

FUND EVALUATION REPORT

San Jose Federated Retiree Health Care 115 Trust

Quarterly Review
December 31, 2013



M E K E T A I N V E S T M E N T G R O U P

100 LOWDER BROOK DRIVE SUITE 1100
WESTWOOD MA 02090
781 471 3500 FAX 781 471 3411

1001 BRICKELL BAY DRIVE SUITE 2000
MIAMI FL 33131
305 341 2900 FAX 305 341 2142
www.meketagroup.com

5796 ARMADA DRIVE SUITE 110
CARLSBAD CA 92008
760 795 3450 FAX 760 795 3445

1. Executive Summary

- Aggregate Fund Overview
- Second Quarter Manager Summary

2. Fund Summary

3. Fund Detail

4. Portfolio Reviews

5. Corporate Update

6. Appendices

- The World Markets in the Fourth Quarter of 2013
- Glossary and Notes

**Executive Summary
As of December 31, 2013**

The value of the San Jose Federated Retiree Health Care Trust was \$67.0 million on December 31, 2013, up from \$63.7 million at the end of the previous quarter.

- The increase in assets during the quarter was primarily due to performance during the quarter as well as small contributions totaling approximately \$0.8 million.
- Fourth quarter performance for the Health Care Trust was 3.9% net of fees, bringing the fiscal year-to-date return to 9.8% net of fees.
- Performance for the Health Care Trust outpaced the Policy Benchmark by 10 basis points during the fourth quarter. For the fiscal year-to-date period, the Trust matched the Policy Benchmark's return of 9.8%.

Investment Manager	Asset Class	Changes/ Announcements	Performance Concerns	Meketa Recommendation ¹	Comments
Vanguard					
Vanguard Developed Markets	Global Equity	---	---	---	
Vanguard Emerging Markets	Global Equity	---	---	---	
Vanguard Russell 3000	Global Equity	---	---	---	
Vanguard Total Bond Market	Fixed Income	---	---	---	
Vanguard TIPS	Fixed Income	---	---	---	
Credit Suisse	Real Assets	---	---	---	
First Quadrant	Real Assets	Yes	---	Hold	Personnel changes

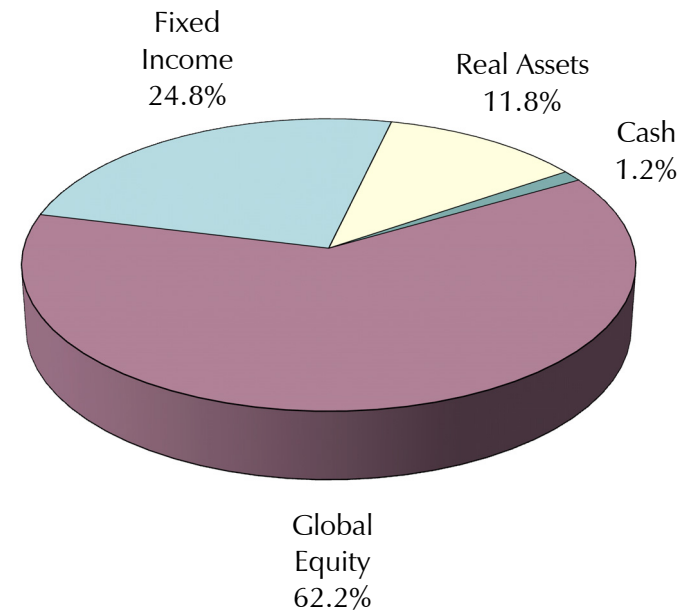
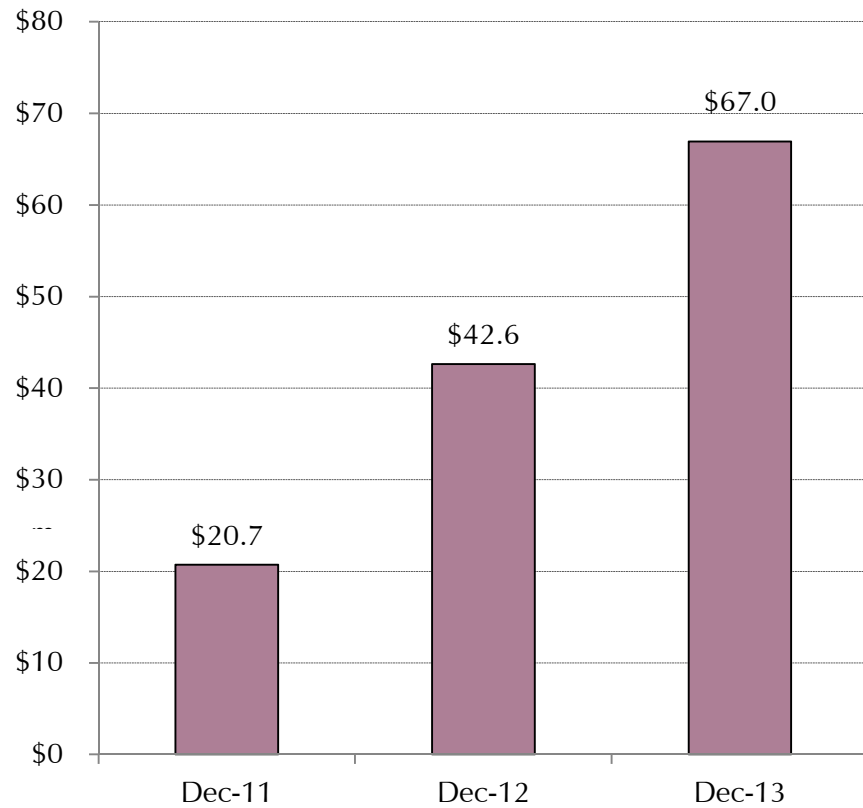
- **First Quadrant** – Effective September 1, 2013, Jim Tufts assumed the role of Chief Operating Officer from Curt Ketterer, Partner. Mr. Ketterer retired as of December 31, 2013.

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

Fund Summary
As of December 31, 2013

San Jose Federated Retiree Health Care
115 Trust

Aggregate Assets
as of 12/31/13



**San Jose Federated Retiree Health Care
115 Trust**

**Aggregate Assets
Asset Summary as of 12/31/13**

	Market Value 12/31/13 (\$ mm)	% of Health Care Trust	Target Allocation (%)	Target Range (%)	Market Value 9/30/13 (\$ mm)
Total Fund Aggregate	67.0	100.0	NA	NA	63.7
Global Equity	41.6	62.2	59	53-65	38.9
Fixed Income	16.6	24.8	28	23-33	16.8
Real Assets	7.9	11.8	13	8-18	8.0
Cash	0.8	1.2	0	0	0.0



San Jose Federated Retiree Health Care
115 Trust

Aggregate Assets
Portfolio Roster as of 12/31/13

	Market Value 12/31/13 (\$ mm)	% of Asset Class	% of Health Care Trust	Target Allocation (%)	Target Range (%)	Market Value 9/30/13 (\$ mm)
Total Fund Aggregate	67.0	NA	100.0	NA	NA	63.7
Global Equity	41.6	100.0	62.2	59	53-65	38.9
Vanguard Developed Markets Index	19.0	45.6	28.4			18.0
Vanguard Russell 3000	18.7	44.9	27.9			17.0
Vanguard Emerging Markets Stock Index	4.0	9.5	5.9			3.9
Fixed Income	16.6	100.0	24.8	28	23-33	16.8
Vanguard Total Bond Market Index	9.5	57.4	14.2			9.6
Vanguard Inflation-Protected Securities	7.1	42.6	10.6			7.2
Real Assets	7.9	100.0	11.8	13	8-18	8.0
Credit Suisse Compound Risk Parity Commodity Index	5.9	74.3	8.8			5.9
First Quadrant Risk Parity Commodity Index	2.0	25.7	3.0			2.1
Cash	0.8	100.0	1.2			0.0



San Jose Federated Retiree Health Care
115 Trust

Aggregate Assets
Performance as of 12/31/13

	4Q13 (%)	Fiscal ¹ YTD (%)	1 YR (%)	Performance Inception Date	Since Inception (%)
Total Fund Aggregate (net of fees)	3.9	9.8	11.1	7/1/11	7.7
<i>CPI Medical Care (Inflation)</i>	-0.2	0.7	2.0		2.7
<i>San Jose Healthcare Policy Benchmark²</i>	3.8	9.8	11.1		6.4
<i>San Jose Healthcare Custom Benchmark³</i>	4.0	10.0	12.0		8.3
Global Equity	7.1	16.2	23.8	12/1/11	19.9
<i>Global Equity HC Policy Benchmark⁴</i>	7.3	16.5	24.7		19.8
<i>MSCI ACWI IMI</i>	7.2	16.1	23.6		18.9
Fixed Income	-1.1	-0.4	-5.1	12/1/11	0.2
<i>Fixed Income HC Policy Benchmark⁵</i>	-0.9	-0.3	-4.9		0.5
<i>Barclays Aggregate</i>	-0.1	0.4	-2.0		1.5
<i>Barclays U.S. TIPS</i>	-2.0	-1.3	-8.6		-1.1
Real Assets	-1.1	2.7	-11.6	8/1/11	-9.6
<i>Custom Risk Parity Benchmark⁶</i>	-1.5	2.5	-9.2		-7.4
<i>Dow Jones-UBS Commodity U.S. Index</i>	-1.1	1.1	-9.5		-10.1

¹ Fiscal Year ends June 30.

² Policy Benchmark consists of 26.5% Russell 3000, 26.5% MSCI EAFE, 6% MSCI Emerging Markets, 16% Barclays Aggregate Float Adjusted, 12% Barclays U.S. TIPS, and 13% Custom Risk Parity Benchmark.

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

⁴ Global Equity HC Policy Benchmark consists of 44.9% Russell 3000, 44.9% MSCI EAFE, and 10.2% MSCI Emerging Markets.

⁵ Fixed Income HC Policy Benchmark consists of 57.1% Barclays Aggregate Float Adjusted, and 42.9% Barclays U.S. TIPS.

⁶ Custom Risk Parity Benchmark returns provided by Credit Suisse.



San Jose Federated Retiree Health Care
115 Trust

Aggregate Assets
Performance as of 12/31/13

	4Q13 (%)	Fiscal ¹ YTD (%)	1 YR (%)	Performance Inception Date	Since Inception (%)
Global Equity	7.1	16.2	23.8	12/1/11	19.9
Vanguard Developed Markets Index ²	5.6	17.9	22.0	12/1/11	18.2
<i>Vanguard Spliced Developed Markets Index³</i>	5.5	17.8	22.7		18.6
Vanguard Russell 3000	10.1	17.1	33.4	12/1/11	24.0
<i>Russell 3000</i>	10.1	17.1	33.6		24.1
Vanguard Emerging Markets Stock Index ²	1.6	6.5	-5.0	12/1/11	4.3
<i>Vanguard Spliced Emerging Markets Index⁴</i>	1.5	5.9	-4.2		5.5
Fixed Income	-1.1	-0.4	-5.1	12/1/11	0.2
Vanguard Total Bond Market Index	-0.2	0.4	-2.1	12/1/11	1.5
<i>Barclays Aggregate Float Adjusted Index</i>	-0.1	0.5	-2.0		1.6
Vanguard Inflation-Protected Securities	-2.2	-1.3	-8.9	12/1/11	-1.2
<i>Barclays U.S. TIPS</i>	-2.0	-1.3	-8.6		-1.1

¹ Fiscal Year ends June 30.

² Vanguard international equity strategies may temporarily differ from the benchmark due to fair value pricing. Fair value pricing is an adjustment made to prices in the index after the markets close for securities that trade on foreign exchanges.

³ MSCI EAFE Index through April 16, 2013; FTSE Developed ex North America Index thereafter.

⁴ The Vanguard Spliced Emerging Markets Index is comprised of the MSCI Emerging Markets Index through January 9, 2013, the FTSE Emerging Transition Index from January 10, 2013 through July 3, 2013, and the FTSE Emerging Index thereafter.



