

FUND EVALUATION REPORT

San Jose Federated City Employees' Retirement System

Quarterly Review
June 30, 2013



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Executive Summary

As of June 30, 2013

The value of the San Jose Federated City Employee' Retirement System assets was \$1.875 billion on June 30, 2013, an increase of approximately \$106 million over the one-year period, which represents the 2013 fiscal year.

- Second quarter performance was -1.9% net of fees, bringing the fiscal year return to 8.0% net of fees.
- Net outflows for the second quarter were \$39 million. For the fiscal year, net outflows totaled approximately \$46 million.
- During the second quarter, the Fund underperformed the Policy Benchmark by 1.6%.
 - Portfolio allocation detracted from relative performance by approximately 65 basis points.
 - Selection effect, or the value added by managers in an asset class relative to the Policy Benchmark return for that asset class, detracted approximately 98 basis points. The negative selection effect was most pronounced in real assets and hedge funds.

- While the Retirement System's fiscal year 2013 return was above the actuarial assumed rate of return of 7.5%, the return fell in the fourth quartile of the InvestMetrics peer universe of Public Plans >\$1 Billion. The underperformance relative to other public pension funds is related to three main factors:
 - *Lower allocation to Domestic Equities:* Because of the strong performance of domestic equities during the fiscal year period, funds with lower than average allocations to the asset class generally had less robust returns, while funds with higher than average allocations to this asset class exceeded the norm.
 - *Higher allocation to Emerging Market Equities:* The Retirement System's asset allocation includes a higher-than-average allocation to emerging market stocks. Over the long-term, emerging market equities have significantly outperformed U.S. equities, and are expected to do so over long-term periods in the future. However, for fiscal year 2013, U.S. stocks outperformed emerging market stocks by approximately 19%, creating a significant short-term drag on portfolios with higher emerging market allocations. This difference was particularly acute during the two most recent quarters.
 - *Higher Allocation to Inflation-Protected Assets:* The Retirement System's asset allocation policy includes a 20% allocation to real assets that are designed to protect the Plan from periods of rising inflation. The Plan's allocation to these areas is somewhat higher than most other public funds. During fiscal year 2013, U.S. inflation and inflationary expectations remained low, so inflation-protected assets underperformed assets like U.S. equities, which can be expected to perform better during periods of low inflation.
- The Retirement System's asset allocation was designed by Staff and Trustees with the primary objective of maximizing the probability of achieving a 7.5% return over long periods of time, while minimizing a wide variety of risks. For fiscal year 2013, the Retirement System achieved its objective. The Trustees have chosen an asset allocation that differs from that of other public pension funds, so it can be expected to underperform or outperform peer funds over any short-term time period.
- Vontobel Emerging Markets Equity was funded at the end of the second quarter. Four new hedge funds were also funded during the quarter.

Manager Highlights

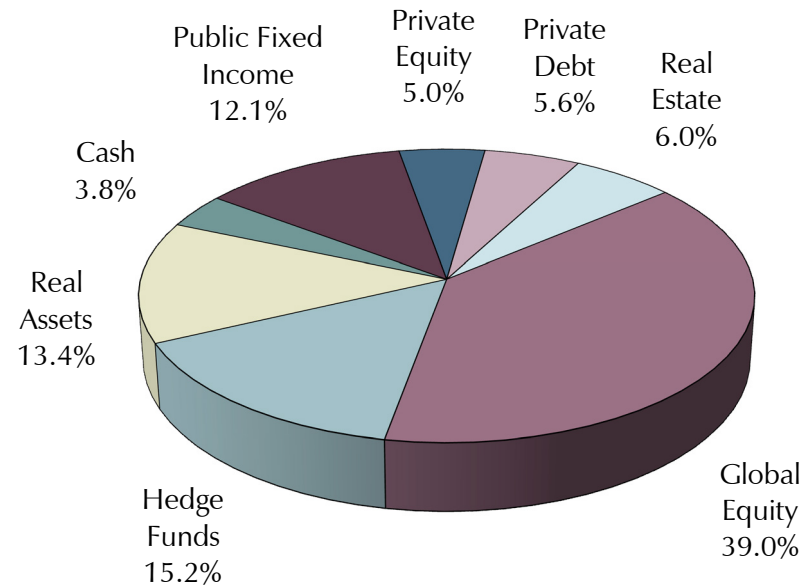
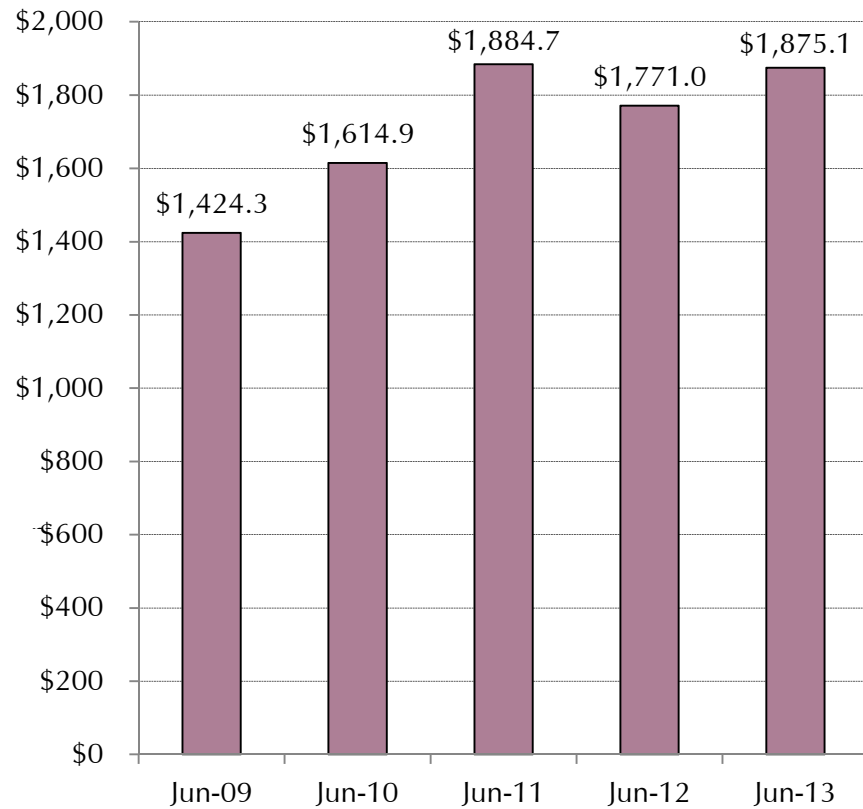
- Artisan Global Value, which manages the largest active allocation in the Fund, posted a return of 3.6% net of fees compared to 0.2% for the MSCI ACWI Value Index in the second quarter. Over the trailing one year period, Artisan returned 27.7% net of fees compared with 17.8% for the benchmark. The three largest contributors to the portfolio's return this quarter were Microsoft, Lloyds Banking Group, and TE Connectivity. The portfolio's worst performing stocks this quarter included Tesco, Diageo, and Oracle. Signet Jewelers and Wal-Mart were sold during the quarter and the proceeds were used to fund new investments in AstraZeneca and Vivendi. Since the Retirement System invested in Artisan's global value portfolio in early 2011, the strategy has outperformed the benchmark by an average of 10.6% annually, net of fees, and has ranked in the 2nd percentile of the global equity peer group.
- RS Investments Small Cap Value outperformed the Russell 2000 Value Index during the second quarter, up 5.6% net of fees compared with 2.5% for the benchmark. Stock selection in Financial Services and Producer Durables were the largest positive relative contributors during the quarter.
- Eagle Small Cap Growth slightly underperformed the Russell 2000 Growth Index during the first quarter. Eagle's return was 2.9% net of fees, compared to 3.7% for the benchmark. The underperformance can be attributed to weak performers in energy and materials.
- Credit Suisse virtually matched the custom risk parity benchmark and outperformed the Dow Jones-UBS Commodity Index (which can be used as a proxy for the broad commodities market) by 210 basis points during the second quarter. First Quadrant underperformed the risk parity benchmark by 420 basis points and the Dow Jones-UBS Commodity Index by 220 basis points.

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

RS Investments

- As expected, Andrew Pilara Jr., transitioned to a new role as senior advisor, effective May 1, 2013. In his new position, Andy will mentor and counsel investment team members. The portfolio will continue to be managed by the team that Andy built – and transitioned responsibly to – over the last decade.

Plan Summary
As of June 30, 2013



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

	Market Value 6/30/13 (\$ mm)	% of Retirement System	Russell Overlay Net Position ¹ (%)	Adopted Sub-Asset Allocation (%)	Target Allocation (%)	Target Range (%)	Market Value 3/31/13 (\$ mm)
Total Fund Aggregate	1,875.1	100.0	100.0	100	NA	NA	1,949.7
Equity and Real Estate Assets	938.4	50.0	46.3	40	45	38-52	983.2
Global Equity	731.3	39.0	35.8	26	NA	NA	782.9
Real Estate	113.4	6.0	5.8	5	NA	NA	107.7
Private Equity	93.8	5.0	4.6	9	NA	NA	92.7
Hedge Funds Assets	284.3	15.2	16.6	25	25	20-30	201.3
Real Assets	250.5	13.4	19.7	20	20	15-25	277.8
Fixed Income Assets	331.3	17.7	17.6	15	10	5-20	348.2
Public Fixed Income	226.0	12.1	12.5	10	NA	NA	231.4
Private Debt	105.3	5.6	5.2	5	NA	NA	116.8
Cash ²	70.6	3.8	-0.2	0	NA	NA	139.1

¹ Data in the column titled "Russell Overlay Net Position" is provided by Russell Investments, and is based on the data from the custodian. Russell includes transfers completed in July related to the City's Annual Required Contribution.

² Cash includes the cash account, cash equitized in the Russell Investments Overlay program, cash from private manager distributions, and residuals from the Terminated Manager Account. As of 6/30/13, Russell Investments Overlay equitized \$100.7 million in cash.

San Jose Federated City Employees' Retirement System

Aggregate Assets Portfolio Roster as of 6/30/13

	Market Value 6/30/13 (\$ mm)	% of Asset Class	% of Retirement System	Target Allocation (%)	Target Range (%)	Market Value 3/31/13 (\$ mm)
Total Fund Aggregate	1,875.1	NA	100.0	NA	NA	1,949.7
Equity and Real Estate Assets	938.4	100.0	50.0	45	38-52	983.2
Global Equity¹	731.3	100.0	39.0	NA	NA	782.9
Northern Trust Russell 3000 Index ²	190.4	26.0	10.2			205.3
Northern Trust MSCI Emerging Markets Index ²	124.8	17.1	6.7			140.7
Artisan Global Value	114.3	15.6	6.1			110.1
Vontobel Emerging Markets Equity	100.0	13.7	5.3			0.0
RS Investments Small Cap Value	61.0	8.3	3.3			57.7
Eagle Small Cap Growth	56.6	7.7	3.0			55.0
Northern Trust EAFE Small Cap ²	50.7	6.9	2.7			76.4
Northern Trust MSCI EAFE Index ²	33.0	4.5	1.8			33.3
Northern Trust ACWI IMI Index	0.0	0.0	0.0			103.9

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

² Market Value based on manager reported data, less transfers that settled in July, because custodian reported NAV was not current.



San Jose Federated City Employees' Retirement System

Aggregate Assets Portfolio Roster as of 6/30/13

	Market Value 6/30/13 (\$ mm)	% of Asset Class	% of Retirement System	Target Allocation (%)	Target Range (%)	Market Value 3/31/13 (\$ mm)
Equity and Real Estate Assets (continued)						
Real Estate	113.4	100.0	6.0	NA	NA	107.7
Core Real Estate	60.6	53.4	3.2			57.1
PRISA I	32.7	28.8	1.7			31.7
American Core Realty Fund, LLC	27.9	24.6	1.5			25.4
Private Real Estate¹	52.8	46.6	2.8			50.6
DRA Growth & Income Fund V	17.6	15.5	0.9			17.9
Fidelity Real Estate Growth Fund III, L.P.	13.3	11.7	0.7			13.0
DRA Growth & Income Fund VII	10.4	9.2	0.6			8.5
DRA Growth & Income Fund VI	9.5	8.3	0.5			9.2
GEAM Value Add Realty Partners, L.P.	2.1	1.8	0.1			2.1
Private Equity¹	93.8	100.0	5.0	NA	NA	92.7
Pantheon USA Fund VII	31.5	33.6	1.7			30.7
Pathway Private Equity Fund VIII	24.9	26.6	1.3			24.8
Pantheon Global Secondary Fund III	21.4	22.8	1.1			22.5
Partners Group Secondary 2008	8.6	9.2	0.5			9.1
Partners Group Secondary 2011	4.8	5.1	0.3			3.3
Great Hill Equity Partners IV	2.6	2.7	0.1			2.3

¹ Fair values are based on manager reported value as of 3/31/13, adjusted for cash flows through 6/30/13.



San Jose Federated City Employees' Retirement System

Aggregate Assets Portfolio Roster as of 6/30/13

	Market Value 6/30/13 (\$ mm)	% of Asset Class	% of Retirement System	Target Allocation (%)	Target Range (%)	Market Value 3/31/13 (\$ mm)
Hedge Funds Assets¹	284.3	100.0	15.2	25	20-30	201.3
Arrowgrass International Fund Ltd	32.2	11.3	1.7			31.6
Pine River Fund Ltd	32.1	11.3	1.7			31.9
Davidson Kempner Institutional Partners, L.P.	31.2	11.0	1.7			30.5
DE Shaw	31.2	11.0	1.7			0.0
Brevan Howard Multi-Strategy Fund Ltd	30.7	10.8	1.6			31.0
Senator Global Opportunity Offshore Fund	20.7	7.3	1.1			0.0
Global Ascent Ltd	19.9	7.0	1.1			20.4
Sandler Plus Offshore Fund Ltd	19.7	6.9	1.1			0.0
Amici Offshore, Ltd.	19.5	6.9	1.0			20.3
BlueCrest	17.1	6.0	0.9			0.0
CCP Quantitative Fund	16.5	5.8	0.9			20.0
Kepos Alpha Fund	13.5	4.8	0.7			15.4

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



San Jose Federated City Employees' Retirement System

Aggregate Assets Portfolio Roster as of 6/30/13

	Market Value 6/30/13 (\$ mm)	% of Asset Class	% of Retirement System	Target Allocation (%)	Target Range (%)	Market Value 3/31/13 (\$ mm)
Real Assets	250.5	100.0	13.4	20	15-25	277.8
Commodities¹	170.2	67.9	9.1			187.8
CS Risk Parity Commodity Index	93.8	37.4	5.0			101.3
First Quadrant Risk Parity Commodity Index	76.4	30.5	4.1			86.5
Natural Resources	80.3	32.1	4.3			90.0
Northern Trust Global LargeMid NR	80.3	32.1	4.3			90.0
Fixed Income Assets	331.3	100.0	17.7	10	5-20	348.2
Public Fixed Income	226.0	100.0	12.1	NA	NA	231.4
Northern Trust Intermediate Gov't 1-10 Year ¹	113.6	50.3	6.1			115.2
Russell Investments Barclays U.S. TIPS	112.3	49.7	6.0			116.2
Private Debt²	105.3	100.0	5.6	NA	NA	116.8
White Oak Direct Lending Account	41.5	39.4	2.2			46.5
GSO Direct Lending Account	32.6	31.0	1.7			35.5
Medley Opportunity Fund II	31.1	29.6	1.7			34.7
Cash³	70.6	100.0	3.8	NA	NA	139.1
<i>Russell Investments Overlay Equitized Cash</i>						81.5

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

² Fair values are based on manager reported value as of 3/31/13, adjusted for cash flows through 6/30/13.

³ Cash includes the cash account, cash equitized in the Russell Investments Overlay program, cash from private manager distributions, and residuals from the Terminated Manager Account. As of 6/30/13, Russell Investments Overlay equitized \$100.7 million in cash.



San Jose Federated City Employees' Retirement System

Aggregate Assets Performance as of 6/30/13

	2Q13 (%)	Cal YTD (%)	Fiscal YR ¹ / 1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Performance Inception Date	Since Inception (%)
Total Fund Aggregate²	-1.9	1.2	8.1	7.6	3.4	6.4	1/1/94	7.4
Net of Fees³	-1.9	1.1	8.0	7.5	3.2	6.2		7.1
Total Fund Aggregate ex Overlay	-1.8	1.0	7.2	7.6	3.4	6.4	1/1/94	7.4
Net of Fees ex Overlay	-1.8	1.0	7.1	7.4	3.2	6.2		7.1
<i>CPI (inflation)</i>	0.3	1.7	1.8	2.3	1.3	2.4		2.4
<i>San Jose FCERS Policy Benchmark⁴</i>	-0.2	3.1	8.8	9.0	4.2	6.5		7.3
<i>San Jose FCERS Custom Benchmark⁵</i>	-0.9	2.2	8.9	7.7	NA	NA		NA
<i>Public Plans > \$1 Billion Universe (Median)⁶</i>	0.0	5.0	12.4	11.6	5.2	7.5		NA

¹ Fiscal Year ends June 30.

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

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

⁴ Please see page 34 of the Plan Summary for composition of the Policy Benchmark.

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

⁶ Universe data provided by InvestMetrics. Returns are gross of fees.



	2Q13 (%)	Cal YTD (%)	Fiscal YR ¹ / 1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Performance Inception Date	Since Inception (%)
Total Fund Aggregate								
Equity and Real Estate Assets	0.3	6.6	16.5	NA	NA	NA	1/1/12	14.4
Global Equity	-0.5	6.6	17.8	13.0	NA	NA	5/1/10	8.0
<i>MSCI ACWI IMI</i>	-0.5	6.4	17.1	12.6	2.8	8.0		7.3
Real Estate ²	2.8	5.6	9.7	12.4	-3.8	6.5	1/1/94	8.2
<i>NCREIF Property (lagged one qtr.)</i>	2.9	5.5	10.7	13.1	2.8	8.6		9.3
Private Equity ³	3.6	6.4	9.6	12.2	3.9	NA	1/1/06	4.4
<i>Venture Economics PE Composite (lagged one qtr.)</i>	4.9	8.8	13.2	13.9	7.0	13.4		10.4
Hedge Fund Assets	-2.3	2.0	NA	NA	NA	NA	11/1/12	3.6
<i>HFRI Fund of Funds Composite</i>	0.1	3.5	7.4	3.0	-0.6	3.5		5.1
Real Assets	-9.8	-13.3	-10.1	0.8	NA	NA	5/1/10	-2.2
<i>Custom Risk Parity Benchmark⁴</i>	-7.5	-11.4	-7.8	NA	NA	NA		NA
<i>S&P Global Infrastructure Index</i>	-2.8	2.3	8.9	11.3	0.1	NA		6.5
<i>Dow Jones-UBS Commodity U.S. Index</i>	-9.5	-10.5	-8.1	-0.3	-11.8	1.2		-2.5
<i>CPI (inflation) + 5%</i>	1.5	4.2	6.8	7.4	6.4	7.6		7.3

¹ Fiscal Year ends June 30.

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

³ All manager returns are presented one quarter lagged.

⁴ Risk Parity Benchmark returns provided by Credit Suisse.



San Jose Federated City Employees' Retirement System

Aggregate Assets Performance as of 6/30/13

	2Q13 (%)	Cal YTD (%)	Fiscal YR ¹ / 1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Performance Inception Date	Since Inception (%)
Total Fund Aggregate (continued)								
Fixed Income	-0.9	-0.2	3.6	NA	NA	NA	1/1/12	4.5
Public Fixed Income	-2.3	-2.2	0.0	4.6	6.3	5.5	1/1/94	6.2
<i>Barclays U.S. TIPS</i>	-7.1	-7.4	-4.8	4.6	4.4	5.2		NA
<i>Barclays U.S. TIPS 1-5 Years</i>	-2.8	-2.4	-0.9	2.3	2.4	NA		NA
<i>Barclays Intermediate Gov't Bond Index</i>	-1.4	-1.2	-0.6	2.3	3.8	3.7		5.2
Private Debt ²	2.2	4.1	11.5	NA	NA	NA	12/1/10	6.8
3 Month Libor + 5%	1.3	2.6	5.4	5.4	5.8	NA		5.4
Russell Investments Overlay³	-0.1	0.2	0.8	NA	NA	NA	11/1/11	0.1

¹ Fiscal Year ends June 30.

² All manager returns are presented one quarter lagged.

³ Overlay returns provided by Russell Investments.



San Jose Federated City Employees' Retirement System

Aggregate Assets Performance as of 6/30/13

	2Q13 (%)	Cal YTD (%)	Fiscal YR ¹ / 1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Performance Inception Date	Since Inception (%)
Equity and Real Estate Assets	0.3	6.6	16.5	NA	NA	NA	1/1/12	14.4
Global Equity	-0.5	6.6	17.8	13.0	NA	NA	5/1/10	8.0
Northern Trust Russell 3000 Index	2.7	14.1	21.6	18.7	7.4	7.9	9/1/99	4.2
Net of Fees	2.7	14.1	21.5	18.7	7.4	7.9		4.2
<i>Russell 3000</i>	2.7	14.1	21.5	18.6	7.2	7.8		4.1
Northern Trust MSCI Emerging Markets Index	-8.1	-9.7	2.9	3.2	NA	NA	5/1/10	-0.2
Net of Fees	-8.1	-9.7	2.8	3.1	NA	NA		-0.3
<i>MSCI Emerging Markets</i>	-8.1	-9.6	2.9	3.4	-0.4	13.7		0.0
Artisan Global Value	3.8	13.6	28.3	NA	NA	NA	3/1/11	14.5
Net of Fees	3.6	13.3	27.7	NA	NA	NA		13.8
<i>MSCI ACWI Value</i>	0.2	6.6	17.8	11.7	2.3	7.7		3.2
<i>Peer Global Equity</i>	1.0	8.9	20.9	14.9	4.4	9.7		6.4
<i>Peer Ranking (percentile)</i>	13	11	5	NA	NA	NA		2
RS Investments Small Cap Value	5.7	19.7	36.2	NA	NA	NA	8/1/10	19.2
Net of Fees	5.6	19.5	35.7	NA	NA	NA		18.4
<i>Russell 2000 Value</i>	2.5	14.4	24.8	17.3	8.6	9.3		15.1
<i>Peer Small Cap Value</i>	3.4	16.9	27.2	19.2	10.4	11.6		17.1
<i>Peer Ranking (percentile)</i>	7	9	6	NA	NA	NA		12

¹ Fiscal Year ends June 30.



	2Q13 (%)	Cal YTD (%)	Fiscal YR ¹ / 1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Performance Inception Date	Since Inception (%)
Equity and Real Estate Assets (continued)								
Eagle Small Cap Growth	3.0	16.9	27.7	21.2	11.6	13.3	6/1/98	7.9
Net of Fees	2.9	16.4	27.1	20.5	11.0	12.6		7.3
<i>Russell 2000 Growth</i>	3.7	17.4	23.7	20.0	8.9	9.6		4.8
<i>Peer Small Cap Growth</i>	3.5	16.7	24.6	20.9	10.2	10.9		NA
<i>Peer Ranking (percentile)</i>	60	43	21	43	31	2		NA
Northern Trust EAFE Small Cap	-2.3	5.8	NA	NA	NA	NA	11/1/12	11.3
Net of Fees	-2.3	5.8	NA	NA	NA	NA		11.3
<i>MSCI EAFE Small Cap</i>	-2.5	5.7	20.9	11.9	2.5	10.4		11.1
Northern Trust MSCI EAFE Index	-0.8	4.4	NA	NA	NA	NA	11/1/12	10.3
Net of Fees	-0.8	4.4	NA	NA	NA	NA		10.3
<i>MSCI EAFE</i>	-1.0	4.1	18.6	10.0	-0.6	7.7		10.0
Northern Trust ACWI IMI Index	2.7	9.8	NA	NA	NA	NA	11/1/12	14.0
Net of Fees	2.7	9.8	NA	NA	NA	NA		14.0
<i>MSCI ACWI IMI</i>	-0.5	6.4	17.1	12.6	2.8	8.0		10.3

¹ Fiscal Year ends June 30.



San Jose Federated City Employees' Retirement System

Aggregate Assets Performance as of 6/30/13

	2Q13 (%)	Cal YTD (%)	Fiscal YR ¹ / 1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Performance Inception Date	Since Inception (%)
Equity and Real Estate Assets (continued)								
Real Estate²	2.8	5.6	9.7	12.4	-3.8	6.5	1/1/94	8.2
Core Real Estate	3.1	5.9	9.9	13.5	NA	NA	7/1/09	7.8
PRISA I	3.4	6.8	10.7	15.3	-1.4	NA	7/1/04	6.0
Net of Fees	3.1	6.3	9.7	14.2	-2.4	NA		5.0
<i>NCREIF ODCE Equal Weighted</i>	3.7	6.3	11.8	14.8	-0.6	6.5		6.1
American Core Realty Fund, LLC	3.4	5.9	11.4	13.7	-0.5	NA	1/1/07	2.5
Net of Fees	3.1	5.4	10.3	12.6	-1.6	NA		1.4
<i>NCREIF ODCE Equal Weighted</i>	3.7	6.3	11.8	14.8	-0.6	6.5		2.1

¹ Fiscal Year ends June 30.

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



	2Q13 (%)	Cal YTD (%)	Fiscal YR ¹ / 1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Performance Inception Date	Since Inception (%)
Equity and Real Estate Assets (continued)								
Private Real Estate^{2,3}	2.5	5.2	9.4	11.2	NA	NA	7/1/09	-2.7
DRA Growth & Income Fund V	0.6	1.9	3.7	5.5	-3.4	NA	1/1/06	1.3
<i>NCREIF Property (lagged one qtr.)</i>	2.9	5.5	10.7	13.1	2.8	8.6		6.3
Fidelity Real Estate Growth Fund III, L.P.	3.3	6.7	13.6	20.2	-17.8	NA	1/1/08	-20.6
<i>NCREIF Property (lagged one qtr.)</i>	2.9	5.5	10.7	13.1	2.8	8.6		2.9
DRA Growth & Income Fund VII	4.3	7.0	16.6	NA	NA	NA	4/1/12	15.1
<i>NCREIF Property (lagged one qtr.)</i>	2.9	5.5	10.7	13.1	2.8	8.6		10.8
DRA Growth & Income Fund VI	4.3	4.2	5.1	14.6	3.2	NA	1/1/08	3.7
<i>NCREIF Property (lagged one qtr.)</i>	2.9	5.5	10.7	13.1	2.8	8.6		2.9
GEAM Value Add Realty Partners, L.P.	0.0	14.4	28.2	19.4	-16.6	NA	1/1/07	-13.3
<i>NCREIF Property (lagged one qtr.)</i>	2.9	5.5	10.7	13.1	2.8	8.6		4.8

¹ Fiscal Year ends June 30.

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

³ Performance is net of fees.



	2Q13 (%)	Cal YTD (%)	Fiscal YR ¹ / 1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Performance Inception Date	Since Inception (%)
Equity and Real Estate Assets (continued)								
Private Equity^{2,3}	3.6	6.4	9.6	12.2	3.9	NA	1/1/06	4.4
Pantheon USA Fund VII	4.6	7.2	10.2	11.8	NA	NA	1/1/07	NA
<i>Venture Economics PE Composite (lagged one qtr.)</i>	4.9	8.8	13.2	13.9	7.0	13.4		9.2
Pathway Private Equity Fund VIII	5.7	9.9	10.9	15.3	NA	NA	8/1/04	NA
<i>Venture Economics PE Composite (lagged one qtr.)</i>	4.9	8.8	13.2	13.9	7.0	13.4		12.6
Pantheon Global Secondary Fund III	0.5	1.2	2.0	5.1	NA	NA	1/1/07	NA
<i>Venture Economics PE Composite (lagged one qtr.)</i>	4.9	8.8	13.2	13.9	7.0	13.4		9.2
Partners Group Secondary 2008	0.5	4.0	7.5	16.8	NA	NA	12/1/08	NA
<i>Venture Economics PE Composite (lagged one qtr.)</i>	4.9	8.8	13.2	13.9	7.0	13.4		7.6
Partners Group Secondary 2011	6.9	4.9	NA	NA	NA	NA	11/1/12	49.5
<i>Venture Economics PE Composite (lagged one qtr.)</i>	4.9	8.8	13.2	13.9	7.0	13.4		12.9
Great Hill Equity Partners IV	4.5	19.6	29.0	25.1	NA	NA	10/1/08	NA
<i>Venture Economics PE Composite (lagged one qtr.)</i>	4.9	8.8	13.2	13.9	7.0	13.4		7.3

¹ Fiscal Year ends June 30.

² All manager returns are presented one quarter lagged.

³ Returns are time-weighted and are shown beginning in July 2009. Meketa Investment Group recommends that the Trustees use dollar-weighted (IRR) returns as shown in the quarterly Private Markets report in order to evaluate private markets managers.

San Jose Federated City Employees' Retirement System

Aggregate Assets Performance as of 6/30/13

	2Q13 (%)	Cal YTD (%)	Fiscal YR ¹ / 1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Performance Inception Date	Since Inception (%)
Hedge Fund Assets	-2.3	2.0	NA	NA	NA	NA	11/1/12	3.6
Arrowgrass International Fund Ltd	2.0	5.4	NA	NA	NA	NA	11/1/12	7.5
<i>HFRI Relative Value Index</i>	-0.1	3.0	9.3	7.0	5.9	6.5		4.8
Pine River Fund Ltd	0.6	7.0	NA	NA	NA	NA	1/1/13	7.0
<i>HFRI Relative Value Index</i>	-0.1	3.0	9.3	7.0	5.9	6.5		3.0
Davidson Kempner Institutional Partners, L.P.	2.2	NA	NA	NA	NA	NA	2/1/13	4.0
<i>HFRI Event Driven Index</i>	1.6	5.4	12.2	6.6	4.5	7.5		3.0
DE Shaw	3.9	NA	NA	NA	NA	NA	4/1/13	3.9
<i>HFRI Fund Weighted Composite Index</i>	-0.3	3.3	8.0	4.8	2.5	6.2		-0.3
Brevan Howard Multi-Strategy Fund Ltd	-1.0	1.1	NA	NA	NA	NA	12/1/12	2.4
<i>HFRI Macro Index</i>	-2.1	-0.9	0.0	1.3	1.1	5.2		0.2
Senator Global Opportunity Offshore Fund	3.5	NA	NA	NA	NA	NA	4/1/13	3.5
<i>HFRI Event Driven Index</i>	1.6	5.4	12.2	6.6	4.5	7.5		1.6
Global Ascent Ltd	-2.8	NA	NA	NA	NA	NA	3/1/13	-0.6
<i>HFRI Macro Systematic Diversified</i>	-2.2	-0.9	-2.5	1.2	1.2	7.3		-1.3

¹ Fiscal Year ends June 30.



	2Q13 (%)	Cal YTD (%)	Fiscal YR ¹ / 1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Performance Inception Date	Since Inception (%)
Hedge Funds (continued)								
Sandler Plus Offshore Fund Ltd	NA	NA	NA	NA	NA	NA	5/1/13	-1.3
<i>HFRI Equity Hedge (Long/Short Equity)</i>	0.1	5.1	10.7	5.3	1.6	5.6		-0.3
Amici Offshore, Ltd.	-3.6	NA	NA	NA	NA	NA	3/1/13	-1.9
<i>HFRI Equity Hedge (Long/Short Equity)</i>	0.1	5.1	10.7	5.3	1.6	5.6		1.3
BlueCrest	-14.7	NA	NA	NA	NA	NA	4/1/13	-14.7
<i>Barclay BTOP50 Index</i>	-1.4	0.5	-1.1	0.6	0.0	3.1		-1.4
CCP Quantitative Fund	-17.7	NA	NA	NA	NA	NA	4/1/13	-17.7
<i>Barclay BTOP50 Index</i>	-1.4	0.5	-1.1	0.6	0.0	3.1		-1.4
Kepos Alpha Fund	-12.4	NA	NA	NA	NA	NA	3/1/13	-9.9
<i>HFRI Macro Systematic Diversified</i>	-2.2	-0.9	-2.5	1.2	1.2	7.3		-1.3

¹ Fiscal Year ends June 30.



