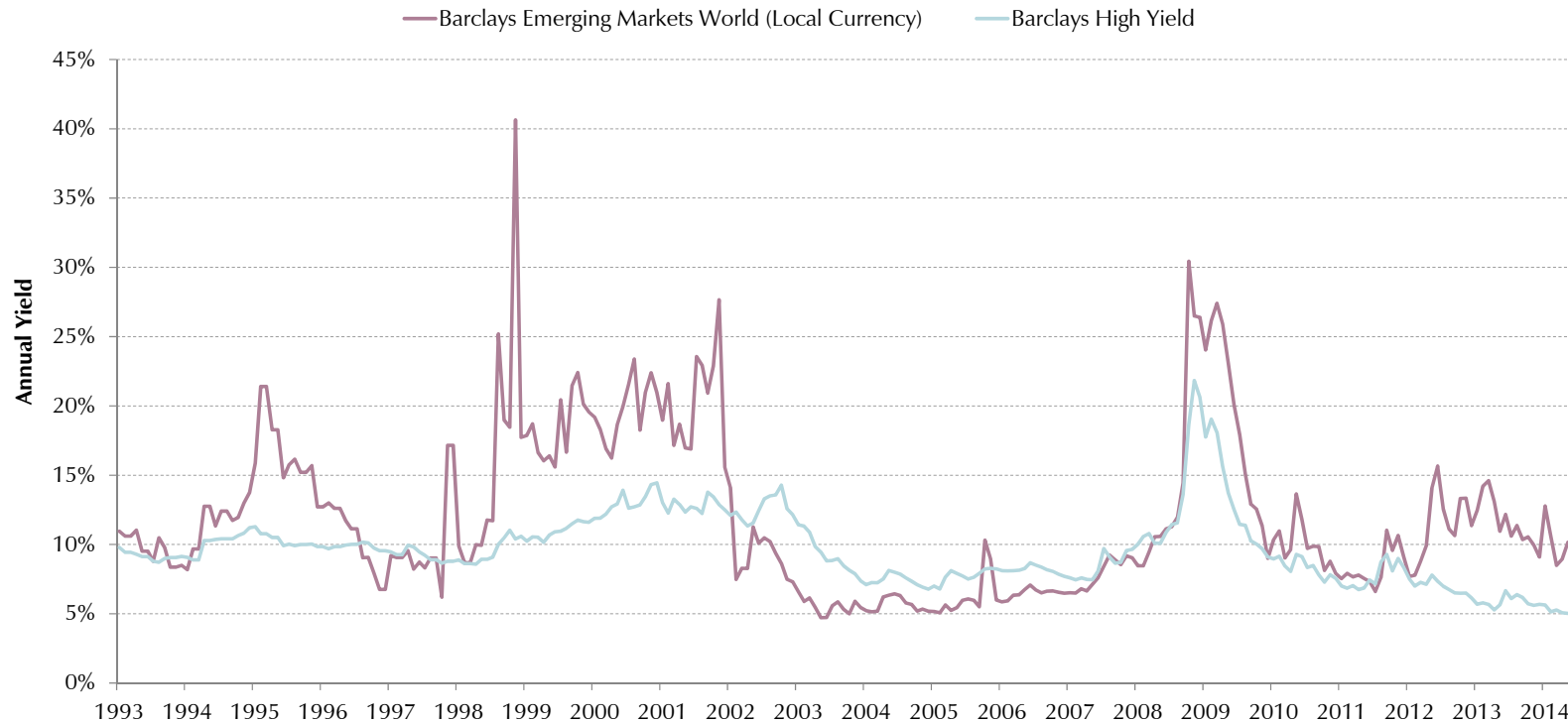
- Credit spreads (versus U.S. Treasury bonds) for both high yield and investment grade corporate bonds finished June below their respective historical averages.
- With both spreads close to the bottom quartile mark the search for yield continues to become more difficult and complacency about risk remains a concern.

¹ Source: Barclays Capital. High Yield is proxied by the Barclays High Yield index and Investment Grade Corporates are proxied by the Barclays U.S. Corporate Investment Grade index. Data is as of June 30, 2014.



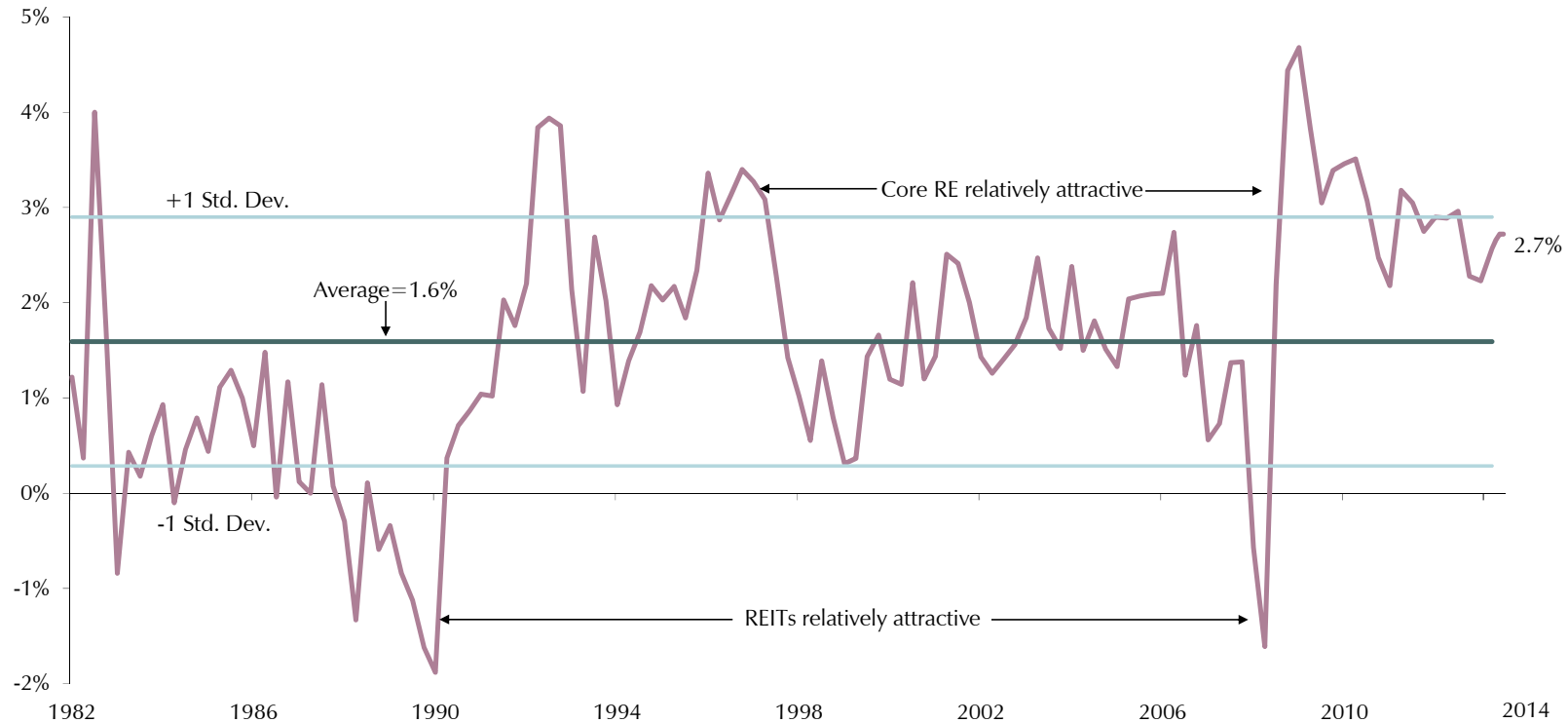
- The chart above shows that High Yield Bond Issuance has grown much faster than Investment Grade Bond Issuance in recent years. The current proportion of High Yield Issuance is near historic highs.
- With rates near historic lows companies have increased their bond issuance with lower quality issues increasing at a faster rate the average quality of bonds is on the decline.

¹ Source: SIFMA research. Data is as of June 30, 2014.

