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City of San Jose Police and Fire Department Retirement Plan

Investment Performance Analysis

For the period ending September 30, 2013

December 5, 2013

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Market Environment



Economic Environment

- **“Advance” estimate of third quarter 2013 GDP growth is 2.8% after increasing by 2.5% in the second quarter.**
 - Retail sales fell to a 3.3% year-over-year growth rate in August 2013.
 - The inventory-to-sales ratio has remained mostly flat since early 2010 and closed at 1.28 in July 2013 after reaching its highest level since October 2009 in April.
 - Corporate profits as a percent of GDP remained near secular highs at 12.5% at the end of Q2 2013.
 - The trade deficit increased through July 2013.
- **The unemployment rate fell to 7.2% in September, its lowest level since 2008; U-6, a broader measure of unemployment, also decreased to 13.6% during the third quarter.**
 - JP Morgan has stated that sustained GDP growth of 1.5% is needed for positive job creation, and closer to 3% growth is needed to decrease the unemployment rate.
- **Consumer confidence fell slightly to 79.7 in September; the Case-Schiller Home Price Index (as of 6/30) rose to its highest level (146.32) since the financial crisis.**
- **Rolling 12-month CPI decreased to 1.5% at the end of August; Capacity Utilization stayed nearly flat at 77.8% in the month.**
- **Fed Funds rate remains at 0.25% while the 10-year Treasury Yield finished September at 2.6%.**
- **Fed balance sheets have increased in 2013, while European Central Bank balance sheets have decreased significantly.**
 - Large economies such as the U.S., China and Japan (to the extreme) have continued easing, while the ECB tightens.
- **S&P valuations are slightly above the 10-year average using current price/earnings ratios.**
 - Cyclically adjusted Shiller PE ratios, however, are well above the long-term average of 16.5x and above the 10-year average of 23.1x.

City of San Jose Police and Fire Department Retirement Plan

Market Environment - Overview

Domestic Equity Benchmarks		Qtr.	1 Yr.	3 Yr.	5 Yr.	10 Yr.
Large Core	S&P 500	5.2%	19.3%	16.3%	10.0%	7.6%
Small Core	Russell 2000	10.2%	30.1%	18.3%	11.2%	9.6%
Small Growth	Russell 2000 Growth	12.8%	33.1%	20.0%	13.2%	9.9%
Small Value	Russell 2000 Value	7.6%	27.0%	16.6%	9.1%	9.3%
Large Core	Russell 1000	6.0%	20.9%	16.6%	10.5%	8.0%
Large Growth	Russell 1000 Growth	8.1%	19.3%	16.9%	12.1%	7.8%
Large Value	Russell 1000 Value	3.9%	22.3%	16.2%	8.9%	8.0%
Mid Core	S&P Mid Cap 400	7.5%	27.7%	17.5%	13.1%	10.8%
REIT	NAREIT Composite	-2.6%	4.6%	12.3%	6.3%	N/A
Int'l Equity Benchmarks		Qtr.	1 Yr.	3 Yr.	5 Yr.	10 Yr.
International Developed	MSCI EAFE	11.6%	23.8%	8.5%	6.4%	8.0%
Emerging Equity	MSCI EM	5.8%	1.0%	-0.3%	7.2%	12.8%
Small Cap Int'l	S&P EPAC SmallCap	15.0%	28.5%	11.3%	10.3%	10.9%
World ex-US	MSCI ACWI ex-US	10.1%	16.5%	5.9%	6.3%	8.8%
Domestic FI Benchmarks		Qtr.	1 Yr.	3 Yr.	5 Yr.	10 Yr.
Core Bonds	Barclays Aggregate	0.6%	-1.7%	2.9%	5.4%	4.6%
Municipal Bond	Barclays Municipal	-0.2%	-2.2%	3.2%	6.0%	4.4%
High Yield	Barclays US High Yield	2.3%	7.1%	9.2%	13.5%	8.9%
Intermediate Gov/Cred	Barclays Interm. Gov/Credit	0.6%	-0.5%	2.4%	5.0%	4.1%
Long Gov/Credit	Barclays Long Gov/Credit	-0.8%	-8.3%	4.7%	9.1%	6.3%
Long Credit	Barclays Long Credit	-0.0%	-6.9%	5.4%	11.2%	6.3%
Long Treasuries	Barclays US 20+ Yr Treas	-2.7%	-11.8%	3.7%	6.1%	6.3%
Cash	BofA ML US 3-Month T-Bill	0.0%	0.1%	0.1%	0.2%	1.7%
Inflation	Barclays US TIPS 1-10 Yr	0.9%	-3.9%	3.1%	4.1%	4.6%
Global Inflation	Barclays Global ILB	3.8%	-0.5%	4.7%	4.9%	6.0%
STRIPS	Barclays 20+ Yr STRIPS	-5.4%	-18.6%	4.9%	7.6%	N/A
Global FI Benchmarks		Qtr.	1 Yr.	3 Yr.	5 Yr.	10 Yr.
World Gov. Bonds	Citigroup WGBI	2.9%	-4.6%	1.0%	4.3%	4.8%
Em. Mkt. Bonds (Local)	JPM GBI-EM Glob. Div.	-0.4%	-3.7%	1.8%	7.3%	10.1%
Diversified Benchmark		Qtr.	1 Yr.	3 Yr.	5 Yr.	10 Yr.
Diversified	Diversified*	4.7%	12.6%	10.4%	8.1%	7.3%
Alternative Benchmarks		Qtr.	1 Yr.	3 Yr.	5 Yr.	10 Yr.
Commodities	DJ UBS Commodity Index	2.1%	-14.3%	-3.2%	-5.3%	2.1%
Fund of Funds	HFRI Fund of Funds	1.8%	7.1%	3.9%	5.0%	5.9%
Hedge Fund	DJCS HF Composite	1.6%	7.4%	5.0%	5.5%	6.4%
Hedge Fund	DJCS Equity Market Neutral	1.2%	4.8%	3.1%	-7.9%	-0.6%
Hedge Fund	DJCS Event Driven	2.9%	13.7%	5.5%	6.4%	7.7%
Hedge Fund	DJCS Long-Short	3.5%	13.1%	5.6%	6.1%	7.0%
Real Estate	NCREIF Property Index**	2.9%	10.7%	13.1%	2.8%	8.6%

* 35% LC, 10% SC, 12% Int'l, 3% Emerging, 25% FI, 5% HY, 5% Global FI, 5% REITS

**As of 6/30/2013

Market Environment

Domestic and International Equity

- **Domestic Equity (S&P 500) trailed International Equity (MSCI ACWI ex-U.S.) in the third quarter (-4.9%).**
- **U.S. stocks continued their march upward in the third quarter as the S&P 500 Index gained +5.2%, shrugging off uncertainty around the continuity of the Federal Reserve's accommodative monetary policy.**
 - The economy also expanded modestly during the quarter. Housing remained strong as unemployment inched lower and consumers regained confidence.
 - Growth stocks outpaced value, underscoring increased risk tolerance; defensive and interest rate sensitive sectors, typically seen in value stock portfolios, lagged.
 - Small cap stocks continued to lead in the third quarter and year-to-date, with the Russell 2000 Index returning +10.2% for the quarter.
- **The third quarter was also positive for international and emerging markets.**
 - Developed non-U.S. markets posted a +11.6% return during the quarter as measured by the MSCI EAFE Index. Returns were boosted on the bank of improving economic data in Europe, especially in some of the more troubled regions such as Greece, Italy and Spain. Japanese stocks gained but still lagged broader developed markets as its Prime Minister's political party failed to garner a majority in elections.
 - Signs of stabilizing growth in China pushed up emerging markets, which returned +5.8% during the quarter. An increase in risk-taking within these regions sparked a sharp rally in the more cyclical sectors, such as energy and materials, while defensive sectors, such as consumer staples, lagged.

Private Equity

- **Private equity fundraising during the first nine months of 2013 totaled \$228 billion – 85% of the amount raised in 2012 – pointing to an expected increase for 2013.**
 - Investor interest underscored economic optimism with 58% of commitments going to buyout and growth equity funds.
 - Venture capital fundraising represents only 9% of this year's total, well below its 10-year average of 17% of all new funds raised.
 - In the U.S., we remain guarded on the large buyout sector as an active high yield market, elevated transaction prices, and the return of "covenant-lite" term sheets leave little room for operational missteps and provide little protection in the event of a prolonged recession.
 - Opportunistically, private direct lending is an attractive fixed income alternative for investors and is competing with mezzanine funds by providing uni-tranche financing to lower- and middle-market businesses at attractive yields with lower fee structures.
- **Europe raised \$57.2 billion of private equity through the first nine months of the year, eclipsing 2012's total of \$54.0 billion.**
- **Asian private equity slowed to 9% of all funds raised in 2013.**
- **We believe investors making new commitments are best served by value-oriented buyouts, particularly in the lower- or middle-market where returns are less dependent on leverage and more reliant on operational improvements and the execution of growth strategies.**

Market Environment

Fixed Income

- **Long-term interest rates ended the quarter modestly higher than the prior quarter end.**
 - The 10-year Treasury yield spiked to nearly 3% before falling back significantly to end the quarter at 2.6% following a surprise announcement by the Fed in September to leave the bond purchase program unchanged for the time being.
- **The Barclays Capital U.S. Aggregate Bond Index returned -0.6% in the quarter, bringing year-to-date performance to -1.9%.**
 - Similar to Treasuries, mortgage-backed securities struggled in the first half of the quarter, but benefitted greatly from the Fed's inaction, posting gains of +1.0% for the quarter.
 - Weak Treasury markets in July and August negatively impacted pricing of investment grade credit, which subsequently recovered, posting gains of +0.9% during the quarter.
 - In a testament to market confidence, telecommunications giant Verizon Communications sold \$49 billion of bonds, the largest corporate debt offering ever, amidst overwhelming investor demand.
- **Non-investment grade debt maintained their reign over the U.S. fixed income market.**
 - High yield bond yields fell to 6.2% in September from 6.6% in June, according to the Barclays Capital High Yield Index, which returned +2.3% in the third quarter.
 - Leveraged loans, which have benefitted from strong demand from retail and institutional investors, gained +1.2% during the quarter.
 - The thirst for yield persisted as lower quality and less liquid portions of the speculative-grade market outperformed higher quality issues.
- **Emerging market debt improved from the second quarter, but results were mixed.**
 - Concerns of a secular slowdown across emerging markets, specifically in Brazil, Indonesia, India, South Africa and Turkey, along with the specter of a Fed tightening, drove spreads higher over the period.
 - Emerging market bonds denominated in hard currency gained +0.9% in the third quarter, bringing year-to-date performance to -7.4%.
 - Bonds issued in local currency lost -0.4% during the quarter, with currency depreciation offsetting a modest decline in local yield curves, bringing year-to-date performance to -7.6%.

Market Environment

Commodities

- **Commodities experienced a bumpy ride in the third quarter as a strong start gave way to a weak finish. Overall, commodities posted quarterly returns of +2.1% according to the Dow Jones/UBS Commodity Index.**
 - Grains were the worst performing segment, returning approximately -5.1% on the back of record harvest levels in corn.
 - Precious metals led the pack, gaining about +9% amid an uptick in demand as growth stabilized in China.

Real Estate

- **NEPC is neutral on core real estate in the U.S. and remains positive on non-core real estate, that is, value-add and opportunistic strategies.**
 - Within U.S. core real estate, fundamentals continue to improve with increasing rents and decreasing vacancy rates.
 - Income spreads relative to Treasuries, though narrowing, remain attractive.
 - New supply in the form of construction is still muted.
- **Within non-core real estate, select attractive opportunities remain in the U.S. for skilled firms with a proven ability to identify undervalued assets, buy right, and create value.**
- **In Europe, non-core properties are still undervalued relative to core, and significant capital structure distress remains, creating what we believe are more attractive opportunities than in the U.S.**
- **We continue to believe that real estate debt strategies are appealing, particularly in Europe's distressed lending environment, although currency risk is a potential consideration.**

Real Assets/Inflation-Linked Assets

- **NEPC believes that energy, specifically in North America, represents an attractive opportunity in the up-stream and mid-stream parts of the energy value chain.**
 - MLPs operating in the energy mid-stream space continue to generate growing cash flows and carry a healthy outlook over the next three-to-five years for strong companies.
- **Agriculture and metals/mining opportunities seem appealing based on long-term demographic trends despite a less certain short-term outlook.**
- **Timber is an area of portfolios where we would recommend underweight positions as total return targets are low with a relatively small market opportunity and managers seeking deals outside the U.S.**

- **After a volatile second quarter that left few places for investors to take shelter, equity markets surged in the third quarter.**
 - Fears of the Fed tapering easing proved overstated when a continuation of current bond purchasing policy was announced on September 18th.
 - Volatility receded in most asset classes outside of Treasuries.
 - U.S. equities, led by small cap stocks, continued their extraordinary run and markets (once again) shrugged off the prospect of fiscal gridlock.
 - European and emerging markets finally joined in on the upswing.
 - Following a difficult second quarter, risk parity strategies rebounded.
- **While investors will gladly accept the gains from the domestic equity rally, for many, a diversified portfolio has been challenging**
 - Emerging market equity and debt indices remain negative year-to-date through the third quarter.
 - Though yields have risen, fixed income returns have been muted.
 - High yield fixed income and bank loans have posted modest returns whereas many 'safer' asset classes have posted losses year-to-date.
 - While positive, hedge fund returns have been tame in comparison to traditional U.S. equity markets.
 - Commodities stayed mired in a slump as the energy landscape continued to change.

- **Divergence in returns and policy has complicated the “Risk On, Risk Off” environment driven by central banks.**
 - Fed action has overwhelmed U.S. legislative inaction to propel markets, but the extent to which this will continue remains uncertain.
 - Complacency by the European Central Bank hasn’t held back a surging European equity market, but threatens to do so in the future.
 - Emerging market central banks have been battling currency depreciation and face unique country-by-country growing pains.
 - Japan, meanwhile, faces the unknown outcomes of “Abe-nomics” and the BoJ’s grand experiment in monetary stimulus.
- **The case to stay the course remains strong.**
 - U.S. equity surge backed more by Fed actions than fundamental improvements.
 - Corporate profits remain at secular highs, cyclically adjusted valuations are expensive, the growth outlook is still mild, and long-term fiscal issues persist unresolved.
 - High relative growth and attractive valuations in emerging economies remain in place.
 - However, an active approach is likely necessary as some countries face their own problems.
 - Even so, a 10-15% allocation to emerging markets within equity allocations is market neutral and a sound starting point for portfolios when rebalancing gains from U.S. equities.
 - Multi-asset strategies such as risk parity remain solid building blocks for a diversified allocation.
 - Private credit strategies including direct lending and real estate debt represent attractive opportunities.
- **It is important to stay vigilant by balancing risks and keeping a watchful eye on opportunities that often arise amid periods of changing volatility.**

Traditional Research – Key Themes and Best Ideas

Themes/Catalysts	Approach
Traditional Fixed Income: <i>Absolute Return Fixed Income Strategies</i> - Fit to outperform in low yield, low rate environment. Intended to be uncorrelated to equities while maintaining consistent liquidity.	<ul style="list-style-type: none"> • Unconstrained approach. • Benchmark agnostic. • Duration, sector, yield curve agnostic. • Duration band may range from -3 to 8 years. • Hedged credit and global rates.
U.S. Equities: Valuations still reasonable overall, with growth segments more attractive than value (e.g., Technology over Utilities). Fundamentals appear to matter again. Excess cash on balance sheets, ripe for M&A cycle.	<ul style="list-style-type: none"> • Fundamental stock-picker who is flexible and benchmark-agnostic. • Secular growth over cyclical. • Focused on quality. • Free-Cash-Flow (FCF) generation and growth are attractive for takeout activity.
Key themes most client portfolios are under allocated to: Emerging Markets (specifically small cap or consumption related products). International Small Cap. Concentrated Global Equity.	<ul style="list-style-type: none"> • These areas of the market have high quality investment teams and appear to offer greater inefficiency for increased alpha generation potential.
Multi-Asset Strategies: Return expectations are subdued across risky asset classes. Utilize tactical asset allocation strategies to identify sources of value.	<ul style="list-style-type: none"> • Tactical risk parity approach paired with an unconstrained global asset allocation strategy provides a broad, multi-asset solution.

- **Equities**

Themes/Catalysts

- Valuations reasonable; dividend yield of S&P 500 > 10-Year Treasury Yield; U.S. housing market on the upswing.
- Time arbitrage in a trading oriented market.

Approach

- Long biased, concentrated portfolios with longer time horizons.
- Sector focused long/short funds.

- **Multi-Sector Credit & Multi-Strategy**

Themes/Catalysts

- Investing where banks are not: structured securities, middle market lending and bank loans.
- Opportunistic investing across the capital structure.

Approach

- Structured Securities.
- Middle Market Lending.
- Bank Loans.
- Opportunistic, Multi-Strategy Mandates.

- **European Special Situations**

Themes/Catalysts

- Basel III, other regulations/fiscal challenges leading to asset sales (corporate, structured and private) and providing other opportunities for investors (e.g. bank reg cap transactions).

Approach

- European Special Situations.
- Bank Regulatory Capital Relief.
- Mortgage Whole Loans/Structured Securities.

- **NEPC Research**

- White Papers recently posted to <http://www.nepc.com/research/>
 - *Defined Contribution Plan Fees Continue to Decline: 2013 NEPC Plan & Fee Study* – September 2013
 - Ross Bremen, CFA, Partner; Dan Beaton, Senior Analyst
- White Paper published in Fall 2013 *The Journal of Investing*
 - *Pursuing the Low Volatility Equity Anomaly: Strategic Allocation or Active Decision?*
 - Erik Knutzen, CFA, CAIA, Chief Investment Officer
- White paper published in July/August 2013 issue of IMCA's *Investments & Wealth Monitor*
 - *Investing in Volatile Times – A Dynamic Approach to Asset Allocation*
 - Erik Knutzen, CFA, CAIA, Chief Investment Officer

- **Industry Recognitions**

- 2013 aiCIO World's 25 Most Influential Investment Consultants
 - Erik Knutzen, CFA, CAIA, Chief Investment Officer, Partner (#1)
 - KC Connors, CFA, CAIA, Partner (#18)

- **Consultant Spotlight**

- Richard M. Charlton, Chairman
 - Featured in a short video that was released on October 14, 2013 as P&I celebrates its 40th anniversary

- **2014 Public Funds Workshop**

- January 26 – 28, 2014 in Phoenix, AZ
 - Hosted by the NEPC's Public Funds Practice Team

Total Fund Performance



City of San Jose Police and Fire Department Retirement Plan

Total Fund Performance Summary

	Market Value	3 Mo Rank	YTD Rank	1 Yr Rank	3 Yrs Rank	5 Yrs Rank	10 Yrs Rank	15 Yrs Rank	20 Yrs Rank	25 Yrs Rank	Return	Since									
Total Fund	\$3,056,106,788	4.0%	80	5.7%	94	7.9%	92	7.8%	94	7.0%	83	7.1%	63	6.7%	13	8.1%	43	8.8%	42	8.9%	Mar-71
Policy Benchmark		4.2%	72	5.8%	91	7.8%	93	8.3%	88	6.5%	88	6.9%	75	6.3%	42	--	--	--	--	--	Mar-71
Allocation Index		4.4%	67	5.6%	95	7.4%	96	7.4%	99	6.6%	87	7.3%	57	--	--	--	--	--	--	--	Mar-71
60% MSCI World (Gross) / 40% CITI WGBI		6.1%	5	9.1%	63	10.1%	76	8.0%	94	7.2%	80	7.1%	63	5.6%	94	7.3%	93	--	--	--	Mar-71
IFx Public DB > \$1B Gross Median		4.8%		9.6%		12.2%		9.7%		7.8%		7.4%		6.2%		8.0%		8.7%		--	Mar-71

For the one-year period ending September 30, 2013, the Fund experienced a net investment gain of \$282.9 million, which includes a net investment gain of \$115.6 million during the third calendar quarter. Plan assets increased from \$2.88 billion twelve months ago to \$3.06 billion on September 30, with \$106.9 million in net distributions during the year.

The Fund returned 7.9% for the one-year period ending September 30, 2013, outperforming the policy benchmark by 0.1% and ranking in the 92nd percentile of the InvestorForce Public Funds > \$1 Billion universe. The Fund's volatility ranks well below the median, resulting in a strong risk-adjusted return on an absolute basis.

Over the past three years, the Fund returned 7.8% per annum, trailing the policy benchmark by 0.5% and ranking in the 94th percentile of its peer group. The Fund's volatility ranks slightly above median over this period, resulting in a Sharpe Ratio of 1.0.

For the five-year period ending September 30, 2013, the Fund returned 7.0% per annum, outperforming the policy benchmark by 0.5% and ranking in the 83rd percentile of its peer group.

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

5 Years Ending September 30, 2013

	Anlzd Ret	Rank	Anlzd Std Dev	Rank	Sharpe Ratio	Rank	Sortino Ratio	Rank
Total Fund	7.0%	83	11.2%	41	0.6	69	0.7	66
Policy Benchmark	6.5%	88	10.8%	33	0.6	80	0.7	70
IFx Public DB > \$1B Gross Median	7.8%	--	11.4%	--	0.7	--	0.8	--

3 Years Ending September 30, 2013

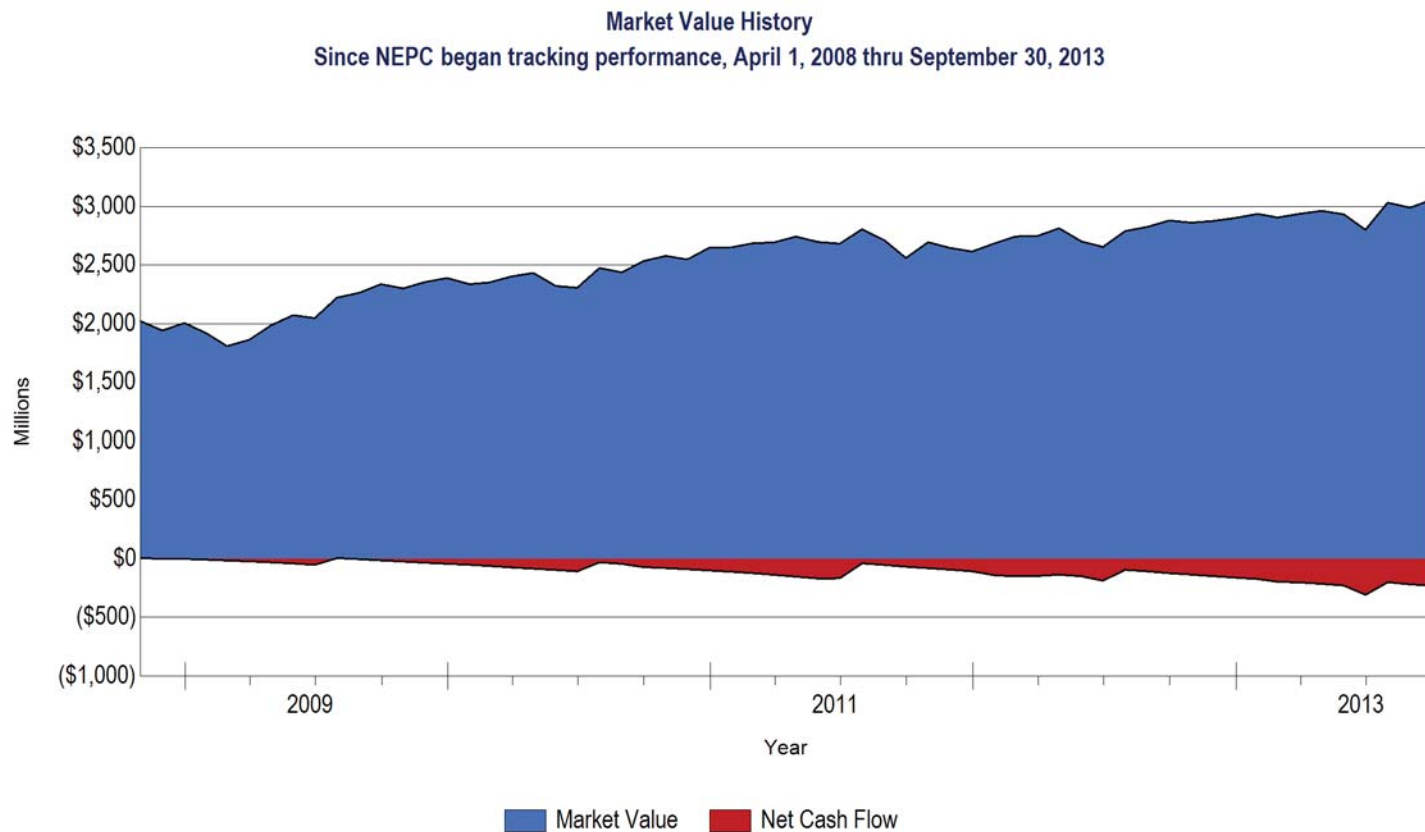
	Anlzd Ret	Rank	Anlzd Std Dev	Rank	Sharpe Ratio	Rank	Sortino Ratio	Rank
Total Fund	7.8%	94	7.7%	42	1.0	98	1.5	82
Policy Benchmark	8.3%	88	7.2%	26	1.1	67	1.7	34
IFx Public DB > \$1B Gross Median	9.7%	--	7.9%	--	1.2	--	1.6	--

1 Year Ending September 30, 2013

	Anlzd Ret	Rank	Anlzd Std Dev	Rank	Sharpe Ratio	Rank	Sortino Ratio	Rank
Total Fund	7.9%	92	4.6%	11	1.7	85	3.7	70
Policy Benchmark	7.8%	93	4.7%	11	1.7	86	4.5	51
IFx Public DB > \$1B Gross Median	12.2%	--	5.7%	--	2.3	--	4.5	--