San Jose Federated City Employees' Retirement System

Aggregate Assets Performance as of 6/30/13

	2Q13 (%)	Cal YTD (%)	Fiscal YR ¹ / 1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Performance Inception Date	Since Inception (%)
Real Assets	-9.8	-13.3	-10.1	0.8	NA	NA	5/1/10	-2.2
Commodities	-9.4	-13.8	-10.9	0.0	NA	NA	5/1/10	-2.1
CS Risk Parity Commodity Index ²	-7.4	-11.4	-7.4	NA	NA	NA	4/1/11	-9.8
<i>Custom Risk Parity Benchmark³</i>	-7.5	-11.4	-7.8	NA	NA	NA		-9.9
<i>Dow Jones-UBS Commodity U.S. Index</i>	-9.5	-10.5	-8.1	-0.3	-11.8	1.2		-12.8
First Quadrant Risk Parity Commodity Index ²	-11.7	-16.5	-15.1	NA	NA	NA	4/1/11	-14.5
<i>Custom Risk Parity Benchmark³</i>	-7.5	-11.4	-7.8	NA	NA	NA		-9.9
<i>Dow Jones-UBS Commodity U.S. Index</i>	-9.5	-10.5	-8.1	-0.3	-11.8	1.2		-12.8
Natural Resources	-10.8	-12.3	NA	NA	NA	NA	11/1/12	-11.4
Northern Trust Global LargeMid NR	-10.8	-12.8	NA	NA	NA	NA	11/1/12	-11.8
Net of Fees	-10.8	-12.8	NA	NA	NA	NA		-11.8
<i>S&P Global LargeMid Cap Commodities and Resources</i>	-10.8	-13.0	-5.5	5.3	-6.3	NA		-11.9

¹ Fiscal Year ends June 30.

² Performance is net of fees.

³ Risk Parity Benchmark returns provided by Credit Suisse.



San Jose Federated City Employees' Retirement System

Aggregate Assets Performance as of 6/30/13

	2Q13 (%)	Cal YTD (%)	Fiscal YR ¹ / 1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Performance Inception Date	Since Inception (%)
Fixed Income	-0.9	-0.2	3.6	NA	NA	NA	1/1/12	4.5
Public Fixed Income	-2.3	-2.2	0.0	4.6	6.3	5.5	1/1/94	6.2
Northern Trust Intermediate Gov't 1-10 Year	-1.4	-1.3	NA	NA	NA	NA	10/1/12	-1.2
Net of Fees	-1.4	-1.3	NA	NA	NA	NA		-1.2
<i>Barclays Intermediate Gov't Bond Index</i>	-1.4	-1.2	-0.6	2.3	3.8	3.7		-1.2
Russell Investments Barclays U.S. TIPS	-3.3	-3.1	-1.4	4.4	NA	NA	5/1/10	4.6
Net of Fees	-3.3	-3.1	-1.4	4.3	NA	NA		4.5
<i>TIPS Blended Benchmark²</i>	-4.9	-4.9	-2.8	4.2	NA	NA		4.4
<i>Barclays U.S. TIPS</i>	-7.1	-7.4	-4.8	4.6	4.4	5.2		4.9
<i>Barclays U.S. TIPS 1-5 Years</i>	-2.8	-2.4	-0.9	2.3	2.4	NA		2.2
Private Debt³	2.2	4.1	11.5	NA	NA	NA	12/1/10	6.8
White Oak Direct Lending Account	2.3	3.9	15.0	NA	NA	NA	2/1/11	3.8
<i>3 Month Libor + 5%</i>	1.3	2.6	5.4	5.4	5.8	NA		5.4
GSO Direct Lending Account	1.9	4.0	14.0	NA	NA	NA	3/1/11	18.3
<i>3 Month Libor + 5%</i>	1.3	2.6	5.4	5.4	5.8	NA		5.4
Medley Opportunity Fund II	1.9	3.8	9.7	NA	NA	NA	6/1/11	6.9
<i>3 Month Libor + 5%</i>	1.3	2.6	5.4	5.4	5.8	NA		5.4

¹ Fiscal Year ends June 30.

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

³ All manager returns are presented one quarter lagged.



San Jose Federated City Employees' Retirement System

Aggregate Assets Calendar Year Performance

	2012 (%)	2011 (%)	2010 (%)	2009 (%)	2008 (%)	2007 (%)	2006 (%)	2005 (%)	2004 (%)	2003 (%)
Total Fund Aggregate¹	9.7	-1.5	13.0	19.4	-23.8	8.8	13.0	6.7	11.4	24.4
Net of Fees¹	9.6	-1.6	12.8	19.1	-24.0	8.5	12.7	6.4	11.1	24.0
Total Fund Aggregate ex Overlay¹	9.7	-1.4	13.0	19.4	-23.8	8.8	13.0	6.7	11.4	24.4
Net of Fees ex Overlay	9.6	-1.6	12.8	19.1	-24.0	8.5	12.7	6.4	11.1	24.0
<i>CPI (inflation)</i>	1.7	3.0	1.5	2.7	0.1	4.1	2.5	3.4	3.3	1.9
<i>San Jose FCERS Policy Benchmark²</i>	9.4	-1.7	14.4	19.0	-22.8	8.2	13.5	6.7	10.8	20.6
<i>San Jose FCERS Custom Benchmark³</i>	10.2	-2.6	NA	NA	NA	NA	NA	NA	NA	NA
<i>Public Plans > \$1 Billion Universe (Median)⁴</i>	13.4	0.7	12.5	19.4	-24.2	7.9	NA	NA	NA	NA

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

² Please see page 34 of the Plan Summary for composition of the Policy Benchmark.

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

⁴ Universe data provided by InvestMetrics.



San Jose Federated City Employees' Retirement System

Aggregate Assets Calendar Year Performance

	2012 (%)	2011 (%)	2010 (%)	2009 (%)	2008 (%)	2007 (%)	2006 (%)	2005 (%)	2004 (%)	2003 (%)
Total Fund Aggregate										
Equity and Real Estate Assets	14.8	NA	NA	NA	NA	NA	NA	NA	NA	NA
Global Equity	16.0	-6.9	NA	NA	NA	NA	NA	NA	NA	NA
<i>MSCI ACWI IMI</i>	16.4	-7.9	14.3	36.4	-42.3	11.2	20.9	11.5	16.4	35.5
Real Estate ¹	8.9	14.9	7.7	-37.7	-5.4	23.4	13.2	22.9	10.3	28.7
<i>NCREIF Property (lagged one qtr.)</i>	10.5	14.3	13.1	-16.9	-6.5	15.8	16.6	20.1	14.5	9.0
Private Equity ²	9.5	15.6	10.9	-13.5	-4.0	15.5	-3.5	NA	NA	NA
<i>Venture Economics PE Composite (lagged one qtr.)</i>	14.5	12.0	15.7	-6.6	-7.1	26.6	18.6	30.4	15.9	7.3
Hedge Funds	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>HFRI Fund of Funds Composite</i>	4.8	-5.7	5.7	11.5	-21.4	10.3	10.4	7.5	6.9	11.6
Real Assets	0.2	-6.5	NA	NA	NA	NA	NA	NA	NA	NA
<i>Custom Risk Parity Benchmark³</i>	1.3	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>S&P Global Infrastructure Index</i>	11.1	-0.4	5.8	25.3	-39.0	23.2	NA	NA	NA	NA
<i>Dow Jones-UBS Commodity U.S. Index</i>	-1.1	-13.4	16.7	18.7	-36.6	11.1	-2.7	21.4	9.1	23.9
<i>CPI (inflation) + 5%</i>	6.8	8.1	6.6	7.8	5.1	9.3	7.7	8.7	8.5	7.1

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

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

³ Risk Parity Benchmark returns provided by Credit Suisse.



	2012 (%)	2011 (%)	2010 (%)	2009 (%)	2008 (%)	2007 (%)	2006 (%)	2005 (%)	2004 (%)	2003 (%)
Total Fund Aggregate (continued)										
Fixed Income	7.1	NA	NA	NA	NA	NA	NA	NA	NA	NA
Public Fixed Income	5.4	8.7	7.2	15.9	-1.3	6.7	5.8	0.8	6.3	9.0
<i>Barclays U.S. TIPS</i>	7.0	13.6	6.3	11.4	-2.4	11.6	0.4	2.8	8.5	8.4
<i>Barclays U.S. TIPS 1-5 Years</i>	2.7	4.9	3.9	11.5	-2.5	10.3	2.4	1.6	NA	NA
<i>Barclays Intermediate Gov't Bond Index</i>	1.7	6.1	5.0	-0.3	10.4	8.5	3.8	1.7	2.3	2.3
Private Debt ¹	10.8	2.8	NA	NA	NA	NA	NA	NA	NA	NA
<i>3 Month Libor + 5%</i>	5.5	5.4	5.3	5.9	8.7	10.7	10.5	8.6	NA	NA

¹ 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.

San Jose Federated City Employees' Retirement System

Aggregate Assets Calendar Year Performance

	2012 (%)	2011 (%)	2010 (%)	2009 (%)	2008 (%)	2007 (%)	2006 (%)	2005 (%)	2004 (%)	2003 (%)
Equity and Real Estate Assets	14.8	NA	NA	NA	NA	NA	NA	NA	NA	NA
Global Equity	16.0	-6.9	NA	NA	NA	NA	NA	NA	NA	NA
Northern Trust Russell 3000 Index	16.5	1.1	17.2	28.9	-37.3	5.3	15.8	6.2	12.0	31.2
Net of Fees	16.5	1.1	17.2	28.9	-37.3	5.2	15.8	6.2	12.0	31.1
<i>Russell 3000</i>	16.4	1.0	16.9	28.3	-37.3	5.1	15.7	6.1	11.9	31.1
Northern Trust MSCI Emerging Markets Index	18.3	-18.7	NA	NA	NA	NA	NA	NA	NA	NA
Net of Fees	18.2	-18.8	NA	NA	NA	NA	NA	NA	NA	NA
<i>MSCI Emerging Markets</i>	18.2	-18.4	18.9	78.5	-53.3	39.4	32.2	34.0	25.6	55.8
Artisan Global Value	20.8	NA	NA	NA	NA	NA	NA	NA	NA	NA
Net of Fees	20.2	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>MSCI ACWI Value</i>	15.6	-7.3	10.2	31.7	-41.5	6.7	25.6	10.8	19.1	39.0
RS Investments Small Cap Value	21.6	-7.1	NA	NA	NA	NA	NA	NA	NA	NA
Net of Fees	20.9	-7.9	NA	NA	NA	NA	NA	NA	NA	NA
<i>Russell 2000 Value</i>	18.1	-5.5	24.5	20.6	-28.9	-9.8	23.5	4.7	22.2	46.0
Eagle Small Cap Growth	17.7	-2.3	34.4	40.3	-35.8	12.7	21.4	4.2	20.8	44.7
Net of Fees	17.3	-2.9	33.7	39.5	-36.1	12.0	20.7	3.6	20.0	43.8
<i>Russell 2000 Growth</i>	14.6	-2.9	29.1	34.5	-38.5	7.0	13.3	4.2	14.3	48.5



San Jose Federated City Employees' Retirement System

Aggregate Assets Calendar Year Performance

	2012 (%)	2011 (%)	2010 (%)	2009 (%)	2008 (%)	2007 (%)	2006 (%)	2005 (%)	2004 (%)	2003 (%)
Equity and Real Estate Assets (continued)										
Northern Trust EAFE Small Cap	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Net of Fees	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>MSCI EAFE Small Cap</i>	20.0	-15.9	22.0	46.8	-47.0	1.4	19.3	26.2	30.8	61.3
Northern Trust MSCI EAFE Index	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Net of Fees	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>MSCI EAFE</i>	17.3	-12.1	7.7	31.8	-43.4	11.2	26.3	13.5	20.2	38.6
Real Estate¹	8.9	14.9	7.7	-37.7	-5.4	23.4	13.2	22.9	10.3	28.7
Core Real Estate	9.3	16.3	14.2	NA	NA	NA	NA	NA	NA	NA
PRISA I	9.7	19.1	18.4	-34.2	-13.0	17.5	16.2	23.3	NA	NA
Net of Fees	8.7	17.9	17.0	-34.9	-13.7	16.5	15.1	22.1	NA	NA
<i>NCREIF ODCE Equal Weighted</i>	11.0	16.0	16.1	-30.7	-10.4	16.1	16.1	20.2	12.6	9.1
American Core Realty Fund, LLC	11.3	15.1	11.2	-30.0	-5.3	17.3	NA	NA	NA	NA
Net of Fees	10.2	13.8	10.1	-30.7	-6.3	16.2	NA	NA	NA	NA
<i>NCREIF ODCE Equal Weighted</i>	11.0	16.0	16.1	-30.7	-10.4	16.1	16.1	20.2	12.6	9.1

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



San Jose Federated City Employees' Retirement System

Aggregate Assets Calendar Year Performance

	2012 (%)	2011 (%)	2010 (%)	2009 (%)	2008 (%)	2007 (%)	2006 (%)	2005 (%)	2004 (%)	2003 (%)
Equity and Real Estate Assets (continued)										
Private Real Estate	8.6	13.7	1.8	NA	NA	NA	NA	NA	NA	NA
DRA Growth & Income Fund V ¹	4.8	7.2	-1.0	-24.3	2.8	18.7	5.3	NA	NA	NA
<i>NCREIF Property (lagged one qtr.)</i>	10.5	14.3	13.1	-16.9	-6.5	15.8	16.6	20.1	14.5	9.0
Fidelity Real Estate Growth Fund III, L.P. ¹	14.7	9.6	38.3	-77.5	-32.6	NA	NA	NA	NA	NA
<i>NCREIF Property (lagged one qtr.)</i>	10.5	14.3	13.1	-16.9	-6.5	15.8	16.6	20.1	14.5	9.0
DRA Growth & Income Fund VII	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>NCREIF Property (lagged one qtr.)</i>	10.5	14.3	13.1	-16.9	-6.5	15.8	16.6	20.1	14.5	9.0
DRA Growth & Income Fund VI ¹	3.2	29.8	-0.1	-19.8	9.0	NA	NA	NA	NA	NA
<i>NCREIF Property (lagged one qtr.)</i>	10.5	14.3	13.1	-16.9	-6.5	15.8	16.6	20.1	14.5	9.0
GEAM Value Add Realty Partners, L.P.	15.2	10.6	5.0	-66.3	-22.2	-1.6	NA	NA	NA	NA
<i>NCREIF Property (lagged one qtr.)</i>	10.5	14.3	13.1	-16.9	-6.5	15.8	16.6	20.1	14.5	9.0

¹ Performance is net of fees.



San Jose Federated City Employees' Retirement System

Aggregate Assets Calendar Year Performance

	2012 (%)	2011 (%)	2010 (%)	2009 (%)	2008 (%)	2007 (%)	2006 (%)	2005 (%)	2004 (%)	2003 (%)
Equity and Real Estate Assets (continued)										
Private Equity¹	9.5	15.6	10.9	-13.5	-4.0	15.5	-3.5	NA	NA	NA
Pantheon USA Fund VII	11.1	14.5	7.1	NA	NA	NA	NA	NA	NA	NA
<i>Venture Economics PE Composite (lagged one qtr.)</i>	14.5	12.0	15.7	-6.6	-7.1	26.6	18.6	30.4	15.9	7.3
Pathway Private Equity Fund VIII	12.0	15.8	16.8	NA	NA	NA	NA	NA	NA	NA
<i>Venture Economics PE Composite (lagged one qtr.)</i>	14.5	12.0	15.7	-6.6	-7.1	26.6	18.6	30.4	15.9	7.3
Pantheon Global Secondary Fund III	0.9	11.6	5.4	NA	NA	NA	NA	NA	NA	NA
<i>Venture Economics PE Composite (lagged one qtr.)</i>	14.5	12.0	15.7	-6.6	-7.1	26.6	18.6	30.4	15.9	7.3
Partners Group Secondary 2008	6.0	24.5	20.1	NA	NA	NA	NA	NA	NA	NA
<i>Venture Economics PE Composite (lagged one qtr.)</i>	14.5	12.0	15.7	-6.6	-7.1	26.6	18.6	30.4	15.9	7.3
Partners Group Secondary 2011	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>Venture Economics PE Composite (lagged one qtr.)</i>	14.5	12.0	15.7	-6.6	-7.1	26.6	18.6	30.4	15.9	7.3
Great Hill Equity Partners IV	17.8	43.3	7.4	NA	NA	NA	NA	NA	NA	NA
<i>Venture Economics PE Composite (lagged one qtr.)</i>	14.5	12.0	15.7	-6.6	-7.1	26.6	18.6	30.4	15.9	7.3

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



	2012 (%)	2011 (%)	2010 (%)	2009 (%)	2008 (%)	2007 (%)	2006 (%)	2005 (%)	2004 (%)	2003 (%)
Hedge Funds										
Arrowgrass International Fund Ltd	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>HFRI Relative Value Index</i>	10.6	0.2	11.4	25.8	-18.0	8.9	12.3	6.0	5.6	9.7
Pine River Fund Ltd	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>HFRI Relative Value Index</i>	10.6	0.2	11.4	25.8	-18.0	8.9	12.3	6.0	5.6	9.7
Davidson Kempner Institutional Partners, L.P.	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>HFRI Event Driven Index</i>	8.9	-3.3	11.9	25.1	-21.8	6.6	15.3	7.3	15.0	25.3
DE Shaw	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>HFRI Fund Weighted Composite Index</i>	6.4	-5.2	10.2	20.0	-19.0	10.0	12.9	9.3	9.0	19.6
Brevan Howard Multi-Strategy Fund Ltd	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>HFRI Macro Index</i>	-0.1	-4.1	8.1	4.3	4.8	11.1	8.2	6.8	4.6	21.4
Senator Global Opportunity Offshore Fund	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>HFRI Event Driven Index</i>	8.9	-3.3	11.9	25.1	-21.8	6.6	15.3	7.3	15.0	25.3
Global Ascent Ltd	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>HFRI Macro Systematic Diversified</i>	-2.5	-3.5	9.8	-1.7	18.1	10.4	16.9	14.4	6.4	15.4
Sandler Plus Offshore Fund Ltd	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>HFRI Equity Hedge (Long/Short Equity)</i>	7.4	-8.4	10.5	24.6	-26.6	10.5	11.7	10.6	7.7	20.5

San Jose Federated City Employees' Retirement System

Aggregate Assets Calendar Year Performance

	2012 (%)	2011 (%)	2010 (%)	2009 (%)	2008 (%)	2007 (%)	2006 (%)	2005 (%)	2004 (%)	2003 (%)
Hedge Funds (continued)										
Amici Offshore, Ltd.	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>HFRI Equity Hedge (Long/Short Equity)</i>	7.4	-8.4	10.5	24.6	-26.6	10.5	11.7	10.6	7.7	20.5
BlueCrest	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>Barclay BTOP50 Index</i>	-1.8	-4.2	6.4	-4.8	13.6	7.6	5.6	2.8	0.9	15.5
CCP Quantitative Fund	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>Barclay BTOP50 Index</i>	-1.8	-4.2	6.4	-4.8	13.6	7.6	5.6	2.8	0.9	15.5
Kepos Alpha Fund	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>HFRI Macro Systematic Diversified</i>	-2.5	-3.5	9.8	-1.7	18.1	10.4	16.9	14.4	6.4	15.4
Real Assets	0.2	-6.5	NA	NA	NA	NA	NA	NA	NA	NA
Commodities	-1.3	-9.0	NA	NA	NA	NA	NA	NA	NA	NA
Credit Suisse Compound Risk Parity Commodity Index ¹	1.6	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>Custom Risk Parity Benchmark²</i>	1.3	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>Dow Jones-UBS Commodity U.S. Index</i>	-1.1	-13.4	16.7	18.7	-36.6	11.1	-2.7	21.4	9.1	23.9
First Quadrant Risk Parity Commodity Index ¹	-4.7	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>Custom Risk Parity Benchmark²</i>	1.3	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>Dow Jones-UBS Commodity U.S. Index</i>	-1.1	-13.4	16.7	18.7	-36.6	11.1	-2.7	21.4	9.1	23.9

¹ Performance is net of fees.

² Risk Parity Benchmark returns provided by Credit Suisse.



San Jose Federated City Employees' Retirement System

Aggregate Assets Calendar Year Performance

	2012 (%)	2011 (%)	2010 (%)	2009 (%)	2008 (%)	2007 (%)	2006 (%)	2005 (%)	2004 (%)	2003 (%)
Real Assets (continued)										
Natural Resources	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Northern Trust Global LargeMid NR	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Net of Fees	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>S&P Global LargeMid Cap Commodities and Resources</i>	7.1	-12.9	19.5	57.8	-46.1	59.3	30.5	29.1	NA	NA
Fixed Income	7.1	NA	NA	NA	NA	NA	NA	NA	NA	NA
Public Fixed Income	5.4	8.7	7.2	15.9	-1.3	6.7	5.8	0.8	6.3	9.0
Northern Trust Intermediate Gov't 1-10 Year	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Net of Fees	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>Barclays Intermediate Gov't Bond Index</i>	1.7	6.1	5.0	-0.3	10.4	8.5	3.8	1.7	2.3	2.3
Russell Investments Barclays U.S. TIPS	3.4	11.2	NA	NA	NA	NA	NA	NA	NA	NA
Net of Fees	3.4	11.2	NA	NA	NA	NA	NA	NA	NA	NA
<i>TIPS Blended Benchmark¹</i>	4.8	11.2	NA	NA	NA	NA	NA	NA	NA	NA
<i>Barclays U.S. TIPS</i>	7.0	13.6	6.3	11.4	-2.4	11.6	0.4	2.8	8.5	8.4
<i>Barclays U.S. TIPS 1-5 Years</i>	2.7	4.9	3.9	11.5	-2.5	10.3	2.4	1.6	NA	NA

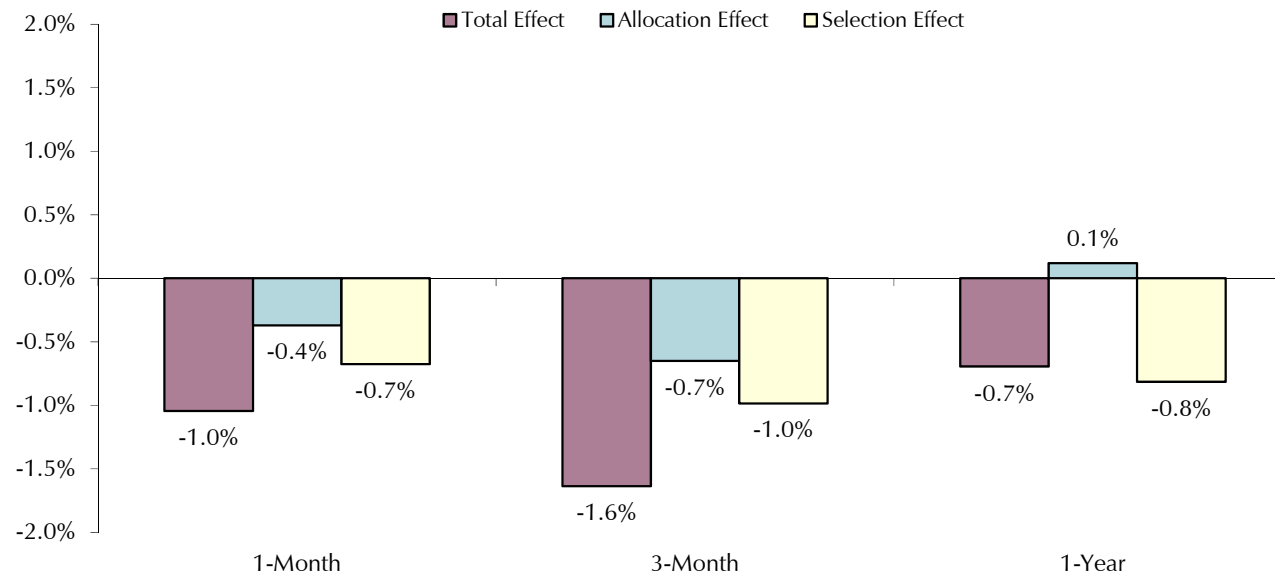
¹ The TIPS Blended Benchmark Consists of 50% Barclays U.S. TIPS & 50% Barclays U.S. TIPS 1-5 years. Prior to January 1, 2012, it was comprised of 100% Russell Investments Barclays U.S. TIPS.



	2012 (%)	2011 (%)	2010 (%)	2009 (%)	2008 (%)	2007 (%)	2006 (%)	2005 (%)	2004 (%)	2003 (%)
Fixed Income (continued)										
Private Debt¹	10.8	2.8	NA	NA	NA	NA	NA	NA	NA	NA
White Oak Direct Lending Account	2.7	NA	NA	NA	NA	NA	NA	NA	NA	NA
3 Month Libor + 5%	5.5	5.4	5.3	5.9	8.7	10.7	10.5	8.6	NA	NA
GSO Direct Lending Account	16.2	NA	NA	NA	NA	NA	NA	NA	NA	NA
3 Month Libor + 5%	5.5	5.4	5.3	5.9	8.7	10.7	10.5	8.6	NA	NA
Medley Opportunity Fund II	11.0	NA	NA	NA	NA	NA	NA	NA	NA	NA
3 Month Libor + 5%	5.5	5.4	5.3	5.9	8.7	10.7	10.5	8.6	NA	NA

¹ 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.

Performance Attribution: Total Fund vs. Policy Benchmark
as of 6/30/13



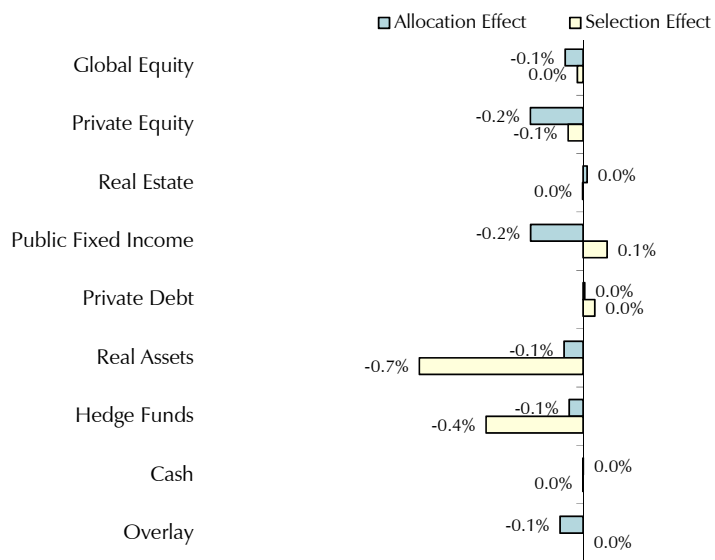
Total Effect: The total effect is the difference between the performance of the total fund and the return for the policy benchmark. The total effect is calculated by adding the allocation effect and the selection effect.

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

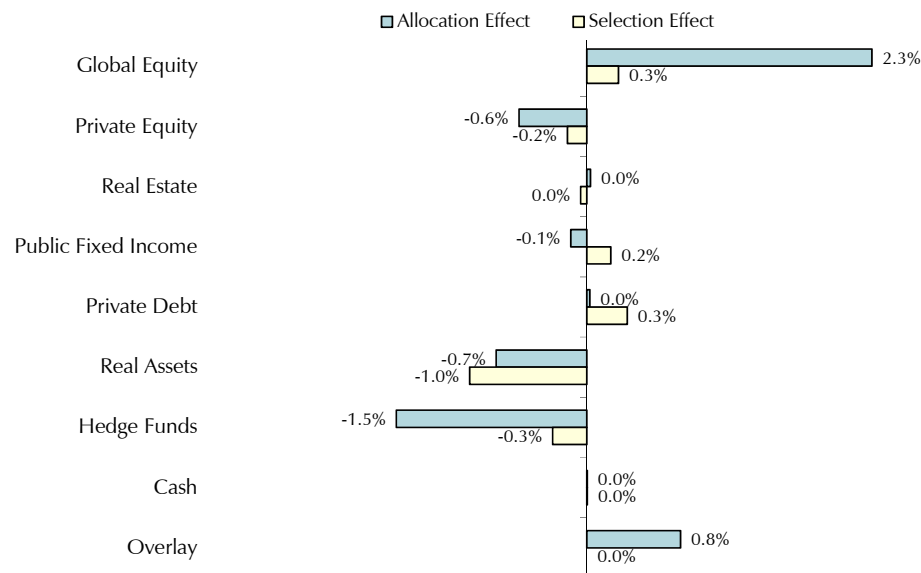
Selection Effect: The selection effect measures the contribution of active management. For this analysis, the interaction effect, which measures the combined impact of selection and allocation, is included in the selection effect. Therefore, the selection effect is calculated by subtracting the Custom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

Performance Attribution (Total Fund): Asset Class vs. Policy Benchmark
as of 6/30/13

2Q13



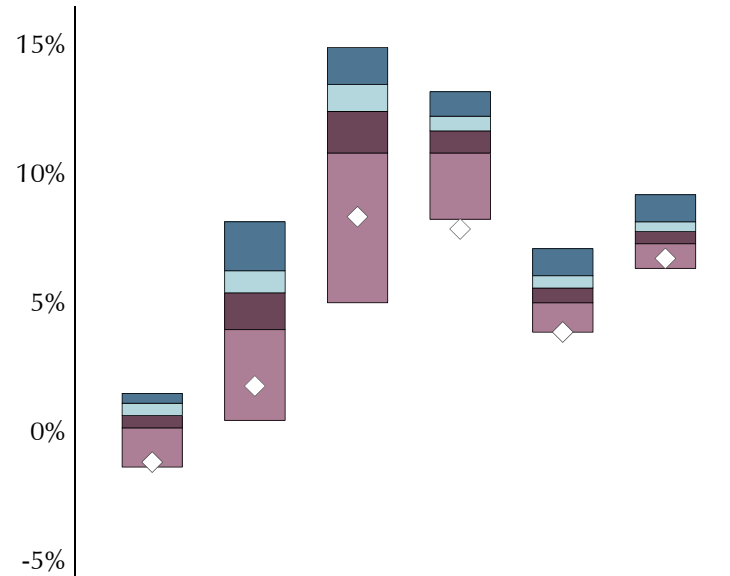
Fiscal Year (1-Year)



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

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

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

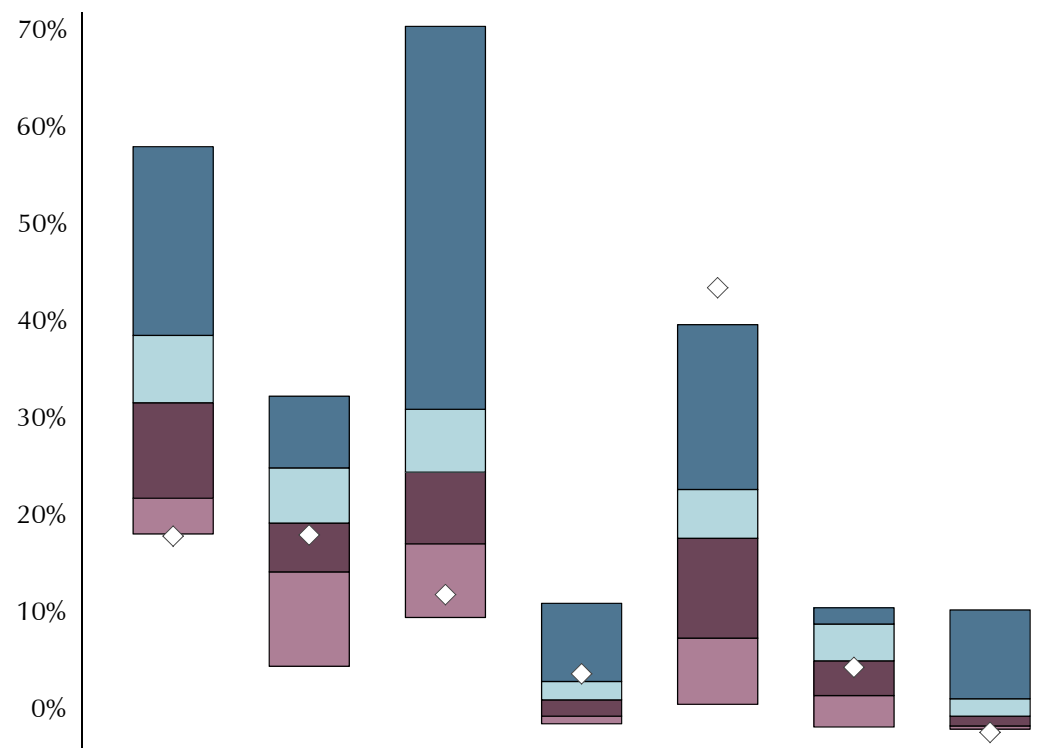


	2Q13 (%)	YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)
Total Fund Aggregate (Gross of Fees)¹	-1.9	1.2	8.1	7.6	3.4	6.4
25th percentile	0.5	5.9	13.5	12.2	5.7	7.9
Median	0.0	5.0	12.4	11.6	5.2	7.5
75 Percentile	-0.5	3.5	10.7	10.7	4.6	7.0

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



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



	US Equity	Intl. Equity	US Fixed Income	Intl. Fixed Income	Alternative Inv.	Real Estate	Cash
San Jose Allocation (Russell Overlay Net Position)	17.9	18.0	12.5	5.2	40.8	5.8	-0.2
1 st Quartile	36.4	24.2	29.6	4.5	22.2	9.8	2.9
Median	30.2	19.1	23.8	2.8	17.7	6.4	1.3
3 rd Quartile	21.4	14.6	17.2	1.3	8.5	3.2	0.4
Population	39	38	42	22	28	26	21

¹ Universe data provided by InvestMetrics.

