

# FUND EVALUATION REPORT

---

## San Jose Federated Retiree Health Care 115 Trust

Quarterly Review  
December 31, 2015



---

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

BOSTON  
MASSACHUSETTS

CHICAGO  
ILLINOIS

MIAMI  
FLORIDA

PORTLAND  
OREGON

SAN DIEGO  
CALIFORNIA

LONDON  
UNITED KINGDOM

[www.meketagroup.com](http://www.meketagroup.com)

ITEM#7 FED IC MTG 3-22-2016

**Data is provided for informational purposes only, may not be complete, and cannot be relied upon for any purpose other than for discussion.**

**Meketa Investment Group has prepared this report on the basis of sources believed to be reliable. The data are based on matters as they are known as of the date of preparation of the report, and not as of any future date, and will not be updated or otherwise revised to reflect information that subsequently becomes available.**

**1. Executive Summary**

- Aggregate Fund Overview
- Fourth Quarter Manager Summary

**2. Fund Summary**

**3. Fund Detail**

**4. Portfolio Reviews**

**5. Corporate Update**

**6. Appendices**

- The World Markets in the Fourth Quarter of 2015
- Glossary and Notes

**Executive Summary  
As of December 31, 2015**

**The value of the San Jose Federated Retiree Health Care Trust was \$142.1 million on December 31, 2015, up from \$133.9 million at the end of the previous quarter. The Trust had net cash inflows of \$7.0 million.**

- Fourth quarter performance for the Health Care Trust was +1.0% net of fees.
- The Health Care Trust underperformed the Policy Benchmark by 50 basis points for the quarter, but was in line with the Custom Benchmark. Over the trailing one-year period, the Trust outperformed the Policy and Custom Benchmarks by 110 basis points and 200 basis points, respectively.
- For the quarter, Global Equity (+4.1%) was the top performing asset class, though it lagged the MSCI ACWI IMI Index return of +4.9%. Fixed Income (-0.5%) outperformed the Barclays Global Aggregate (-0.9%), and Real Assets (-3.2%) was mixed relative to its components. Investment manager performance was strong for the quarter as nearly all active managers outperformed their respective benchmarks.
- The Health Care Trust did not have any investment manager roster changes during the quarter, but the Trust did contribute additional funds to two funds. \$5 million was contributed to the Northern Trust Russell 3000 Index and \$3 million was contributed to the Northern Trust Barclays Aggregate.
- The Health Care Trust remained slightly underweight (though within the target range) for each of the broad asset classes (Global Equity, Fixed Income, and Real Assets), with an overweight position in Cash. Cash represents 8.7% of the Health Care Trust, above the target allocation of 0.0%, and outside the target range of 0-5%. With respect to the sub-asset classes, all were within their target ranges except for Core Real Estate and Global Credit, which both had allocations below their target ranges.

Investment Manager	Asset Class	Changes/ Announcements	Performance Concerns	Meketa Recommendation <sup>1</sup>	Comments
Aberdeen Frontier Markets Equity	Frontier Markets Equity	Yes	---	Hold	SEC Inquiry/ Multiple Acquisitions
American Core Realty Fund, LLC	Core Real Estate	---	---	---	---
Artisan Global Value	Global Equity	Yes	---	Hold	Team Additions
Cove Street Small Cap Value	Small Cap Equity	---	---	---	---
Vontobel Emerging Markets Equity	Emerging Markets Equity	---	---	---	---
Credit Suisse Risk Parity Commodity	Commodities	Yes	---	Hold	DOL QPAM Exemption
First Quadrant Balanced Risk Parity	Commodities	Yes	---	Hold	Partner Departure

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



## Aberdeen

- On December 16, 2015, Aberdeen Asset Management Inc. (AAMI) received an inquiry from the SEC in connection with a national initiative related to recent events in the Fixed Income markets, and in particular the high yield market. The inquiry is currently in progress.
- In December 2015, a senior portfolio manager on the U.S. Fixed Income team filed an age discrimination and retaliation claim against AAMI. The claim involves a dispute about an internal promotion and related issues. The dispute is currently in litigation and AAMI does not expect the outcome of the claim to have a materially detrimental impact to AAMI.
- In December 2015, Aberdeen completed the acquisition of Arden Asset Management LLC, a provider of hedge fund solutions with offices in New York and London.
- In December 2015, Advance Emerging Capital became Aberdeen Emerging Capital; a wholly owned subsidiary of Aberdeen PLC based in Aberdeen's London office.

## Artisan

- In November 2015, two analysts were promoted to associate portfolio managers on the Global Value team.
- In December 2015, Benjamin L. Herrick, CFA joined the Global Value team.

### Credit Suisse

- On October 2, 2015, the U.S. Department of Labor granted Credit Suisse and its affiliates a five-year exemption to enable the firm to continue acting as a Qualified Professional Asset Manager (“QPAM”) for its ERISA clients. Under this five-year exemption, Credit Suisse is permitted to reapply to the DOL for an additional five-year exemption to run throughout the remaining period of the QPAM class exemption disqualification (i.e., from November 21, 2014 through November 21, 2024). At that point, Credit Suisse will no longer need an individual QPAM exemption as the QPAM class exemption disqualification period will have lapsed. Credit Suisse continues to believe that it will satisfy the conditions imposed by the DOL through the five-year exemption.

### First Quadrant

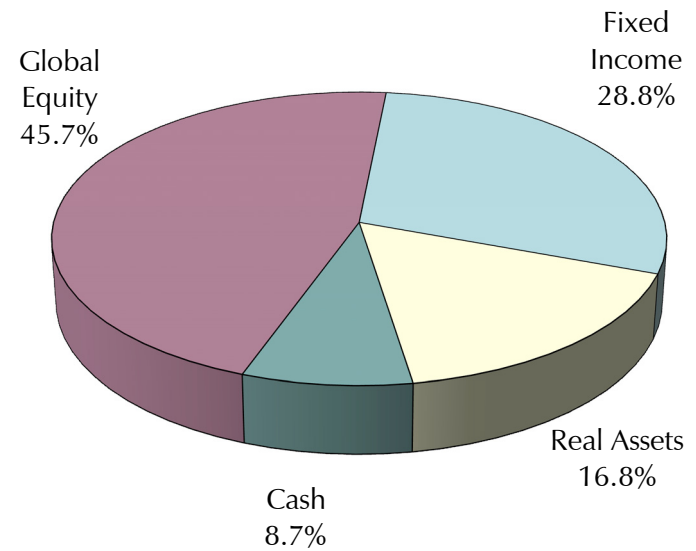
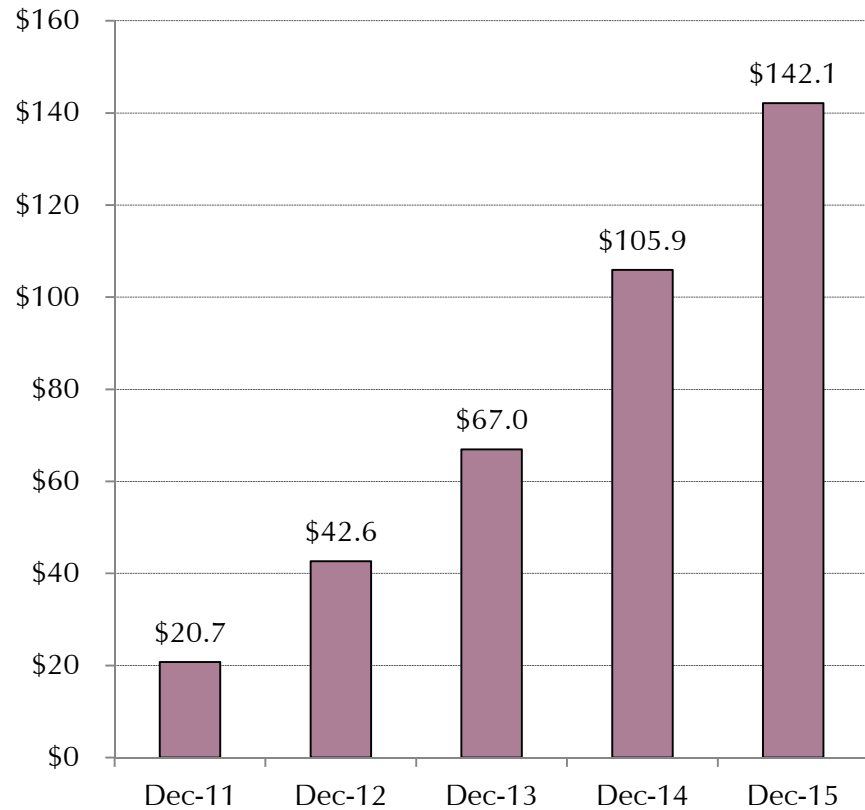
- Effective December 2015, Ghene Faulcon, Partner, is no longer with the firm. Mr. Faulcon’s departure is not expected to have an impact on the strategy.
- The strategy was terminated by the Health Care Trust in January 2016.



**Fund Summary**  
**As of December 31, 2015**

# San Jose Federated Retiree Health Care 115 Trust

# Aggregate Assets as of 12/31/15



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

**Aggregate Assets  
Asset Summary as of 12/31/15**

	<b>Market Value 12/31/15 (\$ mm)</b>	<b>% of Health Care Trust</b>	<b>Target Allocation (%)</b>	<b>Target Range (%)</b>	<b>Market Value 9/30/15 (\$ mm)</b>
<b>Total Fund Aggregate</b>	<b>142.1</b>	<b>100.0</b>	<b>NA</b>	<b>NA</b>	<b>133.9</b>
Global Equity	64.9	45.7	46.7	40-54	57.7
Fixed Income	40.9	28.8	30.3	20-40	38.2
Real Assets	23.9	16.8	23.0	15-30	24.7
Cash	12.4	8.7	0.0	0-5	13.4



San Jose Federated Retiree Health Care  
115 Trust

Aggregate Assets  
Portfolio Roster as of 12/31/15

	Market Value 12/31/15 (\$ mm)	% of Asset Class	% of Health Care Trust	Target Allocation (%)	Target Range (%)	Market Value 9/30/15 (\$ mm)
<b>Total Fund Aggregate</b>	<b>142.1</b>	<b>NA</b>	<b>100.0</b>	<b>NA</b>	<b>NA</b>	<b>133.9</b>
<b>Global Equity</b>	<b>64.9</b>	<b>100.0</b>	<b>45.7</b>	<b>46.7</b>	<b>40-54</b>	<b>57.7</b>
Northern Trust EAFE Index-NL	19.4	29.8	13.6			18.5
Artisan Global Value	18.8	28.9	13.2			18.0
Northern Trust Russell 3000	10.5	16.1	7.4			5.2
Vontobel Emerging Markets Equity	7.3	11.2	5.1			7.1
Vanguard Developed Markets Index	5.4	8.2	3.8			5.2
Aberdeen Frontier Markets Equity	2.1	3.2	1.5			2.1
Cove Street Small Cap Value	1.6	2.5	1.1			1.5
<b>Fixed Income</b>	<b>40.9</b>	<b>100.0</b>	<b>28.8</b>	<b>30.3</b>	<b>20-40</b>	<b>38.2</b>
<b>Investment Grade Bonds</b>	<b>24.0</b>	<b>58.7</b>	<b>16.9</b>	<b>12.7</b>	<b>8-18</b>	<b>21.2</b>
Northern Trust Barclays Aggregate Index-NL	24.0	58.7	16.9			21.2
<b>TIPS</b>	<b>16.9</b>	<b>41.3</b>	<b>11.9</b>	<b>12.7</b>	<b>8-18</b>	<b>17.0</b>
Vanguard Short-Term Inflation-Protected Securities	16.9	41.3	11.9			17.0
<b>Global Credit</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>5.0</b>	<b>2-8</b>	<b>0.0</b>



San Jose Federated Retiree Health Care  
115 Trust

Aggregate Assets  
Portfolio Roster as of 12/31/15

	Market Value 12/31/15 (\$ mm)	% of Asset Class	% of Health Care Trust	Target Allocation (%)	Target Range (%)	Market Value 9/30/15 (\$ mm)
<b>Real Assets</b>	<b>23.9</b>	<b>100.0</b>	<b>16.8</b>	<b>23.0</b>	<b>15-30</b>	<b>24.7</b>
<b>Core Real Estate</b>	<b>4.2</b>	<b>17.7</b>	<b>3.0</b>	<b>7.0</b>	<b>4-10</b>	<b>4.1</b>
American Core Realty Fund, LLC	4.2	17.7	3.0			4.1
<b>Commodities</b>	<b>9.7</b>	<b>40.5</b>	<b>6.8</b>	<b>6.0</b>	<b>2-10</b>	<b>10.3</b>
Credit Suisse Risk Parity Commodity Fund	6.2	25.9	4.3			6.7
First Quadrant Balanced Risk Commodity Fund	3.5	14.6	2.4			3.7
<b>Public Infrastructure</b>	<b>5.4</b>	<b>22.7</b>	<b>3.8</b>	<b>5.0</b>	<b>2-8</b>	<b>5.6</b>
Rhumblin DJ Brookfield Global Infrastructure	5.4	22.7	3.8			5.6
<b>Public Natural Resources</b>	<b>4.6</b>	<b>19.1</b>	<b>3.2</b>	<b>5.0</b>	<b>2-8</b>	<b>4.6</b>
Rhumblin S&P Global Large MidCap Commodity & NR	4.6	19.1	3.2			4.6
<b>Cash</b>	<b>12.4</b>	<b>100.0</b>	<b>8.7</b>	<b>0.0</b>	<b>0-5</b>	<b>13.4</b>



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

**Aggregate Assets  
Performance as of 12/31/15**

	4Q15 (%)	Fiscal <sup>1</sup> YTD (%)	1 YR (%)	3 YR (%)	Performance Inception Date	Since Inception (%)
<b>Total Fund Aggregate<sup>2</sup></b>	<b>1.0</b>	<b>-5.5</b>	<b>-3.4</b>	<b>2.7</b>	<b>7/1/11</b>	<b>3.6</b>
<i>CPI Medical Care (Inflation)</i>	0.8	1.1	3.9	3.0		3.0
<i>San Jose Healthcare Policy Benchmark<sup>3</sup></i>	1.5	-5.1	-4.5	2.7		2.9
<i>San Jose Healthcare Custom Benchmark<sup>4</sup></i>	1.0	-5.7	-5.4	2.2		3.4
Global Equity	4.1	-5.4	0.0	8.0	12/1/11	10.1
<i>MSCI ACWI IMI</i>	4.9	-5.2	-2.2	7.9		9.6
Fixed Income	-0.5	0.0	0.4	0.1	12/1/11	1.5
<i>Barclays Global Aggregate</i>	-0.9	-0.1	-3.2	-1.7		-0.1
Real Assets	-3.2	-14.9	-19.1	-13.3	8/1/11	-11.7
<i>NCREIF ODCE Equal Weighted (net)</i>	3.2	6.7	14.2	12.7		12.3
<i>Bloomberg Commodity Index</i>	-10.5	-23.5	-24.7	-17.3		-15.2
<i>DJ Brookfield Global Infrastructure Index</i>	-2.9	-11.2	-14.4	4.9		7.5
<i>S&amp;P Global Natural Resources</i>	0.6	-22.1	-24.0	-11.3		-10.1

<sup>1</sup> Fiscal Year begins July 1.

<sup>2</sup> Throughout this report, all returns are shown net of fees.

<sup>3</sup> Please see the Appendix for composition of the San Jose Health Care 115 Trust Policy Benchmark.

<sup>4</sup> Custom Benchmark consists of the individual benchmarks that comprise the Policy Benchmark weighted accordingly to actual allocations and re-adjusted monthly.



