



NEPC, LLC

YOU DEMAND MORE. So do we.SM



City of San Jose Police and Fire Department Retirement Plan

Investment Performance Analysis

For the period ending December 31, 2013

March 2014

Dan LeBeau, Consultant
Allan Martin, Partner

One Main Street, Cambridge, MA 02142 | TEL: 617.374.1300 | FAX: 617.374.1313 | www.nepc.com

CAMBRIDGE | ATLANTA | CHARLOTTE | CHICAGO | DETROIT | LAS VEGAS | SAN FRANCISCO

	<u>Page</u>
Market Environment	2
Total Fund Performance	12
Appendix: Net of Fees Performance	39
Appendix: Policy Benchmark History; Performance Disclosures	50
Appendix: Market Environment	55

Market Environment

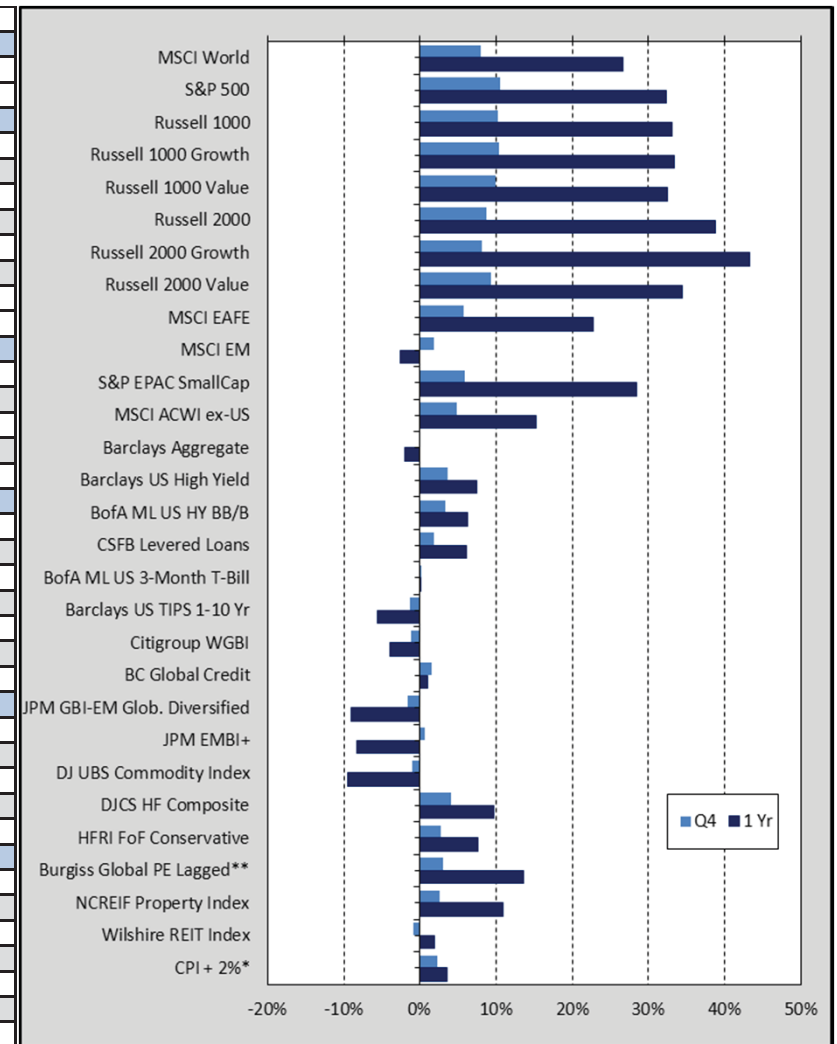


- **“Advance” estimate of fourth quarter 2013 GDP growth is 3.2% after increasing by 4.1% in the third quarter.**
 - Retail sales rose to a 3.7% year-over-year growth rate in December 2013.
 - The inventory-to-sales ratio has remained mostly flat since early 2010 and closed at 1.29 in November 2013.
 - Corporate profits as a percent of GDP remained near secular highs at 12.6% at the end of Q3 2013.
 - The trade deficit decreased marginally in November.
- **The unemployment rate fell to 6.7% in December, its lowest level since 2008; U-6, a broader measure of unemployment, also decreased to 13.1% during the fourth quarter.**
 - JP Morgan has stated that sustained GDP growth of 1.5% is needed for positive job creation, and closer to 3% growth is needed to decrease the unemployment rate.
- **Consumer confidence rose to 78.1 in December; the Case-Schiller Home Price Index (as of 9/30) rose to its highest level (150.92) since the financial crisis.**
- **Rolling 12-month CPI increased to 1.5% at the end of December; Capacity Utilization rose slightly to 79.2% in the month.**
- **Fed Funds rate remains at 0.25% while the 10-year Treasury Yield finished December at 3.03%.**
- **Fed balance sheets increased in 2013, while European Central Bank balance sheets decreased significantly.**
 - Large economies continue easing (Japan to the extreme), while the ECB tightens.
- **S&P valuations are slightly above the 10-year and long-term averages, which are nearly equal at 16.35x, using current price/earnings ratios.**
 - Cyclically adjusted Shiller PE ratios, however, are well above the long-term average of 17.6x and above the 10-year average of 23.0x.

City of San Jose Police and Fire Department Retirement Plan

Market Environment – Q4 2013 Overview

		Qtr.	1 Yr.	3 Yr.	5 Yr.	10 Yr.
World Equity Benchmarks						
MSCI World	World	8.0%	26.7%	11.5%	15.0%	7.0%
		Qtr.	1 Yr.	3 Yr.	5 Yr.	10 Yr.
Domestic Equity Benchmarks						
S&P 500	Large Core	10.5%	32.4%	16.2%	17.9%	7.4%
Russell 1000	Large Core	10.2%	33.1%	16.3%	18.6%	7.8%
Russell 1000 Growth	Large Growth	10.4%	33.5%	16.5%	20.4%	7.8%
Russell 1000 Value	Large Value	10.0%	32.5%	16.1%	16.7%	7.6%
Russell 2000	Small Core	8.7%	38.8%	15.7%	20.1%	9.1%
Russell 2000 Growth	Small Growth	8.2%	43.3%	16.8%	22.6%	9.4%
Russell 2000 Value	Small Value	9.3%	34.5%	14.5%	17.6%	8.6%
		Qtr.	1 Yr.	3 Yr.	5 Yr.	10 Yr.
International Equity Benchmarks						
MSCI EAFE	International Developed	5.7%	22.8%	8.2%	12.4%	6.9%
MSCI EM	Emerging Equity	1.8%	-2.6%	-2.1%	14.8%	11.2%
S&P EPAC SmallCap	Small Cap Int'l	5.9%	28.4%	9.8%	17.5%	10.0%
MSCI ACWI ex-US	World ex-US	4.8%	15.3%	5.1%	12.8%	7.6%
		Qtr.	1 Yr.	3 Yr.	5 Yr.	10 Yr.
Domestic Fixed Income Benchmarks						
Barclays Aggregate	Core Bonds	-0.1%	-2.0%	3.3%	4.4%	4.6%
Barclays US High Yield	High Yield	3.6%	7.4%	9.3%	18.9%	8.6%
BofA ML US HY BB/B	High Yield	3.4%	6.3%	8.7%	16.6%	7.8%
CSFB Levered Loans	Bank Loans	1.8%	6.2%	5.8%	13.5%	5.1%
BofA ML US 3-Month T-Bill	Cash	0.0%	0.1%	0.1%	0.1%	1.7%
Barclays US TIPS 1-10 Yr	Inflation	-1.3%	-5.6%	2.6%	5.0%	4.4%
		Qtr.	1 Yr.	3 Yr.	5 Yr.	10 Yr.
Global Fixed Income Benchmarks						
Citigroup WGBI	World Gov. Bonds	-1.1%	-4.0%	1.3%	2.3%	4.2%
BC Global Credit	Global Bonds	1.6%	1.1%	5.7%	8.8%	5.6%
JPM GBI-EM Glob. Diversified	Em. Mkt. Bonds (Local)	-1.5%	-9.0%	1.5%	8.1%	9.5%
JPM EMBI+	Em. Mkt. Bonds	0.6%	-8.3%	5.7%	10.7%	8.3%
		Qtr.	1 Yr.	3 Yr.	5 Yr.	10 Yr.
Alternative Benchmarks						
DJ UBS Commodity Index	Commodity	-1.1%	-9.5%	-8.1%	1.5%	0.9%
DJCS HF Composite	Hedge Fund	4.2%	9.7%	5.1%	10.3%	8.5%
HFRI FoF Conservative	Fund of Funds	2.7%	7.7%	2.7%	4.9%	3.1%
Burgiss Global PE Lagged**	Private Equity	3.0%	13.6%	12.6%	8.2%	13.4%
NCREIF Property Index	Real Estate	2.5%	11.0%	13.4%	6.4%	12.9%
Wilshire REIT Index	REIT	-0.8%	1.9%	9.4%	16.7%	8.4%
CPI + 2%*	Inflation/Real Assets	2.3%	3.5%	4.1%	4.2%	4.6%



*As of 11/30/2013

**As of 9/30/2013

- **Performance was driven by the extended period of strong performance of global equities, and U.S. equities in particular.**
- **Absolute Total Fund performance likely exceeded actuarial targets.**
- **Manager alpha may have boosted results above policy and/or allocation indices.**
- **Longer term results (five- and 10-year) should look better on a peer-relative, benchmark-relative and risk-adjusted basis.**
- **Diversification did not help in 2013, but we believe a risk-balanced approach to investing still makes sense.**

Market Environment

Global Equity

- A brighter economic outlook and continued stimulus from the Federal Reserve drove returns higher through the year, with the Russell 2000 Index gaining 38.8% and the S&P 500 Index returning 32.4% in 2013.
- Sectors tied to the improving economy – consumer discretionary, healthcare, industrials, and financials – outperformed; defensive, yield-oriented sectors – telecommunications and utilities – lagged.
- Small capitalization stocks outperformed large capitalization stocks in 2013, growth bested value in both large and small stocks for the year.
- In 2013, international developed markets equities gained 22.8%, according to the MSCI EAFE Index.
- Emerging Markets Equities trailed, posting losses of 2.6% in 2013.

Private Equity

- New private equity funds raised nearly \$300 billion of capital for investments in 2013, an 11% jump over a year earlier, according to Thomson Reuters.
- Investor interest underscored economic optimism with nearly 60% of commitments going to buyout and growth equity funds.
- Venture capital firms represented 9% of new commitments, marking the first time in two decades that new VC funds fell below 10% in a single year.
- U.S. and Europe clocked modest gains in fundraising with \$196 billion and \$73 billion, respectively, committed to new funds.
- Asian private equity suffered its third straight annual decline as investors sought greater clarity around the region's near-term growth prospects in light of China's new leadership and balance of payments issues affected certain economies.
- Private direct lending is an attractive fixed income alternative for investors.
- Appealing opportunities for secondary funds as banks in U.S. and Europe whittle down their private equity portfolios to comply with Basel III and other regulations.

Market Environment

Fixed Income

- The reality of rising rates materialized in mid-December when the Fed announced a monthly \$10 billion reduction in asset purchases.
- The yield on the U.S. Treasury 10-year note increased 40 basis points to 3.03% in December, the first time yields have been above 3% since July 2011.
- U.S. TIPS lost 2.0% during the fourth quarter, bringing the year's losses to 8.6%. The breakeven spread widened modestly to 2.24%.
- The Barclays U.S. Aggregate Bond Index, which tracks the U.S. investment grade fixed income market, lost 0.1% in the fourth quarter; losses for the year totaled 2.0%, the index's third negative annual return since its inception.
- High yield bonds returned 3.6% during the fourth quarter, ending the year with gains of 7.4%. The yield spread over Treasuries fell to 3.82% on December 31, 2014, from 5.11% a year earlier.
- Leveraged loans returned 1.8% in the fourth quarter and 6.2% in 2013.
- Emerging market debt denominated in local currency lost 1.5% in the fourth quarter and racked up losses of 9.0% for the year. Hard currency debt gained 0.6% in the fourth quarter, but lost 8.3% in 2013.

Market Environment

Commodities

- Commodities posted losses of 9.5% in 2013, according to the Dow Jones UBS Commodity Index.
- Within commodities, natural gas led in spot-price appreciation with a 26.2% return in 2013.
- Offsetting the gains from natural gas were precious metals and agriculture.

Real Estate

- NEPC is neutral on core real estate in the U.S. and remains positive on non-core real estate, that is, value-add and opportunistic strategies, particularly in Europe.
- Within U.S. core real estate, fundamentals continue to improve with decreasing vacancy rates, increasing rents, limited new construction (outside of the apartment sector), and still attractive if narrowing income spreads relative to interest rates.
- In Europe, undervalued non-core properties and capital structure distress remain, creating more appealing prospects than in the U.S.
- Real estate debt strategies are appealing, particularly in Europe's distressed lending environment, although currency risk is a potential consideration.

Real Assets/Inflation-Linked Assets

- NEPC believes that energy, specifically in North America, represents an attractive opportunity in the up-stream and mid-stream parts of the energy value chain.
- Agriculture and metals/mining opportunities seem appealing based on long-term demographic trends despite a less certain short-term outlook.
- Timber is an area of portfolios where we would recommend underweight positions as total return targets are low with a relatively small market opportunity and managers seeking deals outside the U.S.

- **Reassess current and future liquidity needs.**
 - Determine the ability to pursue additional returns by locking-up capital in private markets/alternative investments.
 - Alpha generation opportunities often higher in alternatives.
 - Consider strategies that replace traditional bank activities, such as direct lending to medium-sized companies and real estate lending.
- **Maintain diversification across and within asset classes. Rebalance...rebalance...rebalance**
 - Review rebalancing thresholds established in the Investment Policy Statement relative to actual allocations.
 - Rebalancing policies provide a risk control feature, as well as an opportunity for enhanced returns.
- **Rising rate environment should spur investors to continue reviewing the role of core U.S. and non-U.S. fixed income.**
 - While rates have risen, forecasted returns remain below most assumed rates of return.
 - Rebalance to target with high yield and bank loans.
 - Consider allocations to global multi-sector and unconstrained bond funds.
- **Do not neglect the risk of economic inflation in the portfolio.**
 - Despite tapering, Fed policy remains accommodative.
 - U.S. improvements in economic and financial conditions could increase risks of economic inflation.
 - Risk parity, real assets, and private market strategies can be considered as tools to address inflation risk and extend diversification of a portfolio.
- **Maintain long-term commitment to emerging markets.**
 - In the short-term, emerging world faces distinctive conditions in each country.
 - Long-term secular outlook of stronger growth and continued development remains in place.
 - Use active management to navigate potential macroeconomic and currency issues.
 - Emerging markets stock and bond weakness presents an opportunity for investors whose portfolios are below-market weight.
 - Relatively attractive return opportunities, but risks related to balance of payments (i.e., economic competitiveness) have come to light for some countries.

- **Professional Staff Updates**

- Elected into NEPC Partnership
 - Timothy R. Bruce, Partner, Hedge Funds
- New Principals
 - Richard J. Harper, CFA, CAIA, Principal, Senior Consultant
 - Eric R. Harnish, Principal, Director of Private Markets Research
 - Daniel V. Kelly, Principal, Chief Operating Officer
 - Judy A. Murphy, Principal, Director of Organizational Development
 - Sean P. Ruhmann, Principal, Senior Consultant, Private Markets

- **Favorable Client Feedback**

- 7th biennial client survey
 - High marks in nearly every category
- Greenwich Associates annual plan sponsor survey
 - Among our 10 largest competitors, NEPC:
 - Ranked #2 overall in 2013 and ranked #3 or higher in 10 of the past 11 years.

- **Industry Recognitions**

- NEPC: 2013 aiCIO Industry Innovation Consultant Award
- NEPC Clients: 2013 aiCIO Industry Innovation Awards
 - Winner in the Defined Contribution Plan category
 - United Technologies (Robin Diamonte, CIO)
 - Winner in the Public Pension Plan below \$15 billion category
 - San Bernardino County Employees' Retirement Association (Don Pierce, CIO)

Note: Greenwich Associates is an independent research firm. Their ratings are not an endorsement of NEPC.

- **NEPC Research**

- White Papers recently posted to <http://www.nepc.com/research/>
 - When Did Defined Contribution Get So Complex? Outsourcing Certain Functions of Your Defined Contribution Program (January 2014)
 - Christine A. Loughlin, CFA, CAIA, Partner
 - NEPC Survey on Hedge Fund Operations (November 2013)
 - Bill Bogle, Partner; Erin Faccone, ODD Consultant; Lauren Walsh, ODD Analyst
 - Shedding Light on the Future: Asset Allocation and Risk Management in a Post-Credit Crisis World (November 2013)
 - Erik Knutzen, CFA, CAIA, Chief Investment Officer; John Minahan, CFA, Senior Lecturer in Finance, MIT
 - Quantitative Equity Hedge Funds: Revisiting Their Strengths (October 2013)
 - Timothy O'Connell, Research Analyst; Asher Watson, Analyst; Timothy Bruce, Senior Research Consultant

- **Recent Events**

- 2014 Public Funds Workshop – January 27-28, 2014 in Phoenix, AZ
- 2014 Market Outlook Webinar – January 23, 2014

- **Upcoming Events**

- NEPC's 19th Annual Client Conference – May 13-14, 2014 in Boston, MA

Total Fund Performance



City of San Jose Police and Fire Department Retirement Plan

Total Fund Performance Summary

	Market Value	3 Mo Rank	Fiscal YTD Rank	1 Yr Rank	3 Yrs Rank	5 Yrs Rank	10 Yrs Rank	15 Yrs Rank	20 Yrs Rank	25 Yrs Rank	Return	Since									
Total Fund	\$3,129,423,129	3.7%	88	7.9%	89	9.6%	92	7.1%	95	10.9%	84	6.6%	66	6.7%	13	8.1%	43	8.8%	42	8.9%	Mar-71
Policy Benchmark		3.6%	90	8.0%	89	9.6%	92	7.4%	93	10.6%	87	6.4%	75	6.3%	42	--	--	--	--	--	Mar-71
Allocation Index		3.8%	87	8.2%	88	9.5%	93	6.6%	97	10.5%	89	6.7%	62	--	--	--	--	--	--	--	Mar-71
60% MSCI World (Gross) / 40% CITI WGBI		4.4%	67	10.8%	32	13.9%	66	7.9%	87	10.4%	90	6.5%	73	5.6%	94	7.3%	93	--	--	--	Mar-71
IFx Public DB > \$1B Gross Median		4.7%		10.1%		15.0%		9.6%		12.6%		7.0%		6.2%		8.0%		8.7%		--	Mar-71

For the one-year period ending December 31, 2013, the Fund produced a net investment gain of \$276.5 million, which includes a net investment gain of \$113.5 million during the fourth calendar quarter. Assets increased from \$2.9 billion one year ago to \$3.1 billion on December 31, 2013, with \$48.7 million in net distributions during the year.

For the five-year period ending December 31, 2013, the Fund returned 10.9%, outperforming the policy benchmark by 0.3% and ranking in the 84th percentile of the InvestorForce Public Funds > \$1 Billion universe. The Fund's volatility ranks near the top third of its peer group over the five-year period, resulting in a strong Sharpe Ratio on an absolute basis.

For the three-year period ending December 31, 2013, the Fund returned 7.1%, trailing the policy benchmark by 0.3% and ranking in the 95th percentil of its peers. The Fund's volatility ranks near the top third of its peer group over the three-year period as well.

For the one-year period ending December 31, 2013, the Fund returned 9.6%, matching the policy benchmark. The Fund's volatility ranks near the top decile of its peers, resulting in an exceptionally strong Sharpe Ratio on an absolute basis.

Please see appendix for additional performance disclosures. Performance is reported gross of fees.

5 Years Ending December 31, 2013

	Anlzd Ret	Rank	Anlzd Std Dev	Rank	Sharpe Ratio	Rank	Sortino Ratio	Rank
Total Fund	10.9%	84	9.0%	37	1.2	82	1.9	64
Policy Benchmark	10.6%	87	8.9%	32	1.2	82	1.8	70
IFx Public DB > \$1B Gross Median	12.6%	--	9.6%	--	1.3	--	2.0	--

3 Years Ending December 31, 2013

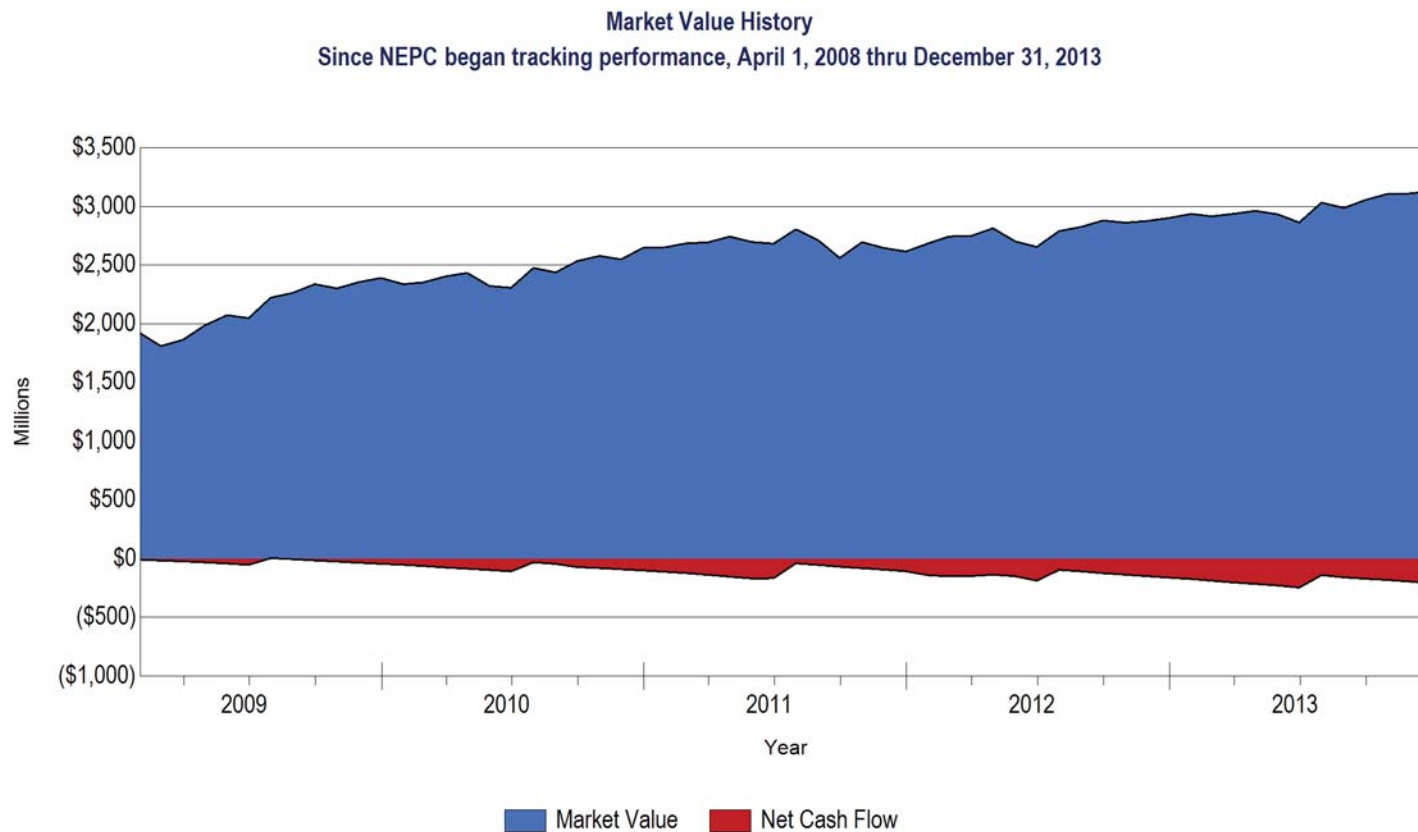
	Anlzd Ret	Rank	Anlzd Std Dev	Rank	Sharpe Ratio	Rank	Sortino Ratio	Rank
Total Fund	7.1%	95	7.3%	32	1.0	97	1.3	83
Policy Benchmark	7.4%	93	6.8%	14	1.1	80	1.5	55
IFx Public DB > \$1B Gross Median	9.6%	--	7.7%	--	1.2	--	1.5	--

1 Year Ending December 31, 2013

	Anlzd Ret	Rank	Anlzd Std Dev	Rank	Sharpe Ratio	Rank	Sortino Ratio	Rank
Total Fund	9.6%	92	4.7%	13	2.1	84	4.5	73
Policy Benchmark	9.6%	92	4.7%	13	2.0	85	5.3	59
IFx Public DB > \$1B Gross Median	15.0%	--	5.8%	--	2.8	--	5.8	--

City of San Jose Police and Fire Department Retirement Plan

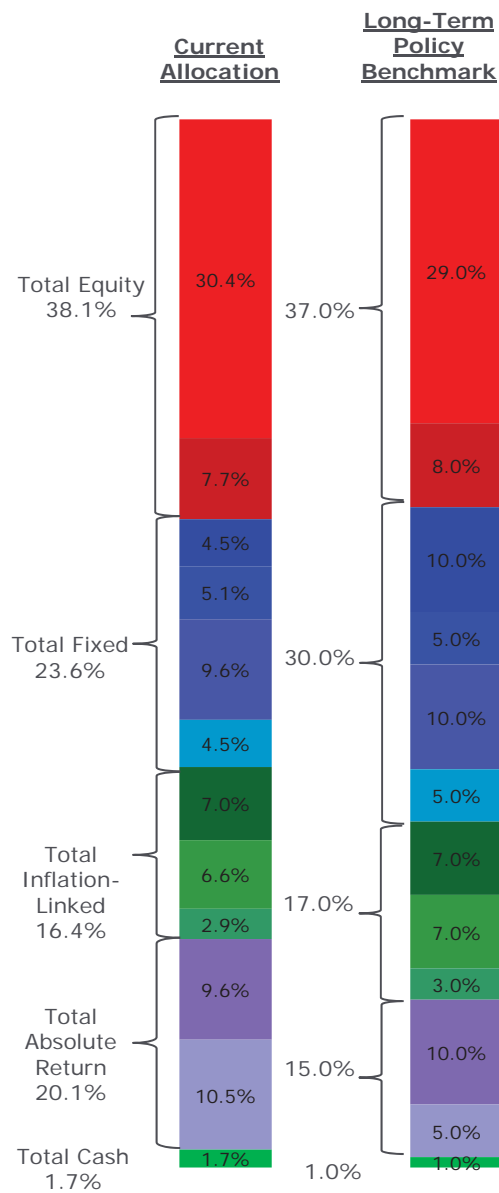
Total Fund Asset Growth Summary



Sources of Portfolio Growth	Last Three Months	Fiscal Year-To-Date	One Year	Three Years	Five Years	Inputted Date 4/1/08
Beginning Market Value	\$3,055,101,947	\$2,862,786,701	\$2,901,575,300	\$2,648,769,066	\$2,005,488,945	\$2,583,363,926
Net Additions/Withdrawals	-\$39,195,668	\$36,216,657	-\$48,658,018	-\$109,755,111	-\$208,758,493	-\$210,650,703
Investment Earnings	\$113,516,850	\$230,419,771	\$276,505,846	\$590,409,174	\$1,332,692,677	\$756,709,906
Ending Market Value	\$3,129,423,129	\$3,129,423,129	\$3,129,423,129	\$3,129,423,129	\$3,129,423,129	\$3,129,423,129

City of San Jose Police and Fire Department Retirement Plan

Total Fund Asset Allocation vs. Policy Targets



	Current Mkt Value	Current Allocation	Long-Term Policy Benchmark ¹	Difference	Policy Range	Within Range
Public Equity	\$951,596,685	30.4%	29.0%	1.4%		
Global Equity ²	\$179,530,895	5.7%				
U.S. Equity ³	\$318,258,829	10.2%				
U.S. Large Cap	\$254,680,147	8.1%				
U.S. Small Cap	\$63,578,682	2.0%				
Non-U.S. Equity	\$453,806,961	14.5%				
Non-U.S. Developed Markets ⁴	\$306,784,468	9.8%				
Non-U.S. Emerging Markets	\$147,022,493	4.7%				
Private Equity	\$241,910,733	7.7%	8.0%	-0.3%		
Total Equity	\$1,193,507,418	38.1%	37.0%	1.1%	25% - 50%	Yes
Fixed Income						
Global Core	\$140,409,928	4.5%	10.0%	-5.5%		
High Yield/Corporate Credit ⁵	\$158,369,766	5.1%	5.0%	0.1%		
Opportunistic/Private Debt	\$300,662,558	9.6%	10.0%	-0.4%		
Emerging Market Debt ⁶	\$140,486,188	4.5%	5.0%	-0.5%		
Total Fixed Income	\$739,928,440	23.6%	30.0%	-6.4%	20% - 40%	Yes
Inflation-Linked Assets						
Real Estate	\$218,310,119	7.0%	7.0%	0.0%		
Commodities	\$205,364,917	6.6%	7.0%	-0.4%		
Multi-Asset Inflation-Linked Assets	\$90,275,437	2.9%	3.0%	-0.1%		
Total Inflation-Linked Assets	\$513,950,473	16.4%	17.0%	-0.6%	12% - 25%	Yes
Absolute Return						
Hedge Funds	\$300,876,455	9.6%	10.0%	-0.4%		
Global Asset Allocation	\$327,830,064	10.5%	5.0%	5.5%		
Total Absolute Return	\$628,706,519	20.1%	15.0%	5.1%	5% - 25%	Yes
Cash⁷	\$53,330,279	1.7%	1.0%	0.7%	0% - 5%	Yes
Total	\$3,129,423,129	100.0%	100.0%	0.0%		

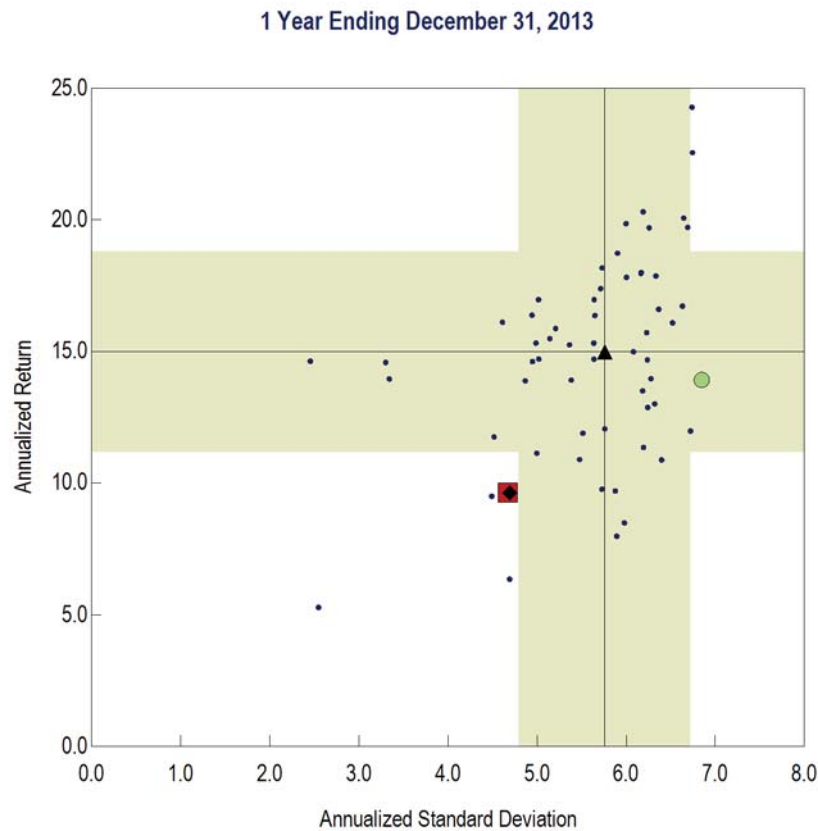
Please see appendix for details regarding footnotes.

