

# FUND EVALUATION REPORT

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## San Jose Federated City Employees' Retirement System

Quarterly Review  
March 31, 2015



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**Data is provided for informational purposes only, may not be complete, and cannot be relied upon for any purpose other than for discussion.**

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

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**Executive Summary**  
**As of March 31, 2015**

**The value of the San Jose Federated City Employees' Retirement System assets was \$2.048 billion on March 31, 2015, a decrease of approximately \$22 million since the end of 2014.**

- Net outflows during the first quarter totaled approximately \$43 million, which was partially offset by positive investment performance.
- During the first quarter, the Fund's net-of-fees performance, including the impact of the overlay, was +1.0%; excluding the overlay, the Fund returned +0.8% net of fees. Fiscal year-to-date performance was -1.1% net of fees.
- During the first quarter, the Fund, excluding the overlay, outperformed the Policy Benchmark by approximately +0.4%; with the overlay, the outperformance relative to the Policy Benchmark was +0.6%.
  - The primary contributor to this outperformance was Fixed Income, which produced returns of +1.4%, compared to the Barclays Global Aggregate of -1.9% for the first quarter. Private Debt in particular outpaced the benchmark, returning +2.8%.
  - Absolute Return assets also contributed to the outperformance, returning +3.9%, compared with +1.8% for the HFRI Macro: Discretionary Thematic Index.
  - A few asset classes muted the outperformance, including Commodities, which ended the first quarter down -6.7%, underperforming the Bloomberg Commodity Index by 80 basis points. Natural Resources ended the quarter -3.7%, underperforming the S&P Global Natural Resources' return of -2.6%.
- The System continued to underperform the peer Public Plans > \$1 billion universe. Lower performance relative to peers is due primarily to the System's conscious decision to underweight U.S. equity relative to peers and overweight other asset classes, particularly alternatives, on a relative basis. For the past five years, the U.S. equity market, as proxied by the Russell 3000 Index, has returned 14.7% per year on average, while the returns of all other major asset classes have been much lower.

## Manager Highlights

- Cove Street Small Cap Value ended the first quarter +2.7%, outperforming the Russell 2000 Value benchmark that returned +2.0%. Stock selection contributed to the majority of this outperformance, with two positions, INTL FCStone (INTL) and Remy International (REMY), posting significant gains over the quarter; Cove Street subsequently trimmed positions accordingly.
- Aberdeen Frontier Markets declined on an absolute basis, returning -3.1%, net of fees, for the quarter, but outperformed the MSCI Frontier Markets by 30 basis points. A lack of direct exposure to the oil and gas industries, as well as large exposure to oil-importing nations, was the biggest contributor to relative performance.
- Sandler Plus Offshore Fund Ltd ended the first quarter +8.6%, significantly outperforming the HFRI Equity Hedge (Long/Short Equity) index, which returned +2.3%. Longs contributed to +13.5% of performance, which was negated by small losses on short positions. The team attributed performance to strong stock selection, as all sectors were profitable for the first quarter.
- Both Commodity managers posted negative absolute performance for the quarter, though relative performance was mixed. Credit Suisse Compound Risk Parity Commodity Index returned -5.1%, outperforming the Bloomberg Commodity Index by 80 basis points. First Quadrant Risk Parity Commodity Index ended the quarter -8.1%, underperforming the Bloomberg Commodity Index return of -5.9%.

Investment Manager	Asset Class	Changes/ Announcements	Performance Concerns	Meketa Recommendation <sup>1</sup>	Comments
Artisan	Global Equity	Yes	---	Hold	Large cash position
Cove Street Capital	Small Cap Equity	---	---	---	
Vontobel	Emerging Market Equity	---	---	---	
Aberdeen	Frontier Market Equity	---	---	---	
Amici Offshore	Long-Short Equity	---	---	---	
Horizon Portfolio I	Long-Short Equity	Yes	---	Hold	CCO replaced
Marshall Wace Eureka	Long-Short Equity	Yes	---	Hold	Acquired quant fund
Sandler Plus	Long-Short Equity	---	---	---	
Senator Global Opportunity	Long-Short Equity	Yes	---	Hold	Blackstone relationship Team departures
Credit Suisse	Commodities	Yes	---	Hold	DOL QPAM Exemption
First Quadrant	Commodities	---	---	---	
GSO	Private Debt	---	---	---	
Medley	Private Debt	---	---	---	
White Oak	Private Debt	---	---	---	
Claren Road Credit	Long-Short Credit	---	Yes	Hold	Notable performance
Davidson Kempner Institutional	Long-Short Credit	---	---	---	

<sup>1</sup> The Meketa Investment Group recommendations are based on organizational or resource changes at each manager.

**Artisan**

- Artisan's account guidelines state that "Cash will not generally exceed seven percent (7%) of the value of the ACCOUNT. If cash exceeds seven percent (7%) on average over a two-month rolling period, MANAGER shall notify the SYSTEM and await further instructions from SYSTEM." The cash level in the account exceeded 7% (ranging from 11.5%-15.1%) during the fourth quarter of 2014 and the first quarter of 2015. The System has not provided further instructions regarding the cash levels, given that Artisan's cash position is an active decision due to their stated difficulty in finding attractively valued investment opportunities.

**Horizon**

- In April 2015, Robin Shulman, Chief Compliance Officer of Horizon, left to pursue another employment opportunity. Jay Kesslen, Horizon's General Counsel, assumed the CCO role at that time. Mr. Kesslen joined the firm in 1999 and currently serves as General Counsel, Chief Compliance Officer and is the assistant secretary of the board.

**Marshall Wace**

- Marshall Wace acquired quantitative hedge fund manager 80 Capital, which has \$100 mm in assets under management. The five-person team from 80 Capital will continue to run its flagship Helium systematic futures strategy, rebranded as MW Helium. Marshall Wace, which has approximately \$20 billion in assets, used the acquisition to further diversify their business and offerings.

**Senator**

- Blackstone seeded Senator with \$150 mm in June 2008, in exchange for 20% of the business. At the end of 2014, Senator repurchased Blackstone's share of the equity and simultaneously sold a 10% stake to Blackstone's strategic arm for \$150 mm. The impetus was to decrease Blackstone's ownership but to maintain the valuable partnership. The 10% equity that was repurchased was subsequently distributed amongst the partners pro-rata.



**Senator (continued)**

- Organizationally, Larry Krovlev, an analyst that had been with Senator since launch, and Alan Goldfarb, manager of the Sidecar Fund, both departed Senator in the first quarter. Per management, Mr. Krovlev pursued a new opportunity. Mr. Goldfarb joined Senator to support the Sidecar Fund, which was discontinued; we see this as accretive, considering its historical drag on performance and resources.

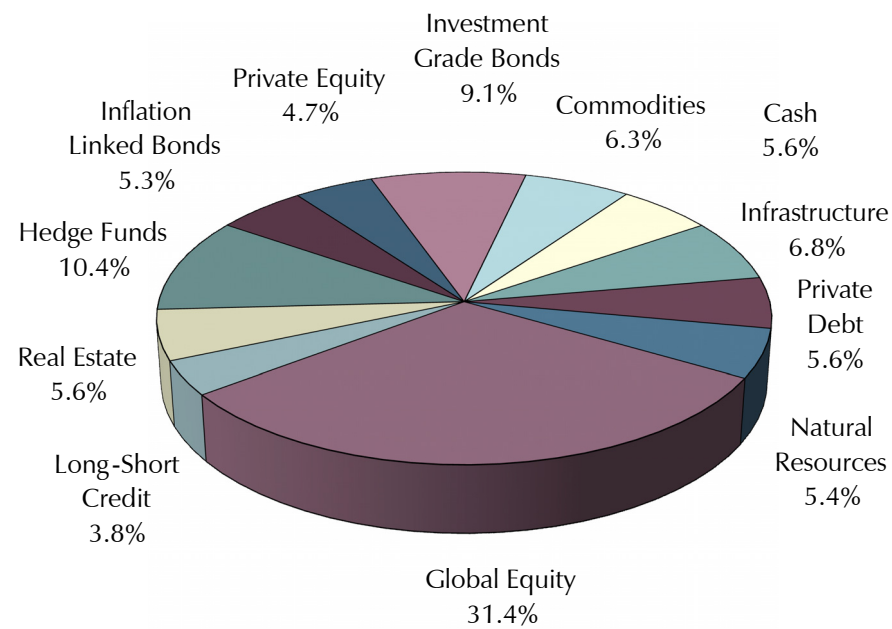
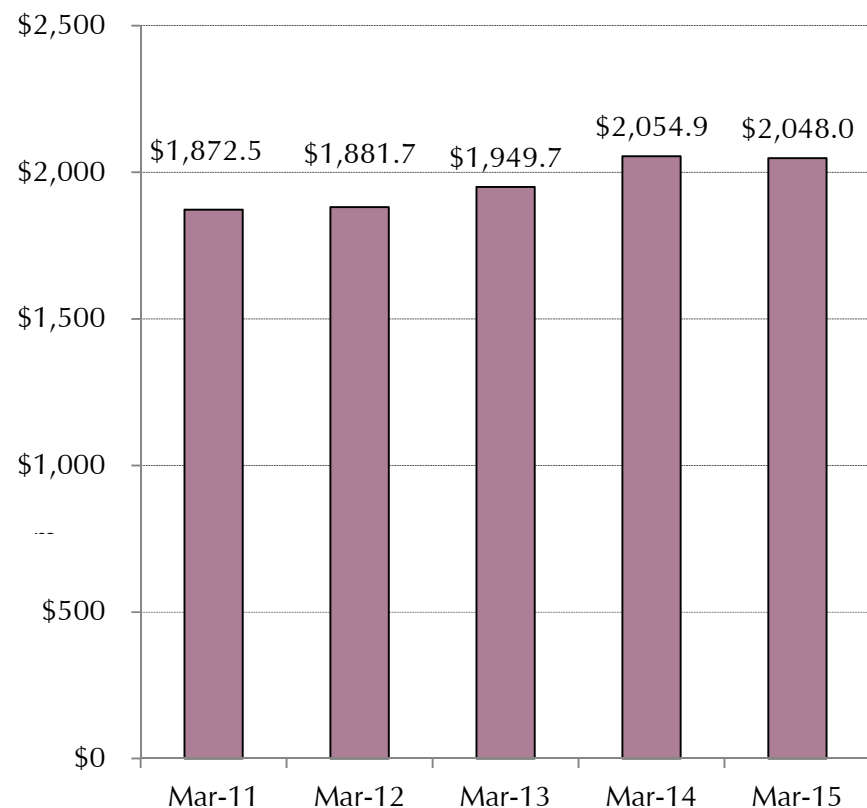
**Credit Suisse**

- On May 19, 2014, Credit Suisse AG, the parent company of Credit Suisse Asset Management, pled guilty (under an agreement with regulators) to charges of helping U.S. citizens avoid taxes overseas.
- On November 14, 2014, the U.S. Department of Labor (DOL) announced that it had granted Credit Suisse a one year interim exemption to enable them to continue acting as a Qualified Professional Asset Manager (QPAM) for its ERISA clients. The DOL also has proposed a ten year exemption that will run throughout the period of QPAM disqualification (i.e., through November 21, 2024). At that point, Credit Suisse will no longer need any QPAM exemption, as the disqualification period will have terminated. In the case of 23 firms that have sought exemptions from the DOL since 1997, every waiver has been granted.
- The DOL held a public hearing on January 15, 2015, to seek comment on the proposed ten year exemption. None of the comments or requests for a hearing was made by a plan fiduciary, participant or beneficiary whose assets are managed by Credit Suisse.
- At this time, it does not appear that the activities for which the parent company was punished should have a material impact on Credit Suisse Asset Management's ability to invest commodities for the System. We provided a memo to the Board dated June 10, 2014, and we will continue to monitor the situation going forward.

### Claren Road Credit

- Claren Road Credit Fund's fiscal year-to-date performance of -11.6% significantly lagged the HFRI RV Fixed Income-Corporate Index benchmark, which was down -1.7% over the same period. This was due to Claren Road's 2014 fourth quarter performance of -11%, which was also notably below the benchmark's return of -1.9%. Claren Road's first quarter 2015 performance of +1.2% was positive on an absolute basis, but underperformed the benchmark by 40 basis points. The Claren Road investment has been analyzed and discussed at the Investment Committee and Board level during 4Q14 and 1Q15, and will continue to be monitored intensively by staff and consultants.

**Plan Summary**  
**As of March 31, 2015**



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

# San Jose Federated City Employees' Retirement System

## Aggregate Assets Asset Summary as of 3/31/15

	Market Value 3/31/15 (\$ mm)	% of Retirement System	Russell Overlay Net Position <sup>1</sup> (%)	Target Allocation (%)	Target Range (%)	Market Value 12/31/14 (\$ mm)
<b>Total Fund Aggregate</b>	<b>2,048.0</b>	<b>100.0</b>	<b>100.0</b>	<b>NA</b>	<b>NA</b>	<b>2,069.8</b>
<b>Equity Assets</b>	<b>739.1</b>	<b>36.1</b>	<b>37.3</b>	<b>37</b>	<b>30-44</b>	<b>757.5</b>
Global Equity <sup>2</sup>	643.3	31.4	32.7	28	20-36	659.8
<i>Long-Short Equity</i>	117.5	5.7	5.6	6	3-9	112.6
Private Equity <sup>3</sup>	95.8	4.7	4.6	9	4-14	97.6
<b>Fixed Income Assets</b>	<b>488.4</b>	<b>23.9</b>	<b>23.4</b>	<b>24</b>	<b>14-34</b>	<b>486.5</b>
Investment Grade Bonds	185.7	9.1	8.6	5	4-8	143.6
Inflation Linked Bonds	108.7	5.3	5.4	5	4-8	148.1
Global Credit	194.0	9.5	9.4	14	6-22	194.8
<i>Long-Short Credit</i>	78.7	3.8	3.8	4	0-6	77.8
<i>Private Debt</i> <sup>3</sup>	115.4	5.6	5.6	NA	NA	117.0
<b>Real Assets</b>	<b>492.2</b>	<b>24.0</b>	<b>24.3</b>	<b>23</b>	<b>15-30</b>	<b>504.0</b>
Real Estate	114.1	5.6	5.6	7	4-10	111.2
Natural Resources	111.2	5.4	5.5	5	2-8	115.5
Infrastructure	138.9	6.8	6.8	5	2-8	140.1
Commodities	128.0	6.3	6.4	6	2-10	137.2
<b>Absolute Return Assets</b>	<b>212.8</b>	<b>10.4</b>	<b>10.1</b>	<b>11</b>	<b>6-16</b>	<b>204.7</b>
<b>Strategic Discretionary Investment Partner</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>5</b>	<b>0-7</b>	<b>0.0</b>
<b>Cash<sup>4</sup></b>	<b>115.4</b>	<b>5.6</b>	<b>4.8</b>	<b>0</b>	<b>0-5</b>	<b>117.2</b>

<sup>1</sup> Data in the column title "Russell Overlay Net Position" is provided by Russell Investments, and is based on data from the custodian.

<sup>2</sup> Global Equity includes <\$0.1 million of residuals from terminated managers or previous transitions.

<sup>3</sup> Fair values are based on reported value as of 12/31/14, adjusted for cash flows through 3/31/15.

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



# San Jose Federated City Employees' Retirement System

## Aggregate Assets Portfolio Roster as of 3/31/15

	Market Value 3/31/15 (\$ mm)	% of Asset Class	% of Retirement System	Target Allocation (%)	Target Range (%)	Market Value 12/31/14 (\$ mm)
<b>Total Fund Aggregate</b>	<b>2,048.0</b>	<b>NA</b>	<b>100.0</b>	<b>NA</b>	<b>NA</b>	<b>2,069.8</b>
<b>Equity Assets</b>	<b>739.1</b>	<b>100.0</b>	<b>36.1</b>	<b>37</b>	<b>30-44</b>	<b>757.5</b>
<b>Global Equity<sup>1</sup></b>	<b>643.3</b>	<b>100.0</b>	<b>31.4</b>	<b>28</b>	<b>20-36</b>	<b>659.8</b>
Artisan Global Value	170.4	26.5	8.3			169.5
Vontobel Emerging Markets Equity	143.6	22.3	7.0			141.4
Northern Trust Russell 3000 Index	71.2	11.1	3.5			100.4
Northern Trust MSCI EAFE Index-NL	66.6	10.4	3.3			63.5
Cove Street Small Cap Value	31.1	4.8	1.5			30.3
Northern Trust EAFE Small Cap	23.9	3.7	1.2			22.6
Aberdeen Frontier Markets	19.0	3.0	0.9			19.5
<b>Long-Short Equity</b>	<b>117.5</b>	<b>18.3</b>	<b>5.7</b>	<b>6</b>	<b>3-9</b>	<b>112.6</b>
Senator Global Opportunity Offshore Fund	25.7	4.0	1.3			24.8
Sandler Plus Offshore Fund Ltd	24.3	3.8	1.2			22.4
Horizon Portfolio I	23.1	3.6	1.1			23.2
Marshall Wace Eureka Fund	22.8	3.6	1.1			21.8
Amici Offshore, Ltd.	21.5	3.3	1.1			20.4

<sup>1</sup> Global Equity includes <\$0.1 million of residuals from terminated manager and previous transactions.



# San Jose Federated City Employees' Retirement System

## Aggregate Assets Portfolio Roster as of 3/31/15

	Market Value 3/31/15 (\$ mm)	% of Asset Class	% of Retirement System	Target Allocation (%)	Target Range (%)	Market Value 12/31/14 (\$ mm)
<b>Equity Assets (continued)</b>						
<b>Private Equity<sup>1</sup></b>	<b>95.8</b>	<b>100.0</b>	<b>4.7</b>	<b>9</b>	<b>4-14</b>	<b>97.6</b>
Pantheon USA Fund VII	34.7	36.2	1.7			33.7
Pathway Private Equity Fund VIII <sup>2</sup>	19.8	20.6	1.0			22.6
Pantheon Global Secondary Fund III 'B'	15.8	16.5	0.8			17.2
Partners Group Secondary 2011, L.P.	13.8	14.4	0.7			12.5
Partners Group Secondary 2008	7.4	7.7	0.4			7.3
Great Hill Equity Partners IV	4.4	4.6	0.2			4.4
<b>Fixed Income Assets</b>	<b>488.4</b>	<b>100.0</b>	<b>23.9</b>	<b>24</b>	<b>14-34</b>	<b>486.5</b>
<b>Investment Grade Bonds</b>	<b>185.7</b>	<b>100.0</b>	<b>9.1</b>	<b>5</b>	<b>4-8</b>	<b>143.6</b>
Northern Trust Intermediate Gov't 1-10 Year	185.7	100.0	9.1			143.6
<b>Inflation Linked Bonds</b>	<b>108.7</b>	<b>100.0</b>	<b>5.3</b>	<b>5</b>	<b>4-8</b>	<b>148.1</b>
Northern Trust 0-5 Year TIPS	108.7	100.0	5.3			148.1

<sup>1</sup> Fair values are based on reported value as of 12/31/14, adjusted for cash flows through 3/31/15.

<sup>2</sup> Fair value based on manager estimated 12/31/14 value, adjusted for cash flows through 3/31/15.



# San Jose Federated City Employees' Retirement System

## Aggregate Assets Portfolio Roster as of 3/31/15

	Market Value 3/31/15 (\$ mm)	% of Asset Class	% of Retirement System	Target Allocation (%)	Target Range (%)	Market Value 12/31/14 (\$ mm)
<b>Fixed Income Assets (continued)</b>						
<b>Global Credit</b>	<b>194.0</b>	<b>100.0</b>	<b>9.5</b>	<b>14</b>	<b>6-22</b>	<b>194.8</b>
<b>Long-Short Credit</b>	<b>78.7</b>	<b>40.6</b>	<b>3.8</b>	<b>4</b>	<b>0-6</b>	<b>77.8</b>
Claren Road Credit Fund	44.4	22.9	2.2			43.9
Davidson Kempner Institutional Partners, L.P.	34.2	17.6	1.7			33.9
<b>Private Debt<sup>1</sup></b>	<b>115.4</b>	<b>59.5</b>	<b>5.6</b>			<b>117.0</b>
Medley Opportunity Fund II, L.P.	52.9	27.3	2.6			52.1
White Oak Direct Lending	42.6	22.0	2.1			44.6
GSO Direct Lending	19.8	10.2	1.0			20.3
<b>Real Assets</b>	<b>492.2</b>	<b>100.0</b>	<b>24.0</b>	<b>23</b>	<b>15-30</b>	<b>504.0</b>
<b>Real Estate</b>	<b>114.1</b>	<b>100.0</b>	<b>5.6</b>	<b>7</b>	<b>4-10</b>	<b>111.2</b>
<b>Core Real Estate</b>	<b>79.1</b>	<b>69.3</b>	<b>3.9</b>			<b>76.4</b>
PRISA I	40.5	35.5	2.0			39.3
American Core Realty Fund, LLC	38.6	33.8	1.9			37.1

<sup>1</sup> Fair value based on manager reported 12/31/14 value, adjusted for cash flows through 3/31/15.





# San Jose Federated City Employees' Retirement System

## Aggregate Assets Portfolio Roster as of 3/31/15

	Market Value 3/31/15 (\$ mm)	% of Asset Class	% of Retirement System	Target Allocation (%)	Target Range (%)	Market Value 12/31/14 (\$ mm)
<b>Real Assets (continued)</b>						
<b>Private Real Estate<sup>1</sup></b>	<b>35.0</b>	<b>30.7</b>	<b>1.7</b>			<b>34.9</b>
DRA Growth and Income Fund VII	14.9	13.0	0.7			14.8
Fidelity Real Estate Growth Fund III	6.6	5.8	0.3			6.2
DRA Growth and Income Fund V	5.5	4.8	0.3			6.3
DRA Growth & Income Fund VIII	3.2	2.8	0.2			2.6
DRA Growth and Income Fund VI	3.0	2.6	0.1			3.6
GEAM Value Add Realty Partners	1.9	1.6	< 0.1			1.4
<b>Natural Resources</b>	<b>111.2</b>	<b>100.0</b>	<b>5.4</b>	<b>5</b>	<b>2-8</b>	<b>115.5</b>
Northern Trust Global LargeMid NR	111.2	100.0	5.4			115.5
<b>Infrastructure</b>	<b>138.9</b>	<b>100.0</b>	<b>6.8</b>	<b>5</b>	<b>2-8</b>	<b>140.1</b>
SSgA Dow Jones Brookfield Infrastructure Index	138.9	100.0	6.8			140.1
<b>Commodities</b>	<b>128.0</b>	<b>100.0</b>	<b>6.3</b>	<b>6</b>	<b>2-10</b>	<b>137.2</b>
First Quadrant Risk Parity Commodity Index	67.0	52.4	3.3			72.9
CS Risk Parity Commodity Index	61.0	47.6	3.0			64.3

<sup>1</sup> Fair values are based on reported value as of 12/31/14, adjusted for cash flows through 3/31/15.



# San Jose Federated City Employees' Retirement System

## Aggregate Assets Portfolio Roster as of 3/31/15

	Market Value 3/31/15 (\$ mm)	% of Asset Class	% of Retirement System	Target Allocation (%)	Target Range (%)	Market Value 12/31/14 (\$ mm)
<b>Absolute Return Assets<sup>1</sup></b>	<b>212.8</b>	<b>100.0</b>	<b>10.4</b>	<b>11</b>	<b>6-16</b>	<b>204.7</b>
<b>Relative Value</b>	<b>143.3</b>	<b>67.3</b>	<b>7.0</b>			<b>137.2</b>
DE Shaw	41.0	19.2	2.0			37.5
Arrowgrass International Fund Ltd	35.9	16.9	1.8			34.4
Pine River Fund Ltd	35.2	16.6	1.7			34.6
Hudson Bay Fund	31.2	14.7	1.5			30.6
<b>Global Macro</b>	<b>69.5</b>	<b>32.7</b>	<b>3.4</b>			<b>67.5</b>
Brevan Howard Multi-Strategy Fund Ltd	32.3	15.2	1.6			31.3
BlueCrest	21.2	10.0	1.0			19.0
Kepos Alpha Fund	16.0	7.5	0.8			17.3
<b>Cash<sup>2</sup></b>	<b>115.4</b>	<b>100.0</b>	<b>5.6</b>	<b>0</b>	<b>0-5</b>	<b>117.2</b>

<sup>1</sup> NAV and performance provided by Albourne.

<sup>2</sup> Cash includes the cash account, cash equitized in the Russell Investments Overlay program, cash from private manager distributions, and residuals from the Terminated Manager Account.



## San Jose Federated City Employees' Retirement System

## Aggregate Assets Performance as of 3/31/15

	1Q15 (%)	Fiscal <sup>1</sup> YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Performance Inception Date	Since Inception (%)
<b>Total Fund Aggregate<sup>2</sup></b>	<b>1.0</b>	<b>-1.1</b>	<b>2.8</b>	<b>5.5</b>	<b>6.2</b>	<b>5.4</b>	<b>1/1/94</b>	<b>7.3</b>
<b>Net of Fees<sup>3</sup></b>	<b>1.0</b>	<b>-1.1</b>	<b>2.7</b>	<b>5.4</b>	<b>6.1</b>	<b>5.2</b>		<b>7.1</b>
<b>Total Fund Aggregate ex Overlay</b>	<b>0.9</b>	<b>-0.9</b>	<b>3.0</b>	<b>5.4</b>	<b>6.1</b>	<b>5.4</b>	<b>1/1/94</b>	<b>7.3</b>
<b>Net of Fees ex Overlay</b>	<b>0.9</b>	<b>-1.0</b>	<b>2.9</b>	<b>5.3</b>	<b>6.0</b>	<b>5.1</b>		<b>7.1</b>
<i>CPI (inflation)</i>	<i>0.6</i>	<i>-0.9</i>	<i>-0.1</i>	<i>1.0</i>	<i>1.6</i>	<i>2.0</i>		<i>2.3</i>
<i>San Jose FCERS Policy Benchmark<sup>4</sup></i>	<i>0.4</i>	<i>-1.7</i>	<i>1.3</i>	<i>6.1</i>	<i>6.5</i>	<i>5.6</i>		<i>7.3</i>
<i>San Jose FCERS Custom Benchmark<sup>5</sup></i>	<i>0.3</i>	<i>-1.9</i>	<i>1.0</i>	<i>5.3</i>	<i>5.8</i>	<i>NA</i>		<i>NA</i>
<i>Public Plans &gt; \$1 Billion Universe (Median)<sup>6</sup></i>	<i>2.2</i>	<i>2.2</i>	<i>5.6</i>	<i>9.3</i>	<i>9.1</i>	<i>6.4</i>		<i>NA</i>

<sup>1</sup> Fiscal Year begins July 1.

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

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

<sup>4</sup> Please see page 31 of the Plan Summary for composition of the San Jose FCERS Policy Benchmark.

<sup>5</sup> San Jose FCERS Custom Benchmark consists of the individual benchmarks that comprise the San Jose FCERS Policy Benchmark weighted accordingly to actual allocations and re-adjusted monthly.

<sup>6</sup> Universe data provided by InvestorForce. Returns are net of fees.



	1Q15 (%)	Fiscal <sup>1</sup> YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Performance Inception Date	Since Inception (%)
<b>Total Fund Aggregate</b>								
<b>Equity Assets</b>	<b>2.1</b>	<b>2.3</b>	<b>7.1</b>	<b>11.4</b>	<b>NA</b>	<b>NA</b>	<b>1/1/12</b>	<b>13.7</b>
Global Equity	2.2	0.4	5.6	11.1	NA	NA	5/1/10	9.7
<i>MSCI ACWI IMI</i>	2.6	0.3	5.1	11.0	9.3	6.7		9.3
Long-Short Equity	4.3	NA	NA	NA	NA	NA	10/1/14	8.8
<i>HFRI Equity Hedge (Long/Short Equity)</i>	2.3	0.9	3.0	6.2	4.7	4.9		2.3
Private Equity <sup>2</sup>	1.4	8.7	13.0	13.9	13.3	NA	1/1/06	6.5
<i>Cambridge Associates Private Equity Composite</i> <sup>3</sup>	2.1	5.5	8.4	14.5	14.2	11.9		11.1
<b>Fixed Income</b>	<b>1.4</b>	<b>-0.1</b>	<b>1.6</b>	<b>3.0</b>	<b>NA</b>	<b>NA</b>	<b>1/1/12</b>	<b>3.4</b>
Barclays Global Aggregate	-1.9	-6.0	-3.7	-0.2	2.3	3.6		0.1
Investment Grade Bonds	1.2	NA	NA	NA	NA	NA	10/1/14	2.2
<i>Barclays Intermediate Gov't Bond Index</i>	1.3	2.2	3.2	1.5	2.8	4.0		2.2
Inflation Linked Bonds	0.3	NA	NA	NA	NA	NA	10/1/14	-1.1
<i>Barclays U.S. TIPS 0-5 Years</i>	0.4	-2.5	-0.9	-0.4	1.4	3.0		-1.1
Global Credit	2.1	NA	NA	NA	NA	NA	10/1/14	0.2
Long-Short Credit	1.1	NA	NA	NA	NA	NA	10/1/14	-6.0
<i>HFRX Fixed Income - Credit Index</i>	1.1	-4.0	-3.0	2.9	2.9	7.0		-2.3
Private Debt <sup>2</sup>	2.8	4.6	7.4	9.0	NA	NA	12/1/10	7.5
3 Month Libor + 5%	1.3	3.9	5.3	5.3	5.3	7.0		5.3

<sup>1</sup> Fiscal Year begins July 1.

<sup>2</sup> All manager returns are presented one quarter lagged.

<sup>3</sup> Cambridge Associates Private Equity Composite (40% Secondary and 60% Fund of Funds) used since 1Q14. Data for the Venture Economics Private Equity Index was used through 4Q13, but the index was discontinued in early 2014.

	1Q15 (%)	Fiscal <sup>1</sup> YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Performance Inception Date	Since Inception (%)
<b>Total Fund Aggregate (continued)</b>								
<b>Real Assets</b>	<b>-2.2</b>	<b>-11.2</b>	<b>-5.5</b>	<b>-3.6</b>	<b>NA</b>	<b>NA</b>	<b>5/1/10</b>	<b>-0.3</b>
Real Estate <sup>2</sup>	3.5	17.5	21.1	14.4	14.2	6.2	1/1/94	9.0
Core Real Estate	3.6	9.5	12.6	11.3	13.7	NA	7/1/09	9.2
<i>NCREIF ODCE Equal Weighted (net)</i>	3.2	9.6	12.4	11.5	13.3	5.7		9.1
Private Real Estate <sup>3</sup>	3.2	38.5	43.0	21.5	16.9	NA	7/1/09	6.4
<i>NCREIF Property</i>	3.6	9.5	12.7	11.5	12.8	8.4		10.1
Natural Resources	-3.7	-19.5	-14.1	NA	NA	NA	11/1/12	-5.9
<i>S&amp;P Global Natural Resources</i>	-2.6	-17.7	-12.0	-3.7	-1.7	4.9		-3.7
Infrastructure	-0.9	-0.7	10.0	NA	NA	NA	3/1/14	11.1
<i>DJ Brookfield Global Infrastructure Index</i>	-1.1	-1.1	9.6	13.9	14.4	11.6		10.2
Commodities	-6.7	-24.2	-20.9	-9.5	NA	NA	5/1/10	-3.9
<i>Bloomberg Commodity Index</i>	-5.9	-27.1	-27.0	-11.5	-5.7	-3.6		-6.2
<b>Absolute Return Assets<sup>4</sup></b>	<b>3.9</b>	<b>6.9</b>	<b>9.0</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>11/1/12</b>	<b>6.4</b>
Relative Value	4.4	NA	NA	NA	NA	NA	10/1/14	4.9
<i>HFRI Relative Value Index</i>	1.7	0.9	3.3	6.3	6.1	6.4		0.7
Global Macro	2.9	NA	NA	NA	NA	NA	10/1/14	7.1
<i>HFRI Macro: Discretionary Thematic Index</i>	1.8	-0.6	0.3	0.4	0.5	NA		0.5
<b>Russell Investments Overlay<sup>5</sup></b>	<b>-0.1</b>	<b>0.1</b>	<b>-0.1</b>	<b>0.2</b>	<b>NA</b>	<b>NA</b>	<b>11/1/11</b>	<b>0.1</b>

<sup>1</sup> Fiscal Year begins July 1.

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

<sup>3</sup> Performance is net of fees.

<sup>4</sup> NAV and performance provided by Albourne.

<sup>5</sup> Overlay returns provided by Russell Investments.

# San Jose Federated City Employees' Retirement System

## Aggregate Assets Performance as of 3/31/15

	1Q15 (%)	Fiscal <sup>1</sup> YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Performance Inception Date	Since Inception (%)
<b>Equity Assets</b>	<b>2.1</b>	<b>2.3</b>	<b>7.1</b>	<b>11.4</b>	<b>NA</b>	<b>NA</b>	<b>1/1/12</b>	<b>13.7</b>
<b>Global Equity</b>	<b>2.2</b>	<b>0.4</b>	<b>5.6</b>	<b>11.1</b>	<b>NA</b>	<b>NA</b>	<b>5/1/10</b>	<b>9.7</b>
Artisan Global Value	0.5	0.3	4.9	16.2	NA	NA	3/1/11	14.2
Net of Fees	0.4	-0.1	4.3	15.6	NA	NA		13.6
<i>MSCI ACWI Value</i>	0.2	-3.7	1.3	9.7	7.6	5.5		6.1
Vontobel Emerging Markets Equity	1.8	-1.6	6.1	NA	NA	NA	7/1/13	4.5
Net of Fees	1.5	-2.2	5.2	NA	NA	NA		3.6
<i>MSCI Emerging Markets</i>	2.2	-5.8	0.4	0.3	1.7	8.5		4.3
Northern Trust Russell 3000 Index	1.8	7.2	12.5	16.5	14.8	8.5	9/1/99	5.7
Net of Fees	1.8	7.2	12.4	16.5	14.8	8.5		5.7
<i>Russell 3000</i>	1.8	7.1	12.4	16.4	14.7	8.4		5.6
Northern Trust MSCI EAFE Index-NL	5.0	-4.7	-0.6	NA	NA	NA	11/1/12	11.6
Net of Fees	5.0	-4.7	-0.6	NA	NA	NA		11.6
<i>MSCI EAFE</i>	4.9	-4.8	-0.9	9.0	6.2	4.9		11.3
Cove Street Small Cap Value	2.9	-3.3	NA	NA	NA	NA	5/1/14	3.8
Net of Fees	2.7	-3.8	NA	NA	NA	NA		3.2
<i>Russell 2000 Value</i>	2.0	2.0	4.4	14.8	12.5	7.5		7.2
Northern Trust EAFE Small Cap	5.6	-4.6	-2.5	NA	NA	NA	11/1/12	13.9
Net of Fees	5.6	-4.6	-2.5	NA	NA	NA		13.9
<i>MSCI EAFE Small Cap</i>	5.6	-4.9	-2.9	10.7	8.8	6.2		13.7

<sup>1</sup> Fiscal Year begins July 1.



	1Q15 (%)	Fiscal <sup>1</sup> YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Performance Inception Date	Since Inception (%)
<b>Equity Assets (continued)</b>								
Aberdeen Frontier Markets	-2.8	-9.7	-5.0	NA	NA	NA	12/1/13	-3.2
Net of Fees	-3.1	-10.7	-6.4	NA	NA	NA		-4.6
<i>MSCI Frontier Markets</i>	-3.1	-13.9	-3.6	10.4	5.1	2.2		4.3
<i>MSCI Frontier Markets ex GCC</i>	-4.3	-15.0	-6.0	7.7	1.2	5.5		-5.5
<b>Long-Short Equity</b>	<b>4.3</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>10/1/14</b>	<b>8.8</b>
Senator Global Opportunity Offshore Fund	3.5	7.4	11.0	NA	NA	NA	4/1/13	13.4
<i>HFRI Event Driven Index</i>	2.0	-1.2	1.1	6.4	5.5	5.7		5.8
Sandler Plus Offshore Fund Ltd	8.6	19.7	14.4	NA	NA	NA	5/1/13	10.8
<i>HFRI Equity Hedge (Long/Short Equity)</i>	2.3	0.9	3.0	6.2	4.7	4.9		6.6
Horizon Portfolio I	-0.4	5.0	7.0	NA	NA	NA	7/1/13	8.5
<i>HFRI Equity Hedge (Long/Short Equity)</i>	2.3	0.9	3.0	6.2	4.7	4.9		7.5
Marshall Wace Eureka Fund	4.8	12.2	12.7	NA	NA	NA	4/1/14	12.7
<i>HFRI Equity Hedge (Long/Short Equity)</i>	2.3	0.9	3.0	6.2	4.7	4.9		6.9
Amici Offshore, Ltd.	5.6	2.8	7.8	NA	NA	NA	3/1/13	3.6
<i>HFRI Equity Hedge (Long/Short Equity)</i>	2.3	0.9	3.0	6.2	4.7	4.9		6.9

<sup>1</sup> Fiscal Year begins July 1.

	1Q15 (%)	Fiscal <sup>1</sup> YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Performance Inception Date	Since Inception (%)
<b>Equity Assets (continued)</b>								
<b>Private Equity<sup>2,3</sup></b>	<b>1.4</b>	<b>8.7</b>	<b>13.0</b>	<b>13.9</b>	<b>13.3</b>	<b>NA</b>	<b>1/1/06</b>	<b>6.5</b>
Pantheon USA Fund VII	4.5	13.9	20.3	17.0	14.6	NA	1/1/07	NA
Cambridge Associates Private Equity Composite <sup>4</sup>	2.1	5.5	8.4	14.5	14.2	11.9		10.3
Pathway Private Equity Fund VIII	-4.5	1.8	6.5	13.7	14.5	NA	8/1/04	NA
Cambridge Associates Private Equity Composite <sup>4</sup>	2.1	5.5	8.4	14.5	14.2	11.9		12.9
Pantheon Global Secondary Fund III	0.5	-1.1	1.5	3.5	4.8	NA	1/1/07	NA
Cambridge Associates Private Equity Composite <sup>4</sup>	2.1	5.5	8.4	14.5	14.2	11.9		10.3
Partners Group Secondary 2011	4.5	21.8	25.4	NA	NA	NA	11/1/12	39.0
Cambridge Associates Private Equity Composite <sup>4</sup>	2.1	5.5	8.4	14.5	14.2	11.9		15.8
Partners Group Secondary 2008	1.5	3.5	6.2	13.1	15.5	NA	12/1/08	NA
Cambridge Associates Private Equity Composite <sup>4</sup>	2.1	5.5	8.4	14.5	14.2	11.9		9.4
Great Hill Equity Partners IV	0.7	20.4	20.7	25.0	27.8	NA	10/1/08	NA
Cambridge Associates Private Equity Composite <sup>4</sup>	2.1	5.5	8.4	14.5	14.2	11.9		9.1

<sup>1</sup> Fiscal Year begins July 1.

<sup>2</sup> All manager returns are presented one quarter lagged.

<sup>3</sup> Returns are time-weighted and lagged. Meketa Investment Group recommends that the Trustees use dollar-weighted (IRR) returns as shown in the quarterly Private Markets report in order to evaluate private markets managers.

<sup>4</sup> Cambridge Associates Private Equity Composite (40% Secondary and 60% Fund of Funds) used since 1Q14. Data for the Venture Economics Private Equity Index was used through 4Q13, but the index was discontinued in early 2014.



	1Q15 (%)	Fiscal <sup>1</sup> YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Performance Inception Date	Since Inception (%)
<b>Fixed Income</b>	<b>1.4</b>	<b>-0.1</b>	<b>1.6</b>	<b>3.0</b>	<b>NA</b>	<b>NA</b>	<b>1/1/12</b>	<b>3.4</b>
<b>Investment Grade Bonds</b>	<b>1.2</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>10/1/14</b>	<b>2.2</b>
Northern Trust 1-10 Year Intermediate Government Bond Index	1.2	2.2	3.1	NA	NA	NA	10/1/12	1.0
Net of Fees	1.2	2.2	3.1	NA	NA	NA		1.0
<i>Barclays Intermediate Gov't Bond Index</i>	1.3	2.2	3.2	1.5	2.8	4.0		1.0
<b>Inflation Linked Bonds</b>	<b>0.3</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>10/1/14</b>	<b>-1.1</b>
Northern Trust 0-5 Year TIPS	0.3	-2.5	NA	NA	NA	NA	7/1/14	-2.5
Net of Fees	0.3	-2.5	NA	NA	NA	NA		-2.5
<i>Barclays U.S. TIPS 0-5 Years</i>	0.4	-2.5	-0.9	-0.4	1.4	3.0		-2.5
<b>Global Credit</b>	<b>2.1</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>10/1/14</b>	<b>0.2</b>
<b>Long-Short Credit</b>	<b>1.1</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>10/1/14</b>	<b>-6.0</b>
Claren Road Credit Fund	1.2	-11.6	-12.0	NA	NA	NA	7/1/13	-6.1
<i>HFRI RV Fixed Income-Corporate Index</i>	1.6	-1.7	0.8	5.0	5.4	4.4		4.0
Davidson Kempner Institutional Partners	1.1	-0.2	2.8	NA	NA	NA	2/1/13	6.3
<i>HFRI Event Driven Index</i>	2.0	-1.2	1.1	6.4	5.5	5.7		6.0

<sup>1</sup> Fiscal Year begins July 1.

# San Jose Federated City Employees' Retirement System

## Aggregate Assets Performance as of 3/31/15

	1Q15 (%)	Fiscal <sup>1</sup> YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Performance Inception Date	Since Inception (%)
<b>Fixed Income (continued)</b>								
<b>Private Debt<sup>2</sup></b>	<b>2.8</b>	<b>4.6</b>	<b>7.4</b>	<b>9.0</b>	<b>NA</b>	<b>NA</b>	<b>12/1/10</b>	<b>7.5</b>
Medley Opportunity Fund II, L.P.	1.7	5.9	8.8	9.5	NA	NA	6/1/11	7.9
3 Month Libor + 5%	1.3	3.9	5.3	5.3	5.3	7.0		5.3
White Oak Direct Lending	4.8	3.2	6.5	8.2	NA	NA	2/1/11	5.9
3 Month Libor + 5%	1.3	3.9	5.3	5.3	5.3	7.0		5.3
GSO Direct Lending	-0.5	2.4	4.8	9.9	NA	NA	3/1/11	12.8
3 Month Libor + 5%	1.3	3.9	5.3	5.3	5.3	7.0		5.3
<b>Real Assets</b>								
<b>Real Estate<sup>3</sup></b>	<b>3.5</b>	<b>17.5</b>	<b>21.1</b>	<b>14.4</b>	<b>14.2</b>	<b>6.2</b>	<b>1/1/94</b>	<b>9.0</b>
<b>Core Real Estate</b>	<b>3.6</b>	<b>9.5</b>	<b>12.6</b>	<b>11.3</b>	<b>13.7</b>	<b>NA</b>	<b>7/1/09</b>	<b>9.2</b>
PRISA I	3.2	10.6	14.2	12.5	15.8	6.8	7/1/04	7.3
Net of Fees	3.0	9.9	13.3	11.6	14.7	5.8		6.3
NCREIF ODCE Equal Weighted (net)	3.2	9.6	12.4	11.5	13.3	5.7		6.2
American Core Realty Fund, LLC	4.5	9.9	13.0	12.3	13.4	NA	1/1/07	4.6
Net of Fees	4.2	9.1	11.9	11.2	12.3	NA		3.6
NCREIF ODCE Equal Weighted (net)	3.2	9.6	12.4	11.5	13.3	5.7		3.4

<sup>1</sup> Fiscal Year begins July 1.