San Jose Federated Retiree Health Care  
115 Trust

Aggregate Assets  
Performance as of 12/31/15

	4Q15 (%)	Fiscal <sup>1</sup> YTD (%)	1 YR (%)	3 YR (%)	Performance Inception Date	Since Inception (%)
<b>Global Equity</b>	<b>4.1</b>	<b>-5.4</b>	<b>0.0</b>	<b>8.0</b>	<b>12/1/11</b>	<b>10.1</b>
Northern Trust EAFE Index-NL	4.7	-6.0	NA	NA	7/1/15	-6.0
<i>MSCI EAFE</i>	4.7	-6.0	-0.8	5.0		-6.0
Artisan Global Value	4.2	-3.7	NA	NA	6/1/15	-5.8
<i>MSCI ACWI Value</i>	4.1	-6.7	-6.3	5.7		-9.3
Northern Trust Russell 3000	6.3	-1.4	NA	NA	6/1/15	-3.0
<i>Russell 3000</i>	6.3	-1.4	0.5	14.7		-3.1
Vontobel Emerging Markets Equity	1.9	-8.9	NA	NA	6/1/15	-9.6
<i>MSCI Emerging Markets</i>	0.7	-17.4	-14.9	-6.8		-19.5
Vanguard Developed Markets Index <sup>2</sup>	3.9	-6.4	-0.2	4.7	12/1/11	7.3
<i>Spliced Developed Markets Index<sup>3</sup></i>	4.9	-5.8	-0.3	5.2		7.7
Aberdeen Frontier Markets Equity	-1.3	-10.4	NA	NA	7/1/15	-10.4
<i>MSCI Frontier Markets</i>	-1.2	-11.7	-14.5	4.8		-11.7
Cove Street Small Cap Value	4.8	-5.8	NA	NA	6/1/15	-7.4
<i>Russell 2000 Value</i>	2.9	-8.2	-7.5	9.1		-8.0

<sup>1</sup> Fiscal Year begins July 1.

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

<sup>3</sup> The Vanguard Spliced Developed Markets Index reflects the performance of the MSCI EAFE Index through May 28, 2013; the FTSE Developed ex North America Index through December 20, 2015; and the FTSE Developed All Cap ex U.S. Transition Index thereafter.



San Jose Federated Retiree Health Care  
115 Trust

Aggregate Assets  
Performance as of 12/31/15

	4Q15 (%)	Fiscal <sup>1</sup> YTD (%)	1 YR (%)	3 YR (%)	Performance Inception Date	Since Inception (%)
<b>Fixed Income</b>	<b>-0.5</b>	<b>0.0</b>	<b>0.4</b>	<b>0.1</b>	<b>12/1/11</b>	<b>1.5</b>
<b>Investment Grade Bonds</b>	<b>-0.6</b>	<b>0.6</b>	<b>0.4</b>	<b>NA</b>	<b>1/1/15</b>	<b>0.4</b>
Northern Trust Barclays Aggregate Index-NL	-0.6	0.6	NA	NA	6/1/15	-0.5
Barclays Aggregate	-0.6	0.7	0.5	1.4		-0.4
<b>TIPS</b>	<b>-0.4</b>	<b>-1.0</b>	<b>0.4</b>	<b>NA</b>	<b>1/1/15</b>	<b>0.4</b>
Vanguard Short-Term Inflation-Protected Securities	-0.4	-1.0	NA	NA	3/1/15	-0.8
Barclays U.S. TIPS 0-5 Years	-0.3	-1.0	0.0	-0.9		-0.8
<b>Real Assets</b>	<b>-3.2</b>	<b>-14.9</b>	<b>-19.1</b>	<b>-13.3</b>	<b>8/1/11</b>	<b>-11.7</b>
<b>Core Real Estate</b>	<b>2.8</b>	<b>5.9</b>	<b>5.9</b>	<b>NA</b>	<b>1/1/15</b>	<b>5.9</b>
American Core Realty Fund, LLC	2.8	5.9	NA	NA	7/1/15	5.9
NCREIF ODCE Equal Weighted (net)	3.2	6.7	14.2	12.7		6.7
<b>Commodities</b>	<b>-6.7</b>	<b>-19.2</b>	<b>-22.3</b>	<b>NA</b>	<b>1/1/15</b>	<b>-22.3</b>
Credit Suisse Risk Parity Commodity Fund	-7.4	-18.8	-20.7	-13.0	8/1/11	-10.8
Custom Risk Parity Commodity Benchmark <sup>2</sup>	-7.4	-18.5	-20.5	-13.0		-10.8
Bloomberg Commodity Index	-10.5	-23.5	-24.7	-17.3		-15.2
First Quadrant Balanced Risk Commodity Fund	-5.3	-19.8	-24.9	-15.7	8/1/11	-14.2
Custom Risk Parity Commodity Benchmark <sup>2</sup>	-7.4	-18.5	-20.5	-13.0		-10.8
Bloomberg Commodity Index	-10.5	-23.5	-24.7	-17.3		-15.2

<sup>1</sup> Fiscal Year begins July 1.

<sup>2</sup> Custom Risk Parity Commodity Benchmark returns provided by Credit Suisse.





San Jose Federated Retiree Health Care  
115 Trust

Aggregate Assets  
Performance as of 12/31/15

	4Q15 (%)	Fiscal <sup>1</sup> YTD (%)	1 YR (%)	3 YR (%)	Performance Inception Date	Since Inception (%)
<b>Real Assets (continued)</b>						
<b>Public Infrastructure</b>	<b>-2.8</b>	<b>-10.9</b>	<b>NA</b>	<b>NA</b>	<b>6/1/15</b>	<b>-13.1</b>
Rhumblin DJ Brookfield Global Infrastructure <sup>2</sup>	-2.8	-10.9	NA	NA	6/1/15	-13.1
<i>DJ Brookfield Global Infrastructure Index</i>	-2.9	-11.2	-14.4	4.9		-14.8
<b>Public Natural Resources</b>	<b>-1.4</b>	<b>-24.1</b>	<b>NA</b>	<b>NA</b>	<b>6/1/15</b>	<b>-27.1</b>
Rhumblin S&P Global Large MidCap Commodity & NR <sup>2</sup>	-1.4	-24.1	NA	NA	6/1/15	-27.1
<i>S&amp;P Global Large MidCap Commodity and Resources</i>	-1.5	-24.2	-27.0	-13.7		-28.2
<i>S&amp;P Global Natural Resources</i>	0.6	-22.1	-24.0	-11.3		-25.9

<sup>1</sup> Fiscal Year begins July 1.

<sup>2</sup> Tracking error due to a cash position resulting from a delay in the ability to invest in certain markets.



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

**Policy Benchmark Description  
as of 12/31/15**

<b>Time Period</b>	<b>%</b>	<b>Composition</b>
1/1/2015-Present	46.7	MSCI ACWI IMI
	30.3	Barclays Global Aggregate
	7.0	NCREIF ODCE Equal Weighted (net)
	6.0	Bloomberg Commodity Index
	5.0	DJ Brookfield Global Infrastructure Index
	5.0	S&P Global Natural Resources
7/1/2011-12/31/2014	26.5	Russell 3000
	26.5	MSCI EAFE
	6.0	MSCI Emerging Markets
	16.0	Barclays Aggregate Float Adjusted
	12.0	Barclays U.S. TIPS
	13.0	Custom Risk Parity Commodity Benchmark <sup>1</sup>

<sup>1</sup> Custom Risk Parity Commodity Benchmark returns provided by Credit Suisse.

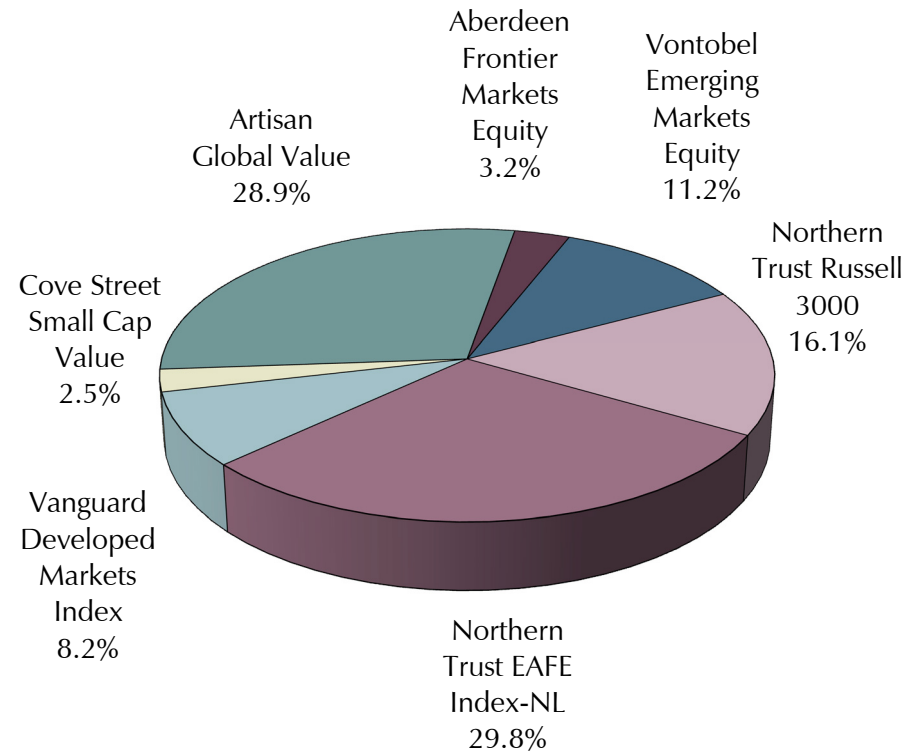
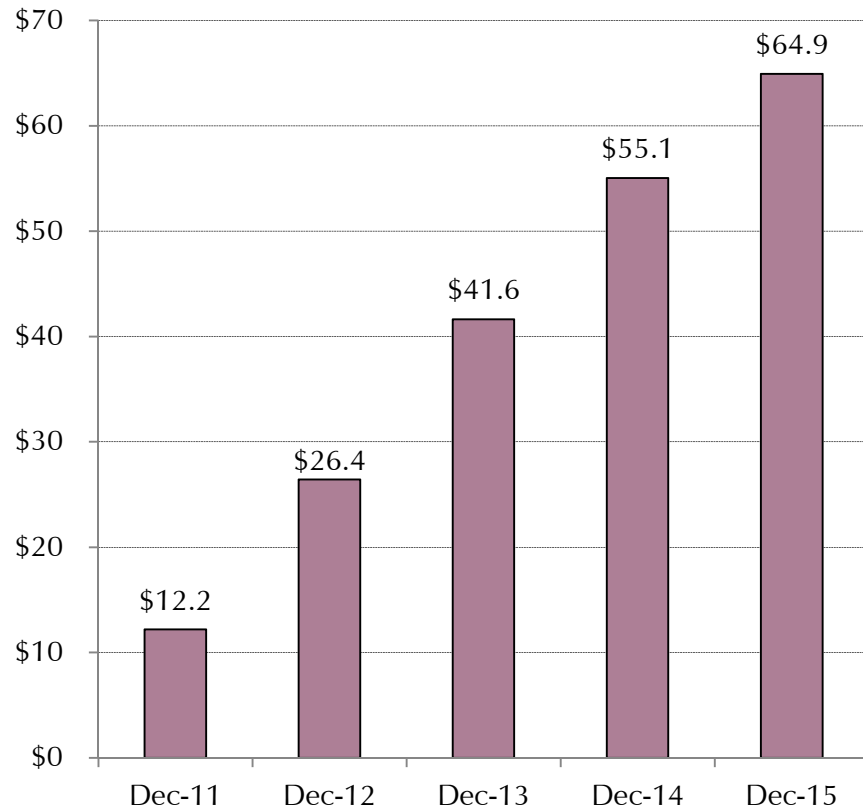


## Fund Detail

**Global Equity Assets  
As of December 31, 2015**

## San Jose Federated Retiree Health Care 115 Trust

## Global Equity Assets as of 12/31/15



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

**Global Equity Assets  
Risk as of 12/31/15**

<b>Risk: (forty-nine months)</b>	<b>Aggregate Global Equity 12/31/15</b>	<b>MSCI ACWI IMI 12/31/15</b>
Annualized Return (%)	10.1	9.6
Standard Deviation (%)	12.8	12.5
Best Monthly Return (%)	7.3	7.6
Worst Monthly Return (%)	-8.8	-9.0
Beta	1.01	1.00
Correlation to Index	0.99	1.00
Correlation to Total Fund Return	0.98	NA
Sharpe Measure (risk-adjusted return)	0.79	0.77
Information Ratio	0.34	NA

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

**Global Equity Assets  
Characteristics as of 12/31/15**

	<b>Aggregate Global Equity 12/31/15</b>	<b>MSCI ACWI IMI 12/31/15</b>	<b>Aggregate Global Equity 9/30/15</b>
<b>Capitalization Structure:</b>			
Weighted Average Market Cap. (US\$ billion)	69.1	76.5	60.4
Median Market Cap. (US\$ billion)	1.7	1.3	2.9
Large (% over US\$20 billion)	64	61	63
Medium (% US\$3 billion to US\$20 billion)	29	29	31
Small (% under US\$3 billion)	6	10	6
<b>Fundamental Structure:</b>			
Price-Earnings Ratio	18	18	17
Price-Book Value Ratio	2.3	1.7	2.2
Dividend Yield (%)	2.5	2.5	2.7
Historical Earnings Growth Rate (%)	10	10	9
Projected Earnings Growth Rate (%)	9	10	10

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

**Global Equity Assets  
Diversification as of 12/31/15**

<b>Diversification:</b>	<b>Aggregate Global Equity 12/31/15</b>	<b>MSCI ACWI IMI 12/31/15</b>	<b>Aggregate Global Equity 9/30/15</b>
Number of Holdings	6,482	8,695	4,225
% in 5 largest holdings	7	5	7
% in 10 largest holdings	13	8	13

<b>Largest Five Holdings:</b>	<b>% of Portfolio</b>	<b>Economic Sector</b>
Microsoft	1.7	Software & Services
Oracle	1.6	Software & Services
Bank of New York Mellon	1.4	Diversified Financials
Johnson & Johnson	1.3	Pharmaceuticals & Biotech.
Citigroup	1.3	Banks



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

**Global Equity Assets  
Sector Allocation as of 12/31/15**

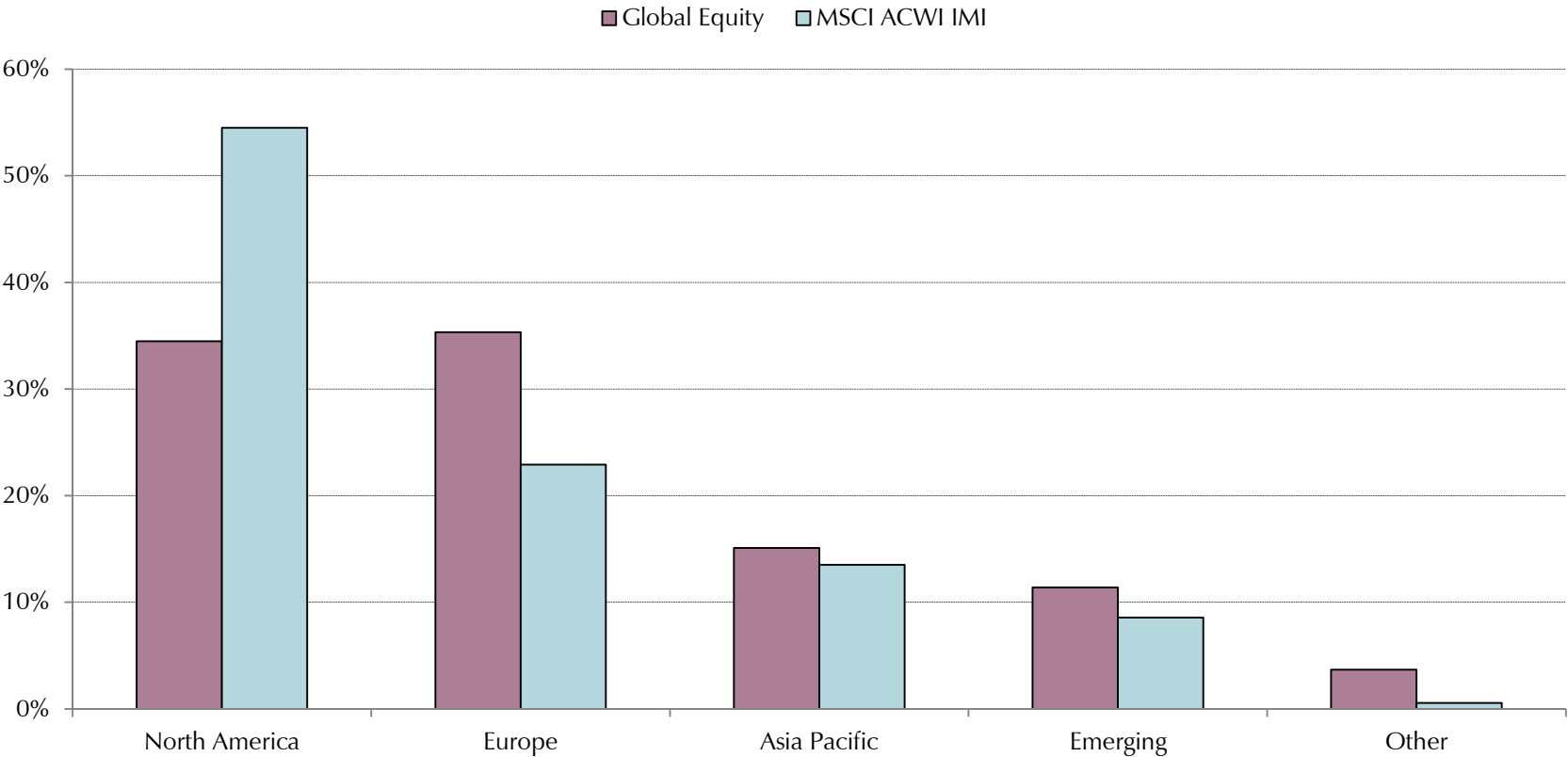
<b>Sector Allocation (%):</b>	<b>Aggregate Global Equity 12/31/15</b>	<b>MSCI ACWI IMI 12/31/15</b>	<b>Aggregate Global Equity 9/30/15</b>
Financials	28	22	29
Consumer Staples	14	10	14
Information Technology	16	15	14
Telecommunication Services	3	3	4
Utilities	2	3	2
Materials	3	5	4
Industrials	9	11	9
Consumer Discretionary	11	13	10
Energy	4	6	4
Health Care	9	12	10