Emerging Markets Local Currency vs. U.S. High Yield¹

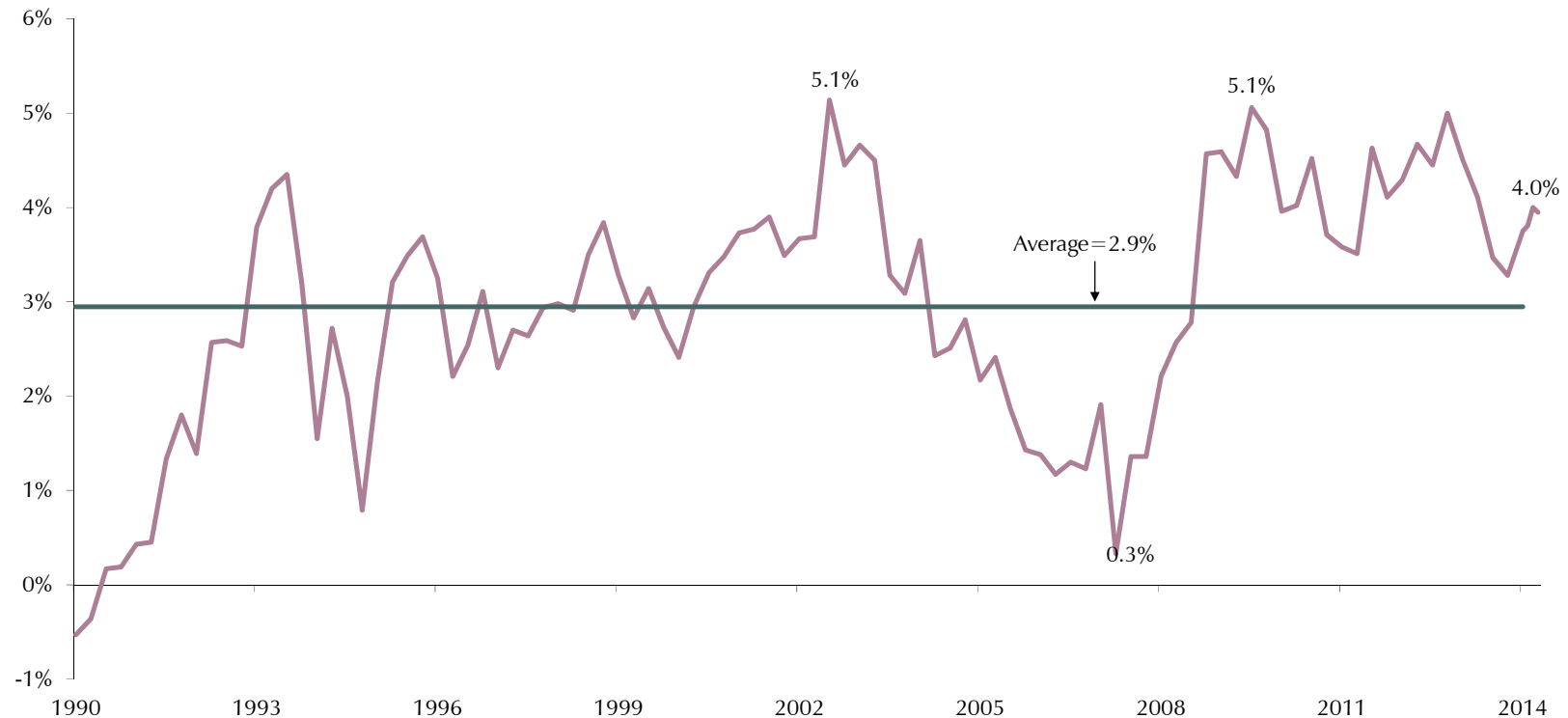
- With yield becoming harder to find in fixed income markets that seem expensive across the spectrum, one asset class that stands out is Emerging Market Local Currency.
- When compared with the current yield on U.S. High Yield bonds, the last period when the spread remained at these levels was 2001.

¹ Source: Barclays Capital. High Yield is proxied by the Barclays High Yield index and Emerging Markets Local Currency is proxied by the Barclays Emerging Markets Local Currency index. Data is as of June 30, 2014.

Core Real Estate vs. REITs¹

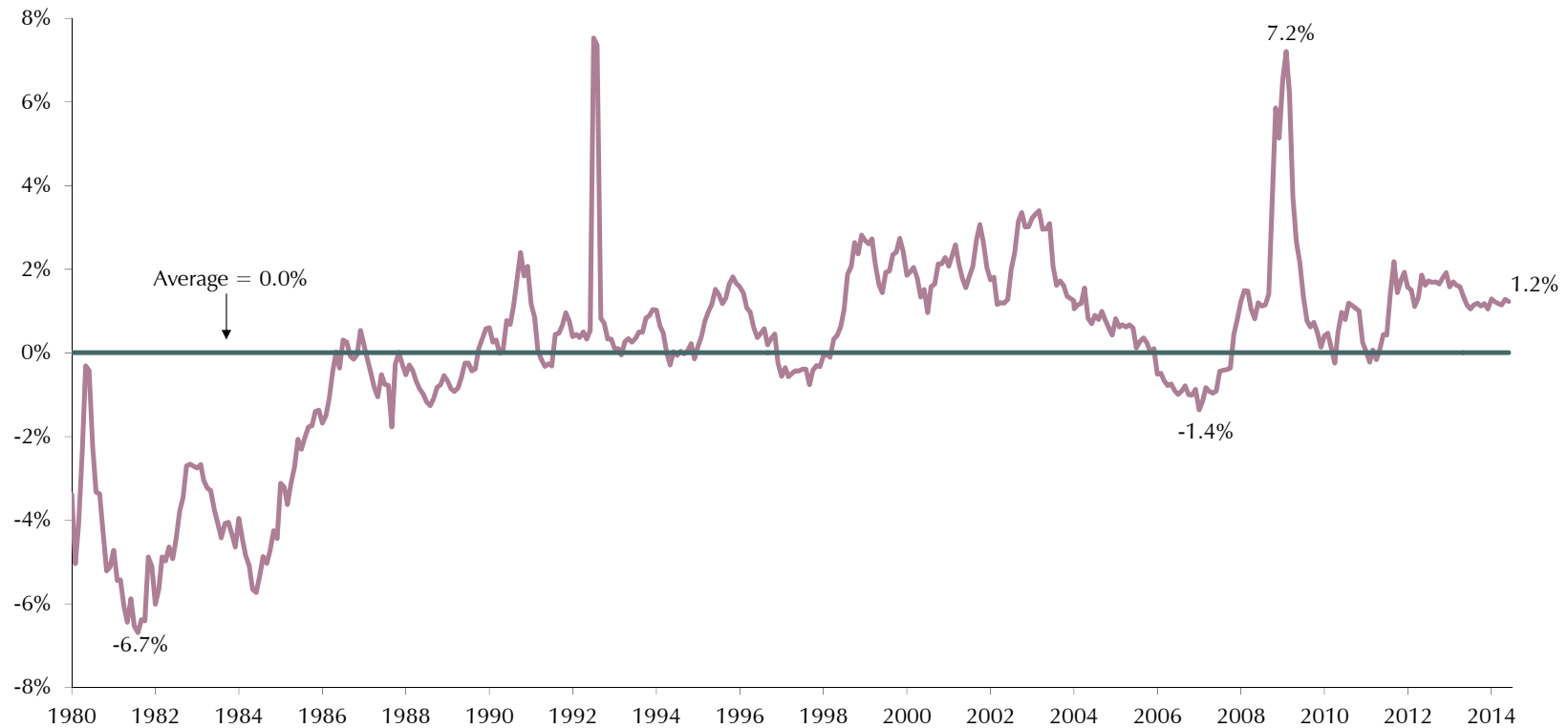
- At the end of June, the spread between core real estate cap rates and REIT yields was 2.7%, which continues on a downward trend toward its long-term average.
- REITs were yielding 3.8% at the end of June, well below the 10.1% level of early 2009.

¹ Sources: Thomson Reuters and NCREIF. Core Real Estate is proxied by the transaction-based cap rate for the NCREIF NPI index and REITs are proxied by the yield for the NAREIT Equity index. NPI transactional capitalization rates are calculated on a quarterly basis and lagged in their release. Data is as of March 31, 2014, for the NCREIF NPI and June 30, 2014, for the NAREIT Equity index.

Core Real Estate Spread vs. Ten-Year Treasury¹

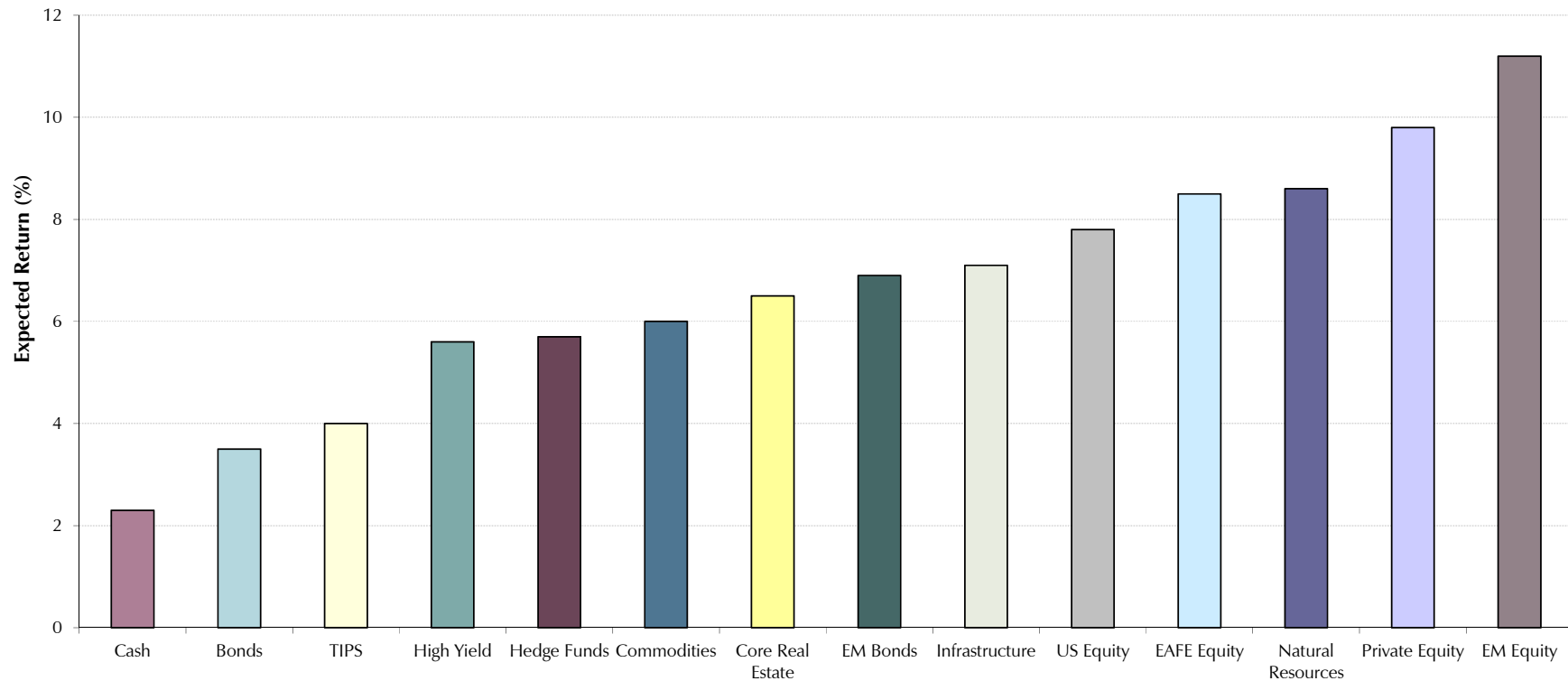
- At 4.0%, the difference between the 6.5% cap rate for core real estate and the 2.5% yield for the ten-year Treasury remains elevated but has come down substantially toward the long term average.
- Still, the absolute level of core real estate cap rates is near a historical low.

