

FUND EVALUATION REPORT

San Jose Federated City Employees' Retirement System

Quarterly Review
March 31, 2013



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Executive Summary
As of March 31, 2013

The value of the San Jose Federated City Employee' Retirement System assets was \$1.95 billion on March 31, 2013, up approximately \$24 million since the end of the previous quarter. The increase in assets was the result of positive investment returns.

- Net outflows during the fourth quarter totaled approximately \$38 million.
- First quarter performance for the Retirement System was 3.1% net of fees, bringing the fiscal year-to-date return to 10.0% net of fees, with the overlay.
- The Retirement System underperformed the Policy Benchmark during the first quarter by approximately 0.3%.
 - Portfolio allocation detracted from relative performance by approximately 0.3% compared to the Policy Benchmark.
 - Active management was neutral compared to the Policy Benchmark during the first quarter. Positive selection effect from global equity, hedge funds, and private debt was offset by negative selection effect from real assets and private equity.
- Six new hedge funds were funded, bringing the total to eight funds at the end of the first quarter. Subsequent to quarter end, three additional hedge funds were funded on April 1.

Manager Highlights

- Artisan Global Value, which manages the largest active allocation in the Fund, posted strong performance again in the first quarter. Artisan's return for the first quarter was 9.3% net of fees, compared to 6.4% for the MSCI ACWI Value Index. Over the trailing one year period, Artisan has returned 20.0% net of fees compared with 11.3% for the benchmark. The largest contributors to portfolio performance came from DE Masters Blenders, Signet Jewelers, Kao (consumer products in Japan), Hasbro, and Progressive. The only stock to decline double digits during the quarter was ING Groep. Becton Dickinson, Fidelity National Financial, and Publicis were sold during the quarter while Medtronic, Vodafone, and Imperial oil were added. Since the Retirement System invested in Artisan's global value portfolio in early 2011, the strategy has outperformed the benchmark by an average of nearly 10% annually, net of fees, and has ranked in the 4th percentile of the global equity peer group.
- Eagle Small Cap Growth slightly underperformed the Russell 2000 Growth Index during the first quarter. Eagle's return was 13.1% net of fees, compared to 13.2% for the benchmark.
- Credit Suisse virtually matched the custom risk parity benchmark but trailed the Dow Jones-UBS Commodity Index (which can be used as a proxy for the broad commodities market) by 320 basis points during the first quarter, while First Quadrant underperformed the Dow Jones-UBS Commodity Index by 430 basis points.
- RS Investments Small Cap Value was up 13.2% during the first quarter compared with 11.6% for the Russell 2000 Value. RS added value with stock picks across most industries. The portfolios top performing sectors included consumer staples, producer durables, and utilities. The financial services sector was the main drag on performance.

Investment Manager	Asset Class	Changes/ Announcements	Performance Concerns	Meketa Recommendation	Comments
Artisan	Global Equity	Yes	---	Hold	IPO
First Quadrant	Commodities	Yes	---	Hold	NFA settlement
RS Investments	U.S. Small Cap Value	Yes	---	Hold	Personnel changes
Eagle	U.S. Small Cap Growth	---	---	---	
Credit Suisse	Commodities	---	---	---	
Medley	Private Debt	---	---	---	
White Oak	Private Debt	---	---	---	
GSO	Private Debt	---	---	---	

Artisan

- After filing a registration statement with the SEC for a proposed initial public offering during the fourth quarter, Artisan issued publicly traded shares in March.
- In February, Artisan closed the Global Value strategy to new separate accounts.

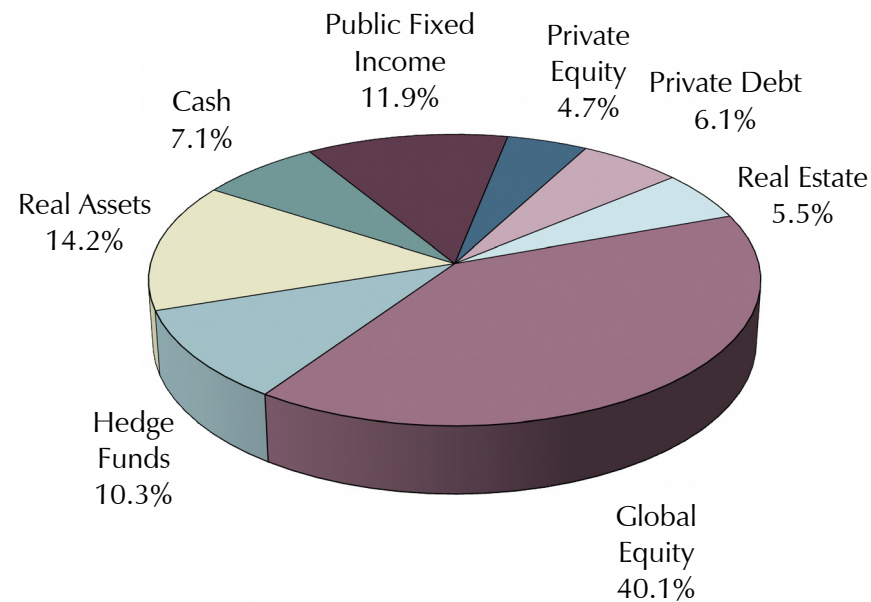
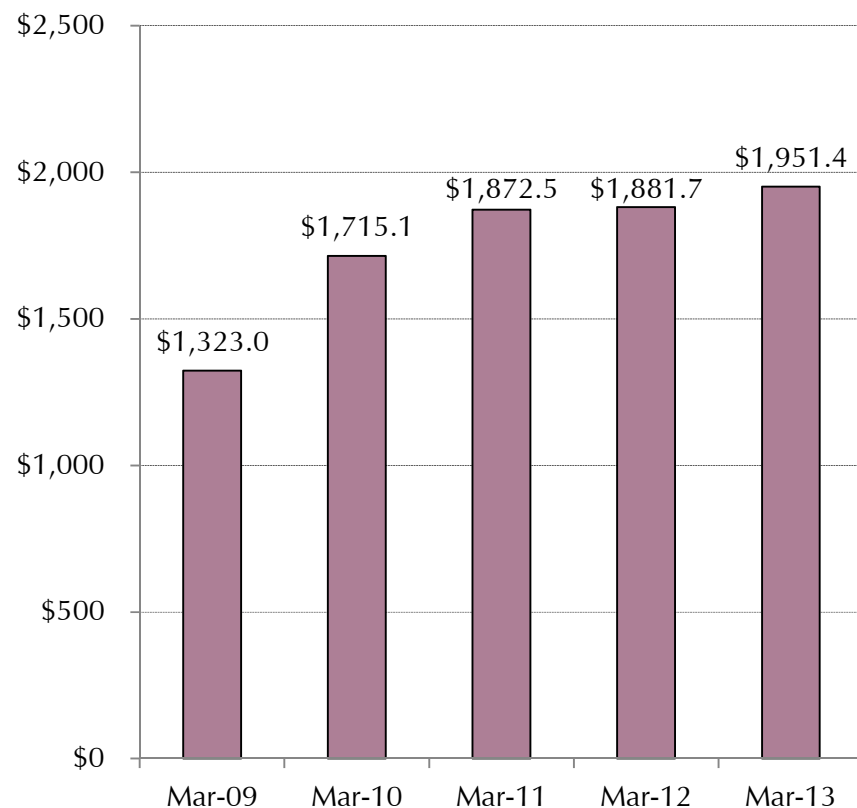
RS Investments

- Subsequent to quarter end, RS announced that senior investment team member and partner of the firm, David Kelley has retired. Kelley did not have any stocks in the portfolio, but this is yet another departure for the firm which has now lost 4 of 16 members of the investment team. When compared with most other teams in small- and mid- cap value, RS is still one of the stronger teams, but Meketa will continue to monitor the firm.

First Quadrant

- First Quadrant paid a fine to resolve a longstanding matter with the National Futures Association (NFA) regarding the failure to supervise the actions of a former employee's marketing arrangements.

Plan Summary
As of March 31, 2013



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 3/31/13

	Market Value 3/31/13 (\$ mm)	% of Retirement System	Russell Overlay Net Position ¹ (%)	Adopted Sub-Asset Allocation (%)	Target Allocation (%)	Target Range (%)	Market Value 12/31/12 (\$ mm)
Total Fund Aggregate	1,951.4	100.0	100.0	100	NA	NA	1,927.2
Equity and Real Estate Assets	983.2	50.4	48.3	40	45	38-52	1,039.6
Global Equity	782.9	40.1	38.1	26	NA	NA	841.9
Real Estate	107.7	5.5	5.5	5	NA	NA	104.2
Private Equity	92.7	4.7	4.7	9	NA	NA	93.6
Hedge Fund Assets	201.3	10.3	13.8	25	25	20-30	61.0
Real Assets	277.8	14.2	20.7	20	20	15-25	383.8
Fixed Income Assets	349.8	17.9	17.8	15	10	5-20	363.8
Public Fixed Income	231.4	11.9	11.7	10	NA	NA	247.9
Private Debt	118.4	6.1	6.1	5	NA	NA	115.8
Cash ²	139.1	7.1	-0.6	0	NA	NA	79.0

¹ Data in the column titled "Russell Overlay Net Position" is provided by Russell Investments, and is based on the data from the custodian. Russell includes assets for new managers in the Hedge Fund asset class that were funded on 4/1/13.

² 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. As of 3/31/13, Russell Investments Overlay equitized \$81.5 million in cash.



San Jose Federated City Employees' Retirement System

Aggregate Assets Portfolio Roster as of 3/31/13

	Market Value 3/31/13 (\$ mm)	% of Asset Class	% of Retirement System	Target Allocation (%)	Target Range (%)	Market Value 12/31/12 (\$ mm)
Total Fund Aggregate	1,951.4	NA	100.0	NA	NA	1,927.2
Equity and Real Estate Assets	984.0	100.0	50.4	45	38-52	1,039.6
Global Equity¹	782.9	100.0	40.1	NA	NA	841.9
Northern Trust Russell 3000 Index	205.3	26.2	10.5			218.0
Northern Trust MSCI Emerging Markets Index	140.7	18.0	7.2			183.6
Artisan Global Value	110.1	14.1	5.6			100.6
Northern Trust ACWI IMI Index	103.9	13.3	5.3			97.2
Northern Trust EAFE Small Cap	76.4	9.8	3.9			70.4
RS Investments Small Cap Value	57.7	7.4	3.0			51.0
Eagle Small Cap Growth	55.0	7.0	2.8			48.4
Northern Trust MSCI EAFE Index	33.3	4.3	1.7			70.4

¹ Global Equity includes \$0.5 million of residuals from terminated managers or previous transitions.



San Jose Federated City Employees' Retirement System

Aggregate Assets Portfolio Roster as of 3/31/13

	Market Value 3/31/13 (\$ mm)	% of Asset Class	% of Retirement System	Target Allocation (%)	Target Range (%)	Market Value 12/31/12 (\$ mm)
Equity and Real Estate Assets (continued)						
Real Estate	107.7	100.0	5.5	NA	NA	104.2
Core Real Estate	57.1	53.0	2.9			55.6
PRISA I	31.7	29.4	1.6			30.8
American Core Realty Fund, LLC	25.4	23.6	1.3			24.8
Private Real Estate¹	50.6	47.0	2.6			48.6
DRA Growth & Income Fund V	17.9	16.6	0.9			17.6
Fidelity Real Estate Growth Fund III, L.P.	13.0	12.1	0.7			12.9
DRA Growth & Income Fund VI	9.2	8.5	0.5			9.2
DRA Growth & Income Fund VII	8.5	7.9	0.4			7.2
GEAM Value Add Realty Partners, L.P.	2.1	1.9	0.1			1.7
Private Equity¹	92.7	100.0	4.8	NA	NA	93.6
Pantheon USA Fund VII	30.7	33.1	1.6			30.3
Pathway Private Equity Fund VIII	24.8	26.7	1.3			25.6
Pantheon Global Secondary Fund III	22.5	24.2	1.2			22.9
Partners Group Secondary 2008	9.1	9.8	0.5			9.3
Partners Group Secondary 2011	3.3	3.6	0.2			3.5
Great Hill Equity Partners IV	2.3	2.5	0.1			2.0

¹ Fair values are based on reported value as of 12/31/12, adjusted for cash flows through 3/31/13.



San Jose Federated City Employees' Retirement System

Aggregate Assets Portfolio Roster as of 3/31/13

	Market Value 3/31/13 (\$ mm)	% of Asset Class	% of Retirement System	Target Allocation (%)	Target Range (%)	Market Value 12/31/12 (\$ mm)
Hedge Fund Assets	201.3	100.0	10.3	25	20-30	61.0
Pine River Fund Ltd	31.9	15.9	1.6			0.0
Arrowgrass International Fund Ltd	31.6	15.7	1.6			30.6
Brevan Howard Multi-Strategy Fund Ltd	31.0	15.4	1.6			30.4
Davidson Kempner Institutional Partners, L.P.	30.5	15.2	1.6			0.0
Global Ascent Ltd	20.4	10.2	1.0			0.0
Amici Offshore, Ltd.	20.3	10.1	1.0			0.0
Cantab Quantitative Fund	20.0	9.9	1.0			0.0
Kepos Alpha Fund	15.4	7.7	0.8			0.0
Real Assets	277.8	100.0	14.2	20	15-25	383.8
Commodities	187.8	67.6	9.6			259.5
CS Compound Risk Parity Commodity Index	101.3	36.4	5.2			131.4
First Quadrant Risk Parity Commodity Index	86.5	31.1	4.4			128.1
Natural Resources	90.0	32.4	4.6			124.3
Northern Trust Global LargeMid NR	90.0	32.4	4.6			124.3



San Jose Federated City Employees' Retirement System

Aggregate Assets Portfolio Roster as of 3/31/13

	Market Value 3/31/13 (\$ mm)	% of Asset Class	% of Retirement System	Target Allocation (%)	Target Range (%)	Market Value 12/31/12 (\$ mm)
Fixed Income Assets	349.8	100.0	17.9	10	5-20	363.8
Public Fixed Income¹	231.4	100.0	11.9	NA	NA	247.9
Russell Investments Barclays U.S. TIPS	116.2	50.2	6.0			116.0
Northern Trust Intermediate Gov't 1-10 Year	115.2	49.8	5.9			130.1
Private Debt	118.4	100.0	6.1	NA	NA	115.8
White Oak Direct Lending Account	47.5	40.1	2.4			40.4
GSO Direct Lending Account	36.2	30.6	1.9			35.8
Medley Opportunity Fund II	34.7	29.3	1.8			39.6
Cash²	139.1	100.0	7.1	NA	NA	79.0
<i>Russell Investments Overlay Equitized Cash</i>	<i>81.5</i>					<i>75.9</i>

¹ Public Fixed Income includes residual values from terminated managers totaling \$64 as of 3/31/13 and \$1.8 million as of 12/31/12.

² 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. As of 3/31/13, Russell Investments Overlay equitized \$81.5 million in cash.



San Jose Federated City Employees' Retirement System

Aggregate Assets Performance as of 3/31/13

	1Q13 (%)	Fiscal ¹ YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Inception Date	Since Inception (%)
Total Fund Aggregate²	3.1	10.1	6.0	6.8	3.8	7.8	1/1/94	7.6
Net of Fees³	3.1	10.0	5.9	6.7	3.6	7.5		7.3
Total Fund Aggregate ex Overlay	2.9	9.2	5.6	6.7	3.8	7.8	1/1/94	7.6
Net of Fees ex Overlay	2.9	9.1	5.5	6.6	3.6	7.5		7.3
<i>CPI (inflation)</i>	<i>1.4</i>	<i>1.4</i>	<i>1.5</i>	<i>2.3</i>	<i>1.7</i>	<i>2.4</i>		<i>2.5</i>
<i>San Jose FCERS Policy Benchmark⁴</i>	<i>3.4</i>	<i>9.2</i>	<i>7.2</i>	<i>7.2</i>	<i>4.1</i>	<i>7.6</i>		<i>7.5</i>
<i>San Jose FCERS Custom Benchmark⁵</i>	<i>3.2</i>	<i>9.9</i>	<i>6.2</i>	<i>6.5</i>	<i>NA</i>	<i>NA</i>		<i>NA</i>
<i>Master Trust Public Funds > \$1 billion (Median)⁶</i>	<i>4.7</i>	<i>12.2</i>	<i>10.4</i>	<i>9.6</i>	<i>5.1</i>	<i>8.4</i>		<i>NA</i>

¹ Fiscal Year ends June 30.

² Represents performance which is gross of fees for public market managers and net of fees for private market managers.

³ Beginning in July 2012, fees are accounted for on a cash basis. Previously, fees were accounted for on an accrual basis.

⁴ Please see page 33 of the Plan Summary for composition of the Policy Benchmark.

⁵ Custom Benchmark consists of the individual benchmarks that comprise the Policy Benchmark weighted accordingly to actual allocations and re-adjusted monthly.

⁶ Master Trust universe data provided by InvestMetrics.



San Jose Federated City Employees' Retirement System

Aggregate Assets Performance as of 3/31/13

	1Q13 (%)	Fiscal ¹ YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Inception Date	Since Inception (%)
Total Fund Aggregate								
Equity and Real Estate Assets	6.3	16.2	11.3	NA	NA	NA	1/1/12	17.2
Global Equity	7.2	18.5	11.9	NA	NA	NA	5/1/10	9.0
MSCI ACWI IMI	6.9	17.6	11.0	8.1	2.6	9.9		8.1
Real Estate ²	2.6	6.7	9.2	12.2	-4.2	6.4	1/1/94	8.2
NCREIF Property	2.6	7.6	10.5	13.3	2.3	8.5		9.3
Private Equity ³	2.7	5.4	9.7	11.5	3.5	NA	1/1/06	4.0
Venture Economics Private Equity Composite	3.7	7.9	13.4	13.6	5.8	12.7		10.1
Hedge Fund Assets	4.5	NA	NA	NA	NA	NA	11/1/12	6.1
HFRI Fund of Funds Composite	3.4	7.2	4.8	2.1	-0.2	3.9		5.0
Real Assets	-3.9	-0.3	-6.2	NA	NA	NA	5/1/10	1.1
Custom Risk Parity Benchmark ⁴	-4.2	-0.3	-4.5	NA	NA	NA		NA
S&P Global Infrastructure Index	5.3	12.1	9.4	7.7	0.6	NA		8.1
Dow Jones-Commodity U.S. Index	-1.1	1.5	-3.1	1.3	-7.4	2.5		0.7
CPI (inflation) + 5%	2.6	5.2	6.5	7.4	6.8	7.5		7.4

¹ Fiscal Year ends June 30.

² All manager returns are presented one quarter lagged with the exception of the American Core Realty Fund and PRISA, which are not lagged.

³ All manager returns are presented one quarter lagged.

⁴ Risk Parity Benchmark returns provided by Credit Suisse.



	1Q13 (%)	Fiscal ¹ YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Inception Date	Since Inception (%)
Total Fund Aggregate (continued)								
Fixed Income Assets	0.8	4.5	6.4	NA	NA	NA	1/1/12	6.4
Public Fixed Income	0.1	2.4	3.6	6.4	6.6	6.2	1/1/94	6.4
<i>Barclays U.S. TIPS</i>	-0.4	2.5	5.7	8.6	5.9	6.3		NA
<i>Barclays U.S. TIPS 1-5 Years</i>	0.4	1.9	1.6	3.6	3.2	NA		NA
<i>Barclays Intermediate Gov't Bond Index</i>	0.1	0.8	2.3	3.9	3.7	4.0		5.3
Private Debt ²	2.1	8.8	12.6	NA	NA	NA	12/1/10	6.9
3 Month Libor + 5%	1.3	4.0	5.4	5.4	5.9	NA		5.4
Russell Investments Overlay³	0.3	0.9	0.5	NA	NA	NA	11/1/11	0.2

¹ Fiscal Year ends June 30.

² Manager returns for Medley are lagged one quarter; returns for White Oak and GSO are not lagged.

³ Overlay returns provided by Russell Investments.

San Jose Federated City Employees' Retirement System

Aggregate Assets Performance as of 3/31/13

	1Q13 (%)	Fiscal ¹ YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Inception Date	Since Inception (%)
Equity and Real Estate Assets	6.3	16.2	11.3	NA	NA	NA	1/1/12	17.2
Global Equity	7.2	18.5	11.9	NA	NA	NA	5/1/10	9.0
Northern Trust Russell 3000 Index	11.1	18.3	14.7	13.1	6.5	9.3	9/1/99	4.1
Net of Fees	11.1	18.3	14.7	13.0	6.5	9.3		4.1
<i>Russell 3000</i>	11.1	18.3	14.6	13.0	6.3	9.2		4.0
Northern Trust MSCI Emerging Markets Index	-1.8	11.9	2.0	NA	NA	NA	5/1/10	2.7
Net of Fees	-1.8	11.8	1.9	NA	NA	NA		2.6
<i>MSCI Emerging Markets</i>	-1.6	11.9	2.0	3.3	1.1	17.1		2.9
Artisan Global Value	9.5	23.6	20.6	NA	NA	NA	3/1/11	14.3
Net of Fees	9.3	23.2	20.0	NA	NA	NA		13.6
<i>MSCI ACWI Value</i>	6.4	17.6	11.3	6.8	1.3	9.7		3.5
<i>Peer Global Equity</i>	7.5	19.2	12.2	9.8	NA	NA		6.5
<i>Peer Ranking (percentile)</i>	12	17	4	NA	NA	NA		4
Northern Trust ACWI IMI Index	7.0	NA	NA	NA	NA	NA	11/1/12	11.0
Net of Fees	7.0	NA	NA	NA	NA	NA		11.0
<i>MSCI ACWI IMI</i>	6.9	17.6	11.0	8.1	2.6	9.9		10.8

¹ Fiscal Year ends June 30.



	1Q13 (%)	Fiscal ¹ YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Inception Date	Since Inception (%)
Equity and Real Estate Assets (continued)								
Northern Trust EAFE Small Cap	8.4	NA	NA	NA	NA	NA	11/1/12	13.9
Net of Fees	8.4	NA	NA	NA	NA	NA		13.9
<i>MSCI EAFE Small Cap</i>	8.4	24.0	13.3	8.4	2.1	13.2		14.0
RS Investments Small Cap Value	13.2	29.3	24.2	NA	NA	NA	8/1/10	18.8
Net of Fees	13.2	29.0	23.7	NA	NA	NA		18.1
<i>Russell 2000 Value</i>	11.6	21.8	18.1	12.1	7.3	11.3		15.6
<i>Peer Small Cap Value</i>	12.6	23.1	18.1	14.2	9.7	13.6		17.1
<i>Peer Ranking (percentile)</i>	42	14	11	NA	NA	NA		25
Eagle Small Cap Growth	13.4	24.1	14.0	17.7	12.6	15.4	6/1/98	7.9
Net of Fees	13.1	23.7	13.5	17.1	12.0	14.8		7.3
<i>Russell 2000 Growth</i>	13.2	19.2	14.5	14.7	9.0	11.6		4.7
<i>Peer Small Cap Growth</i>	12.6	19.7	14.1	15.7	9.9	12.8		NA
<i>Peer Ranking (percentile)</i>	29	6	50	24	13	2		62
Northern Trust MSCI EAFE Index	5.2	NA	NA	NA	NA	NA	11/1/12	11.2
Net of Fees	5.2	NA	NA	NA	NA	NA		11.2
<i>MSCI EAFE</i>	5.1	19.8	11.3	5.0	-0.9	9.7		11.1

¹ Fiscal Year ends June 30.

	1Q13 (%)	Fiscal ¹ YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Inception Date	Since Inception (%)
Equity and Real Estate Assets (continued)								
Real Estate²	2.6	6.7	9.2	12.2	-4.2	6.4	1/1/94	8.2
Core Real Estate	2.7	6.6	9.0	14.5	NA	NA	7/1/09	7.5
PRISA I	3.3	7.1	9.7	17.0	-1.9	NA	7/1/04	5.8
Net of Fees	3.1	6.4	8.7	15.8	-2.9	NA		4.8
<i>NCREIF ODCE Equal Weighted</i>	2.6	7.9	10.7	15.0	-1.2	6.4		5.9
American Core Realty Fund, LLC	2.5	7.8	10.7	13.7	-0.9	NA	1/1/07	2.0
Net of Fees	2.2	7.0	9.6	12.5	-1.9	NA		1.0
<i>NCREIF ODCE Equal Weighted</i>	2.6	7.9	10.7	15.0	-1.2	6.4		1.6

¹ Fiscal Year ends June 30.

² All manager returns are presented one quarter lagged with the exception of the American Core Realty Fund and PRISA, which are not lagged.

	1Q13 (%)	Fiscal ¹ YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Inception Date	Since Inception (%)
Equity and Real Estate Assets (continued)								
Private Real Estate^{2, 3}	2.6	6.7	9.4	10.1	NA	NA	7/1/09	-3.6
DRA Growth & Income Fund V	1.2	3.1	4.8	5.1	-3.3	NA	1/1/06	1.2
NCREIF Property (lagged one qtr.)	2.6	7.6	10.5	13.3	2.3	8.5		6.1
Fidelity Real Estate Growth Fund III, L.P.	3.3	10.0	10.7	20.3	-21.0	NA	1/1/08	-21.9
NCREIF Property (lagged one qtr.)	2.6	7.6	10.5	13.3	2.3	8.5		2.5
DRA Growth & Income Fund VI	-0.1	0.8	2.1	13.6	2.7	NA	1/1/08	3.0
NCREIF Property (lagged one qtr.)	2.6	7.6	10.5	13.3	2.3	8.5		2.5
DRA Growth & Income Fund VII	2.6	11.8	14.3	NA	NA	NA	4/1/12	14.3
NCREIF Property (lagged one qtr.)	2.6	7.6	10.5	13.3	2.3	8.5		10.5
GEAM Value Add Realty Partners, L.P.	14.3	28.2	33.0	17.9	-16.7	NA	1/1/07	-13.8
NCREIF Property (lagged one qtr.)	2.6	7.6	10.5	13.3	2.3	8.5		4.5

¹ Fiscal Year ends June 30.

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.

³ Performance is net of fees.

	1Q13 (%)	Fiscal ¹ YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Inception Date	Since Inception (%)
Equity and Real Estate Assets (continued)								
Private Equity^{2,3}	2.7	5.4	9.7	11.5	3.5	NA	1/1/06	4.0
Pantheon USA Fund VII	2.5	5.3	10.5	10.9	NA	NA	1/1/07	NA
Venture Economics PE Composite (lagged one qtr.)	3.7	7.9	13.4	13.6	5.8	12.7		8.8
Pathway Private Equity Fund VIII	4.0	4.9	11.7	14.5	NA	NA	8/1/04	NA
Venture Economics PE Composite (lagged one qtr.)	3.7	7.9	13.4	13.6	5.8	12.7		12.4
Pantheon Global Secondary Fund III	0.8	1.5	2.1	5.1	NA	NA	1/1/07	NA
Venture Economics PE Composite (lagged one qtr.)	3.7	7.9	13.4	13.6	5.8	12.7		8.8
Partners Group Secondary 2008	3.6	3.7	9.8	16.0	NA	NA	12/1/08	NA
Venture Economics PE Composite (lagged one qtr.)	3.7	7.9	13.4	13.6	5.8	12.7		6.8
Partners Group Secondary 2011	-1.9	NA	NA	NA	NA	NA	11/1/12	39.8
Venture Economics PE Composite (lagged one qtr.)	3.7	7.9	13.4	13.6	5.8	12.7		7.6
Great Hill Equity Partners IV	14.5	23.5	22.7	28.9	NA	NA	10/1/08	NA
Venture Economics PE Composite (lagged one qtr.)	3.7	7.9	13.4	13.6	5.8	12.7		6.6

¹ Fiscal Year ends June 30.

² All manager returns are presented one quarter lagged.

³ 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.

	1Q13 (%)	Fiscal ¹ YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Inception Date	Since Inception (%)
Hedge Fund Assets	4.5	NA	NA	NA	NA	NA	11/1/12	6.1
Pine River Fund Ltd	6.6	NA	NA	NA	NA	NA	1/1/13	6.6
<i>HFRI Fund of Funds Composite</i>	3.4	7.2	4.8	2.1	-0.2	3.9		3.4
Arrowgrass International Fund Ltd	3.4	NA	NA	NA	NA	NA	11/1/12	5.4
<i>HFRI Fund of Funds Composite</i>	3.4	7.2	4.8	2.1	-0.2	3.9		5.0
Brevan Howard Multi-Strategy Fund Ltd	2.1	NA	NA	NA	NA	NA	12/1/12	3.5
<i>HFRI Fund of Funds Composite</i>	3.4	7.2	4.8	2.1	-0.2	3.9		4.6
Davidson Kempner Institutional Partners, L.P.	NA	NA	NA	NA	NA	NA	2/1/13	1.8
<i>HFRI Fund of Funds Composite</i>	3.4	7.2	4.8	2.1	-0.2	3.9		1.2
Global Ascent Ltd	NA	NA	NA	NA	NA	NA	3/1/13	2.2
<i>HFRI Fund of Funds Composite</i>	3.4	7.2	4.8	2.1	-0.2	3.9		0.9
Amici Offshore, Ltd.	NA	NA	NA	NA	NA	NA	3/1/13	1.7
<i>HFRI Fund of Funds Composite</i>	3.4	7.2	4.8	2.1	-0.2	3.9		0.9
Kepos Alpha Fund	NA	NA	NA	NA	NA	NA	3/1/13	2.8
<i>HFRI Fund of Funds Composite</i>	3.4	7.2	4.8	2.1	-0.2	3.9		0.9

¹ Fiscal Year ends June 30.

San Jose Federated City Employees' Retirement System

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	1Q13 (%)	Fiscal ¹ YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Inception Date	Since Inception (%)
Real Assets	-3.9	-0.3	-6.2	NA	NA	NA	5/1/10	1.1
Commodities	-4.9	-1.7	-7.0	NA	NA	NA	5/1/10	1.0
Credit Suisse Compound Risk Parity Commodity Index ²	-4.3	0.1	-4.2	NA	NA	NA	4/1/11	-7.5
<i>Custom Risk Parity Benchmark³</i>	-4.2	-0.3	-4.5	NA	NA	NA		-7.6
<i>Dow Jones-Commodity U.S. Index</i>	-1.1	1.5	-3.1	1.3	-7.4	2.5		-10.0
First Quadrant Risk Parity Commodity Index ³	-5.4	-3.9	-10.1	NA	NA	NA	4/1/11	-10.7
<i>Custom Risk Parity Benchmark⁴</i>	-4.2	-0.3	-4.5	NA	NA	NA		-7.6
<i>Dow Jones-Commodity U.S. Index</i>	-1.1	1.5	-3.1	1.3	-7.4	2.5		-10.0
Natural Resources	-2.2	NA	NA	NA	NA	NA	11/1/12	-1.2
Northern Trust Global Large MidCap Natural Resources	-2.2	NA	NA	NA	NA	NA	11/1/12	-1.2
Net of Fees	-2.2	NA	NA	NA	NA	NA		-1.2
<i>S&P Global LargeMid Cap Commodities and Resources</i>	-2.4	5.9	-2.8	2.5	-0.8	NA		-1.3

¹ Fiscal Year ends June 30.

² Performance is net of fees.

³ Risk Parity Benchmark returns provided by Credit Suisse.