Note: Market values shown above include cash held in separately managed portfolios.

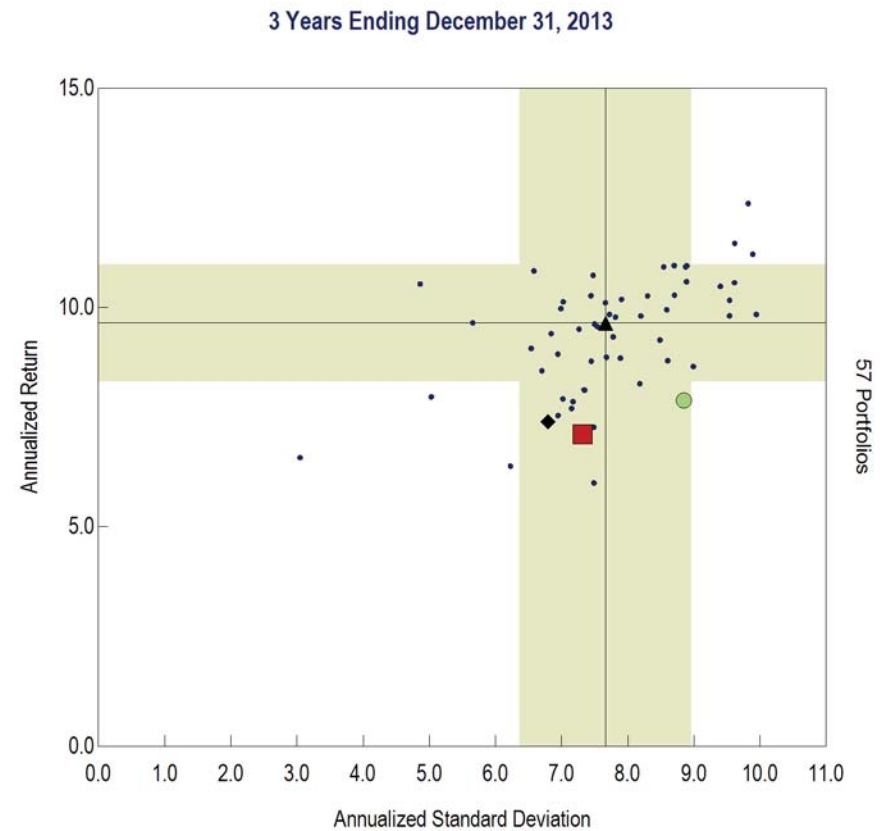
Totals may not add to 100% due to rounding.

Historical composition of Long-Term Policy Benchmark can be found in the appendix.

Total Fund Risk/Return



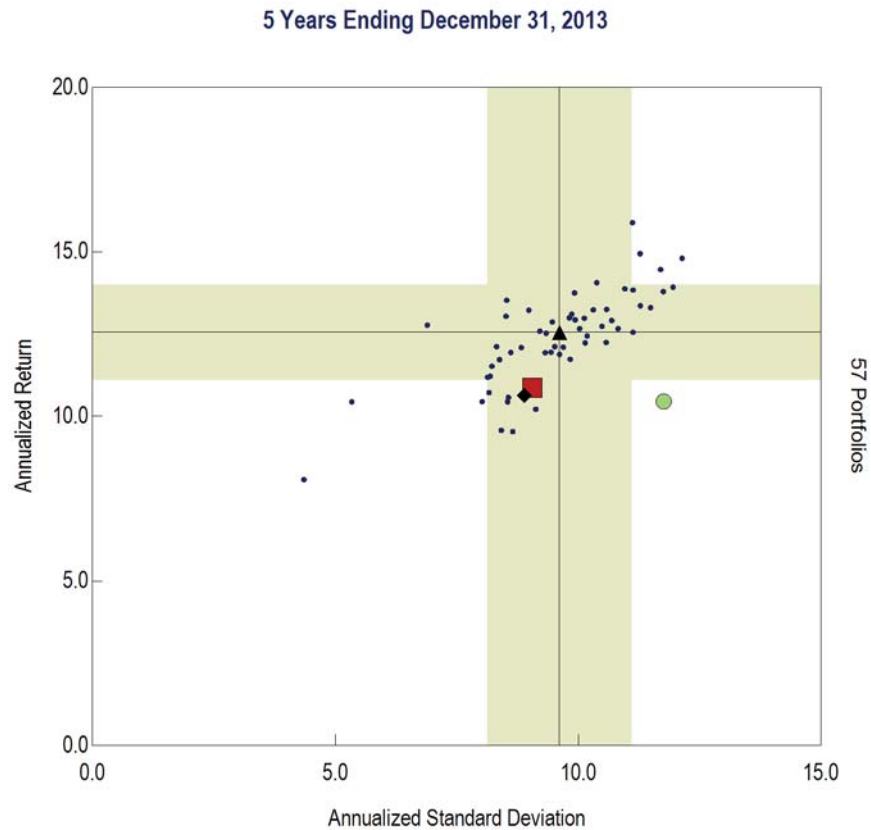
- Total Fund
- ◆ Policy Benchmark
- 60% MSCI World (Gross) / 40% CITI WGBI
- ▲ Universe Median
- 68% Confidence Interval
- IFx Public DB > \$1B Gross



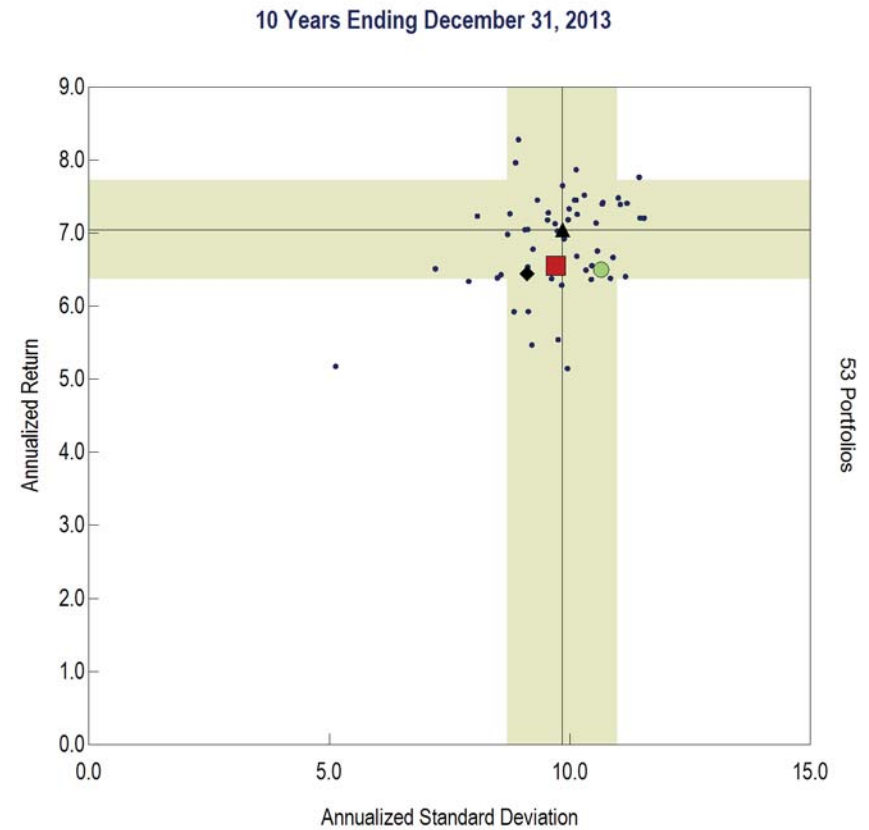
- Total Fund
- ◆ Policy Benchmark
- 60% MSCI World (Gross) / 40% CITI WGBI
- ▲ Universe Median
- 68% Confidence Interval
- IFx Public DB > \$1B Gross

City of San Jose Police and Fire Department Retirement Plan

Total Fund Risk/Return



- Total Fund
- ◆ Policy Benchmark
- 60% MSCI World (Gross) / 40% CITI WGBI
- ▲ Universe Median
- 68% Confidence Interval
- IFx Public DB > \$1B Gross



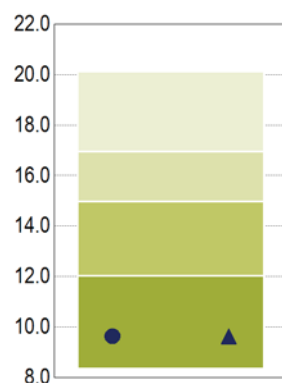
- Total Fund
- ◆ Policy Benchmark
- 60% MSCI World (Gross) / 40% CITI WGBI
- ▲ Universe Median
- 68% Confidence Interval
- IFx Public DB > \$1B Gross

Total Fund Risk Statistics vs. Peer Universe

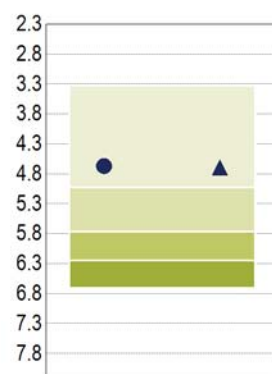
Total Fund vs. IFx Public DB > \$1B Gross (USD)

1 Year

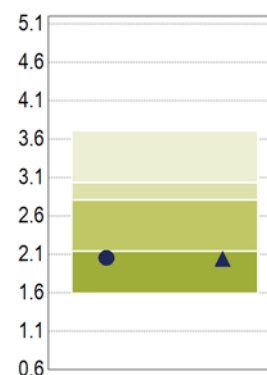
Anlzd Return



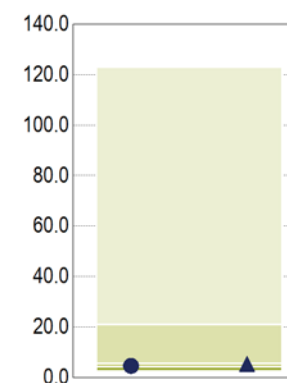
Anlzd Standard Deviation



Sharpe Ratio



Sortino Ratio



● Total Fund	
Value	9.6
%tile	92
▲ Policy Benchmark	
Value	9.6
%tile	92
Universe	
5th %tile	20.1
25th %tile	17.0
Median	15.0
75th %tile	12.1
95th %tile	8.4

● Total Fund	
Value	4.7
%tile	13
▲ Policy Benchmark	
Value	4.7
%tile	13
Universe	
5th %tile	3.3
25th %tile	5.0
Median	5.8
75th %tile	6.2
95th %tile	6.7

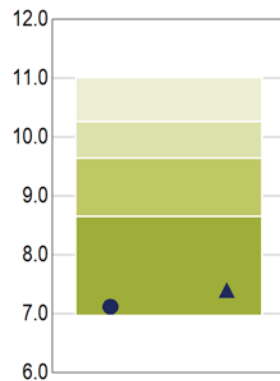
● Total Fund	
Value	2.1
%tile	84
▲ Policy Benchmark	
Value	2.0
%tile	85
Universe	
5th %tile	3.7
25th %tile	3.0
Median	2.8
75th %tile	2.1
95th %tile	1.6

● Total Fund	
Value	4.5
%tile	73
▲ Policy Benchmark	
Value	5.3
%tile	59
Universe	
5th %tile	123.0
25th %tile	21.3
Median	5.8
75th %tile	4.4
95th %tile	2.7

Total Fund Risk Statistics vs. Peer Universe

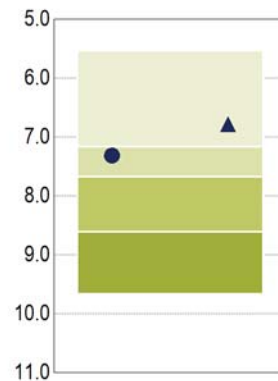
Total Fund vs. IFx Public DB > \$1B Gross (USD) 3 Years

Anlzd Return



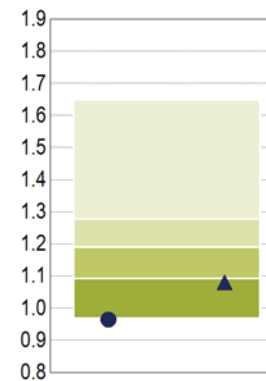
● Total Fund	
Value	7.1
%tile	95
▲ Policy Benchmark	
Value	7.4
%tile	93
Universe	
5th %tile	11.0
25th %tile	10.3
Median	9.6
75th %tile	8.7
95th %tile	7.0

Anlzd Standard Deviation



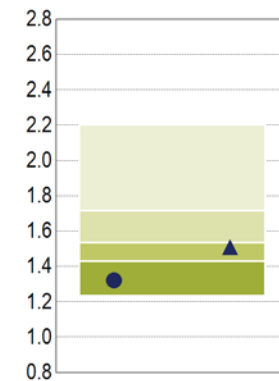
● Total Fund	
Value	7.3
%tile	32
▲ Policy Benchmark	
Value	6.8
%tile	14
Universe	
5th %tile	5.5
25th %tile	7.2
Median	7.7
75th %tile	8.6
95th %tile	9.7

Sharpe Ratio



● Total Fund	
Value	1.0
%tile	97
▲ Policy Benchmark	
Value	1.1
%tile	80
Universe	
5th %tile	1.6
25th %tile	1.3
Median	1.2
75th %tile	1.1
95th %tile	1.0

Sortino Ratio

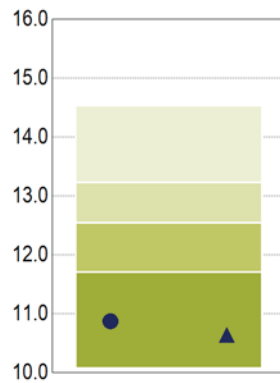


● Total Fund	
Value	1.3
%tile	83
▲ Policy Benchmark	
Value	1.5
%tile	55
Universe	
5th %tile	2.2
25th %tile	1.7
Median	1.5
75th %tile	1.4
95th %tile	1.2

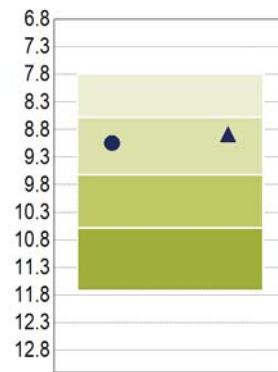
Total Fund Risk Statistics vs. Peer Universe

Total Fund vs. IFx Public DB > \$1B Gross (USD) 5 Years

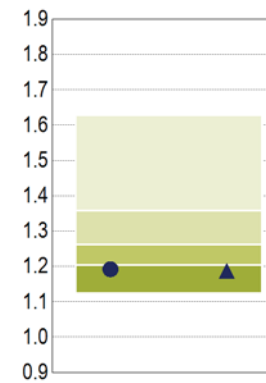
Anlzd Return



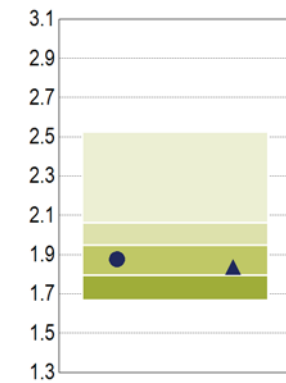
Anlzd Standard Deviation



Sharpe Ratio



Sortino Ratio



● Total Fund	
Value	10.9
%tile	84
▲ Policy Benchmark	
Value	10.6
%tile	87
Universe	
5th %tile	14.5
25th %tile	13.2
Median	12.6
75th %tile	11.7
95th %tile	10.1

● Total Fund	
Value	9.0
%tile	37
▲ Policy Benchmark	
Value	8.9
%tile	32
Universe	
5th %tile	7.8
25th %tile	8.6
Median	9.6
75th %tile	10.6
95th %tile	11.7

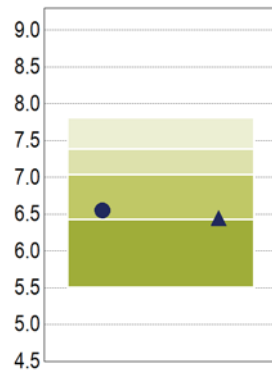
● Total Fund	
Value	1.2
%tile	82
▲ Policy Benchmark	
Value	1.2
%tile	82
Universe	
5th %tile	1.6
25th %tile	1.4
Median	1.3
75th %tile	1.2
95th %tile	1.1

● Total Fund	
Value	1.9
%tile	64
▲ Policy Benchmark	
Value	1.8
%tile	70
Universe	
5th %tile	2.5
25th %tile	2.1
Median	2.0
75th %tile	1.8
95th %tile	1.7

Total Fund Risk Statistics vs. Peer Universe

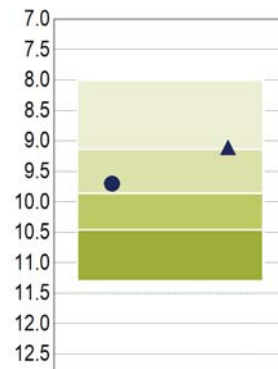
Total Fund vs. IFx Public DB > \$1B Gross (USD) 10 Years

Anlzd Return



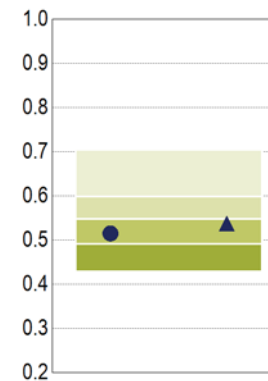
● Total Fund	
Value	6.6
%tile	66
▲ Policy Benchmark	
Value	6.4
%tile	75
Universe	
5th %tile	7.8
25th %tile	7.4
Median	7.0
75th %tile	6.4
95th %tile	5.5

Anlzd Standard Deviation



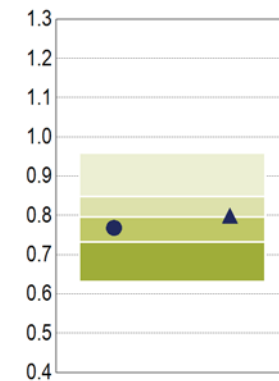
● Total Fund	
Value	9.7
%tile	43
▲ Policy Benchmark	
Value	9.1
%tile	23
Universe	
5th %tile	8.0
25th %tile	9.1
Median	9.8
75th %tile	10.5
95th %tile	11.3

Sharpe Ratio



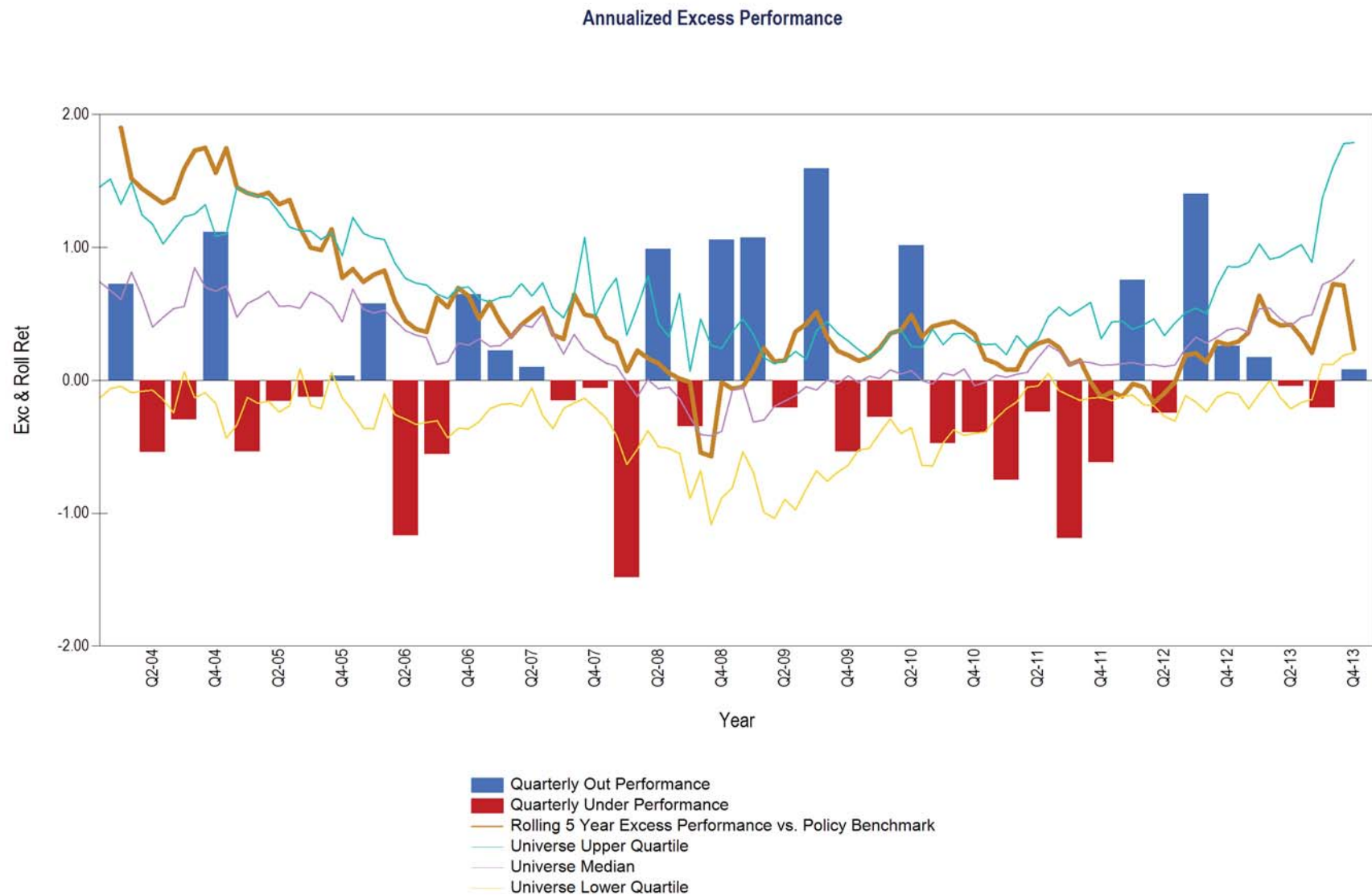
● Total Fund	
Value	0.5
%tile	68
▲ Policy Benchmark	
Value	0.5
%tile	60
Universe	
5th %tile	0.7
25th %tile	0.6
Median	0.5
75th %tile	0.5
95th %tile	0.4

Sortino Ratio

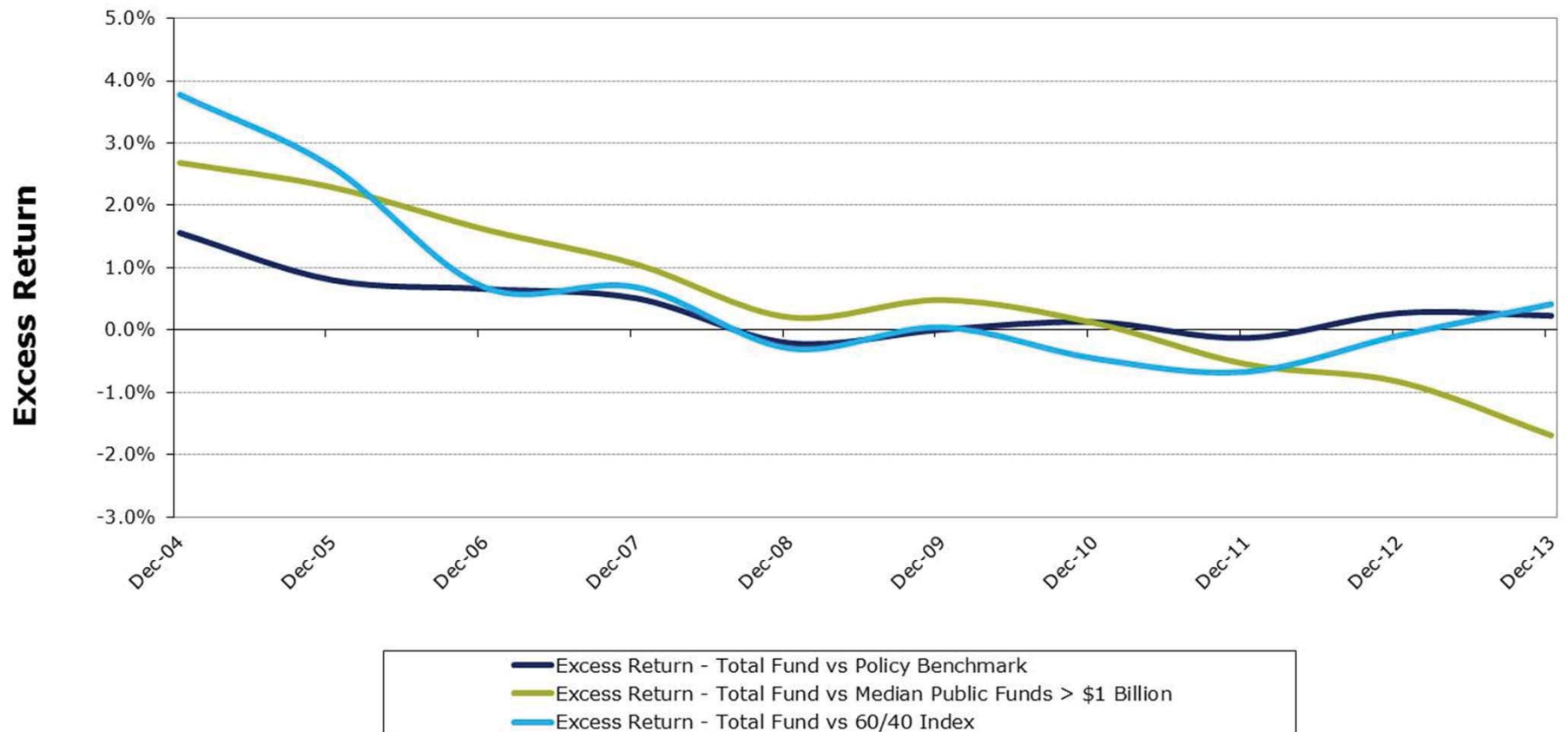


● Total Fund	
Value	0.8
%tile	63
▲ Policy Benchmark	
Value	0.8
%tile	49
Universe	
5th %tile	1.0
25th %tile	0.9
Median	0.8
75th %tile	0.7
95th %tile	0.6

