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City of San Jose Police and Fire Department Retirement Plan

Investment Performance Analysis For the period ending December 31, 2014

February 24, 2015

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Market Environment Update and Outlook



Economic Environment

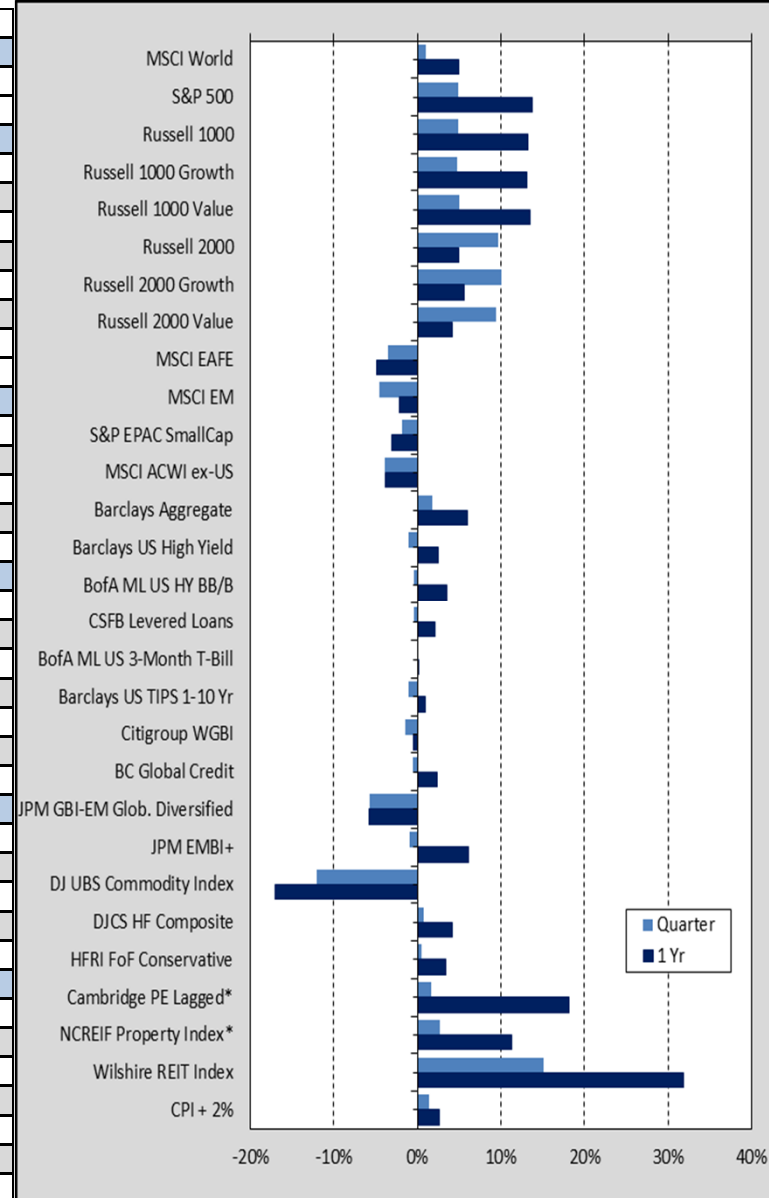
- **Fourth quarter “advanced” estimate of GDP growth remained positive, but decreased to an annual rate of +2.6%.**
 - Retail sales (ended December) rose to 1.9% on a year-over-year growth rate basis.
 - The inventory-to-sales ratio has remained mostly flat since early 2010 and closed at 1.3 in November.
 - Corporate profits as a percent of GDP increased, ending the fourth quarter at 12.2% and remain elevated relative to historical levels.
 - The U.S. trade deficit increased slightly in December.
- **The unemployment rate fell to 5.8% in December; U-6, a broader measure of unemployment, fell to 11.2% the fourth quarter.**
- **The Case-Schiller Home Price Index (as of 12/31) declined slightly to 167.11 from third quarter levels and is at levels higher than that of pre-financial crisis levels of 150.92.**
- **Rolling 12-month CPI decreased to 0.8% at the end of December; Capacity Utilization declined slightly to 79.7% in December.**
- **Fed Funds rate remains at 0.25%, while the 10-year Treasury Yield finished Q4 at 2.17%.**
- **The Fed balance sheet continued to grow in 2014, while the European Central Bank balance sheet decreased in 2014.**
 - ECB announced it will be embarking on an asset purchasing stimulus plan.
- **S&P valuations decreased in December, remaining above the 10-year and long-term averages, which are nearly equal at 16.4x, using current price/earnings ratios.**
 - Cyclically-adjusted Shiller PE ratio is above the long-term average of 17.6x and above the 10-year average of 22.9x.
- **The U.S. Dollar continues to strengthen against a basket of major currencies as the Fed ends its quantitative easing program.**

City of San Jose Police and Fire Department Retirement Plan

Market Environment – Q4 2014 Overview

		Qtr.	1 Yr.	3 Yr.	5 Yr.	10 Yr.
World Equity Benchmarks						
MSCI World	World	1.0%	4.9%	15.5%	10.2%	6.0%
		Qtr.	1 Yr.	3 Yr.	5 Yr.	10 Yr.
Domestic Equity Benchmarks						
S&P 500	Large Core	4.9%	13.7%	20.4%	15.5%	7.7%
Russell 1000	Large Core	4.9%	13.2%	20.6%	15.6%	8.0%
Russell 1000 Growth	Large Growth	4.8%	13.1%	20.3%	15.8%	8.5%
Russell 1000 Value	Large Value	5.0%	13.5%	20.9%	15.4%	7.3%
Russell 2000	Small Core	9.7%	4.9%	19.2%	15.6%	7.8%
Russell 2000 Growth	Small Growth	10.1%	5.6%	20.1%	16.8%	8.5%
Russell 2000 Value	Small Value	9.4%	4.2%	18.3%	14.3%	6.9%
		Qtr.	1 Yr.	3 Yr.	5 Yr.	10 Yr.
International Equity Benchmarks						
MSCI EAFE	International Developed	-3.6%	-4.9%	11.1%	5.3%	4.4%
MSCI EM	Emerging Equity	-4.5%	-2.2%	4.0%	1.8%	8.4%
S&P EPAC SmallCap	Small Cap Int'l	-1.9%	-3.1%	14.4%	8.9%	6.9%
MSCI ACWI ex-US	World ex-US	-3.9%	-3.9%	9.0%	4.4%	5.1%
		Qtr.	1 Yr.	3 Yr.	5 Yr.	10 Yr.
Domestic Fixed Income Benchmarks						
Barclays Aggregate	Core Bonds	1.8%	6.0%	2.7%	4.5%	4.7%
Barclays US High Yield	High Yield	-1.0%	2.5%	8.4%	9.0%	7.7%
BofA ML US HY BB/B	High Yield	-0.4%	3.5%	8.1%	8.8%	7.2%
CSFB Levered Loans	Bank Loans	-0.4%	2.1%	5.8%	5.8%	4.7%
BofA ML US 3-Month T-Bill	Cash	0.0%	0.0%	0.1%	0.1%	1.5%
Barclays US TIPS 1-10 Yr	Inflation	-1.0%	0.9%	0.0%	2.8%	3.8%
		Qtr.	1 Yr.	3 Yr.	5 Yr.	10 Yr.
Global Fixed Income Benchmarks						
Citigroup WGBI	World Gov. Bonds	-1.5%	-0.5%	-1.0%	1.7%	3.1%
BC Global Credit	Global Bonds	-0.5%	2.4%	5.1%	5.3%	4.8%
JPM GBI-EM Glob. Diversified	Em. Mkt. Bonds (Local)	-5.7%	-5.7%	0.1%	2.6%	6.7%
JPM EMBI+	Em. Mkt. Bonds	-0.9%	6.2%	4.7%	7.0%	7.7%
		Qtr.	1 Yr.	3 Yr.	5 Yr.	10 Yr.
Alternative Benchmarks						
DJ UBS Commodity Index	Commodity	-12.1%	-17.0%	-9.4%	-5.5%	-1.9%
DJCS HF Composite	Hedge Fund	0.7%	4.1%	7.2%	5.9%	5.8%
HFRI FoF Conservative	Fund of Funds	0.5%	3.4%	5.1%	3.3%	2.5%
Cambridge PE Lagged*	Private Equity	1.7%	18.1%	17.1%	16.6%	15.1%
NCREIF Property Index*	Real Estate	2.6%	11.3%	11.1%	11.0%	8.1%
Wilshire REIT Index	REIT	15.1%	31.8%	16.4%	17.3%	8.3%
CPI + 2%	Inflation/Real Assets	1.4%	2.7%	3.3%	3.7%	4.3%

* As of 9/30/2014



Positives

- **Fed asset purchases come to an end**
 - Divergence in monetary policies signaling different investment environments globally
- **Q4 GDP growth estimated at 2.6%**
 - U.S. employment continues to gain
- **ECB announces further monetary easing through asset purchases in addition to negative short dated interest rates**
- **Developed world inflation is low**
 - In U.S., CPI for all Urban Consumers was negative in Q4 driven by lower energy

Negatives

- **Geopolitical instability drives volatility**
 - Instability in the Mid-East, Eastern Europe, Greece
- **Europe continues to see ongoing political and economic growth challenges**
- **U.S. Dollar strength continues to translate into negative dollar denominated returns in international markets**
- **Valuations remain above 10 year and long-term averages**
 - Developed Equity P/Es above median
 - Credit spreads near historically low levels
- **Volatility re-emerges; the VIX spiked substantially toward the end of the fourth quarter**
 - VIX spiked approximately 100% in mid-December

Market Environment

Global Equity

- **U.S. equities advanced in the fourth quarter amid increasing volatility.**
- **Small cap stocks outperformed large cap stocks during the quarter, with the Russell 2000 Index returning 9.7% and the S&P 500 Index returning 4.9%.**
- **International equities underperformed U.S. markets during the quarter, returning -3.9%, as measured by the MSCI ACWI ex-U.S. Index.**
 - Developed markets returned -3.6% as measured by the MSCI EAFE Index. Europe was the worst performing region returning -4.6%.
 - Emerging markets returned -4.5% as measured by the MSCI Emerging Markets Index in U.S. dollar terms. In local currency terms emerging markets were up 0.1%. Emerging countries in Europe (-6.45%) and Latin America (-6.13%) were the largest detractors in local currency terms.

Private Equity

- **New private equity commitments totaled \$83 billion in Q4 2014, bringing total new commitments to \$348 billion for the year, making 2014 the fifth straight year of increasing commitments.**
 - 2014 global PE fundraising pace increased 7% over 2013; U.S. fundraising exceeded 2013 totals by 4% or \$9.4 billion.
- **Buyout and growth equity fund deal volume in both the U.S. and Europe gradually declined throughout 2014.**
 - Buyout and growth equity deals totaled \$181 billion, approximately \$3.0 billion less than 2013.
- **Venture capital commitments totaled \$44.9 billion, outpacing total 2013 commitments by 33%.**
 - At 13% of total private equity raised, commitments are just below the 10-year historic relative average.
- **Mezzanine funds continue to face strong headwinds from a robust high yield market and an expanding supply of private debt.**
 - Mezzanine funds raised \$16.5 billion or 5% of total private equity funds raised, \$8.8 billion less than in 2013.
- **Asian private equity commitments accelerated in 2014 to \$38.1 billion.**
 - Represents 11% of the 2014 total across all geographies. Asian funds raised \$27.5 billion in 2013, with 70% by China-based firms.

Market Environment

Fixed Income

- **Risk aversion permeated fixed income markets in the fourth quarter amid growing concerns around global economic growth and geopolitical events.**
- **2 and 3 year Treasury yields increased by 20 basis points while the 10-year Treasury yield fell 33 basis points during the quarter, finishing at 2.17%.**
- **The Treasury yield curve flattened with the spread between two- and ten-year rates falling to 1.50%.**
- **Treasury Inflation-Protected Securities, or TIPS, underperformed nominal Treasuries due to lower inflation (expectations and actual), with the Barclays U.S. TIPS Index posting a loss of 1.0% during the quarter.**
- **Investment grade credit spreads continued to widen, ending December at 125 basis points.**
- **High yield bonds returned -1.0% as spreads increased to 483 basis points, up from 424 basis points, nearly 59 basis points wider than September 2014 levels.**
 - High yield markets were most significantly impacted by the decline of oil prices as energy makes up approximately 14% of the Barclays U.S. High Yield Bond Index.
- **Emerging markets debt continued to slow in the fourth quarter after a strong first half of the year.**
 - Concerns over geopolitical events, economic growth and a Fed rate increase caused local currency (JP Morgan GBI-EM Global Diversified – Unhedged) to fare worse than external currency (JP Morgan EMBI+) emerging markets debt, resulting in losses of 5.7% and 0.9%, respectively.

Commodities

- **Commodities sold off in the fourth quarter with the Bloomberg Commodity Index losing 12.1%.**
 - Oil continued to be the headline story with a decline of approximately 40% in the quarter on negative supply pressure from OPEC and on lower demand growth expectations.

Real Estate

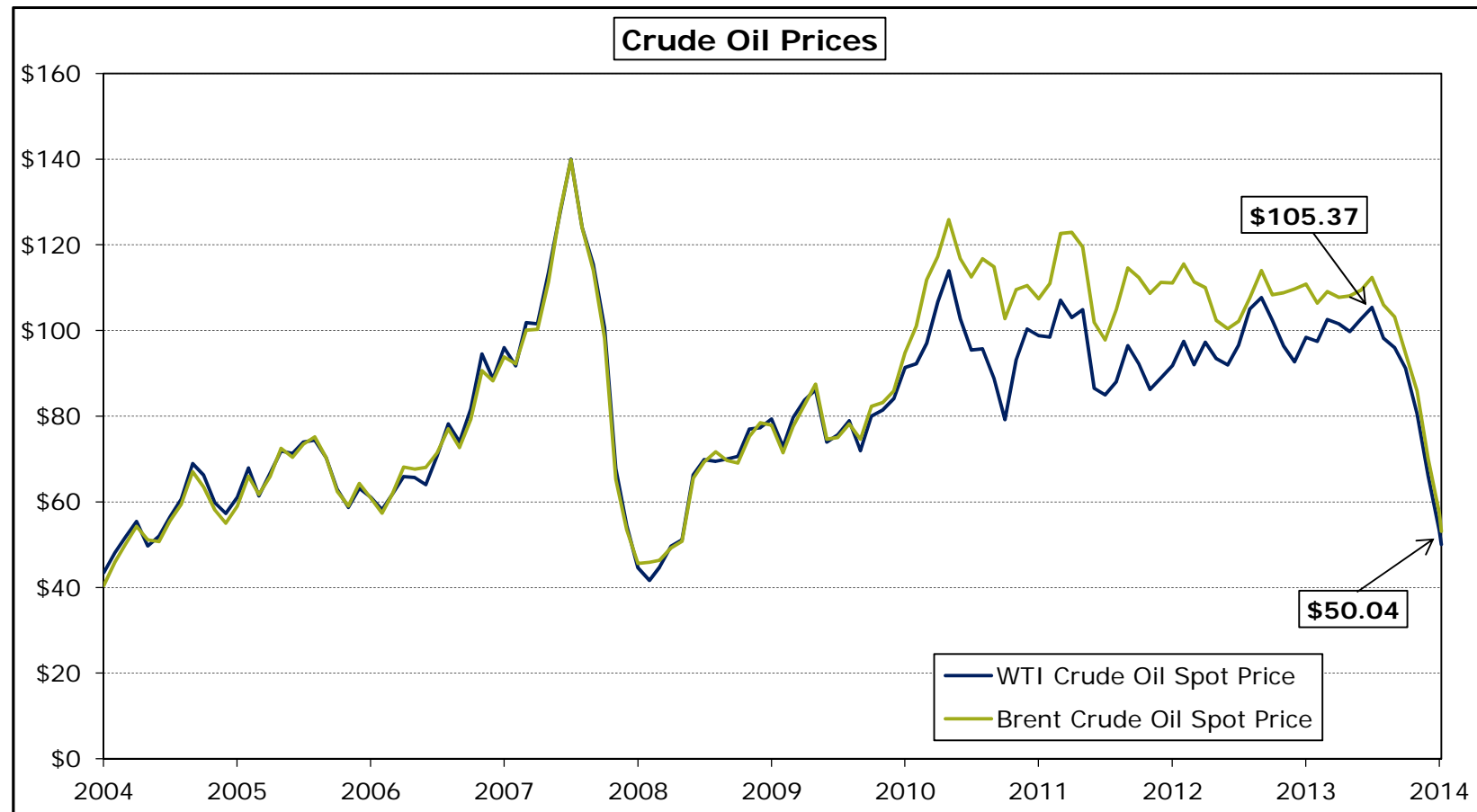
- **NEPC continues to be neutral on core real estate in the U.S. and remains positive on non-core real estate, that is, value-add and opportunistic strategies.**
- **Within U.S. core real estate, strong fundamentals continue to be the story along with attractive income spreads relative to interest rates.**
 - The concerns for U.S. core real estate (and U.S. real estate, broadly) continues to be plentiful capital that is driving up pricing; and the market's expectation for higher future interest rates and their impact on capitalization rates and capital values.
- **U.S. REITs traded up relative to net asset values ending Q4 at a slight premium to NAV (long-term average is 2.4% above NAV).**
 - The Wilshire REIT Index ended the quarter up 15.1% and ended the year with a gain of 31.8%.
 - FFO multiples are up to approximately 18x remaining above the average of 12.5x since 2000.
- **Overall, the non-core real estate investment environment in the U.S. is normalizing; however, select areas remain attractive.**
- **Europe is viewed as the best place for a marginal dollar of non-core real estate investment.**
 - Europe is emerging from multi-year recession, but recovery is slow.
 - Banks in EU are still overleveraged and have significant real estate exposure (banks in Europe hold 90%+ of real estate debt or €2,300B; in the U.S. banks hold 49% of real estate debt).

Real Assets/Inflation-Linked Assets

- **Massive energy market dislocation.**
 - Private equity and private debt opportunities attractive.
 - Potential for public stressed/distressed credit, equity and commodity plays.
- **OPEC and Saudi Arabia have indicated a willingness to allow lower oil prices to persist in efforts to cement market share and reduce marginal supply.**
- **Select infrastructure opportunities are attractive.**
 - Target opportunistic strategies in niche sub-sectors to take advantage of market dislocations.
- **NEPC continues to believe in the long-term demand drivers in agriculture.**
 - Long-term commodity prices driven by growing emerging market demand.
- **Timber opportunity set limited but warrants further review**
 - 45% increase in housing starts forecasted; timber prices highly correlated

What's Happened: Historical Crude Oil Prices

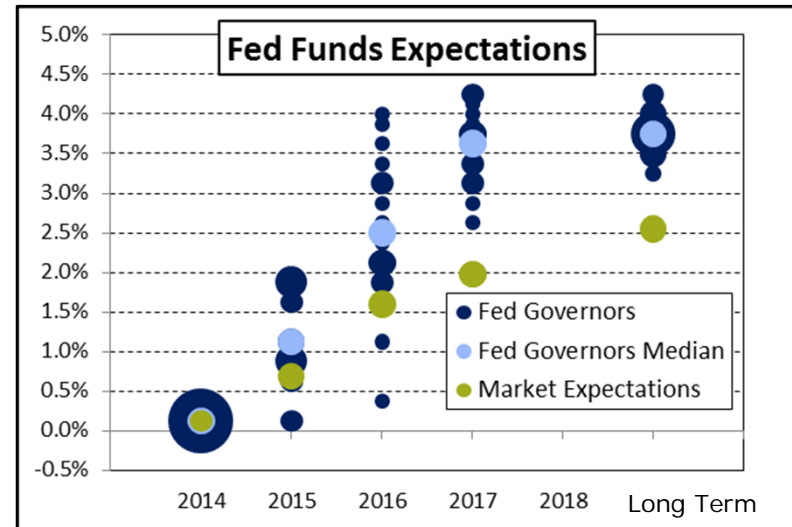
- Crude oil prices have dropped by over 50% since June 2014
- The recent decline represents the second largest decline since 2000



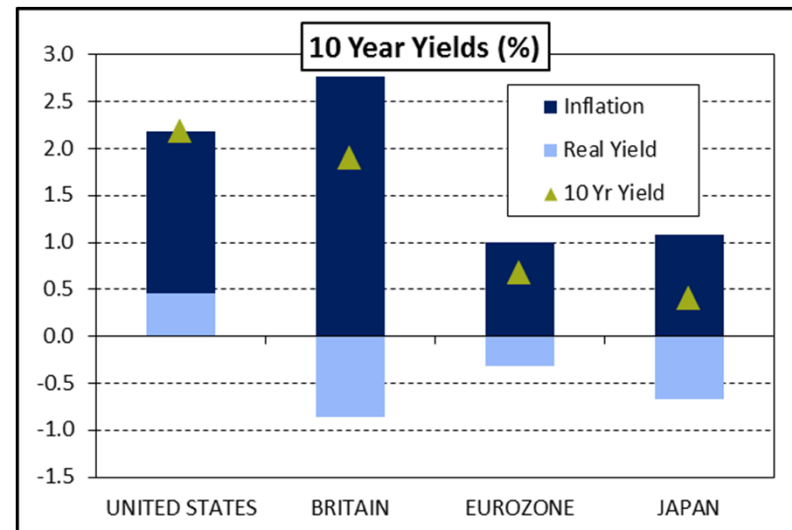
Source: Bloomberg; data as of January 5, 2015.

Fed Rate Hikes Expected in 2015; Timing and Pace Are Uncertain

- **Fed governors (blue dots) project higher rates over the next few years**
 - Market expectations (green dots) are less ambitious with reality likely in-between
 - Upside surprise to pace or level of interest rates supportive of higher USD; negative for U.S. risk assets
- **Low real rates suppressed by central banks, squeeze expectations for future returns**
 - UK, Europe & Japan all with negative 10 year real yields
 - U.S. bonds look relatively attractive in this context
 - Real rates moving lower toward peers is bullish for risk assets
 - Long-term normalized monetary policy could reverse the trend

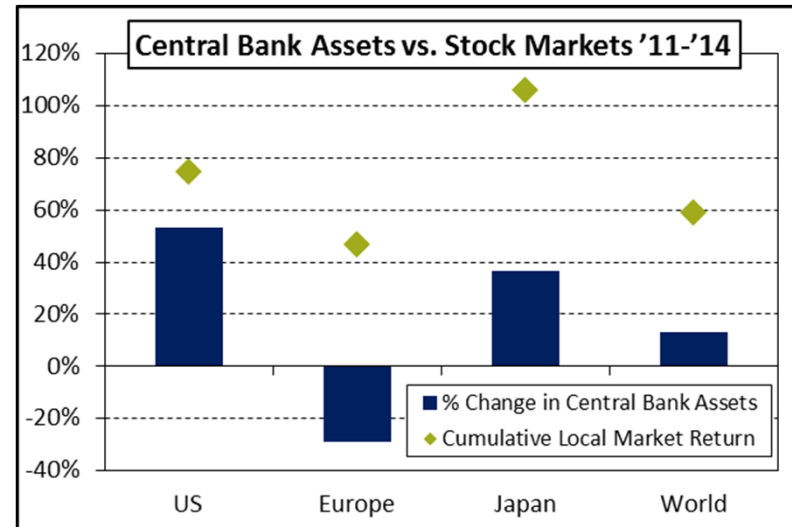


Source: Bloomberg and Federal Open Market Committee as of 11/30

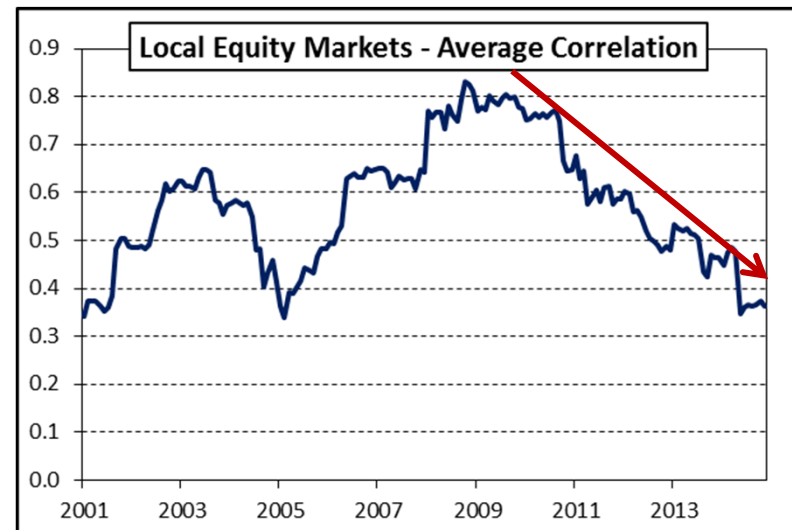


Source: Bloomberg as of 11/30

- **Central bank stimulus has been a key driver of market returns**
 - Post crisis monetary policy was first highly stimulative, waned in 2010-2011, then resumed unevenly
 - Greater stimulus led to strong *local* market returns
 - Continued stimulus in Japan and Europe should be incorporated into outlook but hedging developed market currency exposure is prudent
- **Policy responses have been key driver of capital market results**
 - Distinct economic environments across countries leads to differentiation in market returns
 - Evolving monetary policies continue to diverge and likely lead to more independent capital market outcomes among countries



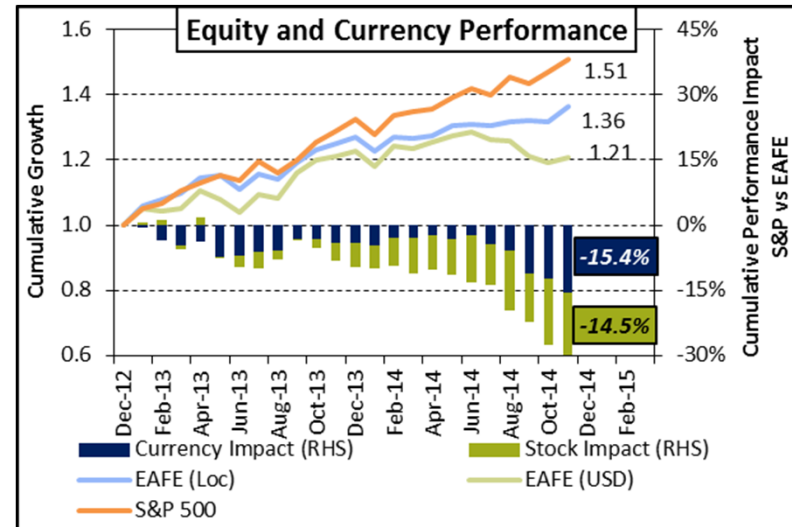
Source: Bloomberg as of 11/30



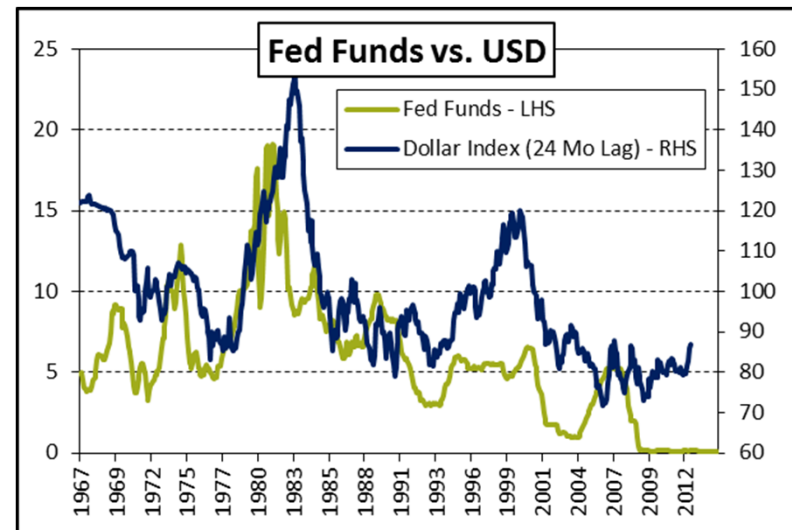
Source: Bloomberg as of 11/30 - Local indices consist of Australia, Europe, UK, Emerging Markets, Japan, New Zealand, US, and Canada

Strength in the U.S. Dollar has Implications for Non-U.S. Markets

- **Currency has been a detractor for U.S. investors allocating abroad over last 2-3 years**
 - Half of recent underperformance is driven by currency
- **Hedging a portion of develop market currency risk a key theme in coming years**
 - Yen and Euro denominated issues make up roughly 50% of MSCI EAFE
- **Dollar strength not necessarily relegated to the recent past**
 - History shows the dollar tends to rally two years after Fed Funds hikes



Source: Bloomberg, NEPC as of 11/30



Source: Bloomberg 11/30

- **Be judicious with risk**
 - Avoid chasing risk for only marginal return enhancements
 - Less liquid opportunities may provide the best risk-adjusted approach, but liquidity needs should be incorporated (e.g., substituting direct lending for high yield)
- **Question the “traditional” approach; different investment environments require different perspectives of risk and return**
 - A low-return environment may require a fresh perspective
 - Continue to remove traditional portfolio constraints by adding active managers with skill to exploit inefficiencies within and across asset classes (e.g., flexible global equity, global asset allocation, absolute return fixed income)
- **Rethink fixed income portfolio structure in light of current market environment**
 - Use of an unconstrained/multi-sector fixed income portfolio may provide sound diversification and enhanced liquidity
 - Examine if alternatives are available to traditional portfolio positions (e.g., combining cash and long treasuries vs. holding core bond portfolio)
- **Review inflation hedging allocations in light of recent market action**
 - Some areas have likely sold off more than is warranted
- **Consider market weight or slightly over-weighted target allocation to developed non-U.S. equity**
 - Consider reducing the risk of the position by allocating to a currency hedged portfolio or implementing a currency hedge overlay

NEPC Updates

Fourth Quarter 2014

Highlights of Fourth Quarter Happenings at NEPC

NEPC Research

Recent White Papers Posted

- *Improving Asset Allocation with Factor Analysis (November 2014)* – Mark Cintolo, CAIA, Research Consultant
- *Improving Governance Under an OCIO Structure (October 2014)* – Steven Charlton, CFA, Director of Consulting Services
- *NEPC 2014 Defined Contribution Plan & Fee Survey: What Plan Sponsors Are Doing Now (October 2014)* – Ross Bremen, CFA, Partner; Dan Beaton, Senior Analyst



Recent/Upcoming Events

- 2015 Market Outlook Webinar - January 22, 2015 at 3:00 PM EST.
- NEPC's 20th Annual Client Conference – May 19-20, 2015 in Boston at the Boston Convention & Exhibition Center (BCEC)

NEPC Gives Back

A team of NEPC employees participated in November once again this year. November is a global men's health charity requiring each 'Mo Bro' to sport a well-groomed mustache during the entire month of November to raise funds and awareness for men's prostate cancer, testicular cancer, and mental health. The team raised about \$20,000 this year and ranked #49 nationally! Additionally, NEPC employees participated in Lee National Denim Day once again this year and raised \$1,745. Lee National Denim Day is a fundraiser that takes place in October and was created by Lee Jeans to support the American Cancer Society's breast cancer programs.

NEPC Client Recognitions

Several of NEPC's clients were recognized by CIO Magazine recently. First, the October 2014 issue of CIO Magazine ranked the Power 100 CIOs, which included Tim Barrett, CIO of Texas Tech University System (#59), and Don Pierce, CIO of San Bernardino County Employees' Retirement Association (#61). Next, several NEPC clients were nominated for the CIO 2014 Industry Innovation Awards. Additionally, NEPC's client SBCERA was nominated for an Investor Intelligence Award in 'Portfolio Design'.