	1Q13 (%)	Fiscal ¹ YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Inception Date	Since Inception (%)
Fixed Income Assets	0.8	4.5	6.4	NA	NA	NA	1/1/12	6.4
Public Fixed Income	0.1	2.4	3.6	6.4	6.6	6.2	1/1/94	6.4
Russell Investments Barclays U.S. TIPS	0.2	1.9	2.3	NA	NA	NA	5/1/10	6.2
Net of Fees	0.2	1.9	2.3	NA	NA	NA		6.1
<i>TIPS Blended Benchmark²</i>	0.0	2.2	3.6	NA	NA	NA		6.6
<i>Barclays U.S. TIPS</i>	-0.4	2.5	5.7	8.6	5.9	6.3		8.0
<i>Barclays U.S. TIPS 1-5 Years</i>	0.4	1.9	1.6	3.6	3.2	NA		3.4
Northern Trust Intermediate Gov't 1-10 Year	0.1	NA	NA	NA	NA	NA	10/1/12	0.2
Net of Fees	0.1	NA	NA	NA	NA	NA		0.2
<i>Barclays Intermediate Gov't Bond Index</i>	0.1	0.8	2.3	3.9	3.7	4.0		0.2

¹ Fiscal Year ends June 30.

² The TIPS Blended Benchmark Consists of 50% Barclays U.S. TIPS & 50% Barclays U.S. TIPS 1-5 years. Prior to January 1, 2012, it was comprised of 100% Russell Investments Barclays U.S. TIPS.

	1Q13 (%)	Fiscal ¹ YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Inception Date	Since Inception (%)
Fixed Income Assets (continued)								
Private Debt^{2,3}	2.1	8.8	12.6	NA	NA	NA	12/1/10	6.9
White Oak Direct Lending Account	2.3	11.3	14.7	NA	NA	NA	11/1/10	3.6
<i>3 Month Libor + 5%</i>	1.3	4.0	5.4	5.4	5.9	NA		5.4
GSO Direct Lending Account	1.9	8.7	13.9	NA	NA	NA	1/1/11	19.8
<i>3 Month Libor + 5%</i>	1.3	4.0	5.4	5.4	5.9	NA		5.4
Medley Opportunity Fund II	2.3	7.3	10.1	NA	NA	NA	4/1/11	5.0
<i>3 Month Libor + 5%</i>	1.3	4.0	5.4	5.4	5.9	NA		5.4

¹ Fiscal Year ends June 30.

² Manager returns for Medley are lagged one quarter; returns for White Oak and GSO are not lagged.

³ 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 as of 3/31/13

	2012 (%)	2011 (%)	2010 (%)	2009 (%)	2008 (%)	2007 (%)	2006 (%)	2005 (%)	2004 (%)	2003 (%)
Total Fund Aggregate¹	9.6	-1.4	13.0	19.4	-23.8	8.8	13.0	6.7	11.4	24.4
Net of Fees²	9.5	-1.5	12.8	19.7	-24.0	8.5	12.7	6.4	11.1	24.0
Total Fund Aggregate ex Overlay¹	9.7	-1.3	13.0	19.4	-23.8	8.8	13.0	6.7	11.4	24.4
Net of Fees ex Overlay	9.6	-1.5	12.8	19.7	-24.0	8.5	12.7	6.4	11.1	24.0
<i>CPI (inflation)</i>	1.7	3.0	1.5	2.7	0.1	4.1	2.5	3.4	3.3	1.9
<i>San Jose FCERS Policy Benchmark³</i>	9.6	-1.7	14.4	19.0	-22.8	8.2	13.5	6.7	10.8	20.6
<i>San Jose FCERS Custom Benchmark⁴</i>	10.2	-2.6	NA	NA	NA	NA	NA	NA	NA	NA
<i>Master Trust (Median)⁵</i>	13.4	0.7	12.5	19.4	-24.2	7.9	NA	NA	NA	NA

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.

⁵ Master Trust Universe data provided by InvestMetrics.



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	2012 (%)	2011 (%)	2010 (%)	2009 (%)	2008 (%)	2007 (%)	2006 (%)	2005 (%)	2004 (%)	2003 (%)
Total Fund Aggregate										
Equity and Real Estate Assets	14.7	NA	NA	NA	NA	NA	NA	NA	NA	NA
Global Equity	16.0	-6.9	NA	NA	NA	NA	NA	NA	NA	NA
MSCI ACWI IMI	16.4	-7.9	14.3	36.4	-42.3	11.2	20.9	11.5	16.4	35.5
Real Estate ¹	8.9	14.9	7.7	-37.7	-5.4	23.4	13.2	22.9	10.3	28.7
NCREIF Property	10.5	14.3	13.1	-16.9	-6.5	15.8	16.6	20.1	14.5	9.0
Private Equity	9.1	15.6	10.9	-13.5	-4.0	15.5	-3.5	NA	NA	NA
Venture Economics Private Equity Composite	14.5	12.0	15.7	-6.6	-7.1	26.6	18.6	30.4	15.9	7.3
Hedge Fund Assets	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
HFRI Fund of Funds Composite	4.8	-5.7	5.7	11.5	-21.4	10.3	10.4	7.5	6.9	11.6
Real Assets	0.2	-6.5	NA	NA	NA	NA	NA	NA	NA	NA
Custom Risk Parity Benchmark ²	1.3	NA	NA	NA	NA	NA	NA	NA	NA	NA
S&P Global Infrastructure Index	11.1	-0.4	5.8	25.3	-39.0	23.2	NA	NA	NA	NA
Dow Jones-Commodity U.S. Index	-1.1	-13.4	16.7	18.7	-36.6	11.1	-2.7	21.4	9.1	23.9
CPI (inflation) + 5%	6.8	8.1	6.6	7.8	5.1	9.3	7.7	8.7	8.5	7.1

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 Risk Parity Benchmark returns provided by Credit Suisse.



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	2012 (%)	2011 (%)	2010 (%)	2009 (%)	2008 (%)	2007 (%)	2006 (%)	2005 (%)	2004 (%)	2003 (%)
Total Fund Aggregate (continued)										
Fixed Income Assets	7.2	NA	NA	NA	NA	NA	NA	NA	NA	NA
Public Fixed Income	5.4	8.7	7.2	15.9	-1.3	6.7	5.8	0.8	6.3	9.0
<i>Barclays U.S. TIPS</i>	7.0	13.6	6.3	11.4	-2.4	11.6	0.4	2.8	8.5	8.4
<i>Barclays U.S. TIPS 1-5 Years</i>	2.7	4.9	3.9	11.5	-2.5	10.3	2.4	1.6	NA	NA
<i>Barclays Intermediate Gov't Bond Index</i>	1.7	6.1	5.0	-0.3	10.4	8.5	3.8	1.7	2.3	2.3
Private Debt	10.4	10.6	NA	NA	NA	NA	NA	NA	NA	NA
<i>3 Month Libor + 5%</i>	5.5	5.4	5.3	5.9	8.7	10.7	10.5	8.6	NA	NA



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	2012 (%)	2011 (%)	2010 (%)	2009 (%)	2008 (%)	2007 (%)	2006 (%)	2005 (%)	2004 (%)	2003 (%)
Equity and Real Estate Assets	14.7	NA	NA	NA	NA	NA	NA	NA	NA	NA
Global Equity	16.0	-6.9	NA	NA	NA	NA	NA	NA	NA	NA
Northern Trust Russell 3000 Index	16.5	1.1	17.2	28.9	-37.3	5.3	15.8	6.2	12.0	31.2
Net of Fees	16.5	1.1	17.2	NA	NA	NA	NA	NA	NA	NA
<i>Russell 3000</i>	16.4	1.0	16.9	28.3	-37.3	5.1	15.7	6.1	11.9	31.1
Northern Trust MSCI Emerging Markets Index	18.3	-18.7	NA	NA	NA	NA	NA	NA	NA	NA
Net of Fees	18.2	-18.8	NA	NA	NA	NA	NA	NA	NA	NA
<i>MSCI Emerging Markets</i>	18.2	-18.4	18.9	78.5	-53.3	39.4	32.2	34.0	25.6	55.8
Artisan Global Value	20.8	NA	NA	NA	NA	NA	NA	NA	NA	NA
Net of Fees	20.2	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>MSCI ACWI Value</i>	15.6	-7.3	10.2	31.7	-41.5	6.7	25.6	10.8	19.1	39.0
Northern Trust ACWI IMI Index	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Net of Fees	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>MSCI ACWI IMI</i>	16.4	-7.9	14.3	36.4	-42.3	11.2	20.9	11.5	16.4	35.5
Northern Trust EAFE Small Cap	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Net of Fees	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>MSCI EAFE Small Cap</i>	20.0	-15.9	22.0	46.8	-47.0	1.4	19.3	26.2	30.8	61.3



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	2012 (%)	2011 (%)	2010 (%)	2009 (%)	2008 (%)	2007 (%)	2006 (%)	2005 (%)	2004 (%)	2003 (%)
Equity and Real Estate Assets (continued)										
RS Investments Small Cap Value	22.0	-7.1	NA	NA	NA	NA	NA	NA	NA	NA
Net of Fees	21.4	-7.9	NA	NA	NA	NA	NA	NA	NA	NA
<i>Russell 2000 Value</i>	18.1	-5.5	24.5	20.6	-28.9	-9.8	23.5	4.7	22.2	46.0
Eagle Small Cap Growth	17.8	-2.3	34.4	41.3	-35.8	12.7	21.4	4.2	20.8	44.7
Net of Fees	17.5	-2.9	33.7	39.5	-36.1	12.0	20.7	3.6	20.0	43.8
<i>Russell 2000 Growth</i>	14.6	-2.9	29.1	34.5	-38.5	7.0	13.3	4.2	14.3	48.5
Northern Trust MSCI EAFE Index	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Net of Fees	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>MSCI EAFE</i>	17.3	-12.1	7.7	31.8	-43.4	11.2	26.3	13.5	20.2	38.6
Real Estate¹	8.9	14.9	7.7	-37.7	-5.4	23.4	13.2	22.9	10.3	28.7
Core Real Estate	9.3	16.3	14.2	NA	NA	NA	NA	NA	NA	NA
PRISA I	9.7	19.1	18.4	-34.2	-13.0	17.5	16.2	23.3	NA	NA
Net of Fees	8.7	17.9	17.0	-34.9	-13.7	16.5	15.1	22.1	NA	NA
<i>NCREIF ODCE Equal Weighted</i>	11.0	16.0	16.1	-30.7	-10.4	16.1	16.1	20.2	12.6	9.1
American Core Realty Fund, LLC	11.3	15.1	11.2	-30.0	-5.3	17.3	NA	NA	NA	NA
Net of Fees	10.2	13.8	10.1	-30.7	-6.2	16.2	NA	NA	NA	NA
<i>NCREIF ODCE Equal Weighted</i>	11.0	16.0	16.1	-30.7	-10.4	16.1	16.1	20.2	12.6	9.1

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



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	2012 (%)	2011 (%)	2010 (%)	2009 (%)	2008 (%)	2007 (%)	2006 (%)	2005 (%)	2004 (%)	2003 (%)
Equity and Real Estate Assets (continued)										
Private Real Estate	8.6	13.7	1.8	NA	NA	NA	NA	NA	NA	NA
DRA Growth & Income Fund V ¹	4.8	7.2	-1.0	-24.3	2.8	18.7	5.3	NA	NA	NA
<i>NCREIF Property (lagged one qtr.)</i>	10.5	14.3	13.1	-16.9	-6.5	15.8	16.6	20.1	14.5	9.0
Fidelity Real Estate Growth Fund III, L.P. ¹	14.7	9.6	38.3	-77.5	-32.6	NA	NA	NA	NA	NA
<i>NCREIF Property (lagged one qtr.)</i>	10.5	14.3	13.1	-16.9	-6.5	15.8	16.6	20.1	14.5	9.0
DRA Growth & Income Fund VI ¹	3.2	29.8	-0.1	-19.8	9.0	NA	NA	NA	NA	NA
<i>NCREIF Property (lagged one qtr.)</i>	10.5	14.3	13.1	-16.9	-6.5	15.8	16.6	20.1	14.5	9.0
DRA Growth & Income Fund VII	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>NCREIF Property (lagged one qtr.)</i>	10.5	14.3	13.1	-16.9	-6.5	15.8	16.6	20.1	14.5	9.0
CEAM Value Add Realty Partners, L.P.	-5.8	35.3	5.0	-66.3	-22.2	-1.6	NA	NA	NA	NA
<i>NCREIF Property (lagged one qtr.)</i>	10.5	14.3	13.1	-16.9	-6.5	15.8	16.6	20.1	14.5	9.0

¹ Performance is net of fees.



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Aggregate Assets Calendar Year Performance as of 3/31/13

	2012 (%)	2011 (%)	2010 (%)	2009 (%)	2008 (%)	2007 (%)	2006 (%)	2005 (%)	2004 (%)	2003 (%)
Equity and Real Estate Assets (continued)										
Private Equity	9.1	15.6	10.9	-13.5	-4.0	15.5	-3.5	NA	NA	NA
Pantheon USA Fund VII	11.1	14.5	7.1	NA	NA	NA	NA	NA	NA	NA
Venture Economics PE Composite (lagged one qtr.)	14.5	12.0	15.7	-6.6	-7.1	26.6	18.6	30.4	15.9	7.3
Pathway Private Equity Fund VIII	12.0	15.8	16.8	NA	NA	NA	NA	NA	NA	NA
Venture Economics PE Composite (lagged one qtr.)	14.5	12.0	15.7	-6.6	-7.1	26.6	18.6	30.4	15.9	7.3
Pantheon Global Secondary Fund III	0.9	11.6	5.4	NA	NA	NA	NA	NA	NA	NA
Venture Economics PE Composite (lagged one qtr.)	14.5	12.0	15.7	-6.6	-7.1	26.6	18.6	30.4	15.9	7.3
Partners Group Secondary 2008	2.7	24.5	20.1	NA	NA	NA	NA	NA	NA	NA
Venture Economics PE Composite (lagged one qtr.)	14.5	12.0	15.7	-6.6	-7.1	26.6	18.6	30.4	15.9	7.3
Partners Group Secondary 2011	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Venture Economics PE Composite (lagged one qtr.)	14.5	12.0	15.7	-6.6	-7.1	26.6	18.6	30.4	15.9	7.3
Great Hill Equity Partners IV	17.8	43.3	7.4	NA	NA	NA	NA	NA	NA	NA
Venture Economics PE Composite (lagged one qtr.)	14.5	12.0	15.7	-6.6	-7.1	26.6	18.6	30.4	15.9	7.3



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Aggregate Assets Calendar Year Performance as of 3/31/13

	2012 (%)	2011 (%)	2010 (%)	2009 (%)	2008 (%)	2007 (%)	2006 (%)	2005 (%)	2004 (%)	2003 (%)
Hedge Fund Assets										
Pine River Fund Ltd	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>HFRI Fund of Funds Composite</i>	4.8	-5.7	5.7	11.5	-21.4	10.3	10.4	7.5	6.9	11.6
Arrowgrass International Fund Ltd	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>HFRI Fund of Funds Composite</i>	4.8	-5.7	5.7	11.5	-21.4	10.3	10.4	7.5	6.9	11.6
Brevan Howard Multi-Strategy Fund Ltd	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>HFRI Fund of Funds Composite</i>	4.8	-5.7	5.7	11.5	-21.4	10.3	10.4	7.5	6.9	11.6
Davidson Kempner Institutional Partners, L.P.	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>HFRI Fund of Funds Composite</i>	4.8	-5.7	5.7	11.5	-21.4	10.3	10.4	7.5	6.9	11.6
Global Ascent Ltd	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>HFRI Fund of Funds Composite</i>	4.8	-5.7	5.7	11.5	-21.4	10.3	10.4	7.5	6.9	11.6
Amici Offshore, Ltd.	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>HFRI Fund of Funds Composite</i>	4.8	-5.7	5.7	11.5	-21.4	10.3	10.4	7.5	6.9	11.6
Kepos Alpha Fund	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>HFRI Fund of Funds Composite</i>	4.8	-5.7	5.7	11.5	-21.4	10.3	10.4	7.5	6.9	11.6



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	2012 (%)	2011 (%)	2010 (%)	2009 (%)	2008 (%)	2007 (%)	2006 (%)	2005 (%)	2004 (%)	2003 (%)
Real Assets	0.2	-6.5	NA	NA	NA	NA	NA	NA	NA	NA
Commodities	-1.3	-9.0	NA	NA	NA	NA	NA	NA	NA	NA
Credit Suisse Compound Risk Parity Commodity Index ¹	1.6	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>Custom Risk Parity Benchmark</i> ²	1.3	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>Dow Jones-Commodity U.S. Index</i>	-1.1	-13.4	16.7	18.7	-36.6	11.1	-2.7	21.4	9.1	23.9
First Quadrant Risk Parity Commodity Index ¹	-4.7	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>Custom Risk Parity Benchmark</i> ²	1.3	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>Dow Jones-Commodity U.S. Index</i>	-1.1	-13.4	16.7	18.7	-36.6	11.1	-2.7	21.4	9.1	23.9
Natural Resources	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Northern Trust Global Large MidCap Natural Resources	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Net of Fees	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>S&P Global LargeMid Cap Commodities and Resources</i>	7.1	-12.9	19.5	57.8	-46.1	59.3	30.5	29.1	NA	NA

¹ Performance is net of fees.

² Risk Parity Benchmark returns provided by Credit Suisse.



San Jose Federated City Employees' Retirement System

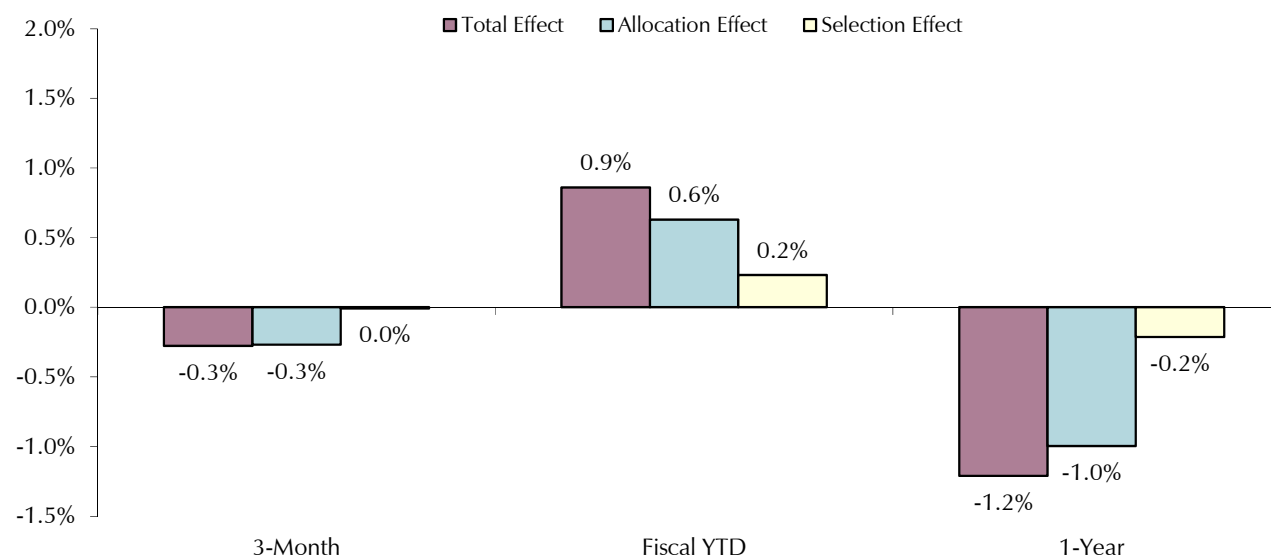
Aggregate Assets Calendar Year Performance as of 3/31/13

	2012 (%)	2011 (%)	2010 (%)	2009 (%)	2008 (%)	2007 (%)	2006 (%)	2005 (%)	2004 (%)	2003 (%)
Fixed Income Assets	7.2	NA	NA	NA	NA	NA	NA	NA	NA	NA
Public Fixed Income	5.4	8.7	7.2	15.9	-1.3	6.7	5.8	0.8	6.3	9.0
Russell Investments Barclays U.S. TIPS	3.4	11.2	NA	NA	NA	NA	NA	NA	NA	NA
Net of Fees	3.4	11.2	NA	NA	NA	NA	NA	NA	NA	NA
<i>TIPS Blended Benchmark¹</i>	4.8	11.2	NA	NA	NA	NA	NA	NA	NA	NA
<i>Barclays U.S. TIPS</i>	7.0	13.6	6.3	11.4	-2.4	11.6	0.4	2.8	8.5	8.4
<i>Barclays U.S. TIPS 1-5 Years</i>	2.7	4.9	3.9	11.5	-2.5	10.3	2.4	1.6	NA	NA
Northern Trust Intermediate Gov't 1-10 Year	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Net of Fees	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>Barclays Intermediate Gov't Bond Index</i>	1.7	6.1	5.0	-0.3	10.4	8.5	3.8	1.7	2.3	2.3
Private Debt	10.4	4.7	NA	NA	NA	NA	NA	NA	NA	NA
White Oak Direct Lending Account	6.6	2.1	NA	NA	NA	NA	NA	NA	NA	NA
<i>3 Month Libor + 5%</i>	5.5	5.4	5.3	5.9	8.7	10.7	10.5	8.6	NA	NA
GSO Direct Lending Account	17.2	25.6	NA	NA	NA	NA	NA	NA	NA	NA
<i>3 Month Libor + 5%</i>	5.5	5.4	5.3	5.9	8.7	10.7	10.5	8.6	NA	NA
Medley Opportunity Fund II	9.4	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>3 Month Libor + 5%</i>	5.5	5.4	5.3	5.9	8.7	10.7	10.5	8.6	NA	NA

¹ The TIPS Blended Benchmark Consists of 50% Barclays U.S. TIPS & 50% Barclays U.S. TIPS 1-5 years. Prior to January 1, 2012, it was comprised of 100% Russell Investments Barclays U.S. TIPS.



Performance Attribution: Total Fund vs. Policy Benchmark
as of 3/31/13



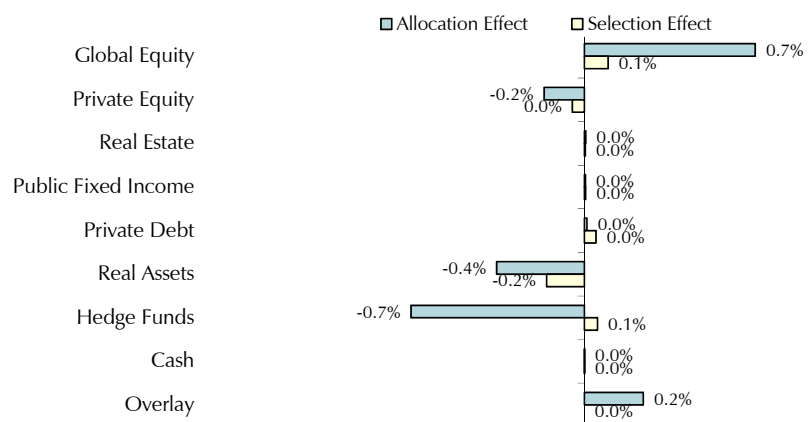
Total Effect: The total effect is the difference between the performance of the total fund and the return for the policy benchmark. The total effect is calculated by adding the allocation effect and the selection effect.

Allocation Effect: The allocation effect measures the impact of over- and under-weighting the fund allocations compared to the target allocations. The allocation effect is calculated by subtracting the Policy Benchmark return from the Custom Benchmark return.

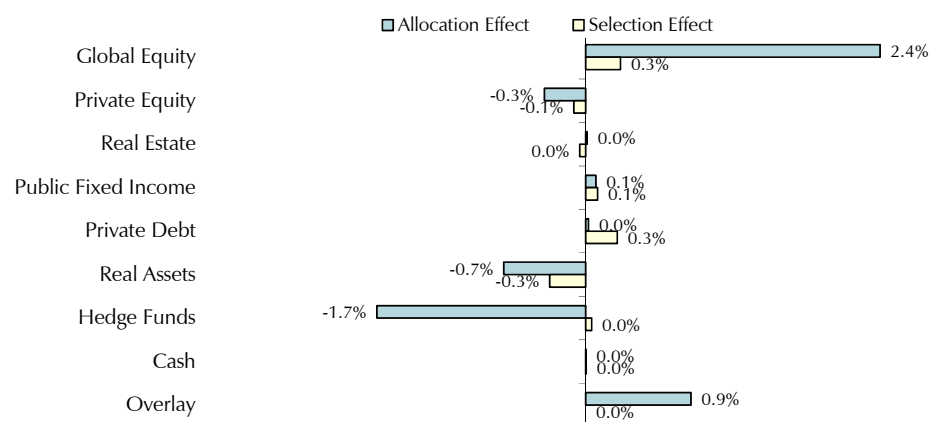
Selection Effect: The selection effect measures the contribution of active management. For this analysis, the interaction effect, which measures the combined impact of selection and allocation, is included in the selection effect. Therefore, the selection effect is calculated by subtracting the Custom Benchmark return from the Total Fund return.

Performance Attribution (Total Fund): Asset Class vs. Policy Benchmark
as of 3/31/13

1Q13



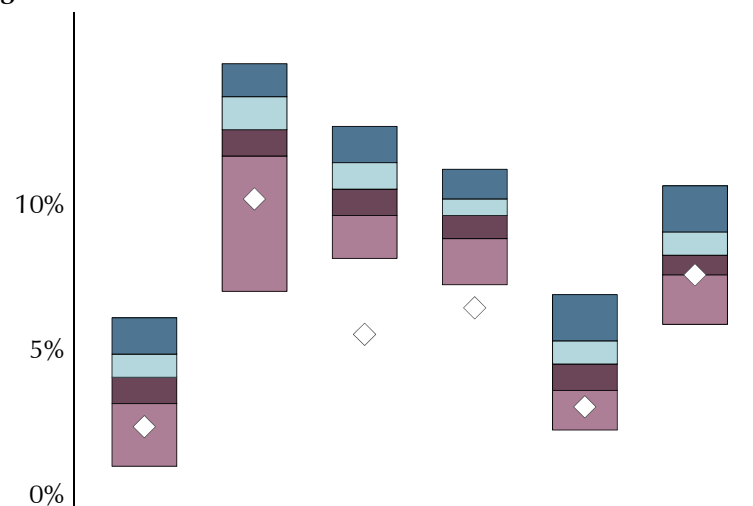
Fiscal YTD



Allocation Effect: The allocation effect measures the impact of over- and under-weighting the fund allocations compared to the target allocations at the Total Fund level. The allocation effect is calculated by subtracting the asset class benchmark return from the asset class custom benchmark return.

Selection Effect: The selection effect measures the contribution of active management at the Total Fund level. For this analysis, the interaction effect, which measures the combined impact of selection and allocation, is included in the selection effect. Therefore, the selection effect is calculated by subtracting the asset class custom benchmark return from the asset class contribution to the Total Fund return.

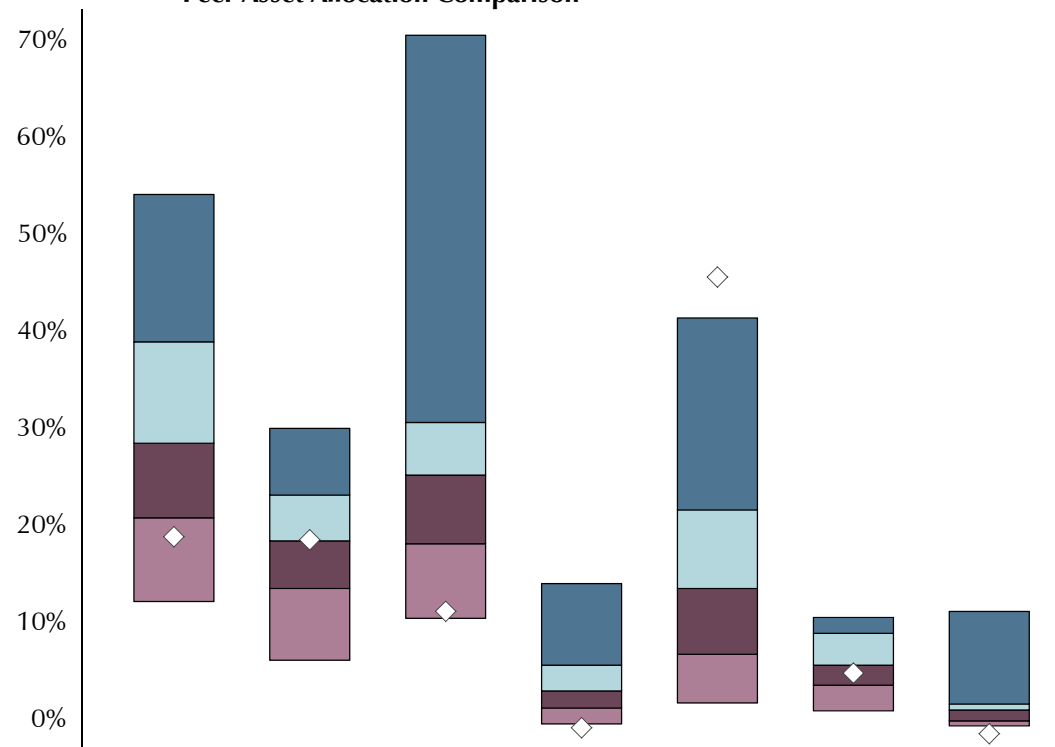
Total Fund Aggregate vs. Public Funds >\$1 billion¹



	1Q13 (%)	Fiscal YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)
Total Fund Aggregate¹	3.2	10.1	6.0	6.8	3.8	7.8
25th percentile	5.4	13.2	11.2	10.1	5.8	9.1
Median ³	4.7	12.2	10.4	9.6	5.1	8.4
75 Percentile	3.9	11.4	9.6	8.9	4.3	7.8

¹ Master Trust universe data provided by InvestMetrics.

Peer Asset Allocation Comparison^{1,2}



	US Equity	Intl. Equity	US Fixed Income	Intl. Fixed Income	Alternative Inv.	Real Estate	Cash
San Jose Allocation (Russell Overlay Net Position)	19.2	18.9	11.7	0.0	45.3	5.5	-0.6
1 st Quartile	38.8	23.4	30.7	6.3	21.9	9.5	2.4
Median	28.6	18.8	25.4	3.7	14.0	6.3	1.8
3 rd Quartile	21.1	14.0	18.5	2.0	7.4	4.3	0.7
Population	52	49	53	26	34	26	22

¹ Based on Russell Investments overlay net positions as of 3/31/13.

² Master Trust universe data provided by InvestMetrics.