<sup>2</sup> All manager returns are presented one quarter lagged.

<sup>3</sup> All manager returns are presented one quarter lagged with the exception of the American Core Realty Fund and PRISA, which are not lagged.



	1Q15 (%)	Fiscal <sup>1</sup> YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Performance Inception Date	Since Inception (%)
<b>Real Assets (continued)</b>								
<b>Private Real Estate<sup>2,3</sup></b>	<b>3.2</b>	<b>38.5</b>	<b>43.0</b>	<b>21.5</b>	<b>16.9</b>	<b>NA</b>	<b>7/1/09</b>	<b>6.4</b>
DRA Growth and Income Fund VII	3.5	13.2	17.7	15.9	NA	NA	4/1/12	15.9
NCREIF Property	3.6	9.5	12.7	11.5	12.8	8.4		11.5
Fidelity Real Estate Growth Fund III	6.4	25.0	26.5	19.0	21.5	NA	1/1/08	-11.4
NCREIF Property	3.6	9.5	12.7	11.5	12.8	8.4		5.0
DRA Growth and Income Fund V	-0.2	23.2	26.0	11.8	9.2	NA	1/1/06	4.2
NCREIF Property	3.6	9.5	12.7	11.5	12.8	8.4		7.4
DRA Growth & Income Fund VIII <sup>4</sup>	NA	NA	NA	NA	NA	NA	10/1/15	NA
NCREIF Property	3.6	9.5	12.7	11.5	12.8	8.4		NA
DRA Growth and Income Fund VI	0.1	33.6	41.2	18.4	19.0	NA	1/1/08	9.3
NCREIF Property	3.6	9.5	12.7	11.5	12.8	8.4		5.0
GEAM Value Add Realty Partners	0.0 <sup>5</sup>	7.6	11.3	25.0	19.2	NA	1/1/07	-6.4
NCREIF Property	3.6	9.5	12.7	11.5	12.8	8.4		6.3
<b>Natural Resources</b>	<b>-3.7</b>	<b>-19.5</b>	<b>-14.1</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>11/1/12</b>	<b>-5.9</b>
Northern Trust Global Large MidCap Natural Resources	-3.7	-19.5	-14.1	NA	NA	NA	11/1/12	-5.9
Net of Fees	-3.7	-19.5	-14.1	NA	NA	NA		-6.0
S&P Global Large MidCap Commodity and Resources	-3.7	-19.8	-14.3	-5.5	-1.3	7.1		-6.1

<sup>1</sup> Fiscal Year begins July 1.

<sup>2</sup> DRA trailing period returns provided by manager. Performance is net of fees.

<sup>3</sup> Returns are time-weighted and lagged. Meketa Investment Group recommends that the Trustees use dollar-weighted (IRR) returns as shown in the quarterly Private Markets report in order to evaluate private markets managers.

<sup>4</sup> DRA Growth & Income Fund VIII trailing period returns will not be available until 4Q15.

<sup>5</sup> Returns not available at the time of this report.

	1Q15 (%)	Fiscal <sup>1</sup> YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Performance Inception Date	Since Inception (%)
<b>Real Assets (continued)</b>								
<b>Infrastructure</b>	<b>-0.9</b>	<b>-0.7</b>	<b>10.0</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>3/1/14</b>	<b>11.1</b>
SSgA Dow Jones Brookfield Infrastructure Index	-0.9	-0.7	10.0	NA	NA	NA	3/1/14	11.1
Net of Fees	-0.9	-0.7	10.0	NA	NA	NA		11.1
DJ Brookfield Global Infrastructure Index	-1.1	-1.1	9.6	13.9	14.4	11.6		10.2
<b>Commodities</b>	<b>-6.7</b>	<b>-24.2</b>	<b>-20.9</b>	<b>-9.5</b>	<b>NA</b>	<b>NA</b>	<b>5/1/10</b>	<b>-3.9</b>
First Quadrant Risk Parity Commodity Index <sup>2</sup>	-8.1	-26.5	-22.7	-11.4	NA	NA	4/1/11	-11.4
Custom Risk Parity Commodity Benchmark <sup>3</sup>	-5.1	-22.3	-19.2	-7.8	NA	NA		-8.5
Bloomberg Commodity Index	-5.9	-27.1	-27.0	-11.5	-5.7	-3.6		-12.7
Credit Suisse Compound Risk Parity Commodity Index <sup>2</sup>	-5.1	-22.0	-19.0	-7.6	NA	NA	4/1/11	-8.4
Custom Risk Parity Commodity Benchmark <sup>3</sup>	-5.1	-22.3	-19.2	-7.8	NA	NA		-8.5
Bloomberg Commodity Index	-5.9	-27.1	-27.0	-11.5	-5.7	-3.6		-12.7

<sup>1</sup> Fiscal Year begins July 1.

<sup>2</sup> Performance is net of fees.

<sup>3</sup> Custom Risk Parity Commodity Benchmark returns provided by Credit Suisse.

	1Q15 (%)	Fiscal <sup>1</sup> YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Performance Inception Date	Since Inception (%)
<b>Absolute Return<sup>2</sup></b>	<b>3.9</b>	<b>6.9</b>	<b>9.0</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>11/1/12</b>	<b>6.4</b>
<b>Relative Value</b>	<b>4.4</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>10/1/14</b>	<b>4.9</b>
DE Shaw	8.9	15.4	20.9	NA	NA	NA	4/1/13	16.7
<i>HFRI Fund Weighted Composite Index</i>	2.4	2.2	4.3	5.4	4.6	5.3		5.4
Arrowgrass International Fund Ltd	4.1	4.5	5.3	NA	NA	NA	11/1/12	7.7
<i>HFRI Relative Value Index</i>	1.7	0.9	3.3	6.3	6.1	6.4		6.0
Pine River Fund Ltd	1.9	5.1	4.2	NA	NA	NA	1/1/13	7.4
<i>HFRI Relative Value Index</i>	1.7	0.9	3.3	6.3	6.1	6.4		5.7
Hudson Bay Fund	2.0	-1.8	-1.1	NA	NA	NA	8/1/13	2.5
<i>HFRI Relative Value Index</i>	1.7	0.9	3.3	6.3	6.1	6.4		5.5
<b>Global Macro</b>	<b>2.9</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>10/1/14</b>	<b>7.1</b>
Brevan Howard Multi-Strategy Fund Ltd	3.1	5.7	6.2	NA	NA	NA	12/1/12	3.1
<i>HFRI Macro Index</i>	3.4	8.1	9.5	2.5	2.4	4.6		4.1
BlueCrest	11.7	18.6	30.7	NA	NA	NA	4/1/13	3.0
<i>Barclay BTOP50 Index</i>	4.6	17.0	18.7	5.2	3.2	4.3		7.6
Kepos Alpha Fund	-7.3	12.9	22.5	NA	NA	NA	3/1/13	3.1
<i>HFRI Macro Systematic Diversified</i>	5.1	16.2	18.3	4.2	3.6	7.2		6.9

<sup>1</sup> Fiscal Year begins July 1.

<sup>2</sup> NAV and performance provided by Albourne.

## San Jose Federated City Employees' Retirement System

## Aggregate Assets Calendar Year Performance

	2014 (%)	2013 (%)	2012 (%)	2011 (%)	2010 (%)	2009 (%)	2008 (%)	2007 (%)	2006 (%)	2005 (%)
<b>Total Fund Aggregate<sup>1</sup></b>	<b>4.2</b>	<b>8.7</b>	<b>9.7</b>	<b>-1.5</b>	<b>13.0</b>	<b>19.4</b>	<b>-23.8</b>	<b>8.8</b>	<b>13.0</b>	<b>6.7</b>
<b>Net of Fees<sup>2</sup></b>	<b>4.1</b>	<b>8.5</b>	<b>9.6</b>	<b>-1.6</b>	<b>12.8</b>	<b>19.1</b>	<b>-24.0</b>	<b>8.5</b>	<b>12.7</b>	<b>6.4</b>
<b>Total Fund Aggregate ex Overlay</b>	<b>4.3</b>	<b>8.4</b>	<b>9.7</b>	<b>-1.4</b>	<b>13.0</b>	<b>19.4</b>	<b>-23.8</b>	<b>8.8</b>	<b>13.0</b>	<b>6.7</b>
<b>Net of Fees ex Overlay</b>	<b>4.2</b>	<b>8.3</b>	<b>9.6</b>	<b>-1.6</b>	<b>12.8</b>	<b>19.1</b>	<b>-24.0</b>	<b>8.5</b>	<b>12.7</b>	<b>6.4</b>
<i>CPI (inflation)</i>	0.8	1.5	1.7	3.0	1.5	2.7	0.1	4.1	2.5	3.4
<i>San Jose FCERS Policy Benchmark<sup>3</sup></i>	3.3	11.2	9.4	-1.7	14.4	19.0	-22.8	8.2	13.5	6.7
<i>San Jose FCERS Custom Benchmark<sup>4</sup></i>	3.0	9.8	10.2	-2.6	NA	NA	NA	NA	NA	NA
<i>Public Plans &gt; \$1 Billion Universe (Median)<sup>5</sup></i>	5.1	15.2	13.4	0.7	12.5	19.4	-24.2	7.9	NA	NA

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

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

<sup>3</sup> Please see page 31 of the Plan Summary for composition of the San Jose FCERS Policy Benchmark.

<sup>4</sup> San Jose FCERS Custom Benchmark consists of the individual benchmarks that comprise the San Jose FCERS Policy Benchmark weighted accordingly to actual allocations and re-adjusted monthly.

<sup>5</sup> Universe data provided by InvestorForce. Prior to 2014, calendar year returns provided by InvestMetrics.



# San Jose Federated City Employees' Retirement System

## Aggregate Assets Calendar Year Performance

	2014 (%)	2013 (%)	2012 (%)	2011 (%)	2010 (%)	2009 (%)	2008 (%)	2007 (%)	2006 (%)	2005 (%)
<b>Total Fund Aggregate</b>	<b>4.2</b>	<b>8.7</b>	<b>9.7</b>	<b>-1.5</b>	<b>13.0</b>	<b>19.4</b>	<b>-23.8</b>	<b>8.8</b>	<b>13.0</b>	<b>6.7</b>
<b>Equity Assets</b>	<b>7.6</b>	<b>20.3</b>	<b>14.8</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>
Global Equity	5.3	22.1	16.0	-6.9	NA	NA	NA	NA	NA	NA
<i>MSCI ACWI IMI</i>	3.8	23.6	16.4	-7.9	14.3	36.4	-42.3	11.2	20.9	11.5
Long-Short Equity	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>HFRI Equity Hedge (Long/Short Equity)</i>	1.8	14.3	7.4	-8.4	10.5	24.6	-26.6	10.5	11.7	10.6
Private Equity <sup>1</sup>	18.6	14.6	9.5	15.6	10.9	-13.5	-4.0	15.5	-3.5	NA
<i>Cambridge Associates Private Equity Composite</i> <sup>2</sup>	13.9	18.1	14.5	12.0	15.7	-6.6	-7.1	26.6	18.6	30.4
<b>Fixed Income</b>	<b>1.3</b>	<b>1.4</b>	<b>7.1</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>
<i>Barclays Global Aggregate</i>	0.6	-2.6	4.3	5.6	5.5	6.9	4.8	9.5	6.6	-4.5
Investment Grade Bonds	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>Barclays Intermediate Gov't Bond Index</i>	2.5	-1.2	1.7	6.1	5.0	-0.3	10.4	8.5	3.8	1.7
Inflation Linked Bonds	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>Barclays U.S. TIPS 0-5 Years</i>	-1.1	-1.6	2.4	4.5	3.3	10.7	-2.0	9.8	2.6	1.6
Global Credit	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Long-Short Credit	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>HFRX Fixed Income - Credit Index</i>	-1.8	6.9	7.7	-3.6	10.2	38.9	-14.6	9.2	14.5	10.4
Private Debt <sup>3</sup>	6.9	9.2	10.8	2.8	NA	NA	NA	NA	NA	NA
<i>3 Month Libor + 5%</i>	5.3	5.3	5.5	5.3	5.3	5.9	8.7	10.7	10.5	8.5

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

<sup>2</sup> Cambridge Associates Private Equity Composite (40% Secondary and 60% Fund of Funds) used since 1Q14. Data for the Venture Economics Private Equity Index was used through 4Q13, but the index was discontinued in early 2014.

<sup>3</sup> Returns are time-weighted. Meketa Investment Group recommends that the Trustees use dollar-weighted (IRR) returns as shown in the quarterly Private Markets report in order to evaluate private markets managers.



# San Jose Federated City Employees' Retirement System

## Aggregate Assets Calendar Year Performance

	2014 (%)	2013 (%)	2012 (%)	2011 (%)	2010 (%)	2009 (%)	2008 (%)	2007 (%)	2006 (%)	2005 (%)
<b>Total Fund Aggregate (continued)</b>										
<b>Real Assets</b>	<b>2.2</b>	<b>-8.1</b>	<b>0.2</b>	<b>-6.5</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>
Real Estate <sup>1</sup>	21.1	12.3	8.9	14.9	7.7	-37.7	-5.4	23.4	13.2	22.9
Core Real Estate	11.5	12.6	9.3	16.3	14.2	NA	NA	NA	NA	NA
<i>NCREIF ODCE Equal Weighted (net)</i>	11.4	12.4	9.9	15.0	15.1	-31.3	-11.1	15.0	15.1	19.0
Private Real Estate <sup>2</sup>	45.2	12.2	8.6	13.7	1.8	NA	NA	NA	NA	NA
<i>NCREIF Property</i>	11.8	11.0	10.7	14.3	13.1	-17.0	-6.5	15.8	16.8	20.2
Natural Resources	-9.2	-2.4	NA	NA	NA	NA	NA	NA	NA	NA
<i>S&amp;P Global Natural Resources</i>	-9.7	1.5	7.2	-14.9	11.0	36.1	-38.3	41.7	29.8	26.8
Infrastructure	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>DJ Brookfield Global Infrastructure Index</i>	16.3	15.9	16.0	13.7	12.5	34.2	-36.4	16.3	36.7	11.0
Commodities	-8.5	-11.2	-1.3	-9.0	NA	NA	NA	NA	NA	NA
<i>Custom Risk Parity Commodity Benchmark<sup>3</sup></i>	-8.7	-9.2	1.3	NA	NA	NA	NA	NA	NA	NA
<b>Absolute Return Assets<sup>4</sup></b>	<b>4.8</b>	<b>5.0</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>
Relative Value	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>HFRI Relative Value Index</i>	4.0	7.1	10.6	0.2	11.4	25.8	-18.0	8.9	12.3	6.0
Global Macro	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>HFRI Macro: Discretionary Thematic Index</i>	-1.6	0.8	3.4	-6.4	5.5	14.5	-12.0	NA	NA	NA
<b>Russell Investments Overlay<sup>5</sup></b>	<b>-0.1</b>	<b>0.2</b>	<b>0.1</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>

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

<sup>2</sup> Performance is net of fees.

<sup>3</sup> Custom Risk Parity Commodity Benchmark returns provided by Credit Suisse.

<sup>4</sup> NAV and performance provided by Albourne.

<sup>5</sup> Overlay returns provided by Russell Investments.





# San Jose Federated City Employees' Retirement System

## Aggregate Assets Calendar Year Performance

	2014 (%)	2013 (%)	2012 (%)	2011 (%)	2010 (%)	2009 (%)	2008 (%)	2007 (%)	2006 (%)	2005 (%)
<b>Equity Assets</b>	<b>7.6</b>	<b>20.3</b>	<b>14.8</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>
<b>Global Equity</b>	<b>5.3</b>	<b>22.1</b>	<b>16.0</b>	<b>-6.9</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>
Artisan Global Value	6.1	33.6	20.8	NA	NA	NA	NA	NA	NA	NA
Net of Fees	5.5	32.8	20.2	NA	NA	NA	NA	NA	NA	NA
<i>MSCI ACWI Value</i>	2.9	22.4	15.6	-7.3	10.2	31.7	-41.5	6.7	25.6	10.8
Vontobel Emerging Markets Equity	6.6	NA	NA	NA	NA	NA	NA	NA	NA	NA
Net of Fees	5.7	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>MSCI Emerging Markets</i>	-2.2	-2.6	18.2	-18.4	18.9	78.5	-53.3	39.4	32.2	34.0
Northern Trust Russell 3000 Index	12.7	33.6	16.5	1.1	17.2	28.9	-37.3	5.3	15.8	6.2
Net of Fees	12.6	33.6	16.5	1.1	17.2	28.9	-37.3	5.2	15.8	6.2
<i>Russell 3000</i>	12.6	33.6	16.4	1.0	16.9	28.3	-37.3	5.1	15.7	6.1
Northern Trust MSCI EAFE Index-NL	-4.6	23.2	NA	NA	NA	NA	NA	NA	NA	NA
Net of Fees	-4.7	23.1	NA	NA	NA	NA	NA	NA	NA	NA
<i>MSCI EAFE</i>	-4.9	22.8	17.3	-12.1	7.7	31.8	-43.4	11.2	26.3	13.5
Cove Street Small Cap Value	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>Russell 2000 Value</i>	4.2	34.5	18.1	-5.5	24.5	20.6	-28.9	-9.8	23.5	4.7
Northern Trust EAFE Small Cap	-4.6	29.5	NA	NA	NA	NA	NA	NA	NA	NA
Net of Fees	-4.7	29.4	NA	NA	NA	NA	NA	NA	NA	NA
<i>MSCI EAFE Small Cap</i>	-4.9	29.3	20.0	-15.9	22.0	46.8	-47.0	1.4	19.3	26.2
Aberdeen Frontier Markets	-2.3	NA	NA	NA	NA	NA	NA	NA	NA	NA
Net of Fees	-3.8	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>MSCI Frontier Markets</i>	6.8	25.9	8.9	-18.7	23.8	11.6	-54.1	41.9	-8.9	72.7
<i>MSCI Frontier Markets ex GCC</i>	-3.3	23.6	16.6	-26.1	16.9	22.3	-56.6	35.0	62.2	20.2



# San Jose Federated City Employees' Retirement System

## Aggregate Assets Calendar Year Performance

	2014 (%)	2013 (%)	2012 (%)	2011 (%)	2010 (%)	2009 (%)	2008 (%)	2007 (%)	2006 (%)	2005 (%)
<b>Equity Assets (continued)</b>										
<b>Long-Short Equity</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>
Senator Global Opportunity Offshore Fund	7.6	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>HFRI Event Driven Index</i>	1.1	12.5	8.9	-3.3	11.9	25.1	-21.8	6.6	15.3	7.3
Sandler Plus Offshore Fund Ltd	5.7	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>HFRI Equity Hedge (Long/Short Equity)</i>	1.8	14.3	7.4	-8.4	10.5	24.6	-26.6	10.5	11.7	10.6
Horizon Portfolio I	9.3	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>HFRI Equity Hedge (Long/Short Equity)</i>	1.8	14.3	7.4	-8.4	10.5	24.6	-26.6	10.5	11.7	10.6
Marshall Wace Eureka Fund	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>HFRI Equity Hedge (Long/Short Equity)</i>	1.8	14.3	7.4	-8.4	10.5	24.6	-26.6	10.5	11.7	10.6
Amici Offshore, Ltd.	-0.2	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>HFRI Equity Hedge (Long/Short Equity)</i>	1.8	14.3	7.4	-8.4	10.5	24.6	-26.6	10.5	11.7	10.6

# San Jose Federated City Employees' Retirement System

## Aggregate Assets Calendar Year Performance

	2014 (%)	2013 (%)	2012 (%)	2011 (%)	2010 (%)	2009 (%)	2008 (%)	2007 (%)	2006 (%)	2005 (%)
<b>Equity Assets (continued)</b>										
<b>Private Equity<sup>1</sup></b>	<b>18.6</b>	<b>14.6</b>	<b>9.5</b>	<b>15.6</b>	<b>10.9</b>	<b>-13.5</b>	<b>-4.0</b>	<b>15.5</b>	<b>-3.5</b>	<b>NA</b>
Pantheon USA Fund VII	21.7	16.9	11.1	14.5	7.1	NA	NA	NA	NA	NA
<i>Cambridge Associates Private Equity Composite<sup>2</sup></i>	13.9	18.1	14.5	12.0	15.7	-6.6	-7.1	26.6	18.6	30.4
Pathway Private Equity Fund VIII	20.2	19.1	12.0	15.8	16.8	NA	NA	NA	NA	NA
<i>Cambridge Associates Private Equity Composite<sup>2</sup></i>	13.9	18.1	14.5	12.0	15.7	-6.6	-7.1	26.6	18.6	30.4
Pantheon Global Secondary Fund III	4.5	4.3	0.9	11.6	5.4	NA	NA	NA	NA	NA
<i>Cambridge Associates Private Equity Composite<sup>2</sup></i>	13.9	18.1	14.5	12.0	15.7	-6.6	-7.1	26.6	18.6	30.4
Partners Group Secondary 2011	28.1	16.0	NA	NA	NA	NA	NA	NA	NA	NA
<i>Cambridge Associates Private Equity Composite<sup>2</sup></i>	13.9	18.1	14.5	12.0	15.7	-6.6	-7.1	26.6	18.6	30.4
Partners Group Secondary 2008	13.0	15.1	6.0	24.5	20.1	NA	NA	NA	NA	NA
<i>Cambridge Associates Private Equity Composite<sup>2</sup></i>	13.9	18.1	14.5	12.0	15.7	-6.6	-7.1	26.6	18.6	30.4
Great Hill Equity Partners IV	39.5	29.6	17.8	43.3	7.4	NA	NA	NA	NA	NA
<i>Cambridge Associates Private Equity Composite<sup>2</sup></i>	13.9	18.1	14.5	12.0	15.7	-6.6	-7.1	26.6	18.6	30.4
<b>Fixed Income</b>	<b>1.3</b>	<b>1.4</b>	<b>7.1</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>
<b>Investment Grade Bonds</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>
Northern Trust 1-10 Year Intermediate Gov't Bond Index	2.5	-1.3	NA	NA	NA	NA	NA	NA	NA	NA
Net of Fees	2.5	-1.3	NA	NA	NA	NA	NA	NA	NA	NA
<i>Barclays Intermediate Gov't Bond Index</i>	2.5	-1.2	1.7	6.1	5.0	-0.3	10.4	8.5	3.8	1.7

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

<sup>2</sup> Cambridge Associates Private Equity Composite (40% Secondary and 60% Fund of Funds) used since 1Q14. Data for the Venture Economics Private Equity Index was used through 4Q13, but the index was discontinued in early 2014.



# San Jose Federated City Employees' Retirement System

## Aggregate Assets Calendar Year Performance

	2014 (%)	2013 (%)	2012 (%)	2011 (%)	2010 (%)	2009 (%)	2008 (%)	2007 (%)	2006 (%)	2005 (%)
<b>Fixed Income (continued)</b>										
<b>Inflation Linked Bonds</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>
Northern Trust 0-5 Year TIPS	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Barclays U.S. TIPS 0-5 Years	-1.1	-1.6	2.4	4.5	3.3	10.7	-2.0	9.8	2.6	1.6
<b>Global Credit</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>
<b>Long-Short Credit</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>
Claren Road Credit Fund	-10.3	NA	NA	NA	NA	NA	NA	NA	NA	NA
HFRI RV Fixed Income-Corporate Index	1.3	5.7	11.0	0.8	11.8	30.7	-24.2	-0.7	10.8	5.3
Davidson Kempner Institutional Partners	4.5	NA	NA	NA	NA	NA	NA	NA	NA	NA
HFRI Event Driven Index	1.1	12.5	8.9	-3.3	11.9	25.1	-21.8	6.6	15.3	7.3
<b>Private Debt<sup>1</sup></b>	<b>6.9</b>	<b>9.2</b>	<b>10.8</b>	<b>2.8</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>
Medley Opportunity Fund II, L.P.	9.5	8.8	11.0	NA	NA	NA	NA	NA	NA	NA
3 Month Libor + 5%	5.3	5.3	5.5	5.3	5.3	5.9	8.7	10.7	10.5	8.5
White Oak Direct Lending	5.0	9.4	2.7	NA	NA	NA	NA	NA	NA	NA
3 Month Libor + 5%	5.3	5.3	5.5	5.3	5.3	5.9	8.7	10.7	10.5	8.5
GSO Direct Lending	7.0	8.4	16.2	NA	NA	NA	NA	NA	NA	NA
3 Month Libor + 5%	5.3	5.3	5.5	5.3	5.3	5.9	8.7	10.7	10.5	8.5

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



## San Jose Federated City Employees' Retirement System

## Aggregate Assets Calendar Year Performance

	2014 (%)	2013 (%)	2012 (%)	2011 (%)	2010 (%)	2009 (%)	2008 (%)	2007 (%)	2006 (%)	2005 (%)
<b>Real Assets</b>	<b>2.2</b>	<b>-8.1</b>	<b>0.2</b>	<b>-6.5</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>
<b>Real Estate<sup>1</sup></b>	<b>21.1</b>	<b>12.3</b>	<b>8.9</b>	<b>14.9</b>	<b>7.7</b>	<b>-37.7</b>	<b>-5.4</b>	<b>23.4</b>	<b>13.2</b>	<b>22.9</b>
<b>Core Real Estate</b>	<b>11.5</b>	<b>12.6</b>	<b>9.3</b>	<b>16.3</b>	<b>14.2</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>
PRISA I	13.3	14.7	9.7	19.1	18.4	-34.2	-13.0	17.5	16.2	23.3
Net of Fees	12.4	13.7	8.7	17.9	17.0	-34.9	-13.7	16.5	15.1	22.1
<i>NCREIF ODCE Equal Weighted (net)</i>	<i>11.4</i>	<i>12.4</i>	<i>9.9</i>	<i>15.0</i>	<i>15.1</i>	<i>-31.3</i>	<i>-11.1</i>	<i>15.0</i>	<i>15.1</i>	<i>19.0</i>
American Core Realty Fund, LLC	11.6	12.4	11.3	15.1	11.2	-30.0	-5.3	17.3	NA	NA
Net of Fees	10.6	11.3	10.2	13.8	10.1	-30.7	-6.3	16.2	NA	NA
<i>NCREIF ODCE Equal Weighted (net)</i>	<i>11.4</i>	<i>12.4</i>	<i>9.9</i>	<i>15.0</i>	<i>15.1</i>	<i>-31.3</i>	<i>-11.1</i>	<i>15.0</i>	<i>15.1</i>	<i>19.0</i>
<b>Private Real Estate<sup>2,3</sup></b>	<b>45.2</b>	<b>12.2</b>	<b>8.6</b>	<b>13.7</b>	<b>1.8</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>
DRA Growth and Income Fund VII	17.9	14.4	NA	NA	NA	NA	NA	NA	NA	NA
<i>NCREIF Property</i>	<i>11.8</i>	<i>11.0</i>	<i>10.7</i>	<i>14.3</i>	<i>13.1</i>	<i>-17.0</i>	<i>-6.5</i>	<i>15.8</i>	<i>16.8</i>	<i>20.2</i>
Fidelity Real Estate Growth Fund III	26.8	16.5	14.7	9.6	38.3	-77.5	-32.6	NA	NA	NA
<i>NCREIF Property</i>	<i>11.8</i>	<i>11.0</i>	<i>10.7</i>	<i>14.3</i>	<i>13.1</i>	<i>-17.0</i>	<i>-6.5</i>	<i>15.8</i>	<i>16.8</i>	<i>20.2</i>
DRA Growth and Income Fund V	28.5	5.4	4.8	7.2	-1.0	-24.3	2.8	18.7	5.3	NA
<i>NCREIF Property</i>	<i>11.8</i>	<i>11.0</i>	<i>10.7</i>	<i>14.3</i>	<i>13.1</i>	<i>-17.0</i>	<i>-6.5</i>	<i>15.8</i>	<i>16.8</i>	<i>20.2</i>
DRA Growth & Income Fund VIII <sup>4</sup>	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>NCREIF Property</i>	<i>11.8</i>	<i>11.0</i>	<i>10.7</i>	<i>14.3</i>	<i>13.1</i>	<i>-17.0</i>	<i>-6.5</i>	<i>15.8</i>	<i>16.8</i>	<i>20.2</i>

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

<sup>2</sup> DRA trailing period returns provided by manager. Performance is net of fees.

<sup>3</sup> Returns are time-weighted and lagged. Meketa Investment Group recommends that the Trustees use dollar-weighted (IRR) returns as shown in the quarterly Private Markets report in order to evaluate private markets managers.

<sup>4</sup> DRA Growth & Income Fund VIII trailing period returns will not be available until 4Q15.



## San Jose Federated City Employees' Retirement System

## Aggregate Assets Calendar Year Performance

	2014 (%)	2013 (%)	2012 (%)	2011 (%)	2010 (%)	2009 (%)	2008 (%)	2007 (%)	2006 (%)	2005 (%)
<b>Real Assets (continued)</b>										
DRA Growth and Income Fund VI	45.8	11.3	3.2	29.8	-0.1	-19.8	9.0	NA	NA	NA
<i>NCREIF Property</i>	11.8	11.0	10.7	14.3	13.1	-17.0	-6.5	15.8	16.8	20.2
GEAM Value Add Realty Partners	35.4	23.9	15.2	10.6	5.0	-66.3	-22.2	-1.6	NA	NA
<i>NCREIF Property</i>	11.8	11.0	10.7	14.3	13.1	-17.0	-6.5	15.8	16.8	20.2
<b>Natural Resources</b>	<b>-9.2</b>	<b>-2.4</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>
Northern Trust Global Large MidCap Natural Resources	-9.2	-2.4	NA	NA	NA	NA	NA	NA	NA	NA
Net of Fees	-9.2	-2.4	NA	NA	NA	NA	NA	NA	NA	NA
<i>S&amp;P Global Large MidCap Commodity and Resources</i>	-9.5	-2.6	7.1	-12.9	19.5	57.8	-46.1	59.3	30.5	29.1
<b>Infrastructure</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>
SSgA Dow Jones Brookfield Infrastructure Index	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>DJ Brookfield Global Infrastructure Index</i>	16.3	15.9	16.0	13.7	12.5	34.2	-36.4	16.3	36.7	11.0
<b>Commodities</b>	<b>-8.5</b>	<b>-11.2</b>	<b>-1.3</b>	<b>-9.0</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>
First Quadrant Risk Parity Commodity Index <sup>1</sup>	-7.7	-13.6	-4.7	NA	NA	NA	NA	NA	NA	NA
<i>Custom Risk Parity Commodity Benchmark</i> <sup>2</sup>	-8.7	-9.2	1.3	NA	NA	NA	NA	NA	NA	NA
<i>Bloomberg Commodity Index</i>	-17.0	-9.5	-1.1	-13.3	16.8	18.9	-35.6	16.2	2.1	21.4
Credit Suisse Compound Risk Parity Commodity Index <sup>1</sup>	-8.9	-8.8	1.6	NA	NA	NA	NA	NA	NA	NA
<i>Custom Risk Parity Commodity Benchmark</i> <sup>2</sup>	-8.7	-9.2	1.3	NA	NA	NA	NA	NA	NA	NA
<i>Bloomberg Commodity Index</i>	-17.0	-9.5	-1.1	-13.3	16.8	18.9	-35.6	16.2	2.1	21.4

<sup>1</sup> Performance is net of fees.

<sup>2</sup> Custom Risk Parity Commodity Benchmark returns provided by Credit Suisse.



# San Jose Federated City Employees' Retirement System

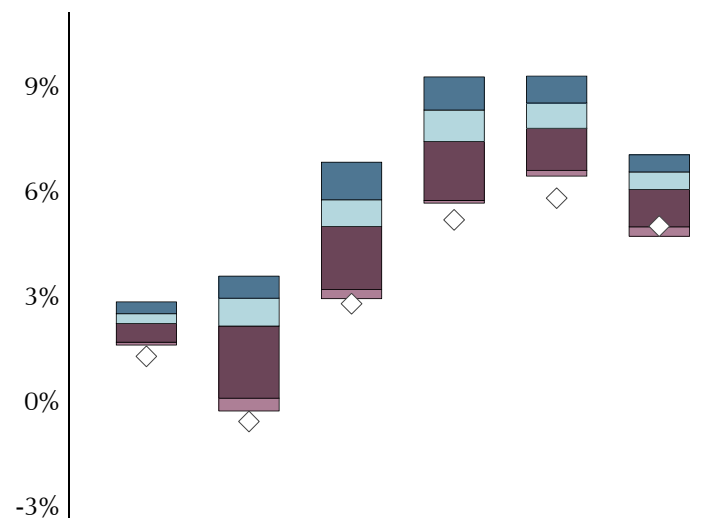
## Aggregate Assets Calendar Year Performance

	2014 (%)	2013 (%)	2012 (%)	2011 (%)	2010 (%)	2009 (%)	2008 (%)	2007 (%)	2006 (%)	2005 (%)
<b>Absolute Return Assets<sup>1</sup></b>	<b>4.8</b>	<b>5.0</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>
<b>Relative Value</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>
DE Shaw	16.2	NA	NA	NA	NA	NA	NA	NA	NA	NA
HFRI Fund Weighted Composite Index	3.0	9.1	6.4	-5.2	10.2	20.0	-19.0	10.0	12.9	9.3
Arrowgrass International Fund Ltd	3.4	9.0	NA	NA	NA	NA	NA	NA	NA	NA
HFRI Relative Value Index	4.0	7.1	10.6	0.2	11.4	25.8	-18.0	8.9	12.3	6.0
Pine River Fund Ltd	4.8	10.1	NA	NA	NA	NA	NA	NA	NA	NA
HFRI Relative Value Index	4.0	7.1	10.6	0.2	11.4	25.8	-18.0	8.9	12.3	6.0
Hudson Bay Fund	-2.1	NA	NA	NA	NA	NA	NA	NA	NA	NA
HFRI Relative Value Index	4.0	7.1	10.6	0.2	11.4	25.8	-18.0	8.9	12.3	6.0
<b>Global Macro</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>
Brevan Howard Multi-Strategy Fund Ltd	1.5	1.4	NA	NA	NA	NA	NA	NA	NA	NA
HFRI Macro Index	5.6	-0.4	-0.1	-4.1	8.1	4.3	4.8	11.1	8.2	6.8
BlueCrest	12.7	NA	NA	NA	NA	NA	NA	NA	NA	NA
Barclay BTOP50 Index	12.0	0.8	-1.8	-4.2	6.4	-4.8	13.6	7.6	5.6	2.8
Kepos Alpha Fund	22.3	NA	NA	NA	NA	NA	NA	NA	NA	NA
HFRI Macro Systematic Diversified	10.7	-0.9	-2.5	-3.5	9.8	-1.7	18.1	10.4	16.9	14.4

<sup>1</sup> NAV and performance provided by Albourne.



Total Fund Aggregate vs. Public Plans > \$1 Billion Universe<sup>1</sup>



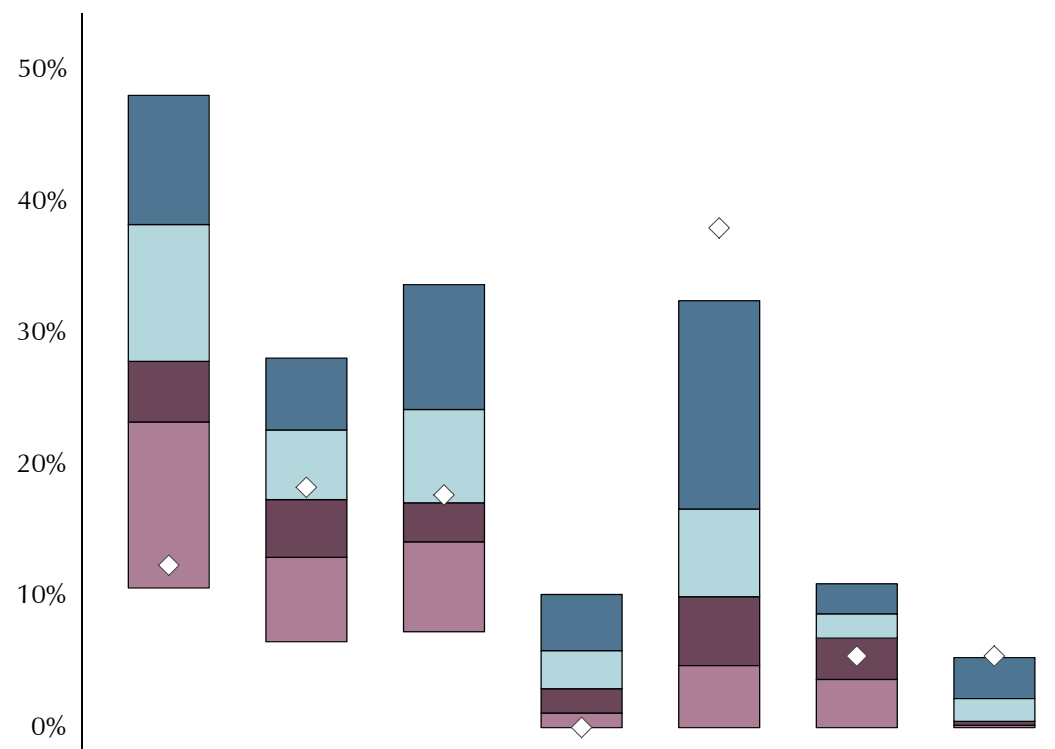
	1Q15 (%)	Fiscal <sup>2</sup> YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)
<b>Total Fund Aggregate (net of fees)</b>	<b>1.0</b>	<b>-1.1</b>	<b>2.7</b>	<b>5.4</b>	<b>6.1</b>	<b>5.2</b>
25th percentile	2.2	2.0	5.5	8.9	8.8	6.3
Median	1.9	1.2	4.6	7.9	8.0	5.8
75th percentile	1.3	-1.2	2.6	6.0	6.6	4.6
Total Fund Standard Deviation	4.7	3.7	4.0	6.4	8.1	9.4
Peer Median Standard Deviation	6.3	5.5	5.1	6.2	8.0	9.7
Population	58	58	58	57	54	51

<sup>1</sup> Universe data provided by InvestorForce. Returns are net of fees.

<sup>2</sup> Fiscal year begins July 1.



Peer Asset Allocation Comparison vs. Public Plans > \$1 Billion Universe<sup>1,2</sup>



	US Equity	Intl. Equity	US Fixed Income	Intl. Fixed Income	Alternative Inv.	Real Estate	Cash
San Jose Allocation (Russell Overlay Net Position)	12.7	18.8	18.2	0.0	39.1	5.6	5.6
25th Percentile	39.4	23.3	24.9	6.0	17.1	8.9	2.3
Median	28.7	17.8	17.6	3.0	10.2	7.0	0.5
75th Percentile	23.9	13.3	14.5	1.1	4.9	3.8	0.2
Population	48	48	48	48	48	48	48

<sup>1</sup> Universe data provided by InvestorForce.

<sup>2</sup> Based on Russell Investments overlay net positions as of 3/31/15.

## San Jose Federated City Employees' Retirement System

## Policy Benchmark Description as of 3/31/15

Time Period	%	Composition
10/1/2014-Present	28	MSCI ACWI IMI
	9	Cambridge Associates Private Equity Composite <sup>1</sup>
	24	Barclays Global Aggregate
	7	NCREIF Property <sup>2</sup>
	5	DJ Brookfield Global Infrastructure
	6	Bloomberg Commodity
	5	S&P Global Natural Resources
	11	HFRI Macro Discretionary Thematic
	5	Policy Benchmark
1/1/2012-9/30/2014	31	MSCI ACWI IMI
	9	Venture Economics Private Equity <sup>1</sup>
	5	NCREIF Property
	2.5	Barclays Intermediate Government
	1.25	Barclays U.S. TIPS
	1.25	Barclays U.S. TIPS 0-5 Years <sup>2</sup>
	5	3-Month LIBOR + 5%
	10	Risk Parity Commodities
	10	CPI-U + 5%
	25	HFRI Fund of Funds Composite
4/1/2011-12/31/2011	16	MSCI ACWI
	9	MSCI ACWI Value
	5	MSCI Emerging Markets
	5	MSCI EAFE Small Cap
	3	MSCI EAFE Growth
	3	Russell 3000
	2.5	Russell 2000 Growth
	2.5	Russell 2000 Value
	7.5	Russell Investments Barclays U.S. TIPS
	5	Barclays Intermediate Government
	2.5	Barclays Long U.S. Credit
	2.5	Merrill Lynch High Yield BB/B
	2.5	CSFB Leveraged Loan
	3	ML 300 Global Convertibles
	5	HFRI Weighted Composite
	5	NCREIF Property
	6	Venture Economics Private Equity <sup>1</sup>

Time Period	%	Composition
4/1/2011-12/31/2011 (continued)	8	Custom Risk Parity Benchmark
	2	S&P Global Infrastructure
	5	3-Month LIBOR + 5%
4/1/2010-3/31/2011	16	MSCI ACWI
	9	MSCI ACWI Value
	5	MSCI Emerging Markets
	5	MSCI EAFE Small Cap
	3	MSCI EAFE Growth
	3	Russell 3000
	2.5	Russell 2000 Growth
	2.5	Russell 2000 Value
	7.5	Russell Investments Barclays U.S. TIPS
	5	Barclays Intermediate Government
	2.5	Barclays Long U.S. Credit
	2.5	Merrill Lynch High Yield BB/B
	2.5	CSFB Leveraged Loan
	3	ML 300 Global Convertibles
	5	HFRI Weighted Composite
	5	NCREIF Property
	6	Venture Economics Private Equity <sup>1</sup>
	8	Dow-Jones UBS Commodities
	2	S&P Global Infrastructure
	5	3-Month LIBOR + 5%
7/1/09 – 3/31/2010	34	Russell 1000
	9	Russell 2000
	29	Barclays Aggregate
	7	S&P Citigroup WGBI
	15	MSCI ACWI ex U.S.
	6	NCREIF Property

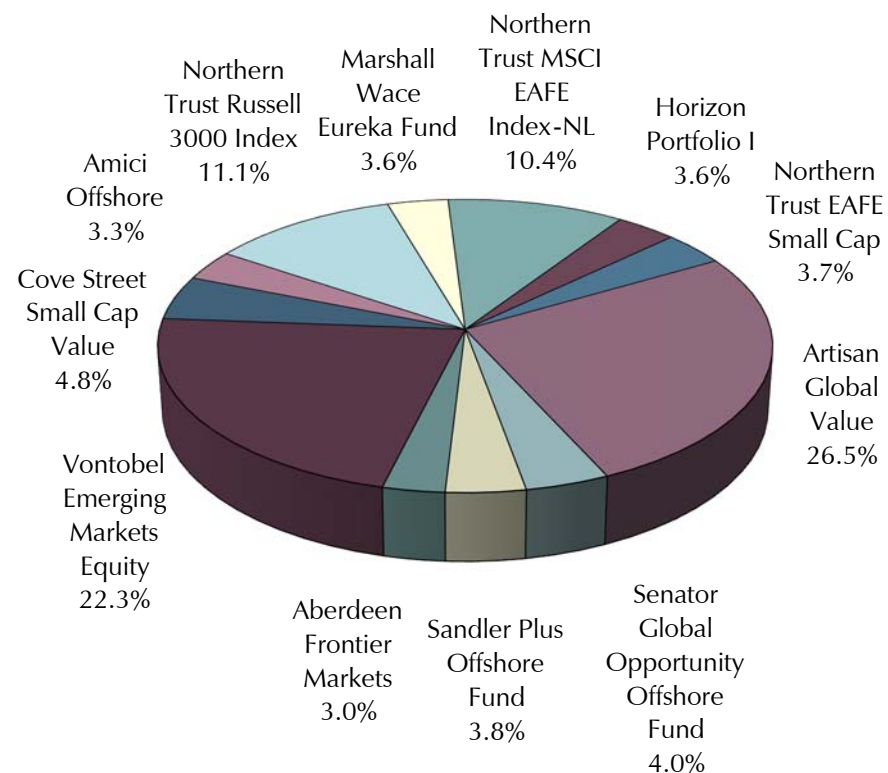
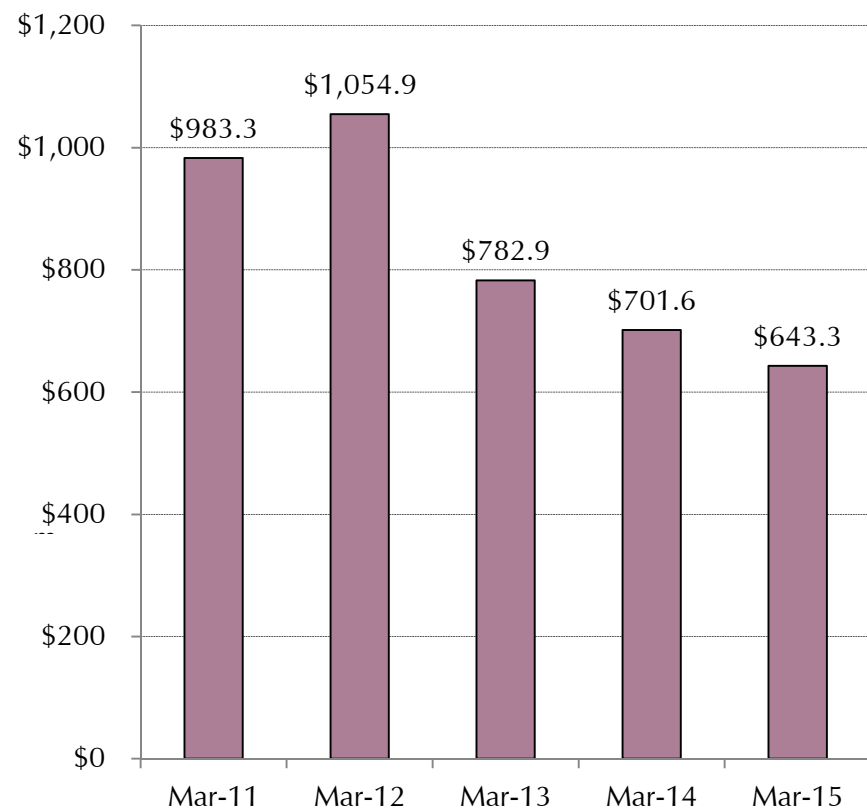
<sup>1</sup> Cambridge Associates Private Equity Composite (40% Secondary and 60% Fund of Funds) used since 1Q14. Data for the Venture Economics Private Equity Index was used through 4Q13, but the index was discontinued in early 2014.