San Jose Federated Retiree Health Care  
115 Trust

Global Equity Assets  
Country & Region Breakdown as of 12/31/15

	Aggregate Global Equity 12/31/15 (%)	MSCI ACWI IMI 12/31/15 (%)		Aggregate Global Equity 12/31/15 (%)	MSCI ACWI IMI 12/31/15 (%)
<b>North America</b>	<b>34.5</b>	<b>54.5</b>	<b>Asia Pacific</b>	<b>15.1</b>	<b>13.5</b>
United States of America	33.8	51.7	Japan	9.7	8.4
<b>Europe</b>	<b>35.3</b>	<b>22.9</b>	Australia	2.8	2.3
United Kingdom	12.0	6.3	Hong Kong	2.1	2.1
Switzerland	5.7	3.3	<b>Emerging</b>	<b>11.4</b>	<b>8.6</b>
Denmark	2.0	0.7	India	2.6	0.9
Netherlands	2.7	1.5	South Korea	2.5	1.6
Belgium	1.1	0.5	Brazil	1.2	0.5
Germany	3.6	3.0	China	1.4	1.4
France	3.4	3.0	<b>Other</b>	<b>3.7</b>	<b>0.5</b>
Spain	1.2	1.0	Bermuda	1.2	0.2
Sweden	1.3	1.1			

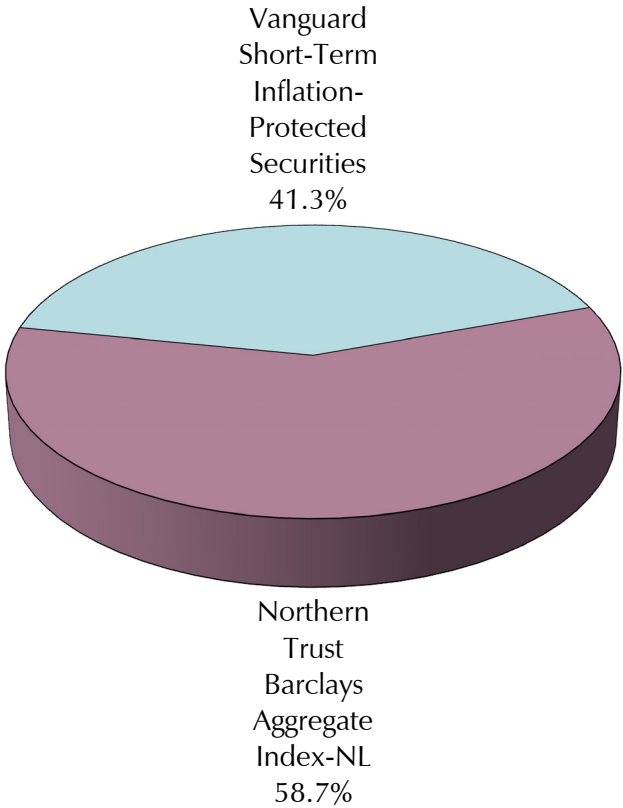
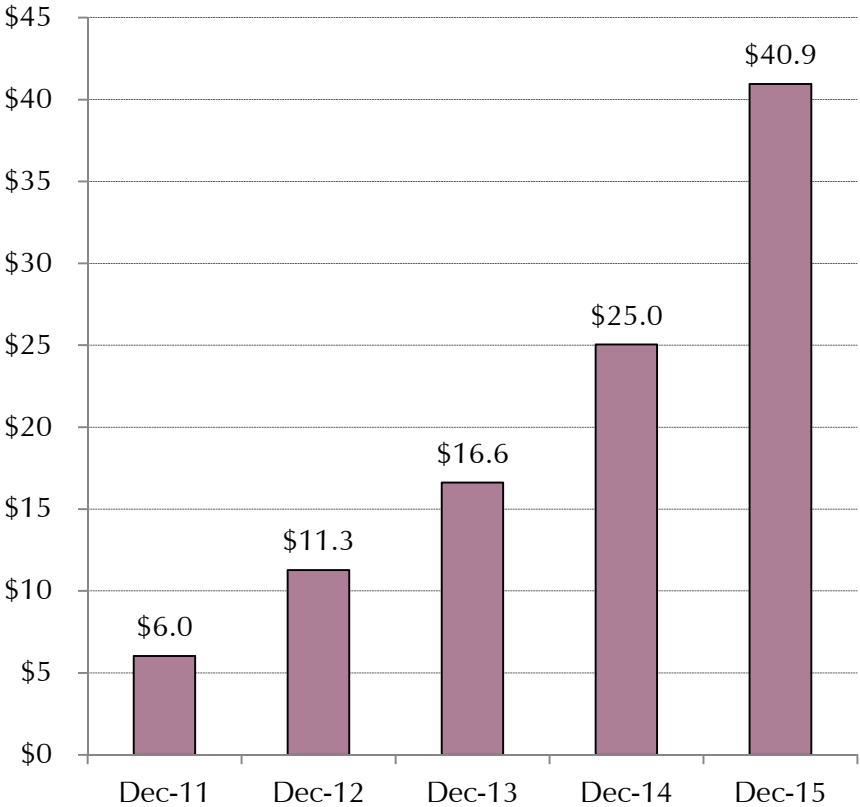




**Fixed Income Assets  
As of December 31, 2015**

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

**Fixed Income Assets  
as of 12/31/15**



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

**Fixed Income Assets  
Risk as of 12/31/15**

	<b>Aggregate Fixed Income 12/31/15</b>	<b>Barclays Global Aggregate 12/31/15</b>
<b>Risk: (forty-nine months)</b>		
Annualized Return (%)	1.5	-0.1
Standard Deviation (%)	3.6	3.8
Best Monthly Return (%)	2.6	2.1
Worst Monthly Return (%)	-2.8	-3.0
Beta	0.63	1.00
Correlation to Index	0.66	1.00
Correlation to Total Fund Return	0.18	NA
Sharpe Measure (risk-adjusted return) <sup>1</sup>	0.39	Neg.
Information Ratio	0.51	NA

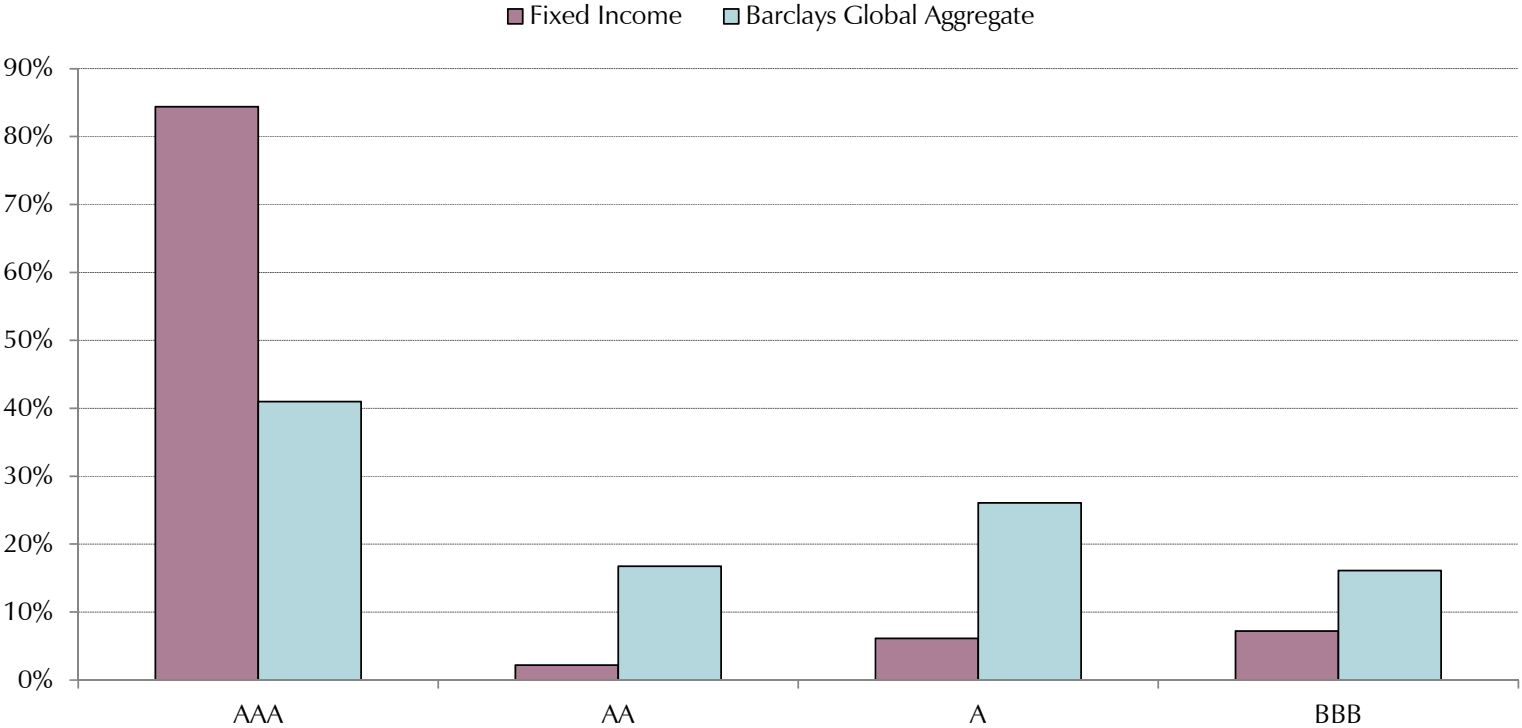
<sup>1</sup> A negative Sharpe ratio indicates that the portfolio underperformed the risk-free rate during the sample period.



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

**Fixed Income Assets  
Characteristics as of 12/31/15**

<b>Duration &amp; Yield:</b>	<b>Aggregate Fixed Income 12/31/15</b>	<b>Barclays Global Aggregate 12/31/15</b>	<b>Aggregate Fixed Income 9/30/15</b>
Average Effective Duration (years)	3.7	6.6	4.1
Yield to Maturity (%)	2.0	1.8	1.7



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

**Fixed Income Assets  
Diversification as of 12/31/15**

	<b>Aggregate Fixed Income 12/31/15</b>	<b>Barclays Global Aggregate 12/31/15</b>	<b>Aggregate Fixed Income 9/30/15</b>
<b>Market Allocation (%):</b>			
United States	95	39	95
Foreign (developed markets)	4	55	4
Foreign (emerging markets)	1	6	1
<b>Currency Allocation (%):</b>			
Non-U.S. Dollar Exposure	0	55	0
<b>Sector Allocation (%):</b>			
U.S. Treasury-Nominal	22	15	20
U.S. Treasury-TIPS	41	0	45
U.S. Agency	2	1	2
Mortgage Backed	17	12	16
Corporate	14	18	13
Bank Loans	0	0	0
Local & Provincial Government	0	3	0
Sovereign & Supranational	3	47	3
Commercial Mortgage Backed	1	0	1
Asset Backed	0	0	0
Cash Equivalent	0	0	0
Other	0	3	0



**Portfolio Reviews**  
**As of December 31, 2015**

**Global Equity Portfolio Reviews**  
**As of December 31, 2015**

## San Jose Federated Retiree Health Care 115 Trust

**Mandate:** International Equities  
**Active/Passive:** Passive  
**Market Value:** \$19.4 million  
**Portfolio Manager:** Team  
**Location:** Chicago, Illinois  
**Inception Date:** 7/1/2015  
**Account Type:** Commingled

	Value	Core	Growth
Large			
Medium			
Small			

**Fee Schedule:**  
0.05% on all assets

**Liquidity Constraints:**  
Daily

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

Performance (%):	4Q15	Fiscal YTD <sup>1</sup>	Since 7/1/15
Northern Trust EAFE Index	4.7	-6.0	-6.0
MSCI EAFE	4.7	-6.0	-6.0

## Northern Trust EAFE Index Portfolio Detail as of 12/31/15

	12/31/15		9/30/15	
	Northern Trust EAFE Index	MSCI EAFE	Northern Trust EAFE Index	MSCI EAFE
<b>Capitalization Structure:</b>				
Weighted Average Market Cap. (US\$ billion)	55.5	53.9	53.0	52.8
Median Market Cap. (US\$ billion)	8.5	8.7	8.0	8.1
Large (% over US\$20 billion)	66	65	64	64
Medium (% US\$3 billion to US\$20 billion)	33	34	34	34
Small (% under US\$3 billion)	1	1	1	1
<b>Fundamental Structure:</b>				
Price-Earnings Ratio	17	17	16	16
Price-Book Value Ratio	1.7	1.7	1.5	1.5
Dividend Yield (%)	3.2	3.2	3.3	3.3
Historical Earnings Growth Rate (%)	10	8	7	7
Projected Earnings Growth Rate (%)	8	8	9	9
<b>Sector Allocation (%):</b>				
Consumer Discretionary	16	13	13	13
Information Technology	6	5	5	5
Consumer Staples	12	12	12	12
Financials	26	26	26	26
Utilities	4	4	4	4
Materials	6	6	7	7
Telecommunication Services	4	5	5	5
Energy	4	5	5	5
Industrials	12	13	12	12
Health Care	10	12	12	12
<b>Diversification:</b>				
Number of Holdings	947	925	938	910
% in 5 largest holdings	10	8	8	8
% in 10 largest holdings	16	12	13	13
<b>Region Allocation (%):</b>				
North America	0	0	0	0
Europe	62	64	66	66
Asia Pacific	37	35	33	33
Emerging	0	0	0	0
Other	1	1	1	1
<b>Largest Five Holdings:</b>				
			<b>Industry</b>	
Toyota Motor	3.5		Automobiles & Components	
Westpac Banking	1.7		Banks	
SAP	1.6		Software & Services	
Nestle	1.6		Food, Beverage & Tobacco	
Diageo	1.4		Food, Beverage & Tobacco	

<sup>1</sup> Fiscal Year begins July 1.