San Jose Federated City Employees' Retirement System

Policy Benchmark Description as of 3/31/13

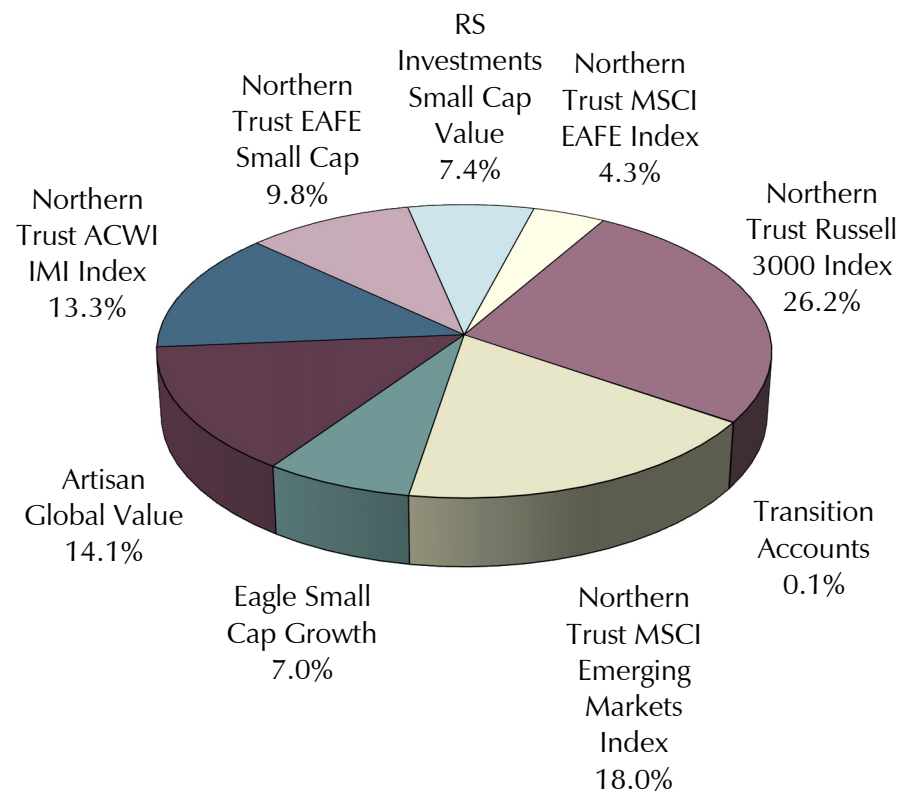
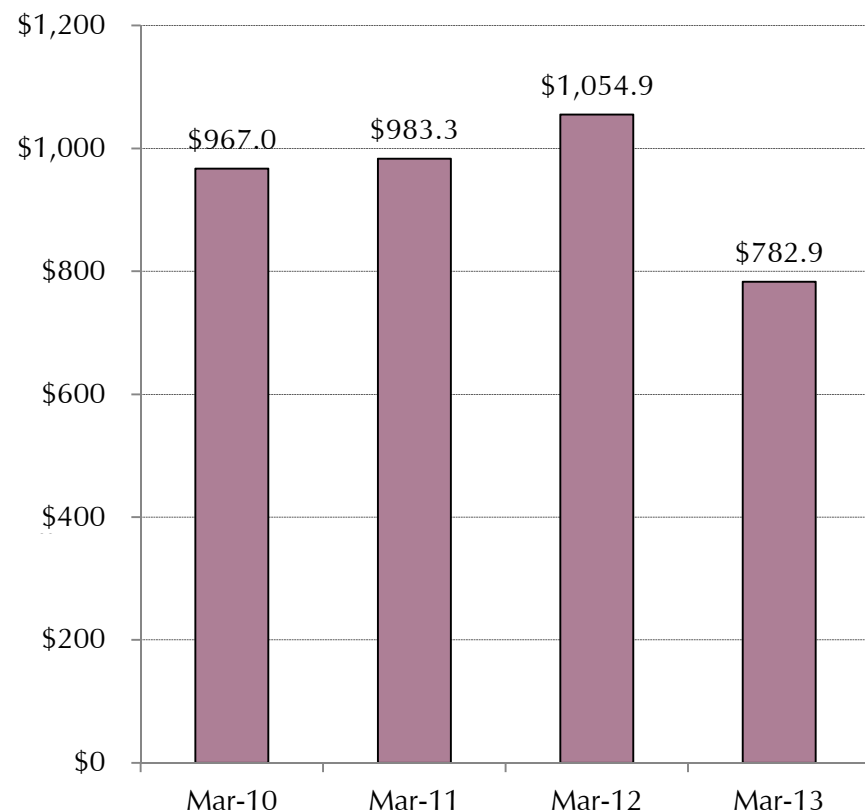
Time Period		Composition
1/1/2012-Present	31%	MSCI ACWI IMI
	9	Venture Economics Private Equity
	5	NCREIF Property
	2.5	Barclays Intermediate Government
	1.25	Barclays U.S. TIPS
	1.25	Barclays U.S. TIPS 1-5 Years
	5	3-Month LIBOR + 5%
	10	Risk Parity Commodities
	10	CPI-U + 5%
	25	HFRI Fund of Funds 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
	6	Venture Economics Private Equity
	8	Custom Risk Parity Benchmark
	2	S&P Global Infrastructure
	5	3-Month LIBOR + 5%

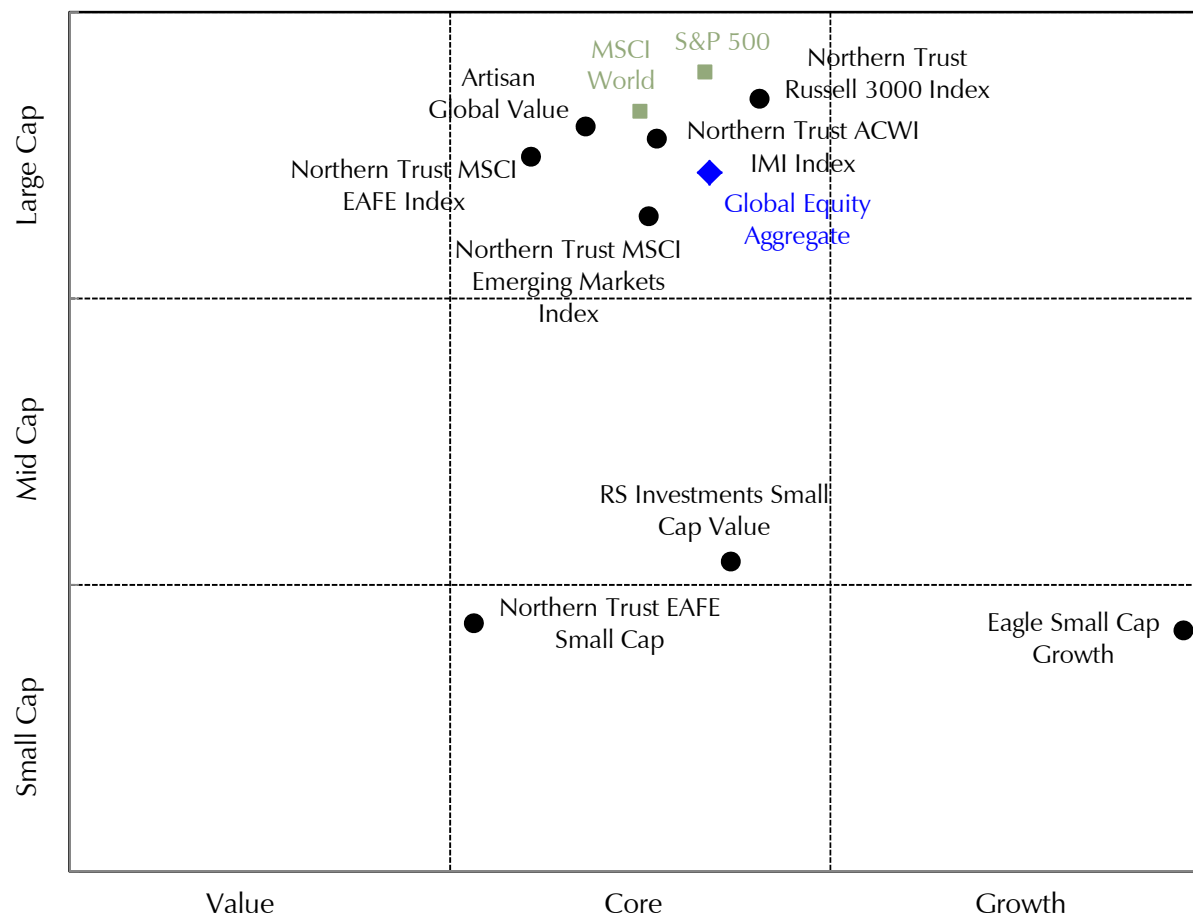
Time Period		Composition
4/1/2010-3/31/2011	16%	MSCI ACWI
	9	MSCI ACWI Value
	5	MSCI Emerging Markets
	5	MSCI EAFE Small Cap
	3	MSCI EAFE Growth
	3	Russell 3000
	2.5	Russell 2000 Growth
	2.5	Russell 2000 Value
	7.5	Russell Investments Barclays U.S. TIPS
	5	Barclays Intermediate Government
	2.5	Barclays 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
	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



Plan Detail

Global Equity Assets As of March 31, 2013





	Aggregate Global Equity 3/31/13	MSCI ACWI IMI 3/31/13	Aggregate Global Equity ¹ 12/31/12
Capitalization Structure:			
Weighted Average Market Cap. (US\$ billion)	49.6	63.2	49.9
Median Market Cap. (US\$ billion)	1.1	1.2	1.1
Large (% over US\$10 billion)	57	72	59
Medium (% US\$2 billion to US\$10 billion)	27	20	26
Small (% under US\$2 billion)	16	7	15
Fundamental Structure:			
Price-Earnings Ratio	22	21	20
Price-Book Value Ratio	3.6	3.5	3.4
Dividend Yield (%)	2.2	2.6	2.4
Historical Earnings Growth Rate (%)	9	8	8
Projected Earnings Growth Rate (%)	12	11	12

¹ Characteristics will differ slightly from the previous report as Meketa Investment Group has changed from Factset to Thomson Reuters for equity market data.

Diversification:	Aggregate Global Equity 3/31/13	MSCI ACWI IMI 3/31/13	Aggregate Global Equity¹ 12/31/12
Number of Holdings	8,789	8,453	8,817
% in 5 largest holdings	4	4	4
% in 10 largest holdings	7	7	7

Largest Five Holdings:	% of Portfolio	Economic Sector
Johnson & Johnson	0.9	Pharmaceuticals & Biotech.
Google	0.9	Software & Services
Microsoft	0.8	Software & Services
ExxonMobil	0.8	Energy
Apple	0.8	Technology Equipment

¹ Characteristics will differ slightly from the previous report as Meketa Investment Group has changed from Factset to Thomson Reuters for equity market data.

Sector Allocation (%):	Aggregate Global Equity 3/31/13	MSCI ACWI IMI 3/31/13	Aggregate Global Equity ¹ 12/31/12
Information Technology	16	12	15
Consumer Discretionary	12	12	12
Financials	22	21	22
Industrials	11	11	11
Health Care	9	10	8
Utilities	3	3	3
Materials	6	7	7
Telecommunication Services	3	4	3
Consumer Staples	9	10	9
Energy	9	10	9

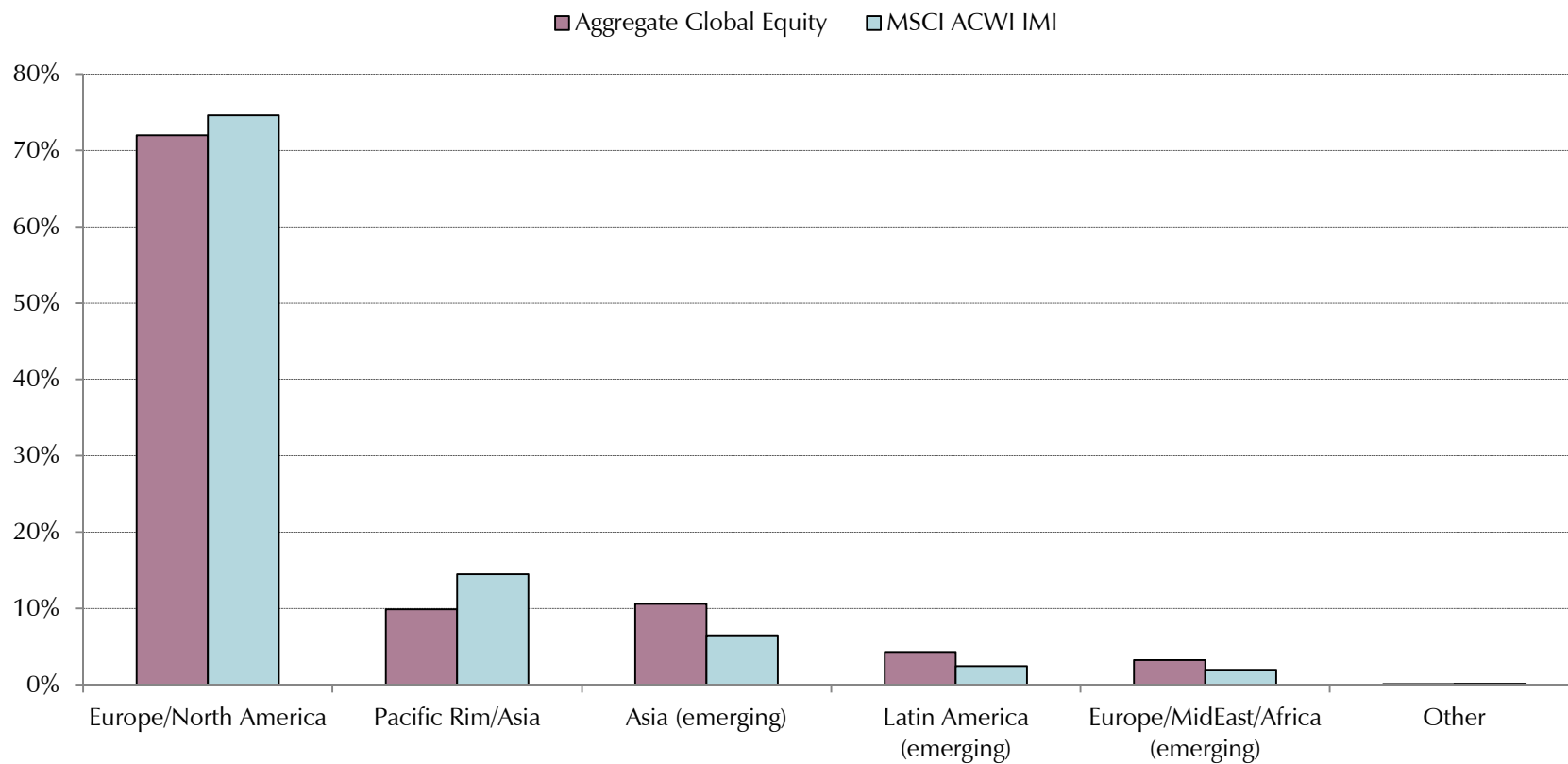
¹ Characteristics will differ slightly from the previous report as Meketa Investment Group has changed from Factset to Thomson Reuters for equity market data.

San Jose Federated City Employees' Retirement System

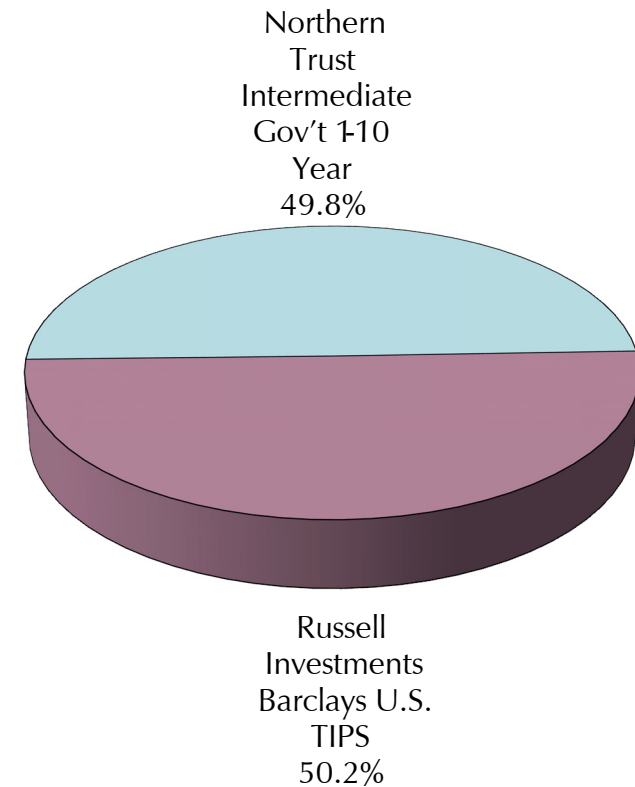
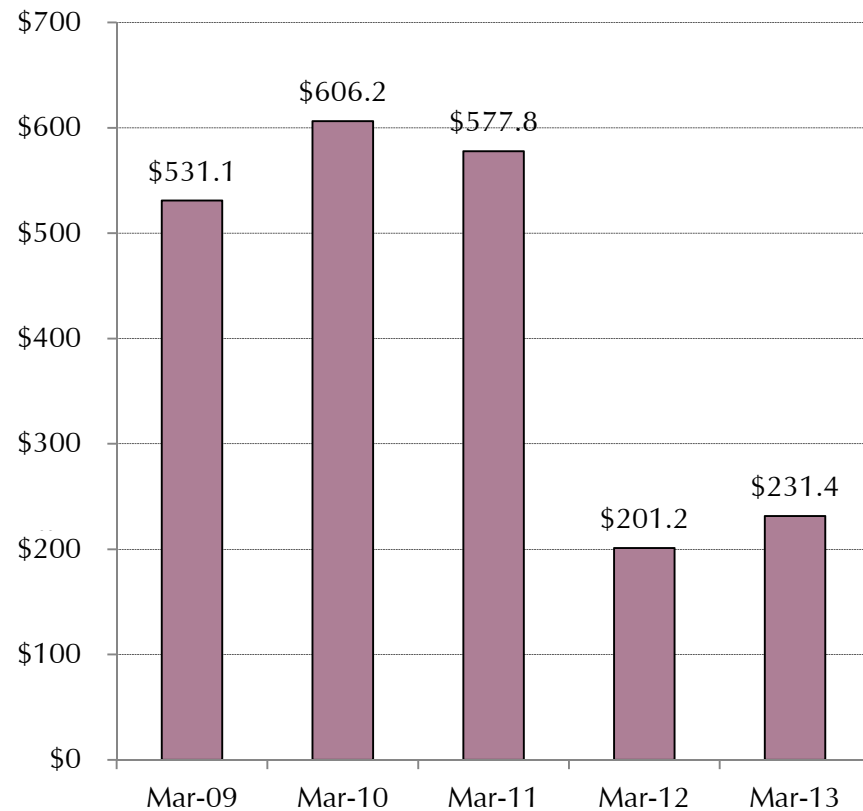
Global Equity Assets Country & Region Breakdown as of 3/31/13

	Aggregate Global Equity 3/31/13 (%)	MSCI ACWI IMI 3/31/13 (%)
Europe/North America	72.0	74.6
United States	55.4	47.9
Switzerland	1.8	3.0
Germany	1.6	2.9
United Kingdom	6.2	7.7
France	1.3	3.0
Canada	1.4	4.1
Pacific Rim/Asia	9.9	14.5
Hong Kong	2.2	2.2
Australia	1.7	3.3
Japan	5.2	8.0
Asia (emerging)	10.6	6.5
South Korea	3.0	1.8
China	2.0	1.1
Taiwan	2.2	1.4
India	1.3	0.8

	Aggregate Global Equity 3/31/13 (%)	MSCI ACWI IMI 3/31/13 (%)
Latin America (emerging)	4.3	2.4
Brazil	2.5	1.4
Mexico	1.1	0.6
Europe/MidEast/Africa (emerging)	3.2	2.0
South Africa	1.4	0.9
Other	0.0	0.1



**Public Fixed Income Assets
As of March 31, 2013**



Risk: (sixty months)	Aggregate Fixed Income 3/31/13	Barclays Aggregate 3/31/13
Annualized Return (%)	6.6	5.5
Standard Deviation (%)	4.9	3.7
Best Monthly Return (%)	4.8	3.7
Worst Monthly Return (%)	-3.8	-2.4
Beta	1.04	1.00
Correlation (R ²) to Index	0.79	1.00
Correlation to Total Fund Return	0.63	NA
Sharpe Measure (risk-adjusted return)	1.29	1.38
Information Ratio	0.41	NA

Duration & Yield:

Average Effective Duration (years)

Yield to Maturity (%)

Aggregate
Fixed Income
3/31/13

Barclays Aggregate
3/31/13

Aggregate
Fixed Income
12/31/12

3.8

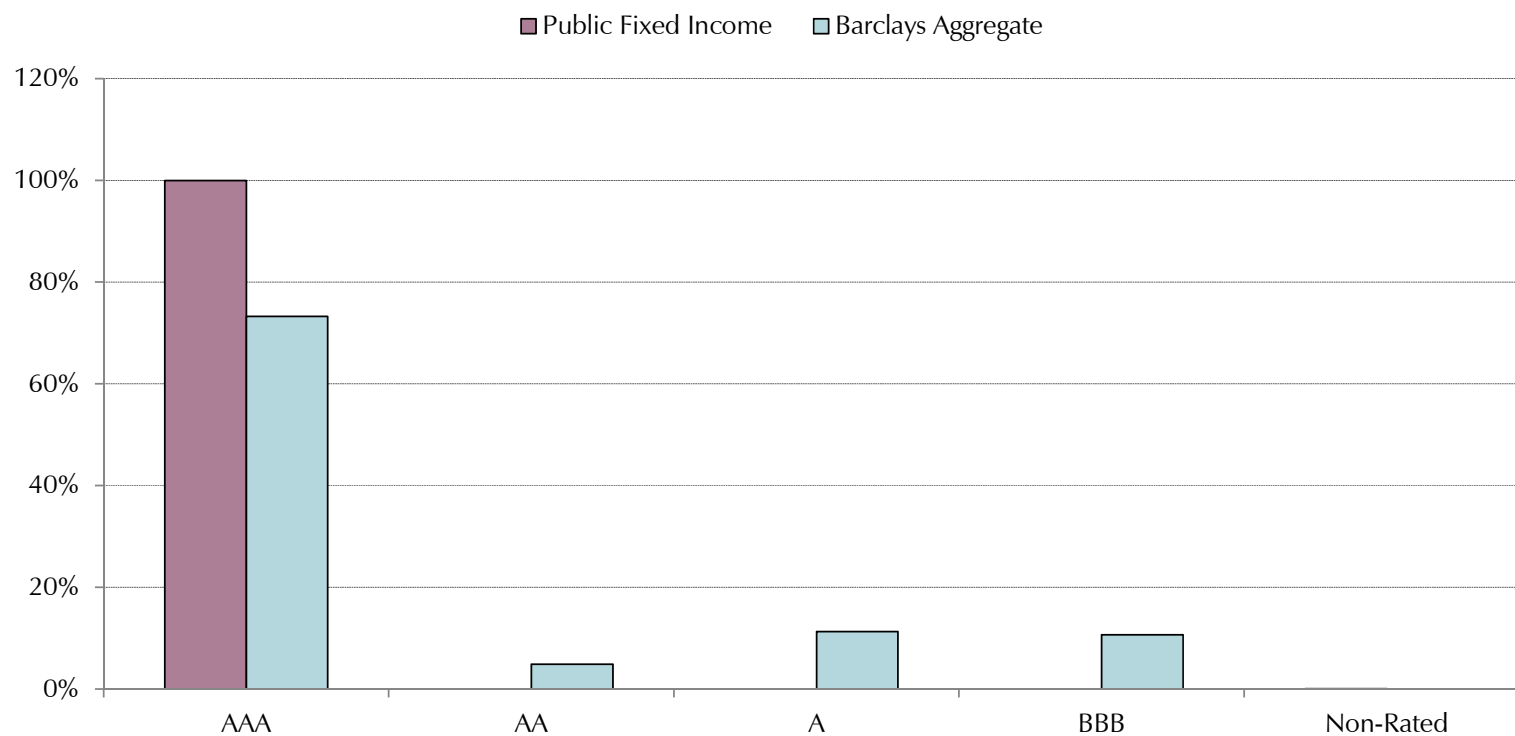
5.3

3.7

0.6

1.9

0.6



	Aggregate Fixed Income 3/31/13	Barclays Aggregate 3/31/13	Aggregate Fixed Income 12/31/12
Market Allocation (%):			
United States	100	92	100
Foreign (developed markets)	0	5	0
Foreign (emerging markets)	0	3	0
Currency Allocation (%):			
Non-U.S. Dollar Exposure	0	0	0
Sector Allocation (%):			
U.S. Treasury-Nominal	44	37	46
U.S. Treasury-TIPS	50	0	47
U.S. Agency	6	6	6
Mortgage Backed	0	29	0
Corporate	0	22	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 March 31, 2013

Global Equity Portfolios Reviews As of March 31, 2013

San Jose Federated City Employees' Retirement System

Northern Trust Russell 3000 Index Portfolio Detail as of 3/31/13

Mandate: Domestic Equities
Active/Passive: Passive
Market Value: \$205.3 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 (%):	1Q13	Fiscal YTD	1 YR	3 YR	5 YR	Since 9/1/99
Northern Trust Russell 3000 Index	11.1	18.3	14.7	13.1	6.5	4.1
Net of Fees	11.1	18.3	14.7	13.0	6.5	4.1
Russell 3000	11.1	18.3	14.6	13.0	6.3	4.0

Risk: (sixty months)	Standard Deviation	Beta	Sharpe Measure	Info. Ratio	Correlation to Index
Northern Trust Russell 3000 Index	21.4%	1.00	0.29	NA	1.00
Russell 3000	21.4	1.00	0.28	NA	1.00

	3/31/13		12/31/12 ¹	
Capitalization Structure:	NT Russell 3000	Russell 3000	NT Russell 3000	Russell 3000
Weighted Average Market Cap. (US\$ billion)	84.6	84.5	84.9	84.4
Median Market Cap. (US\$ billion)	1.4	1.1	1.3	1.0
Large (% over US\$10 billion)	77	77	75	75
Medium (% US\$2 billion to US\$10 billion)	17	17	18	18
Small (% under US\$2 billion)	6	6	7	7

Fundamental Structure:

Price-Earnings Ratio	22	22	21	21
Price-Book Value Ratio	4.0	4.0	3.8	3.8
Dividend Yield (%)	2.0	2.0	2.1	2.1
Historical Earnings Growth Rate (%)	11	11	10	10
Projected Earnings Growth Rate (%)	11	11	11	11

Sector Allocation (%):

Consumer Staples	10	10	9	9
Consumer Discretionary	13	13	13	13
Industrials	11	11	11	11
Health Care	12	12	12	12
Energy	10	10	10	10
Utilities	4	4	3	3
Materials	4	4	4	4
Telecommunication Services	3	3	3	3
Information Technology	17	17	18	18
Financials	17	17	17	17

Diversification:

Number of Holdings	2,632	2,942	2,632	2,968
% in 5 largest holdings	9	9	10	10
% in 10 largest holdings	15	15	16	16

Largest Ten Holdings:

		Industry
ExxonMobil	2.4	Energy
Apple	2.4	Technology Equipment
General Electric	1.4	Capital Goods
Chevron	1.3	Energy
IBM	1.3	Software & Services
Johnson & Johnson	1.3	Pharmaceuticals & Biotech.
Pfizer	1.2	Pharmaceuticals & Biotech.
Microsoft	1.2	Software & Services
AT&T	1.2	Telecom Services
Procter & Gamble	1.2	Household Products

¹ Characteristics will differ slightly from the previous report as Meketa Investment Group has changed from Factset to Thomson Reuters for equity market data.



San Jose Federated City Employees' Retirement System

Northern Trust MSCI Emerging Markets Index Portfolio Detail as of 3/31/13

Mandate: Global Equities
Active/Passive: Passive
Market Value: \$140.7 million
Portfolio Manager: Team
Location: Chicago, Illinois
Inception Date: 5/1/2010
Account Type: Commingled Fund

	Value	Core	Growth
Large			
Medium			
Small			

Fee Schedule:
0.05% on all assets

Liquidity Constraints:
Daily

Strategy:

The Northern Trust strategy seeks to replicate the return of the MSCI Emerging Markets 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 benchmark's risk profile. The result is a diversified portfolio that tightly tracks the index while incurring lower transaction costs.

Performance (%):	1Q13	Fiscal YTD	1 YR	Since 5/1/10
Northern Trust MSCI Emerging Markets Index	-1.8	11.9	2.0	2.7
Net of Fees	-1.8	11.8	1.9	2.6
MSCI Emerging Markets	-1.6	11.9	2.0	2.9

	3/31/13		12/31/12 ¹	
Capitalization Structure:	NT MSCI EM	MSCI Emerging Markets	NT MSCI EM	MSCI Emerging Markets
Weighted Average Market Cap. (US\$ billion)	36.2	36.2	38.1	37.9
Median Market Cap. (US\$ billion)	4.9	4.6	4.9	4.7
Large (% over US\$10 billion)	65	65	66	66
Medium (% US\$2 billion to US\$10 billion)	31	31	31	31
Small (% under US\$2 billion)	4	4	3	3
Fundamental Structure:				
Price-Earnings Ratio	20	19	19	19
Price-Book Value Ratio	3.2	3.2	3.3	3.3
Dividend Yield (%)	2.7	2.7	2.8	2.8
Historical Earnings Growth Rate (%)	13	13	13	13
Projected Earnings Growth Rate (%)	12	12	13	13
Sector Allocation (%):				
Consumer Staples	9	9	9	9
Telecommunication Services	7	7	8	8
Information Technology	14	14	14	14
Industrials	7	6	7	7
Financials	28	28	27	27
Consumer Discretionary	8	8	8	8
Health Care	1	1	1	1
Utilities	3	4	3	3
Materials	11	11	12	12
Energy	11	12	12	12
Diversification:				
Number of Holdings	850	823	843	821
% in 5 largest holdings	11	11	11	11
% in 10 largest holdings	16	16	16	16
Region Allocation (%):				
Asia	53	53	53	53
Latin America	22	22	21	21
Europe, Middle East and Africa	17	17	17	18
Other	8	8	8	9
Largest Five Holdings:		Industry		
Samsung	4.0	Semiconductors		
Taiwan Semiconductor	2.2	Semiconductors		
China Mobile	1.7	Telecom Services		
China Con.Bank	1.6	Banks		
Indl.& Coml.Bk.Of China	1.2	Banks		

¹ Characteristics will differ slightly from the previous report as Meketa Investment Group has changed from Factset to Thomson Reuters for equity market data.



