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City of San Jose Police and Fire Department Retirement Plan

Fourth Quarter 2012 Private Markets Review

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Information Disclosure

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

June 5, 2013

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

RE: Private Equity Strategy – 4th Quarter 2012

Dear Board of Administration Members:

We are pleased to present the December 31, 2012 Private Equity Report for the City of San Jose Police and Fire Department Retirement Plan ("the Plan"). The report provides a variety of performance analysis for the overall portfolio, as well as trailing performance and performance by lifecycle, vintage year and strategy.

The Plan's private markets portfolio experienced a positive quarter, having a nominal IRR of 2.32% for the quarter and 10.75% for the past year. The annualized IRR of the private markets portfolio since inception was 6.99% at quarter end. Since inception, the Total Value to Paid In multiple (current valuation plus cumulative distributions, divided by total capital calls) was 1.28.

The following table presents the status of the Plan's private markets portfolio as of December 31, 2012:

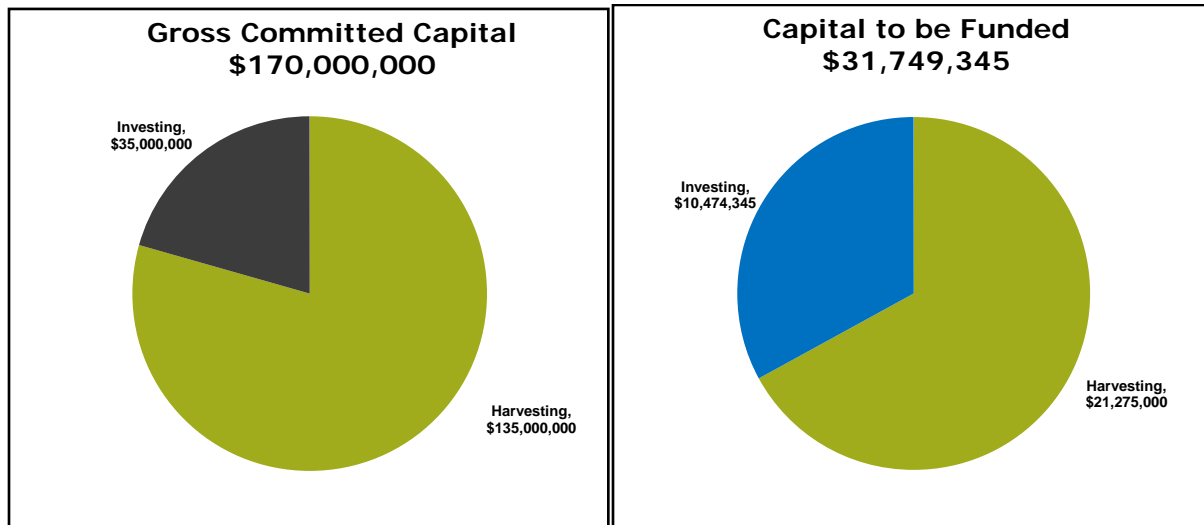
Commitment	Terminated Commitments	Amount Funded	Amount Distributed	Reported Value	Call Ratio	Distribution Ratio
\$170,000,000	\$0	\$138,250,655	\$45,413,881	\$131,923,106	81.32%	32.85%

Unfunded Commitment	Market Exposure (Reported Value + Unfunded Commitment)	Total Fund Composite as of 12/31/2012	Private Markets Target	Reported Value as a % of Total Fund	Market Exposure as a % of Total Fund
\$31,749,345	\$163,672,451	\$2,895,729,588	8%	4.56%	5.65%