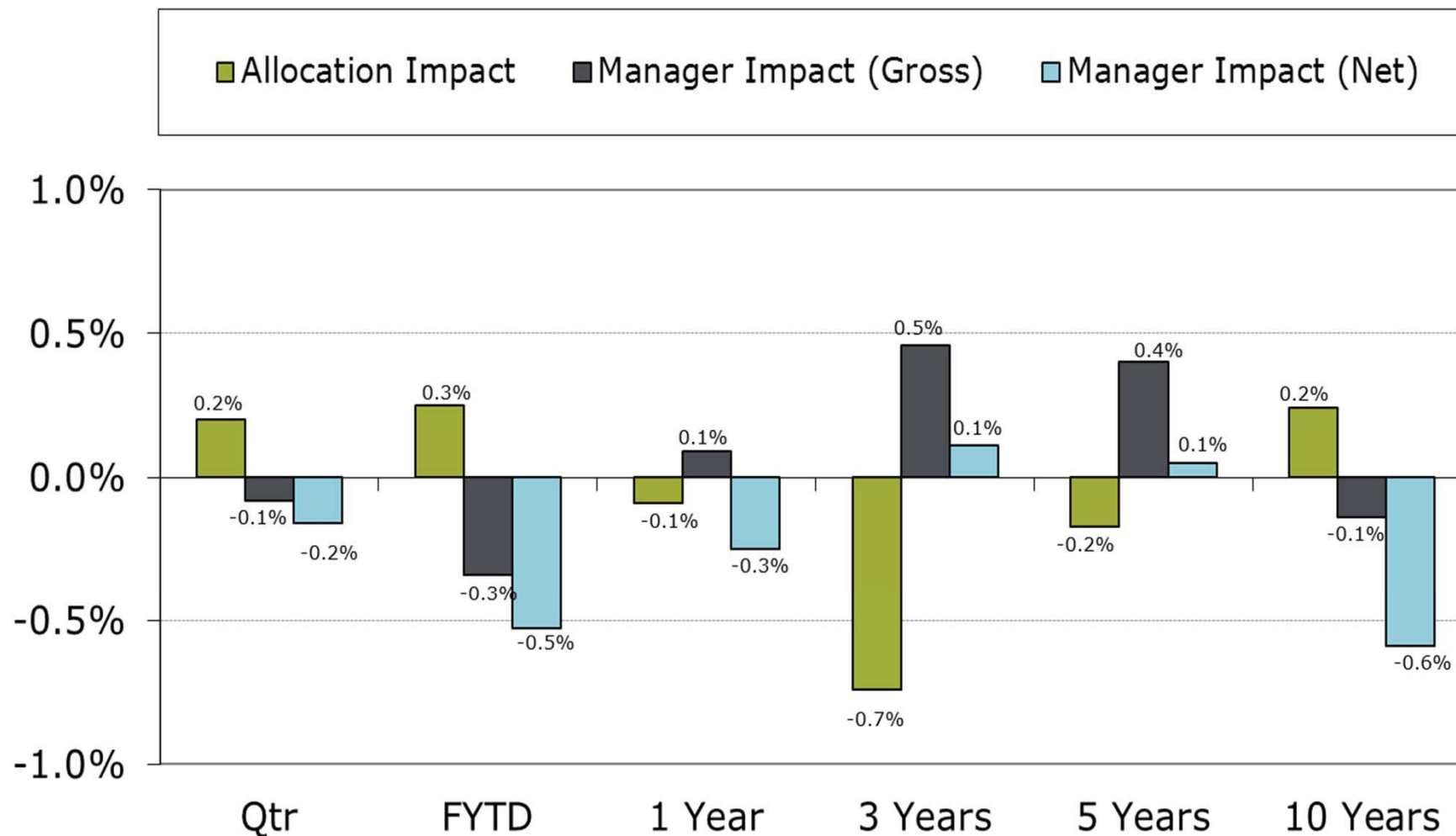
Total Fund Rolling 5-Year Excess Returns



Total Fund Rolling 5-Year Excess Returns



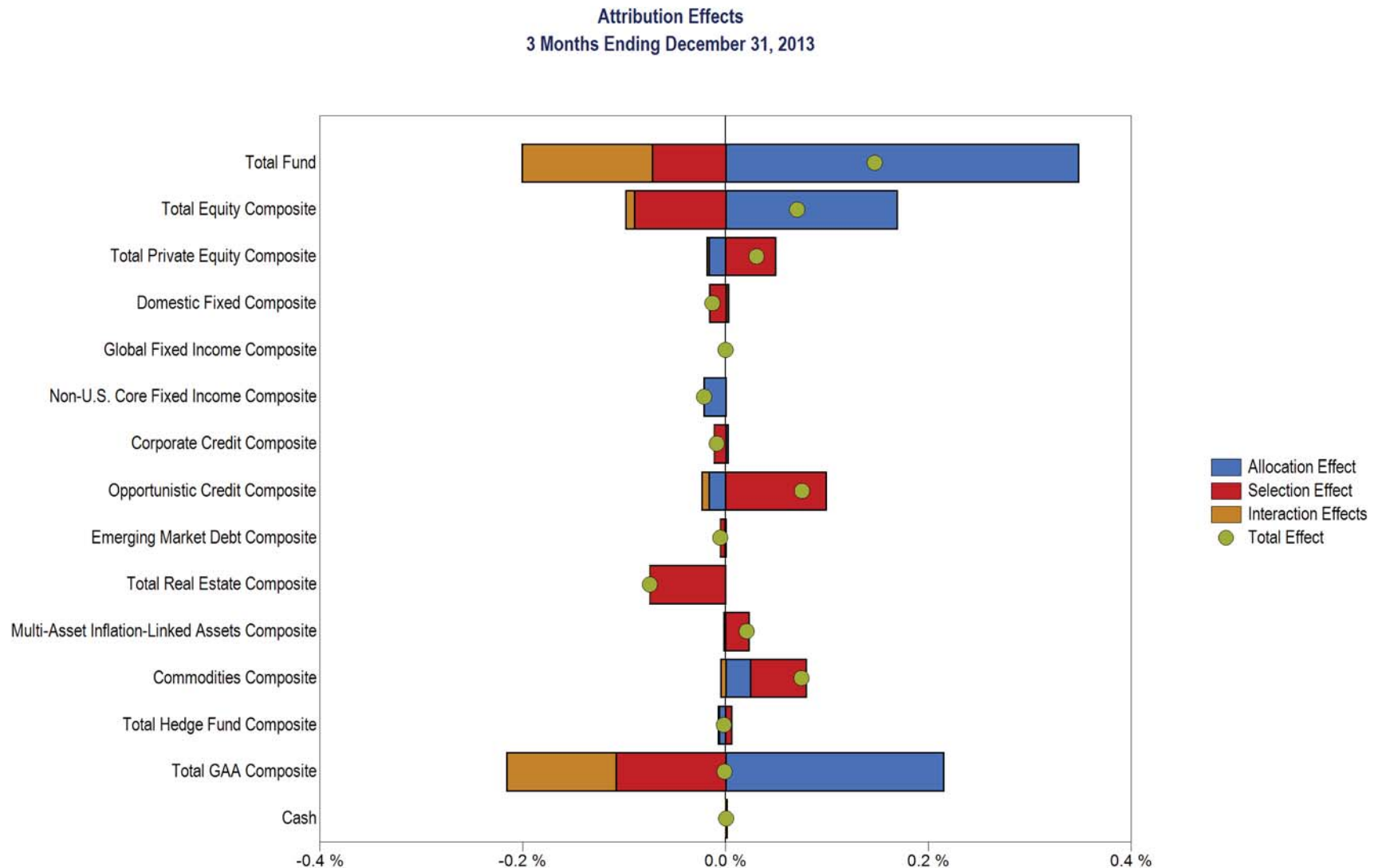
Total Fund Performance Attribution



Allocation Impact: The allocation index is calculated by multiplying the actual asset class weights times the return of the respective passive benchmark. When the policy index is subtracted from the allocation index, the result measures the impact of deviating from the target weights.

Manager Impact: The Composite is calculated by multiplying the actual asset class weights times the actual manager return. The allocation index is then subtracted from the Composite. The result, manager impact, measures the contribution of active management.

Total Fund Performance Attribution



City of San Jose Police and Fire Department Retirement Plan

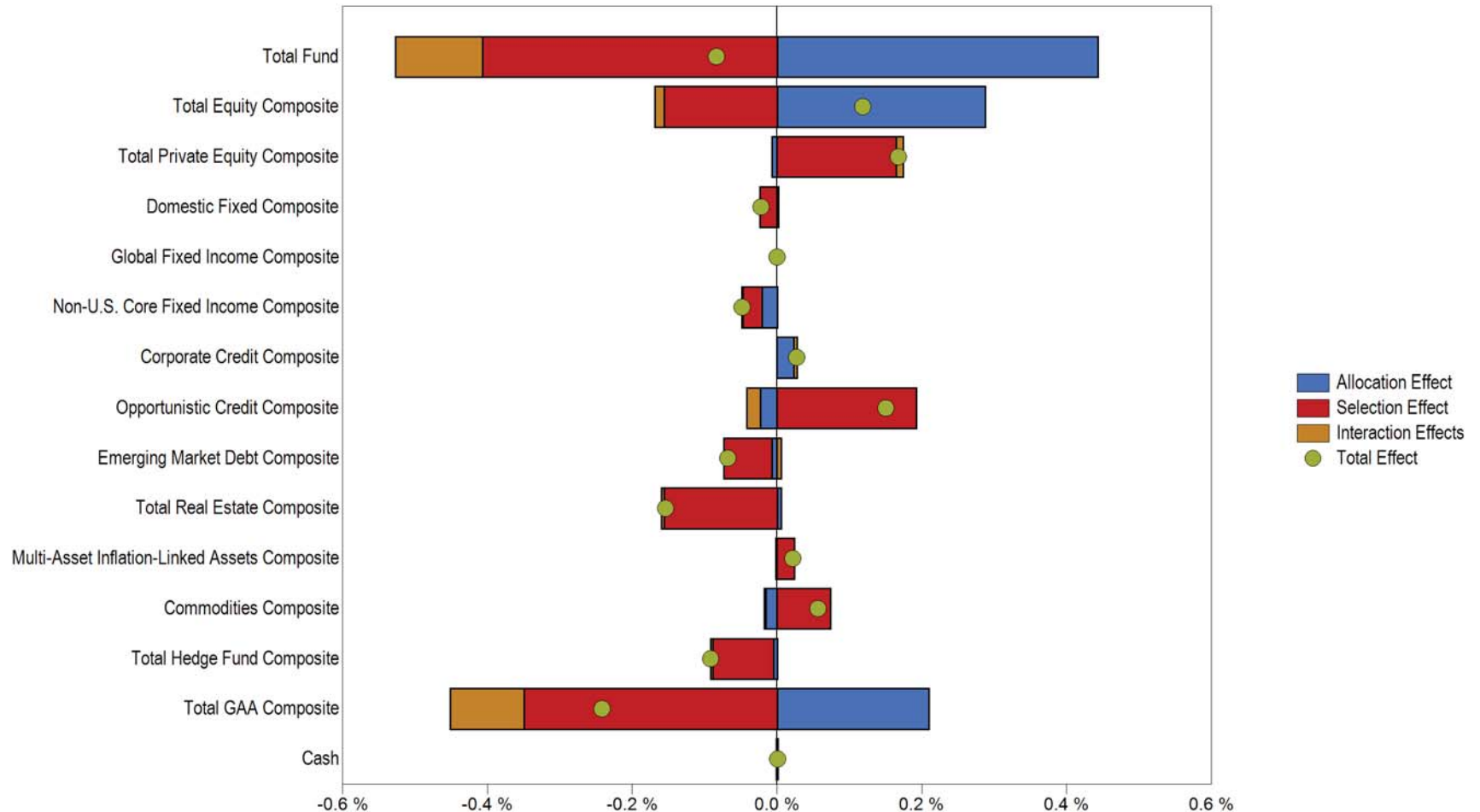
Total Fund Performance Attribution

Attribution Summary 3 Months Ending December 31, 2013

	Wtd. Actual Return	Wtd. Index Return	Excess Return	Selection Effect	Allocation Effect	Interaction Effects	Total Effects
Total Equity Composite	6.9%	7.2%	-0.3%	-0.1%	0.2%	0.0%	0.1%
Total Private Equity Composite	6.3%	5.6%	0.7%	0.0%	0.0%	0.0%	0.0%
Domestic Fixed Composite	-0.4%	-0.1%	-0.3%	0.0%	0.0%	0.0%	0.0%
Global Fixed Income Composite	--	--	--	--	--	--	--
Non-U.S. Core Fixed Income Composite	--	--	--	--	0.0%	--	--
Corporate Credit Composite	3.4%	3.6%	-0.2%	0.0%	0.0%	0.0%	0.0%
Opportunistic Credit Composite	3.6%	2.6%	1.0%	0.1%	0.0%	0.0%	0.1%
Emerging Market Debt Composite	-0.1%	0.0%	-0.1%	0.0%	0.0%	0.0%	0.0%
Total Real Estate Composite	2.8%	3.9%	-1.1%	-0.1%	0.0%	0.0%	-0.1%
Multi-Asset Inflation-Linked Assets Composite	--	--	--	0.0%	0.0%	0.0%	0.0%
Commodities Composite	-1.1%	-1.5%	0.5%	0.1%	0.0%	0.0%	0.1%
Total Hedge Fund Composite	2.0%	2.0%	0.1%	0.0%	0.0%	0.0%	0.0%
Total GAA Composite	2.1%	4.3%	-2.2%	-0.1%	0.2%	-0.1%	0.0%
Cash	0.1%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%
Total	3.7%	3.5%	0.1%	-0.1%	0.3%	-0.1%	0.1%

Total Fund Performance Attribution

Attribution Effects
6 Months Ending December 31, 2013



City of San Jose Police and Fire Department Retirement Plan

Total Fund Performance Attribution

Attribution Summary							
6 Months Ending December 31, 2013							
	Wtd. Actual Return	Wtd. Index Return	Excess Return	Selection Effect	Allocation Effect	Interaction Effects	Total Effects
Total Equity Composite	15.5%	16.1%	-0.6%	-0.2%	0.3%	0.0%	0.1%
Total Private Equity Composite	10.8%	8.7%	2.1%	0.2%	0.0%	0.0%	0.2%
Domestic Fixed Composite	0.0%	0.4%	-0.4%	0.0%	0.0%	0.0%	0.0%
Global Fixed Income Composite	--	--	--	--	--	--	--
Non-U.S. Core Fixed Income Composite	--	1.0%	--	0.0%	0.0%	0.0%	0.0%
Corporate Credit Composite	5.9%	5.9%	0.0%	0.0%	0.0%	0.0%	0.0%
Opportunistic Credit Composite	6.3%	4.4%	1.9%	0.2%	0.0%	0.0%	0.2%
Emerging Market Debt Composite	-0.8%	0.5%	-1.3%	-0.1%	0.0%	0.0%	-0.1%
Total Real Estate Composite	6.7%	8.9%	-2.2%	-0.2%	0.0%	0.0%	-0.2%
Multi-Asset Inflation-Linked Assets Composite	--	--	--	0.0%	0.0%	0.0%	0.0%
Commodities Composite	3.1%	2.5%	0.6%	0.1%	0.0%	0.0%	0.1%
Total Hedge Fund Composite	2.8%	3.6%	-0.8%	-0.1%	0.0%	0.0%	-0.1%
Total GAA Composite	3.7%	10.6%	-6.9%	-0.4%	0.2%	-0.1%	-0.2%
Cash	0.1%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%
Total	7.8%	7.9%	-0.1%	-0.4%	0.4%	-0.1%	-0.1%

City of San Jose Police and Fire Department Retirement Plan

Total Fund Performance Detail

	Market Value (\$)	% of Portfolio	3 Mo (%)	Rank	Fiscal YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	7 Yrs (%)	Rank	10 Yrs (%)	Rank	Return (%)	Since
Total Equity Composite¹	951,596,685	30.4	6.9	65	15.5	63	22.3	68	10.1	68	15.8	62	--	--	--	--	5.6	Apr-08
San Jose Custom Total Equity Benchmark ²			<u>7.2</u>	60	<u>16.1</u>	58	<u>23.5</u>	64	<u>10.6</u>	62	<u>15.7</u>	63	--	--	--	--	<u>5.5</u>	Apr-08
Over/Under			-0.3		-0.6		-1.2		-0.5		0.1						0.1	
eA All Global Equity Gross Median			7.8		16.9		26.2		11.6		16.5		5.2		9.1		6.0	Apr-08
Global Equity Composite³	179,530,895	5.7	7.8	50	17.6	41	--	--	--	--	--	--	--	--	--	--	23.5	Mar-13
MSCI ACWI IMI (Net)			<u>7.2</u>	60	<u>16.1</u>	58	<u>23.5</u>	64	<u>9.8</u>	70	<u>15.6</u>	64	<u>4.1</u>	73	<u>7.6</u>	80	<u>17.9</u>	Mar-13
Over/Under			0.6		1.5												5.6	
eA All Global Equity Gross Median			7.8		16.9		26.2		11.6		16.5		5.2		9.1		19.9	Mar-13
Artisan Global Opportunities	89,652,889	2.9	6.7	68	17.9	38	--	--	--	--	--	--	--	--	--	--	15.0	May-13
MSCI ACWI IMI (Net)			<u>7.2</u>	60	<u>16.1</u>	58	<u>23.5</u>	64	<u>9.8</u>	70	<u>15.6</u>	64	<u>4.1</u>	73	<u>7.6</u>	80	<u>12.6</u>	May-13
Over/Under			-0.5		1.8												2.4	
eA All Global Equity Gross Median			7.8		16.9		26.2		11.6		16.5		5.2		9.1		14.3	May-13
Artisan Global Value	89,340,933	2.9	9.0	25	17.5	43	--	--	--	--	--	--	--	--	--	--	25.3	Mar-13
MSCI ACWI IMI (Net)			<u>7.2</u>	60	<u>16.1</u>	58	<u>23.5</u>	64	<u>9.8</u>	70	<u>15.6</u>	64	<u>4.1</u>	73	<u>7.6</u>	80	<u>17.9</u>	Mar-13
Over/Under			1.8		1.4												7.4	
eA All Global Equity Gross Median			7.8		16.9		26.2		11.6		16.5		5.2		9.1		19.9	Mar-13
U.S. Equity Composite⁴	318,258,829	10.2	10.3	40	17.6	60	35.9	48	17.3	36	19.5	57	6.8	71	8.1	77	9.6	Jun-95
Russell 3000			<u>10.1</u>	44	<u>17.1</u>	65	<u>33.6</u>	64	<u>16.2</u>	53	<u>18.7</u>	65	<u>6.5</u>	77	<u>7.9</u>	82	<u>9.2</u>	Jun-95
Over/Under			0.2		0.5		2.3		1.1		0.8		0.3		0.2		0.4	
eA All US Equity Gross Median			9.8		18.5		35.6		16.4		20.1		8.0		9.6		11.1	Jun-95
Russell R1000	254,674,698	8.1	9.7	66	16.2	66	32.4	61	--	--	--	--	--	--	--	--	32.4	Jan-13
Russell 1000			<u>10.2</u>	53	<u>16.9</u>	58	<u>33.1</u>	54	<u>16.3</u>	45	<u>18.6</u>	44	<u>6.4</u>	68	<u>7.8</u>	72	<u>33.1</u>	Jan-13
Over/Under			-0.5		-0.7		-0.7										-0.7	
eA US Large Cap Equity Gross Median			10.3		17.3		33.6		16.0		18.2		7.1		8.6		33.6	Jan-13
RS Investments	63,578,682	2.0	12.0	10	21.4	21	45.3	13	18.0	30	--	--	--	--	--	--	22.8	Aug-10
Russell 2000 Value			<u>9.3</u>	61	<u>17.6</u>	78	<u>34.5</u>	78	<u>14.5</u>	78	<u>17.6</u>	95	<u>5.4</u>	94	<u>8.6</u>	95	<u>18.2</u>	Aug-10
Over/Under			2.7		3.8		10.8		3.5								4.6	
eA US Small Cap Value Equity Gross Median			9.8		19.7		38.1		16.8		21.6		8.7		11.0		20.7	Aug-10

Note: Performance shown is gross of fees. Please see appendix for details regarding footnotes.

City of San Jose Police and Fire Department Retirement Plan

Total Fund Performance Detail

	Market Value (\$)	% of Portfolio	3 Mo (%)	Rank	Fiscal YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	7 Yrs (%)	Rank	10 Yrs (%)	Rank	Return (%)	Since
International Equity Composite¹	453,806,961	14.5	4.1	90	13.4	89	11.1	98	4.1	95	13.2	77	2.3	86	8.2	75	9.8	Jun-95
MSCI AC WORLD ex US (NET)			<u>4.8</u>	82	<u>15.3</u>	68	<u>15.3</u>	89	<u>5.1</u>	90	<u>12.8</u>	82	<u>2.2</u>	88	<u>7.6</u>	83	--	Jun-95
Over/Under			-0.7		-1.9		-4.2		-1.0		0.4		0.1		0.6			
eA All ACWI ex-US Equity Gross Median			6.1		16.8		20.2		8.2		14.8		3.9		9.5		8.8	Jun-95
Developed International Equity Composite¹	306,784,468	9.8	4.9	82	17.2	72	20.6	75	9.2	59	14.8	46	3.2	56	8.3	55	9.1	Jun-95
MSCI EAFE (Net)			<u>5.7</u>	71	<u>17.9</u>	63	<u>22.8</u>	65	<u>8.2</u>	74	<u>12.4</u>	81	<u>1.8</u>	84	<u>6.9</u>	89	<u>5.5</u>	Jun-95
Over/Under			-0.8		-0.7		-2.2		1.0		2.4		1.4		1.4		3.6	
eA All EAFE Equity Gross Median			6.6		18.6		24.6		9.7		14.5		3.4		8.4		8.1	Jun-95
Russell MSCI EAFE + CAD	237,060,028	7.6	<u>4.8</u>	84	<u>16.7</u>	75	<u>20.6</u>	75	--	--	--	--	--	--	--	--	20.6	Jan-13
MSCI EAFE + CAD			<u>5.2</u>	81	<u>16.4</u>	76	<u>17.8</u>	87	<u>4.2</u>	97	<u>9.3</u>	98	<u>-0.9</u>	97	<u>4.3</u>	99	<u>17.8</u>	Jan-13
Over/Under			-0.4		0.3		2.8										2.8	
eA All EAFE Equity Gross Median			6.6		18.6		24.6		9.7		14.5		3.4		8.4		24.6	Jan-13
Russell MSCI EAFE + CAD Small Cap	69,578,010	2.2	<u>5.3</u>	92	<u>19.1</u>	88	<u>19.9</u>	97	--	--	--	--	--	--	--	--	19.5	Dec-11
MSCI World ex USA Small Cap			<u>5.5</u>	90	<u>21.3</u>	65	<u>25.6</u>	85	<u>7.5</u>	95	<u>18.5</u>	82	<u>3.3</u>	87	<u>9.2</u>	91	<u>19.4</u>	Dec-11
Over/Under			-0.2		-2.2		-5.7										0.1	
eA EAFE Small Cap Equity Gross Median			7.5		22.2		32.3		12.5		21.1		5.6		11.9		25.7	Dec-11
Emerging Markets Equity Composite	147,022,493	4.7	2.5	57	4.9	86	-8.6	98	-5.4	96	12.2	96	2.3	92	10.0	94	12.8	Sep-01
MSCI Emerging Markets			<u>1.8</u>	70	<u>7.7</u>	66	<u>-2.6</u>	80	<u>-2.1</u>	75	<u>14.8</u>	74	<u>3.8</u>	68	<u>11.2</u>	75	<u>13.0</u>	Sep-01
Over/Under			0.7		-2.8		-6.0		-3.3		-2.6		-1.5		-1.2		-0.2	
eA Emg Mkts Equity Gross Median			2.8		8.7		1.0		-0.1		16.8		5.1		12.5		14.7	Sep-01
Russell Emerging Markets	66,222,634	2.1	<u>3.3</u>	42	<u>9.1</u>	46	<u>-5.3</u>	93	--	--	--	--	--	--	--	--	1.3	Nov-11
MSCI Emerging Markets			<u>1.8</u>	70	<u>7.7</u>	66	<u>-2.6</u>	80	<u>-2.1</u>	75	<u>14.8</u>	74	<u>3.8</u>	68	<u>11.2</u>	75	<u>2.8</u>	Nov-11
Over/Under			1.5		1.4		-2.7										-1.5	
eA Emg Mkts Equity Gross Median			2.8		8.7		1.0		-0.1		16.8		5.1		12.5		6.0	Nov-11
Vontobel	59,453,922	1.9	<u>0.4</u>	90	<u>-0.5</u>	99	--	--	--	--	--	--	--	--	--	--	-0.5	Jul-13
MSCI Emerging Markets			<u>1.8</u>	70	<u>7.7</u>	66	<u>-2.6</u>	80	<u>-2.1</u>	75	<u>14.8</u>	74	<u>3.8</u>	68	<u>11.2</u>	75	<u>7.7</u>	Jul-13
Over/Under			-1.4		-8.2												-8.2	
eA Emg Mkts Equity Gross Median			2.8		8.7		1.0		-0.1		16.8		5.1		12.5		8.7	Jul-13
Aberdeen	21,345,937	0.7	<u>6.0</u>	5	<u>11.2</u>	25	--	--	--	--	--	--	--	--	--	--	11.2	Jul-13
MSCI Frontier Markets			<u>6.6</u>	4	<u>13.3</u>	10	<u>25.9</u>	1	<u>3.7</u>	11	<u>9.0</u>	99	<u>0.0</u>	99	<u>6.8</u>	99	<u>13.3</u>	Jul-13
Over/Under			-0.6		-2.1												-2.1	
eA Emg Mkts Equity Gross Median			2.8		8.7		1.0		-0.1		16.8		5.1		12.5		8.7	Jul-13

Note: Performance shown is gross of fees. Please see appendix for details regarding footnotes.

City of San Jose Police and Fire Department Retirement Plan

Total Fund Performance Detail

	Market Value (\$)	% of Portfolio	3 Mo (%)	Rank	Fiscal YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	7 Yrs (%)	Rank	10 Yrs (%)	Rank	Return (%)	Since
Total Private Equity Composite¹	241,910,733	7.7	6.3	--	10.8	--	21.9	--	15.2	--	9.5	--	9.6	--	--	--	9.8	Oct-05
Cambridge PE 1 Qtr Lag			<u>5.1</u>	--	<u>8.2</u>	--	<u>17.0</u>	--	<u>15.5</u>	--	<u>10.6</u>	--	<u>10.7</u>	--	<u>15.2</u>	--	<u>12.8</u>	Oct-05
Over/Under			1.2		2.6		4.9		-0.3		-1.1		-1.1				-3.0	
Thomson One All Private Equity Lag			4.9	--	8.5	--	16.9	--	14.4	--	5.0	--	8.5	--	14.0	--	11.4	Oct-05
Russell 3000 Qtr Lag			6.3	--	9.2	--	21.6	--	16.8	--	10.6	--	6.1	--	8.1	--	6.9	Oct-05
Total Private Equity ex Russell R3000	131,401,402	4.2	3.4	--	5.8	--	13.1	--	12.6	--	8.0	--	8.6	--	--	--	8.9	Oct-05
Cambridge PE 1 Qtr Lag			<u>5.1</u>	--	<u>8.2</u>	--	<u>17.0</u>	--	<u>15.5</u>	--	<u>10.6</u>	--	<u>10.7</u>	--	<u>15.2</u>	--	<u>12.8</u>	Oct-05
Over/Under			-1.7		-2.4		-3.9		-2.9		-2.6		-2.1				-3.9	
Thomson One All Private Equity Lag			4.9	--	8.5	--	16.9	--	14.4	--	5.0	--	8.5	--	14.0	--	11.4	Oct-05

Note: Performance shown is gross of fees. Please see appendix for details regarding footnotes.

City of San Jose Police and Fire Department Retirement Plan

Total Fund Performance Detail

	Market Value (\$)	% of Portfolio	3 Mo (%)	Rank	Fiscal YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	7 Yrs (%)	Rank	10 Yrs (%)	Rank	Return (%)	Since
Total Fixed Income Composite¹	739,928,440	23.6	2.1	15	3.5	15	3.1	18	8.2	13	9.7	24	--	--	--	--	8.2	Apr-08
Barclays Aggregate			-0.1	88	0.4	81	-2.0	83	3.3	68	4.4	71	4.9	63	4.5	63	4.4	Apr-08
Over/Under			2.2		3.1		5.1		4.9		5.3						3.8	
eA All US Fixed Inc Gross Median			0.4		1.0		-0.3		4.0		5.8		5.3		4.9		5.0	Apr-08
Domestic Core Fixed Income Composite	75,147,196	2.4	-0.4	98	0.0	96	-2.4	94	3.9	55	5.9	49	4.8	87	4.8	70	5.8	Jun-95
Barclays Aggregate			-0.1	84	0.4	83	-2.0	82	3.3	88	4.4	87	4.9	86	4.5	87	5.8	Jun-95
Over/Under			-0.3		-0.4		-0.4		0.6		1.5		-0.1		0.3		0.0	
eA US Core Fixed Inc Gross Median			0.2		0.8		-1.4		4.0		5.8		5.5		5.0		6.2	Jun-95
Seix Core Fixed Income ²	75,147,196	2.4	-0.4	98	0.0	96	-2.4	94	3.9	55	5.8	50	5.9	26	5.4	24	6.1	Oct-99
Barclays Aggregate			-0.1	84	0.4	83	-2.0	82	3.3	88	4.4	87	4.9	86	4.5	87	5.6	Oct-99
Over/Under			-0.3		-0.4		-0.4		0.6		1.4		1.0		0.9		0.5	
eA US Core Fixed Inc Gross Median			0.2		0.8		-1.4		4.0		5.8		5.5		5.0		6.0	Oct-99
Global Core Fixed Income Composite	65,262,732	2.1	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Franklin Templeton ³	65,262,732	2.1	--	--	--	--	--	--	--	--	--	--	--	--	--	--	0.4	Dec-13
Barclays Global Aggregate			-0.4	--	2.3	--	-2.6	--	2.4	--	3.9	--	4.8	--	4.5	--	-0.6	Dec-13
Over/Under																	1.0	
Total Credit Composite^{4,5}	459,032,324	14.7	3.5	--	6.1	--	9.8	--	12.6	--	15.2	--	--	--	--	--	11.7	Jul-08
50% Credit Suisse Leveraged Loan Index /																		
50% BofA ML US HY BB-B Rated			2.6	--	4.4	--	6.2	--	7.2	--	15.0	--	6.2	--	6.4	--	7.7	Jul-08
Constrained Index																		
Over/Under			0.9		1.7		3.6		5.4		0.2						4.0	
Corporate Credit Composite⁵	158,369,766	5.1	3.4	--	5.9	--	5.8	--	6.2	--	--	--	--	--	--	--	9.5	Apr-09
Blended Domestic Credit Index ⁶			3.6	--	5.9	--	7.4	--	7.8	--	15.4	--	6.5	--	6.6	--	14.7	Apr-09
Over/Under			-0.2		0.0		-1.6		-1.6								-5.2	
Russell BC High Yield	80,917,702	2.6	3.3	--	5.9	--	5.8	--	--	--	--	--	--	--	--	--	5.8	Jan-13
Barclays High Yield			3.6	--	5.9	--	7.4	--	9.3	--	18.9	--	8.7	--	8.6	--	7.4	Jan-13
Over/Under			-0.3		0.0		-1.6										-1.6	
Beach Point ⁷	77,447,594	2.5	3.3	--	--	--	--	--	--	--	--	--	--	--	--	--	3.3	Oct-13
Barclays High Yield			3.6	--	5.9	--	7.4	--	9.3	--	18.9	--	8.7	--	8.6	--	3.6	Oct-13
Over/Under			-0.3														-0.3	

Note: Performance shown is gross of fees. Please see appendix for details regarding footnotes.