<sup>2</sup> Barclays U.S. TIPS 1-5 Years Index through 6/30/14, 0-5 years through 9/30/14.



## Plan Detail

## Global Equity Assets As of March 31, 2015



Risk: (fifty-nine months)	Aggregate Global Equity <sup>1</sup> 3/31/15	MSCI ACWI IMI 3/31/15
Annualized Return (%)	9.7	9.3
Standard Deviation (%)	15.3	16.2
Best Monthly Return (%)	10.5	10.8
Worst Monthly Return (%)	-9.4	-9.8
Beta	0.93	1.00
Correlation to Index	0.99	1.00
Correlation to Total Fund Return	0.97	NA
Sharpe Measure (risk-adjusted return)	0.63	0.57
Information Ratio	0.18	NA

<sup>1</sup> Excludes Long-Short Equity prior to 10/1/2014.

	Aggregate Global Equity <sup>1</sup> 3/31/15	MSCI ACWI IMI 3/31/15	Aggregate Global Equity <sup>1</sup> 12/31/14
<b>Capitalization Structure:</b>			
Weighted Average Market Cap. (US\$ billion)	61.4	76.0	64.6
Median Market Cap. (US\$ billion)	1.8	1.4	1.7
Large (% over US\$20 billion)	63	62	63
Medium (% US\$3 billion to US\$20 billion)	26	29	26
Small (% under US\$3 billion)	12	9	12
<b>Fundamental Structure:</b>			
Price-Earnings Ratio	20	19	19
Price-Book Value Ratio	3.1	1.9	3.2
Dividend Yield (%)	2.2	2.3	2.1
Historical Earnings Growth Rate (%)	11	11	11
Projected Earnings Growth Rate (%)	13	11	13

<sup>1</sup> Excludes Long-Short Equity.

<b>Diversification:</b>	<b>Aggregate Global Equity<sup>1</sup> 3/31/15</b>	<b>MSCI ACWI IMI 3/31/15</b>	<b>Aggregate Global Equity<sup>1</sup> 12/31/14</b>
Number of Holdings	5,781	8,541	5,824
% in 5 largest holdings	7	5	7
% in 10 largest holdings	13	7	13

**Largest Five Holdings:**

Oracle  
Housing Development Financial  
British American Tobacco  
Bank of New York Mellon  
Citigroup

**% of Portfolio**

1.8  
1.5  
1.5  
1.4  
1.3

**Economic Sector**

Software & Services  
Banks  
Food, Beverage & Tobacco  
Diversified Financials  
Banks

<sup>1</sup> Excludes Long-Short Equity.



Sector Allocation (%):	Aggregate Global Equity <sup>1</sup> 3/31/15	MSCI ACWI IMI 3/31/15	Aggregate Global Equity <sup>1</sup> 12/31/14
Consumer Staples	16	9	16
Financials	28	22	28
Information Technology	19	14	19
Telecommunication Services	3	3	3
Utilities	2	3	2
Materials	3	6	3
Consumer Discretionary	10	13	10
Energy	4	7	4
Industrials	8	11	8
Health Care	8	12	8

<sup>1</sup> Excludes Long-Short Equity.

## San Jose Federated City Employees' Retirement System

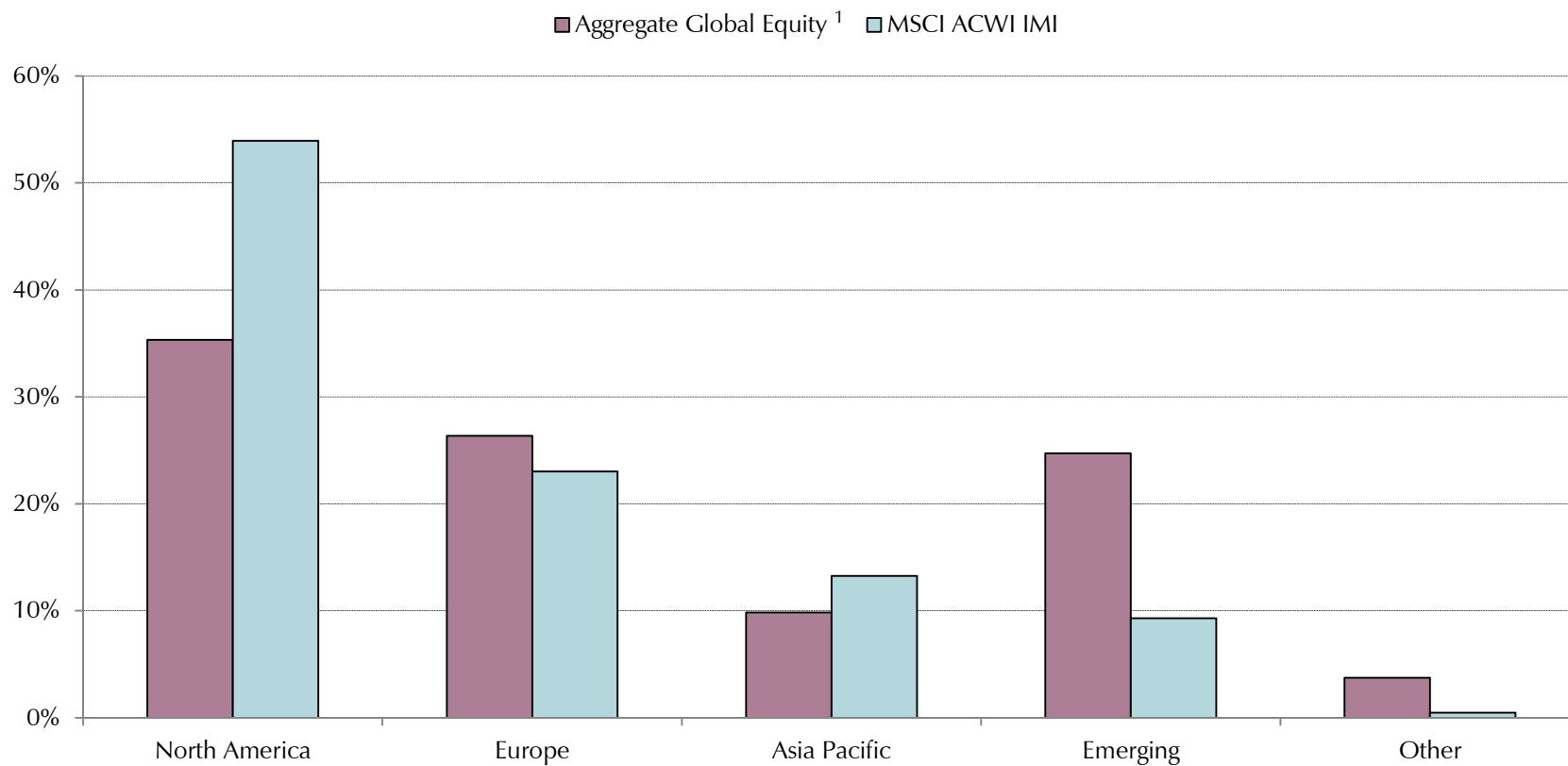
## Global Equity Assets Country & Region Breakdown as of 3/31/15

	Aggregate Global Equity <sup>1</sup> 3/31/15 (%)	MSCI ACWI IMI 3/31/15 (%)
<b>North America</b>	<b>35.3</b>	<b>53.9</b>
United States of America	34.6	50.7
<b>Europe</b>	<b>26.4</b>	<b>23.0</b>
United Kingdom	11.1	6.4
Switzerland	4.8	3.3
Denmark	1.6	0.6
Netherlands	1.7	1.6
France	1.7	2.9
Germany	1.5	3.1
<b>Asia Pacific</b>	<b>9.8</b>	<b>13.3</b>
Hong Kong	3.1	2.1
Singapore	1.0	0.6
Australia	1.3	2.4
Japan	4.4	8.0

	Aggregate Global Equity <sup>1</sup> 3/31/15 (%)	MSCI ACWI IMI 3/31/15 (%)
<b>Emerging</b>	<b>24.7</b>	<b>9.3</b>
India	7.6	0.8
Brazil	3.8	0.7
Mexico	2.1	0.5
Thailand	1.8	0.3
Indonesia	1.6	0.3
South Africa	1.6	0.8
Malaysia	1.0	0.4
China	1.7	1.3
South Korea	2.0	1.6
Taiwan	1.2	1.4
<b>Other</b>	<b>3.8</b>	<b>0.5</b>
Bermuda	1.3	0.2

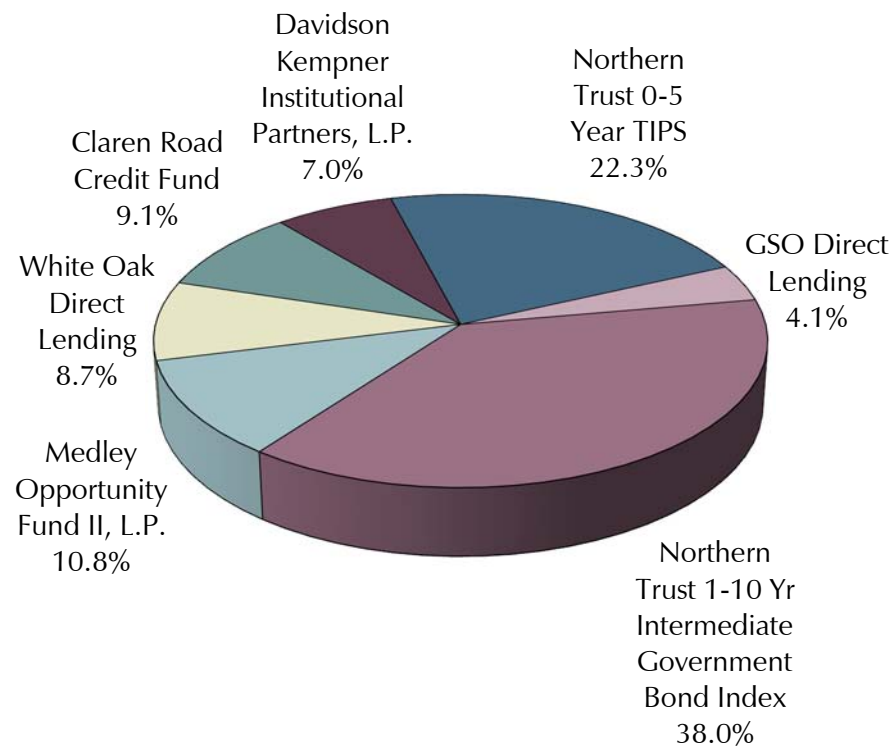
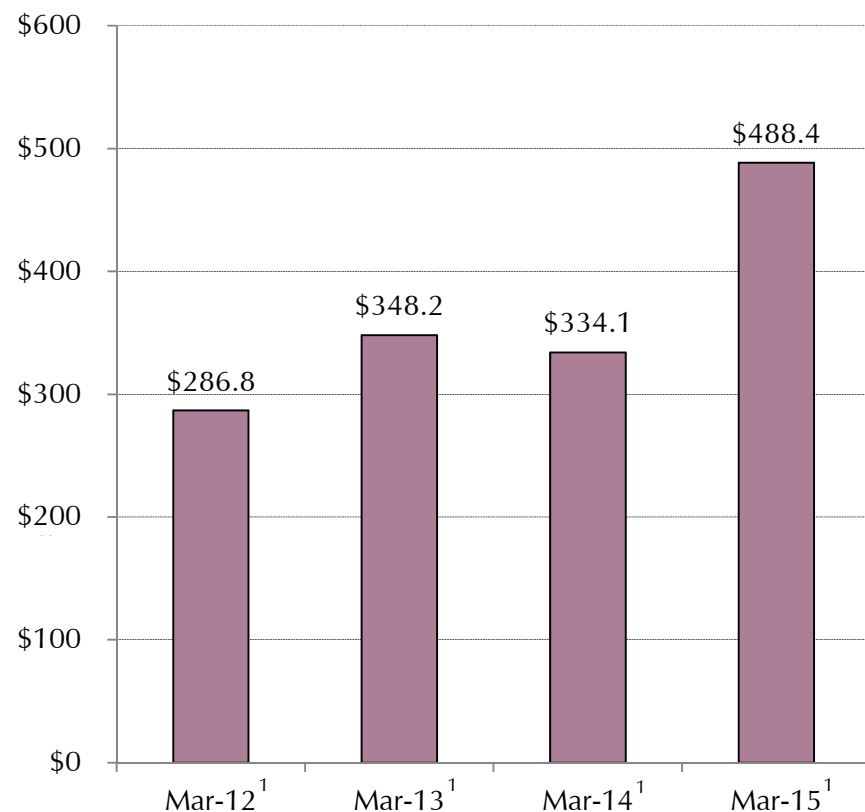
<sup>1</sup> Excludes Long-Short Equity.





<sup>1</sup> Excludes Long-Short Equity.

**Fixed Income Assets  
As of March 31, 2015**



<sup>1</sup> Growth chart is representative of Public Fixed Income and Private Debt prior to 10/1/14, and all Fixed Income Assets thereafter. Reports prior to Q4 2014 only included Public Fixed Income in the charts, resulting in differences in total reported market values.

Risk: (thirty-nine months)	Aggregate Fixed Income <sup>1</sup> 3/31/15	Barclays Global Aggregate 3/31/15
Annualized Return (%)	3.4	0.1
Standard Deviation (%)	1.9	3.9
Best Monthly Return (%)	1.3	2.1
Worst Monthly Return (%)	-0.9	-3.0
Beta	0.28	1.00
Correlation to Index	0.58	1.00
Correlation to Total Fund Return	0.48	NA
Sharpe Measure (risk-adjusted return)	1.77	0.01
Information Ratio	1.02	NA

<sup>1</sup> Excludes Long-Short Credit and Private Debt prior to 10/1/2014.

### Duration & Yield:

Average Effective Duration (years)

Yield to Maturity (%)

Aggregate  
Fixed Income<sup>1</sup>  
3/31/15

Barclays Global  
Aggregate  
3/31/15

Aggregate  
Fixed Income<sup>1</sup>  
12/31/14

3.0

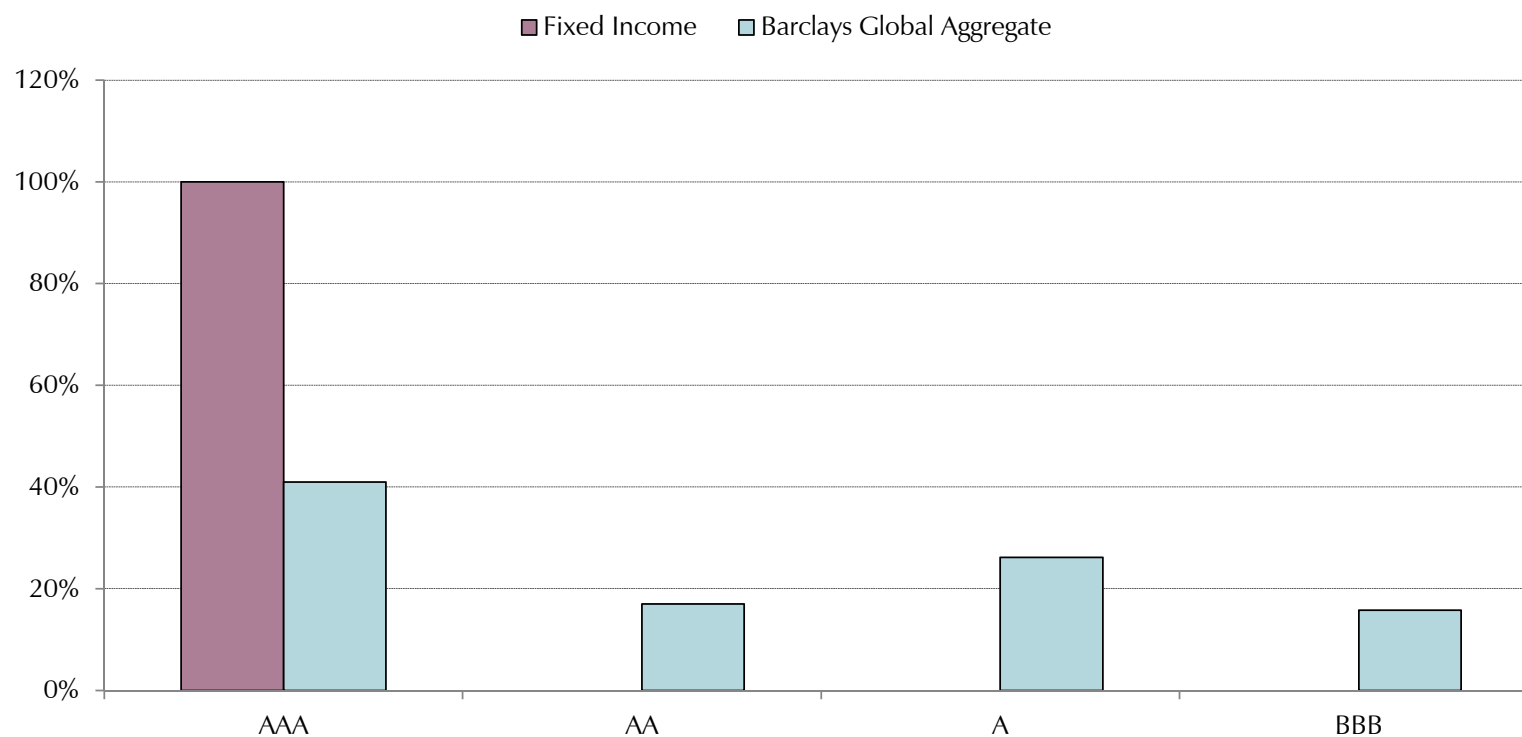
6.6

2.7

0.9

1.4

1.2



<sup>1</sup> Excludes Long-Short Credit and Private Debt.

	Aggregate Fixed Income <sup>1</sup> 3/31/15	Barclays Global Aggregate 3/31/15	Aggregate Fixed Income <sup>1</sup> 12/31/14
<b>Market Allocation (%):</b>			
United States	100	38	100
Foreign (developed markets)	0	56	0
Foreign (emerging markets)	0	6	0
<b>Currency Allocation (%):</b>			
Non-U.S. Dollar Exposure	0	55	0
<b>Sector Allocation (%):</b>			
U.S. Treasury-Nominal	57	15	45
U.S. Treasury-TIPS	37	0	51
U.S. Agency	5	1	4
Mortgage Backed	0	12	0
Corporate	0	18	0
Bank Loans	0	0	0
Local & Provincial Government	0	3	0
Sovereign & Supranational	0	47	0
Commercial Mortgage Backed	0	1	0
Asset Backed	0	0	0
Cash Equivalent	0	0	0
Other	0	3	0

<sup>1</sup> Excludes Long-Short Credit and Private Debt.



**Portfolio Reviews**  
**As of March 31, 2015**

## Global Equity Portfolio Reviews As of March 31, 2015

## San Jose Federated City Employees' Retirement System

## Artisan Global Value Portfolio Detail as of 3/31/15

**Mandate:** International Equities,  
Developed Markets

**Active/Passive:** Active

**Market Value:** \$170.4 million

**Portfolio Manager:** David Samra  
Dan O'Keefe

**Location:** San Francisco, California

**Inception Date:** 3/1/2011

**Account Type:** Separately Managed

	Value	Core	Growth
Large			
Medium			
Small			

### Fee Schedule:

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

### Liquidity Constraints:

Daily

### Strategy:

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

### Guidelines:

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

Performance (%):	1Q15	Fiscal YTD <sup>1</sup>	1 YR	3 YR	Since 3/1/11
<b>Artisan Global Value</b>	<b>0.5</b>	<b>0.3</b>	<b>4.9</b>	<b>16.2</b>	<b>14.2</b>
<b>Net of Fees</b>	<b>0.4</b>	<b>-0.1</b>	<b>4.3</b>	<b>15.6</b>	<b>13.6</b>
MSCI ACWI Value	0.2	-3.7	1.3	9.7	6.1
Peer Global Equity	3.3	1.8	6.0	13.2	10.4
Peer Ranking (percentile)	94	63	63	11	5
Risk: (forty-nine months)	Standard Deviation	Beta	Sharpe Measure	Info. Ratio	Correlation to Index
<b>Artisan Global Value</b>	<b>13.0%</b>	<b>0.83</b>	<b>1.09</b>	<b>1.73</b>	<b>0.94</b>
MSCI ACWI Value	14.0	1.00	0.43	NA	1.00

	3/31/15 Artisan Global Value	MSCI ACWI Value	12/31/14 Artisan Global Value	MSCI ACWI Value
<b>Capitalization Structure:</b>				
Weighted Average Market Cap. (US\$ billion)	88.2	88.0	92.1	93.1
Median Market Cap. (US\$ billion)	32.4	8.2	33.8	7.9
Large (% over US\$20 billion)	79	74	80	75
Medium (% US\$3 billion to US\$20 billion)	21	25	20	24
Small (% under US\$3 billion)	0	1	0	1

### Fundamental Structure:

Price-Earnings Ratio	17	16	17	15
Price-Book Value Ratio	2.5	1.6	2.6	1.5
Dividend Yield (%)	1.9	3.3	1.8	3.2
Historical Earnings Growth Rate (%)	6	6	4	6
Projected Earnings Growth Rate (%)	13	6	14	7

### Sector Allocation (%):

Information Technology	31	8	31	8
Financials	35	31	36	31
Health Care	10	9	10	8
Consumer Staples	8	8	8	8
Industrials	8	8	6	8
Consumer Discretionary	4	7	4	7
Materials	0	6	0	6
Utilities	0	6	0	6
Telecommunication Services	0	6	1	6
Energy	4	11	4	12

### Diversification:

Number of Holdings	43	1,334	45	1,339
% in 5 largest holdings	22	8	22	9
% in 10 largest holdings	39	14	38	15

### Region Allocation (%):

North America	52	53	52	55
Europe	38	24	39	23
Asia Pacific	1	13	1	12
Emerging	5	10	5	9
Other	3	0	3	0

### Largest Five Holdings:

		Industry
Oracle	5.8	Software & Services
Bank of New York Mellon	4.5	Diversified Financials
Citigroup	3.9	Banks
Medtronic	3.9	Health Care Services
Samsung	3.6	Technology Equipment

<sup>1</sup> Fiscal Year begins July 1.



## San Jose Federated City Employees' Retirement System

## Vontobel Emerging Markets Equity Portfolio Detail as of 3/31/15

**Mandate:** International Equities,  
Emerging Markets

**Active/Passive:** Active

**Market Value:** \$143.6 million

**Portfolio Manager:** Rajiv Jain

**Location:** New York, New York

**Inception Date:** 7/1/2013

**Account Type:** Commingled

	Value	Core	Growth
Large			
Medium			
Small			

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

**Liquidity Constraints:**  
Daily

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

Performance (%):	1Q15	Fiscal YTD <sup>1</sup>	1 YR	Since 7/1/13
<b>Vontobel Emerging Markets Equity</b>	<b>1.8</b>	<b>-1.6</b>	<b>6.1</b>	<b>4.5</b>
<b>Net of Fees</b>	<b>1.5</b>	<b>-2.2</b>	<b>5.2</b>	<b>3.6</b>
MSCI Emerging Markets	2.2	-5.8	0.4	4.3
Peer Emerging Markets	1.6	-6.0	0.3	4.4
Peer Ranking (percentile)	48	18	16	48

	3/31/15		12/31/14	
	Vontobel Emerging Markets	MSCI Emerging Markets	Vontobel Emerging Markets	MSCI Emerging Markets
<b>Capitalization Structure:</b>				
Weighted Average Market Cap. (US\$ billion)	41.9	40.1	41.1	36.0
Median Market Cap. (US\$ billion)	16.9	4.8	14.9	4.9
Large (% over US\$20 billion)	70	45	67	44
Medium (% US\$3 billion to US\$20 billion)	29	48	32	48
Small (% under US\$3 billion)	1	7	0	8
<b>Fundamental Structure:</b>				
Price-Earnings Ratio	24	15	23	14
Price-Book Value Ratio	5.4	1.7	5.5	1.6
Dividend Yield (%)	2.3	2.6	2.3	2.7
Historical Earnings Growth Rate (%)	20	11	19	12
Projected Earnings Growth Rate (%)	16	13	16	12
<b>Sector Allocation (%):</b>				
Consumer Staples	33	8	34	8
Health Care	3	2	2	2
Financials	29	28	29	29
Utilities	3	3	3	3
Consumer Discretionary	9	9	9	9
Telecommunication Services	4	7	5	7
Information Technology	15	19	14	18
Materials	2	7	3	7
Industrials	1	7	1	7
Energy	1	8	1	8
<b>Diversification:</b>				
Number of Holdings	75	836	74	834
% in 5 largest holdings	22	13	23	12
% in 10 largest holdings	37	19	38	18
<b>Region Allocation (%):</b>				
Asia Pacific	53	59	50	58
Latin America	21	14	21	16
Europe/MidEast/Africa	5	17	6	17
Other	21	10	24	9
<b>Largest Five Holdings:</b>				
		<b>Industry</b>		
Housing Development Financial	5.3	Banks		
British American Tobacco	5.2	Food, Beverage & Tobacco		
HDFC Bank	4.2	Banks		
AmBev	3.6	Food, Beverage & Tobacco		
ITC	3.4	Food, Beverage & Tobacco		

<sup>1</sup> Fiscal Year begins July 1.



## San Jose Federated City Employees' Retirement System

## Northern Trust Russell 3000 Index Portfolio Detail as of 3/31/15

**Mandate:** Domestic Equities  
**Active/Passive:** Passive  
**Market Value:** \$71.2 million  
**Portfolio Manager:** Team  
**Location:** Chicago, Illinois  
**Inception Date:** 9/1/1999  
**Account Type:** Commingled

	Value	Core	Growth
Large			
Medium			
Small			

**Fee Schedule:**  
 0.03% on all assets

**Liquidity Constraints:**  
 Daily

### Strategy:

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

Performance (%):	1Q15	Fiscal YTD <sup>1</sup>	1 YR	3 YR	5 YR	Since 9/1/99
<b>Northern Trust Russell 3000 Index</b>	<b>1.8</b>	<b>7.2</b>	<b>12.5</b>	<b>16.5</b>	<b>14.8</b>	<b>5.7</b>
<b>Net of Fees</b>	<b>1.8</b>	<b>7.2</b>	<b>12.4</b>	<b>16.5</b>	<b>14.8</b>	<b>5.7</b>
Russell 3000	1.8	7.1	12.4	16.4	14.7	5.6

Risk: (sixty months)	Standard Deviation	Beta	Sharpe Measure	Info. Ratio	Correlation to Index
<b>Northern Trust Russell 3000 Index</b>	<b>15.5%</b>	<b>1.00</b>	<b>0.95</b>	<b>NA</b>	<b>1.00</b>
Russell 3000	15.5	1.00	0.95	NA	1.00

	3/31/15		12/31/14	
Capitalization Structure:	NT Russell 3000	Russell 3000	NT Russell 3000	Russell 3000
Weighted Average Market Cap. (US\$ billion)	103.8	103.5	102.8	102.4
Median Market Cap. (US\$ billion)	2.1	1.5	2.0	1.5
Large (% over US\$20 billion)	69	69	69	69
Medium (% US\$3 billion to US\$20 billion)	24	24	24	24
Small (% under US\$3 billion)	7	7	7	7

### Fundamental Structure:

Price-Earnings Ratio	20	20	20	20
Price-Book Value Ratio	2.6	2.5	2.6	2.6
Dividend Yield (%)	1.9	1.9	1.8	1.8
Historical Earnings Growth Rate (%)	13	13	13	13
Projected Earnings Growth Rate (%)	11	11	12	12

### Sector Allocation (%):

Industrials	11	11	11	11
Energy	7	7	7	8
Consumer Staples	9	8	9	9
Information Technology	19	19	19	19
Materials	4	4	4	4
Financials	18	18	18	18
Telecommunication Services	2	2	2	2
Utilities	3	3	3	3
Consumer Discretionary	13	13	13	13
Health Care	14	15	14	14

### Diversification:

Number of Holdings	2,559	3,013	2,594	3,051
% in 5 largest holdings	9	9	9	9
% in 10 largest holdings	14	14	14	14

### Largest Ten Holdings:

		Industry
Apple	3.3	Technology Equipment
ExxonMobil	1.6	Energy
Microsoft	1.5	Software & Services
Johnson & Johnson	1.2	Pharmaceuticals & Biotech.
Berkshire Hathaway	1.2	Diversified Financials
Wells Fargo & Company	1.1	Banks
General Electric	1.1	Capital Goods
JP Morgan Chase	1.0	Banks
Pfizer	1.0	Pharmaceuticals & Biotech.
Procter & Gamble	1.0	Household Products

<sup>1</sup> Fiscal Year begins July 1.



## San Jose Federated City Employees' Retirement System

**Mandate:** International Equities,  
Developed Markets

**Active/Passive:** Passive

**Market Value:** \$66.6 million

**Portfolio Manager:** Team

**Location:** Chicago, Illinois

**Inception Date:** 11/1/2012

**Account Type:** Commingled

	Value	Core	Growth
Large			
Medium			
Small			

### Fee Schedule:

0.05% on all assets

### Liquidity Constraints:

Daily

### Strategy:

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

Performance (%):	1Q15	Fiscal YTD <sup>1</sup>	1 YR	Since 11/1/12
Northern Trust MSCI EAFE Index-NL	5.0	-4.7	-0.6	11.6
Net of Fees	5.0	-4.7	-0.6	11.6
MSCI EAFE	4.9	-4.8	-0.9	11.3

## Northern Trust MSCI EAFE Index-NL Portfolio Detail as of 3/31/15

	3/31/15		12/31/14	
	Northern Trust MSCI EAFE	MSCI EAFE	Northern Trust MSCI EAFE	MSCI EAFE
<b>Capitalization Structure:</b>				
Weighted Average Market Cap. (US\$ billion)	59.3	59.0	57.4	57.3
Median Market Cap. (US\$ billion)	8.9	9.1	8.8	8.7
Large (% over US\$20 billion)	68	68	68	67
Medium (% US\$3 billion to US\$20 billion)	32	32	32	32
Small (% under US\$3 billion)	1	1	1	1
<b>Fundamental Structure:</b>				
Price-Earnings Ratio	19	19	17	17
Price-Book Value Ratio	1.7	1.9	1.6	1.6
Dividend Yield (%)	2.9	2.9	3.0	3.0
Historical Earnings Growth Rate (%)	7	7	8	9
Projected Earnings Growth Rate (%)	9	9	9	9
<b>Sector Allocation (%):</b>				
Health Care	12	11	11	11
Consumer Staples	11	11	11	11
Materials	7	7	7	8
Information Technology	5	5	5	5
Energy	5	5	6	6
Utilities	4	4	4	4
Industrials	13	13	13	13
Telecommunication Services	5	5	5	5
Consumer Discretionary	13	13	12	12
Financials	26	26	26	26
<b>Diversification:</b>				
Number of Holdings	935	910	917	910
% in 5 largest holdings	8	8	8	8
% in 10 largest holdings	12	12	13	13
<b>Region Allocation (%):</b>				
North America	0	0	0	0
Europe	65	65	65	66
Asia Pacific	34	34	33	33
Emerging	0	0	0	0
Other	1	1	1	1
<b>Largest Five Holdings:</b>				
		Industry		
Nestle	1.9	Food, Beverage & Tobacco		
Novartis	1.8	Pharmaceuticals & Biotech.		
Roche	1.5	Pharmaceuticals & Biotech.		
Toyota Motor	1.5	Automobiles & Components		
HSBC	1.3	Banks		

<sup>1</sup> Fiscal Year begins July 1.



## San Jose Federated City Employees' Retirement System

**Mandate:** Domestic Equities  
**Active/Passive:** Active  
**Market Value:** \$31.1 million  
**Portfolio Manager:** Jeffrey Bronchick  
**Location:** El Segundo, California  
**Inception Date:** 5/1/2014  
**Account Type:** Separately Managed

	Value	Core	Growth
Large			
Medium			
Small			

### Fee Schedule:

0.80% on all assets

### Liquidity Constraints:

Daily

### Strategy:

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

### Guidelines:

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

Performance (%):	1Q15	Fiscal YTD <sup>1</sup>	Since 5/1/14
<b>Cove Street Small Cap Value</b>	<b>2.9</b>	<b>-3.3</b>	<b>3.8</b>
<b>Net of Fees</b>	<b>2.7</b>	<b>-3.8</b>	<b>3.2</b>
Russell 2000 Value	2.0	2.0	7.2
Peer Small Cap Value	2.8	3.8	8.9
Peer Ranking (percentile)	46	95	82

## Cove Street Small Cap Value Portfolio Detail as of 3/31/15

	3/31/15		12/31/14	
Capitalization Structure:	Cove Street SCV	Russell 2000 Value	Cove Street SCV	Russell 2000 Value
Weighted Average Market Cap. (US\$ billion)	1.3	1.8	1.1	1.7
Median Market Cap. (US\$ million)	675.0	645.6	568.6	628.1
Large (% over US\$20 billion)	0	0	0	0
Medium (% US\$3 billion to US\$20 billion)	11	17	8	13
Small (% under US\$3 billion)	89	83	92	87
Fundamental Structure:				
Price-Earnings Ratio	26	19	17	18
Price-Book Value Ratio	1.5	1.8	1.6	1.7
Dividend Yield (%)	1.0	2.0	1.0	2.0
Historical Earnings Growth Rate (%)	4	11	2	9
Projected Earnings Growth Rate (%)	11	11	15	12
Sector Allocation (%):				
Consumer Discretionary	32	12	22	12
Information Technology	21	10	21	10
Materials	6	4	7	4
Energy	5	4	7	4
Telecommunication Services	0	1	0	1
Consumer Staples	0	3	0	3
Health Care	3	6	3	5
Industrials	10	13	15	13
Utilities	0	7	0	7
Financials	23	41	25	41
Diversification:				
Number of Holdings	32	1,355	34	1,374
% in 5 largest holdings	28	2	24	2
% in 10 largest holdings	47	5	42	4
Largest Ten Holdings:		Industry		
Neustar	6.3	Software & Services		
Belmond 'A'	5.8	Consumer Services		
Forestar Group	5.5	Real Estate		
Chimera Investment	5.2	Real Estate		
Carrols Restaurant Group, Inc.	4.7	Consumer Services		
Heritage-Crystal Clean	4.1	Commercial Services		
Cherokee	3.9	Consumer Durables		
ViaSat	3.9	Technology Equipment		
Approach Resources Inc.	3.7	Energy		
Hallmark Finl.Services	3.5	Insurance		

<sup>1</sup> Fiscal Year begins July 1.



## San Jose Federated City Employees' Retirement System

**Mandate:** International Equities,  
Developed Markets

**Active/Passive:** Active

**Market Value:** \$23.9 million

**Portfolio Manager:** Team

**Location:** Chicago, Illinois

**Inception Date:** 11/1/2012

**Account Type:** Commingled

	Value	Core	Growth
Large			
Medium			
Small			

**Fee Schedule:**  
0.05% on all assets

**Liquidity Constraints:**  
Daily

### Strategy:

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

Performance (%):	1Q15	Fiscal YTD <sup>1</sup>	1 YR	Since 11/1/12
<b>Northern Trust EAFE Small Cap</b>	<b>5.6</b>	<b>-4.6</b>	<b>-2.5</b>	<b>13.9</b>
<b>Net of Fees</b>	<b>5.6</b>	<b>-4.6</b>	<b>-2.5</b>	<b>13.9</b>
MSCI EAFE Small Cap	5.6	-4.9	-2.9	13.7

## Northern Trust EAFE Small Cap Portfolio Detail as of 3/31/15

	3/31/15		12/31/14	
	Northern Trust EAFE Small Cap	MSCI EAFE Small Cap	Northern Trust EAFE Small Cap	MSCI EAFE Small Cap
<b>Capitalization Structure:</b>				
Weighted Average Market Cap. (US\$ billion)	2.3	2.3	2.2	2.2
Median Market Cap. (US\$ million)	909.3	913.2	853.1	853.7
Large (% over US\$20 billion)	0	0	0	0
Medium (% US\$3 billion to US\$20 billion)	27	27	23	23
Small (% under US\$3 billion)	73	73	77	77
<b>Fundamental Structure:</b>				
Price-Earnings Ratio	18	18	17	17
Price-Book Value Ratio	1.5	1.5	1.4	1.4
Dividend Yield (%)	2.2	2.2	2.4	2.4
Historical Earnings Growth Rate (%)	11	11	11	11
Projected Earnings Growth Rate (%)	15	15	15	15
<b>Sector Allocation (%):</b>				
Financials	23	23	23	23
Information Technology	10	10	9	9
Consumer Discretionary	18	18	18	18
Materials	9	9	9	9
Telecommunication Services	1	1	1	1
Industrials	22	22	22	22
Utilities	2	2	2	2
Energy	2	2	3	3
Consumer Staples	6	6	6	6
Health Care	7	7	7	7
<b>Diversification:</b>				
Number of Holdings	2,189	2,180	2,202	2,195
% in 5 largest holdings	2	2	2	2
% in 10 largest holdings	3	3	3	3
<b>Region Allocation (%):</b>				
North America	0	0	0	0
Europe	56	56	57	57
Asia Pacific	42	42	41	41
Emerging	0	0	0	0
Other	2	2	2	2
<b>Largest Five Holdings:</b>				
		<b>Industry</b>		
Barratt Developments	0.4	Consumer Durables		
Taylor Wimpey	0.4	Consumer Durables		
St.James's Place	0.4	Insurance		
Mondi	0.4	Materials		
Smurfit Kappa Group	0.3	Materials		

<sup>1</sup> Fiscal Year begins July 1.





## San Jose Federated City Employees' Retirement System

**Mandate:** International Equities,  
Frontier Markets

**Active/Passive:** Active

**Market Value:** \$19.0 million

**Portfolio Manager:** Devan Kaloo

**Location:** London, United Kingdom

**Inception Date:** 12/1/2013

**Account Type:** Commingled

	Value	Core	Growth
Large			
Medium			
Small			

**Fee Schedule:**  
1.50% on all assets

**Liquidity Constraints:**  
Monthly

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

Performance (%):	1Q15	Fiscal YTD <sup>1</sup>	1 YR	Since 12/1/13
<b>Aberdeen Frontier Markets</b>	<b>-2.8</b>	<b>-9.7</b>	<b>-5.0</b>	<b>-3.2</b>
<b>Net of Fees</b>	<b>-3.1</b>	<b>-10.7</b>	<b>-6.4</b>	<b>-4.6</b>
MSCI Frontier Markets	-3.1	-13.9	-3.6	4.3
MSCI Frontier Markets ex GCC	-4.3	-15.0	-6.0	-5.5
Peer Frontier Markets	-3.3	-8.7	-3.1	3.3
Peer Ranking (percentile)	38	55	61	77

## Aberdeen Frontier Markets Portfolio Detail as of 3/31/15

	3/31/15		12/31/14	
	Aberdeen Frontier Markets	MSCI Frontier Markets	Aberdeen Frontier Markets	MSCI Frontier Markets
<b>Capitalization Structure:</b>				
Weighted Average Market Cap. (US\$ billion)	4.7	4.6	5.0	4.9
Median Market Cap. (US\$ billion)	2.3	1.4	2.2	1.5
Large (% over US\$20 billion)	4	0	5	0
Medium (% US\$3 billion to US\$20 billion)	43	51	42	52
Small (% under US\$3 billion)	52	49	53	48
<b>Fundamental Structure:</b>				
Price-Earnings Ratio	19	12	20	13
Price-Book Value Ratio	3.9	1.6	3.4	1.7
Dividend Yield (%)	3.0	3.9	3.0	3.8
Historical Earnings Growth Rate (%)	12	9	13	9
Projected Earnings Growth Rate (%)	12	15	13	23
<b>Sector Allocation (%):</b>				
Consumer Staples	29	9	30	10
Industrials	10	4	10	4
Information Technology	5	0	4	0
Health Care	8	3	8	3
Consumer Discretionary	2	1	2	1
Utilities	0	1	0	1
Telecommunication Services	12	16	11	15
Energy	7	10	7	10
Materials	2	6	2	6
Financials	26	51	27	50
<b>Diversification:</b>				
Number of Holdings	42	127	42	127
% in 5 largest holdings	23	23	23	24
% in 10 largest holdings	42	34	42	34
<b>Region Allocation (%):</b>				
Asia	19	16	18	17
Europe & CIS	7	11	7	12
Americas	0	10	0	8
Africa	31	30	31	30
Middle East	7	32	8	33
Emerging	14	0	14	0
Other	22	0	22	0
<b>Largest Five Holdings:</b>				
		<b>Industry</b>		
Safaricom	5.2	Telecom Services		
EPAM Systems	4.7	Software & Services		
John Keells Holdings	4.6	Capital Goods		
MTN Group	4.5	Telecom Services		
East African Breweries	4.1	Food, Beverage & Tobacco		

<sup>1</sup> Fiscal Year begins July 1.