¹ Source: NCREIF, U.S. Treasury. NPI transactional capitalization rates are calculated on a quarterly basis. The June 30, 2014 NCREIF NPI data is not yet available. Data is as of March 31, 2014, for the NCREIF NPI and June 30, 2014, for the ten-year Treasury.

REITs Dividend Yield Spread vs. Ten-Year Treasury¹

- REIT yield spreads were 1.2% at the end of June. As the recovery in the real estate market continues, this spread is trending closer to its long term average.
- As with core real estate, the absolute level of REIT dividend yields is near a historical low.

¹ Source: NAREIT, U.S. Treasury. REITs are proxied by the yield for the NAREIT Equity index. Data is as of June 30, 2014.

Long-Term Outlook¹

- Based on Meketa Investment Group's long term expectations, only a handful of asset classes are priced to produce returns above 8% per year. All of these asset classes incorporate a high degree of volatility.

¹ Twenty-year expected returns based upon Meketa Investment Group's 2014 Annual Asset Study.

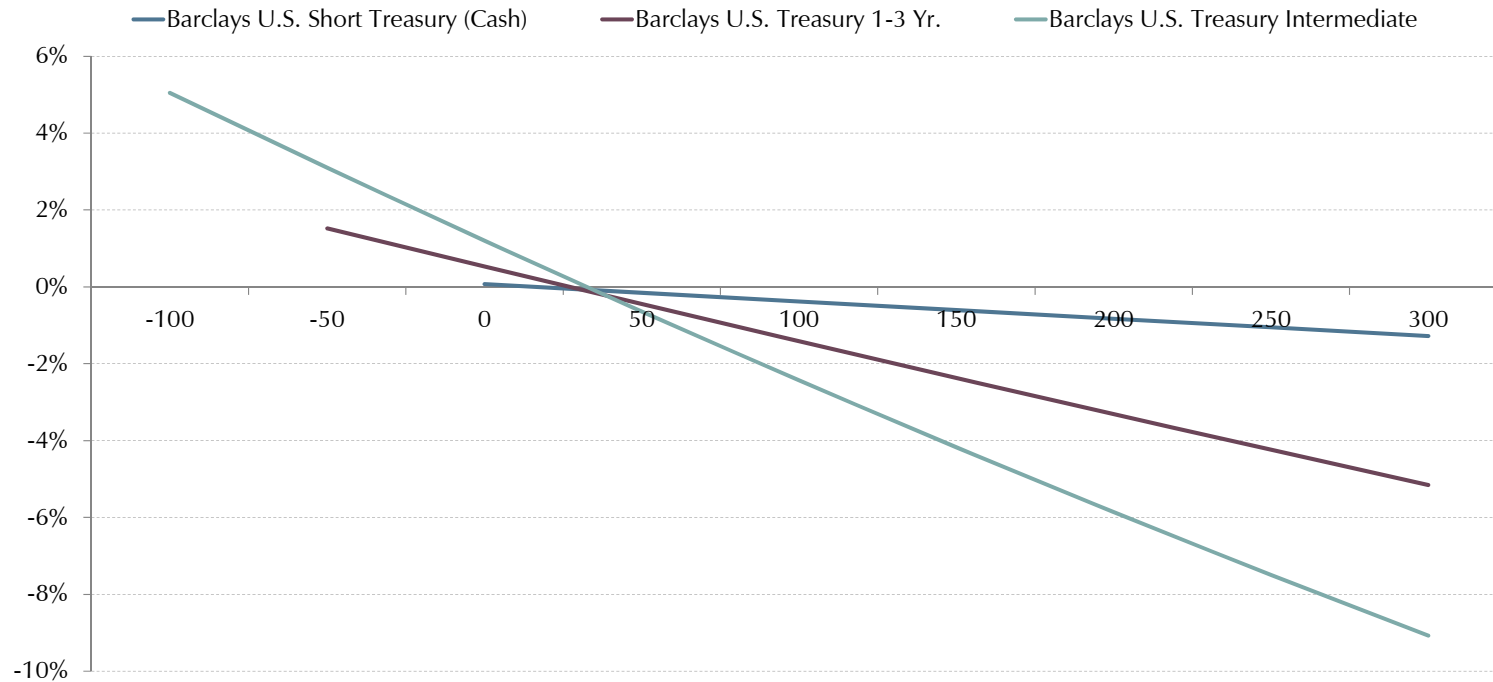
Total Return Comparison of Barclays U.S. Aggregate Minus Barclays U.S. TIPS¹

		Changes In Rates (bps)				
		-100	-50	0	50	100
Inflation Rate Scenarios	4.0%	-4.16%	-2.97%	-2.03%	-1.36%	-0.94%
	3.0%	-3.16%	-1.97%	-1.03%	-0.36%	0.06%
	2.0%	-2.16%	-0.97%	-0.03%	0.64%	1.06%
	1.0%	-1.16%	0.03%	0.97%	1.64%	2.06%
	0.0%	-0.16%	1.03%	1.97%	2.64%	3.06%

Total Return Scenario: 100 bps Rate Increase and 2% Inflation

Total Return Over Longer Holding Periods	1 Year	3 Year	5 Year	7 Year	10 Year
Barclays U.S. Aggregate	-3.38%	0.93%	1.81%	2.20%	2.48%
Barclays U.S. Treasury U.S. TIPS	-4.44%	0.57%	1.61%	2.05%	2.39%

¹ Data is as of June 30, 2014 via Barclays, Bloomberg, and Thomson Reuters.

Total Return Given Changes in Interest Rates (bps)¹

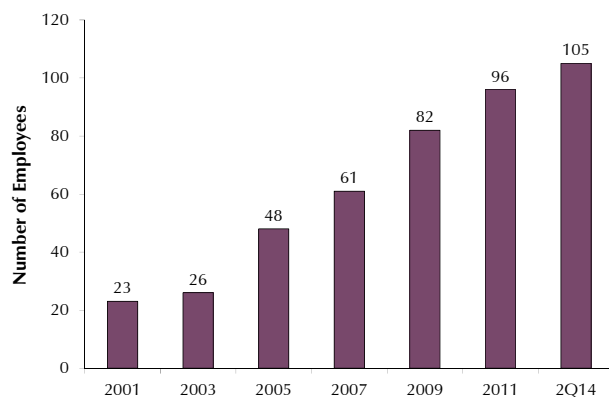
	Total Return for Given Changes in Interest Rates (bps)									Statistics	
	-100	-50	0	50	100	150	200	250	300	Duration	YTW
Barclays U.S. Short Treasury (Cash)			0.1%	-0.2%	-0.4%	-0.6%	-0.8%	-1.1%	-1.3%	0.45	0.07%
Barclays U.S. Treasury 1-3 Yr.		1.5%	0.5%	-0.4%	-1.4%	-2.4%	-3.3%	-4.2%	-5.2%	1.97	0.53%
Barclays U.S. Treasury Intermediate	5.0%	3.1%	1.2%	-0.6%	-2.4%	-4.2%	-5.9%	-7.5%	-9.1%	3.74	1.20%
Barclays U.S. Treasury Long	21.7%	12.0%	3.2%	-4.6%	-11.4%	-17.4%	-22.4%	-26.4%	-29.5%	16.55	3.23%

¹ Data represents the expected total return from a given change in interest rates (shown in basis points) over a 12-month period assuming a parallel shift in rates. Data is as of June 30, 2014 via Barclays and Thomson Reuters.