City of San Jose Police and Fire Department Retirement Plan

Total Fund Performance Detail

	Market Value (\$)	% of Portfolio	3 Mo (%)	Rank	Fiscal YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	7 Yrs (%)	Rank	10 Yrs (%)	Rank	Return (%)	Since
Opportunistic Credit Composite¹	300,662,558	9.6	3.6	--	6.3	--	12.3	--	14.5	--	20.4	--	--	--	--	--	16.2	Jul-08
50% Credit Suisse Leveraged Loan Index / 50% BofA ML US HY BB-B Rated Constrained Index			<u>2.6</u>	--	<u>4.4</u>	--	<u>6.2</u>	--	<u>7.2</u>	--	<u>15.0</u>	--	<u>6.2</u>	--	<u>6.4</u>	--	<u>7.7</u>	Jul-08
Over/Under			1.0		1.9		6.1		7.3		5.4						8.5	
Pimco Disco II	162,150,615	5.2	4.4	--	6.7	--	13.4	--	--	--	--	--	--	--	--	--	26.8	Nov-11
BofA Merrill Lynch US High Yield BB-B Rated Constrained Index			<u>3.3</u>	--	<u>5.5</u>	--	<u>6.3</u>	--	<u>8.7</u>	--	<u>16.5</u>	--	<u>7.8</u>	--	<u>7.7</u>	--	<u>9.8</u>	Nov-11
Over/Under			1.1		1.2		7.1										17.0	
Marathon	23,563,086	0.8	3.5	--	6.1	--	11.4	--	--	--	--	--	--	--	--	--	12.6	Oct-12
BofA ML Euro HY Constrained Index			<u>5.8</u>	--	<u>14.3</u>	--	<u>15.0</u>	--	<u>12.0</u>	--	<u>22.3</u>	--	<u>9.4</u>	--	<u>10.1</u>	--	<u>19.9</u>	Oct-12
Over/Under			-2.3		-8.2		-3.6										-7.3	
Direct Lending Composite¹	114,948,857	3.7	2.4	--	5.7	--	11.4	--	10.3	--	--	--	--	--	--	--	8.8	Nov-10
3 Months LIBOR + 5%			<u>1.3</u>	--	<u>2.6</u>	--	<u>5.3</u>	--	<u>5.4</u>	--	<u>5.4</u>	--	<u>6.5</u>	--	<u>7.2</u>	--	<u>5.4</u>	Nov-10
Over/Under			1.1		3.1		6.1		4.9								3.4	
White Oak	44,323,266	1.4	2.2	--	7.9	--	13.1	--	8.3	--	--	--	--	--	--	--	7.1	Nov-10
3 Months LIBOR + 5%			<u>1.3</u>	--	<u>2.6</u>	--	<u>5.3</u>	--	<u>5.4</u>	--	<u>5.4</u>	--	<u>6.5</u>	--	<u>7.2</u>	--	<u>5.4</u>	Nov-10
Over/Under			0.9		5.3		7.8		2.9								1.7	
GSO	33,502,326	1.1	2.5	--	1.9	--	9.3	--	18.2	--	--	--	--	--	--	--	17.2	Dec-10
3 Months LIBOR + 5%			<u>1.3</u>	--	<u>2.6</u>	--	<u>5.3</u>	--	<u>5.4</u>	--	<u>5.4</u>	--	<u>6.5</u>	--	<u>7.2</u>	--	<u>5.4</u>	Dec-10
Over/Under			1.2		-0.7		4.0		12.8								11.8	
Medley Capital	37,123,265	1.2	2.8	--	7.2	--	11.9	--	--	--	--	--	--	--	--	--	8.4	Mar-11
3 Months LIBOR + 5%			<u>1.3</u>	--	<u>2.6</u>	--	<u>5.3</u>	--	<u>5.4</u>	--	<u>5.4</u>	--	<u>6.5</u>	--	<u>7.2</u>	--	<u>5.4</u>	Mar-11
Over/Under			1.5		4.6		6.6										3.0	
Emerging Market Debt Composite²	140,486,188	4.5	-0.1	63	-0.8	72	-9.9	93	--	--	--	--	--	--	--	--	-9.9	Jan-13
San Jose Custom EMD Benchmark ³			<u>0.0</u>	63	<u>0.5</u>	63	<u>-8.9</u>	80	--	--	--	--	--	--	--	--	<u>-8.9</u>	Jan-13
Over/Under			-0.1		-1.3		-1.0										-1.0	
eA All Emg Mkts Fixed Inc Gross Median			0.8		1.4		-6.1		5.0		12.5		7.8		9.5		-6.1	Jan-13
BlueBay	140,486,041	4.5	-0.1	--	-2.8	--	--	--	--	--	--	--	--	--	--	--	-0.5	Aug-13
JP Morgan Blended EMD Benchmark ⁴			<u>0.0</u>	--	<u>0.5</u>	--	<u>-6.1</u>	--	--	--	--	--	--	--	--	--	<u>0.2</u>	Aug-13
Over/Under			-0.1		-3.3												-0.7	

Note: Performance shown is gross of fees. Please see appendix for details regarding footnotes.

City of San Jose Police and Fire Department Retirement Plan

Total Fund Performance Detail

	Market Value (\$)	% of Portfolio	3 Mo (%)	Rank	Fiscal YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	7 Yrs (%)	Rank	10 Yrs (%)	Rank	Return (%)	Since
Total Real Estate Composite¹	218,310,119	7.0	2.8	--	6.7	--	11.9	--	9.5	--	5.8	--	6.0	--	7.9	--	8.2	Jun-95
NCREIF Property Index			<u>2.5</u>	--	<u>5.2</u>	--	<u>11.0</u>	--	<u>11.9</u>	--	<u>5.7</u>	--	<u>5.2</u>	--	<u>8.6</u>	--	<u>9.6</u>	<i>Jun-95</i>
Over/Under			0.3		1.5		0.9		-2.4		0.1		0.8		-0.7		-1.4	
American Realty/Kennedy Combined	21,339,041	0.7	3.6	--	8.0	--	15.9	--	12.3	--	8.4	--	9.0	--	10.3	--	10.3	Oct-03
NCREIF Property Index			<u>2.5</u>	--	<u>5.2</u>	--	<u>11.0</u>	--	<u>11.9</u>	--	<u>5.7</u>	--	<u>5.2</u>	--	<u>8.6</u>	--	<u>8.7</u>	<i>Oct-03</i>
Over/Under			1.1		2.8		4.9		0.4		2.7		3.8		1.7		1.6	
American Realty Core Realty Fund	120,930,724	3.9	2.6	--	6.1	--	12.4	--	--	--	--	--	--	--	--	--	11.8	Sep-11
NCREIF Property Index			<u>2.5</u>	--	<u>5.2</u>	--	<u>11.0</u>	--	<u>11.9</u>	--	<u>5.7</u>	--	<u>5.2</u>	--	<u>8.6</u>	--	<u>12.1</u>	<i>Sep-11</i>
Over/Under			0.1		0.9		1.4										-0.3	
Brookfield	4,097,905	0.1	0.0	--	--	--	--	--	--	--	--	--	--	--	--	--	2.9	Sep-13
NCREIF Property Index			<u>2.5</u>	--	<u>5.2</u>	--	<u>11.0</u>	--	<u>11.9</u>	--	<u>5.7</u>	--	<u>5.2</u>	--	<u>8.6</u>	--	<u>5.2</u>	<i>Sep-13</i>
Over/Under			-2.5														-2.3	
BlackStone	2,816,966	0.1	0.0	--	--	--	--	--	--	--	--	--	--	--	--	--	4.8	Sep-13
NCREIF Property Index			<u>2.5</u>	--	<u>5.2</u>	--	<u>11.0</u>	--	<u>11.9</u>	--	<u>5.7</u>	--	<u>5.2</u>	--	<u>8.6</u>	--	<u>5.2</u>	<i>Sep-13</i>
Over/Under			-2.5														-0.4	
TA Realty	4,900,489	0.2	0.0	--	1.3	--	--	--	--	--	--	--	--	--	--	--	2.0	Mar-13
NCREIF Property Index			<u>2.5</u>	--	<u>5.2</u>	--	<u>11.0</u>	--	<u>11.9</u>	--	<u>5.7</u>	--	<u>5.2</u>	--	<u>8.6</u>	--	<u>11.0</u>	<i>Mar-13</i>
Over/Under			-2.5		-3.9												-9.0	
Russell Real Estate	64,224,995	2.1	3.5	--	7.9	--	10.7	--	--	--	--	--	--	--	--	--	10.3	Dec-12
50% MSCI ACWI (Net) / 50% BC Global			<u>3.4</u>	--	<u>8.9</u>	--	<u>9.5</u>	--	<u>6.2</u>	--	<u>9.6</u>	--	<u>4.7</u>	--	<u>6.1</u>	--	<u>9.7</u>	<i>Dec-12</i>
Aggregate																		
Over/Under			0.1		-1.0		1.2										0.6	

Note: Performance shown is gross of fees. Please see appendix for details regarding footnotes.

City of San Jose Police and Fire Department Retirement Plan

Total Fund Performance Detail

	Market Value (\$)	% of Portfolio	3 Mo (%)	Rank	Fiscal YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	7 Yrs (%)	Rank	10 Yrs (%)	Rank	Return (%)	Since
Inflation-Linked Assets Composite	295,640,354	9.4	-0.6	--	3.6	--	-9.9	--	--	--	--	--	--	--	--	--	-1.3	Jan-10
Custom Commodity Risk Parity Index			<u>-1.5</u>	--	<u>2.5</u>	--	<u>-9.2</u>	--	--	--	--	--	--	--	--	--	--	Jan-10
Over/Under			0.9		1.1		-0.7											
Dow Jones-UBS Commodity Index TR			-1.1	--	1.1	--	-9.5	--	-8.1	--	1.5	--	-3.0	--	0.9	--	-2.4	Jan-10
Multi-Asset Inflation-Linked Assets Composite	90,275,437	2.9																
Wellington	90,275,437	2.9	--	--	--	--	--	--	--	--	--	--	--	--	--	--	0.3	Nov-13
CPI + 5% (Seasonally Adjusted)			<u>1.6</u>	--	<u>3.2</u>	--	<u>6.6</u>	--	<u>7.2</u>	--	<u>7.2</u>	--	<u>7.2</u>	--	<u>7.5</u>	--	<u>1.2</u>	Nov-13
Over/Under																	-0.9	
Commodities Composite	205,364,917	6.6	-1.1	--	3.1	--	-10.3	--	--	--	--	--	--	--	--	--	-8.4	Apr-11
Custom Commodity Risk Parity Index			<u>-1.5</u>	--	<u>2.5</u>	--	<u>-9.2</u>	--	--	--	--	--	--	--	--	--	<u>-7.4</u>	Apr-11
Over/Under			0.4		0.6		-1.1										-1.0	
Credit Suisse	205,364,917	6.6	-1.1	--	3.1	--	-8.5	--	--	--	--	--	--	--	--	--	-6.7	Apr-11
Custom Commodity Risk Parity Index			<u>-1.5</u>	--	<u>2.5</u>	--	<u>-9.2</u>	--	--	--	--	--	--	--	--	--	<u>-7.4</u>	Apr-11
Over/Under			0.4		0.6		0.7										0.7	
Dow Jones-UBS Commodity Index TR			-1.1	--	1.1	--	-9.5	--	-8.1	--	1.5	--	-3.0	--	0.9	--	-10.2	Apr-11

Note: Performance shown is gross of fees. Please see appendix for details regarding footnotes.

City of San Jose Police and Fire Department Retirement Plan

Total Fund Performance Detail

	Market Value (\$)	% of Portfolio	3 Mo (%)	Rank	Fiscal YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	7 Yrs (%)	Rank	10 Yrs (%)	Rank	Return (%)	Since
Total Hedge Fund Composite	300,876,455	9.6	2.0	--	2.8	--	3.4	--	--	--	--	--	--	--	--	--	3.2	Nov-12
San Jose Custom Hedge Fund Benchmark ¹			<u>2.0</u>	--	<u>3.6</u>	--	<u>4.6</u>	--	--	--	--	--	--	--	--	--	<u>4.3</u>	Nov-12
Over/Under			0.0		-0.8		-1.2										-1.1	
HFRI.FOF.Comp			3.5	--	5.2	--	8.7	--	2.4	--	4.8	--	1.3	--	3.4	--	8.9	Nov-12
Russell Hedge Funds	88,659,905	2.8	1.0	--	2.6	--	2.9	--	--	--	--	--	--	--	--	--	2.9	Dec-12
Russell Hedge Index ²			<u>1.0</u>	--	<u>2.6</u>	--	<u>2.8</u>	--	<u>1.9</u>	--	<u>3.0</u>	--	<u>2.1</u>	--	<u>3.0</u>	--	<u>2.9</u>	Dec-12
Over/Under			0.0		0.0		0.1										0.0	
Total Hedge Fund Composite ex-Interim	212,216,551	6.8	2.5	--	2.9	--	5.7	--	--	--	--	--	--	--	--	--	6.3	Nov-12
HFRI.FOF.Comp			<u>3.5</u>	--	<u>5.2</u>	--	<u>8.7</u>	--	<u>2.4</u>	--	<u>4.8</u>	--	<u>1.3</u>	--	<u>3.4</u>	--	<u>8.9</u>	Nov-12
Over/Under			-1.0		-2.3		-3.0										-2.6	
Amici	10,221,505	0.3	4.0	--	4.7	--	--	--	--	--	--	--	--	--	--	--	2.2	Mar-13
HFRI.FOF.Comp			<u>3.5</u>	--	<u>5.2</u>	--	<u>8.7</u>	--	<u>2.4</u>	--	<u>4.8</u>	--	<u>1.3</u>	--	<u>3.4</u>	--	<u>6.2</u>	Mar-13
Over/Under			0.5		-0.5												-4.0	
Arrowgrass	22,216,887	0.7	2.2	--	3.4	--	9.0	--	--	--	--	--	--	--	--	--	9.4	Nov-12
HFRI.FOF.Comp			<u>3.5</u>	--	<u>5.2</u>	--	<u>8.7</u>	--	<u>2.4</u>	--	<u>4.8</u>	--	<u>1.3</u>	--	<u>3.4</u>	--	<u>8.9</u>	Nov-12
Over/Under			-1.3		-1.8		0.3										0.5	
BlackRock	10,159,644	0.3	6.0	--	2.2	--	--	--	--	--	--	--	--	--	--	--	1.6	Mar-13
HFRI.FOF.Comp			<u>3.5</u>	--	<u>5.2</u>	--	<u>8.7</u>	--	<u>2.4</u>	--	<u>4.8</u>	--	<u>1.3</u>	--	<u>3.4</u>	--	<u>6.2</u>	Mar-13
Over/Under			2.5		-3.0												-4.6	
BlueTrend	8,422,297	0.3	0.9	--	-1.2	--	--	--	--	--	--	--	--	--	--	--	-15.8	Apr-13
HFRI.FOF.Comp			<u>3.5</u>	--	<u>5.2</u>	--	<u>8.7</u>	--	<u>2.4</u>	--	<u>4.8</u>	--	<u>1.3</u>	--	<u>3.4</u>	--	<u>5.2</u>	Apr-13
Over/Under			-2.6		-6.4												-21.0	
Brevan Howard	20,548,678	0.7	1.5	--	0.3	--	1.4	--	--	--	--	--	--	--	--	--	2.5	Dec-12
HFRI.FOF.Comp			<u>3.5</u>	--	<u>5.2</u>	--	<u>8.7</u>	--	<u>2.4</u>	--	<u>4.8</u>	--	<u>1.3</u>	--	<u>3.4</u>	--	<u>9.2</u>	Dec-12
Over/Under			-2.0		-4.9		-7.3										-6.7	
Cantab	7,342,873	0.2	-1.9	--	-10.8	--	--	--	--	--	--	--	--	--	--	--	-26.6	Apr-13
HFRI.FOF.Comp			<u>3.5</u>	--	<u>5.2</u>	--	<u>8.7</u>	--	<u>2.4</u>	--	<u>4.8</u>	--	<u>1.3</u>	--	<u>3.4</u>	--	<u>5.2</u>	Apr-13
Over/Under			-5.4		-16.0												-31.8	

Note: Performance of Total Hedge Fund Composite, underlying sub-composites and underlying investment managers is reported net of fees. Please see appendix for details regarding footnotes.

City of San Jose Police and Fire Department Retirement Plan

Total Fund Performance Detail

	Market Value (\$)	% of Portfolio	3 Mo (%)	Rank	Fiscal YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	7 Yrs (%)	Rank	10 Yrs (%)	Rank	Return (%)	Since
Claren Road	9,866,402	0.3	1.2	--	-1.3	--	--	--	--	--	--	--	--	--	--	--	-1.3	Jul-13
HFRI.FOF.Comp			<u>3.5</u>	--	<u>5.2</u>	--	<u>8.7</u>	--	<u>2.4</u>	--	<u>4.8</u>	--	<u>1.3</u>	--	<u>3.4</u>	--	<u>5.2</u>	Jul-13
Over/Under			-2.3		-6.5												-6.5	
Davidson Kempner	21,602,700	0.7	1.8	--	3.8	--	--	--	--	--	--	--	--	--	--	--	8.0	Feb-13
HFRI.FOF.Comp			<u>3.5</u>	--	<u>5.2</u>	--	<u>8.7</u>	--	<u>2.4</u>	--	<u>4.8</u>	--	<u>1.3</u>	--	<u>3.4</u>	--	<u>6.5</u>	Feb-13
Over/Under			-1.7		-1.4												1.5	
DE Shaw	21,539,177	0.7	2.8	--	3.7	--	--	--	--	--	--	--	--	--	--	--	7.7	Apr-13
HFRI.FOF.Comp			<u>3.5</u>	--	<u>5.2</u>	--	<u>8.7</u>	--	<u>2.4</u>	--	<u>4.8</u>	--	<u>1.3</u>	--	<u>3.4</u>	--	<u>5.2</u>	Apr-13
Over/Under			-0.7		-1.5												2.5	
Horizon	10,598,353	0.3	3.3	--	6.0	--	--	--	--	--	--	--	--	--	--	--	6.0	Jul-13
HFRI.FOF.Comp			<u>3.5</u>	--	<u>5.2</u>	--	<u>8.7</u>	--	<u>2.4</u>	--	<u>4.8</u>	--	<u>1.3</u>	--	<u>3.4</u>	--	<u>5.2</u>	Jul-13
Over/Under			-0.2		0.8												0.8	
Hudson Bay	20,837,830	0.7	4.1	--	4.2	--	--	--	--	--	--	--	--	--	--	--	4.2	Jul-13
HFRI.FOF.Comp			<u>3.5</u>	--	<u>5.2</u>	--	<u>8.7</u>	--	<u>2.4</u>	--	<u>4.8</u>	--	<u>1.3</u>	--	<u>3.4</u>	--	<u>5.2</u>	Jul-13
Over/Under			0.6		-1.0												-1.0	
Kepos	4,704,738	0.2	1.2	--	4.5	--	--	--	--	--	--	--	--	--	--	--	-5.9	Mar-13
HFRI.FOF.Comp			<u>3.5</u>	--	<u>5.2</u>	--	<u>8.7</u>	--	<u>2.4</u>	--	<u>4.8</u>	--	<u>1.3</u>	--	<u>3.4</u>	--	<u>6.2</u>	Mar-13
Over/Under			-2.3		-0.7												-12.1	
Pine River	22,012,173	0.7	0.4	--	2.8	--	10.1	--	--	--	--	--	--	--	--	--	10.1	Jan-13
HFRI.FOF.Comp			<u>3.5</u>	--	<u>5.2</u>	--	<u>8.7</u>	--	<u>2.4</u>	--	<u>4.8</u>	--	<u>1.3</u>	--	<u>3.4</u>	--	<u>8.7</u>	Jan-13
Over/Under			-3.1		-2.4		1.4										1.4	
Sandler	10,596,044	0.3	3.0	--	7.3	--	--	--	--	--	--	--	--	--	--	--	6.0	May-13
HFRI.FOF.Comp			<u>3.5</u>	--	<u>5.2</u>	--	<u>8.7</u>	--	<u>2.4</u>	--	<u>4.8</u>	--	<u>1.3</u>	--	<u>3.4</u>	--	<u>4.4</u>	May-13
Over/Under			-0.5		2.1												1.6	
Senator	11,547,250	0.4	6.6	--	11.6	--	--	--	--	--	--	--	--	--	--	--	15.5	Apr-13
HFRI.FOF.Comp			<u>3.5</u>	--	<u>5.2</u>	--	<u>8.7</u>	--	<u>2.4</u>	--	<u>4.8</u>	--	<u>1.3</u>	--	<u>3.4</u>	--	<u>5.2</u>	Apr-13
Over/Under			3.1		6.4												10.3	

Note: Performance of Total Hedge Fund Composite, underlying sub-composites and underlying investment managers is reported net of fees.

City of San Jose Police and Fire Department Retirement Plan

Total Fund Performance Detail

	Market Value (\$)	% of Portfolio	3 Mo (%)	Rank	Fiscal YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	7 Yrs (%)	Rank	10 Yrs (%)	Rank	Return (%)	Since
Total GAA Composite	327,830,064	10.5	2.1	--	3.7	--	5.1	--	--	--	--	--	--	--	--	--	5.1	Jan-13
60% MSCI World (Net) / 40% CITI WGBI			<u>4.3</u>	--	<u>10.6</u>	--	<u>13.5</u>	--	<u>7.5</u>	--	<u>10.1</u>	--	<u>4.6</u>	--	<u>6.2</u>	--	<u>13.5</u>	Jan-13
Over/Under			-2.2		-6.9		-8.4										-8.4	
GMO	125,876,073	4.0	3.5	--	6.4	--	--	--	--	--	--	--	--	--	--	--	8.4	Feb-13
60% MSCI World (Net) / 40% CITI WGBI			<u>4.3</u>	--	<u>10.6</u>	--	<u>13.5</u>	--	<u>7.5</u>	--	<u>10.1</u>	--	<u>4.6</u>	--	<u>6.2</u>	--	<u>10.7</u>	Feb-13
Over/Under			-0.8		-4.2												-2.3	
PIMCO	97,578,964	3.1	-0.9	--	0.9	--	--	--	--	--	--	--	--	--	--	--	-5.7	Feb-13
60% MSCI World (Net) / 40% CITI WGBI			<u>4.3</u>	--	<u>10.6</u>	--	<u>13.5</u>	--	<u>7.5</u>	--	<u>10.1</u>	--	<u>4.6</u>	--	<u>6.2</u>	--	<u>10.7</u>	Feb-13
Over/Under			-5.2		-9.7												-16.4	
Standard Life	104,375,027	3.3	3.6	--	3.5	--	--	--	--	--	--	--	--	--	--	--	5.3	Feb-13
60% MSCI World (Net) / 40% CITI WGBI			<u>4.3</u>	--	<u>10.6</u>	--	<u>13.5</u>	--	<u>7.5</u>	--	<u>10.1</u>	--	<u>4.6</u>	--	<u>6.2</u>	--	<u>10.7</u>	Feb-13
Over/Under			-0.7		-7.1												-5.4	
Cash																		
Cash ¹	30,388,362	1.0	0.1	--	0.1	--	0.2	--	0.2	--	0.7	--	--	--	--	--	0.9	Apr-08
91 Day T-Bills			<u>0.0</u>	--	<u>0.0</u>	--	<u>0.0</u>	--	<u>0.1</u>	--	<u>0.1</u>	--	<u>0.9</u>	--	<u>1.6</u>	--	<u>0.2</u>	Apr-08
Over/Under			0.1		0.1		0.2		0.1		0.6						0.7	

Note: Performance of Total GAA Composite and underlying investment managers is reported net of fees. Please see appendix for details regarding footnotes.

Appendix: Net of Fees Performance



City of San Jose Police and Fire Department Retirement Plan

Total Fund Performance Detail - Net of Fees

	Market Value (\$)	% of Portfolio	3 Mo (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	7 Yrs (%)	10 Yrs (%)	Return (%)	Since
Total Fund	3,129,423,129	100.0	3.6	7.7	9.3	6.8	10.5	3.7	6.1	8.8	Mar-71
Policy Benchmark			3.6	8.0	9.6	7.4	10.6	4.0	6.4	--	Mar-71
Over/Under			0.0	-0.3	-0.3	-0.6	-0.1	-0.3	-0.3		
Allocation Index			3.8	8.2	9.5	6.6	10.5	4.2	6.7	--	Mar-71
60% MSCI World (Gross) / 40% CITI WGBI			4.4	10.8	13.9	7.9	10.4	4.9	6.5	--	Mar-71
Total Equity Composite¹	951,596,685	30.4	6.9	15.3	21.9	9.8	15.5	--	--	5.3	Apr-08
San Jose Custom Total Equity Benchmark ²			7.2	16.1	23.5	10.6	15.7	--	--	5.5	Apr-08
Over/Under			-0.3	-0.8	-1.6	-0.8	-0.2			-0.2	
Global Equity Composite³	179,530,895	5.7	7.6	17.3	--	--	--	--	--	23.0	Mar-13
MSCI ACWI IMI (Net)			7.2	16.1	23.5	9.8	15.6	4.1	7.6	17.9	Mar-13
Over/Under			0.4	1.2						5.1	
Artisan Global Opportunities	89,652,889	2.9	6.4	17.4	--	--	--	--	--	14.4	May-13
MSCI ACWI IMI (Net)			7.2	16.1	23.5	9.8	15.6	4.1	7.6	12.6	May-13
Over/Under			-0.8	1.3						1.8	
Artisan Global Value	89,340,933	2.9	8.9	17.2	--	--	--	--	--	25.0	Mar-13
MSCI ACWI IMI (Net)			7.2	16.1	23.5	9.8	15.6	4.1	7.6	17.9	Mar-13
Over/Under			1.7	1.1						7.1	
U.S. Equity Composite⁴	318,258,829	10.2	10.3	17.4	35.6	17.0	19.2	6.5	7.8	9.4	Jun-95
Russell 3000			10.1	17.1	33.6	16.2	18.7	6.5	7.9	9.2	Jun-95
Over/Under			0.2	0.3	2.0	0.8	0.5	0.0	-0.1	0.2	
Russell R1000	254,674,698	8.1	9.7	16.2	32.3	--	--	--	--	32.3	Jan-13
Russell 1000			10.2	16.9	33.1	16.3	18.6	6.4	7.8	33.1	Jan-13
Over/Under			-0.5	-0.7	-0.8					-0.8	
RS Investments	63,578,682	2.0	12.0	21.0	44.3	17.2	--	--	--	22.1	Aug-10
Russell 2000 Value			9.3	17.6	34.5	14.5	17.6	5.4	8.6	18.2	Aug-10
Over/Under			2.7	3.4	9.8	2.7				3.9	

Note: Performance shown is net of fees. Please see appendix for details regarding footnotes.