## Long-Short Equity Portfolio Reviews As of March 31, 2015

**Mandate:** Hedge Fund  
**Market Value:** \$25.7 million  
**Portfolio Manager:** Alex Klabin  
 Doug Silverman  
**Location:** New York, NY  
**Inception Date:** 4/1/2013  
**Account Type:** Limited Partnership  
**# of Investments:** Not Provided

**Fee Schedule:**  
 2.0% management fee and 20% performance fee with a high water mark

**Liquidity Constraints:**  
 Quarterly with 60 days' notice

**Strategy:**  
 Senator will migrate their portfolio across capital markets as an economic cycle takes shape. The firm tends to focus on high quality franchise assets they can purchase below their intrinsic value. A catalyst to change the value of the security is essential for Senator.

Performance (%):	1Q15	Fiscal <sup>1</sup> YTD	1 YR	Since 4/1/13
Senator Global Opportunity Offshore Fund <sup>2</sup>	3.5	7.4	11.0	13.4
HFRI Event Driven Index	2.0	-1.2	1.1	5.8

Risk: (Since Inception)	Standard Deviation (%)	Max Drawdown (%)	Max Drawdown Length	Skewness	Kurtosis
Senator Global Opportunity Offshore Fund	5.5	-2.5	2	-0.4	-1.1
HFRI Event Driven Index	3.7	-3.4	4	-0.5	-0.7

<sup>1</sup> Fiscal year begins July 1.

<sup>2</sup> Senator maintains a policy to not providing details in a requested template or format. Regional, sector, security type and holdings did not populate due to lack of detail from the manager.

## San Jose Federated City Employees' Retirement System

## Sandler Plus Offshore Fund Ltd Portfolio Detail as of 3/31/15

**Mandate:** Hedge Fund  
**Market Value:** \$24.3 million  
**Portfolio Manager:** Andrew Sandler  
**Location:** New York, NY  
**Inception Date:** 5/1/2013  
**Account Type:** Limited Partnership  
**# of Investments:** 271

**Fee Schedule:**  
 2.0% management fee, 20% performance fee with a high water mark

**Liquidity Constraints:**  
 Quarterly with 30 days' notice

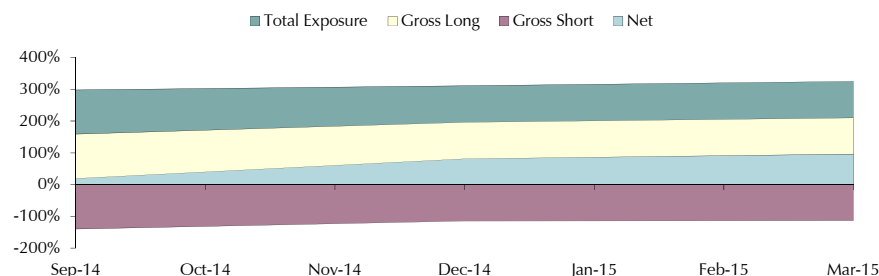
**Strategy:**  
 Sandler uses fundamental analysis to expose investors to changes in secular growth through a business cycle. The firm will seek specific themes that drive a sector or industry toward or away from growth. The portfolio will have a high level of turnover as market and technical features are evaluated for entry or exit points for securities.

Performance (%):	1Q15	Fiscal <sup>1</sup> YTD	1 YR	Since 5/1/13
<b>Sandler Plus Offshore Fund, Ltd.</b>	<b>8.6</b>	<b>19.7</b>	<b>14.4</b>	<b>10.8</b>
HFRI Equity Hedge (Long/Short Equity)	2.3	0.9	3.0	6.6

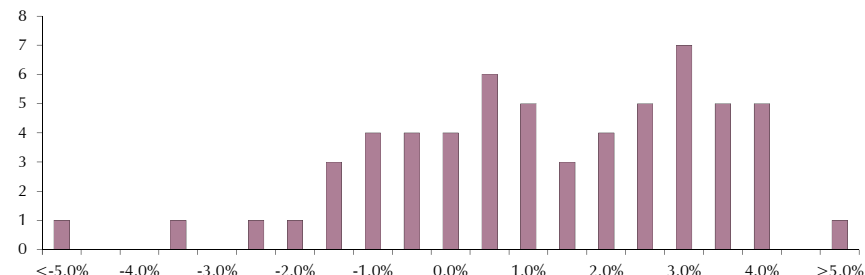
  

Risk: (Since Inception)	Standard Deviation (%)	Max Drawdown (%)	Max Drawdown Length	Skewness	Kurtosis
<b>Sandler Plus Offshore Fund Ltd</b>	<b>9.5</b>	<b>-11.3</b>	<b>2</b>	<b>-1.6</b>	<b>3.3</b>
HFRI Equity Hedge (Long/Short Equity)	5.0	-3.0	5	0.0	-1.3

### Exposure History:



### Historical Monthly Returns (60 months):



Regional Gross Exposure (%):	3/31/15	12/31/14	9/30/14
North America	303	294	284
Developed Asia	2	0	2
Developed Europe	19	17	12
Emerging Markets	1	0	0

Sector Gross Exposure (%):	3/31/15	12/31/14	9/30/14
Financials	36	42	22
Industrials	53	44	49
Information Technology	62	54	57
Consumer Discretionary	79	74	65
Utilities	0	0	1
Materials	9	9	17
Energy	22	19	23
Health Care	42	50	32
Consumer Staples	18	14	23
Telecom	4	6	8

Market Capitalization Gross Exposure (%):	3/31/15	12/31/14	9/30/14
Large	151	153	144
Medium	167	147	134
Small	6	11	21

Top 5 Holdings (%):	Long	Short
Sandler Growth Basket		-9
Facebook Inc	8	
United States Oil Fund	6	
Powershares QQQ NASDAQ 100		-6
Sandler US Value Short		-5

<sup>1</sup> Fiscal year begins July 1.



# San Jose Federated City Employees' Retirement System

## Horizon Portfolio I Portfolio Detail as of 3/31/15

**Mandate:** Hedge Fund  
**Market Value:** \$23.1 million  
**Portfolio Manager:** Team  
**Location:** Tokyo, Japan  
 London, U.K.  
**Inception Date:** 7/1/2013  
**Account Type:** Limited Partnership  
**# of Investments:** 2,200

**Fee Schedule:**  
 2.0% management fee and 20% performance fee with a high water mark

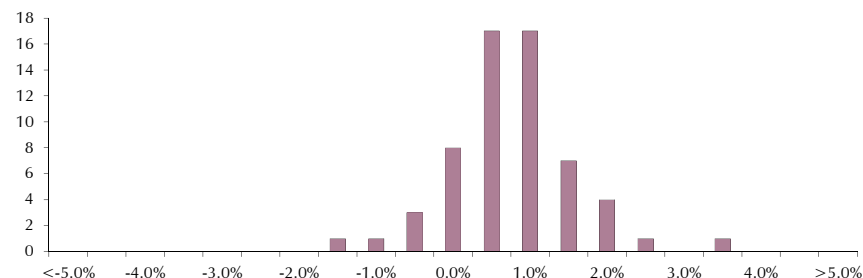
**Liquidity Constraints:**  
 1 year soft lock, quarterly with 45 days' notice thereafter

**Strategy:**  
 Horizon is a Japan-focused investment manager. The firm engages three distinct teams to manage the portfolio; Fundamental, Flow and Asia ex-Japan. The majority of exposure will be invested in Japanese equities with near 0% net exposure, ranging between +/-10%. Turnover in the portfolio is around once per month, and risk is focused to limit the impact of any single position to less than 0.25% of fund NAV.

Performance (%):	1Q15	Fiscal <sup>1</sup> YTD	1 YR	Since 7/1/13
<b>Horizon Portfolio I, Limited</b>	<b>-0.4</b>	<b>5.0</b>	<b>7.0</b>	<b>8.5</b>
HFRI Equity Hedge (Long/Short Equity)	2.3	0.9	3.0	7.5

Risk: (Since Inception)	Standard Deviation (%)	Max Drawdown (%)	Max Drawdown Length	Skewness	Kurtosis
<b>Horizon Portfolio I</b>	<b>2.7</b>	<b>-1.8</b>	<b>1</b>	<b>-1.4</b>	<b>4.3</b>
HFRI Equity Hedge (Long/Short Equity)	5.0	-3.0	5	0.0	-1.3

Historical Monthly Returns (60 months):



Regional Gross Exposure (%):	3/31/15	12/31/14
North America	4	3
Developed Asia	131	152
Developed Europe	16	9
Emerging Markets	NA	NA

Sector Gross Exposure (%):	3/31/15	12/31/14
Financials	25	24
Industrials	28	33
Information Technology	21	23
Consumer Discretionary	31	36
Utilities	4	2
Materials	12	15
Energy	8	6
Health Care	7	8
Consumer Staples	11	12
Telecom	2	2

Market Capitalization Gross Exposure (%):	3/31/15	12/31/14
Large	109	NA
Medium	32	NA
Small	10	NA

Top 5 Holdings (%):	Long	Short
Hotel & Resorts REITs	1	
Diversified REITs	1	
Industrial REITs	1	
Automobile Manufacturers	1	
Independent Power Producers	1	

<sup>1</sup> Fiscal year begins July 1.



## San Jose Federated City Employees' Retirement System

## Marshall Wace Eureka Fund Portfolio Detail as of 3/31/15

**Mandate:** Hedge Fund  
**Market Value:** \$22.8 million  
**Portfolio Manager:** Team  
**Location:** London, U.K.  
**Inception Date:** 4/1/2014  
**Account Type:** Limited Partnership  
**# of Investments:** 4,425

**Fee Schedule:**  
 2.0% management fee and 20% performance fee with a high water mark

**Liquidity Constraints:**  
 Monthly with 90 days' notice

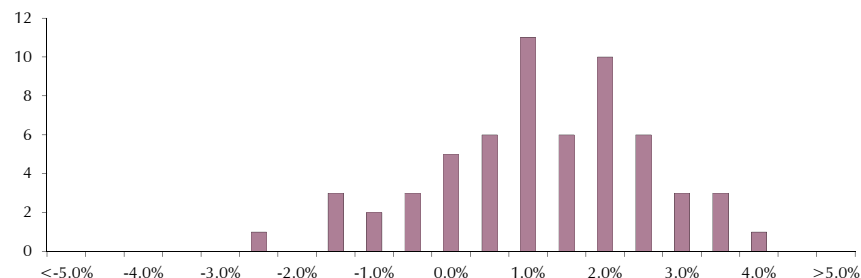
**Strategy:**  
 The Eureka fund processes opportunities from two sources, internally managed offerings at Marshall Wace and the firm's TOPS program. TOPS is a methodology that analyzes information submitted by sell-side research personnel and compiles a portfolio of ideas for the fund.

Performance (%):	1Q15	Fiscal <sup>1</sup> YTD	1 YR	Since 4/1/14
<b>Marshall Wace MW Eureka</b>	<b>4.8</b>	<b>12.2</b>	<b>12.7</b>	<b>12.7</b>
HFRI Equity Hedge (Long/Short Equity)	2.3	0.9	3.0	3.0

Risk: (Since Inception)	Standard Deviation (%)	Max Drawdown (%)	Max Drawdown Length	Skewness	Kurtosis
<b>Marshall Wace Eureka Fund</b>	<b>4.8</b>	<b>-2.0</b>	<b>1</b>	<b>-0.9</b>	<b>1.1</b>
HFRI Equity Hedge (Long/Short Equity)	4.7	-3.0	5	-0.3	-0.5

Historical Monthly Returns (60 months):



Regional Gross Exposure (%):	3/31/15	12/31/14	9/30/14
North America	78	73	70
Developed Asia	52	61	55
Developed Europe	85	85	82
Emerging Markets	55	46	49

Sector Gross Exposure (%):	3/31/15	12/31/14	9/30/14
Financials	63	29	59
Industrials	34	41	28
Information Technology	26	19	30
Consumer Discretionary	41	47	31
Utilities	7	1	6
Materials	22	23	28
Energy	11	6	13
Health Care	28	14	12
Consumer Staples	19	39	17
Telecom	20	5	21

Market Capitalization Gross Exposure (%):	3/31/15	12/31/14
Large	198	NA
Medium	61	NA
Small	9	NA

Top 5 Holdings (%):	Long	Short
Haitong International	3	
Bayer AG	3	
T-Mobile US	2	
Vodafone Group	2	
SABMiller plc	2	

<sup>1</sup> Fiscal year begins July 1.



## San Jose Federated City Employees' Retirement System

## Amici Offshore, Ltd. Portfolio Detail as of 3/31/15

**Mandate:** Hedge Fund  
**Market Value:** \$21.5 million  
**Portfolio Manager:** Paul Orlin  
**Location:** New York, NY  
**Inception Date:** 3/1/2013  
**Account Type:** Limited Partnership  
**# of Investments:** 94

**Fee Schedule:**  
 1.5% management fee and 20% performance fee

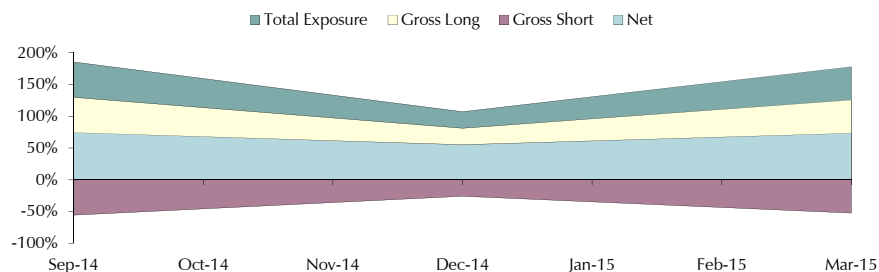
**Liquidity Constraints:**  
 1 year soft lock up, quarterly with 45 days' notice

**Strategy:**  
 The firm seeks long term fundamentally sound or broken companies. The firm's process tends to generate long positions in strong cash flow-generating companies while short positions tend to be more opportunistic or outright hedges. The portfolio can range in net exposure from 0% to upwards of 90%, with near 50% in the top 10 securities.

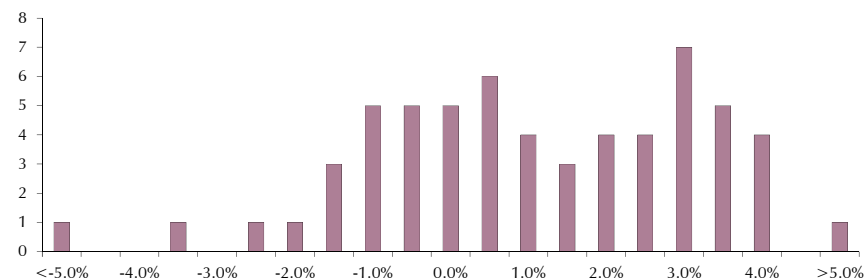
Performance (%):	1Q15	Fiscal <sup>1</sup> YTD	1 YR	Since 3/1/13
<b>Amici Offshore, Ltd.</b>	<b>5.6</b>	<b>2.8</b>	<b>7.8</b>	<b>3.6</b>
HFRI Equity Hedge (Long/Short Equity)	2.3	0.9	3.0	6.9

Risk: (Since Inception)	Standard Deviation (%)	Max Drawdown (%)	Max Drawdown Length	Skewness	Kurtosis
<b>Amici Offshore, Ltd.</b>	<b>10.1</b>	<b>-5.7</b>	<b>5</b>	<b>0.0</b>	<b>-0.5</b>
HFRI Equity Hedge (Long/Short Equity)	4.9	-3.0	5	-0.1	-1.2

### Exposure History:



### Historical Monthly Returns (60 months):



Regional Gross Exposure (%):	3/31/15	12/31/14	9/30/14
North America	152	85	149
Developed Asia	6	6	13
Developed Europe	11	8	12
Emerging Markets	9	7	11

Sector Gross Exposure (%):	3/31/15	12/31/14	9/30/14
Financials	37	24	32
Industrials	20	10	24
Information Technology	20	20	27
Consumer Discretionary	35	18	33
Utilities	1	1	3
Materials	11	9	14
Energy	12	7	17
Health Care	22	14	18
Consumer Staples	2	3	5
Telecom	2	1	3

Market Capitalization Gross Exposure (%):	3/31/15	12/31/14	9/30/14
Large	79	44	44
Medium	77	49	49
Small	22	14	14

Top 5 Holdings (%):	Long	Short
United Therapeutics Corp	10	
Asbury Automotive Group Inc	6	
Assured Guaranty	6	
Vulcan Materials Co	6	
Liberty Ventures	6	

<sup>1</sup> Fiscal year begins July 1.



## Fixed Income Portfolio Reviews As of March 31, 2015



## Investment Grade Bonds Portfolio Review As of March 31, 2015

## San Jose Federated City Employees' Retirement System

## Northern Trust 1-10 Year Intermediate Gov't Portfolio Detail as of 3/31/15

**Mandate:** Investment Grade Bonds

**Active/Passive:** Passive

**Market Value:** \$185.7 million

**Portfolio Manager:** Team

**Location:** Chicago, Illinois

**Inception Date:** 10/1/2012

**Account Type:** Commingled

	Short	Int.	Long
High			
Medium			
Low			

### Fee Schedule:

0.05% on all assets

### Liquidity Constraints:

Daily

### Strategy:

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

Performance (%):	1Q15	Fiscal YTD <sup>1</sup>	1 YR	Since 10/1/12
<b>Northern Trust 1-10 Year Intermediate Gov't Bond Index</b>	<b>1.2</b>	<b>2.2</b>	<b>3.1</b>	<b>1.0</b>
<b>Net of Fees</b>	<b>1.2</b>	<b>2.2</b>	<b>3.1</b>	<b>1.0</b>
Barclays Intermediate Gov't Bond Index	1.3	2.2	3.2	1.0

	3/31/15		12/31/14	
Duration & Yield:	NTGI Int Gov't 1-10 yr	Barclays IT Gov't	NTGI Int Gov't 1-10 yr	Barclays IT Gov't
Average Effective Duration (years)	3.7	3.7	3.6	3.7
Yield to Maturity (%)	1.0	1.1	1.2	1.2
Quality Structure (%):				
Average Quality	AAA	AAA	AAA	AAA
AAA (includes Treasuries and Agencies)	100	97	100	97
AA	0	3	0	3
A	0	0	0	0
BBB	0	0	0	0
BB	0	0	0	0
B	0	0	0	0
Below B	0	0	0	0
Non-Rated	0	0	0	0
Sector Allocation (%):				
U.S. Treasury-Nominal	91	91	91	91
U.S. Treasury-TIPS	0	0	0	0
U.S. Agency	9	9	9	9
Mortgage Backed	0	0	0	0
Corporate	0	0	0	0
Bank Loans	0	0	0	0
Local & Provincial Government	0	0	0	0
Sovereign & Supranational	0	0	0	0
Commercial Mortgage Backed	0	0	0	0
Asset Backed	0	0	0	0
Cash Equivalent	0	0	0	0
Other	0	0	0	0
Market Allocation (%):				
United States	100	100	100	100
Foreign (developed markets)	0	0	0	0
Foreign (emerging markets)	0	0	0	0
Currency Allocation (%):				
Non-U.S. Dollar Exposure	0	0	0	0

<sup>1</sup> Fiscal Year begins July 1.



## Inflation Linked Bonds Portfolio Review As of March 31, 2015

## San Jose Federated City Employees' Retirement System

**Mandate:** TIPS  
**Active/Passive:** Passive  
**Market Value:** \$108.7 million  
**Portfolio Manager:** Northern Trust  
**Location:** Chicago, Illinois  
**Inception Date:** 7/1/2014  
**Account Type:** Separately Managed

	Short	Int.	Long
High			
Medium			
Low			

**Fee Schedule:**  
 0.05% on all assets

**Liquidity Constraints:**  
 Daily

### Strategy:

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

### Guidelines:

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

Performance (%):	1Q15	Fiscal YTD <sup>1</sup>	Since 7/1/14
<b>Northern Trust 0-5 Year TIPS</b>	<b>0.3</b>	<b>-2.5</b>	<b>-2.5</b>
<b>Net of Fees</b>	<b>0.3</b>	<b>-2.5</b>	<b>-2.5</b>
Barclays U.S. TIPS 0-5 Years	0.4	-2.5	-2.5
Peer TIPS	1.5	-1.0	-1.0
Peer Ranking (percentile)	90	86	86

## Northern Trust 0-5 Year TIPS Portfolio Detail as of 3/31/15

	3/31/15		12/31/14	
	Northern Trust TIPS 0-5 Years	Barclays U.S. TIPS 0-5 Years	Northern Trust TIPS 0-5 Years	Barclays U.S. TIPS 0-5 Years
<b>Duration &amp; Yield:</b>				
Average Effective Duration (years)	1.8	1.5	1.7	1.3
Yield to Maturity (%) <sup>2</sup>	0.8	0.5	1.3	1.3
<b>Quality Structure (%):</b>				
Average Quality	AAA	AAA	AAA	AAA
AAA (includes Treasuries and Agencies)	100	100	100	100
AA	0	0	0	0
A	0	0	0	0
BBB	0	0	0	0
BB	0	0	0	0
B	0	0	0	0
Below B	0	0	0	0
Non-Rated	0	0	0	0
<b>Sector Allocation (%):</b>				
U.S. Treasury-Nominal	0	0	0	0
U.S. Treasury-TIPS	100	100	100	100
U.S. Agency	0	0	0	0
Mortgage Backed	0	0	0	0
Corporate	0	0	0	0
Bank Loans	0	0	0	0
Local & Provincial Government	0	0	0	0
Sovereign & Supranational	0	0	0	0
Commercial Mortgage Backed	0	0	0	0
Asset Backed	0	0	0	0
Cash Equivalent	0	0	0	0
Other	0	0	0	0
<b>Market Allocation (%):</b>				
United States	100	100	100	100
Foreign (developed markets)	0	0	0	0
Foreign (emerging markets)	0	0	0	0
<b>Currency Allocation (%):</b>				
Non-U.S. Dollar Exposure	0	0	0	0

<sup>1</sup> Fiscal Year begins July 1.

<sup>2</sup> This figure is an estimated yield-to-maturity (YTM) for the fund. It is calculated by adding the trailing 12-month inflation adjustment to the "real" (i.e., before inflation) YTM of the fund. Adding the 12-month inflation adjustment allows the fund's yield to be more directly comparable to those of other bond funds. Investors should recognize that the actual YTM will depend upon the level of inflation experienced going forward.



## Global Credit Portfolio Reviews As of March 31, 2015

# San Jose Federated City Employees' Retirement System

# Claren Road Credit Fund, Ltd. Portfolio Detail as of 3/31/15

**Mandate:** Hedge Fund  
**Market Value:** \$44.4 million  
**Portfolio Manager:** Team  
**Location:** New York, New York  
**Inception Date:** 7/1/2013  
**Account Type:** Limited Partnership  
**# of Investments:** 915

**Fee Schedule:**  
 2.0% management fee and 20% management fee with a high water mark

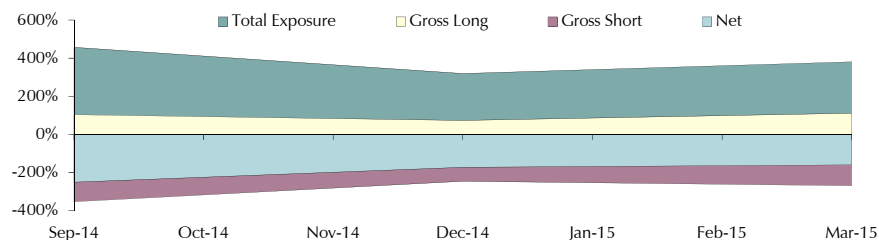
**Liquidity Constraints:**  
 Quarterly with 45 days' notice. Monthly with 45 days' notice 4.5% fee

**Strategy:**  
 Claren Road focus on lower quality fixed income instruments, mainly within high yield, distressed, municipal, and sovereign securities. Claren Road seeks to "pay away" return, approximately 2% to 4% per annum, so that the portfolio profits in times of high volatility. Securities are held for one to three months and tend to be limited to +/-3.0% risk. Position limits are set at 10% of net asset value.

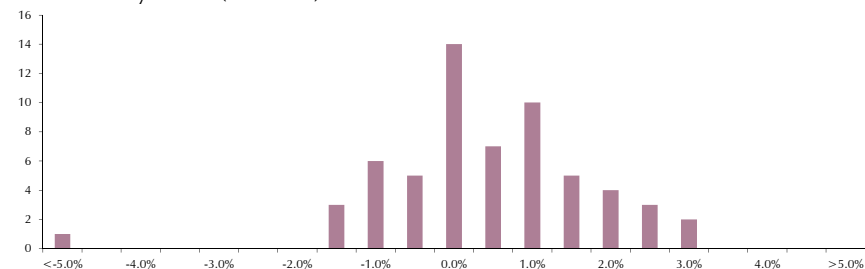
Performance (%):	1Q15	Fiscal <sup>1</sup> YTD	1 YR	Since 7/1/13
<b>Claren Road Credit Fund, Ltd.</b>	<b>1.2</b>	<b>-11.6</b>	<b>-12.0</b>	<b>-6.1</b>
HFRI RV Fixed Income-Corporate Index	1.6	-1.7	0.8	4.0

Risk: (Since Inception)	Standard Deviation (%)	Max Drawdown (%)	Max Drawdown Length	Skewness	Kurtosis
<b>Claren Road Credit Fund, Ltd.</b>	<b>8.0</b>	<b>-13.5</b>	<b>10</b>	<b>-3.4</b>	<b>14.3</b>
HFRI RV Fixed Income-Corporate Index	2.7	-3.4	7	-0.5	-0.4

## Exposure History:



## Historical Monthly Returns (60 months):



Regional Gross Exposure (%):	3/31/15	12/31/14	9/30/14
North America	135	93	121
Developed Asia	81	66	79
Developed Europe	95	99	181
Emerging Markets	71	61	76

Sector Gross Exposure (%):	3/31/15	12/31/14	9/30/14
Financials	62	46	79
Industrials	6	2	9
Information Technology	5	4	3
Consumer Discretionary	15	13	16
Utilities	6	4	5
Materials	24	18	17
Energy	30	17	9
Health Care	6	2	3
Consumer Staples	9	10	8
Telecom	12	7	14
U.S. Government (including agency)	27	20	26
Developed Sovereign	104	107	122
Emerging Sovereign	44	41	55
Mortgage Backed (non-Agency)	0	2	2
Commercial Mortgage Backed	0	0	0
Other Securitized Assets	2	2	1
Corporate Credit	30	24	87

Security Type (%):	3/31/15		12/31/14	
	Long Exposure	Short Exposure	Long Exposure	Short Exposure
Equities	11	-2	8	-1
Fixed Income	83	-49	52	-44
Derivative	16	-219	13	-201
Cash	0	0	0	0

Top 3 Holdings (%):	Long	Short
Japan (Government - Asia)		-57
Greece (Government - Europe)	5	-7
United Kingdom (Government - Europe)		-12

<sup>1</sup> Fiscal year begins July 1.



**Mandate:** Hedge Fund  
**Market Value:** \$34.2 million  
**Portfolio Manager:** Team  
**Location:** New York, New York  
**Inception Date:** 2/1/2013  
**Account Type:** Limited Partnership  
**# of Investments:** Not Provided

**Fee Schedule:**  
 1.5% management fee, 20% performance fee

**Liquidity Constraints:**  
 Quarterly with 60 days' notice or Monthly with 60 days' notice and a 1.5% fee

**Strategy:**  
 The firm will invest across four major event focused disciplines: distressed securities, merger arbitrage, convertible bonds and volatility, and long-short equity. This multi-strategy event fund seeks low volatility and a consistent return for clients. The firm seeks to minimize loss to 1.0% of the portfolio, thus limiting most positions to less than 8%.

Performance (%):	1Q15	Fiscal <sup>1</sup> YTD	1 YR	Since 2/1/13
Davidson Kempner Institutional Partners, L.P. <sup>2</sup>	1.1	-0.2	2.8	6.3
HFRI Event Driven Index	2.0	-1.2	1.1	6.0

Risk: (Since Inception)	Standard Deviation (%)	Max Drawdown (%)	Max Drawdown Length	Skewness	Kurtosis
Davidson Kempner Institutional Partners, L.P.	2.7	-2.0	3	-1.0	2.6
HFRI Event Driven Index	3.5	-3.4	4	-0.6	-0.4

<sup>1</sup> Fiscal year begins July 1.

<sup>2</sup> Davidson Kempner maintains a policy to not providing details in a requested template or format. Regional, sector, security type and holdings did not populate due to lack of detail from the manager.

**Real Assets Portfolio Reviews  
As of March 31, 2015**



## Commodities Portfolio Reviews As of March 31, 2015

## San Jose Federated City Employees' Retirement System

## First Quadrant Risk Parity Commodity Index Portfolio Detail as of 3/31/15

**Mandate:** Commodity  
**Active/Passive:** Active  
**Market Value:** \$67.0 million  
**Portfolio Manager:** Team  
**Location:** Pasadena, California  
**Inception Date:** 4/1/2011  
**Account Type:** Commingled

**Fee Schedule:**  
 0.35% on all assets

**Liquidity Constraints:**  
 Daily

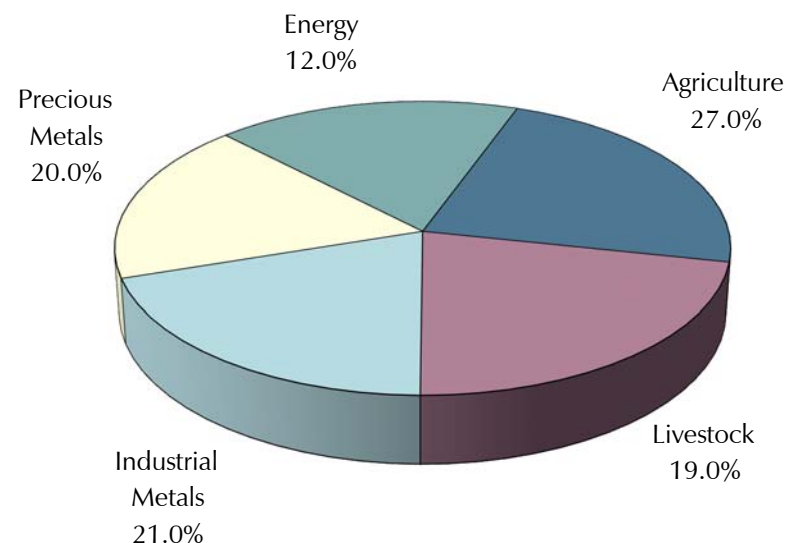
### Strategy:

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

Performance (%):	1Q15	Fiscal YTD <sup>1</sup>	1 YR	3 YR	Since 4/1/11
<b>First Quadrant Risk Parity Commodity Index</b>	<b>-8.1</b>	<b>-26.5</b>	<b>-22.7</b>	<b>-11.4</b>	<b>-11.4</b>
Custom Risk Parity Commodity Benchmark	-5.1	-22.3	-19.2	-7.8	-8.5
Bloomberg Commodity Index	-5.9	-27.1	-27.0	-11.5	-12.7

Risk: (forty-eight months)	Standard Deviation	Beta	Sharpe Measure <sup>2</sup>	Info. Ratio	Correlation to Index
<b>First Quadrant Risk Parity Commodity Index</b>	<b>11.8%</b>	<b>1.10</b>	<b>Neg.</b>	<b>Neg.</b>	<b>0.96</b>
Custom Risk Parity Commodity Benchmark	10.5	1.00	Neg.	NA	1.00

### Current Allocation:



<sup>1</sup> Fiscal Year begins July 1.

<sup>2</sup> A negative Sharpe ratio indicates that the portfolio underperformed the risk-free rate during the sample period.



**Mandate:** Commodity  
**Active/Passive:** Active  
**Market Value:** \$61.0 million  
**Portfolio Manager:** Christopher A. Burton  
**Location:** New York, New York  
**Inception Date:** 4/1/2011  
**Account Type:** Commingled

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

**Liquidity Constraints:**  
 Daily

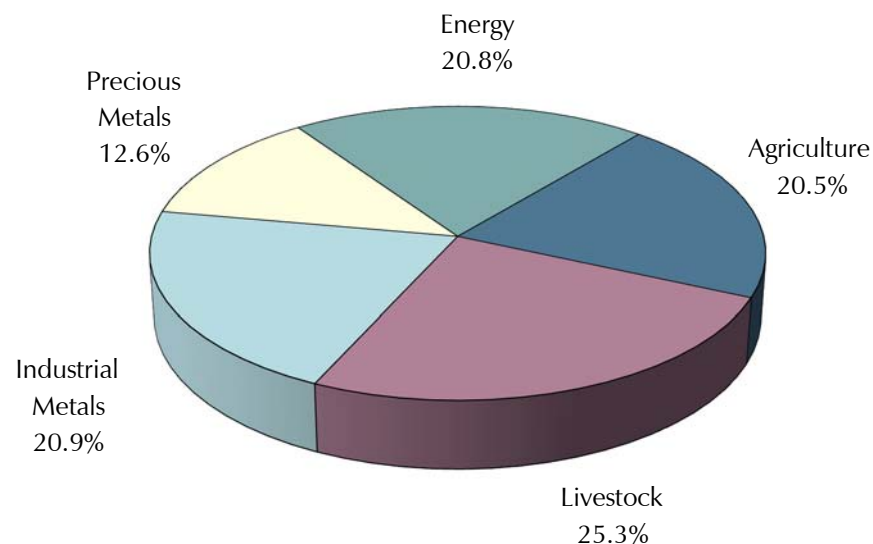
### Strategy:

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

Performance (%):	1Q15	Fiscal YTD <sup>1</sup>	1 YR	3 YR	Since 4/1/11
<b>Credit Suisse Compound Risk Parity Commodity Index</b>	<b>-5.1</b>	<b>-22.0</b>	<b>-19.0</b>	<b>-7.6</b>	<b>-8.4</b>
Custom Risk Parity Commodity Benchmark	-5.1	-22.3	-19.2	-7.8	-8.5
Bloomberg Commodity Index	-5.9	-27.1	-27.0	-11.5	-12.7

Risk: (forty-eight months)	Standard Deviation	Beta	Sharpe Measure <sup>2</sup>	Info. Ratio	Correlation to Index
<b>Credit Suisse Compound Risk Parity Commodity Index</b>	<b>10.4%</b>	<b>0.98</b>	<b>Neg.</b>	<b>0.10</b>	<b>1.00</b>
Custom Risk Parity Commodity Benchmark	10.5	1.00	Neg.	NA	1.00

### Current Allocation:



<sup>1</sup> Fiscal Year begins July 1.

<sup>2</sup> A negative Sharpe ratio indicates that the portfolio underperformed the risk-free rate during the sample period.

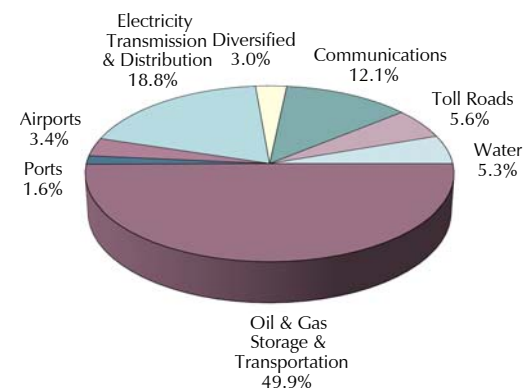
## Infrastructure Portfolio Review As of December 31, 2014

## San Jose Federated City Employees' Retirement System

## SSgA Dow Jones Brookfield Infrastructure Index Portfolio Detail as of 3/31/15

<b>Strategy:</b>	Infrastructure
<b>Market Value:</b>	\$138.9 million
<b>Portfolio Manager:</b>	Team
<b>Location:</b>	Boston, Massachusetts
<b>Inception Date:</b>	3/1/2014
<b>Account Type:</b>	Separately Managed
<b>Liquidity Constraints:</b>	Daily
<b>Fee Schedule:</b>	0.15% on first \$50 mm; 0.10% on next \$50 mm; 0.07% thereafter; Minimum annual fee of \$105,000.
<b>Guidelines:</b>	Investment Manager will not seek the Index exposure where securities are traded in the following countries: China, Brazil, United Arab Emirates, and Russia. The country restrictions do not apply to American Depositary Receipts (ADRs) or Global Depositary Receipts (GDRs) that provide exposure to these countries.

### Index Sectors:



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

Performance (%):	1Q15	Fiscal YTD <sup>1</sup>	1 YR	Since 3/1/14	Country Allocation:	Portfolio Allocation (%)	Country Allocation:	Portfolio Allocation (%)
SSgA Dow Jones Brookfield Infrastructure Index	-0.9	-0.7	10.0	11.1	United States	50.0	International Developed Markets (continued)	
Net of Fees	-0.9	-0.7	10.0	11.1	International Developed Markets	48.5	Singapore	0.5
DJ Brookfield Global Infrastructure Index	-1.1	-1.1	9.6	10.2	Canada	13.6	Netherlands	0.5
					United Kingdom	9.3	New Zealand	0.4
					Hong Kong	5.0	Switzerland	0.4
					Spain	3.9	Germany	0.3
					Australia	4.1	Belgium	0.2
					Italy	3.5	<b>Emerging Markets</b>	<b>1.5</b>
					Japan	2.7	Mexico	0.7
					France	2.1	China	0.6
					Luxembourg	2.0	Brazil	0.2

<sup>1</sup> Fiscal Year begins July 1.



**Natural Resources Portfolio Review**  
**As of March 31, 2015**

## San Jose Federated City Employees' Retirement System

## Northern Trust Global Large MidCap Natural Resources Portfolio Detail as of 3/31/15

**Mandate:** Natural Resources  
**Active/Passive:** Passive  
**Market Value:** \$111.2 million  
**Portfolio Manager:** Team  
**Location:** Chicago, Illinois  
**Inception Date:** 11/1/2012  
**Account Type:** Separately Managed

**Fee Schedule:**  
 0.05% on all assets

**Liquidity Constraints:**  
 Daily

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

Performance (%):	1Q15	Fiscal YTD <sup>1</sup>	1 YR	Since 11/1/12
Northern Trust Global Large MidCap Natural Resources	-3.7	-19.5	-14.1	-5.9
Net of Fees	-3.7	-19.5	-14.1	-6.0
S&P Global Large MidCap Commodity and Resources	-3.7	-19.8	-14.3	-6.1

	3/31/15		12/31/14	
	Northern Trust Global LargeMidCap	S&P Global Large MidCap Comm & Res	Northern Trust Global LargeMidCap	S&P Global Large MidCap Comm & Res
<b>Capitalization Structure:</b>				
Weighted Average Market Cap. (US\$ billion)	61.0	60.9	66.9	66.6
Median Market Cap. (US\$ billion)	7.7	7.2	7.9	7.4
Large (% over US\$20 billion)	65	65	69	69
Medium (% US\$3 billion to US\$20 billion)	32	32	28	28
Small (% under US\$3 billion)	4	4	3	3
<b>Fundamental Structure:</b>				
Price-Earnings Ratio	15	15	14	14
Price-Book Value Ratio	1.5	1.5	1.5	1.5
Dividend Yield (%)	3.3	3.3	3.2	3.2
Historical Earnings Growth Rate (%)	1	2	8	9
Projected Earnings Growth Rate (%)	5	5	8	8
<b>Sector Allocation (%):</b>				
Energy	34	34	34	34
Consumer Staples	8	8	9	9
Consumer Discretionary	0	0	0	0
Financials	0	0	0	0
Health Care	0	0	0	0
Industrials	0	0	0	0
Information Technology	0	0	0	0
Telecommunication Services	0	0	0	0
Utilities	0	0	0	0
Materials	58	58	56	57
<b>Diversification:</b>				
Number of Holdings	218	212	210	211
% in 5 largest holdings	27	26	27	27
% in 10 largest holdings	43	43	44	44
<b>Region Allocation (%):</b>				
North America	51	51	53	52
Europe	27	27	27	27
Asia Pacific	11	11	10	10
Emerging	10	10	9	10
Other	1	1	1	1
<b>Largest Five Holdings:</b>				
		<b>Industry</b>		
Monsanto	7.3	Materials		
ExxonMobil	5.8	Energy		
BHP Billiton	5.0	Materials		
Syngenta	4.3	Materials		
Archer-Daniels	4.1	Food, Beverage & Tobacco		

<sup>1</sup> Fiscal Year begins July 1.



# **Global Macroeconomic Outlook**

## **March 2015**



**Global Economic Outlook<sup>1</sup>**

**In 2015, economic growth is projected to be higher than in 2014, but lower than previously forecasted.**

- The IMF estimates growth for 2015 to be around 3.5%, with improvements in the U.S. and Europe and declines in several emerging economies including Russia, Brazil, and China.
- The decline in oil prices remains a key issue with varied impact across economies. Lower prices should act as a stimulus to many oil importing countries, while detract from growth for oil exporters.
- The decline in unemployment and improving household balance sheets have helped growth in the U.S., while in Europe growth is projected to pick-up benefiting from the decline in the euro and falling energy prices.
- In emerging economies, growth is forecasted to slow in China as the government transitions away from debt-fueled growth and in Brazil and Russia due to falling commodity prices, particularly oil.
- Excluding Japan, near-term global inflation is projected to trail the ten-year averages, with the recent decline in oil putting further pressure on prices.

	Real GDP (%)			Inflation (%)		
	IMF 2015 Forecast	IMF 2016 Forecast	Actual 10 Year Average	IMF 2015 Forecast	IMF 2016 Forecast	Actual 10 Year Average
World	3.5	3.8	3.9	3.2	3.3	4.3
U.S.	3.1	3.1	1.6	0.1	1.5	2.3
European Union	1.8	1.9	1.1	0.0	1.2	2.1
Japan	1.0	1.2	0.6	1.0	0.9	0.2
China	6.8	6.3	10.0	1.2	1.5	2.9
Emerging Markets (ex. China)	3.0	3.8	4.9	7.6	6.8	7.5

<sup>1</sup> Source: IMF. World Economic Outlook, April 2015. "Actual 10 Year Average" represents data from 2005 to 2014.