San Jose Federated Retiree Health Care
115 Trust

Aggregate Assets
Performance as of 12/31/13

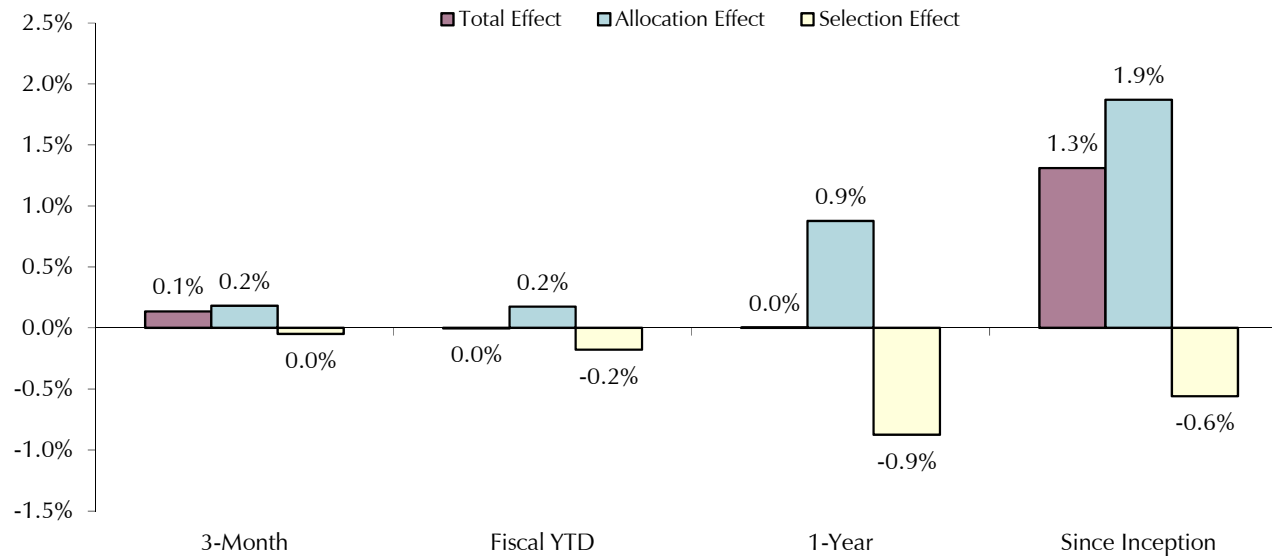
	4Q13 (%)	Fiscal ¹ YTD (%)	1 YR (%)	Performance Inception Date	Since Inception (%)
Real Assets	-1.1	2.7	-11.6	8/1/11	-9.6
Credit Suisse Compound Risk Parity Commodity Index	-1.2	2.9	-8.8	8/1/11	-7.0
<i>Custom Risk Parity Benchmark²</i>	-1.5	2.5	-9.2		-7.4
<i>Dow Jones-UBS Commodity U.S. Index</i>	-1.1	1.1	-9.5		-10.1
First Quadrant Risk Parity Commodity Index	-0.8	3.4	-13.6	8/1/11	-12.0
<i>Custom Risk Parity Benchmark²</i>	-1.5	2.5	-9.2		-7.4
<i>Dow Jones-UBS Commodity U.S. Index</i>	-1.1	1.1	-9.5		-10.1

¹ Fiscal Year ends June 30.

² Custom Risk Parity Benchmark returns provided by Credit Suisse.



Performance Attribution: Total Fund vs. Policy Benchmark
as of 12/31/13

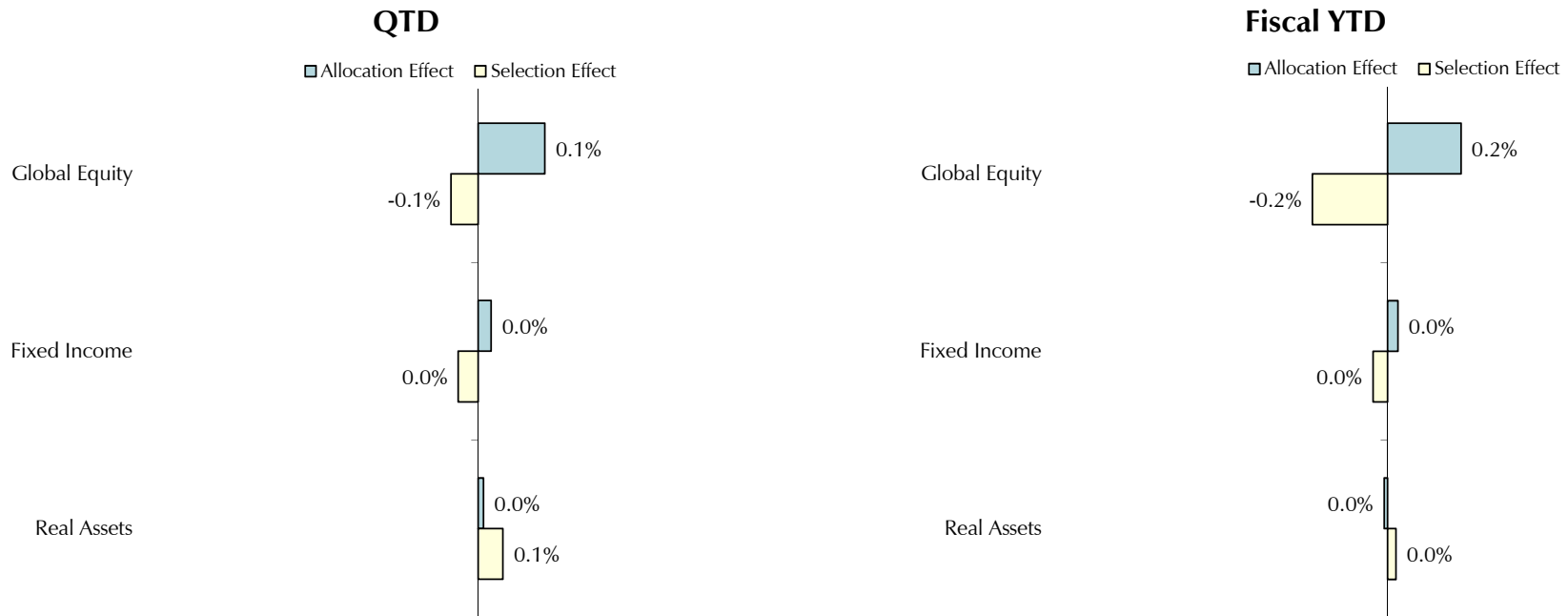


Total Effect: The total effect is the difference between the performance of the total fund and the return for the policy benchmark. The total effect is calculated by adding the allocation effect and the selection effect.

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

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

Performance Attribution (Total Fund)¹: Asset Class vs. Policy Benchmark
as of 12/31/13



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

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

¹ Attribution is calculated based on performance gross of fees.

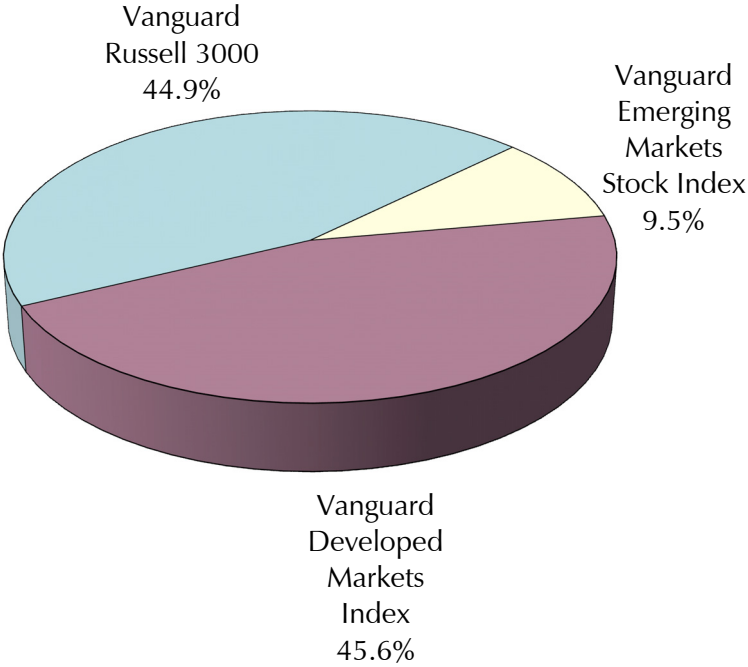
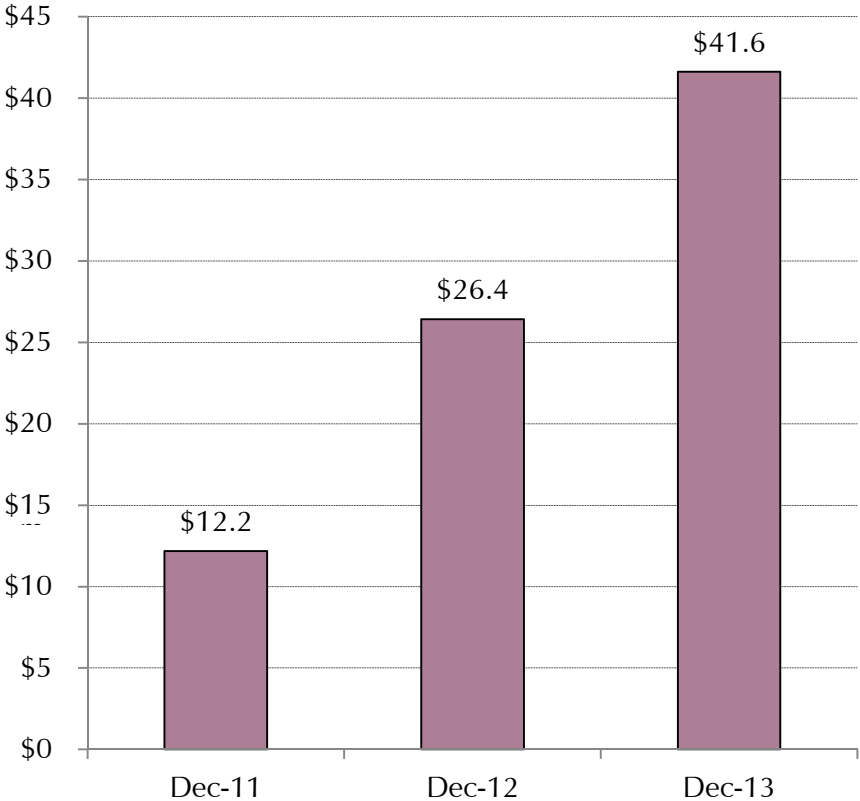


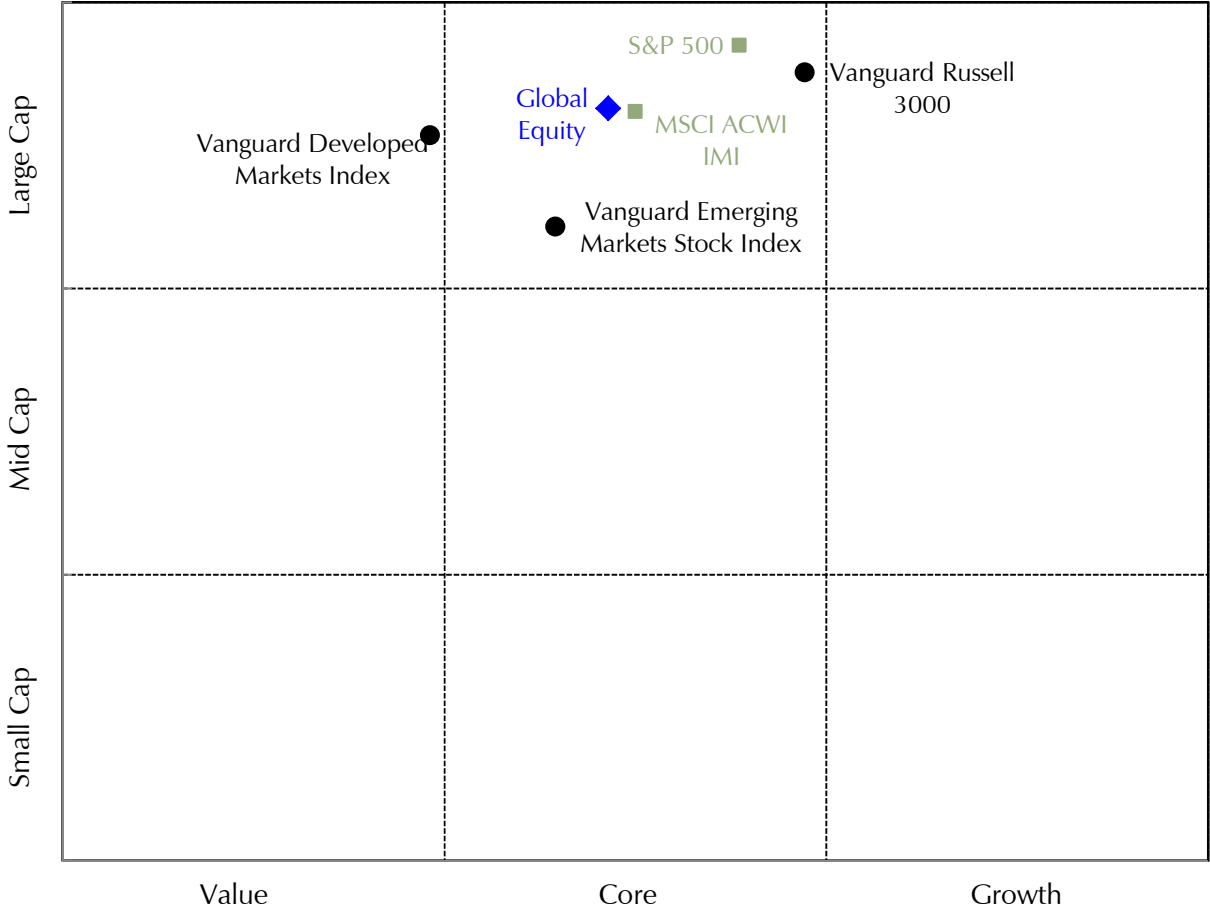
Fund Detail

**Global Equity Assets
As of December 31, 2013**

**San Jose Federated Retiree Health Care
115 Trust**

**Global Equity Assets
as of 12/31/13**





**San Jose Federated Retiree Health Care
115 Trust**

**Global Equity Assets
Characteristics as of 12/31/13**

	Aggregate Global Equity 12/31/13	MSCI ACWI IMI 12/31/13	Aggregate Global Equity 9/30/13
Capitalization Structure:			
Weighted Average Market Cap. (US\$ billion)	73.4	71.8	66.2
Median Market Cap. (US\$ billion)	2.8	1.3	2.6
Large (% over US\$10 billion)	78	74	77
Medium (% US\$2 billion to US\$10 billion)	18	19	19
Small (% under US\$2 billion)	3	6	4
Fundamental Structure:			
Price-Earnings Ratio	22	22	21
Price-Book Value Ratio	3.9	4.0	3.6
Dividend Yield (%)	2.4	2.4	2.5
Historical Earnings Growth Rate (%)	11	11	10
Projected Earnings Growth Rate (%)	11	12	12