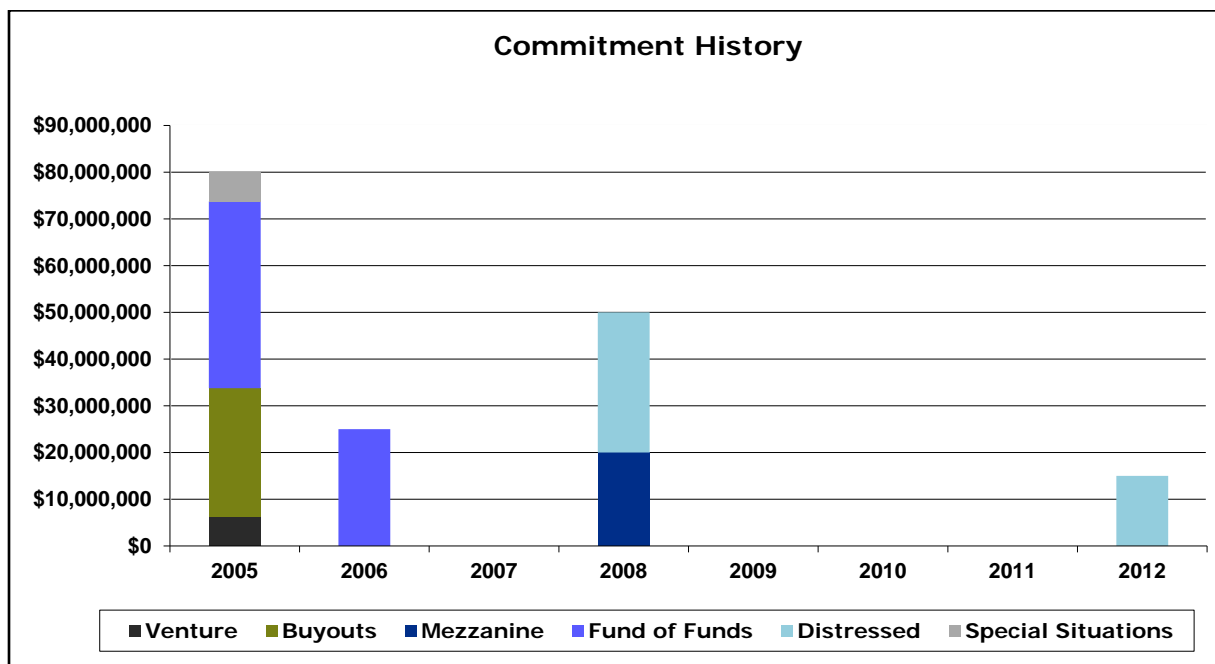
Total Value (Reported Value + Distributions)	Total Value To Capital Call Ratio	Internal Rate of Return IRR, Since Inception (September 2005)
\$177,336,987	1.28	6.99%



As of December 31, 2012, the Plan had net commitments totaling \$170.0 million to 10 private equity funds. The following charts illustrate the program's current life cycle.

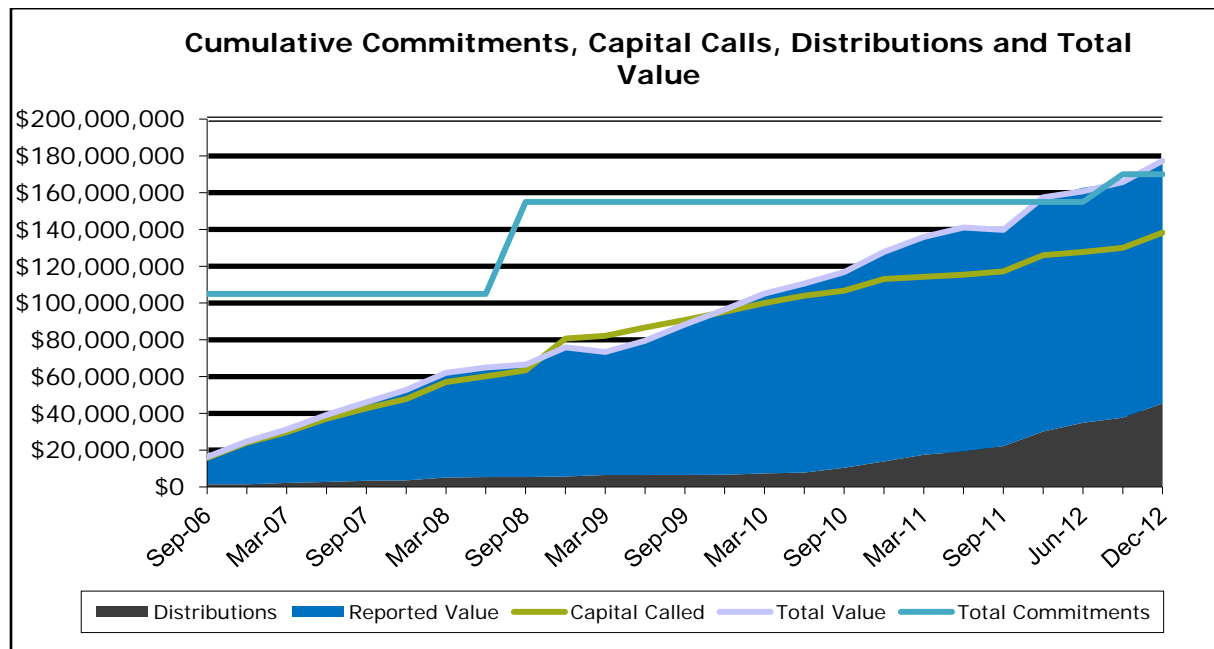


The following chart illustrates the commitment history of the Plan's private equity program through December 31, 2012:

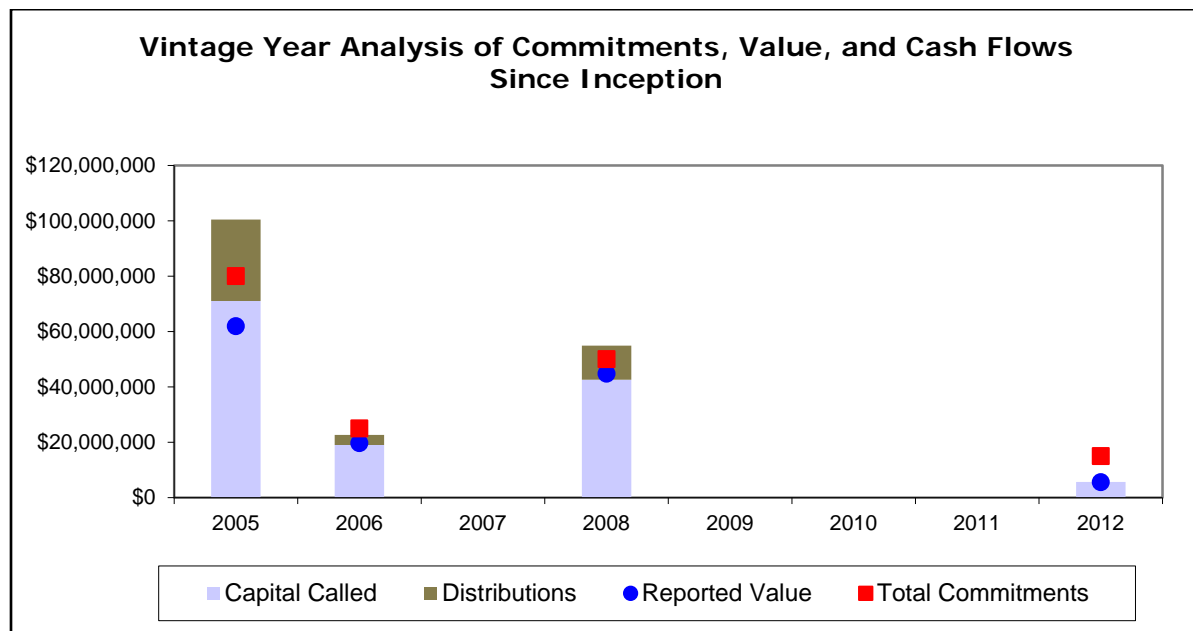




The following chart illustrates the Plan's cumulative commitment history, cumulative capital calls, cumulative distributions and reported value through December 31, 2012:



The following chart provides an analysis of the Plan's vintage year performance comparing the capital calls to the distributions and reported value through December 31, 2012:

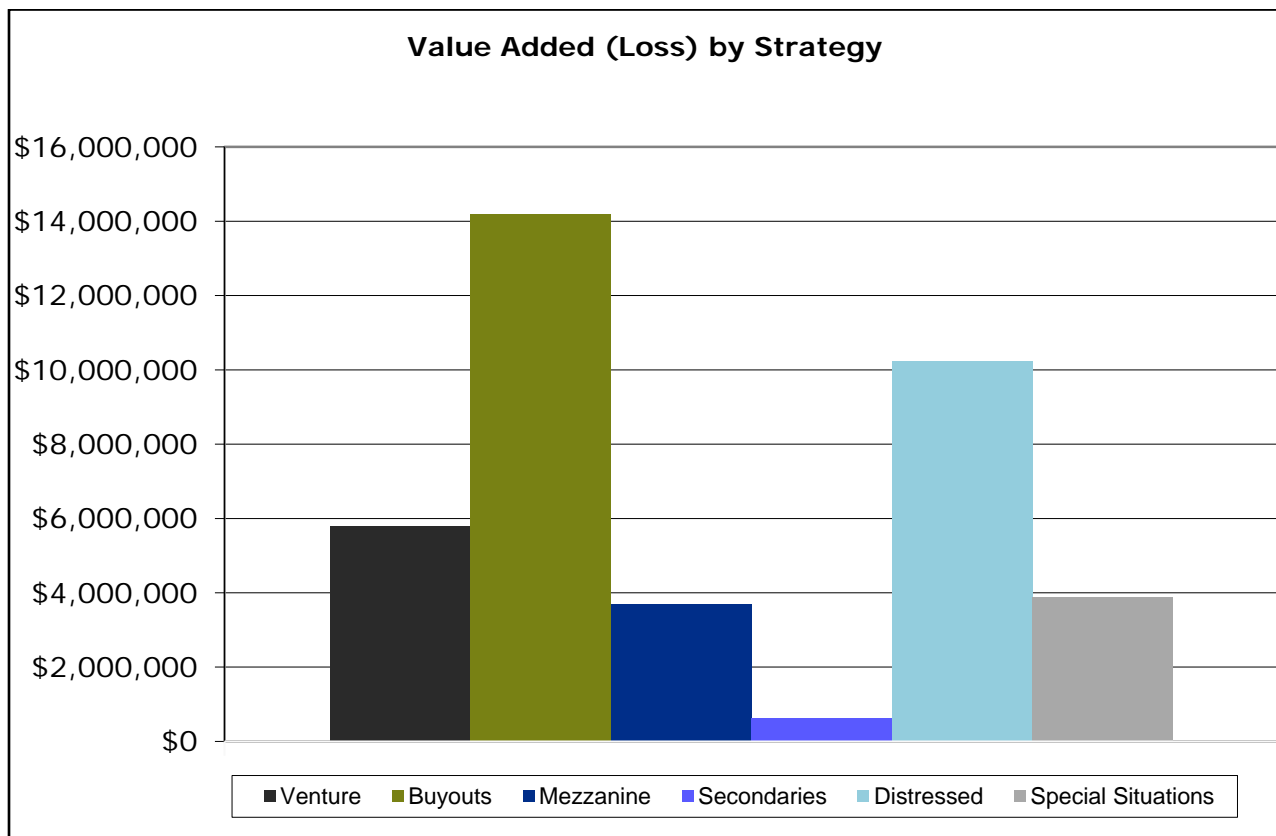




During the quarter-ended December 31, 2012, the Plan's private equity portfolio had capital calls from 6 funds and received distributions from 9 funds. The summary of the cash flows is as follows:

Amount Funded for the Quarter	Number of Funds Calling Capital	Distributions for the Quarter	Number of Funds Making Distributions	Net Cash/Stock Flows for the Quarter
\$8,541,908	6	\$7,756,071	9	(\$785,837)

Since inception, the private equity program has gained \$38.41 million in value for the Plan. Venture has added \$5.78 million; Buyout has added \$14.19 million; Mezzanine has added \$3.70 million; Secondaries has added \$0.62 million; Distressed has added \$10.24 million; and Special Situations has added \$3.88 million.



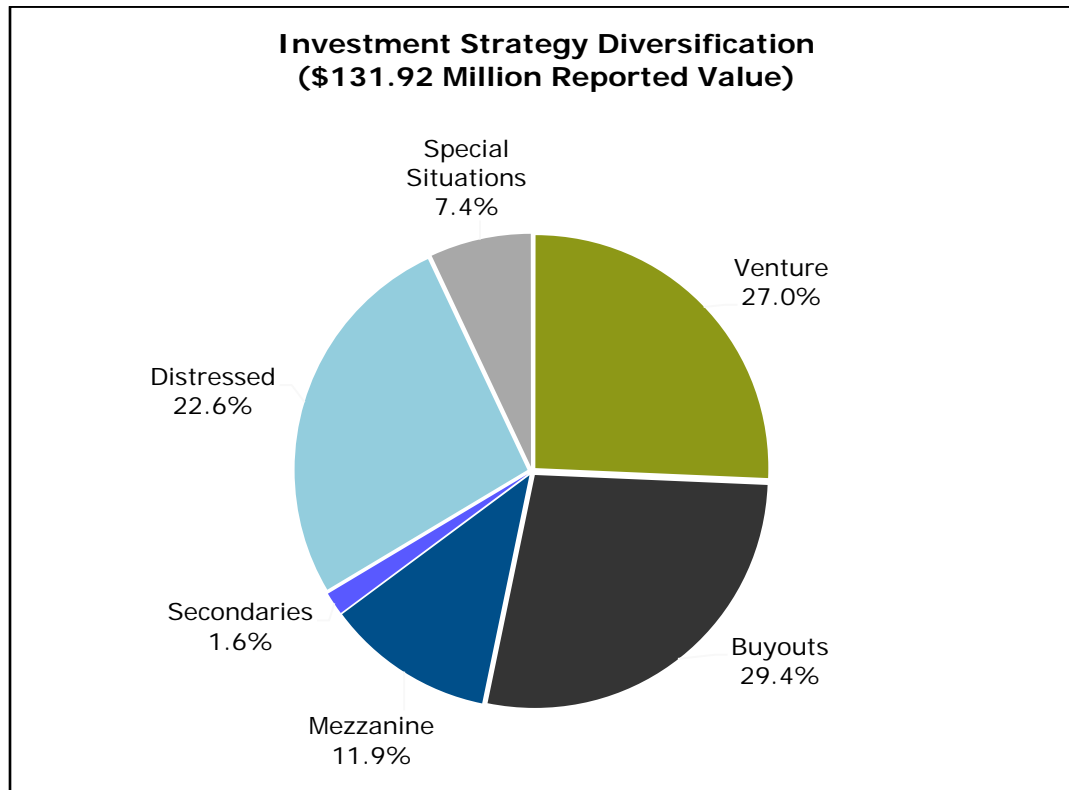
Fund of Fund breakdown: 57% Buyout; 28% Venture; 11% Special Situations and 4% Secondaries