**Global Economic Outlook, Continued**

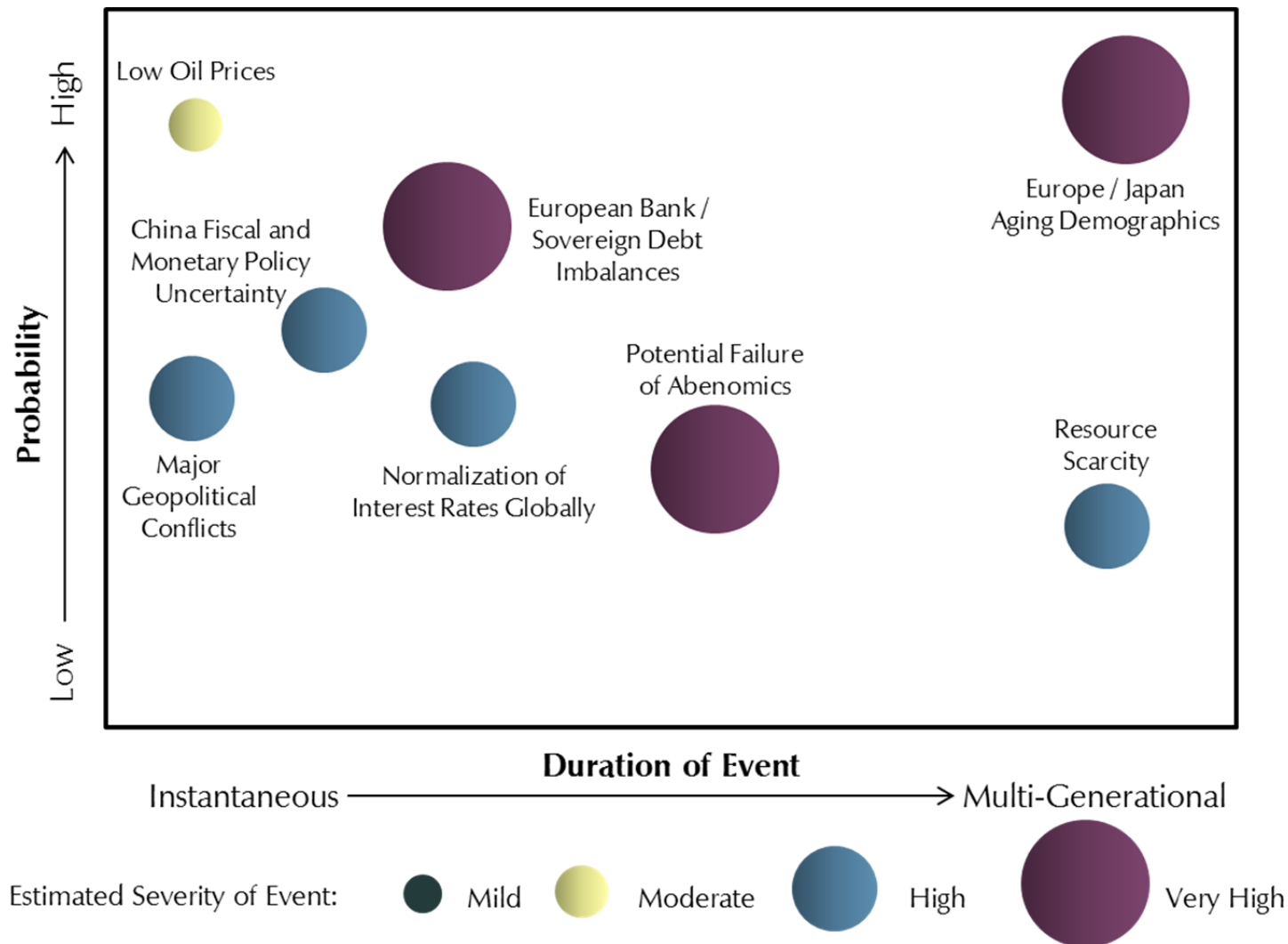
**In the U.S., it is anticipated that the Federal Reserve will begin increasing interest rates later this year, while in Europe and Japan further monetary stimulus is likely.**

- At the U.S. Federal Reserve's March meeting there was a division on the timing of increasing interest rates, with some officials advocating for June and others for later in the year or early next year. The Fed faces varied economic indicators as they weigh the timing and pace of raising rates, with unemployment improving and wage growth and inflation remaining low.
- The European Central Bank (ECB) began their bond purchases in early March in a further effort to stimulate growth and combat low inflation. The program will consist of 60 billion euro (approximately \$55.9 billion)<sup>1</sup> in monthly asset purchases through September 2016 or until growth and inflation increase. The ECB also continues to keep its key interest rate at close to 0%, while maintaining bank deposit rates in negative territory (-0.2%).
- Japan's economy emerged from recession in the fourth quarter of 2014, growing at an annualized rate of 1.5%. Exports were a big contributor to growth, driven by the weaker yen. The Bank of Japan's monetary policy remains the most aggressive of central banks, including a further expansion of its program of asset purchases in the fourth quarter. The Japanese consumer remains strained in light of stagnant wages and the recent sales tax increase. The second sales tax increase scheduled for October of this year has been postponed to at least April of 2017.
- China announced its second rate cut in less than four months in an attempt to aid its slowing economy. One-year loan rates were lowered from 5.6% to 5.35%, while one-year deposit rates were reduced from 2.75% to 2.5%. A slowdown in China's property market and declining prices remain key concerns.

**Several issues are of primary concern: 1) slow or declining growth in Europe and Japan; 2) diminishing effectiveness of monetary policy globally; 3) divergent growth in emerging economies; and 4) increased geopolitical tensions.**

<sup>1</sup> As of March 31, 2015.

### Macroeconomic Risk Matrix



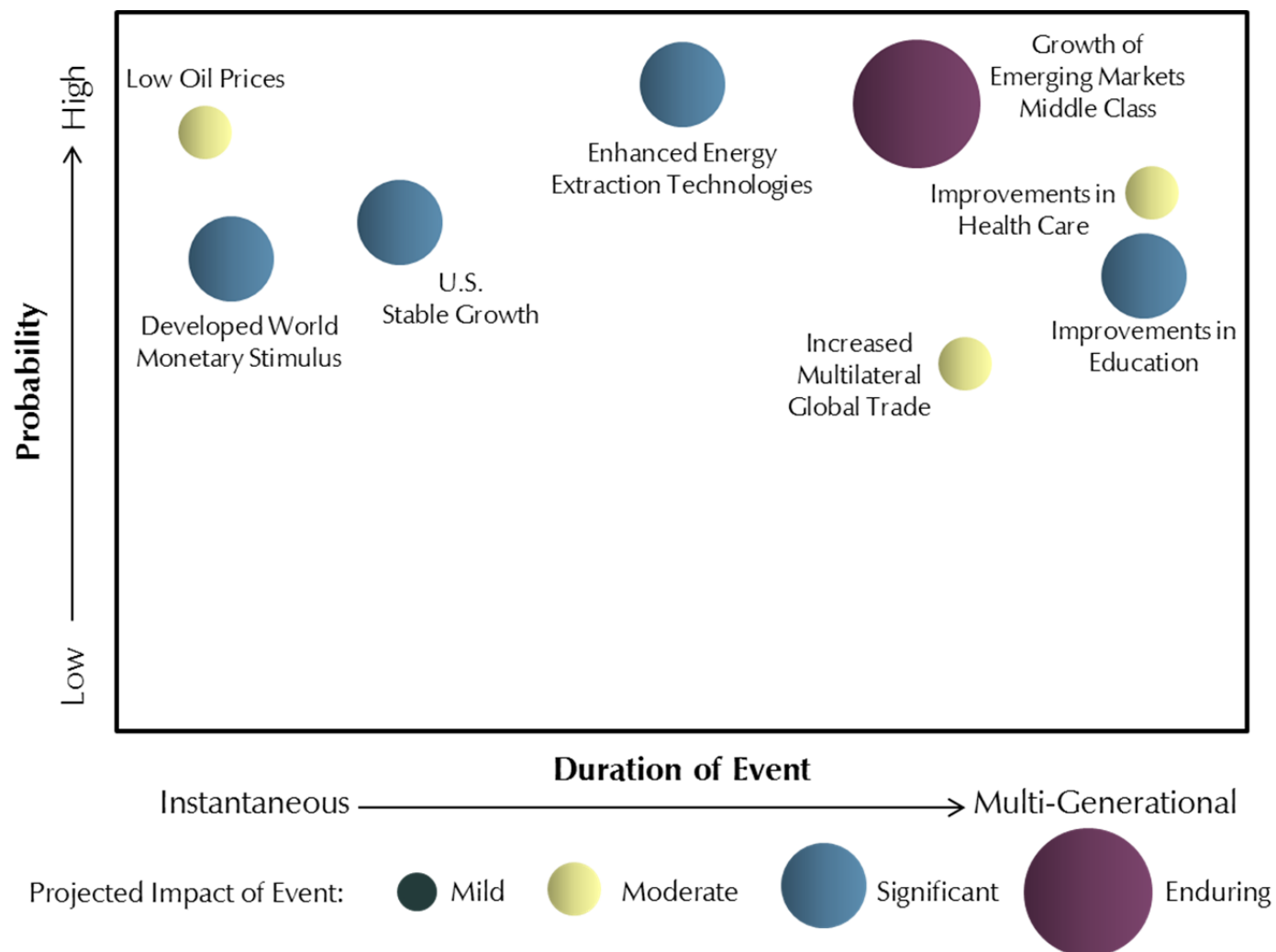
**Macroeconomic Risk Overviews**

<b>Low Oil Prices</b>	Falling oil prices could particularly hurt countries such as Iran, Russia, and Venezuela that depend heavily on oil export revenues. Oil exploration and production companies, and companies that support the oil industry, could also be hurt by the decline in prices. The risk of increased geopolitical tensions also exists with depressed oil prices.
<b>European Bank/Sovereign Debt Imbalances</b>	The crisis is rooted in structural issues in the Euro-zone related to the combination of a single currency combined with 17 fiscal authorities. Several negative outcomes are possible from the sovereign debt crisis, including sequential sovereign default, a break-up of the euro, bank failures, political regime change, and rapid de-leveraging/deflation.
<b>Potential Failure of Abenomics</b>	Japan has embarked on a historic stimulus program, commonly referred to as "Abenomics" in an effort to fight its decades of deflation. The plan includes monetary, fiscal, and structural components. If Japan overshoots with its policies, or dramatically changes them unexpectedly, it could prove disruptive to markets and growth.
<b>Europe/Japan Aging Demographics</b>	In Japan and Europe, birth rates have declined, resulting in populations becoming older and smaller relative to the rest of the world. These demographic trends will have a negative long-term impact on GDP growth and fiscal budgets, amplifying debt problems.
<b>Major Geopolitical Conflicts</b>	Major world powers have been in discussions with Iran regarding scaling back their nuclear program in exchange for reduced sanctions. Israel has been opposed to the deal in discussion with Iran, creating a strain on relations with the U.S. The possibility also exists for Iran not to ultimately abide by an agreed upon deal. There also remain other unresolved geopolitical issues including the effect of ISIS, tensions between Russia and Ukraine, and the civil war in Syria.

**Macroeconomic Risk Overviews, Continued**

<b>China Fiscal and Monetary Policy Uncertainty</b>	Much of China's recent growth was fueled by debt, particularly in the "shadow banking" sector. The leadership in China has sought to transition the country from a model of debt-fuelled growth to a model of consumption-based growth. This transition process could prove difficult in the short-term, as the targeted rate of debt growth could depress economic growth.
<b>Normalization of Interest Rates Globally</b>	After the Global Financial Crisis, the developed world, particularly the U.S., injected massive amounts of liquidity into the financial system in an effort to prevent depression-like declines in economic activity. Additionally, the world's central banks reduced short-term interest rates to record lows. Once monetary stimulus is withdrawn, it is likely that interest rates will normalize and weigh on growth globally, particularly in emerging markets.
<b>Resource Scarcity</b>	The increasing world population, urbanization, and a growing middle class, particularly in emerging economies, could all lead to a scarcity of resources going forward, including food, water, land, energy, and minerals. As demand continues to grow and supply declines, certain commodity prices may skyrocket, hurting the living standards of many and increasing the risk of geopolitical conflicts.

### Positive Macroeconomic Trends Matrix



**Positive Macroeconomic Trends Overviews**

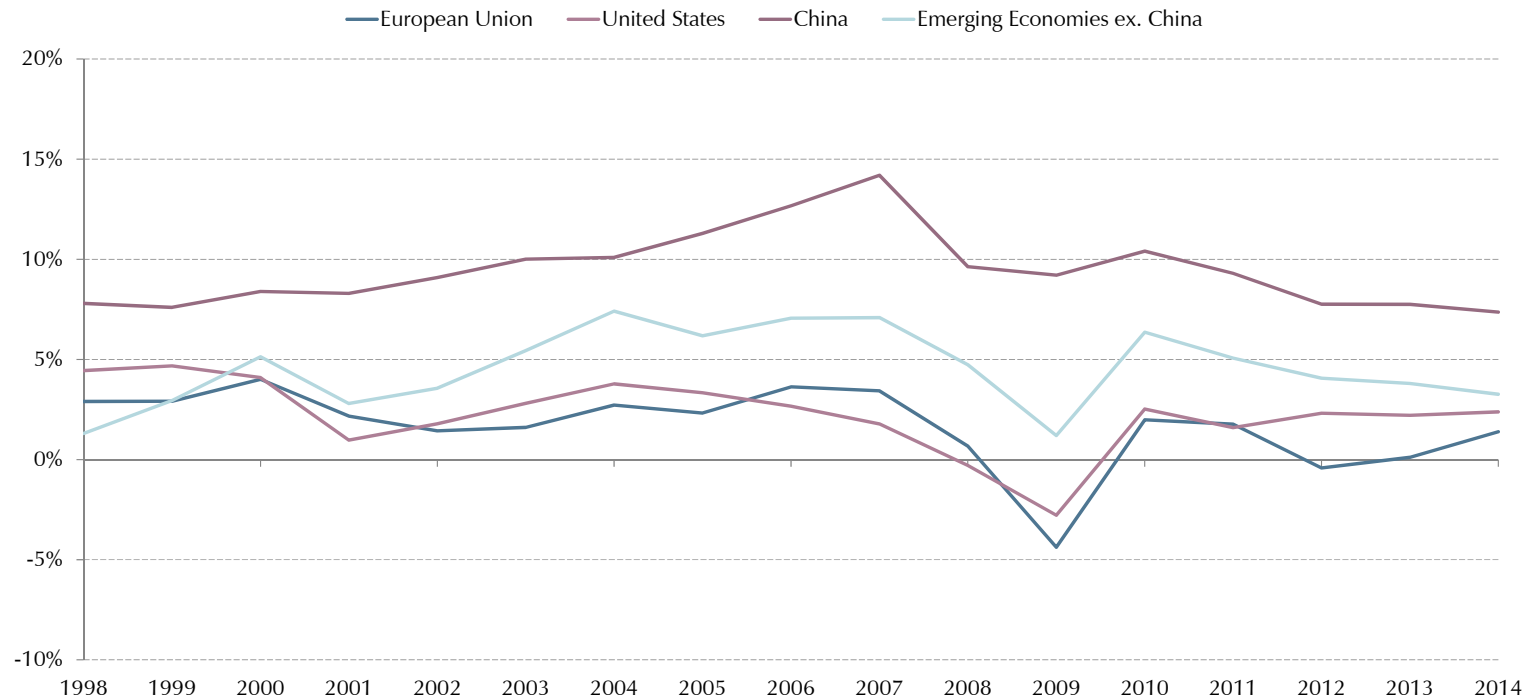
<b>Low Oil Prices</b>	Declining oil prices will likely have a positive impact on growth, particularly on importers like China, Japan, and India. Consumers should also benefit from falling oil prices in the form of lower prices for gasoline and heating oil.
<b>U.S. Stable Growth</b>	The U.S. economy has shown signs of improvement, with GDP growth improving and unemployment declining. Continued stabilization in the world's largest economy should improve employment and growth domestically, and increase demand for goods and services from abroad.
<b>Growth of Emerging Markets Middle Class</b>	In emerging economies, the size of the middle class is projected to grow significantly over the next twenty years. The growing middle class in the emerging economies should increase consumption globally, which in turn will drive GDP growth and create jobs.
<b>Increased Multilateral Global Trade</b>	The pace of globalization has accelerated, particularly in emerging economies. Increased trade and investment, as well as access to foreign capital and export markets for corporations, should lead to lower costs, higher efficiencies, and greater global growth.
<b>Improvements in Education/Healthcare</b>	Literacy rates and average life spans have increased globally, particularly in the emerging economies. Higher literacy rates will drive future growth, as the ability to read helps people learn new skills and improve existing skills. When people live longer it increases incentives to make long-term investments in human capital (i.e., education and training), resulting in a more productive work force and ultimately more growth.

**Positive Macroeconomic Trends Overviews, Continued**

<b>Enhanced Energy Extraction Technologies</b>	Hydraulic fracturing (i.e., fracking) technologies allowed large new supplies of natural gas and oil to be extracted from shale rocks, mainly in the U.S. The increased supply of oil and gas through fracking contributed to falling energy prices. It is likely that other countries will work to improve their fracking technologies, further increasing the supply of oil and gas globally.
<b>Developed World Monetary Stimulus</b>	Developed market central banks embarked on a massive monetary stimulus campaign in the aftermath of the Global Financial Crisis. The U.S., European, and Japanese central banks continue to maintain interest rates at record lows. Japan has embarked on an unprecedented asset purchase program (quantitative easing), while the European Central Bank recently began its own program. In contrast, the U.S. ended its bond buying last year. If central banks continue to provide liquidity and keep interest rates low, this should stimulate growth.

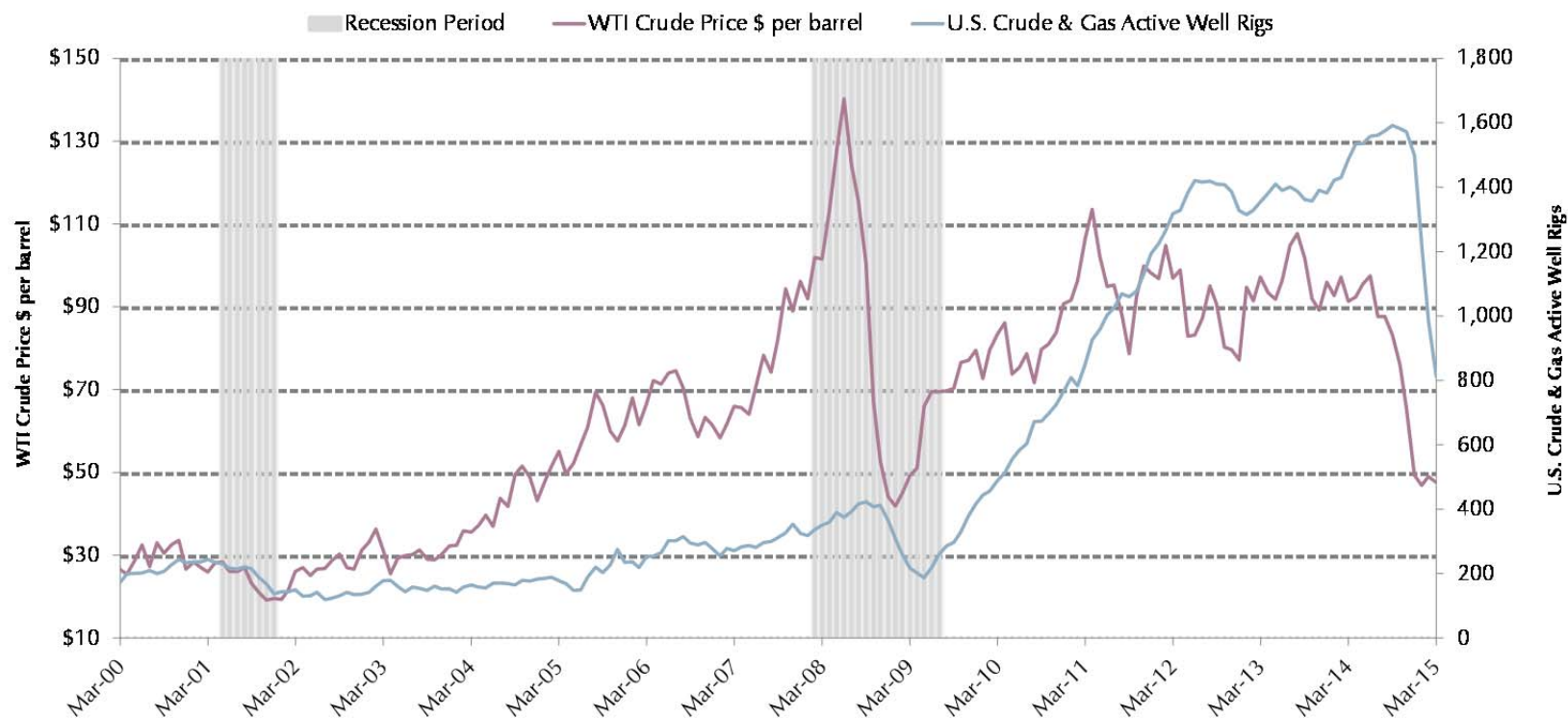


### Global Real Gross Domestic Product (GDP) Growth<sup>1</sup>



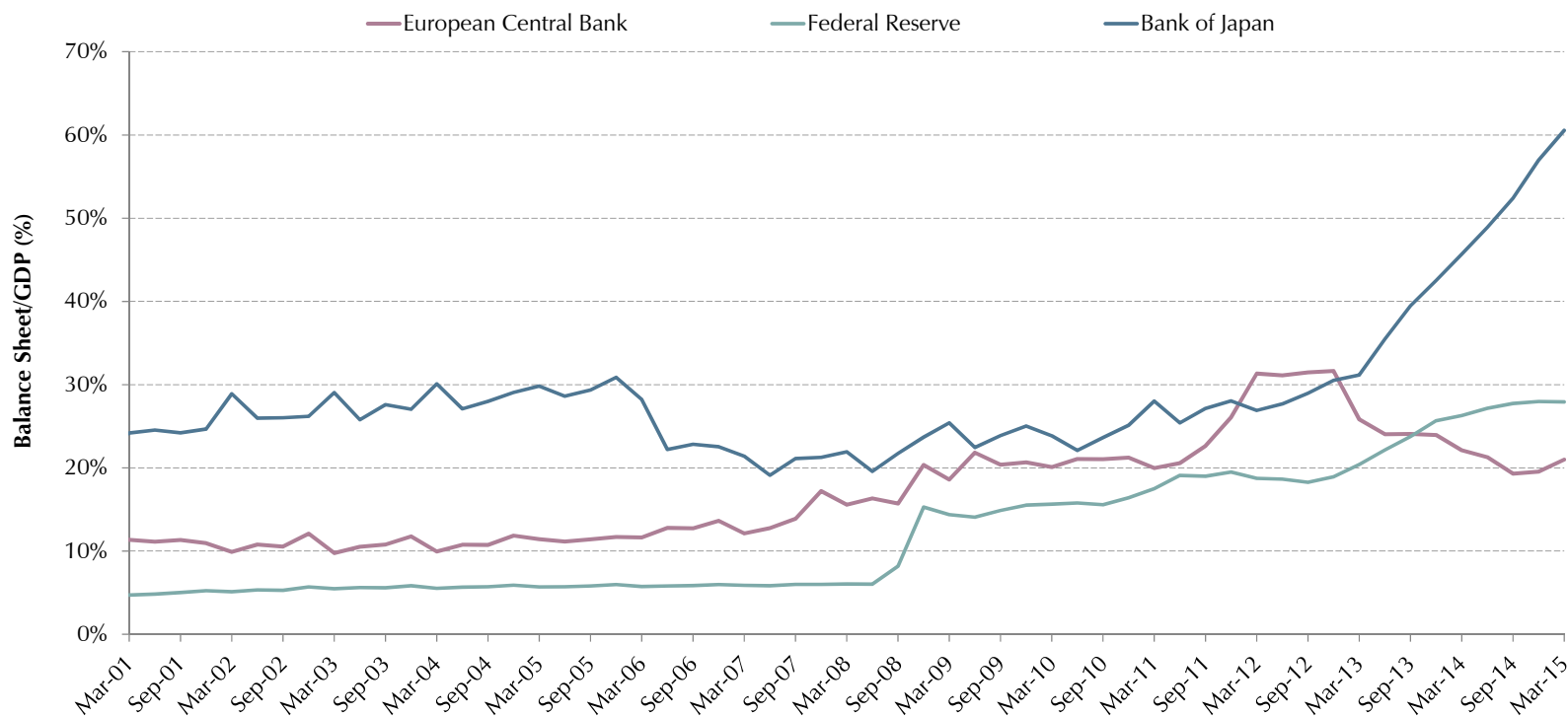
- Global growth remains lower than levels prior to the Global Financial Crisis for many countries.
- Emerging economies continue to grow at a faster pace than developed economies, but results are varied across countries, with commodity exporters generally experiencing lower growth. China's growth remains above other emerging economies despite its recent decline.

<sup>1</sup> Source: IMF. World Economic Outlook, April 2015.

Oil Price<sup>1</sup>

- After oil's recent decline, prices remained below \$50/barrel at quarter-end, leading to U.S. drillers taking 686 rigs out of service since year-end.
- The net impact of lower oil prices is uncertain, with consumers and oil importers benefiting, and oil-related companies and oil-exporting countries being hurt.

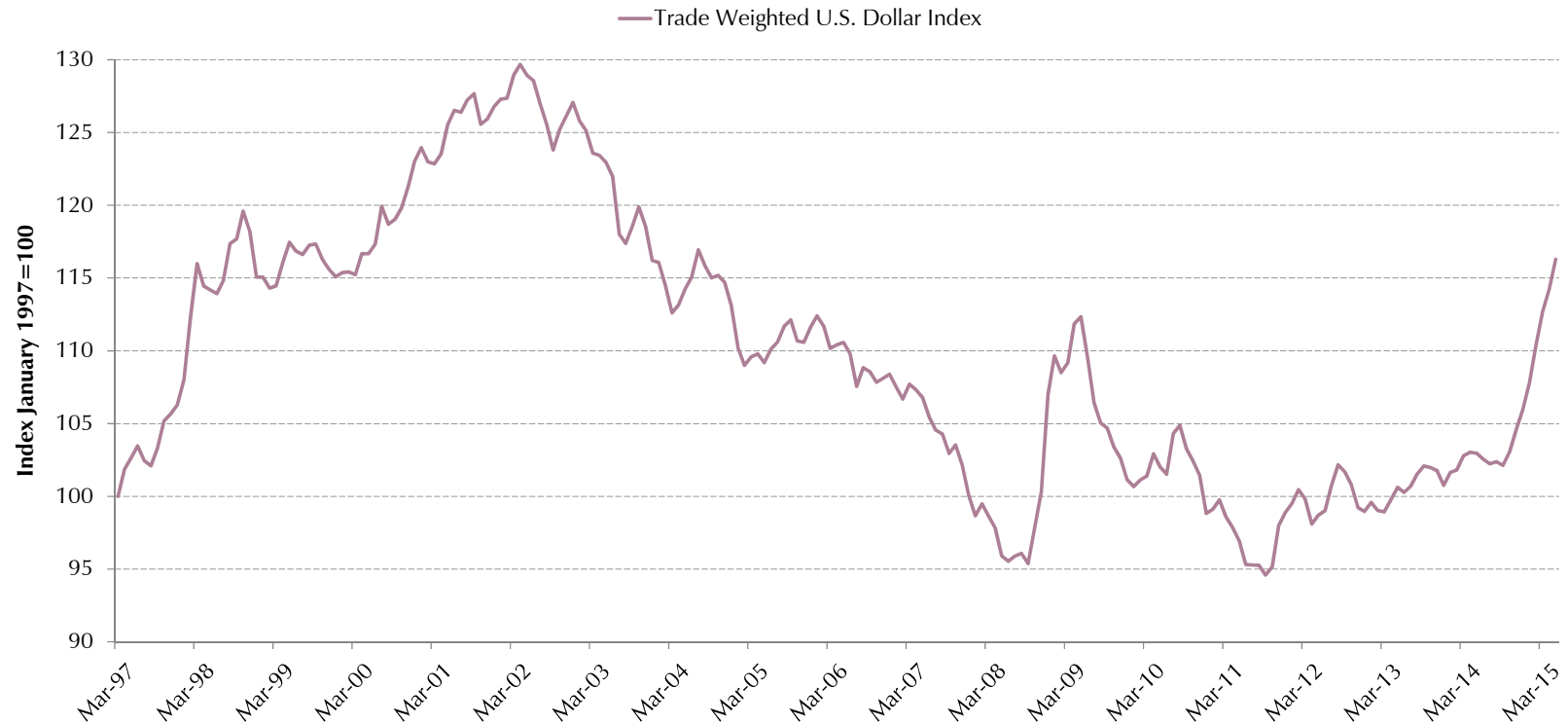
<sup>1</sup> Source: Bloomberg. Data is as of March 31, 2015.

Central Bank Balance Sheets as a Percentage of GDP<sup>1</sup>

- Major central banks are in different stages of quantitative easing, with the U.S. winding down its bond purchase program last year and Japan and Europe actively expanding their balance sheets to stimulate growth.
- The question remains whether the Federal Reserve will continue to reinvest the proceeds from maturing investments or begin to let its over \$4 trillion balance sheet shrink.

<sup>1</sup> Source: Bloomberg. IMF World Economic Outlook, April 2015.

### Major Currency Values Versus the U.S. Dollar<sup>1</sup>



- The U.S. dollar continues to strengthen against major currencies in anticipation of the Federal Reserve increasing interest rates and as other central banks, like Japan and Europe, embark on historic bond purchase programs.
- A strong dollar should benefit domestic importers, while weighing on exporters and commodities priced in dollars.

<sup>1</sup> Source: Federal Reserve Economic Data. Data is as of March 1, 2015.

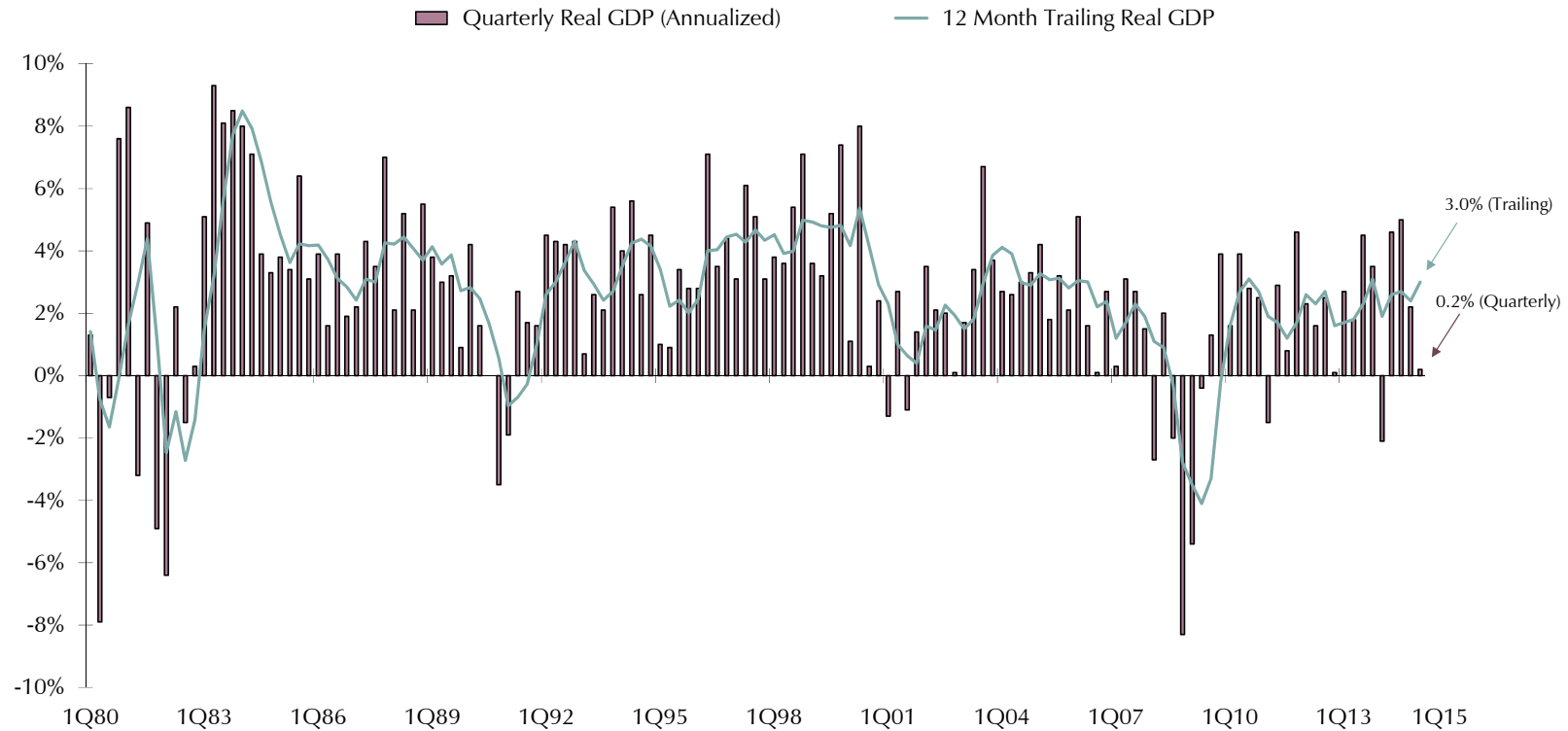
## Federal Funds Rate<sup>1</sup>



- As the U.S. labor market continues to show signs of improvement it is expected that the Federal Reserve will begin increasing interest rates this year.
- Uncertainty remains regarding the pace of rate increases, with the market expecting a trajectory lower than the central bank's estimates.

<sup>1</sup> Source: Bloomberg. Federal Reserve March Economic Projections. The FOMC Year-End Estimates are the median estimates of the forecasts of the federal funds rate by the 17 FOMC participants at the end of the specified calendar year or over the long run. Data is as of March 31, 2015 for market expectations which represents the fed funds future rate at the end of the specified calendar year.

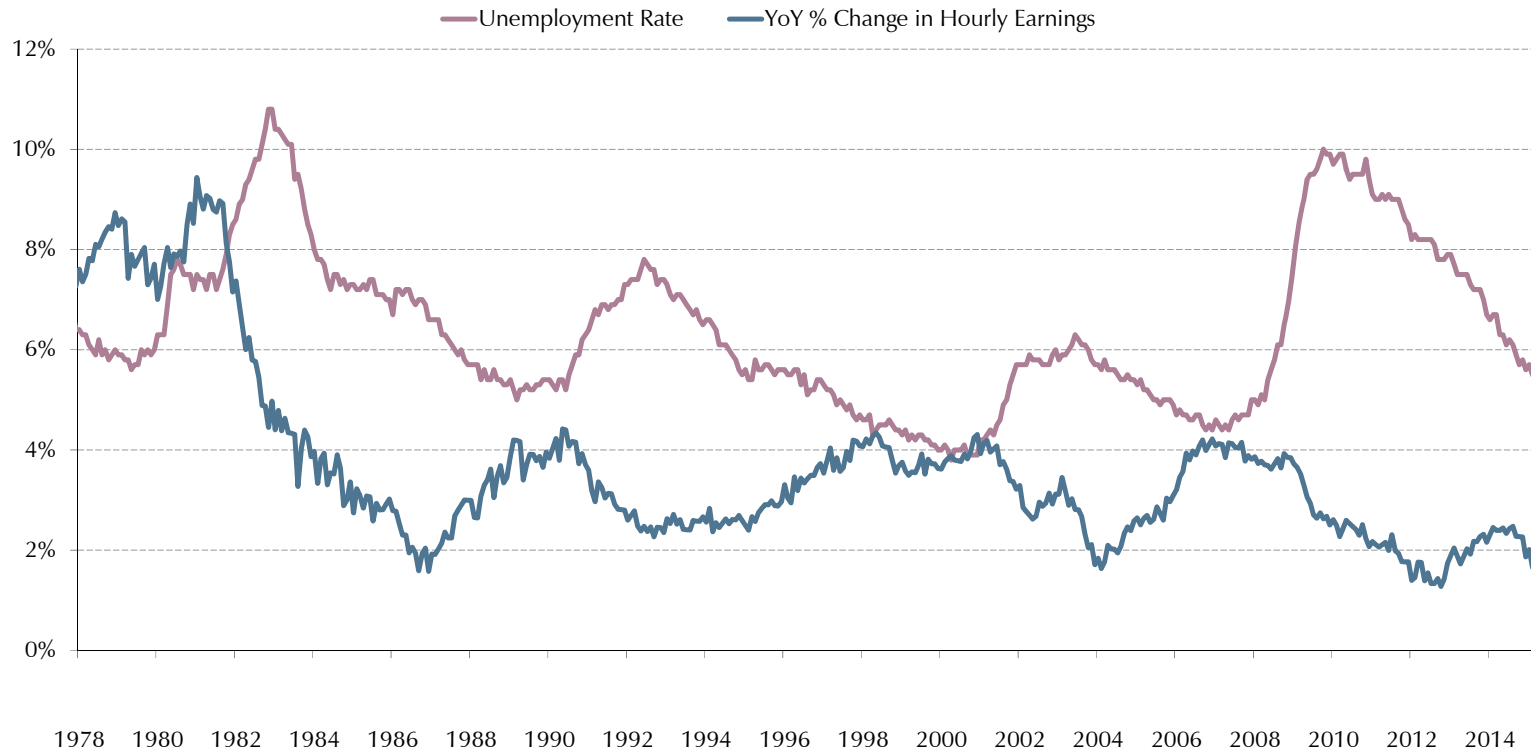
## U.S. Real Gross Domestic Product (GDP) Growth<sup>1</sup>



- U.S. GDP slowed to an annualized rate of 0.2% in the first quarter of 2015, while GDP over the trailing year increased to 3.0%.
- A decline in consumer spending and a strong dollar were key contributors to the decline in growth in the first quarter.

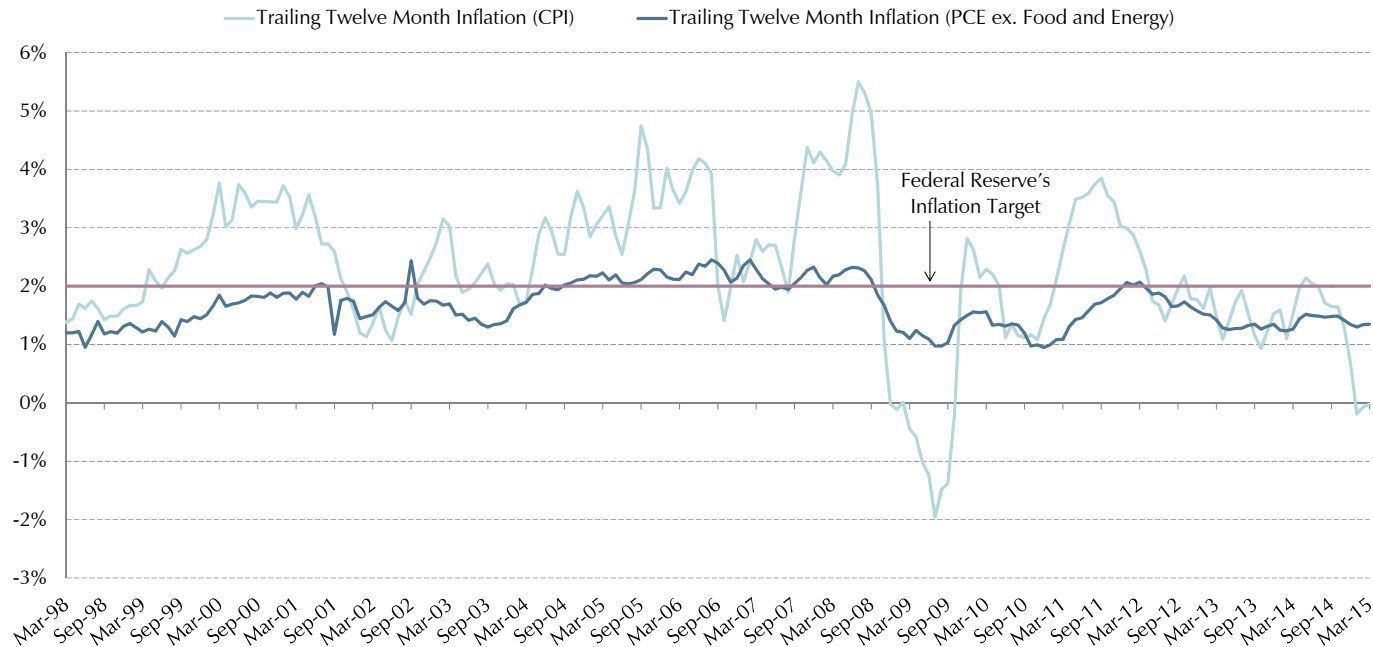
<sup>1</sup> Source: U.S. Bureau of Economic Analysis. Data is as of the first quarter of 2015.

## U.S. Employment<sup>1</sup>



- The U.S. unemployment rate finished the first quarter at 5.5%, down 0.1% from the end of 2014 and 4.4% from five years prior.
- Despite the recent decline in unemployment, wage growth remains sluggish.

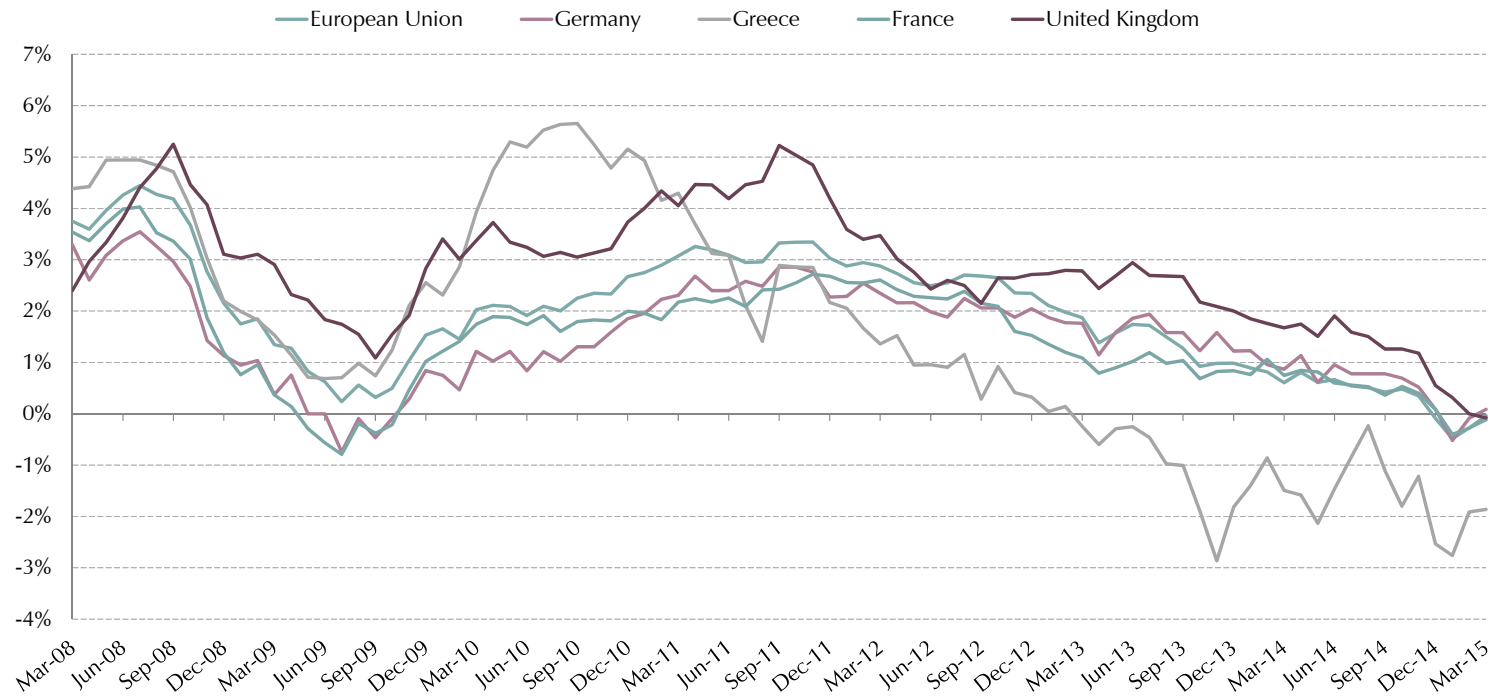
<sup>1</sup> Source: Bureau of Labor Statistics. The year over year change in hourly earnings represents data for production and non-supervisory employees. Data is as of March 31, 2015.

U.S. Inflation<sup>1</sup>

- As the Fed's preferred measure of inflation (PCE ex. food and energy) remains below its 2% target, Fed officials are divided on when to increase interest rates.
- Prices remained unchanged from a year prior when food and energy is included, due mainly to falling gasoline prices.