## San Jose Federated Retiree Health Care 115 Trust

**Mandate:** International Equities  
**Active/Passive:** Active  
**Market Value:** \$18.8 million  
**Portfolio Manager:** David Samra  
 Daniel J. O'Keefe  
**Location:** San Francisco, California  
**Inception Date:** 6/1/2015  
**Account Type:** Mutual Fund (APHGX)

	Value	Core	Growth
Large			
Medium			
Small			

**Fee Schedule:**  
 1.06% on all assets

**Liquidity Constraints:**  
 Daily

**Strategy:**

Artisan employs a bottom-up investment approach seeking to identify undervalued quality businesses that offer the potential for superior risk/reward outcomes. Artisan runs a somewhat concentrated portfolio of 40 to 60 stocks. They are benchmark-agnostic, and willing to have exposures that are materially different than the benchmark.

Performance (%):	4Q15	Fiscal YTD <sup>1</sup>	Since 6/1/15
<b>Artisan Global Value</b>	<b>4.2</b>	<b>-3.7</b>	<b>-5.8</b>
MSCI ACWI Value	4.1	-6.7	-9.3
Peer International Value	2.8	-8.1	-10.8
Peer Ranking (percentile)	17	5	5

## Artisan Global Value Portfolio Detail as of 12/31/15

	12/31/15		9/30/15	
	Artisan Global Value	MSCI ACWI Value	Artisan Global Value	MSCI ACWI Value
<b>Capitalization Structure:</b>				
Weighted Average Market Cap. (US\$ billion)	89.0	91.4	80.0	84.1
Median Market Cap. (US\$ billion)	28.9	7.5	26.7	7.2
Large (% over US\$20 billion)	74	73	74	72
Medium (% US\$3 billion to US\$20 billion)	25	25	25	26
Small (% under US\$3 billion)	1	2	1	2
<b>Fundamental Structure:</b>				
Price-Earnings Ratio	15	14	16	14
Price-Book Value Ratio	2.2	1.4	2.2	1.3
Dividend Yield (%)	2.1	3.5	2.3	3.7
Historical Earnings Growth Rate (%)	6	4	7	4
Projected Earnings Growth Rate (%)	9	5	9	6
<b>Sector Allocation (%):</b>				
Information Technology	28	10	25	9
Financials	40	31	41	31
Consumer Staples	7	7	8	9
Industrials	8	9	8	8
Health Care	8	10	9	9
Consumer Discretionary	5	7	4	6
Telecommunication Services	2	5	2	6
Materials	0	5	0	5
Utilities	0	6	0	6
Energy	3	11	3	10
<b>Diversification:</b>				
Number of Holdings	43	1,332	47	1,310
% in 5 largest holdings	22	9	22	8
% in 10 largest holdings	41	15	40	14
<b>Region Allocation (%):</b>				
North America	54	55	52	55
Europe	31	23	35	23
Asia Pacific	0	13	1	13
Emerging	11	9	8	9
Other	4	0	4	0
<b>Largest Five Holdings:</b>				
		<b>Industry</b>		
Oracle	5.1	Software & Services		
Bank of New York Mellon	4.7	Diversified Financials		
Microsoft	4.6	Software & Services		
Royal Bank of Scotland	4.0	Banks		
Arch Capital	4.0	Insurance		

<sup>1</sup> Fiscal Year begins July 1.



## San Jose Federated Retiree Health Care 115 Trust

## Northern Trust Russell 3000-NL Portfolio Detail as of 12/31/15

**Mandate:** Domestic Equities  
**Active/Passive:** Passive  
**Market Value:** \$10.5 million  
**Portfolio Manager:** Team  
**Location:** Chicago, Illinois  
**Inception Date:** 6/1/2015  
**Account Type:** Commingled

	Value	Core	Growth
Large			
Medium			
Small			

### Fee Schedule:

0.03% on all assets

### Liquidity Constraints:

Daily

### Strategy:

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

Performance (%):	4Q15	Fiscal YTD <sup>1</sup>	Since 6/1/15
<b>Northern Trust Russell 3000-NL</b>	<b>6.3</b>	<b>-1.4</b>	<b>-3.0</b>
Russell 3000	6.3	-1.4	-3.1

	12/31/15		9/30/15	
	Northern Trust Russell 3000-NL	Russell 3000	Northern Trust Russell 3000-NL	Russell 3000
<b>Capitalization Structure:</b>				
Weighted Average Market Cap. (US\$ billion)	106.0	106.1	97.4	97.4
Median Market Cap. (US\$ billion)	1.7	1.4	1.7	1.4
Large (% over US\$20 billion)	69	69	67	67
Medium (% US\$3 billion to US\$20 billion)	23	23	25	25
Small (% under US\$3 billion)	8	8	8	8
<b>Fundamental Structure:</b>				
Price-Earnings Ratio	21	21	19	19
Price-Book Value Ratio	2.2	2.3	2.3	2.3
Dividend Yield (%)	2.1	2.1	2.1	2.1
Historical Earnings Growth Rate (%)	11	11	11	11
Projected Earnings Growth Rate (%)	11	11	11	11
<b>Sector Allocation (%):</b>				
Financials	18	18	18	18
Consumer Discretionary	14	13	14	14
Energy	6	6	6	6
Industrials	11	11	11	11
Information Technology	20	20	20	20
Telecommunication Services	2	2	2	2
Materials	3	3	3	3
Consumer Staples	9	9	9	9
Utilities	3	3	3	3
Health Care	15	15	14	14
<b>Diversification:</b>				
Number of Holdings	2,672	3,012	2,660	2,979
% in 5 largest holdings	9	9	9	9
% in 10 largest holdings	14	14	14	14
<b>Largest Ten Holdings:</b>				
		<b>Industry</b>		
Apple	2.7	Technology Equipment		
Microsoft	2.0	Software & Services		
ExxonMobil	1.5	Energy		
General Electric	1.3	Capital Goods		
Johnson & Johnson	1.3	Pharmaceuticals & Biotech.		
Amazon.com	1.2	Retailing		
Wells Fargo & Company	1.1	Banks		
JP Morgan Chase	1.1	Banks		
Berkshire Hathaway	1.1	Diversified Financials		
Facebook	1.0	Software & Services		

<sup>1</sup> Fiscal Year begins July 1.



## San Jose Federated Retiree Health Care 115 Trust

## Vontobel Emerging Markets Equity Portfolio Detail as of 12/31/15

**Mandate:** International Equities,  
Emerging Markets

**Active/Passive:** Active

**Market Value:** \$7.3 million

**Portfolio Manager:** Rajiv Jain

**Location:** New York, New York

**Inception Date:** 6/1/2015

**Account Type:** Commingled

	Value	Core	Growth
Large			
Medium			
Small			

### Fee Schedule:

0.85% on all assets

### Liquidity Constraints:

Daily

### Strategy:

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

### Performance (%):

	4Q15	Fiscal YTD <sup>1</sup>	Since 6/1/15
<b>Vontobel Emerging Markets Equity</b>	<b>1.9</b>	<b>-8.9</b>	<b>-9.6</b>
MSCI Emerging Markets	0.7	-17.4	-19.5
Peer Emerging Markets	0.5	-15.4	-17.5
Peer Ranking (percentile)	28	4	4

	12/31/15		9/30/15	
	Vontobel Emerging Markets Equity	MSCI Emerging Markets	Vontobel Emerging Markets Equity	MSCI Emerging Markets
<b>Capitalization Structure:</b>				
Weighted Average Market Cap. (US\$ billion)	46.6	38.1	39.5	33.4
Median Market Cap. (US\$ billion)	16.4	4.2	15.8	4.2
Large (% over US\$20 billion)	63	38	61	35
Medium (% US\$3 billion to US\$20 billion)	36	53	38	55
Small (% under US\$3 billion)	2	10	2	10
<b>Fundamental Structure:</b>				
Price-Earnings Ratio	24	14	22	13
Price-Book Value Ratio	4.8	1.5	4.2	1.3
Dividend Yield (%)	2.1	2.5	2.3	2.7
Historical Earnings Growth Rate (%)	17	10	19	10
Projected Earnings Growth Rate (%)	13	13	13	12
<b>Sector Allocation (%):</b>				
Consumer Staples	45	8	39	9
Utilities	4	3	4	3
Health Care	3	3	4	3
Telecommunication Services	4	7	5	7
Consumer Discretionary	7	10	7	9
Materials	2	6	2	7
Industrials	1	7	0	7
Information Technology	14	20	14	18
Energy	0	7	1	8
Financials	21	28	24	29
<b>Diversification:</b>				
Number of Holdings	70	836	71	836
% in 5 largest holdings	25	13	27	13
% in 10 largest holdings	42	19	42	19
<b>Region Allocation (%):</b>				
Asia Pacific	59	71	62	69
Latin America	13	12	17	13
Europe/MidEast/Africa	6	16	6	17
Frontier	1	0	1	0
Other	22	2	15	0
<b>Largest Five Holdings:</b>				
		<b>Industry</b>		
British American Tobacco	7.2	Food, Beverage & Tobacco		
Housing Development Financial	5.0	Banks		
SABMiller	4.4	Food, Beverage & Tobacco		
HDFC Bank	4.3	Banks		
ITC	4.0	Food, Beverage & Tobacco		

<sup>1</sup> Fiscal Year begins July 1.



## San Jose Federated Retiree Health Care 115 Trust

## Vanguard Developed Markets Index Portfolio Detail as of 12/31/15

**Mandate:** Global Equities  
**Active/Passive:** Passive  
**Market Value:** \$5.4 million  
**Portfolio Manager:** Christine D. Franquin  
**Location:** Valley Forge, Pennsylvania  
**Inception Date:** 12/1/2011  
**Account Type:** Mutual Fund (VTMNX)

	Value	Core	Growth
Large			
Medium			
Small			

### Fee Schedule:

0.07% on all assets

### Liquidity Constraints:

Daily

### Strategy:

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

Performance (%):	4Q15	Fiscal YTD <sup>1</sup>	1 YR	3 YR	Since 12/1/11
<b>Vanguard Developed Markets Index</b>	<b>3.9</b>	<b>-6.4</b>	<b>-0.2</b>	<b>4.7</b>	<b>7.3</b>
Spliced Developed Markets Index <sup>2</sup>	4.9	-5.8	-0.3	5.2	7.7

	12/31/15		9/30/15	
	Vanguard Developed Markets Index	FTSE Developed ex. North America <sup>2</sup>	Vanguard Developed Markets Index	FTSE Developed ex. North America
<b>Capitalization Structure:</b>				
Weighted Average Market Cap. (US\$ billion)	50.0	51.2	49.4	49.4
Median Market Cap. (US\$ billion)	1.6	5.9	5.5	5.6
Large (% over US\$20 billion)	60	61	60	60
Medium (% US\$3 billion to US\$20 billion)	36	36	36	36
Small (% under US\$3 billion)	5	3	4	4
<b>Fundamental Structure:</b>				
Price-Earnings Ratio	17	17	16	16
Price-Book Value Ratio	1.3	1.5	1.4	1.4
Dividend Yield (%)	3.1	3.1	3.2	3.2
Historical Earnings Growth Rate (%)	8	8	7	7
Projected Earnings Growth Rate (%)	9	9	10	10
<b>Sector Allocation (%):</b>				
Energy	4	4	4	4
Financials	25	25	25	25
Industrials	13	13	13	13
Telecommunication Services	4	4	4	4
Consumer Discretionary	14	14	14	14
Information Technology	6	6	6	6
Materials	7	7	7	7
Health Care	11	11	11	11
Utilities	3	4	4	4
Consumer Staples	11	12	12	12
<b>Diversification:</b>				
Number of Holdings	3,680	1,385	1,422	1,390
% in 5 largest holdings	7	7	7	7
% in 10 largest holdings	11	11	11	11
<b>Region Allocation (%):</b>				
North America	1	0	0	0
Europe	59	60	61	62
Asia Pacific	34	35	34	33
Emerging	4	4	4	4
Other	1	1	1	1
<b>Largest Five Holdings:</b>				
		<b>Industry</b>		
Nestle	1.7	Food, Beverage & Tobacco		
Roche	1.4	Pharmaceuticals & Biotech.		
Novartis	1.4	Pharmaceuticals & Biotech.		
Toyota Motor	1.2	Automobiles & Components		
HSBC	1.1	Banks		

<sup>1</sup> Fiscal Year begins July 1.

<sup>2</sup> Discrepancy between Vanguard Developed Markets Index characteristics and FTSE Developed ex. North America characteristics due to transition to FTSE Developed All Cap ex U.S. Transition Index.

<sup>3</sup> The Vanguard Spliced Developed Markets Index reflects the performance of the MSCI EAFE Index through May 28, 2013; the FTSE Developed ex. North America Index through December 20, 2015; and the FTSE Developed All Cap ex U.S. Transition Index thereafter.



## San Jose Federated Retiree Health Care 115 Trust

## Aberdeen Frontier Markets Equity Portfolio Detail as of 12/31/15

**Mandate:** International Equities,  
Frontier Markets

**Active/Passive:** Active

**Market Value:** \$2.1 million

**Portfolio Manager:** Devan Kaloo

**Location:** London, United Kingdom

**Inception Date:** 7/1/2015

**Account Type:** Commingled

	Value	Core	Growth
Large			
Medium			
Small			

**Fee Schedule:**  
1.50% on all assets

**Liquidity Constraints:**  
Monthly

**Strategy:**

The firm believes, given the inefficiency of markets, that competitive long-term returns are achieved by identifying high quality stocks at attractive valuations and holding them for the long term. The firm believes that sound fundamentals drive stock prices over time and they employ a fundamental bottom-up investment approach based upon a rigorous and disciplined proprietary research effort which originates with direct company due diligence visits. The objective of the Frontier Markets Equity strategy is to achieve total return in excess of the MSCI Frontier Markets Index through investing in companies listed, domiciled or headquartered, or with a significant portion of their revenues, profits and/or assets derived from frontier economies.

Performance (%):	4Q15	Fiscal YTD <sup>1</sup>	Since 7/1/15
<b>Aberdeen Frontier Markets Equity</b>	<b>-1.3</b>	<b>-10.4</b>	<b>-10.4</b>
MSCI Frontier Markets	-1.2	-11.7	-11.7
Peer Frontier Markets	-1.2	-10.2	-10.2
Peer Ranking (percentile)	52	57	57

	12/31/15		9/30/15	
	Aberdeen Frontier Markets Equity	MSCI Frontier Markets	Aberdeen Frontier Markets Equity	MSCI Frontier Markets
<b>Capitalization Structure:</b>				
Weighted Average Market Cap. (US\$ billion)	3.5	4.1	3.9	4.2
Median Market Cap. (US\$ billion)	2.0	1.4	1.9	1.4
Large (% over US\$20 billion)	0	0	4	0
Medium (% US\$3 billion to US\$20 billion)	40	44	39	42
Small (% under US\$3 billion)	60	56	57	58
<b>Fundamental Structure:</b>				
Price-Earnings Ratio	17	11	18	11
Price-Book Value Ratio	3.6	1.6	3.4	1.5
Dividend Yield (%)	3.6	4.1	3.3	4.0
Historical Earnings Growth Rate (%)	10	10	11	10
Projected Earnings Growth Rate (%)	13	9	13	12
<b>Sector Allocation (%):</b>				
Consumer Staples	32	9	31	9
Health Care	9	3	8	3
Industrials	8	3	8	3
Information Technology	5	0	5	0
Consumer Discretionary	2	0	2	0
Utilities	0	1	0	1
Telecommunication Services	12	13	12	14
Materials	3	7	1	8
Energy	4	9	6	9
Financials	25	53	27	53
<b>Diversification:</b>				
Number of Holdings	47	120	46	122
% in 5 largest holdings	25	22	23	23
% in 10 largest holdings	44	33	42	32
<b>Region Allocation (%):</b>				
Asia	23	17	21	17
Europe & CIS	8	10	7	10
Americas	0	11	0	9
Africa	30	28	30	30
Middle East	5	32	7	33
Emerging	14	1	15	0
Other	20	1	20	0
<b>Largest Five Holdings:</b>				
		<b>Industry</b>		
Safaricom	5.6	Telecom Services		
Vietnam Dairy Products	5.5	Food, Beverage & Tobacco		
John Keells Holdings	5.1	Capital Goods		
Epam Systems	4.9	Software & Services		
East African Breweries	4.3	Food, Beverage & Tobacco		

<sup>1</sup> Fiscal Year begins July 1.