City of San Jose Police and Fire Department Retirement Plan

Total Fund Performance Detail - Net of Fees

	Market Value (\$)	% of Portfolio	3 Mo (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	7 Yrs (%)	10 Yrs (%)	Return (%)	Since
International Equity Composite¹	453,806,961	14.5	4.1	13.3	10.9	3.8	12.7	1.9	7.6	9.4	Jun-95
MSCI AC WORLD ex US (NET)			<u>4.8</u>	<u>15.3</u>	<u>15.3</u>	<u>5.1</u>	<u>12.8</u>	<u>2.2</u>	<u>7.6</u>	--	Jun-95
Over/Under			-0.7	-2.0	-4.4	-1.3	-0.1	-0.3	0.0		
Developed International Equity Composite¹	306,784,468	9.8	4.9	17.1	20.5	9.0	14.4	2.8	7.8	8.8	Jun-95
MSCI EAFE (Net)			<u>5.7</u>	<u>17.9</u>	<u>22.8</u>	<u>8.2</u>	<u>12.4</u>	<u>1.8</u>	<u>6.9</u>	<u>5.5</u>	Jun-95
Over/Under			-0.8	-0.8	-2.3	0.8	2.0	1.0	0.9	3.3	
Russell MSCI EAFE + CAD	237,060,028	7.6	4.8	16.6	20.5	--	--	--	--	20.5	Jan-13
MSCI EAFE + CAD			<u>5.2</u>	<u>16.4</u>	<u>17.8</u>	<u>4.2</u>	<u>9.3</u>	<u>-0.9</u>	<u>4.3</u>	<u>17.8</u>	Jan-13
Over/Under			-0.4	0.2	2.7					2.7	
Russell MSCI EAFE + CAD Small Cap	69,578,010	2.2	5.3	19.1	19.7	--	--	--	--	19.4	Dec-11
MSCI World ex USA Small Cap			<u>5.5</u>	<u>21.3</u>	<u>25.6</u>	<u>7.5</u>	<u>18.5</u>	<u>3.3</u>	<u>9.2</u>	<u>19.4</u>	Dec-11
Over/Under			-0.2	-2.2	-5.9					0.0	
Emerging Markets Equity Composite	147,022,493	4.7	2.4	4.6	-8.9	-5.8	11.5	1.6	9.1	11.9	Sep-01
MSCI Emerging Markets			<u>1.8</u>	<u>7.7</u>	<u>-2.6</u>	<u>-2.1</u>	<u>14.8</u>	<u>3.8</u>	<u>11.2</u>	<u>13.0</u>	Sep-01
Over/Under			0.6	-3.1	-6.3	-3.7	-3.3	-2.2	-2.1	-1.1	
Russell Emerging Markets	66,222,634	2.1	3.3	9.1	-5.4	--	--	--	--	1.3	Nov-11
MSCI Emerging Markets			<u>1.8</u>	<u>7.7</u>	<u>-2.6</u>	<u>-2.1</u>	<u>14.8</u>	<u>3.8</u>	<u>11.2</u>	<u>2.8</u>	Nov-11
Over/Under			1.5	1.4	-2.8					-1.5	
Vontobel	59,453,922	1.9	0.2	-0.9	--	--	--	--	--	-0.9	Jul-13
MSCI Emerging Markets			<u>1.8</u>	<u>7.7</u>	<u>-2.6</u>	<u>-2.1</u>	<u>14.8</u>	<u>3.8</u>	<u>11.2</u>	<u>7.7</u>	Jul-13
Over/Under			-1.6	-8.6						-8.6	
Aberdeen	21,345,937	0.7	5.6	10.4	--	--	--	--	--	10.4	Jul-13
MSCI Frontier Markets			<u>6.6</u>	<u>13.3</u>	<u>25.9</u>	<u>3.7</u>	<u>9.0</u>	<u>0.0</u>	<u>6.8</u>	<u>13.3</u>	Jul-13
Over/Under			-1.0	-2.9						-2.9	

Note: Performance shown is net of fees. Please see appendix for details regarding footnotes.

City of San Jose Police and Fire Department Retirement Plan

Total Fund Performance Detail - Net of Fees

	Market Value (\$)	% of Portfolio	3 Mo (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	7 Yrs (%)	10 Yrs (%)	Return (%)	Since
Total Private Equity Composite¹	241,910,733	7.7	6.1	10.6	21.5	14.6	8.6	8.9	--	9.2	Oct-05
Cambridge PE 1 Qtr Lag			<u>5.1</u>	<u>8.2</u>	<u>17.0</u>	<u>15.5</u>	<u>10.6</u>	<u>10.7</u>	<u>15.2</u>	<u>12.8</u>	Oct-05
Over/Under			1.0	2.4	4.5	-0.9	-2.0	-1.8		-3.6	
Thomson One All Private Equity Lag			4.9	8.5	16.9	14.4	5.0	8.5	14.0	11.4	Oct-05
Russell 3000 Qtr Lag			6.3	9.2	21.6	16.8	10.6	6.1	8.1	6.9	Oct-05
Total Private Equity ex Russell R3000	131,401,402	4.2	3.2	5.4	12.4	11.9	7.1	7.8	--	8.2	Oct-05
Cambridge PE 1 Qtr Lag			<u>5.1</u>	<u>8.2</u>	<u>17.0</u>	<u>15.5</u>	<u>10.6</u>	<u>10.7</u>	<u>15.2</u>	<u>12.8</u>	Oct-05
Over/Under			-1.9	-2.8	-4.6	-3.6	-3.5	-2.9		-4.6	
Thomson One All Private Equity Lag			4.9	8.5	16.9	14.4	5.0	8.5	14.0	11.4	Oct-05

Note: Performance shown is net of fees. Please see appendix for details regarding footnotes.

City of San Jose Police and Fire Department Retirement Plan

Total Fund Performance Detail - Net of Fees

	Market Value (\$)	% of Portfolio	3 Mo (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	7 Yrs (%)	10 Yrs (%)	Return (%)	Since
Total Fixed Income Composite¹	739,928,440	23.6	2.0	3.2	2.6	7.9	9.4	--	--	7.9	Apr-08
Barclays Aggregate			<u>-0.1</u>	<u>0.4</u>	<u>-2.0</u>	<u>3.3</u>	<u>4.4</u>	<u>4.9</u>	<u>4.5</u>	<u>4.4</u>	<u>Apr-08</u>
Over/Under			2.1	2.8	4.6	4.6	5.0			3.5	
Domestic Core Fixed Income Composite	75,147,196	2.4	-0.4	-0.1	-2.6	3.8	5.7	4.7	4.7	5.7	Jun-95
Barclays Aggregate			<u>-0.1</u>	<u>0.4</u>	<u>-2.0</u>	<u>3.3</u>	<u>4.4</u>	<u>4.9</u>	<u>4.5</u>	<u>5.8</u>	<u>Jun-95</u>
Over/Under			-0.3	-0.5	-0.6	0.5	1.3	-0.2	0.2	-0.1	
Seix Core Fixed Income ²	75,147,196	2.4	-0.4	-0.1	-2.6	3.8	5.7	5.8	5.2	6.0	Oct-99
Barclays Aggregate			<u>-0.1</u>	<u>0.4</u>	<u>-2.0</u>	<u>3.3</u>	<u>4.4</u>	<u>4.9</u>	<u>4.5</u>	<u>5.6</u>	<u>Oct-99</u>
Over/Under			-0.3	-0.5	-0.6	0.5	1.3	0.9	0.7	0.4	
Global Fixed Income Composite	65,262,732	2.1									
Franklin Templeton ³	65,262,732	2.1	--	--	--	--	--	--	--	0.4	Dec-13
Barclays Global Aggregate			<u>-0.4</u>	<u>2.3</u>	<u>-2.6</u>	<u>2.4</u>	<u>3.9</u>	<u>4.8</u>	<u>4.5</u>	<u>-0.6</u>	<u>Dec-13</u>
Over/Under										1.0	
Total Credit Composite^{4,5}	459,032,324	14.7	3.3	5.6	9.0	11.7	14.5	--	--	11.0	Jul-08
50% Credit Suisse Leveraged Loan Index / 50% BofA ML US HY BB-B Rated Constrained Index			<u>2.6</u>	<u>4.4</u>	<u>6.2</u>	<u>7.2</u>	<u>15.0</u>	<u>6.2</u>	<u>6.4</u>	<u>7.7</u>	<u>Jul-08</u>
Over/Under			0.7	1.2	2.8	4.5	-0.5			3.3	
Corporate Credit Composite⁵	158,369,766	5.1	3.4	5.9	5.7	5.9	--	--	--	9.3	Apr-09
Blended Domestic Credit Index ⁶			<u>3.6</u>	<u>5.9</u>	<u>7.4</u>	<u>7.8</u>	<u>15.4</u>	<u>6.5</u>	<u>6.6</u>	<u>14.7</u>	<u>Apr-09</u>
Over/Under			-0.2	0.0	-1.7	-1.9				-5.4	
Russell BC High Yield	80,917,702	2.6	3.3	5.9	5.7	--	--	--	--	5.7	Jan-13
Barclays High Yield			<u>3.6</u>	<u>5.9</u>	<u>7.4</u>	<u>9.3</u>	<u>18.9</u>	<u>8.7</u>	<u>8.6</u>	<u>7.4</u>	<u>Jan-13</u>
Over/Under			-0.3	0.0	-1.7					-1.7	
Beach Point	77,447,594	2.5	3.3	--	--	--	--	--	--	3.3	Oct-13
Barclays High Yield			<u>3.6</u>	<u>5.9</u>	<u>7.4</u>	<u>9.3</u>	<u>18.9</u>	<u>8.7</u>	<u>8.6</u>	<u>3.6</u>	<u>Oct-13</u>
Over/Under			-0.3							-0.3	

Note: Performance shown is net of fees. Please see appendix for details regarding footnotes.

City of San Jose Police and Fire Department Retirement Plan

Total Fund Performance Detail - Net of Fees

	Market Value (\$)	% of Portfolio	3 Mo (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	7 Yrs (%)	10 Yrs (%)	Return (%)	Since
Opportunistic Credit Composite¹	300,662,558	9.6	3.3	5.5	11.1	13.3	19.2	--	--	15.1	Jul-08
50% Credit Suisse Leveraged Loan Index / 50% BofA ML US HY BB-B Rated Constrained Index			<u>2.6</u>	<u>4.4</u>	<u>6.2</u>	<u>7.2</u>	<u>15.0</u>	<u>6.2</u>	<u>6.4</u>	<u>7.7</u>	Jul-08
Over/Under			0.7	1.1	4.9	6.1	4.2			7.4	
Pimco Disco II	162,150,615	5.2	4.1	6.2	12.3	--	--	--	--	25.6	Nov-11
BofA Merrill Lynch US High Yield BB-B Rated Constrained Index			<u>3.3</u>	<u>5.5</u>	<u>6.3</u>	<u>8.7</u>	<u>16.5</u>	<u>7.8</u>	<u>7.7</u>	<u>9.8</u>	Nov-11
Over/Under			0.8	0.7	6.0					15.8	
Marathon	23,563,086	0.8	3.5	6.1	11.4	--	--	--	--	12.6	Oct-12
BofA ML Euro HY Constrained			<u>5.8</u>	<u>14.3</u>	<u>15.0</u>	<u>12.0</u>	<u>22.3</u>	<u>9.4</u>	<u>10.1</u>	<u>19.9</u>	Oct-12
Over/Under			-2.3	-8.2	-3.6					-7.3	
Direct Lending Composite¹	114,948,857	3.7	2.0	4.4	9.5	8.6	--	--	--	7.2	Nov-10
3 Months LIBOR + 5%			<u>1.3</u>	<u>2.6</u>	<u>5.3</u>	<u>5.4</u>	<u>5.4</u>	<u>6.5</u>	<u>7.2</u>	<u>5.4</u>	Nov-10
Over/Under			0.7	1.8	4.2	3.2				1.8	
White Oak	44,323,266	1.4	1.7	5.9	9.6	5.5	--	--	--	4.5	Nov-10
3 Months LIBOR + 5%			<u>1.3</u>	<u>2.6</u>	<u>5.3</u>	<u>5.4</u>	<u>5.4</u>	<u>6.5</u>	<u>7.2</u>	<u>5.4</u>	Nov-10
Over/Under			0.4	3.3	4.3	0.1				-0.9	
GSO	33,502,326	1.1	2.5	1.9	9.3	18.2	--	--	--	17.2	Dec-10
3 Months LIBOR + 5%			<u>1.3</u>	<u>2.6</u>	<u>5.3</u>	<u>5.4</u>	<u>5.4</u>	<u>6.5</u>	<u>7.2</u>	<u>5.4</u>	Dec-10
Over/Under			1.2	-0.7	4.0	12.8				11.8	
Medley Capital	37,123,265	1.2	2.0	5.6	10.2	--	--	--	--	6.9	Mar-11
3 Months LIBOR + 5%			<u>1.3</u>	<u>2.6</u>	<u>5.3</u>	<u>5.4</u>	<u>5.4</u>	<u>6.5</u>	<u>7.2</u>	<u>5.4</u>	Mar-11
Over/Under			0.7	3.0	4.9					1.5	
Emerging Market Debt Composite²	140,486,188	4.5	-0.2	-1.1	-10.2	--	--	--	--	-10.2	Jan-13
San Jose Custom EMD Benchmark ³			<u>0.0</u>	<u>0.5</u>	<u>-8.9</u>	--	--	--	--	<u>-8.9</u>	Jan-13
Over/Under			-0.2	-1.6	-1.3					-1.3	
BlueBay	140,486,041	4.5	-0.2	-3.1	--	--	--	--	--	-0.8	Aug-13
JP Morgan Blended EMD Benchmark ⁴			<u>0.0</u>	<u>0.5</u>	<u>-6.1</u>	--	--	--	--	<u>0.2</u>	Aug-13
Over/Under			-0.2	-3.6						-1.0	

Note: Performance shown is net of fees. Please see appendix for details regarding footnotes.

City of San Jose Police and Fire Department Retirement Plan

Total Fund Performance Detail - Net of Fees

	Market Value (\$)	% of Portfolio	3 Mo (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	7 Yrs (%)	10 Yrs (%)	Return (%)	Since
Total Real Estate Composite¹	218,310,119	7.0	2.7	6.4	11.3	8.7	5.2	5.5	7.5	8.0	Jun-95
NCREIF Property Index			<u>2.5</u>	<u>5.2</u>	<u>11.0</u>	<u>11.9</u>	<u>5.7</u>	<u>5.2</u>	<u>8.6</u>	<u>9.6</u>	<u>Jun-95</u>
Over/Under			0.2	1.2	0.3	-3.2	-0.5	0.3	-1.1	-1.6	
American Realty/Kennedy Combined	21,339,041	0.7	3.5	7.6	15.1	11.4	7.8	8.5	9.7	9.7	Oct-03
NCREIF Property Index			<u>2.5</u>	<u>5.2</u>	<u>11.0</u>	<u>11.9</u>	<u>5.7</u>	<u>5.2</u>	<u>8.6</u>	<u>8.7</u>	<u>Oct-03</u>
Over/Under			1.0	2.4	4.1	-0.5	2.1	3.3	1.1	1.0	
American Realty Core Realty Fund	120,930,724	3.9	2.4	5.6	11.4	--	--	--	--	10.8	Sep-11
NCREIF Property Index			<u>2.5</u>	<u>5.2</u>	<u>11.0</u>	<u>11.9</u>	<u>5.7</u>	<u>5.2</u>	<u>8.6</u>	<u>12.1</u>	<u>Sep-11</u>
Over/Under			-0.1	0.4	0.4					-1.3	
Brookfield	4,097,905	0.1	0.0	--	--	--	--	--	--	2.9	Sep-13
NCREIF Property Index			<u>2.5</u>	<u>5.2</u>	<u>11.0</u>	<u>11.9</u>	<u>5.7</u>	<u>5.2</u>	<u>8.6</u>	<u>5.2</u>	<u>Sep-13</u>
Over/Under			-2.5							-2.3	
BlackStone	2,816,966	0.1	0.0	--	--	--	--	--	--	4.8	Sep-13
NCREIF Property Index			<u>2.5</u>	<u>5.2</u>	<u>11.0</u>	<u>11.9</u>	<u>5.7</u>	<u>5.2</u>	<u>8.6</u>	<u>5.2</u>	<u>Sep-13</u>
Over/Under			-2.5							-0.4	
TA Realty	4,900,489	0.2	0.0	1.3	--	--	--	--	--	2.0	Mar-13
NCREIF Property Index			<u>2.5</u>	<u>5.2</u>	<u>11.0</u>	<u>11.9</u>	<u>5.7</u>	<u>5.2</u>	<u>8.6</u>	<u>11.0</u>	<u>Mar-13</u>
Over/Under			-2.5	-3.9						-9.0	
Russell Real Estate	64,224,995	2.1	3.5	7.9	10.7	--	--	--	--	10.3	Dec-12
50% MSCI ACWI (Net) / 50% BC Global Aggregate			<u>3.4</u>	<u>8.9</u>	<u>9.5</u>	<u>6.2</u>	<u>9.6</u>	<u>4.7</u>	<u>6.1</u>	<u>9.7</u>	<u>Dec-12</u>
Over/Under			0.1	-1.0	1.2					0.6	

Note: Performance shown is net of fees. Please see appendix for details regarding footnotes.

City of San Jose Police and Fire Department Retirement Plan

Total Fund Performance Detail - Net of Fees

	Market Value (\$)	% of Portfolio	3 Mo (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	7 Yrs (%)	10 Yrs (%)	Return (%)	Since
Inflation-Linked Assets Composite	295,640,354	9.4	-0.7	3.4	-10.2	--	--	--	--	-1.6	Jan-10
Custom Commodity Risk Parity Index			-1.5	2.5	-9.2	--	--	--	--	--	Jan-10
Over/Under			0.8	0.9	-1.0						
Dow Jones-UBS Commodity Index TR			-1.1	1.1	-9.5	-8.1	1.5	-3.0	0.9	-2.4	Jan-10
Multi-Asset Inflation-Linked Assets Composite	90,275,437	2.9									
Wellington	90,275,437	2.9	--	--	--	--	--	--	--	0.3	Nov-13
CPI + 5% (Seasonally Adjusted)			1.6	3.2	6.6	7.2	7.2	7.2	7.5	1.2	Nov-13
Over/Under										-0.9	
Commodities Composite	205,364,917	6.6	-1.2	3.0	-10.7	--	--	--	--	-8.8	Apr-11
Custom Commodity Risk Parity Index			-1.5	2.5	-9.2	--	--	--	--	-7.4	Apr-11
Over/Under			0.3	0.5	-1.5					-1.4	
Credit Suisse	205,364,917	6.6	-1.2	2.9	-8.8	--	--	--	--	-7.2	Apr-11
Custom Commodity Risk Parity Index			-1.5	2.5	-9.2	--	--	--	--	-7.4	Apr-11
Over/Under			0.3	0.4	0.4					0.2	
Dow Jones-UBS Commodity Index TR			-1.1	1.1	-9.5	-8.1	1.5	-3.0	0.9	-10.2	Apr-11

Note: Performance shown is net of fees. Please see appendix for details regarding footnotes.

City of San Jose Police and Fire Department Retirement Plan

Total Fund Performance Detail - Net of Fees

	Market Value (\$)	% of Portfolio	3 Mo (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	7 Yrs (%)	10 Yrs (%)	Return (%)	Since
Total Hedge Fund Composite	300,876,455	9.6	2.0	2.8	3.4	--	--	--	--	3.2	Nov-12
San Jose Custom Hedge Fund Benchmark ¹			<u>2.0</u>	<u>3.6</u>	<u>4.6</u>	--	--	--	--	<u>4.3</u>	Nov-12
Over/Under			0.0	-0.8	-1.2					-1.1	
HFRI.FOF.Comp			3.5	5.2	8.7	2.4	4.8	1.3	3.4	8.9	Nov-12
Russell Hedge Funds	88,659,905	2.8	1.0	2.6	2.9	--	--	--	--	2.9	Dec-12
Russell Hedge Index ²			<u>1.0</u>	<u>2.6</u>	<u>2.8</u>	<u>1.9</u>	<u>3.0</u>	<u>2.1</u>	<u>3.0</u>	<u>2.9</u>	Dec-12
Over/Under			0.0	0.0	0.1					0.0	
Total Hedge Fund Composite ex-Interim	212,216,551	6.8	2.5	2.9	5.7	--	--	--	--	6.3	Nov-12
HFRI.FOF.Comp			3.5	5.2	8.7	2.4	4.8	1.3	3.4	8.9	Nov-12
Over/Under			-1.0	-2.3	-3.0					-2.6	
Amici	10,221,505	0.3	4.0	4.7	--	--	--	--	--	2.2	Mar-13
HFRI.FOF.Comp			<u>3.5</u>	<u>5.2</u>	<u>8.7</u>	<u>2.4</u>	<u>4.8</u>	<u>1.3</u>	<u>3.4</u>	<u>6.2</u>	Mar-13
Over/Under			0.5	-0.5						-4.0	
Arrowgrass	22,216,887	0.7	2.2	3.4	9.0	--	--	--	--	9.4	Nov-12
HFRI.FOF.Comp			<u>3.5</u>	<u>5.2</u>	<u>8.7</u>	<u>2.4</u>	<u>4.8</u>	<u>1.3</u>	<u>3.4</u>	<u>8.9</u>	Nov-12
Over/Under			-1.3	-1.8	0.3					0.5	
BlackRock	10,159,644	0.3	6.0	2.2	--	--	--	--	--	1.6	Mar-13
HFRI.FOF.Comp			<u>3.5</u>	<u>5.2</u>	<u>8.7</u>	<u>2.4</u>	<u>4.8</u>	<u>1.3</u>	<u>3.4</u>	<u>6.2</u>	Mar-13
Over/Under			2.5	-3.0						-4.6	
BlueTrend	8,422,297	0.3	0.9	-1.2	--	--	--	--	--	-15.8	Apr-13
HFRI.FOF.Comp			<u>3.5</u>	<u>5.2</u>	<u>8.7</u>	<u>2.4</u>	<u>4.8</u>	<u>1.3</u>	<u>3.4</u>	<u>5.2</u>	Apr-13
Over/Under			-2.6	-6.4						-21.0	
Brevan Howard	20,548,678	0.7	1.5	0.3	1.4	--	--	--	--	2.5	Dec-12
HFRI.FOF.Comp			<u>3.5</u>	<u>5.2</u>	<u>8.7</u>	<u>2.4</u>	<u>4.8</u>	<u>1.3</u>	<u>3.4</u>	<u>9.2</u>	Dec-12
Over/Under			-2.0	-4.9	-7.3					-6.7	
Cantab	7,342,873	0.2	-1.9	-10.8	--	--	--	--	--	-26.6	Apr-13
HFRI.FOF.Comp			<u>3.5</u>	<u>5.2</u>	<u>8.7</u>	<u>2.4</u>	<u>4.8</u>	<u>1.3</u>	<u>3.4</u>	<u>5.2</u>	Apr-13
Over/Under			-5.4	-16.0						-31.8	

Note: Performance of Total Hedge Fund Composite, underlying sub-composites and underlying investment managers is reported net of fees. Please see appendix for details regarding footnotes.

City of San Jose Police and Fire Department Retirement Plan

Total Fund Performance Detail - Net of Fees

	Market Value (\$)	% of Portfolio	3 Mo (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	7 Yrs (%)	10 Yrs (%)	Return (%)	Since
Claren Road	9,866,402	0.3	1.2	-1.3	--	--	--	--	--	-1.3	Jul-13
HFRI.FOF.Comp			<u>3.5</u>	<u>5.2</u>	<u>8.7</u>	<u>2.4</u>	<u>4.8</u>	<u>1.3</u>	<u>3.4</u>	<u>5.2</u>	Jul-13
Over/Under			-2.3	-6.5						-6.5	
Davidson Kempner	21,602,700	0.7	1.8	3.8	--	--	--	--	--	8.0	Feb-13
HFRI.FOF.Comp			<u>3.5</u>	<u>5.2</u>	<u>8.7</u>	<u>2.4</u>	<u>4.8</u>	<u>1.3</u>	<u>3.4</u>	<u>6.5</u>	Feb-13
Over/Under			-1.7	-1.4						1.5	
DE Shaw	21,539,177	0.7	2.8	3.7	--	--	--	--	--	7.7	Apr-13
HFRI.FOF.Comp			<u>3.5</u>	<u>5.2</u>	<u>8.7</u>	<u>2.4</u>	<u>4.8</u>	<u>1.3</u>	<u>3.4</u>	<u>5.2</u>	Apr-13
Over/Under			-0.7	-1.5						2.5	
Horizon	10,598,353	0.3	3.3	6.0	--	--	--	--	--	6.0	Jul-13
HFRI.FOF.Comp			<u>3.5</u>	<u>5.2</u>	<u>8.7</u>	<u>2.4</u>	<u>4.8</u>	<u>1.3</u>	<u>3.4</u>	<u>5.2</u>	Jul-13
Over/Under			-0.2	0.8						0.8	
Hudson Bay	20,837,830	0.7	4.1	4.2	--	--	--	--	--	4.2	Jul-13
HFRI.FOF.Comp			<u>3.5</u>	<u>5.2</u>	<u>8.7</u>	<u>2.4</u>	<u>4.8</u>	<u>1.3</u>	<u>3.4</u>	<u>5.2</u>	Jul-13
Over/Under			0.6	-1.0						-1.0	
Kepos	4,704,738	0.2	1.2	4.5	--	--	--	--	--	-5.9	Mar-13
HFRI.FOF.Comp			<u>3.5</u>	<u>5.2</u>	<u>8.7</u>	<u>2.4</u>	<u>4.8</u>	<u>1.3</u>	<u>3.4</u>	<u>6.2</u>	Mar-13
Over/Under			-2.3	-0.7						-12.1	
Pine River	22,012,173	0.7	0.4	2.8	10.1	--	--	--	--	10.1	Jan-13
HFRI.FOF.Comp			<u>3.5</u>	<u>5.2</u>	<u>8.7</u>	<u>2.4</u>	<u>4.8</u>	<u>1.3</u>	<u>3.4</u>	<u>8.7</u>	Jan-13
Over/Under			-3.1	-2.4	1.4					1.4	
Sandler	10,596,044	0.3	3.0	7.3	--	--	--	--	--	6.0	May-13
HFRI.FOF.Comp			<u>3.5</u>	<u>5.2</u>	<u>8.7</u>	<u>2.4</u>	<u>4.8</u>	<u>1.3</u>	<u>3.4</u>	<u>4.4</u>	May-13
Over/Under			-0.5	2.1						1.6	
Senator	11,547,250	0.4	6.6	11.6	--	--	--	--	--	15.5	Apr-13
HFRI.FOF.Comp			<u>3.5</u>	<u>5.2</u>	<u>8.7</u>	<u>2.4</u>	<u>4.8</u>	<u>1.3</u>	<u>3.4</u>	<u>5.2</u>	Apr-13
Over/Under			3.1	6.4						10.3	

Note: Performance of Total Hedge Fund Composite, underlying sub-composites and underlying investment managers is reported net of fees.

City of San Jose Police and Fire Department Retirement Plan

Total Fund Performance Detail - Net of Fees

	Market Value (\$)	% of Portfolio	3 Mo (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	7 Yrs (%)	10 Yrs (%)	Return (%)	Since
Total GAA Composite	327,830,064	10.5	2.1	3.7	5.1	--	--	--	--	5.1	Jan-13
60% MSCI World (Net) / 40% CITI WGBI			<u>4.3</u>	<u>10.6</u>	<u>13.5</u>	<u>7.5</u>	<u>10.1</u>	<u>4.6</u>	<u>6.2</u>	<u>13.5</u>	<i>Jan-13</i>
Over/Under			-2.2	-6.9	-8.4					-8.4	
GMO	125,876,073	4.0	3.5	6.4	--	--	--	--	--	8.4	Feb-13
60% MSCI World (Net) / 40% CITI WGBI			<u>4.3</u>	<u>10.6</u>	<u>13.5</u>	<u>7.5</u>	<u>10.1</u>	<u>4.6</u>	<u>6.2</u>	<u>10.7</u>	<i>Feb-13</i>
Over/Under			-0.8	-4.2						-2.3	
PIMCO	97,578,964	3.1	-0.9	0.9	--	--	--	--	--	-5.7	Feb-13
60% MSCI World (Net) / 40% CITI WGBI			<u>4.3</u>	<u>10.6</u>	<u>13.5</u>	<u>7.5</u>	<u>10.1</u>	<u>4.6</u>	<u>6.2</u>	<u>10.7</u>	<i>Feb-13</i>
Over/Under			-5.2	-9.7						-16.4	
Standard Life	104,375,027	3.3	3.6	3.5	--	--	--	--	--	5.3	Feb-13
60% MSCI World (Net) / 40% CITI WGBI			<u>4.3</u>	<u>10.6</u>	<u>13.5</u>	<u>7.5</u>	<u>10.1</u>	<u>4.6</u>	<u>6.2</u>	<u>10.7</u>	<i>Feb-13</i>
Over/Under			-0.7	-7.1						-5.4	
Cash											
Cash¹	30,388,362	1.0	0.1	0.1	0.2	0.2	0.7	--	--	1.1	Apr-08
91 Day T-Bills			<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.1</u>	<u>0.1</u>	<u>0.9</u>	<u>1.6</u>	<u>0.2</u>	<i>Apr-08</i>
Over/Under			0.1	0.1	0.2	0.1	0.6			0.9	

Note: Performance of Total GAA Composite and underlying investment managers is reported net of fees. Please see appendix for details regarding footnotes.