**San Jose Federated Retiree Health Care
115 Trust**

**Global Equity Assets
Diversification as of 12/31/13**

Diversification:	Aggregate Global Equity 12/31/13	MSCI ACWI IMI 12/31/13	Aggregate Global Equity 9/30/13
Number of Holdings	5,281	8,493	5,262
% in 5 largest holdings	4	4	4
% in 10 largest holdings	7	7	7

Largest Five Holdings:

	% of Portfolio	Economic Sector
Apple	1.1	Technology Equipment
ExxonMobil	1.0	Energy
Nestle	0.8	Food, Beverage & Tobacco
Microsoft	0.7	Software & Services
Google	0.7	Software & Services

**San Jose Federated Retiree Health Care
115 Trust**

**Global Equity Assets
Sector Allocation as of 12/31/13**

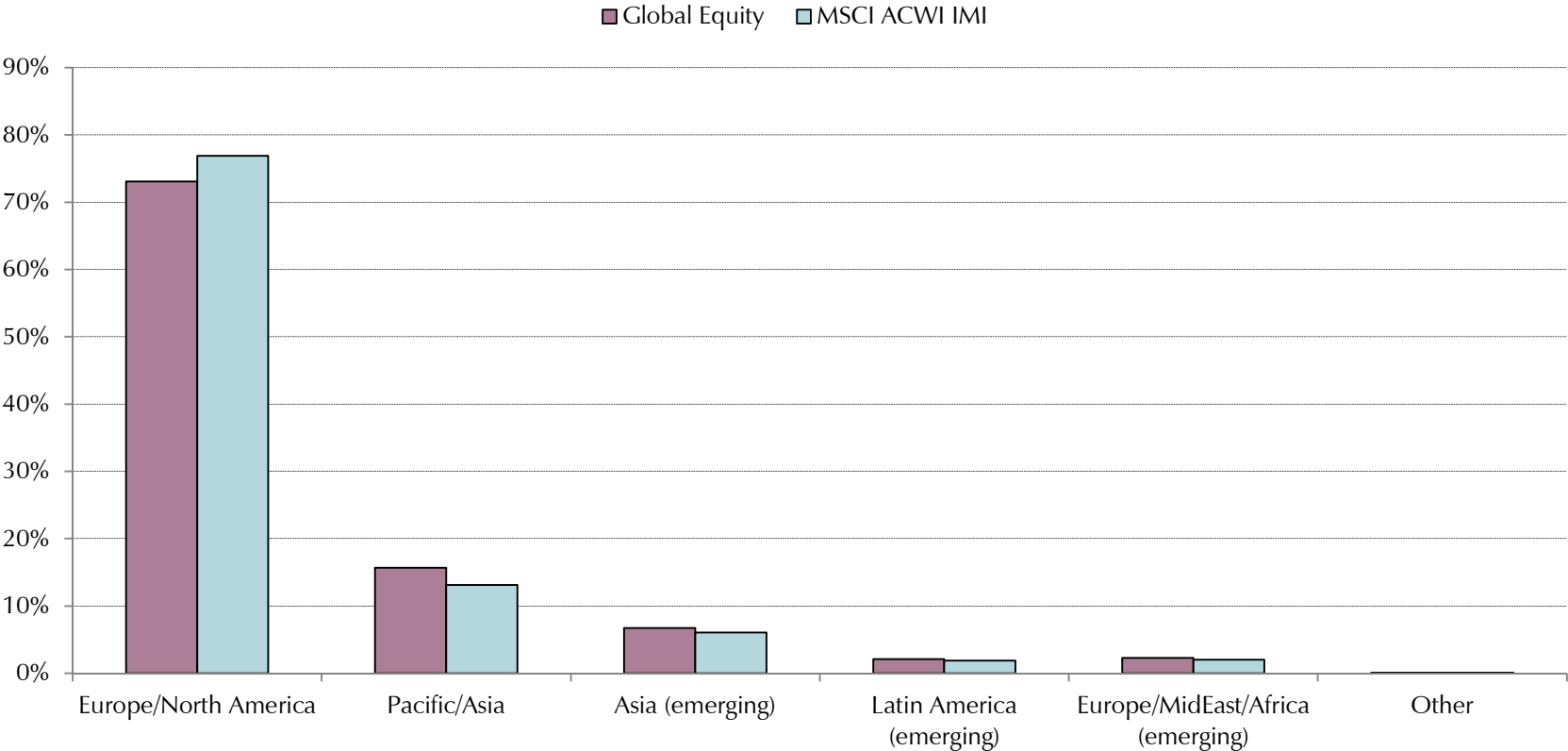
Sector Allocation (%):	Aggregate Global Equity 12/31/13	MSCI ACWI IMI 12/31/13	Aggregate Global Equity 9/30/13
Consumer Staples	10	9	10
Telecommunication Services	4	4	4
Financials	22	21	22
Utilities	3	3	3
Materials	7	6	7
Health Care	10	10	10
Industrials	12	12	12
Consumer Discretionary	12	13	12
Energy	8	9	9
Information Technology	12	13	12

San Jose Federated Retiree Health Care
115 Trust

Global Equity Assets
Country & Region Breakdown as of 12/31/13

	Aggregate Global Equity 12/31/13 (%)	MSCI ACWI IMI 12/31/13 (%)		Aggregate Global Equity 12/31/13 (%)	MSCI ACWI IMI 12/31/13 (%)
Europe/North America	73.1	76.9	Asia (emerging)	6.7	6.0
United Kingdom	8.4	7.4	South Korea	1.9	1.7
France	4.0	3.2	China	1.6	1.3
Germany	4.0	3.3	Taiwan	1.3	1.3
Switzerland	4.2	3.6	Latin America (emerging)	2.1	1.9
Netherlands	2.1	1.8	Brazil	1.3	1.1
Spain	1.4	1.2	Europe/MidEast/Africa (emerging)	2.3	2.0
Sweden	1.4	1.2	Other	0.1	0.1
United States of America	43.7	47.8			
Pacific/Asia	15.7	13.1			
Japan	9.7	7.9			
Australia	3.3	2.7			
Hong Kong	2.1	1.8			

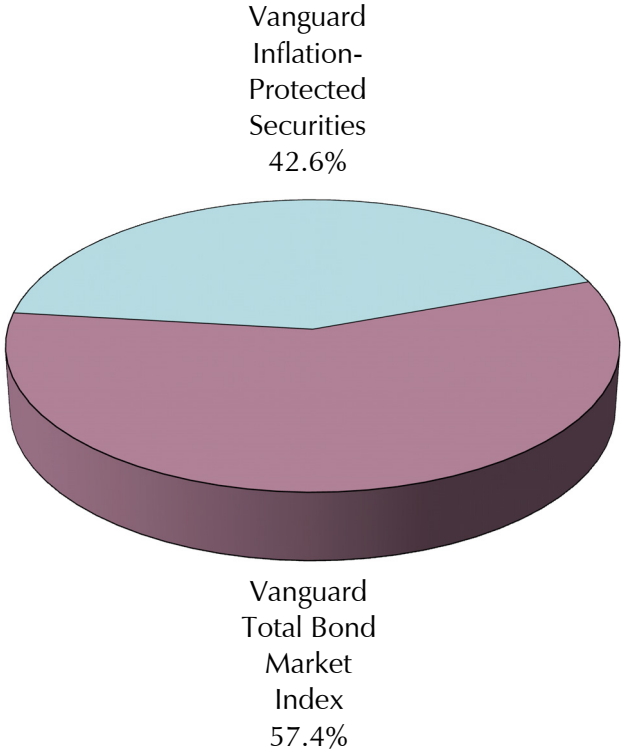




**Fixed Income Assets
As of December 31, 2013**

**San Jose Federated Retiree Health Care
115 Trust**

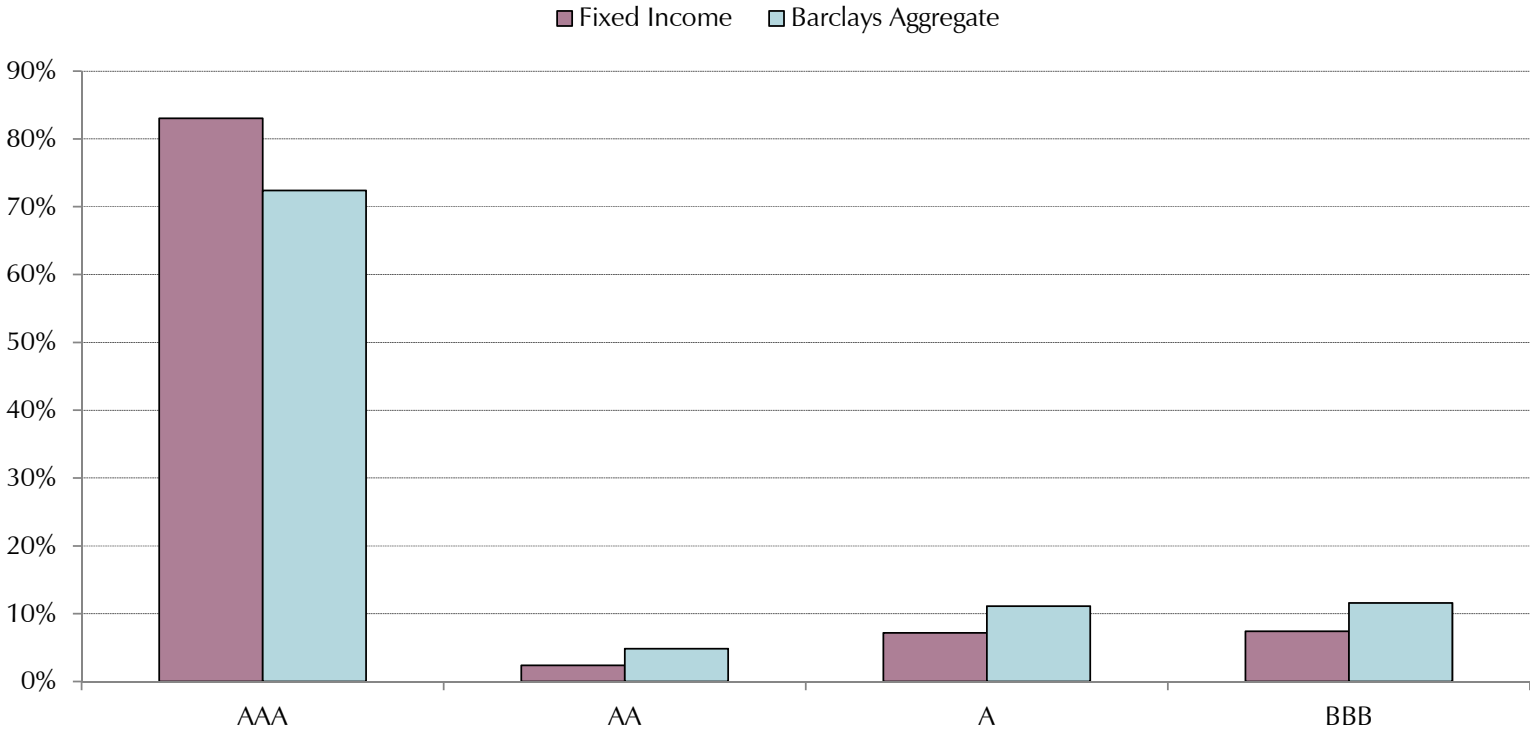
**Fixed Income Assets
as of 12/31/13**



**San Jose Federated Retiree Health Care
115 Trust**

**Fixed Income Assets
Characteristics as of 12/31/13**

Duration & Yield:	Aggregate Fixed Income 12/31/13	Barclays Aggregate 12/31/13	Aggregate Fixed Income 9/30/13
Average Effective Duration (years)	6.0	5.6	6.3
Yield to Maturity (%)	2.4	2.5	2.2



**San Jose Federated Retiree Health Care
115 Trust**

**Fixed Income Assets
Diversification as of 12/31/13**

	Aggregate Fixed Income 12/31/13	Barclays Aggregate 12/31/13	Aggregate Fixed Income 9/30/13
Market Allocation (%):			
United States	94	91	95
Foreign (developed markets)	3	5	3
Foreign (emerging markets)	2	4	2
Currency Allocation (%):			
Non-U.S. Dollar Exposure	0	0	0
Sector Allocation (%):			
U.S. Treasury-Nominal	23	36	24
U.S. Treasury-TIPS	43	0	42
U.S. Agency	2	6	2
Mortgage Backed	12	30	13
Corporate	14	22	14
Bank Loans	0	0	0
Local & Provincial Government	0	1	0
Sovereign & Supranational	4	3	4
Commercial Mortgage Backed	1	2	1
Asset Backed	0	0	0
Cash Equivalent	0	0	0
Other	0	0	0

Portfolio Reviews
As of December 31, 2013

Global Equity Portfolio Reviews
As of December 31, 2013

San Jose Federated Retiree Health Care 115 Trust

Mandate: Global Equities
Active/Passive: Passive
Market Value: \$19.0 million
Portfolio Manager: Duane Kelly
 Michael Perre
Location: Valley Forge, Pennsylvania
Inception Date: 12/1/2011
Account Type: Mutual Fund (VIDMX)

	Value	Core	Growth
Large			
Medium			
Small			

Fee Schedule:
 0.07% on all assets

Liquidity Constraints:
 Daily

Strategy:

The Vanguard Developed Markets Index Fund seeks to track the performance of the FTSE Developed (ex. North America) index, which measures the investment return of stocks issued by companies located in the major markets of Europe and the Pacific Region. The fund employs a passive management investment approach by investing all, or substantially all, of its assets in the common stocks included in the index.