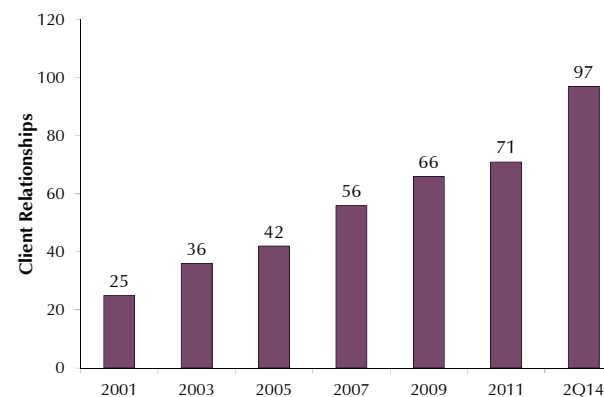
Meketa Investment Group Corporate Update

- Staff of 105, including 66 investment professionals and 23 CFA Charterholders
- 97 clients, with over 180 funds throughout the United States
- Significant investment in staff and resources
- Offices in Boston, Miami, Portland (OR), San Diego, and London
- Clients have aggregate assets of over \$630 billion
 - Over \$20 billion in assets committed to alternative investments
 - Private Equity ▪ Infrastructure ▪ Natural Resources
 - Real Estate ▪ Hedge Funds ▪ Commodities

Employee Growth



Client Growth



Meketa Investment Group is proud to work for 4.9 million American families everyday

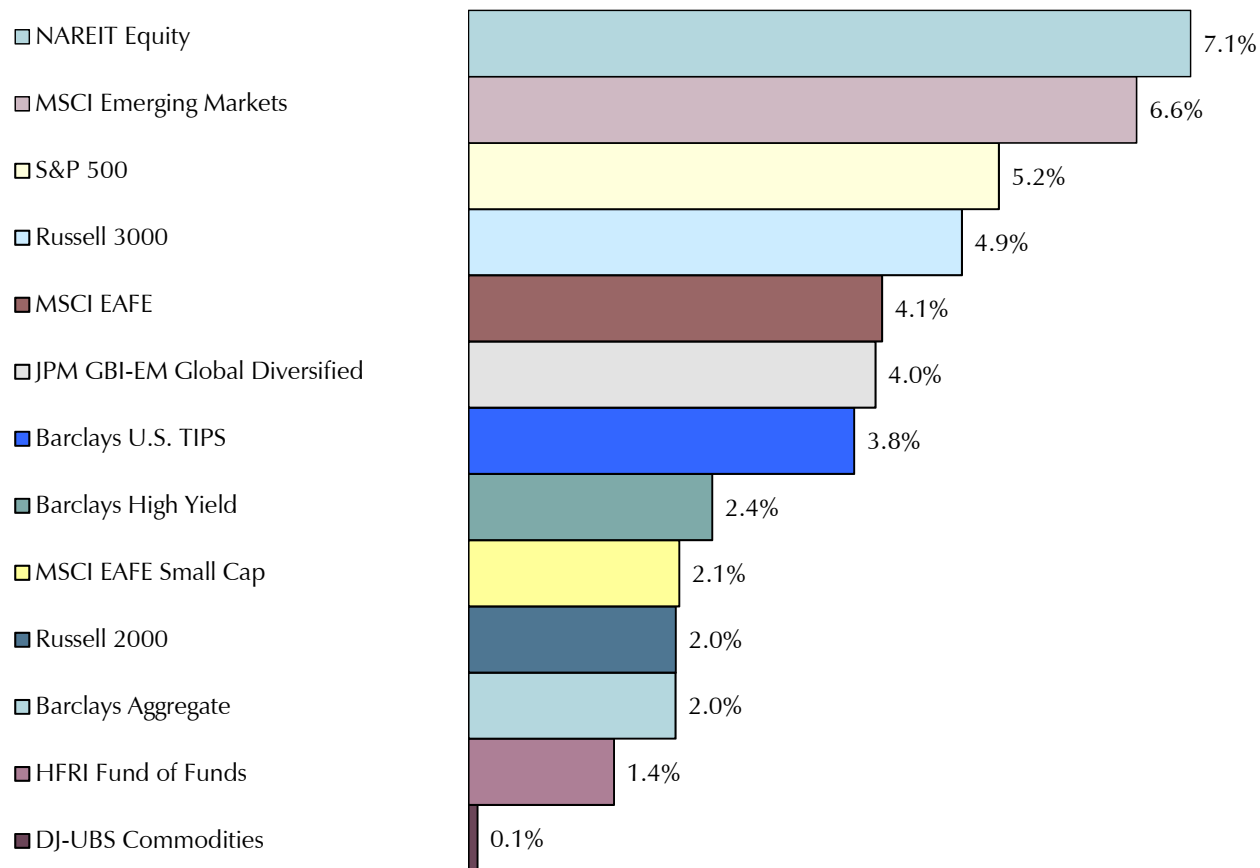
Asset Classes Followed Intensively by Meketa Investment Group

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

Appendices

The World Markets Second Quarter of 2014

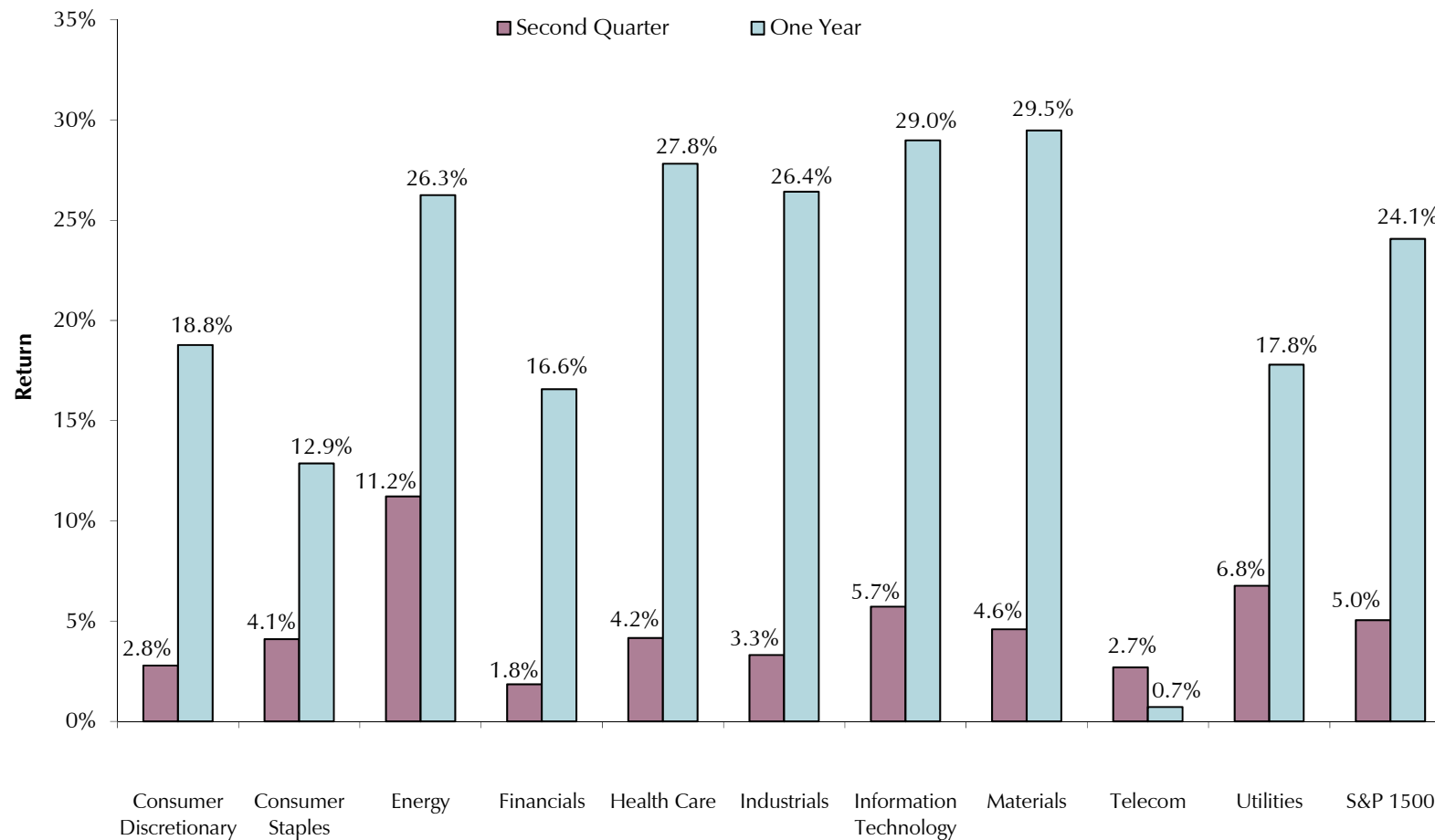
The World Markets
Second Quarter of 2014