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

Investment Strategy	Target	Min.	Max.	Reported Value	Unfunded Commitment	Total Exposure
Venture	20%	0%	40%	11.5%	2.4%	13.9%
Growth Equity	10%	0%	20%	-	-	-
Buyouts	20%	0%	40%	31.4%	5.5%	36.9%
Mezzanine	15%	10%	30%	9.3%	0.7%	10.0%
Secondaries	15%	10%	30%	1.3%	0.3%	1.5%
Distressed	15%	0%	30%	21.4%	9.6%	31.0%
Energy	5%	0%	10%	-	-	-
Opportunistic	0%	0%	10%	-	-	-
Special Situations	0%	0%	10%	5.7%	1.0%	6.6%
Totals	100%			80.6%	19.4%	100.0%
<i>Variance due to rounding</i>						
<i>Fund of Fund breakdown: 57% Buyout; 28% Venture; 11% Special Situations and 4% Secondaries</i>						

As of December 31, 2012 the 10 private equity funds in the Plan's portfolio were invested by market value in the following strategies:



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



Annual Meetings Scheduled by the Private Equity Managers

- No meetings scheduled.

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

Best regards,

Daniel LeBeau
Consultant

Allan Martin
Partner

Kevin Tatlow, CAIA
Senior Consultant – Private Markets

San Jose Police and Fire
Executive Summary IRR Performance Report

12/31/2012

Investment	Vintage Year	Commitment	Qtr TD	YTD	1 Year	3 Year	5 Year Inception	
HarbourVest Partners VII Buyout	2005	15,000,000	3.49	14.51	14.51	12.61	3.35	3.41
HarbourVest Partners VIII Buyout Fund	2006	15,000,000	2.98	8.63	8.63	11.74	5.97	6.33
HarbourVest Partners VIII Venture	2006	10,000,000	2.06	5.25	5.25	10.92	7.14	6.73
Pantheon USA Fund VI, L.P.	2005	40,000,000	2.42	10.55	10.55	12.47	6.56	6.42
Portfolio Advisors Fund III, L.P. A - Buyout	2005	12,500,000	1.34	7.95	7.95	11.60	2.56	5.32
Portfolio Advisors Fund III, L.P. B - Venture	2005	6,250,000	0.60	8.86	8.86	9.85	4.00	5.22
Portfolio Advisors Fund III, L.P. C - Special Situ	2005	6,250,000	6.02	10.99	10.99	11.36	4.52	8.08
Siguler Guff DOF III	2008	30,000,000	3.46	14.56	14.56	9.18	N/A	12.03
TCW/Crescent Mezzanine V, L.P.	2008	20,000,000	1.64	10.92	10.92	10.81	N/A	10.40
TPG Opportunities Partners II, L.P.	2012	15,000,000	N/A	N/A	N/A	N/A	N/A	-8.04
Total: City of San Jose Police and Fire Departm		170,000,000	2.32	10.75	10.75	11.07	6.63	6.99

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

**San Jose Police and Fire
Performance Analysis**

12/31/2012

Partnership Name	Vintage Year	Commitment	Paid In Capital	Capital To Be Funded	Additional Fees	Cumulative Distributions	Valuation	Total Value	Net Benefit	Call Ratio	DPI Ratio	TVPI Ratio	IRR
1 HarbourVest Partners VII Buyout	2005	15,000,000	13,425,000	1,575,000	2,840	2,376,000	13,426,761	15,802,761	2,374,921	90 %	0.18	1.18	3.41 %
2 HarbourVest Partners VIII Buyout Func	2006	15,000,000	10,950,000	4,050,000	0	2,264,958	11,106,755	13,371,713	2,421,713	73 %	0.21	1.22	6.33 %
3 HarbourVest Partners VIII Venture	2006	10,000,000	8,050,000	1,950,000	0	1,386,326	8,569,697	9,956,023	1,906,023	81 %	0.17	1.24	6.73 %
4 Pantheon USA Fund VI, L.P.	2005	40,000,000	35,600,000	4,400,000	136,032	14,800,000	32,168,488	46,968,488	11,232,456	89 %	0.42	1.31	6.42 %
5 Portfolio Advisors Fund III, L.P. A - Bu	2005	12,500,000	11,000,000	1,500,000	0	5,523,943	8,421,188	13,945,131	2,945,131	88 %	0.50	1.27	5.32 %
6 Portfolio Advisors Fund III, L.P. B - Ve	2005	6,250,000	5,187,500	1,062,500	0	2,275,598	4,338,225	6,613,823	1,426,323	83 %	0.44	1.27	5.22 %
7 Portfolio Advisors Fund III, L.P. C - Sp	2005	6,250,000	5,812,500	437,500	0	4,429,708	3,550,567	7,980,275	2,167,775	93 %	0.76	1.37	8.08 %
8 Siguler Guff DOF III	2008	30,000,000	23,700,000	6,300,000	158,692	4,954,963	29,482,366	34,437,329	10,578,637	79 %	0.21	1.44	12.03 %
9 TCW/Crescent Mezzanine V, L.P.	2008	20,000,000	18,871,098	1,128,902	115,157	7,402,385	15,279,248	22,681,633	3,695,378	94 %	0.39	1.19	10.40 %
10 TPG Opportunities Partners II, L.P.	2012	15,000,000	5,654,557	9,345,443	268,133	0	5,579,811	5,579,811	-342,879	38 %	0.00	0.94	-8.04 %
10 Total Partnerships		170,000,000	138,250,655	31,749,345	680,854	45,413,881	131,923,106	177,336,987	38,405,478	81 %	0.33	1.28	6.99 %