Performance (%):	4Q13	Fiscal YTD	1 YR	Since 12/1/11
Vanguard Developed Markets Index	5.6	17.9	22.0	18.2
Vanguard Spliced Developed Markets Benchmark ¹	5.5	17.8	22.7	18.6

Vanguard Developed Markets Index Portfolio Detail as of 12/31/13

	12/31/13		9/30/13	
	Vanguard Developed Markets	FTSE Dev ex. North America	Vanguard Developed Markets	FTSE Dev ex. North America
Capitalization Structure:				
Weighted Average Market Cap. (US\$ billion)	60.5	60.6	57.1	57.1
Median Market Cap. (US\$ billion)	6.0	5.9	5.7	5.6
Large (% over US\$10 billion)	82	81	80	80
Medium (% US\$2 billion to US\$10 billion)	17	17	19	19
Small (% under US\$2 billion)	1	1	1	1
Fundamental Structure:				
Price-Earnings Ratio	20	20	20	20
Price-Book Value Ratio	2.9	2.9	2.8	2.8
Dividend Yield (%)	2.8	2.8	2.9	2.9
Historical Earnings Growth Rate (%)	8	8	6	6
Projected Earnings Growth Rate (%)	11	11	11	11
Sector Allocation (%):				
Industrials	13	13	13	13
Financials	25	25	25	25
Materials	8	8	9	9
Information Technology	6	6	6	6
Utilities	3	3	4	4
Health Care	9	9	9	9
Telecommunication Services	5	5	5	5
Energy	7	7	7	7
Consumer Staples	11	11	11	11
Consumer Discretionary	12	12	12	12
Diversification:				
Number of Holdings	1,352	1,341	1,351	1,339
% in 5 largest holdings	7	7	7	7
% in 10 largest holdings	12	12	12	12
Region Allocation (%):				
Europe & Middle East	62	62	61	61
Pacific	33	33	35	35
Other	5	5	5	5
Largest Five Holdings:				
			Industry	
Nestle	1.6		Food, Beverage & Tobacco	
HSBC	1.4		Banks	
Roche Holding	1.4		Pharmaceuticals & Biotech.	
Novartis	1.3		Pharmaceuticals & Biotech.	
Vodafone	1.3		Telecom Services	

¹ MSCI EAFE Index through April 16, 2013; FTSE Developed ex North America Index thereafter.



San Jose Federated Retiree Health Care 115 Trust

Mandate: Global Equities
Active/Passive: Passive
Market Value: \$18.7 million
Portfolio Manager: Team
Location: Valley Forge, Pennsylvania
Inception Date: 12/1/2011
Account Type: Mutual Fund (VRTTX)

	Value	Core	Growth
Large			
Medium			
Small			

Fee Schedule:
0.08% on all assets

Liquidity Constraints:
Daily

Strategy:
Vanguard Russell 3000 Index Fund seeks to track the investment performance of the Russell 3000 index, an unmanaged benchmark representing the broad U.S. equity market. The fund attempts to replicate the target index by investing all, or substantially all, of its assets in the stocks that make up the index, holding each stock in approximately the same proportion as its weighting within the index. Vanguard's Quantitative Equity Group manages the fund.

Performance (%):	4Q13	Fiscal YTD	1 YR	Since 12/1/11
Vanguard Russell 3000	10.1	17.1	33.4	24.0
Russell 3000	10.1	17.1	33.6	24.1

Vanguard Russell 3000 Portfolio Detail as of 12/31/13

Capitalization Structure:	12/31/13		9/30/13	
	Vanguard Russell 3000	Russell 3000	Vanguard Russell 3000	Russell 3000
Weighted Average Market Cap. (US\$ billion)	95.5	95.5	84.0	84.1
Median Market Cap. (US\$ billion)	1.4	1.4	1.3	1.3
Large (% over US\$10 billion)	78	78	77	77
Medium (% US\$2 billion to US\$10 billion)	17	16	17	17
Small (% under US\$2 billion)	5	5	6	6
Fundamental Structure:				
Price-Earnings Ratio	24	24	23	23
Price-Book Value Ratio	5.0	5.0	4.5	4.5
Dividend Yield (%)	1.9	1.9	2.0	2.0
Historical Earnings Growth Rate (%)	14	14	13	13
Projected Earnings Growth Rate (%)	12	12	12	12
Sector Allocation (%):				
Industrials	12	12	11	11
Utilities	3	3	3	3
Consumer Staples	9	9	9	9
Materials	4	4	4	4
Consumer Discretionary	13	13	13	13
Telecommunication Services	2	2	2	2
Energy	9	9	9	9
Financials	17	17	17	17
Information Technology	18	18	18	18
Health Care	13	13	13	13
Diversification:				
Number of Holdings	3,025	3,019	3,007	2,965
% in 5 largest holdings	9	9	8	8
% in 10 largest holdings	15	15	14	14
Region Allocation (%):				
Europe/North America	100	100	100	100
Pacific/Asia	0	0	0	0
Europe/MidEast/Africa (emerging)	0	0	0	0
Other	0	0	0	0
Largest Five Holdings:				
		Industry		
Apple	2.5	Technology Equipment		
ExxonMobil	2.2	Energy		
Microsoft	1.5	Software & Services		
Google	1.5	Software & Services		
General Electric	1.4	Capital Goods		



San Jose Federated Retiree Health Care 115 Trust

Vanguard Emerging Markets Stock Index Portfolio Detail as of 12/31/13

Mandate: Global Equities
Active/Passive: Passive
Market Value: \$4.0 million
Portfolio Manager: Duane Kel
 Michael Perre
Location: Valley Forge, Pennsylvania
Inception Date: 12/1/2011
Account Type: Mutual Fund (VERSX)

	Value	Core	Growth
Large			
Medium			
Small			

Fee Schedule:
 0.18% on all assets

Liquidity Constraints:
 Daily

Strategy:
 The Vanguard Emerging Markets Stock Index strategy seeks to replicate the characteristics and returns of the FTSE Emerging Markets index, a broad index of stocks issued by companies located in emerging markets around the world.

Performance (%):	4Q13	Fiscal YTD	1 YR	Since 12/1/11
Vanguard Emerging Markets Stock Index	1.6	6.5	-5.0	4.3
Vanguard Spliced Emerging Markets Index ¹	1.5	5.9	-4.2	5.5

	12/31/13		9/30/13	
	Vanguard EM Index	FTSE Emerging Markets	Vanguard EM Index	FTSE Emerging Markets
Capitalization Structure:				
Weighted Average Market Cap. (US\$ billion)	31.2	31.1	30.3	30.7
Median Market Cap. (US\$ billion)	4.1	3.9	4.0	3.6
Large (% over US\$10 billion)	64	64	63	63
Medium (% US\$2 billion to US\$10 billion)	31	31	32	32
Small (% under US\$2 billion)	5	4	5	5
Fundamental Structure:				
Price-Earnings Ratio	19	19	18	18
Price-Book Value Ratio	3.4	3.4	3.4	3.4
Dividend Yield (%)	2.9	2.9	3.0	3.0
Historical Earnings Growth Rate (%)	13	13	12	12
Projected Earnings Growth Rate (%)	13	13	13	13
Sector Allocation (%):				
Financials	29	29	30	30
Energy	13	13	14	14
Telecommunication Services	9	9	9	9
Materials	10	10	10	10
Consumer Staples	9	9	9	9
Utilities	4	4	4	4
Health Care	2	2	2	2
Industrials	6	6	6	6
Consumer Discretionary	7	7	7	7
Information Technology	12	12	11	11
Diversification:				
Number of Holdings	904	848	904	850
% in 5 largest holdings	8	9	8	9
% in 10 largest holdings	14	15	14	15
Region Allocation (%):				
Asia	50	50	46	46
Americas	22	22	24	24
Europe, Middle East and Africa	21	21	21	21
Other	7	7	9	9
Largest Five Holdings:				
		Industry		
Tencent Holdings	1.8	Software & Services		
China Con.Bank	1.7	Banks		
China Mobile	1.7	Telecom Services		
Indl.& Coml.Bk.Of China	1.5	Banks		
Taiwan Semiconductor	1.3	Semiconductors		

¹ The Vanguard Spliced Emerging Markets Index is comprised of the MSCI Emerging Markets Index through January 9, 2013, the FTSE Emerging Transition Index from January 10, 2013 through July 3, 2013, and the FTSE Emerging Index thereafter.



**Fixed Income Portfolio Reviews
As of December 31, 2013**

San Jose Federated Retiree Health Care 115 Trust

Vanguard Total Bond Market Index Portfolio Detail as of 12/31/13

Mandate: Fixed Income
Active/Passive: Passive
Market Value: \$9.5 million
Portfolio Manager: Gregory Davis, CFA
 Kenneth Volpert, CFA
Location: Valley Forge, Pennsylvania
Inception Date: 12/1/2011
Account Type: Mutual Fund (VBTIX)

	Short	Int.	Long
High			
Medium			
Low			

Fee Schedule:
 0.07% on all assets

Liquidity Constraints:
 Daily

Strategy:
 The Vanguard Total Bond Market Index portfolio is structured to mirror the Barclays U.S. Aggregate index, a broad basket consisting mainly of U.S. government, mortgage-backed, and investment-grade corporate fixed income securities. Vanguard passively manages the strategy using index sampling to create an intermediate-duration portfolio that provides moderate income while maintaining high credit quality.

Performance (%):	4Q13	Fiscal YTD	1 YR	Since 12/1/11
Vanguard Total Bond Market Index	-0.2	0.4	-2.1	1.5
Barclays Aggregate Float Adjusted Index	-0.1	0.5	-2.0	1.6

	12/31/13		9/30/13	
	Vguard Bond Mkt Index	Barclays Agg Float Adjusted Index	Vguard Bond Mkt Index	Barclays Agg Float Adjusted Index
Duration & Yield:				
Average Effective Duration (years)	5.5	5.5	5.5	5.5
Yield to Maturity (%)	2.4	2.4	2.3	2.3
Quality Structure (%):				
Average Quality	AA+	AA+	AA+	AA+
AAA (includes Treasuries and Agencies)	70	70	71	70
AA	4	5	4	5
A	13	12	12	12
BBB	13	13	12	12
BB	0	0	0	0
B	0	0	0	0
Below B	0	0	0	0
Non-Rated	0	0	0	0
Sector Allocation (%):				
U.S. Treasury-Nominal	40	39	40	39
U.S. Treasury-TIPS	0	0	0	0
U.S. Agency	4	6	4	6
Mortgage Backed	21	23	22	23
Corporate	25	25	24	24
Bank Loans	0	0	0	0
Local & Provincial Government	0	1	0	1
Sovereign & Supranational	7	3	7	3
Commercial Mortgage Backed	2	2	2	2
Asset Backed	0	1	0	0
Cash Equivalent	0	0	0	0
Other	0	0	0	0
Market Allocation (%):				
United States	90	90	91	90
Foreign (developed markets)	6	6	6	6
Foreign (emerging markets)	4	4	4	4
Currency Allocation (%):				
Non-U.S. Dollar Exposure	0	0	0	0



San Jose Federated Retiree Health Care 115 Trust

Vanguard Inflation-Protected Securities Portfolio Detail as of 12/31/13

Mandate: Fixed Income
Active/Passive: Passive
Market Value: \$7.1 million
Portfolio Manager: John Hollyer, CFA
Location: Valley Forge, Pennsylvania
Inception Date: 12/1/2011
Account Type: Mutual Fund (VAIPX)

	Short	Int.	Long
High			
Medium			
Low			

Fee Schedule:
0.10% on all assets

Liquidity Constraints:
Daily

Strategy:
The Vanguard Inflation-Protected Securities strategy seeks long-term returns that exceed inflation by investing at least 80% of its assets in high-quality inflation-indexed bonds. These securities, primarily issued by the U.S. Treasury, government agencies, and domestic corporations, automatically adjust their principal and interest payments over time in response to changes in inflation.