Professional Staff Updates

- **New Partner:** Sean Ruhmann, Partner, Director of Real Assets Research
- **New Principals:** Jeffrey Mitchell, CFA, CAIA, Principal, Senior Consultant ; Terri Sacramone, SPHR, Principal, Senior Human Resources Manager; and Michael Sullivan, Principal, Senior Consultant
- We are also pleased to announce that Daniel Hennessy has joined NEPC as a Senior Consultant located in our Redwood City, CA office. Daniel will be focusing on Taft-Hartley and Public Funds in the West.

Total Fund Performance



City of San Jose Police and Fire Department Retirement Plan

Total Fund Performance Summary (Gross of Fees)

	Market Value	3 Mo Rank	Fiscal YTD Rank	1 Yr Rank	3 Yrs Rank	5 Yrs Rank	10 Yrs Rank	15 Yr Rank	20 Yrs Rank	25 Yrs Rank	Return	Since									
Total Fund	\$3,171,475,431	-1.0%	99	-2.7%	99	2.7%	97	8.4%	91	7.4%	92	5.6%	89	5.8%	33	8.1%	68	8.2%	57	8.8%	Mar-71
Policy Benchmark		-0.8%	99	-2.8%	99	3.1%	96	7.8%	92	7.7%	91	5.6%	89	5.3%	63	--	--	--	--	--	Mar-71
Allocation Index		-0.6%	98	-2.7%	99	3.2%	96	7.8%	92	7.3%	92	5.7%	87	5.7%	38	--	--	--	--	--	Mar-71
60% MSCI World (Gross) / 40% CITI WGBI		0.1%	93	-2.7%	99	3.1%	96	9.1%	88	7.3%	92	5.5%	91	4.5%	98	7.0%	94	6.9%	97	--	Mar-71
InvestorForce Public DB > \$1B Gross Median		1.3%		0.1%		5.6%		11.4%		9.7%		6.5%		5.5%		8.3%		8.3%		--	Mar-71

For the five-year period ending December 31, 2014, the Fund returned 7.4%, trailing the policy benchmark by 0.3% and ranking in the 92nd percentile of the InvestorForce Public Funds > \$1 Billion Universe. The Fund's volatility ranks in the 28th percentile over the five-year period.

For the three-year period ending December 31, 2014, the Fund returned 8.4%, outperforming the policy benchmark by 0.6% and ranking in the 91st percentile of its peers. The Fund's volatility ranks near the top third of its peer group for the period.

For the one year ending December 31, 2014, the Fund produced a net investment gain of \$81.9 million, which includes a net investment loss of \$30.9 million in the fourth calendar quarter. Assets increased from \$3.1 billion one year ago to \$3.2 billion on December 31, 2014, with \$42.4 million in net distributions during the year.

For the one-year period ending December 31, 2014, the Fund returned 2.7%, trailing the policy benchmark by 0.4%. The Fund's volatility ranks in the top quartile of its peers while risk-adjusted performance is 0.6 for the year.

Please see the appendix for additional performance disclosures.

5 Years Ending December 31, 2014

	Anlzd Ret	Rank	Anlzd Std Dev	Rank	Sharpe Ratio	Rank	Sortino Ratio	Rank
Total Fund	7.4%	92	7.3%	28	1.0	95	1.6	91
Policy Benchmark	7.7%	91	7.3%	27	1.1	88	1.7	67
InvestorForce Public DB > \$1B Gross Median	9.7%	--	8.1%	--	1.2	--	1.8	--

3 Years Ending December 31, 2014

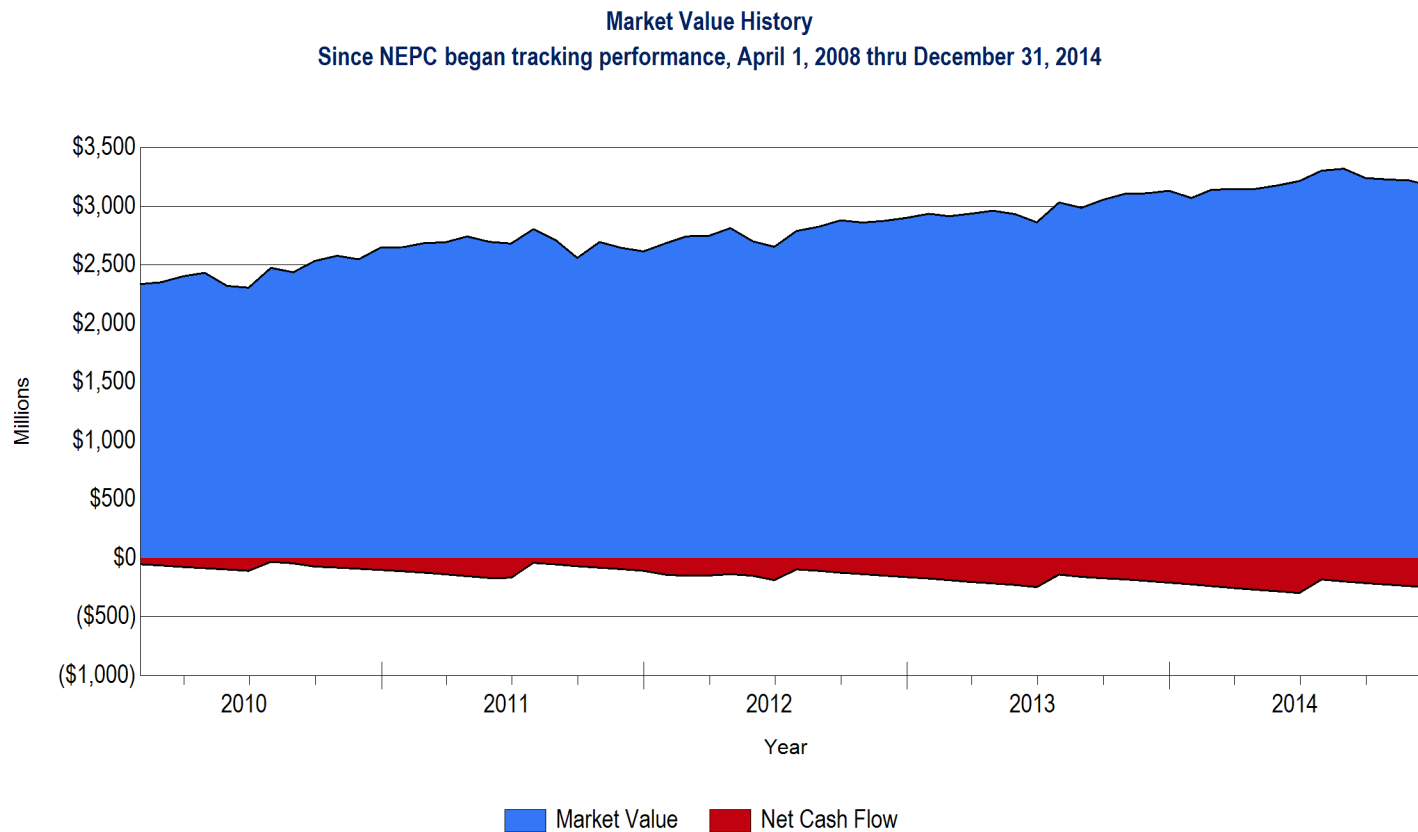
	Anlzd Ret	Rank	Anlzd Std Dev	Rank	Sharpe Ratio	Rank	Sortino Ratio	Rank
Total Fund	8.4%	91	5.7%	29	1.5	94	2.0	98
Policy Benchmark	7.8%	92	5.5%	19	1.4	97	2.1	98
InvestorForce Public DB > \$1B Gross Median	11.4%	--	6.1%	--	1.9	--	2.6	--

1 Year Ending December 31, 2014

	Anlzd Ret	Rank	Anlzd Std Dev	Rank	Sharpe Ratio	Rank	Sortino Ratio	Rank
Total Fund	2.7%	97	4.8%	19	0.6	98	1.6	93
Policy Benchmark	3.1%	96	4.9%	24	0.6	97	1.7	92
InvestorForce Public DB > \$1B Gross Median	5.6%	--	5.5%	--	1.0	--	2.3	--

City of San Jose Police and Fire Department Retirement Plan

Total Fund Asset Growth Summary

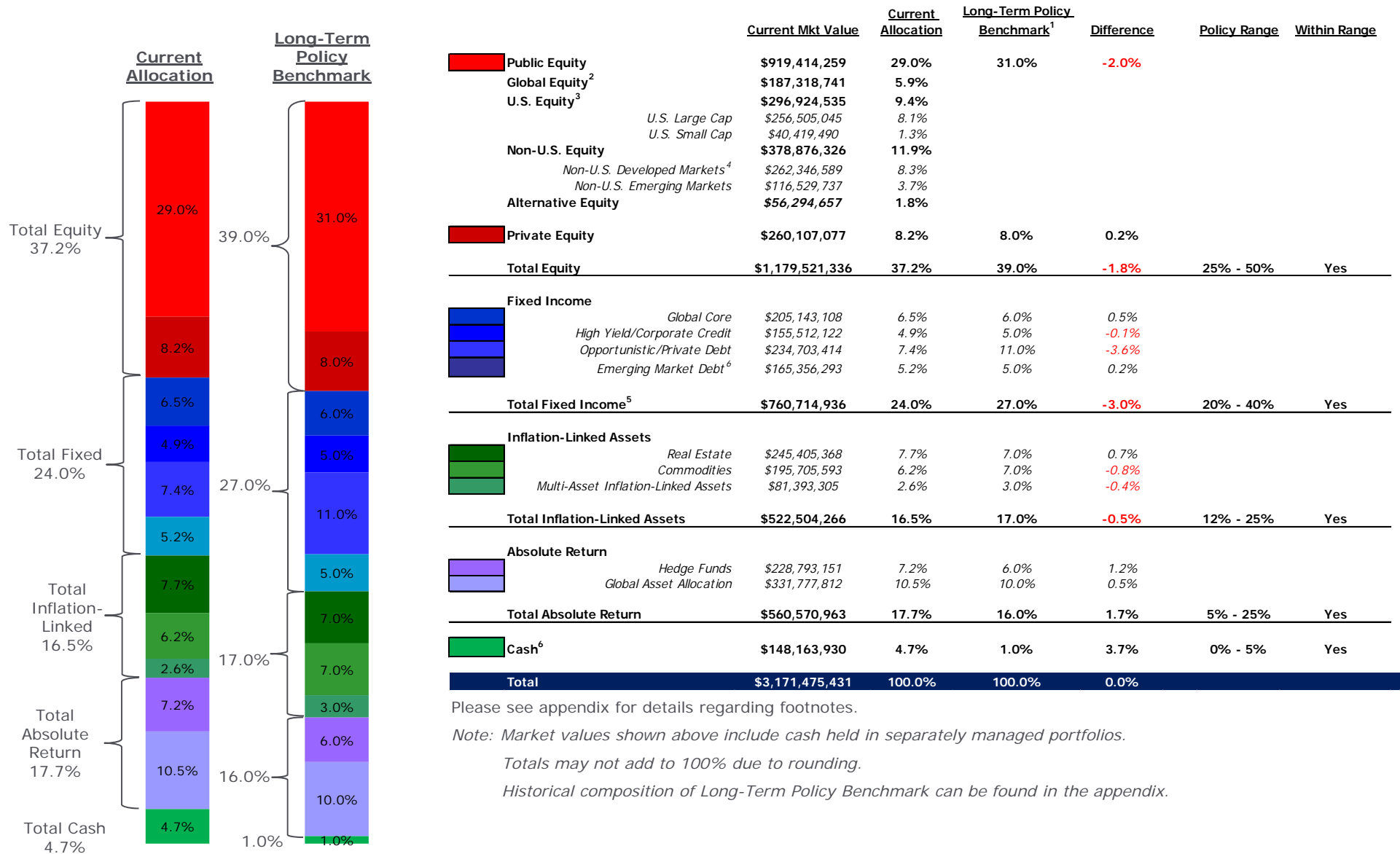


Sources of Portfolio Growth	Last Three Months	Fiscal Year-To-Date	One Year	Three Years	Five Years	Inputted Date 4/1/08
Beginning Market Value	\$3,241,034,490	\$3,214,627,471	\$3,131,959,520	\$2,615,156,201	\$2,389,473,510	\$2,583,363,926
Net Additions/Withdrawals	-\$38,565,708	\$45,738,546	-\$42,380,177	-\$143,542,026	-\$207,515,267	-\$251,552,162
Investment Earnings	-\$30,993,351	-\$88,890,586	\$81,896,088	\$699,861,257	\$989,517,188	\$839,663,667
Ending Market Value	\$3,171,475,431	\$3,171,475,431	\$3,171,475,431	\$3,171,475,431	\$3,171,475,431	\$3,171,475,431



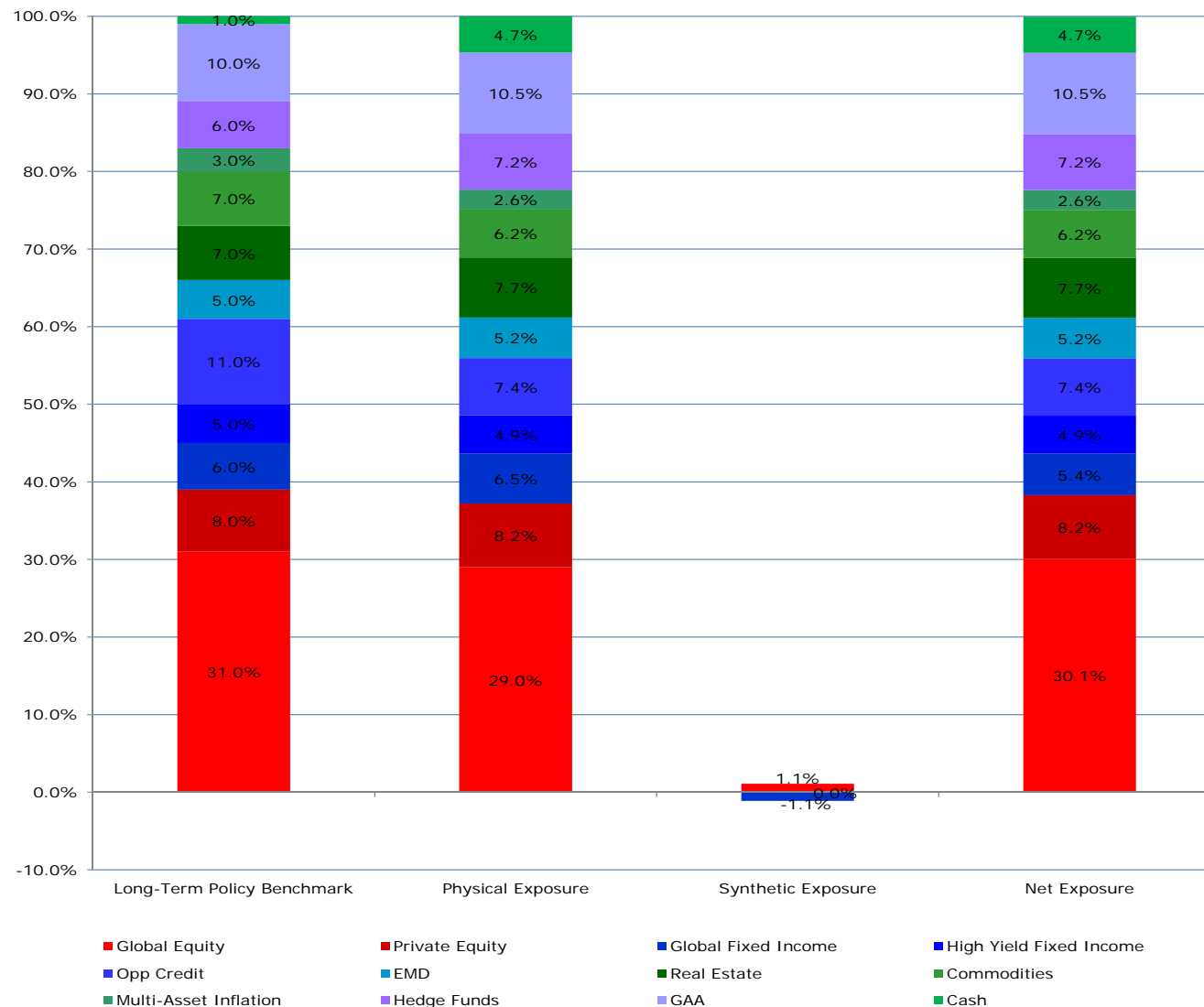
City of San Jose Police and Fire Department Retirement Plan

Total Fund Asset Allocation vs. Policy Targets



City of San Jose Police and Fire Department Retirement Plan

Total Fund Asset Allocation vs. Policy Targets (with detailed Overlay exposure)



Note: Long-Term Policy Benchmark and Physical Exposure matches prior page. Synthetic Exposure provided by Russell as of 12/31/2014 based on unaudited month-end valuations. Exposure shown above is intended to provide a snapshot of exposure as of month-end.

City of San Jose Police and Fire Department Retirement Plan

Asset Growth Summary Detail – Public Equity

	Beginning Market Value	Quarter Ending December 31, 2014		Ending Market Value
		Net Cash Flow	Net Investment Change	
Artisan Global Opportunities	\$93,053,290	-\$199,313	-\$389,218	\$92,464,759
Artisan Global Value	\$92,092,161	\$0	\$2,730,787	\$94,822,947
Liquidating - Russell MSCI ACWI Index	\$10,074	-\$5,694	-\$81	\$4,299
Liquidating - Russell MSCI ACWI Value Index	\$7,103	-\$4,746	-\$160	\$2,196
Equity Transition	\$1,836	\$22,441	\$262	\$24,539
Global Equity Composite	\$185,164,464	-\$187,312	\$2,341,590	\$187,318,740
Russell R1000	\$442,724	-\$442,807	\$99	\$16
NT Russell 1000 Index Fund	\$244,486,763	-\$9,551	\$12,024,570	\$256,501,782
Liquidating - Robeco/Boston Partners Large Cap Value	\$836	-\$19,933	\$22,343	\$3,246
Transition Account #1	\$3,584	\$0	-\$126	\$3,458
Liquidating - RS Small Cap Value	\$27,602	-\$27,229	-\$372	\$1
RBC Small Cap Core	\$37,231,500	\$0	\$3,184,532	\$40,416,032
U.S. Equity Composite	\$282,193,009	-\$499,520	\$15,231,046	\$296,924,535
Russell MSCI EAFE + CAD	\$2,235,173	-\$2,140,394	-\$4,865	\$89,915
NT Russell MSCI World ex US IMI Index Fund	\$230,862,345	-\$22,651	-\$8,488,186	\$222,351,508
Liquidating - Brandes Int'l Equity	\$132,380	-\$126,906	-\$2,537	\$2,938
Liquidating - Russell MSCI EAFE + CAD Small Cap Index	\$132,746	-\$129,482	-\$1,408	\$1,856
Oberweis	\$61,227,606	-\$20,000,000	-\$1,327,234	\$39,900,373
MSCI Emerging Markets ETF (ticker: EEM)	\$34,266,393	\$0	-\$1,429,438	\$32,836,955
Vontobel Emerging Markets	\$64,515,014	-\$140,583	-\$1,531,939	\$62,842,492
Aberdeen Frontier Markets	\$22,548,772	-\$53,333	-\$1,645,149	\$20,850,289
International Equity Composite	\$415,920,429	-\$22,613,349	-\$14,430,756	\$378,876,326
Amici	\$9,974,782	\$0	\$225,831	\$10,200,613
Marshall Wace	\$10,340,684	\$0	\$553,999	\$10,894,683
Horizon	\$11,317,941	\$0	\$262,486	\$11,580,427
Sandler	\$10,359,624	\$0	\$838,451	\$11,198,075
Senator	\$12,016,784	\$0	\$404,075	\$12,420,859
Alternative Equity Composite	\$54,009,815	\$0	\$2,284,842	\$56,294,657
Total Equity Composite	\$937,287,717	-\$23,300,181	\$5,426,722	\$919,414,258

City of San Jose Police and Fire Department Retirement Plan

Asset Growth Summary Detail – Private Equity

	Beginning Market Value	Quarter Ending December 31, 2014		Ending Market Value
		Net Cash Flow	Net Investment Change	
57 Stars Global Opportunity Fund 3	\$7,611,179	\$513,376	\$326,566	\$8,451,121
TCW/Crescent Mezzanine Partners V	\$7,285,626	-\$118,027	-\$137,489	\$7,030,110
CCMP Capital Investors III	\$5,369,466	\$3,095,236	-\$646,822	\$7,817,880
Crescent Mezzanine Partners VI	\$9,000,438	\$3,971,440	\$279,969	\$13,251,847
HarbourVest (Fund VII - Buyout; Fund VIII - Venture; Fund VIII - Buyout)	\$33,182,420	-\$2,558,697	\$246,153	\$30,869,876
Industry Ventures III	\$2,602,467	\$1,102,453	\$198,827	\$3,903,747
Pantheon USA Fund VI	\$27,743,957	-\$1,320,055	\$871,930	\$27,295,832
Portfolio Advisors Private Equity Fund III (A - Buyout; B - Venture; C - Special Situations)	\$12,984,278	-\$807,402	\$954,703	\$13,131,579
Siguler Guff DOF III	\$19,117,041	-\$2,459,883	-\$207,751	\$16,449,407
TPG Opportunity Partners II	\$12,869,820	-\$1,712,462	\$1,373,154	\$12,530,512
TPG Opportunity Partners III	\$876,230	\$638,518	\$40,421	\$1,555,169
Warburg Pincus Private Equity XI	\$10,882,998	\$921,422	\$968,101	\$12,772,521
Russell R3000	\$175,809	-\$174,420	-\$1,383	\$6
NT Russell 3000 Index Fund	\$124,729,693	-\$25,508,823	\$5,826,601	\$105,047,470
Total Private Equity Composite	\$274,431,422	-\$24,417,324	\$10,092,980	\$260,107,077
Total Private Equity Composite ex-Interim Exposure	\$274,255,613	-\$24,242,904	\$10,094,363	\$260,107,071

City of San Jose Police and Fire Department Retirement Plan

Asset Growth Summary Detail – Fixed Income

	Beginning Market Value	Quarter Ending December 31, 2014		Ending Market Value
		Net Cash Flow	Net Investment Change	
Claren Road	\$29,569,773	\$0	-\$3,246,928	\$26,322,844
Colchester Global Fixed Income	\$92,051,278	\$19,848,963	-\$2,762,421	\$109,137,820
Franklin Templeton Global Multi-Sector Plus	\$70,962,552	\$0	-\$1,280,109	\$69,682,443
Global Fixed Income Composite	\$192,583,603	\$19,848,963	-\$7,289,458	\$205,143,107
Beach Point Total Return	\$79,771,022	\$0	-\$2,691,715	\$77,079,307
Symphony L/S Credit Fund	\$78,417,643	\$0	\$10,702	\$78,428,345
Liquidating - BC High Yield Index ETF	\$316	-\$316	\$0	\$0
Liquidating - Seix Bank Loans	\$4,469	\$0	\$0	\$4,469
Corporate Credit Composite	\$158,193,450	-\$316	-\$2,681,013	\$155,512,121
Davidson Kempner	\$22,882,008	\$0	-\$304,670	\$22,577,338
Marathon European Credit Opportunity Fund	\$22,110,171	-\$7,555,691	-\$124,496	\$14,429,984
GSO Direct Lending Fund	\$23,955,728	-\$4,026,218	\$360,518	\$20,290,028
Medley Opportunity Fund II	\$48,767,515	\$2,925,875	\$255,085	\$51,948,475
White Oak Direct Lending Fund	\$41,539,079	\$3,149,747	\$2,330,813	\$47,019,639
Capula European Special Situations Fund	\$55,631,278	\$8,881,823	\$62,664	\$64,575,766
Park Square	\$0	\$13,862,184	\$0	\$13,862,184
Opportunistic Credit Composite	\$214,885,779	\$17,237,720	\$2,579,914	\$234,703,414
BlueBay Emerging Market Select Debt	\$114,274,734	-\$24,860	-\$2,776,621	\$111,473,253
Iguazu Partners	\$53,552,678	\$0	\$330,362	\$53,883,040
Emerging Market Debt Composite	\$167,827,412	-\$24,860	-\$2,446,259	\$165,356,293
Liquidating - Seix Core Fixed Income	\$1,379	-\$1,379	\$0	\$0
Total Fixed Income Composite	\$733,491,623	\$37,060,128	-\$9,836,816	\$760,714,935

City of San Jose Police and Fire Department Retirement Plan

Asset Growth Summary Detail – Inflation-Linked Assets

	Quarter Ending December 31, 2014			
	Beginning Market Value	Net Cash Flow	Net Investment Change	Ending Market Value
American Realty Separate Account	\$22,503,298	-\$532,000	\$2,568,360	\$24,539,658
American Realty Core Fund	\$123,009,396	-\$1,595,155	\$3,888,383	\$125,302,625
BlackStone Real Estate Debt Strategies II	\$4,969,020	\$805,342	\$268,931	\$6,043,293
Brookfield Strategic Real Estate Partners	\$6,117,213	\$2,299,781	\$223,102	\$8,640,096
Och Ziff Real Estate	\$227,466	\$0	\$0	\$227,466
Orion European Real Estate Fund IV	\$1,594,208	\$4,601,269	-\$438,128	\$5,757,349
TA Realty Fund X	\$8,800,583	-\$287,689	\$219,726	\$8,732,620
Tristan EPISO 3	\$1,507,940	\$3,752,680	-\$152,681	\$5,107,939
Russell Real Estate	\$60,208,400	\$0	\$845,922	\$61,054,322
Total Real Estate Composite	\$228,937,524	\$9,044,228	\$7,423,615	\$245,405,368
Total Real Estate Composite ex-Interim Exposure	\$168,729,124	\$9,044,228	\$6,577,693	\$184,351,046
Credit Suisse Balanced Risk Commodity Index	\$221,709,734	-\$207,938	-\$25,796,203	\$195,705,593
Total Commodities Composite	\$221,709,734	-\$207,938	-\$25,796,203	\$195,705,593
Wellington Diversified Inflation Hedges	\$93,056,437	-\$282,583	-\$11,380,548	\$81,393,305
Total Multi-Asset Inflation-Linked Assets	\$93,056,437	-\$282,583	-\$11,380,548	\$81,393,305

City of San Jose Police and Fire Department Retirement Plan

Asset Growth Summary Detail – Absolute Return

	Beginning Market Value	Quarter Ending December 31, 2014		Ending Market Value
		Net Cash Flow	Net Investment Change	
Arrowgrass	\$22,502,582	\$0	\$461,445	\$22,964,028
BlueTrend	\$8,929,283	\$0	\$560,587	\$9,489,870
Brevan Howard	\$20,794,017	\$0	\$84,501	\$20,878,518
DE Shaw	\$24,423,772	\$0	\$650,306	\$25,074,078
Hudson Bay	\$21,148,819	\$0	-\$738,994	\$20,409,825
Kepos	\$5,264,853	\$0	\$488,244	\$5,753,097
Pine River	\$22,947,486	\$0	\$110,400	\$23,057,887
Russell Hedge Funds	\$101,090,897	\$0	\$74,951	\$101,165,848
Total Hedge Funds	\$227,101,709	\$0	\$1,691,440	\$228,793,151
Total Hedge Funds ex-Interim Exposure	\$126,010,812	\$0	\$1,616,489	\$127,627,303
GMO Benchmark-Free Allocation Fund	\$128,453,210	\$0	-\$1,007,512	\$127,445,698
PIMCO All Asset All Authority Fund	\$99,734,307	\$0	-\$4,445,833	\$95,288,474
Standard Life GARS Fund	\$108,464,414	\$0	\$579,226	\$109,043,640
Total Global Asset Allocation	\$336,651,931	\$0	-\$4,874,119	\$331,777,812

City of San Jose Police and Fire Department Retirement Plan

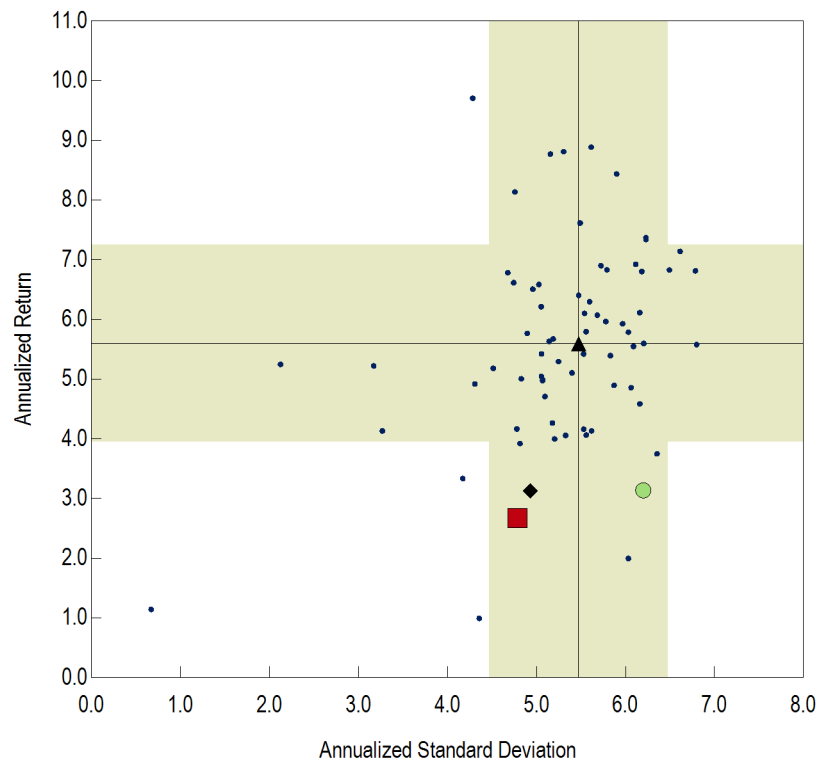
Asset Growth Summary Detail – Cash & Overlay

	Beginning Market Value	Quarter Ending December 31, 2014		Ending Market Value
		Net Cash Flow	Net Investment Change	
Cash	\$97,693,665	-\$16,462,037	\$1,075	\$81,232,703
Russell Overlay	\$90,672,725	-\$20,143,633	-\$3,741,498	\$66,931,227
Total Cash and Overlay	\$188,366,390	-\$36,605,670	-\$3,740,423	\$148,163,930