City of San Jose Police and Fire Department Retirement Plan

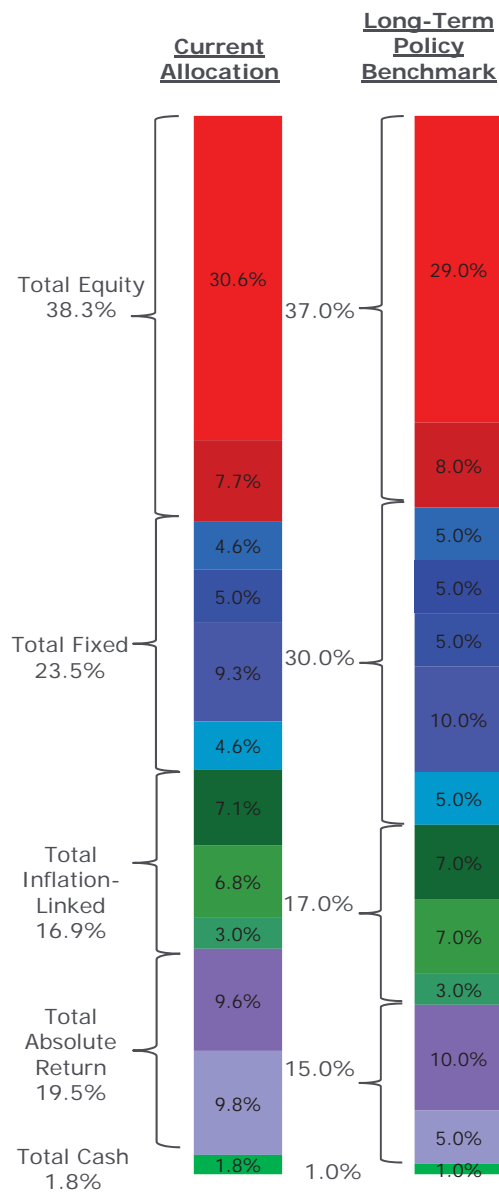
Total Fund Asset Growth Summary



Sources of Portfolio Growth	Last Three Months	Year-To-Date	One Year	Three Years	Five Years	Inputted Date 4/1/08
Beginning Market Value	\$2,862,786,786	\$2,901,575,300	\$2,880,082,791	\$2,533,650,454	\$2,349,752,422	\$2,583,363,926
Net Additions/Withdrawals	\$77,722,027	-\$69,015,427	-\$106,884,918	-\$159,104,166	-\$258,389,185	-\$230,914,951
Investment Earnings	\$115,597,975	\$223,546,914	\$282,908,914	\$681,560,499	\$964,743,550	\$703,657,813
Ending Market Value	\$3,056,106,788	\$3,056,106,788	\$3,056,106,788	\$3,056,106,788	\$3,056,106,788	\$3,056,106,788

City of San Jose Police and Fire Department Retirement Plan

Total Fund Asset Allocation vs. Policy Targets



	Current Mkt Value	Current Allocation	Long-Term Policy Benchmark ¹	Difference	Policy Range	Within Range
Public Equity	\$936,164,437	30.6%	29.0%	1.6%		
Global Equity ²	\$128,338,822	4.2%				
U.S. Equity ³	\$348,961,528	11.4%				
U.S. Large Cap	\$264,352,887	8.6%				
U.S. Small Cap	\$84,603,185	2.8%				
Non-U.S. Equity	\$458,864,088	15.0%				
Non-U.S. Developed Markets ⁴	\$321,183,766	10.5%				
Non-U.S. Emerging Markets	\$137,680,322	4.5%				
Private Equity	\$234,386,441	7.7%	8.0%	-0.3%		
Total Equity	\$1,170,550,878	38.3%	37.0%	1.3%	25% - 50%	Yes
Fixed Income						
U.S. Core	\$140,427,383	4.6%	5.0%	-0.4%		
Non-U.S. Core	\$0	0.0%	5.0%	-5.0%		
High Yield/Corporate Credit ⁵	\$153,250,805	5.0%	5.0%	0.0%		
Opportunistic/Private Debt	\$283,930,974	9.3%	10.0%	-0.7%		
Emerging Market Debt ⁶	\$140,828,829	4.6%	5.0%	-0.4%		
Total Fixed Income	\$718,437,990	23.5%	30.0%	-6.5%	20% - 40%	Yes
Inflation-Linked Assets						
Real Estate	\$216,473,201	7.1%	7.0%	0.1%		
Commodities ⁷	\$208,003,181	6.8%	7.0%	-0.2%		
Illiquid Inflation-Linked Assets ⁷	\$91,678,843	3.0%	3.0%	0.0%		
Total Inflation-Linked Assets	\$516,155,225	16.9%	17.0%	-0.1%	12% - 25%	Yes
Absolute Return						
Hedge Funds	\$294,861,558	9.6%	10.0%	-0.4%		
Global Asset Allocation	\$300,361,389	9.8%	5.0%	4.8%		
Total Absolute Return	\$595,222,947	19.5%	15.0%	4.5%	5% - 25%	Yes
Cash⁸	\$55,739,749	1.8%	1.0%	0.8%	0% - 5%	Yes
Total	\$3,056,106,788	100.0%	100.0%	0.0%		

Please see appendix for details regarding footnotes.

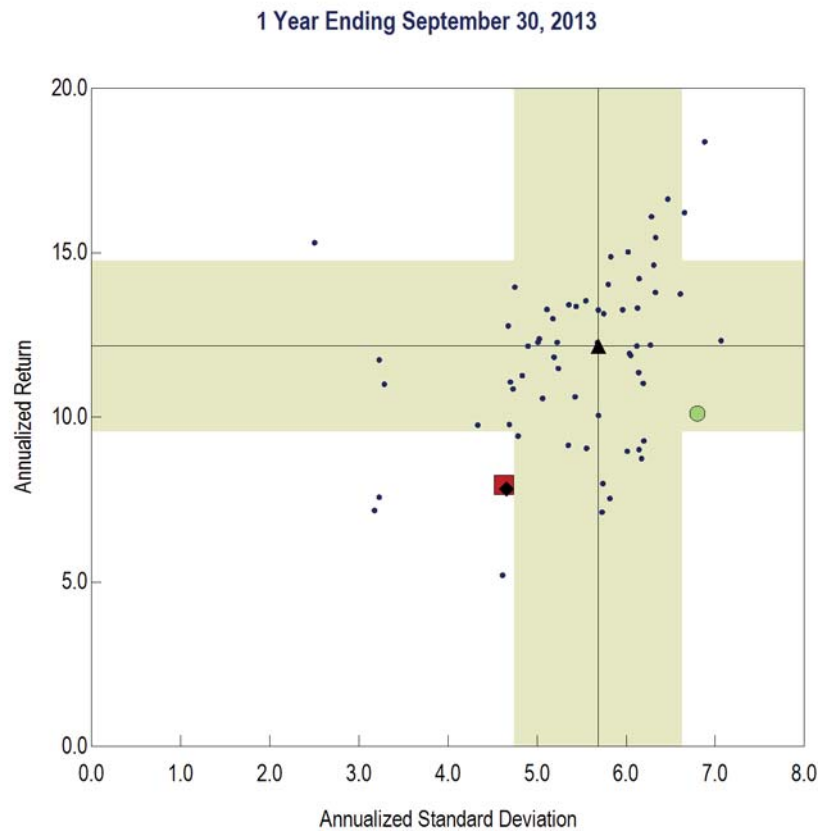
Note: Market values shown above include cash held in separately managed portfolios.

Totals may not add to 100% due to rounding.

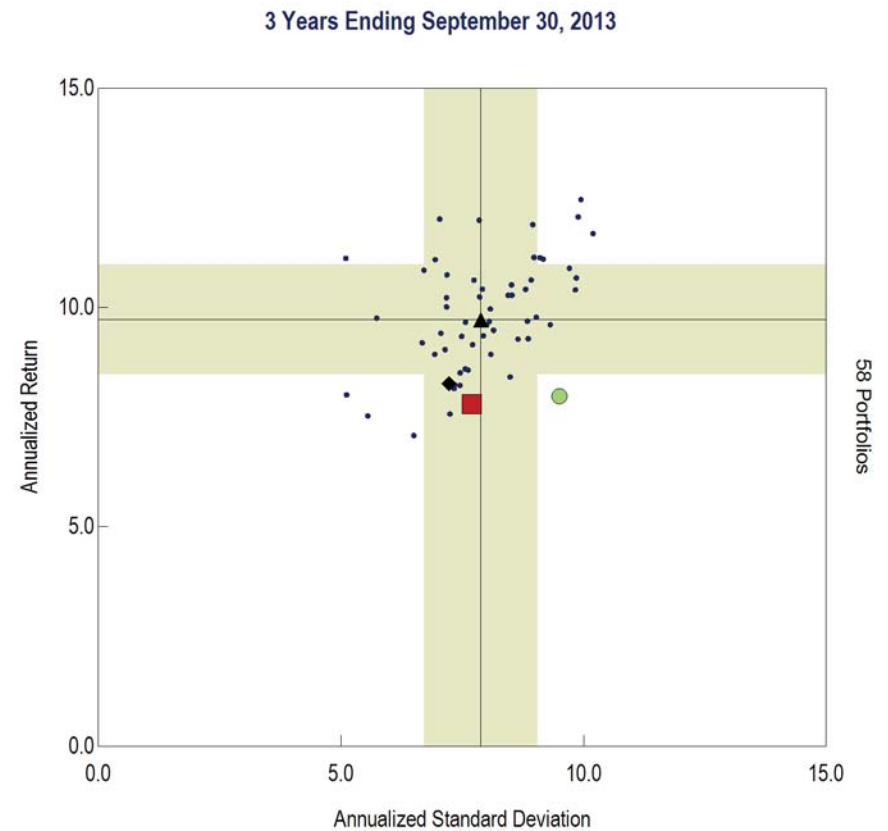
Historical composition of Long-Term Policy Benchmark can be found in the appendix.

City of San Jose Police and Fire Department Retirement Plan

Total Fund Risk/Return



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

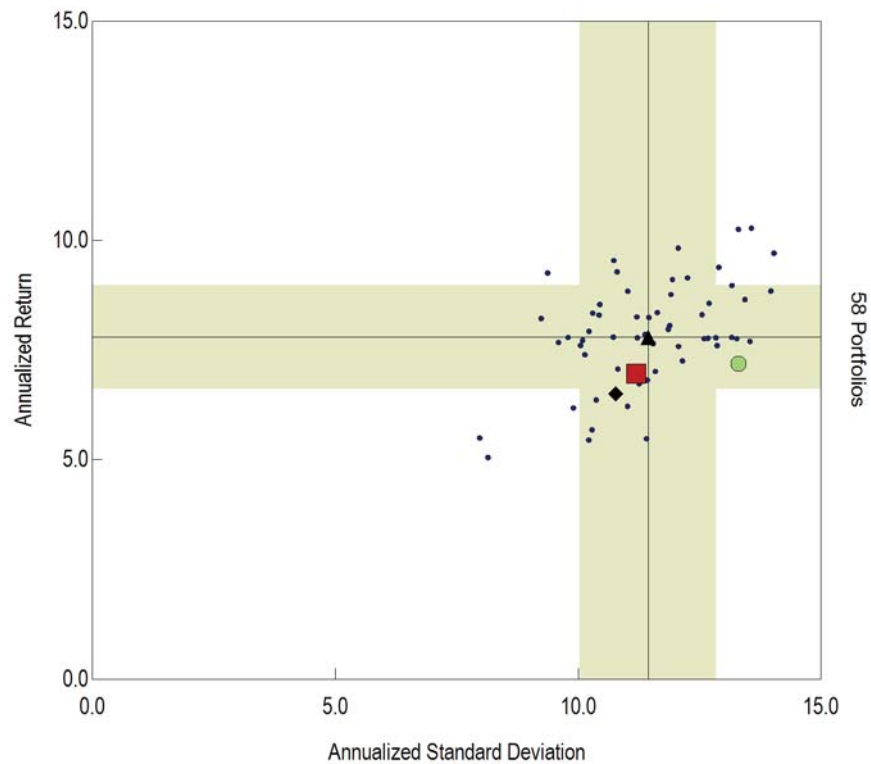


- Total Fund
- ◆ Policy Benchmark
- 60% MSCI World (Gross) / 40% CITI WGBI
- ▲ Universe Median
- 68% Confidence Interval
- IFx Public DB > \$1B Gross

City of San Jose Police and Fire Department Retirement Plan

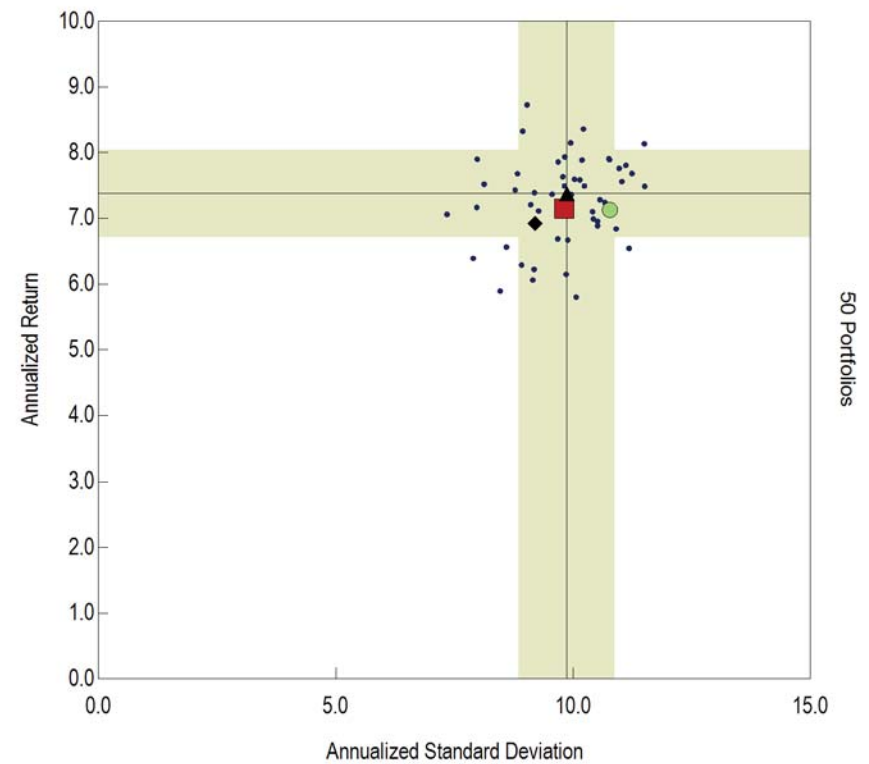
Total Fund Risk/Return

5 Years Ending September 30, 2013



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

10 Years Ending September 30, 2013

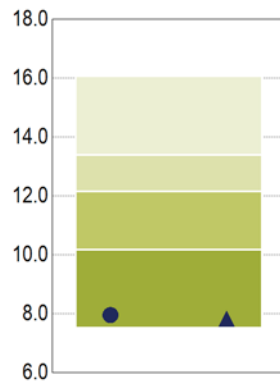


- Total Fund
- ◆ Policy Benchmark
- 60% MSCI World (Gross) / 40% CITI WGBI
- ▲ Universe Median
- 68% Confidence Interval
- IFx Public DB > \$1B Gross

Total Fund Risk Statistics vs. Peer Universe

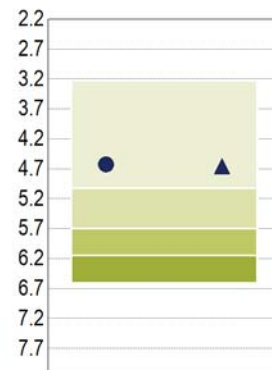
Total Fund vs. IFx Public DB > \$1B Gross (USD) 1 Year

Anlzd Return



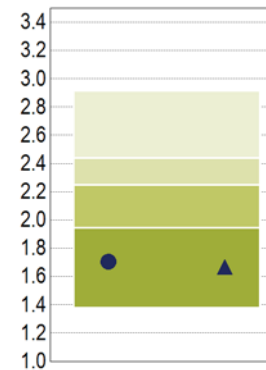
● Total Fund	
Value	7.9
%tile	92
▲ Policy Benchmark	
Value	7.8
%tile	93
Universe	
5th %tile	16.1
25th %tile	13.4
Median	12.2
75th %tile	10.2
95th %tile	7.5

Anlzd Standard Deviation



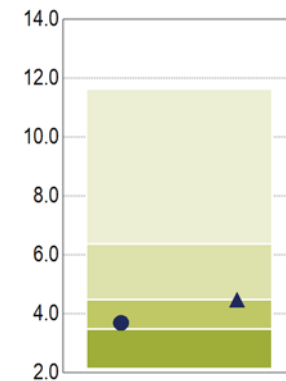
● Total Fund	
Value	4.6
%tile	11
▲ Policy Benchmark	
Value	4.7
%tile	11
Universe	
5th %tile	3.2
25th %tile	5.0
Median	5.7
75th %tile	6.1
95th %tile	6.6

Sharpe Ratio



● Total Fund	
Value	1.7
%tile	85
▲ Policy Benchmark	
Value	1.7
%tile	86
Universe	
5th %tile	2.9
25th %tile	2.4
Median	2.3
75th %tile	1.9
95th %tile	1.4

Sortino Ratio

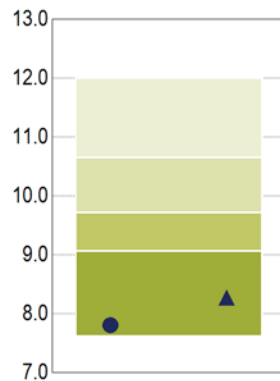


● Total Fund	
Value	3.7
%tile	70
▲ Policy Benchmark	
Value	4.5
%tile	51
Universe	
5th %tile	11.6
25th %tile	6.4
Median	4.5
75th %tile	3.5
95th %tile	2.1

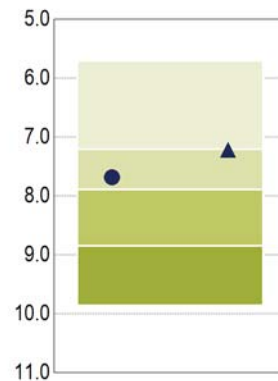
Total Fund Risk Statistics vs. Peer Universe

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

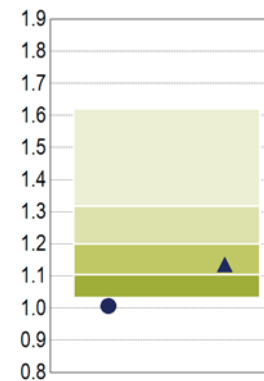
Anlzd Return



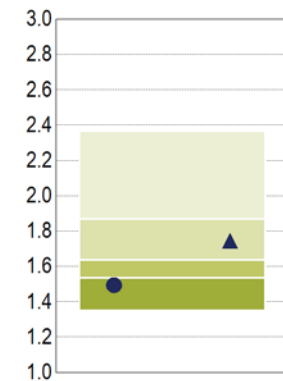
Anlzd Standard Deviation



Sharpe Ratio



Sortino Ratio



● Total Fund	
Value	7.8
%tile	94
▲ Policy Benchmark	
Value	8.3
%tile	88
Universe	
5th %tile	12.0
25th %tile	10.7
Median	9.7
75th %tile	9.1
95th %tile	7.6

● Total Fund	
Value	7.7
%tile	42
▲ Policy Benchmark	
Value	7.2
%tile	26
Universe	
5th %tile	5.7
25th %tile	7.2
Median	7.9
75th %tile	8.8
95th %tile	9.9

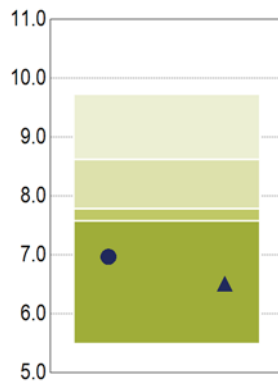
● Total Fund	
Value	1.0
%tile	98
▲ Policy Benchmark	
Value	1.1
%tile	67
Universe	
5th %tile	1.6
25th %tile	1.3
Median	1.2
75th %tile	1.1
95th %tile	1.0

● Total Fund	
Value	1.5
%tile	82
▲ Policy Benchmark	
Value	1.7
%tile	34
Universe	
5th %tile	2.4
25th %tile	1.9
Median	1.6
75th %tile	1.5
95th %tile	1.4

Total Fund Risk Statistics vs. Peer Universe

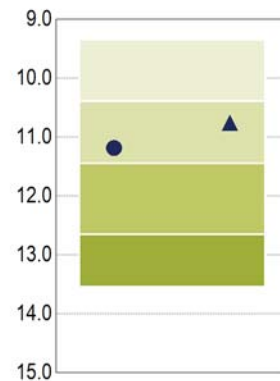
Total Fund vs. IFx Public DB > \$1B Gross (USD) 5 Years

Anlzd Return



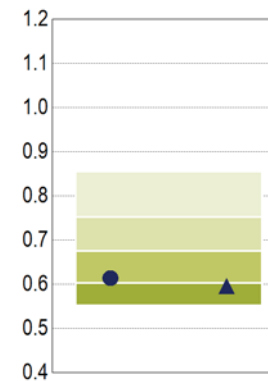
● Total Fund	
Value	7.0
%tile	83
▲ Policy Benchmark	
Value	6.5
%tile	88
Universe	
5th %tile	9.7
25th %tile	8.6
Median	7.8
75th %tile	7.6
95th %tile	5.5

Anlzd Standard Deviation



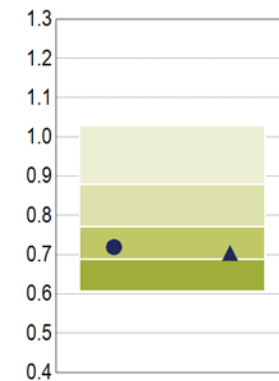
● Total Fund	
Value	11.2
%tile	41
▲ Policy Benchmark	
Value	10.8
%tile	33
Universe	
5th %tile	9.3
25th %tile	10.4
Median	11.4
75th %tile	12.6
95th %tile	13.5

Sharpe Ratio



● Total Fund	
Value	0.6
%tile	69
▲ Policy Benchmark	
Value	0.6
%tile	80
Universe	
5th %tile	0.9
25th %tile	0.8
Median	0.7
75th %tile	0.6
95th %tile	0.6

Sortino Ratio

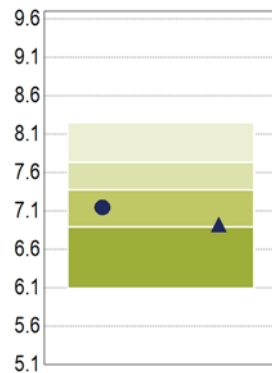


● Total Fund	
Value	0.7
%tile	66
▲ Policy Benchmark	
Value	0.7
%tile	70
Universe	
5th %tile	1.0
25th %tile	0.9
Median	0.8
75th %tile	0.7
95th %tile	0.6

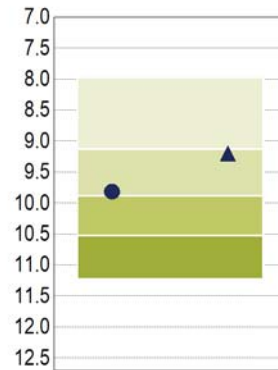
Total Fund Risk Statistics vs. Peer Universe

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

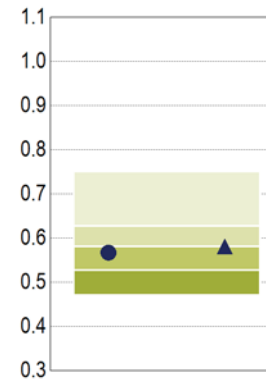
Anlzd Return



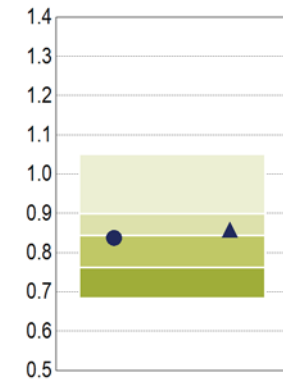
Anlzd Standard Deviation



Sharpe Ratio



Sortino Ratio



● Total Fund	
Value	7.1
%tile	63
▲ Policy Benchmark	
Value	6.9
%tile	75
Universe	
5th %tile	8.2
25th %tile	7.7
Median	7.4
75th %tile	6.9
95th %tile	6.1

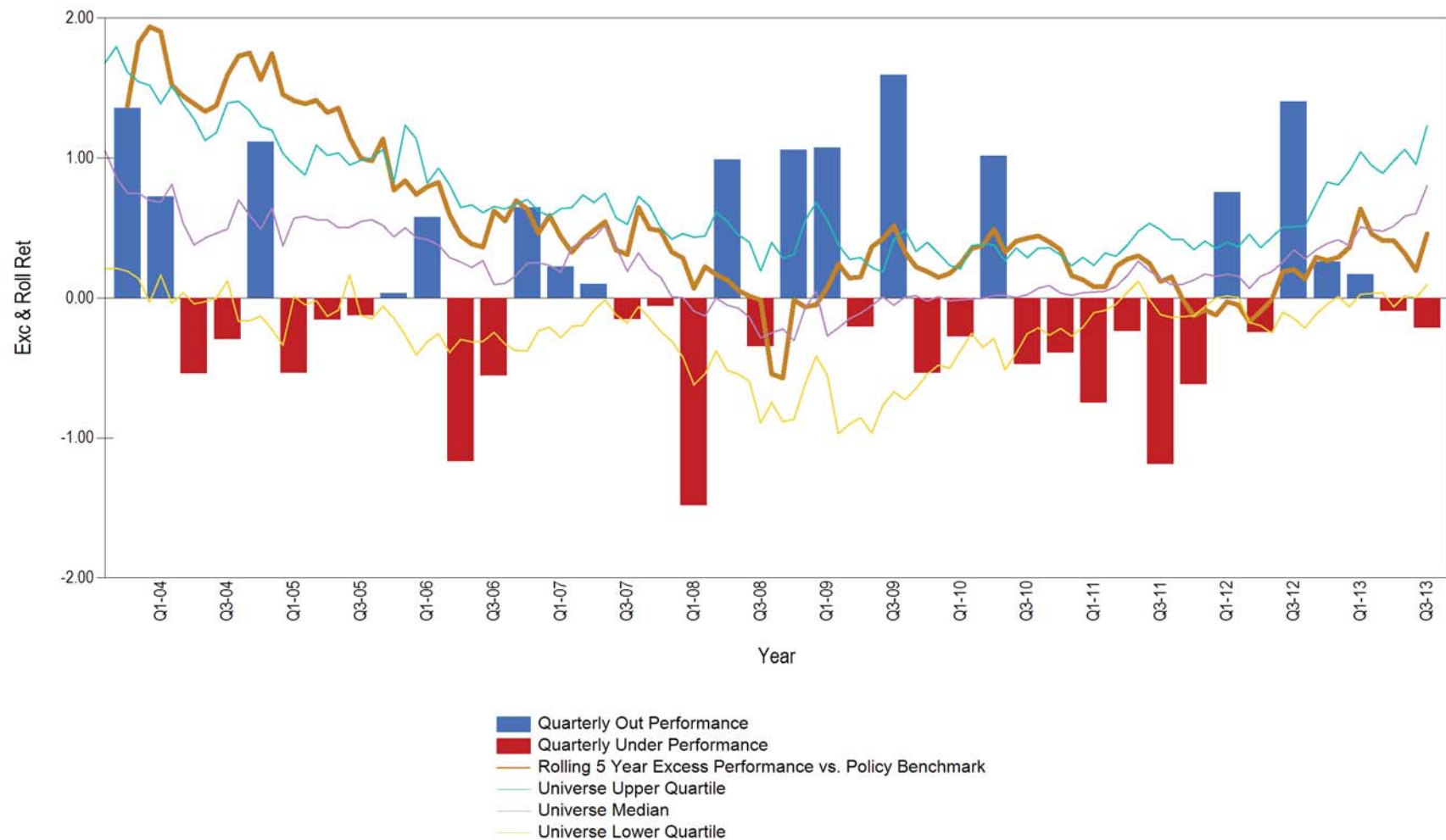
● Total Fund	
Value	9.8
%tile	45
▲ Policy Benchmark	
Value	9.2
%tile	33
Universe	
5th %tile	8.0
25th %tile	9.1
Median	9.9
75th %tile	10.5
95th %tile	11.2