San Jose Federated City Employees' Retirement System

Mandate: International Equities,
Developed Markets

Active/Passive: Active

Market Value: \$110.1 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 (%):	1Q13	Fiscal YTD	1 YR	Since 3/1/11
Artisan Global Value	9.5	23.6	20.6	14.3
Net of Fees	9.3	23.2	20.0	13.6
MSCI ACWI Value	6.4	17.6	11.3	3.5
Peer Global Equity	7.5	19.2	12.2	6.5
Peer Ranking (percentile)	12	17	4	4

Artisan Global Value Portfolio Detail as of 3/31/13

	3/31/13		12/31/12 ¹	
Capitalization Structure:	Artisan Global Value	MSCI ACWI Value	Artisan Global Value	MSCI ACWI Value
Weighted Average Market Cap. (US\$ billion)	69.2	80.1	62.0	75.1
Median Market Cap. (US\$ billion)	27.2	7.2	19.7	6.9
Large (% over US\$10 billion)	87	84	84	84
Medium (% US\$2 billion to US\$10 billion)	13	15	16	16
Small (% under US\$2 billion)	0	1	0	1
Fundamental Structure:				
Price-Earnings Ratio	18	18	17	16
Price-Book Value Ratio	3.2	2.0	3.1	1.9
Dividend Yield (%)	2.1	3.4	2.2	3.7
Historical Earnings Growth Rate (%)	7	3	8	2
Projected Earnings Growth Rate (%)	11	7	12	6
Sector Allocation (%):				
Information Technology	22	7	22	6
Consumer Staples	14	6	13	5
Consumer Discretionary	12	6	14	6
Health Care	10	8	8	8
Industrials	7	9	9	9
Financials	28	32	31	32
Materials	2	6	2	7
Telecommunication Services	2	6	0	7
Utilities	0	6	0	6
Energy	3	14	3	15
Diversification:				
Number of Holdings	43	1,298	41	1,303
% in 5 largest holdings	20	9	21	8
% in 10 largest holdings	38	15	39	15
Region Allocation (%):				
Americas	67	52	62	50
Europe	30	23	34	24
Pacific Rim	3	14	4	14
Other	0	11	0	12
Largest Five Holdings:		Industry		
TE Connectivity	4.4	Technology Equipment		
AON	4.1	Insurance		
Compass Group	4.0	Consumer Services		
Arch Capital	3.9	Insurance		
Bank of New York Mellon	3.9	Diversified Financials		

¹ Characteristics will differ slightly from the previous report as Meketa Investment Group has changed from Factset to Thomson Reuters for equity market data.



San Jose Federated City Employees' Retirement System

Northern Trust ACWI IMI Index Portfolio Detail as of 3/31/13

Mandate: International Equities
Active/Passive: Active
Market Value: \$103.9 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 ACWI IMI Index strategy seeks to replicate the return of the MSCI ACWI IMI 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 (%):	1Q13	Fiscal YTD	Since 11/1/12
Northern Trust ACWI IMI Index	7.0	NA	11.0
Net of Fees	7.0	NA	11.0
MSCI ACWI IMI	6.9	17.6	10.8

	3/31/13 NT ACWI IMI Index	MSCI ACWI IMI	12/31/12 ¹ NT ACWI IMI Index	MSCI ACWI IMI
Capitalization Structure:				
Weighted Average Market Cap. (US\$ billion)	63.4	63.2	62.2	62.1
Median Market Cap. (US\$ billion)	1.2	1.2	1.1	1.1
Large (% over US\$10 billion)	72	72	71	71
Medium (% US\$2 billion to US\$10 billion)	20	20	21	21
Small (% under US\$2 billion)	7	7	8	8

Fundamental Structure:				
Price-Earnings Ratio	21	21	19	19
Price-Book Value Ratio	3.5	3.5	3.3	3.2
Dividend Yield (%)	2.6	2.6	2.7	2.7
Historical Earnings Growth Rate (%)	8	8	7	7
Projected Earnings Growth Rate (%)	11	11	11	11

Sector Allocation (%):				
Information Technology	12	12	12	12
Consumer Staples	10	10	10	10
Health Care	10	10	9	9
Consumer Discretionary	12	12	11	11
Industrials	11	11	11	11
Utilities	3	3	3	3
Telecommunication Services	4	4	4	4
Materials	7	7	8	8
Financials	21	21	21	21
Energy	10	10	10	10

Diversification:				
Number of Holdings	8,465	8,453	8,455	8,511
% in 5 largest holdings	4	4	5	5
% in 10 largest holdings	7	7	8	8

Region Allocation (%):				
Europe/North America	75	75	74	74
Pacific Rim/Asia	14	14	14	14
Asia (emerging)	7	6	7	7
Latin America (emerging)	2	2	3	3
Europe/MidEast/Africa (emerging)	2	2	2	2
Other	0	0	0	0

Largest Five Holdings:		Industry
Apple	1.2	Technology Equipment
ExxonMobil	1.2	Energy
General Electric	0.7	Capital Goods
Chevron	0.7	Energy
Nestle	0.6	Food, Beverage & Tobacco

¹ Characteristics will differ slightly from the previous report as Meketa Investment Group has changed from Factset to Thomson Reuters for equity market data.



San Jose Federated City Employees' Retirement System

Mandate: International Equities,
Developed Markets

Active/Passive: Active

Market Value: \$76.4 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 (%):	1Q13	Fiscal YTD	Since 11/1/12
Northern Trust EAFE Small Cap	8.4	NA	13.9
Net of Fees	8.4	NA	13.9
MSCI EAFE Small Cap	8.4	24.0	14.0

Northern Trust EAFE Small Cap Portfolio Detail as of 3/31/13

	3/31/13		12/31/12 ¹	
	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)	1.9	1.9	1.7	1.7
Median Market Cap. (US\$ million)	775.3	776.3	708.5	711.4
Large (% over US\$10 billion)	0	0	0	0
Medium (% US\$2 billion to US\$10 billion)	39	39	35	35
Small (% under US\$2 billion)	61	61	65	65
Fundamental Structure:				
Price-Earnings Ratio	20	20	18	18
Price-Book Value Ratio	2.8	2.8	2.5	2.5
Dividend Yield (%)	2.6	2.6	2.9	2.9
Historical Earnings Growth Rate (%)	4	4	3	3
Projected Earnings Growth Rate (%)	9	9	12	12
Sector Allocation (%):				
Industrials	21	21	22	22
Materials	10	10	11	11
Consumer Staples	6	6	6	6
Financials	21	21	20	20
Utilities	2	2	2	2
Telecommunication Services	1	1	1	1
Health Care	6	6	6	5
Energy	5	5	5	5
Information Technology	9	9	9	9
Consumer Discretionary	19	19	19	19
Diversification:				
Number of Holdings	2,168	2,164	2,181	2,177
% in 5 largest holdings	2	2	1	1
% in 10 largest holdings	3	3	3	3
Region Allocation (%):				
Americas	0	0	0	0
Europe	55	55	57	57
Pacific Rim	45	44	43	43
Other	0	0	0	0
Largest Five Holdings:				
		Industry		
Travis Perkins	0.3	Capital Goods		
Mondi	0.3	Materials		
Persimmon	0.3	Consumer Durables		
Informa	0.3	Media		
Bank of Ireland	0.3	Banks		

¹ Characteristics will differ slightly from the previous report as Meketa Investment Group has changed from Factset to Thomson Reuters for equity market data.



San Jose Federated City Employees' Retirement System

RS Investments Small Cap Value Portfolio Detail as of 3/31/13

Mandate: Domestic Equities
Active/Passive: Active
Market Value: \$57.7 million
Portfolio Manager: Team
Location: San Francisco, California
Inception Date: 8/1/2010
Account Type: Separately Managed

	Value	Core	Growth
Large			
Medium			
Small			

Fee Schedule:

1.00% on first \$30 mm; 0.80% on next \$20 mm; 0.60% thereafter

Liquidity Constraints:

Daily

Strategy:

RS employs a bottom-up, fundamental stock picking approach to portfolio management. The investment team seeks to optimize risk-adjusted returns through deep company-specific fundamental research. When evaluating investments for the strategy, RS Investments employs a return-on-capital analysis, combining balance sheet and cash flow analysis. RS believes that stock price performance is more highly correlated to improving returns on capital than it is to traditional valuation measurements like price-to-earnings, price-to-sales or price to book value. The strategy typically invests most of its assets in securities of U.S. companies but may also invest up to 15% of its assets in foreign securities.

Guidelines:

Position size <9%, industry exposure <25%, maximum 10% non U.S.

Performance (%):	1Q13	Fiscal YTD	1 YR	Since 8/1/10
RS Investments Small Cap Value	13.2	29.3	24.2	18.8
Net of Fees	13.2	29.0	23.7	18.1
Russell 2000 Value	11.6	21.8	18.1	15.6
Peer Small Cap Value	12.6	23.1	18.1	17.1
Peer Ranking (percentile)	42	14	11	25

	3/31/13 RS SCV	Russell 2000 Value	12/31/12 ¹ RS SCV	Russell 2000 Value
Capitalization Structure:				
Weighted Average Market Cap. (US\$ billion)	3.0	1.3	2.9	1.2
Median Market Cap. (US\$ billion)	2.6	0.5	2.4	0.5
Large (% over US\$10 billion)	0	0	0	0
Medium (% US\$2 billion to US\$10 billion)	72	22	68	14
Small (% under US\$2 billion)	28	78	32	86

Fundamental Structure:

Price-Earnings Ratio	26	24	26	23
Price-Book Value Ratio	2.9	1.8	2.6	1.6
Dividend Yield (%)	1.5	2.0	1.7	2.1
Historical Earnings Growth Rate (%)	-6	2	-10	0
Projected Earnings Growth Rate (%)	12	11	14	10

Sector Allocation (%):

Information Technology	26	12	21	12
Energy	11	7	10	6
Health Care	7	4	8	4
Utilities	8	6	9	6
Materials	7	6	7	6
Consumer Staples	3	2	2	2
Telecommunication Services	0	0	0	1
Industrials	11	13	13	13
Consumer Discretionary	6	12	10	12
Financials	21	38	20	37

Diversification:

Number of Holdings	51	1,403	48	1,422
% in 5 largest holdings	20	2	23	2
% in 10 largest holdings	37	4	41	4

Largest Ten Holdings:

		Industry
IDT	4.2	Semiconductors
Acxiom	4.0	Software & Services
Calpine	3.9	Utilities
Peyto	3.8	Energy
DST Sys.	3.6	Software & Services
Compass Minerals	3.6	Materials
Questar	3.6	Utilities
AOL	3.4	Software & Services
First Horizon National	3.4	Banks
StanCorp Financial	3.4	Insurance

¹ Characteristics will differ slightly from the previous report as Meketa Investment Group has changed from Factset to Thomson Reuters for equity market data.



San Jose Federated City Employees' Retirement System

Eagle Small Cap Growth Portfolio Detail as of 3/31/13

Mandate: Domestic Equities
Active/Passive: Active
Market Value: \$55.0 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 (%):	1Q13	Fiscal YTD	1 YR	3 YR	5 YR	Since 6/1/98
Eagle Small Cap Growth	13.4	24.1	14.0	17.7	12.6	7.9
Net of Fees	13.1	23.7	13.5	17.1	12.0	7.3
Russell 2000 Growth	13.2	19.2	14.5	14.7	9.0	4.7
Peer Small Cap Growth	12.6	19.7	14.1	15.7	9.9	NA
Peer Ranking (percentile)	29	6	50	24	13	62

Risk: (sixty months)	Standard Deviation	Beta	Sharpe Measure	Info. Ratio	Correlation to Index
Eagle Small Cap Growth	28.3%	0.98	0.43	0.81	0.98
Russell 2000 Growth	27.7	1.00	0.31	NA	1.00

	3/31/13		12/31/12 ¹	
Capitalization Structure:	Eagle	Russell 2000 Growth	Eagle	Russell 2000 Growth
Weighted Average Market Cap. (US\$ billion)	1.8	1.7	1.6	1.5
Median Market Cap. (US\$ billion)	1.5	0.7	1.3	0.6
Large (% over US\$10 billion)	0	0	0	0
Medium (% US\$2 billion to US\$10 billion)	37	35	27	27
Small (% under US\$2 billion)	63	65	73	73

Fundamental Structure:

Price-Earnings Ratio	34	32	33	29
Price-Book Value Ratio	5.6	6.5	5.4	5.8
Dividend Yield (%)	0.5	0.7	0.4	0.8
Historical Earnings Growth Rate (%)	14	18	12	15
Projected Earnings Growth Rate (%)	16	17	16	17

Sector Allocation (%):

Health Care	22	20	21	20
Materials	7	5	7	5
Financials	10	8	7	7
Energy	7	6	8	6
Consumer Discretionary	16	16	17	16
Utilities	0	0	0	0
Telecommunication Services	0	1	0	1
Consumer Staples	3	5	4	5
Industrials	16	18	17	18
Information Technology	19	21	19	21

Diversification:

Number of Holdings	99	1,104	96	1,120
% in 5 largest holdings	13	3	13	3
% in 10 largest holdings	21	6	22	5

Largest Ten Holdings:

Geospace Technologies	3.3	Energy
Sirona Dental Systems	2.7	Health Care Services
Obagi Medical Products	2.5	Pharmaceuticals & Biotech.
Genesco	2.4	Retailing
Texas Industries	1.9	Materials
Quaker Chemical	1.9	Materials
Vitamin Shoppe	1.7	Retailing
Louisiana Pacific	1.7	Materials
Centene	1.7	Health Care Services
RTI International Metals	1.7	Materials

¹ Characteristics will differ slightly from the previous report as Meketa Investment Group has changed from Factset to Thomson Reuters for equity market data.



San Jose Federated City Employees' Retirement System

Northern Trust MSCI EAFE Index Portfolio Detail as of 3/31/13

Mandate: International Equities,
Developed Markets

Active/Passive: Active

Market Value: \$33.3 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 (%):	1Q13	Fiscal YTD	Since 11/1/12
Northern Trust MSCI EAFE Index	5.2	NA	11.2
Net of Fees	5.2	NA	11.2
MSCI EAFE	5.1	19.8	11.1

	3/31/13		12/31/12 ¹	
Capitalization Structure:	Northern Trust EAFE	MSCI EAFE	Northern Trust EAFE	MSCI EAFE
Weighted Average Market Cap. (US\$ billion)	55.7	55.6	53.0	53.0
Median Market Cap. (US\$ billion)	7.8	7.8	7.4	7.4
Large (% over US\$10 billion)	81	81	81	81
Medium (% US\$2 billion to US\$10 billion)	19	19	19	19
Small (% under US\$2 billion)	0	0	0	0
Fundamental Structure:				
Price-Earnings Ratio	19	19	17	17
Price-Book Value Ratio	3.0	3.0	2.6	2.6
Dividend Yield (%)	3.3	3.3	3.5	3.5
Historical Earnings Growth Rate (%)	3	3	2	2
Projected Earnings Growth Rate (%)	10	10	9	9
Sector Allocation (%):				
Health Care	10	10	10	10
Energy	7	7	8	8
Materials	9	9	10	10
Consumer Staples	12	12	12	12
Financials	25	25	25	25
Consumer Discretionary	11	11	11	11
Information Technology	4	4	4	4
Telecommunication Services	5	5	5	5
Utilities	4	4	4	4
Industrials	13	13	13	13
Diversification:				
Number of Holdings	910	909	912	909
% in 5 largest holdings	8	8	8	8
% in 10 largest holdings	13	13	13	13
Region Allocation (%):				
Americas	0	0	0	0
Europe	64	64	65	65
Pacific Rim	36	36	34	35
Other	0	0	0	0
Largest Five Holdings:		Industry		
Nestle	2.0	Food, Beverage & Tobacco		
HSBC Holdings	1.7	Banks		
Roche Holding	1.4	Pharmaceuticals & Biotech.		
Novartis	1.4	Pharmaceuticals & Biotech.		
Toyota Motor	1.2	Automobiles & Components		

¹ Characteristics will differ slightly from the previous report as Meketa Investment Group has changed from Factset to Thomson Reuters for equity market data.



**Real Assets Portfolio Reviews
As of March 31, 2013**

Mandate: Commodity
Active/Passive: Active
Market Value: \$101.3 million
Portfolio Manager: Christopher Burton
Location: New York, New York
Inception Date: 4/1/2011
Account Type: Commingled Fund

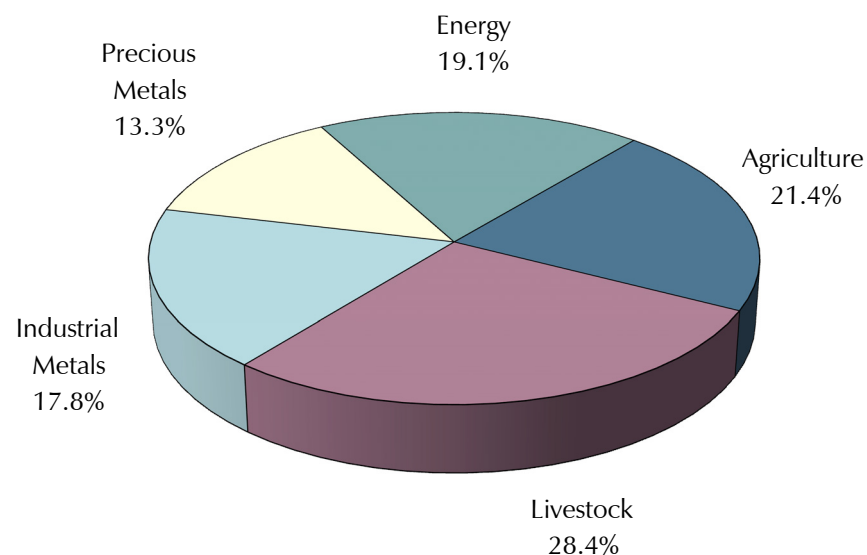
Fee Schedule:
 0.42% on first \$100 mm; 0.37% thereafter

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.

Performance (%):	1Q13	Fiscal YTD	1 YR	Since 4/1/11
Credit Suisse Compound Risk Parity Commodity Index ¹	-4.3	0.1	-4.2	-7.5
Custom Risk Parity Benchmark ²	-4.2	-0.3	-4.5	-7.6
Dow Jones-Commodity U.S. Index	-1.1	1.5	-3.1	-10.0

Current Allocation:



¹ Performance is net of fees.

² Risk Parity benchmark returns provided by staff.

San Jose Federated City Employees' Retirement System

First Quadrant Risk Parity Commodity Index Portfolio Detail as of 3/31/13

Mandate: Commodity (net of fees)
Active/Passive: Active
Market Value: \$86.5 million
Portfolio Manager: Team
Location: Pasadena, California
Inception Date: 4/1/2011
Account Type: Commingled Fund

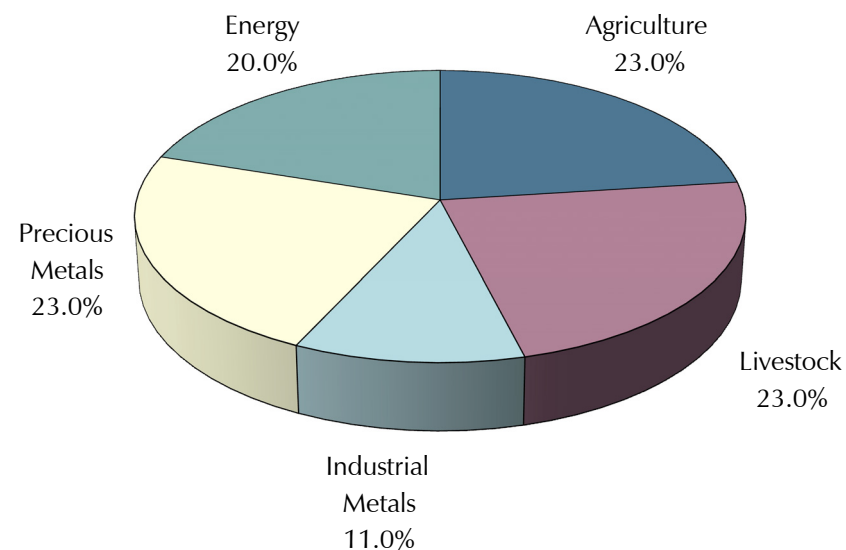
Fee Schedule:
 0.35% on all assets

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 (%):	1Q13	Fiscal YTD	1 YR	Since 4/1/11
First Quadrant Risk Parity Commodity Index¹	-5.4	-3.9	-10.1	-10.7
Custom Risk Parity Benchmark ²	-4.2	-0.3	-4.5	-7.6
Dow Jones-Commodity U.S. Index	-1.1	1.5	-3.1	-10.0

Current Allocation:



¹ Performance is net of fees.

² Risk Parity benchmark returns provided by staff.



San Jose Federated City Employees' Retirement System

Northern Trust Global Large MidCap Natural Resources Portfolio Detail as of 3/31/13

Mandate: Natural Resources
Active/Passive: Active
Market Value: \$90.0 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 (%):	1Q13	Fiscal YTD	Since 11/1/12
Northern Trust Global Large MidCap Natural Resources ¹	-2.2	NA	-1.2
Net of Fees	-2.2	NA	-1.2
S&P Global LargeMid Cap Commodities and Resources	-2.4	5.9	-1.3

	3/31/13		12/31/12	
	Northern Trust Global NR	S&P Global LargeMid Cap NR	Northern Trust Global NR	S&P Global LargeMid Cap NR
Capitalization Structure:				
Weighted Average Market Cap. (US\$ billion)	67.1	66.8	66.5	66.5
Median Market Cap. (US\$ billion)	9.1	9.0	10.9	9.7
Large (% over US\$10 billion)	84	84	84	86
Medium (% US\$2 billion to US\$10 billion)	15	15	11	13
Small (% under US\$2 billion)	1	1	5	1
Fundamental Structure:				
Price-Earnings Ratio	18	18	16	16
Price-Book Value Ratio	2.4	2.4	2.4	2.4
Dividend Yield (%)	2.8	2.8	2.7	2.7
Historical Earnings Growth Rate (%)	6	5	6	6
Projected Earnings Growth Rate (%)	6	6	6	6
Sector Allocation (%):				
Consumer Staples	8	7	5	7
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	59	59	61	60
Energy	34	34	34	33
Diversification:				
Number of Holdings	217	229	193	229
% in 5 largest holdings	26	26	25	25
% in 10 largest holdings	39	39	40	38
Region Allocation (%):				
Europe/North America	75	74	78	74
Pacific Rim/Asia	12	12	12	12
Asia (emerging)	4	5	2	5
Latin America (emerging)	3	3	3	3
Europe/MidEast/Africa (emerging)	5	6	5	6
Largest Five Holdings:				
		Industry		
Monsanto	6.8	Materials		
ExxonMobil	5.5	Energy		
BHP Billiton	4.9	Materials		
Syngenta	4.7	Materials		
Potash Corporation	4.1	Materials		

¹ Manager reported performance differs from Modified Dietz calculation due to cash flows. Manager reported Gross performance for 1Q13 is -2.3%.



Fixed Income Portfolio Reviews As of March 31, 2013

San Jose Federated City Employees' Retirement System

Russell Investments Barclays U.S. TIPS Portfolio Detail as of 3/31/13

Mandate: Fixed Income
Active/Passive: Passive
Market Value: \$116.2 million
Portfolio Manager: Russell Investments (Transition Manager)
Location: Seattle, Washington
Inception Date: 5/1/2010
Account Type: Separately Managed

	Short	Int.	Long
High			
Medium			
Low			

Fee Schedule:

0.05% on first \$200 mm; 0.03% on next \$200 mm; 0.015% thereafter

Liquidity Constraints:

Daily

Strategy:

Russell Investments seeks to construct a portfolio of U.S. TIPS securities subject to Staff's guidelines.

Performance (%):	1Q13	Fiscal YTD	1 YR	Since 5/1/10
Russell Investments Barclays U.S. TIPS	0.2	1.9	2.3	6.2
Net of Fees	0.2	1.9	2.3	6.1
TIPS Blended Benchmark ¹	0.0	2.2	3.6	6.6
Barclays U.S. TIPS	-0.4	2.5	5.7	8.0

Quality Structure (%):	3/31/13		12/31/12	
	Barclays U.S. TIPS	Barclays TIPS	Barclays U.S. TIPS	Barclays TIPS
Average Quality	AAA	AAA	AAA	AAA
AAA (includes Treasuries and Agencies)	100	100	100	100
AA	0	0	0	0
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	0	0	0	0
U.S. Treasury-TIPS	100	100	100	100
U.S. Agency	0	0	0	0
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

¹ The TIPS Blended Benchmark Consists of 50% Barclays U.S. TIPS & 50% Barclays U.S. TIPS 1-5 years. Prior to January 1, 2012, it was comprised of 100% Russell Investments Barclays U.S. TIPS.



San Jose Federated City Employees' Retirement System

Northern Trust Intermediate Gov't 1-10 Year Portfolio Detail as of 3/31/13

Mandate: Fixed Income
Active/Passive: Passive
Market Value: \$115.2 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 (%):	1Q13	Fiscal YTD	Since 10/1/12
Northern Trust Intermediate Gov't 1-10 Year	0.1	NA	0.2
Net of Fees	0.1	NA	0.2
Barclays Intermediate Gov't Bond Index	0.1	0.8	0.2

	3/31/13 NTGI Int Gov't 1-10 yr	Barclays IT Gov't	12/31/12 NTGI Int Gov't 1-10 yr	Barclays IT Gov't
Duration & Yield:				
Average Effective Duration (years)	3.8	3.6	3.6	3.6
Yield to Maturity (%)	0.6	0.6	0.6	0.6
Quality Structure (%):				
Average Quality	AAA	AAA	AAA	AAA
AAA (includes Treasuries and Agencies)	100	97	100	96
AA	0	3	0	4
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	88	88	88	88
U.S. Treasury-TIPS	0	0	0	0
U.S. Agency	12	12	12	12
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

March 2013

Global Economic Outlook

For the remainder of 2013, we believe economic growth will continue to be slow for developed economies and will begin to pick up, albeit slowly, for emerging economies.

- A transition to more stimulative regimes by governments in emerging economies could lead to a turning point in the cyclical slowdown. Weakened demand from developed economies, particularly the U.S. and Europe, will continue to weigh on growth momentum going forward in the emerging economies.
- Growth should remain subdued in developed economies due to continued deleveraging, government austerity, and high unemployment.
- In 2013, global inflation is projected to trail the ten-year average. Slow growth globally should keep inflation at moderate levels in the developed world, but the risk remains for inflation to pick-up as central banks implement historic monetary stimulus. In emerging economies, the possibility of inflationary pressures exists, as policymakers loosen monetary policy.

	IMF 2013 Real GDP Forecast	Actual Real GDP 10 Year Average	IMF 2013 Inflation Forecast	Actual Inflation 10 Year Average
World	3.3%	3.8%	3.8%	4.0%
U.S.	1.9	1.7	1.8	2.5
Japan	1.6	0.9	0.1	-0.1
European Union	0.0	1.3	1.9	2.4
Emerging Markets	5.3	6.6	5.9	6.4

Source: IMF.

Global Economic Outlook, Continued

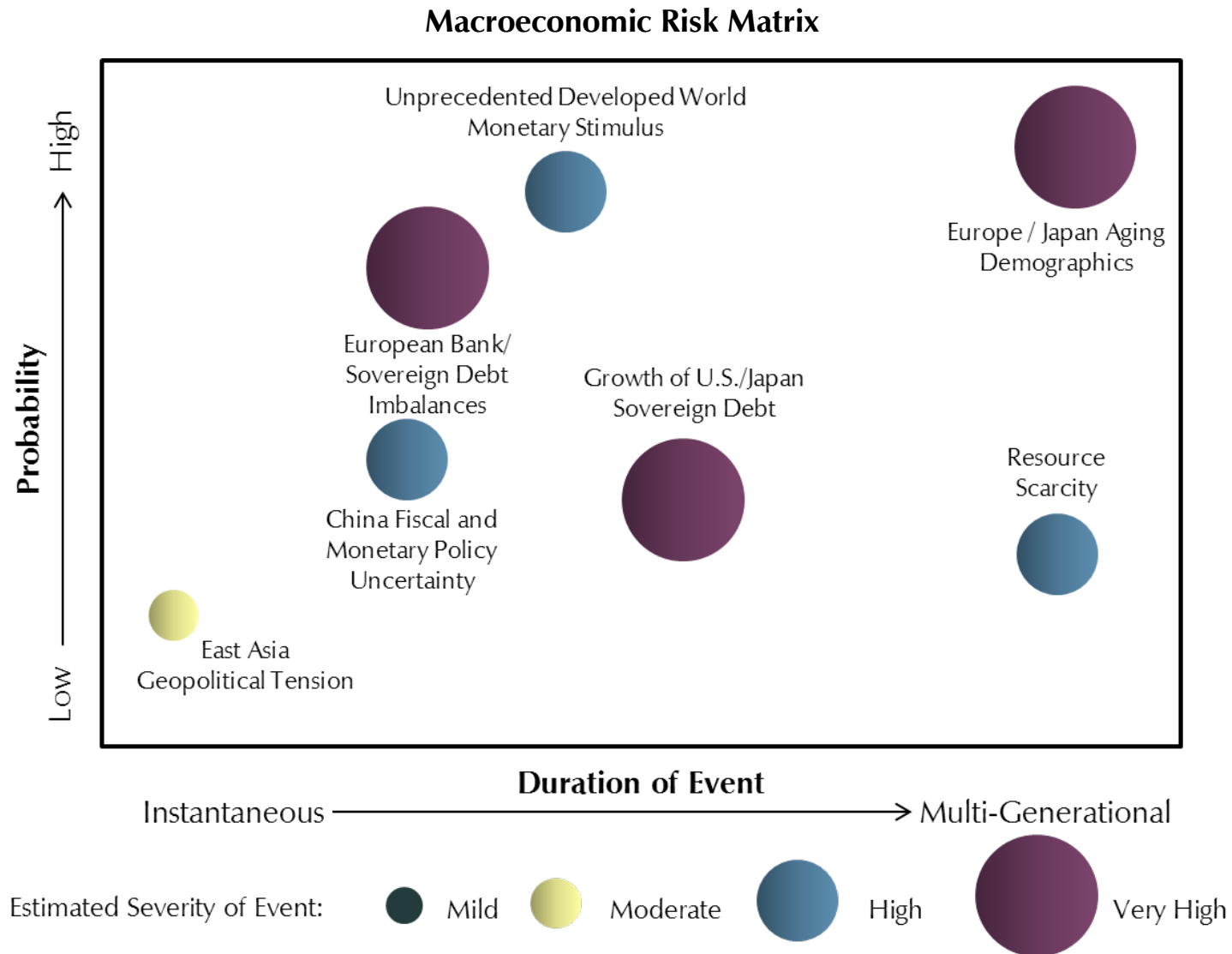
Significant monetary stimulus globally remains likely in 2013, while additional fiscal stimulus looks unlikely in developed economies, with the exception of Japan.

- The U.S. Federal Reserve recently reconfirmed that it would continue to keep interest rates low as long as unemployment remained above 6.5%.
- Haruhiko Kuroda, the new head of the Bank of Japan, recently announced a historic monetary easing program. The plan includes purchasing long-term government bonds at a rate of approximately 1% of GDP per month, a level close to double the monetary easing program of the U.S. Federal Reserve. Further, Japan's new Prime Minister, Shinzo Abe, also recently announced that a "flexible fiscal policy" would be a part of the government's plan to fight deflation.

Political uncertainty and sovereign debt issues continue to persist in Europe.

- In March, Cyprus became the fifth country in the Euro-zone to receive a bailout. After the first plan unraveled, which included guaranteed depositors shouldering some of the losses, a second plan was settled on totaling €10 billion (\$13 billion) and calling for Cypriot taxpayers and depositors to come up with an additional €13 billion. This script was a break from prior bailouts in that it called for creditors to face losses, leaving the open question of whether or not Cyprus will be used as a template for the future.
- In Italy's recently held election, Pier Luigi Bersani, the head of the center-left coalition, narrowly won with Silvio Berlusconi, the former prime minister associated with many of Italy's economic woes, receiving close to 30% of the vote. In aggregate, "anti-Euro" parties received over 50% of the vote. Sovereign bond yields jumped in the region in reaction to the results, as Mr. Bersani will likely struggle to form a government.

Several issues remain of primary concern: 1) continued economic sluggishness and financial risk in Europe; 2) a fragile recovery in the U.S.; 3) the potential for a slowdown in emerging economies; and 4) increased geopolitical tensions in Asia.