City of San Jose Police and Fire Department Retirement Plan

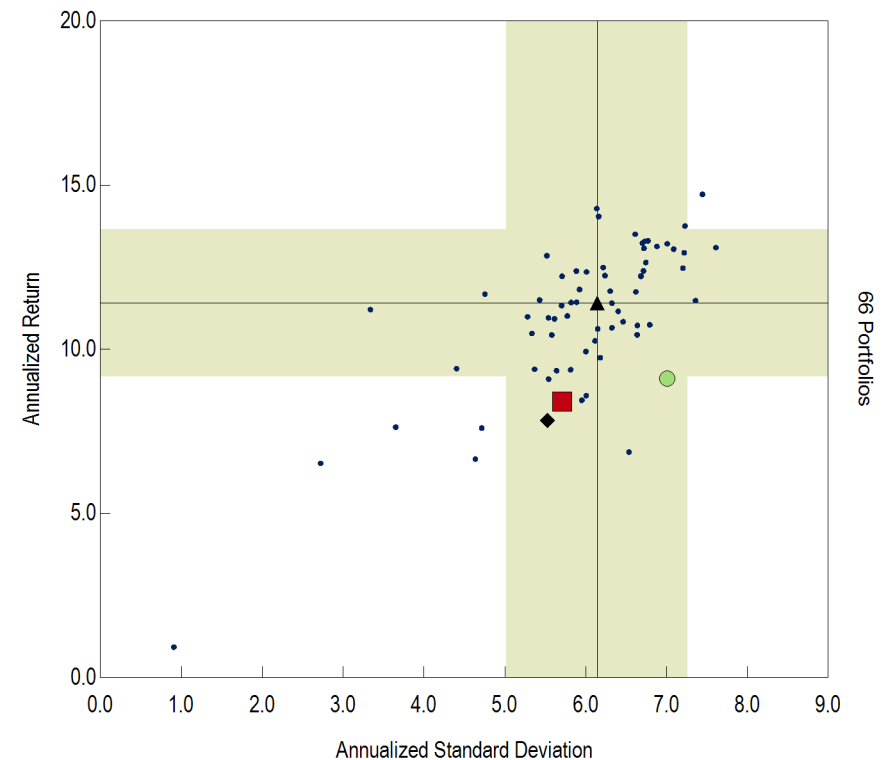
Total Fund Risk/Return

1 Year Ending December 31, 2014



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

3 Years Ending December 31, 2014

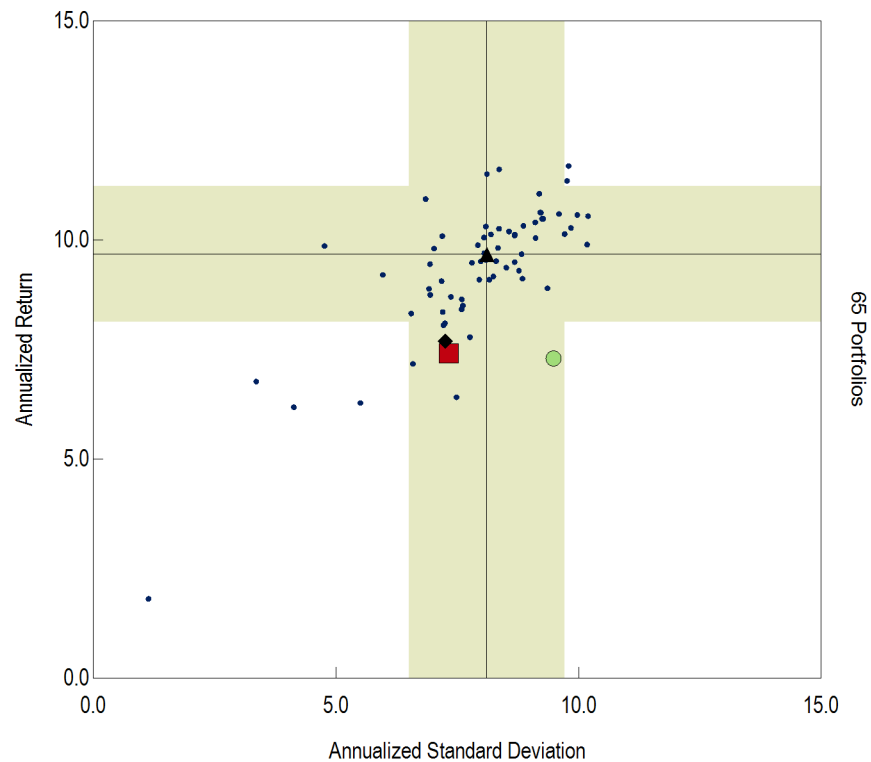


- Total Fund
- ◆ Policy Benchmark
- 60% MSCI World (Gross) / 40% CITI WGBI
- ▲ Universe Median
- 68% Confidence Interval
- InvestorForce Public DB > \$1B Gross

City of San Jose Police and Fire Department Retirement Plan

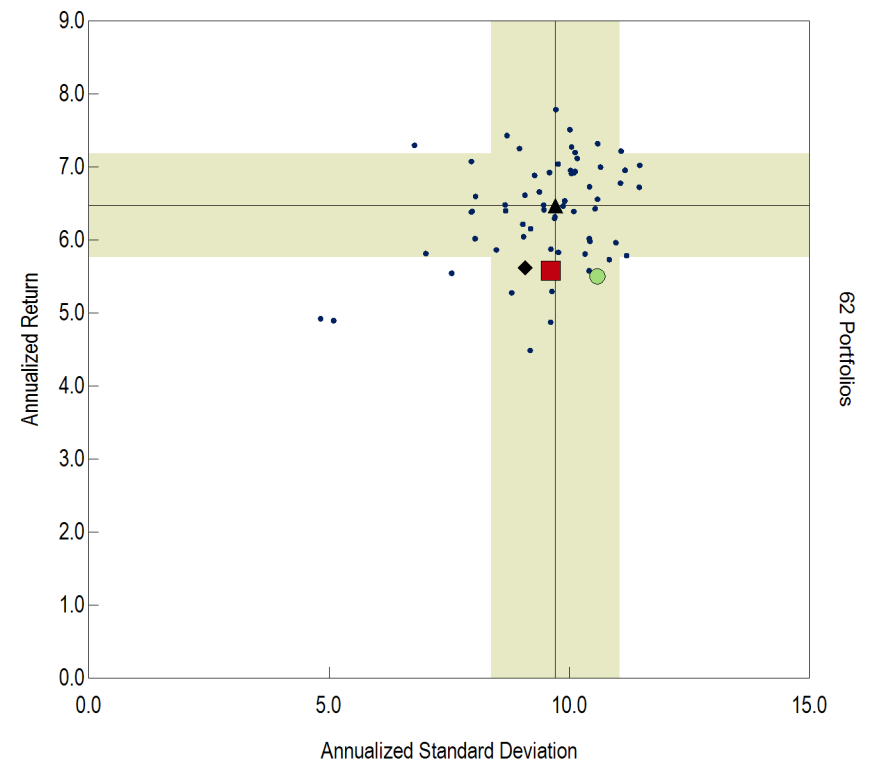
Total Fund Risk/Return

5 Years Ending December 31, 2014



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

10 Years Ending December 31, 2014

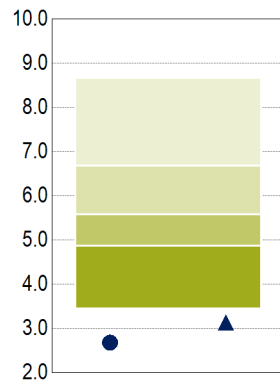


- Total Fund
- ◆ Policy Benchmark
- 60% MSCI World (Gross) / 40% CITI WGBI
- ▲ Universe Median
- 68% Confidence Interval
- InvestorForce Public DB > \$1B Gross

Total Fund Risk Statistics vs. Peer Universe

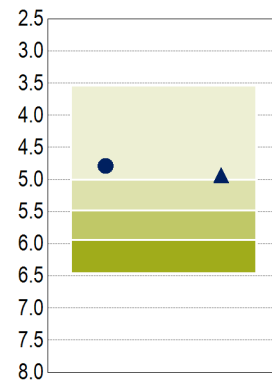
Total Fund vs. IFx Public DB > \$1B Gross (USD) 1 Year

Anlzd Return



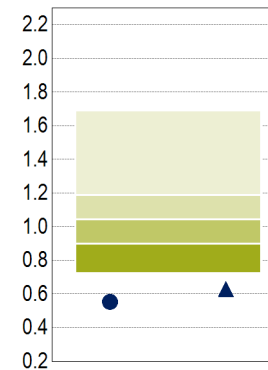
● Total Fund	
Value	2.7
%tile	97
▲ Policy Benchmark	
Value	3.1
%tile	96
Universe	
5th %tile	8.7
25th %tile	6.7
Median	5.6
75th %tile	4.9
95th %tile	3.5

Anlzd Standard Deviation



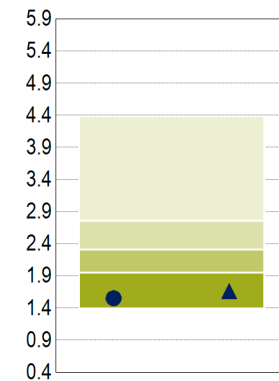
● Total Fund	
Value	4.8
%tile	19
▲ Policy Benchmark	
Value	4.9
%tile	24
Universe	
5th %tile	3.5
25th %tile	5.0
Median	5.5
75th %tile	5.9
95th %tile	6.5

Sharpe Ratio



● Total Fund	
Value	0.6
%tile	98
▲ Policy Benchmark	
Value	0.6
%tile	97
Universe	
5th %tile	1.7
25th %tile	1.2
Median	1.0
75th %tile	0.9
95th %tile	0.7

Sortino Ratio

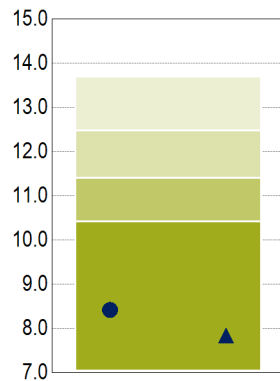


● Total Fund	
Value	1.6
%tile	93
▲ Policy Benchmark	
Value	1.7
%tile	92
Universe	
5th %tile	4.4
25th %tile	2.8
Median	2.3
75th %tile	2.0
95th %tile	1.4

Total Fund Risk Statistics vs. Peer Universe

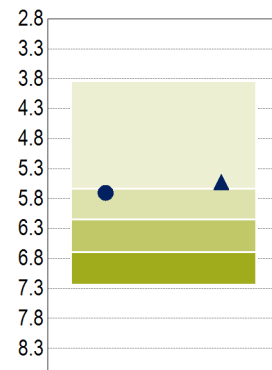
Total Fund vs. IFx Public DB > \$1B Gross (USD) 3 Years

Anlzd Return



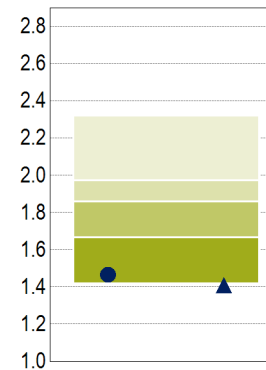
● Total Fund	
Value	8.4
%tile	91
▲ Policy Benchmark	
Value	7.8
%tile	92
Universe	
5th %tile	13.7
25th %tile	12.5
Median	11.4
75th %tile	10.4
95th %tile	7.1

Anlzd Standard Deviation



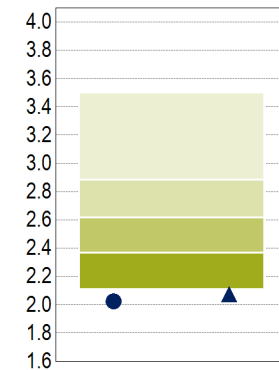
● Total Fund	
Value	5.7
%tile	29
▲ Policy Benchmark	
Value	5.5
%tile	19
Universe	
5th %tile	3.8
25th %tile	5.6
Median	6.1
75th %tile	6.7
95th %tile	7.2

Sharpe Ratio



● Total Fund	
Value	1.5
%tile	94
▲ Policy Benchmark	
Value	1.4
%tile	97
Universe	
5th %tile	2.3
25th %tile	2.0
Median	1.9
75th %tile	1.7
95th %tile	1.4

Sortino Ratio

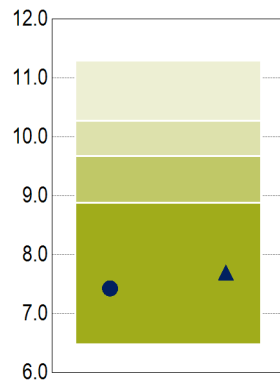


● Total Fund	
Value	2.0
%tile	98
▲ Policy Benchmark	
Value	2.1
%tile	98
Universe	
5th %tile	3.5
25th %tile	2.9
Median	2.6
75th %tile	2.4
95th %tile	2.1

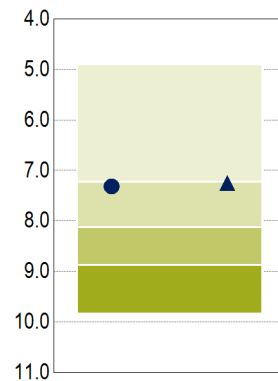
Total Fund Risk Statistics vs. Peer Universe

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

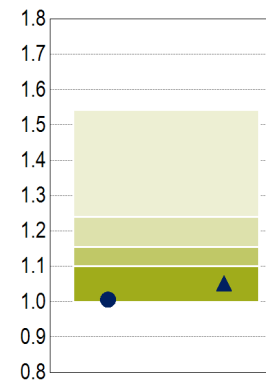
Anlzd Return



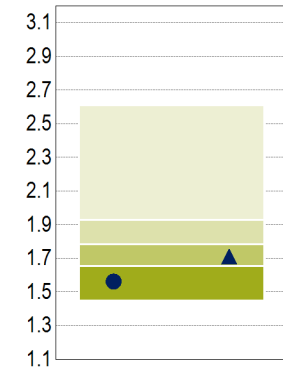
Anlzd Standard Deviation



Sharpe Ratio



Sortino Ratio



● Total Fund	
Value	7.4
%tile	92
▲ Policy Benchmark	
Value	7.7
%tile	91
Universe	
5th %tile	11.3
25th %tile	10.3
Median	9.7
75th %tile	8.9
95th %tile	6.5

● Total Fund	
Value	7.3
%tile	28
▲ Policy Benchmark	
Value	7.3
%tile	27
Universe	
5th %tile	4.9
25th %tile	7.2
Median	8.1
75th %tile	8.9
95th %tile	9.8

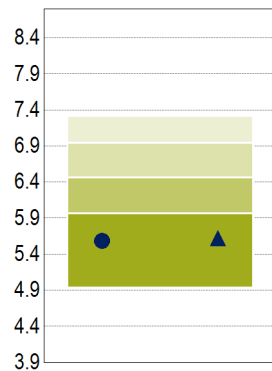
● Total Fund	
Value	1.0
%tile	95
▲ Policy Benchmark	
Value	1.1
%tile	88
Universe	
5th %tile	1.5
25th %tile	1.2
Median	1.2
75th %tile	1.1
95th %tile	1.0

● Total Fund	
Value	1.6
%tile	91
▲ Policy Benchmark	
Value	1.7
%tile	67
Universe	
5th %tile	2.6
25th %tile	1.9
Median	1.8
75th %tile	1.7
95th %tile	1.5

Total Fund Risk Statistics vs. Peer Universe

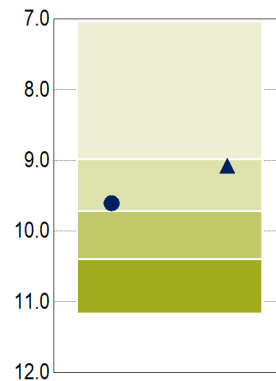
Total Fund vs. IFx Public DB > \$1B Gross (USD) 10 Years

Anlzd Return



● Total Fund	
Value	5.6
%tile	89
▲ Policy Benchmark	
Value	5.6
%tile	89
Universe	
5th %tile	7.3
25th %tile	7.0
Median	6.5
75th %tile	6.0
95th %tile	4.9

Anlzd Standard Deviation



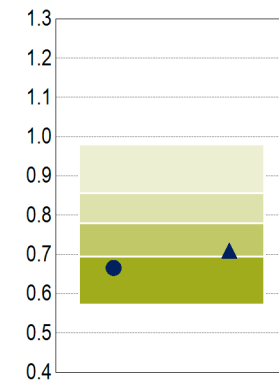
● Total Fund	
Value	9.6
%tile	43
▲ Policy Benchmark	
Value	9.1
%tile	30
Universe	
5th %tile	7.0
25th %tile	9.0
Median	9.7
75th %tile	10.4
95th %tile	11.2

Sharpe Ratio



● Total Fund	
Value	0.4
%tile	88
▲ Policy Benchmark	
Value	0.5
%tile	81
Universe	
5th %tile	0.7
25th %tile	0.6
Median	0.5
75th %tile	0.5
95th %tile	0.4

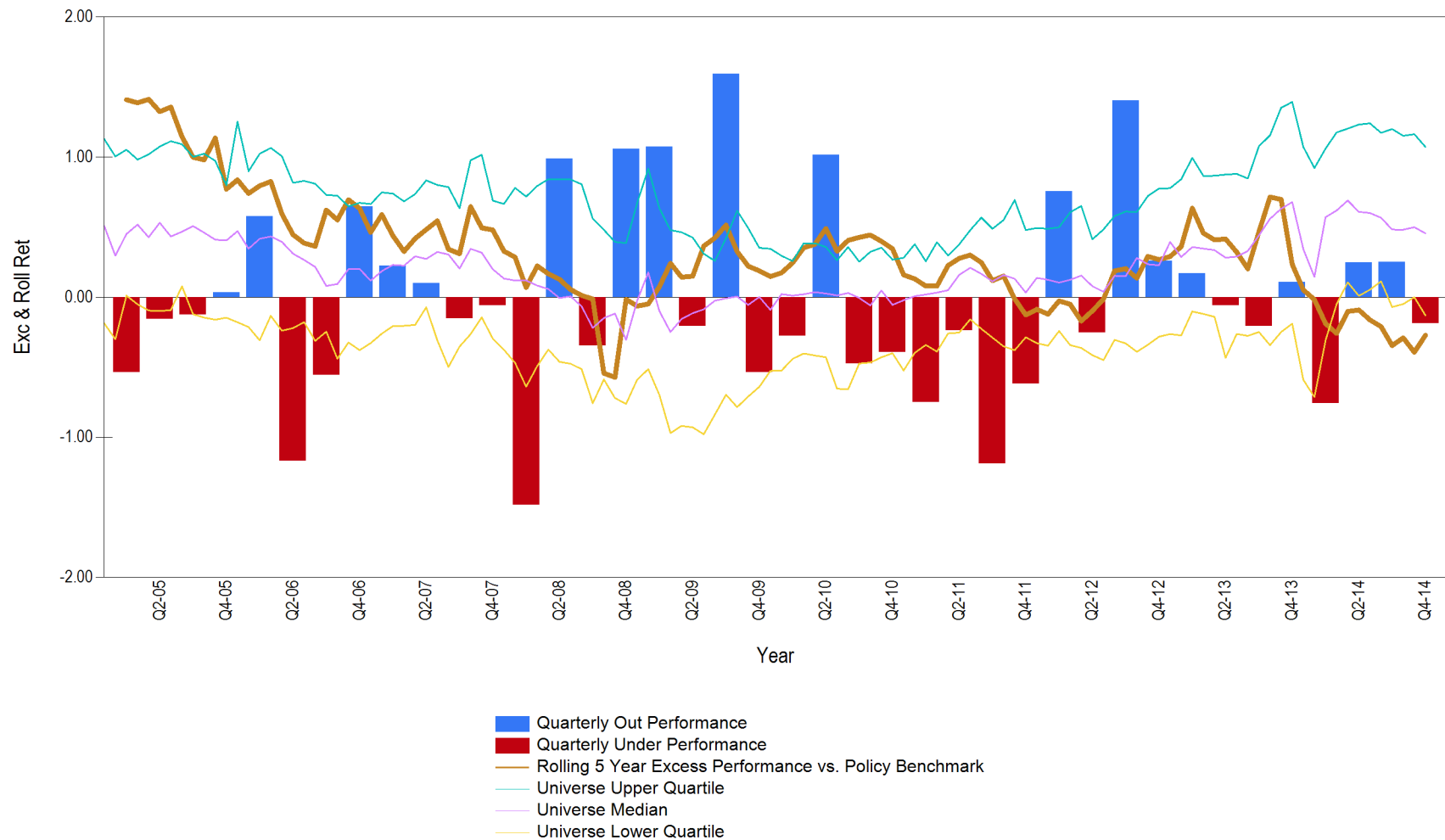
Sortino Ratio



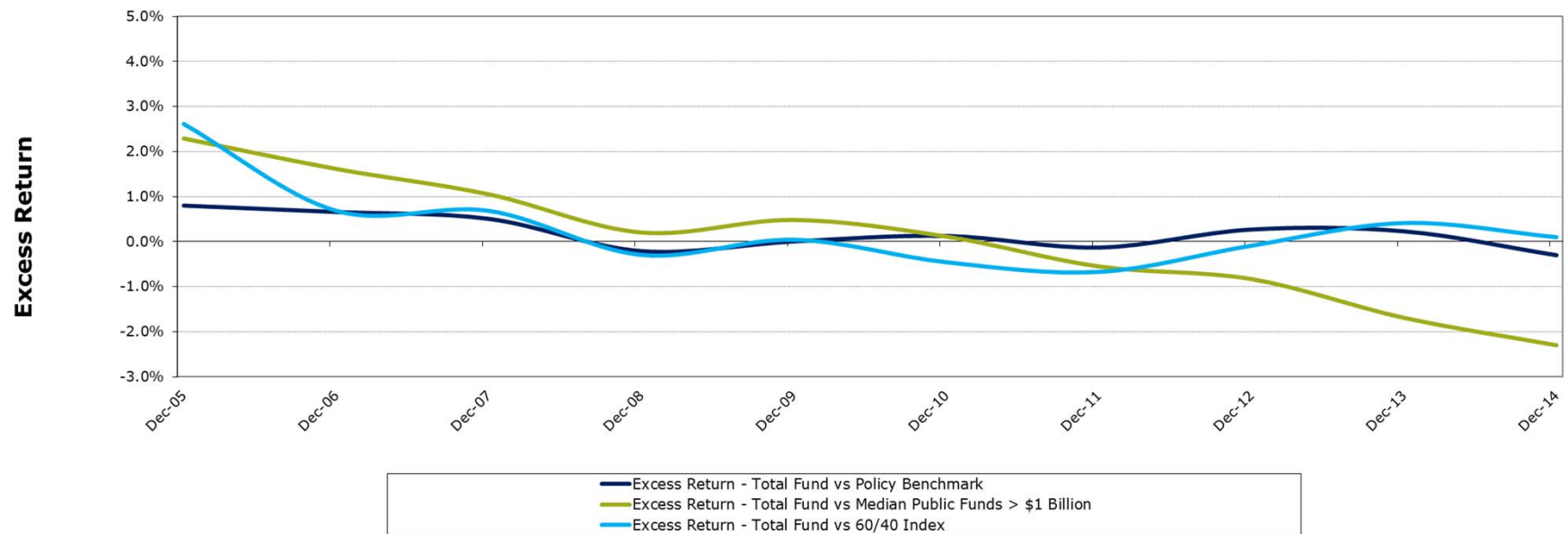
● Total Fund	
Value	0.7
%tile	85
▲ Policy Benchmark	
Value	0.7
%tile	70
Universe	
5th %tile	1.0
25th %tile	0.9
Median	0.8
75th %tile	0.7
95th %tile	0.6

Total Fund Rolling 5-Year Excess Returns

Annualized Excess Performance



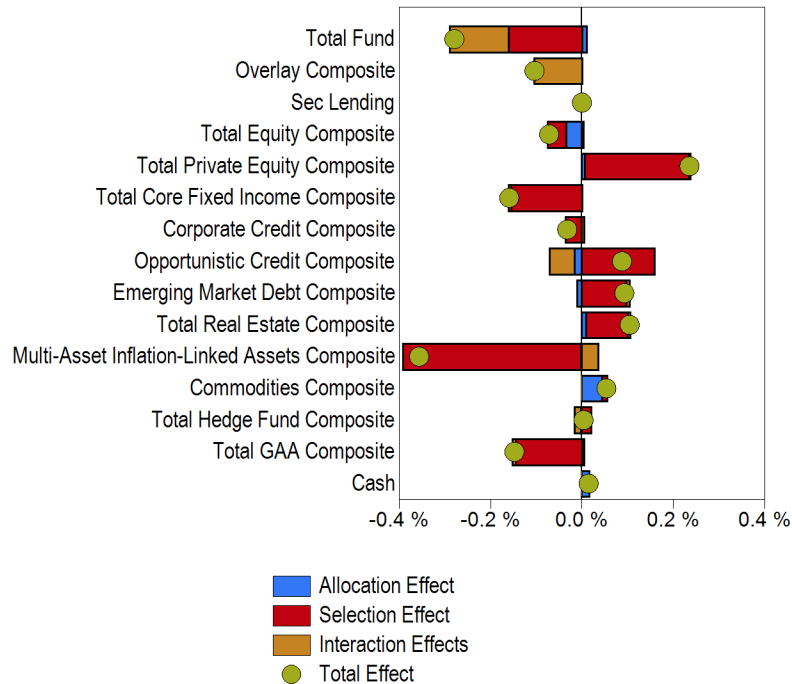
Total Fund Rolling 5-Year Excess Returns



City of San Jose Police and Fire Department Retirement Plan

Total Fund

Attribution Effects
3 Months Ending December 31, 2014



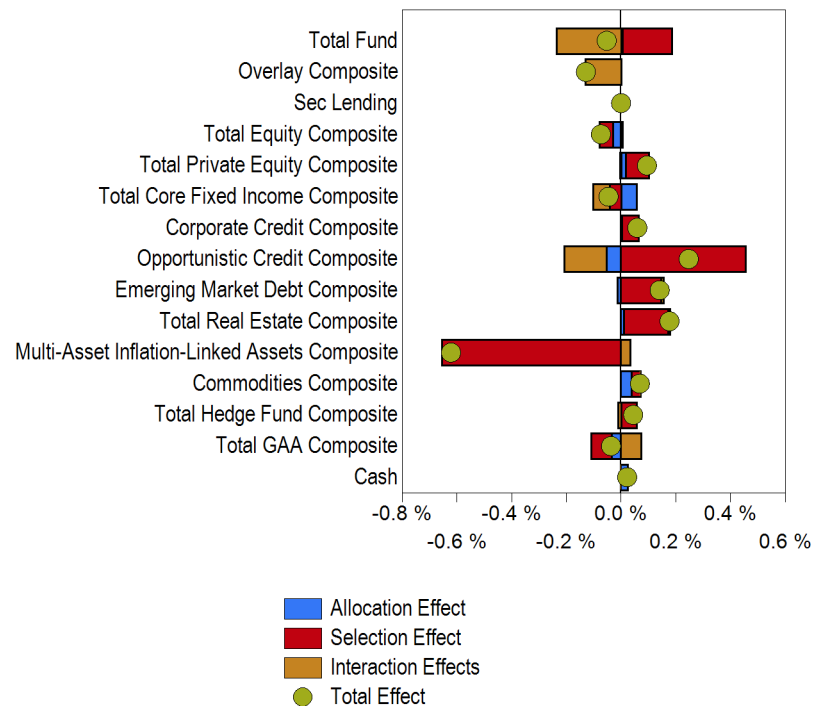
Attribution Summary
3 Months Ending December 31, 2014

	Wtd. Actual Return	Wtd. Index Return	Excess Return	Selection Effect	Allocation Effect	Interaction Effects	Total Effects
Overlay Composite	-5.1%	-0.8%	-4.4%	0.0%	0.0%	-0.1%	-0.1%
Sec Lending	--	--	--	--	0.0%	--	--
Total Equity Composite	0.5%	0.6%	-0.1%	0.0%	0.0%	0.0%	-0.1%
Total Private Equity Composite	4.0%	1.1%	2.9%	0.2%	0.0%	0.0%	0.2%
Total Core Fixed Income Composite	-3.6%	-1.0%	-2.6%	-0.2%	0.0%	0.0%	-0.2%
Corporate Credit Composite	-1.7%	-1.0%	-0.7%	0.0%	0.0%	0.0%	0.0%
Opportunistic Credit Composite	1.1%	-0.4%	1.4%	0.2%	0.0%	-0.1%	0.1%
Emerging Market Debt Composite	-1.6%	-3.6%	2.0%	0.1%	0.0%	0.0%	0.1%
Total Real Estate Composite	3.2%	1.9%	1.3%	0.1%	0.0%	0.0%	0.1%
Multi-Asset Inflation-Linked Assets Composite	-12.6%	-0.1%	-12.5%	-0.4%	0.0%	0.0%	-0.4%
Commodities Composite	-11.7%	-11.9%	0.1%	0.0%	0.0%	0.0%	0.1%
Total Hedge Fund Composite	0.7%	0.4%	0.3%	0.0%	0.0%	0.0%	0.0%
Total GAA Composite	-1.4%	0.0%	-1.5%	-0.1%	0.0%	0.0%	-0.1%
Cash	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total	-1.0%	-0.8%	-0.3%	-0.2%	0.0%	-0.1%	-0.3%

City of San Jose Police and Fire Department Retirement Plan

Total Fund

Attribution Effects
Fiscal YTD Ending December 31, 2014



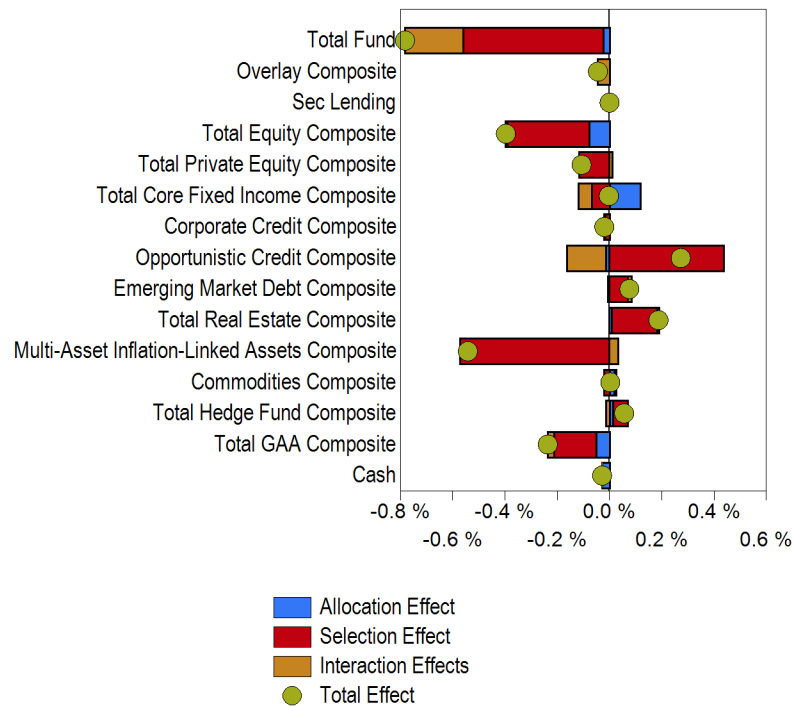
Attribution Summary
Fiscal YTD Ending December 31, 2014