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

12/31/2012

Partnership Name	Vintage Year	Commitment	Paid In Capital	Capital To Be Funded	Additional Fees	Cumulative Distributions	Valuation	Total Value	Net Benefit	Call Ratio	DPI Ratio	TVPI Ratio	IRR
2 Investing													
1 TCW/Crescent Mezzanine V, L.P.	2008	20,000,000	18,871,098	1,128,902	115,157	7,402,385	15,279,248	22,681,633	3,695,378	94 %	0.39	1.19	10.40 %
2 TPG Opportunities Partners II, L.P.	2012	15,000,000	5,654,557	9,345,443	268,133	0	5,579,811	5,579,811	-342,879	38 %	0.00	0.94	-8.04 %
2 Investing Subtotal		35,000,000	24,525,655	10,474,345	383,290	7,402,385	20,859,059	28,261,444	3,352,499	70 %	0.30	1.13	9.30 %
3 Harvesting													
3 HarbourVest Partners VII Buyout	2005	15,000,000	13,425,000	1,575,000	2,840	2,376,000	13,426,761	15,802,761	2,374,921	90 %	0.18	1.18	3.41 %
4 HarbourVest Partners VIII Buyout Func	2006	15,000,000	10,950,000	4,050,000	0	2,264,958	11,106,755	13,371,713	2,421,713	73 %	0.21	1.22	6.33 %
5 HarbourVest Partners VIII Venture	2006	10,000,000	8,050,000	1,950,000	0	1,386,326	8,569,697	9,956,023	1,906,023	81 %	0.17	1.24	6.73 %
6 Pantheon USA Fund VI, L.P.	2005	40,000,000	35,600,000	4,400,000	136,032	14,800,000	32,168,488	46,968,488	11,232,456	89 %	0.42	1.31	6.42 %
7 Portfolio Advisors Fund III, L.P. A - Bu	2005	12,500,000	11,000,000	1,500,000	0	5,523,943	8,421,188	13,945,131	2,945,131	88 %	0.50	1.27	5.32 %
8 Portfolio Advisors Fund III, L.P. B - Ve	2005	6,250,000	5,187,500	1,062,500	0	2,275,598	4,338,225	6,613,823	1,426,323	83 %	0.44	1.27	5.22 %
9 Portfolio Advisors Fund III, L.P. C - Sp	2005	6,250,000	5,812,500	437,500	0	4,429,708	3,550,567	7,980,275	2,167,775	93 %	0.76	1.37	8.08 %
10 Siguler Guff DOF III	2008	30,000,000	23,700,000	6,300,000	158,692	4,954,963	29,482,366	34,437,329	10,578,637	79 %	0.21	1.44	12.03 %
3 Harvesting Subtotal		135,000,000	113,725,000	21,275,000	297,564	38,011,496	111,064,047	149,075,543	35,052,979	84 %	0.33	1.31	6.83 %
10 Total Partnerships		170,000,000	138,250,655	31,749,345	680,854	45,413,881	131,923,106	177,336,987	38,405,478	81 %	0.33	1.28	6.99 %