Appendix: Policy Benchmark History; Performance Disclosures



Policy Benchmark History

- **6/1/95 – 9/30/01** – 35% S&P 500/10% MSCI EAFE/35% BC Aggregate/10% Citigroup WGBI/10% NCREIF Property
- **10/1/01 – 12/31/04** – 35% S&P 500/15% MSCI EAFE/5% MSCI Emg Mkts/28% BC Aggregate/5% Citigroup WGBI/12% NCREIF Property
- **1/1/05 – 3/31/08** – 34% S&P 500/20% MSCI EAFE/5% MSCI Emg Mkts/20% BC Aggregate/4% BC Long Gov't/Credit/12% NCREIF Property/5% Russell 2000
- **4/1/08 – 6/30/08** – 29% S&P 500/5% Russell 2000/20% MSCI EAFE/5% MSCI Emg Mkts/20% BC Aggregate/4% BC Long Gov't/Credit/12% NCREIF Property/5% Cambridge Private Equity (lagged 1 quarter)
- **7/1/08 – 12/31/09** – 22% S&P 500/5% Russell 2000/17% MSCI EAFE/5% MSCI Emg Mkts/18% BC Aggregate/5% ML US HY BB-B Constrained/10% NCREIF Property/8% Cambridge Private Equity (lagged 1 quarter)/5% DJ/UBS Commodities Index/5% HFRI FoF: Conservative
- **1/1/10 – 3/31/11** – 18% Russell 1000/5% Russell 2000/12% MSCI EAFE/5% MSCI Emg Mkts/5% BC Aggregate/10% TIPS/5% BC Long Gov't/Credit/5% ML US HY BB-B Constrained/10% NCREIF Property/5% Cambridge Private Equity (lagged 1 quarter)/10% DJ/UBS Commodities Index/5% HFRI FoF: Conservative/5% 3-Month LIBOR +5%
- **4/1/11 – 12/31/2011** – 18% Russell 1000/5% Russell 2000/12% MSCI EAFE/5% MSCI Emg Mkts/5% BC Aggregate/10% TIPS/5% BC Long Gov't/Credit/5% ML US HY BB-B Constrained/10% NCREIF Property/5% Cambridge Private Equity (lagged 1 quarter)/10% San Jose P&F Custom Commodity Risk Parity Index/5% HFRI FoF: Conservative/5% 3-Month LIBOR +5%
- **1/1/12 – 12/31/2012** – 12% MSCI All Country World Index/15% MSCI All Country World Index Value/2% Russell 3000/3% Russell 2000/3% MSCI EAFE + CAD Small Cap/5% MSCI Emg Mkts/5% BC Aggregate/10% TIPS/5% BC Long Gov't/Credit/5% ML US HY BB-B Constrained/10% NCREIF Property/5% Cambridge Private Equity (lagged 1 quarter)/10% San Jose P&F Custom Commodity Risk Parity Index/5% HFRI FoF: Conservative/5% 3-Month LIBOR +5
- **1/1/2013 – present** – 29% MSCI All Country World Index IMI/5% Cambridge PE (lagged 1 quarter)/3% Russell 3000 (lagged 1 quarter)/5% BC Aggregate/5% BC Aggregate ex-U.S./5% BC High Yield/10% 50/50 DLJ Levered Loan Index/ML US HY BB-B Constrained/5% JP Morgan EMBI Plus/4% NCREIF ODCE (lagged 1 quarter)/3% 60/40 MSCI ACWI IMI/BC Global Aggregate/10% San Jose P&F Custom Commodity Risk Parity Index/2% HFRI Fund of Funds Index (lagged one month)/8% Russell Hedge Index/5% 60/40 MSCI World/Citi WGBI/1% 90 day T-bills

City of San Jose Police and Fire Department Retirement Plan

Additional Performance Disclosures and Footnote Details

Note: All performance, ranks, asset allocation and asset growth detailed throughout this report is gross of fees and is as of December 31, 2013, unless otherwise noted.

Page 15

- 1 – Long-Term Policy Benchmark adopted by the Board of Administration at the August 2, 2012 meeting.
- 2 – Global Equity market value includes \$537,073 of residual assets remaining in the equity transition account and terminated manager accounts.
- 3 – U.S. Equity market value includes \$5,449 of residual assets remaining in terminated manager accounts.
- 4 – Non-U.S. Developed Markets Equity market value includes \$146,430 of residual assets remaining in terminated manager accounts.
- 5 – High Yield market value includes \$4,469 of residual assets remaining in terminated manager accounts.
- 6 – Emerging Market Debt market value includes \$147 of residual assets remaining in terminated manager accounts.
- 7 – Cash market value includes unrealized loss in the Plan's securities lending cash collateral reinvestment pool, transition account and Russell Overlay.

Page 29

- 1 – Total Equity Composite market value includes \$688,952 of residual assets remaining in the equity transition account and terminated manager accounts.
- 2 – San Jose Custom Total Equity Benchmark comprised of:
 - 50% S&P 500/8% Russell 2000/34% MSCI EAFE (Net)/8% MSCI Emerging Markets (Net) from 4/1/2008 – 6/30/2008;
 - 45% S&P 500/10% Russell 2000/35% MSCI EAFE (Net)/10% MSCI Emerging Markets (Net) from 7/1/2008 – 12/31/2009;
 - 45% Russell 1000/12.5% Russell 2000/30% MSCI EAFE(Net)/12.5% MSCI Emerging Markets (Net) from 1/1/2010 – 12/31/2011;
 - 30% MSCI ACWI (Net)/37.5% MSCI ACWI Value (Net)/5% Russell 3000/7.5% Russell 2000/7.5% MSCI World ex-U.S. Small Cap (Net)/12.5% MSCI Emerging Markets (Net) from 1/1/2012 – 12/31/2012;
 - 100% MSCI ACWI IMI (Net) from 1/1/2013 – forward.
- 3 – Global Equity Composite market value includes \$537,073 of residual assets remaining in the equity transition account and terminated manager accounts. Inception date for performance shown is March 1, 2013 to be consistent with the inception of the global equity portfolio managed by Artisan. Historically, the global equity composite was comprised of the MSCI ACWI and MSCI ACWI Value mandates that were managed by Russell from November 2011 – November 2012. Performance of the global equity composite and underlying managers is included in the performance of the Total Fund from December 2012 – February 2013.
- 4 – U.S. Equity Composite market value includes \$5,449 of residual assets remaining in terminated manager accounts.

Page 30

- 1 – International Equity and Developed International Equity Composite market value includes \$146,430 of residual assets remaining in terminated manager accounts.

Page 31

- 1 – Total Private Equity Composite includes investments that have been funded through 12/31/2013 as well as \$110.5 million in interim exposure managed by Russell.

Page 32

- 1 – Total Fixed Income Composite market value includes \$4,616 of residual assets remaining in terminated manager accounts.
- 2 – Seix Core Fixed Income portfolio was liquidated in December 2013. \$65 million was used to fund the Franklin Templeton Global Multi-Sector Plus strategy in mid-December 2013; the remainder of the assets (~\$75 million plus an additional \$10 million from other sources) was used to fund the Colchester Global Bond strategy on January 2, 2014.
- 3 – Franklin Templeton was funded on December 17, 2013 with assets from the Seix Core Fixed Income portfolio. Inception date for performance reporting purposes is January 1, 2014.
- 4 – Effective 12/1/2012, the Plan's allocation to direct lending strategies will be included in the Total Credit Composite.
- 5 – Total Credit and Corporate Credit Composite market value includes \$4,469 of residual assets remaining in terminated manager accounts.
- 6 – Blended Domestic Credit Index comprised of 50% DLJ Leveraged Loan Index/50% BofA ML U.S. HY BB-B through 11/30/2012; Barclays Capital High Yield Index thereafter.
- 7 – Beach Point performance is reported net of fees.

City of San Jose Police and Fire Department Retirement Plan

Additional Performance Disclosures and Footnote Details

Page 33

- 1 – Effective 12/1/2012, the Plan's allocation to direct lending strategies will be included in the Opportunistic Credit Composite.
- 2 – Emerging Market Debt Composite market value includes \$147 of residual assets remaining in terminated manager accounts.
- 3 – San Jose Custom EMD Index comprised of JP Morgan EMBI+ from 1/1/2013 – 6/30/2013; JP Morgan Blended EMD Index thereafter.
- 4 – JP Morgan Blended EMD Index comprised of 50% JP Morgan GBI EM Global Diversified, 25% JP Morgan EMBI Global Diversified, 25% JP Morgan Corporate Broad EMBI

Page 34

- 1 – Total Real Estate Composite includes investments that have been funded through 12/31/2013 as well as \$64.2 million in interim exposure managed by Russell.

Page 36

- 1 – San Jose Custom Hedge Fund Benchmark comprised of 100% Russell Hedge Index from 11/1/2012 – 12/31/2012; 80% Russell Hedge Index, 20% HFRI FoF Composite from 1/1/2013 – 3/31/2013; 60% Russell Hedge Index, 40% HFRI FoF Composite from 4/1/2013 – 6/30/2013; 40% Russell Hedge Index, 60% HFRI FoF Composite from 7/1/2013 – 9/30/2013; 30% Russell Hedge Index, 70% HFRI FoF Composite from 10/1/2013 - forward.
- 2 – Russell Hedge Index comprised of 15% MSCI ACWI, 15% Barclays Capital Global Aggregate (Unhedged), 70% 90 day T-bills. The Russell Hedge Index is being used as a proxy for the Plan's allocation to hedge funds while searches are completed to fill the 10% target allocation.

Page 38

- 1 – NEPC began calculating cash returns as of April 1, 2008.

Page 40

- 1 – Total Equity Composite market value includes \$688,952 of residual assets remaining in the equity transition account and terminated manager accounts.
- 2 – San Jose Custom Total Equity Benchmark comprised of:
 - 50% S&P 500/8% Russell 2000/34% MSCI EAFE (Net)/8% MSCI Emerging Markets (Net) from 4/1/2008 – 6/30/2008;
 - 45% S&P 500/10% Russell 2000/35% MSCI EAFE (Net)/10% MSCI Emerging Markets (Net) from 7/1/2008 – 12/31/2009;
 - 45% Russell 1000/12.5% Russell 2000/30% MSCI EAFE(Net)/12.5% MSCI Emerging Markets (Net) from 1/1/2010 – 12/31/2011;
 - 30% MSCI ACWI (Net)/37.5% MSCI ACWI Value (Net)/5% Russell 3000/7.5% Russell 2000/7.5% MSCI World ex-U.S. Small Cap (Net)/12.5% MSCI Emerging Markets (Net) from 1/1/2012 – 12/31/2012;
 - 100% MSCI ACWI IMI (Net) from 1/1/2013 – forward.
- 3 – Global Equity Composite market value includes \$537,073 of residual assets remaining in the equity transition account and terminated manager accounts. Inception date for performance shown is March 1, 2013 to be consistent with the inception of the global equity portfolio managed by Artisan. Historically, the global equity composite was comprised of the MSCI ACWI and MSCI ACWI Value mandates that were managed by Russell from November 2011 – November 2012. Performance of the global equity composite and underlying managers is included in the performance of the Total Fund from December 2012 – February 2013.
- 4 – U.S. Equity Composite market value includes \$5,449 of residual assets remaining in terminated manager accounts.

Page 41

- 1 – International Equity and Developed International Equity Composite market value includes \$146,430 of residual assets remaining in terminated manager accounts.

Page 42

- 1 – Total Private Equity Composite includes investments that have been funded through 12/31/2013 as well as \$110.5 million in interim exposure managed by Russell.

City of San Jose Police and Fire Department Retirement Plan

Additional Performance Disclosures and Footnote Details

Page 43

- 1 – Total Fixed Income Composite market value includes \$4,616 of residual assets remaining in terminated manager accounts.
- 2 – Seix Core Fixed Income portfolio was liquidated in December 2013. \$65 million was used to fund the Franklin Templeton Global Multi-Sector Plus strategy in mid-December 2013; the remainder of the assets (~\$75 million plus an additional \$10 million from other sources) was used to fund the Colchester Global Bond strategy on January 2, 2014.
- 3 – Franklin Templeton was funded on December 17, 2013 with assets from the Seix Core Fixed Income portfolio. Inception date for performance reporting purposes is January 1, 2014.
- 4 – Effective 12/1/2012, the Plan's allocation to direct lending strategies will be included in the Total Credit Composite.
- 5 – Total Credit and Corporate Credit Composite market value includes \$4,469 of residual assets remaining in terminated manager accounts.
- 6 – Blended Domestic Credit Index comprised of 50% DLJ Leveraged Loan Index/50% BofA ML U.S. HY BB-B through 11/30/2012; Barclays Capital High Yield Index thereafter.

Page 44

- 1 – Effective 12/1/2012, the Plan's allocation to direct lending strategies will be included in the Opportunistic Credit Composite.
- 2 – Emerging Market Debt Composite market value includes \$147 of residual assets remaining in terminated manager accounts.
- 3 – San Jose Custom EMD Index comprised of JP Morgan EMBI+ from 1/1/2013 – 6/30/2013; JP Morgan Blended EMD Index thereafter.
- 4 – JP Morgan Blended EMD Index comprised of 50% JP Morgan GBI EM Global Diversified, 25% JP Morgan EMBI Global Diversified, 25% JP Morgan Corporate Broad EMBI

Page 45

- 1 – Total Real Estate Composite includes investments that have been funded through 12/31/2013 as well as \$64.2 million in interim exposure managed by Russell.

Page 47

- 1 – San Jose Custom Hedge Fund Benchmark comprised of 100% Russell Hedge Index from 11/1/2012 – 12/31/2012; 80% Russell Hedge Index, 20% HFRI FoF Composite from 1/1/2013 – 3/31/2013; 60% Russell Hedge Index, 40% HFRI FoF Composite from 4/1/2013 – 6/30/2013; 40% Russell Hedge Index, 60% HFRI FoF Composite from 7/1/2013 – 9/30/2013; 30% Russell Hedge Index, 70% HFRI FoF Composite from 10/1/2013 - forward.
- 2 – Russell Hedge Index comprised of 15% MSCI ACWI, 15% Barclays Capital Global Aggregate (Unhedged), 70% 90 day T-bills. The Russell Hedge Index is being used as a proxy for the Plan's allocation to hedge funds while searches are completed to fill the 10% target allocation.

Page 49

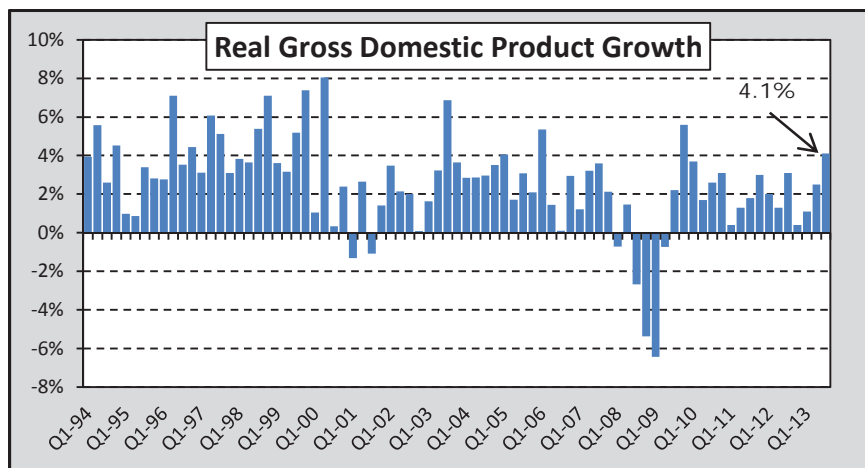
- 1 – NEPC began calculating cash returns as of April 1, 2008.

Appendix: Market Environment

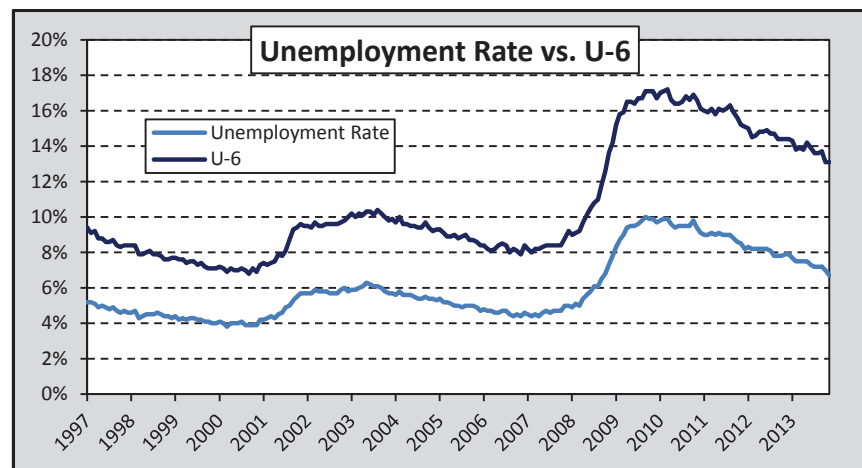


City of San Jose Police and Fire Department Retirement Plan

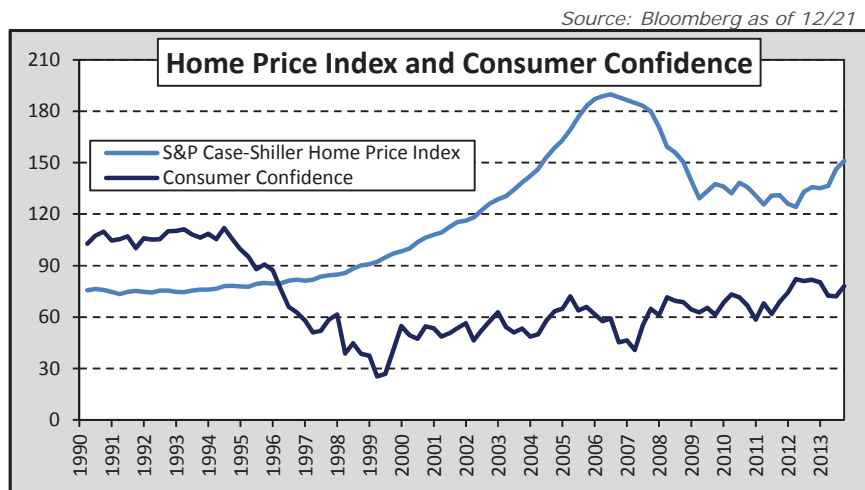
US Economic Environment



GDP growth was revised upwards for the third quarter, to 4.1%

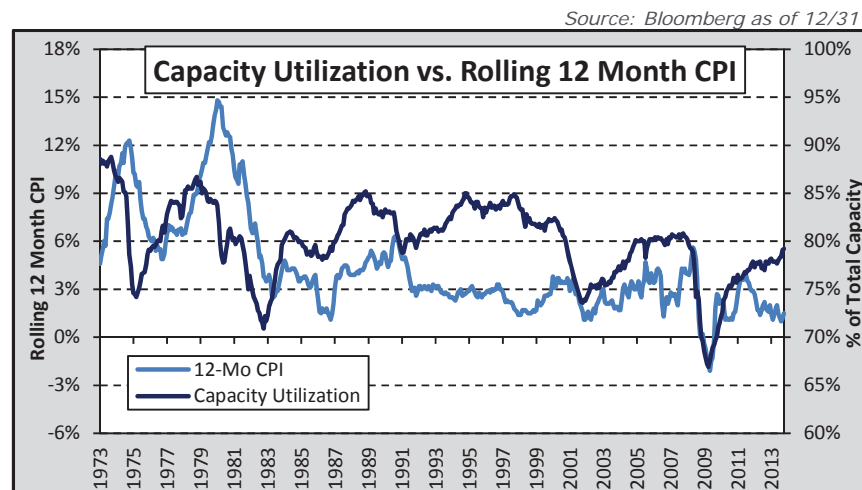


Unemployment fell to 6.7% in December; U-6 also decreased, to 13.1%



Consumer confidence rose to 78.1 in December; the Case-Shiller home price index (as of 9/30) rose to its highest level (150.92) since the financial crisis

Source: Bloomberg as of 12/31

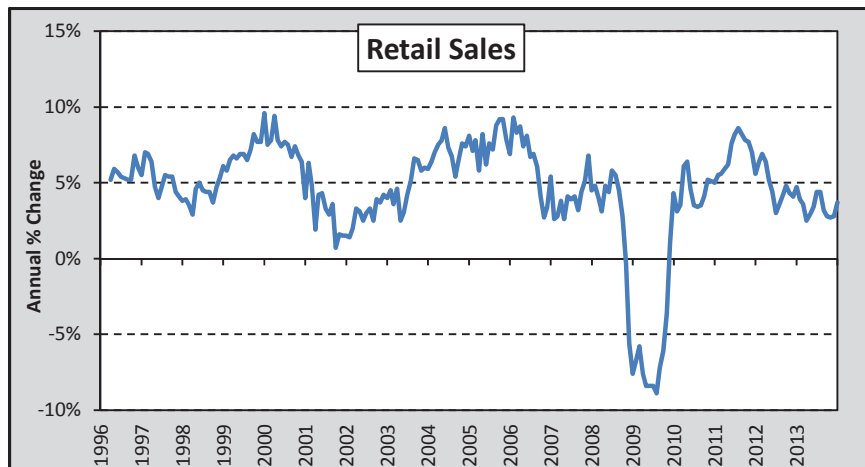


Rolling 12 month CPI increased to 1.5% at December end; capacity utilization rose slightly to 79.2% in the month

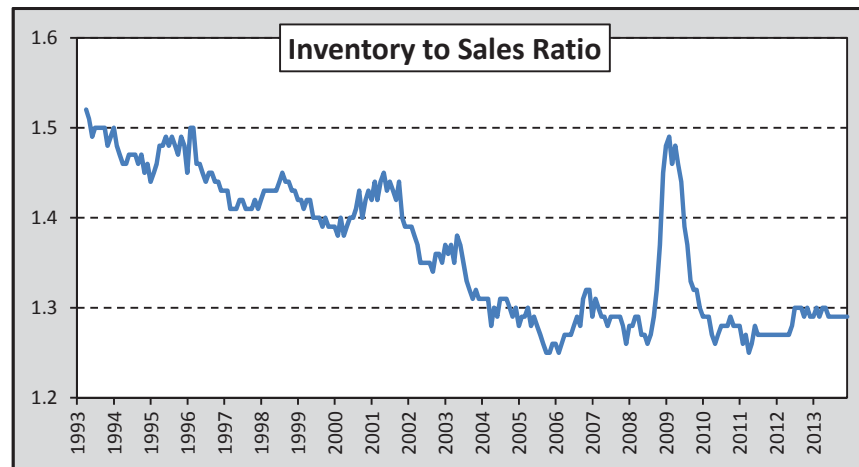
Source: Bloomberg as of 12/31

City of San Jose Police and Fire Department Retirement Plan

Components of GDP

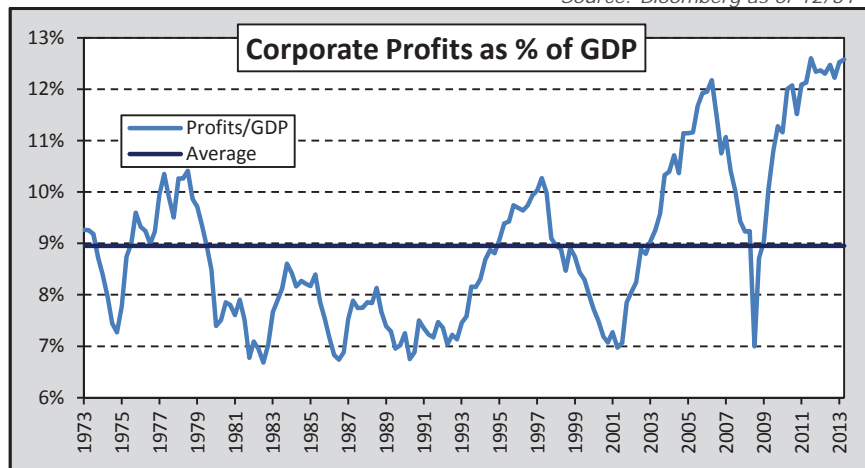


Retail sales rose to a 3.7% year-over-year growth rate in December



The inventory-to-sales ratio has remained mostly flat since early 2010 and closed at 1.29 in November

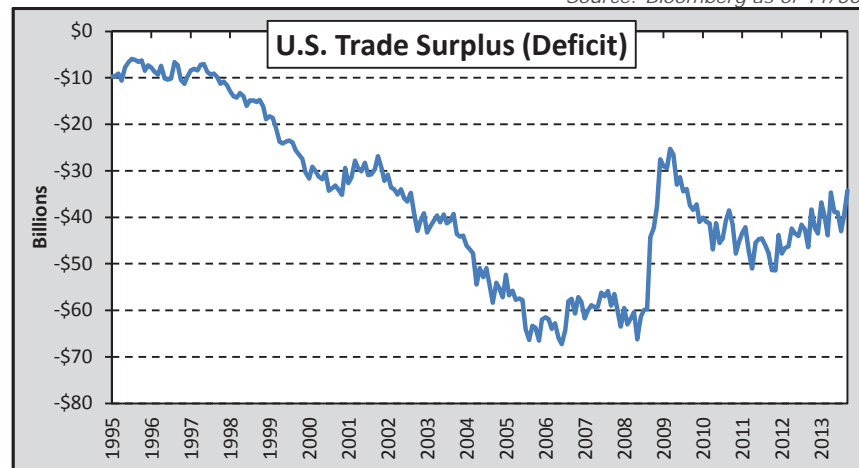
Source: Bloomberg as of 12/31



Corporate Profits as a percent of GDP remained near secular highs at 12.6% at the end of the third quarter

Source: Bloomberg as of 9/30

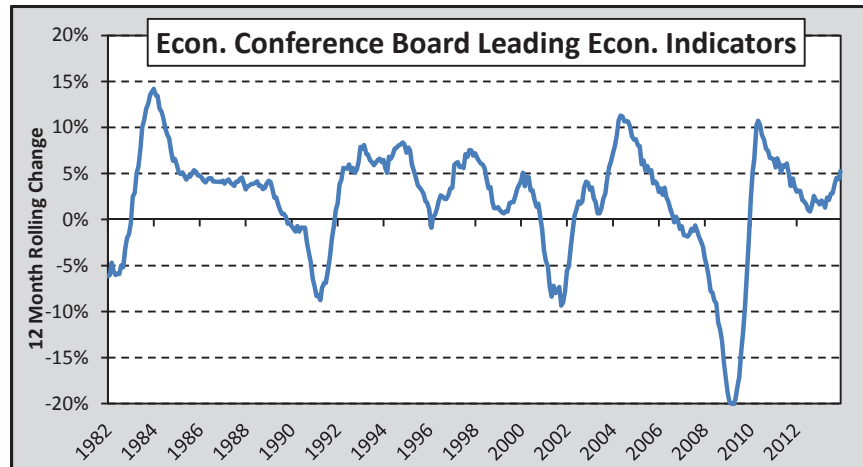
Source: Bloomberg as of 11/30



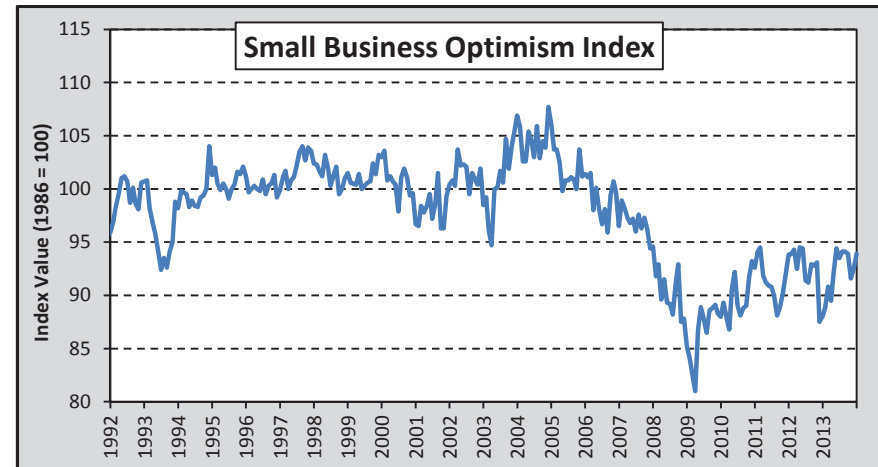
The trade deficit decreased marginally in November

Source: Bloomberg as of 11/30

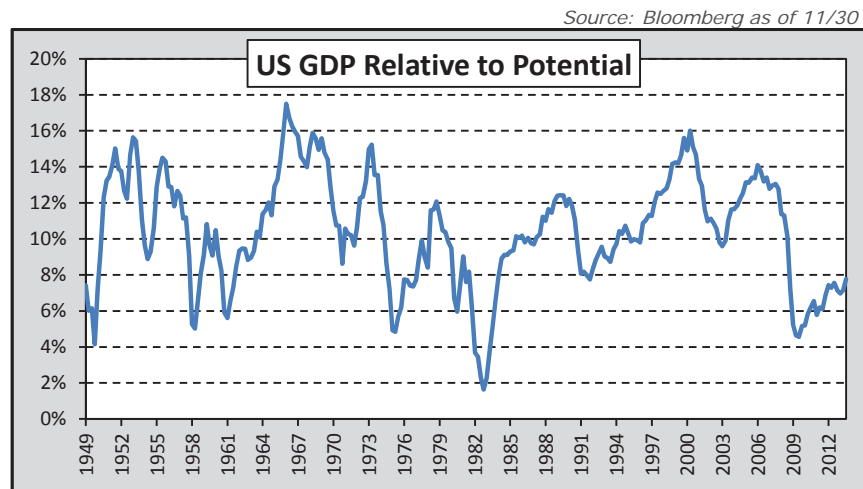
Key Economic Indicators



The rolling percentage change in the Leading Economic Indicators index increased to 5.3% through November

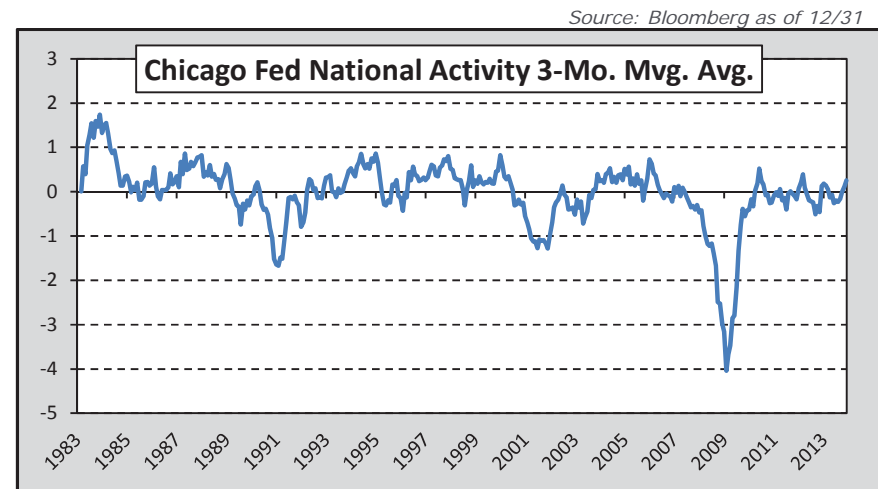


The small business optimism index increased marginally to 93.9 through December, up from 88.0 a year ago