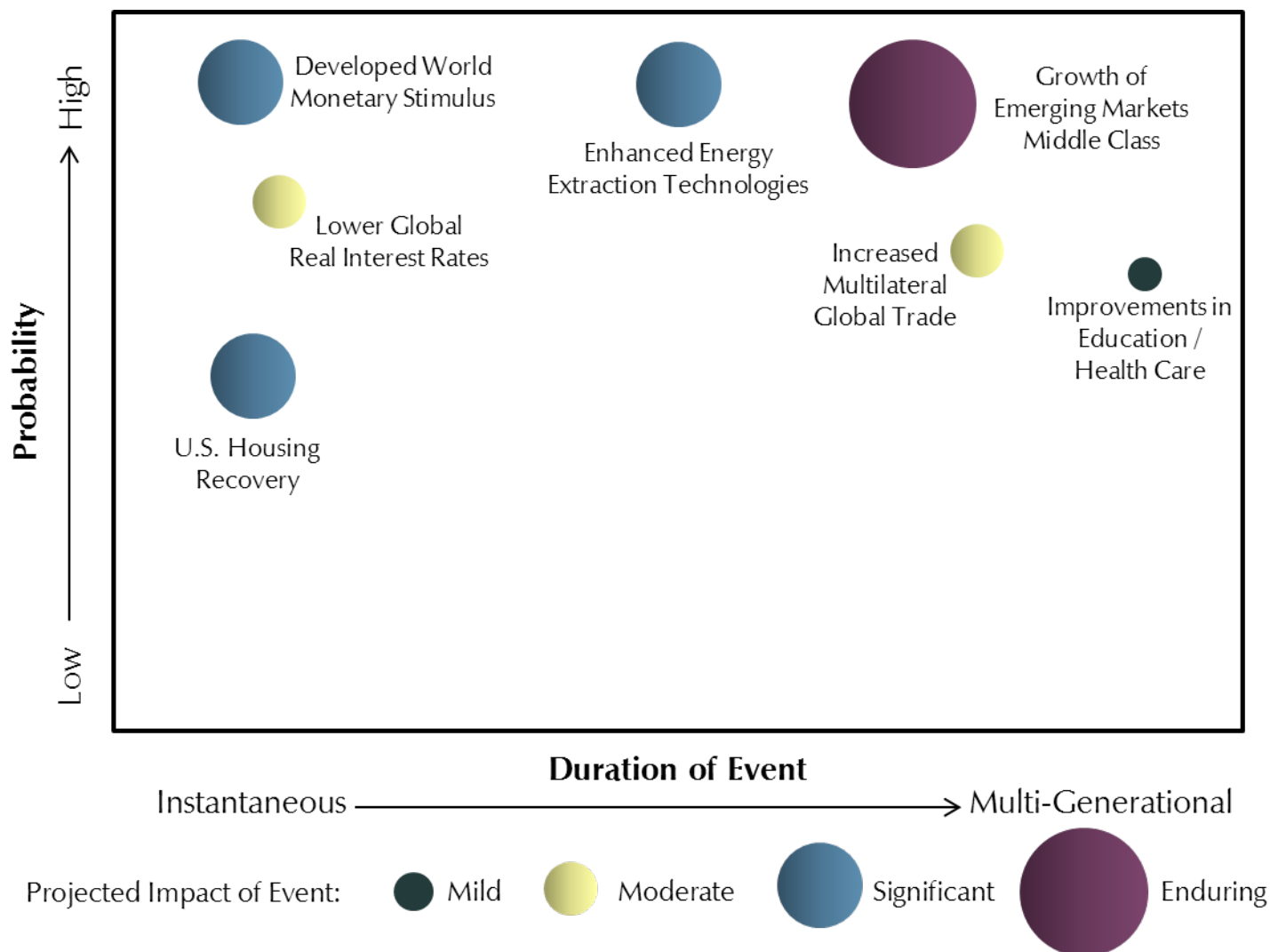
Macroeconomic Risk Overviews

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.
Growth of U.S./Japan Sovereign Debt	Similar to the sovereign debt crisis in Europe, the potential crises in Japan and the U.S. are founded on very large and growing fiscal debt burdens, combined with slow growth. However, unlike Europe, Japan and the U.S. both have single fiscal and monetary authorities. Thus, central banks can (and did) print money to avoid the risk of default. Recently, Japan's central bank announced a very aggressive strategy to fight deflation that aims to double the monetary base and target a 2% inflation rate.
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.
East Asia Geopolitical Tension	Recently, North Korea increased its war rhetoric against South Korea and the U.S. in response to heightened sanctions related to their nuclear testing. North Korea has historically engaged in such rhetoric, but ultimately pulled back. In this case, the potential for miscalculation exists as the country has a new, and relatively young, leader. An armed conflict with North Korea could have a significant impact on the economies in the region (e.g., Japan and South Korea) and the global economy as a whole.
China Fiscal and Monetary Policy Uncertainty	In reaction to declining growth and inflation, Chinese policy makers have reversed course and recently reduced interest rates and bank reserve requirements, and have initiated a fresh round of government-funded infrastructure projects. While these measures should increase GDP growth, they also could create a new round of inflation or amplify existing environmental concerns. A change in China's policies to mitigate inflationary and environmental risks could negatively impact GDP growth.

Macroeconomic Risk Overviews, Continued

Unprecedented Developed World Monetary Stimulus	After the Global Financial Crisis, the developed world injected massive amounts of liquidity into the system in an effort to prevent depression-like declines in growth. The recent acceleration of expansionary monetary policy around the world (e.g., quantitative easing) increases the risk of unintended inflationary consequences in future years. Conversely, fiscal policy globally is becoming tighter as governments run up against borrowing capacity limitations. If fiscal stimulus is removed too quickly, the fragile recovery from the Global Financial Crisis may be denied.
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 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



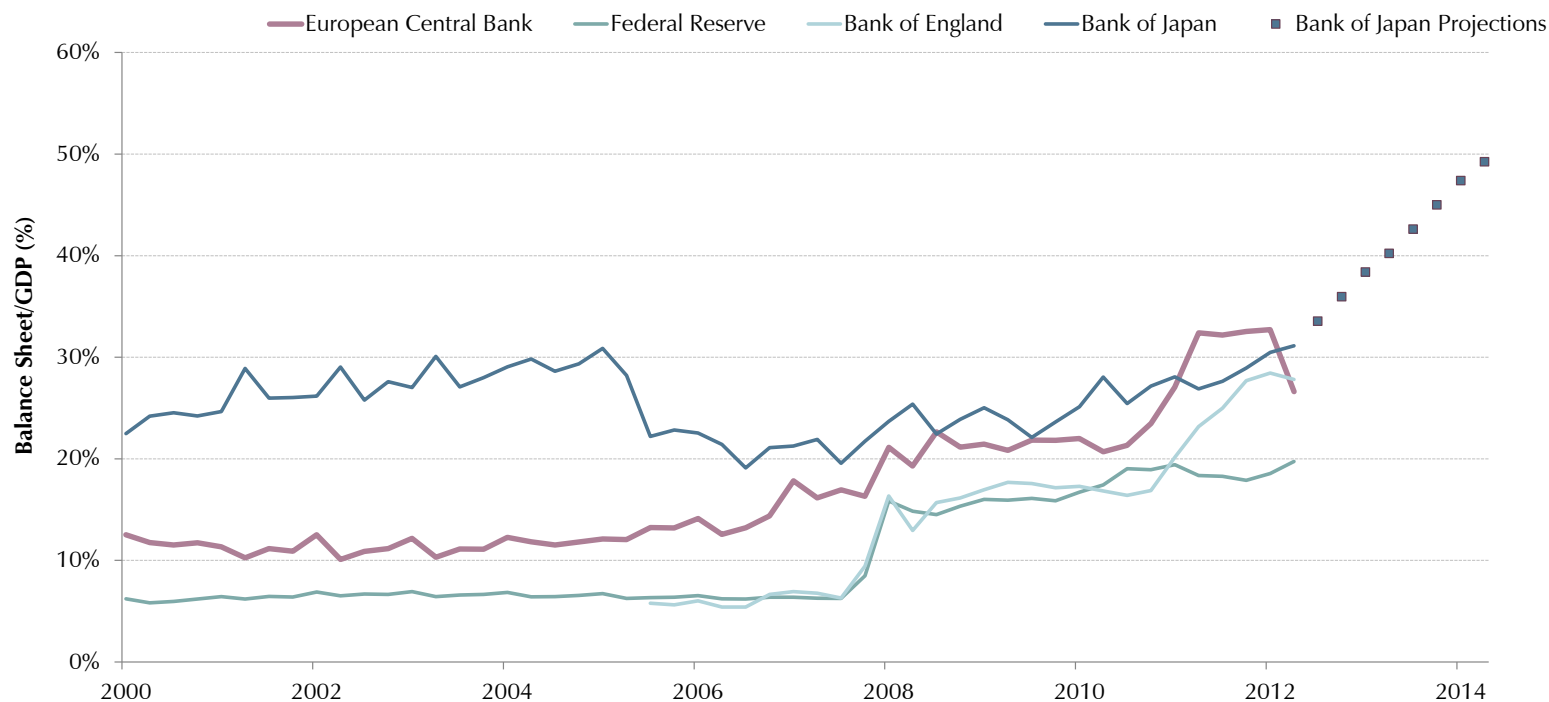
Positive Macroeconomic Trends Overviews

Lower Global Real Interest Rates	Central banks globally have reduced interest rates to historic lows to stimulate growth. Although this has had a muted impact thus far in light of global de-leveraging and restrictive bank lending, it should become increasingly stimulative as the de-leveraging process progresses.
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.

Positive Macroeconomic Trends Overviews, Continued

Enhanced Energy Extraction Technologies	Fracking technologies have allowed large new supplies of natural gas and oil to be extracted from 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.
U.S. Housing Recovery	The U.S. housing market continues to show signs of recovery as rents increase and mortgage rates remain at historic lows. Building permits, housing starts, and prices have all increased recently as demand picks-up. A recovery in the U.S. housing market should create jobs both in the construction and financial services industries, potentially decreasing the unemployment rate and ultimately increasing growth.
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, as well as purchase assets (quantitative easing). Going forward, increased liquidity and the cheap cost of capital should stimulate growth.

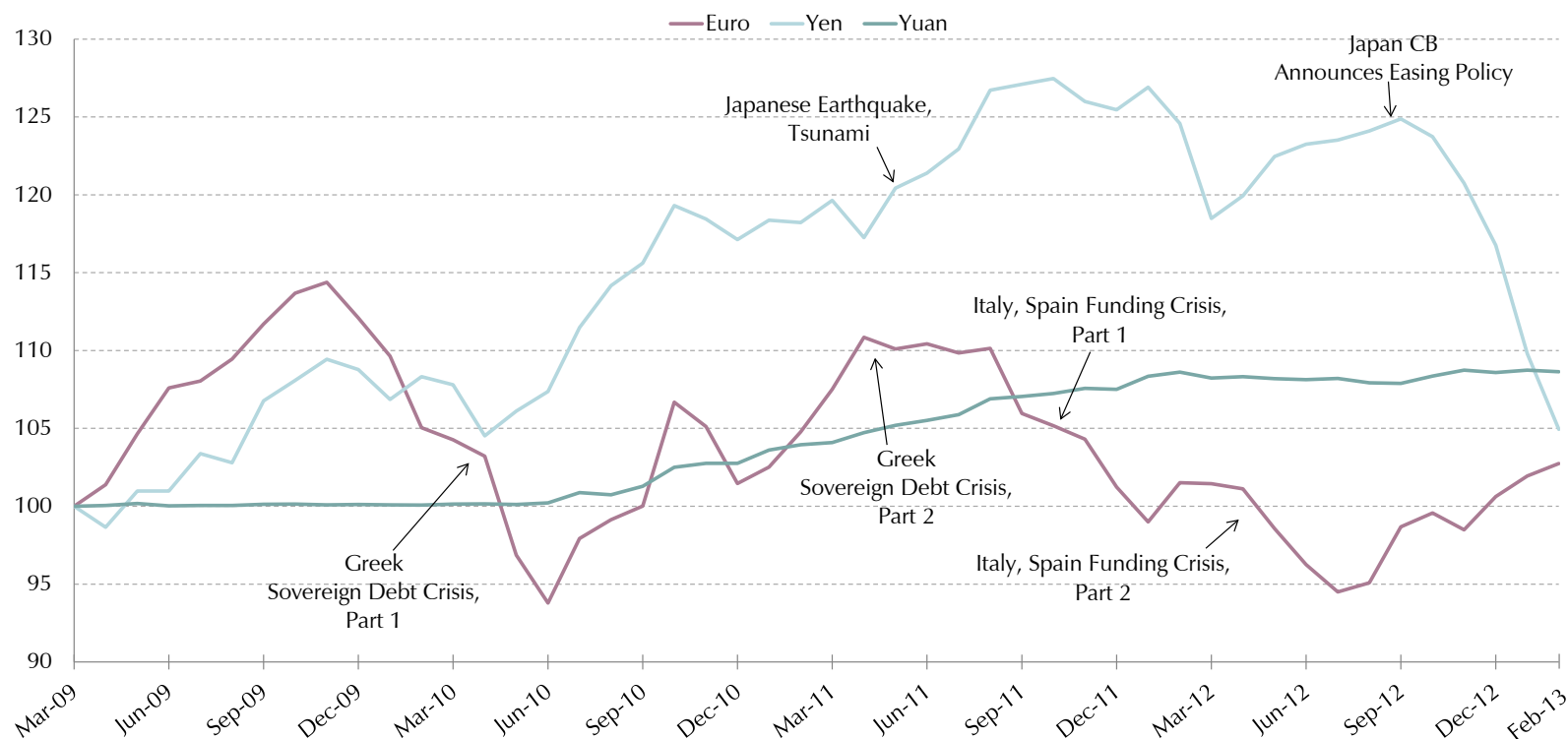
Central Bank Balance Sheets as a Percentage of GDP



Source: Bloomberg, IMF. Data is as of March 31, 2013.

- To fight decades of deflation, the Bank of Japan recently announced that it would target doubling the monetary base over the next two years through purchasing long-term bonds.
- The balance of stimulating growth, but not fanning inflation, is a delicate one, particularly for the country with the largest debt-to-GDP ratio in the world (230%).
- If interest rates in the Japanese bond market increase in anticipation of higher inflation, Japan's already bloated debt servicing cost could weigh heavily on its fiscal budget.

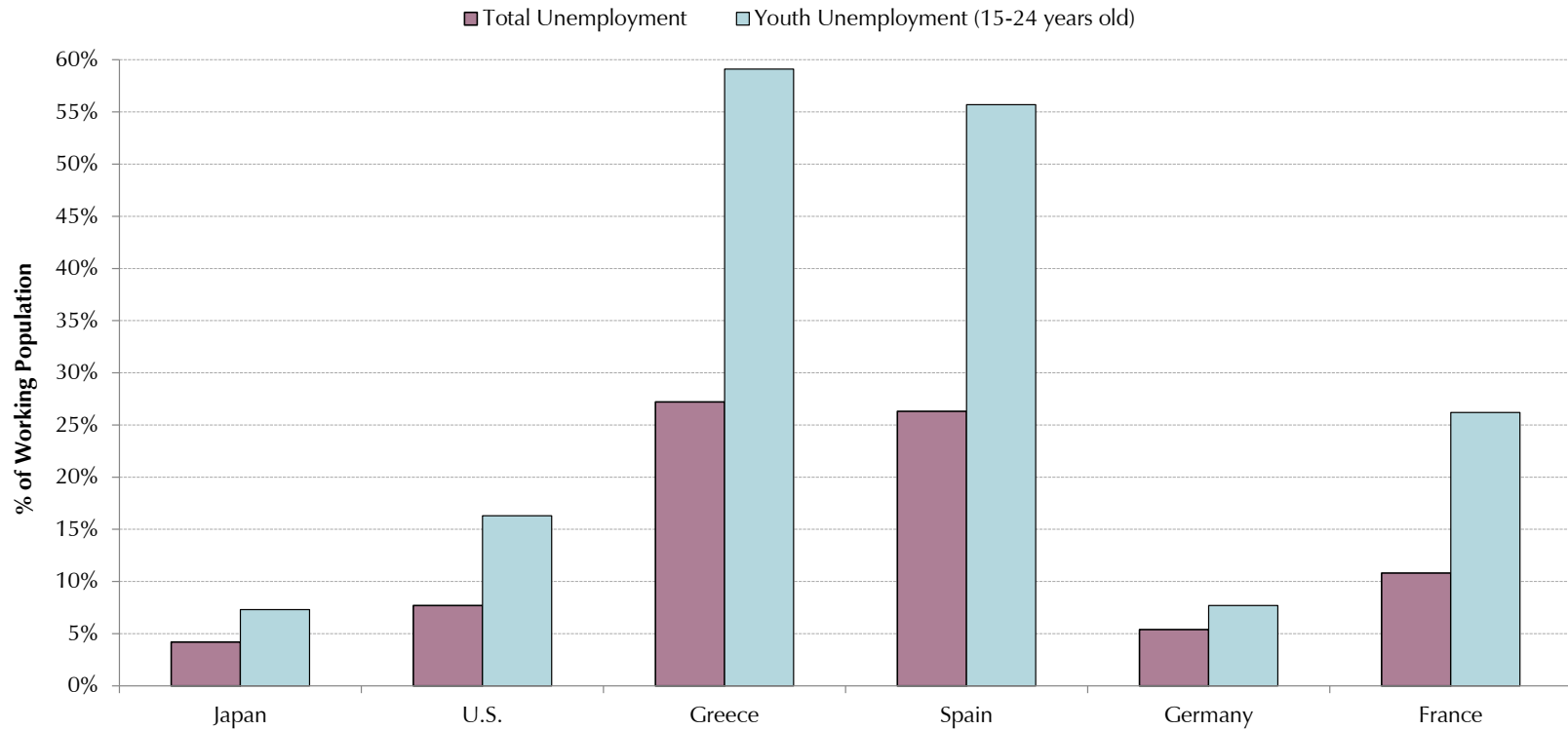
Major Currency Values versus U.S. Dollar



Source: OANDA. Data is as of February 28, 2013. Data assumes a March 2009 base value of 100 for the Euro, Yen, and Yuan versus the U.S. Dollar.

- As many countries simultaneously attempt to devalue their currencies to try to boost exports and stimulate economic growth, the potential for “currency wars” grows.
- As an example, the Bank of Japan recently announced dramatic monetary easing measures to fight decades of deflation, causing the yen to quickly decline.

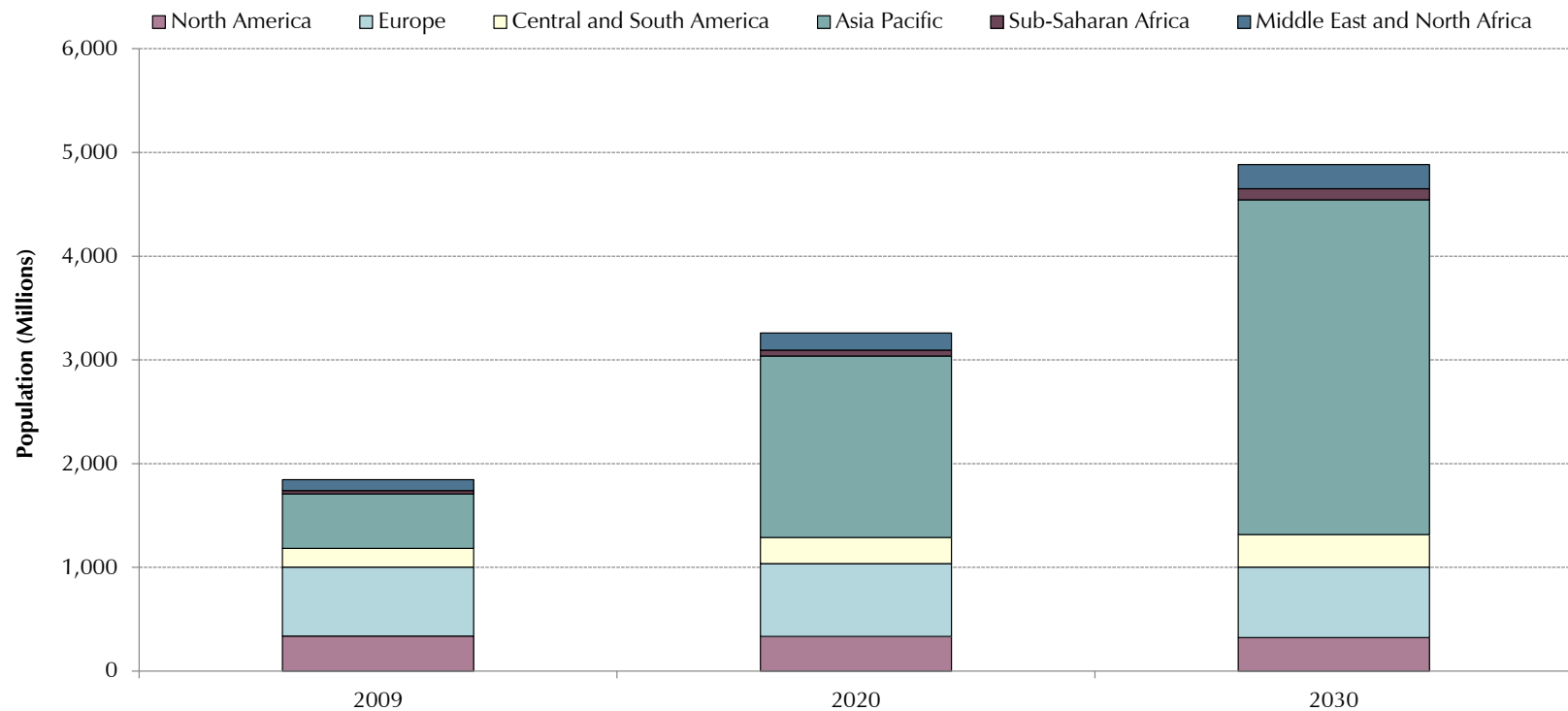
Global Unemployment



Source: Eurostat. Data is as of February 28, 2013 with the exception of Japan and Greece which is as of January 31, 2013.

- Slow growth globally continues to create headwinds for employment in the U.S., Japan, and Europe.
- Across countries, youth unemployment is considerably higher, particularly in Greece and Spain.

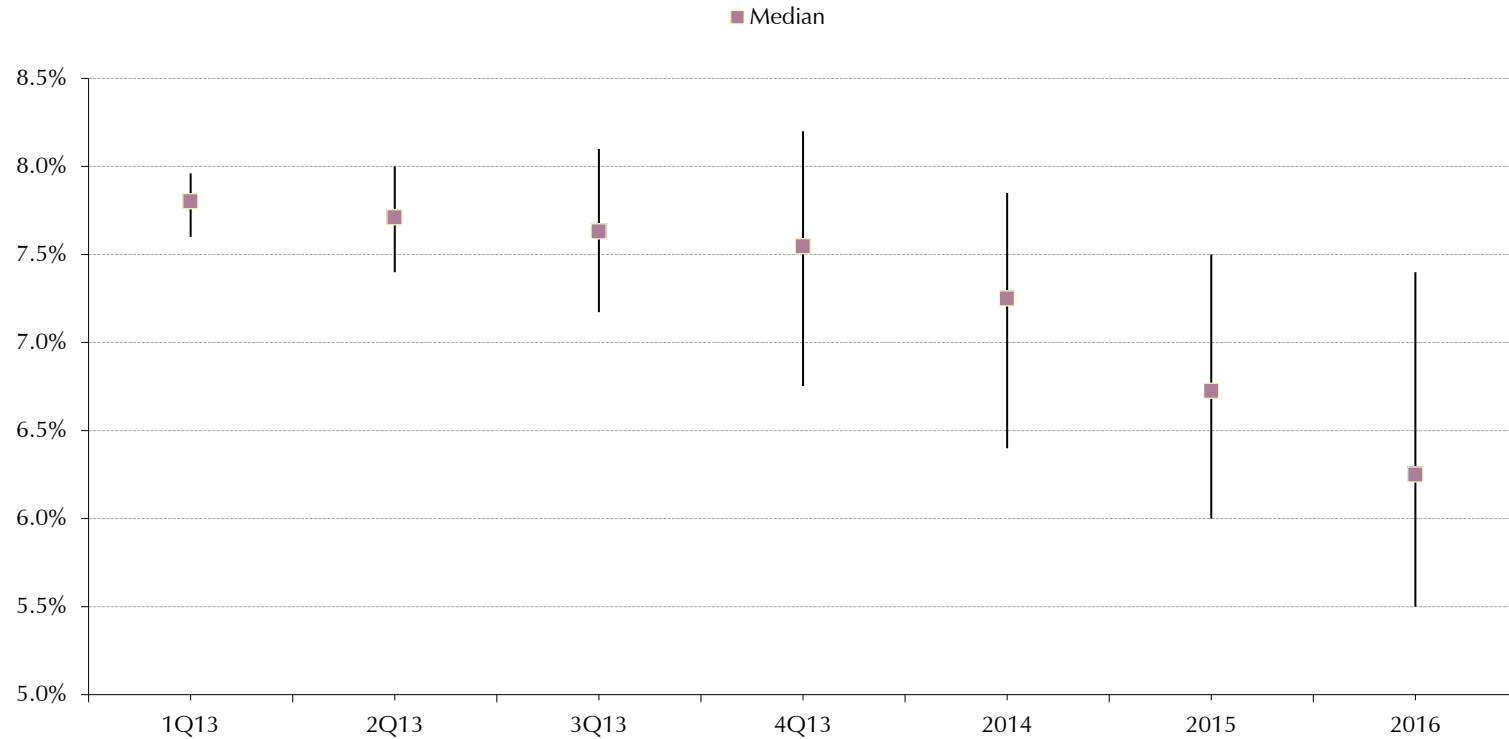
Size of the Middle Class by Region: 2009 - 2030



Source: Brookings Institute.

- The size of the middle class is projected to grow by over 250% globally by the year 2030, with the largest growth forecasted for emerging market countries.
- It is projected that close to 60% of the world's population will be middle class by 2030, more than double the current level.

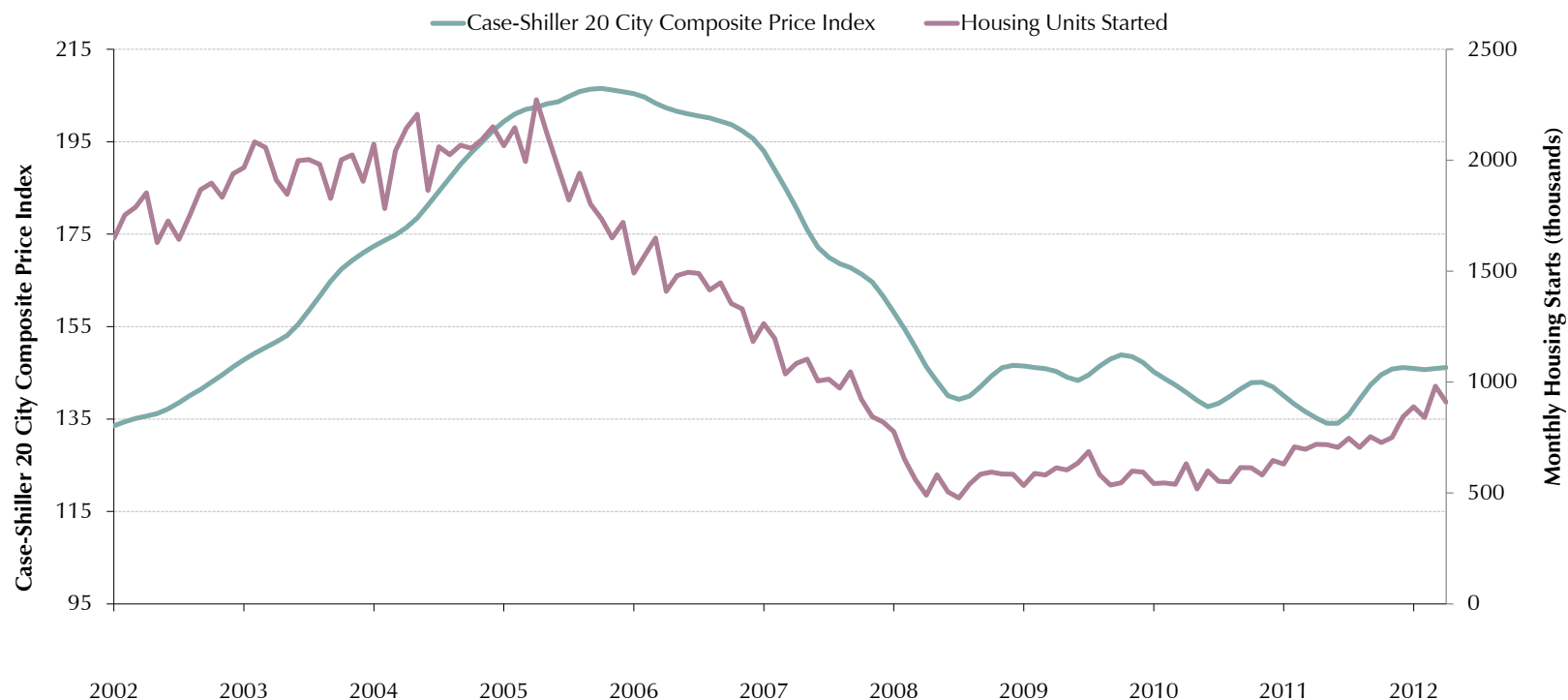
U.S. Unemployment Forecast



Source: Philadelphia Federal Reserve Survey of Professional Forecasters.

- The U.S. Federal Reserve announced that it would connect its interest rate policy with the unemployment rate. Specifically, they plan to keep interest rates low as long as unemployment remains above 6.5%.
- Economists forecast that unemployment will decline below this level over the next several years.