● Total Fund	
Value	0.6
%tile	59
▲ Policy Benchmark	
Value	0.6
%tile	51
Universe	
5th %tile	0.8
25th %tile	0.6
Median	0.6
75th %tile	0.5
95th %tile	0.5

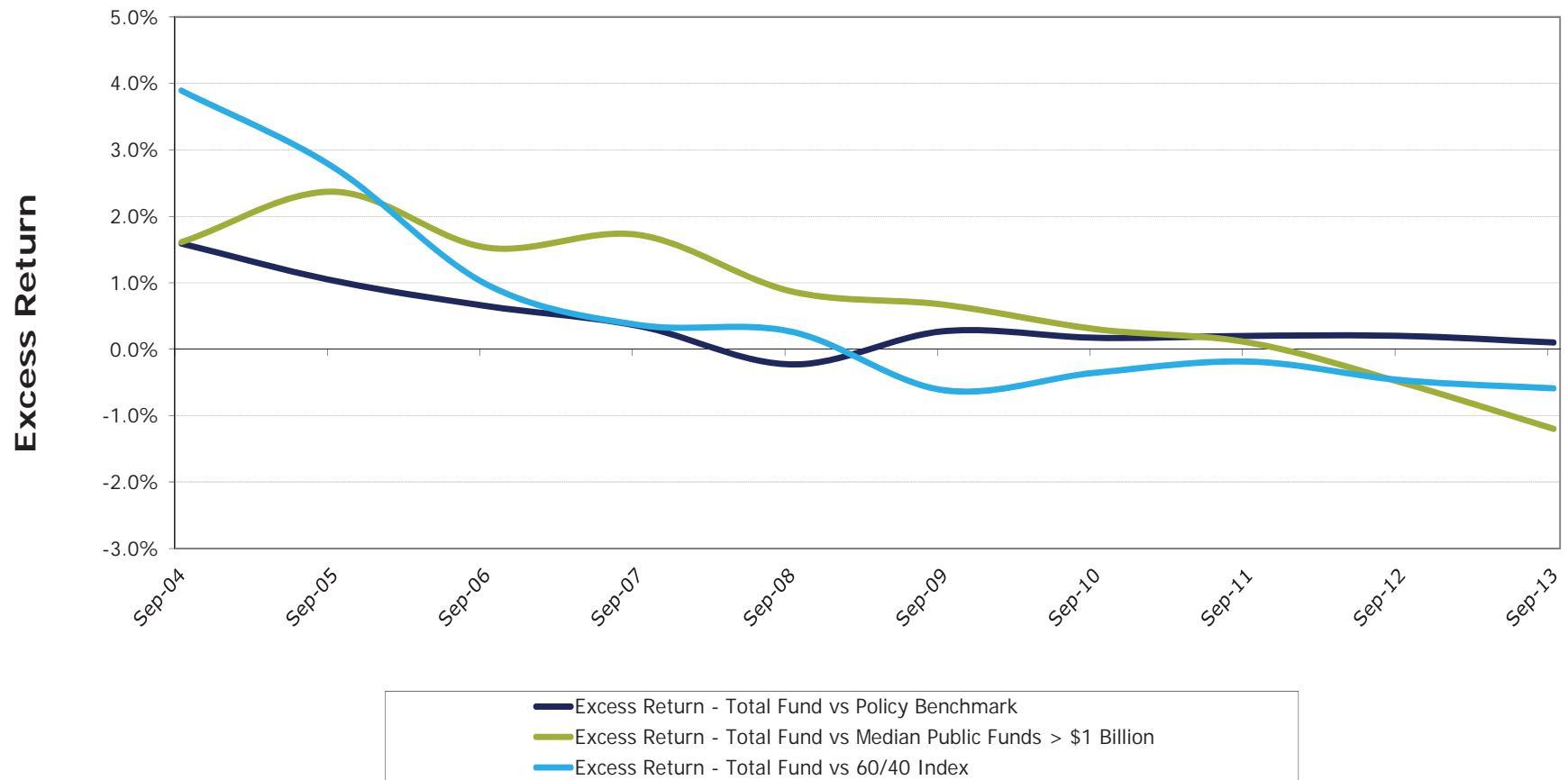
● Total Fund	
Value	0.8
%tile	56
▲ Policy Benchmark	
Value	0.9
%tile	44
Universe	
5th %tile	1.1
25th %tile	0.9
Median	0.8
75th %tile	0.8
95th %tile	0.7

Total Fund Rolling 5-Year Excess Returns

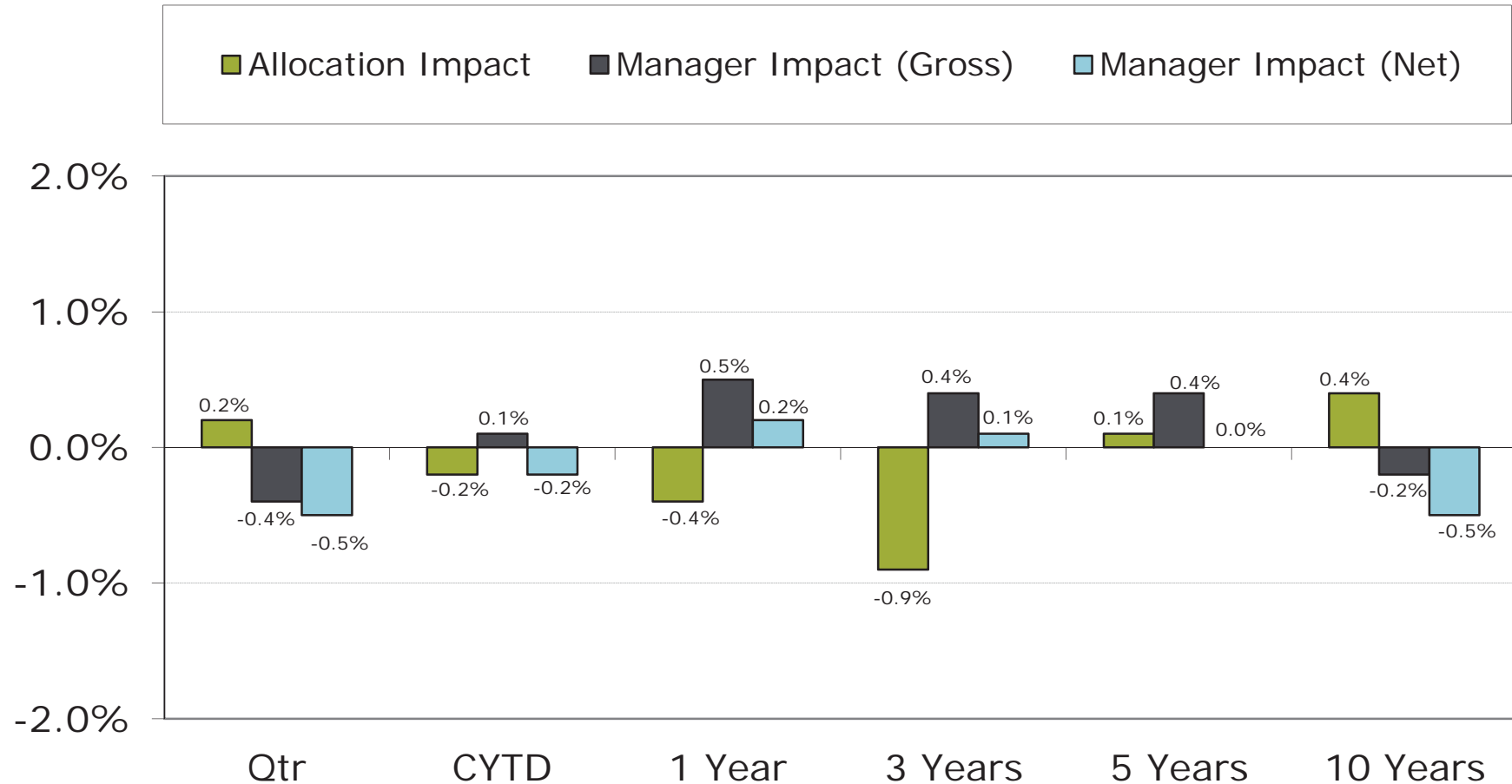
Annualized Excess Performance



Total Fund Rolling 5-Year Excess Returns



Total Fund Performance Attribution



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

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

City of San Jose Police and Fire Department Retirement Plan

Total Fund Performance Detail

	Market Value (\$)	% of Portfolio	3 Mo (%)	Rank	YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	7 Yrs (%)	Rank	10 Yrs (%)	Rank	Return (%)	Since
Total Equity Composite¹	936,164,437	30.6	8.0	55	14.2	69	18.5	64	11.0	66	8.5	62	--	--	--	--	4.6	Apr-08
San Jose Custom Total Equity Benchmark ²			<u>8.3</u>	51	<u>15.2</u>	64	<u>19.2</u>	58	<u>11.5</u>	58	<u>8.6</u>	62	--	--	--	--	<u>4.4</u>	Apr-08
Over/Under			-0.3		-1.0		-0.7		-0.5		-0.1						0.2	
eA All Global Equity Gross Median			8.3		17.0		20.2		12.2		9.3		5.5		9.9		4.9	Apr-08
Global Equity Composite³	128,338,822	4.2	9.1	37	--	--	--	--	--	--	--	--	--	--	--	--	14.6	Mar-13
MSCI ACWI IMI (Net)			<u>8.3</u>	51	<u>15.2</u>	64	<u>18.6</u>	63	<u>10.5</u>	70	<u>8.3</u>	66	<u>4.4</u>	73	<u>8.3</u>	85	<u>9.9</u>	Mar-13
Over/Under			0.8														4.7	
eA All Global Equity Gross Median			8.3		17.0		20.2		12.2		9.3		5.5		9.9		11.3	Mar-13
Artisan Global Opportunities ⁴	64,942,218	2.1	10.5	20	--	--	--	--	--	--	--	--	--	--	--	--	7.9	May-13
MSCI ACWI IMI (Net)			<u>8.3</u>	51	<u>15.2</u>	64	<u>18.6</u>	63	<u>10.5</u>	70	<u>8.3</u>	66	<u>4.4</u>	73	<u>8.3</u>	85	<u>5.0</u>	May-13
Over/Under			2.2														2.9	
eA All Global Equity Gross Median			8.3		17.0		20.2		12.2		9.3		5.5		9.9		5.8	May-13
Artisan Global Value ⁵	62,832,860	2.1	7.7	60	--	--	--	--	--	--	--	--	--	--	--	--	14.9	Mar-13
MSCI ACWI IMI (Net)			<u>8.3</u>	51	<u>15.2</u>	64	<u>18.6</u>	63	<u>10.5</u>	70	<u>8.3</u>	66	<u>4.4</u>	73	<u>8.3</u>	85	<u>9.9</u>	Mar-13
Over/Under			-0.6														5.0	
eA All Global Equity Gross Median			8.3		17.0		20.2		12.2		9.3		5.5		9.9		11.3	Mar-13
U.S. Equity Composite⁶	348,961,528	11.4	6.6	65	23.2	51	27.5	40	18.2	37	11.1	60	6.4	70	8.6	73	9.2	Jun-95
Russell 3000			<u>6.3</u>	68	<u>21.3</u>	67	<u>21.6</u>	70	<u>16.8</u>	58	<u>10.6</u>	67	<u>6.1</u>	76	<u>8.1</u>	81	<u>8.7</u>	Jun-95
Over/Under			0.3		1.9		5.9		1.4		0.5		0.3		0.5		0.5	
eA All US Equity Gross Median			7.9		23.3		25.3		17.3		11.8		7.5		9.9		10.6	Jun-95
Russell R1000	264,352,887	8.6	5.9	57	20.7	55	--	--	--	--	--	--	--	--	--	--	20.7	Jan-13
Russell 1000			<u>6.0</u>	55	<u>20.8</u>	54	<u>20.9</u>	55	<u>16.6</u>	42	<u>10.5</u>	49	<u>6.0</u>	67	<u>8.0</u>	70	<u>20.8</u>	Jan-13
Over/Under			-0.1		-0.1												-0.1	
eA US Large Cap Equity Gross Median			6.3		21.0		21.4		16.2		10.5		6.6		8.7		21.0	Jan-13
RS Investments	84,603,185	2.8	8.4	59	29.8	20	37.6	12	20.5	25	--	--	--	--	--	--	20.5	Aug-10
Russell 2000 Value			<u>7.6</u>	80	<u>23.1</u>	77	<u>27.0</u>	81	<u>16.6</u>	75	<u>9.1</u>	96	<u>5.4</u>	93	<u>9.3</u>	95	<u>16.5</u>	Aug-10
Over/Under			0.8		6.7		10.6		3.9								4.0	
eA US Small Cap Value Equity Gross Median			8.7		26.3		31.0		18.7		12.9		8.6		11.7		18.9	Aug-10

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

City of San Jose Police and Fire Department Retirement Plan

Total Fund Performance Detail

	Market Value (\$)	% of Portfolio	3 Mo (%)	Rank	YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	7 Yrs (%)	Rank	10 Yrs (%)	Rank	Return (%)	Since
International Equity Composite¹	458,864,088	15.0	8.9	75	6.5	98	12.8	96	4.9	93	6.8	74	3.4	76	9.4	70	9.7	Jun-95
MSCI AC WORLD ex US (NET)			<u>10.1</u>	55	<u>10.0</u>	81	<u>16.5</u>	84	<u>5.9</u>	88	<u>6.3</u>	85	<u>3.0</u>	83	<u>8.8</u>	81	--	Jun-95
Over/Under			-1.2		-3.5		-3.7		-1.0		0.5		0.4		0.6			
eA All ACWI ex-US Equity Gross Median			10.2		13.2		20.0		8.9		8.7		4.8		10.3		8.6	Jun-95
Developed International Equity Composite²	321,183,766	10.5	11.7	37	15.0	69	21.4	71	9.8	59	8.6	45	4.1	49	9.5	47	8.9	Jun-95
MSCI EAFE (Net)			<u>11.6</u>	39	<u>16.1</u>	58	<u>23.8</u>	55	<u>8.5</u>	78	<u>6.4</u>	82	<u>2.4</u>	86	<u>8.0</u>	88	5.2	Jun-95
Over/Under			0.1		-1.1		-2.4		1.3		2.2		1.7		1.5		3.7	
eA All EAFE Equity Gross Median			11.1		16.5		24.1		10.2		8.2		3.9		9.4		7.8	Jun-95
Russell MSCI EAFE + CAD	254,953,560	8.3	<u>11.3</u>	47	<u>15.1</u>	68	--	--	--	--	--	--	--	--	--	--	15.1	Jan-13
MSCI EAFE + CAD			<u>10.7</u>	61	<u>12.0</u>	87	<u>18.1</u>	86	<u>4.7</u>	97	<u>3.1</u>	99	<u>-0.3</u>	98	<u>5.4</u>	99	<u>12.0</u>	Jan-13
Over/Under			0.6		3.1												3.1	
eA All EAFE Equity Gross Median			11.1		16.5		24.1		10.2		8.2		3.9		9.4		16.5	Jan-13
Russell MSCI EAFE + CAD Small Cap	66,077,290	2.2	<u>13.1</u>	62	<u>13.9</u>	94	<u>24.1</u>	88	--	--	--	--	--	--	--	--	19.0	Dec-11
MSCI EAFE + CAD Small Cap			<u>15.0</u>	11	<u>19.0</u>	82	<u>24.7</u>	85	<u>9.9</u>	93	<u>11.1</u>	75	<u>4.1</u>	85	<u>10.1</u>	90	<u>18.8</u>	Dec-11
Over/Under			-1.9		-5.1		-0.6										0.2	
eA EAFE Small Cap Equity Gross Median			13.6		22.4		30.0		13.7		13.2		6.3		12.7		24.4	Dec-11
Emerging Markets Equity Composite	137,680,322	4.5	2.3	85	-10.9	99	-4.3	97	-4.0	94	5.0	90	4.2	92	11.4	96	12.8	Sep-01
MSCI Emg Mkts Free (Net)			<u>5.8</u>	48	<u>-4.4</u>	73	<u>1.0</u>	78	<u>-0.3</u>	69	<u>7.2</u>	70	<u>5.9</u>	65	<u>12.8</u>	79	<u>13.1</u>	Sep-01
Over/Under			-3.5		-6.5		-5.3		-3.7		-2.2		-1.7		-1.4		-0.3	
eA Emg Mkts Equity Gross Median			5.7		-2.2		4.0		1.2		8.7		7.1		14.5		14.7	Sep-01
Russell Emerging Markets	64,077,882	2.1	<u>5.6</u>	53	<u>-8.4</u>	96	<u>-1.6</u>	93	--	--	--	--	--	--	--	--	-0.2	Nov-11
MSCI Emg Mkts Free (Net)			<u>5.8</u>	48	<u>-4.4</u>	73	<u>1.0</u>	78	<u>-0.3</u>	69	<u>7.2</u>	70	<u>5.9</u>	65	<u>12.8</u>	79	<u>2.2</u>	Nov-11
Over/Under			-0.2		-4.0		-2.6										-2.4	
eA Emg Mkts Equity Gross Median			5.7		-2.2		4.0		1.2		8.7		7.1		14.5		5.3	Nov-11
Vontobel ³	59,361,830	1.9	-0.8	95	--	--	--	--	--	--	--	--	--	--	--	--	-0.8	Jul-13
MSCI Emerging Markets			<u>5.8</u>	48	<u>-4.4</u>	73	<u>1.0</u>	78	<u>-0.3</u>	69	<u>7.2</u>	70	<u>5.9</u>	65	<u>12.8</u>	79	<u>5.8</u>	Jul-13
Over/Under			-6.6														-6.6	
eA Emg Mkts Equity Gross Median			5.7		-2.2		4.0		1.2		8.7		7.1		14.5		5.7	Jul-13
Aberdeen ³	14,240,609	0.5	4.9	59	--	--	--	--	--	--	--	--	--	--	--	--	4.9	Jul-13
MSCI Frontier Markets Index			<u>6.3</u>	41	<u>18.2</u>	1	<u>21.8</u>	1	<u>4.1</u>	14	<u>-3.1</u>	99	<u>-0.3</u>	99	<u>7.1</u>	99	<u>6.3</u>	Jul-13
Over/Under			-1.4														-1.4	
eA Emg Mkts Equity Gross Median			5.7		-2.2		4.0		1.2		8.7		7.1		14.5		5.7	Jul-13

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

City of San Jose Police and Fire Department Retirement Plan

Preliminary Total Fund Performance Detail - Net of Fee

	Market Value (\$)	% of Portfolio	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	7 Yrs (%)	10 Yrs (%)	Return (%)	Since
Total Private Equity Composite¹	234,386,441	7.7	4.1	14.4	17.4	11.6	6.9	8.8	--	8.6	Oct-05
Cambridge PE 1 Qtr Lag			<u>3.0</u>	<u>11.3</u>	<u>16.3</u>	<u>15.6</u>	<u>7.9</u>	<u>10.6</u>	<u>15.2</u>	<u>12.6</u>	Oct-05
Over/Under			1.1	3.1	1.1	-4.0	-1.0	-1.8		-4.0	
Thomson One All Private Equity Lag			3.4	11.4	16.0	14.4	4.3	8.7	13.3	11.1	Oct-05
Russell 3000 Qtr Lag			2.7	14.3	21.5	18.6	7.2	5.8	7.8	6.3	Oct-05
Total Private Equity ex Interim Exposure	133,960,139	4.4	2.1	8.8	12.5	10.0	5.9	8.2	--	8.1	Oct-05
Cambridge PE 1 Qtr Lag			<u>3.0</u>	<u>11.3</u>	<u>16.3</u>	<u>15.6</u>	<u>7.9</u>	<u>10.6</u>	<u>15.2</u>	<u>12.6</u>	Oct-05
Over/Under			-0.9	-2.5	-3.8	-5.6	-2.0	-2.4		-4.5	
Thomson One All Private Equity Lag			3.4	11.4	16.0	14.4	4.3	8.7	13.3	11.1	Oct-05

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

City of San Jose Police and Fire Department Retirement Plan

Total Fund Performance Detail

	Market Value (\$)	% of Portfolio	3 Mo (%)	Rank	YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	7 Yrs (%)	Rank	10 Yrs (%)	Rank	Return (%)	Since
Total Fixed Income Composite¹	718,437,990	23.5	1.4	15	1.0	17	3.3	15	7.2	14	9.7	21	--	--	--	--	8.2	Apr-08
Barclays Aggregate			<u>0.6</u>	64	<u>-1.9</u>	78	<u>-1.7</u>	82	<u>2.9</u>	68	<u>5.4</u>	66	<u>5.1</u>	64	<u>4.6</u>	63	<u>4.6</u>	Apr-08
Over/Under			0.8		2.9		5.0		4.3		4.3						3.6	
eA All US Fixed Inc Gross Median			0.7		-0.8		-0.3		3.6		6.2		5.5		4.9		5.2	Apr-08
Domestic Core Fixed Income Composite	140,427,383	4.6	0.4	81	-2.0	82	-1.8	83	3.7	40	6.3	56	5.1	85	5.0	56	6.0	Jun-95
Barclays Aggregate			<u>0.6</u>	65	<u>-1.9</u>	74	<u>-1.7</u>	80	<u>2.9</u>	83	<u>5.4</u>	90	<u>5.1</u>	85	<u>4.6</u>	85	<u>5.9</u>	Jun-95
Over/Under			-0.2		-0.1		-0.1		0.8		0.9		0.0		0.4		0.1	
eA US Core Fixed Inc Gross Median			0.7		-1.6		-1.1		3.5		6.4		5.6		5.0		6.2	Jun-95
Seix Core Fixed Income	140,427,383	4.6	0.4	81	-2.0	82	-1.8	83	3.7	40	6.8	36	6.2	22	5.5	18	6.3	Oct-99
Barclays Aggregate			<u>0.6</u>	65	<u>-1.9</u>	74	<u>-1.7</u>	80	<u>2.9</u>	83	<u>5.4</u>	90	<u>5.1</u>	85	<u>4.6</u>	85	<u>5.7</u>	Oct-99
Over/Under			-0.2		-0.1		-0.1		0.8		1.4		1.1		0.9		0.6	
eA US Core Fixed Inc Gross Median			0.7		-1.6		-1.1		3.5		6.4		5.6		5.0		6.1	Oct-99
Total Credit Composite^{2,3}	437,181,779	14.3	2.6	--	6.1	--	11.6	--	12.4	--	11.6	--	--	--	--	--	11.6	Jul-08
50% Credit Suisse Leveraged Loan Index / 50% BofA ML US HY BB-B Rated Constrained Index			<u>1.7</u>	--	<u>3.6</u>	--	<u>6.0</u>	--	<u>7.3</u>	--	<u>9.6</u>	--	<u>6.3</u>	--	<u>6.6</u>	--	<u>7.6</u>	Jul-08
Over/Under			0.9		2.5		5.6		5.1		2.0						4.0	
Corporate Credit Composite³	153,250,805	5.0	2.5	--	2.4	--	4.0	--	6.0	--	--	--	--	--	--	--	9.3	Apr-09
Blended Domestic Credit Index ⁴			<u>2.3</u>	--	<u>3.7</u>	--	<u>6.7</u>	--	<u>7.6</u>	--	<u>9.8</u>	--	<u>6.4</u>	--	<u>6.6</u>	--	<u>14.6</u>	Apr-09
Over/Under			0.2		-1.3		-2.7		-1.6								-5.3	
Russell BC High Yield	153,246,336	5.0	2.5	--	2.4	--	--	--	--	--	--	--	--	--	--	--	2.4	Jan-13
Barclays High Yield			<u>2.3</u>	--	<u>3.7</u>	--	<u>7.1</u>	--	<u>9.2</u>	--	<u>13.5</u>	--	<u>8.8</u>	--	<u>8.9</u>	--	<u>3.7</u>	Jan-13
Over/Under			0.2		-1.3												-1.3	
Opportunistic Credit Composite	283,930,974	9.3	2.6	--	8.5	--	15.3	--	14.5	--	16.5	--	--	--	--	--	16.3	Jul-08
50% Credit Suisse Leveraged Loan Index / 50% BofA ML US HY BB-B Rated Constrained Index			<u>1.7</u>	--	<u>3.6</u>	--	<u>6.0</u>	--	<u>7.3</u>	--	<u>9.6</u>	--	<u>6.3</u>	--	<u>6.6</u>	--	<u>7.6</u>	Jul-08
Over/Under			0.9		4.9		9.3		7.2		6.9						8.7	
Pimco Disco II	155,765,153	5.1	2.2	--	8.7	--	17.0	--	--	--	--	--	--	--	--	--	27.9	Nov-11
BofA Merrill Lynch US High Yield BB-B Rated Constrained Index			<u>2.1</u>	--	<u>2.9</u>	--	<u>6.1</u>	--	<u>8.3</u>	--	<u>11.8</u>	--	<u>7.9</u>	--	<u>7.9</u>	--	<u>9.3</u>	Nov-11
Over/Under			0.1		5.8		10.9										18.6	
Marathon ⁵	20,275,541	0.7	2.5	--	7.6	--	12.0	--	--	--	--	--	--	--	--	--	12.0	Oct-12
BofA ML Euro HY Constrained			<u>8.0</u>	--	<u>8.7</u>	--	<u>18.7</u>	--	<u>9.2</u>	--	<u>14.7</u>	--	<u>9.7</u>	--	<u>10.8</u>	--	<u>18.7</u>	Oct-12
Over/Under			-5.5		-1.1		-6.7										-6.7	