² Based on Russell Investments overlay net positions as of 6/30/13.



San Jose Federated City Employees' Retirement System

Policy Benchmark Description as of 6/30/13

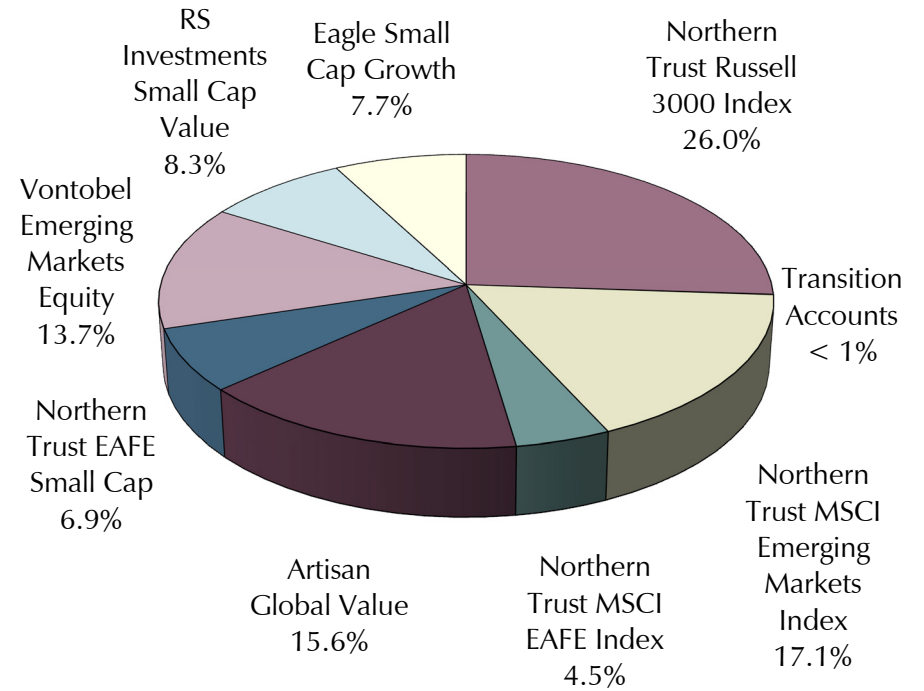
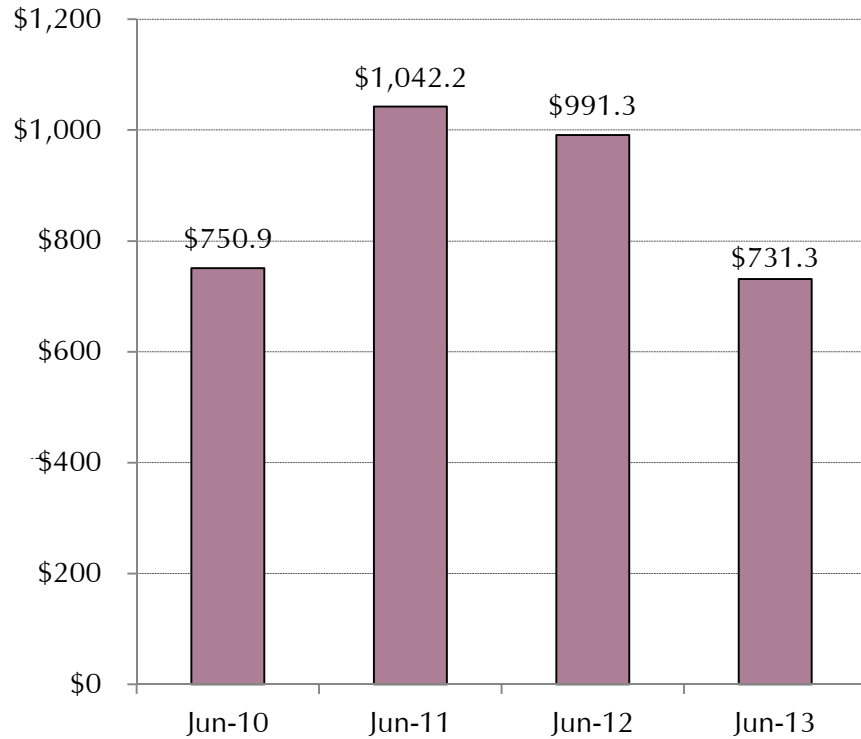
Time Period	Composition
1/1/2012-Present	31% MSCI ACWI IMI
	9 Venture Economics Private Equity
	5 NCREIF Property
	2.5 Barclays Intermediate Government
	1.25 Barclays U.S. TIPS
	1.25 Barclays U.S. TIPS 1-5 Years
	5 3-Month LIBOR + 5%
	10 Risk Parity Commodities
	10 CPI-U + 5%
	25 HFRI Fund of Funds Composite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

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

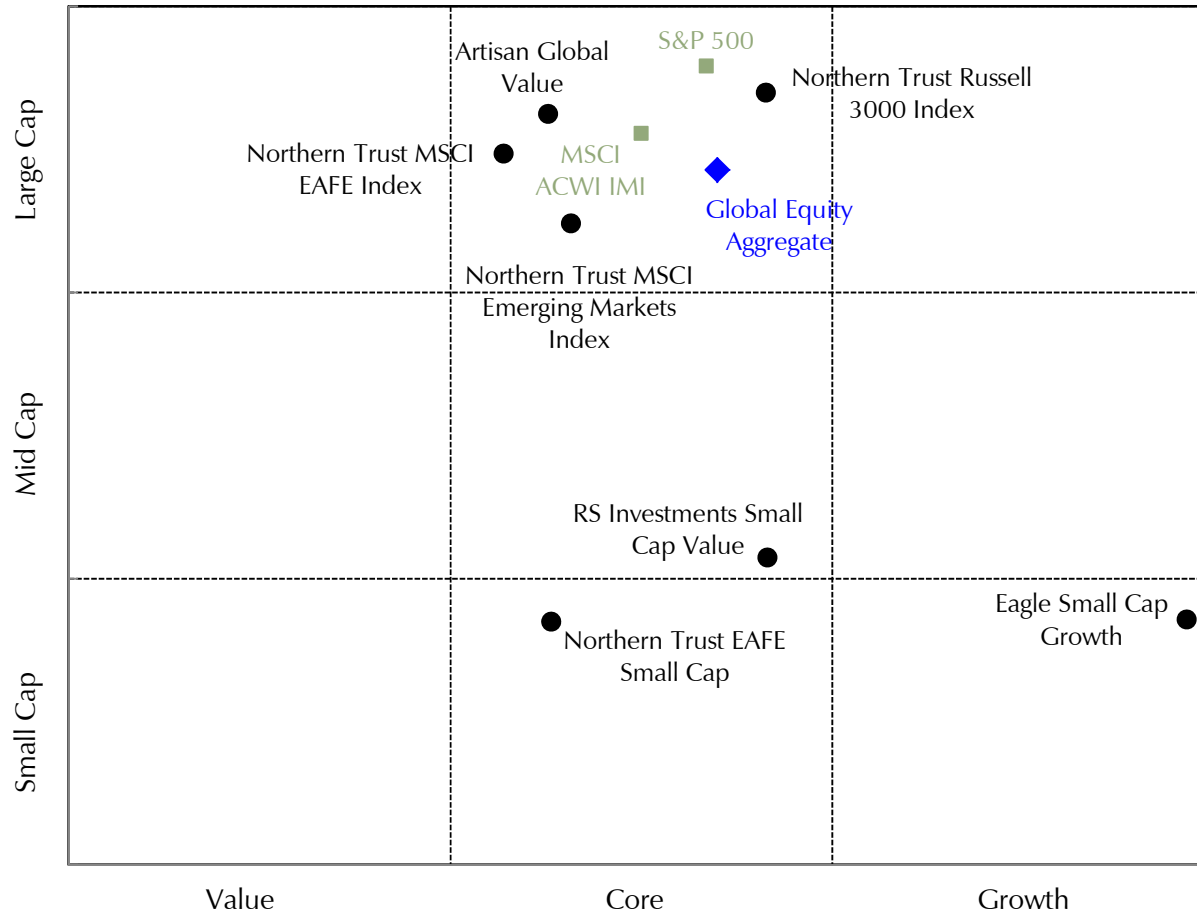


Plan Detail

**Global Equity Assets
As of June 30, 2013**



Risk: (thirty-eight months)	Aggregate Global Equity 6/30/13	MSCI ACWI IMI 6/30/13
Annualized Return (%)	8.0	7.3
Standard Deviation (%)	17.3	18.4
Best Monthly Return (%)	10.5	10.8
Worst Monthly Return (%)	-9.4	-9.8
Beta	0.93	1.00
Correlation (R ²) to Index	0.99	1.00
Correlation to Total Fund Return	0.98	NA
Sharpe Measure (risk-adjusted return)	0.46	0.39
Information Ratio	0.32	NA



	Aggregate Global Equity 6/30/13	MSCI ACWI IMI 6/30/13	Aggregate Global Equity 3/31/13
Capitalization Structure:			
Weighted Average Market Cap. (US\$ billion)	48.4	63.1	49.6
Median Market Cap. (US\$ billion)	1.7	1.2	1.1
Large (% over US\$10 billion)	56	72	57
Medium (% US\$2 billion to US\$10 billion)	28	20	27
Small (% under US\$2 billion)	16	8	16
Fundamental Structure:			
Price-Earnings Ratio	22	21	22
Price-Book Value Ratio	3.6	3.5	3.6
Dividend Yield (%)	2.2	2.6	2.2
Historical Earnings Growth Rate (%)	10	9	9
Projected Earnings Growth Rate (%)	12	11	12

Diversification:	Aggregate Global Equity 6/30/13	MSCI ACWI IMI 6/30/13	Aggregate Global Equity 3/31/13
Number of Holdings	6,570	8,446	8,789
% in 5 largest holdings	5	4	4
% in 10 largest holdings	8	7	7

Largest Five Holdings:

Microsoft
Google
Johnson & Johnson
Oracle
TE Connectivity

% of Portfolio

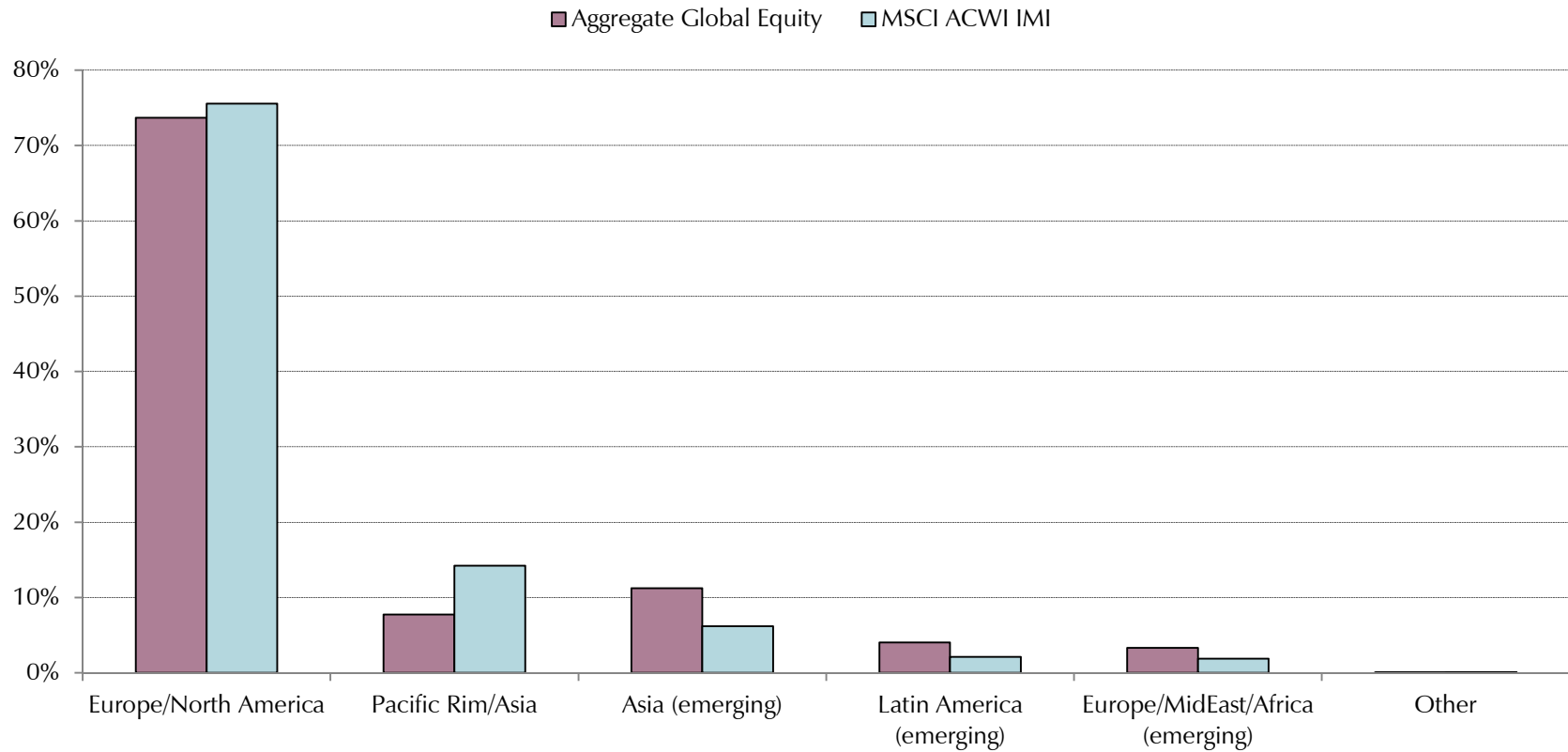
1.1
1.1
1.0
0.8
0.8

Economic Sector

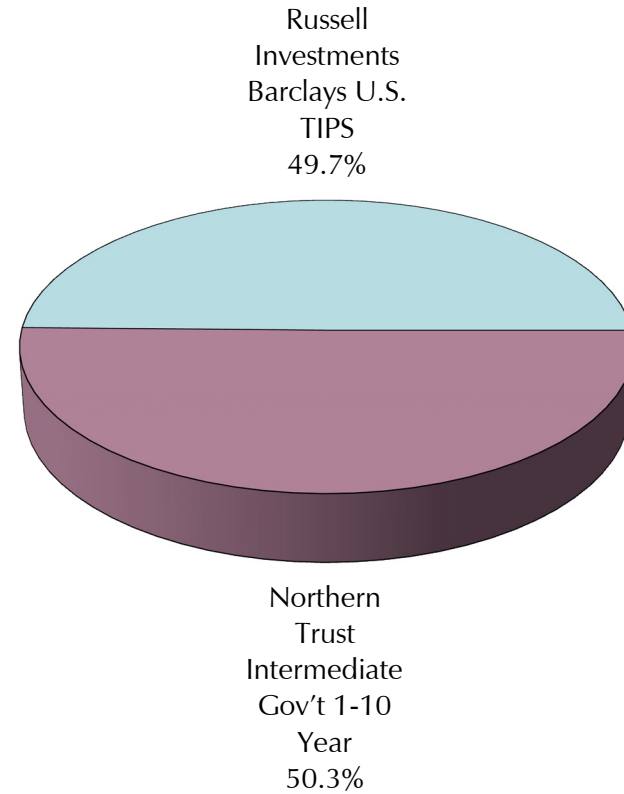
Software & Services
Software & Services
Pharmaceuticals & Biotech.
Software & Services
Technology Equipment

Sector Allocation (%):	Aggregate Global Equity 6/30/13	MSCI ACWI IMI 6/30/13	Aggregate Global Equity 3/31/13
Information Technology	18	12	16
Financials	22	22	22
Industrials	11	11	11
Consumer Discretionary	12	12	12
Health Care	10	10	9
Utilities	3	3	3
Materials	6	6	6
Telecommunication Services	3	4	3
Consumer Staples	8	10	9
Energy	8	9	9

	Aggregate Global Equity 6/30/13 (%)	MSCI ACWI IMI 6/30/13 (%)		Aggregate Global Equity 6/30/13 (%)	MSCI ACWI IMI 6/30/13 (%)
Europe/North America	73.7	75.6	Latin America (emerging)	4.0	2.1
United States	59.2	49.2	Brazil	2.3	1.2
Switzerland	1.7	3.0	Mexico	1.1	0.6
United Kingdom	5.8	7.5	Europe/MidEast/Africa (emerging)	3.3	1.9
Germany	1.2	3.0	South Africa	1.4	0.8
France	1.0	3.0	Russia	1.0	0.6
Canada	1.0	3.8	Other	0.0	0.1
Pacific Rim/Asia	7.7	14.2			
Hong Kong	2.1	2.1			
Australia	1.0	2.8			
Japan	4.1	8.3			
Asia (emerging)	11.2	6.2			
South Korea	3.3	1.7			
China	2.0	1.0			
Taiwan	2.4	1.4			
India	1.4	0.7			

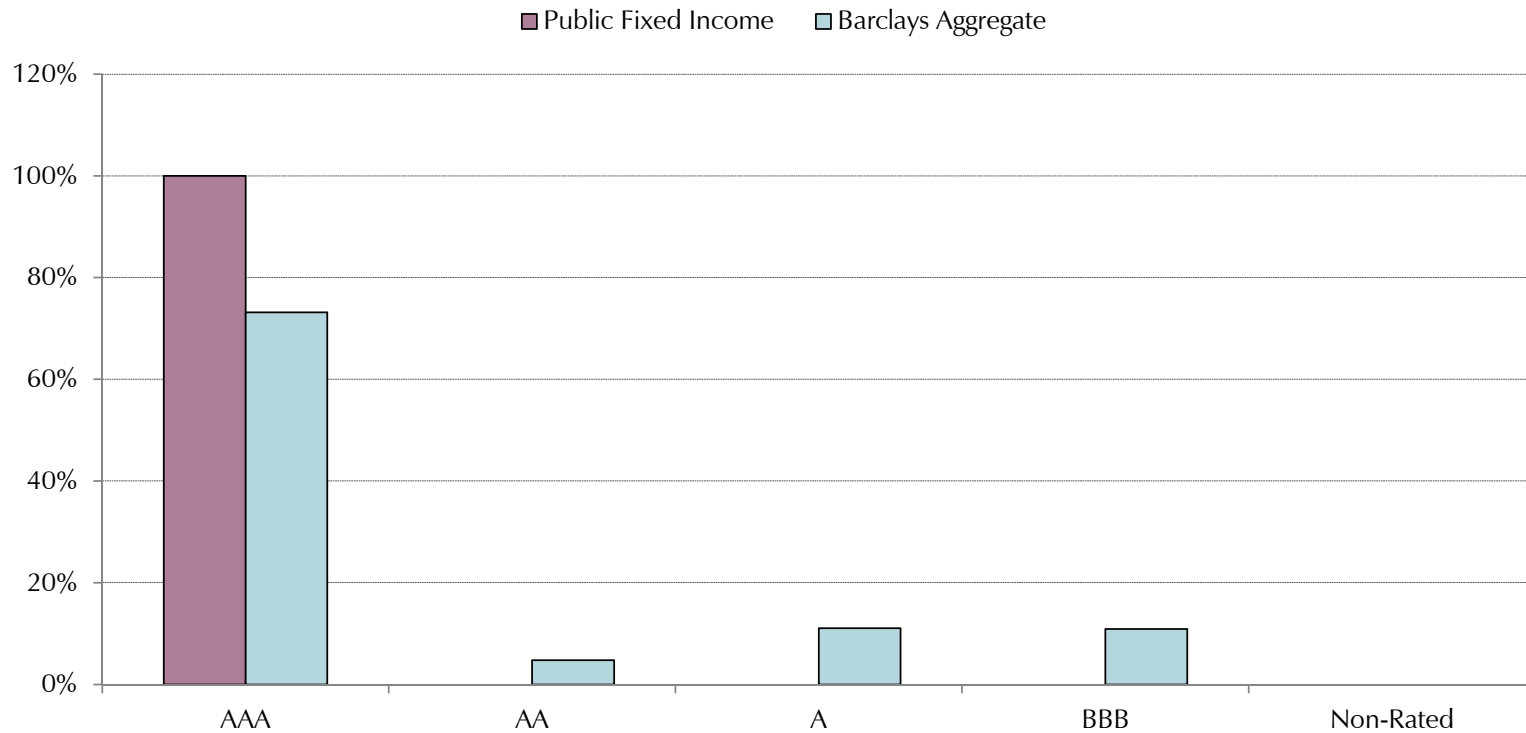


Fixed Income Assets
As of June 30, 2013



Risk: (sixty months)	Aggregate Fixed Income 6/30/13	Barclays Aggregate 6/30/13
Annualized Return (%)	6.3	5.2
Standard Deviation (%)	5.0	3.9
Best Monthly Return (%)	4.8	3.7
Worst Monthly Return (%)	-3.8	-2.4
Beta	1.01	1.00
Correlation (R ²) to Index	0.79	1.00
Correlation to Total Fund Return	0.63	NA
Sharpe Measure (risk-adjusted return)	1.22	1.26
Information Ratio	0.39	NA

Duration & Yield:	Aggregate Fixed Income 6/30/13	Barclays Aggregate 6/30/13	Aggregate Fixed Income 3/31/13
Average Effective Duration (years)	3.5	5.5	3.8
Yield to Maturity (%)	1.0	2.4	0.6



	Aggregate Fixed Income 6/30/13	Barclays Aggregate 6/30/13	Aggregate Fixed Income 3/31/13
Market Allocation (%):			
United States	100	91	100
Foreign (developed markets)	0	5	0
Foreign (emerging markets)	0	4	0
Currency Allocation (%):			
Non-U.S. Dollar Exposure	0	0	0
Sector Allocation (%):			
U.S. Treasury-Nominal	44	37	44
U.S. Treasury-TIPS	50	0	50
U.S. Agency	6	6	6
Mortgage Backed	0	29	0
Corporate	0	21	0
Bank Loans	0	0	0
Local & Provincial Government	0	1	0
Sovereign & Supranational	0	3	0
Commercial Mortgage Backed	0	2	0
Asset Backed	0	0	0
Cash Equivalent	0	0	0
Other	0	0	0

**Portfolio Reviews
As of June 30, 2013**

Global Equity Portfolio Reviews
As of June 30, 2013

San Jose Federated City Employees' Retirement System

Northern Trust Russell 3000 Index Portfolio Detail as of 6/30/13

Mandate: Domestic Equities
Active/Passive: Passive
Market Value: \$190.4 million
Portfolio Manager: Team
Location: Chicago, Illinois
Inception Date: 9/1/1999
Account Type: Commingled Fund

	Value	Core	Growth
Large			
Medium			
Small			

Fee Schedule:
0.03% on all assets

Liquidity Constraints:
Daily

Strategy:

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

Performance (%):	2Q13	1 YR	3 YR	5 YR	Since 9/1/99
Northern Trust Russell 3000 Index	2.7	21.6	18.7	7.4	4.2
Net of Fees	2.7	21.5	18.7	7.4	4.2
Russell 3000	2.7	21.5	18.6	7.2	4.1

Risk: (sixty months)	Standard Deviation	Beta	Sharpe Measure	Info. Ratio	Correlation to Index
Northern Trust Russell 3000 Index	21.0%	1.00	0.34	NA	1.00
Russell 3000	21.0	1.00	0.33	NA	1.00

Capitalization Structure:	6/30/13		3/31/13	
	NT Russell 3000	Russell 3000	NT Russell 3000	Russell 3000
Weighted Average Market Cap. (US\$ billion)	84.7	84.6	84.6	84.5
Median Market Cap. (US\$ billion)	1.5	1.2	1.4	1.1
Large (% over US\$10 billion)	77	76	77	77
Medium (% US\$2 billion to US\$10 billion)	17	17	17	17
Small (% under US\$2 billion)	6	6	6	6

Fundamental Structure:	NT	Russell 3000	NT	Russell 3000
Price-Earnings Ratio	22	22	22	22
Price-Book Value Ratio	4.1	4.1	4.0	4.0
Dividend Yield (%)	2.1	2.1	2.0	2.0
Historical Earnings Growth Rate (%)	12	12	11	11
Projected Earnings Growth Rate (%)	12	11	11	11

Sector Allocation (%):	NT	Russell 3000	NT	Russell 3000
Information Technology	17	17	17	17
Consumer Discretionary	13	13	13	13
Materials	4	4	4	4
Industrials	11	11	11	11
Energy	10	10	10	10
Health Care	12	12	12	12
Consumer Staples	9	9	10	10
Telecommunication Services	3	3	3	3
Utilities	3	3	4	4
Financials	18	18	17	17

Diversification:	NT	Russell 3000	NT	Russell 3000
Number of Holdings	2,625	2,923	2,632	2,942
% in 5 largest holdings	9	9	9	9
% in 10 largest holdings	15	15	15	15

Largest Ten Holdings:	NT	Industry
ExxonMobil	2.4	Energy
Apple	2.1	Technology Equipment
Microsoft	1.5	Software & Services
General Electric	1.4	Capital Goods
Johnson & Johnson	1.3	Pharmaceuticals & Biotech.
Chevron	1.3	Energy
Google	1.3	Software & Services
Procter & Gamble	1.2	Household Products
IBM	1.2	Software & Services
Wells Fargo & Company	1.1	Banks



San Jose Federated City Employees' Retirement System

Northern Trust MSCI Emerging Markets Index Portfolio Detail as of 6/30/13

Mandate: Global Equities
Active/Passive: Passive
Market Value: \$124.8 million
Portfolio Manager: Team
Location: Chicago, Illinois
Inception Date: 5/1/2010
Account Type: Commingled Fund

	Value	Core	Growth
Large			
Medium			
Small			

Fee Schedule:
0.05% on all assets

Liquidity Constraints:
Daily

Strategy:

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

Performance (%):	2Q13	1 YR	3 YR	Since 5/1/10
Northern Trust MSCI Emerging Markets Index	-8.1	2.9	3.2	-0.2
Net of Fees	-8.1	2.8	3.1	-0.3
MSCI Emerging Markets	-8.1	2.9	3.4	0.0

Risk: (thirty-eight months)	Standard Deviation	Beta	Sharpe Measure ¹	Info. Ratio	Correlation to Index
Northern Trust MSCI Emerging Markets Index	21.5%	1.00	Neg.	NA	1.00
MSCI Emerging Markets	21.6	1.00	Neg.	NA	1.00

	6/30/13		3/31/13	
	NT MSCI EM	MSCI Emerging Markets	NT MSCI EM	MSCI Emerging Markets
Capitalization Structure:				
Weighted Average Market Cap. (US\$ billion)	32.9	32.7	36.2	36.2
Median Market Cap. (US\$ billion)	4.5	4.2	4.9	4.6
Large (% over US\$10 billion)	64	63	65	65
Medium (% US\$2 billion to US\$10 billion)	32	32	31	31
Small (% under US\$2 billion)	4	4	4	4

Fundamental Structure:				
Price-Earnings Ratio	18	18	20	19
Price-Book Value Ratio	3.1	3.1	3.2	3.2
Dividend Yield (%)	2.9	2.9	2.7	2.7
Historical Earnings Growth Rate (%)	14	14	13	13
Projected Earnings Growth Rate (%)	12	12	12	12

Sector Allocation (%):				
Financials	28	28	28	28
Information Technology	15	15	14	14
Consumer Discretionary	8	8	8	8
Consumer Staples	10	9	9	9
Industrials	6	6	7	6
Health Care	1	1	1	1
Telecommunication Services	8	8	7	7
Utilities	3	3	3	4
Materials	9	10	11	11
Energy	11	11	11	12

Diversification:				
Number of Holdings	851	820	850	823
% in 5 largest holdings	11	11	11	11
% in 10 largest holdings	16	16	16	16

Region Allocation (%):				
Asia	54	54	53	53
Latin America	20	20	22	22
Europe, Middle East and Africa	16	17	17	17
Other	10	9	8	8

Largest Five Holdings:			Industry	
Samsung	3.7		Semiconductors	
Taiwan Semiconductor	2.6		Semiconductors	
China Mobile	1.8		Telecom Services	
China Con.Bank	1.5		Banks	
Industrial & Com. Bank Of China	1.3		Banks	

¹ A negative Sharpe ratio indicates that the portfolio underperformed the risk-free rate during the sample period.