San Jose Police and Fire
Vintage Year Performance Analysis

12/31/2012

Partnership Name	Vintage Year	Commitment	Paid In Capital	Capital To Be Funded	Additional Fees	Cumulative Distributions	Valuation	Total Value	Net Benefit	Call Ratio	DPI Ratio	TVPI Ratio	IRR
2005													
1 HarbourVest Partners VII Buyout	2005	15,000,000	13,425,000	1,575,000	2,840	2,376,000	13,426,761	15,802,761	2,374,921	90 %	0.18	1.18	3.41 %
2 Pantheon USA Fund VI, L.P.	2005	40,000,000	35,600,000	4,400,000	136,032	14,800,000	32,168,488	46,968,488	11,232,456	89 %	0.42	1.31	6.42 %
3 Portfolio Advisors Fund III, L.P. A - Bu	2005	12,500,000	11,000,000	1,500,000	0	5,523,943	8,421,188	13,945,131	2,945,131	88 %	0.50	1.27	5.32 %
4 Portfolio Advisors Fund III, L.P. B - Ve	2005	6,250,000	5,187,500	1,062,500	0	2,275,598	4,338,225	6,613,823	1,426,323	83 %	0.44	1.27	5.22 %
5 Portfolio Advisors Fund III, L.P. C - Sp	2005	6,250,000	5,812,500	437,500	0	4,429,708	3,550,567	7,980,275	2,167,775	93 %	0.76	1.37	8.08 %
2005 Subtotal		80,000,000	71,025,000	8,975,000	138,872	29,405,249	61,905,229	91,310,478	20,146,606	89 %	0.41	1.28	5.69 %
2006													
6 HarbourVest Partners VIII Buyout Func	2006	15,000,000	10,950,000	4,050,000	0	2,264,958	11,106,755	13,371,713	2,421,713	73 %	0.21	1.22	6.33 %
7 HarbourVest Partners VIII Venture	2006	10,000,000	8,050,000	1,950,000	0	1,386,326	8,569,697	9,956,023	1,906,023	81 %	0.17	1.24	6.73 %
2006 Subtotal		25,000,000	19,000,000	6,000,000	0	3,651,284	19,676,452	23,327,736	4,327,736	76 %	0.19	1.23	6.50 %
2008													
8 Siguler Guff DOF III	2008	30,000,000	23,700,000	6,300,000	158,692	4,954,963	29,482,366	34,437,329	10,578,637	79 %	0.21	1.44	12.03 %
9 TCW/Crescent Mezzanine V, L.P.	2008	20,000,000	18,871,098	1,128,902	115,157	7,402,385	15,279,248	22,681,633	3,695,378	94 %	0.39	1.19	10.40 %
2008 Subtotal		50,000,000	42,571,098	7,428,902	273,849	12,357,348	44,761,614	57,118,962	14,274,015	85 %	0.29	1.33	11.57 %
2012													
10 TPG Opportunities Partners II, L.P.	2012	15,000,000	5,654,557	9,345,443	268,133	0	5,579,811	5,579,811	-342,879	38 %	0.00	0.94	-8.04 %
2012 Subtotal		15,000,000	5,654,557	9,345,443	268,133	0	5,579,811	5,579,811	-342,879	38 %	0.00	0.94	-8.04 %
10 Total Partnerships		170,000,000	138,250,655	31,749,345	680,854	45,413,881	131,923,106	177,336,987	38,405,478	81 %	0.33	1.28	6.99 %

San Jose Police and Fire
Investment Strategy Performance Analysis

12/31/2012

Partnership Name		Vintage Year	Commitment	Paid In Capital	Capital To Be Funded	Additional Fees	Cumulative Distributions	Valuation	Total Value	Net Benefit	Call Ratio	DPI Ratio	TVPI Ratio	IRR
100 Venture														
1	Portfolio Advisors Fund III, L.P. B - Ve	2005	6,250,000	5,187,500	1,062,500	0	2,275,598	4,338,225	6,613,823	1,426,323	83 %	0.44	1.27	5.22 %
100 Venture Subtotal			6,250,000	5,187,500	1,062,500	0	2,275,598	4,338,225	6,613,823	1,426,323	83 %	0.44	1.27	5.22 %
120 Buyouts														
1	HarbourVest Partners VII Buyout	2005	15,000,000	13,425,000	1,575,000	2,840	2,376,000	13,426,761	15,802,761	2,374,921	90 %	0.18	1.18	3.41 %
2	Portfolio Advisors Fund III, L.P. A - Bu	2005	12,500,000	11,000,000	1,500,000	0	5,523,943	8,421,188	13,945,131	2,945,131	88 %	0.50	1.27	5.32 %
120 Buyouts Subtotal			27,500,000	24,425,000	3,075,000	2,840	7,899,943	21,847,949	29,747,892	5,320,052	89 %	0.32	1.22	4.26 %
130 Mezzanine														
1	TCW/Crescent Mezzanine V, L.P.	2008	20,000,000	18,871,098	1,128,902	115,157	7,402,385	15,279,248	22,681,633	3,695,378	94 %	0.39	1.19	10.40 %
130 Mezzanine Subtotal			20,000,000	18,871,098	1,128,902	115,157	7,402,385	15,279,248	22,681,633	3,695,378	94 %	0.39	1.19	10.40 %
150 Distressed														
1	Siguler Guff DOF III	2008	30,000,000	23,700,000	6,300,000	158,692	4,954,963	29,482,366	34,437,329	10,578,637	79 %	0.21	1.44	12.03 %
2	TPG Opportunities Partners II, L.P.	2012	15,000,000	5,654,557	9,345,443	268,133	0	5,579,811	5,579,811	-342,879	38 %	0.00	0.94	-8.04 %
150 Distressed Subtotal			45,000,000	29,354,557	15,645,443	426,825	4,954,963	35,062,177	40,017,140	10,235,758	65 %	0.17	1.34	11.59 %
160 Special Situations														
1	Portfolio Advisors Fund III, L.P. C - Sp	2005	6,250,000	5,812,500	437,500	0	4,429,708	3,550,567	7,980,275	2,167,775	93 %	0.76	1.37	8.08 %
160 Special Situations Subtotal			6,250,000	5,812,500	437,500	0	4,429,708	3,550,567	7,980,275	2,167,775	93 %	0.76	1.37	8.08 %
170 Fund of Funds														
1	HarbourVest Partners VIII Buyout Func	2006	15,000,000	10,950,000	4,050,000	0	2,264,958	11,106,755	13,371,713	2,421,713	73 %	0.21	1.22	6.33 %
2	HarbourVest Partners VIII Venture	2006	10,000,000	8,050,000	1,950,000	0	1,386,326	8,569,697	9,956,023	1,906,023	81 %	0.17	1.24	6.73 %
3	Pantheon USA Fund VI, L.P.	2005	40,000,000	35,600,000	4,400,000	136,032	14,800,000	32,168,488	46,968,488	11,232,456	89 %	0.42	1.31	6.42 %
170 Fund of Funds Subtotal			65,000,000	54,600,000	10,400,000	136,032	18,451,284	51,844,940	70,296,224	15,560,192	84 %	0.34	1.28	6.44 %
10 Total Partnerships			170,000,000	138,250,655	31,749,345	680,854	45,413,881	131,923,106	177,336,987	38,405,478	81 %	0.33	1.28	6.99 %