	Wtd. Actual Return	Wtd. Index Return	Excess Return	Selection Effect	Allocation Effect	Interaction Effects	Total Effects
Overlay Composite	-8.0%	-2.8%	-5.2%	0.0%	0.0%	-0.1%	-0.1%
Sec Lending	--	--	--	--	0.0%	--	--
Total Equity Composite	-2.4%	-2.3%	-0.2%	0.0%	0.0%	0.0%	-0.1%
Total Private Equity Composite	4.0%	2.9%	1.1%	0.1%	0.0%	0.0%	0.1%
Total Core Fixed Income Composite	-5.6%	-4.1%	-1.4%	0.0%	0.1%	-0.1%	0.0%
Corporate Credit Composite	-1.6%	-2.9%	1.2%	0.1%	0.0%	0.0%	0.1%
Opportunistic Credit Composite	3.2%	-1.3%	4.5%	0.5%	-0.1%	-0.2%	0.2%
Emerging Market Debt Composite	-3.6%	-6.5%	2.9%	0.1%	0.0%	0.0%	0.1%
Total Real Estate Composite	3.0%	0.6%	2.4%	0.2%	0.0%	0.0%	0.2%
Multi-Asset Inflation-Linked Assets Composite	-19.6%	1.0%	-20.5%	-0.7%	0.0%	0.0%	-0.6%
Commodities Composite	-17.8%	-18.1%	0.4%	0.0%	0.0%	0.0%	0.1%
Total Hedge Fund Composite	1.1%	0.4%	0.7%	0.1%	0.0%	0.0%	0.0%
Total GAA Composite	-2.8%	-2.8%	0.0%	-0.1%	0.0%	0.1%	0.0%
Cash	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total	-2.8%	-2.8%	-0.1%	0.2%	0.0%	-0.2%	-0.1%

City of San Jose Police and Fire Department Retirement Plan

Total Fund

Attribution Effects
1 Year Ending December 31, 2014



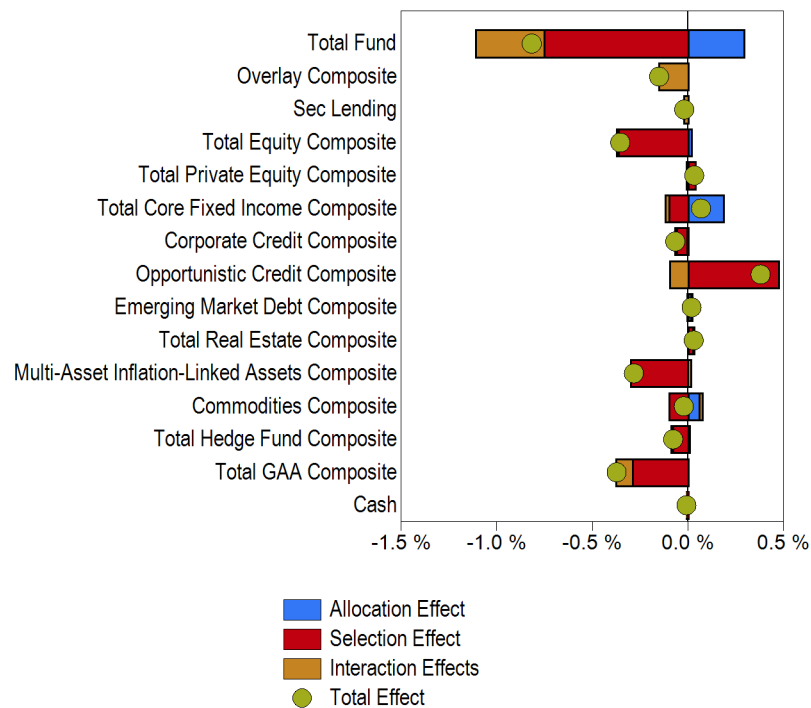
Attribution Summary
1 Year Ending December 31, 2014

	Wtd. Actual Return	Wtd. Index Return	Excess Return	Selection Effect	Allocation Effect	Interaction Effects	Total Effects
Overlay Composite	9.4%	3.1%	6.2%	0.0%	0.0%	0.0%	0.0%
Sec Lending	--	--	--	0.0%	0.0%	0.0%	0.0%
Total Equity Composite	2.8%	3.8%	-1.1%	-0.3%	-0.1%	0.0%	-0.4%
Total Private Equity Composite	12.6%	14.1%	-1.5%	-0.1%	0.0%	0.0%	-0.1%
Total Core Fixed Income Composite	-1.2%	0.6%	-1.8%	-0.1%	0.1%	0.0%	0.0%
Corporate Credit Composite	2.1%	2.5%	-0.3%	0.0%	0.0%	0.0%	0.0%
Opportunistic Credit Composite	7.1%	2.8%	4.3%	0.4%	0.0%	-0.1%	0.3%
Emerging Market Debt Composite	1.3%	-0.2%	1.5%	0.1%	0.0%	0.0%	0.1%
Total Real Estate Composite	9.1%	6.5%	2.6%	0.2%	0.0%	0.0%	0.2%
Multi-Asset Inflation-Linked Assets Composite	-12.8%	5.8%	-18.6%	-0.6%	0.0%	0.0%	-0.5%
Commodities Composite	-8.9%	-8.7%	-0.3%	0.0%	0.0%	0.0%	0.0%
Total Hedge Fund Composite	3.1%	2.4%	0.7%	0.1%	0.0%	0.0%	0.1%
Total GAA Composite	1.2%	2.8%	-1.6%	-0.2%	-0.1%	0.0%	-0.2%
Cash	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total	2.3%	3.1%	-0.8%	-0.5%	0.0%	-0.2%	-0.8%

City of San Jose Police and Fire Department Retirement Plan

Total Fund

**Attribution Effects
Beginning 1/1/2013**



**Attribution Summary
Beginning 1/1/2013**

	Wtd. Actual Return	Wtd. Index Return	Excess Return	Selection Effect	Allocation Effect	Interaction Effects	Total Effects
Overlay Composite	743.0%	5.5%	737.5%	0.0%	0.0%	-0.2%	-0.2%
Sec Lending	--	--	--	0.0%	0.0%	0.0%	0.0%
Total Equity Composite	12.0%	13.3%	-1.3%	-0.4%	0.0%	0.0%	-0.4%
Total Private Equity Composite	17.0%	16.5%	0.5%	0.0%	0.0%	0.0%	0.0%
Total Core Fixed Income Composite	-1.4%	0.1%	-1.5%	-0.1%	0.2%	0.0%	0.1%
Corporate Credit Composite	3.9%	4.9%	-1.0%	-0.1%	0.0%	0.0%	-0.1%
Opportunistic Credit Composite	9.2%	4.5%	4.7%	0.5%	0.0%	-0.1%	0.4%
Emerging Market Debt Composite	-4.7%	-4.7%	0.0%	0.0%	0.0%	0.0%	0.0%
Total Real Estate Composite	10.2%	9.9%	0.4%	0.0%	0.0%	0.0%	0.0%
Multi-Asset Inflation-Linked Assets Composite	--	--	--	-0.3%	0.0%	0.0%	-0.3%
Commodities Composite	-9.8%	-8.9%	-0.9%	-0.1%	0.1%	0.0%	0.0%
Total Hedge Fund Composite	3.2%	3.9%	-0.7%	-0.1%	0.0%	0.0%	-0.1%
Total GAA Composite	3.1%	8.0%	-4.9%	-0.3%	0.0%	-0.1%	-0.4%
Cash	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total	5.6%	6.4%	-0.8%	-0.8%	0.3%	-0.4%	-0.8%

City of San Jose Police and Fire Department Retirement Plan

Total Fund Risk Statistics

3 Years Ending December 31, 2014

	% of Tot	Anlzd Ret	Anlzd Ret Rk	Anlzd Std Dev	Anlzd Std Dev Rk	Anlzd AJ	Anlzd AJ Rk	Tracking Error	Tracking Error Rank	Info Ratio	Info Ratio Rk	Beta	Sharpe Ratio
Total Equity Composite	29.0%	13.7%	69	10.5%	34	0.0%	74	1.2%	1	-0.5	82	1.0	1.3
San Jose Custom Total Equity Benchmark	--	14.3%	63	10.9%	47	0.0%	74	0.0%	1	--	--	1.0	1.3
Global Equity Composite	5.9%	13.4%	71	10.9%	45	0.5%	65	5.3%	62	-0.2	70	0.9	1.2
MSCI ACWI IMI (Net)	--	14.3%	63	10.7%	41	0.0%	72	0.0%	1	--	--	1.0	1.3
U.S. Large Cap Equity Composite	8.1%	19.7%	60	9.3%	29	-1.0%	59	0.7%	1	-1.4	95	1.0	2.1
Russell 1000	--	20.6%	47	9.2%	28	0.0%	42	0.0%	1	--	--	1.0	2.2
U.S. Small Cap Equity Composite	1.3%	18.1%	76	13.3%	85	2.9%	79	8.6%	84	-0.1	75	0.8	1.4
Russell 2000	--	19.2%	64	13.3%	85	0.0%	92	0.0%	1	--	--	1.0	1.4
Developed International Equity Composite	8.3%	10.4%	77	12.5%	42	0.3%	75	3.0%	27	-0.2	77	0.9	0.8
San Jose Custom MSCI World ex US Benchmark	--	10.9%	68	13.3%	74	0.0%	78	0.0%	1	--	--	1.0	0.8
Emerging Markets Equity Composite	3.7%	2.9%	81	15.1%	60	-1.0%	82	3.7%	35	-0.3	81	1.0	0.2
MSCI Emerging Markets	--	4.0%	71	15.2%	61	0.0%	75	0.0%	1	--	--	1.0	0.3
Total Fixed Income Composite	24.0%	5.7%	29	3.1%	65	3.2%	23	1.8%	4	1.3	15	0.7	1.8
Fixed Income Blended Benchmark	--	3.4%	51	3.7%	70	0.0%	94	0.0%	1	--	--	1.0	0.9
Corporate Credit Composite	4.9%	5.9%	--	3.7%	--	0.9%	--	2.8%	--	-0.5	--	0.7	1.6
Blended Domestic Credit Index	--	7.4%	--	4.1%	--	0.0%	--	0.0%	--	--	--	1.0	1.8
Opportunistic Credit Composite	7.4%	19.4%	--	7.9%	--	16.6%	--	8.0%	--	1.5	--	0.4	2.4
50% Credit Suisse Leveraged Loan Index / 50% BofA ML US HY BB-B Rated Constrained Index	--	6.9%	--	3.0%	--	0.0%	--	0.0%	--	--	--	1.0	2.3
U.S. Direct Lending	3.8%	9.0%	--	4.0%	--	37.6%	--	4.0%	--	0.9	--	-5.4	2.3
3-Month LIBOR + 5%	--	5.3%	--	0.0%	--	0.0%	--	0.0%	--	--	--	1.0	189.2
Inflation-Linked Assets Composite	8.7%	-7.3%	--	10.4%	--	-2.9%	--	2.2%	--	-1.5	--	1.1	-0.7
San Jose Custom Inflation-Linked Assets Benchmark	--	-4.0%	--	9.3%	--	0.0%	--	0.0%	--	--	--	1.0	-0.4
Commodities Composite	6.2%	-7.0%	--	10.5%	--	-1.4%	--	1.2%	--	-1.2	--	1.0	-0.7
Custom Commodity Risk Parity Index	--	-5.6%	--	10.4%	--	0.0%	--	0.0%	--	--	--	1.0	-0.5

Note: Performance shown is net of fees.



NEPC, LLC

City of San Jose Police and Fire Department Retirement Plan

Total Fund Risk Statistics

5 Years Ending December 31, 2014

	% of Tot	Anlzd Ret	Anlzd Ret Rk	Anlzd Std Dev	Anlzd Std Dev Rk	Anlzd AJ	Anlzd AJ RK	Tracking Error	Tracking Error Rank	Info Ratio	Info Ratio Rk	Beta	Sharpe Ratio
Total Equity Composite	29.0%	9.7%	61	14.0%	31	0.1%	63	1.3%	1	-0.3	71	0.9	0.7
San Jose Custom Total Equity Benchmark	--	10.1%	58	14.8%	48	0.0%	64	0.0%	1	--	--	1.0	0.7
U.S. Large Cap Equity Composite	8.1%	15.4%	45	13.3%	40	-0.2%	49	1.3%	1	-0.2	54	1.0	1.2
Russell 1000	--	15.6%	42	13.3%	37	0.0%	45	0.0%	1	--	--	1.0	1.2
U.S. Small Cap Equity Composite	1.3%	13.9%	84	17.4%	80	0.1%	92	7.0%	40	-0.2	85	0.9	0.8
Russell 2000	--	15.5%	60	18.0%	86	0.0%	92	0.0%	1	--	--	1.0	0.9
Developed International Equity Composite	8.3%	6.8%	52	15.3%	18	2.1%	48	3.3%	31	0.5	49	0.9	0.4
San Jose Custom MSCI World ex US Benchmark	--	5.3%	78	16.8%	63	0.0%	81	0.0%	1	--	--	1.0	0.3
Emerging Markets Equity Composite	3.7%	-0.5%	92	18.9%	61	-2.3%	92	3.5%	26	-0.7	90	1.0	0.0
MSCI Emerging Markets	--	1.8%	69	18.5%	51	0.0%	71	0.0%	1	--	--	1.0	0.1
Total Fixed Income Composite	24.0%	7.0%	27	3.1%	60	2.3%	23	1.6%	1	0.6	14	0.8	2.2
Fixed Income Blended Benchmark	--	6.1%	35	3.7%	68	0.0%	95	0.0%	1	--	--	1.0	1.6
Corporate Credit Composite	4.9%	6.2%	--	4.3%	--	0.2%	--	2.3%	--	-0.6	--	0.8	1.4
Blended Domestic Credit Index	--	7.6%	--	4.8%	--	0.0%	--	0.0%	--	--	--	1.0	1.6
Opportunistic Credit Composite	7.4%	12.3%	--	8.3%	--	9.4%	--	8.5%	--	0.6	--	0.4	1.5
50% Credit Suisse Leveraged Loan Index / 50% BofA ML US HY BB-B Rated Constrained Index	--	7.3%	--	4.3%	--	0.0%	--	0.0%	--	--	--	1.0	1.7

Note: Performance shown is net of fees.

Total Fund Performance (Net of Fees)



City of San Jose Police and Fire Department Retirement Plan

Total Fund Performance Detail

	Market Value (\$)	% of Portfolio	3 Mo (%)	Rank	Fiscal YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	7 Yrs (%)	Rank	10 Yrs (%)	Rank	Return (%)	Since
Total Fund	3,171,475,431	100.0	-1.0	--	-2.8	--	2.4	--	8.1	--	7.1	--	2.8	--	5.1	--	8.7	Mar-71
Policy Benchmark			-0.8	--	-2.8	--	3.1	--	7.8	--	7.7	--	3.1	--	5.6	--	--	Mar-71
Over/Under			-0.2		0.0		-0.7		0.3		-0.6		-0.3		-0.5			
Allocation Index			-0.6	--	-2.7	--	3.2	--	7.8	--	7.3	--	3.3	--	5.7	--	--	Mar-71
60% MSCI World (Gross) / 40% CITI WGBI			0.1	--	-2.7	--	3.1	--	9.1	--	7.3	--	3.9	--	5.5	--	--	Mar-71
Total Equity Composite	919,414,259	29.0	0.5	63	-2.4	62	2.8	62	13.7	69	9.7	61	--	--	--	--	4.9	Apr-08
San Jose Custom Total Equity Benchmark			0.6	62	-2.3	61	3.8	52	14.3	63	10.1	58	--	--	--	--	5.3	Apr-08
Over/Under			-0.1		-0.1		-1.0		-0.6		-0.4						-0.4	
eA All Global Equity Net Median			1.2		-1.4		4.0		15.3		10.6		4.0		7.0		5.5	Apr-08
Global Equity Composite	187,318,741	5.9	1.2	50	-0.9	45	4.4	46	--	--	--	--	--	--	--	--	14.4	Mar-13
MSCI ACWI IMI (Net)			0.6	62	-2.3	61	3.8	52	14.3	63	9.5	66	3.1	67	6.4	64	11.6	Mar-13
Over/Under			0.6		1.4		0.6										2.8	
eA All Global Equity Net Median			1.2		-1.4		4.0		15.3		10.6		4.0		7.0		12.2	Mar-13
Artisan Global Opportunities	92,464,759	2.9	-0.6	76	-1.4	51	3.1	58	--	--	--	--	--	--	--	--	10.1	May-13
MSCI ACWI IMI (Net)			0.6	62	-2.3	61	3.8	52	14.3	63	9.5	66	3.1	67	6.4	64	9.8	May-13
Over/Under			-1.2		0.9		-0.7										0.3	
eA All Global Equity Net Median			1.2		-1.4		4.0		15.3		10.6		4.0		7.0		10.1	May-13
Artisan Global Value	94,822,947	3.0	3.0	25	-0.4	36	5.6	36	--	--	--	--	--	--	--	--	16.2	Mar-13
MSCI ACWI IMI (Net)			0.6	62	-2.3	61	3.8	52	14.3	63	9.5	66	3.1	67	6.4	64	11.6	Mar-13
Over/Under			2.4		1.9		1.8										4.6	
eA All Global Equity Net Median			1.2		-1.4		4.0		15.3		10.6		4.0		7.0		12.2	Mar-13
U.S. Equity Composite	296,924,535	9.4	5.3	50	5.0	33	12.1	28	21.5	23	16.4	29	7.6	52	7.8	66	9.6	Jun-95
Russell 3000			5.2	52	5.3	31	12.6	25	20.5	35	15.6	43	7.5	55	7.9	64	9.4	Jun-95
Over/Under			0.1		-0.3		-0.5		1.0		0.8		0.1		-0.1		0.2	
eA All US Equity Net Median			5.3		3.6		9.1		19.3		15.3		7.7		8.4		10.6	Jun-95
NT Russell 1000 Index Fund	256,501,782	8.1	4.9	42	5.7	38	--	--	--	--	--	--	--	--	--	--	11.1	Apr-14
Russell 1000			4.9	42	5.6	41	13.2	29	20.6	36	15.6	30	7.5	41	8.0	54	11.0	Apr-14
Over/Under			0.0		0.1												0.1	
eA US Large Cap Equity Net Median			4.6		4.9		11.6		19.7		14.7		7.1		8.0		9.6	Apr-14
RBC Small Cap Core	40,416,032	1.3	8.1	50	0.6	54	--	--	--	--	--	--	--	--	--	--	0.6	Jul-14
Russell 2000			9.7	23	1.7	43	4.9	44	19.2	46	15.5	54	8.2	57	7.8	69	1.7	Jul-14
Over/Under			-1.6		-1.1												-1.1	
eA US Small Cap Equity Net Median			8.1		1.0		4.0		18.9		15.7		8.6		8.4		1.0	Jul-14

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	Fiscal YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	7 Yrs (%)	Rank	10 Yrs (%)	Rank	Return (%)	Since
International Equity Composite	378,876,326	11.9	-3.7	75	-8.4	63	-4.4	62	7.8	92	4.2	88	-1.0	83	4.9	82	8.7	Jun-95
MSCI AC WORLD ex US (NET)			<u>-3.9</u>	77	<u>-8.9</u>	71	<u>-3.9</u>	54	<u>9.0</u>	75	<u>4.4</u>	83	<u>-0.6</u>	78	<u>5.1</u>	80	--	Jun-95
Over/Under			0.2		0.5		-0.5		-1.2		-0.2		-0.4		-0.2			
eA All ACWI ex-US Equity Net Median			-2.5		-7.9		-3.4		10.9		6.5		0.8		6.0		7.6	Jun-95
Developed International Equity Composite	262,346,589	8.3	-3.5	65	-9.4	65	-6.2	78	10.4	77	6.8	52	0.2	68	5.1	56	8.0	Jun-95
San Jose Custom MSCI World ex US Benchmark			<u>-3.7</u>	70	<u>-9.5</u>	67	<u>-5.2</u>	64	<u>10.9</u>	68	<u>5.3</u>	78	<u>-0.5</u>	79	<u>4.4</u>	77	<u>4.9</u>	Jun-95
Over/Under			0.2		0.1		-1.0		-0.5		1.5		0.7		0.7		3.1	
eA All EAFE Equity Net Median			-2.8		-8.4		-4.3		12.7		7.0		0.7		5.3		6.8	Jun-95
NT Russell MSCI World ex US Index Fund	222,351,508	7.0	<u>-3.7</u>	70	<u>-9.5</u>	66	--	--	--	--	--	--	--	--	--	--	-5.3	Apr-14
MSCI World ex USA			<u>-3.7</u>	70	<u>-9.2</u>	62	<u>-4.3</u>	51	<u>10.5</u>	77	<u>5.2</u>	79	<u>-0.4</u>	77	<u>4.6</u>	72	<u>-5.0</u>	Apr-14
Over/Under			0.0		-0.3												-0.3	
eA All EAFE Equity Net Median			-2.8		-8.4		-4.3		12.7		7.0		0.7		5.3		-5.5	Apr-14
Oberweis	39,900,373	1.3	<u>-2.2</u>	62	<u>-8.7</u>	55	--	--	--	--	--	--	--	--	--	--	-8.5	Mar-14
MSCI World ex US Small Cap Growth (Net)			<u>-2.7</u>	90	<u>-10.3</u>	84	<u>-4.8</u>	88	<u>10.6</u>	99	<u>8.2</u>	97	<u>1.4</u>	91	<u>6.0</u>	99	<u>-8.3</u>	Mar-14
Over/Under			0.5		1.6												-0.2	
eA EAFE Small Cap Growth Net Median			-1.7		-7.8		0.1		18.1		11.2		3.0		9.1		-7.4	Mar-14
Emerging Markets Equity Composite	116,529,737	3.7	-4.1	53	-5.6	36	0.7	41	2.9	81	-0.5	92	-2.3	83	6.5	98	11.0	Sep-01
MSCI Emerging Markets			<u>-4.5</u>	60	<u>-7.8</u>	66	<u>-2.2</u>	62	<u>4.0</u>	71	<u>1.8</u>	69	<u>-1.3</u>	74	<u>8.4</u>	80	<u>11.8</u>	Sep-01
Over/Under			0.4		2.2		2.9		-1.1		-2.3		-1.0		-1.9		-0.8	
eA Emg Mkts Equity Net Median			-3.9		-6.9		-0.8		5.6		3.5		-0.4		9.7		13.2	Sep-01
Russell Emerging Markets	32,836,955	1.0	<u>-4.2</u>	55	<u>-7.9</u>	67	<u>-3.8</u>	76	<u>2.6</u>	82	--	--	--	--	--	--	-0.3	Nov-11
MSCI Emerging Markets			<u>-4.5</u>	60	<u>-7.8</u>	66	<u>-2.2</u>	62	<u>4.0</u>	71	<u>1.8</u>	69	<u>-1.3</u>	74	<u>8.4</u>	80	<u>1.2</u>	Nov-11
Over/Under			0.3		-0.1		-1.6		-1.4								-1.5	
eA Emg Mkts Equity Net Median			-3.9		-6.9		-0.8		5.6		3.5		-0.4		9.7		2.8	Nov-11
Vontobel	62,842,492	2.0	<u>-2.6</u>	27	<u>-3.7</u>	16	<u>5.7</u>	13	--	--	--	--	--	--	--	--	3.1	Jul-13
MSCI Emerging Markets			<u>-4.5</u>	60	<u>-7.8</u>	66	<u>-2.2</u>	62	<u>4.0</u>	71	<u>1.8</u>	69	<u>-1.3</u>	74	<u>8.4</u>	80	<u>3.5</u>	Jul-13
Over/Under			1.9		4.1		7.9										-0.4	
eA Emg Mkts Equity Net Median			-3.9		-6.9		-0.8		5.6		3.5		-0.4		9.7		3.5	Jul-13

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	Fiscal YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	7 Yrs (%)	Rank	10 Yrs (%)	Rank	Return (%)	Since
Aberdeen	20,850,289	0.7	-8.1	94	-7.7	65	-3.4	74	--	--	--	--	--	--	--	--	4.6	Jul-13
MSCI Frontier Markets			-12.5	99	-11.1	90	6.8	5	13.6	5	8.0	6	-4.0	95	5.3	99	13.6	Jul-13
Over/Under			4.4		3.4		-10.2										-9.0	
eA Emg Mkts Equity Net Median			-3.9		-6.9		-0.8		5.6		3.5		-0.4		9.7		3.5	Jul-13
Alternative Equity Composite	56,294,657	1.8	4.2	--	--	--	--	--	--	--	--	--	--	--	--	--	4.2	Oct-14
HFRI Equity Hedge (Total) Index			0.0	--	-1.4	--	1.8	--	7.7	--	4.8	--	2.1	--	4.7	--	0.0	Oct-14
Over/Under			4.2														4.2	
Amici	10,200,613	0.3	2.3	--	-2.7	--	-0.2	--	--	--	--	--	--	--	--	--	1.1	Mar-13
HFRI Equity Hedge (Total) Index			0.0	--	-1.4	--	1.8	--	7.7	--	4.8	--	2.1	--	4.7	--	6.5	Mar-13
Over/Under			2.3		-1.3		-2.0										-5.4	
Marshall Wace	10,894,683	0.3	5.4	--	8.5	--	--	--	--	--	--	--	--	--	--	--	8.9	Apr-14
HFRI Equity Hedge (Total) Index			0.0	--	-1.4	--	1.8	--	7.7	--	4.8	--	2.1	--	4.7	--	0.7	Apr-14
Over/Under			5.4		9.9												8.2	
Horizon	11,580,427	0.4	2.3	--	5.4	--	9.3	--	--	--	--	--	--	--	--	--	10.3	Jul-13
HFRI Equity Hedge (Total) Index			0.0	--	-1.4	--	1.8	--	7.7	--	4.8	--	2.1	--	4.7	--	7.2	Jul-13
Over/Under			2.3		6.8		7.5										3.1	
Sandler	11,198,075	0.4	8.1	--	10.2	--	5.7	--	--	--	--	--	--	--	--	--	7.0	May-13
HFRI Equity Hedge (Total) Index			0.0	--	-1.4	--	1.8	--	7.7	--	4.8	--	2.1	--	4.7	--	6.2	May-13
Over/Under			8.1		11.6		3.9										0.8	
Senator	12,420,859	0.4	3.4	--	3.8	--	7.6	--	--	--	--	--	--	--	--	--	13.2	Apr-13
HFRI Event-Driven (Total) Index			-1.5	--	-3.2	--	1.0	--	7.3	--	6.0	--	3.9	--	5.6	--	5.3	Apr-13
Over/Under			4.9		7.0		6.6										7.9	

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	Fiscal YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	7 Yrs (%)	Rank	10 Yrs (%)	Rank	Return (%)	Since
Total Private Equity Composite	260,107,077	8.2	4.0	--	4.0	--	12.6	--	14.3	--	12.9	--	8.9	--	--	--	9.5	Oct-05
<i>San Jose Custom Total Private Equity Index</i>			<u>1.1</u>	--	<u>2.9</u>	--	<u>14.1</u>	--	--	--	--	--	--	--	--	--	--	<i>Oct-05</i>
<i>Over/Under</i>			2.9		1.1		-1.5											
<i>San Jose Custom Blended Private Equity Benchmark</i>			1.7	--	1.7	--	12.2	--	14.3	--	14.1	--	5.4	--	12.8	--	11.4	<i>Oct-05</i>
<i>Russell 3000 Qtr Lag</i>			0.0	--	4.9	--	17.8	--	23.1	--	15.8	--	6.2	--	8.4	--	8.0	<i>Oct-05</i>
Total Private Equity ex Russell R3000	155,059,601	4.9	2.8	--	2.8	--	12.3	--	11.5	--	11.3	--	7.7	--	--	--	8.7	Oct-05
<i>San Jose Custom Private Equity Benchmark</i>			<u>1.7</u>	--	<u>1.7</u>	--	<u>11.8</u>	--	<u>14.9</u>	--	<u>15.4</u>	--	<u>8.3</u>	--	<u>14.5</u>	--	<u>12.7</u>	<i>Oct-05</i>
<i>Over/Under</i>			1.1		1.1		0.5		-3.4		-4.1		-0.6				-4.0	
<i>San Jose Custom Blended Private Equity Benchmark</i>			1.7	--	1.7	--	12.2	--	14.3	--	14.1	--	5.4	--	12.8	--	11.4	<i>Oct-05</i>

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



NEPC, LLC

December 31, 2014

City of San Jose Police and Fire Department Retirement Plan

Total Fund Performance Detail

	Market Value (\$)	% of Portfolio	3 Mo (%)	Rank	Fiscal YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	7 Yrs (%)	Rank	10 Yrs (%)	Rank	Return (%)	Since
Total Fixed Income Composite	760,714,936	24.0	-1.4	96	-1.7	89	2.6	66	5.7	29	7.0	27	--	--	--	--	7.1	Apr-08
Fixed Income Blended Benchmark			-1.2	95	-3.4	95	1.5	74	3.4	51	6.1	35	6.0	30	5.6	29	5.9	Apr-08
Over/Under			-0.2		1.7		1.1		2.3		0.9						1.2	
Barclays Aggregate			1.8	15	2.0	18	6.0	28	2.7	62	4.4	57	4.8	52	4.7	48	4.6	Apr-08
eA All US Fixed Inc Net Median			0.7		0.7		3.9		3.5		4.8		4.9		4.6		4.8	Apr-08
Global Fixed Income Composite	205,143,108	6.5	-3.6	99	-5.6	94	-1.2	97	--	--	--	--	--	--	--	--	-1.2	Dec-13
Barclays Global Aggregate			-1.0	53	-4.1	71	0.6	78	0.7	86	2.6	88	3.6	85	3.6	81	0.6	Dec-13
Over/Under			-2.6		-1.5		-1.8										-1.8	
eA Global Agg Fixed Inc Net Median			-0.9		-3.5		1.9		2.5		3.4		4.6		4.2		1.9	Dec-13
Claren Road	26,322,844	0.8	-11.0	--	-12.6	--	-10.4	--	--	--	--	--	--	--	--	--	-7.9	Jul-13
Barclays Global Aggregate			-1.0	--	-4.1	--	0.6	--	0.7	--	2.6	--	3.6	--	3.6	--	2.0	Jul-13
Over/Under			-10.0		-8.5		-11.0										-9.9	
HFRI RV: Fixed Income-Corporate Index			-2.4	--	-3.4	--	1.2	--	5.9	--	6.0	--	4.1	--	4.4	--	3.6	Jul-13
Colchester	109,137,820	3.4	-2.7	99	-5.4	93	-0.2	93	--	--	--	--	--	--	--	--	-0.2	Jan-14
Barclays Global Aggregate			-1.0	53	-4.1	71	0.6	78	0.7	86	2.6	88	3.6	85	3.6	81	0.6	Jan-14
Over/Under			-1.7		-1.3		-0.8										-0.8	
eA Global Agg Fixed Inc Net Median			-0.9		-3.5		1.9		2.5		3.4		4.6		4.2		1.9	Jan-14
Franklin Templeton	69,682,443	2.2	-2.0	94	-2.9	43	0.5	80	--	--	--	--	--	--	--	--	0.5	Jan-14
Barclays Global Aggregate			-1.0	53	-4.1	71	0.6	78	0.7	86	2.6	88	3.6	85	3.6	81	0.6	Jan-14
Over/Under			-1.0		1.2		-0.1										-0.1	
eA Global Agg Fixed Inc Net Median			-0.9		-3.5		1.9		2.5		3.4		4.6		4.2		1.9	Jan-14
Total Credit Composite	390,215,536	12.3	-0.1	--	1.1	--	5.0	--	15.1	--	10.6	--	--	--	--	--	10.1	Jul-08
50% Credit Suisse Leveraged Loan Index / 50% BofA ML US HY BB-B Rated Constrained Index			-0.4	--	-1.3	--	2.8	--	6.9	--	7.3	--	6.3	--	5.9	--	7.0	Jul-08
Over/Under			0.3		2.4		2.2		8.2		3.3						3.1	
Corporate Credit Composite	155,512,122	4.9	-1.7	--	-1.6	--	2.1	--	5.9	--	6.2	--	--	--	--	--	8.0	Apr-09
Blended Domestic Credit Index			-1.0	--	-2.9	--	2.5	--	7.4	--	7.6	--	6.5	--	6.1	--	12.4	Apr-09
Over/Under			-0.7		1.3		-0.4		-1.5		-1.4						-4.4	
Beach Point	77,079,307	2.4	-3.4	92	-4.3	75	-0.5	94	--	--	--	--	--	--	--	--	2.2	Oct-13
Barclays High Yield			-1.0	47	-2.9	48	2.5	40	8.4	40	9.0	28	8.8	15	7.7	14	4.9	Oct-13
Over/Under			-2.4		-1.4		-3.0										-2.7	
eA US High Yield Fixed Inc Net Median			-1.1		-2.9		1.9		8.0		8.7		7.8		7.1		4.3	Oct-13