US GDP relative to potential GDP rose slightly through Q2 but remained near historic lows

Source: Bureau of Economic Analysis, Congressional Budget Office as of 7/1

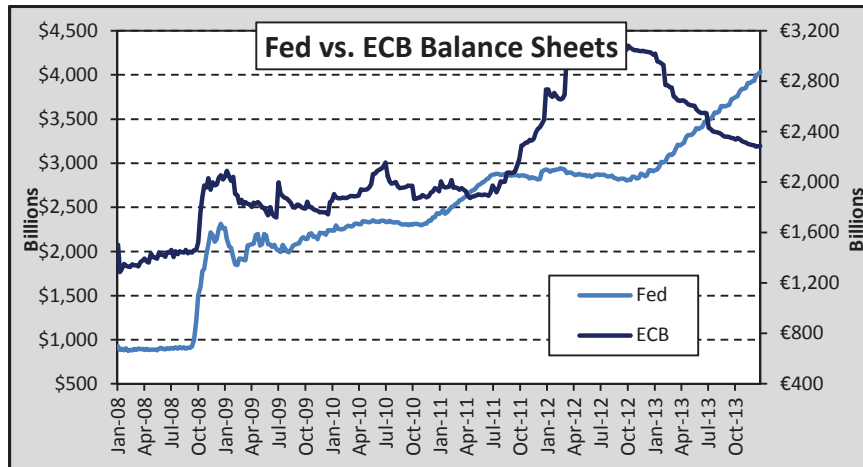


Chicago Fed National Activity 3 Month moving average remained positive through November; indicating above average growth

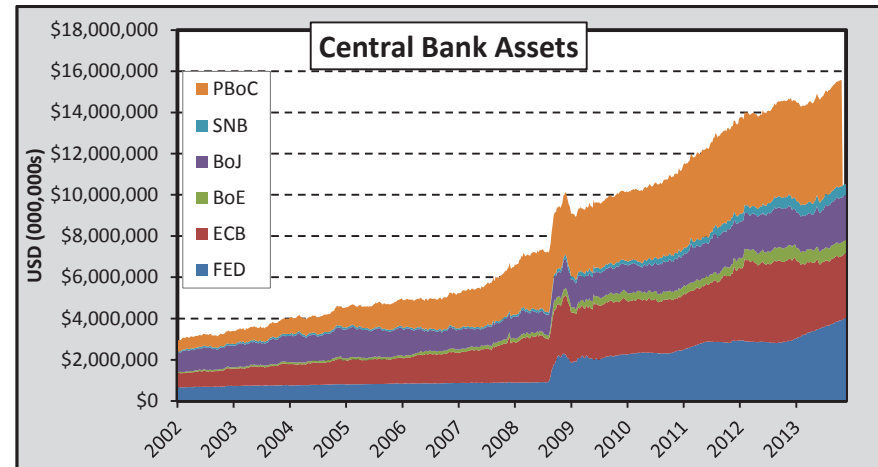
Source: Bloomberg as of 11/30

City of San Jose Police and Fire Department Retirement Plan

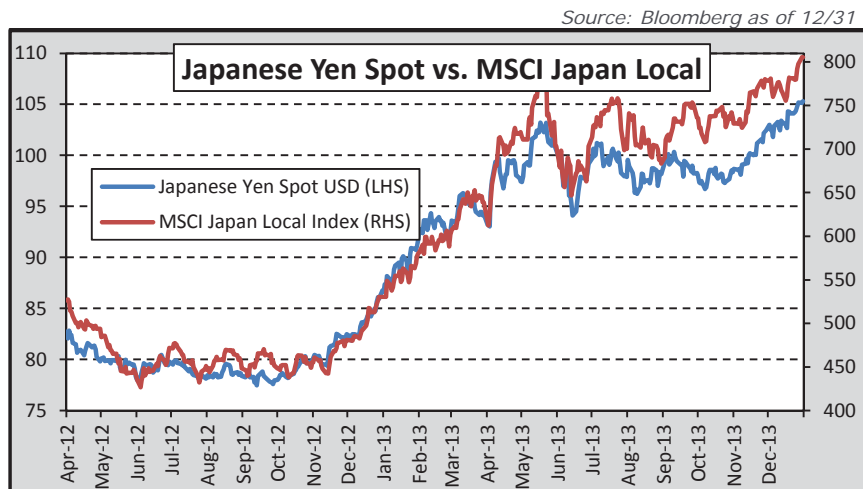
Economic Environment – Monetary Policy and Banks



The Federal Reserve Bank balance sheet increased in 2013 while the European Central Bank balance sheet decreased

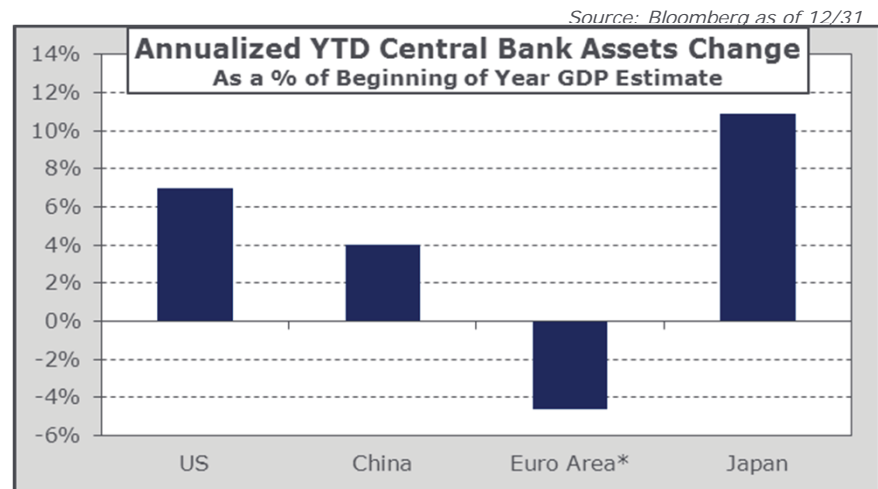


Central bank assets worldwide have risen significantly since 2008



The Japanese Yen has weakened 21.4% relative to the US dollar in 2013; while the MSCI Japan TR Net Local Index returned 54.6%

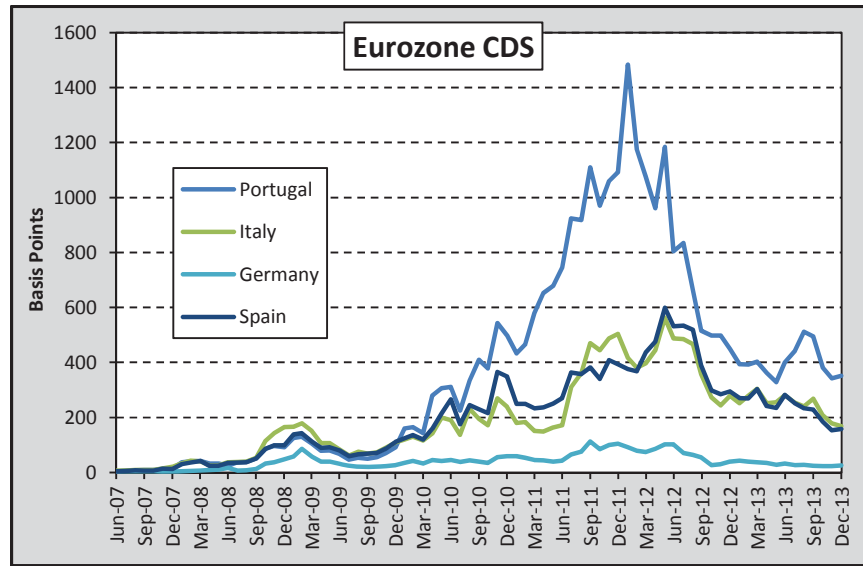
Source: Bloomberg as of 12/31



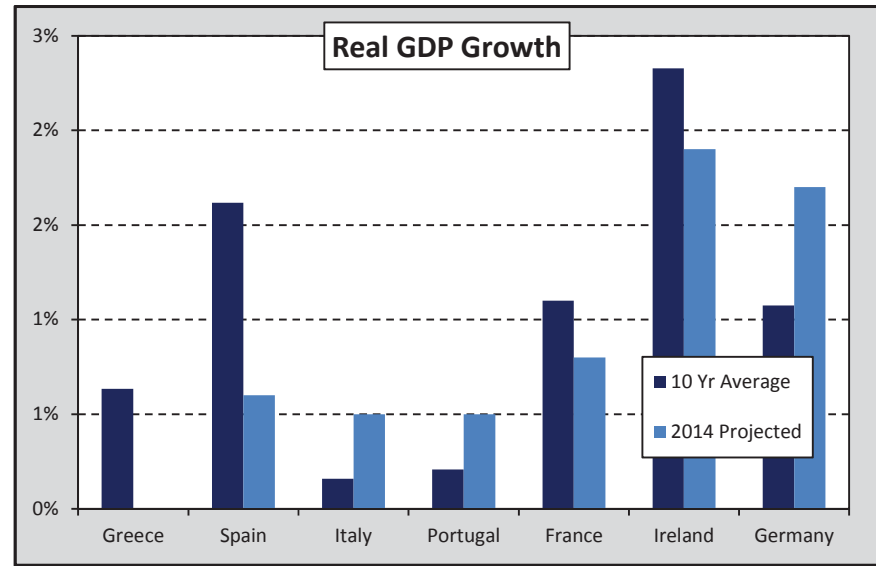
Large economies continue easing, Japan to the extreme, while the ECB tightens

Source: Bloomberg as of 9/30; All calculations converted to USD *GDP figure reflects World Bank Euro Area GDP

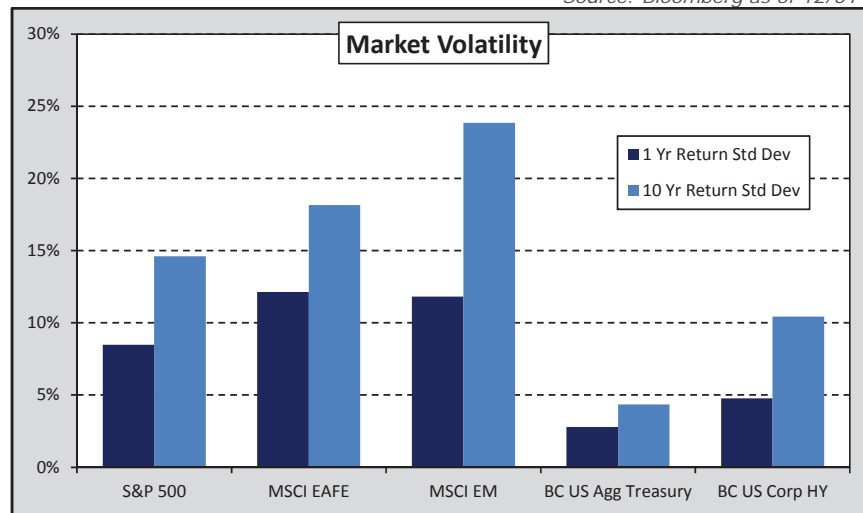
Looming Macro Uncertainties



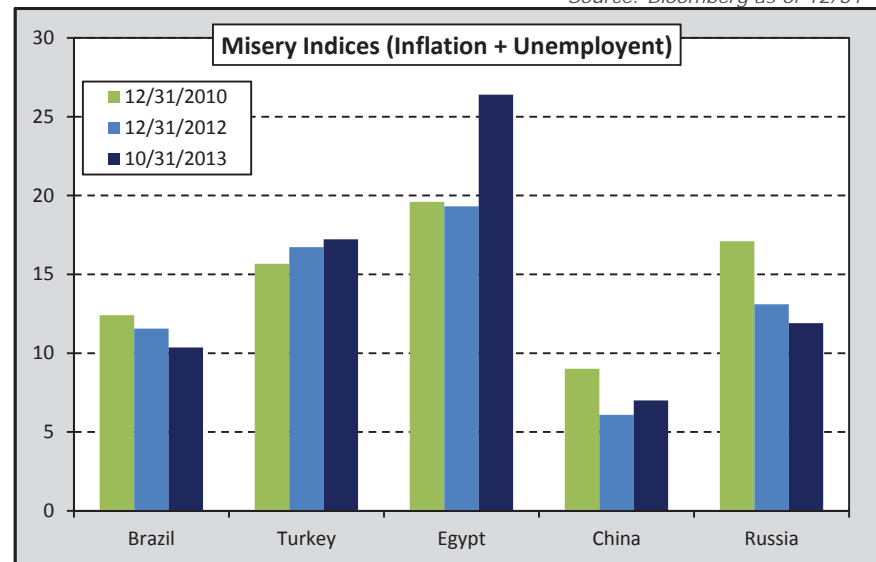
Source: Bloomberg as of 12/31



Source: Bloomberg as of 12/31



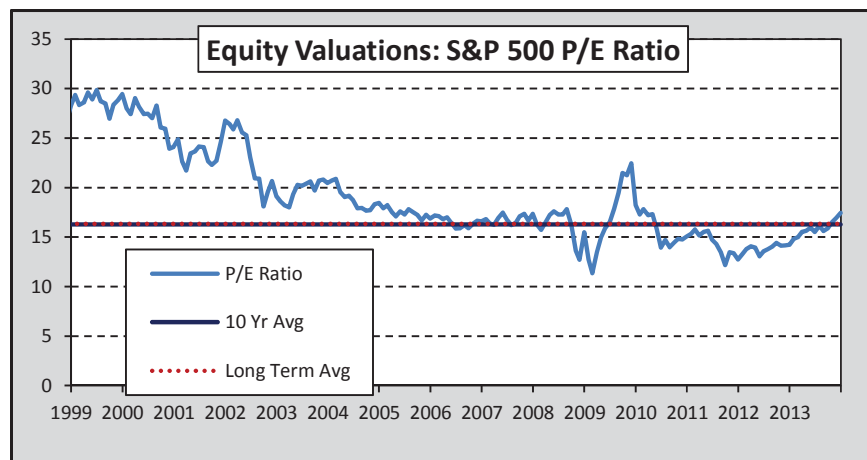
Source: Morningstar as of 12/31



Source: Bloomberg as of 12/31

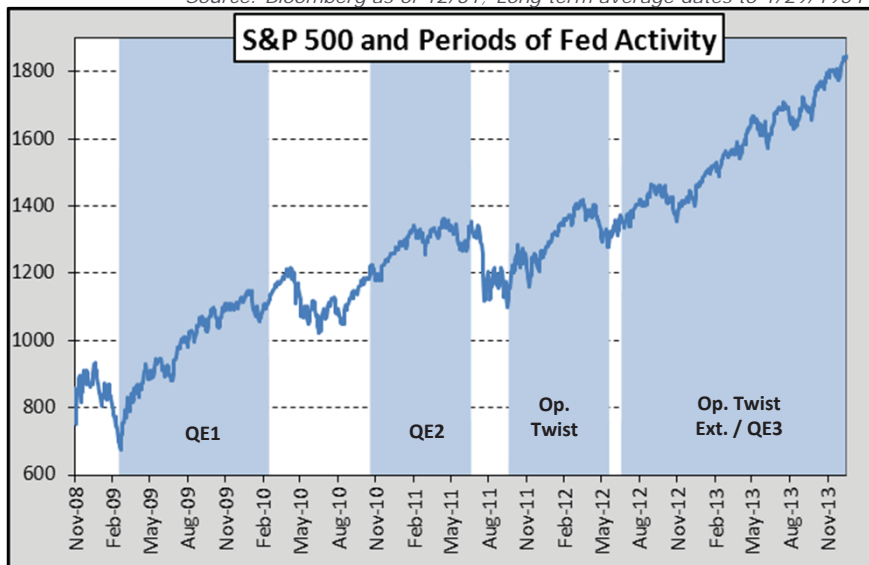
City of San Jose Police and Fire Department Retirement Plan

Market Environment – US Equity

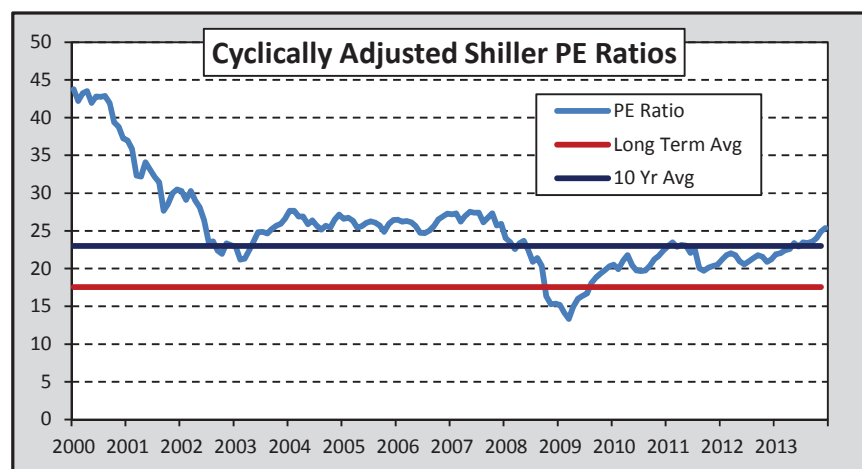


S&P valuations rose in December remaining above the 10 year and long term averages, which are nearly equal at 16.35...

Source: Bloomberg as of 12/31; Long term average dates to 1/29/1954

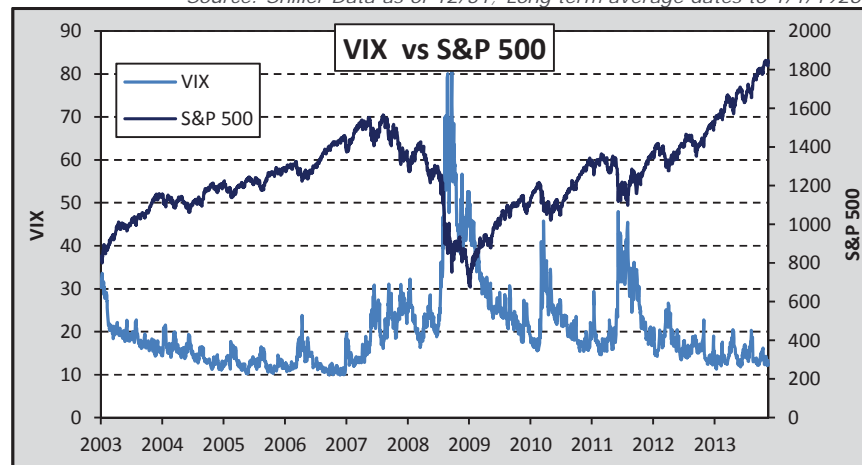


Source: Bloomberg as of 12/31



...The cyclically adjusted Shiller PE Ratio, however, is above the long term average of 17.55 and slightly above the 10 year average of 23.04

Source: Shiller Data as of 12/31; Long term average dates to 1/1/1926

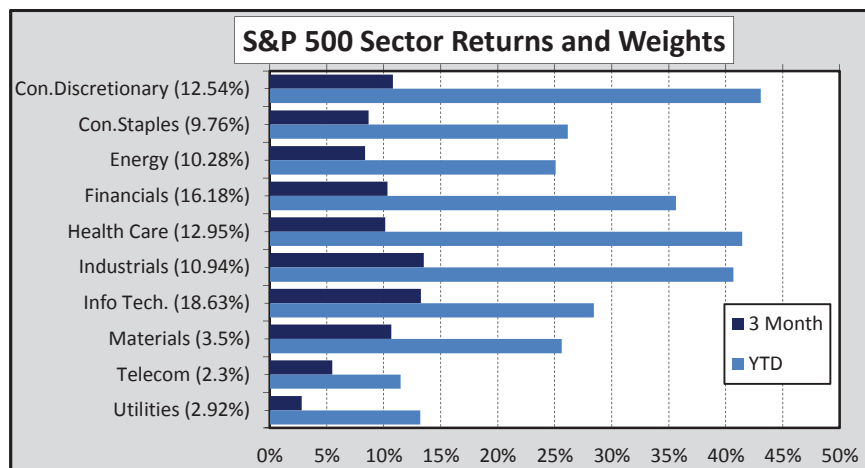


The VIX remained at low levels in December; the S&P 500 rose 2.5% on the month

Source: Bloomberg as of 12/31

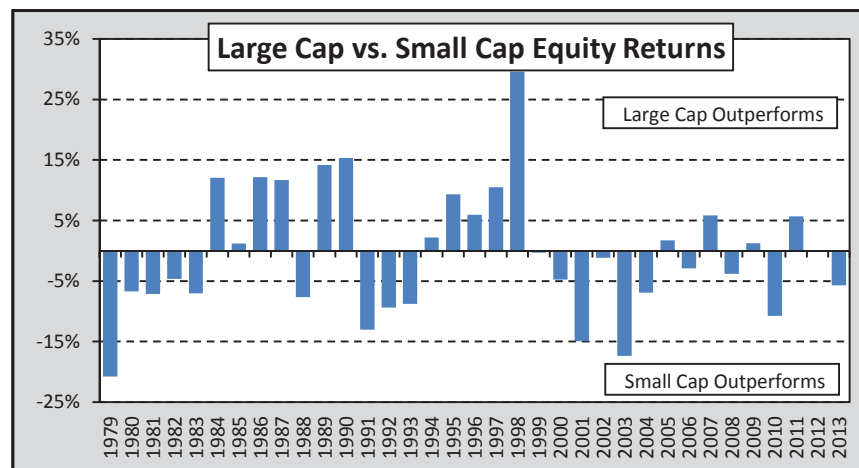
City of San Jose Police and Fire Department Retirement Plan

US Stock Market Performance



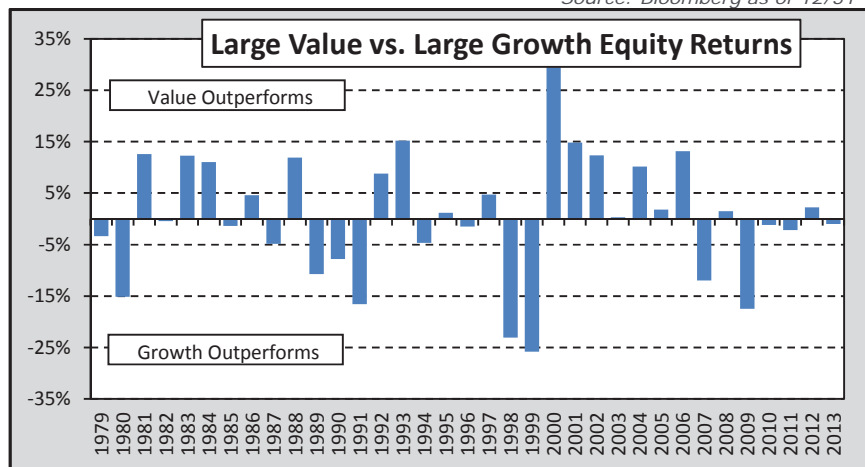
Industrials and Consumer Discretionary have led all sectors in 2013 as Telecom and Utilities lagged in the 4th quarter but are still positive on the year

Source: Bloomberg as of 12/31



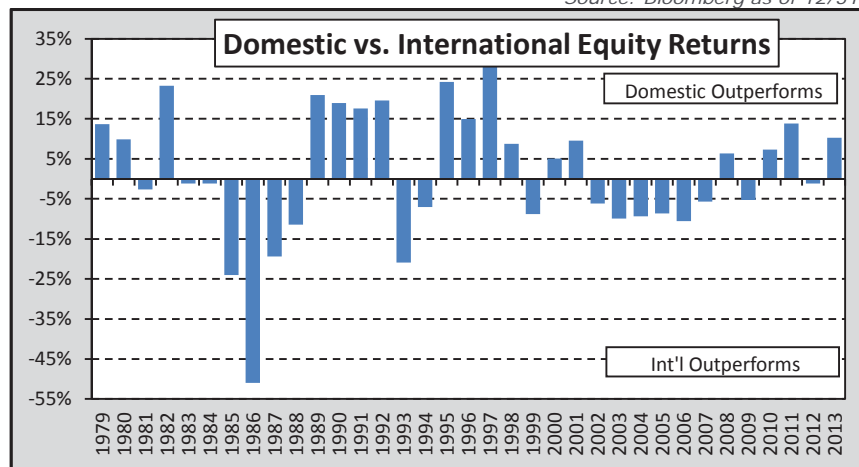
Small cap has outperformed large cap in 2013

Source: Bloomberg as of 12/31



Large value stocks have marginally outperformed large growth in 2013

Source: Bloomberg as of 12/31



Domestic equity has outperformed international equity in 2013

Source: Bloomberg as of 12/31

City of San Jose Police and Fire Department Retirement Plan

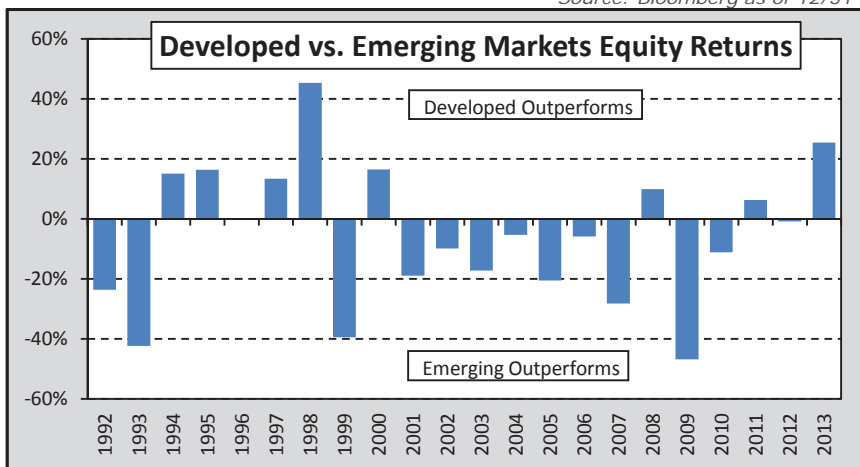
Non-US Stock Performance

<u>Developed Market Equity Returns (U.S. Dollars)</u>				
	<u>YTD</u>	<u>3-Mo</u>	<u>1 Yr.</u>	<u>3 Yr. Ann.</u>
Europe ex UK	24.6%	7.9%	24.6%	6.5%
United Kingdom	16.2%	6.7%	16.2%	6.5%
Japan	24.9%	2.1%	24.9%	3.4%
Pacific Ex Japan	1.5%	-0.4%	1.5%	0.5%
Canada	3.3%	3.5%	3.3%	-1.9%
USA	29.9%	9.7%	29.9%	13.8%

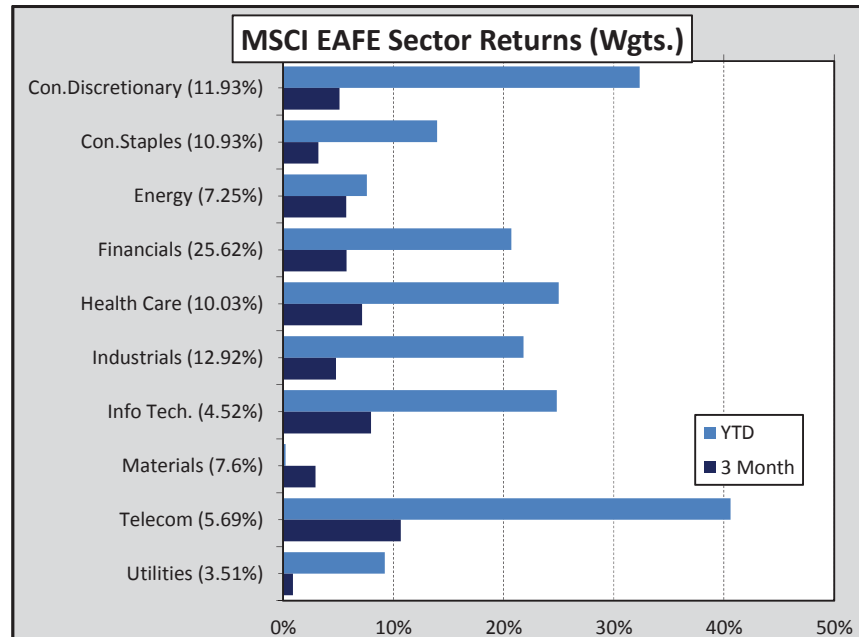
<u>US Dollar Return vs. Major Foreign Currencies</u>				
(Negative = Dollar Depreciates, Positive = Dollar Appreciates)				
	<u>YTD</u>	<u>3-Mo</u>	<u>1 Yr.</u>	<u>3 Yr. Ann.</u>
Euro	-4.2%	-1.6%	-4.2%	-0.9%
Japanese Yen	17.6%	6.7%	17.6%	8.3%
British Pound	-1.9%	-2.3%	-1.9%	-2.0%
Canada	6.6%	3.0%	6.6%	2.0%
Australia	14.2%	4.3%	14.2%	4.5%

<u>Currency Impact on Developed Mkt. Returns</u>				
(Negative = Currency Hurt, Positive = Currency Helped)				
	<u>YTD</u>	<u>3-Mo</u>	<u>1 Yr.</u>	<u>3 Yr. Ann.</u>
MSCI EAFE (Local)	26.9%	6.4%	26.9%	9.4%
MSCI EAFE (USD)	22.8%	5.7%	22.8%	8.2%
Currency Impact	-4.1%	-0.6%	-4.1%	-1.2%