San Jose Federated City Employees' Retirement System

Artisan Global Value Portfolio Detail as of 6/30/13

Mandate: International Equities,
Developed Markets

Active/Passive: Active

Market Value: \$114.3 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 (%):	2Q13	1 YR	Since 3/1/11
Artisan Global Value	3.8	28.3	14.5
Net of Fees	3.6	27.7	13.8
MSCI ACWI Value	0.2	17.8	3.2
Peer Global Equity	1.0	20.9	6.4
Peer Ranking (percentile)	13	5	2

	6/30/13		3/31/13	
	Artisan Global Value	MSCI ACWI Value	Artisan Global Value	MSCI ACWI Value
Capitalization Structure:				
Weighted Average Market Cap. (US\$ billion)	72.6	79.9	69.2	80.1
Median Market Cap. (US\$ billion)	28.7	7.0	27.2	7.2
Large (% over US\$10 billion)	89	85	87	84
Medium (% US\$2 billion to US\$10 billion)	11	15	13	15
Small (% under US\$2 billion)	0	1	0	1
Fundamental Structure:				
Price-Earnings Ratio	20	18	18	18
Price-Book Value Ratio	3.4	2.2	3.2	2.0
Dividend Yield (%)	2.3	3.6	2.1	3.4
Historical Earnings Growth Rate (%)	8	5	7	3
Projected Earnings Growth Rate (%)	10	7	11	7
Sector Allocation (%):				
Information Technology	24	7	22	7
Consumer Staples	12	6	14	6
Consumer Discretionary	11	6	12	6
Health Care	11	9	10	8
Financials	29	30	28	32
Industrials	7	10	7	9
Telecommunication Services	2	6	2	6
Materials	1	7	2	6
Utilities	0	6	0	6
Energy	3	14	3	14
Diversification:				
Number of Holdings	44	1,328	43	1,298
% in 5 largest holdings	20	9	20	9
% in 10 largest holdings	39	15	38	15
Region Allocation (%):				
Americas	64	53	67	52
Europe	31	23	30	23
Pacific Rim	3	14	3	14
Other	2	11	0	11
Largest Five Holdings:				
			Industry	
TE Connectivity	4.6		Technology Equipment	
AON	4.1		Insurance	
Google	4.0		Software & Services	
Compass Group	3.8		Consumer Services	
Oracle	3.8		Software & Services	



Mandate: International Equities,
Emerging Markets
Active/Passive: Active
Market Value: \$100.0 million
Portfolio Manager: Rajiv Jain
Location: New York, NY
Inception Date: 7/1/2013
Account Type: Commingled Fund

	Value	Core	Growth
Large			
Medium			
Small			

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

Liquidity Constraints:
Daily

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

San Jose Federated City Employees' Retirement System

RS Investments Small Cap Value Portfolio Detail as of 6/30/13

Mandate: Domestic Equities
Active/Passive: Active
Market Value: \$61.0 million
Portfolio Manager: Team
Location: San Francisco, California
Inception Date: 8/1/2010
Account Type: Separately Managed

	Value	Core	Growth
Large			
Medium			
Small			

Fee Schedule:

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

Liquidity Constraints:

Daily

Strategy:

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

Guidelines:

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

Performance (%):	2Q13	1 YR	Since 8/1/10
RS Investments Small Cap Value	5.7	36.2	19.2
Net of Fees	5.6	35.7	18.4
Russell 2000 Value	2.5	24.8	15.1
Peer Small Cap Value	3.4	27.2	17.1
Peer Ranking (percentile)	7	6	12

Capitalization Structure:	6/30/13		3/31/13	
	RS SCV	Russell 2000 Value	RS SCV	Russell 2000 Value
Weighted Average Market Cap. (US\$ billion)	2.9	1.4	3.0	1.3
Median Market Cap. (US\$ billion)	2.6	0.5	2.6	0.5
Large (% over US\$10 billion)	0	0	0	0
Medium (% US\$2 billion to US\$10 billion)	71	22	72	22
Small (% under US\$2 billion)	29	78	28	78

Fundamental Structure:				
Price-Earnings Ratio	28	24	26	24
Price-Book Value Ratio	2.8	1.9	2.9	1.8
Dividend Yield (%)	1.1	2.1	1.5	2.0
Historical Earnings Growth Rate (%)	0	3	-6	2
Projected Earnings Growth Rate (%)	12	12	12	11

Sector Allocation (%):				
Information Technology	25	12	26	12
Energy	11	6	11	7
Materials	7	5	7	6
Utilities	7	6	8	6
Health Care	6	5	7	4
Consumer Staples	3	3	3	2
Telecommunication Services	0	1	0	0
Industrials	12	13	11	13
Consumer Discretionary	5	13	6	12
Financials	25	37	21	38

Diversification:				
Number of Holdings	52	1,392	51	1,403
% in 5 largest holdings	19	3	20	2
% in 10 largest holdings	36	4	37	4

Largest Ten Holdings:		Industry
IDT	4.3	Semiconductors
Acxiom	4.2	Software & Services
Calpine	3.7	Utilities
Euronet Worldwide	3.6	Software & Services
First Horizon National	3.4	Banks
AOL	3.4	Software & Services
Questar	3.4	Utilities
StanCorp Financial	3.3	Insurance
Peyto	3.2	Energy
Compass Minerals	3.1	Materials



San Jose Federated City Employees' Retirement System

Eagle Small Cap Growth Portfolio Detail as of 6/30/13

Mandate: Domestic Equities
Active/Passive: Active
Market Value: \$56.6 million
Portfolio Manager: Bert L. Boksen, CFA
Location: St. Petersburg, Florida
Inception Date: 6/1/1998
Account Type: Separately Managed

	Value	Core	Growth
Large			
Medium			
Small			

Fee Schedule:

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

Liquidity Constraints:

Daily

Strategy:

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

Guidelines:

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

Performance (%):	2Q13	1 YR	3 YR	5 YR	Since 6/1/98
Eagle Small Cap Growth	3.0	27.7	21.2	11.6	7.9
Net of Fees	2.9	27.1	20.5	11.0	7.3
Russell 2000 Growth	3.7	23.7	20.0	8.9	4.8
Peer Small Cap Growth	3.5	24.6	20.9	10.2	NA
Peer Ranking (percentile)	60	21	43	31	NA

Risk: (sixty months)	Standard Deviation	Beta	Sharpe Measure	Info. Ratio	Correlation to Index
Eagle Small Cap Growth	27.6%	0.98	0.41	0.65	0.99
Russell 2000 Growth	27.3	1.00	0.32	NA	1.00

Capitalization Structure:	6/30/13		3/31/13	
	Eagle	Russell 2000 Growth	Eagle	Russell 2000 Growth
Weighted Average Market Cap. (US\$ billion)	1.9	1.8	1.8	1.7
Median Market Cap. (US\$ billion)	1.5	0.7	1.5	0.7
Large (% over US\$10 billion)	0	0	0	0
Medium (% US\$2 billion to US\$10 billion)	40	38	37	35
Small (% under US\$2 billion)	60	62	63	65

Fundamental Structure:	6/30/13	3/31/13	6/30/13	3/31/13
Price-Earnings Ratio	33	31	34	32
Price-Book Value Ratio	5.5	6.2	5.6	6.5
Dividend Yield (%)	0.6	0.7	0.5	0.7
Historical Earnings Growth Rate (%)	16	19	14	18
Projected Earnings Growth Rate (%)	19	18	16	17

Sector Allocation (%):	6/30/13	3/31/13	6/30/13	3/31/13
Materials	6	5	7	5
Financials	9	8	10	8
Consumer Discretionary	17	16	16	16
Information Technology	22	21	19	21
Health Care	21	21	22	20
Utilities	0	0	0	0
Industrials	17	18	16	18
Consumer Staples	4	5	3	5
Telecommunication Services	0	1	0	1
Energy	5	5	7	6

Diversification:	6/30/13	3/31/13	6/30/13	3/31/13
Number of Holdings	98	1,101	99	1,104
% in 5 largest holdings	10	3	13	3
% in 10 largest holdings	19	5	21	6

Largest Ten Holdings:	6/30/13	Industry
Genesco	2.7	Retailing
Centene	1.9	Health Care Services
Geospace Technologies	1.9	Energy
Texas Industries	1.9	Materials
Quaker Chemical	1.9	Materials
Multimedia Games	1.9	Consumer Services
Sirona Dental Systems	1.9	Health Care Services
Portfolio Recovery Assoc.	1.8	Diversified Financials
Theravance	1.7	Pharmaceuticals & Biotech.
Huron Consulting Group	1.7	Commercial Services



San Jose Federated City Employees' Retirement System

Northern Trust EAFE Small Cap Portfolio Detail as of 6/30/13

Mandate: International Equities,
Developed Markets

Active/Passive: Active

Market Value: \$50.7 million

Portfolio Manager: Team

Location: Chicago, Illinois

Inception Date: 11/1/2012

Account Type: Commingled Fund

	Value	Core	Growth
Large			
Medium			
Small			

Fee Schedule:
0.05% on all assets

Liquidity Constraints:
Daily

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

Performance (%):	2Q13	Fiscal YTD	Since 11/1/12
Northern Trust EAFE Small Cap	-2.3	NA	11.3
Net of Fees	-2.3	NA	11.3
MSCI EAFE Small Cap	-2.5	20.9	11.1

	6/30/13		3/31/13	
	Northern Trust EAFE Small Cap	MSCI EAFE Small Cap	Northern Trust EAFE Small Cap	MSCI EAFE Small Cap
Capitalization Structure:				
Weighted Average Market Cap. (US\$ billion)	1.8	1.8	1.9	1.9
Median Market Cap. (US\$ million)	735.0	737.8	775.3	776.3
Large (% over US\$10 billion)	0	0	0	0
Medium (% US\$2 billion to US\$10 billion)	37	37	39	39
Small (% under US\$2 billion)	63	63	61	61
Fundamental Structure:				
Price-Earnings Ratio	20	20	20	20
Price-Book Value Ratio	2.8	2.8	2.8	2.8
Dividend Yield (%)	2.7	2.7	2.6	2.6
Historical Earnings Growth Rate (%)	6	6	4	4
Projected Earnings Growth Rate (%)	12	12	9	9
Sector Allocation (%):				
Materials	10	10	10	10
Consumer Discretionary	20	20	19	19
Consumer Staples	6	6	6	6
Energy	4	4	5	5
Telecommunication Services	1	1	1	1
Information Technology	9	9	9	9
Utilities	2	2	2	2
Industrials	21	21	21	21
Health Care	6	6	6	6
Financials	21	21	21	21
Diversification:				
Number of Holdings	2,163	2,155	2,168	2,164
% in 5 largest holdings	2	2	2	2
% in 10 largest holdings	3	3	3	3
Region Allocation (%):				
Europe	56	56	55	55
Pacific Rim	44	44	45	44
Other	0	0	0	0
Largest Five Holdings:				
MTU Aero Engines	0.3	Capital Goods		
Ashtead Group	0.3	Capital Goods		
Taylor Wimpey	0.3	Consumer Durables		
Barratt Developments	0.3	Consumer Durables		
Mondi	0.3	Materials		



San Jose Federated City Employees' Retirement System

Northern Trust MSCI EAFE Index Portfolio Detail as of 6/30/13

Mandate: International Equities,
Developed Markets

Active/Passive: Active

Market Value: \$33.0 million

Portfolio Manager: Team

Location: Chicago, Illinois

Inception Date: 11/1/2012

Account Type: Commingled Fund

	Value	Core	Growth
Large			
Medium			
Small			

Fee Schedule:

0.05% on all assets

Liquidity Constraints:

Daily

Strategy:

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

Performance (%):	2Q13	Fiscal YTD	Since 11/1/12
Northern Trust MSCI EAFE Index	-0.8	NA	10.3
Net of Fees	-0.8	NA	10.3
MSCI EAFE	-1.0	18.6	10.0

	6/30/13		3/31/13	
	Northern Trust EAFE	MSCI EAFE	Northern Trust EAFE	MSCI EAFE
Capitalization Structure:				
Weighted Average Market Cap. (US\$ billion)	54.5	54.5	55.7	55.6
Median Market Cap. (US\$ billion)	7.7	7.6	7.8	7.8
Large (% over US\$10 billion)	81	81	81	81
Medium (% US\$2 billion to US\$10 billion)	19	19	19	19
Small (% under US\$2 billion)	0	0	0	0
Fundamental Structure:				
Price-Earnings Ratio	19	19	19	19
Price-Book Value Ratio	2.9	2.9	3.0	3.0
Dividend Yield (%)	3.3	3.3	3.3	3.3
Historical Earnings Growth Rate (%)	5	5	3	3
Projected Earnings Growth Rate (%)	11	11	10	10
Sector Allocation (%):				
Consumer Discretionary	12	12	11	11
Financials	25	25	25	25
Health Care	11	11	10	10
Consumer Staples	12	12	12	12
Materials	8	8	9	9
Telecommunication Services	5	5	5	5
Utilities	4	4	4	4
Industrials	12	12	13	13
Energy	7	7	7	7
Information Technology	5	5	4	4
Diversification:				
Number of Holdings	915	907	910	909
% in 5 largest holdings	8	8	8	8
% in 10 largest holdings	14	14	13	13
Region Allocation (%):				
Americas	0	0	0	0
Europe	64	64	64	64
Pacific Rim	36	36	36	36
Other	0	0	0	0
Largest Five Holdings:				
			Industry	
Nestle	1.9		Food, Beverage & Tobacco	
HSBC	1.7		Banks	
Roche Holding	1.5		Pharmaceuticals & Biotech.	
Toyota Motor	1.5		Automobiles & Components	
Novartis	1.4		Pharmaceuticals & Biotech.	



**Real Assets Portfolio Reviews
As of June 30, 2013**

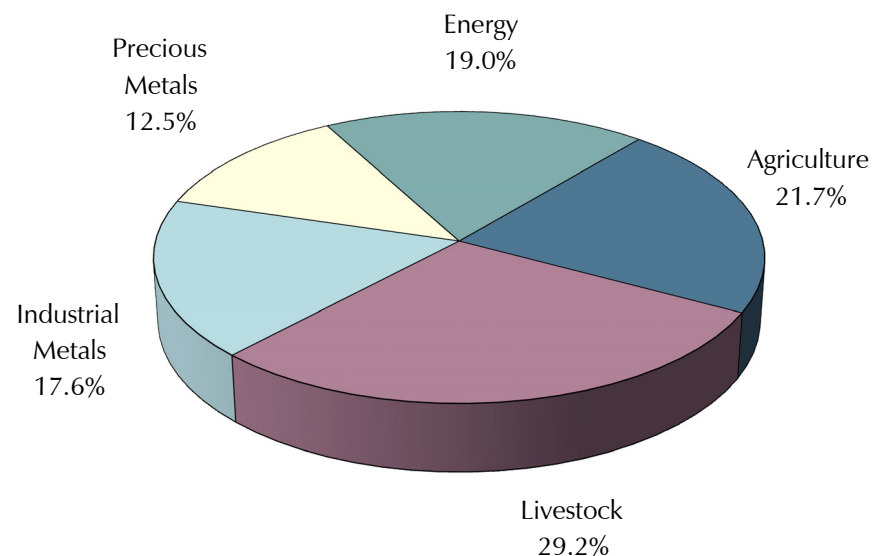
Mandate: Commodity
Active/Passive: Active
Market Value: \$93.8 million
Portfolio Manager: Christopher Burton
Location: New York, New York
Inception Date: 4/1/2011
Account Type: Commingled Fund

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

Liquidity Constraints:
 Daily

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

Current Allocation:



Performance (%):	2Q13	1 YR	Since 4/1/11
CS Risk Parity Commodity Index ¹	-7.4	-7.4	-9.8
Custom Risk Parity Benchmark ²	-7.5	-7.8	-9.9
Dow Jones-UBS Commodity U.S. Index	-9.5	-8.1	-12.8

¹ Performance is net of fees.

² Risk Parity benchmark returns provided by staff.



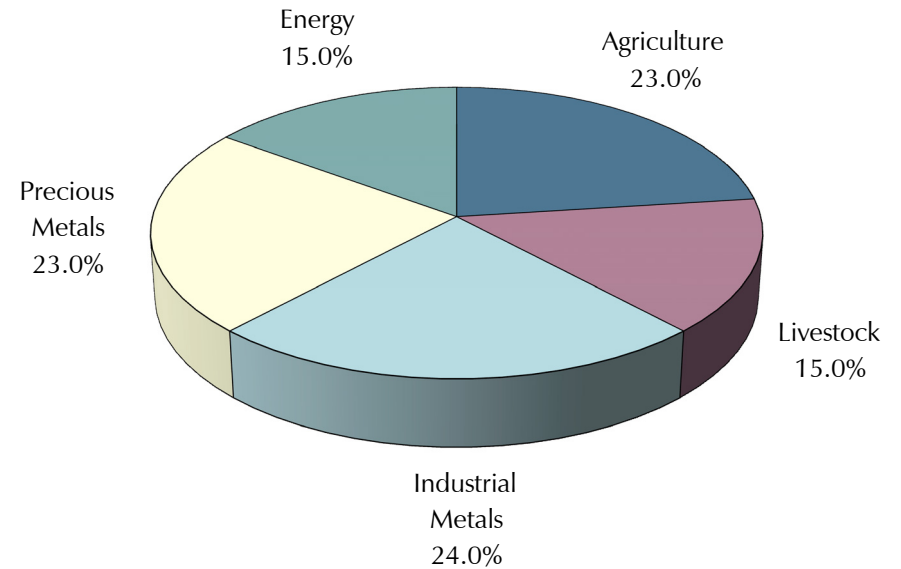
Mandate: Commodity (net of fees)
Active/Passive: Active
Market Value: \$76.4 million
Portfolio Manager: Team
Location: Pasadena, California
Inception Date: 4/1/2011
Account Type: Commingled Fund

Fee Schedule:
 0.35% on all assets

Liquidity Constraints:
 Daily

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

Current Allocation:



Performance (%):	2Q13	1 YR	Since 4/1/11
First Quadrant Risk Parity Commodity Index¹	-11.7	-15.1	-14.5
Custom Risk Parity Benchmark ²	-7.5	-7.8	-9.9
Dow Jones-UBS Commodity U.S. Index	-9.5	-8.1	-12.8

¹ Performance is net of fees.

² Risk Parity benchmark returns provided by staff.



San Jose Federated City Employees' Retirement System

Northern Trust Global LargeMid NR Portfolio Detail as of 6/30/13

Mandate: Natural Resources
Active/Passive: Passive
Market Value: \$80.3 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 (%):	2Q13	Fiscal YTD	Since 11/1/12
Northern Trust Global LargeMid NR	-10.8	NA	-11.8
Net of Fees	-10.8	NA	-11.8
S&P Global LargeMid Cap Commodities and Resources	-10.8	-5.5	-11.9

	6/30/13		3/31/13	
	Northern Trust Global NR	S&P Global LargeMid Cap Comm & Res	Northern Trust Global NR	S&P Global LargeMid Cap Comm & Res
Capitalization Structure:				
Weighted Average Market Cap. (US\$ billion)	65.0	66.4	67.1	66.8
Median Market Cap. (US\$ billion)	8.1	7.3	9.1	9.0
Large (% over US\$10 billion)	84	85	84	84
Medium (% US\$2 billion to US\$10 billion)	15	14	15	15
Small (% under US\$2 billion)	1	1	1	1
Fundamental Structure:				
Price-Earnings Ratio	17	17	18	18
Price-Book Value Ratio	2.2	2.2	2.4	2.4
Dividend Yield (%)	3.1	3.1	2.8	2.8
Historical Earnings Growth Rate (%)	6	6	6	5
Projected Earnings Growth Rate (%)	7	7	6	6
Sector Allocation (%):				
Energy	35	34	34	34
Materials	57	57	59	59
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
Consumer Staples	8	8	8	7
Diversification:				
Number of Holdings	217	225	217	229
% in 5 largest holdings	27	27	26	26
% in 10 largest holdings	42	42	39	39
Region Allocation (%):				
Europe/North America	78	76	75	74
Pacific Rim/Asia	11	12	12	12
Asia (emerging)	5	5	4	5
Latin America (emerging)	2	3	3	3
Europe/MidEast/Africa (emerging)	4	5	5	6
Largest Five Holdings:				
		Industry		
Monsanto	6.8	Materials		
ExxonMobil	5.6	Energy		
Potash Corporation	5.3	Materials		
BHP Billiton	5.0	Materials		
Syngenta	4.7	Materials		



Fixed Income Portfolio Reviews
As of June 30, 2013

San Jose Federated City Employees' Retirement System

Northern Trust Intermediate Gov't 1-10 Year Portfolio Detail as of 6/30/13

Mandate: Fixed Income
Active/Passive: Passive
Market Value: \$113.6 million
Portfolio Manager: Team
Location: Chicago, Illinois
Inception Date: 10/1/2012
Account Type: Commingled Fund

	Short	Int.	Long
High			
Medium			
Low			

Fee Schedule:
 0.05% on all assets

Liquidity Constraints:
 Daily

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

Performance (%):	2Q13	Fiscal YTD	Since 10/1/12
Northern Trust Intermediate Gov't 1-10 Year	-1.4	NA	-1.2
Net of Fees	-1.4	NA	-1.2
Barclays Intermediate Gov't Bond Index	-1.4	-0.6	-1.2

Duration & Yield:	6/30/13		3/31/13	
	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)	3.5	3.6	3.8	3.6
Yield to Maturity (%)	1.0	1.0	0.6	0.6
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	88	88	88	88
U.S. Treasury-TIPS	0	0	0	0
U.S. Agency	12	12	12	12
Mortgage Backed	0	0	0	0
Corporate	0	0	0	0
Bank Loans	0	0	0	0
Local & Provincial Government	0	0	0	0
Sovereign & Supranational	0	0	0	0
Commercial Mortgage Backed	0	0	0	0
Asset Backed	0	0	0	0
Cash Equivalent	0	0	0	0
Other	0	0	0	0
Market Allocation (%):				
United States	100	100	100	100
Foreign (developed markets)	0	0	0	0
Foreign (emerging markets)	0	0	0	0
Currency Allocation (%):				
Non-U.S. Dollar Exposure	0	0	0	0



San Jose Federated City Employees' Retirement System

Russell Investments Barclays U.S. TIPS Portfolio Detail as of 6/30/13

Mandate: Fixed Income
Active/Passive: Passive
Market Value: \$112.3 million
Portfolio Manager: Russell Investments (Transition Manager)
Location: Seattle, Washington
Inception Date: 5/1/2010
Account Type: Separately Managed

	Short	Int.	Long
High			
Medium			
Low			

Fee Schedule:

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

Liquidity Constraints:

Daily

Strategy:

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

Performance (%):	2Q13	1 YR	3 YR	Since 5/1/10
Russell Investments Barclays U.S. TIPS	-3.3	-1.4	4.4	4.6
Net of Fees	-3.3	-1.4	4.3	4.5
TIPS Blended Benchmark ¹	-4.9	-2.8	4.2	4.4
Barclays U.S. TIPS	-7.1	-4.8	4.6	4.9

Risk: (thirty-eight months)	Standard Deviation	Beta	Sharpe Measure	Info. Ratio	Correlation to Index
Russell Investments Barclays U.S. TIPS	3.8%	0.85	1.17	NA	0.97
TIPS Blended Benchmark ¹	4.4	1.00	0.98	NA	1.00

Quality Structure (%):	6/30/13		3/31/13	
	Barclays U.S. TIPS	Barclays TIPS	Barclays U.S. TIPS	Barclays TIPS
Average Quality	AAA	AAA	AAA	AAA
AAA (includes Treasuries and Agencies)	100	100	100	100
AA	0	0	0	0
A	0	0	0	0
BBB	0	0	0	0
BB	0	0	0	0
B	0	0	0	0
Below B	0	0	0	0
Non-Rated	0	0	0	0

Sector Allocation (%):	6/30/13	3/31/13	6/30/13	3/31/13
U.S. Treasury-Nominal	0	0	0	0
U.S. Treasury-TIPS	100	100	100	100
U.S. Agency	0	0	0	0
Mortgage Backed	0	0	0	0
Corporate	0	0	0	0
Bank Loans	0	0	0	0
Local & Provincial Government	0	0	0	0
Sovereign & Supranational	0	0	0	0
Commercial Mortgage Backed	0	0	0	0
Asset Backed	0	0	0	0
Cash Equivalent	0	0	0	0
Other	0	0	0	0

Market Allocation (%):	6/30/13	3/31/13	6/30/13	3/31/13
United States	100	100	100	100
Foreign (developed markets)	0	0	0	0
Foreign (emerging markets)	0	0	0	0

Currency Allocation (%):	6/30/13	3/31/13	6/30/13	3/31/13
Non-U.S. Dollar Exposure	0	0	0	0

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



Global Macroeconomic Outlook

June 2013

Global Economic Outlook

For the remainder of 2013, we believe economic growth will continue to be slow for developed economies, while emerging economies will experience higher, but volatile economic growth.

- The recent increase in real interest rates and reduction in global liquidity will likely weigh on growth in emerging markets, while improvements in developed market growth should help export demand. In China, growth has slowed to levels below expectations as they struggle to rein in a credit-fueled expansion. Slower growth in China could reduce export demand for other emerging economies.
- Although growth recently improved in developed economies, it should remain subdued due to an increase in yields, government austerity, and high unemployment.
- Thus far in 2013, GDP growth levels have come in below consensus projections, with the exception of Japan. In the European Union, growth was forecasted to be slow, but positive, in 2013, but has actually declined. In China, actual growth has been 1.6% below what was projected.

	IMF 2013 Real GDP Forecast (%)	1Q 2013 Actual Real GDP (%)
U.S.	2.1	1.8
European Union	0.5	-0.4
Japan	1.2	4.1
China	8.2	6.6

Source: "IMF 2013 Real GDP Forecast" represents the IMF's October 2012 projections. The source for the "2013 Actual Real GDP" is Thomson Reuters and is through March 31, 2013.

- Subdued growth in developed economies and slowing growth in developing economies coupled with higher interest rates should keep inflation at moderate levels. If central banks begin to reduce their historic monetary stimulus, inflationary pressures will further decline, while if they continue their current course the risk remains for inflation to pick up. A small risk of deflation exists in developed economies.

Global Economic Outlook, Continued

Since May, global real interest rates increased markedly despite continued monetary stimulus, creating deflationary pressure in the global economy. For the remainder of 2013, additional fiscal stimulus looks unlikely in developed economies, with the exception of Japan.

- In June, the U.S. Federal Reserve suggested that if economic conditions continued to improve they would begin tapering their bond purchase program later this year. Despite highlighting that the policy was not pre-determined and that they would not be increasing interest rates soon, equity markets fell, while the U.S. dollar and Treasury yields rose.
- Shinzo Abe, Japan's new Prime Minister, announced in June the "third arrow" (structural reforms) of his three pronged plan to fight the country's long-term economic stagnation. The first and second arrows came in the form of unprecedented monetary and fiscal stimulus. The announcement left many disappointed, as it did not address the central issues of business deregulation and labor market and agriculture reforms.

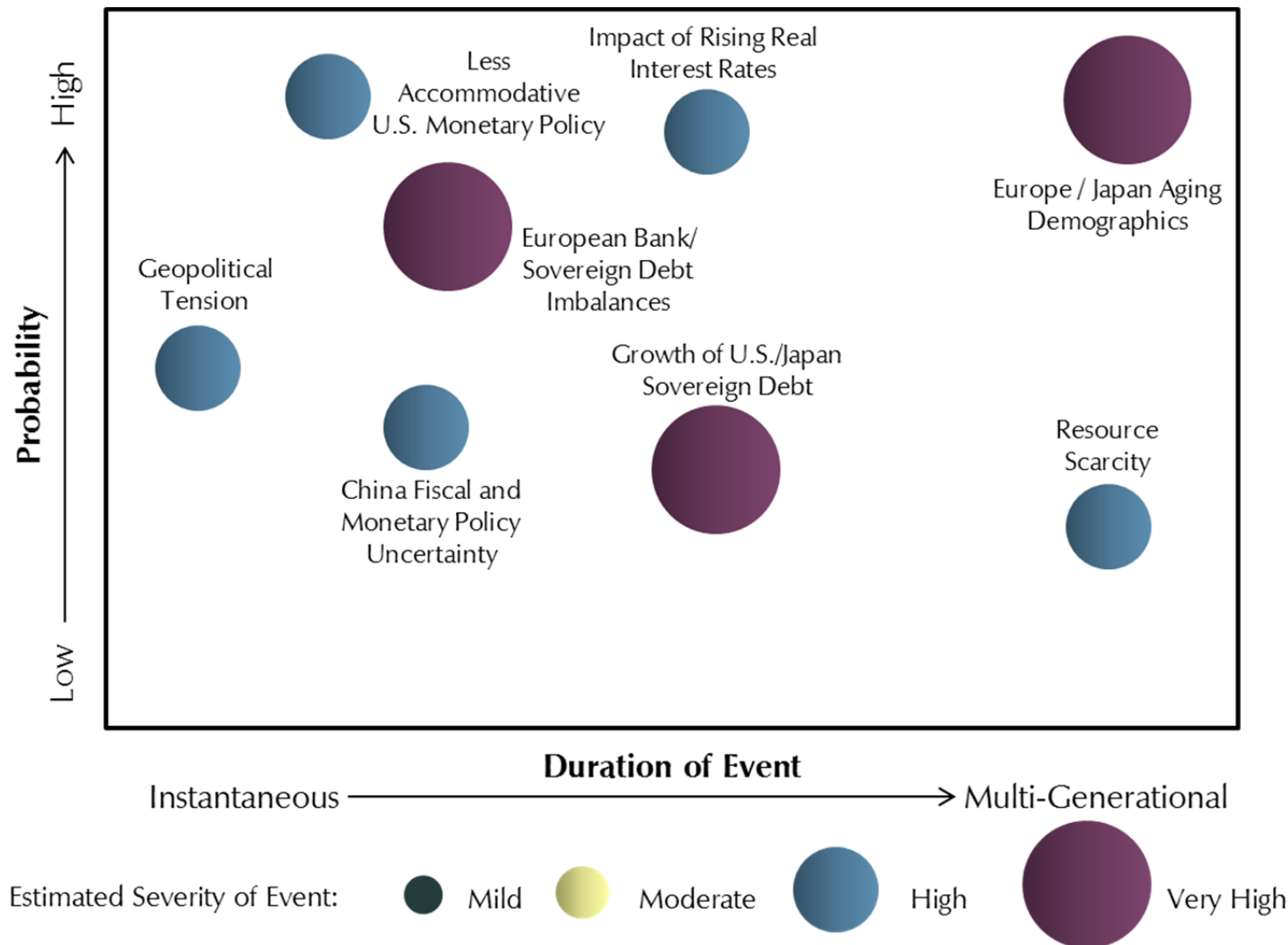
Global Economic Outlook, Continued

Social unrest recently flared up globally, while political uncertainty and sovereign debt issues continue to persist in Europe.

- In Turkey, protests began in May to fight the development of a park in Istanbul, but subsequently spread across the country as the protesters were forcibly evicted and the focus of the protests expanded to other social concerns. In June, protesters in Brazil flocked to the streets initially due to protest over increasing bus fares, but the list of concerns spread to encompass other issues including corruption, high taxes, and spending on the upcoming Olympics and World Cup.
- Greece returned to the spotlight as they announced a shortfall in their rescue program totaling 3 to 4 billion euro. In early July, the Eurozone and IMF pledged additional support of 6.8 billion euro to be paid in several installments. The additional aid was contingent on Greece following through on promises to sell state assets and cut public sector jobs.

Several issues remain of primary concern: 1) continued economic sluggishness and financial risk in Europe; 2) increasing real interest rates globally; 3) the potential for a rapid slowdown in China impacting other emerging economies; and 4) increased geopolitical tensions around the world.

Macroeconomic Risk Matrix



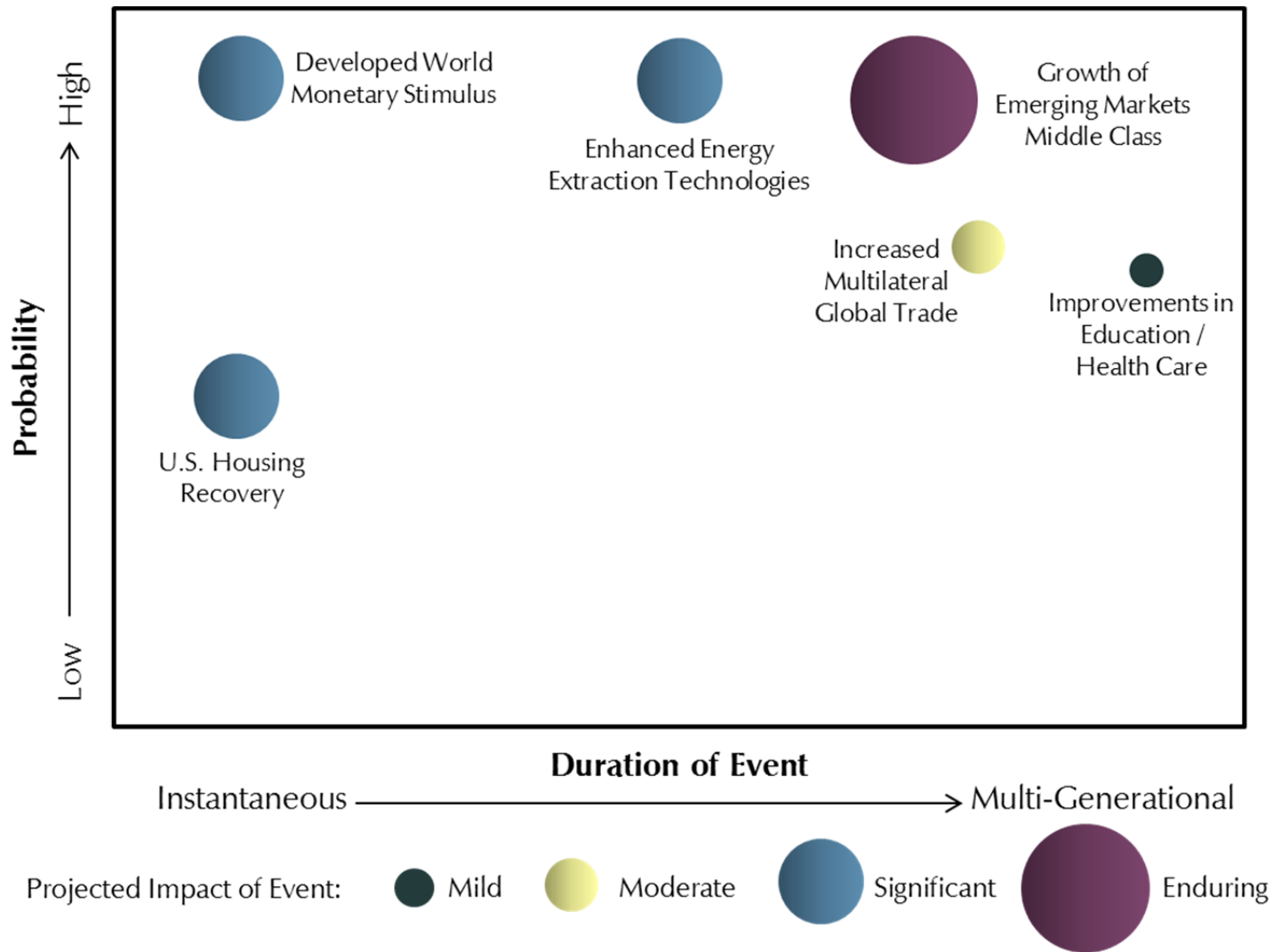
Macroeconomic Risk Overviews

European Bank/Sovereign Debt Imbalances	The crisis is rooted in structural issues in the Euro-zone related to the combination of a single currency (euro) combined with 17 fiscal authorities. Several negative outcomes are possible from the sovereign debt crisis, including sequential sovereign default, a break-up of the euro, bank failures, political regime change, and rapid de-leveraging/deflation.
Growth of U.S./Japan Sovereign Debt	Similar to the sovereign debt crisis in Europe, the potential crises in Japan and the U.S. are founded on very large and growing fiscal debt burdens, combined with slow growth. However, unlike Europe, Japan and the U.S. both have single fiscal and monetary authorities. Thus, central banks can (and did) print money to avoid the risk of default. Recently, Japan's central bank announced a very aggressive strategy to fight deflation that aims to double the monetary base and target a 2% inflation rate.
Europe/Japan Aging Demographics	In Japan and Europe birth rates have declined, resulting in populations becoming older and smaller relative to the rest of the world. These demographic trends will have a negative long-term impact on GDP growth and fiscal budgets, amplifying debt problems.
Geopolitical Tension	Recently, social unrest has increased most notably in Brazil, Turkey, and Egypt. The use of social media has dramatically enhanced the ability to quickly disseminate information and to mobilize people. In Brazil and Turkey the protest initially started over a single issue, but eventually expanded to cover a wide range of grievances. In Egypt, the protest were focused on discontent with the recently elected president (Mohammed Morsi) who replaced the country's long-term dictator (Hosni Mubarak).It is likely that social unrest in emerging economies will continue going forward as many people transition into the middle class and begin to demand more from their governments.
China Fiscal and Monetary Policy Uncertainty	A lot of China's recent growth was fueled by debt. One of the focuses of the new leadership regime in China has been to transition the country from a model of debt-fuelled growth to a model of consumption based growth. This transition process could prove to be difficult in the short-term, as the targeted rate of debt growth could weigh heavily on economic growth.