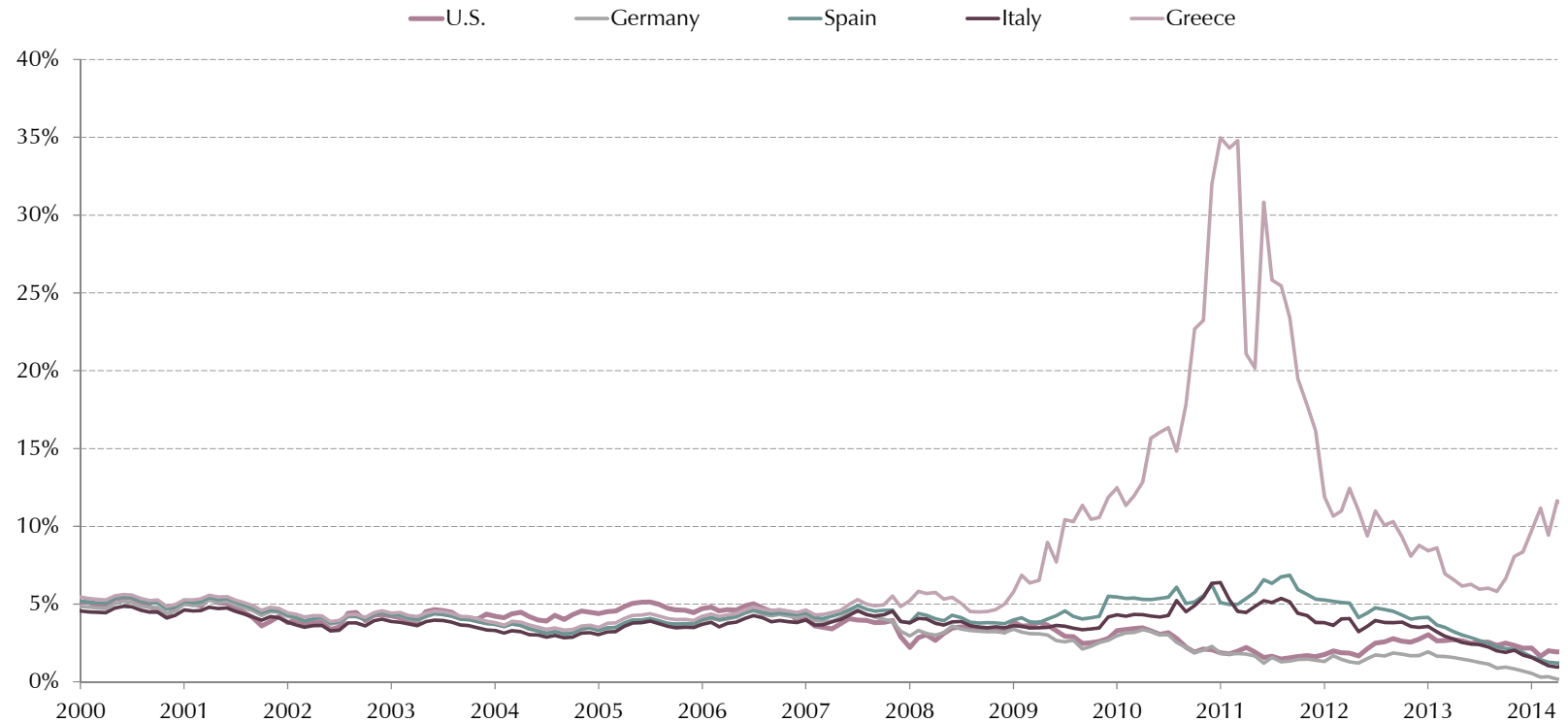
<sup>1</sup> Source: Bloomberg. Data is as of March 31, 2015.



European Inflation<sup>1</sup>

- Prices in Europe declined 0.1% over the last year, as growth remains weak and energy prices declined.
- The European Central Bank implemented a variety of measures to fight deflationary pressures including lowering interest rates and, more recently, starting an asset purchase program (i.e., quantitative easing).

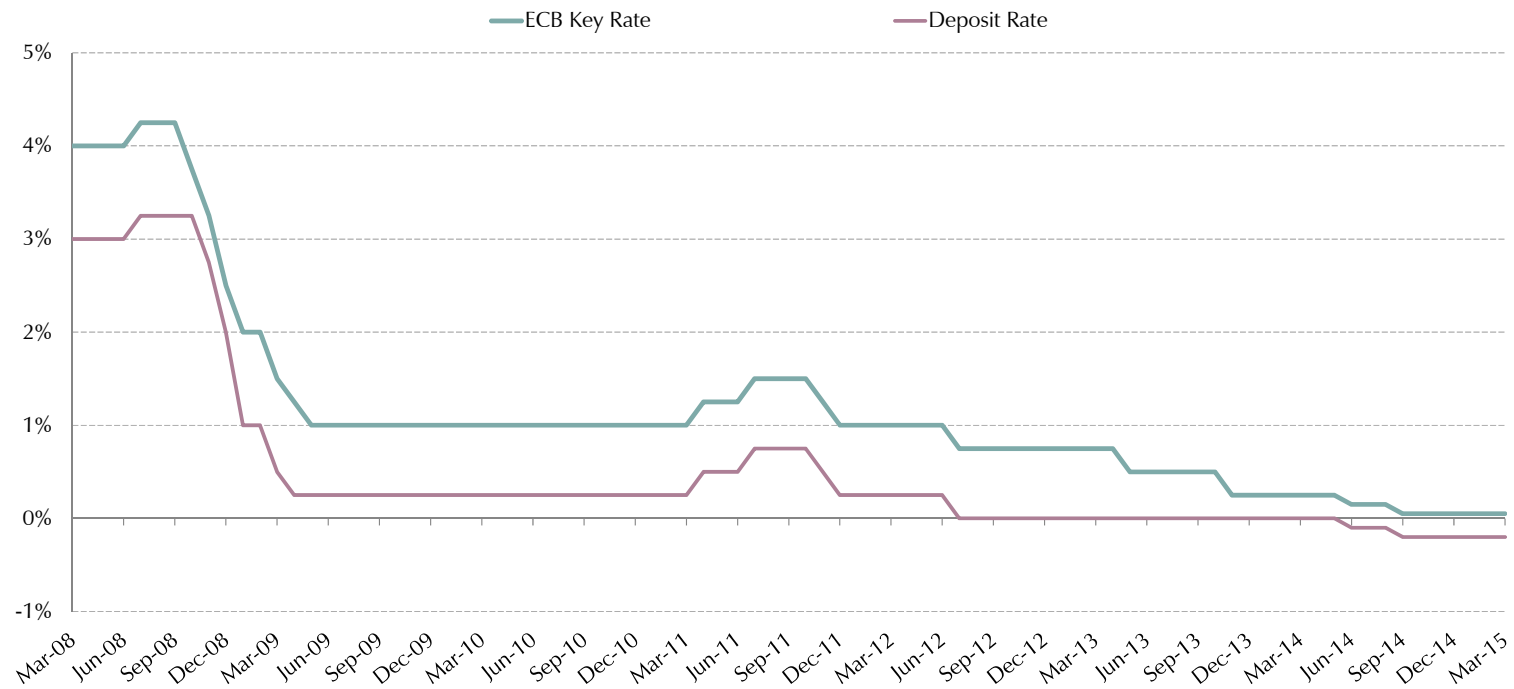
<sup>1</sup> Source: Eurostat. Data is as of March 31, 2015.

10-Year Government Bond Yields<sup>1</sup>

- The yield on the 10-year U.S. Treasury bond finished the first quarter at 1.9%, while bond yields on peripheral European countries like Spain (1.2%) and Italy (1.0%) finished below the U.S., despite financial risk.
- Bond yields in Germany declined dramatically from a year prior (1.6% versus 0.2%) due in part to the European Central Bank's bond buying program.

<sup>1</sup> Source: Bloomberg. Data is as of March 31, 2015.

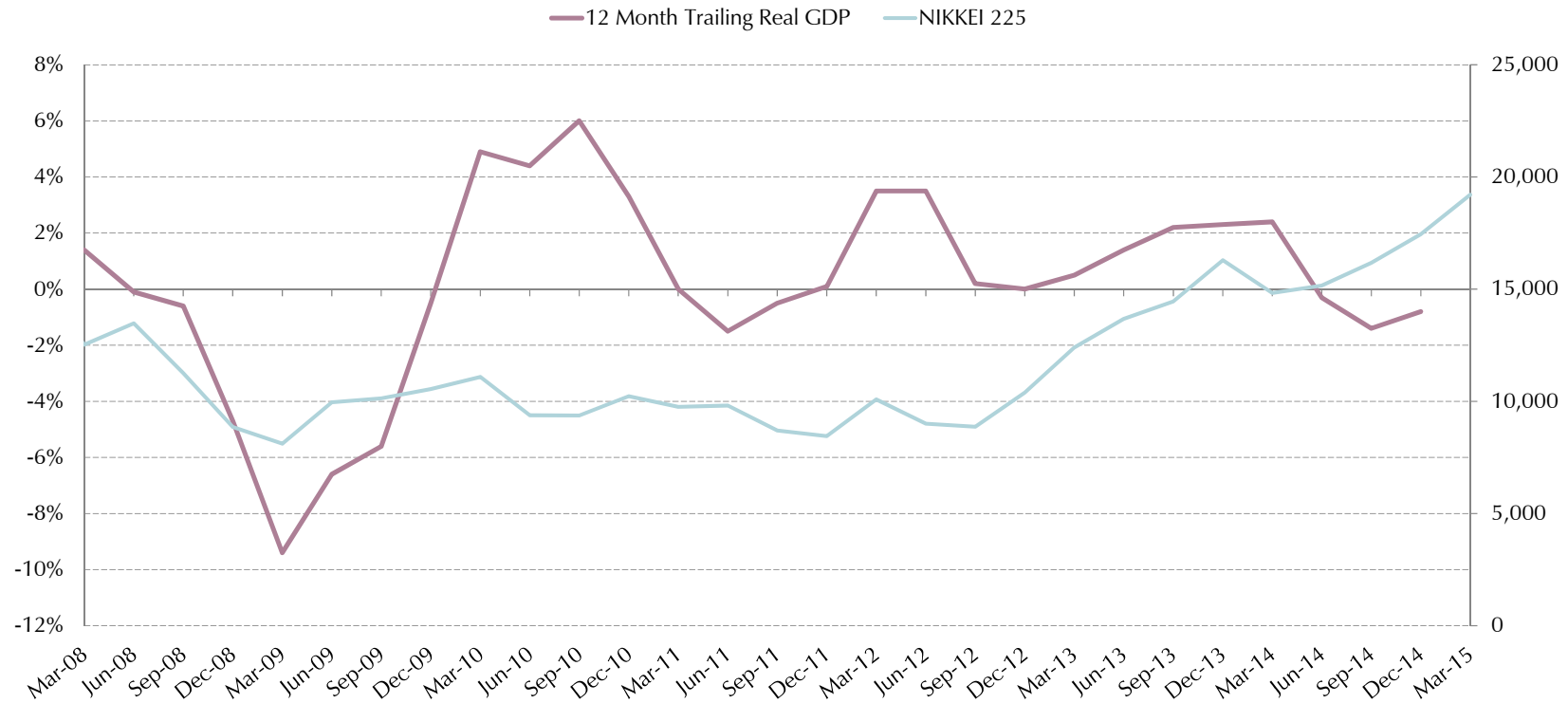
### European Interest Rates<sup>1</sup>



- In addition to the ECB's recently announced bond purchase program, they continue to keep interest rates at close to 0%.
- Bank deposit rates remain in negative territory (-0.2%) as a means to encourage banks to lend their surplus reserves.

<sup>1</sup> Source: Bloomberg. Data is as of March 31, 2015.

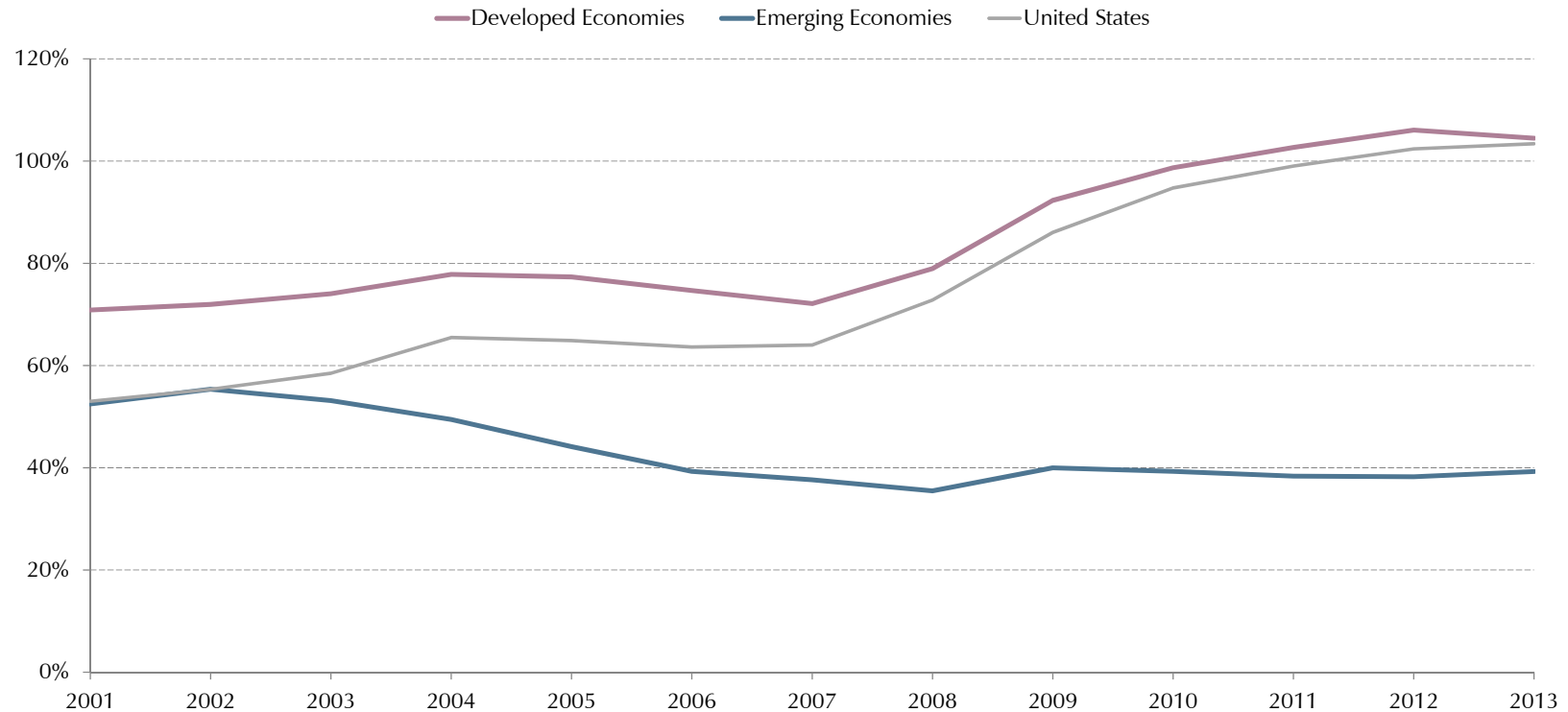
### Japan Economic Conditions<sup>1</sup>



- Japan's stock market continues to make new highs despite weak economic growth driven by tepid consumer spending.
- The decline in the yen, stagnant wages, and a recent sales tax increase have all contributed to the decline in consumption.

<sup>1</sup> Source: Bloomberg, Cabinet Office Japan. Data is as of March 31, 2015 for the NIKKEI 225 and Q4 2014 for real GDP.

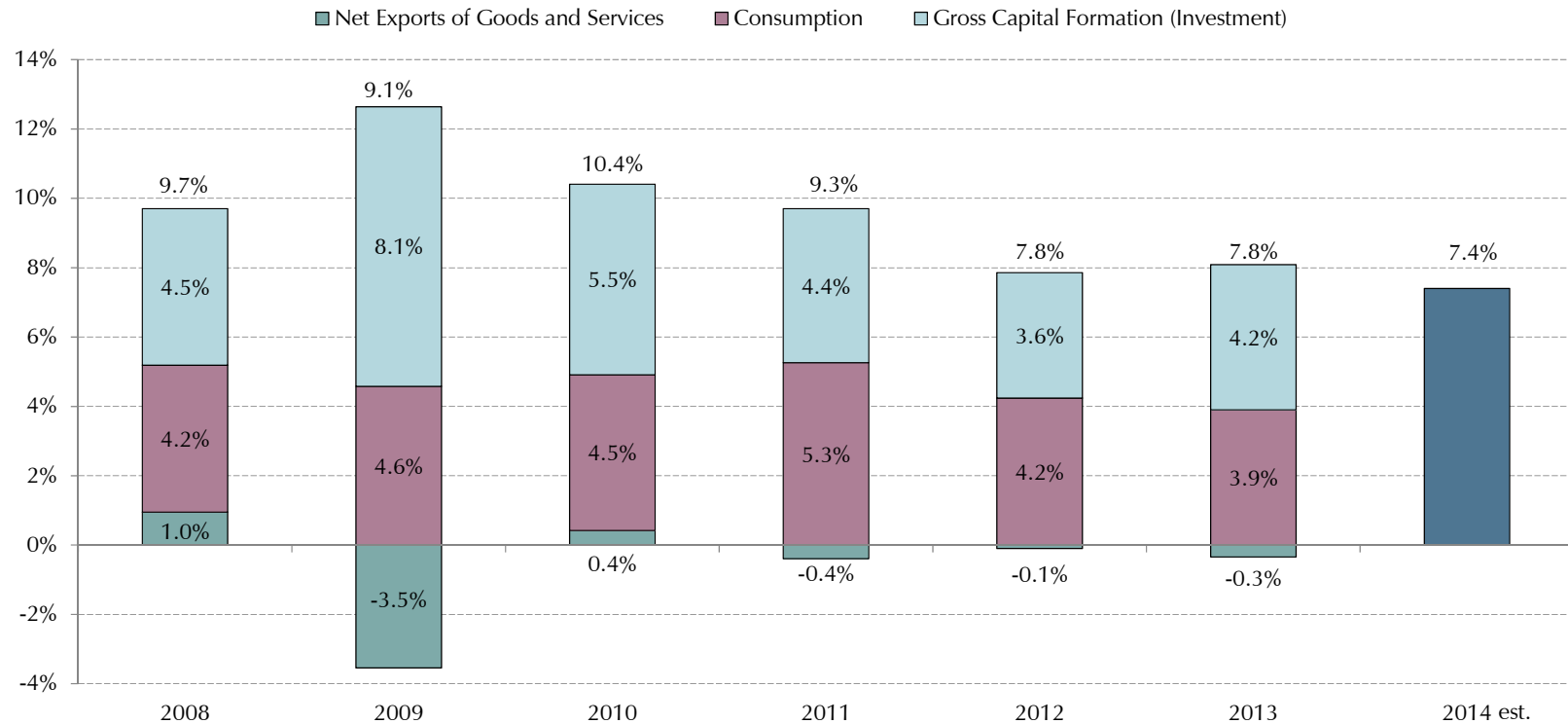
### Government Debt as a % of GDP<sup>1</sup>



- The long-term growth thesis remains in place for emerging markets, despite the recent lower investment returns compared to the U.S.
- Lower debt levels, improving demographics, and opportunities for improving productivity should help bolster emerging economies' growth going forward.

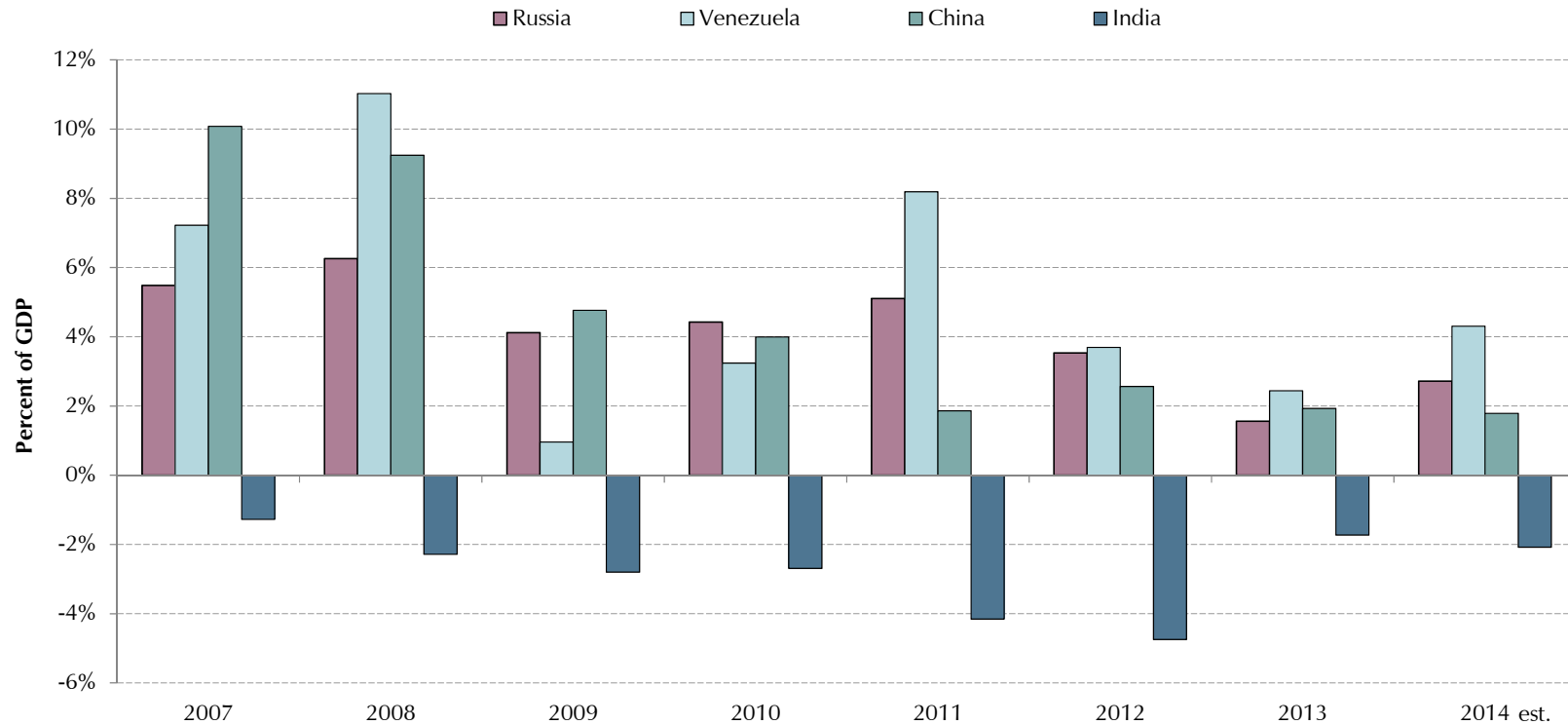
<sup>1</sup> Source: IMF, World Economic Outlook, April 2015.

### China Real Gross Domestic Product (GDP) Growth<sup>1</sup>



- China's economy continues to slow raising the question of whether the government will introduce further stimulative measures.
- The recent decline in government investment has been a key contributor to the decelerating growth.

<sup>1</sup> Source: National Bureau of Statistics of China. GDP for 2014 is an estimated value.

Current Account Balances<sup>1</sup>

- Declining oil prices have benefited emerging market economies that are net energy importers (e.g., China and India) and hurt countries that are net exporters (e.g., Russia and Venezuela).
- Due in part to the recent decline in oil prices, GDP is forecasted to shrink in Russia and Venezuela by 2.9% and 2.0%, respectively, in 2015.<sup>2</sup>

<sup>1</sup> Source: IMF, World Economic Outlook, April 2015.

<sup>2</sup> Source: World Bank.

## Summary

**Four primary concerns face the global economy in 2015: 1) slow or declining growth in Europe and Japan; 2) diminishing effectiveness of monetary policy globally; 3) divergent growth in emerging economies; 4) heightened geopolitical tensions.**

- In Europe and Japan, growth remains weak and deflation a key concern. A prolonged slowdown in these major economies could weigh heavily on global demand and be disruptive to markets and growth.
- The world's major central banks continue to keep interest rates close to 0%. In the U.S., the Federal Reserve ended its bond purchases last year, while Japan's central bank continues to aggressively expand its balance sheet and Europe recently began its own purchase program. If another major decline in growth occurs central banks would have few additional options to stimulate growth.
- Growth in emerging market economies could be uneven going forward with commodity export-dependent economies being particularly hurt by a sustained slowdown in global growth and prices. Growth could continue to slow in China requiring additional stimulative measures, as the economy transitions from an investment-based growth model to a more consumption-based growth model. India remains a bright spot in the emerging economies, with inflation and its current account deficit declining due to recent government measures.
- If oil prices remain depressed for an extended period of time the potential exists for geopolitical tensions to arise, particularly related to those countries that rely heavily on oil revenues. The Iran nuclear program discussions, the civil war in Syria, tensions between Russia and the Ukraine, and the effects of ISIS are other unresolved issues that could prove disruptive.

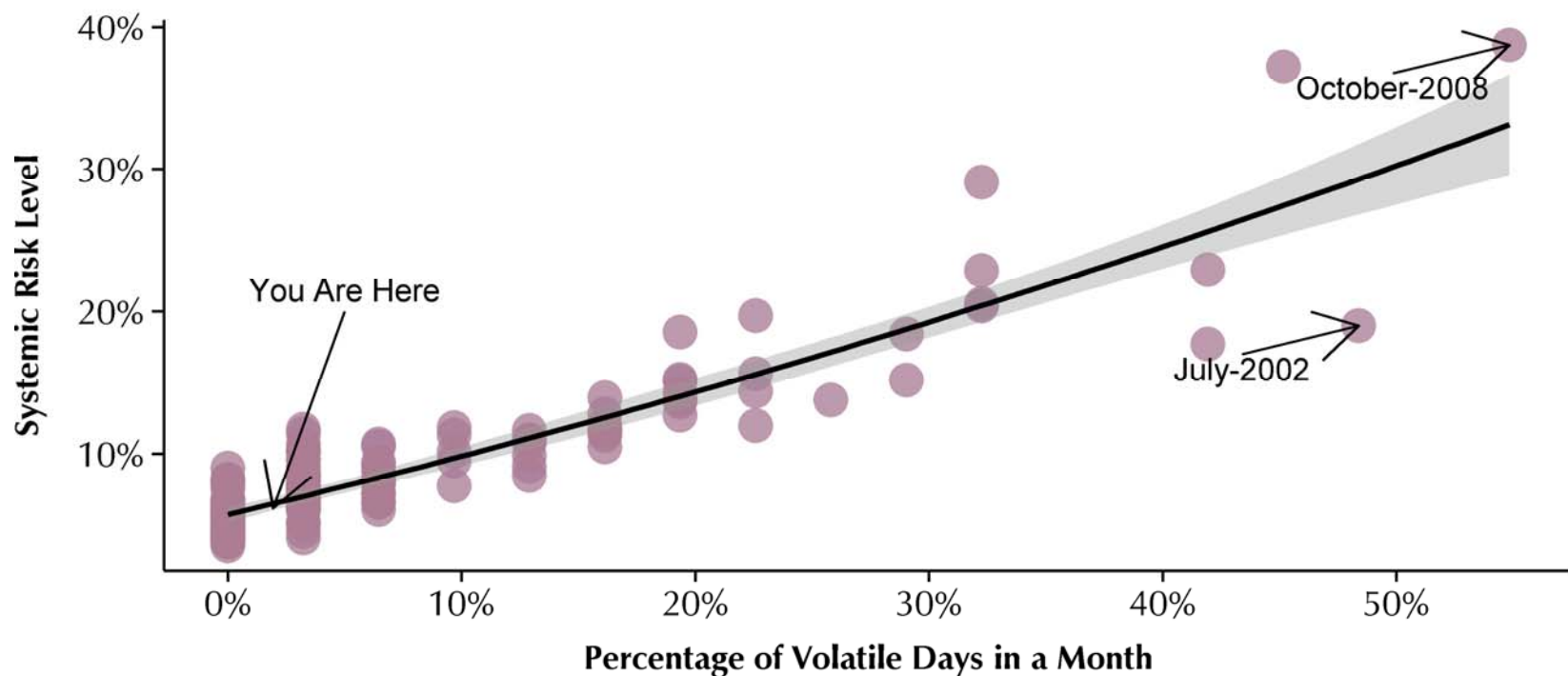


## Capital Markets Outlook

### Capital Markets Outlook<sup>1</sup>

- Investors are faced with four primary issues in the near-term: 1) historically low bond yields, 2) the potential for a transition into a rising rate environment, 3) the potential for deteriorating corporate earnings, and 4) the possibility of much lower energy prices for a sustained period.
  - The price of the U.S. stock market relative to ten-year average earnings has increased over the past year, remaining above its historical average (29.5x versus 21.6x).
    - Small cap domestic stocks' valuations remain expensive relative to large cap stocks.
  - Developed international and emerging market stocks are trading at lower valuations than U.S. stocks.
    - Sovereign debt issues and weak economic growth in Europe, and a cyclical slowdown in emerging economies, are weighing down valuations.
  - Risk across markets measured by our Systemic Risk metric remains at a tolerable level.
    - However, monetary policy changes by central banks and political upheaval could have a meaningful impact.
  - At the end of March, spreads for high yield corporate and investment grade bonds (4.7% and 1.5% respectively) were back to near their long-term averages.
  - At 1.9%, the yield on the ten-year Treasury remained far below its post-WWII average of 5.6%.
  - Crude Oil prices have recently plunged which has had wide ranging effects across several markets.

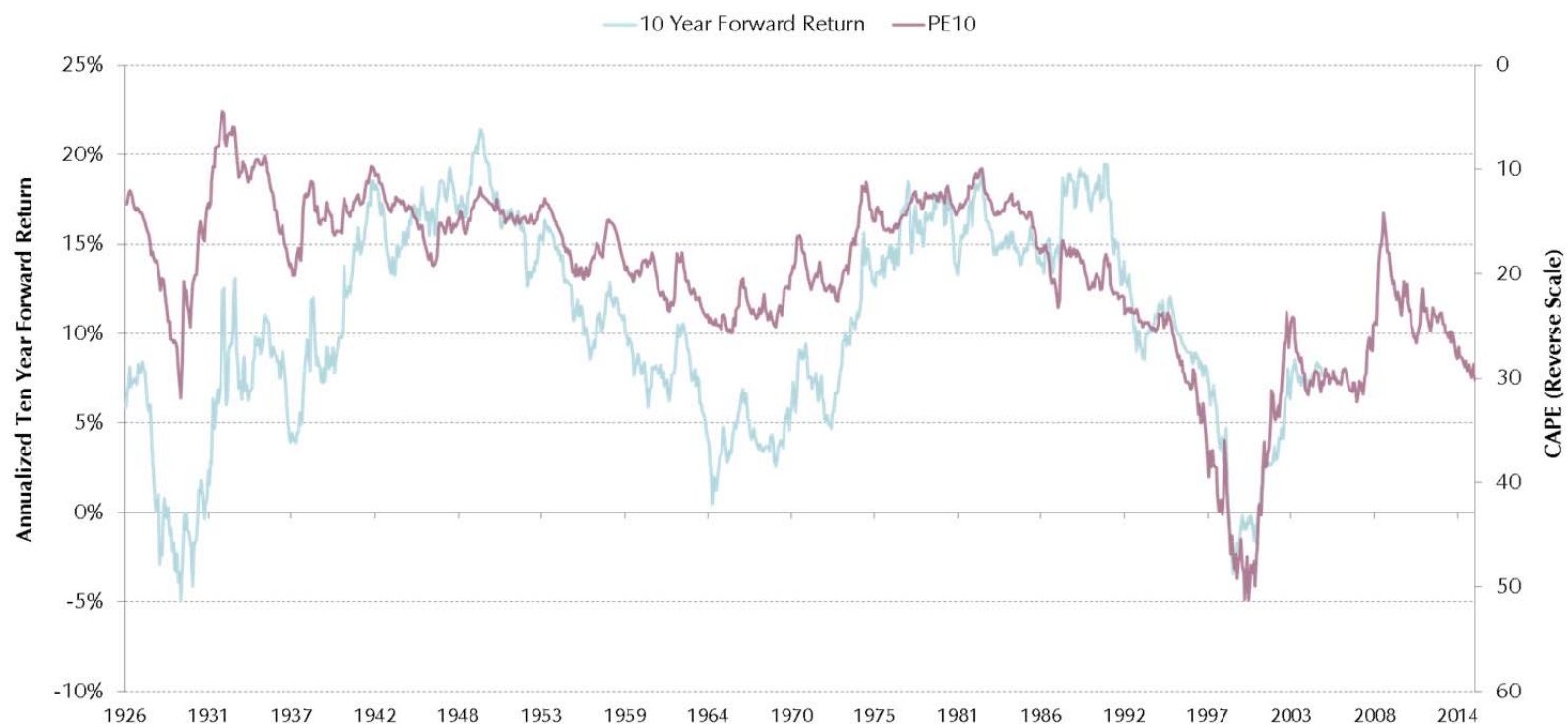
<sup>1</sup> Sources: Thomson Reuters, U.S. Treasury, Standard & Poor's. Data is as of March 31, 2015.

Systemic Risk and Volatile Market Days<sup>1</sup>

- Systemic Risk which measures risk across markets is important because the more contagion of risk that exists between assets the more likely it is that markets will experience volatile periods.
- Despite the somewhat elevated level of market volatility from this time last year, overall Systemic Risk levels remain in a tolerable range.

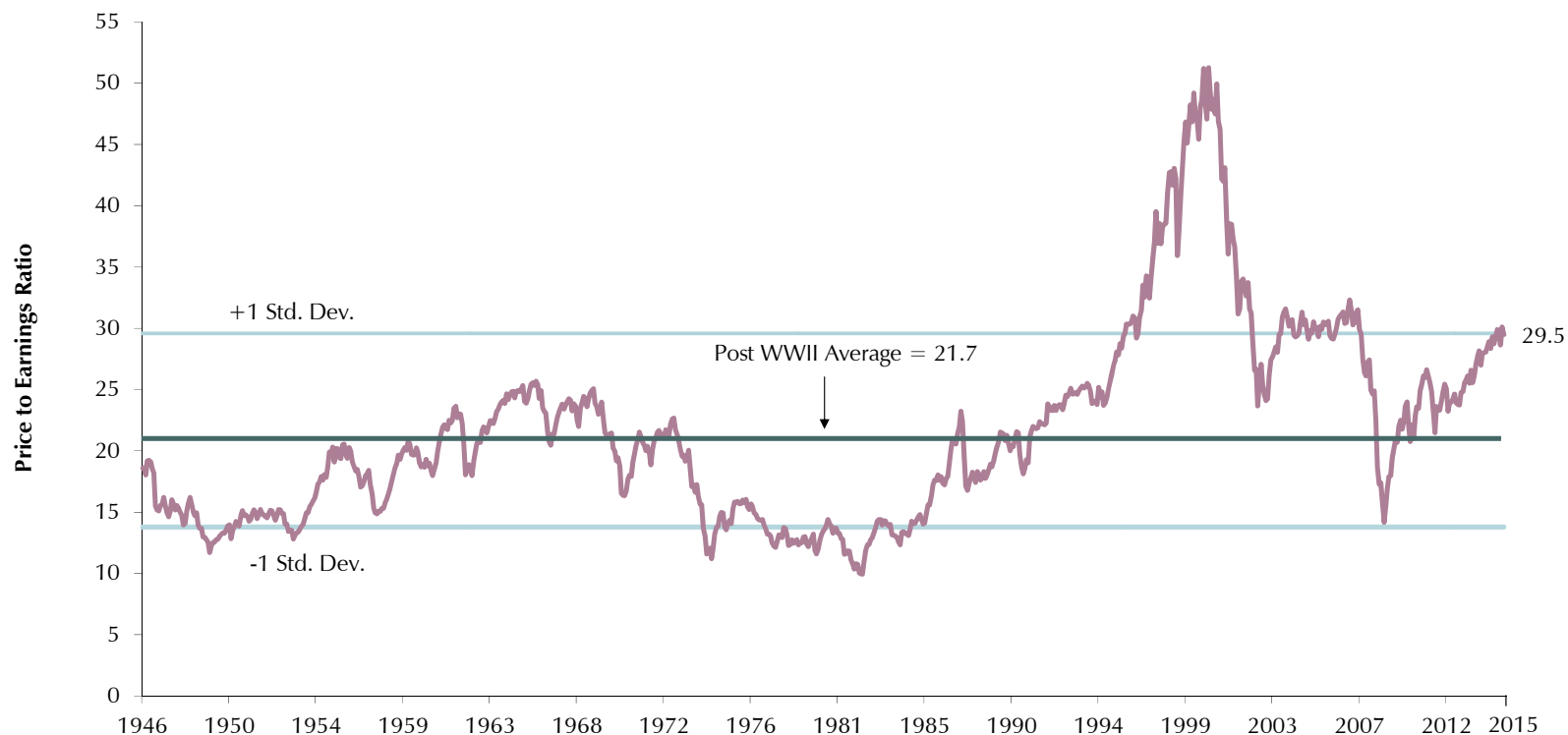
<sup>1</sup> Source: Meketa Investment Group, as of April 14, 2015. Volatile days are defined as the top 10 percent of realized turbulence which is a multivariate distance between asset returns.

### The U.S. Cyclically Adjusted P/E<sup>1</sup> and Long-Term Equity Returns



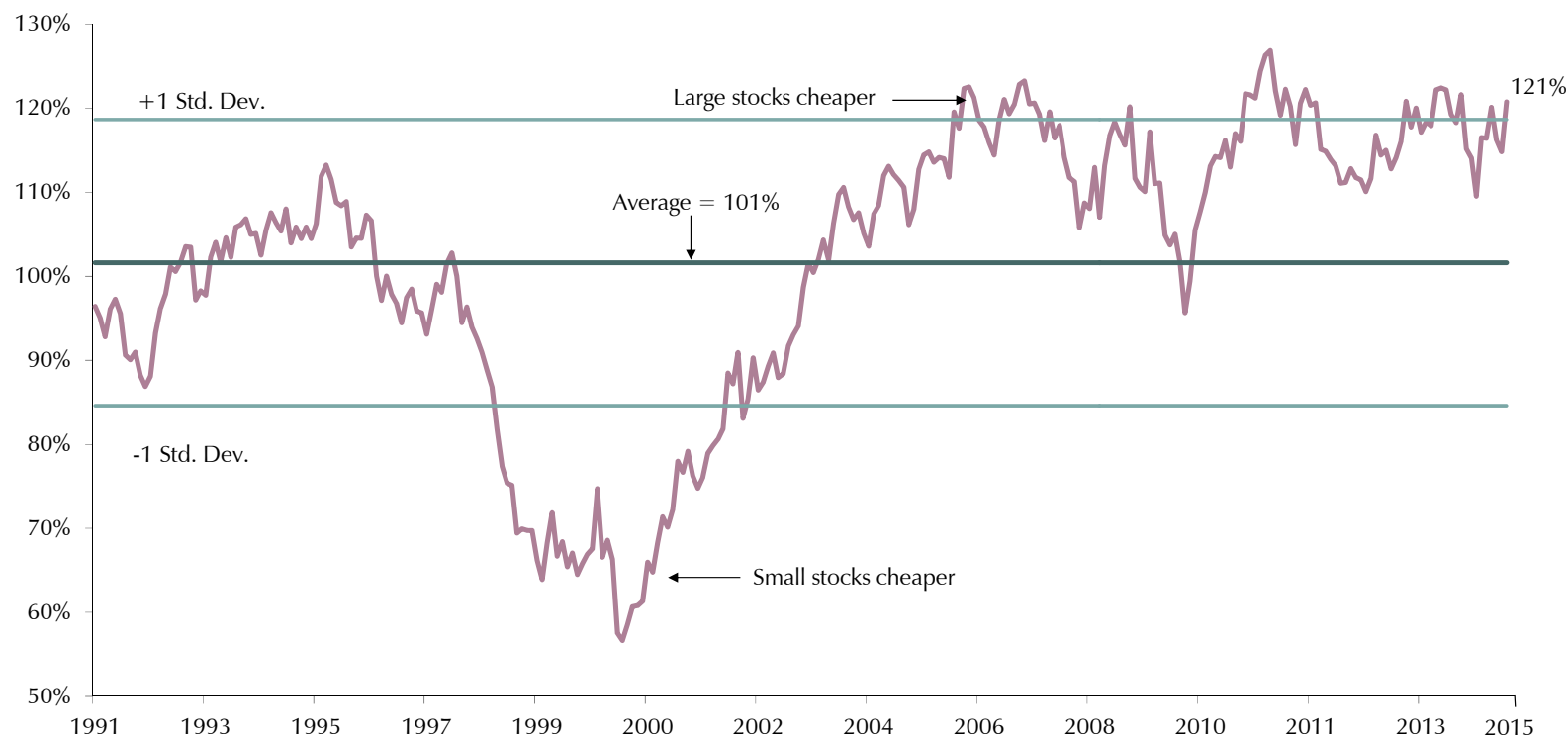
- One of the most powerful predictors of long-term equity returns has been the Cyclically Adjusted Price to Earnings Ratio (CAPE).
- This fundamentally driven measure is highly correlated with future returns which are shown in the chart above using the CAPE metric on a reverse scale.

<sup>1</sup> Source: PE data are from Robert Shiller's website from 1926 - 1946; S&P and Thomson Reuters 1946 – present. S&P 500 equity returns are from Morningstar Direct for the entire period. Data is from January 31, 1926 to March 31, 2015.

U.S. Equity Cyclically Adjusted P/E<sup>1</sup>

- The cyclically adjusted P/E ratio for the S&P 500 finished March at 29.5x, above its post-WWII average of 21.7x.
- Recent strong performance has driven this valuation measure one full standard deviation above the long-term average. Historically, a P/E ratio at this level has led to lower than average future returns over a 10 year horizon.

<sup>1</sup> Source: Standard & Poor's. Earnings figures represent the average of monthly "as reported" earnings over the previous ten years. Data is from January 31, 1946 to March 31, 2015.

Small Cap P/E vs. Large Cap P/E<sup>1</sup>

- The P/E ratio of small cap stocks (Russell 2000) relative to large cap stocks (Russell 1000) points to comparatively expensive small cap stocks.
- After recovering the relative price declines experienced by small cap stocks during the most recent bout of market volatility, this metric is back near one full standard deviation above the long-term average.

<sup>1</sup> Source: Russell Investments. Earnings figures represent 12-month "as reported" earnings. Data is as of March 31, 2015.

Growth P/E vs. Value P/E<sup>1</sup>

- The P/E ratio of growth stocks (Russell 3000 Growth) relative to value stocks (Russell 3000 Value) finished March at 134%, well above its level four years prior, but still below its long-term average.
- Of note, the long-term average was sharply influenced by the technology bubble of the late 1990s.