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	Fiscal YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	7 Yrs (%)	Rank	10 Yrs (%)	Rank	Return (%)	Since
Symphony	78,428,345	2.5	0.0	24	1.2	1	--	--	--	--	--	--	--	--	--	--	4.6	Feb-14
Barclays High Yield			-1.0	47	-2.9	48	2.5	40	8.4	40	9.0	28	8.8	15	7.7	14	1.7	Feb-14
Over/Under			1.0		4.1												2.9	
eA US High Yield Fixed Inc Net Median			-1.1		-2.9		1.9		8.0		8.7		7.8		7.1		1.4	Feb-14
Opportunistic Credit Composite	234,703,414	7.4	1.1	--	3.2	--	7.1	--	19.4	--	12.3	--	--	--	--	--	13.9	Jul-08
50% Credit Suisse Leveraged Loan Index																		
/ 50% BofA ML US HY BB-B Rated			-0.4	--	-1.3	--	2.8	--	6.9	--	7.3	--	6.3	--	5.9	--	7.0	Jul-08
Constrained Index																		
Over/Under			1.5		4.5		4.3		12.5		5.0						6.9	
Davidson Kempner	22,577,338	0.7	-1.3	--	-1.3	--	4.5	--	--	--	--	--	--	--	--	--	6.5	Feb-13
HFRI Event-Driven (Total) Index			-1.5	--	-3.2	--	1.0	--	7.3	--	6.0	--	3.9	--	5.6	--	5.6	Feb-13
Over/Under			0.2		1.9		3.5										0.9	
Marathon	14,429,984	0.5	-0.6	--	-0.3	--	3.4	--	--	--	--	--	--	--	--	--	8.4	Oct-12
BofA ML Euro HY Constrained			-3.5	--	-11.6	--	-7.5	--	11.3	--	6.9	--	7.0	--	7.0	--	6.9	Oct-12
Over/Under			2.9		11.3		10.9										1.5	
Direct Lending Composite	197,696,092	6.2	1.5	--	4.0	--	6.5	--	8.6	--	--	--	--	--	--	--	7.2	Nov-10
3-Month LIBOR + 5%			1.3	--	2.6	--	5.2	--	5.3	--	5.3	--	5.8	--	7.0	--	5.3	Nov-10
Over/Under			0.2		1.4		1.3		3.3								1.9	
U.S. Direct Lending	119,258,143	3.8	2.4	--	5.7	--	7.5	--	9.0	--	--	--	--	--	--	--	7.5	Nov-10
3-Month LIBOR + 5%			1.3	--	2.6	--	5.2	--	5.3	--	5.3	--	5.8	--	7.0	--	5.3	Nov-10
Over/Under			1.1		3.1		2.3		3.7								2.2	
GSO	20,290,028	0.6	1.8	--	6.8	--	8.2	--	10.7	--	--	--	--	--	--	--	15.0	Dec-10
3-Month LIBOR + 5%			1.3	--	2.6	--	5.2	--	5.3	--	5.3	--	5.8	--	7.0	--	5.3	Dec-10
Over/Under			0.5		4.2		3.0		5.4								9.7	
Medley Capital	51,948,475	1.6	0.5	--	3.5	--	8.2	--	9.2	--	--	--	--	--	--	--	7.2	Mar-11
3-Month LIBOR + 5%			1.3	--	2.6	--	5.2	--	5.3	--	5.3	--	5.8	--	7.0	--	5.3	Mar-11
Over/Under			-0.8		0.9		3.0		3.9								1.9	
White Oak	47,019,639	1.5	4.9	--	7.2	--	6.5	--	8.0	--	--	--	--	--	--	--	5.4	Nov-10
3-Month LIBOR + 5%			1.3	--	2.6	--	5.2	--	5.3	--	5.3	--	5.8	--	7.0	--	5.3	Nov-10
Over/Under			3.6		4.6		1.3		2.7								0.1	

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City of San Jose Police and Fire Department Retirement Plan

Total Fund Performance Detail

	Market Value (\$)	% of Portfolio	3 Mo (%)	Rank	Fiscal YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	7 Yrs (%)	Rank	10 Yrs (%)	Rank	Return (%)	Since
European Direct Lending	78,437,950	2.5	0.1	--	1.0	--	--	--	--	--	--	--	--	--	--	--	4.0	Apr-14
3-Month LIBOR + 5%			<u>1.3</u>	--	<u>2.6</u>	--	<u>5.2</u>	--	<u>5.3</u>	--	<u>5.3</u>	--	<u>5.8</u>	--	<u>7.0</u>	--	<u>3.9</u>	Apr-14
Over/Under			-1.2		-1.6												0.1	
Capula	64,575,766	2.0	0.1	--	1.1	--	--	--	--	--	--	--	--	--	--	--	4.0	Apr-14
3-Month LIBOR + 5%			<u>1.3</u>	--	<u>2.6</u>	--	<u>5.2</u>	--	<u>5.3</u>	--	<u>5.3</u>	--	<u>5.8</u>	--	<u>7.0</u>	--	<u>3.9</u>	Apr-14
Over/Under			-1.2		-1.5												0.1	
Park Square	13,862,184	0.4	--	--	--	--	--	--	--	--	--	--	--	--	--	--	0.0	Nov-14
3-Month LIBOR + 5%			<u>1.3</u>	--	<u>2.6</u>	--	<u>5.2</u>	--	<u>5.3</u>	--	<u>5.3</u>	--	<u>5.8</u>	--	<u>7.0</u>	--	<u>0.9</u>	Nov-14
Over/Under																	-0.9	
Emerging Market Debt Composite	165,356,293	5.2	-1.6	14	-3.6	21	1.3	43	--	--	--	--	--	--	--	--	-4.7	Jan-13
San Jose Custom EMD Benchmark			-3.6	40	-6.5	47	-0.2	57	<u>2.4</u>	62	--	--	--	--	--	--	-4.7	Jan-13
Over/Under			2.0		2.9		1.5										0.0	
eA All Emg Mkts Fixed Inc Net Median			-4.0		-7.0		0.6		3.6		6.1		6.5		8.0		-2.6	Jan-13
BlueBay	111,473,253	3.5	-2.6	27	-5.9	37	-0.4	58	--	--	--	--	--	--	--	--	-0.9	Aug-13
JP Morgan Blended EMD Benchmark			-3.6	40	-6.5	47	-0.2	57	<u>3.0</u>	61	--	--	--	--	--	--	<u>0.0</u>	Aug-13
Over/Under			1.0		0.6		-0.2										-0.9	
eA All Emg Mkts Fixed Inc Net Median			-4.0		-7.0		0.6		3.6		6.1		6.5		8.0		1.2	Aug-13
Iguazu	53,883,040	1.7	0.6	1	1.4	1	--	--	--	--	--	--	--	--	--	--	7.8	Feb-14
JP Morgan Blended EMD Benchmark			-3.6	40	-6.5	47	-0.2	57	<u>3.0</u>	61	--	--	--	--	--	--	<u>2.3</u>	Feb-14
Over/Under			4.2		7.9												5.5	
eA All Emg Mkts Fixed Inc Net Median			-4.0		-7.0		0.6		3.6		6.1		6.5		8.0		2.8	Feb-14

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City of San Jose Police and Fire Department Retirement Plan

Total Fund Performance Detail

	Market Value (\$)	% of Portfolio	3 Mo (%)	Rank	Fiscal YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	7 Yrs (%)	Rank	10 Yrs (%)	Rank	Return (%)	Since
Total Real Estate Composite	245,405,368	7.7	3.2	--	3.0	--	9.1	--	11.3	--	9.7	--	4.6	--	7.3	--	8.1	Jun-95
San Jose Custom Total Real Estate BM			<u>1.9</u>	--	<u>0.6</u>	--	<u>6.5</u>	--	--	--	--	--	--	--	--	--	--	Jun-95
Over/Under			1.3		2.4		2.6											
Total Real Estate Ex Russell Real Estate	184,351,046	5.8	3.8	--	3.8	--	10.3	--	--	--	--	--	--	--	--	--	11.9	Dec-12
San Jose Custom Real Estate Benchmark			<u>3.2</u>	--	<u>3.2</u>	--	<u>9.2</u>	--	<u>11.3</u>	--	<u>11.8</u>	--	<u>2.2</u>	--	<u>6.8</u>	--	<u>12.1</u>	Dec-12
Over/Under			0.6		0.6		1.1										-0.2	
Inflation-Linked Assets Composite	277,098,898	8.7	-12.0	--	-18.3	--	-10.1	--	-7.3	--	--	--	--	--	--	--	-9.0	Apr-11
San Jose Custom Inflation-Linked Assets Benchmark			<u>-8.4</u>	--	<u>-12.7</u>	--	<u>-4.4</u>	--	<u>-4.0</u>	--	--	--	--	--	--	--	<u>-6.5</u>	Apr-11
Over/Under			-3.6		-5.6		-5.7		-3.3								-2.5	
Multi-Asset Inflation-Linked Assets Composite	81,393,305	2.6	-12.6	--	-19.6	--	-12.8	--	--	--	--	--	--	--	--	--	-10.8	Nov-13
CPI + 5% (Unadjusted)			<u>-0.1</u>	--	<u>1.0</u>	--	<u>5.8</u>	--	<u>6.4</u>	--	<u>6.8</u>	--	<u>6.7</u>	--	<u>7.2</u>	--	<u>5.5</u>	Nov-13
Over/Under			-12.5		-20.6		-18.6										-16.3	
Wellington	81,393,305	2.6	-12.6	--	-19.6	--	-12.8	--	--	--	--	--	--	--	--	--	-10.8	Nov-13
CPI + 5% (Unadjusted)			<u>-0.1</u>	--	<u>1.0</u>	--	<u>5.8</u>	--	<u>6.4</u>	--	<u>6.8</u>	--	<u>6.7</u>	--	<u>7.2</u>	--	<u>5.5</u>	Nov-13
Over/Under			-12.5		-20.6		-18.6										-16.3	
Commodities Composite	195,705,593	6.2	-11.7	--	-17.8	--	-8.9	--	-7.0	--	--	--	--	--	--	--	-8.8	Apr-11
Custom Commodity Risk Parity Index			<u>-11.9</u>	--	<u>-18.1</u>	--	<u>-8.7</u>	--	<u>-5.6</u>	--	--	--	--	--	--	--	<u>-7.7</u>	Apr-11
Over/Under			0.2		0.3		-0.2		-1.4								-1.1	
Bloomberg Commodity Index			-12.1	--	-22.5	--	-17.0	--	-9.4	--	-5.5	--	-7.6	--	-1.9	--	-12.1	Apr-11
Credit Suisse	195,705,593	6.2	-11.7	--	-17.8	--	-8.9	--	-5.5	--	--	--	--	--	--	--	-7.6	Apr-11
Custom Commodity Risk Parity Index			<u>-11.9</u>	--	<u>-18.1</u>	--	<u>-8.7</u>	--	<u>-5.6</u>	--	--	--	--	--	--	--	<u>-7.7</u>	Apr-11
Over/Under			0.2		0.3		-0.2		0.1								0.1	
Bloomberg Commodity Index			-12.1	--	-22.5	--	-17.0	--	-9.4	--	-5.5	--	-7.6	--	-1.9	--	-12.1	Apr-11

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	Fiscal YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	7 Yrs (%)	Rank	10 Yrs (%)	Rank	Return (%)	Since
Total Hedge Fund Composite	228,793,151	7.2	0.7	--	1.1	--	3.1	--	--	--	--	--	--	--	--	--	3.1	Nov-12
San Jose Custom Hedge Fund Benchmark			<u>0.4</u>	--	<u>0.4</u>	--	<u>2.4</u>	--	--	--	--	--	--	--	--	--	<u>3.9</u>	Nov-12
Over/Under			0.3		0.7		0.7										-0.8	
HFRI.FOF.Comp			1.0	--	1.2	--	3.4	--	5.7	--	3.3	--	0.4	--	3.0	--	6.4	Nov-12
Russell Hedge Funds	101,165,848	3.2	0.1	--	-0.6	--	0.9	--	--	--	--	--	--	--	--	--	1.9	Dec-12
Russell Hedge Index			<u>-0.1</u>	--	<u>-0.9</u>	--	<u>0.8</u>	--	<u>2.2</u>	--	<u>1.9</u>	--	<u>1.4</u>	--	<u>2.6</u>	--	<u>1.9</u>	Dec-12
Over/Under			0.2		0.3		0.1										0.0	
Total Hedge Fund Composite ex-Interim	127,627,302	4.0	1.3	--	2.1	--	4.3	--	--	--	--	--	--	--	--	--	5.4	Nov-12
HFRI.FOF.Comp			<u>1.0</u>	--	<u>1.2</u>	--	<u>3.4</u>	--	<u>5.7</u>	--	<u>3.3</u>	--	<u>0.4</u>	--	<u>3.0</u>	--	<u>6.4</u>	Nov-12
Over/Under			0.3		0.9		0.9										-1.0	
3-Month LIBOR + 5%			1.3	--	2.6	--	5.2	--	5.3	--	5.3	--	5.8	--	7.1	--	5.3	Nov-12
Arrowgrass	22,964,028	0.7	2.1	--	0.4	--	3.4	--	--	--	--	--	--	--	--	--	6.6	Nov-12
HFRI Relative Value (Total) Index			<u>-1.0</u>	--	<u>-0.8</u>	--	<u>3.9</u>	--	<u>7.2</u>	--	<u>6.5</u>	--	<u>5.1</u>	--	<u>6.3</u>	--	<u>5.9</u>	Nov-12
Over/Under			3.1		1.2		-0.5										0.7	
BlueTrend	9,489,870	0.3	6.3	--	6.1	--	12.7	--	--	--	--	--	--	--	--	--	-2.9	Apr-13
Barclay BTOP50 Index			<u>7.7</u>	--	<u>11.7</u>	--	<u>12.3</u>	--	<u>3.6</u>	--	<u>2.5</u>	--	--	--	--	--	<u>6.1</u>	Apr-13
Over/Under			-1.4		-5.6		0.4										-9.0	
Brevan Howard	20,878,518	0.7	0.4	--	2.7	--	1.6	--	--	--	--	--	--	--	--	--	2.1	Dec-12
HFRI Macro (Total) Index			<u>2.4</u>	--	<u>4.6</u>	--	<u>5.7</u>	--	<u>1.7</u>	--	<u>1.7</u>	--	<u>2.5</u>	--	<u>4.3</u>	--	<u>3.0</u>	Dec-12
Over/Under			-2.0		-1.9		-4.1										-0.9	
DE Shaw	25,074,078	0.8	2.7	--	6.2	--	16.4	--	--	--	--	--	--	--	--	--	13.8	Apr-13
HFRI Fund Weighted Composite Index			<u>0.2</u>	--	<u>-0.2</u>	--	<u>3.0</u>	--	<u>6.1</u>	--	<u>4.5</u>	--	<u>2.8</u>	--	<u>5.1</u>	--	<u>4.8</u>	Apr-13
Over/Under			2.5		6.4		13.4										9.0	
Hudson Bay	20,409,825	0.6	-3.5	--	-3.7	--	-2.1	--	--	--	--	--	--	--	--	--	1.4	Jul-13
HFRI Relative Value (Total) Index			<u>-1.0</u>	--	<u>-0.8</u>	--	<u>3.9</u>	--	<u>7.2</u>	--	<u>6.5</u>	--	<u>5.1</u>	--	<u>6.3</u>	--	<u>5.3</u>	Jul-13
Over/Under			-2.5		-2.9		-6.0										-3.9	
Kepos	5,753,097	0.2	9.3	--	21.7	--	22.3	--	--	--	--	--	--	--	--	--	8.0	Mar-13
HFRI Macro: Systematic Diversified Index			<u>5.6</u>	--	<u>10.3</u>	--	<u>10.5</u>	--	<u>2.2</u>	--	<u>2.5</u>	--	<u>4.0</u>	--	<u>6.8</u>	--	<u>4.9</u>	Mar-13
Over/Under			3.7		11.4		11.8										3.1	
Pine River	23,057,887	0.7	0.5	--	3.1	--	4.8	--	--	--	--	--	--	--	--	--	7.4	Jan-13
HFRI Relative Value (Total) Index			<u>-1.0</u>	--	<u>-0.8</u>	--	<u>3.9</u>	--	<u>7.2</u>	--	<u>6.5</u>	--	<u>5.1</u>	--	<u>6.3</u>	--	<u>5.5</u>	Jan-13
Over/Under			1.5		3.9		0.9										1.9	

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

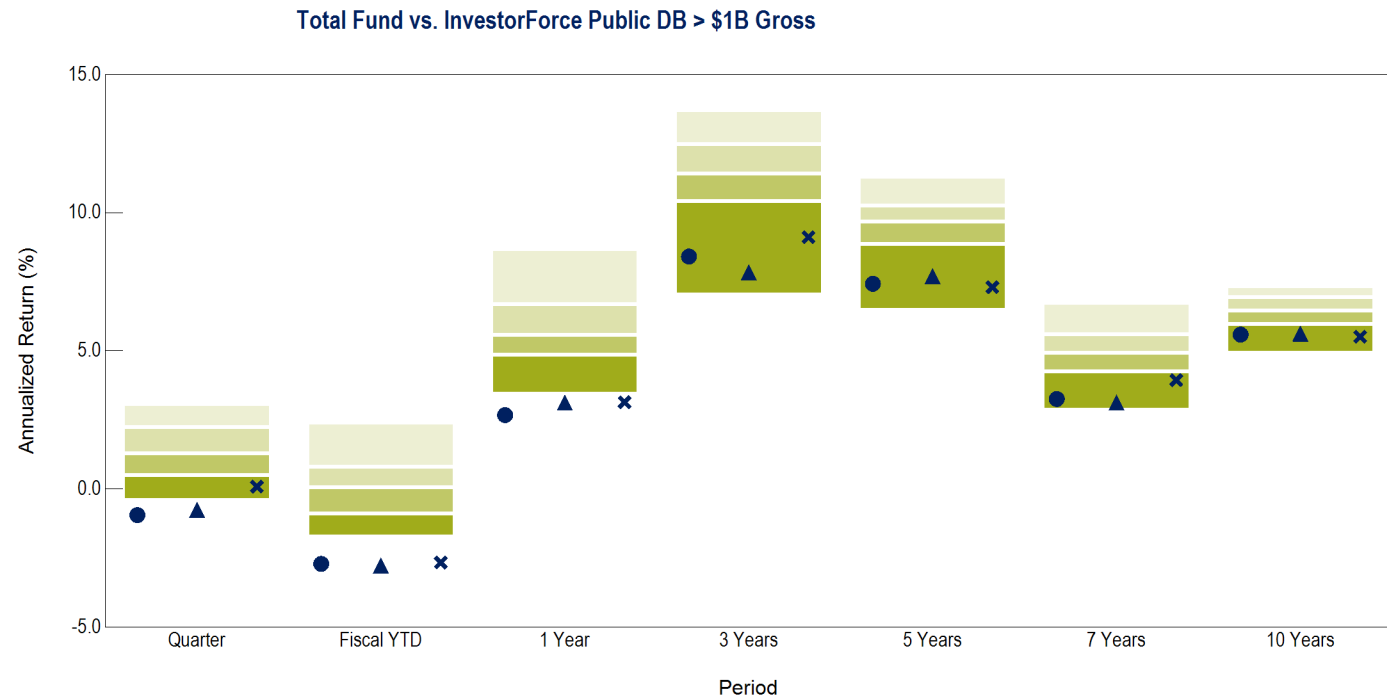
Total Fund Performance Detail

	Market Value (\$)	% of Portfolio	3 Mo (%)	Rank	Fiscal YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	7 Yrs (%)	Rank	10 Yrs (%)	Rank	Return (%)	Since
Total GAA Composite	331,777,812	10.5	-1.4	--	-2.8	--	1.2	--	--	--	--	--	--	--	--	--	3.1	Jan-13
60% MSCI World (Net) / 40% CITI WGBI			<u>0.0</u>	--	<u>-2.8</u>	--	<u>2.8</u>	--	<u>8.7</u>	--	<u>6.9</u>	--	<u>3.6</u>	--	<u>5.2</u>	--	<u>8.0</u>	Jan-13
Over/Under			-1.4		0.0		-1.6										-4.9	
GMO	127,445,698	4.0	-0.8	--	-3.2	--	1.2	--	--	--	--	--	--	--	--	--	5.0	Feb-13
CPI + 5% (Seasonally Adjusted)			<u>0.6</u>	--	<u>1.8</u>	--	<u>5.7</u>	--	<u>6.4</u>	--	<u>6.7</u>	--	<u>6.7</u>	--	<u>7.2</u>	--	<u>6.1</u>	Feb-13
Over/Under			-1.4		-5.0		-4.5										-1.1	
60% MSCI World (Net) / 40% CITI WGBI			<u>0.0</u>	--	<u>-2.8</u>	--	<u>2.8</u>	--	<u>8.7</u>	--	<u>6.9</u>	--	<u>3.6</u>	--	<u>5.2</u>	--	<u>7.0</u>	Feb-13
PIMCO	95,288,474	3.0	-4.5	--	-8.1	--	-2.3	--	--	--	--	--	--	--	--	--	-4.2	Feb-13
CPI + 6.5% (Seasonally Adjusted)			<u>1.0</u>	--	<u>2.5</u>	--	<u>7.2</u>	--	<u>7.9</u>	--	<u>8.3</u>	--	<u>8.2</u>	--	<u>8.7</u>	--	<u>7.6</u>	Feb-13
Over/Under			-5.5		-10.6		-9.5										-11.8	
60% MSCI World (Net) / 40% CITI WGBI			<u>0.0</u>	--	<u>-2.8</u>	--	<u>2.8</u>	--	<u>8.7</u>	--	<u>6.9</u>	--	<u>3.6</u>	--	<u>5.2</u>	--	<u>7.0</u>	Feb-13
Standard Life	109,043,640	3.4	0.5	--	3.1	--	4.5	--	--	--	--	--	--	--	--	--	5.1	Feb-13
91 Day T-Bill + 5%			<u>1.2</u>	--	<u>2.5</u>	--	<u>5.0</u>	--	<u>5.1</u>	--	<u>5.1</u>	--	<u>5.3</u>	--	<u>6.5</u>	--	<u>5.0</u>	Feb-13
Over/Under			-0.7		0.6		-0.5										0.1	
60% MSCI World (Net) / 40% CITI WGBI			<u>0.0</u>	--	<u>-2.8</u>	--	<u>2.8</u>	--	<u>8.7</u>	--	<u>6.9</u>	--	<u>3.6</u>	--	<u>5.2</u>	--	<u>7.0</u>	Feb-13
Cash																		
Cash	81,232,703	2.6	0.0	--	0.0	--	0.0	--	0.1	--	0.5	--	--	--	--	--	1.0	Apr-08
91 Day T-Bills			<u>0.0</u>	--	<u>0.0</u>	--	<u>0.0</u>	--	<u>0.0</u>	--	<u>0.1</u>	--	<u>0.3</u>	--	<u>1.4</u>	--	<u>0.2</u>	Apr-08
Over/Under			0.0		0.0		0.0		0.1		0.4						0.8	

Note: Performance of Total GAA Composite 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

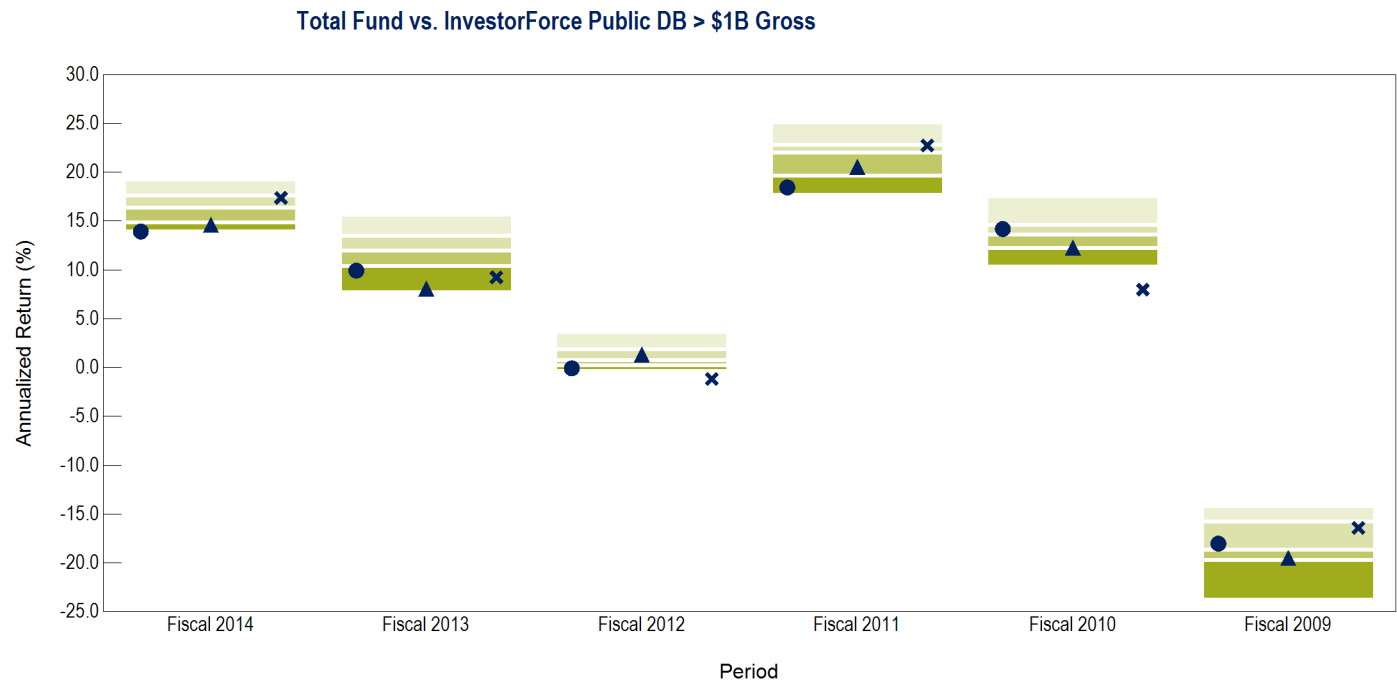
Total Fund Return Summary vs. Peer Universe



		Return (Rank)													
5th Percentile		3.1		2.4		8.7		13.7		11.3		6.7		7.3	
25th Percentile		2.3		0.8		6.7		12.5		10.3		5.6		7.0	
Median		1.3		0.1		5.6		11.4		9.7		4.9		6.5	
75th Percentile		0.5		-0.9		4.9		10.4		8.9		4.3		6.0	
95th Percentile		-0.4		-1.7		3.5		7.1		6.5		2.9		4.9	
# of Portfolios		67		67		67		66		65		64		62	
●	Total Fund	-1.0	(99)	-2.7	(99)	2.7	(97)	8.4	(91)	7.4	(92)	3.3	(93)	5.6	(89)
▲	Policy Benchmark	-0.8	(99)	-2.8	(99)	3.1	(96)	7.8	(92)	7.7	(91)	3.1	(94)	5.6	(89)
✕	60% MSCI World (Gross) / 40% CITI WGBI	0.1	(93)	-2.7	(99)	3.1	(96)	9.1	(88)	7.3	(92)	3.9	(86)	5.5	(91)

City of San Jose Police and Fire Department Retirement Plan

Total Fund Return Summary vs. Peer Universe



	Return (Rank)											
5th Percentile	19.2		15.6		3.6		25.1		17.5		-14.2	
25th Percentile	17.6		13.5		1.9		22.8		14.7		-15.7	
Median	16.4		12.0		0.8		22.0		13.6		-18.6	
75th Percentile	14.9		10.4		0.3		19.7		12.3		-19.7	
95th Percentile	14.0		7.7		-0.3		17.7		10.4		-23.7	
# of Portfolios	52		55		50		49		49		49	
● Total Fund	13.9	(97)	9.9	(82)	-0.1	(90)	18.4	(92)	14.2	(34)	-18.0	(42)
▲ Policy Benchmark	14.6	(81)	8.1	(93)	1.3	(38)	20.5	(69)	12.3	(76)	-19.5	(70)
✕ 60% MSCI World (Gross) / 40% CITI WGBI	17.4	(30)	9.2	(87)	-1.2	(99)	22.7	(28)	8.0	(99)	-16.4	(28)

Manager Due Diligence

City of San Jose Police and Fire Department Retirement Plan

Due Diligence Monitor

The items below summarize the recent quarter's performance and any changes or announcements from the Plan's managers/products. A "-" indicates there were no material announcements. A "Yes" indicates there was an announcement and a brief summary is provided on the following pages. NEPC's Due Diligence Committee meets every two weeks to review events as they relate to investment managers and determine if any action should be taken (by NEPC and/or by our clients). Events are rated: No Action, Watch, Hold, Client Review or Terminate. NEPC's recommendation in view of the recent quarter's developments (performance, manager events, and any of the longer-term trending data) is refreshed quarterly.