Macroeconomic Risk Overviews, Continued

<p>Less Accommodative U.S. Monetary Policy / Impact of Rising Real Interest Rates</p>	<p>After the Global Financial Crisis, the developed world, particularly the U.S., injected massive amounts of liquidity into the system in an effort to prevent depression-like declines in growth. Recently, the Federal Reserve hinted that it may begin reducing its bond purchase program later this year if economic growth continued to improve. The initial reaction to the announcement was a dramatic increase in global yields. If monetary stimulus is removed too quickly, the fragile recovery from the Global Financial Crisis may be derailed.</p>
<p>Resource Scarcity</p>	<p>The increasing world population, urbanization, and a growing middle class, particularly in emerging economies, could all lead to a scarcity of resources going forward, including food, water, land, energy, and minerals. As demand continues to grow and supply declines, it is possible that commodity prices will skyrocket, hurting the living standards of many and increasing the risk of geopolitical conflicts.</p>

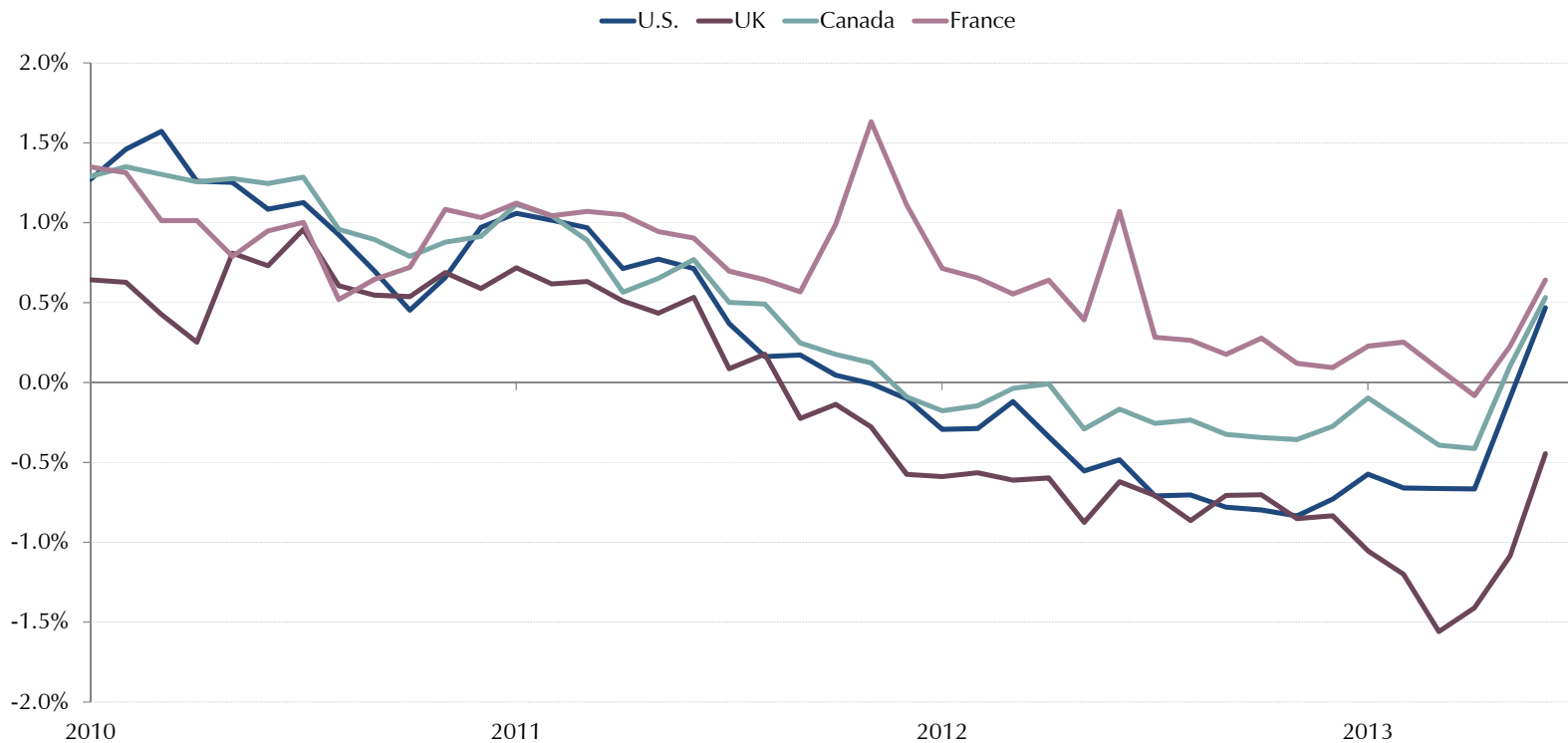
Positive Macroeconomic Trends Matrix



Positive Macroeconomic Trends Overviews

<p>Growth of Emerging Markets Middle Class</p>	<p>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.</p>
<p>Increased Multilateral Global Trade</p>	<p>The pace of globalization has accelerated, particularly in emerging economies. Increased trade and investment, as well as access to foreign capital and export markets for corporations, should lead to lower costs, higher efficiencies, and higher global growth.</p>
<p>Improvements in Education/Healthcare</p>	<p>Literacy rates and average life spans have increased globally, particularly in the emerging economies. Higher literacy rates will likely be a driver of future growth, as the ability to read helps people learn new skills and improve existing skills. When people live longer it increases incentives to make long-term investments in human capital (i.e., education and training), resulting in a more productive work force and ultimately more growth.</p>
<p>Enhanced Energy Extraction Technologies</p>	<p>Hydraulic fracturing (i.e., fracking) technologies have allowed large new supplies of natural gas and oil to be extracted from shale rocks, predominantly in the U.S. The large new supply of natural gas has decreased U.S. prices to levels considerably below the rest of the world. Going forward, it is likely that other countries will work to improve their fracking technologies, further increasing the supply of oil and gas globally.</p>
<p>U.S. Housing Recovery</p>	<p>The U.S. housing market continues to show signs of recovery as building permits, housing starts, and prices have all increased recently. A recovery in the U.S. housing market should create jobs both in the construction and financial services industries, potentially decreasing the unemployment rate and ultimately increasing growth. One potential major headwind to a continued U.S. housing recovery is the recent increase in mortgage rates related to fears that the Federal Reserve might begin winding down its bond purchase program.</p>
<p>Developed World Monetary Stimulus</p>	<p>Developed market central banks have embarked on a massive monetary stimulus campaign in the aftermath of the Global Financial Crisis. The U.S., European, and Japanese central banks continue to maintain interest rates at record lows. Japan has recently embarked on an unprecedented asset purchase program (quantitative easing), while the U.S. is much further along in its stimulative efforts. Going forward, if central banks continue to increase liquidity and keep interest low this should stimulate growth.</p>

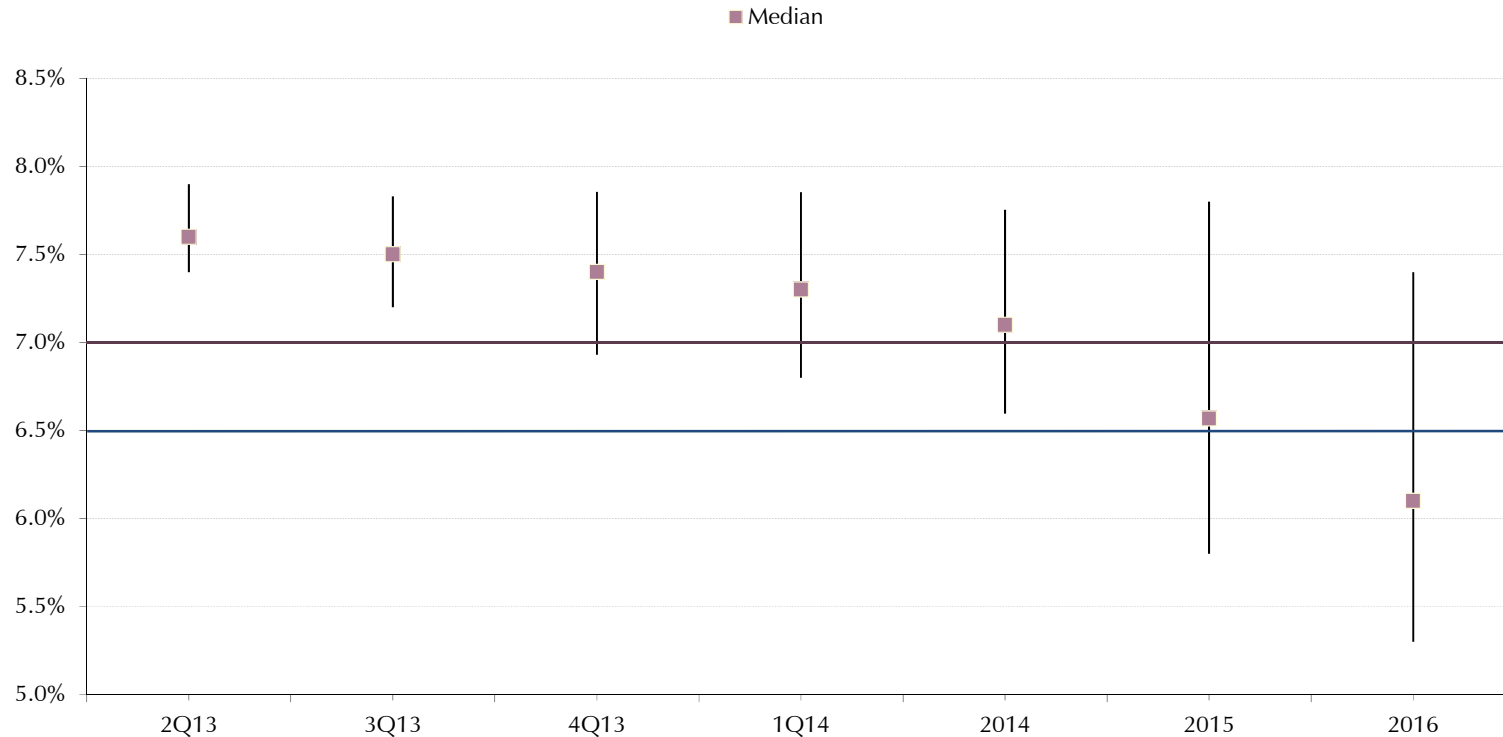
Ten-Year Inflation-Linked Bonds Real Yields



Source: Bloomberg. Data is as of June 30, 2013.

- Anticipation of the U.S. Federal Reserve starting to tighten monetary policy coupled with declining inflation expectations caused markets to readjust real yields globally.
- The real yields for ten-year inflation-linked bonds in the U.S., Canada, and France turned positive for the first time since 2011.

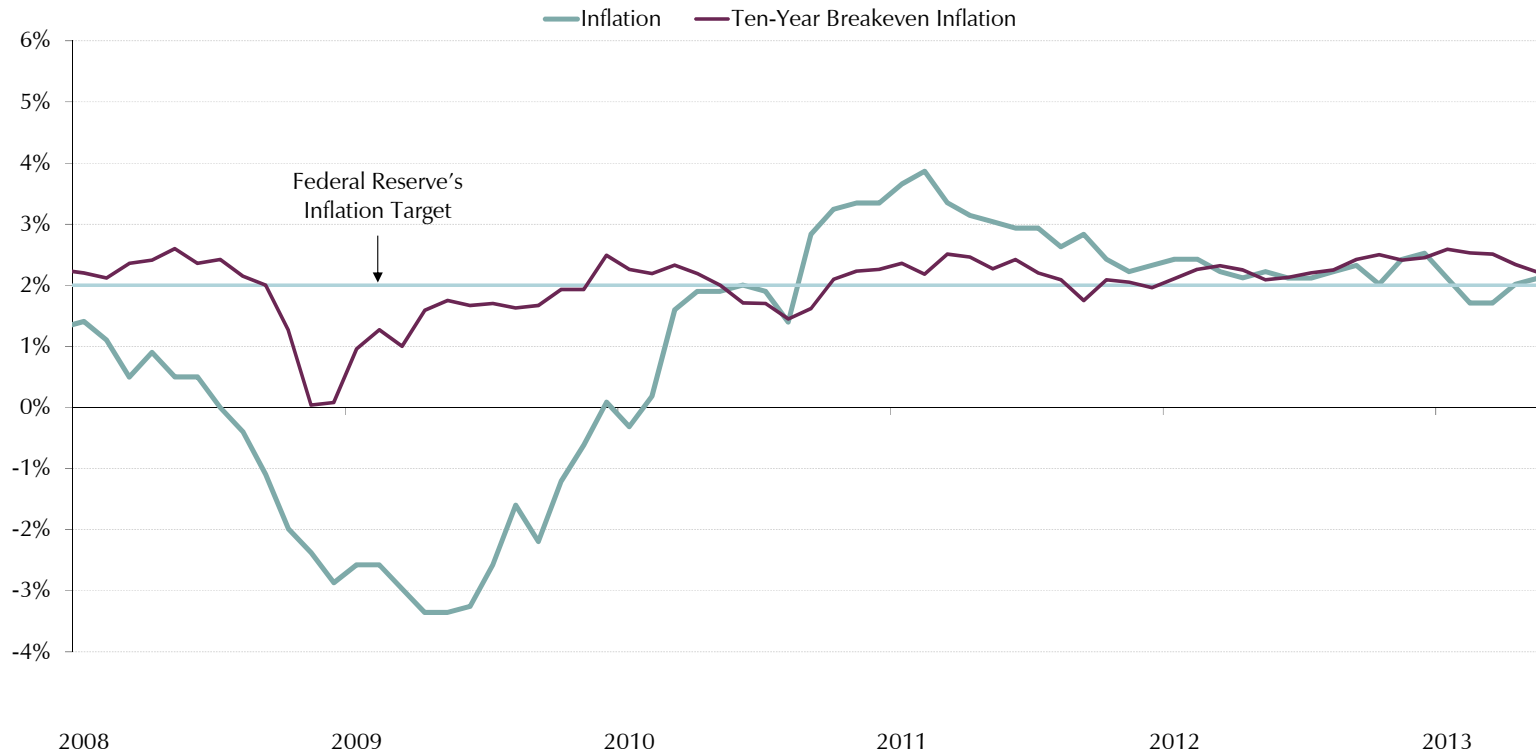
U.S. Unemployment Forecast



Source: Philadelphia Federal Reserve Survey of Professional Forecasters.

- The U.S. Federal Reserve announced that it would connect its interest rate policy and bond purchase program (i.e., quantitative easing) with the unemployment rate.
- Specifically, they plan to continue purchasing bonds until unemployment reaches 7.0% and to keep interest rates low as long as unemployment remains above 6.5%.
- Economists forecast that unemployment will decline below these levels over the next several years.

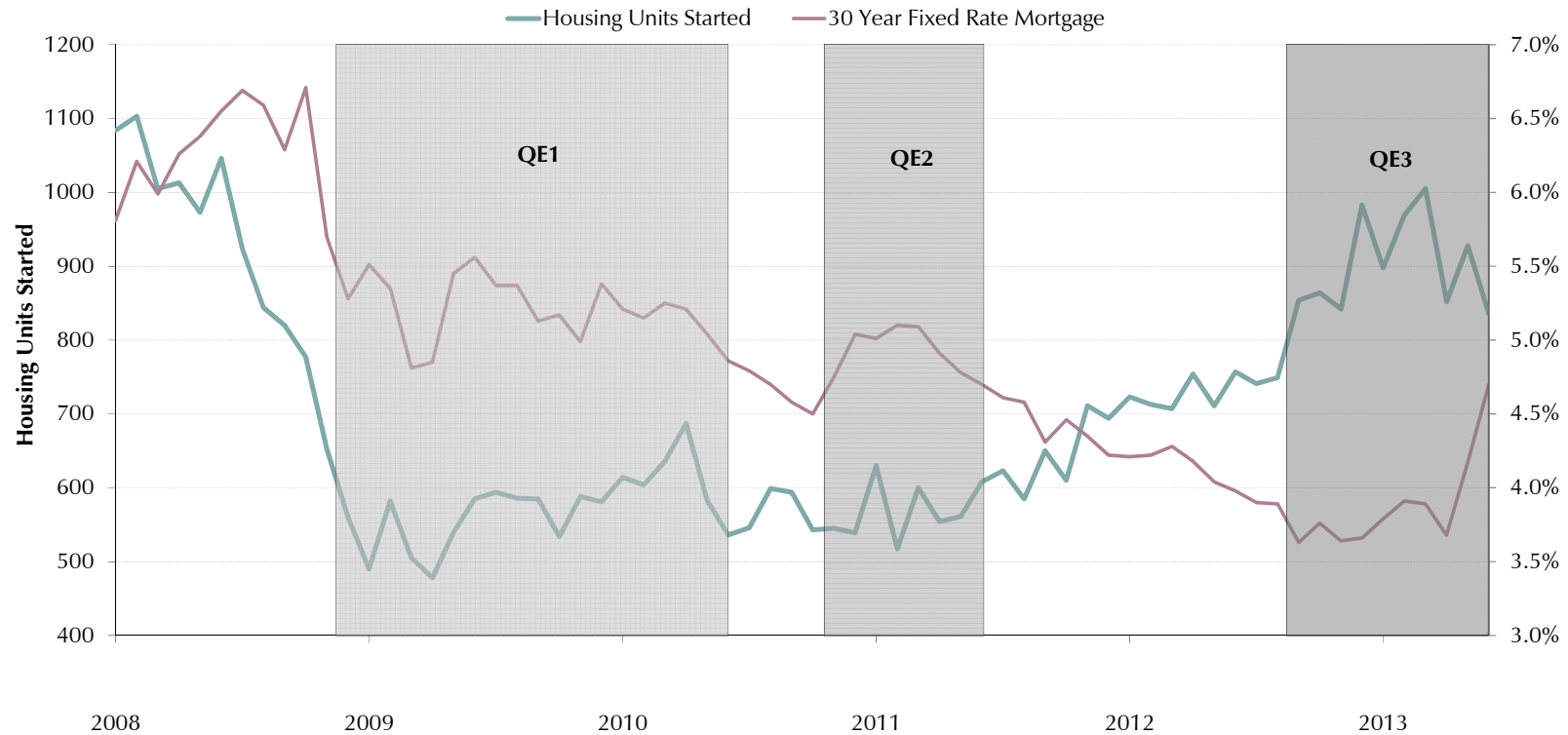
U.S. Inflation



Source: U.S. Bureau of Economic Analysis, U.S. Treasury, and Federal Reserve. Data is as of May 31, 2013.

- Trailing twelve month U.S. inflation, as well as future inflation expectations, are well within the Federal Reserve's tolerance level.
- Low inflation provides the Federal Reserve with more flexibility in their monetary policy allowing for continuing their bond purchase program, or potentially even increasing it in the future.

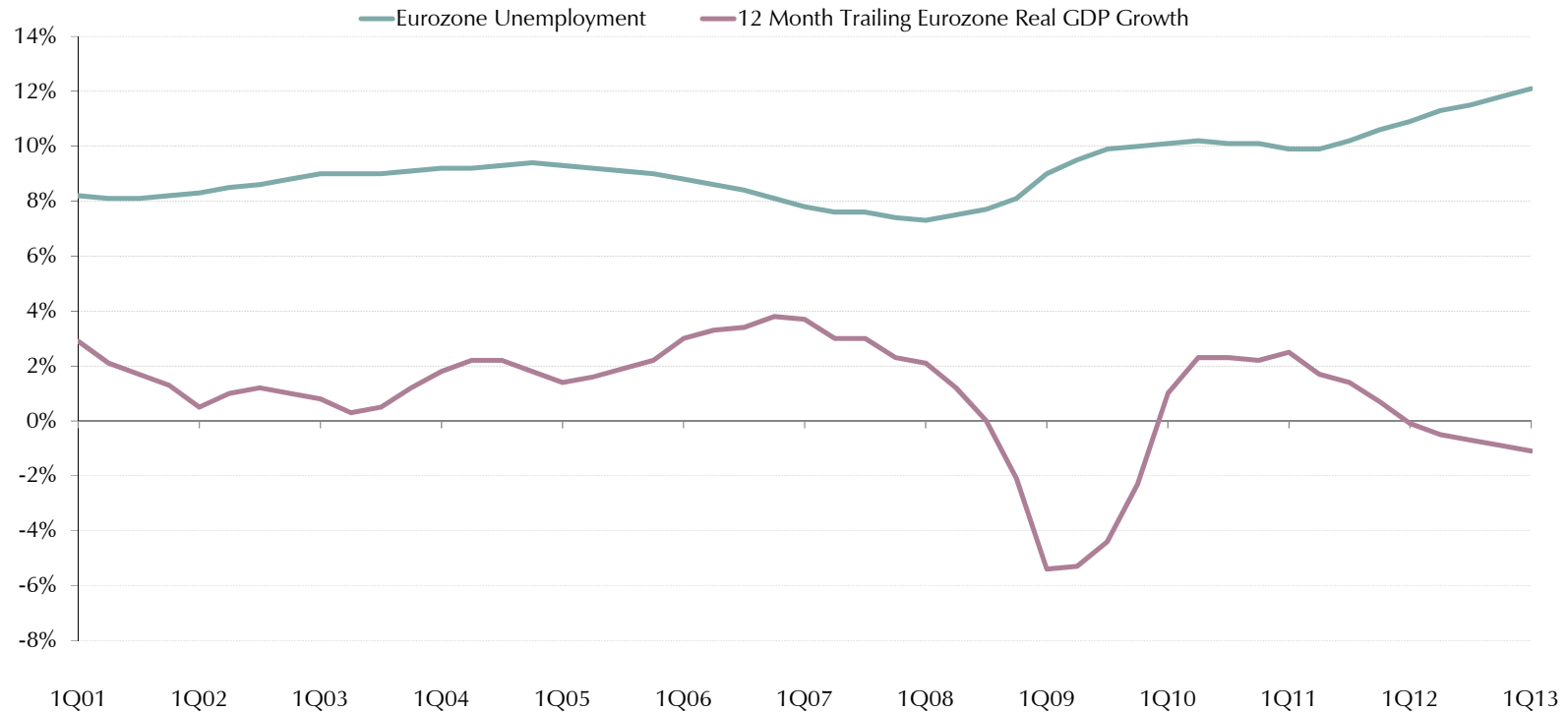
U.S. Housing



Source: Thomson Reuters. Data is as of June 30, 2013.

- In the midst of sluggish economic growth in the U.S., the housing market remains a bright spot.
- Housing prices, particularly in more distressed markets, and construction of new homes have begun to shift from stabilization to recovery.
- The recent increase in mortgage rates could slow the U.S. housing recovery going forward. Already, massive declines in mortgage and refinance applications have been observed.

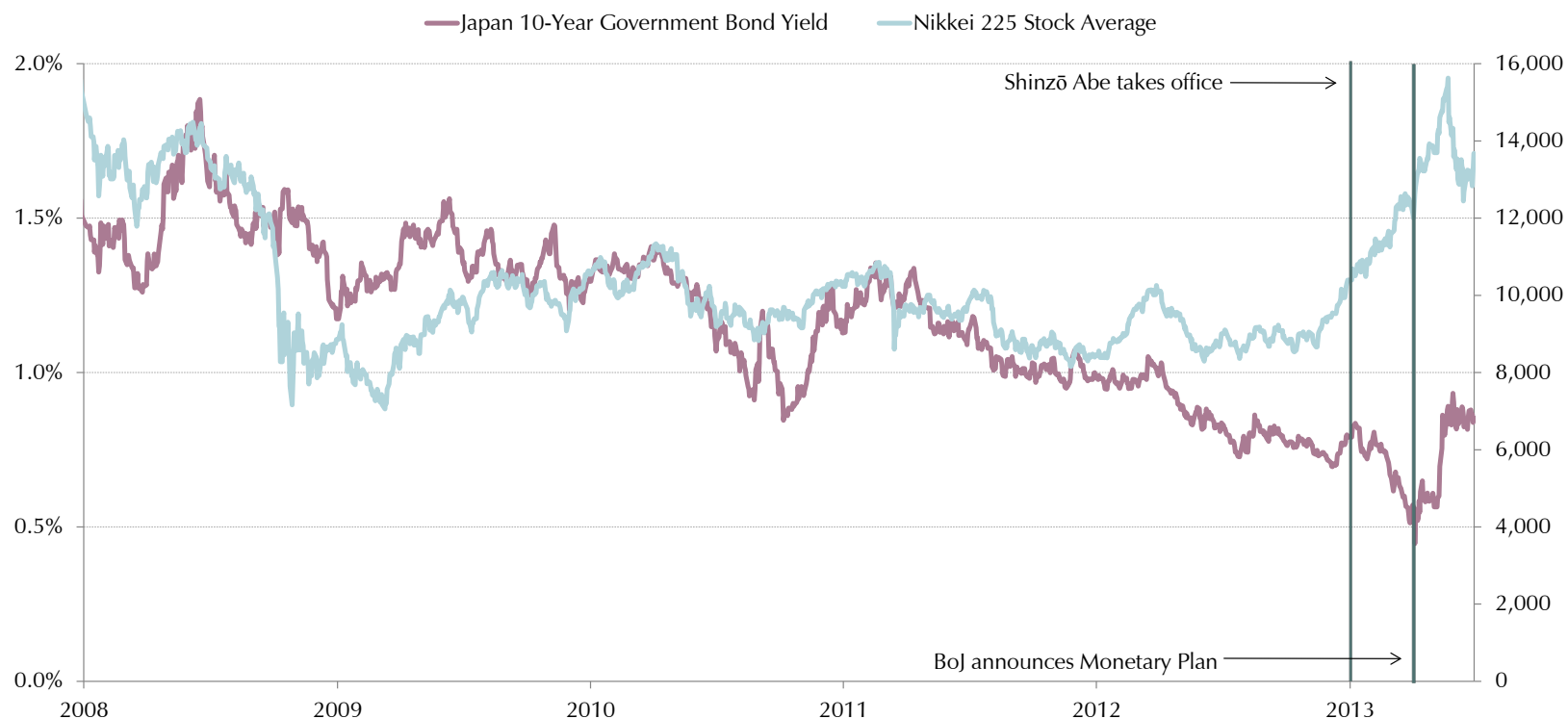
Eurozone Economic Conditions



Source: Thomson Reuters. Data is as of March 31, 2013.

- Conditions in the Eurozone continue to deteriorate, with the region’s economy slipping back into recession and unemployment reaching record highs.
- Efforts to further reduce deficits through tax increases and spending cuts could weigh heavily on the region’s already fragile economy.

Japan Stimulus



Source: Thomson Reuters. Data is as of June 30, 2013.

- To fight decades of deflation and economic malaise Japan's new Prime Minister Shinzo Abe introduced bold new policies consisting of monetary stimulus, fiscal stimulus, and structural reforms (i.e., "three arrows").
- After Mr. Abe's election in December 2012, both the Japanese stock and bond markets increased dramatically, but subsequently declined partly due to concerns over the country's unprecedented economic turnaround plan.

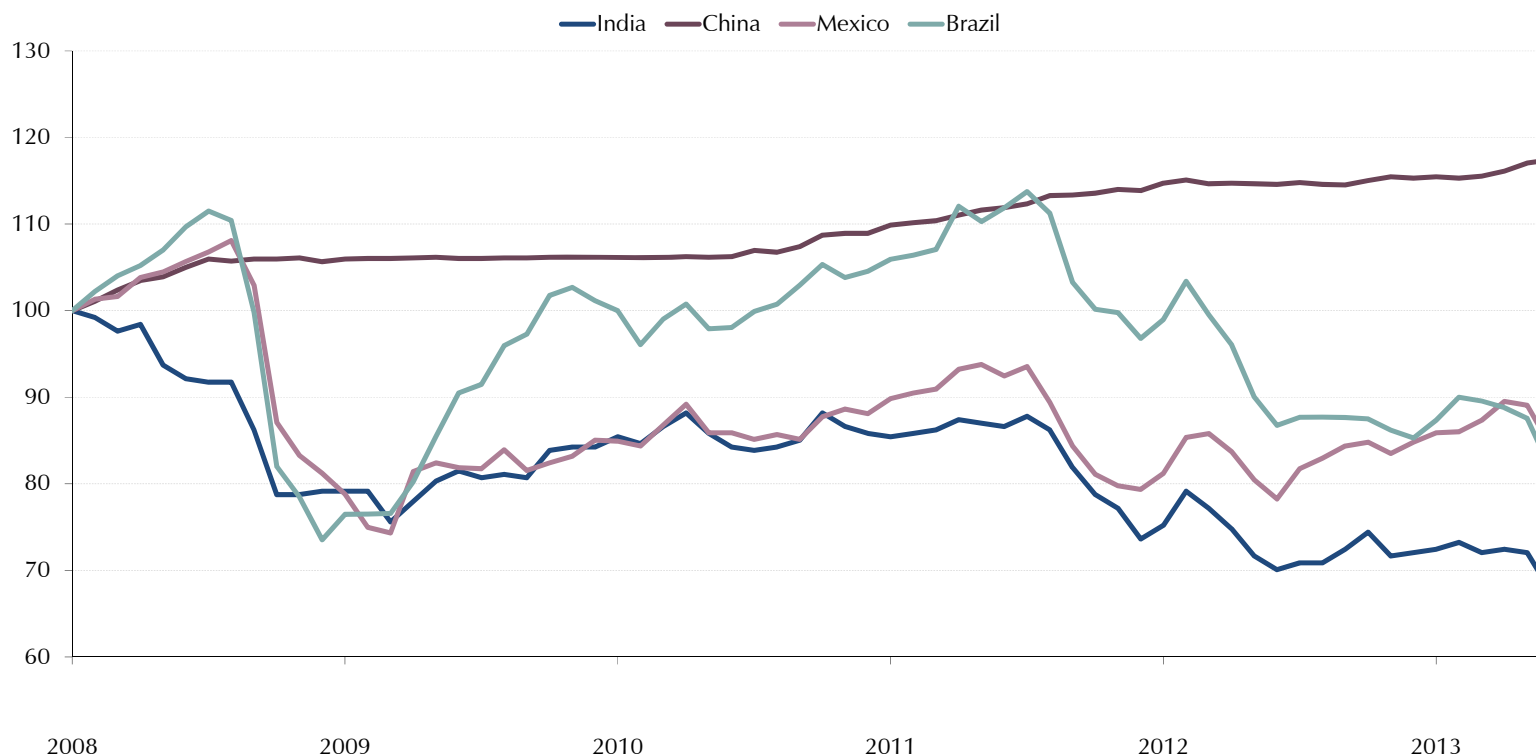
China Economic Conditions



Source: CEIC. Money supply is represented by M2 data. Data is as of March 31, 2013.

- Credit growth in China has declined since its peak in 2009, but remains above economic growth.
- The new regime in China has made it a priority to curb the country's debt-fuelled growth. Although this should prove beneficial to the Chinese economy in the long-term, the transition could be painful in the short-term.