Performance (%):	4Q13	Fiscal YTD	1 YR	Since 12/1/11
Vanguard Inflation-Protected Securities	-2.2	-1.3	-8.9	-1.2
Barclays U.S. TIPS	-2.0	-1.3	-8.6	-1.1

Duration & Yield:	12/31/13		9/30/13	
	Vanguard TIPS Index	Barclays TIPS	Vanguard TIPS Index	Barclays TIPS
Average Effective Duration (years)	6.8	6.8	7.4	7.4
Yield to Maturity (%)	2.4	2.4	2.2	2.2
Quality Structure (%):				
Average Quality	AAA	AAA	AAA	AAA
AAA (includes Treasuries and Agencies)	100	100	100	100
AA	0	0	0	0
A	0	0	0	0
BBB	0	0	0	0
BB	0	0	0	0
B	0	0	0	0
Below B	0	0	0	0
Non-Rated	0	0	0	0
Sector Allocation (%):				
U.S. Treasury-Nominal	0	0	0	0
U.S. Treasury-TIPS	100	100	100	100
U.S. Agency	0	0	0	0
Mortgage Backed	0	0	0	0
Corporate	0	0	0	0
Bank Loans	0	0	0	0
Local & Provincial Government	0	0	0	0
Sovereign & Supranational	0	0	0	0
Commercial Mortgage Backed	0	0	0	0
Asset Backed	0	0	0	0
Cash Equivalent	0	0	0	0
Other	0	0	0	0
Market Allocation (%):				
United States	100	100	100	100
Foreign (developed markets)	0	0	0	0
Foreign (emerging markets)	0	0	0	0
Currency Allocation (%):				
Non-U.S. Dollar Exposure	0	0	0	0



Real Assets Portfolio Reviews
As of December 31, 2013

San Jose Federated Retiree Health Care 115 Trust

Credit Suisse Compound Risk Parity Commodity Index Portfolio Detail as of 9/30/13

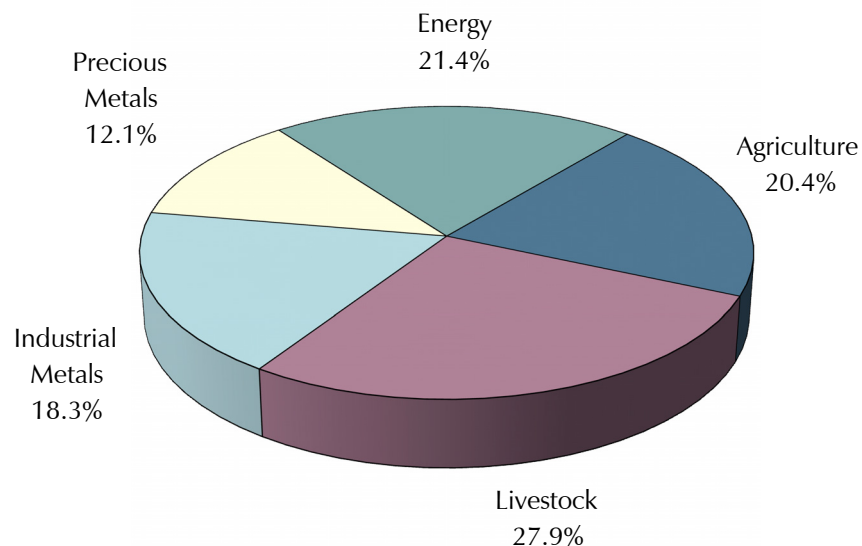
Mandate: Commodity
Active/Passive: Active
Market Value: \$5.9 million
Portfolio Manager: Christopher Burton
Location: New York, New York
Inception Date: 8/1/2011
Account Type: Commingled Fund

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

Liquidity Constraints:
 Daily

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

Current Allocation:



Performance (%):	4Q13	Fiscal YTD	1 YR	Since 8/1/11
Credit Suisse Compound Risk Parity Commodity Index	-1.2	2.9	-8.8	-7.0
Custom Risk Parity Benchmark ¹	-1.5	2.5	-9.2	-7.4
Dow Jones-UBS Commodity U.S. Index	-1.1	1.1	-9.5	-10.1

¹ Custom Risk Parity Benchmark returns provided by Credit Suisse.



San Jose Federated Retiree Health Care 115 Trust

First Quadrant Risk Parity Commodity Index Portfolio Detail as of 9/30/13

Mandate: Commodity
Active/Passive: Active
Market Value: \$2.0 million
Portfolio Manager: Team
Location: Pasadena, California
Inception Date: 8/1/2011
Account Type: Commingled Fund

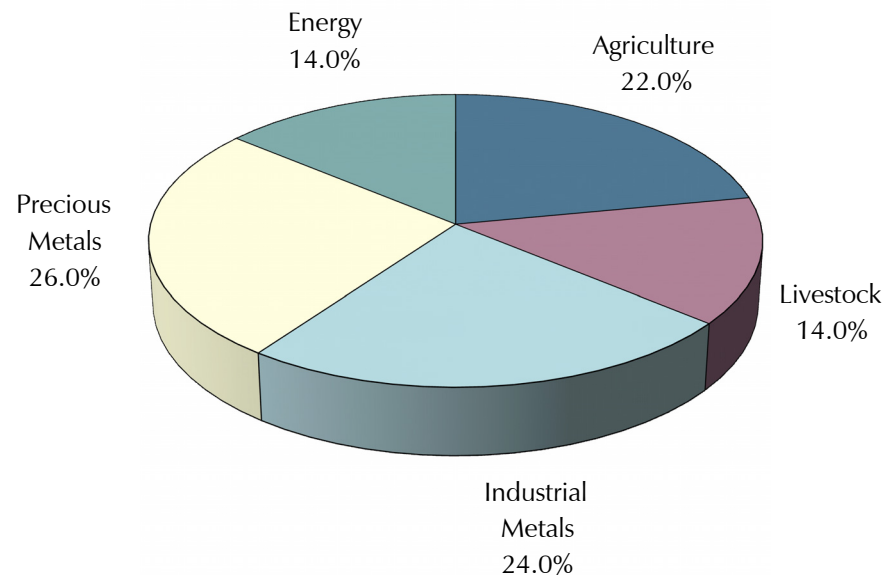
Fee Schedule:
 0.35% on all assets

Liquidity Constraints:
 Monthly

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

Performance (%):	4Q13	Fiscal YTD	1 YR	Since 8/1/11
First Quadrant Risk Parity Commodity Index	-0.8	3.4	-13.6	-12.0
Custom Risk Parity Benchmark ¹	-1.5	2.5	-9.2	-7.4
Dow Jones-UBS Commodity U.S. Index	-1.1	1.1	-9.5	-10.1

Current Allocation:



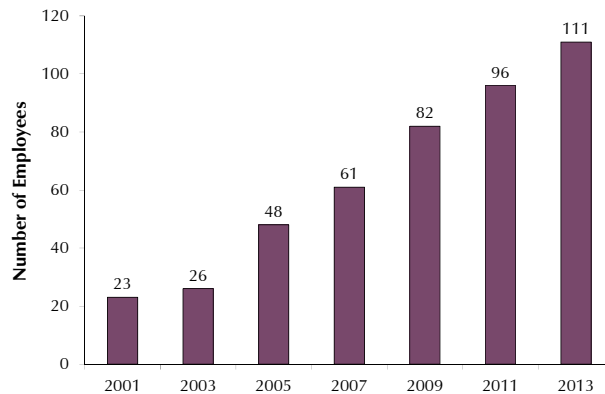
¹ Custom Risk Parity Benchmark returns provided by Credit Suisse.



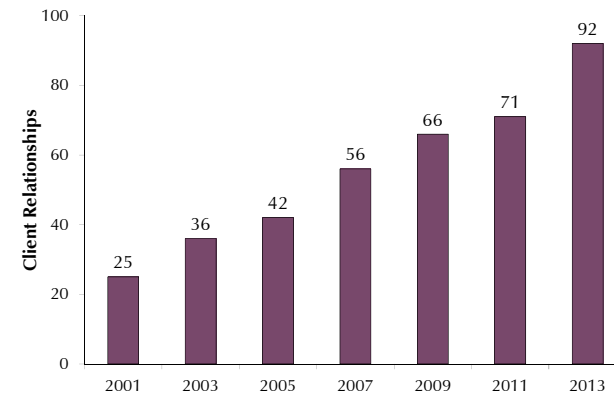
Meketa Investment Group Corporate Update

- Staff of 111, including 67 investment professionals and 24 CFA Charterholders
- 92 clients, with over 175 funds throughout the United States
- Significant investment in staff and resources
- Offices in Boston, Miami, and San Diego
- Clients have aggregate assets of over \$600 billion
 - Over \$20 billion in assets committed to alternative investments
 - Private Equity
 - Infrastructure
 - Natural Resources
 - Real Estate
 - Hedge Funds
 - Commodities

Employee Growth



Client Growth



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



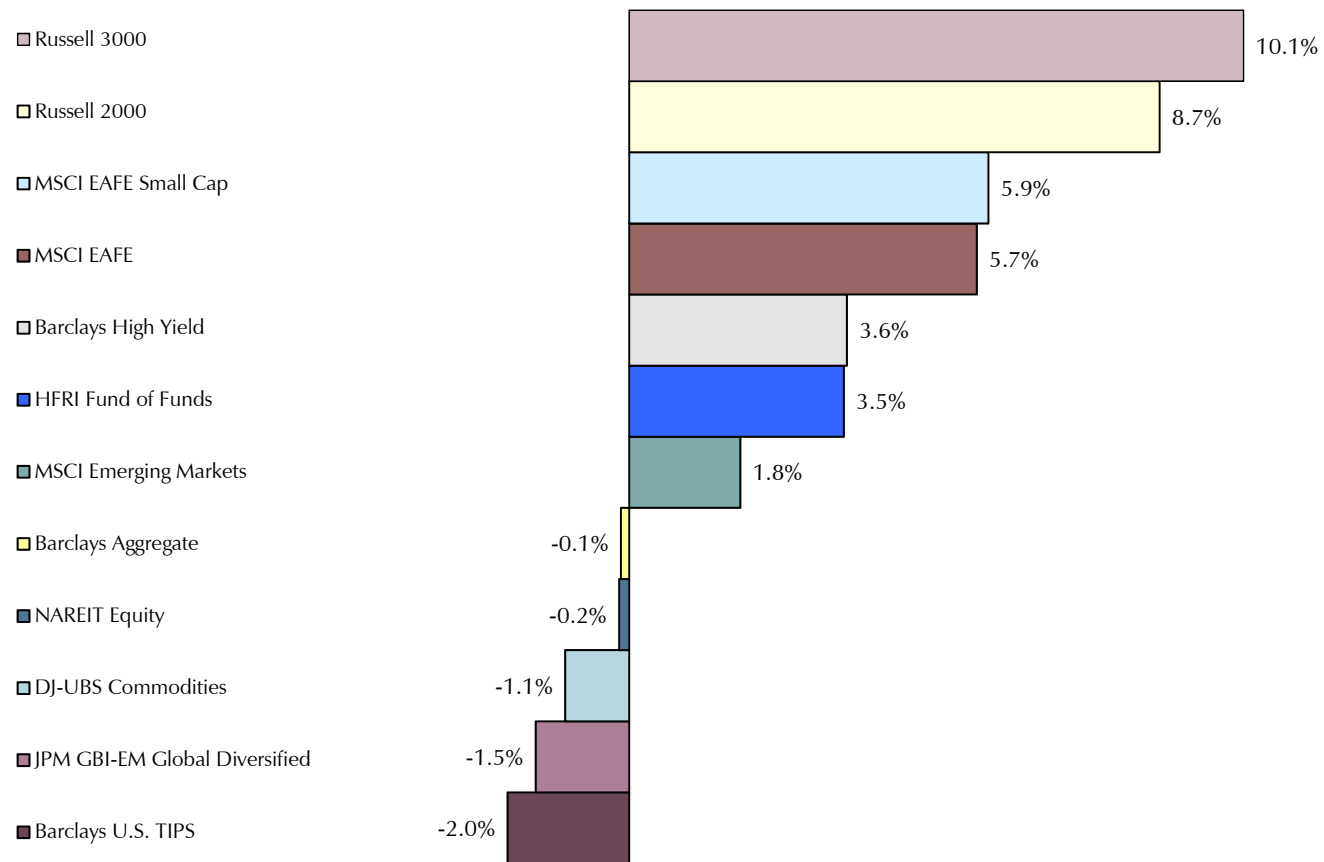
Asset Classes Followed Intensively by Meketa Investment Group