Investment Options	Performance (Recent Quarter)	Changes/ Announcements (Recent Quarter)	NEPC Due Diligence Committee Recommendations	Plan Recommendation	Comments
Russell Overlay	N/A	-	Watch	No Action	
Artisan Global Opps	Bottom Quartile	-	-	-	
Artisan Global Value	Top Quartile	-	-	-	
NT Russell 1000 Index	-	-	-	-	
RBC Small Cap	-	-	-	-	
NT MSCI World ex-U.S. Index	-	-	-	-	
Oberweis International Opportunities	-	-	-	-	
MSCI Emerging Markets ETF (ticker: EEM)	-	-	-	-	
Vontobel Emerging Markets Equity	-	-	-	-	
Aberdeen Frontier Markets Equity	Bottom Decile	-	No Action	No Action	
NT Russell 3000 Index Fund	-	-	-	-	
57 Stars Global Opportunity Fund 3	N/A	-	-	-	
Crescent Mezzanine Partners (Fund V; Fund VI)	N/A	-	-	-	
HarbourVest Partners (Fund VII - 2005 Buyout; VIII Venture; VIII Buyout)	N/A	-	-	-	
Pantheon USA Fund VI	N/A	-	-	-	
Portfolio Advisors Private Equity Fund III (A – Buyout; B – Venture; C – Special Sits)	N/A	-	-	-	
Siguler Guff Distressed Opportunities Fund III	N/A	-	-	-	
TPG Opportunities Partners (Fund II; Fund III)	N/A	-	-	-	Fund III Funded 2/2014
Warburg Pincus Private Equity XI	N/A	-	-	-	



City of San Jose Police and Fire Department Retirement Plan

Due Diligence Monitor Continued

Investment Options	Performance (Recent Quarter)	Changes/ Announcements (Recent Quarter)	NEPC Due Diligence Committee Recommendations	Plan Recommendation	Comments
Colchester Global Fixed Income	Bottom Decile	-	-	-	
Franklin Templeton Global Multi-Sector Plus	Bottom Decile	-	-	-	
Beach Point Total Return Fund	Bottom Decile	-	-	-	
Symphony L/S Credit Fund	Top Quartile	-	-	-	
Marathon European Credit Opportunity Fund	N/A	-	-	-	
GSO Direct Lending Fund	N/A	-	-	-	
Medley Opportunity Fund II	N/A	-	-	-	
White Oak Direct Lending Fund	N/A	-	-	-	
Capula European Special Situations Fund	N/A	-	-	-	
Park Square Credit Opportunities Fund II	N/A	-	-	-	
BlueBay Emerging Market Select Debt	-	Yes	No Action	No Action	
Iguazu Partners	Top Decile	-	-	-	
Credit Suisse Risk Parity Commodity Fund	N/A	-	Hold	No Action	
Wellington Diversified Inflation Hedges	N/A	-	-	-	
Russell Real Estate	N/A	Yes	Watch	No Action	Interim Real Estate Exposure
American Realty Separate Account	N/A	-	-	-	
American Realty Core Fund	N/A	-	-	-	
Blackstone Real Estate Debt Strategies II	N/A	-	-	-	
Brookfield Strategic Real Estate Partners	N/A	-	-	-	
Orion European Real Estate Fund IV	N/A	-	-	-	
TA Realty Fund X	N/A	-	-	-	
Tristan EPI SO 3	N/A	-	-	-	

Due Diligence Monitor Continued

Investment Options	Performance (Recent Quarter)	Changes/ Announcements (Recent Quarter)	NEPC Due Diligence Committee Recommendations	Plan Recommendation	Comments
Och-Ziff Real Estate Fund III	N/A	-	-	-	
Russell Hedge Funds	N/A	Yes	Watch	No Action	Interim Hedge Fund Exposure
GMO Benchmark-Free Allocation	N/A	-	-	-	
PIMCO All Asset All Authority	N/A	Yes	Client Review	Client Review	
Standard Life Global Absolute Return Strategy (GTAA)	N/A	-	-	-	
Industry Ventures III	N/A	-	-	-	Funded 9/2014
CCMP Capital Investors III	N/A	Yes	-	No Action	Funded 8/2014

Note: Hedge Funds are excluded from the Due Diligence Monitor as NEPC does not provide the Plan with hedge fund advisory services.

NEPC Due Diligence Committee Recommendation Key	
No Action	Informational items have surfaced; no action is recommended.
Watch	Issues have surfaced to be concerned over; manager can participate in future searches, but current and prospective clients must be made aware of the issues.
Hold	Serious issues have surfaced to be concerned over; manager cannot participate in future searches unless a client specifically requests, but current and prospective clients must be made aware of the issues.
Client Review	Very serious issues have surfaced with an Investment Manager; manager cannot participate in future searches unless a client specifically requests. Current clients must be advised to review the manager.
Terminate	We have lost all confidence in the product; manager would not be recommended for searches and clients would be discouraged from using. The manager cannot participate in future searches unless a client specifically requests. Current clients must be advised to replace the manager.



PIMCO (12/31/14 Assets Under Management ("AUM") Update)

PIMCO released information on total firm asset levels for the year ending 12/31/2014. The data referenced here now includes separate account and pooled fund assets, which is only made available on a quarterly basis. PIMCO lost \$239 billion in assets over the period, 70% of that coming from the Total Return strategy platform, which was managed by Bill Gross. Some summary statistics are listed below:

- Total firm AUM fell \$239 billion, or 12% of assets, to \$1.68 trillion in 2014
- Assets in institutional mutual funds dropped by \$129 billion over the year
- Separate account AUM fell by close to \$50 billion
- The PIMCO Total Return strategy has experienced net asset outflows for the 20 consecutive months ended December 31, 2014. As of December 31, Total Return mutual fund assets were reported at \$143 billion, down more than half from a peak of \$292.9 billion in April 2013. Outflows for the strategy (across all vehicles) totaled \$170 billion in 2014 and more than \$220 billion since peak.

PIMCO (Firm Announcement)

On October 30, 2014, PIMCO announced two additions to the firm and one new appointment. Rejoining PIMCO will be Michael Spence and Jeremie Banet. Recall that Jeremie Banet left the firm earlier in the year to pursue an entrepreneurial venture (there were also rumors that a strained relationship with Bill Gross drove him to resign). Mr. Banet will be returning to the Real Return team where he will focus on inflation-linked strategies. He will report to Mihir Worah, CIO of Real Return. Michael Spence, a Nobel Laureate and Professor at NYU Stern School of Business, will be rejoining the firm as a consultant similar to the role he held until early 2014. He will focus on macroeconomic and global policy issues, and he will be contributing to the secular and cyclical forums and directly to the investment committee upon his return. The third announcement is that Rahul Seksaria will become a member of the Global Multi-Asset Fund and the PIMCO Absolute Return Strategy (PARS) strategy teams. Mr. Seksaria is a member of the Real Return team and is the PM that took over for Mr. Banet's accounts following his departure this past June. He will remain on the Real Return team and continue to report to Mihir Worah.

On November 3, 2014, PIMCO announced that Marc Seidner will re-join the firm effective November 12 after spending only eight months with GMO as the head of fixed income. Mr. Seidner will be named CIO of Non-Traditional strategies, joining the five platform CIOs and Global CIO Dan Ivascyn. He will be working out of the New York offices and will act as Head of Portfolio Management in New York, a position previously held by Curtis Mewbourne. Mr. Mewbourne will move to Newport Beach, where he will continue in his previous responsibilities, including lead portfolio manager on the Diversified Income strategy. Mr. Seidner will also be named a member of the Investment Committee and will take on some generalist portfolio management responsibilities. Mr. Seidner resigned from PIMCO earlier this year, following the departure of former CEO and co-CIO Mohamed El-Erian, and moved to Boston to lead GMO's fixed income team. While previously at PIMCO, Mr. Seidner held the title of Managing Director and managed separate account portfolios across several strategies including Unconstrained Bond, Total Return, and Low Duration. He was a highly respected member of the investment team and was considered for one of the original Deputy CIO roles appointed in January of this year.

PIMCO (Firm Announcement)

These announcements come in the wake of Bill Gross' departure after the individuals were away from the firm for only a short period of time. It is clear that PIMCO is working to restore investor confidence after Mr. Gross' departure by luring former employees back. Regardless of the drivers for these individuals leaving PIMCO originally, we view these developments as positive. Mr. Spence and Mr. Banet return with years of investment expertise and a familiarity with the PIMCO investment process. In addition, the investment teams have not changed materially since leaving, so the transition into their roles should be seamless. Mr. Seksaria's change in responsibilities is logical given that Mr. Banet will be returning as he will not need to spend as much time managing accounts.

PIMCO (Firm Announcement)

On January 12, 2015, PIMCO announced that Saumil Parikh, Portfolio Manager on the Unconstrained Bond Fund, and permanent member of the Investment Committee will be leaving the firm to join a competitor. Mr. Parikh also led the firm's cyclical economic forums, a post he has held since 2010. Replacing him as Portfolio Manager on the Unconstrained Bond strategy will be Marc Seidner (CIO of Non-Traditional strategies), who rejoined the firm in December after being at GMO for less than a year; Mr. Seidner will remain in the New York City office. Andrew Balls, CIO of Global Fixed Income, will take over as the lead on the cyclical forum. We have no information on why Mr. Parikh resigned, just that he will be pursuing an asset allocation opportunity at a competing firm. The timing is not surprising as bonuses are paid at the end of the year for PIMCO employees.

Mr. Parikh's departure is a significant one given his level of responsibility at the Firm; however, his departure does little to change the fact that PIMCO remains a deep and talented organization.

NEPC maintains a due diligence status of Client Review for all PIMCO strategies.

Our recommendation to the City of San Jose is to stay invested in the PIMCO All Asset All Authority Fund as the strategy is not directly impacted by the departure of Bill Gross and the subsequent organizational developments.

Due Diligence Commentary

Below is a summary of manager changes, announcements and due diligence events since the issuance of our last quarterly report.

Manager Changes/Announcements

CCMP Capital

On January 26, 2015, CCMP Capital informed NEPC that Stephen Murray, President and CEO of CCMP will be taking a 60 day leave of absence to attend to a health issue. CCMP would not disclose the nature of the issue. In his absence, Steve's day-to-day responsibilities will be parsed out amongst CCMP's senior leadership team.

The Limited Partnership Agreement calls for a triggering of a Key Person Event should either Stephen Murray or Greg Brenneman cease to devote a substantial amount of time to the activities of the Fund. CCMP consulted their outside counsel (Weil Gotshal) on Steve's absence and their view, this is a short term leave (along the lines of a sabbatical) and that it does not constitute a Key Person Event. CCMP discussed this yesterday with the LPAC and no one voiced any concerns on this specific issue. While CCMP does not expect this to occur, if for whatever reason Steve does not return to the Firm after 60 days, CCMP will revisit the issue with the LPAC.

While it is in their right to do so, CCMP has stated that they will not invest in a new deal while Steve's on leave. Given that Fund III is +40% called at this point and buy-in valuations continue to be challenging, CCMP added that it was unlikely they were going to commit to a new deal in the short term.

NEPC recommends No Action as a result of this event.

BlueBay Asset Management

On January 28, 2015, BlueBay announced that its Emerging Markets Select Fund would change its reported benchmark. The benchmark change is meant to more closely align the strategy's investable universe with its index for performance and peer comparison purposes. To summarize:

- Old benchmark: 50% JPM EMBI Global Diversified/50% GBI-EM Broad Diversified, USD Unhedged
- New benchmark: 50% JPM EMBI Global Diversified/50% JPM GBI-EM Global Diversified, USD Unhedged
- The Global Diversified index is the most commonly used local currency EMD benchmark

The change reflects that the Broad index contains 10% allocation to China and India, which are difficult bond markets to access. Currently, BlueBay accesses these markets using rate swaps and forwards, which can be disadvantageous for several reasons, including basis risk and loss of carry that is obtained via cash instruments.

NEPC recommends No Action as a result of this event.

Appendix: Policy Benchmark History; Performance Disclosures



City of San Jose Police and Fire Department Retirement Plan

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 – 10/31/2013** – 29% MSCI All Country World Index IMI/5% Cambridge PE (lagged 1 quarter)/3% Russell 3000 (lagged 1 quarter)/5% Barclays Capital Aggregate/5% BC High Yield/5% Barclays Capital Global Aggregate x US Hedged/10% 50/50 DLJ Levered Loan Index/ML US HY BB-B Constrained/5% San Jose Custom EMD Benchmark/4% NCREIF ODCE (lagged 1 quarter)/3% 60/40 MSCI ACWI IMI/BC Global Aggregate/10% San Jose Custom Inflation-Linked Assets Index/10% San Jose Custom Hedge Fund Index/5% 60/40 MSCI World/Citi WGBI/1% 90 day T-bills
- **11/1/2013 – 12/31/2013** – 29% MSCI All Country World Index IMI/5% Cambridge PE (lagged 1 quarter)/3% Russell 3000 (lagged 1 quarter)/5% Barclays Capital Aggregate/5% BC High Yield/5% Barclays Capital Global Aggregate x US Hedged/10% 50/50 DLJ Levered Loan Index/ML US HY BB-B Constrained/5% San Jose Custom EMD Benchmark/4% NCREIF ODCE (lagged 1 quarter)/3% 60/40 MSCI ACWI IMI/BC Global Aggregate/7% San Jose Custom Inflation-Linked/3% CPI+5%/ Assets Index/10% San Jose Custom Hedge Fund Index/5% 60/40 MSCI World/Citi WGBI/1% 90 day T-bills
- **1/1/2014 – present** – 29% MSCI All Country World Index IMI/5% Cambridge PE (lagged 1 quarter)/3% Russell 3000 (lagged 1 quarter)/10% Barclays Capital Global Aggregate/5% BC High Yield/10% 50/50 DLJ Levered Loan Index/ML US HY BB-B Constrained/5% San Jose Custom EMD Benchmark/4% NCREIF ODCE (lagged 1 quarter)/3% 60/40 MSCI ACWI IMI/BC Global Aggregate/7% San Jose Custom Inflation-Linked Assets Index/3% CPI+5%/10% San Jose Custom Hedge Fund 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 Detail

Note: All performance, ranks, asset allocation and asset growth detailed throughout this report is gross of fees and is as of December 31, 2013, unless otherwise noted.

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- 1 – Long-Term Policy Benchmark adopted by the Board of Administration at the August 2, 2012 meeting.
- 2 – Global Equity Composite market value includes \$31,034 of residual assets remaining in the equity transition account and terminated manager accounts.
- 3 – U.S. Equity market value includes \$6,721 of residual assets remaining in terminated manager accounts.
- 4 – International Equity Composite and Developed International Equity Composite market values includes \$94,709 of residual assets remaining in terminated manager accounts.
- 5 – Total Fixed Income market value includes \$4,469 of residual assets remaining in terminated manager accounts.
- 6 – Cash market value includes Russell Overlay account.

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- 1 – Total Equity Composite market value includes \$132,464 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 \$31,034 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 and related composites from December 2012 – February 2013.
- 4 – U.S. Equity Composite market value includes \$6,721 of residual assets remaining in terminated manager accounts.

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- 1 – International Equity Composite and Developed International Equity Composite market values include \$94,709 of residual assets remaining in terminated manager accounts.

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- 1 – Total Private Equity Composite includes investments that have been funded through 9/30/2014 as well as \$105 million in interim exposure managed by Russell. All Private Equity partnerships reported are lagged one quarter beginning 7/1/2014.
- 2 – San Jose Custom Total Private Equity Index comprised of 62.5% Cambridge PE Index 1 Qtr Lagged, 37.5% Russell 3000 Index 1 Qtr Lagged.
- 3 – San Jose Custom Private Equity is comprised of 100% Cambridge PE Index 1 Qtr Lagged. Private Equity reporting policy change resulted in a zero 9/30/2014 quarterly return.

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- 1 – Total Fixed Income Composite market value includes \$4,469 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.

City of San Jose Police and Fire Department Retirement Plan

Additional Performance Disclosures and Footnote Detail

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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 – Capula was funded in March 2014. Inception date for performance reporting purposes is April 1, 2014.
- 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 – Total Real Estate Composite includes investments that have been funded through 9/30/2014 as well as \$61 million in interim exposure managed by Russell.
- 2 – San Jose Custom Total Real Estate BM is comprised of 43% 60/40 MSCI World (Net)/Citi WGBI, 57% NCREIF ODCE
- 3 – San Jose Custom Real Estate Benchmark is comprised of 100% NCREIF ODCE. Real Estate reporting policy change resulted in a zero 9/30/2014 quarterly return.
- 4 – San Jose Custom Inflation-Linked Assets Benchmark comprised of 100% Custom Commodity Risk Parity Index from 4/1/2011 – 10/31/2013; 70% Custom Commodity Risk Parity Index, 30% CPI + 5% (Unadjusted) from 11/1/2013 – forward.

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- 1 – San Jose Custom Hedge Fund Benchmark comprised of 100% Russell Hedge Index from 11/1/2012 – 12/31/2012; 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 – 9/30/2013; 30% Russell Hedge Index, 70% HFRI FoF Composite from 10/1/2013 – 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.

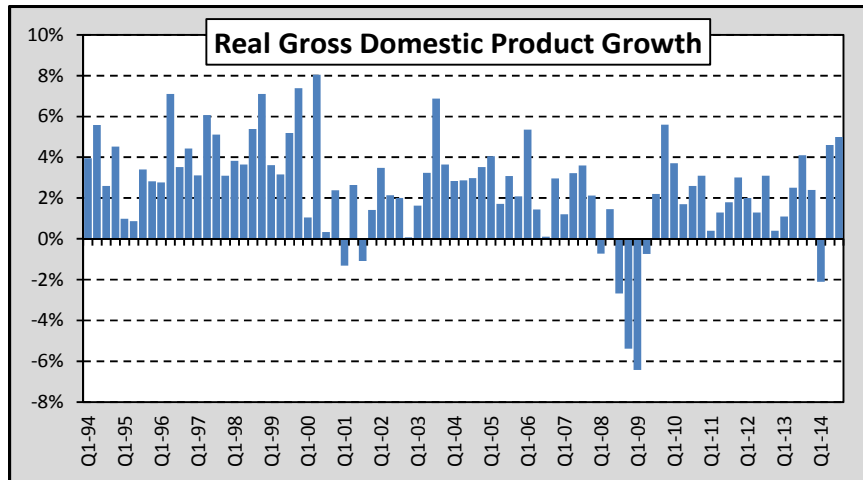
Page 50

- 1 – NEPC began calculating cash returns as of April 1, 2008.

Appendix: Market Environment

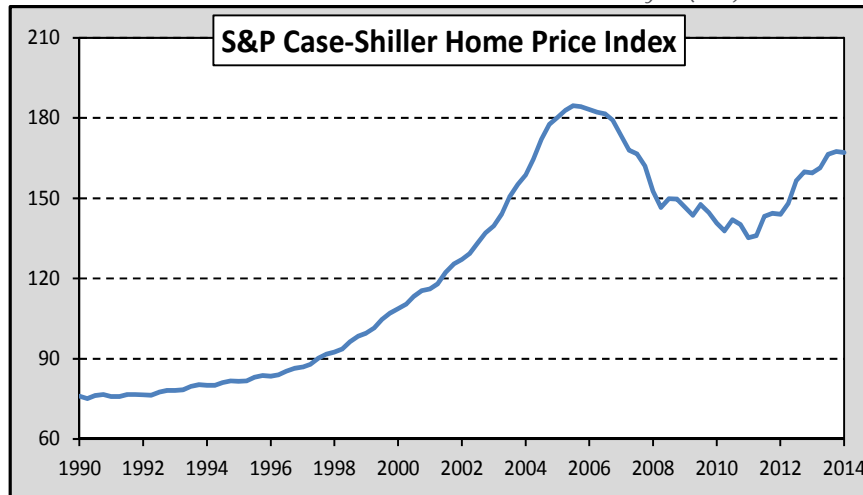
City of San Jose Police and Fire Department Retirement Plan

U.S. Economic Environment



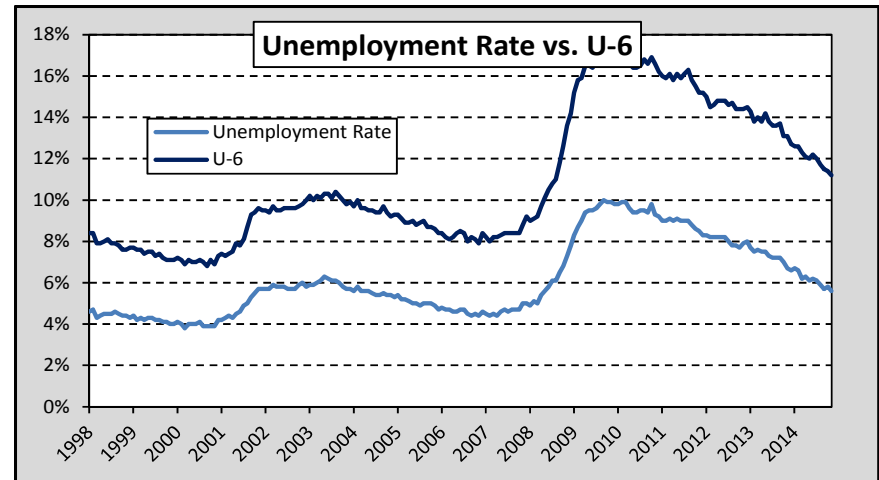
Q4 GDP growth estimated to have increased at an annual rate of 2.6%

Source: U.S. Bureau of Economic Analysis (BEA) as of 12/31



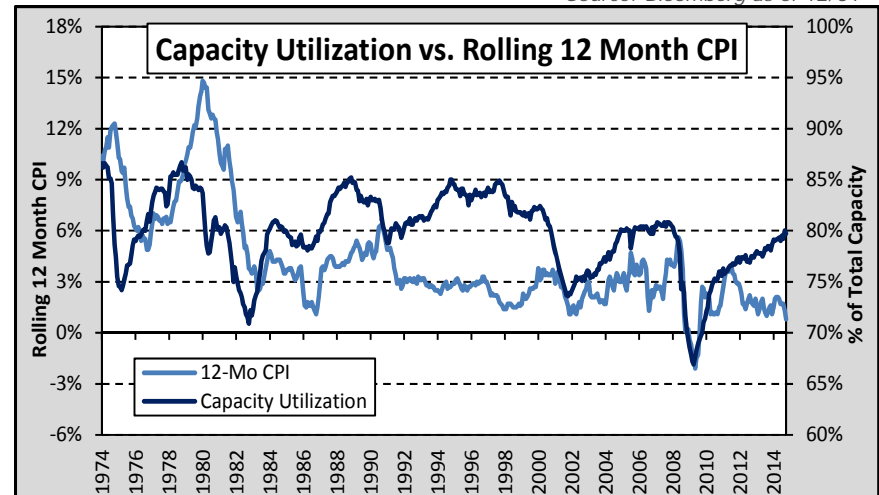
The Case-Shiller home price index (as of 12/31) dropped slightly to 167.11 by December end

Source: Bloomberg as of 12/31



Unemployment declined slightly to 5.8% in December; while the U-6, dropped to 11.2%

Source: Bloomberg as of 12/31

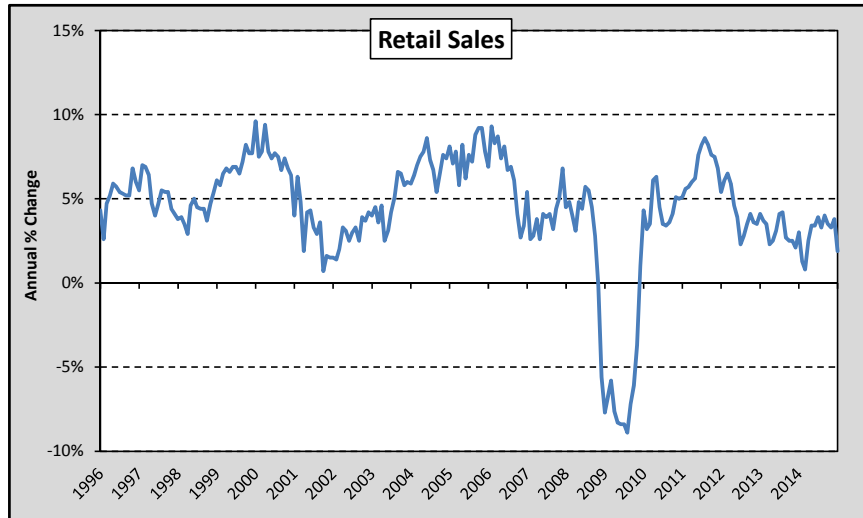


Rolling 12 month CPI dropped to 0.8% in December; capacity utilization dropped to 79.7% in the month

Source: Bloomberg as of 12/31

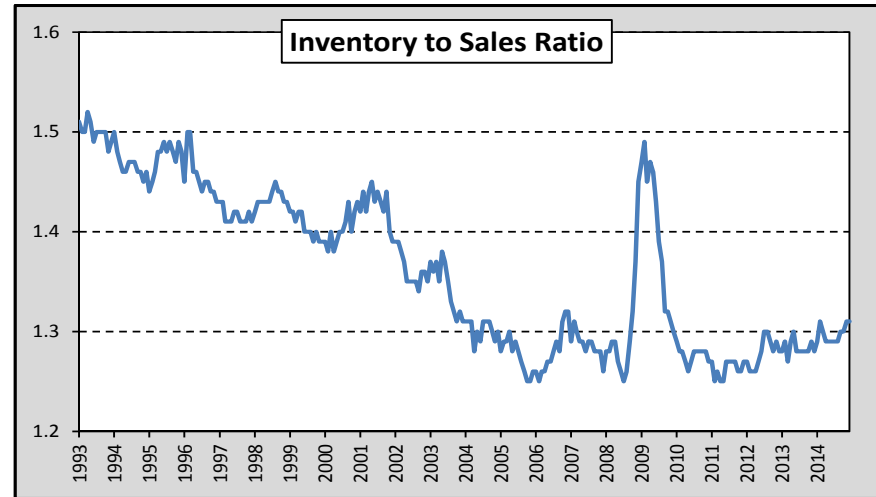
City of San Jose Police and Fire Department Retirement Plan

Components of GDP



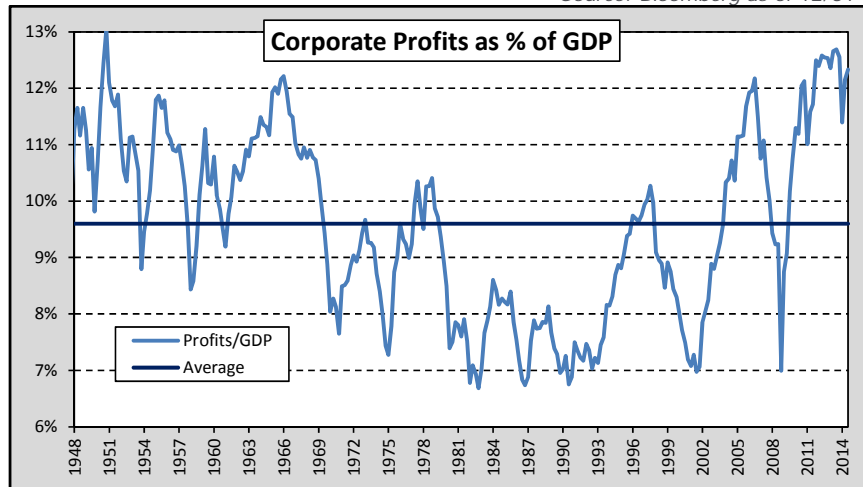
Retail sales rose to a 1.9% year-over-year growth rate in November

Source: Bloomberg as of 12/31



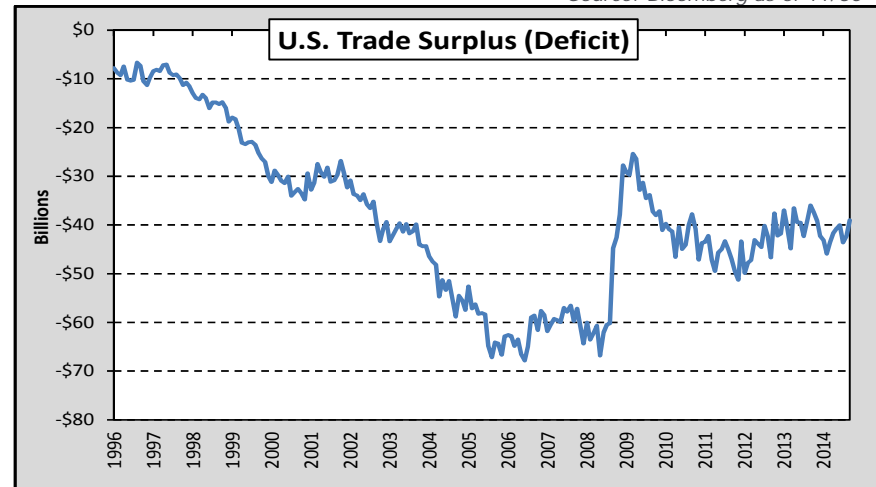
The inventory-to-sales ratio remained at 1.3 through November continuing a fairly consistent level

Source: Bloomberg as of 11/30



Third quarter corporate profits, as a percent of GDP, increased since the second quarter ending at 12.4%

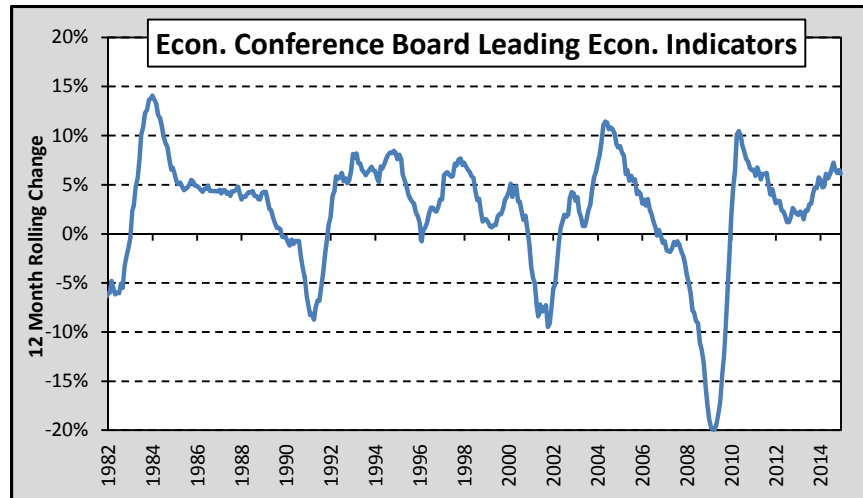
Source: Bloomberg as of 9/30



The trade deficit decreased slightly in November

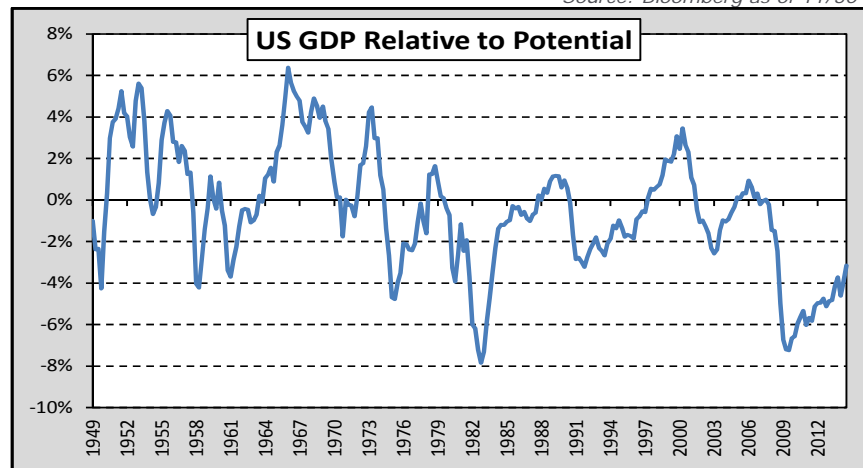
Source: Bloomberg as of 11/30

Key Economic Indicators



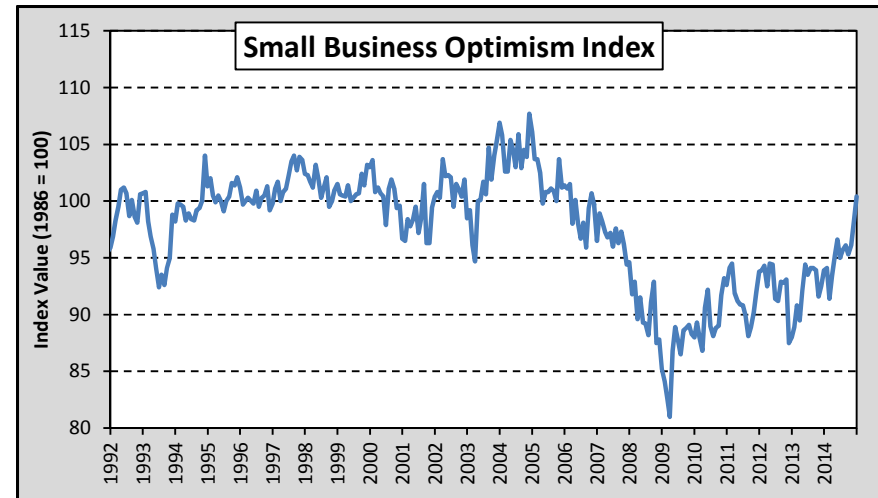
The rolling percentage change in the Leading Economic Indicators index decreased to 6.14% through November

Source: Bloomberg as of 11/30



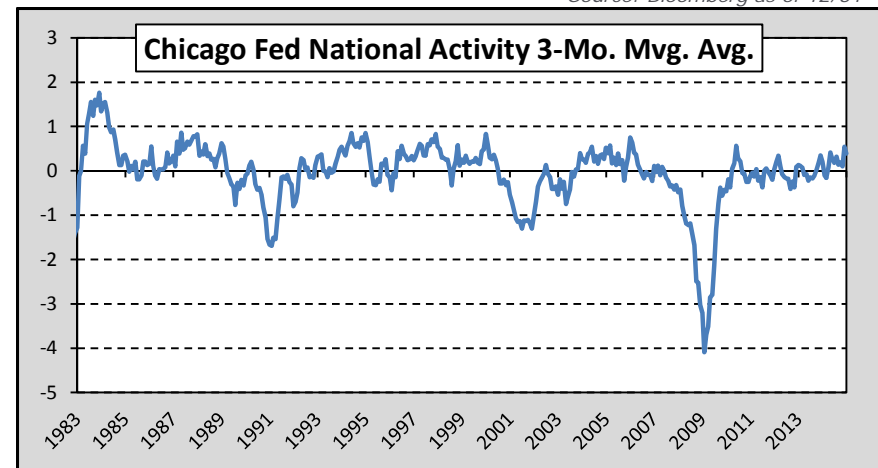
U.S. GDP relative to potential has decreased through the first and second quarters; remaining near historic lows

Source: Bureau of Economic Analysis, Congressional Budget Office as of 6/30



The small business optimism index increased through December

Source: Bloomberg as of 12/31

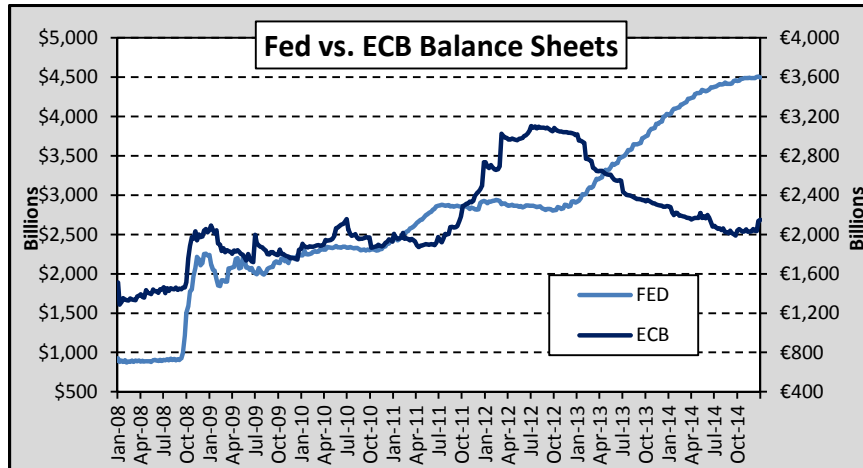


Chicago Fed National Activity 3 Month moving average was positive through December; typically a positive indicator for growth.