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

City of San Jose Police and Fire Department Retirement Plan

Total Fund Performance Detail

	Market Value (\$)	% of Portfolio	3 Mo (%)	Rank	YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	7 Yrs (%)	Rank	10 Yrs (%)	Rank	Return (%)	Since
Direct Lending Composite¹	107,890,279	3.5	3.2	--	8.7	--	11.2	--	--	--	--	--	--	--	--	--	8.7	Nov-10
3 Months LIBOR + 5%			<u>1.3</u>	--	<u>3.9</u>	--	<u>5.3</u>	--	<u>5.4</u>	--	<u>5.5</u>	--	<u>6.7</u>	--	<u>7.2</u>	--	<u>5.4</u>	Nov-10
Over/Under			1.9		4.8		5.9										3.3	
White Oak	44,632,387	1.5	5.6	--	10.6	--	13.0	--	--	--	--	--	--	--	--	--	7.0	Nov-10
3 Months LIBOR + 5%			<u>1.3</u>	--	<u>3.9</u>	--	<u>5.3</u>	--	<u>5.4</u>	--	<u>5.5</u>	--	<u>6.7</u>	--	<u>7.2</u>	--	<u>5.4</u>	Nov-10
Over/Under			4.3		6.7		7.7										1.6	
GSO	35,094,072	1.1	-0.6	--	6.7	--	9.4	--	--	--	--	--	--	--	--	--	17.8	Dec-10
3 Months LIBOR + 5%			<u>1.3</u>	--	<u>3.9</u>	--	<u>5.3</u>	--	<u>5.4</u>	--	<u>5.5</u>	--	<u>6.7</u>	--	<u>7.2</u>	--	<u>5.4</u>	Dec-10
Over/Under			-1.9		2.8		4.1										12.4	
Medley Capital	28,163,819	0.9	4.3	--	8.9	--	11.4	--	--	--	--	--	--	--	--	--	8.1	Mar-11
3 Months LIBOR + 5%			<u>1.3</u>	--	<u>3.9</u>	--	<u>5.3</u>	--	<u>5.4</u>	--	<u>5.5</u>	--	<u>6.7</u>	--	<u>7.2</u>	--	<u>5.4</u>	Mar-11
Over/Under			3.0		5.0		6.1										2.7	
Emerging Market Debt Composite²	140,828,829	4.6	-0.7	89	-9.9	98	--	--	--	--	--	--	--	--	--	--	-9.9	Jan-13
San Jose Custom EMD Benchmark ³			<u>0.4</u>	53	<u>-9.0</u>	97	<u>-6.0</u>	97	--	--	--	--	--	--	--	--	<u>-9.0</u>	Jan-13
Over/Under			-1.1		-0.9												-0.9	
eA All Emg Mkts Fixed Inc Gross Median			0.6		-6.6		-3.0		5.1		10.3		9.1		10.1		-6.6	Jan-13
BlueBay	140,828,682	4.6	-2.8	--	--	--	--	--	--	--	--	--	--	--	--	--	-0.5	Aug-13
JP Morgan Blended EMD Benchmark ⁴			<u>0.4</u>	--	<u>-6.1</u>	--	<u>-2.9</u>	--	--	--	--	--	--	--	--	--	<u>0.2</u>	Aug-13
Over/Under			-3.2														-0.7	

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

City of San Jose Police and Fire Department Retirement Plan

Total Fund Performance Detail

	Market Value (\$)	% of Portfolio	3 Mo (%)	Rank	YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	7 Yrs (%)	Rank	10 Yrs (%)	Rank	Return (%)	Since
Total Real Estate Composite	216,473,201	7.1	3.6	--	8.7	--	10.9	--	11.5	--	4.4	--	6.2	--	7.8	--	8.2	Jun-95
NCREIF Property Index			<u>2.6</u>	--	<u>8.2</u>	--	<u>11.0</u>	--	<u>12.7</u>	--	<u>3.4</u>	--	<u>5.5</u>	--	<u>8.7</u>	--	<u>9.6</u>	Jun-95
Over/Under			1.0		0.5		-0.1		-1.2		1.0		0.7		-0.9		-1.4	
American Realty/Kennedy Combined	20,781,452	0.7	4.2	--	11.8	--	15.8	--	14.0	--	7.9	--	9.5	--	10.2	--	10.2	Oct-03
NCREIF Property Index			<u>2.6</u>	--	<u>8.2</u>	--	<u>11.0</u>	--	<u>12.7</u>	--	<u>3.4</u>	--	<u>5.5</u>	--	<u>8.7</u>	--	<u>8.7</u>	Oct-03
Over/Under			1.6		3.6		4.8		1.3		4.5		4.0		1.5		1.5	
American Realty Core Realty Fund	119,622,617	3.9	3.4	--	9.5	--	12.3	--	--	--	--	--	--	--	--	--	11.9	Sep-11
NCREIF Property Index			<u>2.6</u>	--	<u>8.2</u>	--	<u>11.0</u>	--	<u>12.7</u>	--	<u>3.4</u>	--	<u>5.5</u>	--	<u>8.7</u>	--	<u>12.3</u>	Sep-11
Over/Under			0.8		1.3		1.3										-0.4	
Brookfield	2,672,455	0.1																
BlackStone	3,207,899	0.1																
TA Realty	3,560,152	0.1	1.3	--	--	--	--	--	--	--	--	--	--	--	--	--	2.0	Mar-13
NCREIF Property Index			<u>2.6</u>	--	<u>8.2</u>	--	<u>11.0</u>	--	<u>12.7</u>	--	<u>3.4</u>	--	<u>5.5</u>	--	<u>8.7</u>	--	<u>8.2</u>	Mar-13
Over/Under			-1.3														-6.2	
Russell Real Estate	66,628,626	2.2	4.2	--	6.9	--	--	--	--	--	--	--	--	--	--	--	7.5	Dec-12
50% MSCI ACWI (Net) / 50% BC Global Aggregate			<u>5.3</u>	--	<u>5.9</u>	--	<u>7.2</u>	--	<u>6.3</u>	--	<u>6.8</u>	--	<u>5.0</u>	--	<u>6.7</u>	--	<u>6.9</u>	Dec-12
Over/Under			-1.1		1.0												0.6	
Inflation-Linked Assets Composite	299,682,024	9.8	4.2	--	-9.4	--	-12.7	--	-2.0	--	--	--	--	--	--	--	-1.2	Jan-10
Custom Commodity Risk Parity Index			<u>4.1</u>	--	<u>-7.7</u>	--	<u>-10.5</u>	--	--	--	--	--	--	--	--	--	--	Jan-10
Over/Under			0.1		-1.7		-2.2											
Dow Jones-UBS Commodity Index TR			2.1	--	-8.6	--	-14.3	--	-3.2	--	-5.3	--	-2.1	--	2.1	--	-2.3	Jan-10
Credit Suisse	251,427,226	8.2	4.2	--	-7.6	--	-10.2	--	--	--	--	--	--	--	--	--	-7.0	Apr-11
Custom Commodity Risk Parity Index			<u>4.1</u>	--	<u>-7.7</u>	--	<u>-10.5</u>	--	--	--	--	--	--	--	--	--	<u>-7.5</u>	Apr-11
Over/Under			0.1		0.1		0.3										0.5	
Dow Jones-UBS Commodity Index TR			2.1	--	-8.6	--	-14.3	--	-3.2	--	-5.3	--	-2.1	--	2.1	--	-10.8	Apr-11
First Quadrant	48,254,798	1.6	4.3	--	-12.7	--	-16.8	--	--	--	--	--	--	--	--	--	-11.4	Apr-11
Custom Commodity Risk Parity Index			<u>4.1</u>	--	<u>-7.7</u>	--	<u>-10.5</u>	--	--	--	--	--	--	--	--	--	<u>-7.5</u>	Apr-11
Over/Under			0.2		-5.0		-6.3										-3.9	
Dow Jones-UBS Commodity Index TR			2.1	--	-8.6	--	-14.3	--	-3.2	--	-5.3	--	-2.1	--	2.1	--	-10.8	Apr-11

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

City of San Jose Police and Fire Department Retirement Plan

Total Fund Performance Detail

	Market Value (\$)	% of Portfolio	3 Mo (%)	Rank	YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	7 Yrs (%)	Rank	10 Yrs (%)	Rank	Return (%)	Since
Total Hedge Fund Composite	294,861,558	9.6	0.8	--	1.3	--	--	--	--	--	--	--	--	--	--	--	1.7	Nov-12
San Jose Custom Hedge Fund Benchmark ¹			<u>1.6</u>	--	<u>2.6</u>	--	--	--	--	--	--	--	--	--	--	--	--	Nov-12
Over/Under			-0.8		-1.3													
HFRI.FOF.Comp			1.6	--	5.1	--	6.4	--	2.5	--	1.9	--	1.6	--	3.4	--	6.7	Nov-12
Russell Hedge Funds	87,746,451	2.9	1.5	--	1.8	--	--	--	--	--	--	--	--	--	--	--	2.1	Dec-12
Russell Hedge Index ²			<u>1.6</u>	--	<u>1.8</u>	--	<u>2.2</u>	--	<u>2.0</u>	--	<u>2.2</u>	--	<u>2.4</u>	--	<u>3.2</u>	--	<u>2.1</u>	Dec-12
Over/Under			-0.1		0.0												0.0	
Total Hedge Fund Composite ex-Interim	207,115,107	6.8	0.5	--	3.2	--	--	--	--	--	--	--	--	--	--	--	4.8	Nov-12
HFRI.FOF.Comp			<u>1.6</u>	--	<u>5.1</u>	--	<u>6.4</u>	--	<u>2.5</u>	--	<u>1.9</u>	--	<u>1.6</u>	--	<u>3.4</u>	--	<u>6.7</u>	Nov-12
Over/Under			-1.1		-1.9												-1.9	
Amici	9,823,881	0.3	0.7	--	--	--	--	--	--	--	--	--	--	--	--	--	-1.8	Mar-13
HFRI.FOF.Comp			<u>1.6</u>	--	<u>5.1</u>	--	<u>6.4</u>	--	<u>2.5</u>	--	<u>1.9</u>	--	<u>1.6</u>	--	<u>3.4</u>	--	<u>2.6</u>	Mar-13
Over/Under			-0.9														-4.4	
Arrowgrass	21,735,320	0.7	1.1	--	6.6	--	--	--	--	--	--	--	--	--	--	--	8.7	Nov-12
HFRI.FOF.Comp			<u>1.6</u>	--	<u>5.1</u>	--	<u>6.4</u>	--	<u>2.5</u>	--	<u>1.9</u>	--	<u>1.6</u>	--	<u>3.4</u>	--	<u>6.7</u>	Nov-12
Over/Under			-0.5		1.5												2.0	
BlackRock	9,582,336	0.3	-3.6	--	--	--	--	--	--	--	--	--	--	--	--	--	-4.2	Mar-13
HFRI.FOF.Comp			<u>1.6</u>	--	<u>5.1</u>	--	<u>6.4</u>	--	<u>2.5</u>	--	<u>1.9</u>	--	<u>1.6</u>	--	<u>3.4</u>	--	<u>2.6</u>	Mar-13
Over/Under			-5.2														-6.8	
BlueTrend	8,349,608	0.3	-2.1	--	--	--	--	--	--	--	--	--	--	--	--	--	-16.5	Apr-13
HFRI.FOF.Comp			<u>1.6</u>	--	<u>5.1</u>	--	<u>6.4</u>	--	<u>2.5</u>	--	<u>1.9</u>	--	<u>1.6</u>	--	<u>3.4</u>	--	<u>1.7</u>	Apr-13
Over/Under			-3.7														-18.2	
Brevan Howard	20,250,540	0.7	-1.2	--	-0.1	--	--	--	--	--	--	--	--	--	--	--	1.3	Dec-12
HFRI.FOF.Comp			<u>1.6</u>	--	<u>5.1</u>	--	<u>6.4</u>	--	<u>2.5</u>	--	<u>1.9</u>	--	<u>1.6</u>	--	<u>3.4</u>	--	<u>6.3</u>	Dec-12
Over/Under			-2.8		-5.2												-5.0	
Cantab	7,485,520	0.2	-9.1	--	--	--	--	--	--	--	--	--	--	--	--	--	-25.1	Apr-13
HFRI.FOF.Comp			<u>1.6</u>	--	<u>5.1</u>	--	<u>6.4</u>	--	<u>2.5</u>	--	<u>1.9</u>	--	<u>1.6</u>	--	<u>3.4</u>	--	<u>1.7</u>	Apr-13
Over/Under			-10.7														-26.8	

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

City of San Jose Police and Fire Department Retirement Plan

Total Fund Performance Detail

	Market Value (\$)	% of Portfolio	3 Mo (%)	Rank	YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	7 Yrs (%)	Rank	10 Yrs (%)	Rank	Return (%)	Since
Claren Road	9,744,741	0.3	-2.6	--	--	--	--	--	--	--	--	--	--	--	--	--	-2.6	Jul-13
HFRI.FOF.Comp			<u>1.6</u>	--	<u>5.1</u>	--	<u>6.4</u>	--	<u>2.5</u>	--	<u>1.9</u>	--	<u>1.6</u>	--	<u>3.4</u>	--	<u>1.6</u>	Jul-13
Over/Under			-4.2														-4.2	
Davidson Kempner	21,224,864	0.7	2.0	--	--	--	--	--	--	--	--	--	--	--	--	--	6.1	Feb-13
HFRI.FOF.Comp			<u>1.6</u>	--	<u>5.1</u>	--	<u>6.4</u>	--	<u>2.5</u>	--	<u>1.9</u>	--	<u>1.6</u>	--	<u>3.4</u>	--	<u>2.9</u>	Feb-13
Over/Under			0.4														3.2	
DE Shaw	20,960,275	0.7	0.9	--	--	--	--	--	--	--	--	--	--	--	--	--	4.8	Apr-13
HFRI.FOF.Comp			<u>1.6</u>	--	<u>5.1</u>	--	<u>6.4</u>	--	<u>2.5</u>	--	<u>1.9</u>	--	<u>1.6</u>	--	<u>3.4</u>	--	<u>1.7</u>	Apr-13
Over/Under			-0.7														3.1	
Horizon	10,263,489	0.3	2.6	--	--	--	--	--	--	--	--	--	--	--	--	--	2.6	Jul-13
HFRI.FOF.Comp			<u>1.6</u>	--	<u>5.1</u>	--	<u>6.4</u>	--	<u>2.5</u>	--	<u>1.9</u>	--	<u>1.6</u>	--	<u>3.4</u>	--	<u>1.6</u>	Jul-13
Over/Under			1.0														1.0	
Hudson Bay	20,009,418	0.7	0.0	--	--	--	--	--	--	--	--	--	--	--	--	--	0.0	Jul-13
HFRI.FOF.Comp			<u>1.6</u>	--	<u>5.1</u>	--	<u>6.4</u>	--	<u>2.5</u>	--	<u>1.9</u>	--	<u>1.6</u>	--	<u>3.4</u>	--	<u>1.6</u>	Jul-13
Over/Under			-1.6														-1.6	
Kepos	4,649,677	0.2	3.2	--	--	--	--	--	--	--	--	--	--	--	--	--	-7.0	Mar-13
HFRI.FOF.Comp			<u>1.6</u>	--	<u>5.1</u>	--	<u>6.4</u>	--	<u>2.5</u>	--	<u>1.9</u>	--	<u>1.6</u>	--	<u>3.4</u>	--	<u>2.6</u>	Mar-13
Over/Under			1.6														-9.6	
Pine River	21,914,771	0.7	2.4	--	9.6	--	--	--	--	--	--	--	--	--	--	--	9.6	Jan-13
HFRI.FOF.Comp			<u>1.6</u>	--	<u>5.1</u>	--	<u>6.4</u>	--	<u>2.5</u>	--	<u>1.9</u>	--	<u>1.6</u>	--	<u>3.4</u>	--	<u>5.1</u>	Jan-13
Over/Under			0.8		4.5												4.5	
Sandler	10,288,881	0.3	4.2	--	--	--	--	--	--	--	--	--	--	--	--	--	2.9	May-13
HFRI.FOF.Comp			<u>1.6</u>	--	<u>5.1</u>	--	<u>6.4</u>	--	<u>2.5</u>	--	<u>1.9</u>	--	<u>1.6</u>	--	<u>3.4</u>	--	<u>0.8</u>	May-13
Over/Under			2.6														2.1	
Senator	10,831,786	0.4	4.7	--	--	--	--	--	--	--	--	--	--	--	--	--	8.3	Apr-13
HFRI.FOF.Comp			<u>1.6</u>	--	<u>5.1</u>	--	<u>6.4</u>	--	<u>2.5</u>	--	<u>1.9</u>	--	<u>1.6</u>	--	<u>3.4</u>	--	<u>1.7</u>	Apr-13
Over/Under			3.1														6.6	

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

City of San Jose Police and Fire Department Retirement Plan

Total Fund Performance Detail

	Market Value (\$)	% of Portfolio	3 Mo (%)	Rank	YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	7 Yrs (%)	Rank	10 Yrs (%)	Rank	Return (%)	Since
Total GAA Composite	300,361,389	9.8	1.6	--	2.9	--	--	--	--	--	--	--	--	--	--	--	2.9	Jan-13
60% MSCI World (Net) / 40% CITI WGBI			<u>6.1</u>	--	<u>8.9</u>	--	<u>9.7</u>	--	<u>7.6</u>	--	<u>6.8</u>	--	<u>4.8</u>	--	<u>6.8</u>	--	<u>8.9</u>	Jan-13
Over/Under			-4.5		-6.0												-6.0	
GMO ¹	102,060,257	3.3	2.7	--	--	--	--	--	--	--	--	--	--	--	--	--	4.7	Feb-13
60% MSCI World (Net) / 40% CITI WGBI			<u>6.1</u>	--	<u>8.9</u>	--	<u>9.7</u>	--	<u>7.6</u>	--	<u>6.8</u>	--	<u>4.8</u>	--	<u>6.8</u>	--	<u>6.2</u>	Feb-13
Over/Under			-3.4														-1.5	
PIMCO All Asset ¹	97,600,867	3.2	1.7	--	--	--	--	--	--	--	--	--	--	--	--	--	-4.9	Feb-13
60% MSCI World (Net) / 40% CITI WGBI			<u>6.1</u>	--	<u>8.9</u>	--	<u>9.7</u>	--	<u>7.6</u>	--	<u>6.8</u>	--	<u>4.8</u>	--	<u>6.8</u>	--	<u>6.2</u>	Feb-13
Over/Under			-4.4														-11.1	
Standard Life GARS ¹	100,700,266	3.3	-0.2	--	--	--	--	--	--	--	--	--	--	--	--	--	1.6	Feb-13
60% MSCI World (Net) / 40% CITI WGBI			<u>6.1</u>	--	<u>8.9</u>	--	<u>9.7</u>	--	<u>7.6</u>	--	<u>6.8</u>	--	<u>4.8</u>	--	<u>6.8</u>	--	<u>6.2</u>	Feb-13
Over/Under			-6.3														-4.6	
Cash																		
Cash ²	34,452,727	1.1	0.0	--	0.1	--	0.1	--	0.2	--	0.8	--	--	--	--	--	0.9	Apr-08
91 Day T-Bills			<u>0.0</u>	--	<u>0.0</u>	--	<u>0.1</u>	--	<u>0.1</u>	--	<u>0.1</u>	--	<u>1.1</u>	--	<u>1.6</u>	--	<u>0.2</u>	Apr-08
Over/Under			0.0		0.1		0.0		0.1		0.7						0.7	

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

Appendix: Net of Fees Performance



City of San Jose Police and Fire Department Retirement Plan

Total Fund Performance Detail - Net of Fees

	Market Value (\$)	% of Portfolio	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	7 Yrs (%)	10 Yrs (%)	Return (%)	Since
Total Fund	3,056,106,787	100.0	3.9	5.5	7.6	7.5	6.6	4.2	6.8	8.8	Mar-71
Policy Benchmark			<u>4.2</u>	<u>5.8</u>	<u>7.8</u>	<u>8.3</u>	<u>6.5</u>	<u>4.4</u>	<u>6.9</u>	--	Mar-71
Over/Under			-0.3	-0.3	-0.2	-0.8	0.1	-0.2	-0.1		
Allocation Index			4.4	5.6	7.4	7.4	6.6	4.7	7.3	--	Mar-71
60% MSCI World (Gross) / 40% CITI WGBI			6.1	9.1	10.1	8.0	7.2	5.1	7.1	--	Mar-71
Total Equity Composite¹	936,164,437	30.6	7.9	14.0	18.2	10.7	8.2	--	--	4.3	Apr-08
San Jose Custom Total Equity Benchmark ²			<u>8.3</u>	<u>15.2</u>	<u>19.2</u>	<u>11.5</u>	<u>8.6</u>	--	--	4.4	Apr-08
Over/Under			-0.4	-1.2	-1.0	-0.8	-0.4			-0.1	
Global Equity Composite³	128,338,822	4.2	9.0	--	--	--	--	--	--	14.3	Mar-13
MSCI ACWI IMI (Net)			<u>8.3</u>	<u>15.2</u>	<u>18.6</u>	<u>10.5</u>	<u>8.3</u>	<u>4.4</u>	<u>8.3</u>	<u>9.9</u>	Mar-13
Over/Under			0.7							4.4	
Artisan Global Opportunities ⁴	64,942,218	2.1	10.3	--	--	--	--	--	--	7.5	May-13
MSCI ACWI IMI (Net)			<u>8.3</u>	<u>15.2</u>	<u>18.6</u>	<u>10.5</u>	<u>8.3</u>	<u>4.4</u>	<u>8.3</u>	<u>5.0</u>	May-13
Over/Under			2.0							2.5	
Artisan Global Value ⁵	62,832,860	2.1	7.6	--	--	--	--	--	--	14.8	Mar-13
MSCI ACWI IMI (Net)			<u>8.3</u>	<u>15.2</u>	<u>18.6</u>	<u>10.5</u>	<u>8.3</u>	<u>4.4</u>	<u>8.3</u>	<u>9.9</u>	Mar-13
Over/Under			-0.7							4.9	
U.S. Equity Composite⁶	348,961,528	11.4	6.5	22.9	27.1	17.9	10.8	6.1	8.3	9.0	Jun-95
Russell 3000			<u>6.3</u>	<u>21.3</u>	<u>21.6</u>	<u>16.8</u>	<u>10.6</u>	<u>6.1</u>	<u>8.1</u>	<u>8.7</u>	Jun-95
Over/Under			0.2	1.6	5.5	1.1	0.2	0.0	0.2	0.3	
Russell R1000	264,352,887	8.6	5.9	20.6	--	--	--	--	--	20.6	Jan-13
Russell 1000			<u>6.0</u>	<u>20.8</u>	<u>20.9</u>	<u>16.6</u>	<u>10.5</u>	<u>6.0</u>	<u>8.0</u>	<u>20.8</u>	Jan-13
Over/Under			-0.1	-0.2						-0.2	
RS Investments	84,603,185	2.8	8.0	28.9	36.6	19.7	--	--	--	19.7	Aug-10
Russell 2000 Value			<u>7.6</u>	<u>23.1</u>	<u>27.0</u>	<u>16.6</u>	<u>9.1</u>	<u>5.4</u>	<u>9.3</u>	<u>16.5</u>	Aug-10
Over/Under			0.4	5.8	9.6	3.1				3.2	

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

City of San Jose Police and Fire Department Retirement Plan

Total Fund Performance Detail - Net of Fees

	Market Value (\$)	% of Portfolio	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	7 Yrs (%)	10 Yrs (%)	Return (%)	Since
International Equity Composite¹	458,864,088	15.0	8.8	6.4	12.7	4.5	6.3	2.9	8.8	9.3	Jun-95
MSCI AC WORLD ex US (NET)			<u>10.1</u>	<u>10.0</u>	<u>16.5</u>	<u>5.9</u>	<u>6.3</u>	<u>3.0</u>	<u>8.8</u>	--	Jun-95
Over/Under			-1.3	-3.6	-3.8	-1.4	0.0	-0.1	0.0		
Developed International Equity Composite²	321,183,766	10.5	11.6	14.9	21.3	9.6	8.2	3.6	9.0	8.6	Jun-95
MSCI EAFE (Net)			<u>11.6</u>	<u>16.1</u>	<u>23.8</u>	<u>8.5</u>	<u>6.4</u>	<u>2.4</u>	<u>8.0</u>	<u>5.2</u>	Jun-95
Over/Under			0.0	-1.2	-2.5	1.1	1.8	1.2	1.0	3.4	
Russell MSCI EAFE + CAD	254,953,560	8.3	11.3	15.0	--	--	--	--	--	15.0	Jan-13
MSCI EAFE + CAD			<u>10.7</u>	<u>12.0</u>	<u>18.1</u>	<u>4.7</u>	<u>3.1</u>	<u>-0.3</u>	<u>5.4</u>	<u>12.0</u>	Jan-13
Over/Under			0.6	3.0						3.0	
Russell MSCI EAFE + CAD Small Cap	66,077,290	2.2	13.1	13.7	23.9	--	--	--	--	18.9	Dec-11
MSCI EAFE + CAD Small Cap			<u>15.0</u>	<u>19.0</u>	<u>24.7</u>	<u>9.9</u>	<u>11.1</u>	<u>4.1</u>	<u>10.1</u>	<u>18.8</u>	Dec-11
Over/Under			-1.9	-5.3	-0.8					0.1	
Emerging Markets Equity Composite	137,680,322	4.5	2.2	-11.0	-4.4	-4.4	4.3	3.4	10.5	11.9	Sep-01
MSCI Emg Mkts Free (Net)			<u>5.8</u>	<u>-4.4</u>	<u>1.0</u>	<u>-0.3</u>	<u>7.2</u>	<u>5.9</u>	<u>12.8</u>	<u>13.1</u>	Sep-01
Over/Under			-3.6	-6.6	-5.4	-4.1	-2.9	-2.5	-2.3	-1.2	
Russell Emerging Markets	64,077,882	2.1	5.5	-8.4	-1.6	--	--	--	--	-0.3	Nov-11
MSCI Emg Mkts Free (Net)			<u>5.8</u>	<u>-4.4</u>	<u>1.0</u>	<u>-0.3</u>	<u>7.2</u>	<u>5.9</u>	<u>12.8</u>	<u>2.2</u>	Nov-11
Over/Under			-0.3	-4.0	-2.6					-2.5	
Vontobel ³	59,361,830	1.9	-1.1	--	--	--	--	--	--	-1.1	Jul-13
MSCI Emerging Markets			<u>5.8</u>	<u>-4.4</u>	<u>1.0</u>	<u>-0.3</u>	<u>7.2</u>	<u>5.9</u>	<u>12.8</u>	<u>5.8</u>	Jul-13
Over/Under			-6.9							-6.9	
Aberdeen ³	14,240,609	0.5	4.5	--	--	--	--	--	--	4.5	Jul-13
MSCI Frontier Markets Index			<u>6.3</u>	<u>18.2</u>	<u>21.8</u>	<u>4.1</u>	<u>-3.1</u>	<u>-0.3</u>	<u>7.1</u>	<u>6.3</u>	Jul-13
Over/Under			-1.8							-1.8	