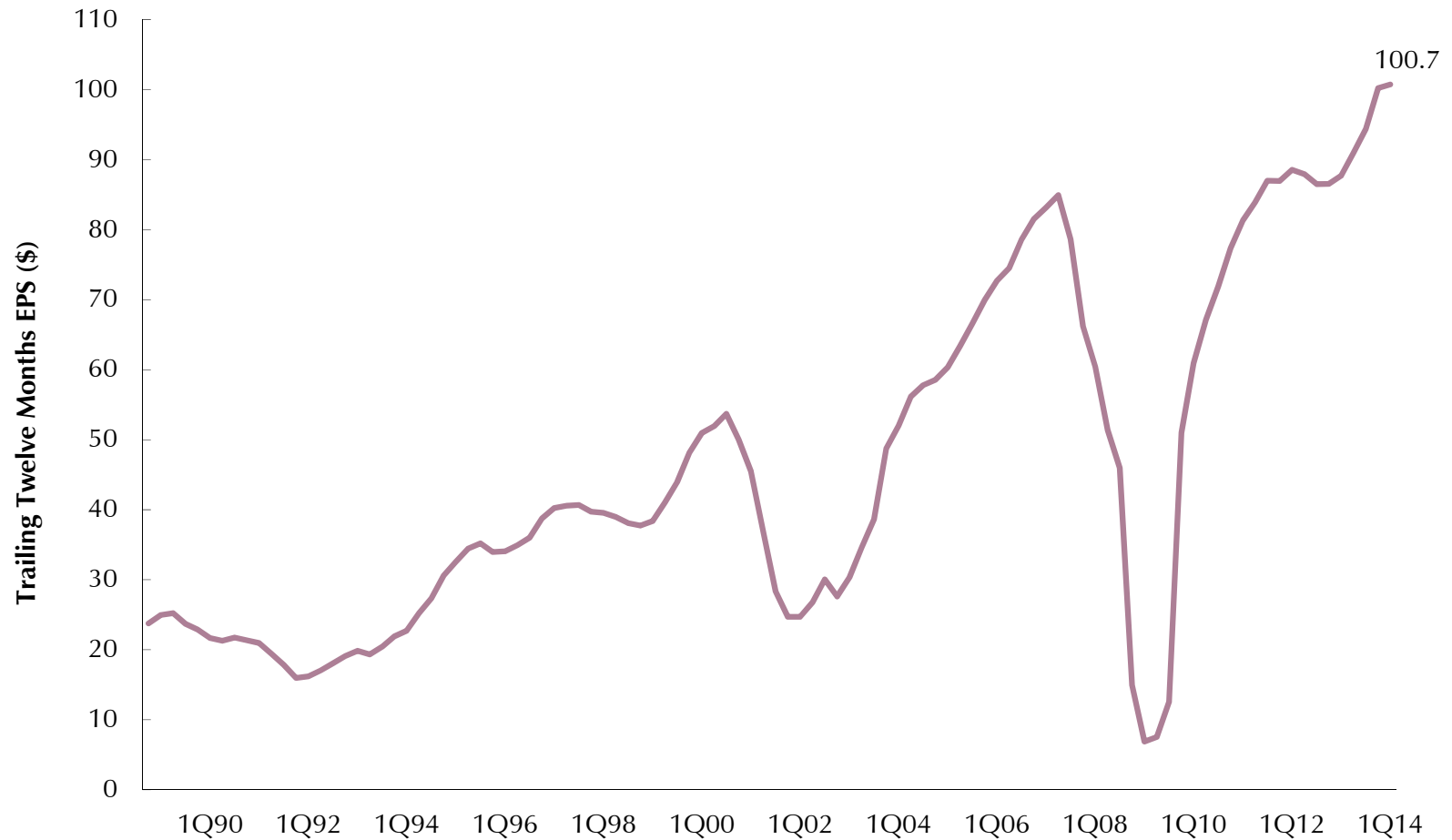
Index Returns

	2Q14 (%)	YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)
Domestic Equity						
Russell 3000	4.9	6.9	25.2	16.5	19.3	8.2
Russell 1000	5.1	7.3	25.4	16.6	19.3	8.2
Russell 1000 Growth	5.1	6.3	26.9	16.3	19.2	8.2
Russell 1000 Value	5.1	8.3	23.8	16.9	19.2	8.0
Russell MidCap	5.0	8.7	26.9	16.1	22.1	10.4
Russell MidCap Growth	4.4	6.5	26.0	14.5	21.2	9.8
Russell MidCap Value	5.6	11.1	27.8	17.6	23.0	10.7
Russell 2000	2.0	3.2	23.6	14.6	20.2	8.7
Russell 2000 Growth	1.7	2.2	24.7	14.5	20.5	9.0
Russell 2000 Value	2.4	4.2	22.5	14.6	19.9	8.2
Foreign Equity						
MSCI ACWI (ex. U.S.)	5.0	5.6	21.8	5.7	11.1	7.7
MSCI EAFE	4.1	4.8	23.6	8.1	11.8	6.9
MSCI EAFE (local currency)	3.4	3.1	17.9	10.4	10.9	5.6
MSCI EAFE Small Cap	2.1	5.5	29.1	9.8	15.2	8.7
MSCI Emerging Markets	6.6	6.1	14.3	-0.4	9.2	11.9
MSCI Emerging Markets (local currency)	5.1	4.6	13.7	4.1	9.5	11.7
Fixed Income						
Barclays Universal	2.2	4.2	5.2	4.2	5.6	5.3
Barclays Aggregate	2.0	3.9	4.4	3.7	4.9	4.9
Barclays U.S. TIPS	3.8	5.8	4.4	3.6	5.6	5.2
Barclays High Yield	2.4	5.5	11.7	9.5	14.0	9.0
JPMorgan GBI-EM Global Diversified	4.0	6.0	3.9	1.2	7.4	10.0
Other						
NAREIT Equity	7.1	16.2	13.0	11.9	23.7	9.7
DJ-UBS Commodities	0.1	7.1	8.2	-5.2	1.9	-0.3
HFRI Fund of Funds	1.4	2.0	7.5	3.3	4.2	3.4