Source: Bloomberg as of 12/31

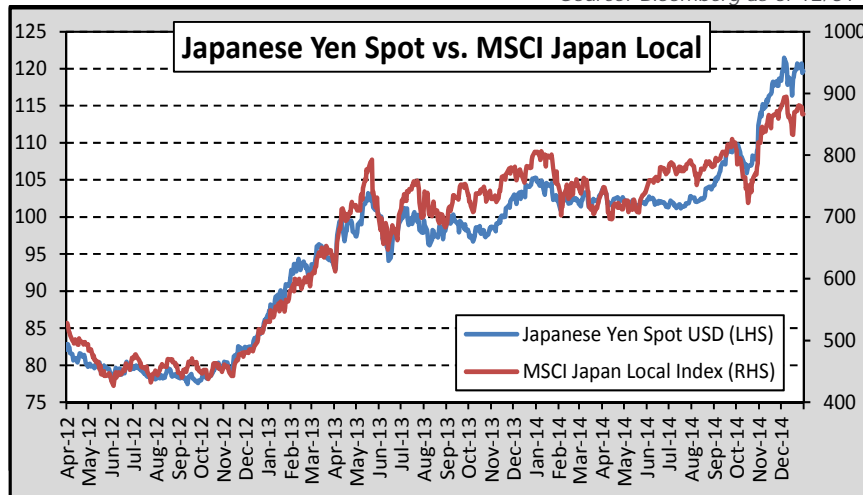
City of San Jose Police and Fire Department Retirement Plan

Economic Environment – Monetary Policy and Banks



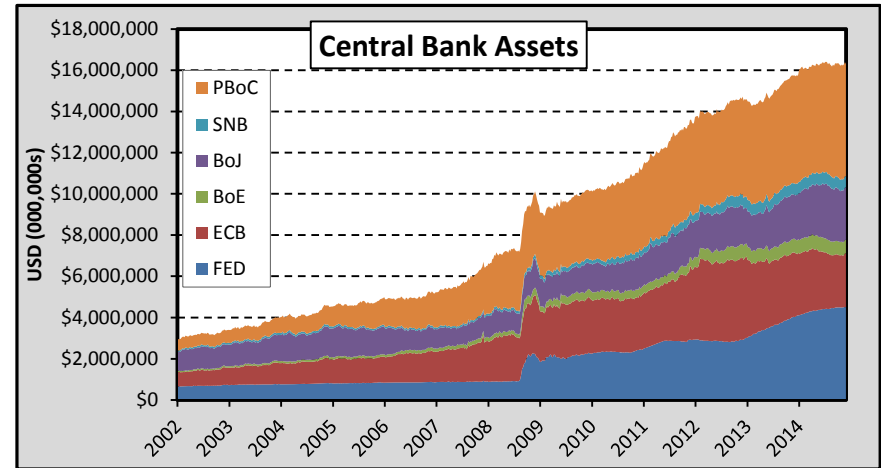
The Federal Reserve Bank balance sheet has increased in 2014 while the European Central Bank balance sheet has decreased

Source: Bloomberg as of 12/31



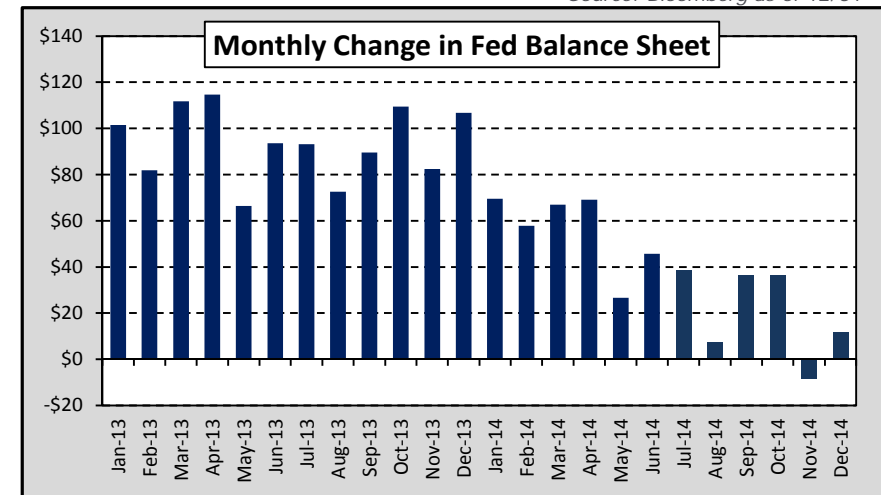
The Japanese Yen has weakened 17.4% relative to the U.S. dollar in 2014; while the MSCI Japan TR Net Local Index returned 17.29%

Source: Bloomberg as of 12/31



Central bank assets worldwide have risen significantly since 2008

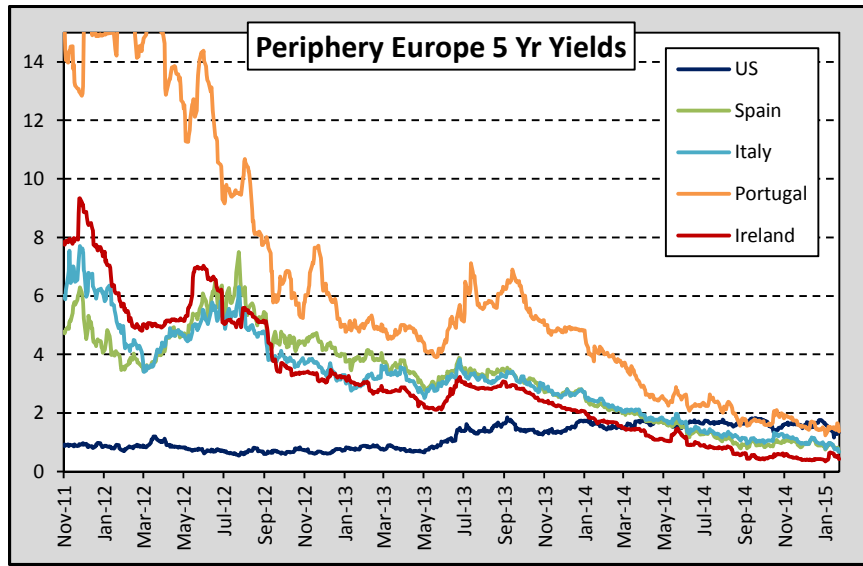
Source: Bloomberg as of 12/31



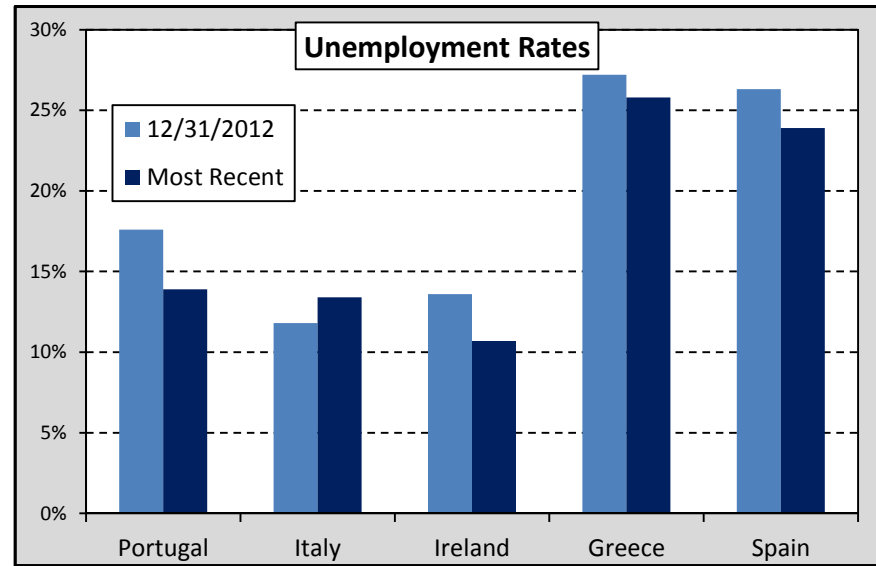
The Fed completed the taper as scheduled

Source: Bloomberg as of 12/31, Values after 11/30 based on market projections

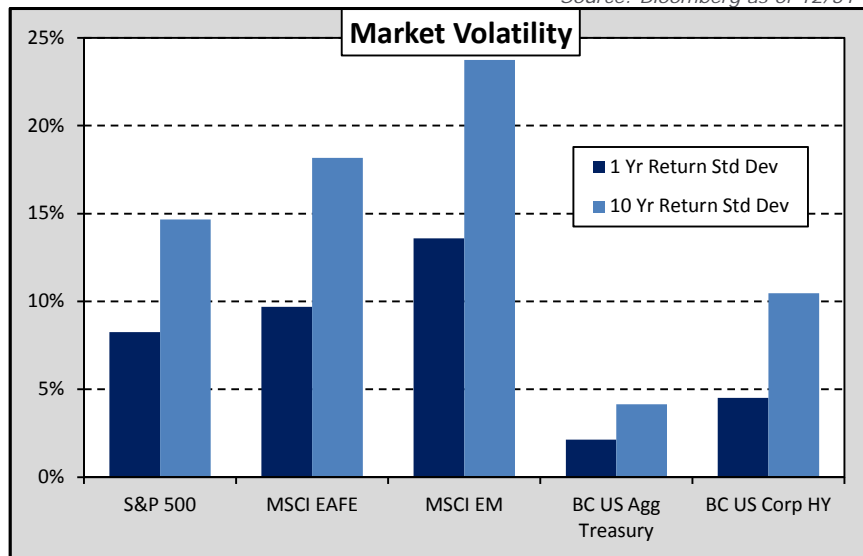
Looming Macro Uncertainties



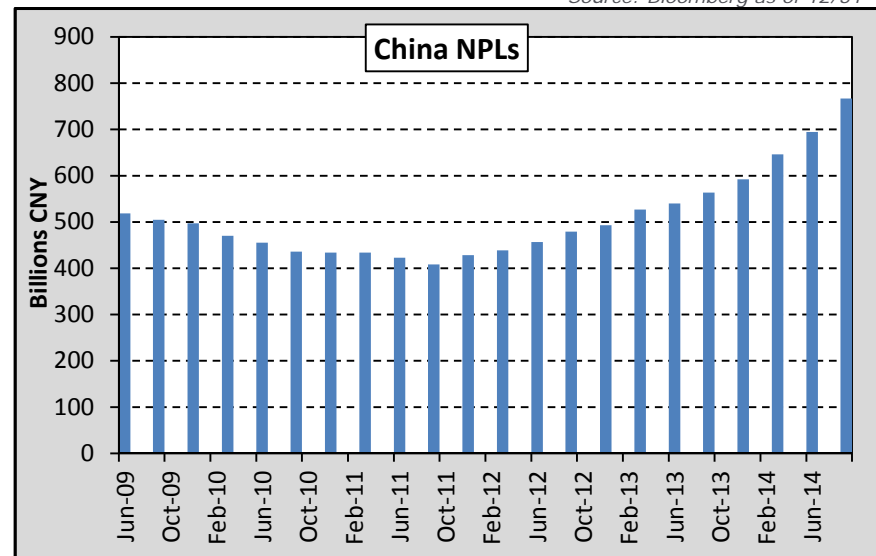
Source: Bloomberg as of 12/31



Source: Bloomberg as of 12/31



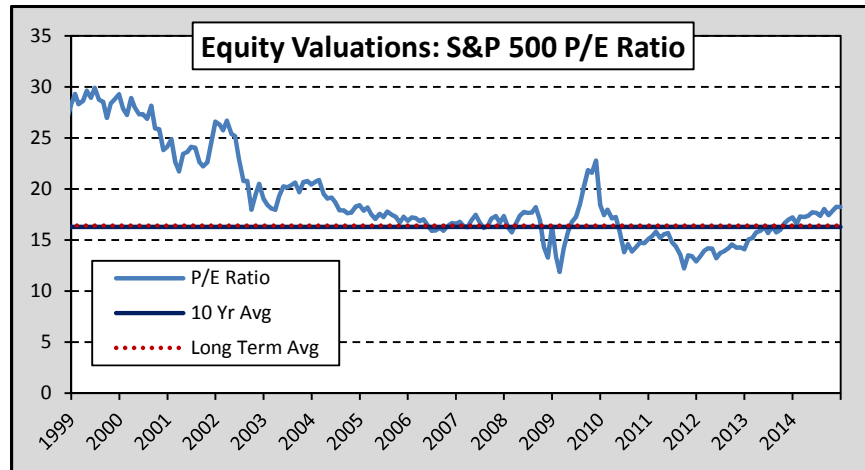
Source: Morningstar as of 12/31



Source: Bloomberg as of 9/30

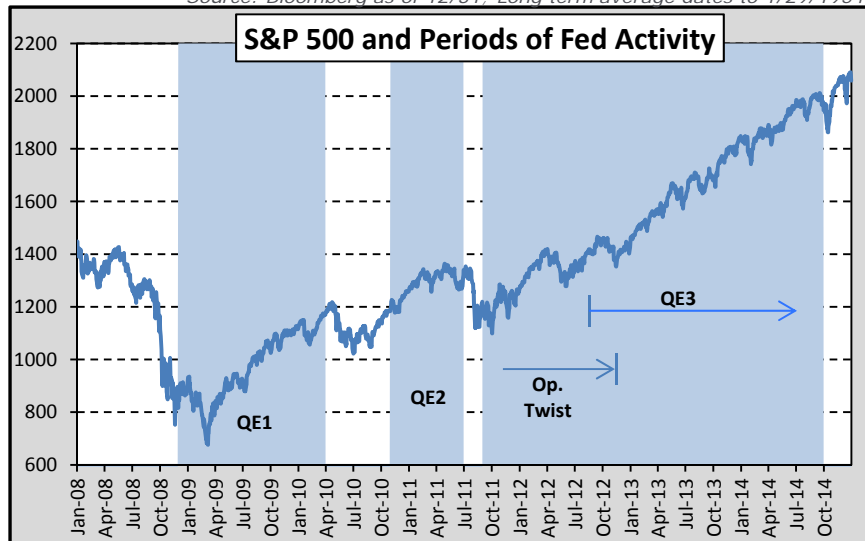
City of San Jose Police and Fire Department Retirement Plan

Market Environment – U.S. Equity

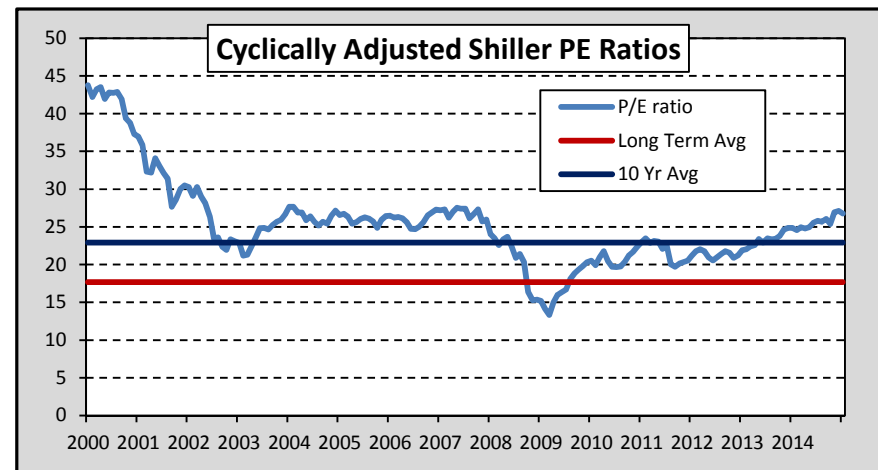


S&P valuations decreased slightly through December remaining above the 10 year and long term averages

Source: Bloomberg as of 12/31; Long term average dates to 1/29/1954

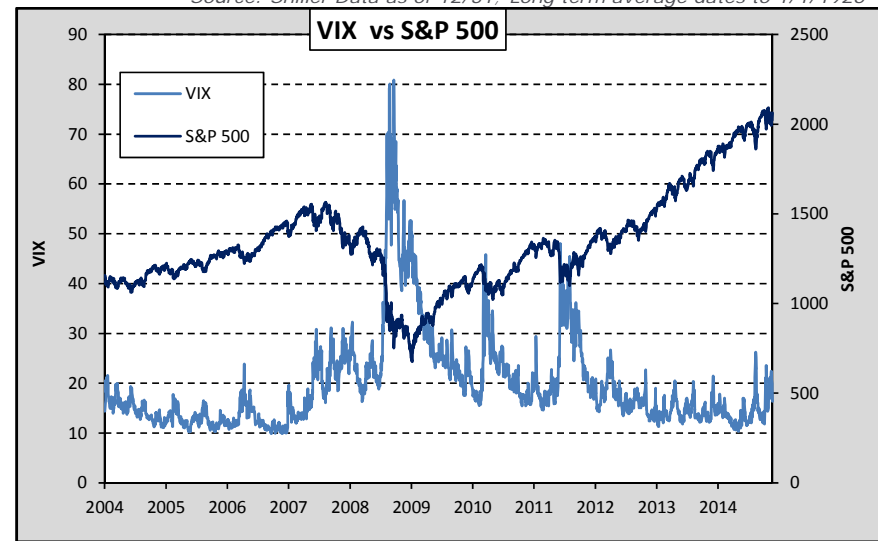


Source: Bloomberg as of 12/31



...The cyclically adjusted Shiller PE Ratio, is above the long term average of 17.66 and slightly above the 10 year average of 22.91

Source: Shiller Data as of 12/31; Long term average dates to 1/1/1926

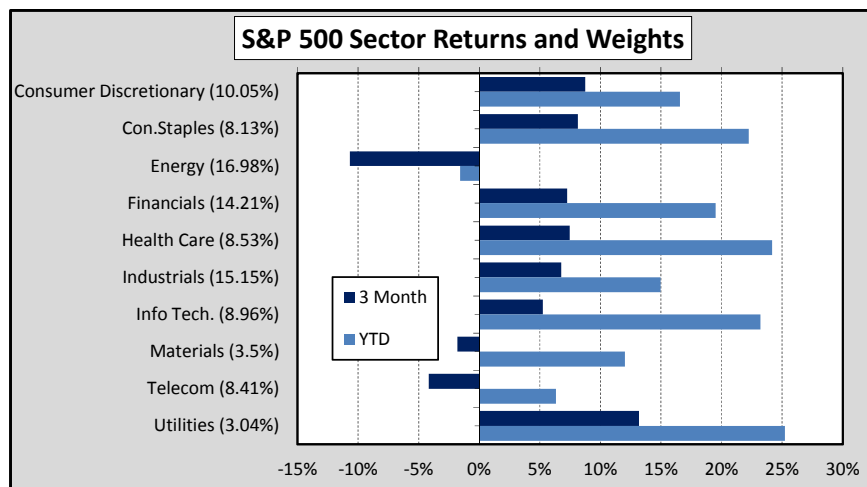


The VIX rose on the month; the S&P 500 declined -0.3% through December

Source: Bloomberg as of 12/31

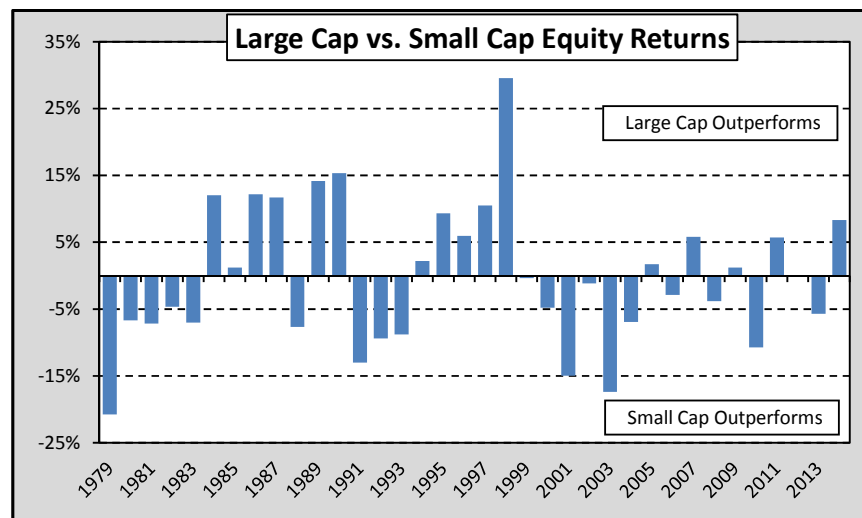
City of San Jose Police and Fire Department Retirement Plan

U.S. Stock Market Performance



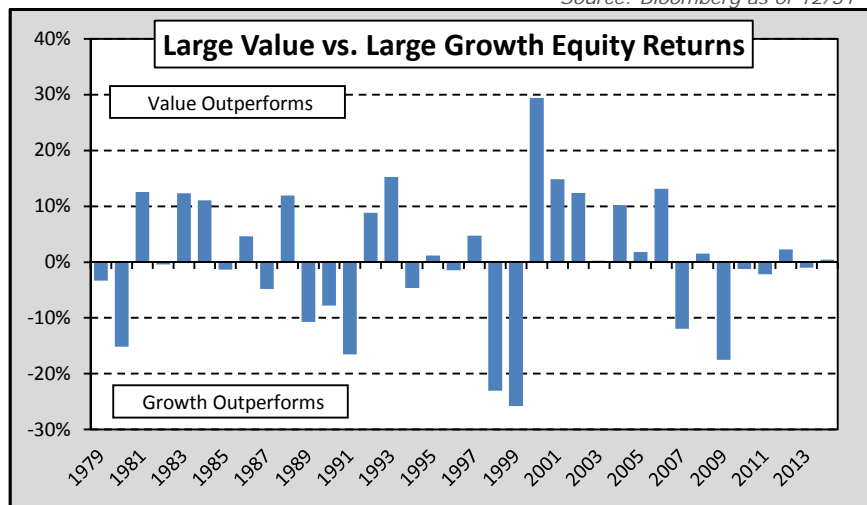
The energy sector was the greatest detractor in the S&P 500 in 2014 with utilities and healthcare providing the highest returns

Source: Bloomberg as of 12/31



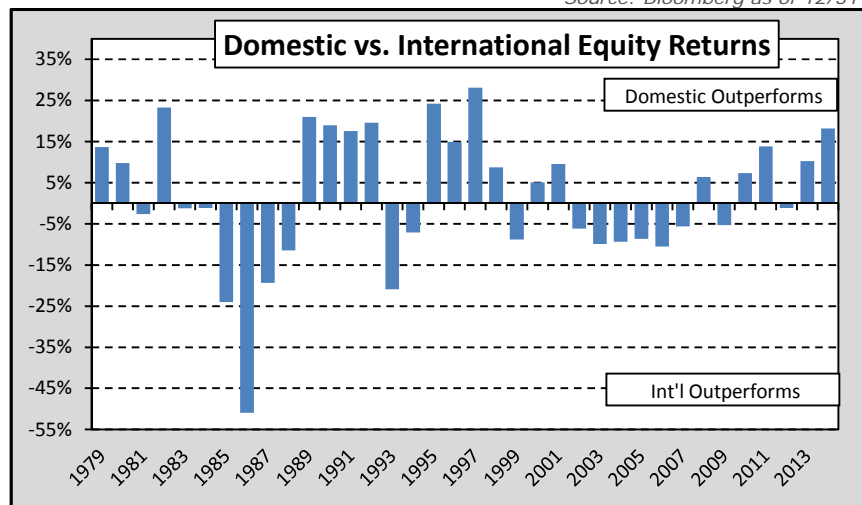
Large cap has outperformed small cap in 2014

Source: Bloomberg as of 12/31



Large growth stocks have slightly outperformed large value in 2014

Source: Bloomberg as of 12/31



Domestic equity has outperformed international equity in 2014

Source: Bloomberg as of 12/31

City of San Jose Police and Fire Department Retirement Plan

Non-U.S. Stock Performance

Developed Market Equity Returns (U.S. Dollars)

	YTD	3-Mo	1 Yr.	3 Yr. Ann.
Europe ex UK	-8.5%	-4.5%	-8.5%	10.3%
United Kingdom	-8.7%	-4.8%	-8.7%	5.5%
Japan	-5.7%	-2.5%	-5.7%	7.6%
Pacific Ex Japan	-4.3%	-2.2%	-4.3%	5.0%
Canada	-0.6%	-5.3%	-0.6%	3.1%
USA	11.1%	4.3%	11.1%	17.9%

US Dollar Return vs. Major Foreign Currencies

(Negative = Dollar Depreciates, Positive = Dollar Appreciates)

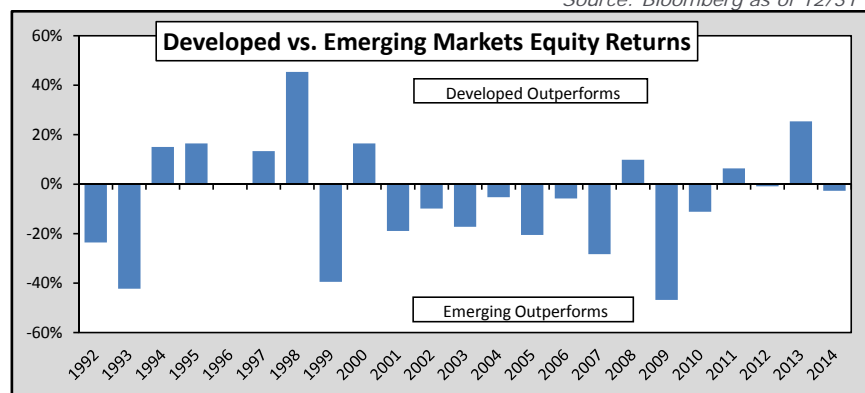
	YTD	3-Mo	1 Yr.	3 Yr. Ann.
Euro	12.0%	4.2%	12.0%	2.3%
Japanese Yen	12.0%	8.4%	12.0%	13.7%
British Pound	5.9%	3.9%	5.9%	-0.1%
Canada	8.6%	3.6%	8.6%	4.2%
Australia	8.4%	6.6%	8.4%	7.1%

Currency Impact on Developed Mkt. Returns

(Negative = Currency Hurt, Positive = Currency Helped)

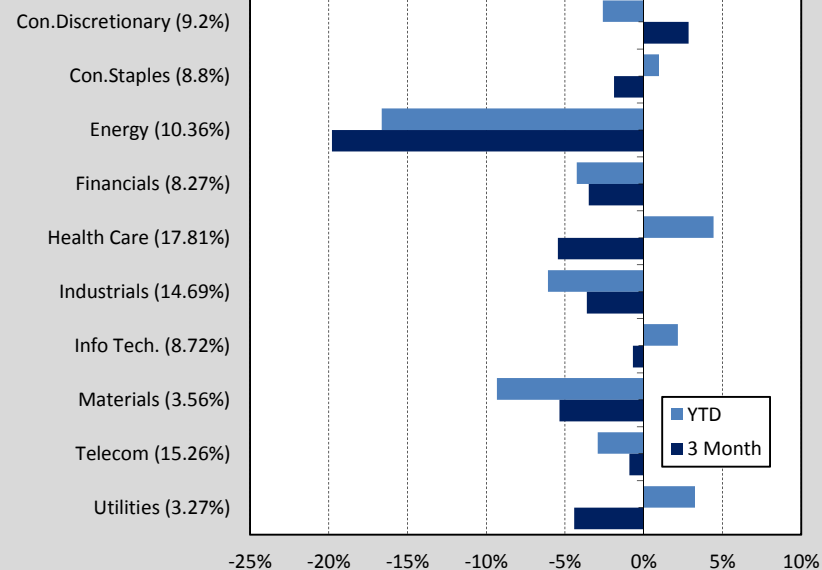
	YTD	3-Mo	1 Yr.	3 Yr. Ann.
MSCI EAFE (Local)	5.9%	1.8%	5.9%	16.4%
MSCI EAFE (USD)	-4.9%	-3.6%	-4.9%	11.1%
Currency Impact	-10.8%	-5.3%	-10.8%	-5.3%

Source: Bloomberg as of 12/31

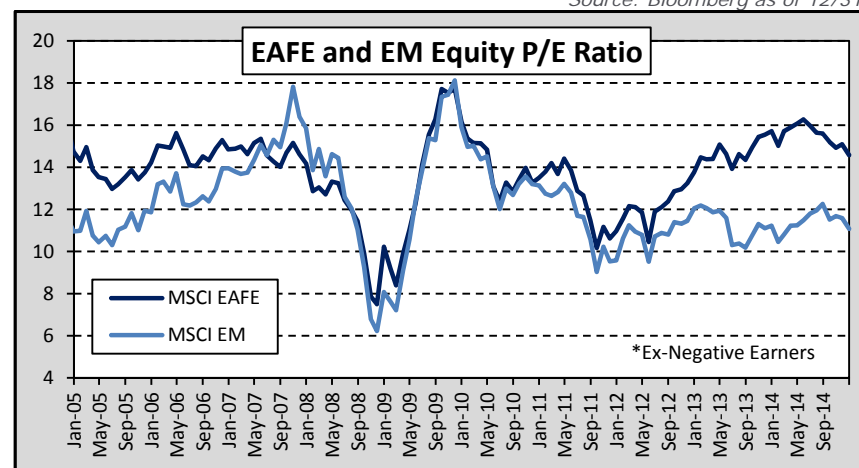


Source: Bloomberg as of 12/31

MSCI EAFE Sector Returns (Wgts.)