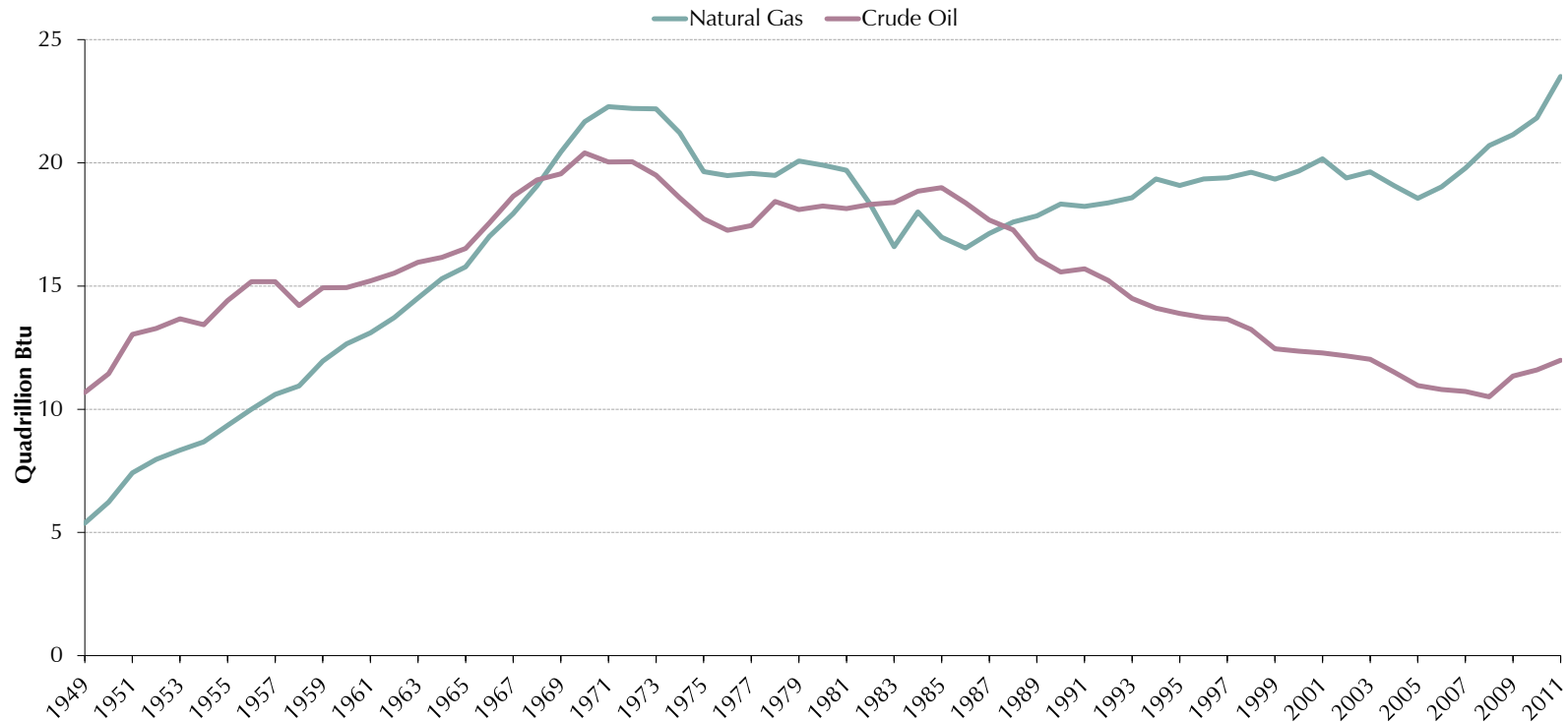
U.S. Housing



Source: Thomson Reuters, S&P. Data is as of January 31, 2013.

- In the midst of sluggish economic growth in the U.S., the housing market remains a bright spot.
- Housing prices, particularly in more distressed markets, and construction of new homes have begun to transition from stabilization to recovery.

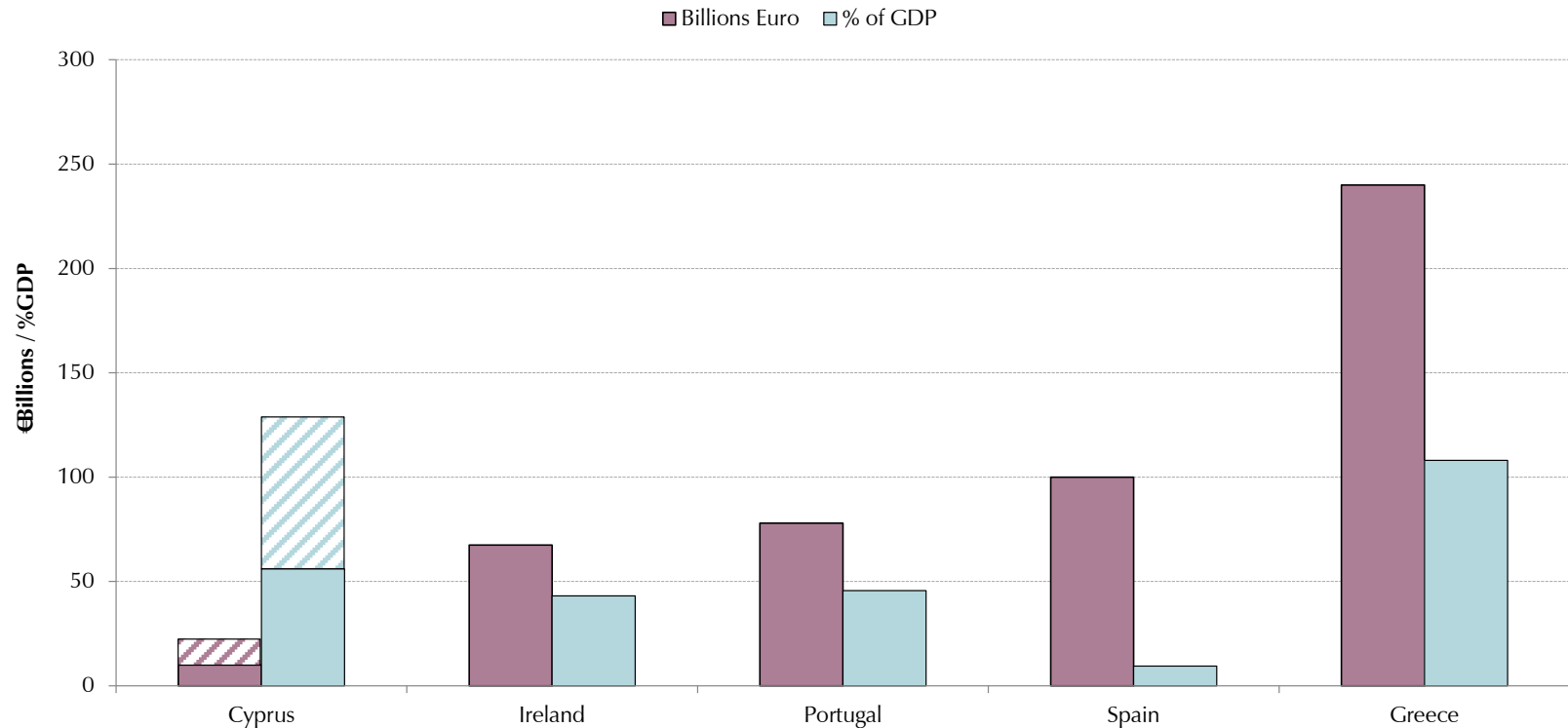
U.S. Energy Production: 1949 – 2011



Source: EIA.

- Since the mid-1980s, natural gas production in the U.S. increased by over 40%, due to recent advances in “fracking” technologies, lowering prices significantly relative to the rest of the world.
- Although U.S. oil production increased recently, it has declined significantly over the last 30 years.

Euro-Zone Bail-outs



Source: Reuters, IMF. GDP data is from the year the bailout was received with the exception of Cyprus, which uses 2012 GDP data.

- The recent bail-out of Cyprus represents the fifth in the Euro-zone, but it is the first to call for creditors to be responsible for bank losses.
- The amount of Cyprus' bail-out package is relatively low (€10 billion or \$13 billion) compared to other bail-outs, but with the inclusion of the €13 billion cost to Cypriot taxpayers and depositors it ranks first as a percentage of GDP.

Summary

Four primary concerns face the global economy: 1) continued economic sluggishness and financial risk in Europe; 2) a fragile recovery in the U.S.; 3) the potential for a slowdown in emerging economies; and 4) increased geopolitical tension in Asia.

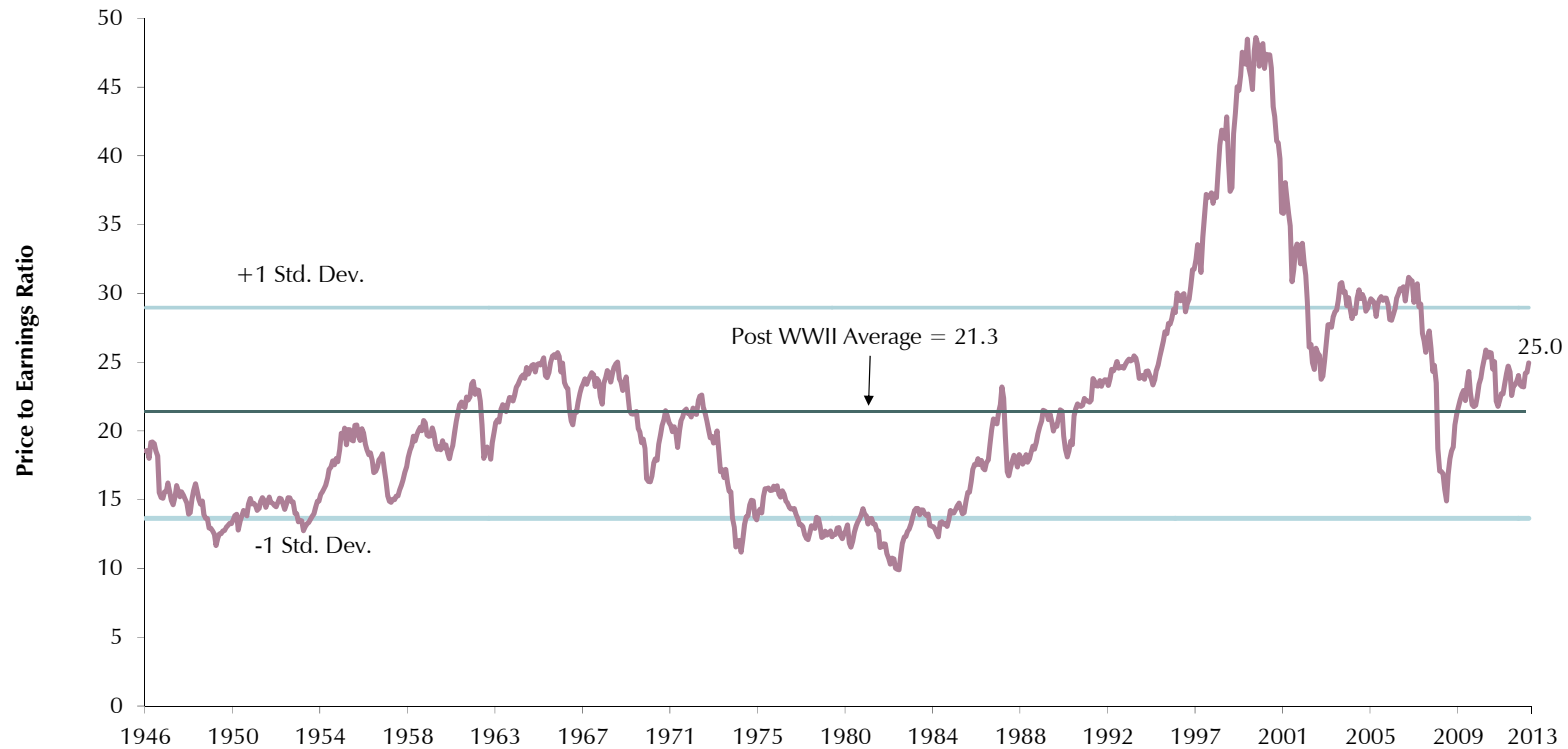
- In the developed economies, we expect GDP growth to remain sluggish in 2013 due to high unemployment, fiscal austerity measures, and continued deleveraging.
- As governments loosen monetary policy in emerging economies, the cyclical slowdown could experience a turning point in 2013. Reduced demand from developed economies remains a headwind for growth in emerging economies.
- Slow growth globally should keep inflation subdued in the near-term. The potential for the return of inflationary pressures exists in developed economies as central banks continue to implement historic monetary stimulus, most recently in Japan. Inflation could also return in emerging economies as monetary policy is loosened.
- Continued monetary stimulus in Europe, the emerging economies, the U.S., and Japan is likely going forward.
- Further fiscal stimulus looks unlikely in 2013 in developed economies, as the political will declines in the face of higher government debt levels. The exception is Japan, which has pledged to increase fiscal spending in an effort to fight deflation.

Capital Markets Outlook

Capital Markets Outlook¹

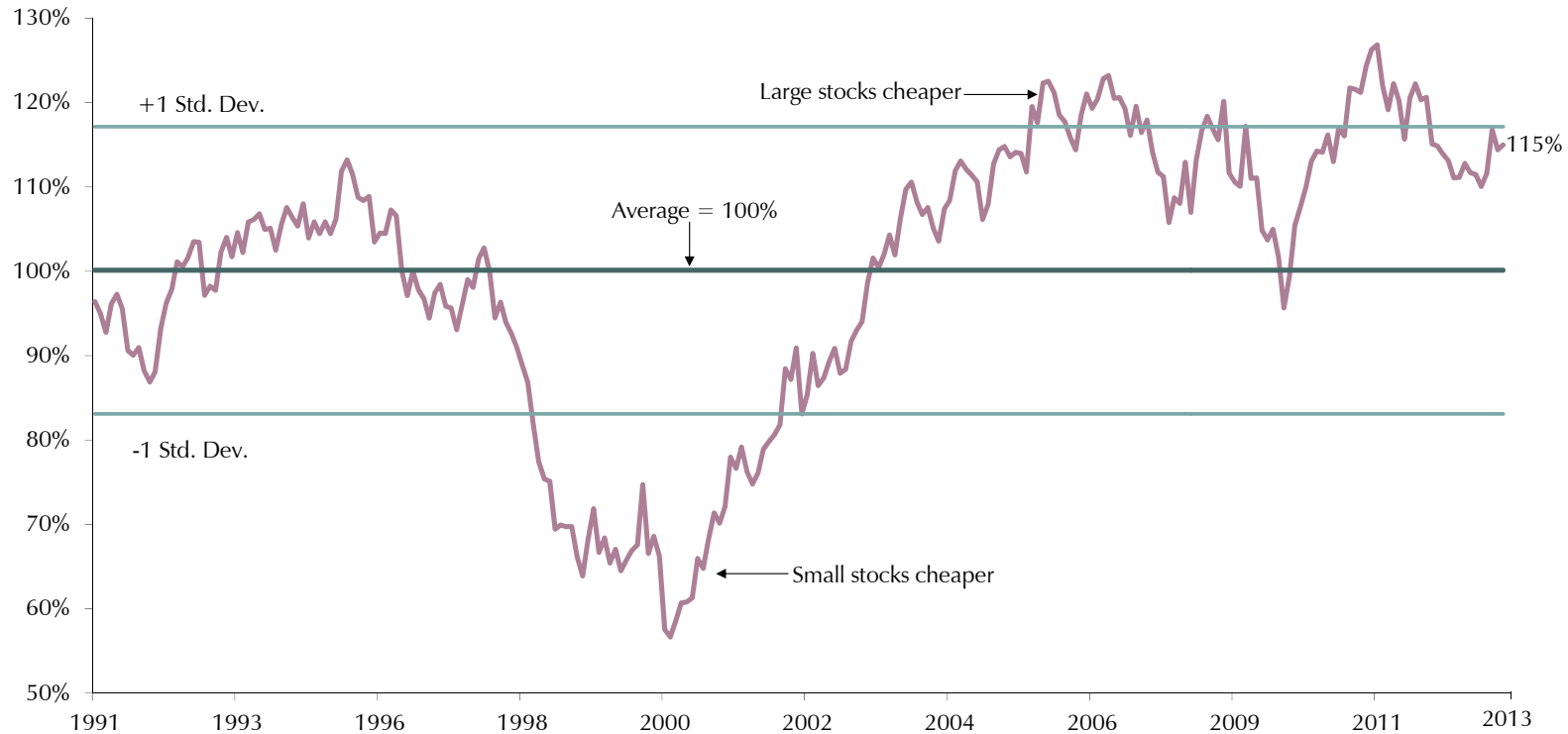
- Investors are faced with two primary issues in the near-term: 1) historically low bond yields, and 2) the potential for deteriorating earnings, particularly in the U.S. and Europe.
 - The price of the U.S. stock market relative to ten-year average earnings increased slightly in the first quarter of 2013, remaining above its historical average (25x versus 21x).
 - 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 (e.g., N. Korea) could cause heightened volatility in commodity prices.
 - At the end of March, the yield spreads on both high yield corporate bonds (4.6% versus 5.7%) and investment grade bonds (1.4% versus 1.6%) were below their long-term averages.
 - At 1.9%, the yield on the ten-year Treasury is far below its post-WWII average of 5.7%.
 - Low yields on fixed income instruments are likely to push investors further out on the risk spectrum as they seek to achieve their target returns.

¹ Sources: FactSet, U.S. Treasury, Standard & Poor's. Data is as of March 31, 2013.

U.S. Equity Cyclically Adjusted P/E¹

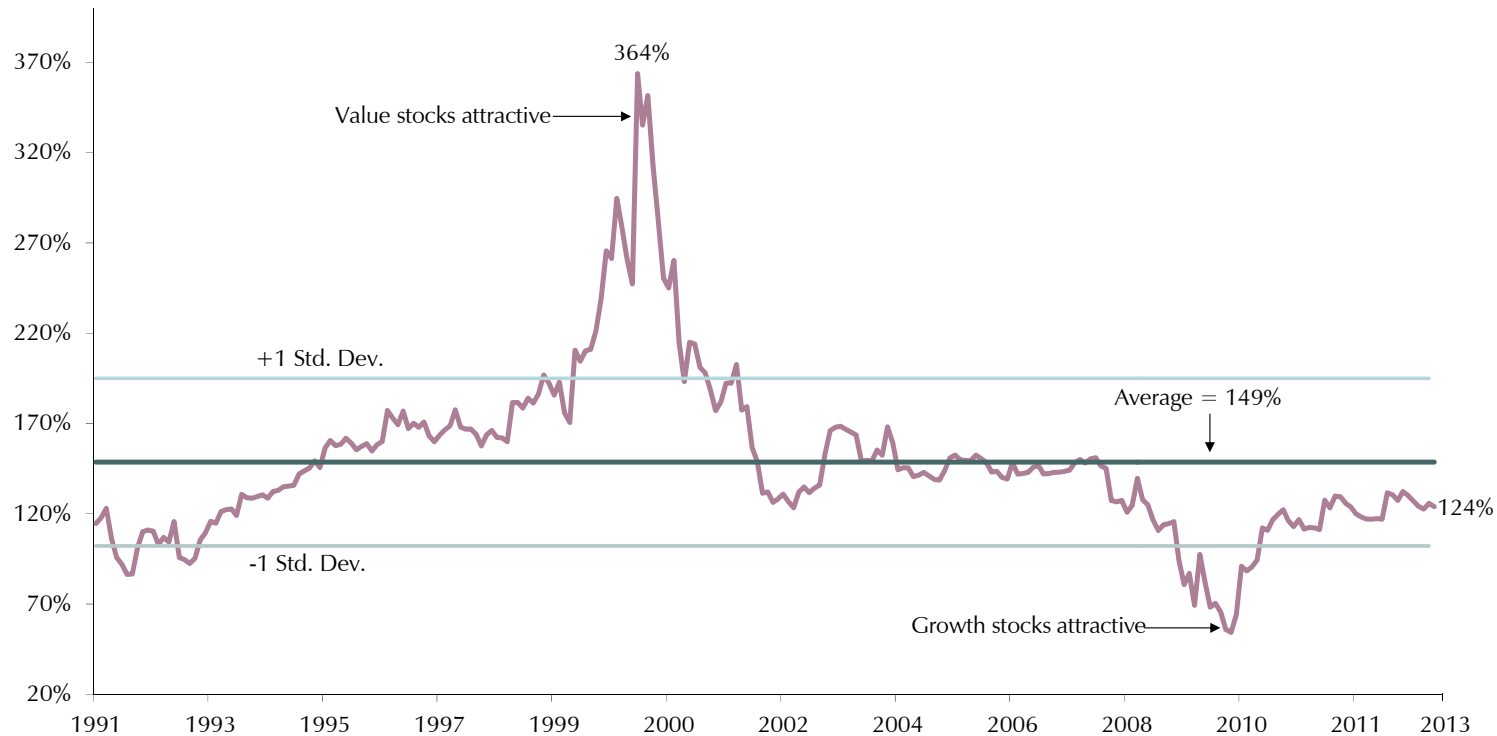
- The cyclically adjusted P/E ratio for the S&P 500 finished March at 25x, above its post-WWII average of 21x.
- Going forward, slowing revenue growth and a sluggish economic recovery could create headwinds for U.S. equities.

¹ Source: Standard & Poor's. Earnings figures represent the average of monthly "as reported" earnings over the previous ten years. Data is as of March 31, 2013.

Small Cap P/E vs. Large Cap P/E¹

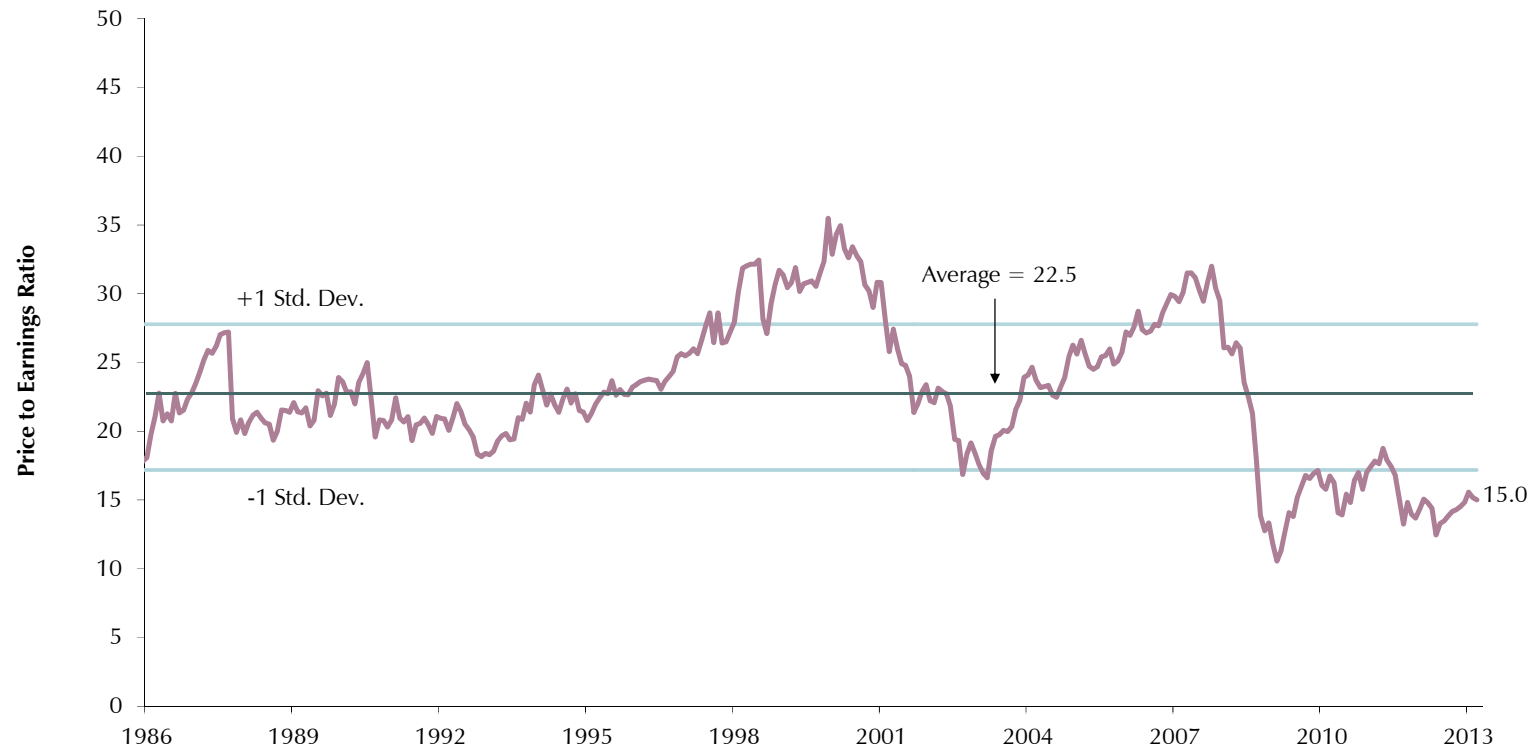
- The P/E ratio of small cap stocks (Russell 2000) relative to large cap stocks (Russell 1000) has declined from its early 2011 peak, but still remains above its long-term average, signaling potential underperformance of small cap stocks relative to large cap stocks.

¹ Source: Russell Investments. Earnings figures represent 12-month "as reported" earnings. Data is as of March 31, 2013.

Growth P/E vs. Value P/E¹

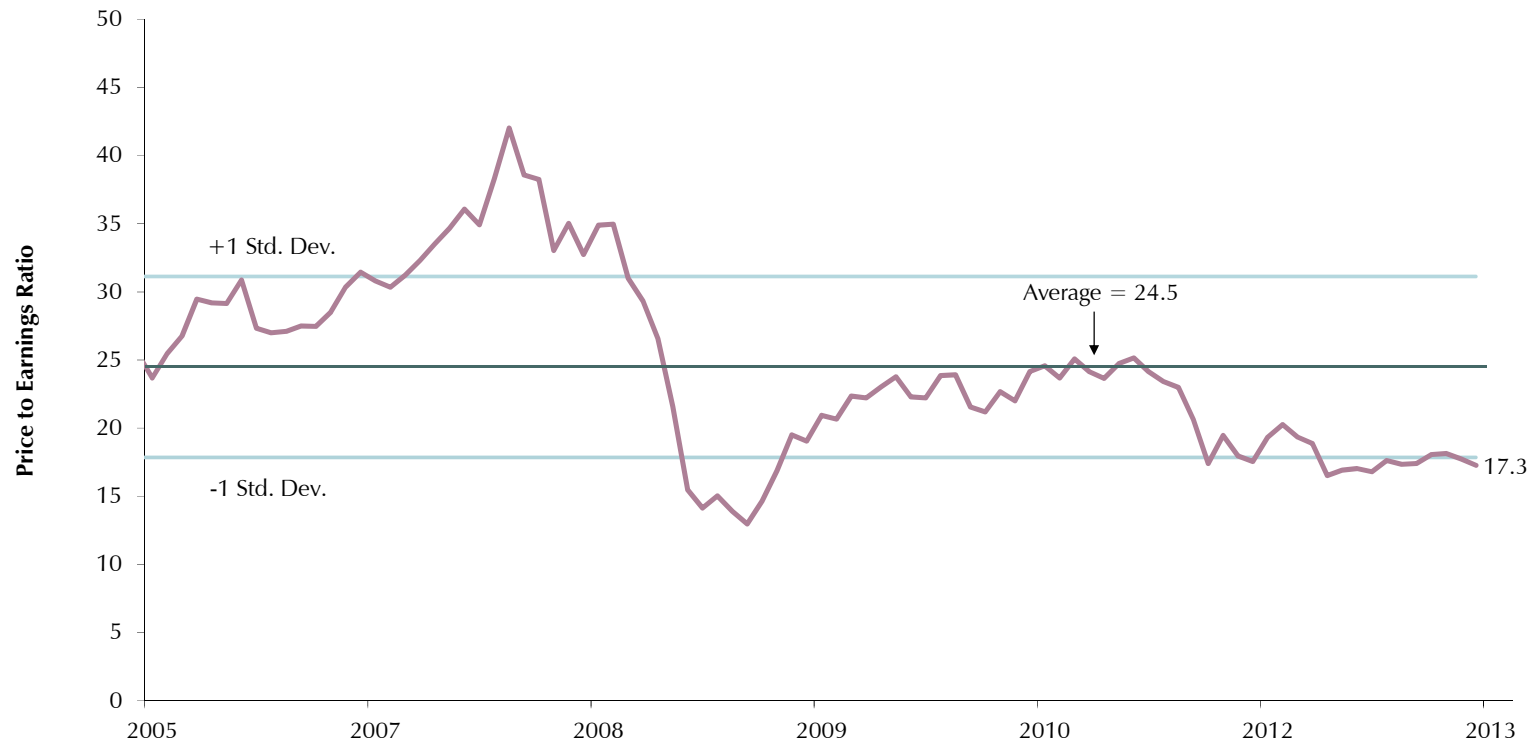
- The P/E ratio of growth stocks (Russell 3000 Growth) relative to value stocks (Russell 3000 Value) finished March at 124%, well above its level three years prior, but still below its long-term average.
- Of note, the long-term average was sharply influenced by the technology bubble of the late 1990s.

¹ Source: Russell Investments. Earnings figures represent 12-month "as reported" earnings. Data is as of March 31, 2013.

Developed International Equity Cyclically Adjusted P/E¹

- Valuations (for the MSCI EAFE ex-Japan) remain more than 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 FactSet. Earnings figures represent the average of monthly "as reported" earnings over the previous ten years. Data is as of March 31, 2013.

Emerging Market Equity Cyclically Adjusted P/E¹

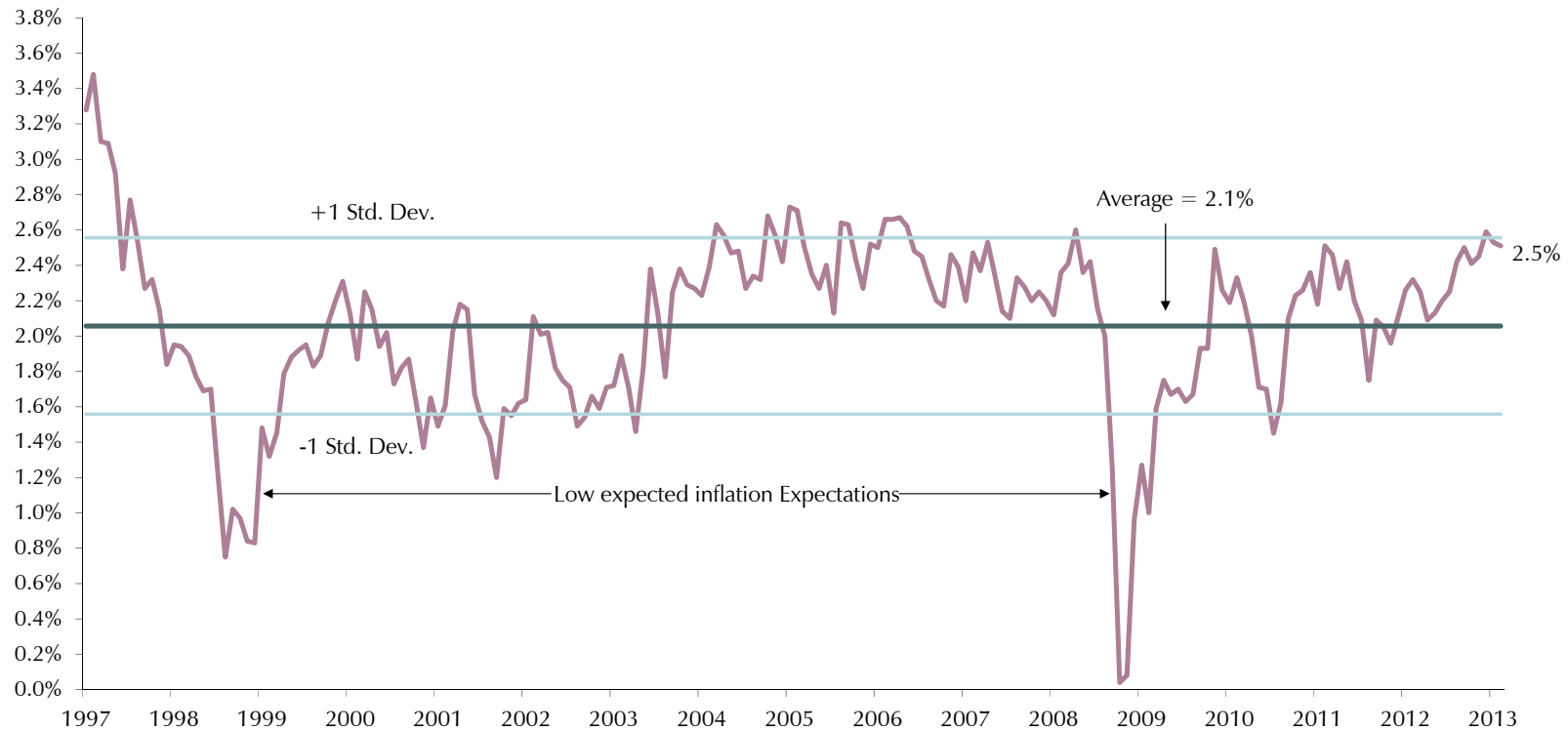
- Emerging market equities (MSCI Emerging Markets) are priced one standard deviation below their (brief) historical average.
- Emerging market equities are trading at lower valuations than U.S. equities, but at higher valuations than non-U.S. developed market equities.