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

Appendices

The World Markets Fourth Quarter of 2013

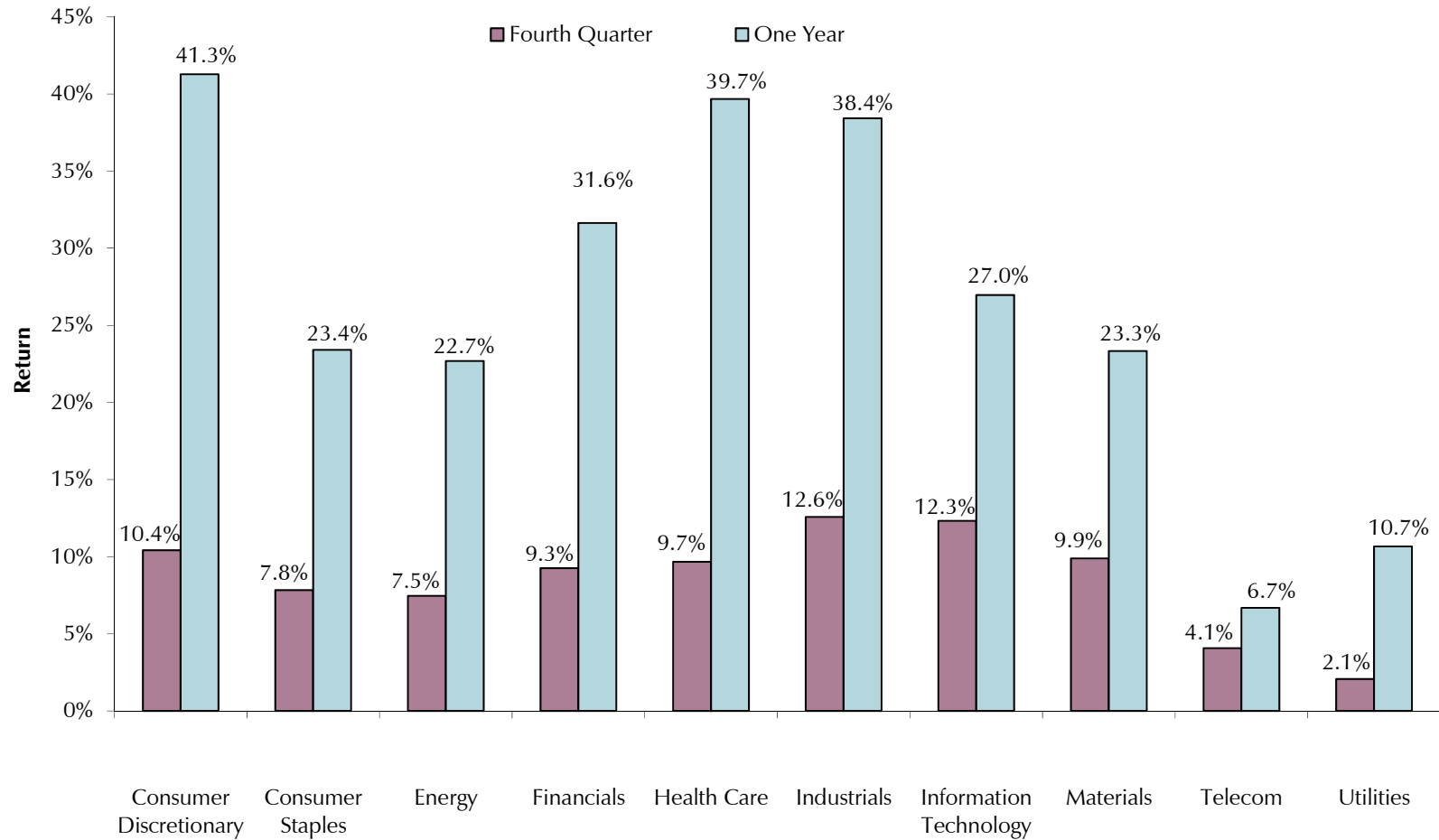
The World Markets
Fourth Quarter of 2013



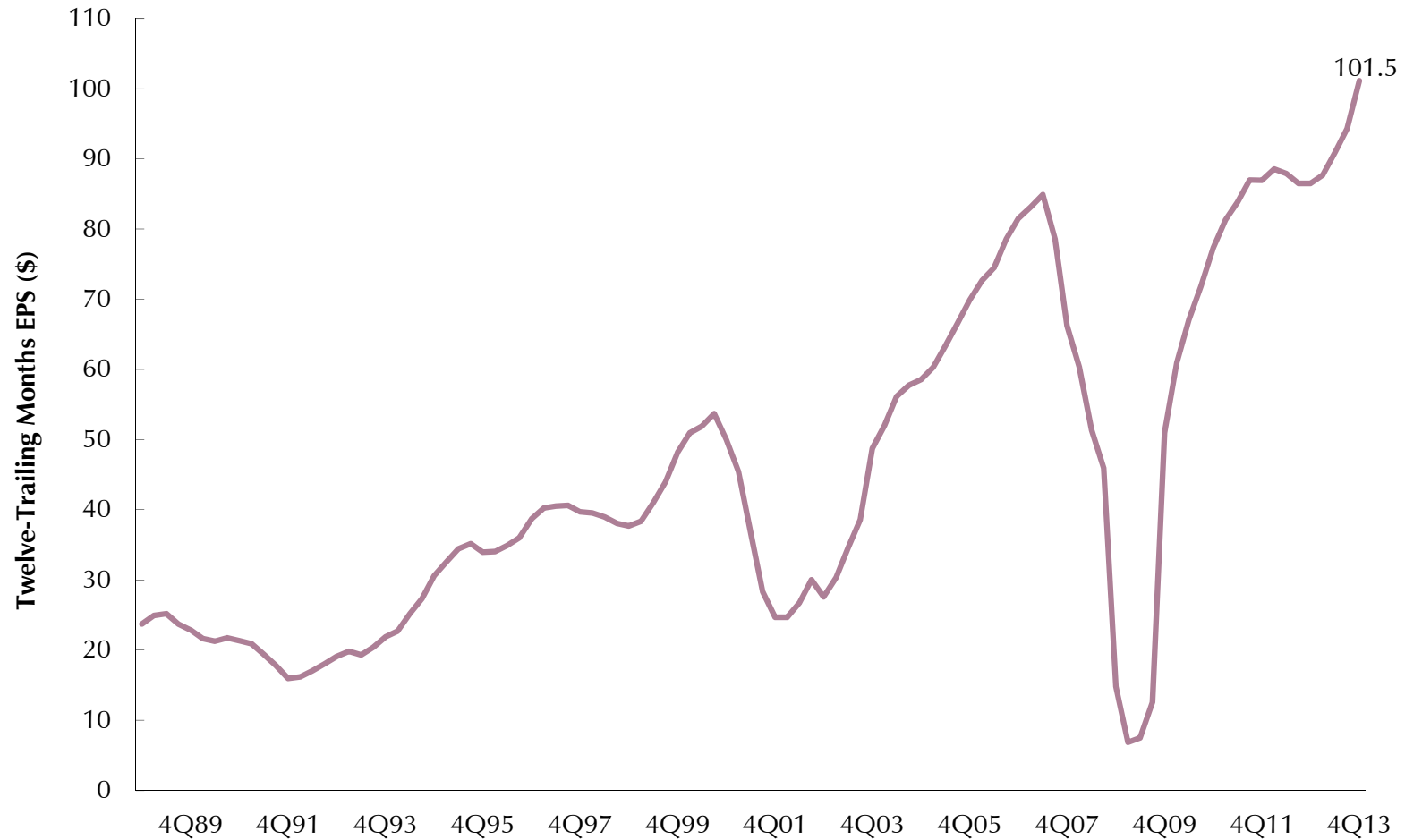
Index Returns

	4Q13 (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)
Domestic Equity					
Russell 3000	10.1	33.6	16.2	18.7	7.9
Russell 1000	10.2	33.1	16.3	18.6	7.8
Russell 1000 Growth	10.4	33.5	16.5	20.4	7.8
Russell 1000 Value	10.0	32.5	16.1	16.7	7.6
Russell MidCap	8.4	34.8	15.9	22.4	10.2
Russell MidCap Growth	8.2	35.7	15.6	23.4	9.8
Russell MidCap Value	8.6	33.5	16.0	21.2	10.3
Russell 2000	8.7	38.8	15.7	20.1	9.1
Russell 2000 Growth	8.2	43.3	16.8	22.6	9.4
Russell 2000 Value	9.3	34.5	14.5	17.6	8.6
Foreign Equity					
MSCI ACWI (ex. U.S.)	4.8	15.3	5.1	12.8	7.6
MSCI EAFE	5.7	22.8	8.2	12.4	6.9
MSCI EAFE (local currency)	6.4	26.9	9.4	11.3	6.0
MSCI EAFE Small Cap	5.9	29.3	9.3	18.5	9.5
MSCI Emerging Markets	1.8	-2.6	-2.1	14.8	11.2
MSCI Emerging Markets (local currency)	3.0	3.4	1.8	14.4	11.0
Fixed Income					
Barclays Universal	0.2	-1.3	3.8	5.4	4.9
Barclays Aggregate	-0.1	-2.0	3.3	4.4	4.5
Barclays U.S. TIPS	-2.0	-8.6	3.5	5.6	4.8
Barclays High Yield	3.6	7.4	9.3	18.9	8.6
JPMorgan GBI-EM Global Diversified (unhedged)	-1.5	-9.0	1.5	8.1	9.5
Other					
NAREIT Equity	-0.2	2.9	10.1	16.9	8.6
DJ-UBS Commodities	-1.1	-9.5	-8.2	1.4	-0.3
HFRI Fund of Funds	3.5	8.8	2.4	4.8	3.4