**Emerging Market Currencies
Value versus the U.S. Dollar**

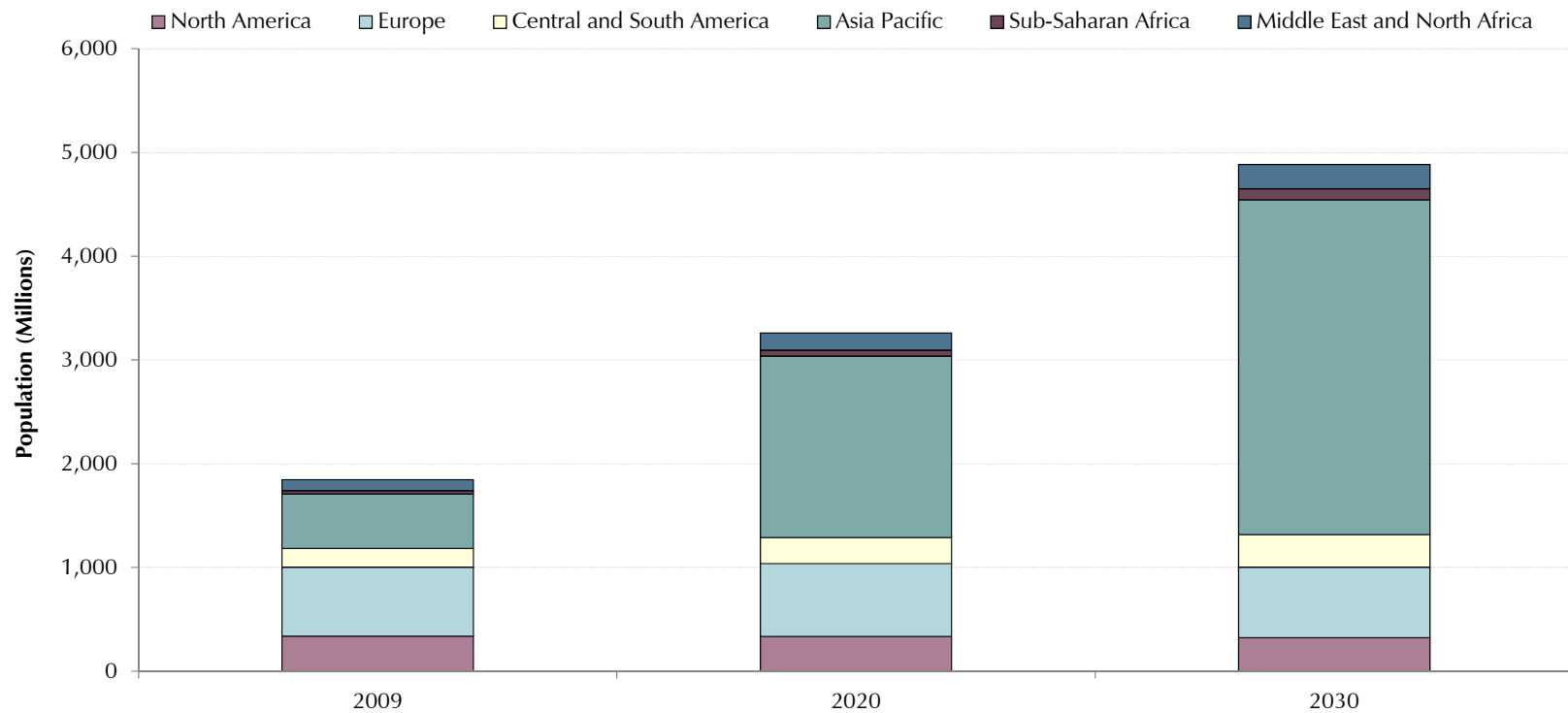


Source: OANDA. Data is as of June 30, 2013. Data assumes a January 2008 base value of 100 for the Rupee, Yuan, Peso, and Real versus the U.S. Dollar.

- Emerging market currencies recently declined against the U.S. dollar as positions in “carry trades¹” were unwound in light of rising U.S. interest rates.
- One exception was China, whose currency appreciated against the U.S. dollar, fueling speculation that the People’s Bank of China may be moving toward a more flexible exchange rate policy.

¹ A carry trade typically includes borrowing money in a low yielding currency and investing in the currencies or bonds of higher yielding currencies.

Size of the Middle Class by Region: 2009 - 2030



Source: Brookings Institute.

- The size of the middle class is projected to grow by over 250% globally by the year 2030, with the largest growth forecast for emerging market countries.
- It is projected that close to 60% of the world's population will be middle class by 2030.
- As recently seen in Brazil, Turkey, and Egypt the growth of the emerging market middle class does not come without growing pains, as many begin to pay taxes and consequently demand more from their governments.

Summary

Four primary concerns face the global economy: 1) continued economic sluggishness and financial risk in Europe; 2) increasing real interest rates globally; 3) the potential for a rapid slowdown in China hurting other emerging economies; and 4) increased geopolitical tensions around the world.

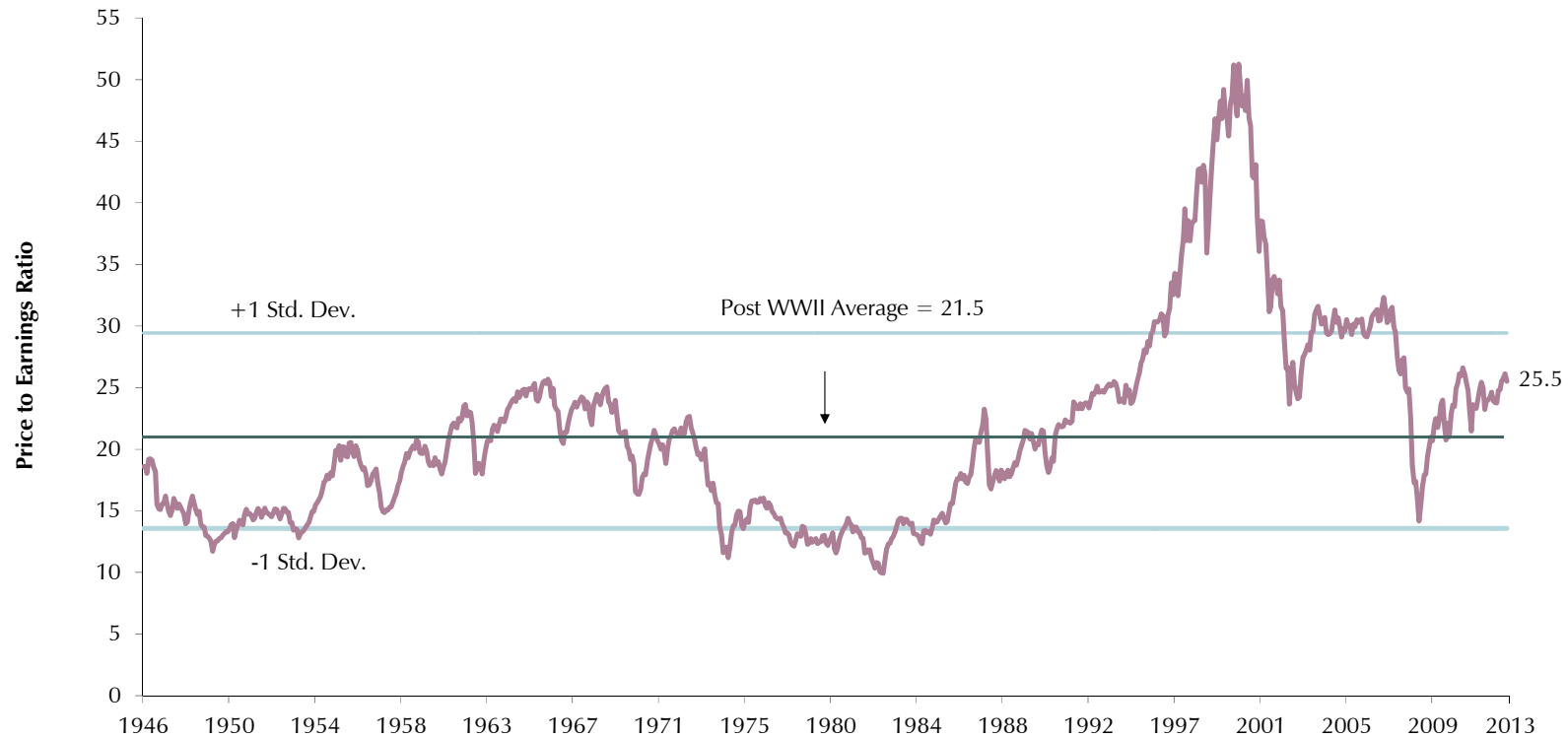
- In the developed economies, we expect GDP growth to remain sluggish in 2013 due to increasing real interest rates, high unemployment, and fiscal austerity.
- Growth in emerging economies should remain higher than developed economies, but could be volatile in light of rising real interest rates and uncertainty related to China's public policy. Continued improvements in developed market growth should help export demand.
- Slow growth globally and an increase in interest rates should keep inflation subdued in the near-term. If central banks begin to reduce their historic monetary stimulus, inflationary pressures will further decline. The risk of deflation exists in developed economies, although small.
- Continued monetary stimulus in Europe, the emerging economies, the U.S., and Japan is likely going forward. If economic conditions continue to improve in the U.S. it is likely that the Federal Reserve will begin to decrease their bond purchase program.
- Further fiscal stimulus looks unlikely in 2013 in developed economies, as the political will declines in the face of high government debt levels. The exception is Japan, which pledged to increase fiscal spending to fight deflation.

Capital Markets Outlook

Capital Markets Outlook¹

- Investors are faced with three primary issues in the near-term: 1) historically low bond yields, 2) the potential for a transition into a rising rate environment, and 3) the potential for deteriorating earnings.
 - The price of the U.S. stock market relative to ten-year average earnings increased slightly from the beginning of the year, remaining above its historical average (25.5x versus 21.5x).
 - Small cap domestic stocks remain richly priced relative to large cap stocks.
 - Developed international and emerging market stocks are trading at lower valuations than U.S. stocks.
 - Sovereign debt issues and weak economic growth in Europe, and a cyclical slowdown in emerging economies, are weighing down valuations.
 - Uncertainties around global demand (particularly from emerging markets), stimulative monetary policy, and geopolitical tensions (e.g., Egypt) will likely cause heightened volatility.
 - At the end of June, the yield spreads on both high yield corporate bonds (4.9% versus 5.6%) and investment grade bonds (1.5% versus 1.6%) were slightly below their long-term averages.
 - At 2.5%, the yield on the ten-year Treasury remains far below its post-WWII average of 5.7%.
 - Low yields on fixed income instruments are likely to push long-term investors further out on the risk spectrum as they seek to achieve their target returns, while short-term investors may look to cash for safety.

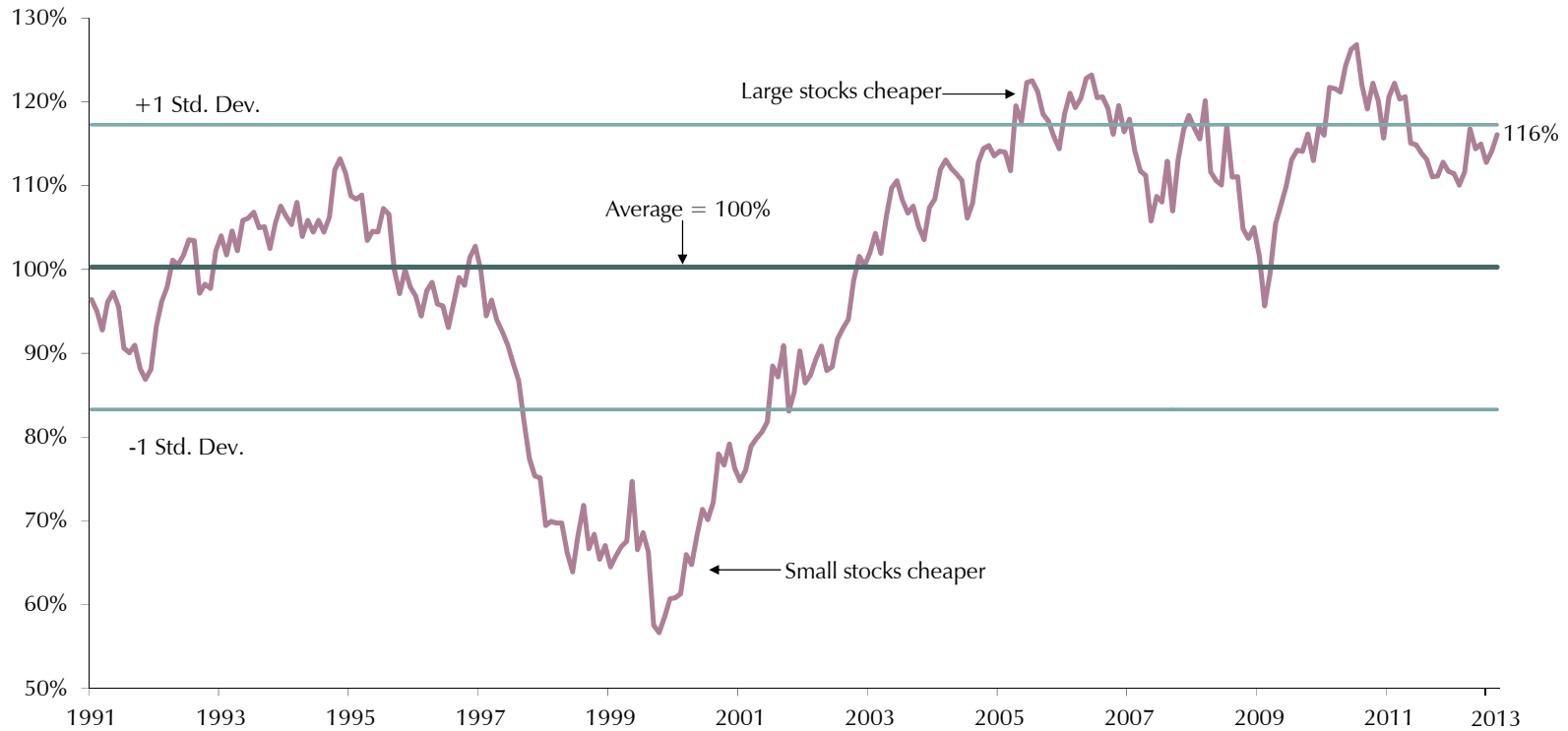
¹ Sources: FactSet, U.S. Treasury, Standard & Poor's. Data is as of June 30, 2013.

U.S. Equity Cyclically Adjusted P/E¹

- The cyclically adjusted P/E ratio for the S&P 500 finished June at 25.5x, above its post-WWII average of 21.5x.
- Going forward, slowing revenue growth, rising interest rates, and a sluggish economic recovery could create headwinds for U.S. equities.

¹ Source: Standard & Poor's. Earnings figures represent the average of monthly "as reported" earnings over the previous ten years. Data is as of June 30, 2013.

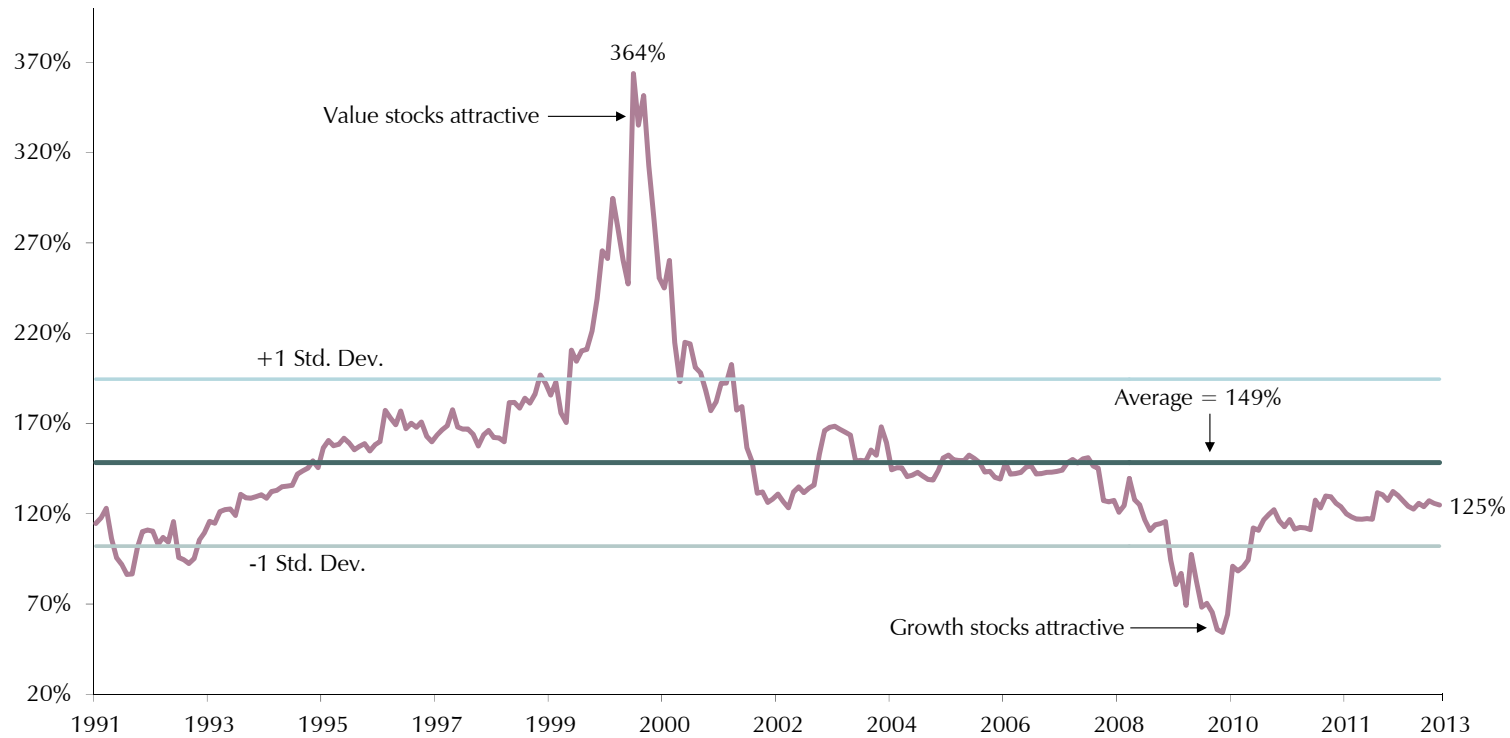
Small Cap P/E vs. Large Cap P/E¹



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

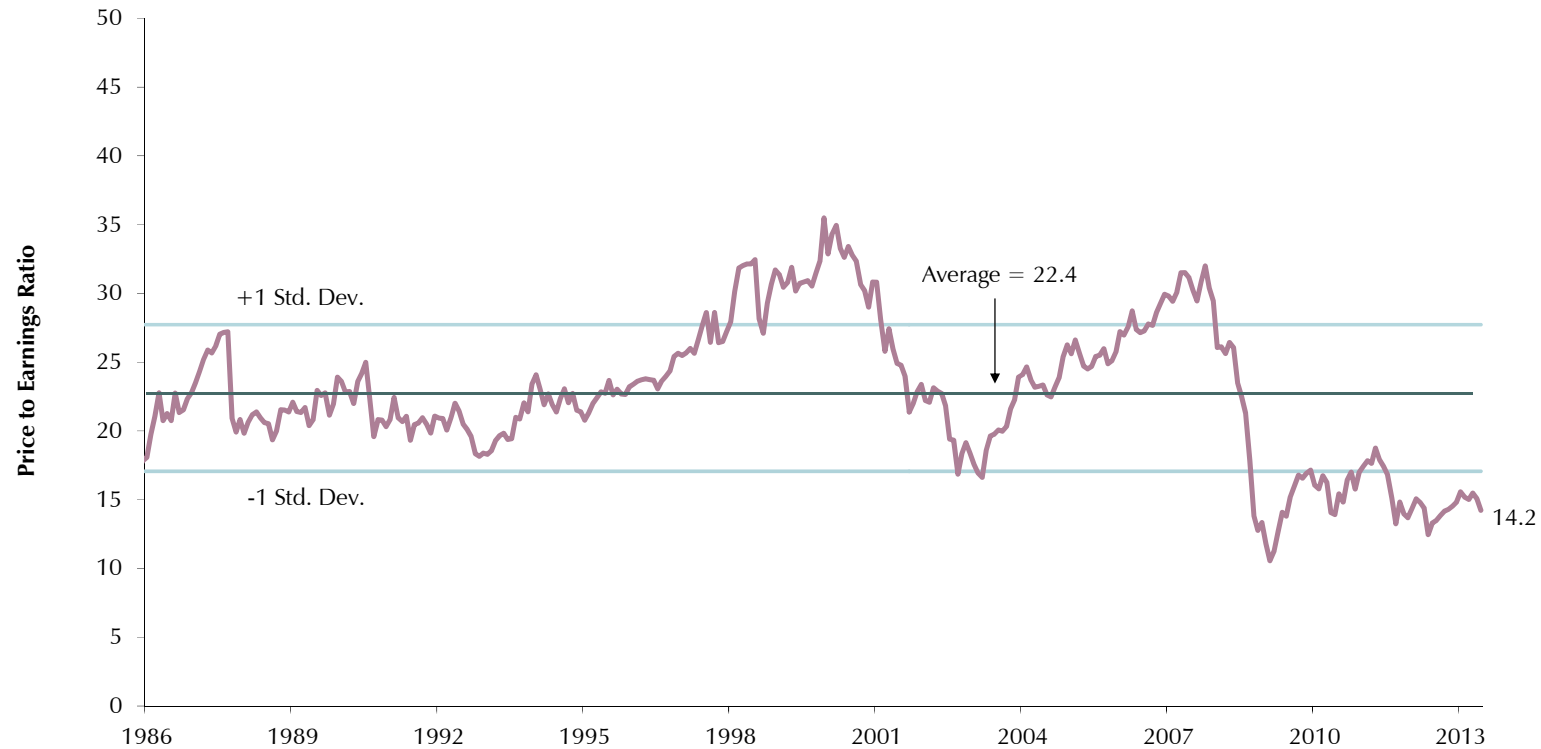
¹ Source: Russell Investments. Earnings figures represent 12-month "as reported" earnings. Data is as of June 30, 2013.

Growth P/E vs. Value P/E¹



- The P/E ratio of growth stocks (Russell 3000 Growth) relative to value stocks (Russell 3000 Value) finished June at 125%, well above its level three years prior, but still below its long-term average.
- Of note, the long-term average was sharply influenced by the technology bubble of the late 1990s.

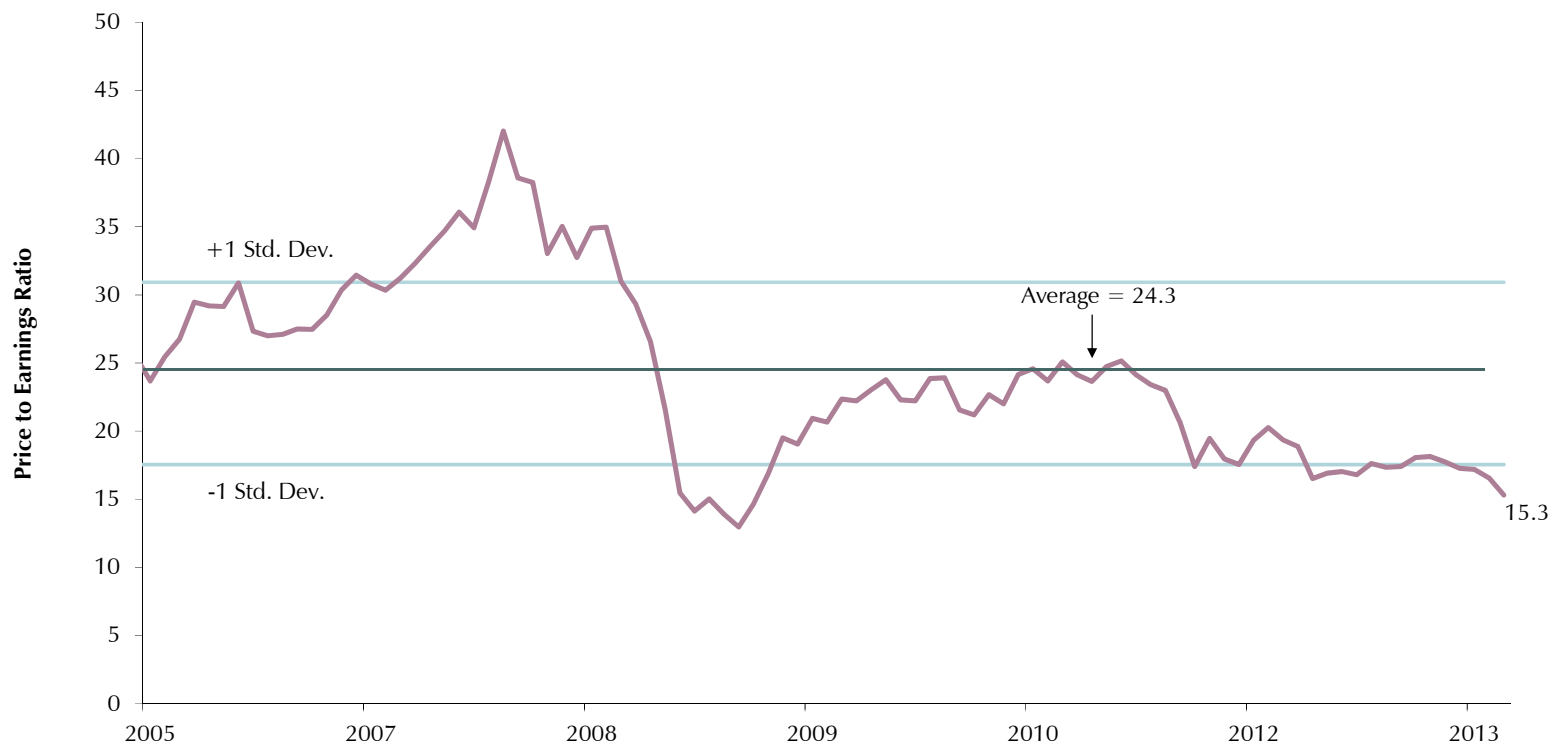
¹ Source: Russell Investments. Earnings figures represent 12-month "as reported" earnings. Data is as of June 30, 2013.

Developed International Equity Cyclically Adjusted P/E¹

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

¹ Source: MSCI and FactSet. Earnings figures represent the average of monthly "as reported" earnings over the previous ten years. Data is as of June 30, 2013.

Emerging Market Equity Cyclically Adjusted P/E¹



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

¹ Source: MSCI and FactSet. Earnings figures represent the average of monthly "as reported" earnings over the previous ten years. Data is as of June 30, 2013.

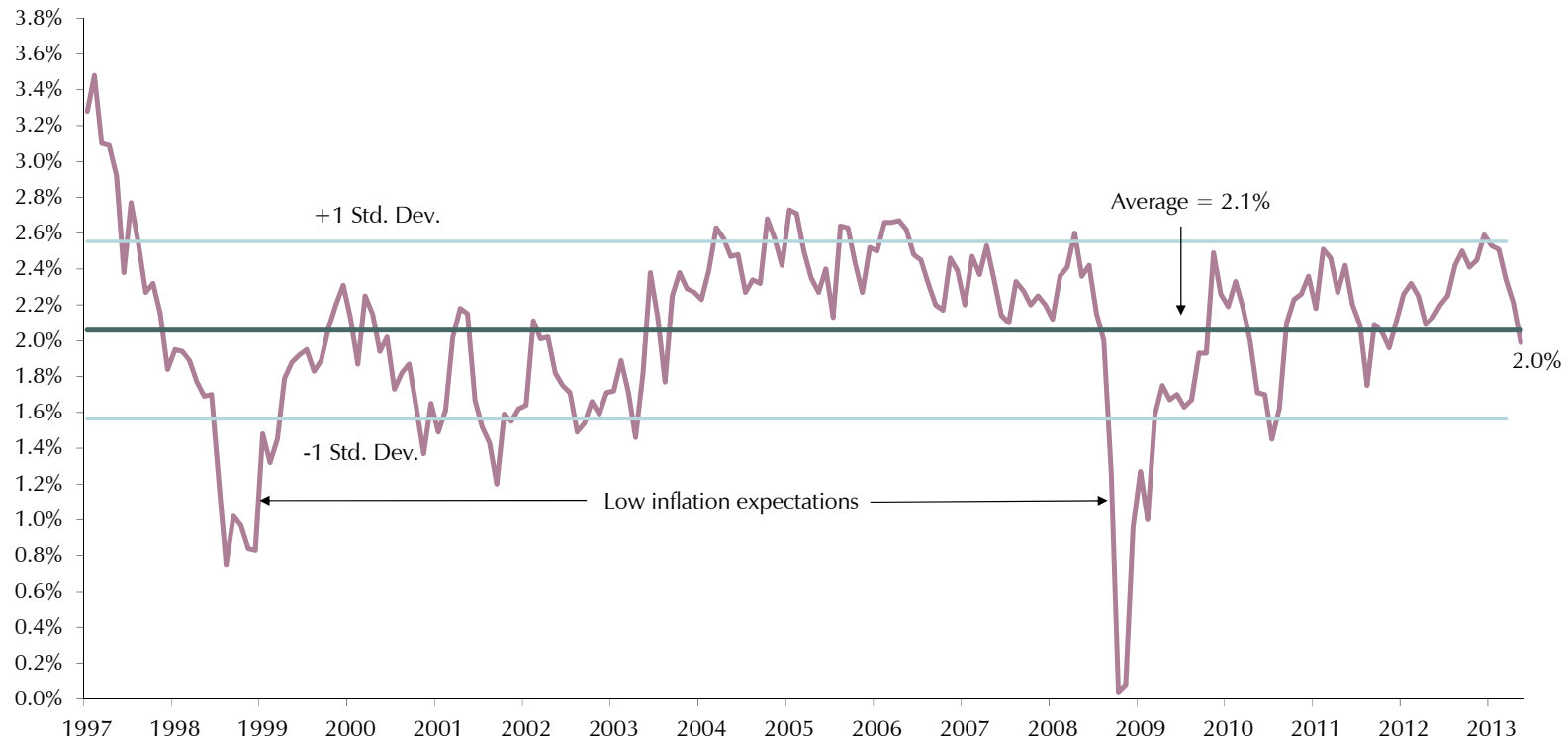


Ten-Year Treasury Yields¹

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

¹ Source: U.S. Treasury. Data is as of June 30, 2013.

Ten-Year Breakeven Inflation¹

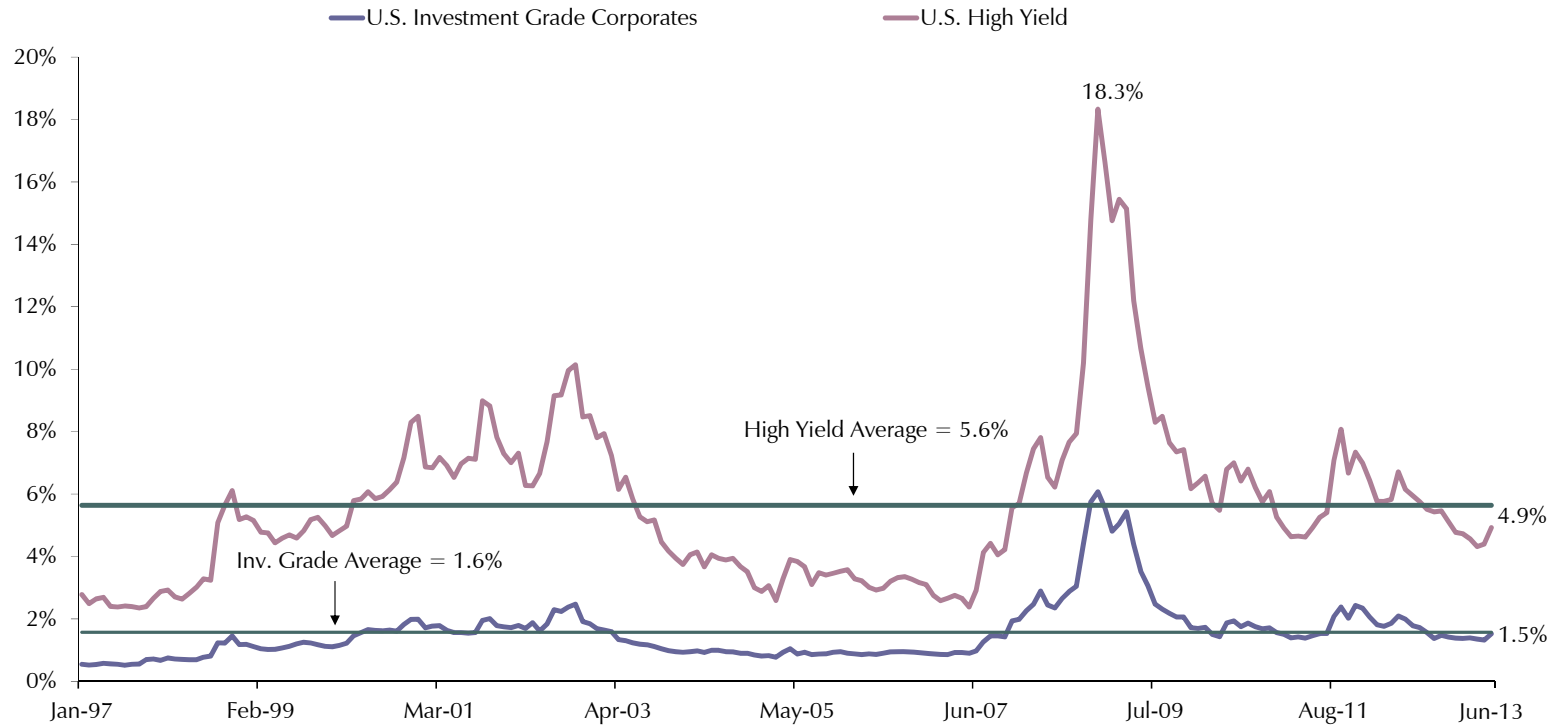


- Breakeven (or expected) inflation, the difference between the nominal yield on a ten-year Treasury and the real yield on a ten-year TIPS, was close to its historical average at the end of June.
- The inflation rate year over year was 1.3% at the end of May, as measured by the Consumer Price Index (CPI). This means actual inflation was 0.7% below the ten-year breakeven inflation rate.