S&P Sector Returns

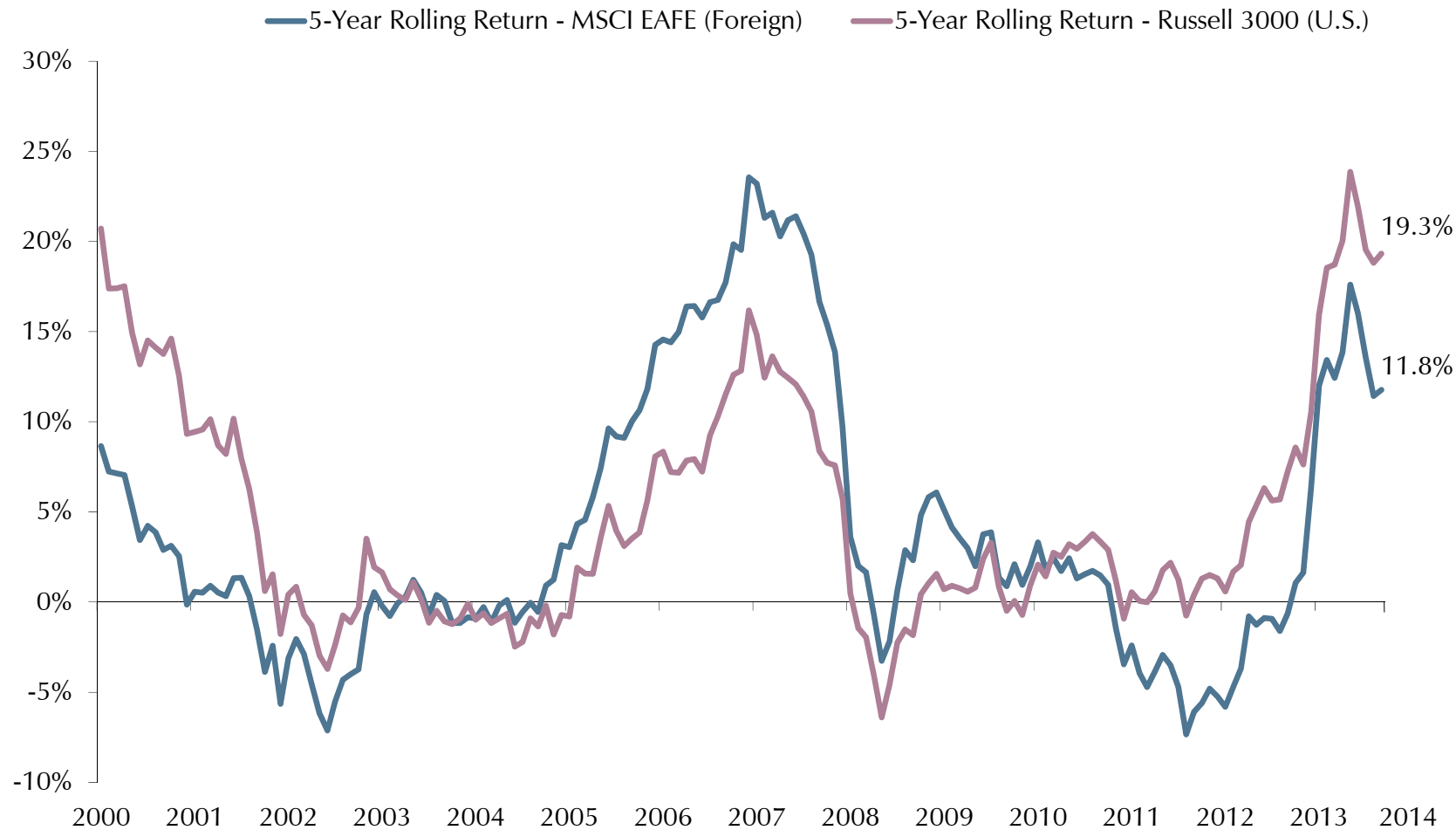


S&P 500 Earnings Per Share¹

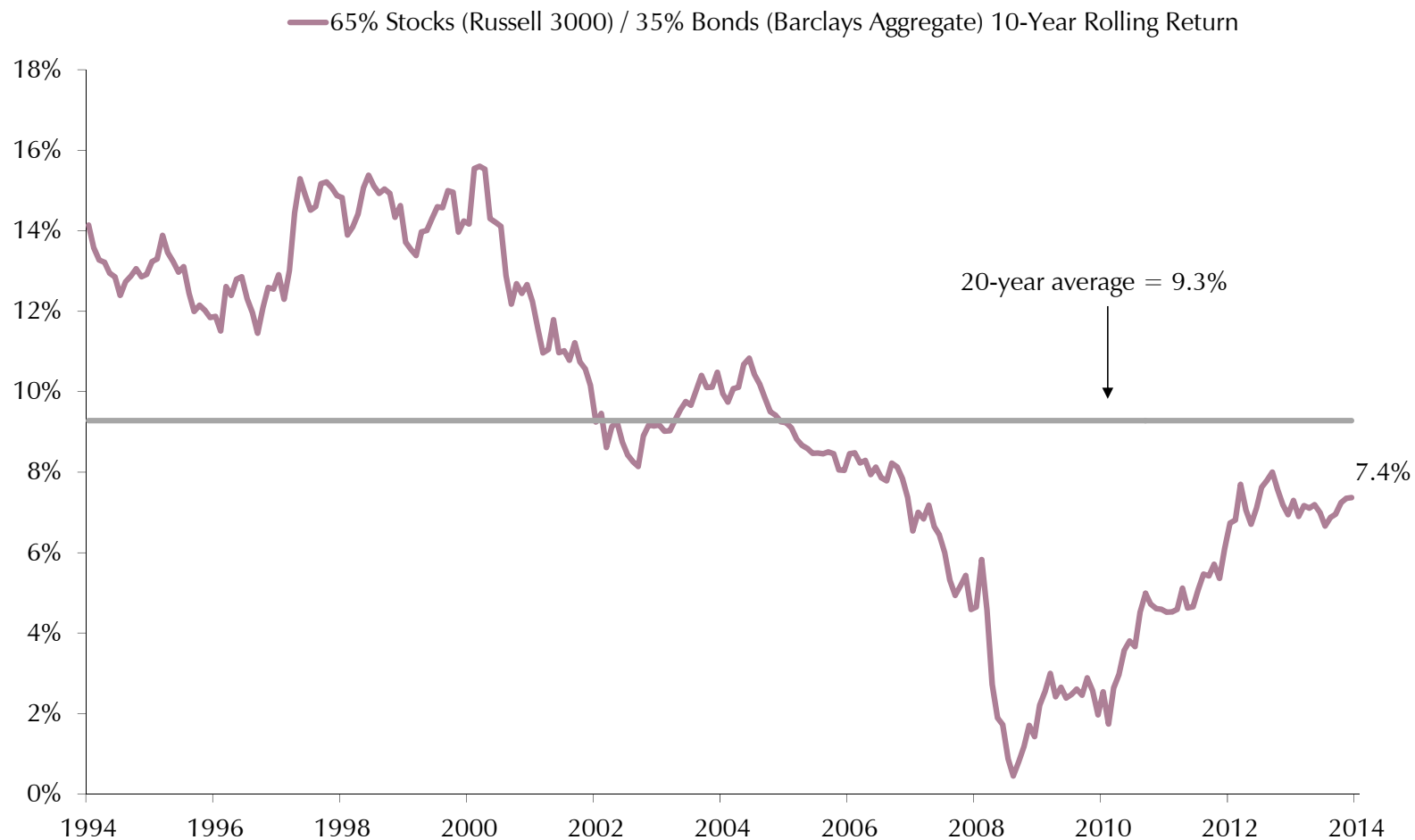


¹ The June 30, 2014 number is not yet available. Data is as of March 31, 2014.