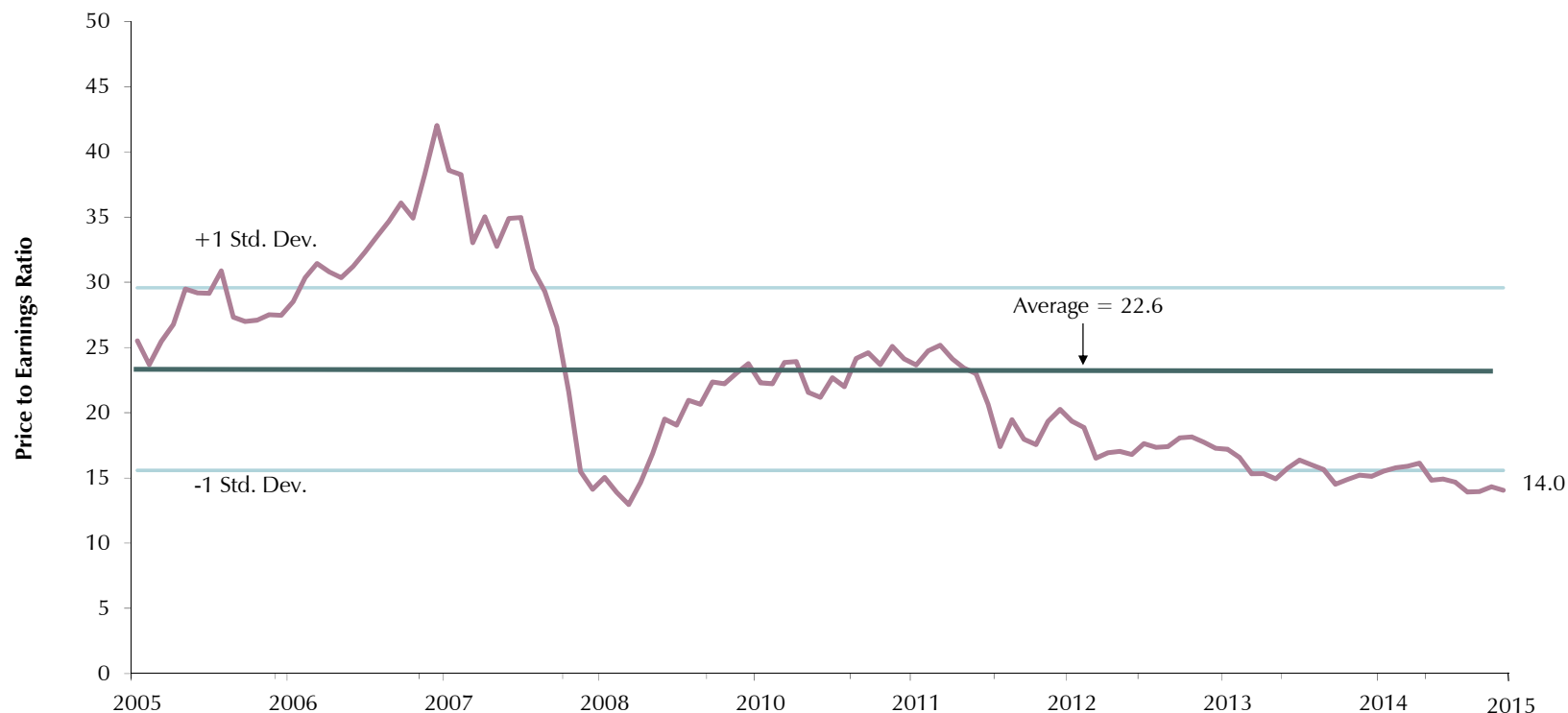
<sup>1</sup> Source: Russell Investments. Earnings figures represent 12-month "as reported" earnings. Data is as of March 31, 2015.

Developed International Equity Cyclically Adjusted P/E<sup>1</sup>

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

<sup>1</sup> Source: MSCI and Thomson Reuters. Earnings figures represent the average of monthly "as reported" earnings over the previous ten years. Data is as of March 31, 2015.



Emerging Market Equity Cyclically Adjusted P/E<sup>1</sup>

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

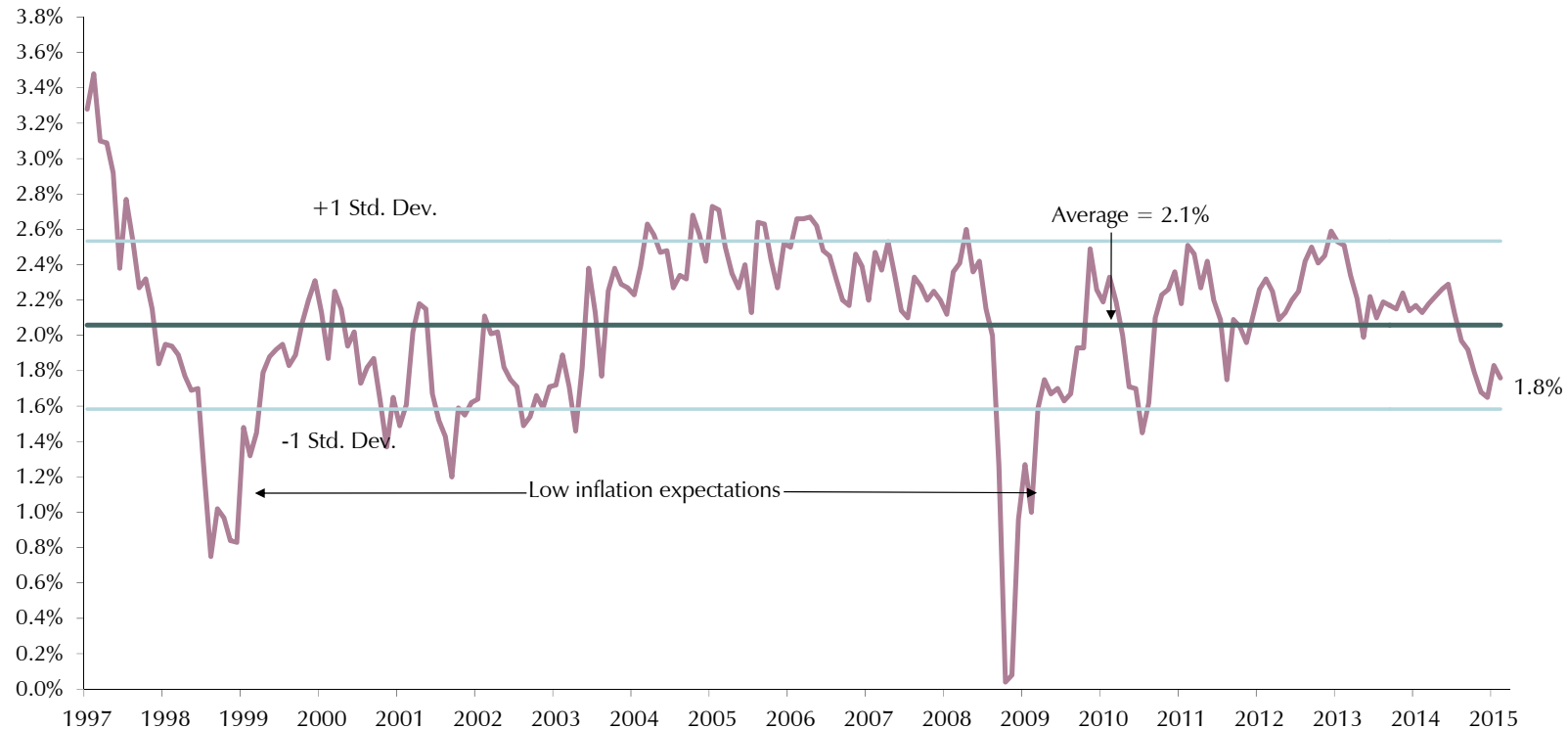
<sup>1</sup> Source: MSCI and Thomson Reuters. Earnings figures represent the average of monthly "as reported" earnings over the previous ten years. Data is as of March 31, 2015.

### Ten-Year Treasury Yields<sup>1</sup>



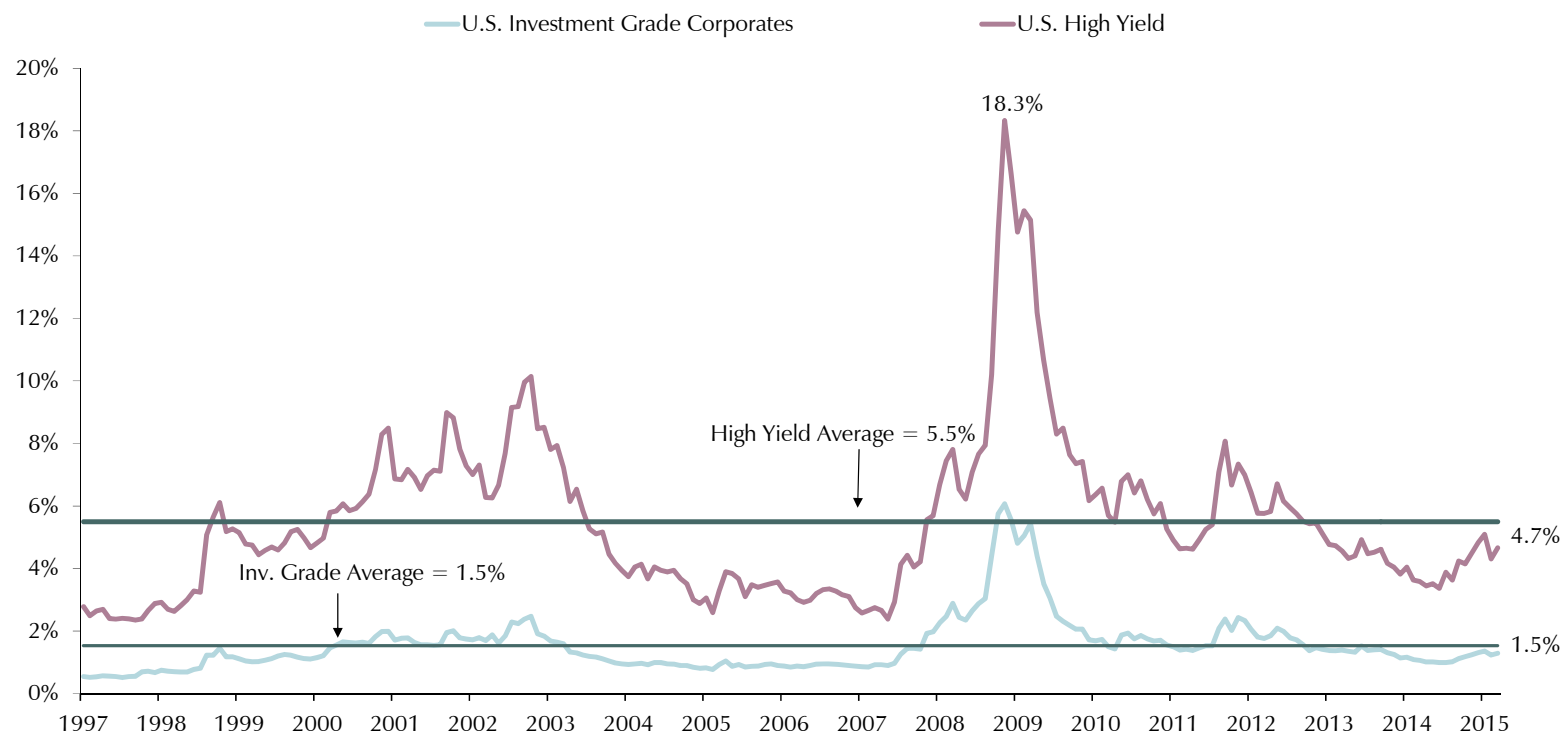
- Ten-year Treasury yields finished March at 1.9%, well below both their post-WWII average and the levels of one year ago.
- Now that quantitative easing has ended in the U.S., markets have begun to consider when the central bank will begin to raise interest rates.

<sup>1</sup> Source: U.S. Treasury. Data is as of March 31, 2015.

**Ten-Year Breakeven Inflation<sup>1</sup>**

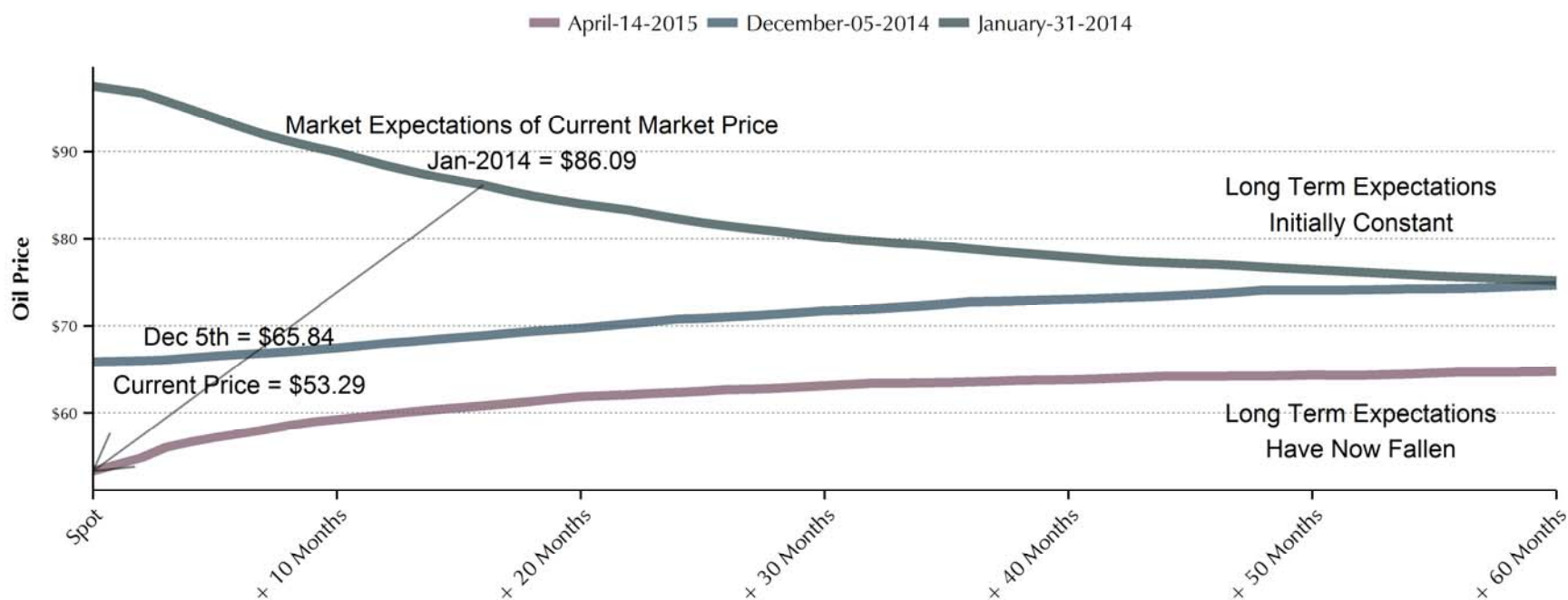
- Breakeven (or expected) inflation, the difference between the nominal yield on a ten-year Treasury and the real yield on a ten-year TIPS, has fallen well below its long-term average.
- The most recent inflation rate year over year was -0.1%. This means actual inflation has been 1.9% below the ten-year breakeven inflation rate. Declines in energy prices have driven the recent sharp fall in inflation.

<sup>1</sup> Source: U.S. Treasury and Federal Reserve. Data is as of March 31, 2015 for TIPS and Treasuries. Inflation is measured by the Consumer Price Index (CPI-U) for which the most recent data point is from February 28, 2014.

Credit Spreads<sup>1</sup>

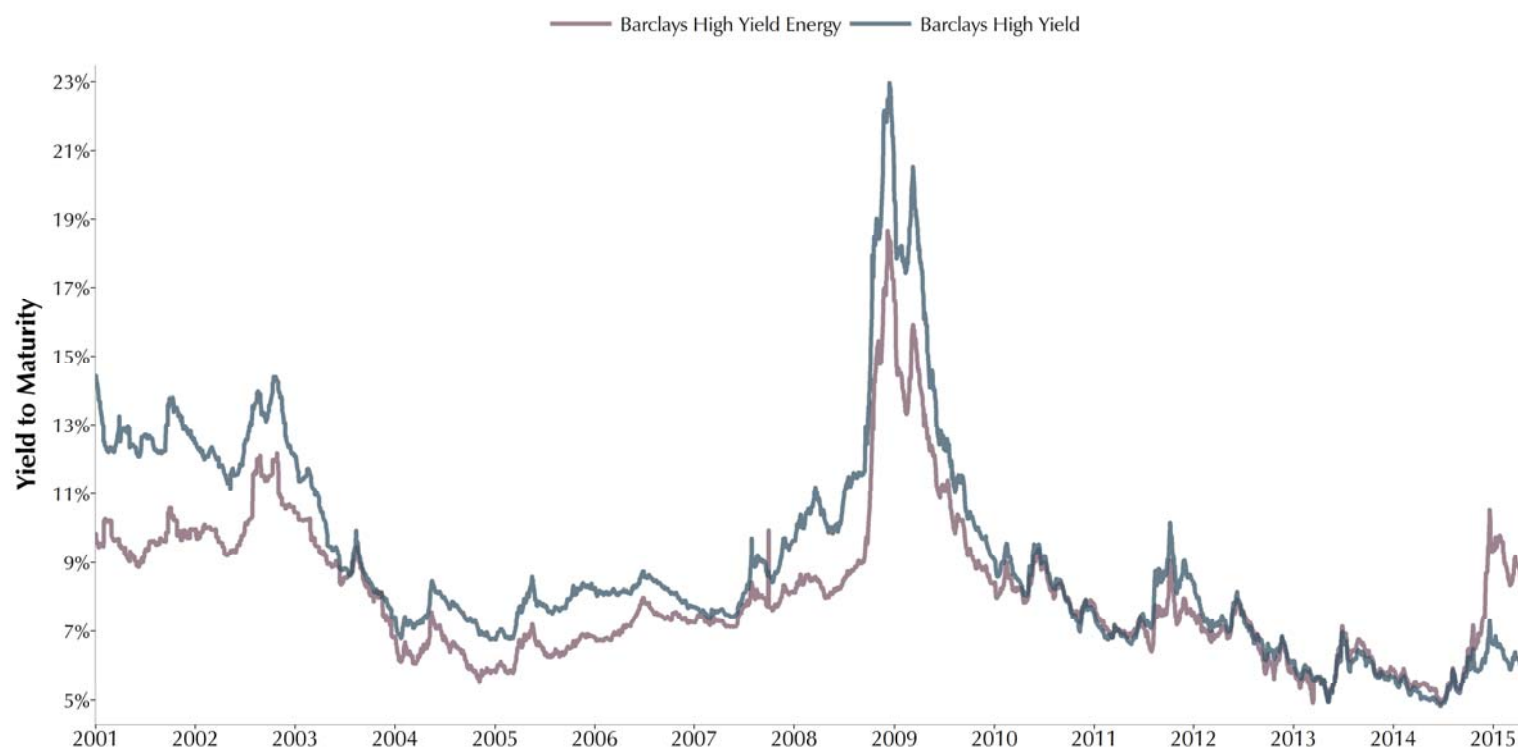
- Credit spreads (versus U.S. Treasury bonds) for both high yield and investment grade corporate bonds finished March close to their respective historical averages.
- The recent jump in market risk caused a widening in spreads, especially within high yield which was affected by oil price declines.

<sup>1</sup> Source: Barclays Capital. High Yield is proxied by the Barclays High Yield index and Investment Grade Corporates are proxied by the Barclays U.S. Corporate Investment Grade index. Data is as of March 31, 2015.

Oil Price Futures Curves<sup>1</sup>

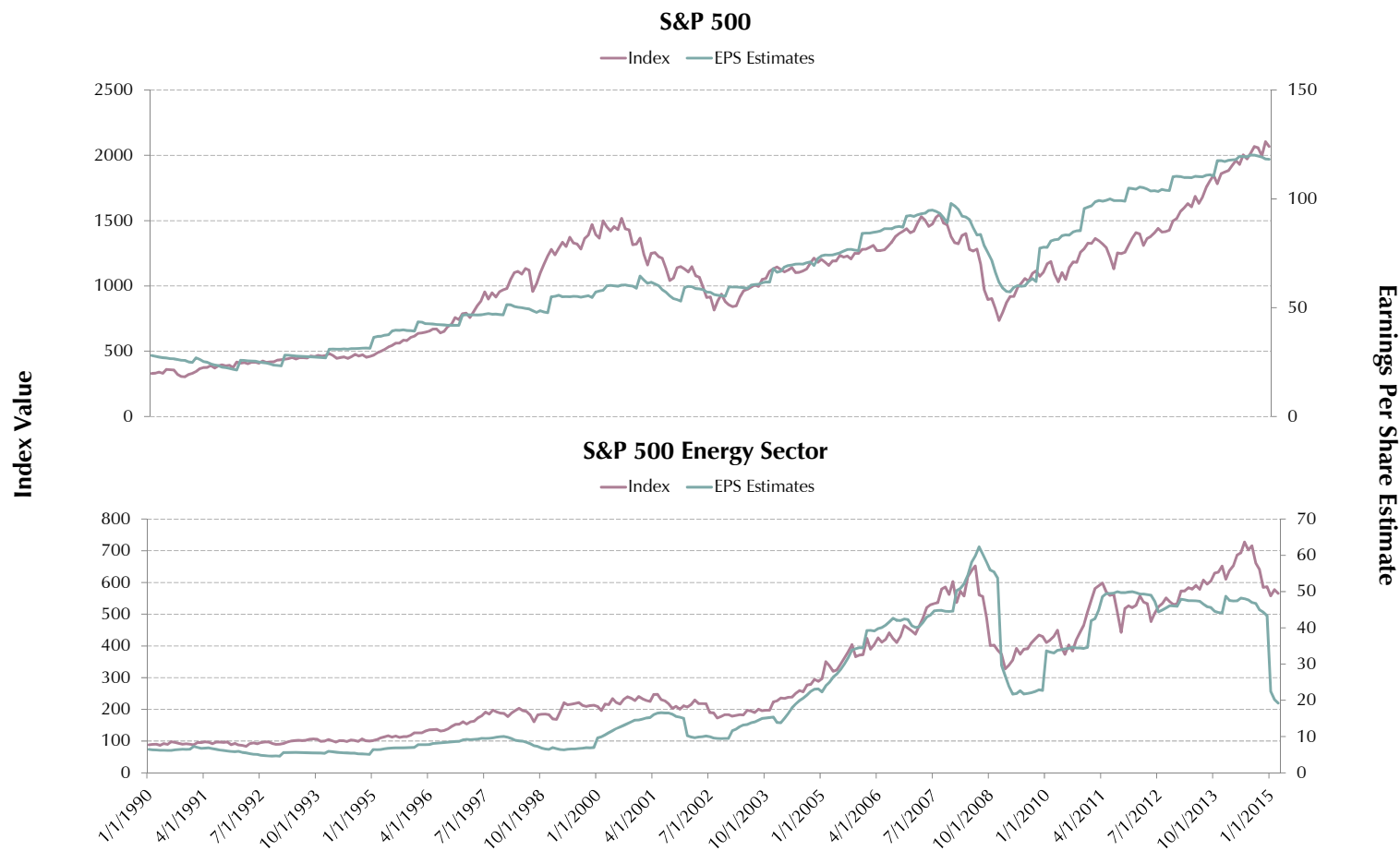
- The chart above shows the WTI Crude Oil futures prices as of January and December of last year and April of this year. This highlights how large the recent price fall has been, especially relative to expectations at the beginning of last year.
- Looking further out on the curve we can see that initially long-term price expectations remained the same. As the oil price has continued to fall, long-term expectations have begun to decline as well.

<sup>1</sup> Source: WTI Crude Oil Futures Price via Bloomberg. Data is as of April 14, 2015.

U.S. High Yield Sectors<sup>1</sup>

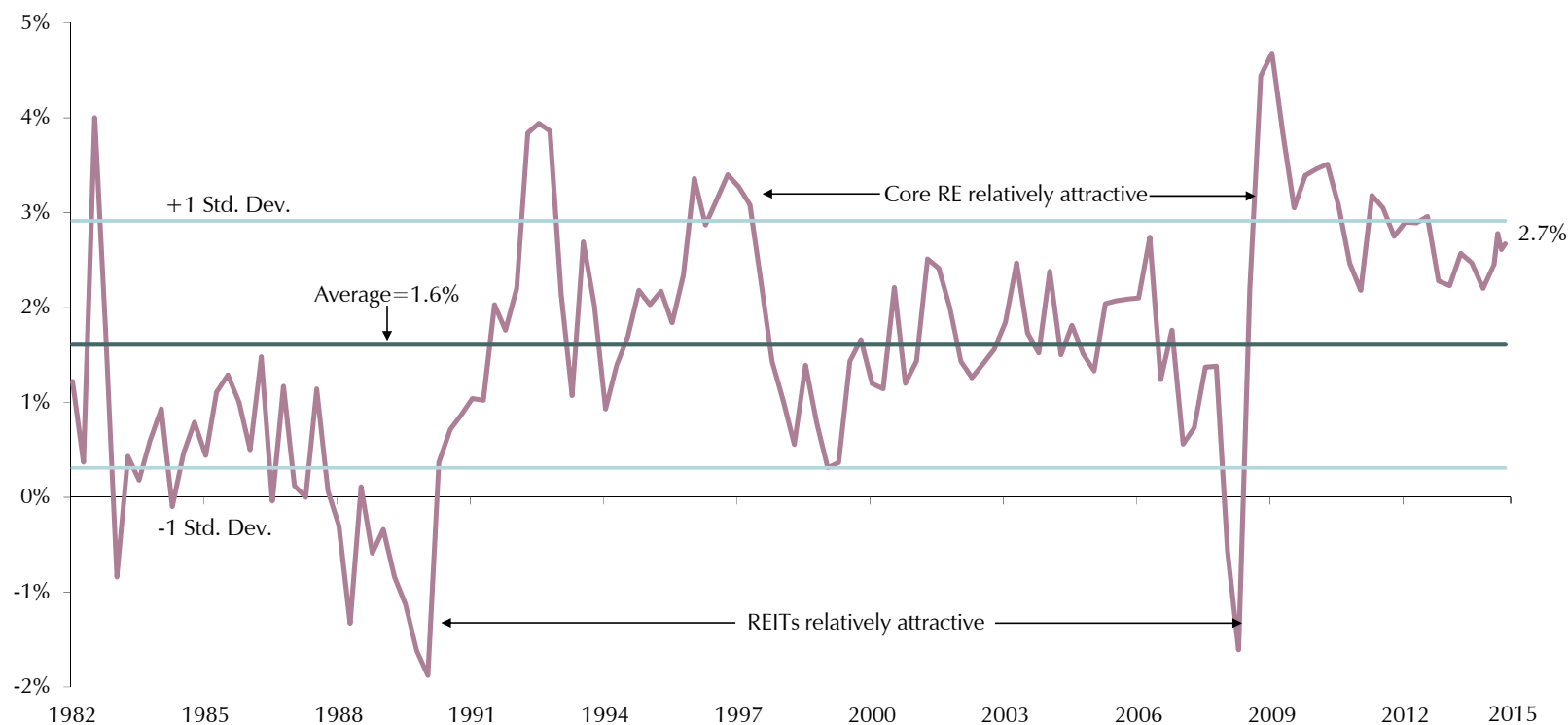
- The oil price decline has been a major contributing factor for the recent widening of spreads within U.S. High Yield.
- The energy sector represents roughly 15% of the index and as illustrated above, most of widening of spreads has come from the energy sector.

<sup>1</sup> Source: Barclays and Thompson Reuters. Data is as of April 14, 2015.

U.S. Corporate Earnings<sup>1</sup>

- The oil price decline has also had a major effect on U.S. earnings where estimates have fallen recently. Again, this has been largely driven by the energy sector but slowing earnings are always a concern for equity prices.

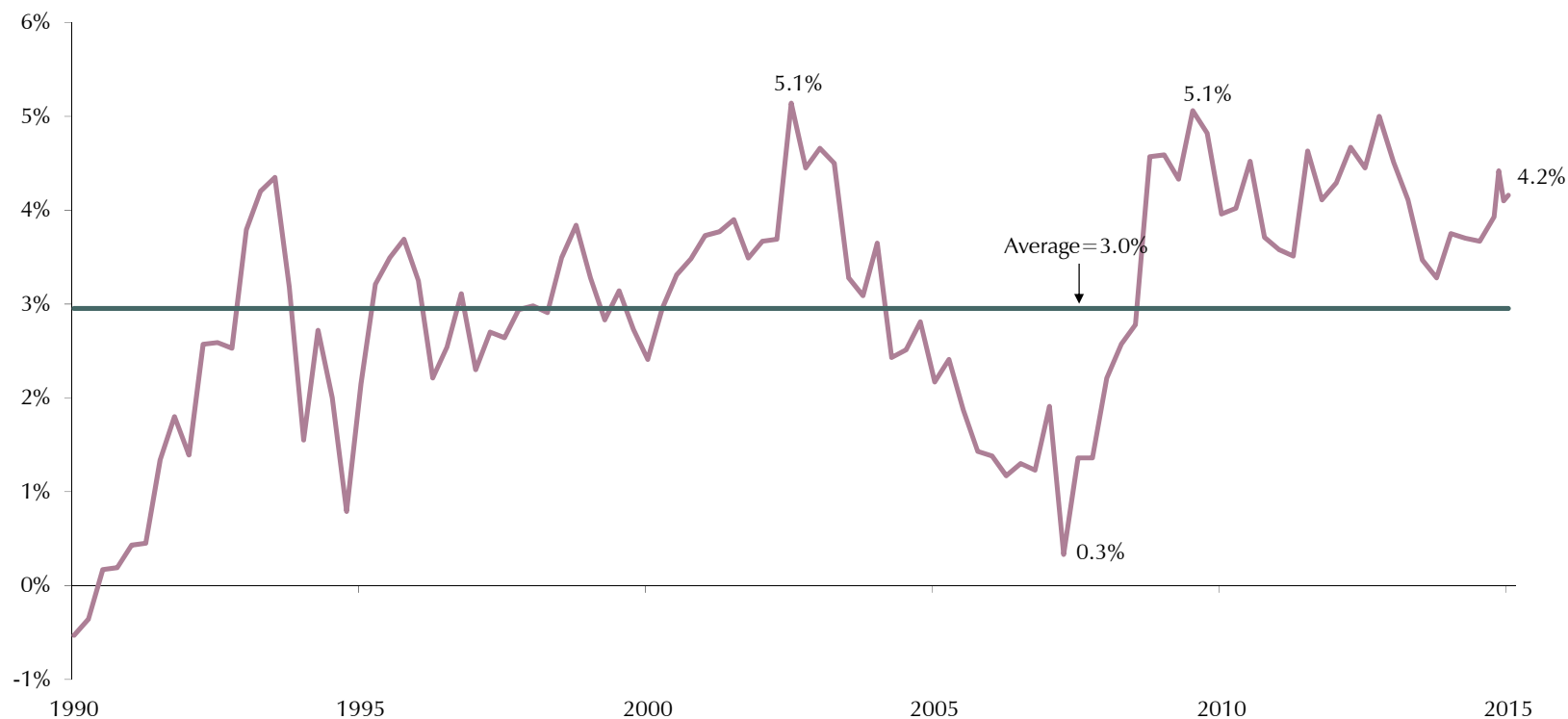
<sup>1</sup> Source: Bloomberg. Earnings Per Share Estimates are the average current quarter estimates of market analyst. Data is as of March 31, 2015.

Core Real Estate vs. REITs<sup>1</sup>

- At the end of March, the spread between core real estate cap rates and REIT yields was 2.7%.
- REITs were yielding 3.4%, well below the 10.1% level of early 2009.

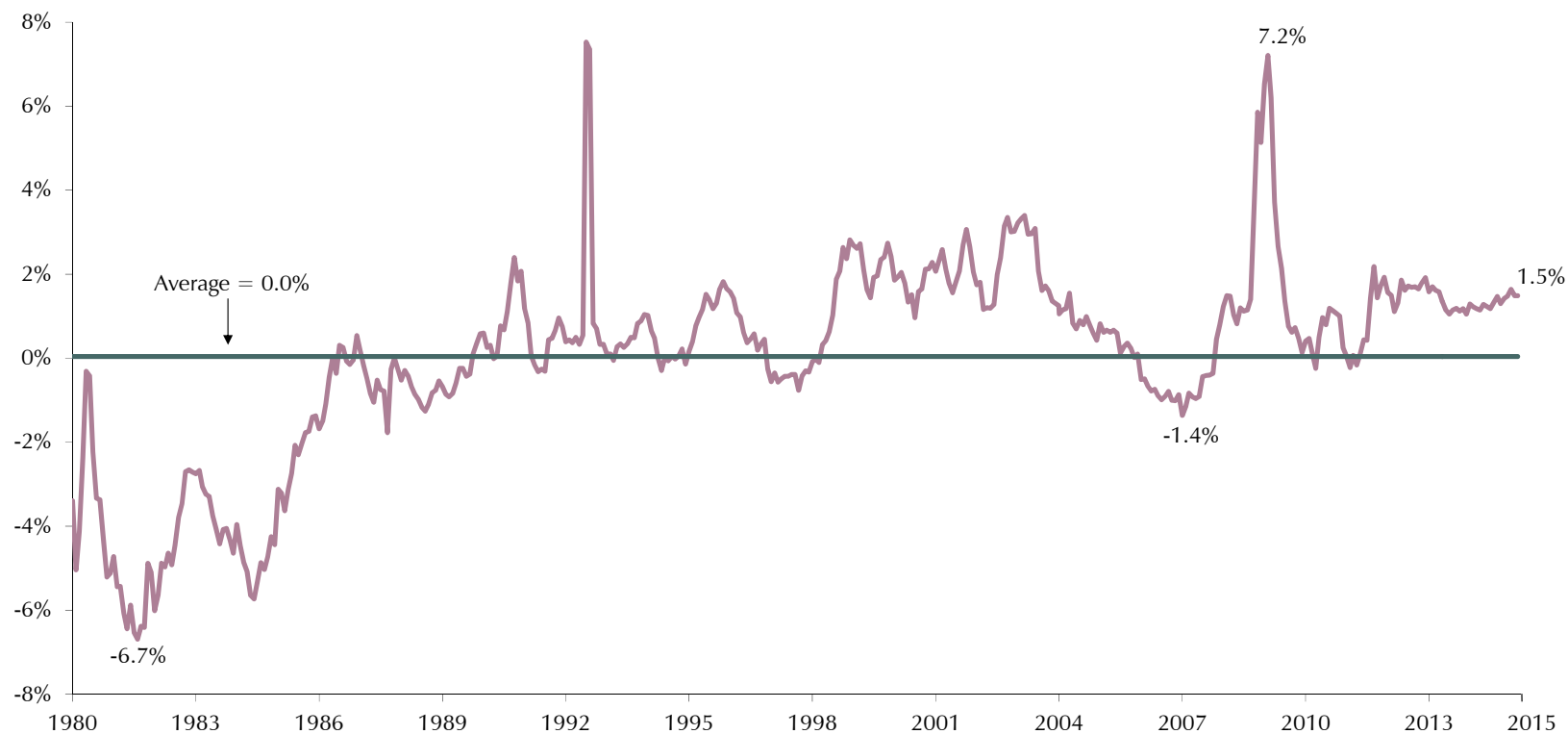
<sup>1</sup> Sources: Thomson Reuters and NCREIF. Core Real Estate is proxied by the transaction-based cap rate for the NCREIF NPI index and REITs are proxied by the yield for the NAREIT Equity index. NPI transactional capitalization rates are calculated on a quarterly basis and lagged in their release. Data is as of December 31, 2014 for the NCREIF NPI and March 31, 2015 for the NAREIT Equity index.



Core Real Estate Spread vs. Ten-Year Treasury<sup>1</sup>

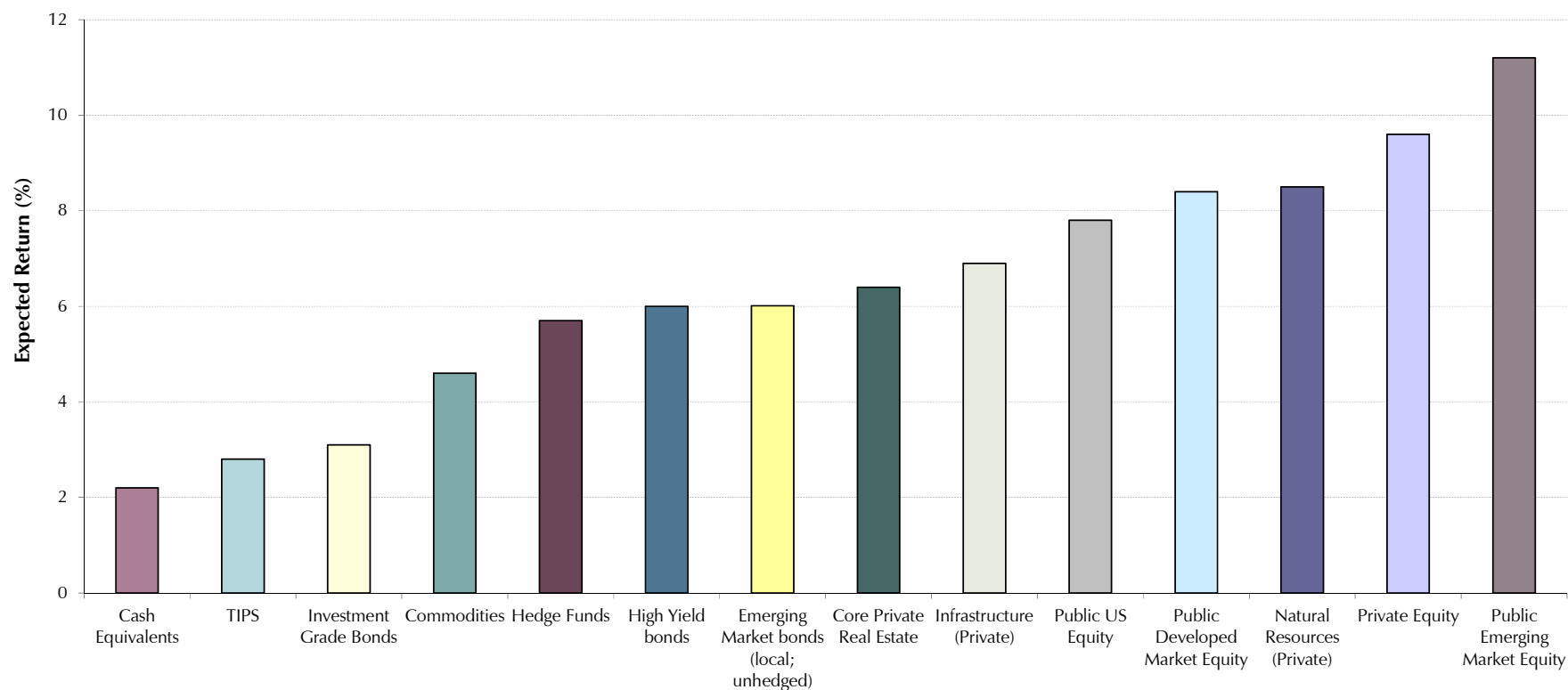
- At 4.2%, the difference between the 6.1% cap rate for core real estate and the 1.9% yield for the ten-year Treasury remains elevated.
- Still, the absolute level of core real estate cap rates is near a historical low.

<sup>1</sup> Source: NCREIF, U.S. Treasury. NPI transactional capitalization rates are calculated on a quarterly basis. Data is as of December 31, 2014 for the NCREIF NPI and March 31, 2015 for the ten-year Treasury.

REITs Dividend Yield Spread vs. Ten-Year Treasury<sup>1</sup>

- REIT yield spreads were 1.5% at the end of March. This spread gradually increased last year despite strong REIT performance.
- As with core real estate, the absolute level of REIT dividend yields is near a historical low.

<sup>1</sup> Source: NAREIT, U.S. Treasury. REITs are proxied by the yield for the NAREIT Equity index. Data is as of March 31, 2015.

Long-Term Outlook<sup>1</sup>

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

<sup>1</sup> Twenty-year expected returns based upon Meketa Investment Group's 2015 Annual Asset Study.

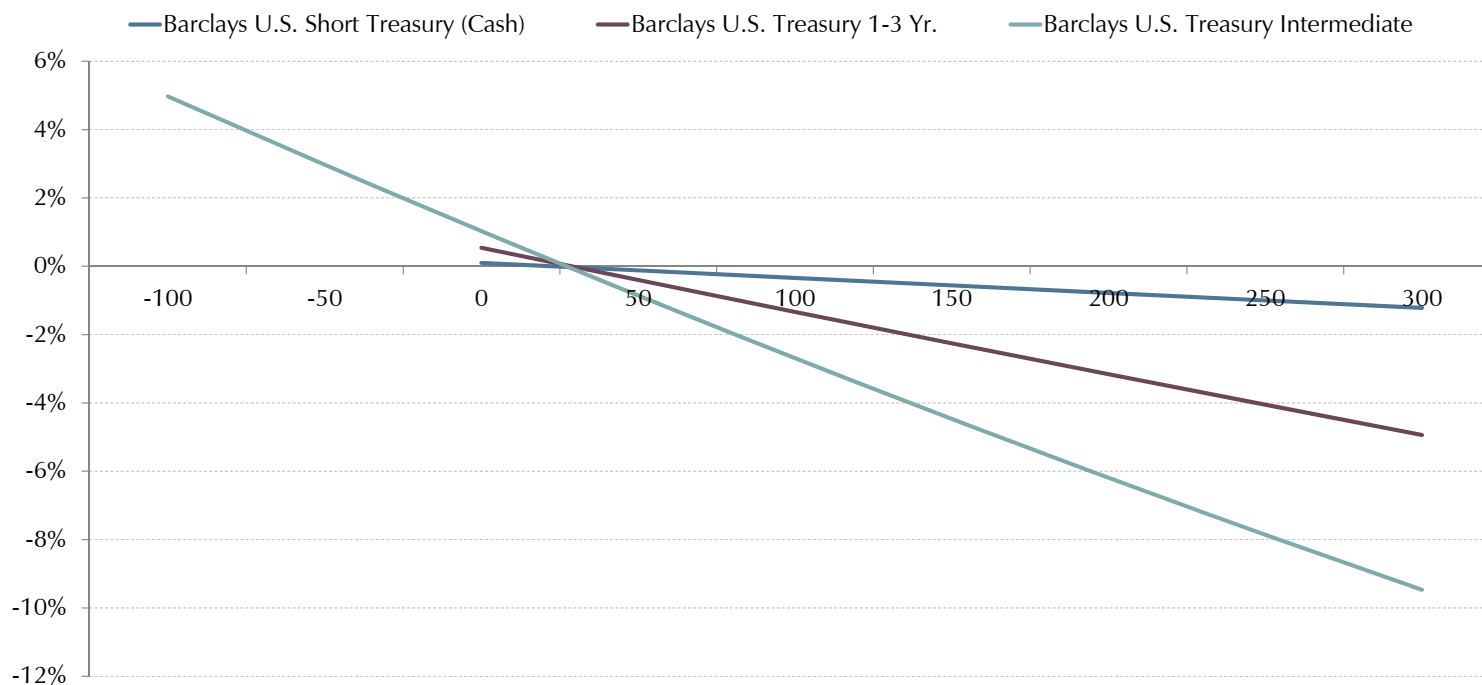
Total Return Comparison of Barclays U.S. Aggregate Minus Barclays U.S. TIPS<sup>1</sup>

		Changes In Rates (bps)				
		-100	-50	0	50	100
Inflation Rate Scenarios	4.0%	-5.88%	-3.92%	-2.23%	-0.80%	0.37%
	3.0%	-4.88%	-2.92%	-1.23%	0.20%	1.37%
	2.0%	-3.88%	-1.92%	-0.23%	1.20%	2.37%
	1.0%	-2.88%	-0.92%	0.77%	2.20%	3.37%
	0.0%	-1.88%	0.08%	1.77%	3.20%	4.37%

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

Total Return Over Longer Holding Periods	1 Year	3 Year	5 Year	7 Year	10 Year
Barclays U.S. Aggregate	-3.47%	0.70%	1.56%	1.93%	2.21%
Barclays U.S. Treasury U.S. TIPS	-5.85%	0.13%	1.36%	1.90%	2.30%

<sup>1</sup> Data is as of March 31, 2015 via Barclays, Bloomberg, and Thomson Reuters. Scenario assumes that the rate increase happens over one.