## San Jose Federated Retiree Health Care 115 Trust

**Mandate:** Domestic Equities  
**Active/Passive:** Active  
**Market Value:** \$1.6 million  
**Portfolio Manager:** Jeffrey Bronchick  
**Location:** El Segundo, California  
**Inception Date:** 6/1/2015  
**Account Type:** Separately Managed

	Value	Core	Growth
Large			
Medium			
Small			

**Fee Schedule:**  
0.80% on all assets

**Liquidity Constraints:**  
Daily

**Strategy:**  
Cove Street Capital manages a fundamental, bottom-up research driven value portfolio of small capitalization companies. It is a relatively concentrated portfolio, usually consisting of between 30-40 companies. The strategy focuses on finding statistically cheap companies with high quality business models.

**Guidelines:**  
Maximum of 10% in non-U.S. issuers. Maximum 10% in preferred stock, convertibles or other equity equivalents.

Performance (%):	4Q15	Fiscal YTD <sup>1</sup>	Since 6/1/15
<b>Cove Street Small Cap Value</b>	<b>4.8</b>	<b>-5.8</b>	<b>-7.4</b>
Russell 2000 Value	2.9	-8.2	-8.0
Peer Small Cap Value	2.2	-7.7	-7.4
Peer Ranking (percentile)	6	17	47

## Cove Street Small Cap Value Portfolio Detail as of 12/31/15

	12/31/15		9/30/15	
	Cove Street Small Cap Value	Russell 2000 Value	Cove Street Small Cap Value	Russell 2000 Value
<b>Capitalization Structure:</b>				
Weighted Average Market Cap. (US\$ billion)	1.5	1.7	1.3	1.6
Median Market Cap. (US\$ million)	569.5	592.8	517.7	586.2
Large (% over US\$20 billion)	0	0	0	0
Medium (% US\$3 billion to US\$20 billion)	13	12	17	11
Small (% under US\$3 billion)	87	88	83	89
<b>Fundamental Structure:</b>				
Price-Earnings Ratio	30	18	31	17
Price-Book Value Ratio	2.2	1.5	2.0	1.5
Dividend Yield (%)	0.5	2.4	0.6	2.3
Historical Earnings Growth Rate (%)	5	8	0	8
Projected Earnings Growth Rate (%)	13	9	13	10
<b>Sector Allocation (%):</b>				
Consumer Discretionary	32	10	33	10
Information Technology	18	11	19	11
Materials	10	3	8	3
Industrials	17	12	14	12
Health Care	5	5	5	4
Consumer Staples	3	3	3	3
Telecommunication Services	0	1	0	1
Energy	2	4	2	5
Utilities	0	7	0	7
Financials	13	44	15	44
<b>Diversification:</b>				
Number of Holdings	35	1,349	35	1,304
% in 5 largest holdings	26	2	28	2
% in 10 largest holdings	44	5	45	4
<b>Largest Ten Holdings:</b>				
			<b>Industry</b>	
Carrols Restaurant Group, Inc.	6.0		Consumer Services	
FMC	6.0		Materials	
ViaSat	5.4		Technology Equipment	
Forestar Group	4.4		Real Estate	
Belmond 'A'	4.2		Consumer Services	
Heritage-Crystal Clean	3.9		Commercial Services	
GP Strategies	3.7		Commercial Services	
American Vanguard Corporation	3.6		Materials	
Liberty Global Lilac Class A	3.3		Media	
Avid Technology	3.2		Technology Equipment	

<sup>1</sup> Fiscal Year begins July 1.



**Fixed Income Portfolio Reviews  
As of December 31, 2015**

## San Jose Federated Retiree Health Care 115 Trust

## Northern Trust Barclays Aggregate Index-NL Portfolio Detail as of 12/31/15

**Mandate:** Fixed Income  
**Active/Passive:** Passive  
**Market Value:** \$24.0 million  
**Portfolio Manager:** Bradford Adams  
 Alexander Matturri Jr., CFA  
**Location:** Chicago, Illinois  
**Inception Date:** 6/1/2015  
**Account Type:** Commingled

	Short	Int.	Long
High			
Medium			
Low			

**Fee Schedule:**  
 0.03% on all assets

**Liquidity Constraints:**  
 Daily

**Strategy:**  
 The Northern Trust Aggregate Bond Index strategy seeks to replicate the returns of the Barclays Aggregate index, an index covering the broad domestic investment grade bond market. The fund is passively managed, employing statistical methods to replicate performance and composition of the index. The portfolio is comprised of U.S. Treasury, government agency, investment grade corporate bonds, mortgage- and asset-backed sectors of the fixed income markets.

Performance (%):	4Q15	Fiscal YTD <sup>1</sup>	Since 6/1/15
<b>Northern Trust Barclays Aggregate Index-NL</b>	<b>-0.6</b>	<b>0.6</b>	<b>-0.5</b>
Barclays Aggregate	-0.6	0.7	-0.4

	12/31/15		9/30/15	
	Northern Trust Barclays Aggregate Index-NL	Barclays Aggregate	Northern Trust Barclays Aggregate Index-NL	Barclays Aggregate
<b>Duration &amp; Yield:</b>				
Average Effective Duration (years)	5.4	5.7	5.3	5.6
Yield to Maturity (%)	2.6	2.6	2.2	2.3
<b>Quality Structure (%):</b>				
Average Quality	AA+	AA+	AA+	AA+
AAA (includes Treasuries and Agencies)	73	72	73	72
AA	4	4	4	4
A	10	11	11	11
BBB	12	13	12	12
BB	0	0	0	0
B	0	0	0	0
Below B	0	0	0	0
Non-Rated	0	0	0	0
<b>Sector Allocation (%):</b>				
U.S. Treasury-Nominal	37	36	37	36
U.S. Treasury-TIPS	0	0	0	0
U.S. Agency	3	3	3	3
Mortgage Backed	28	29	28	28
Corporate	24	24	24	24
Bank Loans	0	0	0	0
Local & Provincial Government	1	1	1	1
Sovereign & Supranational	4	4	5	4
Commercial Mortgage Backed	2	2	2	2
Asset Backed	1	1	1	1
Cash Equivalent	1	0	1	0
Other	0	0	0	0
<b>Market Allocation (%):</b>				
United States	92	92	92	91
Foreign (developed markets)	6	6	6	7
Foreign (emerging markets)	2	2	2	2
<b>Currency Allocation (%):</b>				
Non-U.S. Dollar Exposure	0	0	0	0

<sup>1</sup> Fiscal Year begins July 1.



## San Jose Federated Retiree Health Care 115 Trust

## Vanguard Short-Term Inflation-Protected Securities Portfolio Detail as of 12/31/15

**Mandate:** TIPS  
**Active/Passive:** Passive  
**Market Value:** \$16.9 million  
**Portfolio Manager:** John Hollyer, CFA  
 Kenneth E. Volpert, CFA  
**Location:** Valley Forge, Pennsylvania  
**Inception Date:** 3/1/2015  
**Account Type:** Mutual Fund (VTSPX)

	Short	Int.	Long
High			
Medium			
Low			

**Fee Schedule:**

0.07% on all assets

**Liquidity Constraints:**

Daily

**Strategy:**

The fund seeks to track an index that measures the performance of inflation-protected public obligations of the U.S. Treasury that have a remaining maturity of less than five years. It is designed to generate returns more closely correlated with realized inflation over the near term, and to offer investors the potential for less volatility of returns relative to a longer-duration TIPS fund. The fund invests in bonds that are backed by the full faith and credit of the federal government and whose principal is adjusted semiannually based on inflation.

Performance (%):	4Q15	Fiscal YTD <sup>1</sup>	Since 3/1/15
<b>Vanguard Short-Term Inflation-Protected Securities</b>	<b>-0.4</b>	<b>-1.0</b>	<b>-0.8</b>
Barclays U.S. TIPS 0-5 Years	-0.3	-1.0	-0.8

	12/31/15		9/30/15	
	Vanguard Short-Term Inflation- Protected Securities	Barclays U.S. TIPS 0-5 Years	Vanguard Short-Term Inflation- Protected Securities	Barclays U.S. TIPS 0-5 Years
<b>Duration &amp; Yield:</b>				
Average Effective Duration (years)	1.2	1.2	2.6	1.3
Yield to Maturity (%) <sup>2</sup>	1.3	1.2	1.0	1.2
<b>Quality Structure (%):</b>				
Average Quality	AAA	AAA	AAA	AAA
AAA (includes Treasuries and Agencies)	100	100	100	100
AA	0	0	0	0
A	0	0	0	0
BBB	0	0	0	0
BB	0	0	0	0
B	0	0	0	0
Below B	0	0	0	0
Non-Rated	0	0	0	0
<b>Sector Allocation (%):</b>				
U.S. Treasury-Nominal	0	0	0	0
U.S. Treasury-TIPS	100	100	100	100
U.S. Agency	0	0	0	0
Mortgage Backed	0	0	0	0
Corporate	0	0	0	0
Bank Loans	0	0	0	0
Local & Provincial Government	0	0	0	0
Sovereign & Supranational	0	0	0	0
Commercial Mortgage Backed	0	0	0	0
Asset Backed	0	0	0	0
Cash Equivalent	0	0	0	0
Other	0	0	0	0
<b>Market Allocation (%):</b>				
United States	100	100	100	100
Foreign (developed markets)	0	0	0	0
Foreign (emerging markets)	0	0	0	0
<b>Currency Allocation (%):</b>				
Non-U.S. Dollar Exposure	0	0	0	0

<sup>1</sup> Fiscal Year begins July 1.

<sup>2</sup> This figure is an estimated yield-to-maturity (YTM) for the fund. It is calculated by adding the trailing 12-month inflation adjustment to the "real" (i.e., before inflation) YTM of the fund. Adding the 12-month inflation adjustment allows the fund's yield to be more directly comparable to those of other bond funds. Investors should recognize that the actual YTM will depend upon the level of inflation experienced going forward.



**Real Assets Portfolio Reviews  
As of December 31, 2015**

**Core Real Estate Portfolio Review  
As of December 31, 2015**

# San Jose Federated Retiree Health Care 115 Trust

# American Core Realty Fund, LLC Portfolio Detail as of 12/31/15

**Strategy:** Real Estate  
Open-End  
Diversified Core

**Market Value:** \$4.2 million

**Senior Professionals:** Scott W. Darling  
Gregory A. Blomstrand

**Location:** Glendale, California

**Inception Date:** 7/1/2015

**Account Type:** Commingled

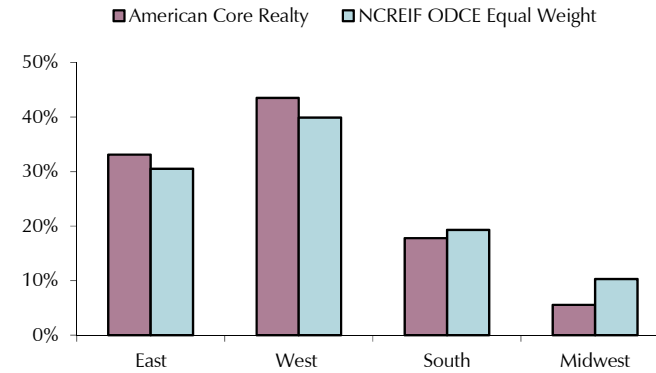
**# of Investments:** 79

**Liquidity Constraints:** Quarterly

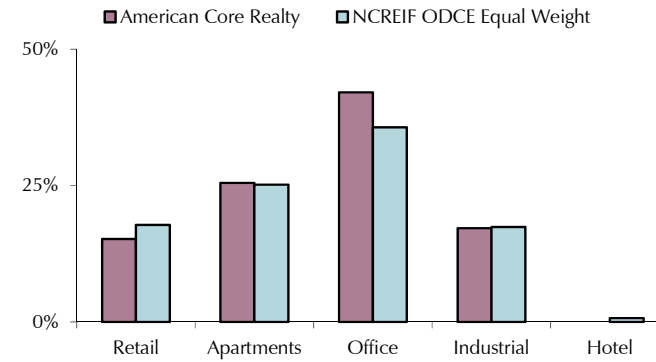
**Fee Schedule:** 1.10% on first \$25 mm; 0.95% on next \$50 mm; 0.85% thereafter

**Investment Strategy:** American Realty targets institutional-quality office, industrial, retail, and multifamily properties in the United States. In general, the strategy seeks properties in the \$5 to \$50 million range. Target properties will be 80% to 100% occupied, less than ten years old, and diversified by tenant base.

### Geographic Region:



### Property Type:



Performance (%):	4Q15	Fiscal YTD <sup>1</sup>	Since 7/1/15
American Core Realty Fund, LLC	2.8	5.9	5.9
NCREIF ODCE Equal Weighted (net)	3.2	6.7	6.7

<sup>1</sup> Fiscal Year begins July 1.



**Commodities Portfolio Reviews  
As of December 31, 2015**



## San Jose Federated Retiree Health Care 115 Trust

## Credit Suisse Risk Parity Commodity Fund Portfolio Detail as of 12/31/15

**Mandate:** Commodity  
**Active/Passive:** Active  
**Market Value:** \$6.2 million  
**Portfolio Manager:** Christopher A. Burton  
**Location:** New York, New York  
**Inception Date:** 8/1/2011  
**Account Type:** Commingled

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

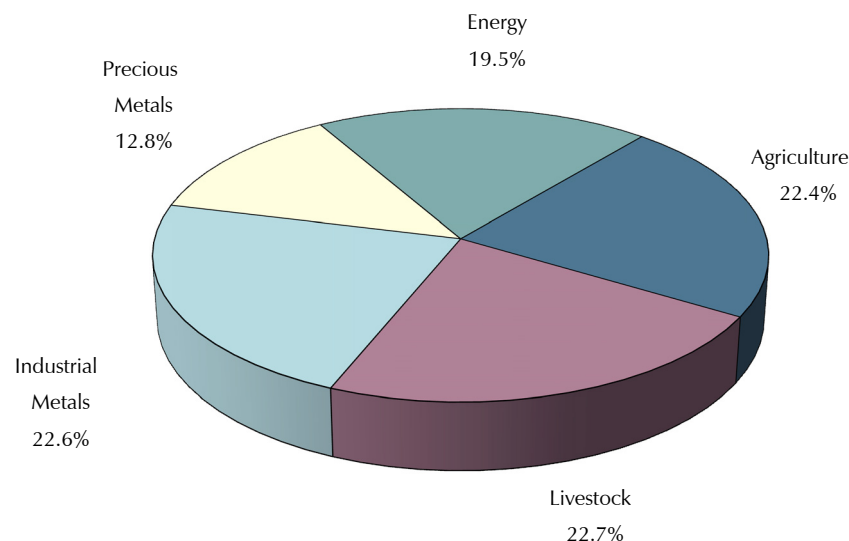
**Liquidity Constraints:**  
 Daily

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

Performance (%):	4Q15	Fiscal YTD <sup>1</sup>	1 YR	3 YR	Since 8/1/11
<b>Credit Suisse Risk Parity Commodity Fund</b>	<b>-7.4</b>	<b>-18.8</b>	<b>-20.7</b>	<b>-13.0</b>	<b>-10.8</b>
Custom Risk Parity Commodity Benchmark <sup>2</sup>	-7.4	-18.5	-20.5	-13.0	-10.8
Bloomberg Commodity Index	-10.5	-23.5	-24.7	-17.3	-15.2

Risk: (fifty-three months)	Standard Deviation	Beta	Sharpe Measure <sup>3</sup>	Info. Ratio	Correlation to Index
<b>Credit Suisse Risk Parity Commodity Fund</b>	<b>10.5%</b>	<b>0.99</b>	<b>Neg.</b>	<b>0.10</b>	<b>1.00</b>
Custom Risk Parity Commodity Benchmark <sup>2</sup>	10.6	1.00	Neg.	NA	1.00

**Current Allocation:**



<sup>1</sup> Fiscal Year begins July 1.

<sup>2</sup> Custom Risk Parity Commodity Benchmark returns provided by Credit Suisse.

<sup>3</sup> A negative Sharpe ratio indicates that the portfolio underperformed the risk-free rate during the sample period.