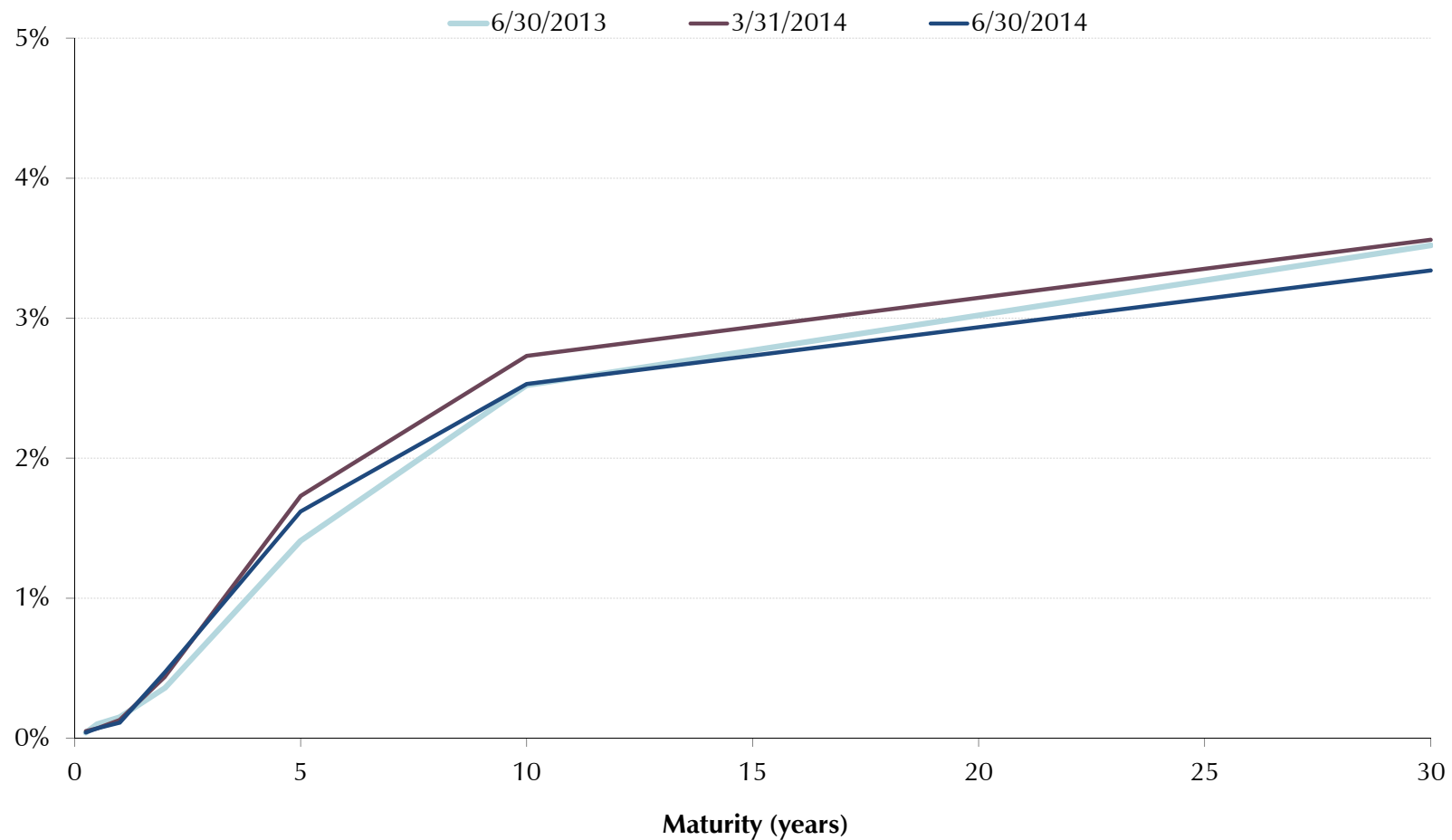
Equity Markets



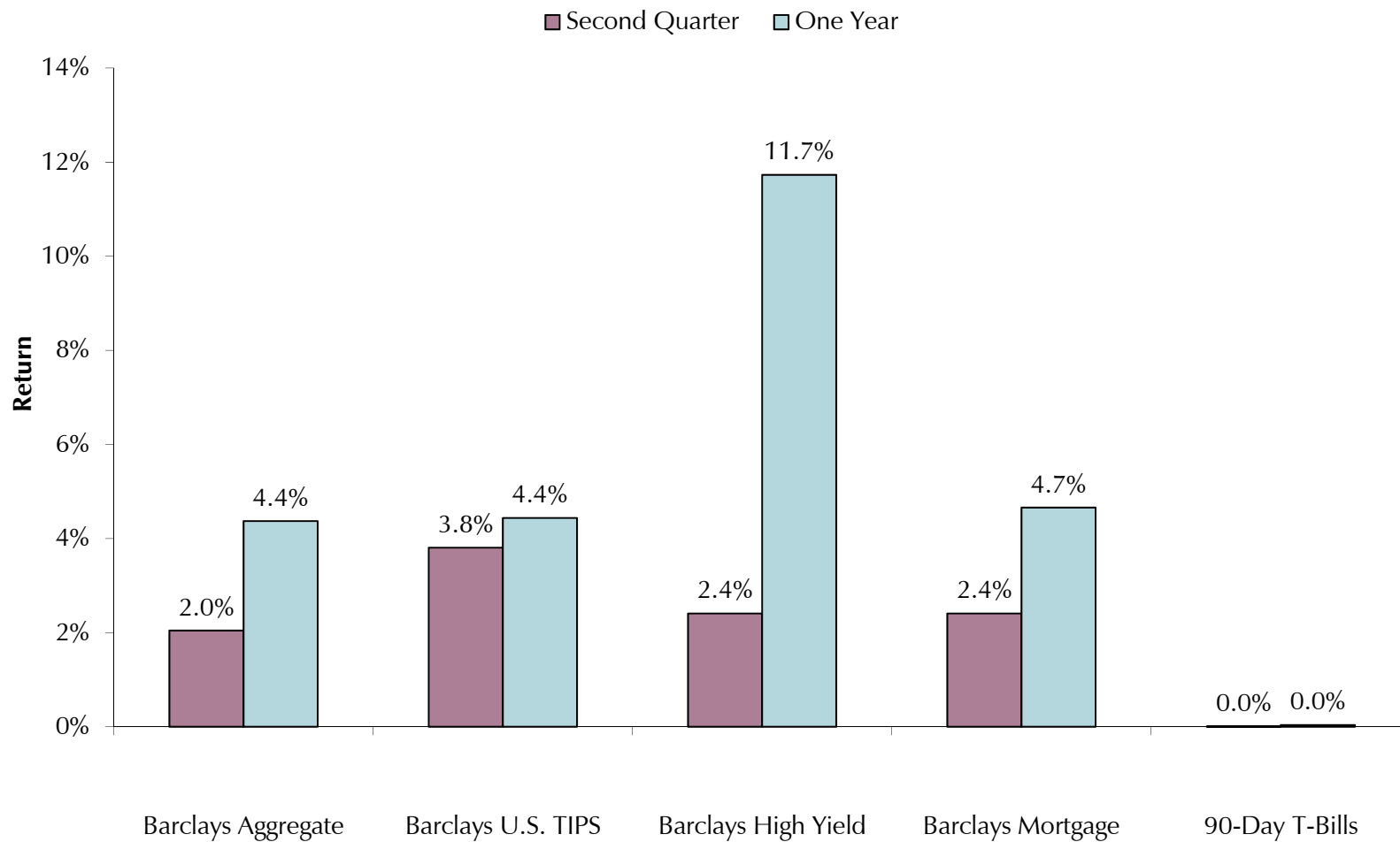
Rolling Ten-Year Returns: 65% Stocks and 35% Bonds