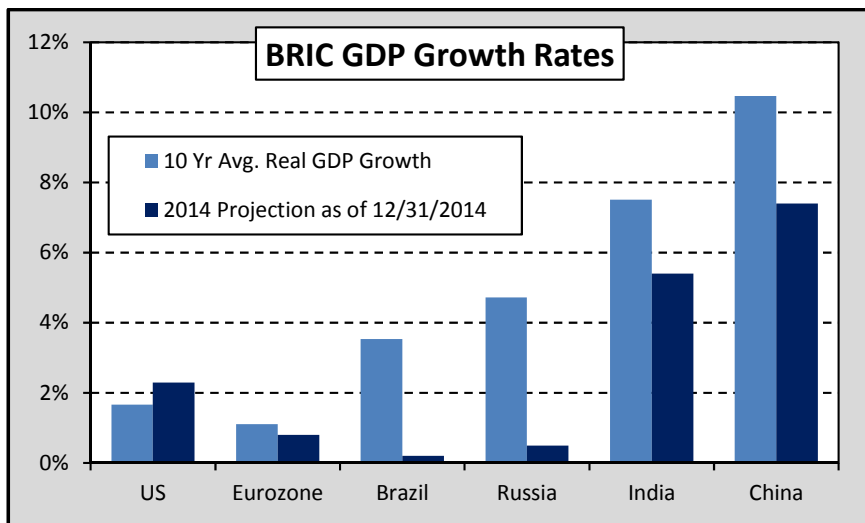
Source: Bloomberg as of 12/31



Source: Bloomberg as of 12/31

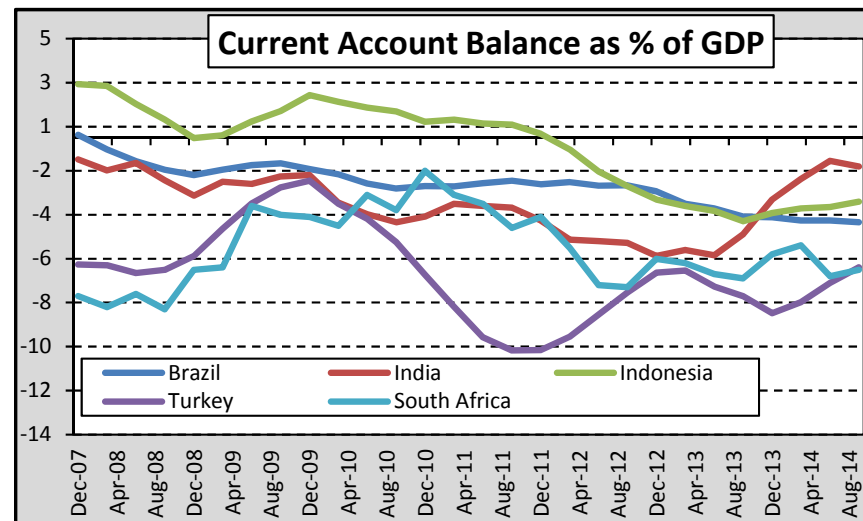
City of San Jose Police and Fire Department Retirement Plan

Market Environment – Emerging Markets



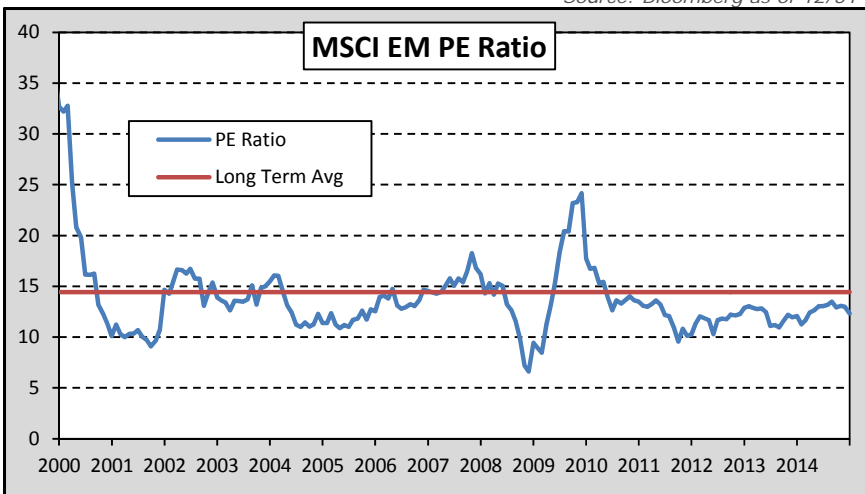
Projected GDP growth rates have declined in emerging market countries

Source: Bloomberg as of 12/31



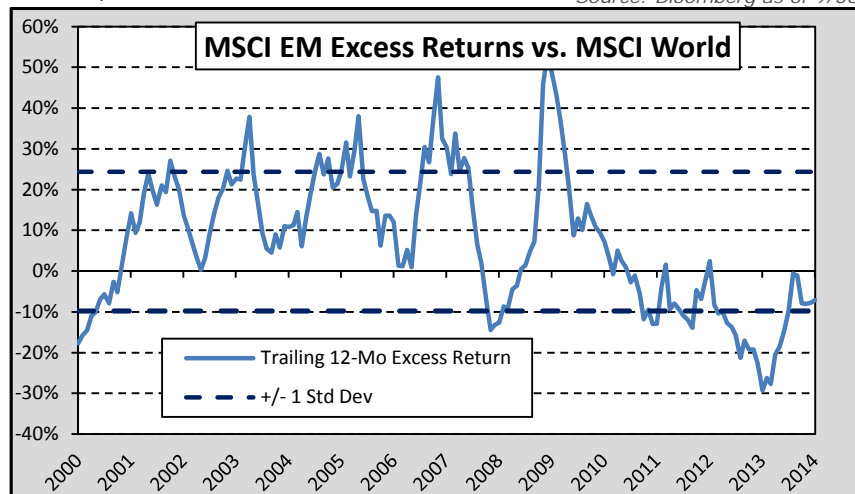
Balance of payment challenged countries have shown signs of improvement

Source: Bloomberg as of 9/30



The MSCI EM PE Ratio remains below its long term average

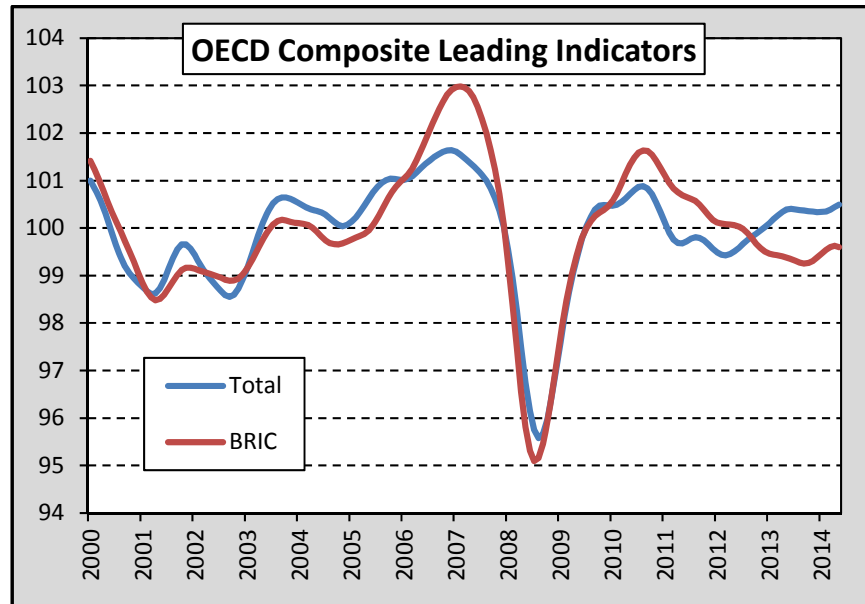
Source: Bloomberg as of 12/31



MSCI EM Rolling 12-Month excess returns relative to MSCI World have moved above the lower bound of the historical range

Source: Bloomberg as of 12/31

Emerging Markets

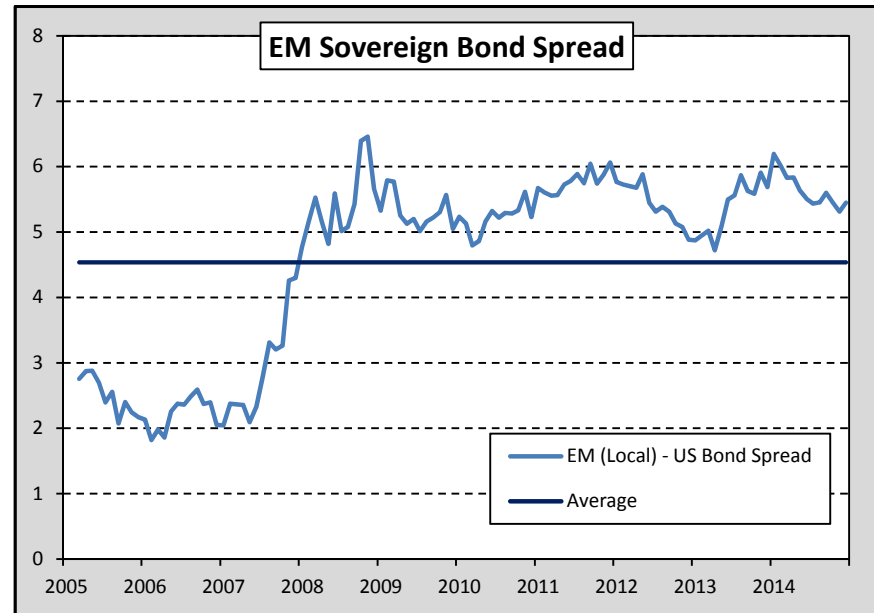


Source: Bloomberg as of 11/30

Emerging Markets Valuation		
	MSCI EM	MSCI EM Small Cap
PE Ratio	12.31	19.33
PE Historical Avg	14.44	18.34
PB Ratio	1.42	1.25
Historical Avg	1.53	1.28
PS Ratio	0.98	0.79
Historical Avg	1.11	0.72

- The MSCI EM index's PE, PB, and PS ended December below their historical averages.
- The MSCI EM Small Cap PE and PS ratios are above historical averages while the PB ratio is below its historical average

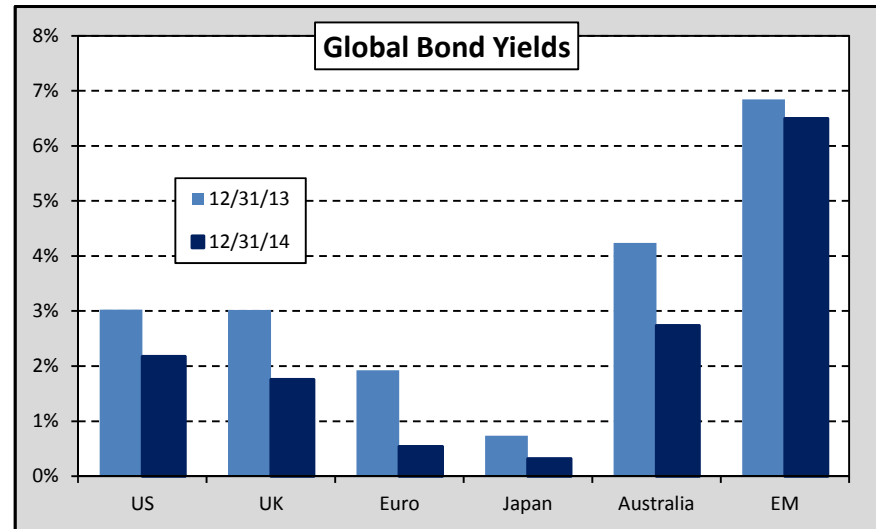
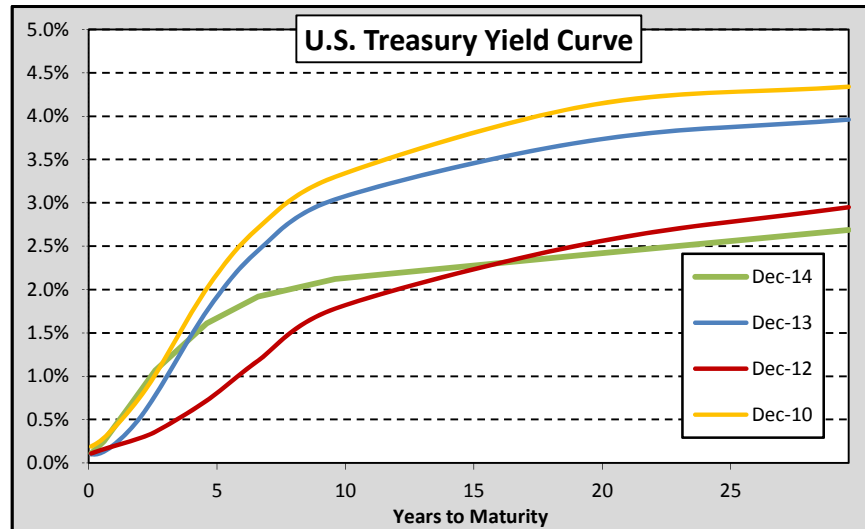
Source: Bloomberg as of 12/31



Source: Bloomberg as of 12/31

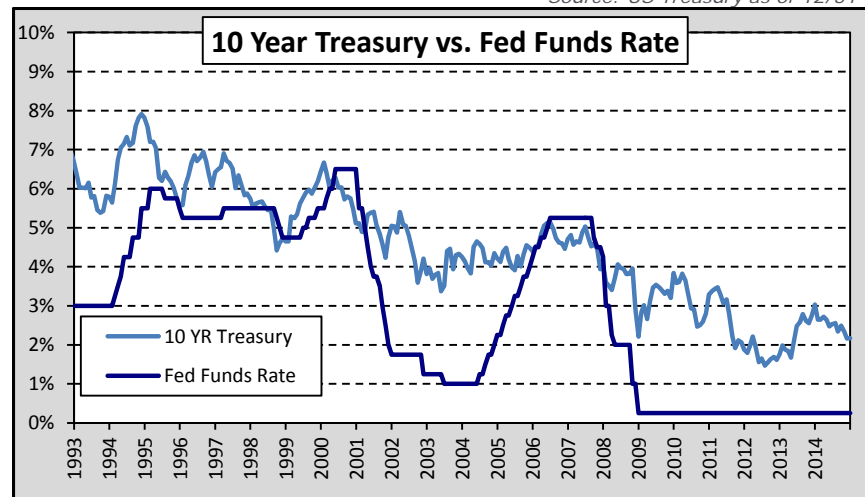
US Dollar Return vs. Major EM Currencies				
(Negative = Dollar Depreciates, Positive = Dollar Appreciates)				
	YTD	3-Mo	1 Yr.	3 Yr. Ann.
Brazilian Real	10.8%	7.8%	10.8%	11.1%
Russian Ruble	43.3%	31.8%	43.3%	17.9%
Indian Rupee	2.2%	2.1%	2.2%	5.6%
Chinese Renminbi	2.4%	1.1%	2.4%	-0.5%
Singapore Dollar	-0.9%	-0.2%	-0.9%	-0.9%
Hungarian Forint	17.3%	5.9%	17.3%	2.4%
Turkish Lira	7.9%	2.3%	7.9%	6.8%
Mexican Peso	11.7%	9.0%	11.7%	1.8%
So. African Rand	9.1%	2.4%	9.1%	11.3%
So. Korean Won	3.7%	3.2%	3.7%	-2.0%

Source: Bloomberg as of 12/31



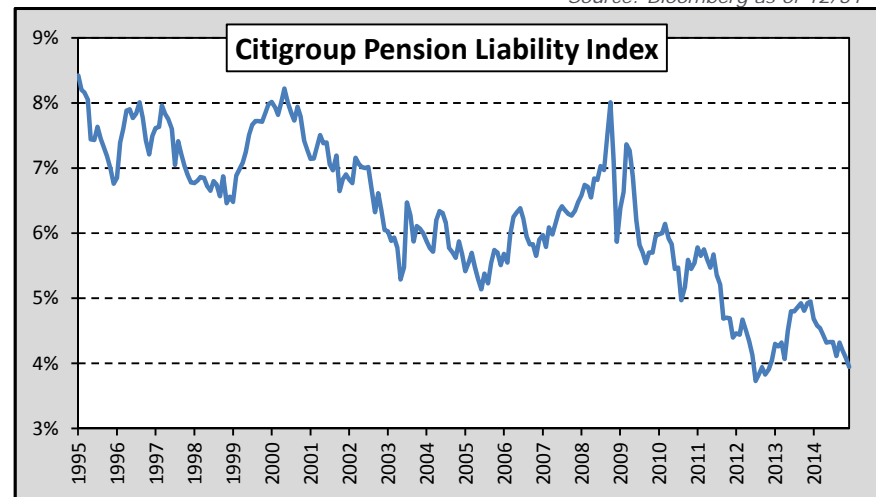
Bond yields across the globe have mostly declined in 2014

Source: Bloomberg as of 12/31



Fed Funds rate target remained at 0.25% while the 10 Yr. Treasury Yield finished December at 2.16%

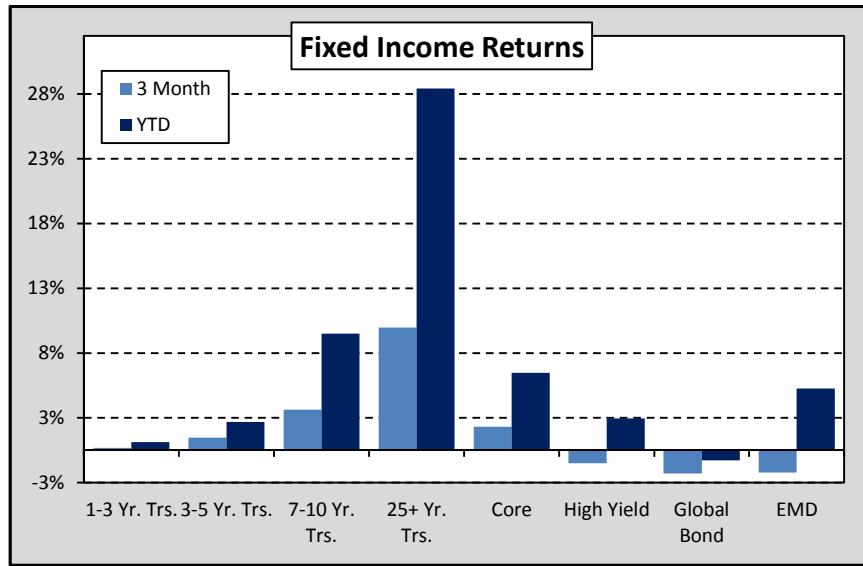
Source: Bloomberg as of 12/31



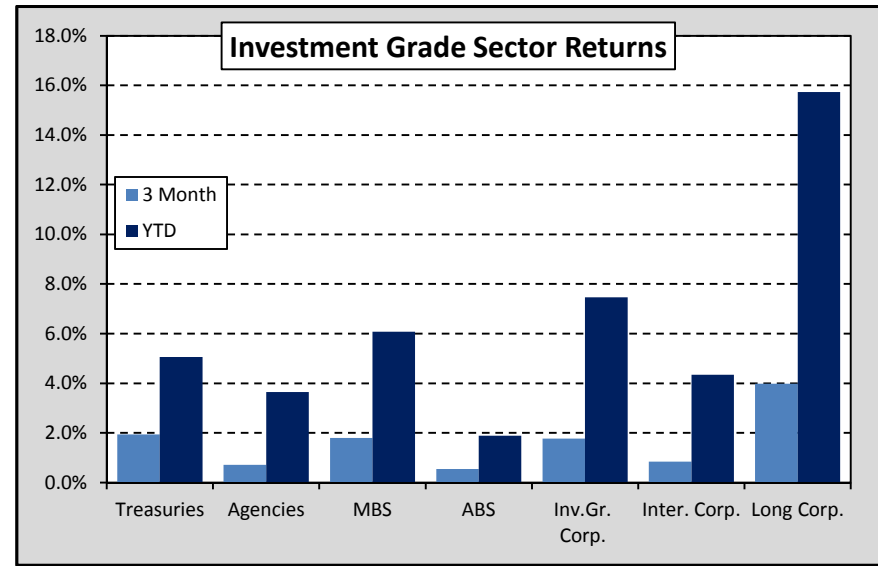
The Citi Pension discount rate decreased to 3.9% through December

Source: Citigroup as of 12/31

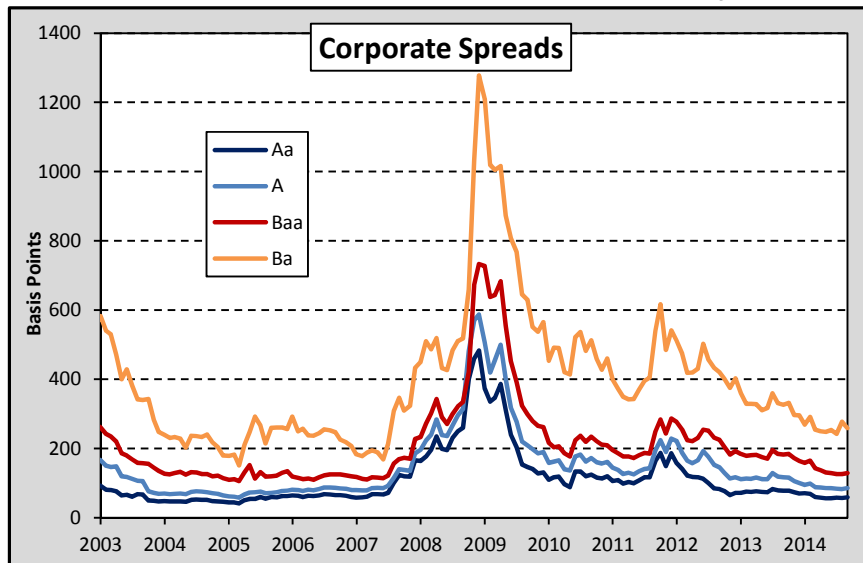
Fixed Income Performance



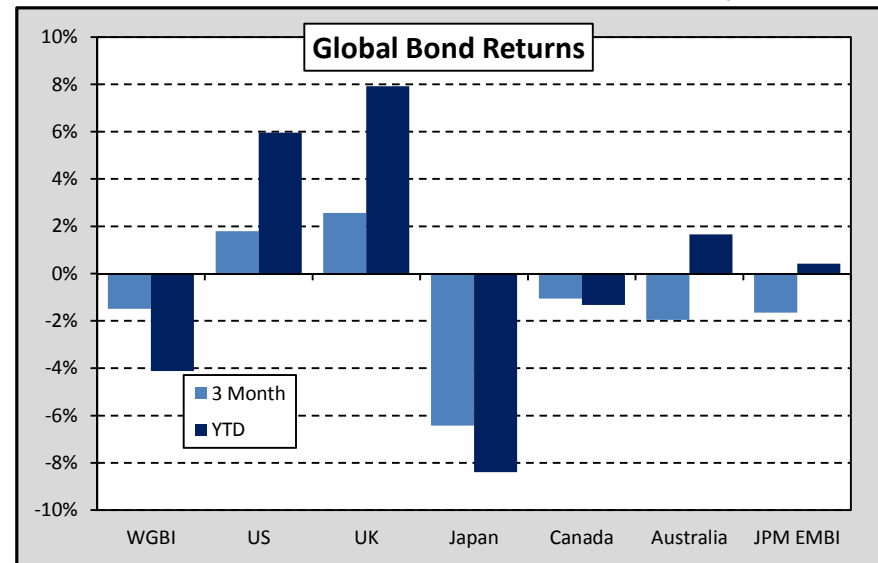
Source: Barclays as of 12/31



Source: Barclays as of 12/31

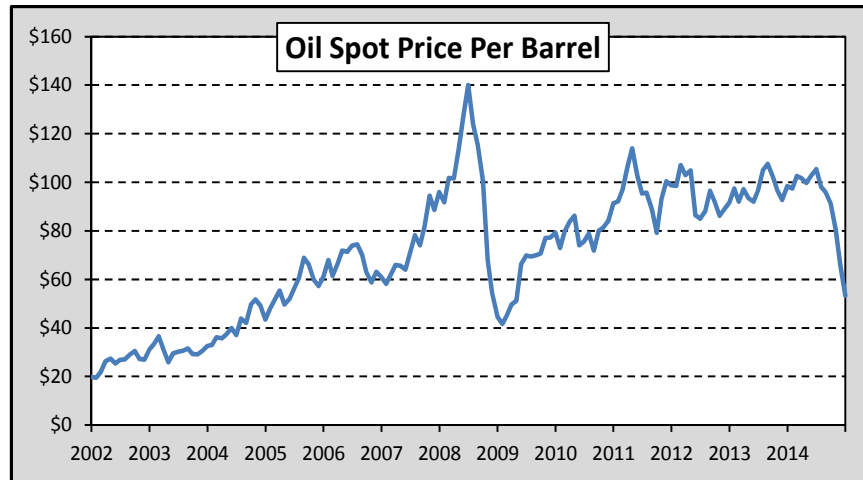


Source: Barclays as of 12/31



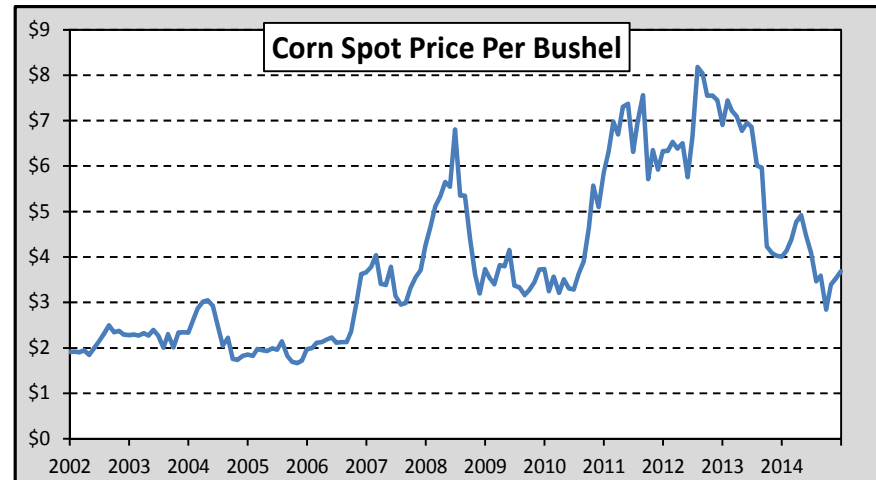
Source: Barclays, Bloomberg as of 12/31

Market Environment – Commodities



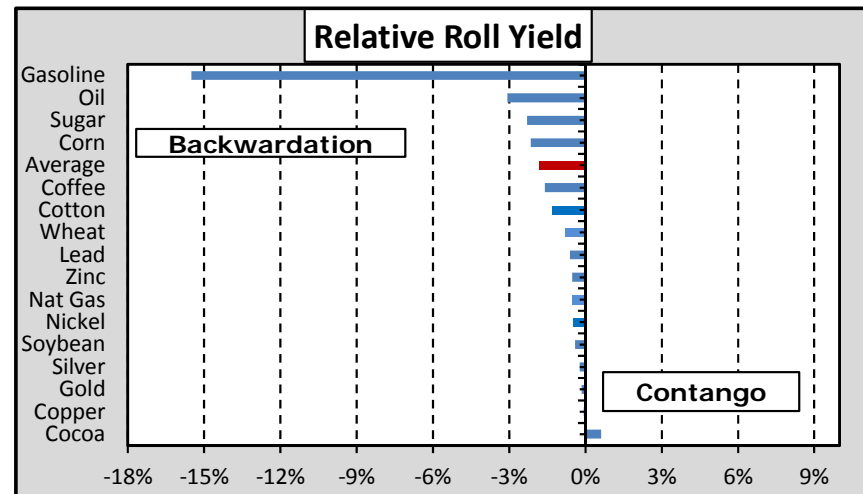
Oil prices finished December down significantly at \$53.27 per barrel

Source: Bloomberg as of 12/31



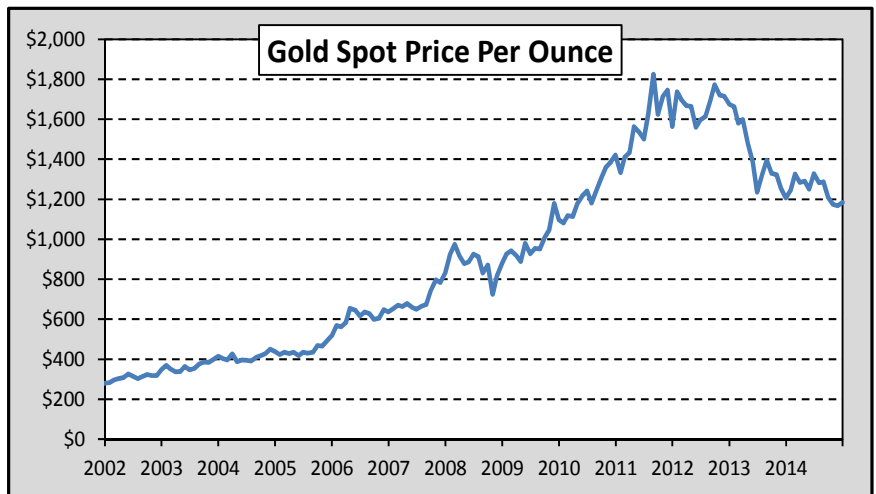
Corn prices finished December up at \$3.68 per bushel

Source: Bloomberg as of 12/31



The backwardation in the gasoline market indicates that the expected future price will be lower than the current spot price.

Source: Bloomberg as of 12/31



Gold prices finished December up at \$1,184.86 per ounce

Source: Bloomberg as of 12/31

Reporting Methodology

- The client's custodian bank is NEPC's preferred data source unless otherwise directed. NEPC reconciles custodian data to manager data. If the custodian cannot provide accurate data, manager data may be used.
- Trailing time period returns are determined by geometrically linking the holding period returns, from the first full month after inception to the report date. Rates of Return are annualized when the time period is longer than a year. Performance is presented gross and/or net of fees as indicated.
- For managers funded in the middle of a month, the 'since inception' return will start with the first full month, although actual inception dates and cash flows are included in all respective Composite calculations.
- This report may contain forward-looking statements that are based on NEPC's estimates, opinions and beliefs, but NEPC cannot guarantee that any plan will achieve its targeted return or meet other goals.

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