Total Return Given Changes in Interest Rates (bps)<sup>1</sup>

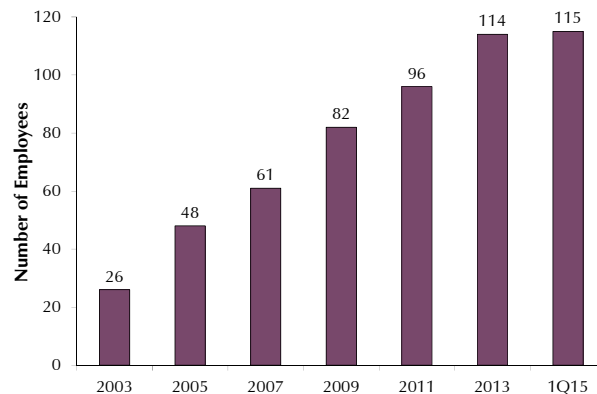
	Total Return for Given Changes in Interest Rates (bps)									Statistics	
	-100	-50	0	50	100	150	200	250	300	Duration	YTW
Barclays U.S. Short Treasury (Cash)			0.1%	-0.1%	-0.3%	-0.6%	-0.8%	-1.0%	-1.2%	0.44	0.10%
Barclays U.S. Treasury 1-3 Yr.			0.5%	-0.4%	-1.3%	-2.3%	-3.2%	-4.1%	-4.9%	1.9	0.54%
Barclays U.S. Treasury Intermediate	5.0%	3.0%	1.0%	-0.9%	-2.7%	-4.5%	-6.2%	-7.9%	-9.5%	3.83	1.03%
Barclays U.S. Treasury Long	22.1%	11.7%	2.5%	-5.8%	-13.1%	-19.3%	-24.5%	-28.7%	-31.8%	17.56	2.45%

<sup>1</sup> Data represents the expected total return from a given change in interest rates (shown in basis points) over a 12-month period assuming a parallel shift in rates. Data is as of March 31, 2015 via Barclays and Thomson Reuters.

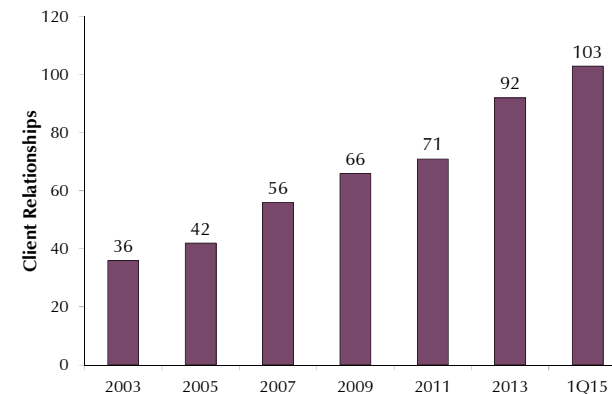
## **Meketa Investment Group Corporate Update**

- Staff of 115, including 67 investment professionals and 22 CFA Charterholders
- 103 clients, with over 185 funds throughout the United States
- Significant investment in staff and resources
- Offices in Boston, Miami, Portland (OR), San Diego, and London
- Clients have aggregate assets of over \$750 billion
  - Over \$20 billion in assets committed to alternative investments
    - Private Equity      ▪ Infrastructure      ▪ Natural Resources
    - Real Estate        ▪ Hedge Funds      ▪ Commodities

### Employee Growth



### Client Growth



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

**Asset Classes Followed Intensively by Meketa Investment Group**

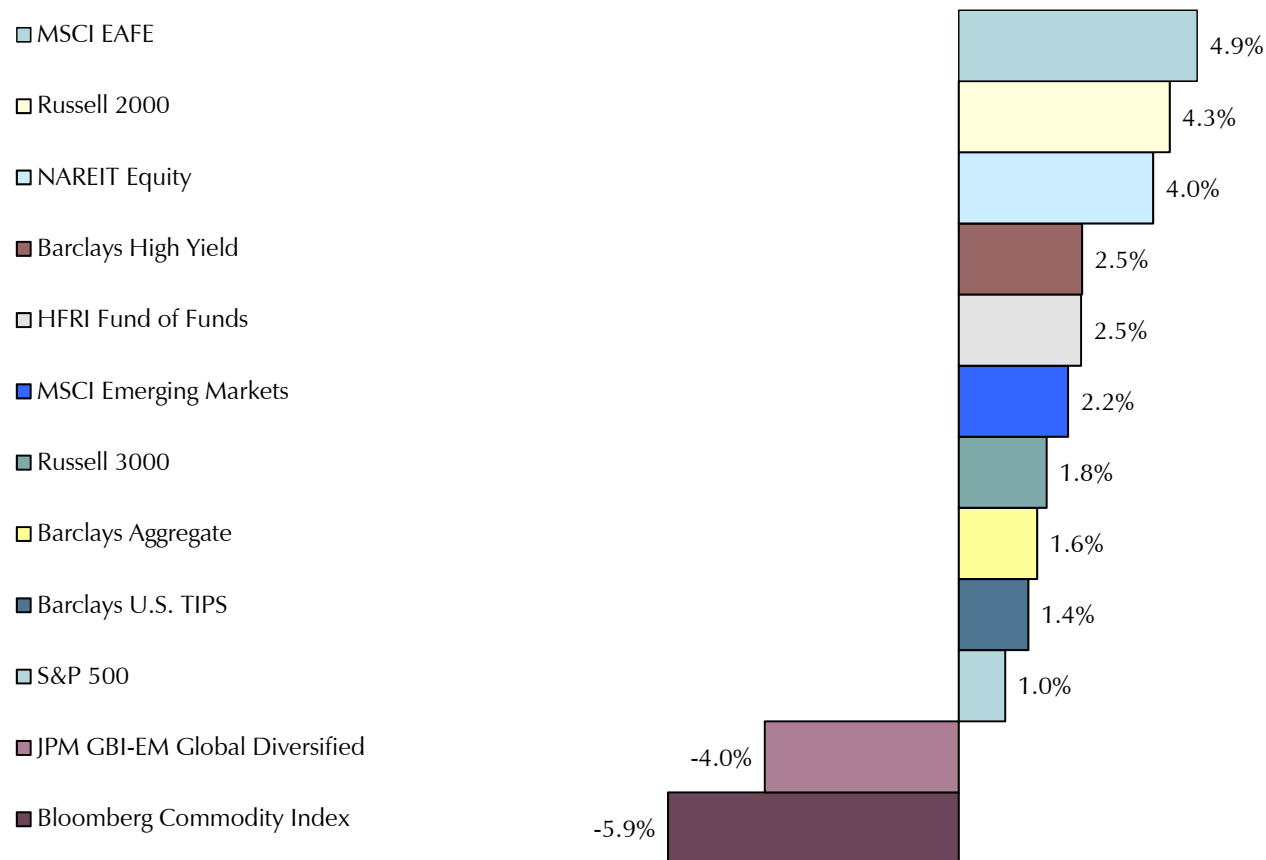
<b>Domestic Equities</b>	<b>International Equities</b>	<b>Private Equity</b>	<b>Real Assets</b>	<b>Fixed Income</b>	<b>Hedge Funds</b>
<ul style="list-style-type: none"> <li>- Passive</li> <li>- Enhanced Index</li> <li>- Large Cap</li> <li>- Midcap</li> <li>- Small Cap</li> <li>- Microcap</li> <li>-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



## Appendices

## The World Markets First Quarter of 2015

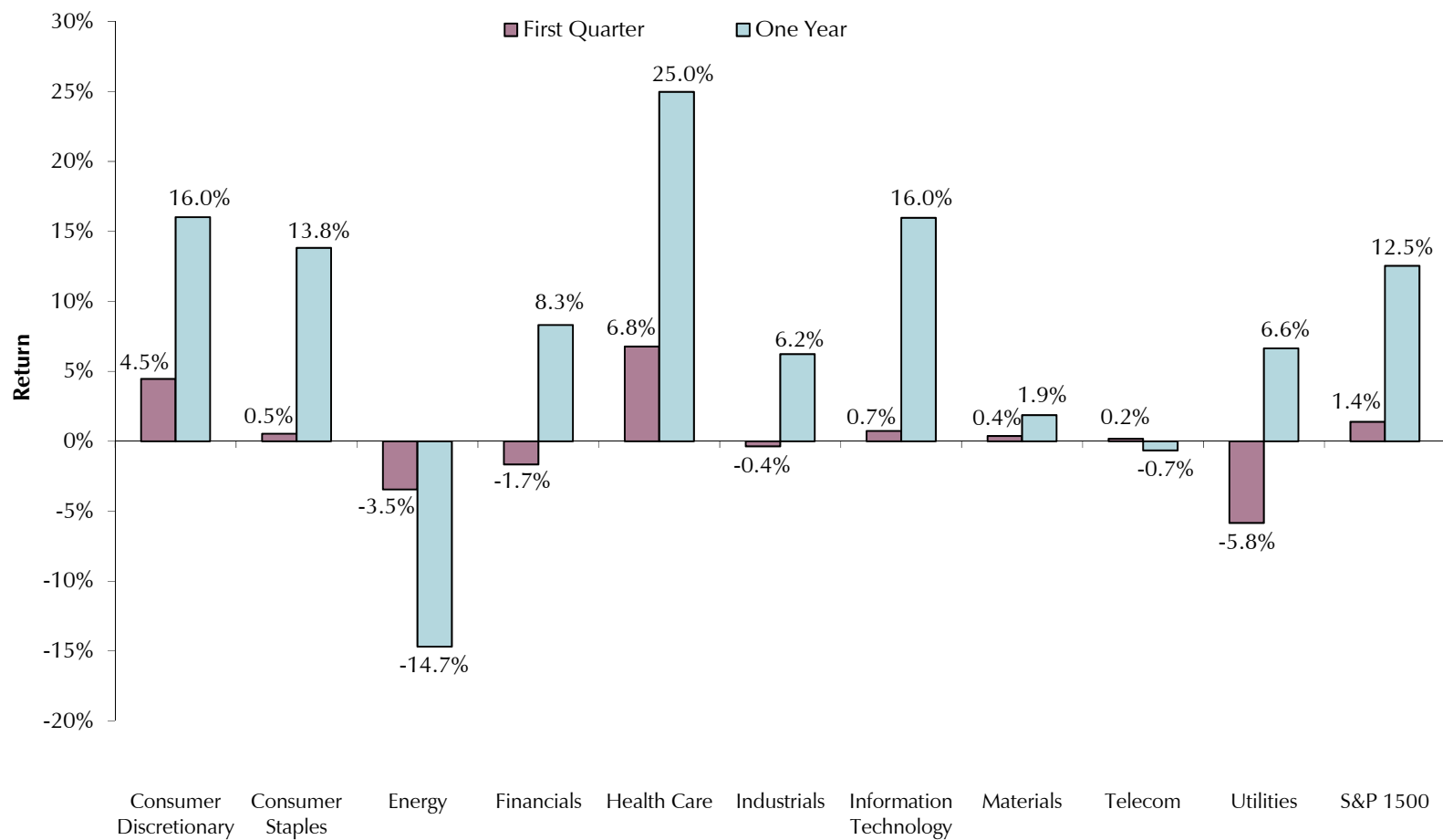
The World Markets  
First Quarter of 2015



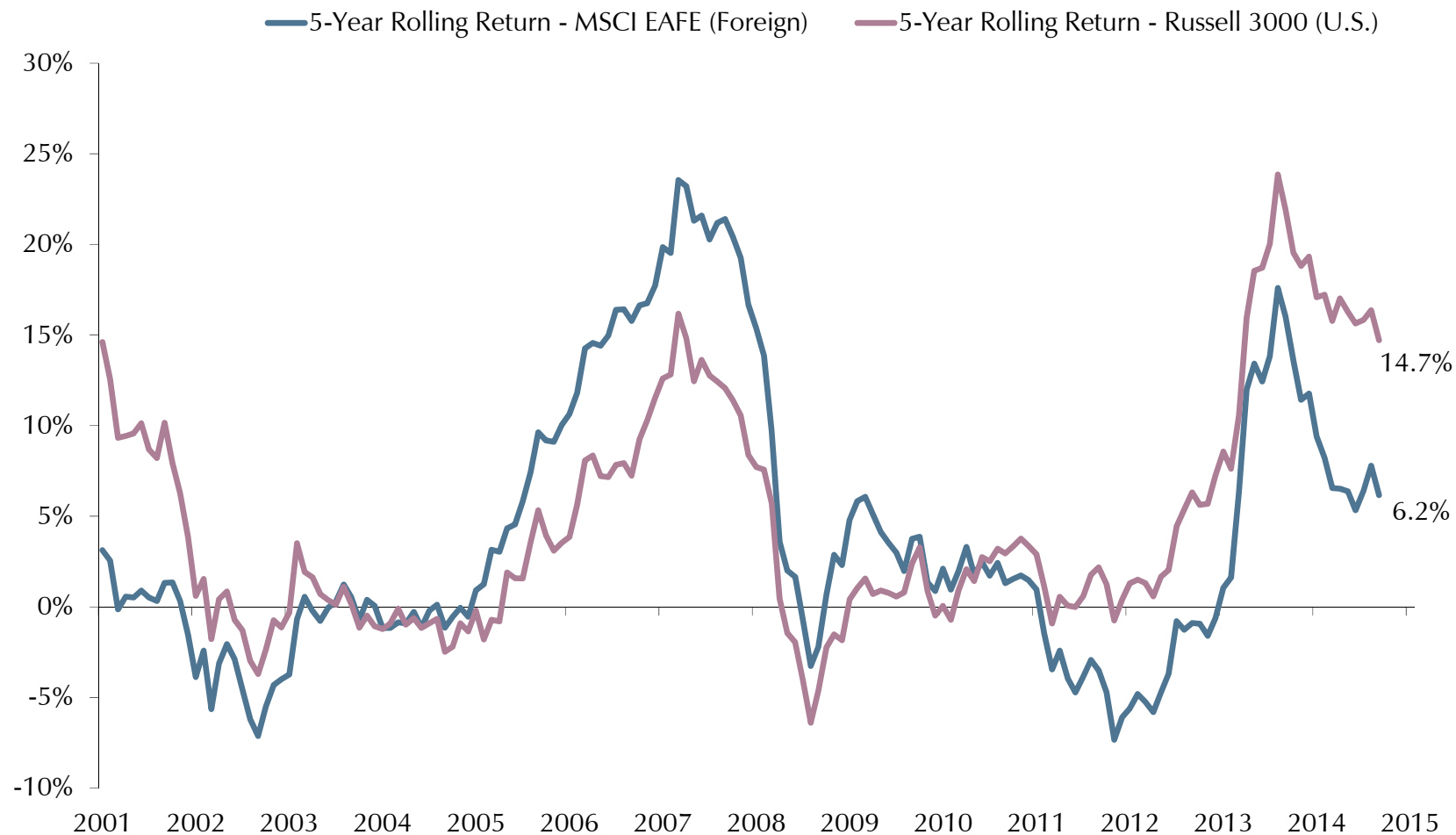
## Index Returns

	1Q15 (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)
<b>Domestic Equity</b>					
Russell 3000	1.8	12.4	16.4	14.7	8.4
Russell 1000	1.6	12.7	16.4	14.7	8.3
Russell 1000 Growth	3.8	16.1	16.3	15.6	9.4
Russell 1000 Value	-0.7	9.3	16.4	13.8	7.2
Russell MidCap	4.0	13.7	18.1	16.2	10.0
Russell MidCap Growth	5.4	15.6	17.4	16.4	10.2
Russell MidCap Value	2.4	11.7	18.6	15.8	9.6
Russell 2000	4.3	8.2	16.3	14.6	8.8
Russell 2000 Growth	6.6	12.1	17.7	16.6	10.0
Russell 2000 Value	2.0	4.4	14.8	12.5	7.5
<b>Foreign Equity</b>					
MSCI ACWI (ex. U.S.)	3.5	-1.0	6.4	4.8	5.5
MSCI EAFE	4.9	-0.9	9.0	6.2	4.9
MSCI EAFE (local currency)	10.8	17.7	16.6	9.1	6.1
MSCI EAFE Small Cap	5.6	-2.9	10.7	8.8	6.2
MSCI Emerging Markets	2.2	0.4	0.3	1.7	8.5
MSCI Emerging Markets (local currency)	4.9	10.9	6.4	5.6	10.1
<b>Fixed Income</b>					
Barclays Universal	1.7	5.3	3.5	4.7	5.2
Barclays Aggregate	1.6	5.7	3.1	4.4	4.9
Barclays U.S. TIPS	1.4	3.1	0.6	4.3	4.6
Barclays High Yield	2.5	2.0	7.5	8.6	8.2
JPMorgan GBI-EM Global Diversified	-4.0	-11.1	-3.9	0.7	6.3
<b>Other</b>					
NAREIT Equity	4.0	22.7	14.0	15.6	9.5
Bloomberg Commodity Index	-5.9	-27.0	-11.5	-5.7	-3.6
HFRI Fund of Funds	2.5	5.4	5.4	3.5	3.2

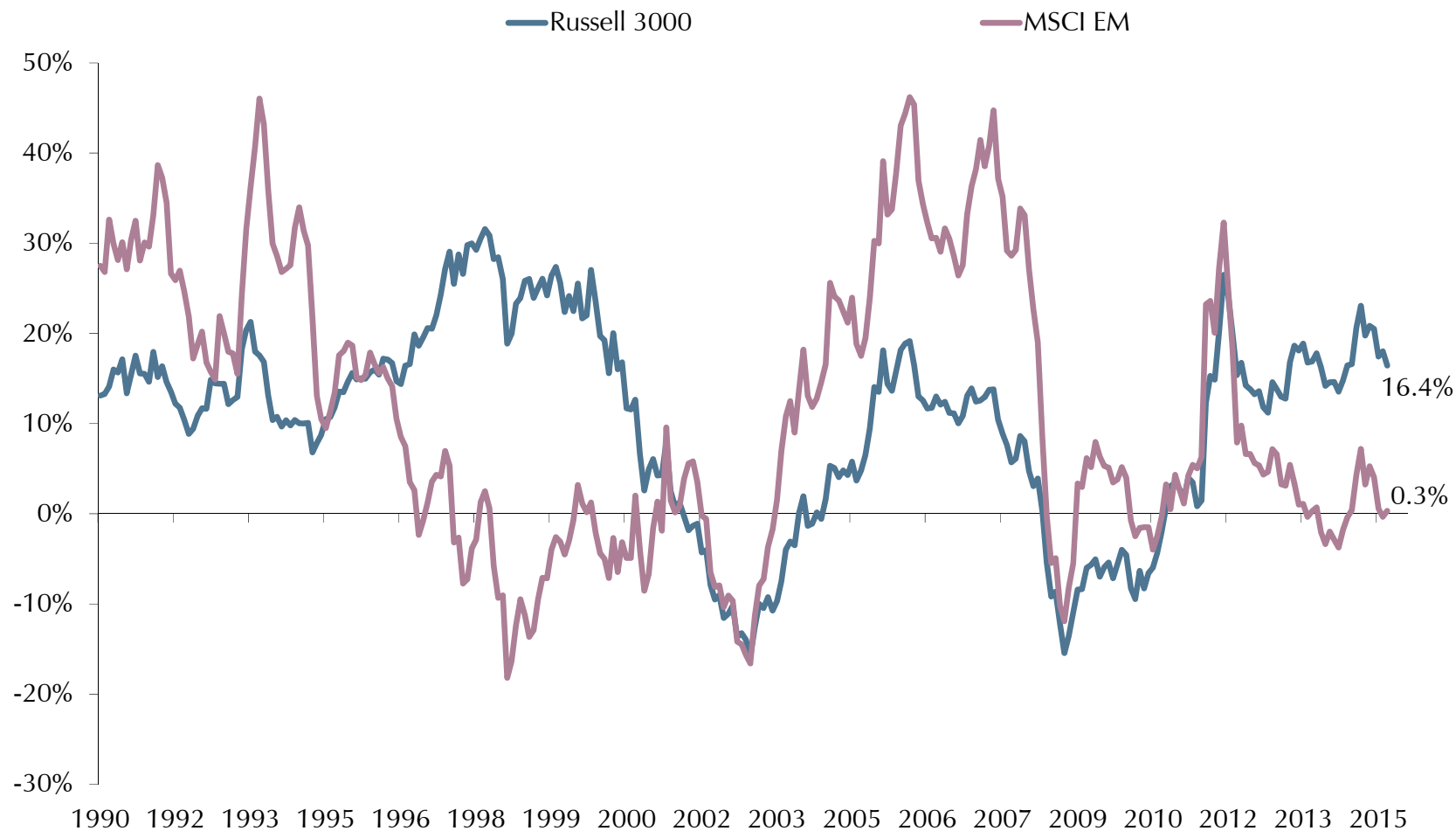
### S&P Sector Returns



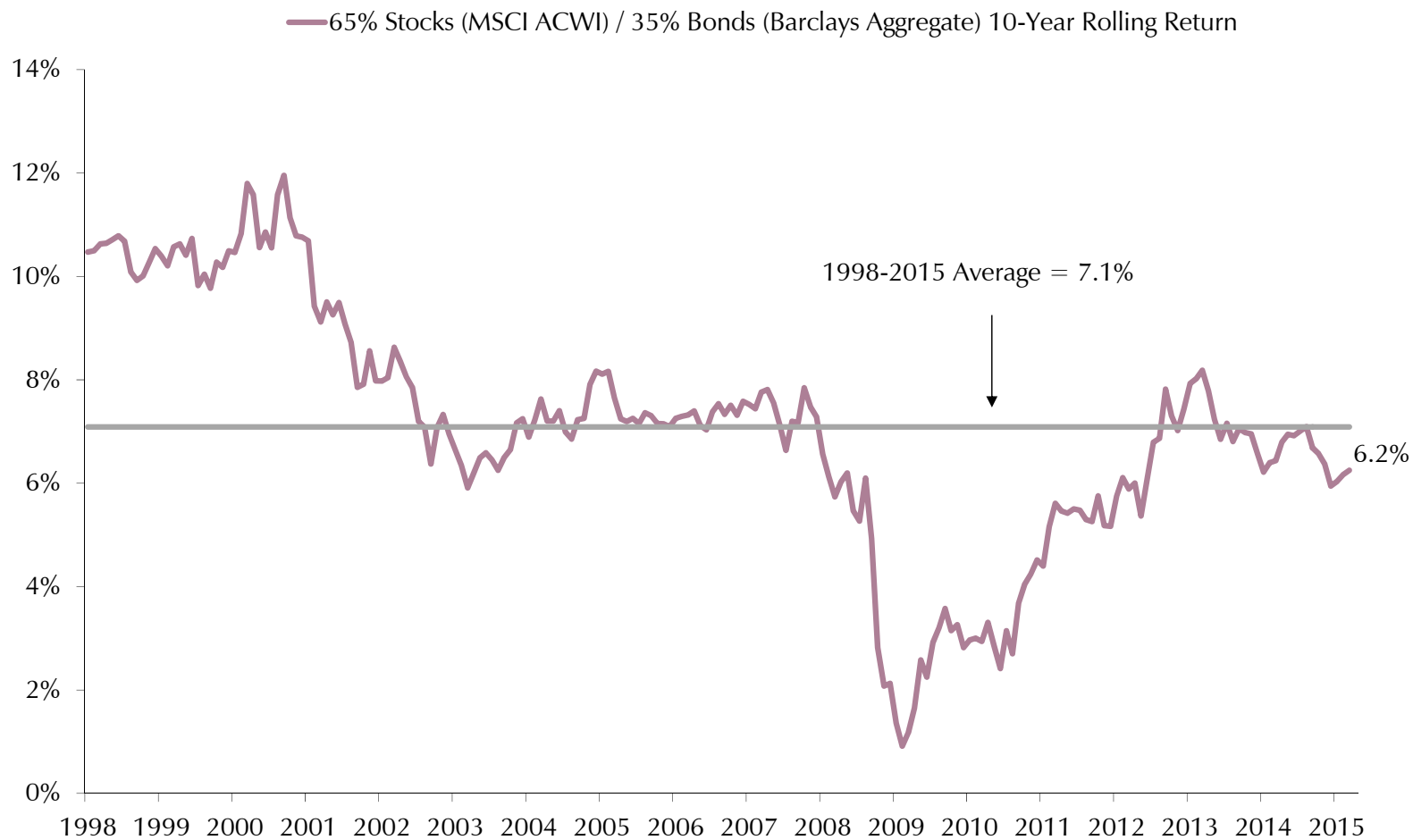
### Equity Markets



### U.S. and Emerging Market Equity Rolling Three Year Returns

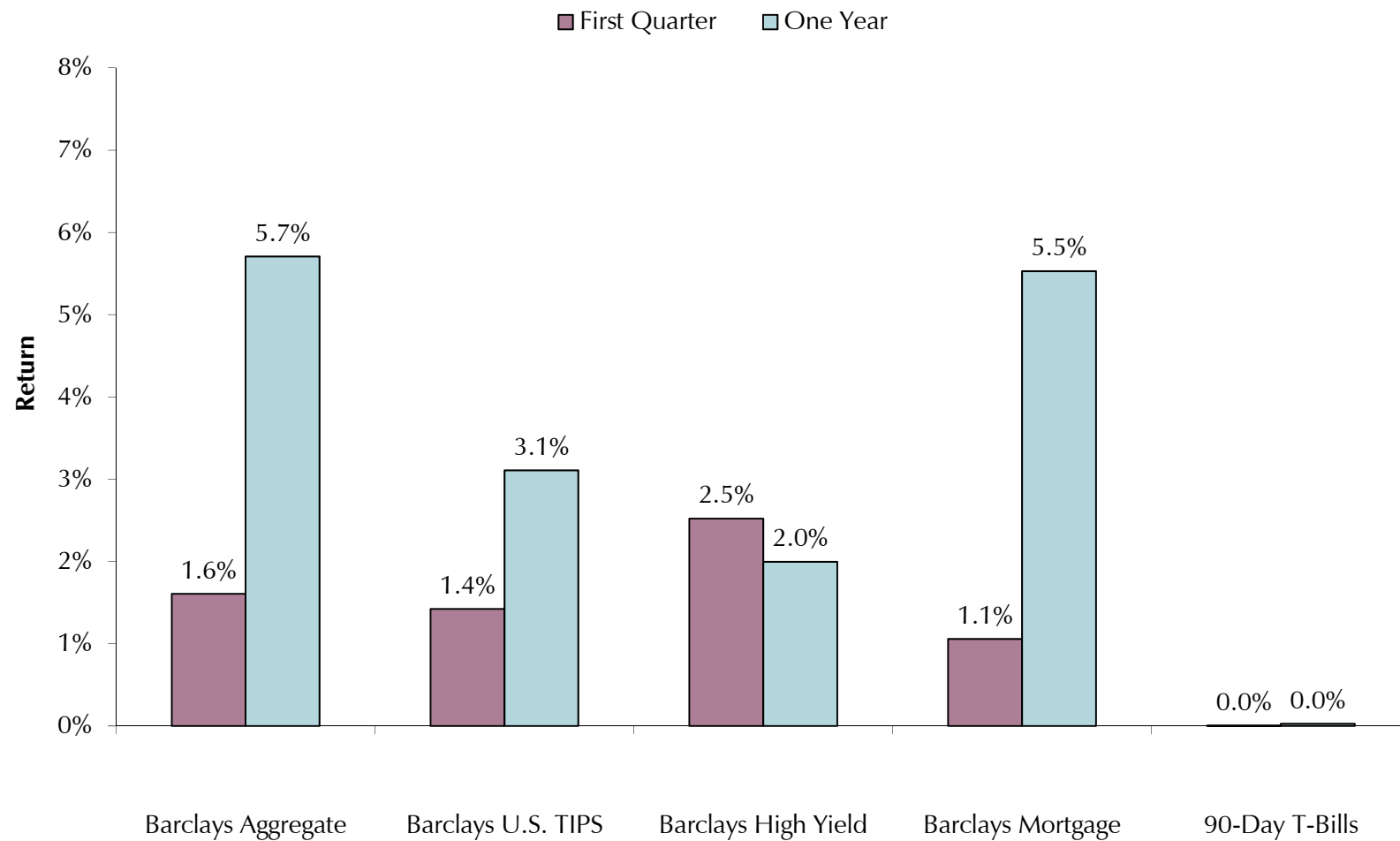


### Rolling Ten-Year Returns: 65% Stocks and 35% Bonds

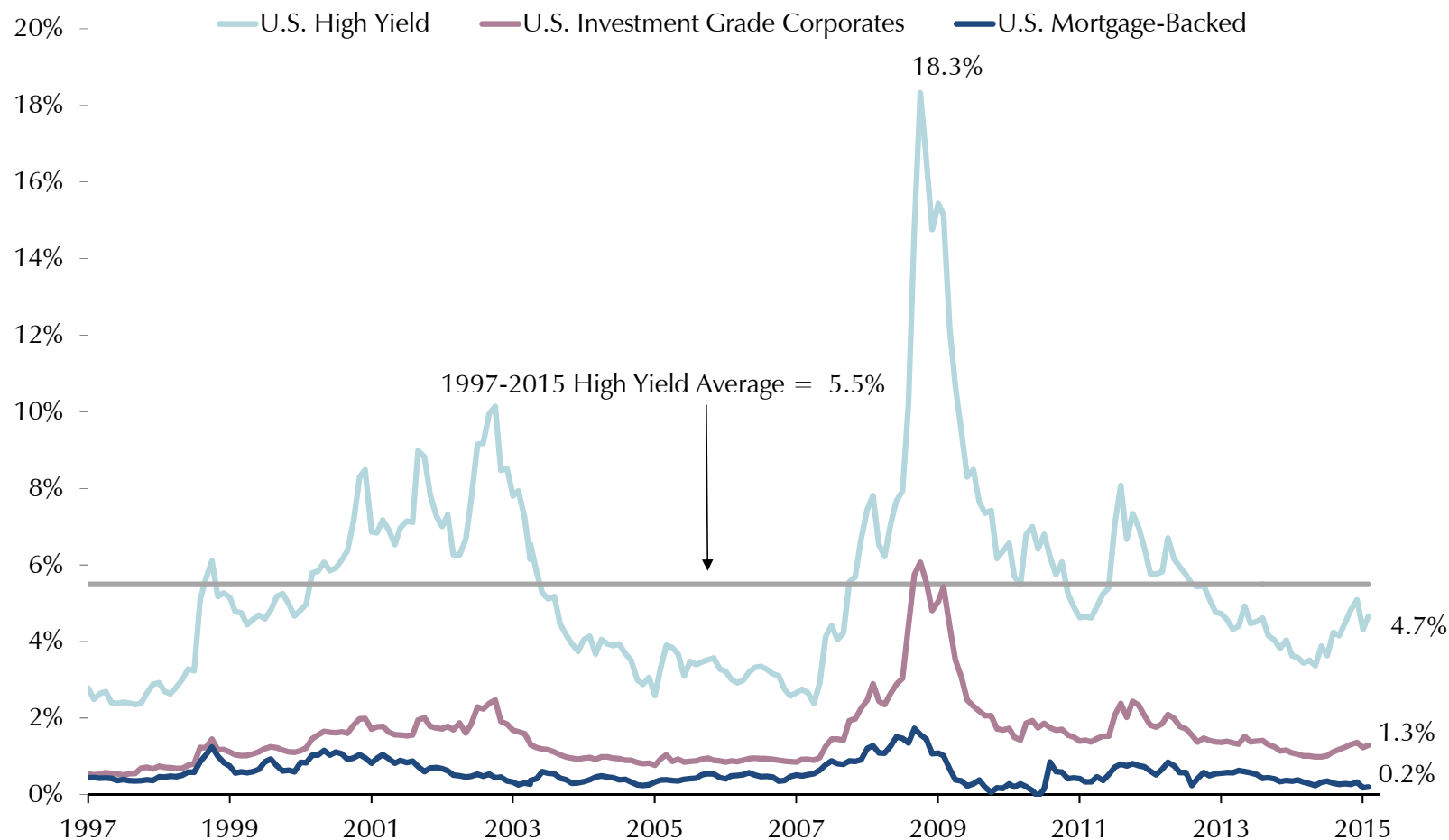




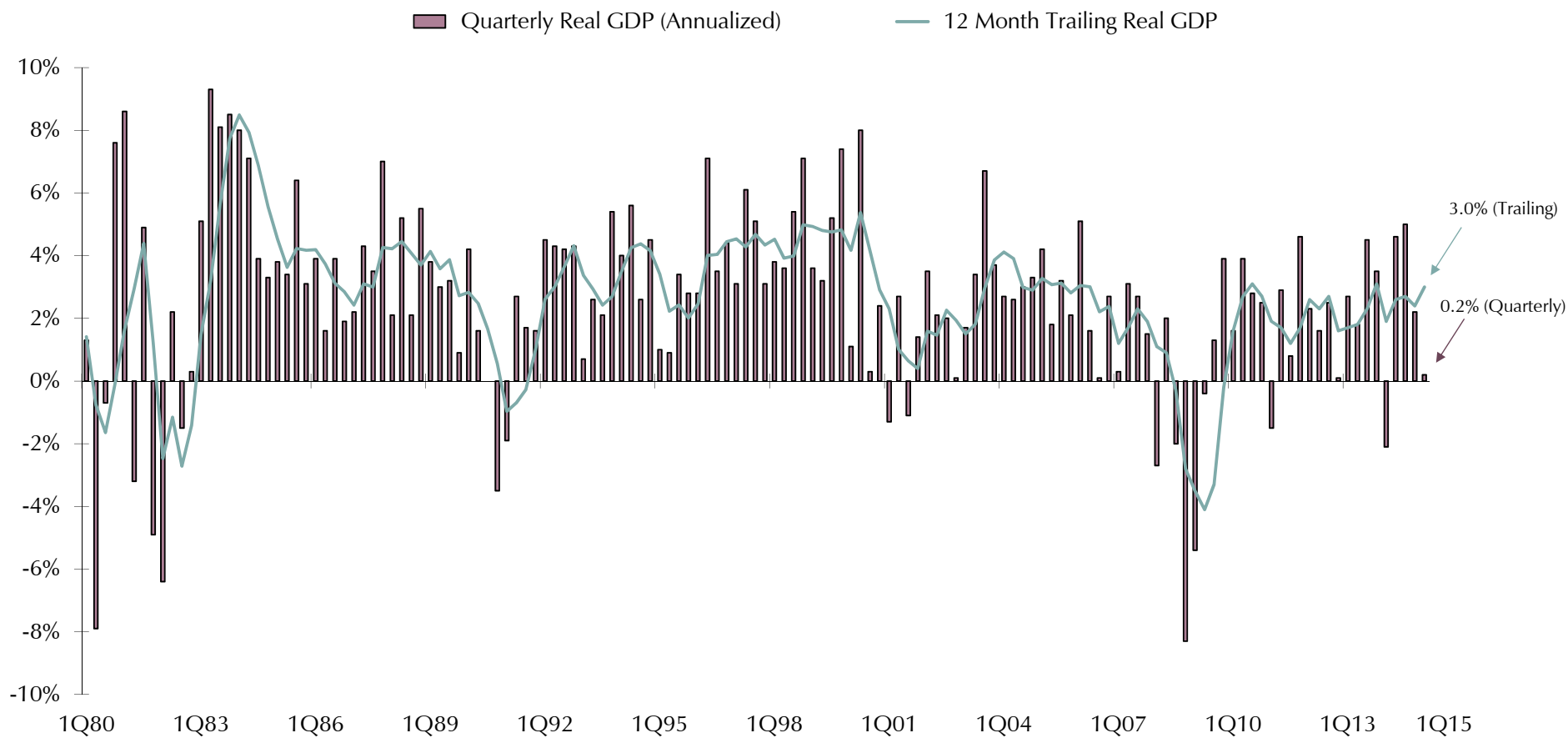
### U.S. Fixed Income Markets



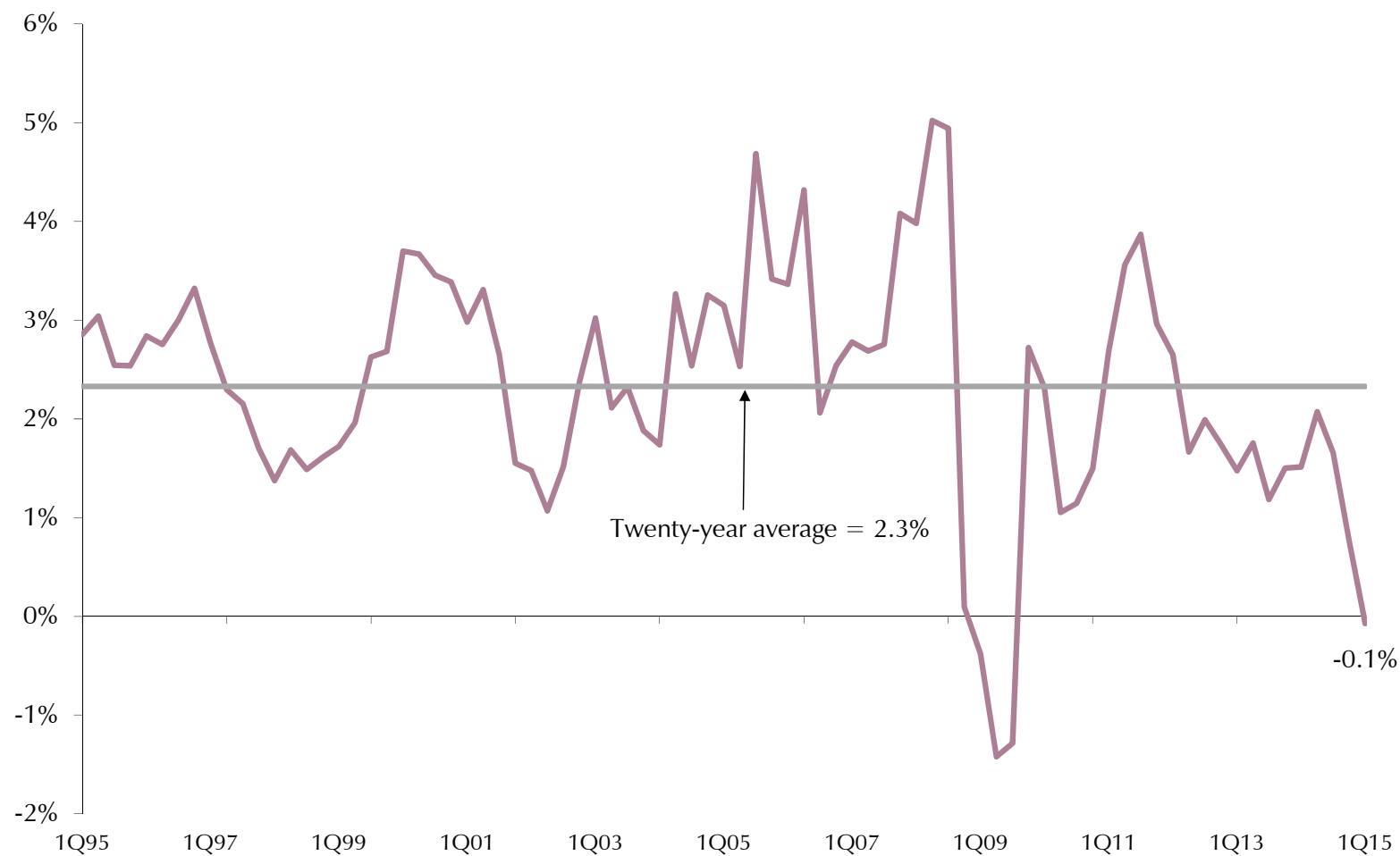
### Credit Spreads vs. U.S. Treasury Bonds



## U.S. Real Gross Domestic Product (GDP) Growth

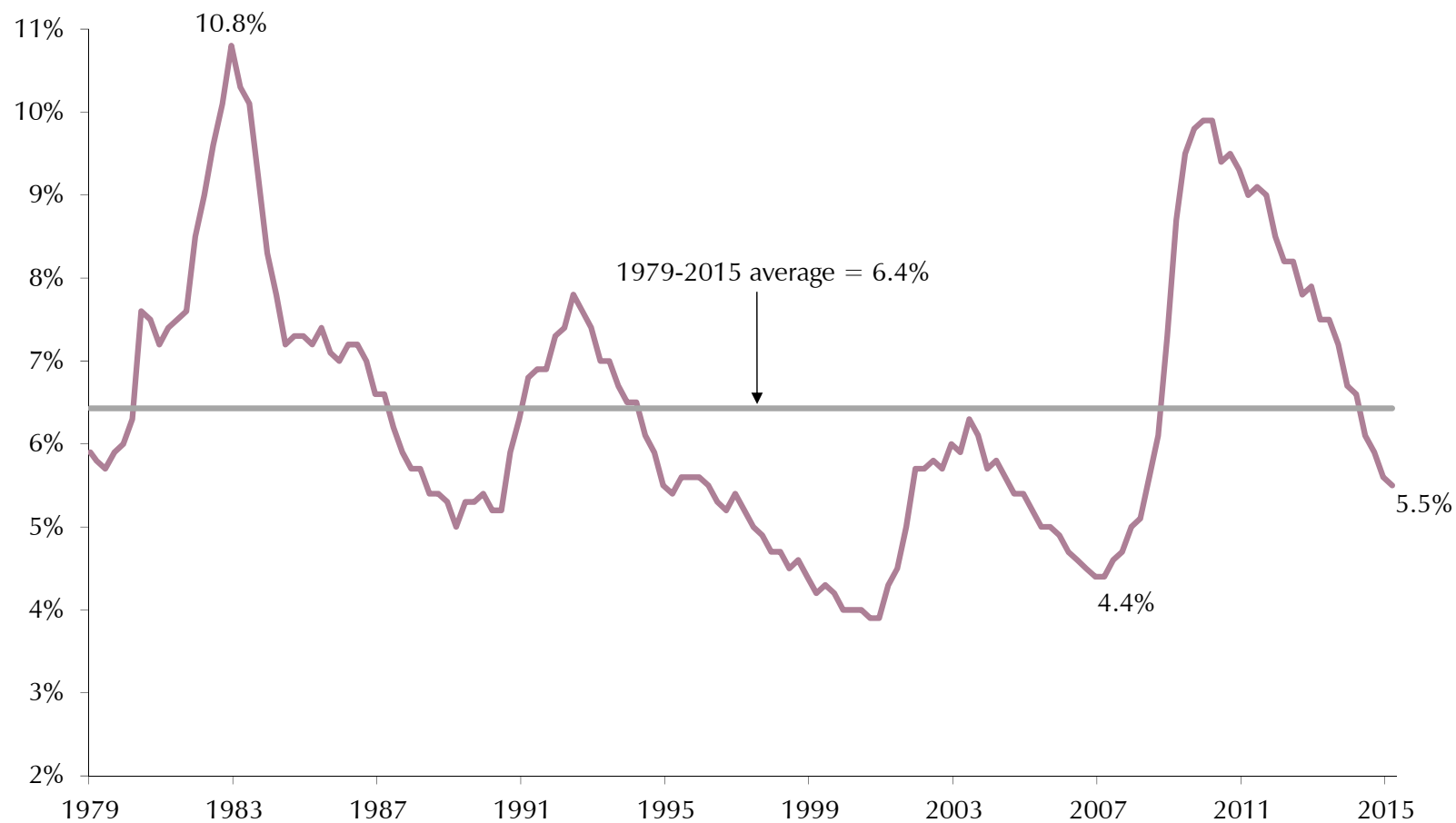


**U.S. Inflation (CPI)  
Trailing Twelve Months<sup>1</sup>**



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

### U.S. Unemployment



## Glossary and Notes As of March 31, 2015

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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