## San Jose Federated Retiree Health Care 115 Trust

## First Quadrant Balanced Risk Commodity Fund Portfolio Detail as of 12/31/15

**Mandate:** Commodity  
**Active/Passive:** Active  
**Market Value:** \$3.5 million  
**Portfolio Manager:** Team  
**Location:** Pasadena, California  
**Inception Date:** 8/1/2011  
**Account Type:** Commingled

**Fee Schedule:**  
 0.35% on all assets

**Liquidity Constraints:**  
 Monthly

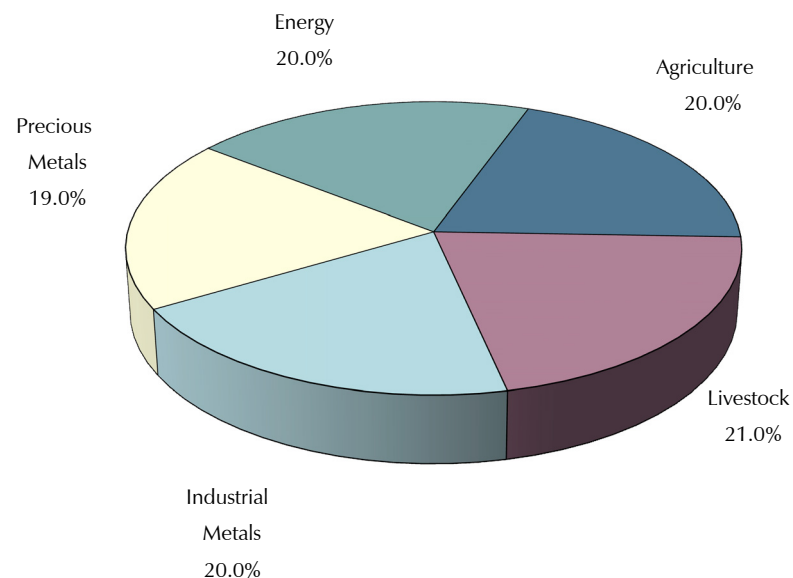
**Strategy:**

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

Performance (%):	4Q15	Fiscal YTD <sup>1</sup>	1 YR	3 YR	Since 8/1/11
<b>First Quadrant Balanced Risk Commodity Fund</b>	<b>-5.3</b>	<b>-19.8</b>	<b>-24.9</b>	<b>-15.7</b>	<b>-14.2</b>
Custom Risk Parity Commodity Benchmark <sup>2</sup>	-7.4	-18.5	-20.5	-13.0	-10.8
Bloomberg Commodity Index	-10.5	-23.5	-24.7	-17.3	-15.2

Risk: (fifty-three months)	Standard Deviation	Beta	Sharpe Measure <sup>3</sup>	Info. Ratio	Correlation to Index
<b>First Quadrant Balanced Risk Commodity Fund</b>	<b>11.6%</b>	<b>1.08</b>	<b>Neg.</b>	<b>Neg.</b>	<b>0.96</b>
Custom Risk Parity Commodity Benchmark <sup>2</sup>	10.6	1.00	Neg.	NA	1.00

**Current Allocation:**



<sup>1</sup> Fiscal Year begins July 1.

<sup>2</sup> Custom Risk Parity Commodity Benchmark returns provided by Credit Suisse.

<sup>3</sup> A negative Sharpe ratio indicates that the portfolio underperformed the risk-free rate during the sample period.



**Infrastructure Portfolio Review  
As of December 31, 2015**

## San Jose Federated Retiree Health Care 115 Trust

## Rhumblin DJ Brookfield Global Infrastructure Portfolio Detail as of 12/31/15

**Mandate:** Infrastructure  
**Active/Passive:** Active  
**Market Value:** \$5.4 million  
**Portfolio Manager:** Team  
**Location:** Boston, Massachusetts  
**Inception Date:** 6/1/2015  
**Account Type:** Separately Managed

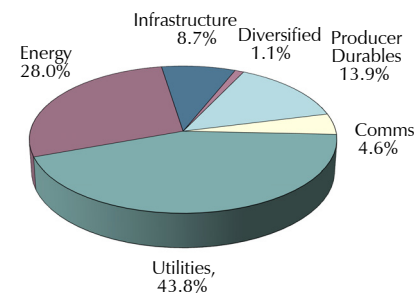
**Fee Schedule:**  
0.10% on all assets

**Liquidity Constraints:**  
Daily

**Strategy:**

The Rhumblin Dow Jones Brookfield Infrastructure Index aims to measure the stock performance of companies worldwide whose primary business is the ownership and operation of (rather than service of) infrastructure assets. To be included in the index, a company must have more than 70% of estimated cash flows (based on publicly available information) derived from the following infrastructure sectors: airports, toll roads, ports, communications, electricity transmission & distribution, oil & gas storage & transportation, and water.

Performance (%):	4Q15	Fiscal YTD <sup>1</sup>	Since 6/1/15
<b>Rhumblin DJ Brookfield Global Infrastructure</b>	<b>-2.8</b>	<b>-10.9</b>	<b>-13.1</b>
DJ Brookfield Global Infrastructure Index	-2.9	-11.2	-14.8



Country Allocation:	Portfolio Allocation (%)
<b>United States</b>	<b>47.5</b>
<b>International Developed Markets</b>	<b>48.1</b>
Canada	11.1
United Kingdom	11.2
Hong Kong	2.4
Spain	5.9
Australia	4.9
Italy	4.4
Japan	2.5
France	2.2
Luxembourg	1.3
Singapore	0.4
Netherlands	0.4
New Zealand	0.5
Switzerland	0.4
Germany	0.4
Belgium	0.1
<b>Emerging Markets</b>	<b>4.5</b>
Mexico	0.9
China	3.4
Brazil	0.2

<sup>1</sup> Fiscal Year begins July 1.



**Natural Resources Portfolio Review  
As of December 31, 2015**

## San Jose Federated Retiree Health Care 115 Trust

## Rhumblin S&P Global Large MidCap Commodity & NR Portfolio Detail as of 12/31/15

**Mandate:** Natural Resources  
**Active/Passive:** Passive  
**Market Value:** \$4.6 million  
**Portfolio Manager:** Team  
**Location:** Boston, Massachusetts  
**Inception Date:** 6/1/2015  
**Account Type:** Commingled

**Fee Schedule:**  
0.048% on all assets

**Liquidity Constraints:**  
Daily

**Strategy:**  
This passive index fund seeks an investment return that approximates the performance of the S&P Global Large MidCap Commodities and Resources index. The index has equal exposure to three major natural resources industries: energy, materials, and agriculture. It generally holds over 75% in large capitalization companies and the balance in mid capitalization stocks, typically holding 220 to 260 securities. While the index invests in over thirty countries, the most exposure is in the United States, Canada, and the United Kingdom.

Performance (%):	4Q15	Fiscal YTD <sup>1</sup>	Since 6/1/15
<b>Rhumblin S&amp;P Global Large MidCap Commodity &amp; NR<sup>2</sup></b>	<b>-1.4</b>	<b>-24.1</b>	<b>-27.1</b>
S&P Global Large MidCap Commodity and Resources	-1.5	-24.2	-28.2
S&P Global Natural Resources	0.6	-22.1	-25.9

	12/31/15		9/30/15	
	Rhumblin S&P Global Large MidCap Commodity & NR	S&P Global Large MidCap Commodity and Resources	Rhumblin S&P Global Large MidCap Commodity & NR	S&P Global Large MidCap Commodity and Resources
<b>Capitalization Structure:</b>				
Weighted Average Market Cap. (US\$ billion)	55.1	52.1	51.8	51.8
Median Market Cap. (US\$ billion)	7.2	6.0	6.9	6.1
Large (% over US\$20 billion)	57	54	56	55
Medium (% US\$3 billion to US\$20 billion)	39	41	39	39
Small (% under US\$3 billion)	4	5	5	5
<b>Fundamental Structure:</b>				
Price-Earnings Ratio	16	16	14	14
Price-Book Value Ratio	1.3	1.2	1.3	1.3
Dividend Yield (%)	4.2	4.1	4.2	4.2
Historical Earnings Growth Rate (%)	-6	-6	-5	-5
Projected Earnings Growth Rate (%)	-3	-3	2	2
<b>Sector Allocation (%):</b>				
Energy	36	33	35	35
Consumer Staples	9	8	9	8
Consumer Discretionary	0	0	0	0
Financials	0	0	0	0
Health Care	0	0	0	0
Industrials	0	0	0	0
Information Technology	0	0	0	0
Telecommunication Services	0	0	0	0
Utilities	0	0	0	0
Materials	55	59	56	57
<b>Diversification:</b>				
Number of Holdings	157	180	155	181
% in 5 largest holdings	29	28	28	27
% in 10 largest holdings	44	42	43	42
<b>Largest Ten Holdings:</b>				
		<b>Industry</b>		
Monsanto	8.1	Materials		
ExxonMobil	7.1	Energy		
Syngenta	6.2	Materials		
BHP Billiton	4.2	Materials		
Chevron	3.8	Energy		
Archer-Daniels	3.7	Food, Beverage & Tobacco		
Rio Tinto	3.6	Materials		
Total	2.5	Energy		
Potash Corporation	2.5	Materials		
Agrium	2.4	Materials		

<sup>1</sup> Fiscal Year begins July 1.

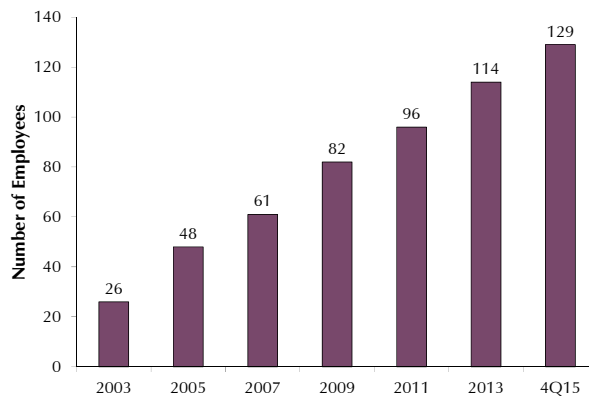
<sup>2</sup> Tracking error due to a cash position resulting from a delay in the ability to invest in certain markets.



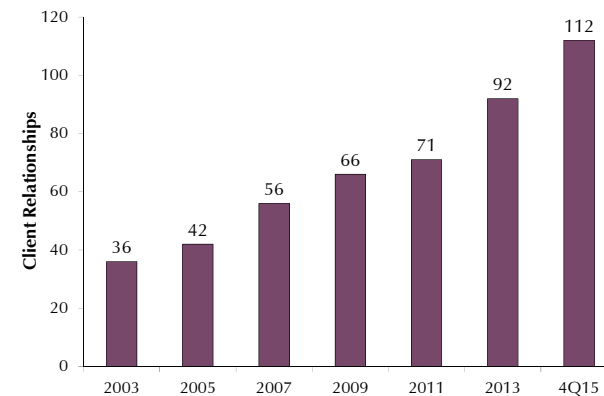
# **Meketa Investment Group Corporate Update**

- Staff of 129, including 79 investment professionals and 27 CFA Charterholders
- 112 clients, with over 190 funds throughout the United States
- Significant investment in staff and resources
- Offices in Boston, Chicago, Miami, Portland (OR), San Diego, and London
- Clients have aggregate assets of over \$780 billion
  - Over \$40 billion in assets committed to alternative investments
    - Private Equity
    - Real Estate
    - Infrastructure
    - Hedge Funds
    - Natural Resources
    - Commodities

### Employee Growth



### Client Growth



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





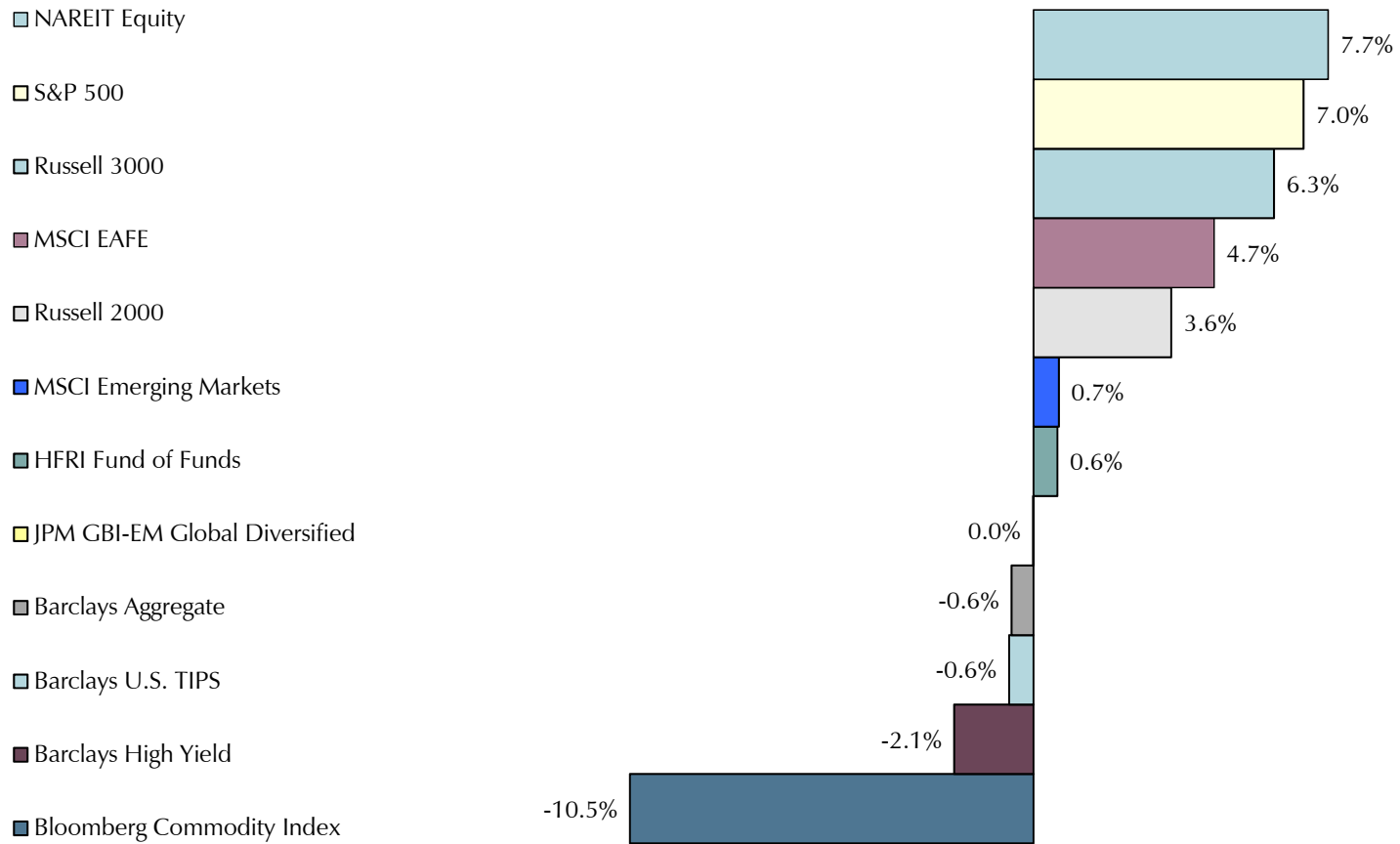
**Asset Classes Followed Intensively by Meketa Investment Group**