¹ Source: MSCI and FactSet. Earnings figures represent the average of monthly "as reported" earnings over the previous ten years. Data is as of March 31, 2013.

Ten-Year Treasury Yields¹

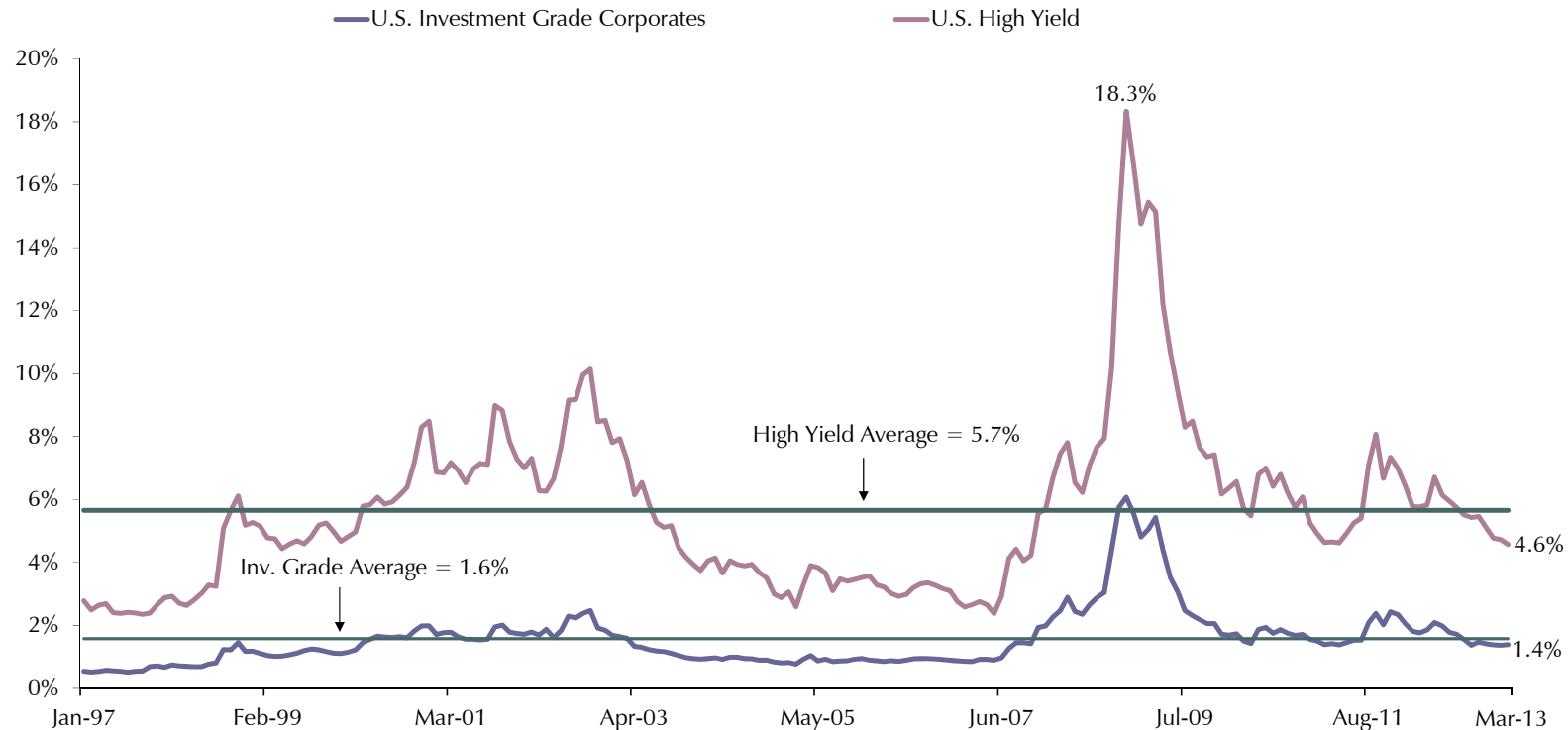
- Ten-year Treasury yields were 1.9% at the end of March, slightly above their level at the end of 2012 and well below their post-WWII average.
- The federal debt ceiling in the U.S. has been suspended until May 19, but the debate over the U.S. budget and the almost inevitable re-ignition of the debt ceiling debate still loom in the background.

¹ Source: U.S. Treasury. Data is as of March 31, 2013.

Ten-Year Breakeven Inflation¹

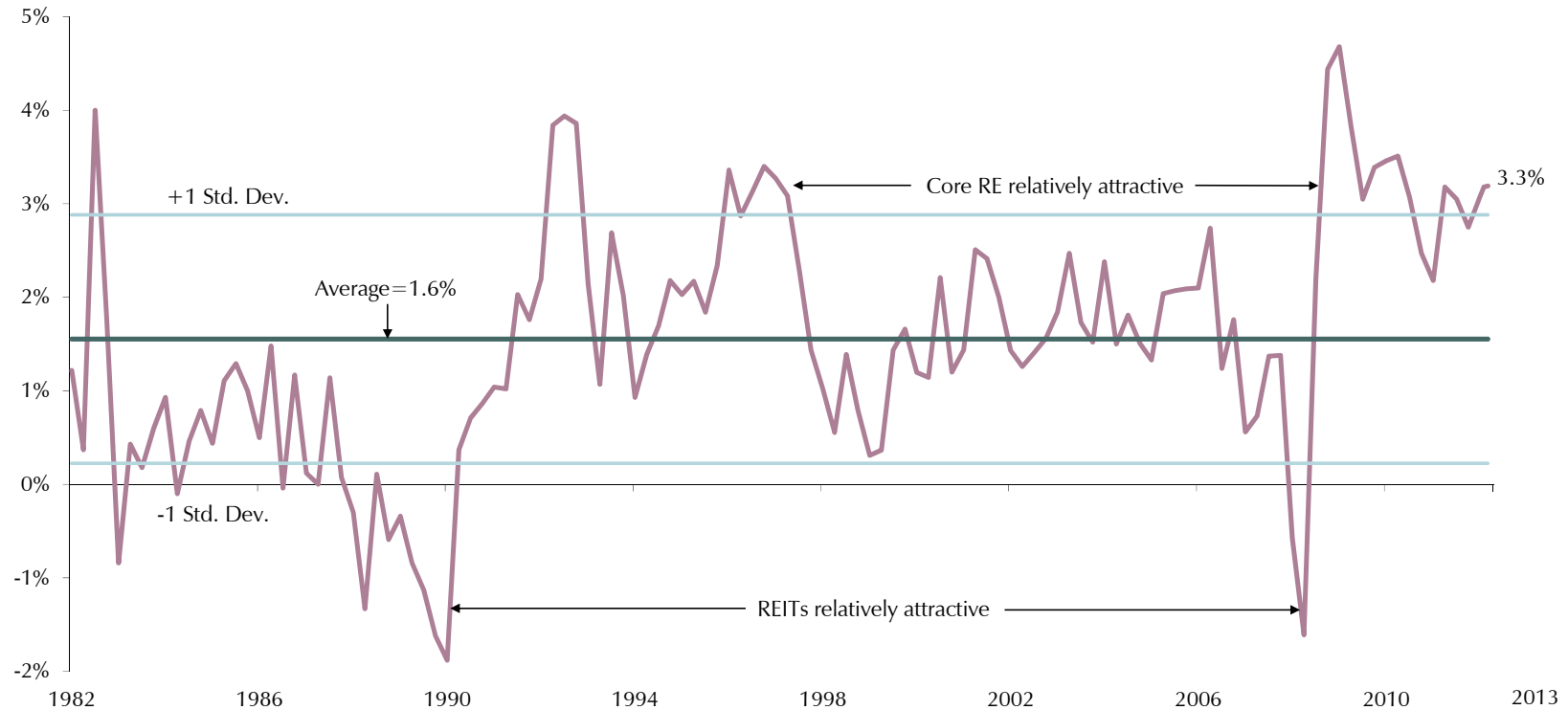
- Breakeven (or expected) inflation, the difference between the nominal yield on a ten-year Treasury and the real yield on a ten-year TIPS, was close to one standard deviation above its historical average at the end of March.
- The inflation rate year over year was 1.5% at the end of March, as measured by the Consumer Price Index (CPI). This means actual inflation was 1% below the ten-year breakeven inflation rate.

¹ Source: U.S. Treasury and Federal Reserve. Data is as of March 31, 2013.

Credit Spreads¹

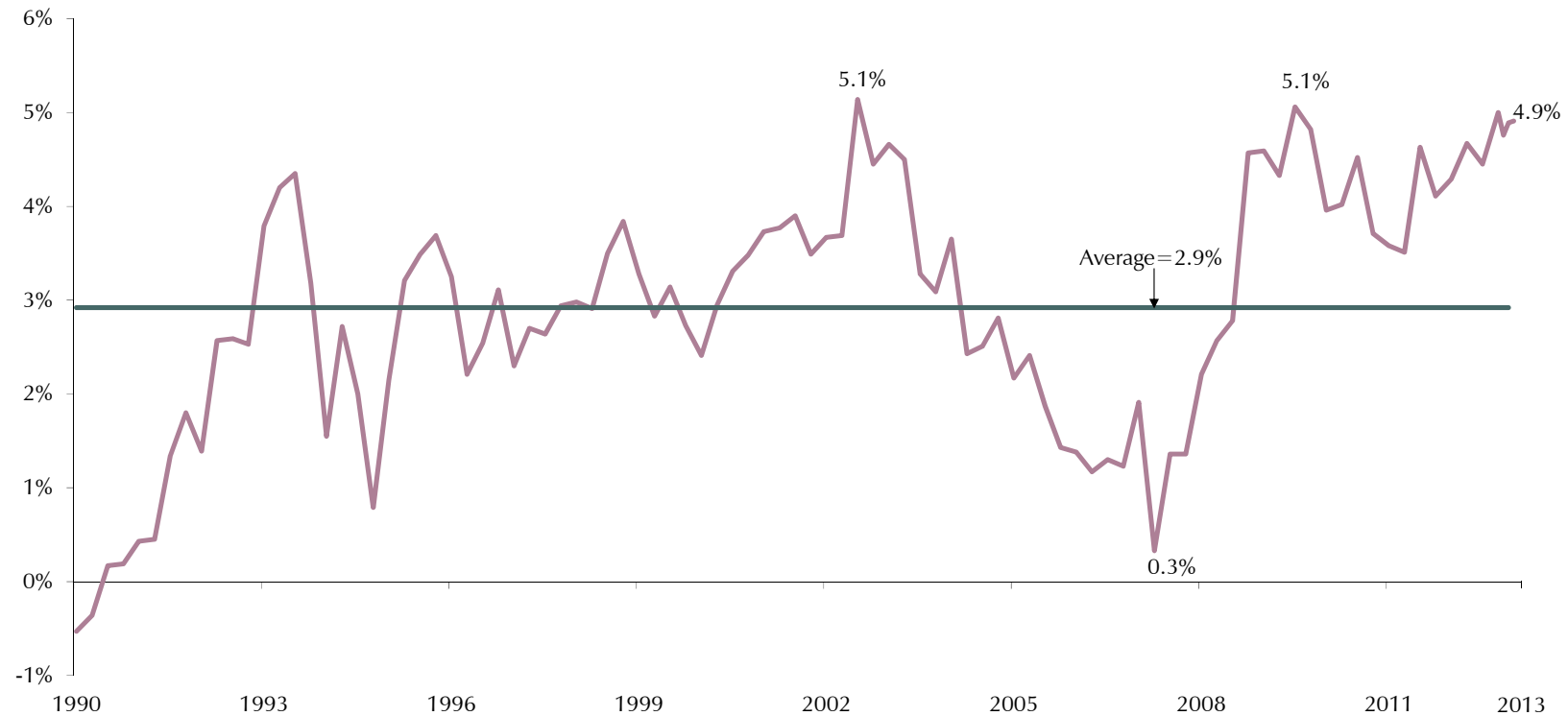
- Credit spreads (versus U.S. Treasury bonds) for both high yield and investment grade corporate bonds finished March below their respective historical averages.
- While spreads remain within one standard deviation of their respective historical averages, the absolute level of yields remains low, reducing the expected return for investors.

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 March 31, 2013.

Core Real Estate vs. REITs¹

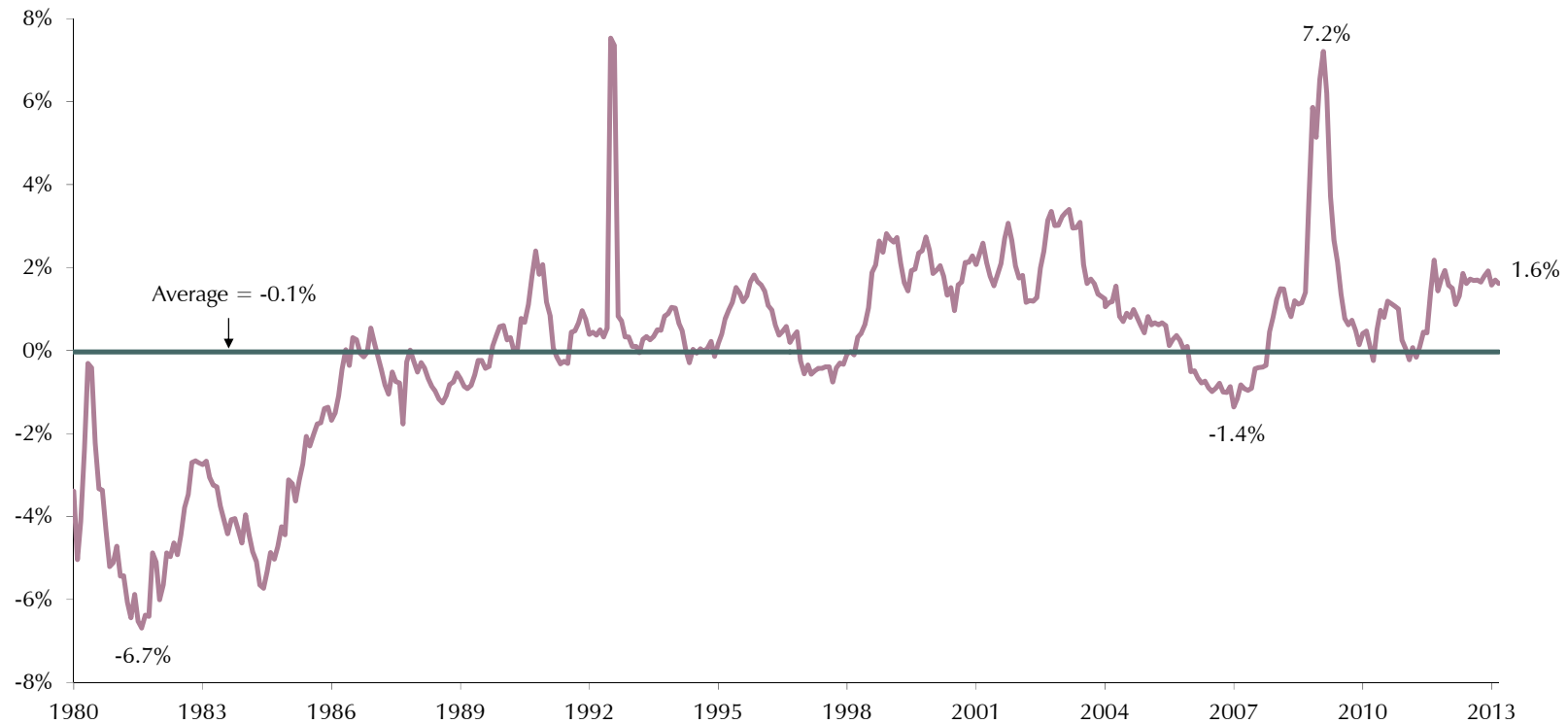
- At the end of March, the spread between core real estate cap rates and REIT yields was 3.3%, a level over one standard deviation above its long-term average.
- REITs were yielding 3.5% at the end of March, well below the 10.1% level of early 2009.

¹ Sources: FactSet 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. March 31, 2013 NCREIF NPI data is not yet available. Data is as of December 31, 2012, for the NCREIF NPI and March 31, 2013, for the NAREIT Equity index.

Core Real Estate Spread vs. Ten-Year Treasury¹

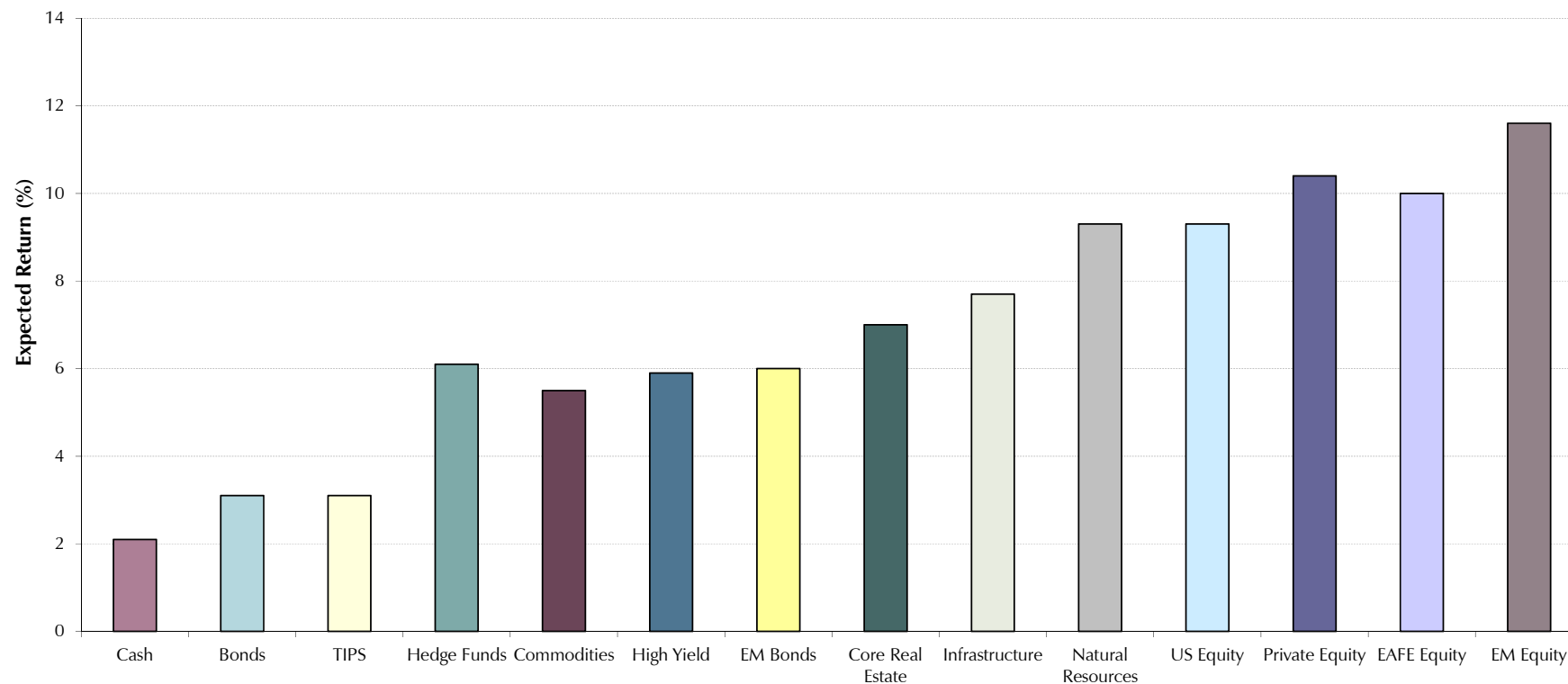
- At 4.9%, the difference between the 6.8% cap rate for core real estate and the 1.9% yield for the ten-year Treasury is above the historical average.
- Still, the absolute level of core real estate cap rates is near a historical low.

¹ Source: NCREIF, U.S. Treasury. NPI transactional capitalization rates are calculated on a quarterly basis. The March 31, 2013 NCREIF NPI data is not yet available. Data is as of December 31, 2012, for the NCREIF NPI and March 31, 2013, for the ten-year Treasury.

REITs Dividend Yield Spread vs. Ten-Year Treasury¹

- REIT yield spreads were 1.6% at the end of March, a level 1.7% above their historical 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 March 31, 2013.

Long-Term Outlook¹

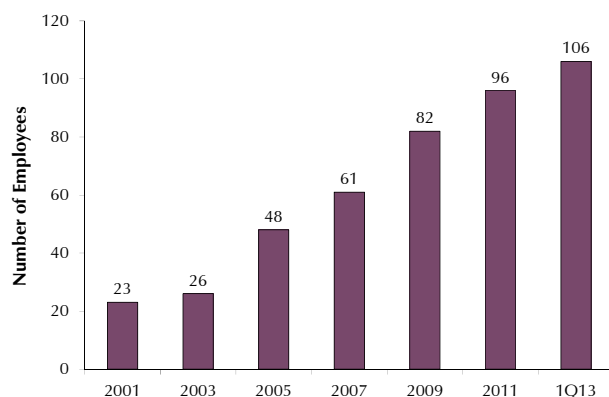
- Based on Meketa Investment Group's long term expectations, only a handful of asset classes are priced to produce returns above 8% per year. All of these asset classes incorporate a high degree of volatility.

¹ Twenty-year expected returns based upon Meketa Investment Group's 2013 Annual Asset Study.

Meketa Investment Group Corporate Update

- Staff of 106, including 64 investment professionals and 20 CFA Charterholders
- 85 clients, with over 170 funds throughout the United States
- Significant investment in staff and resources
- Offices in Boston, Miami, and San Diego
- Clients have aggregate assets of over \$575 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 3.2 million American families everyday



Asset Classes Followed Intensively by Meketa Investment Group

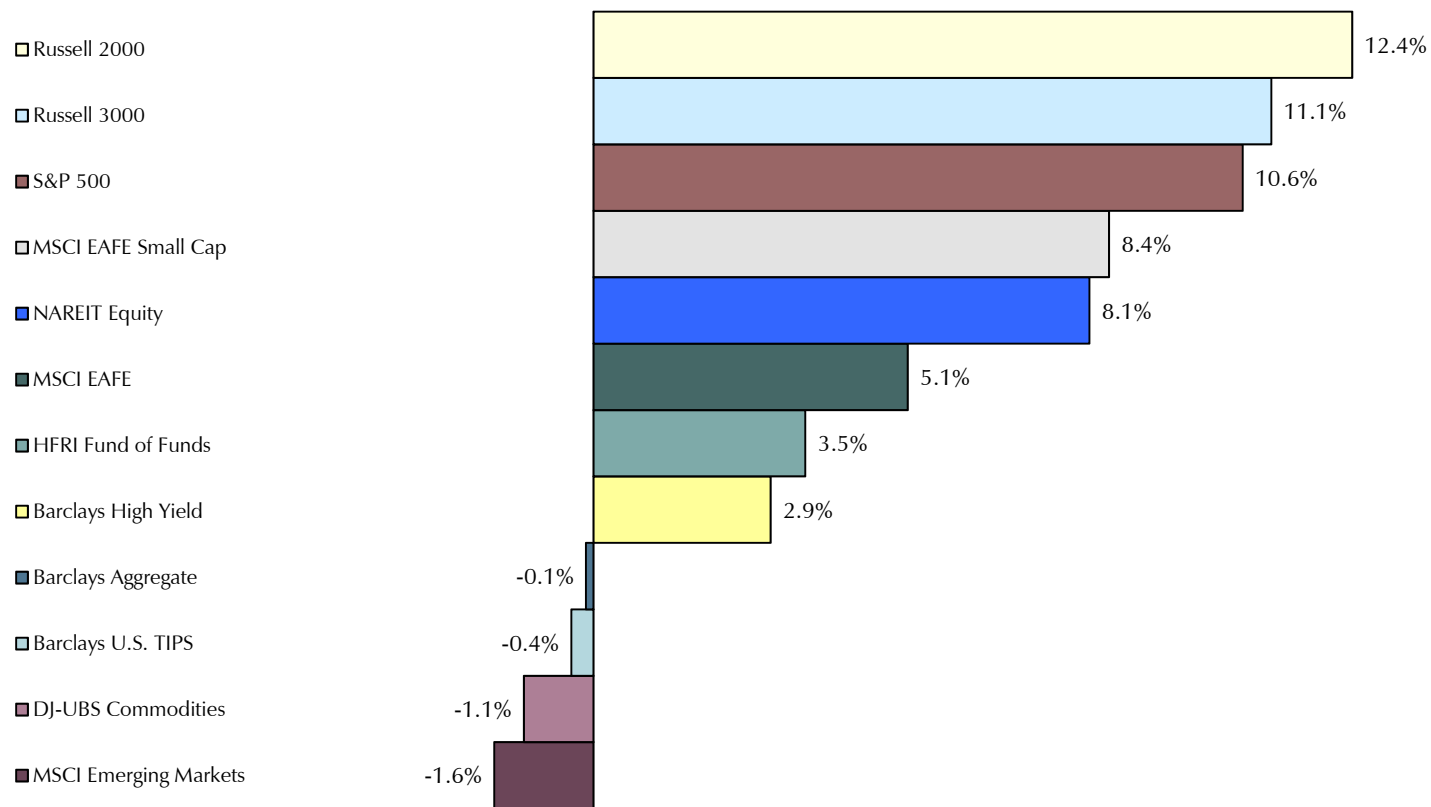
Domestic Equities	International Equities	Private Equity	Real Assets	Fixed Income	Hedge Funds
<ul style="list-style-type: none"> - Passive - Enhanced Index - Large Cap - Midcap - Small Cap - Microcap - 130/30 	<ul style="list-style-type: none"> - Large Cap Developed - Small Cap Developed - Emerging Markets - 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

As of March 31, 2013

The World Markets First Quarter of 2013

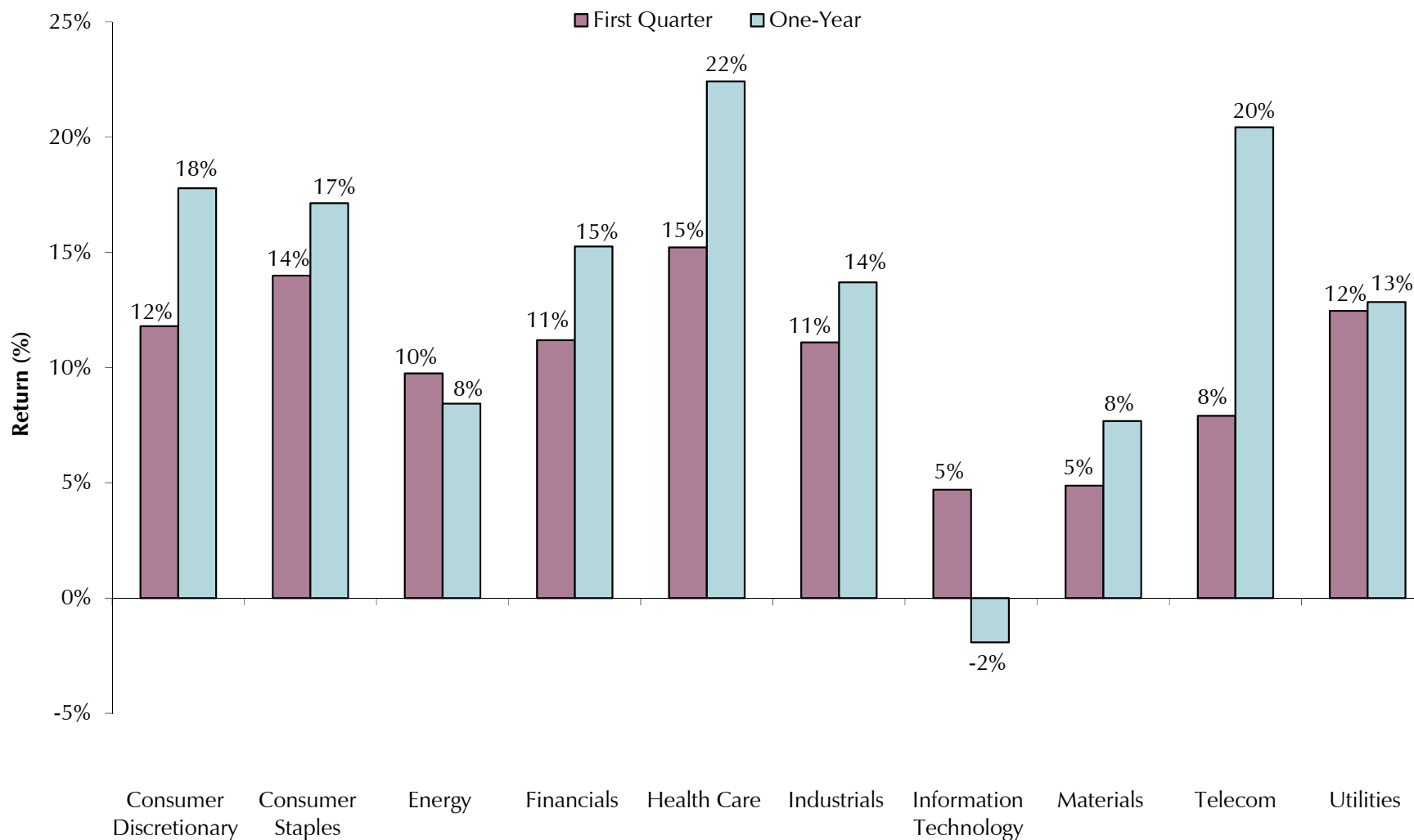
The World Markets
First Quarter of 2013



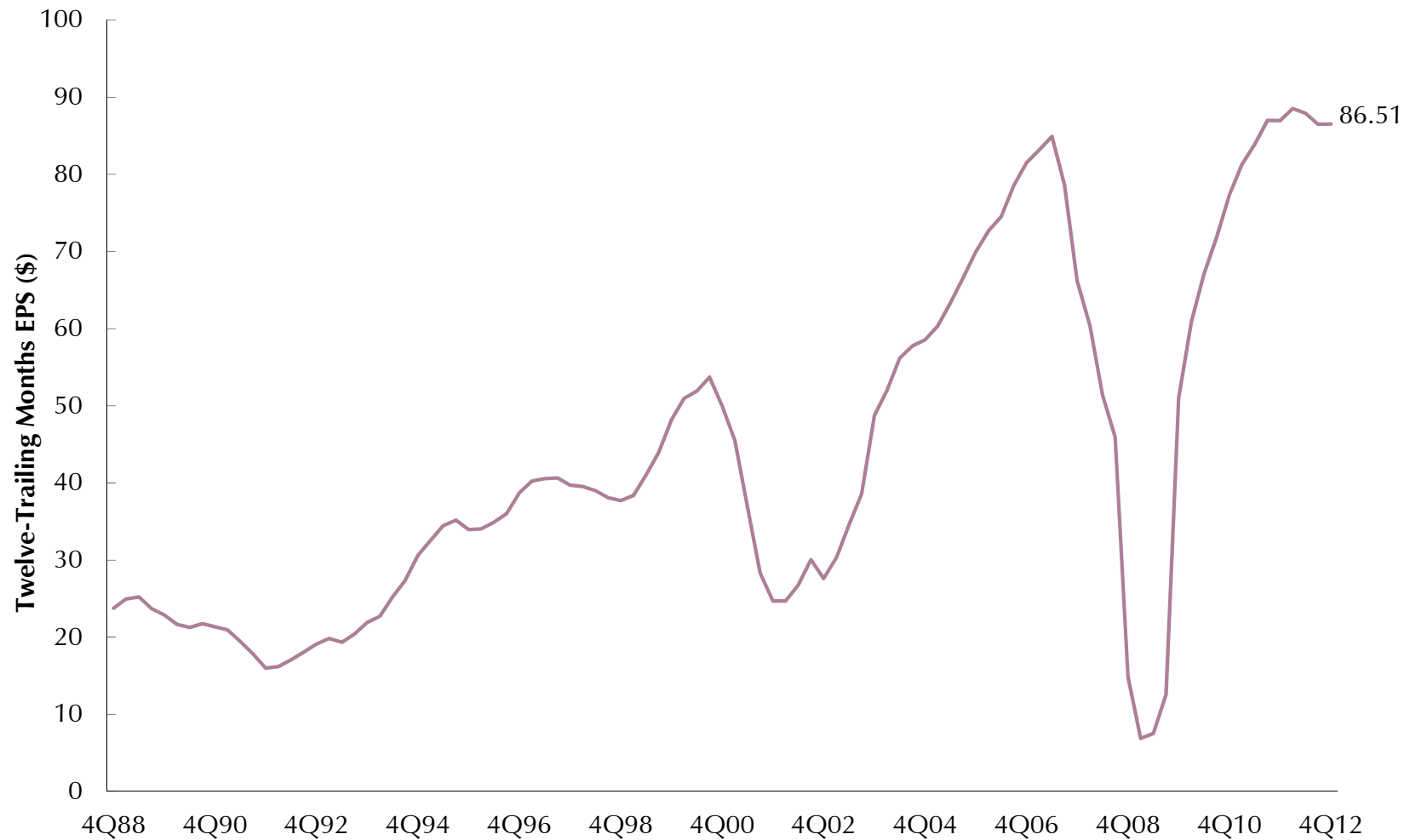
Index Returns

	1Q13 (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)
Domestic Equity					
Russell 3000	11.1	14.6	13.0	6.3	9.2
Russell 1000	11.0	14.4	12.9	6.2	9.0
Russell 1000 Growth	9.5	10.1	13.1	7.3	8.6
Russell 1000 Value	12.3	18.8	12.7	4.8	9.2
Russell MidCap	13.0	17.3	14.6	8.4	12.3
Russell MidCap Growth	11.5	12.8	14.2	8.0	11.5
Russell MidCap Value	14.2	21.5	15.0	8.5	12.6
Russell 2000	12.4	16.3	13.5	8.2	11.5
Russell 2000 Growth	13.2	14.5	14.7	9.0	11.6
Russell 2000 Value	11.6	18.1	12.1	7.3	11.3
Foreign Equity					
MSCI ACWI (ex. U.S.)	3.2	8.4	4.4	-0.4	10.9
MSCI EAFE	5.1	11.3	5.0	-0.9	9.7
MSCI EAFE (local currency)	9.7	16.7	4.3	0.7	7.5
MSCI EAFE Small Cap	8.4	13.3	8.4	2.1	13.2
MSCI Emerging Markets	-1.6	2.0	3.3	1.1	17.1
MSCI Emerging Markets (local currency)	-0.5	5.2	4.6	2.7	15.6
Fixed Income					
Barclays Universal	0.1	4.7	6.0	5.9	5.4
Barclays Aggregate	-0.1	3.8	5.5	5.5	5.0
Barclays U.S. TIPS	-0.4	5.7	8.6	5.9	6.3
Barclays High Yield	2.9	13.1	11.2	11.6	10.1
JPMorgan GBI-EM Global Diversified	-0.1	7.7	7.9	8.4	11.9
Other					
NAREIT Equity	8.1	17.1	17.7	7.1	12.6
DJ-UBS Commodities	-1.1	-3.1	1.3	-7.4	2.5
HFRI Fund of Funds	3.5	4.9	2.1	-0.2	3.9