¹ Source: U.S. Treasury and Federal Reserve. Data is as of June 30, 2013.



Credit Spreads¹

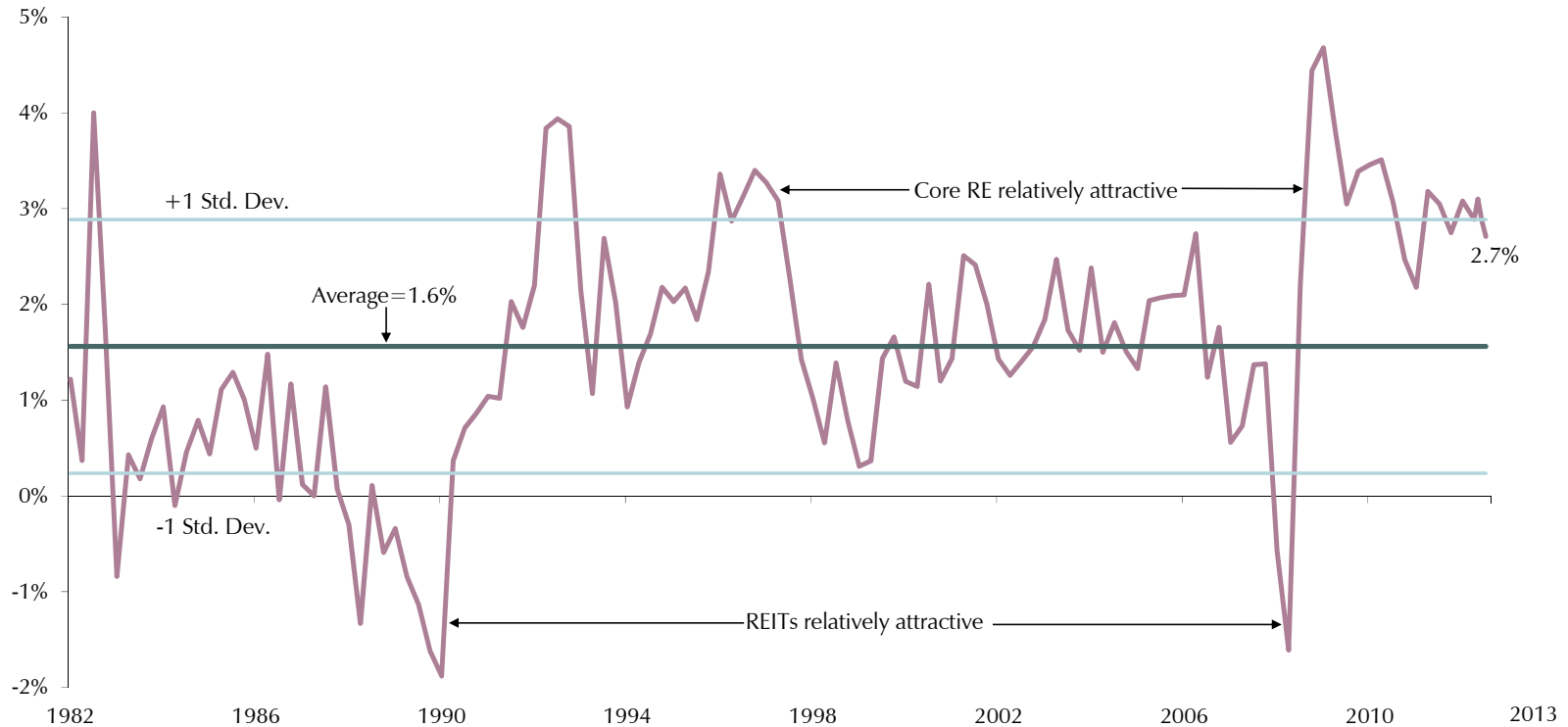


- Credit spreads (versus U.S. Treasury bonds) for both high yield and investment grade corporate bonds finished June below but closer to their respective historical averages when compared to the previous quarter.
- As markets anticipate diminished Quantitative Easing, bond yields may drift closer to their long term averages.

¹ Source: Barclays Capital. High Yield is proxied by the Barclays High Yield index and Investment Grade Corporates are proxied by the Barclays U.S. Corporate Investment Grade index. Data is as of June 30, 2013.



Core Real Estate vs. REITs¹

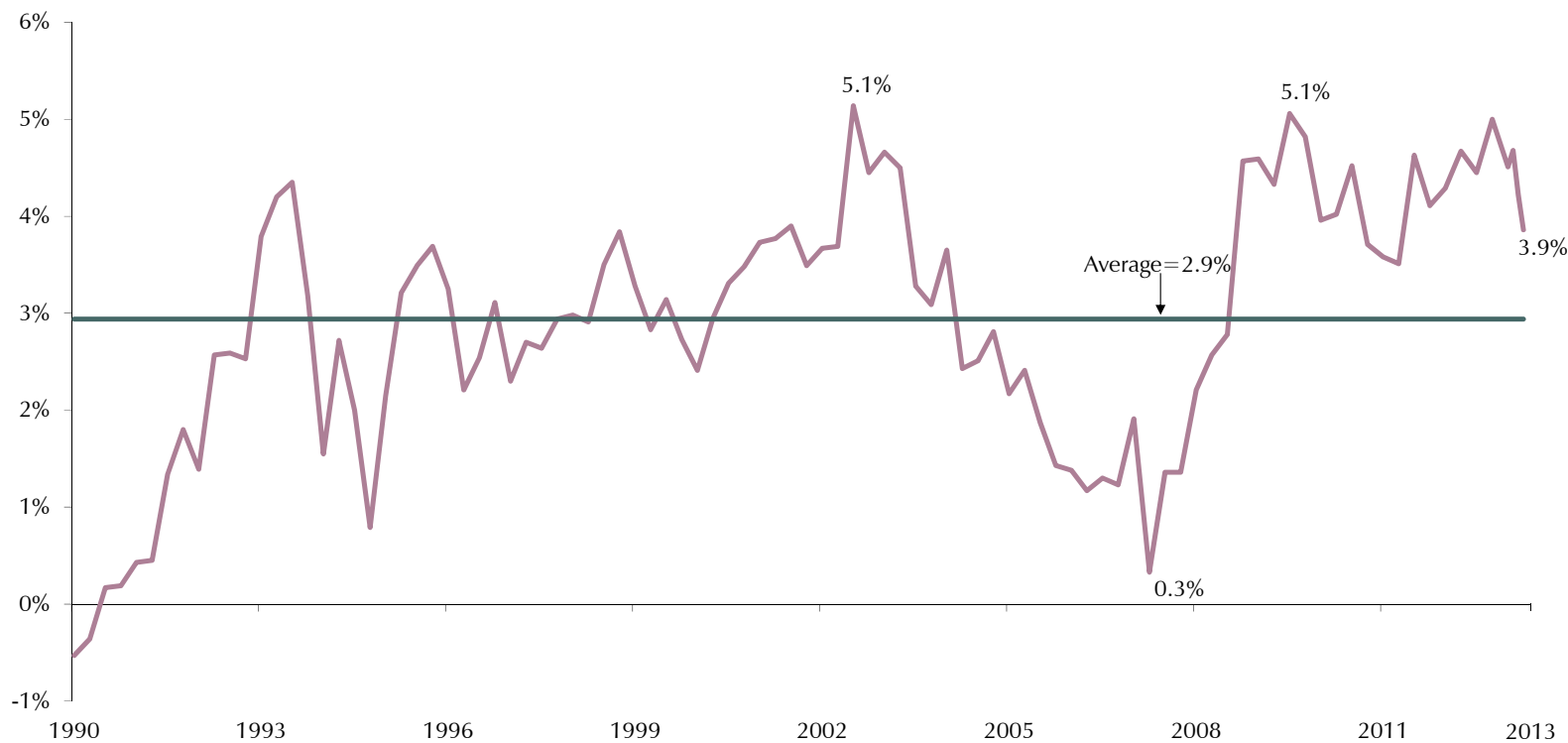


- At the end of June, the spread between core real estate cap rates and REIT yields was 2.7%, which is approximately one standard deviation above its long-term average.
- REITs were yielding 3.7% at the end of June, well below the 10.1% level of early 2009.

¹ Sources: FactSet and NCREIF. Core Real Estate is proxied by the transaction-based cap rate for the NCREIF NPI index and REITs are proxied by the yield for the NAREIT Equity index. NPI transactional capitalization rates are calculated on a quarterly basis. June 30, 2013 NCREIF NPI data is not yet available. Data is as of May 31, 2013, for the NCREIF NPI and June 30, 2013, for the NAREIT Equity index.



Core Real Estate Spread vs. Ten-Year Treasury¹

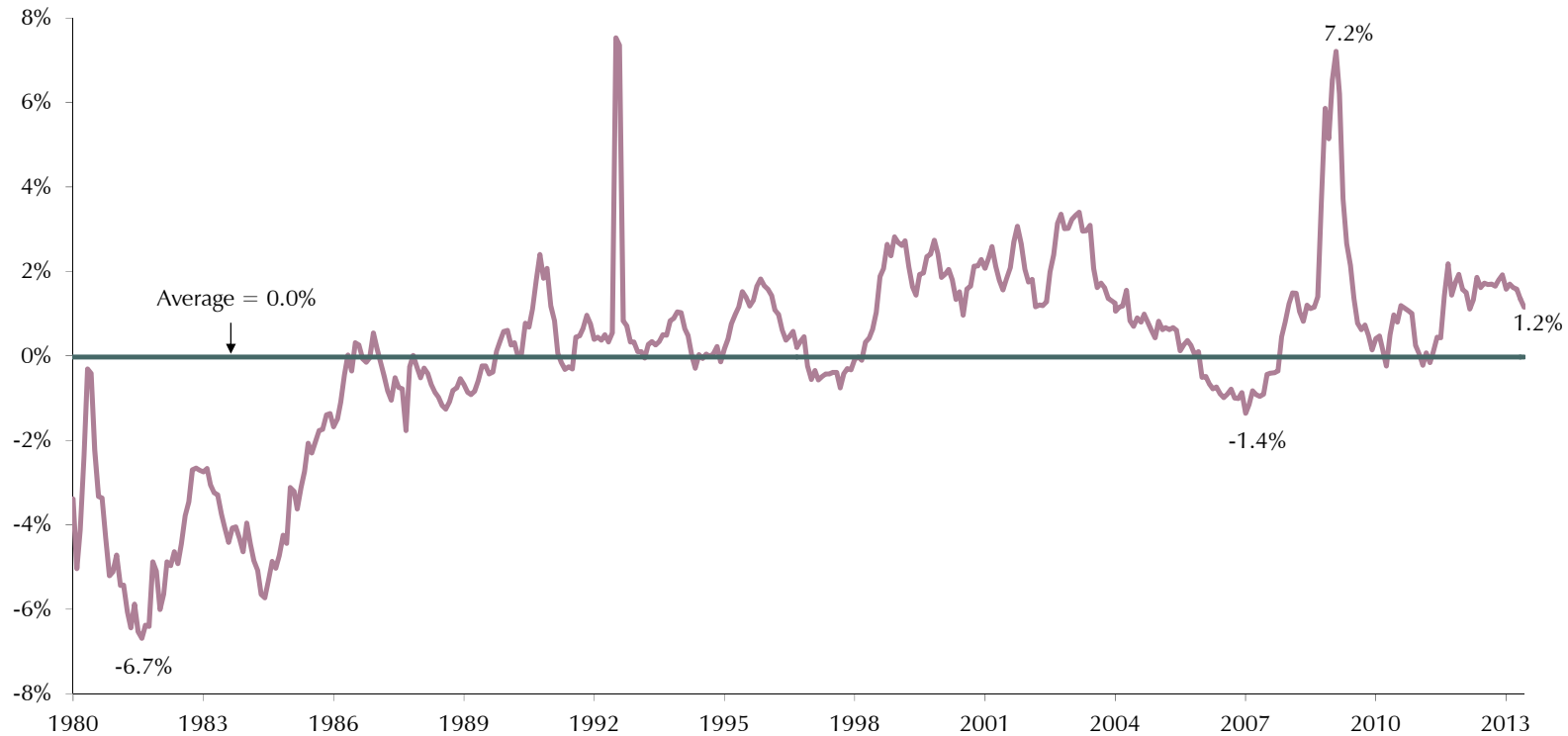


- At 3.9%, the difference between the 6.4% cap rate for core real estate and the 2.5% yield for the ten-year Treasury is above the historical average.
- Still, the absolute level of core real estate cap rates is near a historical low.

¹ Source: NCREIF, U.S. Treasury. NPI transactional capitalization rates are calculated on a quarterly basis. The June 30, 2013 NCREIF NPI data is not yet available. Data is as of May 31, 2013, for the NCREIF NPI and June 30, 2013, for the ten-year Treasury.



REITs Dividend Yield Spread vs. Ten-Year Treasury¹

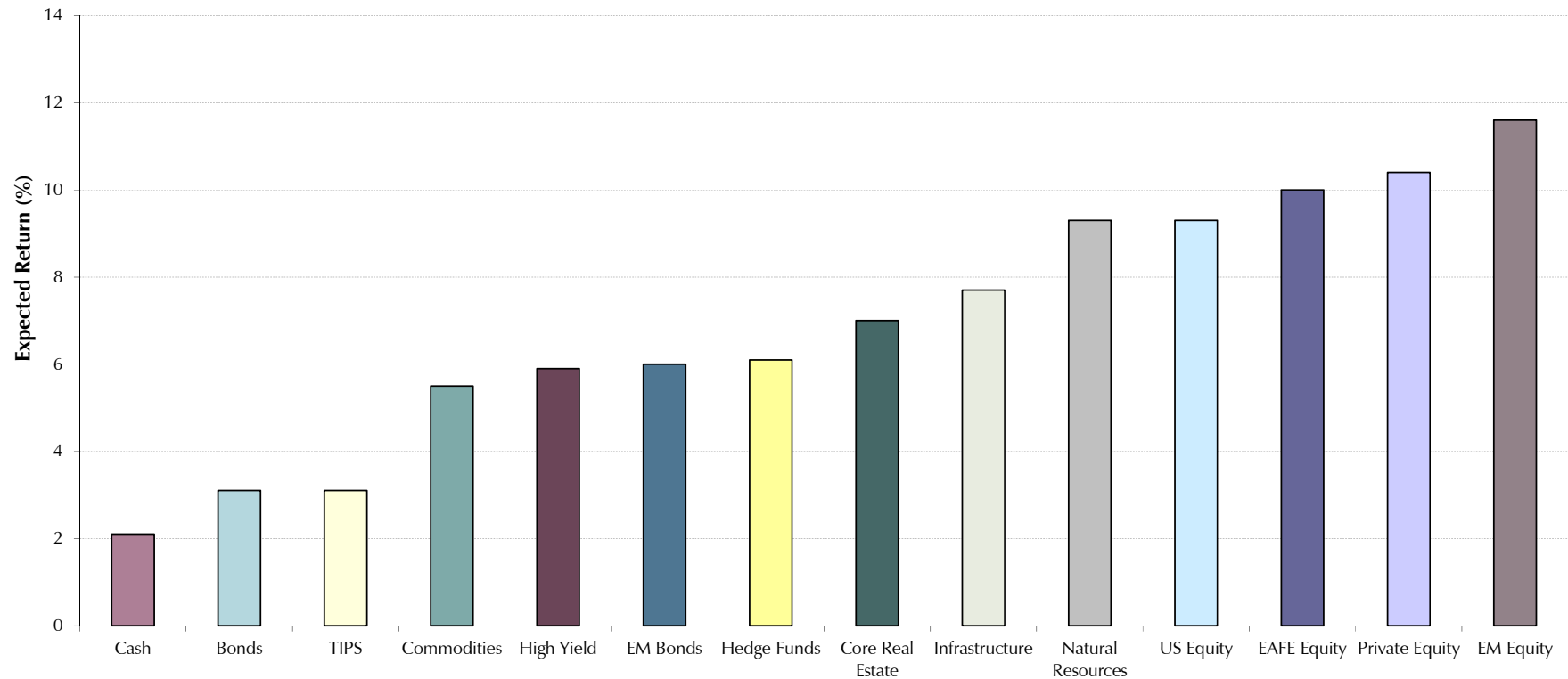


- REIT yield spreads were 1.2% at the end of June as both rates continue to rise but recently the U.S. Treasury has risen at a faster pace.
- As with core real estate, the absolute level of REIT dividend yields is near a historical low.

¹ Source: NAREIT, U.S. Treasury. REITs are proxied by the yield for the NAREIT Equity index. Data is as of June 30, 2013.



Long-Term Outlook¹



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

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



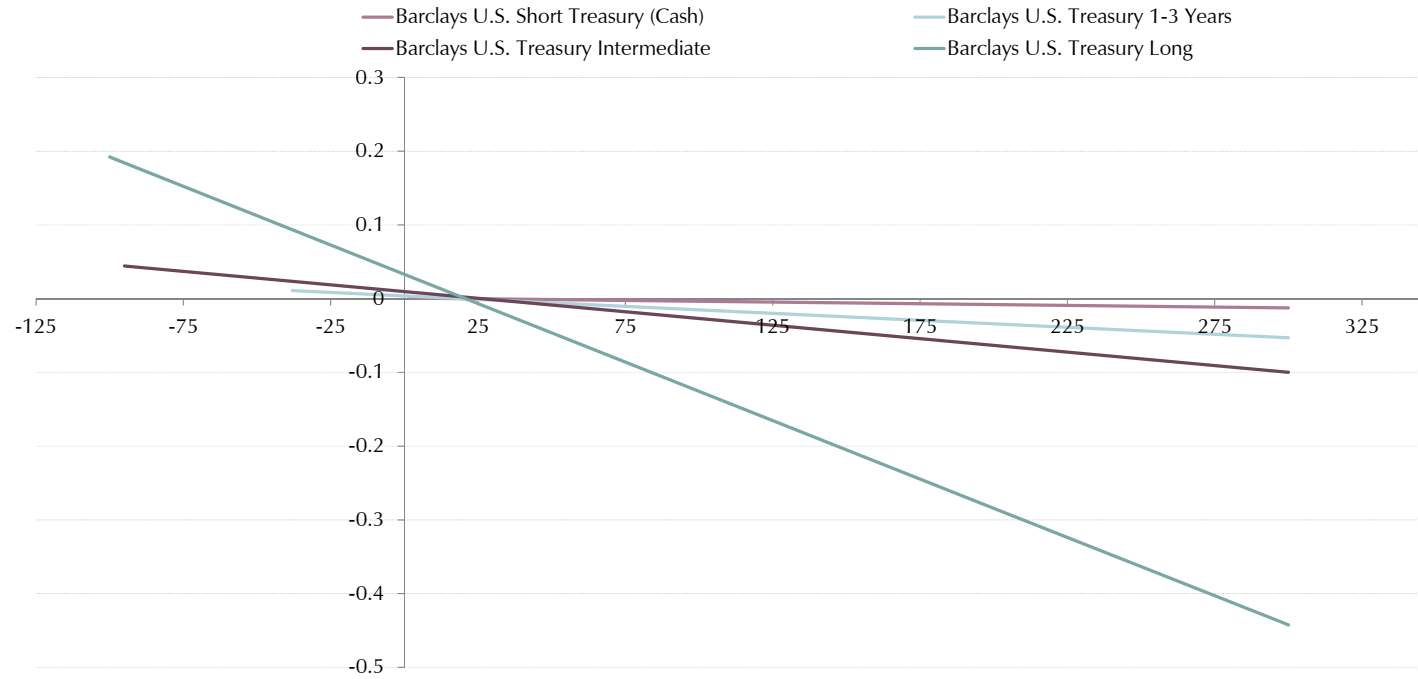
Break Even Point for Changes in Interest Rates¹

	Barclays Agg.	Barclays U.S. TIPS	Barclays U.S. Short Treasury	Barclays U.S. Treasury 1-3 Years	Barclays U.S. Treasury Intermediate	Barclays U.S. Treasury Long	Barclays U.S. Agg. Corp AA Long	Barclays U.S. Agg. Corp AA Intermediate
Barclays Agg.	NA	75	45	55	76	9	21	37
Barclays U.S. TIPS	75	NA	54	63	75	-10	2	62
Barclays U.S. Short Treasury	45	54	NA	19	27	21	NA	47
Barclays U.S. Treasury 1-3 Years	55	63	19	NA	34	21	31	65
Barclays U.S. Treasury Intermediate	76	75	27	34	NA	19	30	158
Barclays U.S. Treasury Long	9	-10	21	21	19	NA	-80	12
Barclays U.S. Agg. Corp AA Long	21	2	NA	31	30	-80	NA	23
Barclays U.S. Agg. Corp AA Intermediate	37	62	47	65	158	12	23	NA

¹ Break even points represent the change in interest rates (in basis points) over a 12-month period for which the total return is equivalent assuming identical rate movements in both securities. Data is as of June 30, 2013 via Barclay's and Thomson Reuters.



Total Return Given Changes in Interest Rates (bps)¹



	Total Return for Given Changes in Interest Rates (bps)									Statistics	
	-100	-50	0	50	100	150	200	250	300	Duration	YTW
Barclays U.S. Short Treasury (Cash)	NA	NA	0.10%	-0.12%	-0.35%	-0.57%	-0.80%	-1.02%	-1.25%	0.45	0.10
Barclays U.S. Treasury 1-3 Yr.	NA	NA	0.37%	-0.57%	-1.52%	-2.46%	-3.41%	-4.35%	-5.30%	1.89	1.50
Barclays U.S. Treasury Intermediate	NA	2.79%	0.96%	-0.86%	-2.69%	-4.51%	-6.34%	-8.16%	-9.98%	3.65	1.84
Barclays U.S. Treasury Long	19.22%	11.25%	3.30%	-4.65%	-12.58%	-20.51%	-28.43%	-36.34%	-44.23%	15.9	4.12

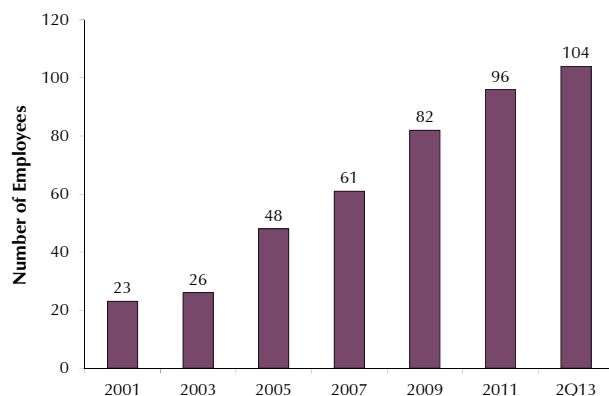
¹ Data represents the expected total return from a given change in interest rates (shown in basis points) over a 12-month period assuming a parallel shift in rates. Data as of June 30, 2013 via Barclays and Thomson Reuters.



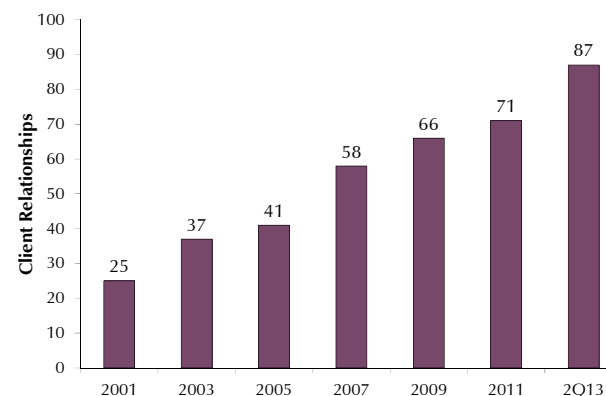
Meketa Investment Group Corporate Update

- Staff of 104, including 63 investment professionals and 20 CFA Charterholders
- 87 clients, with over 175 funds throughout the United States
- Significant investment in staff and resources
- Offices in Boston, Miami, and San Diego
- Clients have aggregate assets of over \$575 billion
 - Over \$20 billion in assets committed to alternative investments
 - Private Equity
 - Infrastructure
 - Natural Resources
 - Real Estate
 - Hedge Funds
 - Commodities

Employee Growth



Client Growth



Meketa Investment Group is proud to work for 3.2 million American families everyday



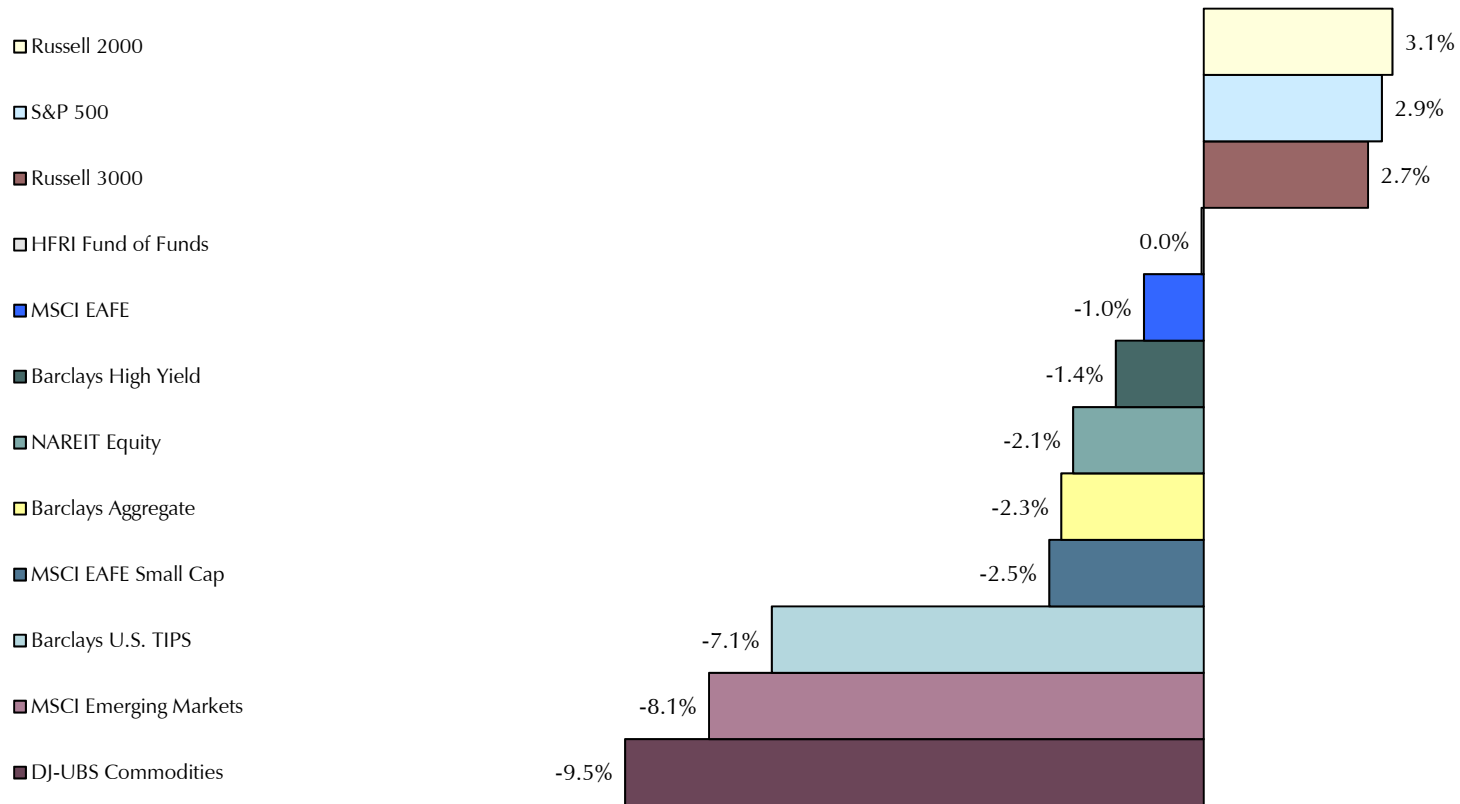
Asset Classes Followed Intensively by Meketa Investment Group

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

Appendices
As of March 31, 2013

**The World Markets
Second Quarter of 2013**

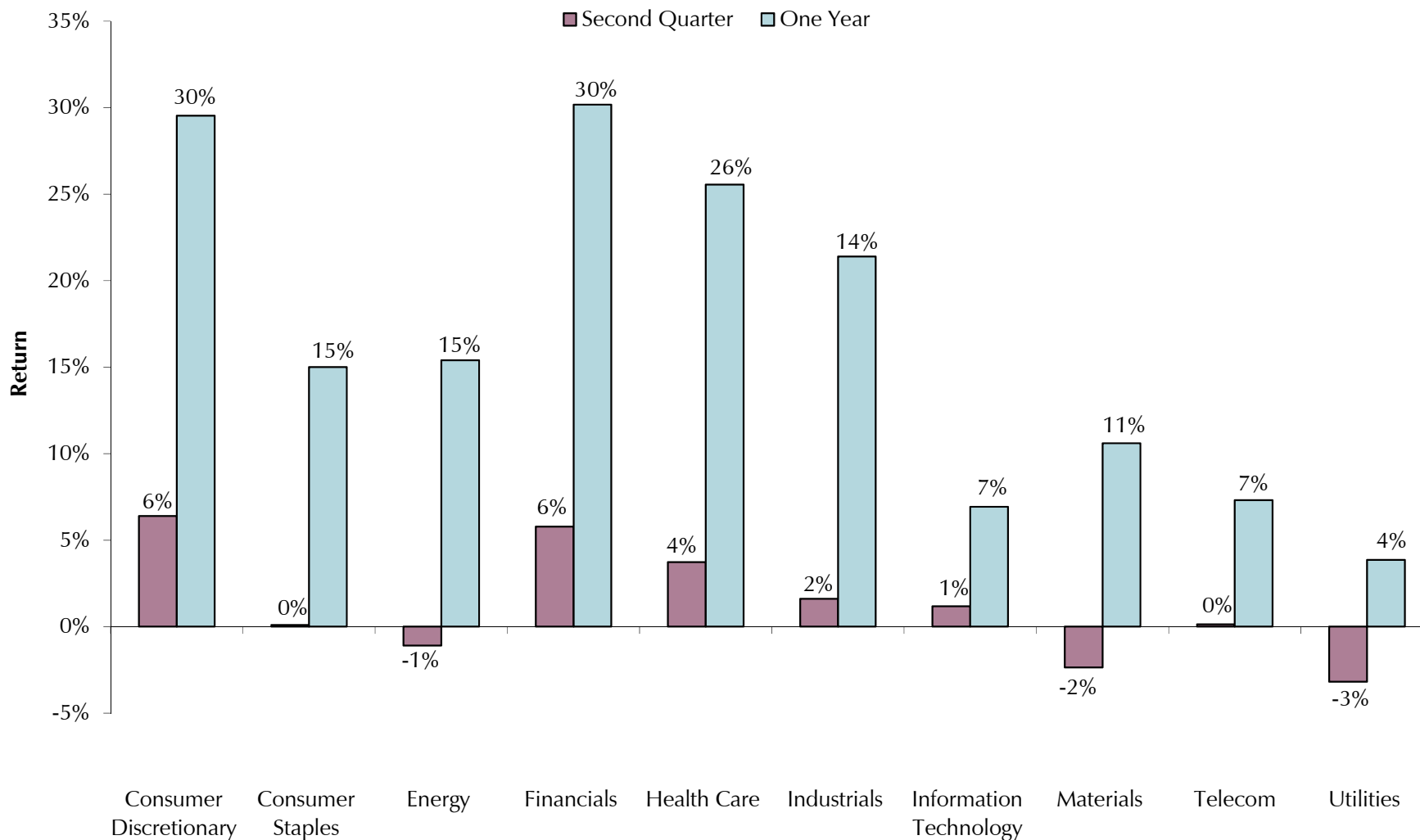
The World Markets
Second Quarter of 2013