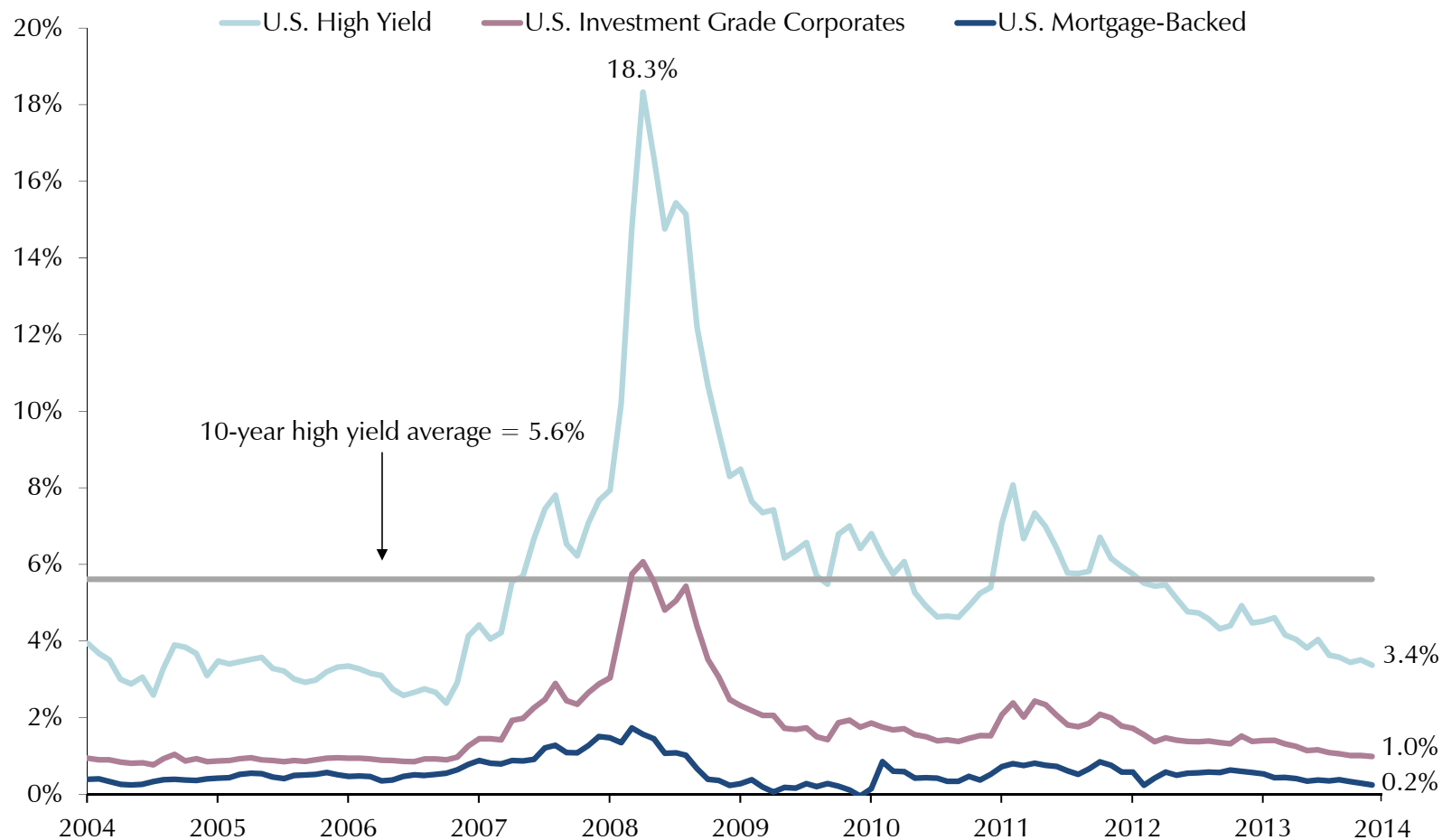
Treasury Yields



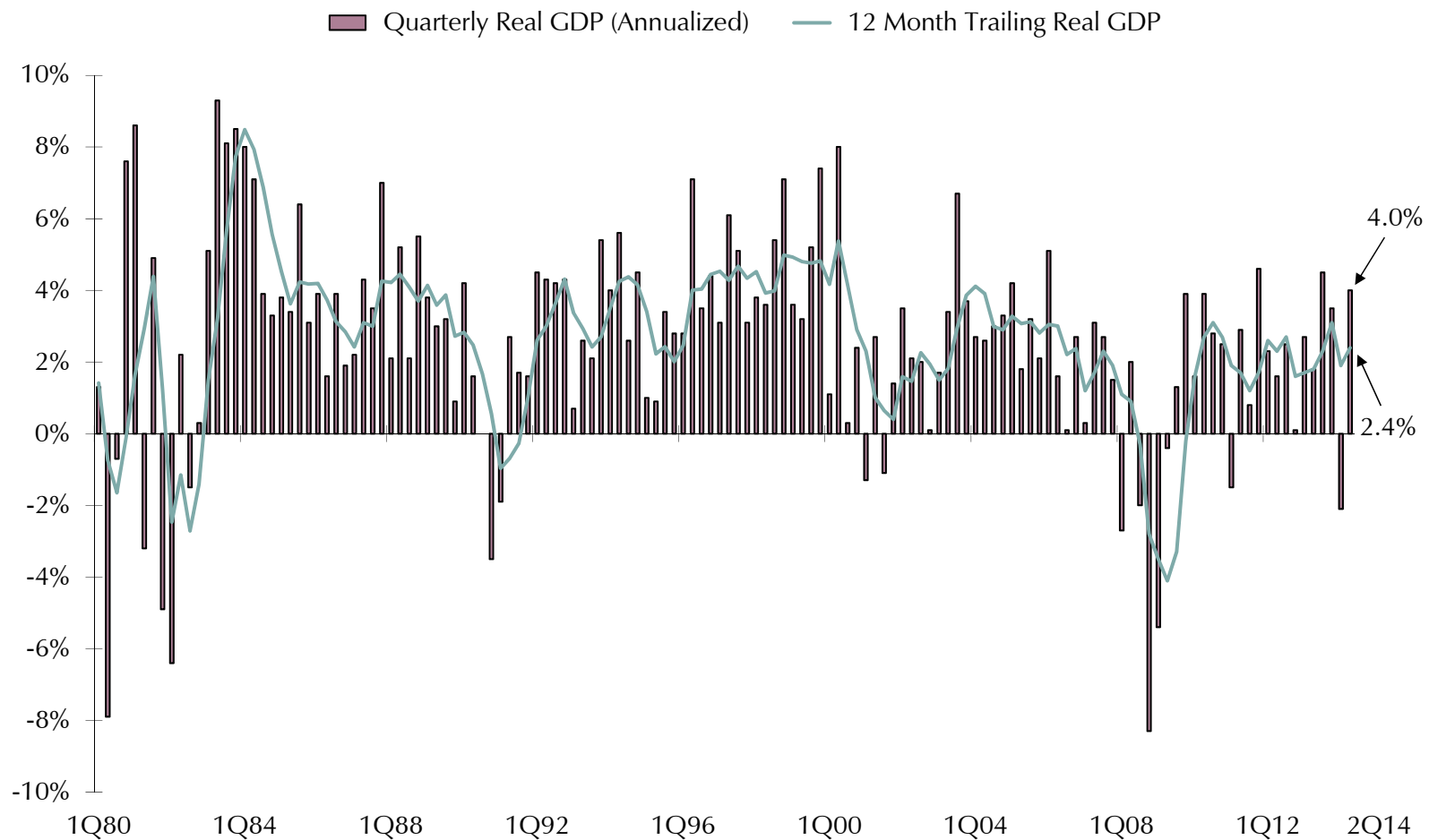
U.S. Fixed Income Markets



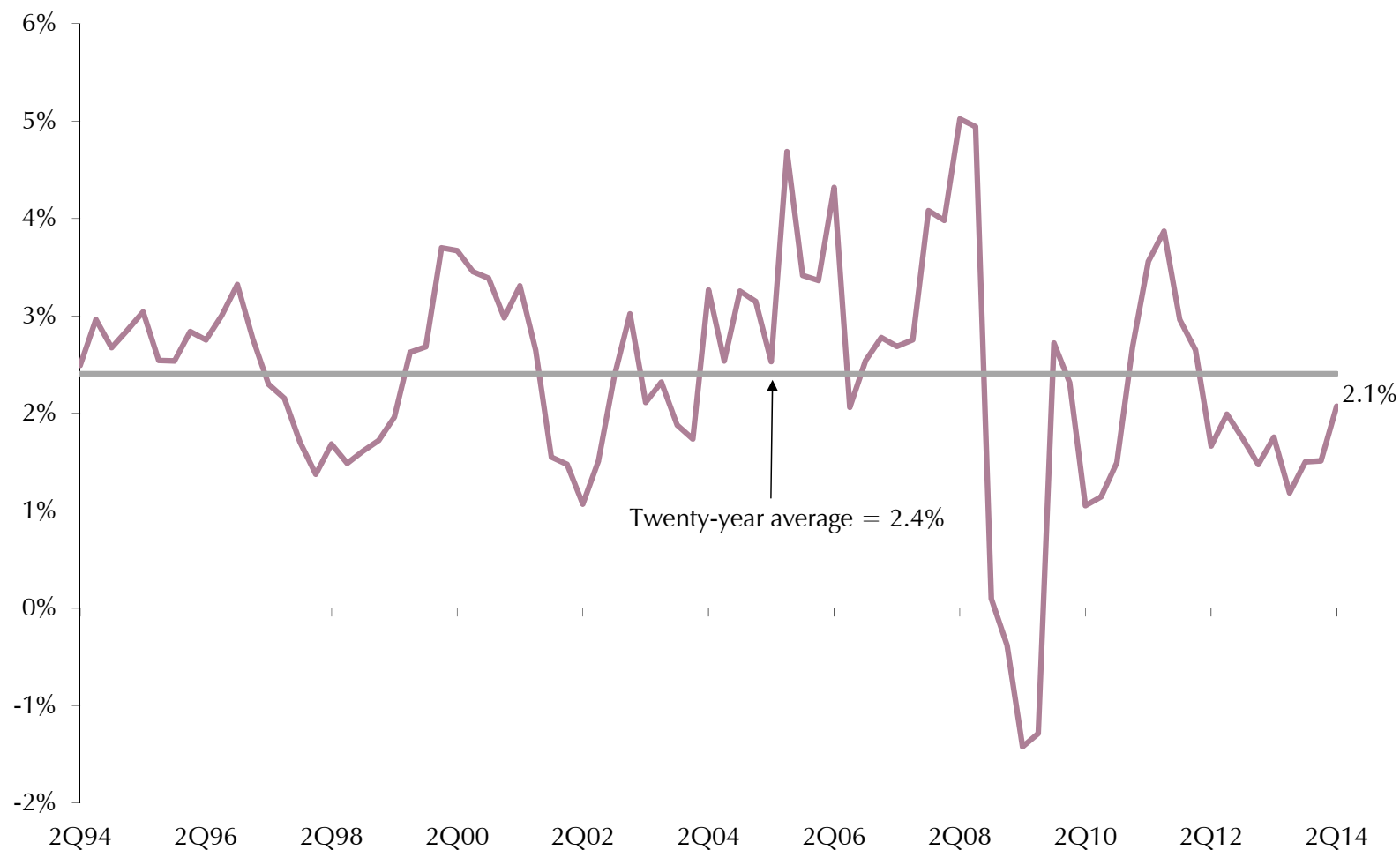
Credit Spreads vs. U.S. Treasury Bonds



Real Gross Domestic Product (GDP) Growth

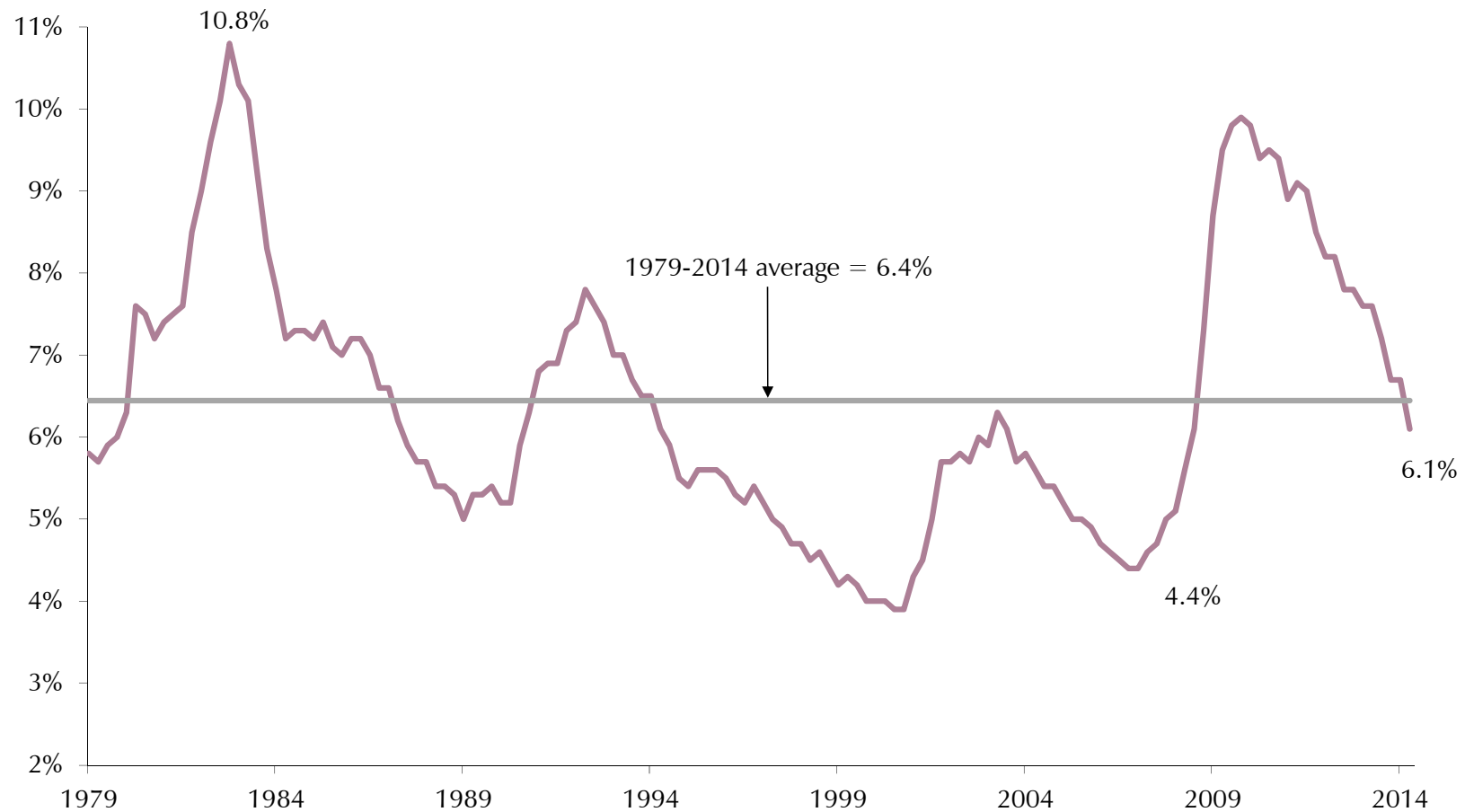


**U.S. Inflation (CPI)
Trailing Twelve Months¹**



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

U.S. Unemployment



Glossary and Notes As of June 30, 2014

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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