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

City of San Jose Police and Fire Department Retirement Plan

Total Fund Performance Detail - Net of Fees

	Market Value (\$)	% of Portfolio	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	7 Yrs (%)	10 Yrs (%)	Return (%)	Since
Total Fixed Income Composite¹	718,437,990	23.5	1.2	0.6	2.9	6.9	9.5	--	--	7.9	Apr-08
Barclays Aggregate			<u>0.6</u>	<u>-1.9</u>	<u>-1.7</u>	<u>2.9</u>	<u>5.4</u>	<u>5.1</u>	<u>4.6</u>	<u>4.6</u>	<u>Apr-08</u>
Over/Under			0.6	2.5	4.6	4.0	4.1			3.3	
Domestic Core Fixed Income Composite	140,427,383	4.6	0.4	-2.2	-1.9	3.6	6.2	5.0	4.8	5.8	Jun-95
Barclays Aggregate			<u>0.6</u>	<u>-1.9</u>	<u>-1.7</u>	<u>2.9</u>	<u>5.4</u>	<u>5.1</u>	<u>4.6</u>	<u>5.9</u>	<u>Jun-95</u>
Over/Under			-0.2	-0.3	-0.2	0.7	0.8	-0.1	0.2	-0.1	
Seix Core Fixed Income	140,427,383	4.6	0.4	-2.2	-1.9	3.6	6.7	6.1	5.3	6.1	Oct-99
Barclays Aggregate			<u>0.6</u>	<u>-1.9</u>	<u>-1.7</u>	<u>2.9</u>	<u>5.4</u>	<u>5.1</u>	<u>4.6</u>	<u>5.7</u>	<u>Oct-99</u>
Over/Under			-0.2	-0.3	-0.2	0.7	1.3	1.0	0.7	0.4	
Total Credit Composite^{2,3}	437,181,779	14.3	2.3	5.5	10.8	11.6	10.8	--	--	10.8	Jul-08
50% Credit Suisse Leveraged Loan Index / 50% BofA ML US HY BB-B Rated Constrained Index			<u>1.7</u>	<u>3.6</u>	<u>6.0</u>	<u>7.3</u>	<u>9.6</u>	<u>6.3</u>	<u>6.6</u>	<u>7.6</u>	<u>Jul-08</u>
Over/Under			0.6	1.9	4.8	4.3	1.2			3.2	
Corporate Credit Composite³	153,250,805	5.0	2.4	2.2	3.9	5.7	--	--	--	9.0	Apr-09
Blended Domestic Credit Index ⁴			<u>2.3</u>	<u>3.7</u>	<u>6.7</u>	<u>7.6</u>	<u>9.8</u>	<u>6.4</u>	<u>6.6</u>	<u>14.6</u>	<u>Apr-09</u>
Over/Under			0.1	-1.5	-2.8	-1.9				-5.6	
Russell BC High Yield	153,246,336	5.0	2.4	2.3	--	--	--	--	--	2.3	Jan-13
Barclays High Yield			<u>2.3</u>	<u>3.7</u>	<u>7.1</u>	<u>9.2</u>	<u>13.5</u>	<u>8.8</u>	<u>8.9</u>	<u>3.7</u>	<u>Jan-13</u>
Over/Under			0.1	-1.4						-1.4	
Opportunistic Credit Composite	283,930,974	9.3	2.2	7.5	14.1	13.3	15.4	--	--	15.2	Jul-08
50% Credit Suisse Leveraged Loan Index / 50% BofA ML US HY BB-B Rated Constrained Index			<u>1.7</u>	<u>3.6</u>	<u>6.0</u>	<u>7.3</u>	<u>9.6</u>	<u>6.3</u>	<u>6.6</u>	<u>7.6</u>	<u>Jul-08</u>
Over/Under			0.5	3.9	8.1	6.0	5.8			7.6	
Pimco Disco II	155,765,153	5.1	2.0	7.9	15.9	--	--	--	--	26.7	Nov-11
BofA Merrill Lynch US High Yield BB-B Rated Constrained Index			<u>2.1</u>	<u>2.9</u>	<u>6.1</u>	<u>8.3</u>	<u>11.8</u>	<u>7.9</u>	<u>7.9</u>	<u>9.3</u>	<u>Nov-11</u>
Over/Under			-0.1	5.0	9.8					17.4	
Marathon	20,275,541	0.7	2.5	7.6	12.0	--	--	--	--	12.0	Oct-12
BofA ML Euro HY Constrained			<u>8.0</u>	<u>8.7</u>	<u>18.7</u>	<u>9.2</u>	<u>14.7</u>	<u>9.7</u>	<u>10.8</u>	<u>18.7</u>	<u>Oct-12</u>
Over/Under			-5.5	-1.1	-6.7					-6.7	

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

City of San Jose Police and Fire Department Retirement Plan

Total Fund Performance Detail - Net of Fees

	Market Value (\$)	% of Portfolio	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	7 Yrs (%)	10 Yrs (%)	Return (%)	Since
Direct Lending Composite¹	107,890,279	3.5	2.4	7.3	9.7	--	--	--	--	7.1	Nov-10
3 Months LIBOR + 5%			<u>1.3</u>	<u>3.9</u>	<u>5.3</u>	<u>5.4</u>	<u>5.5</u>	<u>6.7</u>	<u>7.2</u>	<u>5.4</u>	Nov-10
Over/Under			1.1	3.4	4.4					1.7	
White Oak	44,632,387	1.5	4.1	7.8	9.7	--	--	--	--	4.2	Nov-10
3 Months LIBOR + 5%			<u>1.3</u>	<u>3.9</u>	<u>5.3</u>	<u>5.4</u>	<u>5.5</u>	<u>6.7</u>	<u>7.2</u>	<u>5.4</u>	Nov-10
Over/Under			2.8	3.9	4.4					-1.2	
GSO	35,094,072	1.1	-0.6	6.7	9.4	--	--	--	--	17.8	Dec-10
3 Months LIBOR + 5%			<u>1.3</u>	<u>3.9</u>	<u>5.3</u>	<u>5.4</u>	<u>5.5</u>	<u>6.7</u>	<u>7.2</u>	<u>5.4</u>	Dec-10
Over/Under			-1.9	2.8	4.1					12.4	
Medley Capital	28,163,819	0.9	3.5	8.0	10.5	--	--	--	--	6.8	Mar-11
3 Months LIBOR + 5%			<u>1.3</u>	<u>3.9</u>	<u>5.3</u>	<u>5.4</u>	<u>5.5</u>	<u>6.7</u>	<u>7.2</u>	<u>5.4</u>	Mar-11
Over/Under			2.2	4.1	5.2					1.4	
Emerging Market Debt Composite²	140,828,829	4.6	-0.9	-10.0	--	--	--	--	--	-10.0	Jan-13
San Jose Custom EMD Benchmark ³			<u>0.4</u>	<u>-9.0</u>	<u>-6.0</u>	--	--	--	--	<u>-9.0</u>	Jan-13
Over/Under			-1.3	-1.0						-1.0	
BlueBay	140,828,682	4.6	-2.9	--	--	--	--	--	--	-0.6	Aug-13
JP Morgan Blended EMD Benchmark ⁴			<u>0.4</u>	<u>-6.1</u>	<u>-2.9</u>	--	--	--	--	<u>0.2</u>	Aug-13
Over/Under			-3.3							-0.8	

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

City of San Jose Police and Fire Department Retirement Plan

Total Fund Performance Detail - Net of Fees

	Market Value (\$)	% of Portfolio	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	7 Yrs (%)	10 Yrs (%)	Return (%)	Since
Total Real Estate Composite	216,473,201	7.1	3.5	8.2	10.3	10.7	3.8	5.7	7.4	8.0	Jun-95
NCREIF Property Index			<u>2.6</u>	<u>8.2</u>	<u>11.0</u>	<u>12.7</u>	<u>3.4</u>	<u>5.5</u>	<u>8.7</u>	<u>9.6</u>	Jun-95
Over/Under			0.9	0.0	-0.7	-2.0	0.4	0.2	-1.3	-1.6	
American Realty/Kennedy Combined	20,781,452	0.7	4.0	11.2	14.9	13.1	7.4	8.9	9.6	9.6	Oct-03
NCREIF Property Index			<u>2.6</u>	<u>8.2</u>	<u>11.0</u>	<u>12.7</u>	<u>3.4</u>	<u>5.5</u>	<u>8.7</u>	<u>8.7</u>	Oct-03
Over/Under			1.4	3.0	3.9	0.4	4.0	3.4	0.9	0.9	
American Realty Core Realty Fund	119,622,617	3.9	3.2	8.8	11.3	--	--	--	--	11.0	Sep-11
NCREIF Property Index			<u>2.6</u>	<u>8.2</u>	<u>11.0</u>	<u>12.7</u>	<u>3.4</u>	<u>5.5</u>	<u>8.7</u>	<u>12.3</u>	Sep-11
Over/Under			0.6	0.6	0.3					-1.3	
Brookfield	2,672,455	0.1									
BlackStone	3,207,899	0.1									
TA Realty	3,560,152	0.1	1.3	--	--	--	--	--	--	2.0	Mar-13
NCREIF Property Index			<u>2.6</u>	<u>8.2</u>	<u>11.0</u>	<u>12.7</u>	<u>3.4</u>	<u>5.5</u>	<u>8.7</u>	<u>8.2</u>	Mar-13
Over/Under			-1.3							-6.2	
Russell Real Estate	66,628,626	2.2	4.2	6.9	--	--	--	--	--	7.5	Dec-12
50% MSCI ACWI (Net) / 50% BC Global Aggregate			<u>5.3</u>	<u>5.9</u>	<u>7.2</u>	<u>6.3</u>	<u>6.8</u>	<u>5.0</u>	<u>6.7</u>	<u>6.9</u>	Dec-12
Over/Under			-1.1	1.0						0.6	
Inflation-Linked Assets Composite	299,682,024	9.8	4.2	-9.6	-13.0	-2.3	--	--	--	-1.5	Jan-10
Custom Commodity Risk Parity Index			<u>4.1</u>	<u>-7.7</u>	<u>-10.5</u>	--	--	--	--	--	Jan-10
Over/Under			0.1	-1.9	-2.5						
Dow Jones-UBS Commodity Index TR			2.1	-8.6	-14.3	-3.2	-5.3	-2.1	2.1	-2.3	Jan-10
Credit Suisse	251,427,226	8.2	4.2	-7.7	-10.4	--	--	--	--	-7.4	Apr-11
Custom Commodity Risk Parity Index			<u>4.1</u>	<u>-7.7</u>	<u>-10.5</u>	--	--	--	--	<u>-7.5</u>	Apr-11
Over/Under			0.1	0.0	0.1					0.1	
Dow Jones-UBS Commodity Index TR			2.1	-8.6	-14.3	-3.2	-5.3	-2.1	2.1	-10.8	Apr-11
First Quadrant	48,254,798	1.6	4.3	-12.9	-17.2	--	--	--	--	-11.7	Apr-11
Custom Commodity Risk Parity Index			<u>4.1</u>	<u>-7.7</u>	<u>-10.5</u>	--	--	--	--	<u>-7.5</u>	Apr-11
Over/Under			0.2	-5.2	-6.7					-4.2	
Dow Jones-UBS Commodity Index TR			2.1	-8.6	-14.3	-3.2	-5.3	-2.1	2.1	-10.8	Apr-11

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

Appendix: Policy Benchmark History; Performance Disclosures



Policy Benchmark History

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

City of San Jose Police and Fire Department Retirement Plan

Additional Performance Disclosures and Footnote Details

Note: All performance, ranks, asset allocation and asset growth detailed throughout this report is gross of fees and is as of September 30, 2013, unless otherwise noted. Total Fund performance calculations take into account an unrealized loss of \$815,211 in the Plan's securities lending cash collateral reinvestment pool. The unrealized loss was accounted for in June 2009 performance calculations, which negatively impacted performance by 51 basis points at the Total Fund level for the month. This impact will be negated over time as market conditions improve and pricing of fixed income assets becomes more normalized, assuming there are no impairments or defaults in the pool. To date, State Street (who manages the Plan's securities lending program), has not experienced any impairments or defaults in the Plan's securities lending cash collateral reinvestment pool.

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- 1 – Long-Term Policy Benchmark adopted by the Board of Administration at the August 2, 2012 meeting.
- 2 – Global Equity market value includes \$563,744 of residual assets remaining in the equity transition account and terminated manager accounts.
- 3 – U.S. Equity market value includes \$5,456 of residual assets remaining in terminated manager accounts.
- 4 – Non-U.S. Developed Markets Equity market value includes \$152,916 of residual assets remaining in terminated manager accounts.
- 5 – High Yield market value includes \$4,469 of residual assets remaining in terminated manager accounts.
- 6 – Emerging Market Debt market value includes \$147 of residual assets remaining in terminated manager accounts.
- 7 – Commodities market value has been split to account for interim exposure to illiquid inflation-linked assets for asset allocation purposes.
- 8 – Cash market value includes unrealized loss in the Plan's securities lending cash collateral reinvestment pool, transition account and Russell Overlay.

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- 1 – Total Equity Composite market value includes \$722,116 of residual assets remaining in the equity transition account and terminated manager accounts.
- 2 – San Jose Custom Total Equity Benchmark comprised of 50% S&P 500/8% Russell 2000/34% MSCI EAFE (Net)/8% MSCI Emerging Markets (Net) from 4/1/2008 – 6/30/2008; 45% S&P 500/10% Russell 2000/35% MSCI EAFE (Net)/10% MSCI Emerging Markets (Net) from 7/1/2008 – 12/31/2009; 45% Russell 1000/12.5% Russell 2000/30% MSCI EAFE(Net)/12.5% MSCI Emerging Markets (Net) from 1/1/2010 – 12/31/2011; 30% MSCI ACWI (Net)/37.5% MSCI ACWI Value (Net)/5% Russell 3000/7.5% Russell 2000/7.5% MSCI World ex-U.S. Small Cap (Net)/12.5% MSCI Emerging Markets (Net) from 1/1/2012 – 12/31/2012; 100% MSCI ACWI IMI (Net) from 1/1/2013 – forward.
- 3 – Global Equity Composite market value includes \$563,744 of residual assets remaining in the equity transition account and terminated manager accounts. Inception date for performance shown is March 1, 2013 to be consistent with the inception of the global equity portfolio managed by Artisan. Historically, the global equity composite was comprised of the MSCI ACWI and MSCI ACWI Value mandates that were managed by Russell from November 2011 – November 2012. Performance of the global equity composite and underlying managers is included in the performance of the Total Fund from December 2012 – February 2013.
- 4 – Artisan Global Opportunities portfolio was funded 4/30/2013. Inception date for performance reporting purposes is May 1, 2013.
- 5 – Artisan Global Value portfolio was funded 2/22/2013. Inception date for performance reporting purposes is March 1, 2013.
- 6 – U.S. Equity Composite market value includes \$5,456 of residual assets remaining in terminated manager accounts.

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- 1 – International Equity Composite market value includes \$152,916 of residual assets remaining in terminated manager accounts.
- 2 – Developed International Equity Composite market value includes \$152,916 of residual assets remaining in terminated manager accounts.
- 3 – Vontobel Emerging Markets Equity and Aberdeen Frontier Markets Equity were funded on June 30, 2013.

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- 1 – Total Private Equity Composite includes investments that have been funded through 6/30/2013 as well as \$100.4 million in interim exposure managed by Russell.

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- 1 – Total Fixed Income Composite market value includes \$4,616 of residual assets remaining in terminated manager accounts.
- 2 – Effective 12/1/2012, the Plan's allocation to direct lending strategies will be included in the Total Credit Composite.
- 3 – Total Credit and Corporate Credit Composite market value includes \$4,469 of residual assets remaining in terminated manager accounts.
- 4 – Blended Domestic Credit Index comprised of 50% DLJ Leveraged Loan Index/50% BofA ML U.S. HY BB-B through 11/30/2012; Barclays Capital High Yield Index thereafter.
- 5 – Marathon performance is reported net of fees.

City of San Jose Police and Fire Department Retirement Plan

Additional Performance Disclosures and Footnote Details

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

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

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- 1 – GMO and PIMCO were funded on 1/22/2013 and Standard Life was funded on 1/30/2013. Inception date for performance reporting purposes is February 1, 2013.
- 2 – NEPC began calculating cash returns as of April 1, 2008.

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- 1 – Total Equity Composite market value includes \$722,116 of residual assets remaining in the equity transition account and terminated manager accounts.
- 2 – San Jose Custom Total Equity Benchmark comprised of 50% S&P 500/8% Russell 2000/34% MSCI EAFE (Net)/8% MSCI Emerging Markets (Net) from 4/1/2008 – 6/30/2008; 45% S&P 500/10% Russell 2000/35% MSCI EAFE (Net)/10% MSCI Emerging Markets (Net) from 7/1/2008 – 12/31/2009; 45% Russell 1000/12.5% Russell 2000/30% MSCI EAFE(Net)/12.5% MSCI Emerging Markets (Net) from 1/1/2010 – 12/31/2011; 30% MSCI ACWI (Net)/37.5% MSCI ACWI Value (Net)/5% Russell 3000/7.5% Russell 2000/7.5% MSCI World ex-U.S. Small Cap (Net)/12.5% MSCI Emerging Markets (Net) from 1/1/2012 – 12/31/2012; 100% MSCI ACWI IMI (Net) from 1/1/2013 – forward.
- 3 – Global Equity Composite market value includes \$563,744 of residual assets remaining in the equity transition account and terminated manager accounts. Inception date for performance shown is March 1, 2013 to be consistent with the inception of the global equity portfolio managed by Artisan. Historically, the global equity composite was comprised of the MSCI ACWI and MSCI ACWI Value mandates that were managed by Russell from November 2011 – November 2012. Performance of the global equity composite and underlying managers is included in the performance of the Total Fund from December 2012 – February 2013.
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- 6 – U.S. Equity Composite market value includes \$5,456 of residual assets remaining in terminated manager accounts.

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- 3 – Vontobel Emerging Markets Equity and Aberdeen Frontier Markets Equity were funded on June 30, 2013.

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- 1 – Total Fixed Income Composite market value includes \$4,616 of residual assets remaining in terminated manager accounts.
- 2 – Effective 12/1/2012, the Plan's allocation to direct lending strategies will be included in the Total Credit Composite.
- 3 – Total Credit and Corporate Credit Composite market value includes \$4,469 of residual assets remaining in terminated manager accounts.
- 4 – Blended Domestic Credit Index comprised of 50% DLJ Leveraged Loan Index/50% BofA ML U.S. HY BB-B through 11/30/2012; Barclays Capital High Yield Index thereafter.

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

Appendix: Market Environment



City of San Jose Police and Fire Department Retirement Plan
Investment Market Update: As of September 30, 2013

Domestic Equity Benchmarks		Qtr.	1 Yr.	3 Yr.	5 Yr.	10 Yr.
Large Core	S&P 500	5.2%	19.3%	16.3%	10.0%	7.6%
Small Core	Russell 2000	10.2%	30.1%	18.3%	11.2%	9.6%
Small Growth	Russell 2000 Growth	12.8%	33.1%	20.0%	13.2%	9.9%
Small Value	Russell 2000 Value	7.6%	27.0%	16.6%	9.1%	9.3%
Large Core	Russell 1000	6.0%	20.9%	16.6%	10.5%	8.0%
Large Growth	Russell 1000 Growth	8.1%	19.3%	16.9%	12.1%	7.8%
Large Value	Russell 1000 Value	3.9%	22.3%	16.2%	8.9%	8.0%
Mid Core	S&P Mid Cap 400	7.5%	27.7%	17.5%	13.1%	10.8%
REIT	NAREIT Composite	-2.6%	4.6%	12.3%	6.3%	N/A
Int'l Equity Benchmarks		Qtr.	1 Yr.	3 Yr.	5 Yr.	10 Yr.
International Developed	MSCI EAFE	11.6%	23.8%	8.5%	6.4%	8.0%
Emerging Equity	MSCI EM	5.8%	1.0%	-0.3%	7.2%	12.8%
Small Cap Int'l	S&P EPAC SmallCap	15.0%	28.5%	11.3%	10.3%	10.9%
World ex-US	MSCI ACWI ex-US	10.1%	16.5%	5.9%	6.3%	8.8%
Domestic FI Benchmarks		Qtr.	1 Yr.	3 Yr.	5 Yr.	10 Yr.
Core Bonds	Barclays Aggregate	0.6%	-1.7%	2.9%	5.4%	4.6%
Municipal Bond	Barclays Municipal	-0.2%	-2.2%	3.2%	6.0%	4.4%
High Yield	Barclays US High Yield	2.3%	7.1%	9.2%	13.5%	8.9%
Intermediate Gov/Cred	Barclays Interm. Gov/Credit	0.6%	-0.5%	2.4%	5.0%	4.1%
Long Gov/Credit	Barclays Long Gov/Credit	-0.8%	-8.3%	4.7%	9.1%	6.3%
Long Credit	Barclays Long Credit	-0.0%	-6.9%	5.4%	11.2%	6.3%
Long Treasuries	Barclays US 20+ Yr Treas	-2.7%	-11.8%	3.7%	6.1%	6.3%
Cash	BofA ML US 3-Month T-Bill	0.0%	0.1%	0.1%	0.2%	1.7%
Inflation	Barclays US TIPS 1-10 Yr	0.9%	-3.9%	3.1%	4.1%	4.6%
Global Inflation	Barclays Global ILB	3.8%	-0.5%	4.7%	4.9%	6.0%
STRIPS	Barclays 20+ Yr STRIPS	-5.4%	-18.6%	4.9%	7.6%	N/A
Global FI Benchmarks		Qtr.	1 Yr.	3 Yr.	5 Yr.	10 Yr.
World Gov. Bonds	Citigroup WGBI	2.9%	-4.6%	1.0%	4.3%	4.8%
Em. Mkt. Bonds (Local)	JPM GBI-EM Glob. Div.	-0.4%	-3.7%	1.8%	7.3%	10.1%
Diversified Benchmark		Qtr.	1 Yr.	3 Yr.	5 Yr.	10 Yr.
Diversified	Diversified*	4.7%	12.6%	10.4%	8.1%	7.3%
Alternative Benchmarks		Qtr.	1 Yr.	3 Yr.	5 Yr.	10 Yr.
Commodities	DJ UBS Commodity Index	2.1%	-14.3%	-3.2%	-5.3%	2.1%
Fund of Funds	HFRI Fund of Funds	1.8%	7.1%	3.9%	5.0%	5.9%
Hedge Fund	DJCS HF Composite	1.6%	7.4%	5.0%	5.5%	6.4%
Hedge Fund	DJCS Equity Market Neutral	1.2%	4.8%	3.1%	-7.9%	-0.6%
Hedge Fund	DJCS Event Driven	2.9%	13.7%	5.5%	6.4%	7.7%
Hedge Fund	DJCS Long-Short	3.5%	13.1%	5.6%	6.1%	7.0%
Real Estate	NCREIF Property Index**	2.9%	10.7%	13.1%	2.8%	8.6%

* 35% LC, 10% SC, 12% Int'l, 3% Emerging, 25% FI, 5% HY, 5% Global FI, 5% REITS

**As of 6/30/2013

City of San Jose Police and Fire Department Retirement Plan
Investment Market Update: As of September 30, 2013