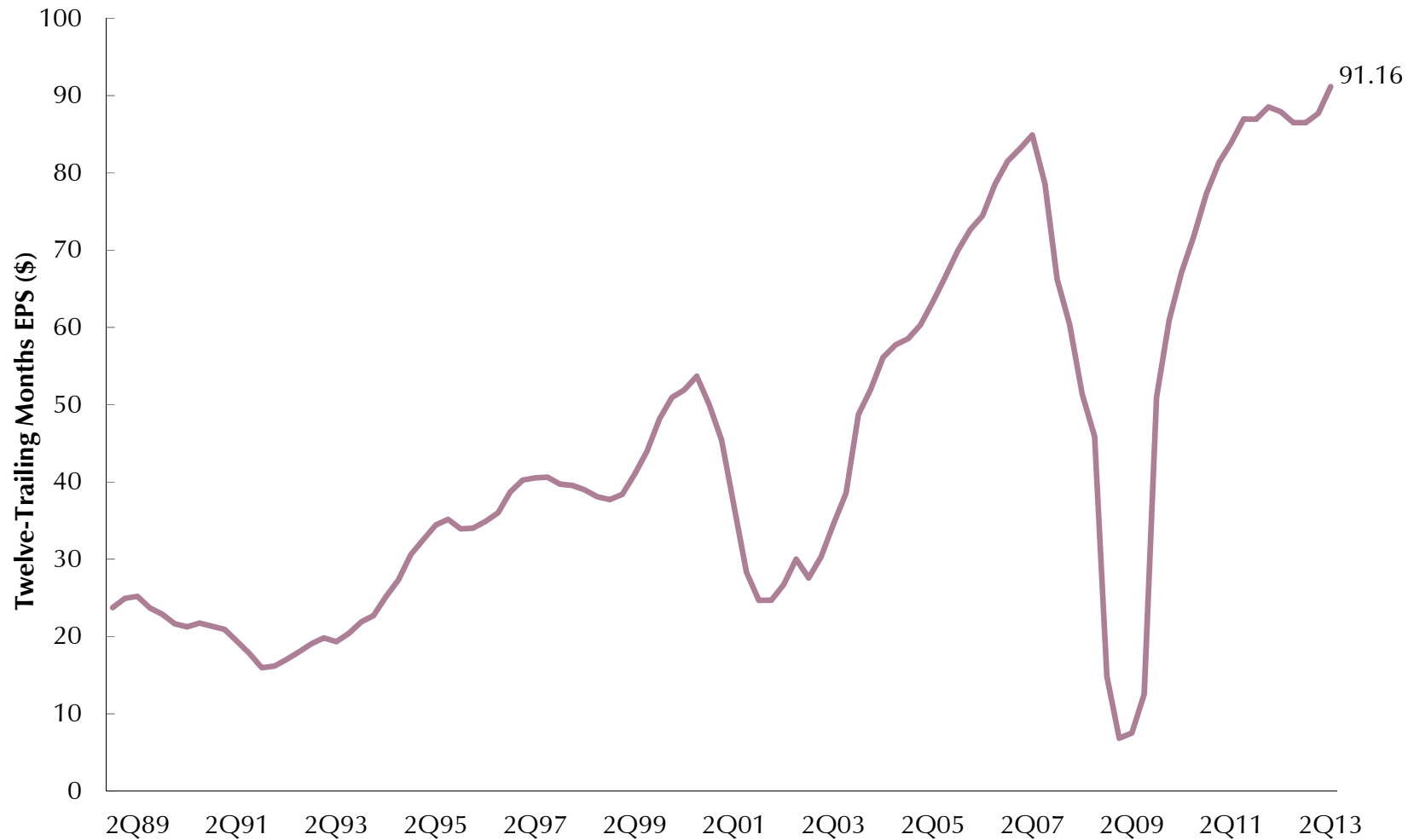
Index Returns

	2Q13 (%)	YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)
Domestic Equity						
Russell 3000	2.7	14.1	21.5	18.6	7.2	7.8
Russell 1000	2.7	13.9	21.2	18.6	7.1	7.7
Russell 1000 Growth	2.1	11.8	17.1	18.7	7.5	7.4
Russell 1000 Value	3.2	15.9	25.3	18.5	6.7	7.8
Russell MidCap	2.2	15.5	25.4	19.5	8.3	10.6
Russell MidCap Growth	2.9	14.7	22.9	19.5	7.6	9.9
Russell MidCap Value	1.7	16.1	27.7	19.5	8.9	10.9
Russell 2000	3.1	15.9	24.2	18.7	8.8	9.5
Russell 2000 Growth	3.7	17.4	23.7	20.0	8.9	9.6
Russell 2000 Value	2.5	14.4	24.8	17.3	8.6	9.3
Foreign Equity						
MSCI ACWI (ex. U.S.)	-3.1	0.0	13.6	8.0	-0.8	8.6
MSCI EAFE	-1.0	4.1	18.6	10.0	-0.6	7.7
MSCI EAFE (local currency)	1.2	11.0	24.9	9.0	1.2	6.1
MSCI EAFE Small Cap	-2.5	5.7	20.9	11.9	2.5	10.4
MSCI Emerging Markets	-8.1	-9.6	2.9	3.4	-0.4	13.7
MSCI Emerging Markets (local currency)	-4.4	-4.9	6.1	5.0	2.1	13.2
Fixed Income						
Barclays Universal	-2.4	-2.3	0.2	4.1	5.5	4.8
Barclays Aggregate	-2.3	-2.4	-0.7	3.5	5.2	4.5
Barclays U.S. TIPS	-7.1	-7.4	-4.8	4.6	4.4	5.2
Barclays High Yield	-1.4	1.4	9.5	10.7	10.9	8.9
JPMorgan GBI-EM Global Diversified	-7.0	-7.2	1.3	6.0	6.7	10.3
Other						
NAREIT Equity	-2.1	5.8	10.2	18.5	7.7	11.0
DJ-UBS Commodities	-9.5	-10.5	-8.1	-0.3	-11.8	1.2
HFRI Fund of Funds	0.0	3.3	7.2	3.0	-0.6	3.4

S&P Sector Returns



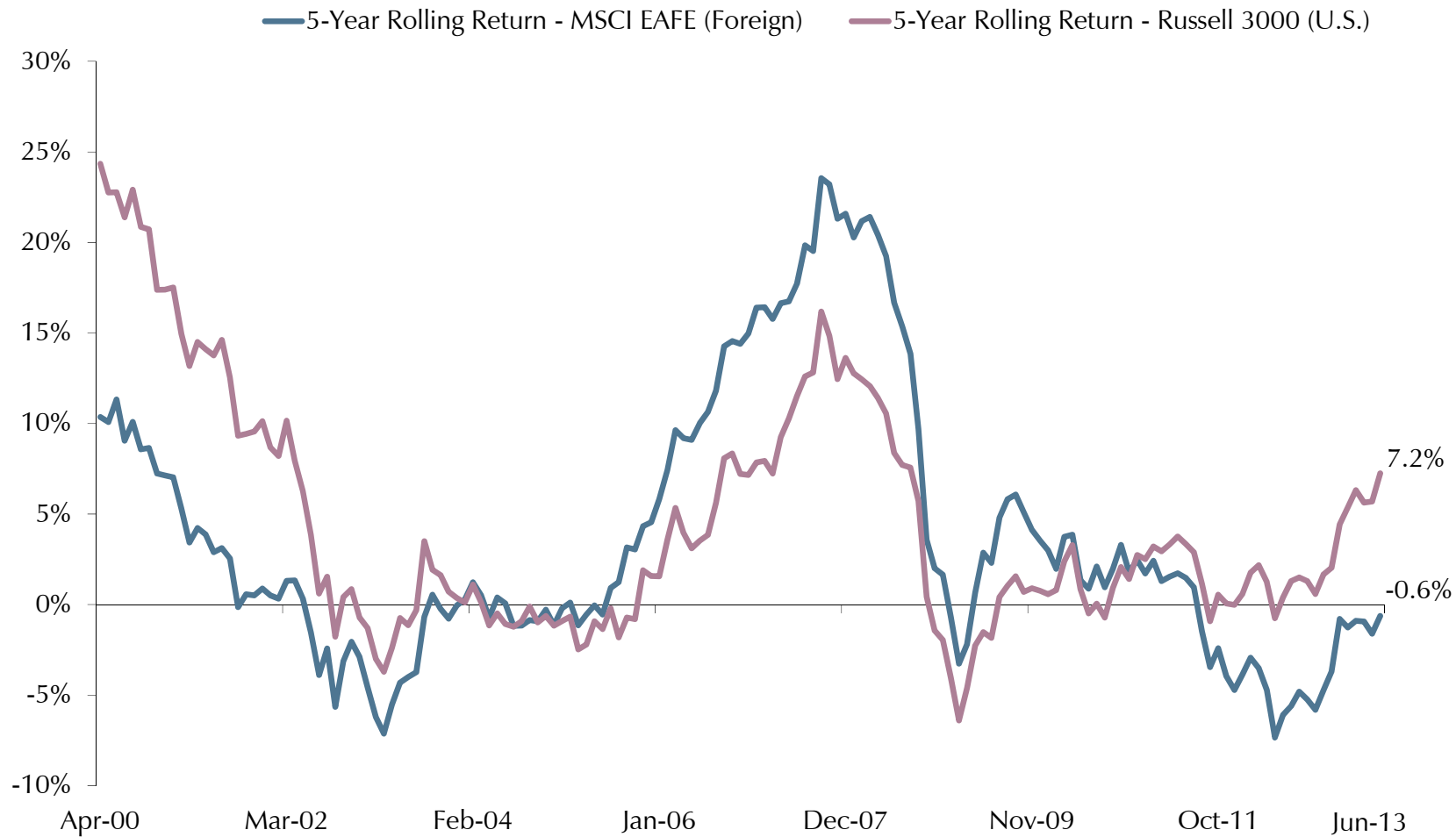
S&P 500 Earnings Per Share¹



¹ The June 30, 2013 number is based on the approximately 91% of S&P 500 companies that reported earnings to date.



Equity Markets

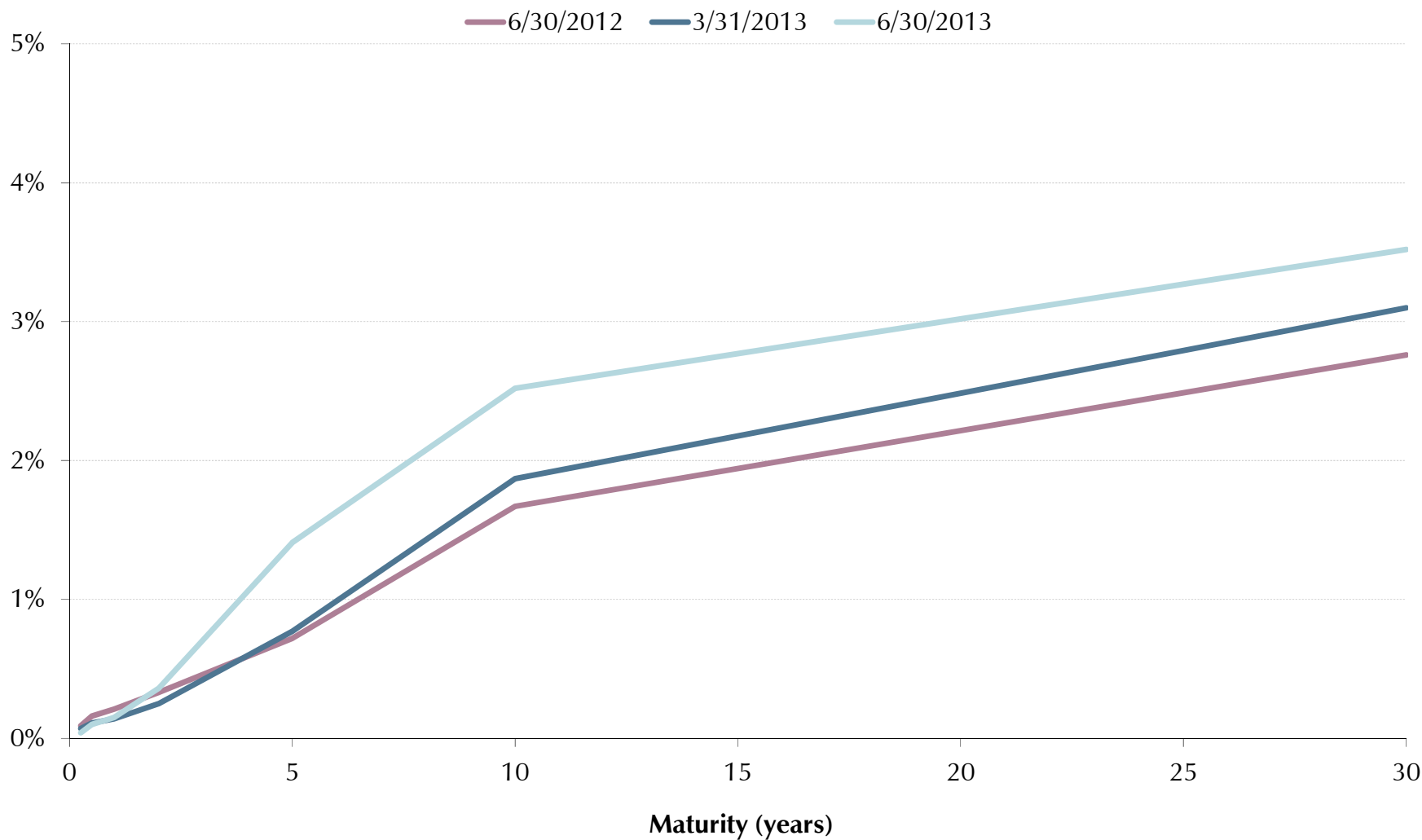


Rolling Ten-Year Returns: 65% Stocks and 35% Bonds

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

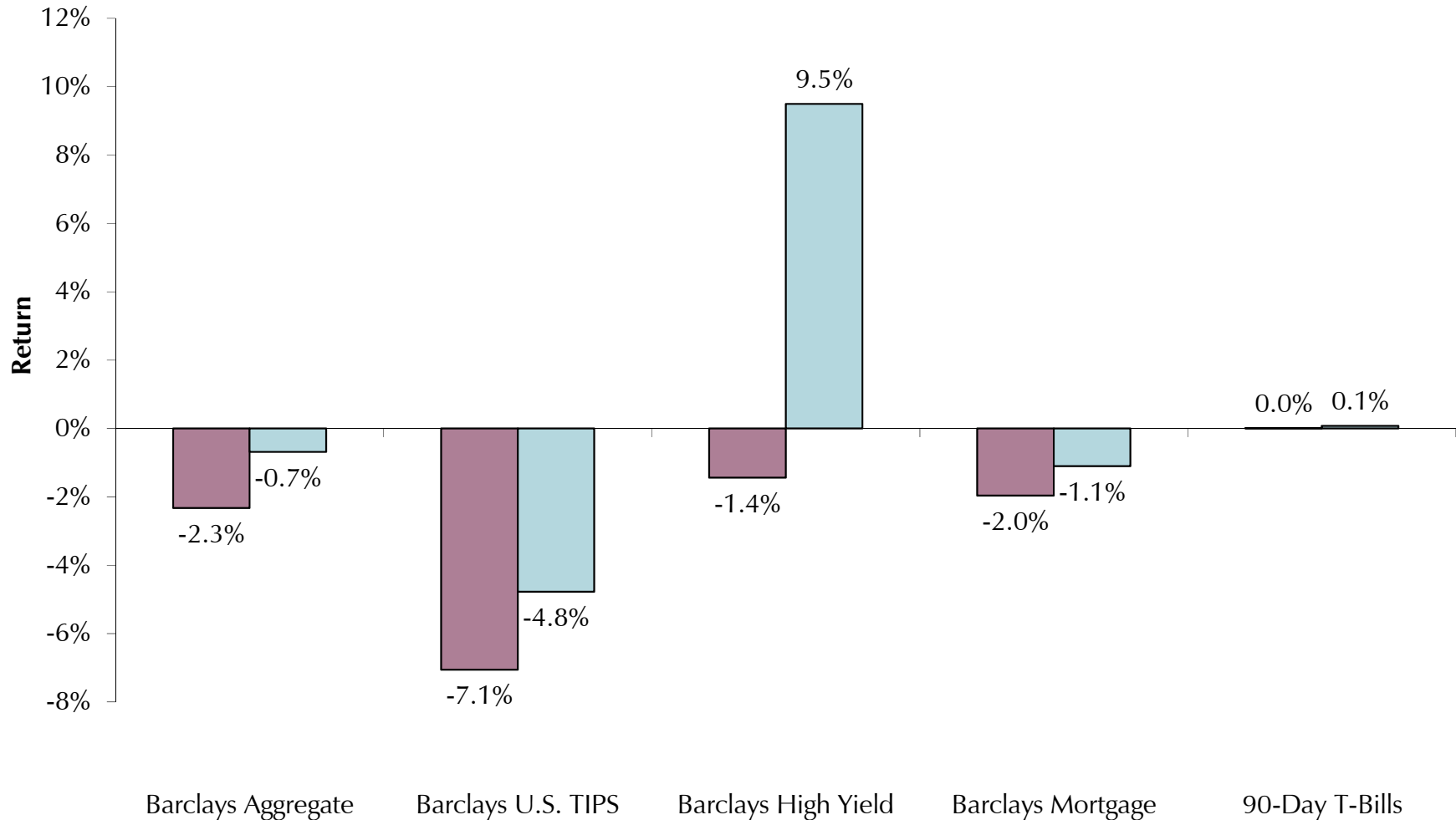


Treasury Yields

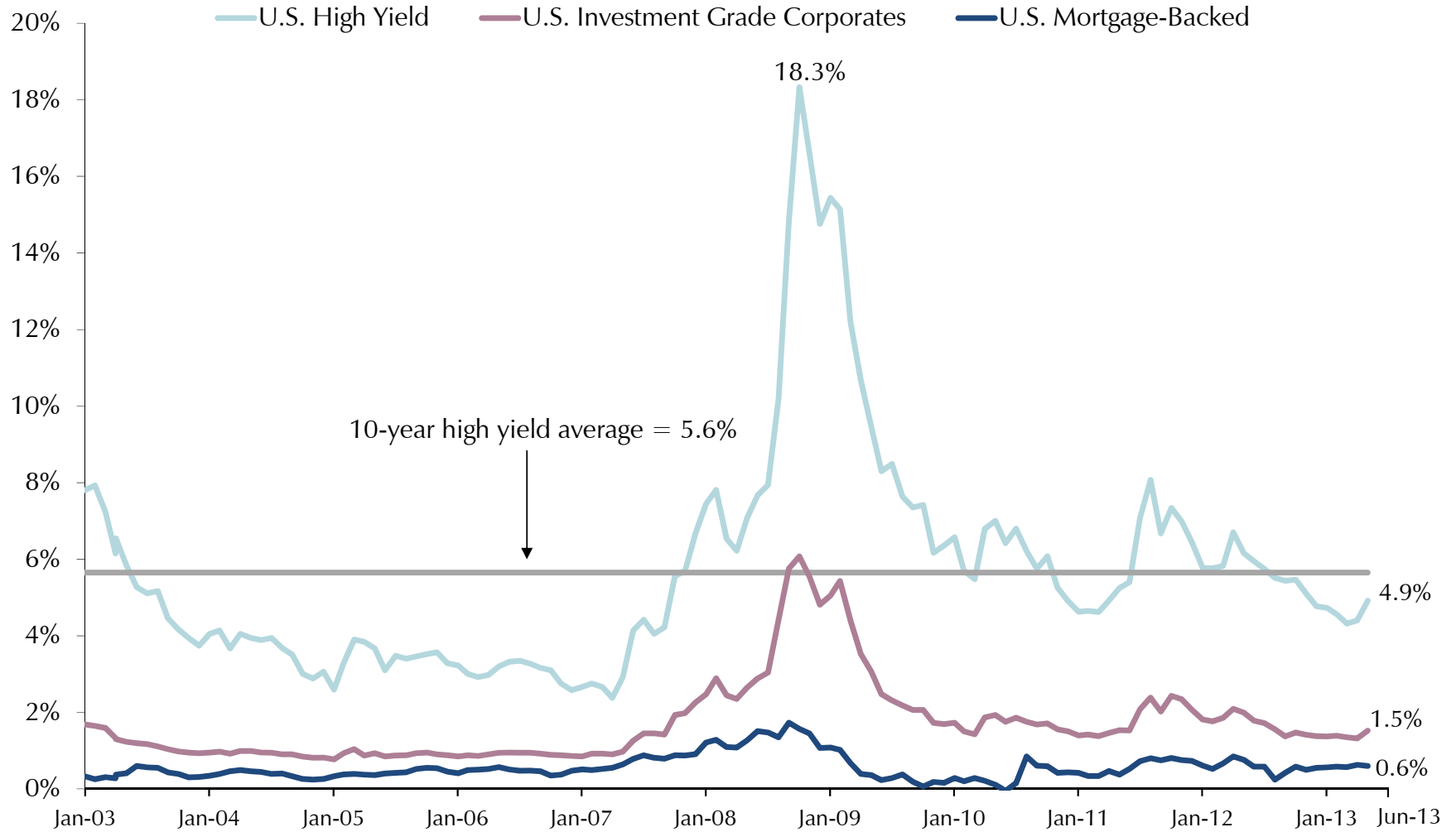


U.S. Fixed Income Markets

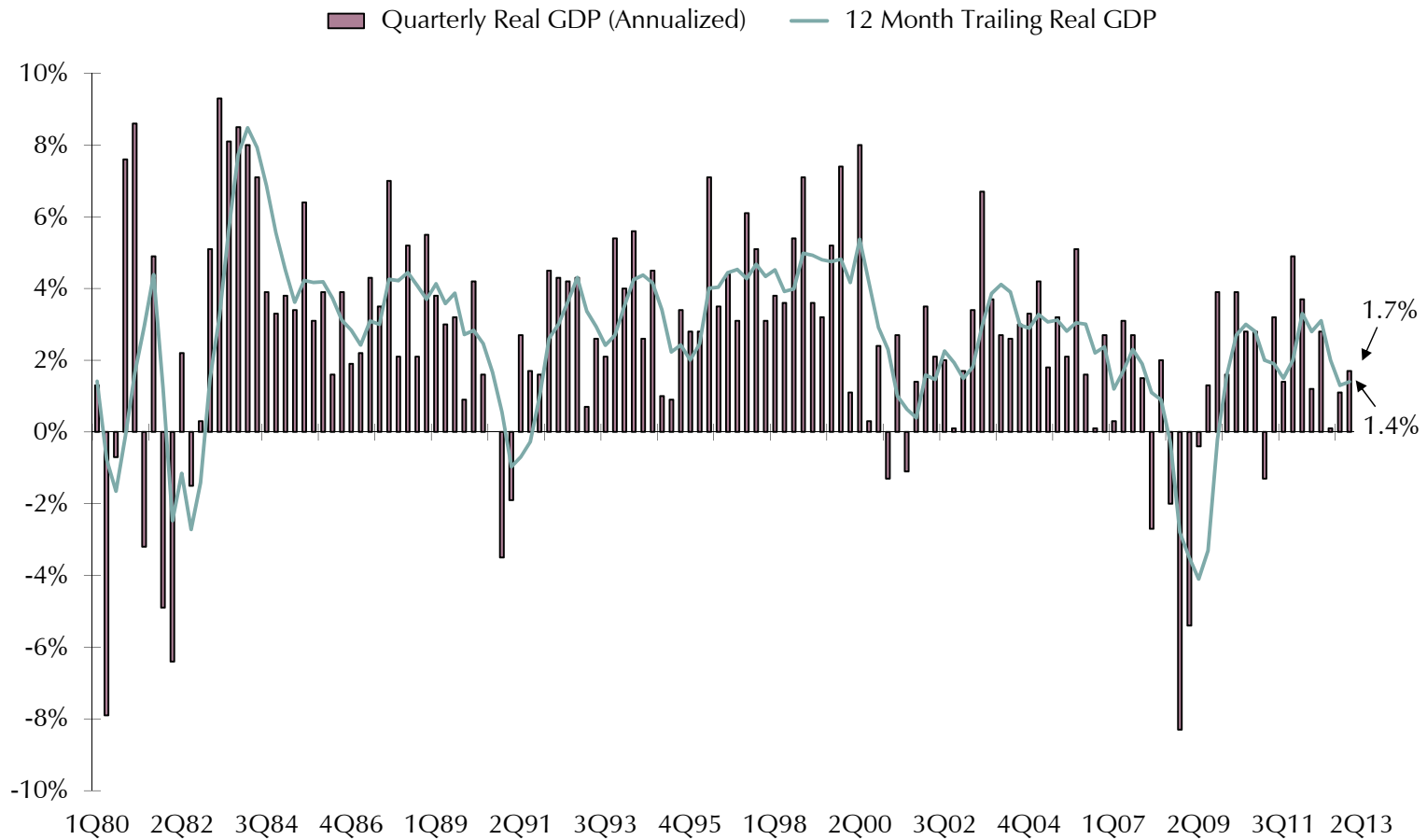
■ Second Quarter ■ One Year



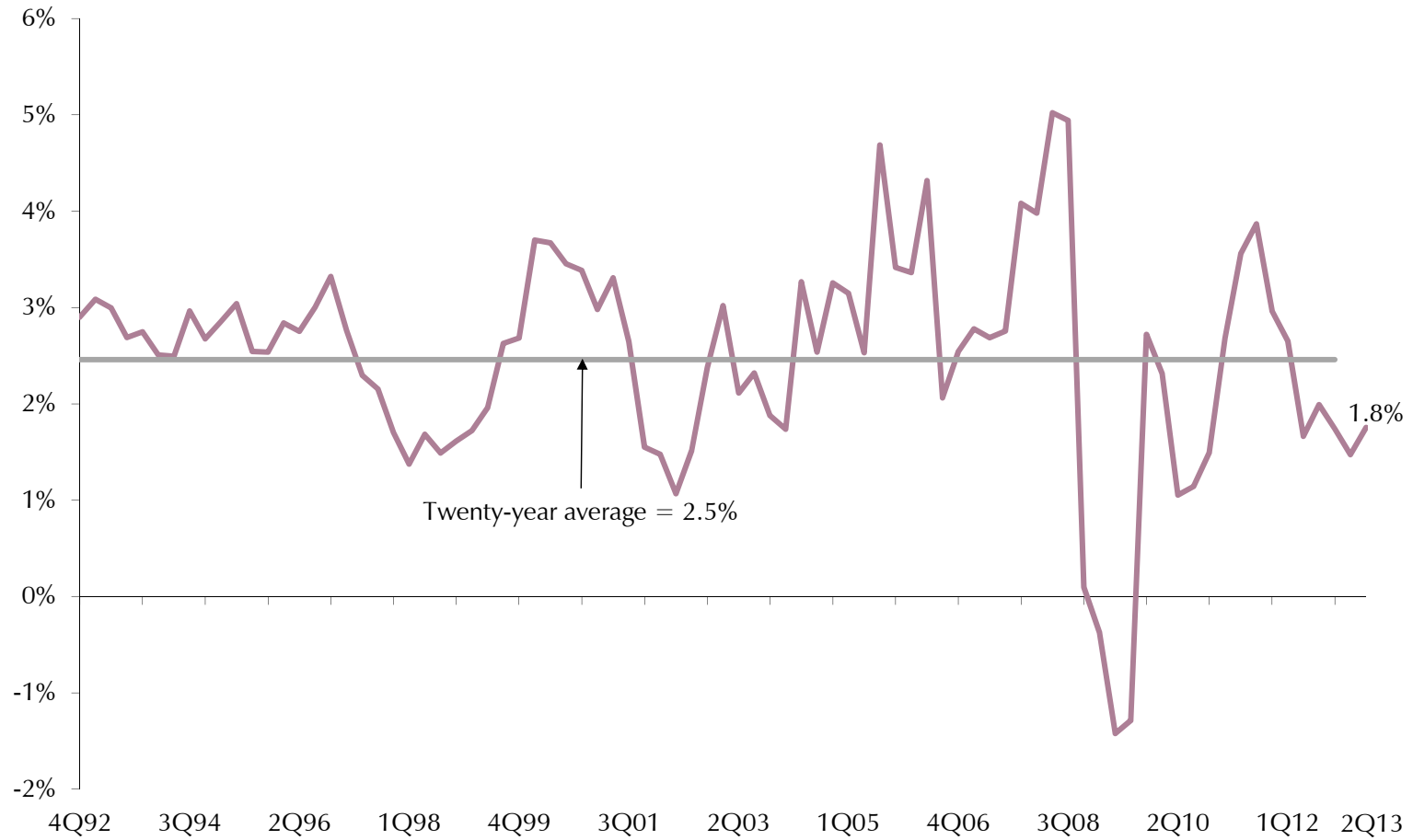
Credit Spreads vs. U.S. Treasury Bonds



Real Gross Domestic Product (GDP) Growth



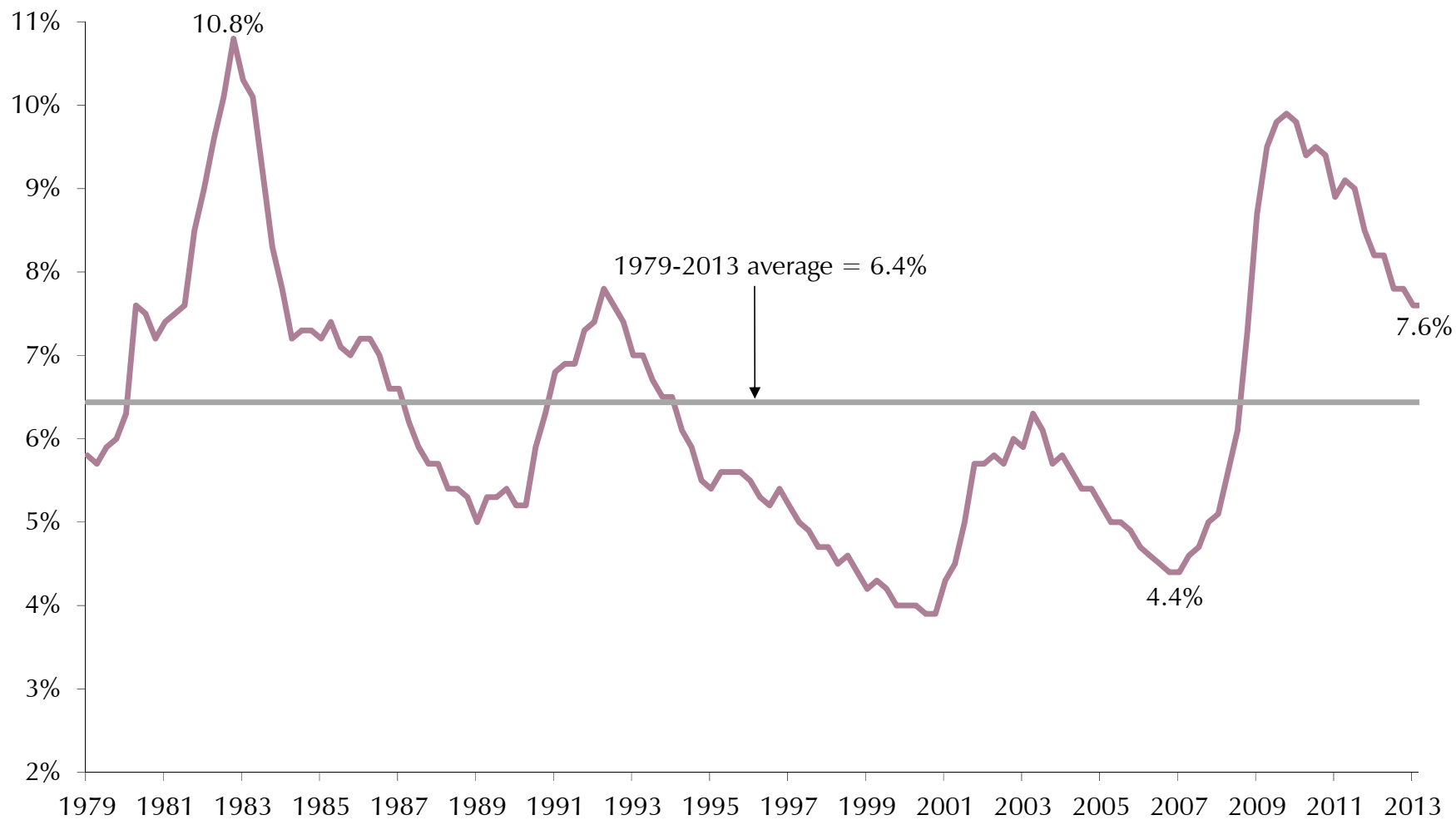
**U.S. Inflation (CPI)
Trailing Twelve Months¹**



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



U.S. Unemployment



Glossary and Notes
As of June 30, 2013

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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