S&P Sector Returns



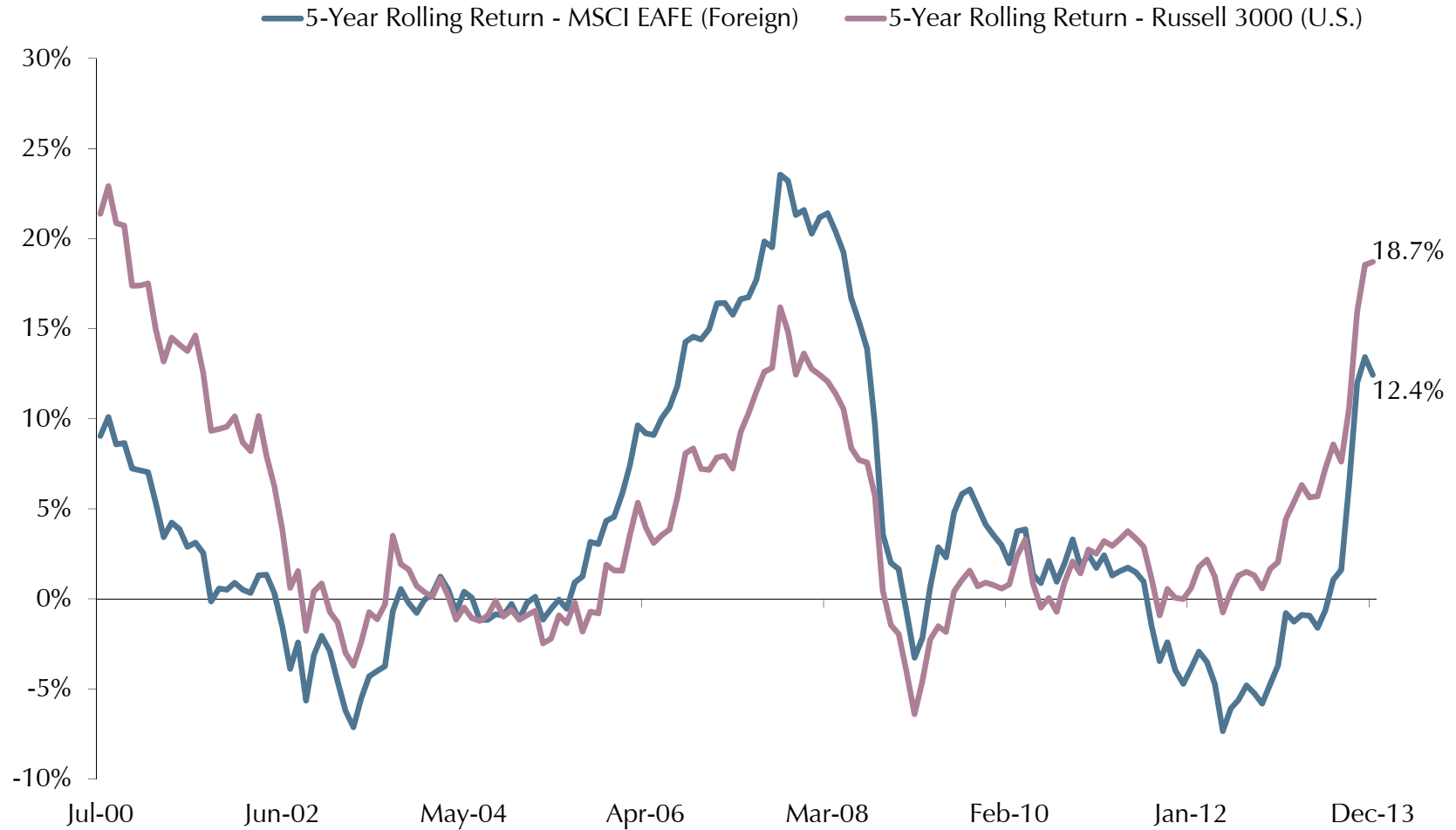
S&P 500 Earnings Per Share¹



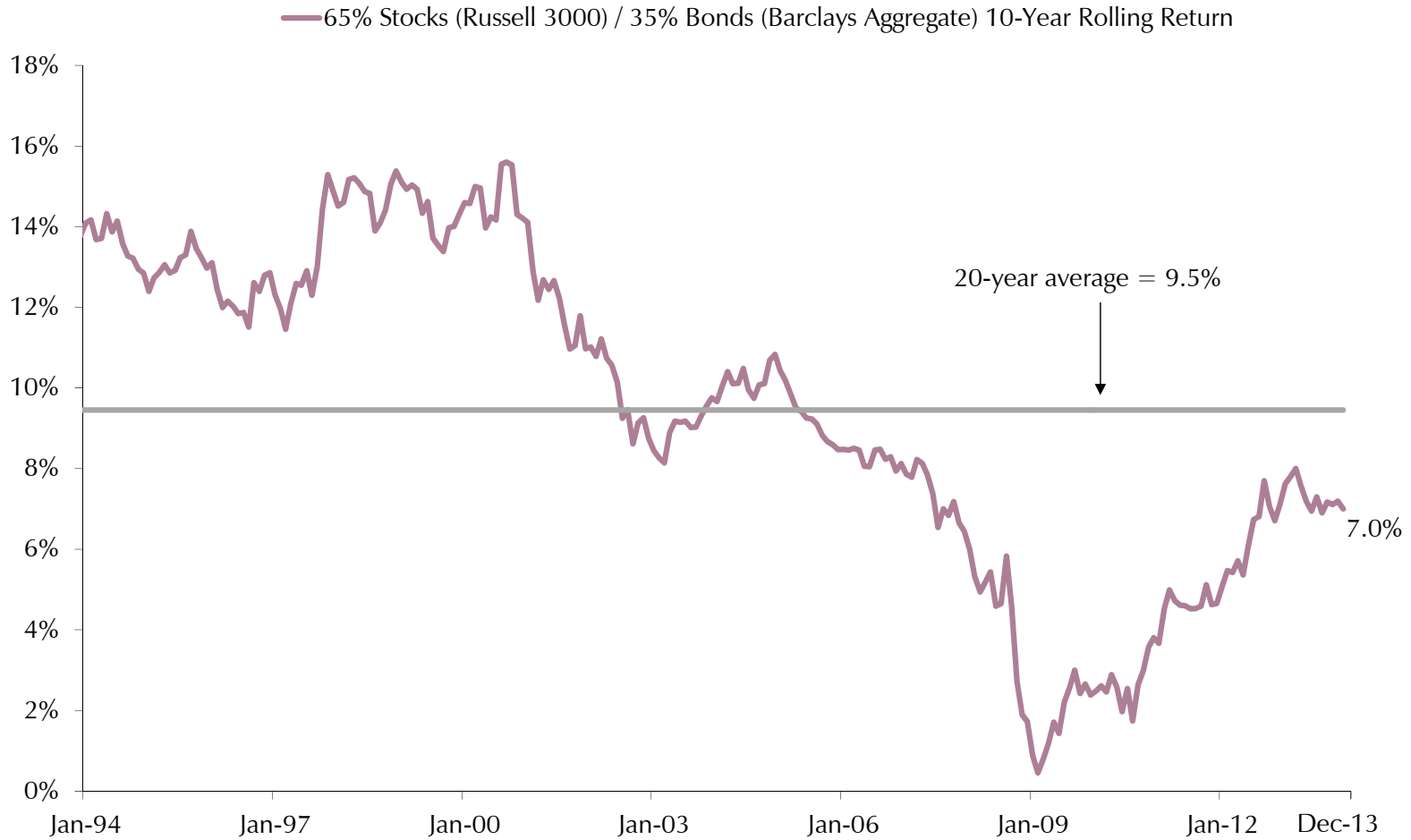
¹ The December 31, 2013 number is based on the approximately 89% of S&P 500 companies that reported earnings to date.



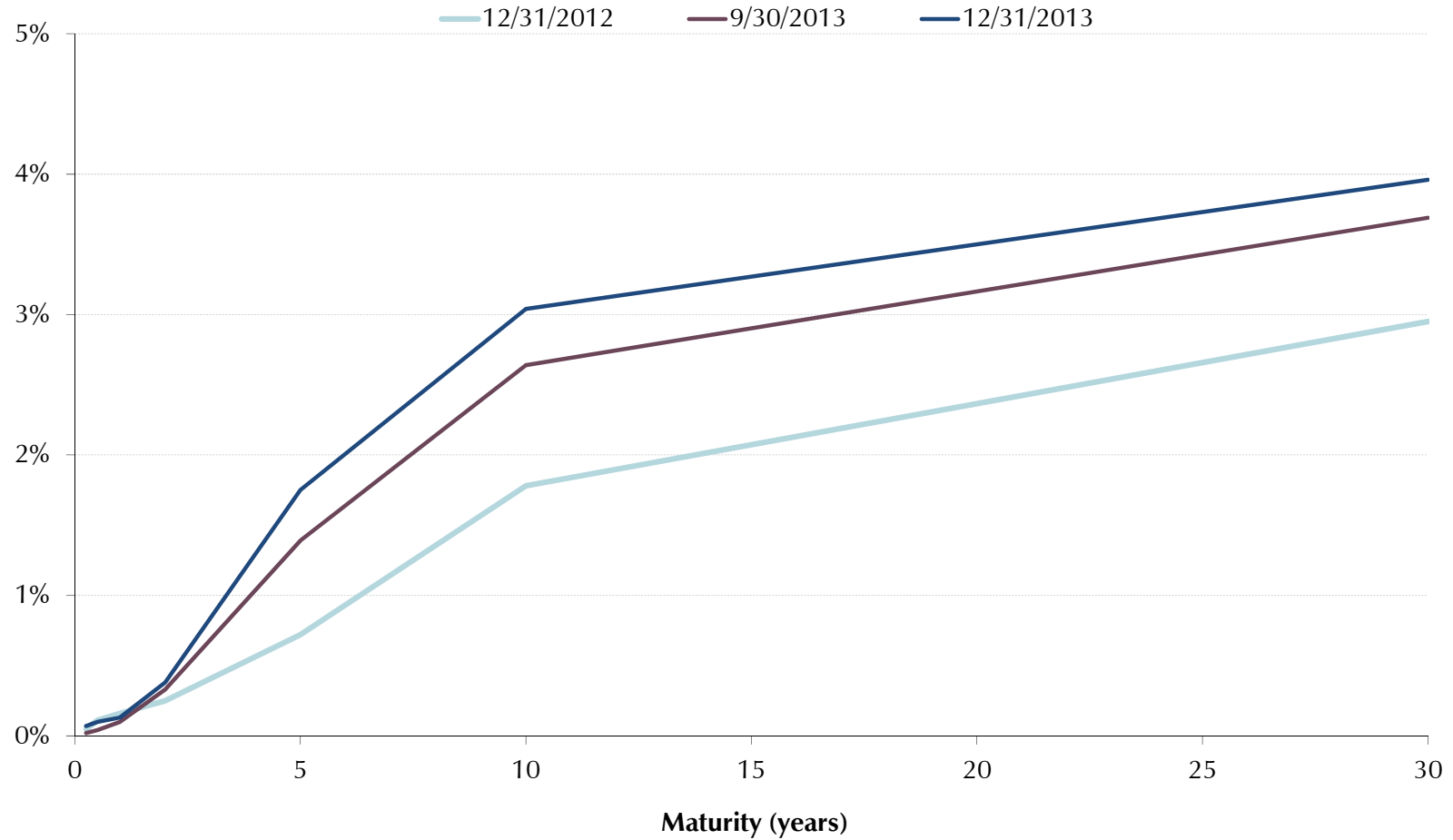
Equity Markets



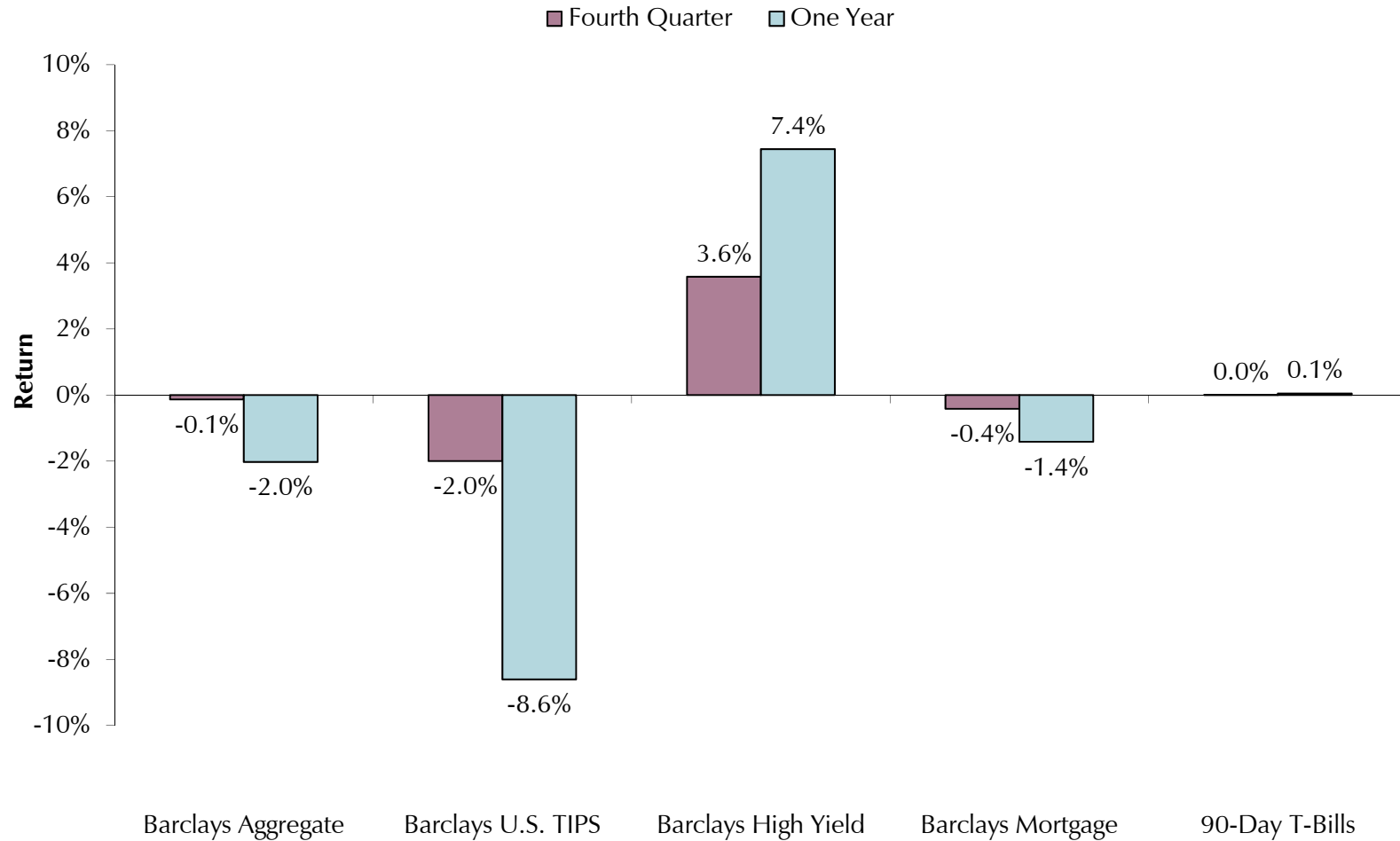
Rolling Ten-Year Returns: 65% Stocks and 35% Bonds