PERFORMANCE THROUGH 9/30/2013

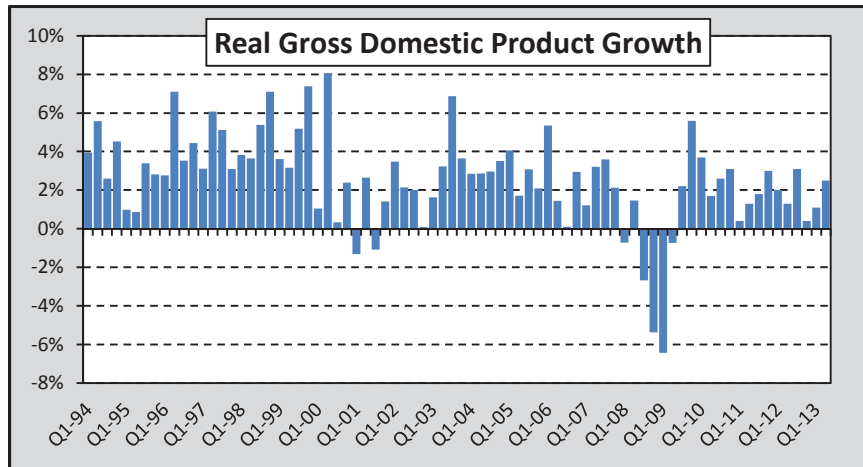
Sector	Index	2008	2009	2010	2011	2012	Q1	Q2	SEP	Q3	2013
Small Cap Growth	Russell 2000 Growth	-38.5%	34.5%	29.1%	-2.9%	14.6%	13.2%	3.7%	7.0%	12.8%	32.5%
Small Cap	Russell 2000	-33.8%	27.2%	26.9%	-4.2%	16.3%	12.4%	3.1%	6.4%	10.2%	27.7%
SMID Cap	Russell 2500	-36.8%	34.4%	26.7%	-2.5%	17.9%	12.8%	2.3%	5.7%	9.1%	25.9%
Small Cap Value	Russell 2000 Value	-28.9%	20.6%	24.5%	-5.5%	18.1%	11.6%	2.5%	5.8%	7.6%	23.1%
Large Cap Growth	Russell 1000 Growth	-38.4%	37.2%	16.7%	2.6%	15.3%	9.5%	2.1%	4.5%	8.1%	20.9%
Large Cap	Russell 1000	-37.6%	28.4%	16.1%	1.5%	16.4%	11.0%	2.7%	3.5%	6.0%	20.8%
Large Cap Value	Russell 1000 Value	-36.8%	19.7%	15.5%	0.4%	17.5%	12.3%	3.2%	2.5%	3.9%	20.5%
Large Cap	S&P 500	-37.0%	26.5%	15.1%	2.1%	16.0%	10.6%	2.9%	3.1%	5.2%	19.8%
Int'l Developed	MSCI EAFE	-43.4%	31.8%	7.8%	-12.1%	17.3%	5.1%	-1.0%	7.4%	11.6%	16.1%
Diversified	Diversified*	-24.5%	24.1%	13.5%	1.3%	12.7%	5.9%	0.1%	3.4%	4.7%	11.2%
High Yield	Barclays US High Yield	-26.2%	58.2%	15.1%	5.0%	15.8%	2.9%	-1.4%	1.0%	2.3%	3.7%
REITS	Wilshire US REIT	-39.2%	28.6%	28.6%	9.2%	17.6%	7.4%	-1.4%	3.3%	-3.0%	2.7%
Govt/Credit	Barclays US Govt/Credit 1-3 Yr	5.0%	3.8%	2.8%	1.6%	1.3%	0.2%	-0.1%	0.3%	0.4%	0.5%
Govt/Credit	Barclays Govt/Credit 1-5 Yr	5.1%	4.6%	4.1%	3.1%	2.2%	0.3%	-0.7%	0.6%	0.6%	0.1%
Interm Govt/Credit	Barclays US Govt/Credit Interm	5.1%	5.2%	5.9%	5.8%	3.9%	0.3%	-1.7%	0.8%	0.6%	-0.8%
Interm Core Bonds	Barclays US Agg Interm	4.9%	6.5%	6.1%	6.0%	3.6%	0.2%	-1.8%	1.0%	0.8%	-0.9%
Core Bonds	Barclays US Agg Bond	5.2%	5.9%	6.5%	7.8%	4.2%	-0.1%	-2.3%	0.9%	0.6%	-1.9%
Muni Bonds	Barclays Municipal	-2.5%	12.9%	2.4%	10.7%	6.8%	0.3%	-3.0%	2.2%	-0.2%	-2.9%
Global Bonds	Citi WGBI	10.9%	2.6%	5.2%	6.4%	1.6%	-2.8%	-3.0%	2.0%	2.9%	-2.9%
Emerging Equities	MSCI EM	-53.3%	78.5%	18.9%	-18.4%	18.2%	-1.6%	-8.1%	6.5%	5.8%	-4.4%
EMD External	Barclays EM USD	-14.7%	34.2%	12.8%	7.0%	17.9%	-1.5%	-5.1%	2.3%	1.4%	-5.2%
EMD Local	JPM GBI EM Glob Div	-5.2%	22.0%	15.7%	-1.8%	16.8%	-0.1%	-7.0%	4.4%	-0.4%	-7.6%
Long Credit	Barclays US Long Credit	-3.9%	16.8%	10.7%	17.1%	12.7%	-1.8%	-6.3%	0.5%	-0.0%	-8.0%
Commodities	DJ UBS Commodity	-35.6%	18.9%	16.8%	-13.3%	-1.1%	-1.1%	-9.5%	-2.6%	2.1%	-8.6%
Long Govt/Credit	Barclays US Govt/Credit Long	8.4%	1.9%	10.2%	22.5%	8.8%	-2.0%	-6.1%	0.5%	-0.8%	-8.7%
Treasury STRIPS	Barclays US Strips 20+ Yr	59.5%	-36.0%	10.9%	58.5%	3.0%	-5.4%	-7.6%	-1.0%	-5.4%	-17.2%

* 35% LC, 10% SC, 12% Intl Equity, 3% Emerging Equity, 25% Core Bonds, 5% HY, 5% Global Bonds, 5% REITS

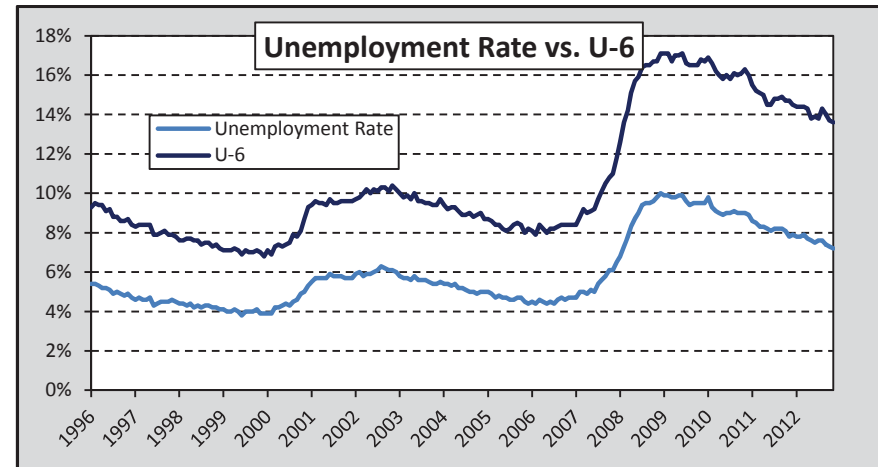
Sources: Barclays, Bloomberg, Wilshire

City of San Jose Police and Fire Department Retirement Plan

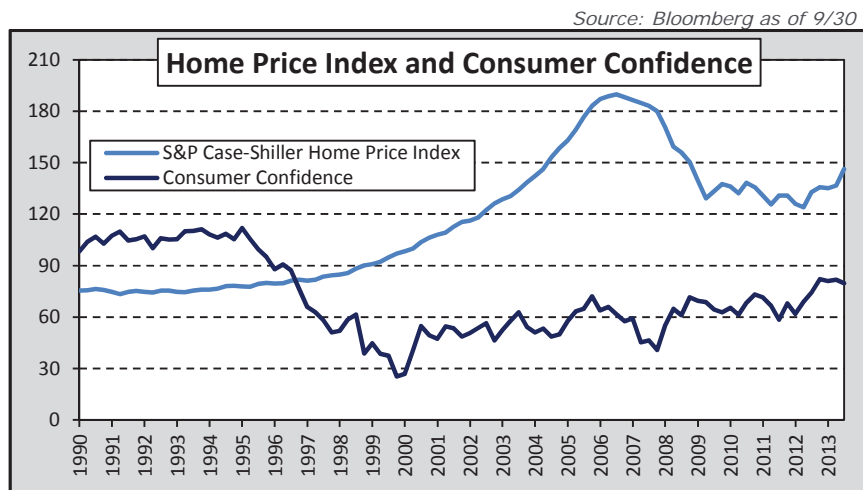
US Economic Environment



GDP growth accelerated in the second quarter, with a revised estimate up to 2.5% from an initial estimate of 1.7%

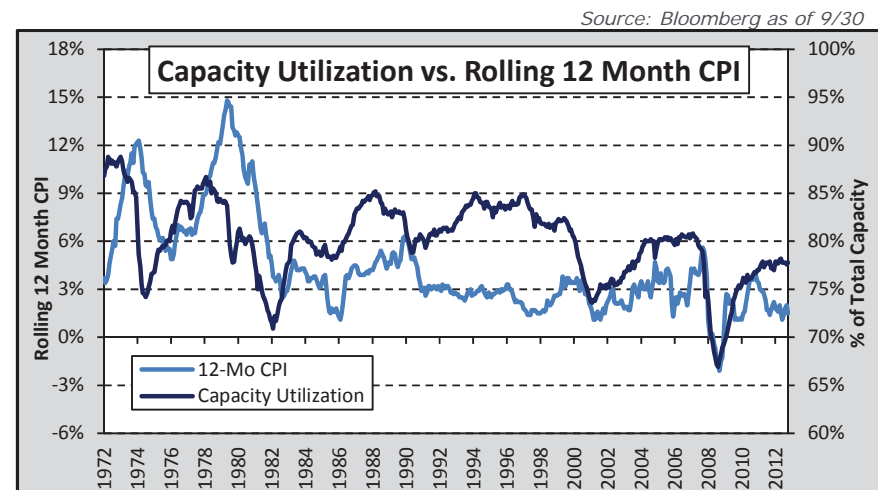


Unemployment fell to 7.2% in September; U-6 also decreased, to 13.6%



Consumer confidence fell slightly to 79.7 in September; the Case-Shiller home price index (as of 6/30) rose to its highest level (146.32) since the financial crisis

Source: Bloomberg as of 9/30

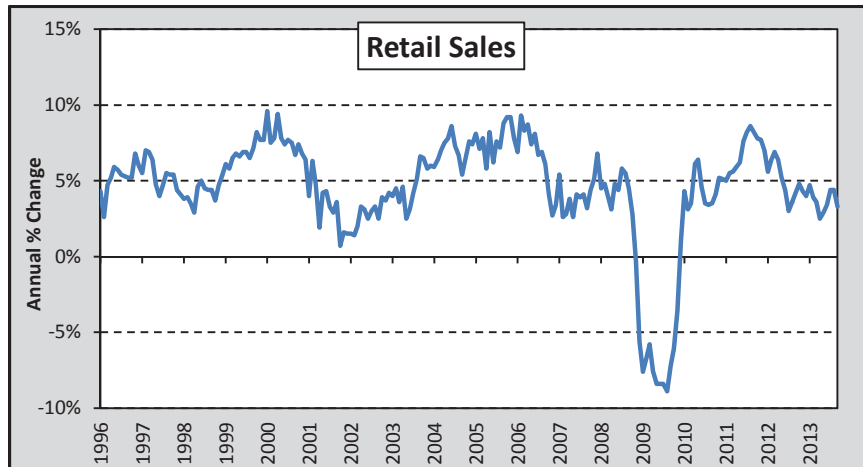


Rolling 12 month CPI decreased to 1.5% at August end; capacity utilization stayed nearly flat at 77.8% in the month

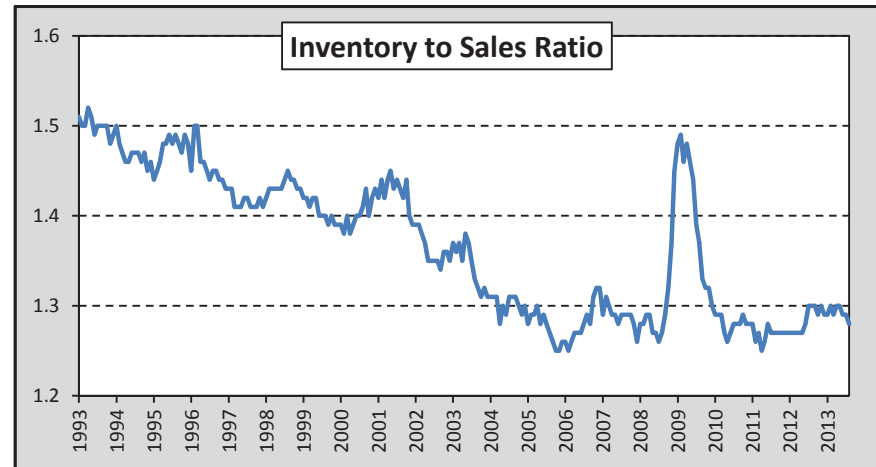
Source: Bloomberg as of 8/31

City of San Jose Police and Fire Department Retirement Plan

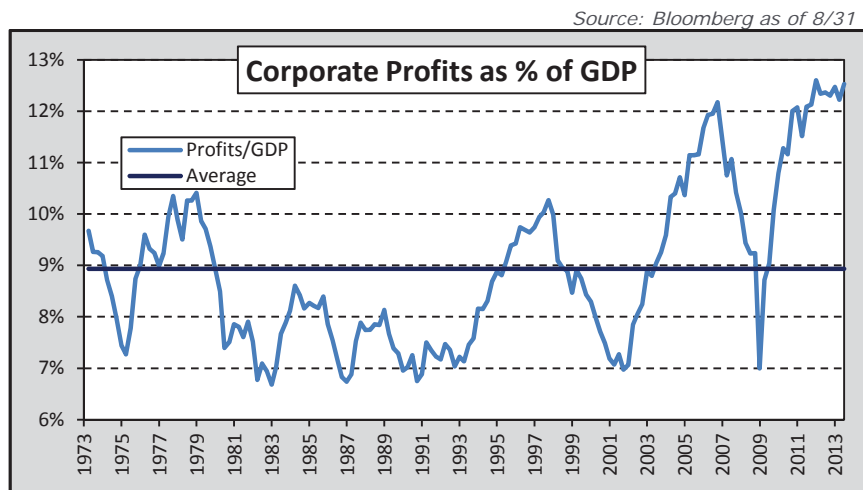
Components of GDP



Retail sales fell to a 3.3%% year-over-year growth rate in August

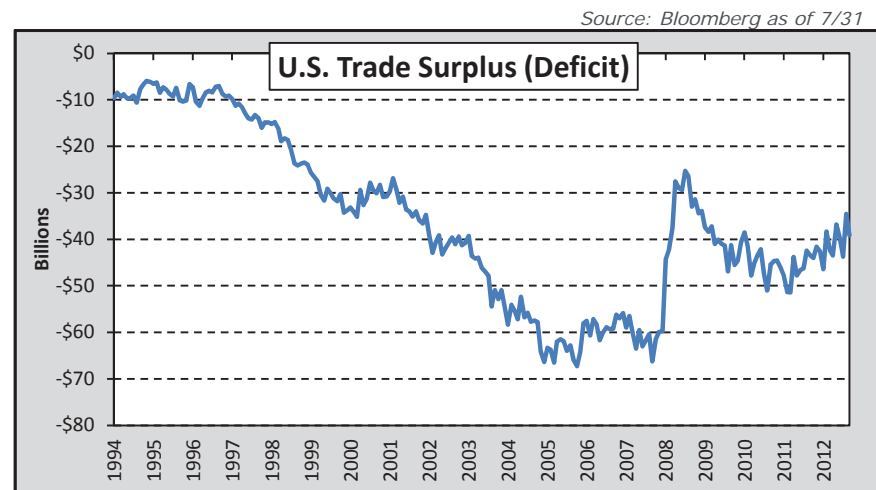


The inventory-to-sales ratio has remained mostly flat since early 2010 and closed at 1.28 in July



Corporate Profits as a percent of GDP remained near secular highs at 12.5% at Q2 end

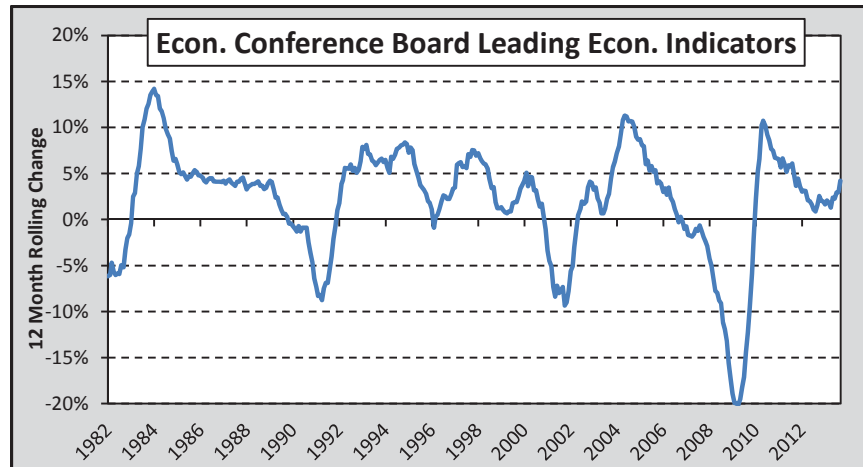
Source: Bloomberg as of 6/30



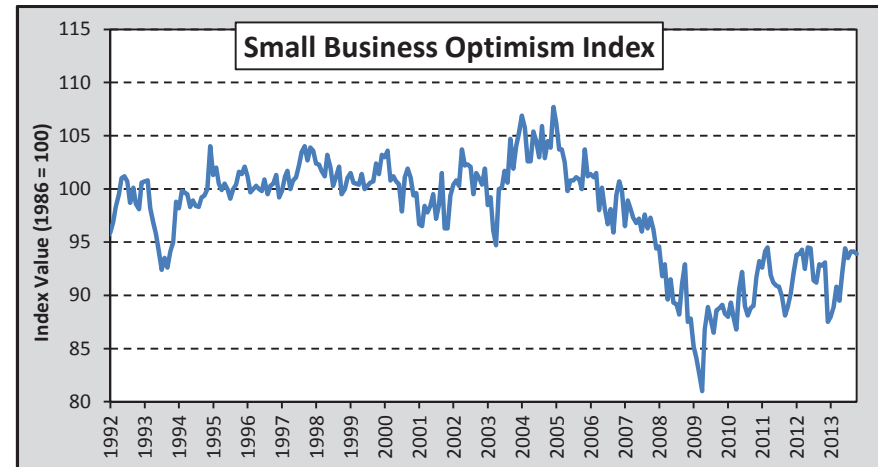
The trade deficit increased through July

Source: Bloomberg as of 7/31

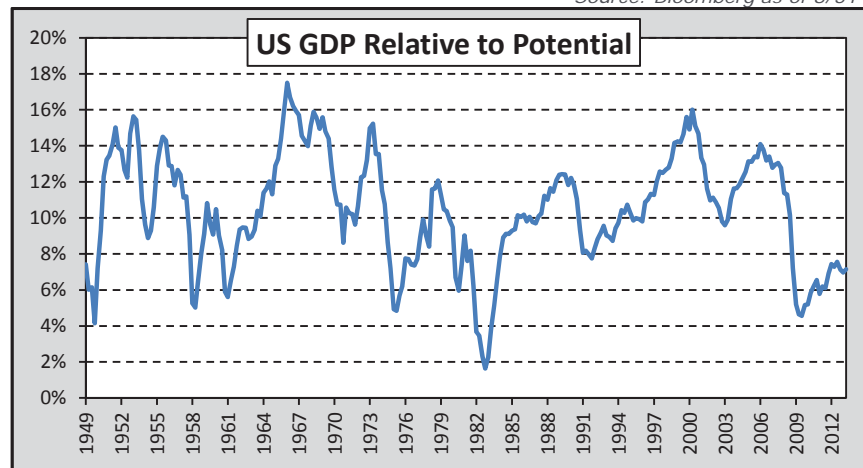
Key Economic Indicators



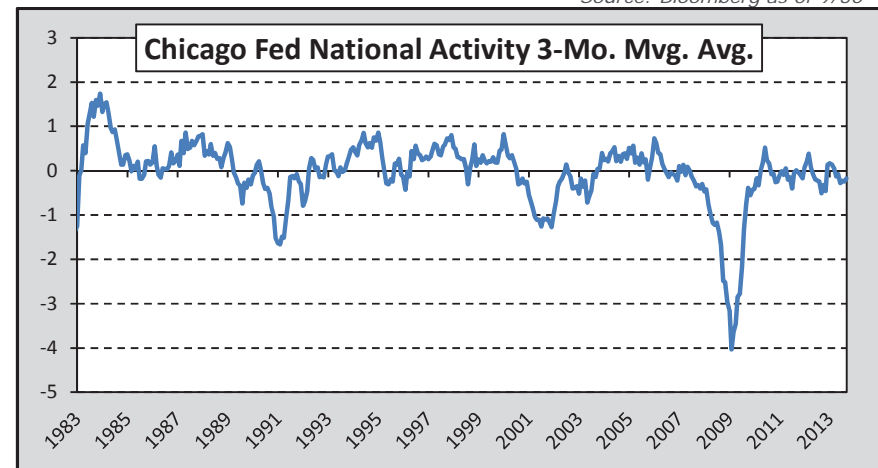
The rolling percentage change in the Leading Economic Indicators index rose to 4.2% through August



The small business optimism index decreased marginally to 93.9 through September, still up from 88.0 at year end



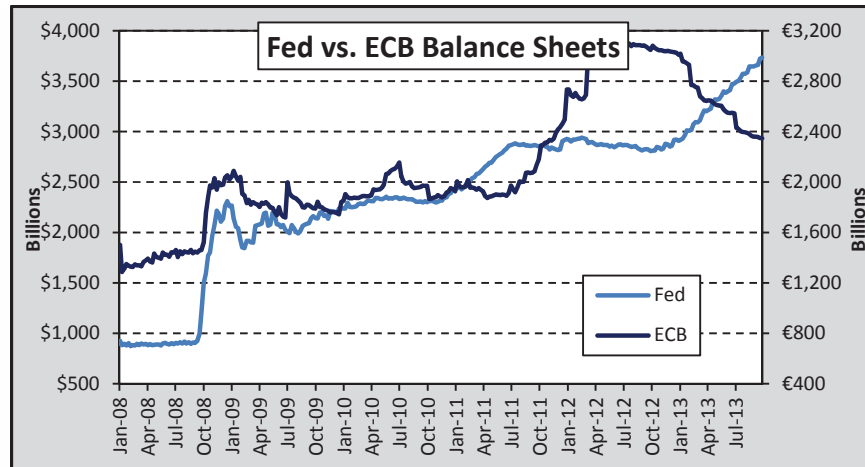
US GDP relative to potential GDP fell slightly through Q1 and remains near historic lows



Chicago Fed National Activity 3 Month moving average remained negative through August; indicating below average growth

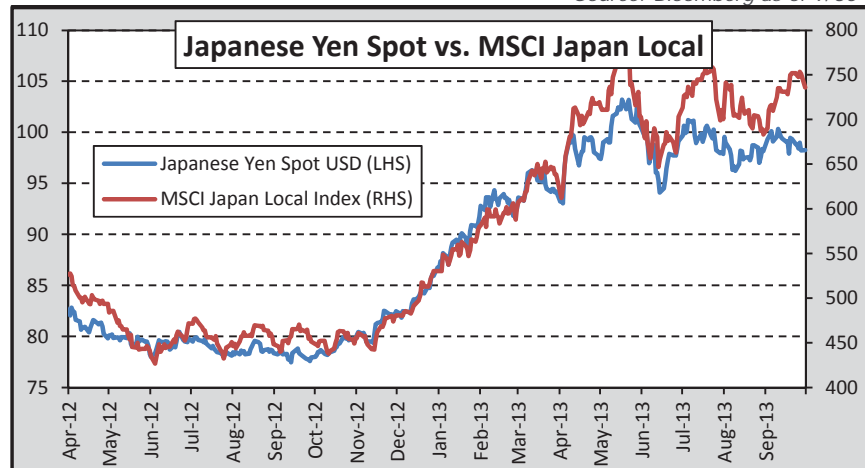
City of San Jose Police and Fire Department Retirement Plan

Economic Environment – Monetary Policy and Banks



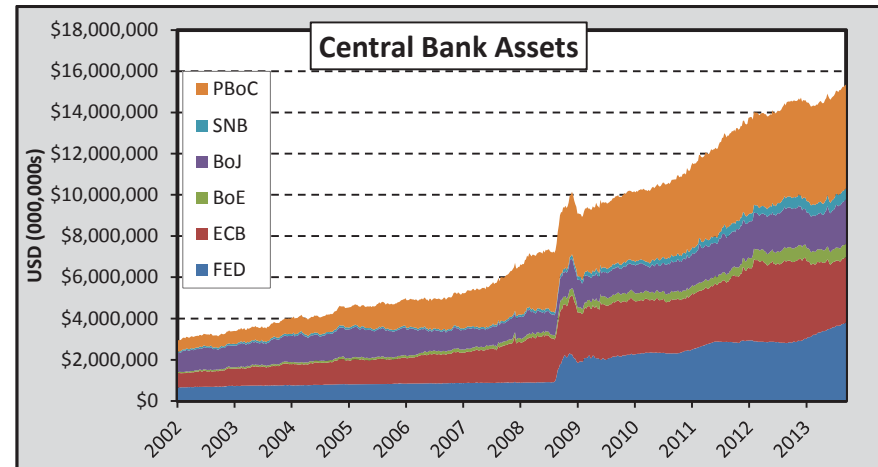
Federal Reserve Bank balance sheets have increased in 2013 while European Central Bank balance sheets have decreased significantly

Source: Bloomberg as of 9/30



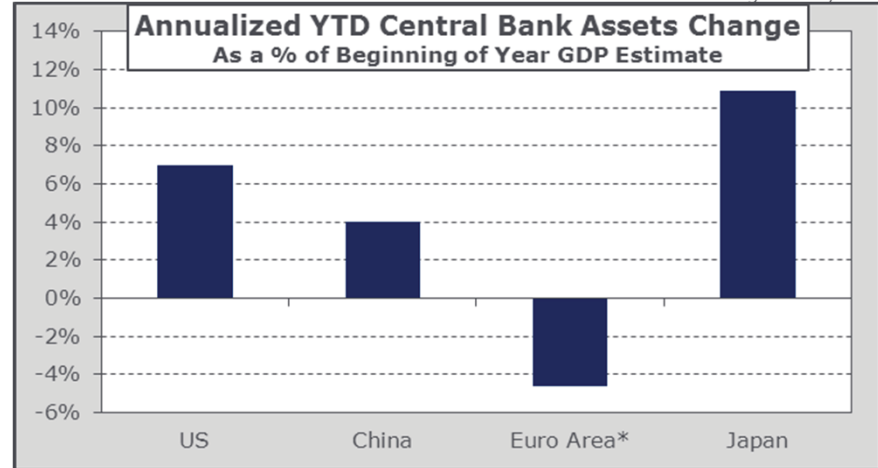
The Japanese Yen has weakened 13.3% relative to the US dollar in 2013; while the MSCI Japan TR Net Local Index returned 41.1%