S&P Sector Returns

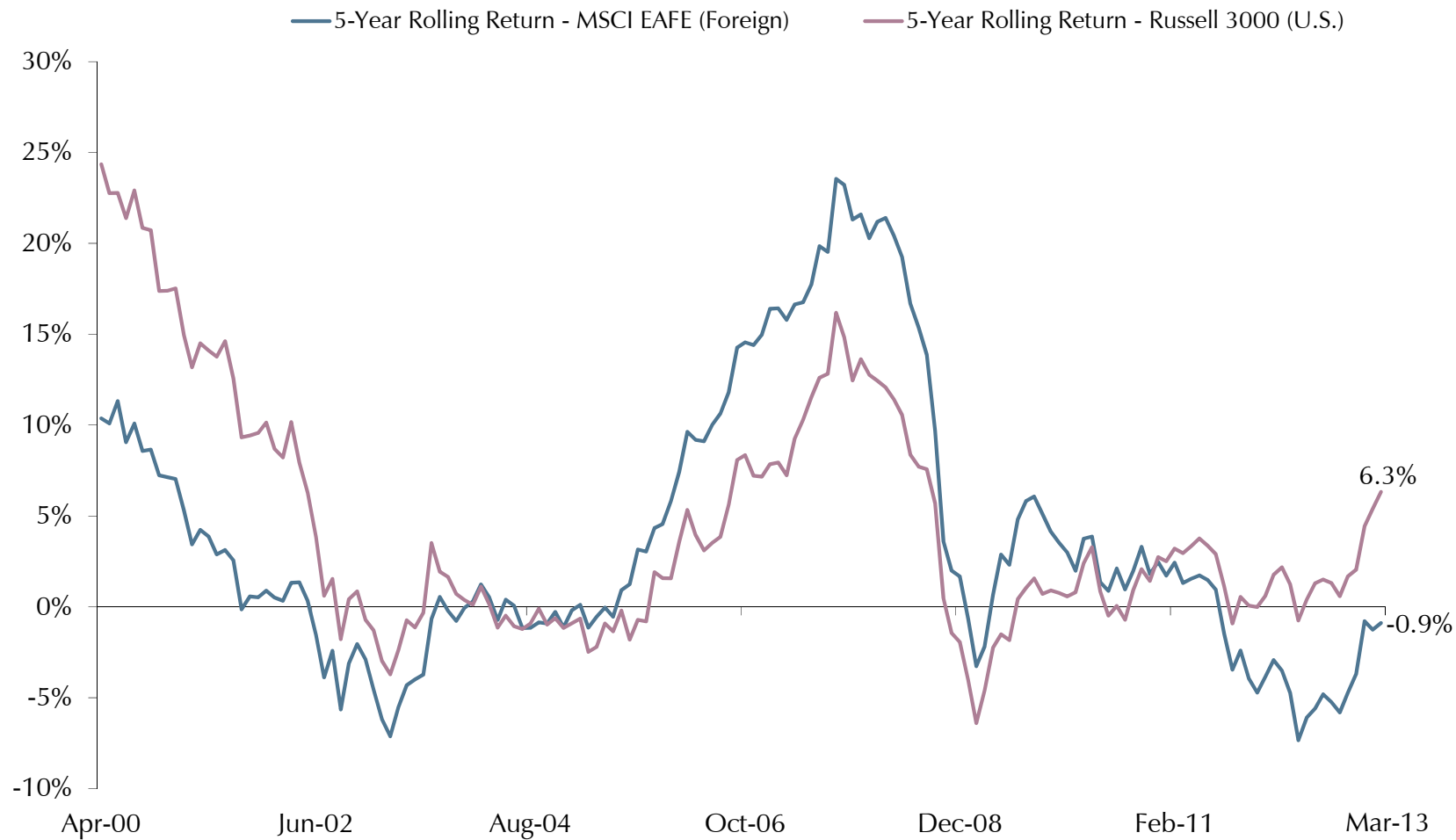


S&P 500 Earnings Per Share¹



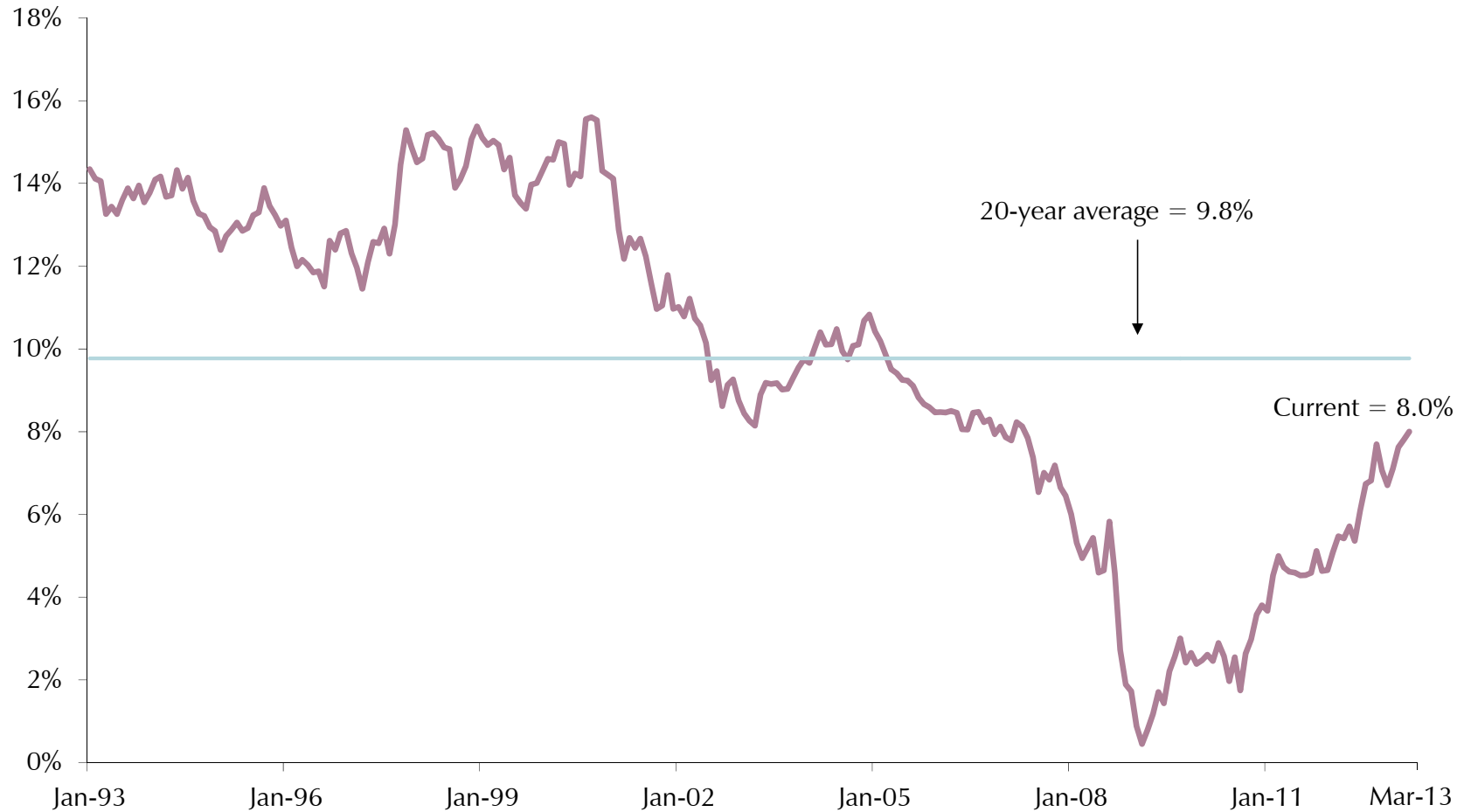
¹ The majority of companies in the S&P 500 have not yet reported Q1 earnings. Data is as of December 31, 2012.

Equity Markets



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

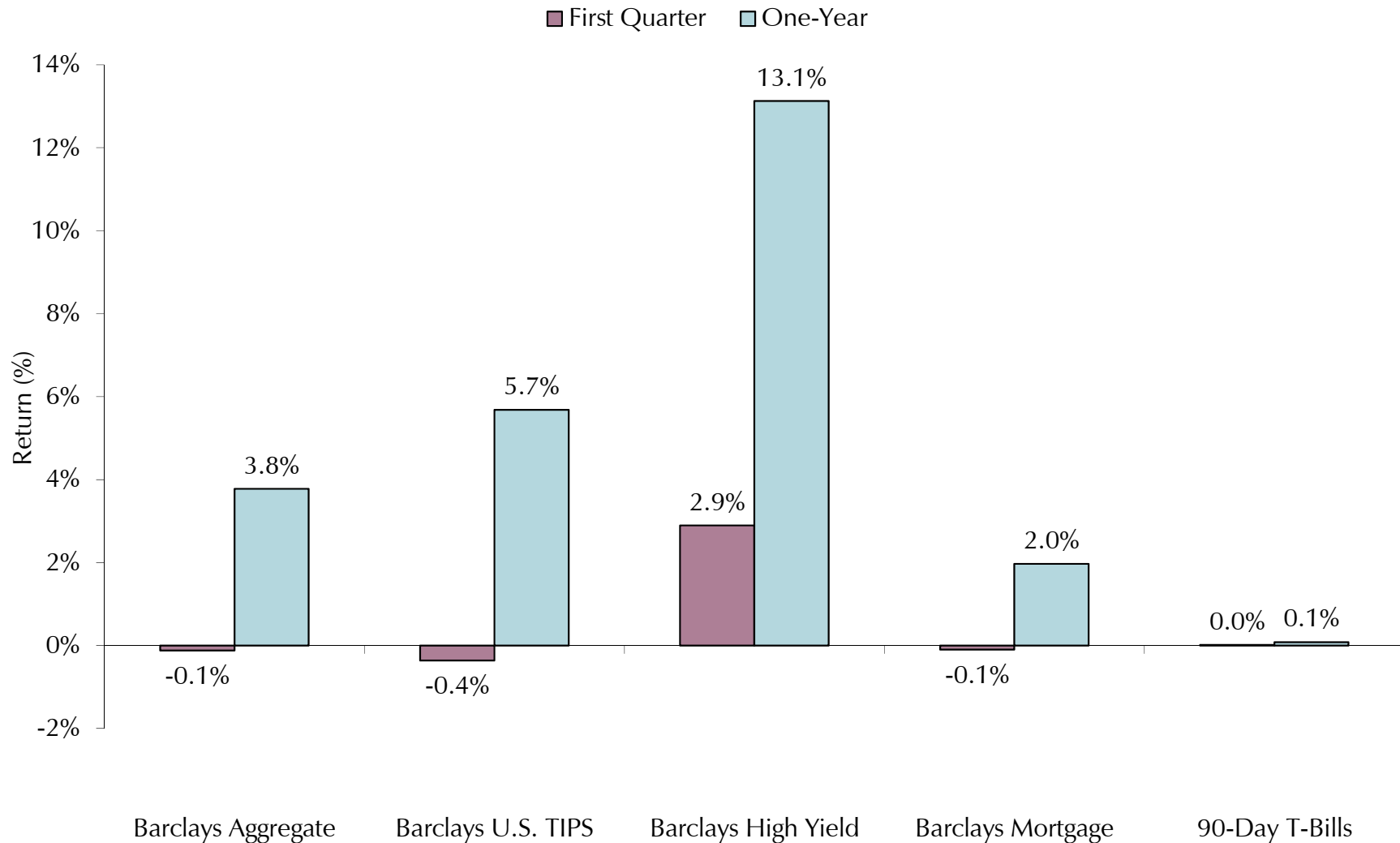
— 65% Stocks (Russell 3000) / 35% Bonds (Barclays Aggregate) 10-Year Rolling Return



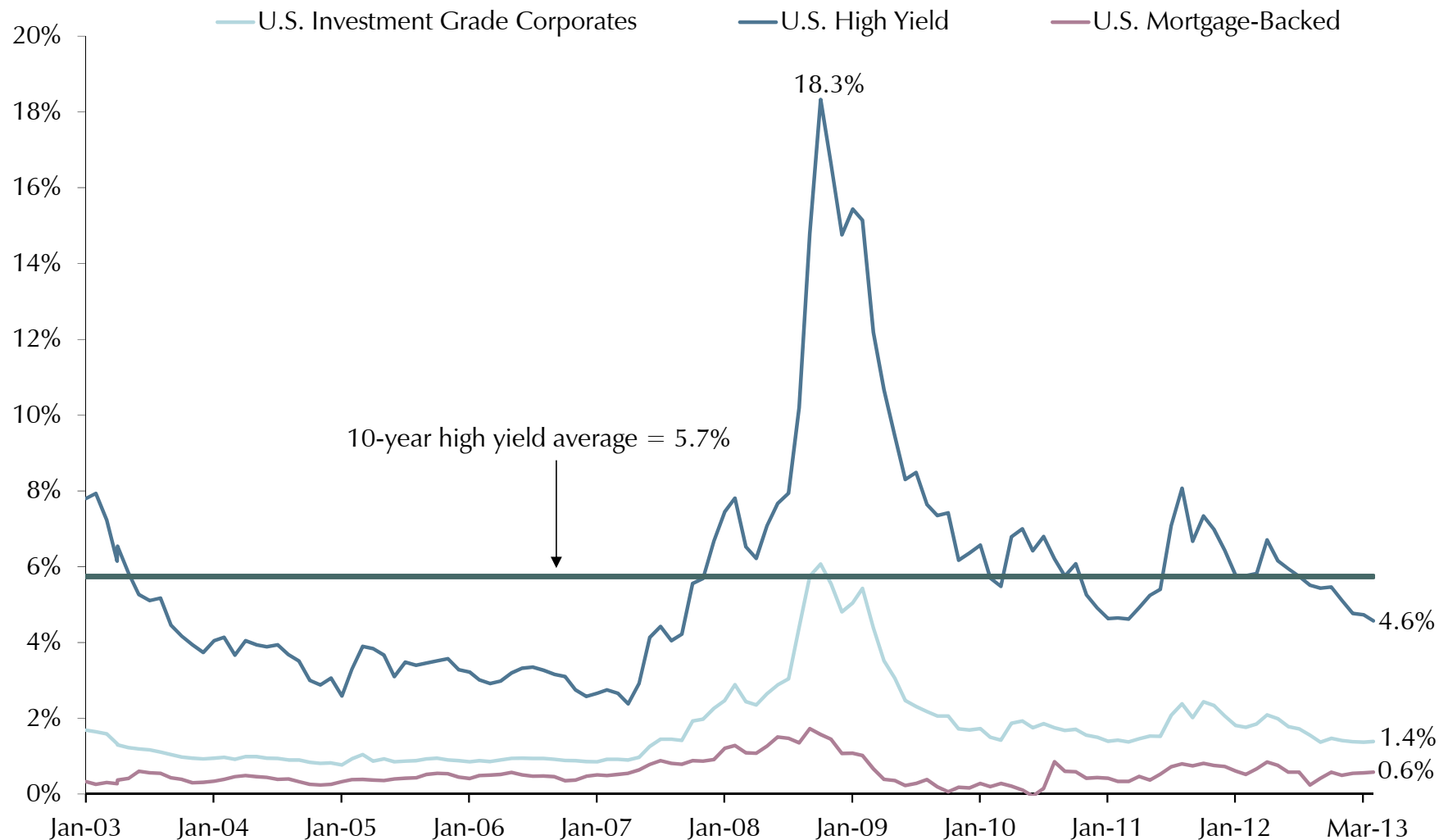
Treasury Yields



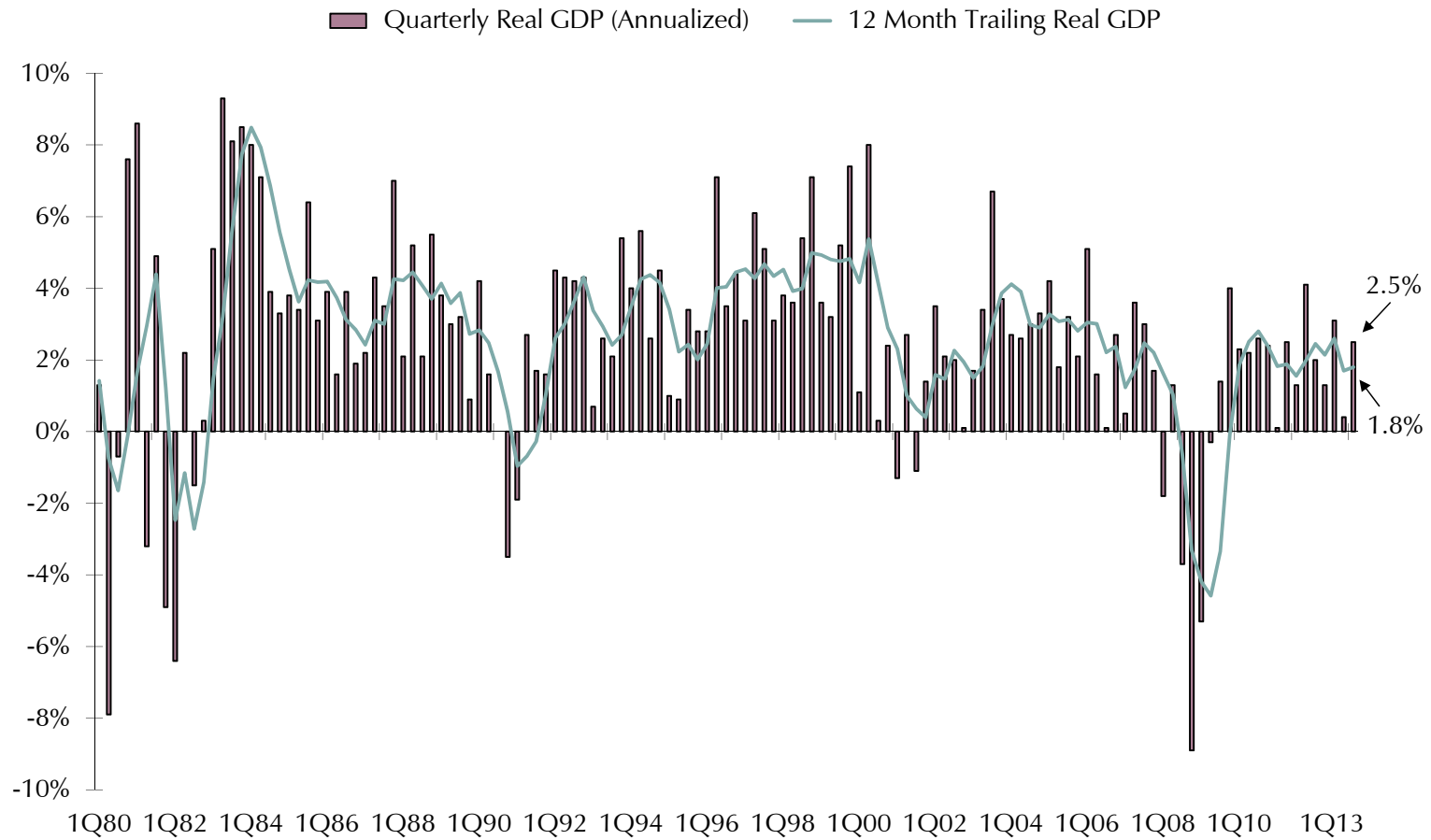
U.S. Fixed Income Markets



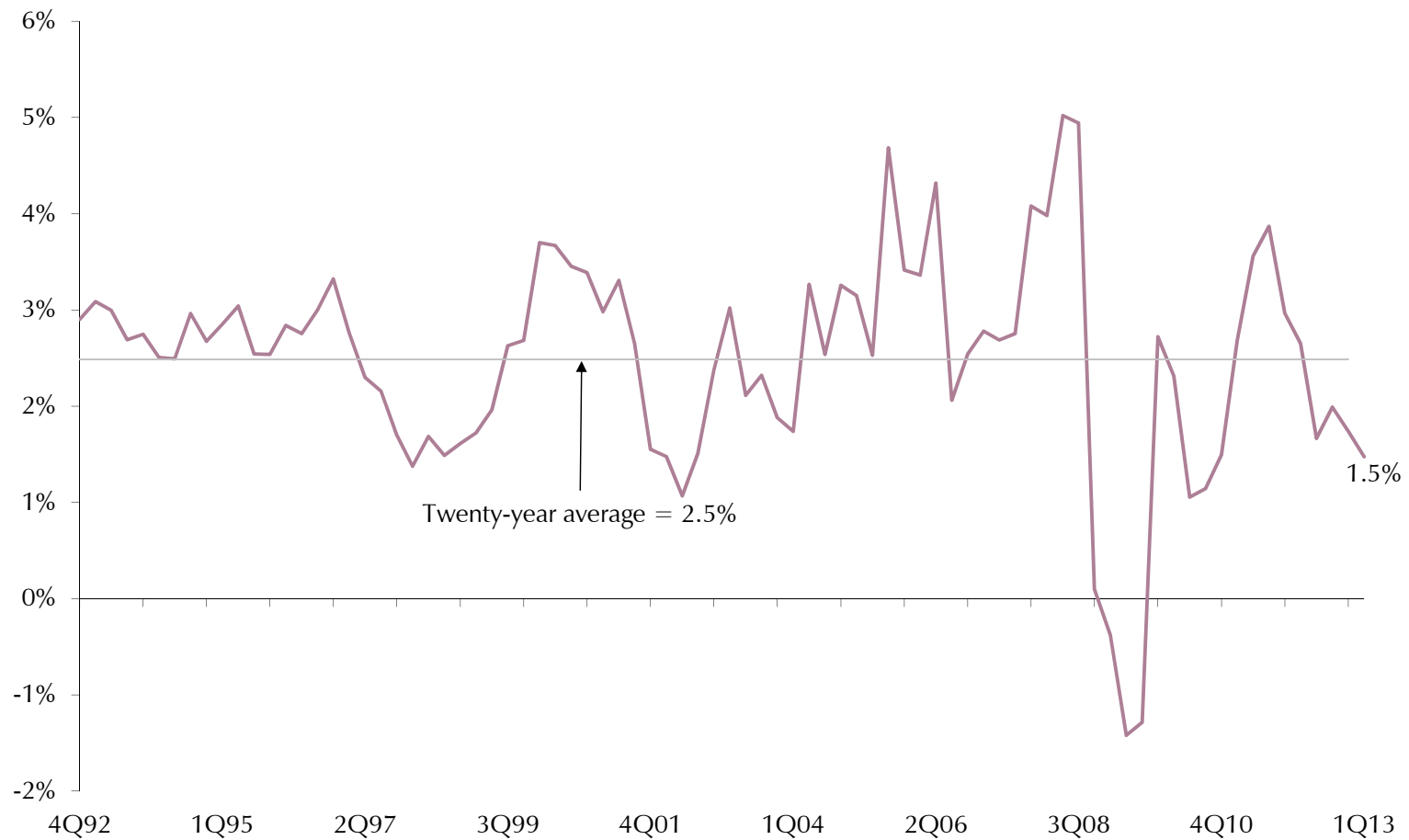
Credit Spreads vs. U.S. Treasury Bonds



Real Gross Domestic Product (GDP) Growth

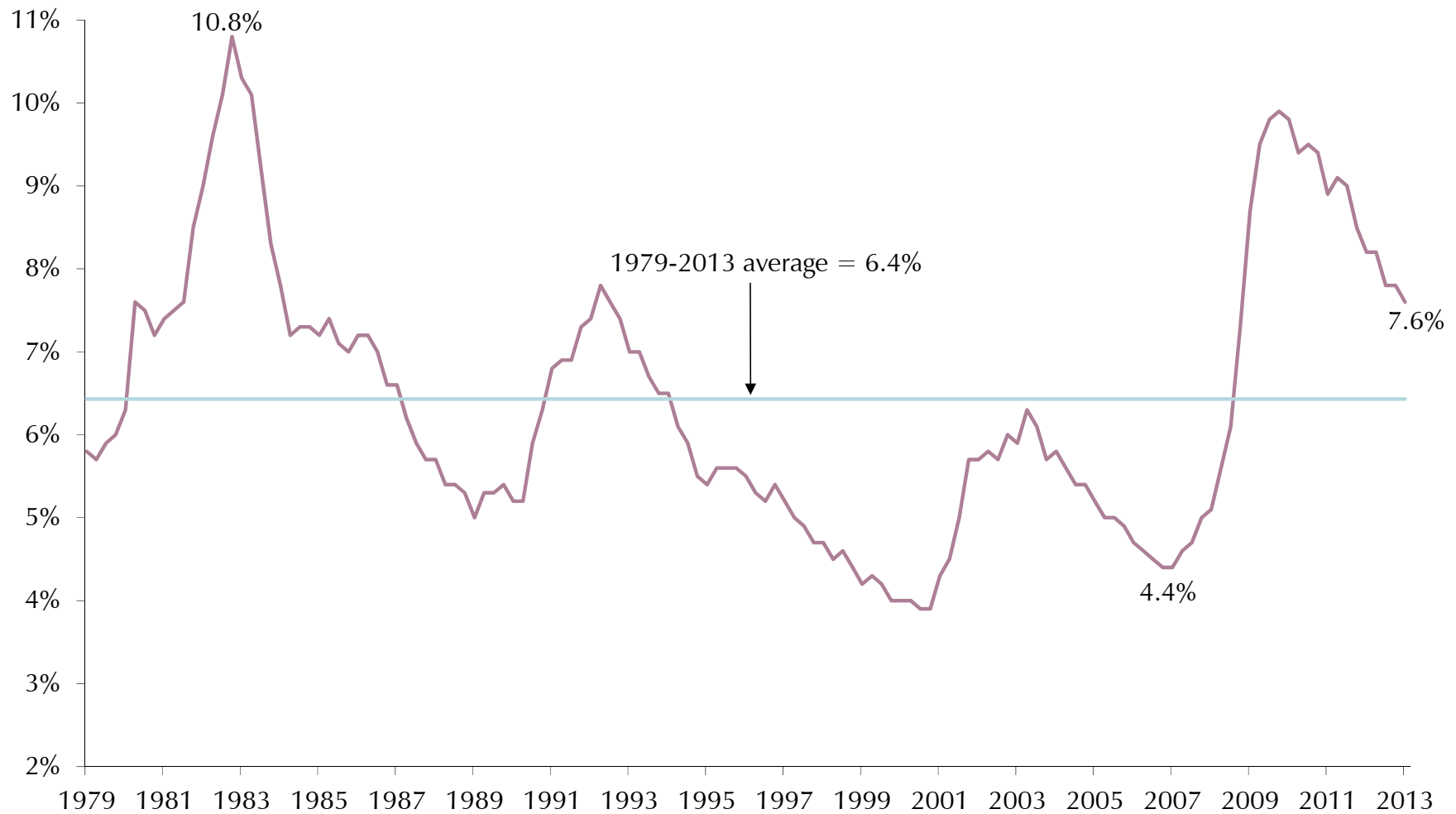


**U.S. Inflation (CPI)
Trailing Twelve Months¹**



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

U.S. Unemployment



Glossary and Notes As of March 31, 2013

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.