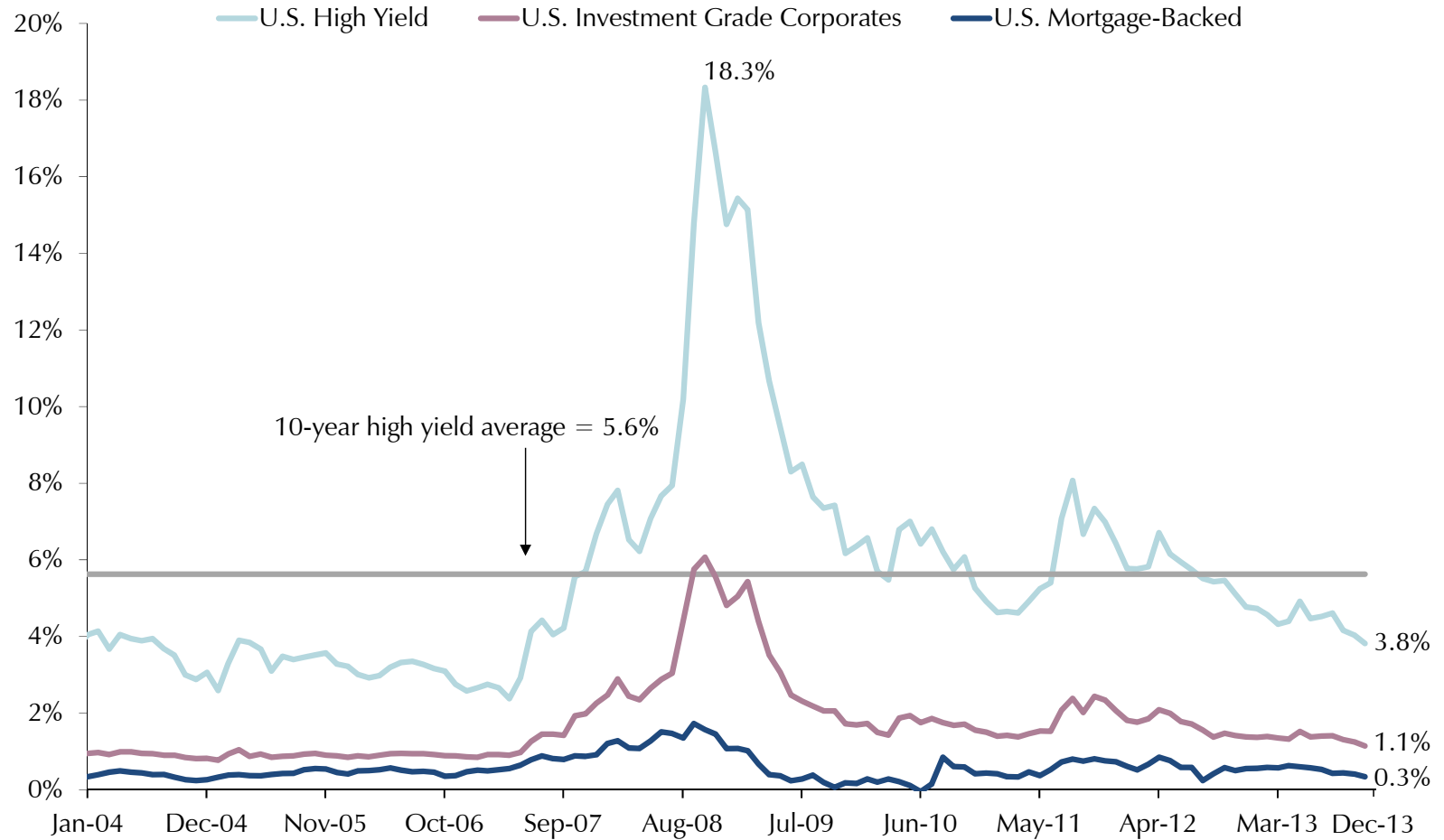
Treasury Yields



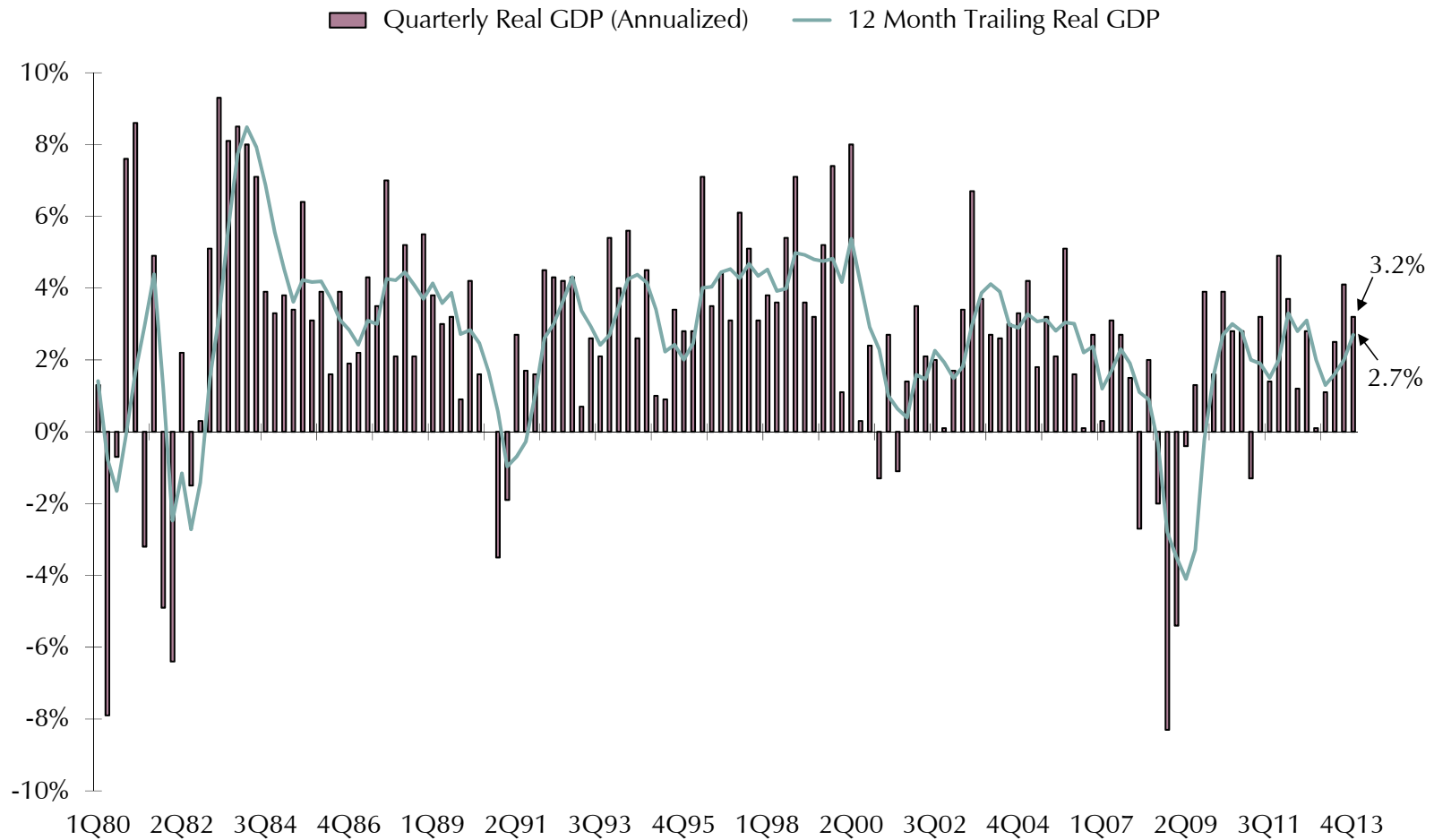
U.S. Fixed Income Markets



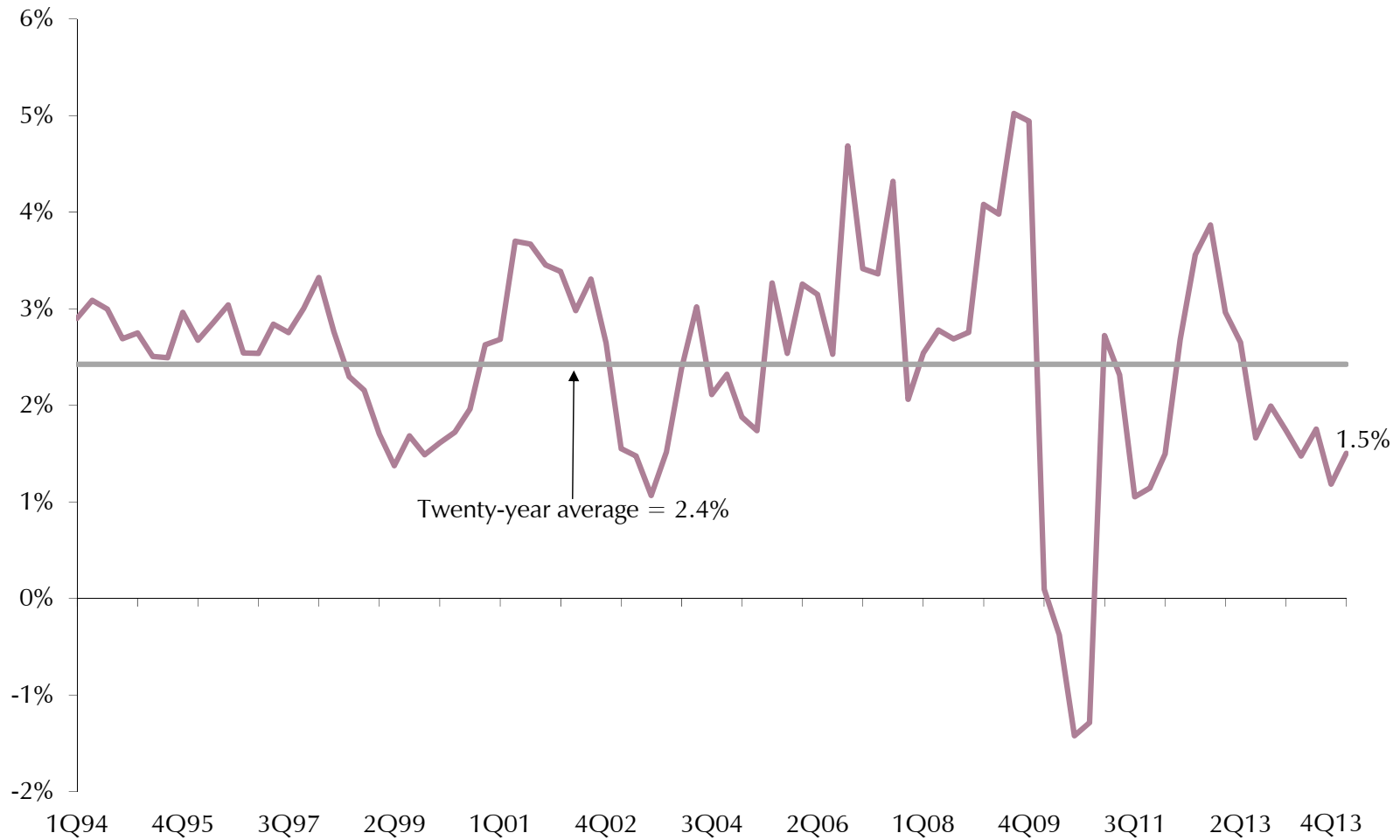
Credit Spreads vs. U.S. Treasury Bonds



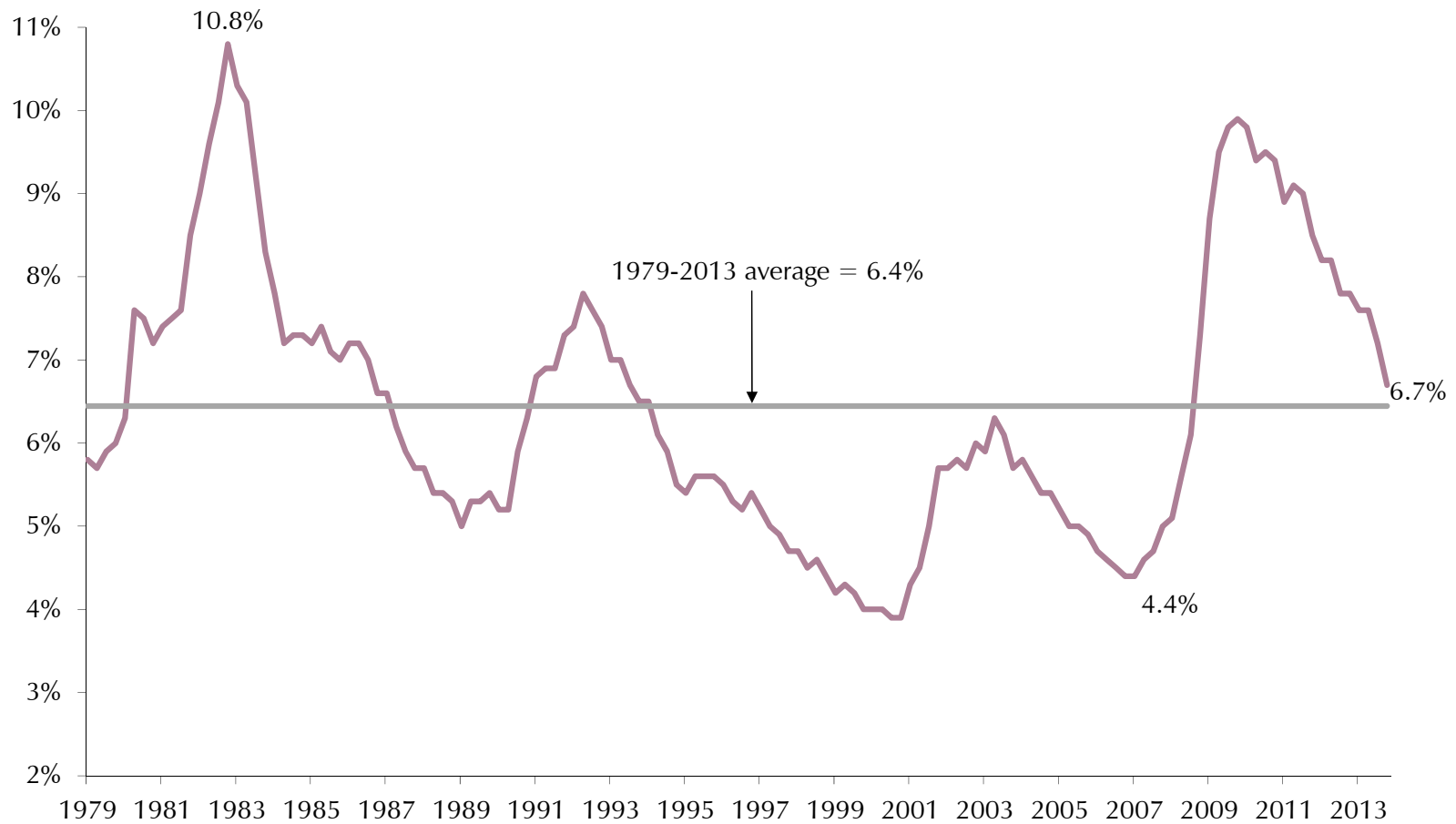
Real Gross Domestic Product (GDP) Growth



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



U.S. Unemployment



**Glossary and Notes
As of December 31, 2013**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The Russell Indices ®, TM, SM are trademarks/service marks of the Frank Russell Company.
Throughout this report, numbers may not sum due to rounding.
Returns for periods greater than one year are annualized throughout this report.
Values shown are in millions of dollars, unless noted otherwise.