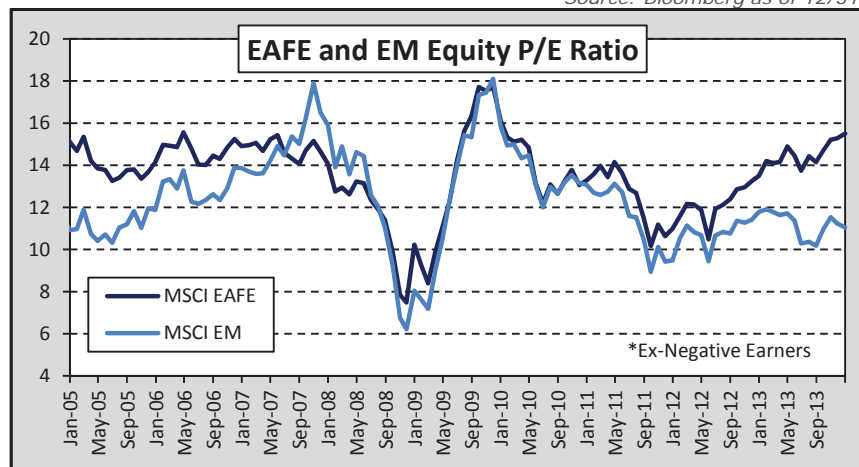
Source: Bloomberg as of 12/31



Source: Bloomberg as of 12/31

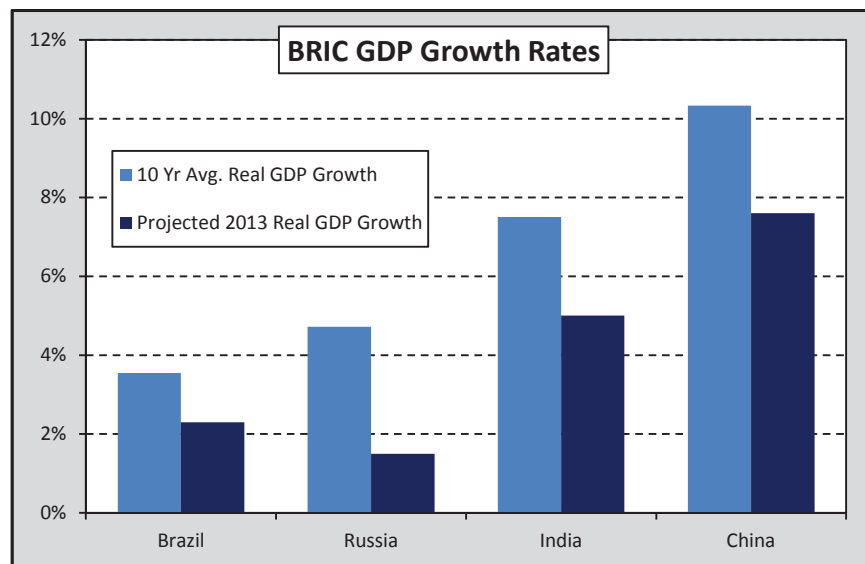


Source: Bloomberg as of 12/31



Source: Bloomberg as of 12/31

Emerging Markets

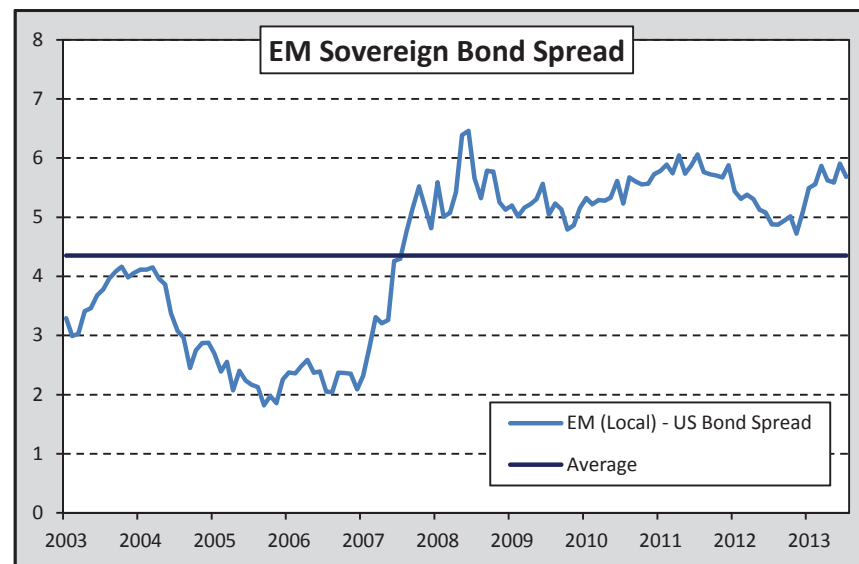


Source: Bloomberg as of 12/31

Emerging Markets Valuation		
	MSCI EM	MSCI EM Small Cap
PE Ratio	11.83	22.98
PE Historical Avg	14.47	18.13
PB Ratio	1.51	1.29
Historical Avg	1.53	1.27
PS Ratio	0.99	0.74
Historical Avg	1.12	0.73

- MSCI EM PE, PB, and PS Ratios are below historical averages
- MSCI EM Small Cap PE is above, while PB and PS Ratios are in line with historical averages

Source: Bloomberg as of 12/31

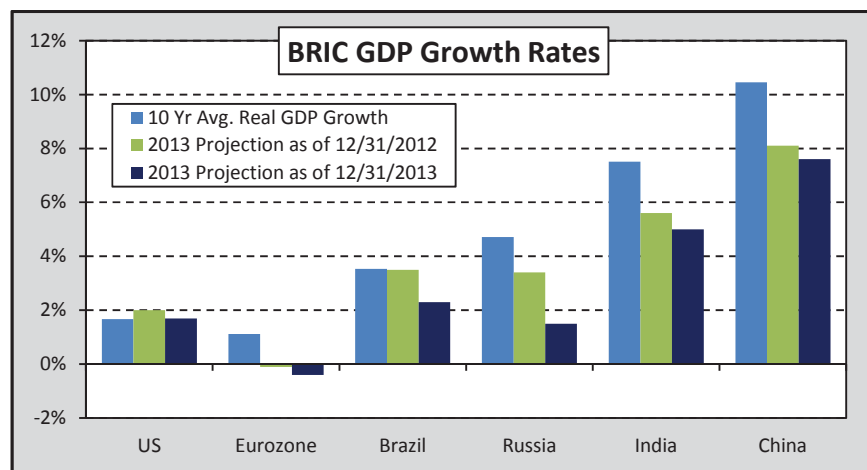


Source: Bloomberg as of 12/31

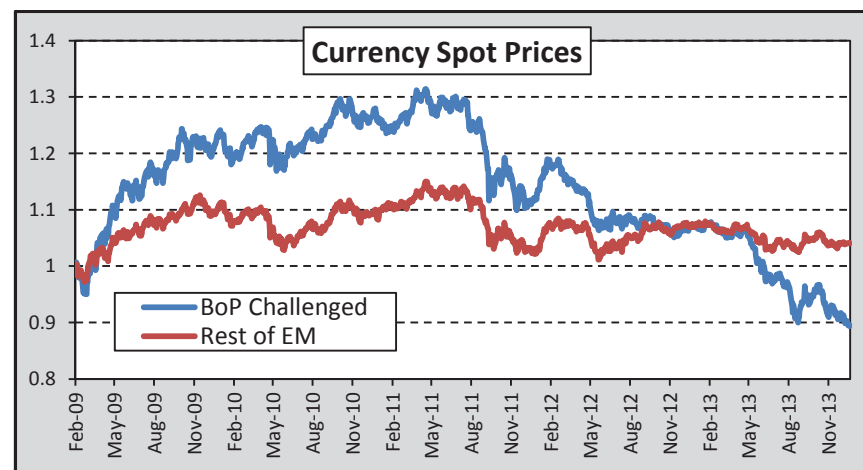
US Dollar Return vs. Major EM Currencies				
(Negative = Dollar Depreciates, Positive = Dollar Appreciates)				
	YTD	3-Mo	1 Yr.	3 Yr. Ann.
Brazilian Real	13.2%	6.1%	13.2%	11.1%
Russian Ruble	7.1%	1.7%	7.1%	2.5%
Indian Rupee	11.4%	-1.1%	11.4%	10.3%
Chinese Renminbi	-2.9%	-1.1%	-2.9%	-2.9%
Singapore Dollar	-0.9%	-0.2%	-0.9%	-0.9%
Hungarian Forint	-2.0%	-1.5%	-2.0%	1.3%
Turkish Lira	17.0%	6.0%	17.0%	10.5%
Mexican Peso	1.4%	-0.4%	1.4%	1.9%
So. African Rand	19.4%	4.6%	19.4%	14.2%
So. Korean Won	-1.0%	-2.2%	-1.0%	-2.2%

Source: Bloomberg as of 12/31

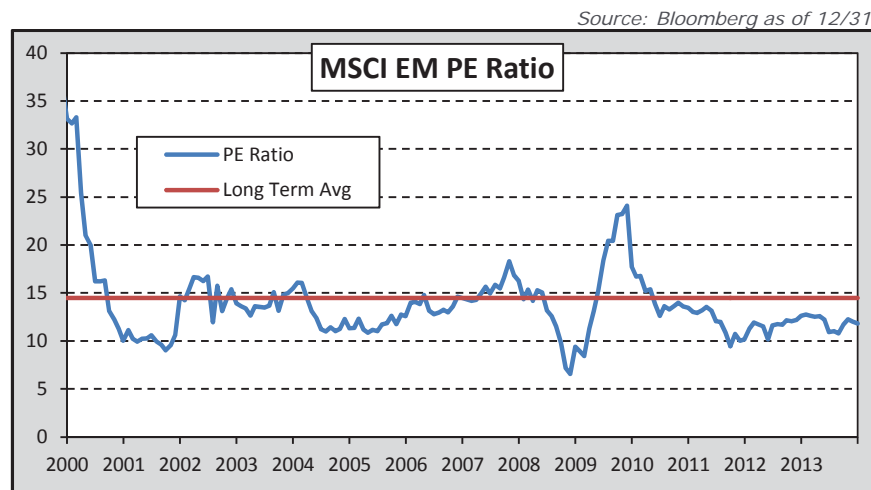
Market Environment – Emerging Markets



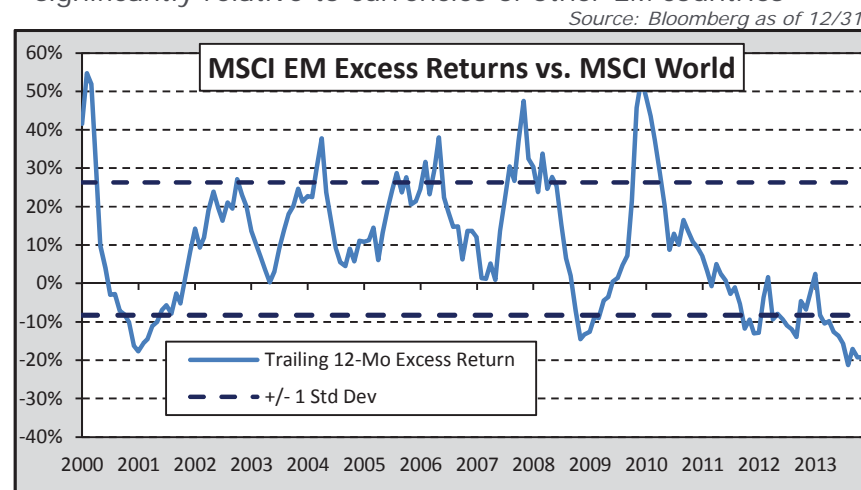
Projected GDP growth rates have continued to decline in emerging market countries



Currencies of BoP challenged countries (Brazil, India, Indonesia, Turkey, and South Africa) have depreciated significantly relative to currencies of other EM countries



The MSCI EM PE Ratio remains below its long term average

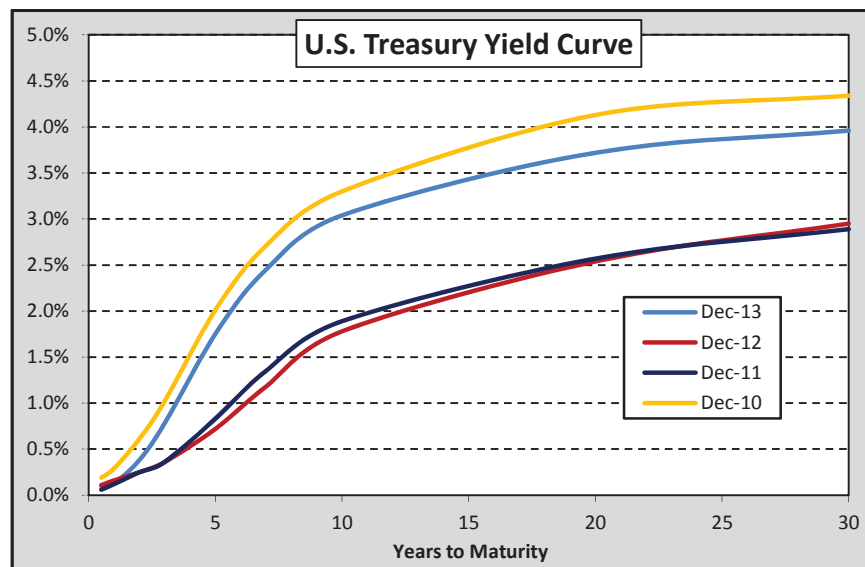


MSCI EM Rolling 12-Month excess returns relative to MSCI World are at the lower bound of the historical range

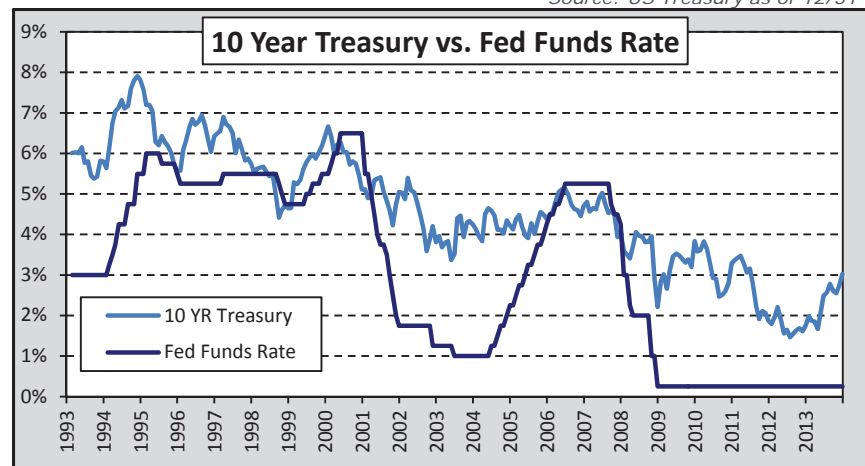
Source: Bloomberg as of 12/31

Source: Bloomberg as of 12/31

Market Environment – Interest Rates

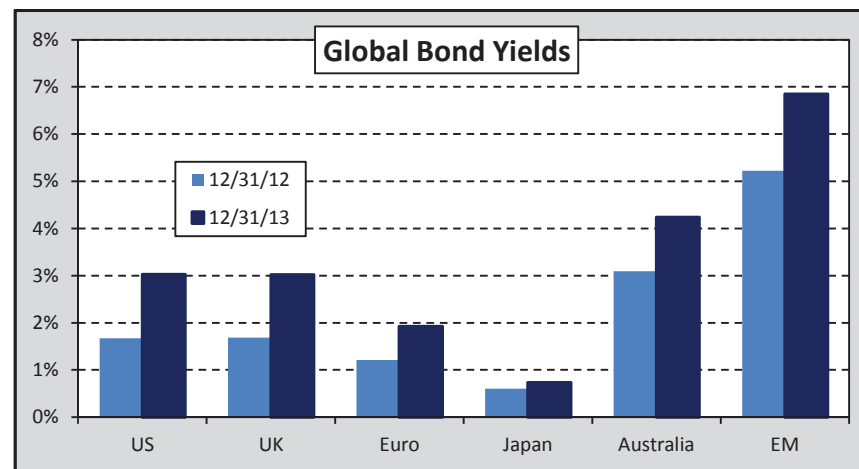


Source: US Treasury as of 12/31



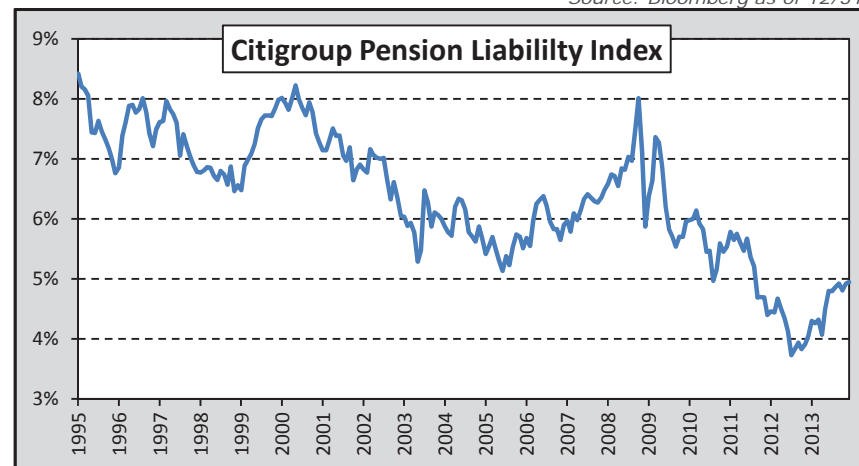
Fed Funds rate remained at 0.25% while the 10 Yr. Treasury Yield finished December at 3.03%

Source: Bloomberg as of 12/31



Bond yields across the globe have mostly risen in 2013

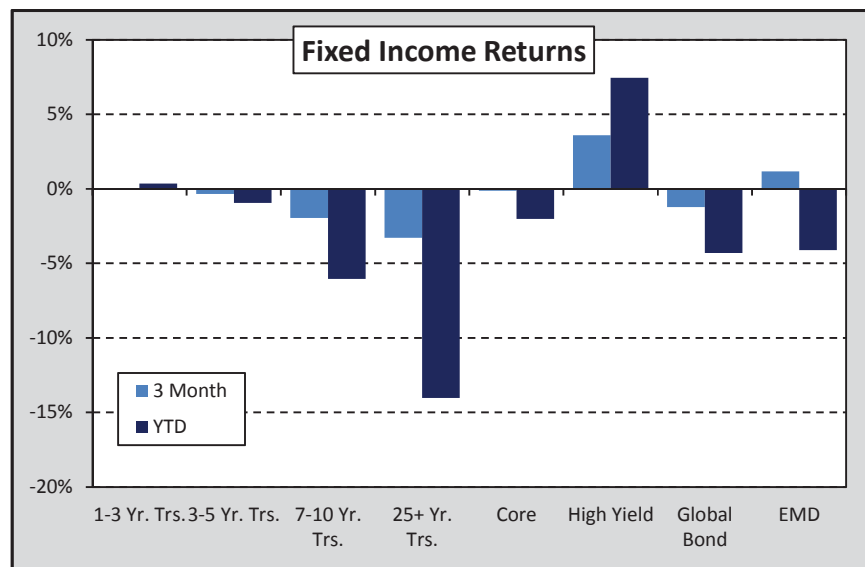
Source: Bloomberg as of 12/31



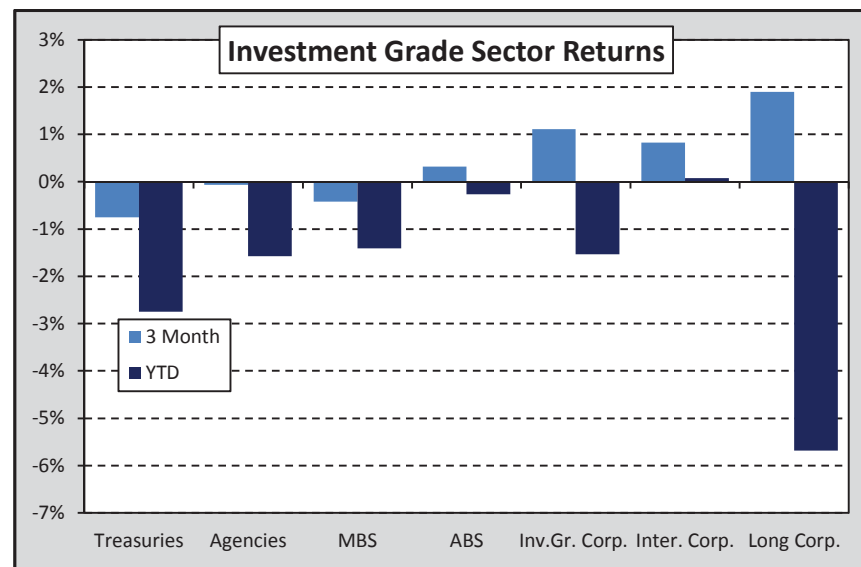
The Citi Pension discount rate rose to 4.95% through December

Source: Citigroup as of 12/31

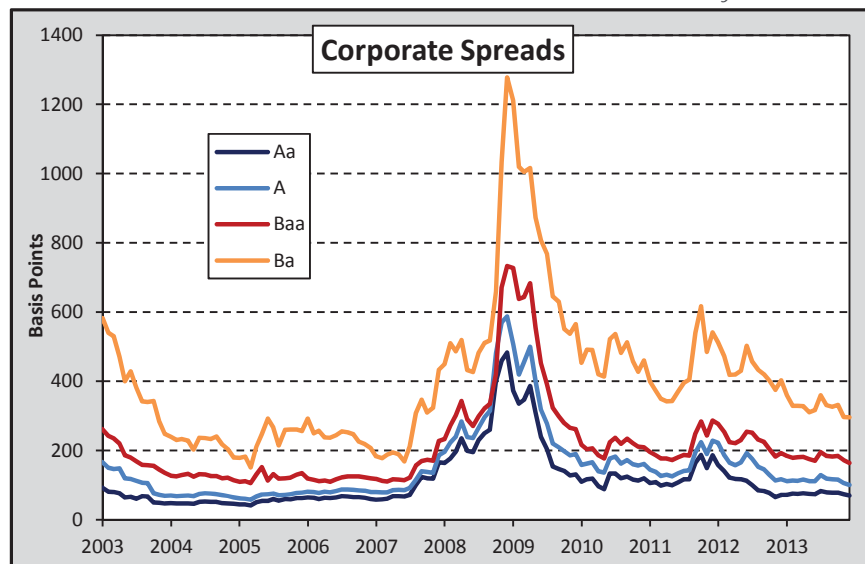
Fixed Income Performance



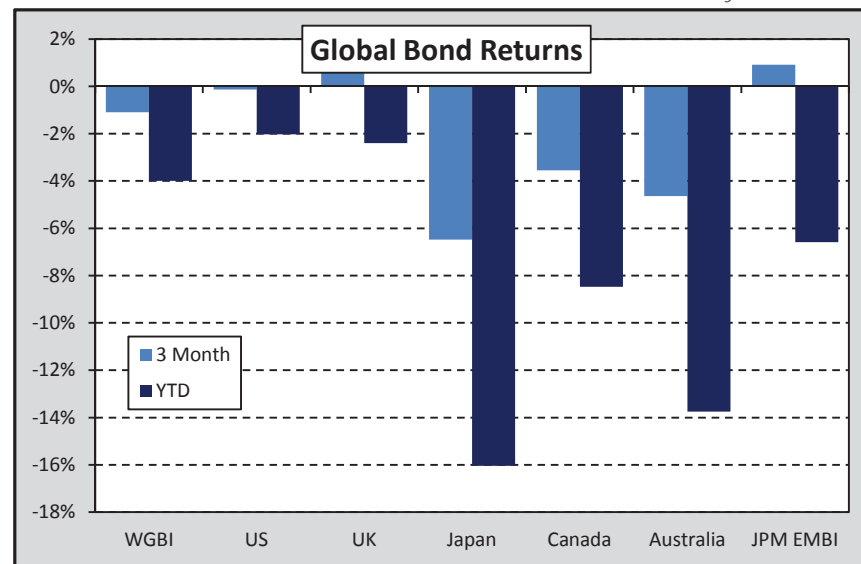
Source: Barclays as of 12/31



Source: Barclays as of 12/31

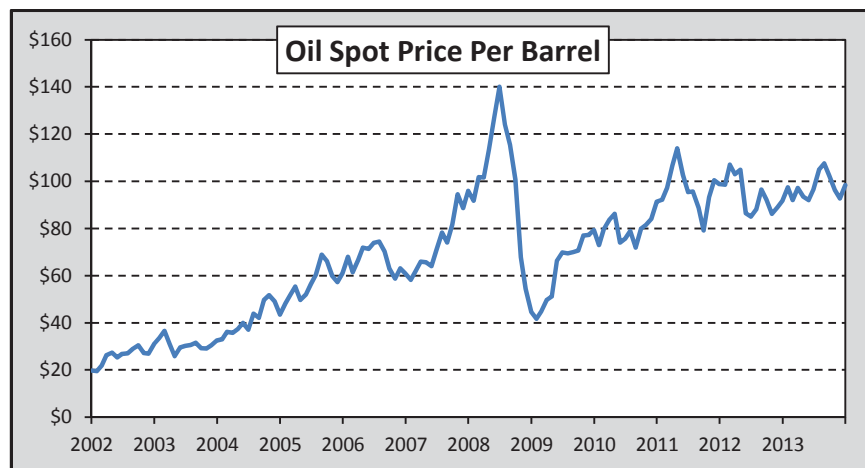


Source: Barclays as of 12/31

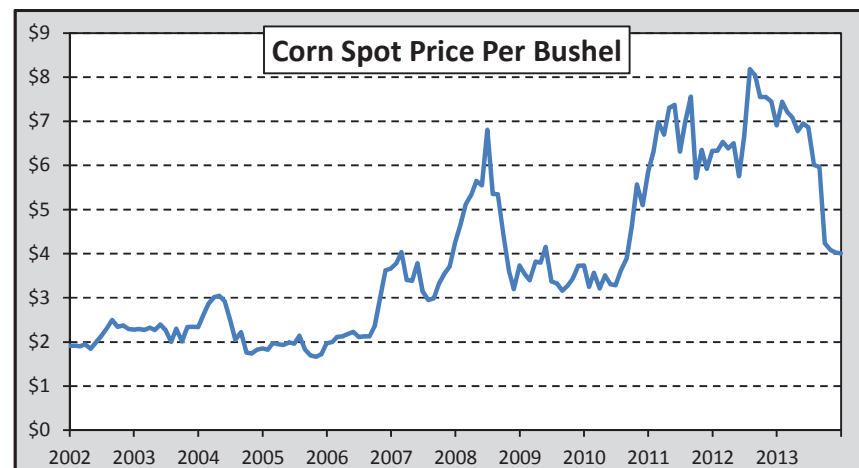


Source: Barclays, Bloomberg as of 12/31

Market Environment – Commodities

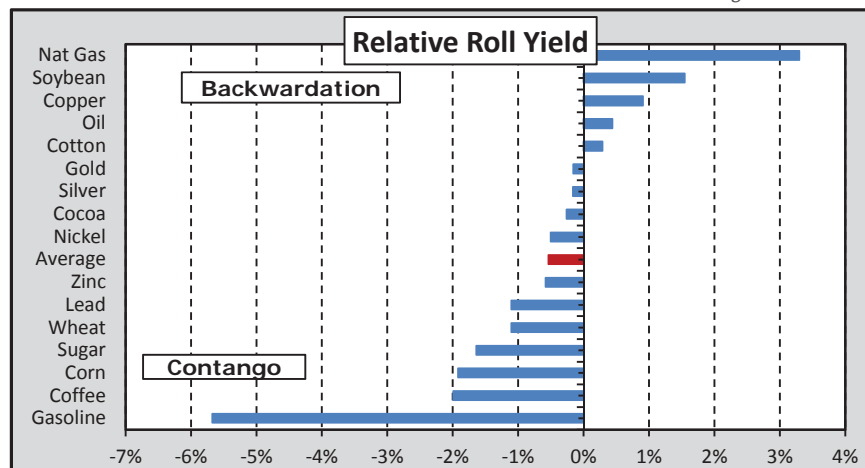


Oil prices finished November up at \$98.42 per barrel



Corn prices finished December down at \$4.01 per bushel

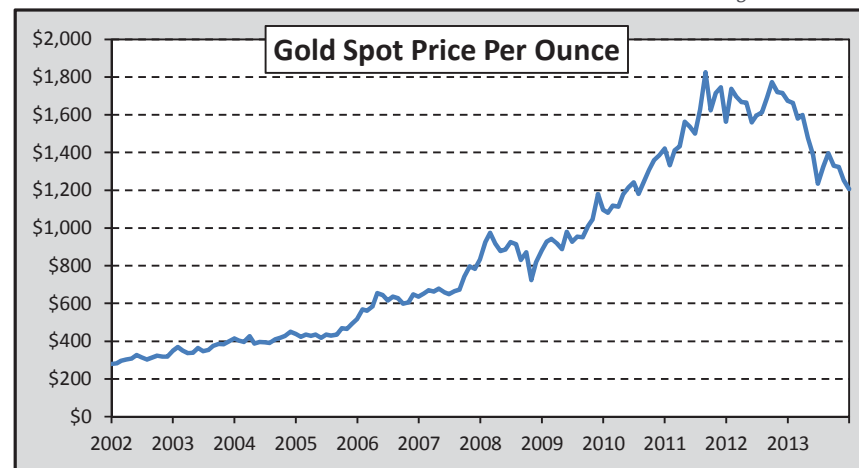
Source: Bloomberg as of 12/31



Many commodity futures' prices are contangoed, meaning a higher forward price is expected relative to the current spot

Source: Bloomberg as of 12/31

Source: Bloomberg as of 12/31



Gold prices finished December down at \$1205.65 per ounce

Source: Bloomberg as of 12/31

Information Disclosure

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