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

# Appendices

**The World Markets  
Fourth Quarter of 2015**

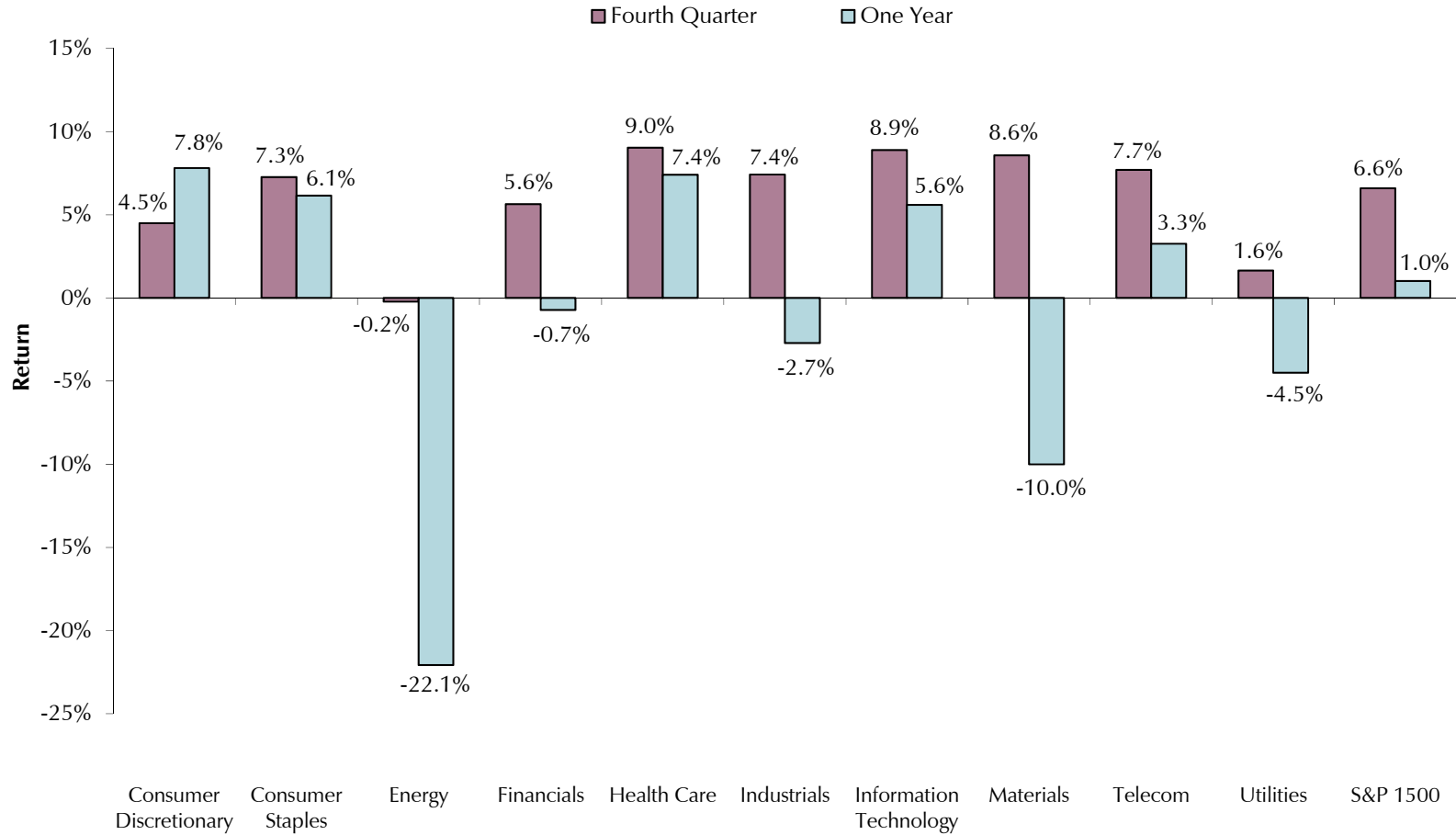
The World Markets  
Fourth Quarter of 2015



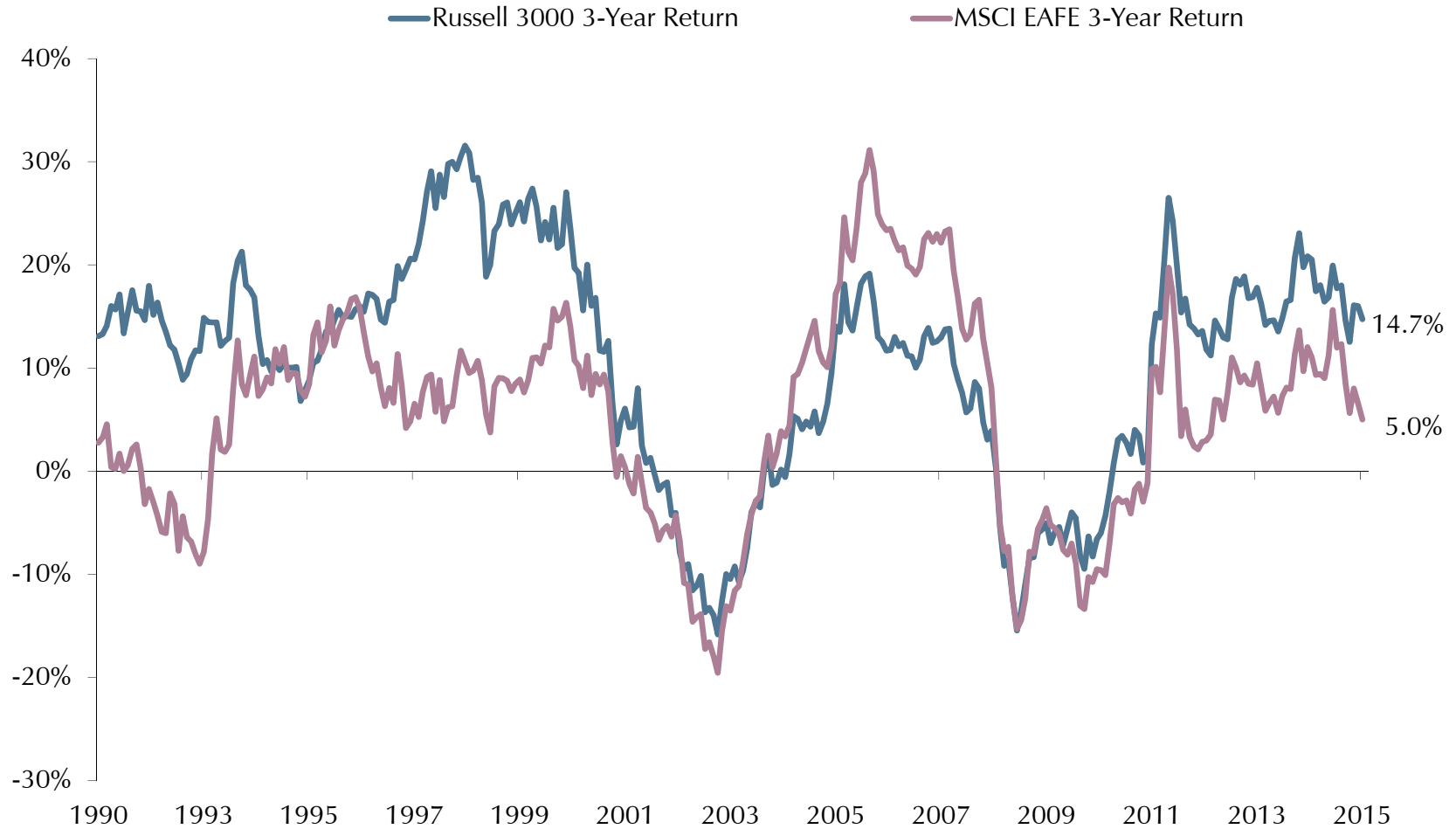
Index Returns

	4Q15 (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)
<b>Domestic Equity</b>					
Russell 3000	6.3	0.5	14.7	12.2	7.4
Russell 1000	6.5	0.9	15.0	12.4	7.4
Russell 1000 Growth	7.3	5.7	16.8	13.5	8.5
Russell 1000 Value	5.6	-3.8	13.1	11.3	6.2
Russell MidCap	3.6	-2.4	14.2	11.4	8.0
Russell MidCap Growth	4.1	-0.2	14.9	11.5	8.2
Russell MidCap Value	3.1	-4.8	13.4	11.3	7.6
Russell 2000	3.6	-4.4	11.7	9.2	6.8
Russell 2000 Growth	4.3	-1.4	14.3	10.7	8.0
Russell 2000 Value	2.9	-7.5	9.1	7.7	5.6
<b>Foreign Equity</b>					
MSCI ACWI (ex. U.S.)	3.2	-5.7	1.5	1.1	2.9
MSCI EAFE	4.7	-0.8	5.0	3.6	3.0
MSCI EAFE (local currency)	6.3	5.3	12.3	7.9	3.2
MSCI EAFE Small Cap	6.8	9.6	10.4	6.3	4.6
MSCI Emerging Markets	0.7	-14.9	-6.8	-4.8	3.6
MSCI Emerging Markets (local currency)	1.5	-5.8	0.8	0.9	6.0
<b>Fixed Income</b>					
Barclays Universal	-0.5	0.4	1.5	3.5	4.7
Barclays Aggregate	-0.6	0.5	1.4	3.2	4.5
Barclays U.S. TIPS	-0.6	-1.4	-2.3	2.5	3.9
Barclays High Yield	-2.1	-4.5	1.7	5.0	7.0
JPMorgan GBI-EM Global Diversified	0.0	-14.9	-10.0	-3.5	4.3
<b>Other</b>					
NAREIT Equity	7.7	2.8	10.6	11.9	7.4
Bloomberg Commodity Index	-10.5	-24.7	-17.3	-13.5	-6.4
HFRI Fund of Funds	0.6	-0.4	3.9	2.1	2.3