Source: Bloomberg as of 9/30



Central bank assets worldwide have risen significantly since 2008

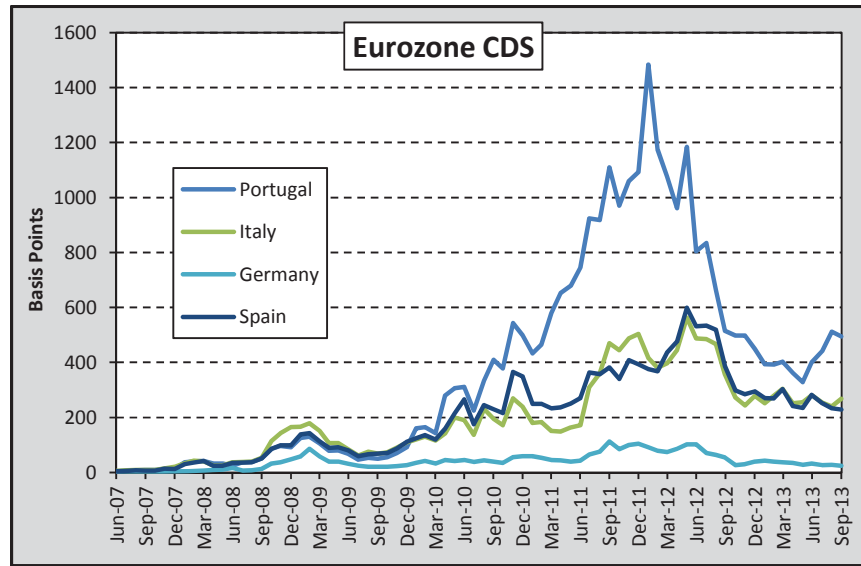
Source: Bloomberg as of 9/30



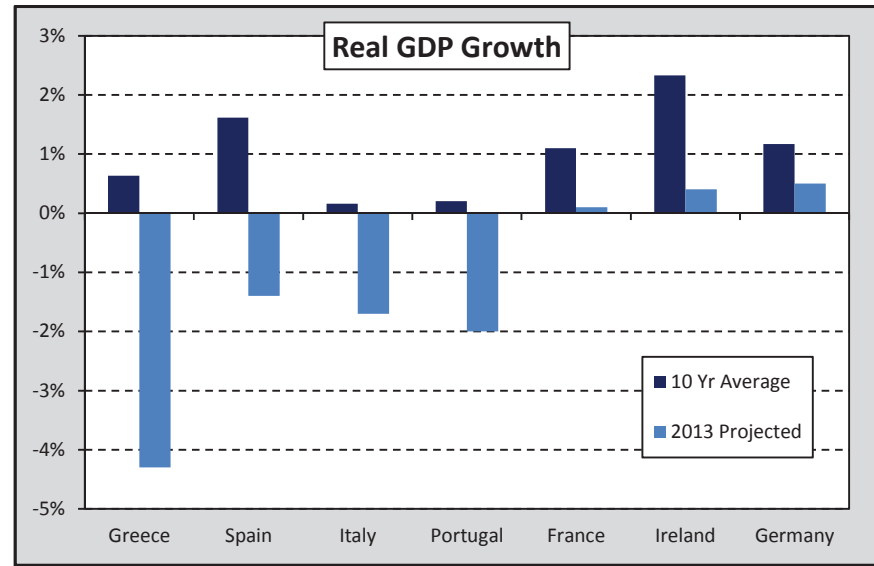
Large economies continue easing, Japan to the extreme, while the ECB tightens

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

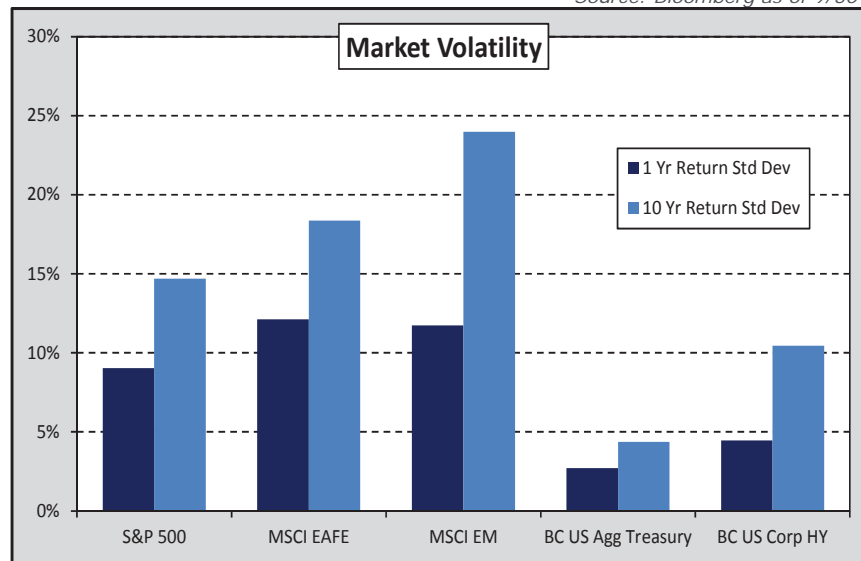
Looming Macro Uncertainties



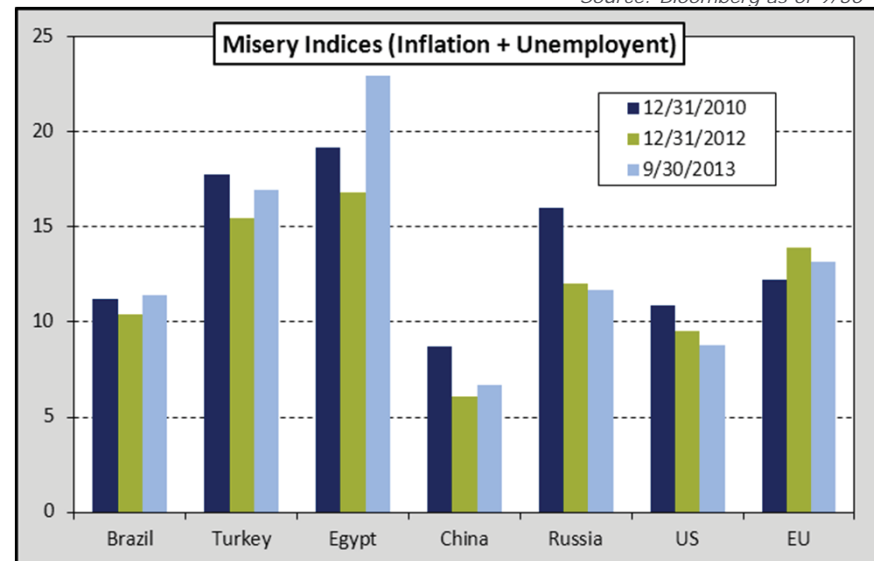
Source: Bloomberg as of 9/30



Source: Bloomberg as of 9/30



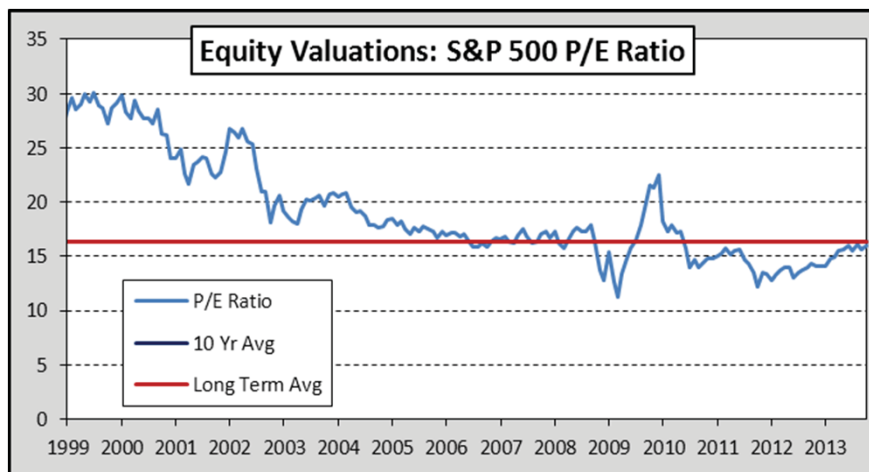
Source: Morningstar as of 9/30



Source: Bloomberg as of 9/30

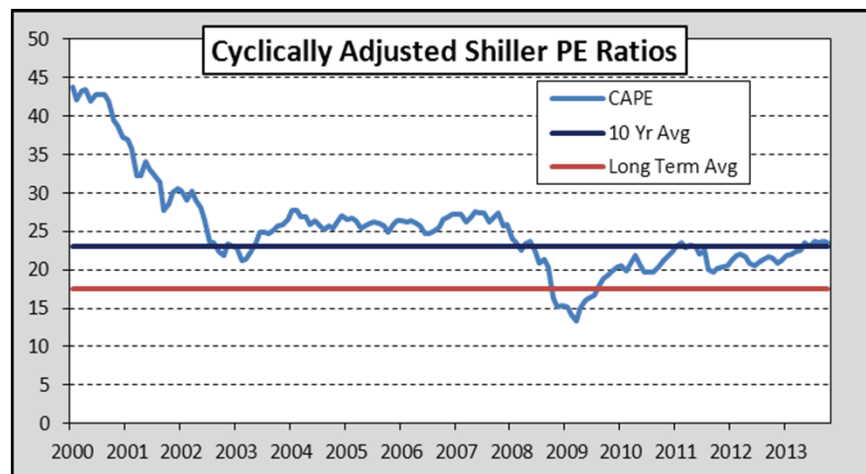
City of San Jose Police and Fire Department Retirement Plan

Market Environment – US Equity



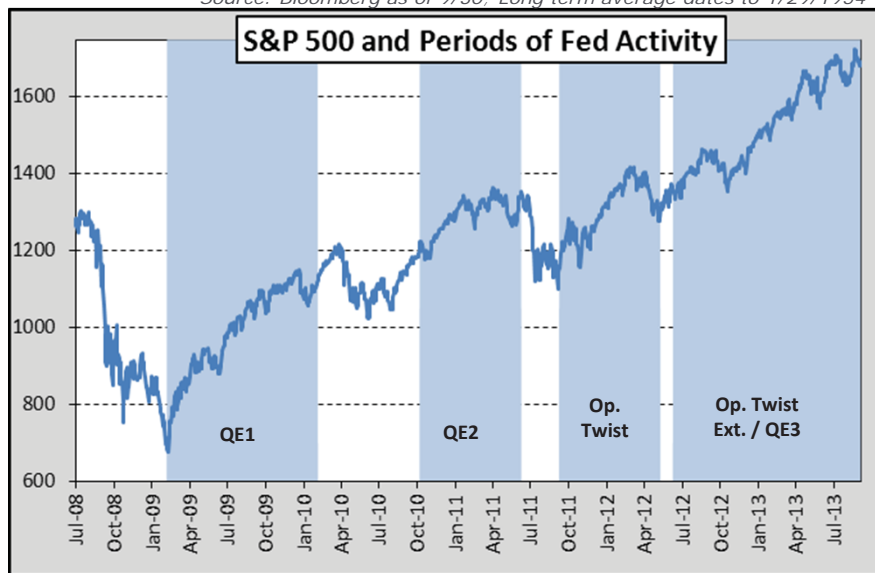
S&P valuations are in line with the 10 year average and long term average, which are nearly equal at 16.37 and 16.34 respectively...

Source: Bloomberg as of 9/30; Long term average dates to 1/29/1954

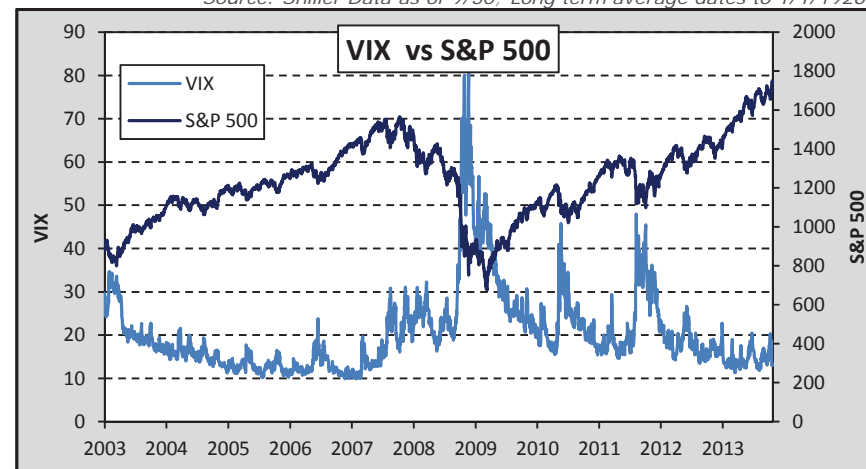


...The cyclically adjusted Shiller PE Ratio however is above the long term average of 17.53 but in line with the 10 year average of 23.07

Source: Shiller Data as of 9/30; Long term average dates to 1/1/1926



Source: Bloomberg as of 9/30

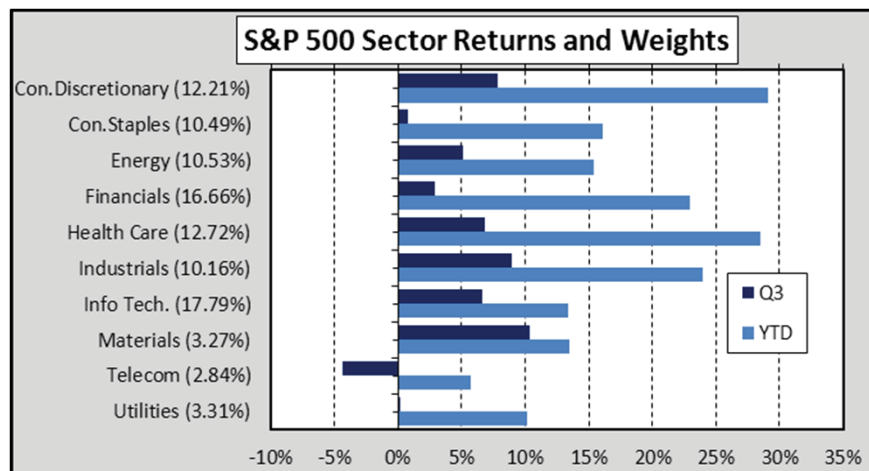


The VIX fell 2.4% in September; the S&P 500 rose 3.1% on the month, retracing small August losses

Source: Bloomberg as of 9/30

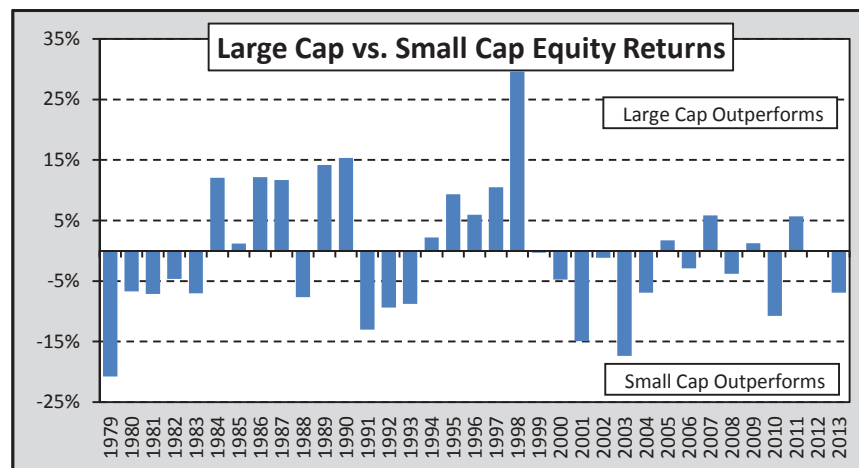
City of San Jose Police and Fire Department Retirement Plan

US Stock Market Performance



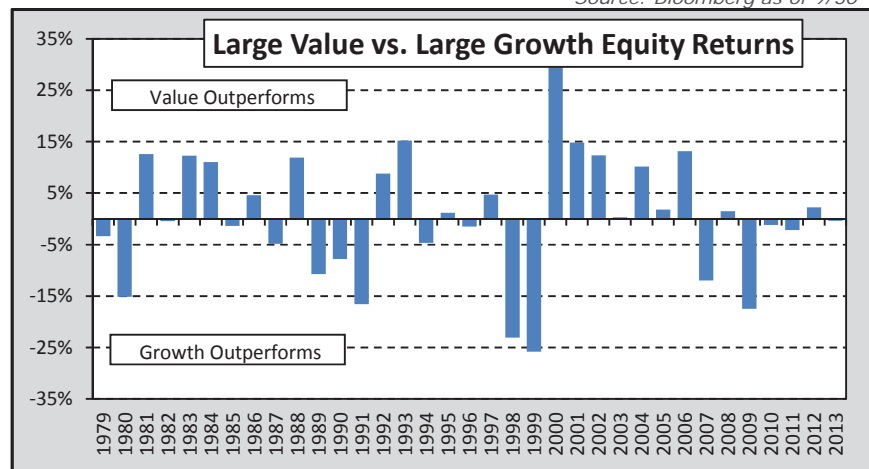
Healthcare and Consumer Discretionary have led all sectors YTD as telecom and utilities have lagged but are still positive on the year

Source: Bloomberg as of 9/30



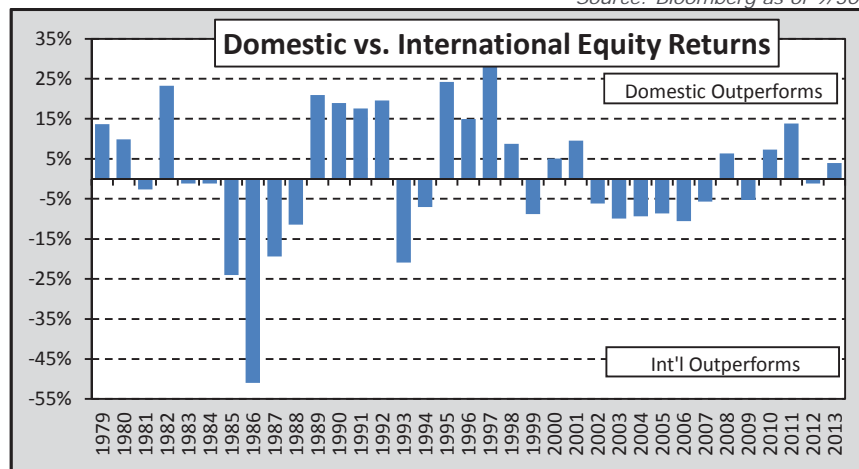
Small cap has outperformed large cap in 2013

Source: Bloomberg as of 9/30



Large growth stocks have marginally outperformed large value in 2013

Source: Bloomberg as of 9/30



Domestic equity has outperformed international equity in 2013

Source: Bloomberg as of 9/30

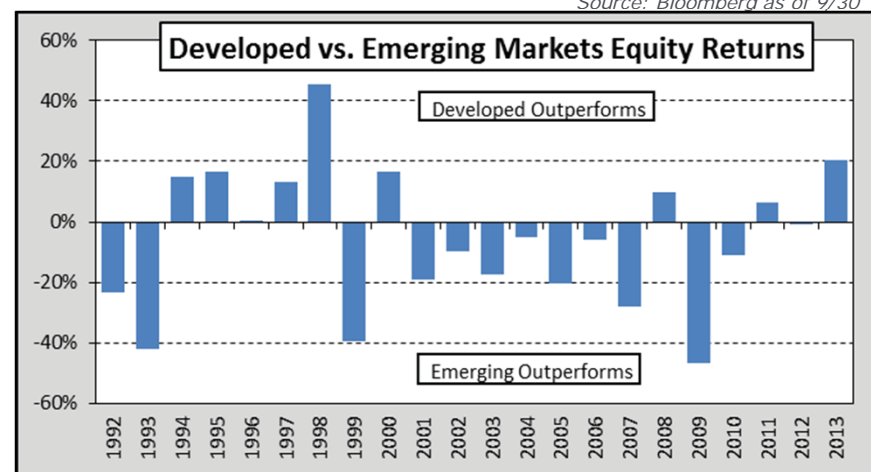
Non-US Stock Performance

Developed Market Equity Returns (U.S. Dollars)				
	YTD	Q3	1 Yr.	3 Yr. Ann.
Europe ex UK	15.4%	14.3%	25.1%	5.2%
United Kingdom	8.9%	11.0%	12.7%	6.5%
Japan	22.3%	6.0%	29.2%	7.1%
Pacific Ex Japan	1.9%	9.0%	7.3%	3.2%
Canada	-0.2%	8.2%	-0.1%	0.6%
USA	18.3%	5.2%	17.3%	16.1%

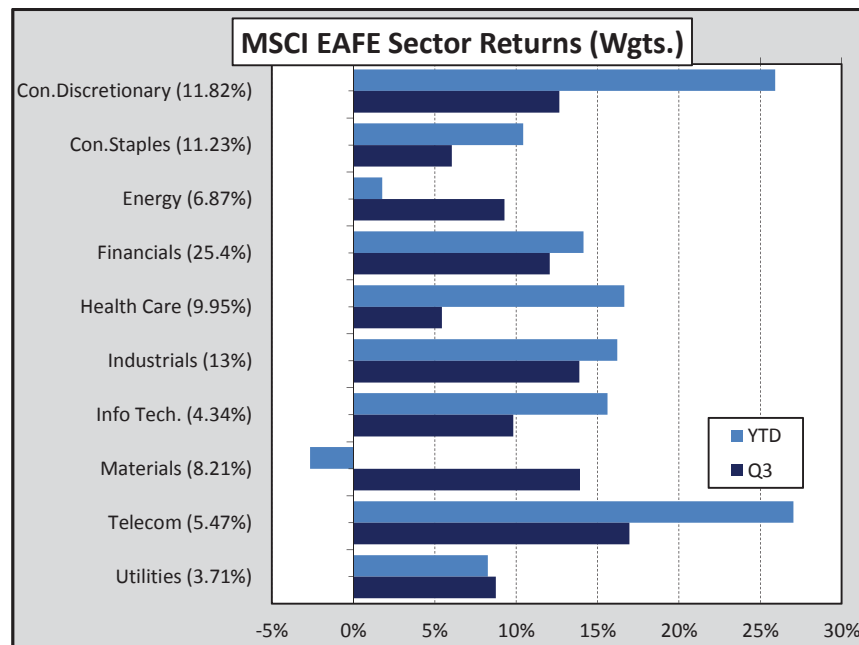
US Dollar Return vs. Major Foreign Currencies				
(Negative = Dollar Depreciates, Positive = Dollar Appreciates)				
	YTD	Q3	1 Yr.	3 Yr. Ann.
Euro	-2.5%	-4.0%	-5.2%	0.3%
Japanese Yen	11.7%	-0.9%	20.7%	5.0%
British Pound	0.4%	-6.4%	-0.1%	-1.0%
Canada	3.7%	-2.1%	4.5%	0.0%
Australia	10.4%	-2.0%	10.2%	1.2%

Currency Impact on Developed Mkt. Returns				
(Negative = Currency Hurt, Positive = Currency Helped)				
	YTD	Q3	1 Yr.	3 Yr. Ann.
MSCI EAFE (Local)	19.3%	7.5%	28.3%	10.0%
MSCI EAFE (USD)	16.1%	11.6%	23.8%	9.2%
Currency Impact	-3.2%	4.1%	-4.5%	-0.8%

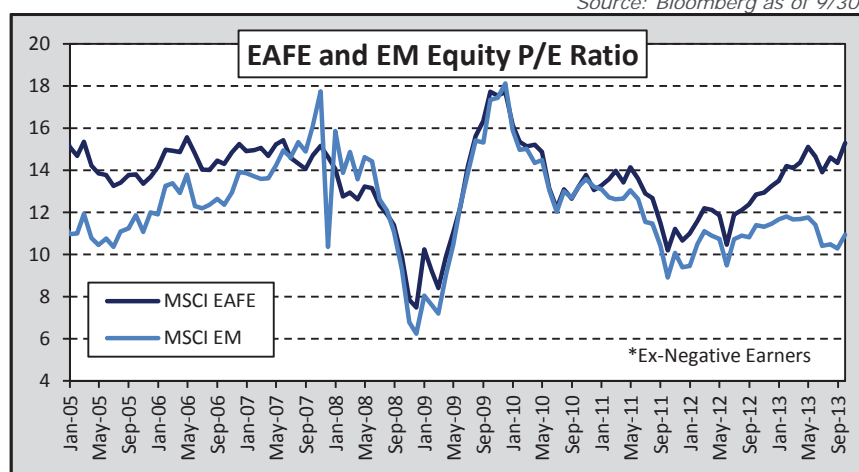
Source: Bloomberg as of 9/30



Source: Bloomberg as of 9/30

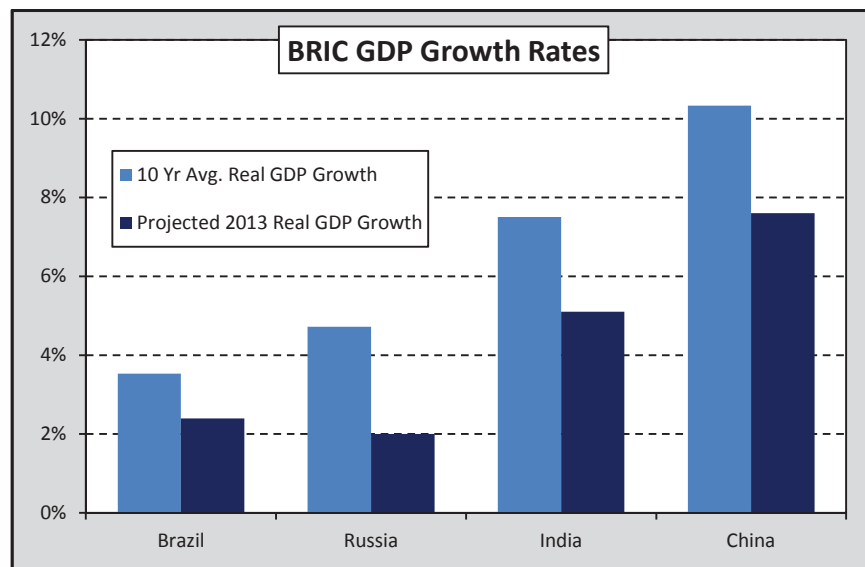


Source: Bloomberg as of 9/30

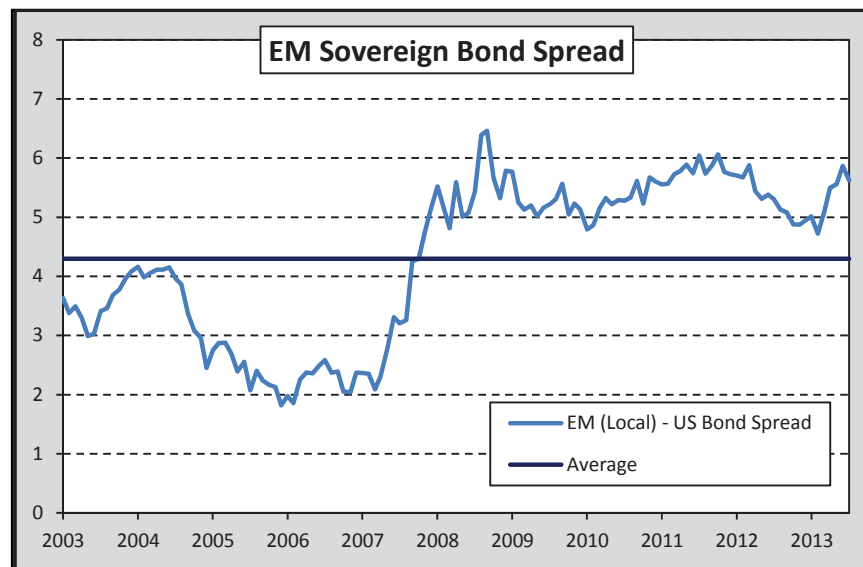


Source: Bloomberg as of 9/30

Emerging Markets



Source: Bloomberg as of 9/30



Source: Bloomberg as of 9/30

Emerging Markets Valuation		
	MSCI EM	MSCI EM Small Cap
PE Ratio	11.61	20.63
PE Historical Avg	14.45	17.08
PB Ratio	1.54	1.24
Historical Avg	1.54	1.27
PS Ratio	1.01	0.71
Historical Avg	1.12	0.70