**San Jose Police and Fire
Transaction Summary**

10/1/2012 - 12/31/2012

Date	Funding	Additional Fees	Cash	Stock	Net Cash Flow
HarbourVest Partners VII Buyout					
10/31/2012			185,625.00		-185,625.00
11/20/2012			259,875.00		-445,500.00
12/28/2012			185,625.00		-631,125.00
12/28/2012	150,000.00				-481,125.00
12/31/2012			371,250.00		-852,375.00
Total: HarbourVest Partners VII Buyout					
	150,000.00		1,002,375.00		-852,375.00
HarbourVest Partners VIII Buyout Fund					
12/20/2012			536,101.00		-536,101.00
12/20/2012	600,000.00				63,899.00
12/31/2012			153,172.00		-89,273.00
Total: HarbourVest Partners VIII Buyout Fund					
	600,000.00		689,273.00		-89,273.00
HarbourVest Partners VIII Venture					
12/21/2012			201,473.00		-201,473.00
12/21/2012	250,000.00				48,527.00
12/31/2012			95,939.00		-47,412.00
Total: HarbourVest Partners VIII Venture					
	250,000.00		297,412.00		-47,412.00
Pantheon USA Fund VI, L.P.					
11/27/2012			800,000.00		-800,000.00
12/27/2012			2,200,000.00		-3,000,000.00
12/27/2012	1,200,000.00				-1,800,000.00
Total: Pantheon USA Fund VI, L.P.					
	1,200,000.00		3,000,000.00		-1,800,000.00
Portfolio Advisors Fund III, L.P. A - Buyout					
11/29/2012			222,533.00		-222,533.00
12/20/2012			215,065.00		-437,598.00
12/28/2012			407,344.00		-844,942.00
Total: Portfolio Advisors Fund III, L.P. A - Buyout					
			844,942.00		-844,942.00
Portfolio Advisors Fund III, L.P. B - Venture					
11/29/2012			144,827.00		-144,827.00
12/20/2012			78,246.00		-223,073.00

Activity is cumulative for the period

**San Jose Police and Fire
Transaction Summary**

10/1/2012 - 12/31/2012

Date	Funding	Additional Fees	Cash	Stock	Net Cash Flow
Portfolio Advisors Fund III, L.P. B - Venture					
12/28/2012			150,377.00		-373,450.00
Total: Portfolio Advisors Fund III, L.P. B - Venture			373,450.00		-373,450.00
Portfolio Advisors Fund III, L.P. C - Special Situ					
11/29/2012			200,165.00		-200,165.00
12/20/2012			108,446.00		-308,611.00
12/28/2012			74,607.00		-383,218.00
Total: Portfolio Advisors Fund III, L.P. C - Special Situ			383,218.00		-383,218.00
Siguler Guff DOF III					
12/24/2012			480,440.44		-480,440.44
12/31/2012			7,500.00		-487,940.44
Total: Siguler Guff DOF III			487,940.44		-487,940.44
TCW/Crescent Mezzanine V, L.P.					
10/12/2012			677,461.00		-677,461.00
10/12/2012	419,218.00				-258,243.00
Total: TCW/Crescent Mezzanine V, L.P.			677,461.00		-258,243.00
TPG Opportunities Partners II, L.P.					
10/9/2012	3,151,733.00				3,151,733.00
11/6/2012	569,324.00				3,721,057.00
11/13/2012	1,058,179.00				4,779,236.00
12/21/2012	875,321.00				5,654,557.00
12/31/2012		268,133.00			5,922,690.00
Total: TPG Opportunities Partners II, L.P.			268,133.00		5,922,690.00
Total: 1 Private Equity					
	8,273,775.00	268,133.00	7,756,071.44		785,836.56
Total:	8,273,775.00	268,133.00	7,756,071.44		785,836.56

Activity is cumulative for the period