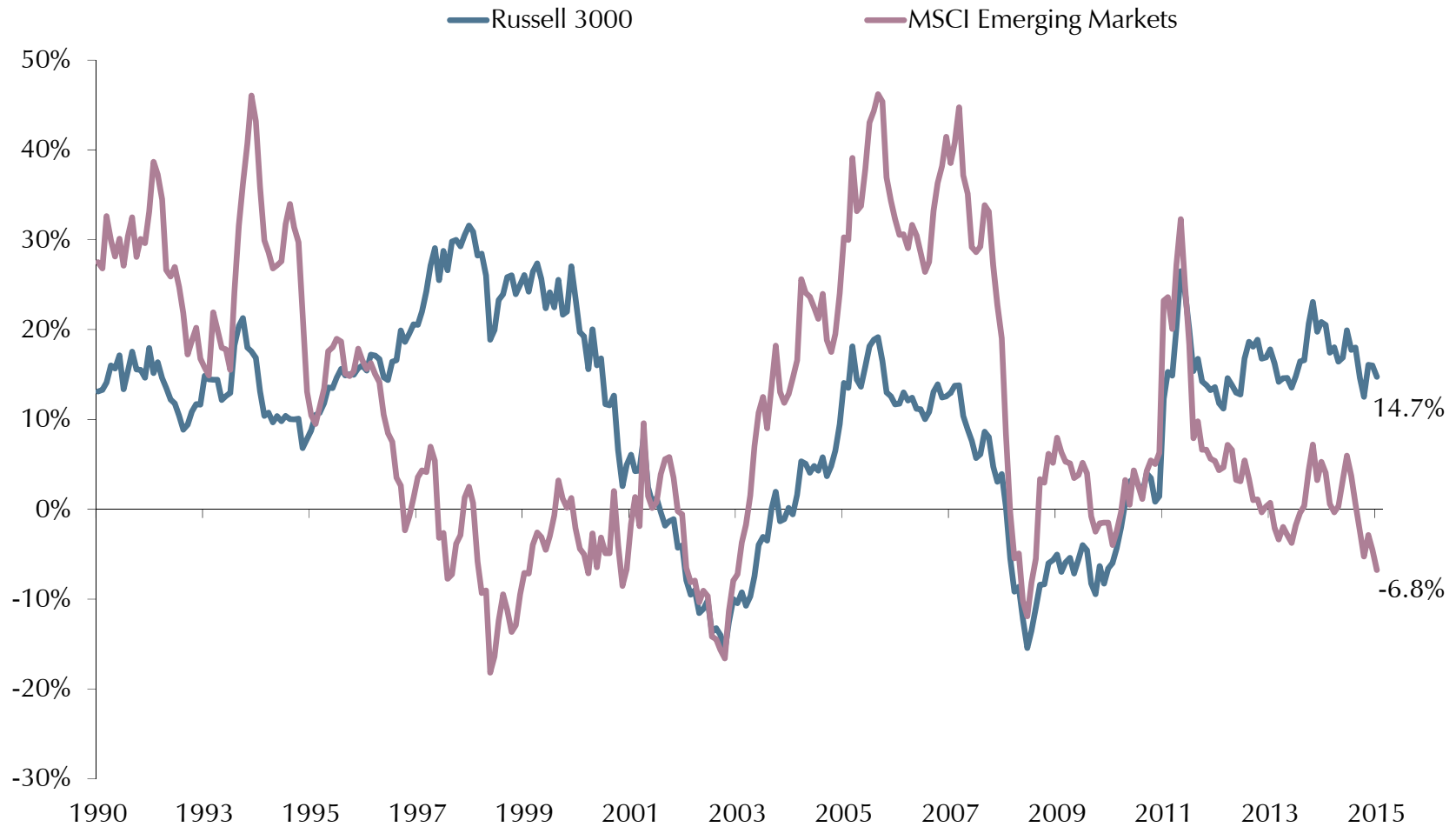
S&P Sector Returns



### U.S. and Developed Market Foreign Equity Rolling Three Year Returns

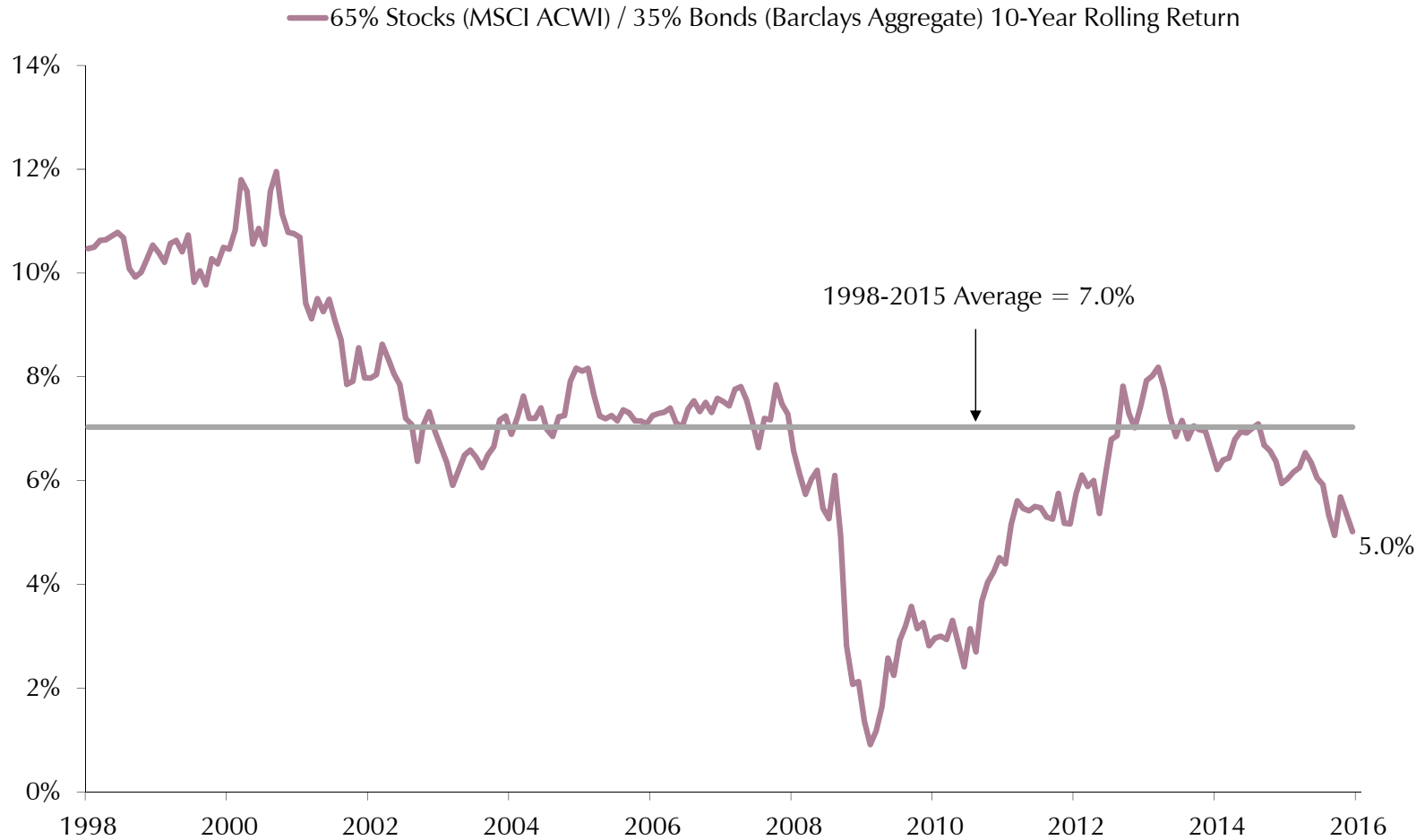


### U.S. and Emerging Market Equity Rolling Three Year Returns

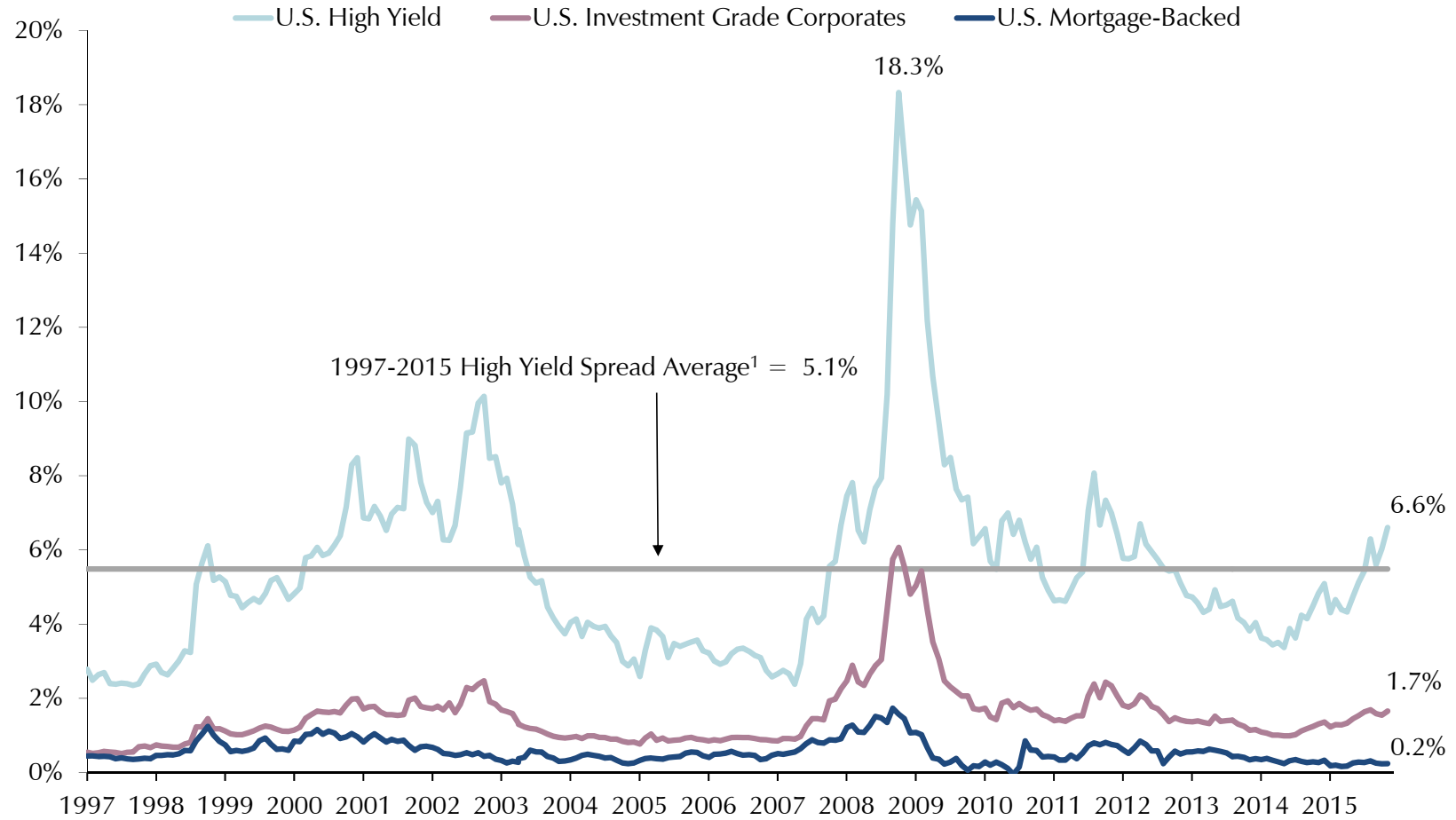




**Rolling Ten-Year Returns: 65% Stocks and 35% Bonds**



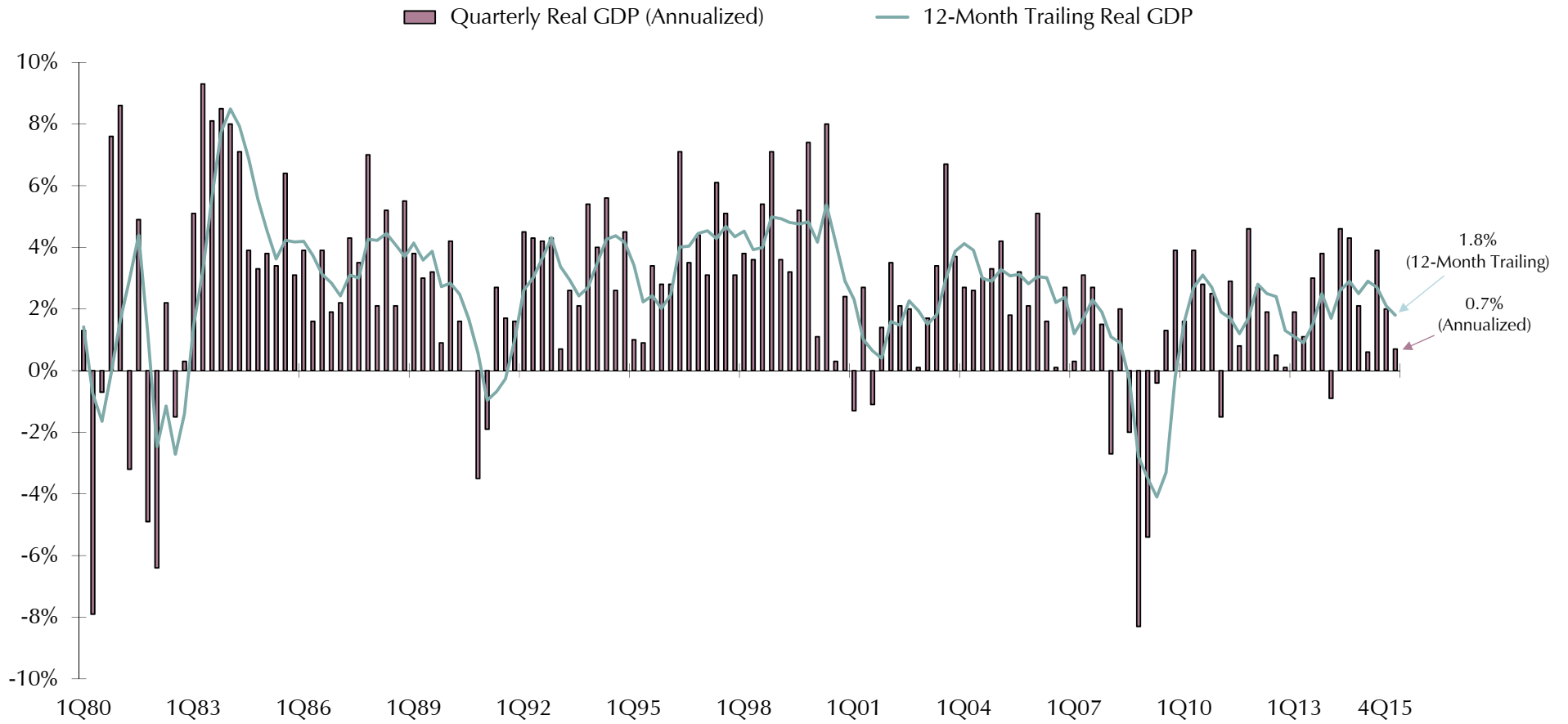
### Credit Spreads vs. U.S. Treasury Bonds



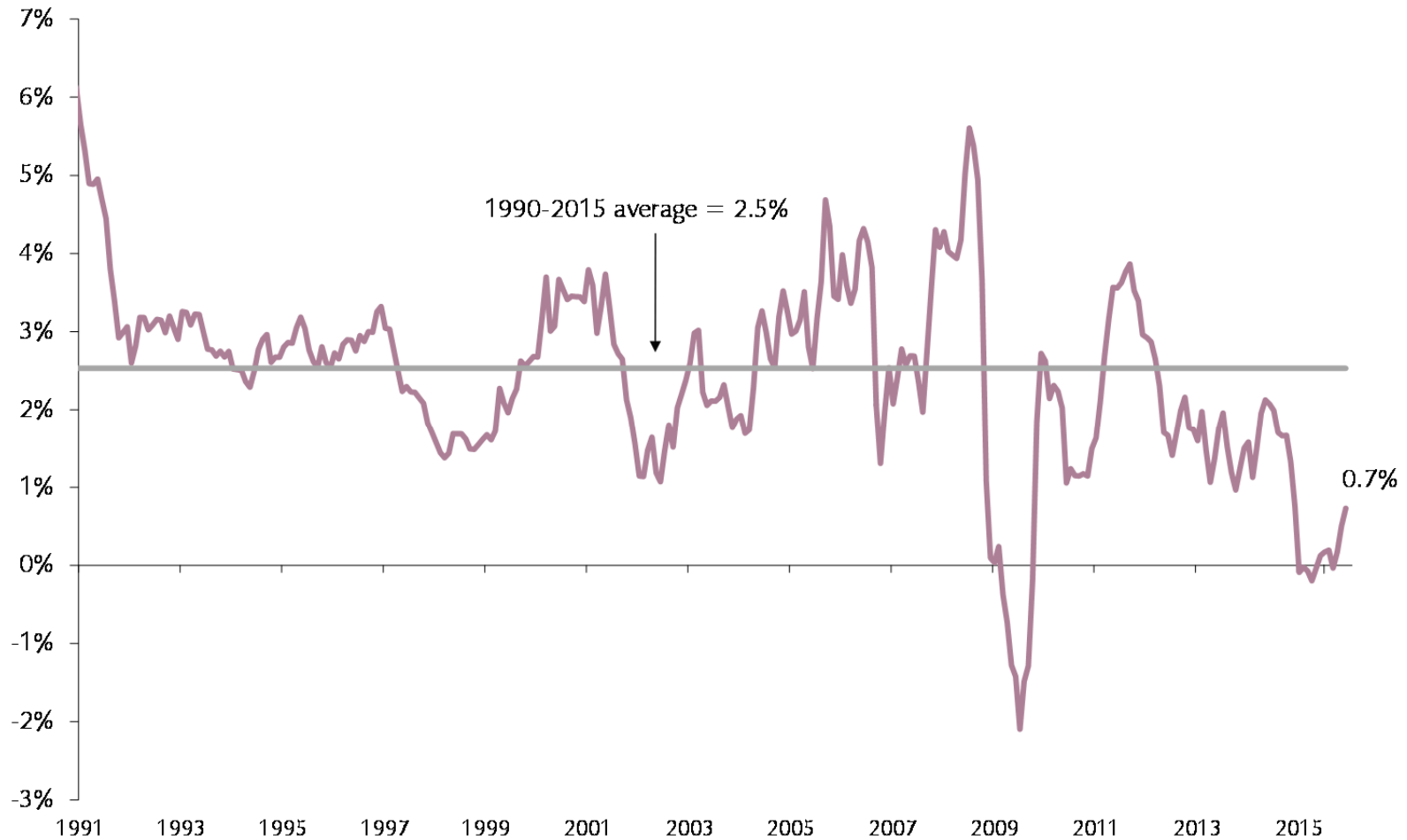
<sup>1</sup> Median high yield spread average was 5.1% from 1997-2015.



### U.S. Real Gross Domestic Product (GDP) Growth



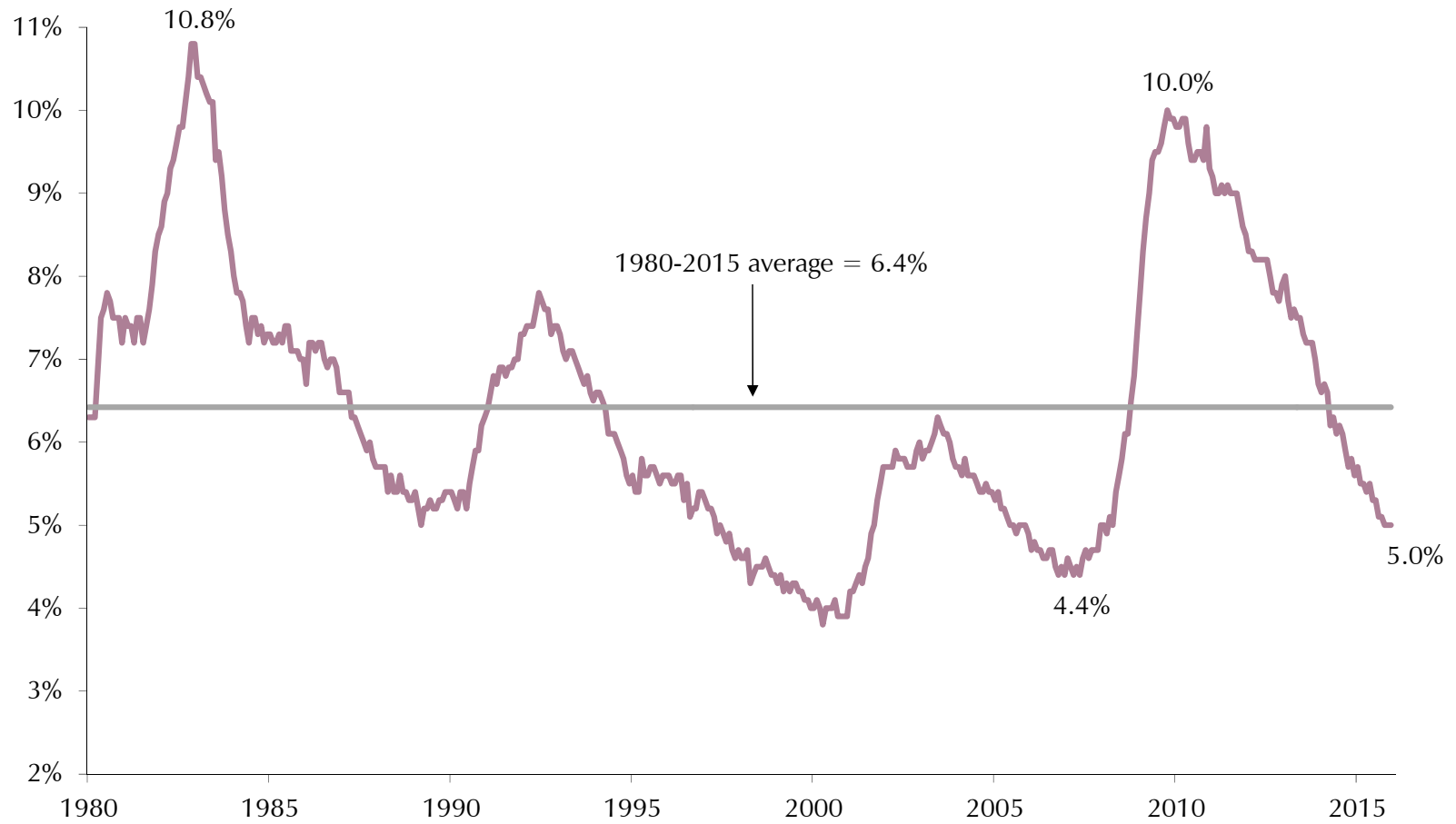
U.S. Inflation (CPI)  
Trailing Twelve Months<sup>1</sup>



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



### U.S. Unemployment



**Glossary and Notes  
As of December 31, 2015**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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