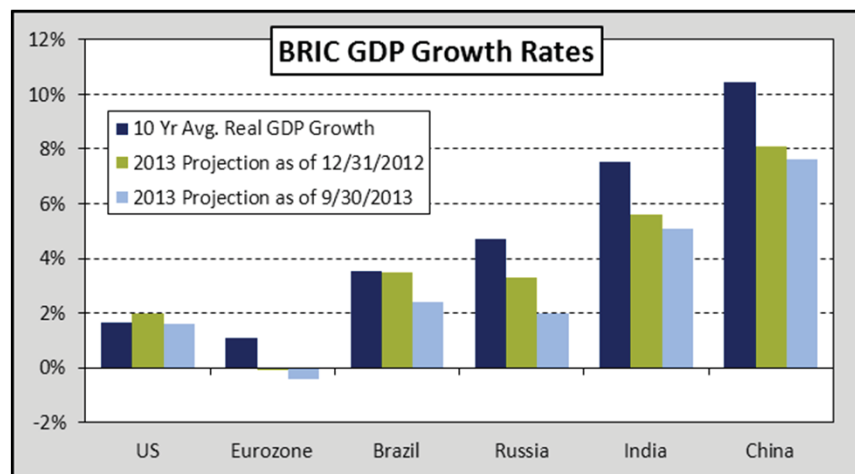
- MSCI EM PE and PS Ratios are below historical averages
- MSCI EM PB Ratio is in line with its historical average
- MSCI EM Small Cap PE and PS Ratios are above historical averages
- MSCI EM Small Cap PB is below its historical average

Source: Bloomberg as of 9/30

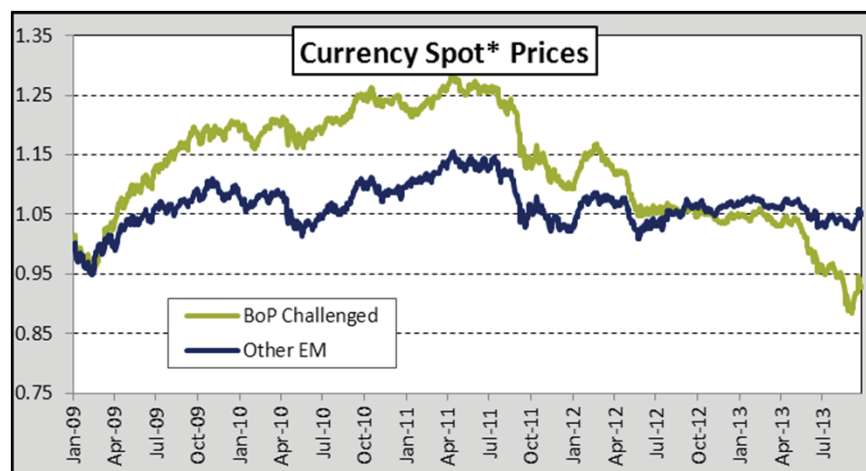
US Dollar Return vs. Major EM Currencies				
(Negative = Dollar Depreciates, Positive = Dollar Appreciates)				
	YTD	Q3	1 Yr.	3 Yr. Ann.
Brazilian Real	7.6%	-0.5%	8.7%	8.0%
Russian Ruble	5.6%	-1.4%	3.6%	1.8%
Indian Rupee	12.3%	4.6%	15.5%	9.4%
Chinese Renminbi	-1.8%	-0.3%	-2.7%	-3.1%
Singapore Dollar	-0.7%	-0.2%	-0.9%	-0.9%
Hungarian Forint	-0.4%	-3.2%	-0.9%	2.6%
Turkish Lira	11.6%	4.5%	11.0%	9.5%
Mexican Peso	1.8%	1.1%	1.8%	1.3%
So. African Rand	15.5%	1.4%	17.1%	10.1%
So. Korean Won	1.1%	-6.2%	-3.4%	-1.9%

Source: Bloomberg as of 9/30

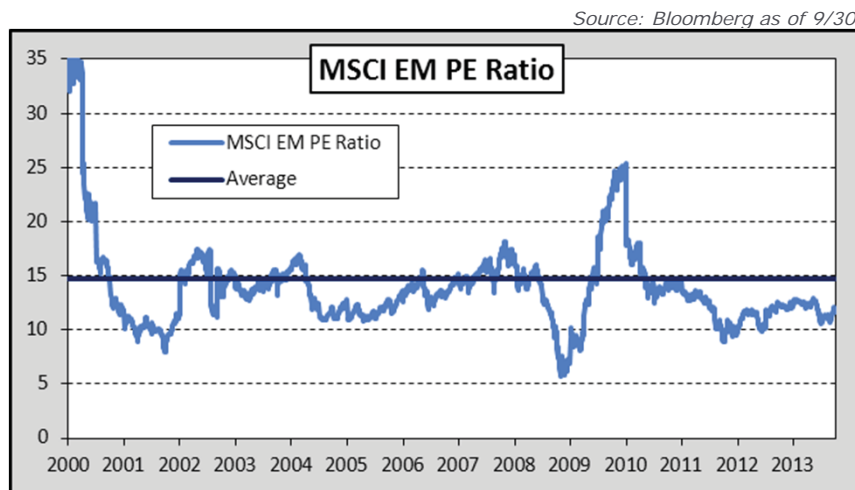
Market Environment – Emerging Markets



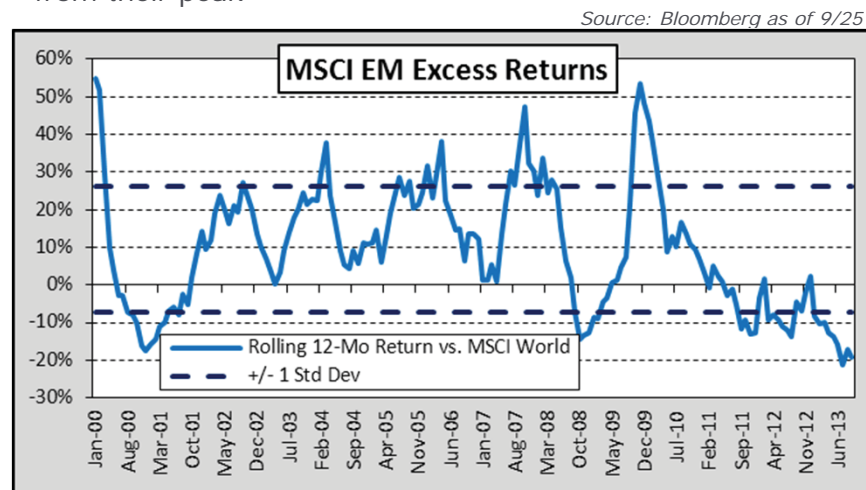
Projected GDP growth rates have continued to decline in emerging market countries



Currencies of BoP challenged countries (Brazil, India, Indonesia, Turkey, and South Africa) depreciated $\approx 35\%$ from their peak



The MSCI EM PE Ratio remains below its long term average

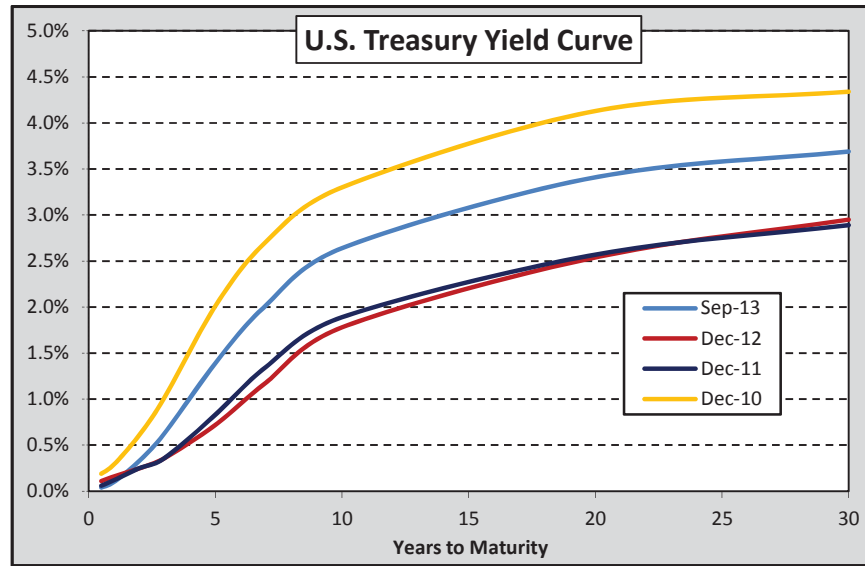


MSCI EM Rolling 12-Month excess returns relative to MSCI World are at the lower bound of historical data

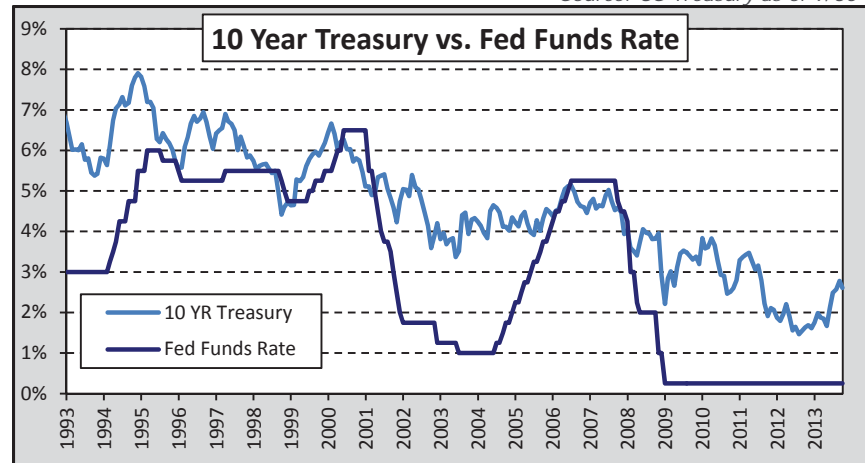
Source: Bloomberg as of 9/30

Source: Bloomberg as of 9/30

Market Environment – Interest Rates

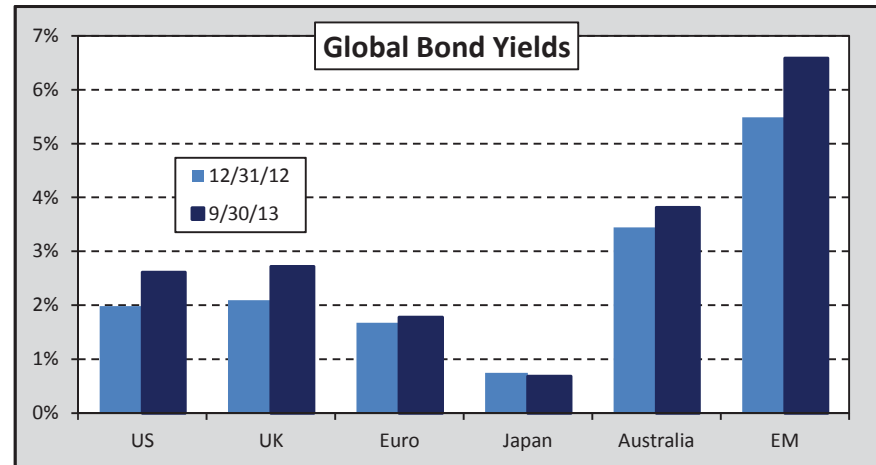


Source: US Treasury as of 9/30



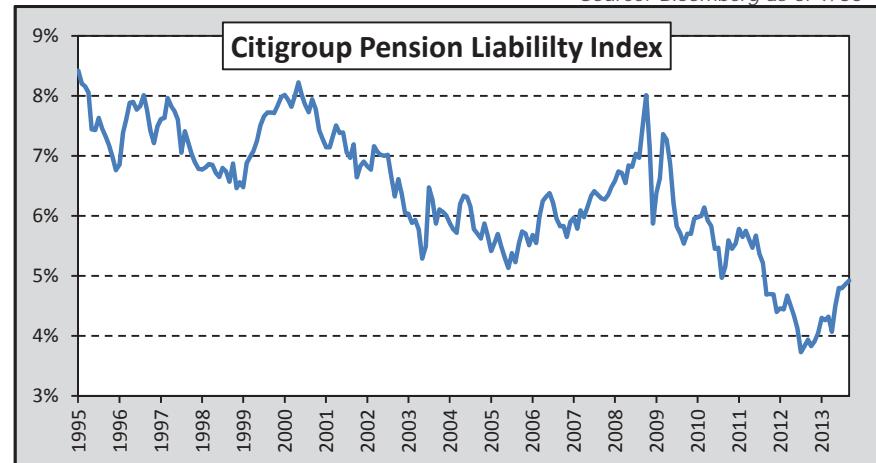
Fed Funds rate remained at 0.25% while the 10 Yr. Treasury Yield finished September at 2.6%

Source: Bloomberg as of 9/30



Bond yields across the globe have mostly risen in 2013

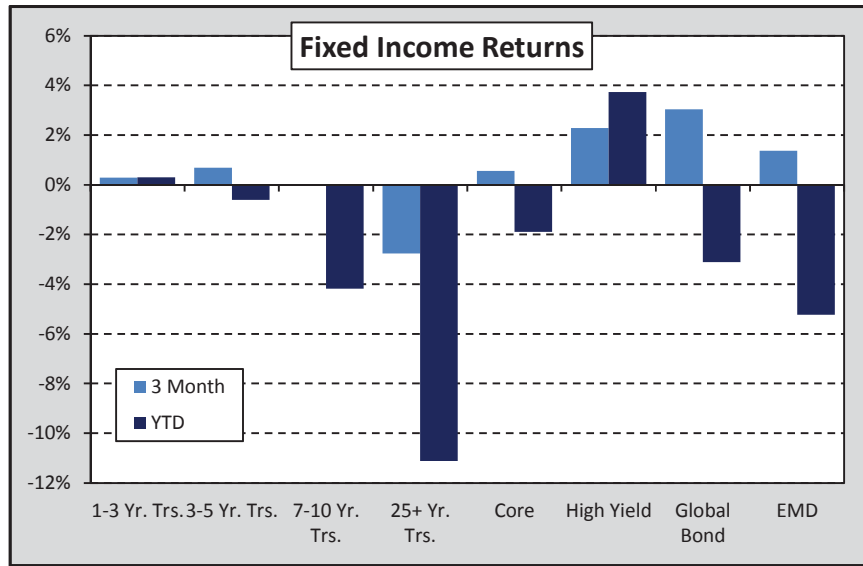
Source: Bloomberg as of 9/30



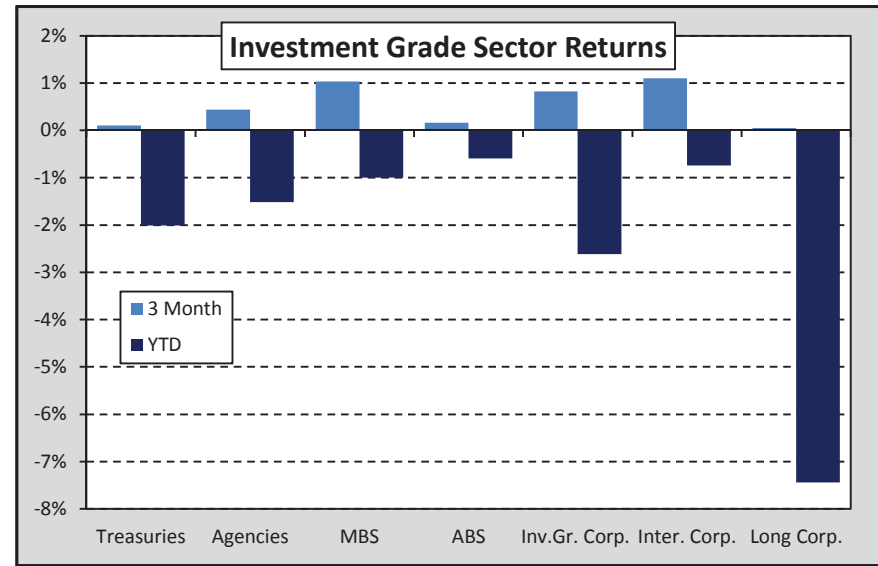
The Citi Pension discount rate rose slightly to 4.92% through September

Source: Citigroup as of 9/30

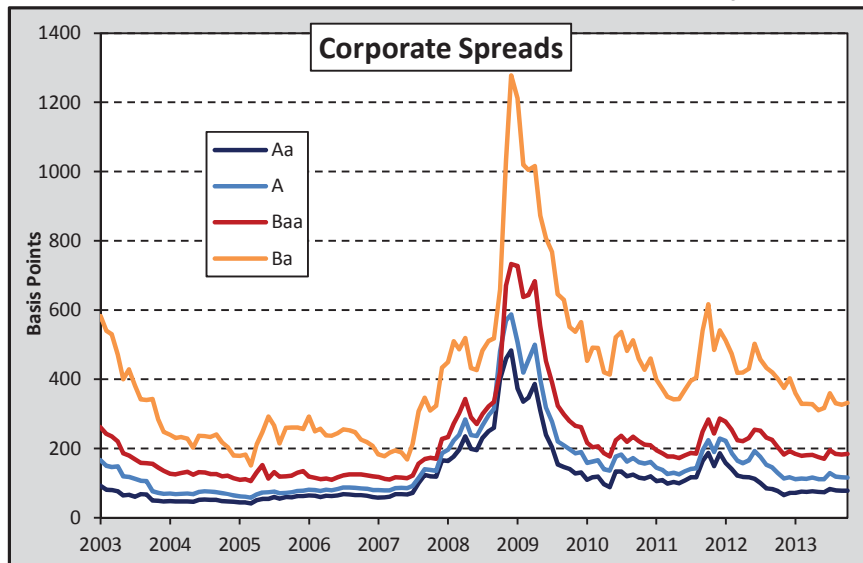
Fixed Income Performance



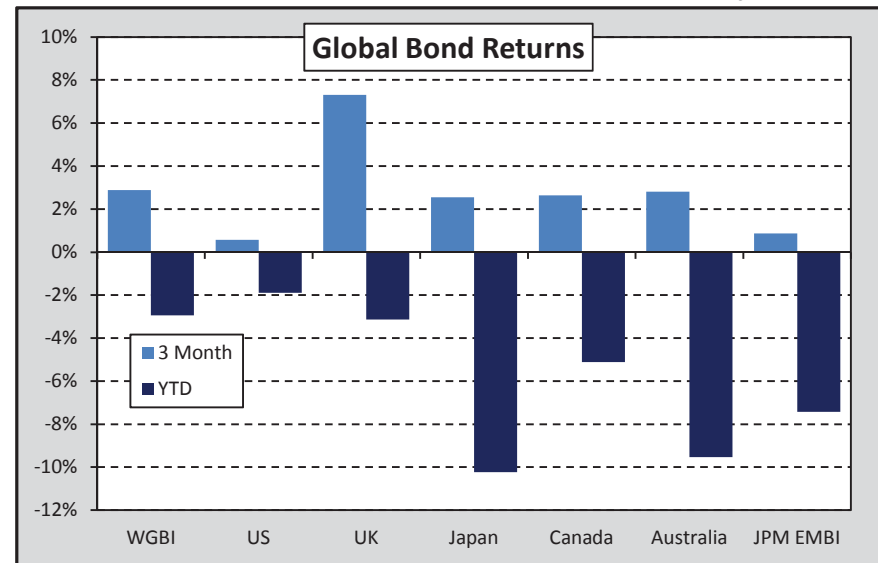
Source: Barclays as of 9/30



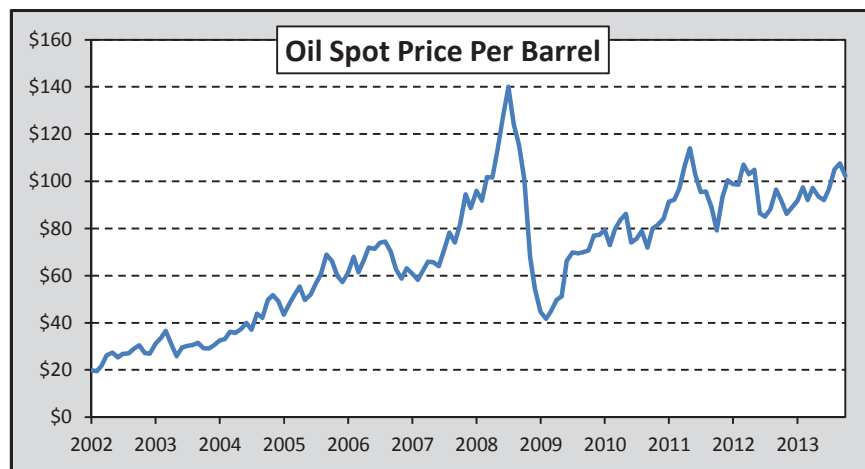
Source: Barclays as of 9/30



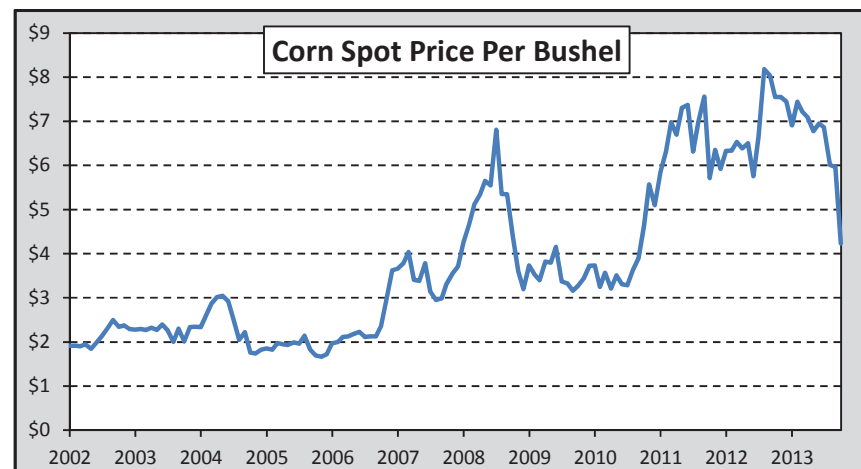
Source: Barclays as of 9/30



Source: Barclays, Bloomberg as of 9/30

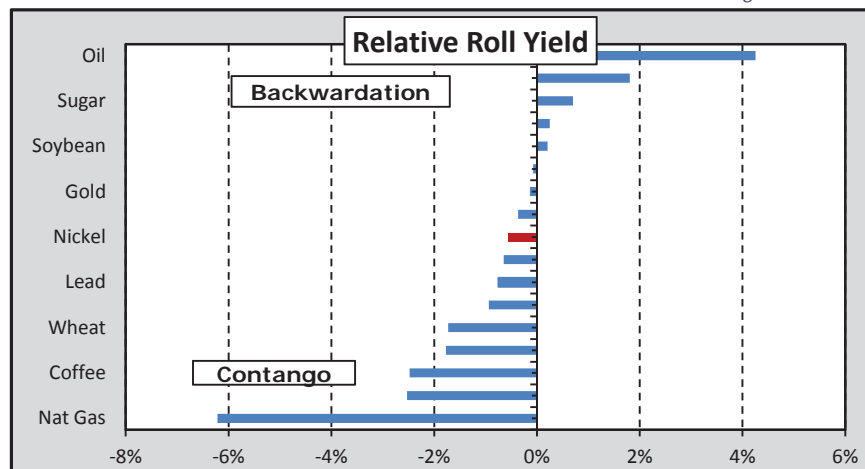


Oil prices finished September down at \$102.33 per barrel



Corn prices finished September down at \$4.23 per bushel

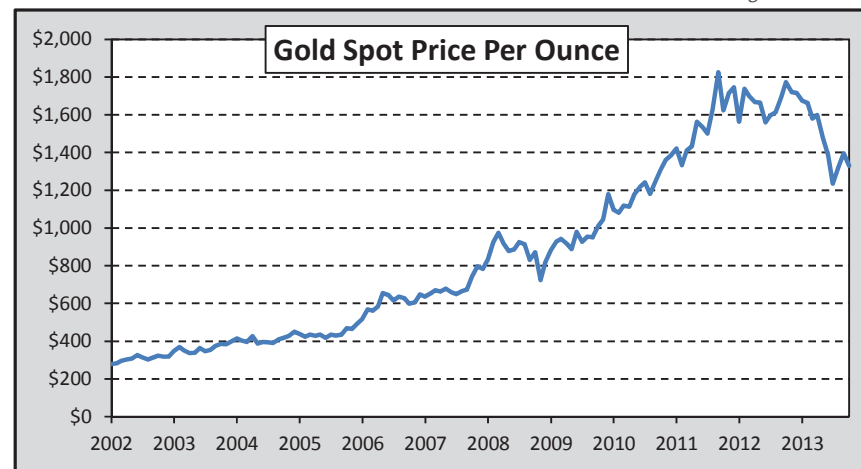
Source: Bloomberg as of 9/30



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

Source: Bloomberg as of 9/30

Source: Bloomberg as of 9/30



Gold prices finished September down at \$1328.94 per ounce

Source: Bloomberg as of 9/30

Information Disclosure

- NEPC uses, as its data source, the plan's custodian bank or fund service company, and NEPC relies on those sources for security pricing, calculation of accruals, and all transactions, including income payments, splits, and distributions. While NEPC has exercised reasonable professional care in preparing this report, we cannot guarantee the accuracy of all source information contained within.
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